

Summary of Consolidated Financial Statements for the First Quarter FY2022 (IFRS)

February 10, 2022

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: February 14, 2022 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 First Quarter, FY2022 (From October 1, 2021 to December 31, 2021)

(1) Consolidated Financial Statements (Cumulative)

(Percentages represent year-on-year % change)

	Revenue		Operating profit		Profit before income taxes		Quarterly Profit		Profit attributable to owners of parent		Total comprehensive income	
	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%
Q1 FY2022	11,857	21.4	4,116	31.8	4,299	41.5	2,582	47.6	2,517	47.6	2,652	76.4
Q1 FY2021	9,767	28.5	3,122	48.3	3,038	10.1	1,749	△0.3	1,704	△1.4	1,504	△24.4
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q1 FY2022	33.19				32.90							
Q1 FY2021	23.16				22.52							

(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	%
Q1 FY2022	243,997	55,920	53,970	22.1
FY2021	215,455	57,820	55,845	25.9

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	0.00	0.00	0.00	59.00	59.00
FY2022	0.00				
FY2022 (forecast)		0.00	0.00	66.00	66.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2022 (From October 1, 2021 to September 30, 2022)

(% 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
2Q FY2022	23,438	17.9	8,117	23.1	7,738	16.6	4,880	14.7	4,795	15.0	63.23
Full year	50,000	20.0	16,234	25.0	15,538	17.0	10,048	11.9	9,860	11.8	130.01

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

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 (including treasury stock) | Q1 FY2022: 76,557,545 | FY 2021: 76,557,545 |
| [2] Number of treasury shares at the end of the term | Q1 FY2022: 714,996 | FY 2021: 714,996 |
| [3] Average number of shares during the term | Q1 FY2022: 75,842,549 | Q1 FY2021: 73,613,809 |

(Note 1) Number of treasury shares at the end of the term above include the shares attributed to the directors' remuneration board incentive plan trust and J-ESOP (709,705 shares for FY2021; 709,705 shares for Q1 FY2022.)

*These quarterly financial statements are not subject to the quarterly review procedures.

* 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 February 10, 2022. 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.

① Consolidated operating results

The Group announces its earnings results for the cumulative first quarter of the consolidated fiscal year 2022 (October 1, 2021 to December 31, 2021) as follows.

(Unit: Thousand yen)

	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Rate of change (%)
Revenue	9,767,132	11,857,766	21.4
Operating profit	3,122,699	4,116,377	31.8
Profit before income taxes	3,038,656	4,299,022	41.5
Profit attributable to owners of parent	1,704,968	2,517,248	47.6

a. Revenue

The Group's revenue reached to ¥11,857 mil, up by 21.4% Year-on-Year (YoY). The Payment Processing Business revenue grew, led by steady growth of E-Commerce (EC) market for online billing and recurring billing coupled with the expansion of the Group's services to the offline domain. The Money Service Business (MSB) revenue increased from growth of GMO Payment After Delivery transactions which is a Buy Now Pay Later (BNPL) service, Early Payment Service, and Lending service to overseas operators. Payment Processing Business revenue was ¥8,866 mil (up 24.5% YoY), Money Service Business (MSB) revenue was ¥2,772 mil (up 11.7% YoY) and Payment Enhancement Business revenue was ¥225 mil (up 37.8% 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	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Rate of change (%)
Initial (Initial revenue)	876,426	1,484,676	69.4
Stock (Fixed revenue)	1,522,927	1,851,185	21.6
Fee (Transaction processing revenue)	2,559,395	3,149,958	23.1
Spread (Merchant acquiring service revenue)	4,808,382	5,371,946	11.7
Total	9,767,132	11,857,766	21.4

b. Operating profit

Operating profit reached ¥4,116 mil, up by 31.8% YoY, making steady progress towards achieving the full year earnings forecast for the Fiscal Year ending September 2022.

