

## Summary of Consolidated Financial Statements for the Second Quarter FY2021 (IFRS)

May 12, 2021

Exchange: First Section of Tokyo Stock Exchange

Name of listed company: GMO Payment Gateway, Inc.  
 Stock code: 3769 URL: <https://www.gmo-pg.com/en/corp/>  
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 Scheduled submission date of quarterly report: May 13, 2021 Scheduled date of commencement for dividend payment: -  
 Supplemental materials prepared for financial results: Yes  
 Information meeting arranged related to financial results: Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest one million yen)

### 1. Consolidated Financial Statements for the Second Quarter, FY2021 (From October 1, 2020 to March 31, 2021)

#### (1) Consolidated Financial Statements (Cumulative)

(Percentages represent year-on-year % change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
Q2 FY2021	19,888	28.4	6,593	40.6	6,638	26.5	4,253	23.1	4,169	22.3	4,649	29.9
Q2 FY2020	15,494	-	4,688	-	5,248	-	3,455	35.6	3,408	32.2	3,580	59.5
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q2 FY2021	56.37				55.07							
Q2 FY2020	46.33				45.24							

(Note) Macro Kiosk Berhad has been deconsolidated from Q3 of Fiscal Year ending September 2020 and has been reclassified as discontinued operations. As a result, the figures for revenue, operating profit and profit before income taxes exclude discontinued operations and present the amounts for continuing operations only. The corresponding figures in the previous year of Q2 FY2020 have been similarly restated, and the year-on-year percentage figures for Q2 FY2020 not shown for this reason.

#### (2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent to total assets
	Mil. Yen	Mil. Yen	Mil. Yen	%
Q2 FY2021	198,048	43,784	41,915	21.2
FY2020	192,022	33,453	31,734	16.5

### 2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	0.00	0.00	0.00	52.00	52.00
FY2021	0.00	0.00			
FY2021 (forecast)			0.00	54.00	54.00

(Note) Revision to the most recently released dividend forecast: No

### 3. Consolidated Financial Forecast for the Fiscal Year Ending September 2021 (From October 1, 2020 to September 30, 2021)

(% represents year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Yen
Full year	39,792	20.4	12,985	25.0	12,426	13.1	8,042	4.5	7,930	4.0	107.78

(Note) Revision to the most recently released financial forecast: No

The figures for revenue, operating profit and profit before income taxes present the amounts for continuing operations only. The figures for the corresponding previous term have been restated to present continuing operations only, and the year-on-year percentages are computed on this basis.

Notices:

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that leads to a change in the scope of consolidation): No  
Number of new subsidiaries: - (Name: ); Number of excluded subsidiaries: - (Name: )
- (2) Changes in the accounting policy / changes in the accounting estimation  
[1] Changes in accounting policy required by IFRS.: No  
[2] Changes in accounting policy other than [1]: No  
[3] Changes in accounting estimations: No
- (3) Number of shares issued (common stock)  
[1] Number of shares issued at the end of the term Q2 FY2021: 75,540,772 FY 2020: 74,301,000  
(including treasury stock)  
[2] Number of treasury shares at the end of the term Q2 FY2021: 714,950 FY 2020: 714,781  
[3] Average number of shares during the term Q2 FY2021: 73,968,193 Q2 FY2020: 73,573,232  
  
(Note 1) Number of treasury shares at the end of the term above include the shares attributed to the directors' remuneration board incentive plan (BIP) trust and J-ESOP (709,705 shares for FY2020; 709,705 shares for Q2 FY2021.)

\* These quarterly financial statements are not subject to the quarterly review procedures by certified public accountants or auditors.

\* Notes regarding the appropriate use of financial forecast and other important notes

1. The above forecasts are outlooks based on information currently available and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 9 of the attachment.
- 2 Results Presentation for Investors and Analysts to be held on May 13, 2021. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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# 1. Qualitative Information on Consolidated Financial Statements for the Quarter

## (1) Consolidated operating results

Forward-looking statements in the document are based on the judgement of the Group at the end of the quarter under review.

Macro Kiosk Berhad has been deconsolidated from third quarter of Fiscal Year ending September 2020 and has been reclassified as discontinued operation in the condensed quarterly financial statements. As a result, figures for revenue, operating profit and profit before income taxes in Q2 FY2020 have been restated to exclude the discontinued operation and present the amounts for continuing operations only.

