

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

May 12, 2022

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: May 13, 2022 Scheduled date of commencement for dividend payment: -
 Supplemental materials prepared for financial results: Yes
 Information meeting arranged related to financial results: Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest one million yen)

1. Consolidated Financial Statements for the Second Quarter, FY2022

(From October 1, 2021 to March 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	%
Q2 FY2022	24,059	21.0	8,276	25.5	8,691	30.9	5,615	32.0	5,518	32.4	12,324	165.1
Q2 FY2021	19,888	28.4	6,593	40.6	6,638	26.5	4,253	23.1	4,169	22.3	4,649	29.9
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q2 FY2022	72.77				72.10							
Q2 FY2021	56.37				55.07							

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of parent	Ratio of total equity attributable to owners of parent to total assets
	Mil Yen	Mil Yen	Mil Yen	%
Q2 FY2022	252,257	65,613	63,606	25.2
FY2021	215,455	57,820	55,845	25.9

2. Dividends

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

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2022

(From October 1, 2021 to September 30, 2022)

(% represents year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Yen
Full Year	50,000	20.0	16,234	25.0	31,538	137.4	21,048	134.3	20,860	136.5	275.04

(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)	Q2 FY2022: 76,557,545	FY 2021: 76,557,545
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[2] Number of treasury shares at the end of the term	Q2 FY2022: 714,996	FY 2021: 714,996
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[3] Average number of shares during the term	Q2 FY2022: 75,842,549	Q2 FY2021: 73,968,193
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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 FY2021; 709,705 shares for Q2 FY2022.)

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

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

1. The above forecasts are outlooks based on information currently available and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 10 of the attachment.

- 2 Results Presentation for Investors and Analysts to be held on May 13, 2022. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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1. Qualitative Information on Consolidated Financial Statements for the Quarter

(1) Consolidated operating results

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

① Consolidated operating results

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

(Unit: Thousand yen)

	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Rate of change (%)
Revenue	19,888,324	24,059,689	21.0
Operating profit	6,593,129	8,276,188	25.5
Profit before income taxes	6,638,149	8,691,427	30.9
Profit attributable to owners of parent	4,169,621	5,518,861	32.4

a. Revenue

The Group's revenue reached to ¥24,059 mil, up by 21.0% Year-on-Year (YoY). The Payment Processing Business revenue grew, led by steady growth of E-Commerce (EC) market for online billing and recurring billing coupled with the expansion of the Group's services to the offline domain. The Money Service Business (MSB) revenue increased from growth of GMO Payment After Delivery transactions (a Buy Now Pay Later or BNPL service), Early Payment Service, and Lending service to overseas FinTech operators. For the second quarter under review, the transaction volume including GMO Payment After Delivery increased by 36.5% YoY, transaction value increased by 38.8% YoY, Payment Processing Business revenue was ¥17,951 mil (up 24.2% YoY), Money Service Business (MSB) revenue was ¥5,669 mil (up 11.3% YoY) and Payment Enhancement Business revenue was ¥457 mil (up 32.9% YoY). For details, please refer to page 5 of "② Results by segment" found under "(1) Consolidated operating results" of "1. Qualitative Information on Consolidated Financial Statements for the Quarter".

Revenue breakdown by business model is as follows.

(Unit: Thousand Yen)

Business model	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Rate of change (%)
Initial (Initial revenue)	2,008,236	3,163,554	57.5
Stock (Fixed revenue)	3,133,056	3,799,000	21.3
Fee (Transaction processing revenue)	5,273,118	6,428,423	21.9
Spread (Merchant acquiring service revenue)	9,473,912	10,668,709	12.6
Total	19,888,324	24,059,689	21.0

b. Operating profit

Operating profit reached ¥8,276 mil, up by 25.5% YoY, making steady progress towards achieving the full year earnings forecast for the fiscal year ending September 2022.

By segment, Payment Processing Business segment profit (operating profit) was ¥8,803 mil, up 22.0% YoY; Money Service Business segment profit (operating profit) stood at ¥1,448 mil, up 24.8% YoY; Payment Enhancement Business segment profit (operating operating) of ¥100 mil (up 72.2% 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 ¥8,691 mil, up 30.9% YoY. The reason the pre-tax profit growth rate of 30.9% YoY is higher than the operating profit growth rate of 25.5% YoY is due to gains on foreign exchange of ¥255 mil and gains on investment partnerships of ¥247 mil that increased the financial income to ¥551 mil.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)			
Segment	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Rate of change (%)
Payment Processing Business			
Revenue	14,456,455	17,951,542	24.2
Operating profit	7,215,660	8,803,046	22.0
Money Service Business			
Revenue	5,092,720	5,669,128	11.3
Operating profit	1,160,380	1,448,543	24.8
Payment Enhancement Business			
Revenue	343,968	457,042	32.9
Operating profit	58,342	100,489	72.2
Adjustments			
Revenue	△4,820	△18,023	—
Operating profit (△=loss)	△1,841,253	△2,075,891	—
Total			
Revenue	19,888,324	24,059,689	21.0
Operating profit	6,593,129	8,276,188	25.5

