Summary of Consolidated Financial Statements for FY2022

November 14, 2022

Name of listed company:	GMO Payment Gateway, Inc.	Listed exchange:	Tokyo
Stock code:	3769	URL	https://www.gmo-pg.com/en/corp/
Representative:	Issei Ainoura	President & Chief Executive Office	
Contact:	Ryu Muramatsu	Director, Executive Vice President	(TEL) +81-3-3464-0182
Scheduled date for convocation of the ordinary general shareholders' meeting	December 18, 2022	Scheduled date of commencement for dividend payment	December 19, 2022
Scheduled submission date of securities report	December 19, 2022		
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)

1． Consolidated Financial Statements for FY2022 (From October 1, 2021 to September 30, 2022)

(1) Consolidated Financial Statements

(Percentages represent year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit after taxes		Profit attributable to owners of parent		Total comprehensive income	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
FY2022	50,298	20.7	16,249	25.1	34,756	161.6	24,361	171.2	24,152	173.9	35,891	259.5
FY2021	41,667	26.1	12,987	25.0	13,285	20.9	8,982	16.8	8,818	15.7	9,982	20.9

	Basic earnings per share	Diluted earnings per share	Return on equity using Profit attributable to owners of parent	Return on assets using profit before income taxes	Operating profit margin
	Mil. Yen	Mil. Yen	%	%	%
FY2022	318.45	314.66	33.8	14.2	32.3
FY2021	117.98	116.17	20.1	6.5	31.2

Reference: Equity in earnings of affiliates: FY2022 184 Million yen FY2021 17 Million yen

(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	Total equity attributable to owners of parent per share
	Mil. Yen	Mil. Yen	Mil. Yen	%	Yen
FY2022	273,407	89,260	87,122	31.9	1,148.73
FY2021	215,455	57,820	55,845	25.9	736.34

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Closing balance of cash and cash equivalents
	Mil. Yen	Mil. Yen	Mil. Yen	Mil. Yen
FY2022	7,656	△2,443	2,635	113,967
FY2021	△6,343	2,230	12,781	104,523

2. Dividends

	Annual dividend					Total Dividend Amount	Dividend Payout ratio (consolidated)	Ratio of dividends to equity (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Mil. Yen	%	%
FY2021	0.00	0.00	0.00	59.00	59.00	4,516	50.0	10.1
FY2022	0.00	0.00	0.00	160.00	160.00	12,248	50.2	17.0
FY2023 (forecast)	0.00	0.00	0.00	82.00	82.00		50.3	

(Note) Breakdown of FY2022 year-end dividend: ordinary dividend ¥79.00, special dividend ¥81.00

3. Consolidated Financial Forecast for FY2023 (From October 1, 2022 to September 30, 2023)

(Percentages represent year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit after tax		Profit attributable to owners of parent		Basic earnings per share
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Yen
Q2 of FY2023	28,491	18.4	10,330	24.8	9,648	11.0	6,072	8.1	5,952	7.9	78.49
FY2023	59,100	17.5	20,311	25.0	18,837	△45.8	12,635	△48.1	12,368	△48.8	163.08

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)	FY2022: 76,557,545	FY2021: 74,557,545
[2] Number of treasury shares at the end of the term	FY2022: 714,996	FY.2021: 714,996
[3] Average number of shares during the term	FY2022: 74,842,549	FY2021: 73,750,225

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

Reference: Summary of Non-consolidated Financial Statements

1. Non-consolidated Financial Statements for FY2022 (From October 1, 2021 to September 30, 2022)

(1) Non-consolidated Financial Statements (Percentages represent year-on-year % change)

	Revenue		Operating profit		Ordinary profit		Net profit	
	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%	Mil. Yen	%
FY2022	27,131	19.3	11,755	38.3	18,200	87.6	14,587	112.6
FY2021	22,743	20.4	8,499	25.3	9,700	22.2	6,860	28.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2022	192.33	187.62
FY2021	91.78	89.09

(2) Non-consolidated Financial Position

	Total assets	Total equity	Equity ratio	Total equity per share
	Mil. Yen	Mil. Yen	%	Yen
FY2022	182,213	55,395	30.4	730.40
FY2021	154,264	46,246	30.0	609.77

Reference Owner's equityFY2022 55,395 Mil. yen FY2021 46,246 Mil. yen

Note: Non-consolidated financial results are based on J-GAAP standards.

※ These financial statements are not subject to the review procedures.

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

1. The above forecasts are outlooks based on information currently available and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(5) Earnings forecast" under "1. Qualitative Information on Consolidated Financial Statements for the Fiscal Year" on page 11 of the attachment.
2. Results Presentation Meeting for Institutional Investors and Analysts is to be held on November 15, 2022. Supporting materials and a video of the presentation will be promptly made available on the company's website.

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1. Qualitative Information on Consolidated Financial Statements for the Fiscal Year

(1) Consolidated operating results

Forward-looking statements in the document are based on the judgement of GMO-PG and its consolidated subsidiaries at the end of the fiscal year under review.

① Consolidated operating results

GMO-PG and its consolidated subsidiaries announces its earnings results for the consolidated fiscal year 2022 (October 1, 2021 to September 30, 2022) as follows.

