

# Financial Results Briefing for 1Q FY2024

**Increase in the number of active terminals contributes to the expansion of recurring-type sales.  
Acquired pipeline beyond next FY by promoting vertical expansion**

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February 14, 2024

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

15<sup>th</sup> IR Presentation

**GMO** FINANCIAL GATE

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# Cautionary Note Regarding Presentation Materials

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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 February 14, 2024

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

# Meeting Agenda

## Main Agenda

1. **Summary of Financial Results for 1Q FY2024**
2. **KPI**
3. **Business Highlights**
4. **Growth Strategy and Progress**

## Supplemental Agenda

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

# Summary of Financial Results for 1Q FY2024

# 1.1 1Q FY2024 Summary

Revenue was in-line with full-year targets, while profit exceeded forecast

Quantitative

## 1Q FY2024 P 6

- Revenue : **¥4.49 bn (YoY +37.6%)** Progress towards 1H forecast **48.8%**、Progress towards full-year forecast **23.4%**
- Operating Profit : **¥0.48 bn (YoY +71.9%)** Progress towards 1H forecast **65.5%**、Progress towards full-year forecast **34.4%**

## Revenue by Business Model P 8

- Initial revenue : **¥2.91 bn (YoY +31.3%)** - Recurring-Model revenue : **¥1.58 bn (YoY +51.0%)**

## KPI P 11-13

- Transaction Volume (Number of Transactions): **0.16 bn (YoY +55.7%)**
- GMV : **¥ 1.45 tn (YoY+57.4%)**
- Number of Active Terminals (1Q): **326 K (YoY +107 K、 YoY +49.5%)**

Qualitative

Business Topics

- Increase in the no. of terminals in operation and the shift to cashless transactions led to expansion of recurring-type sales and higher margins P 7
- Several large corporation pipelines through “Vertical” expansion will lead to profitability beyond next fiscal year P 23
- IoT terminals increase due to increase in self service terminals which led to higher business performance P 27

Organization Topics

- **ESG** (1) Materiality Identification. (2) Obtained a B score in the first CDP response. Promote PJ with the aim of obtaining an A in the future. P 29
- **governance** Transitioned to a company with an audit committee system. Special committee also established to further strengthen governance structure. P 48

# 1.2 Summary of Financial Results

Steady expansion of recurring-model revenue led to higher gross profit margins.  
Significant year-on-year growth in profit at each stage. Steady expansion of each KPI

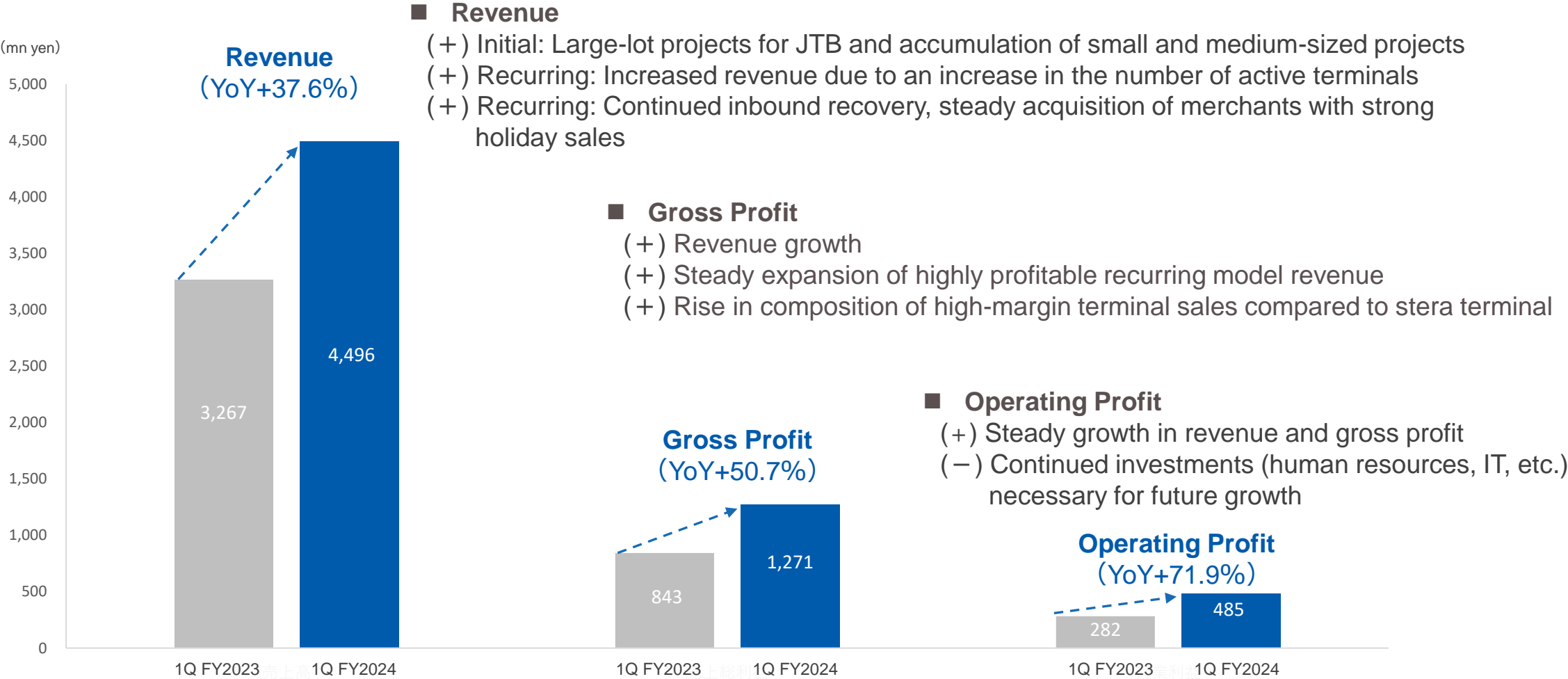
(mn yen)	1Q FY2023	1Q FY2024	YoY	Forecast FY2024 1 <sup>st</sup> half (Full-year)	Progress towards forecast
Revenue	3,267	4,496	+37.6%	9,208 (19,200)	48.8% (23.4%)
Gross profit	843	1,271	+50.7%	2,421 (5,095)	52.5% (24.9%)
Operating profit	282	485	+71.9%	740 (1,410)	65.5% (34.4%)
Profit attributable to owners of parent	170	290	+70.5%	472 (859)	61.4% (33.8%)

	Number of active terminal (1Q FY2024 Only)	Transaction Volume (1Q FY2024 Only)	Transaction Value (GMV) (1Q FY2024 Only)
KPI (YoY)	326,072 (+49.5%)	c. 164.3mn (+55.7%)	c. ¥ 1,455bn (+57.4%)

# 1.3 Major Topics Regarding Financial Results

Mid-small to Large-lot deals and an increase in the number of active terminals contributed to sales growth

Profit margins increased due to an increase in recurring-type sales and a change in the composition of terminals sold



# 1.4 Revenue by Business Model (YoY)

Stock and fee led the increase in recurring model revenue composition  
Spread, at CAGR+25% has made a decent start

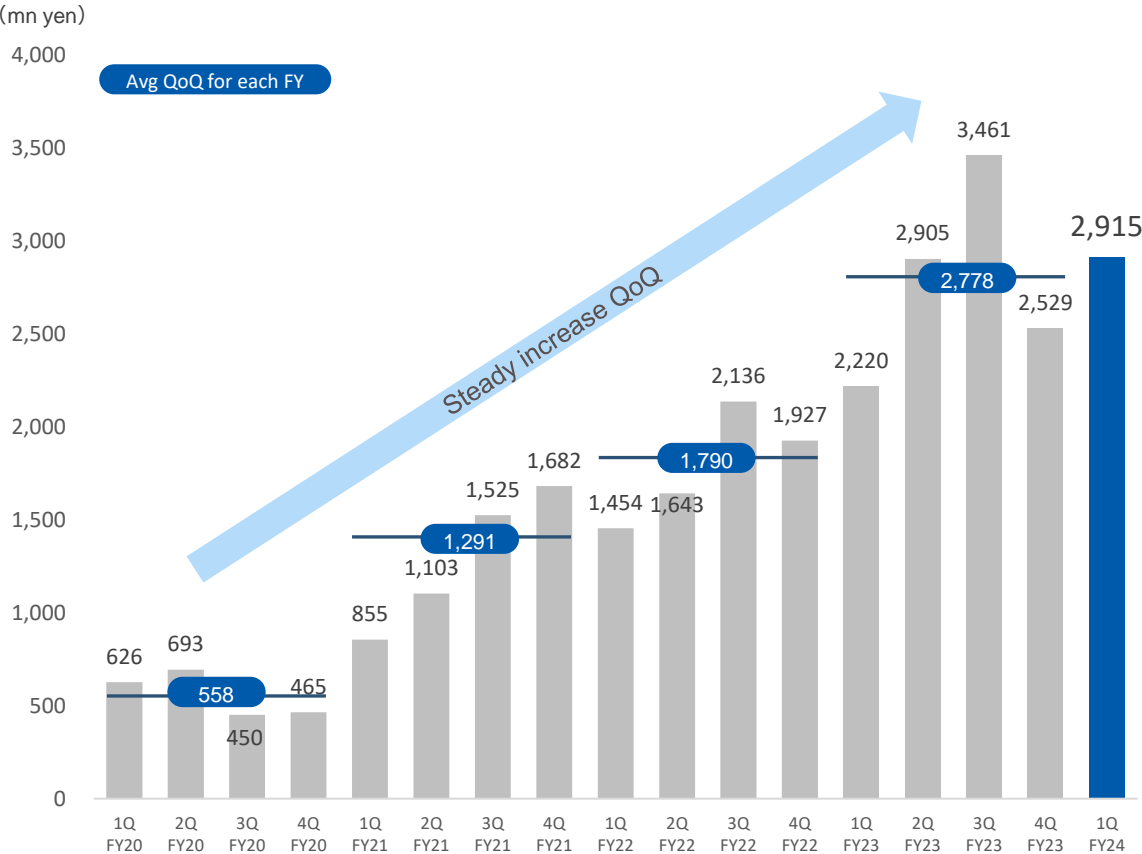
(mn yen)	1Q FY2023 (Composition %)	1Q FY2024 (Composition %)	YoY
Initial	2,220 (67.9%)	2,915 (64.8%)	+31.3%
Recurring-Model	1,047 (32.1%)	1,581 (35.2%)	+51.0%
Stock	259 (8.0%)	387 (8.6%)	+49.2%
Fee	519 (15.9%)	853 (19.0%)	+64.1%
Spread	268 (8.2%)	340 (7.6%)	+27.2%
Total Revenue	3,267	4,496	+37.6%



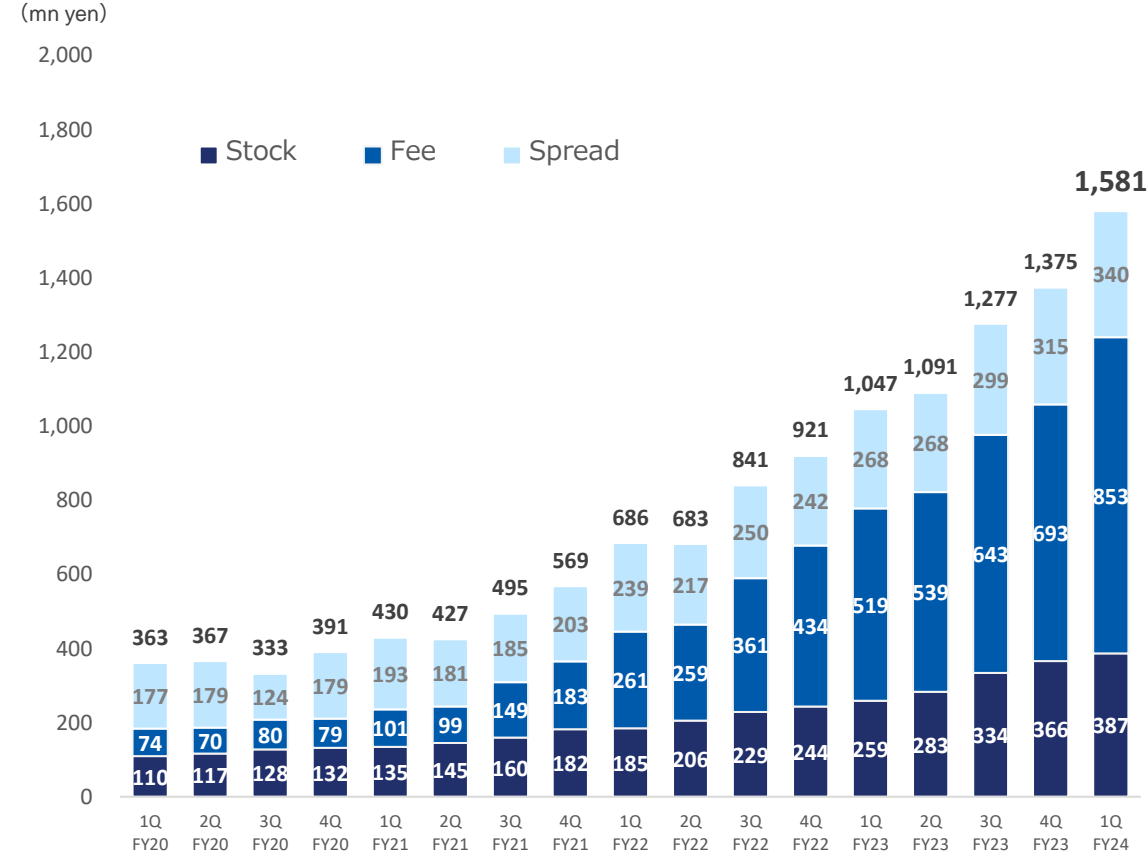
# 1.5 Revenue by Business Model (Quarterly)

Initial: Steady increase from the average of past years' results, due in part to large-lot projects.  
Recurring: Steady quarterly growth due to an increase in the number of active terminals

Initial Revenue



Recurring Revenue

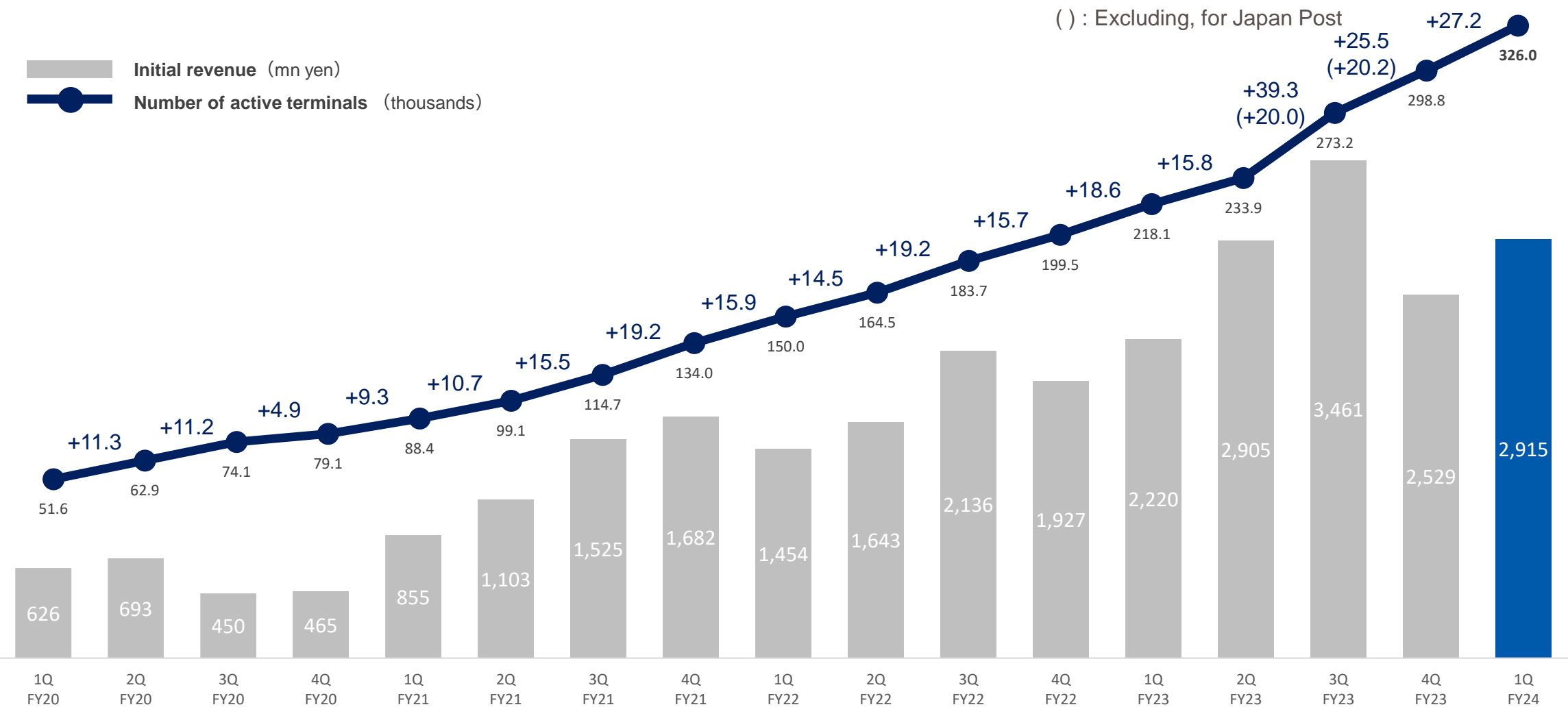


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KPI

# 2.1 Initial Revenue and Number of Active Terminals

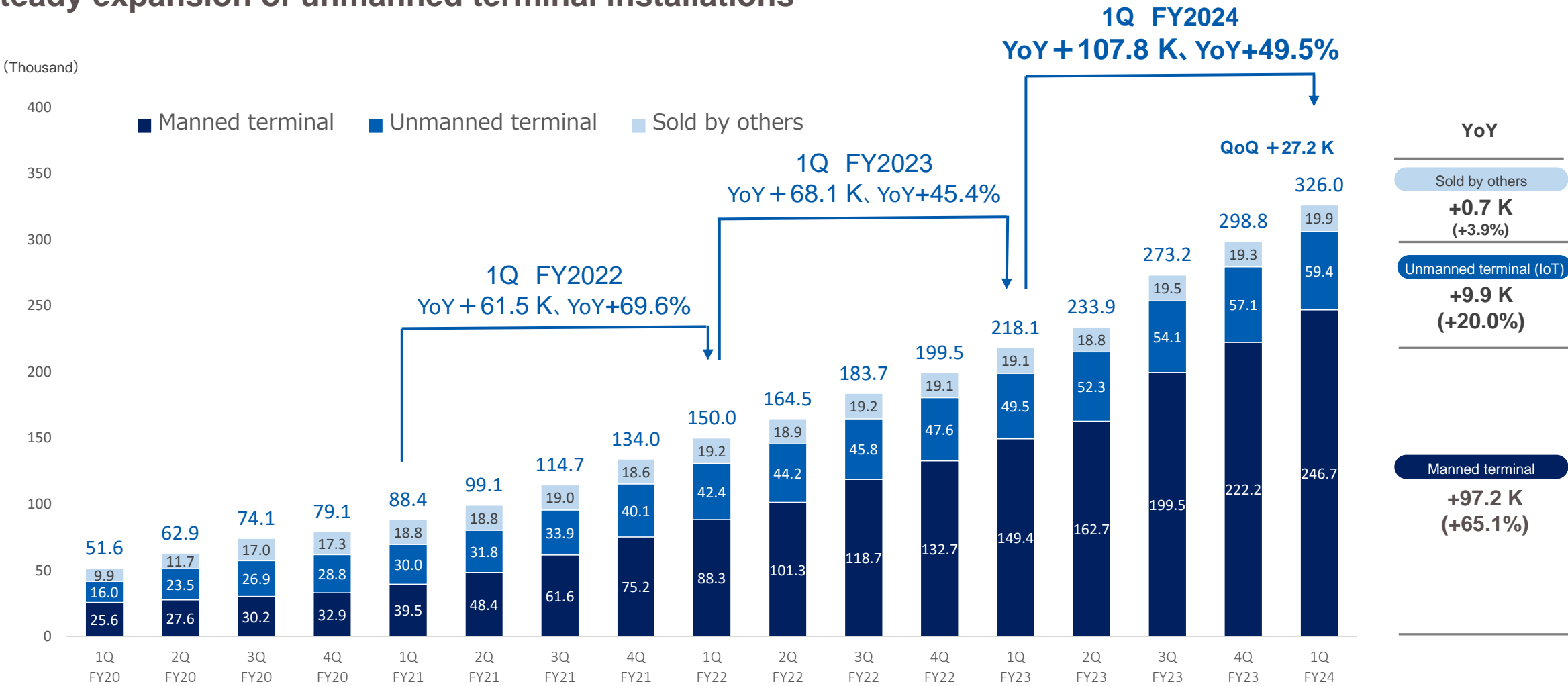
No. of active terminals increased steadily – due to increase in initial sales, net increase in the number of operating terminals increased



## 2.2 Consolidated KPI (Number of active terminals)

Increase in the number of manned terminals, especially in stera, continues to drive the overall increase in the number of active terminals.

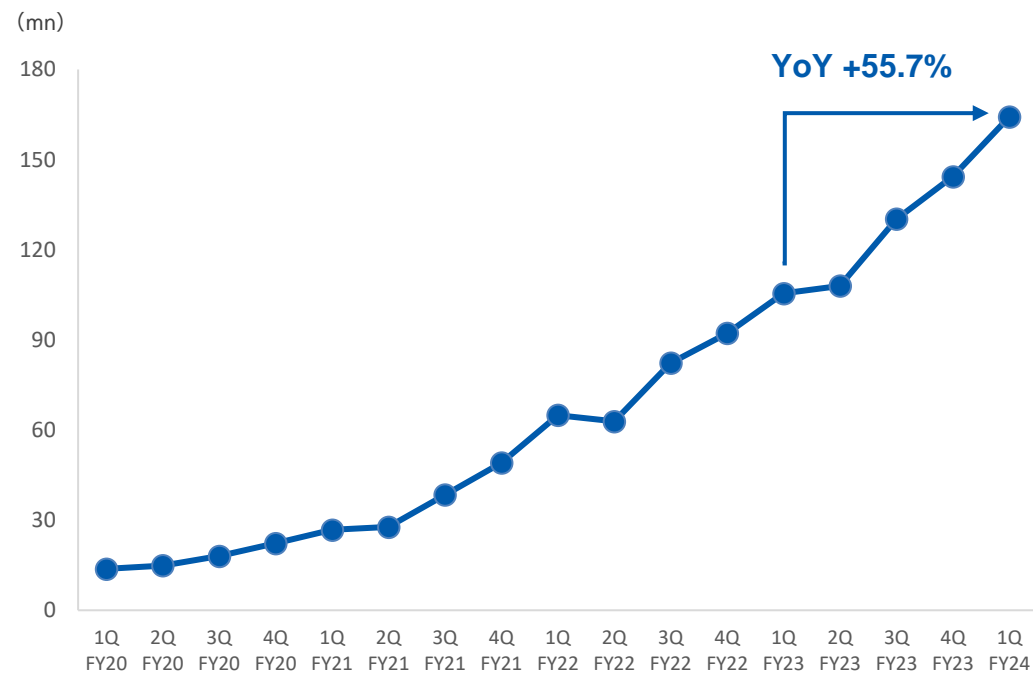
Steady expansion of unmanned terminal installations



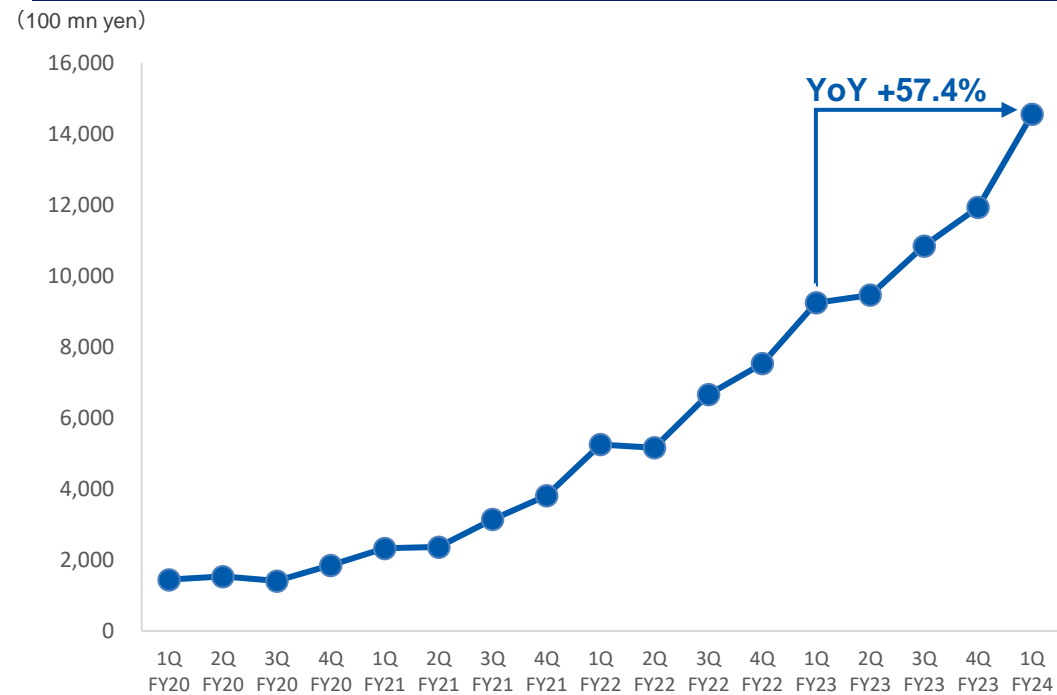
## 2.3 Consolidated KPI (Quarterly Transaction volume / GMV)

Steady growth of more than 50% YoY in both transaction volume and GMV

Number of transaction volume



Transaction value (GMV)

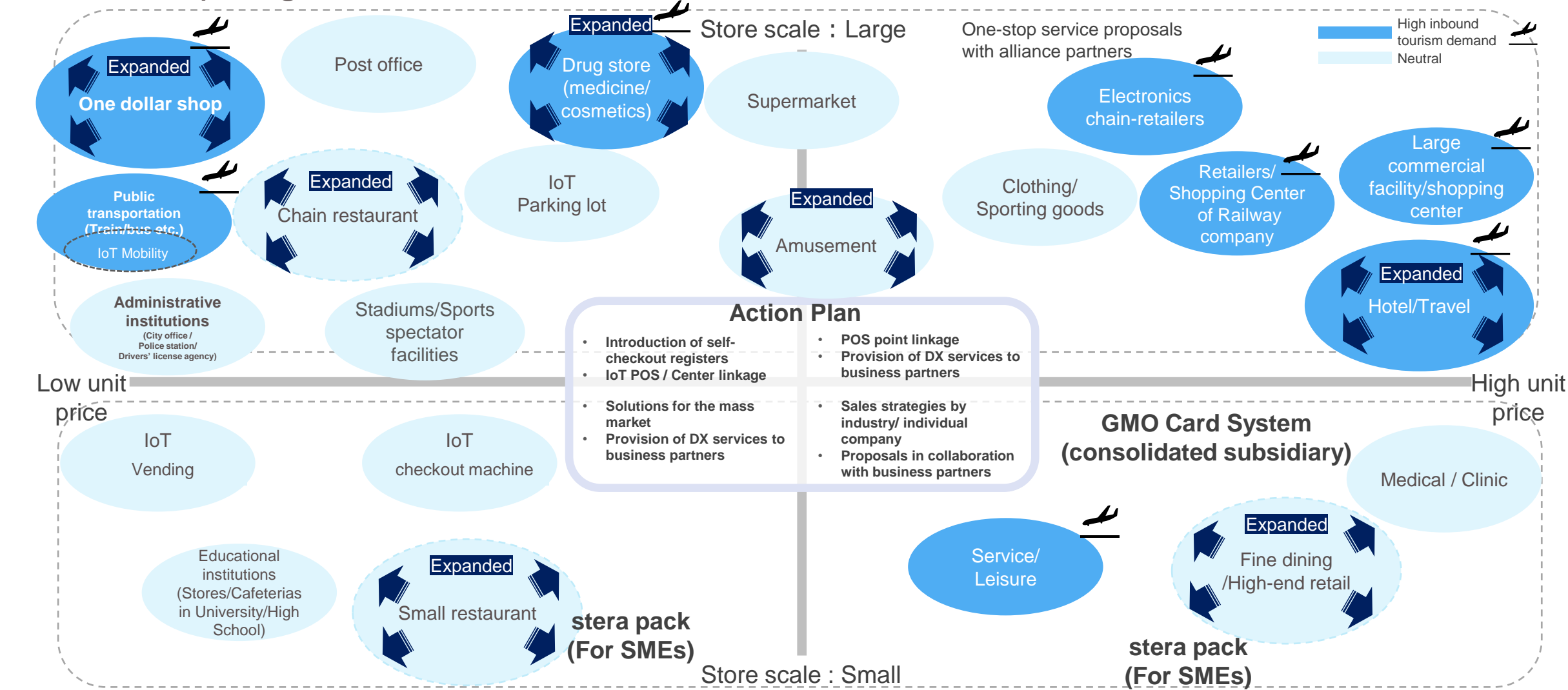


	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	3Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24
Transaction volume (10 K)	2,682	2,774	3,848	4,913	6,497	6,292	8,237	9,224	10,553	10,804	13,026	14,438	16,431
Transaction value (GMV) (¥100 mn)	2,328	2,361	3,141	3,810	5,251	5,161	6,658	7,530	9,242	9,459	10,842	11,930	14,552
(Reference) Average Settlement Price (¥)	8,680	8,510	8,163	7,755	8,082	8,203	8,084	8,163	8,758	8,756	8,323	8,263	8,856

