

Financial Results Briefing for Q3 FY2023

Strategy to expand market share has been successful,
resulting in growth in high profitable recurring revenue

August 10, 2023

GMO Financial Gate, Inc.

(Ticker:4051, TSE-Growth)

13th IR Presentation

GMO FINANCIAL GATE

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

Cautionary Note Regarding Presentation Materials

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Main Agenda

- 1. Summary of financial Results for Q3 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 Q3 FY2023

1.1 Q3 FY2023 Summary

In addition to initial revenue exceeding the plan, recurring-model revenue also grew with the start of operation of large-lot projects. Revised revenue and gross profit upward based on strong sales trends.

Quantitative information

- **Q3 FY2023 Cumulative** **P 6,7**
 - Revenue : **¥12.00billion (YoY+61.2%)** Progress towards **full-year** forecast **88.1 %**
 - Operating Profit : **¥0.97billion (YoY+73.2%)** Progress towards **full-year** forecast **95.8 %**
- **Revenue categories** **P 8**
 - Initial revenue : **¥8.58billion (YoY+64.0%)** , Recurring-Model* revenue **¥3.41billion (YoY+54.5%)**
*Renamed from “Stock-Model” Revenue
- **KPIs** **P 13,14**
 - Number of active terminals* : **273K (YoY+89K, YoY+48.7%)** *Changed definition of “active terminal”. See page 6 for details
 - Transaction Volume (Number of transaction) : **0.13billion(YoY+58.1%)** 、 GMV: **¥1.08trillion (YoY+62.8%)**
- **Upward Revision of FY2023 Forecast** **P 23**
 - Revenue : ¥13.62billion⇒ **¥15.00billion**(Comparison with previous revision +10.1%)
 - Gross profit : ¥3.27billion⇒ **¥3.60billion**(Comparison with previous revision +10.0%)

Qualitative information

Business Topics

- Terminals for the Japan Post, which we have been installing since the first half, started operation in Q3 **P 12**
- In addition to large account deal, the demand from SMB type merchants also expanded and contributed to initial revenue **P 16**

Organization Topics

- **【Investment】** Aggressive investment in streamlining and systematizing various back-office operations. **P 25**
- **【Enhancement of ESG response】** Implemented CDP survey for the first time. Started action to improve ESG scoring such as FTSE **P 30**

1.2 Summary of Financial Results

Both revenue and profit are progressing smoothly against our forecast.

(Millions of yen)	Q3 FY2022	Q3 FY2023	YoY	Progress towards forecast FY2023
Revenue	7,446	12,003	+ 61.2%	88.1%
Gross profit	1,934	2,900	+ 49.9%	88.6%
Operating profit	563	976	+ 73.2%	95.8%
Profit attributable to owners of parent	358	613	+ 71.3%	97.2%

KPIs (YoY)	Number of active terminal* (Q3 FY2023 Only)	Transaction Volume (Q3 FY2023 Only)	Transaction Value (GMV) (Q3 FY2023 Only)
	273,298 (+48.7%)	Approx. 130.2 million (+58.1%)	Approx. ¥1,084 billion (+62.8%)

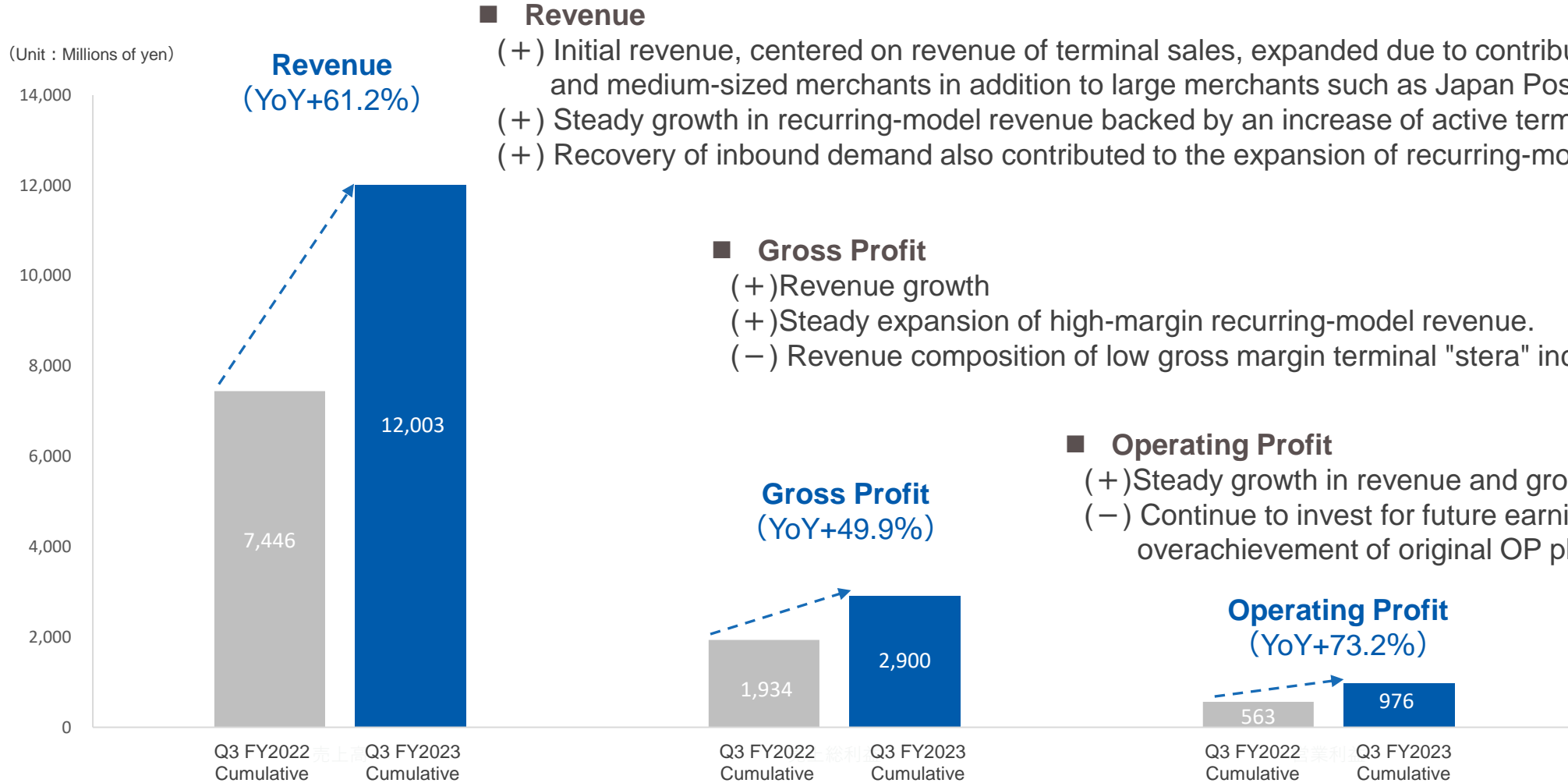
* Changed definition of "active terminal".

Before : The number of terminals with at least one payment in the last month of the quarter

After : Number of terminals with one or more payments in a quarter (during three months)

1.3 Major Topics Regarding Financial Results

Both initial and recurring-model contributed to revenue growth.
Operating profit grew faster than revenue while continuing to invest aggressively in the future.



1.4 Revenue by Business Model (YoY)

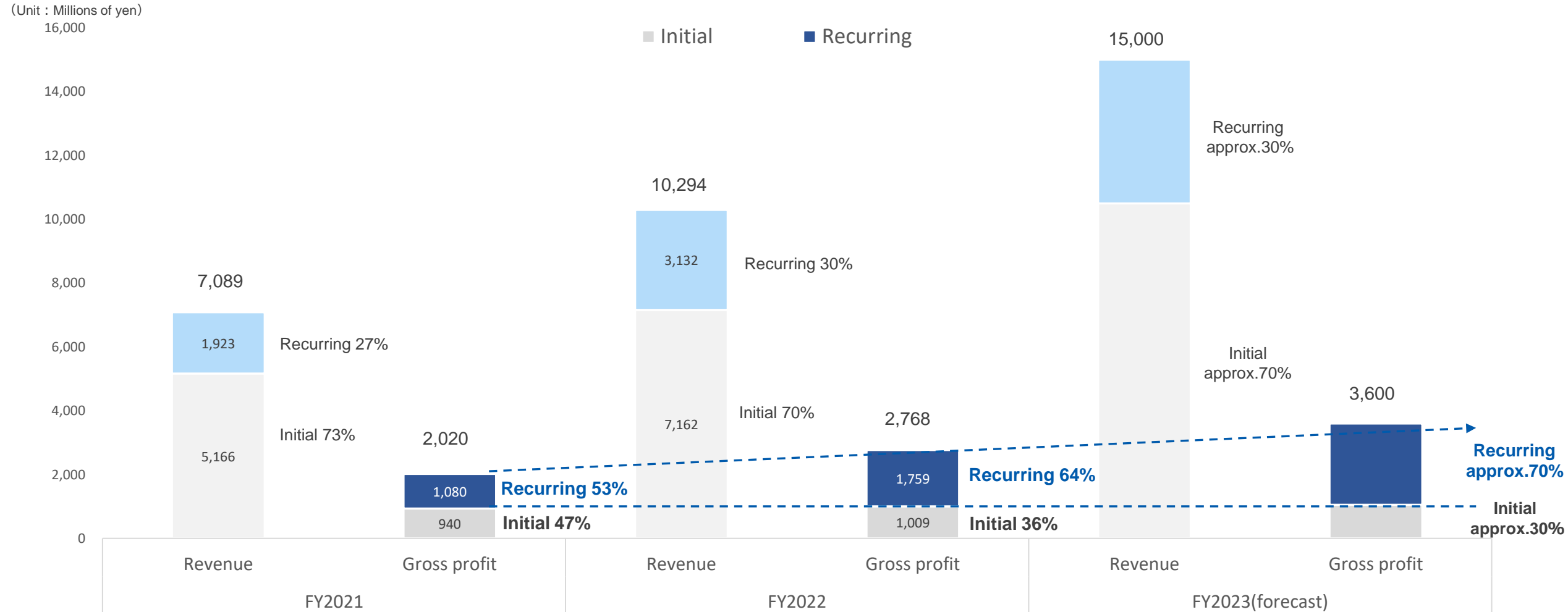
The composition of initial revenue increased due to the contribution of small and medium-sized merchants in addition to large-lot deals. In the recurring-model business, fee is strong, and spreads, which had been struggling, were recovering as planned.

(Unit : Millions of Yen)	Q3 FY2022 Cumulative (Proportion %)	Q3 FY2023 Cumulative (Proportion %)	YoY
Initial	5,234 (70.3%)	8,587 (71.5%)	+64.0%
Recurring-Model	2,211 (29.7%)	3,416 (28.5%)	+54.5%
Stock	621 (8.3%)	877 (7.3%)	+41.3%
Fee	882 (11.8%)	1,702 (14.2%)	+93.0%
Spread	707 (9.5%)	835 (7.0%)	+18.1%
Total Revenue	7,446 (100.0%)	12,003 (100.0%)	+61.2%

1.5 Gross profit composition ratio

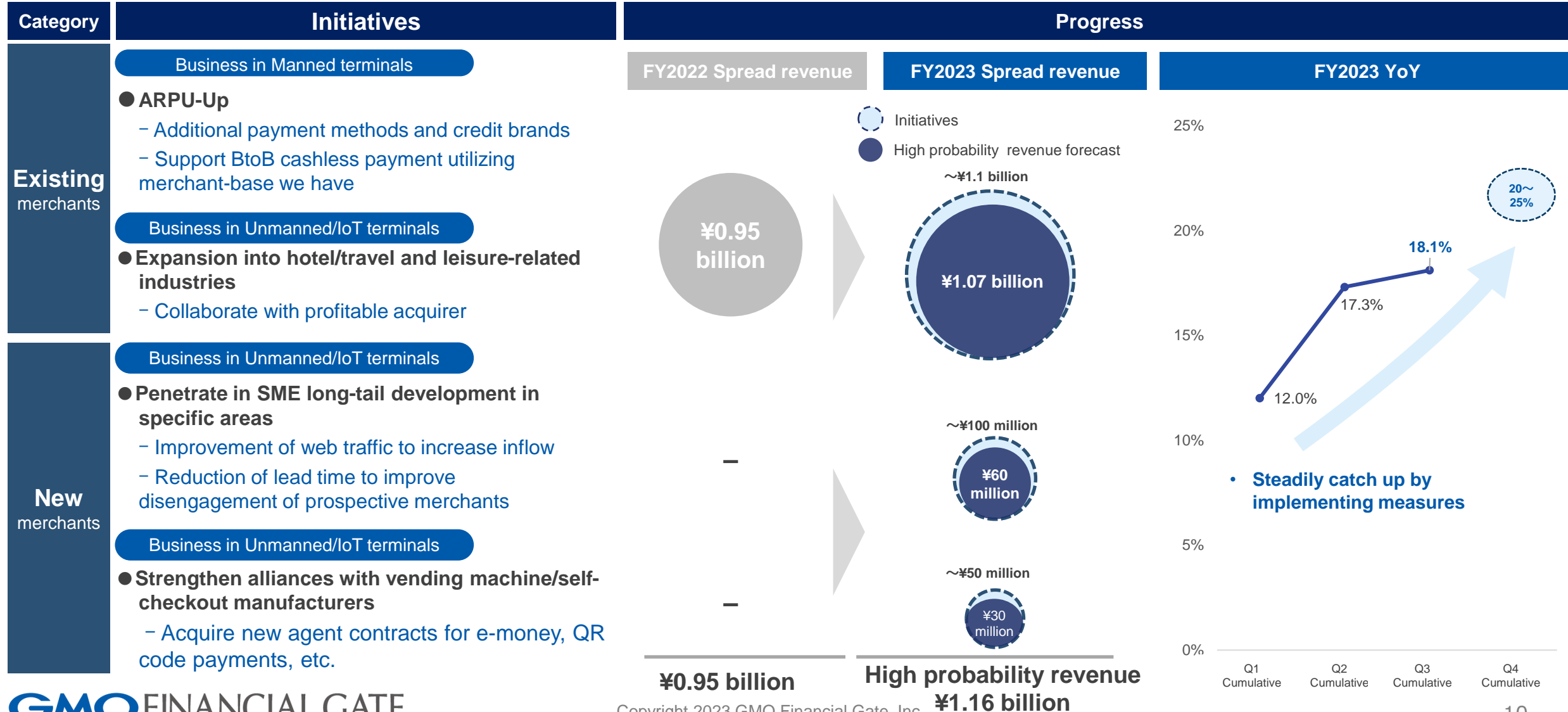
Successfully establishing a stable profit base through growth in high-margin recurring-model revenue.

Composition by Product Category (Revenue and Gross Profit)



1.6 Initiatives to accelerate Spread Revenue

Due to the implementation of the following measures, we expect to catch up to the YoY +20-25% line in this fiscal year. Currently focusing on accumulating backlog in next fiscal year Q1 onwards.

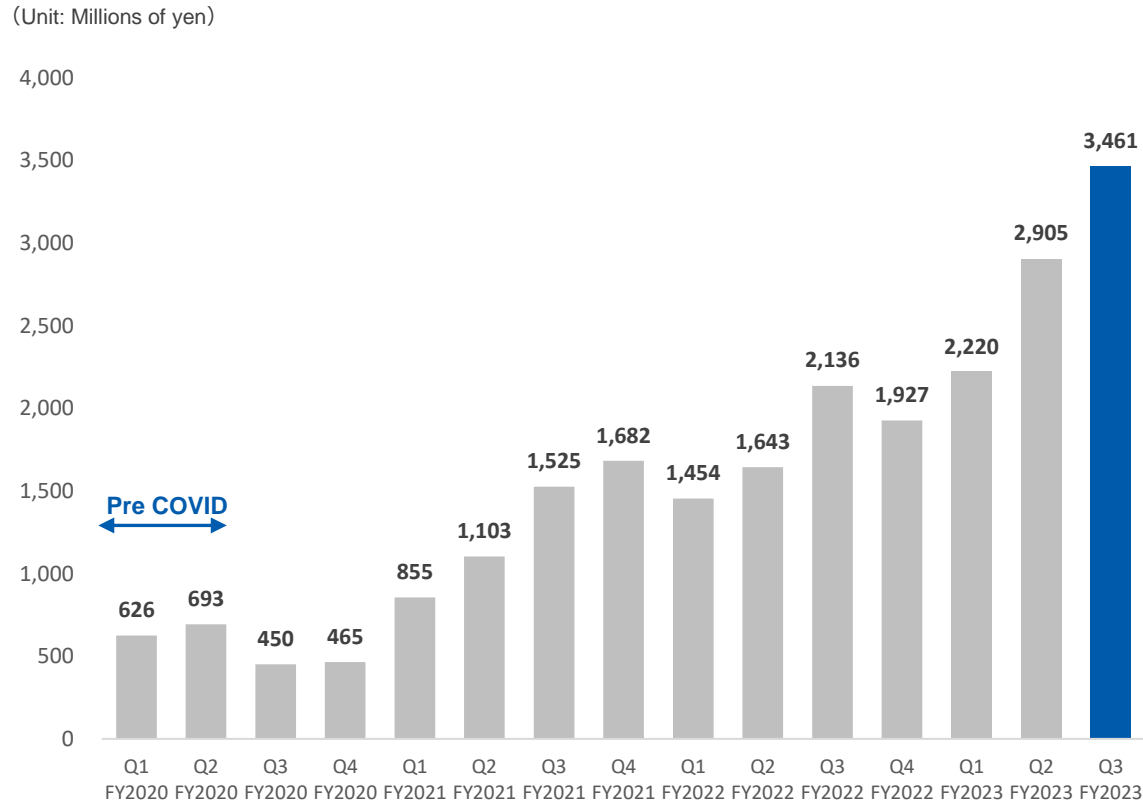


1.7 Revenue by business model (Quarterly)

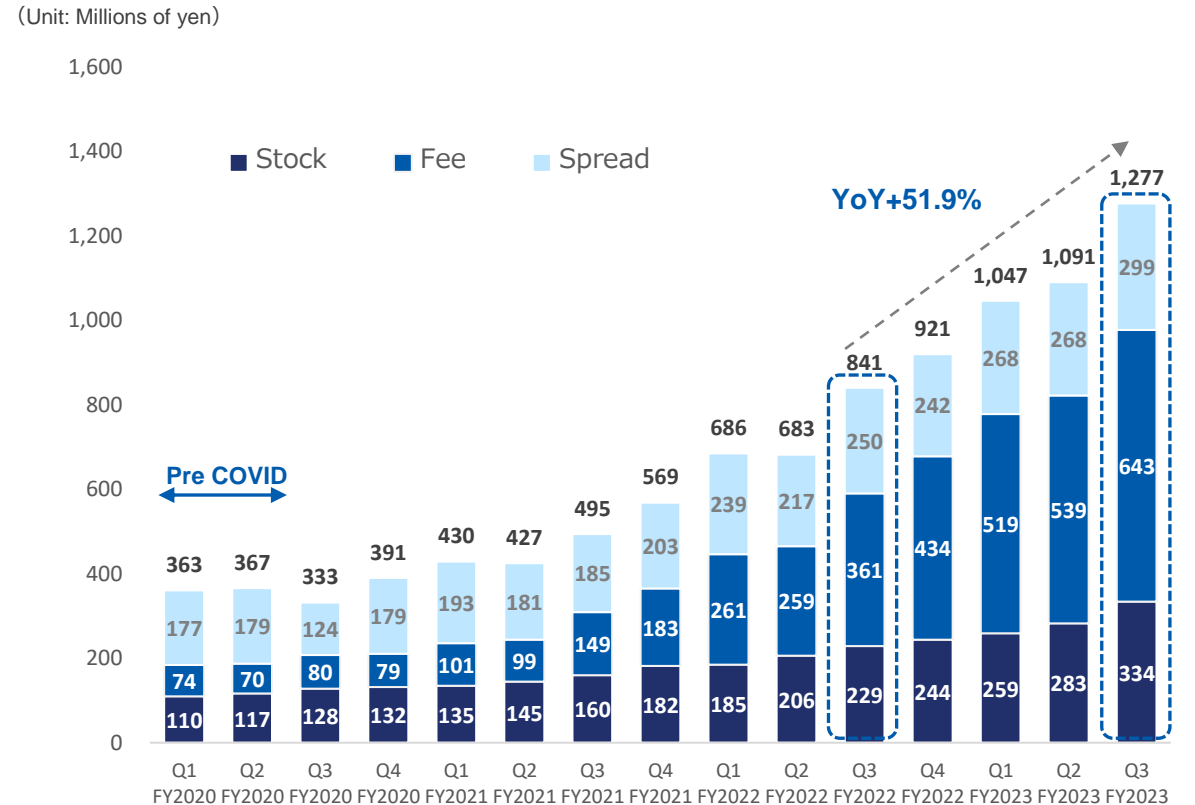
Initial: Significant growth due to the contribution of large-lot deals starting from Q1, combined with the accumulation of small and medium-sized merchants.

Recurring-model: Steady expansion backed by an increase in the number of active terminals, also recording high growth in QoQ.

Initial Revenue

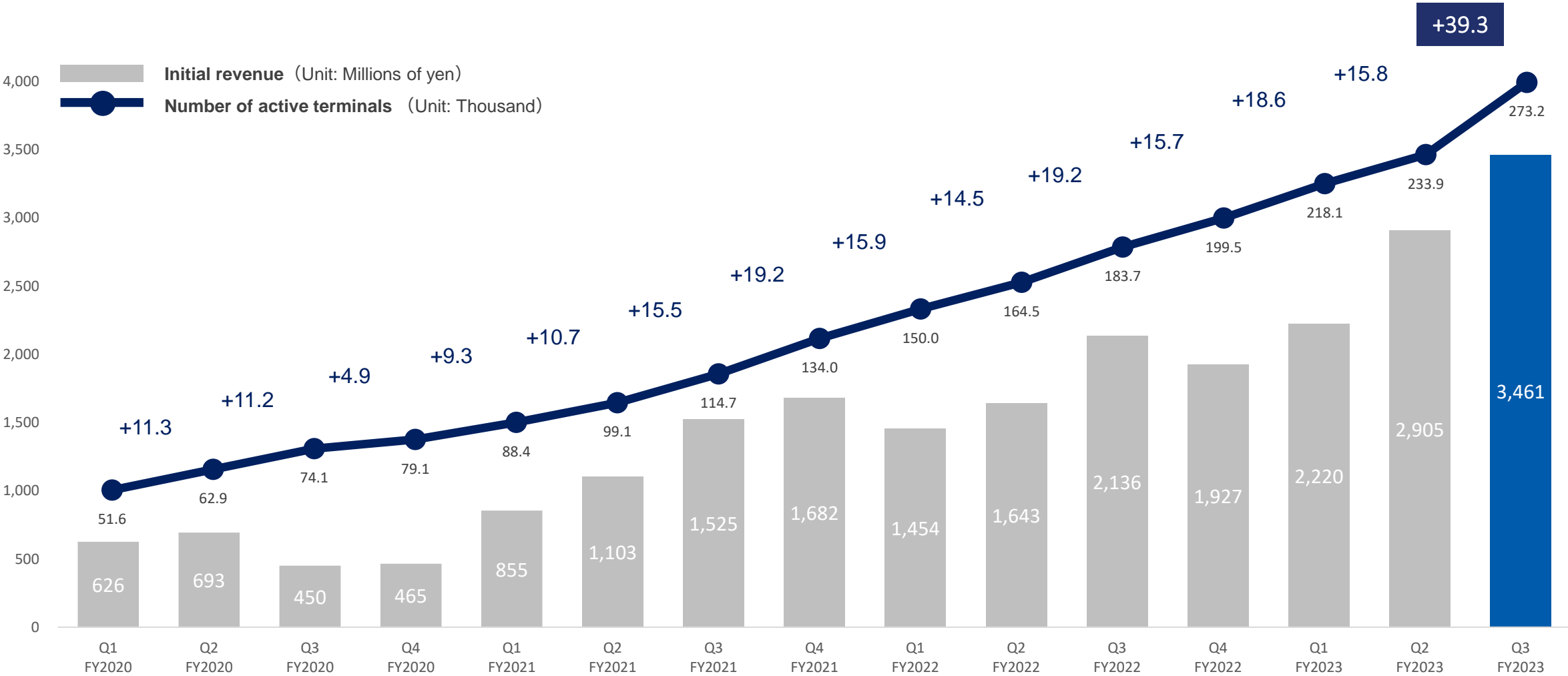


Recurring-Model Revenue



1.8 Initial Revenue and Number of Active Terminals (Quarterly)

Terminals for Japan Post started operation from Q3, and the number of active terminals increased rapidly. In addition, the number of terminals for small and medium-sized merchants is increasing steadily, and the increase is the highest ever even excluding Japan Post.

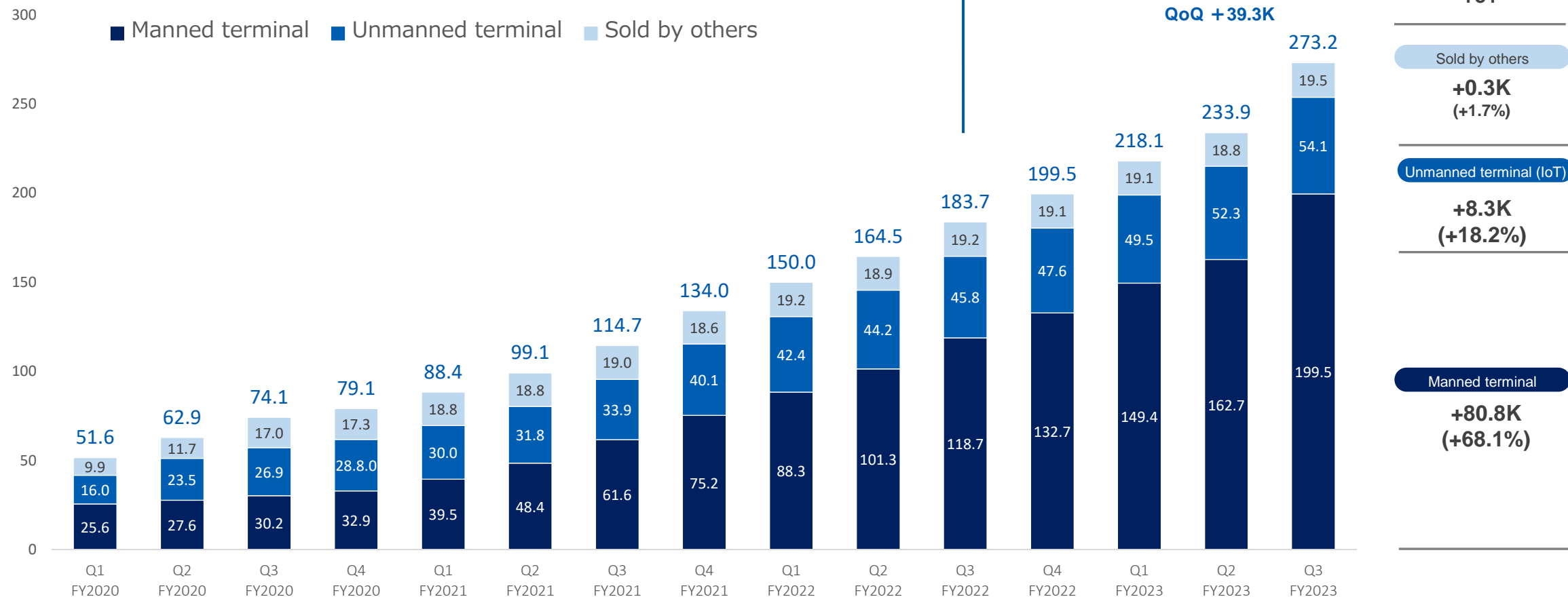


1.9 Consolidated KPIs (Number of active terminals)

Achieved an unprecedented increase in the number of operating terminals, mainly manned terminals.

