

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

May 11, 2023

Exchange: Tokyo Stock Exchange

Name of listed company: GMO Payment Gateway, Inc.
 Stock code: 3769 URL: <https://www.gmo-pg.com/en/corp/>
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 Scheduled submission date of quarterly report May 12, 2023 Scheduled date of commencement for dividend payment -
 Supplemental materials prepared for financial results Yes
 Information meeting arranged related to financial results Yes (for institutional investors and analysts)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Statements for the Second Quarter, FY2023

(From October 1, 2022 to March 31, 2023)

(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 FY2023	30,454	26.6	10,350	25.1	9,856	13.4	6,292	12.1	6,129	11.1	5,154	△58.2
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
	Basic earnings per share				Diluted earnings per share							
	Yen				Yen							
Q2 FY2023	80.81				80.02							
Q2 FY2022	72.77				72.10							

(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 FY2023	295,556	82,272	79,935	27.0
FY2022	273,407	89,260	87,122	31.9

2. Dividends

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

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

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

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

(% represents year-on-year change)

	Revenue		Operating profit		Profit before income taxes		Profit		Profit attributable to owners of parent		Basic earnings per share
	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Mil Yen	%	Yen
Full Year	59,100	17.5	20,311	25.0	18,837	△45.8	12,635	△48.1	12,368	△48.8	163.08

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

※ Notices

- (1) Changes of important subsidiaries during the period (change of specific subsidiaries that leads to a change in the scope of consolidation): No
Number of new subsidiaries: - (Name:); Number of excluded subsidiaries: - (Name:)

- (2) Changes in the accounting policy / changes in the accounting estimation

[1] Changes in accounting policy required by IFRS.: No

[2] Changes in accounting policy other than [1]: No

[3] Changes in accounting estimations: No

- (3) Number of shares issued (common stock)

[1] Number of shares issued at the end of the term (including treasury stock)	Q2 FY2023: 76,557,545	FY 2022: 76,557,545
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[2] Number of treasury shares at the end of the term	Q2 FY2023: 715,071	FY 2022: 714,996
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[3] Average number of shares during the term	Q2 FY2023: 75,842,492	Q2 FY2022: 75,842,549
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(Note) Number of treasury shares at the end of the term above include the shares attributed to the directors' remuneration board incentive plan trust and J-ESOP (709,705 shares for FY2022; 709,705 shares for Q2 FY2023.)

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

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

1. The above forecasts are outlooks based on information currently available and include various uncertain factors. Actual performance may differ substantially from the forecasts due to changes in business conditions and other factors. For the assumption on which financial forecasts are based and matters to be considered in using financial forecasts, please refer to "(3) Review of consolidated earnings forecasts and other forecasts" under "1. Qualitative Information on Consolidated Financial Statements for the Quarter" on page 9 of the attachment.

2 Results Presentation for Investors and Analysts to be held on May 12, 2023. Supporting materials and a video of the presentation will be made available on the company's website after the event.

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1. Qualitative Information on Consolidated Financial Statements for the Quarter

(1) Consolidated operating results

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

① Consolidated operating results

The Group announces its earnings results for the cumulative second quarter of the consolidated fiscal year 2023 (October 1, 2022 to March 31, 2023) as follows.

(Unit: Thousand Yen)

	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)	Rate of change (%)
Revenue	24,059,689	30,454,383	26.6
Operating profit	8,276,188	10,350,230	25.1
Profit before income taxes	8,691,427	9,856,370	13.4
Profit attributable to owners of parent	5,518,861	6,129,098	11.1

a. Revenue

Revenue reached ¥30,454 mil, up 26.6% YoY. For the second quarter under review, the transaction volume and value, which includes online billing, recurring billing, and offline payment and, GMO Payment After Delivery, increased by 29.2% YoY and by 35.2% YoY, respectively. As a result, the Payment Processing Business revenue reached ¥23,070 mil (up 28.5% YoY), Money Service Business (MSB) revenue was ¥6,879 mil (up 21.3% YoY) and Payment Enhancement Business revenue was ¥515 mil (up 12.7% 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 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)	Rate of change (%)
Initial (Initial revenue)	3,163,554	5,275,587	66.8
Stock (Fixed revenue)	3,799,000	4,526,686	19.2
Fee (Transaction processing revenue)	6,428,423	8,568,672	33.3
Spread (Merchant acquiring service revenue)	10,668,709	12,083,437	13.3
Total	24,059,689	30,454,383	26.6

b. Operating profit

Operating profit reached ¥10,350 mil, up by 25.1% YoY, making steady progress towards achieving the full year earnings forecast for the fiscal year ending September 2023.