### ① Consolidated operating results

The Group announces its earnings results for the cumulative second quarter of the consolidated fiscal year 2021 (October 1, 2020 to March 31, 2021) as follows.

(Unit: Thousand yen)

	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Rate of change (%)
Revenue	15,494,706	19,888,324	28.4
Operating profit	4,688,344	6,593,129	40.6
Profit before income taxes	5,248,488	6,638,149	26.5
Profit attributable to owners of parent	3,408,373	4,169,621	22.3

### a. Revenue

The Group's revenue reached to ¥19,888 mil., up by 28.4% year-on-year (YoY). Overall trends were favorable from the increased adoption of cashless payments and the limited adverse impact from COVID-19. The Payment Processing Business revenue grew, led by steady growth of the E-Commerce (EC) market for online and recurring payments coupled with the expansion of the Group's services to the offline domain. The Money Service Business (MSB) revenue grew, not only from the strong trends seen in GMO Payment After Delivery transactions, a type of deferred payment service, but also from the growth of remittance and early payment services. Payment Processing Business revenue was ¥14,456 mil. (up 33.1% YoY), Money Service Business revenue was ¥5,092 mil. (up 16.7% YoY) and Payment Enhancement Business revenue was ¥343 mil. (up 24.0% YoY). For details, please refer to page 5 of "② Results by segment" found under "(1) Consolidated operating results" of "1. Qualitative Information on Consolidated Financial Statements for the Quarter".

Revenue breakdown by business model is as follows.

(Unit: Thousand Yen)

Business model	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Rate of change (%)
Initial (Initial revenue)	1,384,157	2,008,236	45.1
Stock (Fixed revenue)	2,770,790	3,133,056	13.1
Fee (Transaction processing revenue)	4,020,979	5,273,118	31.1
Spread (Merchant acquiring service revenue)	7,318,779	9,473,912	29.4
Total	15,494,706	19,888,324	28.4

b. Operating profit

Operating profit reached ¥6,593 mil., up by 40.6% YoY, making steady progress towards achieving the full year earnings forecast for the Fiscal Year ending September 2021. This is due to revenue growth and that credit costs were controlled at a certain level in the Money Service Business segment.

By segment, Payment Processing Business segment profit (operating profit) was ¥7,215 mil., up 34.1% YoY; Money Service Business segment profit (operating profit) stood at ¥1,160 mil., up 39.9% YoY; Payment Enhancement Business segment profit (operating operating) of ¥58 mil., up 51.1% YoY.

For details, please refer to “② Results by segment” of the “(1) Consolidated operating results”.

c. Profit before income taxes

Pre-tax profit reached ¥6,638 mil., up 26.5% YoY. The reason the pre-tax profit growth rate of 26.5% YoY is lower than the operating profit growth rate of 40.6% YoY, is mainly due to equity method investment gains of ¥421mil. recorded in the same period of the previous fiscal year.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)			
Segment	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Rate of change (%)
Payment Processing Business			
Revenue	10,858,319	14,456,455	33.1
Operating profit	5,380,311	7,215,660	34.1
Money Service Business			
Revenue	4,364,228	5,092,720	16.7
Operating profit	829,669	1,160,380	39.9
Payment Enhancement Business			
Revenue	277,319	343,968	24.0
Operating profit	38,622	58,342	51.1
Adjustments			
Revenue	△5,160	△4,820	—
Operating profit (△=loss)	△1,560,259	△1,841,253	—
Total			
Revenue	15,494,706	19,888,324	28.4
Operating profit	4,688,344	6,593,129	40.6

#### a. Payment Processing Business

The main focus areas of the Payment Processing Business are online and recurring payment processing services, offline payment processing service and, support services to financial institutions and financial service providers. In the online payment and recurring payment domain, we focused our efforts to acquire large merchants and SMEs across various sectors and expand our services to non-EC operators given the backdrop of the steadily expanding E-commerce (EC) market.

