

Financial Results Briefing for 2Q FY2024

Revenue and profits increased steadily in the 1H, while investing for future growth

May 10, 2024

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

16th IR Presentation

GMO FINANCIAL GATE
<https://gmo-fg.com/>

Cautionary Note Regarding Presentation Materials

The content of these presentation materials is based on generally recognized economic and social conditions, as well as assumptions judged to reasonable by GMO Financial Gate as of May 10, 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 2Q 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 2Q FY2024

1.1 2Q FY2024 Summary

Progress on track for the 1st half for revenue and operating profit.
Active investment for future growth led to recurring revenue, profit growth

Quantitative

1H FY2024 P 7

- Revenue : **¥ 9.24bn(YoY+27.2%)** Progress towards **1H** forecast 100.4%、 Progress towards **full-year** forecast 48.1%
- Operating Profit : **¥ 0.92bn(YoY+45.2%)** Progress towards **1H** forecast 124.7%、 Progress towards **full-year** forecast 65.4%

Revenue by Business Model P 9

- Initial revenue : **¥ 6.05bn(YoY+18.2%)** - Recurring-Model revenue : **¥ 3.18bn(YoY+48.9%)**

KPI P 12-14

- Transaction Volume (Number of Transactions): **0.17bn(YoY+57.9%)**
- GMV : **¥ 1.50tn(YoY+58.8%)**
- Number of Active Terminals (2Q) : **344K (YoY+111K、 YoY+47.3%)**

Qualitative

Business Topics

- ①Built up multiple pipeline of new projects by utilizing solution assets P 25
- ②Accelerating terminal-less payment services through expansion of “stera” lineup (stera fasstap/tap) and conclusion of investment agreement with Softspace P 26

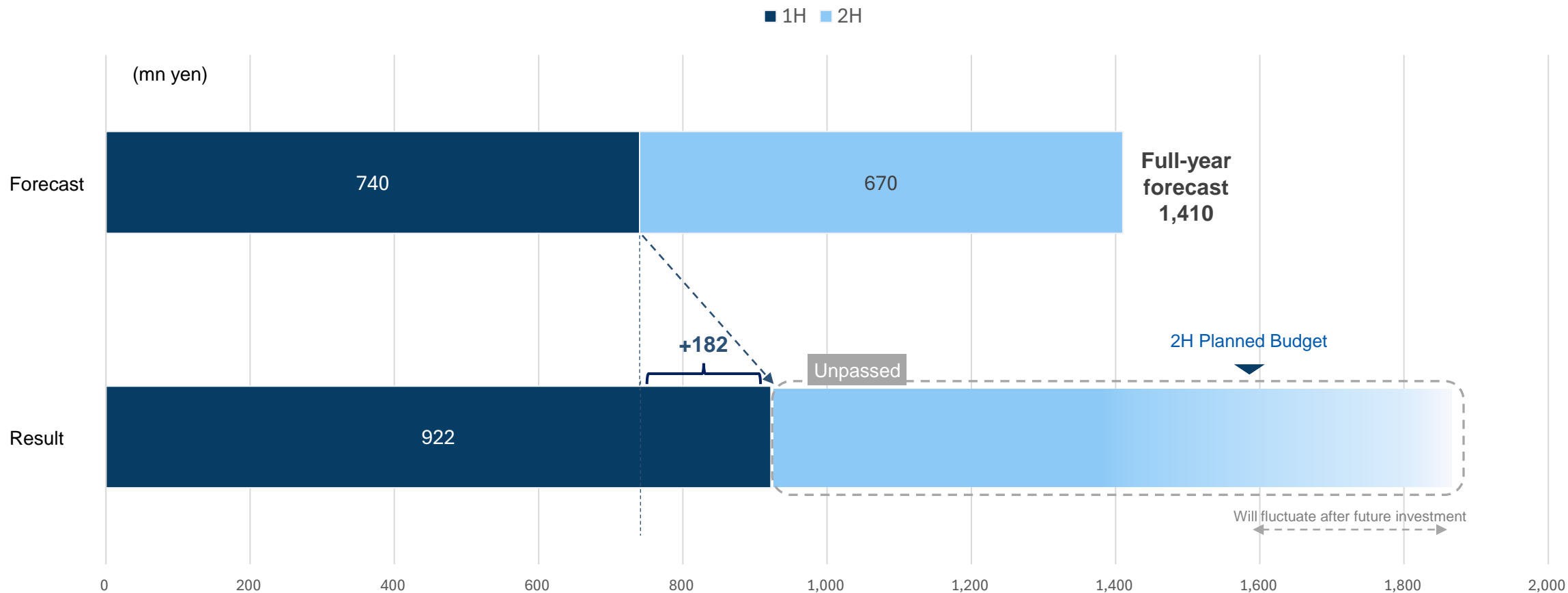
Organization Topics

- ①Obtained guarantee from an external certification body for GHG (greenhouse gas) P 31
- ②Achieved Scope 1 and 2 carbon neutrality through GHG visualization and acquisition of non-fossil certificates, promoting ESG advancement P 31

1.2 Operating Profit Forecast for FY2024

OP progress as of 1H is c.65%. Forecast for full-year remains unchanged as on schedule progress is expected for 2H

FY2024 Forecast vs. Result



1.3 Summary of Financial Results

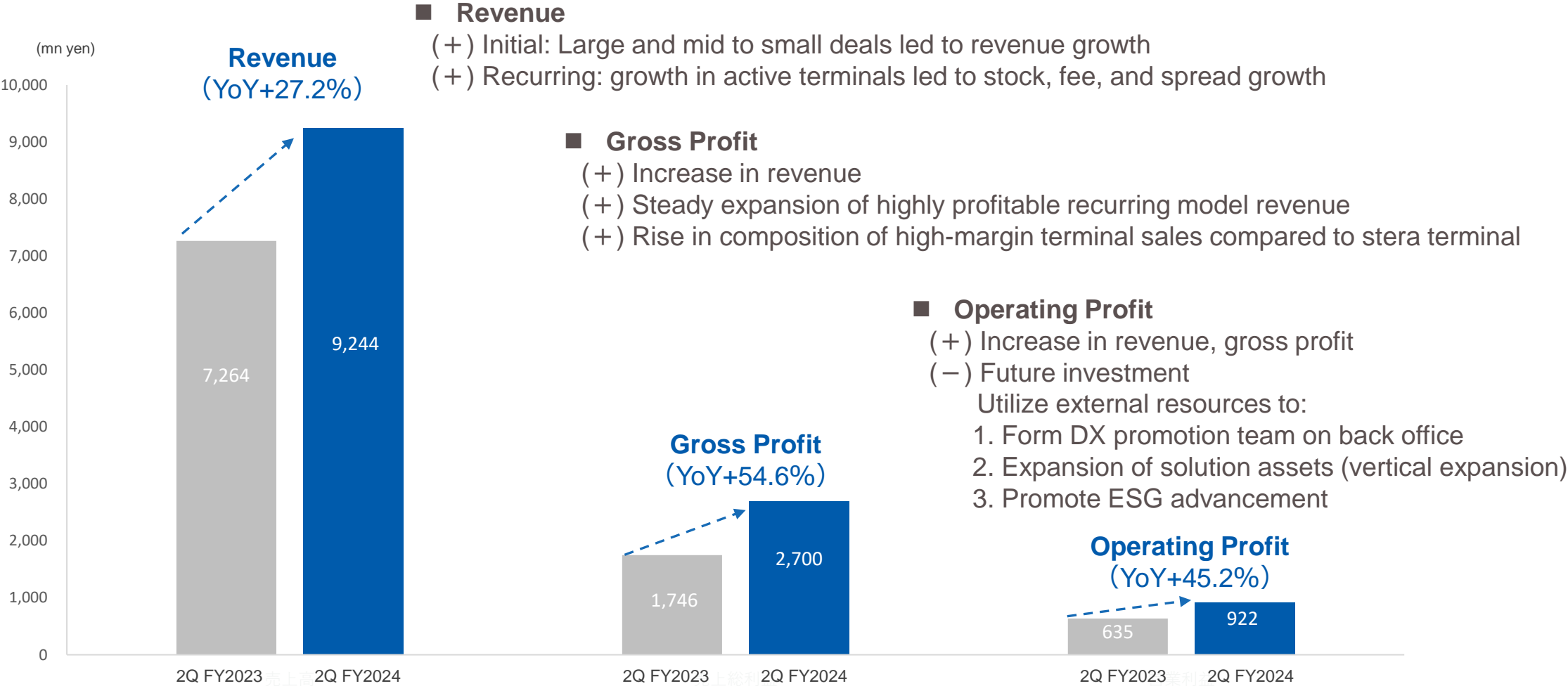
Solid progress in both revenue and profit. KPI numbers continued to grow as expected

(mn yen)	1H FY2023	1H FY2024	YoY	Forecast 1H FY2024 (Full-year)	Progress towards forecast 1H FY2024 (Full-year)
Revenue	7,264	9,244	+ 27.2%	9,208 (19,200)	100.4% (48.1%)
Gross profit	1,746	2,700	+ 54.6%	2,421 (5,095)	111.6% (53.0%)
Operating profit	635	922	+ 45.2%	740 (1,410)	124.7% (65.4%)
Profit attributable to owners of parent	394	551	+ 39.9%	472 (859)	116.9% (64.2%)

	Number of active terminal (2Q FY2024 Only)	Transaction Volume (2Q FY2024 Only)	Transaction Value (GMV) (2Q FY2024 Only)
KPI (YoY)	344,564 (+47.3%)	c. 170.5mn (+57.9%)	c. ¥ 1,502bn (+58.8%)

1.4 Breakdown of Financial Results

Steady growth in both initial and recurring revenue. Improvement in margin of initial terminals and growth in recurring revenue led to increase in operating profit



1.5 Revenue by Business Model (YoY)

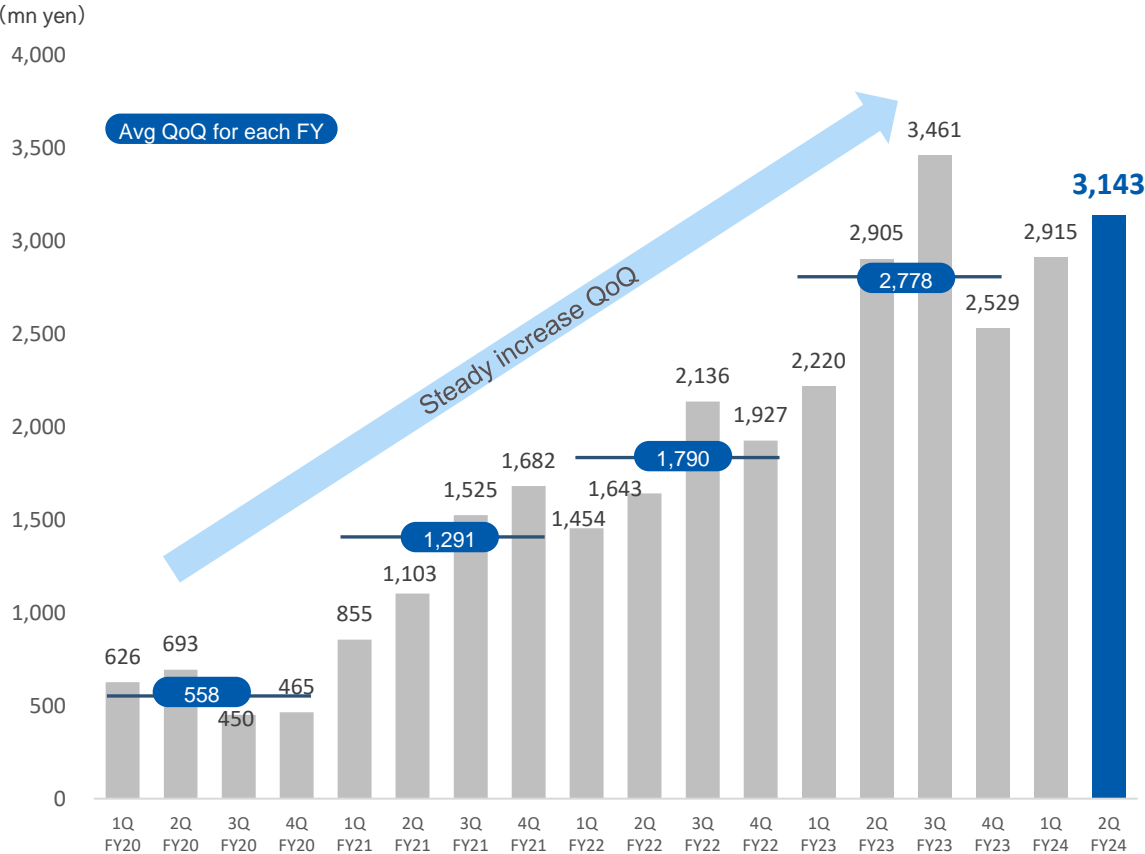
Each revenue with steady increase. Composition of recurring revenue rose from 29.4% to 34.5%

(mn yen)	1H FY2023 (Composition %)	1H FY2024 (Composition %)	YoY
Initial	5,125 (70.6%)	6,059 (65.5%)	+18.2%
Recurring-Model	2,139 (29.4%)	3,185 (34.5%)	+48.9%
Stock	543 (7.5%)	818 (8.9%)	+50.7%
Fee	1,059 (14.6%)	1,695 (18.3%)	+60.1%
Spread	536 (7.3%)	670 (7.3%)	+25.1%
Total Revenue	7,264	9,244	+27.2%

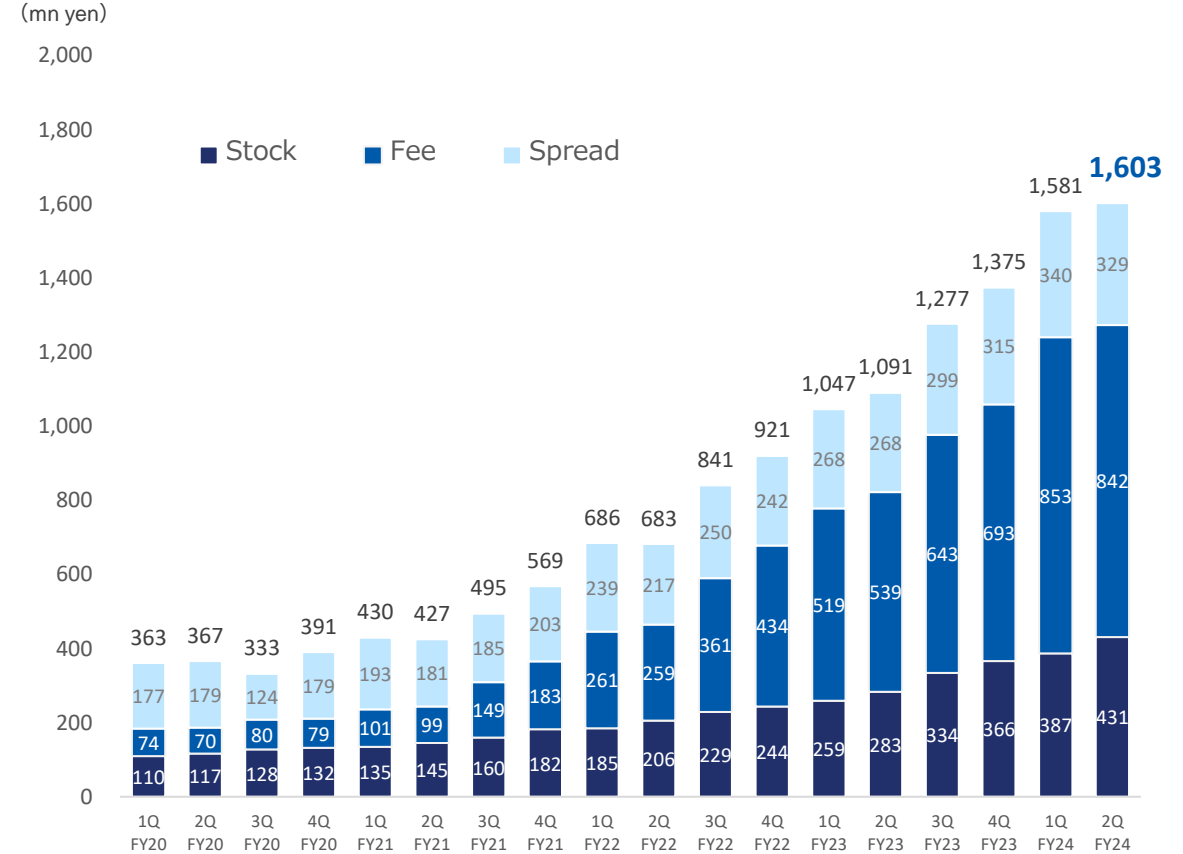
1.6 Revenue by Business Model (Quarterly)

Initial: Steady QoQ growth due to mid-size deals
Recurring: Growth in number of active terminals led to QoQ growth despite seasonality impact

Initial Revenue



Recurring Revenue

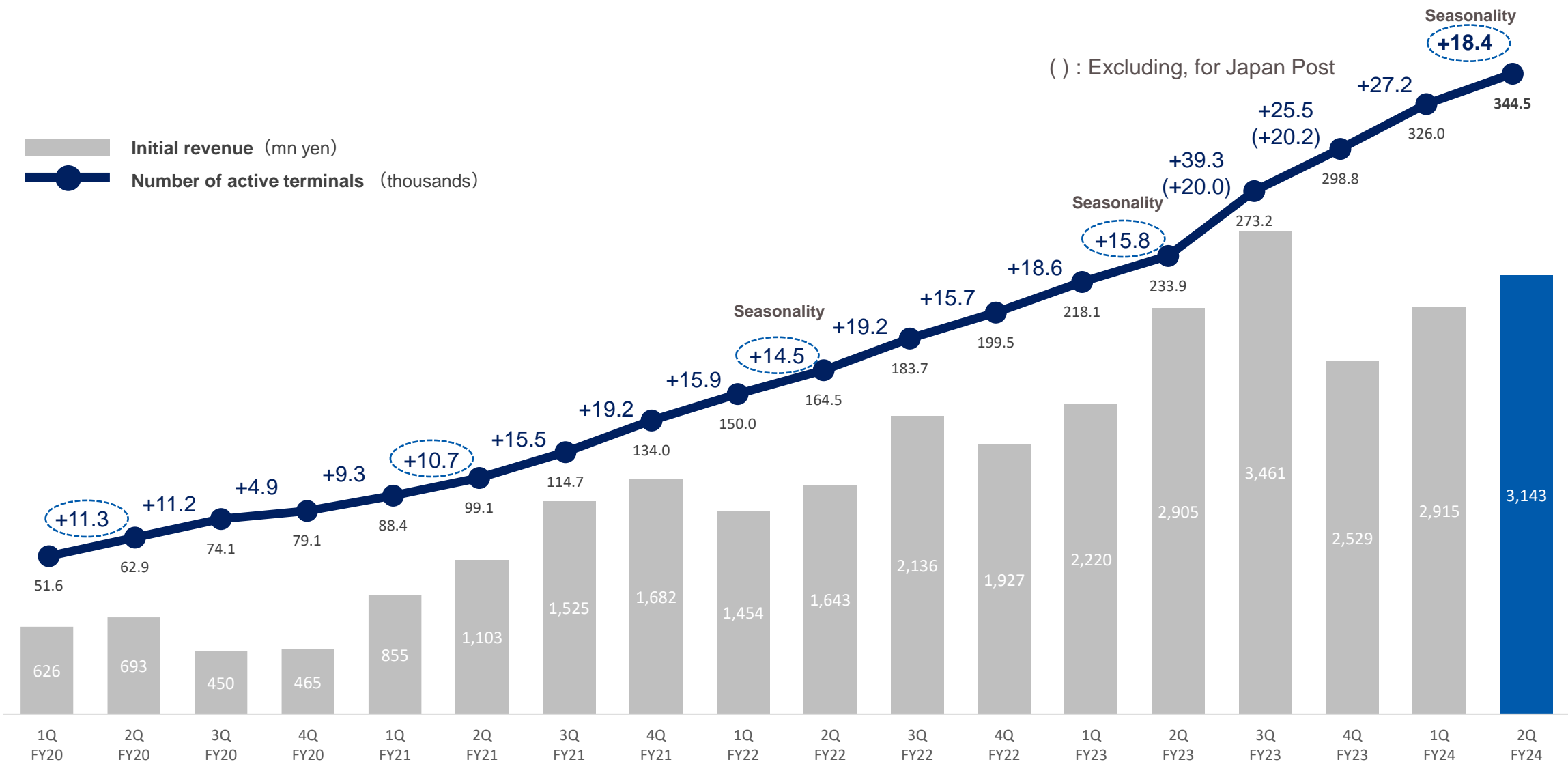


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KPI

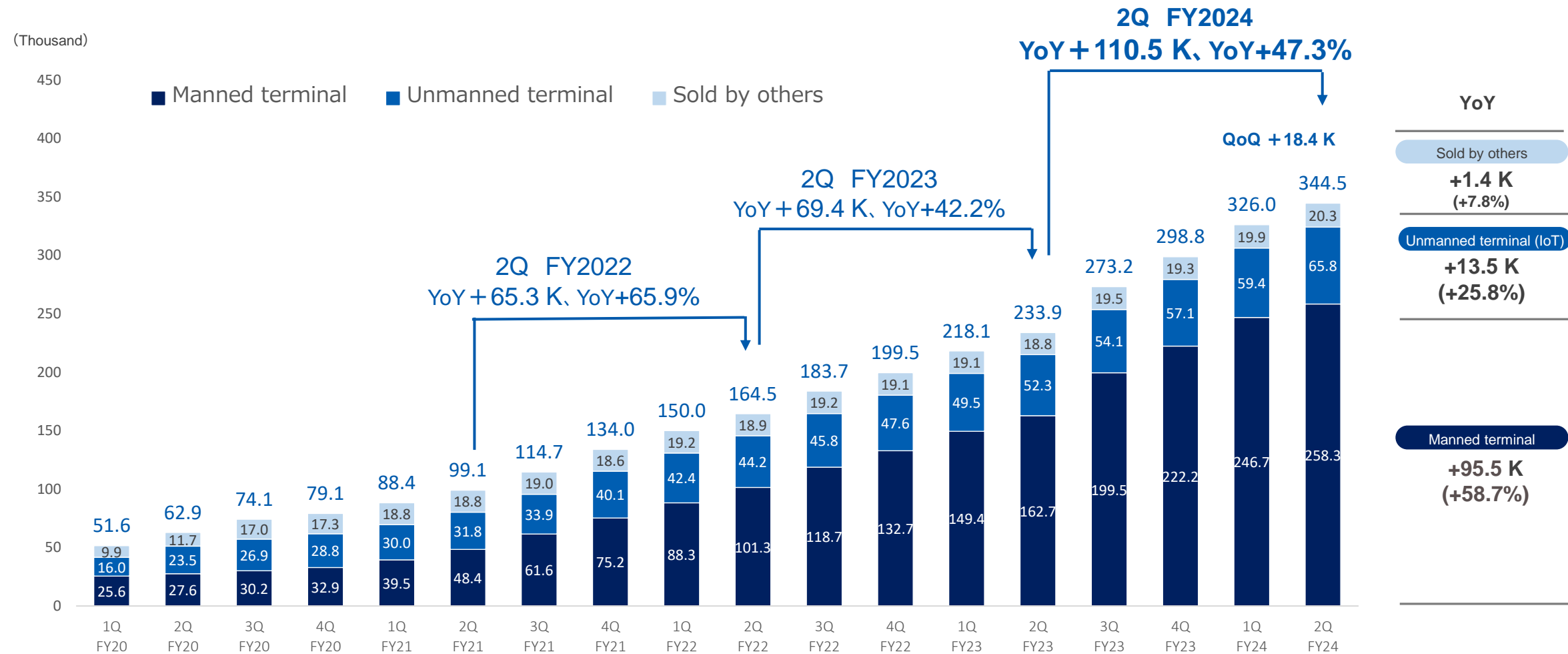
2.1 Initial Revenue and Number of Active Terminals

Steady initial revenue, number of active terminals even with seasonality effects



2.2 Consolidated KPI (Number of active terminals)

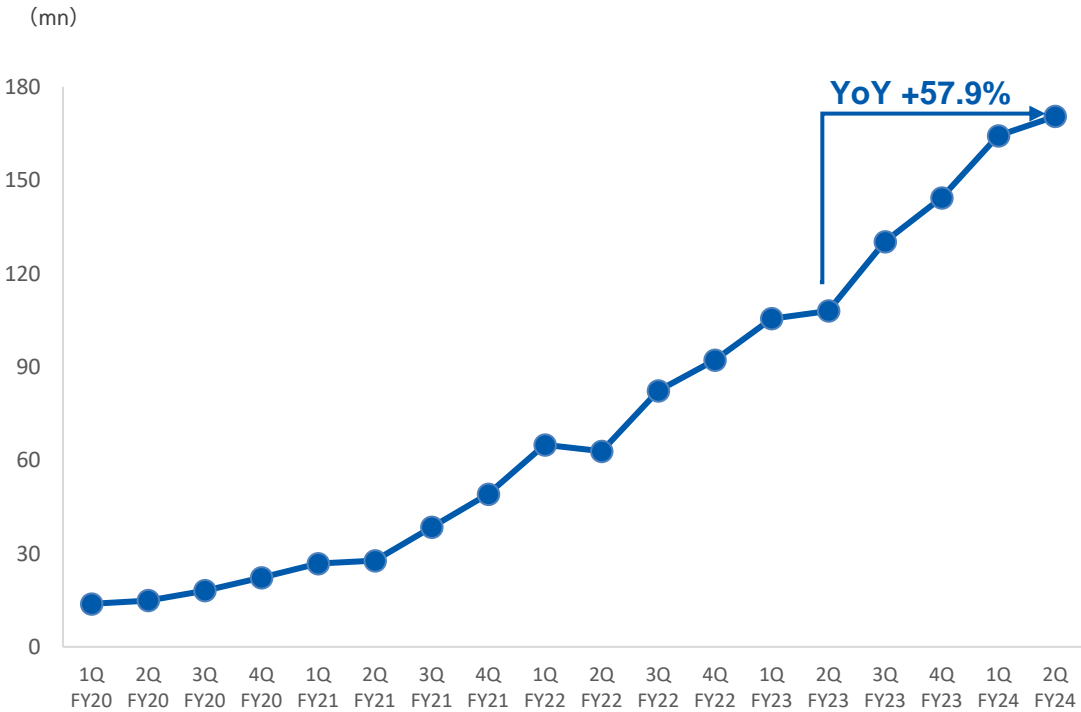
Continued steady progress. The number of IoT terminals is increasing due to implementation in large lot customers



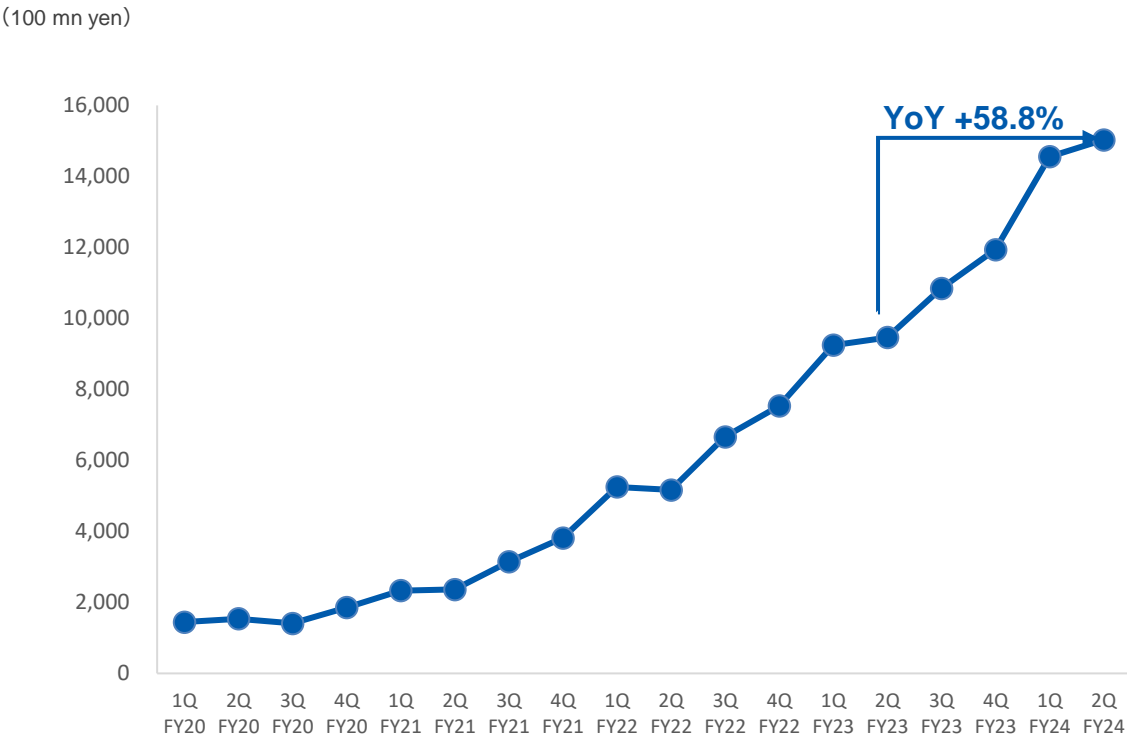
2.3 Consolidated KPI (Quarterly Transaction volume / GMV)

Transaction volume and value increased by more than 50% YoY

Transaction Volume



Transaction Value (GMV)

