

## 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:  | <a href="https://www.gmo-pg.com/en/corp/">https://www.gmo-pg.com/en/corp/</a> |
| Representative:   | Issei Ainoura                                  | President & Chief Executive Officer                 |   |
| Contact:  | Ryu Muramatsu                                  | Director, Executive Vice President                  | Tel: +81-3-3464-0182  |
| 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<br>(including treasury stock) | Q2 FY2022: 76,557,545 | FY 2021: 76,557,545 |
|--|-----------------------|---------------------|

|  |                    |                  |
|--|--------------------|------------------|
| [2] Number of treasury shares at the end of the term | Q2 FY2022: 714,996 | FY 2021: 714,996 |
|--|--------------------|------------------|

|  |                       |                       |
|--|-----------------------|-----------------------|
| [3] Average number of shares during the term | Q2 FY2022: 75,842,549 | Q2 FY2021: 73,968,193 |
|--|-----------------------|-----------------------|

(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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>to March 31, 2022) | Rate of change (%) |
|---|--|--|--------------------|
| Initial<br>(Initial revenue)                      | 2,008,236  | 3,163,554  | 57.5               |
| Stock<br>(Fixed revenue)                          | 3,133,056  | 3,799,000  | 21.3               |
| Fee<br>(Transaction processing<br>revenue)        | 5,273,118  | 6,428,423  | 21.9               |
| Spread<br>(Merchant acquiring service<br>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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>to March 31, 2022) | Rate of change<br>(%) |
|------------------------------|--|--|-----------------------|
| 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<br>(Online billing and recurring billing) | GMO Payment Gateway, Inc.<br>GMO Epsilon, Inc. (consolidated subsidiary)   |
|                              | Payment processing service<br>(Offline)                              | GMO Financial Gate, Inc. (consolidated subsidiary)                         |
| Money Service Business       | GMO Payment After Delivery   | GMO Payment Service, Inc.<br>(consolidated subsidiary)                     |
|                              | Remittance service   | GMO Payment Gateway, Inc.<br>GMO Epsilon, Inc. (consolidated subsidiary)   |
|                              | Transaction lending  | GMO Payment Gateway, Inc.<br>GMO Epsilon, Inc. (consolidated subsidiary)   |
|                              | Overseas Lending   | GMO Payment Gateway, Inc.  |
|                              | Early Payment service  | GMO Payment Gateway, Inc.<br>GMO Epsilon, Inc. (consolidated subsidiary)   |
| Payment Enhancement Business | Online Advertising   | GMO Payment Gateway, Inc.  |
|                              | Medical Kakumei byGMO  | GMO Medical Reservations Technology Co., Ltd.<br>(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<br>fiscal year<br>(September 30, 2021) | End of Q2 of current<br>consolidated fiscal year<br>(March 31, 2022) |
| <b>Assets</b>                                    |       |   |  |
| <b>Current assets</b>                            |       |   |  |
| 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  |
| <b>Total current assets</b>                      |       | <b>189,503,084</b>  | <b>222,308,355</b>   |
| <b>Non-current assets</b>                        |       |   |  |
| 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<br>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   |
| <b>Total non-current assets</b>                  |       | <b>25,952,808</b>   | <b>29,948,855</b>  |
| <b>Total assets</b>                              |       | <b>215,455,892</b>  | <b>252,257,211</b>   |

|  | (Unit: Thousand yen)  |  |
|--|---|--|
| Notes  | End of previous consolidated<br>fiscal year<br>(September 30, 2021) | End of Q2 of current<br>consolidated fiscal year<br>(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<br>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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>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<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>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<br>(△=increase)                   | 61,091   | 23,506   |
| Increase/decrease in inventories<br>(△=increase)                     | △422,334   | △867,676   |
| Increase/decrease in operating and<br>other receivables (△=increase) | △1,624,043   | △844,580   |
| In/Decrease in advances paid<br>(△=increase)                         | △11,517,702  | △3,953,395   |
| Accrued revenues (△=increase)  | △556,097   | △3,639,455   |
| In/Decrease in operating payables<br>(△=decrease)                    | 570,370  | 468,559  |
| In/Decrease in accrued expenses<br>(△=decrease)                      | 157,424  | 2,153,681  |
| In/Decrease in deposits received<br>(△=decrease)                     | 6,290,468  | 20,430,508   |
| In/Decrease in other current liabilities<br>(△=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)<br>operating activities               | △2,113,749   | 19,682,247   |
| Net cash provided by (used in) investing activities                  |  |  |
| Purchase of property, plants and<br>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<br>securities                       | 489,922  | 3,519,837  |
| Purchase of investments accounted<br>for using equity method         | —  | △500,000   |
| Proceeds from redemption of<br>investments partnerships              | 46,842   | 256,352  |
| Payments into deposits to<br>subsidiaries and affiliates             | △2,000,000   | △16,500,000  |
| Proceeds from w/drawal of deposits<br>to subsidiaries and affiliates | 5,000,000  | 2,000,000  |
| Purchase of other financial assets                                   | △63  | △30,662  |
| Proceeds from sales of other<br>financial assets                     | 700,164  | 7,533  |
| Others   | 18,037   | △146,348   |
| Net cash provided by (used in)<br>investing activities               | 3,422,545  | △12,867,059  |



(Unit: Thousand yen)

|   | Notes | Q2 FY2021<br>(From October 1, 2020<br>to March 31, 2021) | Q2 FY2022<br>(From October 1, 2021<br>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<br>fiscal year<br>(September 30, 2021) | End of Q2 of current<br>consolidated fiscal year<br>(March 31, 2022) |
|--|---|--|
| Cash and cash equivalents                  | 81,593,965  | 106,106,855  |
| Deposits to subsidiaries<br>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<br>fiscal year<br>(September 30, 2021) | End of Q2 of current<br>consolidated fiscal year<br>(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<br>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.