Active terminals overall : YoY +89.5K, YoY+48.7%

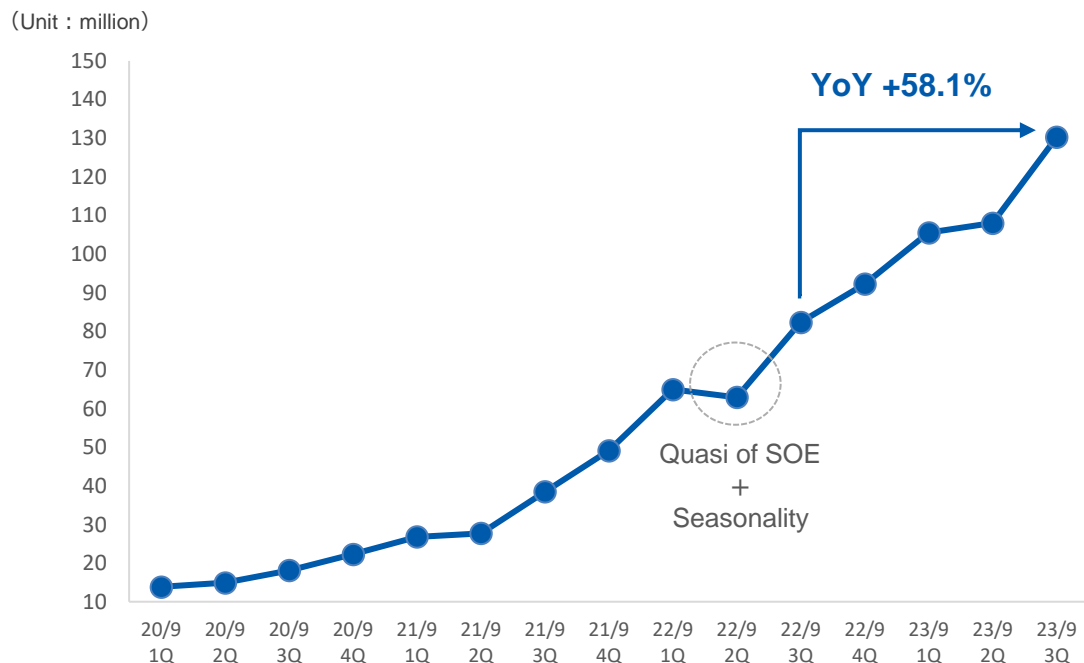
(Unit: Thousand)



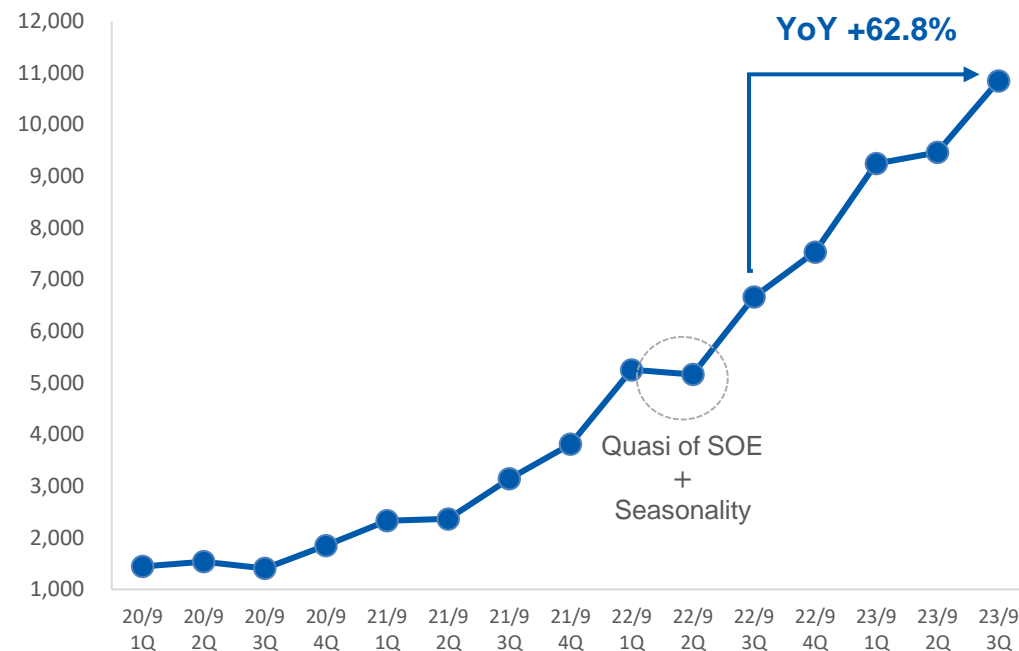
1.10 Consolidated KPIs (Quarterly Transaction volume / GMV)

Both the number of payments processed and GMV exceeded our target YoY +50%.
Achieved high QoQ growth compared to Q2, which 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	Q3 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 13,027

Transaction value (GMV) (¥100 M)

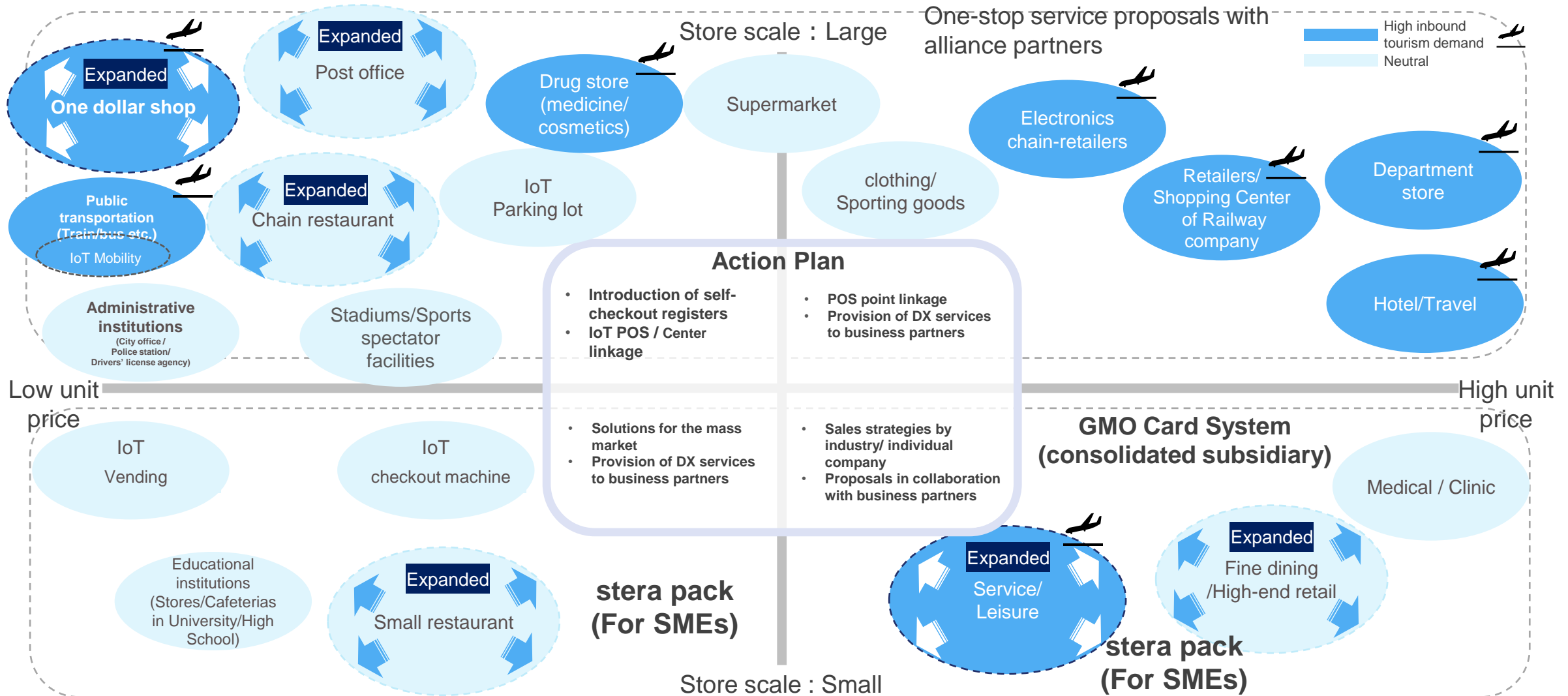
1,442 1,534 1,307 1,833 2,329 2,361 3,141 3,810 5,251 5,162 6,658 7,530 9,242 9,460 10,842

2

Business Highlights

2.1 Merchant Industry

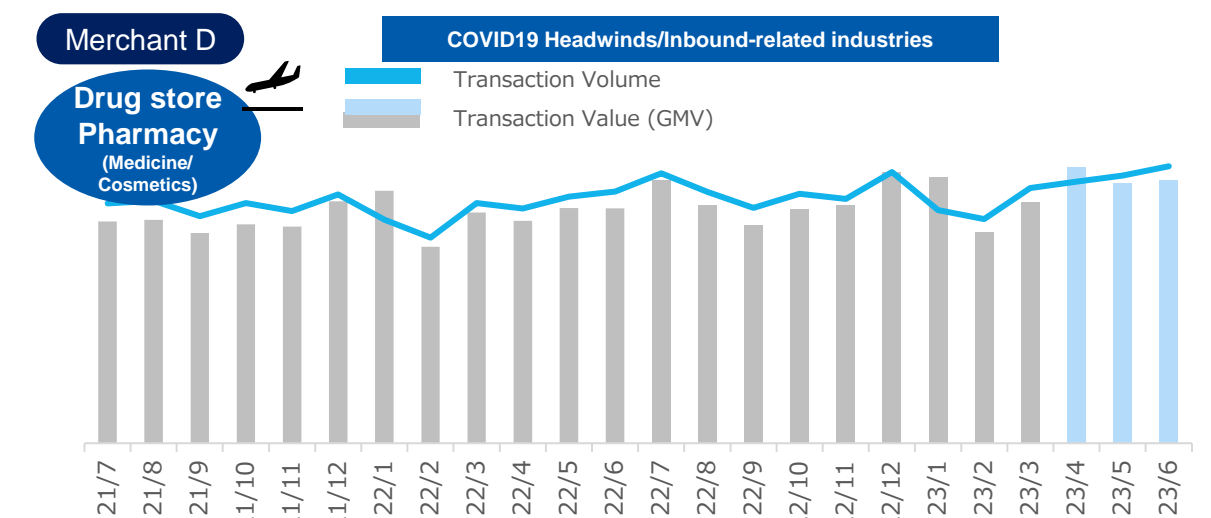
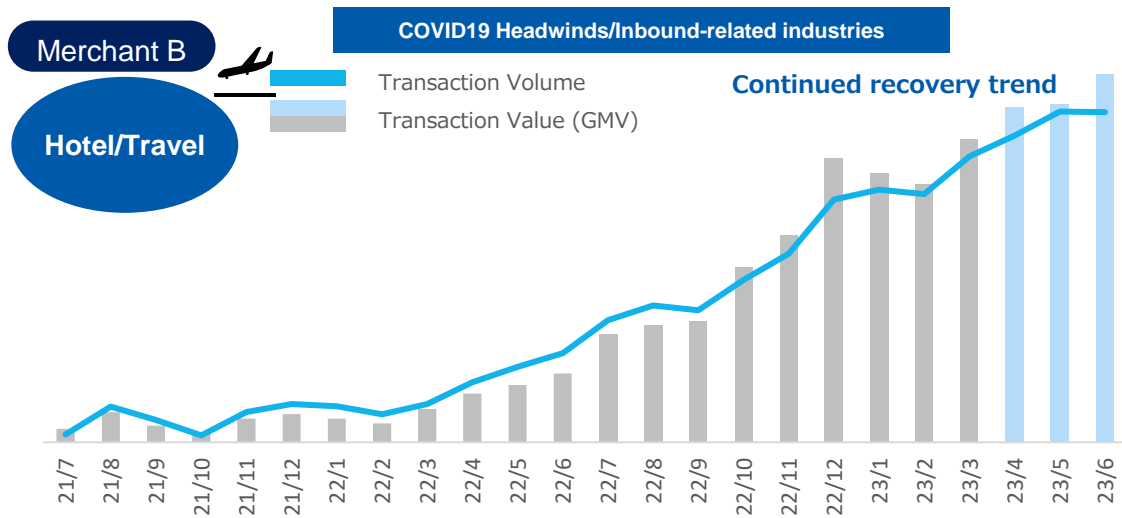
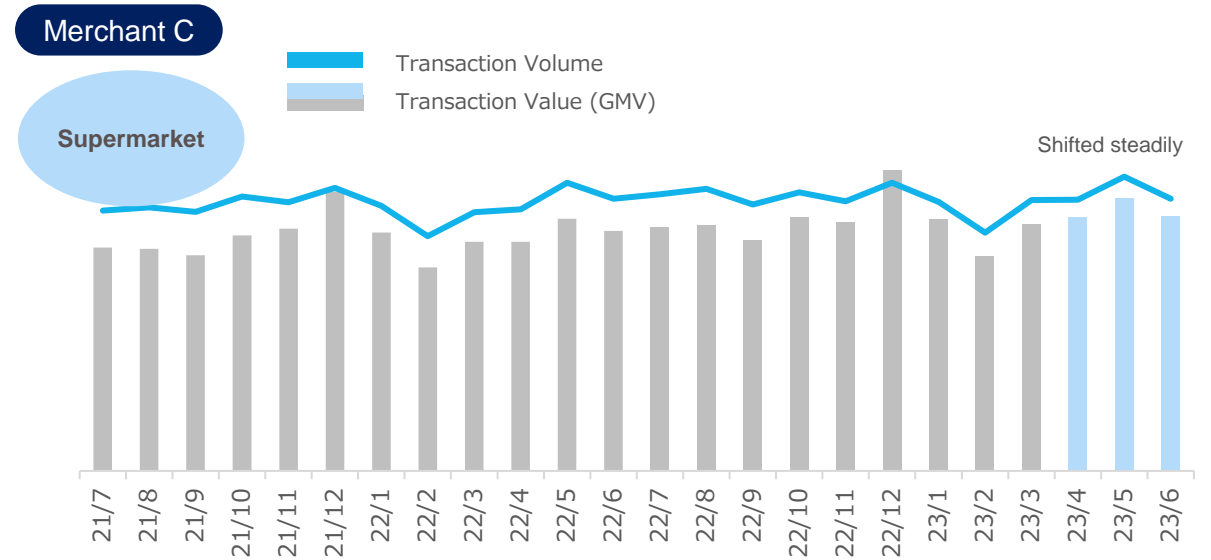
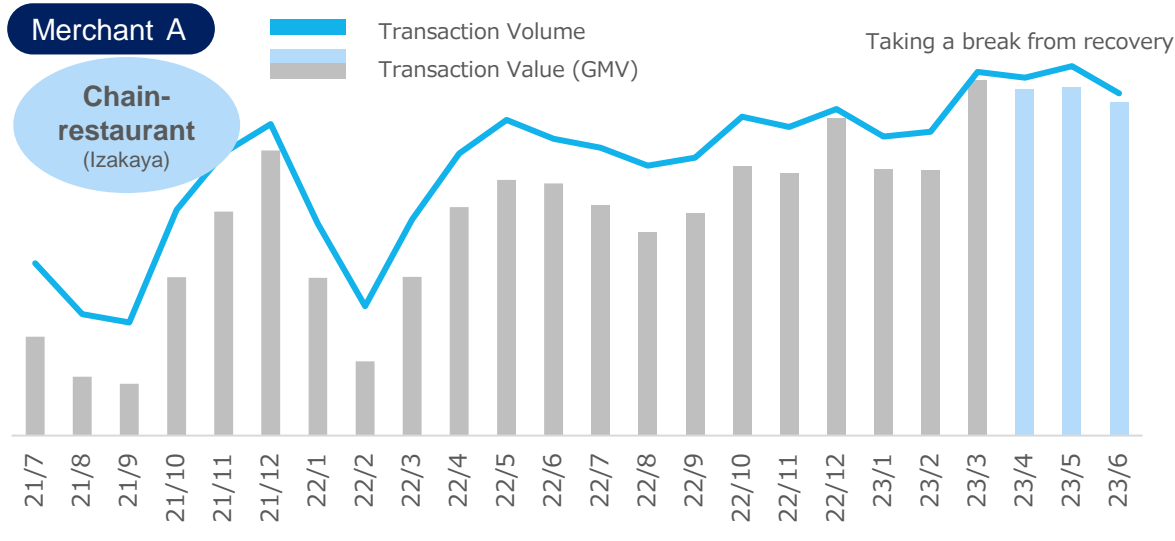
Terminal sales to Japan Post expanded in Q3.
Continuing the trend of increasing the number of units for small merchants with stera pack.



2.2 Transaction Trends by Industry (Q3)

 : High inbound tourism demand

Although the recovery of restaurants, etc., seems to be slowing down, recovery continues in the industries where attracts inbound tourism.

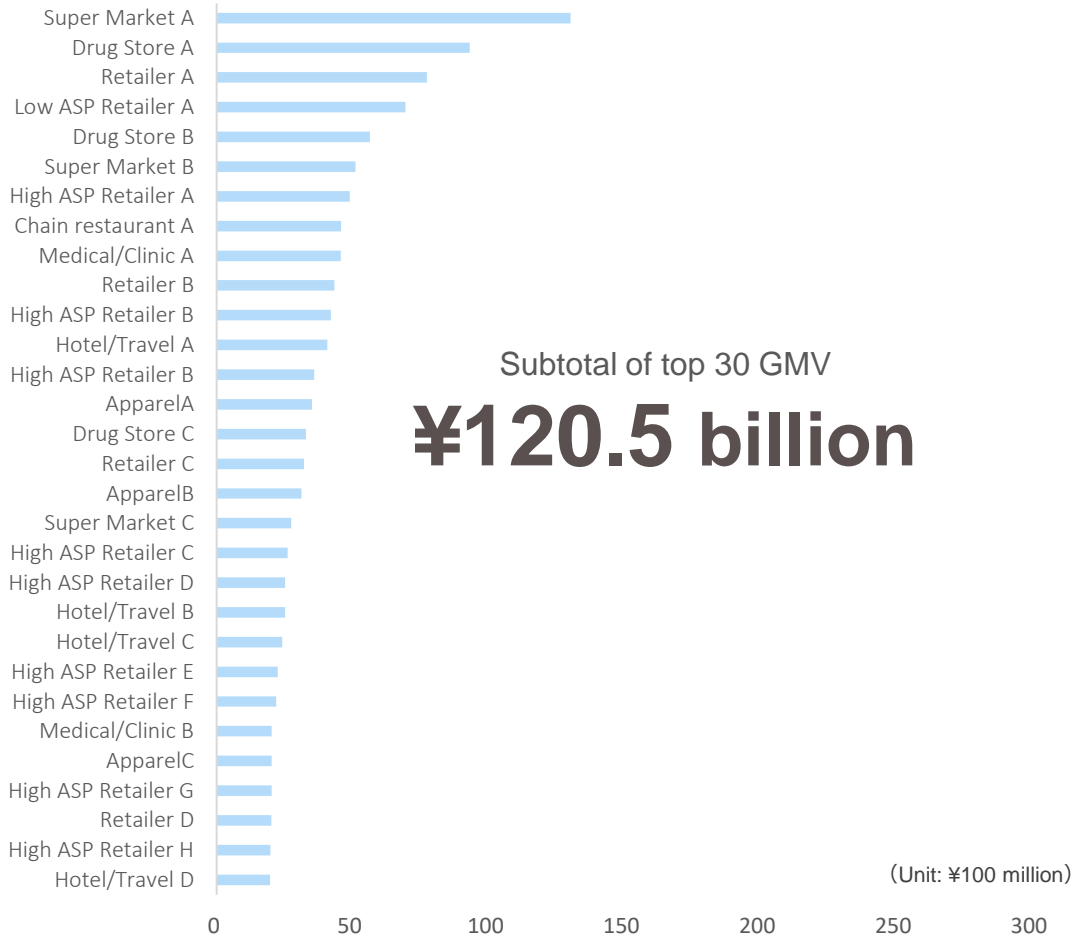


2.3 Top 30 ranked merchants (GMV basis)

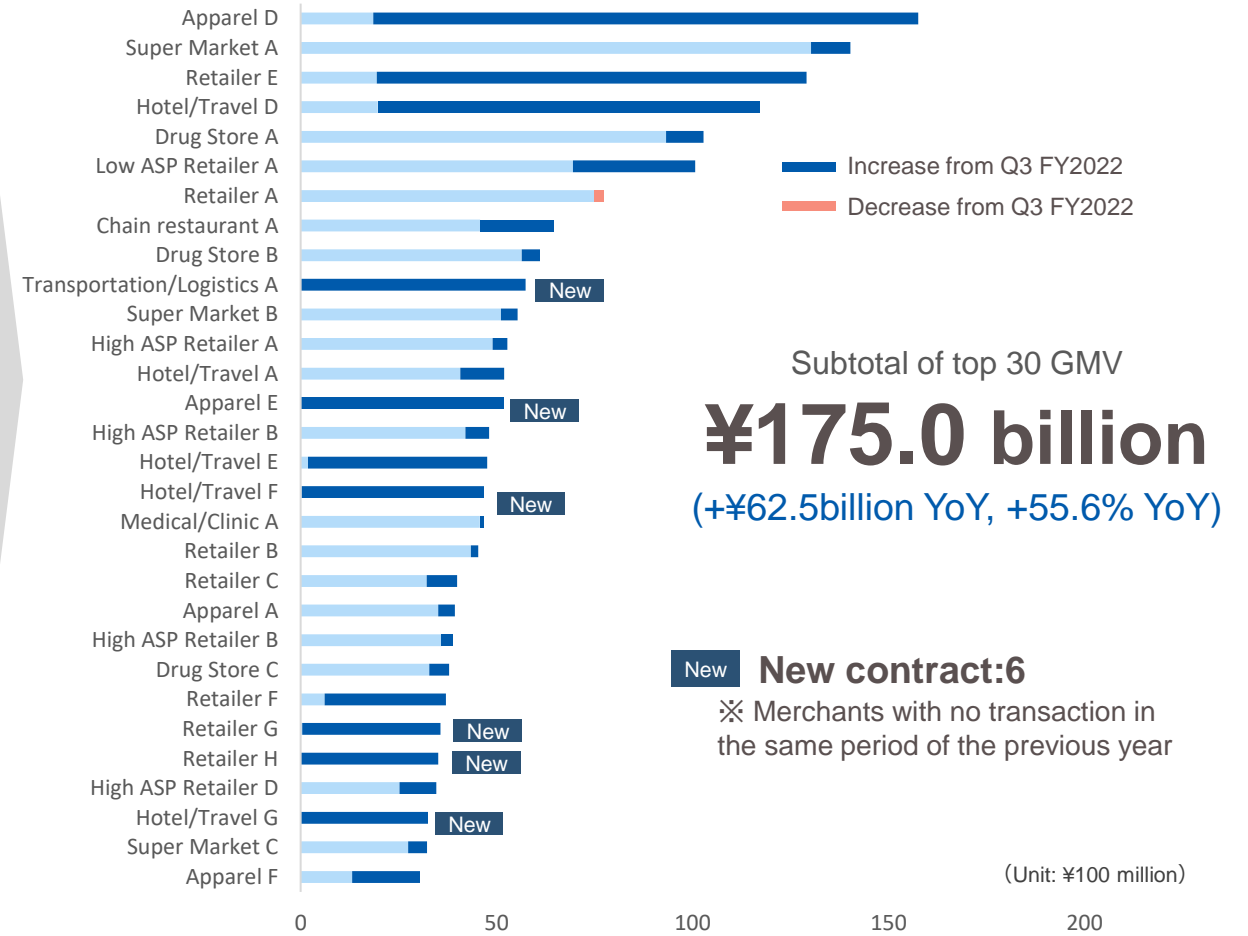
The transportation/logistics category is newly ranked in the top ranks.

There are many merchants in the apparel, hotel, and travel-related industries that have ranked high.

Q3 only FY2022



Q3 only FY2023

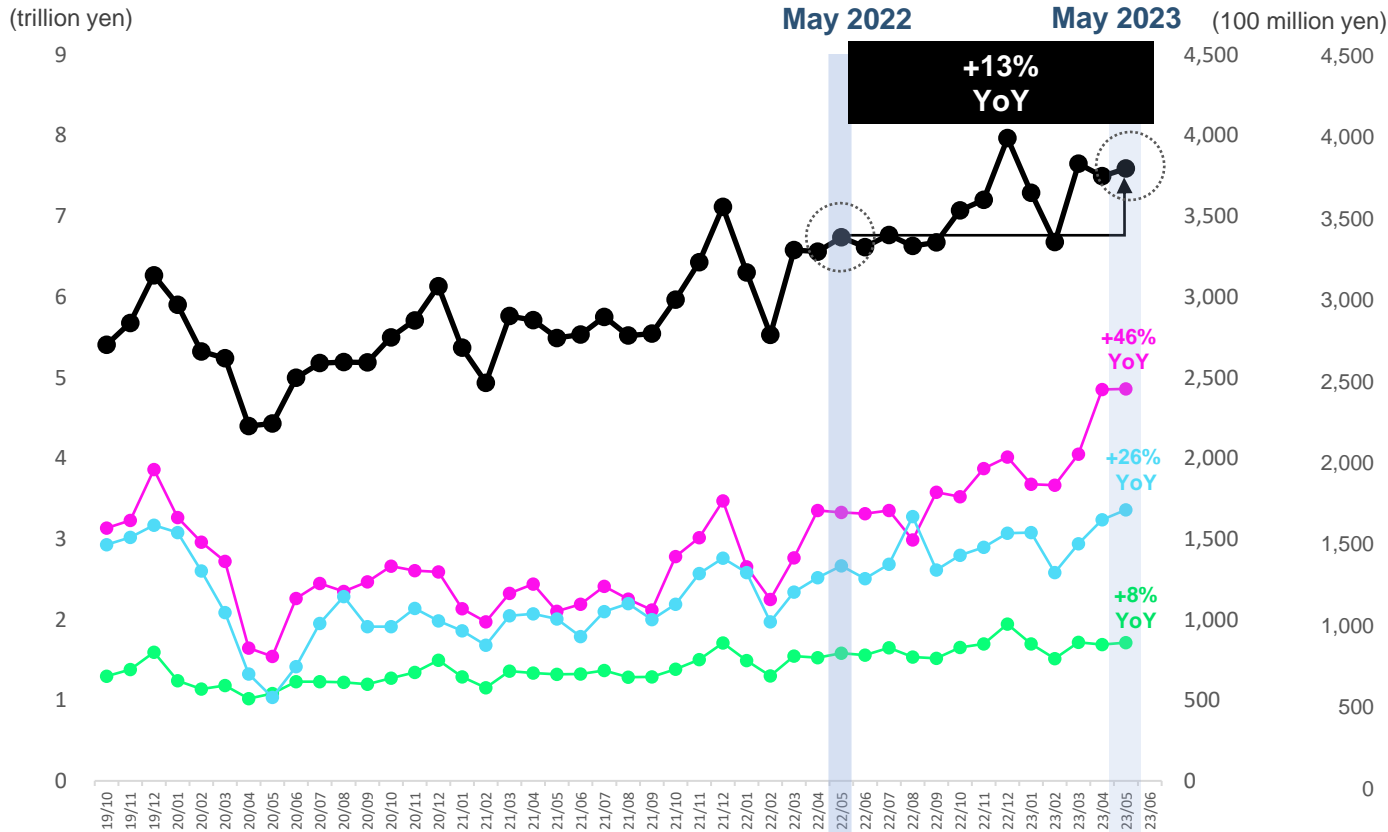


2.4 Comparison with Market Growth (single month comparison, May 2023)

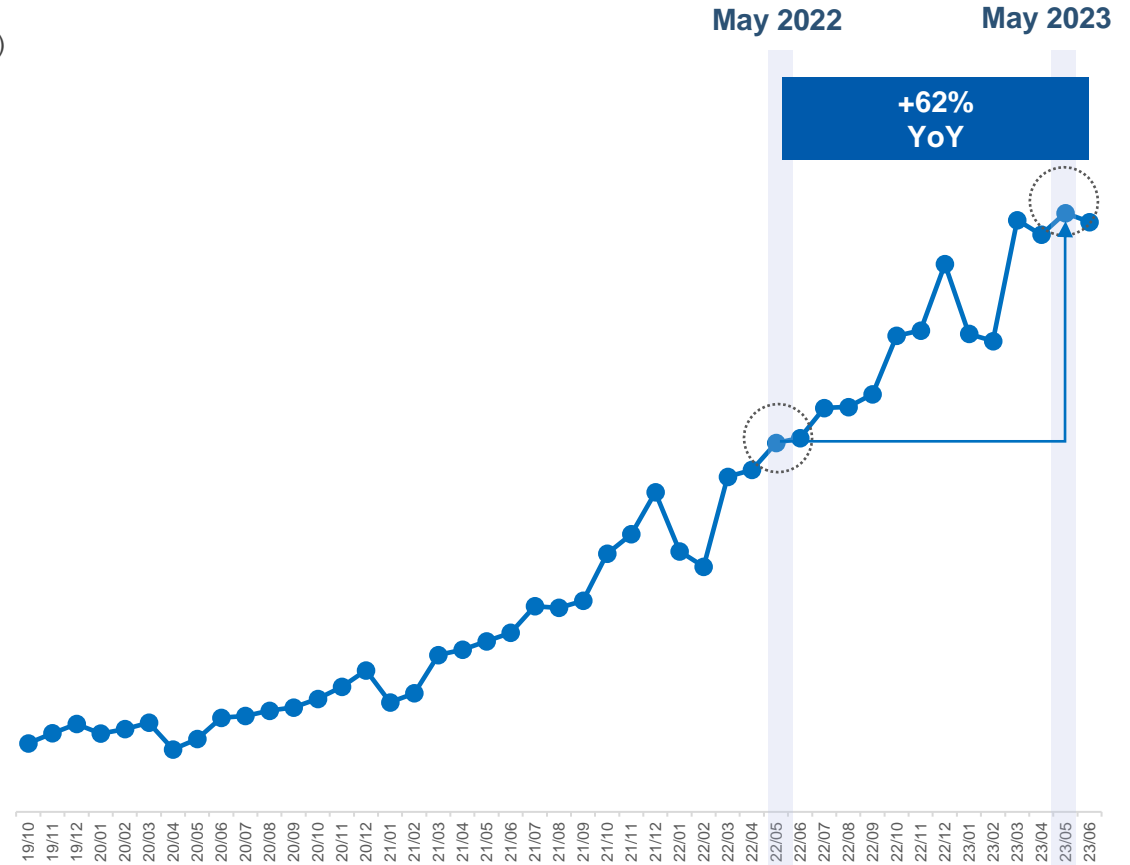
While the overall market is currently growing +13% YoY, our GMV is growing +62% YoY. Growth of existing merchants and acquisition of new merchants is driving our growth.

Market GMV (Transaction value of credit card payment)

- All (left axis)
- Retailers (left axis)
- Restaurants (Right axis)
- Hotels/Inn (Right axis)



GMO-FG GMV

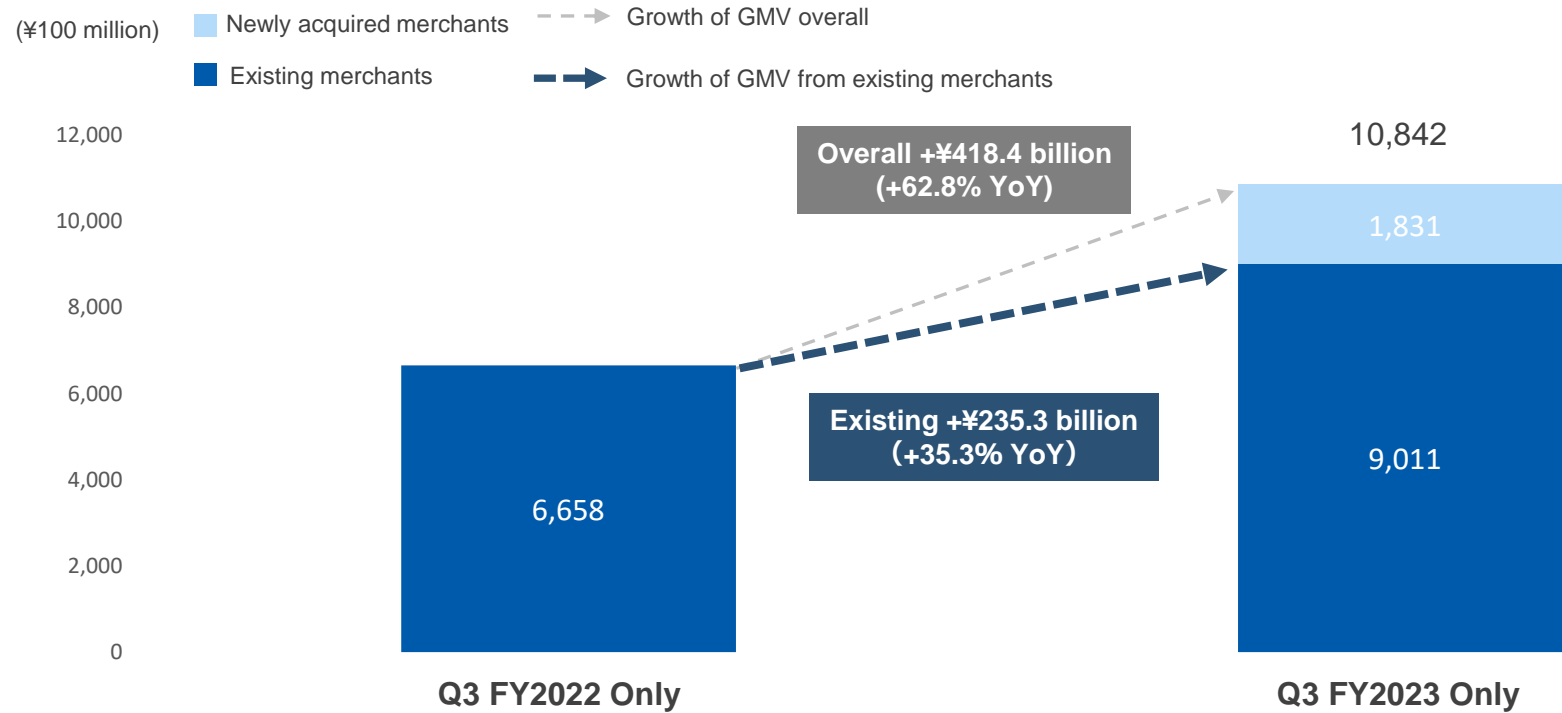


*Source: "Current Survey of Selected Service Industries" by the Ministry of Economy, Trade and Industry.

2.5 Payment platform grows together with merchants

In the Q3 only, our GMV growth rate overall: +63% YoY, existing: +35% YoY
Merchants grow with our payment platform.

GMO-FG GMV growth rate



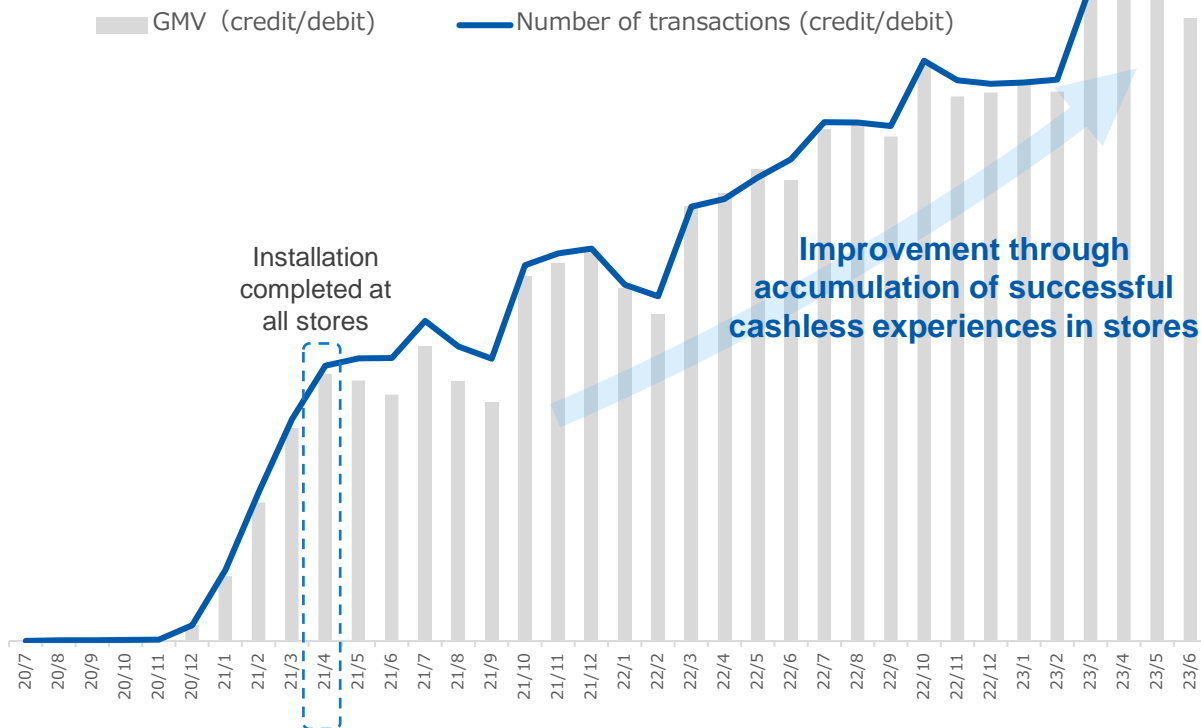
*Existing merchants are calculated as the number of merchants in the same period of the previous year. Existing merchants increase in “the number of payment terminals” and “new store openings” are also considered as existing growth.

