

Summary of Consolidated Financial Statements for Q3 FY2024 (IFRS)

August 8, 2024

Name of listed company: GMO Payment Gateway, Inc. Exchange: Tokyo Stock Exchange
 Stock code: 3769 URL: <https://www.gmo-pg.com/en/ir/>
 Representative: Issei Ainoura President & Chief Executive Officer
 Contact: Ryu Muramatsu Director, Executive Vice President Tel: +81-3-3464-0182
 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 Q3 FY2024 (From October 1, 2023 to June 30, 2024)

(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	%
Q3 FY2024	54,196	15.3	19,518	21.8	21,878	37.1	14,690	36.1	14,249	35.5	18,995	42.3
Q3 FY2023	47,000	27.2	16,022	25.3	15,954	△47.7	10,795	△49.3	10,515	△50.2	13,348	△57.8
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q3 FY2024	187.87				185.74							
Q3 FY2023	138.65				137.23							

(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	%
Q3 FY2024	333,983	106,905	104,061	31.2
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	0.00	0.00		
FY2024 (forecast)				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
FY2024	73,286	16.1	25,000	23.1	23,904	15.8	15,961	15.5	15,523	204.68

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

※ Notices

- (1) Significant changes in the scope of consolidation during the period: 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
- (2) Number of shares issued (common stock)
- | | | |
|--|-----------------------|-----------------------|
| [1] Number of shares issued at the end of the term
(including treasury stock) | Q3 FY2024: 76,557,545 | FY 2023: 76,557,545 |
| [2] Number of treasury shares at the end of the term | Q3 FY2024: 709,841 | FY 2023: 715,071 |
| [3] Average number of shares during the term | Q3 FY2024: 75,845,528 | Q3 FY2023: 75,842,486 |

(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; 704,305 shares for Q3 FY2024.)

※ Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or audit firm: Yes (voluntary)

※ Notes regarding the proper use of financial forecast and other special matters.

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 August 9, 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 . Overview of Operating Results and Others

(1) Overview of 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

Cumulative financial results for the consolidated third quarter 2024 (October 1, 2023 to June 30, 2024) as follows.

(Unit: Thousand Yen)

	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)	Rate of change (%)
Revenue	47,000,632	54,196,361	15.3
Operating profit	16,022,020	19,518,669	21.8
Profit before income taxes	15,954,566	21,878,194	37.1
Profit attributable to owners of parent	10,515,637	14,249,170	35.5

a . Revenue

Revenue reached ¥54,196 mil, up 15.3% YoY. The sum total of online billing, recurring billing, Card Present (CP) payment and GMO Payment After Delivery's transaction volume increased by 19.6% YoY and transaction value by 25.3% YoY. As a result, the Payment Processing Business revenue reached ¥41,016 mil (up 14.6% YoY), Money Service Business (MSB) revenue was ¥12,198 mil (up 17.4% YoY) and Payment Enhancement Business revenue was ¥1,063 mil (up 27.7% YoY). For details, please refer to page 5 of “② Results by segment” found under “(1) Overview of operating results” of “1. Overview of Operating Results and Others”.

Revenue breakdown by business model is as follows. The stock, fee and spread revenues are trending favorably, while initial revenue was impacted by hard comps from the large-scale project in the CP domain recorded in the previous fiscal year.

(Unit: Thousand Yen)

Business model	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)	Rate of change (%)
Initial (Initial revenue)	8,812,192	9,035,171	2.5
Stock (Fixed revenue)	6,934,834	8,406,765	21.2
Fee (Transaction processing revenue)	12,999,067	15,653,326	20.4
Spread (Merchant acquiring service revenue)	18,254,537	21,101,098	15.6
Total	47,000,632	54,196,361	15.3

b. Operating profit

Operating profit reached ¥19,518 mil, up by 21.8% 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 ¥19,138 mil, up 19.5% YoY; Money Service Business segment profit (operating profit) stood at ¥3,252 mil, up 43.2% YoY; Payment Enhancement Business segment profit (operating profit) of ¥278 mil (up 34.3% YoY). For details, please refer to page 5 of “② Results by segment” found under “(1) Overview of operating results” of “1. Overview of Operating Results and Other”.

