

Financial Results Briefing for Q2 FY2023

Stock-model revenue expanded as economic activity resumed. Initial revenue also grew due to contributions from large-lot project
~ Entering the phase of achieving "necessary future investment" and "high profit growth" simultaneously ~

May 12, 2023

GMO Financial Gate, Inc.

(Ticker:4051, TSE-Growth)

12th IR Presentation

GMO FINANCIAL GATE

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

Cautionary Note Regarding Presentation Materials

The content of these presentation materials is based on generally recognized economic and social conditions, as well as assumptions judged to reasonable by GMO Financial Gate as of May 12, 2023

Note that presentation material content is subject to change without prior notice in response to changes in the business environment or other unforeseen circumstances

Main Agenda

- 1. Summary of financial Results for Q2 FY2023**
- 2. Business Highlights**
- 3. Revision of FY2023 Forecast**
- 4. Growth Strategy and Progress**

Supplemental Agenda

5. Financial Information, Investment and Shareholder Return Policies
6. ESG Initiatives (Details)
7. Appendix

1

Summary of financial Results for Q2 FY2023

1.1 Q2 FY2023 Summary

Achieved 1H plan due to steady revenue/profit progress. Upwardly revised full-year revenue/profit forecast taking into account the balance between current business trends and future investment needs

● Q2 FY2023 Cumulative P6

- Revenue : **¥7.26billion (+62.6% YoY)** Progress towards 1H forecast **118.8%**, Progress towards full-year forecast **58.3%**
- Operating Profit : **¥0.64billion (+71.4% YoY)** Progress towards 1H forecast **140.3%**, Progress towards full-year forecast **68.3%**

● Revenue categories

- Initial revenue : **¥5.13billion (+65.4% YoY)** , Stock-Model revenue : **¥2.14billion (+56.1% YoY)** P8

● KPIs P12, P13

- Number of active terminals : **223K(+66 YoY, +42.7% YoY)**
- Transaction Volume (Number of transaction) : **0.11billion(+71.7% YoY)** , GMV : **¥0.94trillion (+83.3% YoY)**

● Upward Revision of FY2023 Forecast P21

- Revenue : ¥12.47billion⇒**¥13.62billion** (+9.2%)、 Operating profit : ¥0.93billion⇒**¥1.02billion** (+9.7%)

Business Topics

- Expanding cases of cashless introduction at stadiums and surrounding commercial facilities P26
- Large-lot project in the public service industry, which we have been working on since the Q1, was also installed in the Q2 and started operation in April(Our Q3) P27

Organization Topics

- Conducted third-party architecture assessment to upgrade internal back-office related operations P25
- Obtained certification from an external certification organization regarding GHG emissions for ESG-related information. Scheduled to obtain certification every fiscal year going forward P29

1.2 Summary of Financial Results

Steady progress in both revenue and profit towards 1H plan. Q2 KPI steadily expanded from Q1 despite the seasonality, which is usually weak during Q2

(Millions of yen)	Q1 FY2022	Q1 FY2023	YoY	Forecast FY2023 1 st half (Full-year)	Progress towards forecast FY2023 1 st half (Full-year)
Revenue	4,468	7,264	+ 62.6%	6,115 (12,470)	118.8% (58.3%)
Gross profit	1,210	1,746	+ 44.3%	1,492 (3,136)	117.0% (55.7%)
Operating profit	370	635	+ 71.4%	453 (930)	140.3% (68.3%)
Profit attributable to owners of parent	234	394	+ 68.5%	283 (580)	139.2% (68.0%)

Number of active terminal
(End of Q2 FY2023)

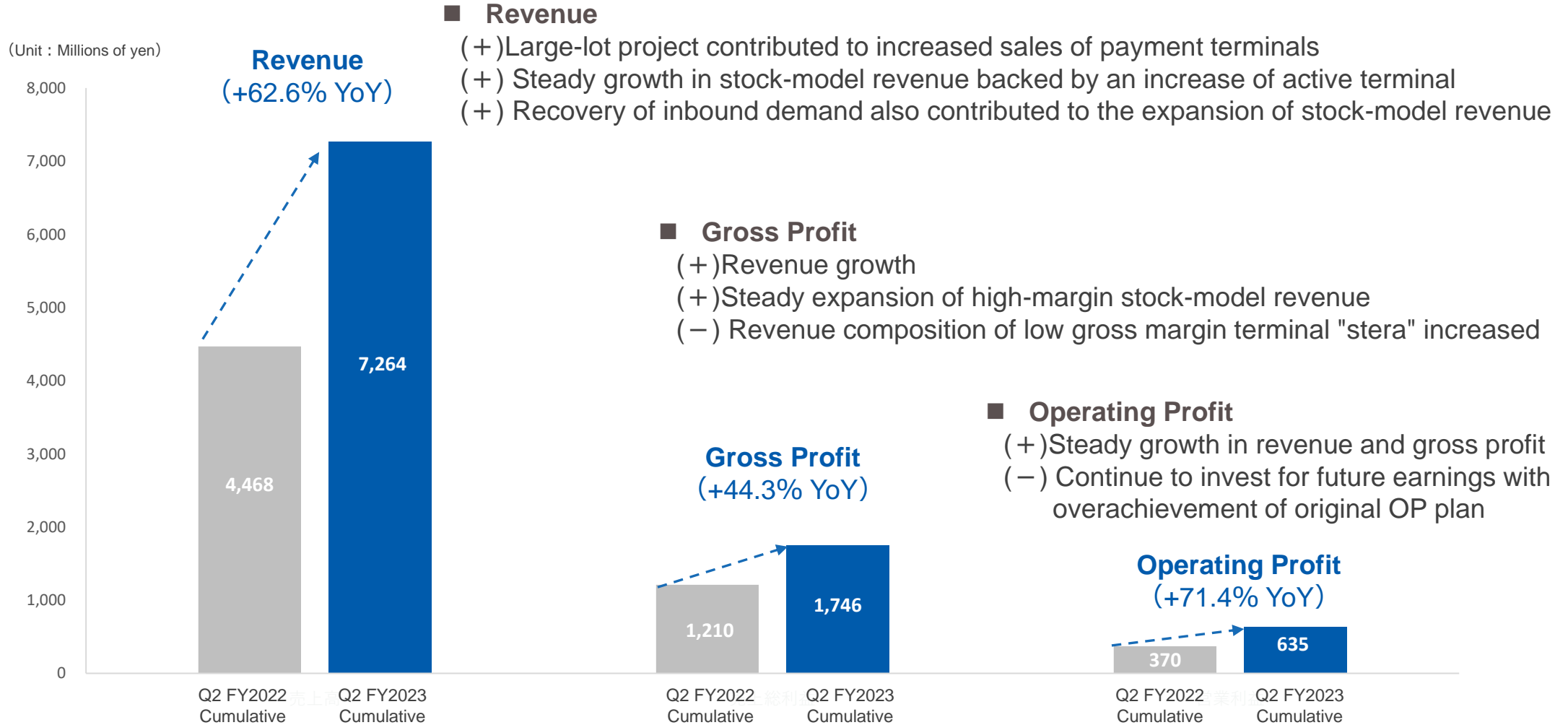
Transaction Volume
(Q2 FY2023 Only)

Transaction Value (GMV)
(Q2 FY2023 Only)

KPIs (YoY)	223,041 (+42.7%)	Approx. 108.0 million (+71.7%)	Approx. ¥946 billion (+83.3%)
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1.3 Major Topics Regarding Financial Results

Steady growth in revenue due to the contribution from large-lot project and inbound-related merchants. Operating profit grew greater than revenue despite significant future investment



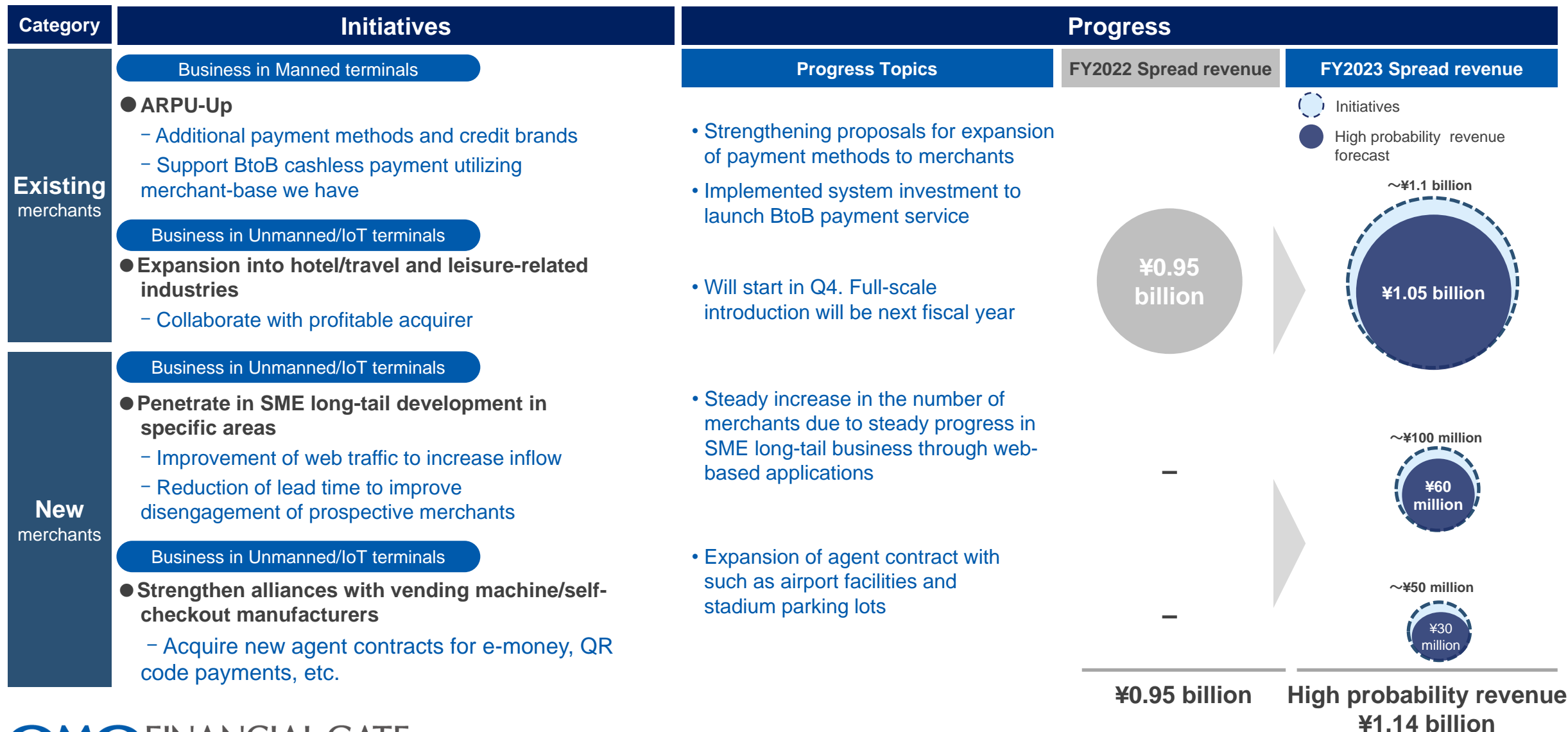
1.4 Revenue by Business Model (YoY)

Although the proportion of stock-model revenue declined due to the spike of initial revenue in Q2, Fee revenue shifted strongly. Spread revenue which had been struggling since the beginning of the period, is recovering

(Unit : Millions of Yen)	Q2 FY2022 Cumulative (Proportion %)	Q2 FY2023 Cumulative (Proportion %)	YoY
Initial	3,098 (69.3%)	5,125 (70.6%)	+65.4%
Stock-Model	1,370 (30.7%)	2,139 (29.4%)	+56.1%
Stock	392 (8.8%)	543 (7.5%)	+38.5%
Fee	520 (11.7%)	1,059 (14.6%)	+103.4%
Spread	456 (10.2%)	536 (7.3%)	+17.3%
Total Revenue	4,468	7,264	+62.6%

1.5 Initiatives for accelerating Spread Revenue

Various measures has led to a recovery of Spread revenue to +17% YoY at Q2 cumulative basis (+12% YoY at Q1). Aiming to return to the level of +20-25% growth by accumulating new projects in Q3 and beyond

