

Financial Results Briefing for FY2023

Increase in active terminals contributes to recurring revenue,
leading to increase in market share and profitability

November 14, 2023

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

14th 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 November 14, 2023

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Summary of Financial Results for FY2023

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1.1 FY2023 Summary

Increased revenue, profit above prior forecast, made aggressive recruitment and administrative expenses

● FY2023 Full Year Results P 6

- Revenue: **¥15.90 bn (YoY+54.5%)**
- Operating Profit: **¥1.12 bn (YoY+51.3%)**

● Revenue Categories P 8

- Initial Revenue: **¥11.11 bn (YoY+55.2%)**
- Recurring-Model revenue: **¥4.79 bn (YoY+53.0%)**

● KPI Full Year P 14~P 17

- Transaction Volume (Number of Transactions): **0.48 bn (YoY+61.4%)**
- GMV: **¥4.14 tn (YoY+68.6%)**
- Number of Active Terminals (4Q): **298 K (YoY+99 K, YoY+49.8%)**

Business Topics

- Installation of terminals for Japan Post have been completed for c. 20K / 20.6K terminals – started operation in 3Q to contribute to recurring revenue P 10, P 15
- Started service to JTB from 4Q – plan to finish installation in 1H P 30

Organization Topics

- Full-time employees reach 100 people – plan to keep a small exceptional team, but will continue hiring employees that support business expansion P 12
- Awarded “Awards for Excellence in Corporate Disclosure” which is chosen by Securities Analysts Association of Japan. Further commitment to strengthen/enhance IR P 35

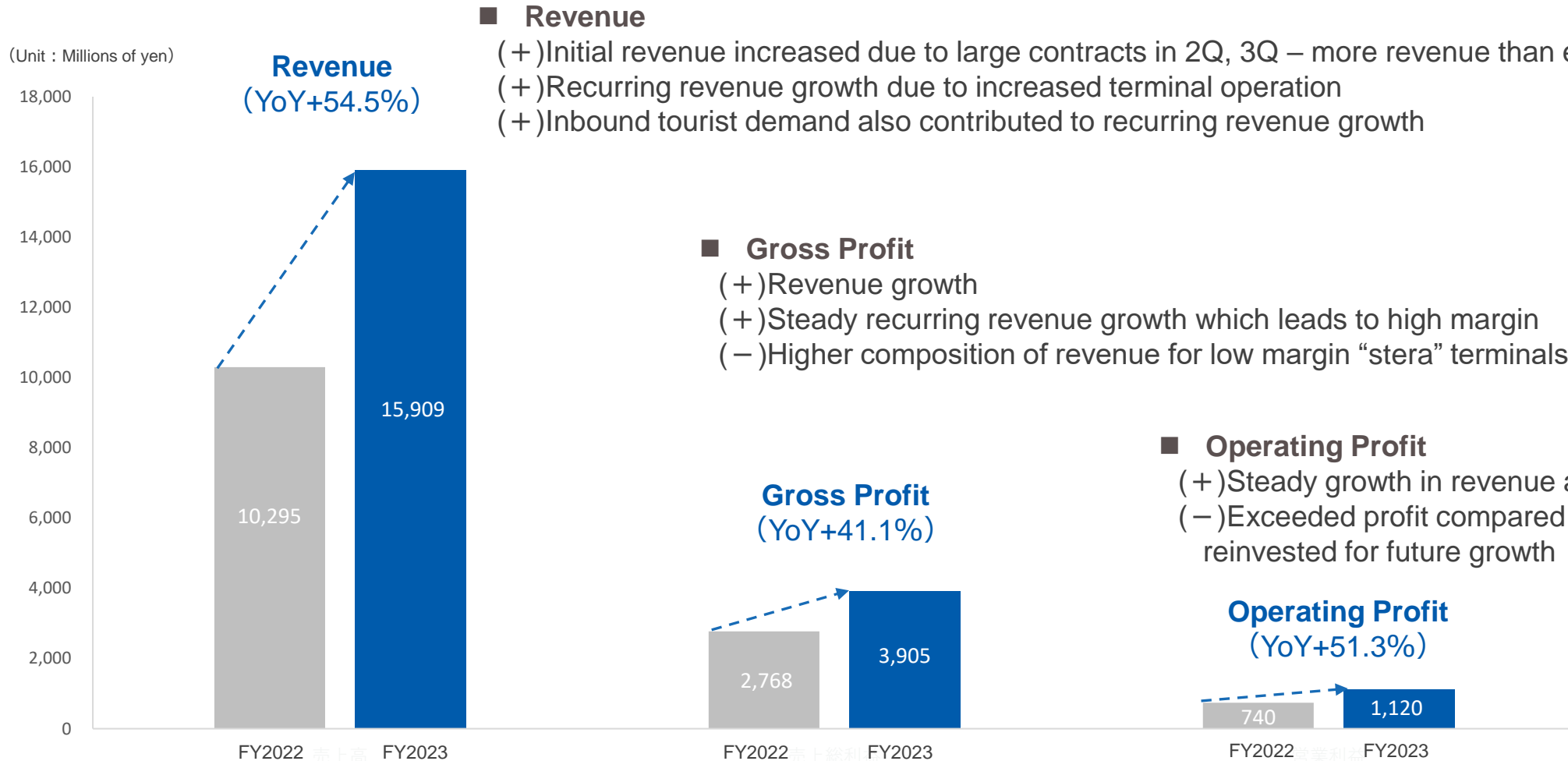
1.2 Summary of Financial Results

Full year results ended above forecast revision released on August 9th – increased dividends due to profitability increase and profit sharing with shareholders

(Millions of yen)	FY2022 Full Year Results	FY2023 Full Year Forecast Revision (Released Aug. 9) (Forecast at beginning of FY)	FY2023 Full Year Results	FY2023 Full Year Results (Forecast at beginning of FY)	YoY
Revenue	10,295	15,000 (12,470)	15,909	106.1% (127.6%)	+54.5%
Gross profit	2,768	3,600 (3,136)	3,905	108.5% (124.5%)	+41.1%
Operating profit	740	1,020 (930)	1,120	109.8% (120.5%)	+51.3%
Profit attributable to owners of parent	472	631 (580)	746	118.3% (128.7%)	+58.0%
Dividend per share (yen)	29 [*] <small>*Reflects stock split of 1:2</small>	39 [*] (35.5)	46 <small>After forecast revision Before forecast revision</small>	+7 (+11.5)	+17
KPIs	Number of Active Terminal		Transaction Volume		GMV
4Q only (YoY)	298,818 (+49.8%)		Approx. 144.38 mn (+56.5%)		Approx. ¥1.19 tn (+58.4%)
FY (YoY)	–		Approx. 488.22 mn (+61.4%)		Approx. ¥4.14 tn (+68.6%)

1.3 Major Topics Regarding Financial Results

Revenue and gross profit are above forecast, leading to aggressive investment for future growth – however operating profit growth exceeds 1.5x YoY



1.4 Revenue by business model (YoY)

Large pipeline conversion led to composition of initial sales, however, recurring revenue in fees led to revenue growth which led to the same level of growth with initial revenue. Spread returns to 20% growth

(Unit : Millions of Yen)	FY2022 (Composition %)	FY2023 (Composition %)	YoY
Initial	7,162 (69.6%)	11,116 (69.9%)	+55.2%
Recurring-Model	3,132 (30.4%)	4,792 (30.1%)	+53.0%
Stock	865 (8.4%)	1,243 (7.8%)	+43.7%
Fee	1,317 (12.8%)	2,396 (15.1%)	+82.0%
Spread	950 (9.2%)	1,151 (7.2%)	+21.2%
Total Revenue	10,295 (100.0%)	15,909 (100.0%)	+54.5%

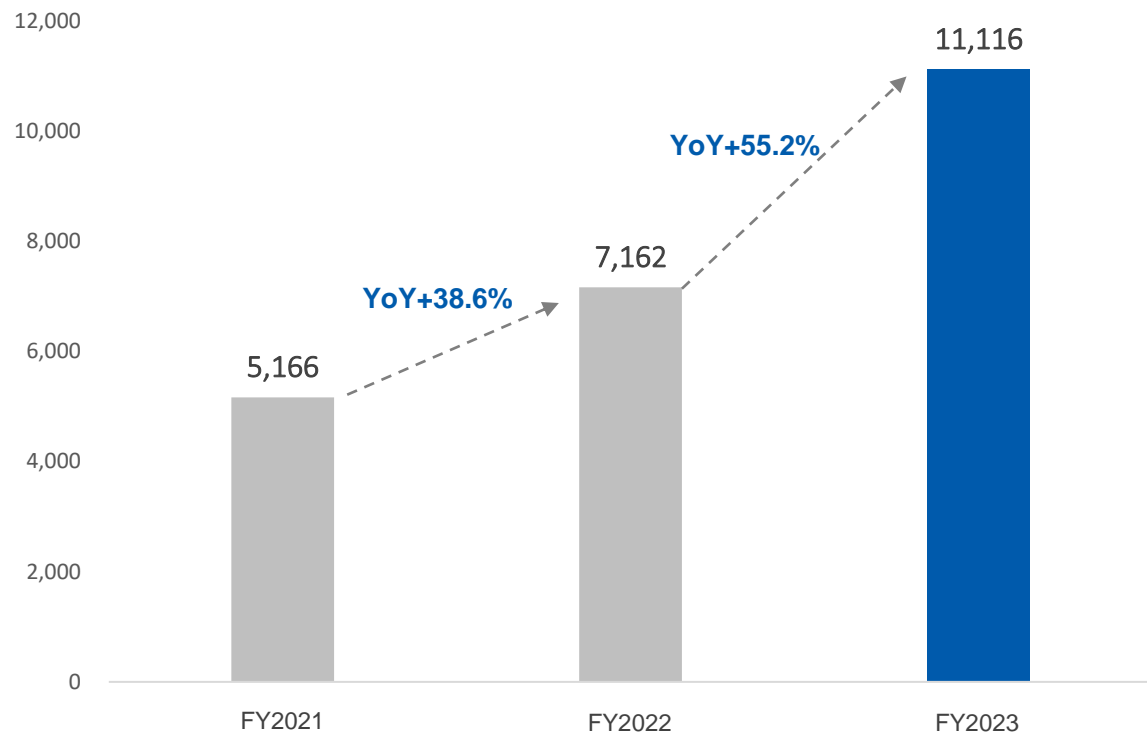
1.5 Revenue by business model (Full Year)

Initial, recurring continues steady YoY growth

Pipelines and seasonal reasons led to bumpiness in QoQ, however, steady growth on a full year basis

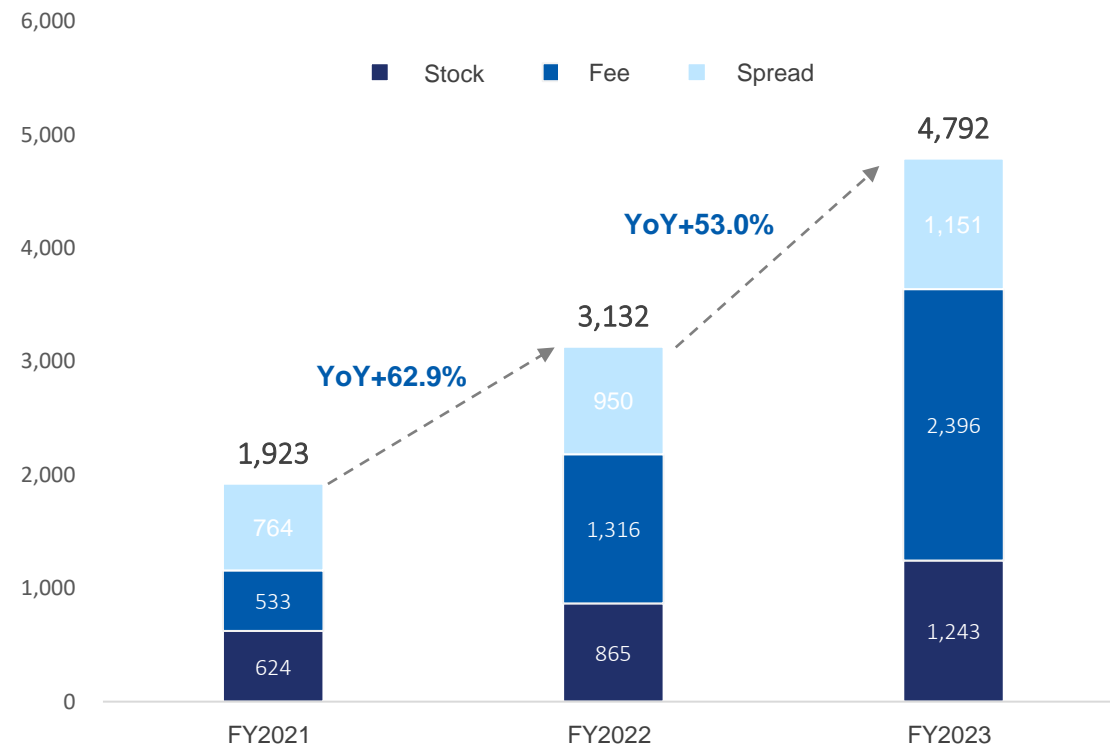
Initial Revenue

(Unit : Millions of yen)



Recurring Revenue

(Unit : Millions of yen)



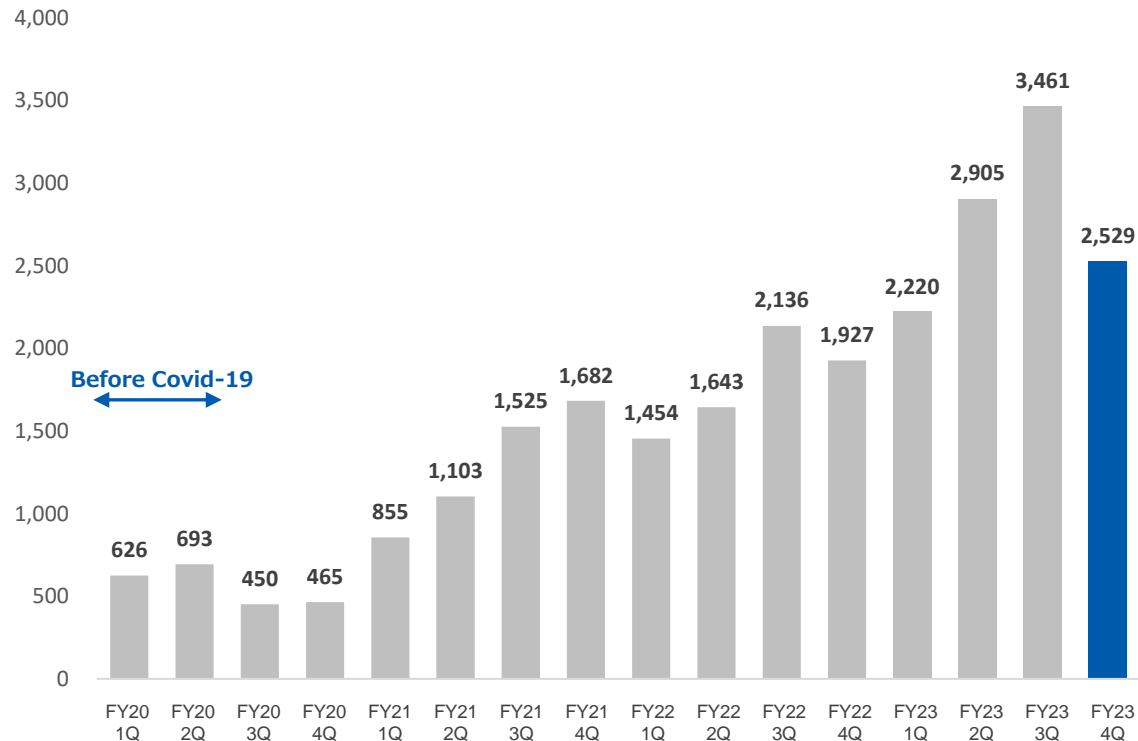
1.6 Revenue by business model (Quarterly)

Initial: Concentrated pipeline conversion in 2Q、3Q – high level of pipeline conversion in 4Q

Recurring: Consistent revenue increase due to increase in active terminals

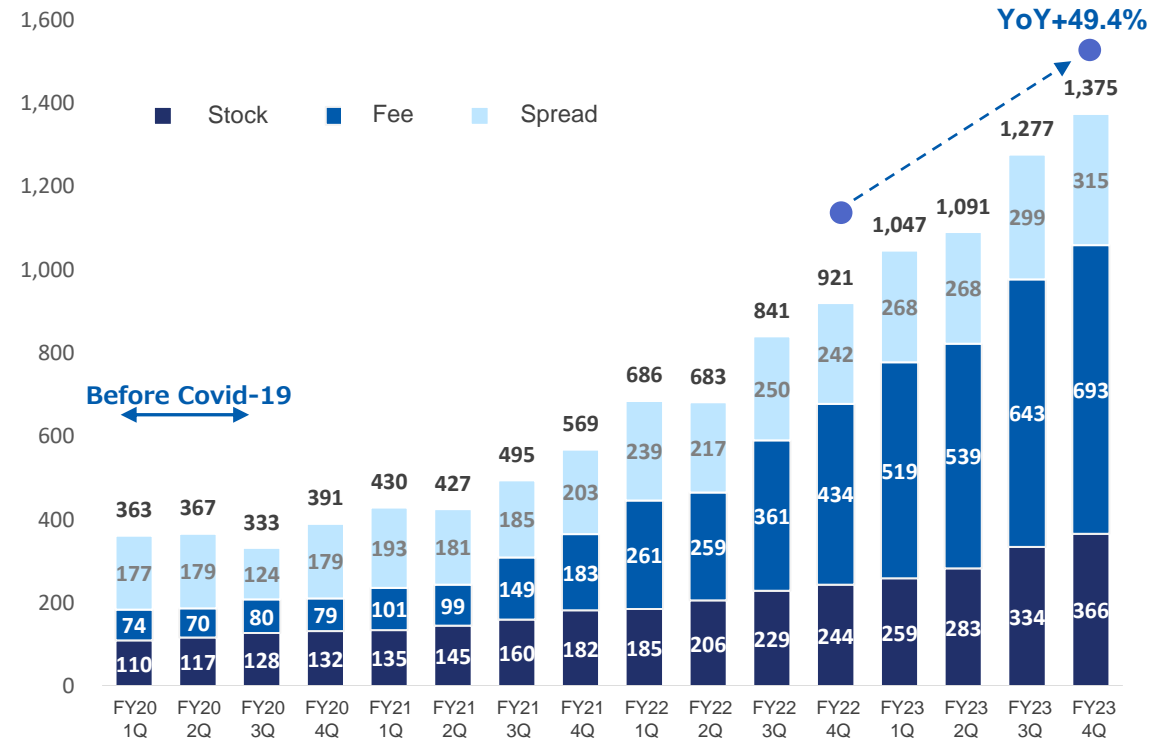
Initial Revenue

(Unit : Millions of yen)



Recurring Revenue

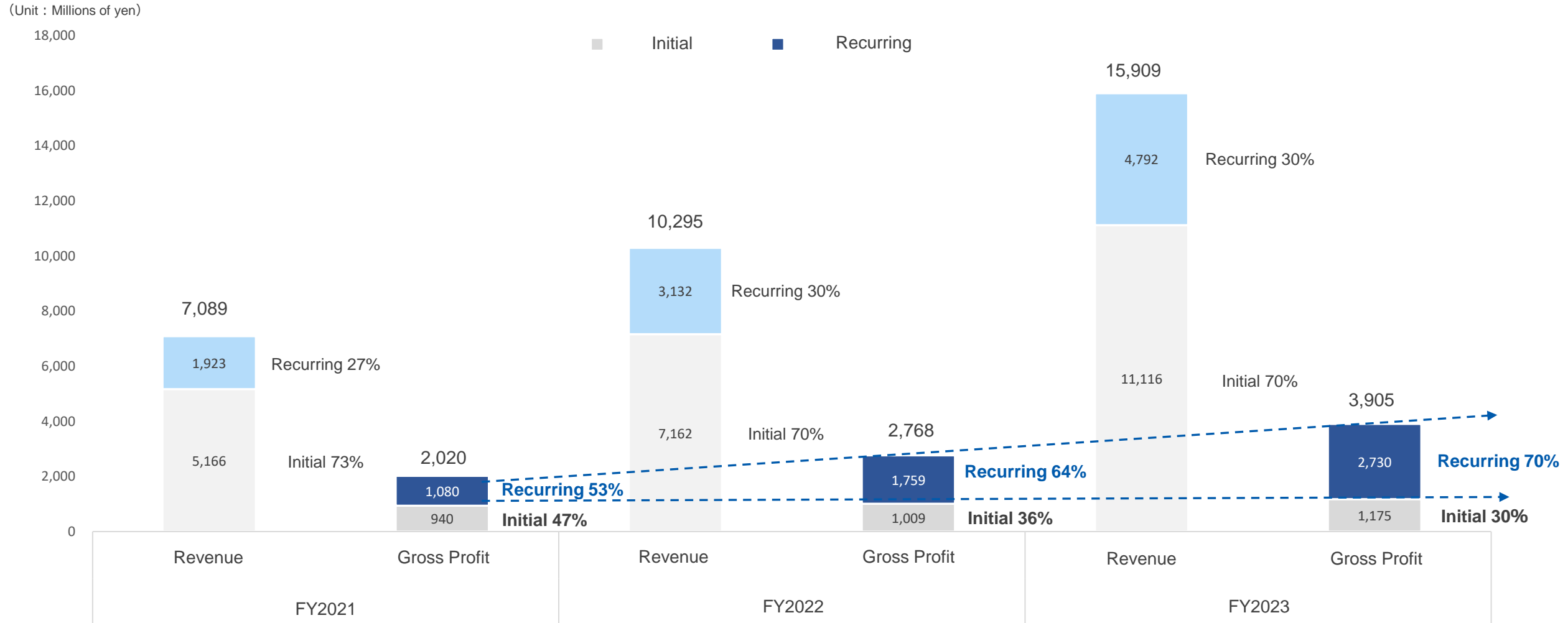
(Unit : Millions of yen)



1.7 Gross profit composition ratio

Growth in recurring revenue leads to steady profitability base

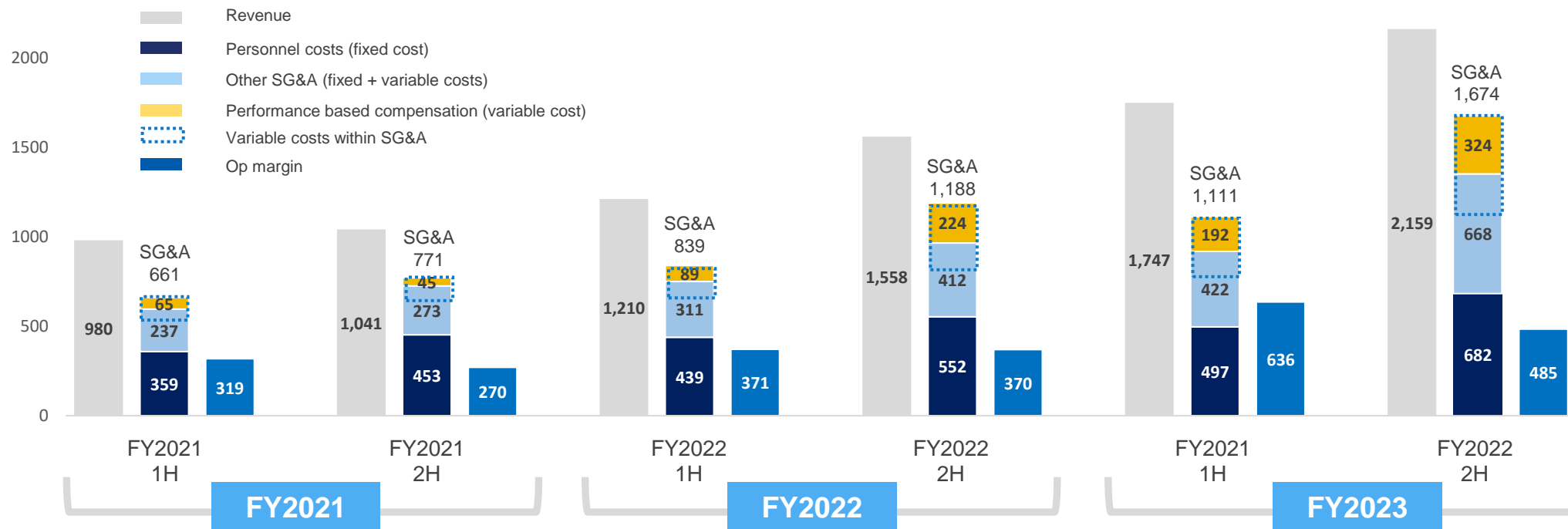
Composition by Product Category (Revenue and Gross Profit)



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

Proactively executed investment for growth which are variable costs (1. performance based compensation, 2. other administrative costs) – however leveraged business growth which led to profitability increase

(Unit : Millions of yen)
2500



No. of partners
(end of FY, consolidated)

81

96

108

Operating Profit
(end of FY, consolidated)

¥5.8mn

¥7.4mn

¥112.0mn

Operating Profit per employee
(end of FY, consolidated)

¥7.3mn

¥7.7mn

¥ 10.4mn

2

KPI

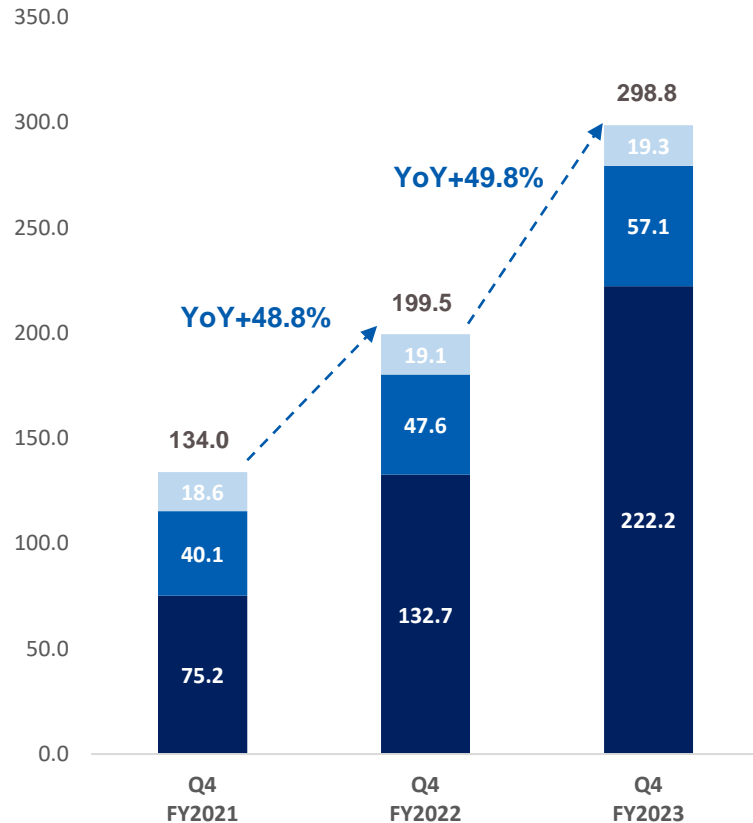
2.1 Main KPI (Full-year)

No. of Active Terminals: Growth in manned and unmanned terminals drive the increase in the number of active terminals

Number / GMV : Growth exceeded target of YoY +50% due to increase in number of active terminals

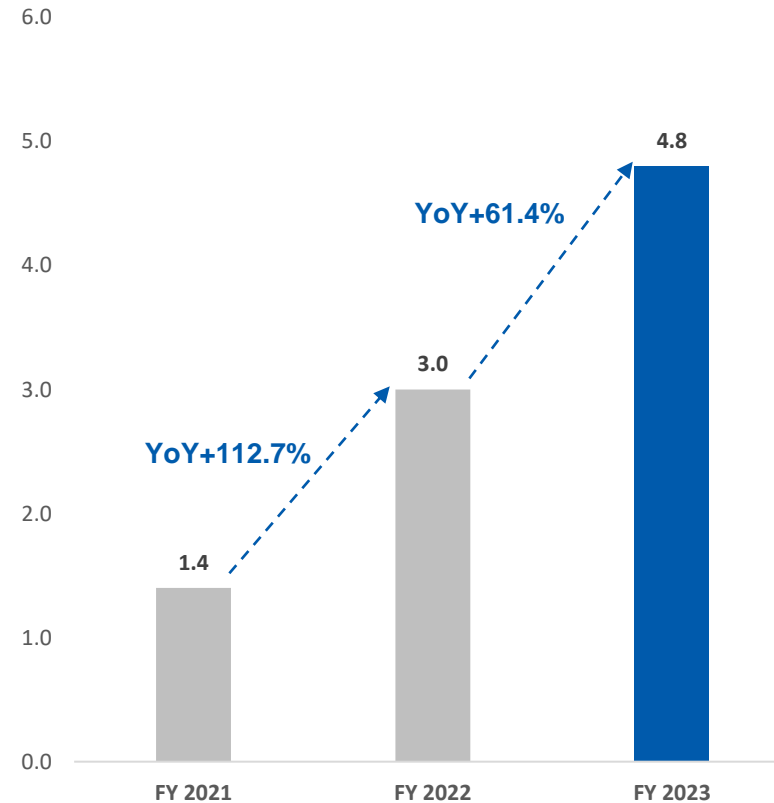
Number of active terminals

(Unit: Thousand) ■ Manned terminal ■ Unmanned terminal ■ Sold by others



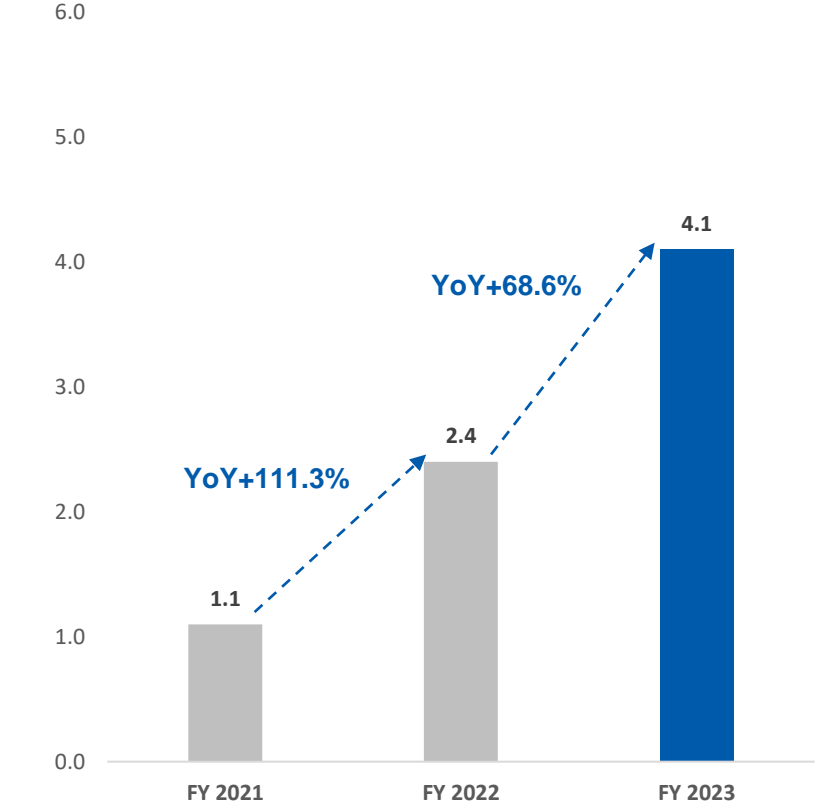
Number of transaction volume

(Unit: 100 million)