a. Payment Processing Business

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

The impact from the COVID-19 contagion was limited during the second quarter under review as was the case in the previous fiscal year. In the online billing and recurring billing domain, micropayments increased from the rising adoption of cashless payment and E-commerce (EC) usage, and online payments increased in areas such as digital content, public utilities and taxes as internet usage takes root on the back of continued nesting demand.

In the offline domain during the second quarter under review, segment revenues grew thanks to increased initial revenues and transaction volume and value, due to favorable payment terminal sales driven by the expansion of offline cashless payment market from consumers refraining from handling physical cash as a safer means of payment, although some merchants, particularly in the restaurant sector, were adversely affected by shorter operating hours from the imposition of Priority Measures for Contagion Prevention. Additionally, segment revenue was also boosted by continued strong sales of *stera* terminals, the next generation payment platform. Furthermore, steady progress was made in project orders related to the Unattended Market such as ticket machines and fare adjustment machines, which is one of the target markets.

As a result, segment revenue was ¥17,951 mil, up 24.2% YoY and segment profit (operating profit) was ¥8,803 mil up 22.0% YoY.

b. Money Service Business

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

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

As a result, segment revenue reached ¥5,669 mil, up 11.3% YoY and segment profit (operating profit) reached ¥1,448 mil, up 24.8% YoY.

c. Payment Enhancement Business

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

GMO Medical Reservations Technology Co. Ltd. offers a smartphone-based app to make reservations, fill in medical questionnaires, complete the reception and payment, in addition to consolidating multiple patient registration cards on a smartphone for multiple medical institutions that implement this service. In the second quarter under review, this service' revenue increased 96.7% YoY from the heightened demand due to COVID-19. In addition, revenues from online advertising service and SSL coupons also grew, contributing to the segment's revenue growth.

As a result of the above, segment revenue was ¥457 mil, up 32.9% YoY and segment profit (operating profit) was ¥100 mil, up 72.2% YoY.

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

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

(2) Status of consolidated financial position

① Assets, liabilities and equity

a. Assets

Total assets at the end of the consolidated second quarter under review increased by ¥36,801 mil from the end of the previous fiscal year end to reach ¥252,257 mil. This is mainly due to the increase in cash and cash equivalents by ¥6,682 mil, advances paid by ¥3,953 mil, accrued revenues by ¥3,059 mil, deposits to subsidiaries and affiliates by ¥14,500 mil. and equity method investment gains by ¥7,396 mil.

The Group has ¥5,100 mil deposits to subsidiaries and affiliated companies included in the balance of cash and cash equivalents at the end of the consolidated second quarter under review, as stated in ① Cash and cash equivalents" of (6) Notes regarding condensed consolidated financial statements. Together with the ¥16,500 mil of deposits to subsidiaries and affiliated companies stated in the condensed consolidated balance sheet, the total balance of the deposits to subsidiaries and affiliated companies stands at ¥21,600 mil. These deposits are GMO Internet's Group-wide cash on hand that is deposited under the cash management system (CMS) implemented and managed by GMO Internet. This allows the Group to withdraw necessary funds without the need to wait until the preset CMS repayment date, by registering a request after taking into account the number of days required for processing the application.

b. Liabilities

Balance of liabilities at the end of the consolidated second quarter under review stood at ¥186,643 mil, an increase of ¥29,008 mil from the end of the previous consolidated fiscal year, mainly due to an increase in accrued expenses of ¥2,091 mil, an increase in deposits received of ¥20,433 mil, and an increase in borrowings of ¥4,341 mil. and deferred tax liabilities of ¥1,337 mil.

c. Equity

Equity balance at the end of the consolidated second quarter under review was ¥65,613 mil, an increase of ¥7,793 mil from the end of the previous consolidated fiscal year. This was mainly due to the increase from recording the quarterly profit of ¥5,615 mil and the recognition of other comprehensive income of ¥6,709 mil due mainly from fair value measurements of financial instruments held by associates accounted by equity method, which was partially offset by the decline in retained earnings of ¥4,474 mil from dividend payouts.

