



Summary of Consolidated Financial Statements for the First Quarter FY2024 (Based on Japanese GAAP)

February 13, 2024

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 quarterly report February 13, 2024 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 First Quarter, FY2024 (From October 1, 2023 to December 31, 2023)

(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 FY2024	4,496	37.6	485	71.9	483	71.0	290	70.5
Q1 FY2023	3,267	52.6	282	34.5	282	34.3	170	22.6

(*) Comprehensive profit Q1 FY2024 302Mil.Yen (73.7%) Q1 FY2023 174Mil.Yen (26.2%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q1 FY2024	35.05	34.92
Q1 FY2023	20.67	20.49

(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 FY2024	10,376	5,036	46.5
FY2023	9,262	5,115	53.0

(Note) Equity Capital Q1 FY2024 4,821Mil.Yen FY2023 4,913Mil.Yen

2. Dividends

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	—	0.00	—	46.00	46.00
FY2024	—	—	—	—	—
FY2024 (forecast)	—	0.00	—	52.00	52.00

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

3. Consolidated Financial Forecast for the Fiscal Year Ending September 2024

(October 1, 2023 to September 30, 2024)

(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 FY2024 (Cumulative)	9,208	26.7	740	16.4	731	15.3	472	19.7	56.96
FY2024 (Full year)	19,200	20.7	1,410	25.9	1,392	24.9	859	15.1	103.67

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

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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 : No

[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 FY2024	8,305,340	FY2023	8,305,340
Q1 FY2024	19,188	FY2023	19,188
Q1 FY2024	8,286,152	Q1 FY2023	8,241,838

[2] Number of treasury shares at the end of the term

[3] Average number of shares during the term

(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) (FY2023: 18,800 shares, Q1 FY2024: 18,800 shares)

2. The company conducted a 2-for-1 stock split for common stock on January 17, 2023. As a result, the number of shares issued (common stock) is calculated on the assumption that the stock split was conducted at the beginning of the fiscal year ended September 30, 2022

* 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) Overview of consolidated earnings forecasts and other forward-looking information on page 4 of Attached Materials.

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1. Qualitative Information on Quarterly Consolidated Financial Statements

(1) Overview of operating results

Forward-looking statements in this document reflect GMO Financial Gate Group (GMO-FG) judgements as of the end of the cumulative consolidated first quarter of the fiscal year ending September 2024.

Financial results for the cumulative consolidated first quarter of the fiscal year ending September 2024 (October 1, 2023 to December 31, 2023) are as follows.

(Unit: Thousand Yen)

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)	YoY Change (%)
Revenue	3,267,719	4,496,898	37.6
Operating profit	282,777	485,998	71.9
Ordinary profit	282,444	483,098	71.0
Profit attributable to owners of parent	170,388	290,453	70.5

a. Revenue

Revenue at GMO-FG reached ¥4,496,898 thousand (up 37.6% YoY).

During the three months ended December 31, 2023, the Gross Merchandise Value (GMV) increased in a number of member merchants' sectors using the Company's cashless payment platform thanks to an increase in consumption associated with the year-end sales campaign and a steady increase in the number of active terminals which we emphasize. The number of travelers visiting Japan has also continued to increase during the period, and demand from inbound tourists appeared to have contributed to a certain extent. As a result, the number of payments processed and GMV, our KPIs, showed strong growth.

The next-generation payment terminal Stera continued to make a large contribution to sales of payment terminals which account for most of initial sales. While purchasers of payment terminals are dispersed across industries and customers, stable sales of payment terminals has been achieved against the backdrop of an expansion of inbound tourism demand resulting in strong demand for cashless payments in the hotel and travel industry as well as SMEs in the restaurant industry. In terms of large projects, we are steadily acquiring member merchants through vertical expansion which we are focusing on by accommodating diversifying merchant needs such as by developing and introducing functions to allow payment with points issued by member merchants and to grant such points, introducing self-checkout registers for labor-saving and unattended operation, and sharing cashless payment sales data, which is contributing to growth of initial sales.

