

Summary of Consolidated Financial Statements for the First Quarter FY2023 (IFRS)

February 13, 2023

Exchange: 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 13, 2023 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, FY2023

(From October 1, 2022 to December 31, 2022)

(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 FY2023	14,813	24.9	5,090	23.7	4,687	9.0	2,523	△2.3	2,447	△2.8	756	△71.5
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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2023	32.27	31.97
Q1 FY2022	33.19	32.90

(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 FY2023	297,562	77,836	75,614	25.4
FY2022	273,407	89,260	87,122	31.9

2. Dividends

	Annual dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	0.00	0.00	0.00	160.00	160.00
FY2023	0.00				
FY2023 (forecast)		0.00	0.00	82.00	82.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2023

(From October 1, 2022 to September 30, 2023)

(% 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 FY2023	28,491	18.4	10,330	24.8	9,648	11.0	6,072	8.1	5,952	7.9	78.49
Full Year	59,100	17.5	20,311	25.0	18,837	△45.8	12,635	△48.1	12,368	△48.8	163.08

(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 Y2023: 76,557,545	FY 2022: 76,557,545
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[2] Number of treasury shares at the end of the term	Q1 Y2023: 715,071	FY 2022: 714,996
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[3] Average number of shares during the term	Q1 Y2023: 75,842,509	Q1 FY2022: 75,842,549
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(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 FY2022; 709,705 shares for Q1 FY2023.)

*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 10 of the attachment.

- 2 Results Presentation for Investors and Analysts to be held on February 14, 2023. 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 2023 (October 1, 2022 to December 31, 2022) as follows.

(Unit: Thousand Yen)

	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Rate of change (%)
Revenue	11,857,766	14,813,246	24.9
Operating profit	4,116,377	5,090,188	23.7
Profit before income taxes	4,299,022	4,687,236	9.0
Profit attributable to owners of parent	2,517,248	2,447,255	△2.8

a. Revenue

Revenue reached ¥14,813 mil, up 24.9% YoY. For the first quarter under review, the transaction volume, which includes online billing, recurring billing, and offline payment and, GMO Payment After Delivery, increased by 29.8% YoY and transaction value increased by 34.2% YoY. The Payment Processing Business revenue was ¥11,215 mil (up 26.5% YoY), Money Service Business (MSB) revenue was ¥3,356 mil (up 21.0% YoY) and Payment Enhancement Business revenue was ¥246 mil (up 9.1% 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 FY2022 (From October 1, 2021 to December 31, 2021)	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Rate of change (%)
Initial (Initial revenue)	1,484,676	2,260,404	52.2
Stock (Fixed revenue)	1,851,185	2,237,931	20.9
Fee (Transaction processing revenue)	3,149,958	4,257,285	35.2
Spread (Merchant acquiring service revenue)	5,371,946	6,057,624	12.8
Total	11,857,766	14,813,246	24.9

b. Operating profit

Operating profit reached ¥5,090 mil, up by 23.7% YoY, making steady progress towards achieving the full year earnings forecast for the fiscal year ending September 2023.

By segment, Payment Processing Business segment profit (operating profit) was ¥5,282 mil, up 24.0% YoY; Money Service Business segment profit (operating profit) stood at ¥615 mil, down 2.5% YoY; Payment Enhancement Business segment profit (operating profit) of ¥41 mil (down 19.7% 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 ¥4,687 mil, up 9.0% YoY. The reason the pre-tax profit growth rate of 9.0% YoY is lower than the operating profit growth rate of 23.7% YoY is due to financial expense of ¥614 mil including foreign currency losses of ¥457 mil, despite recording a financial income of ¥233 mil including interest income of ¥208 mil.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)