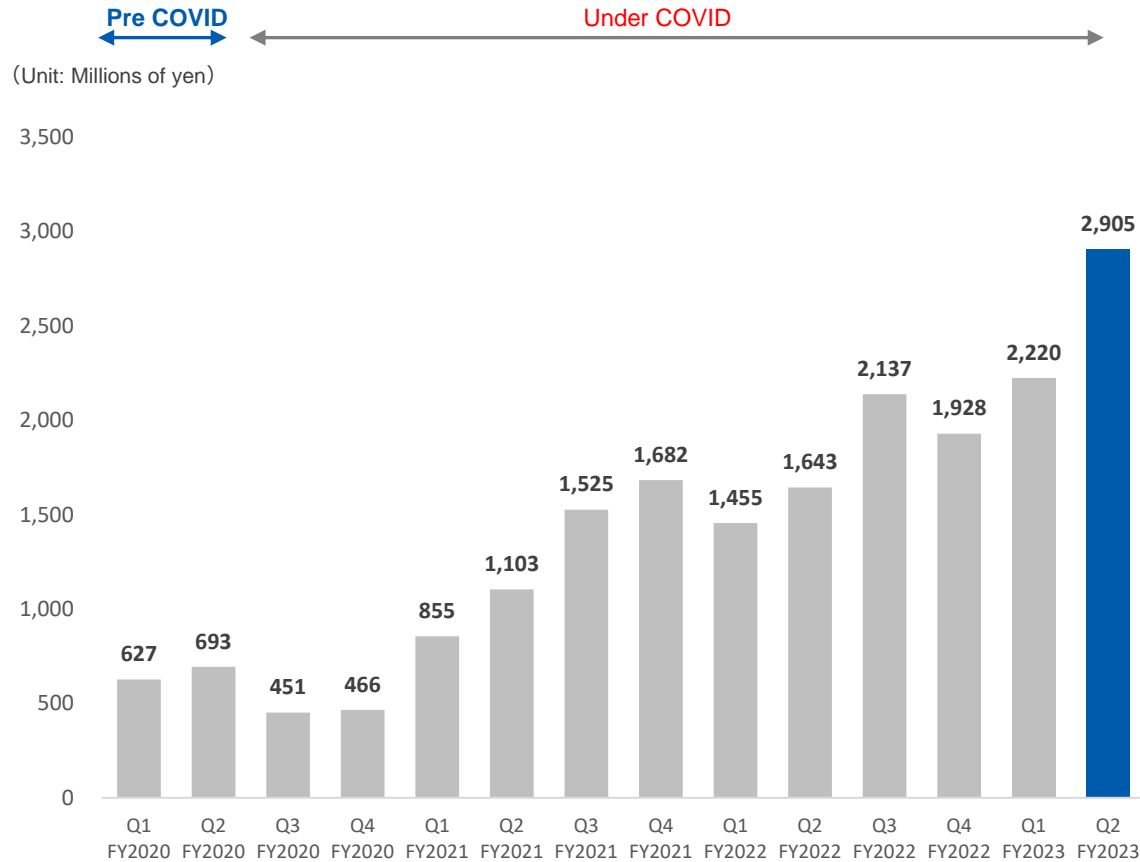


1.6 Revenue by business model (Quarterly)

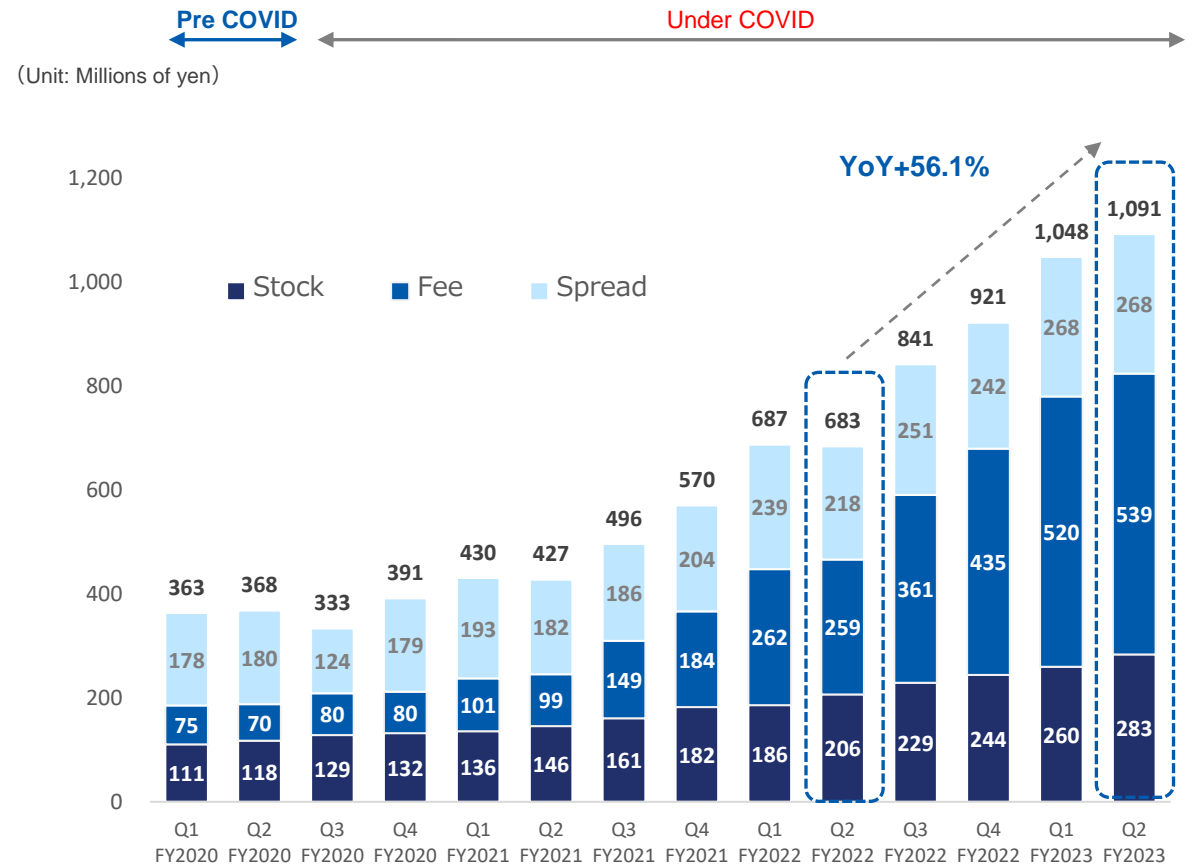
Initial : Significant growth in Q2 comes from large-lot project that have been contributing from Q1

Stock-Model : Despite weak seasonality, Q2 recorded higher revenue than Q1 which has strong seasonality

Initial Revenue



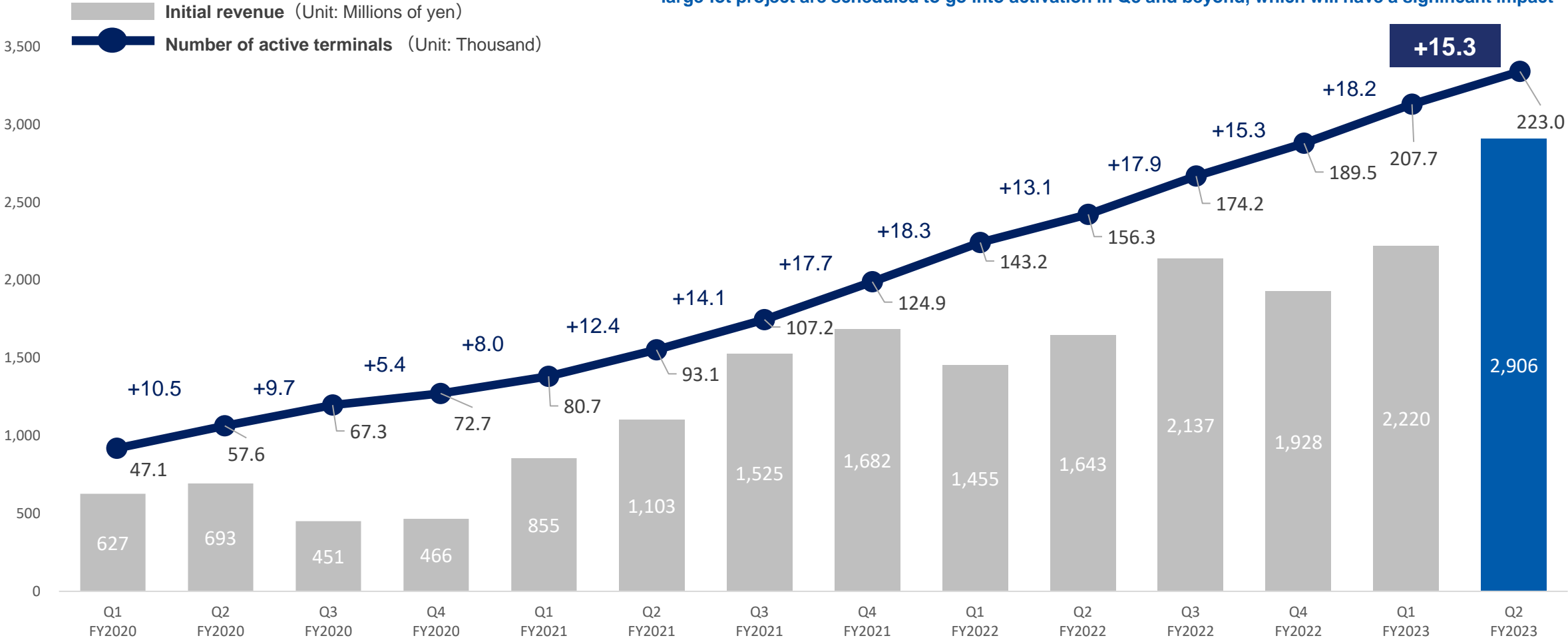
Stock-Model Revenue



1.7 Initial Revenue and No. of Active Terminals (Quarterly)

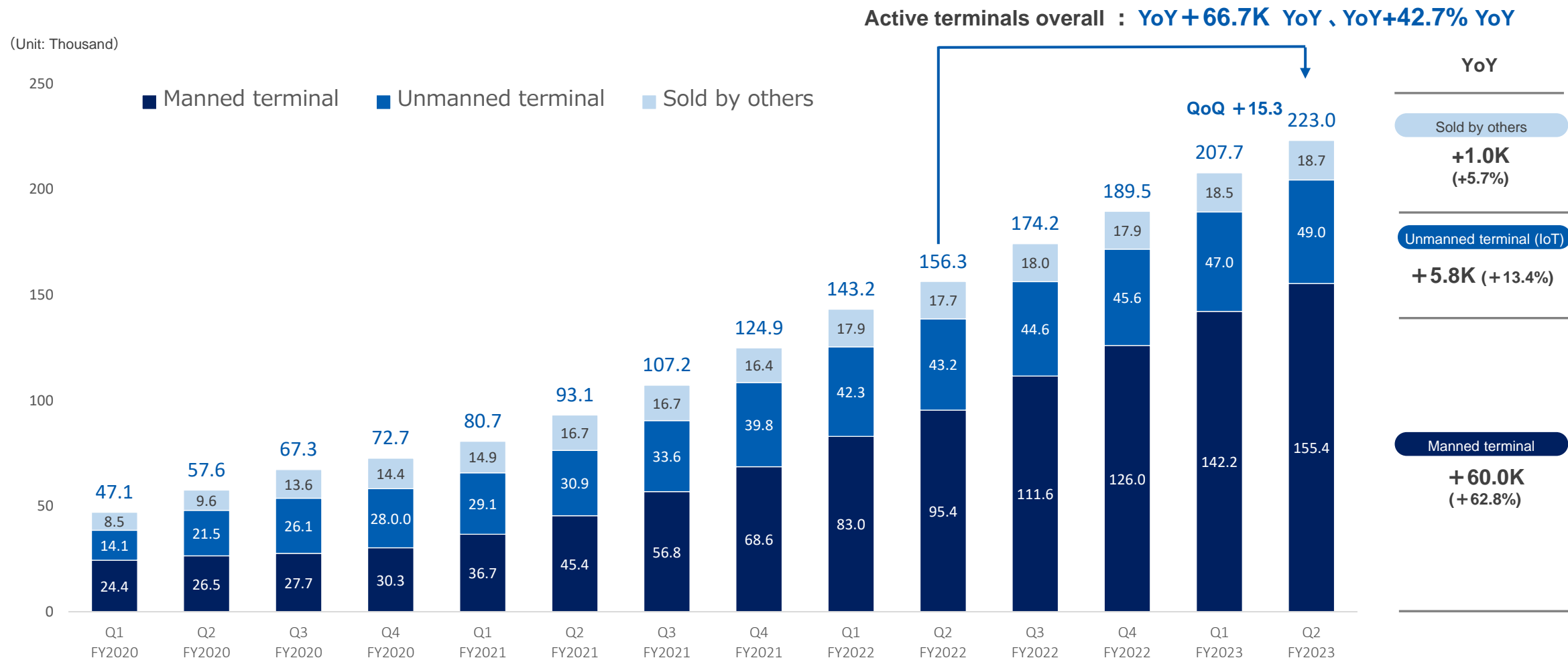
Initial revenue increased sharply due to the contribution of large-lot project following Q1. Terminals sold through this large-lot project are scheduled to go into activation from Q3 and are not reflected in the number of active terminals yet

Q2 has weak seasonality in terms of transaction, and there is a temporary deactivation of terminals that were in operation in Q1. The increase in the number of terminals tends to slow down usually from Q1 to Q2. **For this fiscal year, terminals for large-lot project are scheduled to go into activation in Q3 and beyond, which will have a significant impact**



1.8 Consolidated KPIs (Number of active terminals)

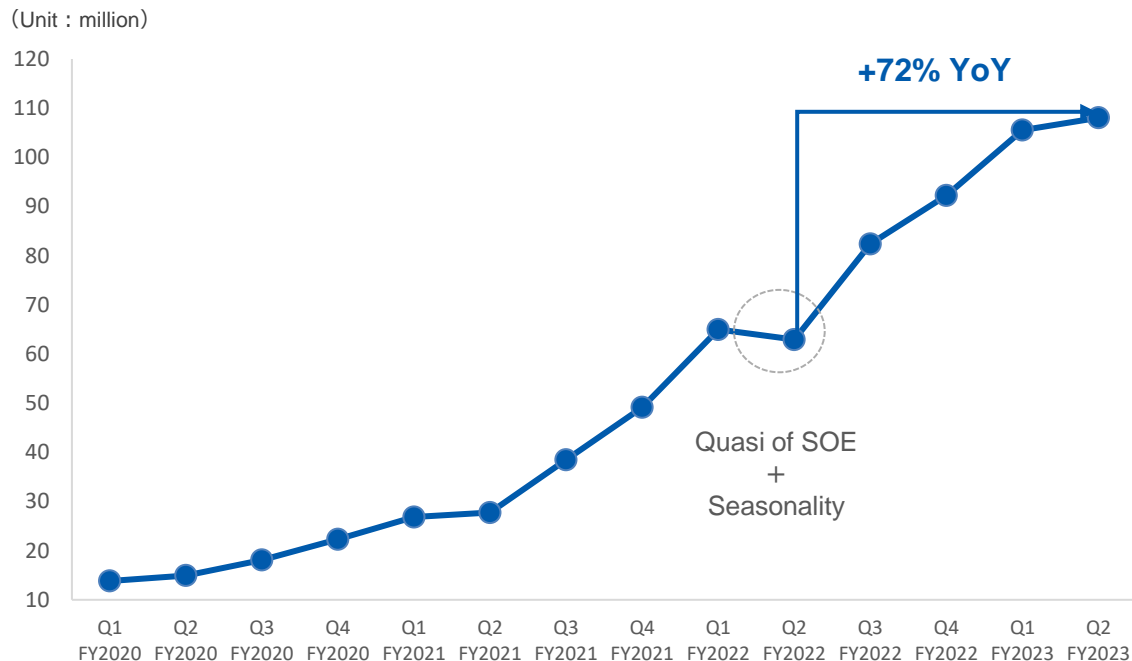
The increase in manned terminals, centered on stera, continues to drive the overall increase. Unattended terminals also continue to expand steadily



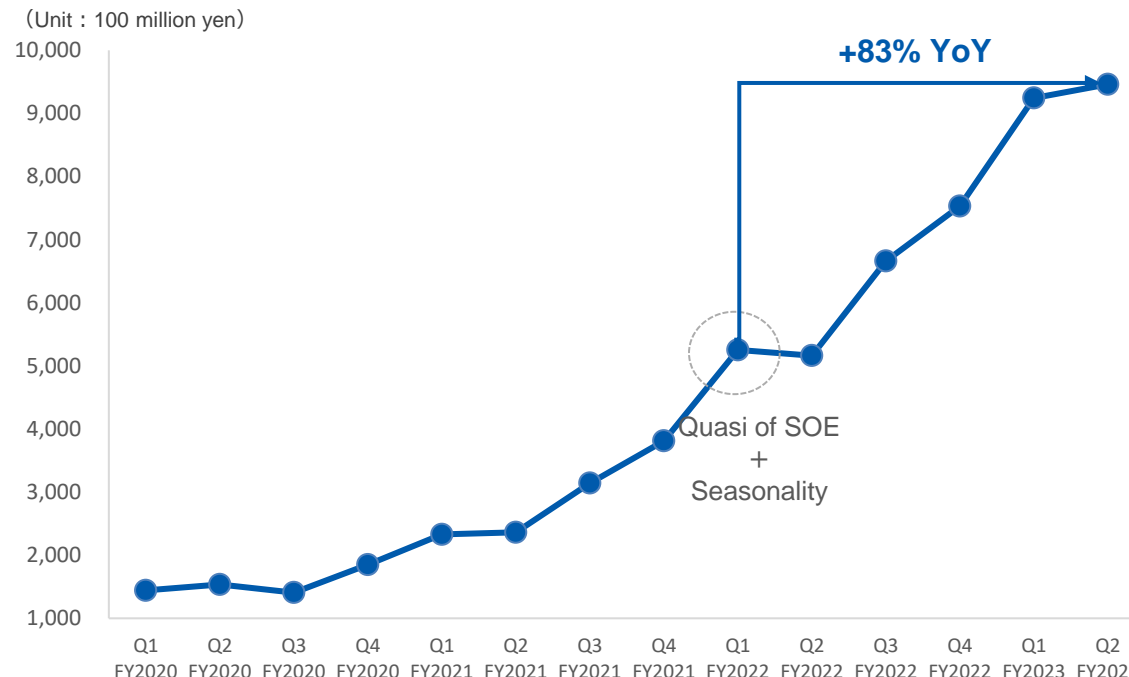
1.9 Consolidated KPIs (Quarterly Transaction volume / GMV)

Both the number of transaction volume and GMV exceeded our target of +50% YoY. Also, QoQ basis, both grew steadily with the increase in the number of active terminals, despite Q2 has weak seasonality

Number of transaction volume



Transaction value (GMV)



	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023
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Transaction volume (10 K)

1,383 1,494 1,809 2,231 2,683 2,774 3,848 4,914 6,497 6,293 8,237 9,224 10,553 10,804

Transaction value (GMV) (¥100 M)