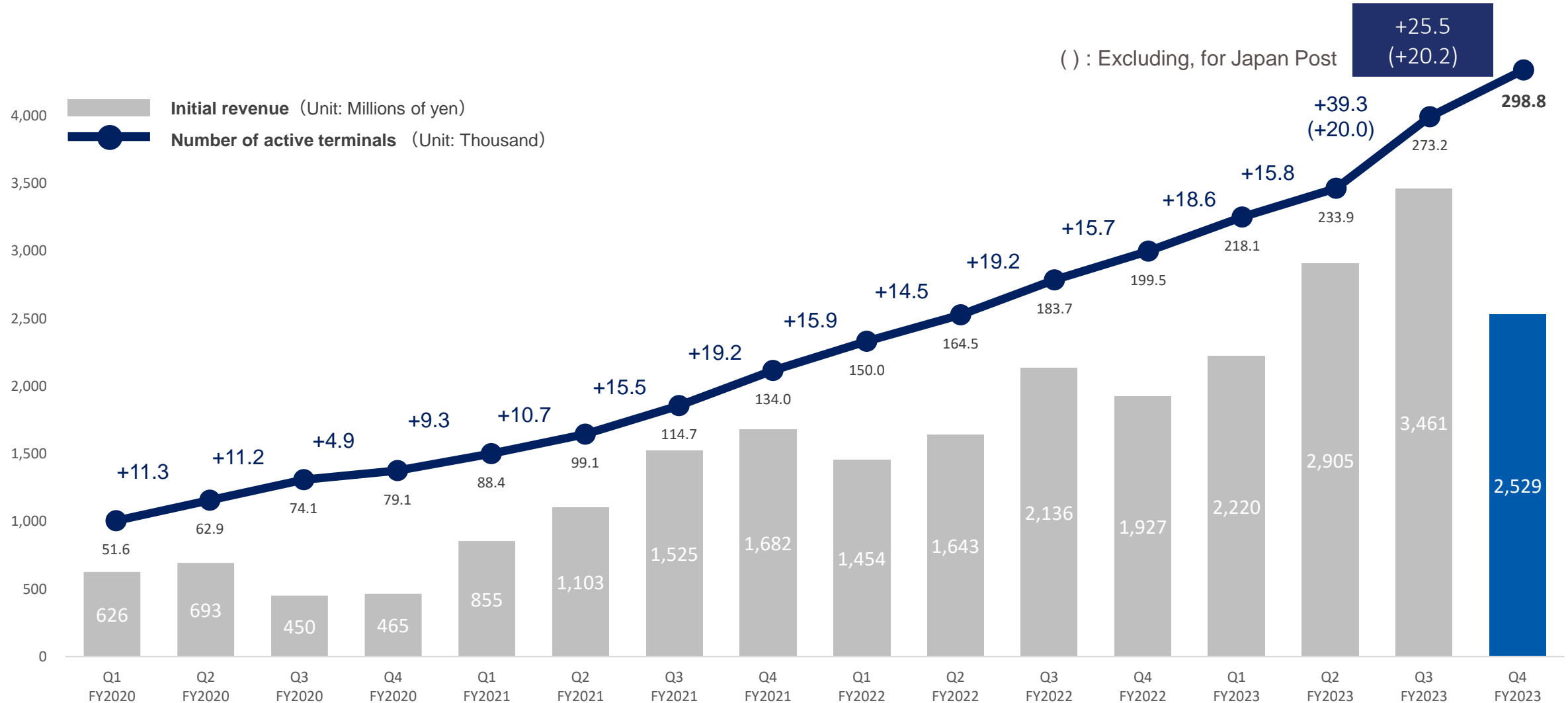
GMV

(Unit: trillion yen)



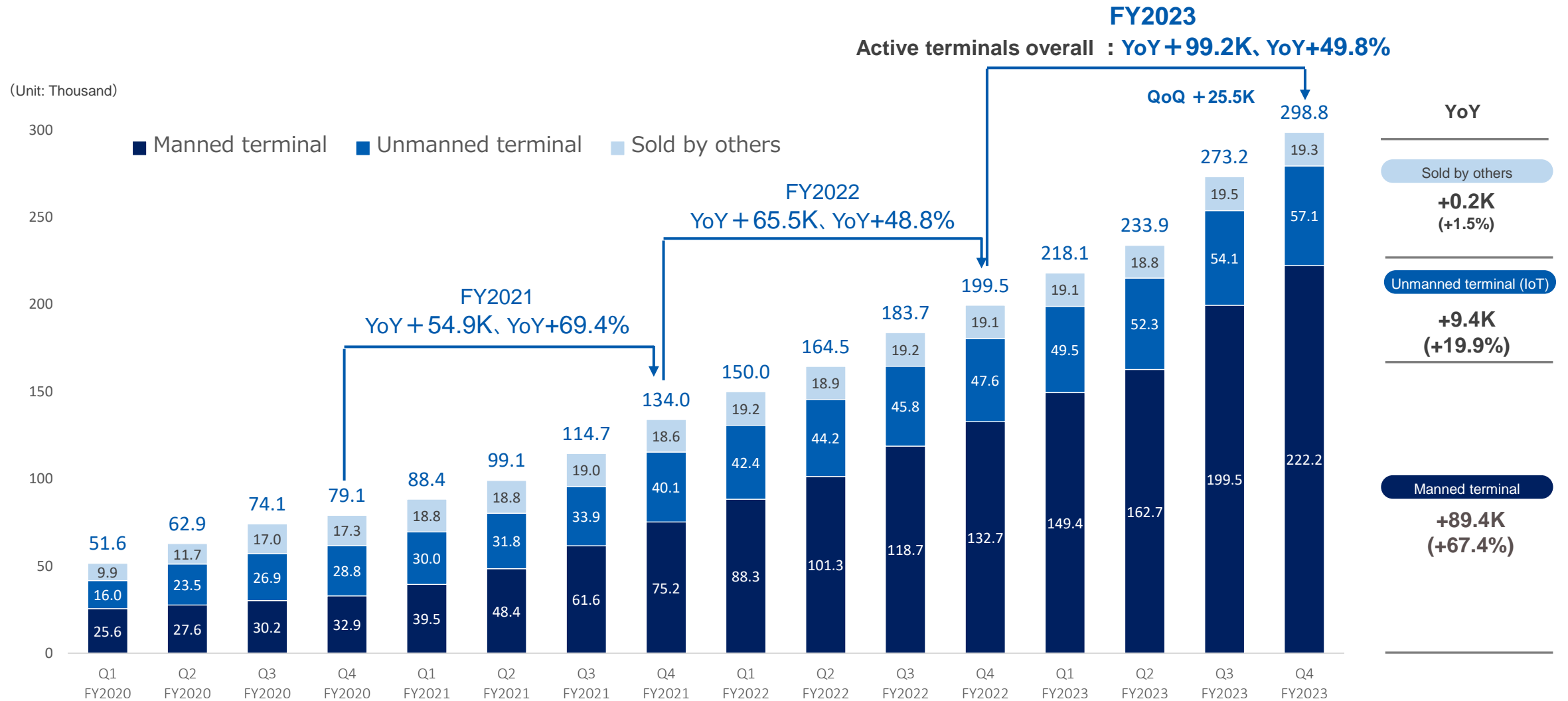
2.2 Initial Revenue and No. of Active Terminals (Quarterly)

Initial revenue was bumpy due to pipeline conversion, however, number of active terminals led to steady growth



2.3 Consolidated KPI (Number of active terminals)

Continuous high growth mainly in manned terminals



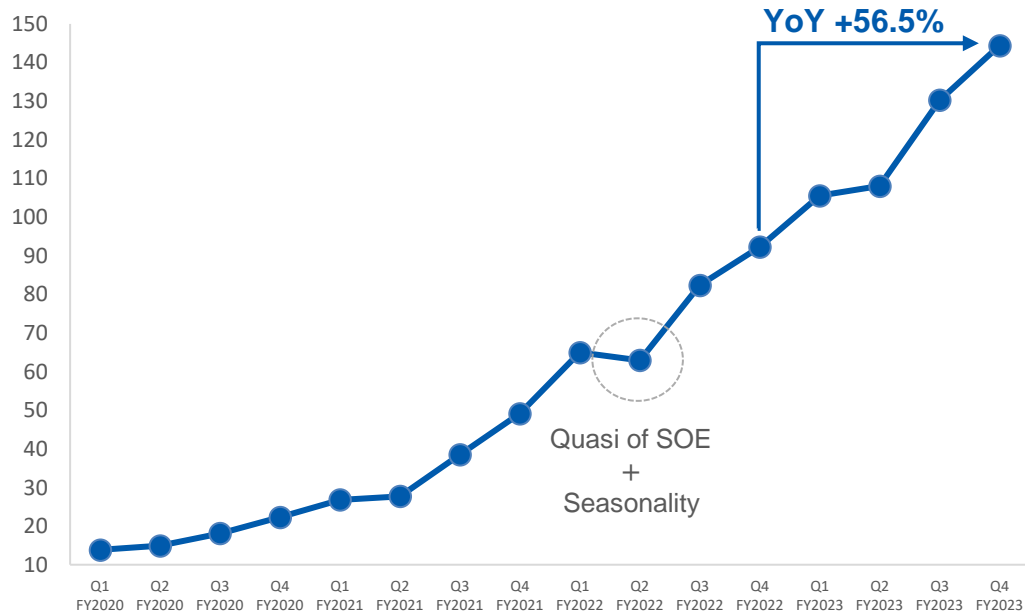
2.4 Consolidated KPI (Quarterly Transaction volume / GMV)

Number of transaction, GMV leads to steady growth

Decrease in GMV per terminal decreased, however, this is due to seasonality and increased penetration in the micropayment area

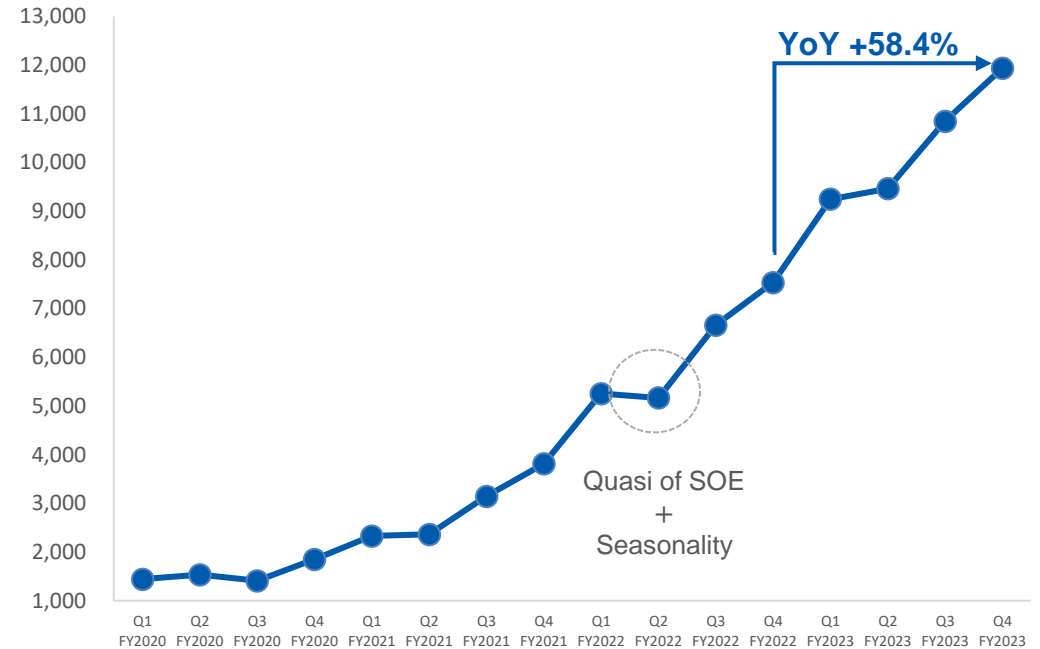
Number of transaction volume

(Unit : million)



Transaction value (GMV)

(億円)



	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	Q4 FY2023
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Transaction volume (10 K)

1,383 1,494 1,809 2,231 2,682 2,774 3,848 4,913 6,497 6,292 8,237 9,224 10,553 10,804 13,026 14,438

Transaction value (GMV) (¥100 M)

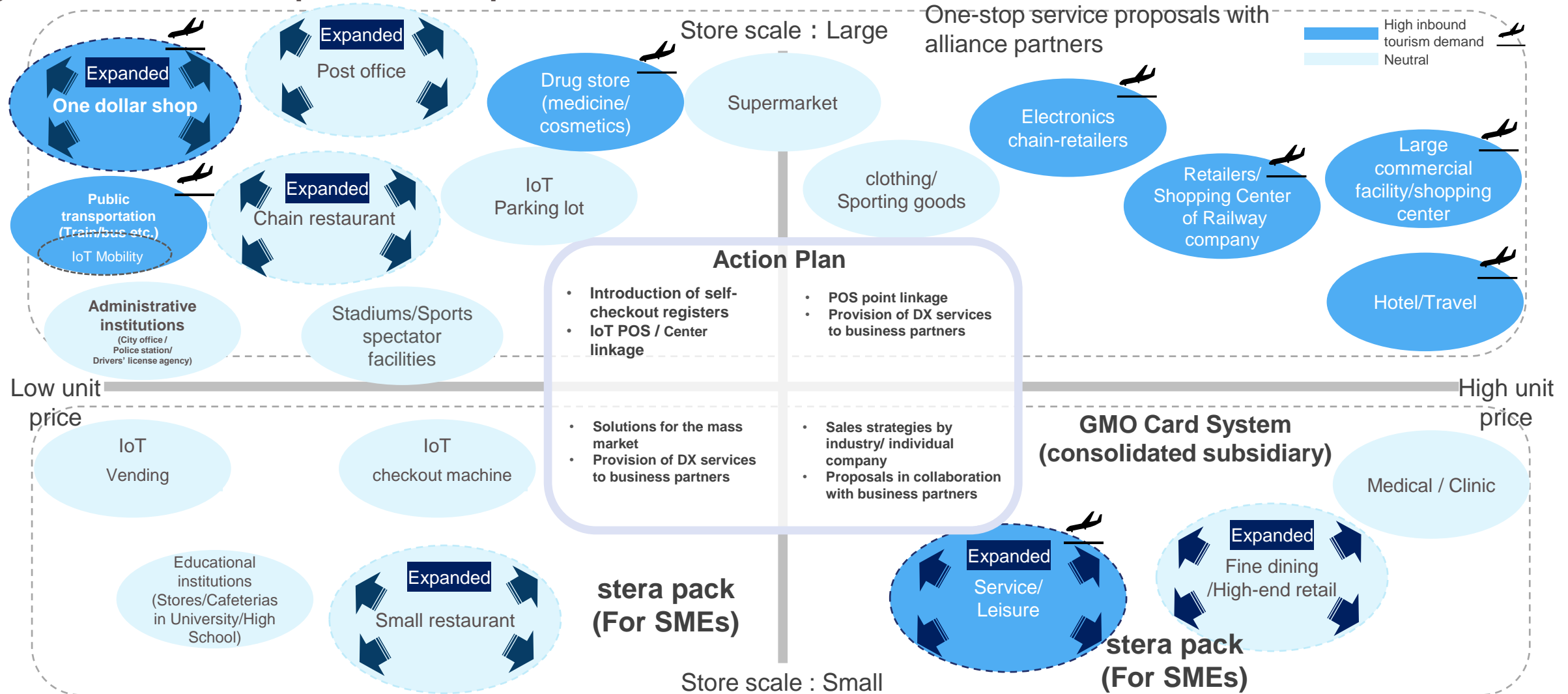
1,442 1,534 1,406 1,849 2,328 2,361 3,141 3,810 5,251 5,161 6,658 7,530 9,242 9,459 10,842 11,930

3

Business Highlights

3.1 Merchant Industry

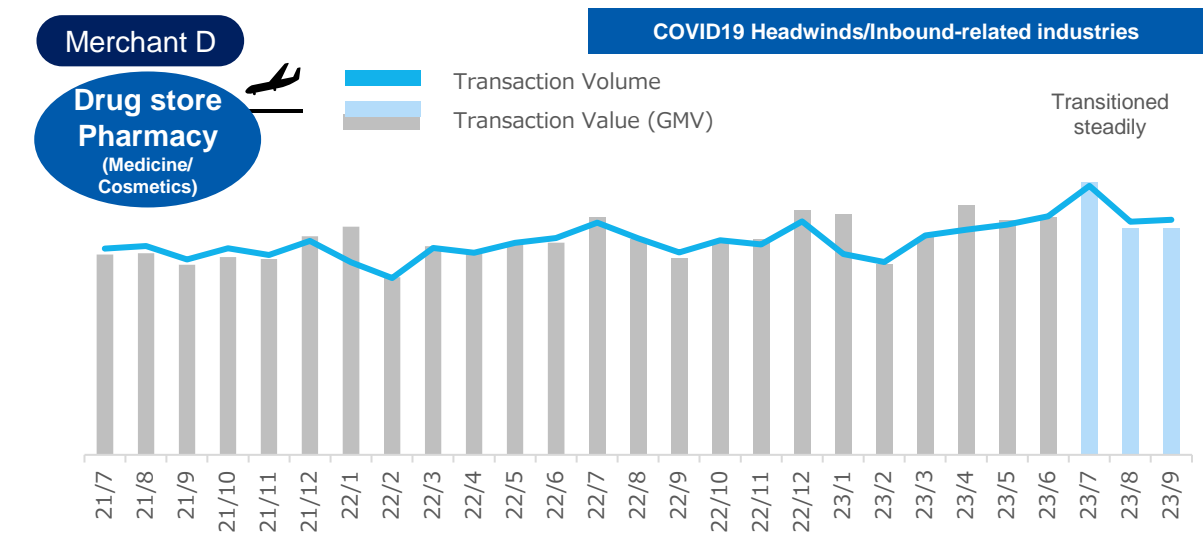
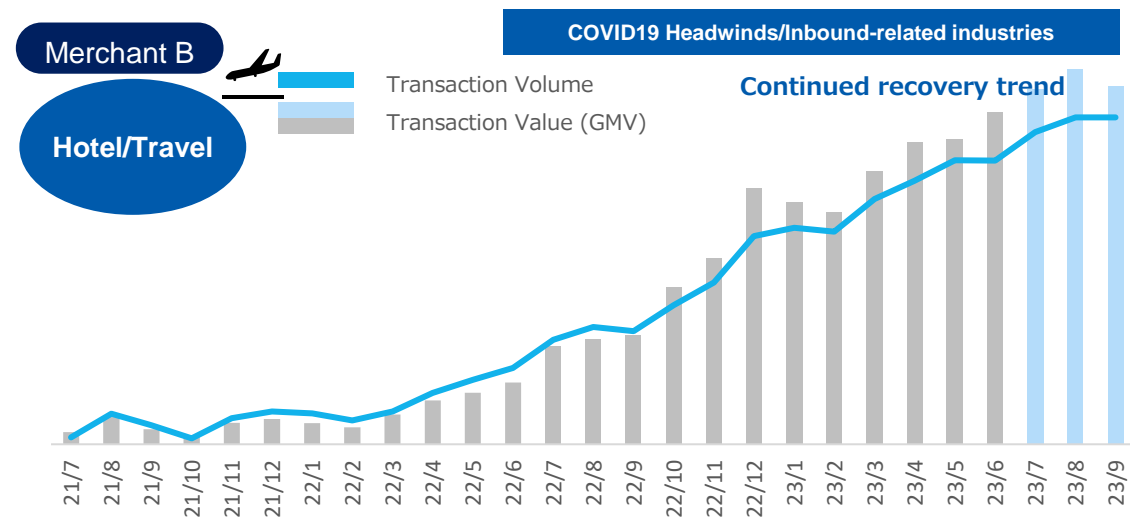
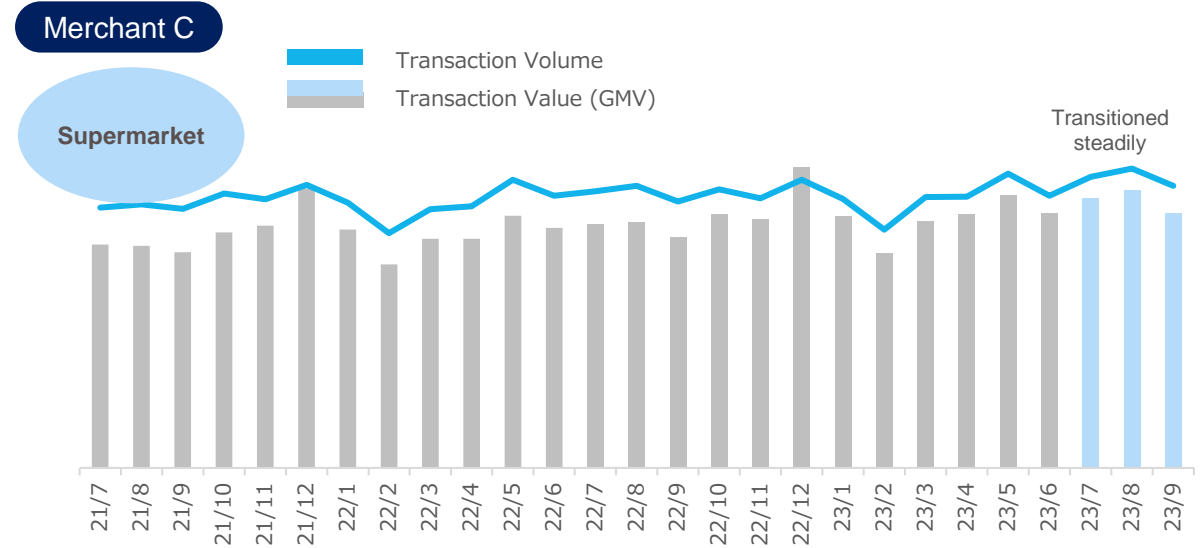
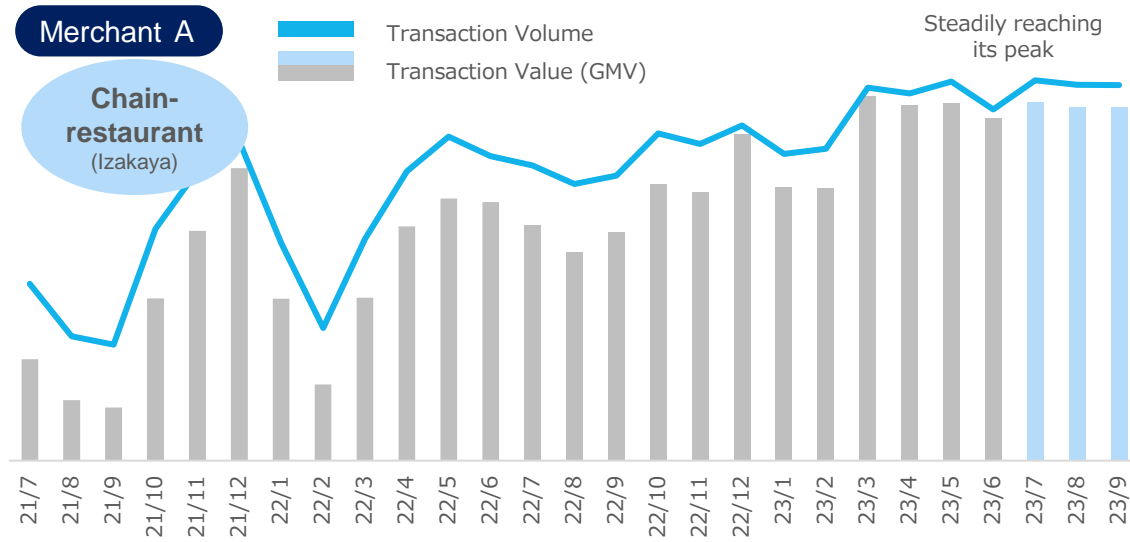
Terminals for Japan Post were placed on-site in 4Q
 Trends in installation locations have not changed significantly since 3Q – continuation of well balanced growth that is not dependent on specific industries



3.2 Transaction Trends by Industry (Q4)

 : High inbound tourism demand

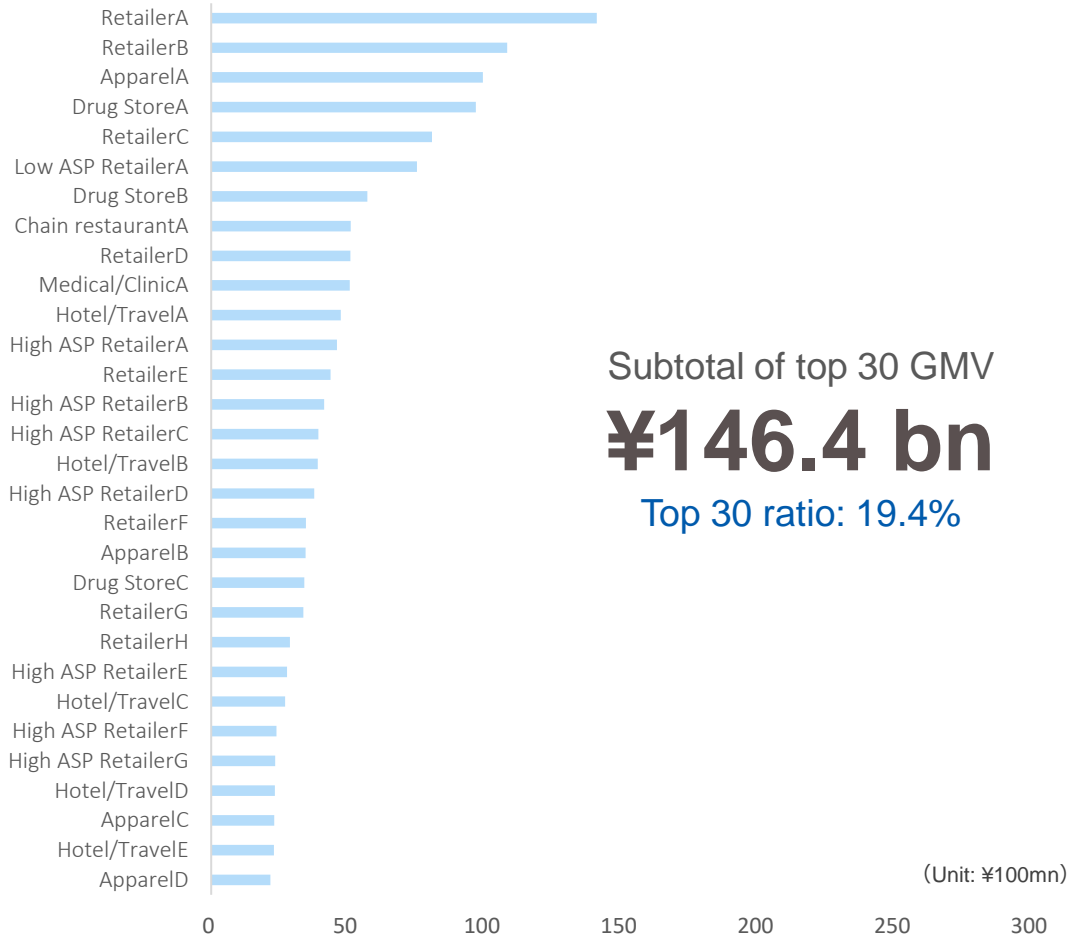
Continuous growth in the hotel, tourism industry – the reopening effect has reached its peak



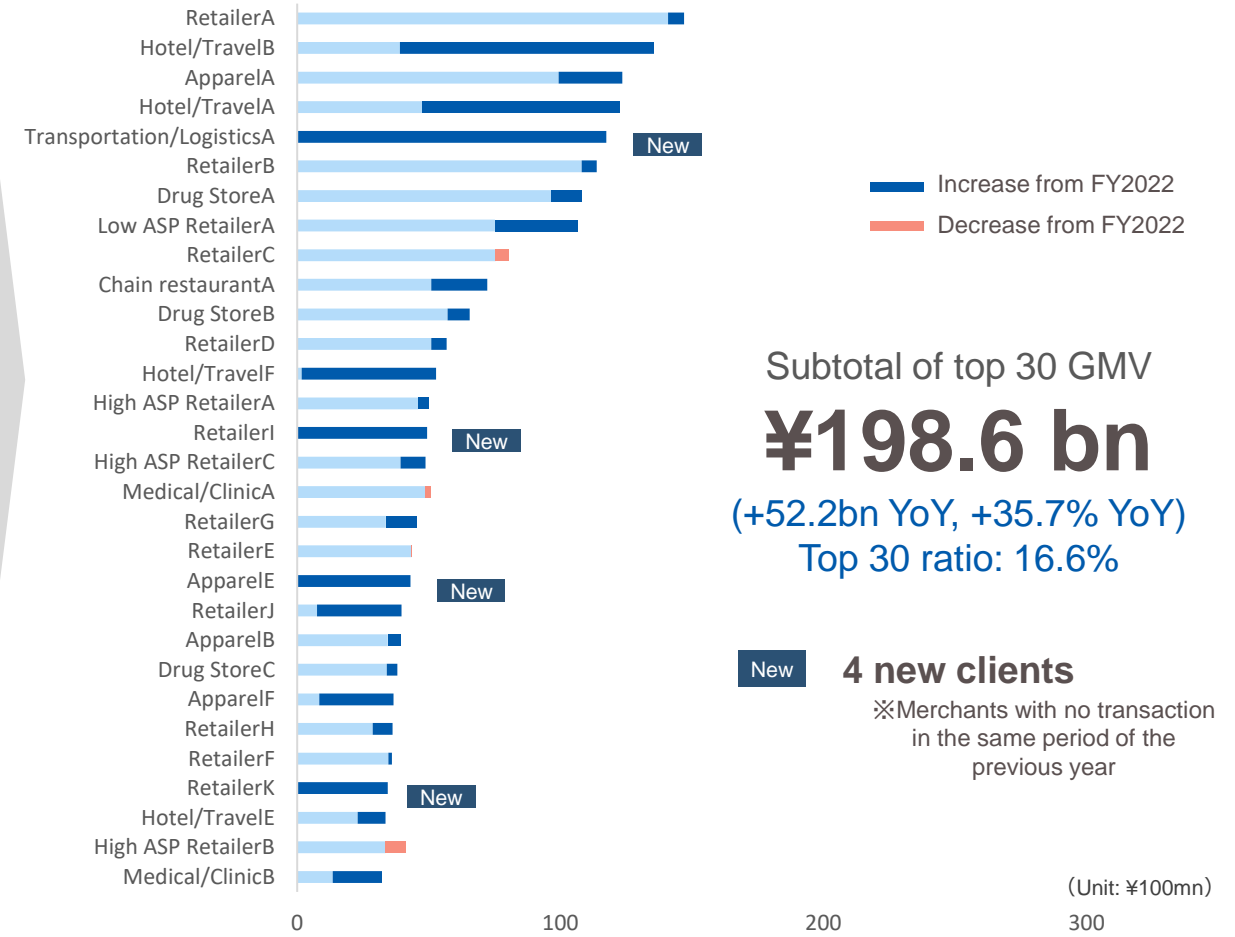
3.3 Top 30 ranked merchants (GMV basis)

Hotels, tourism industry are ranked high due to reopening effect, however, dependence to specific merchants have decreased due to growth in GMV

FY2022 4Q



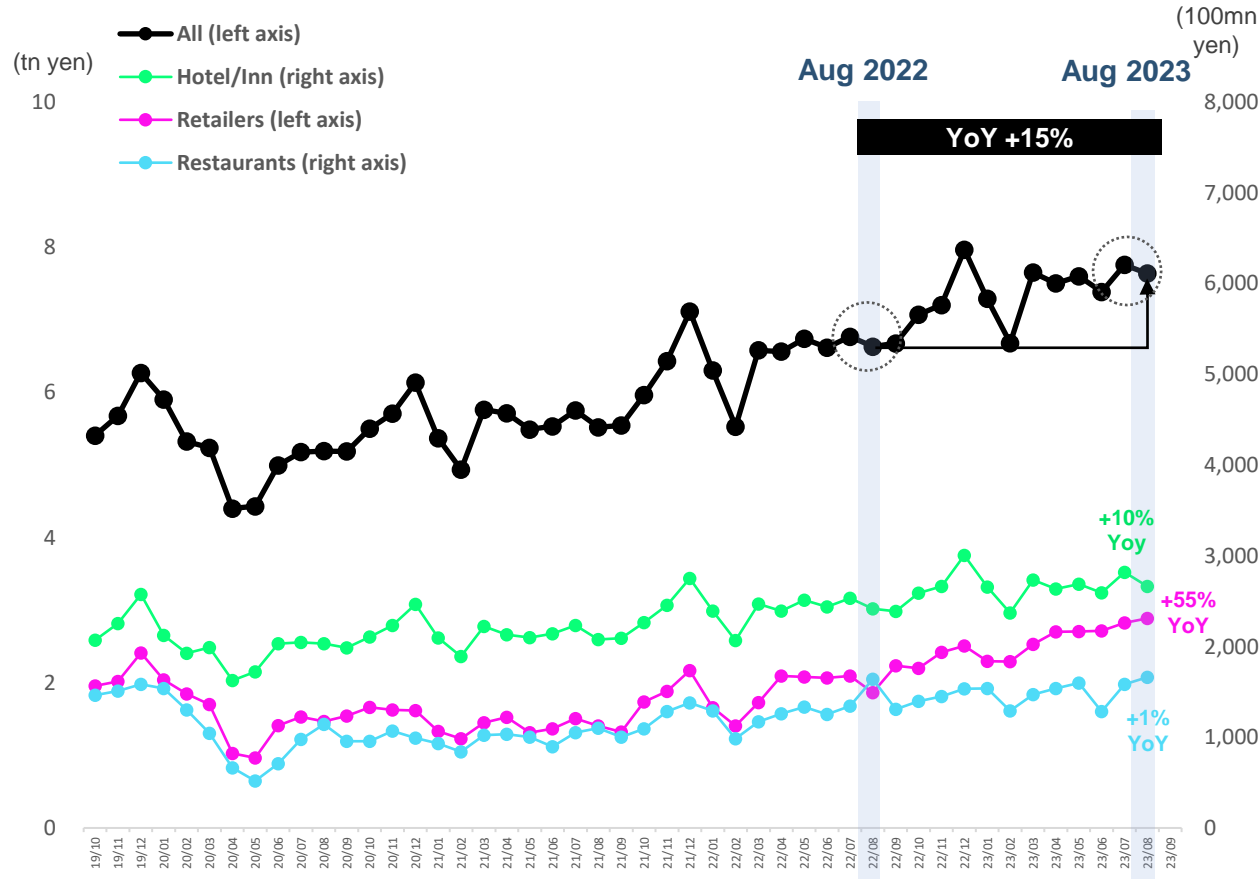
FY2023 4Q



3.4 Comparison to Market Growth (August YoY)

Market growth is at +15%YoY while GMO FG GMV is at +59% YoY
 Growth of existing merchants and acquisition of new merchants drives high growth

Market GMV (Transaction value of credit card payment)



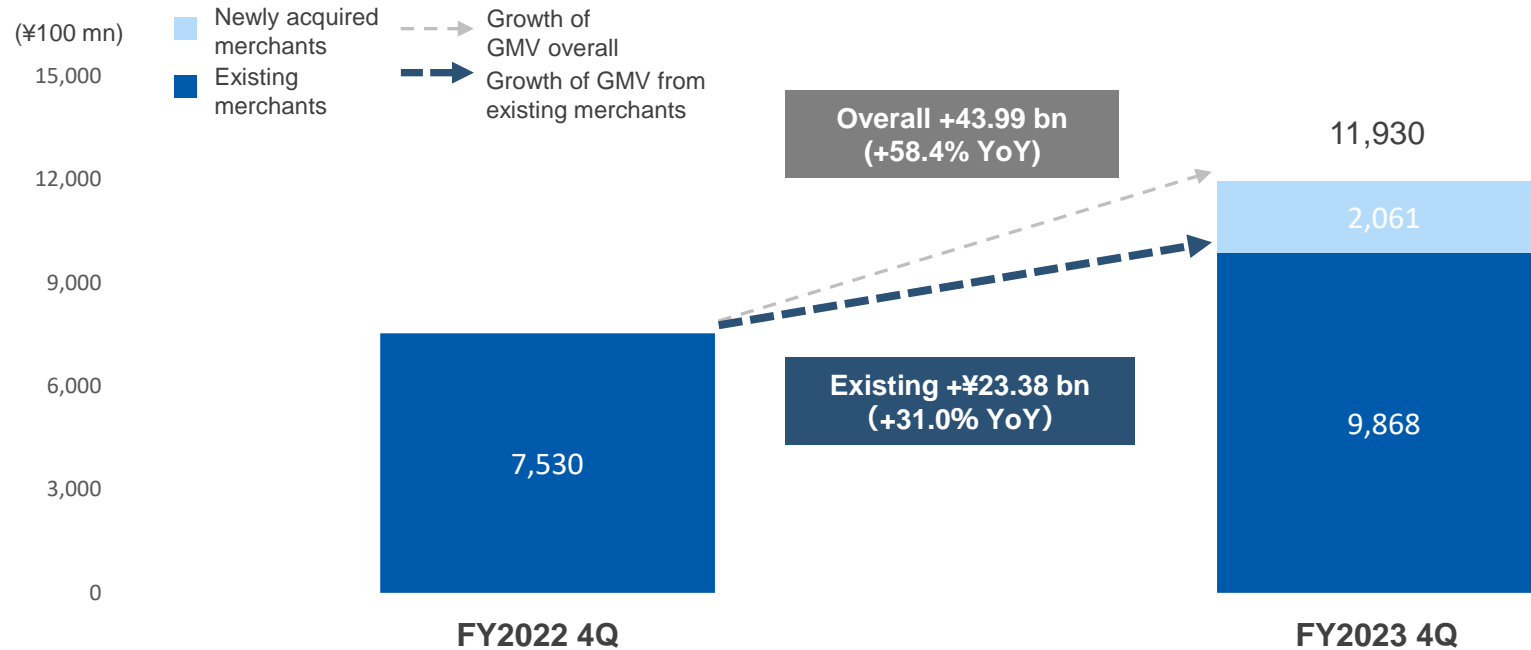
GMO-FG GMV



3.5 Settlement Platform which Grows with its Merchants

GMO-FG GMV grew at +58% YoY for 4Q, +31%YoY for existing merchants
Merchants grew with GMO-FG’s settlement platform

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.

