

Financial Results Briefing for FY2024

Exceeded full-year profit forecast. Mid-term plan progress is one year ahead of schedule

November 13, 2024

GMO Financial Gate, Inc.

(Ticker:4051, TSE-Growth)

18th 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 be reasonable by GMO Financial Gate as of November 13, 2024

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1

Summary of Financial Results for FY2024

1.1 FY2024 Summary

Japanese GAAP

OP growth of +35.2% YoY, significantly higher than the original full year forecast of +25.9%. Progress in rise of recurring ARPU and expansion of merchant ecosystem. Increased certainty of achieving operating profit of over 5 bn yen by 2030

● FY2024 Full Year Results P6

- Revenue: **¥18.70 bn (YoY+17.6%)** Progress towards full-year forecast 97.4%
- Operating Profit: **¥1.51 bn (YoY+35.2%)** Progress towards full-year forecast 107.4%

● Revenue Categories P8-9

- Initial Revenue: **¥11.90 bn (YoY+7.1%)**
- Recurring-Model revenue: **¥6.79 bn (YoY+41.8%)**

● KPI Full Year P13-16

- Transaction Volume (Number of Transactions): **0.74 bn (YoY+52.6%)**
- GMV: **¥6.30 tn (YoY+52.0%)**
- Number of Active Terminals (Q4): **375 K (YoY+76 K, YoY+25.6%)**

Business Topics

- Horizontal: Increase Active ID by “core payment solutions” X expanding solution assets horizontally P27
- Vertical: Strengthen solutions such as "merchant business DX" and “support increased payment activity”. Increase ARPU by formation of ecosystem P27

Organization Topics

- ESG: Plan to implement EMS^{*1}. Visualize the environmental impact of the business and aim to improve rating ESG agencies P31
- IFRS^{*2} will be implemented in FY2025. Agile and proactive use of capital will be continued P32
- Received “2024 Award for Excellence in Corporate Disclosure” for the 2nd consecutive year from The Securities Analysts Association of Japan. Will continue to strengthen disclosure and dialogue with investors P33

1.2 Summary of Financial Results

Japanese GAAP

Significant increase in gross profit. Operating profit achieved forecast even while investing for future growth

(mn yen)	FY2023 Full Year Results	FY2024 Full Year Results	YoY	Forecast FY2024	Progress towards forecast FY2024
Revenue	15,909	18,705	+17.6%	19,200	97.4%
Gross profit	3,905	6,046	+54.8%	5,095	118.7%
Operating profit	1,120	1,514	+35.2%	1,410	107.4%
Profit attributable to owners of parent	746	986 ^{*1}	+32.2%	859	114.9%
Dividend per share (yen)	46	62	+16	52	+10

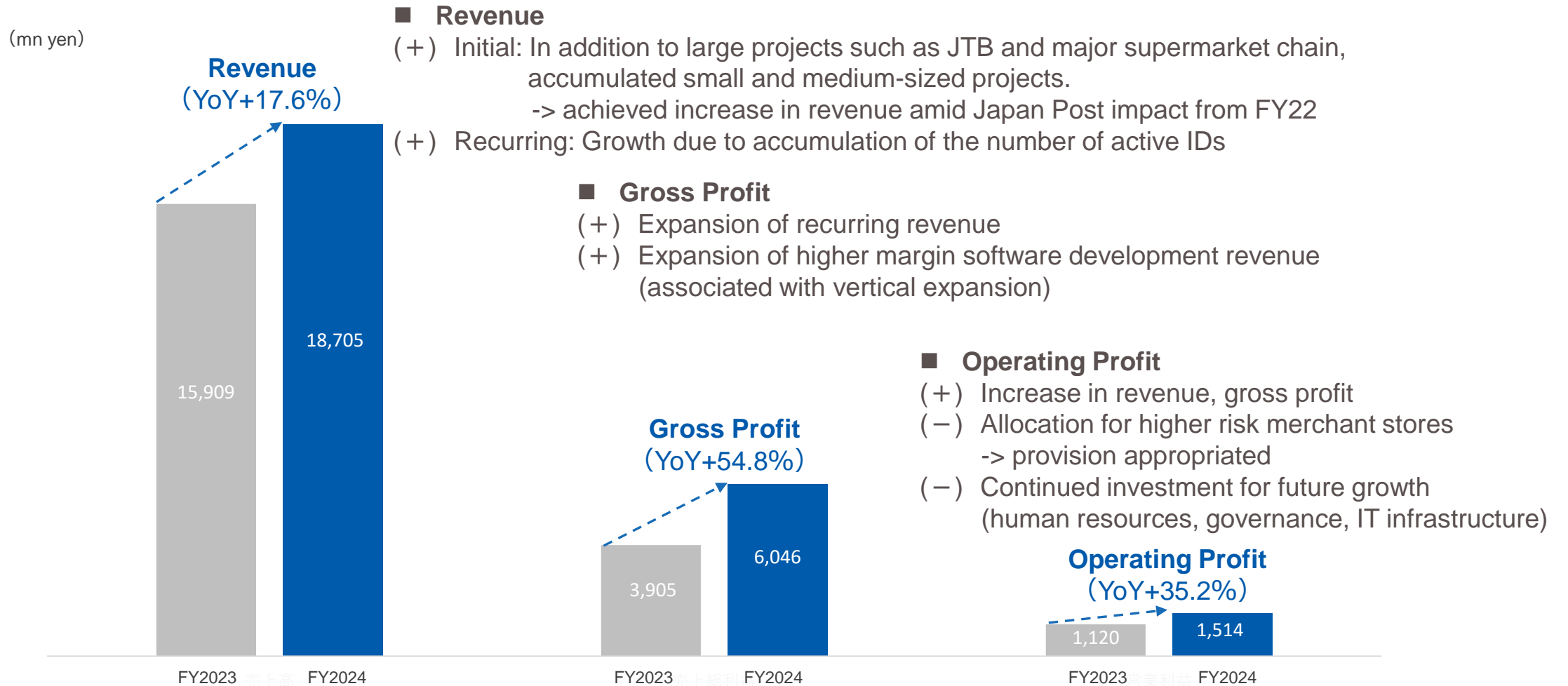
KPIs	Number of Active IDs	Transaction Volume	GMV
Q4 only (YoY)	375,348 (+25.6%)	Approx. 210.66 mn (+45.9%)	Approx. ¥1.70 tn (+42.5%)
FY (YoY)	—	Approx. 744.90 mn (+52.6%)	Approx. ¥6.30 tn (+52.0%)

^{*1} : Tax credit to promote wage hikes will have a positive effect of approx. 74 million yen, which is expected to be lost in FY2025.

1.3 Major Topics Regarding Financial Results

Japanese GAAP

Secured an increase in initial revenue even while considering large contribution from Japan Post in FY23
Recurring revenue continued to grow due to active ID growth – contributed to gross profit and below



1.4 Revenue by business model (YoY)

Japanese GAAP

Initial : Increase in revenue grew even while considering large Japan Post project in FY23
Recurring : Growth in stock and fee led to rise in composition of recurring revenue

(mn yen)	FY2023 (Composition %)	FY2024 (Composition %)	YoY
Initial	11,116 (69.9%)	11,907 (63.7%)	+7.1%
Recurring-Model	4,792 (30.1%)	6,797 (36.3%)	+41.8%
Stock	1,243 (7.8%)	1,737 (9.3%)	+39.7%
Fee	2,396 (15.1%)	3,709 (19.8%)	+54.8%
Spread	1,151 (7.2%)	1,349 (7.2%)	+17.2%
Total Revenue	15,909 (100.0%)	18,705 (100.0%)	+17.6%

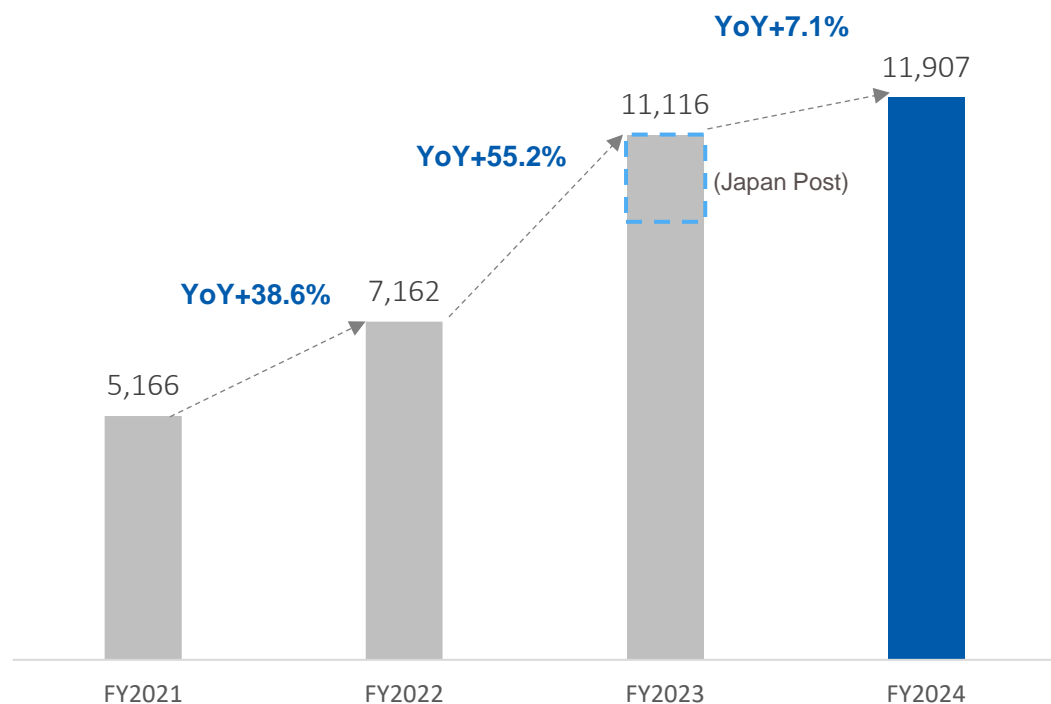
1.5 Revenue by business model (Full Year)

Japanese GAAP

Initial : Increase in revenue even with Japan Post (26,000 units of stera terminal) in FY2023
Recurring : Steady increase due to accumulation in active ID's / fee revenue growth

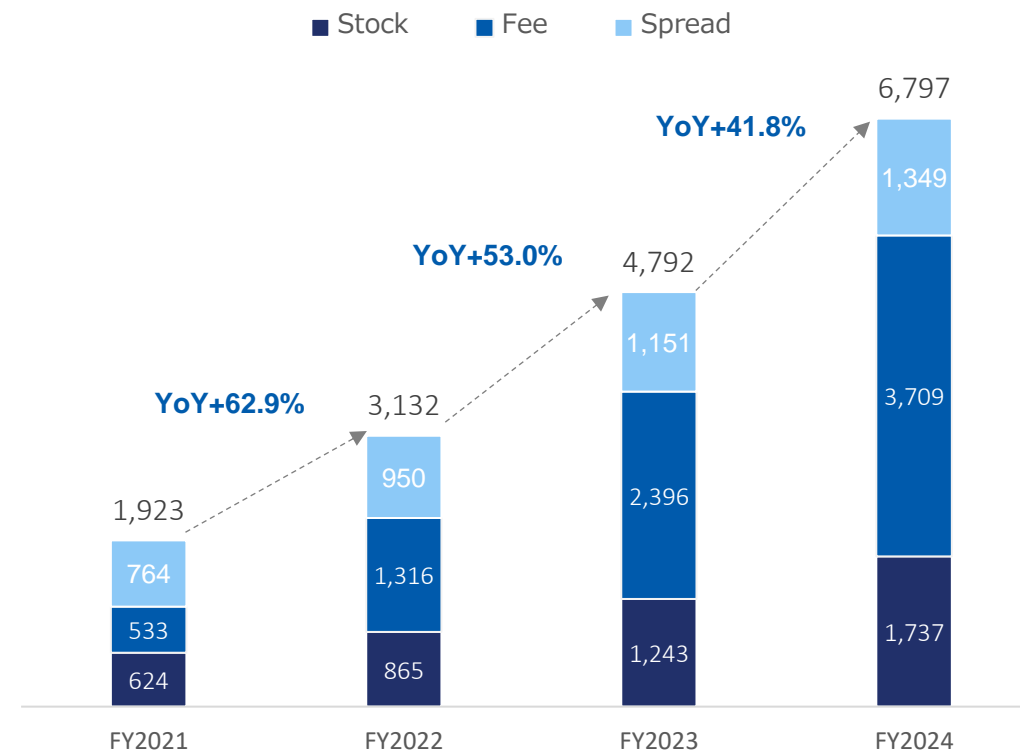
Initial Revenue

(mn yen)



Recurring Revenue

(mn yen)



1.6 Revenue by business model (Quarterly)

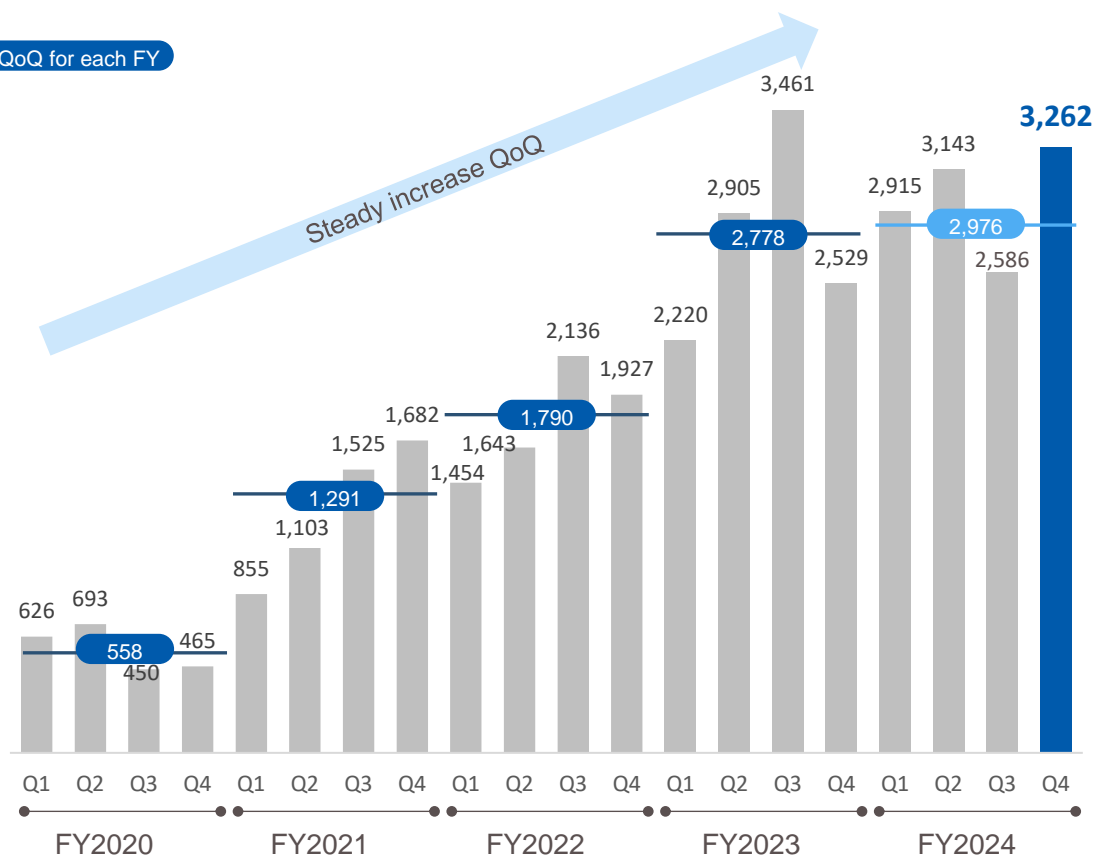
Japanese GAAP

Initial : Continued accumulating mainly small to mid-sized projects to increase active IDs
Recurring : High growth due to accumulation of active IDs

Initial Revenue

(mn yen)

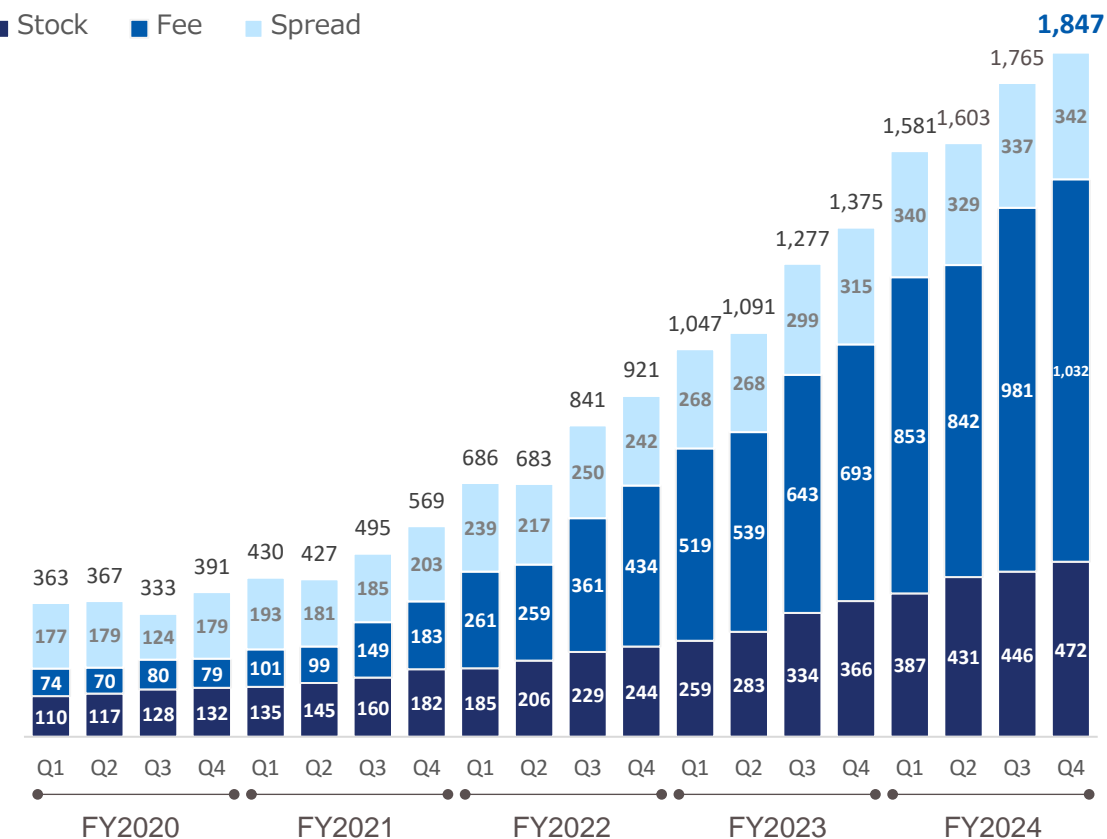
Avg QoQ for each FY



Recurring Revenue

(mn yen)

■ Stock ■ Fee ■ Spread



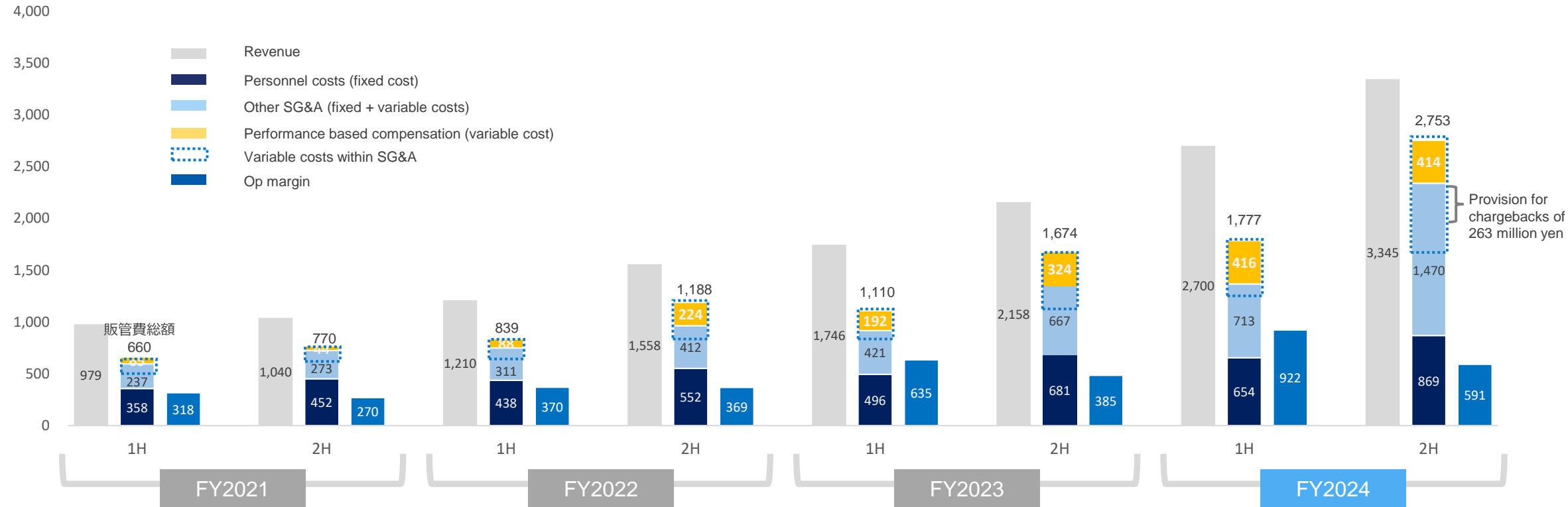
1.7 SG&A and Profit Trends (half-yearly)

Japanese GAAP

Invested towards future business growth (1. performance based compensation, 2. other administrative costs) – however business leverage*1 led to profitability increase

*1 : Invested towards future business growth (1. performance based compensation, 2. other administrative costs) – however business leverage led to profitability increase

(mn yen)



No. of partners
(end of FY, consolidated)

81

96

108

123

Operating Profit
(end of FY, consolidated)

¥ 589mn

¥ 740mn

¥ 1,120mn

¥ 1,514mn

Operating Profit per employee
(end of FY, consolidated)*2

¥ 7.27mn

¥ 7.71mn

¥ 10.37mn

¥ 12.30mn

*2 : Monitor OP profit per person to pursue business operations with a small number of elite employees, emphasizing productivity and efficiency

2

KPI

2.1 Main KPI (Full-year)

Active IDs

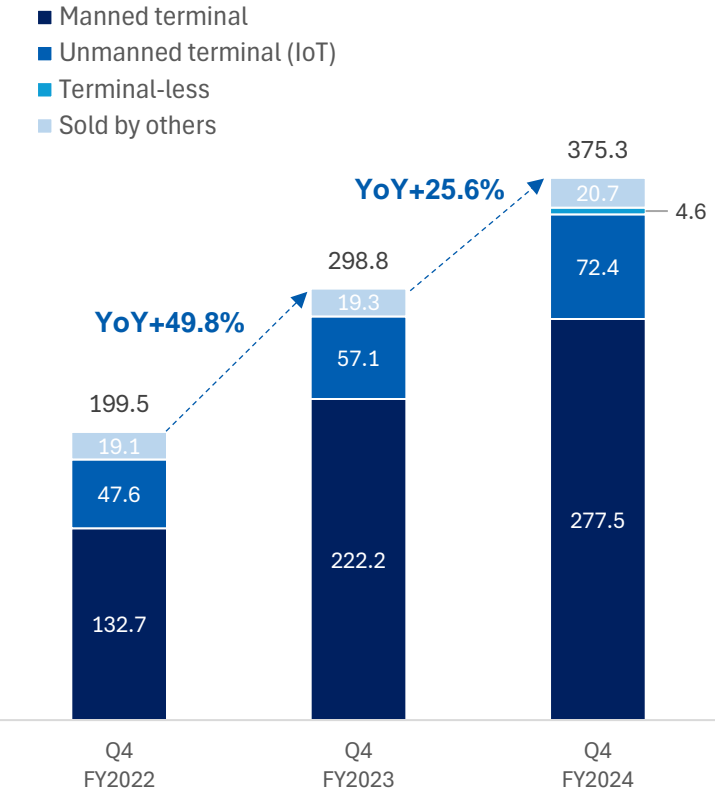
: Growth in manned and unmanned terminals led to increase in active IDs

No. of Transactions / GMV

: Growth exceeded YoY+50% due to increase in active IDs

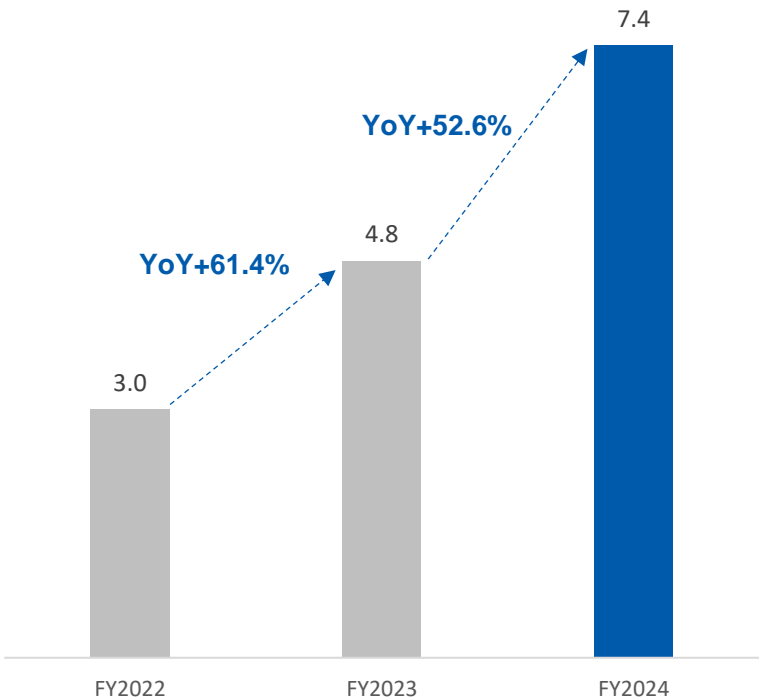
Number of Active Terminals

(Thousand)



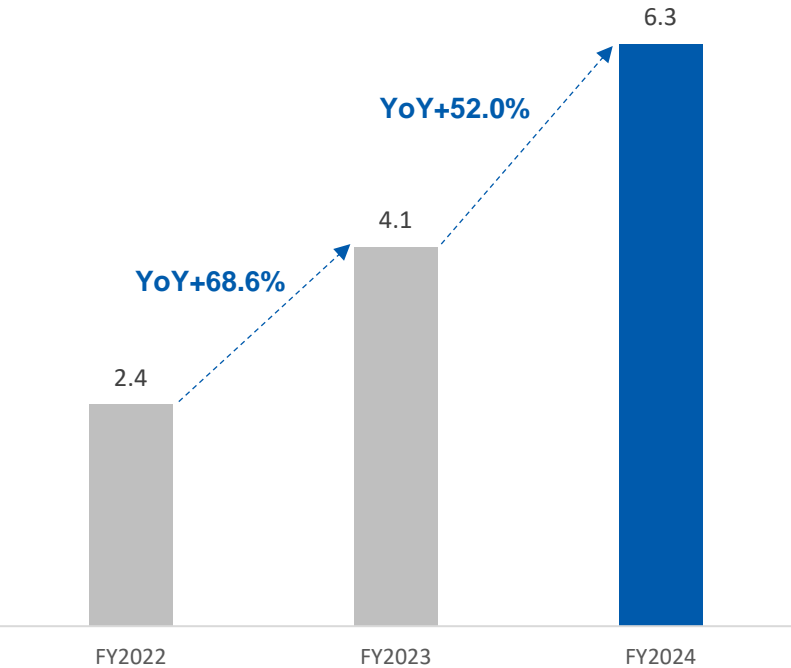
Number of Transaction Volume

(100 million)