# Business Highlights

# 3.1 Merchant Industry

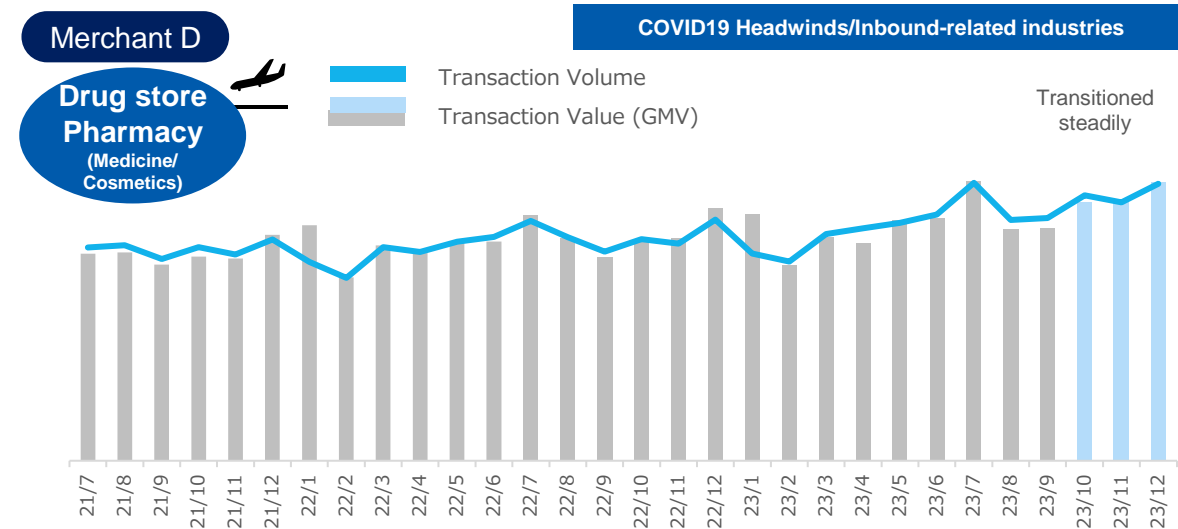
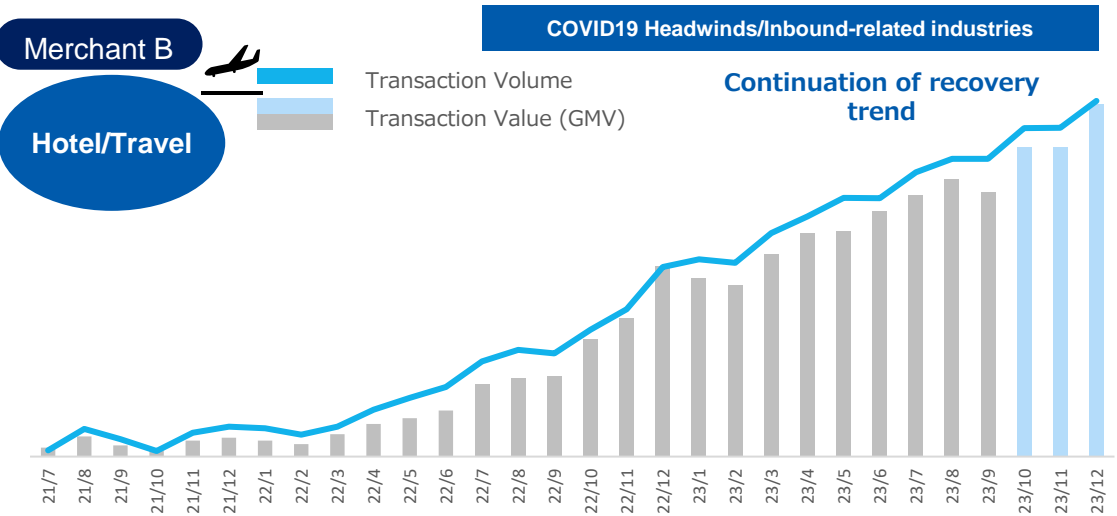
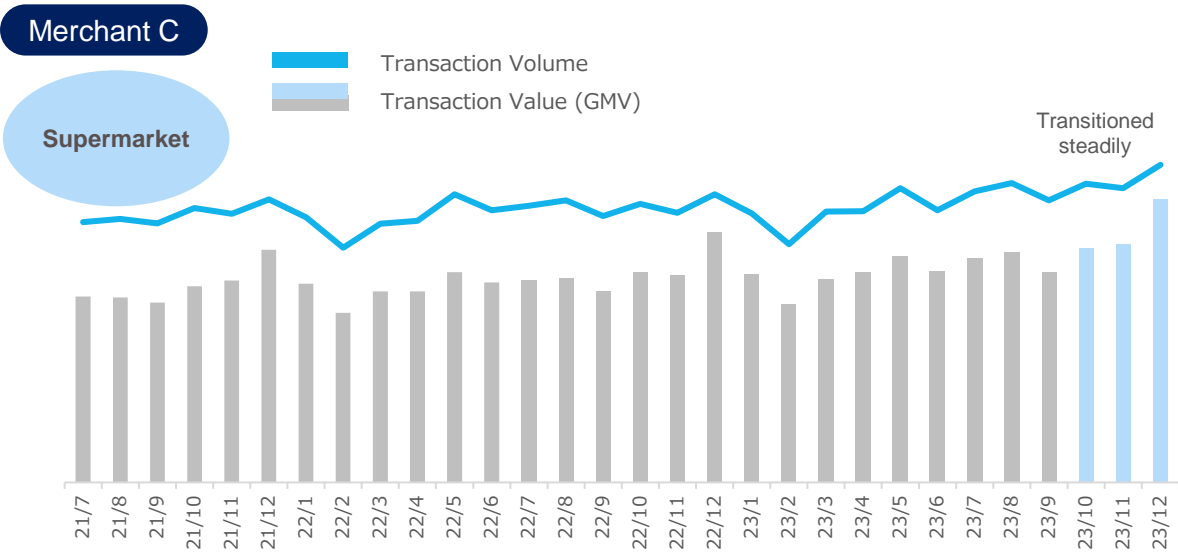
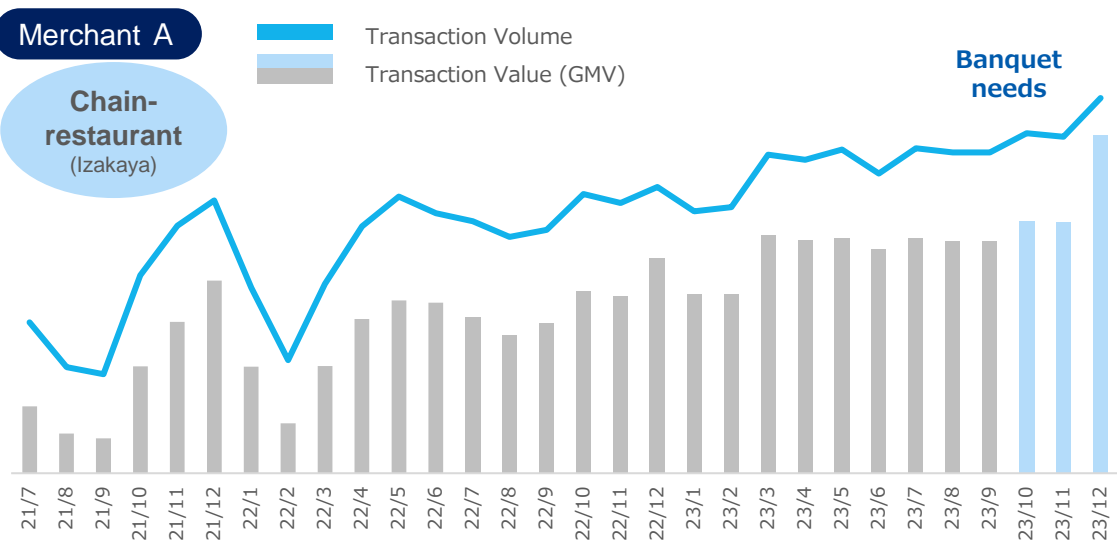
Hotel/travel sales grew due to the contribution of large-lot member stores.  
Expanding installation of terminals for various business categories such as amusement (movie theaters, karaoke, etc.), drugstores, chain restaurants, etc



# 3.2 Transaction Trends by Industry (1Q)

 : High inbound tourism demand

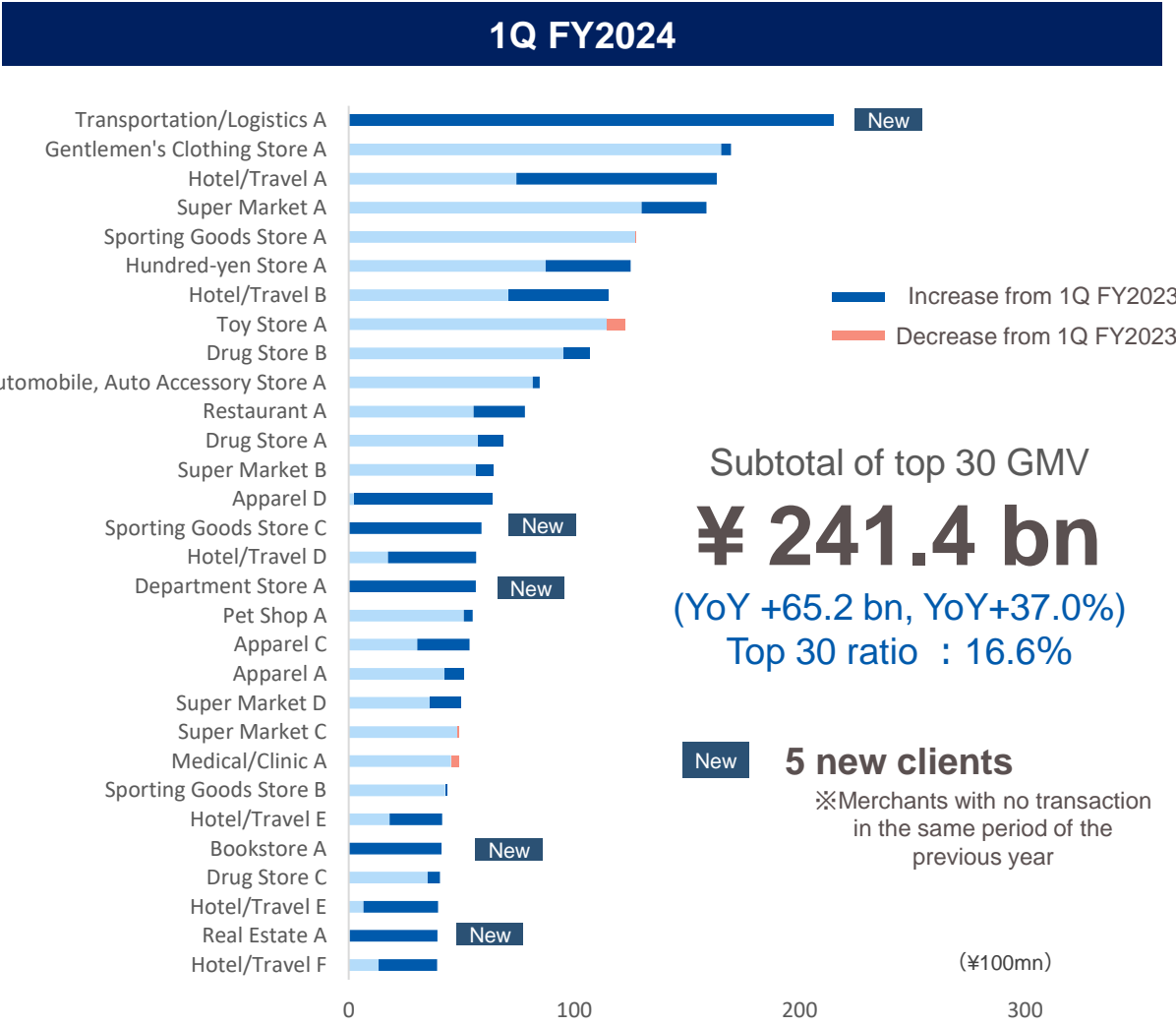
Growth in transactions due to holiday sales season in addition to continued inbound recovery





### 3.3 Top 30 ranked merchants (GMV basis)

Transportation and logistics-related ranked first. Five new clients ranked in the top 30  
Hotel and travel-related businesses continue to grow at a high rate

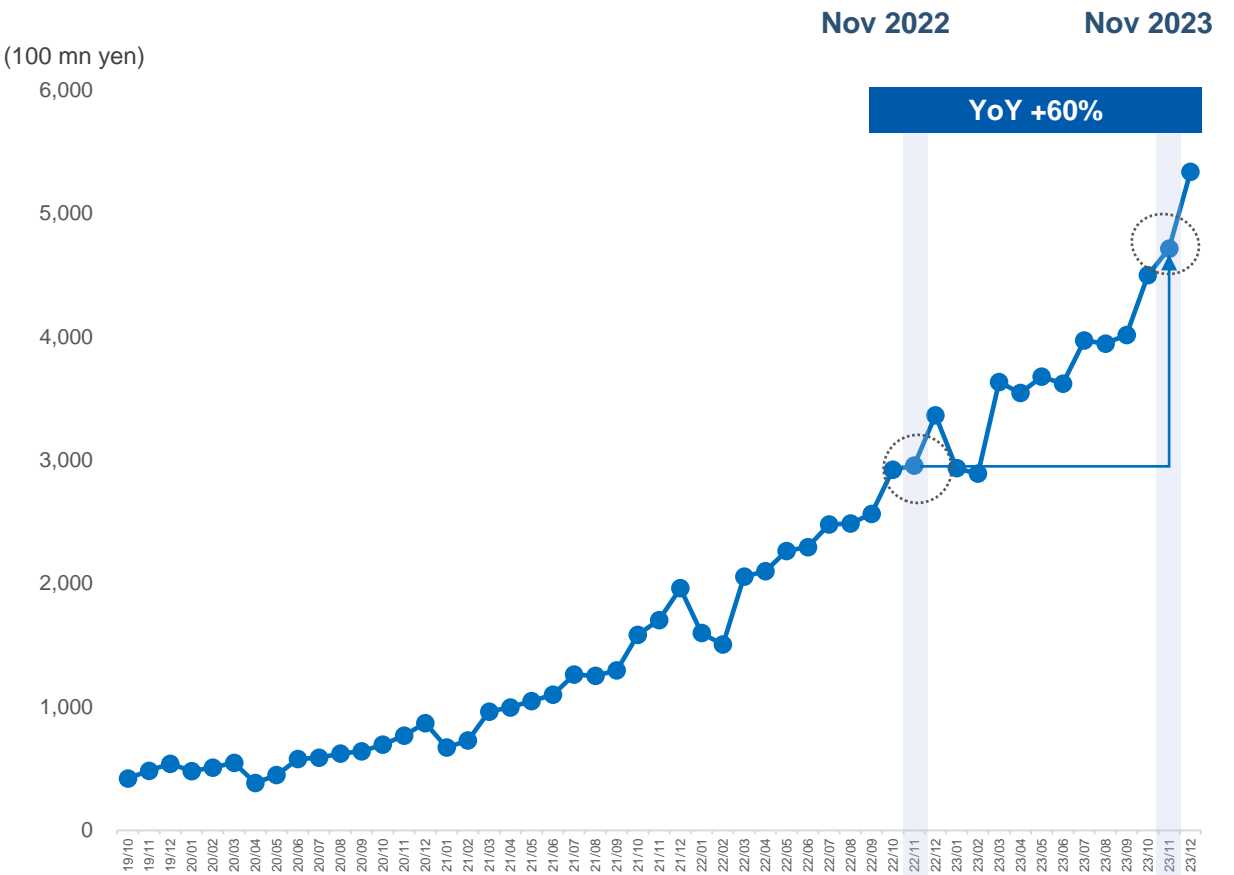
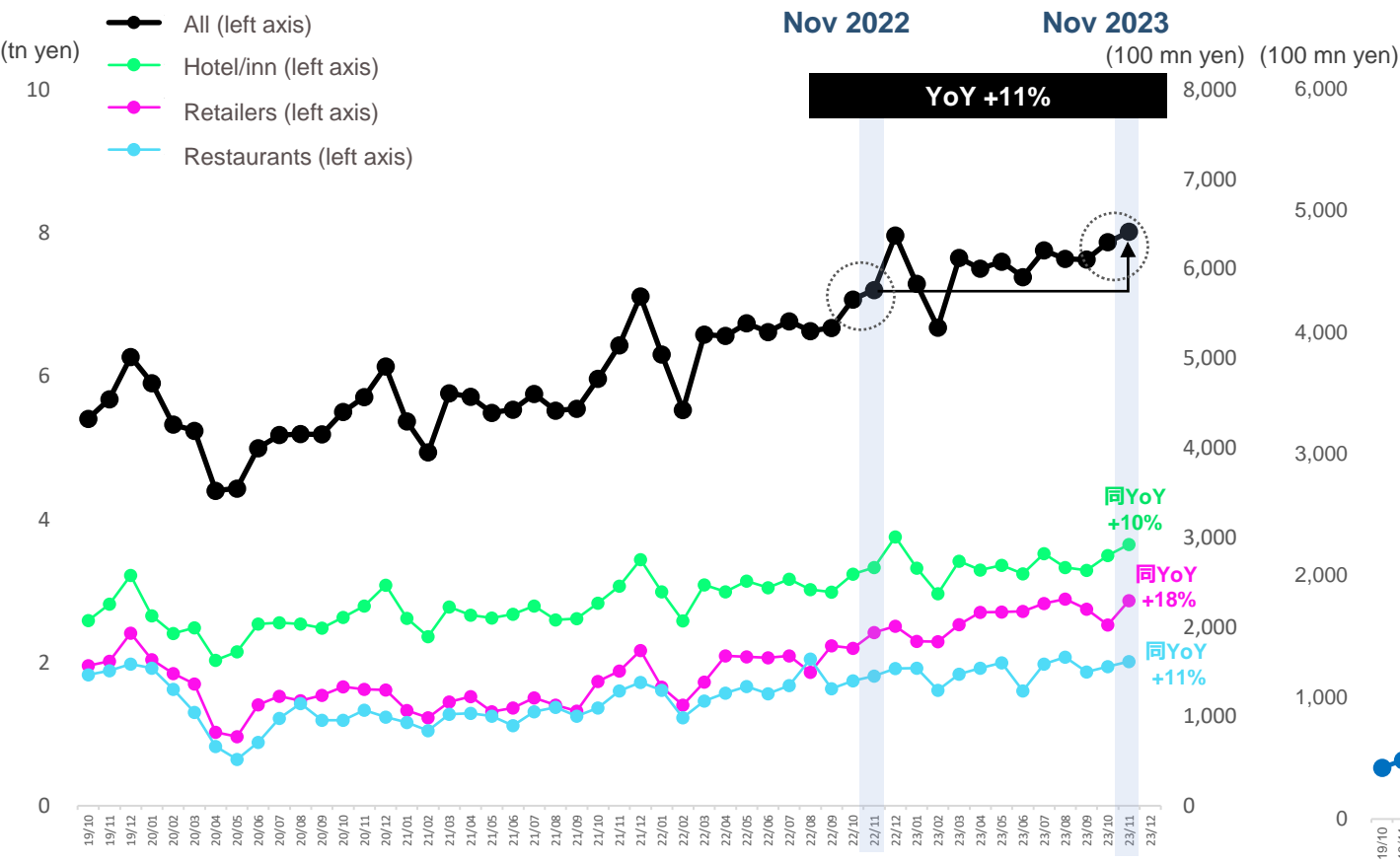


# 3.4 Comparison to Market Growth (November YoY)

Market growth is at +11%YoY while GMO FG GMV is at +60% YoY  
Growth continues above macro statistics

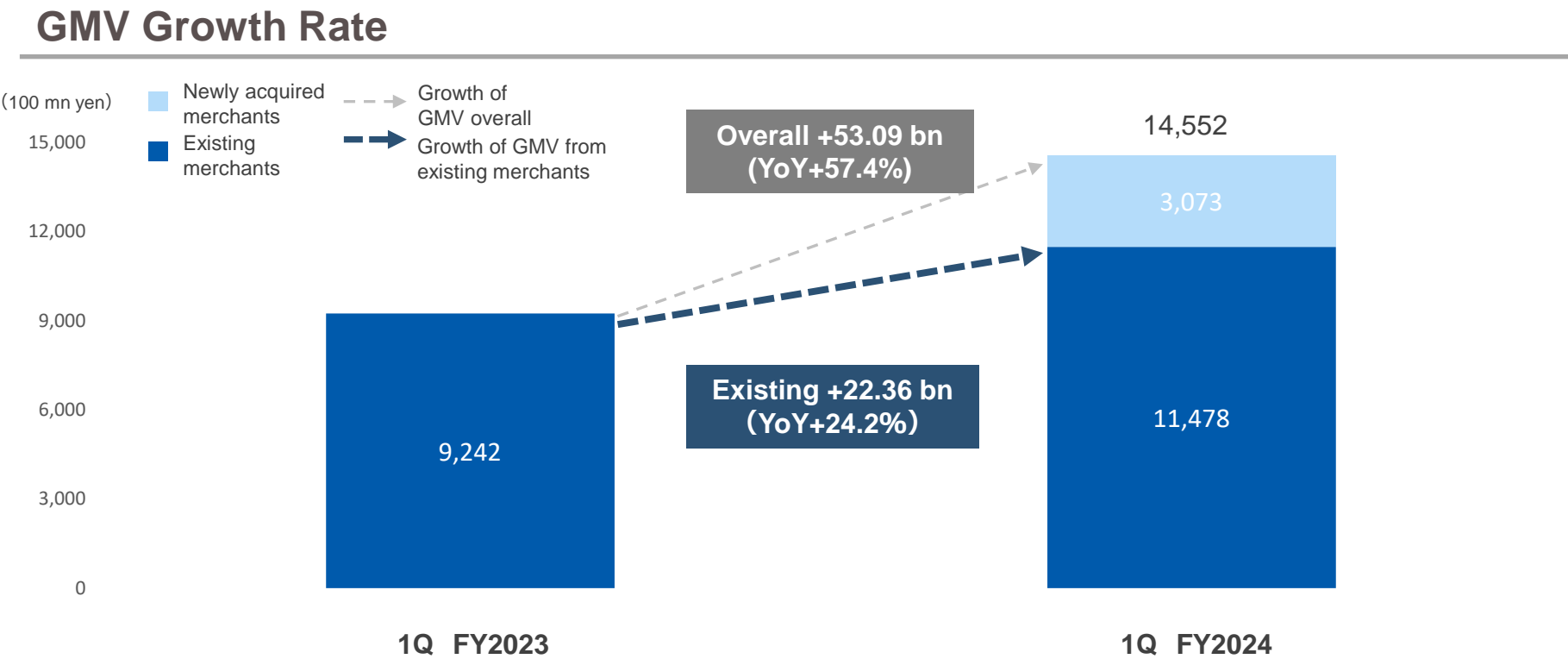
Market GMV (Transaction value of credit card payment)

GMO-FG GMV



### 3.5 Settlement Platform which Grows with its Merchants

GMO-FG GMV grew at +57.4% YoY for 4Q, +24.2%YoY for existing merchants  
Merchants grew with GMO-FG’s settlement platform



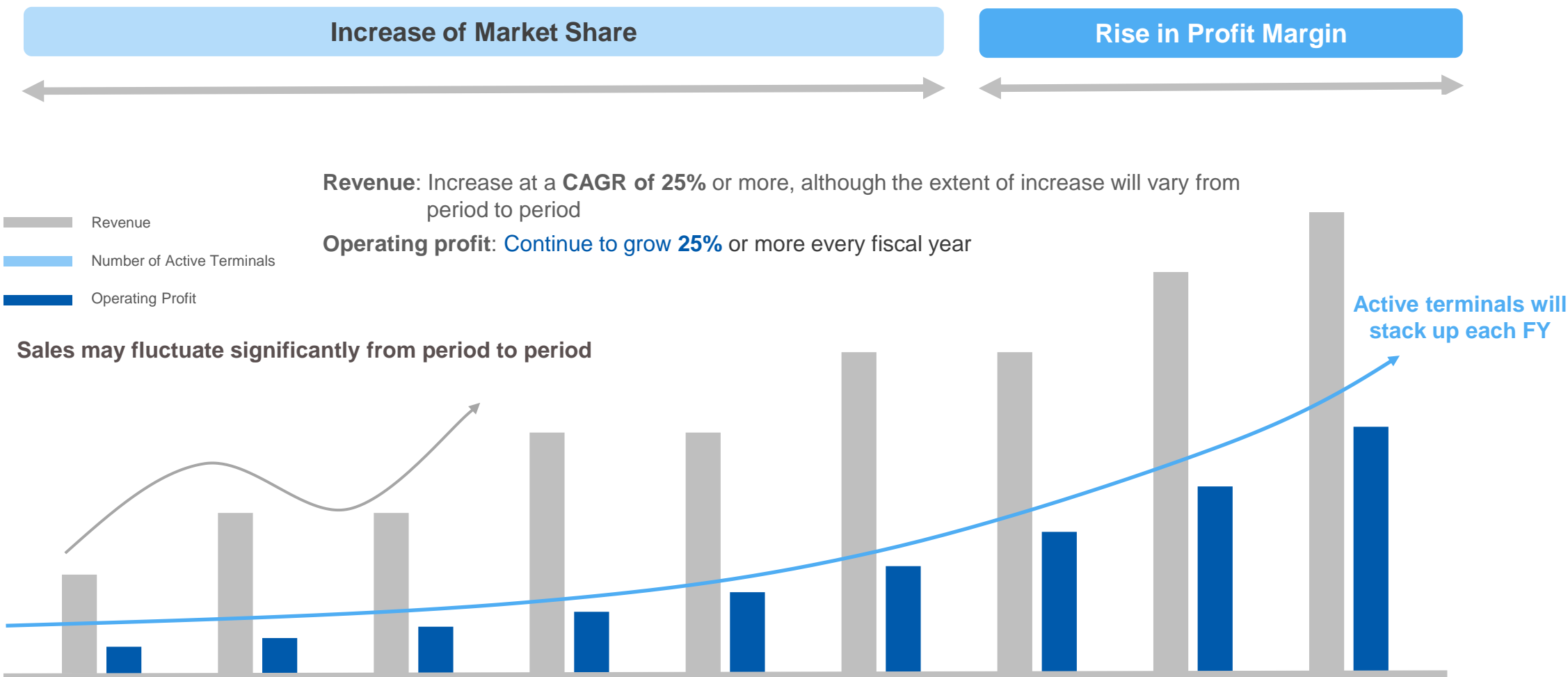
\*Existing merchants are calculated as the number of merchants in the same period of the previous year. Existing merchants increase in “the number of payment terminals” and “new store openings” are also considered as existing growth.

# Growth Strategy and Progress

# 4.1 Image of rise in Revenue & Operating Profit

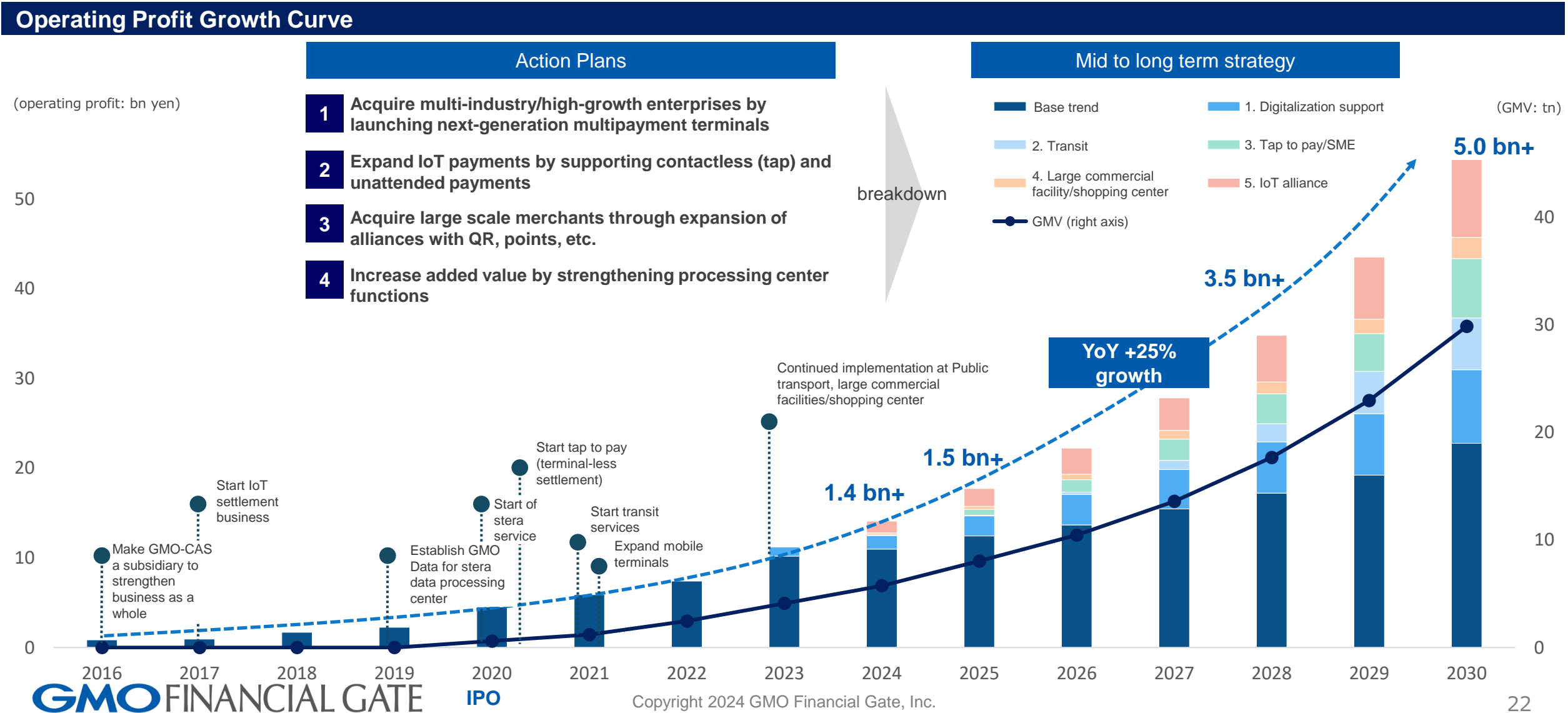
Market Share Expansion Phase: focus on sales/activation of payment terminals and revenue will be fluctuated.