c. Profit before income taxes

Profit before income taxes reached ¥21,878 mil, up 37.1% YoY. The reason for the third quarter pre-tax profit to increase by 37.1% YoY compared to the operating profit growth rate of 21.8% YoY is due to recording gains on sale of investments accounted for using equity method of ¥1,624 mil. For details, please refer to page 19 of “⑥ Gain on sales of investments accounted for using equity method”, found under “(6) Notes regarding condensed consolidated financial statement” of “2. Condensed Consolidated Financial Statements and Major Notes.”

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand Yen)

Segment	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)	Rate of change (%)
Payment Processing Business			
Revenue	35,792,321	41,016,105	14.6
Segment profit (△=loss)	16,012,960	19,138,838	19.5
Money Service Business			
Revenue	10,393,189	12,198,396	17.4
Segment profit (△=loss)	2,270,585	3,252,284	43.2
Payment Enhancement Business			
Revenue	832,923	1,063,927	27.7
Segment profit (△=loss)	207,148	278,294	34.3
Adjustments			
Revenue	△17,801	△82,068	—
Segment profit (△=loss)	△2,468,674	△3,150,747	—
Total			
Revenue	47,000,632	54,196,361	15.3
Segment profit (△=loss)	16,022,020	19,518,669	21.8

a . Payment Processing Business

The Payment Processing Business focusses on expanding payment processing services for online billing, recurring billing, and CP 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 services to a wide array of non-EC merchants, given the backdrop of the steadily expanding E-Commerce (EC) market.

During the third quarter under review, revenues in the online billing and recurring billing domains expanded thanks to the increase in online payments in public taxes/utilities and household goods sectors, etc.

In the CP domain during the third quarter, initial revenue benefited from the steady adoption of payment terminals led by 'stera' and IoT terminals such as unattended machines, driven by the need for unattended stores and labor-saving measures despite the impact of hard comps from the large-scale project recorded in the previous fiscal year. In addition, stock, fee and spread revenues also increased from the stable operation of payment terminals, led primarily by fee revenue.

Furthermore, revenues for processing platform service increased from the start of revenue contribution of a large-scale projects from first quarter onwards in the Banking as a Service (BaaS) support service, which is capturing the expanding need for cashless payments and Digital Transformation (DX).

As a result, segment revenue reached ¥41,016 mil, up 14.6% YoY and segment profit (operating profit) was ¥19,138 mil, up 19.5% YoY.

Note that based on the resolution reached at the Board of Directors meeting held on March 28, 2024, the Company will be the successor of the rights and obligations related to the acquiring business operated by GMO Aozora Net Bank, Ltd. through a company split.

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, GMO Payment After Delivery and GMO Pay On Credit, a B2B payment-after-delivery service, provided by the consolidated subsidiary GMO Payment Service, Inc.; and "atokara," a BNPL payment service which caters to installment and CP transactions offered together with Sumitomo Mitsui Card Company, Ltd.

During the third quarter under review, revenue for Payment After Delivery service increased from the continuing acquisition of large merchants despite the cycling through of commission rate revisions in the previous fiscal year. The lending service to overseas FinTech operators also contributed to segment revenue from expanding loans primarily in North America and India. Furthermore, the number of contracts trended steadily for Instant Salary byGMO.

As a result, segment revenue reached ¥12,198 mil, up 17.4% YoY and segment profit (operating profit) was ¥3,252 mil, an increase of 43.2% YoY thanks to the decline in default rates that enabled credit related cost to be controlled for Payment After Delivery service as well as 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 that the Group transacts with, and “Medical Kakumei byGMO,” a reservation management system exclusively for medical institutions to enable operational efficiency at medical reception counters, provided by the consolidated subsidiary GMO Medical Reservations Technology Co. Ltd.

