

## Fiscal Year 2023 First Quarter Consolidated Financial Results (Japanese GAAP)

May 11, 2023

Name of Listed Company: GMO Internet Group, Inc. Exchange Listing: Tokyo Stock Exchange

Stock Code: 9449

URL: <https://www.gmo.jp/en>

Representative: Masatoshi Kumagai, Founder, Chairman and Group CEO

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Date of Quarterly Report Release: May 15, 2023 Start Date of Dividend Payout: June 15, 2023

Supplementary documents available pertaining to quarterly financial results: Yes

Quarterly results briefing: Yes (live stream only and Q&amp;A session for institutional investors)

(all amounts rounded down to the nearest million yen)

### 1. First Quarter Financial Results in the Year Ending December 2023 (01.01.2023 - 03.31.2023)

#### (1) Consolidated Operating Results (percentages shown represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Three months ended								
March 31, 2023	65,593	17.0	10,990	-1.2	11,933	-1.4	3,931	-38.9
March 31, 2022	56,065	-8.5	11,128	-10.8	12,099	-10.7	6,431	13.7

(Note) Comprehensive Income: March 31, 2023: 7,193 million (-36.1%), March 31, 2022: 11,265 million (-13.3%)

	Net Profit per Share	Net Profit per Share (Diluted)
Three months ended	¥	¥
March 31, 2023	36.83	36.52
March 31, 2022	59.32	58.90

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
March 31, 2023	1,624,445	161,059	4.6
December 31, 2022	1,542,740	154,688	4.7

(Reference) Shareholders' Equity: March 31, 2023: ¥75,439 million; December 31, 2022: ¥72,176 million

### 2. Dividends

	Annual Dividends				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
Year Ended 12/2022	19.60	28.00	0.00	0.00	47.60
Year Ending 12/2023	12.20				
Year Ending 12/2023 (forecast)		—	—	—	—

### 3. Consolidated Results Forecast for the Year Ending December 31, 2023 (01.01.2023 – 12.31.2023)

As the Group's business "Internet Finance business," "Cryptoassets business" and "Incubation business" are affected by economic conditions, financial markets, cryptoassets and other market conditions, it is difficult to forecast business performance, and therefore we do not disclose consolidated business results and dividend forecast. GMO Financial Holdings Co., Ltd., our subsidiary, discloses sales indicators, such as foreign exchange transaction volume, stock brokerage trading value, CFD trading value, cryptoasset trading value and the number of customer accounts, and operating revenue on a monthly basis.

\*Notes

(1) Changes to significant subsidiaries in the current term: No

(2) Special accounting treatments used in preparation of the quarterly consolidated financial statements:  
None

(3) Changes in accounting policy, changes in accounting estimates, restatements

1. Changes resulting from revisions to accounting standard, etc.: Yes

2. Changes other than those specified above: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of Outstanding Shares (Common Shares)

(Unit: shares)

1. Outstanding shares at period end (inc. treasury)

Q1 FYE 12/2023	110,113,337	FYE 12/2022	110,704,401
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2. Treasury shares at period end

Q1 FYE 12/2023	3,388,544	FYE 12/2022	3,979,562
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3. Average number of shares during the period

Q1 FYE 12/2023	106,724,838	Q1 FYE 12/2022	108,415,437
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\*Quarterly financial results are not subject to quarterly review by independent auditors.

\*Note regarding the appropriate use of result forecasts and other items

Although the Company aims to pay dividends quarterly with a payout ratio of 33% to net income attributable to owners of the parent, because it is difficult to forecast business performance, the amount of dividend forecast is yet to be determined at this time. We will promptly disclose dividend forecast when it becomes available.

On May 11, 2023, we plan to stream a financial results briefing live. The presentation and explanation (voice) along with explanatory materials used on the day will be posted on our company website (<https://ir.gmo.jp/en/>) promptly after the meeting.