Segment	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Q1 FY2023 (From October 1, 2022 to December 31, 2022)	Rate of change (%)
Payment Processing Business			
Revenue	8,866,543	11,215,710	26.5
Operating profit	4,260,112	5,282,917	24.0
Money Service Business			
Revenue	2,772,849	3,356,203	21.0
Operating profit	630,956	615,450	△2.5
Payment Enhancement Business			
Revenue	225,809	246,279	9.1
Operating profit	51,297	41,202	△19.7
Adjustments			
Revenue	△7,436	△4,947	—
Operating profit (△=loss)	△825,988	△849,382	—
Total			
Revenue	11,857,766	14,813,246	24.9
Operating profit	4,116,377	5,090,188	23.7

a . Payment Processing Business

The Payment Processing Business focusses on payment processing services for online billing, recurring billing, and offline payments, as well as expanding Banking as a Service (BaaS) support 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 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 first quarter under review, the online billing and recurring billing domain showed an increase in online payment for purchase of daily goods, digital content and public dues/taxes as internet usage becomes habitual from the nesting demand during the COVID-19 pandemic. Also, online payment increased in new industries/sectors from rising DX demand. With the increase in travel and outings from the easing of COVID-19 restrictions, payments in the travel and ticket sectors recovered as well as some merchants in the merchandise sector that had been adversely affected from the cycling through of nesting demand. On the other hand, small-size merchants continue to be negatively affected.

In the offline domain during the first quarter under review, payment terminal sales, including stera terminals, continued its strong sales momentum since last year thanks to the market expansion driven by heightened need for cashless payment, in addition to increased consumption during year-end holiday season and pickup in inbound tourists. Steady progress was made in winning project orders related to the Unattended Market (UM) such as ticket machines and fare adjustment machines, which is one of the target markets.

Furthermore, contribution to segment revenue also came from accelerating growth of the Processing Platform service, which is part of the BaaS (Banking as a Service) support service, by capturing the need for cashless payment and DX at financial institutions and business operators.

As a result, segment revenue reached ¥11,215 mil, up 26.5% YoY and segment profit (operating profit) was ¥5,282 mil, up 24.0% YoY.

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 first quarter under review, transactions for Remittance service increased and transaction value for Instant Salary byGMO trended favorably. In addition, revenue from GMO Payment After Delivery, a BNPL payment method service, increased from acquisition of a large merchant and the impact from rate revisions.

As a result, segment revenue reached ¥3,356 mil, up 21.0% YoY, but segment profit (operating profit) reached ¥615 mil, down 2.5% YoY due to higher credit costs for GMO Payment After Delivery and changes in the segment sales mix.

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 to enable operational efficiency at the reception counters offered exclusively to medical institutions by the consolidated subsidiary GMO Medical Reservations Technology Co. Ltd.

In the first quarter under review, demand increased for services offered by GMO Medical Reservation Technology Co. Ltd., such as smartphone-based app to fill out medical questionnaires, complete reception and payment and to consolidate multiple patient registration cards of medical institutions on a smartphone, resulting in a strong revenue trend. On the other hand, online advertising revenue decreased from seasonal decline in customer demand.

As a result of the above, segment revenue was ¥246 mil, up 9.1% YoY and segment profit (operating profit) was ¥41 mil, down 19.7% YoY due to revenue decline of online advertising service.

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)
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 ¥24,155 mil from the end of the previous fiscal year to reach ¥297,562 mil. This is mainly due to the decline in deposits to subsidiaries and affiliated companies of ¥11,200 mil. which was offset of the increase in cash and cash equivalents of ¥16,223 mil, trade and other receivables of ¥1,149 mil, advances paid of ¥7,484 mil, accrued revenues of ¥7,855 mil, inventory of ¥994 mil and other financial assets by ¥956 mil.

The balance of cash and cash equivalents at the end of the consolidated first quarter under review includes ¥7,730 mil in deposits to subsidiaries and affiliated companies, as stated in “① Cash and cash equivalents” of “(6) Notes regarding consolidated financial statements.” Together with the ¥5,300 mil of deposits to subsidiaries and affiliated companies stated in the consolidated balance sheet, the total balance of deposits to subsidiaries and affiliated companies stands at ¥13,030 mil. These deposits are GMO Internet’s Group-wide cash on hand which is deposited under the cash management system (CMS) implemented and managed by GMO Internet Group Inc. This allows GMO-PG consolidated subsidiaries to withdraw necessary funds in accordance with their expanding business, by registering a withdrawal request after taking into account the number of days required to process the application, without the need to wait until the preset CMS repayment date.