In the third 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 a favorable revenue growth of 61.7% YoY as well as positively contributing to profits. In addition, online advertising revenue also increased.

As a result of the above, segment revenue was ¥1,063 mil, up 27.7% YoY and segment profit (operating profit) was ¥278 mil, up 34.3% 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 (CP)	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 third quarter increased by ¥41,637 mil from the end of the previous fiscal year to reach ¥333,983 mil. This is mainly due to the increase in cash and cash equivalents of ¥29,413 mil, trade and other receivables of ¥5,338 mil, accrued revenues of ¥3,870, inventories of ¥564 mil, other financial assets of ¥4,527 mil and goodwill, intangible assets by ¥1,437 mil and, investment accounted using equity method of ¥1.302 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 third quarter under review stood at ¥227,078 mil, an increase of ¥29,536 mil from the end of the previous consolidated fiscal year. This is mainly due to the increase in accrued expenses of ¥3,227 mil, deposits received of ¥27,497 mil and borrowings of ¥4,040 mil, despite the decrease in income tax payables of ¥6,535 mil.

c. Equity

Equity balance at the end of the consolidated third quarter under review was ¥106,905 mil, an increase of ¥12,100 mil from the end of the previous consolidated fiscal year. This was mainly due to the increase in profit of ¥14,690 mil. and other comprehensive income of ¥4,304 mil, despite the decrease in retained earnings for dividend payment of ¥6,749 mil.

② Consolidated cash flow

Cash and cash equivalents ("funds") at the end of the consolidated third quarter under review increased by ¥29,413 mil compared to the balance at the start of the term, to reach ¥163,071 mil. The state of cash flows over the third quarter under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated third quarter under review amounted to ¥31,261 mil, which compares to ¥9,797 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 ¥4,673 mil, (ii) an increase in accrued revenues of ¥3,869 mil, (iii) income tax payments of ¥13,759 mil, which was offset by cash inflows of (i) profit before income tax of ¥21,878 mil, (ii) increase in accrued expenses of ¥3,008 mil, (iii) increase in deposits received of ¥27,497 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated third quarter under review totaled ¥1,034 mil, compared to the net funds acquired of ¥15,386 mil during the same period of the previous year. This resulted from cash outflows from (i) purchase of intangible assets of ¥2,989 mil, (ii) purchase of investment securities of ¥4,509 mil, which was offset by cash inflows from (i) sales of investment securities of ¥1,624 mil and (ii) 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 third quarter under review was ¥3,412 mil which compares to net funds used of ¥6,287 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 ¥6,745 mil.

(3) Earnings forecast

The businesses of GMO-PG and its consolidated subsidiaries are positioned primarily within the E-Commerce (EC) market, and the current merchandise domain of the B2C EC market is expected to continue to grow thanks to large-scale business operators expanding their sales channel and changes in consumption behavior, despite some saturation in the market segment addressed primarily by small-sized merchants. Additionally, the non-merchandise domain, such as services closely related to daily life such as public utilities, taxes/public dues and medical expenses, are expected to continue on a 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 CP domain, which is 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 lingering uncertainty over private consumption caused by uncertainties over the global state of affairs leading to volatile capital markets, inflation and the decline in real wages, despite positive effects from an increase in inbound 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 and growth-oriented merchants, undertaking large-scale projects, launching industry-specific DX platforms that offers 'payment + α ' solutions, 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).

Note that profit before income taxes is likely overshoot forecasts due to gain on sale of investments accounted for using equity method of ¥1,624 mil in the third quarter.

