

August 9, 2023

For Immediate Release

Company name	GMO Pepabo, Inc.		
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	(Securities code: 3633, TSE Prime Market)		
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Notice of Revision of Consolidated Results and Dividend Forecasts and Voluntary Return of Part of Executives' Compensation

GMO Pepabo, Inc. (the “Company”) hereby announces that the Company revised its results and dividend forecasts for the fiscal year ending December 31, 2023 announced on February 6, 2023 based on a review of recent trends in its operating performance.

Moreover, the Company also announces that it received an offer for a voluntary return of part of executives' compensation.

1. Revision of consolidated results forecast for the fiscal year ending December 31, 2023(from January 1, 2023 to December 31, 2023)

(1) Details of the revision

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Net profit per share
	million yen	million yen	million yen	million yen	yen
Previous forecast (A)	11,064	857	830	573	108.64
Revised forecast (B)	10,894	-642	-576	-867	-164.43
Change (B-A)	-170	-1,500	-1,407	-1,441	-
Change (%)	-1.5%	-	-	-	-
(Reference)Results of previous fiscal year (Fiscal year ended December 31, 2022)	10,531	732	767	510	96.37

(2) Reason for the revision

In the Financial Support Business, FREENANCE, in response to posting bad debt related expenses of 180 million yen in the first quarter of fiscal year 2023, the Company reviewed its management system and completely suspended purchases of high-price invoices related to partner transactions since May 2023. In

the second quarter of the fiscal year, the Company faced an increase in receivables in arrears due to the deterioration of the financial position of several major customers, mainly in the transport and construction industries, and posted bad debt related expenses of 1,090 million yen. Accordingly, an operating loss of 820 million yen was recorded in the first six months of the fiscal year.

Moreover, as the Company will not conduct high-value partner transactions in the third quarter onwards, the amount of invoice purchases is expected to be lower than the initial forecast. Net sales and operating profit in the Financial Support Business are hence expected to decrease. Although the Company is determined to collect the receivables in arrears and reduce head office expenses and other costs, the Financial Support Business has greatly affected the Company's overall results, and operating profit, ordinary profit and profit attributable to owners of parent are expected to be significantly lower than the results forecast announced on February 6, 2023. Accordingly, the Company revised its full-year results forecast for the fiscal year ending December 31, 2023 as described above.

2. Revision of dividend forecast

(1) Details of the revision

	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Previous forecast (Announced on February 6, 2023)	0.00 yen	0.00 yen	0.00 yen	55.00 yen	55.00 yen
Revised forecast			0.00 yen	0.00 yen	0.00 yen
Results for the current fiscal year	0.00 yen	0.00 yen			
Results for the previous fiscal year (Fiscal year ended December 31, 2022)	0.00 yen	0.00 yen	0.00 yen	50.00 yen	50.00 yen

(2) Reason for the revision

The Company recognizes that the appropriate return of profits to shareholders is a key management issue. Its basic policy is to improve the share price over the medium to long term based on business growth and maintain performance-linked dividend payout ratio of no less than 50%. However, the Company expects to post a loss attributable to owners of parent as described in "1. Revision of consolidated results forecast for the fiscal year ending December 31, 2023" above, and has regrettably decided not to pay a year-end dividend for the current fiscal year.

3. Return of executives' compensation

The Company takes the said revision to the results forecast very seriously and announces that full-time directors have offered to return part of their executives' compensation in order to clarify managerial responsibility as stated below.

(1) Content of return of compensation (including one Audit Committee Member)

Representative Director and CEO	Returned of 50% of monthly compensation
Executive Vice President	Returned 40% of monthly compensation
Director in charge of administrative division	Returned 30% of monthly compensation
Directors	Returned 15% of monthly compensation

(2) Period for return of compensation

Return of compensation for a three-month period in the fiscal year ending December 31, 2023

(Note) The forward-looking statements in this document concerning the results forecast, etc. are based on currently available information and assumptions considered by the Company to be reasonable and that actual results can vary due to a number of factors.