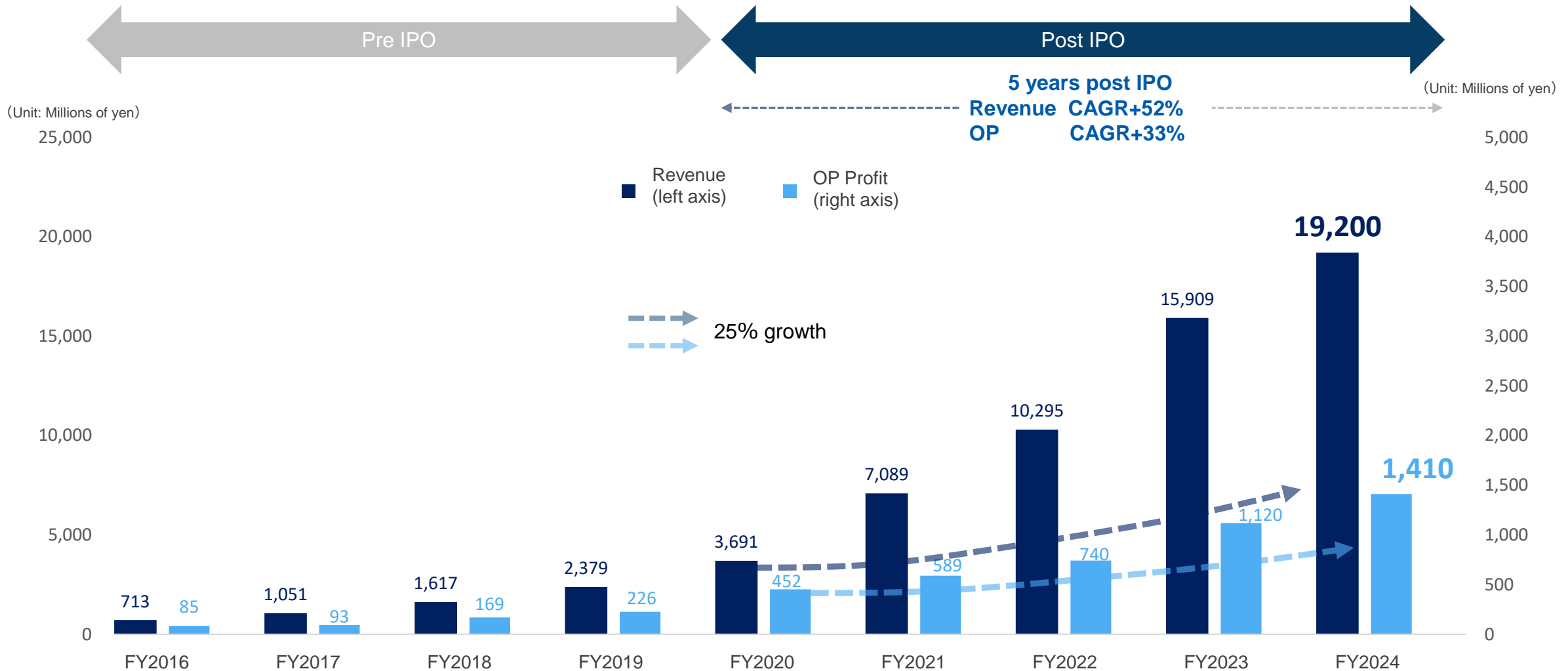
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FY2024 Forecast

4.1 Track Record of Growth

Goals: Revenue: CAGR +25%, Op Margin: +25%

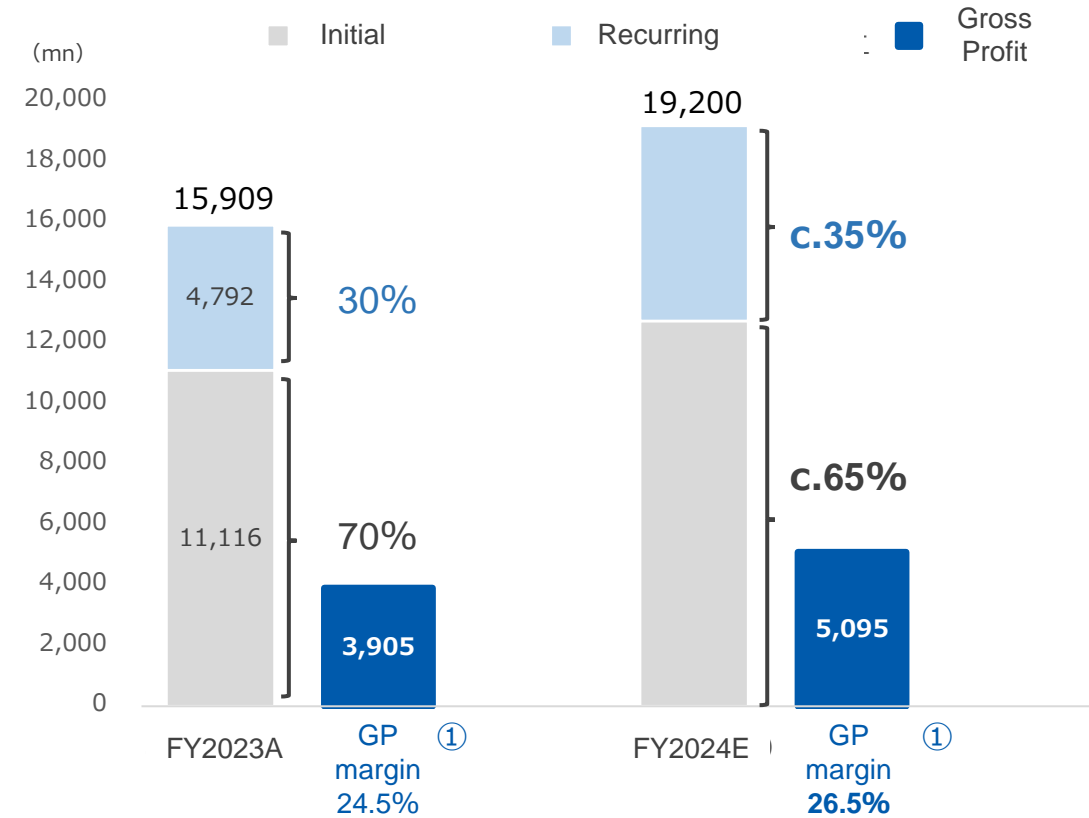
Track Record: Well above +25% growth



4.2 Forecast for FY2024

Initial revenue is expected to grow, even with large pipeline conversion in FY2023
Composition of recurring revenue forecasts improvement of gross profit

(mn)	FY2023	FY2024	YoY
Revenue	15,909	19,200	+20.7%
Gross profit	3,905	5,095	+30.5%
Operating profit	1,120	1,410	+25.9%
Profit attributable to owners of parent	746	859	+15.1% ^②
Earnings per share	90.25	103.67	—
Dividend per share	46	52	—



*Profit level for FY2024

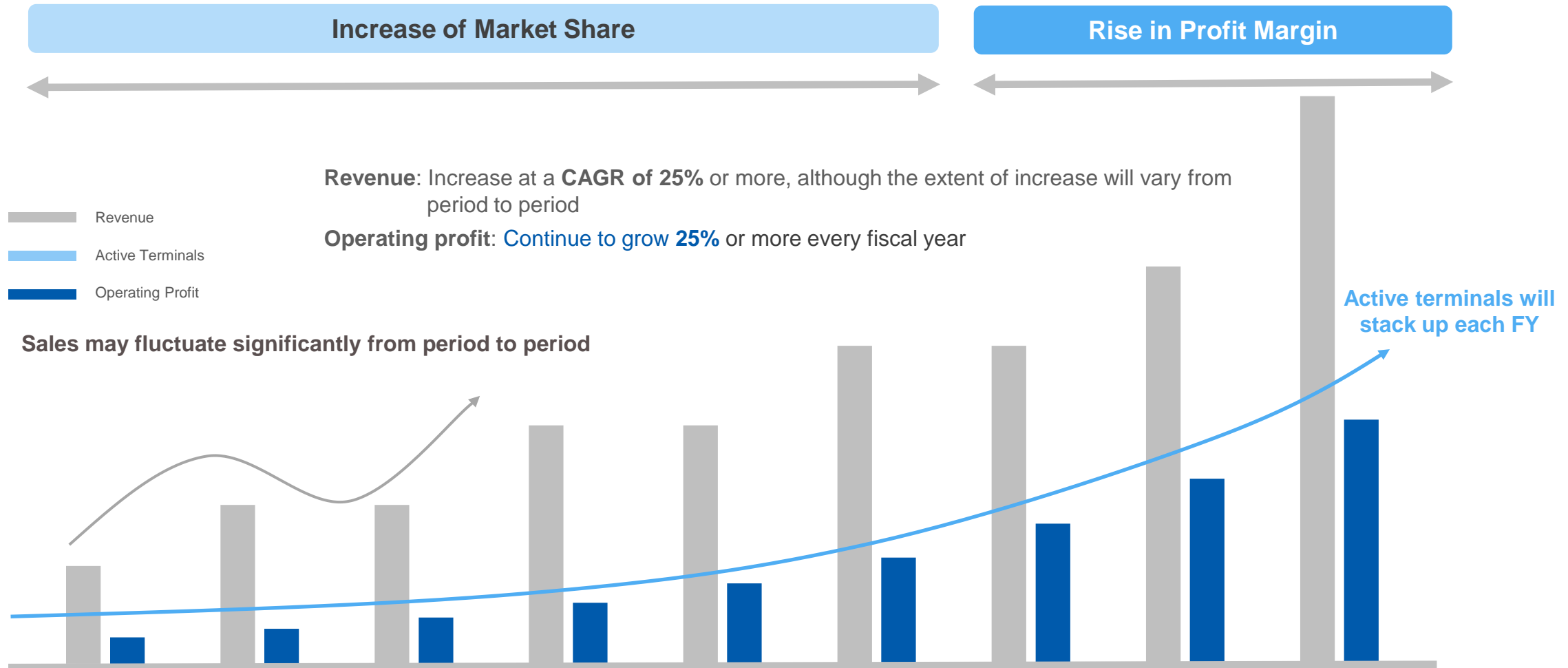
- ① <Gross profit> expected to improve due to proportion increase of recurring revenue
- ② <Net income> due to tax benefits in FY2023, lower level of growth than operating profit

5

Growth Strategy and Progress

5.1 Image of rise in Rev & OP

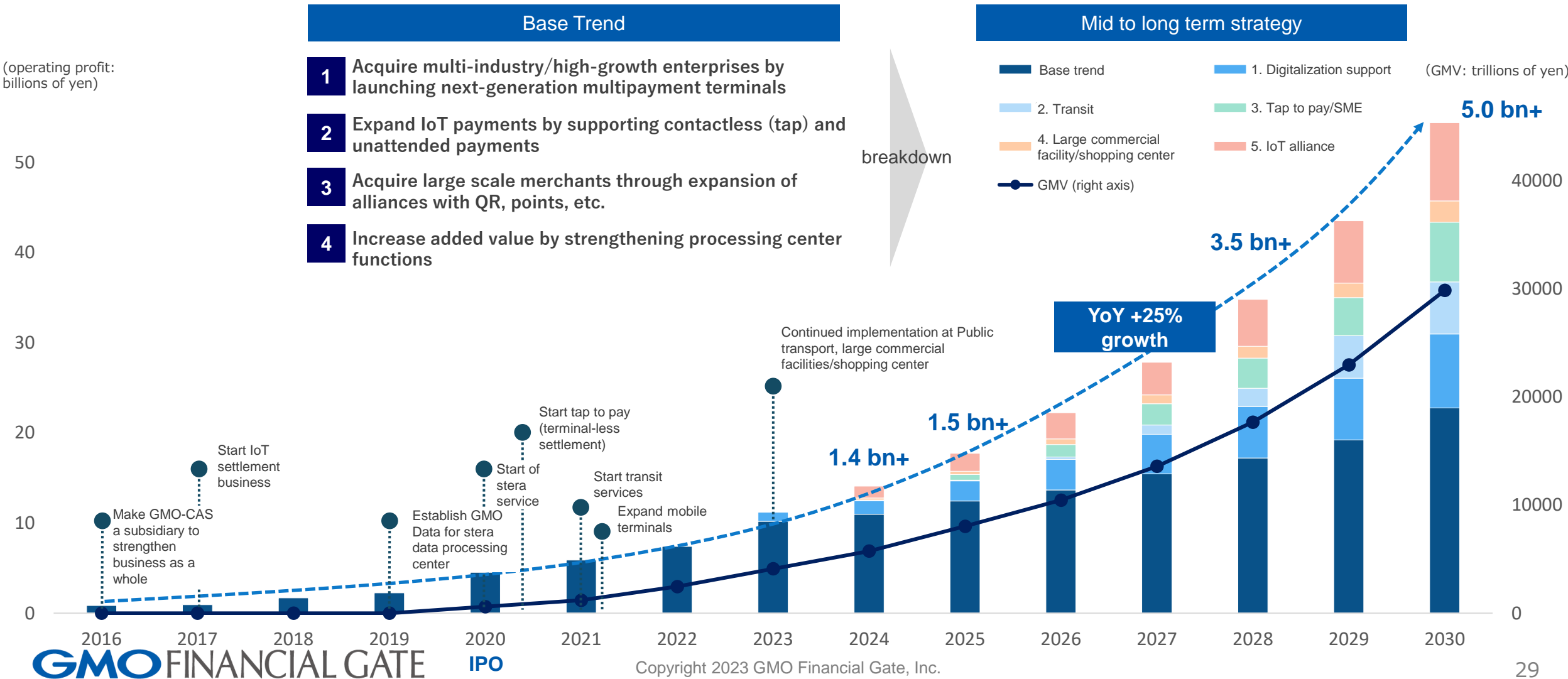
Market Share Expansion Phase: focus on sales/activation of payment terminals and revenue will be fluctuated.
Margin Increase Phase: recurring revenue will increase due to increase in active terminals which will contribute to operating profit growth



5.2 Mid-term Financial Plan

Mid-term plan created at IPO has progressed ahead of schedule – A new five-year plan has been created to promote operating profit of 5bn yen in 2030

Operating Profit Growth Curve



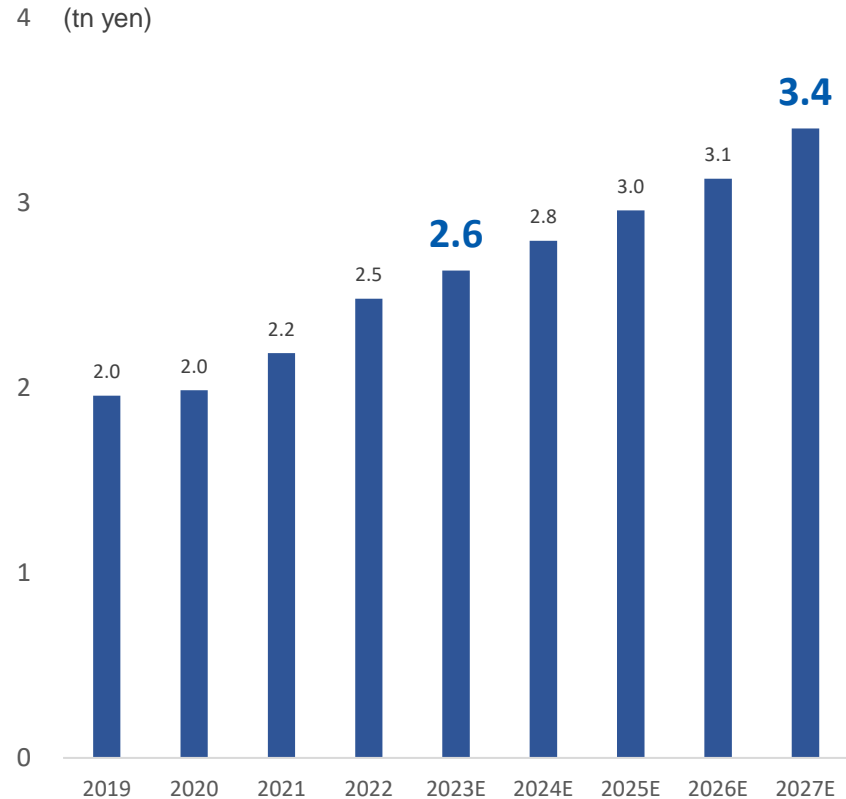
5.3 Point - Economic Zone solution through vertical expansion

Cashless Point*, Common Point, House Point has led to the continuous growth of point economy - accumulation of point development solution assets led to the acquisition of major merchants in each industry

*Points issued to consumers by payment providers after settlement by credit cards, QR code payment, E-money

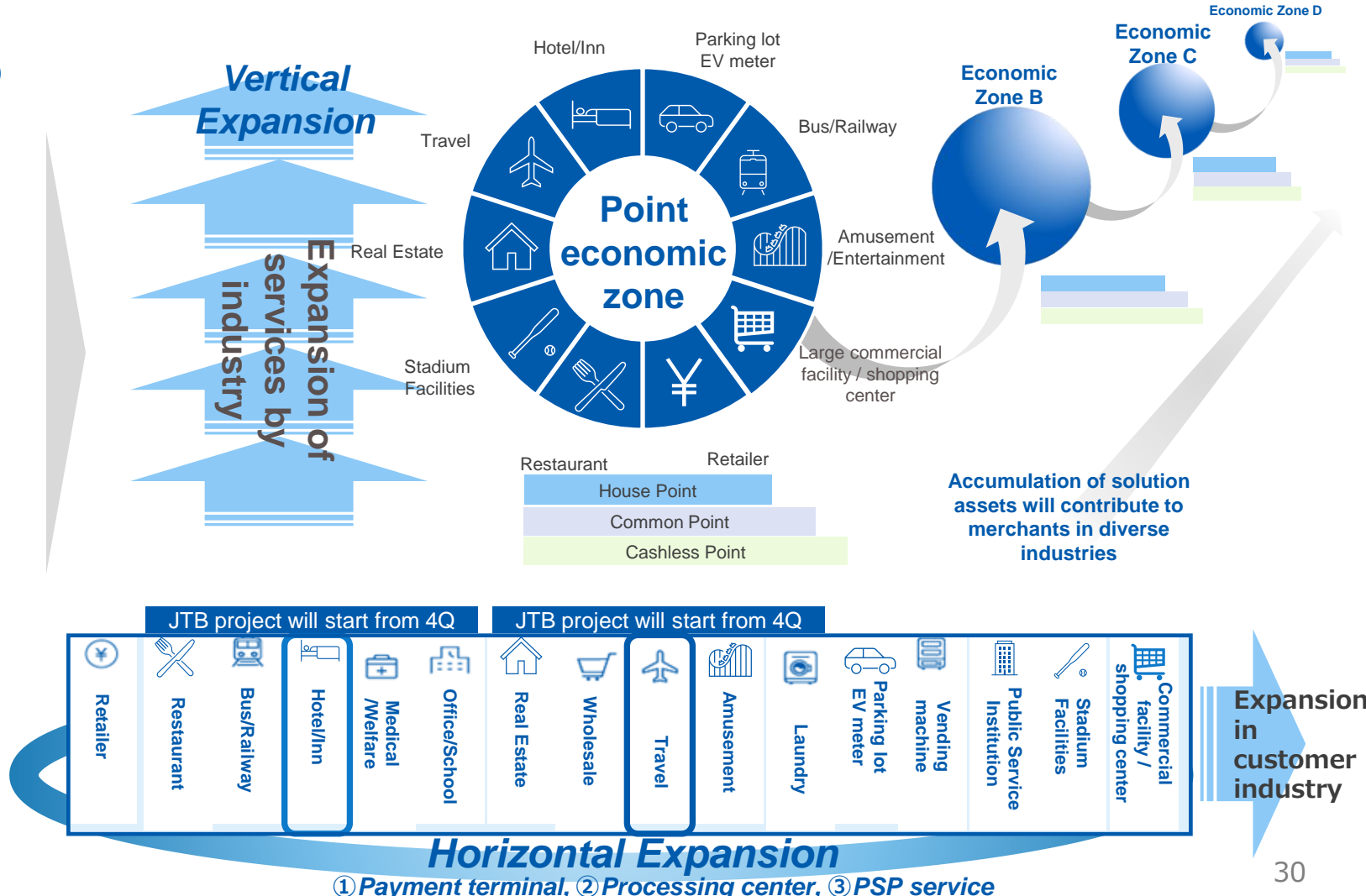
TAM (Total Addressable Market) of "Points"

TAM: Total of 1. Cashless Point*, 2. Common Point, 3. House Point
 Expected to grow **2.6tn yen(2023)** ⇒ **3.4tn yen(2027)**



Source : Yano Keizai

Point Economic Zone Formation through Increase in Cashless Settlements

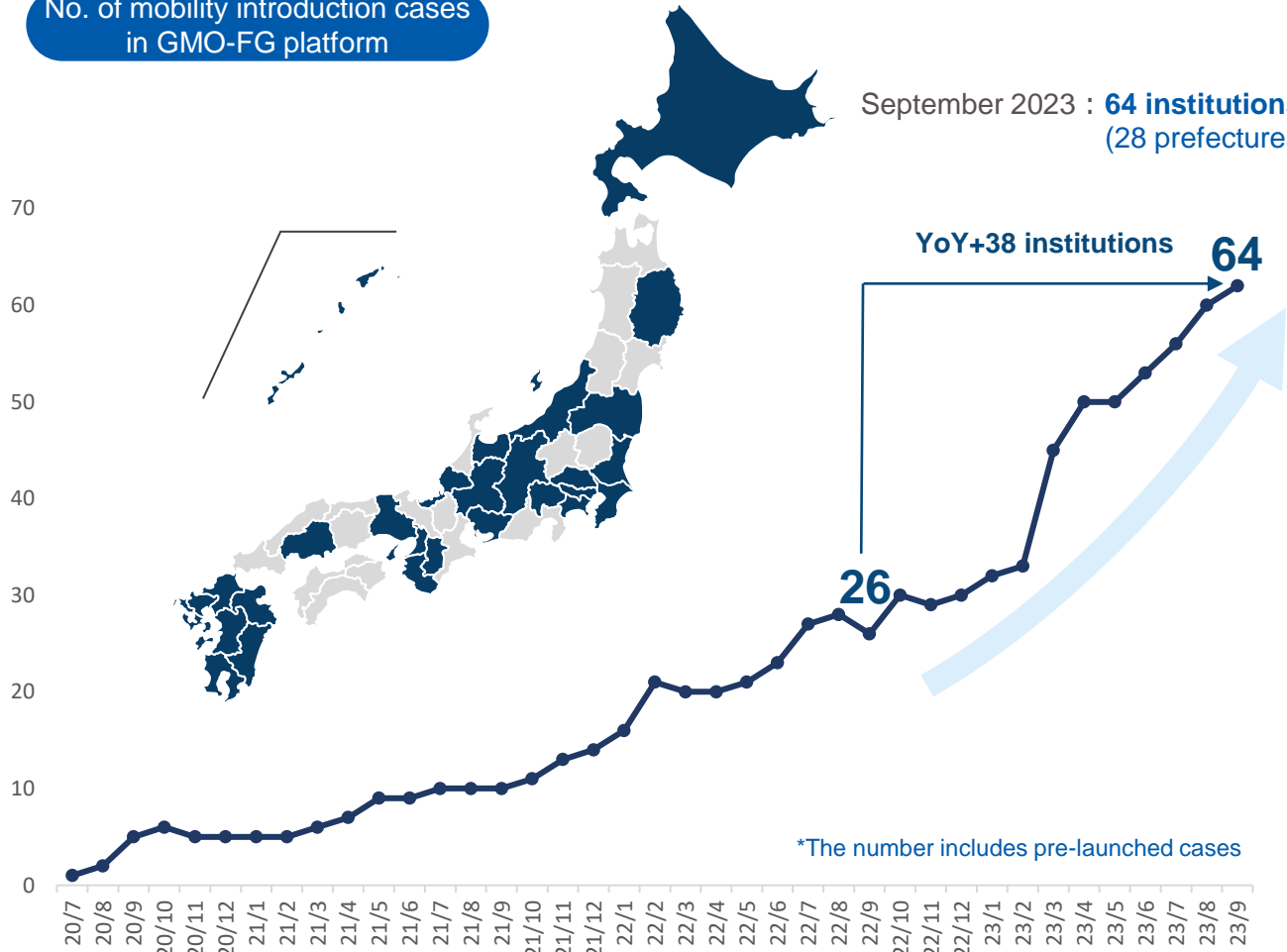


5.4 Expansion of Payment Platforms - Mobility Domain

With the recent increase in the number of foreign visitors to Japan, mobility payments in urban areas are on the rise - provided services to 64 enterprises as of Sept. 2023. Demonstration experiment is scheduled to start with Tokyo Metro from 2024.