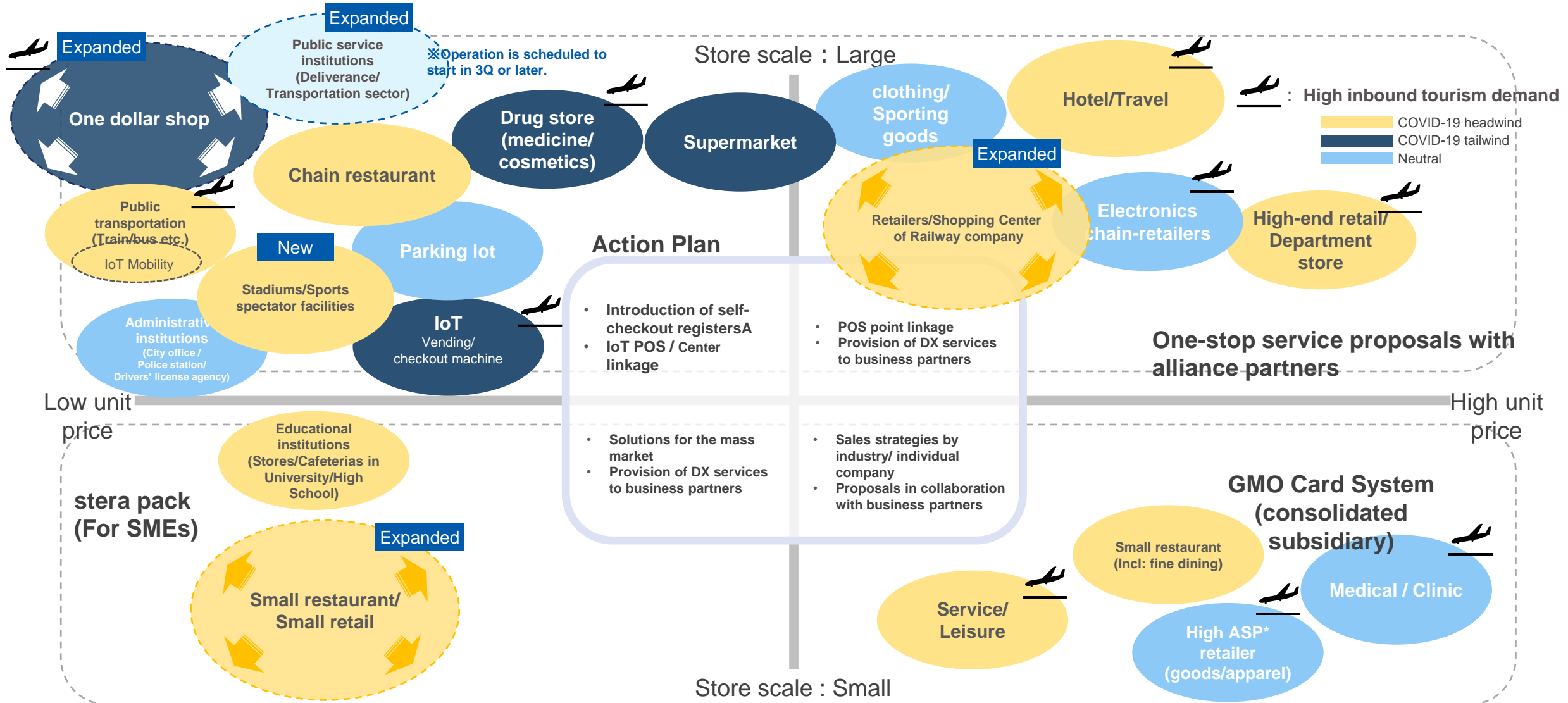
1,442 1,534 1,307 1,833 2,329 2,361 3,141 3,810 5,251 5,162 6,658 7,530 9,242 9,460

2

Business Highlights

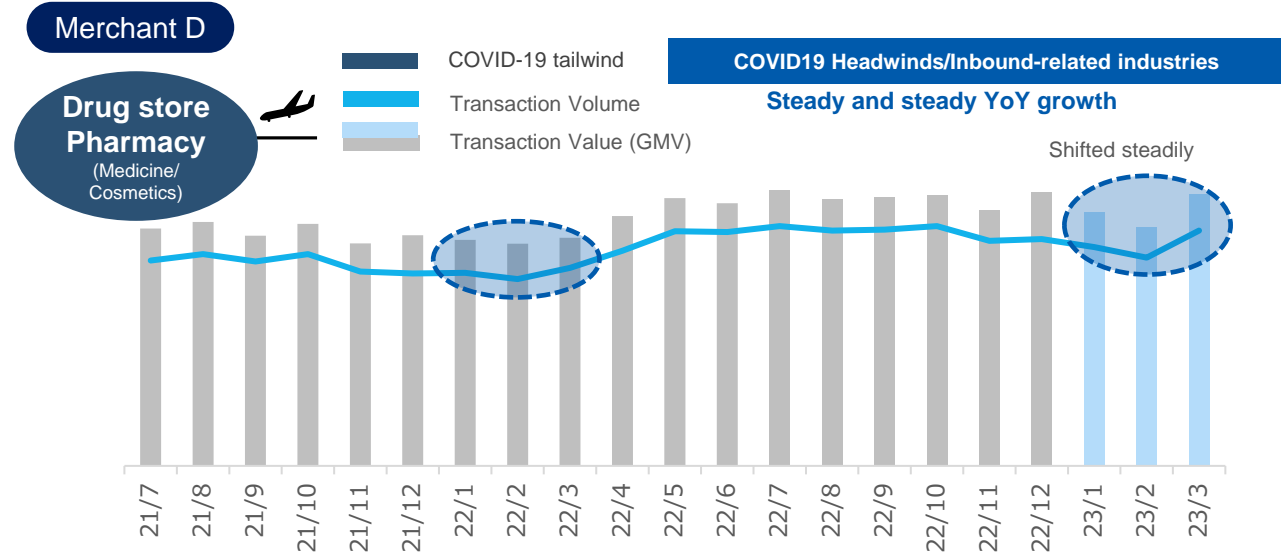
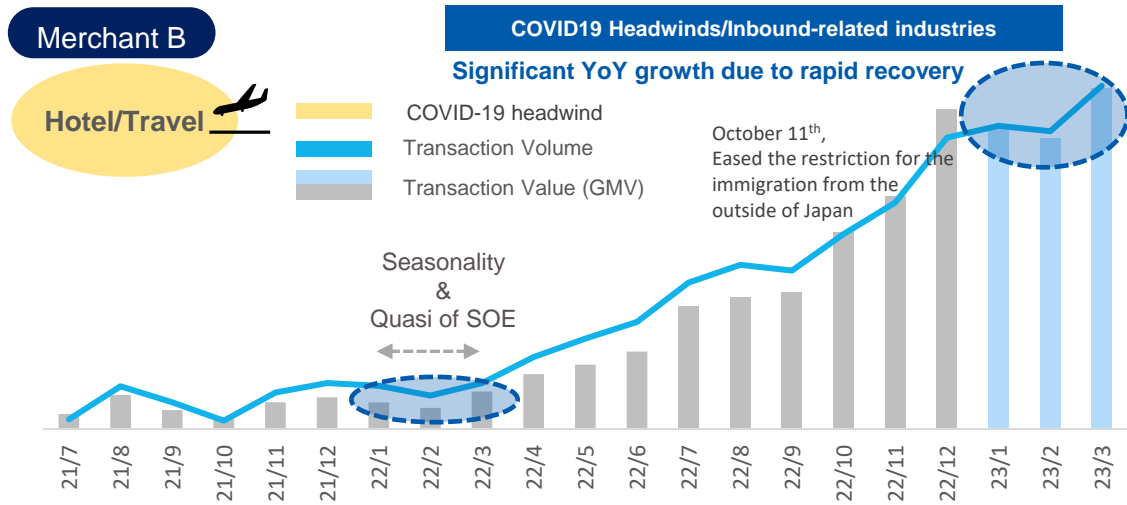
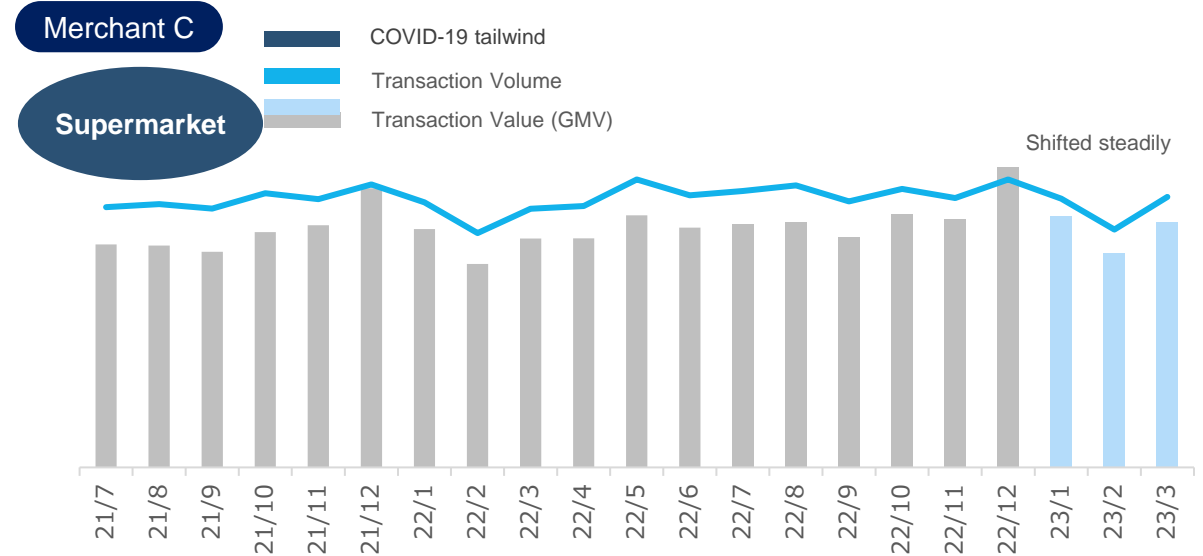
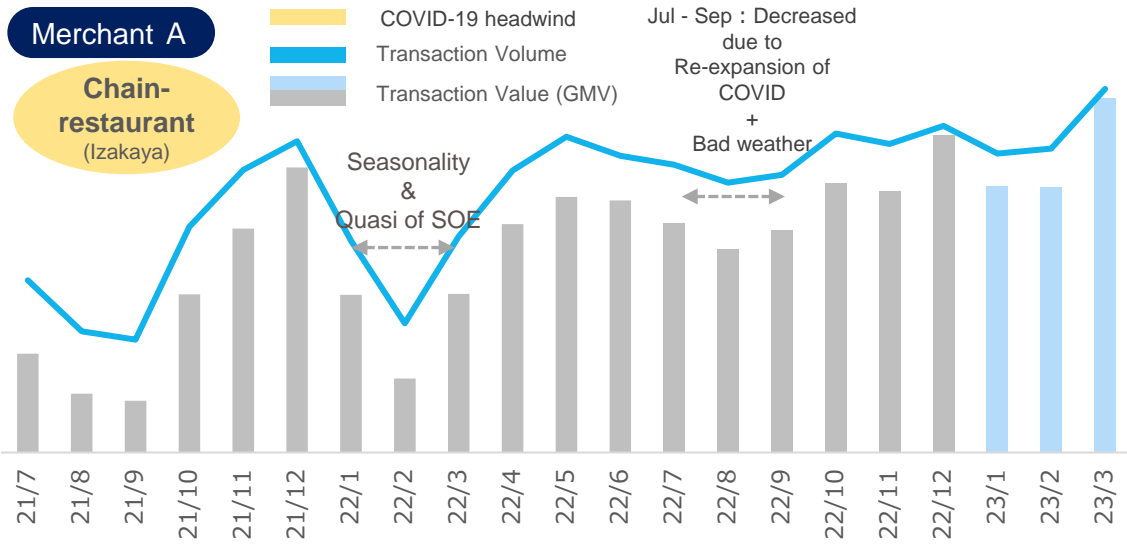
2.1 Merchant Industry

Preparation for after COVID is successfully working. In Q2, terminals were installed and activated at SCs and SME type restaurants, etc., which had been an industry affected by COVID-19



2.2 Transaction Trends by Industry (Q2)

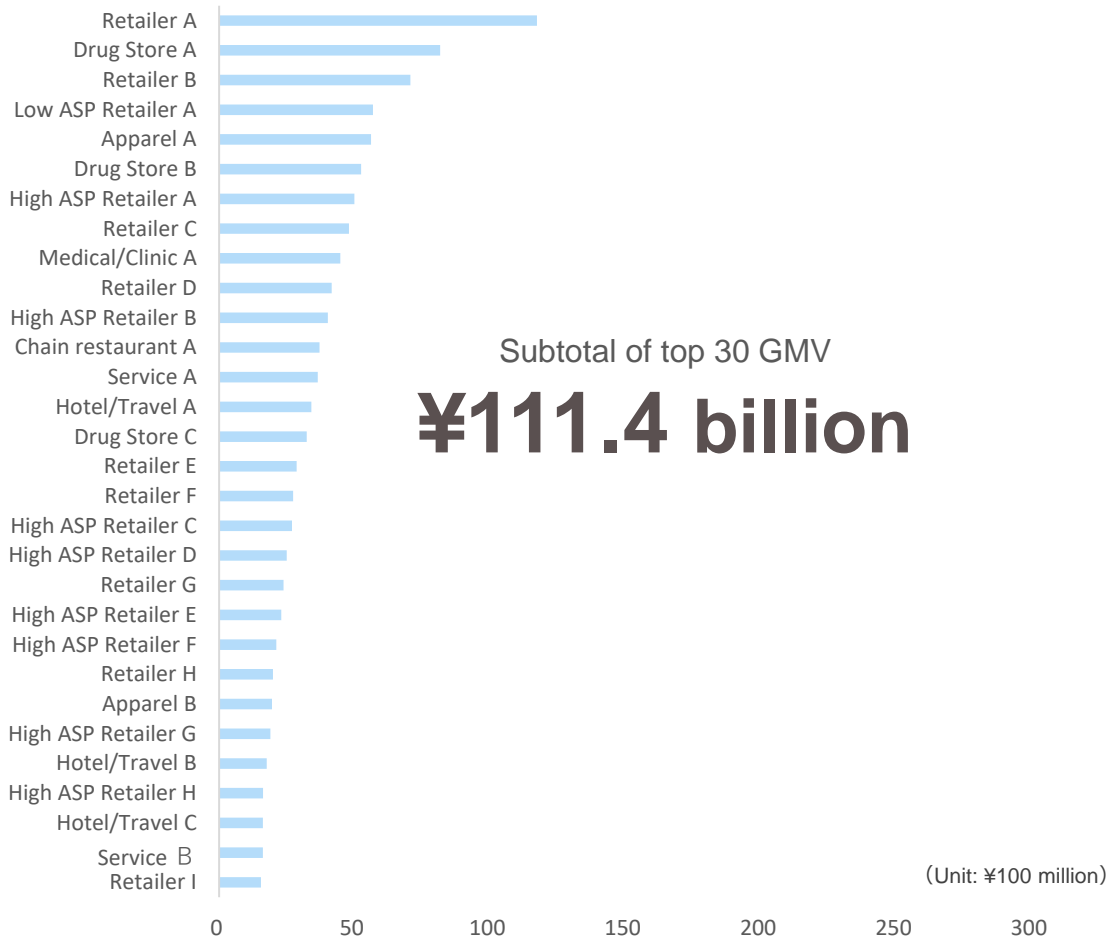
Re-opening & recovery of inbound demand has led to a recovery in merchants that were negatively impacted by COVID-19



