



## Summary of Consolidated Financial Statements for the First Quarter FY2023 (Based on Japanese GAAP)

February 13, 2023

Name of listed company: GMO Financial Gate, Inc Exchange: Tokyo Stock Exchange Growth  
 Stock code: 4051 URL: <https://gmo-fg.com/>  
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 Scheduled submission date of February 13, 2023 Scheduled date of commencement for —  
 quarterly report 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 First Quarter, FY2023 (From October 1, 2022 to December 31, 2022)

#### (1) Consolidated Financial Statements (Cumulative) (Percentages represent year-on-year % change)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%
Q1 FY2023	3,267	52.6	282	34.5	282	34.3	170	22.6
Q1 FY2022	2,141	66.5	210	28.6	210	28.6	138	26.1

(\*) Comprehensive profit Q1 FY2023 174Mil.Yen ( 26.2%) Q1 FY2022 138Mil.Yen ( 38.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2023	20.67	20.49
Q1 FY2022	16.92	16.67

(Note) The Company conducted a 2-for-1 stock split for common stock on January 17, 2023. The effect of the stock split has been reflected in the calculation of basic earnings per share for the fiscal year ending September 30, 2023 (forecast).

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Mil.Yen	Mil.Yen	%
Q1 FY2023	7,325	4,484	58.9
FY2022	6,638	4,670	67.8

(Note) Equity Capital Q1 FY2023 4,314Mil.Yen FY2022 4,503Mil.Yen

### 2. Dividends

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	—	0.00	—	58.00	58.00
FY2023	—	—	—	—	—
FY2023 (forecast)	—	0.00	—	36.00	36.00

(Note) 1. Revision to the most recently released dividend forecast : No

2. The Company conducted a 2-for-1 stock split for common stock on January 17, 2023. Accordingly, the year-end dividend for the fiscal year ending September 30, 2023 (forecast) considers the effect of this stock split.

### 3. Consolidated Financial Forecast for the Fiscal Year Ending September 2023 (October 1, 2022 to September 30, 2023)

(Percentages represent quarter-on-quarter / year-on-year % change)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%	Mil.Yen	%	Yen
Q2 FY2023 (Cumulative)	6,115	36.9	453	22.2	452	22.0	283	21.0	34.37
FY2023 (Full year)	12,470	21.1	930	25.6	928	24.4	580	22.8	70.39

(Note) 1. Revision to the most recently released financial forecast No

2. The Company conducted a 2-for-1 stock split for common stock on January 17, 2023. The effect of the stock split has been reflected in the calculation of basic earnings per share for the fiscal year ending September 30, 2023 (forecast).

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## Notes:

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

(2) Adoption if the accounting method peculiar to quarterly financial statements : No

(3) Changes in the accounting policy / changes in the accounting estimation

[1] Changes in accounting policy required by accounting criteria : Yes

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

[3] Changes in accounting estimations : No

[4] Restatement of prior period financial statements : No

(4) Number of shares issued (common stock)

[1] Number of shares issued at the end of the term  
 (including treasury stock)

Q1 FY2023	8,260,220	FY2022	8,260,220
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[2] Number of treasury shares at the end of the term

Q1 FY2023	19,130	FY2022	252
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[3] Average number of shares during the term

Q1 FY2023	8,241,838	Q1 FY2022	8,212,484
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(Notes) 1. The number of treasury shares at the end of the term includes the Company's shares held by Board Benefit Trust (BBT and J-ESOP) (Q1 FY2022: NA, Q1 FY2023: 18,800 shares)

2. The Company conducted a 2-for-1 stock split for common stock on January 17, 2023. The number of shares issued (common stock) has been calculated assuming the stock split had been conducted on October 1, 2021.

\* Quarterly financial statements are not subject the review by certified public accountants or financial statement auditors.

\* Explanation of the appropriate use of forecasts and other special notes

The forward-looking statements, including business results forecasts, contained in this document are based on information available to the company at the time of preparation and on certain assumptions deemed reasonable by the company. Forward-looking statements are not intended as a promise of actual results by the company. Actual results may differ materially due to a variety of factors. For more regarding assumptions related to earnings forecasts and precautions concerning the use of earnings forecasts, see 1. Qualitative Information on Quarterly Consolidated Financial Statements (3) Discussion of consolidated earnings forecasts and other forward-looking information on page 6 of Attached Materials.

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## 1. Qualitative Information on Quarterly Consolidated Financial Statements

### (1) Discussion of operating results

Forward-looking statements in this document reflect GMO Financial Gate Group judgements as of the end of the cumulative consolidated first quarter of the fiscal year ending September 2023.