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## 1. Qualitative Information Related to Financial Results

### (1) Operating results

#### ◆ Overview of the Financial Results for the Three Months Ended March 31, 2023

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Net Sales	56,065	65,593	9,527	17.0%
Operating Profit	11,128	10,990	-137	-1.2%
Ordinary Profit	12,099	11,933	-166	-1.4%
Profit Attributable to Owners of the Parent	6,431	3,931	-2,499	-38.9%

Under the corporate slogan “Internet for Everyone” GMO Internet Group has consistently focused resources on the service to provide internet and service infrastructure since its foundation in 1995. With the increased usage of the Internet, the volume of information available on the Internet and the volume of transactions conducted over the Internet have increased exponentially, which has opened new business opportunities for the Group one after another, and as a result, the Group reported increases both in net sales and profit for the year ended December 31, 2022, marking its 14th straight yearly increase.

While there are signs of economic recovery following the implementation of the countermeasures to prevent the spread of COVID-19, the progress of Digital Transformation (DX) and the spread of online consumption have become an irreversible trend, and we believe the need for our services continues to increase.

Amidst such a business environment, (1) the Internet Infrastructure segment, comprising many of Japan’s No.1 services, reported record quarterly earnings with the expansion of customer base, boosted by steady growth mainly in Payment and Security thanks to large orders related to sales of cashless payment terminals and year-end demand in the cybersecurity business. (2) In the Online Advertising & Media segment, while revenue increased mainly in in-house products and our own media, profit decreased due partly to a temporary increase in advertising distribution costs. (3) In the Internet Finance segment, both FX and CFD showed strong growth, which contributed to a high level of revenue exceeding FY2022 Q1 which reported strong results due to fluctuations in resource prices. (4) The Cryptoassets segment continues to experience a severe environment as the trading in the overall cryptoasset market has been sluggish.

As a result, for the three months ended March 31, 2023, the Group recorded net sales of ¥65,593 million (up 17.0% year-on-year), operating profit of ¥10,990 million (down 1.2% year-on-year), ordinary profit of ¥11,933 million (down 1.4% year-on-year) and net profit attributable to owners of the parent of ¥3,931 million (down 38.9% year-on-year).

Net Sales and Operating Profit by Segment for the Three Months Ended March 31, 2023

(Unit: ¥millions)

	Previous Q1	Current Q1	Change	% Change
Internet Infrastructure				
Net Sales	34,759	42,161	7,402	21.3%
Operating Profit	6,283	6,994	711	11.3%
Online Advertising & Media				
Net Sales	7,892	8,904	1,011	12.8%
Operating Profit	927	668	-259	-28.0%
Internet Finance				
Net Sales	10,796	12,792	1,995	18.5%
Operating Profit	3,650	3,762	112	3.1%
Cryptoassets				
Net Sales	2,062	1,202	-860	-41.7%
Operating Profit	159	-338	-497	—
Incubation				
Net Sales	536	195	-341	-63.7%
Operating Profit	252	108	-143	-57.0%
Other				
Net Sales	835	1,447	612	73.3%
Operating Profit	-90	-122	-32	—
Adjustment				
Net Sales	-817	-1,110	-292	—
Operating Profit	-53	-80	-27	—
Total				
Net Sales	56,065	65,593	9,527	17.0%
Operating Profit	11,128	10,990	-137	-1.2%

1) Internet Infrastructure

The Internet Infrastructure segment provides basic and service infrastructure for customers operating business in an online environment. Domain, hosting & cloud, ecommerce solutions, payment and security - the five major businesses in this segment – are all developed and offered in-house and each holds top share in their respective markets in Japan. In addition, the segment includes consumer Internet provider services. The following is a breakdown of results in each of the businesses comprising this segment.

i. Domain

Positioned as a gateway to the Group's infrastructure segment, the domain business continues to grow its customer base with a low-pricing strategy mainly through the Company and GMO Pepabo. The number of domain registration and renewals during the three months ended March 31, 2023 was 1.59 million (up 24.0% year-on-year), the total number of domains under management as of March 31, 2023 was 7.18 million (down 1.4% year-on-year) and net sales were ¥2,291 million (up 3.2% year-on-year).

ii. Hosting & cloud

The hosting & cloud business responds to growing diversification of client needs through shared, dedicated, VPS and cloud-based offerings under a multi-brand strategy mainly through the Company, GMO GlobalSign Holdings and GMO Pepabo. Thanks to the favorable growth in sales of retail server, the number of web hosting contracts as of March 31, 2023 was 1,117 thousand (up 2.2% year-on-year) and net sales were ¥4,810 million (up 7.3% year-on-year).

iii. Ecommerce solutions

Ecommerce solutions are offered mainly by GMO Pepabo and GMO MAKESHOP and comprises EC platforms that provide platforms for online stores, *minne*, a C2C handmade market, *SUZURI*, an

original merchandise production/sales service, and O2O support service.