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 Q3 of current consolidated fiscal year (June 30, 2024)
Assets			
Current assets			
Cash and cash equivalents	③	133,658,153	163,071,597
Trade and other receivables	④	18,953,746	25,040,633
Advances paid		63,387,197	62,803,610
Accrued revenue		33,395,131	37,265,232
Inventories		2,405,040	2,969,494
Deposits to subsidiaries and affiliates	⑤	5,300,000	—
Other financial assets		650,307	927,088
Other current assets		717,719	964,863
Total current assets		258,467,295	293,042,521
Non-current assets			
Property, plant and equipment		3,353,504	3,962,880
Goodwill and other intangible assets		9,310,325	10,747,994
Investments accounted for using equity method		9,194,822	10,497,183
Trade and other receivables	④	3,622,301	2,873,855
Other financial assets		6,615,112	10,865,529
Deferred Tax Assets		1,700,228	1,718,325
Other non-current assets		83,227	275,668
Total non-current assets		33,879,522	40,941,437
Total assets		292,346,818	333,983,958

		(Unit: Thousand Yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2023)	End of Q3 of current consolidated fiscal year (June 30, 2024)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		6,555,211	6,479,069
Accrued expenses		25,371,033	28,598,612
Deposits received		97,231,797	124,729,396
Borrowings		20,395,000	24,340,000
Other financial liabilities		388,765	715,681
Income taxes payable, etc.		7,888,647	1,353,310
Provisions		320,963	296,200
Other current liabilities		5,138,950	5,878,372
Total current liabilities		163,290,369	192,390,643
Non-current liabilities			
Corporate bonds		19,763,730	19,827,863
Borrowings		8,955,000	9,050,000
Other financial liabilities		2,128,594	2,301,276
Provisions		130,854	131,109
Deferred tax liabilities		1,221,695	1,318,722
Other non-current liabilities		2,051,729	2,058,974
Total non-current liabilities		34,251,605	34,687,947
Total liabilities		197,541,975	227,078,590
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,247,534	15,193,582
Retained earnings		50,768,961	58,267,302
Treasury stock		△1,153,329	△1,116,374
Other items of equity		14,088,034	18,393,554
Total equity attributable to owners of parent		92,274,336	104,061,199
Non-controlling interests		2,530,506	2,844,167
Total equity		94,804,843	106,905,367
Total liabilities and equity		292,346,818	333,983,958

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

Condensed consolidated statement of income

(Unit: Thousand Yen)			
	Notes	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)
Revenue		47,000,632	54,196,361
(of which, interest income ※)		8,509,494	9,546,077
Cost of revenue		△17,219,643	△18,865,077
Gross profit		29,780,989	35,331,283
Other income		215,550	269,646
Selling, general and administrative expenses		△13,932,230	△16,056,287
Other expense		△42,288	△25,974
Operating profit		16,022,020	19,518,669
Financial income		731,542	858,926
Financial expense		△851,916	△306,362
Equity method investment gains or loss		52,920	182,379
Gain on sales investment accounted for using equity method	⑥	—	1,624,581
Profit before income taxes		15,954,566	21,878,194
Income tax expenses		△5,159,371	△7,187,616
Quarterly profit		10,795,195	14,690,577
Quarterly profit attributable to			
Owners of parent		10,515,637	14,249,170
Non-controlling interests		279,557	441,407
Quarterly Profit		10,795,195	14,690,577
Earnings per share (Yen/share)			
Basic earnings per share		138.65	187.87
Diluted earnings per share		137.23	185.74

(※) 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	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)
Quarterly Profit		10,795,195	14,690,577
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		321,057	△252,559
Share of other comprehensive income of equity method affiliates		302,981	465,208
Total of Items that will not be reclassified to profit or loss		624,038	212,649
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		1,928,948	4,092,295
Total of items that will be reclassified to profit or loss		1,928,948	4,092,295
Other comprehensive income after income taxes		2,552,987	4,304,945
Comprehensive income		13,348,182	18,995,522
Comprehensive income attributable to			
Owners of parent		13,074,624	18,552,970
Non-controlling interests		273,558	442,552
Total		13,348,182	18,995,522