b. Liabilities

Balance of liabilities at the end of the consolidated first quarter under review stood at ¥219,726 mil, an increase of ¥35,579 mil from the end of the previous consolidated fiscal year. This is mainly due to the increase in accrued expenses of ¥6,823 mil, deposits received of ¥26,984 mil and borrowings of ¥4,950 mil, despite the decline in income tax payables of ¥3,112 mil.

c. Equity

Equity balance at the end of the consolidated first quarter under review was ¥77,836 mil, a decrease of ¥11,423 mil from the end of the previous consolidated fiscal year. This was mainly due to the decrease in other comprehensive income of ¥1,766 mil and retained earnings of ¥12,134 mil from dividend payout, despite the increase in quarterly profit of ¥2,523 mil.

② Consolidated cash flow

Cash and cash equivalents (“funds”) at the end of the consolidated first quarter under review increased by ¥16,223 mil versus the balance at the start of the term, to reach ¥130,191 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 was ¥16,173 mil, which compares to net funds provided of ¥15,996 mil in the same period of the previous year. This resulted from cash outflows from (i) increase in trade and other receivables of ¥1,656 mil, (ii) increase in advances paid of ¥7,484 mil, (iii) increase in accrued revenue of ¥7,854 mil, (iv) decrease in other non-current liabilities of ¥910 mil and (v) income tax payments of ¥5,209 mil, which was offset by the cash inflows from (i) profit before tax of ¥4,687 mil, (ii) increase in payables of ¥1,832 mil, (iii) increase in accrued expenses of ¥6,919 mil and (iv) increase in deposits received of ¥26,930 mil.

b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated first quarter under review totaled ¥8,288 mil, compared to the net funds used of ¥16,840 mil for the same period of the previous year. This resulted from cash inflow from withdrawal of deposits to subsidiaries and affiliated companies of ¥16,500 mil which was partially offset by cash outflows from (i) payment into restricted deposits of ¥1,161 mil, (ii) purchase of intangible assets

of ¥1,141 mil and (iii) payment into 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 ¥7,378 mil which compares to net funds used of ¥1,338 mil for the same period of the previous year. This is mainly due to cash inflows from (i) net increase in short term borrowings of ¥3,000 mil and (ii) increase in long term borrowings of ¥1,950 mil which was offset by cash outflows from dividend payouts of ¥12,083 mil.

(3) Review of consolidated earnings forecasts and other forecasts

GMO-PG and its consolidated subsidiaries are positioned within the E-Commerce (EC) market in Japan, and Japan's B2C EC market for consumer merchandizing continues to grow very rapidly, helped by favorable externalities such as increased functionality of smartphones and logistic/distribution industry reforms. In addition, online migration continues to progress solidly for payments for non-merchandise services that are closely related to daily life such as public utilities, taxes/public dues and medical expenses, as well as online consumption becoming the norm under the 'new normal' lifestyle brought about by COVID-19. In addition, the scope of the EC market itself is expanding driven by the online migration of B2B and C2C transactions.

In the offline domain, the consolidated subsidiary GMO Financial Gate, Inc. is contributing to expand the scope of business by capturing new and emerging business opportunities from the acceleration of cashless adoption of various payment methods, including credit cards.

The business environment for the fiscal year ending September 2023 (FY2023) is faced with lingering uncertainty over private consumption, caused by surging raw material costs and sharp fluctuations in foreign exchange markets in addition to the volatile capital markets caused by global monetary tightening, although COVID-19 restrictions have been lifted. These factors may potentially impact on revenues of GMO-PG and its consolidated subsidiaries.

The consolidated earnings forecast for the fiscal year ending September 2023 is revenue ¥59,100 mil (up 17.5% YoY), operating profit of ¥20,311 mil (up 25.0% YoY), profit before income taxes of ¥18,837 mil (up 45.8% YoY), profit of ¥12,635 mil (down 48.1% YoY) and profit attributable to owners of parent of ¥12,368 mil (down 48.8% YoY).