In EC platform, the number of paid stores as of March 31, 2023 decreased 12.1% year-on-year to 56 thousand despite an increase in the number of users of the free plan of *Color me shop* that allows to open an online store without a monthly fee. The total transaction volume was ¥120.8 billion (down 1.4% year-on-year) due to the impact of the change in the consumption trends on *Color me shop*. *minne* was also affected by the change in the consumption trends, and the total transaction volume decreased by 9.7% year-on-year to ¥3.7 billion. On the other hand, *Makeshop* which offers high-price plans showed strong growth, and net sales were ¥3,995 million (up 12.2% year-on-year).

#### iv. Security

This business offers security services to provide secure and safe Internet for everyone, including digital certification security such as SSL server certificates and *e-contract service GMO Sign* provided mainly through GMO GlobalSign Holdings, cybersecurity provided by GMO Cybersecurity by Ierae, and brand security provided by GMO BRAND SECURITY. Results of GMO Cybersecurity by Ierae are included in the consolidated results from the three months ended June 30, 2022.

Sales in *e-contract service GMO Sign* showed strong growth, with large increases in the number of customers and contract transmission. GMO Cybersecurity by Ierae also showed favorable growth due to demand towards the year-end. As a result, this sub-segment reported net sales of ¥4,658 million (up 83.8% year-on-year).

#### v. Payment

Payment services are mainly operated by GMO Payment Gateway and offer comprehensive payment-related service and finance-related services. The payment-related service showed favorable growth due to steady expansion of the Ecommerce market in online/recurring payments and an increase in the number of stores using a next-generation payment platform “*stera*” terminal in the face-to-face payments. As a result, the number of transactions and the transaction volume increased, and net sales increased to ¥15,386 million (up 27.9% year-on-year).

#### vi. Provider

In this sub-segment, the Company offers Internet provider services for consumers. The number of subscriptions at March 31, 2023 was 2.26 million (up 1.0% year-on-year) and net sales were ¥10,011 million (up 6.3% year-on-year) due to strong growth in the fixed line service.

Overall, the Internet Infrastructure segment recorded net sales of ¥42,161 million (up 21.3% year-on-year) and operating profit of ¥6,994 million (up 11.3% year-on-year), hitting a quarterly record high.

## 2) Online Advertising & Media

The Online Advertising & Media segment provides marketing solutions for online businesses. The following is a breakdown of results in each of the businesses comprising this segment.

#### i. Online advertising

This sub-segment provides comprehensive Internet advertising services such as advertising agency and ad platform mainly through GMO AD Partners and GMO TECH. The transaction volume increased as advertising demand increased in anticipation of the economic activities returning to those with face-to-face services and also because it coincided with the peak season of certain industries. Our own affiliate advertising also showed solid growth. As a result, net sales amounted to ¥4,628 million (up 20.8% year-on-year).

#### ii. Internet media

This sub-segment provides advertising space through operation of our own media and the marketing support services mainly through GMO Media. Thanks to increases in pageviews and the number of customers of our own media, net sales amounted to ¥2,856 million (up 5.5% year-on-year).

Overall, net sales in the Online Advertising & Media segment increased to ¥8,904 million (up 12.8% year-on-year), but operating profit decreased to ¥668 million (down 28.0% year-on-year) due to increased outsourcing costs in response to an expansion of the transaction volume and a temporary

increase in advertising distribution costs.