(3) Condensed consolidated statement of changes in equity

Third quarter of the previous consolidated fiscal year (from October 1, 2022 to June 30, 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, 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	—	—	10,515,637	—	—	10,515,637	279,557	10,795,195
Other comprehensive income	—	—	—	—	2,558,986	2,558,986	△5,999	2,552,987
Quarterly comprehensive income	—	—	10,515,637	—	2,558,986	13,074,624	273,558	13,348,182
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	—	33,231	—	—	—	33,231	—	33,231
Changes in the interest in controlled subsidiary	—	△65,069	—	—	—	△65,069	147,384	82,315
Other Increase or Decrease	—	—	△4,369	—	—	△4,369	—	△4,369
Total transactions with owners	—	△31,837	△12,139,177	△884	—	△12,171,899	44,527	△12,127,371
Balance as of June 30, 2023	13,323,135	15,240,637	47,800,956	△1,153,329	12,814,184	88,025,585	2,455,876	90,481,462

Third quarter of the current consolidated fiscal year (from October 1, 2023 to June 30, 2024)

(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	—	—	14,249,170	—	—	14,249,170	441,407	14,690,577
Other comprehensive income	—	—	—	—	4,303,800	4,303,800	1,145	4,304,945
Quarterly comprehensive income	—	—	14,249,170	—	4,303,800	18,552,970	442,552	18,995,522
Purchase of treasury stock	—	—	—	△1,482	—	△1,482	—	△1,482
Disposal of treasury stock	—	△333	—	—	—	△333	—	△333
Dividends	—	—	△6,749,109	—	—	△6,749,109	—	△6,749,109
Dividends paid to non-controlling interests	—	—	—	—	—	—	△165,227	△165,227
Transfer from other components of equity to retained earnings	—	—	△4,597	—	4,597	—	—	—
Share-based payment transaction	—	△67,743	—	38,437	—	△29,306	—	△29,306
Changes in the interest in controlled subsidiary	—	14,125	—	—	—	14,125	36,336	50,461
Other Increase or Decrease	—	—	2,878	—	△2,878	—	—	—
Total transactions with owners	—	△53,951	△6,750,829	36,954	1,719	△6,766,107	△128,890	△6,894,998
Balance as of June 30, 2024	13,323,135	15,193,582	58,267,302	△1,116,374	18,393,554	104,061,199	2,844,167	106,905,367

(4) Condensed consolidated statement of cash flows

(Unit: Thousand Yen)

	Notes	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)
Net cash provided by (used in) operating activities			
Profit before income taxes		15,954,566	21,878,194
Depreciation & Amortization		1,772,380	2,427,890
Financial income and expense (△=gain)		120,374	△552,563
Equity method investment gain/loss (△=increase)		△52,920	△182,379
Gain on sales of equity method invesetments		—	△1,624,581
Increase/decrease in inventories (△=increase)		△1,209,668	△564,454
Increase/decrease in trade and other receivables (△=increase)		△4,202,945	△4,673,848
In/Decrease in advances paid (△=increase)		△6,058,855	583,586
In/Decrease in accrued revenues (△=increase)		△5,882,795	△3,869,674
In/Decrease in trade payables (△=decrease)		803,581	△77,292
In/Decrease in accrued expenses (△=decrease)		3,819,993	3,008,315
In/Decrease in deposits received (△=decrease)		14,723,436	27,497,242
In/Decrease in other current liabilities (△=decrease)		△823,058	734,277
In/Decrease in other non-current liabilities (△=decrease)		△446,621	40,378
Other		△443,838	△347,005
Subtotal		18,073,628	44,278,083
Interest and dividends received		751,755	886,680
Interest paid		△110,678	△144,196
Income taxes paid		△8,917,020	△13,759,062
Net cash provided by (used in) operating activities		9,797,684	31,261,503
Net cash provided by (used in) investing activities			
Payments into restricted deposits		△12,533,900	—
Proceeds from withdrawal of restricted deposits		20,916,744	—
Purchase of property, plants and equipment		△378,853	△244,333
Purchase of intangible assets		△3,220,550	△2,989,040
Purchase of investment securities		△708,536	△4,509,153
Proceeds from sales of investment securities	⑥	98,106	1,624,581
Purchase of investments accounted for using equity method		—	△400,000
Proceeds from distributions of investments partnerships		167,854	494,840
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		△154,216	△311,623
Net cash provided by (used in) investing activities		15,386,648	△1,034,729