The impact from the COVID-19 contagion was limited during the second quarter under review, much like the previous quarter. In the online payment and recurring payment domain, micropayment transactions increased from the rising adoption of cashless payment and expanding EC market as well as increased transactions in digital content, public utilities and taxes. This led to transaction value growing by 38.2% YoY and transaction volume growing by 44.8% YoY. Additionally, the new projects, including “SMS Sentaku-Barai” (SMS Choice of Payment), a service to digitalize payment of electric power bills promoted by TEPCO Energy Partner, Inc. which commenced during the first quarter, contributed to revenues in this segment.

In the offline domain, sales of payment terminals trended favorably thanks to the cashless payment promotions by local/national government and others despite the adverse effect of COVID-19 on offline consumption. Additionally, the number of payment terminals sold increased for the next generation payment platform “stera” and orders related to the Unattended Market trended favorably, which is one of our target markets consisting of ticket machines and fare adjustment machines, etc.

As a result, segment revenues reached ¥14,456 mil., up 33.1% YoY and segment profit (operating profit) was ¥7,215 mil. up 34.1% YoY.

#### b. Money Service Business

Money Service Business (MSB) consists of Early Payment Service to help merchants improve their cash flow by receiving sales proceeds earlier according to the merchant’s cash cycle needs; Transaction Lending Service to lend growth capital to merchants based on their payment and other related data; Lending service to overseas operators; Remittance Service; and GMO Payment After Delivery offered by a consolidated subsidiary GMO Payment Service, Inc.

In this second quarter under review, this segment’s revenues and profits trended favorably from the steady growth transactions of GMO Payment After Delivery service fueled by nesting demand despite some merchants that were adversely affected by COVID-19 and from controlling credit related costs. Remittance service grew on the back of the increase in memberships at some merchants using this service, and Early Payment service revenues also increased together with the Payment Processing service. Lending service to overseas operators continues to make progress in securing new potential customers that can generate stable revenues in the future. Additionally, the financial services is progressing to expand services and further the collaboration with financial institutions to provide support inter-corporate payments.

As a result, segment revenue reached ¥5,092 mil., up 16.7% YoY and segment profit (operating profit) reached ¥1,160 mil., up 39.9% YoY.

c. Payment Enhancement Business

Payment Enhancement Business comprises of online advertising service which provides analytics and advertisement management service based on transactional trends to support our merchants' growth, and "Medical Kakumei byGMO" service, a reservation management system to enable operational efficiency at the reception counters offered exclusively to medical institutions by our consolidated subsidiary GMO Medical Reservations Technology Co. Ltd.

GMO Medical Reservations Technology Co. Ltd. offers a smartphone-based app to make reservations, fill in medical questionnaires, complete the reception and payment, as well as manage patient registration cards for multiple medical institutions that adopt this service on a smartphone. As in the previous quarter, heightened demand for this service due to COVID-19 continued to contribute to this segment's revenue and profit.

As a result of the above, segment revenue was ¥343 mil., up 24.0% YoY and segment profit (operating profit) was ¥58 mil. up 51.1% YoY.

Please see below for the table of the major businesses and companies providing these businesses by segment.

Segment	Major service	Major companies of the service
Payment Processing Business	Payment processing service (Online billing and recurring billing)	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Payment processing service (Offline payment)	GMO Financial Gate, Inc. (consolidated subsidiary)
Money Service Business	GMO Payment After Delivery	GMO Payment Service, Inc. (consolidated subsidiary)
	Remittance service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Transaction lending	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Overseas lending	GMO Payment Gateway, Inc.
	Early Payment service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
Payment Enhancement Business	Online Advertising Medical Kakumei byGMO	GMO Payment Gateway, Inc. GMO Medical Reservations Technology Co., Ltd. (consolidated subsidiary)

## (2) Status of consolidated financial position

### Assets, liabilities and equity

#### a. Assets

Total assets at the end of the consolidated second quarter under review increased by ¥6,025 mil. from the end of the previous fiscal year end to reach ¥198,048 mil. This is mainly due to an increase in operating and other receivables of ¥1,769 mil. and advances paid of ¥11,517 mil., that was partially offset from the decrease in cash and cash equivalents of ¥5,102 mil. and deposits to subsidiaries and affiliated companies of ¥3,000 mil.