2.6 Growth of Existing Merchants

In addition to new acquisitions, existing merchants have accumulated successful cashless payment experiences, leading to continued growth in the number of GMV and the number of transaction. Build a cashless platform that grows together with merchants.

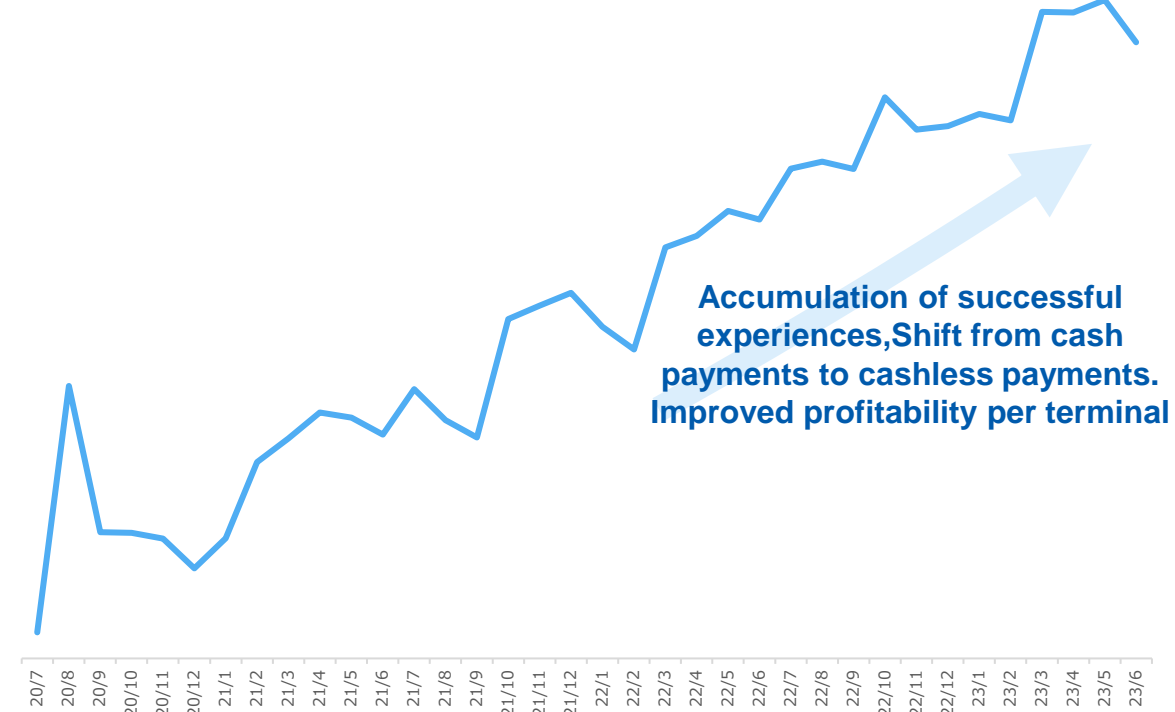
Cashless Payment Trends

Large Restaurant Merchants E Cashless Payment Trends



Improvement of profitability per terminal

GMV per terminal (number of active terminals to be divided by credit/debit GMV)



3

Revision of FY2023 Forecast

3.1 Upward Revision of FY2023 Forecast

Revised revenue and gross profit forecasts upward in light of steady progress in excess of Q3 plan. Operating profit and below remain unchanged. (aggressive future investment is planned to continue)

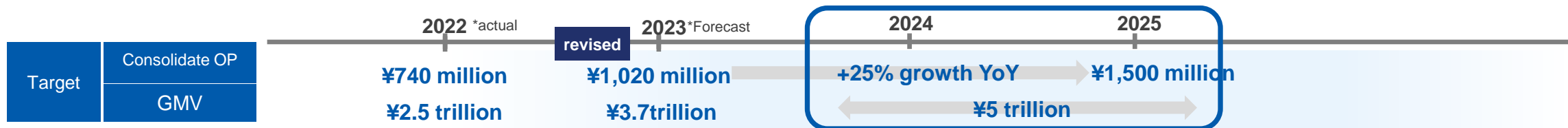
(Unit : millions of yen)	FY2022 Full year actual	FY2023 Full year forecast (Previously forecast)	FY2023 Full year forecast (Revision)	YoY (After revised forecast)	% change (to Previously forecast)
Revenue	10,295	13,620	Upward 15,000	+45.7%	+10.1%
Gross profit	2,768	3,274	3,600	+30.1%	+10.0%
Operating profit	740	1,020	1,020	+37.7%	—
Profit attributable to owners of parent	472	631	631	+33.5%	—
Earnings per share	¥57.32* <small>*Reflected 1:2 stock split</small>	¥76.29	¥76.29	+33.1%	—
Dividend per share	¥29* <small>*Reflected 1:2 stock split</small>	¥39	¥39	+¥10	—

4

Growth Strategy and Progress

4.1 Growth strategy on mid-term target

Progress in developing large-lot deals 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

- In 3Q, the introduction of the solution to large-lot merchants, centering on Japan Post, continued, while solutions for small- and medium-sized merchants, centering on stera pack, also accelerated, contributing to an increase in initial sales.
- In line with the promotion of Vertical expansion, acquisition of member stores such as shopping centers and department stores is progressing.
- C→REX, a partnership with JTB, is progressing on-schedule to start providing solutions from 4Q of this fiscal year.

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

Initial, Stock, Fee

- The MaaS (Transit) domain is expanding, driven by a recovery in inbound demand.
- In the face-to-face area, awareness of credit card touch payment is increasing and usage rates continue to rise.

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

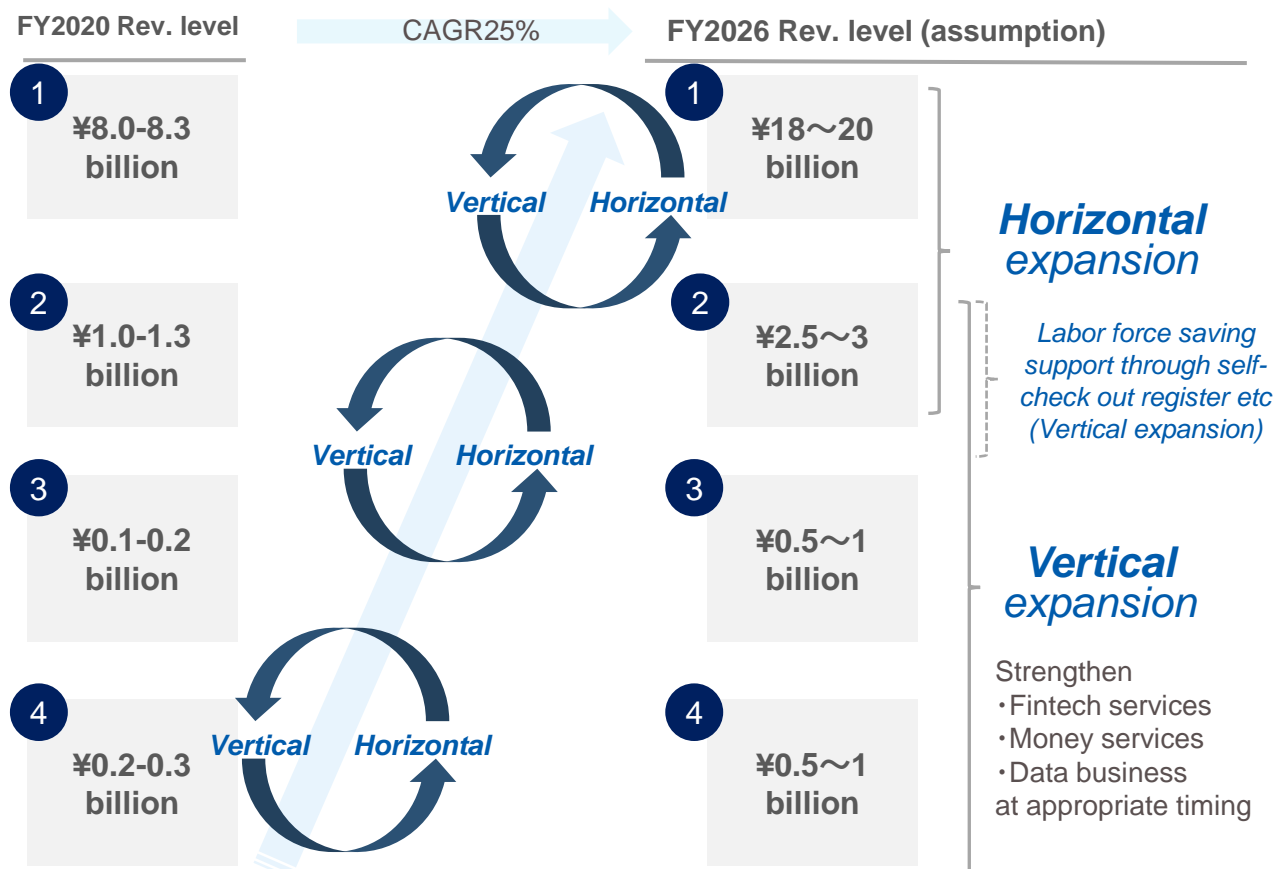
Stock, Spread

- Preparations underway to support new V-Point* (* Integration of T-Point and old V-Point, scheduled for spring 2024)
- Started to consider providing payment solutions for major shopping centers and department stores. Plans to develop proprietary point-related solutions.
- Accumulate solution assets and promote further Vertical development.

4. Increase added value by strengthening processing center functions

Stock, Fee

- Development of payment platform for JTB (C to REX terminals) completed on schedule. Already released.
- Automated systemization of billing and payment functions for merchants was completed in June, contributing to internal operational efficiency and merchant DX



4.2 Manned Terminal Topics

Terminal installations for Japan Post were concentrated in 2Q and 3Q, and started operation in April, contributing to the expansion of various KPIs. Currently focusing on projects for the next fiscal year and building up a well-balanced forecast without any bias toward any industry or business category.

Number of terminals in operation (manned terminals)

(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	FY2023 End Q3	QoQ (%)	YoY (%)
有人端末	32.9	39.5	48.4	61.6	75.2	88.3	101.3	118.7	132.7	149.4	162.7	199.5	+36.8 (+22.6%)	+80.8 (+68.1%)
		+6.5	+8.9	+13.1	+13.5	+13.1	+13/0	+17.3	+14.0	+16.6	+13.2	+36.8		

Renewal of terminals for JTB's "credit one-stop business" From the fourth quarter of the current fiscal year

JTB's "credit one-stop business" :

JTB provides a card payment service for lodging and tourist facilities. In preparation for the arrival of a full-fledged cashless society, **the service provides strong support to accommodations and tourist facilities** in their efforts to go cashless in response to the challenges such as diversifying payment methods, increasing fees, and improving operational efficiency.

2023年夏、C→REX がリニューアルします

JTBクレジットカード
一括加盟店決済サービス



From next fiscal year Major Forecast Projects

Scale image of number of units installed

The size of the bubble represents the size of the expected transaction



4.3 Point - Economic Zone solution through vertical expansion

Establishing a sticky payment platform by responding to the development of “Point”

Image of point economic zone formation through cashless

Development example for point business

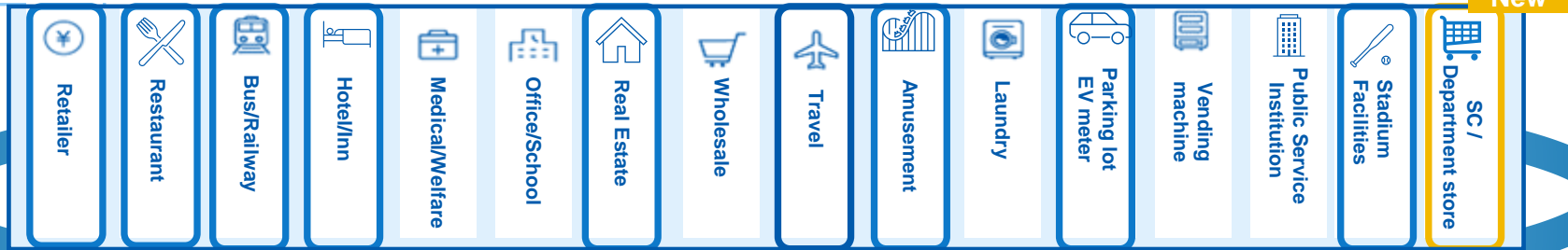


	Available		Scheduled to be provided in the future					
	Merchant A	Merchant B	Merchant C	Merchant D	Merchant E	Merchant F	Merchant G	Merchant H
	Metropolitan area 2022~	Tohoku area 2022~	Kansai area Autumn 2023~	Kansai area Winter 2023~	Metropolitan area 2025~	Chugoku area Proposed	Metropolitan area Proposed	Western Japan Area Proposed
Retailer	¥	¥	¥	¥	¥	¥	¥	¥
Restaurant	🍴	🍴	🍴	🍴	🍴	🍴	🍴	🍴
Stadium Facilities	🏟️	🏟️	🏟️	🏟️	🏟️	🏟️	🏟️	🏟️
Real Estate	🏠	🏠	🏠	🏠	🏠	🏠	🏠	🏠
Travel	✈️	✈️	✈️	✈️	✈️	✈️	✈️	✈️
Hotel/Inn	🏨	🏨	🏨	🏨	🏨	🏨	🏨	🏨
Parking lot EV meter	🚗	🚗	🚗	🚗	🚗	🚗	🚗	🚗
Bus/Railway	🚊	🚊	🚊	🚊	🚊	🚊	🚊	🚊
Amusement SC / Department store	🎡	🎡	🎡	🎡	🎡	🎡	🎡	🎡

Unique points

Common points

JTB project will start from 4Q



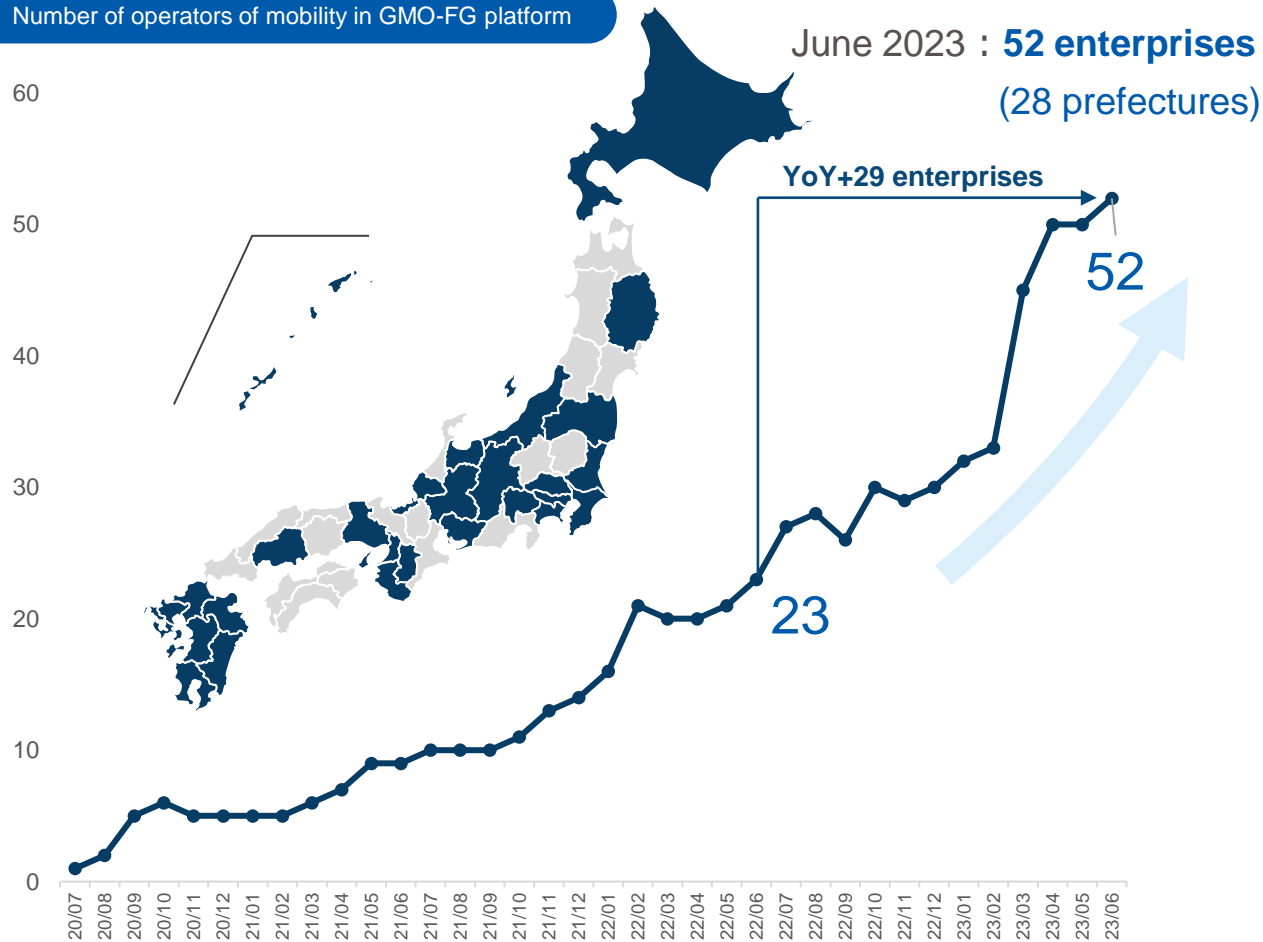
① Payment terminal, ② Processing center, ③ PSP service

4.4 Expansion of Payment Platforms - Mobility Domain

With the recent increase in the number of foreign visitors to Japan, mobility payments in urban areas are on the rise. Provided services to 52 businesses in June operation results. Demonstration experiment scheduled to start at Tokyo Metro from 2024.

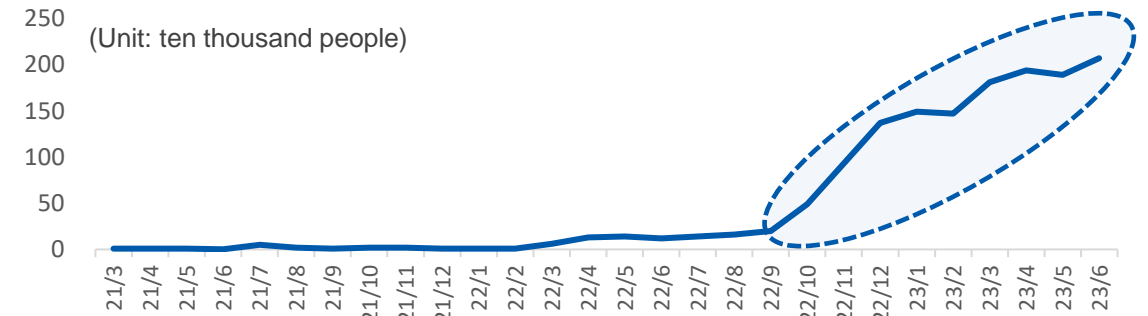
Status of introduction in domestic public transportation

Number of operators of mobility in GMO-FG platform



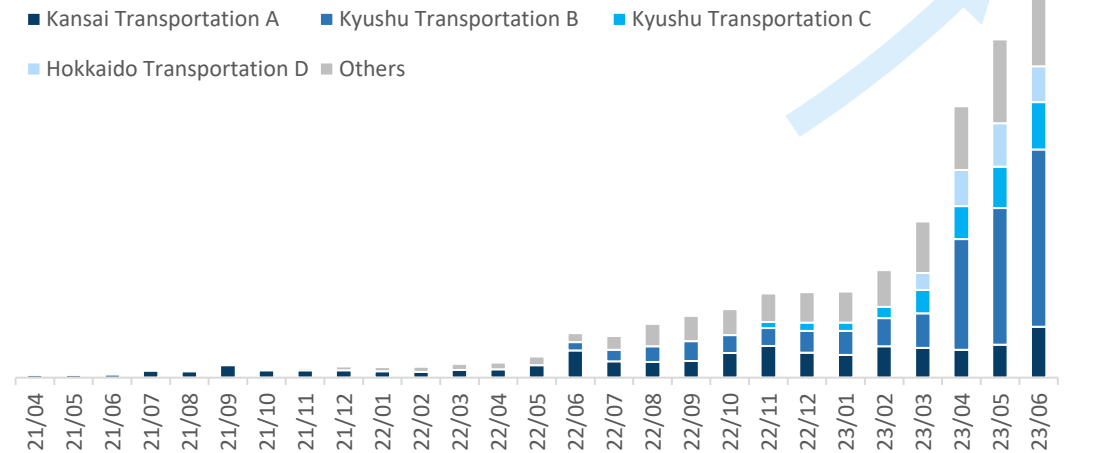
Trends in the Number of Foreign Visitors to Japan and Mobility Payment Trends

Changes in the number of foreigners visiting Japan



Source: Compiled by Japan National Tourism Organization (JNTO) from "Number of Foreign Visitors to Japan"

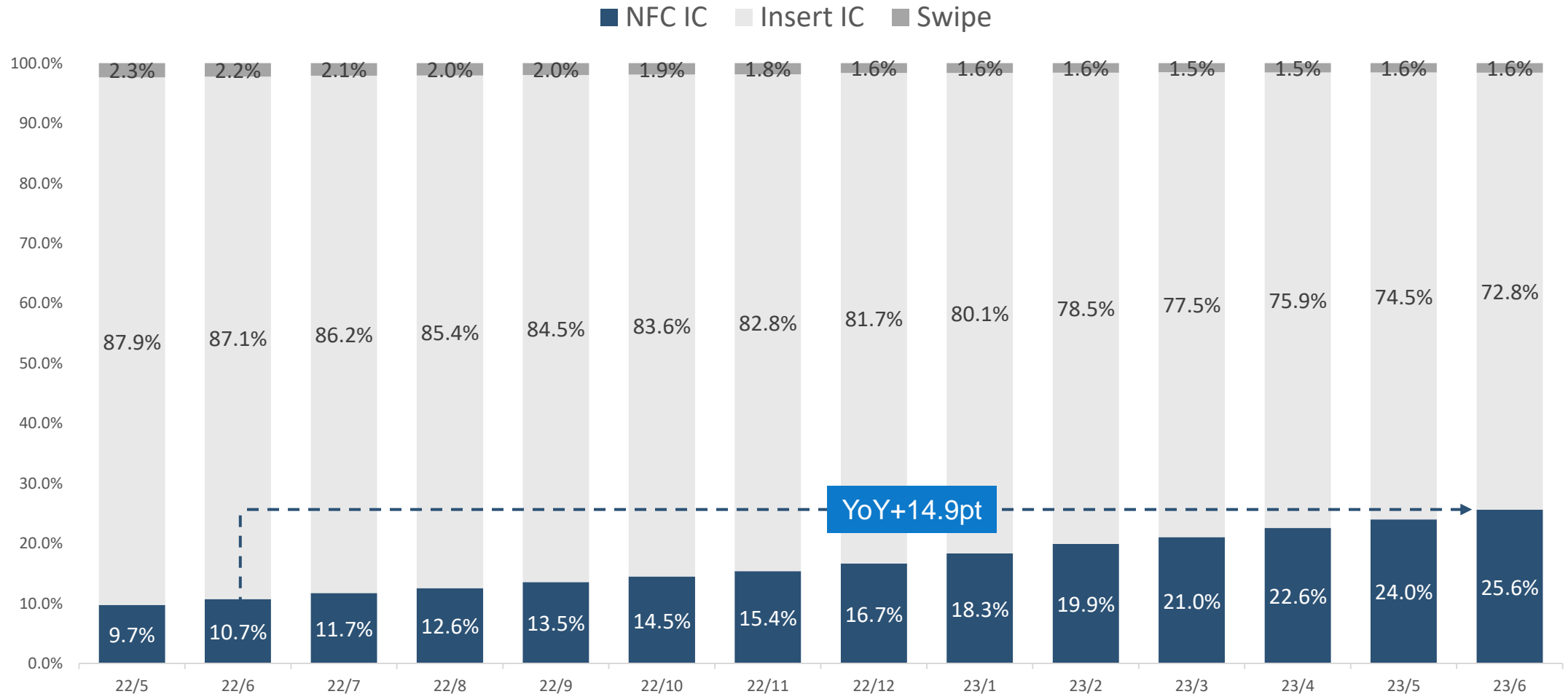
Mobility Settlement Trends (Number of cases)



4.5 Expanding use of contactless NFC payment

The percentage of credit touch payments(also know as NFC, near field communication) at our center is on an upward trend. Growing awareness of the convenience of NFC is driving the future spread of credit touch in the mobility field.

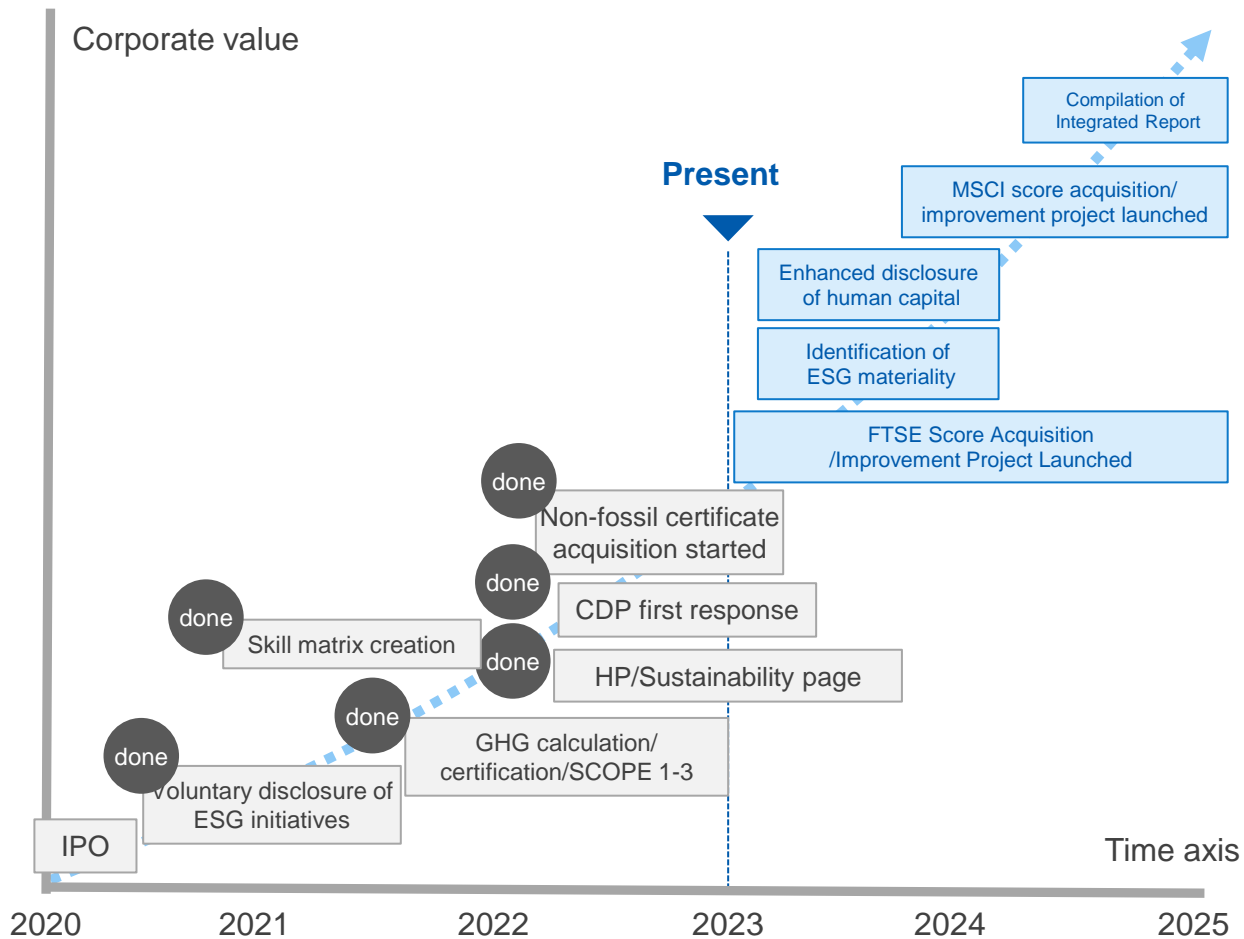
Credit and debit payments at our centers / Proportion of payment methods



4.6 Expanding ESG support

Strengthening ESG related disclosure for aiming future step up to the upper division of Tokyo stock exchange. We also focus on improving governance structure and human capital disclosure over the time.

ESG Roadmap



Major Milestones

FTSE Score Acquisition/Improvement Project Launched

- Visualize issues assuming that they will be scored in the near future.
- Started considering countermeasures

Identification of ESG materiality

- Consideration of the meaning, purpose, and issues of our promotion of ESG.
- Going forward, the Board of Directors will pass a resolution and will be disclosed on the website.

Enhanced disclosure of human capital

- Visualize data related to human resources, which we consider to be the most important management resource.
- 2023/9 Assuming enhanced disclosure from securities report.

MSCI score acquisition/improvement project launched

- Visualize issues assuming that they will be scored in the near future.
- Aiming to improve the level of disclosure with an awareness of other companies in the same industry, as the scoring is based on relative evaluation.

Compilation of Integrated Report

- We plan to create an integrated report from the perspective of enhancing information disclosure in order to promote management that involves more stakeholders.

Supplemental Agenda

Financial Information, Investment and Shareholder Return Policies

5

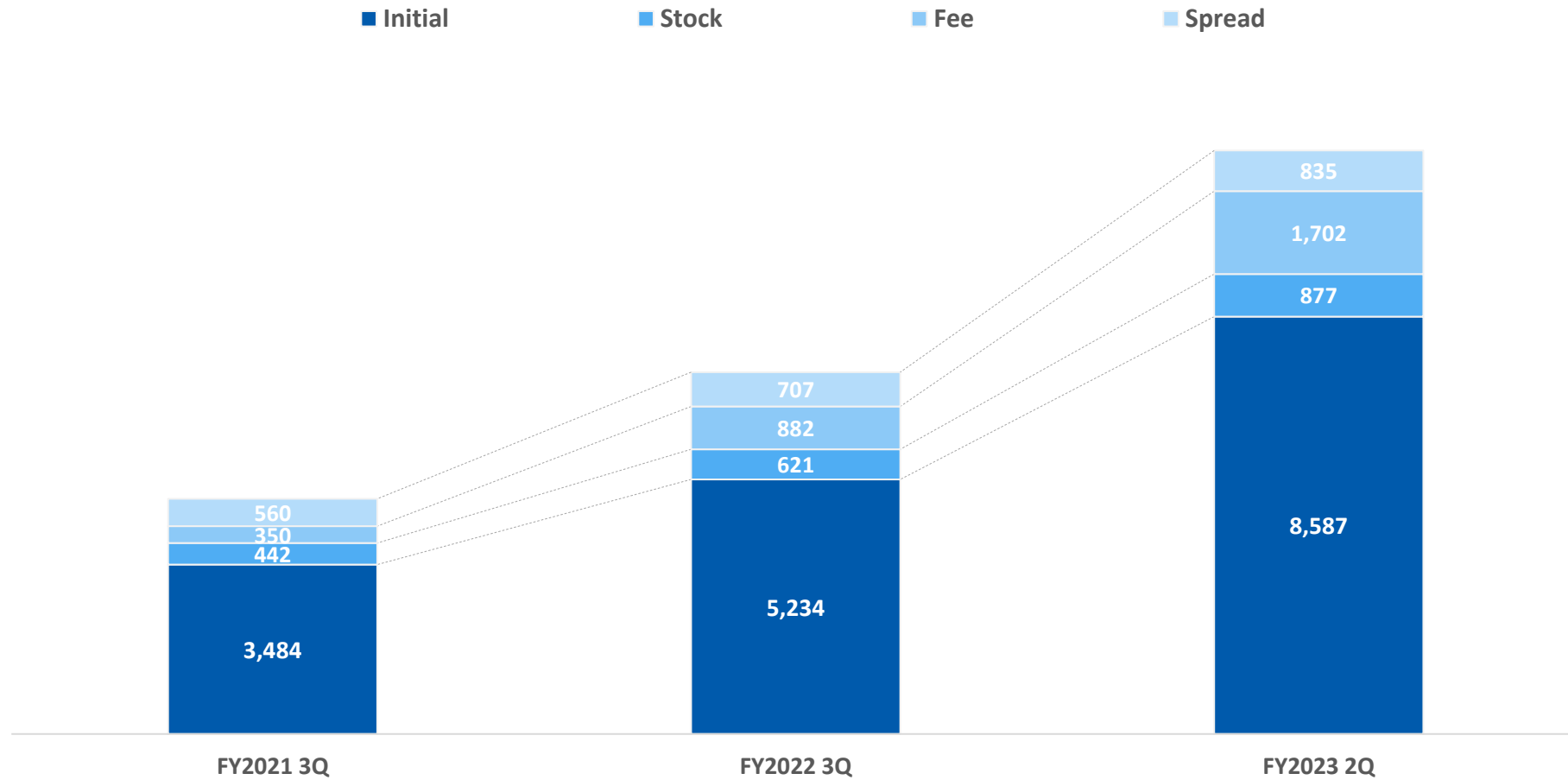
5.1 Profit & Loss

Gross profit margin declined due to changes in revenue composition, but operating profit margin improved slightly on the back of increased revenue.