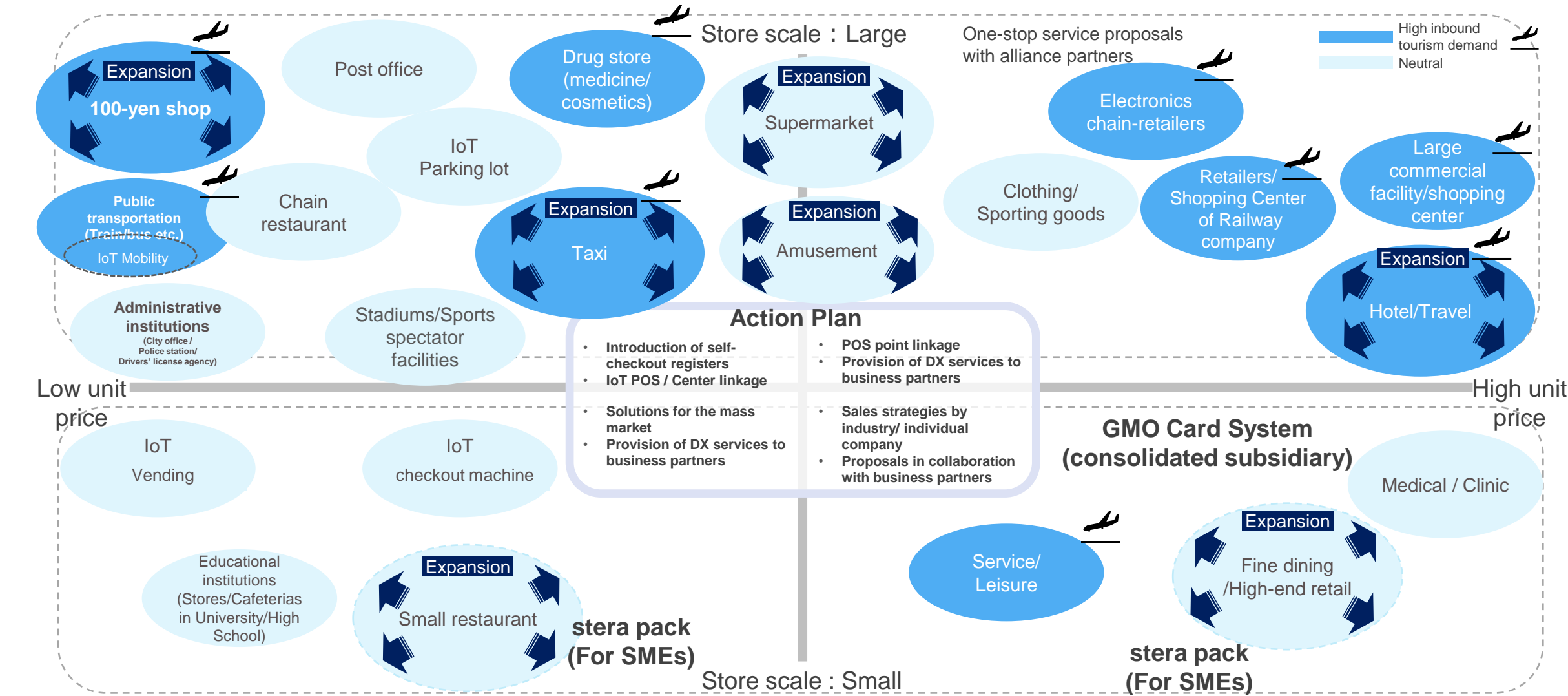


	1Q FY21	2Q FY21	3Q FY21	4Q FY21	1Q FY22	3Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24
Transaction volume (10 K)	2,682	2,774	3,848	4,913	6,497	6,292	8,237	9,224	10,553	10,804	13,026	14,438	16,431	17,057
Transaction value (GMV) (¥100 mn)	2,328	2,361	3,141	3,810	5,251	5,161	6,658	7,530	9,242	9,459	10,842	11,930	14,552	15,023
(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	8,807

Business Highlights

3.1 Trends by Merchant Industry

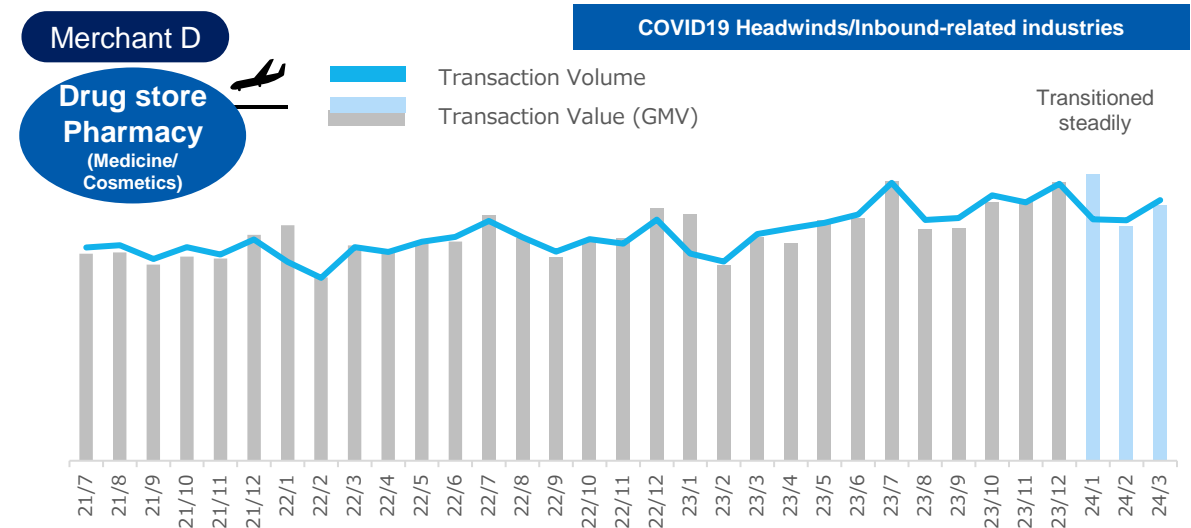
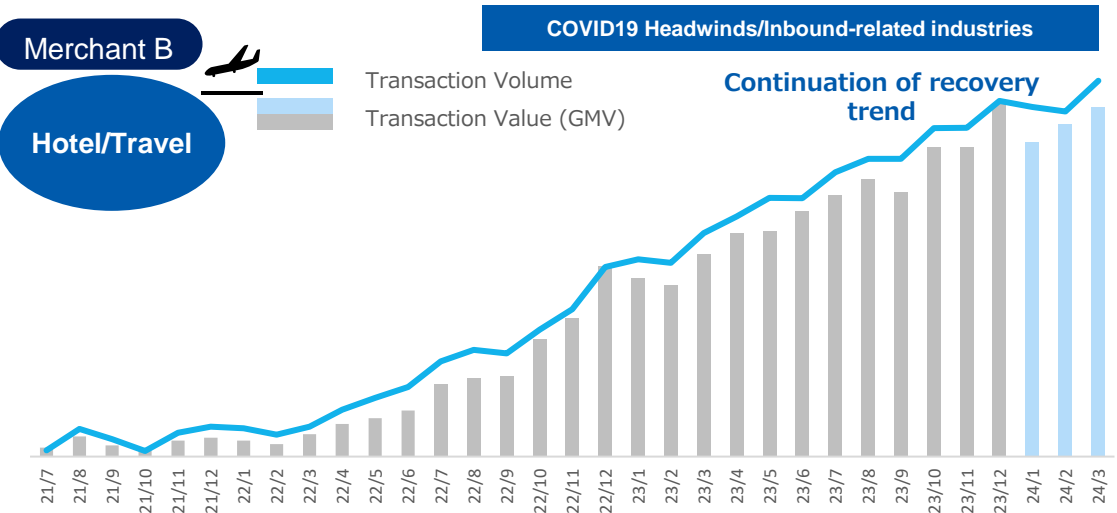
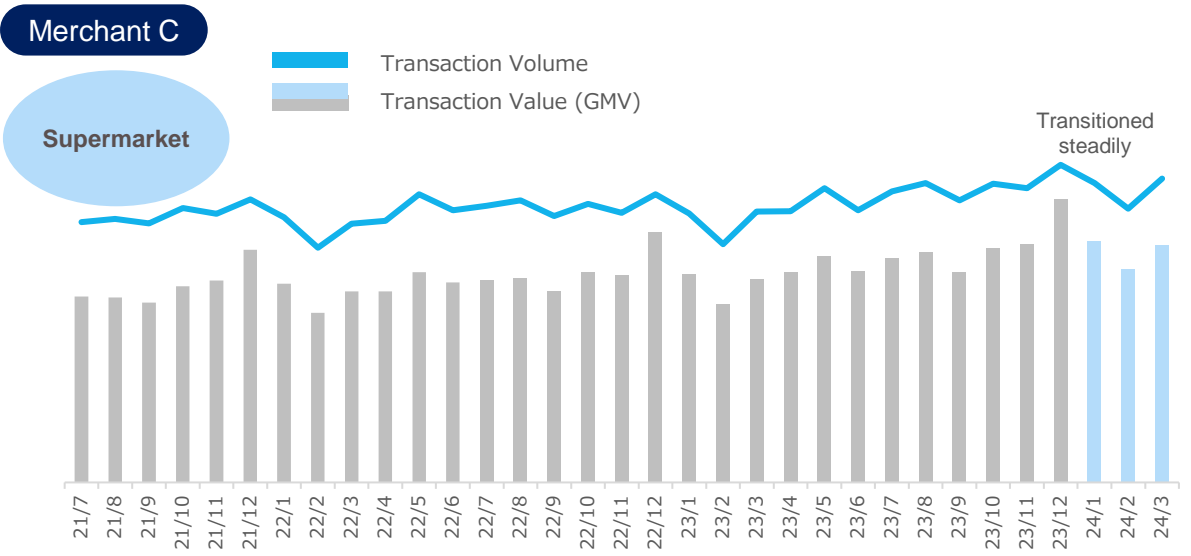
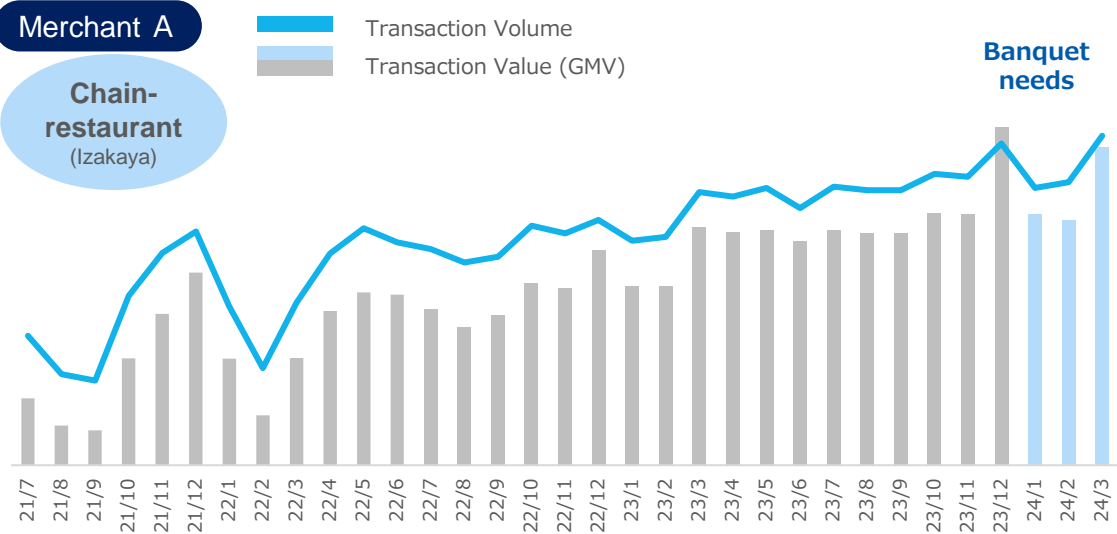
Installation of self-checkout, mobile terminals at 100-yen shops, supermarkets, and taxis are increasing



3.2 Transaction Trends by Industry (2Q)

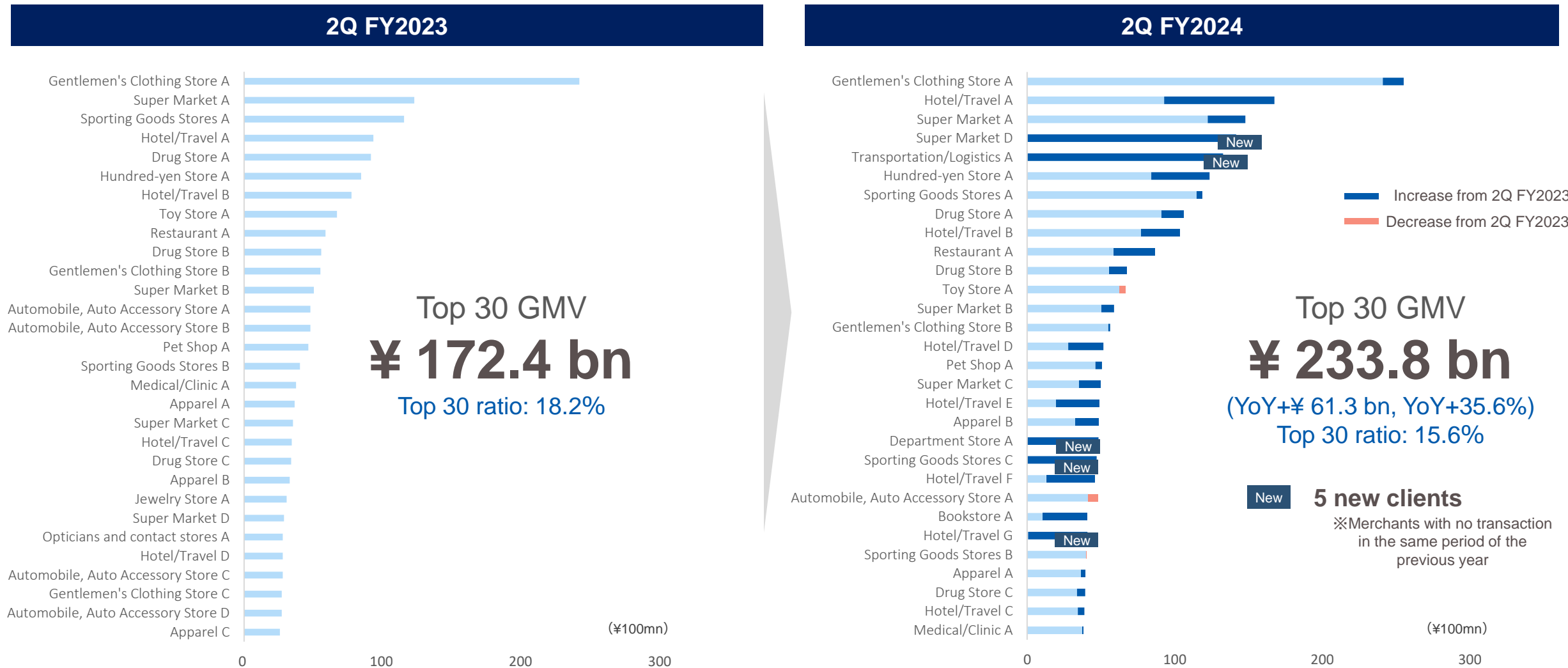
 : High inbound tourism demand

Restaurant, hotel/travel industries increased by capturing seasonal demand. Supermarket and drugstores continued on a steady trend



3.3 Top 30 Merchants (GMV basis)

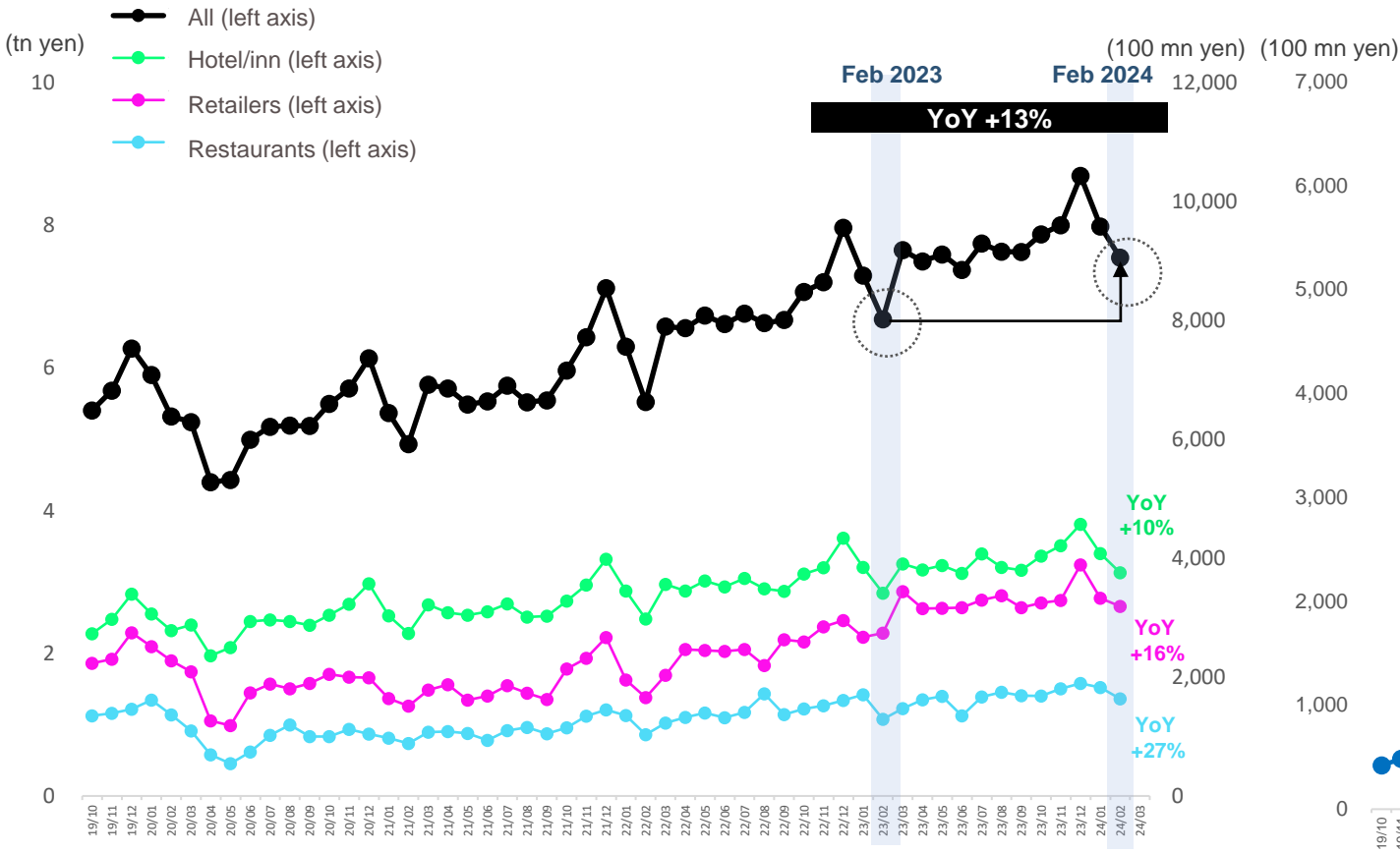
Men's clothing merchant increased due to seasonality
Large merchants increased due to vertical expansion – five large lot merchants increased YoY



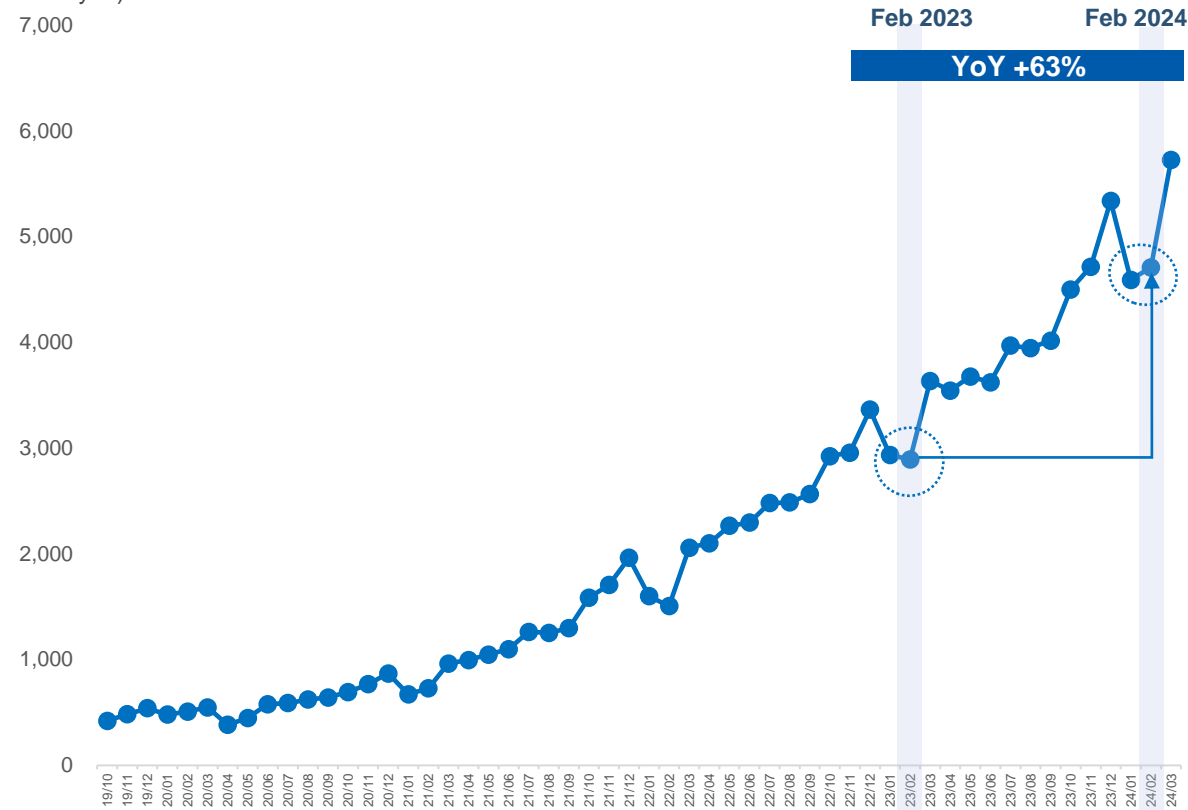
3.4 Comparison to Market Growth (February YoY)

Overall market growth is +13% YoY while GMO-FG grew +63% YoY, significantly exceeding macro trends

Market GMV (Transaction value of credit card payment)

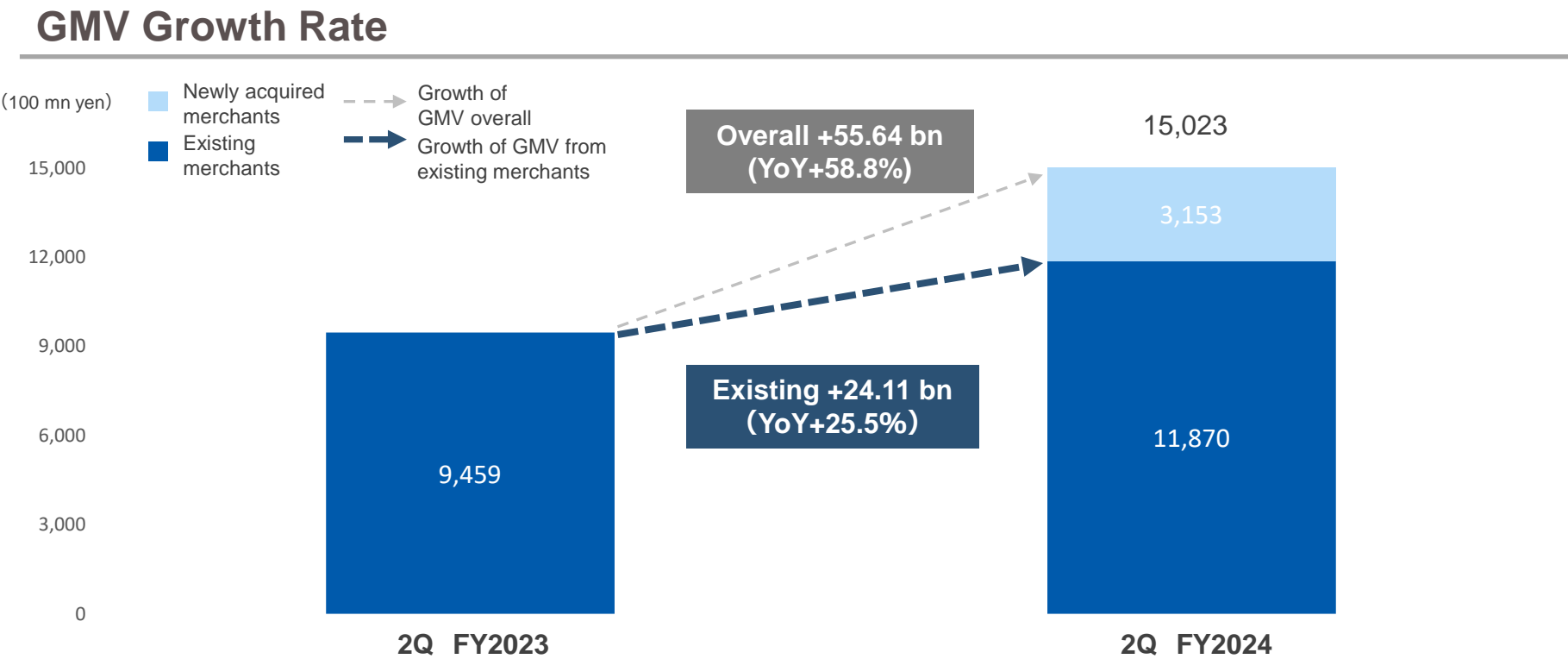


GMO-FG GMV



3.5 Settlement Platform which Grows with its Merchants

GMO-FG GMV grew at +58.8% YoY for 2Q, +25.5%YoY for existing merchants
Merchants grew with GMO-FG’s settlement platform

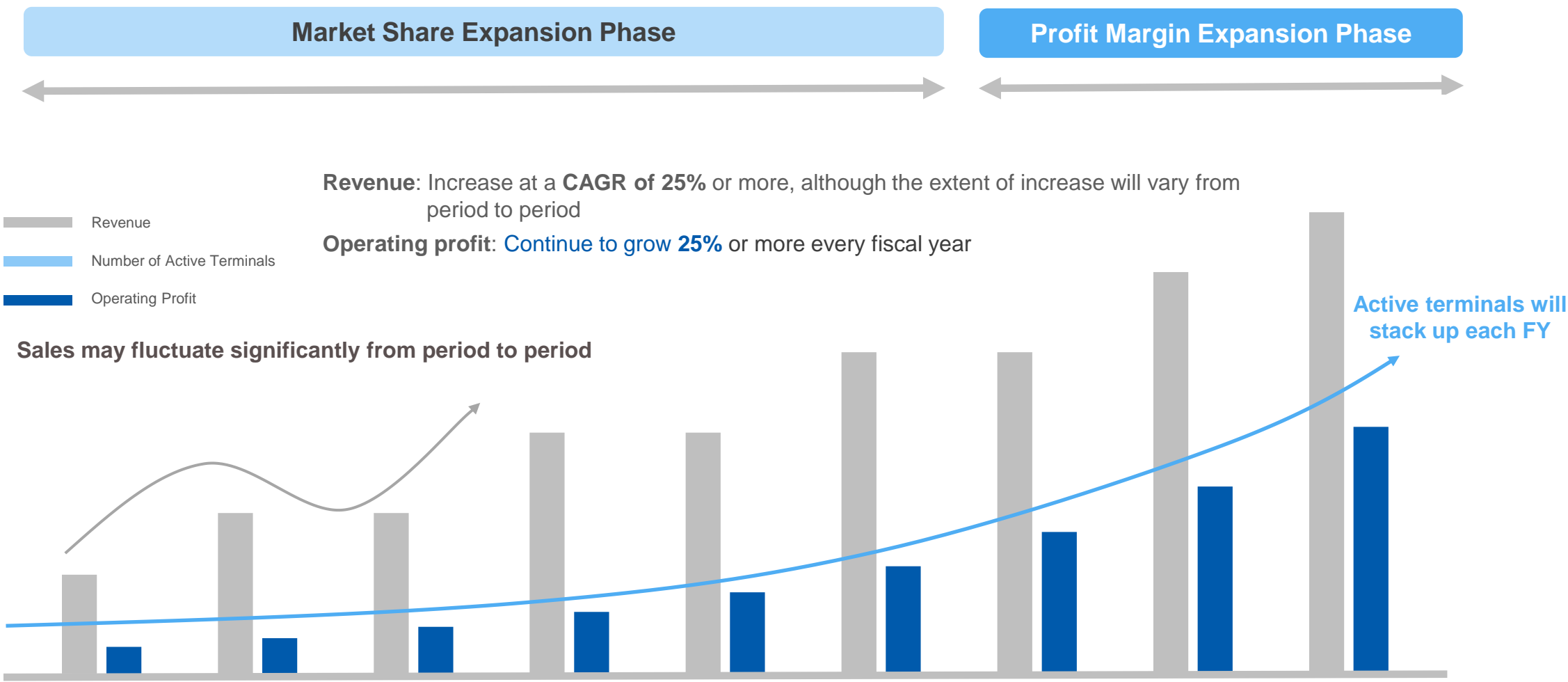


*Existing merchants are calculated as the number of merchants in the same period of the previous year. Existing merchants increase in “the number of payment terminals” and “new store openings” are also considered as existing growth.