By segment, Payment Processing Business segment profit (operating profit) was ¥4,260 mil, up 24.9% YoY; Money Service Business segment profit (operating profit) stood at ¥630 mil, up 28.9% YoY; Payment Enhancement Business segment profit (operating operating) of ¥51 mil (up 156.3% YoY).

For details please refer to page 5 of “② Results by segment” of the “(1) Consolidated operating results” of “1. Qualitative Information on Consolidated Financial Statements for the Quarter”.

c. Profit before income taxes

Pre-tax profit reached ¥4,299 mil., up 41.5% YoY. The reason the pre-tax profit growth rate of 41.5% YoY is higher than the operating profit growth rate of 31.8% YoY, is due to gains on investment partnerships of ¥152mil that increased the financial income to ¥215mil.

② Results by segment

Performance by reportable segment is explained below.

Segment	(Unit: Thousand yen)		
	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Rate of change (%)
Payment Processing Business			
Revenue	7,122,180	8,866,543	24.5
Operating profit	3,411,105	4,260,112	24.9
Money Service Business			
Revenue	2,483,398	2,772,849	11.7
Operating profit	489,533	630,956	28.9
Payment Enhancement Business			
Revenue	163,822	225,809	37.8
Operating profit	20,014	51,297	156.3
Adjustments			
Revenue	△2,268	△7,436	—
Operating profit (△=loss)	△797,953	△825,988	—
Total			
Revenue	9,767,132	11,857,766	21.4
Operating profit	3,122,699	4,116,377	31.8

a. Payment Processing Business

The main focus areas of the Payment Processing Business are payment processing services of online billing, recurring billing, and offline payments, as well as expanding support services to financial institutions and financial service providers. In the online billing and recurring billing domain, we focused our efforts to acquire large and medium-to-small sized merchants across various industries and expand our services given the backdrop of the steadily expanding EC market.

The impact from the COVID-19 contagion was limited during the first quarter under review, similar to the first quarter of the previous fiscal year. In the online billing and recurring billing domain, micropayments increased from the rising adoption of cashless payment and E-commerce (EC) usage, and transactions increased for digital content, public utilities and taxes on the back of continued COVID-19 related nesting demand.

In the offline domain during the first quarter under review, both transaction volume and value increased in merchant sectors such as leisure-related and restaurant sectors which were adversely impacted from the decline in consumption. This increase is thanks to the lifting of State of Emergency and Priority Measures for Contagion Prevention which had been in place intermittently, although some offline stores still remain vulnerable to the COVID-19 impact. In addition to this, transaction volume, value, and initial revenue for the segment increased from strong payment terminal sales, especially the increase in next generation payment platform “stera terminals” sales, due to the expansion of offline cashless payment market – which we think is a safer payment method without the need to physically touch bank notes and coins. Furthermore, steady progress was made in project orders related to the Unattended Market such as ticket machines and fare adjustment machines, which is one of the target markets.

As a result, transaction volume (including GMO Payment After Delivery which is classified in the Money Service Business segment) grew 33.3% YoY, transaction value grew 33.8% YoY. Segment revenue was ¥8,866 mil, up 24.5% YoY and segment profit (operating profit) was ¥4,260 mil up 24.9% 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; Transaction Lending Service to lend growth capital to merchants based on their payment and other related data; Lending Service to overseas operators; Remittance Service; Instant Salary byGMO, a salary prepayment service, and GMO Payment After Delivery provided by a consolidated subsidiary GMO Payment Service, Inc.

In this first quarter under review, segment revenue and profit increased from the contribution of strong Early Payment Service on the back of growth in Payment Processing Business segment, and Lending service to overseas operators that made progress in securing new potential customers to generate stable revenues going forward. Growth rate of GMO Payment After Delivery, a BNPL service, decelerated although transactions increased, from hard comps against strong nesting demand last year. Similarly, Remittance service revenue growth rate decelerated although transactions grew, due to hard comps against last year's COVID-19-driven ticket refund demand.

