

Summary of Consolidated Financial Statements for Q1 FY2024 (IFRS)

February 13, 2024

Name of listed company: GMO Payment Gateway, Inc. Exchange: Tokyo Stock Exchange
 Stock code: 3769 URL: <https://www.gmo-pg.com/en/corp/>
 Representative: Issei Ainoura President & Chief Executive Officer
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 Scheduled submission date of securities report February 13, 2024 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 million yen)

1. Consolidated Financial Statements for Q1 FY2024 (From October 1, 2023 to December 31, 2023)

(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	%
Q1 FY2024	17,785	20.1	5,830	14.5	5,919	26.3	3,601	42.7	3,447	40.9	1,288	70.3
Q1 FY2023	14,813	24.9	5,090	23.7	4,687	9.0	2,523	△2.3	2,447	△2.8	756	△71.5

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Q1 FY2024	45.46		44.99	
Q1 FY2023	32.27		31.97	

(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 FY2024	326,029	89,334	86,817	26.6
FY2023	292,346	94,804	92,274	31.6

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	0.00	0.00	0.00	89.00	89.00
FY2024	0.00				
FY2024 (forecast)		0.00	0.00	103.00	103.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2024

(From October 1, 2023 to September 30, 2024)

(% 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
Q2 of FY2024 (cumulative)	35,341	16.0	12,470	20.5	11,970	21.5	7,732	22.9	7,495	22.3	98.83
FY2024	73,286	16.1	25,000	23.1	23,904	15.8	15,961	15.5	15,523	15.2	204.68

(Note) Revision to the most recently released dividend 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 FY2024: 76,557,545	FY 2023: 76,557,545
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[2] Number of treasury shares at the end of the term	Q1 FY2024: 715,103	FY 2023: 715,071
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[3] Average number of shares during the term	Q1 FY2024: 75,842,471	Q1 FY2023: 75,842,509
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(Note) 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 FY2023; 709,705 shares for Q1 FY2024.)

※ These financial statements are not subject to the 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) Earnings Forecast" 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 14, 2024. Supporting materials and a video of the presentation will be made available promptly 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 GMO Payment Gateway, Inc. (GMO-PG or the Company) and its consolidated subsidiaries at the end of the quarter under review.

① Consolidated operating results

GMO-PG and its consolidated subsidiaries announces its earnings results for the cumulative first quarter of the consolidated fiscal year 2024 (October 1, 2023 to December 31, 2023) as follows.

(Unit: Thousand Yen)

	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)	Rate of change (%)
Revenue	14,813,246	17,785,985	20.1
Operating profit	5,090,188	5,830,512	14.5
Profit before income taxes	4,687,236	5,919,417	26.3
Profit attributable to owners of parent	2,447,255	3,447,714	40.9

a. Revenue

Revenue reached ¥17,785 mil, up 20.1% YoY. The transaction volume and value, which is the sum total of online billing, recurring billing, offline payment and GMO Payment After Delivery, increased by 20.9% YoY and by 23.7% YoY, respectively. As a result, the Payment Processing Business revenue reached ¥13,468 mil (up 20.1% YoY), Money Service Business (MSB) revenue was ¥4,018 mil (up 19.7% YoY) and Payment Enhancement Business revenue was ¥324 mil (up 31.6% 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 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)	Rate of change (%)
Initial (Initial revenue)	2,260,404	2,984,134	32.0
Stock (Fixed revenue)	2,237,931	2,719,986	21.5
Fee (Transaction processing revenue)	4,257,285	5,093,307	19.6
Spread (Merchant acquiring service revenue)	6,057,624	6,988,556	15.4
Total	14,813,246	17,785,985	20.1

b. Operating profit

Operating profit reached ¥5,830 mil, up by 14.5% YoY, making steady progress towards achieving the full year earnings forecast for the fiscal year ending September 2024 (FY2024).