By segment, Payment Processing Business segment profit (operating profit) was ¥10,341 mil, up 17.5% YoY; Money Service Business segment profit (operating profit) stood at ¥1,479 mil, up 2.2% YoY; Payment Enhancement Business segment profit (operating profit) of ¥113 mil (up 13.4% 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 ¥9,856 mil, up 13.4% YoY. The reason the cumulative Q2 FY2023 pre-tax profit growth rate of 13.4% YoY is lower than the operating profit growth rate of 25.1% YoY is due to financial expense of ¥953 mil, including foreign currency loss of ¥526 mil and losses on investments in investment partnerships of ¥287 mil, despite recording a financial income of ¥462 mil including interest income of ¥438 mil.

② Results by segment

Performance by reportable segment is explained below.

(Unit: Thousand yen)

Segment	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)	Rate of change (%)
Payment Processing Business			
Revenue	17,951,542	23,070,074	28.5
Operating profit (△=loss)	8,803,046	10,341,836	17.5
Money Service Business			
Revenue	5,669,128	6,879,418	21.3
Operating profit (△=loss)	1,448,543	1,479,802	2.2
Payment Enhancement Business			
Revenue	457,042	515,165	12.7
Operating profit (△=loss)	100,489	113,941	13.4
Adjustments			
Revenue	△ 18,023	△ 10,274	—
Operating profit (△=loss)	△ 2,075,891	△ 1,585,350	—
Total			
Revenue	24,059,689	30,454,383	26.6
Operating profit (△=loss)	8,276,188	10,350,230	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 business operators. In the online billing and recurring billing domain, we focused our efforts to acquire large and medium-to-small sized merchants across various industries as well as expand our services to a wide array of non-EC merchants, given the backdrop of the steadily expanding E-Commerce (EC) market.

In the second quarter under review, the online billing and recurring billing domains showed a continued increase in online payments to purchase daily goods, digital content and public dues/taxes as internet usage becomes habitual from the nesting consumption behavior during the COVID-19 pandemic. Also, online payment increased in new industries/sectors from rising DX demand. With the increase in travel and outings from the normalization of economic activities, payments in the travel and ticket sectors, in particular, recovered. However, some merchants in the small-scale merchandise sector continues to be adversely affected from the cycling through of nesting demand and the shift towards offline consumption, despite signs of recovery at some large-scale merchants in the merchandise domain.

In the offline domain during the second quarter under review, payment terminal sales, including stera terminals, continued its strong sales momentum from the full contribution of large-scale projects for terminal shipments and installments, and the market expansion driven by heightened need for cashless payment. In addition, transaction volume and value trended favorably from acceleration of normalization of economic activities as well as the partial contribution from inbound demand due to the increase in inbound tourists.

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

As a result, segment revenue reached ¥23,070 mil, up 28.5% YoY, however, segment profit (operating profit) was ¥10,341 mil, up 17.5% YoY due to the occurrence of one-time expenses.

b . Money Service Business

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

During the second quarter under review, revenue from GMO Payment After Delivery, a BNPL payment method service, increased from acquisition of a large merchant and the impact from rate revisions despite the lingering negative impact from the cycling through of nesting demand in the merchandise domain. In addition, transactions for Remittance service and Instant Salary byGMO trended favorably.

As a result, segment revenue reached ¥6,879 mil, up 21.3% YoY, however, segment profit (operating profit) reached ¥1,479 mil, an increase of 2.2% YoY due to higher credit costs for GMO Payment After Delivery and changes in the segment revenue mix.

c . Payment Enhancement Business

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

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

As a result of the above, segment revenue was ¥515 mil, up 12.7% YoY and segment profit (operating profit) was ¥113 mil, up 13.4% YoY.