The Group has ¥1,930 mil. in deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated second quarter under review, as stated in ① Cash and cash equivalents” of (6) Notes regarding condensed consolidated financial statements. Together with the ¥2,000 mil. of deposits to subsidiaries and affiliated companies stated in the condensed consolidated balance sheet, the total balance of the Group’s deposits to subsidiaries and affiliated companies stands at ¥3,930 mil. These deposits are GMO Internet’s group-wide cash on hand that is deposited under the cash management system (CMS) implemented and managed by GMO Internet Inc. This allows the Group to withdraw necessary funds without the need to wait until the preset CMS repayment date, by registering a request after taking into account the number of days required for processing the application.

#### b. Liabilities

Balance of liabilities at the end of the consolidated second quarter under review stood at ¥154,263 mil., a decrease of ¥4,305 mil. from the end of the previous consolidated fiscal year, mainly due to a decrease in borrowings of 2,400 mil. and corporate bonds of ¥9,239 mil. which was partially offset by the increase in deposits received of ¥6,291 mil.

#### c. Equity

Equity balance at the end of the consolidated second quarter under review was ¥43,784 mil., an increase of ¥10,331 mil. from the end of the previous consolidated fiscal year. This was mainly due recording the quarterly net profit of ¥4,253 mil. and the conversion of convertible bond-type bonds with stock acquisition rights of ¥9,402 mil., which was partially offset by the decline in retained earnings of ¥3,826 mil. from dividend payouts.

## ② Status of consolidated cash flows

Cash and cash equivalents (“funds”) at the end of the consolidated second quarter under review decreased by ¥5,102 mil. versus the balance at the start of the term, to reach ¥90,728 mil. The state of cash flows over the second quarter under review is discussed below.

#### a. Cash flow from operating activities

Net funds used by operating activities during the consolidated second quarter under review amounted to ¥2,113 mil., which compares to ¥16,379 mil. in net funds provided in the same period of the previous year. This resulted from cash outflows from (i) an increase in operating and other receivables of ¥1,624 mil., (ii) an increase in advances paid of ¥11,517 mil. and (iii) corporate and income tax payment of ¥2,768 mil., which was partially offset by cash inflows of (i) profit before tax of ¥6,638 mil. and (ii) increase in deposits received of ¥6,290 mil.

#### b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated second quarter under review totaled ¥3,422 mil., which compares to net funds used of ¥1,831 mil. in the same period of the previous year. This is due to cash inflows from (i) proceeds from sale of investment securities of ¥489 mil., (ii) proceeds from withdrawals from deposits to subsidiaries and affiliated companies of ¥5,000 mil., and (iii) proceeds from sales of other financial assets ¥700 mil., which was offset by cash outflows from (i) acquisition of intangible assets of ¥732 mil. and (ii) payment into deposits to subsidiaries and affiliated companies of ¥2,000 mil.



c. Cash flow from financing activities

Net funds used by financing activities over the consolidated second quarter under review was ¥6,467 mil., which compares to net funds used of ¥4,246 mil. in the same period of the previous year. This is due to cash outflows from the (i) net decrease in short term borrowings of ¥2,000 mil., (ii) repayments of long-term borrowings of ¥400 mil., and (iii) dividend payouts of ¥3,821 mil.

(3) Review of consolidated earnings forecasts and other forecasts

The Group's core business is positioned within the E-commerce (EC) market in Japan, and Japan's B2C EC market for merchandize continues to grow very rapidly, helped by favorable externalities such as increased penetration of smartphones and logistic/distribution industry reforms. At the same time, the broader EC market, which is our addressable market, is expanding from the widening scope of EC market driven by the online migration of B2B and C2C transactions. Furthermore, online migration of payments for non-merchandise services, public payments such as utilities, taxes and dues, as well as payments related to our daily life such as medical expenses is progressing solidly. GMO Financial Gate, Inc., a consolidated subsidiary which addresses the offline market, is contributing to expanding the scope of business from business opportunities in the offline market arising from the increased penetration of various cashless methods of payments including credits cards.

For the Fiscal Year ending September 2021, despite the possibility of being affected by the slump in private consumption from the resurgence of COVID-19 contagion, the adverse impact from the COVID-19 is thought to be minimal as of this writing. This is due to the continuing trends of cashless payments, online migration of payments, in addition to the business' characteristic of being resilient against macro-economic fluctuations due to the diverse base of merchant across various industries to which the services are provided to.