By segment, Payment Processing Business segment profit (operating profit) was ¥5,951 mil, up 12.6% YoY; Money Service Business segment profit (operating profit) stood at ¥800 mil, up 30.1% YoY; Payment Enhancement Business segment profit (operating profit) of ¥92 mil (up 124.3% 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”.

c. Profit before income taxes

Profit before income taxes reached ¥5,919 mil, up 26.3% YoY. The reason for the first quarter pre-tax profit to increase by 26.3% YoY compared to the operating profit growth rate of 14.5% YoY is due to recording financial expenses of ¥614 mil, including foreign currency loss of ¥457 mil, in same period of the previous fiscal year.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand Yen)

Segment	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)	Rate of change (%)
Payment Processing Business			
Revenue	11,215,710	13,468,071	20.1
Segment profit (△=loss)	5,282,917	5,951,048	12.6
Money Service Business			
Revenue	3,356,203	4,018,390	19.7
Segment profit (△=loss)	615,450	800,493	30.1
Payment Enhancement Business			
Revenue	246,279	324,006	31.6
Segment profit (△=loss)	41,202	92,414	124.3
Adjustments			
Revenue	△4,947	△24,482	—
Segment profit (△=loss)	△849,382	△1,013,445	—
Total			
Revenue	14,813,246	17,785,985	20.1
Segment profit (△=loss)	5,090,188	5,830,512	14.5

a . Payment Processing Business

The Payment Processing Business focusses on expanding payment processing services for online billing, recurring billing, and offline payments, as well as providing Banking as a Service (BaaS) support to financial institutions and business operators. In the online billing and recurring billing domain, we focused our efforts to acquire large and medium-to-small sized merchants across various industries as well as expand our services to a wide array of non-EC merchants, given the backdrop of the steadily expanding E-Commerce (EC) market.

In the online billing and recurring billing domains for the quarter under review, online payment revenue grew thanks to increase in the non-merchandise sectors such as digital content, public dues/taxes and further adoption of online payments by new industries given the heightened demand for digital transformation (DX), despite headwinds from government measures to mitigate impact of rapid economic change and electricity tariff reduction that adversely affected transaction value. In the merchandise sectors, daily household goods and food and beverage sector increased, although small-sized merchants continue to be negatively affected due to the shift towards offline consumption.

In the offline domain during the quarter under review, initial revenue benefited from the steady sales of payment terminals led by 'stera' and the continuing high level of cashless demand at small-to-medium restaurant operators, travel and accommodation related sectors given the backdrop of inbound consumption. In addition, stock, fee and spread revenues also increased from the stable increase in operating terminals, driven in turn by the expansion in year-end consumption and the likelihood of contribution from inbound consumption due to the increase in foreign tourists.

Furthermore, in the Banking as a Service (BaaS) service, processing platform service revenue increased from the revenue contribution of a large-scale project commencing this quarter, given the backdrop of expanding DX needs and cashless migration of payments by financial institutions and business operators.

As a result, segment revenue reached ¥13,468 mil, up 20.1% YoY, however, segment profit (operating profit) was ¥5,951 mil, up 12.6% YoY due to the higher SG&A expense-to-revenue ratio caused by an increase in personnel costs.

b . Money Service Business

Money Service Business (MSB) consists of Early Payment service to help merchants improve their cash flow; Transaction Lending service, a loan service for merchants; Lending service to overseas FinTech operators; Remittance service; Instant Salary byGMO, a salary prepayment service, and GMO Payment After Delivery provided by the consolidated subsidiary GMO Payment Service, Inc.

During the quarter under review, revenue for Payment After Delivery service increased from the acquisition of large merchants despite the hard comps from the cycling through of commission rate revisions in the previous fiscal year. Also, loan balance grew 59.7% YoY for lending service to overseas FinTech operators, particularly in North America and India, which also contributed to segment revenue growth. Furthermore, the number of contracts grew steadily for Instant Salary byGMO.

As a result, segment revenue reached ¥4,018 mil, up 19.7% YoY and segment profit (operating profit) was ¥800 mil, an increase of 30.1% YoY thanks to controlling credit costs for Payment After Delivery service and the growth in lending service to overseas FinTech operators.

c . Payment Enhancement Business

Payment Enhancement Business comprises of online advertising service to support the revenue growth at merchants the Group transacts with, and “Medical Kakumei byGMO,” a reservation management system exclusively for medical institutions to enable operational efficiency at reception counters, provided by the consolidated subsidiary GMO Medical Reservations Technology Co. Ltd.