As a result, segment revenue reached ¥2,772 mil, up 11.7% YoY and segment profit (operating profit) reached ¥630 mil, up 28.9% 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," 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 and complete the reception and payment, as well as manage patient registration cards on the smartphone for multiple medical institutions that implement this service. In the first quarter under review, this service' revenue increased 92.5% YoY from the heightened demand due to COVID-19. In addition, revenues from online advertising service and SSL coupon also grew, contributing to the segment's revenue growth.

As a result of the above, segment revenue was ¥225 mil, up 37.8% YoY and segment profit (operating profit) was ¥51 mil, up 156.3% 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)	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	GMO Payment Gateway, Inc.
	Medical Kakumei byGMO	GMO Medical Reservations Technology Co., Ltd. (consolidated subsidiary)

(2) Status of consolidated financial position

Assets, liabilities and net assets

a. Assets

Total assets at the end of the consolidated first quarter under review increased by ¥28,541 mil from the end of the previous fiscal year end to reach ¥243,997 mil. This is mainly due to an increase in advances paid of ¥5,305 mil, an increase in accrued revenues of ¥7,184 mil, and deposits to subsidiaries and affiliates of ¥16,500 mil.

The Group has ¥4,800 mil deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated first quarter under review, as stated in ① Cash and cash equivalents” of (6) Notes regarding condensed consolidated financial statements. Together with the ¥18,500 mil of deposits to subsidiaries and affiliated companies stated in the condensed consolidated balance sheet, the total balance of the deposits to subsidiaries and affiliated companies stands at ¥23,300 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. 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 first quarter under review stood at ¥188,076 mil, an increase of ¥30,441 mil from the end of the previous consolidated fiscal year, mainly due to an increase in accrued expenses of ¥7,035 mil, an increase in deposits received of ¥21,806 mil, and an increase in borrowings of ¥3,366 mil.

c. Equity

Equity balance at the end of the consolidated first quarter under review was ¥55,920 mil, a decrease of ¥1,899 mil from the end of the previous consolidated fiscal year. This was mainly due recording the quarterly profit of ¥2,582 mil which was offset by the decline in retained earnings of ¥4,474 mil from dividend payouts.

② Status of consolidated cash flows

Cash and cash equivalents (“funds”) at the end of the consolidated first quarter under review decreased by ¥2,064 mil versus the balance at the start of the term, to reach ¥102,459 mil. The state of cash flow over the first quarter under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated first quarter under review amounted to ¥15,996 mil, which compares to ¥3,026 mil in net funds provided in the same period of the previous year. This resulted from cash outflows from (i) an increase in advances paid of ¥5,305 mil, (ii) an increase in accrued revenues of ¥7,848 mil, (iii) decrease in other current liabilities of ¥1,020 mil, (iv) incomes tax payments of ¥2,812 mil, which was offset by cash inflows of (i) profit before tax of ¥4,299 mil, (ii) increase in accrued expenses of ¥7,050 mil, and (iii) increase in deposits received of ¥21,713 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated first quarter under review totaled ¥16,840 mil, which compares to a net funds provided of ¥3,789 mil in the same period of the previous year. This is due to cash outflows from payment into deposits to subsidiaries and affiliated companies of ¥16,500 mil.

c. Cash flow from financing activities

Net funds used by financing activities over the consolidated first quarter under review was ¥1,338 mil, which compares to net funds used of ¥3,184 mil in the same period of the previous year. This is due to cash inflows from the net increase in short term borrowings of ¥3,500 mil which was offset by net outflows from dividend payouts of ¥4,449 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 merchandizing continues to grow very rapidly, helped by favorable externalities such as increased penetration of smartphones and logistic/distribution industry reforms. In addition, online migration progressed for payments related to daily life such as non-merchandise services, public utilities, taxes and public dues and medical expenses as online consumption takes roots under the 'new normal' lifestyles brought about by COVID-19. The broader EC market, which is our addressable market, is also expanding from the widening scope of EC market driven by the online migration of B2B and C2C transactions. The consolidated subsidiary GMO Financial Gate, Inc., which addresses the offline market, is contributing to expand the Group's scope of business by capturing business opportunities emerging from the acceleration of cashless adoption of various payments methods including credits cards in the offline domain.