Growth Strategy and Progress

4.1 Image of rise in Revenue & Operating Profit

Market share expansion phase: sales/activation of payment terminals will lead to fluctuation in revenue
Profit margin expansion phase: recurring model revenue will increase due to increase in active terminals which will contribute to operating profit growth



OP of 1.5bn yen will be achieved this year ahead of schedule – a new five-year plan has been created to promote operating profit of 5bn yen in 2030

Action Plans

- 1 Acquire multi-industry/high-growth enterprises by launching next-generation multipayment terminals
- 2 Expand IoT payments by supporting contactless (tap) and unattended payments
- 3 Acquire large scale merchants through expansion of alliances with QR, points, etc.
- 4 Increase added value by strengthening processing center functions

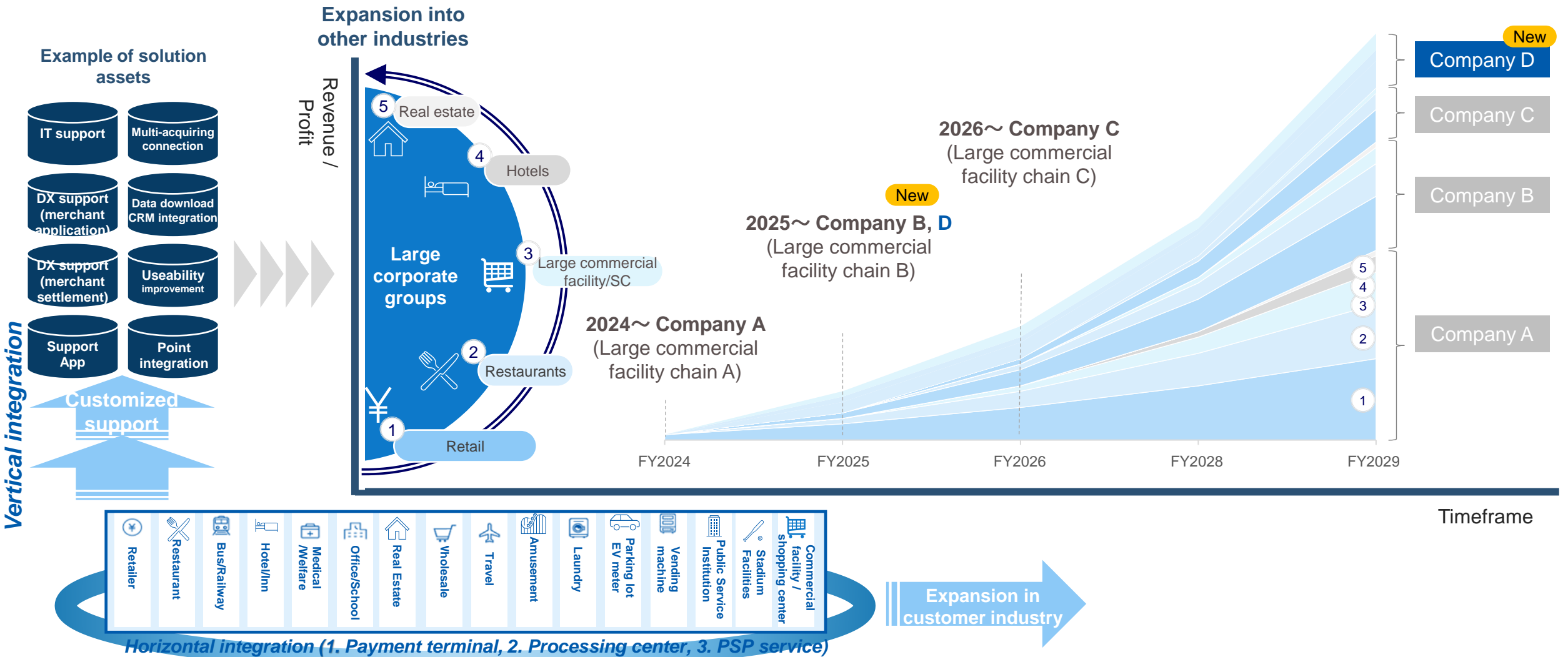
Mid to long term strategy

- Base trend
- 1. Digitalization support
- 2. Transit
- 3. Tap to pay/SME
- 4. Large commercial facility/shopping center
- 5. IoT alliance
- GMV (right axis)



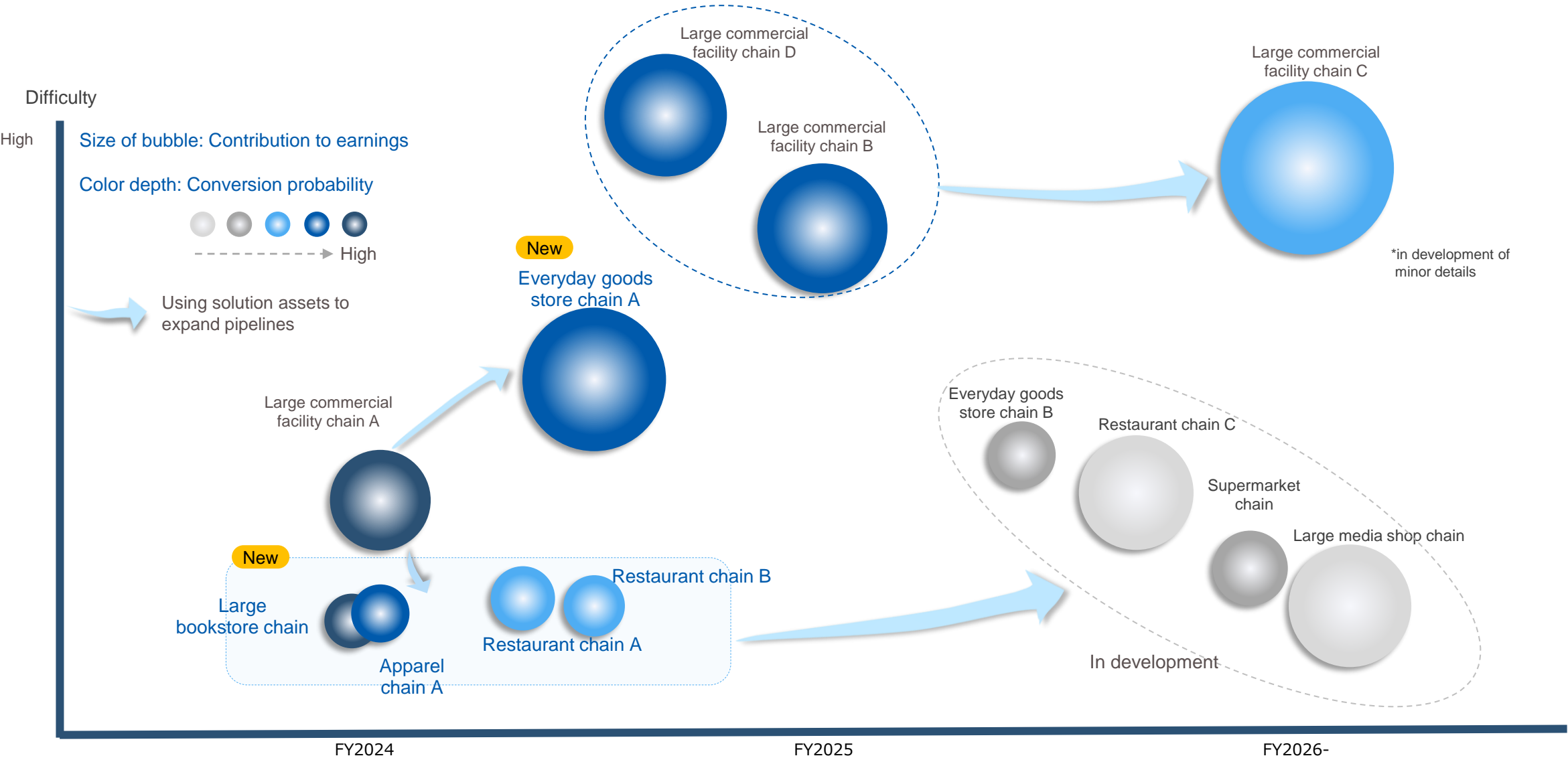
4.3 Vertical Expansion

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



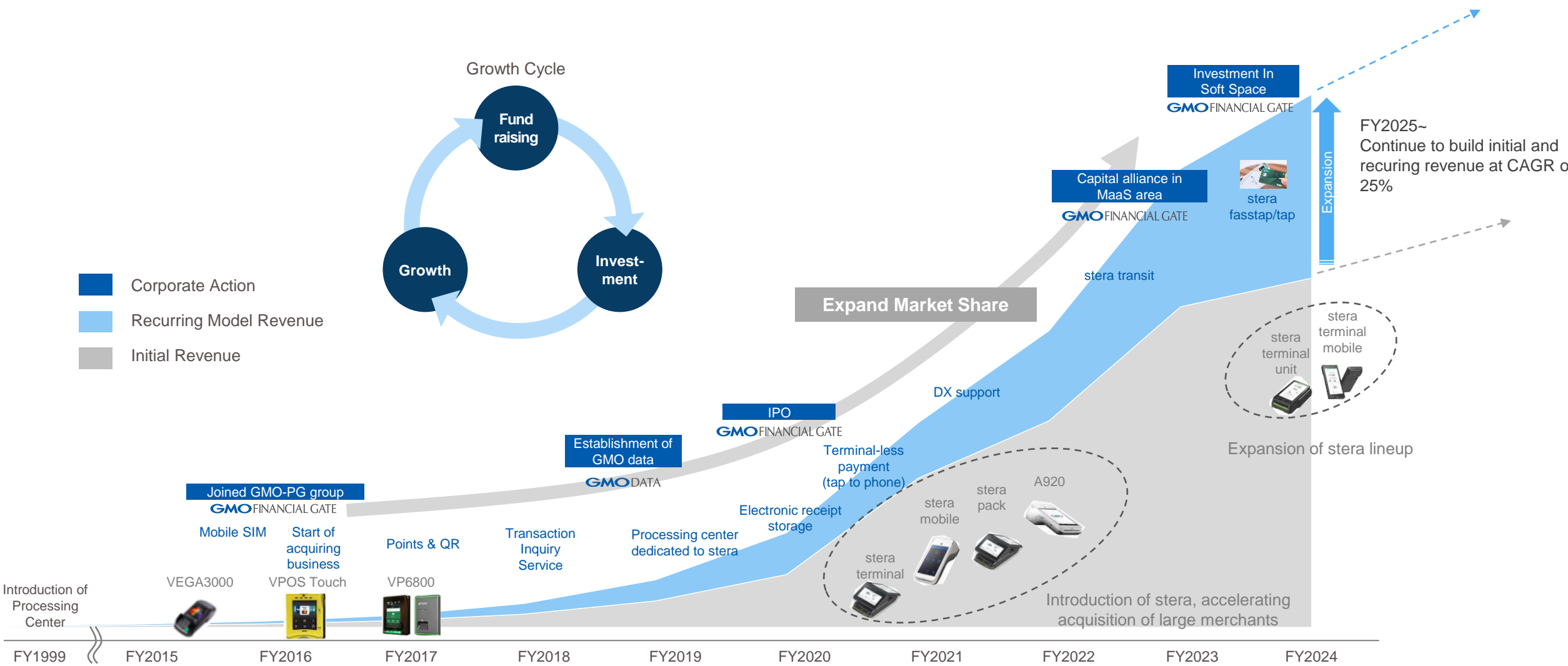
4.4 Expanding Pipelines utilizing our Solution Assets

Steadily building new pipelines by utilizing solution assets cultivated through vertical expansion



4.5 Progress in Expanding Market Share

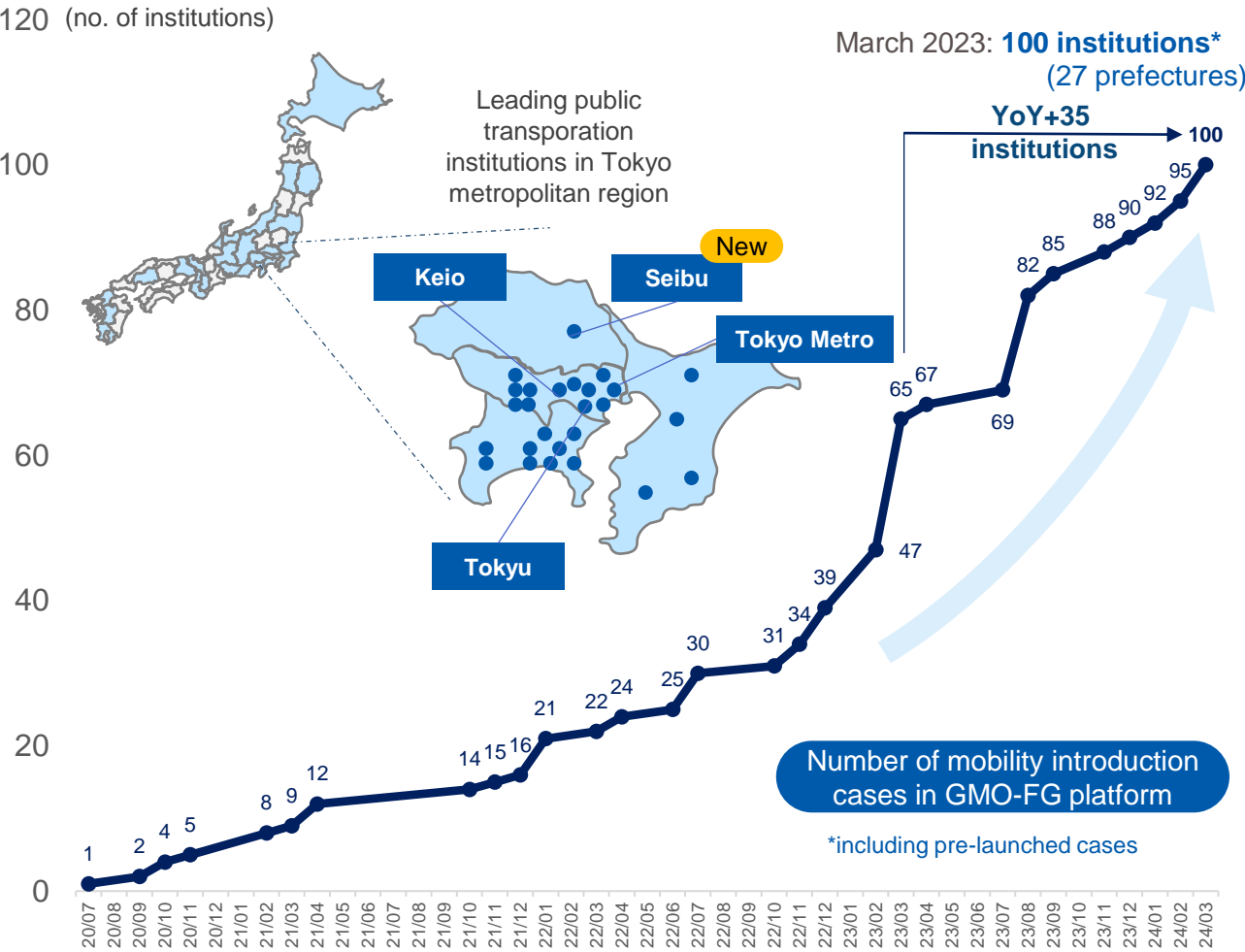
Recurring sales steadily increased as we increase market share – will continue to aim for well-balanced growth in both initial and recurring model by expanding our service lineup



4.6 Expansion of Payment Platforms - Mobility Domain

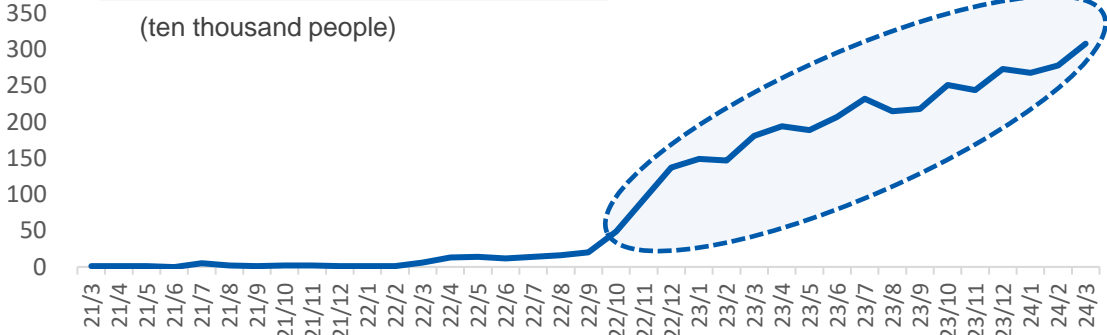
With the recent increase in the number of foreign visitors to Japan, mobility payments in urban areas are on the rise – provided services to 100 enterprises as of Mar. 2024. Experimental implementation is scheduled to start with Seibu in 2024

Implementation at Public Transportation Institutions



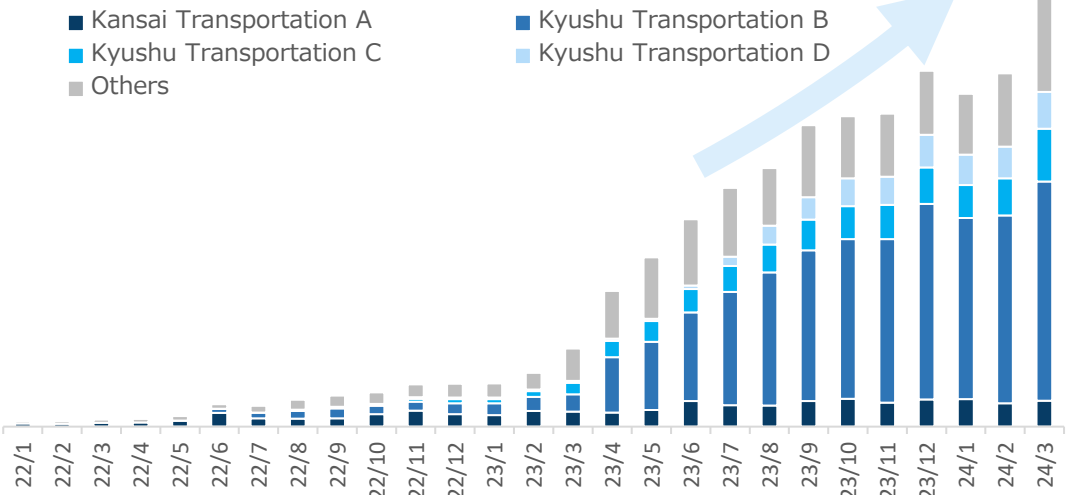
Number of Tourists and Mobility Settlements

Number of Tourists



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

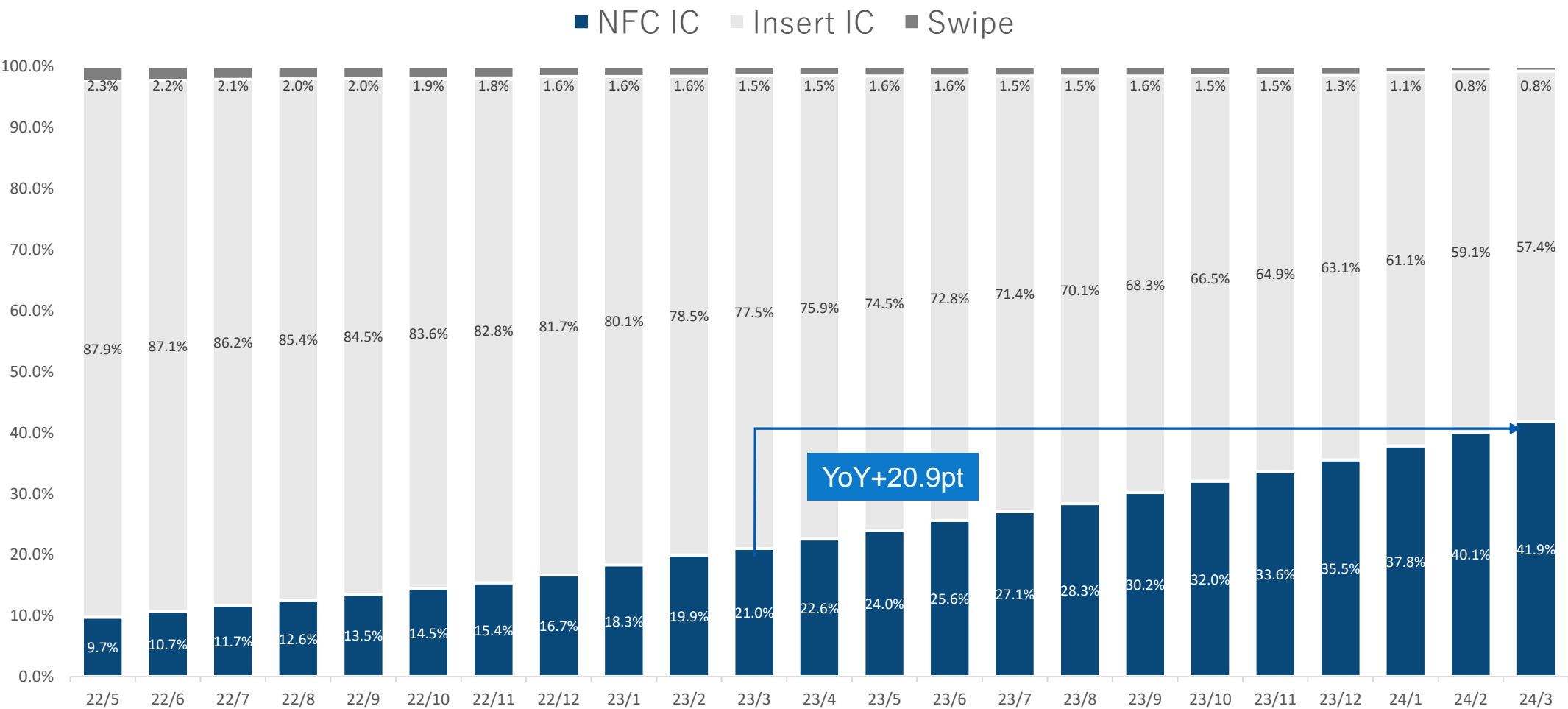
Numbers of Mobility Settlements



4.7 Expanding use of contactless NFC payment

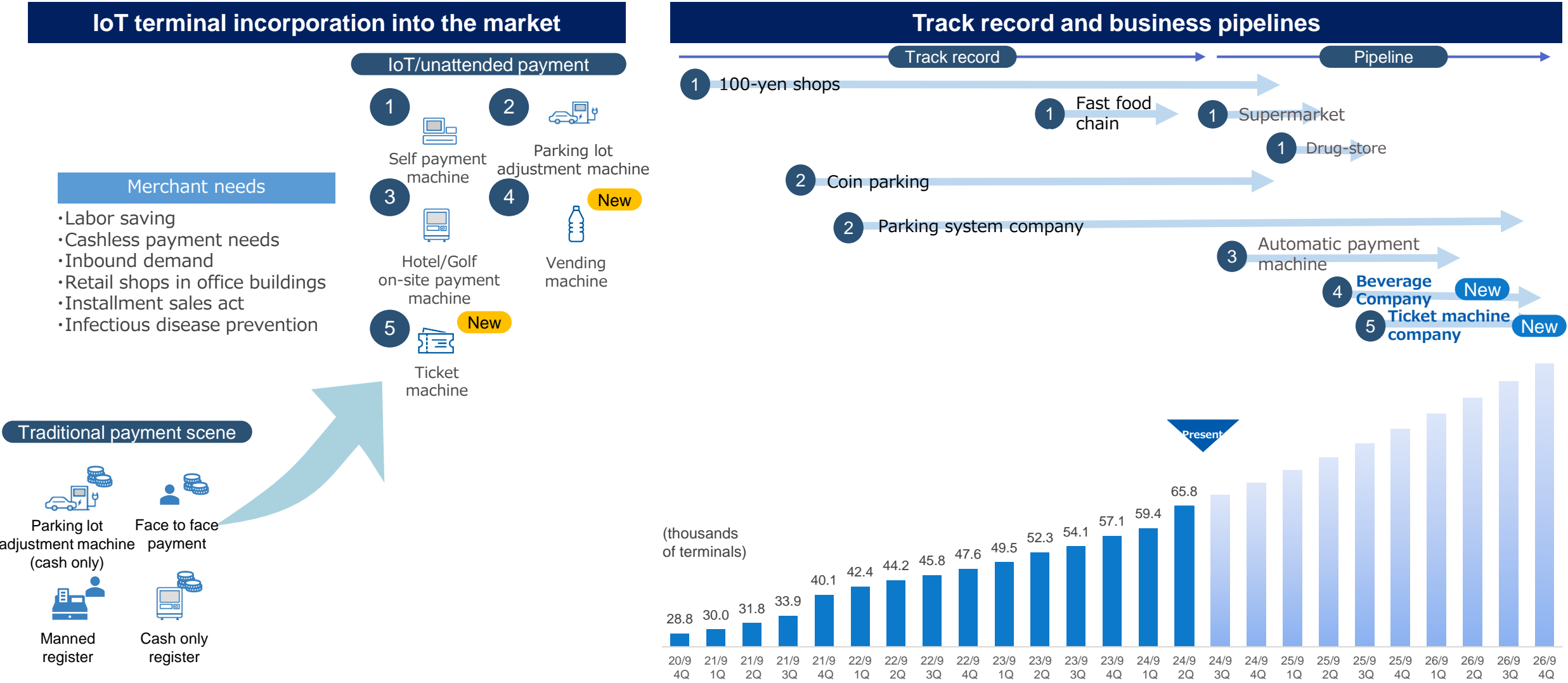
The percentage of credit touch payments at our processing center is on an upward trend. Growing awareness of the convenience of NFC is driving the future spread of credit touch in the mobility field

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



4.8 Progress in IoT/Unattended Payment

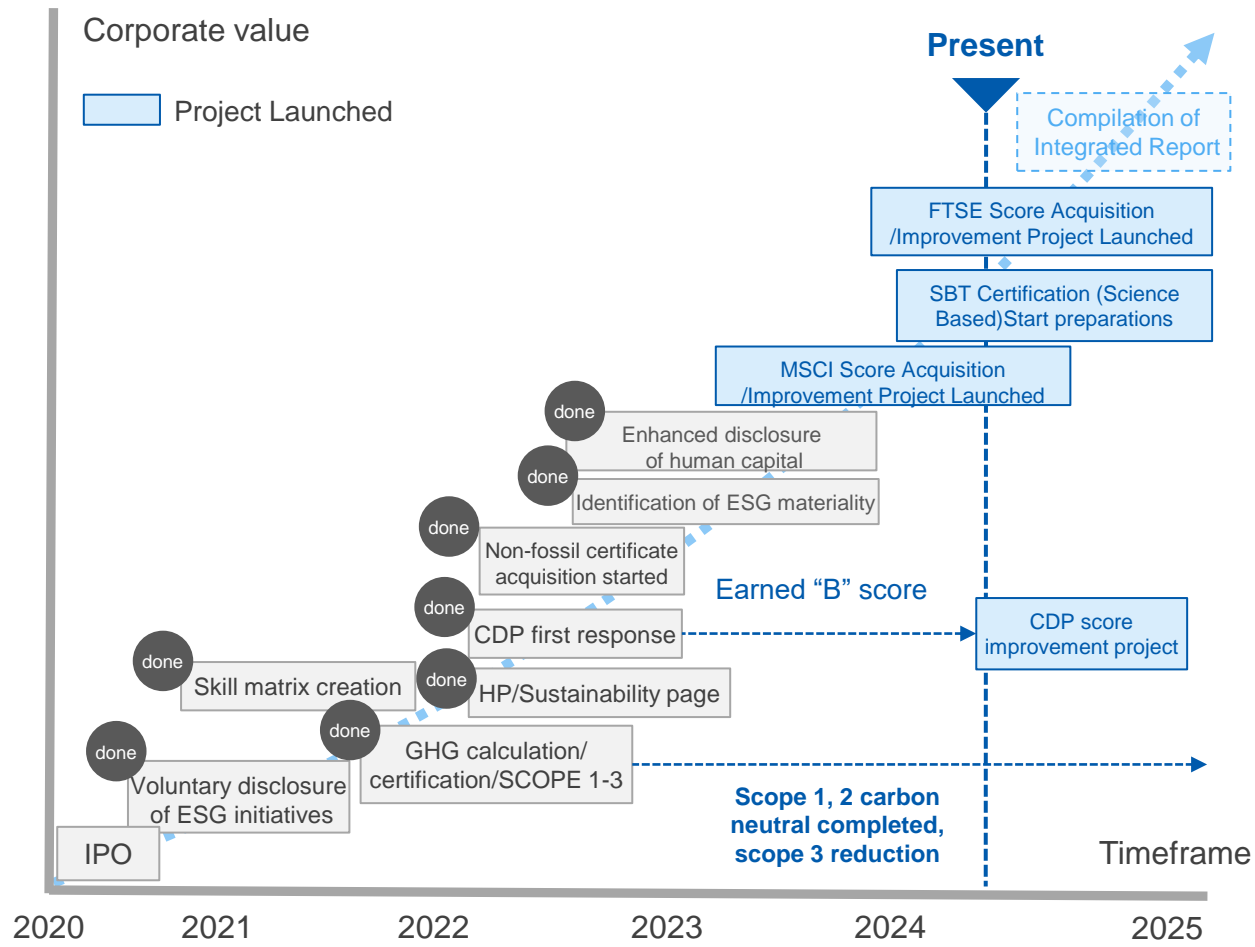
Supporting the transition from traditional to unmanned terminal (IoT) payments
Expanding business pipelines based on track record with major merchants



4.9 Expanding ESG Initiatives

Continuous promotion of ESG initiatives to improve corporate value and will continue to improve as a payment infrastructure corporation – have completed scope 1 and 2 carbon neutral

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.

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

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.

4.10 ESG / External Certification

Obtained a Scope 1~3 guarantee for GHG (greenhouse gas) emissions in September 2023. Achieved carbon neutral for Scope1 and 2. Will continue dialogue with partner companies to reduce Scope 3

External Certification (FY2023)

Independent Assurance Report

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

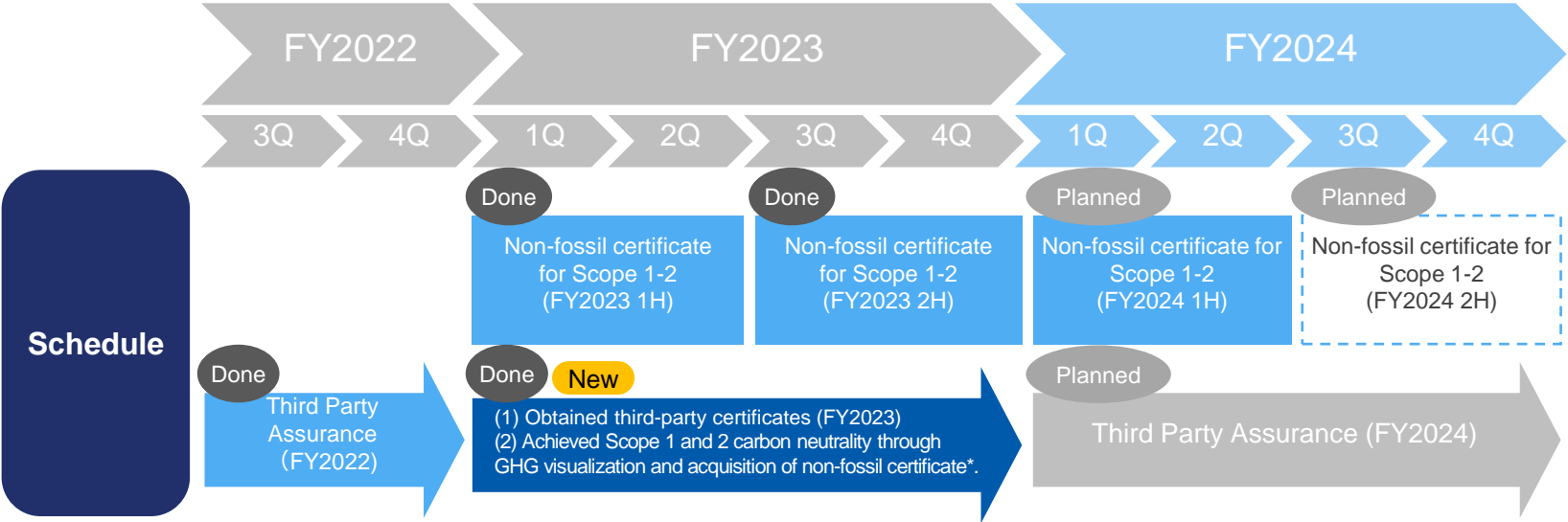


SOCOTEC

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from GMO Financial Gate, Inc. (hereafter "the Company"), in order to provide an opinion as to whether the subject matter information ("GHG Emissions Calculation Report for the 25th fiscal year" (period: 1 October 2022 to 30 September 2023)) of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria	
The subject matter information ("GHG Emissions Calculation Report for the 25th fiscal year" (period: 1 October 2022 to 30 September 2023)) for our assurance is "a report on energy-derived greenhouse gas emissions (Scope 1 is not applicable, Scope 2 (location-based and market-based)) and all other indirect greenhouse gas emissions that occur in a company's value chain (Scope 3 (Categories: 1, 2, 3, 4, 5, 11))" covering business activities of the Company and its consolidated subsidiaries (2 subsidiaries) described in "GHG Emissions Calculation Procedure Manual (Ver.3.0)".	
The criteria for preparing subject matter information is "GHG Emissions Calculation Procedure Manual (Ver.3.0)".	
Subject matter information	period: 1 October 2022 to 30 September 2023
Energy-derived GHG emissions	All other indirect GHG emissions that occur in a company's value chain
Scope 1: — t-CO2e	Scope 3: 19,501 t-CO2e
Scope 2: location-based 87 t-CO2e	Breakdown (t-CO2e)
market-based 0 t-CO2e	Category 1: 13,982 Category 2: 110 Category 3: 0
	Category 4: 1 Category 5: 4 Category 11: 5,405
	*The Scope 3 totals are the aggregate results for each category, including decimals, and do not apparently match the aggregate results that are rounded off for each category.