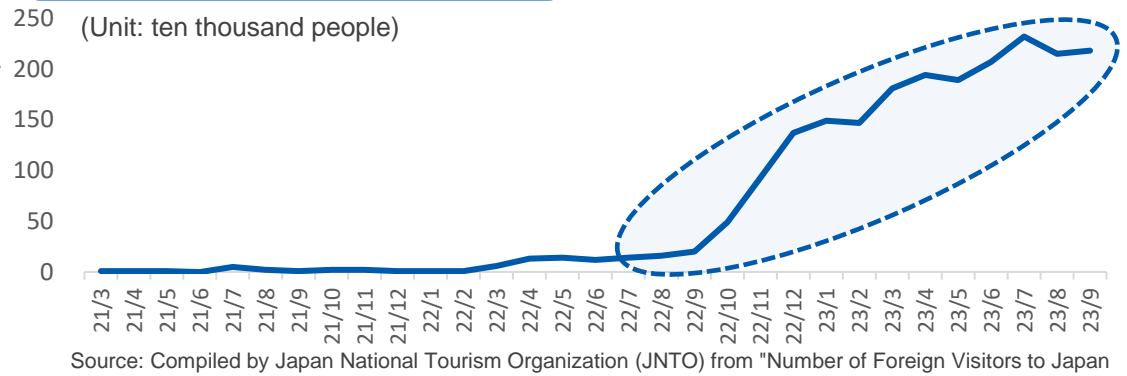
Implementation at Public Transportation Institutions

No. of mobility introduction cases in GMO-FG platform

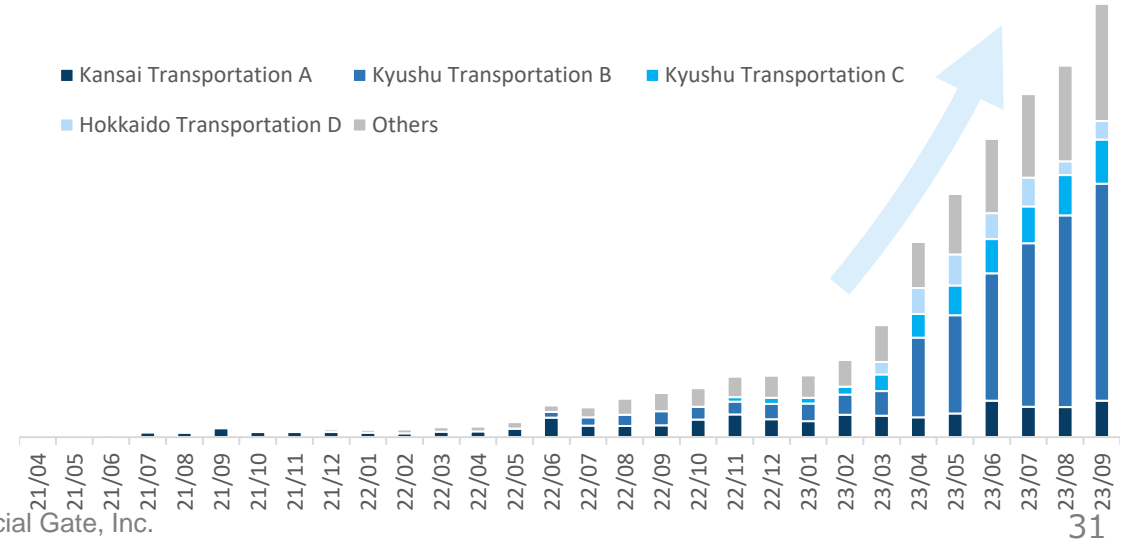


No. of Tourists and Mobility Settlements

No. of Tourists



Numbers of Mobility Settlements



5.5 Implementation at EXPO2025 in Osaka

1,000 terminals expected to be implemented – increase in inbound tourists will contribute to number of transactions in public transportation

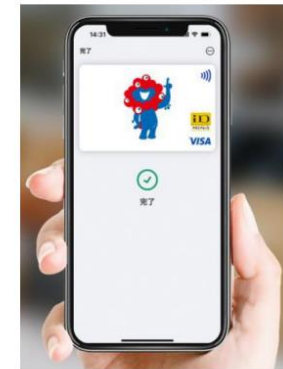


stera terminal



stera mobile

Total of 1,000 terminals to be implemented



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大阪・関西万博 独自電子マネー「MYAKU-PE!」



銀行口座やクレジットカード等からチャージして使える電子マネーです。Visaタッチ決済とiD決済対応なので、万博会場の内外を問わず、交通機関やコンビニなど、会期前からご利用いただけます。

「iD」ロゴ及び「iD プリペイド」は株式会社NTTフコモの登録商標です。 iD決済(Apple Payのみ対応)

Terminals will support EXPO2025 Original E-Money “MYAKU-PE!” - service to be implemented in May 2024



Osaka Metro

Demonstration experiment of Visa touch settlements will start in 2024 leading up to cashless, ticketless entry gates

“Stera transit” (SMCC’s public transport solution) will start demonstration experiment at all Osaka Metro stations

International brands other than Visa will be applicable

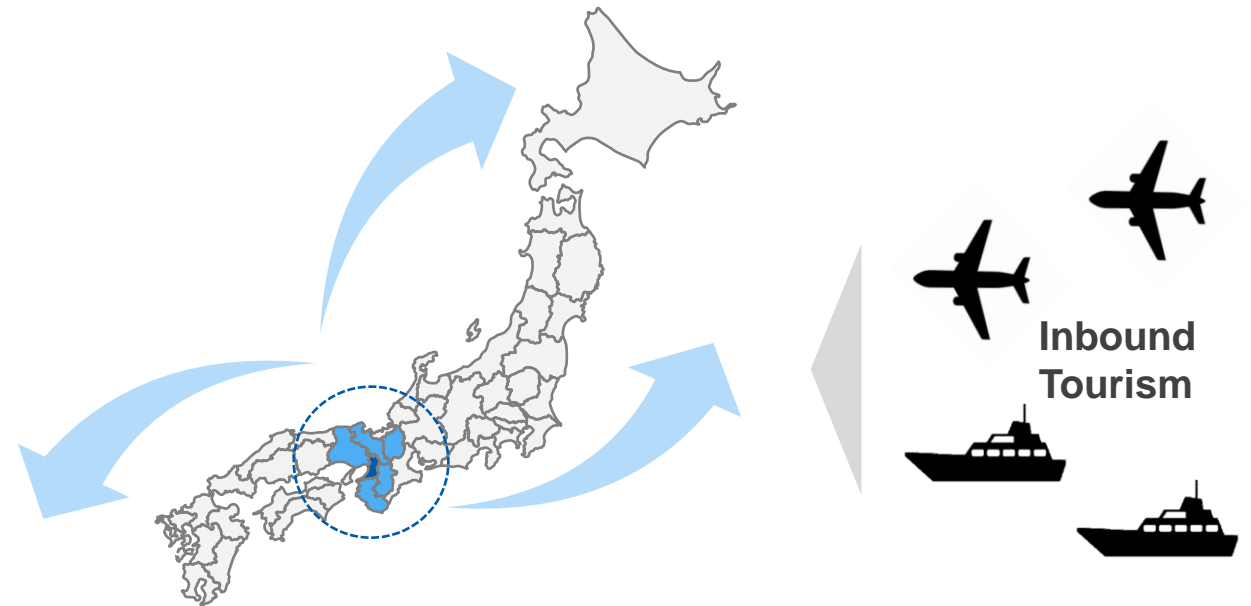
関西大手私鉄 クレジットカードで改札タッチ決済導入の動き

11月09日 17時19分



関西の大手私鉄では、クレジットカードをかざすだけで改札を通過できる「タッチ決済」を導入しようという動きが相次いでいます。多くの外国人観光客が訪れると見込まれる再来年（2025年）の大阪・関西万博を前に、利便性の向上につなげることがねらいです。

<https://www3.nhk.or.jp/kansai-news/20231109/2000079430.html>

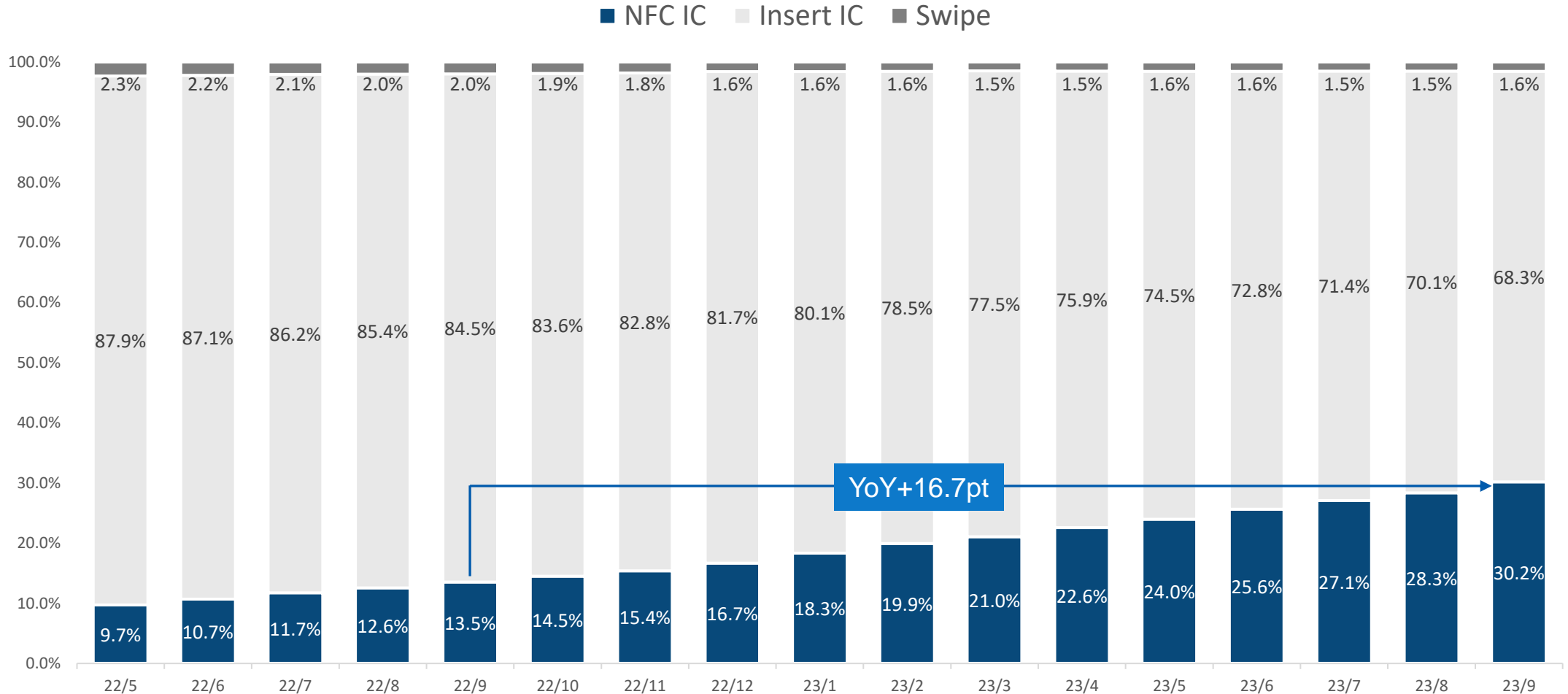


三井住友フィナンシャルグループ様、Osaka Metro様 プレスリリースより当社作成

5.6 Expanding use of contactless NFC payment

The percentage of credit touch payments (also known 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

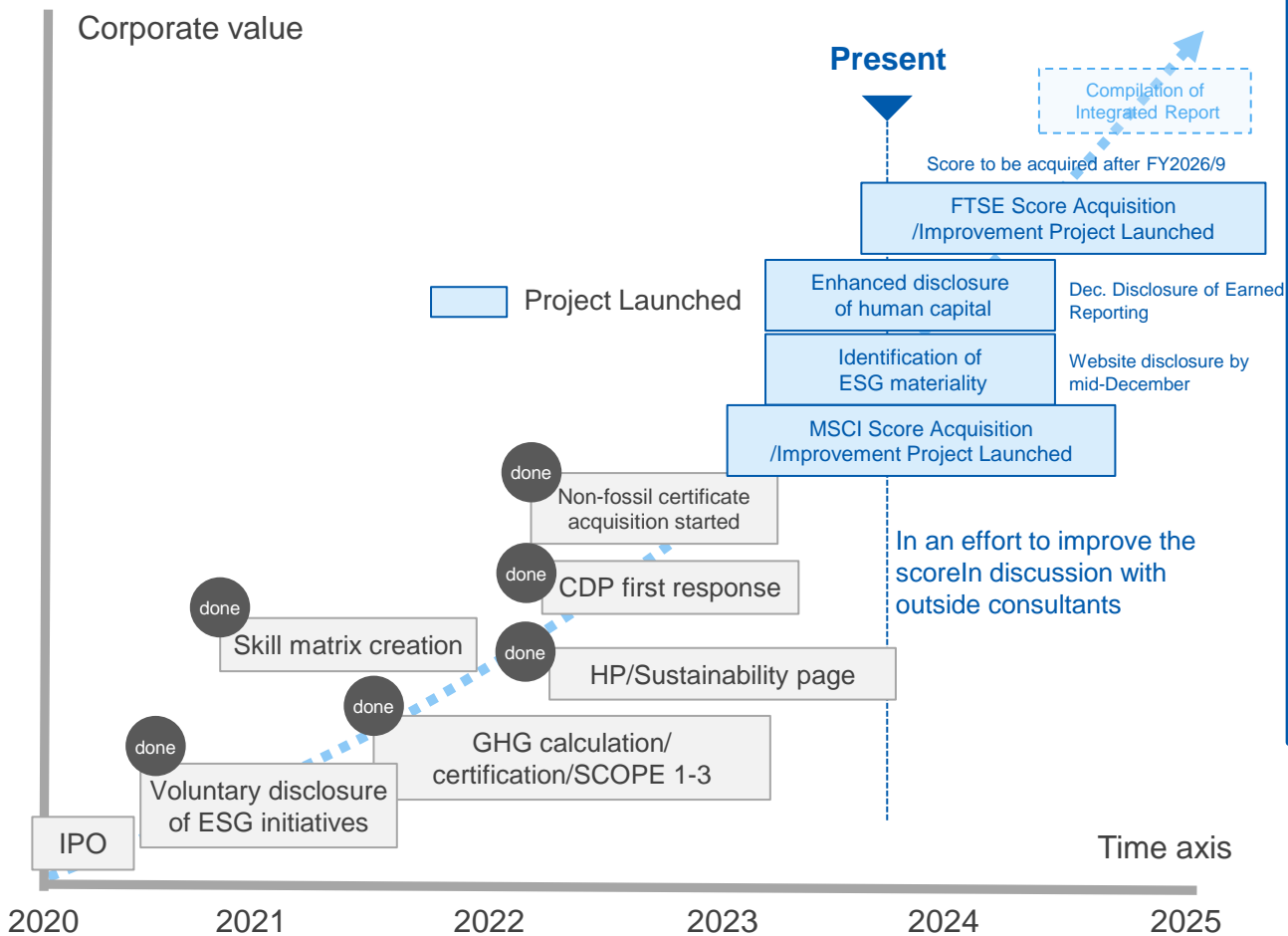
Credit and debit payments at our centers / Proportion of payment methods



5.7 Expanding ESG Initiatives

Strengthening ESG related disclosure for aiming future step up to the Prime market of Tokyo stock exchange. We are also in the process of improving corporate governance structure and human capital disclosure

ESG Initiative Roadmap



To Do's

MSCI ESG Rating Acquisition / Launch of Project Team

- Continuous discussion with consulting services to raise current score of 2.4
- Since the rating is a relative evaluation, keeping an awareness of other companies in the same industry

Identification of ESG Materiality

- Consideration of the meaning, purpose, and issues of our promotion of ESG
- Board of Directors will plan to pass a resolution and which will be disclosed on the company website, securities report

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.

FTSE Score Acquisition/Improvement Project Launched

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

Formed Project Team

Creation 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.

5.8 Excellence in Corporate Disclosure

Awarded “Awards for Excellence in Corporate Disclosure” which is chosen by securities analysts for emerging markets. We will commit to continuous dialogue with capital markets at the management level

ディスクロージャー
新興市場銘柄
2023年度 優良企業



公益社団法人
SAAJ 日本証券アナリスト協会
The Securities Analysts Association of Japan

Message Video: <https://www.saa.or.jp/standards/disclosure/selection>

ディスクロージャー
優良企業選定2023
— 総勢約600名のアナリストによる厳正な評価 —
私たちは市場との対話を重視しています。

業種別	SEKISUI HOUSE	Asahi	
化学・繊維	三井化学	POLA ORBIS HOLDINGS	astellas
自動車	KOBELCO	OMRON	BRIDGESTONE Solutions for your journey
エネルギー	idemitsu	JAF JAPAN AIRLINES	NTT
商社	MITSUI & CO.	MARUI GROUP	MUFG 三菱UFJフィナンシャル・グループ
ITサービス/ソフトウェア	NRI	RECRUIT	
新興市場銘柄	SpiderPlus & Co.	GMO FINANCIAL GATE	macbee Planet
個人投資家向け情報提供	NRI	Ent Well, Live Well. Aji JINMOTO	

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The Securities Analysts Association of Japan

CMA ※

6

Supplemental Information

Financials, Investment / Shareholder Returns

6.1 Profit & Loss

Gross profit margin declined due to changes in revenue composition
Increased investment but a decrease in SG&A ratio which led to only a slight decrease in operating margin

(Unit : Thousand yen)	FY2022 actual	FY2023 actual	YoY
Revenue	10,295,454	15,909,069	+54.5%
COGS	7,527,314	12,003,608	+59.5%
Gross profit	2,768,140	3,905,460	+41.1%
SG&A	2,027,612	2,785,136	+37.4%
Operating profit	740,527	1,120,324	+51.3%
Ordinary profit	745,831	1,114,159	+49.4%
Profit attributable to owners of parent	472,523	746,433	+58.0%

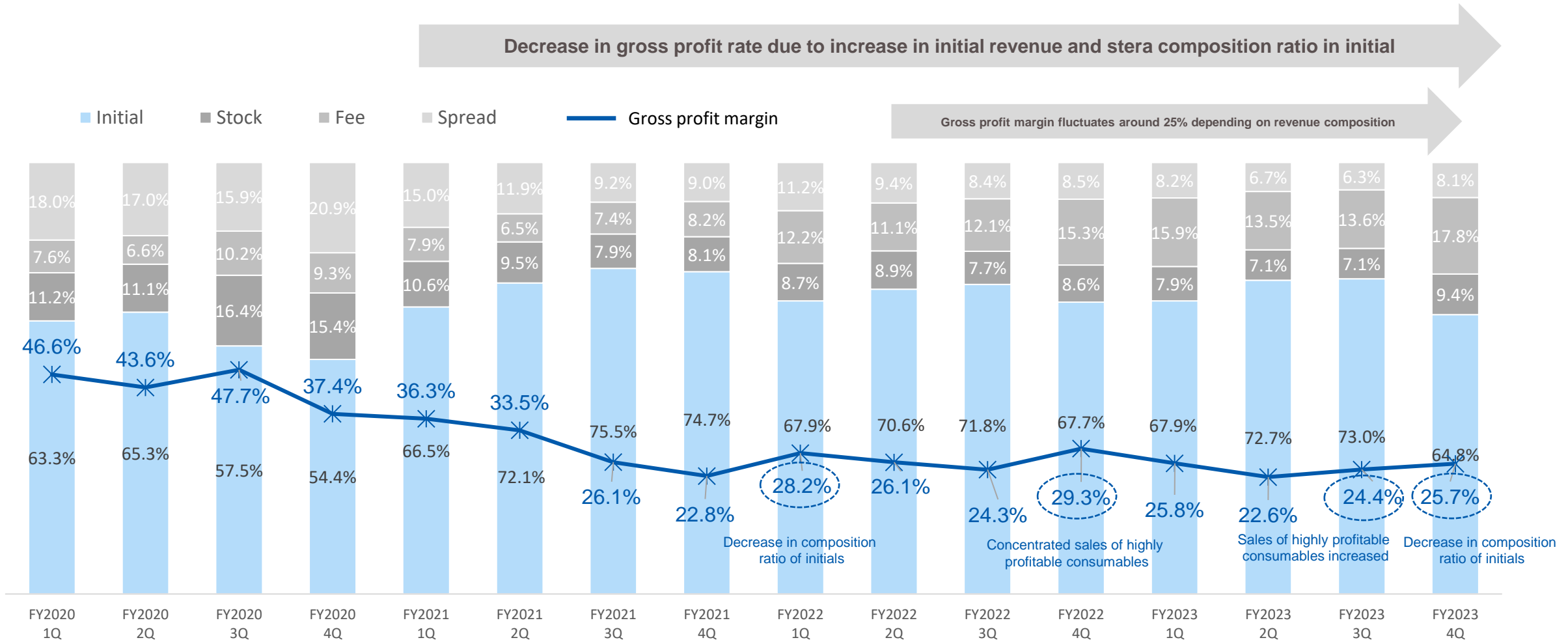
6.2 Revenue by business model (Quarterly)

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.

(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	Q4 FY2023
Initial	855	1,103	1,525	1,682	1,454	1,643	2,136	1,927	2,220	2,905	3,461	2,529
Stock-model	430	427	495	569	686	683	841	921	1,047	1,091	1,277	1,375
Stock	135	145	160	182	185	206	229	244	259	283	334	366
Fee	101	99	149	183	261	259	361	434	519	539	643	693
Spread	193	181	185	203	239	217	250	242	268	268	299	315
Total	1,286	1,531	2,020	2,252	2,141	2,327	2,978	2,849	3,267	3,997	4,738	3,905

6.3 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



6.4 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 Q4 FY2023 (Thousands of yen)

Cash and cash equivalents (43.4%) 4,015,682	Current liabilities 2,604,857
Merchandise (Payment terminal) 2,396,179	Non-current liabilities 1,541,587
Other current assets 1,093,347	Total net assets (55.2%) 5,115,795
Non-current assets 1,757,031	
Asset	Total liabilities and net assets

■ Note

Merchandise: 2.39 bn

Decreased 0.33bn from 3Q

No problems with stock up

Current liabilities: 2.60 bn

0.49bn increase from 3Q due to accrued bonus allowance

Non-current liabilities: 1.54 bn

No significant change

Cash and cash equivalents: 4.01 bn

1.23bn increase from 3Q due to decrease in merchandise, collection of accounts receivables

6.5 Balance sheet (Quarterly)

(Unit : millions of yen)			Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 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	4,015	+1,235	+1,496
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	2,733	2,396	-337	+889
		Others	741	868	1,007	884	990	1,527	1,520	1,412	1,093	-318	+103
	Non-current assets		1,347	1,409	1,445	1,497	1,622	1,567	1,651	1,692	1,757	+64	+135
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	+644	+2,624
Liabilities	Current liabilities		2,720	1,538	2,135	1,575	1,929	2,801	3,221	2,114	2,604	+490	+676
	Non-current liabilities		40	37	33	30	39	39	540	1,540	1,541	+0	+1,503
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,732	4,962	5,115	+153	+445
Total liabilities and net assets			7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	+644	+2,624

6.6 Consolidated KPIs (Number of Active Terminal)

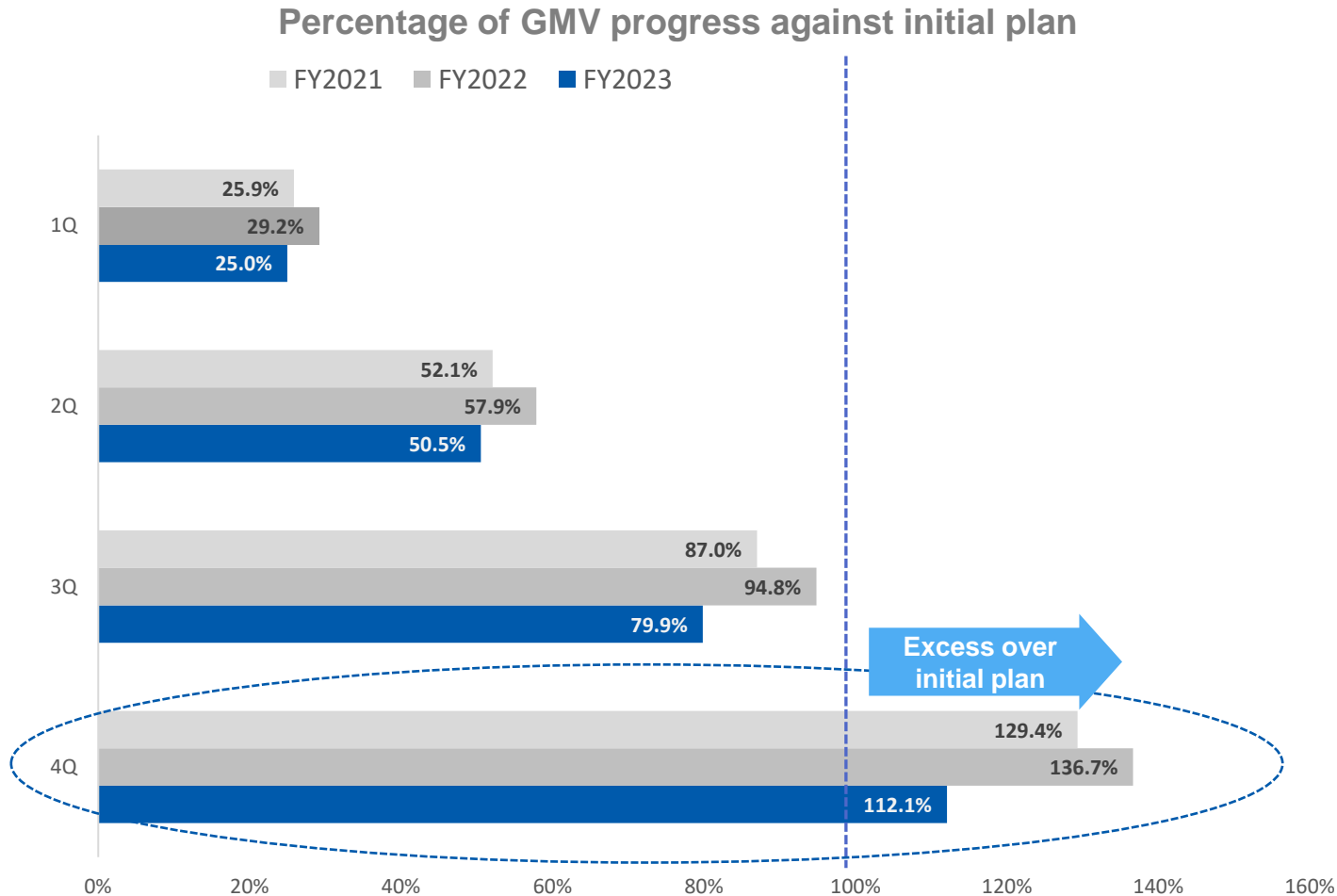
Steady increase in the number of active terminals driven by manned terminals.
Steady expansion of unmanned terminals in response to the trend toward self-service and labor-saving.

(Unit: thousand)	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	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	222.2	+22.6 (+11.4%)	+89.4 (+67.4%)
Unmanned (IoT)	30.0	31.8	33.9	40.1	42.4	44.2	45.8	47.6	49.5	52.3	54.1	57.1	+2.9 (+5.5%)	+9.4 (+19.9%)
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	19.3	-0.1 (-0.8%)	+0.2 (+1.5%)
Total	88.4	99.1	114.7	134.0	150.0	164.5	183.7	199.5	218.1	233.9	273.2	298.8	+25.5 (+9.3%)	+99.2 (+49.8%)

6.7 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 (Actual)	
Plan	3.7trillion yen
Result	4.1trillion yen
FY2024 (In process)	
Plan	5~6trillion yen
One year ahead of target for FY2025	

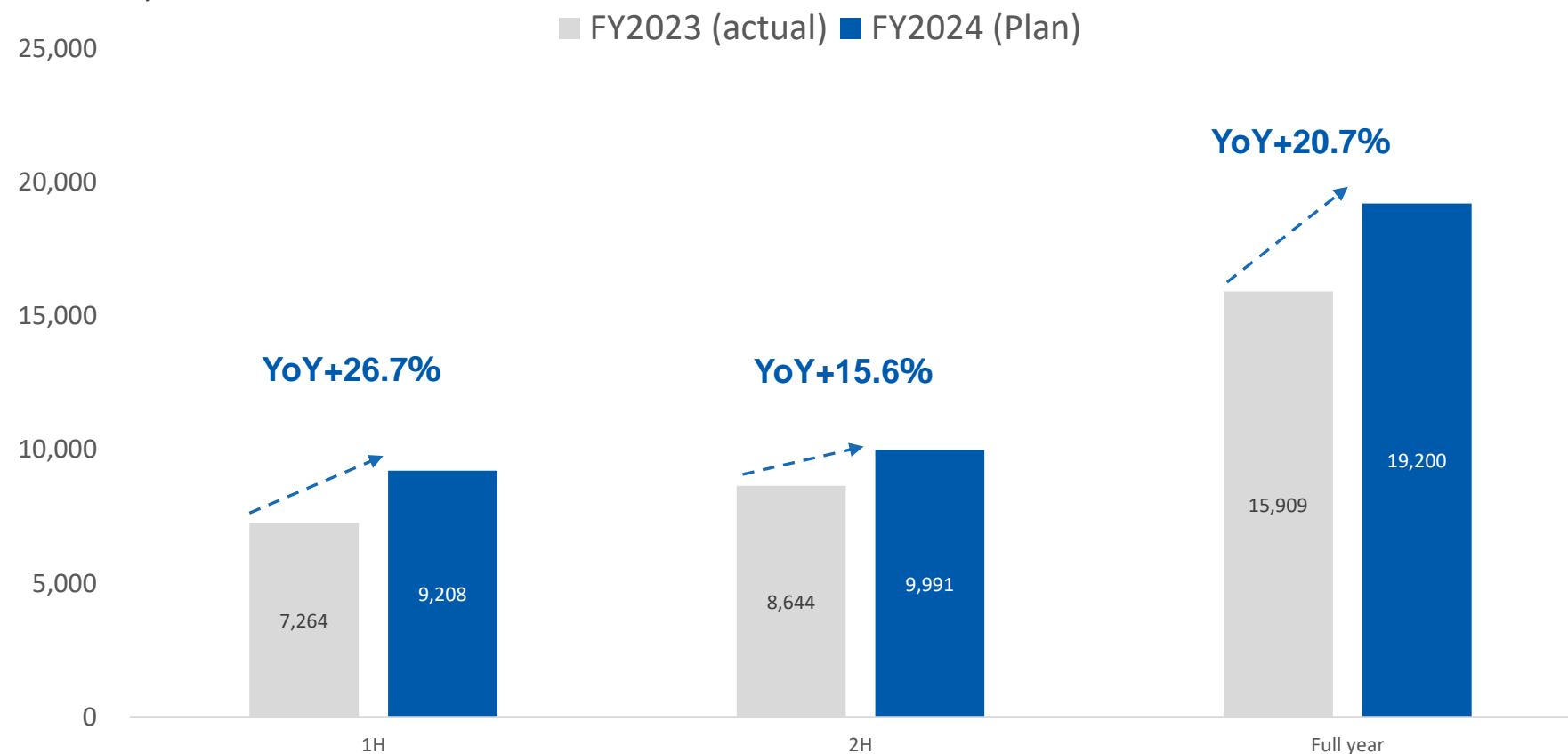
6.8 Revenue growth rate in 1st Half & 2nd Half

Due to the initial delivery timing of terminals for initial revenue, there is a difference in the growth rate between first half and the second half.

Revenue growth of over 20% is expected for the full year

Revenue balance between 1H and 2H (FY2023 vs FY2024)

(Unit : millions of yen)



6.9 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

6.10 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

6.11 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 Information

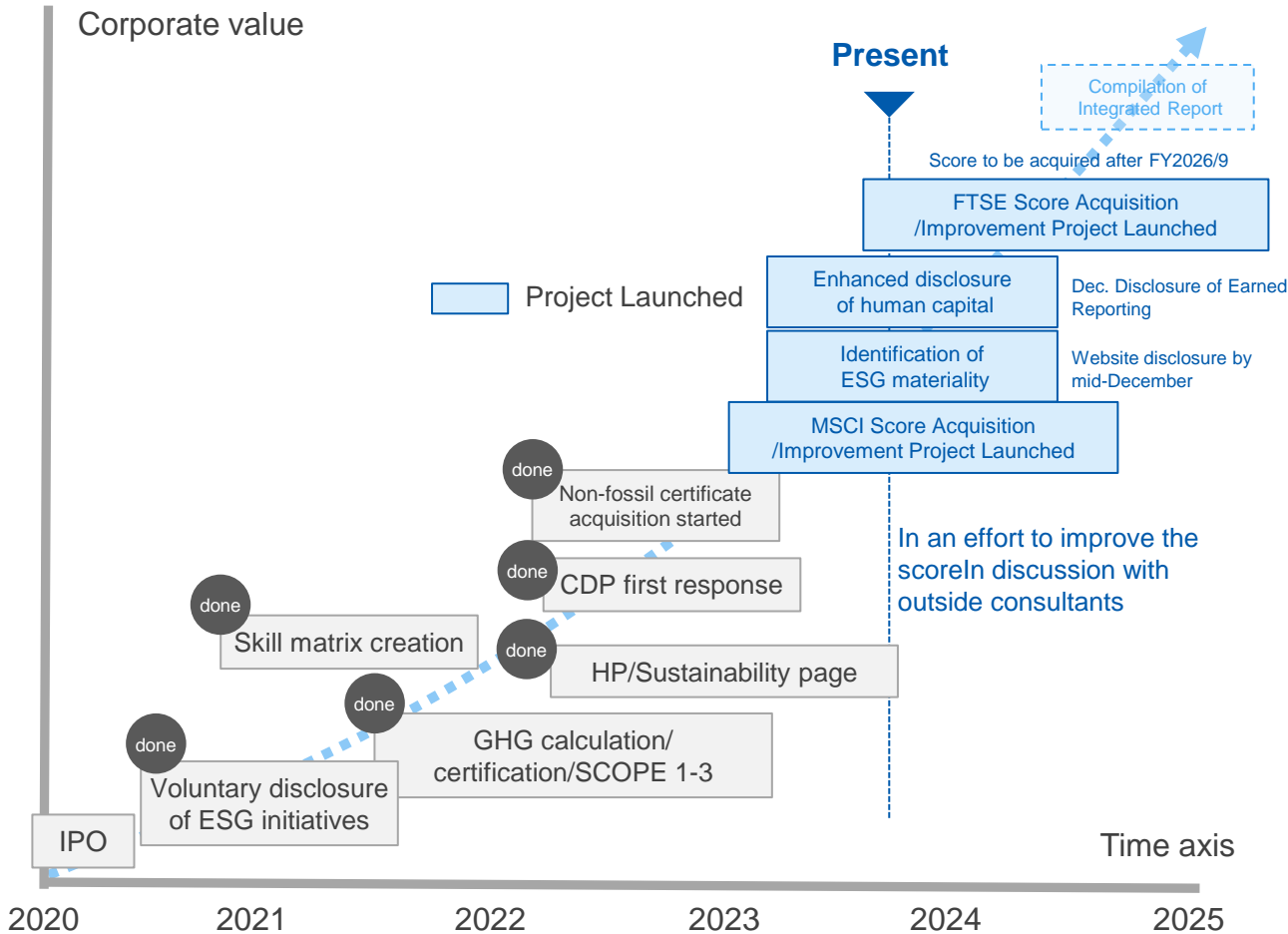
ESG Initiatives (Details)

7

7.1 (Reposted) Expanding ESG Initiatives

Strengthening ESG related disclosure for aiming future step up to the Prime market of Tokyo stock exchange. We are also in the process of improving corporate governance structure and human capital disclosure

ESG Initiative Roadmap



To Do's

MSCI ESG Rating Acquisition / Launch of Project Team

- Continuous discussion with consulting services to raise current score of 2.4
- Since the rating is a relative evaluation, keeping an awareness of other companies in the same industry

Identification of ESG Materiality

- Consideration of the meaning, purpose, and issues of our promotion of ESG
- Board of Directors will plan to pass a resolution and which will be disclosed on the company website, securities report

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.

FTSE Score Acquisition/Improvement Project Launched

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

Formed Project Team

Creation 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.

7.2 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

	FY2022	FY2023
SCOPE 1 (t-CO ₂)	0	TBA
SCOPE 2 (t-CO ₂)	105	TBA
Electricity consumption for SCOPE 1 and 2 (kwh)	231,210	TBA

(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.

7.3 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

*Employees are referred to as partners

Initiatives

- **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.
- **Employment of the Disabled**
 - Inclusivity of diverse employees, creating a better workplace

Social Related Data

	FY2022	FY2023
Number of Partners*	124	148
(Breakdown) Number of employee partners	96	108
(Breakdown) Number of temporary partners	28	40
Percentage of women among employee partners	22.8	32.4
Percentage of women in management partners	14.3	13.6
Average years of service	3y 7m	3y 10m
Average age	40	40
Turnover rate	9.5	4.6

*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 FY2022.