The table below shows the companies providing the various businesses/services by segment.

Segment	Major service	Major companies of the service
Payment Processing Business	Payment processing service (Online billing and recurring billing)	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Payment processing service (Offline)	GMO Financial Gate, Inc. (consolidated subsidiary)
Money Service Business	GMO Payment After Delivery	GMO Payment Service, Inc. (consolidated subsidiary)
	Remittance service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Transaction Lending	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
	Overseas Lending	GMO Payment Gateway, Inc.
	Early Payment service	GMO Payment Gateway, Inc. GMO Epsilon, Inc. (consolidated subsidiary)
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 second quarter increased by ¥22,149 mil from the end of the previous fiscal year to reach ¥295,556 mil. This is mainly due to the decline in deposits to subsidiaries and affiliated companies of ¥11,200 mil. and other financial assets of ¥4,749 mil, which was offset by the increase in cash and cash equivalents of ¥22,438 mil, trade and other receivables of ¥4,528 mil, advances paid of ¥5,349 mil, accrued revenues of ¥2,675 mil, inventory of ¥1,611 mil and goodwill and intangible assets by ¥1,532 mil.

The balance of cash and cash equivalents at the end of the consolidated second quarter under review includes ¥6,080 mil in deposits to subsidiaries and affiliated companies, as stated in “① Cash and cash equivalents” of “(6) Notes regarding consolidated financial statements.” Together with the ¥5,300 mil of deposits to subsidiaries and affiliated companies stated in the consolidated balance sheet, the total balance of deposits to subsidiaries and affiliated companies stands at ¥11,380 mil. These deposits are GMO Internet’s Group-wide cash on hand which is deposited under the cash management system (CMS) implemented and managed by GMO Internet Group Inc. This allows GMO-PG consolidated subsidiaries to withdraw necessary funds in accordance with their expanding business, by registering a withdrawal request after taking into account the number of days required to process the application, without the need to wait until the preset CMS repayment date.

b. Liabilities

Balance of liabilities at the end of the consolidated second quarter under review stood at ¥213,283 mil, an increase of ¥29,137 mil from the end of the previous consolidated fiscal year. This is mainly due to the increase in accrued expenses of ¥1,917 mil, deposits received of ¥25,185 mil and borrowings of ¥4,150 mil, despite the decline in income tax payables of ¥1,735 mil.

c. Equity

Equity balance at the end of the consolidated second quarter under review was ¥82,272 mil, a decrease of ¥6,987 mil from the end of the previous consolidated fiscal year. This was mainly due to the decrease in other comprehensive income of ¥1,138 mil and retained earnings of ¥12,134 mil from dividend payout, despite the increase in quarterly profit of ¥6,292 mil.

② Consolidated cash flow

Cash and cash equivalents (“funds”) at the end of the consolidated second quarter under review increased by ¥22,438 mil versus the balance at the start of the term, to reach ¥136,406 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 was ¥18,625 mil, which compares to net funds provided of ¥19,682 mil in the same period of the previous year. This resulted from cash outflows from (i) increase in trade and other receivables of ¥5,059 mil, (ii) increase in advances paid of ¥5,349 mil, (iii) increase in accrued revenue of ¥2,675 mil and (iv) income tax payments of ¥5,310 mil, which was offset by cash inflows from (i) profit before tax of ¥9,856 mil, (ii) increase in accrued expenses of ¥2,232 mil and (iii) increase in deposits received of ¥25,186 mil.

b. Cash flow from investing activities

Net funds provided by investing activities during the consolidated second quarter under review totaled ¥12,904 mil, compared to the net funds used of ¥12,867 mil for the same period of the previous year. This resulted from cash inflows from (i) withdrawals from restricted deposits of ¥13,763 mil, (ii) withdrawal of deposits to subsidiaries and affiliated companies of ¥16,500 mil which was partially offset by cash outflows from (i) payment into restricted deposits of ¥9,088 mil, (ii) purchase of intangible assets of ¥2,179 mil and (iii) payment into deposits to

subsidiaries and affiliated companies of ¥5,300 mil.

c. Cash flow from financing activities

Net funds used by financing activities over the consolidated second quarter under review was ¥8,338 mil which compares to net funds used of ¥516 mil for the same period of the previous year. This is mainly due to cash inflows from (i) net increase in short term borrowings of ¥1,700 mil and (ii) increase in long term borrowings of ¥2,450 mil which was offset by cash outflows from dividend payouts of ¥12,121 mil.