2. Condensed Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Unit: Thousand Yen)			
	Notes	End of previous consolidated fiscal year (September 30, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
Assets			
Current assets			
Cash and cash equivalents	①	113,967,930	130,191,301
Trade and other receivables	②	13,964,116	15,203,532
Advances paid		54,422,846	61,906,994
Accrued revenue		30,331,694	38,187,041
Inventories		1,532,298	2,527,072
Deposits to subsidiaries and affiliates	③	16,500,000	5,300,000
Other financial assets		12,917,180	13,401,491
Other current assets		620,923	954,156
Total current assets		244,256,990	267,671,589
Non-current assets			
Property, plant and equipment		3,542,380	3,518,214
Goodwill and other intangible assets		6,942,428	7,824,822
Investments accounted for using equity method		8,608,123	8,171,064
Trade and other receivables	②	3,501,426	3,411,492
Other financial assets		5,095,976	5,568,651
Deferred Tax Assets		1,342,570	1,344,899
Other non-current assets		117,283	51,999
Total non-current assets		29,150,189	29,891,145
Total assets		273,407,179	297,562,735

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		5,595,583	7,451,454
Accrued expenses		23,280,877	30,104,209
Deposits received		91,410,677	118,395,117
Borrowings		17,000,000	20,090,000
Other financial liabilities		1,014,590	501,165
Income taxes payable, etc.		4,916,655	1,804,004
Provisions		320,229	319,229
Other current liabilities		4,281,866	3,456,853
Total current liabilities		147,820,480	182,122,034
Non-current liabilities			
Corporate bonds		19,678,403	19,699,689
Borrowings		6,000,000	7,860,000
Other financial liabilities		2,342,950	2,254,385
Provisions		130,576	130,601
Deferred tax liabilities		5,642,475	5,622,543
Other non-current liabilities		2,531,640	2,036,761
Total non-current liabilities		36,326,046	37,603,981
Total liabilities		184,146,527	219,726,016
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,272,474	15,217,668
Retained earnings		49,424,496	39,732,575
Treasury stock		△1,152,444	△1,153,329
Other items of equity		10,255,198	8,494,820
Total equity attributable to owners of parent		87,122,860	75,614,870
Non-controlling interests		2,137,790	2,221,848
Total equity		89,260,651	77,836,718
Total liabilities and equity		273,407,179	297,562,735

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

Condensed consolidated statement of income

(Unit: Thousand yen)

	Notes	Q1 FY2022 (From October 1, 2021 to December 31, 2021)	Q1 FY2023 (From October 1, 2022 to December 31, 2022)
Revenue		11,857,766	14,813,246
(of which, interest income※)		2,296,880	2,809,287
Cost of revenue		△3,684,580	△5,022,243
Gross profit		8,173,185	9,791,002
Other income		60,102	65,341
Selling, general and administrative expenses		△4,108,462	△4,743,391
Other expense		△8,448	△22,765
Operating profit		4,116,377	5,090,188
Financial income		215,922	233,831
Financial expense		△55,762	△614,509
Equity method investment gains or loss		22,484	△22,274
Profit before income taxes		4,299,022	4,687,236
Income tax expenses		△1,716,521	△2,163,681
Quarterly profit		2,582,500	2,523,554
Quarterly profit attributable to			
Owners of parent		2,517,248	2,447,255
Non-controlling interests		65,252	76,298
Quarterly Profit		2,582,500	2,523,554
Earnings per share (Yen/share)			
Basic earnings per share		33.19	32.27
Diluted earnings per share		32.90	31.97

(※) 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 FY2022 (From October 1, 2021 To December 31, 2021)	Q1 FY2023 (From October 1, 2022 To December 31, 2022)
Quarterly Profit		2,582,500	2,523,554
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△142,642	89,515
Shares of other comprehensive income of equity method affiliates		44,872	△159,690
Total of Items that will not be reclassified to profit or loss		△97,769	△70,175
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		194,052	△1,696,721
Shares of other comprehensive income of equity method affiliates		△25,839	—
Total of items that will be reclassified to profit or loss		168,213	△1,696,721
Other comprehensive income after income taxes		70,443	△1,766,897
Comprehensive income		2,652,944	756,657
Comprehensive income attributable to			
Owners of parent		2,588,192	686,878
Non-controlling interests		64,752	69,778
Total		2,652,944	756,657