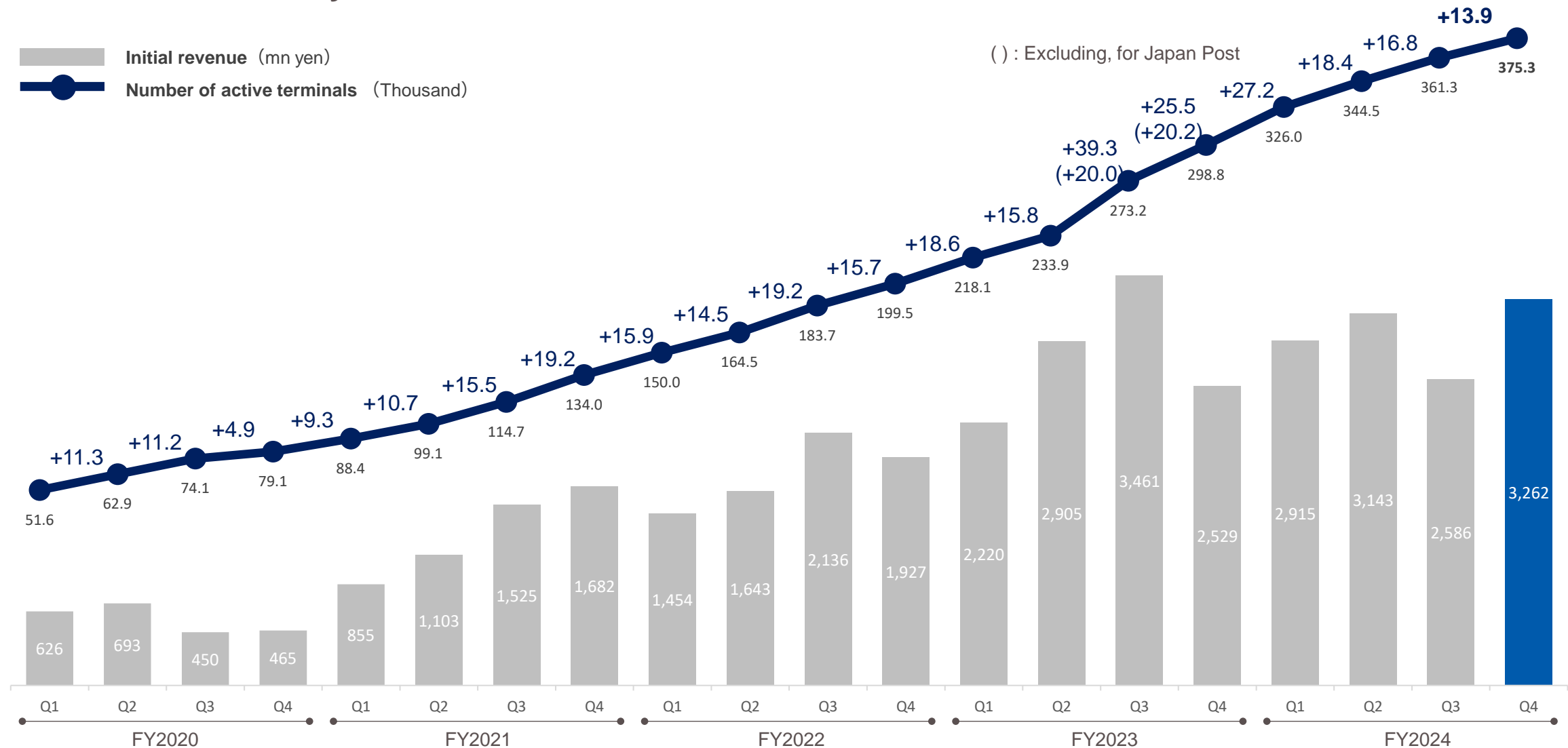
GMV

(trillion yen)



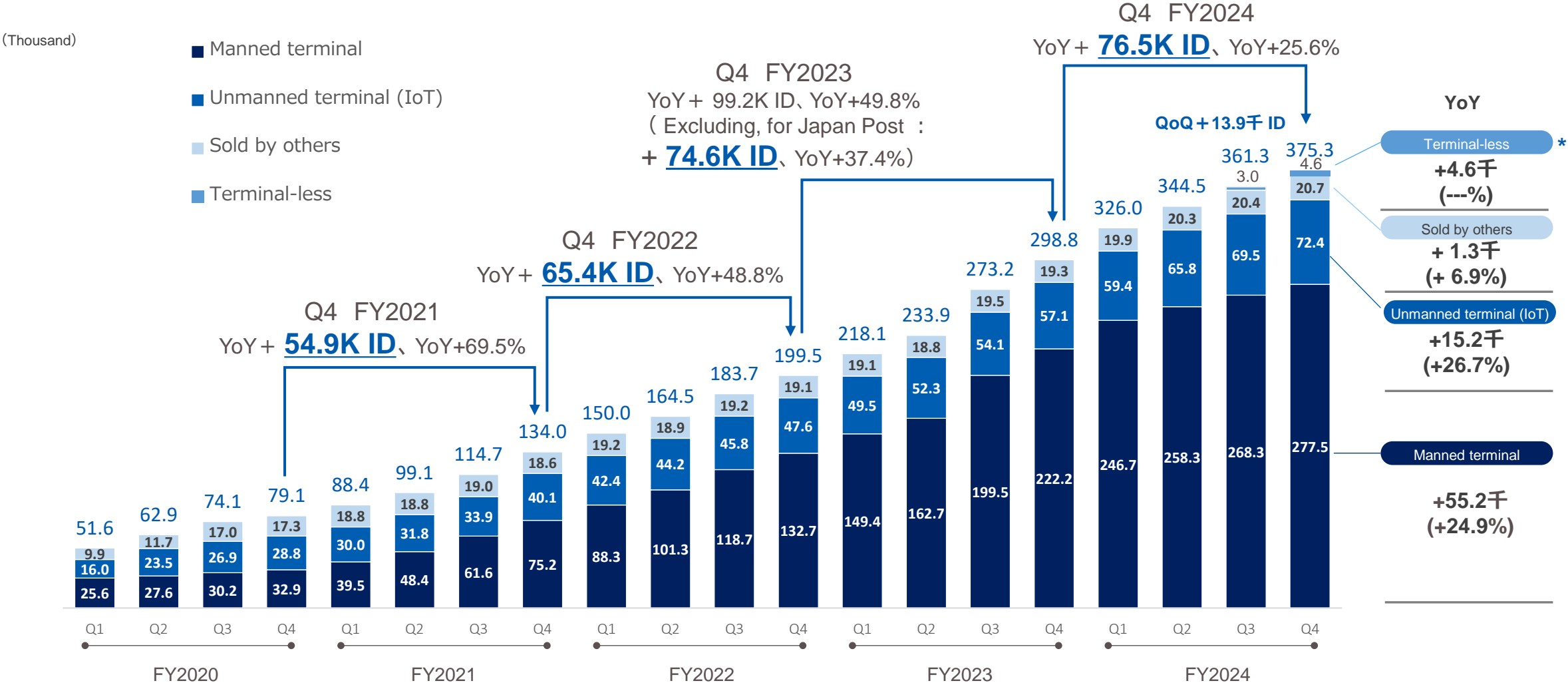
2.2 Initial Revenue and No. of Active Terminals (Quarterly)

Continued accumulating mainly small to mid-sized projects for Q4
Continuation of steady increase in active IDs



2.3 Consolidated KPI (Number of active terminals)

Same pace of increase in active IDs as FY2022



Business Highlights

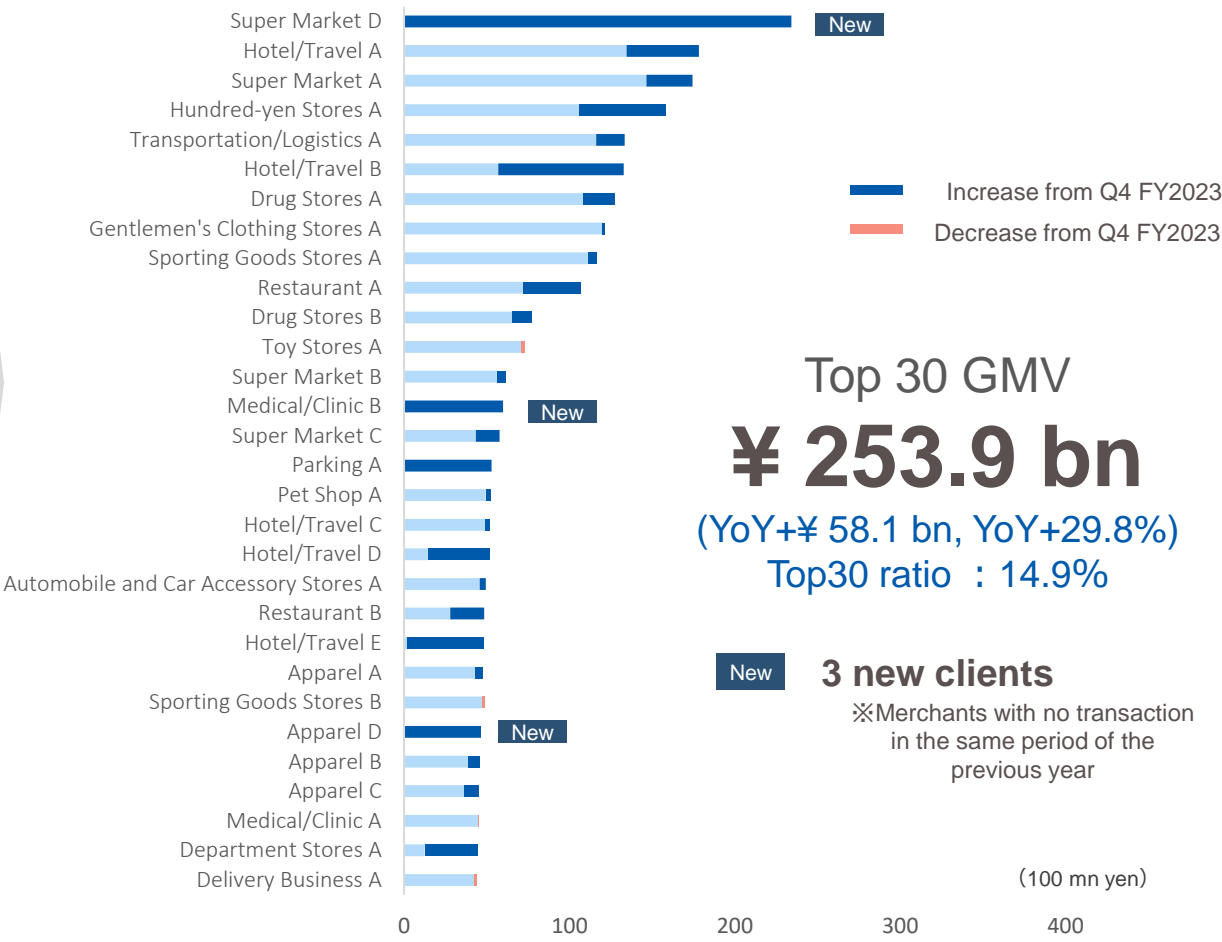
3.1 Top 30 Merchants (GMV basis)

Large supermarket chain which joined in Q2 remains as the top GMV merchant
Dependence on Top 30 merchants have decreased due to growth in GMV

Q4 FY2023



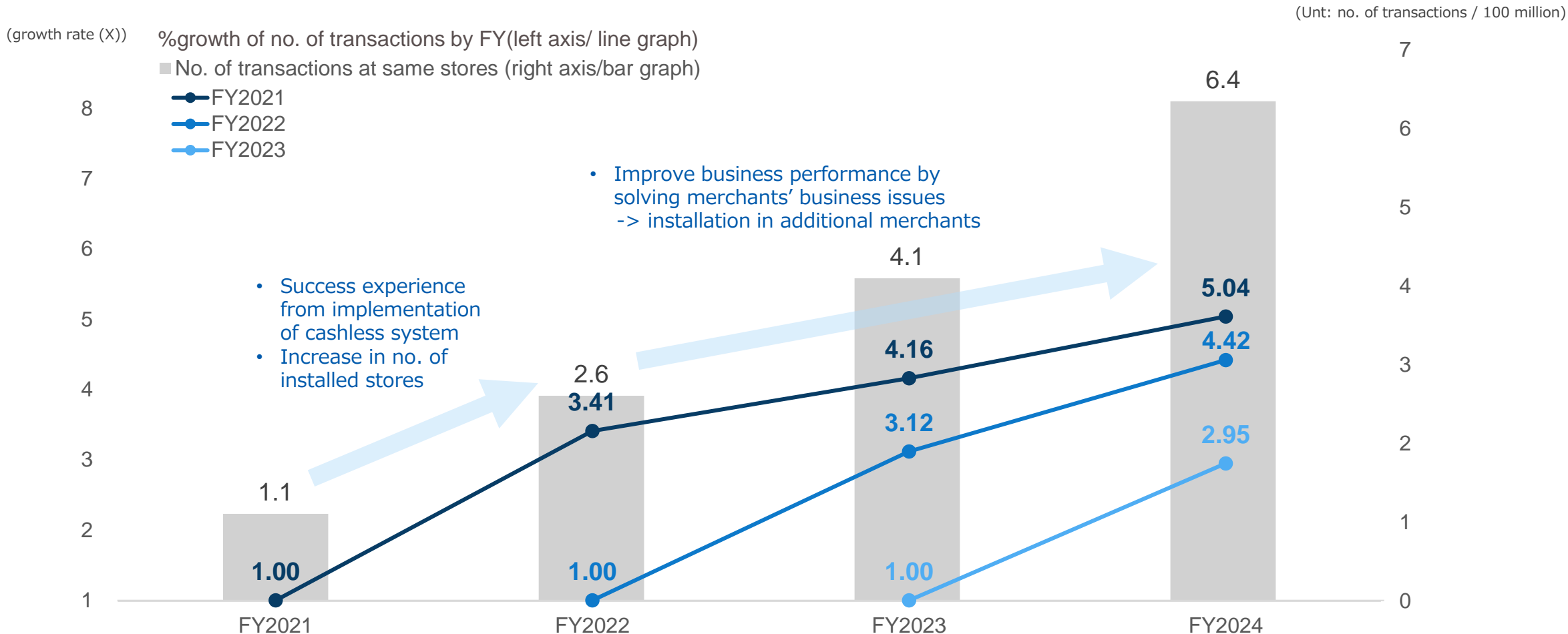
Q4 FY2024



3.2 Same-store (Merchant) Growth (Number of Transactions)

Payment activity at merchant member stores increases YoY
Accurately captured merchants needs which keeps merchants onto our payment platform

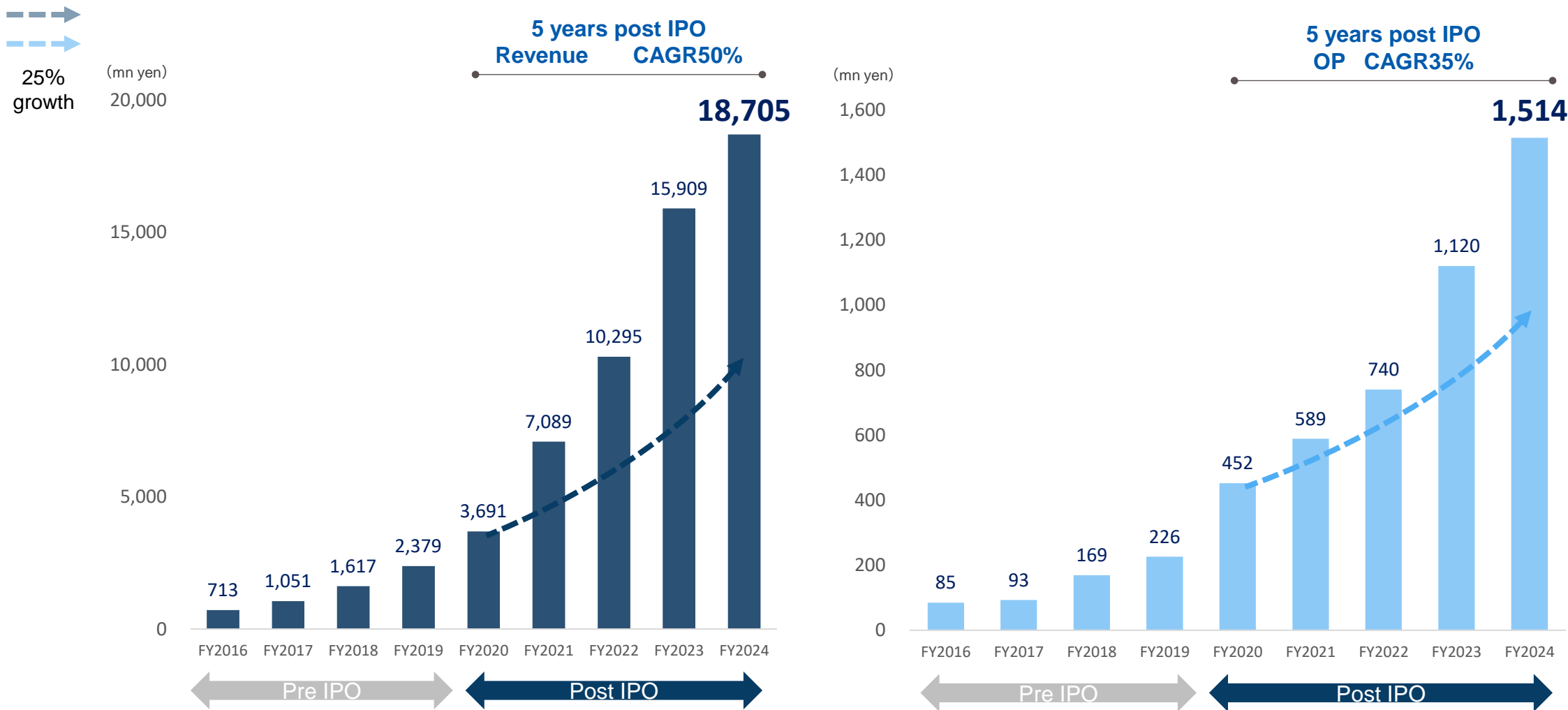
Same-store (Merchant) Growth (Number of Transactions)



FY2025 Forecast

4.1 Track Record of Growth

Goals Revenue : CAGR +25%, Op Margin: +25%
Track Record : Significantly above +25% growth



4.2 FY2025 Financial Forecast (IFRS^{*1})

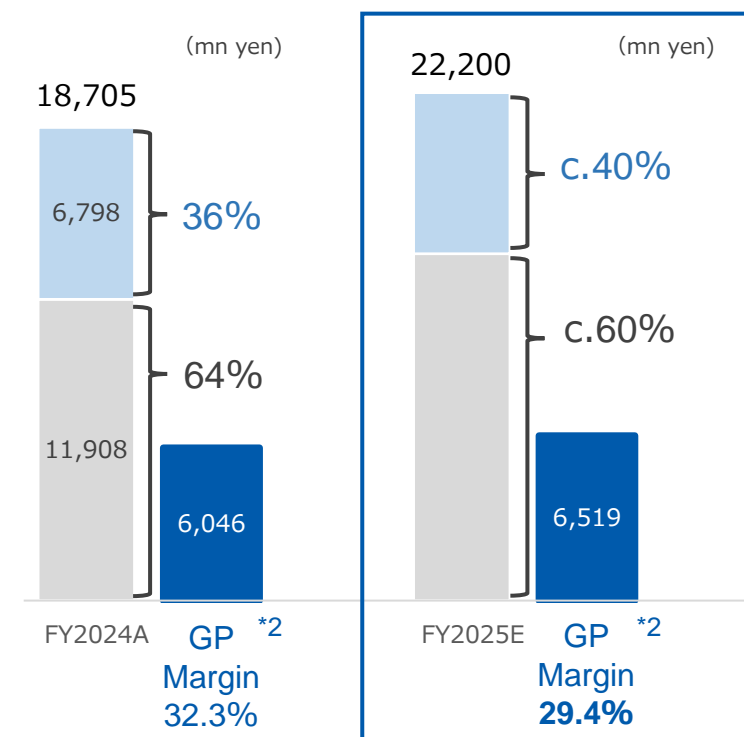
IFRS

Revenue : Large initial revenue expected in second half

OP : Exceed YoY +30% due to recurring revenue ratio increase and increase in future investments

(mn yen)	FY2024 Actual ^{*1}	FY2025 Forecast			
	Full Year	1H	2H	Full Year	Full Year
Revenue	18,705	9,677	12,522	22,200	+18.7%
Gross Profit	6,046	2,914	3,583	6,498	+7.5%
Operating Profit	1,531	1,090	929	2,020	+31.9%
Profit Attributable to Owners of Parent	1,013	677	639	1,316	+30.0%
Basic Earnings per Share	¥121.99	¥81.37	¥76.80	¥158.17	—
Dividend per Share	¥62	-	-	¥80	—

■ Initial Revenue ■ Recurring Revenue ■ GP Margin



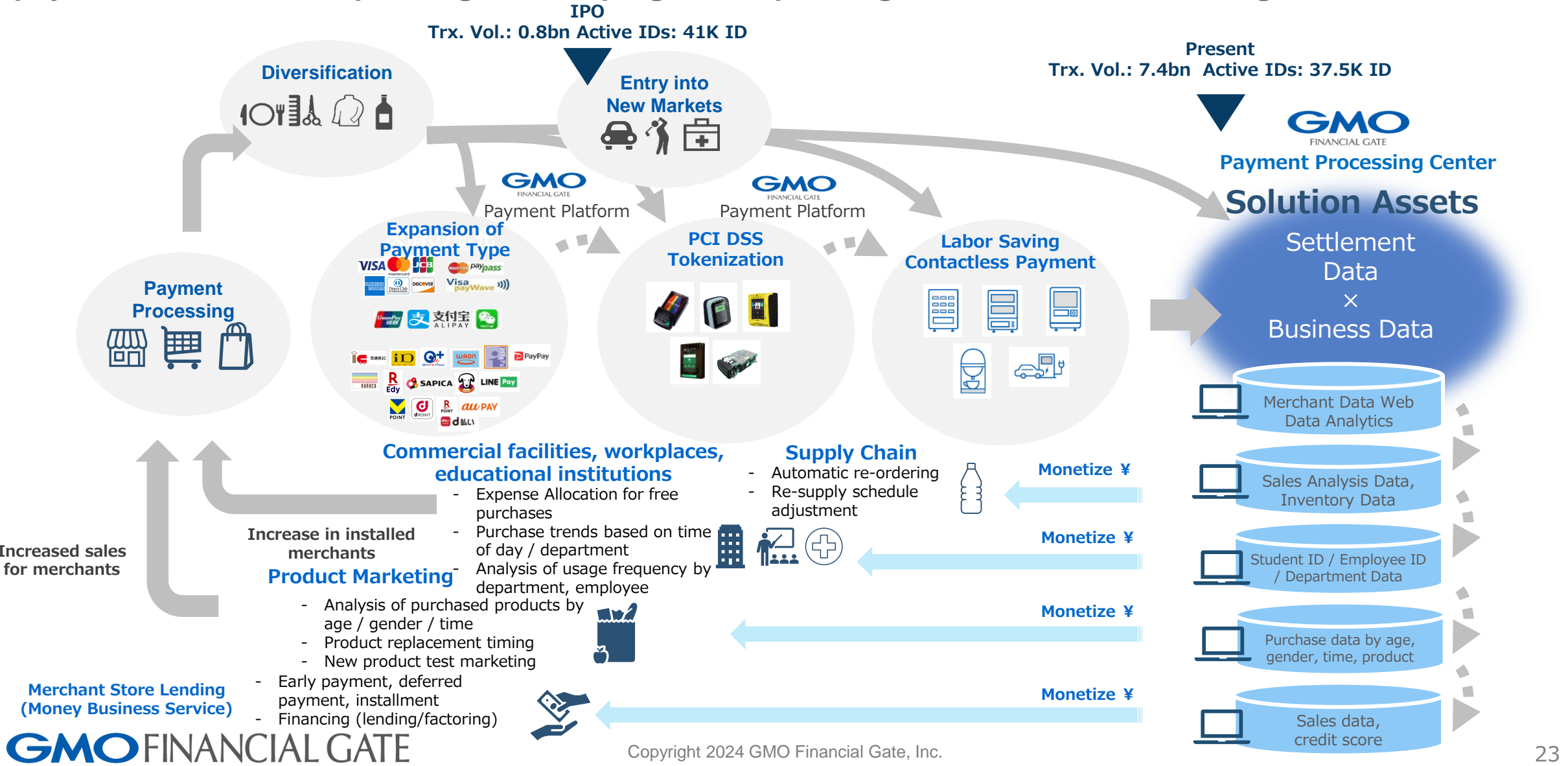
^{*1} IFRS figures are currently not official.
Final figures will be released in December 2024

^{*2} YoY gross profit margin decrease due to change in the terminal revenue composition ratio in initial sales

Growth Strategy and Progress

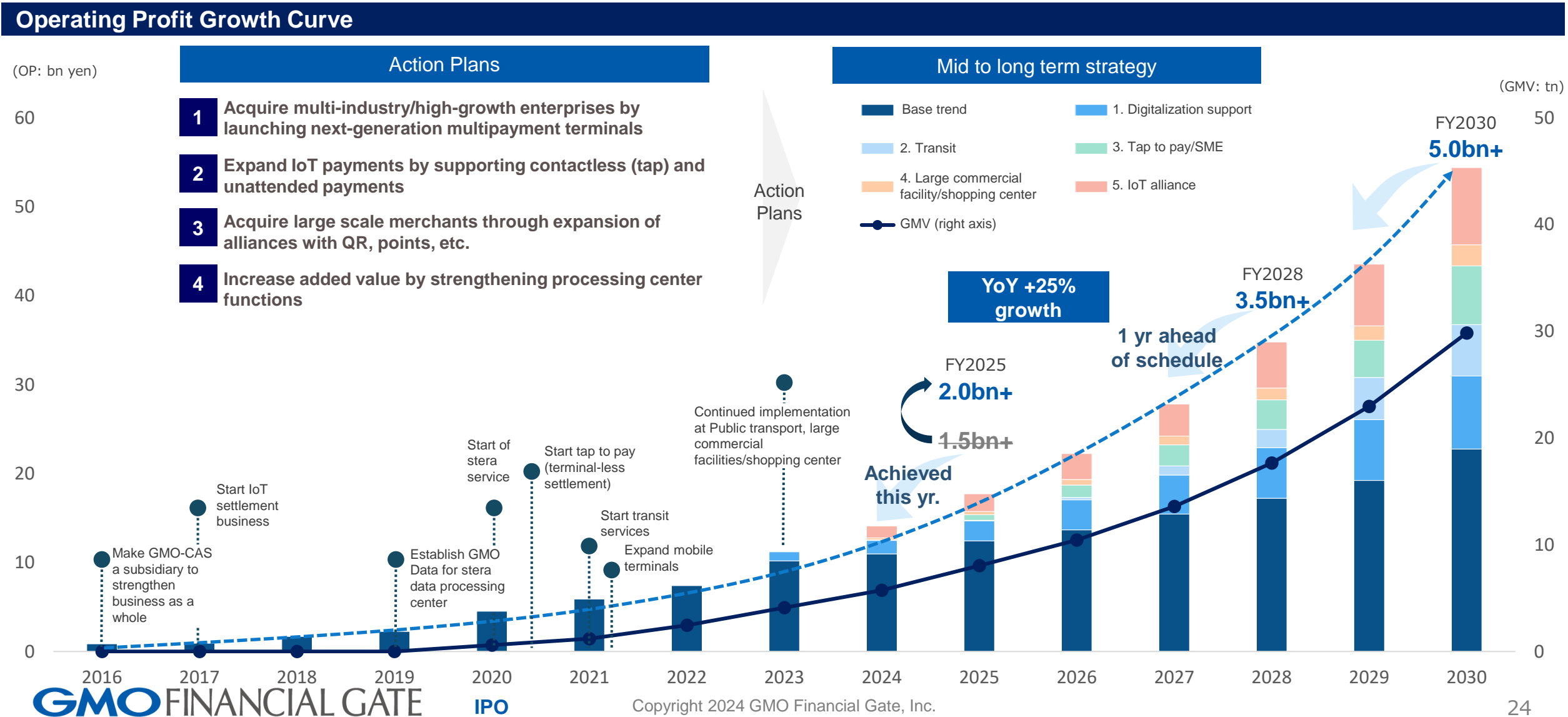
5.1 Cashless Ecosystem Vision (At IPO)

The cashless ecosystem vision explained at IPO is progressing as originally planned. Active IDs for all payment scenes are expanding - developing and expanding solutions assets with higher added value.



