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## Summary of Consolidated Financial Statements for the Third Quarter FY2022 (Based on Japanese GAAP)

August 8, 2022

Name of listed company: GMO Financial Gate, Inc.

Exchange: Tokyo Stock Exchange Growth

Stock code: 4051

URL <https://gmo-fg.com/>

Representative: Kentaro Sugiyama President &amp; Chief Executive Officer

Contact: Masamitsu Ikezawa Director &amp; Administrative Division Executive Manager Tel: +81-3-6416-3881

Scheduled submission date of quarterly report August 10, 2022 Scheduled date of commencement for dividend payment \_

Supplemental materials prepared for : Yes  
financial resultsInformation meeting arranged related to : Yes (for institutional investors and analysts )  
financial results

(Amounts rounded down to the nearest one million yen)

### 1. Consolidated Financial Statements for the Third Quarter, FY2022

(From October 1, 2021 to June 30, 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	%
Q3 FY2022	7,446	53.9	563	20.8	562	20.3	358	14.9
Q3 FY2021	4,837	70.6	466	12.0	467	16.9	311	30.5

(\*) Comprehensive profit Q3 FY2022 360Mil.Yen( 28.9%) Q3 FY2021 279Mil.Yen( 27.7%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Q3 FY2022	86.94	85.94
Q3 FY2021	77.62	74.87

#### (2) Consolidated Financial Position

	Total assets	Total equity	Equity ratio
	Mil.Yen	Mil.Yen	%
Q3 FY2022	6,157	4,552	71.3
FY2021	7,136	4,376	59.1

(Note) Equity Capital Q3 FY2022 4,389 Mil.Yen FY2021 4,216Mil.Yen

### 2. Dividends

	Annual Dividend				
	End of Q1	End of Q2	End of Q3	End of Q4	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	—	0.00	—	51.00	51.00
FY2022	—	0.00			
FY2022(forecast)			—	57.00	57.00

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

### 3. Consolidated Financial Forecast for the Fiscal Year Ending September 2022

(October 1, 2021 to September 30, 2022)

(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
FY2022 (Full year)	9,800	38.2	737	25.1	737	19.0	461	12.1	111.90

(Note) Revision to the most recently released financial forecast : Yes

For more information on revised consolidated earnings forecast, see "Announcement of Revisions to Consolidated Financial Forecast for the Fiscal Year Ending September 30, 2022", released today (August 8, 2022)

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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)

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

[3] Average number of shares during the term

Q3 FY2022	4,130,110	FY2021	4,106,320
Q3 FY2022	88	FY2021	65
Q3 FY2022	4,119,393	Q3 FY2021	4,014,766

\* 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 Third quarter of the fiscal year ending September 2022.

Financial results for the cumulative consolidated third quarter of the fiscal year ending September 2022 (October 1, 2021 to June 30, 2022) are as follows.

(Unit: Thousand Yen)

	Nine Months Ended June 30, 2021 (October 1, 2020 to June 30, 2021)	Nine Months Ended June 30, 2022 (October 1, 2021 to June 30, 2022)	Difference (%)
Revenue	4,837,219	7,446,363	53.9
Operating profit	466,636	563,736	20.8
Ordinary profit	467,782	562,966	20.3
Quarterly profit attributable to owners of parent	311,637	358,129	14.9

#### a. Revenue

We recorded revenue of ¥7,446,363 thousand (up 53.9% year on year).

For the three months ended June 30, 2022, main factors which contributed to revenue growth include an increase in initial sales, centered on sales of payment terminals, an increase in stock-model revenue, consisting of stock, fee and spread revenues, due to increased number of active terminals, and a recovery in the amount of payments processed mainly at restaurants and travel- and leisure-related member merchants following the lifting of the COVID-19 quasi-emergency measures which were implemented in January 2022.

As a result, revenue for the nine months ended June 30, 2022 amounted to ¥7,446,363 thousand, achieving 87.1% toward the consolidated revenue forecast for the fiscal year ending September 30, 2022 of ¥8,550 million announced at the beginning of the fiscal year at a faster rate than the percentage of days elapsed in the year.

Revenue by business model for the nine months ended June 30, 2022 is as follows.

(Unit: Thousand yen)

	Nine months ended June 30, 2022 (October 1, 2021 to June 30, 2022)	Ratio (%)
Initial (Initial sales)	5,234,799	70.3
Stock (Fixed fee sales)	621,446	8.3
Fee (Processing fee sales)	882,183	11.9
Spread (Merchant sales)	707,934	9.5
Total	7,446,363	100.0

#### b. Operating profit

We recorded operating profit of ¥563,736 thousand (up 20.8% year on year).

For the three months ended June 30, 2022, stock-model revenue having higher profitability than initial sales showed robust growth, as described above, contributing to an increase in gross profit.