② Status of consolidated cash flows

Cash and cash equivalents ("funds") at the end of the consolidated second quarter under review increased by ¥6,682 mil versus the balance at the start of the term, to reach ¥111,206 mil. The state of cash flow over the second quarter under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated second quarter under review amounted to ¥19,682 mil, which compares to ¥2,113 mil in net funds used in the same period of the previous year. This resulted from cash outflows from (i) an increase in advances paid of ¥3,953 mil, (ii) an increase in accrued revenues of ¥3,639 mil, (iii) incomes tax payments of ¥2,942 mil, which was offset by cash inflows of (i) profit before tax of ¥8,691 mil, (ii) increase in accrued expenses of ¥2,153 mil, and (iii) increase in deposits received of ¥20,430 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated second quarter under review totaled ¥12,867 mil, which compares to a net funds provided of ¥3,422 mil in the same period of the previous year. This is due to cash inflows from proceeds from sale of investment securities of ¥3,519 mil which was offset by cash outflows from payment into deposits to subsidiaries and affiliated companies of ¥16,500 mil.

c. Cash flow from financing activities

Net funds used by financing activities over the consolidated second quarter under review was ¥516 mil, which compares to net funds used of ¥6,467 mil in the same period of the previous year. This is due to cash inflows from the net increase in short term borrowings of ¥4,500 mil which was offset by net outflows from dividend payouts of ¥4,471 mil.

(3) Review of consolidated earnings forecasts and other forecasts

The Group's core business is positioned within the E-commerce (EC) market in Japan, and Japan's B2C EC market for consumer merchandizing continues to grow very rapidly, helped by favorable externalities such as increased functionality and usage of smartphones and logistic/distribution industry reforms. In addition, online migration continues to progress solidly for payments related to daily life such as non-merchandise services, public utilities, taxes and public dues and medical expenses, as online consumption takes roots under the 'new normal' lifestyles brought about by COVID-19. The broader EC market, which is our addressable market, is also expanding from the widening scope of EC market driven by the online migration of B2B and C2C transactions. The consolidated subsidiary GMO Financial Gate, Inc., which addresses the offline market, is contributing to expand the Group's scope of business by capturing business opportunities emerging from the acceleration of cashless adoption of various payment methods, including credit cards, in the offline domain.

The business environment for the fiscal year ending September 2022 faces continued uncertainty over private consumption, caused by unfavorable externalities such as the weakening yen and surging energy costs, in addition to global instability such as the Ukrainian situation, although vaccination rates for COVID-19 continues to progress and movement/travel restrictions are being eased. Despite this, GMO-PG group's business is characterized by its resiliency to macro-economic fluctuations due to its diverse exposure to merchants across various industries and the favorable trends of cashless and online migration of payments. Hence, the impact to the Group's revenues is believed to be minimal as of this writing. Revenue expansion is expected in all reportable segments from pursuing the priority initiatives of acquiring large and high-growth merchants, deepening penetration into financial institutions, winning orders for large projects, rolling out of DX platforms and, the next generation payment platform stera.

Note that the Company has resolved at the Board meeting held on April 18, 2022, to transfer all of the shares of its equity method affiliate 2C2P Pte. Ltd. owned by the consolidated subsidiary GMO-Z.COM PAYMENT GATEWAY PTE. LTD. Due to the transfer of shares, the fiscal year ending September 2022 is estimated to record a gain on sales from the transfer of shares of an equity method affiliate of ¥16.0bn. As disclosed in the "Notice Regarding Change in Equity Method Affiliate, Gain on Sale from Transfer of Share, and Revision to Financial Earnings Forecast" released on April 18, 2022, the financial earnings forecast for the fiscal year ending September 2022 that was initially disclosed on November 11, 2021, have been revised. Details of the guidance revision is as shown below. Furthermore, a partial amount of the transfer price will be held in an escrow account, and a gain on sale, etc. of ¥1.0bn is likely to be recognized by the fiscal year ending September 2024 if stipulated conditions are satisfied. Note that the transfer price, etc. are estimates as of this writing and the actual amount may vary. The foreign exchange assumed is 1USD=122.41 JPY (as of March 31, 2022). The transfer of shares will be completed once all the preconditions and terms are fulfilled (estimated timing of closure is June 2022).

