



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

August 8, 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 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 Third Quarter, FY2024 (From October 1, 2023 to June 30 2024)

(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	%
Q3 FY2024	13,595	13.3	1,399	43.3	1,391	43.0	860	40.3
Q3 FY2023	12,003	61.2	976	73.2	973	72.9	613	71.3

(*) Comprehensive profit Q3 FY2024 903Mil.Yen (43.9%) Q3 FY2023 627Mil.Yen (74.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q3 FY2024	103.62	103.41
Q3 FY2023	74.20	73.74

(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	%
Q3 FY2024	11,238	5,654	48.1
FY2023	9,262	5,115	53.0

(Note) Equity Capital Q3 FY2024 5,409Mil.Yen FY2023 4,913Mil.Yen

2. Dividends

	Annual Dividends				
	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	—	0.00			
FY2024 (forecast)			—	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
FY2024 (Full year)	19,200	20.7	1,410	25.9	1,392	24.9	859	15.1	103.41

(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)

Q3 FY2024	8,339,480	FY2023	8,305,340
Q3 FY2024	19,210	FY2023	19,188
Q3 FY2024	8,302,595	Q3 FY2023	8,265,280

[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, Q3 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, 2023

* 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 third quarter of the fiscal year ending September 2024.

Financial results for the cumulative consolidated third quarter of the fiscal year ending September 2024 (October 1, 2023 to June 30, 2024) are as follows.

(Unit: Thousand Yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024	YoY Change(%)
Revenue	12,003,785	13,595,283	13.3
Operating profit	976,666	1,399,541	43.3
Ordinary profit	973,092	1,391,449	43.0
Profit attributable to owners of parent	613,308	860,300	40.3

a. Revenue

Revenue at GMO-FG reached ¥13,595,283 thousand (up 13.3% YoY).

During the three months ended June 30, 2024, the number of active IDs (Note), the number of payments processed and Gross Merchandise Value (GMV), our KPIs, showed strong growth, which contributed to an increase in revenue. Initial sales for the nine months ended June 30, 2024 achieved a year-on-year increase despite a reactionary fall due to revenue from a large project recorded a year ago. Recurring-model revenue, consisting of stock, fee and spread revenues, showed strong growth, driven by fee and stock revenues thanks to contributions of KPIs.

During the three months ended June 30, 2024, while the next-generation payment terminal “stera” continued to be a key driver of sales of payment terminals which account for most of initial sales, demand for IoT devices continued to increase in response to growing needs for unattended operation and labor-saving at stores, and the introduction to self-checkout registers at national chain dollar shops and automated parking payment machines at national chain coin parking lots continued to expand.

Recurring-model revenue continued to grow mainly in fee revenue. Although the rate of increase in the number of active IDs and the growth of stock revenue slowed down due to an absence of sales related to a large project recorded a year ago, recurring-model revenue for the nine months ended June 30, 2024 showed strong growth. Spread revenue maintained an increasing trend although we reviewed the portfolio of member merchants subject to spread revenue from the perspective of risk reduction.

(Note) Effective April 1, 2024, we renamed what was previously referred to as the “number of active terminals” to the “number of active IDs.”

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Revenue by business model for the nine months ended June 30, 2024 is as follows. Recurring-model revenue consists of stock, fee and spread revenues, and figures in parenthesis represent a breakdown of recurring-model revenue.

(Unit: Thousand Yen)

	Nine months ended June 30, 2023	Nine months ended June 30, 2024	YoY Change (%)
Initial	8,587,433	8,645,103	0.7
Recurring-model	3,416,352	4,950,180	44.9
Stock	(877,758)	(1,265,463)	(44.2)
Fee	(1,702,705)	(2,677,055)	(57.2)
Spread	(835,888)	(1,007,660)	(20.5)
Total	12,003,785	13,595,283	13.3

b. Operating profit

Operating profit reached ¥1,399,541 thousand (up 43.3% YoY).