Revenue expansion is expected in all reportable segments from the continuing efforts to acquire large and high-growth merchants and financial institutions, order wins for large projects, expanding DX platform services and, the early monetization of new services such as the next generation payment platform stera.

The earnings forecast for Fiscal Year ending September 2021 is revenues of ¥39,792 mil. (up 20.4% YoY), operating profit of ¥12,985 mil. (up 25.0% YoY), pre-tax profit of ¥12,426 mil. (up 13.1% YoY), net profit of ¥8,042 mil. (up 4.5% YoY) and profit attributable to owners of parent of ¥7,930 mil. (up 4.0% YoY).

## 2. Condensed Consolidated Financial Statements and Major Notes

### (1) Condensed consolidated balance sheet

(Unit: Thousand yen)			
	Notes	End of previous consolidated fiscal year (September 30, 2020)	End of Q2 of current consolidated fiscal year (March 31, 2021)
Assets			
Current assets			
Cash and cash equivalents	①	95,830,807	90,728,267
Operating and other receivables	②	10,782,296	11,551,859
Advances paid		31,039,748	42,557,450
Accrued revenue		23,585,142	24,141,132
Inventories		1,440,999	1,863,333
Deposits to subsidiaries and affiliates	③	5,000,000	2,000,000
Other financial assets		1,163,608	458,545
Other current assets		537,329	437,253
Total current assets		169,379,933	173,737,844
Non-current assets			
Tangible assets		3,714,793	4,058,553
Goodwill and other intangible assets		4,854,253	5,072,160
Investments accounted for using the equity method		3,740,933	4,227,500
Operating and other payables	②	1,975,100	2,975,100
Other financial assets		6,711,766	6,121,871
Deferred Tax Assets		1,530,494	1,730,132
Other non-current assets		115,346	125,177
Total non-current assets		22,642,689	24,310,495
Total assets		192,022,622	198,048,339

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2020)	End of Q2 of current consolidated fiscal year (March 31, 2021)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating and other payables		4,296,647	4,867,358
Accrued expenses		19,385,695	19,673,384
Deposits received		87,059,213	93,350,651
Borrowings		18,800,400	16,531,600
Other financial liabilities		400,217	585,218
Income taxes payable, etc.		2,491,098	2,263,041
Provisions		352,812	332,551
Other current liabilities		3,383,652	3,569,939
Total current liabilities		136,169,737	141,173,745
Non-current liabilities			
Corporate bonds		16,814,650	7,575,347
Borrowings		131,400	—
Other financial liabilities		3,013,338	3,099,788
Provision		260,843	261,011
Deferred tax liabilities		54,170	46,764
Other non-current liabilities		2,124,966	2,107,139
Total non-current liabilities		22,399,369	13,090,050
Total liabilities		158,569,106	154,263,796
Equity			
Capital stock		4,712,900	9,447,247
Capital surplus		5,675,561	10,386,149
Retained earnings		20,725,465	21,416,750
Treasury stock		△1,149,341	△1,151,796
Other items of equity		1,769,560	1,817,126
Total equity attributable to owners of parent		31,734,145	41,915,478
Minority interests		1,719,369	1,869,064
Total equity		33,453,515	43,784,543
Total liabilities and equity		192,022,622	198,048,339

## (2) Condensed consolidated statement of income and consolidated statement of comprehensive income

## Condensed consolidated statement of income

(Unit: Thousand yen)

	Notes	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)
Continuing Operations			
Revenue		15,494,706	19,888,324
Cost of revenue		△4,409,245	△5,987,189
Gross profit		11,085,461	13,901,135
Other income		81,322	109,412
Selling, general and administrative expenses		△6,435,934	△7,395,218
Other expense		△42,504	△22,200
Operating profit		4,688,344	6,593,129
Financial income		242,192	211,693
Financial expense		△103,107	△105,582
Equity method investment gain/loss (△=loss)		421,058	△61,091
Profit before income taxes		5,248,488	6,638,149
Corporate and income tax expenses		△1,784,297	△2,384,337
Profit from continuing operations		3,464,190	4,253,812
Discontinued Operations			
Profit/Loss from discontinued operations (△=loss)		△8,736	—
Quarterly profit		3,455,453	4,253,812
Profit attributable to			
Owners of parent		3,408,373	4,169,621
Non-controlling interests		47,080	84,190
Profit		3,455,453	4,253,812
Earnings per share			
Basic earnings per share (yen) (△=loss)			
Continuing operations		46.30	56.37
Discontinuing operations		0.03	—
Total		46.33	56.37
Diluted earnings per share (yen) (△=loss)			
Continuing operations		45.21	55.07
Discontinuing operations		0.03	—
Total		45.24	55.07