5.2 Mid-term Financial Plan

OP of 1.5bn yen has been achieved this year ahead of schedule – will strive to achieve operating profit of 5.0bn yen in 2030 one year ahead of schedule



5.3 ARR Expansion

Increase in ARR for FY24. Will continue Vertical X Horizontal strategy for large corporate groups
Will continue increasing ARPU beyond FY2025

ARR

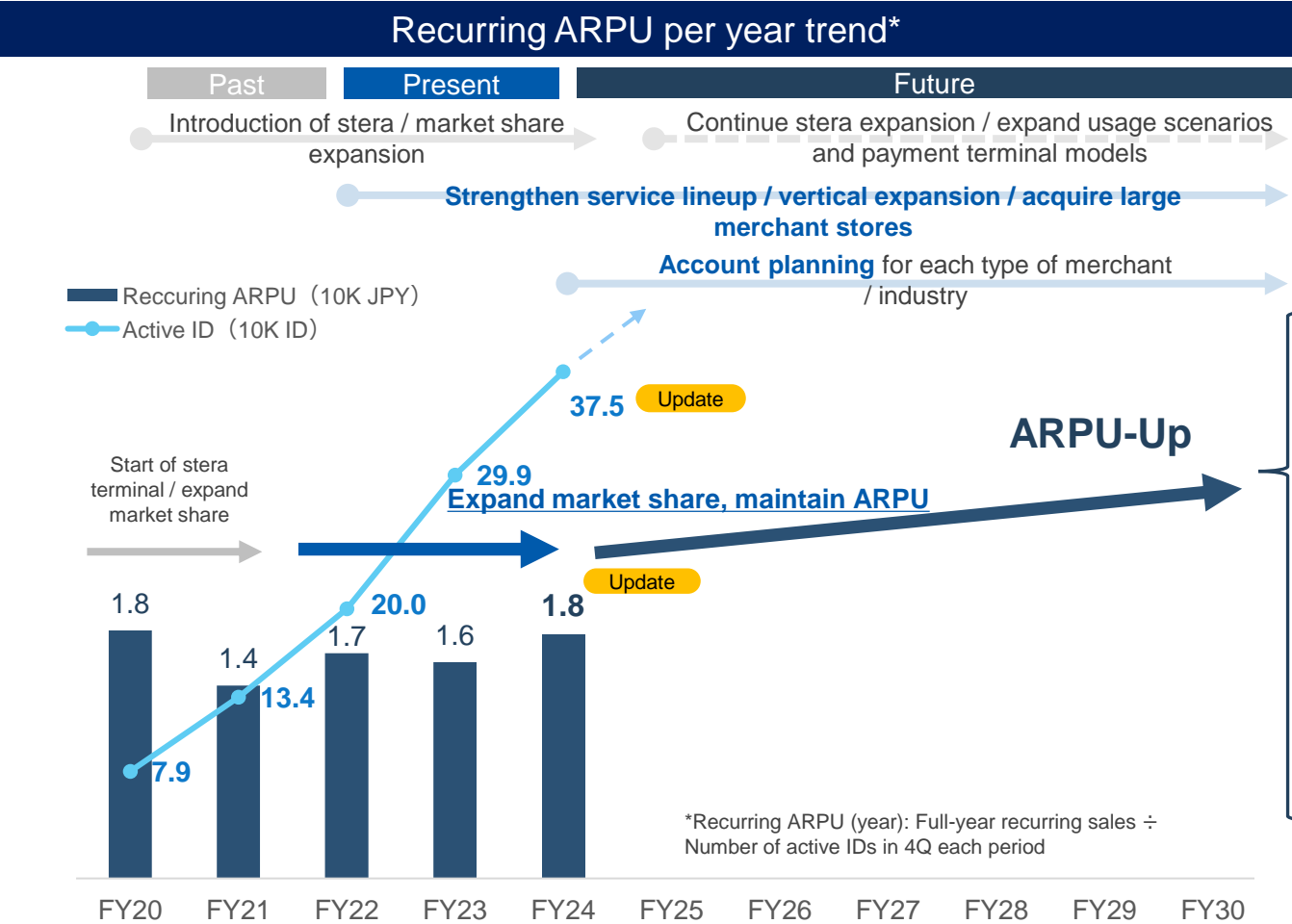
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Active IDs

×

ARPU

*ARR : Annual Recurring Revenue (yearly recurring model revenue)



ARPU improvement measures

Large Corporate Groups

ARPU-Up Recurring ARPU: Approx. 20-30K JPY

- Aim to further increase active ID and improve ARPU with Horizontal × Vertical

Approx. 2x Recurring APRU

SME

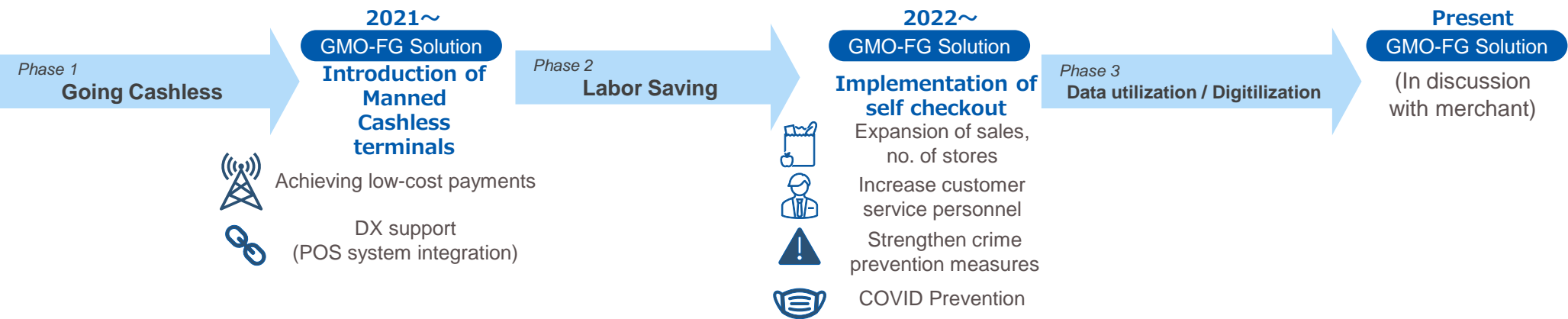
Maintain ARPU Recurring ARPU: Approx. 10-10.5K JPY

- Expand subscription model based packaged product offering
- Target small to medium-sized merchants with highly active terminals

5.4 Win-Win Ecosystem Formation Case Study

Providing solution assets to solve merchant business issues
Forming a win-win ecosystem where merchant sales and our ARPU grow together

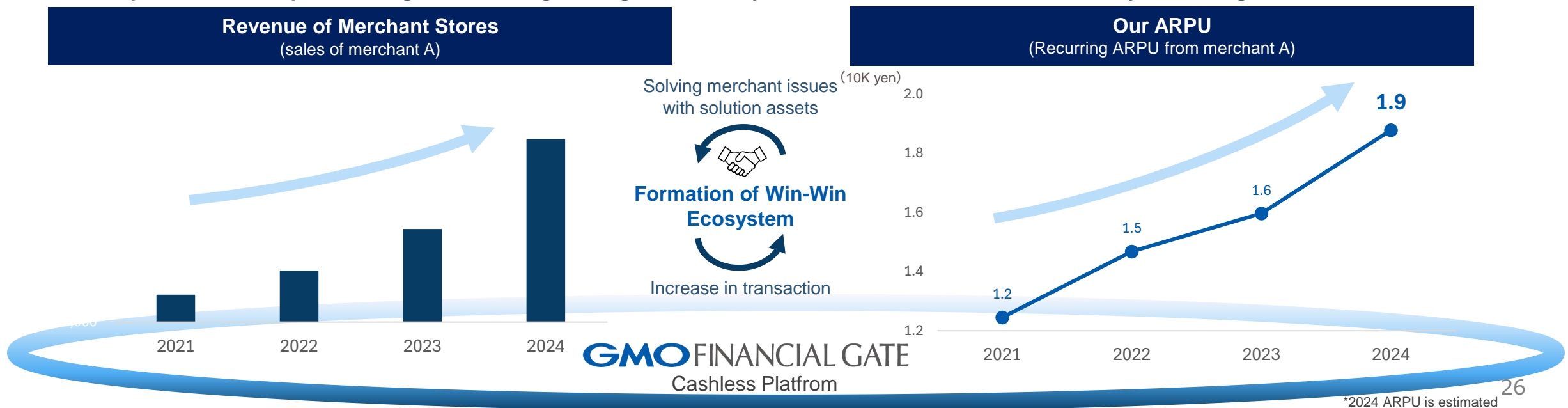
Solving Merchant Issues



Formation of Win-Win Ecosystem

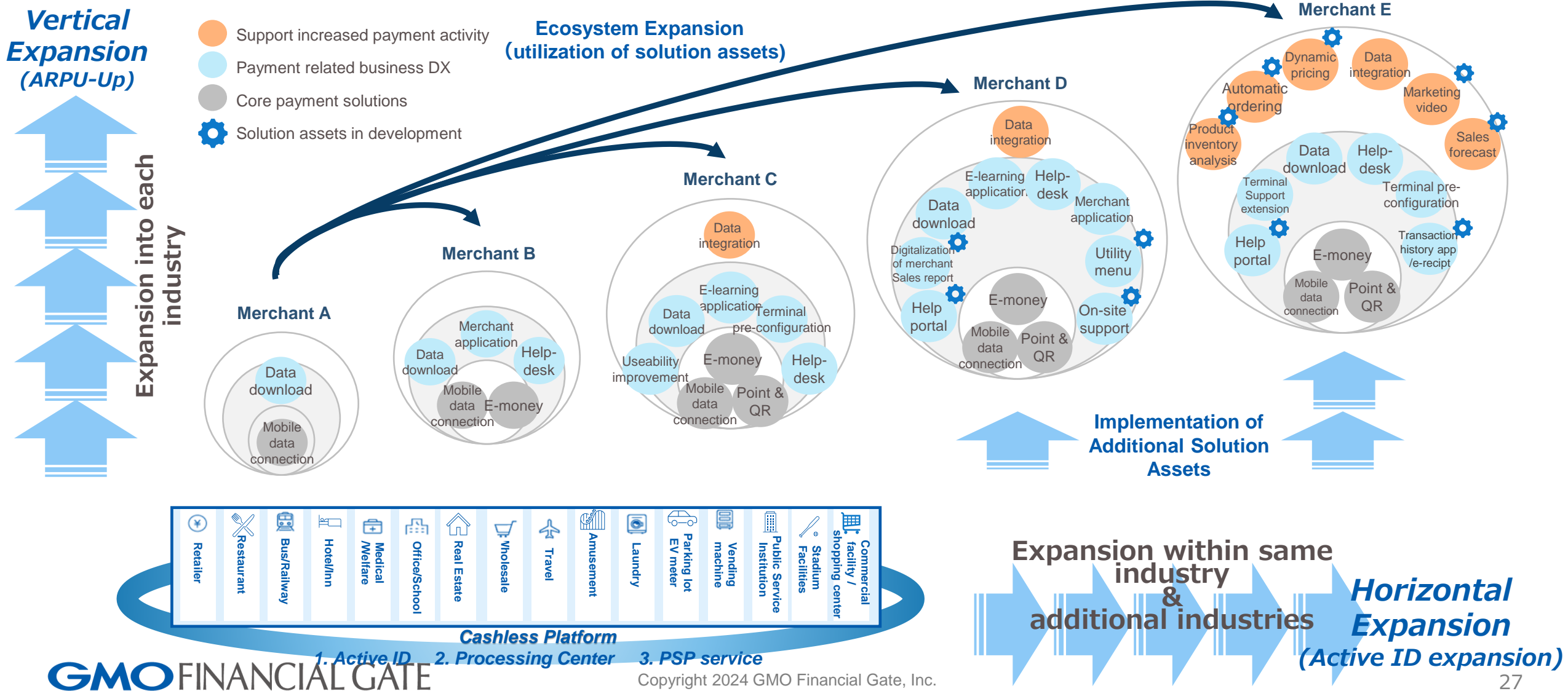
Merchant: Improve sales and profit through labor saving and higher efficiency

Increase ARPU by increasing active IDs



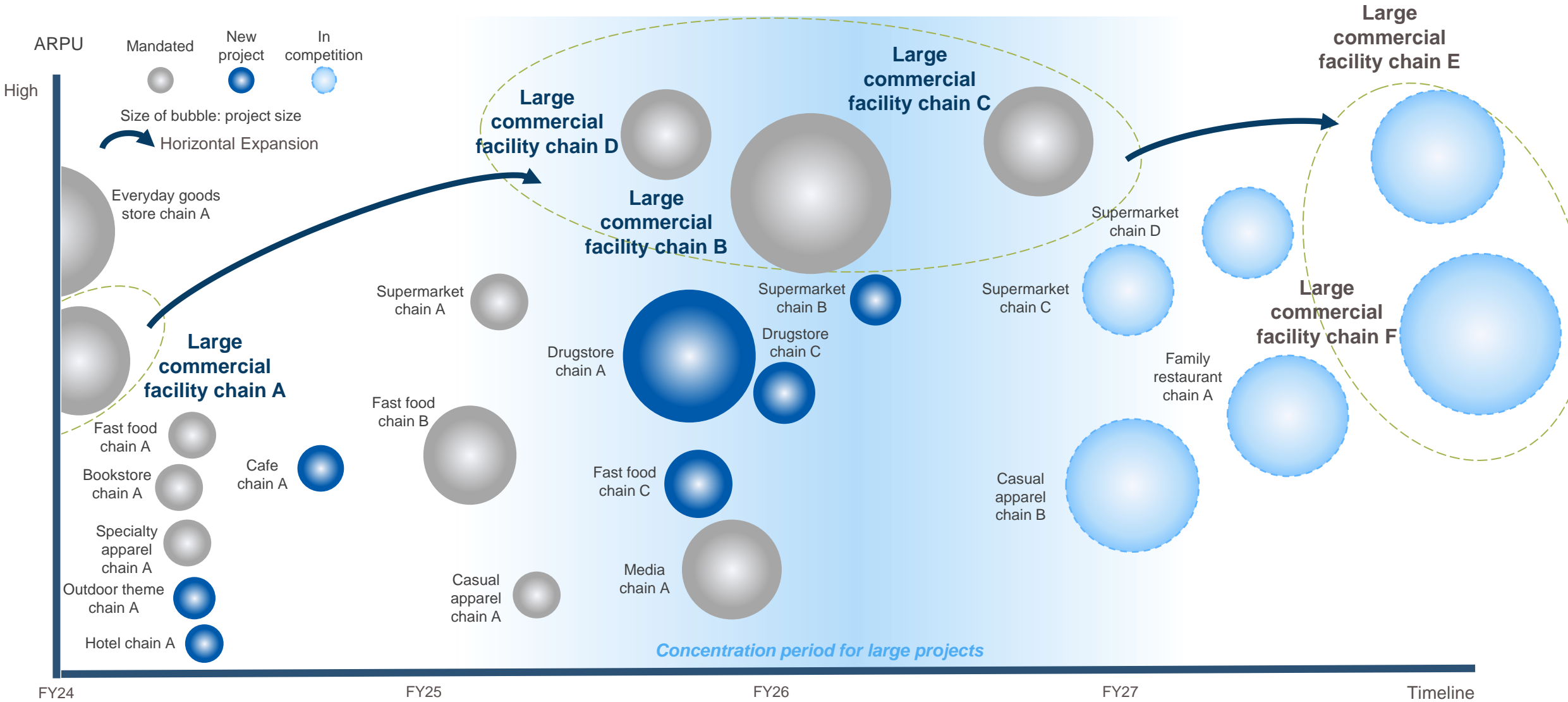
5.5 Ecosystem Expansion

Leveraging solution assets to efficiently install payment solutions into new merchants
Will focus on digitalization (DX) for merchant operations and development new products that will contribute to active terminals recurring revenue



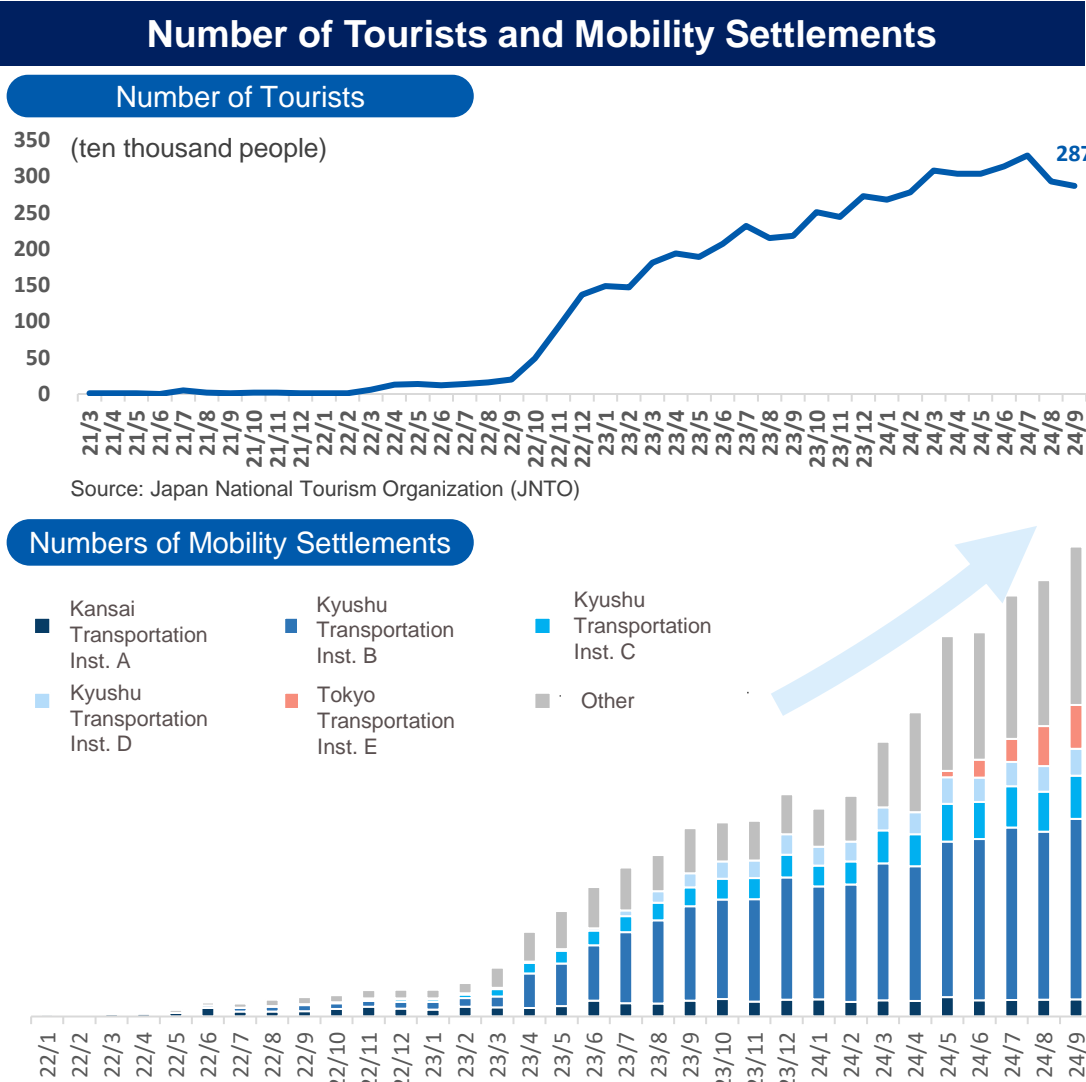
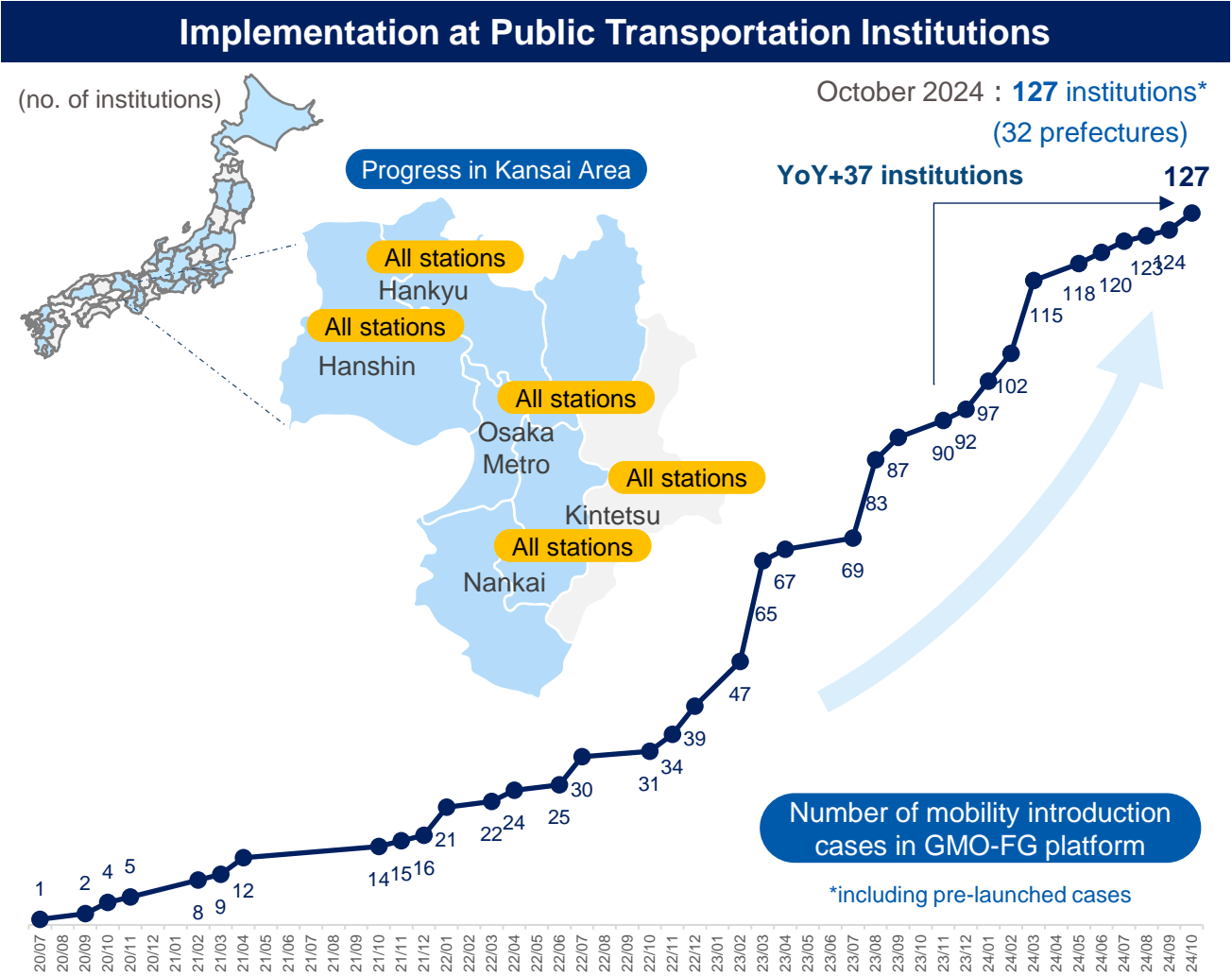
5.6 Progress of Project Pipelines

Expansion of pipelines for large commercial facility chains - two large projects scheduled beyond FY27
Expect concentration period for large projects in 2H of FY25 to 1H of FY26



5.7 Expansion of Payment Platforms - Mobility Domain

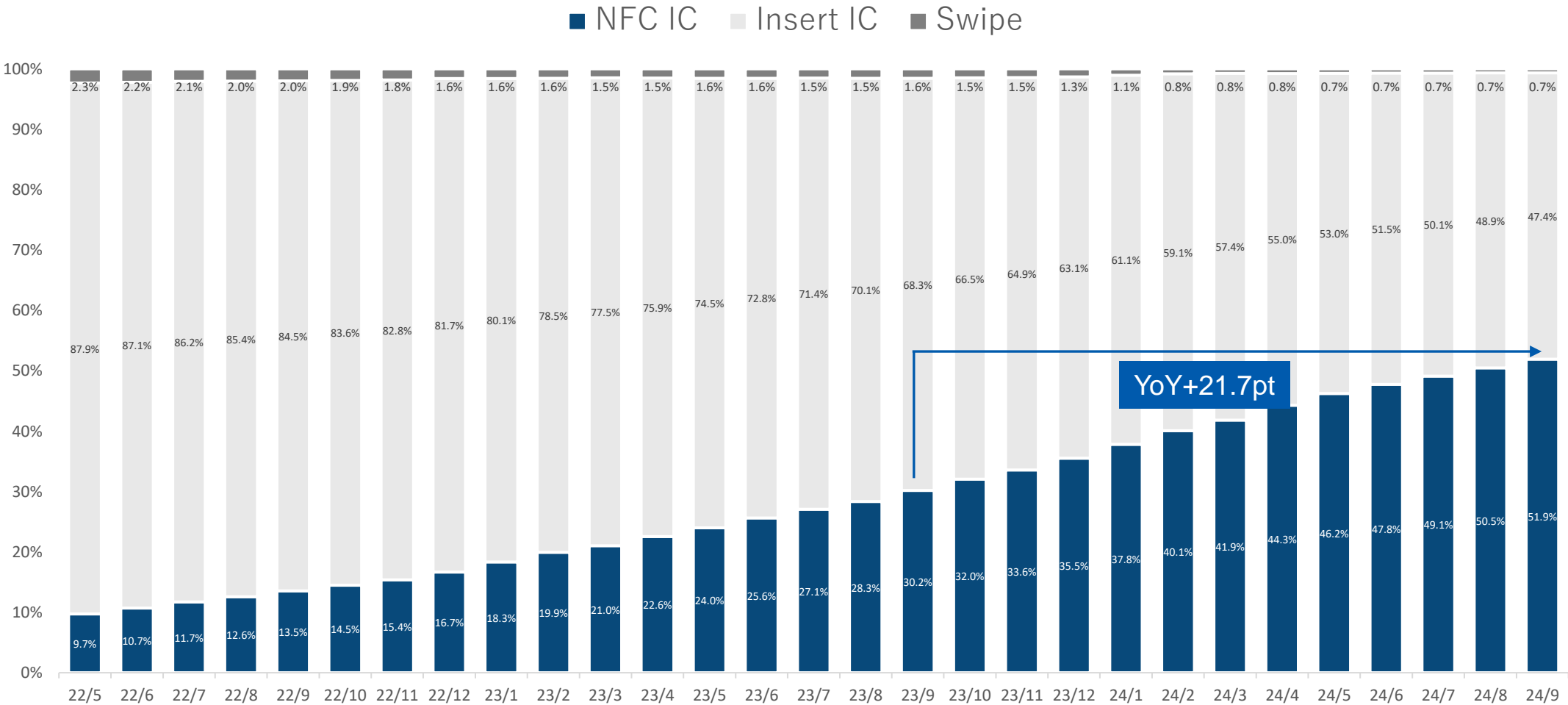
127 institutions have installed the mobility domain due to the number of overseas traveler increase.
548 stations in Kansai Area has started service officially across five institutions