In terms of expenses, selling, general and administrative expense increased compared to the first and second quarter of the fiscal year ending September 30, 2022 due mainly to recording of allowance for employees' bonuses as well as investments for the future including continued employment of human resources to support growth.

As a result, operating profit for the nine months ended June 30, 2022 amounted to ¥563,736 thousand, achieving 76.5% toward the consolidated operating profit forecast for the fiscal year ending September 30, 2022 of ¥737 million announced at the beginning of the fiscal year.

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c. Profit attributable to owners of parent

We recorded profit attributable to owners of parent of ¥358,129 thousand (up 14.9% year on year).

(2) Discussion of financial position

(Assets)

As of June 30, 2022, current assets decreased ¥1,129,057 thousand from September 30, 2021 to ¥4,660,520 thousand. This was mainly because merchandise decreased ¥69,779 thousand due to strong sales of payment terminals and cash and cash equivalents decreased ¥1,202,436 thousand as a result of shortening the deposit cycle applicable to merchants in a bid to enhance our competitive advantage in the offline cashless payment market. Non-current assets increased ¥150,155 thousand from September 30, 2021 to ¥1,496,696 thousand due mainly to an increase in software of ¥193,154 thousand despite decreases in goodwill and customer-related assets of ¥33,328 thousand and ¥32,108 thousand, respectively, due to amortization.

As a result, total assets decreased ¥978,902 thousand from September 30, 2021 to ¥6,157,217 thousand.

(Liabilities)

As of June 30, 2022, current liabilities decreased ¥1,144,430 thousand from September 30, 2021 to ¥1,575,252 thousand. This was mainly because account payable and deposits received decreased ¥563,153 thousand and ¥922,007 thousand, respectively, despite an increase in short-term loans payable of ¥300,000 thousand. Non-current liabilities decreased ¥10,197 thousand from September 30, 2021 to ¥29,829 thousand due mainly to a decrease in deferred tax liabilities of ¥9,831 thousand.

As a result, total liabilities decreased ¥1,154,627 thousand from September 30, 2021 to ¥1,605,081 thousand.

(Net assets)

As of June 30, 2022, total net assets increased ¥175,725 thousand from September 30, 2021 to ¥4,552,136 thousand. This was mainly because retained earnings increased ¥358,129 thousand due to recording of profit attributable to owners of parent while retained earnings decreased ¥209,419 thousand due to distribution of dividend from surplus.

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

We revised the consolidated earnings forecasts for the fiscal year ending September 30, 2022, which was announced on November 11, 2021.

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. Under such environment, the Group is focusing 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.

As described in “(1) Discussion of operating results, a. Revenue,” we recorded revenue of ¥7,446 million for the nine months ended June 30, 2022 thanks to increases in initial sales, centered on sales of payment terminals, and in stock-model revenue due to increased number of active terminals, achieving 87.1% toward the previously announced consolidated revenue forecast for the fiscal year ending September 30, 2022 of ¥8,550 million at a faster rate than the percentage of days elapsed in the year. In light of this result, we carefully examined sales forecast of payment terminals and stock-model revenue forecast for the three months ending September 30, 2022, and as a result, upwardly revised the consolidated revenue forecast for the fiscal year ending September 30, 2022 to ¥9,800 million, an increase by ¥1,250 million from the previous forecast.

Consolidated profit forecast remains unchanged as we plan to use the estimated excess of consolidated profit over the forecast for investment in growth in future periods, including recruiting activities to enhance management structure, return of profits to employees in the form of a bonus, improvement of operational infrastructure to reinforce systems.

Please refer to “Announcement of Revisions to Consolidated Financial Forecast for the Fiscal Year Ending September 30, 2022” released today (August 8, 2022) for more detail.

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## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheet

	End of previous consolidated fiscal year (September 30, 2021)	(Unit: Thousand yen) End of Q3 of current consolidated fiscal year (June 30, 2022)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	3,433,620	2,231,184
Trade accounts receivable	521,859	622,443
Merchandise	1,614,846	1,545,066
Other financial assets	222,334	265,035
Allowance of doubtful accounts	△3,082	△3,208
Total current assets	5,789,578	4,660,520
Non-current assets		
Property, plant and equipment	60,281	48,146
Intangible fixed assets		
Software	646,884	840,038
Software in progress	192,938	227,189
Customer-related assets	128,432	96,324
Goodwill	222,192	188,863
Other intangible fixed assets	2,549	60
Total intangible fixed assets	1,192,997	1,352,475
Investments and other assets		
Lease deposits	23,645	23,013
Bankruptcy rehabilitation claims	995	1,020
Deferred tax assets	69,597	73,041
Other investments and other	19	19
Allowance for doubtful accounts	△995	△1,020
Total investments and other assets	93,262	96,074
Totale non-current assets	1,346,541	1,496,696
Total assets	7,136,119	6,157,217