GHG (greenhouse gas/Scope 1~3) emissions calculation/reduction schedule



To-Do's

Continue dialogue with our corporate partners, payment terminal manufacturers and system development companies to reduce Scope 3.
(*)Our Scope 3 (indirect GHG emissions derived from the supply chain related to our activities) is comprised of Category 1 (Purchased products and services, Category 2 (Capital goods), Category 11 (Use of sold products) , and others

Upstream		GMO-FG		Downstream`	
Scope 3		Scope 1	Scope 2	Scope 3	
Procurement, manufacturing, distribution		Fuel combustion	Use of electricity	Usage, disposal	
Payment terminals	Roll paper	-	Office, processing center	Usage of terminals	Disposal of terminals

*Non-fossil Certificates: Certificates for electricity generated from non-fossil power sources, such as renewable energy sources like solar and wind power, and nuclear power. By purchasing Non-Fossil Certificates, companies can indirectly reduce CO2 emissions related to the electricity they use.

Supplemental Information

Financials, Investment / Shareholder Returns

5.1 Profit & Loss

(thousands of yen)	1H FY2023	1H FY2024	YoY
Revenue	7,264,812	9,244,148	+27.2%
Cost of goods sold	5,518,271	6,543,482	+18.6%
Gross profit	1,746,541	2,700,665	+54.6%
SG&A	1,110,898	1,777,934	+60.0%
Operating profit	635,642	922,731	+45.2%
Ordinary profit	633,973	916,784	+44.6%
Profit attributable to owners of parent	394,368	551,697	+39.9%

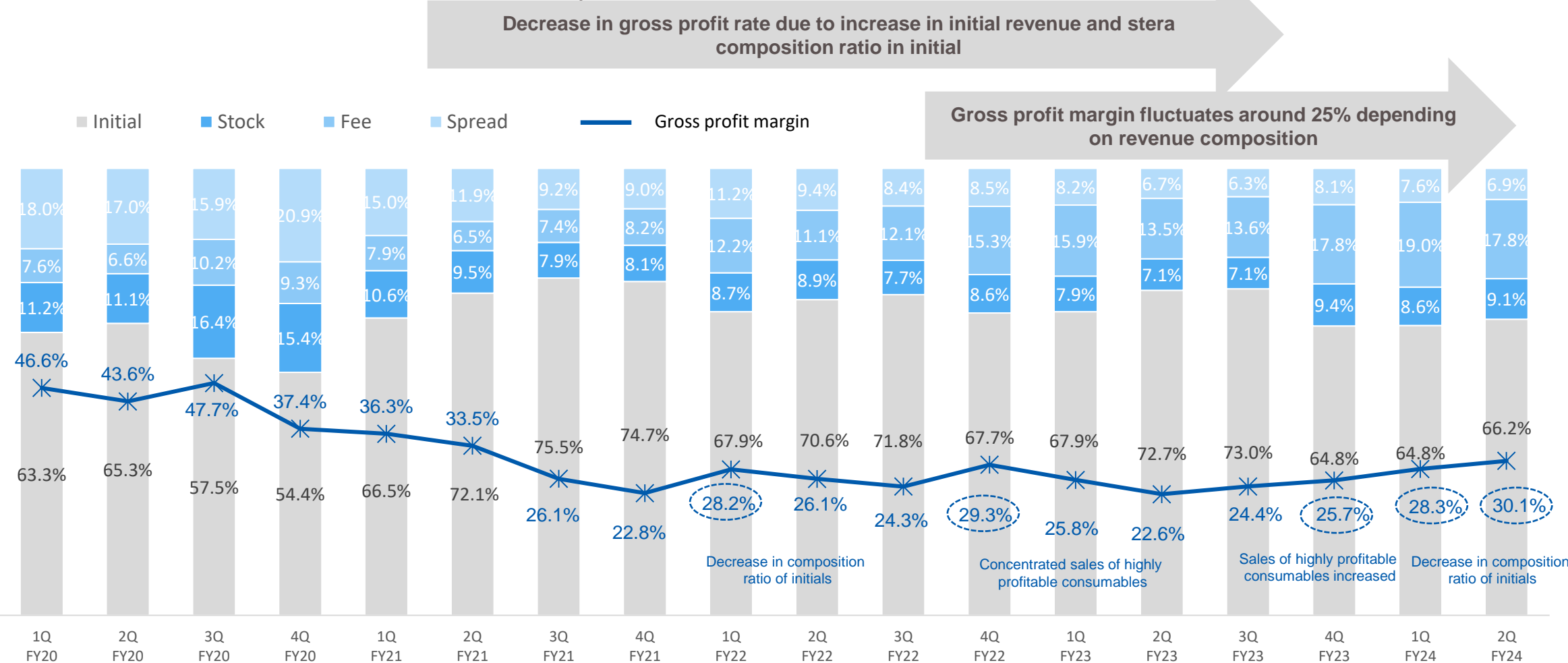
5.2 Revenue by business model (Quarterly)

(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	2Q 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	3,143
Recurring-Model	430	427	495	569	686	683	841	921	1,047	1,091	1,277	1,375	1,581	1,603
Stock	135	145	160	182	185	206	229	244	259	283	334	366	387	431
Fee	101	99	149	183	261	259	361	434	519	539	643	693	853	842
Spread	193	181	185	203	239	217	250	242	268	268	299	315	340	329
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	4,747

5.3 Changes in Revenue Composition and Changes in Gross Profit Margin

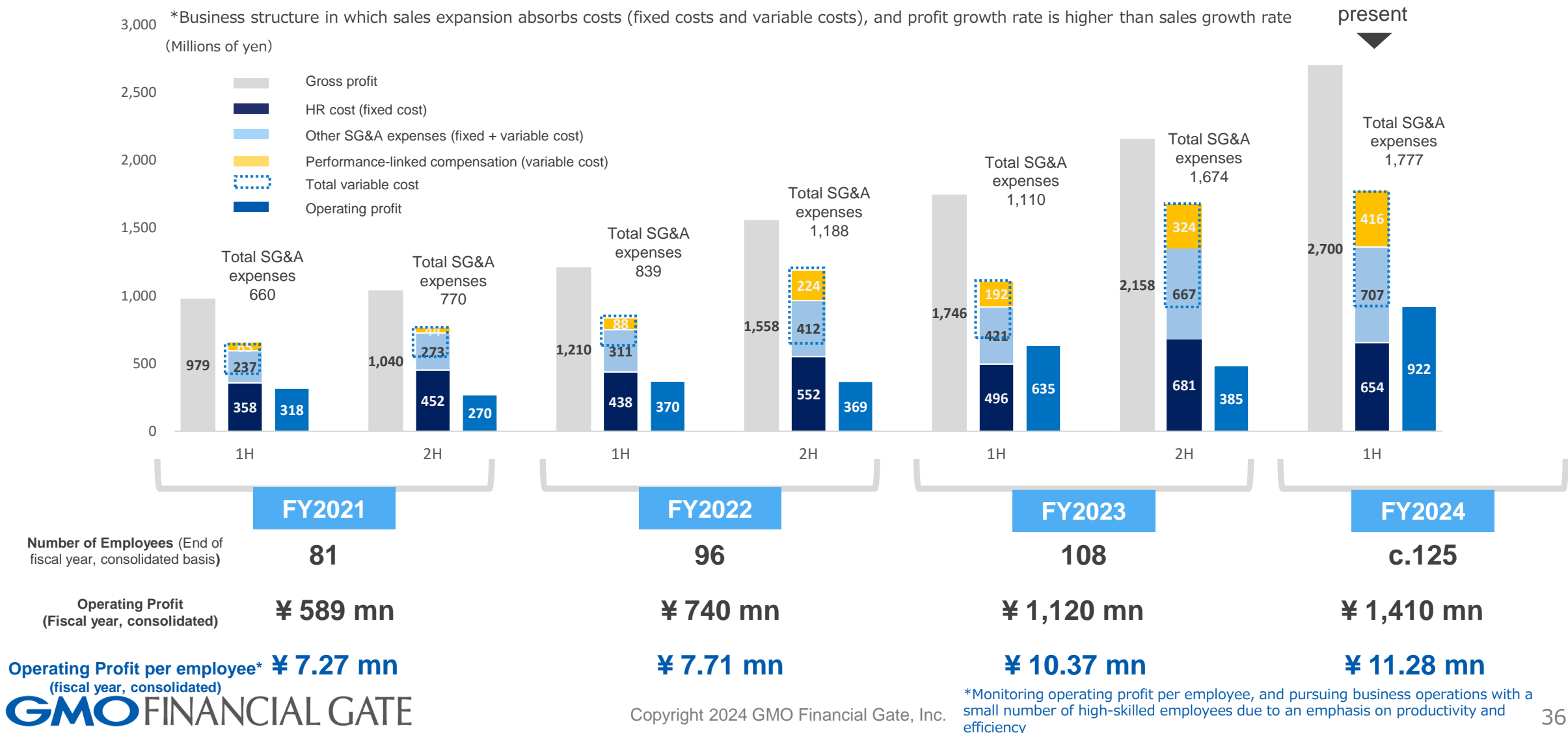
Gross profit margin remained in line with sales composition, around the 30% range, rising for four consecutive quarters

Although the recurring ratio has declined due to QoQ, initial gross profit margin has improved due to increased sales of unmanned terminals, etc.



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

While actively implementing growth investments that are variable cost elements (1) performance-based compensation, (2) other SG&A, the ability to generate profits has been improved through operating leverage*. Growth investment will be continued in the second half of this year



5.5 Balance sheet

Small increase in cash & cash equivalent, merchandise

End of 2Q FY2024 (thousands of yen)

Cash and cash equivalents (38.3%) 4,216,506	Current liabilities 3,619,735
Merchandise (Payment terminal) 3,344,423	Non-current liabilities 2,062,812
Other current assets 1,540,300	Total net assets (48.4%) 5,329,154
Non-current assets 1,893,441	

Asset

Total liabilities
and net assets

■ Note

Merchandise : ￥ 3.34 bn

Increased by 260mn yen from end of 1Q

Current liabilities : ￥ 3.61 bn

Increased by 320mn yen from 1Q due to increase in deposits etc.

Non-current liabilities : ￥ 2.06 bn

Increased by 10mn yen from end of 1Q

Cash and cash equivalents : ￥ 4.21 bn

Increased by 3.1mn yen from end of 1Q

5.6 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	2Q 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	4,216	+319	+2,026
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	2,733	2,396	3,077	3,344	+267	+213
		Others	741	868	1,007	884	990	1,527	1,520	1,412	1,093	1,555	1,557	+2	+20
	Non-current assets		1,347	1,409	1,445	1,497	1,622	1,567	1,651	1,692	1,757	1,846	1,893	+30	+242
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	10,376	11,011	+618	+2,518
Liabilities	Current liabilities		2,720	1,538	2,135	1,575	1,929	2,801	3,220	2,114	2,604	3,298	3,619	+223	+399
	Non-current liabilities		40	37	33	30	39	39	539	1,540	1,541	2,042	2,062	+19	+1,523
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,732	4,962	5,115	5,036	5,329	+374	+597
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	11,011	+618	+2,518

5.7 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)	4Q FY21	1Q FY22	2Q FY22	3Q FY22	4Q FY22	1Q FY23	2Q FY23	3Q FY23	4Q FY23	1Q FY24	2Q FY24	4Q FY21	1Q FY22	2Q FY22	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	258.3	+11.5 (+4.7%)	+95.5 (+58.7%)
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	65.8	+6.4 (+10.9%)	+13.5 (+25.8%)
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	20.3	+0.4 (+2.1%)	+1.4 (+7.8%)
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	344.5	+18.4 (+5.7%)	+110.5 (+47.3%)

5.8 Capital Allocation Policy

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

Investment Source Funding Policy

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

(1) Operating Cash Flow

Leverage operating CF from continuous profit growth

(2) Favorable sub liabilities, etc.

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

(3) Equity

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

Capital Allocation Policy

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

Business Investment

Business investment to implement market share expansion strategy

Growth Investments

Strategic investments in preparation for profit margin increase strategy

Shareholder Returns

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

5.9 Investment Policy

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

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

5.10 Shareholder Return Policy

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

Basic Policy on Shareholder Returns

Increase in corporate value

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

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

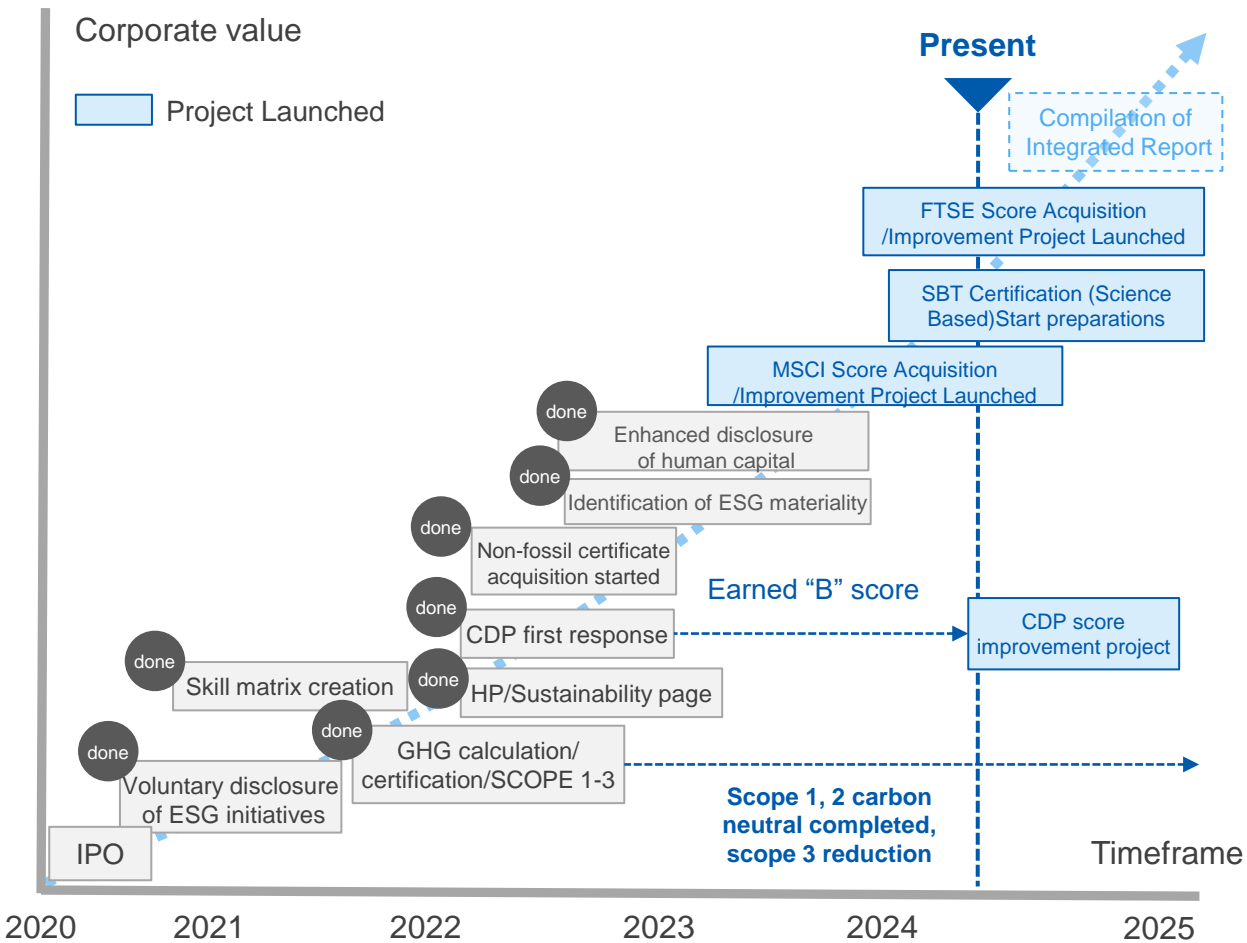
Supplemental Information

ESG Initiatives (Details)

6.1 (Reposted) Expanding ESG Initiatives

Continuous promotion of ESG initiatives to improve corporate value – will continue to improve as a infrastructure corporation – has completed scope 1, 2 carbon neutral

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.

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

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 / External Certification

Obtained a Scope 1~3 guarantee for GHG (greenhouse gas) emissions in September 2023. Achieved carbon neutral for Scope1, 2. Will continue dialogue with partner companies to reduce Scope 3

External Certification (FY2023)

Independent Assurance Report

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

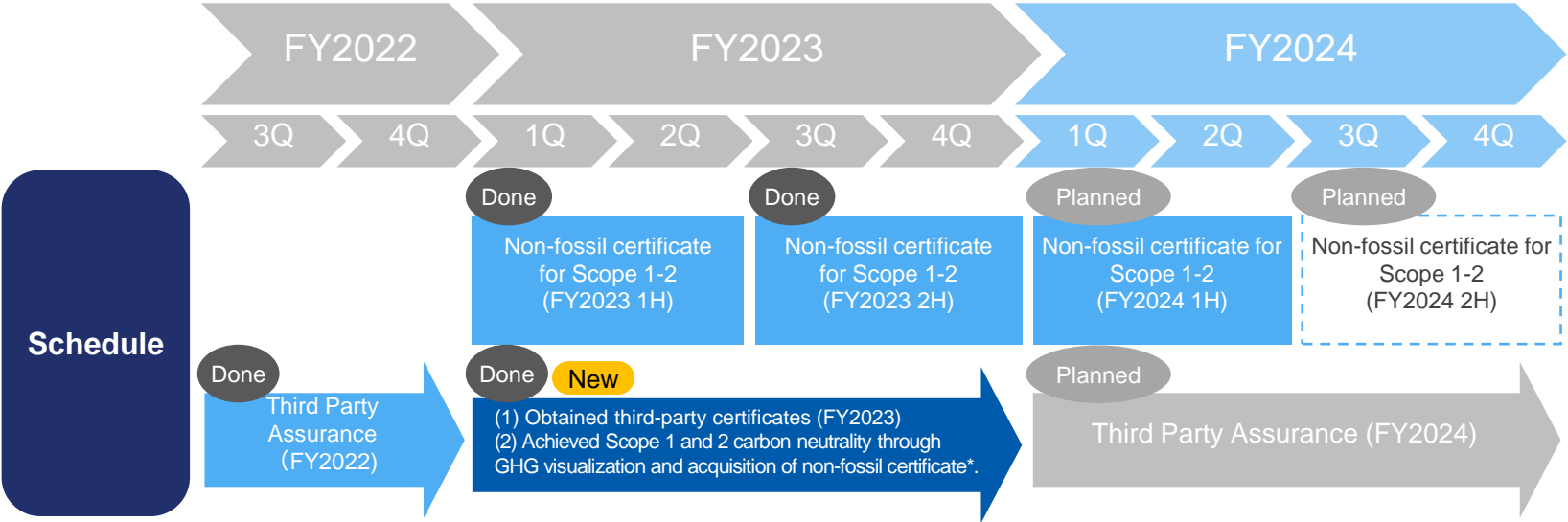


SOCOTEC

We, SOCOTEC Certification Japan (hereafter "SOCOTEC"), have performed a limited assurance engagement, in response to the entrustment from GMO Financial Gate, Inc. (hereafter "the Company"), in order to provide an opinion as to whether the subject matter information ("GHG Emissions Calculation Report for the 25th fiscal year" (period: 1 October 2022 to 30 September 2023)) of the Company meets the criteria in all material respects.

1 Subject Matter Information and Criteria	
The subject matter information ("GHG Emissions Calculation Report for the 25th fiscal year" (period: 1 October 2022 to 30 September 2023)) for our assurance is "a report on energy-derived greenhouse gas emissions (Scope 1 is not applicable, Scope 2 (location-based and market-based)) and all other indirect greenhouse gas emissions that occur in a company's value chain (Scope 3 (Categories: 1, 2, 3, 4, 5, 11))" covering business activities of the Company and its consolidated subsidiaries (2 subsidiaries) described in "GHG Emissions Calculation Procedure Manual (Ver.3.0)".	
The criteria for preparing subject matter information is "GHG Emissions Calculation Procedure Manual (Ver.3.0)".	
Subject matter information	period: 1 October 2022 to 30 September 2023
Energy-derived GHG emissions	All other indirect GHG emissions that occur in a company's value chain
Scope 1: — t-CO2e	Scope 3: 19,501 t-CO2e
Scope 2: location-based 87 t-CO2e	Breakdown (t-CO2e)
market-based 0 t-CO2e	Category 1: 13,982 Category 2: 110 Category 3: 0
	Category 4: 1 Category 5: 4 Category 11: 5,405
	*The Scope 3 totals are the aggregate results for each category, including decimals, and do not apparently match the aggregate results that are rounded off for each category.

GHG (greenhouse gas/Scope 1~3) emissions calculation/reduction schedule



To-Do's

Continue dialogue with our corporate partners, payment terminal manufacturers and system development companies to reduce Scope 3. (*Our Scope 3 (indirect GHG emissions derived from the supply chain related to our activities) is comprised of Category 1 (Purchased products and services, Category 2 (Capital goods), Category 11 (Use of sold products) , and others

Upstream		GMO-FG		Downstream`	
Scope 3		Scope 1	Scope 2	Scope 3	
Procurement, manufacturing, distribution		Fuel combustion	Use of electricity	Usage, disposal	
Payment terminals	Roll paper	-	Office, processing center	Usage of terminals	Disposal of terminals

*Non-fossil Certificates: Certificates for electricity generated from non-fossil power sources, such as renewable energy sources like solar and wind power, and nuclear power. By purchasing Non-Fossil Certificates, companies can indirectly reduce CO2 emissions related to the electricity they use.

6.3 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

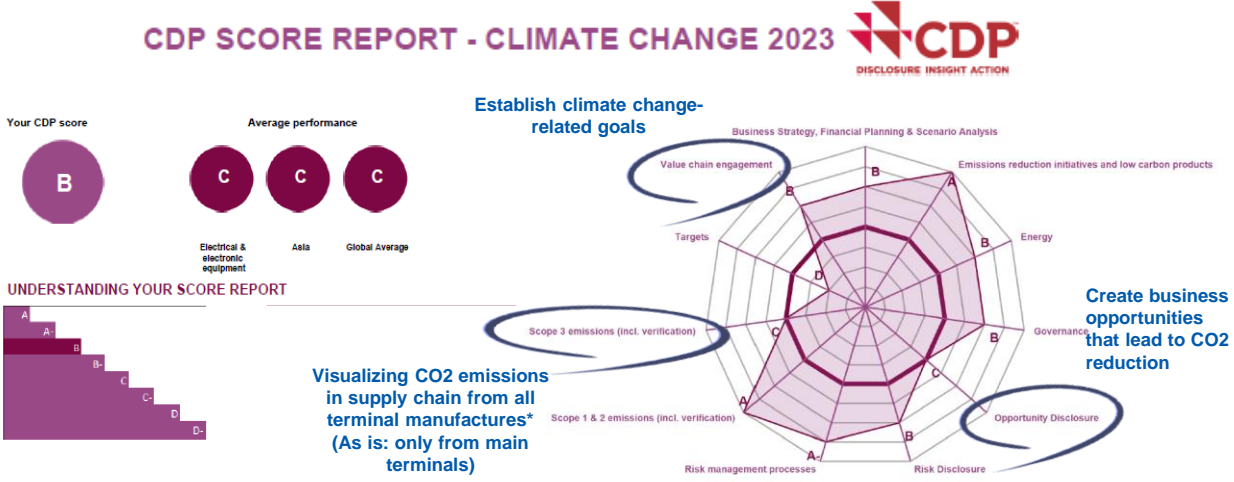
What is CDP

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



6.4 ESG Initiatives / Environment

In the provision of our payment platform, we promote business operations that consider environmental impact. Working to reduce CO₂ 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 ₂ emissions	FY2022	FY2023
SCOPE 1 (t-CO2)	0	0
SCOPE 2 (t-CO2)	105	0
SCOPE 3 (t-CO2)	13,927	19,501
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 1~3 will be verified by a third-party verification organization in the future.
* Achieved virtually 100% renewable energy by using renewable energy equivalent to SCOPE 1 and 2 electricity consumption.

6.5 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.

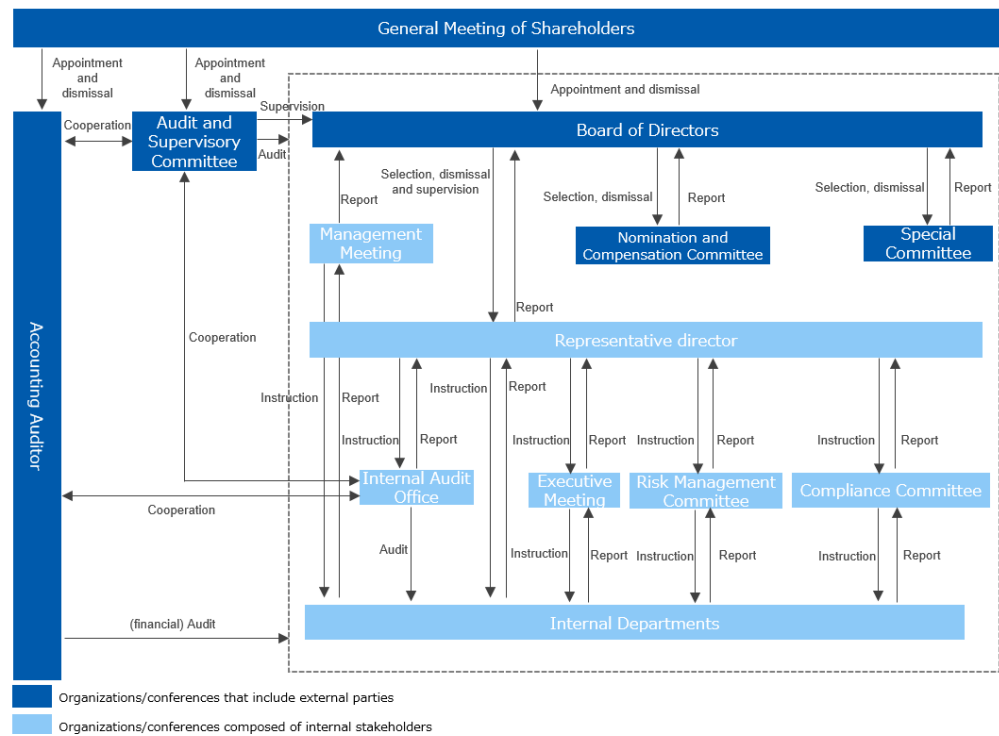
* From the fiscal year ending September 2023, contracted and dispatched partners will be excluded from the calculation of the turnover rate.

6.6 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

6.7 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 March 31, 2024.

6.8 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 March 31, 2024.