(Unit: Thousand yen)

	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)	YoY change (%)
Revenue	41,667,235	50,298,354	20.7
Operating profit	12,987,207	16,249,114	25.1
Profit before income taxes	13,285,643	34,756,561	161.6
Profit attributable to owners of parent	8,818,820	24,152,140	173.9

a. Revenue

Revenue at GMO-PG and its consolidated subsidiaries reached ¥50,298 mi, up by 20.7% YoY. The Payment Processing Business segment revenue grew thanks to the steady growth of E-Commerce (EC) market for online billing and recurring billing, coupled with the expansion of services provided to the offline market. The Money Service Business (MSB) revenue increased from growth of GMO Payment After Delivery transactions (a form of Buy Now Pay Later or BNPL payment service) and Early Payment service and Lending service to overseas FinTech operators. Transaction volume, which is the sum total of online billing, recurring billing, offline payment and GMO Payment After Delivery, grew 37.2% YoY and transaction value grew 41.5% YoY which led the Payment Processing Business revenue to reach ¥37,978 mil (up 23.3% YoY), Money Service Business revenue of ¥11,402 (up 12.3% YoY) and Payment Enhancement Business revenue of ¥942 mil (up 31.3% YoY). For details, please refer to page 6 of "② Results by segment" found under "(1) Consolidated operating results" of "1. Qualitative Information on Consolidated Financial Statements".

The impact of COVID-19 to forecasts is stated under "(5) Earnings Forecasts" of "1. Qualitative Information on Consolidated Financial Statements."

Revenue breakdown by business model is as follows.

(Unit: Thousand Yen)

Business model	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)	YoY change (%)
Initial (Initial revenue)	5,314,553	7,335,680	38.0
Stock (Fixed revenue)	6,573,815	7,916,835	20.4
Fee (Transaction processing revenue)	10,865,687	13,663,912	25.8
Spread (Merchant revenue)	18,913,179	21,381,925	13.1
Total	41,667,235	50,298,354	20.7

b. Operating profit

Operating profit reached ¥16,249 mil (up 25.1% YoY), achieving the full year earnings forecast for this fiscal year as well as fulfilling the management target of 25% operating profit growth for GMO-PG and its consolidated subsidiaries.

By segment, Payment Processing Business segment profit (operating profit) was ¥17,539 mil (up 21.6%YoY), Money Service Business segment profit (operating profit) was ¥2,466 mil (up 17.8% YoY) and Payment Enhancement Business segment profit (operating profit) was ¥174 mil (previous term was a segment loss or operating loss of ¥106 mil).

c. Profit before income taxes

Profit before income taxes, reached ¥34,756 mil (up 161.6% YoY). The reason the pre-tax profit growth rate of 161.1% is much higher than the operating profit growth rate of 25.1% is due to (1) financial income reaching ¥1,621 mil due to foreign currency gains of ¥1,022 mil and gains from investment partnerships of ¥371 mil and (2) gains from the sale of all the shares owned in the former equity method affiliate 2C2P Pte. Ltd of ¥16,932 mil.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand Yen)

Segment	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)	YoY change (%)
Payment Processing Business			
Revenue	30,812,806	37,978,077	23.3
Operating profit	14,424,791	17,539,462	21.6
Money Service Business			
Revenue	10,151,451	11,402,183	12.3
Operating profit	2,093,180	2,466,696	17.8
Payment Enhancement Business			
Revenue	717,861	942,703	31.3
Operating profit	△106,886	174,462	—
Adjustments			
Revenue	△14,884	△24,609	—
Operating profit (△=loss)	△3,423,878	△3,931,506	—
Total			
Revenue	41,667,235	50,298,354	20.7
Operating profit	12,987,207	16,249,114	25.1

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.

The impact from COVID-19 was limited during the current fiscal year under review as was the case in the previous fiscal year. In the online billing and recurring billing domain, the easing of COVID-19 prevention measures and progress made in vaccination caused travel and ticket payments to grow from increased movement/travel while depressing the growth rates at some merchandise sectors from the easing of nesting demand. Additionally, micropayments increased from rising adoption of cashless payment and EC usage; internet usage during nesting consumption period has made online payments the norm in such areas as daily goods, digital content, public utilities and taxes.

In the offline domain during the fiscal year under review, transaction volume and value recovered for some merchants primarily in the restaurant sector that were adversely affected by COVID-19 restrictions. In addition, segment revenues benefited from the increase in initial revenues, transaction volume and value led by favorable payment terminal sales from expansion of offline cashless payment market as consumers refrained from handling physical cash as a safer means of payment as well as the continued growth since last fiscal year of payment terminal sales of *stera*, the next generation payment platform. Furthermore, 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. 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 ¥37,978 mil up 23.3% YoY and segment profit (operating profit) was ¥17,539 mil, up 21.6% 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 a consolidated subsidiary GMO Payment Service, Inc.

In the fiscal year under review, segment revenue and profit increased from Early Payment service that increased in line with the growth of Payment Processing Business segment, as well as from the progress made in Lending service to overseas FinTech operators to secure new potential customers that can generate stable revenues going forward. However, Remittance service revenue growth decelerated despite the growth in transaction volume. GMO Payment After Delivery, a BNPL payment method, also decelerated due to hard comps against the strong nesting demand last year.