	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
Previous Forecast (A)	50,000	16,234	15,538	10,048	9,860	130.01
Revised Forecast (B)	50,000	16,234	31,538	21,048	20,860	275.04
Change (B – A)	-	-	16,000	11,000	11,000	
Change (%)	-	-	103.0	109.5	111.6	
(Reference)						
Previous Year (FY2021)	41,667	12,987	13,285	8,982	8,818	117.98

2. Condensed Consolidated Financial Statements and Major Notes

(1) Condensed consolidated balance sheet

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2021)	End of Q2 of current consolidated fiscal year (March 31, 2022)
Assets			
Current assets			
Cash and cash equivalents	①	104,523,965	111,206,855
Operating and other receivables	②	10,308,474	13,769,339
Advances paid		45,321,043	49,274,439
Accrued revenue		24,893,665	27,952,849
Inventories		1,664,548	2,532,224
Deposits to subsidiaries and affiliates	③	2,000,000	16,500,000
Other financial assets		455,403	486,327
Other current assets		335,983	586,320
Total current assets		189,503,084	222,308,355
Non-current assets			
Property, plant and equipment		3,948,522	3,736,153
Goodwill and other intangible assets		5,521,782	5,944,502
Investments accounted for using equity method		4,593,784	11,990,584
Operating and other receivables	②	4,231,100	2,026,700
Other financial assets		6,005,805	5,109,043
Deferred Tax Assets		1,529,043	1,046,788
Other non-current assets		122,769	95,083
Total non-current assets		25,952,808	29,948,855
Total assets		215,455,892	252,257,211

		(Unit: Thousand yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2021)	End of Q2 of current consolidated fiscal year (March 31, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Operating and other payables		5,230,945	5,700,525
Accrued expenses		20,537,297	22,628,876
Deposits received		84,593,904	105,027,109
Borrowings		15,138,420	19,500,000
Other financial liabilities		621,363	616,386
Income taxes payable, etc.		2,602,652	3,483,819
Provisions		327,157	323,932
Other current liabilities		3,662,794	3,403,002
Total current liabilities		132,714,534	160,683,651
Non-current liabilities			
Corporate bonds		19,593,627	19,636,015
Borrowings		20,095	—
Other financial liabilities		2,889,479	2,593,663
Provisions		130,180	130,348
Deferred tax liabilities		78,148	1,415,475
Other non-current liabilities		2,209,447	2,184,434
Total non-current liabilities		24,920,978	25,959,937
Total liabilities		157,635,512	186,643,589
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,191,927	15,199,837
Retained earnings		26,546,151	28,608,203
Treasury stock		△1,152,444	△1,153,163
Other items of equity		1,937,175	7,628,287
Total equity attributable to owners of parent		55,845,946	63,606,300
Non-controlling interests		1,974,433	2,007,321
Total equity		57,820,379	65,613,622
Total liabilities and equity		215,455,892	252,257,211

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

Condensed consolidated statement of income

(Unit: Thousand yen)			
	Notes	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)
Revenue		19,888,324	24,059,689
(of which, interest income※)		4,138,549	4,582,358
Cost of revenue		△5,987,189	△7,706,016
Gross profit		13,901,135	16,353,672
Other income		109,412	122,895
Selling, general and administrative expenses		△7,395,218	△8,184,360
Other expense		△22,200	△16,019
Operating profit		6,593,129	8,276,188
Financial income		211,693	551,127
Financial expense		△105,582	△112,382
Equity method investment gains or loss		△61,091	△23,506
Profit before income taxes		6,638,149	8,691,427
Income tax expenses		△2,384,337	△3,076,122
Quarterly profit		4,253,812	5,615,305
Profit attributable to			
Owners of parent		4,169,621	5,518,861
Non-controlling interests		84,190	96,443
Quarterly Profit		4,253,812	5,615,305
Earnings per share (Yen/share)			
Basic earnings per share		56.37	72.77
Diluted earnings per share		55.07	72.10

(※) 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	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)
Profit		4,253,812	5,615,305
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		△212,861	996,386
Shares of other comprehensive income of equity method affiliates		409,060	4,876,769
Total of Items that will not be reclassified to profit or loss		196,199	5,873,155
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		237,907	785,602
Shares of other comprehensive income of equity method affiliates		△38,332	50,258
Total of items that will be reclassified to profit or loss		199,575	835,860
Other comprehensive income after income taxes		395,774	6,709,016
Comprehensive income		4,649,586	12,324,321
Comprehensive income attributable to			
Owners of parent		4,565,363	12,228,272
Non-controlling interests		84,223	96,048
Total		4,649,586	12,324,321

(3) Condensed consolidated statement of changes in equity

Second quarter of the previous consolidated fiscal year (From October 1, 2020 to March 31, 2021)

(Unit: Thousand yen)