Margin Increase Phase: recurring revenue will increase due to increase in active terminals which will contribute to operating profit growth



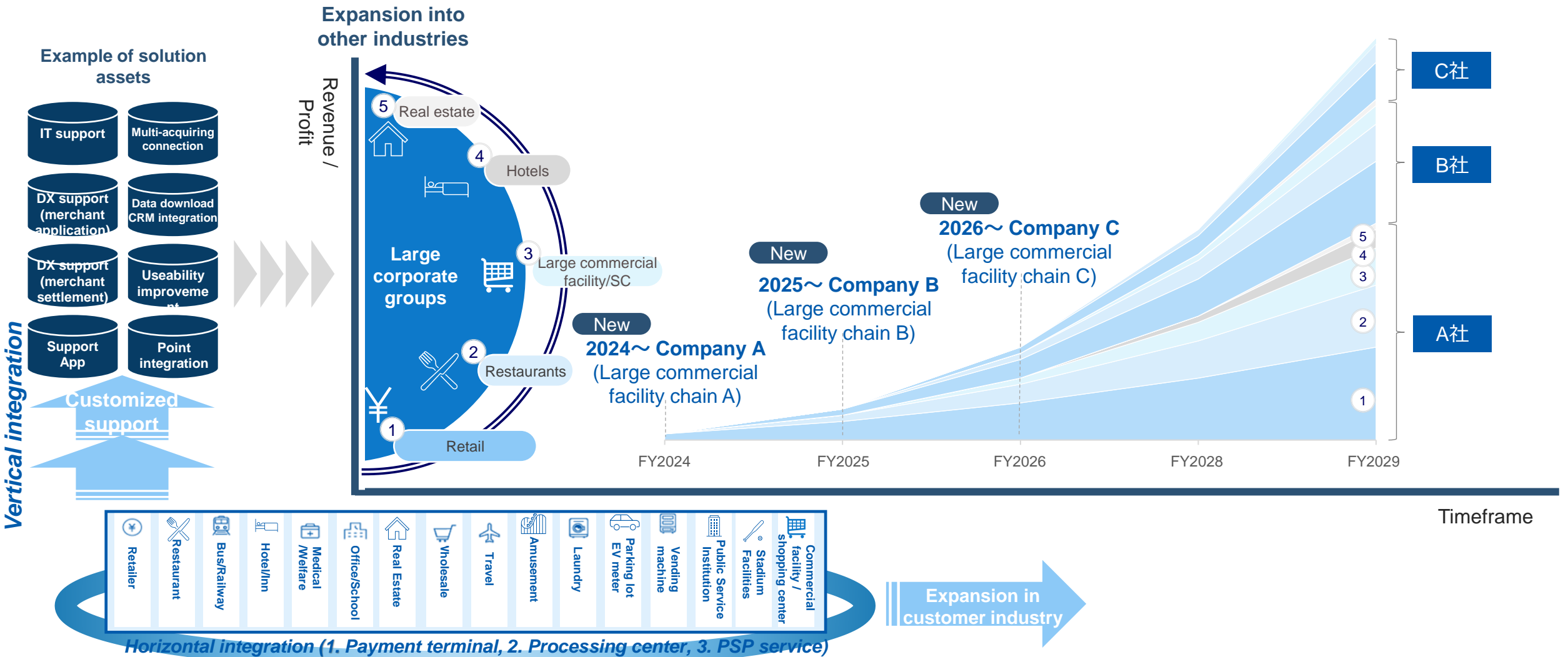
# 4.2 Mid-term Financial Plan

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



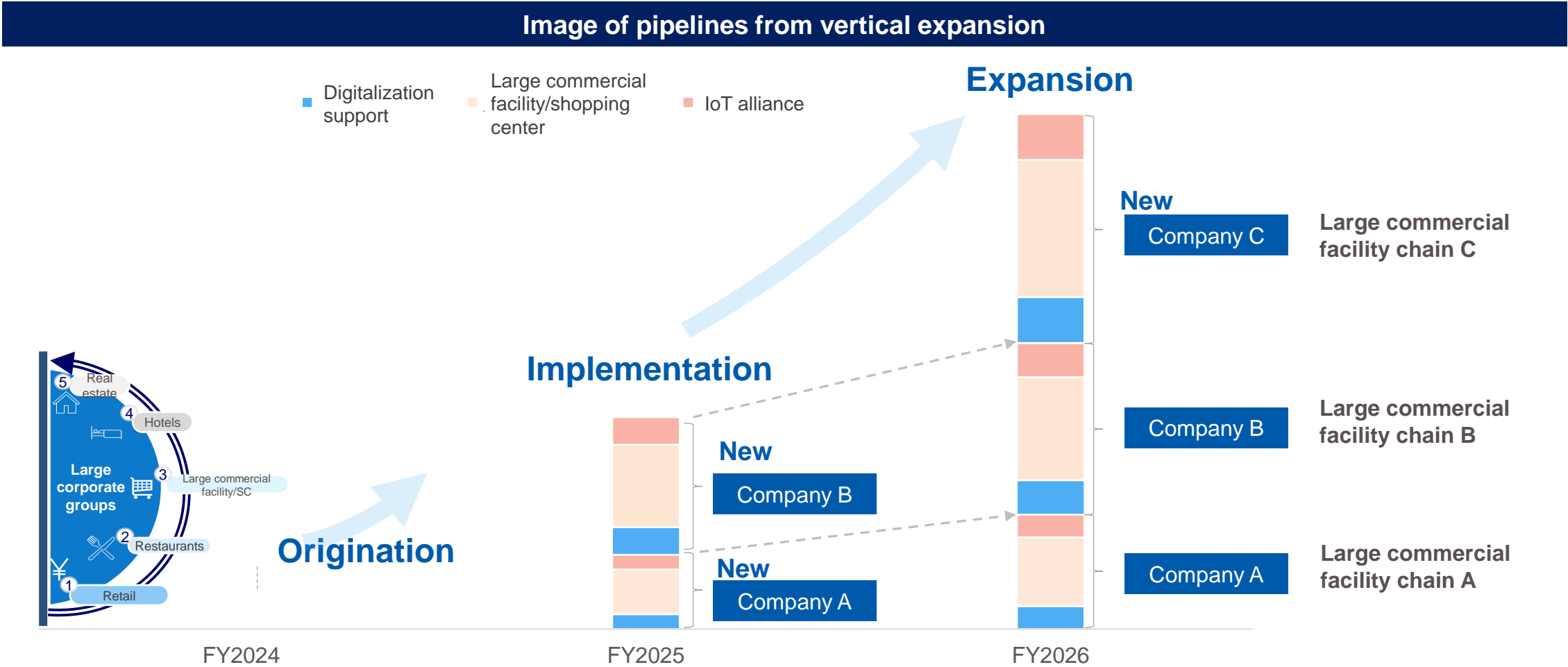
# 4.3 Vertical Expansion

Accelerate business expansion with large corporate groups by providing a variety of tailor-made services  
- expanding profit opportunities by applying this to other large corporate groups



# 4.4 Profit Contribution from Vertical Expansion

Pipelines from mainly large corporations have piled up steadily

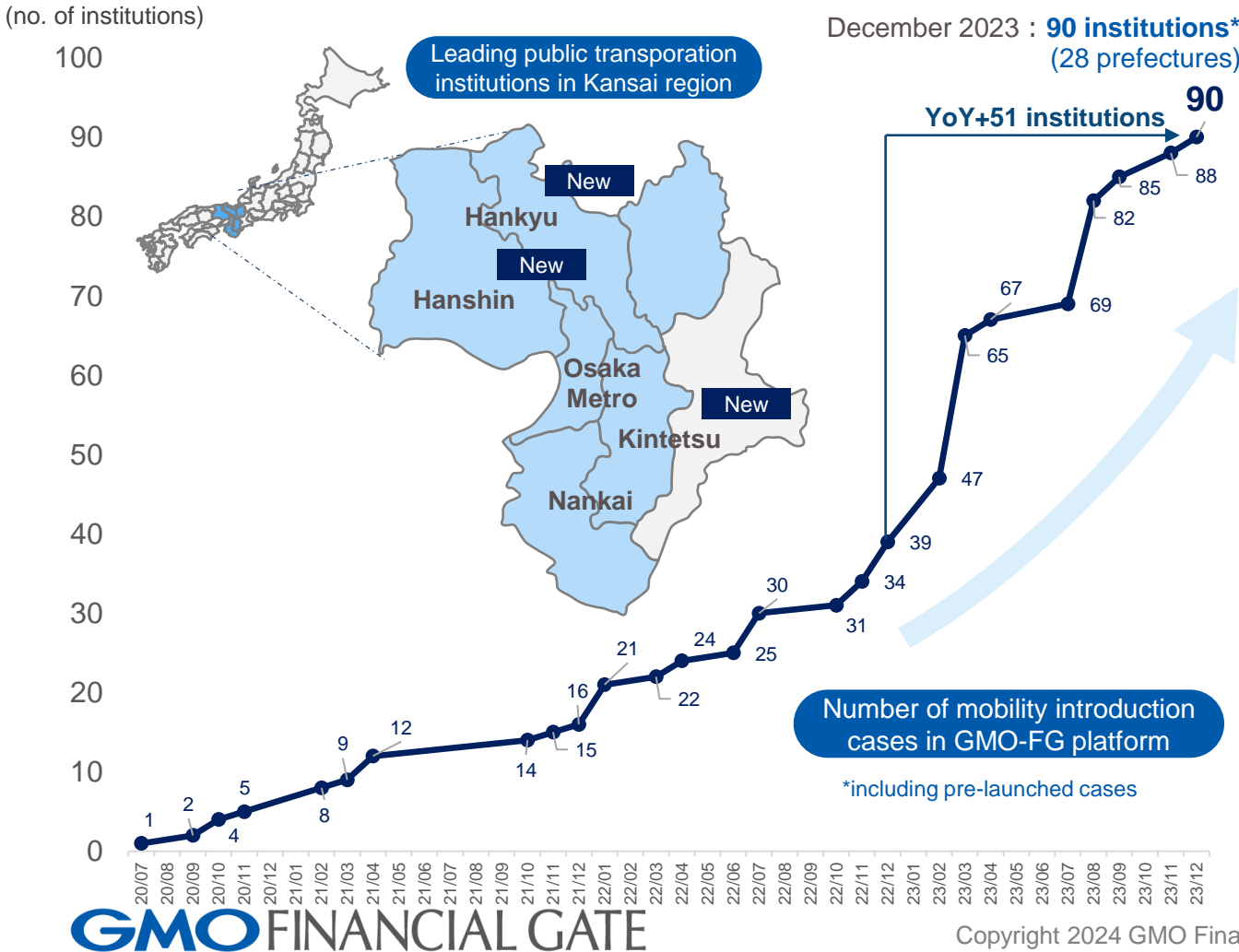




# 4.5 Expansion of Payment Platforms - Mobility Domain

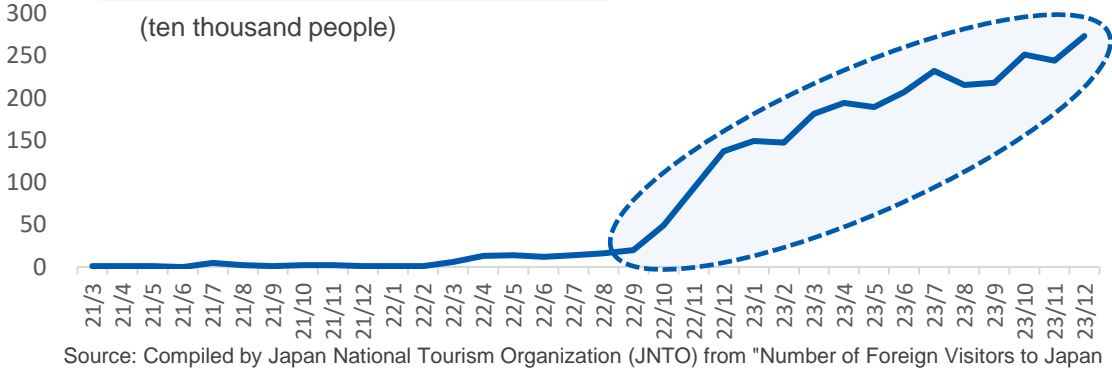
With the recent increase in the number of foreign visitors to Japan, mobility payments in urban areas are on the rise - provided services to 90 enterprises as of Dec. 2023. Experimental implementation is scheduled to start with Tokyo Metro from 2024

## Implementation at Public Transportation Institutions

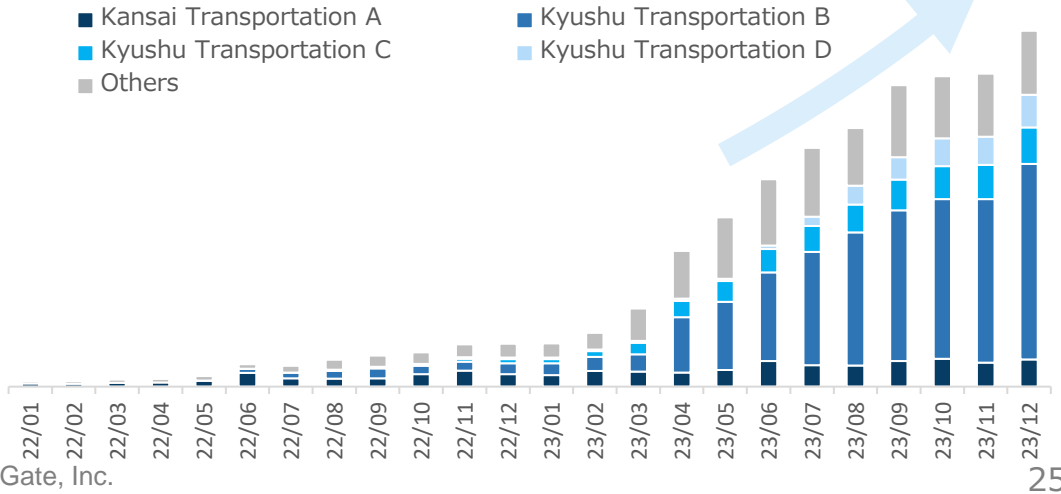


## Number of Tourists and Mobility Settlements

### Number of Tourists



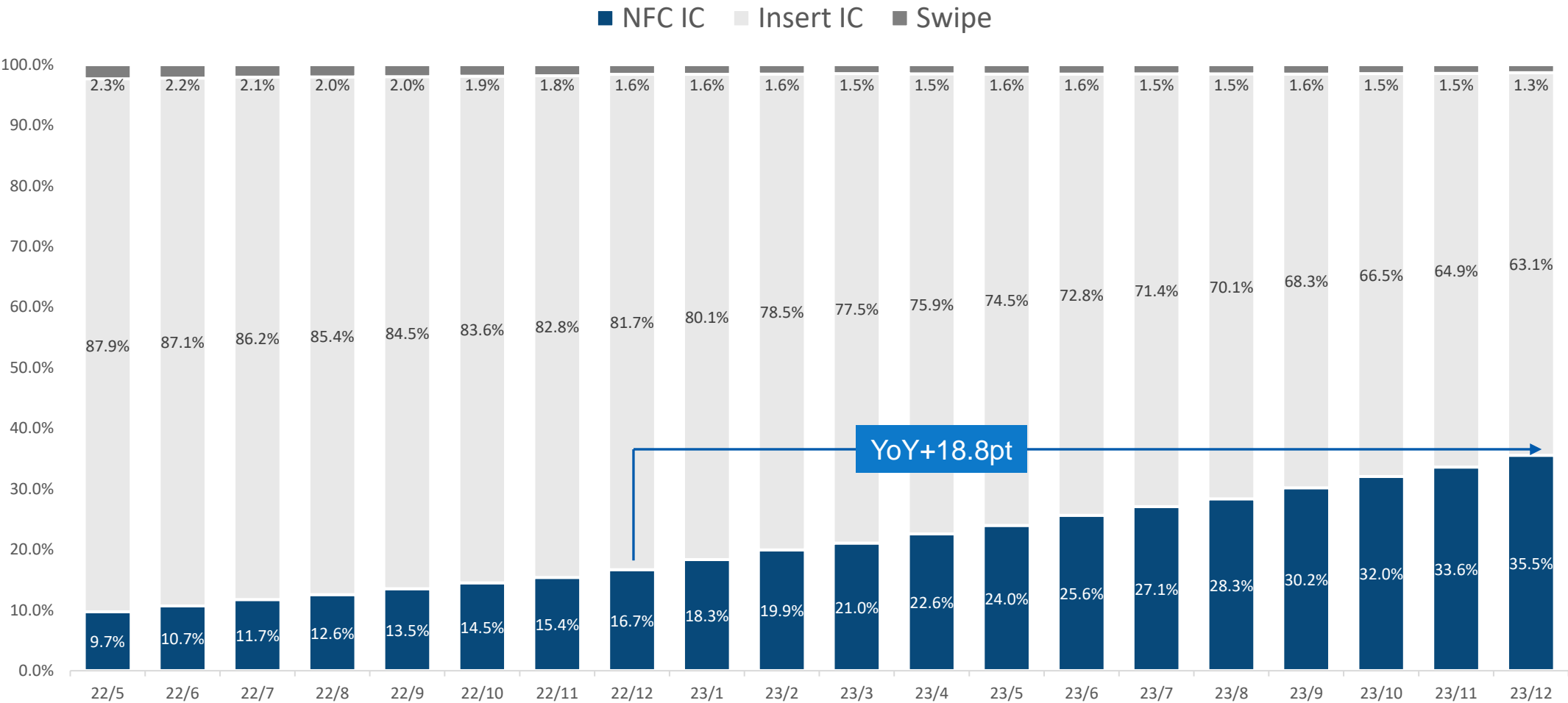
### Numbers of Mobility Settlements



# 4.6 Expanding use of contactless NFC payment

The percentage of credit touch payments at our processing 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



# 4.7 Progress in IoT/Unattended Payment




Supporting the transition from traditional to unmanned terminal (IoT) payments  
Expanding business pipelines based on track record with major merchants

## IoT terminal incorporation into the market




### Merchant needs

- Labor saving
- Cashless payment needs
- Inbound demand
- Retail shops in office buildings
- Installment sales act
- Infectious disease prevention

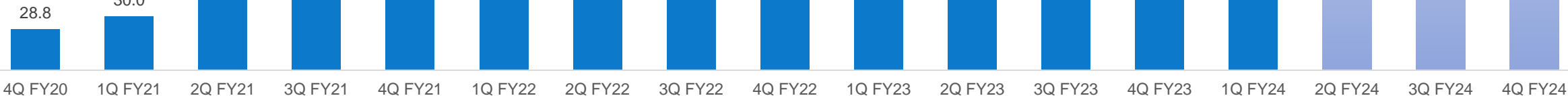
### IoT/unattended payment

- 1 Self payment machine
- 2 Parking lot adjustment machine
- 3 Hotel/Golf on-site payment machine

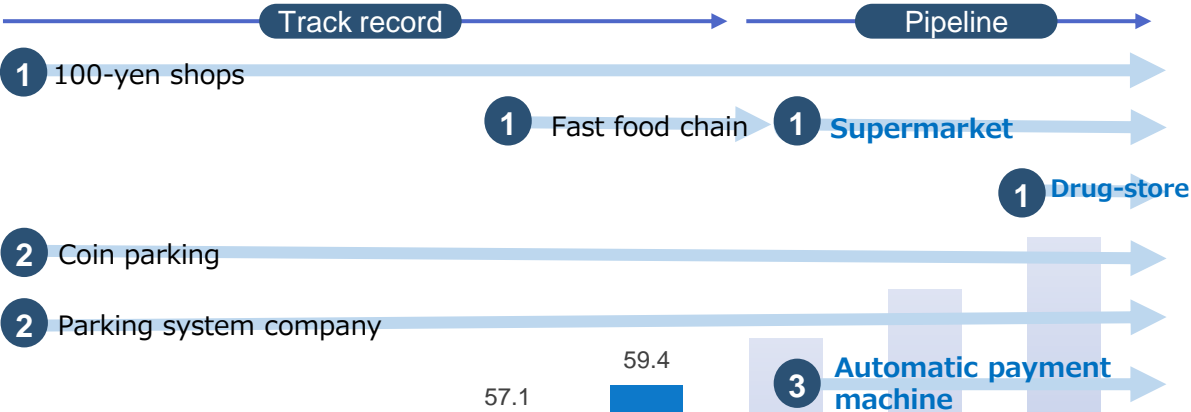
### Traditional payment scene

-  Manned register
-  Parking lot adjustment machine (cash only)
-  Face to face payment

(thousands of terminals)



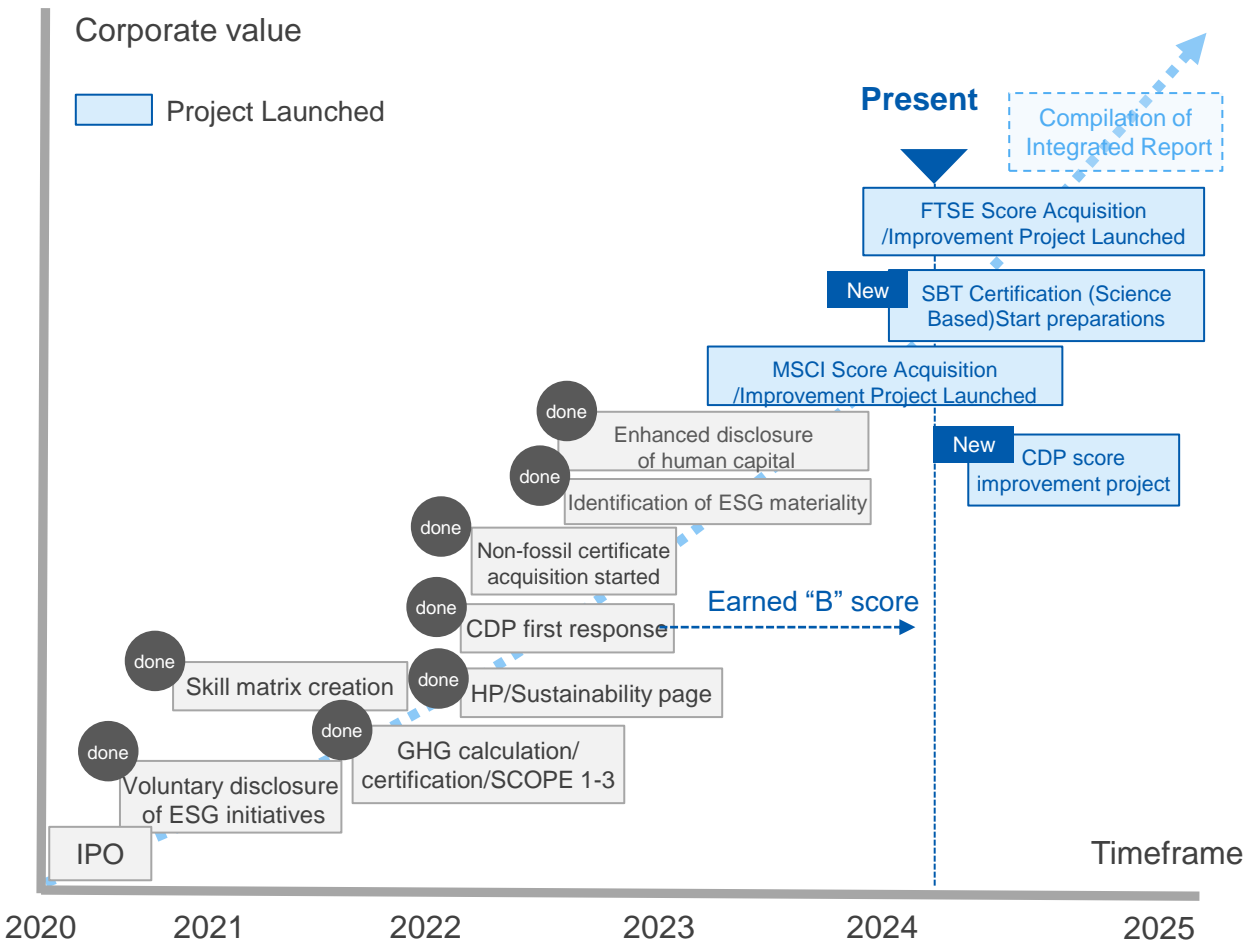
## Track record and business pipelines



# 4.8 Expanding ESG Initiatives

Continuous promotion of ESG initiatives to improve corporate value – will continue to enhance disclosure related to human capital and improve ESG score for multiple institutions

## ESG Initiative Roadmap



## To Do's

### Promote MSCI score acquisition/improvement project

- Promote project with external consultants to improve MSCI score
- Since the scoring is a relative evaluation, we aim to improve the level of disclosure with consideration for other companies in the same industry.

New

### Project launched for SBT certification (Science Based Targets)

- The SBT (Science Based Targets) Secretariat carries out certification after comparing the levels required by the Paris Agreement with the greenhouse gas emission reduction targets set by each company.
- Project launched to reduce greenhouse gases and data verification continued by third-party verification organization

New

### CDP score improvement project

- Earned B score in 2023
- Will strive to earn A score by implementing external consultants

### FTSE score acquisition/improvement project launched

- Visualize issues with the assumption that they will be subject to scoring in the near future
- Started considering countermeasures

### Creation of Integrated Report

Formed Project Team

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

# 4.9 ESG-related topics (Materiality Identification/CDP Score B earned)

(1) Identified materiality. (2) Received a "B" in CDP, focusing on prime companies, exceeding the industry average, the Asian average, and the global average. Aiming for "A" in the future, and aiming to improve the score of low evaluation items.

ESG Materiality				
		Materiality	Contribution to SDGs	
Social Responsibility	1	Infrastructure & Security	Provide safe and secure face-to-face cashless payment infrastructure	11 住み続けられるまちづくりを
	2	Decarbonization & Environment	Provide environmentally friendly payment terminals	7 エネルギーをみんなにそしてクリーンに 12 つくる責任 13 気候変動に具体的な対策を 17 パートナリシップで目標を達成しよう
	3	Business Innovation	Incorporate technological advancements	8 働きがいも経済成長も 9 産業と技術革新の基盤をつくろう
Senior Management	4	Human Resources Human Rights	Secure highly specialized human resources and strengthen investment in their training	3 すべての人に健康と福祉を 5 ジェンダー平等を實現しよう
	5	Governance	Establish a fair and equitable governance structure	16 平和と公正をすべての人に

## CDP Score: B earned

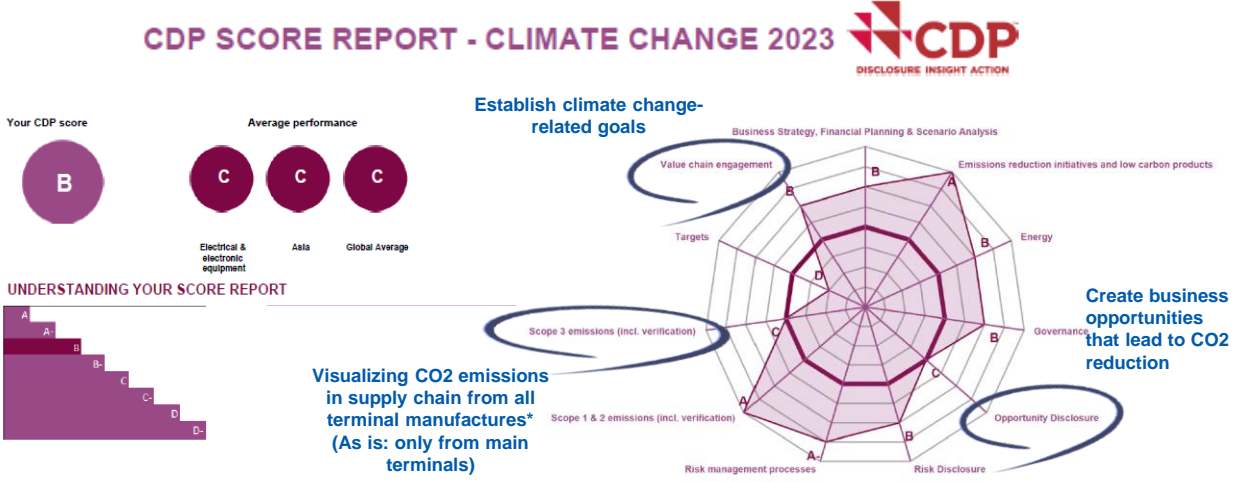
### What is CDP

Non-government organization for global warming countermeasures. Sends out a questionnaire to leading companies around the world on topics such as greenhouse gas emissions, business risks and opportunities due to climate change, and evaluates companies' responses to climate change issues based on their responses. Ratings are given in 8 stages: A, A-, B, B-, C, C-, D, D- (B rating is third from the top)

### B Score

A score of "B" is considered to be at the management level, and indicates that the company has been evaluated as "taking coordinated action on climate issues"

- While our industry average, regional average, and global average are "C", we are a TSE growth market company and has a "B" score that exceeds these standards
- We will continue to strive to enhance disclosed information and aim to obtain an A score



# Supplemental Information

## Financials, Investment / Shareholder Returns

# 5.1 Profit & Loss

Gross profit margin improved significantly due to sales increase and composition change  
Achieved significant increase in profits at each stage despite increasing SG&A

(thousands of yen)	1Q FY2023	1Q FY2024	YoY
Revenue	3,267,719	4,496,898	+37.6%
Cost of goods sold	2,424,177	3,225,866	+33.1%
Gross profit	843,542	1,271,031	+50.7%
SG&A	560,764	785,032	+40.0%
Operating profit	282,777	485,998	+71.9%
Ordinary profit	282,444	483,098	+71.0%
Profit attributable to owners of parent	170,388	290,453	+70.5%

## 5.2 Revenue by business model (Quarterly)

Initial sales will fluctuate to around 3 bn yen per quarter depending on large-lot terminal orders  
Continued high growth is driven by fee

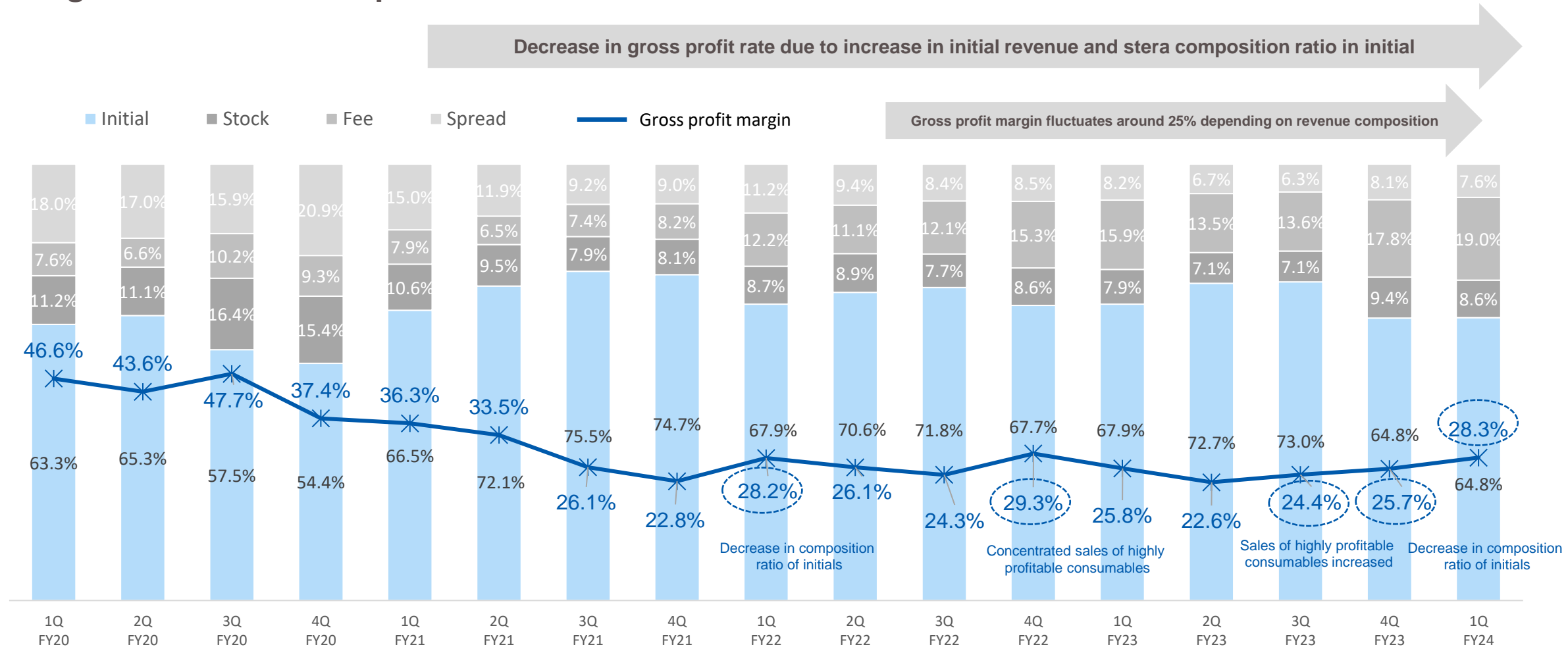
( mn yen)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24
Initial	855	1,103	1,525	1,682	1,454	1,643	2,136	1,927	2,220	2,905	3,461	2,529	2,915
Recurring-Model	430	427	495	569	686	683	841	921	1,047	1,091	1,277	1,375	1,581
Stock	135	145	160	182	185	206	229	244	259	283	334	366	387
Fee	101	99	149	183	261	259	361	434	519	539	643	693	853
Spread	193	181	185	203	239	217	250	242	268	268	299	315	340
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	4,496