As a result, segment revenue reached ¥11,402 mil, up 12.3% YoY and segment profit (operating profit) reached ¥2,466 mil, up 17.8% YoY.

c. Payment Enhancement Business

Payment Enhancement Business comprises of online advertising service to support the 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 the 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 of medical institutions implementing this service on a smartphone. In the fiscal year under review, this services' revenue increased 78.4% YoY from the heightened demand due to COVID-19. In addition, revenues from online advertising service and SSL coupons also grew, helping to generate a positive segment profit.

As a result of the above, segment revenue was ¥942 mil, up 31.3% YoY and segment profit (operating profit) was ¥174 mil, compared to the segment loss or operating loss of ¥106 mil recorded in the previous fiscal year.

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 financial position

① Assets, liabilities and equity

a. Assets

Total assets at the end of the consolidated fiscal year under review increased by ¥57,951 mil from the end of the previous fiscal year end to reach ¥273,407 mil. This is mainly due to the increase in cash and cash equivalents by ¥9,443 mil, trade and other receivables by ¥2,925 mil, advances paid by ¥9,101 mil, accrued revenues by ¥5,438 mil, deposits to subsidiaries and affiliates by ¥14,500 mil, other financial assets by ¥11,551 mil and equity method investment by ¥4,014 mil.

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review includes ¥4,630 mil in deposits to subsidiaries and affiliated companies included in, as stated in "④ Cash and cash equivalents" of "(6) Notes regarding consolidated financial statements". Together with the ¥16,500 mil of deposits to subsidiaries and affiliated companies stated in the consolidated balance sheet, the total balance of the deposits to subsidiaries and affiliated companies stands at ¥21,130 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. 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 fiscal year under review stood at ¥184,146 mil, an increase of ¥26,511 mil from the end of the previous consolidated fiscal year. This is mainly due to the increase of accrued expenses by ¥2,743 mil, deposits received by ¥6,816 mil, borrowings by ¥7,841 mil, income tax payables by ¥2,314 mil and deferred tax liabilities of ¥5,564 mil.

c. Equity

Equity balance at the end of the consolidated fiscal year under review was ¥89,260 mil, an increase of ¥31,440 mil from the end of the previous consolidated fiscal year. This was mainly due to the increase from recording the profit of ¥24,361 mil and the recognition of other comprehensive income of ¥11,530 mil arising mainly from fair value measurements of financial instruments held by associates accounted for using the equity method and foreign currency translation difference of overseas business activities, which was partially offset by the decline in retained earnings of ¥4,474 mil from dividend payouts.

(3) Status of cash flow position

Cash and cash equivalents (“funds”) at the end of the consolidated fiscal year under review increased by ¥9,443 mil versus the balance at the start of the term, to reach ¥113,967 mil. The state of cash flow over the fiscal year under review is discussed below.

a. Cash flow from operating activities

Net funds provided by operating activities during the consolidated fiscal year under review amounted to ¥7,656 mil, which compares to ¥6,343 mil in net funds used in the same period of the previous year. This resulted from cash outflows from (i) gain on sales of investment of equity method affiliate, which is taken as an adjustment item in investment activities of ¥16,932 mil, (ii) an increase in advances paid of ¥9,101 mil, (iii) an increase in accrued revenues of ¥6,018 mil, (iv) incomes tax payments of ¥5,231 mil, which was offset by cash inflows of (i) profit before tax of ¥34,756 mil, (ii) increase in accrued expenses of ¥2,402 mil, and (iii) increase in deposits received of ¥6,810 mil.

b. Cash flow from investing activities

Net funds used by investing activities during the consolidated fiscal year under review totaled ¥2,443 mil, which compares to a net funds provided of ¥2,230 mil in the same period of the previous year. This resulted from cash outflows from (i) payment into restricted deposits of ¥11,499 mil, (ii) purchase of intangible assets of ¥2,649 mil, (iii) payment into deposits to subsidiaries and affiliated companies of ¥16,500 mil. which was offset by cash inflows from proceeds from sale of investment securities of ¥24,487 mil and (ii) income from distributions from investment partnerships of ¥2,314 mil, (iii) withdrawal of deposits made to subsidiaries and affiliated companies of ¥2,000 mil.

c. Cash flow from financing activities

Net funds provided by financing activities over the consolidated fiscal year under review was ¥2,635 mil, which compares to net funds provided of ¥12,781 mil in the same period of the previous year. This is due to cash inflows from the net increase in short term borrowings of ¥2,000 mil, (ii) increase in long term borrowings of ¥6,000 mil which was partially offset by net outflows from dividend payouts of ¥4,471 mil.

(4) Basic policy on profit distribution and dividends for current and next fiscal year

GMO-PG and its consolidated subsidiaries places management priority on sustainably securing the necessary retained earnings for future business expansion and for strengthening the organization, as well as to sustain a stable level of shareholder returns.