(3) Review of consolidated earnings forecasts and other forecasts

GMO-PG and its consolidated subsidiaries are positioned within the E-Commerce (EC) market in Japan, and the current B2C EC (E-commerce) market for consumer merchandise is trending sluggishly due to the normalization of economic activities. However, this market is expected to continue to grow over the medium-to-long term helped by favorable externalities such as logistics industry reforms. In addition, continued high growth is expected from the solid progress in online migration for payments in non-merchandise services and sectors that are closely related to daily life such as public utilities, taxes/public dues and medical expenses. In addition, the scope of the EC market itself is expanding driven by the online migration of B2B and C2C transactions.

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

The business environment for the fiscal year ending September 2023 (FY2023) is faced with lingering uncertainty over private consumption caused by rising raw material costs, volatile capital markets and the decline in real wages, despite the positive effects of normalization of economic activities, recovery of inbound (foreign tourists) consumption and rising momentum to wage increases. These factors are expected to continue to negatively affect online payments in the merchandise domain in the near term. On the other hand, the impact to revenues for GMO-PG and its consolidated subsidiaries is expected to be minimal, given the defensive nature of online payments in the non-merchandise domain, in addition to the steady expansion of priority initiatives such as industry-specific DX platforms, BaaS support services to financial institutions and business operators and the next generation payment platform of stera. Furthermore, the temporary occurrence of expenses is being addressed by controlling certain general expenses.

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). The profit line items from profit before income taxes and below are affected, in particular, by the transfer of all the shares of 2C2P Pte. Ltd. (a former equity method affiliate), which resulted in a one-time gain on sale of affiliate accounted for using equity method of ¥16,932 mil. As a result, profit before income taxes is forecast at ¥18,837 mil (down 45.8% YoY) and profit of ¥12,635 mil (down 48.1% YoY) and profit attributable to owners of parent of ¥12,368 mil (down 48.8% YoY).

2. Condensed Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

		(Unit: Thousand Yen)	
	Notes	End of previous consolidated fiscal year (September 30, 2022)	End of Q2 of current consolidated fiscal year (March 31, 2023)
Assets			
Current assets			
Cash and cash equivalents	①	113,967,930	136,406,472
Trade and other receivables	②	13,964,116	19,282,874
Advances paid		54,422,846	59,772,664
Accrued revenue		30,331,694	33,007,264
Inventories		1,532,298	3,144,295
Deposits to subsidiaries and affiliates	③	16,500,000	5,300,000
Other financial assets		12,917,180	7,956,009
Other current assets		620,923	959,779
Total current assets		244,256,990	265,829,360
Non-current assets			
Property, plant and equipment		3,542,380	3,558,303
Goodwill and other intangible assets		6,942,428	8,475,199
Investments accounted for using equity method		8,608,123	8,249,386
Trade and other receivables	②	3,501,426	2,711,049
Other financial assets		5,095,976	5,307,360
Deferred Tax Assets		1,342,570	1,347,229
Other non-current assets		117,283	78,712
Total non-current assets		29,150,189	29,727,240
Total assets		273,407,179	295,556,601