# 5.3 Changes in Revenue Composition and Changes in Gross Profit Margin

Gross profit margin has bottomed out – had been on a downward trend due to changes in sales composition

Gross profit margin improved significantly in the first quarter due to expansion of recurring sales and changes in the sales composition of terminals



# 5.4 Balance sheet

Building up merchandise levels for future terminal sales for strong future demand  
Secured liquidity on hand by implementing long-term loans with an eye on interest rate trends

End of 1Q FY2024 (thousands of yen)

Cash and cash equivalents (37.6%) 3,897,840	Current liabilities 3,297,503
Merchandise (Payment terminal) 3,077,193	Non-current liabilities 2,042,893
Other current assets 1,555,536	Total net assets (48.5%) 5,036,444
Non-current assets 1,846,270	
Asset	Total liabilities and net assets

■ Note

**Merchandise : ¥ 3.07 bn**

Increase of ¥0.68 bn from the end of the previous 4Q  
No problems with stock up

**Current liabilities : ¥ 3.29 bn**

Increased by ¥0.69 bn from the end of the previous 4Q  
mainly due to accounts payable

**Non-current liabilities : ¥ 2.04 bn**

Additional long-term loans of ¥0.5 bn

**Cash and cash equivalents : ¥ 3.89 bn**

Decreased by ¥0.11 bn from the end of the previous 4Q  
mainly due to an increase in merchandise despite additional borrowings

# 5.5 Balance sheet (Quarterly)

(mn yen)			4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	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	3,897	-117	+2,177
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	2,733	2,396	3,077	+681	+565
		Others	741	868	1,007	884	990	1,527	1,520	1,412	1,093	1,555	+462	+28
	Non-current assets		1,347	1,409	1,445	1,497	1,622	1,567	1,651	1,692	1,757	1,846	+89	+278
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	10,376	+1,114	+3,051
	Liabilities	Current liabilities		2,720	1,538	2,135	1,575	1,929	2,801	3,221	2,114	2,604	3,297	+692
Non-current liabilities		40	37	33	30	39	39	540	1,540	1,541	2,042	+501	+2,003	
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,732	4,962	5,115	5,036	-79	+551
Total liabilities and net assets			7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	10,376	+1,114	+3,051

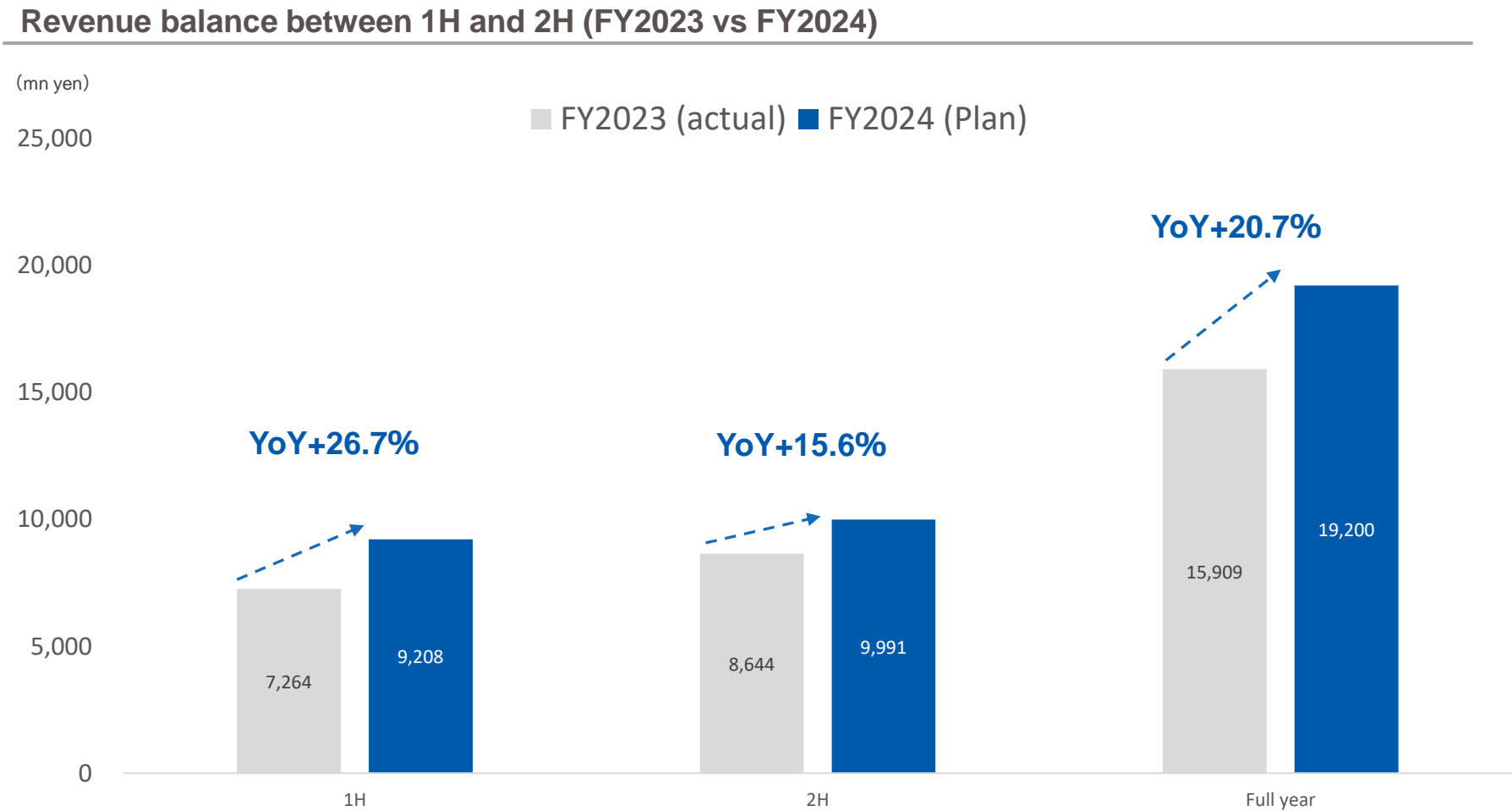
## 5.6 Consolidated KPIs (Number of Active Terminal)

The number of operating terminals is steadily increasing, driven by manned terminals, while number of unmanned terminals continues to increase due to the trend of self-service and labor saving

(thousand)	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	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	246.7	+24.4 (+11.0%)	+97.2 (+65.1%)
Unmanned (IoT)	30.0	31.8	33.9	40.1	42.4	44.2	45.8	47.6	49.5	52.3	54.1	57.1	59.4	+2.2 (+4.0%)	+9.9 (+20.0%)
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	19.9	+0.5 (+2.8%)	+0.7 (+3.9%)
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	326.0	+27.2 (+9.1%)	+107.8 (+49.5%)

# 5.7 Revenue growth rate in 1<sup>st</sup> Half & 2<sup>nd</sup> 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



# 5.8 Capital Allocation Policy

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

## Investment Source Funding Policy

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

### (1) Operating Cash Flow

Leverage operating CF from continuous profit growth

### (2) Favorable sub liabilities, etc.

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

### (3) Equity

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

## Capital Allocation Policy

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

### Business Investment

Business investment to implement market share expansion strategy

### Growth Investments

Strategic investments in preparation for profit margin increase strategy

### Shareholder Returns

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

## 5.9 Investment Policy

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

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

# 5.10 Shareholder Return Policy

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

## Basic Policy on Shareholder Returns

### Increase in corporate value

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

To increase net income attributable to shareholders through business growth in 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).



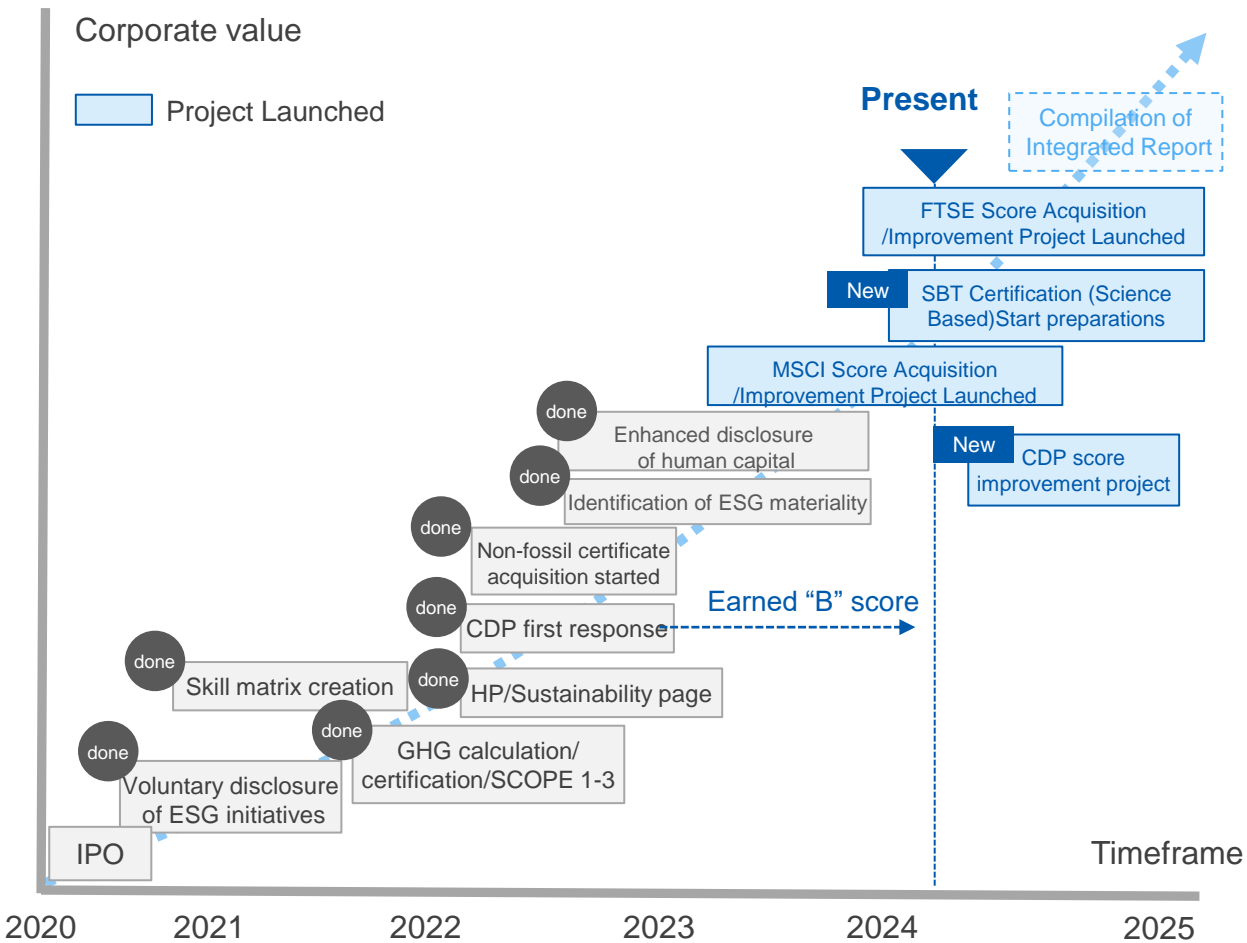
# Supplemental Information

## ESG Initiatives (Details)

# 6.1 (Reposted) Expanding ESG Initiatives

Continuous promotion of ESG initiatives to improve corporate value – will continue to enhance disclosure related to human capital and improve ESG score for multiple institutions

## ESG Initiative Roadmap



## To Do's

### Promote MSCI score acquisition/improvement project

- Promote project with external consultants to improve MSCI score
- Since the scoring is a relative evaluation, we aim to improve the level of disclosure with consideration for other companies in the same industry.

New

### Project launched for SBT certification (Science Based Targets)

- The SBT (Science Based Targets) Secretariat carries out certification after comparing the levels required by the Paris Agreement with the greenhouse gas emission reduction targets set by each company.
- Project launched to reduce greenhouse gases and data verification continued by third-party verification organization

New

### CDP score improvement project

- Earned B score in 2023
- Will strive to earn A score by implementing external consultants

### FTSE score acquisition/improvement project launched

- Visualize issues with the assumption that they will be subject to scoring in the near future
- Started considering countermeasures

### Creation of Integrated Report

Formed Project Team

- 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 (Reposted) ESG-related topics (Materiality Identification/CDP Score B earned)

(1) Identified materiality. (2) Received a "B" in CDP, focusing on prime companies, exceeding the industry average, the Asian average, and the global average. Aiming for "A" in the future, and aiming to improve the score of low evaluation items.

ESG Materiality				
		Materiality	Contribution to SDGs	
Social Responsibility	1	Infrastructure & Security	Provide safe and secure face-to-face cashless payment infrastructure	11 住み続けられるまちづくりを
	2	Decarbonization & Environment	Provide environmentally friendly payment terminals	7 エネルギーをみんなにそしてクリーンに 12 つくる責任 13 気候変動に具体的な対策を 17 パートナリシップで目標を達成しよう
	3	Business Innovation	Incorporate technological advancements	8 働きがいも経済成長も 9 産業と技術革新の基盤をつくろう
Senior Management	4	Human Resources Human Rights	Secure highly specialized human resources and strengthen investment in their training	3 すべての人に健康と福祉を 5 ジェンダー平等を實現しよう
	5	Governance	Establish a fair and equitable governance structure	16 平和と公正をすべての人に

### CDP Score: B earned

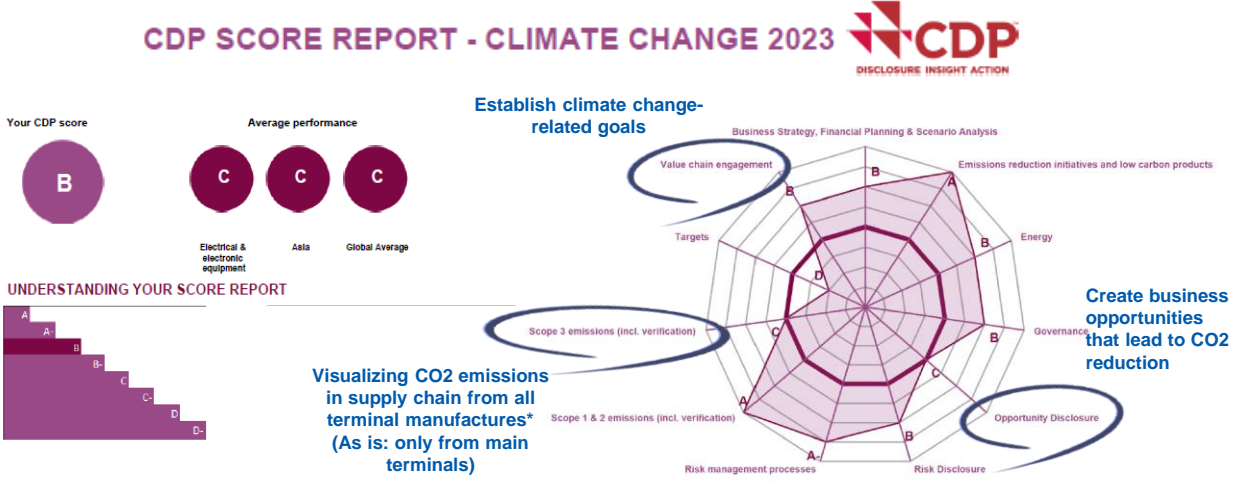
#### What is CDP

Non-government organization for global warming countermeasures. Sends out a questionnaire to leading companies around the world on topics such as greenhouse gas emissions, business risks and opportunities due to climate change, and evaluates companies' responses to climate change issues based on their responses. Ratings are given in 8 stages: A, A-, B, B-, C, C-, D, D- (B rating is third from the top)

#### B Score

A score of "B" is considered to be at the management level, and indicates that the company has been evaluated as "taking coordinated action on climate issues"

- While our industry average, regional average, and global average are "C", we are a TSE growth market company and has a "B" score that exceeds these standards
- We will continue to strive to enhance disclosed information and aim to obtain an A score



## 6.3 ESG Initiatives / Environment

In the provision of our payment platform, we promote business operations that consider environmental impact. Working to reduce CO<sub>2</sub> emissions related to our business

### 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 CO <sub>2</sub> emissions	FY2022	FY2023
SCOPE 1 (t-CO2)	0	0
SCOPE 2 (t-CO2)	105	0
SCOPE 3 (t-CO2)	13,927	19,388
Electricity consumption for SCOPE 1 and 2 (kwh)	231,210	200,949

\* 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.  
\* SCOPE 3 (September 2023) will be updated as soon as data verification by a third-party verification organization is completed.  
\* Achieved virtually 100% renewable energy by using renewable energy equivalent to SCOPE 1 and 2 electricity consumption.

# 6.4 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	40.9	42.7
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) .

\*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.

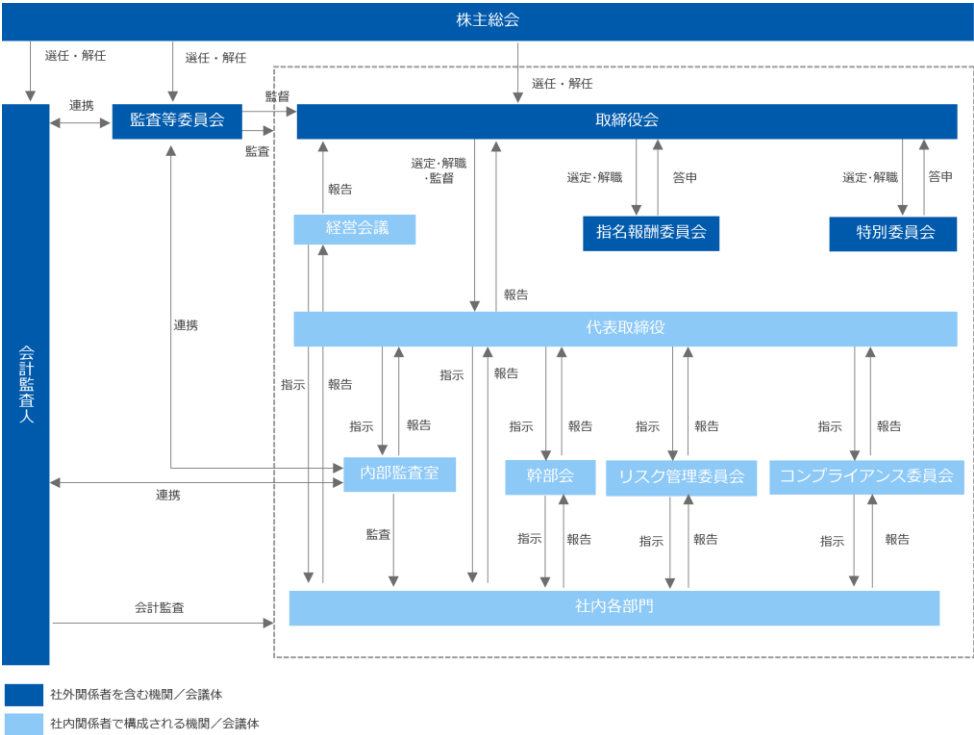
\* From the fiscal year ending September 2023, contracted and dispatched partners will be excluded from the calculation of the turnover rate.

# 6.5 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

- Transition to a company with an audit and supervisory committee** : External directors account for more than 1/3 of the Board of Directors, eliminating decision-making that would create a conflict of interest with shareholders.
- Establishment of a special committee** : Strengthen the governance of the board of directors and protect the interests of minority shareholders



## Governance Related Data

Outside Directors/Female Directors	FY2023
Number of directors	7
Number of independent outside directors (%)	2 (28.6%)
Number of female directors (%)	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 President and Representative Director	Aoyama Board Member	Fukuda Board Member	Tamai Board Member	Koide Board Member	Shimamura Independent Outside Director	Asayama Independent Outside Director
17 times	Times Attended attendance rate	17 100%	17 100%	17 100%	14 100%	17 100%	17 100%	17 100%

\*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 Independent Outside Corporate Auditor	Ozawa Independent Outside Corporate Auditor	Iinuma 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



## 6.6 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, 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 (Audit and Supervisory Committee Member)**

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 (Audit and Supervisory Committee Member)**

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).



**Takayoshi Nagasawa /**  
**External Director (Audit and Supervisory Committee Member)**

36 years in the systems industry, working with clients in the financial and distribution industries; appointed as an auditor in December 2016 (appointed as an outside director as a member of the audit committee to strengthen the internal control system and to audit the directors' execution of their duties); concurrently serving as an auditor of GMO Data from August 2019



**Satoru Ozawa /**  
**External Director (Audit and Supervisory Committee Member)**

46 years in the systems industry, working with clients in the corporate management and banking industries; appointed as an auditor in December 2016 (appointed as an outside director as an audit committee member to strengthen the internal control system and to audit the directors' execution of their duties).



Definition of notation

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

\* Describes directors in office as of December 18, 2023.

# 6.7 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	Takayoshi Nagasawa	Satoru Ozawa
						<div>outside the companyIndependent Director</div>	<div>outside the companyIndependent Director</div>	<div>outside the companyIndependent Director</div>	<div>outside the companyIndependent Director</div>
Job title	President and Representative Director	Director, General Manager, Solution Partner Division	Director, General Manager, IT Platform Division	Director, General Manager, Corporate Support Division	Director	Director (Audit and Supervisory Board Member)	Director (Audit and Supervisory Board Member)	Director (Audit and Supervisory Board Member)	Director (Audit and Supervisory Board Member)
Practicing GMO-ism*	●	●	●	●	●	●	●	●	●
Corporate management	●	●					●		●
System Security			●						
Risk managAement			●	●			●	●	●
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 December 18, 2023.



# Supplemental Agenda

## Appendix

GMO-FG is focusing on offline payment

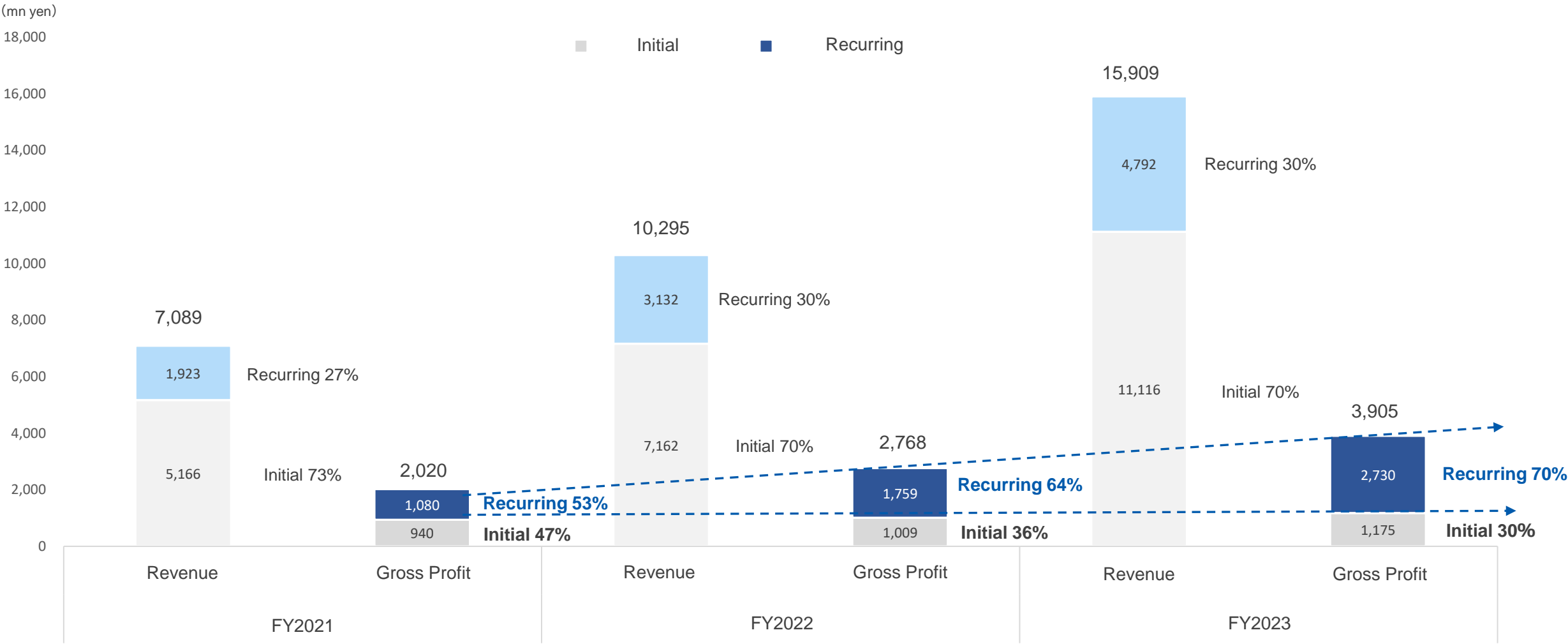
Company name	GMO FINANCIAL GATE		GMO PAYMENT GATEWAY	
Business Domain	GMO Financial Gate (Payment at Brick & Mortar + IoT)		GMO Payment Gateway (EC)	
Payment method	Payment by passing card/QR code over the reader		Payment by entering credit card information in PC / mobile phone	
Medium	Payment terminal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

- Physical hardware network
- Proprietary programming code specifications
- Regulation

# Gross profit composition ratio

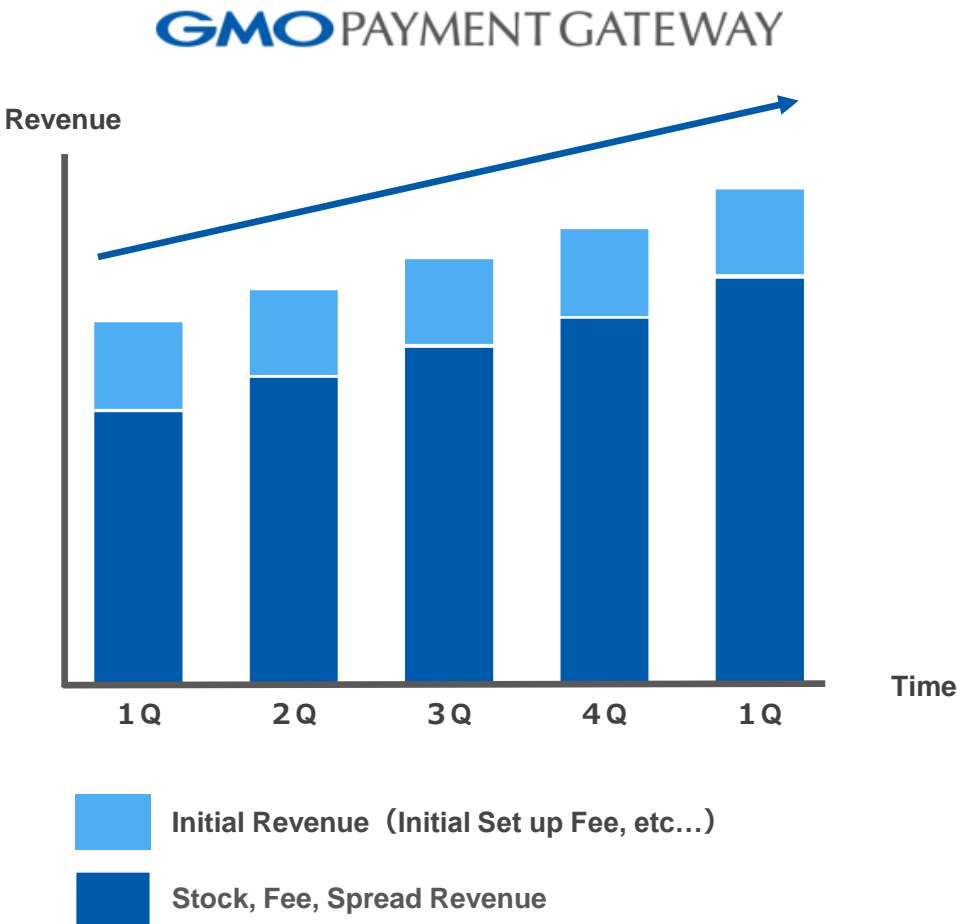
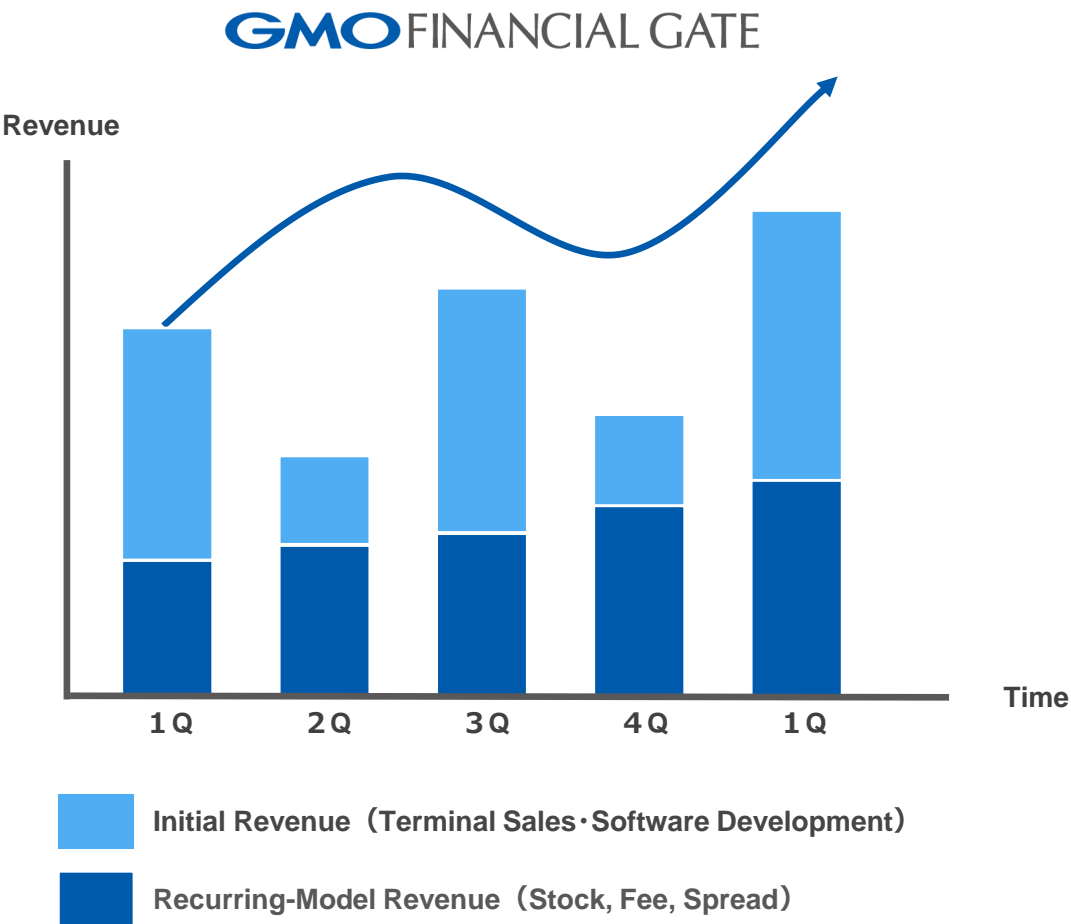
Growth in recurring revenue leads to steady profitability base