(Unit : Thousands)	Q3 FY2022 Cumulative (actual)	Q3 FY2023 Cumulative (actual)	YoY
Revenue	7,446,363	12,003,785	+61.2%
COGS	5,511,729	9,103,131	+65.2%
Gross profit	1,934,633	2,900,654	+49.9%
SG&A	1,370,897	1,923,987	+40.3%
Operating profit	563,736	976,666	+73.2%
Ordinary profit	562,966	973,092	+72.9%
Profit attributable to owners of parent	358,129	613,308	+71.3%

5.2 Revenue by business model (YoY)

Continuing well-balanced growth in each revenue item



5.3 Revenue by business model (Quarterly)

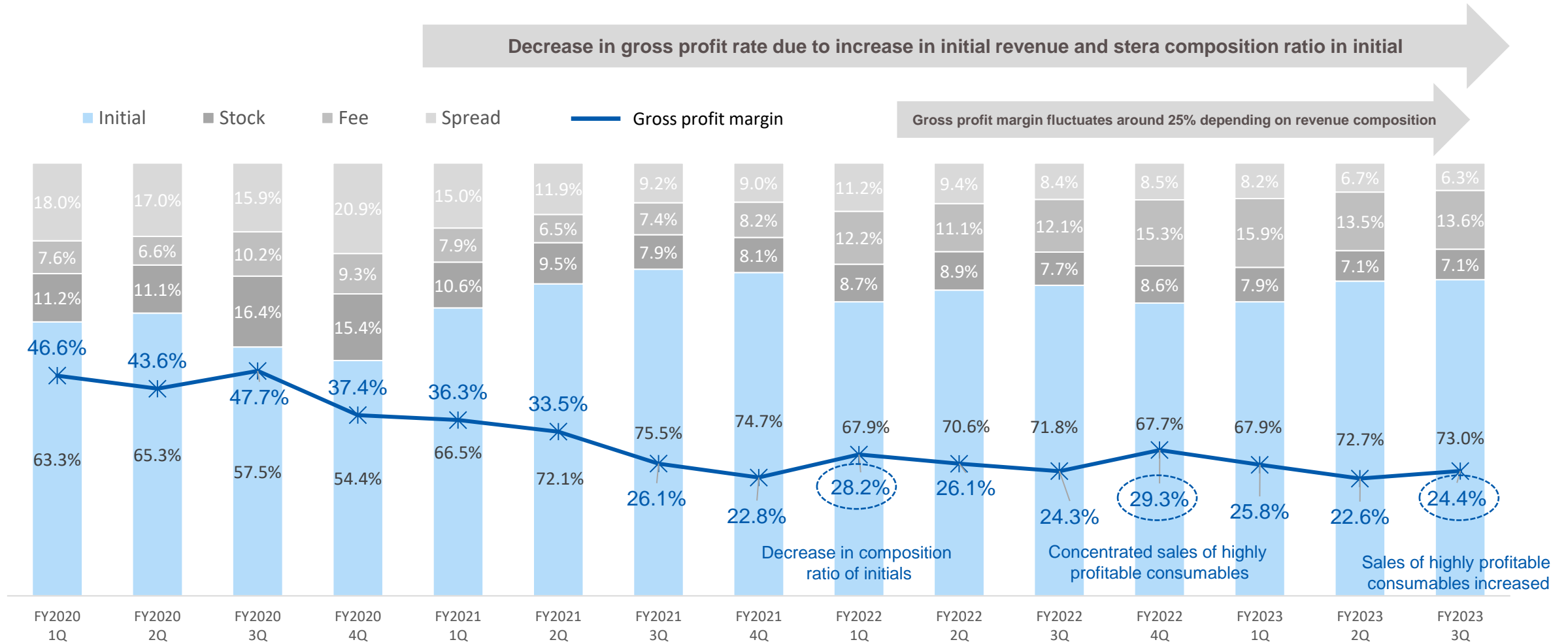
Initial posted a record high quarterly revenue by a large margin thanks to the development of large franchised stores. Each recurring-model also grew, and spreads, which had lagged behind, continued to recover.

まん延防止等
重点措置

(Unit : millions of yen)	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023
Initial	855	1,103	1,525	1,682	1,454	1,643	2,136	1,927	2,220	2,905	3,461
											Record high for the quarter
Recurring-model	430	427	495	569	686	683	841	921	1,047	1,091	1,277
Stock	135	145	160	182	185	206	229	244	259	283	334
Fee	101	99	149	183	261	259	361	434	519	539	643
Spread	193	181	185	203	239	217	250	242	268	268	299
Total	1,286	1,531	2,020	2,252	2,141	2,327	2,978	2,849	3,267	3,997	4,738

5.4 Changes in Revenue Composition and Changes in Gross Profit Margin

Although it was on a downward trend due to changes in the revenue composition, it is gradually bottoming out. In 3Q, initial revenue increased, but there were many profitable consumables revenue, and the gross profit margin improved QoQ.



5.5 Balance sheet

Inventory levels declined as shipments progressed, but maintained a level capable of meeting strong demand. Refinancing with an eye on interest rate trends and ensuring liquidity on hand.

End of Q3 FY2023 (Thousands of yen)

Cash & Cash equivalents (32.3%) 2,779,777	Current liabilities 2,114,779
Merchandise (Payment terminal) 2,733,492	Non-current liabilities 1,540,780
Other current assets 1,412,175	Total net assets (57.6%) 4,962,013
Non-current assets 1,692,127	
Asset	Total liabilities and net assets

■ Points

• **Merchandise: ¥2.73 billion**

Decrease of 398 million yen from the end of 2Q due to increased shipments due to robust demand. There is no problem with the purchase status.

• **Current Liabilities: ¥2.11 billion**

Short-term borrowing of 500 million yen refinanced to long-term borrowing.

• **Non-current liabilities: ¥1.54 billion**

Implemented new long-term borrowing of 1,000 million yen, including refinancing of short-term borrowings.

• **Cash and Cash Equivalents: ¥2.77 billion**

Increased by 589 million yen from the end of 2Q due to inventory reduction and borrowing.

5.6 Balance sheet (Quarterly)

(Unit : millions of yen)			Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	QoQ	YoY
Asset	Current assets	Cash and cash equivalents	3,434	1,425	1,618	2,231	2,519	1,720	2,190	2,779	+589	+548
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	2,733	-398	+1,188
		Others	741	868	1,007	884	990	1,527	1,520	1,412	-108	+528
	Non-current assets		1,347	1,409	1,445	1,497	1,622	1,567	1,651	1,692	+41	+195
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	+124	+2,460
Liabilities	Current liabilities		2,720	1,538	2,135	1,575	1,929	2,801	3,221	2,114	-1,107	+539
	Non-current liabilities		40	37	33	30	39	39	540	1,540	+1,000	+1,510
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,732	4,962	+230	+410
Total liabilities and net assets			7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	+124	+2,460

5.7 Consolidated KPIs (Number of Active Terminal)

Steady increase in the number of operating terminals driven by manned terminals.

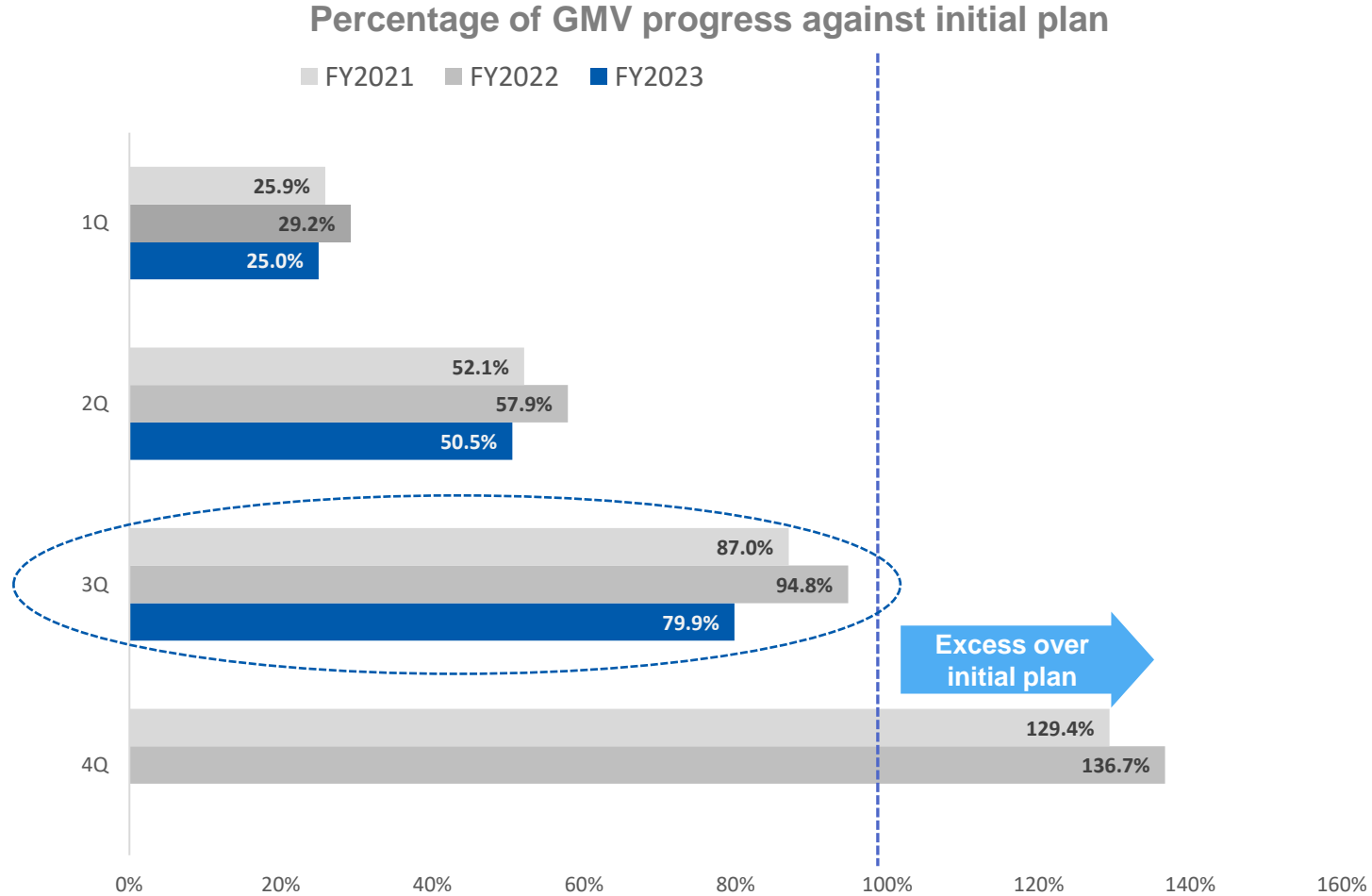
Steady expansion of unmanned terminals in response to the trend toward self-service and labor-saving.

(Unit: thousand)	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	QoQ (%)	YoY (%)
Manned	39.5	48.4	61.6	75.2	88.3	101.3	118.7	132.7	149.4	162.7	199.5	+36.8 (+22.6%)	+80.8 (+68.1%)
Unmanned (IoT)	30.0	31.8	33.9	40.1	42.4	44.2	45.8	47.6	49.5	52.3	54.1	+1.8 (+3.5%)	+8.3 (+18.2%)
Sold by others	18.8	18.8	19.0	18.6	19.2	18.9	19.2	19.1	19.1	18.8	19.5	+0.6 (+3.4%)	+0.3 (+1.7%)
Total	88.4	99.1	114.7	134.0	150.0	164.5	183.7	199.5	218.1	233.9	273.2	+39.3 (+16.8%)	+89.5 (+48.7%)

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

Steady progress toward the mid-term target of ¥5 trillion in GMV

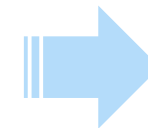
Continued expansion of scale and progress rate on par with past results in this fiscal year



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	2.9trillion yen(3Q)



FY2024~FY2025 : ¥5 trillion

5.9 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

5.10 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

5.11 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 revenue (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).

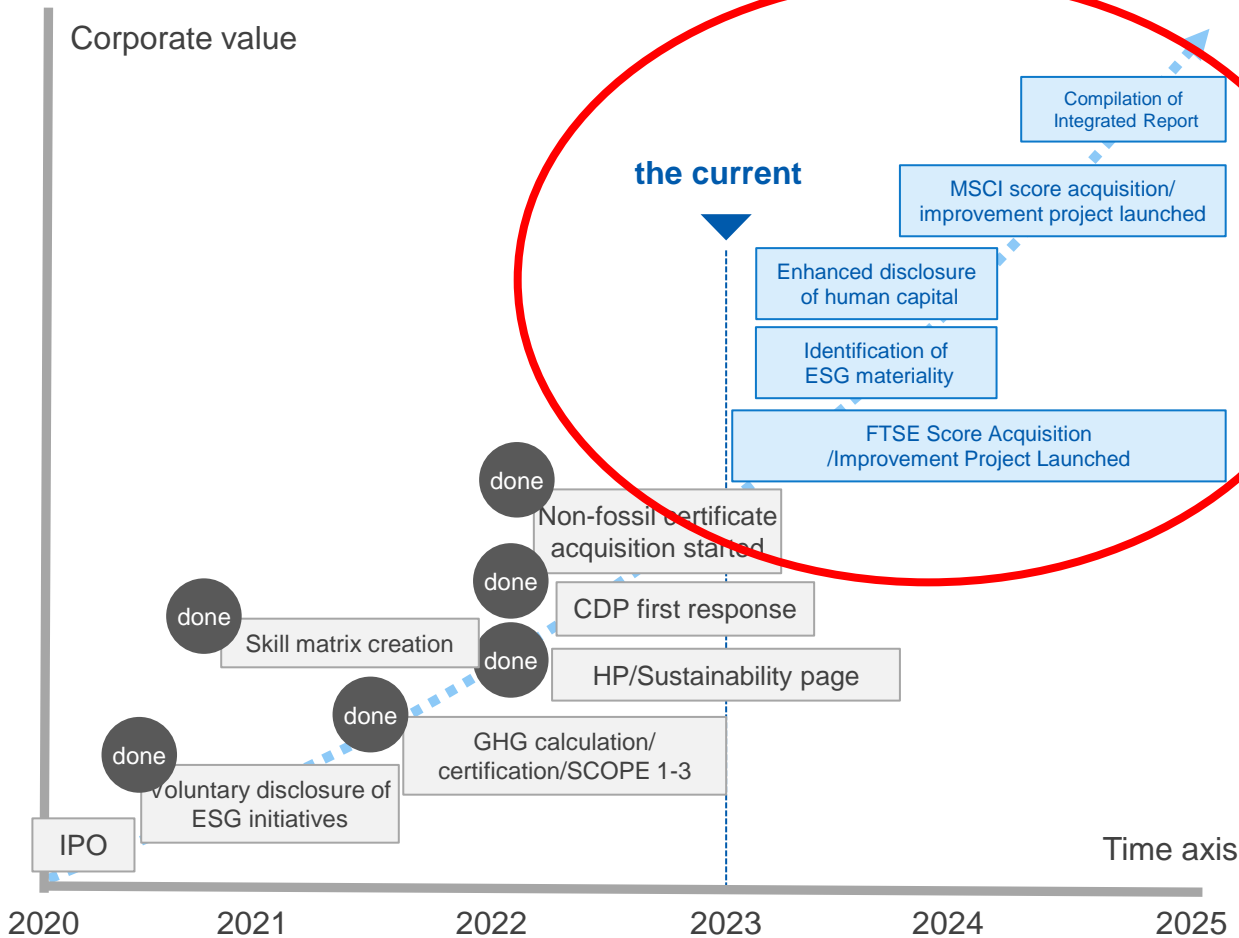
Supplemental Agenda

ESG Initiatives (Details)

6.1 (Reposted) Expanding ESG support

Anticipating continuous improvement in corporate value, advanced ESG measures ahead of others. future step up. In anticipation, proactively implement enhancement of governance system and personnel disclosure.

ESG Roadmap



Future major todo (Preemptively respond from the growth market)

FTSE Score Acquisition/Improvement Project Launched

- Visualize issues assuming that they will be scored in the near future.
- Started considering countermeasures

Identification of ESG materiality

- Consideration of the meaning, purpose, and issues of our promotion of ESG.
- Going forward, the Board of Directors will pass a resolution and will be disclosed on the website.

Enhanced disclosure of human capital

- Visualize data related to human resources, which we consider to be the most important management resource.
- 2023/9 Assuming enhanced disclosure from securities report.

MSCI score acquisition/improvement project launched

- Visualize issues assuming that they will be scored in the near future.
- Aiming to improve the level of disclosure with an awareness of other companies in the same industry, as the scoring is based on relative evaluation.

Compilation of Integrated Report

- We plan to create an integrated report from the perspective of enhancing information disclosure in order to promote management that involves more stakeholders.

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."

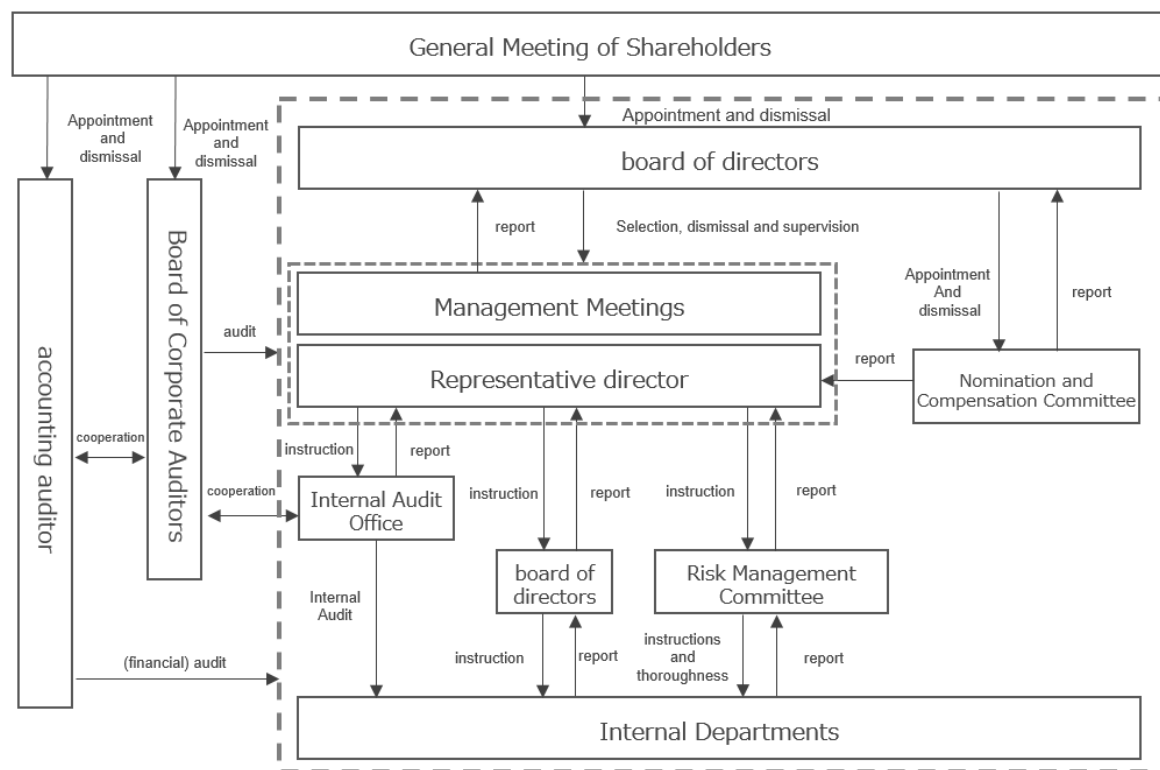
* Average years of service, average age, and turnover rate are non-consolidated figures for GMO Financial Gate.

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

Internal Director (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 Division

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 Division

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 / Director

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 External Director

Nao Shimamura / External 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 / External 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.

Supplemental Agenda

Appendix

7

GMO-FG is focusing on offline payment

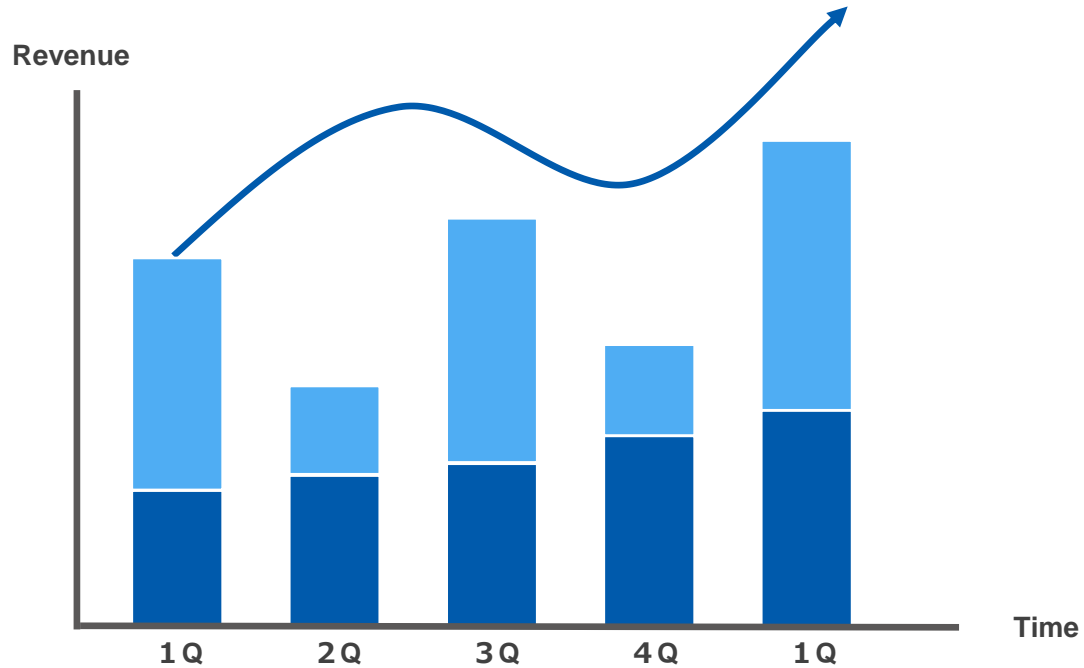
Company name		
Business Domain	<p>GMO Financial Gate (Payment at Brick & Mortar + IoT)</p>	<p>GMO Payment Gateway (EC)</p>
Payment method	<p>Payment by passing card/QR code over the reader</p> <div style="display: flex; justify-content: space-around;">   </div>	<p>Payment by entering credit card information in PC / mobile phone</p> <div style="display: flex; justify-content: space-around;">   </div>
Medium	<p>Payment terminal</p>	<p>EC (terminal is unnecessary)</p>

- Physical hardware network
- Proprietary programming code specifications
- Regulation

Rev Models: Financial Gate vs. Payment Gateway

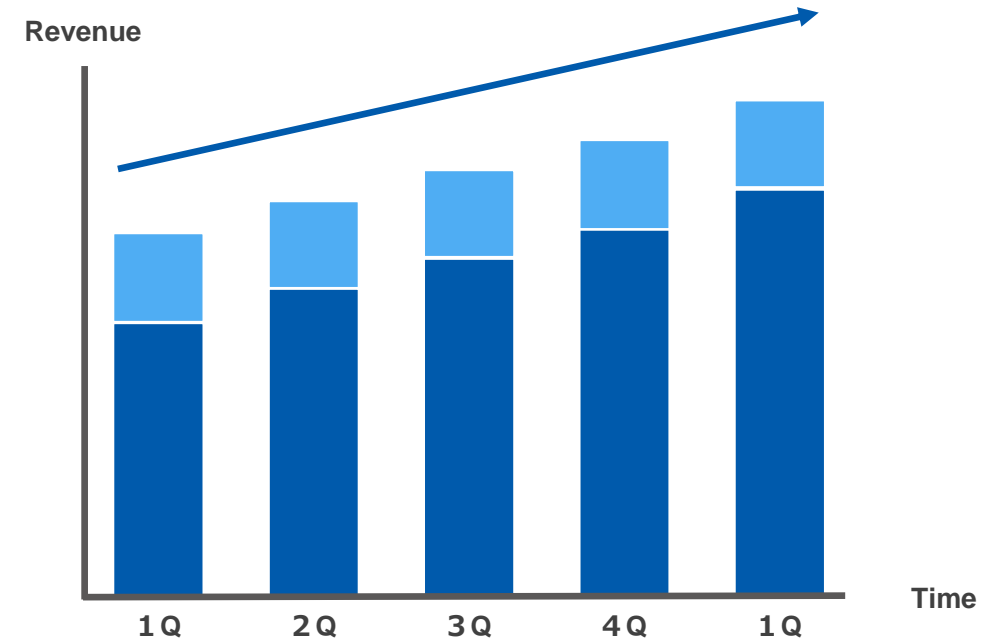
Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery

GMO FINANCIAL GATE



- Initial Revenue (Terminal Sales · Software Development)
- Stock, Fee, Spread Revenue

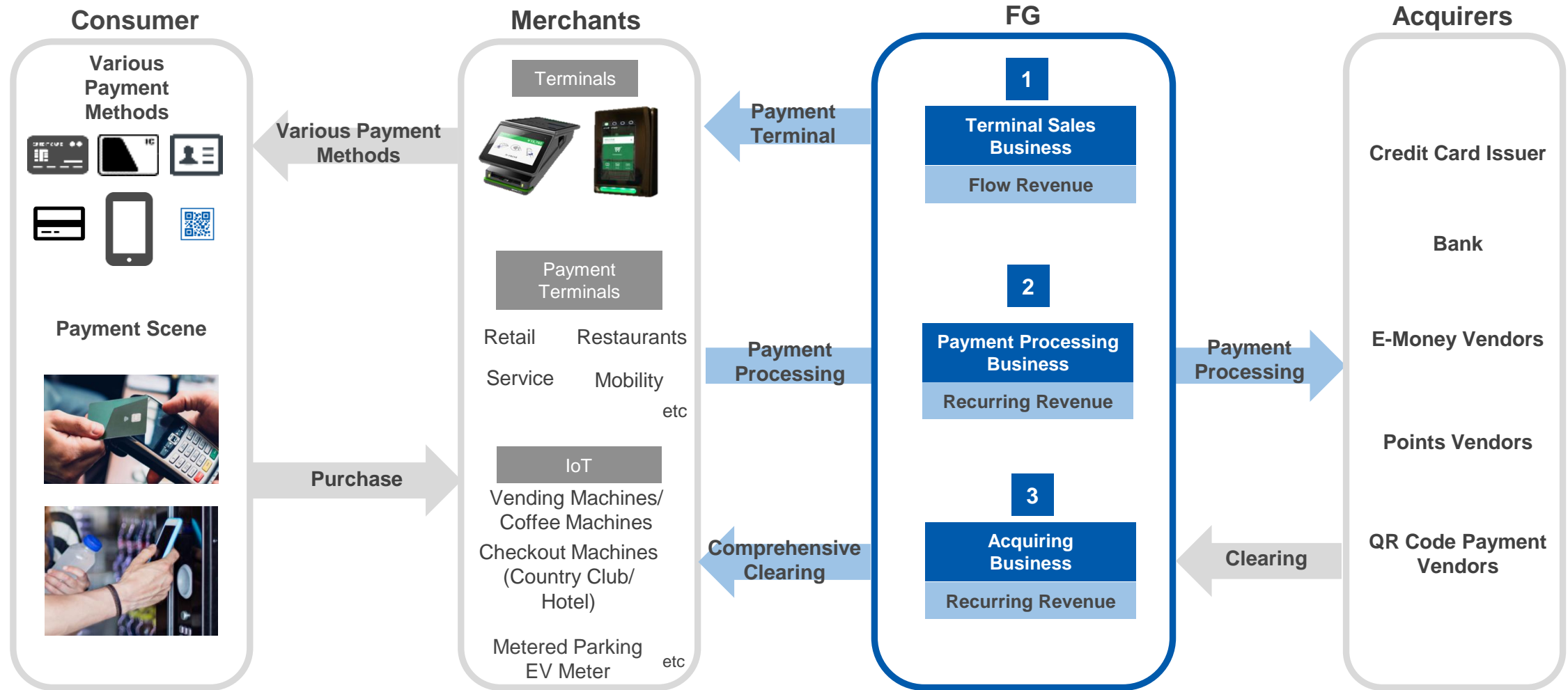
GMO PAYMENT GATEWAY



- Initial Revenue (Initial Set up Fee, etc...)
- Stock, Fee, Spread Revenue

Three Biz Models Over a Single, One-Stop Platform

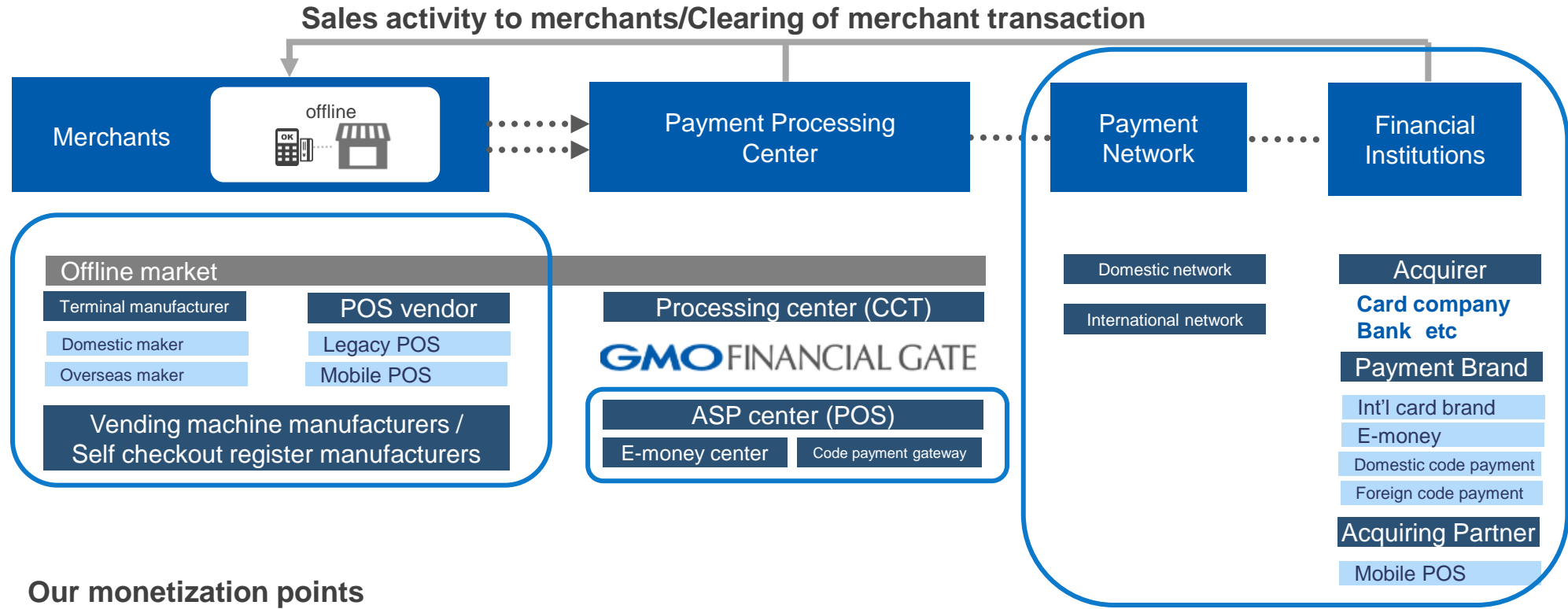
One-stop platform covering all settlement processes between merchants and acquirers