5.8 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

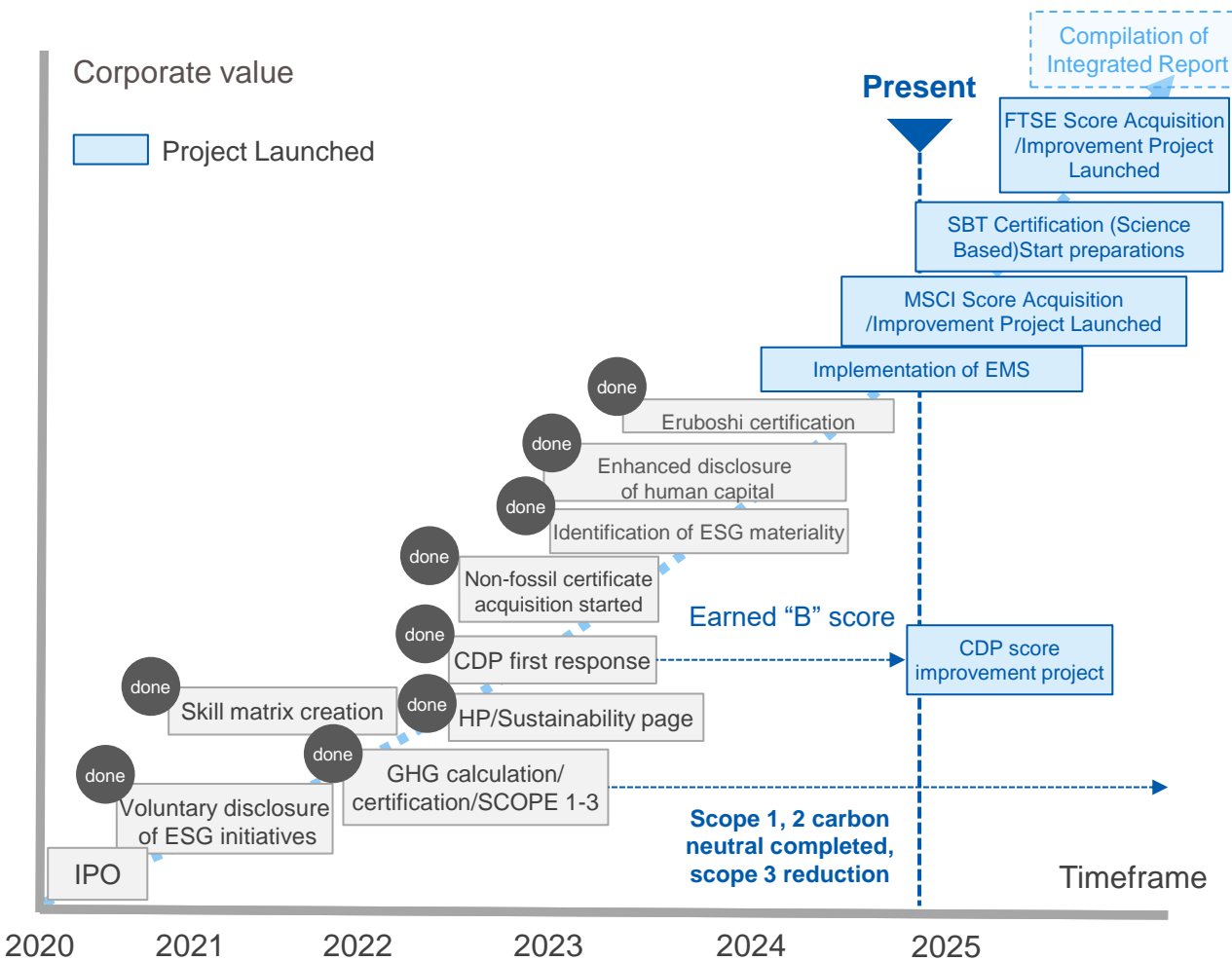
Credit and debit payments at our centers / Proportion of payment methods



5.9 Expanding ESG Initiatives

Received "Eruboshi Certification (2 stars) as a company that promotes women's active participation as from the Ministry of Health, Labor and Welfare
Plan to introduce EMS(environmental management system) *1 to improve ESG rating

ESG Initiative Roadmap



To Do's

Implementation of Environmental Management System (EMS)*1

- Visualize energy usage status and reduce burden on the environment
- Aim to improve score of each ESG rating agency by implementing EMS

Promote MSCI score acquisition/improvement project

- Continue cooperation with external consultant regarding ESG rating (MSCI, Sustainalytics)
- Strategically improve disclosure levels including human capital
- By improving ratings, aim to be included in MSCI index in Sept. 2025

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.
- A project has been launched to reduce greenhouse gases, and targets will be set at the same time as the introduction of EMS. Continued dialogue with payment terminal manufacturers

CDP score improvement project

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

Creation of Integrated Report

Formed Project Team

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

*1 EMS : Abbreviation for environmental management system. The aim is to build a system that allows management to set and demonstrate environmental policies and goals when voluntarily promoting environmental conservation initiatives.

5.10 Implementation of IFRS

Introduced IFRS will benefit for realizing benefits in goodwill amortization, improving ease of comparison with other global companies, and to improve financial management as a group

Benefits of Implementing IFRS
<ul style="list-style-type: none"> ● Realize benefits in goodwill and impairment ● Improving ease of comparison with other global companies ● Improving group business/financial management mid to long term
Financial Impact*
<p><u>Minor impact on both B/S and P/L</u></p> <p>(Main changes)</p> <p>B/S</p> <p>Head office building rental contract, non-amortization of goodwill, and accrued paid holidays</p> <p>P/L</p> <p>Non-amortization of goodwill, recording of reserve for accrued paid vacation</p>

Schedule			
Date	Disclosure Material	Accounting Standard	
Nov. 2024	FY2024 Summary of Financial Results	J-GAAP	
Nov. 2024	FY2024 Consolidated Financial Statements	J-GAAP	
Dec. 2024	FY2024 Securities Report	IFRS	
Impact on P/L (FY2024)			
	J-GAAP	IFRS	Difference
Revenue	18,705	18,705	0
Operating Profit	1,514	1,531	+17
Profit attributable to owners of parent	986	1,013	+27
(mn yen)			

(mn yen)

*Financial impact currently undetermined Details to be announced in December 2024.

5.11 2024 Award for Excellence in Corporate Disclosure

Received “2024 Award for Excellence in Corporate Disclosure” for the 2nd consecutive year from The Securities Analysts Association of Japan
Will continue to strengthen disclosure and dialogue with investors

ディスクロージャー
新興市場銘柄
2024年度 優良企業



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

Award-winning message video <https://www.saa.or.jp/standards/disclosure/selectiont>



Source: Weekly Toyo Keizai, November 2, 2024,
article advertisement by the Securities Analysts Association of Japan

Supplemental Information

Financials, Investment / Shareholder Returns

6

6.1 Profit & Loss

Japanese GAAP

(Thousand)	FY2023 actual	FY2024 actual	YoY
Revenue	15,909,069	18,705,381	+17.6%
COGS	12,003,608	12,659,146	+5.5%
Gross profit	3,905,460	6,046,234	+54.8%
SG&A	2,785,136	4,531,743	+62.7%
Operating profit	1,120,324	1,514,491	+35.2%
Ordinary profit	1,114,159	1,497,027	+34.4%
Profit attributable to owners of parent	746,433	986,682	+32.2%

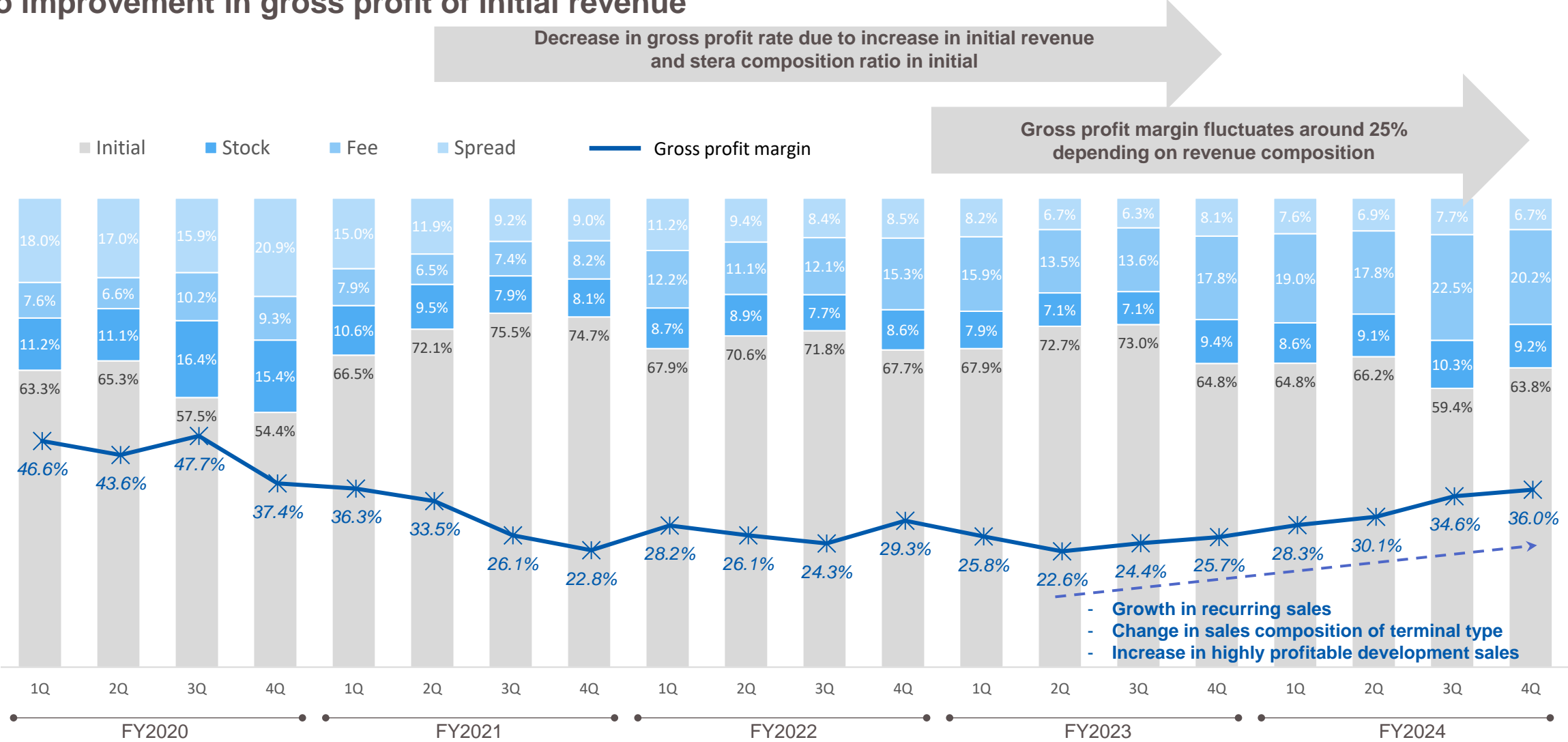
6.2 Revenue by business model (Quarterly)

Japanese GAAP

(mn yen)	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	Q1 FY2024	Q2 FY2024	Q3 FY2024	Q4 FY2024
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	2,586	3,262
Stock-model	430	427	495	569	686	683	841	921	1,047	1,091	1,277	1,375	1,581	1,603	1,765	1,847
Stock	135	145	160	182	185	206	229	244	259	283	334	366	387	431	446	472
Fee	101	99	149	183	261	259	361	434	519	539	643	693	853	842	981	1,032
Spread	193	181	185	203	239	217	250	242	268	268	299	315	340	329	337	342
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	4,351	5,110

6.3 Changes in Revenue Composition and Changes in Gross Profit Margin

Gross profit margin fluctuates depending on revenue composition - has increased for 6 consecutive quarters
Terminal device composition change and the contribution of higher margin software development revenue leads to improvement in gross profit of initial revenue

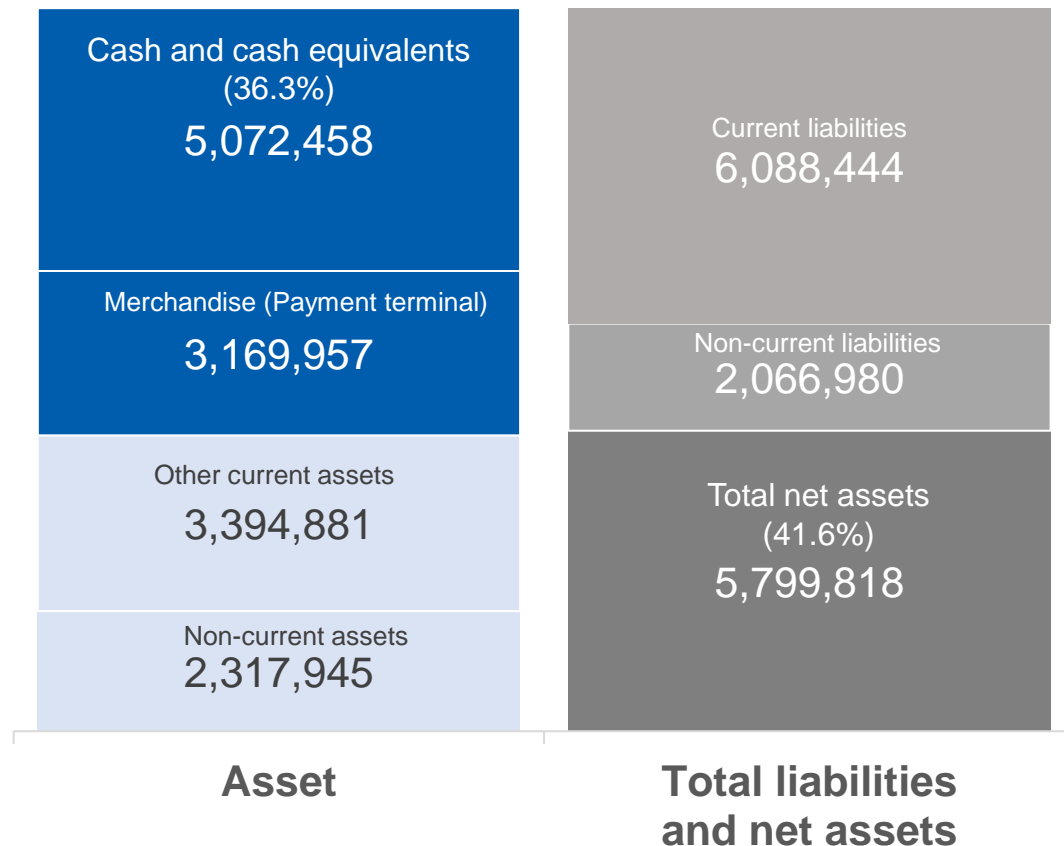


6.4 Balance sheet

Japanese GAAP

No major changes

End of Q4 FY2024 (thousands)



■ Note

Merchandise: ¥ 3.16 bn

Increased by 0.21bn from Q3

Current liabilities: ¥ 6.08 bn

Increased by 2.56 bn mainly due to increase accounts payable

Non-current liabilities: ¥ 2.06 bn

No major changes from Q3

Cash and cash equivalents: ¥ 5.07 bn

Increase of 0.81 bn from Q3

6.5 Balance sheet (Quarterly)

Japanese GAAP

(mn yen)			Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023	Q2 FY2023	Q3 FY2023	Q4 FY2023	Q1 FY2024	Q2 FY2024	Q3 FY2024	Q4 FY2024	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	4,256	5,072	+815	+1,056
		Merchandise	1,615	2,177	2,523	1,545	1,507	2,511	3,131	2,733	2,396	3,077	3,344	2,959	3,169	+210	+773
		Others	741	868	1,007	884	990	1,527	1,520	1,412	1,093	1,555	1,557	2,111	3,394	+1,283	+2,301
	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	1,911	2,317	+406	+560
	Total assets		7,136	5,879	6,593	6,157	6,638	7,326	8,493	8,617	9,262	10,376	11,011	11,238	13,955	+2,716	+4,693
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	3,519	6,088	+2,569	+3,483
	Non-current liabilities		40	37	33	30	39	39	539	1,540	1,541	2,042	2,062	2,064	2,066	+2	+525
Net Asset			4,376	4,304	4,425	4,552	4,671	4,485	4,732	4,962	5,115	5,036	5,329	5,654	5,799	+145	+684
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	11,238	13,955	+2,716	+4,693

6.6 Consolidated KPIs (Number of Active Terminals)

Japanese GAAP

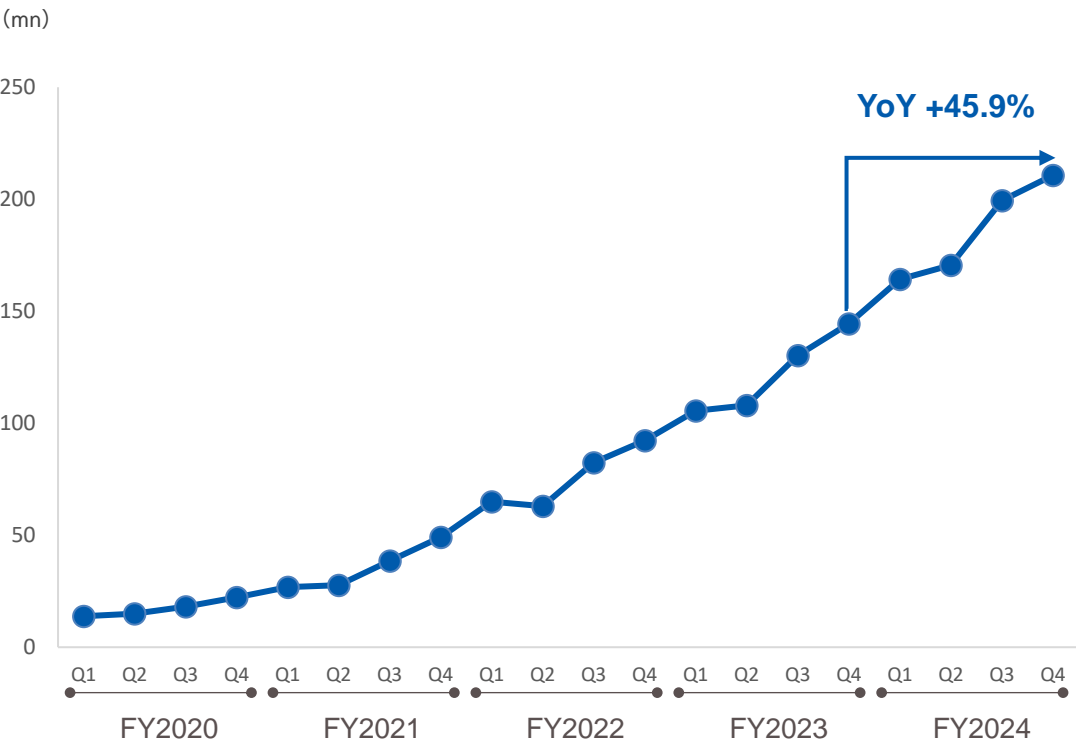
As the trend of self-service and labor-saving continues, IoT terminals continue to increase
unmanned terminals continue to increase

(thousand)	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 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	258.3	268.3	277.5	+9.2 (+3.4%)	+55.2 (+24.9%)	
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	69.5	72.4	+2.8 (+4.1%)	+15.2 (+26.7%)	
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	20.4	20.7	+0.2 (+1.3%)	+1.3 (+6.9%)	
Terminal-less	*due to launch of 「stera tap」, Terminal-less will be separated from “sold by others” from Q3 FY24															3.0	4.6	+1.6 (---%)	+4.6 (---%)
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	361.3	375.3	+13.9 (+3.9%)	+76.5 (+25.6%)	

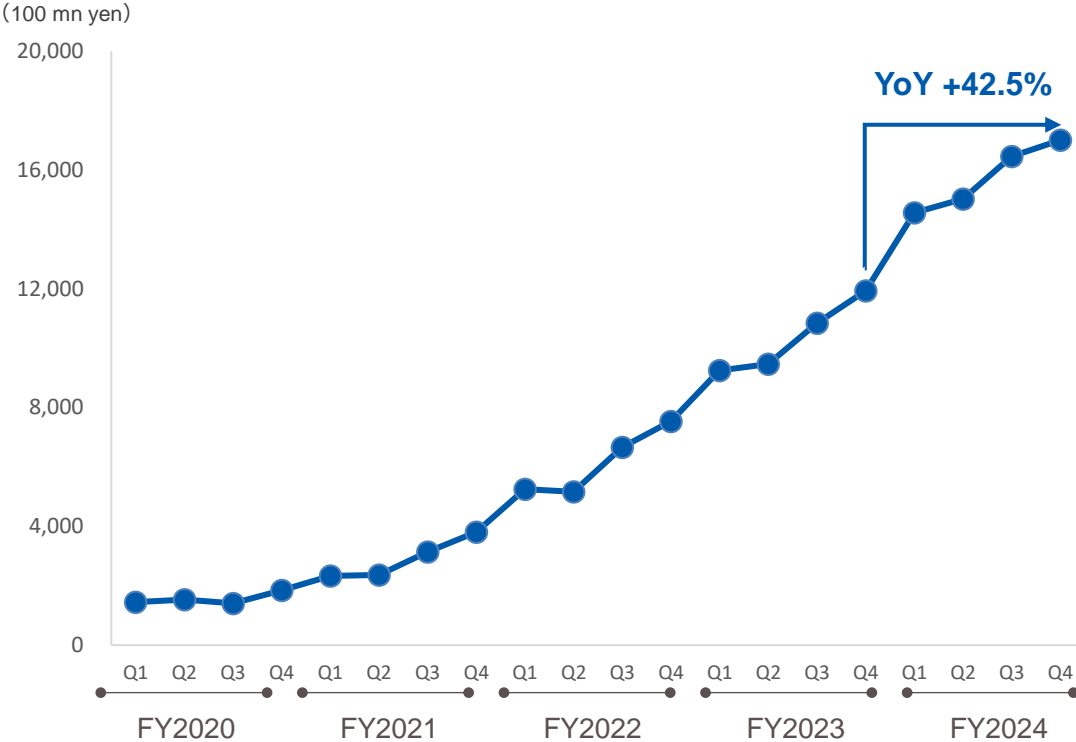
6.7 Consolidated KPI (Quarterly Transaction volume / GMV)

Both the number of payments processed and GMV are steadily increasing at a high level

Number of Transaction Volume



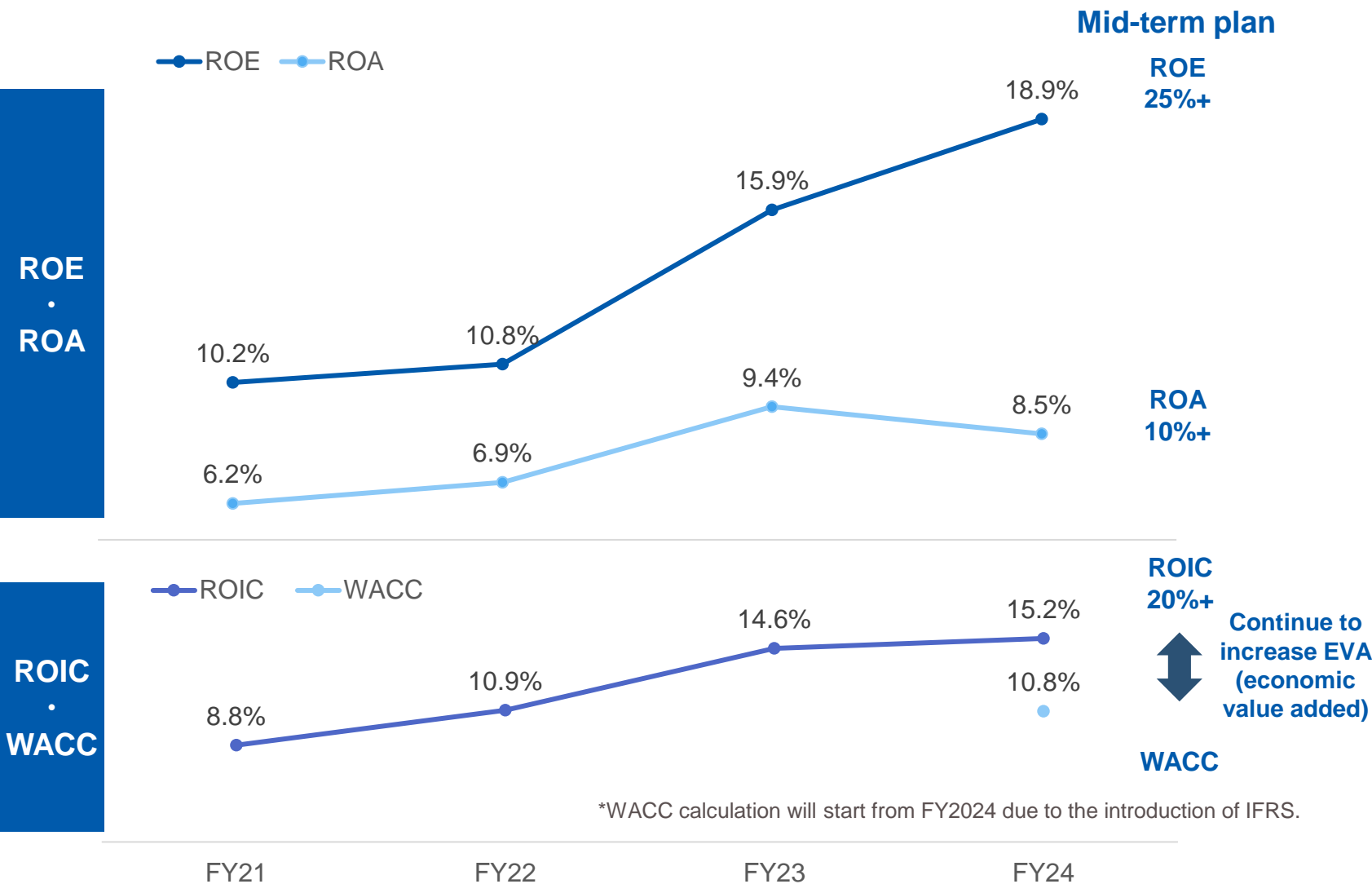
Transaction Value (GMV)



	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q3 FY22	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 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	19,935	21,066
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	16,451	17,000
(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	8,252	8,070

6.8 Efficiency Indicators and Cost of Capital

Management that is conscious of efficiency, investment return, and capital cost



Future Measures

ROE

- Increase profit level by improving recurring type sales
- Execution of fellowship projects that contribute to profit growth

ROA

- Decline due to increase in cash and cash equivalents and provision for chargebacks
- Aim for improvement by optimizing inventory management and increasing high-margin recurring sales

ROIC

- Implementing growth investments with sound investment returns and M&A

WACC

- Aim for stable WACC by maintaining financial soundness, pursuing optimal capital structure, and providing timely information to investors

6.9 Capital Allocation Policy

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

Investment Source Funding Policy

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

(1) Operating Cash Flow

Leverage operating CF from continuous profit growth



(2) Interest-bearing debt, etc.