The year-end dividend for the fiscal year ending September 2022 (FY2022) was initially forecast at ¥66 per share, as disclosed in the “Summary of Consolidated Financial Statements for FY2022” released on November 11, 2021. However, in light of the fiscal year’s financial results likely to exceed the initial forecasts, the year-end ordinary dividend is planned to be raised by ¥13 per share to ¥79 per share. In addition, GMO-PG will also pay a special dividend of ¥81 per share to reflect the divestment of all the shares of the former equity-method affiliate 2C2P Pte. Ltd, and to recognize the 10 years of overseas business expansion as well as to express our gratitude to the support from our shareholders that contributed to overall earnings growth since GMO-PG’s listing. As a result, the annual dividend for fiscal year ending September 2022 is planned to be a total of ¥160 per share (consisting of ordinary dividend of ¥79 and special dividend of ¥81). (Refer to Note below)

Dividend for the next fiscal year is forecast at ¥82 per share based on the strong business plans and continued efforts to enhance shareholder returns through the consecutive dividend increase since dividend payments commenced that will collectively contribute to raise the corporate value in the medium- to long-term.

Note that the retained earnings will continue to be effectively deployed to strengthen the organization as well as for aggressive business expansion.

Details of the revision to dividends is as follows.

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
Previous forecast (Nov. 11, 2021)	Yen —	Yen —	Yen —	Yen 66.00	Yen 66.00
Current forecast	—	—	—	160.00 (Ordinary dividend ¥79.00) (Special dividend ¥81.00)	160.00 (Ordinary dividend ¥79.00) (Special dividend ¥81.00)
FY2022	0.00	0.00	0.00		
FY2021 (FY ending Sept. 2021)	0.00	0.00	0.00	59.00	59.00

Note: The above will be deliberated at the Board of Directors meeting scheduled on November 21, 2022.

(5) Earnings forecast

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 is faced with lingering uncertainty over private consumption, caused by the weakening yen and surging raw material costs in addition to the volatile capital markets caused by global monetary tightening, although COVID-19 vaccination rates continue to make progress and movement/travel restrictions are easing. The revenue impact to GMO-PG and its consolidated subsidiaries is minimal from these developments as of this writing, thanks to the businesses' resiliency to macro-economic fluctuations arising from the diverse exposure to merchants across various industries and the favorable trends in cashless penetration, online migration of payments and, expanding businesses that respond to corporate needs for cost reductions and business model transformation through DX (Digital Transformation). Furthermore, revenue expansion is expected in all reportable segments thanks to the contribution coming from acquiring large and high-growth merchants, winning orders for large projects, revenue expansion from priority initiatives such as industry-specific DX platforms and the next generation payment platform *stera* and BaaS support services to financial institutions and business operators.

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 (down 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. Management Policy

(1) Basic policy on the corporate management

The management principle of GMO-PG and its consolidated subsidiaries is to “pursue both spiritual and material prosperity for our partners by contributing to society.”

■ We contribute to the advancement and progress of our society by creating and developing markets with integrity, fairness and transparency.

■ We define our partners as employees and officers, customers and business partners that are trustworthy persons and act with high integrity.

■ Our employees and officers demonstrate their richness of spirit, advanced problem-solving abilities, and a high level of professionalism as they interact and exchange values with our customers in the pursuit of both spiritual and material prosperity.

Based on this management principle, our mission is to become the best payment infrastructure in Japan and to contribute to safe and easy use of payment processing services for merchants and consumers. We are expanding our businesses according to the following management policy:

・Be adaptive to the changing times

Spirit of innovation: Strive to maintain/support technical superiority of our products.

Flexibility: Make optimal project proposals that lives up to a fast-changing market.

・Establish our raison d’etre

Uniqueness: Strive to maintain the value of our existence through customer-oriented services.

Profitability: Surpass competitors by pursuing revenue growth and establish an unwavering position in the industry.

・Pursue the right conditions for profit

Sociability: Maintain a sound business and aggressively and continually enter new markets to expand the choice of payment methods.

Rationality: Make quick and impartial business judgements with foremost consideration to economic rationality.

・Be responsible to shareholders

Strive to maximize shareholder value through capital efficiency. Actively conduct IR activities and provide timely and appropriate information to shareholders.

(2) Management KPI targets

GMO-PG and its consolidated subsidiaries emphasizes an operating profit growth rate of 25% as a management performance indicator.

GMO-PG and its consolidated subsidiaries continues to make medium- to long-term investments in order to achieve the 25% operating profit growth rate, with a track record of 25.1% YoY operating profit growth in FY2022 and a forecast 25.0% YoY operating profit growth in FY2023. As a company vested to build the payment infrastructure for the online (mainly EC market) and offline markets, we will endeavor to create a safe and convenient EC and cashless environment that contributes to raise EC penetration, promote DX adoption and raise the cashless penetration in Japan. In addition, GMO-PG and its consolidated subsidiaries will continually strive to scale up by launching new businesses, forging business and capital alliances with other partner operators, establishing subsidiaries and, through overseas expansion.