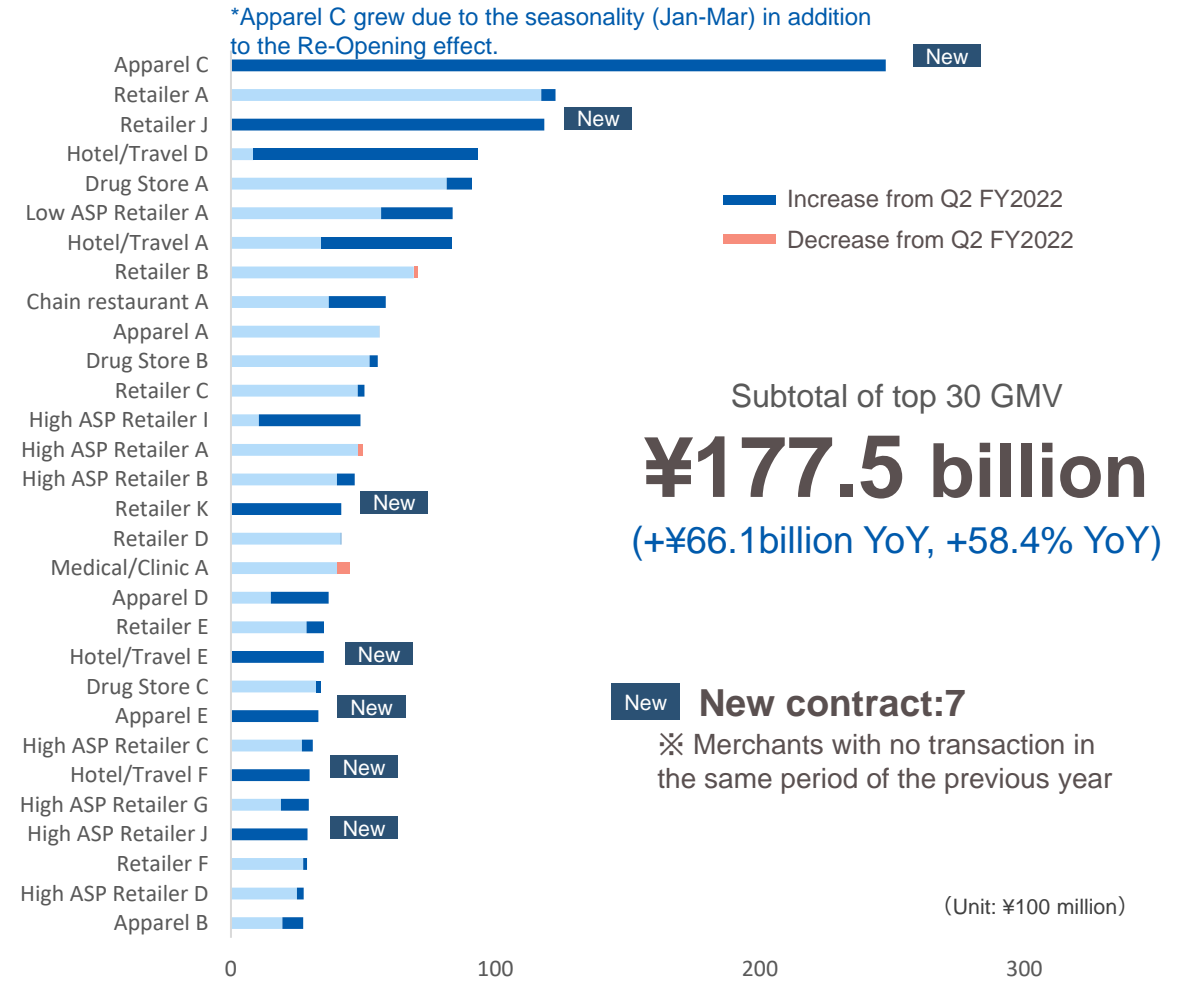
2.3 Top 30 ranked merchants (GMV basis)

Vertical expansion of our payment platform has been successful, and we are steadily acquiring new merchants. Existing merchants also grow steadily so our payment platform is expanding nicely

Q2 standalone FY2022



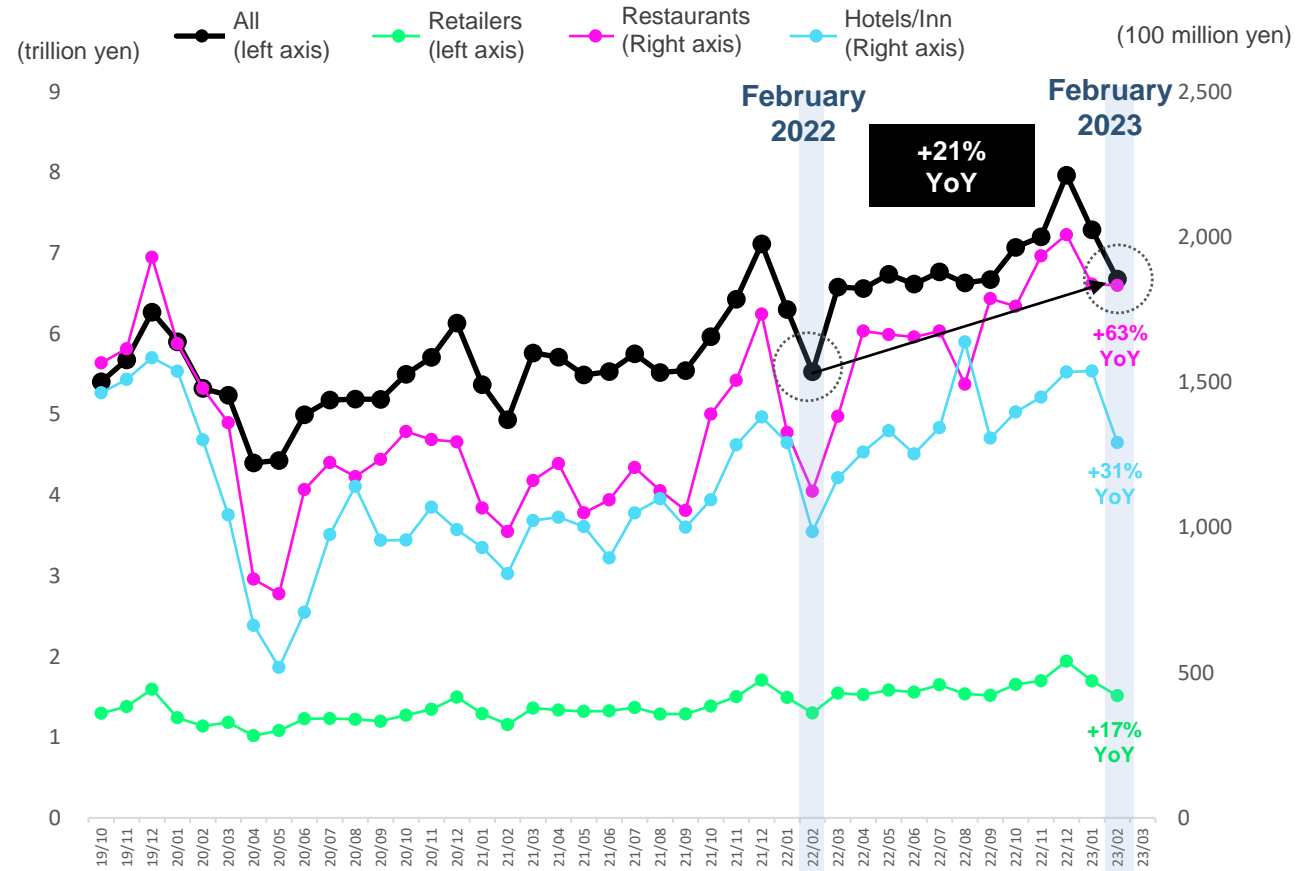
Q2 standalone FY2023



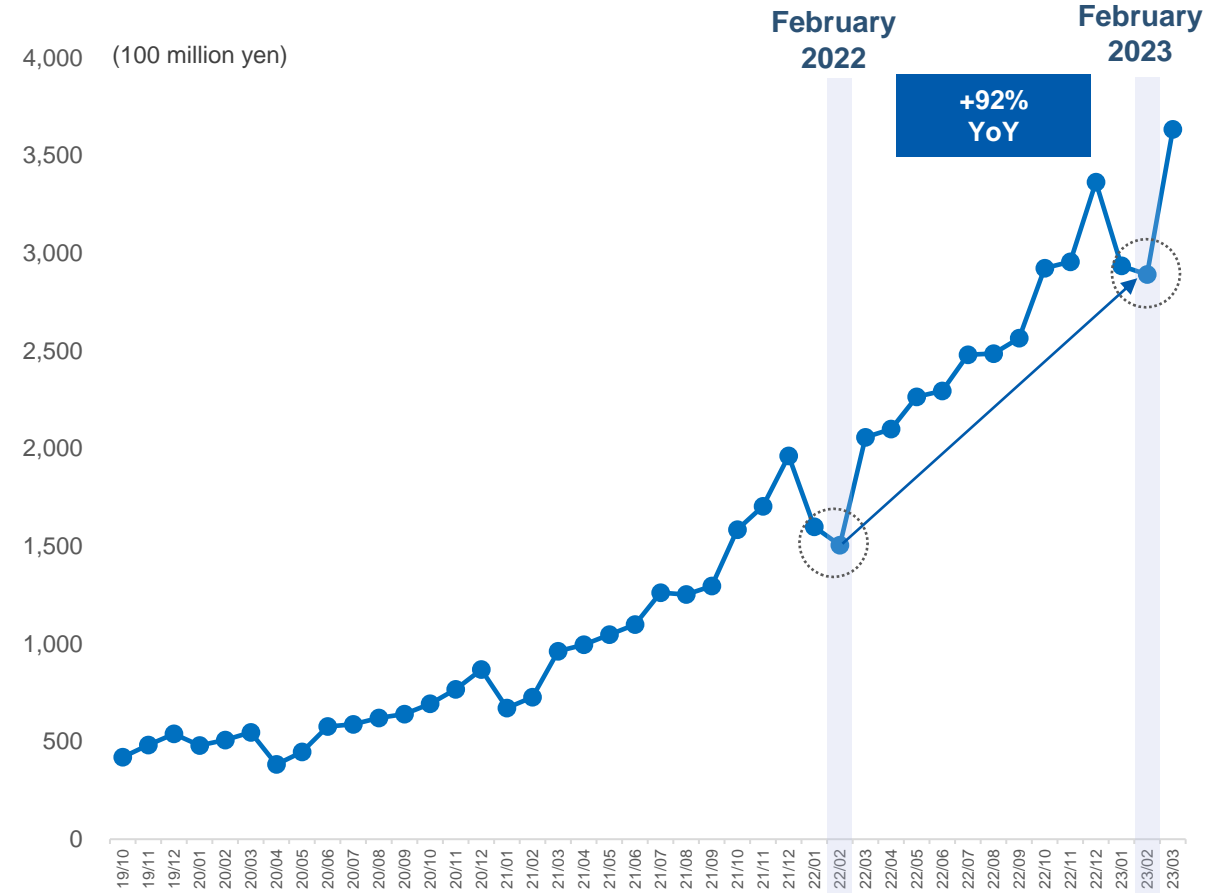
2.4 Comparison with Market Growth (February single month comparison)

While the overall market is currently growing +21%, our GMV is growing +92%. Growth of existing merchants and acquisition of new merchants is driving our growth

Market GMV (Transaction value of credit card payment)



GMO-FG GMV

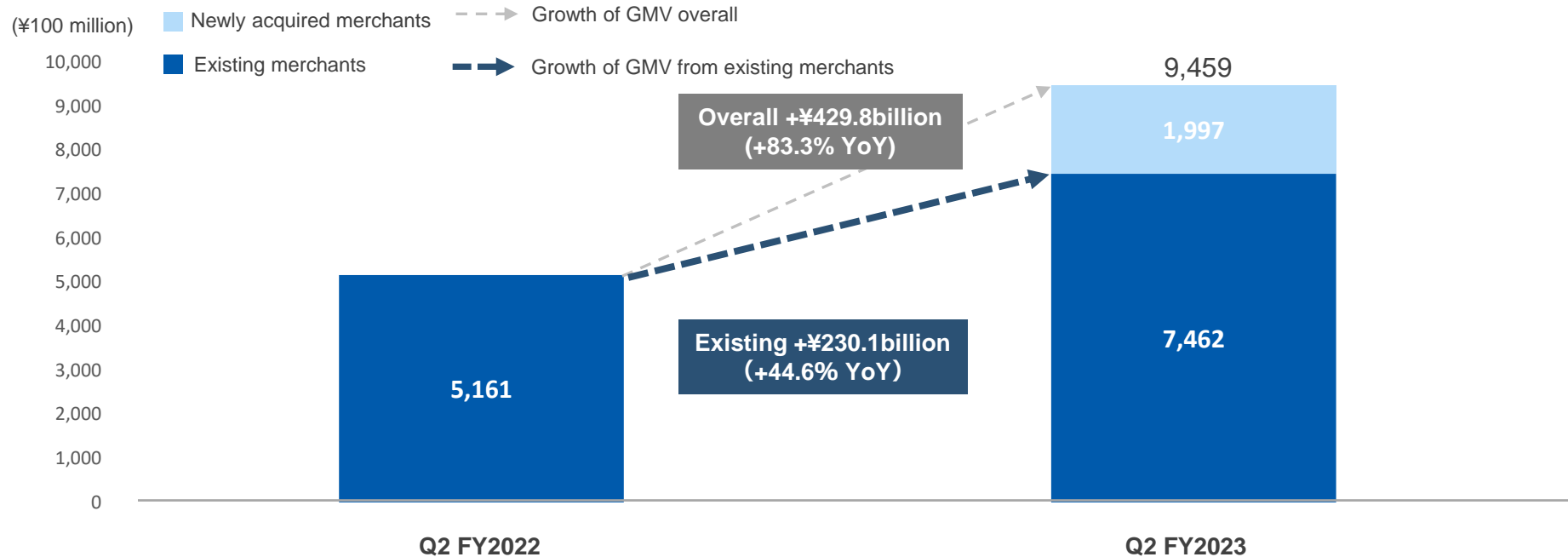


*Source: "Current Survey of Selected Service Industries" by the Ministry of Economy, Trade and Industry.

2.5 Payment platform grows together with merchants

In the Q2 alone, our GMV growth rate was +83% overall and +45% for existing merchants. Existing merchants exceeded the current (February) market growth rate of +21%, with merchants growing together with our payment platform

GMO-FG GMV growth rate



*Existing merchants are calculated as the number of merchants in the same period of the previous year. Existing merchants increase in “the number of payment terminals” and “new store openings” are also considered as existing growth.

*The above figures are considering churn of merchants.