Stock Revenue Expansion Originating From Terminal Sales

Stock revenue grows with flow model revenue which is mainly coming from the sales of payment terminals

Revenue Model	3 Business	4 Types of Revenue	% (FY2023 Q3 cumulative)
Flow Model Rev	① Terminal Sales Business	Initial	71.5%
Recurring Model Rev	② Payment Processing Business	Stock	7.3%
		Fee	14.2%
	③ Acquiring Business	Spread	7.0%



Our monetization points



Initial Revenue



Stock Revenue

※Activation of payment terminals~Connect to our processing center



Fee Revenue

※Booked in stock revenue occasionally depending on contract type
 ※Excluding roll paper sales



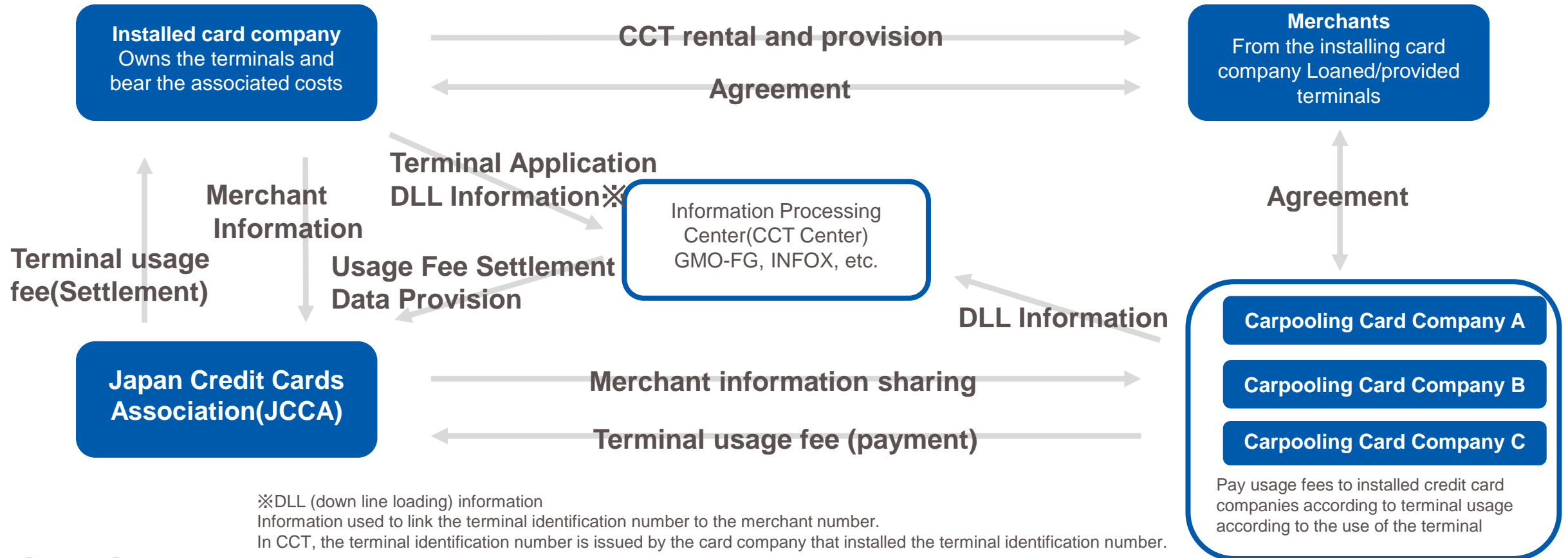
Spread Revenue

Alliance partner

CCT (Credit Center Terminal, ⇒ Card company-owned terminal)

CCT(Credit Center Terminal)

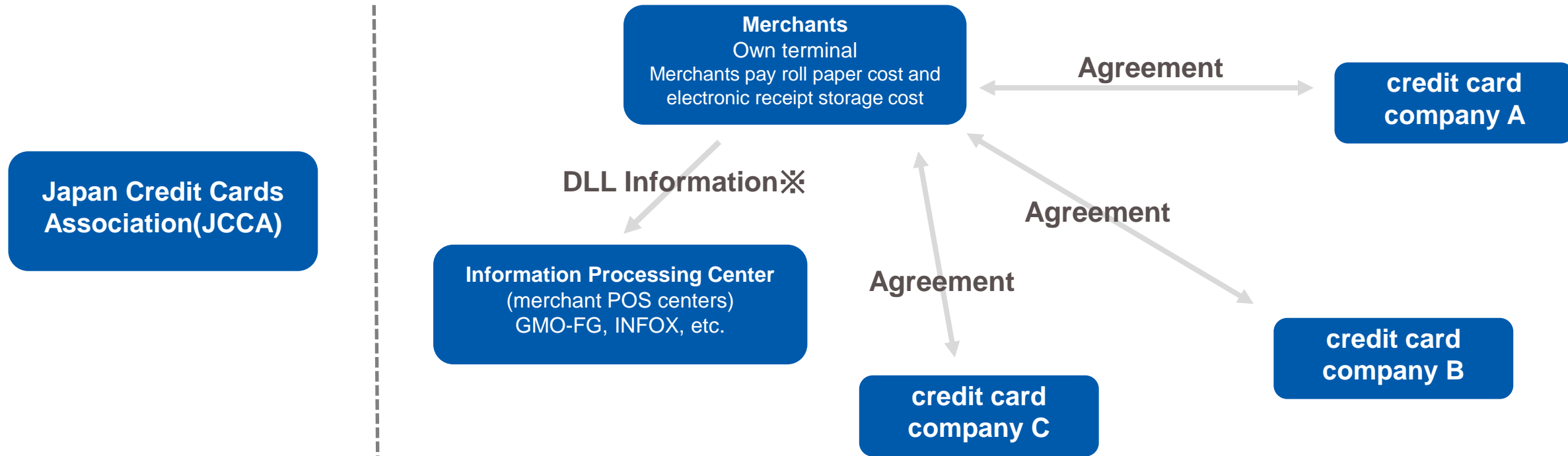
It is a terminal name authorized by the information processing center (CCT Center) designated by the Japan Credit Card Association (JCCA) and operated in accordance with the guidelines, etc., established by the JCCA. A single card company owns the terminal on behalf of another card company and lends it to a merchant for installation. Multiple card companies jointly use the terminals and pay usage fees to the card companies that installed them



※DLL (down line loading) information
 Information used to link the terminal identification number to the merchant number.
 In CCT, the terminal identification number is issued by the card company that installed the terminal identification number.

Merchant POS

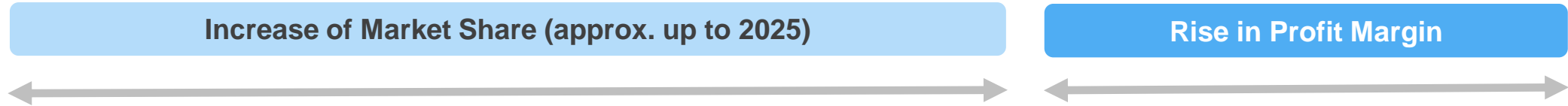
In general, POS (Point of Sales) is a generic term for a service that provides information on sales performance trends such as the date, time, quantity, and price of products sold, but in the credit industry, the term merchant POS is customarily used to refer to all terminals capable of processing credit card transactions that are not CCT terminals. In a merchant POS, the merchant itself owns the terminal, prepares the card payment environment, and makes a separate contract with the credit card company. While this requires more time and effort on the part of the merchant, it also allows for a more flexible design that is not bound by the JCCA (Japan Credit Card Association) guidelines



✕ DLL (down line loading) information
Information used to link the terminal identification number to the merchant number.
In merchant POS, the terminal identification number is issued by the merchant.

Image of rise in Rev & OP

Phase1: Focus on sales/activation of payment terminals and revenue will be fluctuated.
Phase2: Expansion of Recurring-Model revenue

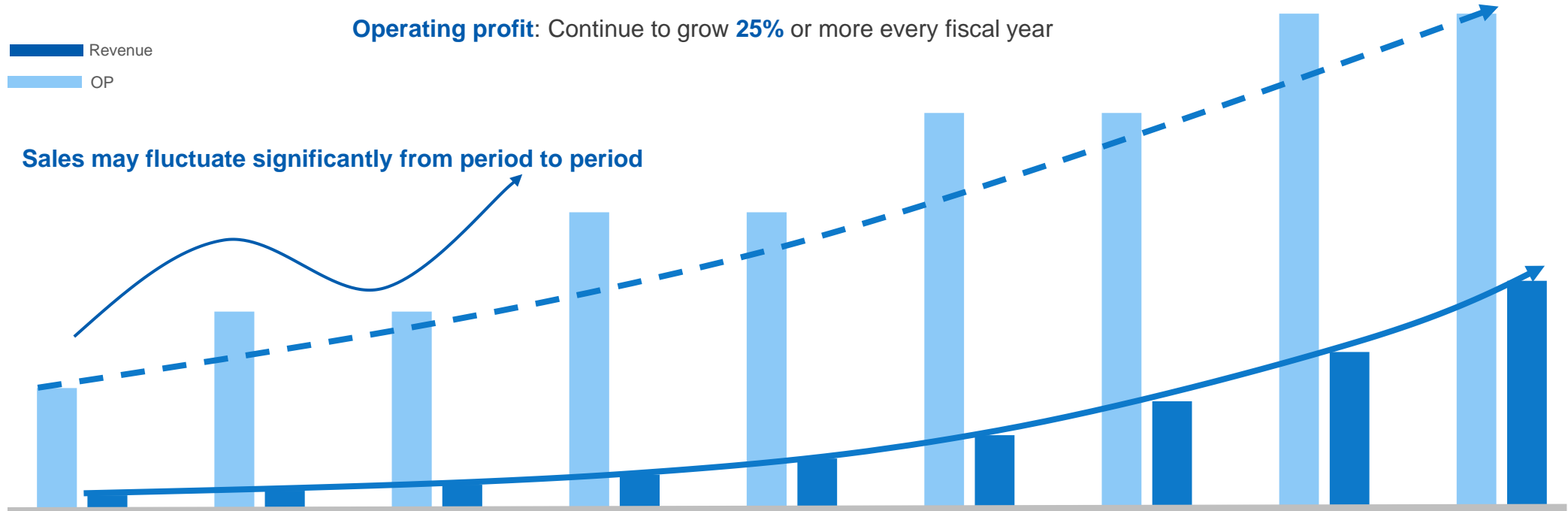


Revenue: Increase at a **CAGR of 25%** or more, although the extent of increase will vary from period to period

Operating profit: Continue to grow **25%** or more every fiscal year

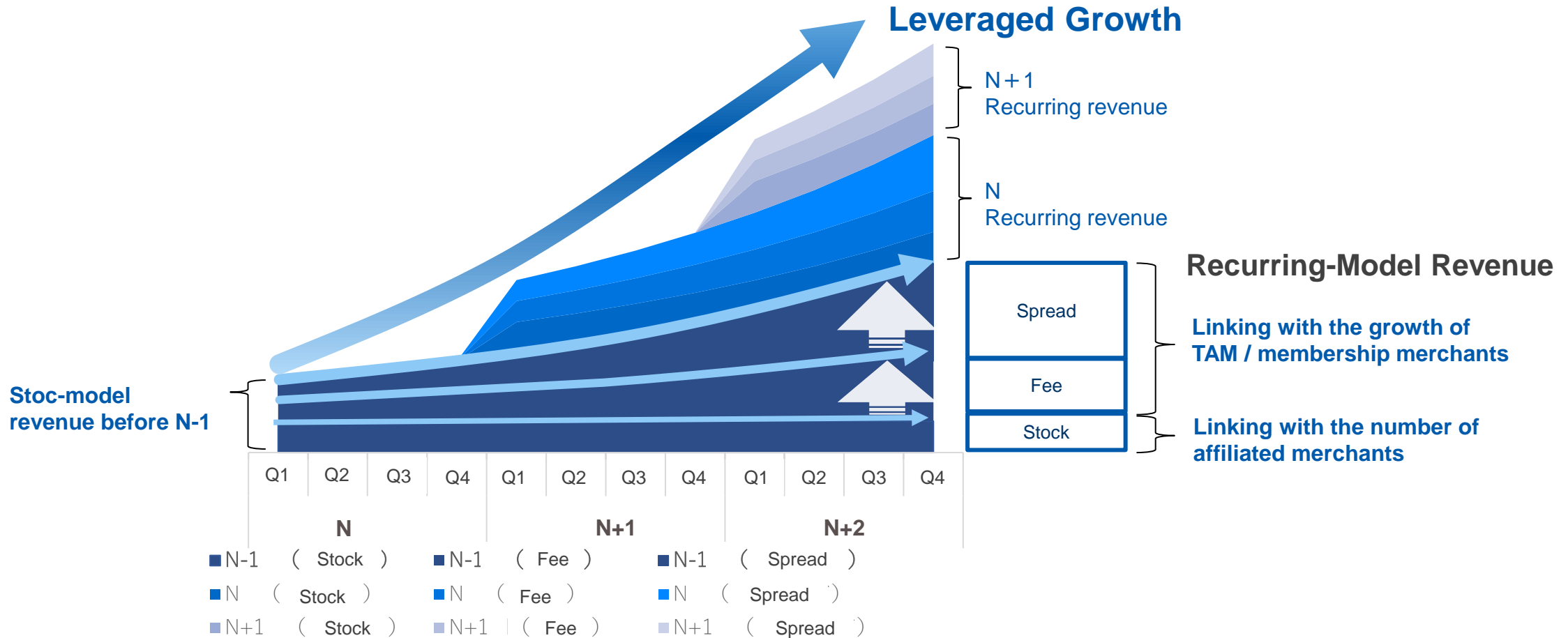
■ Revenue
■ OP

Sales may fluctuate significantly from period to period



Leveraged Growth Model

Fee and spread revenue are expanding with the market /growth in membership merchants



Details on each revenue ①

Initial	Content	Rev Model
Payment terminal sales	This is a sales revenue of payment terminals from merchants or credit card companies. All of first, we purchase hardware from manufactures. And confirm certain measures of payment methods that each merchant needs to accept. Then make these methods to connect to our processing center (Occasionally, we put some customization to these terminals)	<ul style="list-style-type: none"> • Terminal Selling Price × Units Sold <ul style="list-style-type: none"> ✓ There're around 10 types of terminals ✓ Price range is from about ¥20K up to ¥100K
Software development	It is a type of development that meets customers needs such as widening acceptable payment measures and adding point-payment functionality	<ul style="list-style-type: none"> • No. of Deals × Ordered value <ul style="list-style-type: none"> ✓ Since software development is tailor made type revenue, deal size and margin vary from time to time
Stock	Content	Rev Model
Data sharing	It is a service that provides merchants with their daily sales data that go through our processing center. We charge it as monthly fixed fee	<ul style="list-style-type: none"> • No. of contracts × Service Price <ul style="list-style-type: none"> ✓ Service price is around ¥500 to ¥1K per terminal per month
Points&QR	It is a service to add point/QR payment app to the terminals merchants have. We charge it as monthly fixed fee	
Rental (Mobile terminal)	It is a service to rent mobile type terminals that enable merchants to use them in wireless setting. We charge it as monthly fixed fee	
Mobile SIM	It is a SIM card fee to use mobile type terminals. We charge it as monthly fixed fee	
Processing (Monthly fixed fee model)	It is a processing fee based on monthly fixed rate <small>*Basically, it is defined as "Fee" revenue when it comes to the case we charge as Pay As You Go billing, not fixed rate</small>	
		<ul style="list-style-type: none"> • No. of contracts × Monthly Fixed Fee <ul style="list-style-type: none"> ✓ Monthly fixed fee will vary depending on the size of contract etc..

Generally, the economics of services above vary depend on merchants. And there are services that some merchants do not apply

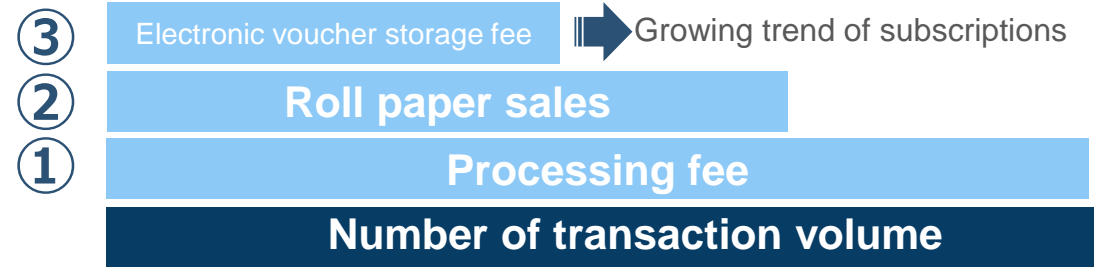
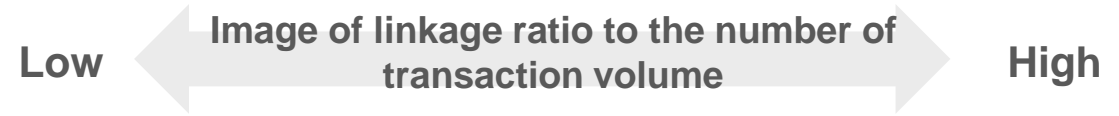
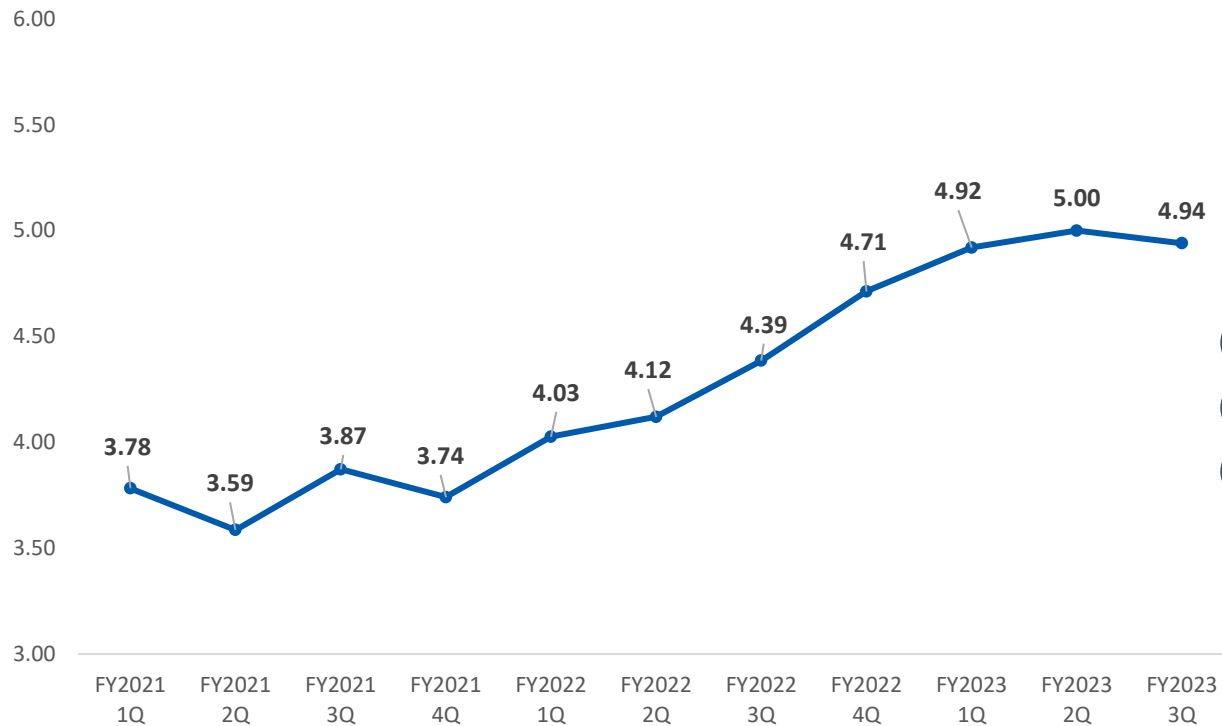
Fee	Content	Rev Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none"> • TRX Volume × Processing Fee ✓ Processing fee is about ¥2 to ¥3 per transaction
Sales of roll paper	This is a sales of roll paper that is used with payment terminals at stores	<ul style="list-style-type: none"> • No. of Order × Price of Roll Paper ✓ The price range of roll paper is about ¥130 to ¥200.
Electronic storage of sales receipts	Optional service to store vouchers electronically, sales to be billed based on the number of payment transactions subject to the contract	<ul style="list-style-type: none"> • Number of settlement processes subject to contract x unit processing fee ✓ Unit processing fee is about ¥1 per transaction

Spread	content	Rev Model
Acquiring (Settlement agent)	<p>We charge spread fee (α) towards clearing amount to merchants</p> <p>We received indicator rate (N) from acquirers, then we acquire merchants instead of acquirers with the new rate ($N + \alpha =$ merchant fee)</p>	<p>GMV of Agent Contract</p> <p>×</p> <p>Spread fee we charge (about 0.3~0.4%)</p>

Fee ARPU (Fee revenue divided by Transaction volume)

Strengthening electronic slip storage services in anticipation of a paperless society in the future. Although there is a possibility of offsetting paper roll sales in the future, currently it is a factor that increases the unit price of fee

■ Fee ARPU (Fee revenue divided by Transaction volume)

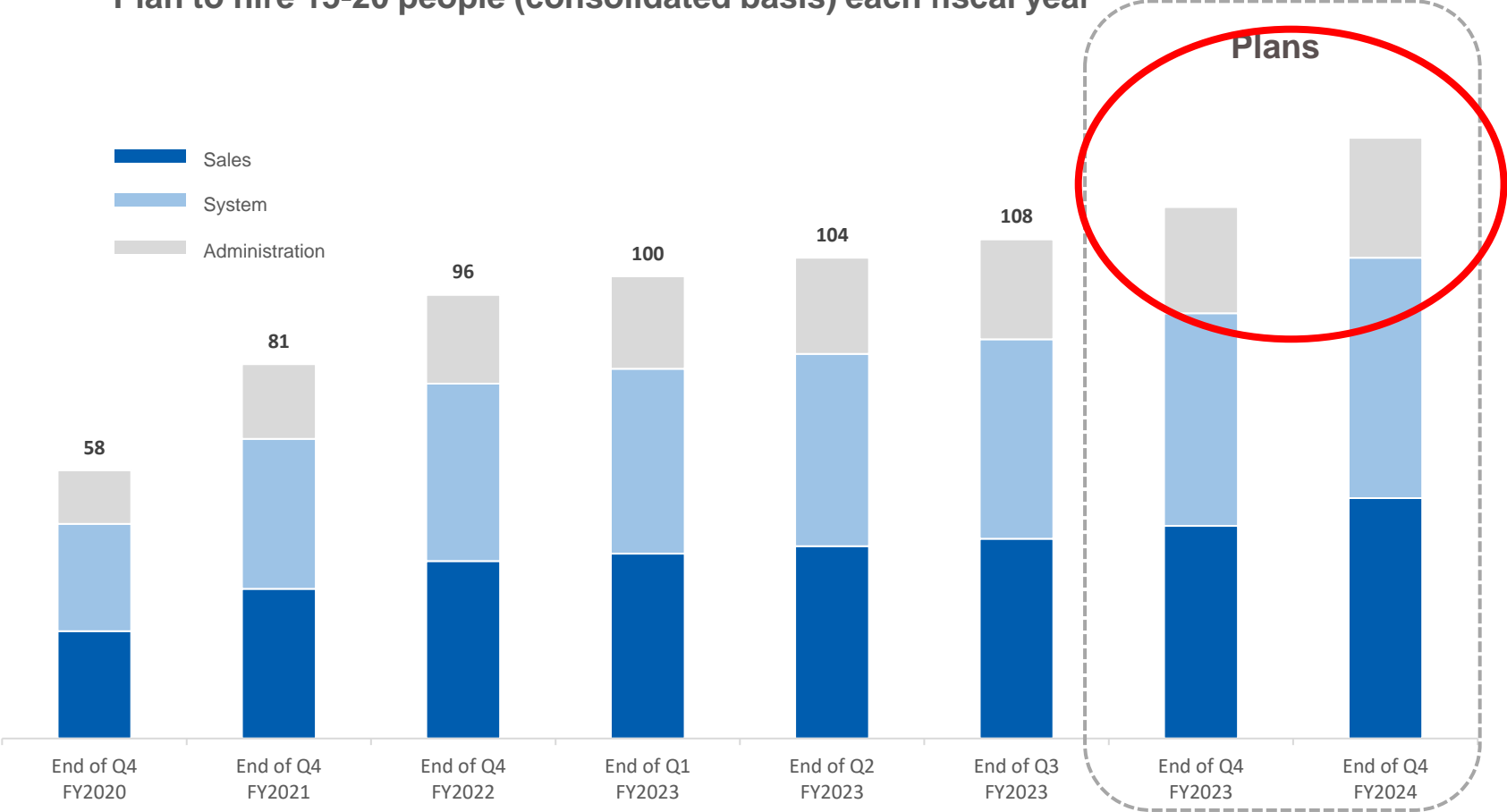


*Length is an image and does not reflect actual numbers or scale

Number of Employees(Consolidated basis)

Plans a net increase of 15 to 20 employees per fiscal year to achieve the management benchmarks. Assumed composition of work force is approximately 40% sales, 40% systems, and 20% administration

Plan to hire 15-20 people (consolidated basis) each fiscal year



Sales :
Talents who can build alliances and promote solutions to merchants' issues.

System :
Talents who can promote strategies to leverage digital technologies.

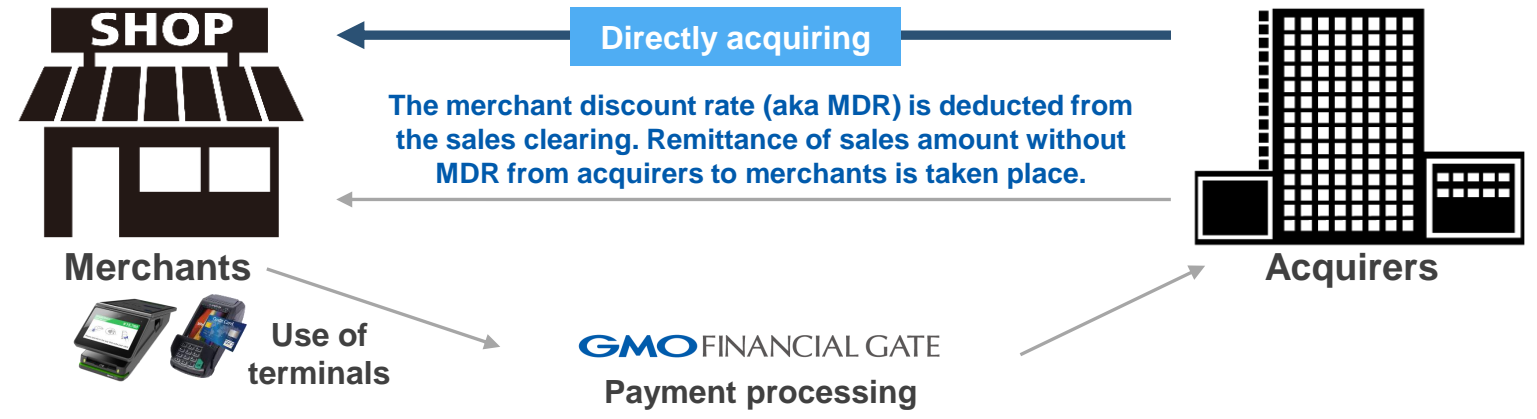
Administration :
Talents who can promote the establishment of an advanced management system in line with business expansion.