(3) Priority issues to be addressed

① Strengthening the information security

GMO-PG and is consolidated subsidiaries provide credit card payment processing services, and process and manage material information such as credit card numbers. As part of the process to strengthen risk management system and prevention of information leaks, the ISO/IEC 27001:2013 (Japanese Standards, JIS Q27001: 2014), the global standards for information security management, was obtained for all business offices, as the first ever listed payment processing company. Consequently, the information security management system has been objectively assessed to be appropriate and safe in compliance with strict international standards. With regards to PCI DSS which was jointly established by five international credit card companies: JCB; American Express; Discover; MasterCard; and VISA, we have undergone the annual recertification review and have obtained the latest certification in December 2021 after obtaining the first certification in December 2008.

With respect to the handling of personal information, the privacy mark has been obtained that certifies companies that have improved system's for taking appropriate protection measures for personal information in compliance with the Japanese Industrial Standards "JIS Q 15001:2017 Personal Information Protection Management System – Requirements." Furthermore, an independent personal information protection management system has been established and operate a high level of protection that goes beyond mere compliance with the laws.

② Strengthening the system development capabilities

The business fields of GMO-PG and its consolidated subsidiaries are deeply related to the Internet and in order to provide customers with competitive products and it is important to adopt competitive technologies and services in a timely manner. Presently, employees conduct the system design that incorporates changes in the system environment or requests from customers and outsource the programming work to achieve efficiency and high-quality. GMO-PG and its consolidated subsidiaries will continue its efforts to recruit highly skilled developers/engineers and further strengthen system development capabilities and services.

③ Strengthening the collaboration business

It is essential to establish mutually beneficial business collaborations with corporations covering many merchants, payment companies or EC website builders to efficiently acquire new merchants in order ensure stable growth. This type of business conduct is the hallmark of sales activities at GMO-PG and its consolidated subsidiaries will continue to seek further business collaborations, with the management tracking the progress of such activities.

④ Expansion of business portfolio

As part of its management strategy, GMO-PG and is consolidated subsidiaries have constantly sought to expand the scope of business mainly in, but not limited to, the B2C EC domain to public dues, utility charges, service commerce, online B2B and C2C EC domain and, launching a payment method through the establishment of GMO Payment Service Inc. This management strategy was further executed by strengthening the overseas expansion to 7 locations through a consolidated subsidiary and by expanding the offline market business through the consolidated subsidiary GMO Financial Gate Inc. We will continue to pursue a diverse business portfolio centered around payment processing service and strive to consecutively boost profits.

⑤ Promotion of sustainability management

Guided by the management principle of GMO-PG and its consolidated subsidiaries is to "pursue both spiritual and material prosperity for our partners by contributing to society," GMO-PG and its consolidated subsidiaries is committed to continually advance its sustainability management and undertakes SDGs initiatives such as providing services that support the migration towards online, cashless, paper-less and digital transformation (DX), driving social innovation through financial technologies and, conversion to de-facto renewable energy for powering the major data centers.

3. Basic Stance on Accounting Standard Selection

GMO-PG and is consolidated subsidiaries is focused on globally developing comprehensive payment-related services. In order to improve financial information comparisons with international peers and improve on disclosure standards as well as to improve the effectiveness for shareholders and investors in Japan and overseas, GMO-PG has voluntarily adopted IFRS applicable from the first quarter of FY2018 (FY ending September 2018).

4. **Consolidated Financial Statements and Major Notes**

(1) Consolidated balance sheet

(Unit: Thousand Yen)

	Notes	FY2021 (September 30, 2021)	FY2022 (September 30, 2022)
Assets			
Current assets			
Cash and cash equivalents	④	104,523,965	113,967,930
Trade and other receivables	⑤	10,308,474	13,964,116
Advances paid		45,321,043	54,422,846
Accrued revenue		24,893,665	30,331,694
Inventories		1,664,548	1,532,298
Deposits to subsidiaries and affiliates	⑥	2,000,000	16,500,000
Other financial assets		455,403	12,917,180
Other current assets		335,983	620,923
Total current assets		189,503,084	244,256,990
Non-current assets			
Property, plant and equipment		3,948,522	3,542,380
Goodwill and other intangible assets		5,521,782	6,942,428
Investments accounted for using equity method		4,593,784	8,608,123
Trade and other receivables	⑤	4,231,100	3,501,426
Other financial assets		6,005,805	5,095,976
Deferred Tax Assets		1,529,043	1,342,570
Other non-current assets		122,769	117,283
Total non-current assets		25,952,808	29,150,189
Total assets		215,455,892	273,407,179

(Unit: Thousand Yen)

	Notes	FY2021 (September 30, 2021)	FY2022 (September 30, 2022)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		5,230,945	5,595,583
Accrued expenses		20,537,297	23,280,877
Deposits received		84,593,904	91,410,677
Borrowings		15,138,420	17,000,000
Other financial liabilities		621,363	1,014,590
Income taxes payable, etc.		2,602,652	4,916,655
Provisions		327,157	320,229
Other current liabilities		3,662,794	4,281,866
Total current liabilities		132,714,534	147,820,480
Non-current liabilities			
Corporate bonds		19,593,627	19,678,403
Borrowings		20,095	6,000,000
Other financial liabilities		2,889,479	2,342,950
Provisions		130,180	130,576
Deferred tax liabilities		78,148	5,642,475
Other non-current liabilities		2,209,447	2,531,640
Total non-current liabilities		24,920,978	36,326,046
Total liabilities		157,635,512	184,146,527
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,191,927	15,272,474
Retained earnings		26,546,151	49,424,496
Treasury stock		△1,152,444	△1,152,444
Other items of equity		1,937,175	10,255,198
Total equity attributable to owners of parent		55,845,946	87,122,860
Non-controlling interests		1,974,433	2,137,790
Total equity		57,820,379	89,260,651
Total liabilities and equity		215,455,892	273,407,179