3

Revision of FY2023 Forecast

3.1 Upward Revision of FY2023 Forecast

Upward revision of both revenue / profit based on current progress, while continuing to invest adequate amount of SG&A for future growth

(Unit : millions of yen)	FY2022 Full year actual	FY2023 Full year forecast (Original)	FY2023 Full year forecast (Revision)	YoY	% change (to original forecast)
Revenue	10,295	12,470	13,620	+32.3%	+9.2%
Gross profit	2,768	3,136	3,274	+18.3%	+4.4%
Operating profit	740	930	1,020	+37.7%	+9.7%
Profit attributable to owners of parent	472	580	631	+33.5%	+8.9%
Earnings per share	¥57.32* <small>*Reflected 1:2 stock split</small>	¥70.39	¥76.29	+33.1%	+8.4%
Dividend per share	¥29* <small>*Reflected 1:2 stock split</small>	¥36	¥39	+¥10	—

3.2 Approach to Revised Plan

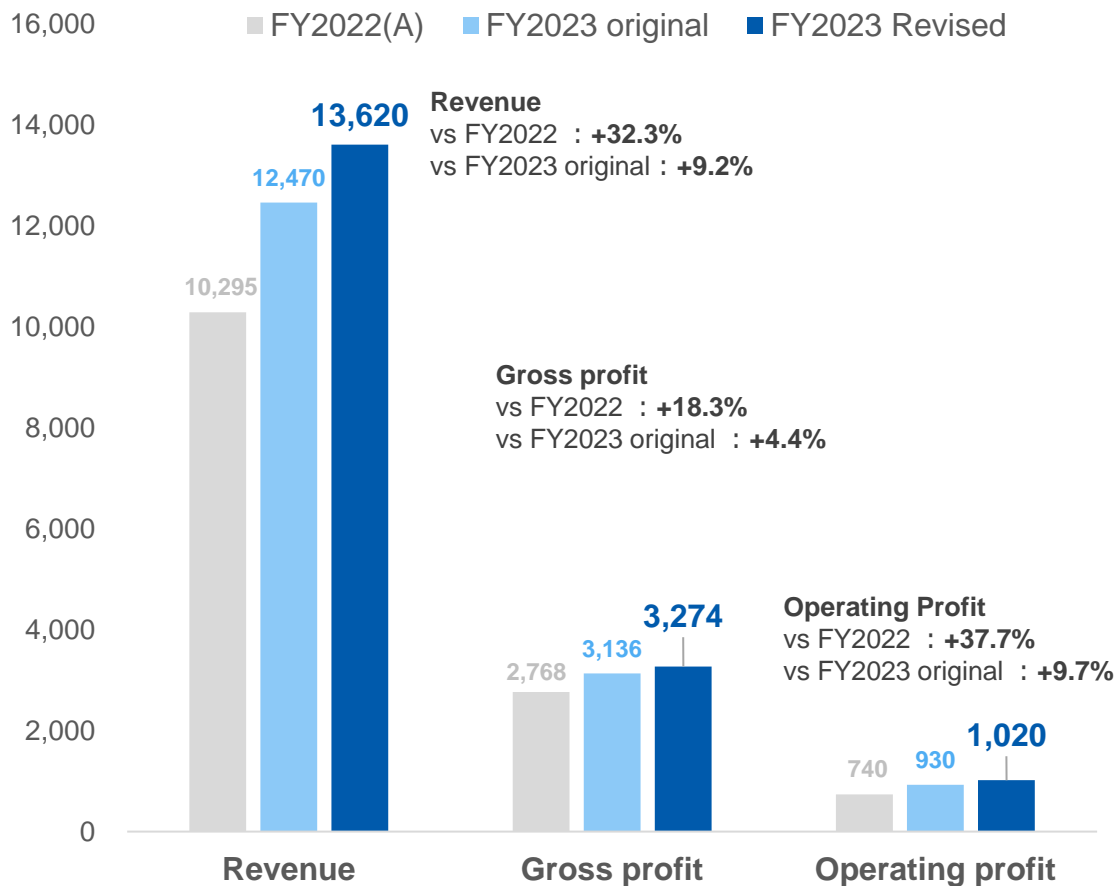
Background of the Balance between 1st half and 2nd half :

Revenue : Demand for large-lot project was concentrated in the first half of the year and will reach cruising speed in the second half

OP : Additional investment in SG&A expenses is planned for growth in the next fiscal year and beyond

FY2023 Full Year Plan

(Millions of yen)

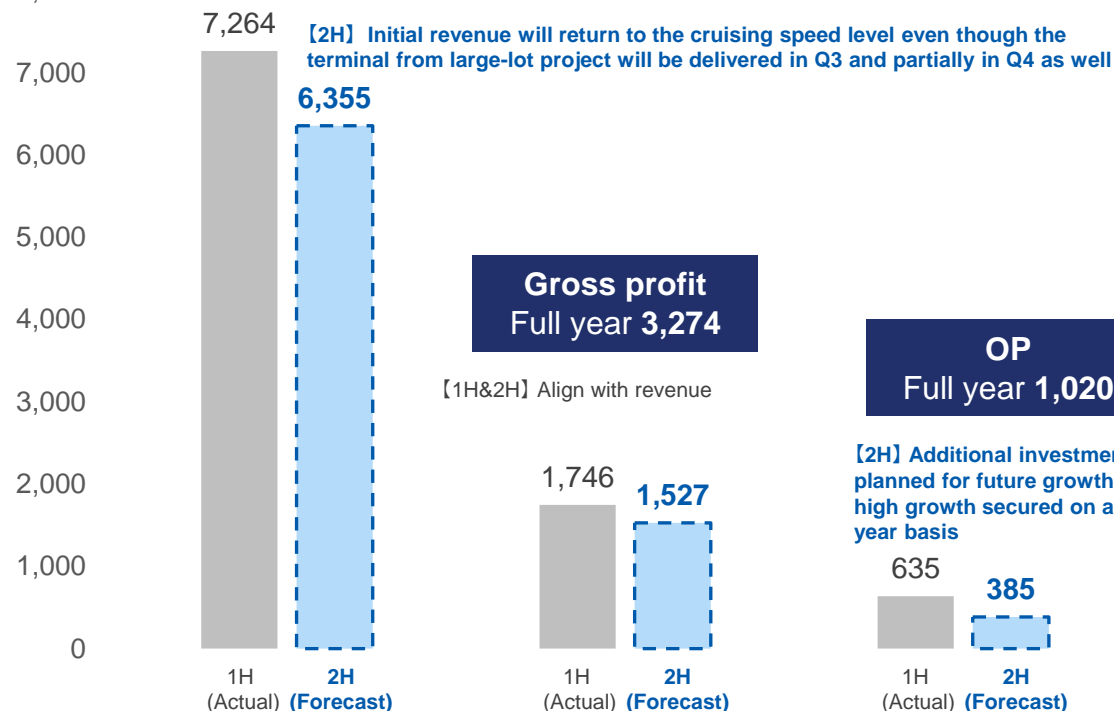


FY2023 1H (Actual) vs 2H (Forecast)

(Millions of yen)

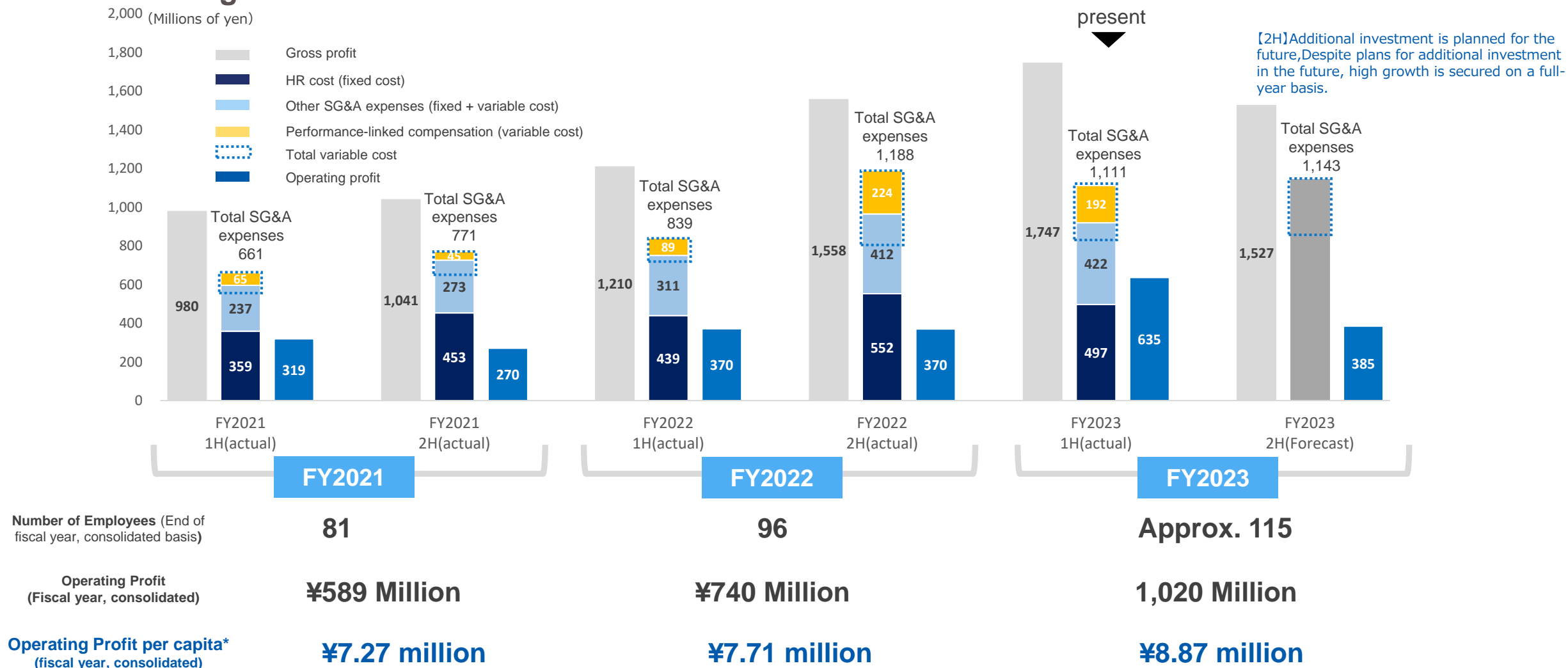
Revenue Full year 13,620

[1H] Large-lot project contributed significantly



3.3 SG&A and Profit Trends (half-year transition)

While aggressively investing in (1) business performance-linked compensation, and (2) other SG&A expenses, which are variable costs, operating leverage has improved the power to generate profits. Investment for growth will continue in 2H as well

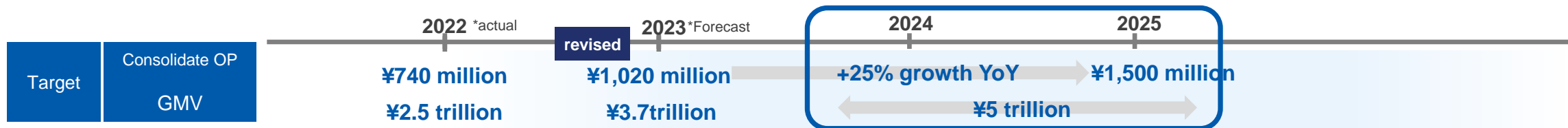


4

Growth Strategy and Progress

4.1 Growth strategy on mid-term target

Progress in developing large-lot project with next-generation multi-payment terminal. Steady progress in market share expansion strategy. Upward revision of profit forecast increases the probability of achieving the profit target of ¥1.5 billion for FY2025



1. Acquire multi-industry/high-growth enterprises by launching next-generation multipayment terminals

Initial, Stock, Fee, Spread

- Large-lot introduction to public service organizations continued in Q2. Contributed to expansion of initial revenue
- Transactions at inbound-related merchants grew in response to the resumption of economic activity (travel/hotels, electronics/appliances retailers, apparel, restaurants, etc.).

2. Expand IoT payments by supporting contactless (tap) and unattended payments

Initial, Stock, Fee

- With the increasing recognition of contactless payment (NFC), we will strengthen the payment solutions focused on convenience. Plans to introduce NFC for table checking, mobile payment, and payment at SME type merchants.
- Increasingly introduced to mobility (buses, trains) and parking lots near stadiums and other leisure facilities.
- Continued strong demand for self-cash registers at 100-yen discount stores, with steady expansion in the number of units installed.

3. Acquire large accounts through expansion of alliances with QR, points, etc.

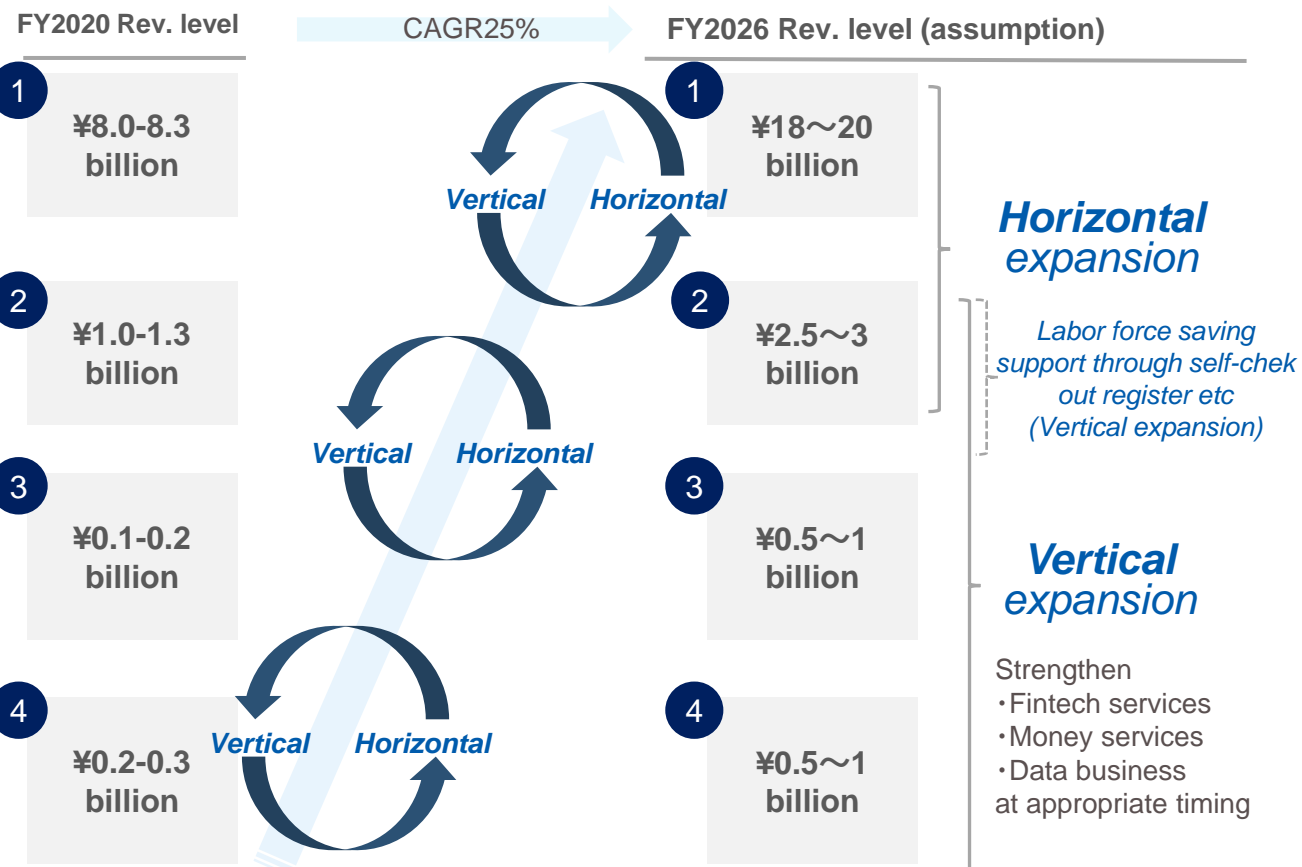
Stock, Spread

- Began work on a new proprietary point development project for two railroad operators in the Kansai region.
- Leveraging solution assets cultivated through past point development projects, strengthened Vertical development

4. Increase added value by strengthening processing center functions

Stock, Fee

- Development of payment platform for JTB (C→REX terminals) is in progress for release this summer
- An external organization conducted an architecture evaluation of our internal back-office operations, centered on the billing settlement system (investment for future scale)