(Unit: Thousand Yen)			
	Notes	End of previous consolidated fiscal year (September 30, 2022)	End of Q2 of current consolidated fiscal year (March 31, 2023)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		5,595,583	6,981,197
Accrued expenses		23,280,877	25,198,323
Deposits received		91,410,677	116,595,878
Borrowings		17,000,000	18,925,000
Other financial liabilities		1,014,590	466,455
Income taxes payable, etc.		4,916,655	3,181,043
Provisions		320,229	539,698
Other current liabilities		4,281,866	3,447,453
Total current liabilities		147,820,480	175,335,050
Non-current liabilities			
Corporate bonds		19,678,403	19,720,974
Borrowings		6,000,000	8,225,000
Other financial liabilities		2,342,950	2,212,908
Provisions		130,576	130,685
Deferred tax liabilities		5,642,475	5,619,399
Other non-current liabilities		2,531,640	2,039,587
Total non-current liabilities		36,326,046	37,948,556
Total liabilities		184,146,527	213,283,606
Equity			
Capital stock		13,323,135	13,323,135
Capital surplus		15,272,474	15,227,481
Retained earnings		49,424,496	43,414,417
Treasury stock		△1,152,444	△1,153,329
Other items of equity		10,255,198	9,124,078
Total equity attributable to owners of parent		87,122,860	79,935,783
Non-controlling interests		2,137,790	2,337,210
Total equity		89,260,651	82,272,994
Total liabilities and equity		273,407,179	295,556,601

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

Condensed consolidated statement of income

(Unit: Thousand yen)			
	Notes	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)
Revenue		24,059,689	30,454,383
(of which, interest income※)		4,582,358	5,573,649
Cost of revenue		△7,706,016	△10,845,249
Gross profit		16,353,672	19,609,134
Other income		122,895	138,085
Selling, general and administrative expenses		△8,184,360	△9,361,960
Other expense		△16,019	△35,029
Operating profit		8,276,188	10,350,230
Financial income		551,127	462,285
Financial expense		△112,382	△953,859
Equity method investment gains or loss		△23,506	△2,285
Profit before income taxes		8,691,427	9,856,370
Income tax expenses		△3,076,122	△3,563,564
Quarterly profit		5,615,305	6,292,805
Quarterly profit attributable to			
Owners of parent		5,518,861	6,129,098
Non-controlling interests		96,443	163,707
Quarterly Profit		5,615,305	6,292,805
Earnings per share (Yen/share)			
Basic earnings per share		72.77	80.81
Diluted earnings per share		72.10	80.02

(※) 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 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)
Quarterly Profit		5,615,305	6,292,805
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Fair value of financial assets measured through other comprehensive income		996,386	45,157
Shares of other comprehensive income of equity method affiliates		4,876,769	△119,218
Total of Items that will not be reclassified to profit or loss		5,873,155	△74,061
Items that will be reclassified to profit or loss			
Exchange differences on translation of foreign operations		785,602	△1,064,106
Shares of other comprehensive income of equity method affiliates		50,258	—
Total of items that will be reclassified to profit or loss		835,860	△1,064,106
Other comprehensive income after income taxes		6,709,016	△1,138,168
Comprehensive income		12,324,321	5,154,636
Comprehensive income attributable to			
Owners of parent		12,228,272	4,997,978
Non-controlling interests		96,048	156,658
Total		12,324,321	5,154,636

(3) Condensed consolidated statement of changes in equity

Second quarter of the previous 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 components 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 or 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

Second quarter of the current consolidated fiscal year (From October 1, 2022 to March 31, 2023)

(Unit: Thousand yen)

Notes	Capital stock	Capital surplus	Retained earnings	Treasury stock	Other items of equity	Total equity attributable to owners of parent	Non-controlling interests	Total Equity
Balance as of October 1, 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	—	—	6,129,098	—	—	6,129,098	163,707	6,292,805
Other comprehensive income	—	—	—	—	△1,131,119	△1,131,119	△7,049	△1,138,168
Quarterly comprehensive income	—	—	6,129,098	—	△1,131,119	4,997,978	156,658	5,154,636
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	—	22,393	—	—	—	22,393	—	22,393
Changes in the interest in controlled subsidiary	—	△67,386	—	—	—	△67,386	145,618	78,231
Other Increase or decrease	—	—	△4,369	—	—	△4,369	—	△4,369
Total transactions with owners	—	△44,993	△12,139,177	△884	—	△12,185,055	42,761	△12,142,294
Balance as of March 31, 2023	13,323,135	15,227,481	43,414,417	△1,153,329	9,124,078	79,935,783	2,337,210	82,272,994

(4) Condensed consolidated statement of cash flows

(Unit: Thousand yen)