(2) Consolidated statement of income and statement of comprehensive income

Consolidated statement of income

(Unit: Thousand Yen)

	Notes	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Revenue		41,667,235	50,298,354
(of which, interest income※)		8,244,807	9,171,529
Cost of revenue		△13,568,862	△16,662,790
Gross profit		28,098,372	33,635,563
Other income		263,671	278,819
Selling, general and administrative expenses		△15,031,509	△17,604,584
Other expense		△343,327	△60,685
Operating profit		12,987,207	16,249,114
Financial income		484,137	1,621,118
Financial expense		△202,868	△230,509
Equity method investment gains or loss		17,166	184,697
Gain from sale of equity method investment		—	16,932,140
Profit before income taxes		13,285,643	34,756,561
Income tax expenses		△4,302,682	△10,395,424
Profit		8,982,961	24,361,137
Profit attributable to			
Owners of parent		8,818,820	24,152,140
Non-controlling interests		164,140	208,996
Profit		8,982,961	24,361,137
Earnings per share (Yen/share)			
Basic earnings per share	⑧	117.98	318.45
Diluted earnings per share	⑧	116.17	314.66

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

Consolidated statement of comprehensive income

(Unit: Thousand Yen)

	Notes	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Profit		8,982,961	24,361,137
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		102,291	669,573
Shares of other comprehensive income of equity method affiliates		546,271	5,986,425
Total of Items that will not be reclassified to profit or loss		648,563	6,655,998
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		271,534	5,060,086
Shares of other comprehensive income of equity method affiliates		79,260	△186,034
Total of items that will be reclassified to profit or loss		350,794	4,874,051
Other comprehensive income after income taxes		999,357	11,530,050
Comprehensive income		9,982,318	35,891,188
Comprehensive income attributable to			
Owners of parent		9,814,824	35,671,476
Non-controlling interests		167,494	219,711
Total		9,982,318	35,891,188

(3) Consolidated statement of changes in equity

Previous consolidated fiscal year (From October 1, 2020 to September 30, 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
Profit		—	—	8,818,820	—	—	8,818,820	164,140	8,982,961
Other comprehensive income		—	—	—	—	996,004	996,004	3,353	999,357
Comprehensive income		—	—	8,818,820	—	996,004	9,814,824	167,494	9,982,318
Purchase of treasury stock		—	—	—	△3,102	—	△3,102	—	△3,102
Dividends		—	—	△3,826,483	—	—	△3,826,483	—	△3,826,483
Dividends paid to non-controlling interests		—	—	—	—	—	—	△63,671	△63,671
Issuance of convertible bond-type bonds with stock acquisition rights		—	1,006,926	—	—	—	1,006,926	—	1,006,926
Conversion of convertible bond-type bonds with stock acquisition rights		8,610,235	8,430,623	—	—	—	17,040,858	—	17,040,858
Transfer from other items of equity to retained earnings		—	—	828,349	—	△828,349	—	—	—
Share-based payment transaction		—	103,656	—	—	△39	103,616	—	103,616
Changes in the interest in controlled subsidiary		—	△29,165	—	—	—	△29,165	151,240	122,075
Change in associates" interest in controlled subsidiary		—	12,880	—	—	—	12,880	—	12,880
Changes in other components of equity		—	△8,555	—	—	—	△8,555	—	△8,555
Total transactions with owners		8,610,235	9,516,366	△2,998,133	△3,102	△828,389	14,296,976	87,569	14,384,545
Balance as of September 30, 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

Current consolidated fiscal year (From October 1, 2021 to September 30, 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
Profit		—	—	24,152,140	—	—	24,152,140	208,996	24,361,137
Other comprehensive income		—	—	—	—	11,519,336	11,519,336	10,714	11,530,050
Comprehensive income		—	—	24,152,140	—	11,519,336	35,671,476	219,711	35,891,188
Purchase of treasury shares		—	—	—	—	—	—	—	—
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		—	—	3,200,915	—	△3,200,915	—	—	—
Share-based payment transaction		—	125,688	—	—	△399	125,289	—	125,289
Changes in the interest in controlled subsidiary		—	△45,141	—	—	—	△45,141	32,879	△12,262
Total transactions with owners		—	80,546	△1,273,795	—	△3,201,314	△4,394,562	△56,353	△4,450,916
Balance as of September 30, 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

(4) Consolidated statement of cash flows

(Unit: Thousand Yen)