*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."

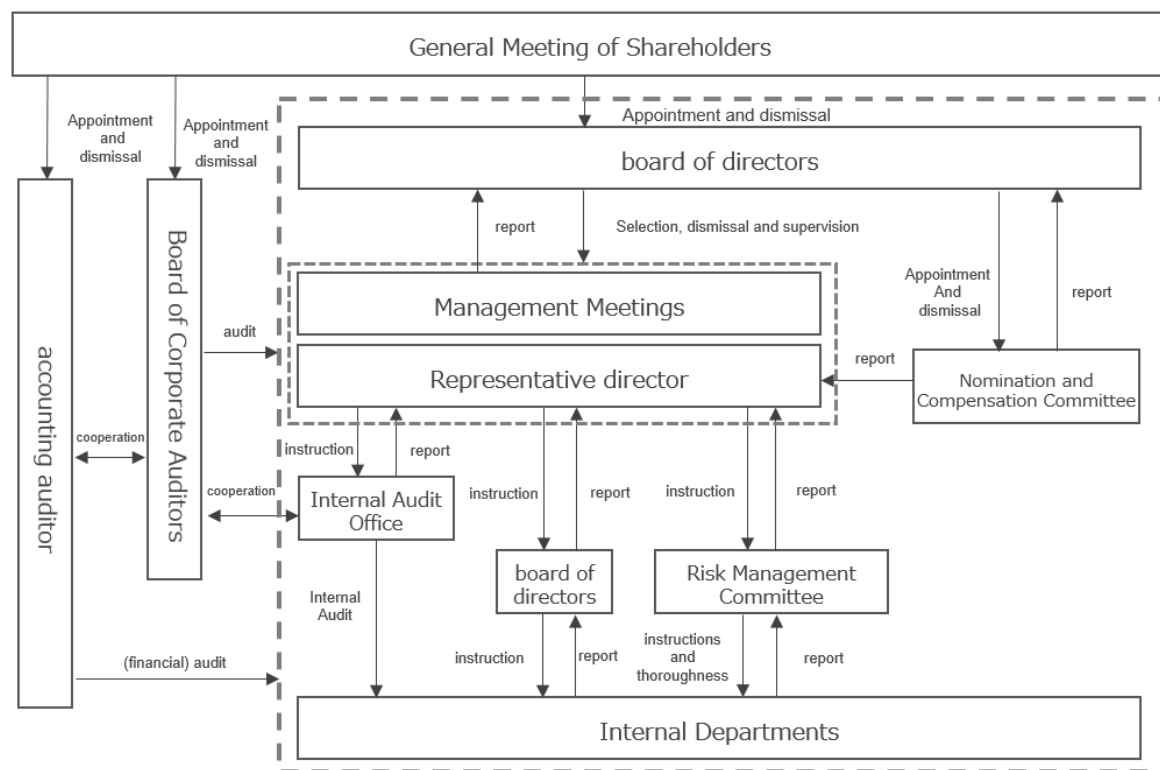
* Average years of service, average age, and turnover rate are non-consolidated figures for GMO Financial Gate.

7.4 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, a fair, transparent, and efficient business execution structure

Specific Efforts

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



Governance Related Data

Outside Directors/Female Directors	FY2022	FY2023
Number of directors	7	7
Number of independent outside directors (%)	2 (28.6%)	2 (28.6%)
Number of female directors (%)	1 (14.3%)	1 (14.3%)

*Number and percentage of directors expected to be in office as of 12/14/2023

Attendance rate at Board of Directors Meetings (FY2023)

Times Held	Held/ Percentage	Sugiyama	Aoyama	Fukuda	Tamai	Koide	Shimamura	Asayama
		President and Representative Director	Board Member	Board Member	Board Member	Board Member	Independent Outside Director	Independent Outside Director
17 times	Times Attended	17	17	17	14	17	17	17
	attendance rate	100%	100%	100%	100%	100%	100%	100%

*Directors in office as of the date of submission of this document (12/14/2023)

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

Board of Statutory Auditors FY2023

Number of times implemented	Number of times/percentage	Nagasawa	Ozawa	Iinuma
		Independent Outside Corporate Auditor	Independent Outside Corporate Auditor	Auditor
13	Times Attended	14	14	14
	Attendance Rate	100%	100%	100%

IR Activities

	FY2022	FY2023
Financial Results Briefing	4	4
Number of 1-on-1 meetings	267	232
Group meetings sponsored by brokerage firms	3	3

7.5 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 Solution Partner 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 Solution Partner Division; President and Representative Director of GMO Data since August 2019



Tomonaga Fukuda /
Director, General Manager, IT Platform 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 IT Platform Division



Tomoki Tamai /
Director, General Manager, Corporate Support 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 Corporate Support 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 her 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

7.6 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	Iinuma 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 Solution Partner Division	Director and General Manager, IT Platform Division	Director and General Manager, Corporate Support Division	Director	External Board Member	External 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, Diversity					●		●			
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

8

GMO-FG is focusing on offline payment

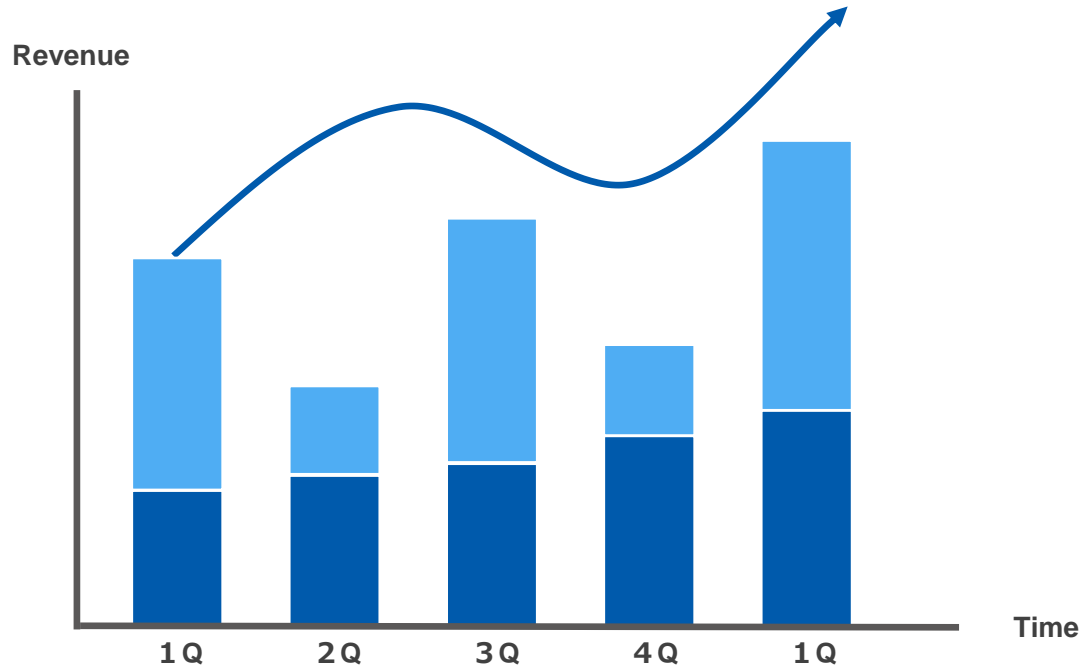
Company name		
Business Domain	GMO Financial Gate (Payment at Brick & Mortar + IoT)	GMO Payment Gateway (EC)
Payment method	Payment by passing card/QR code over the reader 	Payment by entering credit card information in PC / mobile phone 
Medium	Payment terminal	EC (terminal is unnecessary)

- Physical hardware network
- Proprietary programming code specifications
- Regulation

Rev Models: Financial Gate vs. Payment Gateway

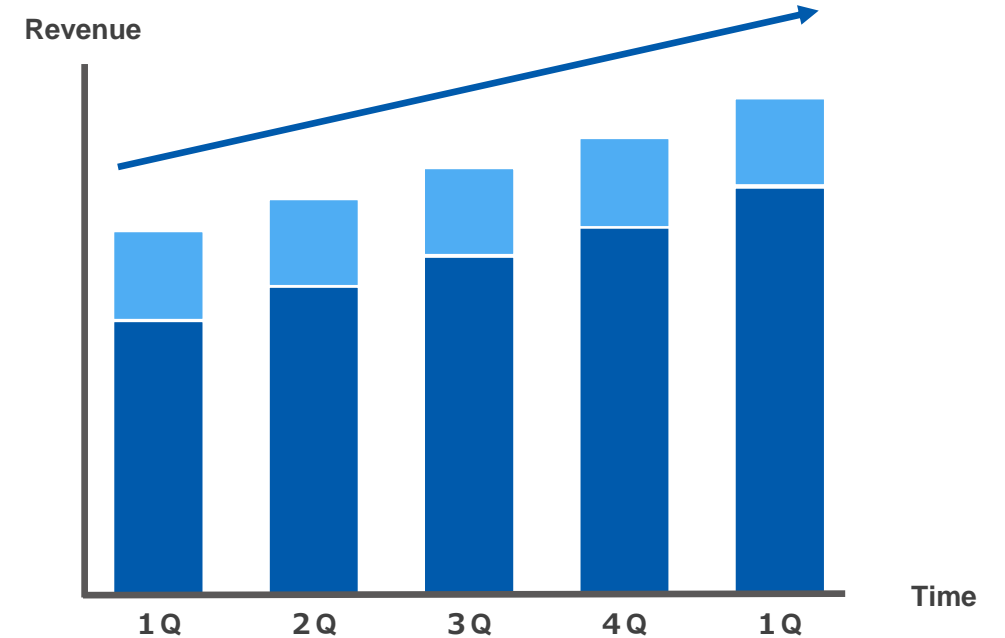
Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery

GMO FINANCIAL GATE



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

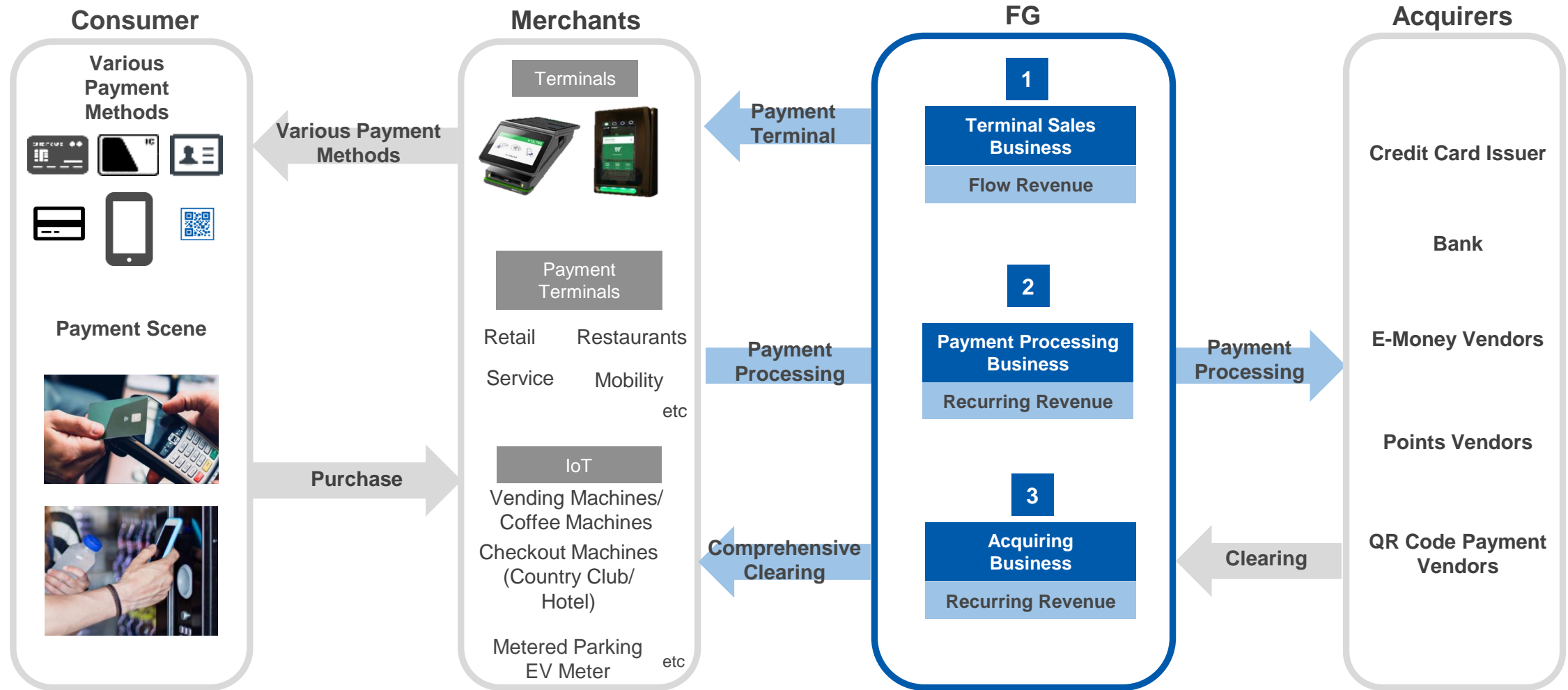
GMO PAYMENT GATEWAY



- 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

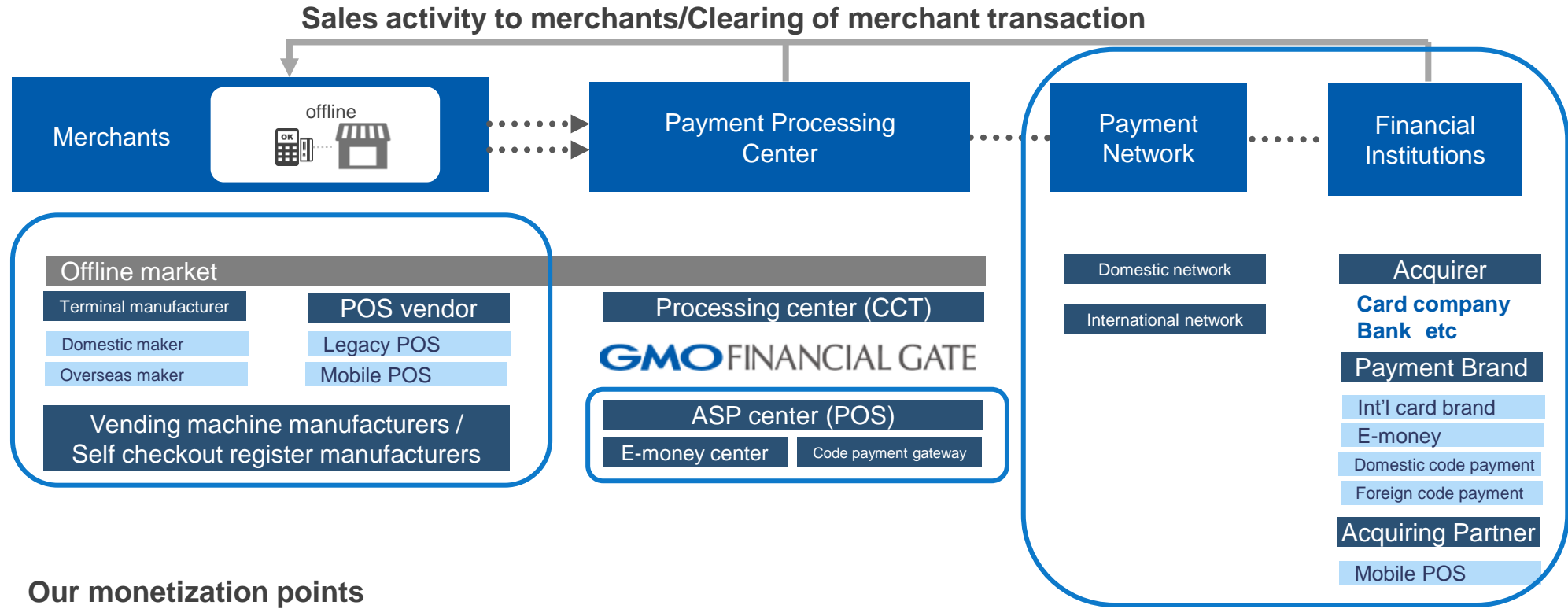


Stock Revenue Expansion Originating From Terminal Sales

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)
Flow Model Rev	① Terminal Sales Business	Initial	69.9%
Stock Model Rev	② Payment Processing Business	Stock	7.8%
		Fee	15.1%
	③ Acquiring Business	Spread	7.2%

Players in offline cashless payment setting



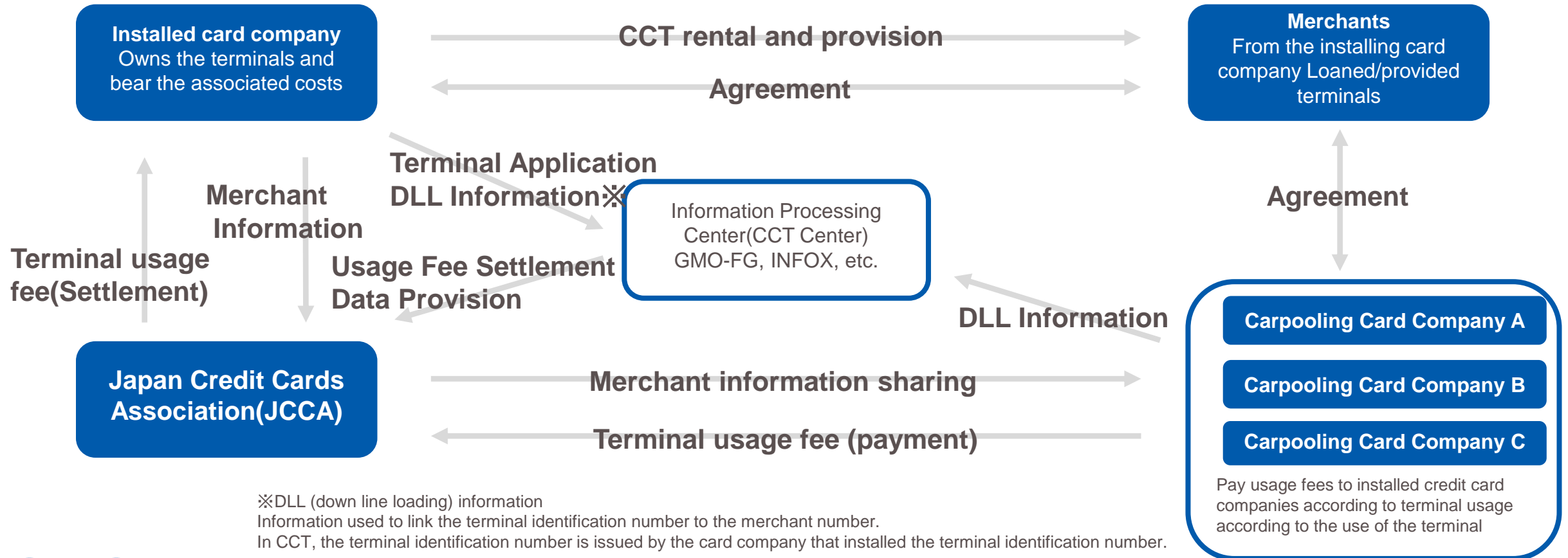
Our monetization points



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

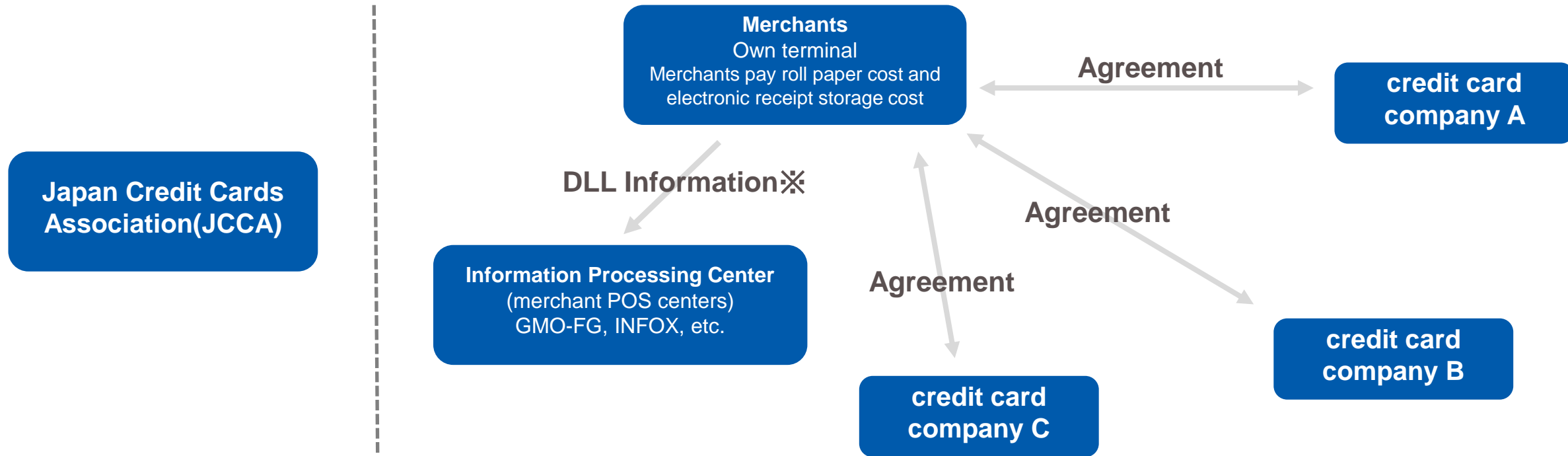
CCT(Credit Center Terminal)

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



Merchant POS

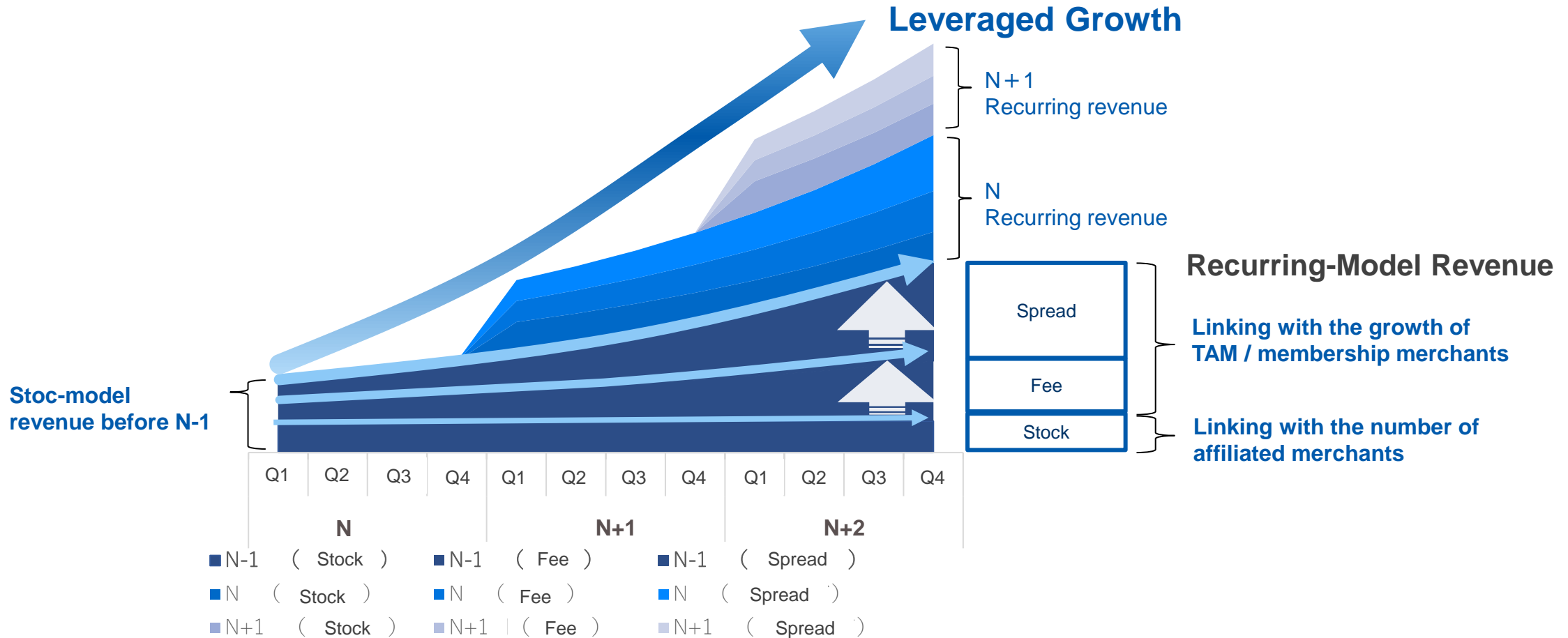
In general, POS (Point of Sales) is a generic term for a service that provides information on sales performance trends such as the date, time, quantity, and price of products sold, but in the credit industry, the term merchant POS is customarily used to refer to all terminals capable of processing credit 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.

Leveraged Growth Model

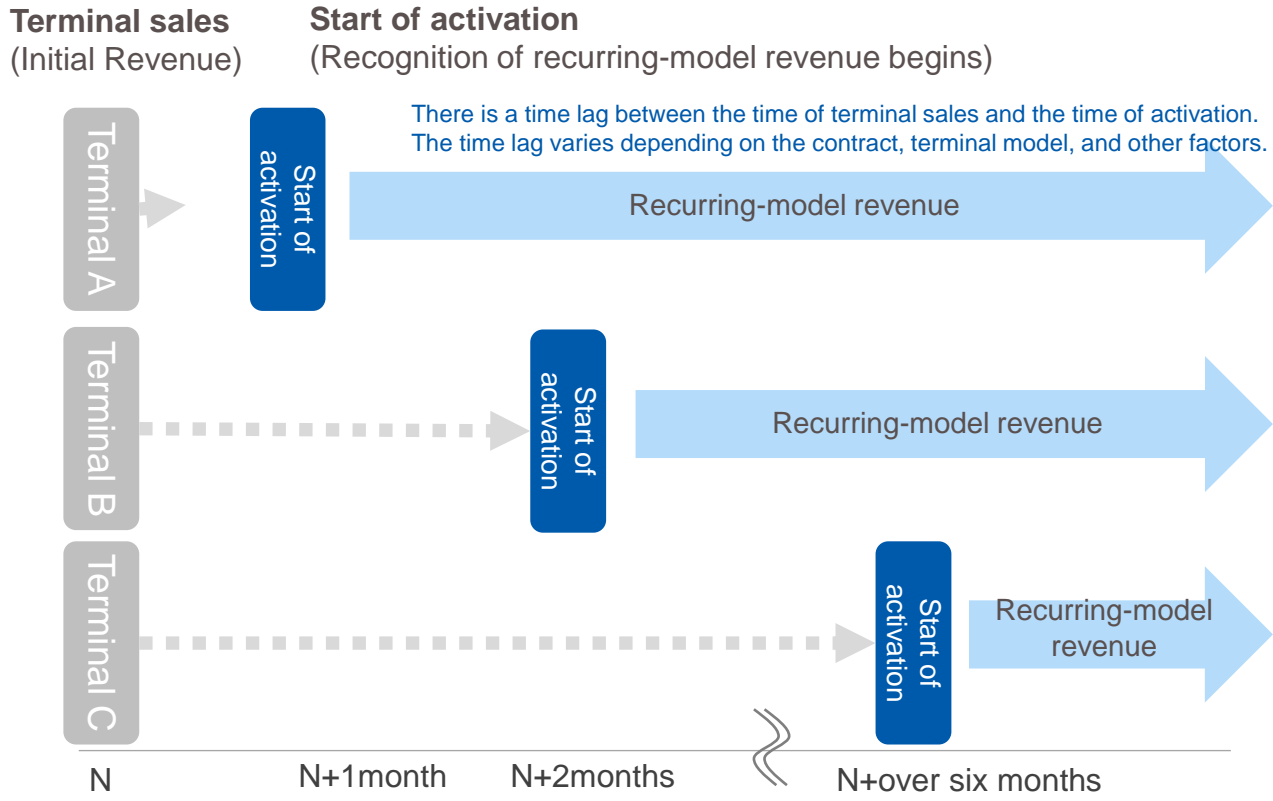
Fee and spread revenue are expanding with the market /growth in membership merchants



Difference between the number of terminals sold and the number of active terminals

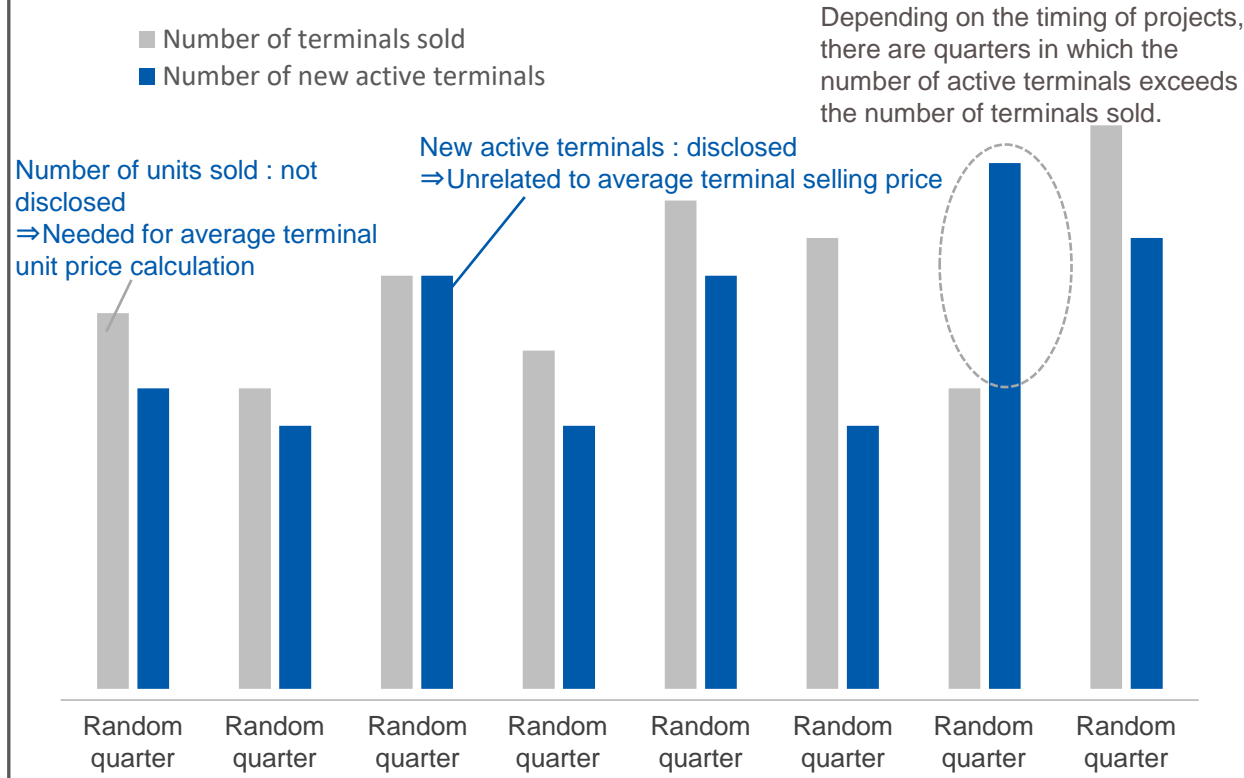
Initial revenue = Number of terminals sold × Average selling price per terminal + Accessory sales + Development sales
 Number of active terminals = Number of terminals that have processed payment at least once in the quarter

Time lag between terminal sales and activation



• Even if a company sells terminals, it will not generate recurring revenue unless the terminals are in operation. We place importance on the number of active terminals, which is the source of recurring revenue, and disclose it as a KPI.
 • Initial sales ÷ increase in the number of active terminals" ≠ average unit price per terminal

Image of quarterly balance in "Terminals sold" and "new active terminals"



• Sales and capacity utilization both rise and fall each quarter, depending on the project, and are not completely linked.
 • However, there are also quarters in which "utilization > sales" due to simultaneous utilization of large projects, etc.
 • However, there are also quarters when "utilization exceeds sales" due to large projects going into operation simultaneously, etc.