In the quarter under review, demand increased for services offered by GMO Medical Reservation Technology Co. Ltd., such as smartphone-based app to make reservations, fill out medical questionnaires, complete reception and payment as well as to consolidate multiple patient registration cards from medical institutions on the smartphone, resulting in revenue growth of 76.2% YoY. In addition, online advertising revenue also increased. As a result of the above, segment revenue was ¥324 mil, up 31.6% YoY and segment profit (operating profit) was ¥92 mil, up 124.3% YoY.

The table below shows the companies providing the various businesses/services 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)
	Instant Salary byGMO	GMO Payment Gateway, Inc.
Payment Enhancement Business	Online Advertising service	GMO Payment Gateway, Inc.
	Medical Kakumei byGMO	GMO Medical Reservations Technology Co., Ltd. (consolidated subsidiary)

(2) Status of consolidated financial position

① Assets, liabilities and equity

a. Assets

Total assets at the end of the consolidated first quarter increased by ¥33,682 mil from the end of the previous fiscal year to reach ¥326,029 mil. This is mainly due to the increase in cash and cash equivalents of ¥21,934 mil, trade and other receivables of ¥3,246 mil, advances paid of ¥2,681 mil, accrued revenues of ¥8,665 mil, inventories of ¥713 mil and goodwill and intangible assets by ¥770 mil., despite the decline in deposits to subsidiaries and affiliated companies of ¥5,300 mil.

b. Liabilities

Balance of liabilities at the end of the consolidated first quarter under review stood at ¥236,694 mil, an increase of ¥39,152 mil from the end of the previous consolidated fiscal year. This is mainly due to the increase in trade and other payables of ¥1,872 mil, accrued expenses of ¥9,660 mil, deposits received of ¥28,382 mil and borrowings of ¥4,310 mil., despite the decrease in income tax payables of ¥5,496 mil.

c. Equity

Equity balance at the end of the consolidated first quarter under review was ¥89,334 mil, a decrease of ¥5,470 mil from the end of the previous consolidated fiscal year. This was mainly due to the decrease in other comprehensive income of ¥2,313 mil and retained earnings for dividend payment of ¥6,749 mil. despite the increase in profit of ¥3,601 mil.

③ Consolidated cash flow

Cash and cash equivalents ("funds") at the end of the consolidated first quarter under review increased by ¥21,934 mil compared to the balance at the start of the term, to reach ¥155,592 mil. The state of cash flows 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 ¥22,314 mil, which compares to ¥16,173 mil in net funds acquired in the same period of the previous year. This resulted from cash outflows from (i) increase in trade and other receivables of ¥3,876 mil, (ii) an increase in advances paid of ¥2,681 mil, (iii) an increase in accrued revenues of ¥8,666 mil, (iv) income tax payments of ¥7,810 mil, which was offset by cash inflows of (i) profit before income tax of ¥5,919 mil, (ii) increase in trade and other payables of ¥1,873 mil, (iii) increase in accrued expenses of ¥9,458 mil, (iv) increase in deposits received of ¥28,377 mil.

b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated first quarter under review totaled ¥3,341 mil, compared to the net funds acquired of ¥8,288 mil during the same period of the previous year. This resulted from cash outflows from (i) purchase of intangible assets of ¥1,101 mil, (ii) purchase of investment securities of ¥732 mil and (iii) purchase of investments accounted for using equity method of ¥200 mil, which was offset by cash inflows from withdrawal of deposits to subsidiaries and affiliated companies of ¥5,300 mil.

c. Cash flow from financing activities

Net funds used by financing activities over the consolidated first quarter under review was ¥2,771 mil which compares to net funds used of ¥7,378 mil during the same period of the previous year. This is mainly due to cash inflows from net increase in short term borrowings of ¥3,900 mil which was offset by cash outflows from dividend payouts of ¥6,715 mil.