Financial results for the cumulative consolidated first quarter of the fiscal year ending September 2023 (October 1, 2022 to December 31, 2022) are as follows.

(Unit: Thousand Yen)

	Three Months Ended December 31, 2021 (October 1, 2021 to December 31, 2021)	Three Months Ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Growth rate (%)
Revenue	2,141,482	3,267,719	52.6
Operating profit	210,295	282,777	34.5
Ordinary profit	210,360	282,444	34.3
Quarterly profit attributable to owners of parent	138,957	170,388	22.6

#### a. Revenue

We recorded revenue of ¥3,267,719 thousand (up 52.6% year on year).

During the three months ended December 31, 2022, the amount of payments processed increased in a lot of member merchants' sectors in the offline cashless payment market in which we operate thanks to an increase in consumption associated with the year-end sales campaign and the gradual recovery of economic activities to the pre-COVID levels despite an increase in the number of new infections due to the eighth wave of COVID-19. As the number of travelers visiting Japan continues to be on a recovery trend, demand from inbound tourists also appeared to have contributed to a certain extent. As a result, the number and amount of payments processed, one of our KPIs, showed strong growth.

Sales of stera terminals continued to make a large contribution to sales of payment terminals which account for most of initial sales. Purchasers of payment terminals are dispersed across industries, and we were able to achieve stable growth of initial sales by accommodating various cashless payment needs of member merchants.

Stock-model revenue, consisting of stock, fee and spread revenues, also steadily increased, mainly due to an increase in the number of active terminals through sales of payment terminals as well as a seasonal factor that the number and amount of payments processed increased in the three months ended December 31, 2022 due to the year-end sales campaign, accelerated pace of recovery in the economic activities to the pre-COVID levels, and a boost from gradual recovery in demand from inbound tourists.

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Revenue by business model for the three months ended December 31, 2022 is as follows. Figures in parenthesis are a breakdown of stock-model revenue.

(Unit: Thousand Yen)

	Three Months Ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Ratio (%)
Initial	2,220,189	67.9
Stock-model (total of Stock, Fee and Spread)	1,047,530	32.1
Stock	(259,777)	(8.0)
Fee	(519,736)	(15.9)
Spread	(268,016)	(8.2)
Total	3,267,719	100.0

b. Operating profit

We recorded operating profit of ¥282,777 thousand (up 34.5% year on year). While profitability of initial sales primarily consisting of sale of payment terminals is low, increases in the number of active terminals and the number and amount of payments processed led to the growth in high-margin stock-model revenue, contributing to a profit increase. At the same time, while we continued employment of human resources to support growth, return to officers and employees, and various growth investments, we achieved a year-on-year increase in growth rate through an appropriate cost management and also made good progress toward the half- and full-year profit plans.

c. Profit attributable to owners of parent

We recorded profit attributable to owners of parent of ¥170,388 thousand (up 22.6% year on year).

(2) Discussion of financial position

(Assets)

As of December 31, 2022, current assets increased ¥742,263 thousand from September 30, 2022 to ¥5,758,320 thousand. This was mainly because merchandise increased ¥1,004,503 thousand as we increased the payment terminal inventory to a certain level based on the sales forecast and trade accounts receivable increased ¥516,500 thousand due to strong sales of payment terminals while cash and cash equivalents decreased ¥799,097 thousand. Non-current assets decreased ¥54,652 thousand from September 30, 2022 to ¥1,567,303 thousand mainly due to a decrease in deferred tax assets of ¥67,040 thousand despite an increase in software in progress of ¥24,275 thousand.

As a result, total assets increased ¥687,610 thousand from September 30, 2022 to ¥7,325,624 thousand.

(Liabilities)

As of December 31, 2022, current liabilities increased ¥872,589 thousand from September 30, 2022 to ¥2,801,374 thousand. This was mainly because accounts payable and short-term loans payable increased ¥710,009 thousand and ¥500,000 thousand, respectively, while income taxes payable and allowance for employees' bonuses decreased ¥230,862 thousand and ¥168,263 thousand, respectively. Non-current liabilities increased ¥680 thousand from September 30, 2022 to ¥39,252 thousand mainly due to increases in provision for management board benefit trust and provision for employee stock ownership plan trust of ¥2,994 thousand and ¥1,089 thousand, respectively, despite a decrease in deferred tax liabilities of ¥3,277 thousand.

As a result, total liabilities increased ¥873,270 thousand from September 30, 2022 to ¥2,840,626 thousand.