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	(Unit: Thousand yen)	
	End of previous consolidated fiscal year (September 30, 2021)	End of Q3 of current consolidated fiscal year (June 30, 2022)
<b>Liabilities</b>		
Current liabilities		
Account payable	1,092,309	529,156
Short term borrowing	—	300,000
Income taxes payable	144,166	111,366
Contract liabilities	—	44,182
Deposits received	1,129,466	207,459
Allowance for employees' bonuses	89,733	121,000
Allowance for directors' bonuses	20,000	33,800
Other current liabilities	244,006	228,288
<b>Total current liabilities</b>	<b>2,719,682</b>	<b>1,575,252</b>
Non-current liabilities		
Deferred tax liabilities	39,326	29,494
Other non-current liabilities	700	334
<b>Total non-current liabilities</b>	<b>40,026</b>	<b>29,829</b>
<b>Total liabilities</b>	<b>2,759,709</b>	<b>1,605,081</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,605,446	1,617,987
Capital surplus	1,618,557	1,631,098
Retained earnings	994,020	1,142,730
Treasury stock	△1,252	△1,971
<b>Total shareholders' equity</b>	<b>4,216,771</b>	<b>4,389,844</b>
Non-controlling interests	159,639	162,291
<b>Total net assets</b>	<b>4,376,410</b>	<b>4,552,136</b>
<b>Total liabilities and net assets</b>	<b>7,136,119</b>	<b>6,157,217</b>



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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)	
	Q3 FY2021 (October 1, 2020 to June 30, 2021)	Q3 FY2022 (October 1, 2021 to June 30, 2022)
Revenue	4,837,219	7,446,363
Cost of goods sold	3,330,792	5,511,729
Gross profit	1,506,427	1,934,633
Selling, general and administrative expenses	1,039,790	1,370,897
Operating profit	466,636	563,736
Non-operating income		
Interest income	60	14
Other non-operating income	1,209	103
Total non-operating income	1,270	117
Non-operating expense		
Interest expense	122	886
Other non-operating expense	2	—
Total non-operating expense	124	886
Ordinary profit	467,782	562,966
Extraordinary loss		
Loss on retirement of non-current assets	898	—
Total extraordinary loss	898	—
Profit before income taxes	466,883	562,966
Corporation income tax, resident tax, business tax	176,942	215,460
Corporation income taxes deferred	9,974	△13,275
Total corporation income taxes	186,917	202,184
Profit	279,966	360,782
Profit attributable to non-controlling shareholder (△)	△31,671	2,652
Profit attributable to owners of parent	311,637	358,129

**Translation**

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Quarterly consolidated statement of comprehensive income  
(Q3 cumulative)

	(Unit: Thousand yen)	
	Q3 FY2021 (October 1, 2020 to June 30, 2021)	Q3 FY2022 (October 1, 2021 to June 30, 2022)
Profit	279,966	360,782
Comprehensive income	279,966	360,782
(Breakdown)		
Comprehensive income attributable to owners of parent	311,637	358,129
Comprehensive income attributable to non-controlling shareholder	△31,671	2,652

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### (3) Notes regarding the quarterly consolidated financial statements

(Notes regarding going concern assumptions)

Not applicable

(Changes in accounting policies, etc.)

(Application of accounting standard for revenue recognition, etc.)

Effective October 1, 2021, the Company applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. and recognizes revenue at an amount that it expects to receive in exchange for the promised goods or services when the control of the goods or services is transferred to a customer. As a result, the Group changed the method of revenue recognition applied to projects to develop center functions for the purpose of acquiring specific member merchants from recognizing the total amount of consideration received from a customer as revenue at a point in time to recognizing over a period of time as a performance obligation is satisfied.

We applied the Accounting Standard for Revenue Recognition, etc. from October 1, 2021 pursuant to the transitional treatment provided for in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, with the cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to October 1, 2021, adjusted to the beginning balance of retained earnings as of October 1, 2021. However, in accordance with the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition, we did not apply the new accounting policy retrospectively to the contracts for which substantially all revenue was recognized under the previous method prior to October 1, 2021.

As a result, revenue for the nine months ended June 30, 2022 decreased by ¥7,463 thousand, and operating profit, ordinary profit and profit attributable to owners of parent decreased by ¥7,463 thousand, respectively. There was no impact on the beginning balance of retained earnings as of October 1, 2021.

Pursuant to the transitional treatment provided for in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue arising from contracts with customers in the six months ended March 31, 2022 is not presented.

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

Effective October 1, 2021, the Company applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc., and the new accounting policy provided for in the Accounting Standard for Fair Value Measurement, etc. is applied prospectively pursuant to the transitional treatment provided for in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There was 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.

(Significant subsequent matter)

Not applicable