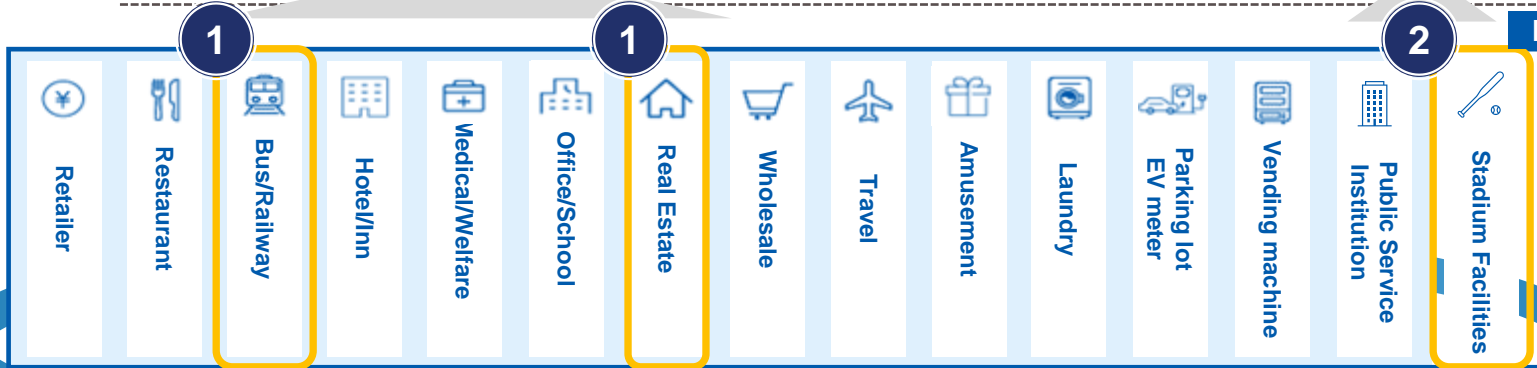
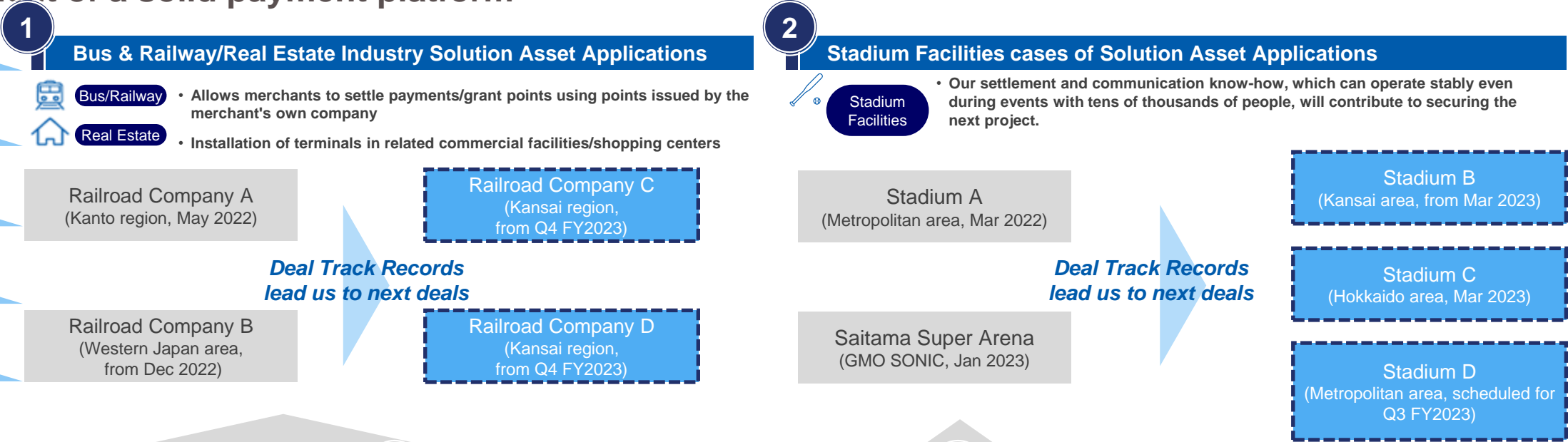


4.2 Expansion of GMO-FG cashless platform

By horizontally deploying the solution assets cultivated through the Vertical expansion, the company is acquiring large scale merchants in the same industry. Viral expansion of the merchant base and establishment of a solid payment platform

Vertical Expansion

Expansion of services by Industry



Approach to large accounts in each industry

- Acquirer
- Clearing machine manufacturer
- POS operators

4.3 Manned Terminal Topics

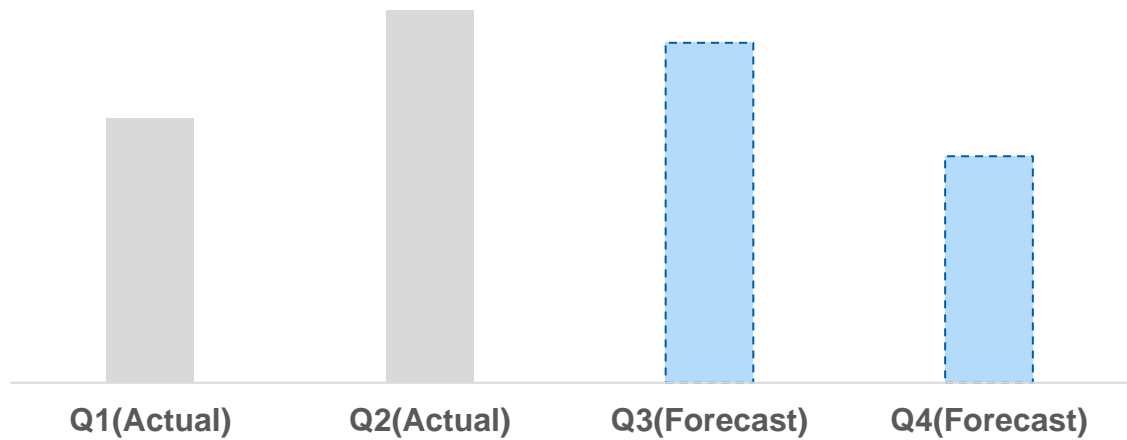
Installation of terminals for large-lot project (public service organization in the deliverance / transportation sector) was concentrated in the 1st half. Terminals installed for large-lot project will be activated from April (3Q) and are expected to contribute to KPIs expansion

Number of manned terminal

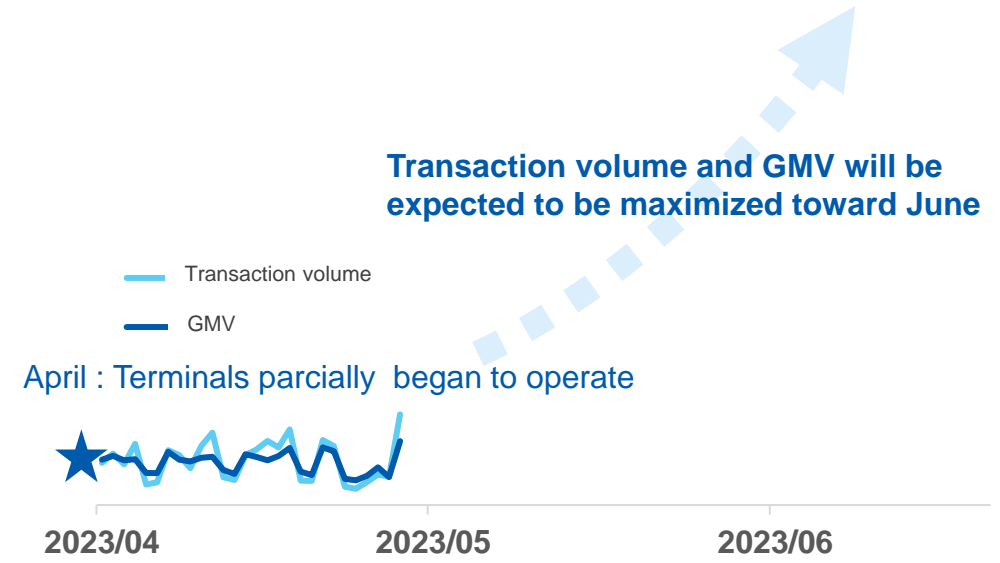
(Unit : thousand)	FY2020 End Q4	FY2021 End Q1	FY2021 End Q2	FY2021 End Q3	FY2021 End Q4	FY2022 End Q1	FY2022 End Q2	FY2022 End Q3	FY2022 End Q4	FY2023 End Q1	FY2023 End Q2	QoQ (%)	YoY (%)
Manned terminal	30.3	36.7	45.4	56.8	68.6	83.0	95.4	111.6	126.0	142.2	155.4	+13.2 (+9.3%)	+60.0 (+62.8%)
		+6.4	+8.7	+11.4	+11.8	+14.4	+12.4	+16.2	+14.4	+16.2	+13.2		

Terminal sales* (FY2023)

*Total terminal sales including manned terminal and unattended terminal (IoT)



Specific Public and Transportation Sector Large Volume Projects / Terminal Availability



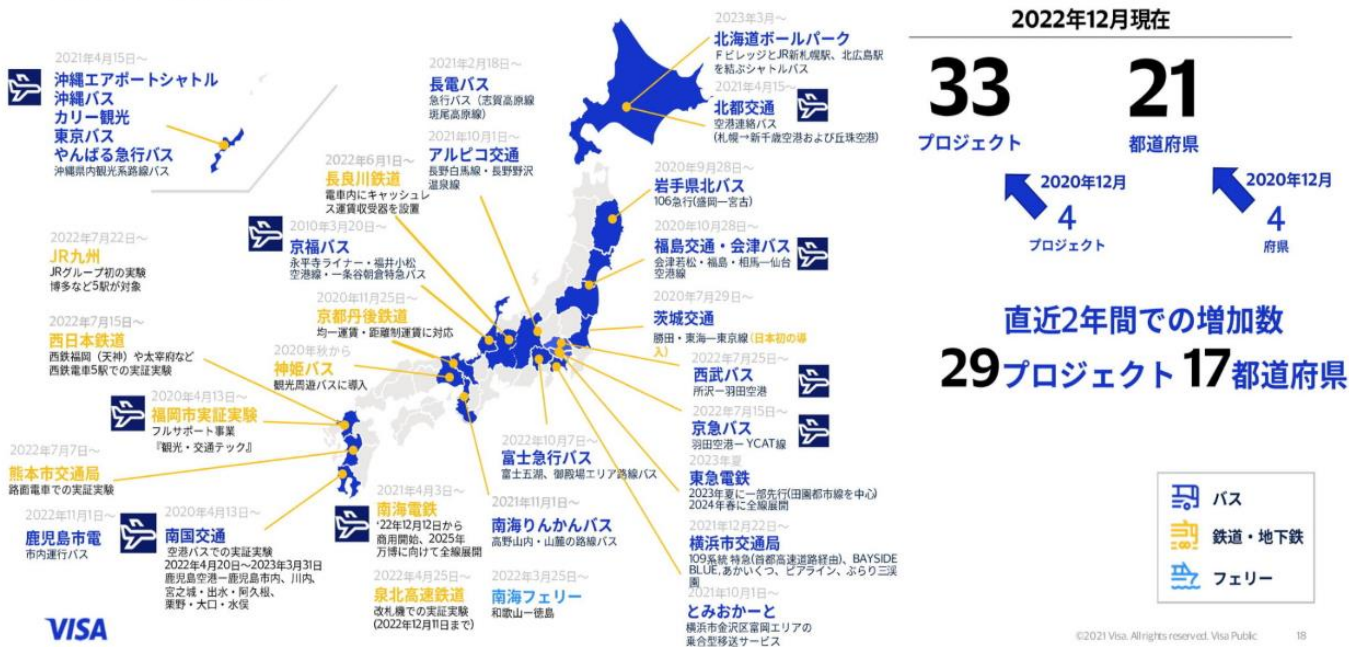
4.4 Expansion of Payment Platforms - Mobility

Mobility payments in urban areas are on the rise due to the recent increase in the number of foreign visitors to Japan. Successfully capturing the recovery of inbound demand after COVID era, and more railroads and buses are scheduled to be introduced going forward

Introduction snapshot in domestic public transportation (Visa Publication)

国内での公共交通機関での導入状況

全国のバス・地下鉄・鉄道でのVisaタッチ決済の導入が拡大しており、2022年12月現在、21都道府県、33プロジェクトが発表もしくは展開済み

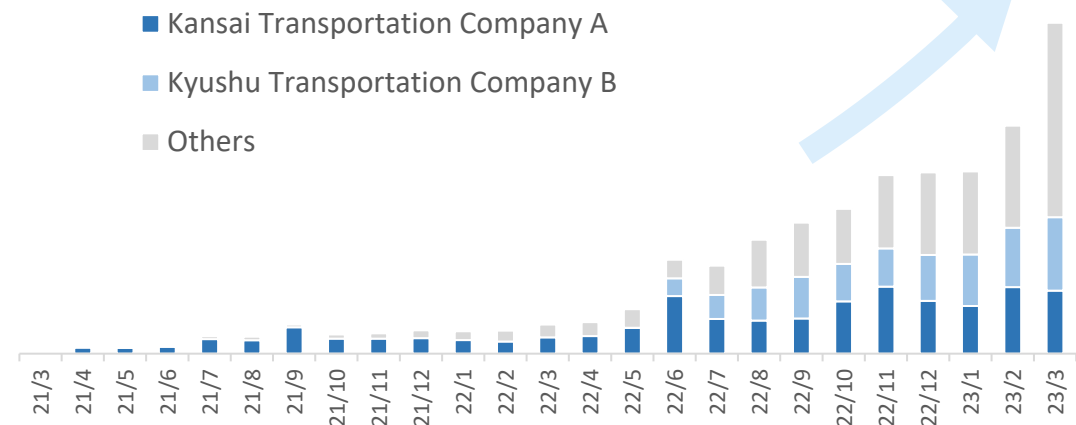


Trends in the number of foreign visitors to Japan & mobility payment trends



Source: Japan National Tourism Organization (JNTO)

Mobility Settlement Trends (Number of cases)



4.5 ESG / Obtained a Certificate of Assurance of GHG

Obtained a certificate of assurance from an external certification institution (Socotec, Inc.) regarding GHG emissions in FY2022. We plan to receive external certification every fiscal year and continue to assess the environmental affect coming from our business

Certificate of Assurance by External Certification Institution (FY2022)



Mr. Kentaro Sugiyama
President & Chief Executive Officer
GMO Financial Gate, Inc.

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from GMO Financial Gate, Inc. (hereafter "the Company"), in order to provide an opinion as to whether the subject matter information ("GHG Emissions Calculation Report for the 29th fiscal year" (period: 1 October 2021 to 30 September 2022)) of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria
The subject matter information ("GHG Emissions Calculation Report for the 29th fiscal year" (period: 1 October 2021 to 30 September 2022)) for our assurance is "a report on energy-derived greenhouse gas emissions (Scope 1 is not applicable, Scope 2 (location-based and market-based)) and all other indirect greenhouse gas emissions that occur in a company's value chain (Scope 3 (Categories: 1,2,3,4,5,11))" covering the Company and its consolidated companies (2 subsidiaries) business activities.
The criteria for preparing subject matter information is "GHG Emissions Calculation Procedure Manual (Ver.2.0)".

Subject matter information	
GHG emission data period: 1 October 2021 to 30 September 2022	All other indirect GHG emissions that occur in a company's value chain Scope 3:13,527 t-CO2e
Energy-derived GHG emissions	
Scope 1: — t-CO2e	Breakdown (t-CO2e)
Scope 2: location-based 93 t-CO2e	Category 1: 9,089
market-based 97 t-CO2e	Category 2: 1,761
	Category 3: 15
	Category 4: 5
	Category 5: 9
	Category 11: 3,418

2 Management Responsibility
"GHG Emissions Calculation Report for the 29th fiscal year" (period: 1 October 2021 to 30 September 2022) was prepared by the management of the Company, who is responsible for the integrity of the assertions, statements, and claims made therein (including the assertions over which we have been engaged to provide limited assurance), the collection, quantification and presentation of all data and information in the report, and applied criteria, analysis and publication.
The management of the Company is responsible for maintaining adequate records and internal controls that are designed to support the reporting process and ensure that "GHG Emissions Calculation Report for the 29th fiscal year" (period: 1 October 2021 to 30 September 2022) is free from material misstatement whether due to fraud or error.