### 3) Internet Finance

The Internet Finance segment provides online financial services for retail investors mainly through GMO Click Securities, a consolidated subsidiary of GMO Financial Holdings. The customer base continues to expand, with the number of OTC FX accounts increasing to 1,441 thousand (up 4.1% year-on-year) and the number of securities accounts increasing to 511 thousand (up 5.0% year-on-year). The OTC FX improved profitability compared to FY2022 Q1 through enhanced efforts to improve profitability while maintaining the transaction volume at the high level. CFD posted an increase in revenue thanks to the thriving commodity market while trading value decreased year-on-year. Meanwhile, profit increased year-on-year only slightly due to recognition of provision of allowance for doubtful debts of approximately ¥1.5 billion related to the securities business in Thailand.

Overall, the Internet Finance segment recorded net sales of ¥12,792 million (up 18.5% year-on-year) and operating profit of ¥3,762 million (up 3.1% year-on-year).

### 4) Cryptoassets

The Cryptoassets segment operates businesses pertaining to “mining” and “exchange” of cryptoassets. Performance of each business is as follows.

#### i. Cryptoassets mining

The Cryptoassets mining business runs mining centers. Profitability decreased year-on-year due to increased hash rates, and net sales amounted to ¥278 million (down 67.5% year-on-year).

#### ii. Cryptoassets exchange

This sub-segment is engaged primarily in spot trading and leveraged transactions of cryptoassets mainly through GMO Coin, a consolidated subsidiary of GMO Financial Holdings. The customer base expanded with the number of customer accounts as of March 31, 2023 increasing to 559 thousand (up 11.7% year-on-year). On the other hand, because of a decline in the trading value due to the sluggish trends in the cryptoasset market, net sales decreased to ¥921 million (down 14.6% year-on-year).

Overall, the Cryptoassets segment reported year-on-year decrease in both net sales and profit with net sales of ¥1,202 million (down 41.7% year-on-year) and operating loss of ¥338 million (operating profit of ¥159 million for the three months ended March 31, 2022).

### 5) Incubation

This segment is engaged in investing in domestic and overseas internet related companies aimed at capital gains, supporting business expansion, and supporting corporate value improvement mainly through GMO Venture Partners. Net sales were ¥195 million (down 63.7% year-on-year), and operating profit was ¥108 million (down 57.0% year-on-year) due to sales of shareholdings.

(Reference1) Changes in Operating Results and Financial Condition by Quarter

(Unit: ¥millions)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Net sales	56,065	69,490	57,578	62,561	65,593
Operating profit	11,128	19,812	7,069	5,736	10,990
Ordinary profit	12,099	21,382	8,955	3,586	11,933
Profit attributable to owners of the parent	6,431	9,074	-1,651	-644	3,931
Total assets	1,487,484	1,433,731	1,545,403	1,542,740	1,624,445
Shareholders' equity	70,415	78,904	74,209	72,176	75,439

(Reference2)

Table: Quarterly Results by Segment

I Net Sales by Segment

(Unit: ¥millions)

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Internet Infrastructure					
Provider (ISP)	9,420	9,606	10,009	9,944	10,011
Domain	2,221	2,244	2,379	2,130	2,291
Hosting & cloud	4,484	4,569	4,693	4,703	4,810
Ecommerce solutions	3,559	3,622	3,846	4,173	3,995
Security	2,534	3,090	3,285	3,838	4,658
Payment	12,025	12,657	13,108	14,579	15,386
Other	512	874	749	1,174	1,007
Total	34,759	36,666	38,074	40,544	42,161
Online Advertising & Media					
Online advertising	3,831	4,937	5,076	4,755	4,628
Internet media	2,707	2,401	2,598	2,613	2,856
Internet research & other	1,353	1,174	1,211	1,401	1,418
Total	7,892	8,512	8,886	8,770	8,904
Internet Finance					
Total	10,796	10,363	10,002	11,389	12,792
Cryptoassets					
Cryptoassets exchange	1,078	890	527	1,654	921
Cryptoassets mining	856	394	241	270	278
Cryptoassets payment	127	10	6	154	2
Total	2,062	1,294	775	2,079	1,202
Incubation					
Total	536	12,856	0	0	195
Sub total	56,047	69,693	57,738	62,783	65,255
Other	835	865	903	958	1,447
Adjustment	-817	-1,068	-1,063	-1,181	-1,110
Net Sales	56,065	69,490	57,578	62,561	65,593