Recurring-model revenue, consisting of stock, fee and spread revenues, also showed solid growth due to increased initial sales and a steady increase in the number of active terminals. Especially because the three months ended December 31, 2023 includes the peak season with year-end sales campaign, the number of active terminals and payments processed and GMV showed strong growth.

Revenue by business model for the three months ended December 31, 2023 is as follows. Recurring-model revenue consists of stock, fee and spread revenues, and figures in parenthesis represent a breakdown of recurring-model revenue.

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(Unit: Thousand Yen)

	Three months ended December 31, 2022 (October 1, 2022 to December 31, 2022)	Three months ended December 31, 2023 (October 1, 2023 to December 31, 2023)	YoY Change (%)
Initial	2,220,189	2,915,353	31.3
Recurring-model	1,047,530	1,581,544	51.0
Stock	(259,777)	(387,466)	(49.2)
Fee	(519,736)	(853,147)	(64.1)
Spread	(268,016)	(340,930)	(27.2)
Total	3,267,719	4,496,898	37.6

b. Operating profit

Operating profit reached ¥485,998 thousand (up 71.9% YoY).

In addition to sales growth, gross profit margin largely improved as the revenue composition ratio of high-margin recurring-model revenue increased. As a result, we were able to achieve a significant growth in operating profit despite an increase in selling, general and administrative expenses associated mainly with the implementation of aggressive management measures. We have also made steady progress toward the half- and full-year operating profit plan.

c. Profit attributable to owners of parent

Profit attributable to owners of parent reached ¥290,453 thousand (up 70.5% YoY).

(2) Overview of financial position

(Assets)

As of December 31, 2023, current assets increased ¥1,025,361 thousand from the previous fiscal year to ¥8,530,570 thousand. This was mainly because merchandise increased ¥681,014 thousand as payment terminal inventory increased to a certain level based on the sales forecast and trade accounts receivable increased ¥406,310 thousand due to strong sales of payment terminals while cash and cash equivalents decreased ¥117,841 thousand. Non-current assets increased ¥89,239 thousand from September 30, 2023 to ¥1,846,270 thousand mainly due to increases in software in progress of ¥104,117 thousand and in investment securities of ¥99,994 thousand despite a decrease in deferred tax assets of ¥120,584 thousand.

As a result, total assets increased ¥1,114,600 thousand from September 30, 2023 to ¥10,376,841 thousand.

(Liabilities)

As of December 31, 2023, current liabilities increased ¥692,645 thousand from the previous fiscal year to ¥3,297,503 thousand. This was mainly because account payable increased ¥835,993 thousand. Non-current liabilities increased ¥501,305 thousand from September 30, 2023 to ¥2,042,893 thousand mainly due to an increase in long term borrowing of ¥500,000 thousand.

As a result, total liabilities increased ¥1,193,951 thousand from September 30, 2023 to ¥5,340,396 thousand.

(Net assets)

As of December 31, 2023, total net assets decreased ¥79,350 thousand from the previous fiscal year to ¥5,036,444 thousand. This was mainly because retained earnings decreased ¥382,027 thousand due to distribution of dividend from surplus while retained earnings increased ¥290,453 thousand due to recording of profit attributable to owners of parent.

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(3) Overview of consolidated financial forecast and other forward-looking information

There is no change in the consolidated financial forecast for the fiscal year ending September 30, 2024 from those previously released on November 13, 2023 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 due to government-led promotion and diversifying payment methods as well as an increase in the number of travelers visiting Japan. Under such environment, the group aims to focus on sales of payment terminals meeting the needs of member merchants, enhancement of payment processing centers, and acquisitions of new member merchants and alliance partners to continue medium and long-term growth in revenue and operating profit. Consolidated financial forecast for the fiscal year ending September 30, 2024 is revenue of ¥19,200 million (up 20.7% YoY), operating profit of ¥1,410 million (up 25.9% YoY), ordinary profit of ¥1,392 million (up 24.9% YoY) and profit attributable to owners of parent of ¥859 million (up 15.1% YoY).