	Notes	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)
Net cash provided by (used in) operating activities			
Profit before income taxes		8,691,427	9,856,370
Depreciation & Amortization		1,021,694	1,167,932
Financial income and expense (△=gain)		△438,745	491,573
Equity method investment gain/loss (△=increase)		23,506	2,285
Increase/decrease in inventories (△=increase)		△867,676	△1,611,996
Increase/decrease in trade and other receivables (△=increase)		△844,580	△5,059,409
In/Decrease in advances paid (△=increase)		△3,953,395	△5,349,818
Accrued revenues (△=increase)		△3,639,455	△2,675,833
In/Decrease in trade payables (△=decrease)		468,559	1,362,305
In/Decrease in accrued expenses (△=decrease)		2,153,681	2,232,829
In/Decrease in deposits received (△=decrease)		20,430,508	25,186,724
In/Decrease in other current liabilities (△=decrease)		△291,264	△1,113,538
In/Decrease in other non-current liabilities △=decrease)		31,601	△461,552
Other		△185,113	△427,855
Subtotal		22,600,748	23,600,018
Interest and dividends received		68,496	407,769
Interest paid		△44,319	△71,437
Income taxes paid		△2,942,677	△5,310,850
Net cash provided by (used in) operating activities		19,682,247	18,625,500
Net cash provided by (used in) investing activities			
Payments into restricted deposits		—	△9,088,620
Withdrawals from restricted deposits		—	13,763,269
Purchase of property, plants and equipment		△156,798	△350,731
Purchase of intangible assets		△1,148,108	△2,179,039
Purchase of investment securities		△168,864	△570,754
Proceeds from sale of investment securities		3,519,837	—
Purchase of investments accounted for using equity method		△500,000	—
Proceeds from distribution of investments partnerships		256,352	150,582
Payments into deposits to subsidiaries and affiliates		△16,500,000	△5,300,000
Proceeds from withdrawal of deposits to subsidiaries and affiliates		2,000,000	16,500,000
Purchase of other financial assets		△30,662	△30,417
Proceeds from sales of other financial assets		7,533	402
Others		△146,348	9,516
Net cash provided by (used in) investing activities		△12,867,059	12,904,208

(Unit: Thousand yen)			
	Notes	Q2 FY2022 (From October 1, 2021 to March 31, 2022)	Q2 FY2023 (From October 1, 2022 to March 31, 2023)
Net cash provided by (used in) financing activities			
In/Decrease in short-term borrowings (△=decrease)		4,500,000	1,700,000
Increase in long-term borrowings		—	2,450,000
Repayment of long-term borrowings		△158,515	—
Dividends paid		△4,471,376	△12,121,488
Dividends paid to non-controlling Interests		△89,232	△102,856
Capital contributions from non-controlling interests		25,080	23,890
Other		△322,420	△288,469
Net cash provided by (used in) financing activities		△516,463	△8,338,924
Effect of exchange rate changes on cash and cash equivalents		384,165	△752,242
Increase and decrease in cash and cash equivalents (△=decrease)		6,682,890	22,438,542
Balance of cash and cash equivalents at the beginning of the period	①	104,523,965	113,967,930
Cash and cash equivalents at the end of period	①	111,206,855	136,406,472

(5) Notes regarding the going concern assumptions

N/A

(6) Notes regarding condensed consolidated financial statements

① Cash and cash equivalents

Breakdown of cash and cash equivalents are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2022)	End of Q2 of current consolidated fiscal year (March 31, 2023)
Cash and cash equivalents	109,337,930	130,326,472
Deposits to subsidiaries and affiliates	4,630,000	6,080,000
Total	113,967,930	136,406,472

② Trade and other receivables

Breakdown of trade and other receivables are as follows.

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2022)	End of Q2 of current consolidated fiscal year (March 31, 2023)
Trade and other receivables	6,454,035	8,187,529
Operating loans	10,677,593	13,434,379
Other	457,134	507,749
Provisions for doubtful accounts	△ 123,220	△ 135,734
Total	17,465,542	21,993,924
Current assets	13,964,116	19,282,874
Non-current assets	3,501,426	2,711,049
Total	17,465,542	21,993,924

③ Deposits to subsidiaries and affiliates

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