Supplemental Agenda

Appendix

GMO-FG is focusing on offline payment

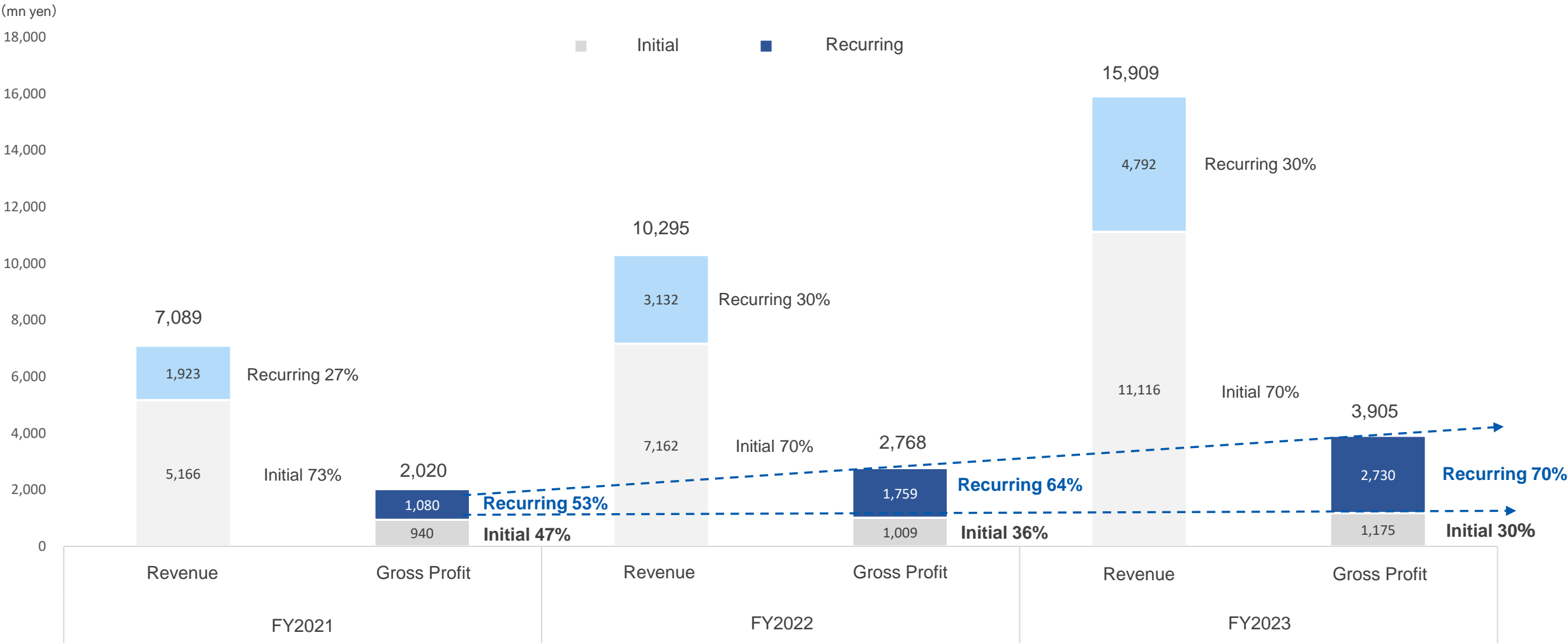
Company name	GMO FINANCIAL GATE		GMO PAYMENT GATEWAY	
Business Domain	GMO Financial Gate (Payment at Brick & Mortar + IoT)		GMO Payment Gateway (EC)	
Payment method	Payment by passing card/QR code over the reader		Payment by entering credit card information in PC / mobile phone	
Medium	Payment terminal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

- Physical hardware network
- Proprietary programming code specifications
- Regulation

Gross profit composition ratio

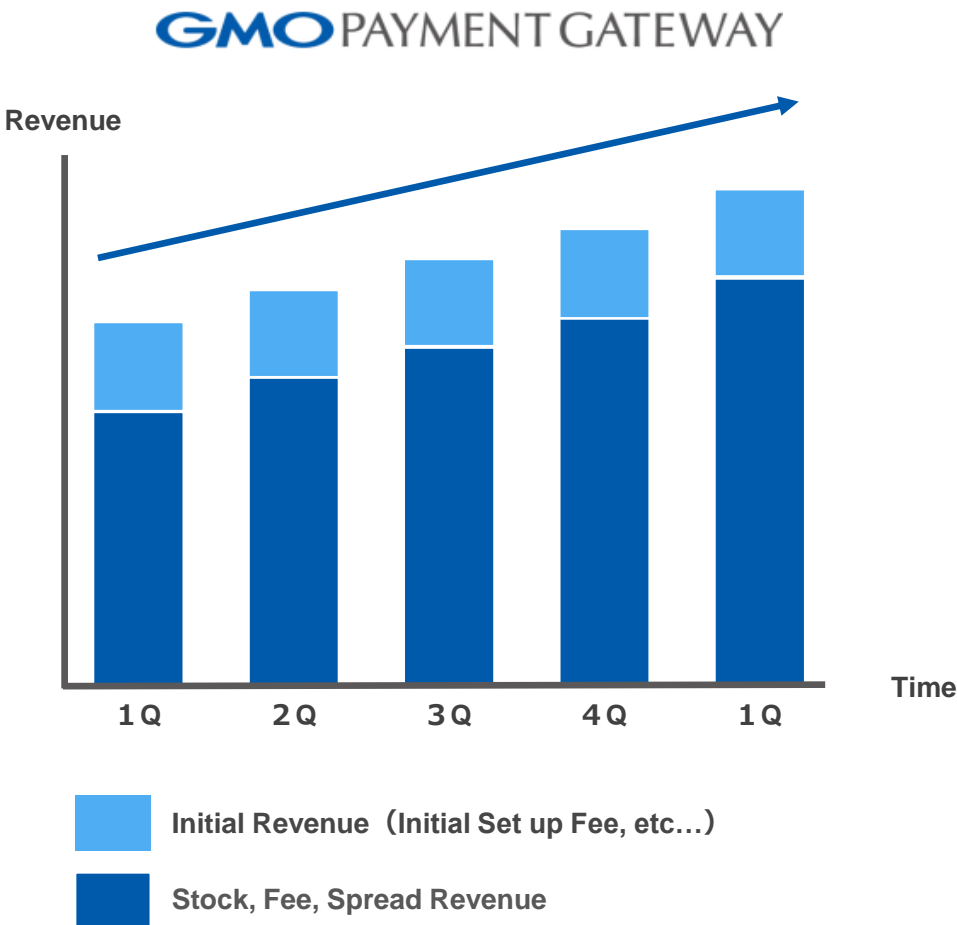
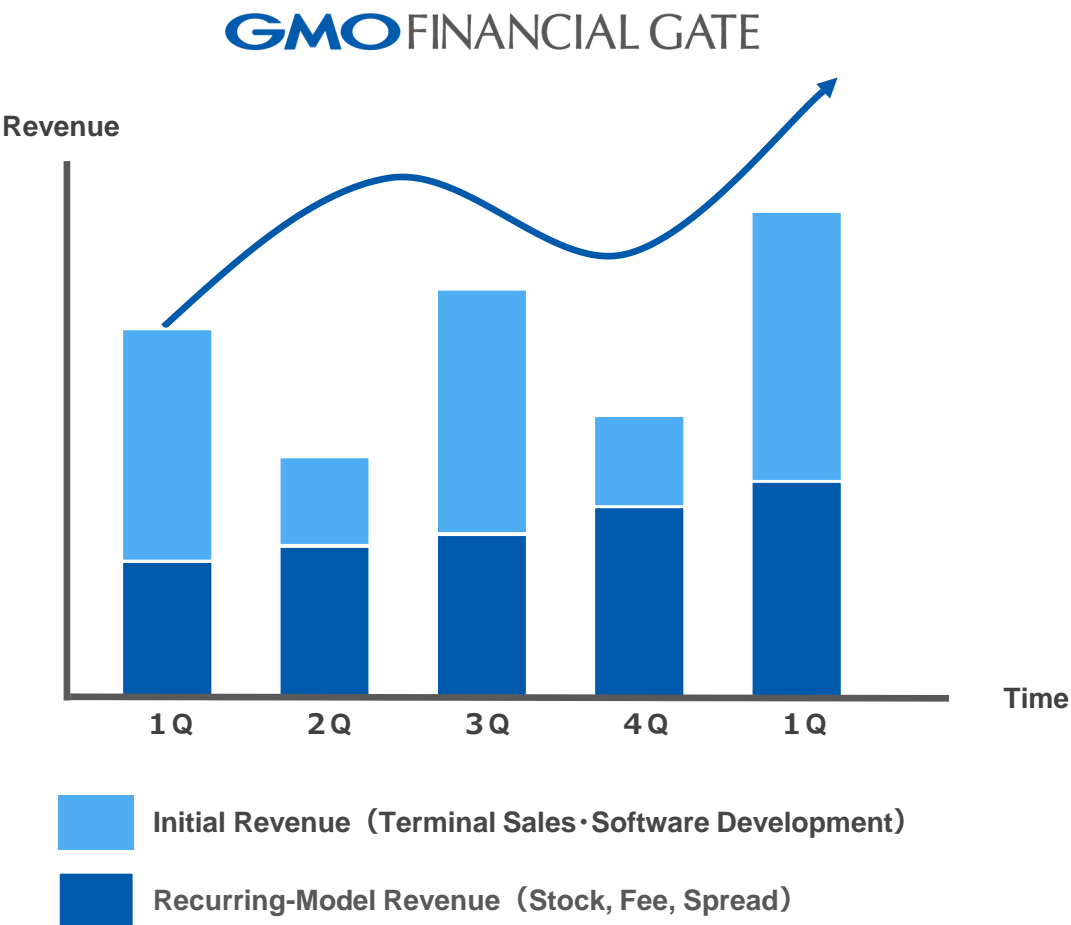
Growth in recurring revenue leads to steady profitability base

Composition by Product Category (Revenue and Gross Profit)



Revenue Models: Financial Gate vs. Payment Gateway

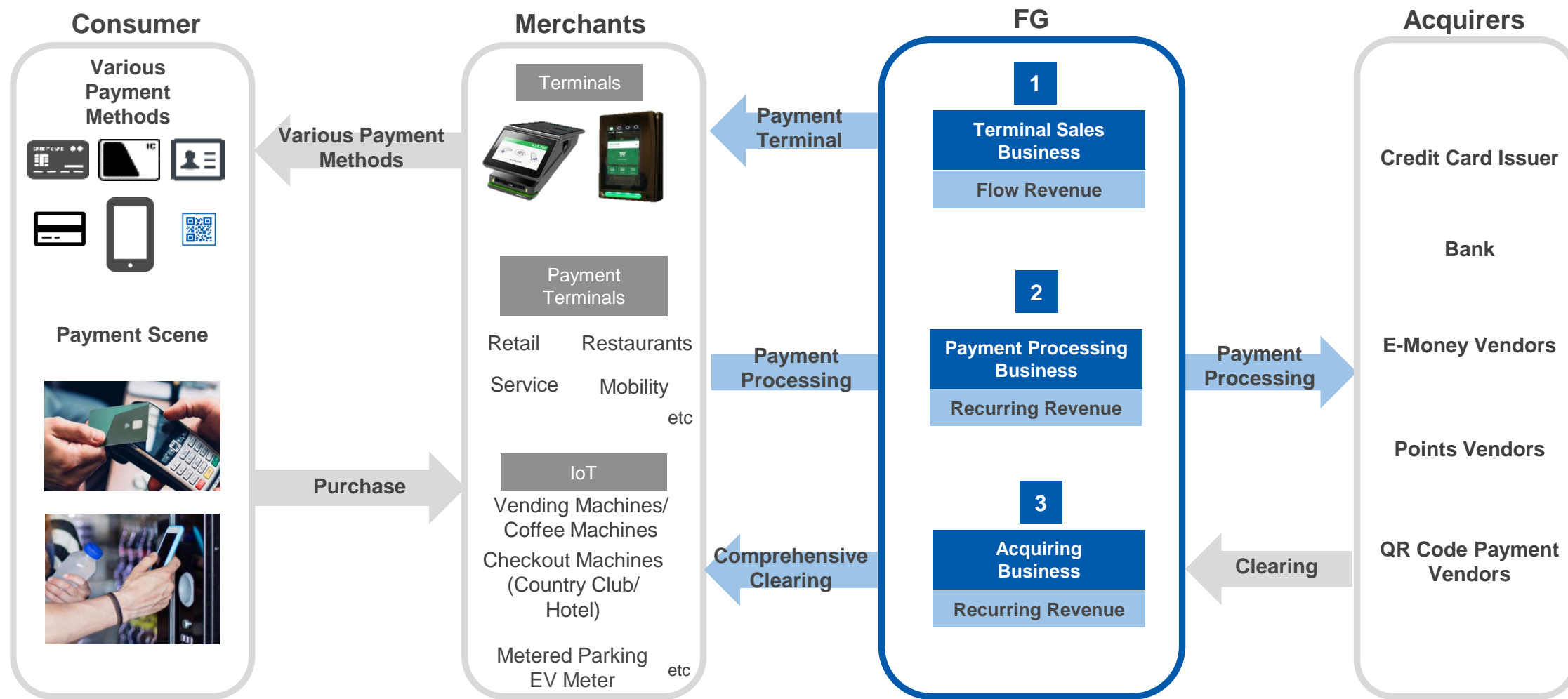
Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery



Three Biz Models Over a Single, One-Stop Platform

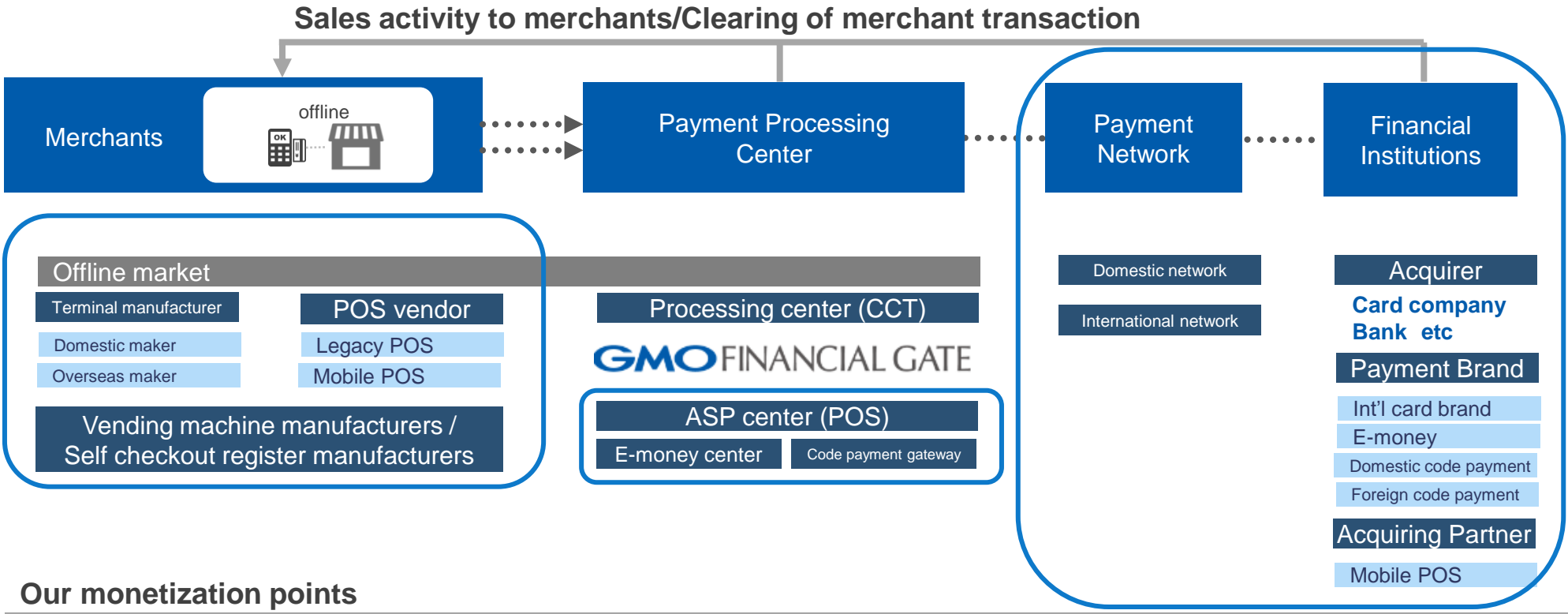
Business Model

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

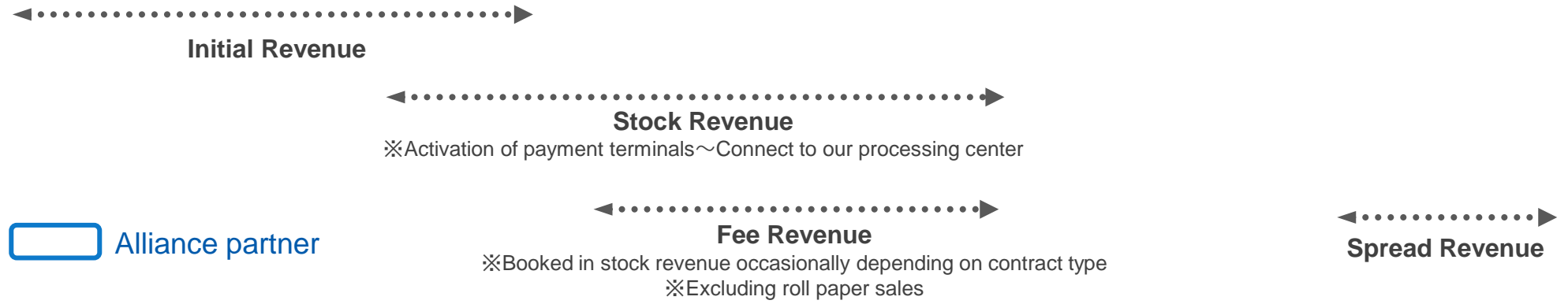


Recurring-model revenue grows with flow model revenue which is mainly coming form the sales of payment terminals

Revenue Model	3 Business	4 Types of Revenue	% (2Q FY2024)
<div>Flow Model Revenue</div> <div>Recurring-Model Revenue</div>	① Terminal Sales Business	Initial	65.5%
	② Payment Processing Business	Stock	8.9%
		Fee	18.3%
	③ Acquiring Business	Spread	7.3%



Our monetization points

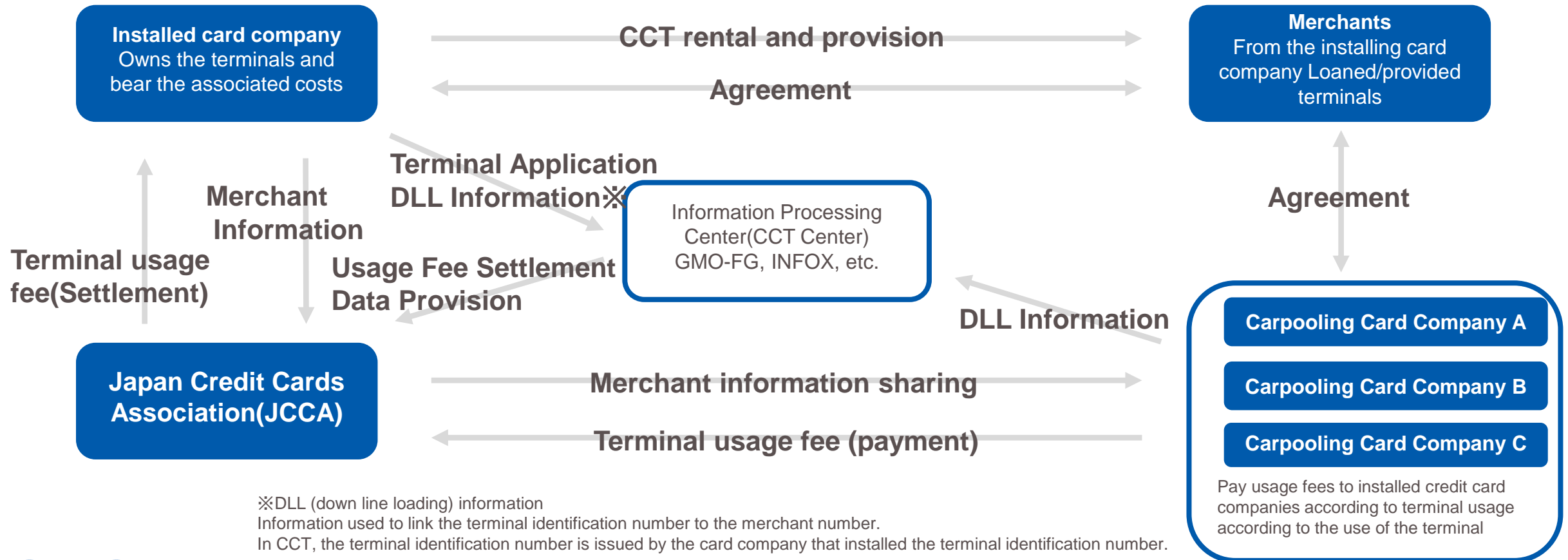


CCT (Credit Center Terminal, ⇒ Card company-owned terminal)

Business Model

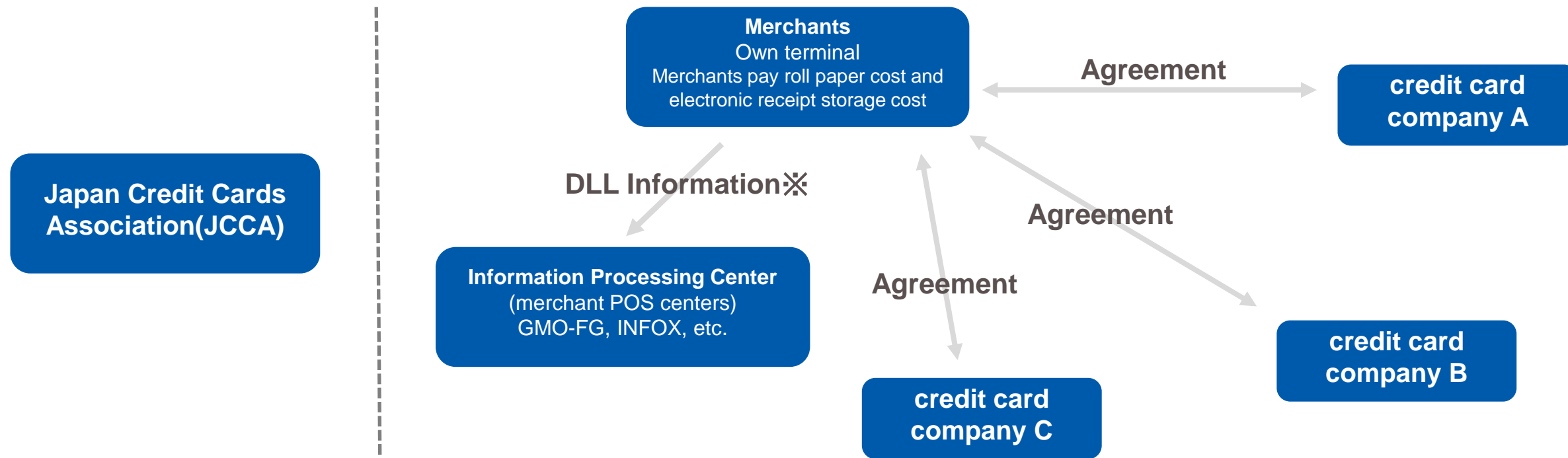
CCT(Credit Center Terminal)

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.

Increase in stera lineup

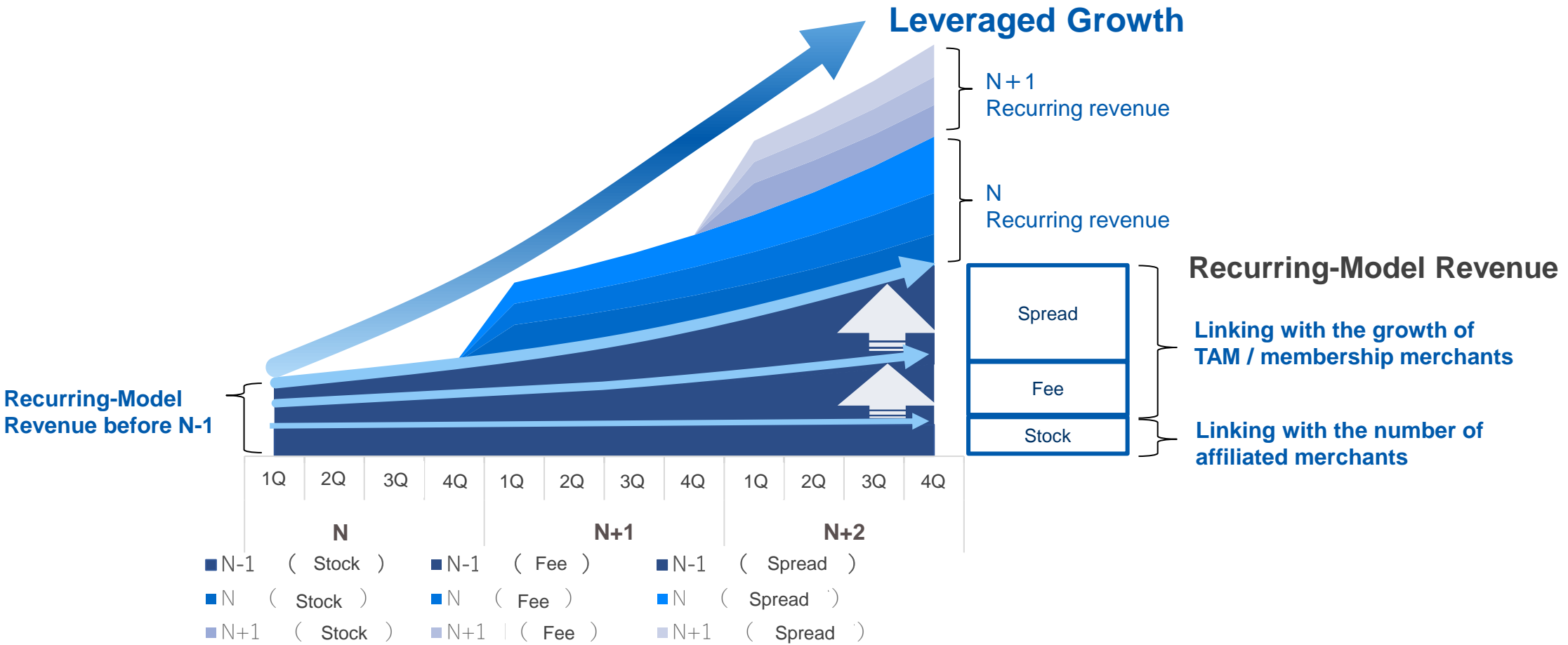
Business Model

stera unit, mobile has been released in addition to stera terminal
Usage expected to increase in different scenes



Leveraged Growth Model

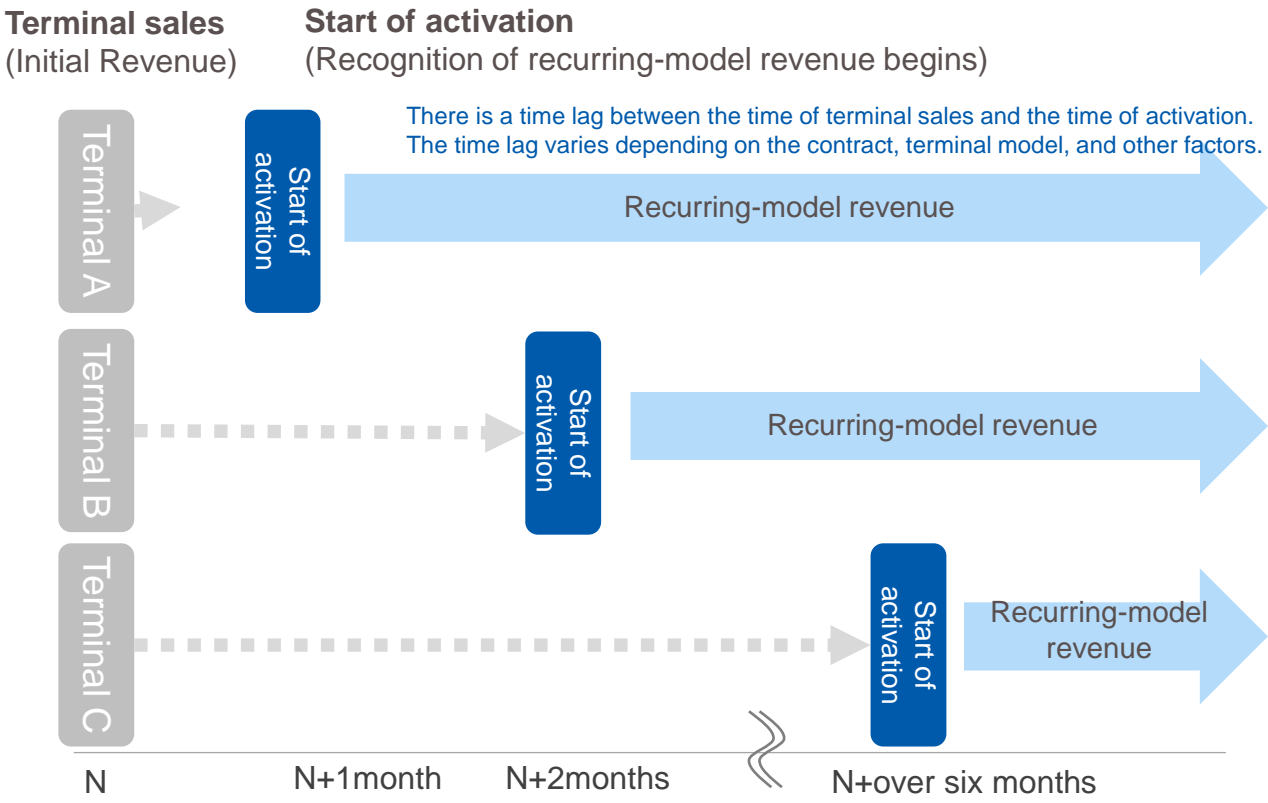
Fee and spread revenue are expanding with the market /growth in membership merchants



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

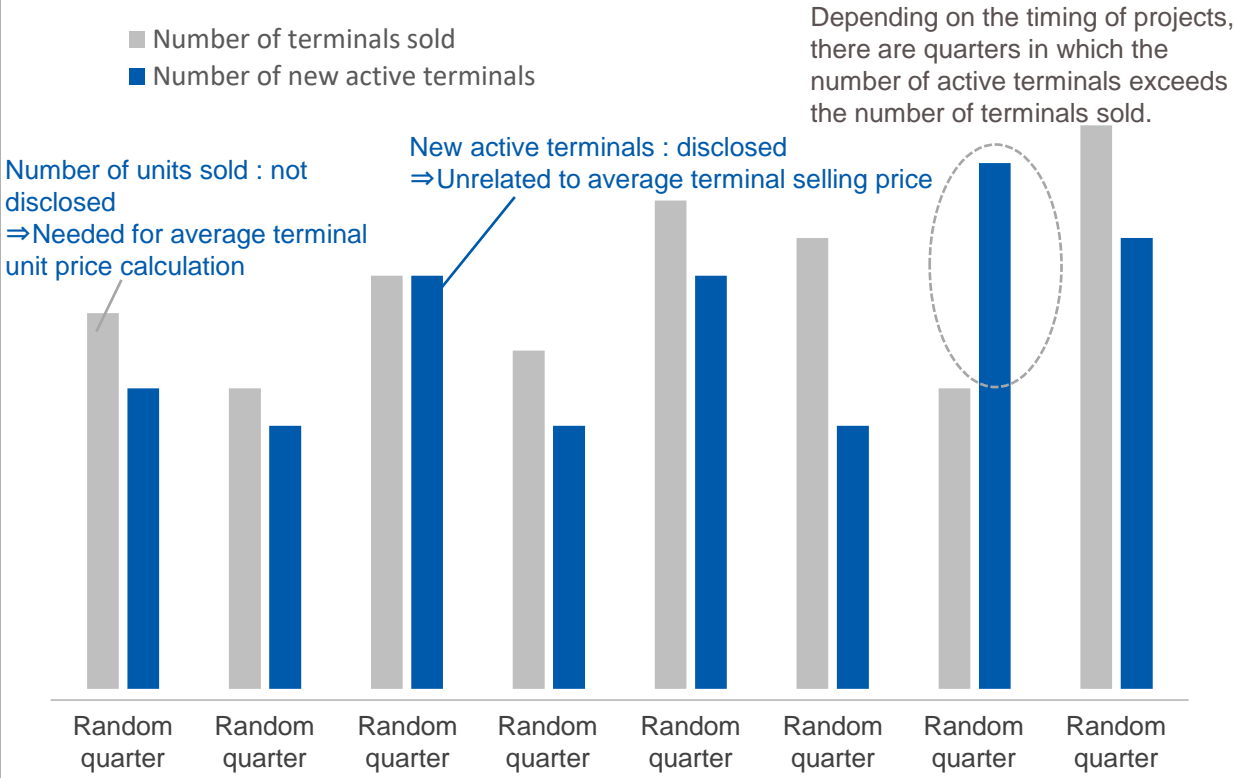
Initial revenue = Number of terminals sold × Average selling price per terminal + Accessory sales + Development sales
Number of active terminals = Number of terminals that have processed payment at least once in the quarter