II Operating Profit by Segment

	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Internet Infrastructure	6,283	5,586	4,753	5,363	6,994
Online Advertising & Media	927	547	737	-24	668
Internet Finance	3,650	2,975	2,683	-17	3,762
Cryptoassets	159	-397	-821	717	-338
Incubation	252	10,162	-96	-223	108
Sub total	11,272	18,874	7,256	5,816	11,194
Other	-90	-3	-85	-60	-122
Adjustment	-53	941	-101	-20	-80
Operating Profit	11,128	19,812	7,069	5,736	10,990



(Reference3)

Description of businesses in each segment

Business Segment	Main Operations	
Internet Infrastructure	Domain	<ul style="list-style-type: none"> <li>• Domain registry services including “.shop” and “.tokyo”</li> <li>• Domain registrations services: Onamae.com, MuuMuu Domain, and VALUE-DOMAIN</li> </ul>
	Hosting & cloud	<ul style="list-style-type: none"> <li>• Provision, operation, management, and maintenance of shared, VPS, dedicated and cloud-based web hosting services including Onamae.com Rental Server, ConoHa by GMO, Z. com Cloud, GMO Cloud VPS, GMO Cloud ALTUS, GMO Cloud Private, Lolipop!, heteml, and 30days Album</li> </ul>
	Ecommerce solutions	<ul style="list-style-type: none"> <li>• Operation of EC platform to set up net shop offered by Color me shop and MakeShop.</li> <li>• Operation of C2C handmade marketplace “minne”</li> <li>• Operation of production/sales service of original merchandise including SUZURI and canvath</li> <li>• Operation of ecommerce/O2O support services, etc.</li> <li>• Operation of OMAKASE, reservation management service for restaurants</li> <li>• Web design, operational support and system consulting, etc.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>• DomainSSL, OrganizationSSL, and other SSL certificates, code signing certificates, PDF document signing, client certificates and other digital certificate services</li> <li>• e-contract service “e-contract service GMO Sign”</li> <li>• Cybersecurity service including vulnerability assessment of web and smartphone applications, penetration test and security incident response</li> <li>• Brand security service including brand protection measures, detection and elimination of fake products, provision of trademark management system, and acquisition and management of domain name</li> </ul>
	Payment	<ul style="list-style-type: none"> <li>• PG Multi-Payment Service for mail order and ecommerce business, comprehensive payment processing services for public sector, and finance-related service including early payment service, transaction lending, and GMO payment after delivery</li> </ul>
	Provider	<ul style="list-style-type: none"> <li>• GMO TokuToku BB and other Internet provider services.</li> </ul>
Online Advertising & Media	Online advertising	<ul style="list-style-type: none"> <li>• Comprehensive online advertising service including listing, mobile and ad networks, reward advertising, affiliate advertising.</li> <li>• Advertising planning and production</li> </ul>
	Internet media	<ul style="list-style-type: none"> <li>• Operation of online media such as community site for teenage girls “prican,” programming educational portal “coeteko,” point site “Point Town,” game platform “gesoten,” joint purchase coupon site “Kumapon” and aesthetic medical ticket purchase site “KIREIPASS,” life information site for career women “michill” and ad distribution to own media</li> <li>• SEM Media: Sales of SEO.</li> </ul>
	Internet research & other	<ul style="list-style-type: none"> <li>• Provision of Internet research systems, management and operation of research panel including GMO Research Cloud Panel</li> </ul>
Internet Finance	Internet finance	<ul style="list-style-type: none"> <li>• Operation of online securities trading, FX trading, CFD trading, etc.</li> </ul>
Cryptoassets	Cryptoassets exchange	<ul style="list-style-type: none"> <li>• Spot trading and leveraged transactions of cryptoassets, etc.</li> </ul>
	Cryptoassets mining	<ul style="list-style-type: none"> <li>• Operation of mining centers</li> </ul>
	Cryptoassets payment	<ul style="list-style-type: none"> <li>• Issuance and redemption of stablecoin “GYEN” and “ZUSD”</li> </ul>
Incubation	Venture capital	<ul style="list-style-type: none"> <li>• Investment in private Internet startups</li> </ul>