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



(3) Equity

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

Capital Allocation Policy

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

Business Investment

Business investment to implement market share expansion strategy

Growth Investments

Strategic investments in preparation for profit margin increase strategy

Shareholder Returns

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

6.10 Investment Policy

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

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

6.11 Shareholder Return Policy

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

Basic Policy on Shareholder Returns

Increase in corporate value

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

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

Stable and continuous dividends

- Stable and continuous dividend payments

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

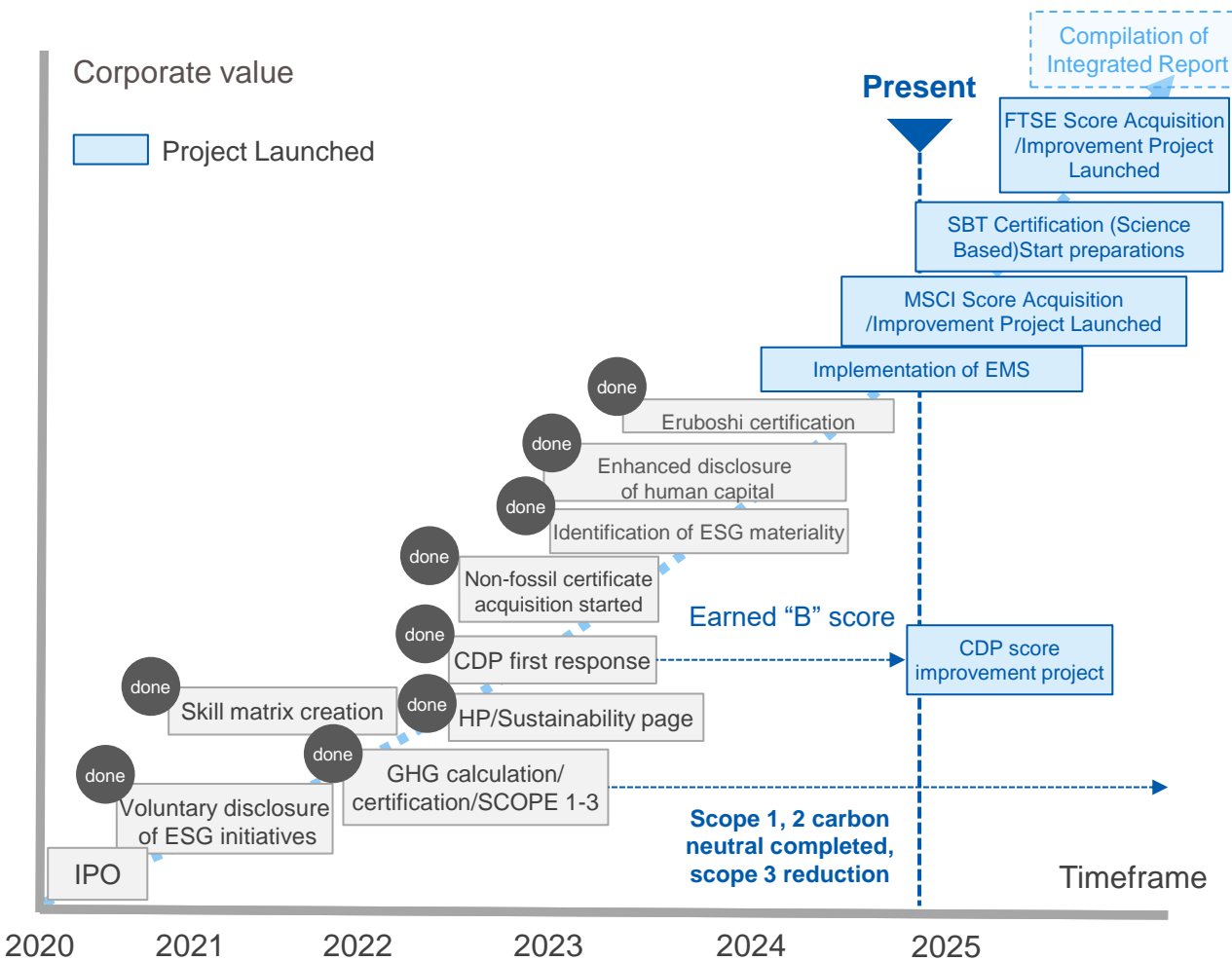
Supplemental Information

ESG Initiatives (Details)

7.1 (Reprint) Expanding ESG Initiatives

Received "Eruboshi Certification (2 stars) as a company that promotes women's active participation as from the Ministry of Health, Labor and Welfare
Plan to introduce EMS(environmental management system) *1 to improve ESG rating

ESG Initiative Roadmap



To Do's

Implementation of Environmental Management System (EMS)*1

- Visualize energy usage status and reduce burden on the environment
- Aim to improve score of each ESG rating agency by implementing EMS

Promote MSCI score acquisition/improvement project

- Continue cooperation with external consultant regarding ESG rating (MSCI, Sustainalytics)
- Strategically improve disclosure levels including human capital
- By improving ratings, aim to be included in MSCI index in Sept. 2025

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.
- A project has been launched to reduce greenhouse gases, and targets will be set at the same time as the introduction of EMS. Continued dialogue with payment terminal manufacturers

CDP score improvement project

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

Creation of Integrated Report

Formed Project Team

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

*1 EMS : Abbreviation for environmental management system. The aim is to build a system that allows management to set and demonstrate environmental policies and goals when voluntarily promoting environmental conservation initiatives.

7.2 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

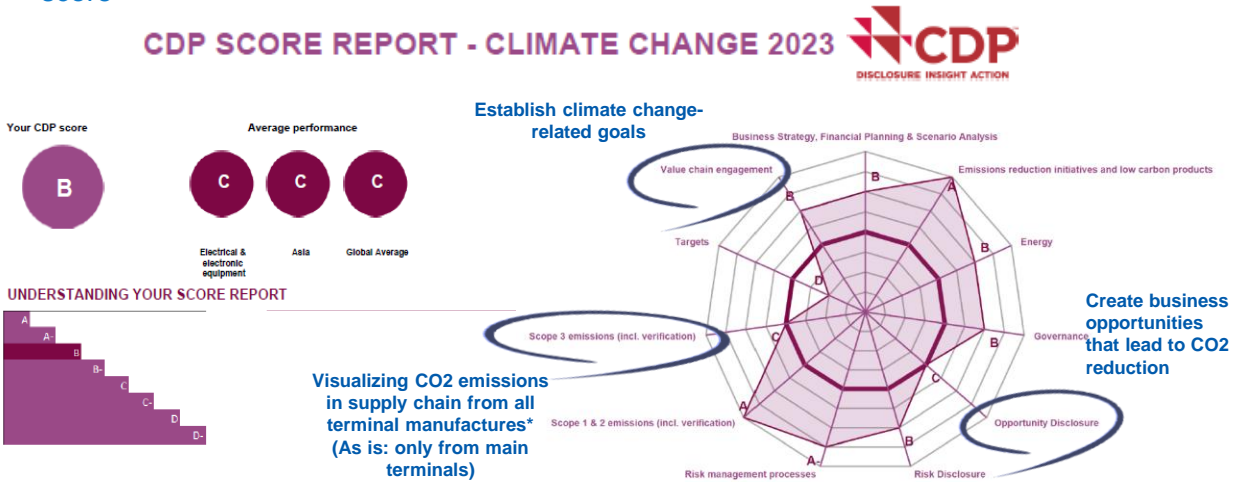
What is CDP

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



7.3 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.
- **Established Supply Chain Promotion Department to strengthen supply chain management** of payment terminals, paper rolls, 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

	FY2022	FY2023	FY2024
Supply chain CO ₂ emissions			
SCOPE 1 (t-CO ₂)	0	0	To be announced as soon as calculated
SCOPE 2 (t-CO ₂)	105	0	—
SCOPE 3 (t-CO ₂)	13,927	19,501	—
Electricity consumption for SCOPE 1 and 2 (kwh)	231,210	200,949	206,963

* 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.
* Effectively 100% renewable energy by using renewable energy corresponding to the amount of electricity used in SCOPE2.
* SCOPE3 (Categories 1-11, upstream and downstream) are available on our Sustainability page (ESG-related data).

<https://gmo-fg.com/en/sustainability/esg-data/index.html>

7.4 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	FY2024
Number of Partners*	124	148	161
(Breakdown) Number of employee partners	96	108	123
(Breakdown) Number of temporary partners	28	40	38
Percentage of women among employee partners	22.8%	32.4%	29.8%
Percentage of women in management partners	14.3%	13.6%	11.5%
Average years of service	3y 7m	3y 10m	3y 10m
Average age	40.9	42.7	39.9
Turnover rate	9.5%	4.6%	6.5%

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

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

*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.

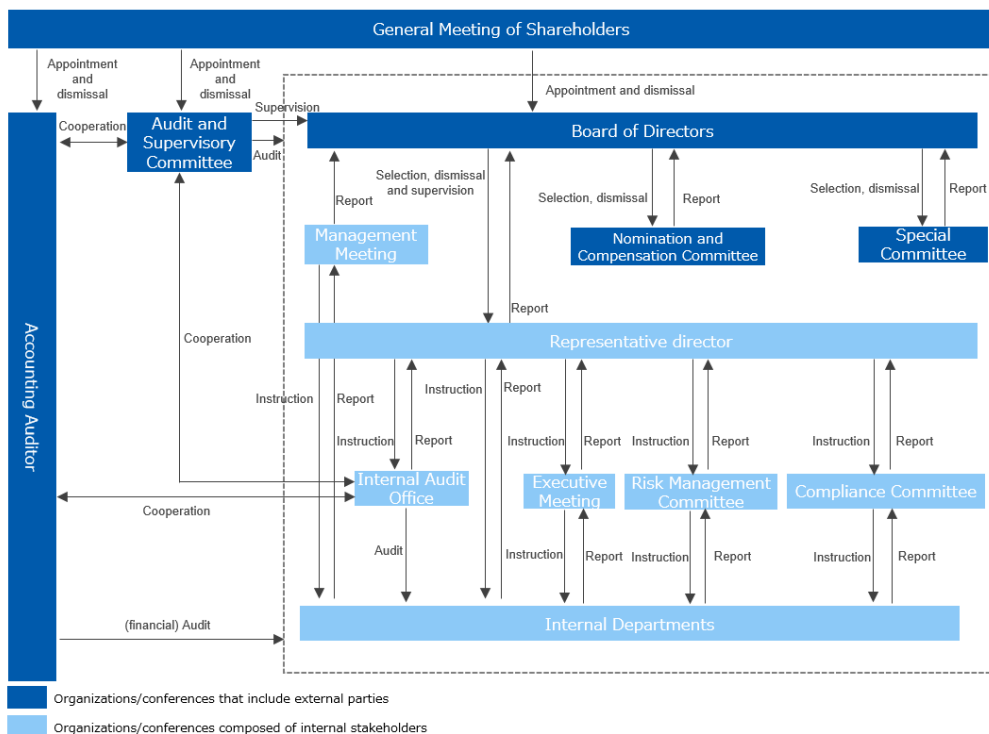
* From the fiscal year ending September 2023, contracted and dispatched partners will be excluded from the calculation of the turnover rate.

7.5 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	FY2024
Number of directors	9
Number of independent outside directors (%)	4 (44.4%)
Number of female directors (%)	1 (14.3%)

*Number and percentage of directors in office as of September 30, 2024.

Attendance rate at Board of Directors Meetings (FY2024)

[illegible]

* The above figures are for directors in office as of the fiscal year ending September 30, 2024.

Audit and Supervisory Committee(FY2024)

Times Held	Held/ Percentage	Shimamura Independent Outside Director	Asayama Independent Outside Director	Nagasawa Independent Outside Director	Ozawa Independent Outside Director
10 times	Times Attended	10	10	10	10
	attendance rate	100%	100%	100%	100%

Nomination and Remuneration Committee(FY2024)

Times Held	Held/ Percentage	Tamai	Koide	Shimamura	Asayama	Nagasawa
		Board Member	Board Member	Independent Outside Director	Independent Outside Director	Independent Outside Director
4 times	Times Attended	4	4	4	4	4
	attendance rate	100%	100%	100%	100%	100%

IR Activities

IR Activities	FY2022	FY2023	FY2024
Financial Results Briefing	4	4	4
Number of 1-on-1 meetings	267	232	286
Group meetings sponsored by brokerage firms	3	3	7

7.6 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 September 30, 2024.

7.7 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	<div>Nao Shimamura</div> <div>outside the companyIndependent Director</div>	<div>Rie Asayama</div> <div>outside the companyIndependent Director</div>	<div>Takayoshi Nagasawa</div> <div>outside the companyIndependent Director</div>	<div>Satoru Ozawa</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 September 30, 2024.

Supplemental Agenda

Appendix

GMO-FG is focusing on offline payment

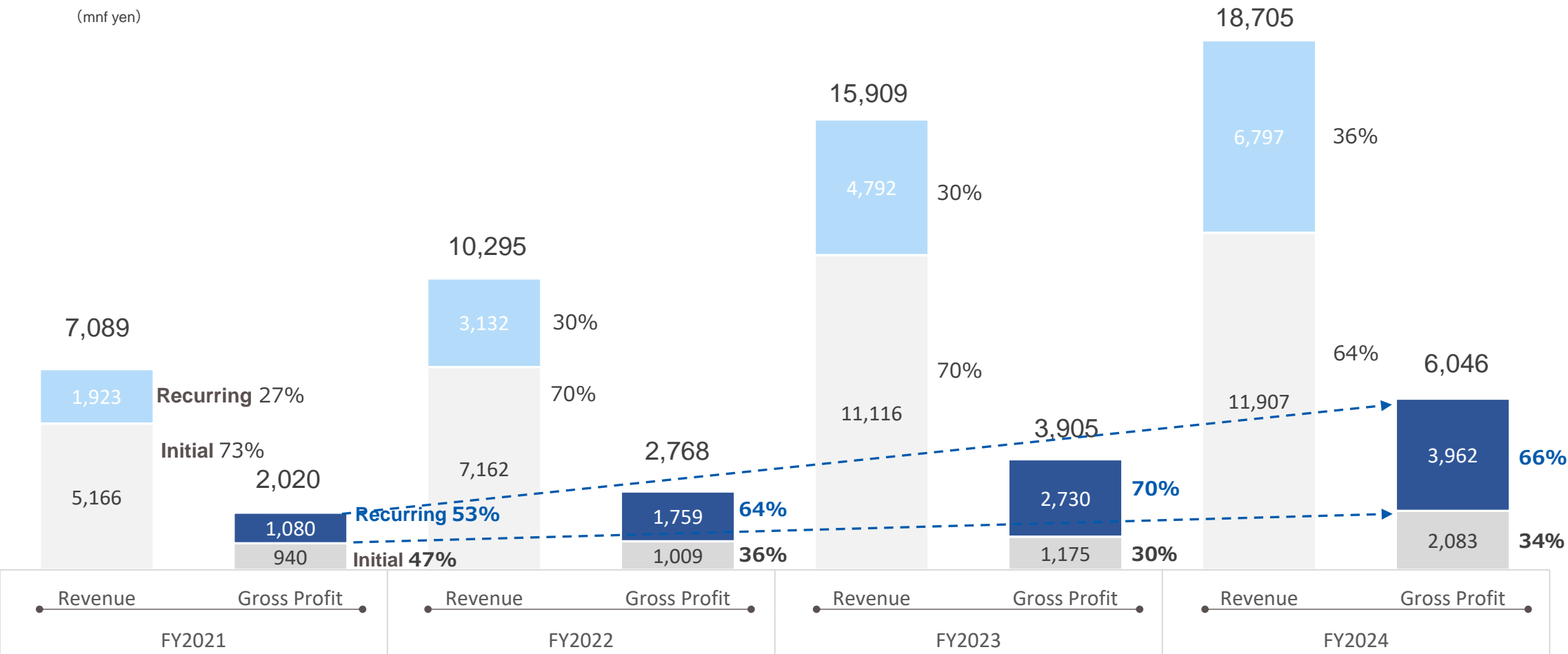
Company name	GMO FINANCIAL GATE		GMO PAYMENT GATEWAY	
Business Domain	GMO Financial Gate (Payment at Brick & Mortar + IoT)		GMO Payment Gateway (EC)	
Payment method	Payment by passing card/QR code over the reader		Payment by entering credit card information in PC / mobile phone	
Medium	Payment terminal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

- Physical hardware network
- Proprietary programming code specifications
- Regulation

Gross profit composition ratio

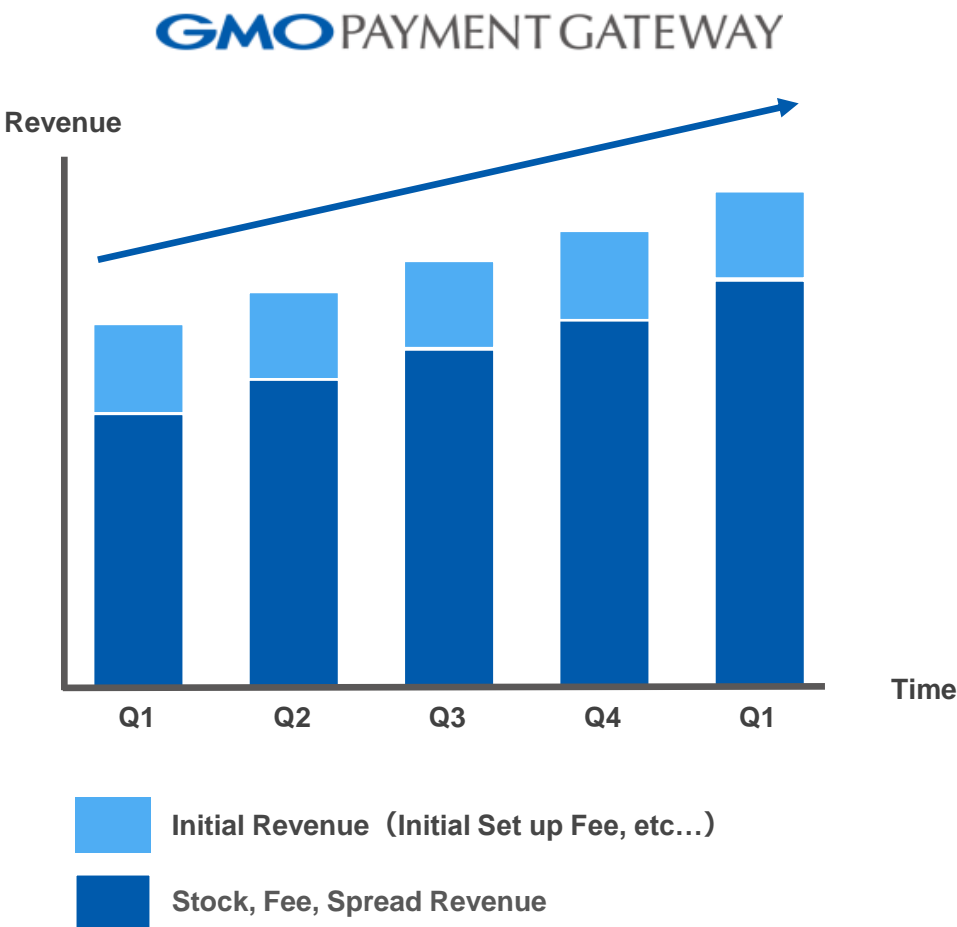
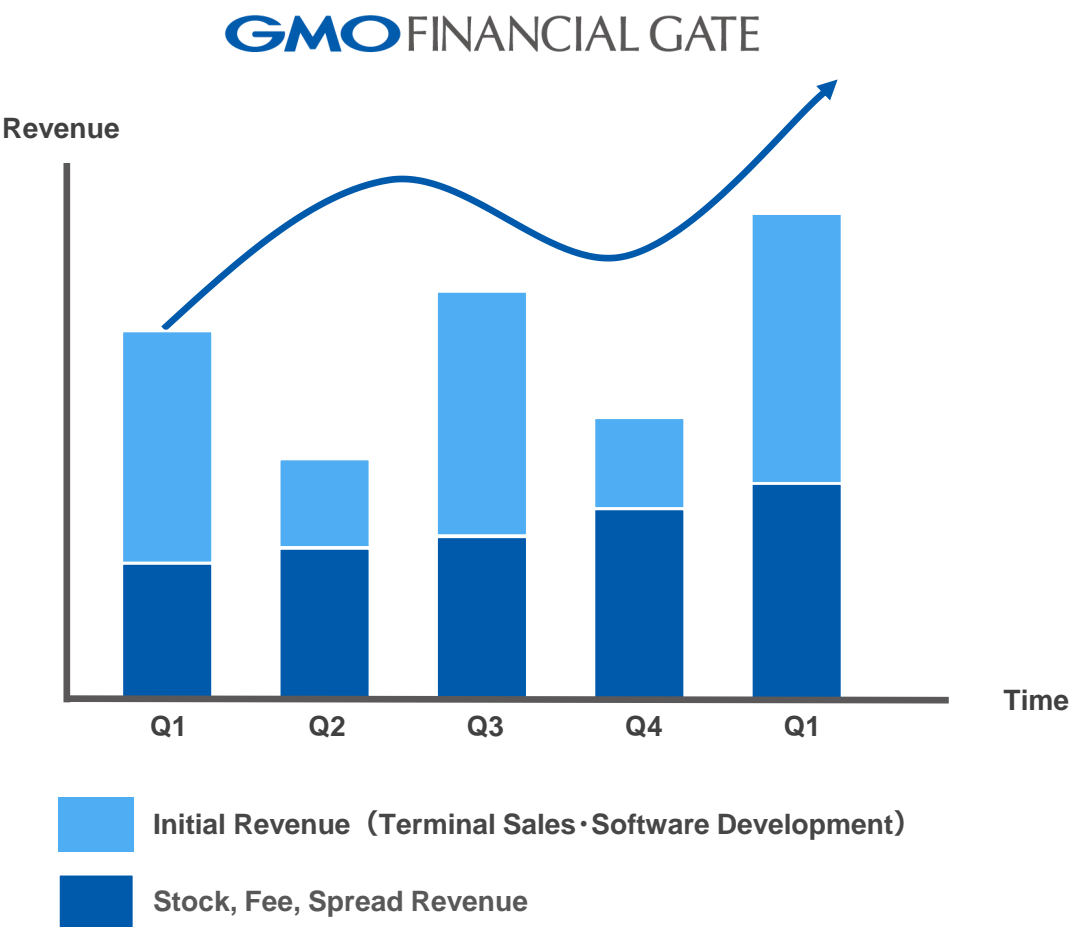
Growth in recurring revenue leads to steady profitability base

Composition by Product Category (Revenue and Gross Profit)

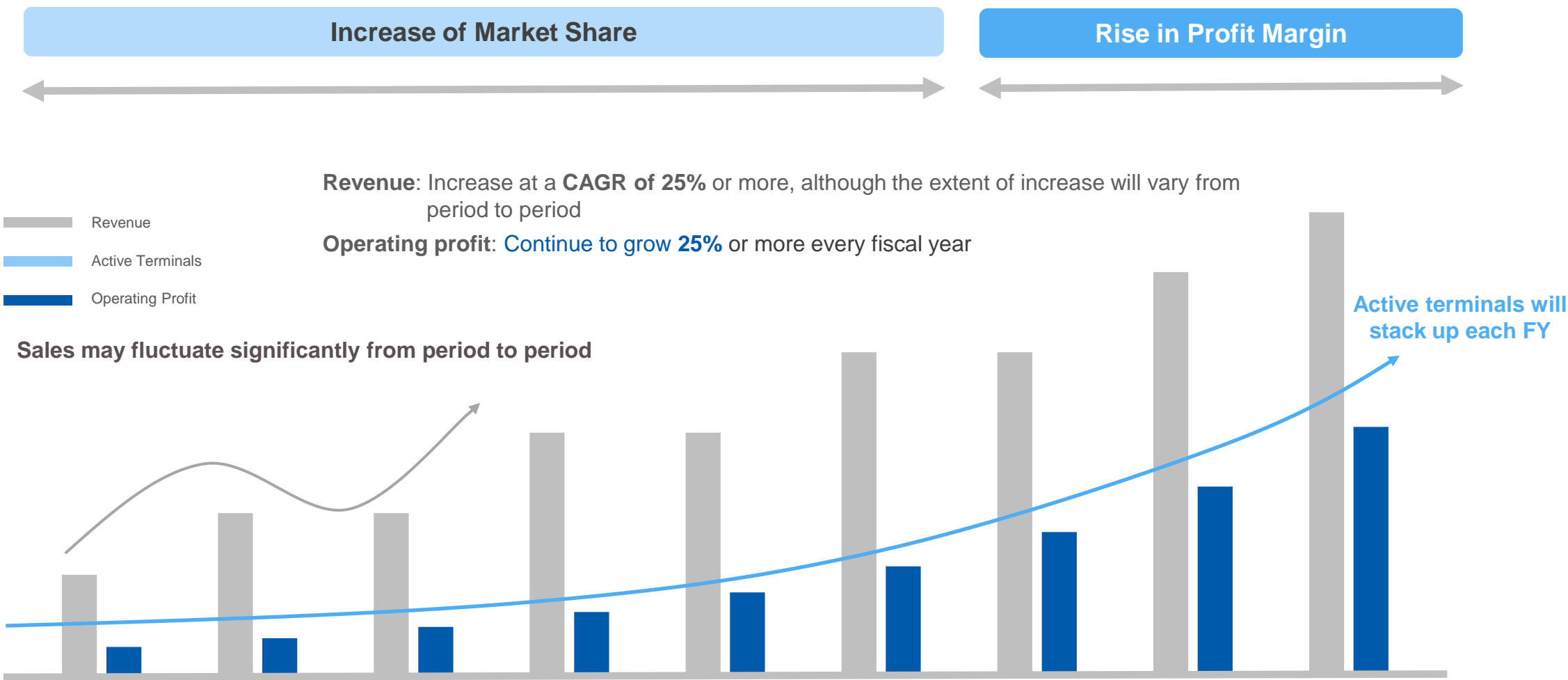


Rev Models: Financial Gate vs. Payment Gateway

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



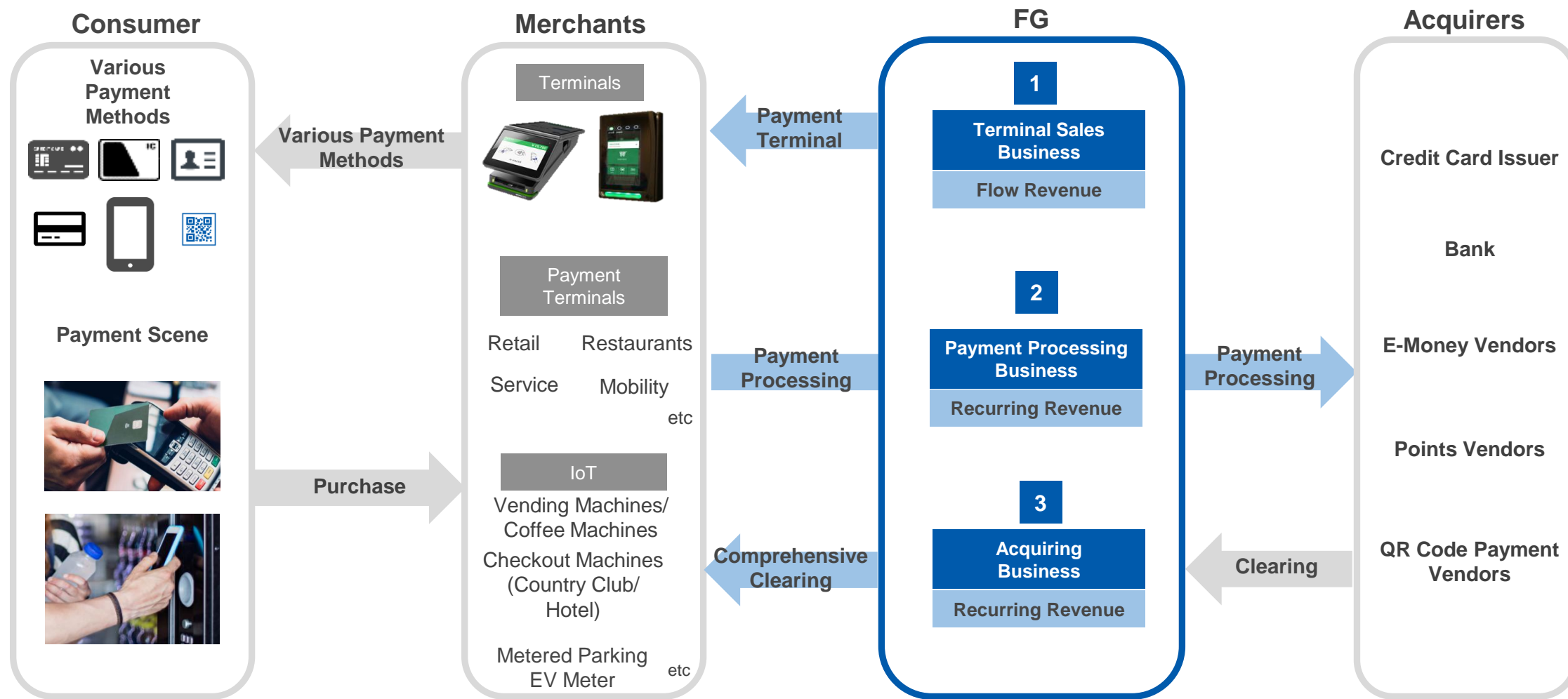
Market Share Expansion Phase: focus on sales/activation of payment terminals and revenue will be fluctuated.
Margin Increase Phase: recurring revenue will increase due to increase in active IDs which will contribute to operating profit growth