Details on each revenue ①

Initial	Content	Rev Model
Payment terminal sales	Revenue from Payment terminals purchased from terminal manufacturers, and then confirm certain measures of payment methods that each merchant needs to accept.	<ul style="list-style-type: none"> • Terminal Selling Price × Units Sold <ul style="list-style-type: none"> ✓ More than 10 types of terminals ✓ Price range is from about ¥30K up to ¥100K
Software development	Software 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	
New Digitalization Assistance	Revenue from settlement data transferred to merchants, registration changes, assistance which leads to back office support for clients	
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

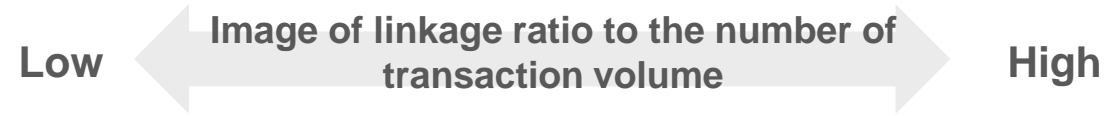
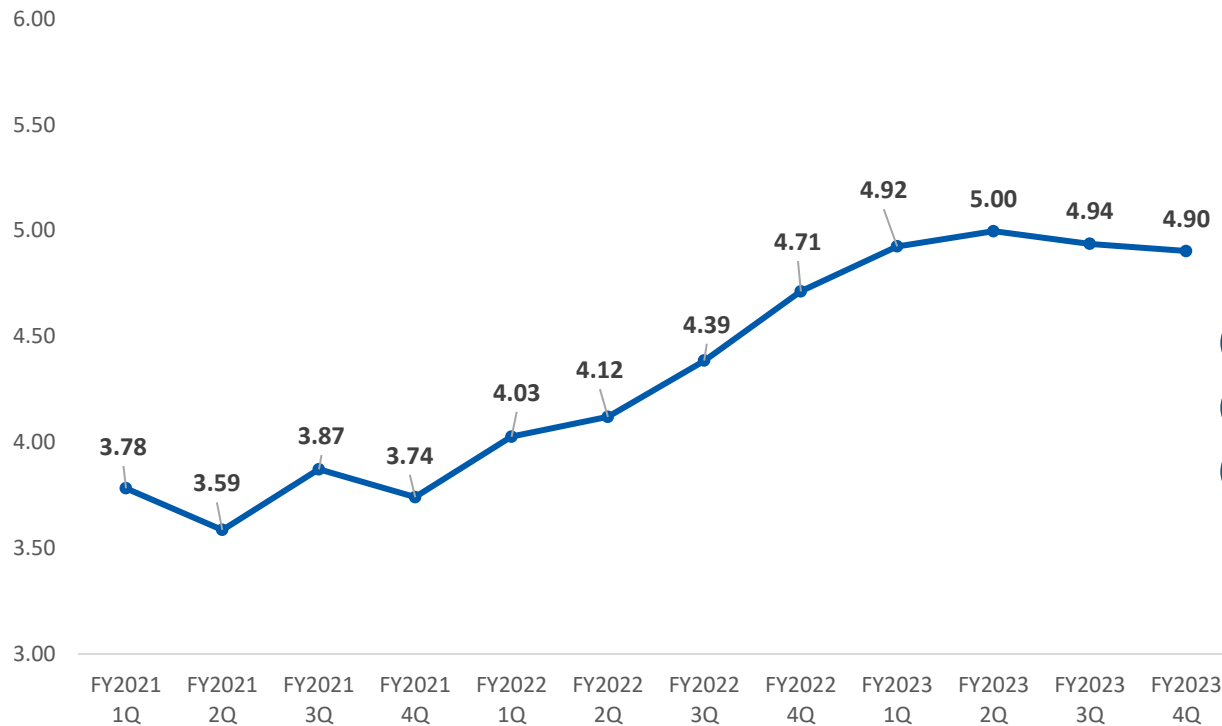
Fee	Content	Rev Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none"> • TRX Volume × Processing Fee ✓ Processing fee is about ¥2 to ¥3 per transaction
Sales of roll paper	This is a sales of roll paper that is used 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)

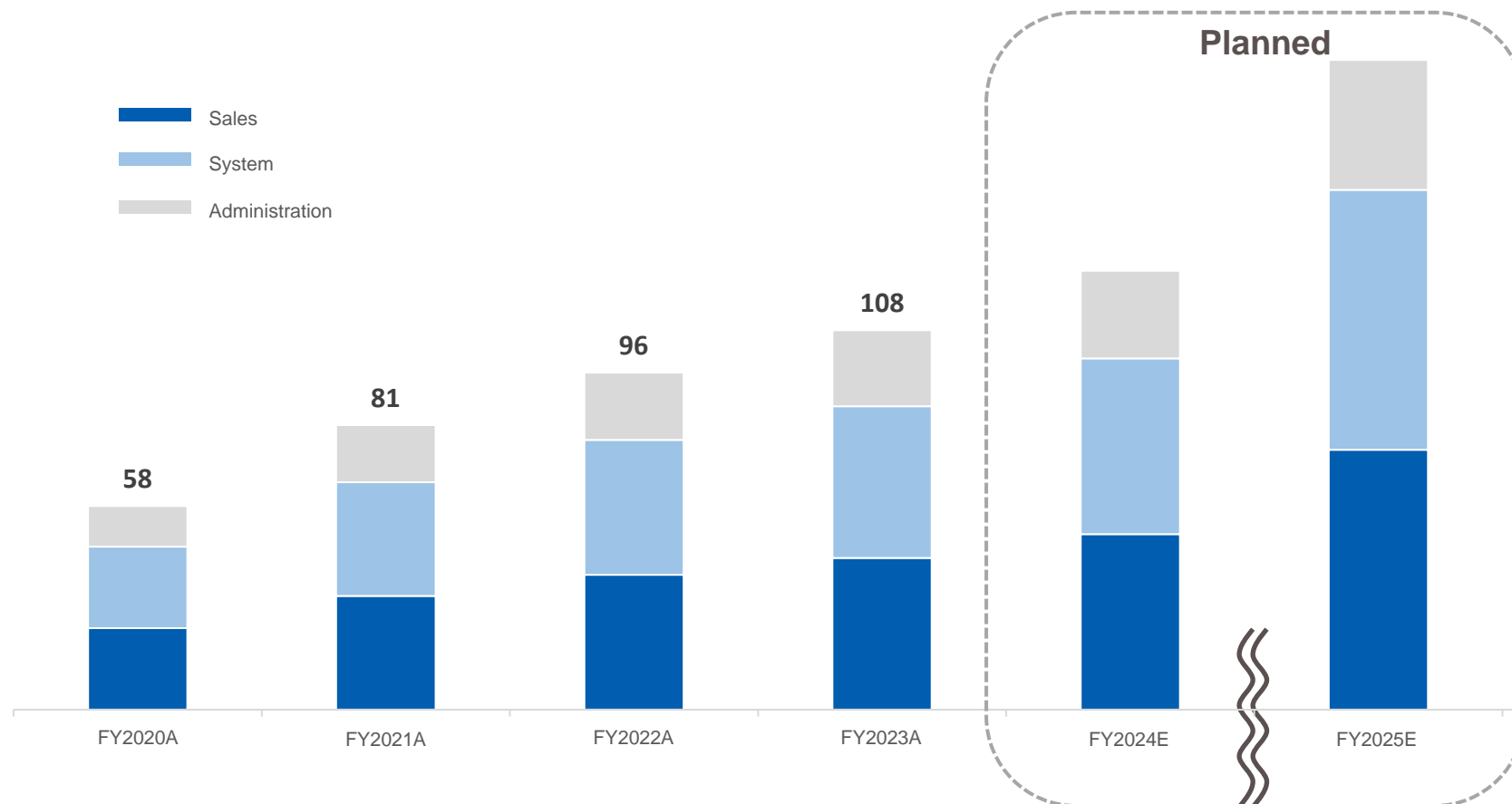


*Length is an image and does not reflect actual numbers or scale

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

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

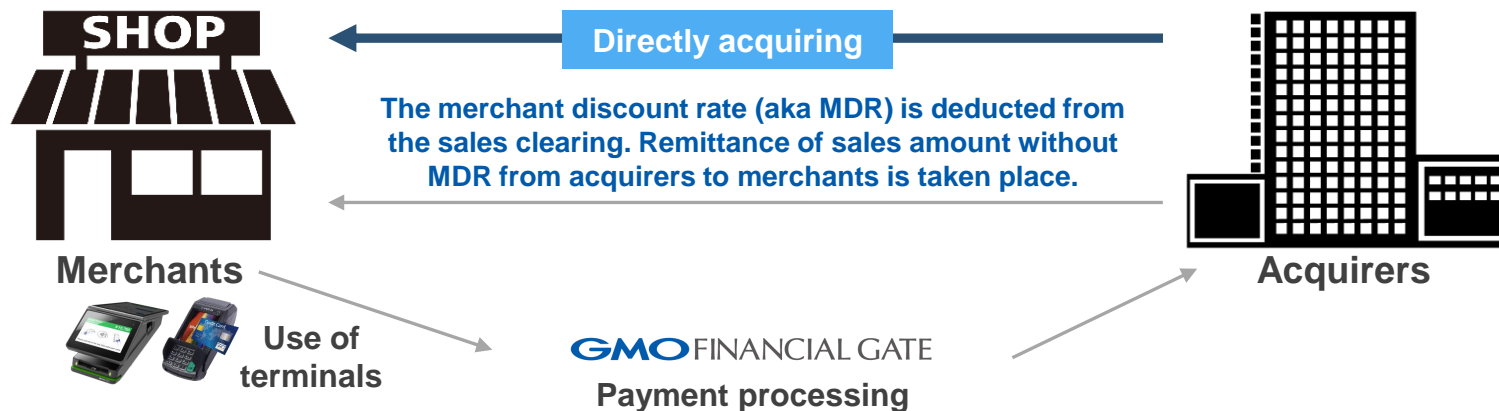
Administration : Talents who can promote the establishment of an advanced management system in line with business expansion.

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

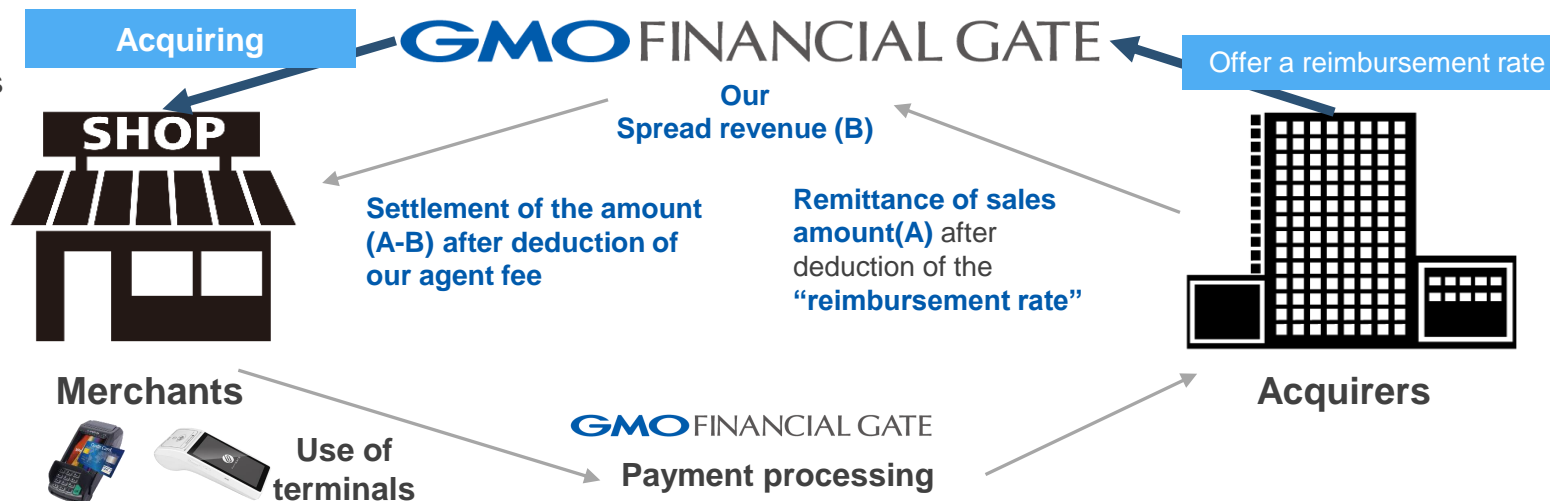


Enjoyable revenue

- 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

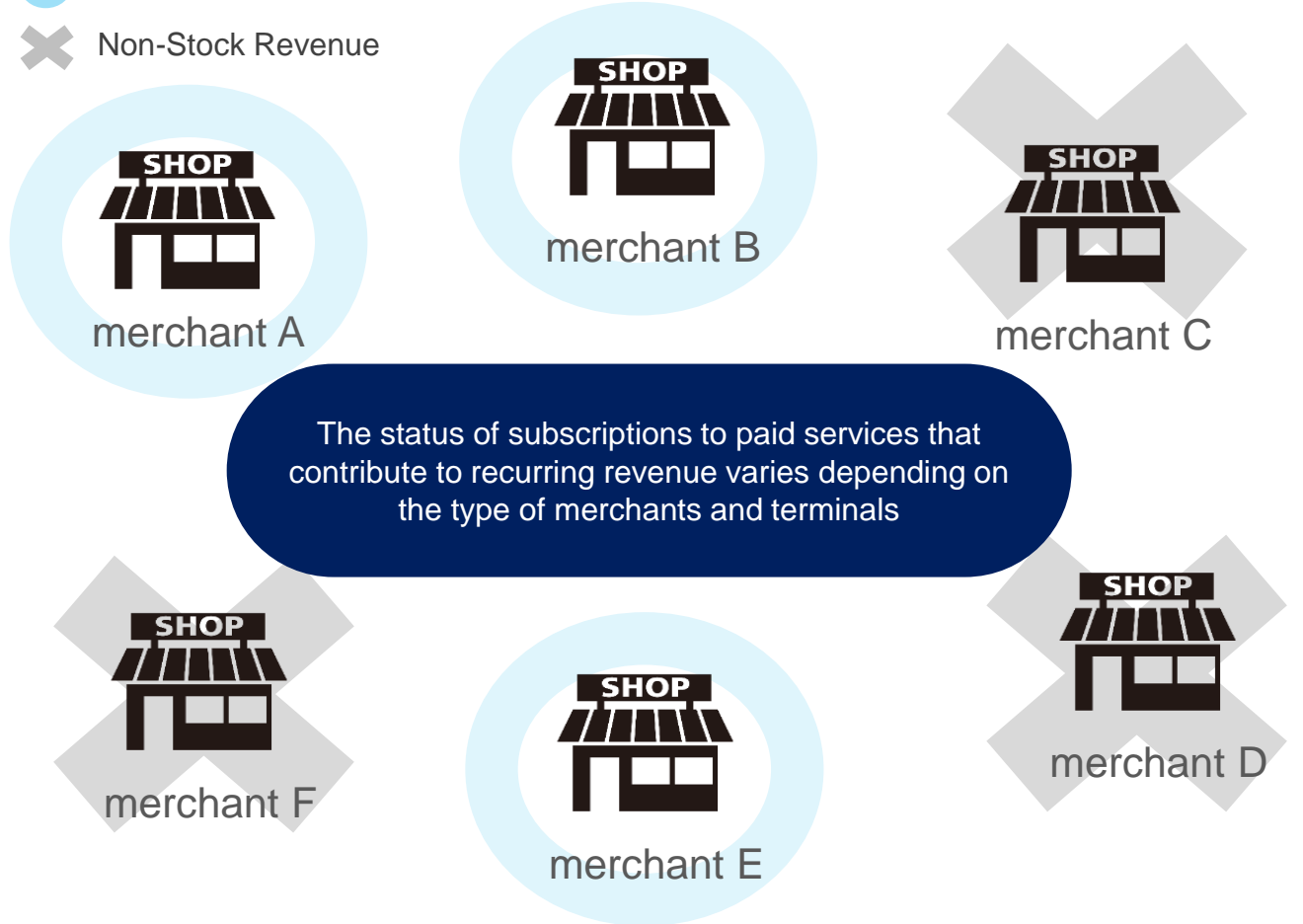


POS Model



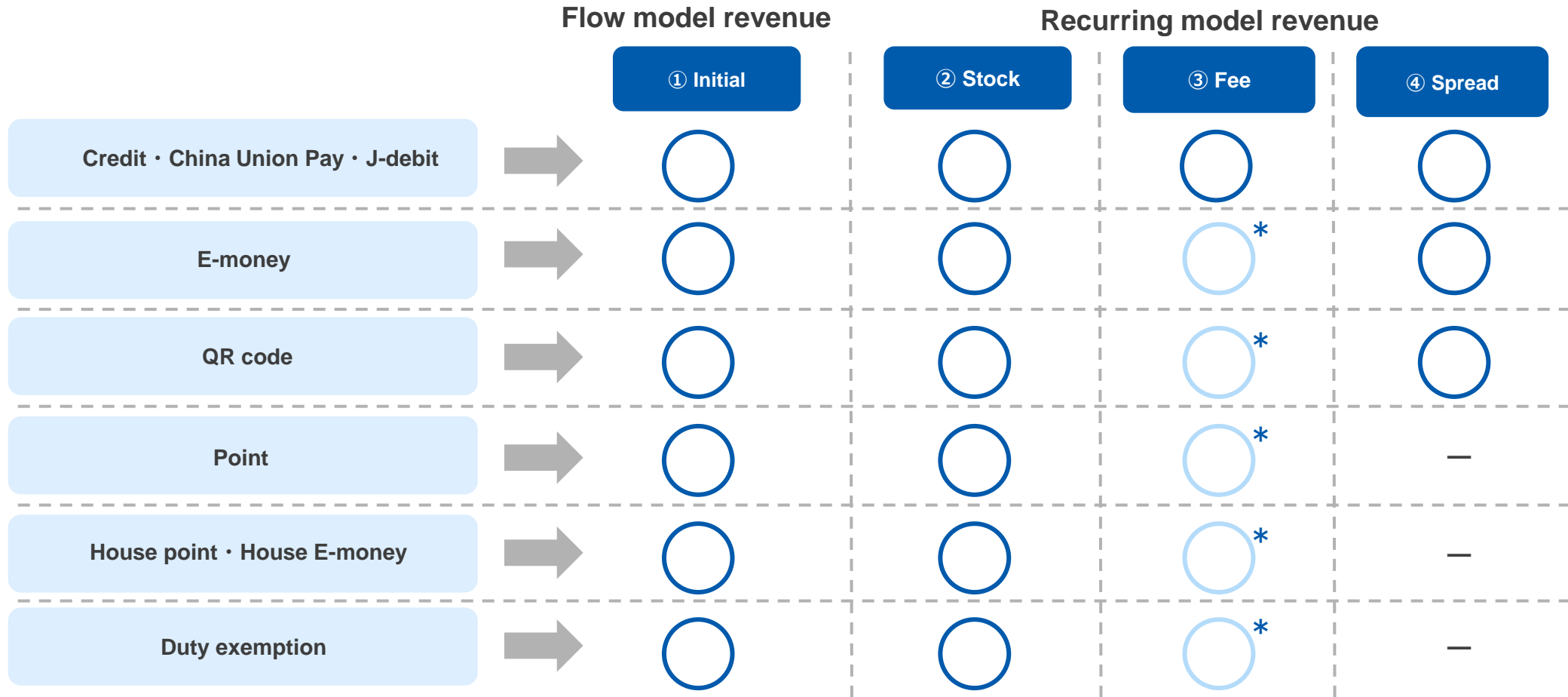
Merchants (Acquisition opportunity image of Stock revenue)

- 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.

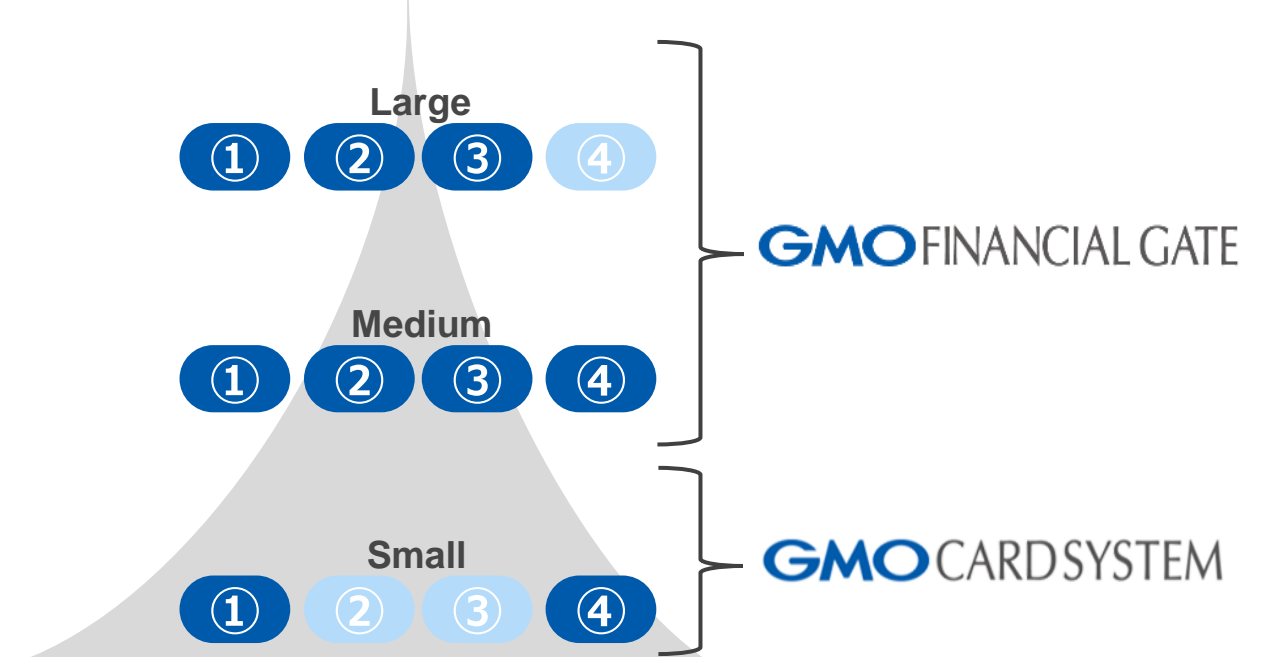
Revenue Model by Merchant Size

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

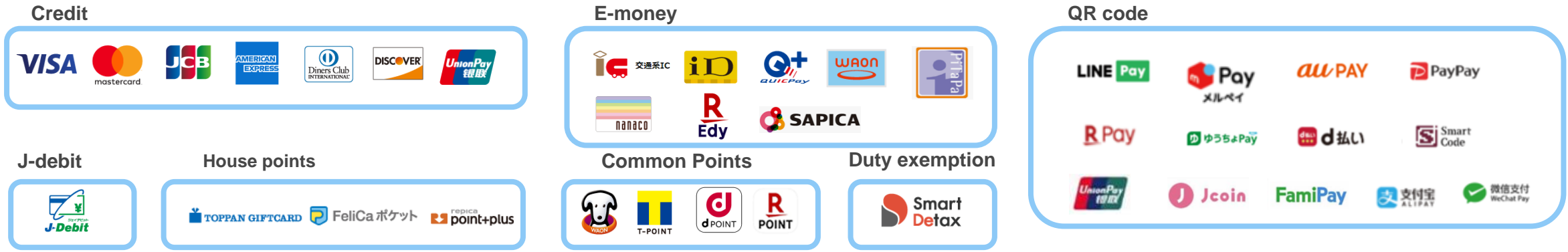
■ Revenue model related to the size of merchant



- : Main revenue stream
- : Realization of the revenue varies from contract to contract

Medium-Term Strategy Acquiring major merchants by focusing on alliances

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



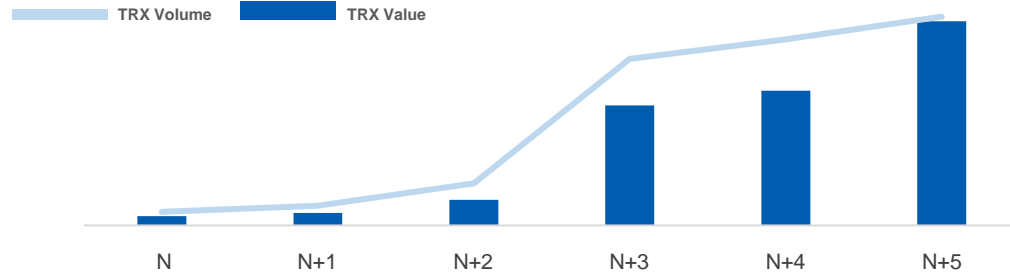
Terminals we offer



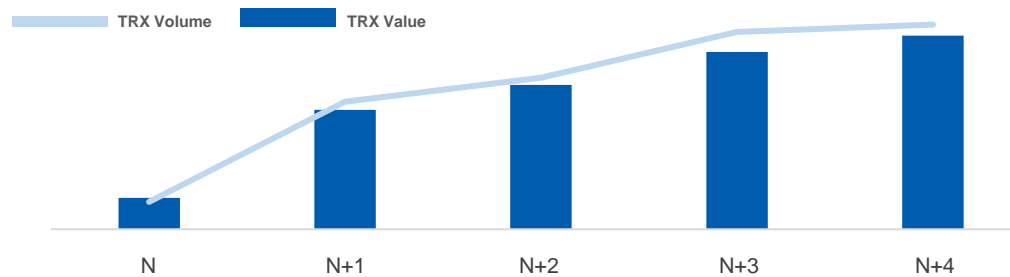
TRX-increase through cashless penetration

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

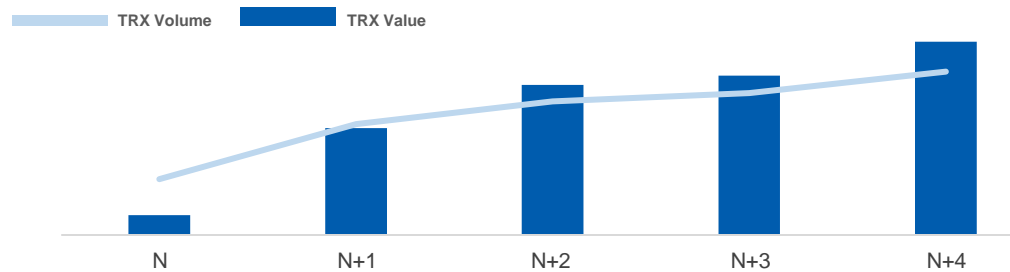
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend



■ Merchant C (Wakayama) Monthly TRX trend



Merchant
Cash only ⇒ Introduce cashless payments

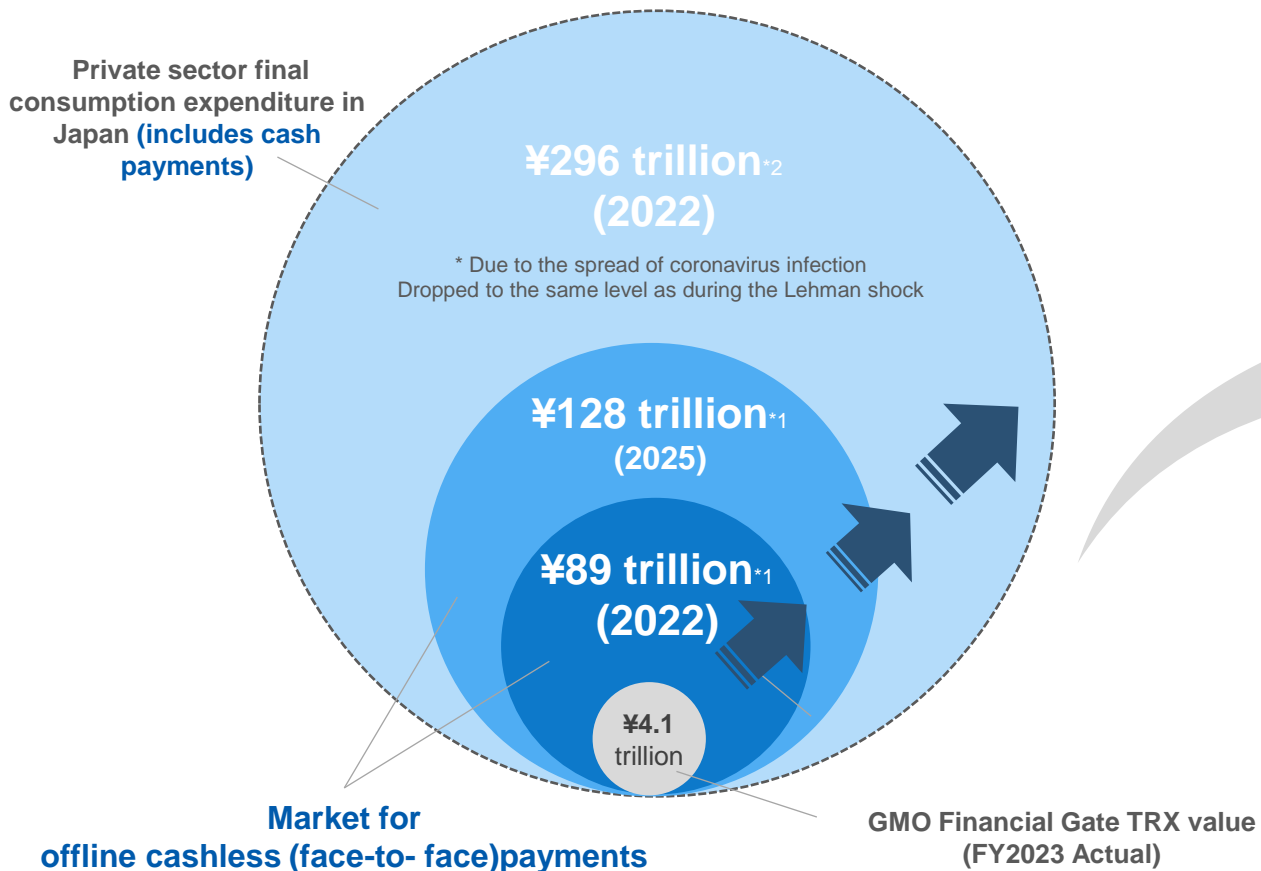
Consumer
Recognize convenience
(Successful experience
⇒ change in payment method)

Merchant
TRX volume/value
per terminal will increase

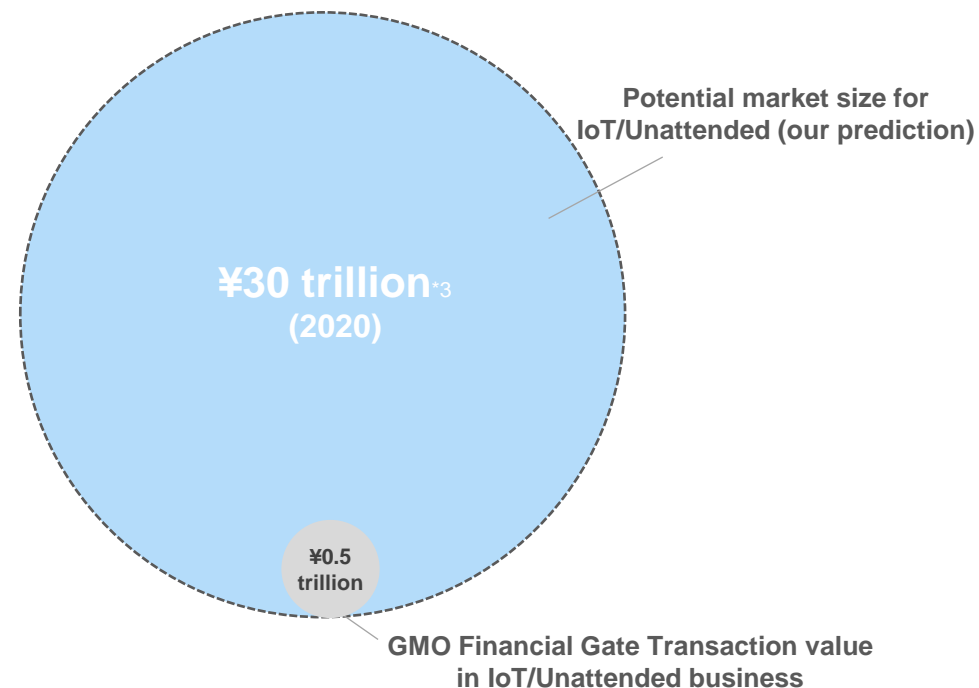
**Recurring-Model revenue
will increase**