The business environment for the fiscal year ending September 2022 is showing that economic activity continues despite the resurgence of COVID-19. GMO-PG group's business is characterized by its resiliency to macro-economic fluctuations due to the diverse exposure to merchants across various industries and the favorable trend of cashless and online migration of payments. Hence, the impact from COVID-19 is minimal as of this writing. Revenue expansion is expected in all reportable segments from pursuing the priority initiatives of acquiring large and high-growth merchants, deepening penetration into financial institutions, winning orders for large projects, rolling out of DX platforms and, the next generation payment platform stera.

The earnings forecast for fiscal year ending September 2022 is revenue of ¥50,000 mil (up 20.0% YoY), operating profit of ¥16,234 mil (up 25.0% YoY), pre-tax profit of ¥15,538 mil (up 17.0% YoY), net profit of ¥10,048 mil (up 11.9% YoY) and profit attributable to owners of parent of ¥9,860 mil (up 11.8% 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, 2021)	End of Q1 of current consolidated fiscal year (December 31, 2021)
Assets			
Current assets			
Cash and cash equivalents	①	104,523,965	102,459,336
Operating and other receivables	②	10,308,474	10,466,150
Advances paid		45,321,043	50,626,493
Accrued revenue		24,893,665	32,077,676
Inventories		1,664,548	2,183,284
Deposits to subsidiaries and affiliates	③	2,000,000	18,500,000
Other financial assets		455,403	496,409
Other current assets		335,983	499,724
Total current assets		189,503,084	217,309,076
Non-current assets			
Property, plant and equipment		3,948,522	3,849,334
Goodwill and other intangible assets		5,521,782	5,786,044
Investments accounted for using equity method		4,593,784	4,655,275
Operating and other payables	②	4,231,100	4,610,915
Other financial assets		6,005,805	6,135,470
Deferred Tax Assets		1,529,043	1,562,687
Other non-current assets		122,769	89,072
Total non-current assets		25,952,808	26,688,799
Total assets		215,455,892	243,997,876

(Unit: Thousand yen)		
	Notes	
	End of previous consolidated fiscal year (September 30, 2021)	End of Q1 of current consolidated fiscal year (December 31, 2021)
Liabilities and equity		
Liabilities		
Current liabilities		
Operating and other payables	5,230,945	5,881,894
Accrued expenses	20,537,297	27,572,353
Deposits received	84,593,904	106,400,118
Borrowings	15,138,420	18,507,020
Other financial liabilities	621,363	617,555
Income taxes payable, etc.	2,602,652	1,395,762
Provisions	327,157	326,736
Other current liabilities	3,662,794	2,611,005
Total current liabilities	132,714,534	163,312,446
Non-current liabilities		
Corporate bonds	19,593,627	19,614,821
Borrowings	20,095	18,340
Other financial liabilities	2,889,479	2,737,086
Provision	130,180	130,264
Deferred tax liabilities	78,148	73,429
Other non-current liabilities	2,209,447	2,190,550
Total non-current liabilities	24,920,978	24,764,492
Total liabilities	157,635,512	188,076,938
Equity		
Capital stock	13,323,135	13,323,135
Capital surplus	15,191,927	15,204,220
Retained earnings	26,546,151	24,588,690
Treasury stock	△1,152,444	△1,153,163
Other items of equity	1,937,175	2,008,101
Total equity attributable to owners of parent	55,845,946	53,970,984
Non-controlling interests	1,974,433	1,949,952
Total equity	57,820,379	55,920,937
Total liabilities and equity	215,455,892	243,997,876