Three Biz Models Over a Single, One-Stop Platform

Business Model

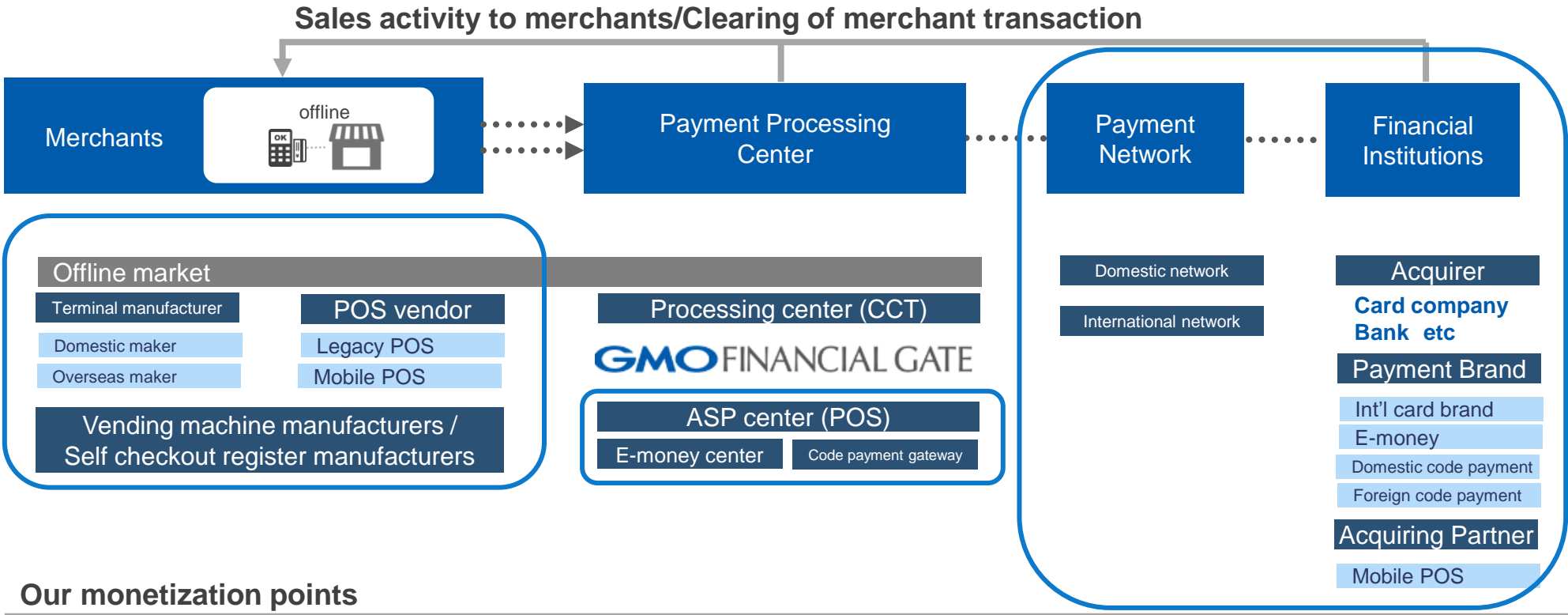
One-stop platform covering all settlement processes between merchants and acquirers



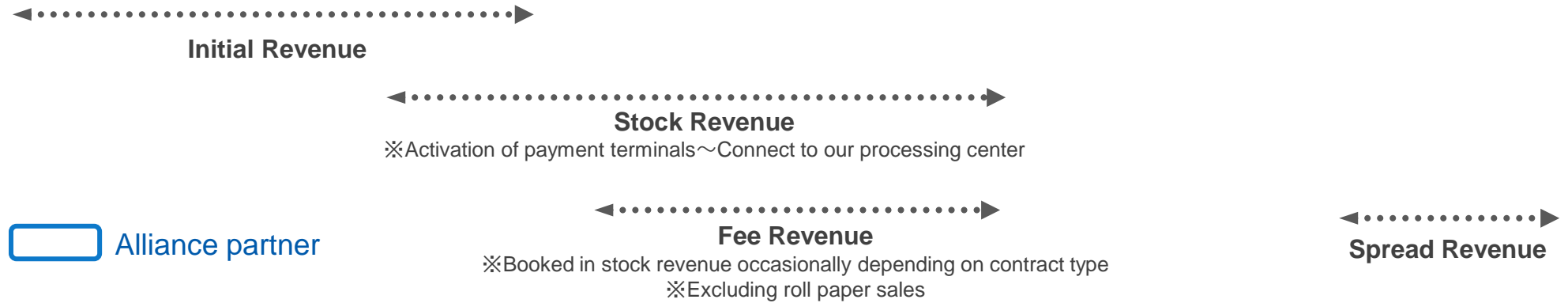
Stock Revenue Expansion Originating From Terminal Sales

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

Revenue Model	3 Business	4 Types of Revenue	% (FY2024)
Flow Model Rev	① Terminal Sales Business	Initial	63.7%
Stock Model Rev	② Payment Processing Business	Stock	9.3%
		Fee	19.8%
	③ Acquiring Business	Spread	7.2%



Our monetization points

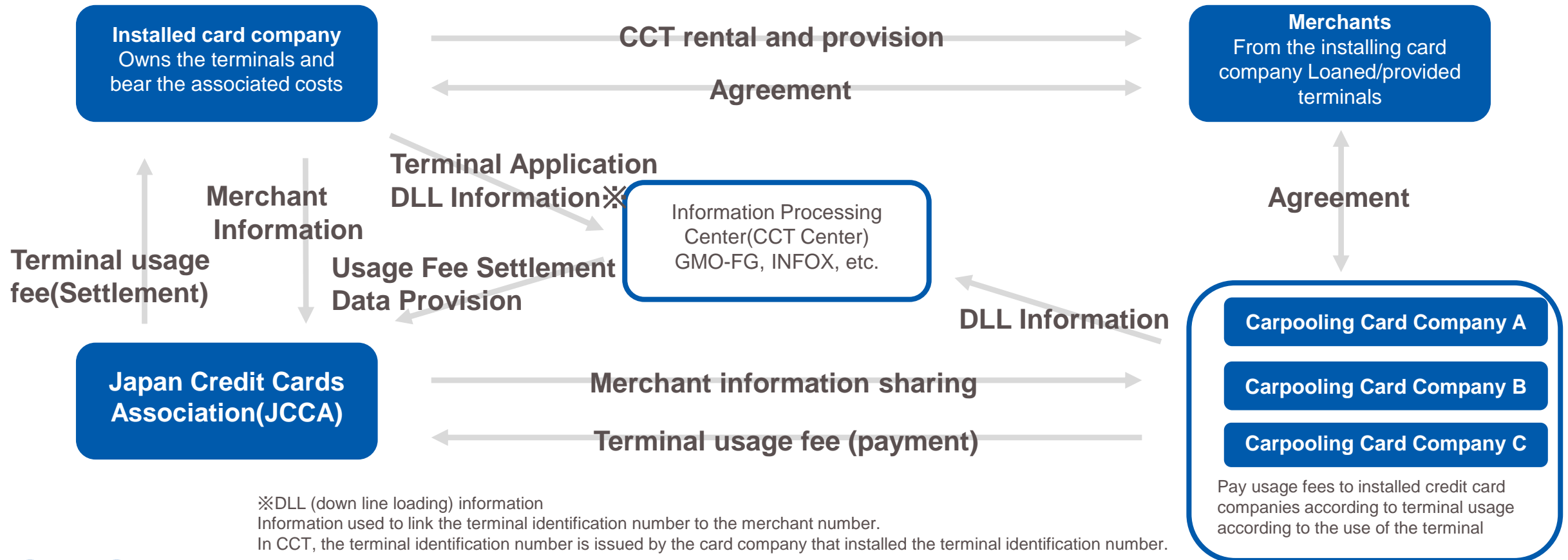


CCT (Credit Center Terminal, ⇒ Card company-owned terminal)

Business Model

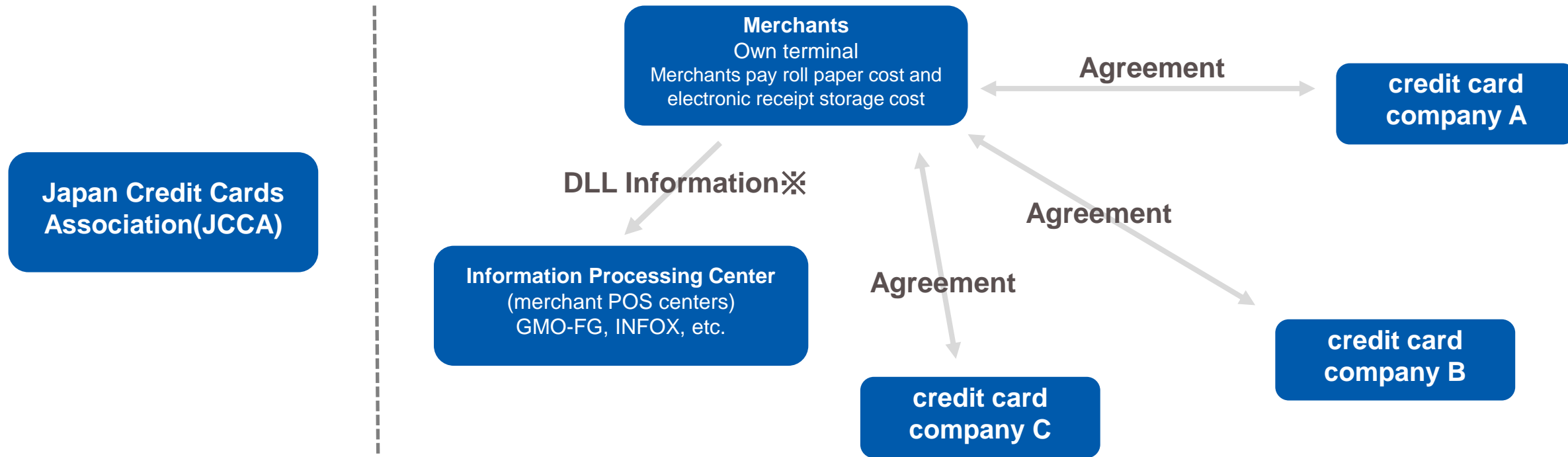
CCT(Credit Center Terminal)

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

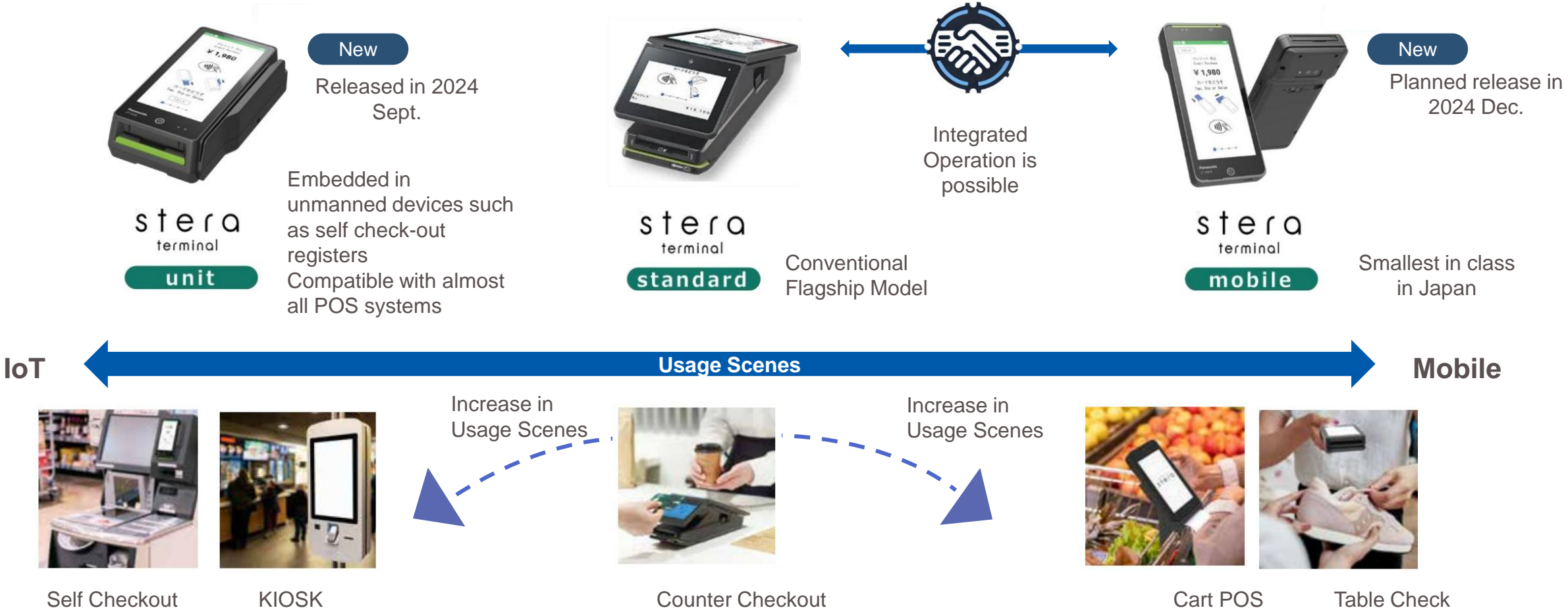
In general, POS (Point of Sales) is a generic term for a service that provides information on sales performance trends such as the date, time, quantity, and price of products sold, but in the credit industry, the term merchant POS is customarily used to refer to all terminals capable of processing credit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



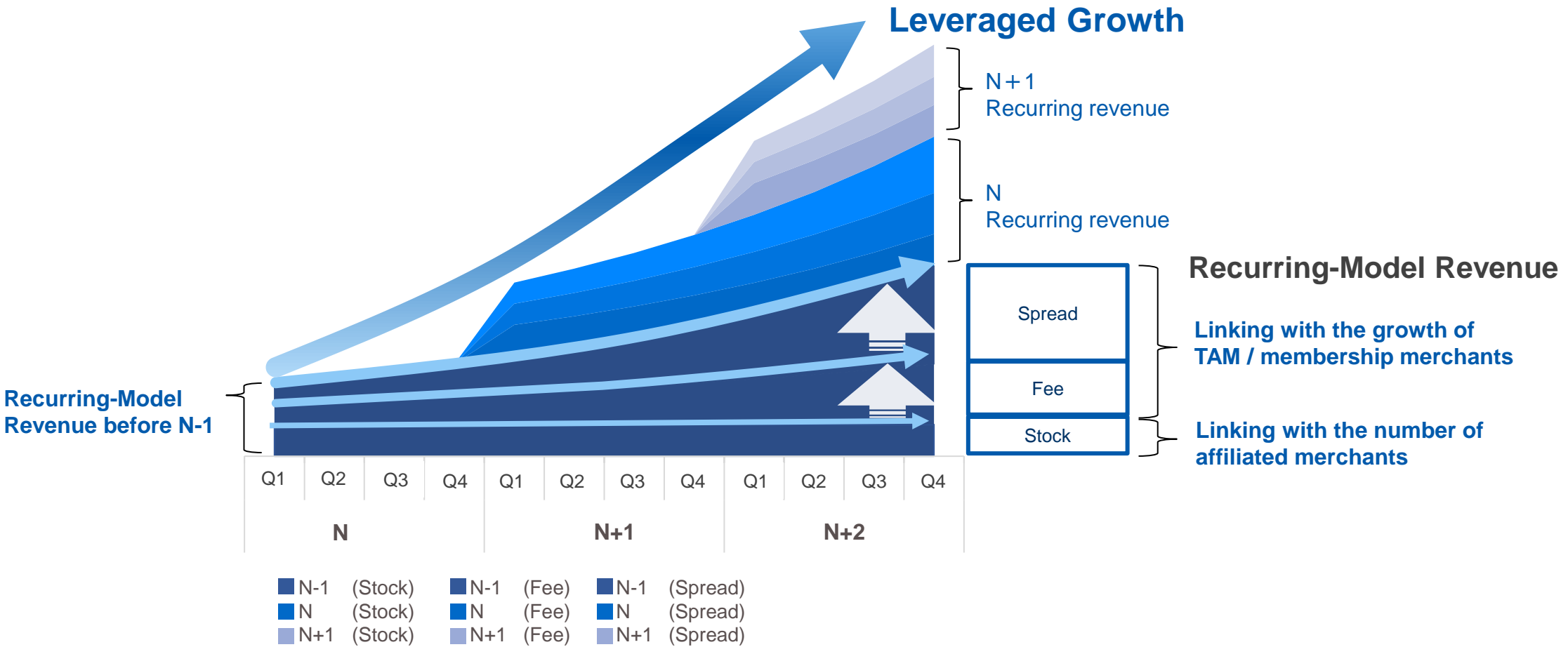
※ DLL (down line loading) information
Information used to link the terminal identification number to the merchant number.
In merchant POS, the terminal identification number is issued by the merchant.

Expansion in stera lineup

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



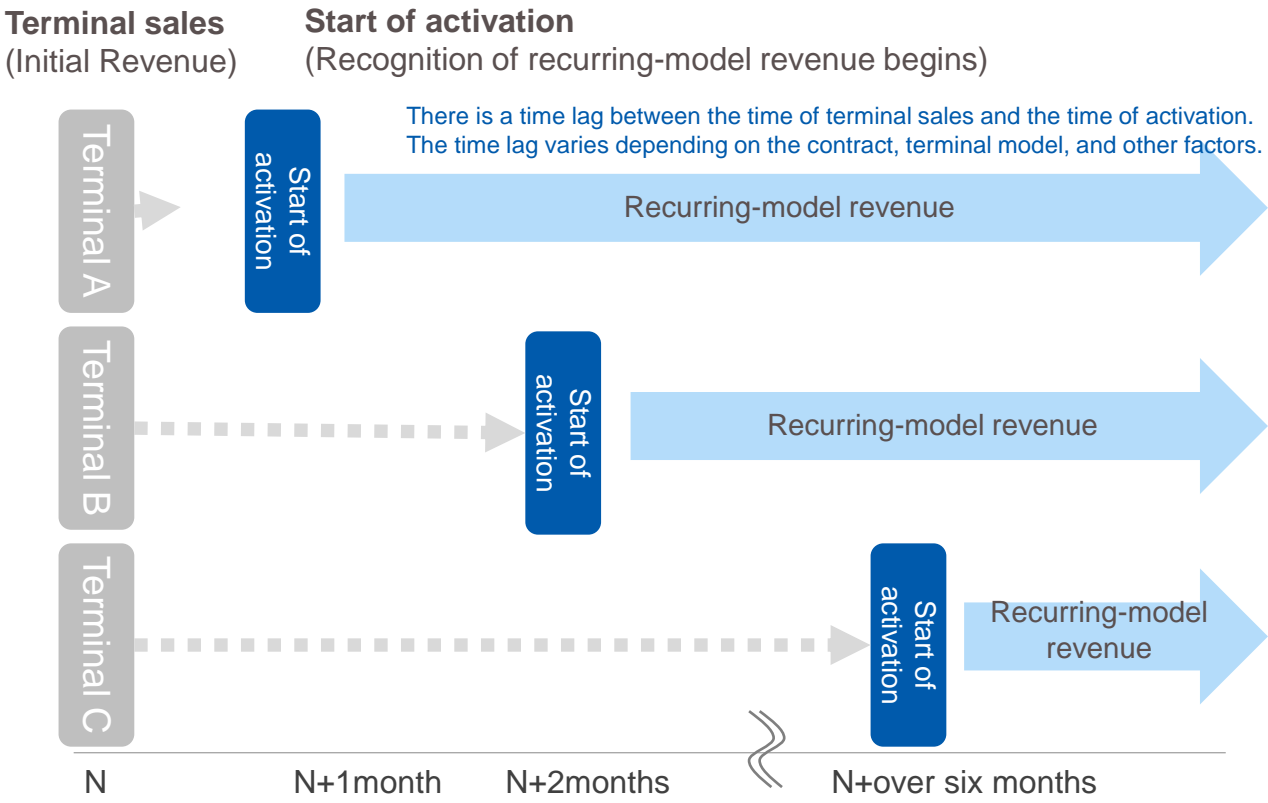
Fee and spread revenue are expanding with the market /growth in membership merchants



Difference between the number of terminals sold and the number of active IDs Part 1

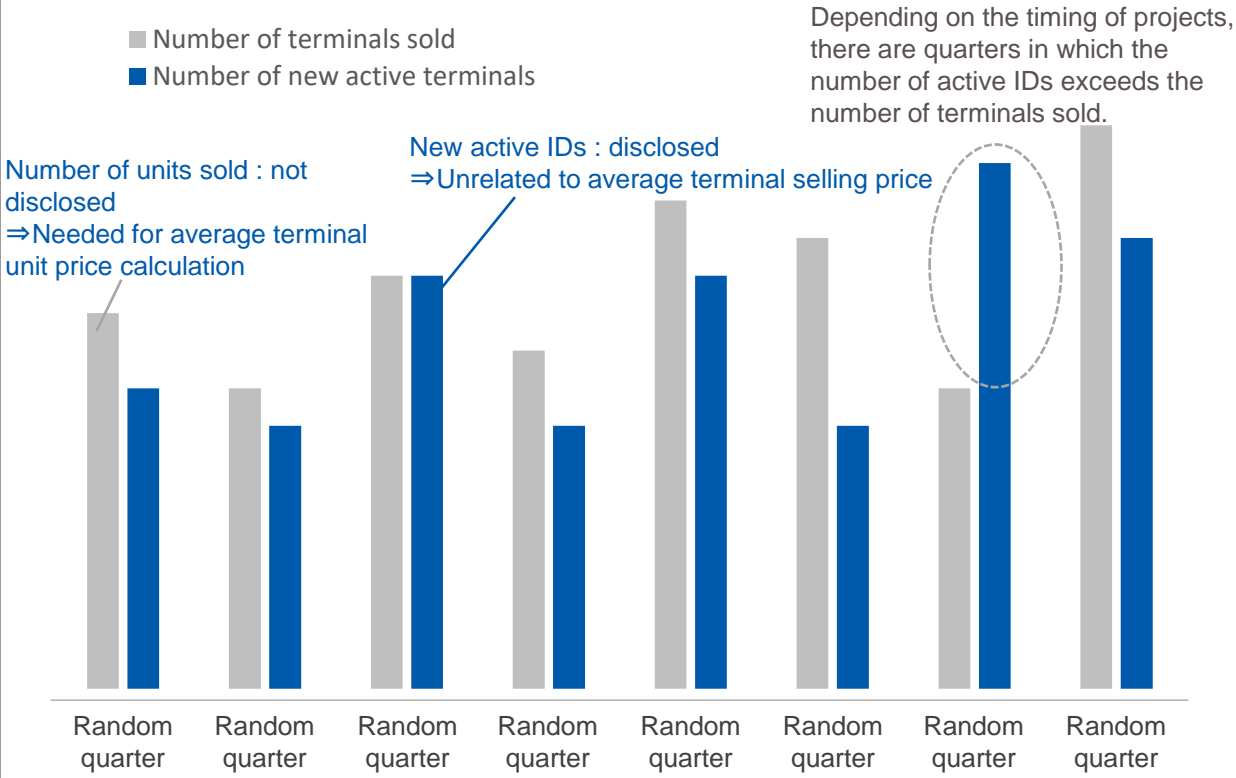
Initial revenue = Number of terminals sold × Average selling price per terminal + Accessory sales + Development sales
Number of active IDs = Number of terminals that have processed payment at least once in the quarter

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 IDs, which is the source of recurring revenue, and disclose it as a KPI.
- Initial sales ÷ increase in the number of active IDs ≠ average unit price per terminal

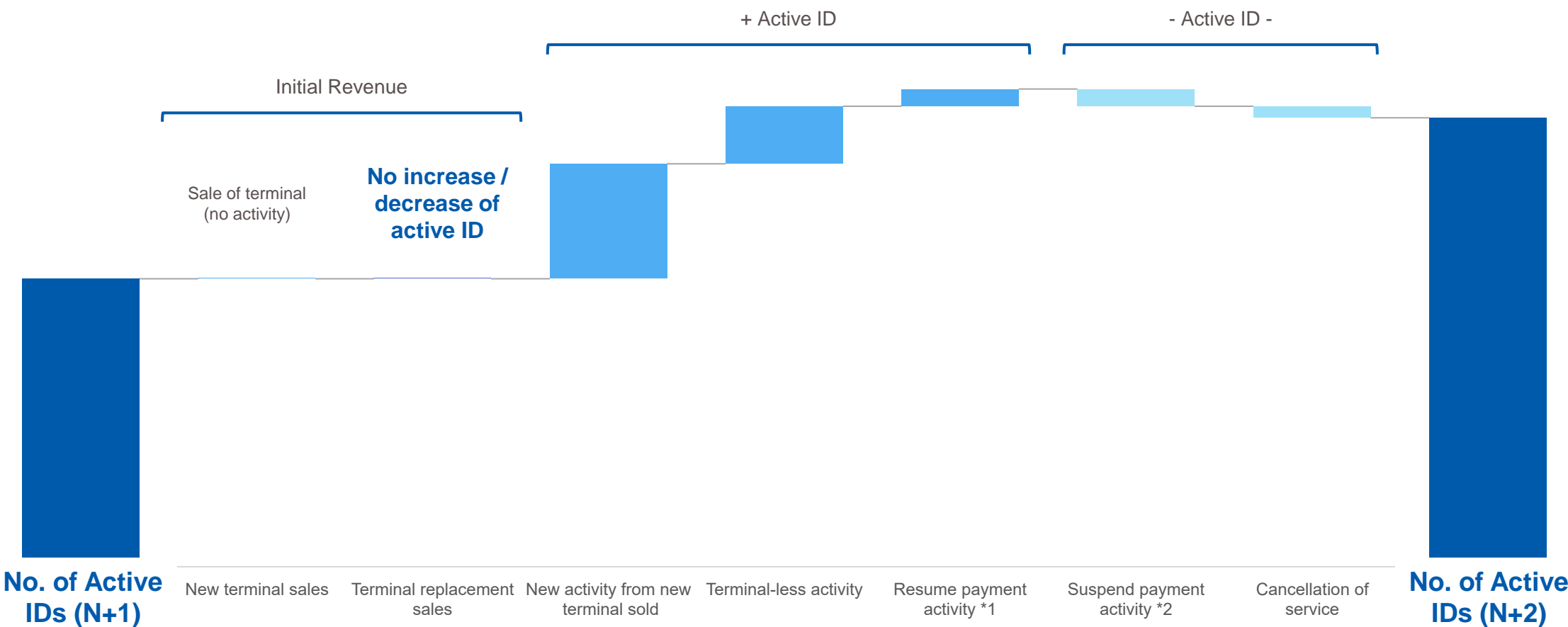
Image of quarterly balance in "Terminals sold" and "new active IDs"



- 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.