Composition by Product Category (Revenue and Gross Profit)



# Revenue Models: Financial Gate vs. Payment Gateway

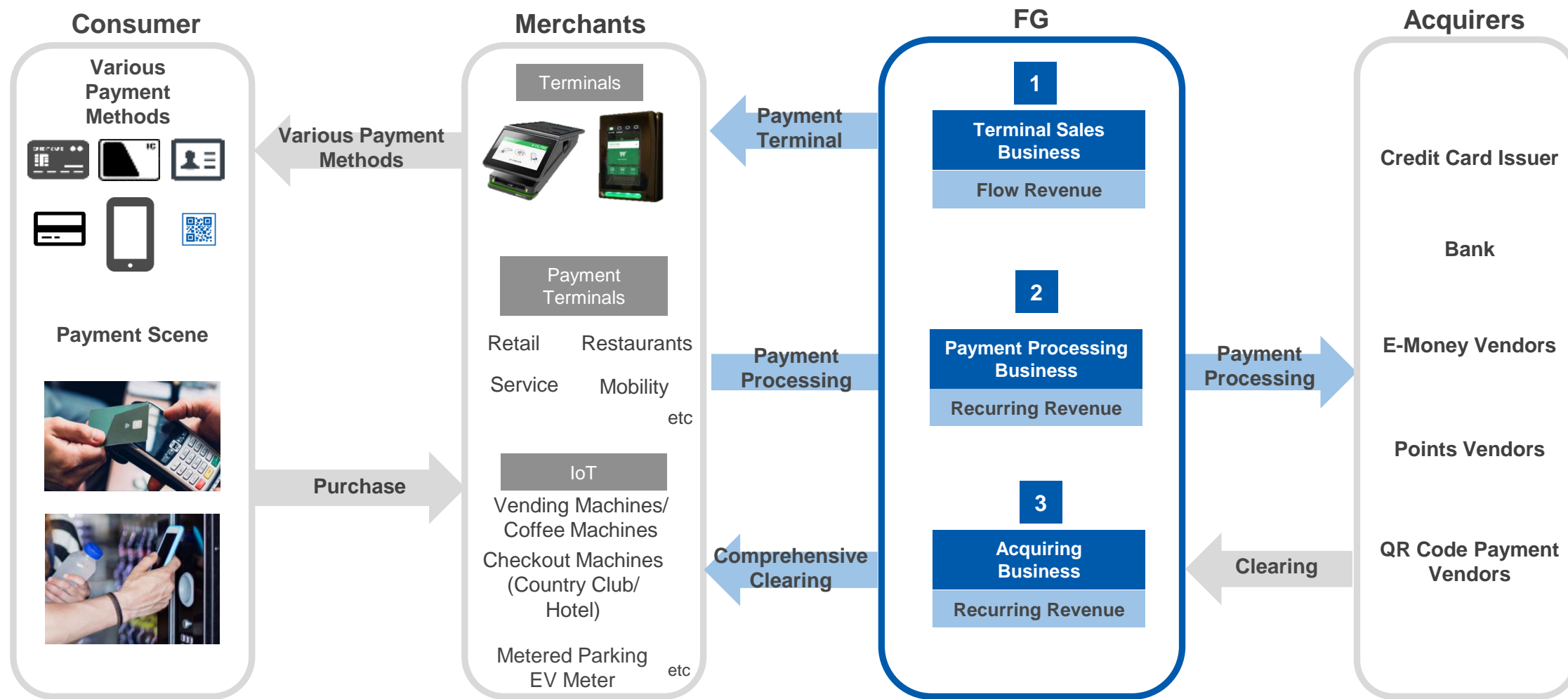
Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery



# Three Biz Models Over a Single, One-Stop Platform

Business Model

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

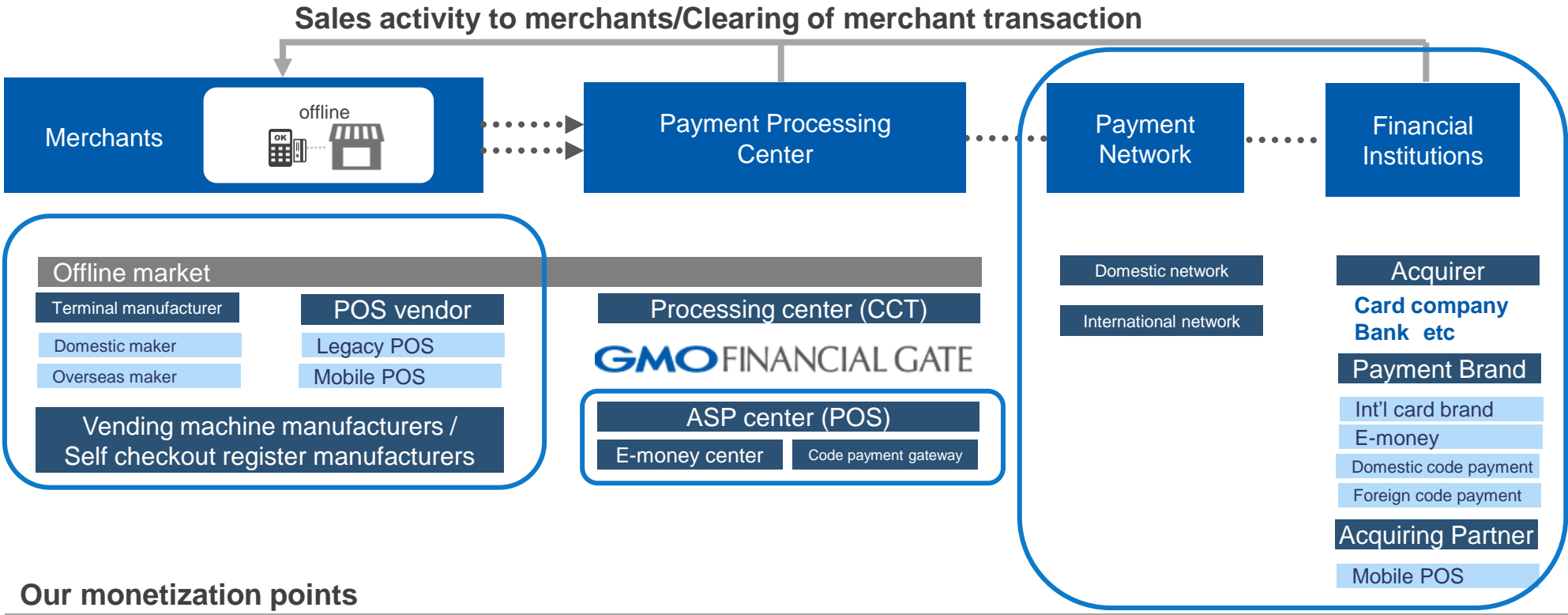


Business Model

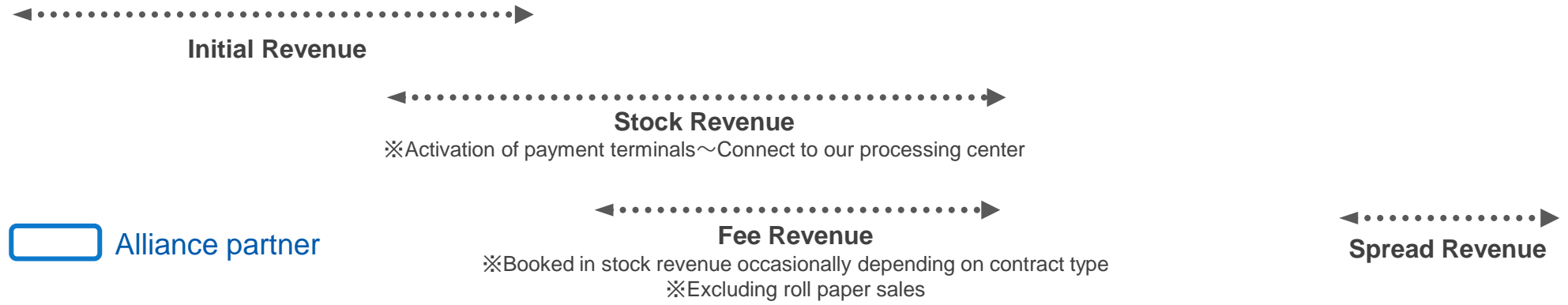
# Recurring-Model Revenue Expansion Originating From Terminal Sales

Recurring-model revenue grows with flow model revenue which is mainly coming form the sales of payment terminals

Revenue Model	3 Business	4 Types of Revenue	% (1Q FY2024)
<div>Flow Model Revenue</div> <div>Recurring-Model Revenue</div>	① Terminal Sales Business	Initial	64.8%
	② Payment Processing Business	Stock	8.6%
		Fee	19.0%
	③ Acquiring Business	Spread	7.6%



## Our monetization points

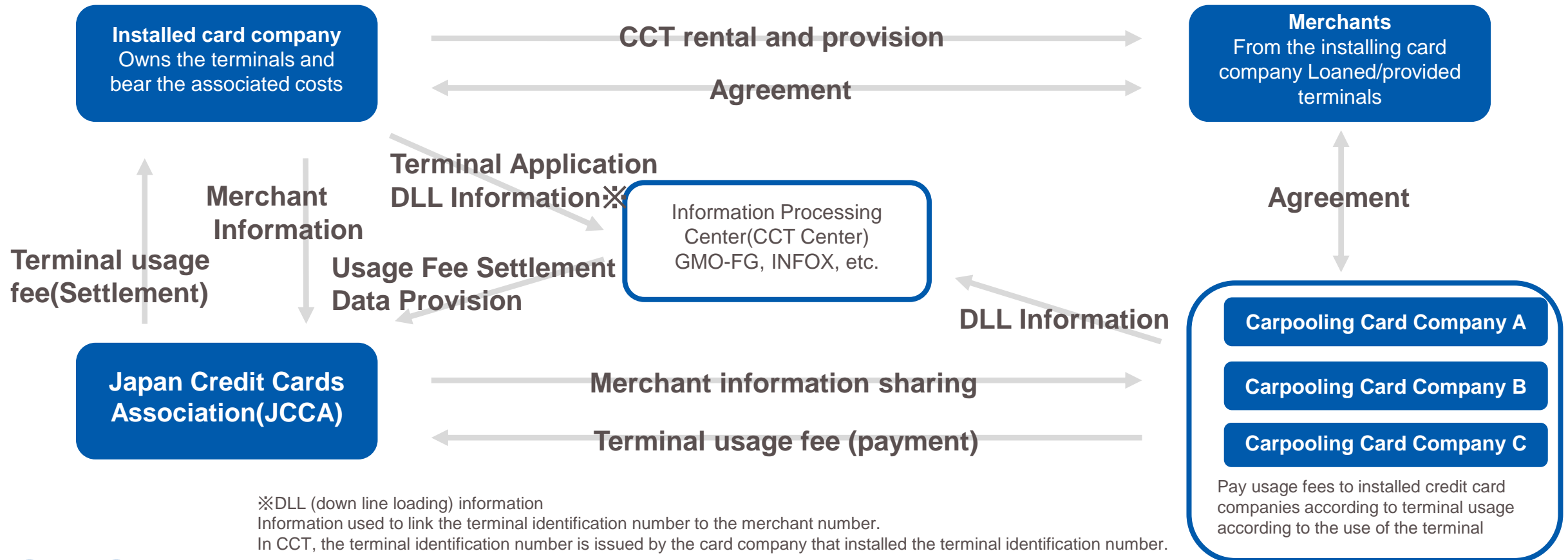


# CCT (Credit Center Terminal, ⇒ Card company-owned terminal)

Business Model

## CCT(Credit Center Terminal)

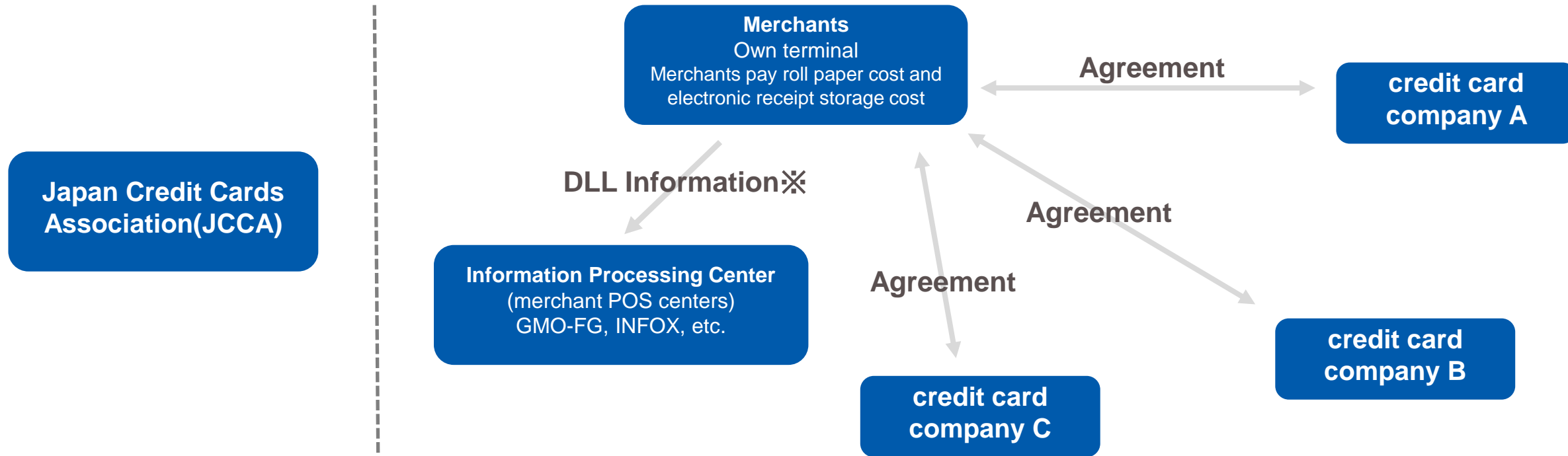
It is a terminal name authorized by the information processing center (CCT Center) designated by the Japan Credit Card Association (JCCA) and operated in accordance with the guidelines, etc., established by the JCCA. A single card company owns the terminal on behalf of another card company and lends 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

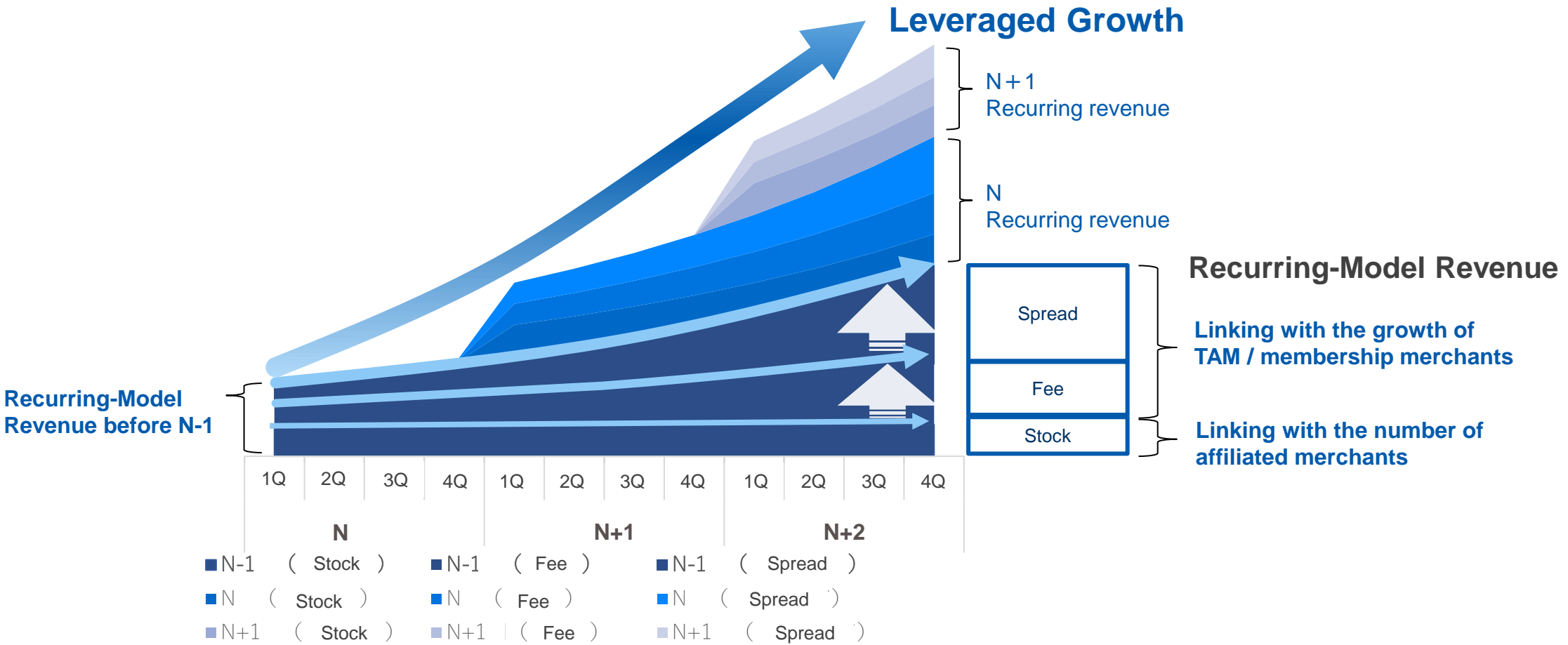
In general, POS (Point of Sales) is a generic term for a service that provides information on sales performance trends such as the date, time, quantity, and price of products sold, but in the credit industry, the term merchant POS is customarily used to refer to all terminals capable of processing credit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

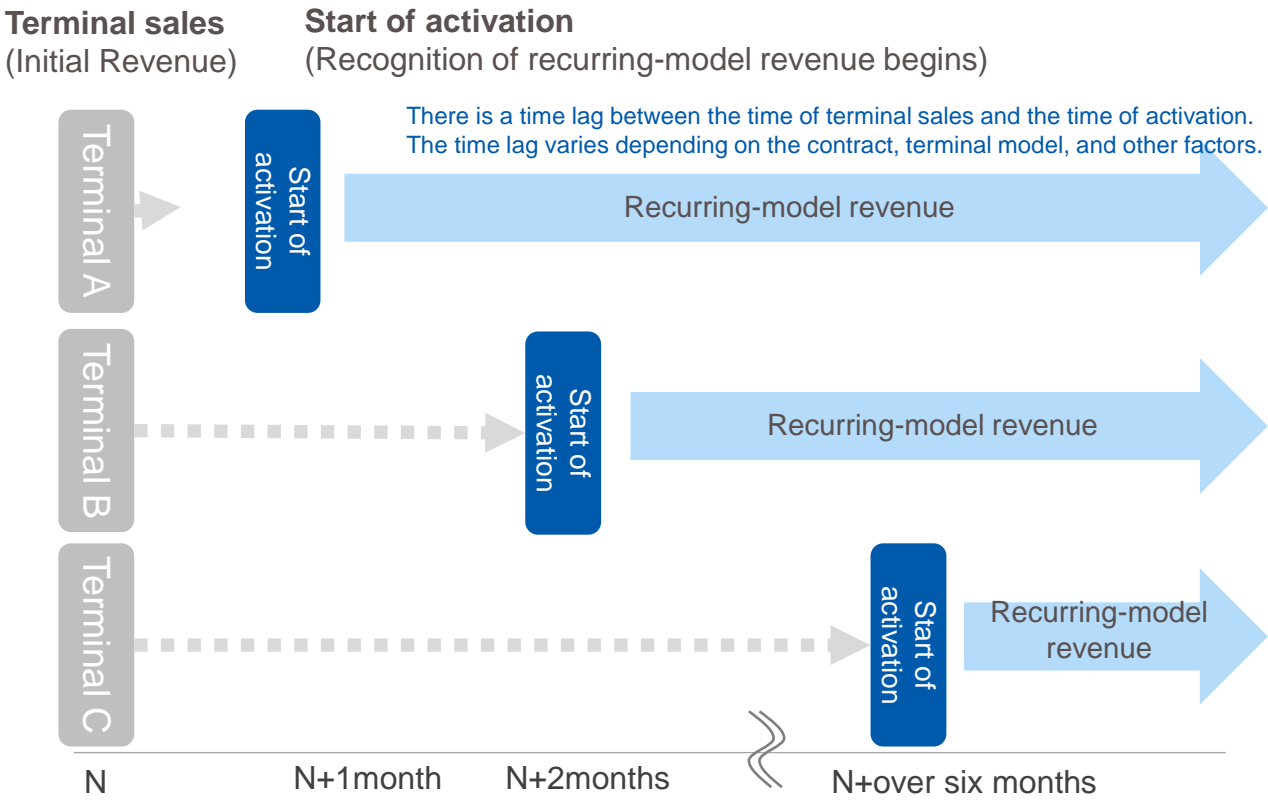
Fee and spread revenue are expanding with the market /growth in membership merchants



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

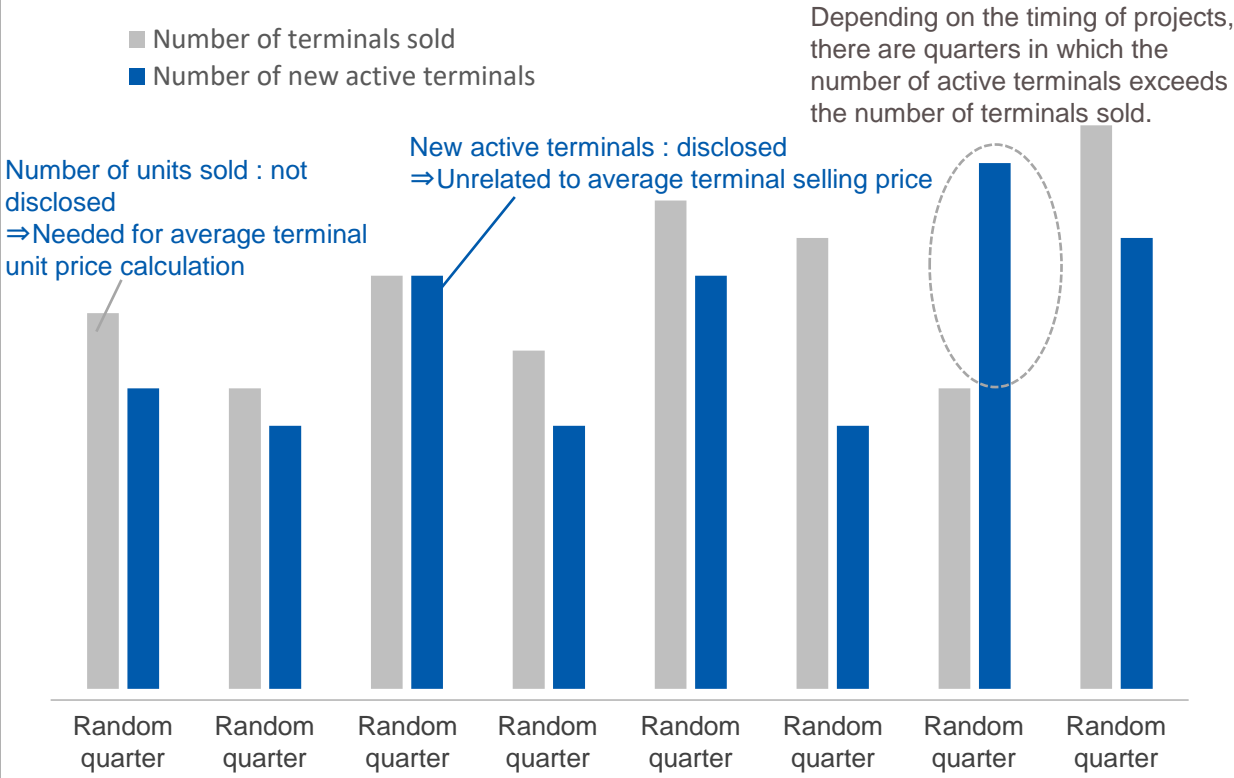
Initial revenue = Number of terminals sold × Average selling price per terminal + Accessory sales + Development sales  
Number of active terminals = Number of terminals that have processed payment at least once in the quarter

## 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	Revenue Model
<b>Payment terminal sales</b>	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"> <li>• <b>Terminal Selling Price × Units Sold</b> <ul style="list-style-type: none"> <li>✓ More than 10 types of terminals</li> <li>✓ Price range is from about ¥30K up to ¥100K</li> </ul> </li> </ul>
<b>Software development</b>	Software development that meets customers needs such as widening acceptable payment measures and adding point-payment functionality	<ul style="list-style-type: none"> <li>• <b>Number of Deals × Ordered value</b> <ul style="list-style-type: none"> <li>✓ Since software development is tailor made type revenue, deal size and margin vary from time to time</li> </ul> </li> </ul>
Stock	Content	Revenue Model
<b>Data sharing</b>	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"> <li>• <b>Number of contracts × Service Price</b> <ul style="list-style-type: none"> <li>✓ Service price is around ¥500 to ¥1K per terminal per month</li> </ul> </li> </ul>
<b>Points&amp;QR</b>	It is a service to add point/QR payment app to the terminals merchants have. We charge it as monthly fixed fee	
<b>Rental (Mobile terminal)</b>	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	
<b>Mobile SIM</b>	It is a SIM card fee to use mobile type terminals. We charge it as monthly fixed fee	
<b>Digitalization Assistance</b>	Revenue from settlement data transferred to merchants, registration changes, assistance which leads to back office support for clients	<ul style="list-style-type: none"> <li>• <b>Number of contracts × Monthly Fixed Fee</b> <ul style="list-style-type: none"> <li>✓ Monthly fixed fee will vary depending on the size of contract etc..</li> </ul> </li> </ul>
<b>Processing (Monthly fixed fee model)</b>	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>	

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

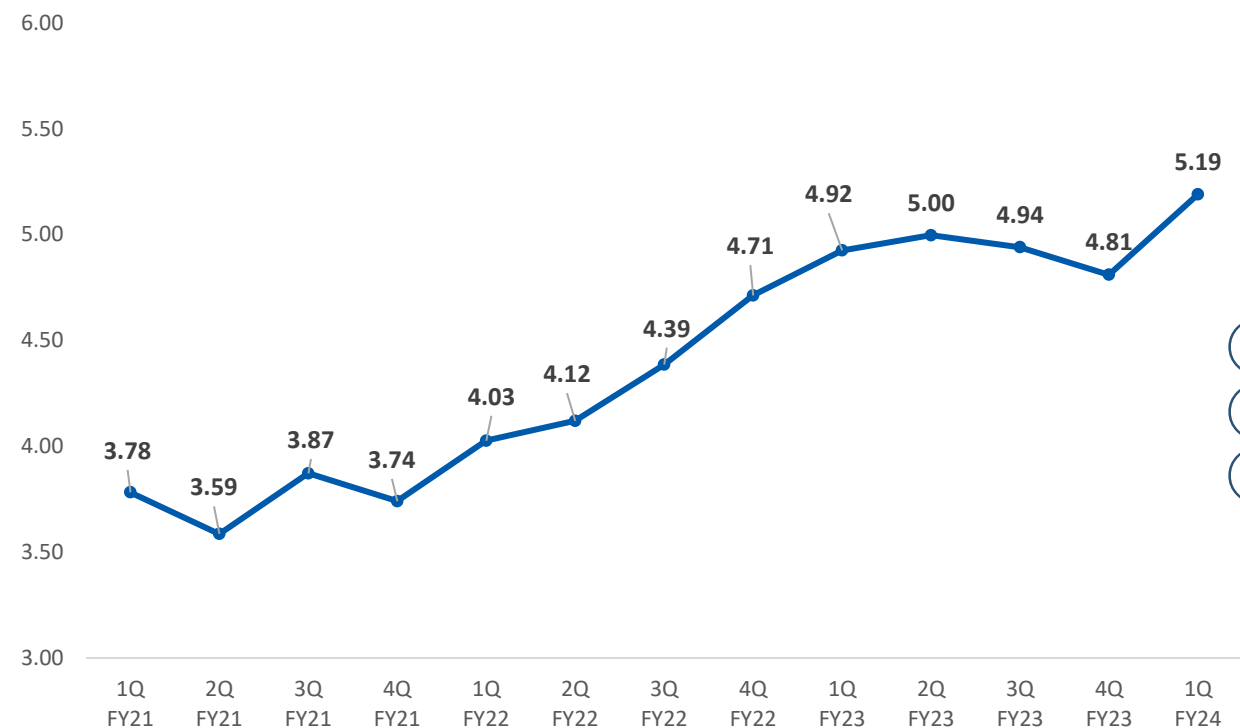
Fee	Content	Revenue Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none"><li>• <b>TRX Volume× Processing Fee</b> ✓ Processing fee is about ¥2 to ¥3 per transaction</li></ul>
Sales of roll paper	This is a sales of roll paper that is used with payment terminals at stores	<ul style="list-style-type: none"><li>• <b>Number of Order × Price of Roll Paper</b> ✓ The price range of roll paper is about ¥130 to ¥200.</li></ul>
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"><li>• <b>Number of settlement processes subject to contract x unit processing fee</b> ✓ Unit processing fee is about ¥1 per transaction</li></ul>

Spread	content	Revenue 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+α = merchant fee)</p>	<p><b>GMV of Agent Contract</b> × <b>Spread fee we charge (about 0.3~0.4%)</b></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)