(3) Earnings forecast

GMO-PG and its consolidated subsidiaries are positioned primarily within the E-Commerce (EC) market, and the current B2C EC market for consumer merchandise is expected to grow over the medium-to-long term despite the temporary sluggishness, helped by favorable externalities such as logistics industry reforms leading to increased usage by consumers. The non-merchandise domain, such as services and sectors closely related to daily life such as public utilities, taxes/public dues and medical expenses is expected to continue its high growth from the solid progress in online migration of payments. In addition, the scope of the EC market itself is expanding driven by the online migration of inter-company transactions (B2B) and inter-consumer transactions (C2C).

The offline domain, addressed by the consolidated subsidiary GMO Financial Gate, Inc, is undergoing an acceleration in cashless adoption of various payment methods including credit cards. This is leading to new business opportunities as well as to expand the scope of businesses for GMO-PG and its consolidated subsidiaries.

The business environment for the fiscal year ending September 2024 (FY2024) faces continued uncertainty over private consumption caused by uncertainties over the global state of affairs leading to volatile capital markets and the decline in real wages, despite positive effects from the normalization of economic activities, recovery of inbound (foreign tourists) consumption and rising momentum for wage increases by corporates. This is expected to have a negative impact on online payment for GMO-PG and its consolidated subsidiaries in the near term. Given this business environment, we will work to strengthen the business foundation to continue to grow operating profit at a compound average growth rate (CAGR) of 25% by pursuing the priority initiatives such as acquiring large-scale, growth-oriented merchants and large-scale projects, industry-specific DX platforms, BaaS support services to financial institutions and business operators and the next generation payment platform of 'stera'.

The consolidated earnings forecast for FY2024 is revenue ¥73,286 mil (up 16.1% YoY), operating profit of ¥25,000 mil (up 23.1% YoY), profit before income taxes of ¥23,904 mil (up 15.8% YoY) and profit of ¥15,961 mil (up 15.5% YoY) and profit attributable to owners of parent of ¥15,523 mil (up 15.2% 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, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Assets			
Current assets			
Cash and cash equivalents	①	133,658,153	155,592,661
Trade and other receivables	②	18,953,746	20,068,350
Advances paid		63,387,197	66,068,313
Accrued revenue		33,395,131	42,060,873
Inventories		2,405,040	3,118,342
Deposits to subsidiaries and affiliates	③	5,300,000	—
Other financial assets		650,307	708,108
Other current assets		717,719	899,337
Total current assets		258,467,295	288,515,987
Non-current assets			
Property, plant and equipment		3,353,504	4,040,177
Goodwill and other intangible assets		9,310,325	10,081,100
Investments accounted for using equity method		9,194,822	9,018,702
Trade and other receivables	②	3,622,301	5,753,756
Other financial assets		6,615,112	6,844,334
Deferred Tax Assets		1,700,228	1,706,260
Other non-current assets		83,227	68,939
Total non-current assets		33,879,522	37,513,271
Total assets		292,346,818	326,029,258

			(Unit: Thousand Yen)
	Notes	End of previous consolidated fiscal year (September 30, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		6,555,211	8,427,589
Accrued expenses		25,371,033	35,031,988
Deposits received		97,231,797	125,613,855
Borrowings		20,395,000	24,340,000
Other financial liabilities		388,765	678,652
Income taxes payable, etc.		7,888,647	2,392,502
Provisions		320,963	316,063
Other current liabilities		5,138,950	4,914,789
Total current liabilities		163,290,369	201,715,442
Non-current liabilities			
Corporate bonds		19,763,730	19,785,108
Borrowings		8,955,000	9,320,000
Other financial liabilities		2,128,594	2,531,257
Provisions		130,854	130,939
Deferred tax liabilities		1,221,695	1,155,936
Other non-current liabilities		2,051,729	2,056,009
Total non-current liabilities		34,251,605	34,979,251
Total liabilities		197,541,975	236,694,693
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,247,534	15,213,200
Retained earnings		50,768,961	47,656,713
Treasury stock		△1,153,329	△1,153,620
Other items of equity		14,088,034	11,778,511
Total equity attributable to owners of parent		92,274,336	86,817,939
Non-controlling interests		2,530,506	2,516,625
Total equity		94,804,843	89,334,565
Total liabilities and equity		292,346,818	326,029,258