Concept of Spread revenue ratio to GMV

Our total GMV is the sum of ① and ② below. Spread revenue is generated only in the case of ② Agent contract. Since ① also contributes significantly to GMV, the linkage between total GMV and Spread revenue tends to decline

① Direct contract

Mainly large merchants

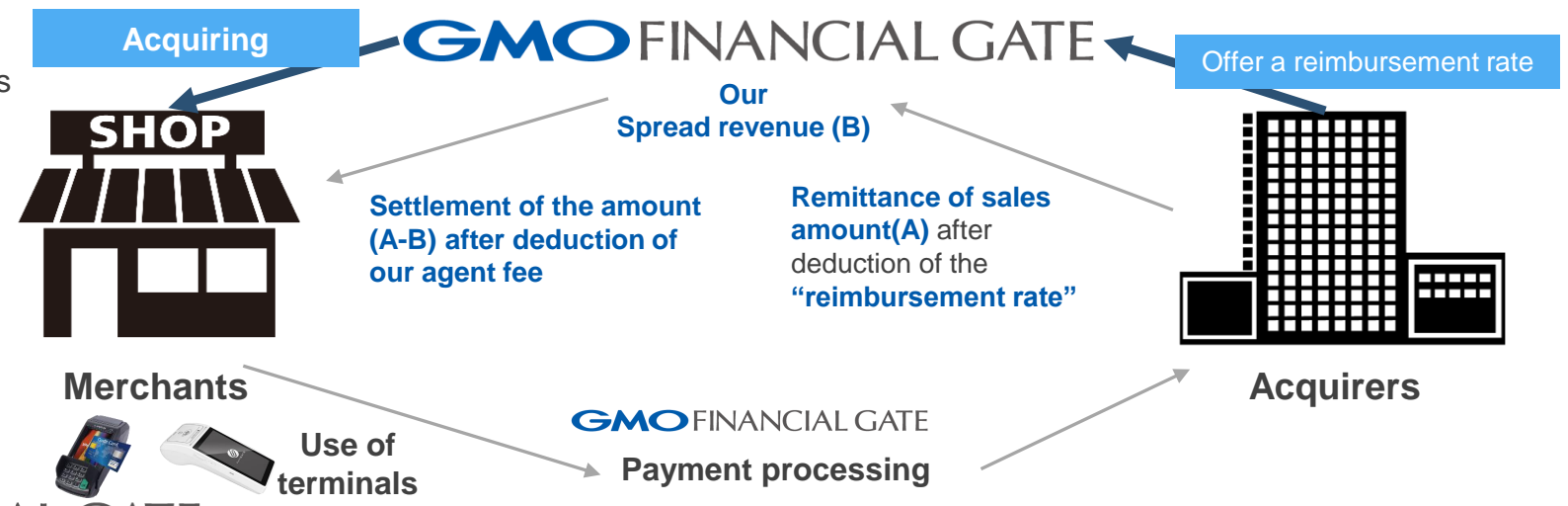


Enjoyable revenue

- Initial
- Stock
- Fee

② Agent contract

Mainly small medium merchants



- Initial
- Stock
- Fee
- Spread**

Relationship between number of active terminals & stock rev

In addition to the increase in the number of active terminals, revenue opportunities for Stock revenue will increase, but the status of subscriptions to paid services will differ depending on the needs/demand of merchants

Terminals we are offering

Floor-Standing Model



Mobile Model



Embedded Model

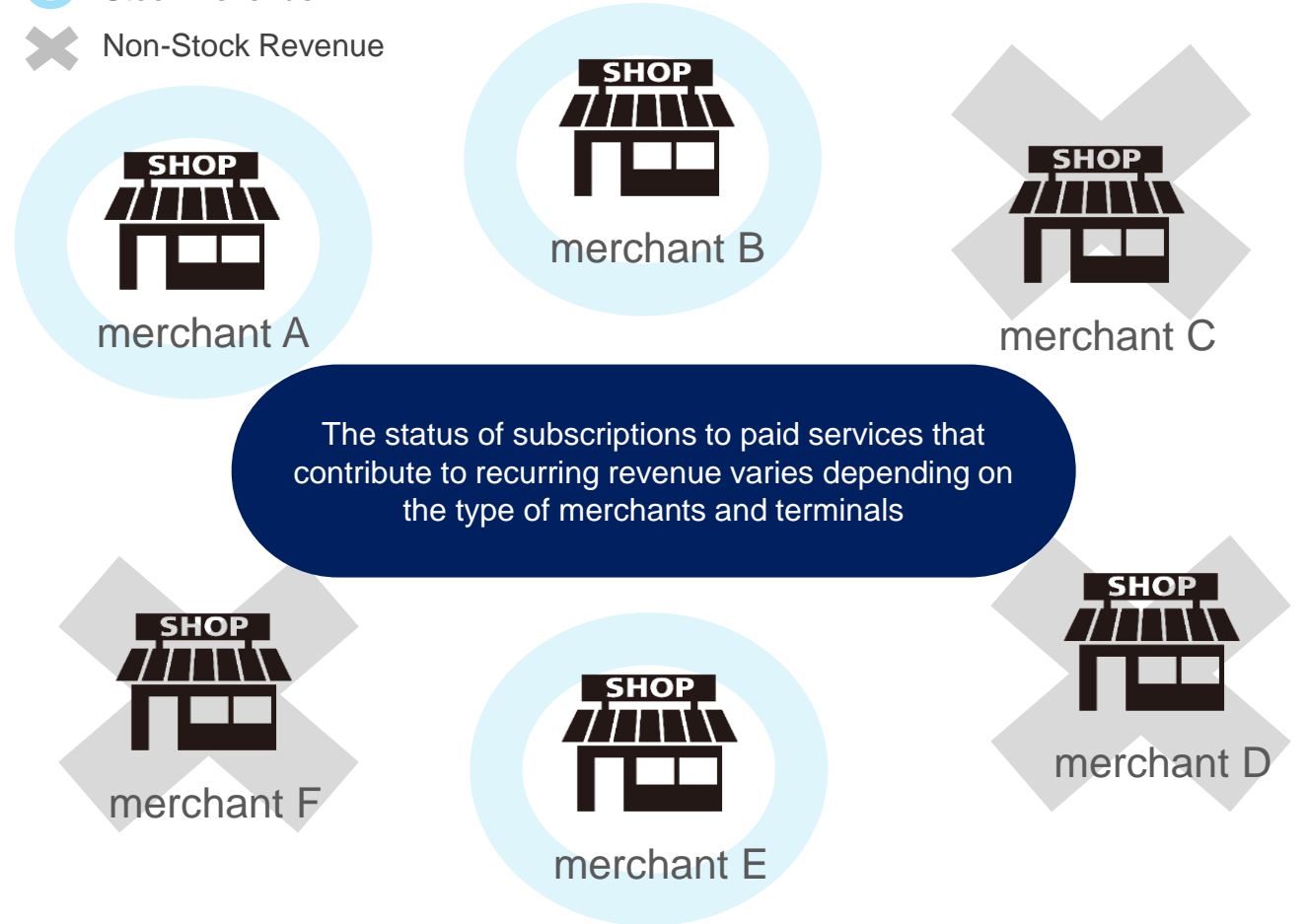


POS Model



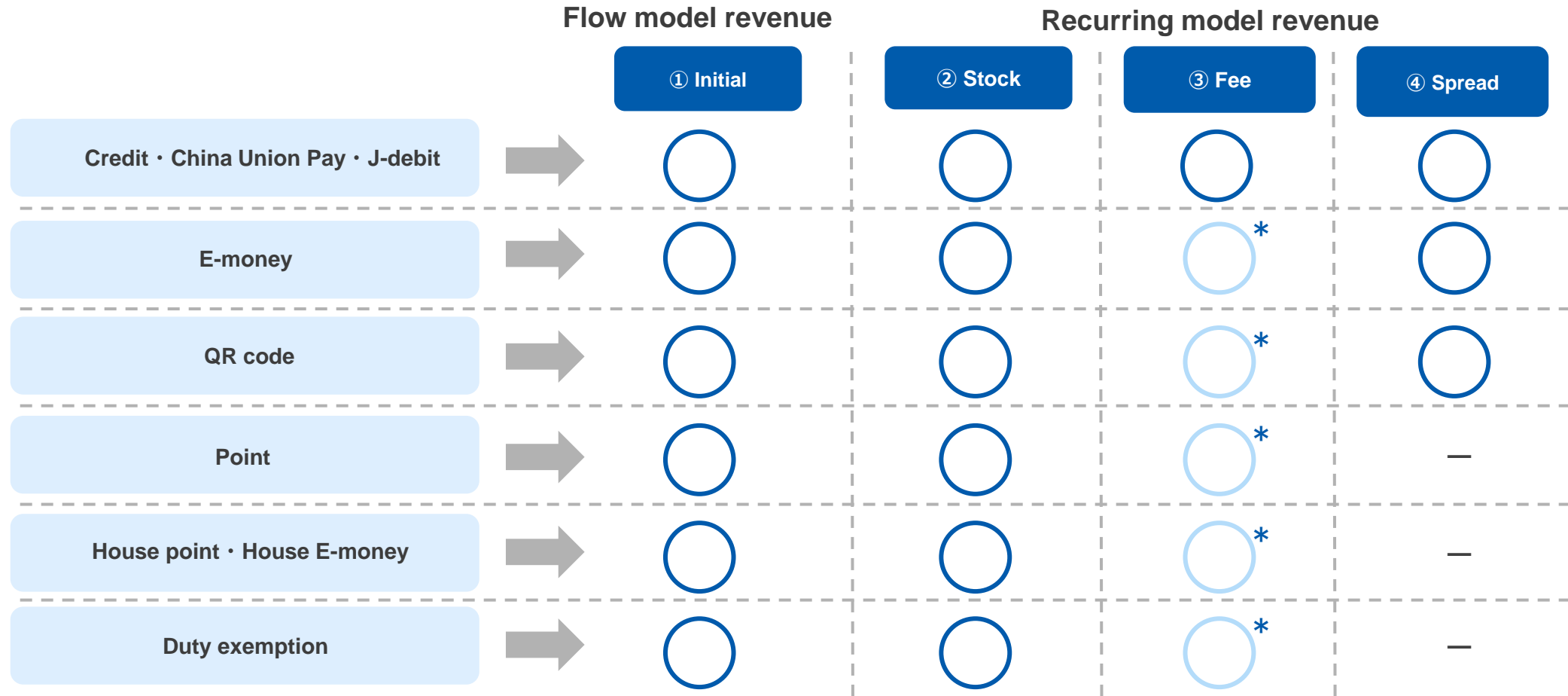
Merchants (Acquisition opportunity image of Stock revenue)

- Stock Revenue
- ✕ Non-Stock Revenue



Monetization by Payment Method

We operate different business models according to payment method as a cashless platformer. Growth in each payment method contributes to our growth as well



*There is no "processing fee" that constitutes Fee revenue because the transaction is not processed at our processing center, but the paper rolls consumed in conjunction with the transaction contribute to the increase of Fee revenue.

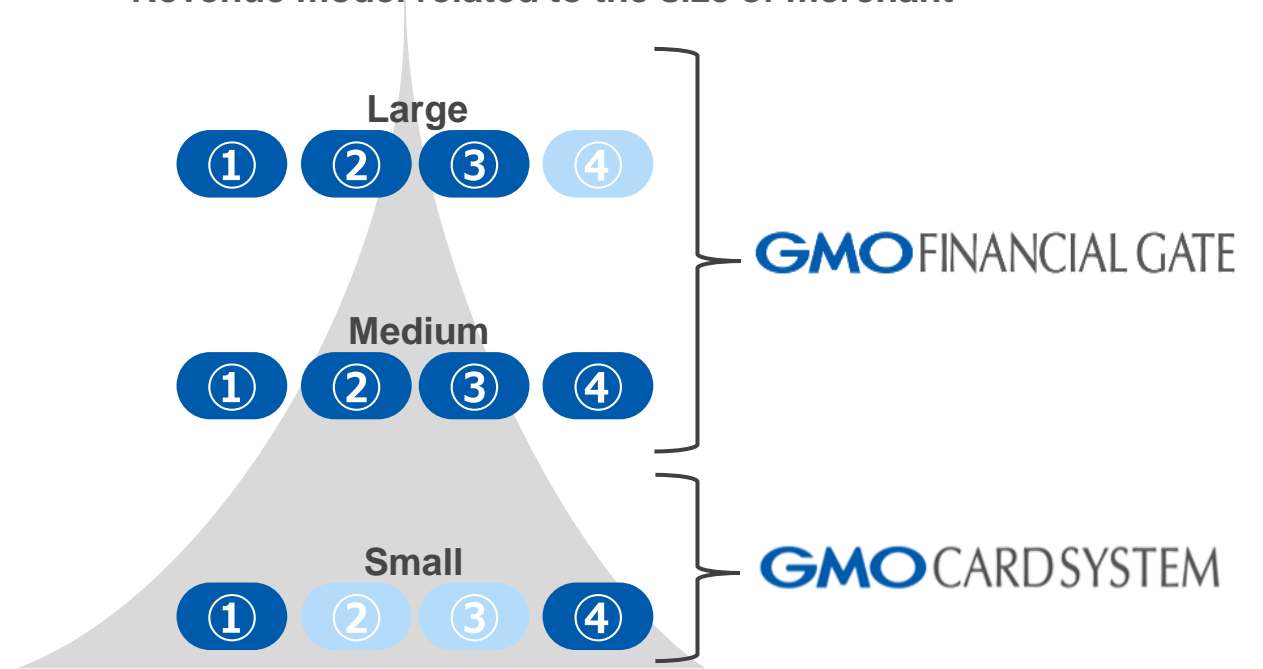
Revenue Model by Merchant Size

We mainly acquire medium- to large-sized merchants through alliances with major financial institutions. We mainly acquire small merchants (=long tail segment) through our subsidiaries

■ Four types of revenue model

① Initial	Terminal sales, Software development, Initial registration fee, etc...
② Stock	Monthly recurring revenue, communication fee of terminals, etc...
③ Fee	Processing revenue related to TRX volume, Receipt paper sales, etc...
④ Spread	Commission fee based on TRX value

■ Revenue model related to the size of merchant



Medium-Term Strategy Acquiring major merchants by focusing on alliances

Meeting customer needs through enhanced credit payment functions and alliances with QR / points vendors



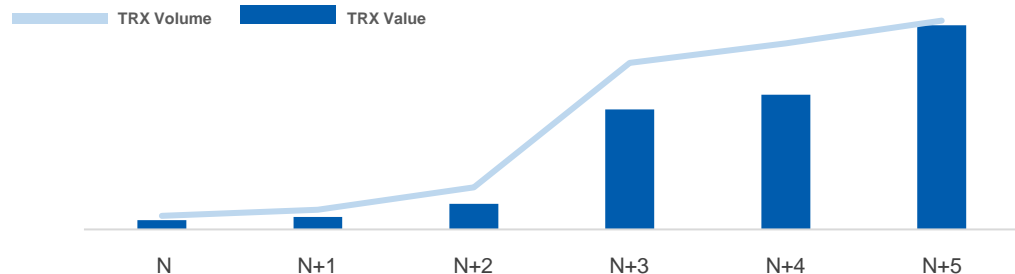
Terminals we offer



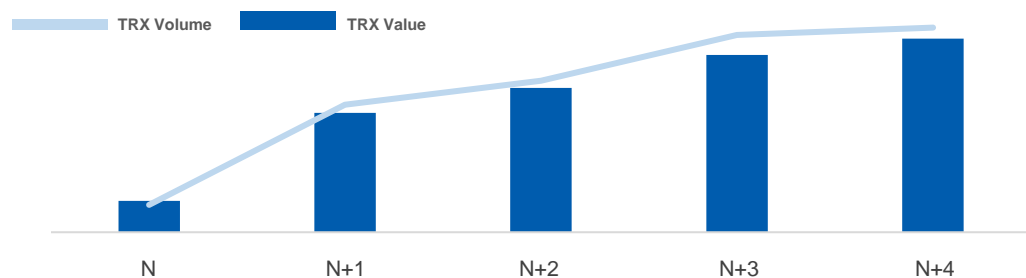
TRX-increase through cashless penetration

TRX volume & value tend to go up in a few months to six months after the merchants introduced cashless payment for the first time

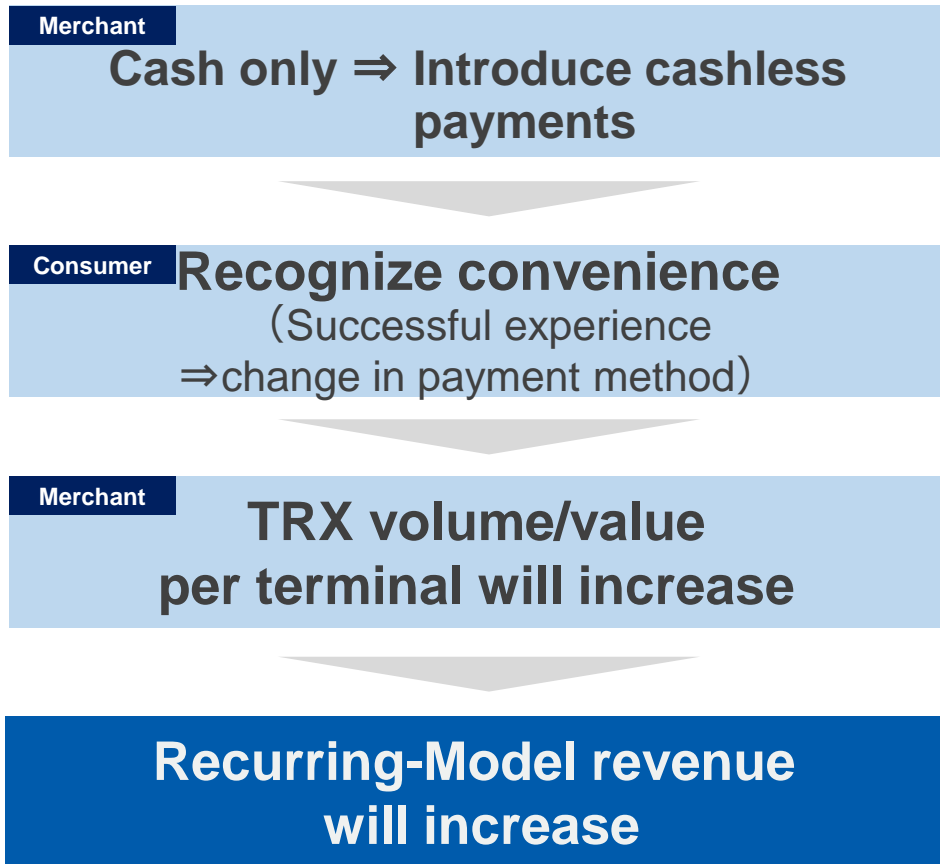
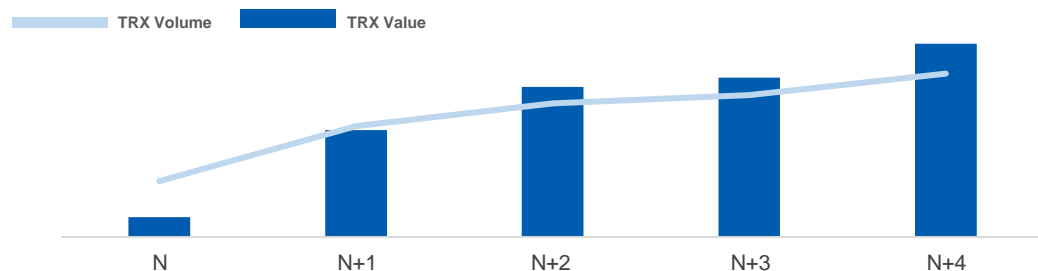
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend

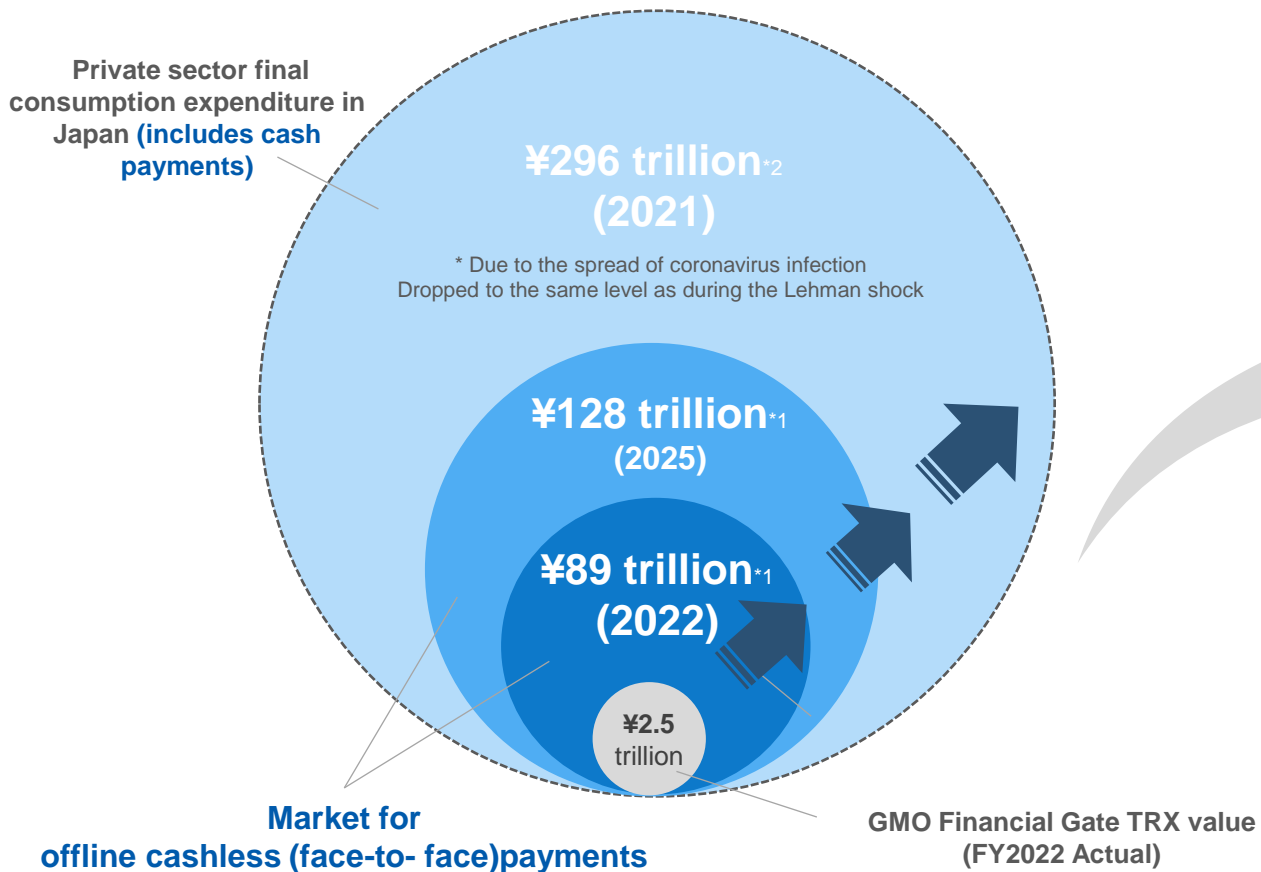


■ Merchant C (Wakayama) Monthly TRX trend

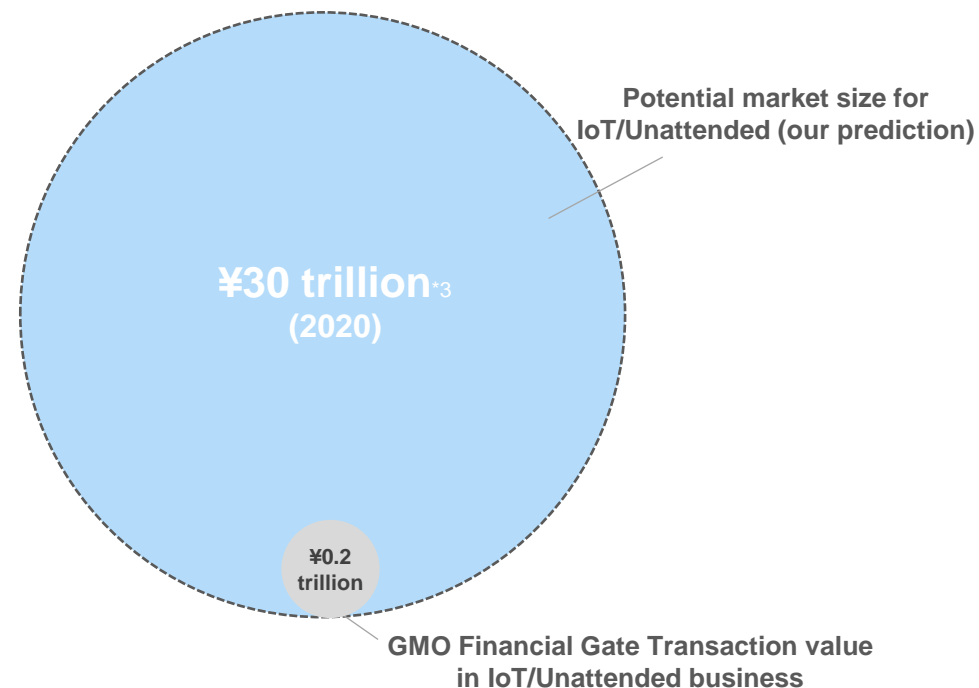


Transaction Value of cashless (face-to-face) payment is expanding rapidly, as the value of IoT / Unattended

Offline Transaction value in Japan



Potential market value of IoT/Unattended



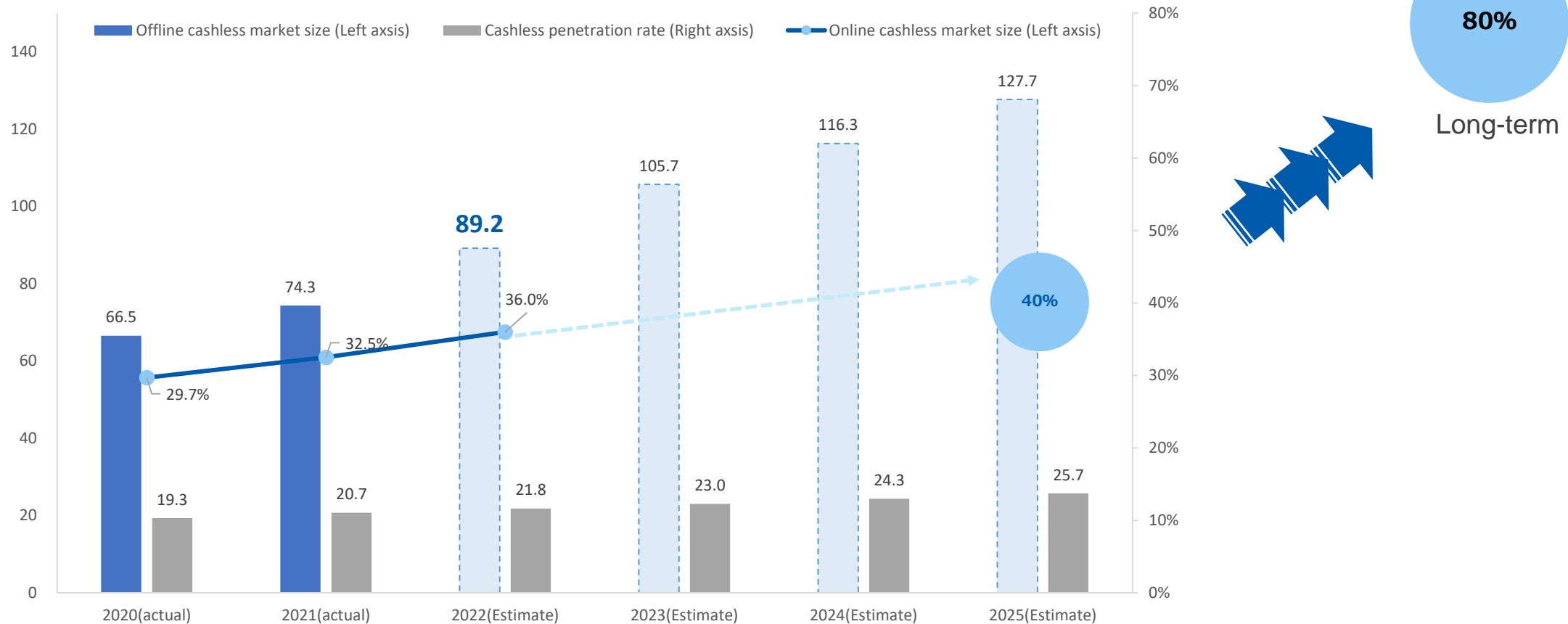
One of the measures to achieve a leap in operating income: Expand IoT/Unattended business driven by contactless payment (touch payment) and unattended registers

(^{*1}) Based on "Trends in the Breakdown of Cashless Payment Amounts and Ratios (2010-2022)" by the Ministry of Economy, Trade and Industry and "Actual Conditions and Future Forecasts of the Domestic Cashless Payment Market in 2022" by Yano Research Institute Ltd.
 (^{*2}) Excerpted from "Composition of Final Consumption Expenditures by Household Type" in "FY2020 National Accounts" by the Cabinet Office.
 (^{*3}) Based on the "Breakdown of Domestic Household Final Consumption Expenditure" by the Cabinet Office, Japan Vending Machine Manufacturers Association, and Japan Parking Business Association's "Survey on the Coin-operated (pay-by-the-hour) Automobile Parking Market," etc. The potential market size of unattended parking facilities is calculated based on the market size of buses/railways, hotels/inns, amusement, vending machines, and parking lots/EVs, which are the areas where IoT/Unattended is expected to grow in the future.

Growth trend of domestic offline cashless market

The market for offline cashless payments is currently ¥89 trillion, six times larger than the online market. Cashless penetration is expected to rise to as much as 80%, driven by government-led cashless policies

(Unit : trillion yen)



Source: Cashless Roadmap 2022, PAYMENTS JAPAN; Yano Research Institute Ltd.

Composition Ratio of Domestic Cashless Payment Methods

Even in an environment of significant growth in the proportion of QR codes, transaction value and volume of credit continue to grow

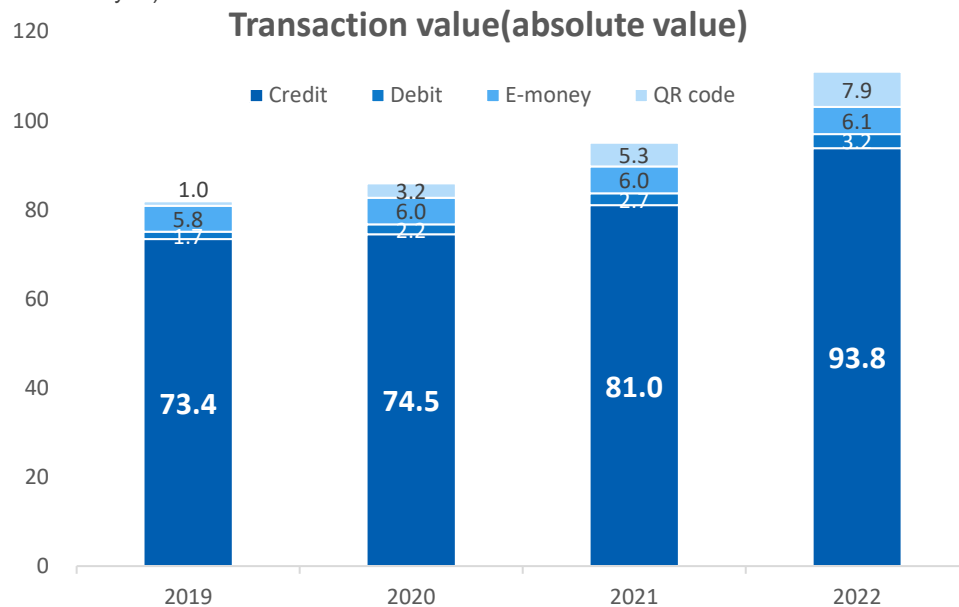
Transaction Value

Composition	2019	2020	2021	2022
Credit	89.7%	86.8%	85.3%	84.5%
Debit	2.1%	2.5%	2.8%	2.9%
E-money	7.0%	7.0%	6.3%	5.5%
QR code	1.2%	3.7%	5.6%	7.1%

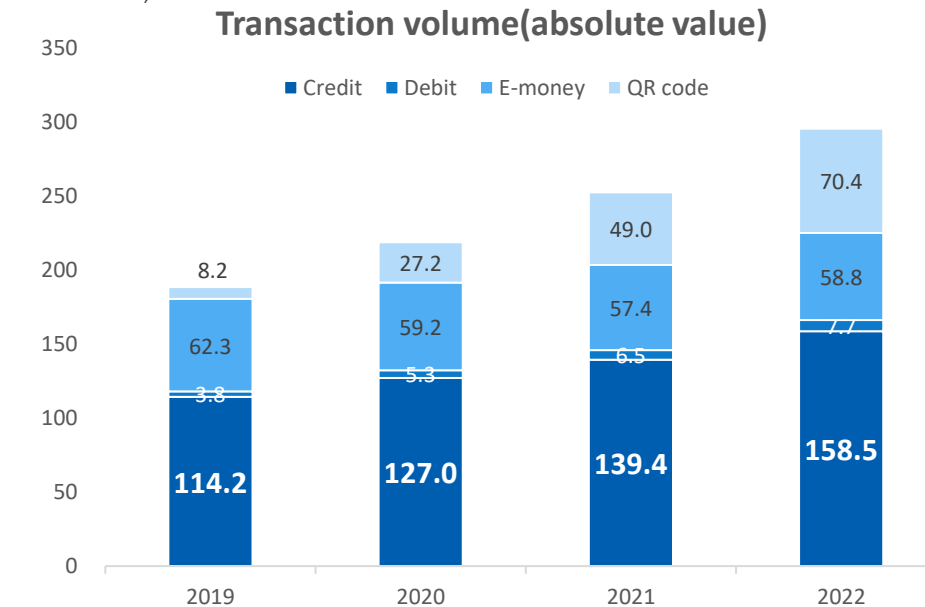
Transaction Volume

Composition	2019	2020	2021	2022
Credit	60.7%	58.2%	55.3%	53.7%
Debit	1.8%	2.3%	2.5%	2.6%
E-money	33.1%	27.1%	22.8%	19.9%
QR code	4.3%	12.4%	19.4%	23.8%

(Unit : trillion yen)



(Unit : 100 million)



Source: Cashless Roadmap 2022, Cabinet Office of Japan

The number of terminals is expected to be equal to or greater than the market for payment terminals in real stores. Unattended market (= general term for vending/service machine market) is expected to expand further due to changes in the external environment such as a decrease in the working population

Unattended Market

4.5 million



Goods/ commodities



Tickets



Beverages/ sweet treats



Self-checkout machine (Golf/Hotel)



Coffee



Metered parking/ EV chargers



Self-checkout register



Coin-operated washing machines



■ Push factors associated with changes in the external environment

- Declining workforce
- Labor-saving support
- Obtaining inbound demand
- Retailers moving into offices
- Revision of the Pro-Sales Act
- COVID-19

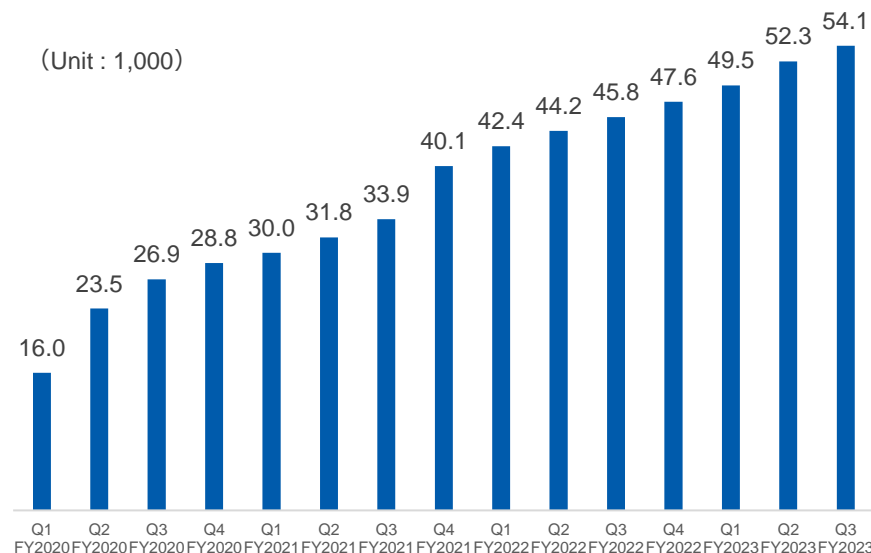
Offline Market

4 million



■ No of active IoT terminals

QoQ pace of net additions in 3Q (+1,800 units) and strong sales. It piles up every quarter. Aiming for further acceleration.