3 Assurance Practitioner's Responsibility
The responsibility of SOCOTEC is to express a limited assurance conclusion as to whether the subject matter information has been prepared in compliance with the criteria in all material respects.
SOCOTEC performed limited assurance engagement in accordance with the verification procedures stipulated by SOCOTEC and "ISO14004-3: Specification with guidance for the verification and validation of greenhouse gas statements".
The procedures implemented in the limited assurance engagement are limited in their type, timing and scope as compared to the procedures implemented in the reasonable assurance engagement. As a result, our limited assurance engagement does not provide as high assurance as reasonable assurance engagement.
Our procedures performed depend on the assurance professional practitioner's judgement, including the risk of material misstatement, whether due to fraud or error. Our conclusion was not designed to provide assurance on internal controls.
We believe that we have obtained the evidence to provide a basis for the conclusion for limited assurance.

4 Assurance Procedures
The procedures that SOCOTEC has conducted are based on professional judgment and include, but are not limited to:

- Evaluation of policies and procedures created by the Company in relation to subject matter information
- Questions to the Company personnel to understand the above policies and procedures
- Verification that the target project meets eligibility requirements
- Matching with the basis data by trial calculation and recalculation
- Obtaining and collating material for important assumptions and other data
- We visited Headquarter of the Company in order to confirm the calculation structure and procedures, data collection and implementation status of record control.

5 Statement of Our Independence, Quality Control and Competence
SOCOTEC has introduced and maintained a comprehensive management system that conforms to the accreditation requirements of "ISO17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems". In addition, we have also established a management system according to "ISO14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition". These meet the requirements of International Standard on Quality Control 1 by the International Auditing and Assurance Standards Board and Code of Ethics for Professional Accountants by International Ethics Standards Board for Accountants. We maintain a comprehensive quality control system that includes ethical rules, professional standards and documented policies and procedures for compliance with applicable laws and regulations.
The SOCOTEC Group is a comprehensive third-party organisation in inspection, testing and certification operations, and conducts management system certification services and training services related to quality, environment, labour and information security in countries around the world. Engaged in performance data and sustainability report assurance of environmental and social information, SOCOTEC affirms that it is independent of the organisation that has ordered the assurance engagement, its affiliated companies, and stakeholders, and that there is no possibility of impairing impartiality or conflict of interest.
We assure that the team engaged in the assurance is selected based on knowledge, experience in the relevant industry, and the competence requirements for this assurance engagement.

6 Use of Report
Our responsibility in performing our limited assurance activities is to the management of the company only in accordance with the terms for this engagement as agreed with the Company. We do not therefore assume any responsibility for any other purpose or to any other person or organisation.

7 Our Conclusion
On the basis of our procedures performed and evidence obtained nothing has come to our attention that causes us to believe that the subject matter information is not, in all material respects, prepared and reported in accordance with the stated criteria.

SOCOTEC Certification Japan

S. Futaba
Seigo Futaba
Managing Director
9 May 2023



ESG related plan



*Considering acquisition of non-fossil certificates to offset power consumption at business locations in FY9/2023.

Plans to continue disclosing the acquisition of a guarantee and implementing the PDCA cycle to reduce emissions in the next fiscal year and beyond

Supplemental Agenda

Financial Information, Investment and Shareholder Return Policies

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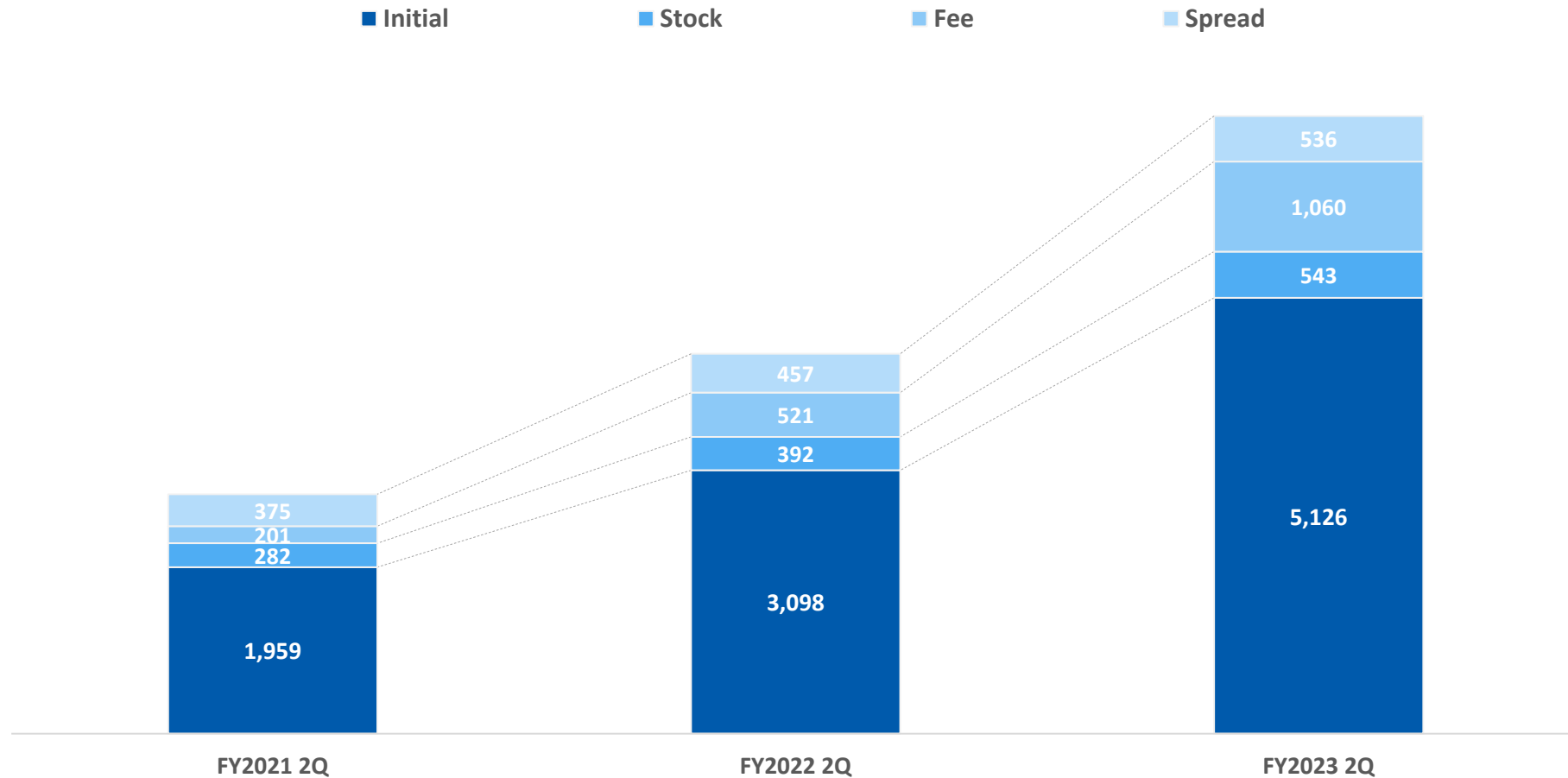
5.1 Profit & Loss

Gross profit margin increased despite lower gross profit margin due mainly to higher proportion of initial revenue. Operating profit margin improved, handling the increase in SG&A expenses

(Unit : Thousands)	Q2 FY2022 Cumulative (actual)	Q2 FY2023 Cumulative (actual)	YoY
Revenue	4,468,335	7,264,813	+62.6%
COGS	3,258,241	5,518,272	+69.4%
Gross profit	1,210,093	1,746,541	+44.3%
SG&A	839,141	1,110,898	+32.4%
Operating profit	370,952	635,643	+71.4%
Ordinary profit	370,591	633,973	+71.1%
Profit attributable to owners of parent	234,115	394,368	+68.5%

5.2 Revenue by business model (YoY)

Initial revenue proportion increased more than expected due to rapid terminal sales growth in Q2
OP margin improved, handling the SG&A expenses of the stock-model business



5.3 Revenue by business model (Quarterly)

Initial revenue reached a new record quarterly high thanks to the acquisition of a large merchant. Fee and Stock continued to increase despite the weak season, and Spread was maintained at the same level as during the strong season (Q1)

					Preventing the spread of disease Priority measures					
(Unit : millions of yen)	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023
Initial	855	1,103	1,525	1,682	1,454	1,643	2,136	1,927	2,220	2,905
										Record high for the quarter
Stock-model	430	427	495	569	687	683	841	921	1,047	1,091
Stock	135	145	160	182	185	206	229	244	259	283
Fee	101	99	149	183	261	259	361	434	519	539
Spread	193	181	185	203	239	217	250	242	268	268
										Sales have been on a downward trend every year due to seasonality, Secured the same level as 1Q in this fiscal year
Total	1,286	1,531	2,020	2,252	2,141	2,327	2,978	2,849	3,267	3,997

5.4 Balance sheet

Achieved accumulation of merchandise inventories following Q1 on the back of strong demand
Borrowed an additional ¥1 billion in both long and short-term loans to secure working capital

End of Q2 FY2023 (Thousands of yen)

Cash & Cash equivalents (19.4%) 2,190,347	Current liabilities 3,220,711
Merchandise (Payment terminal) 3,131,357	Non-current liabilities 539,974
Other current assets 1,520,248	Total net assets (55.7%) 4,732,654
Non-current assets 1,651,387	
Asset	Total liabilities and net assets

■ Points

Merchandise:

Increased by ¥620 Millions from the end of Q1. Inventory buildup based on future sales forecast

Current Liabilities:

¥500 Millions in short-term debt

Non-current liabilities:

¥500 Millions in long-term debt

Cash and Cash Equivalents:

Increased by ¥470 Millions from the end of Q1 due to borrowing, despite an increase in merchandise

5.4 Balance sheet (Quarterly)

B/S expanded following 1Q due to borrowing for aggressive purchasing
Increase in other current assets was mainly due to an increase in accounts receivable.

(Unit : millions of yen)			Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	QoQ	YoY
Asset	Current assets	Cash and cash equivalents	3,434	1,425	1,618	2,231	2,519	1,720	2,190	+470	+572
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	+620	+608
		Others	741	868	1,007	884	990	1,527	1,520	▲7	+513
	Non-current assets		1,347	1,409	1,445	1,497	1,622	1,567	1,651	+84	+207
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	+1,168	+1,900
Liabilities	Current liabilities		2,720	1,538	2,135	1,575	1,929	2,801	3,221	+419	+1,085
	Non-current liabilities		40	37	33	30	39	39	540	+501	+507
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,733	+248	+308
Total liabilities and net assets			7,136	5,879	6,593	6,157	6,638	7,326	8,493	+1,168	+1,900

5.6 Consolidated KPIs (No. of Active Terminal)

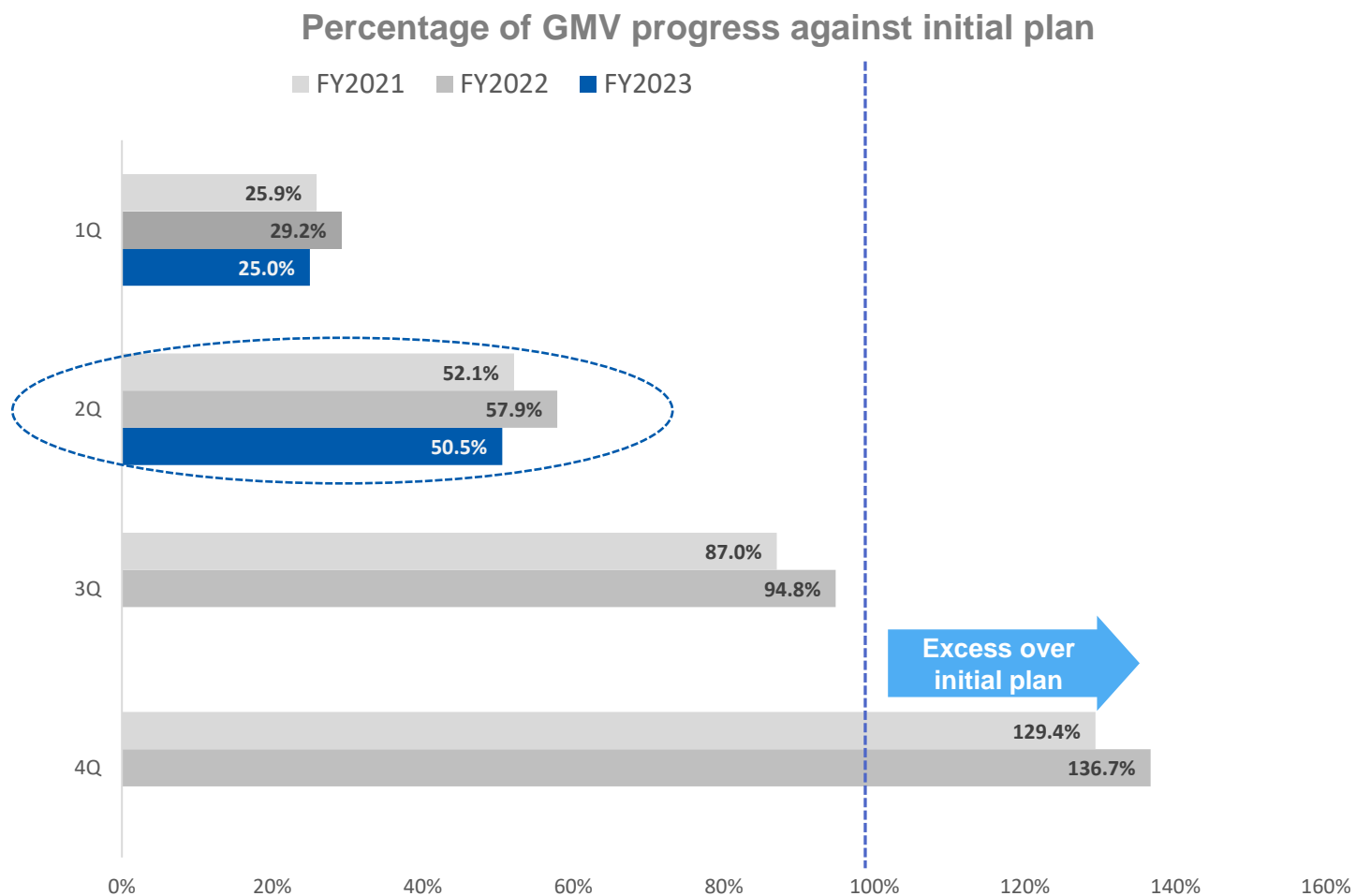
Steady growth in the number of active terminal driven by manned type terminals

Steady expansion of unmanned terminals in response to the trend of self-checkout penetration and manpower saving at merchants

(Unit: thousand)	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	QoQ (%)	YoY (%)
Manned	36.7	45.4	56.8	68.7	83.0	95.4	111.6	126.0	142.2	155.4	+13.2 (+9.3%)	+60.0 (+62.8%)
Unmanned (IoT)	29.1	30.9	33.6	39.8	42.3	43.2	44.6	45.6	47.0	49.0	+2.0 (+4.2%)	+5.8 (+13.4%)
Sold by others	14.9	16.7	16.7	16.4	17.9	17.7	18.0	17.9	18.5	18.7	+0.2 (+0.9%)	+1.0 (+5.7%)
Total	80.7	93.1	107.2	124.9	143.2	156.3	174.2	189.5	207.7	223.0	+15.3 (+7.4%)	+66.7 (+42.7%)

5.7 Progress of GMV by quarter (vs. original plan)

Steady progress toward the mid-term target of ¥5 trillion in GMV
 Continued expansion of scale and progress rate on par with past results in this fiscal year



FY2021 (Actual)	
Plan	0.9trillion yen
Result	1.1trillion yen

FY2022 (Actual)	
Plan	1.8trillion yen
Result	2.5trillion yen

FY2023 (In process)	
Plan	3.7trillion yen
Result	1.9trillion yen(1H)

➡ FY2024~FY2025 : ¥5 trillion

5.8 Capital Allocation Policy

Aim to achieve continuous business growth in accordance with the investment funding policy and capital allocation policy

Investment Source Funding Policy

- Priority of investment resources (1) Operating cash flow, (2) Interest-bearing debt, (3) Equity

(1) Operating Cash Flow

Leverage operating CF from continuous profit growth

(2) Favorable sub liabilities, etc.