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

Second quarter of the current consolidated fiscal year (From October 1, 2021 to March 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, 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	—	—	5,518,861	—	—	5,518,861	96,443	5,615,305
Other comprehensive income	—	—	—	—	6,709,410	6,709,410	△394	6,709,016
Quarterly comprehensive income	—	—	5,518,861	—	6,709,410	12,228,272	96,048	12,324,321
Dividends	—	—	△4,474,710	—	—	△4,474,710	—	△4,474,710
Dividends paid to non-controlling interests	—	—	—	—	—	—	△89,232	△89,232
Transfer from other items of equity to retained earnings	—	—	1,017,899	—	△1,017,899	—	—	—
Share-based payment transaction	—	57,013	—	—	△399	56,614	—	56,614
Changes in the interest in controlled subsidiary	—	△49,103	—	—	—	△49,103	26,072	△23,030
Other Increase/Decrease	—	—	—	△718	—	△718	—	△718
Total transactions with owners	—	7,909	△3,456,810	△718	△1,018,299	△4,467,918	△63,160	△4,531,078
Balance as of March 31, 2022	13,323,135	15,199,837	28,608,203	△1,153,163	7,628,287	63,606,300	2,007,321	65,613,622

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)
Net cash provided by (used in) operating activities			
Profit before income taxes		6,638,149	8,691,427
Depreciation & Amortization		903,384	1,021,694
Financial income and expense		△106,111	△438,745
Equity method investment gain/loss (△=increase)		61,091	23,506
Increase/decrease in inventories (△=increase)		△422,334	△867,676
Increase/decrease in operating and other receivables (△=increase)		△1,624,043	△844,580
In/Decrease in advances paid (△=increase)		△11,517,702	△3,953,395
Accrued revenues (△=increase)		△556,097	△3,639,455
In/Decrease in operating payables (△=decrease)		570,370	468,559
In/Decrease in accrued expenses (△=decrease)		157,424	2,153,681
In/Decrease in deposits received (△=decrease)		6,290,468	20,430,508
In/Decrease in other current liabilities (△=decrease)		180,918	△291,264
Other		135,729	△153,511
Subtotal		711,248	22,600,748
Interest and dividends received		12,602	68,496
Interest paid		△69,248	△44,319
Income taxes paid		△2,768,352	△2,942,677
Net cash provided by (used in) operating activities		△2,113,749	19,682,247
Net cash provided by (used in) investing activities			
Purchase of property, plants and equipment		△46,140	△156,798
Purchase of intangible assets		△732,084	△1,148,108
Purchase of investment securities		△54,132	△168,864
Proceeds from sale of investment securities		489,922	3,519,837
Purchase of investments accounted for using equity method		—	△500,000
Proceeds from redemption of investments partnerships		46,842	256,352
Payments into deposits to subsidiaries and affiliates		△2,000,000	△16,500,000
Proceeds from w/drawal of deposits to subsidiaries and affiliates		5,000,000	2,000,000
Purchase of other financial assets		△63	△30,662
Proceeds from sales of other financial assets		700,164	7,533
Others		18,037	△146,348
Net cash provided by (used in) investing activities		3,422,545	△12,867,059

(Unit: Thousand yen)			
	Notes	Q2 FY2021 (From October 1, 2020 to March 31, 2021)	Q2 FY2022 (From October 1, 2021 to March 31, 2022)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		△2,000,000	4,500,000
Repayment of long-term borrowings		△400,200	△158,515
Dividends paid		△3,821,736	△4,471,376
Dividends paid to non-controlling interests		△63,671	△89,232
Capital contributions from non-controlling interests		122,413	25,080
Other		△304,304	△322,420
Net cash provided by (used in) financing activities		△6,467,498	△516,463
Effect of exchange rate changes on cash and cash equivalents		56,162	384,165
Increase and decrease in cash and cash equivalents (△=decrease)		△5,102,540	6,682,890
Balance of cash and cash equivalents at the beginning of the period	①	95,830,807	104,523,965
Cash and cash equivalents at the end of period	①	90,728,267	111,206,855

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

① Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2021)	End of Q2 of current consolidated fiscal year (March 31, 2022)
Cash and cash equivalents	81,593,965	106,106,855
Deposits to subsidiaries and affiliates	22,930,000	5,100,000
Total	104,523,965	111,206,855

② Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2021)	End of Q2 of current consolidated fiscal year (March 31, 2022)
Trade and other receivables	5,740,246	6,466,949
Operating loans	8,846,384	9,356,879
Other	92,408	131,095
Allowance for doubtful accounts	△139,464	△158,884
Total	14,539,574	15,796,039
Current assets	10,308,474	13,769,339
Non-current assets	4,231,100	2,026,700
Total	14,539,574	15,796,039

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.