Low ← Image of linkage ratio to the number of transaction volume → High

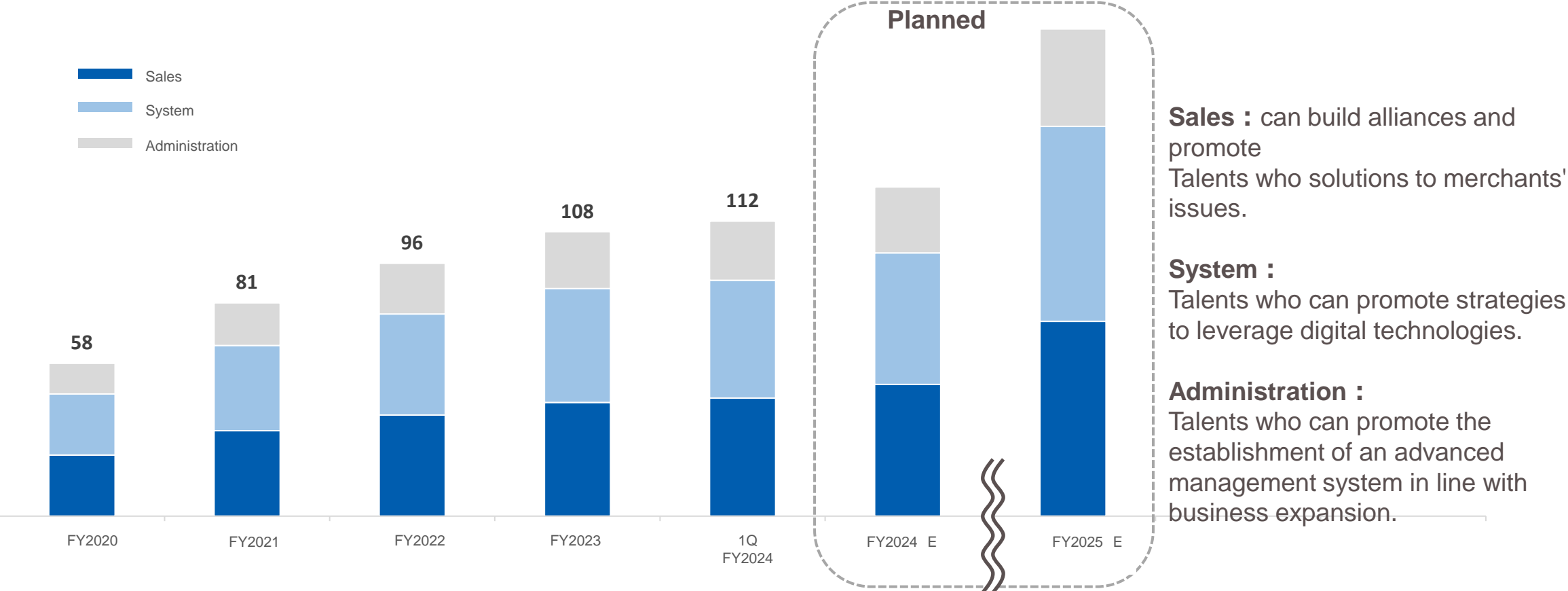


\*Length is an image and does not reflect actual numbers or scale

# 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

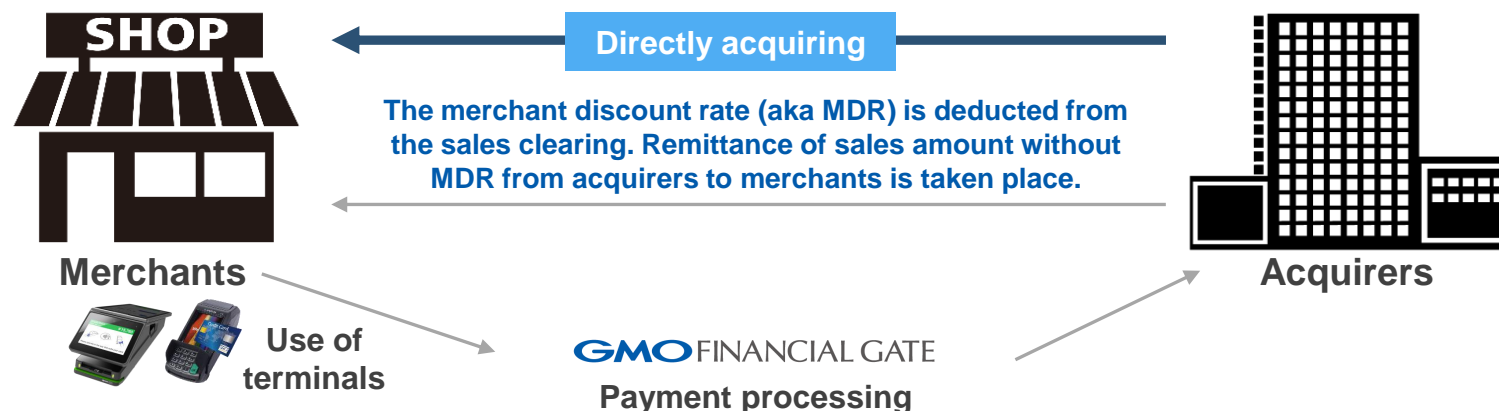


# Concept of Spread revenue ratio to GMV

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

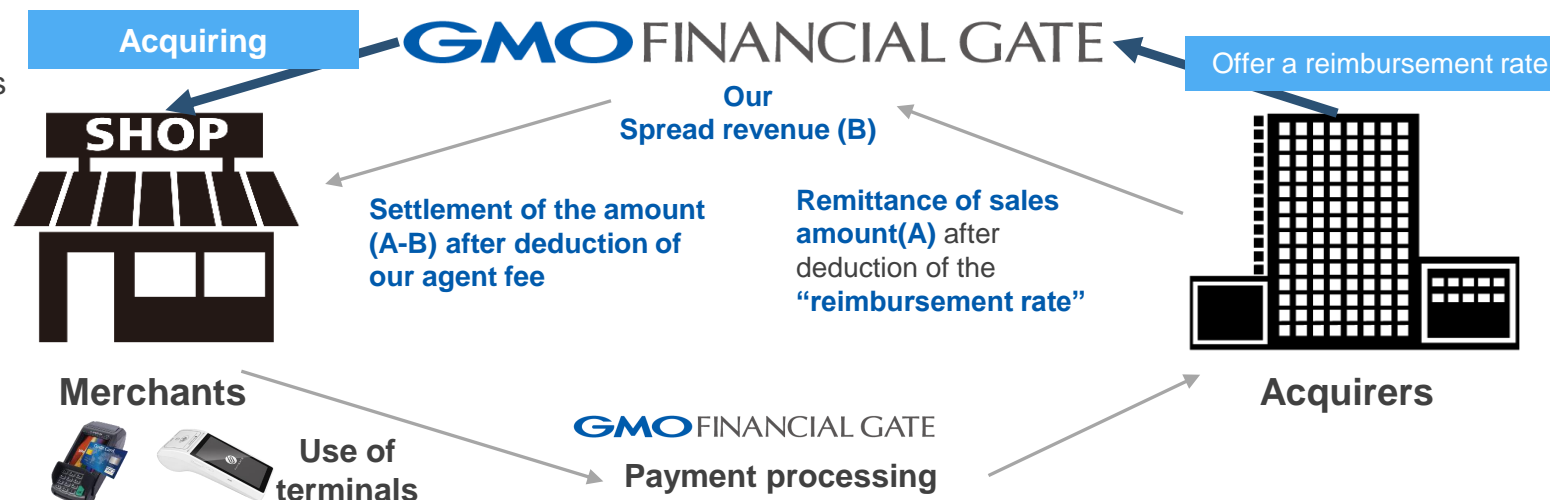
Initial

Stock

Fee

## 2 Agent contract

Mainly small medium merchants



Initial

Stock

Fee

Spread



# Relationship between number of active terminals & stock revenue

Business Model

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

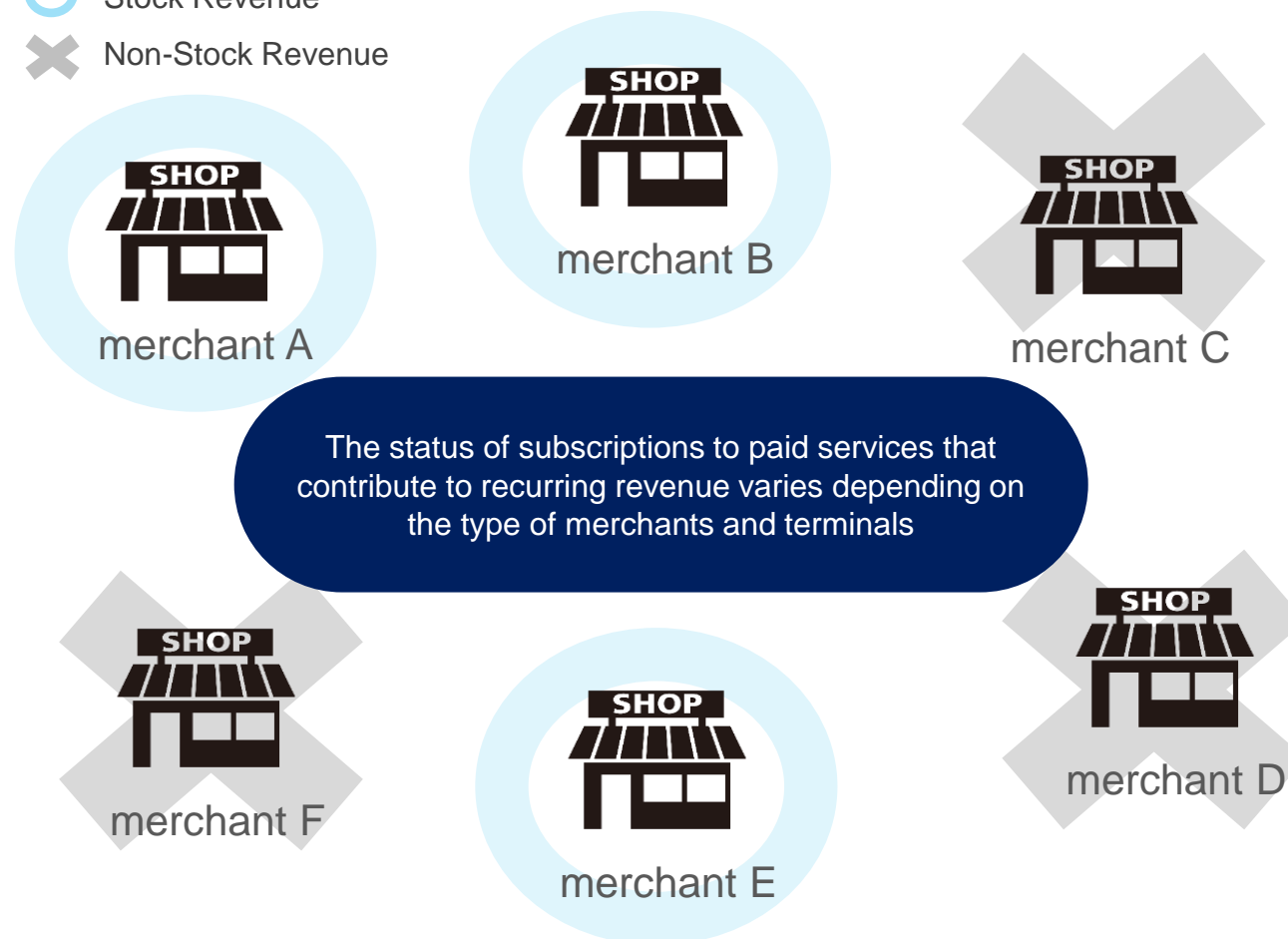


### POS Model



## 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

		Flow model revenue		Recurring model revenue		
		① Initial	② Stock	③ Fee	④ Spread	
Credit • China Union Pay • J-debit	➡	○	○	○	○	
E-money	➡	○	○	○*	○	
QR code	➡	○	○	○*	○	
Point	➡	○	○	○*	—	
House point • House E-money	➡	○	○	○*	—	
Duty exemption	➡	○	○	○*	—	

\*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.

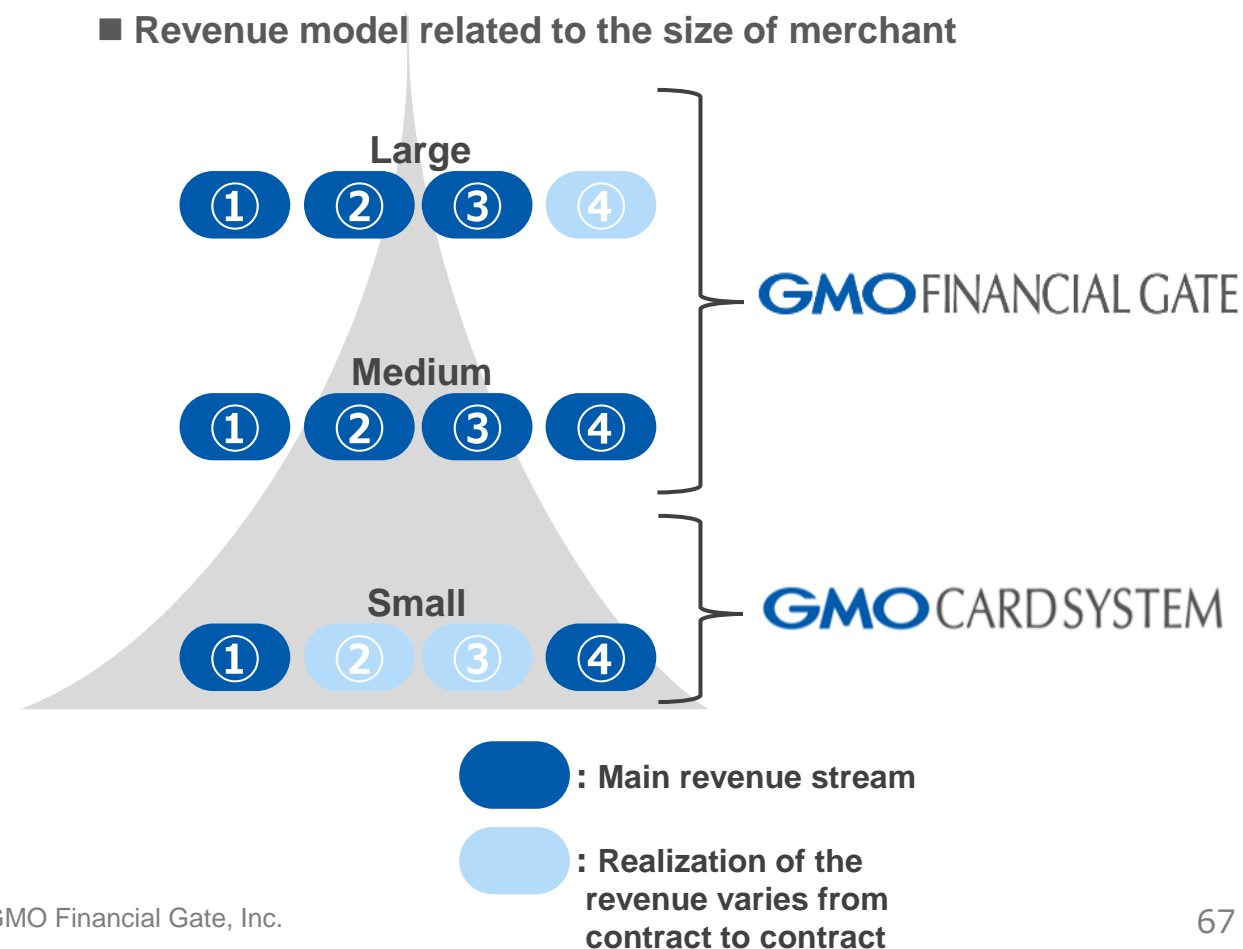
# Revenue Model by Merchant Size

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

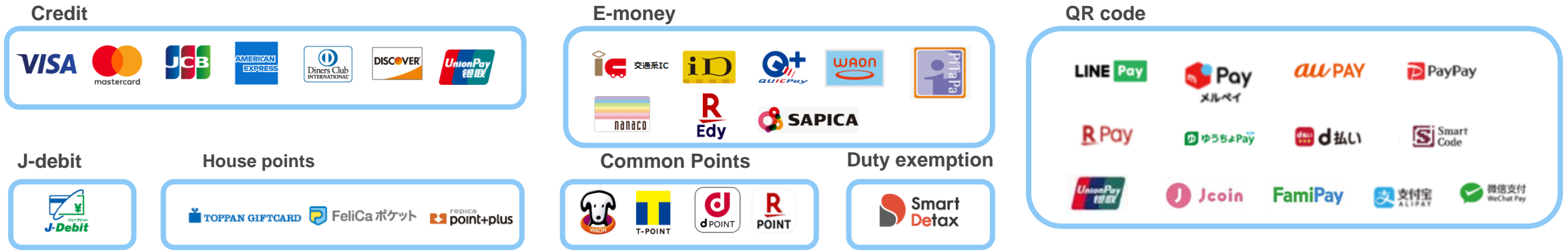
## ■ Revenue model related to the size of merchant



# Medium-Term Strategy Acquiring major merchants by focusing on alliances

Business Model

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



Terminals we offer

Floor-Standing Model



Mobile Model



Embedded Model



POS Model

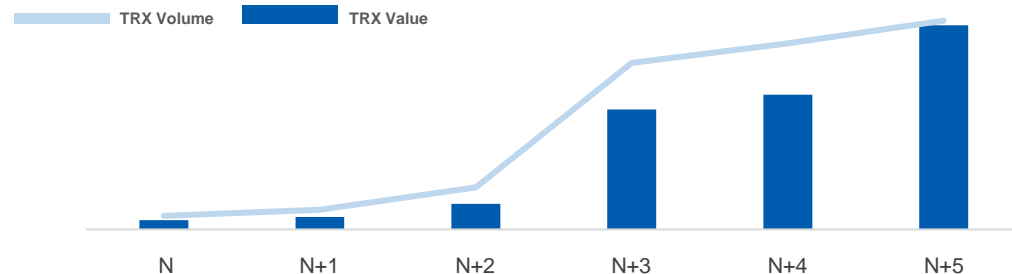


**Cashless Platform**

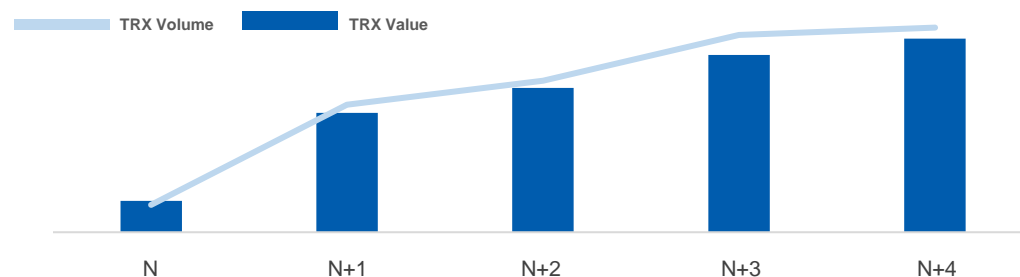
# TRX-increase through cashless penetration

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

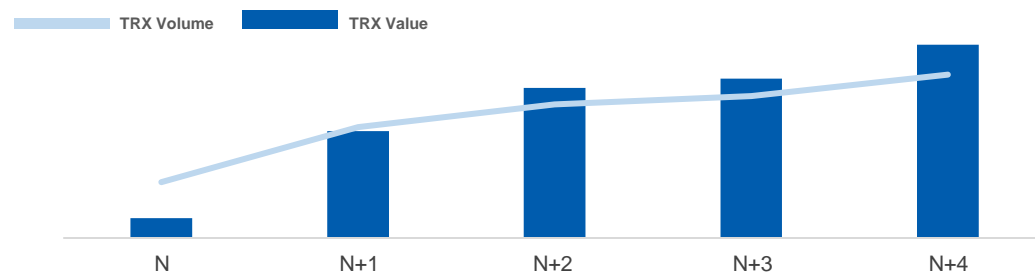
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend



■ Merchant C (Wakayama) Monthly TRX trend



**Merchant**  
Cash only ⇒ Introduce cashless payments

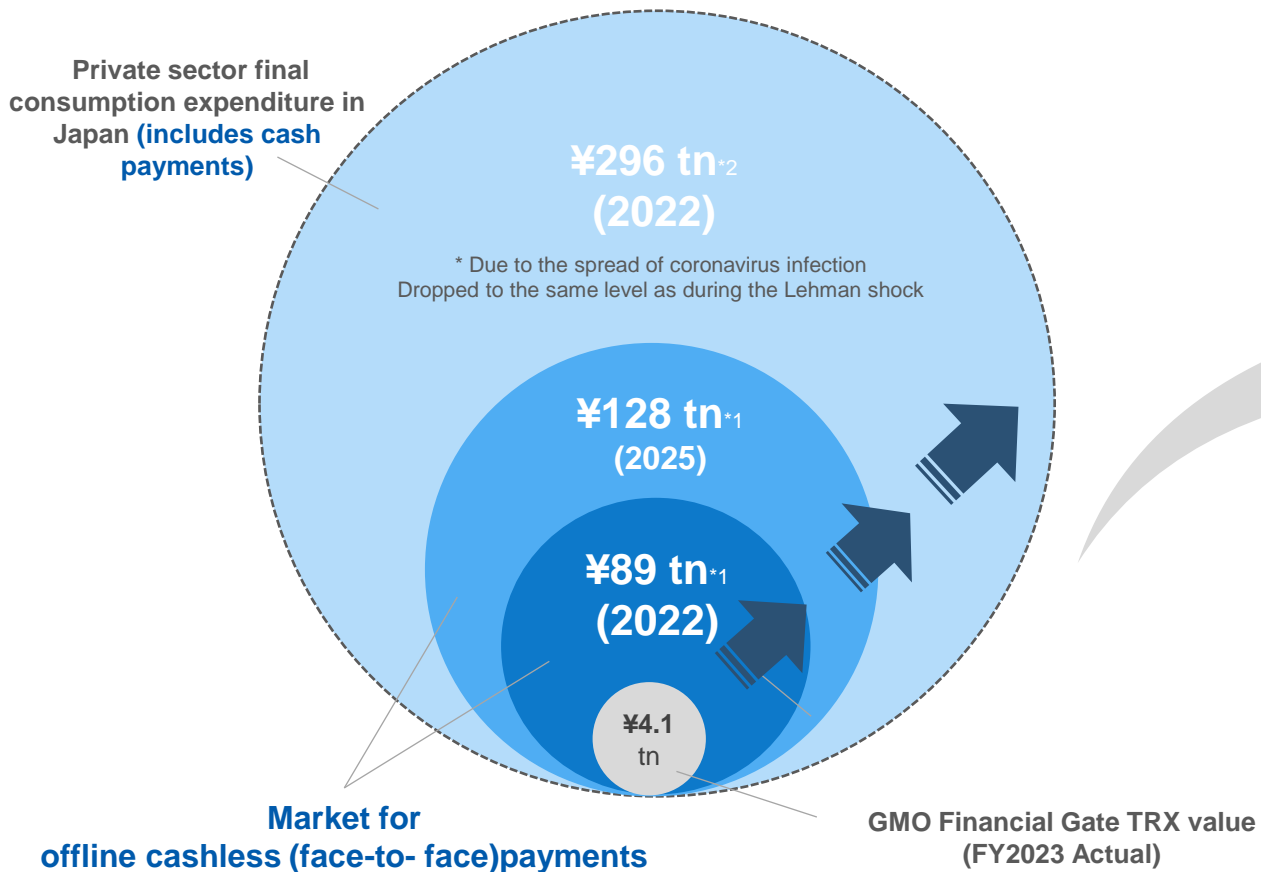
**Consumer**  
Recognize convenience  
(Successful experience  
⇒ change in payment method)

**Merchant**  
TRX volume/value  
per terminal will increase

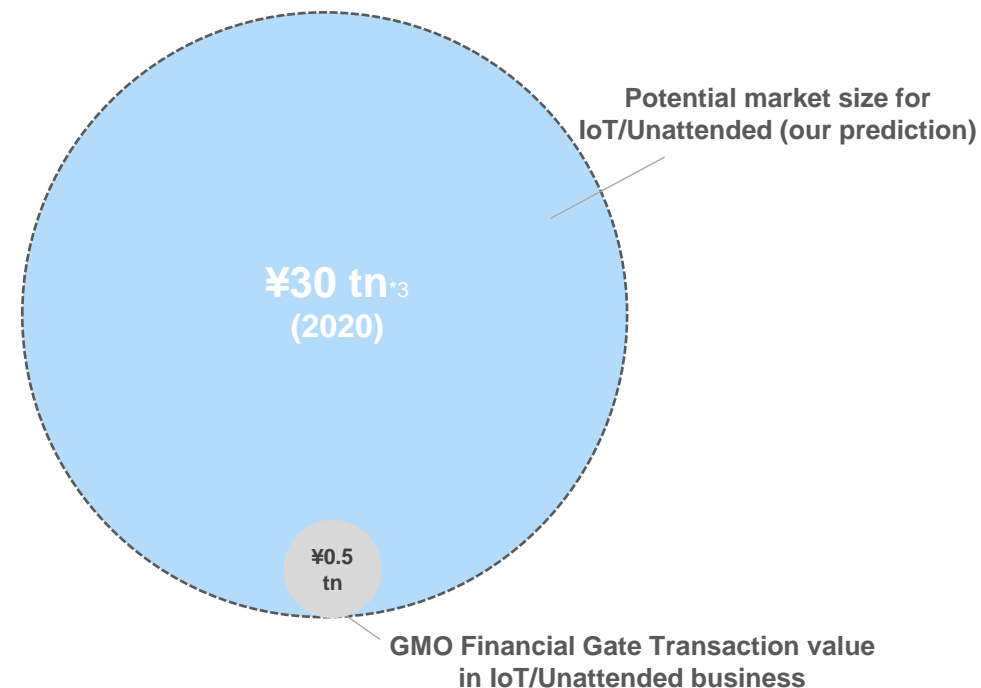
**Recurring-Model revenue  
will increase**

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

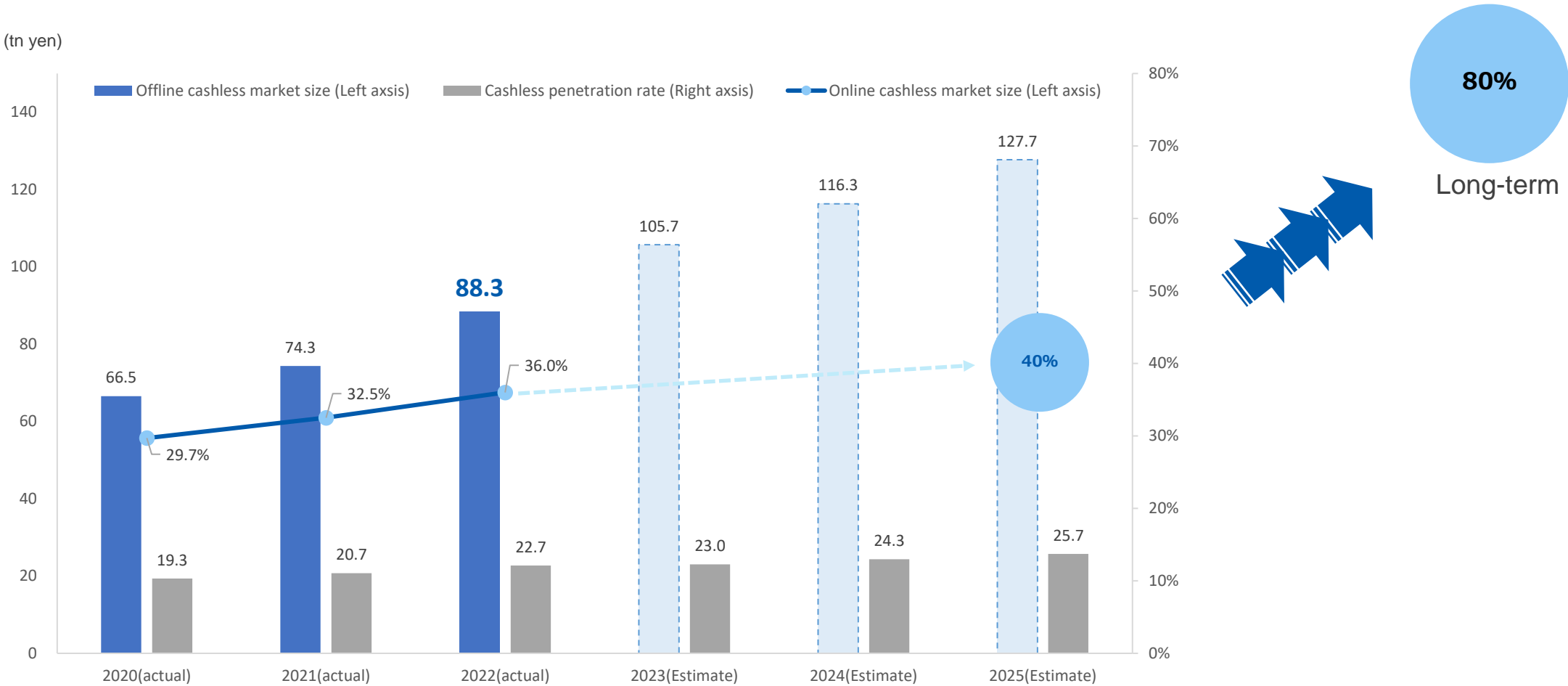
(<sup>\*1</sup>) Based on "Trends in the Breakdown of Cashless Payment Amounts and Ratios (2010-2022)" by the Ministry of Economy, Trade and Industry and "Actual Conditions and Future Forecasts of the Domestic Cashless Payment Market in 2022" by Yano Research Institute Ltd.

(<sup>\*2</sup>) Excerpted from "Composition of Final Consumption Expenditures by Household Type" in "FY2020 National Accounts" by the Cabinet Office.