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

Condensed consolidated statement of income

(Unit: Thousand yen)			
	Notes	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)
Revenue		9,767,132	11,857,766
(of which, interest income※)		2,090,461	2,296,880
Cost of revenue		△2,817,258	△3,684,580
Gross profit		6,949,873	8,173,185
Other income		49,757	60,102
Selling, general and administrative expenses		△3,872,313	△4,108,462
Other expense		△4,618	△8,448
Operating profit		3,122,699	4,116,377
Financial income		7,812	215,922
Financial expense		△69,946	△55,762
Equity method investment gains or loss		△21,909	22,484
Profit before income taxes		3,038,656	4,299,022
Income tax expenses		△1,289,469	△1,716,521
Quarterly profit		1,749,186	2,582,500
Profit attributable to			
Owners of parent		1,704,968	2,517,248
Non-controlling interests		44,217	65,252
Quarterly Profit		1,749,186	2,582,500
Earnings per share (Yen/share)			
Basic earnings per share		23.16	33.19
Diluted earnings per share		22.52	32.90

(※) The figure present the interest income calculated using the effective interest method as per IFRS 9 Financial Instruments.

Condensed consolidated statement of comprehensive income

(Unit: Thousand yen)

	Notes	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)
Profit		1,749,186	2,582,500
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△463,097	△142,642
Shares of other comprehensive income of equity method affiliates		316,844	44,872
Total of Items that will not be reclassified to profit or loss		△146,252	△97,769
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△67,340	194,052
Shares of other comprehensive income of equity method affiliates		△31,264	△25,839
Total of items that will be reclassified to profit or loss		△98,604	168,213
Other comprehensive income after income taxes		△244,857	70,443
Comprehensive income		1,504,328	2,652,944
Comprehensive income attributable to			
Owners of parent		1,461,871	2,588,192
Non-controlling interests		42,457	64,752
Total		1,504,328	2,652,944

(3) Condensed consolidated statement of changes in equity

First quarter of the previous consolidated fiscal year (From October 1, 2020 to December 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	Non-controlling 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
Quarterly Profit	—	—	1,704,968	—	—	1,704,968	44,217	1,749,186
Other comprehensive income	—	—	—	—	△243,097	△243,097	△1,759	△244,857
Quarterly comprehensive income	—	—	1,704,968	—	△243,097	1,461,871	42,457	1,504,328
Purchase of treasury stock	—	—	—	△1,345	—	△1,345	—	△1,345
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	274,290	268,699	—	—	—	542,989	—	542,989
Transfer from other items of equity to retained earnings	—	—	330,624	—	△330,624	—	—	—
Share-based payment transaction	—	26,971	—	—	△28	26,943	—	26,943
Changes in the interest in controlled subsidiary	—	△10,313	—	—	—	△10,313	22,448	12,135
Change in associates' interest in controlled subsidiary	—	35,329	—	—	—	35,329	—	35,329
Total transactions with owners	274,290	320,686	△3,495,859	△1,345	△330,652	△3,232,880	△41,222	△3,274,103
Balance as of December 31, 2020	4,987,190	5,996,247	18,934,575	△1,150,687	1,195,810	29,963,136	1,720,604	31,683,740

First quarter of the current consolidated fiscal year (From October 1, 2021 to December 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	Non-controlling interests	Total Equity
Balance as of October 1, 2021	13,323,135	15,191,927	26,546,151	△1,152,444	1,937,175	55,845,946	1,974,433	57,820,379
Quarterly Profit	—	—	2,517,248	—	—	2,517,248	65,252	2,582,500
Other comprehensive income	—	—	—	—	70,943	70,943	△499	70,443
Quarterly comprehensive income	—	—	2,517,248	—	70,943	2,588,192	64,752	2,652,944
Purchase of treasury stock	—	—	—	△718	—	△718	—	△718
Dividends	—	—	△4,474,710	—	—	△4,474,710	—	△4,474,710
Dividends paid to non-controlling interests	—	—	—	—	—	—	△89,232	△89,232
Share-based payment transaction	—	22,293	—	—	△17	22,276	—	22,276
Changes in the interest in controlled subsidiary	—	△10,001	—	—	—	△10,001	—	△10,001
Total transactions with owners	—	12,292	△4,474,710	△718	△17	△4,463,153	△89,232	△4,552,386
Balance as of December 31, 2021	13,323,135	15,204,220	24,588,690	△1,153,163	2,008,101	53,970,984	1,949,952	55,920,937