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
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"> • Number 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	Revenue Model
Transaction Inquiry Service	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"> • Number 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	
Digitalization Assistance	Revenue from settlement data transferred to merchants, registration changes, assistance which leads to back office support for clients	<ul style="list-style-type: none"> • Number of contracts × Monthly Fixed Fee <ul style="list-style-type: none"> ✓ Monthly fixed fee will vary depending on the size of contract etc..
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>	

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

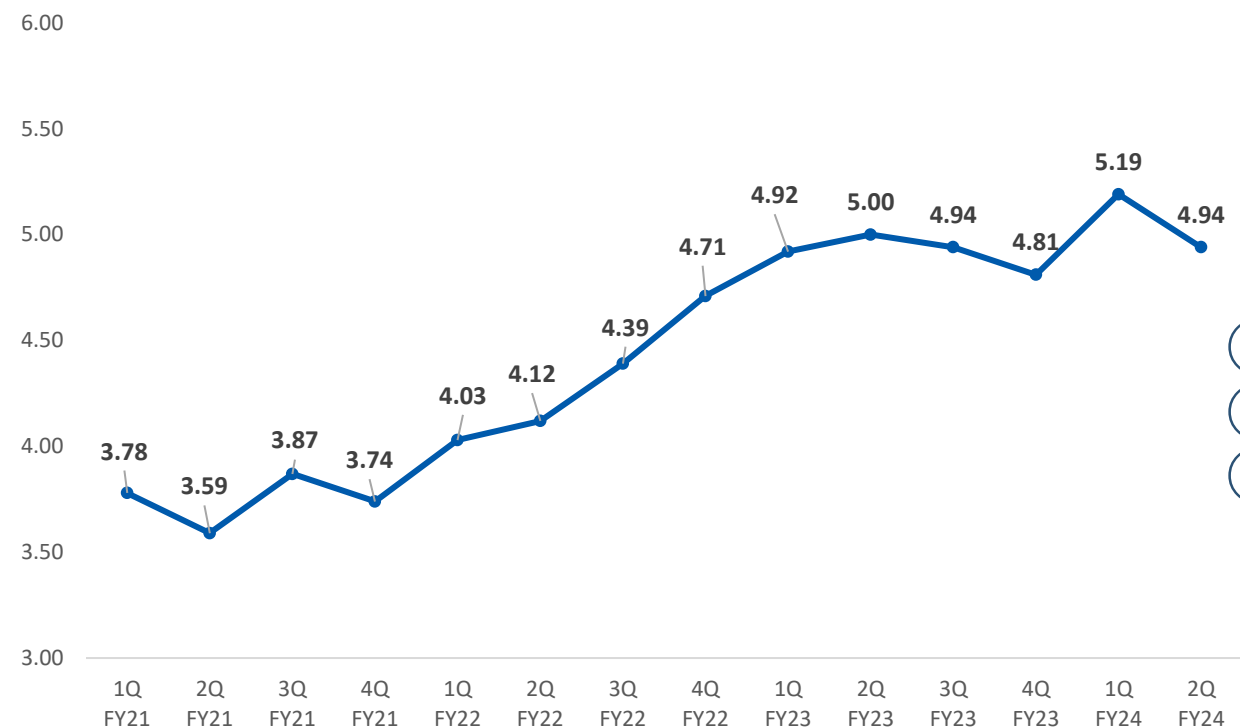
Fee	Content	Revenue Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none">• TRX Volume× Processing Fee ✓ Processing fee is about ¥2 to ¥3 per transaction
Roll paper	This is a sales of roll paper that is used with payment terminals at stores	<ul style="list-style-type: none">• Number of Order × Price of Roll Paper ✓ The price range of roll paper is about ¥130 to ¥200.
Electronic receipt storage	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	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>GMV of Agent Contract × Spread fee we charge (about 0.3~0.4%)</p>

Fee ARPU (Fee revenue divided by Transaction volume)

Fee revenue fell in 2Q due to fluctuations in roll paper cost.

■ Fee ARPU (Fee revenue divided by Transaction volume)



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

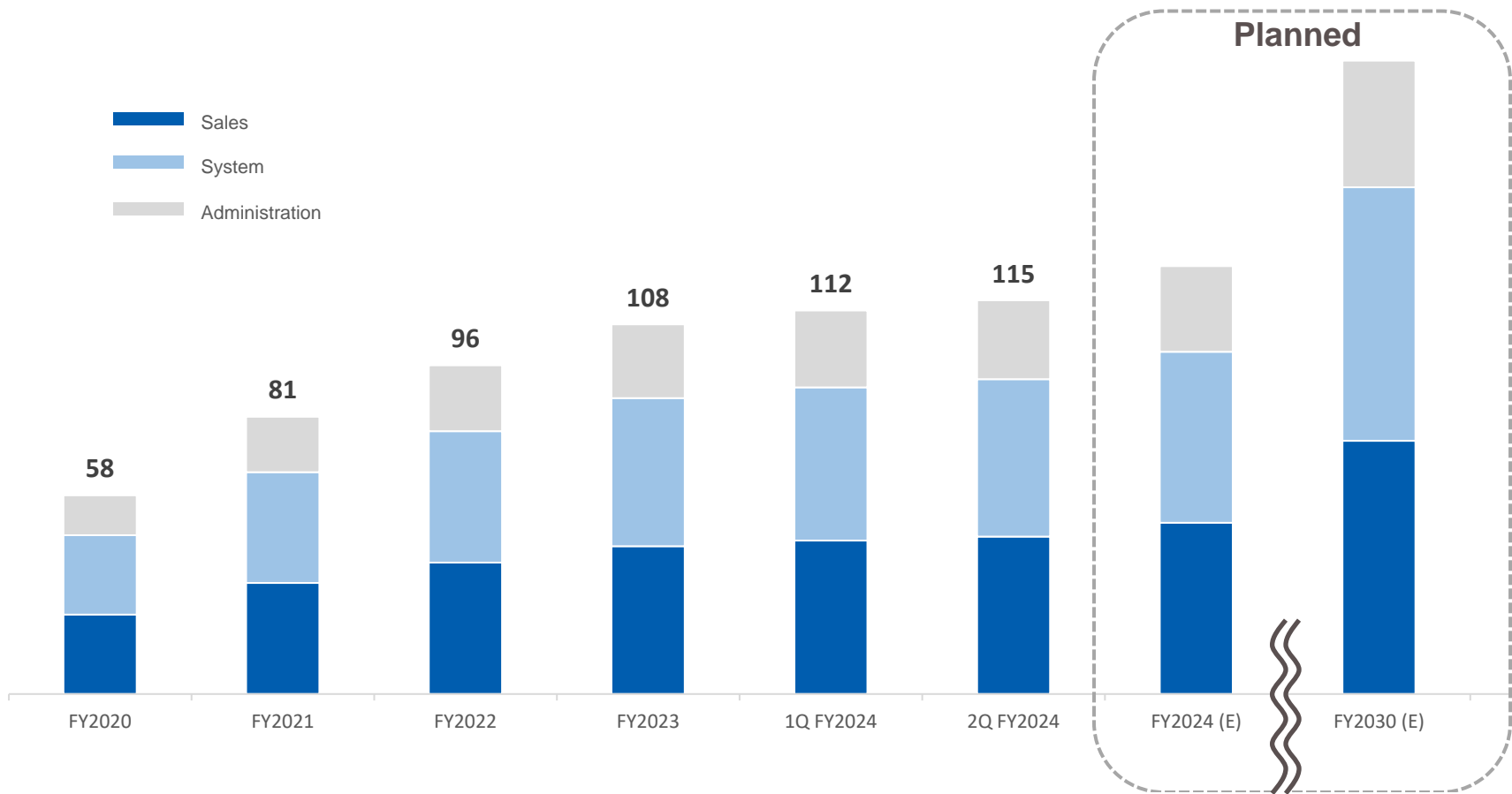


*Length is an image and does not reflect actual numbers or scale

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



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

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

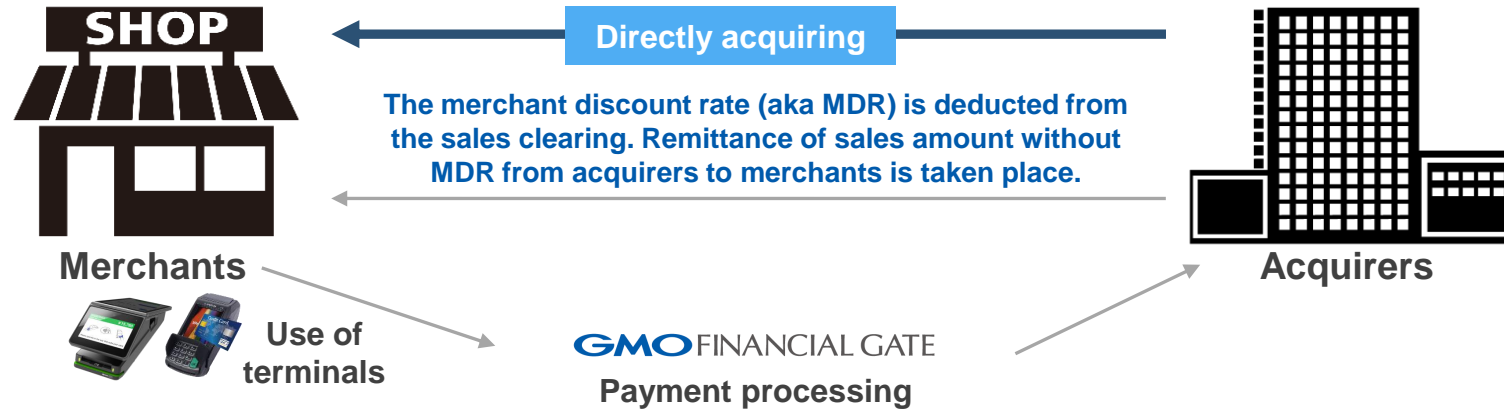
Administration : Talents who can promote the establishment of an advanced management system in line with business expansion.

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

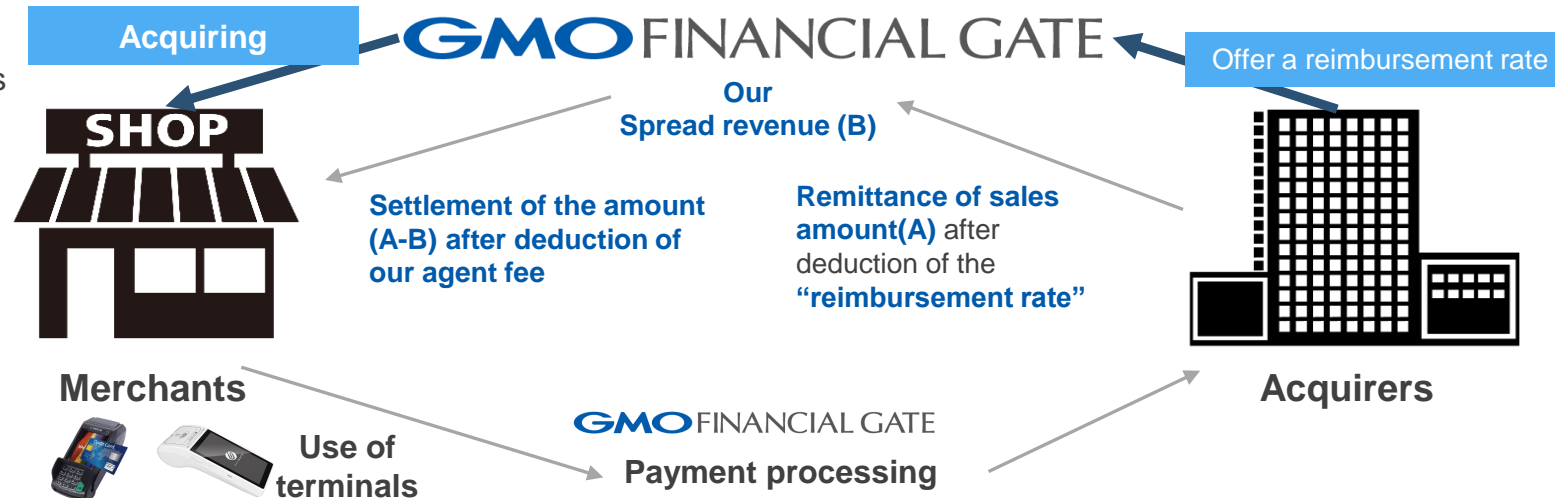
Initial

Stock

Fee

2 Agent contract

Mainly small medium merchants



Initial

Stock

Fee

Spread

Relationship between number of active terminals & stock 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

Payment Terminal Offering

Floor-Standing Model



Mobile Model



Embedded Model

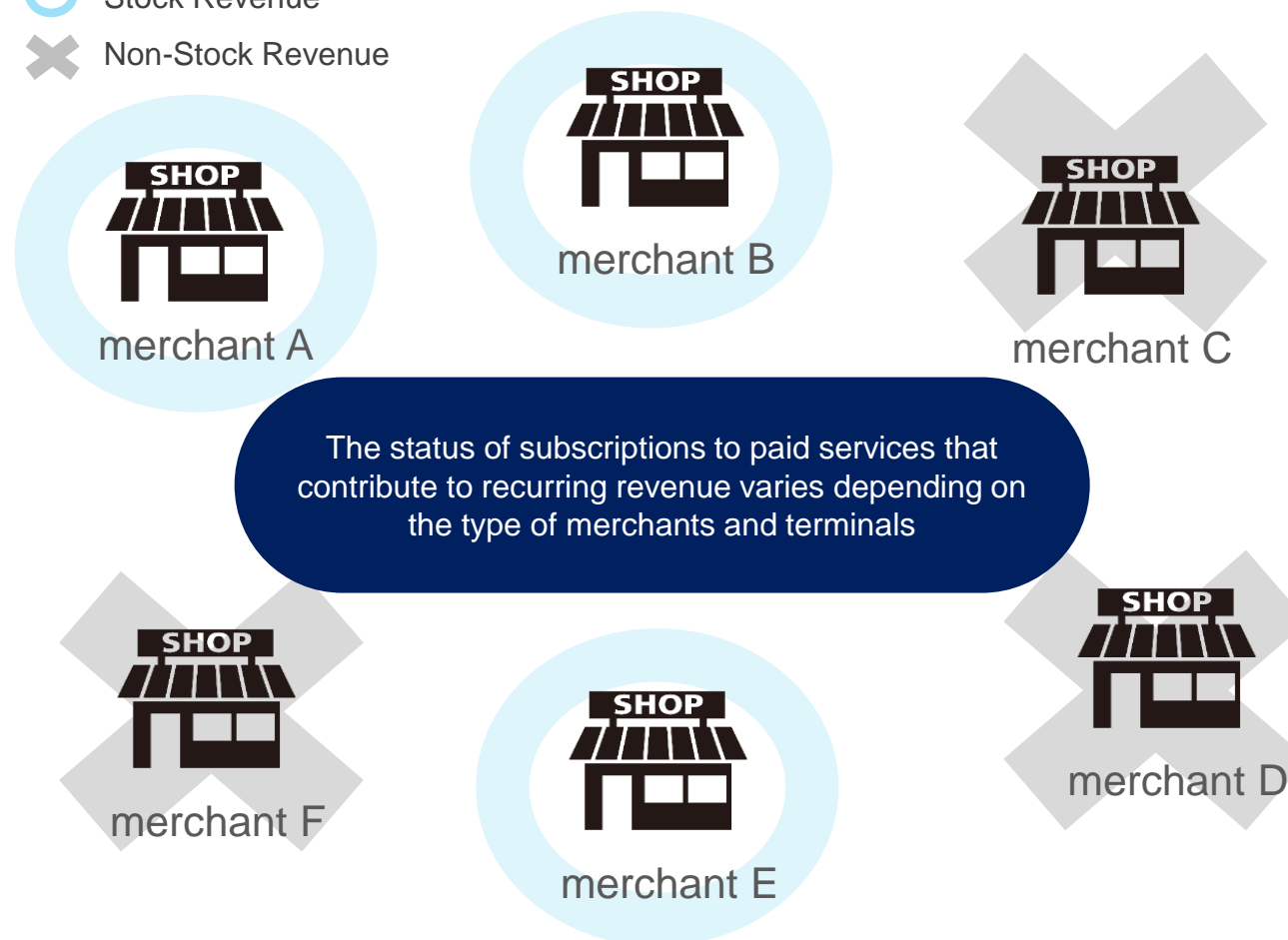


POS Model



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.

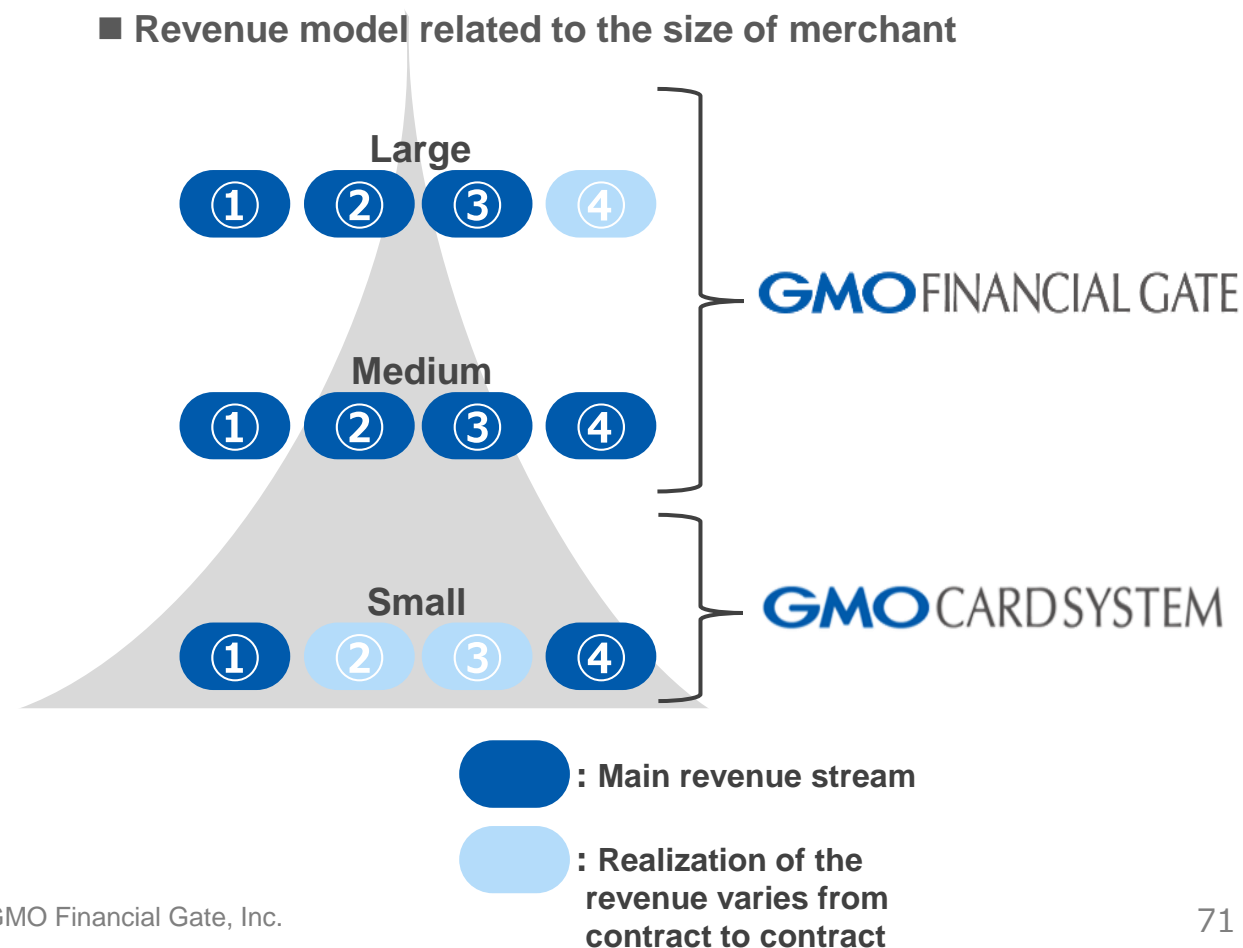
Revenue Model by Merchant Size

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

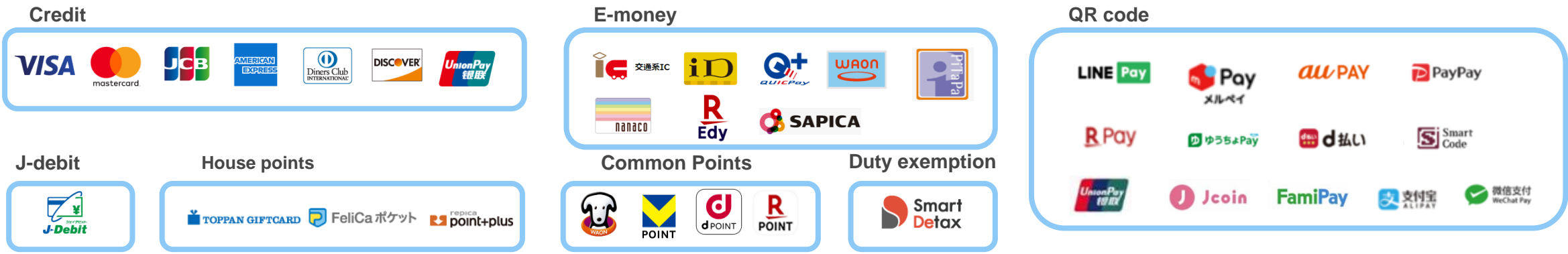
① Initial	Terminal sales, Software development, Initial registration fee, etc...
② Stock	Monthly recurring revenue, communication fee of terminals, etc...
③ Fee	Processing revenue related to TRX volume, Receipt paper sales, etc...
④ Spread	Commission fee based on TRX value

■ Revenue model related to the size of merchant



Medium-Term Strategy Acquiring major merchants by focusing on alliances

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



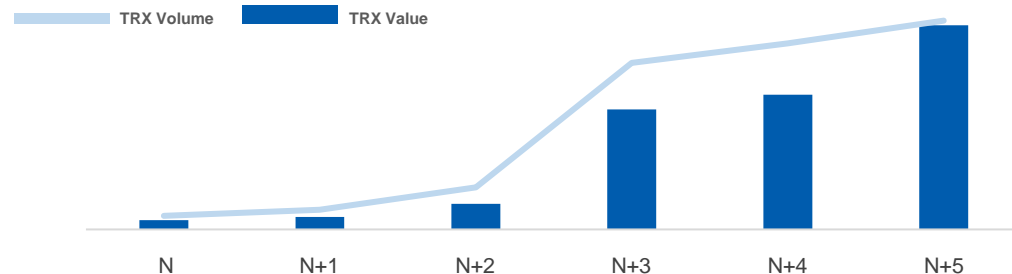
Terminals we offer



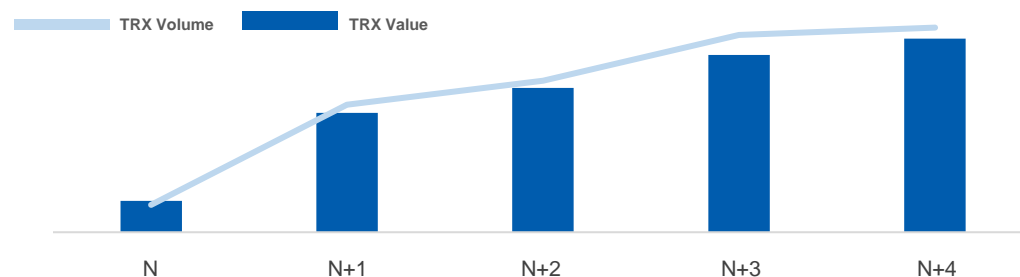
TRX-increase through cashless penetration

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

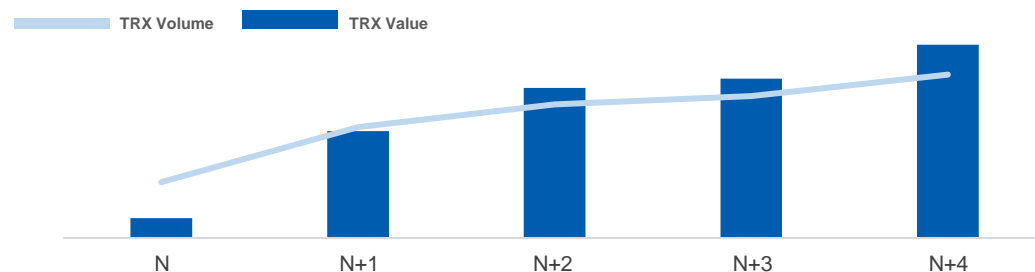
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend



■ Merchant C (Wakayama) Monthly TRX trend



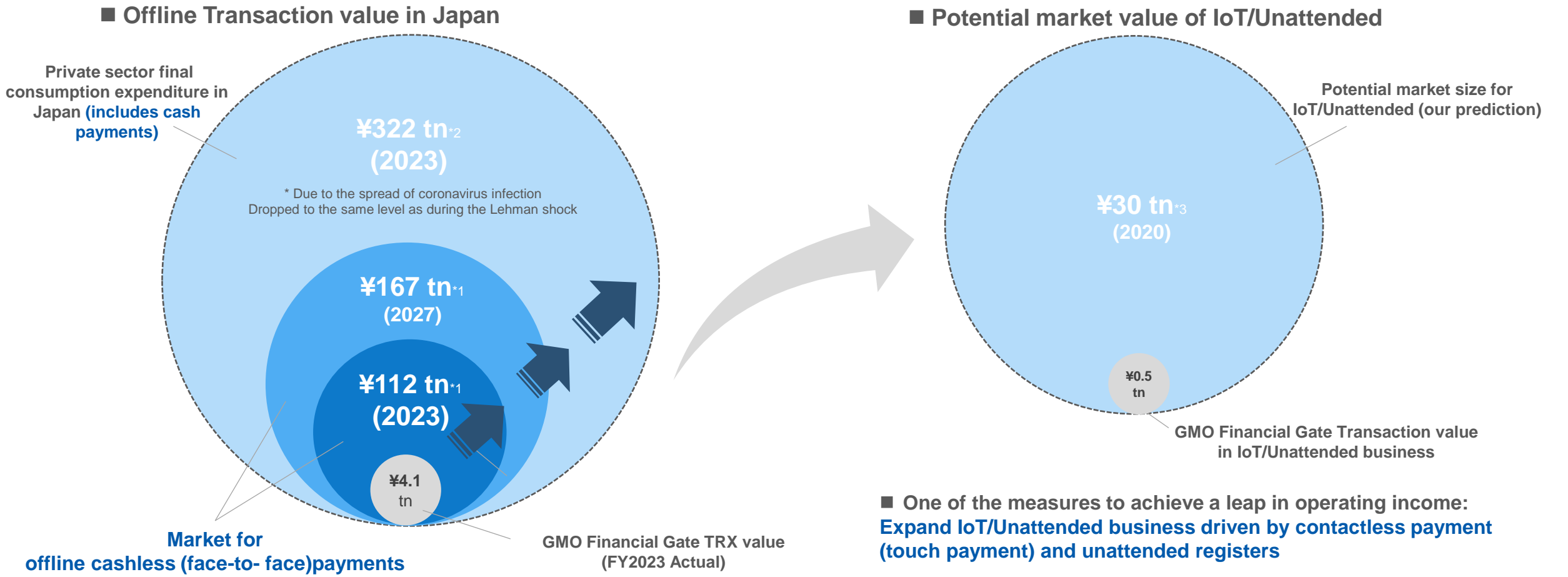
Merchant
Cash only ⇒ Introduce cashless payments

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

Merchant
TRX volume/value
per terminal will increase

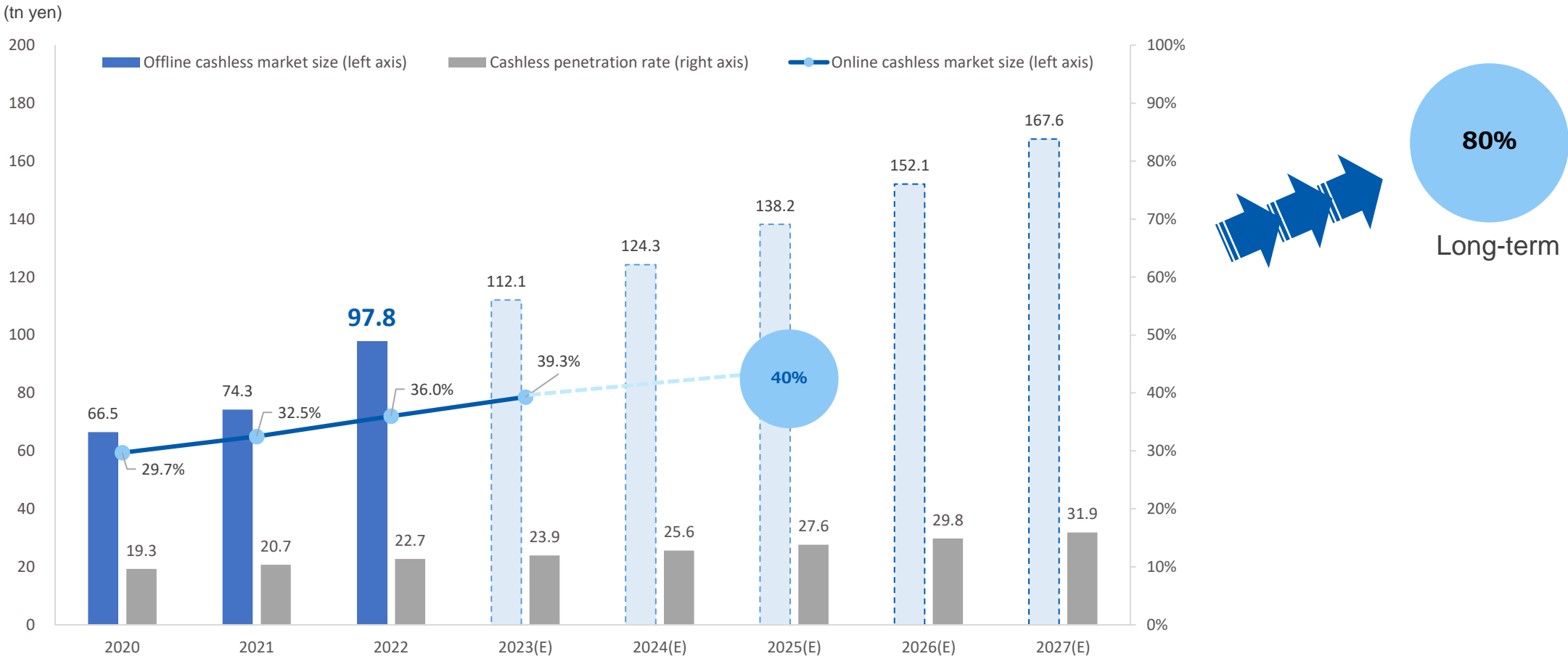
**Recurring-Model revenue
will increase**

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



(^{*1}) "2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan" and "2024 Edition: Current Status and Future Forecast of Online Payment Service Providers" Yano Research Institute Ltd.
 (^{*2}) "Composition of Final Consumption Expenditures by Household Type" the Cabinet Office.
 (^{*3}) "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.