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1. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly consolidated balance sheet

(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Assets		
Current assets		
Cash and cash equivalents	4,015,682	3,897,840
Trade accounts receivable	920,725	1,327,036
Merchandise	2,396,179	3,077,193
Other financial assets	181,151	238,115
Allowance of doubtful accounts	△8,529	△9,614
Total current assets	7,505,209	8,530,570
Non-current assets		
Property, plant and equipment	84,575	81,485
Intangible fixed assets		
Software	1,062,072	1,093,743
Software in progress	117,035	221,152
Customer-related assets	42,810	32,108
Goodwill	133,315	122,205
Other intangible fixed assets	60	60
Total intangible fixed assets	1,355,293	1,469,270
Investments and other assets		
Investment securities	—	99,994
Lease deposits	47,033	46,841
Bankruptcy rehabilitation claims	1,043	1,056
Deferred tax assets	237,641	117,056
Other investments and other	32,486	31,621
Allowance for doubtful accounts	△1,043	△1,056
Total investments and other assets	317,161	295,514
Total non-current assets	1,757,031	1,846,270
Total assets	9,262,240	10,376,841

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(Unit: Thousand yen)

	End of previous consolidated fiscal year (September 30, 2023)	End of Q1 of current consolidated fiscal year (December 31, 2023)
Liabilities		
Current liabilities		
Account payable	1,075,275	1,911,269
Income taxes payable	201,123	73,664
Contract liabilities	89,224	190,904
Deposits received	375,741	595,827
Allowance for employees' bonuses	392,760	109,747
Allowance for directors' bonuses	107,576	49,000
Other current liabilities	363,157	367,091
Total current liabilities	2,604,857	3,297,503
Non-current liabilities		
Long term borrowing	1,500,000	2,000,000
Provision for employee stock ownership plan trust	4,524	6,112
Provision for management board benefit trust	23,954	26,949
Deferred tax liabilities	13,108	9,831
Total non-current liabilities	1,541,587	2,042,893
Total liabilities	4,146,445	5,340,396
Net assets		
Shareholders' equity		
Capital stock	1,629,932	1,629,932
Capital surplus	1,643,043	1,643,043
Retained earnings	1,764,019	1,672,445
Treasury stock	△ 123,529	△ 123,529
Total shareholders' equity	4,913,464	4,821,890
Non-controlling interests	202,330	214,553
Total net assets	5,115,795	5,036,444
Total liabilities and net assets	9,262,240	10,376,841

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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 FY2023 (October 1, 2022 to December 31, 2022)	Q1 FY2024 (October 1, 2023 to December 31, 2023)
Revenue	3,267,719	4,496,898
Cost of goods sold	2,424,177	3,225,866
Gross profit	843,542	1,271,031
Selling, general and administrative expense	560,764	785,032
Operating profit	282,777	485,998
Non-operating income		
Interest income	2	3
Other non-operating income	0	11
Total non-operating income	3	14
Non-operating expenses		
Interest expense	304	2,914
Other non-operating expenses	32	—
Total non-operating expenses	336	2,914
Ordinary profit	282,444	483,098
Profit before income taxes	282,444	483,098
Corporation income taxes, resident taxes, business taxes	44,416	63,113
Corporation income taxes deferred	63,763	117,307
Total corporation income taxes	108,179	180,421
Profit	174,264	302,677
Profit attributable to non-controlling shareholder	3,876	12,223
Profit attributable to owners of parent	170,388	290,453

Translation

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Quarterly consolidated statement of comprehensive income

(Q1 cumulative)

(Unit: Thousand yen)

	Q1 FY2023 (October 1, 2022 to December 31, 2022)	Q1 FY2024 (October 1, 2023 to December 31, 2023)
Profit	174,264	302,677
Comprehensive income	174,264	302,677
(Breakdown)		
Comprehensive income attributable to owners of parent	170,388	290,453
Comprehensive income attributable to non-controlling shareholder	3,876	12,223

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(3) Notes regarding quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(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.

(Significant subsequent matters)

Not applicable