(3) Condensed consolidated statement of changes in equity

First quarter of the previous 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

First quarter of the current 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

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q1 FY2022 (From October 1, 2021 To December 31, 2021)	Q1 FY2023 (From October 1, 2022 To December 31, 2022)
Net cash provided by (used in) operating activities			
Profit before income taxes		4,299,022	4,687,236
Depreciation & Amortization		494,477	571,235
Financial income and expense		△160,160	380,677
Equity method investment gain/loss (△=increase)		△22,484	22,274
Increase/decrease in inventories (△=increase)		△518,736	△994,774
Increase/decrease in trade and other receivables (△=increase)		△491,156	△1,656,906
In/Decrease in advances paid (△=increase)		△5,305,449	△7,484,148
Accrued revenues (△=increase)		△7,848,449	△7,854,733
In/Decrease in trade payables (△=decrease)		650,632	1,832,667
In/Decrease in accrued expenses (△=decrease)		7,050,179	6,919,088
In/Decrease in deposits received (△=decrease)		21,713,802	26,930,315
In/Decrease in other current liabilities (△=decrease)		△1,020,045	△910,423
In/Decrease in other non-current liabilities (△=decrease)		3,379	△479,299
Other		△34,555	△695,273
Subtotal		18,810,455	21,267,936
Interest and dividends received		19,662	150,634
Interest paid		△21,333	△35,477
Income taxes paid		△2,812,545	△5,209,997
Net cash provided by (used in) operating activities		15,996,239	16,173,097
Net cash provided by (used in) investing activities			
Payments into restricted deposits		—	△1,161,030
Purchase of property, plants and equipment		△111,471	△170,246
Purchase of intangible assets		△629,233	△1,141,777
Purchase of investment securities		△168,096	△537,148
Proceeds from sale of investment securities		668,520	—
Proceeds from redemption of investments partnerships		20,775	42,596
Payments into deposits to subsidiaries and affiliates		△16,500,000	△5,300,000
Proceeds from w/drawal of deposits to subsidiaries and affiliates		—	16,500,000
Purchase of other financial assets		△201	—
Proceeds from sales of other financial assets		6,770	—
Others		△127,963	56,188
Net cash provided by (used in) investing activities		△16,840,900	8,288,582

(Unit: Thousand yen)			
	Notes	Q1 FY2022 (From October 1, 2021 To December 31, 2021)	Q1 FY2023 (From October 1, 2022 To December 31, 2022)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		3,500,000	3,000,000
Increase in long-term borrowings		—	1,950,000
Repayment of long-term borrowings		△133,155	—
Dividends paid		△4,449,301	△12,083,568
Dividends paid to non-controlling interests		△89,232	△102,856
Other		△167,050	△142,085
Net cash provided by (used in) financing activities		△1,338,739	△7,378,510
Effect of exchange rate changes on cash and cash equivalents		118,772	△859,798
Increase and decrease in cash and cash equivalents (△=decrease)		△2,064,628	16,223,370
Balance of cash and cash equivalents at the beginning of the period	①	104,523,965	113,967,930
Cash and cash equivalents at the end of period	①	102,459,336	130,191,301

(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, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
Cash and cash equivalents	109,337,930	122,461,301
Deposits to subsidiaries and affiliates	4,630,000	7,730,000
Total	113,967,930	130,191,301

② Trade and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
Trade and other receivables	6,454,035	8,015,007
Operating loans	10,677,593	10,301,205
Other	457,134	426,956
Provisions for doubtful accounts	△ 123,220	△ 128,145
Total	17,465,542	18,615,024
Current assets	13,964,116	15,203,532
Non-current assets	3,501,426	3,411,492
Total	17,465,542	18,615,024

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.