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(Net assets)

As of December 31, 2022, total net assets decreased ¥185,659 thousand from September 30, 2022 to ¥4,484,997 thousand. This was mainly because retained earnings decreased ¥239,539 thousand due to distribution of dividend from surplus and treasury stock increased ¥120,385 thousand while retained earnings increased ¥170,388 thousand due to recording of profit attributable to owners of parent.

(3) Discussion of consolidated earnings forecasts and other forward-looking information

There is no change in the consolidated earnings forecasts for the fiscal year ending September 30, 2023 from those previously released on November 14, 2022 at this point. In the offline cashless payment market in which the Group operates, the number of member merchants adopting the cashless payment is on the rise against a backdrop of the government-led promotion and diversifying payment methods as well as a shift to safe payment methods amid the COVID-19 crisis. Recently, the Japanese government announced a plan to downgrade the legal status of COVID-19 to Class 5 this spring despite an increase in the number of new infections due to the eighth wave of COVID-19, signaling that the economic activities are returning to the pre-COVID levels. Although the future outlook remains uncertain due to price hikes, market speculation of monetary tightening, and specter of recession, we expect to record revenue of ¥12,470 million (up 21.1% year on year), operating profit of ¥930 million (up 25.6% year on year), ordinary profit of ¥928 million (up 24.4% year on year) and profit attributable to owners of parent of ¥580 million (up 22.8% year-on-year) by steadily carrying out our growth strategies, including growth in sales of next-generation payment terminal stera, sales and installment of payment terminals in the IoT domain, accumulation of stock-model revenue through an increase in the number of active terminals.

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## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheet

	(Unit: Thousand yen)	
	End of previous consolidated fiscal year (September 30, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,519,185	1,720,088
Trade accounts receivable	630,851	1,147,351
Merchandise	1,506,845	2,511,348
Other financial assets	362,240	384,776
Allowance of doubtful accounts	△3,065	△5,244
Total current assets	5,016,057	5,758,320
Non-current assets		
Property, plant and equipment	79,685	88,497
Intangible fixed assets		
Software	989,279	990,583
Software in progress	103,872	128,148
Customer-related assets	85,621	74,919
Goodwill	177,753	166,644
Other intangible fixed assets	60	60
Total intangible fixed assets	1,356,587	1,360,354
Investments and other assets		
Lease deposits	47,801	47,609
Bankruptcy rehabilitation claims	1,021	1,019
Deferred tax assets	137,863	70,822
Other investments and other	19	19
Allowance for doubtful accounts	△1,021	△1,019
Total investments and other assets	185,683	118,451
Total non-current assets	1,621,956	1,567,303
Total assets	6,638,014	7,325,624

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	(Unit: Thousand yen)	
	End of previous consolidated fiscal year (September 30, 2022)	End of Q1 of current consolidated fiscal year (December 31, 2022)
<b>Liabilities</b>		
Current liabilities		
Account payable	814,649	1,524,659
Short term borrowing	–	500,000
Income taxes payable	253,018	22,156
Contract liabilities	34,343	63,088
Deposits received	173,421	307,383
Allowance for employees' bonuses	241,500	73,237
Allowance for directors' bonuses	59,300	49,000
Other current liabilities	352,552	261,849
Total current liabilities	1,928,785	2,801,374
Non-current liabilities		
Provision for employee stock ownership plan trust	166	1,255
Provision for management board benefit trust	11,977	14,971
Deferred tax liabilities	26,217	22,940
Other non-current liabilities	210	84
Total non-current liabilities	38,571	39,252
Total liabilities	1,967,356	2,840,626
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,617,987	1,617,987
Capital surplus	1,631,098	1,631,098
Retained earnings	1,257,124	1,187,973
Treasury stock	△2,627	△123,013
Total shareholders' equity	4,503,581	4,314,045
Non-controlling interests	167,075	170,952
Total net assets	4,670,657	4,484,997
Total liabilities and net assets	6,638,014	7,325,624



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

## Quarterly consolidated statement of income

(Q1 cumulative)

	(Unit: Thousand yen)	
	Q1 FY2022 (October 1, 2021 to December 31, 2021)	Q1 FY2023 (October 1, 2022 to December 31, 2022)
Revenue	2,141,482	3,267,719
Cost of goods sold	1,537,613	2,424,177
Gross profit	603,869	843,542
Selling, general and administrative expense	393,574	560,764
Operating profit	210,295	282,777
Non-operating income		
Interest income	1	2
Other non-operating income	87	0
Total non-operating income	88	3
Non-operating expenses		
Interest expense	23	304
Other non-operating expenses	—	32
Total non-operating expenses	23	336
Ordinary profit	210,360	282,444
Profit before income taxes	210,360	282,444
Corporation income tax, resident tax, business tax	47,624	44,416
Corporation income taxes deferred	24,662	63,763
Total corporation income taxes	72,286	108,179
Profit	138,073	174,264
Profit attributable to non-controlling shareholder (△)	△883	3,876
Profit attributable to owners of parent	138,957	170,388