The high growth in operating profit can be attributed to (1) a rise in composition of high-margin device revenue in sales of payment terminals which account for most of initial sales and (2) an increase in high-margin recurring-model revenue due to an increase in the number of payments processed and GMV compared to the nine months ended June 30, 2023. While revenue for the three months ended June 30, 2024 decreased year on year, an increase in gross profit covered an increase in selling, general and administrative expenses associated with investments mainly in human resources to support future growth, resulting in a significant year-on-year increase in operating profit.

c. Profit attributable to owners of parent

Profit attributable to owners of parent reached ¥860,300 thousand (up 40.3% YoY).

(2) Overview of financial position

(Assets)

As of June 30, 2024, current assets increased ¥1,821,916 thousand from September 30, 2023 to ¥9,327,125 thousand. This was mainly because trade accounts receivable increased ¥772,674 thousand due to strong sales of payment terminals, merchandise increased ¥562,903 thousand as we increased the payment terminal inventory to a certain level based on the sales forecast, and cash and cash equivalents increased ¥241,056 thousand. Non-current assets increased ¥154,535 thousand from September 30, 2023 to ¥1,911,566 thousand mainly due to increases in software of ¥140,773 thousand and in investment securities of ¥99,994 thousand despite a decrease in deferred tax assets of ¥66,511 thousand.

As a result, total assets increased ¥1,976,451 thousand from September 30, 2023 to ¥11,238,692 thousand.

(Liabilities)

As of June 30, 2024, current liabilities increased ¥914,177 thousand from September 30, 2023 to ¥3,519,035 thousand. This was mainly due to increases in deposits received of ¥825,344 thousand and in contract liabilities of ¥224,811 thousand despite a decrease in account payable of ¥268,744 thousand. Non-current liabilities increased ¥523,308 thousand from September 30, 2023 to ¥2,064,896 thousand mainly due to an increase in long term borrowing of ¥500,000 thousand.

As a result, total liabilities increased ¥1,437,486 thousand from September 30, 2023 to ¥5,583,931 thousand.

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(Net assets)

As of June 30, 2024, total net assets increased ¥538,965 thousand from September 30, 2023 to ¥5,654,760 thousand. This was mainly because retained earnings increased ¥860,300 thousand due to recording of profit attributable to owners of parent while retained earnings decreased ¥382,027 thousand due to distribution of dividend from surplus.

(3) Overview of consolidated earnings 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. Although the progress of revenue for the nine months ended June 30, 2024 towards the full-year consolidated financial forecast is 70.8%, it is in line with the plan as we expect initial sales for the three months ending September 30, 2024 will grow compared to the three months ended June 30, 2024 due to a large project. Meanwhile, the rate of progress of consolidated operating profit for the nine months ended June 30, 2024 towards the full -year consolidated operating profit forecast is high at 99.3%. There are no particular concerns for the business outlook for the three months ending September 30, 2024, and each level of profits is expected to exceed the full-year forecast announced on November 13, 2023, but the full-year forecast for each level of profits remains unchanged at this point as investments aimed at sustainable growth in future periods will be carried out as planned. We will promptly disclose specific figures as soon as we can estimate them as business progresses.

As stated above, “there are no particular concerns for the business outlook” as, in the offline cashless payment market in which the group operates, the number of member merchants adopting the cashless payment continues to be 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, in the three months ending September 30, 2024, the group will continue to focus on sales of payment terminals meeting the needs of member merchants, enhancement of payment processing centers, and acquisition of new member merchants and alliance partners. In light of the above, the consolidated financial forecast for the fiscal year ending September 30, 2024 at this point 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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2. 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 Q3 of current consolidated fiscal year (June 30, 2024)
Assets		
Current assets		
Cash and cash equivalents	4,015,682	4,256,739
Trade accounts receivable	920,725	1,693,400
Merchandise	2,396,179	2,959,082
Other financial assets	181,151	425,451
Allowance of doubtful accounts	△8,529	△7,548
Total current assets	7,505,209	9,327,125
Non-current assets		
Property, plant and equipment	84,575	68,332
Intangible fixed assets		
Software	1,062,072	1,202,845
Software in progress	117,035	124,856
Customer-related assets	42,810	10,702
Goodwill	133,315	99,986
Other intangible fixed assets	60	60
Total intangible fixed assets	1,355,293	1,438,451
Investments and other assets		
Investment securities	—	99,994
Lease deposits	47,033	45,747
Bankruptcy rehabilitation claims	1,043	1,068
Deferred tax assets	237,641	171,130
Other investments and other	32,486	87,910
Allowance for doubtful accounts	△1,043	△1,068
Total investments and other assets	317,161	404,782
Total non-current assets	1,757,031	1,911,566
Total assets	9,262,240	11,238,692