## (2) Financial condition

### Assets, Liabilities and Net Assets

#### (Assets)

As of March 31, 2023, total assets increased ¥81,704 million from December 31, 2022 to ¥1,624,445 million. Major factors included an increase of ¥16,892 million in cash and deposits, an increase of 41,766 million in cryptoassets under custody, an increase of ¥10,975 million in various assets due to fluctuations in customer assets in the Securities segment (deposits, margin transaction assets, loan secured by securities, short-term guarantee deposits and variation margin paid) and an increase of ¥4,533 million in tangible fixed assets.

#### (Liabilities)

As of March 31, 2023, total liabilities increased ¥75,333 million from December 31, 2022 to ¥1,463,385 million. Major factors included an increase of ¥19,800 million in bonds, an increase of ¥41,049 million in deposits received for cryptoassets and an increase of ¥17,133 million in various liabilities due to fluctuations in customer assets in the Securities segment (deposits received, margin transaction liability, guarantees received, variation margin received, and loans payable secured by securities).

#### (Net Assets)

As of March 31, 2023, total net assets increased ¥6,370 million from December 31, 2022 to ¥161,059 million. Major factors included an increase of ¥2,421 million in earned surplus (consisting of an increase from recording profit attributable to owners of the parent totaling ¥3,931 million and a decrease from retirement of treasury stock of ¥1,510 million), an increase of ¥3,103 million in non-controlling interests, and a decrease of ¥1,509 million due to acquisition and retirement of treasury stock.

## (3) Consolidated results forecast and other forward-looking information

For the fiscal year ending December 31, 2023, the Group plans to increase both net sales and operating profit, mainly in Internet Infrastructure segment. Meanwhile, there are certain factors that cannot be reasonably predicted at this point, including: (1) fluctuation of cryptoasset prices and global hash rate trends in Cryptoassets business, (2) potential impact of economic situations and market conditions in Internet Finance segment, and (3) when and how much capital gains will be realized in Incubation segment. Accordingly, we do not disclose the consolidated results forecast for the fiscal year ending December 31, 2023.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheet

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2022)	1st Quarter Current Fiscal Year (As of Mar 31, 2023)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	341,970	358,863
Trade notes, accounts receivable and contract assets	33,963	36,257
Operational investment securities	11,724	12,161
Cryptoassets under custody	61,751	103,518
Securities segment deposits	486,478	498,334
Securities segment margin transaction assets	143,065	140,058
Securities segment loan secured by securities	12,695	19,017
Securities segment short term guarantee deposits	73,975	70,923
Securities segment variation margin paid	94,219	93,076
Other	156,759	156,675
Allowance for doubtful debts	-8,590	-5,140
<b>Total Current Assets</b>	<b>1,408,015</b>	<b>1,483,746</b>
<b>Fixed Assets</b>		
Tangible fixed assets	45,825	50,358
<b>Intangible fixed assets</b>		
Goodwill	17,708	17,217
Software	11,472	11,613
Other	16,756	17,296
<b>Total intangible fixed assets</b>	<b>45,936</b>	<b>46,127</b>
<b>Investments and other assets</b>		
Investment securities	29,780	29,755
Deferred tax asset	4,053	4,399
Other	9,791	16,413
Allowance for doubtful debts	-662	-6,355
<b>Total investments and other assets</b>	<b>42,963</b>	<b>44,212</b>
<b>Total Fixed Assets</b>	<b>134,725</b>	<b>140,698</b>
<b>Total Assets</b>	<b>1,542,740</b>	<b>1,624,445</b>

(Unit: ¥millions)