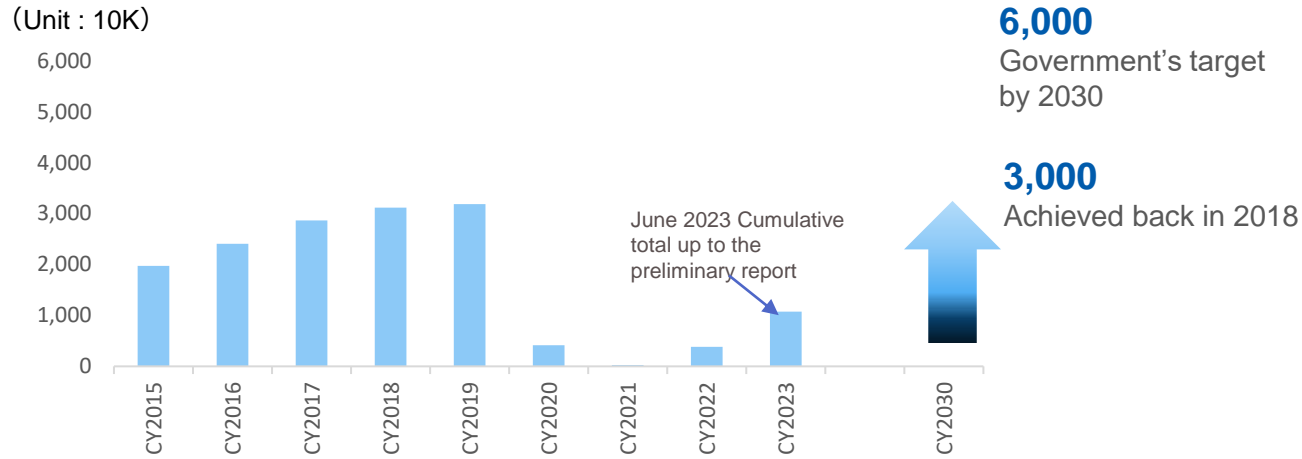


Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.

Trends in the number of foreign visitors to Japan

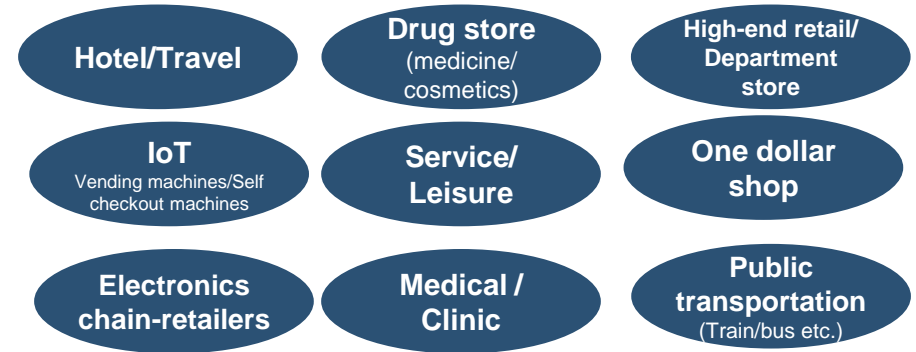
The number of foreign visitors to Japan decreased sharply due to the COVID, but we are also focusing on preparations for a recovery in demand

Number of visiting foreigners (annually)

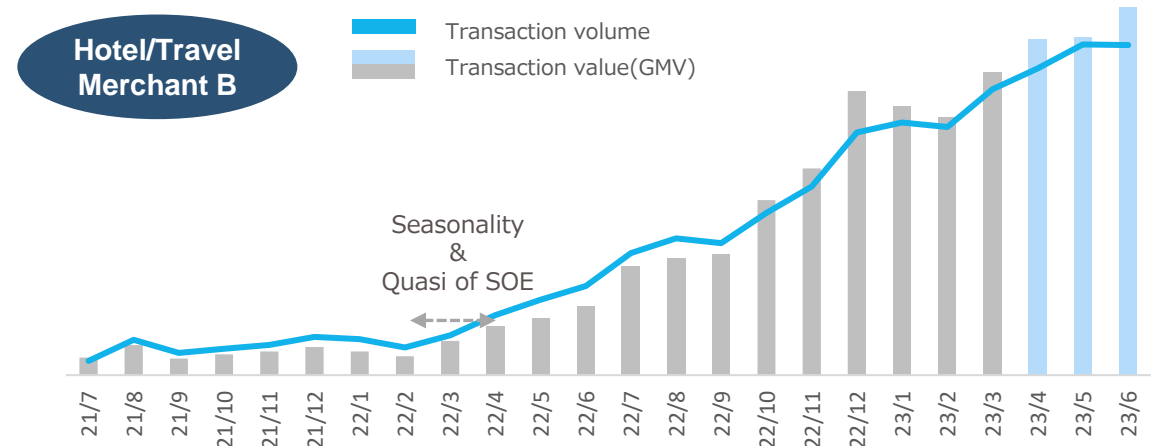
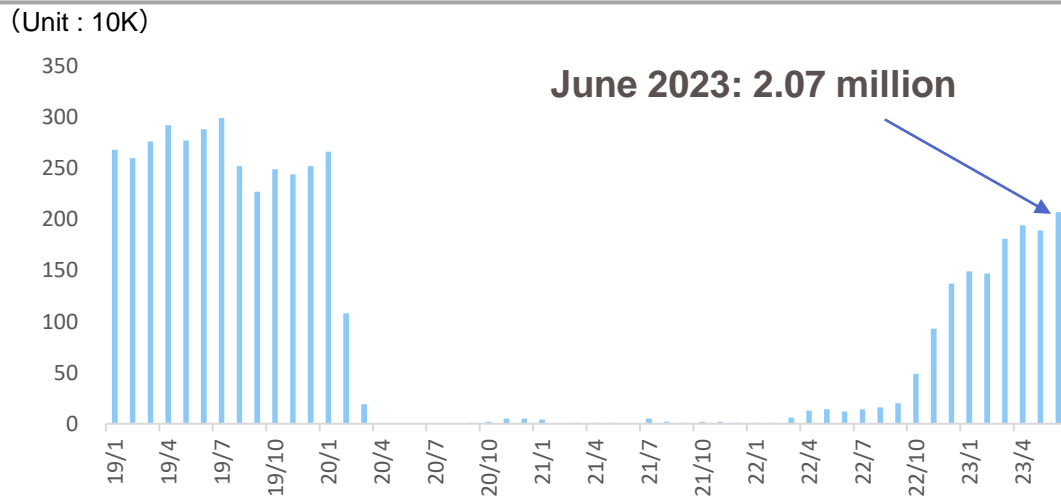


Our inbound-related industry merchants

Aggressively cultivate merchants in related industries in preparation for recovery of inbound demand



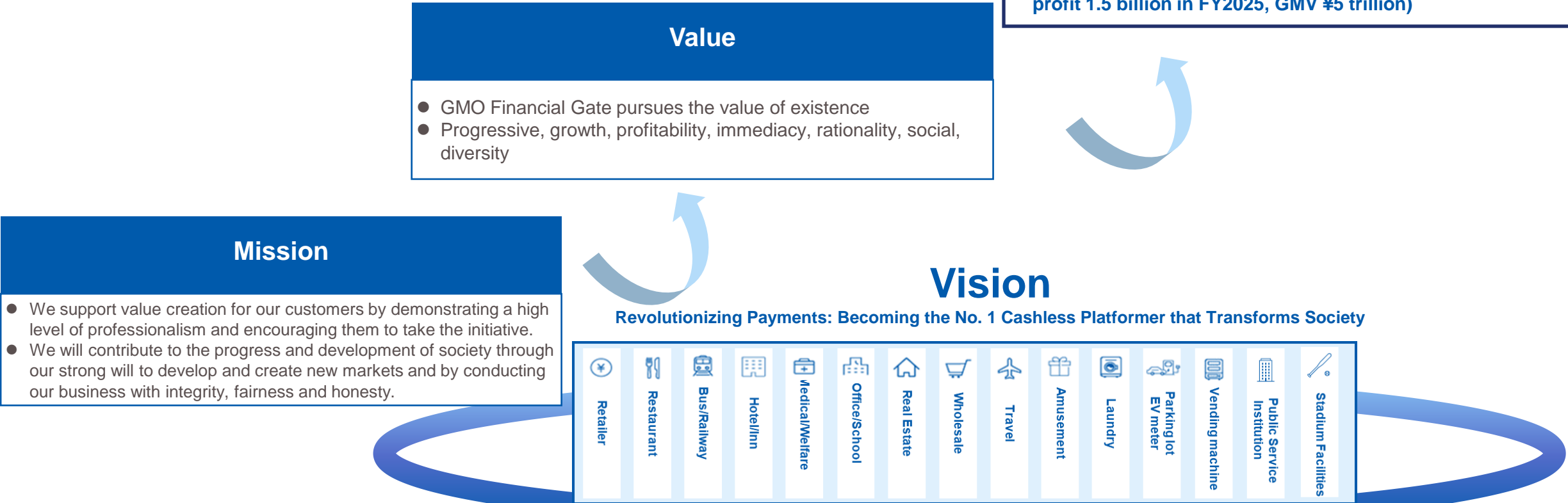
Number of visiting foreigners (Monthly)



*Source "Number of Foreign Visitors to Japan," Japan National Tourism Organization (JNTO)

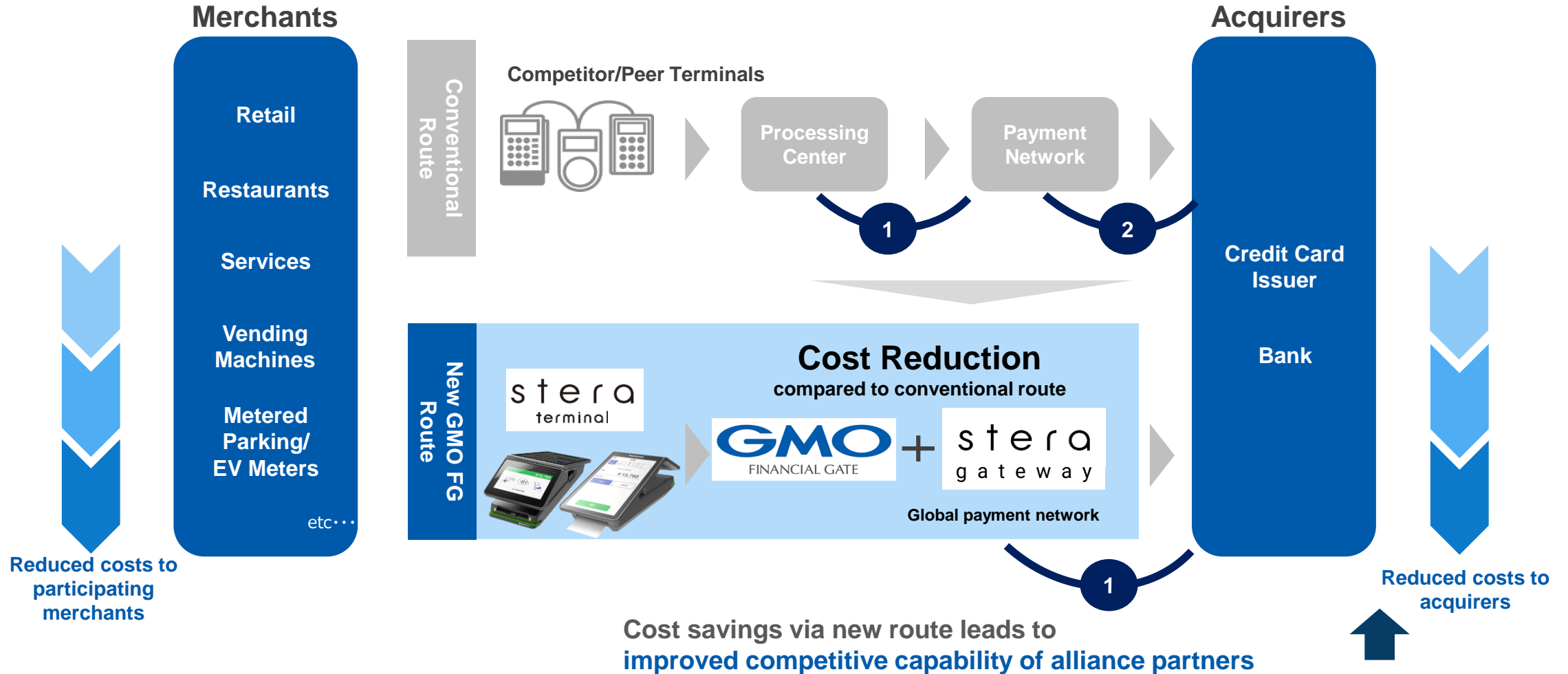
Our philosophy on growth strategies

Our growth strategy is based on the perspective of "a payment platform that provides value to society as an infrastructure company supporting a cashless society". We develop growth strategies focusing on "value creation"



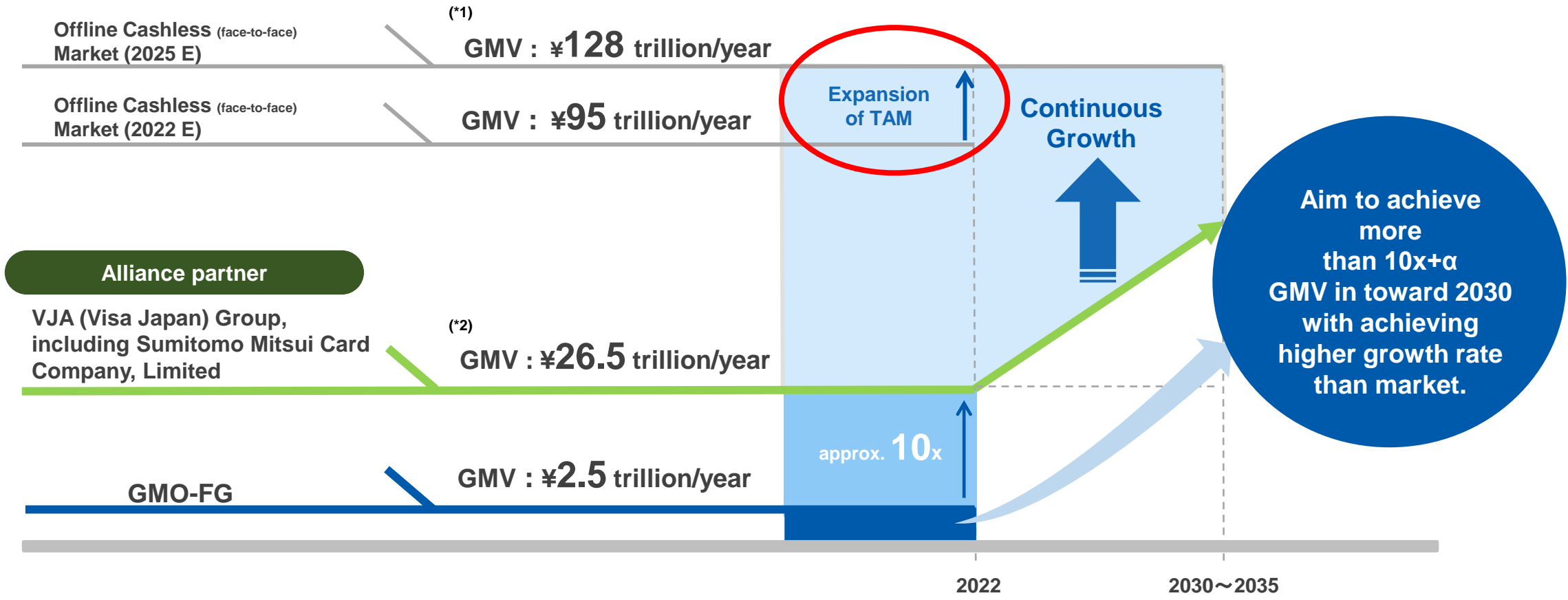
Strategy to Maximize Transaction Value

We created a new payment processing route with alliance partners. This route increases GMV, as the route reduces costs to participating merchants and acquirers



Strategy to Maximize Transaction Value

Maximize GMV through a new processing network and by pursuing B-to-B alliances



(*1) Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Current Status and Future Forecasts for Online Payment Service Providers, 2018, Yano Research Institute Ltd.

(*2) Source: VJA

Expansion of stadium installation cases

Catching the wave of resumed economic activity, mobile vending at stadiums, which used to be cash-only, is steadily increasing

GMO SONIC 2023 (2023/1)

- Establish a completely cashless payment environment



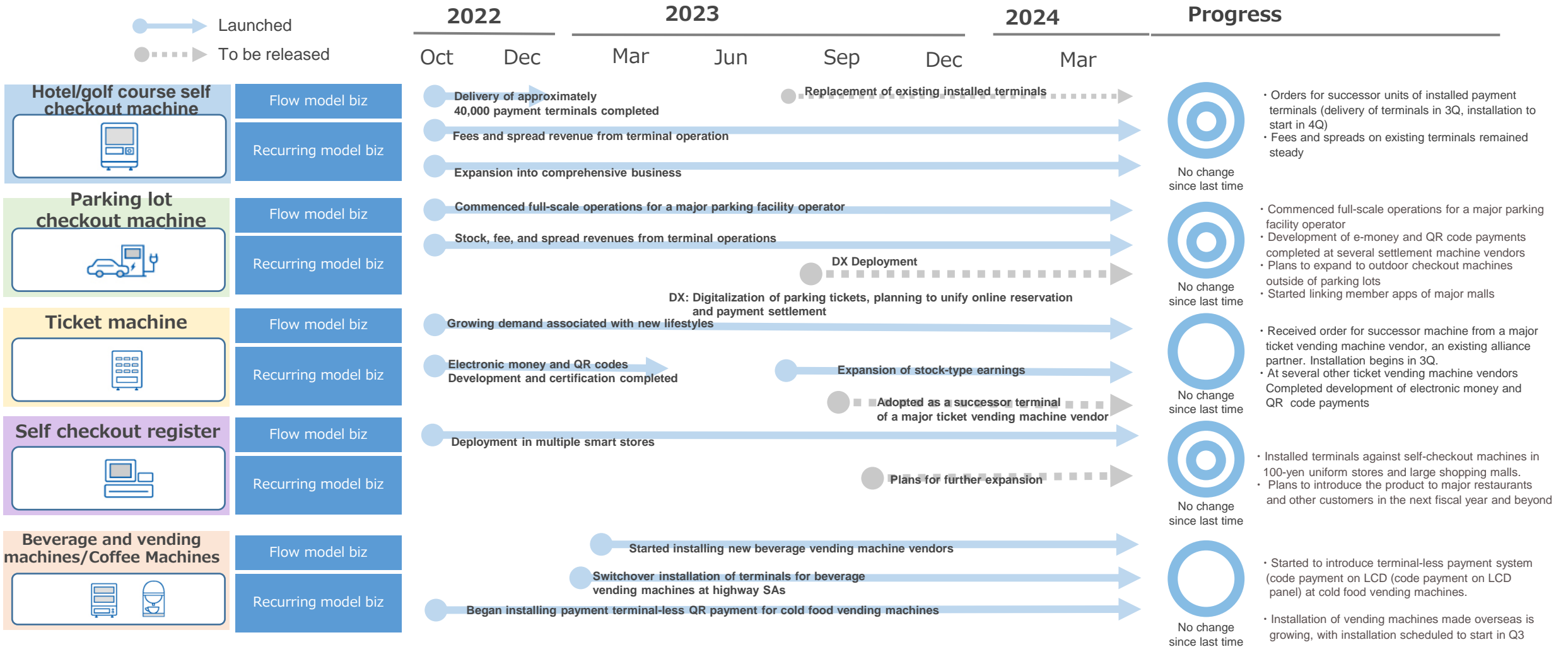
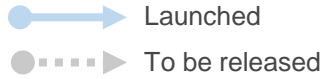
Sports spectator facilities, etc.

- Promoting cashless facilities at professional sports spectator facilities, etc.
- **More and more facilities are going completely cashless to reduce cash management costs, etc.**
- For spectators, the convenience of cashless payment, such as "contactless" and "reduced waiting time," is high and contributes to a successful experience.



Progress in Unmanned Terminal (IoT) Business

Strengthening alliances in the unmanned terminal (IoT) field in response to the trend toward manpower saving. Promoting various projects with an eye on future IoT-related data monetization.



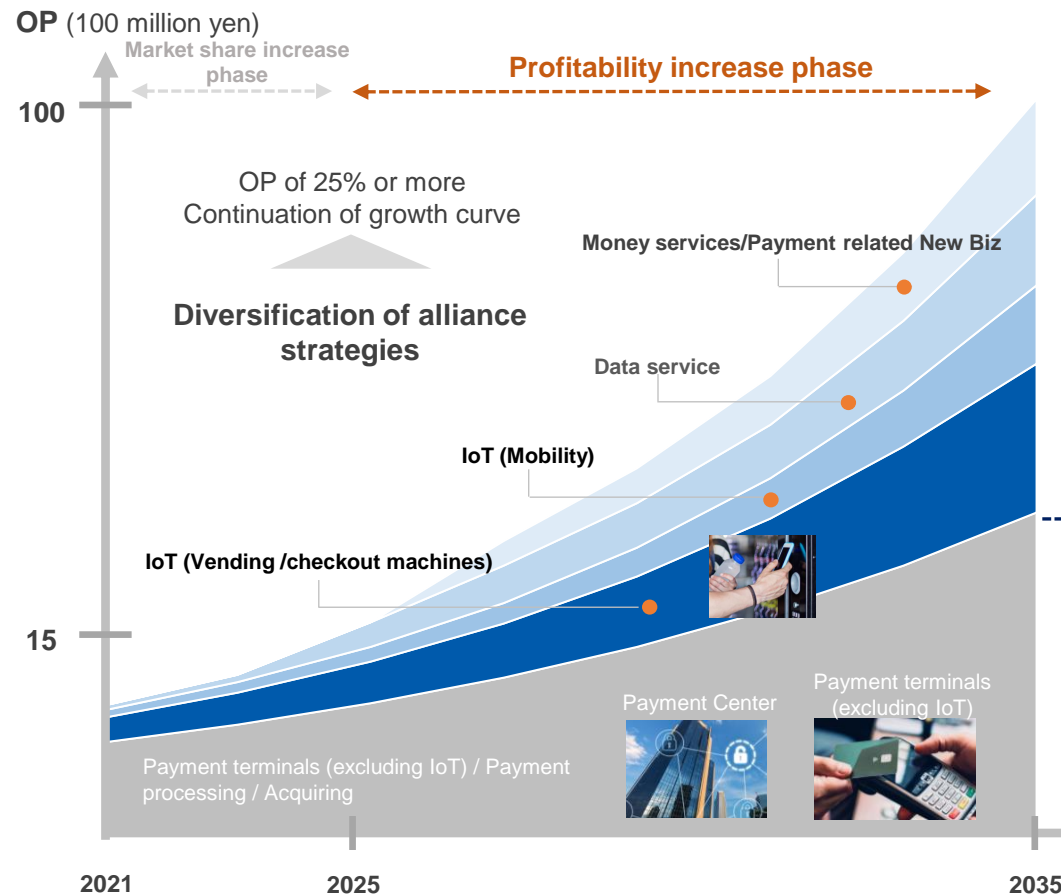
Growth Strategies for 2025 and Beyond

For 2025 and beyond, we aim to grow recurring-model revenue in the payment-related field. Aim at a continuous 25% growth in OP through business diversification

: High inbound tourism demand

Image of service expansion

Area of focus



Money services / Payment related New Biz

- Fintech (Lending / Factoring / BNPL etc.)

Data service

- DX/marketing support using payment data

IoT (Mobility)

- Contactless payment processing for transportation systems (trains, buses, etc.)

IoT (Vending / checkout machines)

- With & post COVID-19 / labor-saving / self-service support

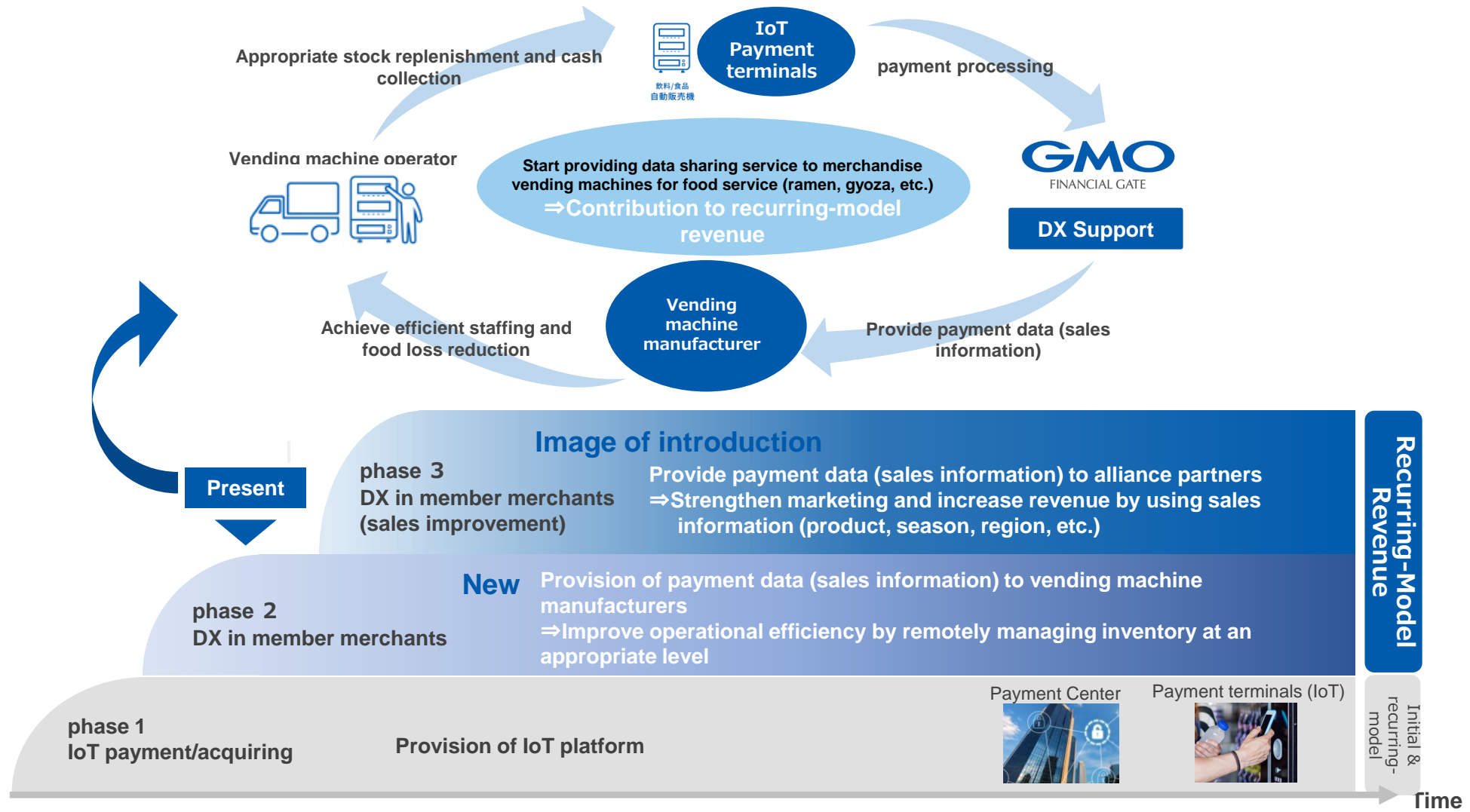
Payment terminals (excluding IoT) / Payment processing / Acquiring

- Continue to acquire a balanced member merchant base, regardless of size or industry, as our business foundation

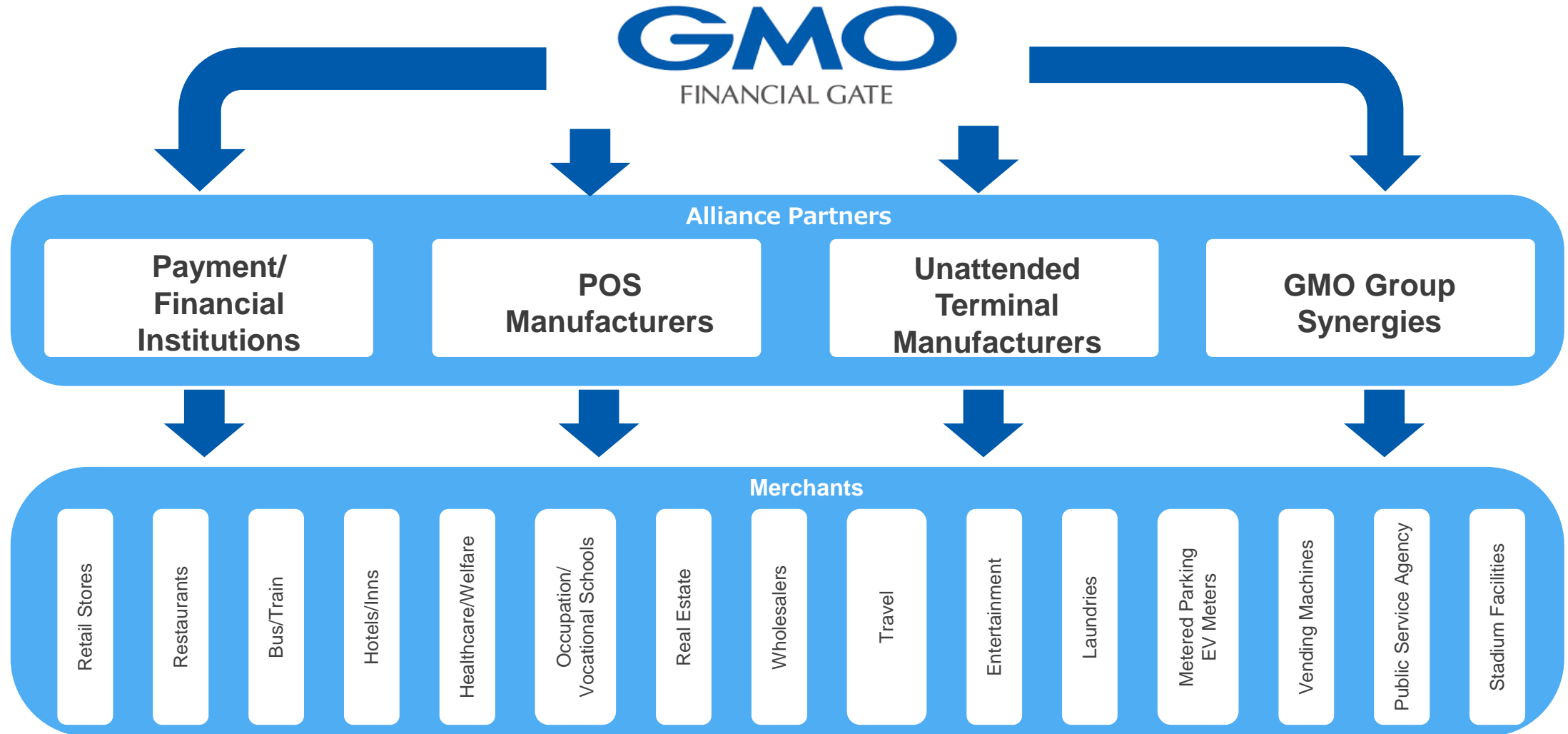
Recurring-Model Revenue

Initial & recurring-model

Started providing payment data service for merchandise vending machines, contributing to recurring-model revenue. Supporting merchants' operational efficiency improvement and sophistication (DX) using data