## Condensed consolidated statement of comprehensive income

(Unit: Thousand yen)

	Notes	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)
Profit		3,455,453	4,253,812
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△ 160,035	△ 212,861
Shares of other comprehensive income of equity method affiliates		238,696	409,060
Total of Items that will not be reclassified to profit or loss		78,661	196,199
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△ 57,720	237,907
Shares of other comprehensive income of equity method affiliates		104,139	△ 38,332
Total of items that will be reclassified to profit or loss		46,418	199,575
Other comprehensive income after income taxes		125,080	395,774
Comprehensive income		3,580,534	4,649,586
Comprehensive income attributable to			
Owners of parent		3,538,305	4,565,363
Non-controlling interests		42,228	84,223
Total		3,580,534	4,649,586

(3) Condensed consolidated statement of changes in equity

Second quarter of the previous consolidated fiscal year (From October 1, 2019 to March 31, 2020) (Unit: Thousand yen)

Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Minority interests	Total Equity
Balance as of October 1, 2019	4,712,900	5,847,480	15,884,444	△1,181,846	1,231,655	26,494,633	1,044,664	27,539,297
Cumulative effects of accounting changes	—	—	△97,243	—	—	△97,243	△38,971	△136,214
Restated Balance	4,712,900	5,847,480	15,787,200	△1,181,846	1,231,655	26,397,389	1,005,692	27,403,082
Profit	—	—	3,408,373	—	—	3,408,373	47,080	3,455,453
Other comprehensive income	—	—	—	—	129,932	129,932	△4,851	125,080
Quarterly comprehensive income	—	—	3,408,373	—	129,932	3,538,305	42,228	3,580,534
Disposal of treasury shares	—	33,085	—	32,504	—	65,590	—	65,590
Dividends	—	—	△2,648,221	—	—	△2,648,221	—	△2,648,221
Transfer from other items of equity to retained earnings	—	—	25,788	—	△25,788	—	—	—
Share-based payment transaction	—	85,490	—	—	△22	85,468	9,740	95,208
Changes in the interest in controlled subsidiary	—	△9,528	—	—	—	△9,528	—	△9,528
Other increase/decrease	—	—	—	—	△313	△313	—	△313
Total transactions with owners	—	109,047	△2,622,433	32,504	△26,125	△2,507,006	9,740	△2,497,265
Balance as of March 31, 2020	4,712,900	5,956,527	16,573,141	△1,149,341	1,335,462	27,428,689	1,057,661	28,486,351

Second quarter of the current consolidated fiscal year (From October 1, 2020 to March 31, 2021) (Unit: Thousand yen)

Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Minority interests	Total Equity
Balance as of October 1, 2020	4,712,900	5,675,561	20,725,465	△1,149,341	1,769,560	31,734,145	1,719,369	33,453,515
Profit	—	—	4,169,621	—	—	4,169,621	84,190	4,253,812
Other comprehensive income	—	—	—	—	395,741	395,741	33	395,774
Quarterly comprehensive income	—	—	4,169,621	—	395,741	4,565,363	84,223	4,649,586
Purchase of treasury stock	—	—	—	△2,454	—	△2,454	—	△2,454
Dividends	—	—	△3,826,483	—	—	△3,826,483	—	△3,826,483
Dividends paid to non-controlling interests	—	—	—	—	—	—	△63,671	△63,671
Conversion of convertible bond-type bonds with stock acquisition rights	4,734,347	4,667,934	—	—	—	9,402,282	—	9,402,282
Transfer from other items of equity to retained earnings	—	—	348,146	—	△348,146	—	—	—
Share-based payment transaction	—	51,670	—	—	△28	51,642	—	51,642
Changes in the interest in controlled subsidiary	—	△21,071	—	—	—	△21,071	129,142	108,071
Changes in ownership interest in associates	—	12,054	—	—	—	12,054	—	12,054
Total transactions with owners	4,734,347	4,710,588	△3,478,337	△2,454	△348,174	5,615,970	65,471	5,681,441
Balance as of March 31, 2021	9,447,247	10,386,149	21,416,750	△1,151,796	1,817,126	41,915,478	1,869,064	43,784,543