	Previous Fiscal Year (As of Dec 31, 2022)	1st Quarter Current Fiscal Year (As of Mar 31, 2023)
<b>Liabilities</b>		
Current Liabilities		
Trade notes and accounts payable	14,430	14,304
Short term debt	222,018	185,923
Current portion of bonds	-	200
Amount payable	47,075	41,264
Deposits received for cryptoassets	61,734	102,784
Securities segment deposits received	53,573	50,572
Securities segment margin transaction liability	35,929	46,981
Securities segment guarantees received	554,407	556,798
Securities segment variation margin received	11,259	8,217
Securities segment loans payable secured by securities	26,233	35,966
Accrued corporate tax, etc.	7,324	10,200
Allowance for bonuses	2,293	1,421
Allowance for bonuses to directors	657	296
Allowance for contract loss	6,341	6,341
Advance payment received	3,195	3,258
Contract liabilities	18,314	19,518
Deposits received	122,657	121,078
Other	20,202	20,196
<b>Total Current Liabilities</b>	<b>1,207,649</b>	<b>1,225,325</b>
Fixed Liabilities		
Bonds	51,000	70,800
Convertible bonds with equity warrants	20,770	20,715
Long term debt	97,373	135,256
Deferred tax liability	1,319	1,288
Other	8,988	9,052
<b>Total Fixed Liabilities</b>	<b>179,451</b>	<b>237,112</b>
Statutory Reserve		
Financial instruments transaction liability reserve	949	948
<b>Total Statutory Reserve</b>	<b>949</b>	<b>948</b>
<b>Total Liabilities</b>	<b>1,388,051</b>	<b>1,463,385</b>
<b>Net Assets</b>		
Shareholders' Equity		
Capital stock	5,000	5,000
Capital surplus	33,280	33,259
Earned surplus	37,730	40,152
Treasury stock	-10,166	-8,656
<b>Total Shareholders' Equity</b>	<b>65,843</b>	<b>69,754</b>
Accumulated Other Comprehensive Income		
Other securities valuation differences	3,397	2,518
Deferred hedging profit/loss	48	-104
Foreign currency translation adjustments	2,886	3,271
<b>Total Accumulated Other Comprehensive Income</b>	<b>6,332</b>	<b>5,684</b>
Equity Warrants	43	46
Non-controlling Interests	82,469	85,572
<b>Total Net Assets</b>	<b>154,688</b>	<b>161,059</b>
<b>Total Liabilities and Net Assets</b>	<b>1,542,740</b>	<b>1,624,445</b>

## (2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statement of income  
1st Quarter

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to March 2022)	1st Quarter Current Fiscal Year (3 months to March 2023)
Net Sales	56,065	65,593
Cost of Sales	21,788	27,180
Gross Profit on Sales	34,276	38,412
Sales, General & Administrative Expenses	23,148	27,421
Operating Profit	11,128	10,990
Non Operating Revenue		
Dividends received	299	325
Foreign exchange gain	789	66
Gain on investments in partnership	61	292
Other	207	1,072
Total Non Operating Revenue	1,358	1,757
Non Operating Expenses		
Interest paid	177	342
Commission paid	22	184
Bond issuance cost	—	154
Equity method investment losses	154	73
Other	33	58
Total Non Operating Expenses	387	814
Ordinary Profit	12,099	11,933
Extraordinary Profit		
Gain on sale of investment securities	2,489	44
Reversal of financial instruments transaction liability reserve	—	1
Other	11	0
Total Extraordinary Profit	2,501	46
Extraordinary Loss		
Provision of financial instruments transaction liability reserve	2	—
Loss on disposal of fixed assets	3	14
Other	—	0
Total Extraordinary Loss	5	14
Net Profit before Adjustment for Tax, etc.	14,596	11,965
Corporate, Municipal and Enterprise Taxes	4,320	4,437
Corporate Tax etc. Adjustment	-329	21
Total Corporate Taxes, etc.	3,991	4,458
Net Profit	10,604	7,507
Profit attributable to Non-controlling Interests	4,173	3,575
Profit attributable to Owners of the Parent	6,431	3,931

Quarterly consolidated statement of comprehensive income  
1st Quarter

(Unit: ¥millions)

	1st Quarter Previous Fiscal Year (3 months to March 2022)	1st Quarter Current Fiscal Year (3 months to March 2023)
Net Profit	10,604	7,507
Other Comprehensive Income		
Other securities valuation differences	-954	-1,056
Deferred hedging profit/loss	-	-228
Foreign currency translation adjustments	1,572	884
Share of other comprehensive income of associates accounted for using equity method	42	86
Total other comprehensive income	661	-313
Comprehensive Income	11,265	7,193
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,473	3,283
Comprehensive income attributable to non-controlling interests	3,792	3,909

(3) Notes regarding the quarterly consolidated financial statements

(Notes regarding the going concern assumption)

Not applicable.