(Unit: Thousand Yen)			
	Notes	Q3 FY2023 (From October 1, 2022 to June 30, 2023)	Q3 FY2024 (From October 1, 2023 to June 30, 2024)
Net cash provided by (used in) financing activities			
Net in/decrease in short-term borrowings (Δ =decrease)		2,900,000	3,900,000
Increase in long-term borrowings		3,450,000	500,000
Repayment of long-term borrowings		—	Δ 360,000
Dividends paid		Δ 12,127,045	Δ 6,745,516
Dividends paid to non-controlling interests		Δ 102,856	Δ 165,221
Capital contributions from non-controlling interests		23,890	17,495
Other		Δ 431,705	Δ 558,939
Net cash provided by (used in) financing activities		Δ 6,287,717	Δ 3,412,181
Effect of exchange rate changes on cash and cash equivalents		1,317,078	2,598,851
Increase and decrease in cash and cash equivalents (Δ =decrease)		20,213,694	29,413,444
Balance of cash and cash equivalents at the beginning of the period	③	113,967,930	133,658,153
Balance of cash and cash equivalents at the end of period	③	134,181,625	163,071,597

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed quarterly consolidated financial statements

① Basis of preparation

The consolidated financial statements (condensed quarterly balance sheet, condensed quarterly statement of income, condensed quarterly statement of comprehensive income, condensed quarterly statement of changes in equity, condensed quarterly statement of cash flows and notes) of GMO-PG and its consolidated subsidiaries have been prepared in accordance with the Article 5-2 of the Tokyo Stock Exchange's standards for preparation of quarterly financial statements (however, part of the disclosures required under Article 5-5 of the same standards have been omitted). Parts of the disclosure and notes required under IAS 34 "Interim Financial Reporting" have also been omitted.

② Segment Information

a . Overview of Reportable Segments

The reporting segments of the Group are based on operating segments for which separate financial information are available and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate their performance.

The Group has business units and subsidiaries according to the products and/or services, and each business unit and subsidiaries carries out the business activities for the respective products and/or services and formulates comprehensive strategies covering Japan and overseas.

Therefore, the Group is comprised of the products and services grouped according to the explanation above and these business segments are further categorized by characteristics and similarity in the markets they are sold into, to be classified under the three reportable segments of Payment Processing Business, Money Service Business and Payment Enhancement Business.

The main products and services included in the reportable segments are as shown below:

Reportable Segment	Main products and services
Payment Processing Business	Mainly consists of payment processing for online billing, recurring billing and for Card Present payment processing.
Money Service Business	Mainly consists of GMO Payment After Delivery, Money services such as Remittance, Transaction Lending to provide loans for growth, overseas lending, Early Payment service to improve merchant's cash cycle and the salary prepayment service of Instant Salary byGMO.
Payment Enhancement Business	Mainly consists of online advertising service aimed at increasing revenues at merchants, and Medical Kakumei byGMO, a reservation management system exclusively for medical institutions.

b. Segment information

Accounting principles applied to the reportable segments are the same as that of consolidated financial statements.

Performance of segments is as shown below and income or loss for the reportable segments are reconciled as operating profit or loss. Intersegment transactions are based on equivalent prices of arm's length transactions.