	Notes	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Net cash provided by (used in) operating activities			
Profit before income taxes		13,285,643	34,756,561
Depreciation & amortization		1,896,633	2,148,382
Impairment Loss		187,990	—
Financial income and expense (△=gain)		△281,269	△1,390,608
Equity method investment gain/loss (△=gain)		△17,166	△184,697
Gain on sale of equity method investment		—	△16,932,140
Increase/decrease in inventories (△=increase)		△223,548	132,249
Increase/decrease in trade and other receivables (△=increase)		△1,504,832	△1,617,930
In/Decrease in advances paid (△=increase)		△14,281,294	△9,101,802
Accrued revenues (△=increase)		△653,790	△6,018,307
In/Decrease in trade payables (△=decrease)		933,682	361,659
In/Decrease in accrued expenses (△=decrease)		832,303	2,402,899
In/Decrease in deposits received (△=decrease)		△2,471,198	6,810,392
In/Decrease in other current liabilities (△=decrease)		238,652	734,518
Others		461,288	767,258
Subtotal		△1,596,905	12,868,435
Interest and dividends received		45,253	118,306
Interest paid		△138,185	△98,562
Income taxes paid		△4,653,399	△5,231,849
Net cash provided by (used in) operating activities		△6,343,236	7,656,330
Net cash provided by (used in) investing activities			
Payment into restricted deposit		—	△11,499,066
Purchase of property, plants and equipment		△245,055	△321,711
Purchase of intangible assets		△1,677,505	△2,649,120
Purchase of investment securities		△103,625	△466,540
Proceeds from sale of investment securities		499,642	24,487,557
Proceeds from redemption of investments partnerships		178,886	2,314,246
Purchase of investments accounted for using equity method		—	△500,000
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		△403	△78,114
Proceeds from sales of other financial assets		700,555	7,586
Purchase of shares in subsidiary resulting in change in scope of consolidation		△108,566	—
Others		△12,929	761,320
Net cash provided by (used in) investing activities		2,230,999	△2,443,843

(Unit: Thousand Yen)

	Notes	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		△3,020,000	2,000,000
Proceeds from long-term borrowings		—	6,000,000
Repayment of long-term borrowings		△803,910	△158,515
Proceeds from the issuance of bonds		21,057,055	—
Dividends paid		△3,826,280	△4,471,570
Dividends paid to non-controlling interests		△63,493	△89,232
Capital contributions from non-controlling interests		144,646	23,705
Other		△706,323	△668,924
Net cash provided by (used in) financing activities		12,781,695	2,635,462
Effect of exchange rate changes on cash and cash equivalents		23,700	1,596,015
Increase and decrease in cash and cash equivalents (△=decrease)		8,693,158	9,443,965
Balance of cash and cash equivalents at the beginning of the period	④	95,830,807	104,523,965
Cash and cash equivalents at the end of period	④	104,523,965	113,967,930

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding consolidated financial statements

① Reporting entity

GMO Payment Gateway, Inc. (“the Company”) is a corporation (kabushiki kaisha) domiciled in Japan and listed on the Tokyo Stock Exchange. The registered address of its head office is 2-3 Dogenzaka 1-chome, Shibuya-ku, Tokyo, Japan. The consolidated financial statements are comprised of the Company and its subsidiaries and equity interest in affiliates. The ultimate parent of the Group is GMO Payment Gateway, Inc. The Company and its consolidated subsidiaries are engaged in the businesses of Payment Processing Business, Money Service Business and Payment Enhancement Business. (see ⑦ Segment Information).

② Basis of preparation

a. Compliance of consolidated financial statements to IFRS

The consolidated financial statements of GMO-PG consolidated subsidiaries satisfy all the criteria of a “Designated International Accounting Standards Specified Company” under Article 1-2 of the Regulation On Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) pursuant to the provision of Article 93 of the Regulation for Consolidated Financial Statements.

b. Basis of measurement

The consolidated financial statements of GMO-PG consolidated subsidiaries is presented based on the accounting principles stated under “③ Significant Accounting Principles”. The balance of assets and liabilities, unless otherwise stated, have been prepared on a historical cost basis.

c. Functional and presentation currency

The consolidated financial statements of GMO-PG consolidated subsidiaries are presented in Japanese Yen (“JPY”), which is the functional currency. All figures in JPY are rounded down to the nearest thousand JPY.

③ Significant accounting policies

Significant accounting policies adopted for the consolidated financial statements for the fiscal year ended September 2022 for GMO-PG and is consolidated subsidiaries are the same as those adopted for the previous year’s consolidated financial statements.

④ Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand Yen)

	FY2021 (September 30, 2021)	FY2022 (September 30, 2022)
Cash and cash equivalents	81,593,965	109,337,930
Deposits to subsidiaries and affiliates	22,930,000	4,630,000
Total	104,523,965	113,967,930

⑤ Operating and other receivables

Breakdown of operating and other receivables are as follows.

(Unit: Thousand Yen)

	FY2021 (September 30, 2021)	FY2022 (September 30, 2022)
Trade and other receivables	5,740,246	6,454,035
Operating loans	8,846,384	10,677,593
Other	92,408	457,134
Allowance for doubtful accounts	△139,464	△123,220
Total	14,539,574	17,465,542
Current assets	10,308,474	13,964,116
Non-current assets	4,231,100	3,501,426
Total	14,539,574	17,465,542

⑥ Deposits to subsidiaries and affiliates

Our deposits to subsidiaries and affiliates are the deposits under the CMS (cash management system) of GMO Internet Group.