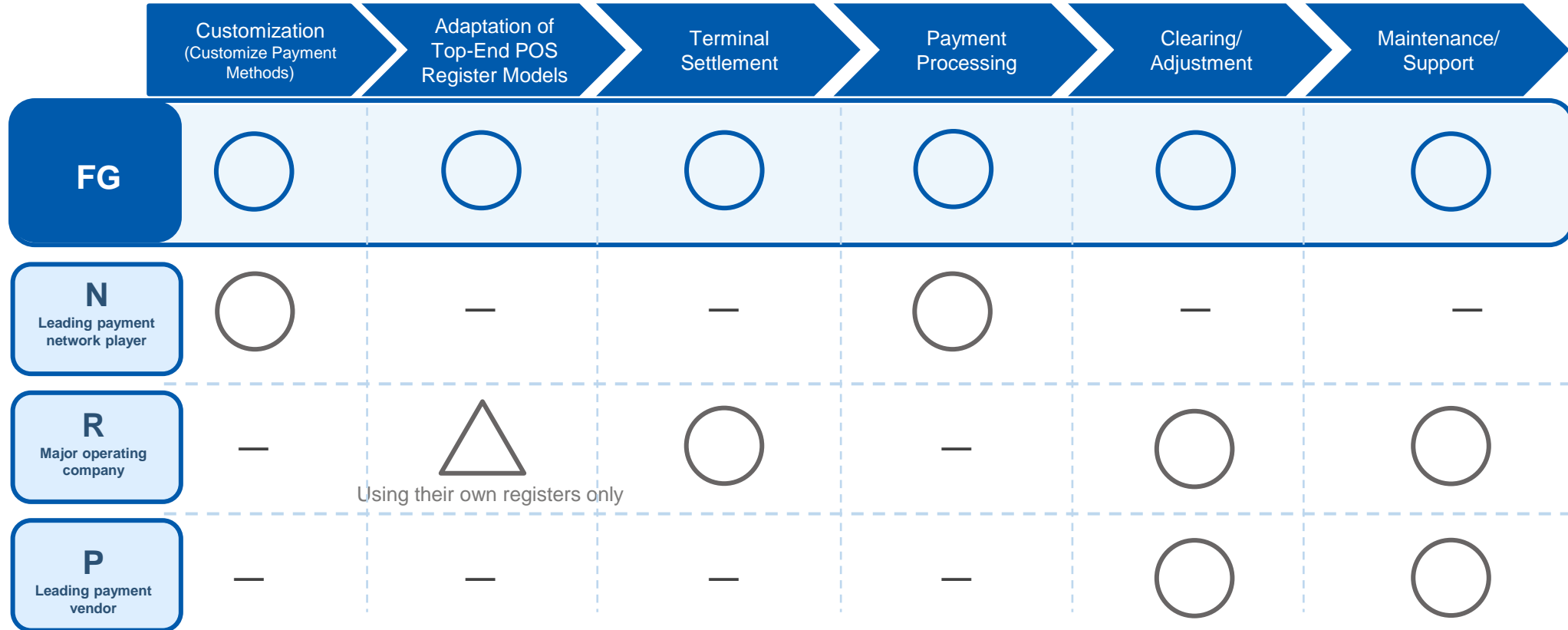


Working with alliance partners allows us to secure participating merchants consistently and steadily



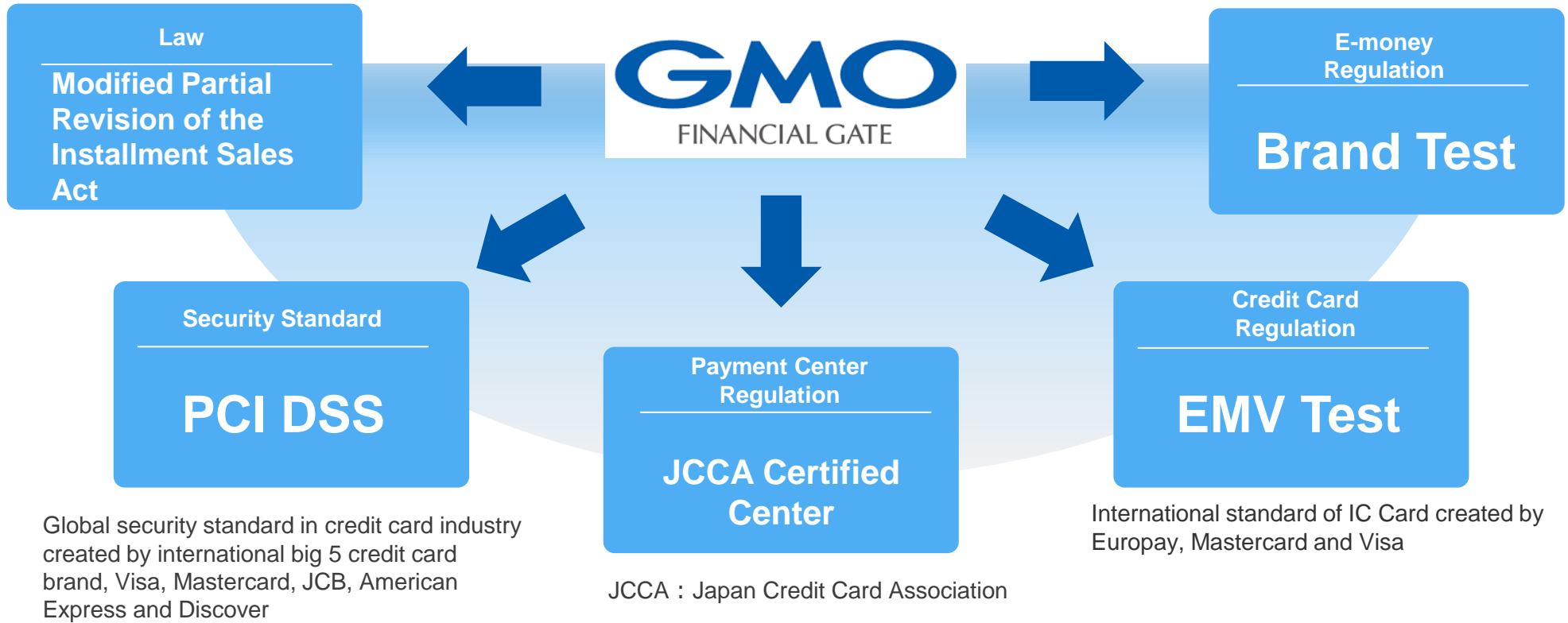
End-to-end solutions via one-stop platform allows us to create alliances with many players in the market

■ Solutions in Offline Payment Market

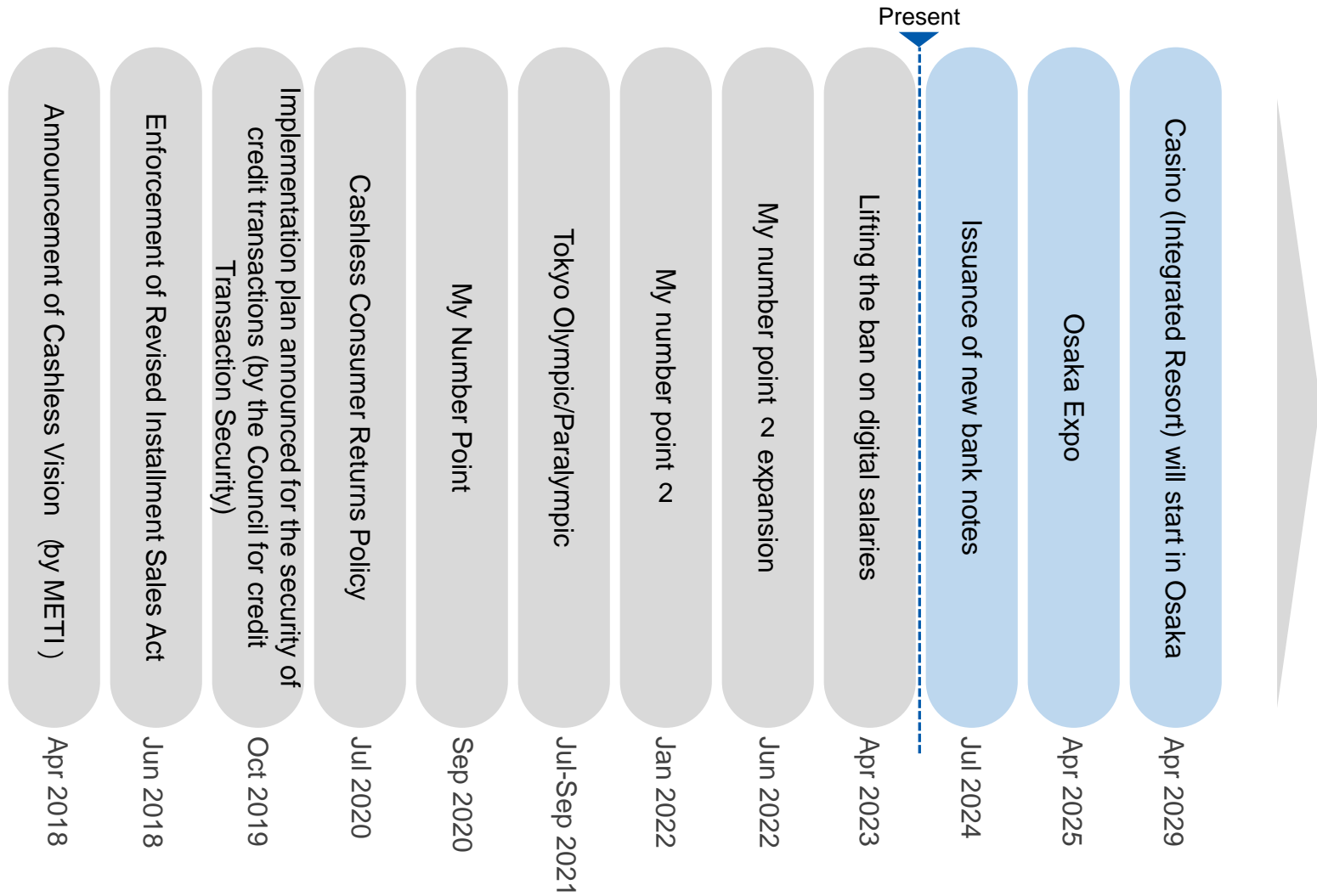


Barriers to Entry (Regulations to be Followed)

Many kinds of regulations exist in the face-to-face payment market depending on the payment method, and the number of regulations are increasing. As payment methods become more diversified, the barriers to entry become more challenging



METI announced its Cashless Vision policy to encourage cashless payments. We expect the Japanese cashless market to expand rapidly in response



Impact on our business

Increasing demand for cashless terminals as merchants are obligated to use credit card IC Expanding demand for cashless terminals as merchants become obligated to use credit card IC

Consumer redemption projects have resulted in Increase in the amount of payments processed

With/after COVID, the Expanding Contactless and IoT Payment Needs

Inbound Demand Leads to Expanding need for cashless payment terminals Expansion of mobility payment needs

In line with the cost of adapting to the new banknotes Stimulus to introduce cashless payment terminals

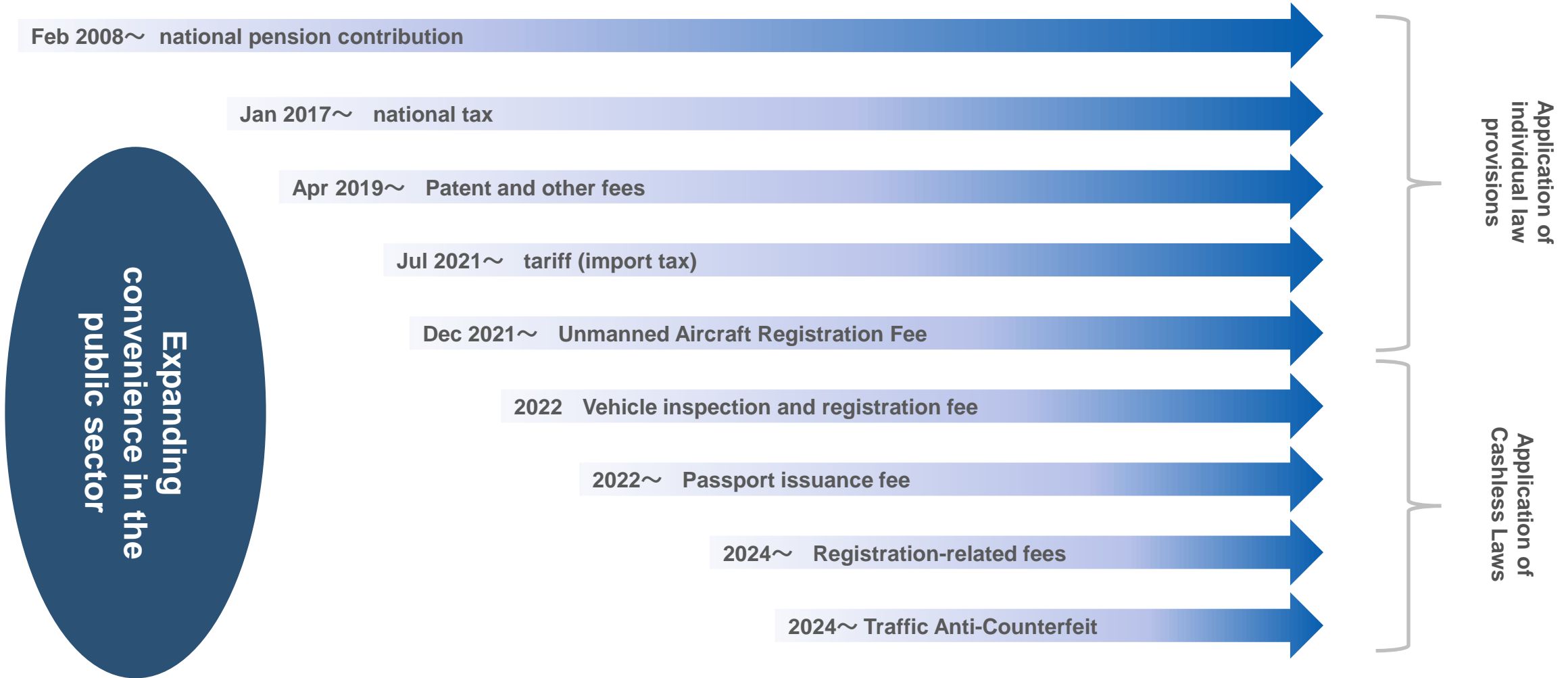
Expanding needs for small payments due to the spread of terminal-less payment taps to pay/phones

Government Announces Policy of Going Completely Cashless for Osaka Expo; Demand for Cashless Terminals Growing

Osaka IR to be Approved by Government, Targeting Opening in Latter Half of 2029 Expanding demand for cashless terminals

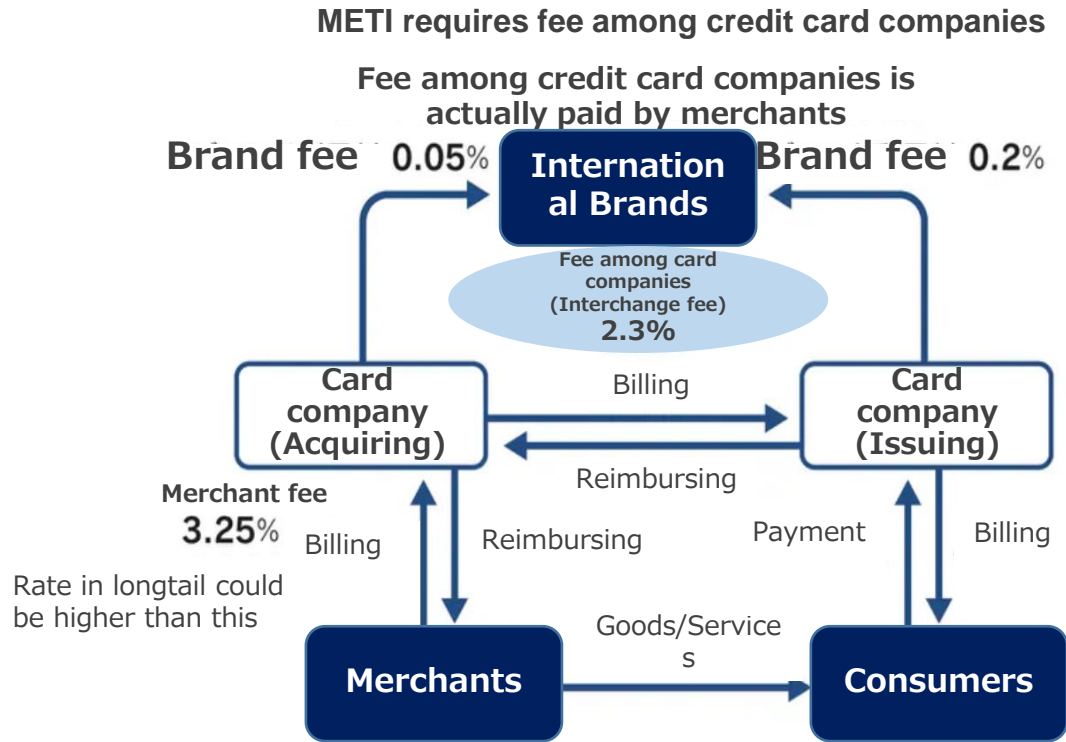
Expansion of credit card payment eligibility

The "Cashless Law" will go into effect in November 2022. Expansion of areas where payment can be made by credit card

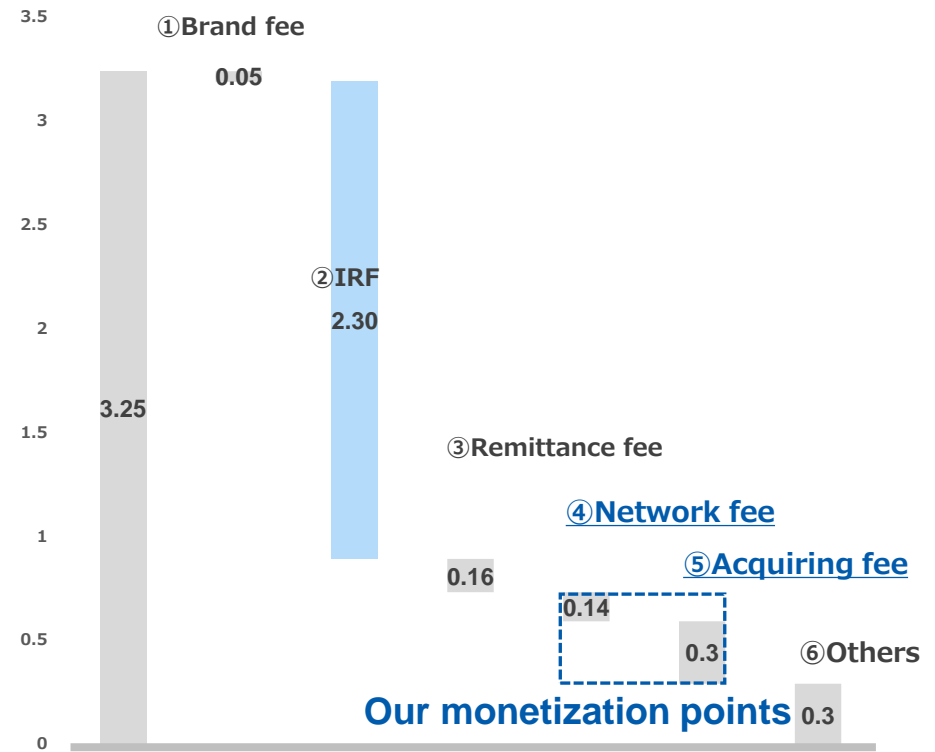


New topic of credit card industry

In response to a request from the Japan Fair Trade Commission, Visa, Mastercard, and UnionPay announced their intention to disclose their interchange fee rates by the end of November



Breakdown of MDR
 (model case : AOV ¥5K SME merchant)



Initiatives for terminal-less payments

Implemented various measures to prepare for future handset-less payments. Strengthening Initiatives in the Mobility Domain and Beverage Vending Machines

Status of Our Efforts

Tap to Phone

Dec 2021~

Started handling touch settlement of JCB at Nagaden-bus



Dec 2020~

Launched handset-less NFC-touch payment service with Soft Space

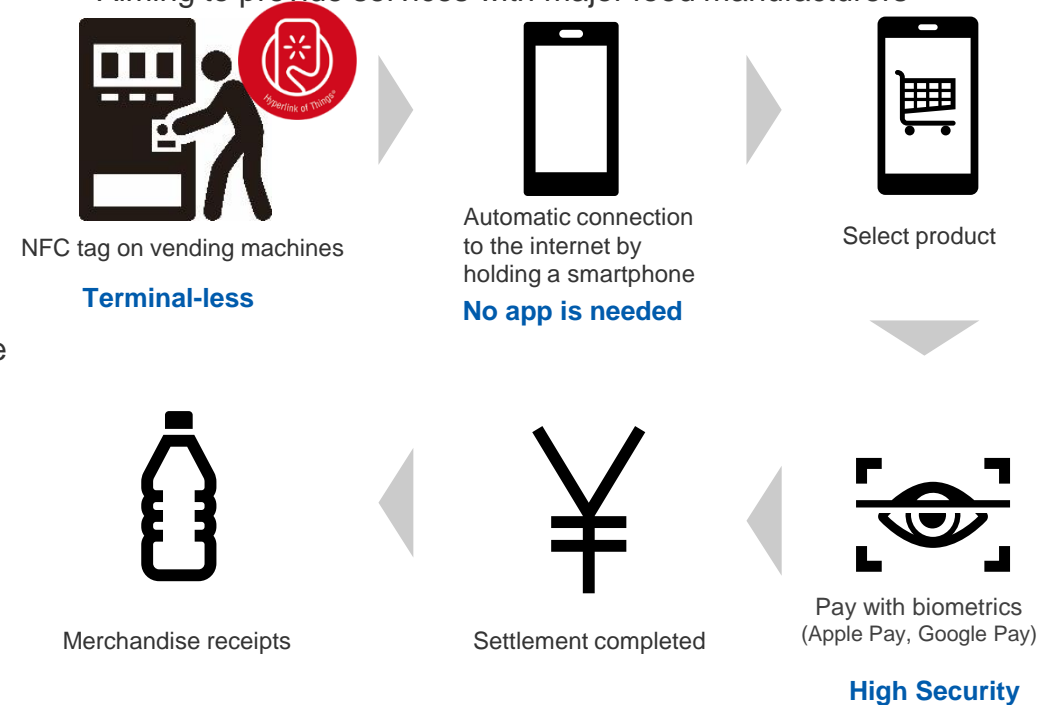
Soft Space社の「FasTap(ファスタップ)」が利用されている様子



NFC tagging touch payment

Launched in FY2023

Aiming to provide services with major food manufacturers



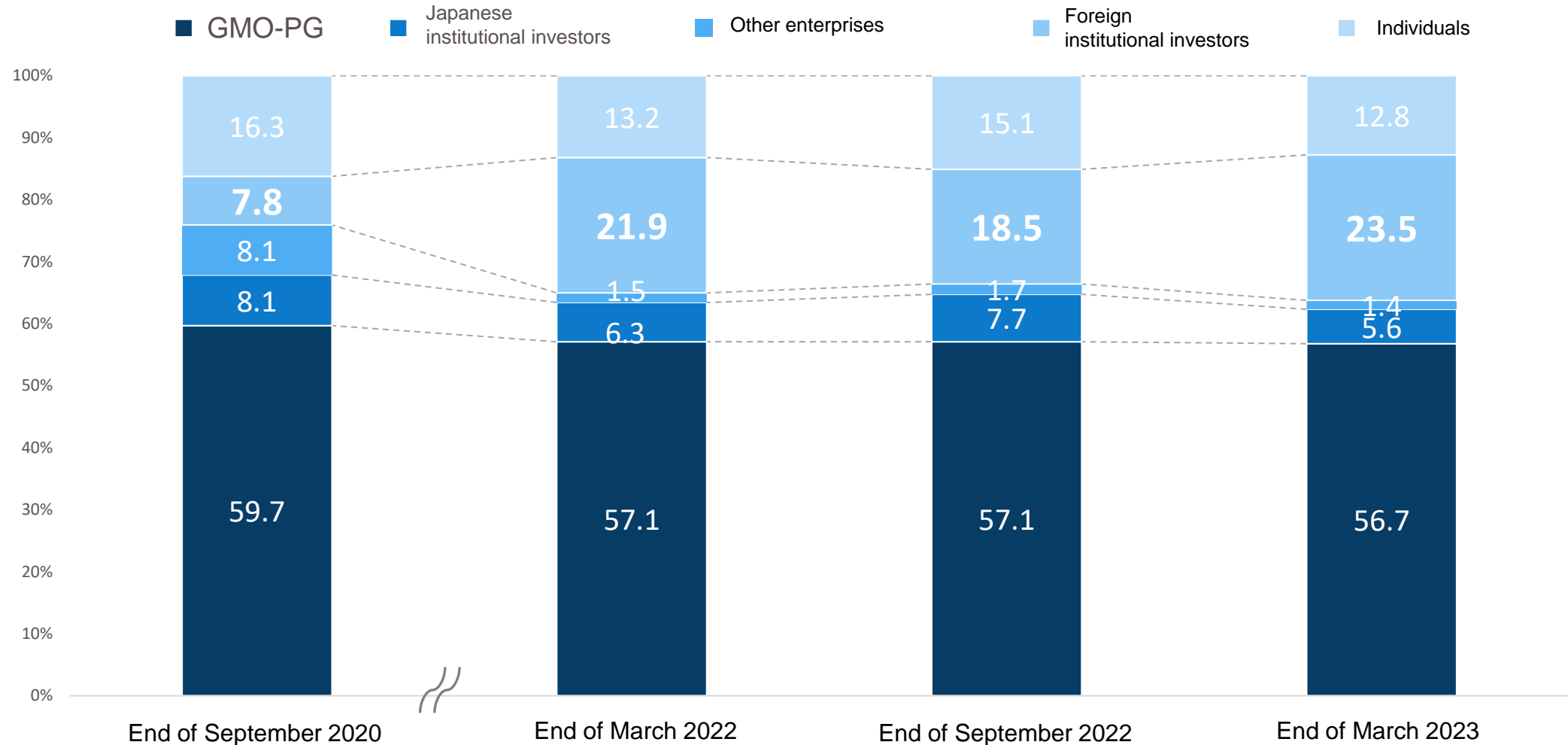
Tap to Phone: Mobile payment service where merchants do not need to prepare cash registers and terminals for payments, and NFC-enabled devices can be used as payment reception terminals.

NFC: An abbreviation for Near Field Communication, a communication standard that can be communicated using contactless IC chips and simply by holding them over.

NFC tag: Tags that allow NFC-enabled devices and devices to perform various operations simply by holding up an NFC-enabled smartphone.

Share holder structure

The ratio of foreign institutional investors increased again as a result of aggressive IR activities for domestic and foreign institutional investors through 1-on-1 meetings and conference appearances



Department in charge	Content
Whole	VDI (virtual desktop) implementation for enhanced security
Whole	Integrated operation of scheduling, internal portal, workflow, attendance system, and expense reimbursement
Whole	Paperless by promoting the introduction of electronic signatures
Legal	Automated credit management operations by introducing RPA. Reduction of workload by up to 4 days per month
Accounting	Systematization of payment operations, electronic storage of receipts and other evidence
HR	Centralized management of human resource systems through the introduction of a new system

GMO-FG
Cashless Platform

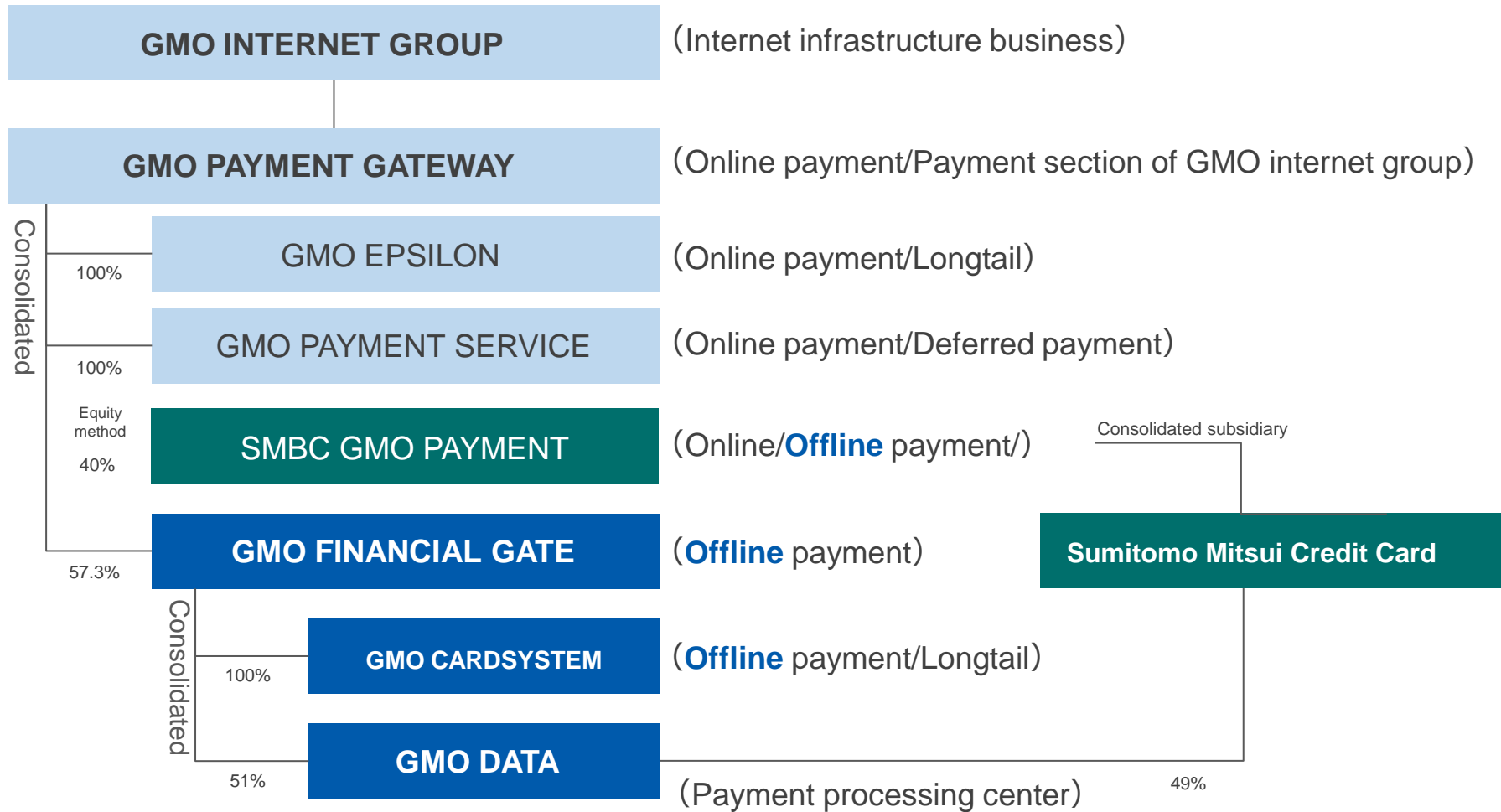


Full compliance with PCI DSS for services providing



Continued to obtain Privacy Mark certification

GMO-FG serves in offline face to face payment market as a consolidated subsidiary of GMO-PG



- Company GMO Financial Gate, Inc. (TSE Growth Ticker:4051)

- Foundation September 1999
- Address Humax Shibuya Building 7F, Shibuya Dogenzaka 1-14-6, Tokyo
- Stock Capital ¥1,618 Million(end of June 2023)
- Major Shareholder GMO Payment Gateway, Inc.
- Board Member Representative Director, President Kentarō Sugiyama
 Director Akio Aoyama (Sales Division Executive Manager)
 Director Tomonaga Fukuda (System Division Executive Manager)
 Director Tomoki Tamai (Administrative Division Executive Manager)
 Director Tatsuya Koide (GMO Payment Gateway, Inc. Chief Managing Executive Officer)
 External Director Nao Shimamura
 External Director Rie Asayama
 External Auditor Takayoshi Nagasawa
 External Auditor Satoru Ozawa
 Auditor Takashi Iinuma (CPA)

- Auditing Firm Ernst & Young ShinNihon LLC
- Subsidiary GMO CARD SYSTEM, Inc. shareholding ratio:100% **GMO**CARDSYSTEM

- GMO DATA, Inc. shareholding ratio: 51.0% (Mitsui Card Company, Limited:49.0%) **GMO**DATA

- Business Cashless payment infrastructure service (credit card, debit card, e-money etc.)



Floor-Standing Model



Mobile Model



Embedded Model



POS Model

(As of May 12, 2023)

Link Collection

Site name	URL
GMO Financial Gate	https://gmo-fg.com/index.html
IR	https://gmo-fg.com/ir/index.html
Sustainability	https://gmo-fg.com/sustainability/index.html
Recruitment information	https://gmo-fg.com/recruit/index.html
GMO Payment Gateway	https://www.gmo-pg.com/
Cashless Roadmap 2022	https://paymentsjapan.or.jp/publications/20220803-roadmap2022/
Selected Service Industry Current Statistics Survey	https://www.meti.go.jp/statistics/tyo/tokusabido/index.html
Cashless payment ratio in 2022	https://www.meti.go.jp/press/2023/04/20230406002/20230406002.html
Statistics of foreign visitors to Japan	https://www.jnto.go.jp/statistics/data/visitors-statistics/

Thank you

GMO FINANCIAL GATE

GMO Financial Gate, Inc.
(TSE Growth 4051)

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