(<sup>\*3</sup>) 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 tn, four times larger than the online market. Cashless penetration is expected to rise driven by government-led cashless policies



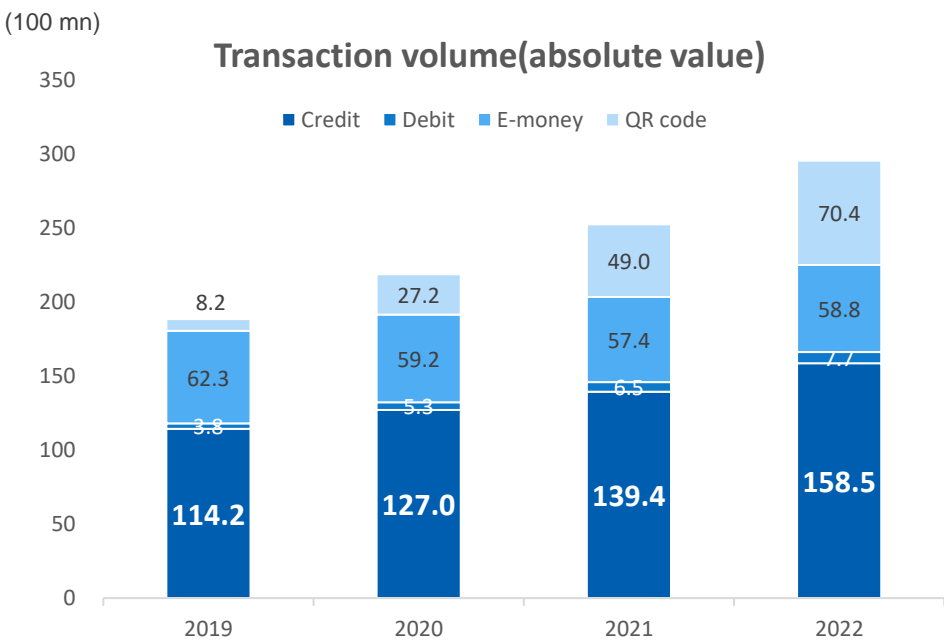
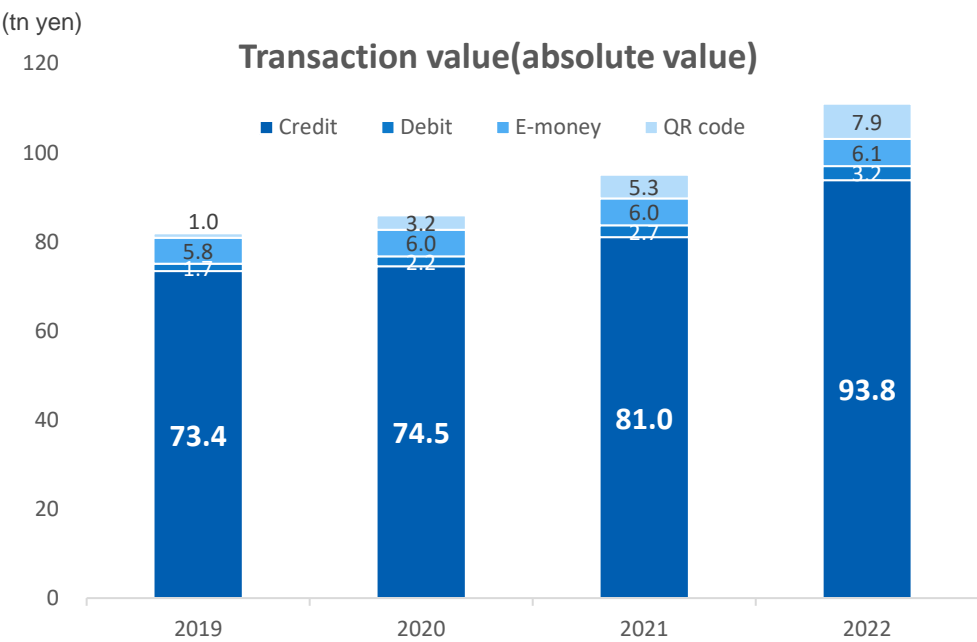
Source: Cashless Roadmap 2023, PAYMENTS JAPAN; Yano Research Institute Ltd.

# 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%

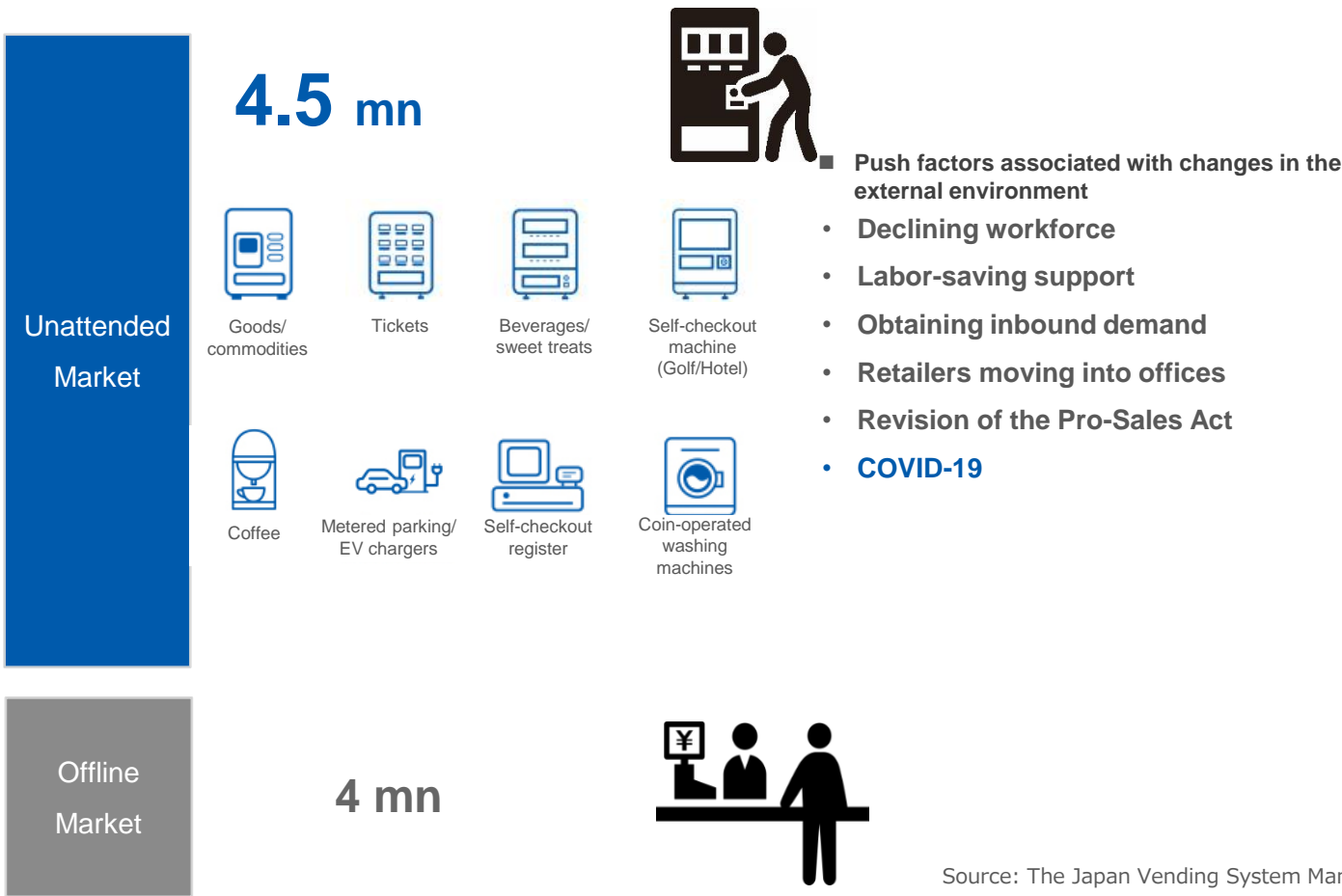
Transaction Volume				
Composition	2019	2020	2021	2022
Credit	60.7%	58.2%	55.3%	53.7%
Debit	1.8%	2.2%	2.5%	2.5%
E-money	33.1%	27.1%	22.8%	19.9%
QR code	4.3%	12.4%	19.4%	23.9%



Source: Cashless Roadmap 2022, Cabinet Office of Japan



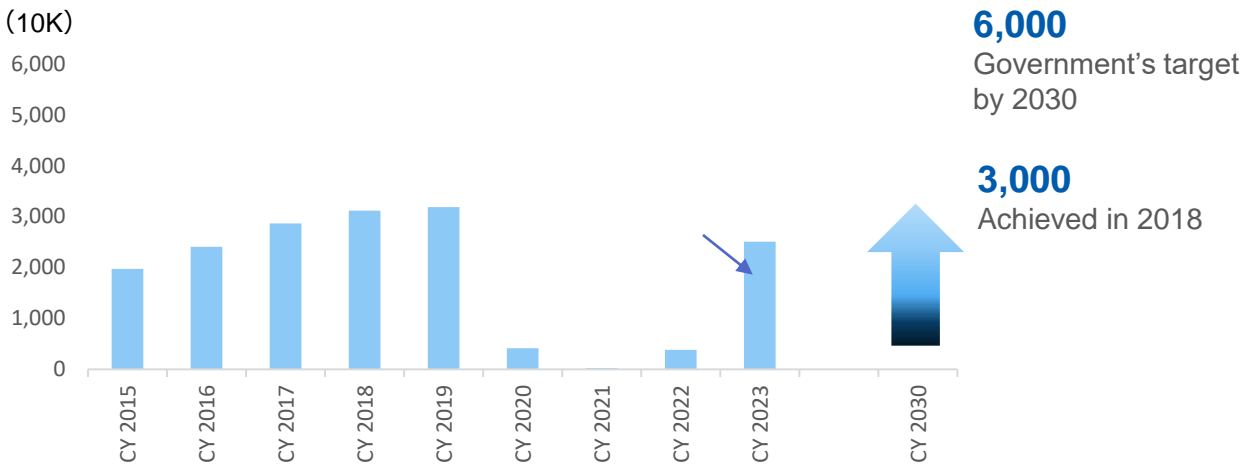
The number of terminals is expected to be equal to or greater than the market for payment terminals in real stores. Unattended market (= general term for vending/service machine market) is expected to expand further due to changes in the external environment such as a decrease in the working population



# Trends in the number of foreign visitors to Japan

After a rapid recovery from the post covid, number of visitors has gradually stabilized

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

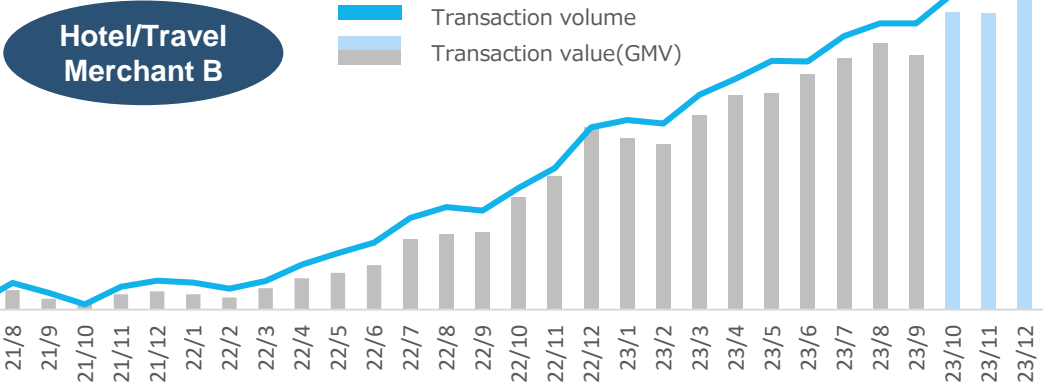
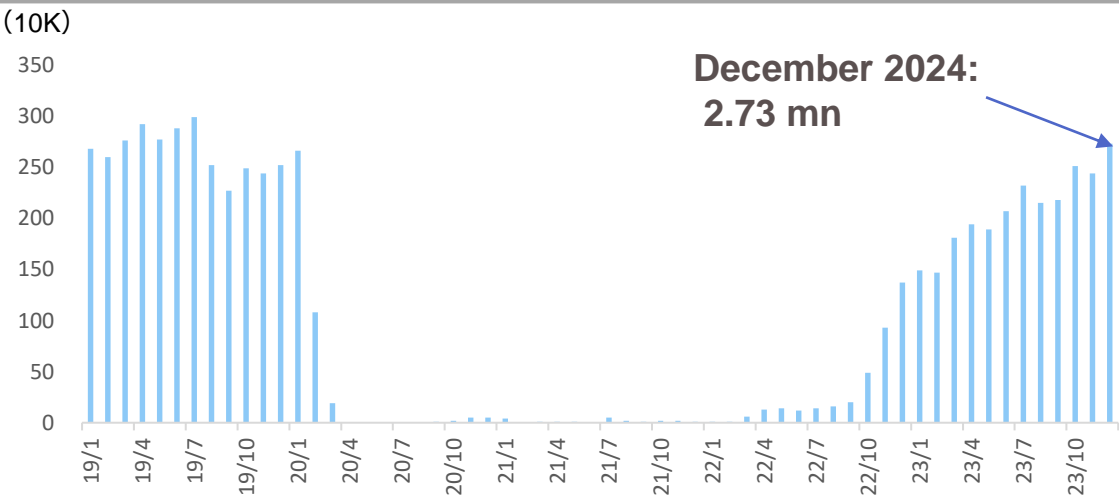
One dollar  
shop

Electronics  
chain-retailers

Medical /  
Clinic

Public  
transportation  
(Train/bus etc.)

Number of visiting foreigners (Monthly)

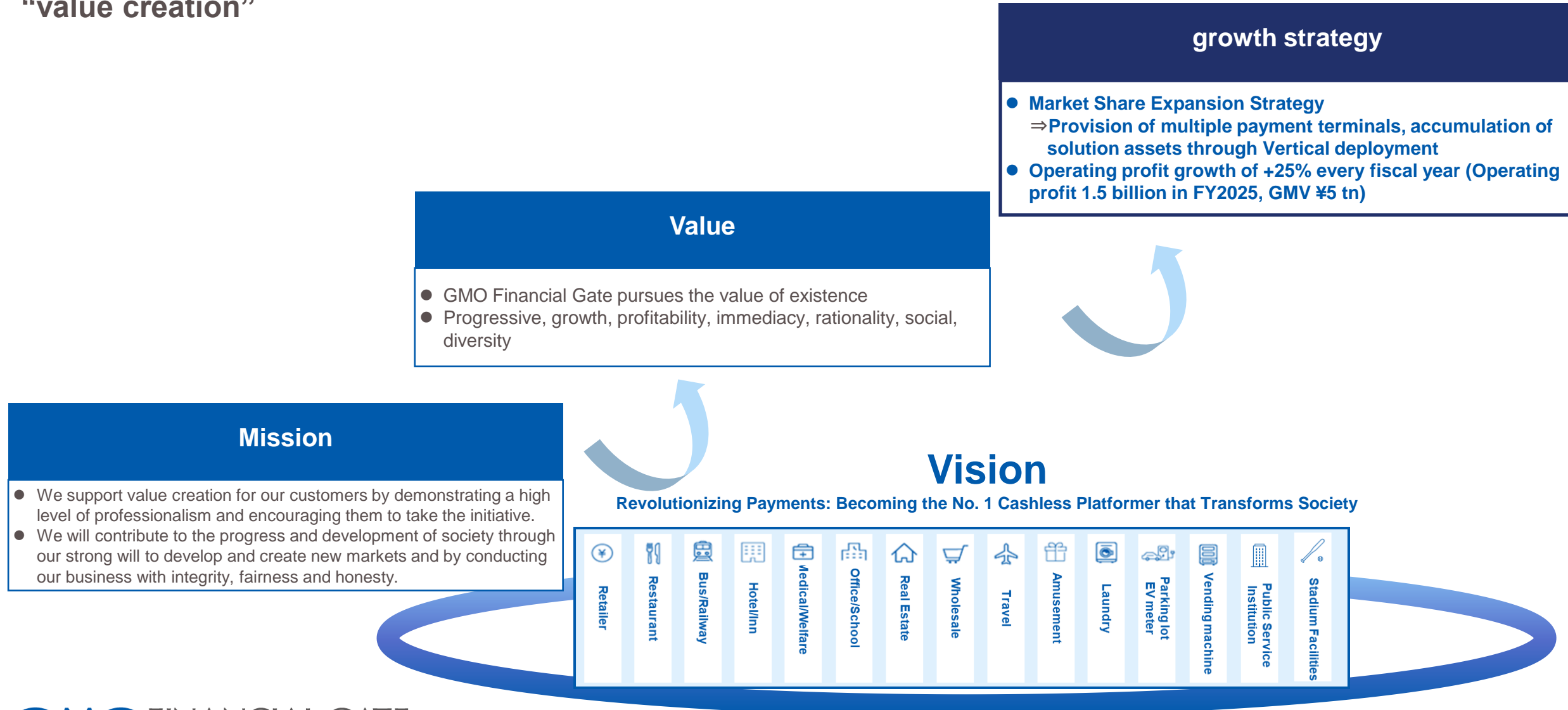


\*Source "Number of Foreign Visitors to Japan," Japan National Tourism Organization (JNTO)

# Our philosophy on growth strategies

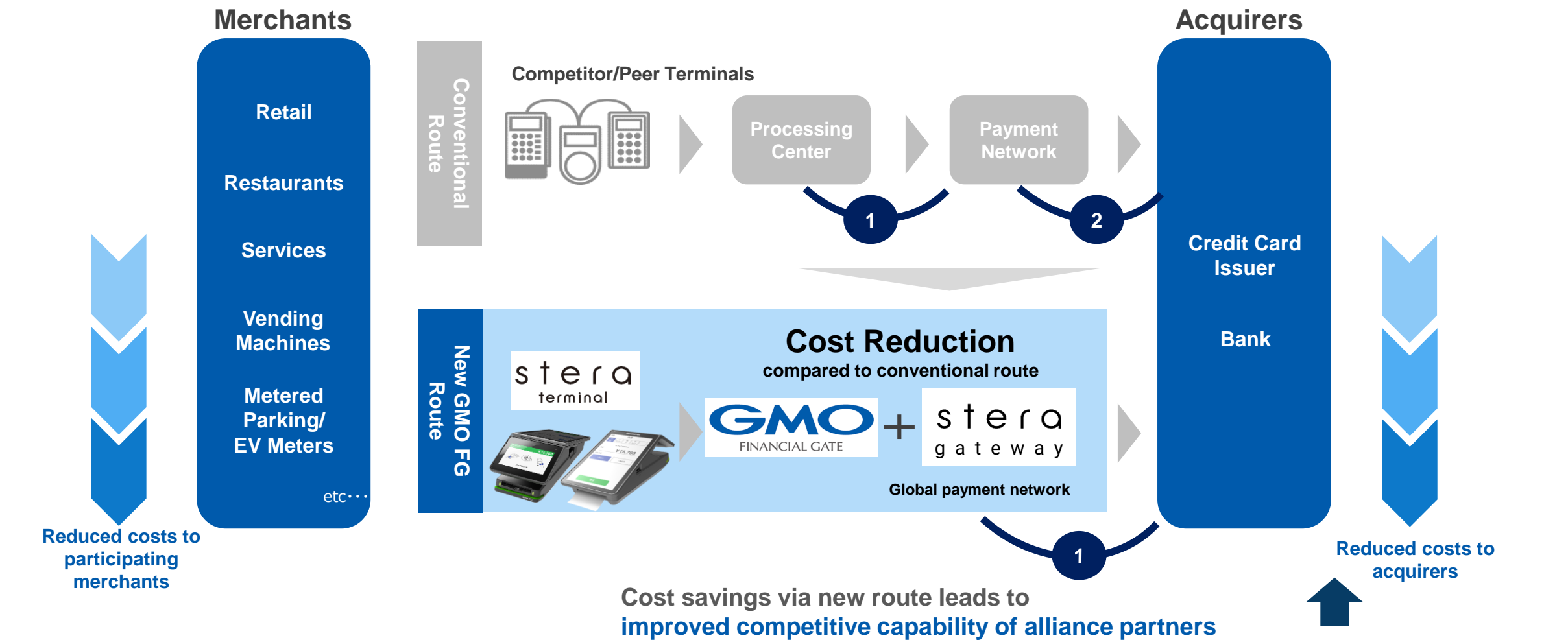
Growth Strategy

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"



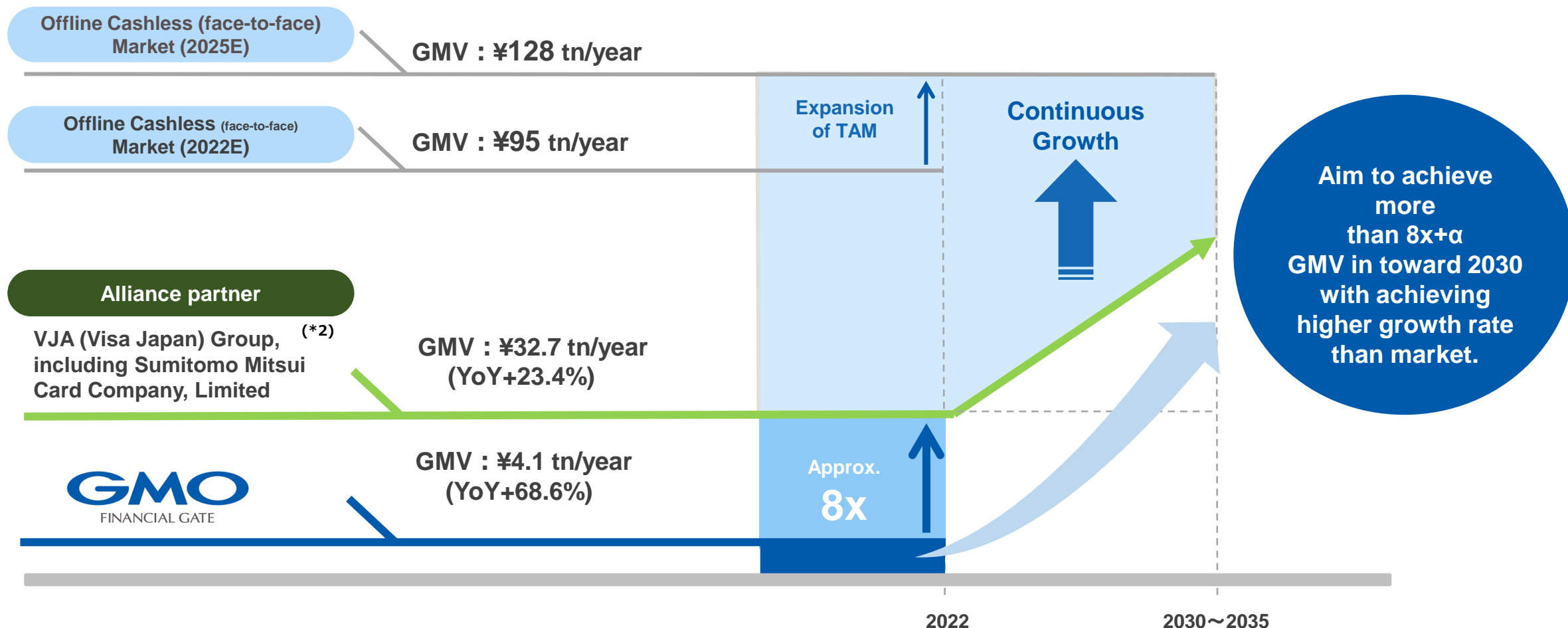
# Strategy to Maximize Transaction Value

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

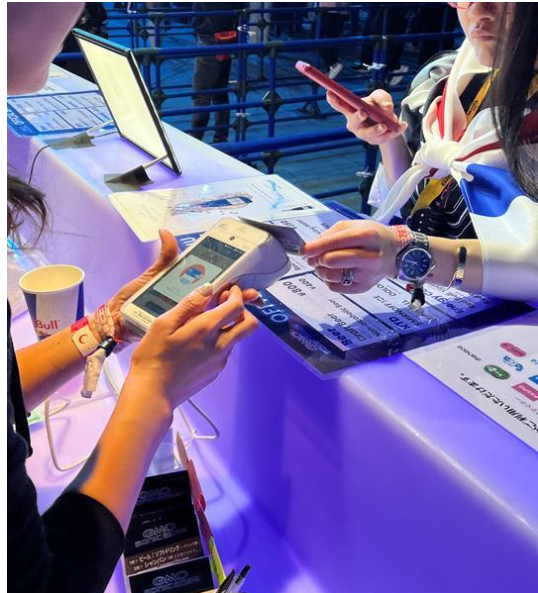
# Expansion of stadium installation cases

Growth Strategy

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

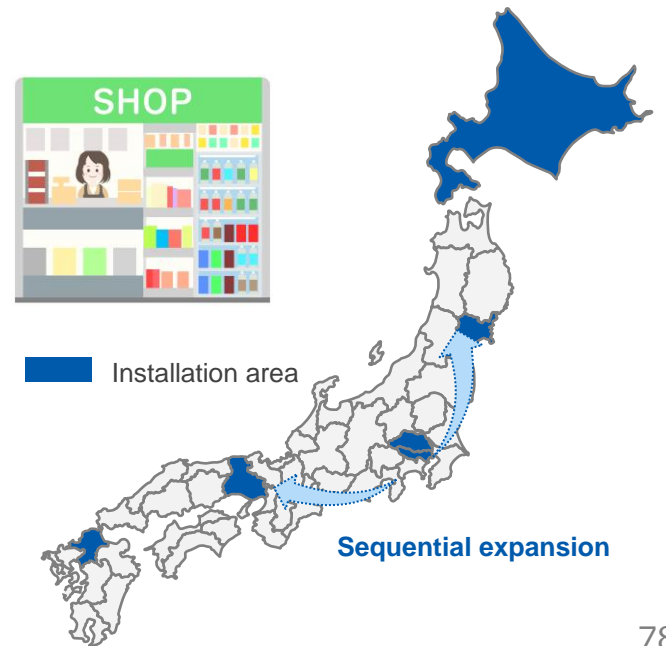
## GMO SONIC 2024 (2024/1)

- 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.





Although effect from large-lot orders in the previous fiscal year has leveled off, the high level of terminal orders continued in the first quarter of this year

Number of active terminals (manned terminals)

(thousand)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	QoQ (%)	YoY (%)
Number of terminals	75.2	88.3	101.3	118.7	132.7	149.4	162.7	199.5	222.2	246.7	+24.4 (+11.0%)	+97.2 (+65.1%)
		+13.1	+13.0	+17.3	+14.0	+16.6	+13.2	+36.8	+22.6	+24.4		

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.

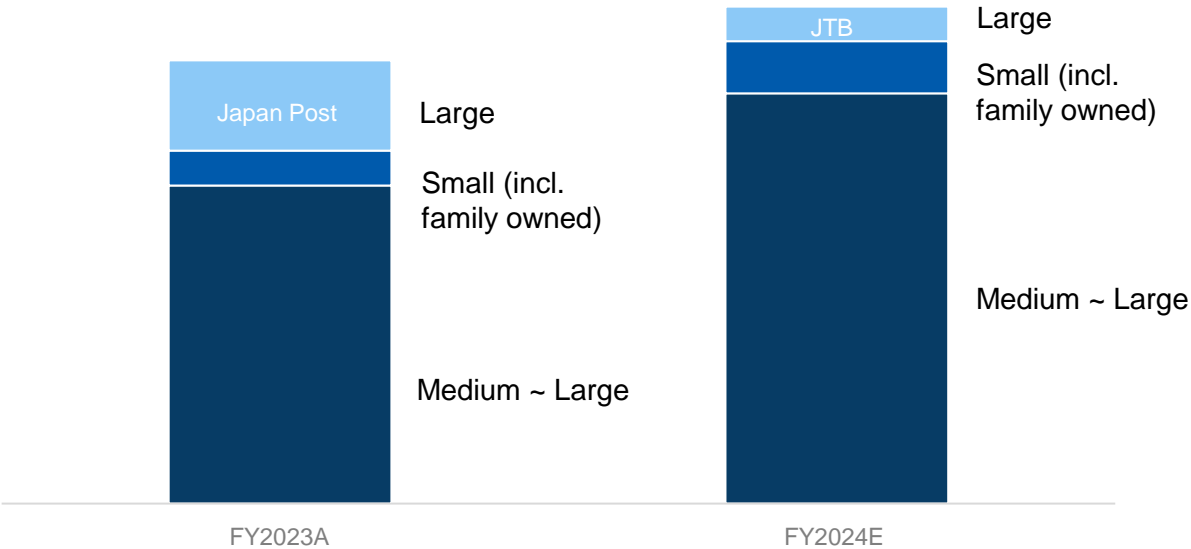
2023年夏、C→REX がリニューアルします

JTBクレジットカード  
一括加盟店決済サービス

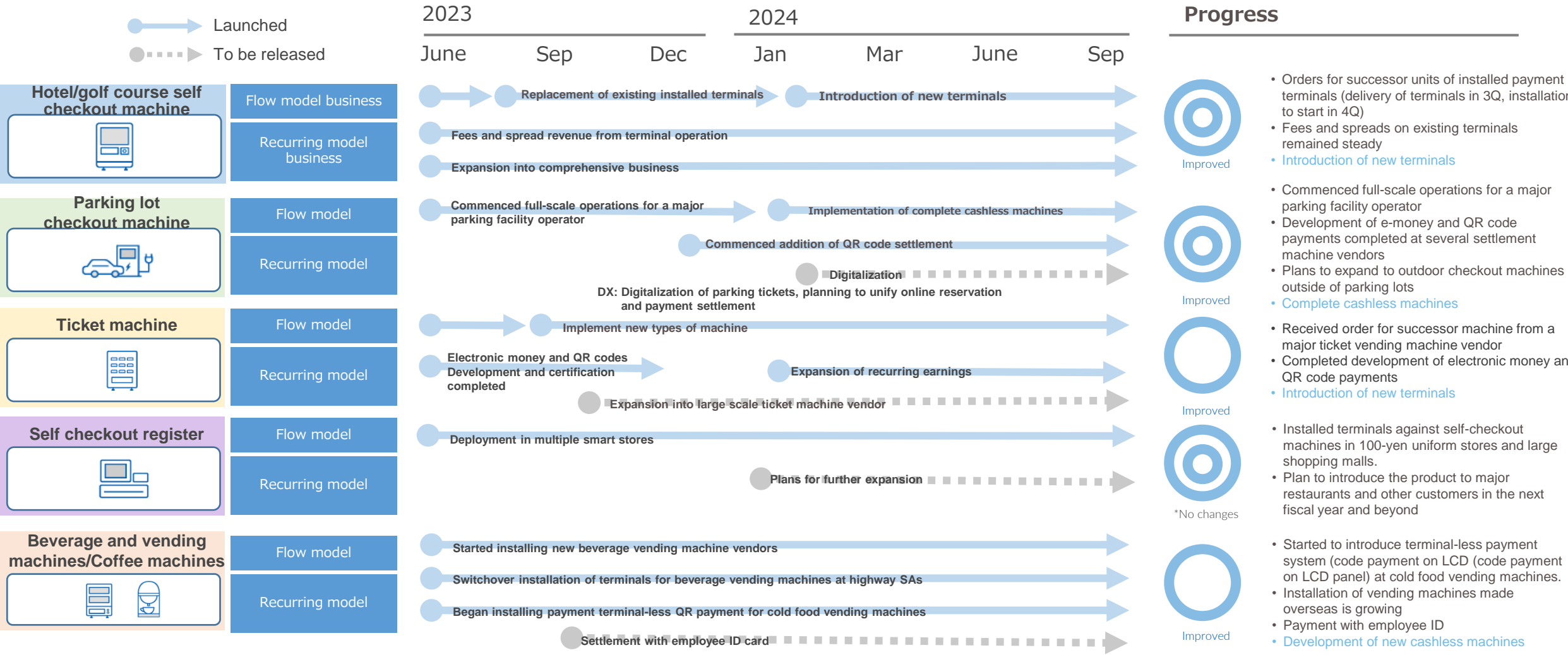


Forecast for FY2024

Growth rate of the number of terminals decreased in FY2024, however, accumulation of small to large pipelines will lead to increase in terminals