Flexibly consider the use of interest-bearing debt in accordance with our investment policy based on our financial condition, market environment, and interest rate levels

(3) Equity

We will make a comprehensive evaluation of the stock price level, market environment, financial condition, and other factors. and financial conditions, etc., and consider capital procurement to realize continuous business growth through investment. Consider capital procurement to achieve sustainable business growth through investment based on a comprehensive assessment of stock price levels, market environment, financial conditions, etc.

Capital Allocation Policy

- Priority will be given to business investment and growth investment in accordance with our business strategy, while at the same time, we will continue to provide a certain level of shareholder returns.

Business Investment

Business investment to implement market share expansion strategy

Growth Investments

Strategic investments in preparation for profit margin increase strategy

Shareholder Returns

Stable and continuous dividend payments while securing internal reserves for business and growth investments to support continuous business growth

5.9 Investment Policy

Proactive business investment to execute "market share expansion strategy" necessary for medium to long-term operating profit growth of +25% YoY

	Business investment	Growth investment
Main Investment Target	<ul style="list-style-type: none"> • Investments in data centers, terminal development, and internal systems • Investment in human resources (organizational enhancement, hiring, performance-linked compensation, etc.) • Development investment for IoT (mobility), touch settlement in transportation systems (trains, buses, etc.), and labor-saving/self-support 	<ul style="list-style-type: none"> • Support for cashless transactions in the area of small and medium-sized merchants • New business related to money services/payment • Data service/marketing support business • Building alliances (business alliances, capital tie-ups, etc.)
Basic Investment Policy	<ul style="list-style-type: none"> • In principle, business investments are made within the budgeted framework based on the assumption that the profit plan will be achieved, and additional investments are made according to the progress of actual performance. 	<ul style="list-style-type: none"> • Careful verification of business profitability and growth potential • Start lean and small • Expand investment limits in phases where return on investment is expected

5.10 Shareholder Return Policy

Aiming to increase corporate value through business growth while providing stable and continuous dividends simultaneously

Basic Policy on Shareholder Returns

Increase in corporate value

- Aim to increase market capitalization over the medium to long term through continuous business growth

To increase net income attributable to shareholders through business growth in sales (CAGR 25%) and operating profit (+25% YoY or more) . Increase net income attributable to shareholders through business growth

Stable and continuous dividends

- Stable and continuous dividend payments

Aim for shareholder returns of 50% or more while ensuring capital needs and internal reserves to support business growth (currently in place).

Supplemental Agenda

ESG Initiatives (Details)

6

6.1 Status of ESG Initiatives

Disclosed "Minebea Group's ESG-related Initiatives" on its website last December. Currently conducting third-party data review to obtain external certification of supply chain CO2 emissions, including SCOPE3.



*Considering acquisition of non-fossil certificates to offset power consumption at business locations in FY2023

Our Specific Efforts for Environmental Consideration

- Recycled paper is used for receipts (paper rolls) used at each payment terminal.
- Provide electronic storage services for sales slips to reduce the number of receipts (sales of rollpaper)
- Use of environmentally friendly materials for payment terminal components
- Reuse of payment terminals returned by merchants as replacement terminals (refurbished terminals) in the event of malfunctions, etc.

Our supply chain CO2 emissions

Our Supply Chain

upstream		GMO-FG		downstream	
SCOPE 3	SCOPE 1	SCOPE 2	SCOPE 3	SCOPE 3	SCOPE 3
Procurement, Manufacturing and Distribution	Fuel Combustion	Electricity use	Use and disposal	Use and disposal	Use and disposal
payment terminal	Sales of roll paper	-	Office, Settlement Centers	Payment Terminal Use	Payment terminal Disposal

FY 9/2022

SCOPE 1 (t-CO2)	0
SCOPE 2 (t-CO2)	105
Electricity consumption for SCOPE 1 and 2 (kwh)	231,210

(Reference) SCOPE 3 is being coordinated with a third-party certification organization, and data is being collected with the aim of identifying and disclosing SCOPE 3 in the first half of this fiscal year and disclosing it in the second half of the fiscal year.

*The subject companies are GMO Financial Gate, GMO Card Systems, and GMO Data, a consolidated group of companies.

*Data for SCOPE 1 and 2 will be verified by a third-party verification organization in the future.

6.2 ESG Initiatives / Environment

In the provision of our payment platform, we promote business operations that consider environmental impact

Specific Efforts

- Recycled paper is used for receipts (paper rolls) used at each payment terminal.
- Provide electronic storage services for sales slips to reduce the number of receipts (paper rolls)
- Use of environmentally friendly materials for payment terminal components
- Reuse of payment terminals returned by merchants as replacement terminals (refurbished terminals) in the event of malfunctions, etc.

Environment Related Data

Our Supply Chain

upstream		GMO-FG		downstream	
SCOPE 3		SCOPE 1	SCOPE 2	SCOPE 3	
Procurement, Manufacturing and Distribution		Fuel Combustion	Electricity use	Use and disposal	
payment terminal	Sales of roll paper	-	Office, Settlement Centers	Payment Terminal Use	Payment terminal Disposal

Supply chain CO₂ emissions

FY 9/2022

SCOPE 1 (t-CO ₂)	0
SCOPE 2 (t-CO ₂)	105
Electricity consumption for SCOPE 1 and 2 (kwh)	231,210

(Reference) Data on SCOPE 3 is being collected for future disclosure in cooperation with payment terminal manufacturers, etc.

* The subject companies are GMO Financial Gate, GMO Card Systems, and GMO Data, a consolidated group of companies.

* Data for SCOPE 1 and 2 will be verified by a third-party verification organization in the future.

6.3 ESG Initiatives / Social

Aiming for sustainable growth by hiring excellent human resources and enhancing various systems that contribute to improving the capabilities of all partners* in order to create corporate value and solve social issues

* We refer to our employees and other officers and employees as "partners."

Specific Efforts

● Human Resource Development and Welfare System

- **career design system** : System to provide advice and support on career development
- **360-degree multidimensional evaluation system** : A system that allows partners to evaluate their supervisors without a name.
- **countermeasures to the falling birthrate** : Financial benefits and special exceptions for work at various stages of marriage, childcare, etc.

● work-style reform

- Promote a telework work system that takes into consideration the safety of executives and employees
- Promotion of maternity and paternity leave
- Encouraging shorter working hours for childcare
- Providing post-retirement reemployment opportunities
- Providing an hourly annual leave system, etc.

Social Related Data

	FY 9/2022
Number of Partners	124 persons
(Breakdown) Number of employee partners	96 people
(Breakdown) Number of temporary partners	28 people
Percentage of women among employee partners	22.8%
Percentage of women in management partners	14.3%
Average years of service	3 years and 7 months
average age	40 years old
job turnover	9.5%

*Number of partners" covers the consolidated corporate group GMO Financial Gate, GMO Card Systems, and GMO Data.

*Number of partners" is the total number of regular employees, rehired employees, contract employees, and seconded employees (excluding employees seconded from our group to outside the group, but including employees seconded from outside the group to our group) as of the end of FY9/2022.

*Number of temporary partners" is the average total number of part-timers and temporary employees during the past year.

* Figures for "Ratio of women among employee partners" and "Ratio of women among management partners" are for "employee partners."

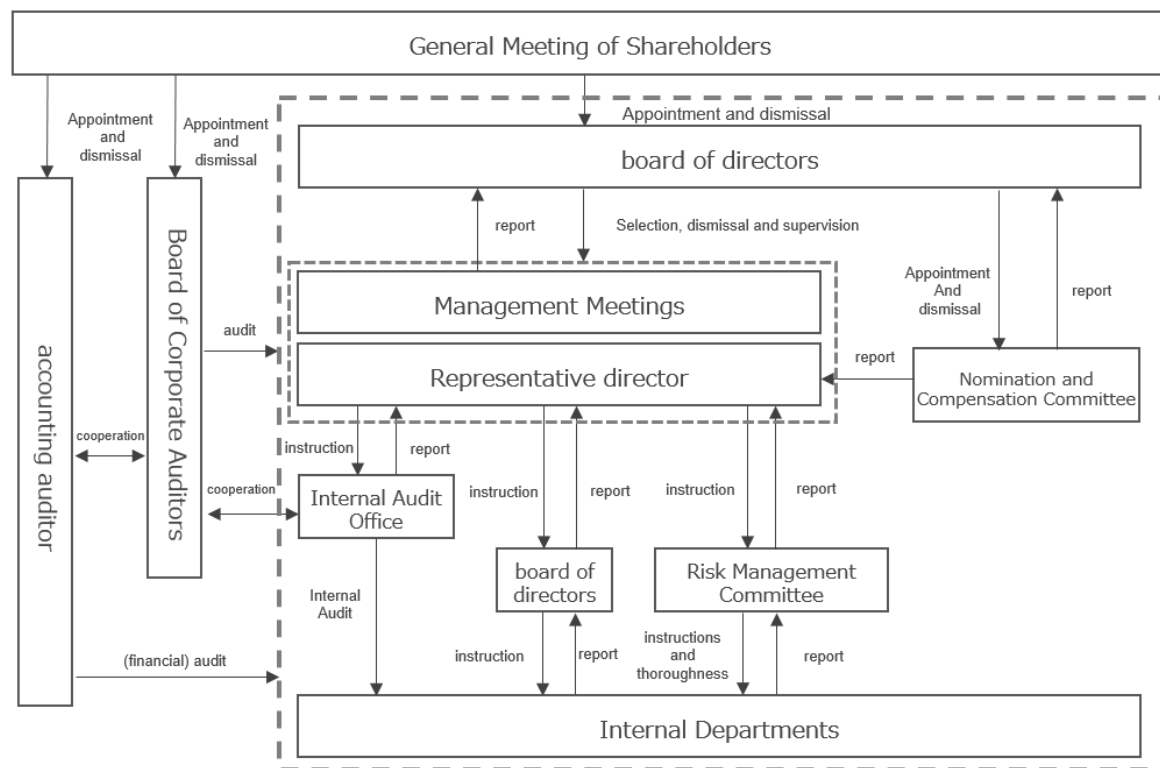
* Average years of service, average age, and turnover rate are non-consolidated figures for GMO Financial Gate.

6.4 ESG Initiatives / Governance

Focus on enhancing corporate governance by establishing a decision-making structure that responds quickly and appropriately to changes in the business environment and a fair, transparent, and efficient business execution structure

Specific Efforts

- Establishment of a new management committee for agile management decision making



Governance Related Data

Percentage of Independent Outside Directors and Percentage of Female Directors

	FY 9/2022
Number of directors	seven people
Number of independent outside directors (%)	two people (28.6%)
Number of female directors (%)	one people (14.3%)

*Number and percentage of directors expected to be in office as of December 31, 2022

Attendance rate at Board of Directors meetings (FY9/2022)

Number of times implemented	Number of times/percentage	Sugiyama	Takano	Aoyama	Fukuda	Koide	Shimamura	Asayama
		President and Representative Director	chairman of board of directors	board member	board member	board member	Independent Outside Director	Independent Outside Director
17 times	Number of Attendances	17 times	17 times	17 times	17 times	14 times	17 times	14 times
	attendance rate	100%	100%	100%	100%	100%	100%	100%

* Directors in office as of the date of submission of this document (12/9/2022)

*For directors appointed during the term, indicate the number and rate of attendance since their appointment.

Board of Statutory Auditors (FY2022/9)

Number of times implemented	Number of times/percentage	Nagasawa	Ozawa	Iinuma
		Independent Outside Corporate Auditor	Independent Outside Corporate Auditor	auditor
14 times	Number of Attendances	14 times	14 times	14 times
	attendance rate	100%	100%	100%

IR Activities

	FY 9/2022
Financial Results Briefing	4 times
1-on-1 meeting	267 cases
Group meetings sponsored by brokerage firms	3 times

* 1-on-1 meetings include brokerage-sponsored conferences (1-on-1 format)

6.5 ESG Initiatives / Board of Directors

Governance structure built around technology and financial background

Managing Director

Kentaro Sugiyama /
President and Representative Director

Worked in the systems industry for 14 years with clients in the financial industry; joined GMO-FG in May 2017 after having worked for GMO-PG since 2014; became President and Representative Director in December



Akio Aoyama /
Director, General Manager of Sales Headquarters

Worked in the systems industry for 21 years with clients in the financial industry; joined GMO-FG in April 2018; became Director in December 2018, responsible for Sales Division; also President and Representative Director of GMO Data since August 2019



Tomonaga Fukuda /
Director, General Manager, System Headquarters

18 years in the systems industry, working with clients in the financial industry; joined GMO-FG in September 2019, appointed as Director in December 2020, in charge of the Systems Division



Tomoki Tamai / Director, General Manager,
Administration Division

Engaged in sales and corporate affairs at major banks and operating companies; joined GMO-FG in August 2021; appointed Director in December 2022; in charge of Administration Division



Director concurrently serving as GMO-PG

Tatsuya Koide / board member

35 years in the systems industry, working with clients in the public and manufacturing industries. Joined GMO-PG in September 2021, also serving as Director of GMO-FG. Appointed Senior Executive Officer of GMO-PG in December 2021



Independent Outside Director

Nao Shimamura / Outside Director

Engaged in legal practice in the legal industry for 15 years; appointed as an outside director in September 2019 (appointed as an outside director because he has the knowledge and experience to make decisions on important management matters of the Company and to supervise the execution of business operations in an accurate and fair manner).



Rie Asayama / Outside Director

Engaged in finance-related business for 36 years at a major banking group; appointed outside director in December 2021 (appointed as outside director because of his experience in promoting diversity and as executive vice president of a general business company).



Definition of notation

GMO-FG: GMO Financial Gate, GMO-PG: GMO Payment Gateway

6.6 ESG Initiatives / Executive Skills Matrix

Appointment of human resources that contribute to the enhancement of corporate value as directors, with a view to building a system that enables the Board of Directors to function effectively.

Identity	Kentaro Sugiyama	Akio Aoyama	Tomonaga Fukuda	Tomoki Tamai	Tatsuya Koide	Nao Shimamura	Rie Asayama	Nagasawa Takayoshi	Ozawa Satoru	Linuma takashi
						outside the company Independent Directors and Corporate Auditors	outside the company Independent Directors and Corporate Auditors	outside the company Independent Directors and Corporate Auditors	outside the company Independent Directors and Corporate Auditors	
Job title	President and Representative Director	Director and General Manager of Sales Headquarters	Director and General Manager, System Headquarters	Director and General Manager, Administration Division	board member	board member	board member	Managing Auditor	auditor	auditor
Practicing GMO-ism	●	●	●	●	●	●	●	●	●	●
Corporate management	●	●					●		●	
System Security			●							
Risk management			●	●			●	●	●	
Legal & Governance				●		●		●	●	●
Finance, Accounting & Tax				●						●
Sales and Marketing		●			●					
Investment (M&A)				●						
Financial Business							●			
Human Resource Development and Recruitment, Tie Varsity					●		●			
ESG & Sustainability				●		●	●			

* GMO-ism is the collective name for the company motto and company precepts that express the "Spirit Venture Declaration" and "55-Year Plan," the unchanging goals of the GMO Internet Group, as well as "Executive Principles" and "Laws of Victory."

* Describes directors in office as of March 31, 2023.

Thank you

GMO FINANCIAL GATE

GMO Financial Gate, Inc.
(TSE Growth 4051)

IR web site URL <https://www.gmo-fg.com/ir/>