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

Condensed consolidated statement of income

		(Unit: Thousand Yen)	
	Notes	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)
Revenue		14,813,246	17,785,985
(of which, interest income※)		2,809,287	3,422,923
Cost of revenue		△5,022,243	△6,238,571
Gross profit		9,791,002	11,547,413
Other income		65,341	82,740
Selling, general and administrative expenses		△4,743,391	△5,799,583
Other expense		△22,765	△58
Operating profit		5,090,188	5,830,512
Financial income		233,831	295,077
Financial expense		△614,509	△233,138
Equity method investment gains or loss		△22,274	26,966
Profit before income taxes		4,687,236	5,919,417
Income tax expenses		△2,163,681	△2,317,437
Quarterly profit		2,523,554	3,601,980
Quarterly profit attributable to			
Owners of parent		2,447,255	3,447,714
Non-controlling interests		76,298	154,265
Quarterly Profit		2,523,554	3,601,980
Earnings per share (Yen/share)			
Basic earnings per share		32.27	45.46
Diluted earnings per share		31.97	44.99

(※) 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 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)
Quarterly Profit		2,523,554	3,601,980
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		89,515	△382,450
Share of other comprehensive income of equity method affiliates		△159,690	△291,012
Total of Items that will not be reclassified to profit or loss		△70,175	△673,463
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		△1,696,721	△1,640,153
Total of items that will be reclassified to profit or loss		△1,696,721	△1,640,153
Other comprehensive income after income taxes		△1,766,897	△2,313,616
Comprehensive income		756,657	1,288,363
Comprehensive income attributable to			
Owners of parent		686,878	1,139,004
Non-controlling interests		69,778	149,358
Total		756,657	1,288,363

(3) Condensed consolidated statement of changes in equity

First quarter of the previous consolidated fiscal year (from October 1, 2022 to December 31, 2022)

(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, 2022	13,323,135	15,272,474	49,424,496	△1,152,444	10,255,198	87,122,860	2,137,790	89,260,651
Quarterly Profit	—	—	2,447,255	—	—	2,447,255	76,298	2,523,554
Other comprehensive income	—	—	—	—	△1,760,377	△1,760,377	△6,520	△1,766,897
Quarterly comprehensive income	—	—	2,447,255	—	△1,760,377	686,878	69,778	756,657
Purchase of treasury stock	—	—	—	△884	—	△884	—	△884
Dividends	—	—	△12,134,807	—	—	△12,134,807	—	△12,134,807
Dividends paid to non-controlling interests	—	—	—	—	—	—	△102,856	△102,856
Share-based payment transaction	—	11,554	—	—	—	11,554	—	11,554
Changes in the interest in controlled subsidiary	—	△66,361	—	—	—	△66,361	117,135	50,774
Other Increase or Decrease	—	—	△4,369	—	—	△4,369	—	△4,369
Total transactions with owners	—	△54,806	△12,139,177	△884	—	△12,194,869	14,279	△12,180,590
Balance as of December 31, 2022	13,323,135	15,217,668	39,732,575	△1,153,329	8,494,820	75,614,870	2,221,848	77,836,718

First quarter of the current consolidated fiscal year (from October 1, 2023 to December 31, 2023)

(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, 2023	13,323,135	15,247,534	50,768,961	△1,153,329	14,088,034	92,274,336	2,530,506	94,804,843
Quarterly Profit	—	—	3,447,714	—	—	3,447,714	154,265	3,601,980
Other comprehensive income	—	—	—	—	△2,308,710	△2,308,710	△4,906	△2,313,616
Quarterly comprehensive income	—	—	3,447,714	—	△2,308,710	1,139,004	149,358	1,288,363
Purchase of treasury stock	—	—	—	△291	—	△291	—	△291
Dividends	—	—	△6,749,980	—	—	△6,749,980	—	△6,749,980
Dividends paid to non-controlling interests	—	—	—	—	—	—	△165,221	△165,221
Share-based payment transaction	—	△36,934	—	—	—	△36,934	—	△36,934
Changes in the interest in controlled subsidiary	—	2,600	—	—	—	2,600	1,982	4,582
Other Increase or Decrease	—	—	190,017	—	△812	189,204	—	189,204
Total transactions with owners	—	△34,333	△6,559,962	△291	△812	△6,595,401	△163,239	△6,758,641
Balance as of December 31, 2023	13,323,135	15,213,200	47,656,713	△1,153,620	11,778,511	86,817,939	2,516,625	89,334,565