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



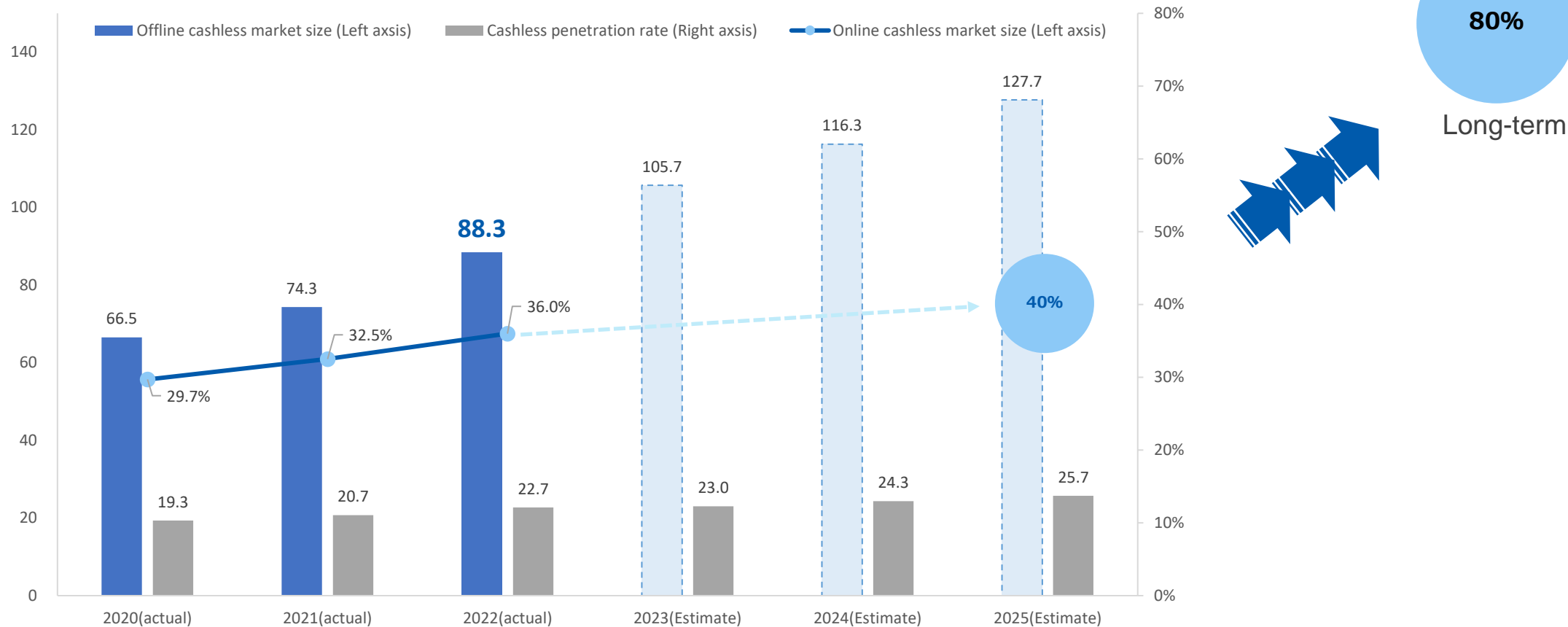
One of the measures to achieve a leap in operating income: Expand IoT/Unattended business driven by contactless payment (touch payment) and unattended registers

(*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, four times larger than the online market. Cashless penetration is expected to rise driven by government-led cashless policies

(Unit : trillion yen)



Source: Cashless Roadmap 2023, 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

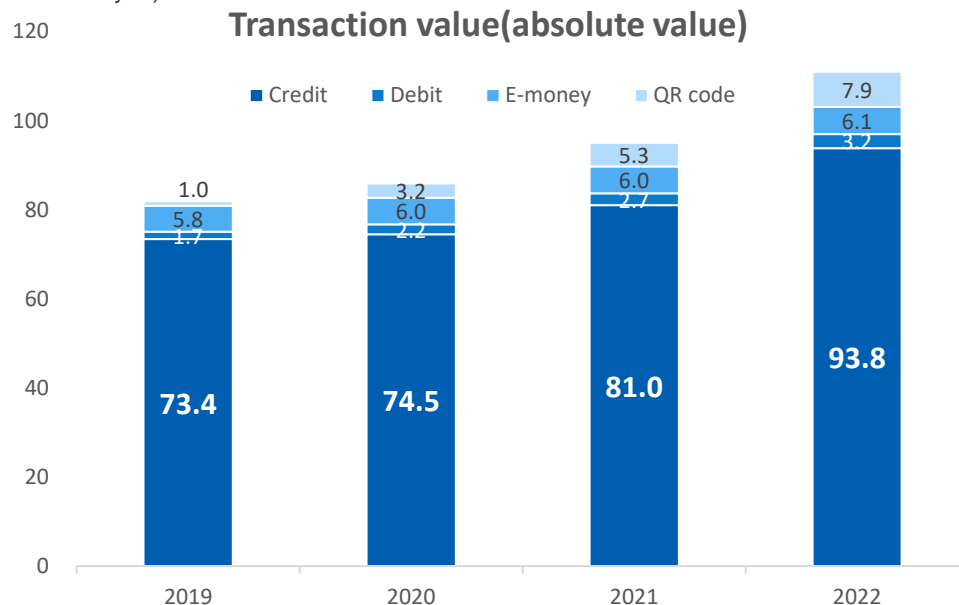
Transaction Value

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%

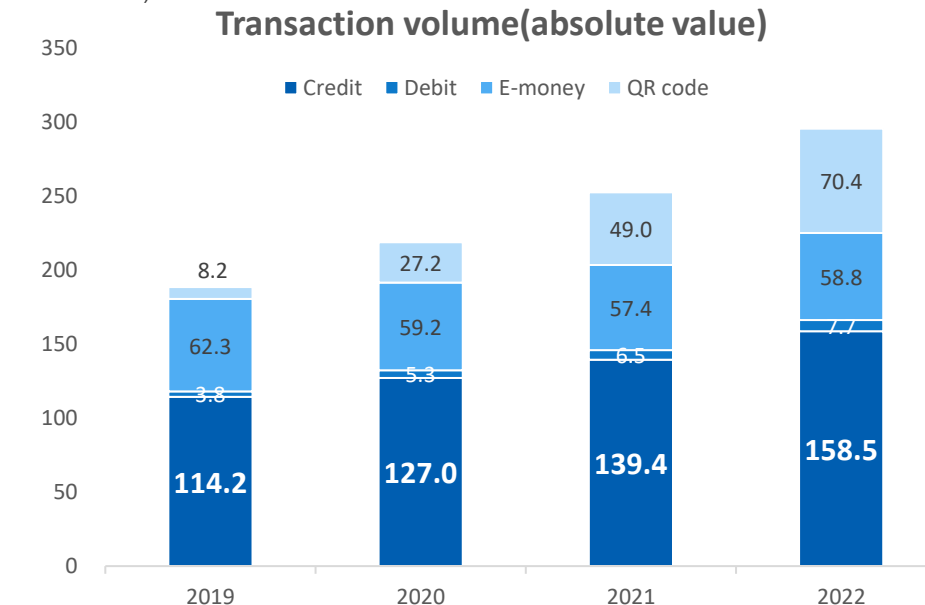
Transaction Volume

Composition	2019	2020	2021	2022
Credit	60.7%	58.2%	55.3%	53.7%
Debit	1.8%	2.2%	2.5%	2.5%
E-money	33.1%	27.1%	22.8%	19.9%
QR code	4.3%	12.4%	19.4%	23.9%

(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

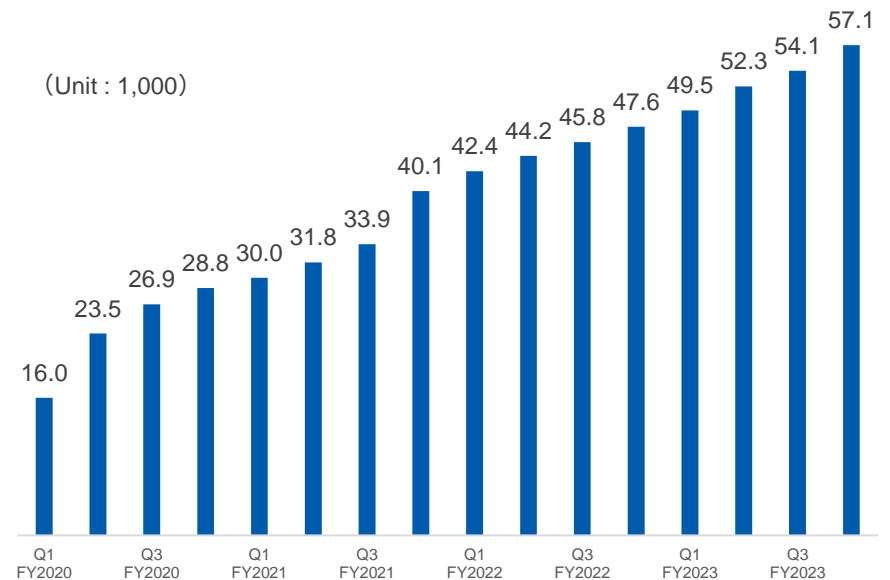
Offline Market

4 million



■ No of active IoT terminals

Net increase pace in 4Q was (+2,900 units) in QoQ and sales were strong. Sales are piling up every quarter. Aiming for further acceleration in the future

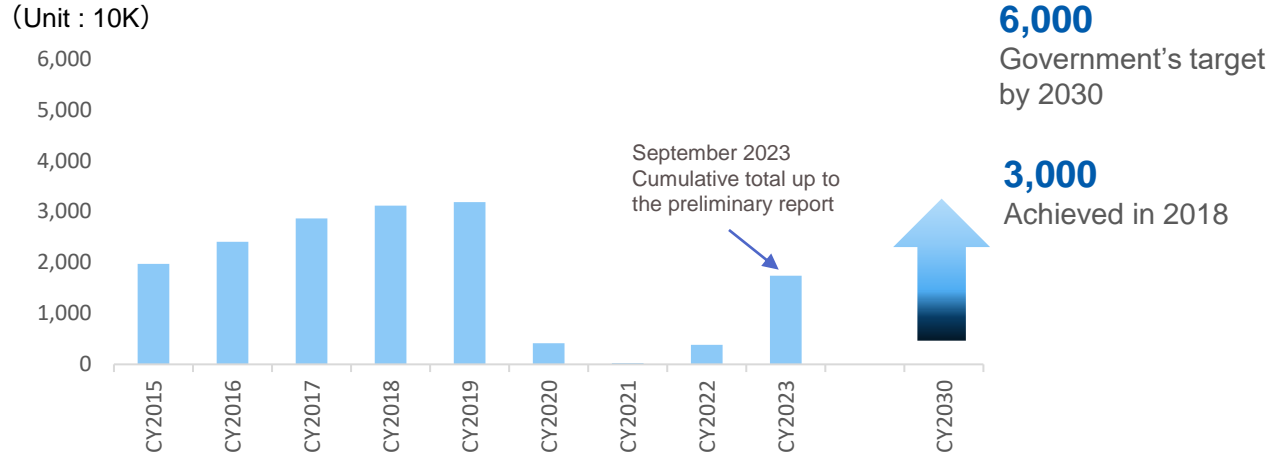


Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.

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)

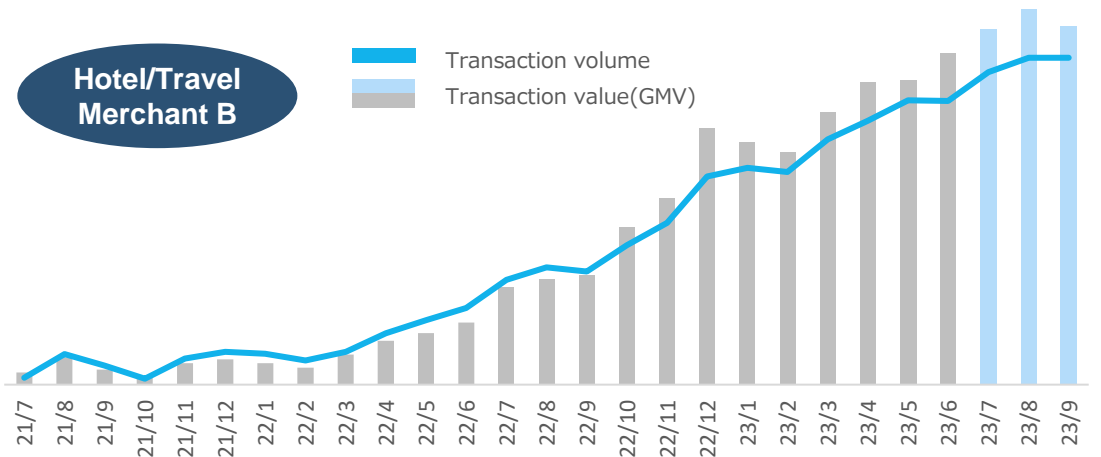
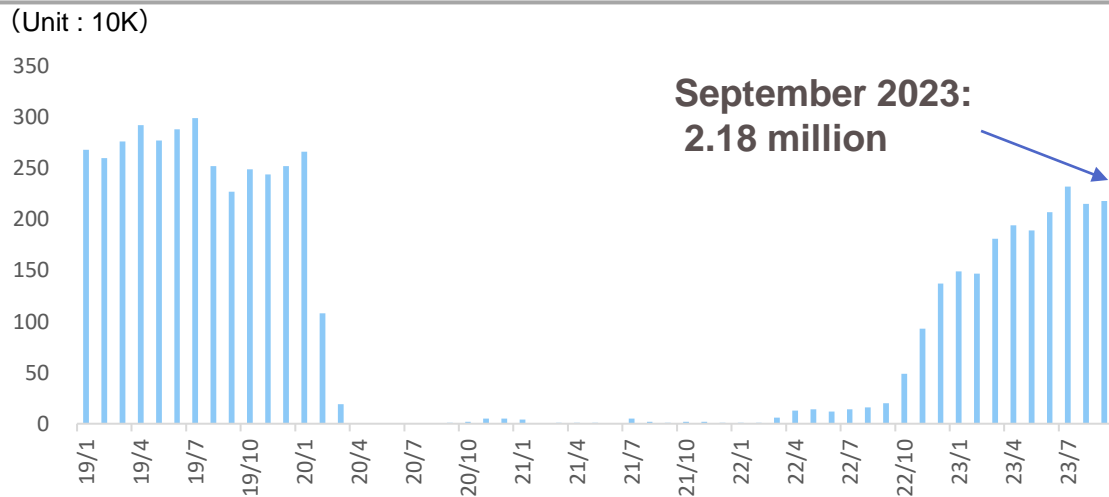


Our inbound-related industry merchants

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

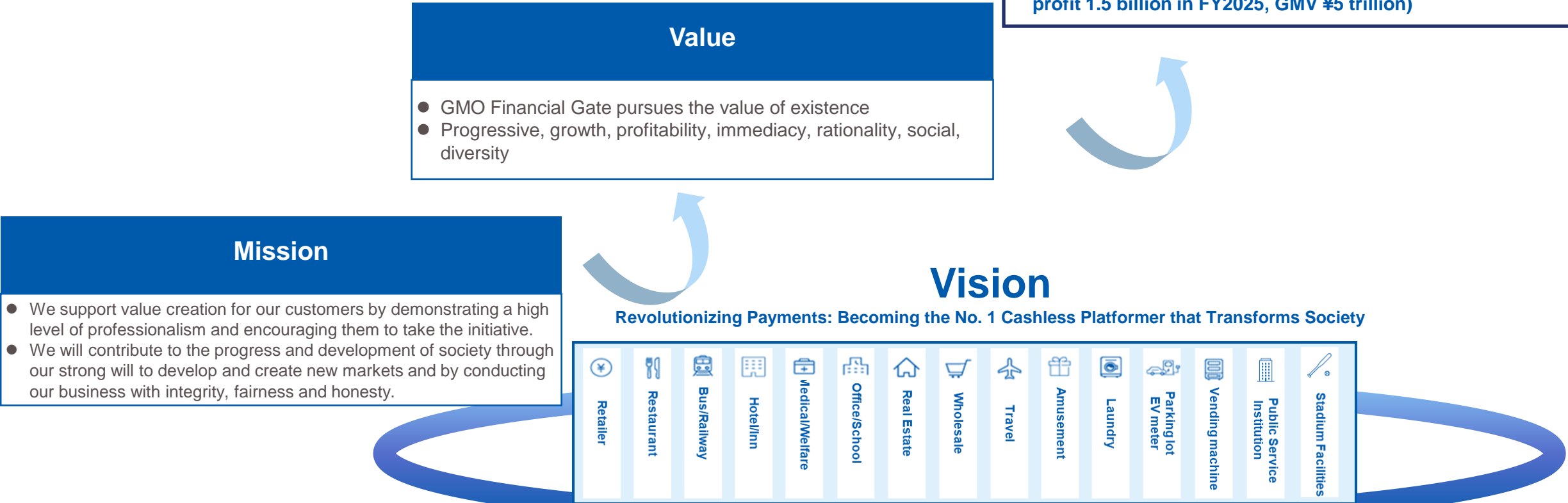
- Hotel/Travel
- Drug store (medicine/cosmetics)
- High-end retail/Department store
- IoT Vending machines/Self checkout machines
- Service/Leisure
- One dollar shop
- Electronics chain-retailers
- Medical / Clinic
- Public transportation (Train/bus etc.)

Number of visiting foreigners (Monthly)



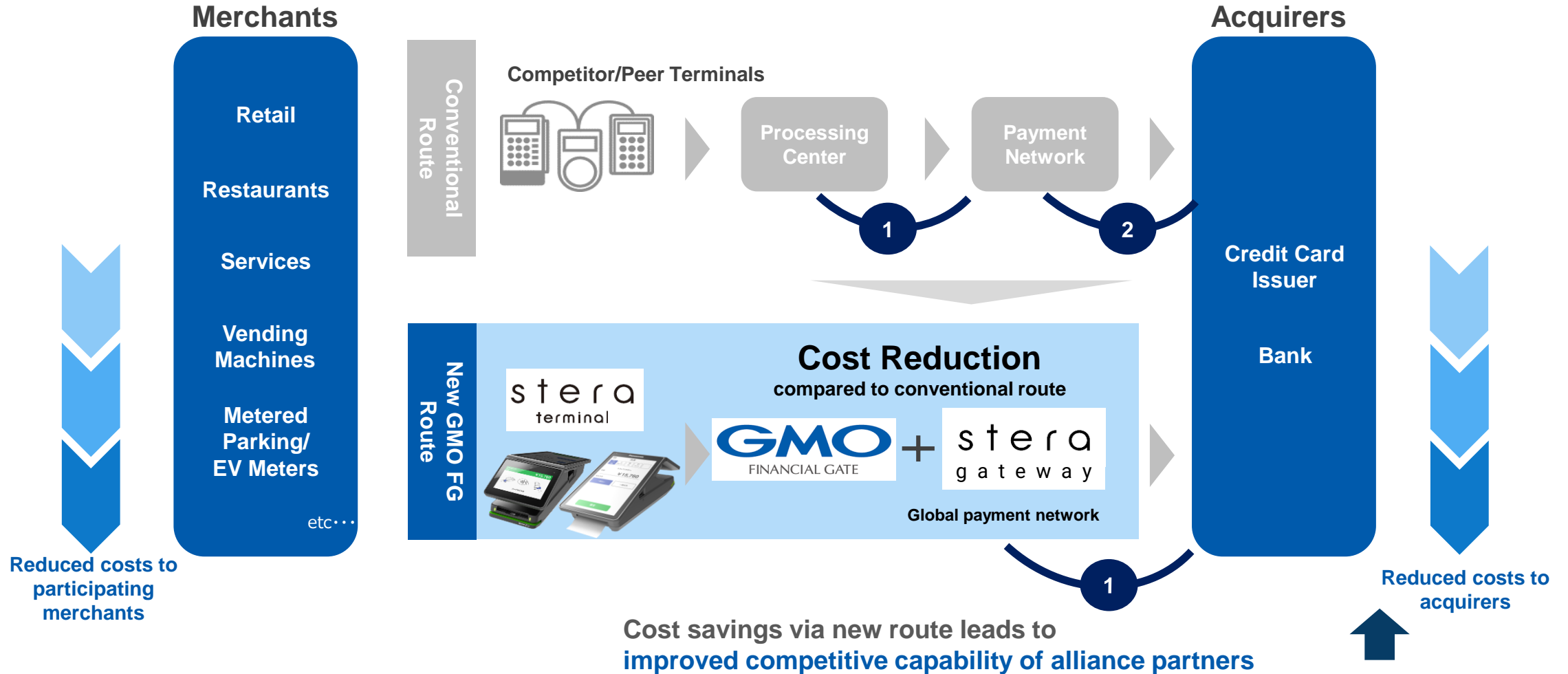
Our philosophy on growth strategies

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"



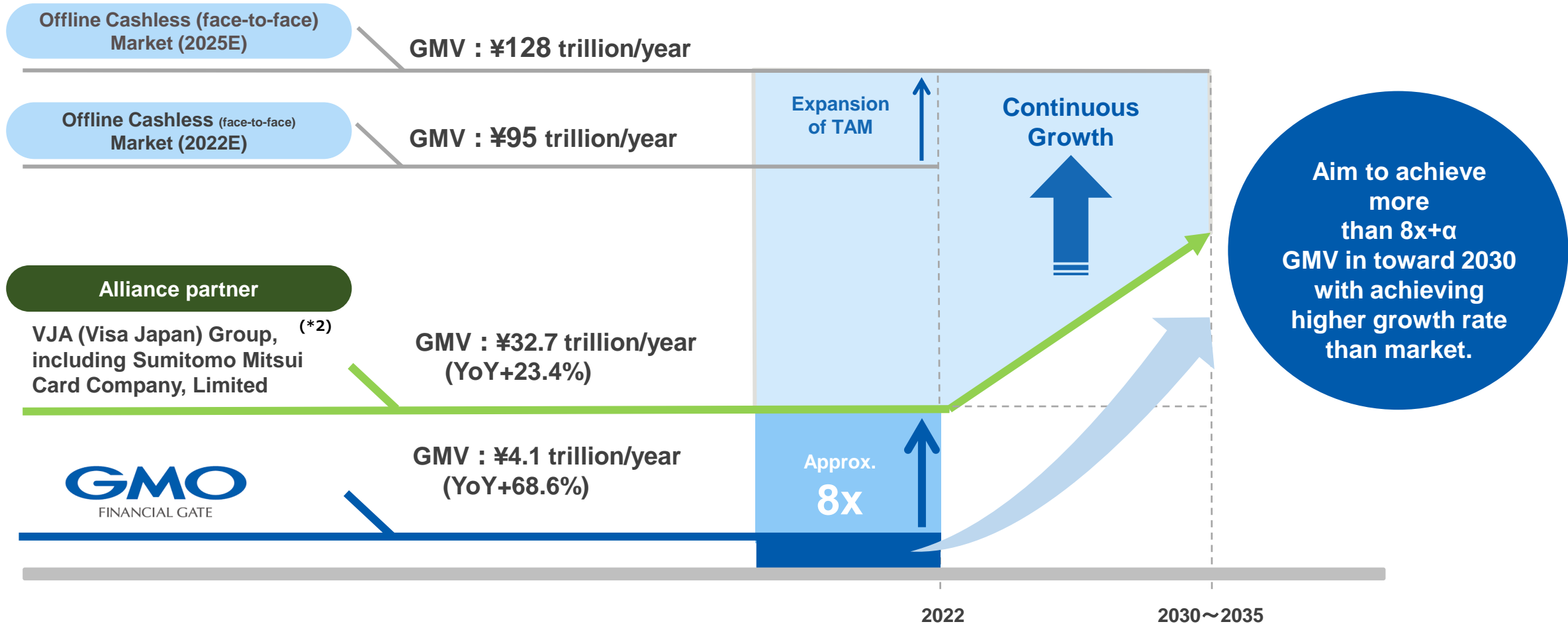
Strategy to Maximize Transaction Value

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

Due to cashless settlement penetration, TAM of our service scope has continuously expanded – New process network alliance partner will contribute to GMV increase



(*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.



Terminals for Japan Post started full-scale operation – increase in terminals slowed down but increase continued for the 4Q

Number of active terminals (manned terminals)

(Unit : thousand)	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	FY2023 Q2	FY2023 Q3	FY2023 Q4	QoQ (%)	YoY (%)
No. of terminals	32.9	39.5	48.4	61.6	75.2	88.3	101.3	118.7	132.7	149.4	162.7	199.5	222.2	+22.6 (+11.4%)	+89.4 (+67.4%)
		+6.5	+8.9	+13.1	+13.5	+13.1	+13.0	+17.3	+14.0	+16.6	+13.2	+36.8	+22.6		

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.

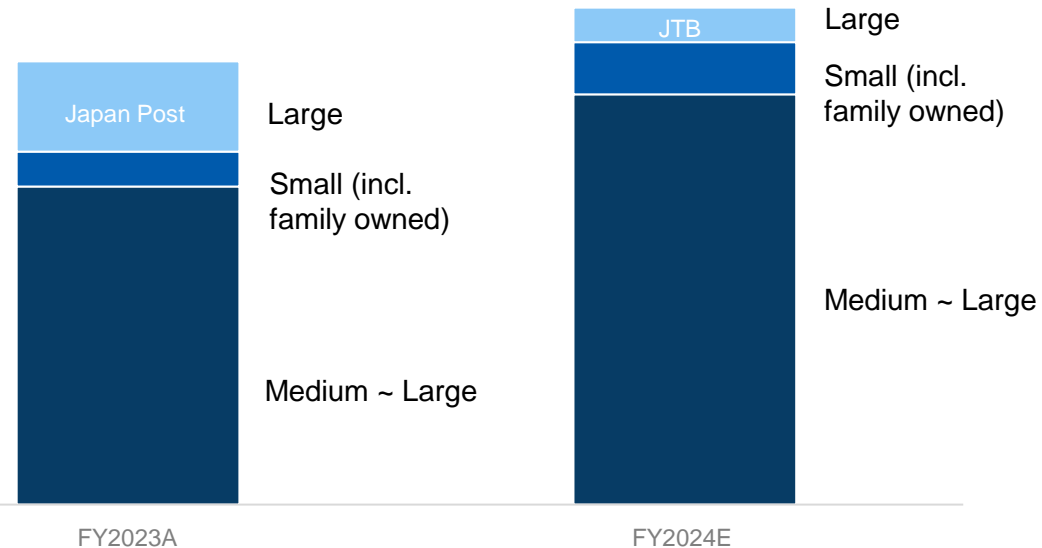
2023年夏、C→REX がリニューアルします

JTBクレジットカード
一括加盟店決済サービス

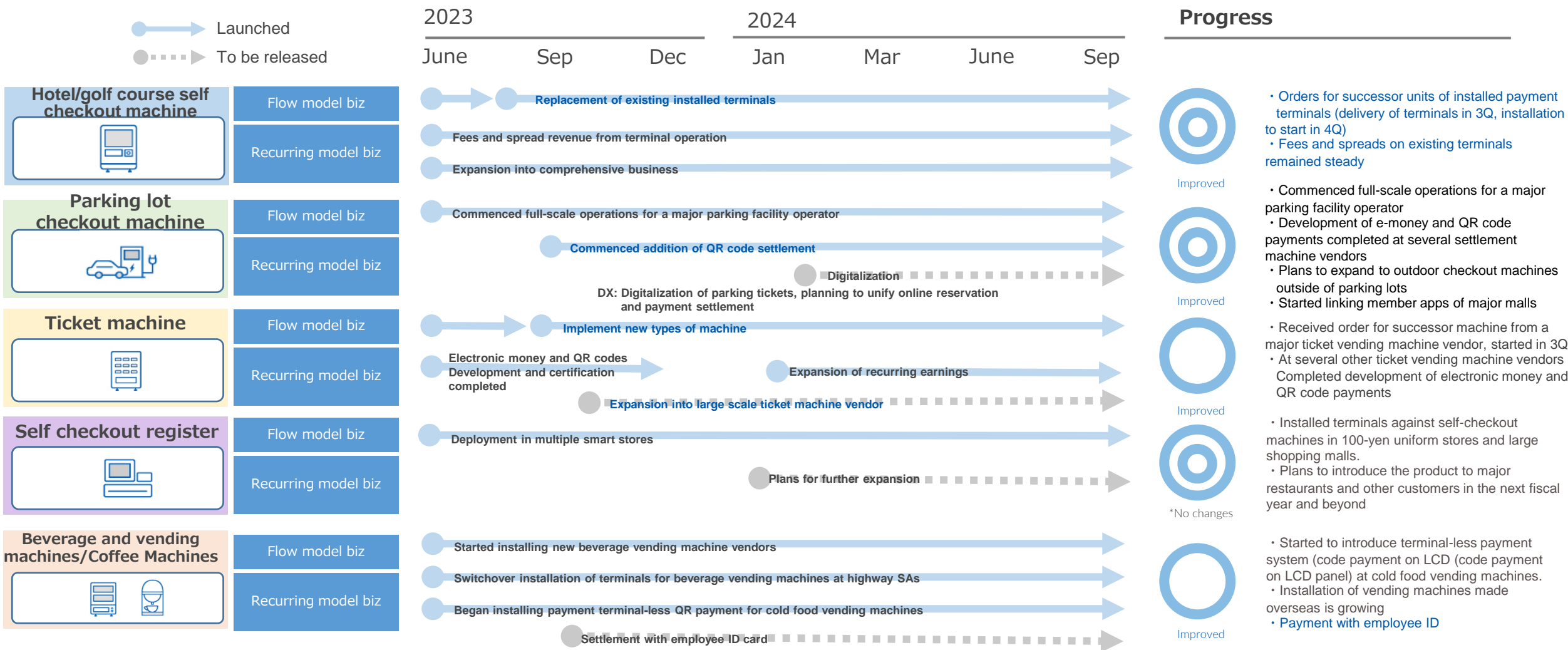


Forecast for FY2024

Growth rate of the no. of terminals decreased in FY2024, however, accumulation of small to large pipelines will lead to increase in terminals



Unmanned Terminals (IoT) has strengthened alliance initiatives in multiple areas Initiatives to monetize data is planned to materialize in the near future



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


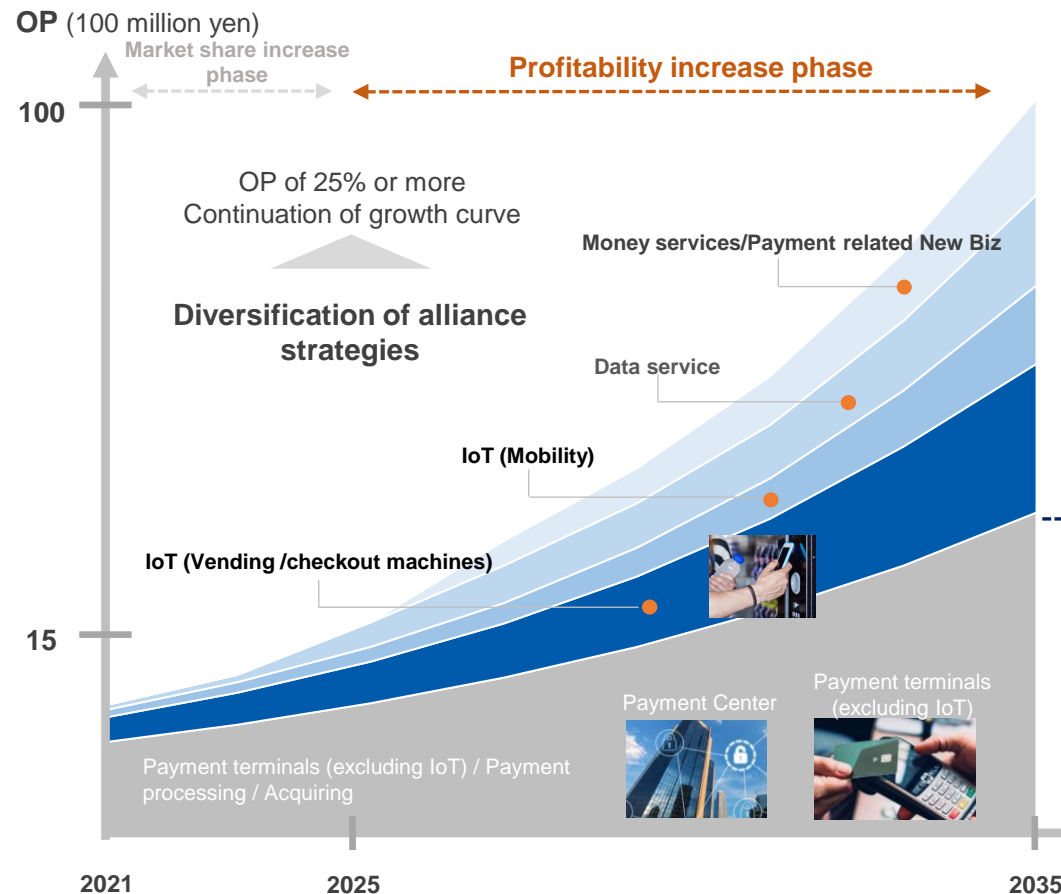
: High inbound tourism demand

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

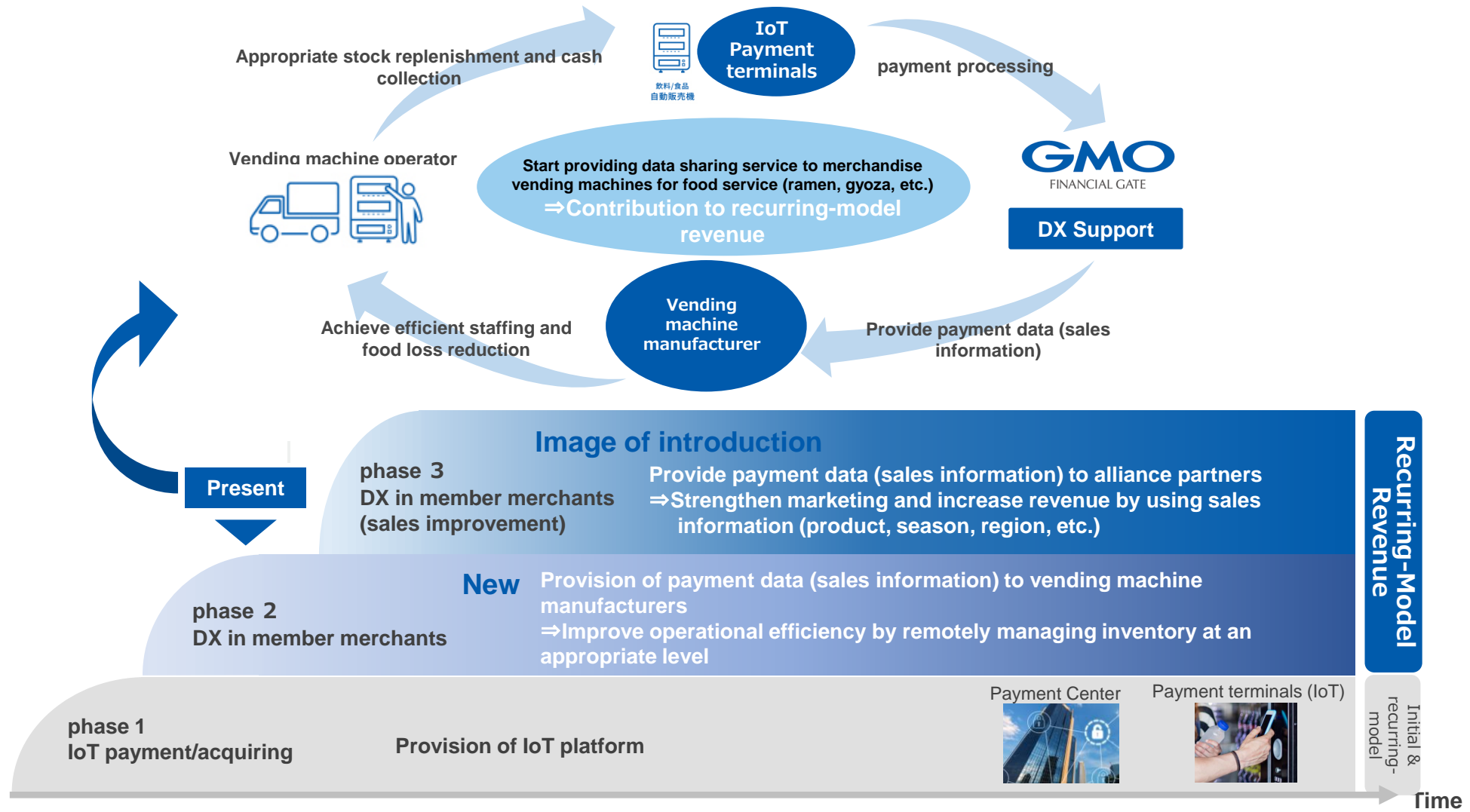
Payment terminals (excluding IoT) / Payment processing / Acquiring