## (4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)
Cash flow from operating activities			
Profit before income taxes		5,248,488	6,638,149
Profit before income taxes from discontinued operations (△=loss)		△803	—
Depreciation & Amortization		734,761	903,384
Impairment Loss		89,272	—
Financial income and expense		△122,285	△106,111
Equity method investment gain/loss (△=increase)		△421,058	61,091
Increase/decrease in inventories (△=increase)		△9,523	△422,334
Increase/decrease in operating and other receivables (△=increase)		305,239	△1,624,043
In/Decrease in advances paid (△=increase)		△1,033,247	△11,517,702
In/Decrease in accrued revenues (△=increase)		△2,943,858	△556,097
In/Decrease in operating payables (△=decrease)		682,440	570,370
In/Decrease in accrued expenses (△=decrease)		2,175,539	157,424
In/Decrease in deposits received (△=decrease)		13,101,268	6,290,468
In/Decrease in other current liabilities (△=decrease)		211,337	180,918
Other		213,312	135,729
Subtotal		18,230,884	711,248
Interest and dividends received		20,990	12,602
Interest paid		△78,697	△69,248
Corporate income taxes paid		△1,793,330	△2,768,352
Cash flow from operating activities		16,379,846	△2,113,749
Cash flow from investing activities			
Purchase of property, plants and equipment		△349,008	△46,140
Purchase of intangible assets		△766,698	△732,084
Purchase of investment securities		△909,028	△54,132
Proceeds from sale of investment securities		—	489,922
Proceeds from redemption of investments partnerships		297,233	46,842
Payments into deposits to subsidiaries and affiliates		—	△2,000,000
Proceeds from withdrawal of deposits to subsidiaries and affiliates		—	5,000,000
Purchase of other financial assets		△101,937	△63
Proceeds from sales of other financial assets		49,387	700,164
Others		△50,986	18,037
Cash flow from investing activities		△1,831,038	3,422,545

(Unit: Thousand yen)			
	Notes	Q2 FY2020 (From October 1, 2019 to March 31, 2020)	Q2 FY2021 (From October 1, 2020 to March 31, 2021)
Cash flow from financing activities			
In/Decrease in short-term borrowings (△=decrease)		△1,000,000	△2,000,000
Repayment of long-term borrowings		△400,200	△400,200
Payment for stock buyback		—	△2,454
Dividends paid		△2,647,589	△3,821,736
Dividends paid to non-controlling interests		—	△63,671
Capital contributions from non-controlling interests		—	122,413
Other		△198,212	△301,850
Cash flow from financing activities		△4,246,002	△6,467,498
Effect of exchange rate changes on cash and cash equivalents		△9,609	56,162
Increase and decrease in cash and cash equivalents (△=decrease)		10,293,195	△5,102,540
Balance of cash and cash equivalents at the beginning of the period	①	52,013,447	95,830,807
Cash and cash equivalents at the end of period	①	62,306,643	90,728,267



(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

① Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2020)	End of Q2 of current consolidated fiscal year (March 31, 2021)
Cash and cash equivalents	94,880,807	88,798,267
Deposits to subsidiaries and affiliates	950,000	1,930,000
Total	95,830,807	90,728,267

② Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2020)	End of Q2 of current consolidated fiscal year (March 31, 2020)
Accounts receivable - trade	5,187,311	5,692,043
Operating loans	6,040,284	7,340,934
Other	1,628,262	1,597,189
Allowance for doubtful accounts	△98,461	△103,208
Total	12,757,396	14,526,959
Current assets	10,782,296	11,551,859
Non-current assets	1,975,100	2,975,100
Total	12,757,396	14,526,959

③ Deposits to subsidiaries and affiliates

Our deposits to subsidiaries and affiliates are the deposits under the CMS (cash management system) of GMO Internet Group.