(4) Condensed consolidated statement of cash flows

(Unit: Thousand Yen)

	Notes	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)
Net cash provided by (used in) operating activities			
Profit before income taxes		4,687,236	5,919,417
Depreciation & Amortization		571,235	763,601
Financial income and expense (△=gain)		380,677	△61,939
Equity method investment gain/loss (△=increase)		22,274	△26,966
Increase/decrease in inventories (△=increase)		△994,774	△713,302
Increase/decrease in trade and other receivables (△=increase)		△1,656,906	△3,876,261
In/Decrease in advances paid (△=increase)		△7,484,148	△2,681,115
In/Decrease in accrued revenues (△=increase)		△7,854,733	△8,666,019
In/Decrease in trade payables (△=decrease)		1,832,667	1,873,084
In/Decrease in accrued expenses (△=decrease)		6,919,088	9,458,500
In/Decrease in deposits received (△=decrease)		26,930,315	28,377,548
In/Decrease in other current liabilities (△=decrease)		△910,423	△255,138
In/Decrease in other non-current liabilities (△=decrease)		△479,299	8,895
Other		△695,273	△225,604
Subtotal		21,267,936	29,894,699
Interest and dividends received		150,634	273,612
Interest paid		△35,477	△42,609
Income taxes paid		△5,209,997	△7,810,885
Net cash provided by (used in) operating activities		16,173,097	22,314,817
Net cash provided by (used in) investing activities			
Payments into restricted deposits		△1,161,030	—
Purchase of property, plants and equipment		△170,246	△21,537
Purchase of intangible assets		△1,141,777	△1,101,919
Purchase of investment securities		△537,148	△732,844
Purchase of investments accounted for using equity method		—	△200,000
Proceeds from distributions of investments partnerships		42,596	172,209
Payments into deposits to subsidiaries and affiliates		△5,300,000	—
Proceeds from withdrawal of deposits to subsidiaries and affiliates		16,500,000	5,300,000
Others		56,188	△74,694
Net cash provided by (used in) investing activities		8,288,582	3,341,213

(Unit: Thousand Yen)			
	Notes	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Q1 FY2024 (From October 1, 2023 to December 31, 2023)
Net cash provided by (used in) financing activities			
Net in/decrease in short-term borrowings (Δ =decrease)		3,000,000	3,900,000
Increase in long-term borrowings		1,950,000	500,000
Repayment of long-term borrowings		—	Δ 90,000
Dividends paid		Δ 12,083,568	Δ 6,715,897
Dividends paid to non-controlling interests		Δ 102,856	Δ 165,221
Other		Δ 142,085	Δ 199,985
Net cash provided by (used in) financing activities		Δ 7,378,510	Δ 2,771,104
Effect of exchange rate changes on cash and cash equivalents		Δ 859,798	Δ 950,418
Increase and decrease in cash and cash equivalents (Δ =decrease)		16,223,370	21,934,507
Balance of cash and cash equivalents at the beginning of the period	①	113,967,930	133,658,153
Balance of cash and cash equivalents at the end of period	①	130,191,301	155,592,661

(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, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Cash and cash equivalents	127,578,153	155,592,661
Deposits to subsidiaries and affiliates	6,080,000	—
Total	133,658,153	155,592,661

② Trade and other receivables

Breakdown of trade and other receivables are as follows.

(Unit: Thousand Yen)

	End of previous consolidated fiscal year (September 30, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Trade and other receivables	7,414,365	9,188,406
Operating loans	14,760,925	16,210,974
Other	661,867	685,944
Provisions for doubtful accounts	△261,110	△263,219
Total	22,576,047	25,822,106
Current assets	18,953,746	20,068,350
Non-current assets	3,622,301	5,753,756
Total	22,576,047	25,822,106

③ Deposits to subsidiaries and affiliates

The deposits to subsidiaries and affiliates are deposits made from cash-on-hand to the CMS (cash management system) operated by GMO Internet Group, for use by the entire GMO Internet Group companies.