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

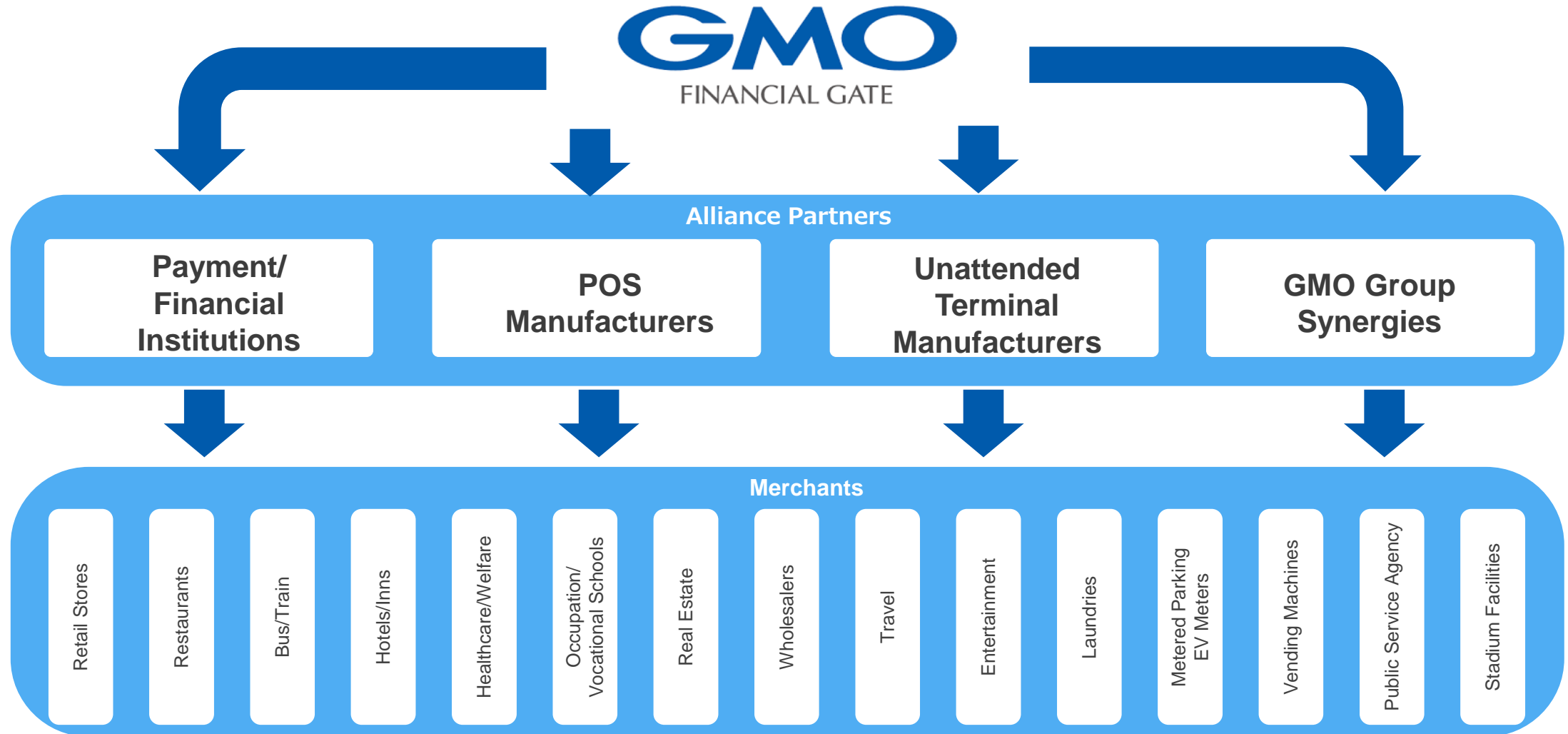
Recurring-Model Revenue

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

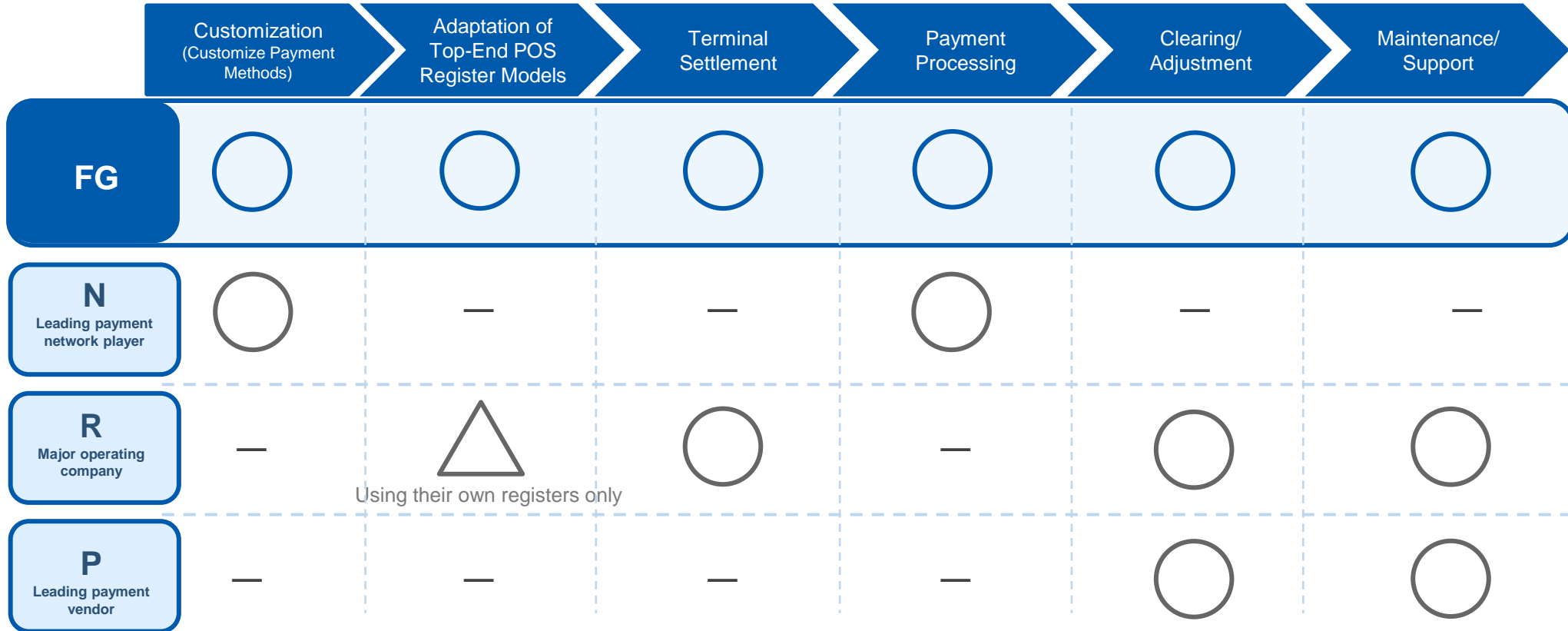


Working with alliance partners allows us to secure participating merchants consistently and steadily



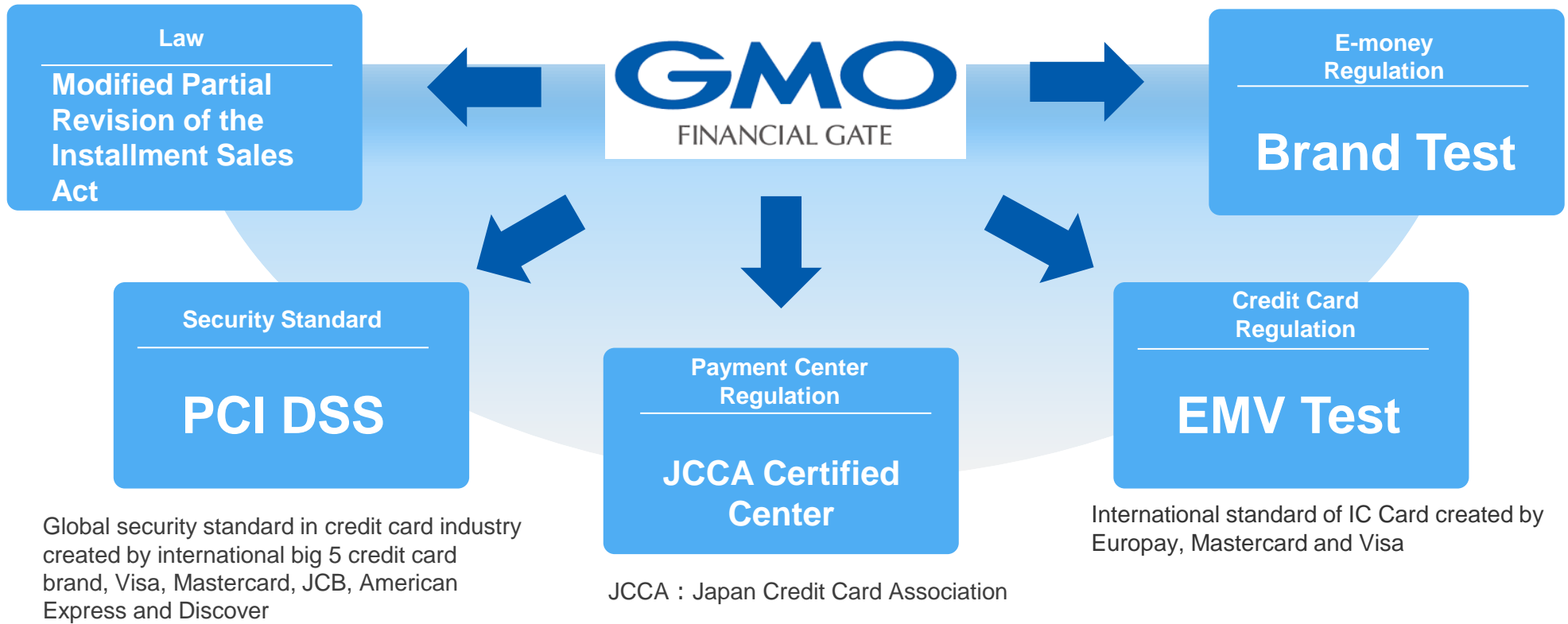
End-to-end solutions via one-stop platform allows us to create alliances with many players in the market

■ Solutions in Offline Payment Market

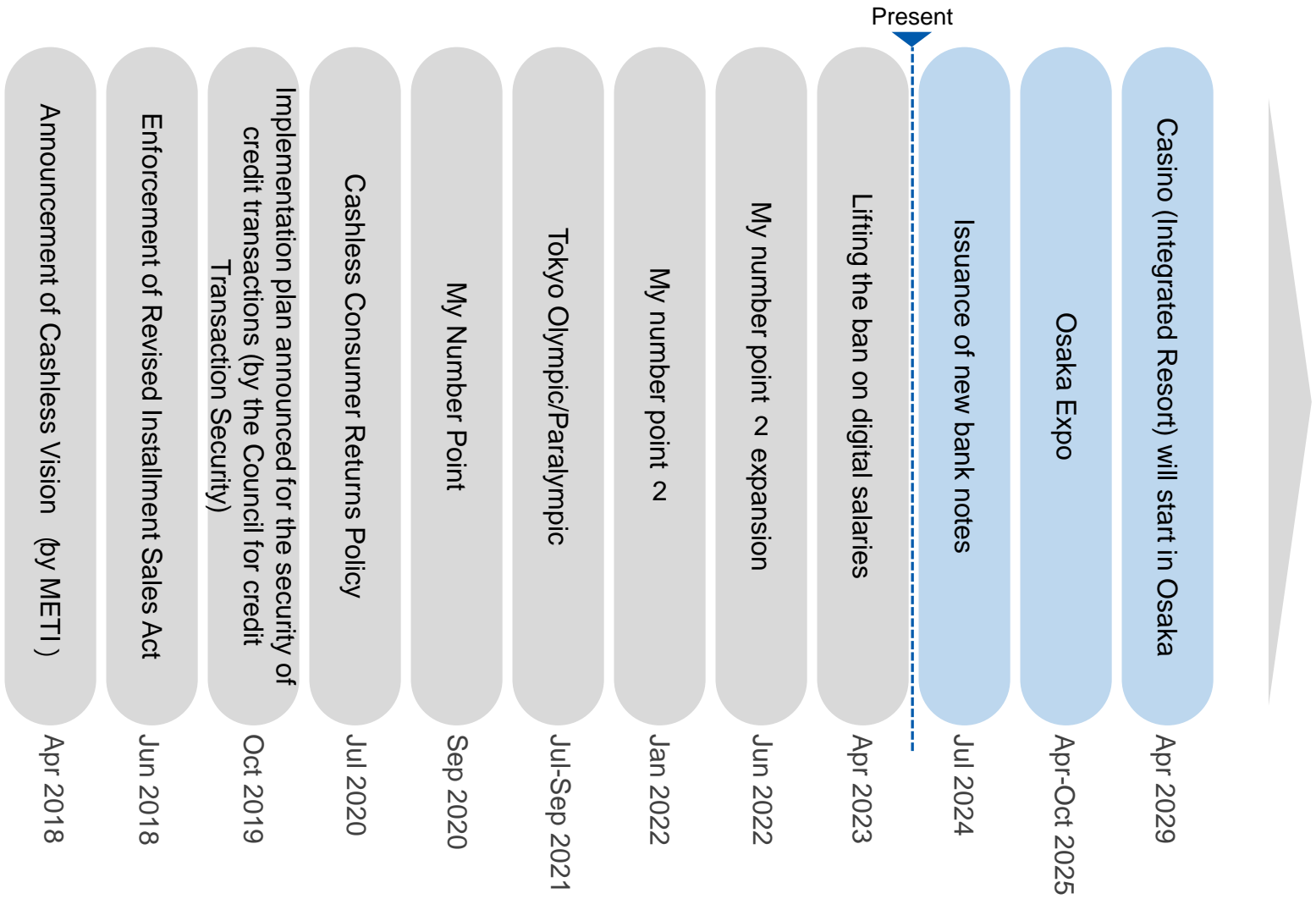


Barriers to Entry (Regulations to be Followed)

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 in 2018, Japanese cashless market will expand in response



Impact on 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; Plan to install 1,000 terminals

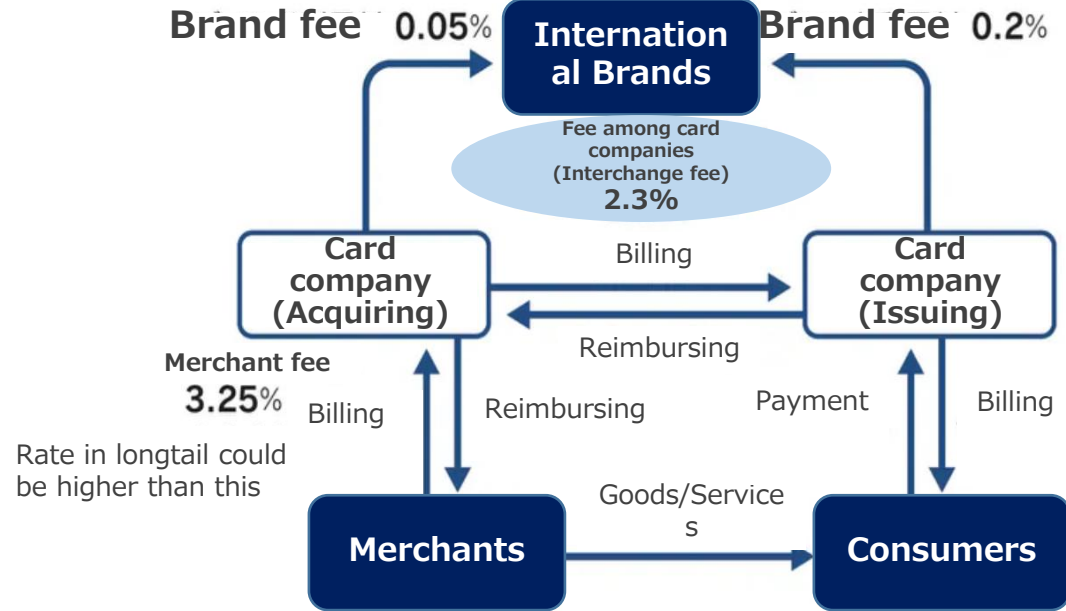
Osaka IR to be Approved by Government, Targeting Opening in Latter Half of 2029 Expanding demand for cashless terminals

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

METI requires fee among credit card companies

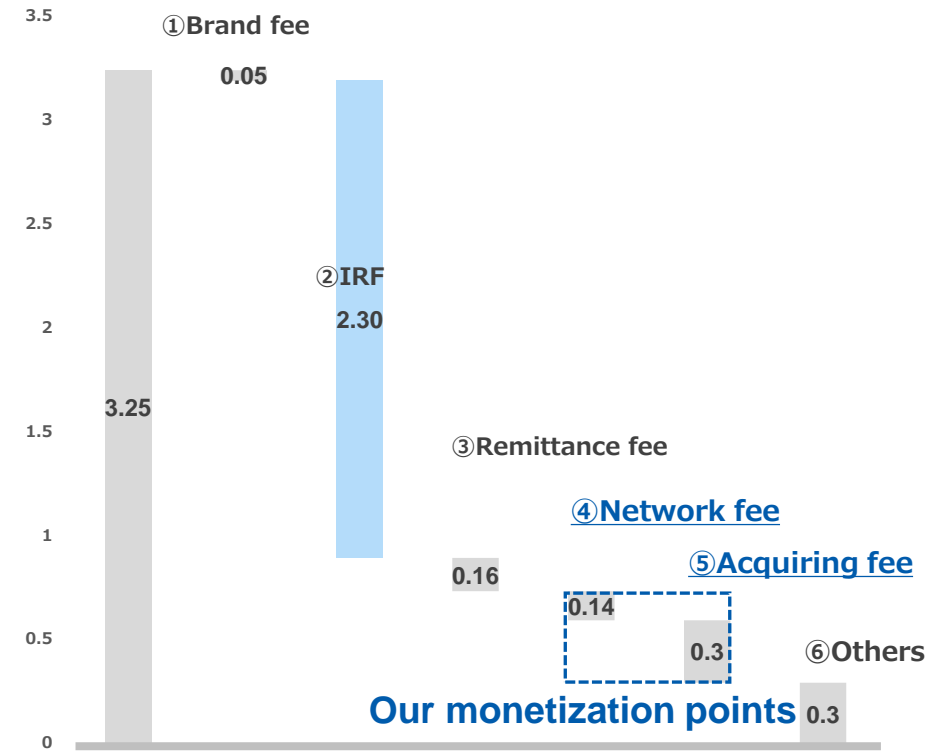
Fee among credit card companies is actually paid by merchants



Rate in longtail could be higher than this

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

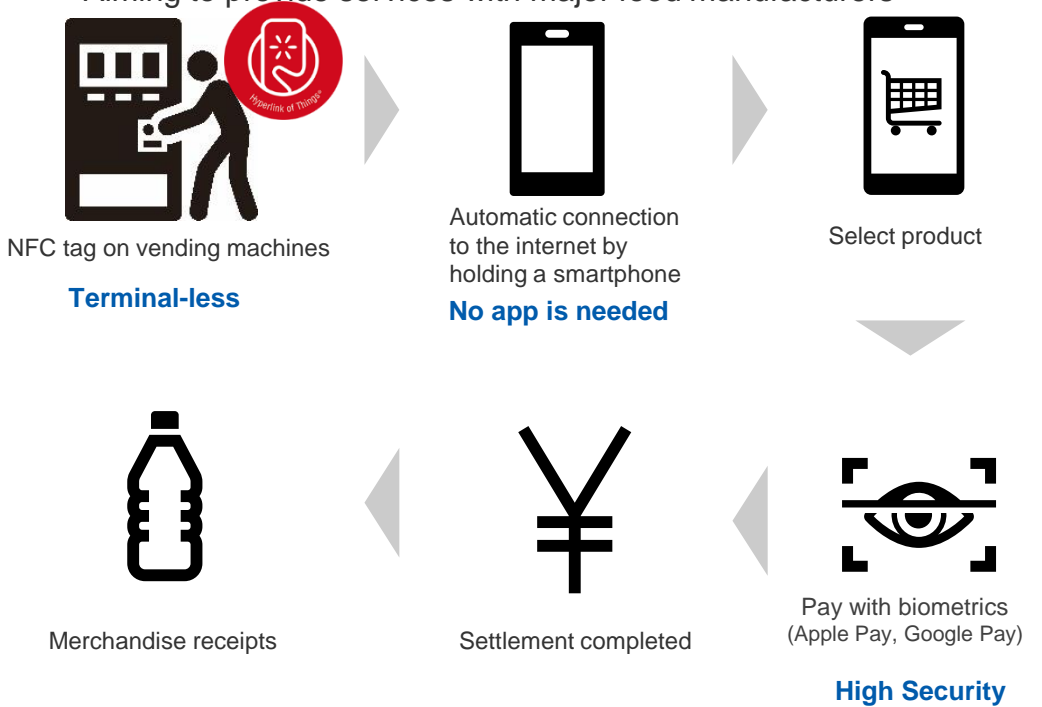
Soft Space社の「FasTap(ファスタップ)」が利用されている様子



NFC tagging touch payment

Launched in FY2023

Aiming to provide services with major food manufacturers

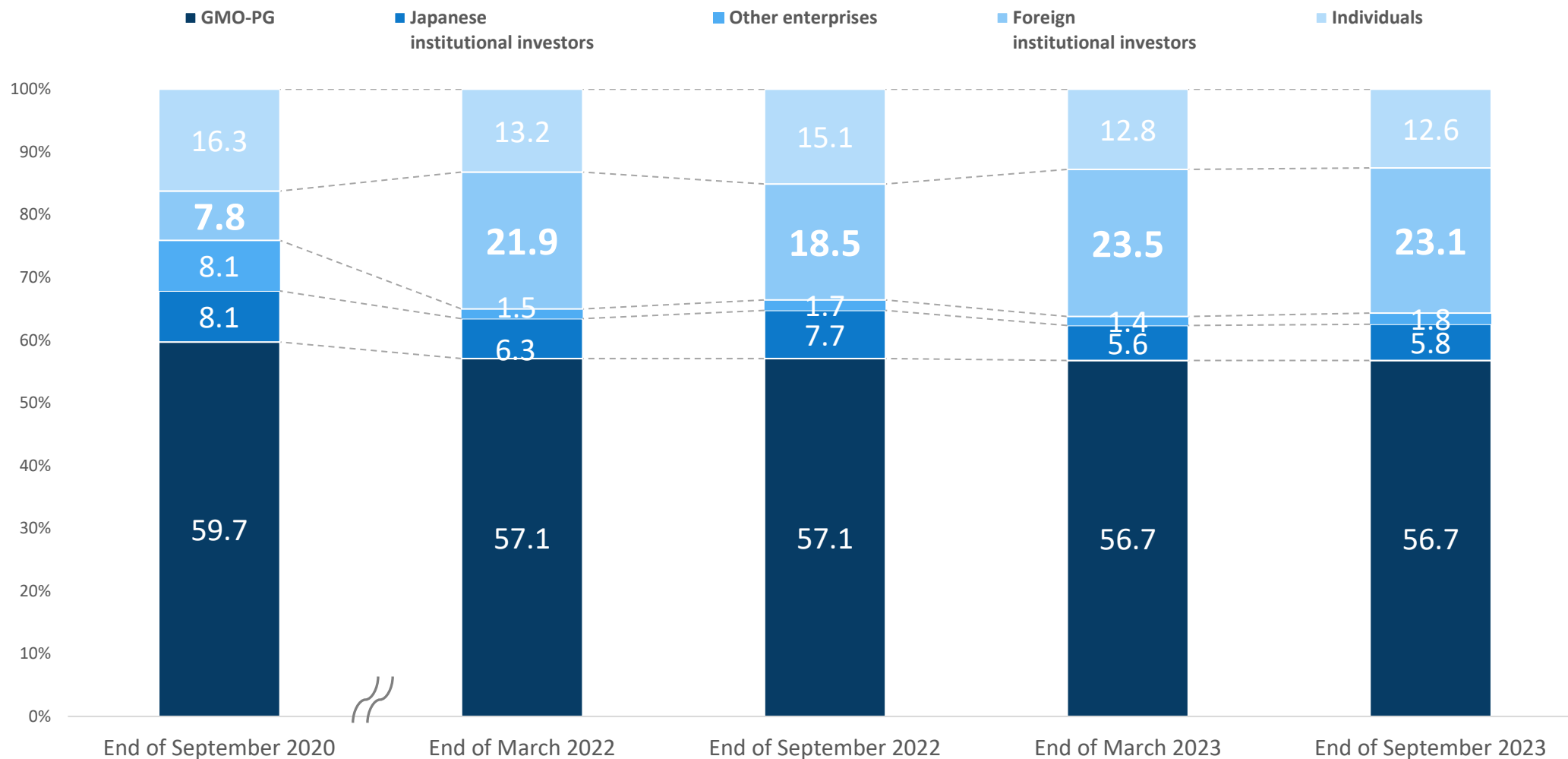


Tap to Phone: Mobile payment service where merchants do not need to prepare cash registers and terminals for payments, and NFC-enabled devices can be used as payment reception terminals.

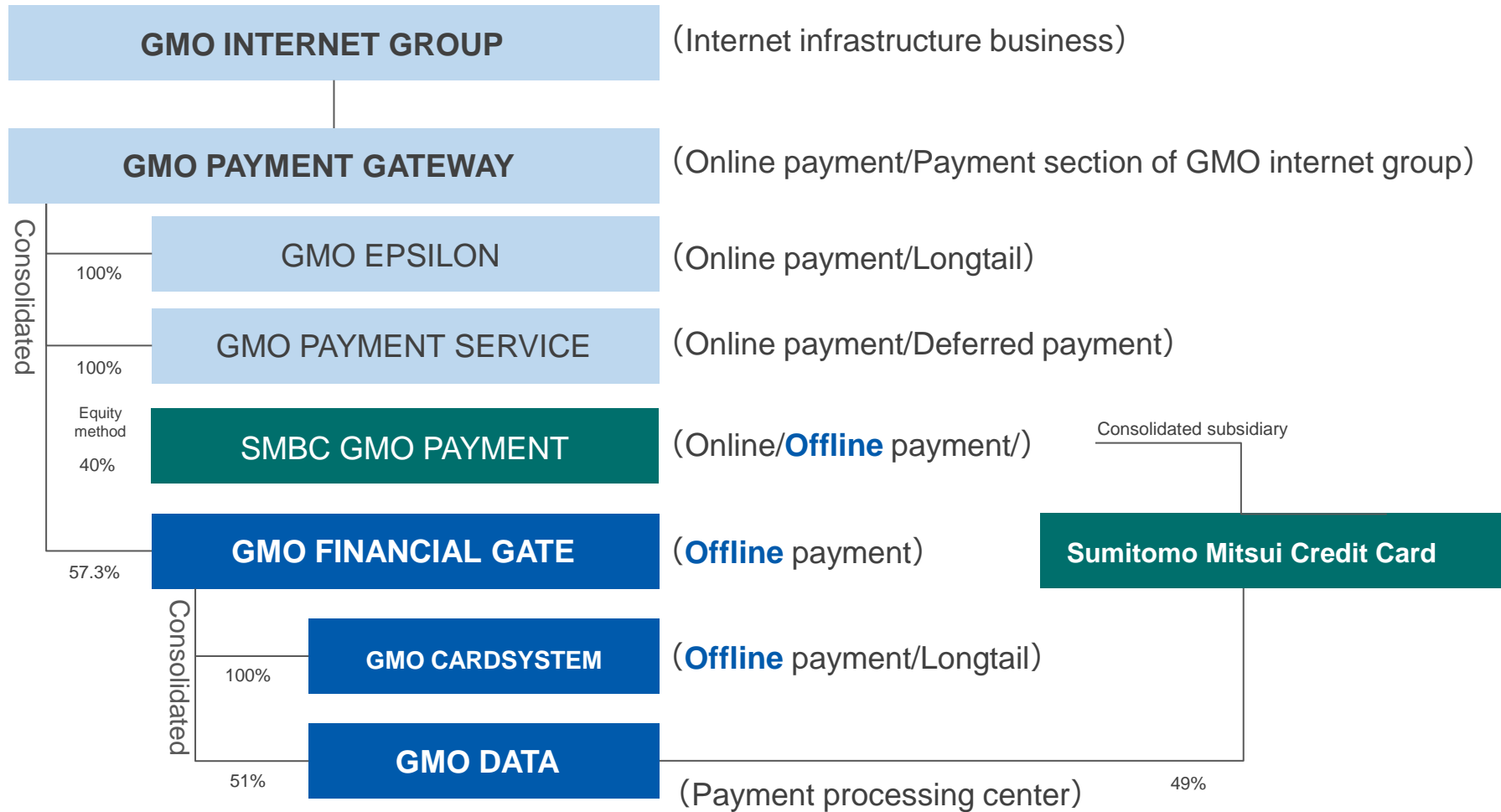
NFC: An abbreviation for Near Field Communication, a communication standard that can be communicated using contactless IC chips and simply by holding them over.

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

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




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 ¥1,629 Million(end of September 2023)
- Major Shareholder GMO Payment Gateway, Inc.
- Board Member Representative Director, President Kentarō Sugiyama
 Director Akio Aoyama (Solution Partner Division Executive Manager)
 Director Tomonaga Fukuda (IT Platform Division Executive Manager)
 Director Tomoki Tamai (Corporate Support 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 DATA, Inc. shareholding ratio: 51.0% (Mitsui Card Company, Limited:49.0%) 

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



Floor-Standing Model



Mobile Model



Embedded Model



POS Model

(As of November 11, 2023)

Reference

Site name	URL
GMO Financial Gate	https://gmo-fg.com/
IR	https://gmo-fg.com/ir/
Sustainability	https://gmo-fg.com/sustainability/
Recruitment information	https://gmo-fg.com/recruit/
GMO Financial Gate (English)	https://gmo-fg.com/en/
GMO Payment Gateway	https://www.gmo-pg.com/
Cashless Roadmap 2023	https://paymentsjapan.or.jp/publications/20230816_roadmap2023/
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/>