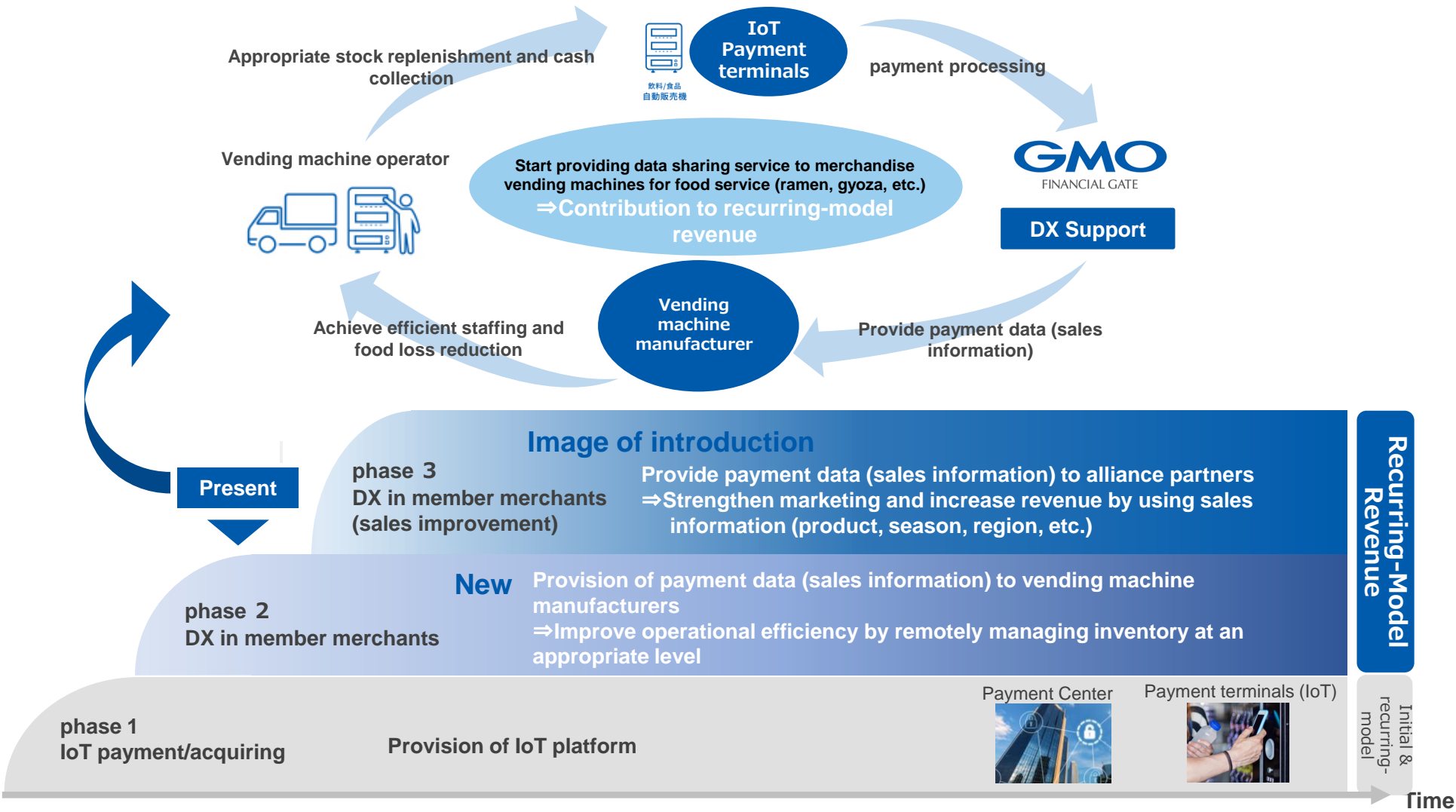


Unmanned Terminals (IoT) has strengthened alliance initiatives in multiple areas  
Initiatives to monetize data is planned to materialize in the near future



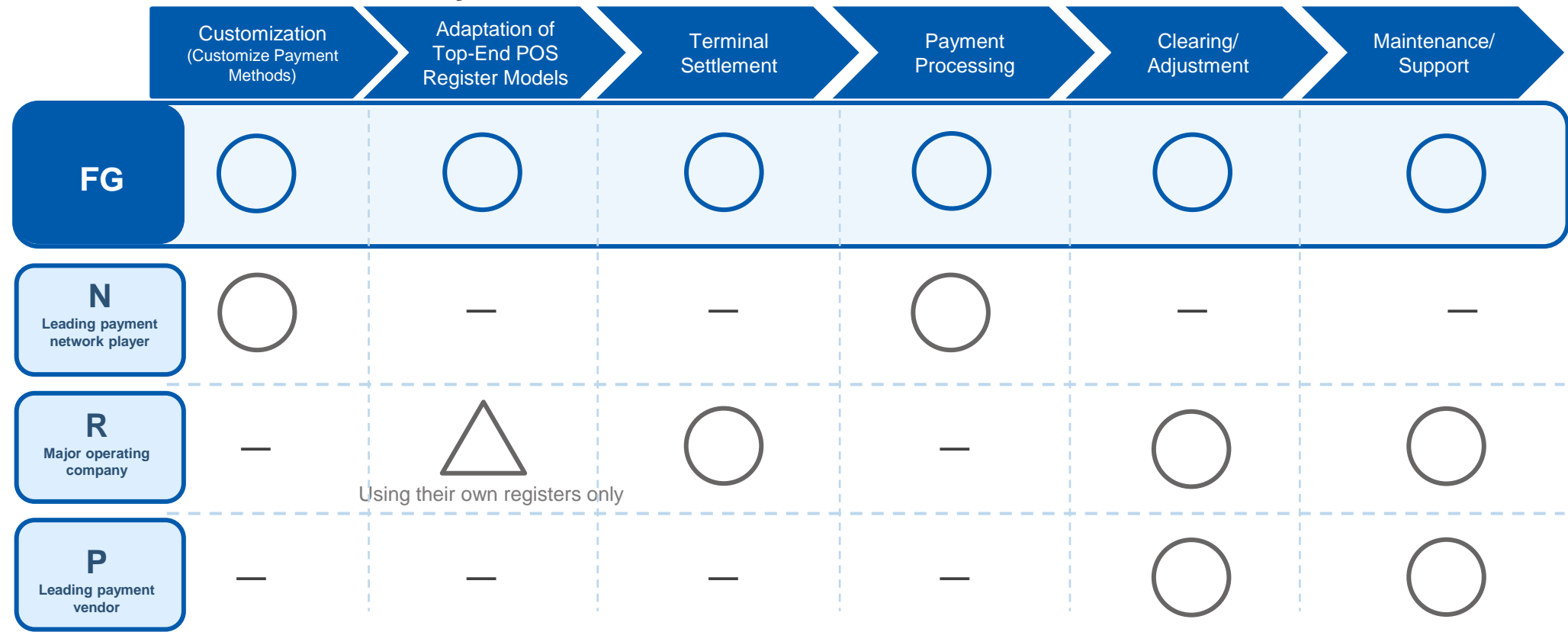


Started providing payment data service for merchandise vending machines, contributing to recurring-model revenue. Supporting merchants' operational efficiency improvement and sophistication (DX) using data



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

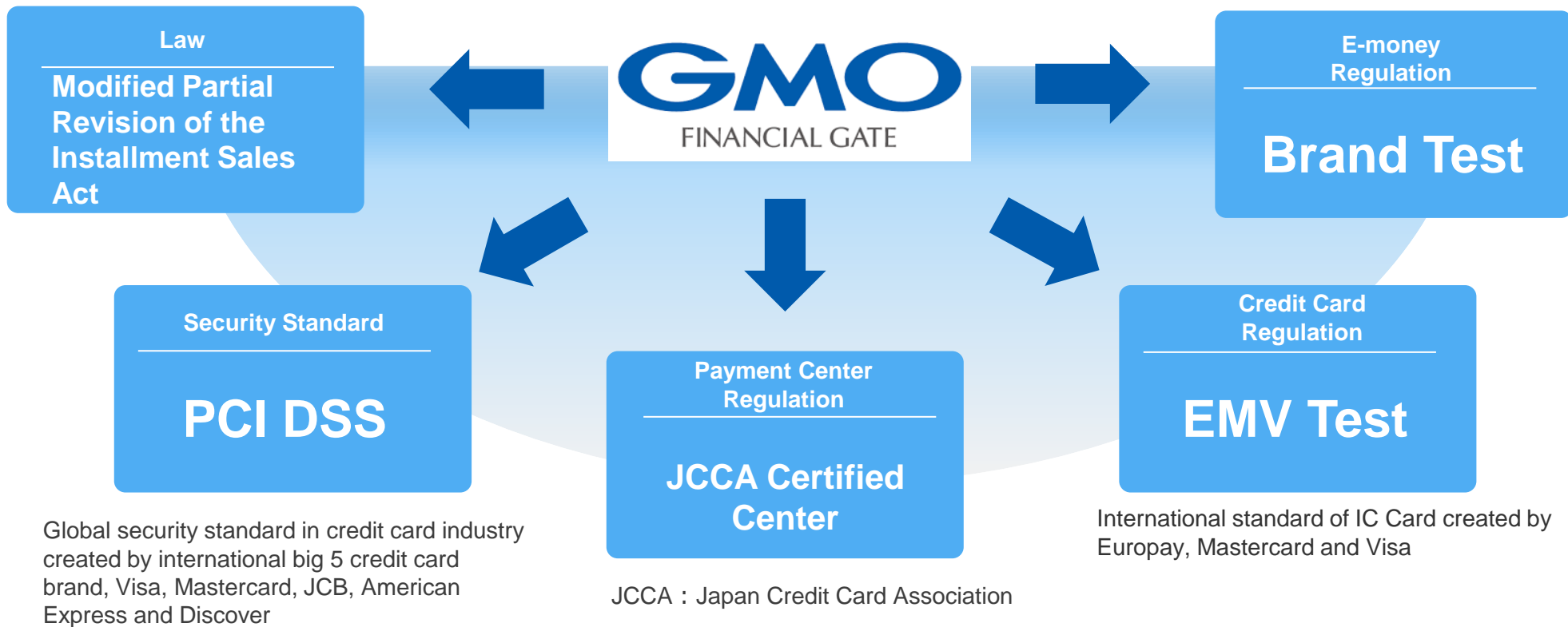
Solutions in Offline Payment Market



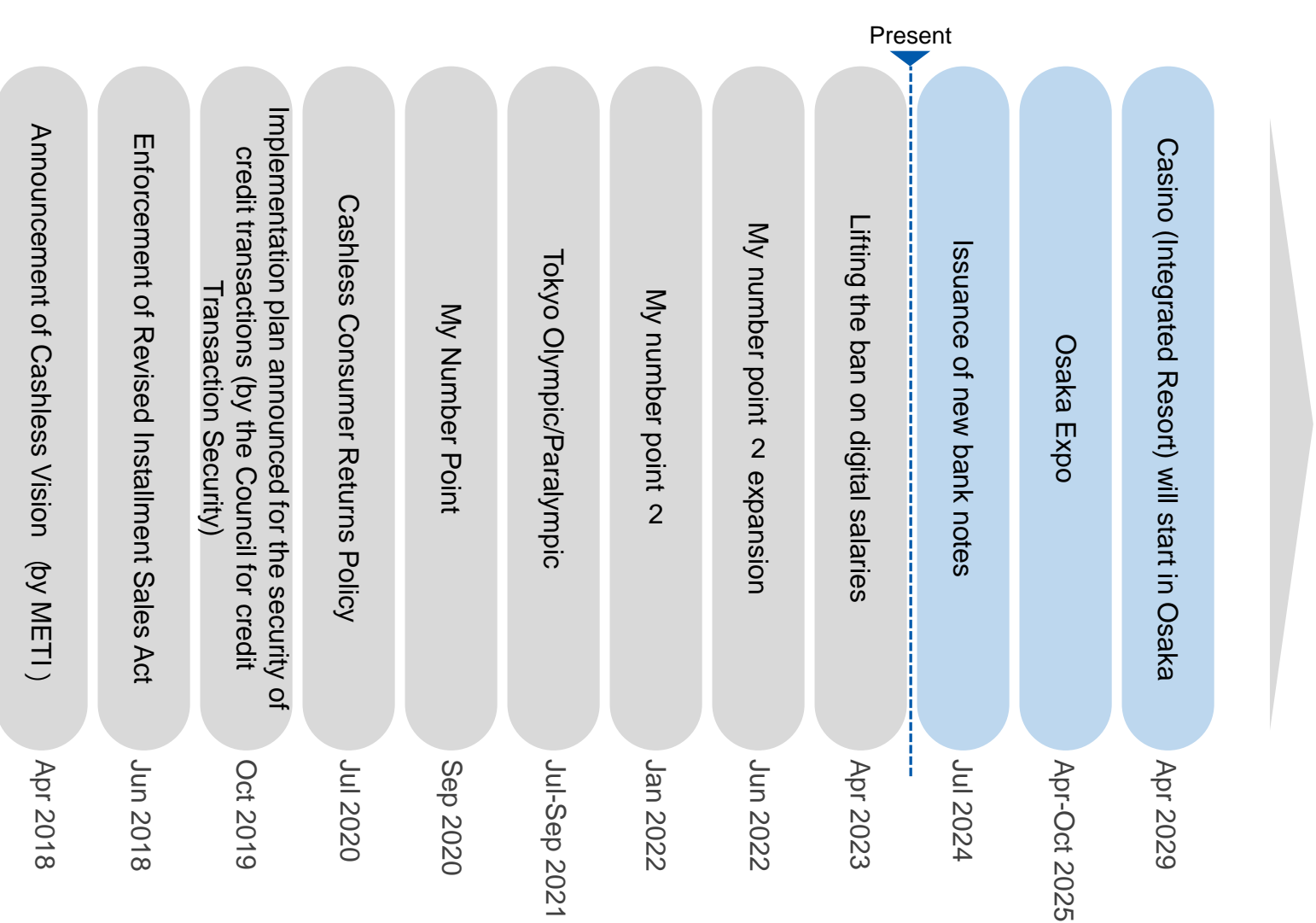
# Barriers to Entry (Regulations to be Followed)

Competitive Advantage

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

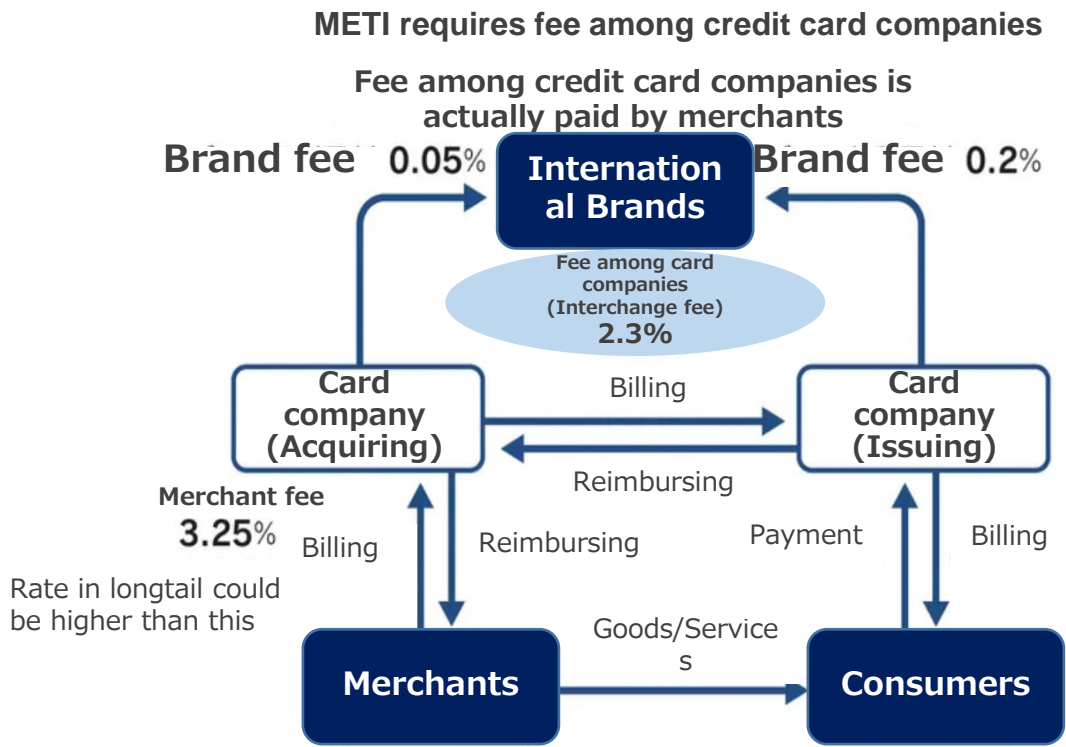
Expanding needs for small payments due to the spread of terminal-less payment taps to pay/phones

**Government Announces Policy of Going Completely Cashless for Osaka Expo; Plan to install 1,000 terminals**

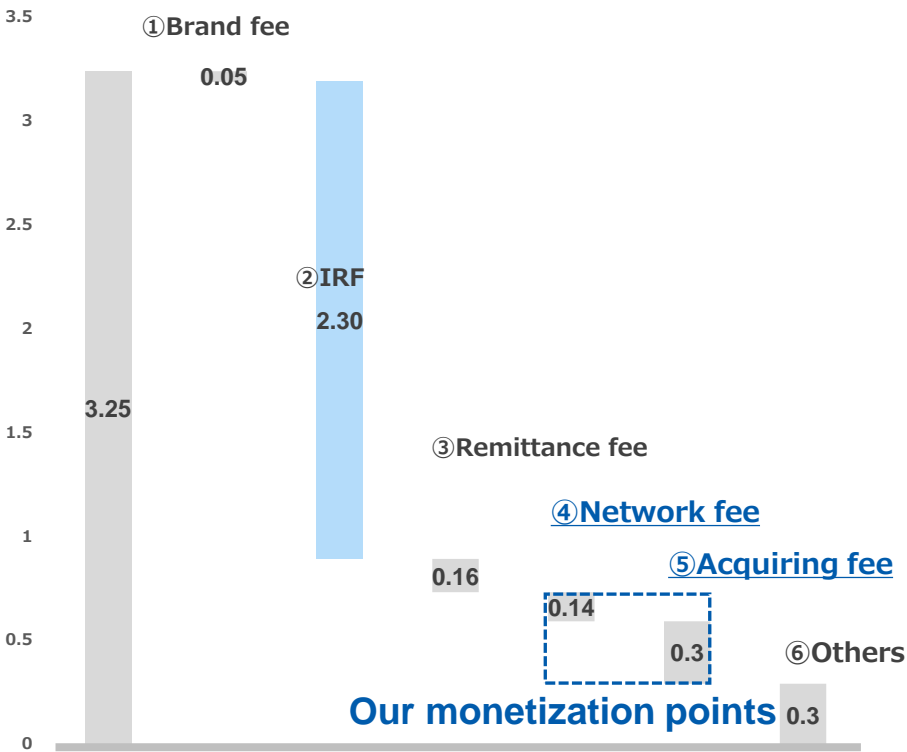
**Osaka IR to be Approved by Government, Targeting Opening in Latter Half of 2029 Expanding demand for cashless terminals**

# 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



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



## 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

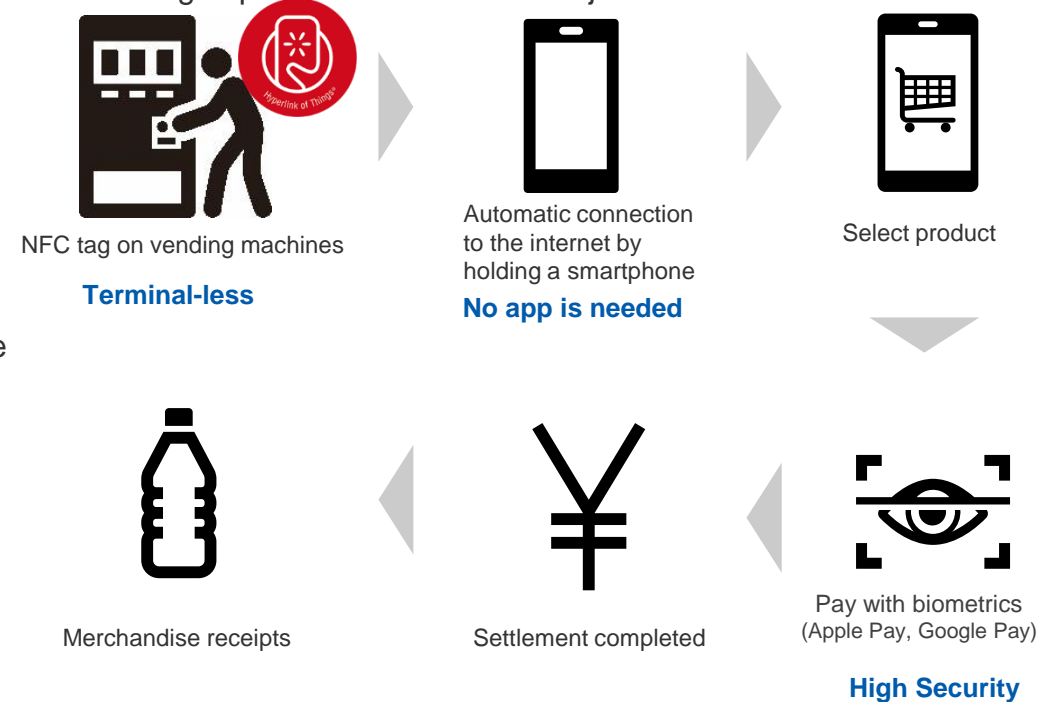
Soft Space社の「FasTap(ファスタップ)」が利用されている様子



#### NFC tagging touch payment

Launched in FY2023

Aiming to provide services with major food manufacturers

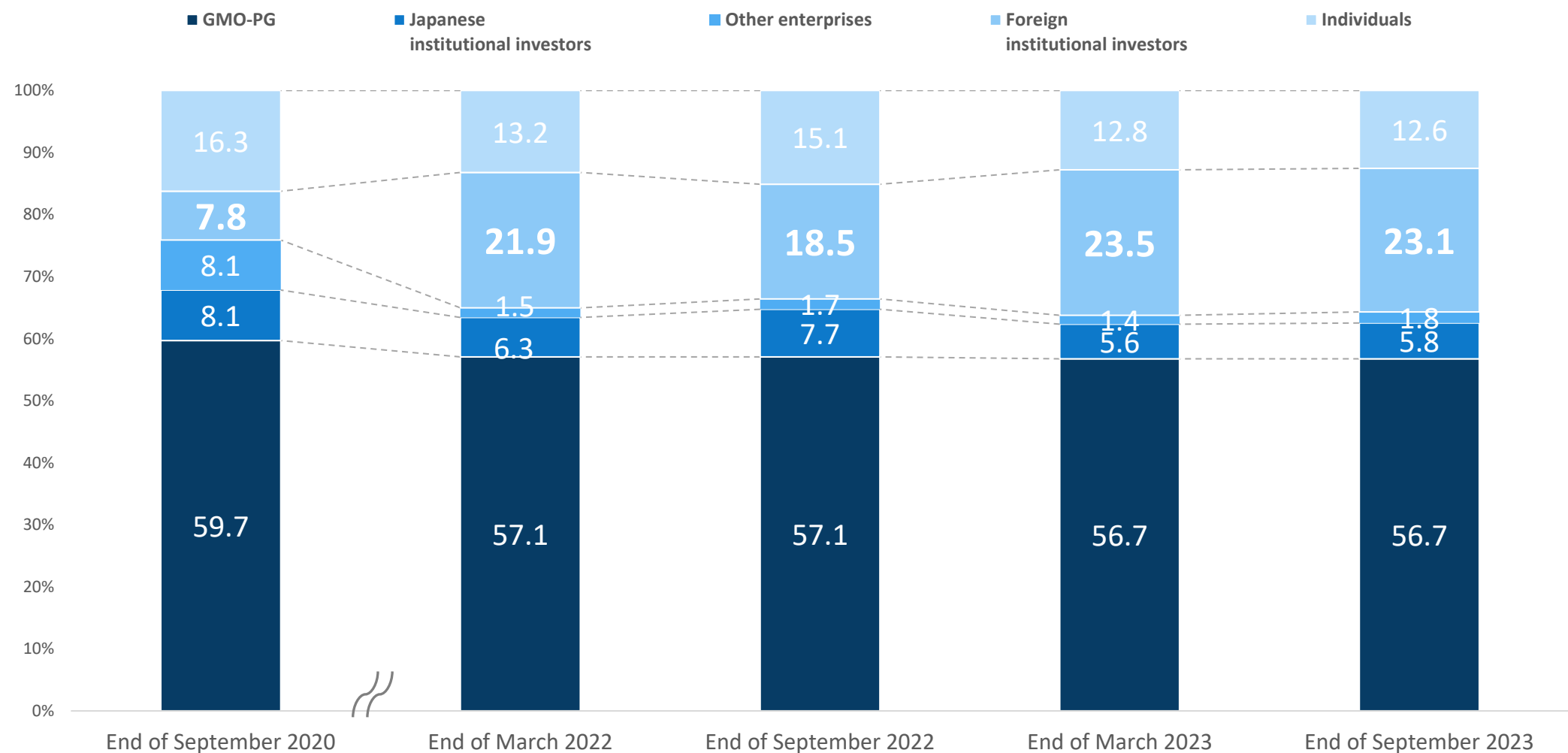


Tap to Phone: Mobile payment service where merchants do not need to prepare cash registers and terminals for payments, and NFC-enabled devices can be used as payment reception terminals.

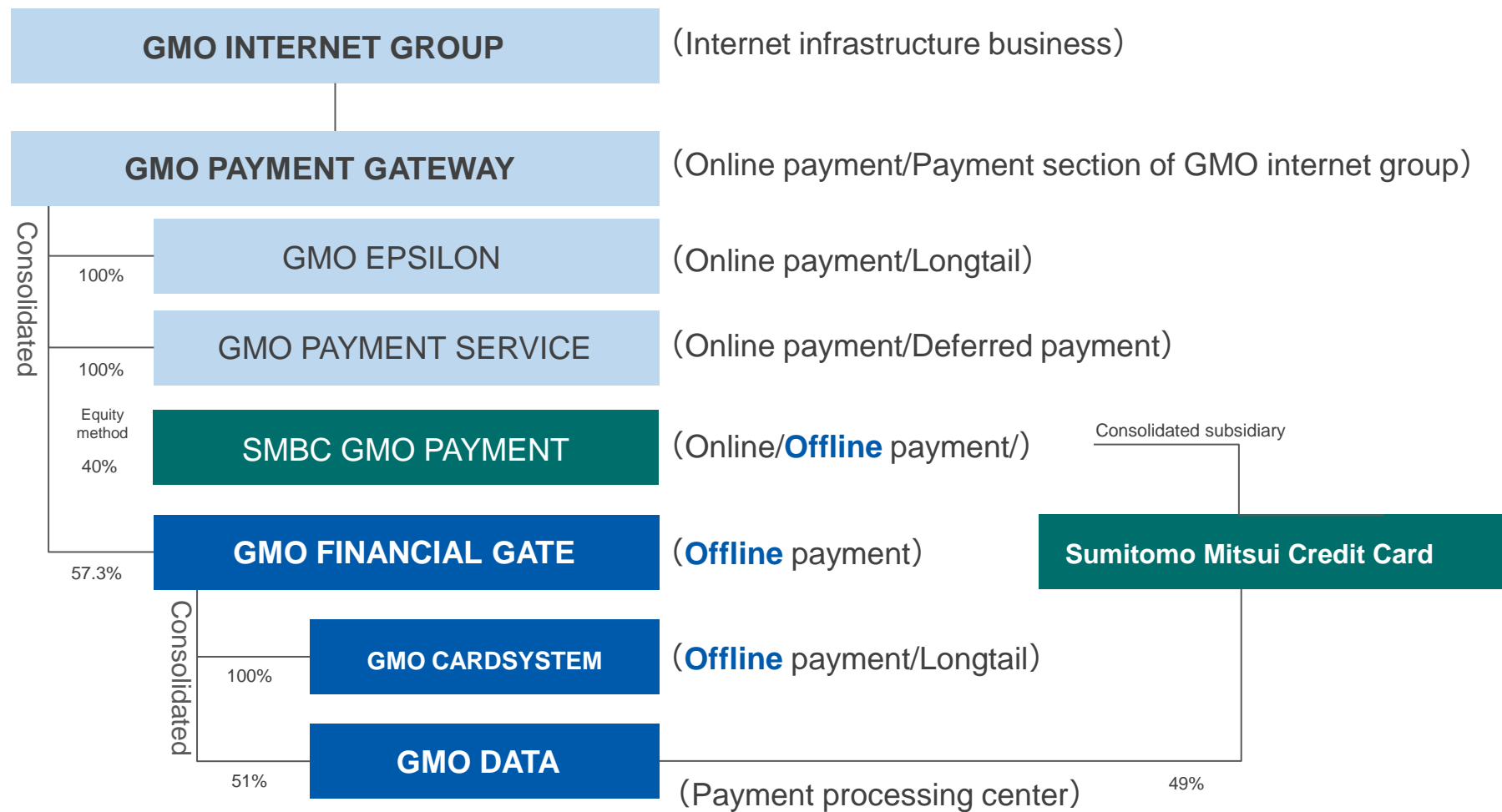
NFC: An abbreviation for Near Field Communication, a communication standard that can be communicated using contactless IC chips and simply by holding them over.

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 mn(end of December 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 Director

Takayoshi Nagasawa

External Director

Satoru Ozawa

■ 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 February 14, 2024 )

# Reference

Site name	URL
GMO Financial Gate	<a href="https://gmo-fg.com/">https://gmo-fg.com/</a>
IR	<a href="https://gmo-fg.com/ir/">https://gmo-fg.com/ir/</a>
Sustainability	<a href="https://gmo-fg.com/sustainability/">https://gmo-fg.com/sustainability/</a>
Recruitment information	<a href="https://gmo-fg.com/recruit/">https://gmo-fg.com/recruit/</a>
GMO Financial Gate (English)	<a href="https://gmo-fg.com/en/">https://gmo-fg.com/en/</a>
GMO Payment Gateway	<a href="https://www.gmo-pg.com/">https://www.gmo-pg.com/</a>
Cashless Roadmap 2023	<a href="https://paymentsjapan.or.jp/publications/20230816_roadmap2023/">https://paymentsjapan.or.jp/publications/20230816_roadmap2023/</a>
Selected Service Industry Current Statistics Survey	<a href="https://www.meti.go.jp/statistics/tyo/tokusabido/index.html">https://www.meti.go.jp/statistics/tyo/tokusabido/index.html</a>
Cashless payment ratio in 2022	<a href="https://www.meti.go.jp/press/2023/04/20230406002/20230406002.html">https://www.meti.go.jp/press/2023/04/20230406002/20230406002.html</a>
Statistics of foreign visitors to Japan	<a href="https://www.jnto.go.jp/statistics/data/visitors-statistics/">https://www.jnto.go.jp/statistics/data/visitors-statistics/</a>

**Thank you**

**GMO** FINANCIAL GATE

GMO Financial Gate, Inc.  
(TSE Growth 4051)

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