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)
Net cash provided by (used in) operating activities			
Profit before income taxes		3,038,656	4,299,022
Depreciation & Amortization		445,134	494,477
Financial income and expense		62,134	△160,160
Equity method investment gain/loss (△=increase)		21,909	△22,484
Increase/decrease in inventories (△=increase)		△362,341	△518,736
Increase/decrease in operating and other receivables (△=increase)		382,960	△491,156
In/Decrease in advances paid (△=increase)		△13,332,440	△5,305,449
Accrued revenues (△=increase)		△5,264,412	△7,848,449
In/Decrease in operating payables (△=decrease)		1,069,054	650,632
In/Decrease in accrued expenses (△=decrease)		5,009,381	7,050,179
In/Decrease in deposits received (△=decrease)		15,494,512	21,713,802
In/Decrease in other current liabilities (△=decrease)		△783,490	△1,020,045
Other		△32,146	△31,176
Subtotal		5,748,912	18,810,455
Interest and dividends received		7,812	19,662
Interest paid		△33,678	△21,333
Income taxes paid		△2,696,454	△2,812,545
Net cash provided by (used in) operating activities		3,026,591	15,996,239
Net cash provided by (used in) investing activities			
Purchase of property, plants and equipment		△46,012	△111,471
Purchase of intangible assets		△340,758	△629,233
Purchase of investment securities		△731	△168,096
Proceeds from sale of investment securities		489,922	668,520
Proceeds from redemption of investments partnerships		29,960	20,775
Payments into deposits to subsidiaries and affiliates		△2,000,000	△16,500,000
Proceeds from withdrawal of deposits to subsidiaries and affiliates		5,000,000	—
Purchase of other financial assets		△67	△201
Proceeds from sales of other financial assets		700,164	6,770
Others		△42,866	△127,963
Net cash provided by (used in) investing activities		3,789,610	△16,840,900

(Unit: Thousand yen)			
	Notes	Q1 FY2021 (From October 1, 2020 to December 31, 2020)	Q1 FY2022 (From October 1, 2021 to December 31, 2021)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		1,000,000	3,500,000
Repayment of long-term borrowings		△200,100	△133,155
Dividends paid		△3,797,895	△4,449,301
Dividends paid to non-controlling interests		△63,671	△89,232
Capital contributions from non-controlling interests		26,478	—
Other		△149,247	△167,050
Net cash provided by (used in) financing activities		△3,184,435	△1,338,739
Effect of exchange rate changes on cash and cash equivalents		△32,109	118,772
Increase and decrease in cash and cash equivalents (△=decrease)		3,599,656	△2,064,628
Balance of cash and cash equivalents at the beginning of the period	①	95,830,807	104,523,965
Cash and cash equivalents at the end of period	①	99,430,463	102,459,336

(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, 2021)	End of Q1 of current consolidated fiscal year December 31, 2021)
Cash and cash equivalents	81,593,965	97,659,336
Deposits to subsidiaries and affiliates	22,930,000	4,800,000
Total	104,523,965	102,459,336

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, 2021)	End of Q1 of current consolidated fiscal year December 31, 2021)
Trade and other receivables	5,740,246	6,616,807
Operating loans	8,846,384	8,495,014
Other	92,408	103,131
Allowance for doubtful accounts	△139,464	△137,887
Total	14,539,574	15,077,065
Current assets	10,308,474	10,466,150
Non-current assets	4,231,100	4,610,915
Total	14,539,574	15,077,065

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.