(Notes regarding changes impacting shareholders' equity)

Pursuant to the resolution at the Board of Directors meeting held on February 13, 2023, the Company retired 591,064 shares of treasury stock, which resulted in decreases in earned surplus and treasury stock of ¥1,510 million, respectively.

As a result, earned surplus and treasury stock as of March 31, 2023 were ¥40,152 million and ¥8,656 million, respectively.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

On January 1, 2023, the Company applied "Implementation Guidance on Accounting Standard for Fair Value Measurement" (Accounting Standards Board of Japan ("ASBJ") Guidance No.31, June 17, 2021, "Implementation Guidance on Accounting Standard for Fair Value Measurement"), and the new accounting policies stipulated in the Implementation Guidance on Accounting Standard for Fair Value Measurement are applied prospectively pursuant to the transitional treatment stipulated by Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. The application had no impact on the quarterly consolidated financial statements.

(Additional information)

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

Effective January 1, 2023, the Company and its certain domestic consolidated subsidiaries transitioned from the consolidated taxation system to the group tax sharing system and accordingly follow "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force (PITF) No.42, August 12, 2021, "PITF No.42") for accounting treatment and disclosure of corporate tax, local corporate tax and tax effect accounting. Based on Paragraph 32 (1) of PITF No.42, the Company believes that there is no impact of the changes in accounting policies as a result of the application of PITF No.42.

(Segment Information, etc.)

【Segment information】

I 1st Quarter of Previous Fiscal Year (01.01.2022-03.31.2022)

1. Information relating to net sales and profit or loss by reportable segment

(Unit: ¥millions)

	Reportable Segment						Other (*i)	Adjustment (*ii)	Consolidated P/L (*iii)
	Internet Infrastructure	Online Ad & Media	Internet Finance	Cryptoassets	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	34,489	7,432	10,791	2,062	536	55,312	752	—	56,065
Intersegment transactions or transfer	269	460	5	—	—	734	82	-817	—
Total	34,759	7,892	10,796	2,062	536	56,047	835	-817	56,065
Segment Profit/Loss	6,283	927	3,650	159	252	11,272	-90	-53	11,128

\*Notes

- i. “Other” represents real estate leasing, mobile entertainment and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-53 million) is an elimination of intersegment transactions.
- iii. Segment profit/loss is based on operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets or goodwill, etc. by reporting segment

(Significant change in goodwill)

The Internet Infrastructure segment acquired shares of GMO Cybersecurity by Ierae, Inc. and included the company in the scope of consolidation, which resulted in the recognition of goodwill. The resulting increase in goodwill during the three months ended March 31, 2022 was ¥7,606 million. The amount of goodwill reflects the review after the provisional accounting treatment for the business combination was finalized.

II 1st Quarter of Current Fiscal Year (01.01.2023-03.31.2023)

1. Information relating to net sales and profit or loss by reportable segment

(Unit: ¥millions)

	Reportable Segment						Other (*i)	Adjustment (*ii)	Consolidated P/L (*iii)
	Internet Infrastructure	Online Ad & Media	Internet Finance	Cryptoassets	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	41,809	8,261	12,787	1,202	195	64,255	1,337	—	65,593
Intersegment transactions or transfer	351	642	5	—	—	999	110	-1,110	—
Total	42,161	8,904	12,792	1,202	195	65,255	1,447	-1,110	65,593
Segment Profit/Loss	6,994	668	3,762	-338	108	11,194	-122	-80	10,990

\*Notes

- i. “Other” represents real estate leasing, mobile entertainment and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-80 million) is an elimination of intersegment transactions.
- iii. Segment profit/loss is based on operating profit in the quarterly consolidated statement of income.



(Significant subsequent event)  
Not applicable.