Previous Q3 FY2023 (From October 1, 2022 to June 30, 2023)

(Unit: Thousand yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	35,775,276	10,393,120	832,235	47,000,632	—	47,000,632
Intersegment revenue	17,044	68	687	17,801	△17,801	—
Total	35,792,321	10,393,189	832,923	47,018,434	△17,801	47,000,632
Segment profit (△=loss)	16,012,960	2,270,585	207,148	18,490,694	△2,468,674	16,022,020
Financial income	—	—	—	—	—	731,542
Financial expense	—	—	—	—	—	△851,916
Equity method investment gains (△=loss)	—	—	—	—	—	52,920
Profit before income taxes	—	—	—	—	—	15,954,566

(Note) Adjustment of segment profit of △¥2,468 mil. consists of general corporate expenses not allocated to any reportable segment of △¥2,602 mil. and elimination of intersegment transactions of ¥133 mil. General corporate expenses consist of general and administrative expenses not allocated to any reportable segment.

Current Q3 FY2024 (From October 1, 2023 to June 30, 2024)

(Unit: Thousand yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	40,937,643	12,198,052	1,060,665	54,196,361	—	54,196,361
Intersegment revenue	78,461	344	3,261	82,068	△82,068	—
Total	41,016,105	12,198,396	1,063,927	54,278,429	△82,068	54,196,361
Segment profit (△=loss)	19,138,838	3,252,284	278,294	22,669,417	△3,150,747	19,518,669
Financial income	—	—	—	—	—	858,926
Financial expense	—	—	—	—	—	△306,362
Equity method investment gains (△=loss)	—	—	—	—	—	182,379
Gain on sale of equity method investments	—	—	—	—	—	1,624,581
Profit before income taxes	—	—	—	—	—	21,878,194

(Note) Adjustment of segment profit of △¥3,150 mil. consists of general corporate expenses not allocated to any reportable segment of △¥3,270 mil. and elimination of intersegment transactions of ¥119 mil. General corporate expenses consist of general and administrative expenses not allocated to any reportable segment.

③ 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 Q3 of current consolidated fiscal year (June 30, 2024)
Cash and cash equivalents	127,578,153	163,071,597
Deposits to subsidiaries and affiliates	6,080,000	—
Total	133,658,153	163,071,597

④ 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 Q3 of current consolidated fiscal year (June 30, 2024)
Trade and other receivables	7,414,365	9,019,916
Operating loans	14,760,925	18,455,045
Other	661,867	759,433
Provisions for doubtful accounts	△261,110	△319,906
Total	22,576,047	27,914,489
Current assets	18,953,746	25,040,633
Non-current assets	3,622,301	2,873,855
Total	22,576,047	27,914,489

⑤ 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.

⑥ Gain on sale of investments accounted for using equity method

GMO-PG transferred all the shares of 2C2P Pte. Ltd. held by the consolidated subsidiary GMO-Z.COM PAYMENT GATEWAY PTE. LTD during the 29th Fiscal Year (fiscal year ending September 2022). Part of the transfer value had been held in an escrow account as set forth in the share transfer agreement.

A gain on sales of investments accounted for using equity method of ¥1,624 mil is recorded in the third quarter in the condensed quarterly statement of income, as certain conditions have been fulfilled that resulted in an income from the escrow account mentioned above. Additionally, the condensed quarterly statement of cash flow also records an income from the sales of investment securities.

⑦ Related party transactions

GMO-PG and its consolidated subsidiaries engages in the following related party transactions.

Previous Q3 FY2023 (From October 1, 2022 to June 30, 2023)

(Unit: Thousand yen)

Type	Name of company	Description of related-party transaction	Transaction Amount	Outstanding balance
Parent company	GMO Internet Group, Inc.	Deposit of funds (Notes 1 and 3) (May contain defined periods)	13,828,717	11,380,000
		Interest received (Note 2)	38,768	40

Note:

1. Comprised of deposits made into the Cash Management System (CSM) operated by GMO Internet Group, Inc. The transaction amount presents the term average amount.
2. The interest rate on funds deposited is determined individually based on the deposits period and referencing prevailing market interest rates.
3. The balance of cash and cash equivalents at the end of the consolidated third quarter under review includes ¥6,080 mil in deposits to subsidiaries and affiliated companies. 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 ¥11,380 mil.

Current Q3 FY2024 (From October 1, 2023 to June 30, 2024)

No important related party transactions.