The market for offline cashless payments is currently ¥98 tn, four times larger than the online market. Cashless penetration is expected to rise driven by government-led cashless policies



Source: Cashless payment ratio in 2023,METI
“2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan ” Yano Research Institute Ltd
“2024 Edition: Current Status and Future Forecast of Online Payment Service Providers” Yano Research Institute Ltd.

Composition Ratio of Domestic Cashless Payment Methods

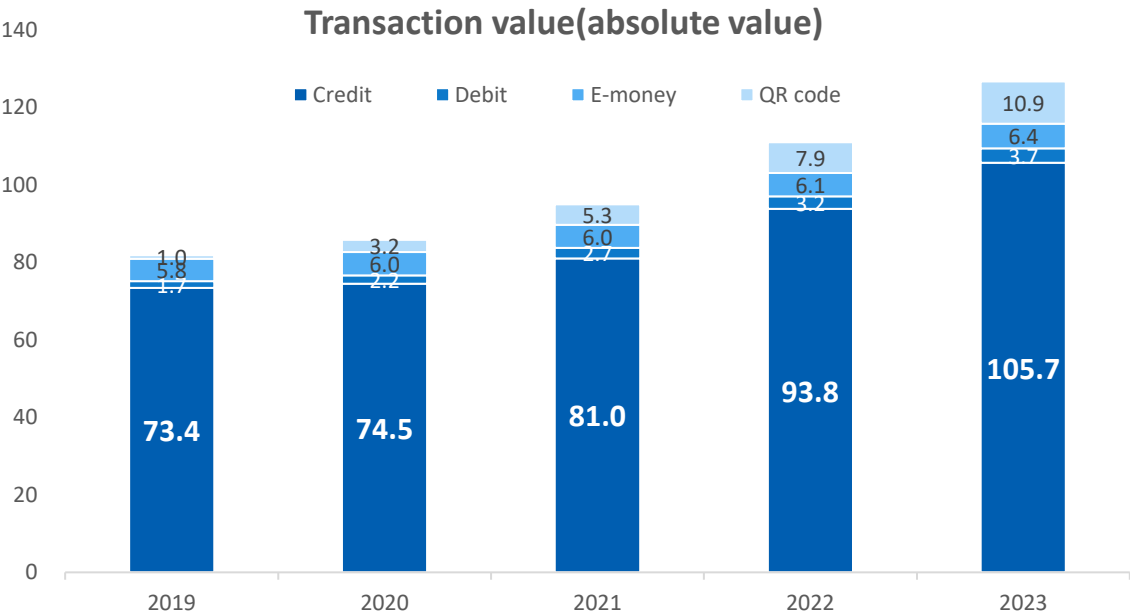
Market Environment

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	2023
Credit	89.7%	86.8%	85.3%	84.5%	83.5%
Debit	2.1%	2.5%	2.8%	2.9%	2.9%
E-money	7.0%	7.0%	6.3%	5.5%	5.1%
QR code	1.2%	3.7%	5.6%	7.1%	8.6%

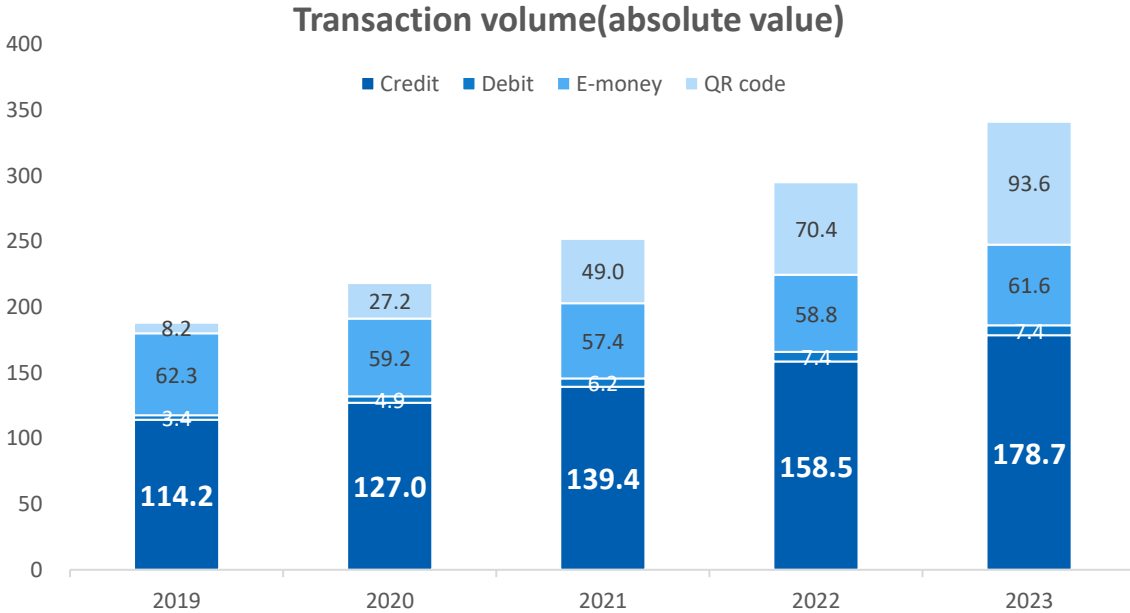
(tn yen)



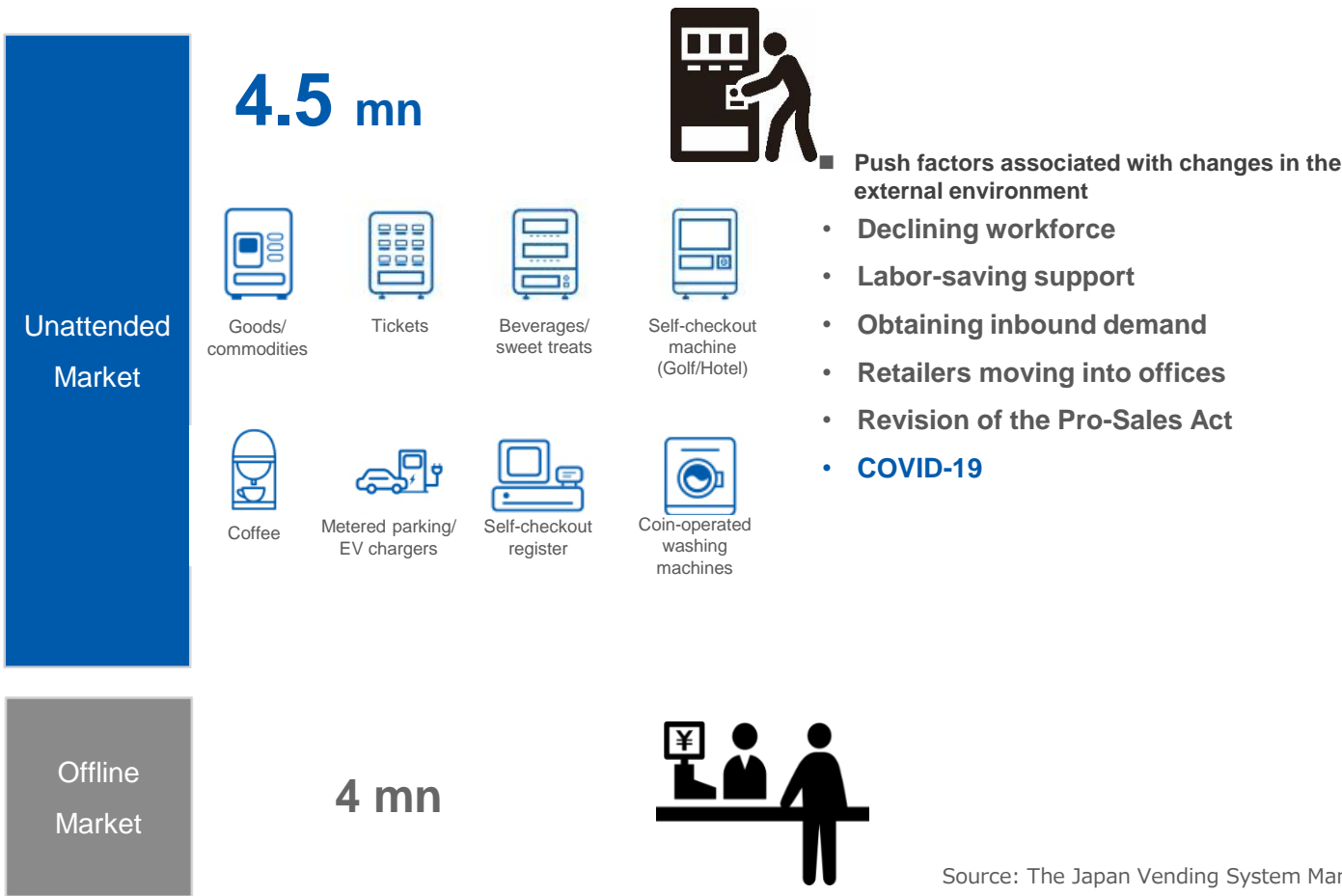
Transaction Volume

Composition	2019	2020	2021	2022	2023
Credit	60.7%	58.2%	55.3%	53.7%	52.4%
Debit	1.8%	2.2%	2.5%	2.5%	2.2%
E-money	33.1%	27.1%	22.8%	19.9%	18.0%
QR code	4.3%	12.4%	19.4%	23.9%	27.4%

(100 mn)

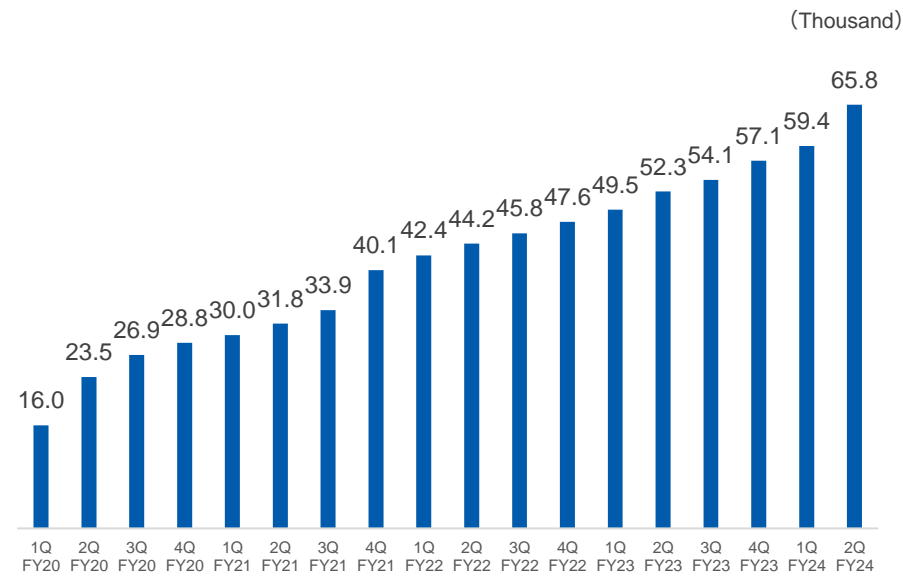


The number of terminals is expected to be equal to or greater than the market for payment terminals in real stores. Unattended market (= general term for vending/service machine market) is expected to expand further due to changes in the external environment such as a decrease in the working population



No of active IoT terminals

Net increase in 2Q was (+6,400 units) in QoQ, and large-lot deals also contributed to the increase. The number of large-lot transactions also contributed to the quarterly increase. Aiming for further acceleration in the future

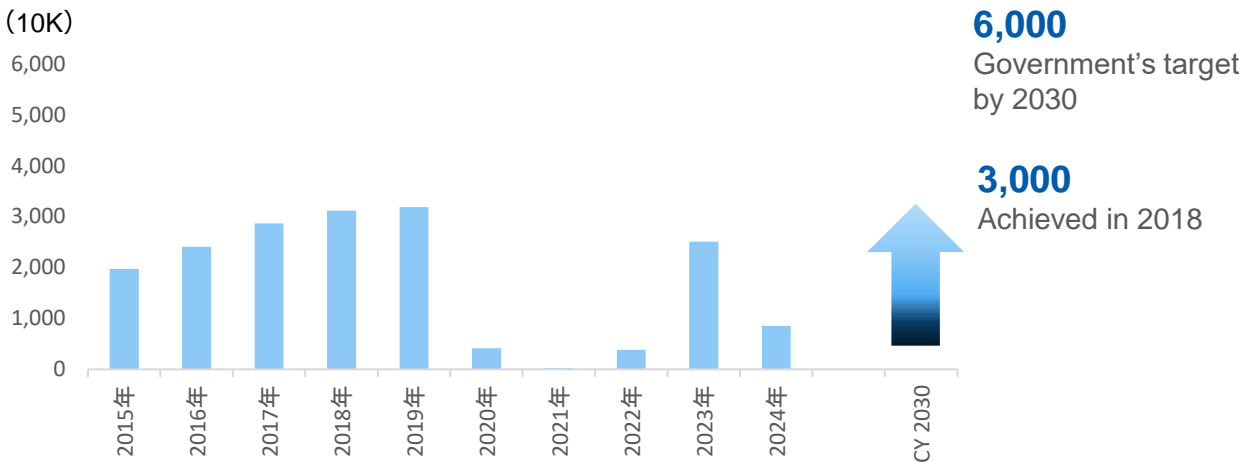


Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.

Trends in the number of foreign visitors to Japan

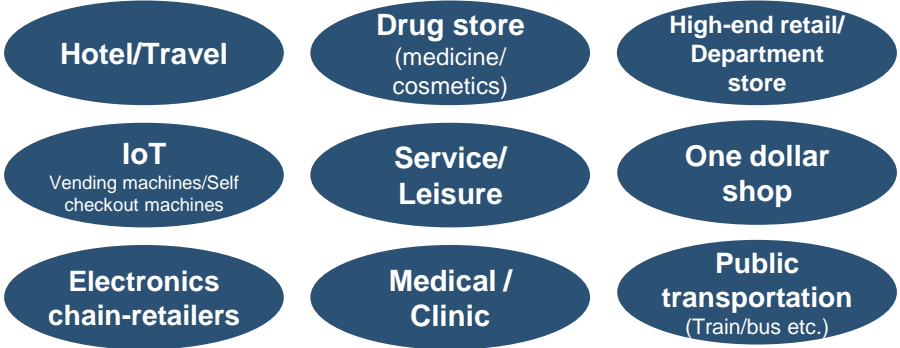
After a rapid recovery from the post covid, number of visitors has gradually stabilized

Number of visiting foreigners (annually)

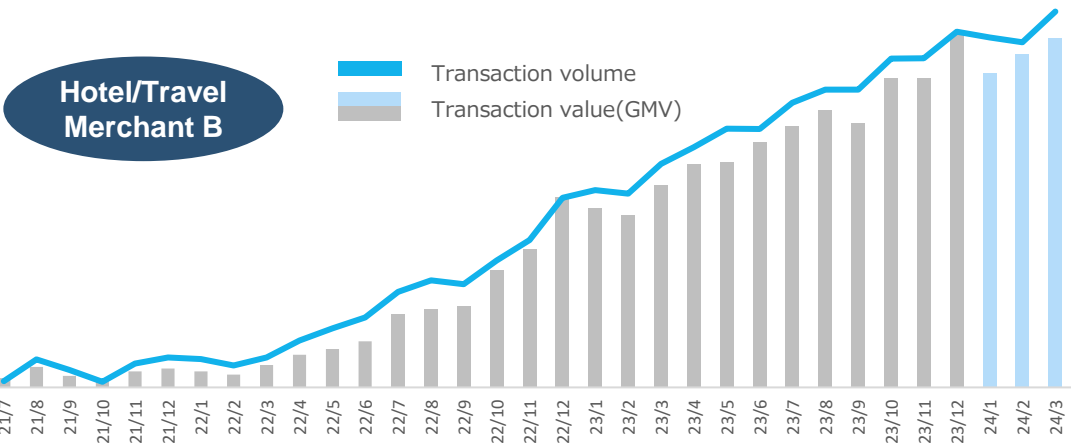
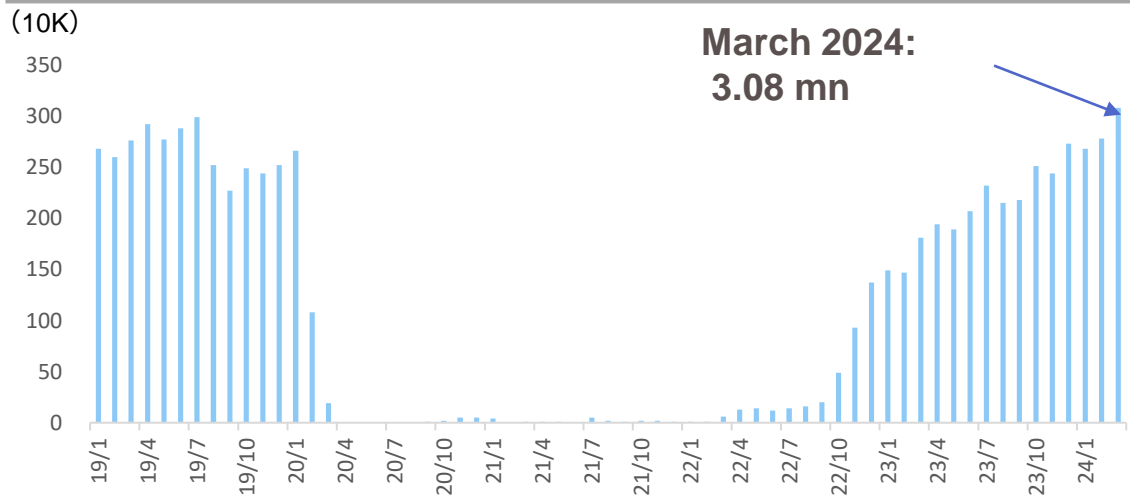


Our inbound-related industry merchants

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



Number of visiting foreigners (Monthly)

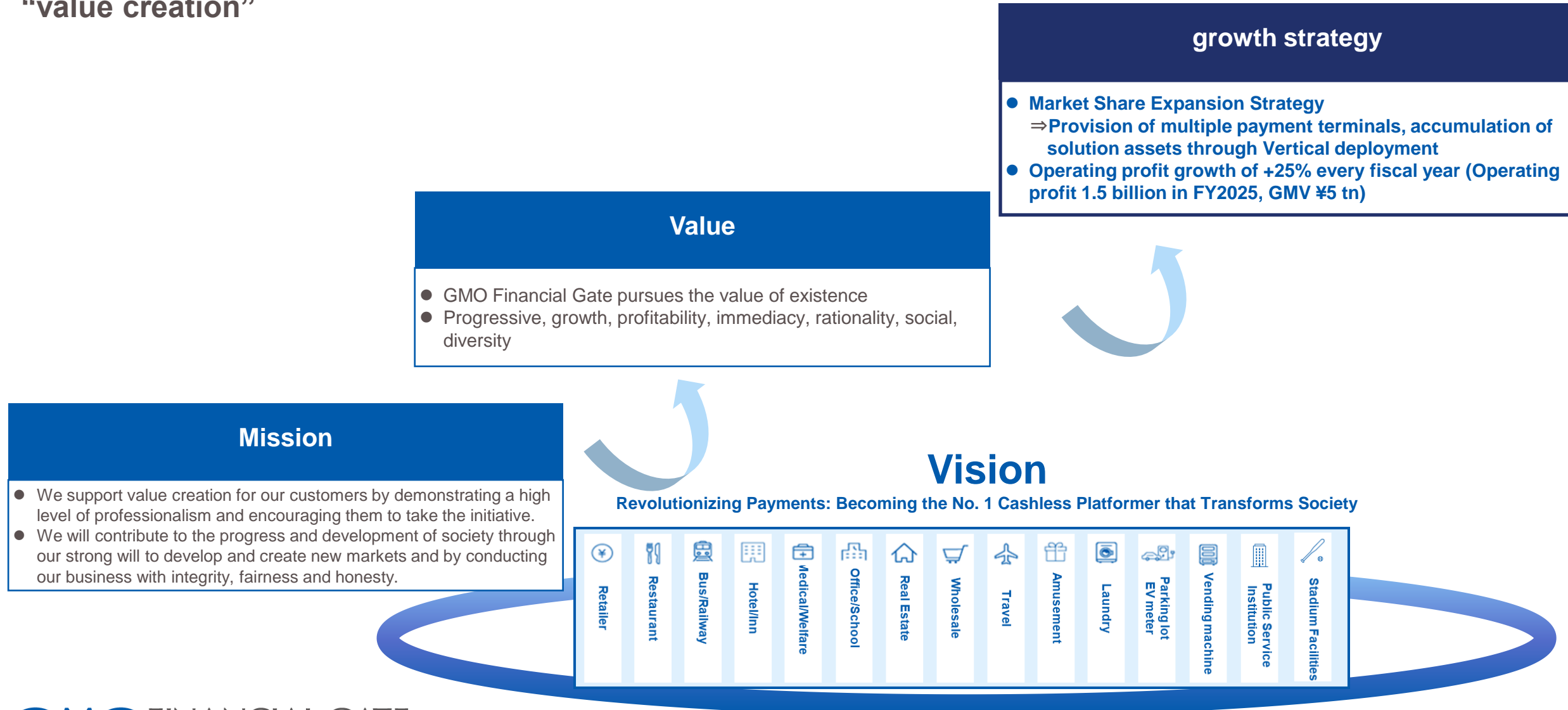


*Source "Number of Foreign Visitors to Japan," Japan National Tourism Organization (JNTO)

Our philosophy on growth strategies

Growth Strategy

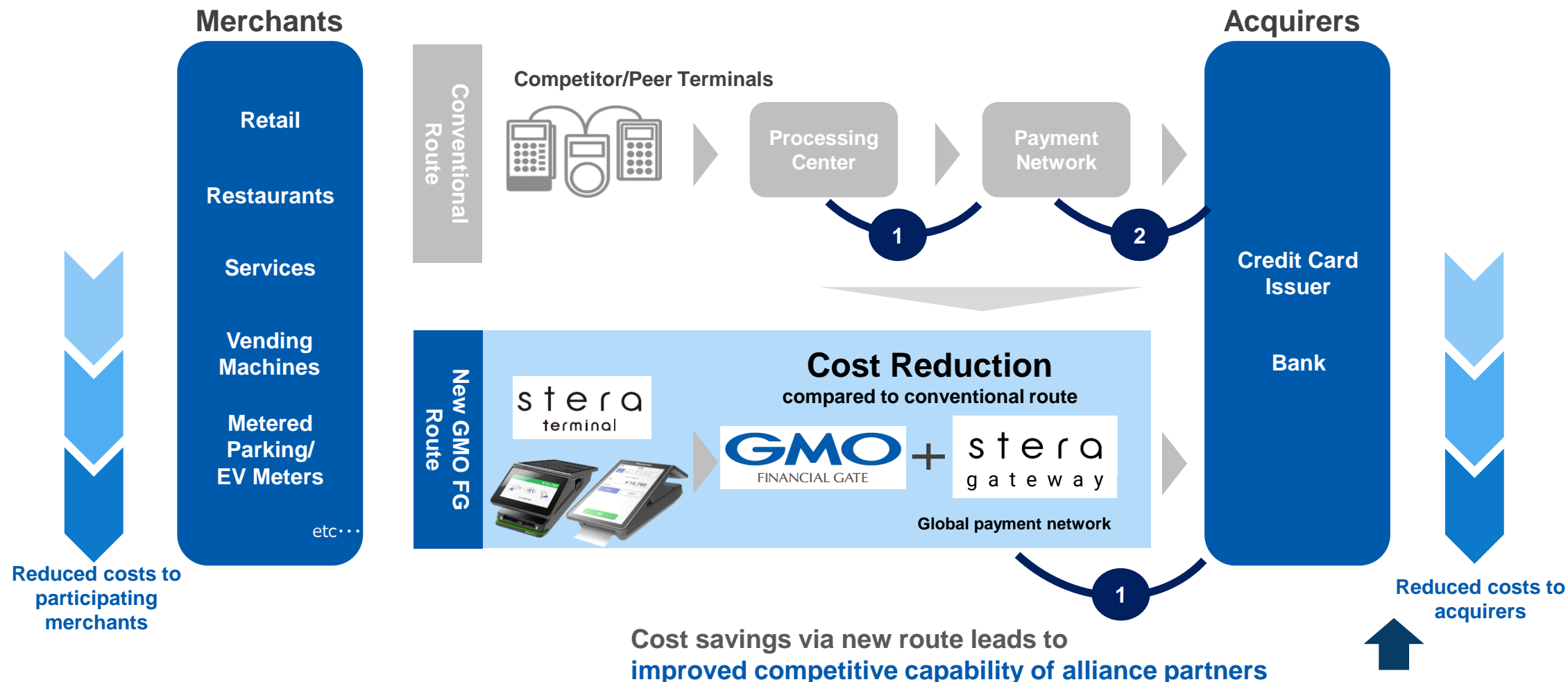
Our growth strategy is based on the perspective of "a payment platform that provides value to society as an infrastructure company supporting a cashless society". We develop growth strategies focusing on "value creation"



Strategy to Maximize Transaction Value

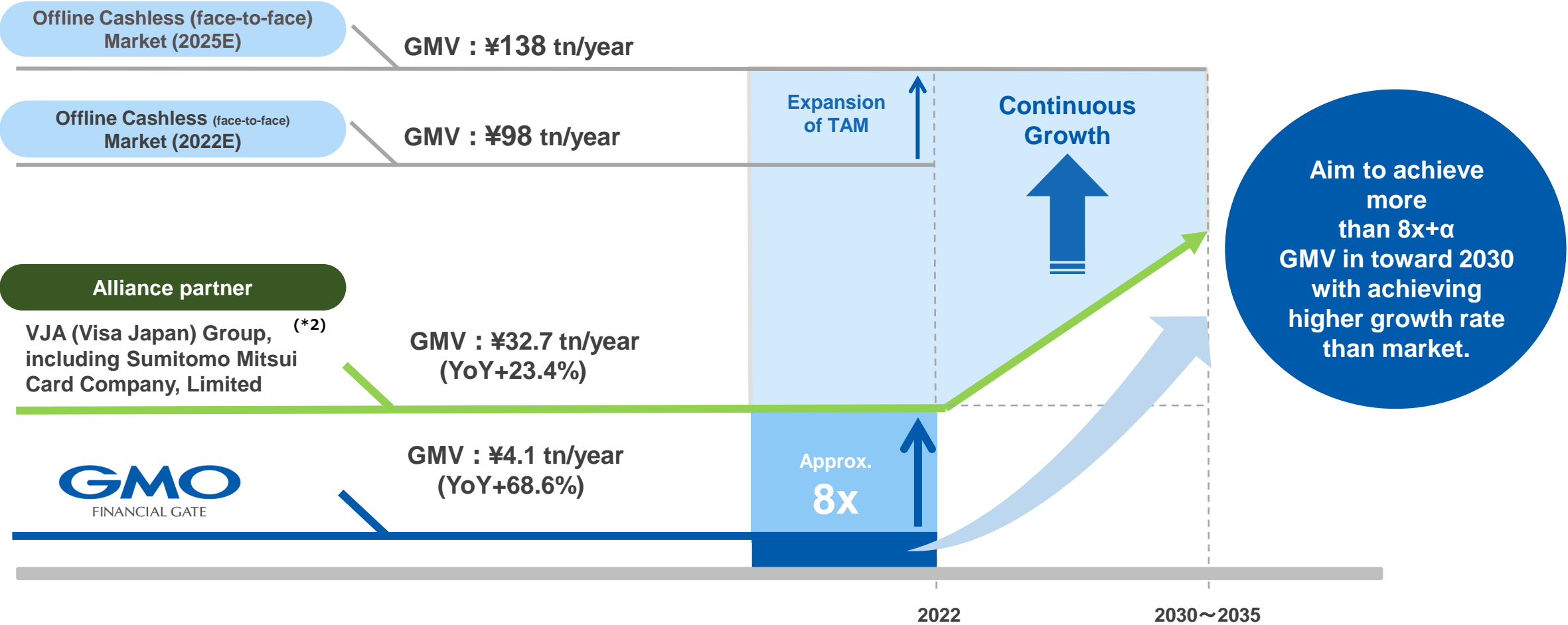
Growth Strategy

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: "2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan" and "2024 Edition: Current Status and Future Forecast of Online Payment Service Providers" Yano Research Institute Ltd.
(*2) Source: VJA

Improvements in Unmanned Terminals (IoT)