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	(Unit: Thousand yen)	
	End of previous consolidated fiscal year (September 30, 2023)	End of Q3 of current consolidated fiscal year (June 30, 2024)
Liabilities		
Current liabilities		
Account payable	1,075,275	806,531
Income taxes payable	201,123	272,742
Contract liabilities	89,224	314,035
Deposits received	375,741	1,201,085
Allowance for employees' bonuses	392,760	286,590
Allowance for directors' bonuses	107,576	97,576
Other current liabilities	363,157	540,474
Total current liabilities	2,604,857	3,519,035
Non-current liabilities		
Long term borrowing	1,500,000	2,000,000
Provision for employee stock ownership plan trust	4,524	14,956
Provision for management board benefit trust	23,954	46,661
Deferred tax liabilities	13,108	3,277
Total non-current liabilities	1,541,587	2,064,896
Total liabilities	4,146,445	5,583,931
Net assets		
Shareholders' equity		
Capital stock	1,629,932	1,638,680
Capital surplus	1,643,043	1,651,791
Retained earnings	1,764,019	2,242,291
Treasury stock	△ 123,529	△ 123,703
Total shareholders' equity	4,913,464	5,409,058
Non-controlling interests	202,330	245,701
Total net assets	5,115,795	5,654,760
Total liabilities and net assets	9,262,240	11,238,692

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

Quarterly consolidated statement of income

(Q3 cumulative)

	(Unit: Thousand yen)	
	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Revenue	12,003,785	13,595,283
Cost of goods sold	9,103,131	9,389,064
Gross profit	2,900,654	4,206,219
Selling, general and administrative expense	1,923,987	2,806,677
Operating profit	976,666	1,399,541
Non-operating income		
Interest income	12	72
Other non-operating income	3	1,039
Total non-operating income	16	179
Non-operating expenses		
Interest expense	3,557	9,384
Other non-operating expenses	32	—
Total non-operating expenses	3,590	9,384
Ordinary profit	973,092	1,391,449
Extraordinary loss		
Loss on retirement of non-current assets	11,920	192
Total extraordinary loss	11,920	192
Profit before income taxes	961,172	1,391,256
Corporation income taxes, resident taxes, business taxes	336,052	430,905
Corporation income taxes deferred	△2,786	56,679
Total corporation income taxes	333,265	487,585
Profit	627,906	903,671
Profit attributable to non-controlling shareholder	14,598	43,371
Profit attributable to owners of parent	613,308	860,300

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Quarterly consolidated statement of comprehensive income

(Q3 cumulative)

	(Unit: Thousand yen)	
	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Profit	627,906	903,671
Comprehensive income	627,906	903,671
(Breakdown)		
Comprehensive income attributable to owners of parent	613,308	860,300
Comprehensive income attributable to non-controlling shareholder	14,598	43,371

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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 GMO-FG has only one business segment, namely the face-to-face payment processing services business, which is not material in terms of segment information disclosure.

(Notes regarding cash-flow statement)

[Segment information]

Cash-flow statement has not been created for 3Q FY2024. The depreciation expenses (including amortization expenses related to intangible assets other than goodwill) and amortization of goodwill for the third quarter consolidated cumulative period are as follows.

	Nine months ended June 30, 2023	Nine months ended June 30, 2024
Depreciation Expenses	280,803	331,631
Amortization of Goodwill	33,328	33,328

(Significant subsequent matters)

Not applicable