Difference between the number of terminals sold and the number of active IDs 2

Number of active ID is calculated quarterly and is not directly linked to initial revenue
Replacing existing devices contributes to initial revenue, however, does not increase or decrease the number of active IDs



*1: If the ID that was not used for payment in period N is used in period N+1
*2: If the ID used for payment in period N is not used in period N+1 (Store (Many temporary factors include long-term renovations, closure of some checkout lanes during off-season, etc.)

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	
Processing (Monthly fixed fee model)	It is a processing fee based on monthly fixed rate <small>*Basically, it is defined as "Fee" revenue when it comes to the case we charge as Pay As You Go billing, not fixed rate</small>	<ul style="list-style-type: none"> • Number of contracts × Monthly Fixed Fee <ul style="list-style-type: none"> ✓ Monthly fixed fee will vary depending on the size of contract etc..

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

Fee	Content	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 ¥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

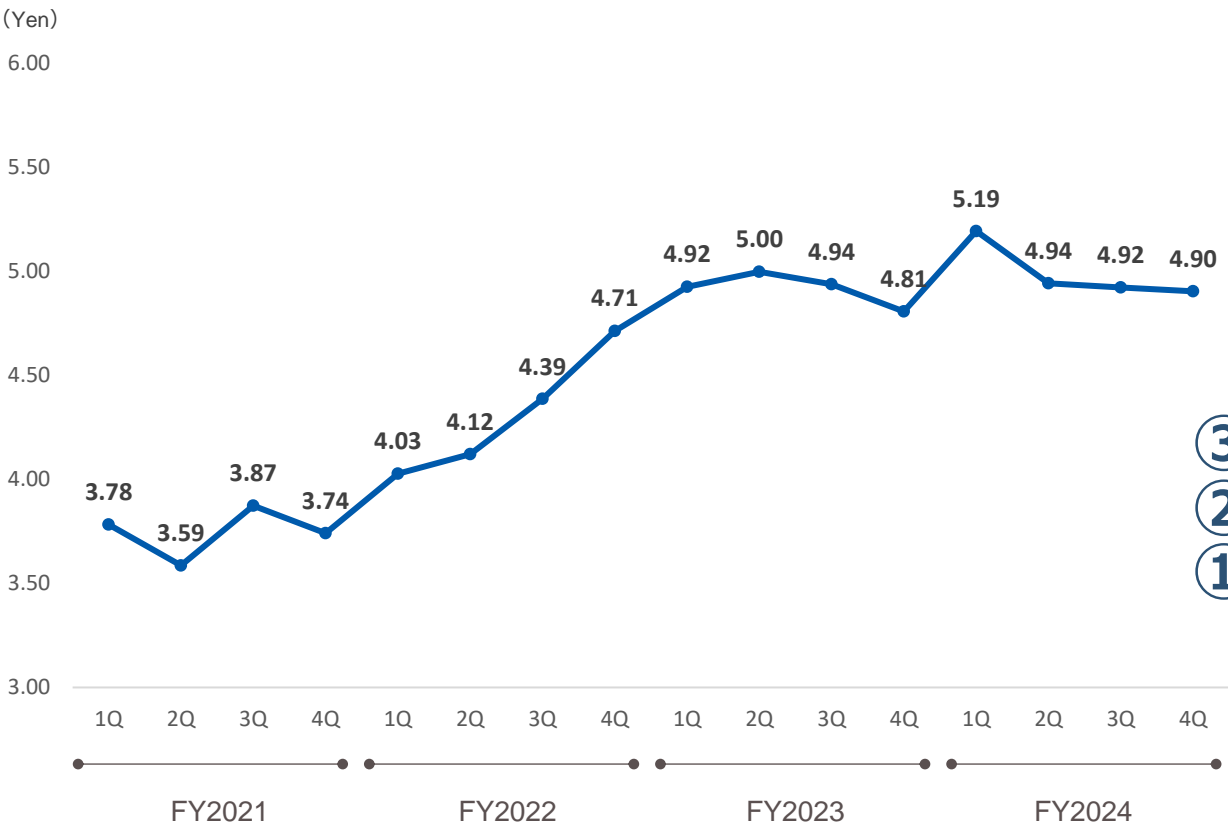
Spread	content	Revenue Model
Acquiring (Settlement agent)	<p>We charge spread fee (α) towards clearing amount to merchants</p> <p>We received indicator rate (N) from acquirers, then we acquire merchants instead of acquirers with the new rate (N+α = merchant fee)</p>	<p>GMV of Agent Contract × Spread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

Fee ARPU (Fee revenue divided by Transaction volume)

Unit price per fee is estimated to be around 5 yen
Assumed to continue to fluctuate depending on sales of paper rolls

■ Fee ARPU (Fee revenue divided by Transaction volume)

■ Composition of Fee ARPU



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



➡ Growing trend of subscriptions

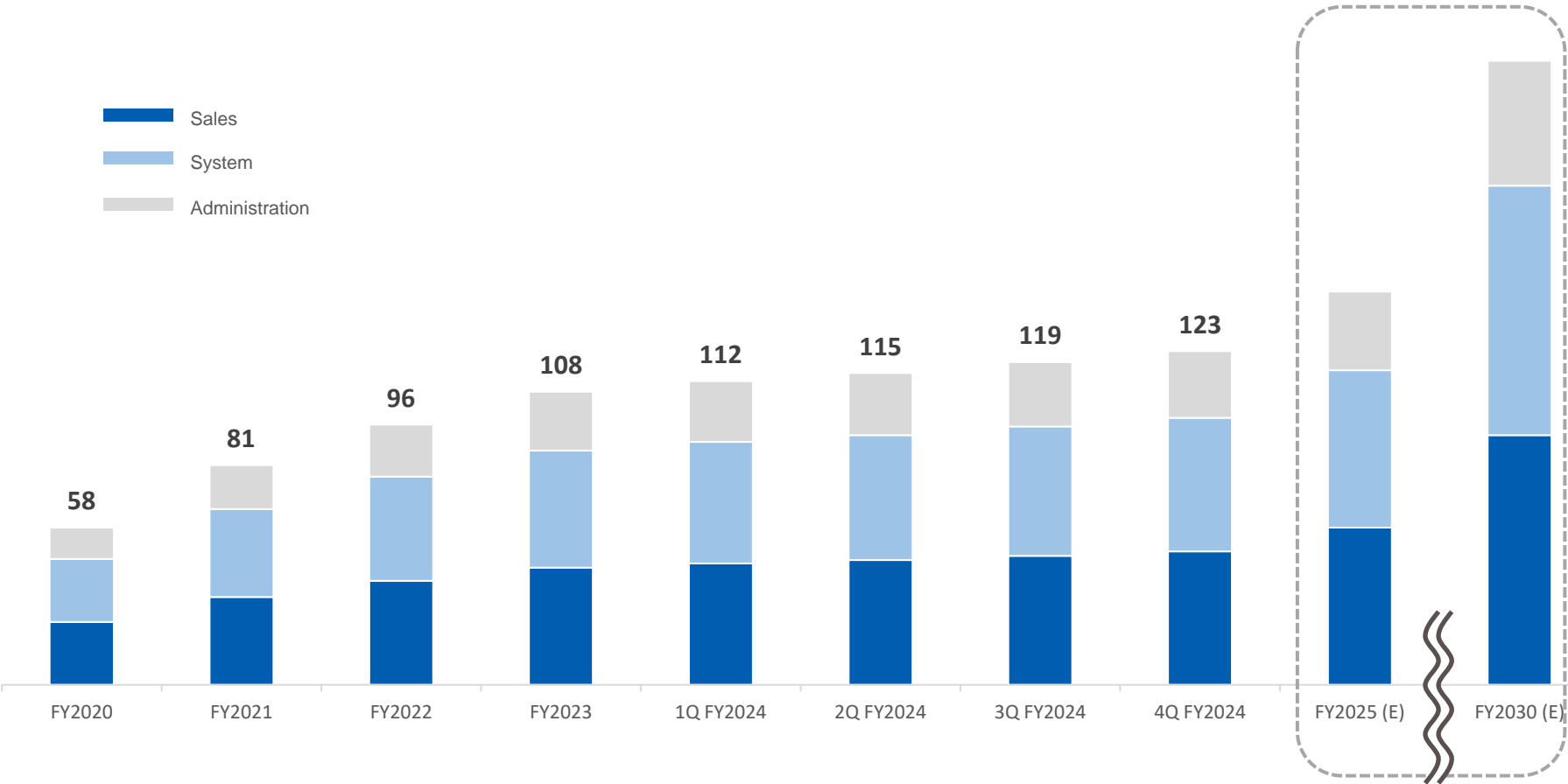
*Length is an image and does not reflect actual numbers or scale

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

Planned



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

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

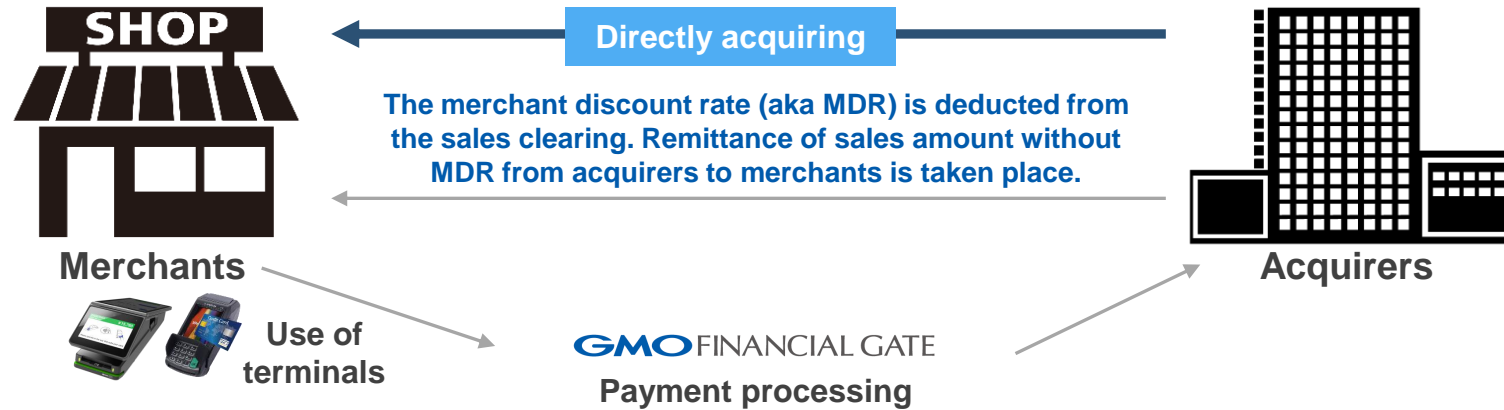
Administration : Talents who can promote the establishment of an advanced management system in line with business expansion.

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

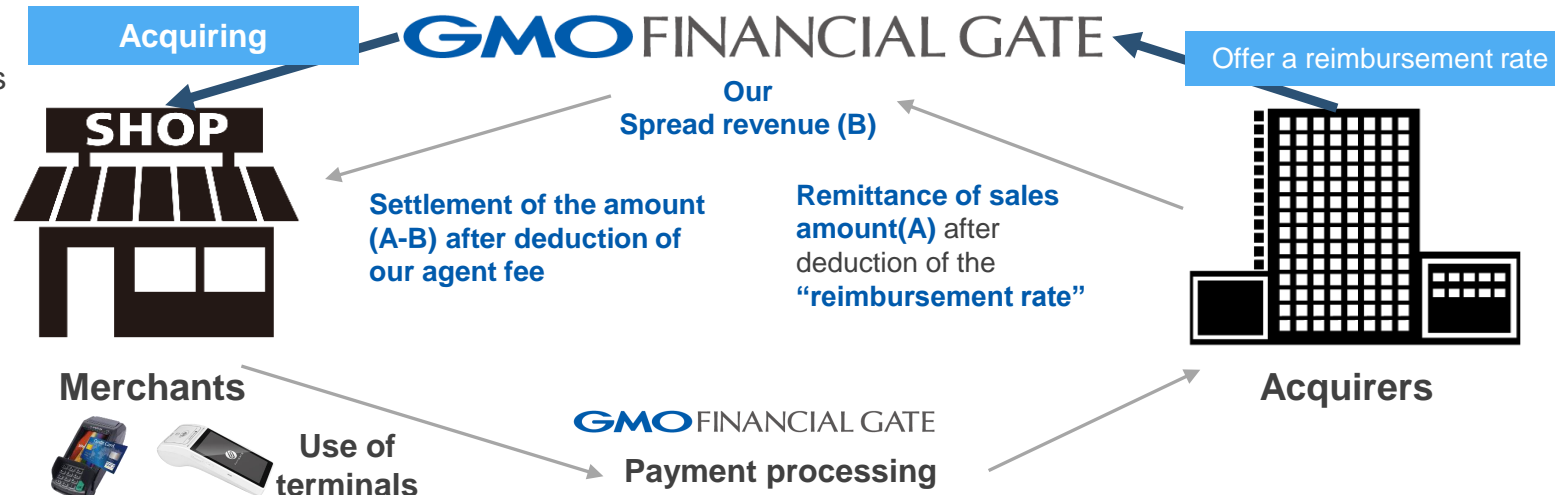
Initial

Stock

Fee

2 Agent contract

Mainly small medium merchants



Initial

Stock

Fee

Spread

Relationship between number of active IDs & stock revenue

Business Model

In addition to the increase in the number of active IDs, 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



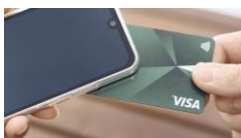
Embedded Model



POS Model

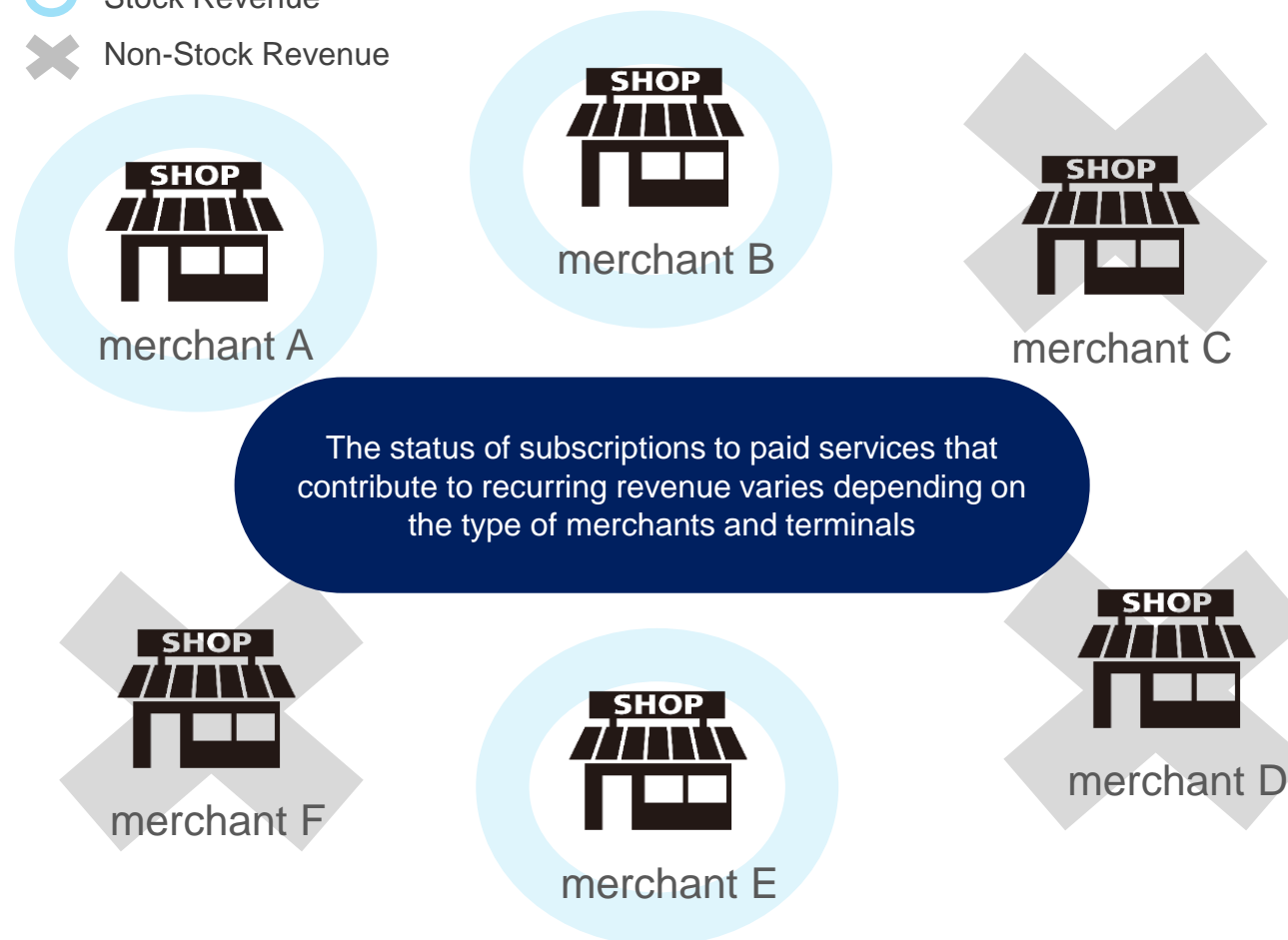


Terminal-less



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.

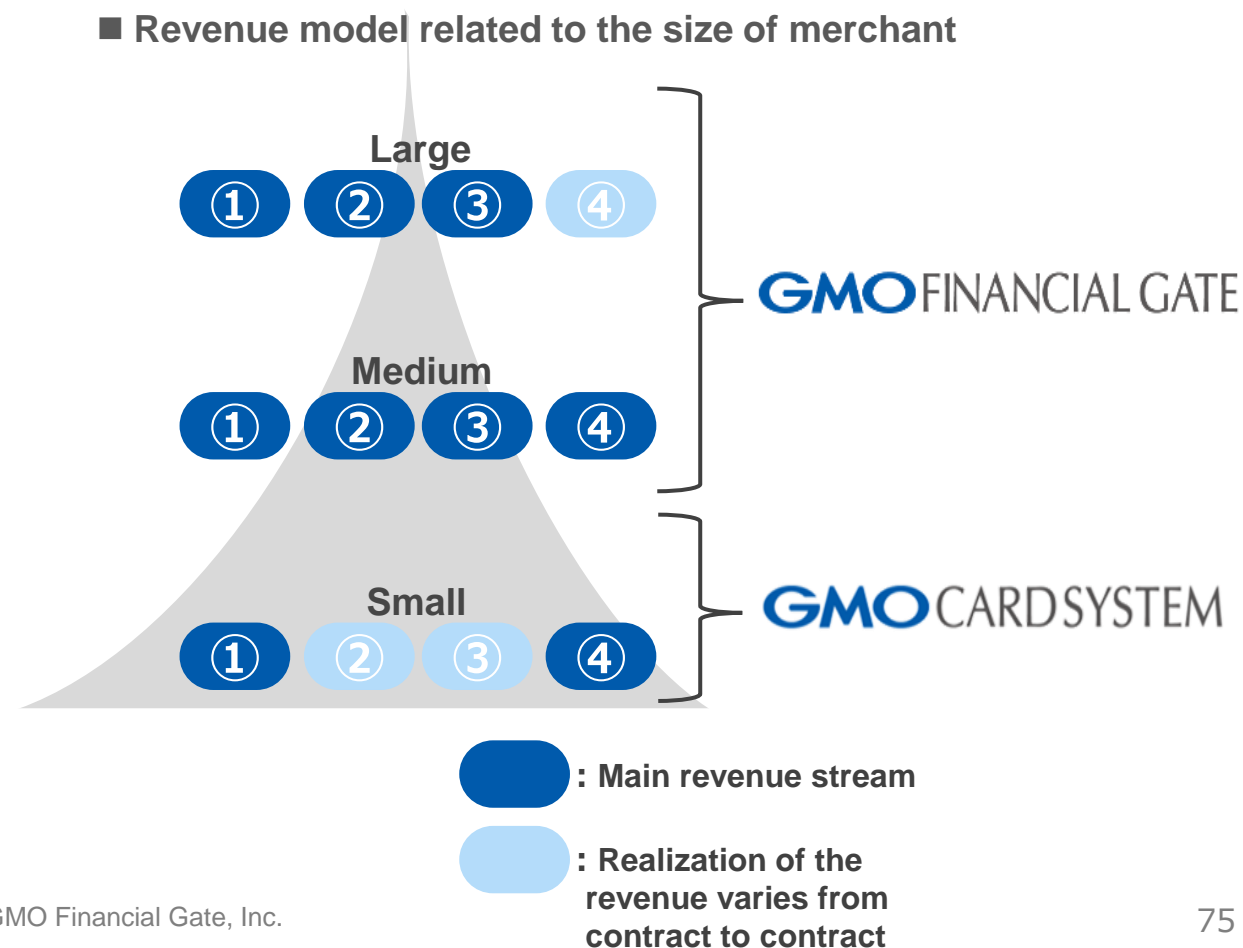
Revenue Model by Merchant Size

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

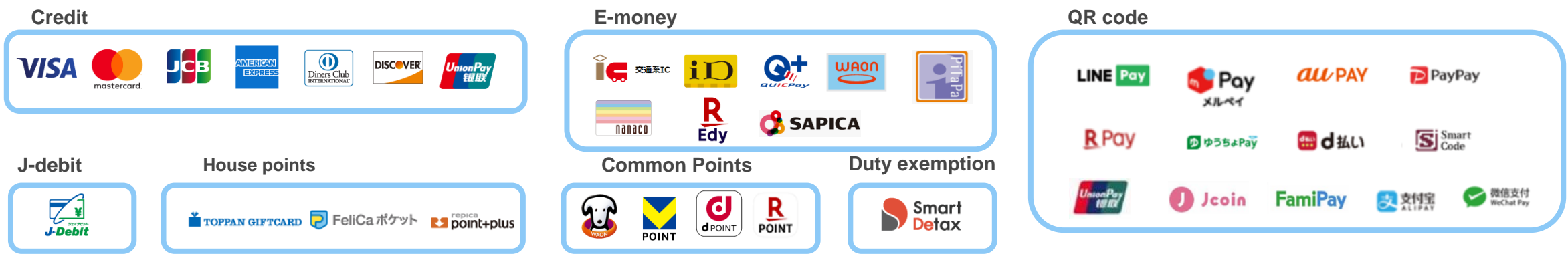
■ Four types of revenue model

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

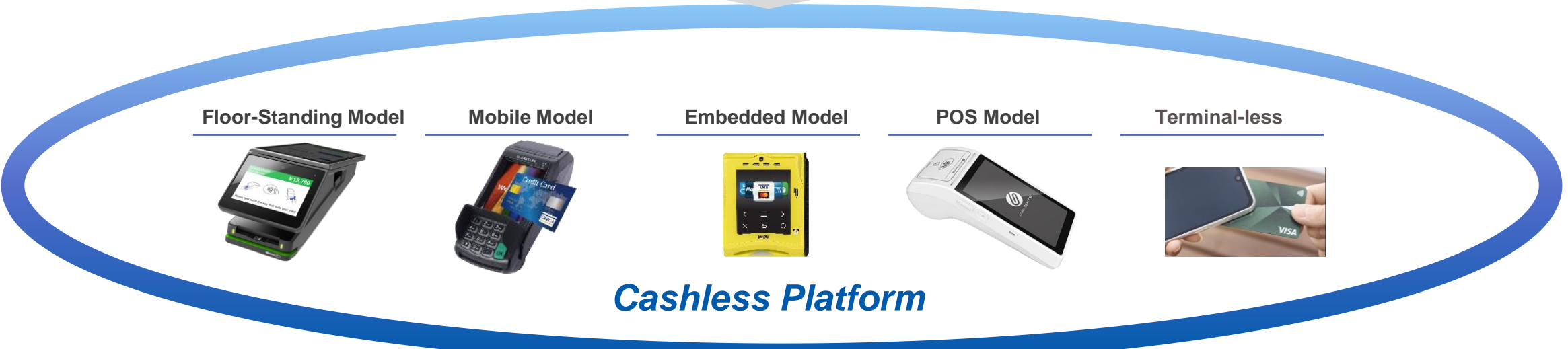
■ Revenue model related to the size of merchant