Growth Strategy

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

●→ Launched
●.....▶ To be released

2023 June Sep Dec 2024 Jan Mar June Sep

Progress



Hotel/golf course self checkout machine

Flow model business

Recurring model business



*No changes

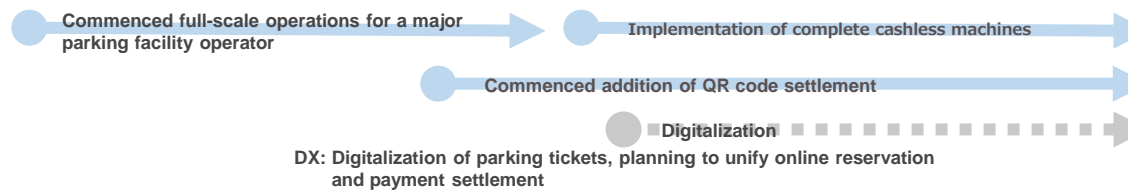
- Orders for successor units of installed payment terminals (delivery of terminals in 3Q, installation to start in 4Q)
- Fees and spreads on existing terminals remained steady
- Introduction of new terminals



Parking lot checkout machine

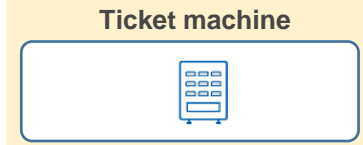
Flow model

Recurring model



Improved

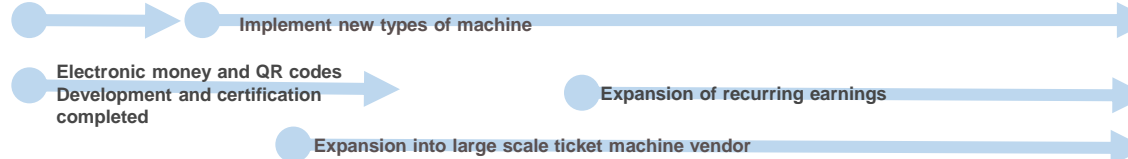
- Commenced full-scale operations for a major parking facility operator
- Development of e-money and QR code payments completed at several settlement machine vendors
- Plans to expand to outdoor checkout machines outside of parking lots
- Increase in the number of deployments to accounting machine manufacturers



Ticket machine

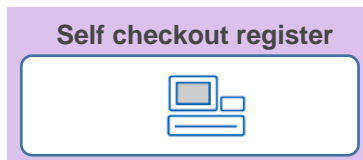
Flow model

Recurring model



Improved

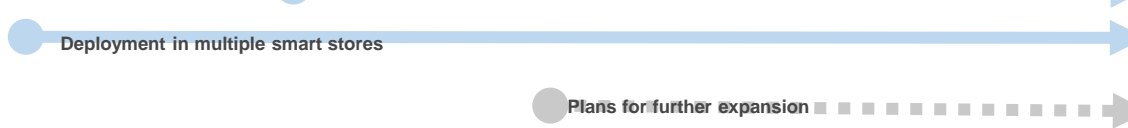
- Received order for successor machine from a major ticket vending machine vendor
- Completed development of electronic money and QR code payments
- Started introduction to outdoor ticket vending machines



Self checkout register

Flow model

Recurring model



*No changes

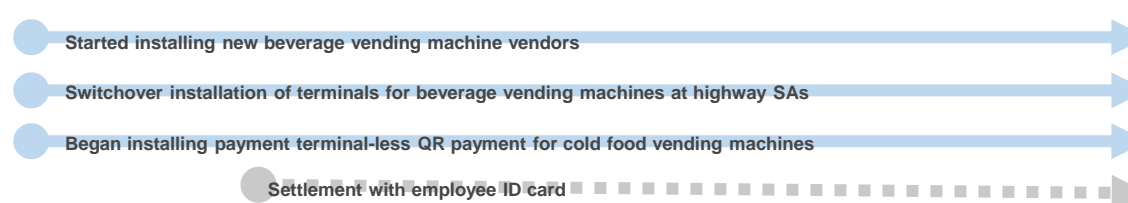
- Installed terminals against self-checkout machines in 100-yen uniform stores and large shopping malls.
- Plan to introduce the product to major restaurants and other customers in the next fiscal year and beyond



Beverage and vending machines/Coffee machines

Flow model

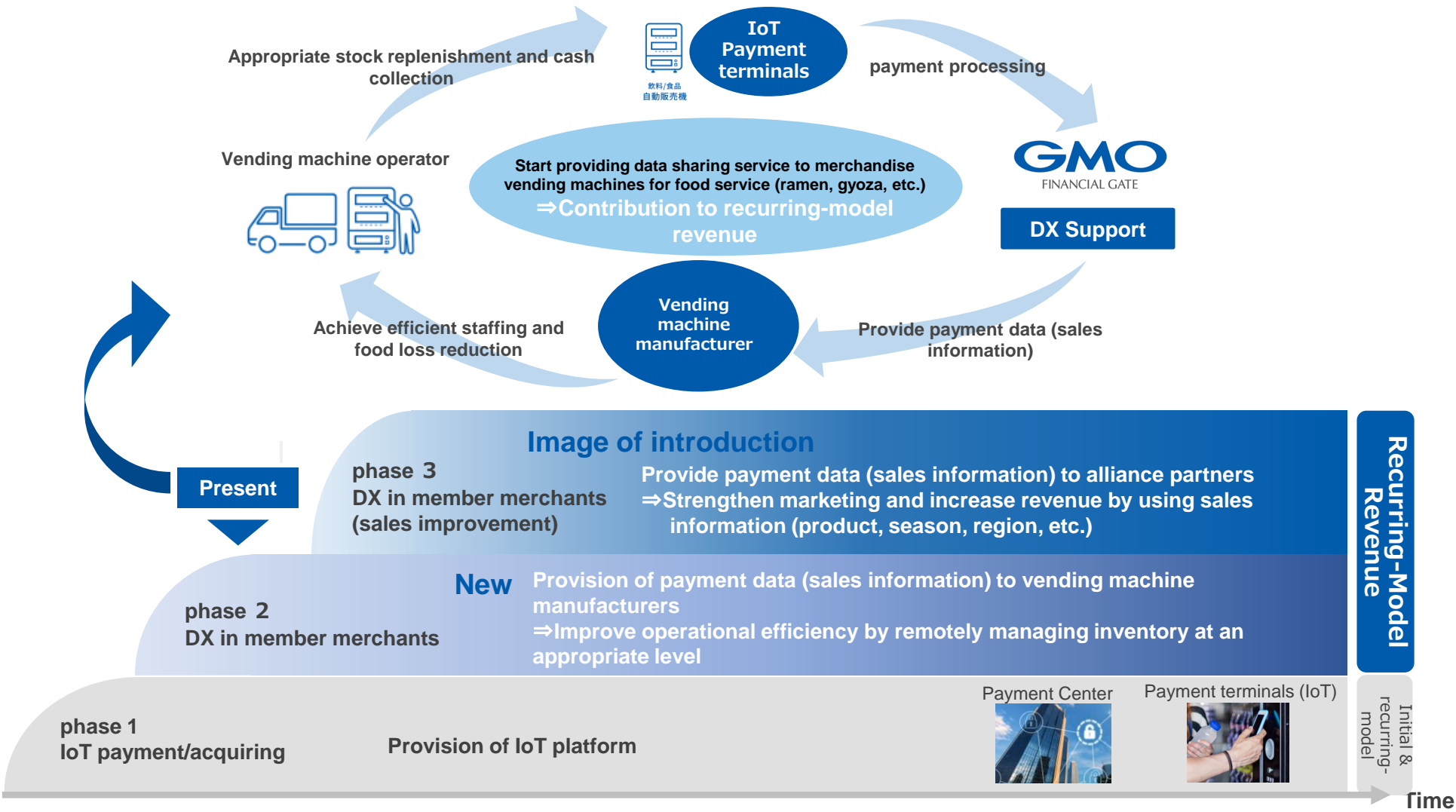
Recurring model



Improved

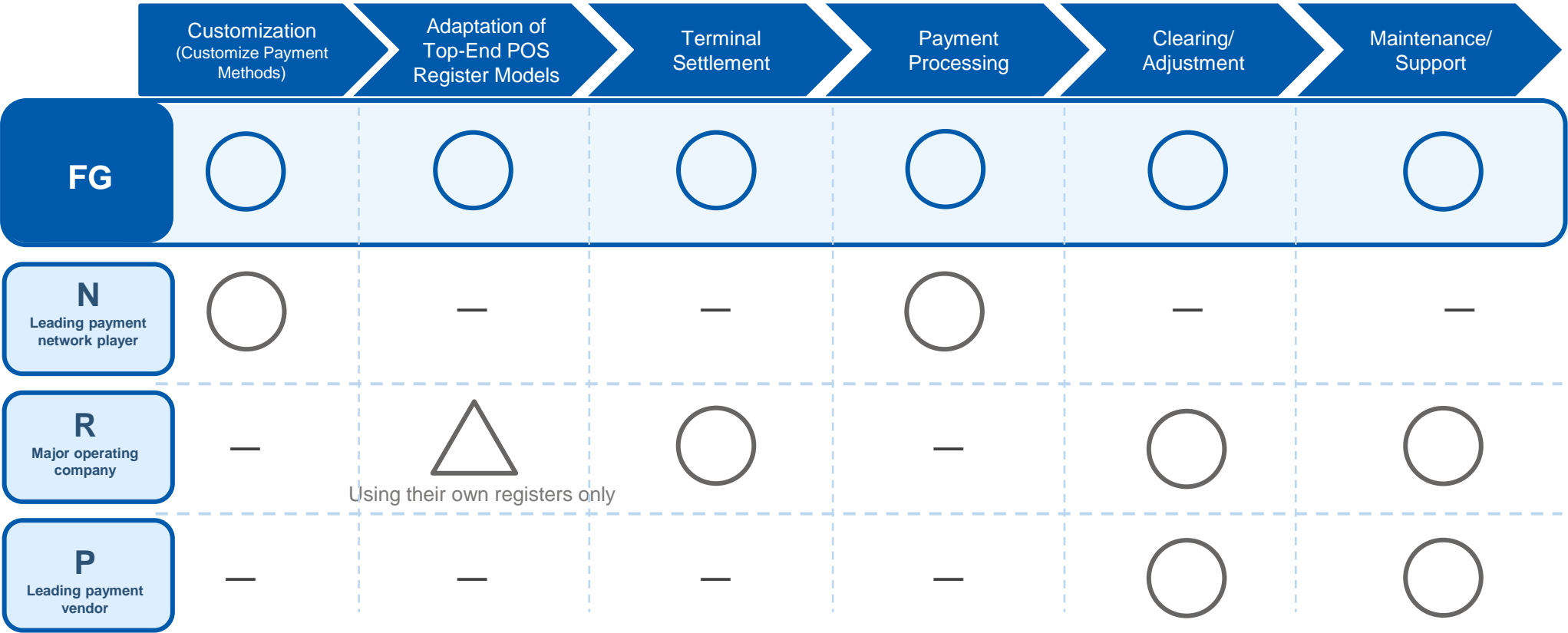
- Started to introduce terminal-less payment system (code payment on LCD (code payment on LCD panel) at cold food vending machines.
- Installation of vending machines made overseas is growing
- Payment with employee ID
- Started installation of vending machines in job areas

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

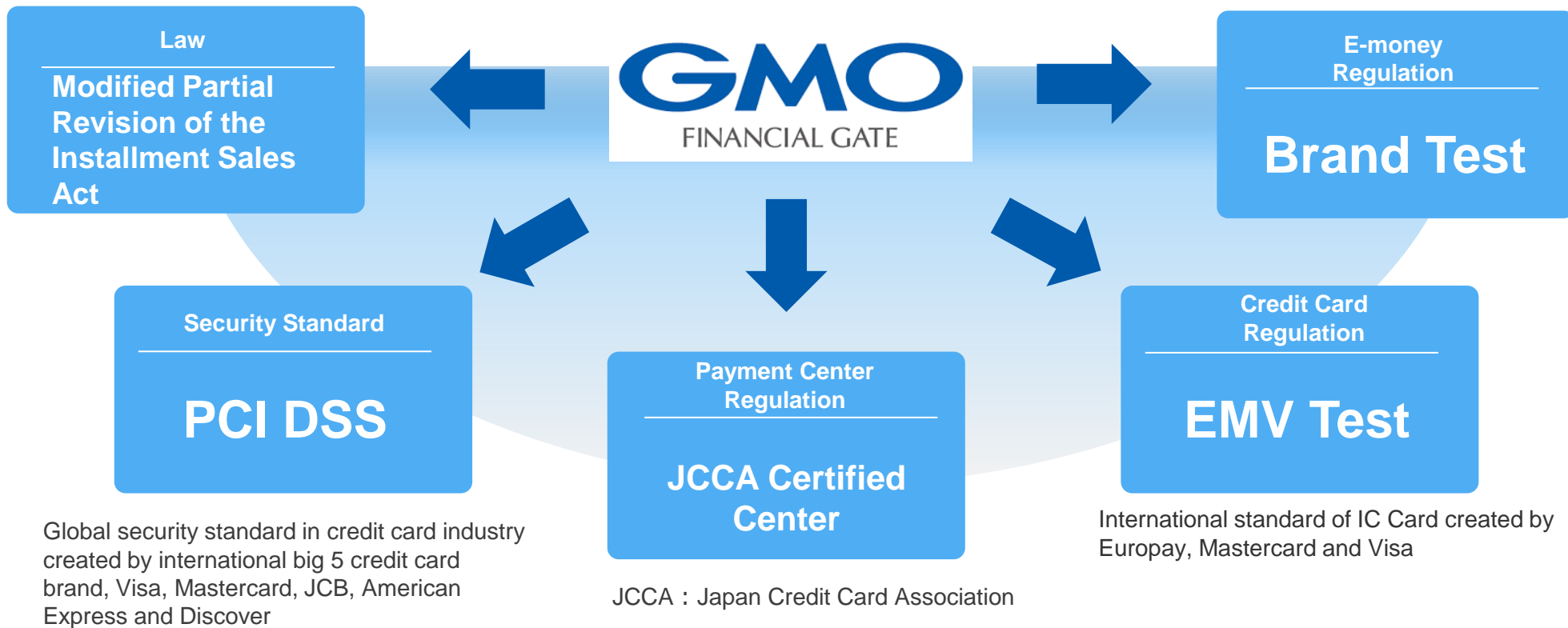
Solutions in Offline Payment Market



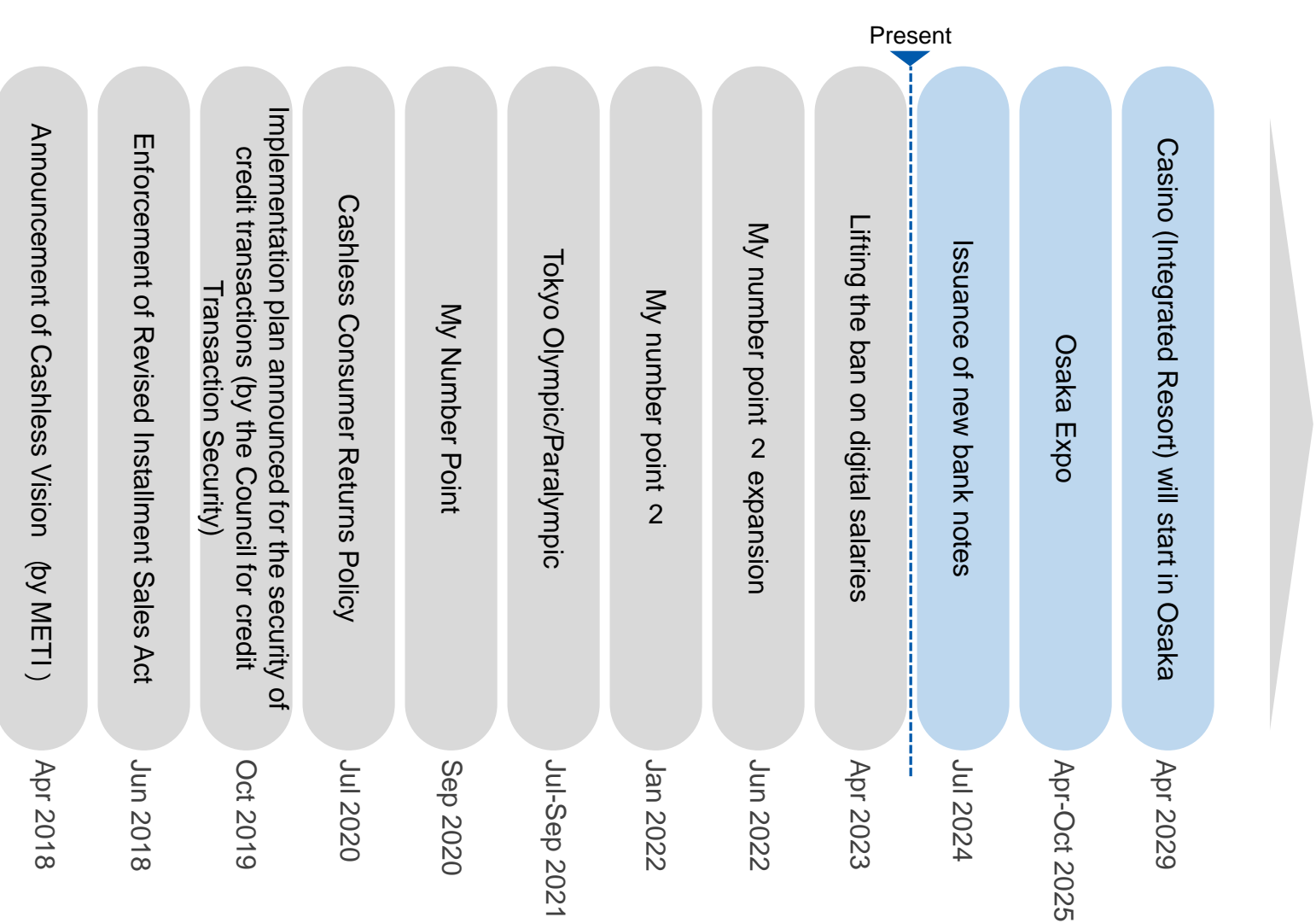
Barriers to Entry (Regulations to be Followed)

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

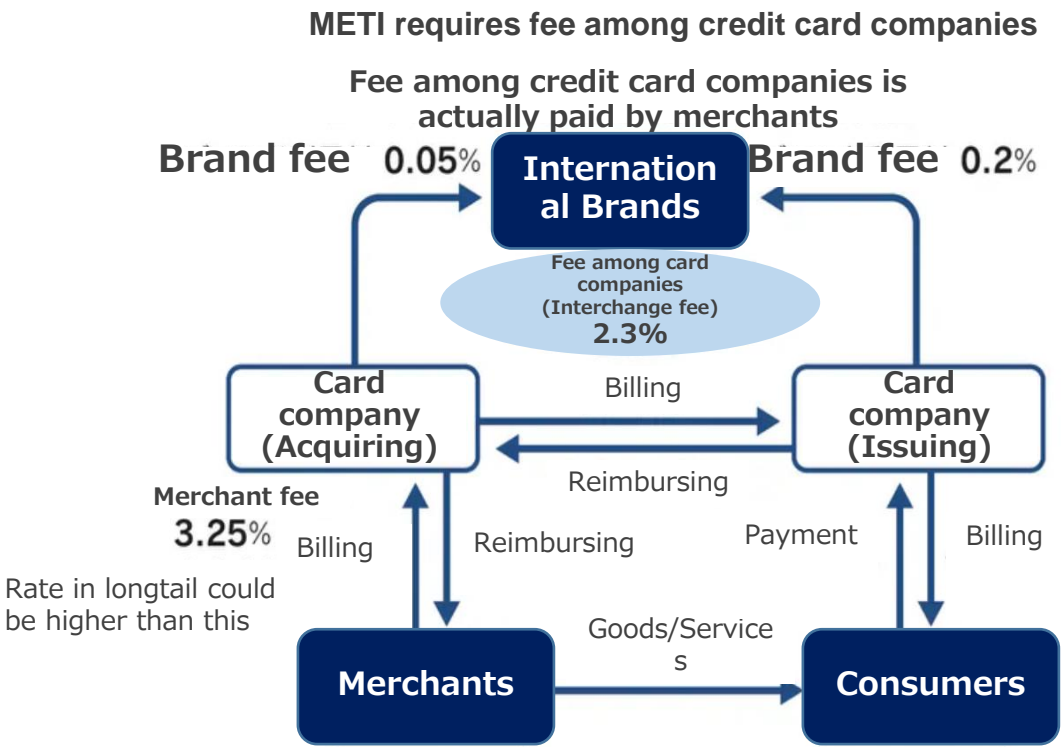
Expanding needs for small payments due to the spread of terminal-less payment taps to pay/phones

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

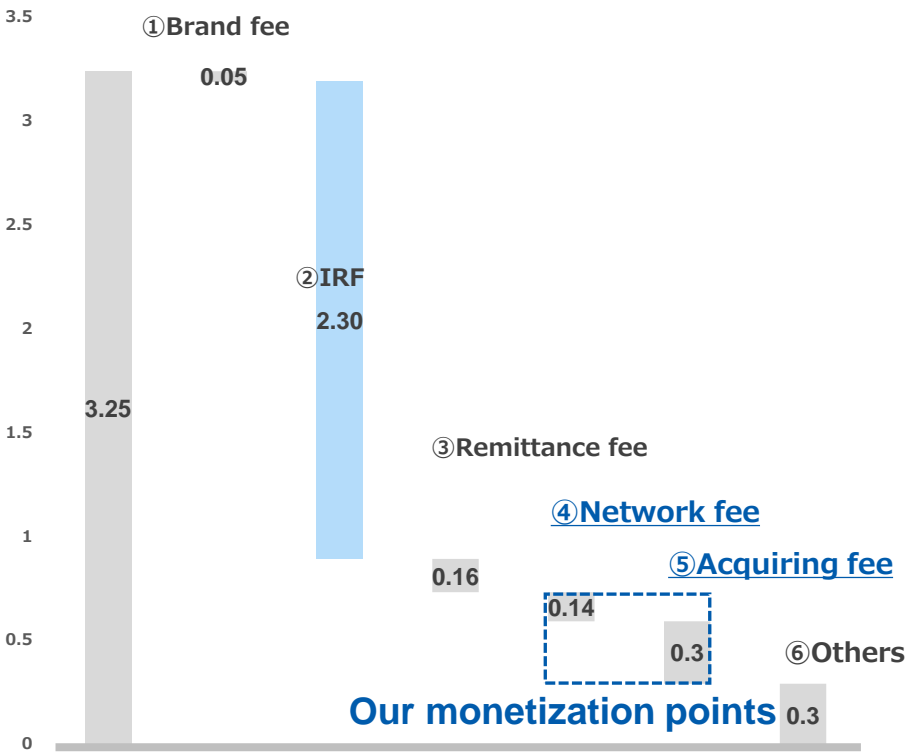
Osaka IR to be Approved by Government, Targeting Opening in Latter Half of 2029 Expanding demand for cashless terminals

New topic of credit card industry

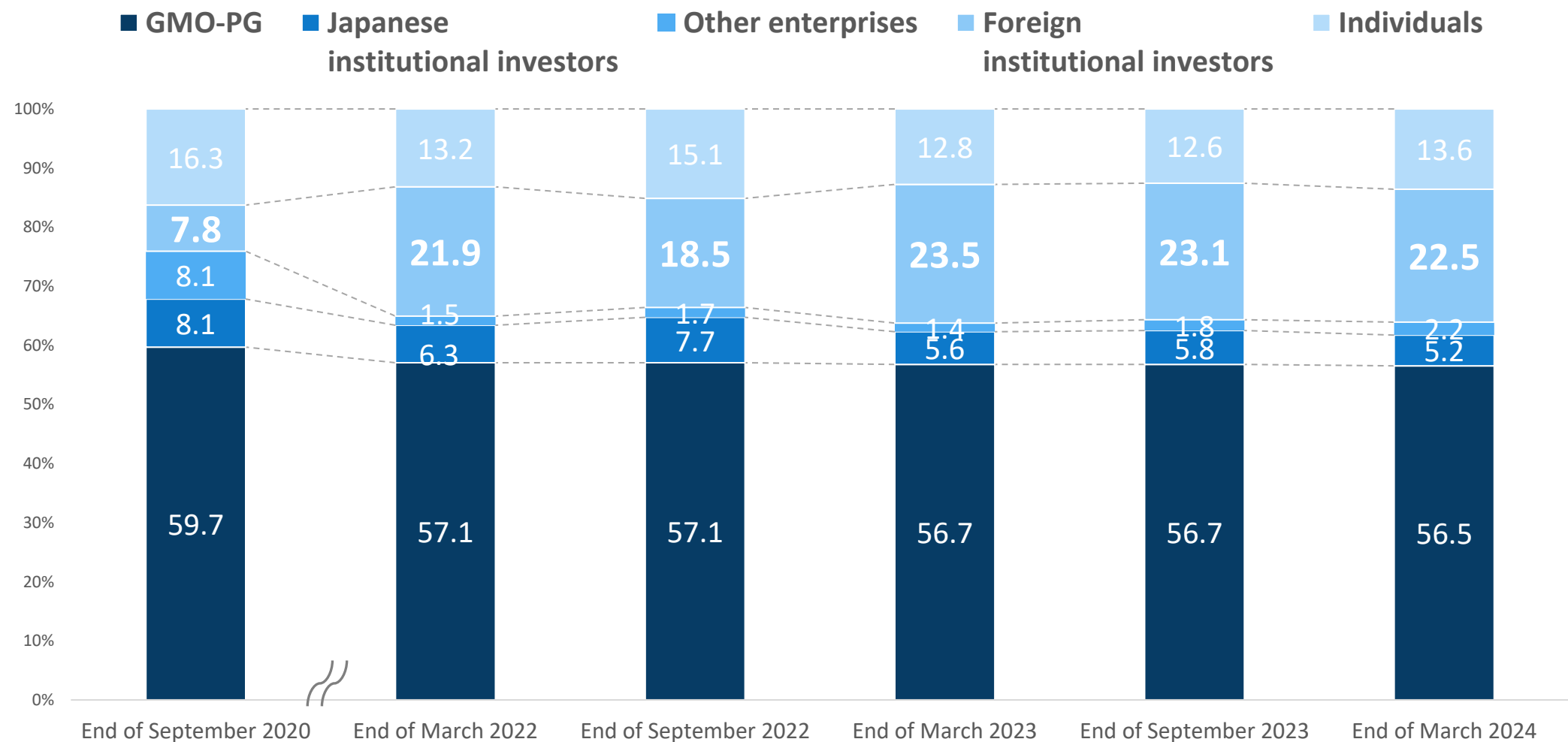
In response to a request from the Japan Fair Trade Commission, Visa, Mastercard, and UnionPay announced their intention to disclose their interchange fee rates by the end of November



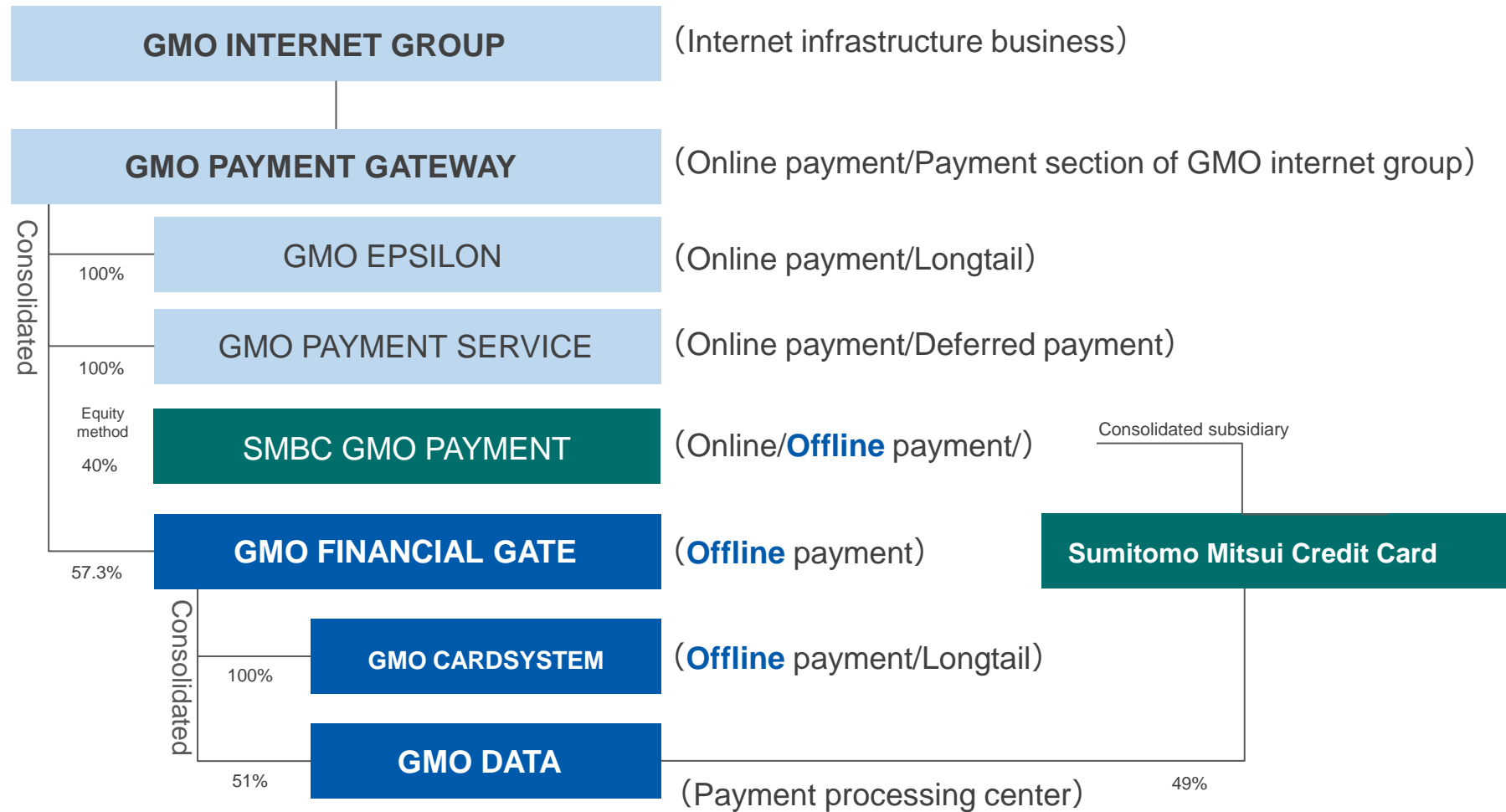
Breakdown of MDR
(model case : AOV ¥5K SME merchant)



Actively engaged in IR activities for domestic and foreign institutional investors through 1-on-1 meetings and conference appearances, maintaining the ratio of foreign institutional investors at over 20%.



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



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 2023	https://www.meti.go.jp/press/2023/03/20240329006/20240329006.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/>