## Quarterly consolidated statement of comprehensive income

(Q1 cumulative)

	(Unit: Thousand yen)	
	Q1 FY2022 (October 1, 2021 to December 31, 2021)	Q1 FY2023 (October 1, 2022 to December 31, 2022)
Profit	138,073	174,264
Comprehensive income	138,073	174,264
(Breakdown)		
Comprehensive income attributable to owners of parent	138,957	170,388
Comprehensive income attributable to non-controlling shareholder	△883	3,876

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(3) Notes regarding the quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Changes of accounting policy)

(Application of accounting standard for fair value measurement, etc.)

The "Accounting Standard for Calculation of Fair Value" (ASBJ Statement No. 31, June 17, 2021. Hereinafter referred to as "Accounting Standard for Calculation of Fair Value") is applied from the beginning of the first quarter current fiscal year, and the transitional treatment prescribed in Paragraph 27-2 of the Accounting Standard for Calculation of Fair Value is applied. In accordance with the treatment, the new accounting policy stipulated by the fair value accounting standard will be applied prospectively. There is no impact on the quarterly consolidated financial statements.

(Notes regarding significant changes in shareholders' equity)

Not applicable

(Segment information)

[Segment information]

Segment information has been omitted as the GMO Financial Gate Group has only one business segment, namely the face-to-face payment processing services business, which is not material in terms of segment information disclosure.

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(Significant subsequent event )

(Stock split and related partial amendment to the Articles of Incorporation)

Pursuant to the resolution at the Board of Directors meeting on December 19, 2022, the Company split its shares and partially amended its Articles of Incorporation on January 17, 2023.

1. Purpose of the share split

The purpose of this stock split is to further expand its investor base and increase the liquidity of the Company's shares by reducing the price per trading unit of the Company's shares and creating an environment favorable to investors.

2. Overview of the stock split

(1) Method of the stock split

Each share of common stock held by shareholders on the final shareholder registry as of the record date of January 16, 2023 was split into two shares.

(2) Number of shares to be increased by the stock split

- (i) Total number of shares issued and outstanding before the stock split: 4,130,110 shares
- (ii) Number of shares to be increased by the stock split: 4,130,110 shares
- (iii) Total number of shares issued and outstanding after the stock split: 8,260,220 shares
- (iv) Total number of authorized shares after the stock split: 28,761,360 shares

The above number of shares is calculated based on the total number of shares issued and outstanding as of December 31, 2022.

3. Schedule of the stock split

- (1) Date of public notice of the record date: December 19, 2022
- (2) Record date: January 16, 2023
- (3) Effective date: January 17, 2023

4. Impact on the per share information

Please refer to "Summary information" for the impact on the per share information.

5. Partial amendment to the Articles of Incorporation

(1) Reason for the amendment to the Articles of Incorporation

Following the stock split, the total number of shares authorized to be issued stipulated in Article 7 of the Company's Articles of Incorporation was changed on January 17, 2023, pursuant to Article 184, Paragraph 2 of the Companies Act.

(2) Details of the amendment to the Articles of Incorporation

The detail of the amendment is as follows.

(Underlined parts indicate the amendments)

Current Articles of Incorporation	Proposed amendment
(Total Number of Shares Authorized to Be Issued) Article 7 The total number of shares authorized to be issued by the Company shall be <u>14,380,680 shares.</u>	(Total Number of Shares Authorized to Be Issued) Article 7 The total number of shares authorized to be issued by the Company shall be <u>28,761,360 shares.</u>

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(3) Schedule of the amendment to the Articles of Incorporation

Date of the resolution at the Board of Directors meeting: December 19, 2022

Effective date: January 17, 2023

6. Other

(1) Change in the amount of capital stock

There will be no change in the amount of capital stock as a result of the stock split.

(2) Adjustment to the exercise price of stock options

The exercise price per unit of stock options was adjusted as follows on January 17, 2023 as a result of the stock split.

Name of the stock options	Exercise price before adjustment	Exercise price after adjustment
Stock Option No. 2	967 Yen	484 Yen
Stock Option No. 3	1,167 Yen	584 Yen