⑦ Segment information

(1) Overview of segment information

The reporting segments of GMO-PG and is consolidated subsidiaries are based on operational segments for which separate financial information is available and which the Board of Directors regularly reviews to determine the allocation of management resources and evaluate its performance. GMO-PG and is consolidated subsidiaries have businesses and subsidiaries according to the product and/or service, and each product/service carries out the business activities and formulates comprehensive strategies covering Japan and overseas. Therefore, GMO-PG and is consolidated subsidiaries is comprised of the various products and services grouped according to the explanation above and multiple businesses are grouped and 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	Payment processing for online billing, recurring billing and for offline payments.
Money Service Business	GMO Payment After Delivery, money services such as Remittance, Transaction Lending to provide growth funds, overseas Lending, Early Payment service to improve merchant's cash flow.
Payment Enhancement Business	Online advertising service aimed at increasing revenues at merchants and the medical institution-exclusive reservation management system “Medical Kakumei byGMO."

(2) 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. Profit for the reportable segments is reconciled as operating profit or loss. Intersegment transactions are based on equivalent prices of arm's length transactions.

Segment Information for previous fiscal year (FY2021: from October 1, 2020 to September 30, 2021)

(Unit: Thousand Yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	30,798,812	10,151,451	716,970	41,667,235	—	41,667,235
Intersegment revenue	13,993	—	890	14,884	△14,884	—
Total	30,812,806	10,151,451	717,861	41,682,119	△14,884	41,667,235
Segment profit (△=loss)	14,424,791	2,093,180	△106,886	16,411,085	△3,423,878	12,987,207
Financial income	—	—	—	—	—	484,137
Financial expense	—	—	—	—	—	△202,868
Equity method investment gains (△=loss)	—	—	—	—	—	17,166
Profit before income taxes	—	—	—	—	—	13,285,643
Other items						
Depreciation & amortization	1,522,821	138,594	29,628	1,691,044	205,589	1,896,633
Impairment Loss	21,414	—	166,576	187,990	—	187,990

(Note) Adjustment of segment profit of △¥3,423 mil consist of general corporate expenses not allocated to any reportable segment of △¥3,543 mil and elimination of intersegment transactions of ¥119 mil. General corporate expenses mainly consist of selling, general and administrative expenses not allocated to any reportable segment.

Segment Information for current fiscal year (FY2022: from October 1, 2021 to September 30, 2022)

(Unit: Thousand Yen)

	Payment Processing Business	Money Service Business	Payment Enhancement Business	Total	Adjustments (Note)	Consolidated
Revenues						
Sales to external customers	37,954,521	11,402,183	941,650	50,298,354	—	50,298,354
Intersegment revenue	23,555	—	1,053	24,609	△24,609	—
Total	37,978,077	11,402,183	942,703	50,322,964	△24,609	50,298,354
Segment profit (△=loss)	17,539,462	2,466,696	174,462	20,180,620	△3,931,506	16,249,114
Financial income	—	—	—	—	—	1,621,118
Financial expense	—	—	—	—	—	△230,509
Equity method investment gains (△=loss)	—	—	—	—	—	184,697
Gain on sale of equity method investment	—	—	—	—	—	16,932,140
Profit before income taxes	—	—	—	—	—	34,756,561
Other items						
Depreciation & amortization	1,713,155	155,107	63,086	1,931,348	217,033	2,148,382
Impairment Loss	—	—	—	—	—	—

(Note) Adjustment of segment profit of △¥3,931 mil consist of general corporate expenses not allocated to any reportable segment of △¥4,082 mil and elimination of intersegment transactions of ¥151 mil. General corporate expenses mainly consist of selling, general and administrative expenses not allocated to any reportable segment.

⑧ Per share information

(1) Basic earnings per share and the basis for calculation

The basic earnings per share and the basis for calculation basic earnings per shares is as follows.

(Unit: Thousand Yen)

	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Profit attributable to ordinary shareholders of parent		
Profit attributable to owners of parent	8,818,820	24,152,140
Profit not attributable to ordinary shareholders of parent	—	—
Profit used to calculate basic earnings per share	8,818,820	24,152,140
Average number of shares	74,750,225 shares	75,842,549 shares
Basic earnings per share	¥117.98 per share	¥318.45 per share

(2) Diluted earnings per share and the basis for calculation

The diluted earnings per share and the basis for calculation diluted earnings per shares is as follows.

(Unit: Thousand Yen)

	FY2021 (From October 1, 2020 to September 30, 2021)	FY2022 (From October 1, 2021 to September 30, 2022)
Profit attributable to ordinary shareholders after dilution		
Profit used to calculate basic earnings per share	8,818,820	24,152,140
Adjustment to profit	30,053	56,690
Profit used to calculate diluted earnings per share	8,848,873	24,208,830
Average number of shares	74,750,225 shares	75,842,549 shares
Effect of dilutive securities		
Convertible bond-type bonds with subscription rights	1,423,657 shares	1,093,410 shares
Number of shares after effect of dilutive shares	76,173,882 shares	76,935,959 shares
Diluted earnings per share	¥116.17 per share	¥314.66 per share

⑨ Significant subsequent events

Not applicable.