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



Terminals we offer

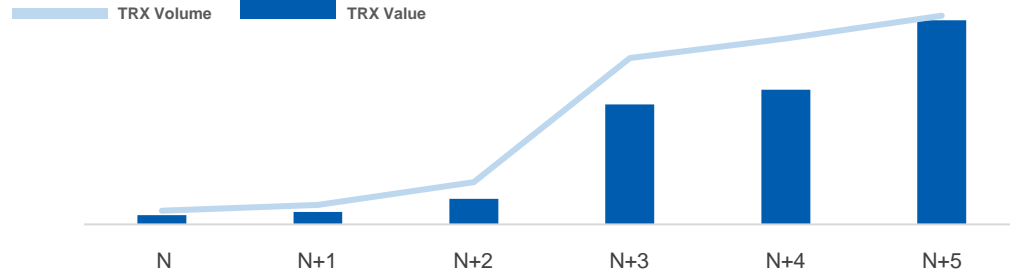


Cashless Platform

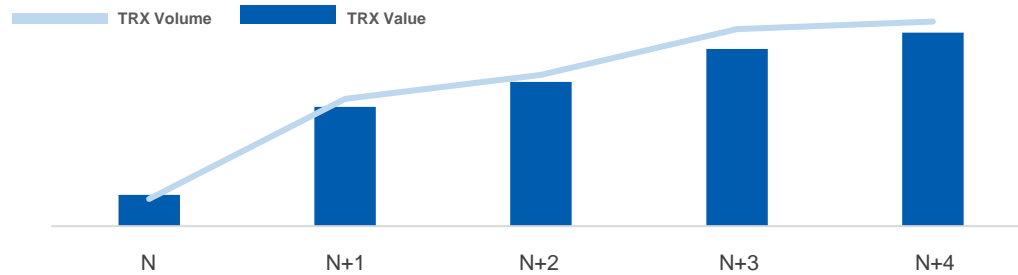
TRX-increase through cashless penetration

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

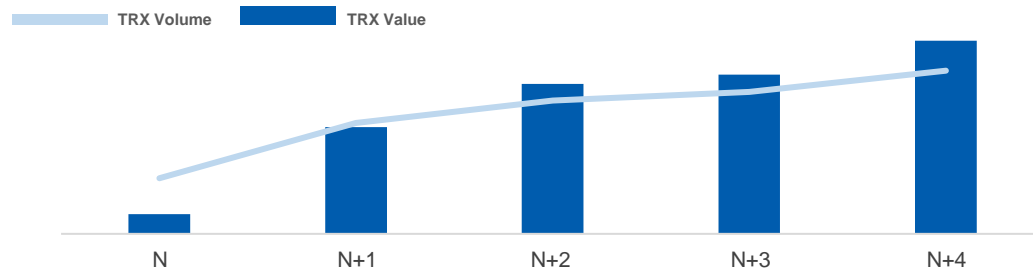
■ Merchant A (Tokyo) Monthly TRX trend



■ 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)

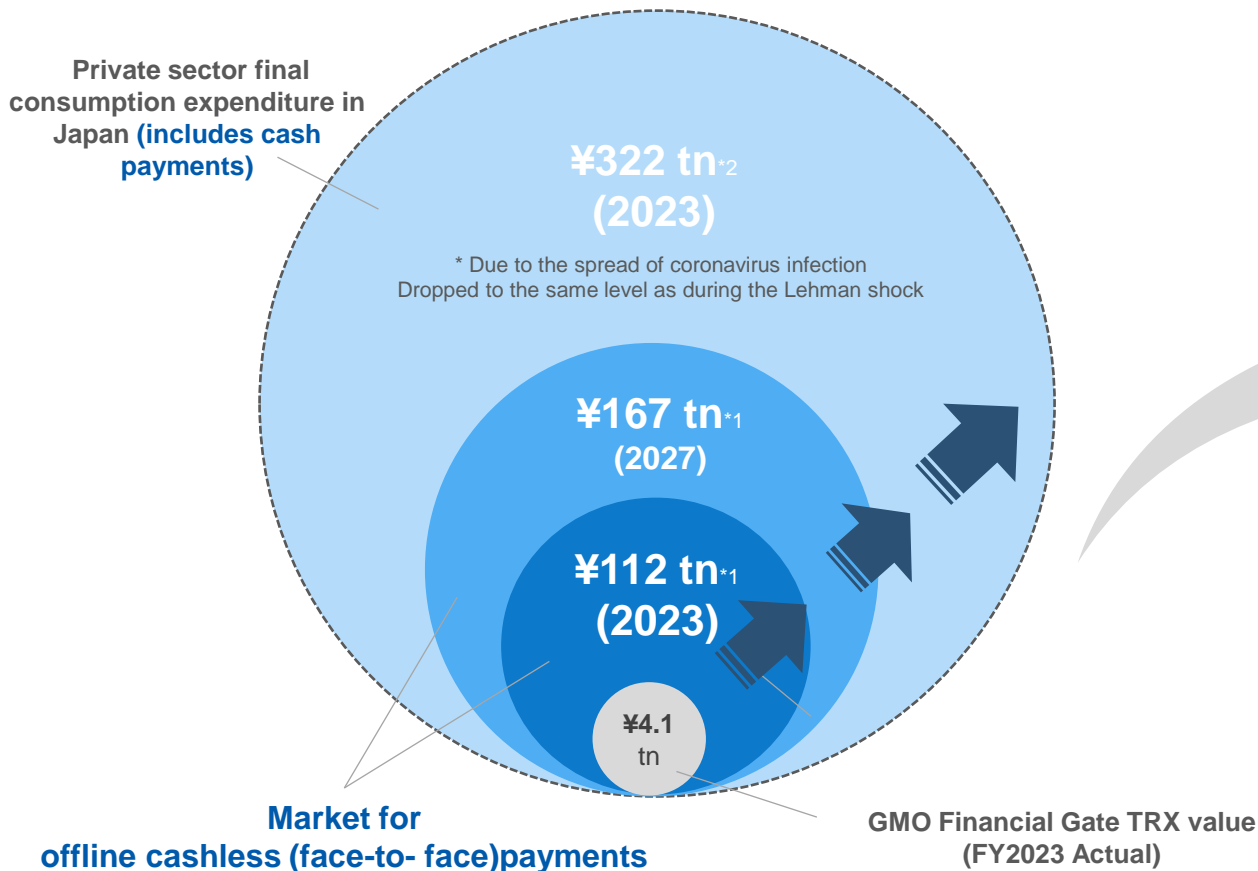
Merchant

TRX volume/value
per terminal will increase

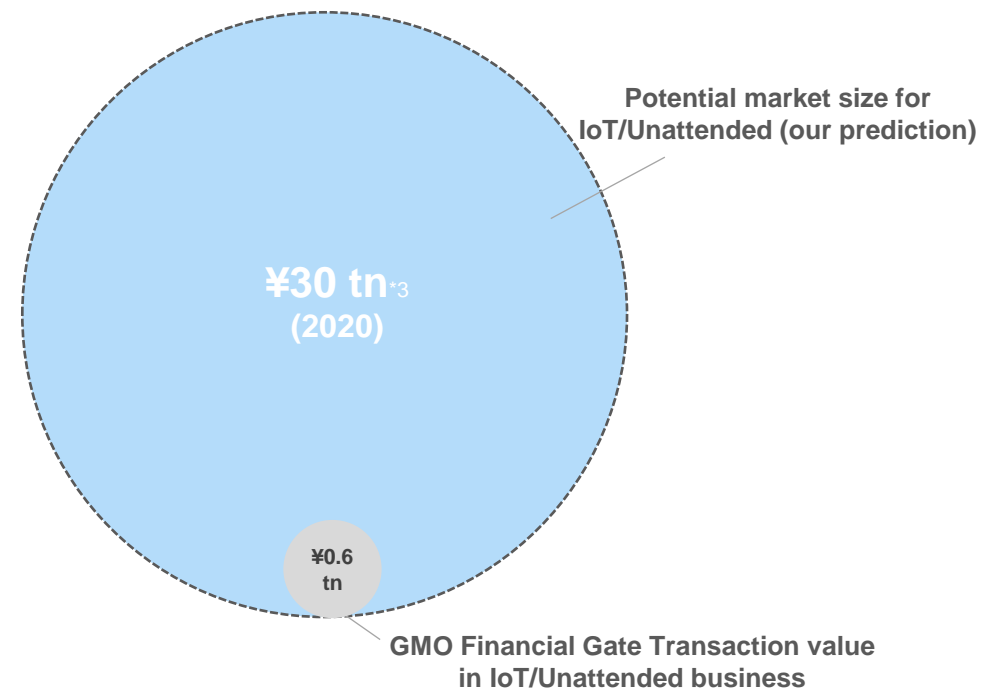
Recurring-Model revenue
will increase

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

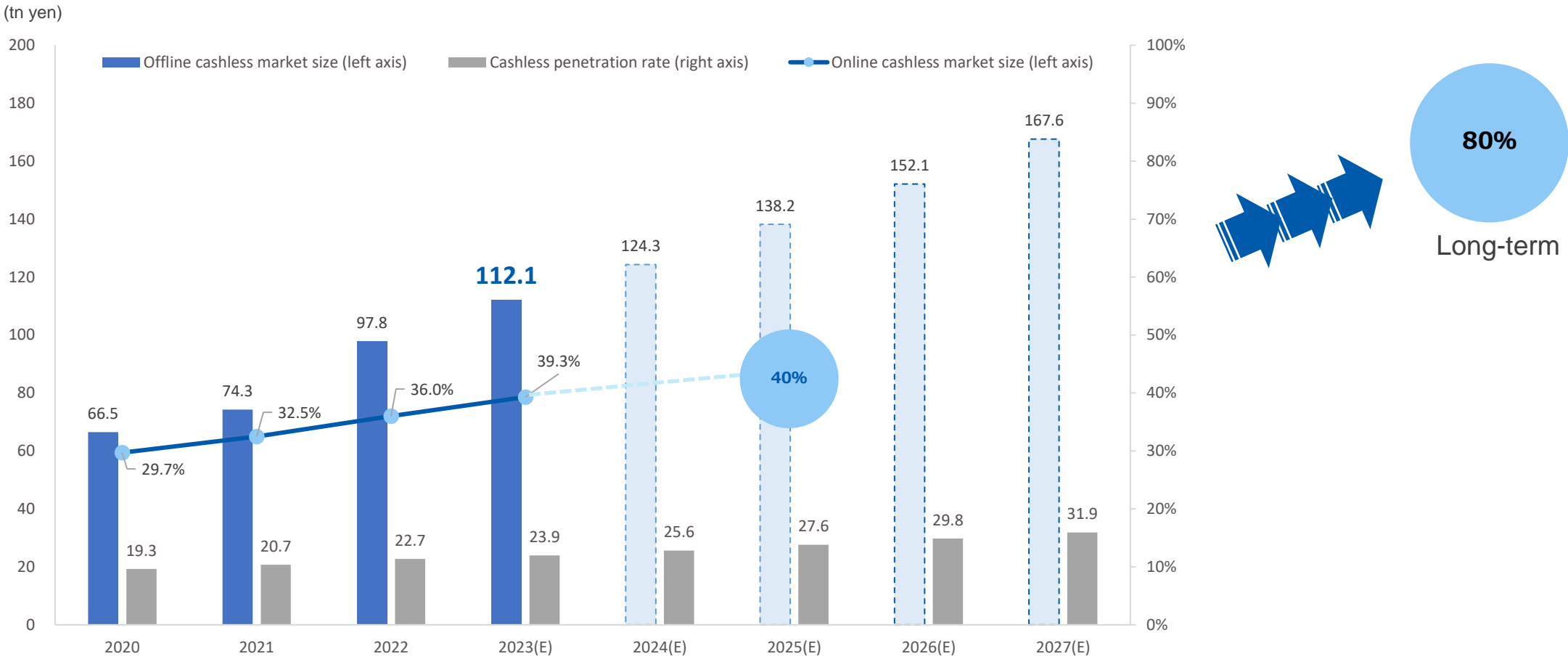
(^{*1}) "2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan" and "2024 Edition: Current Status and Future Forecast of Online Payment Service Providers" Yano Research Institute Ltd.

(^{*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.

Growth trend of domestic offline cashless market

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

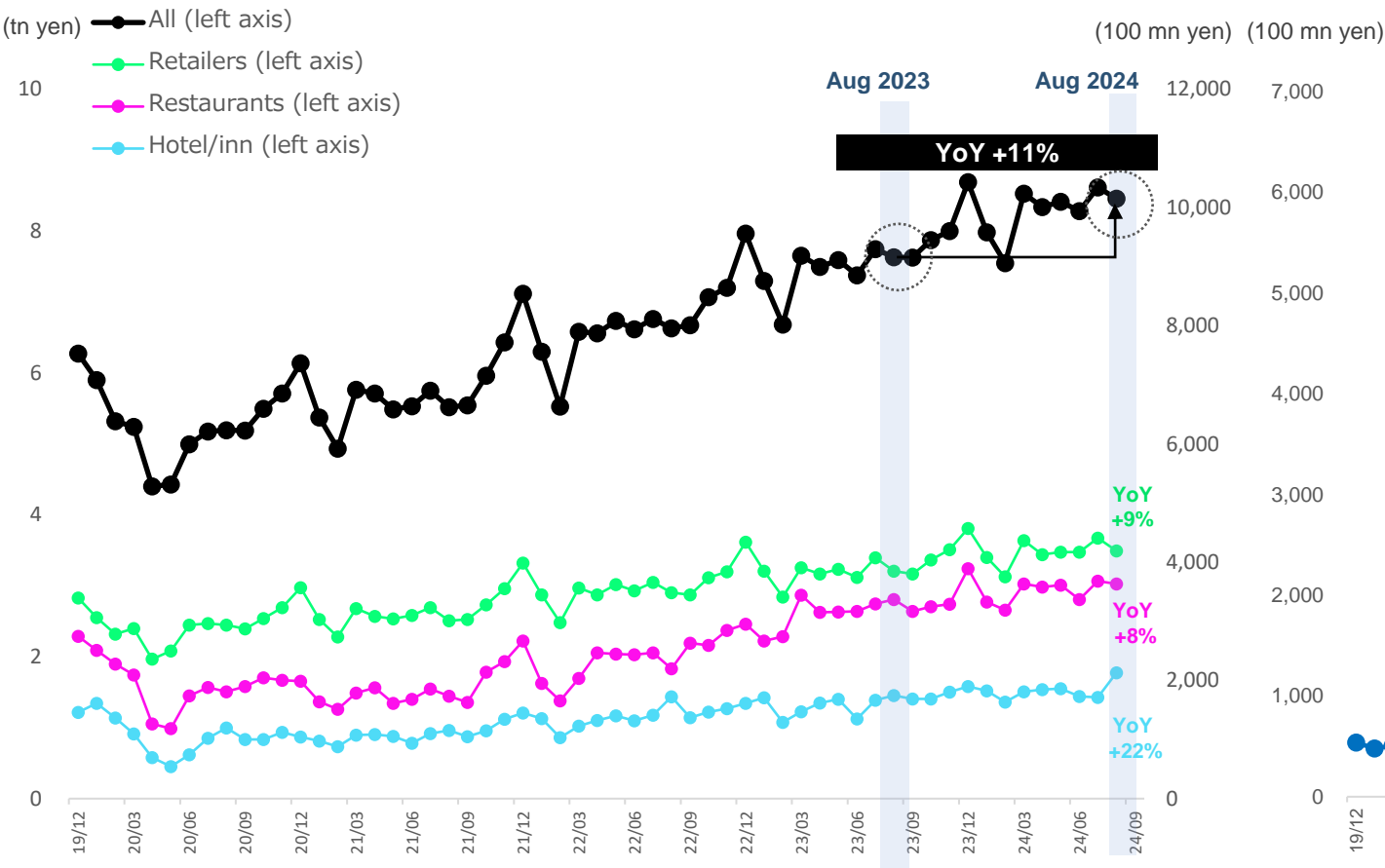


Source: Cashless payment ratio in 2023,METI
“2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan ” Yano Research Institute Ltd
“2024 Edition: Current Status and Future Forecast of Online Payment Service Providers” Yano Research Institute Ltd.

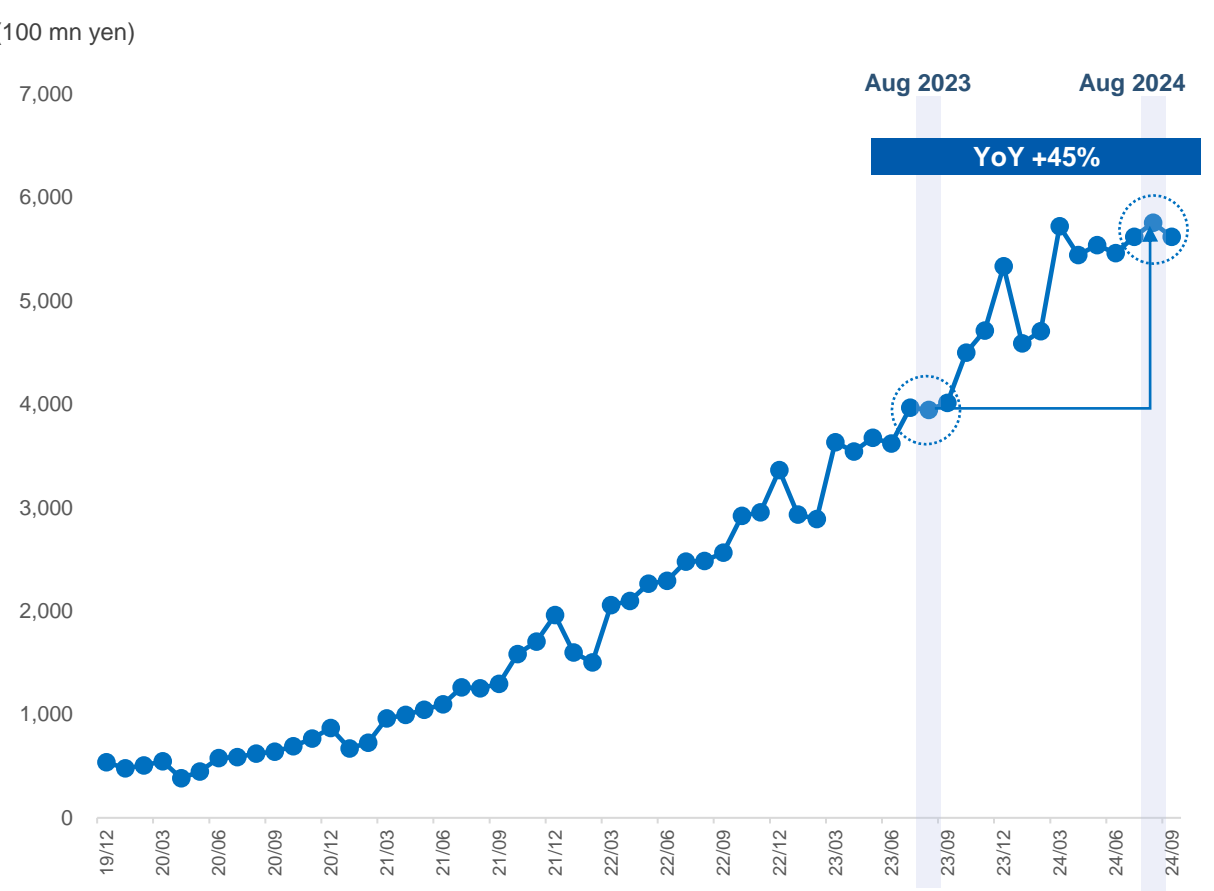
Comparison to Market Growth (May YoY)

Overall market growth is +11% YoY while GMO-FG grew +45% YoY, significantly exceeding macro trends

Market GMV (Transaction value of credit card payment)



GMO-FG GMV



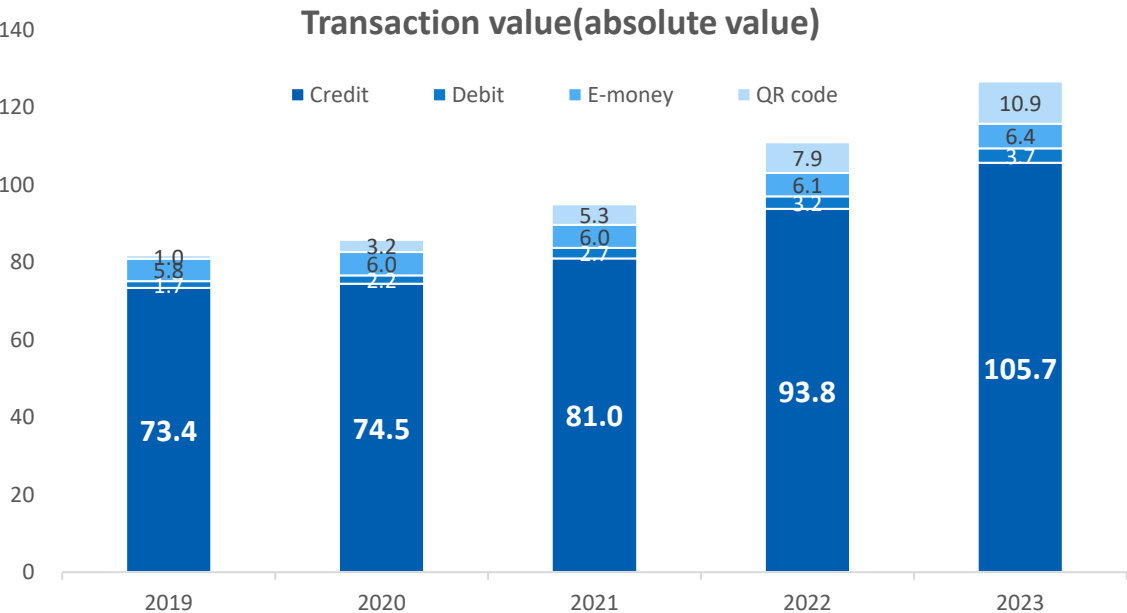
Composition Ratio of Domestic Cashless Payment Methods

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	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%

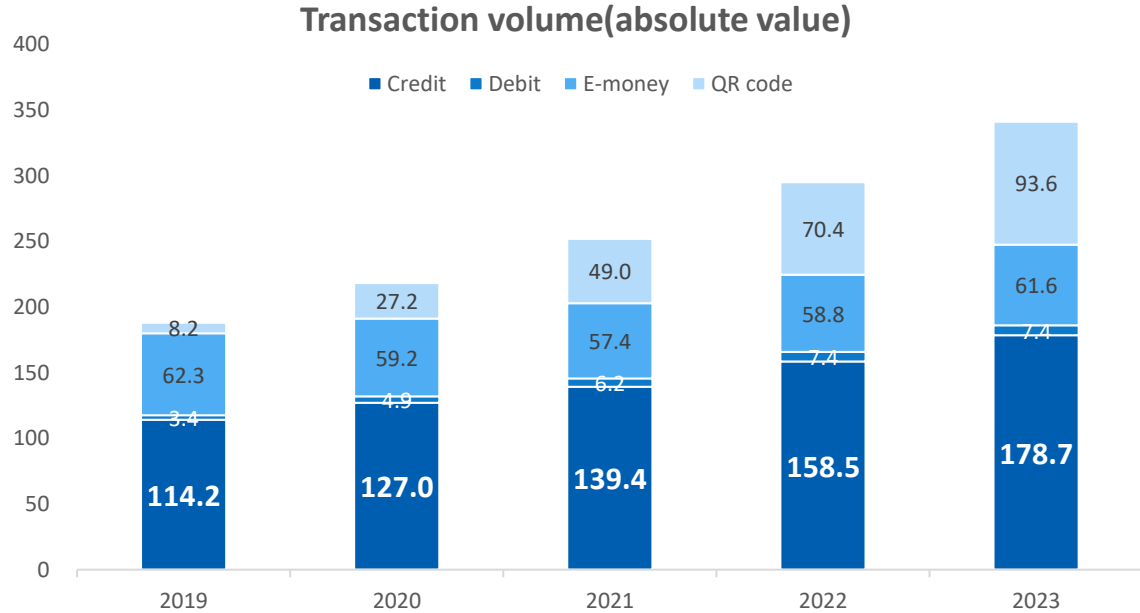
(tn yen)



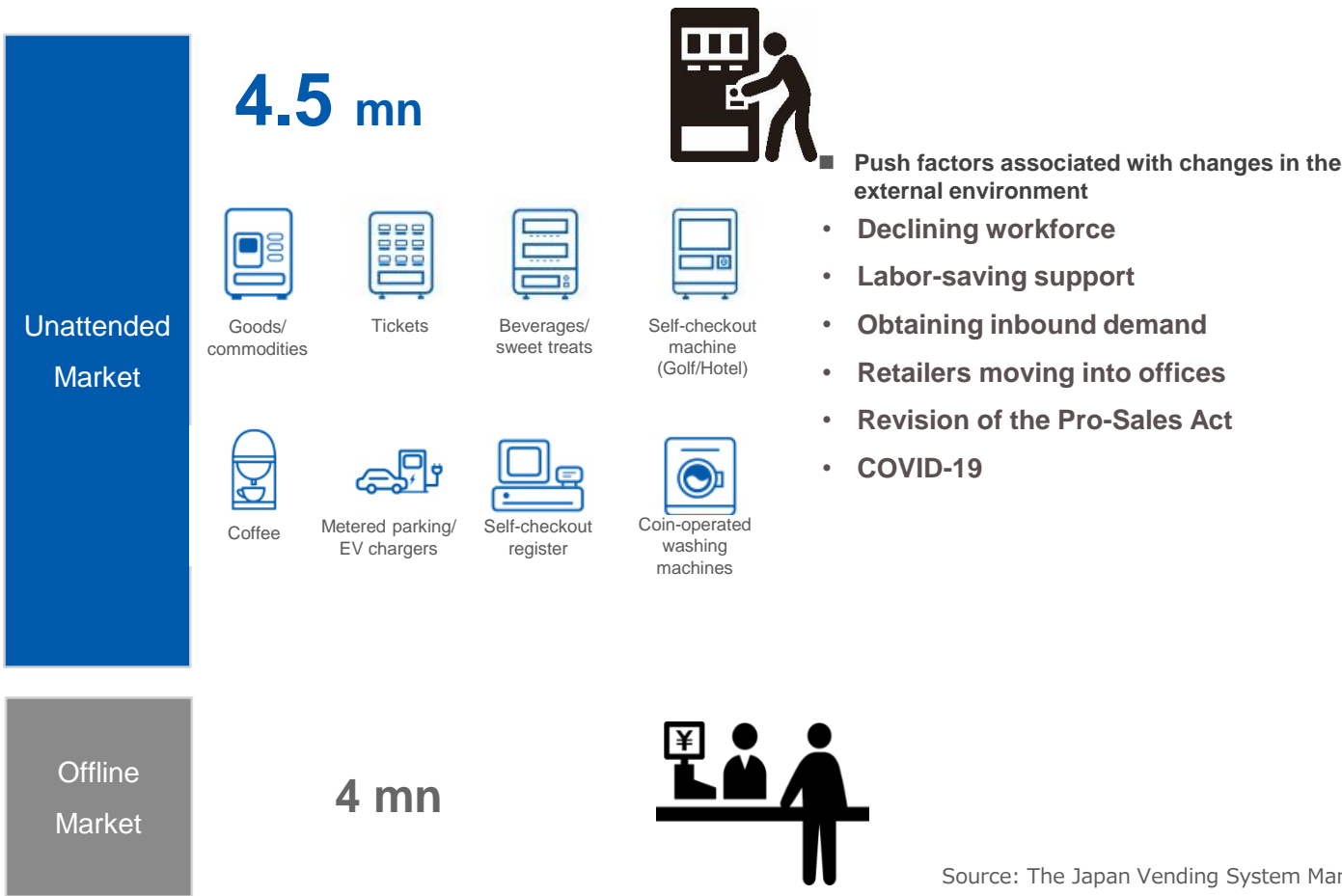
Transaction Volume

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)



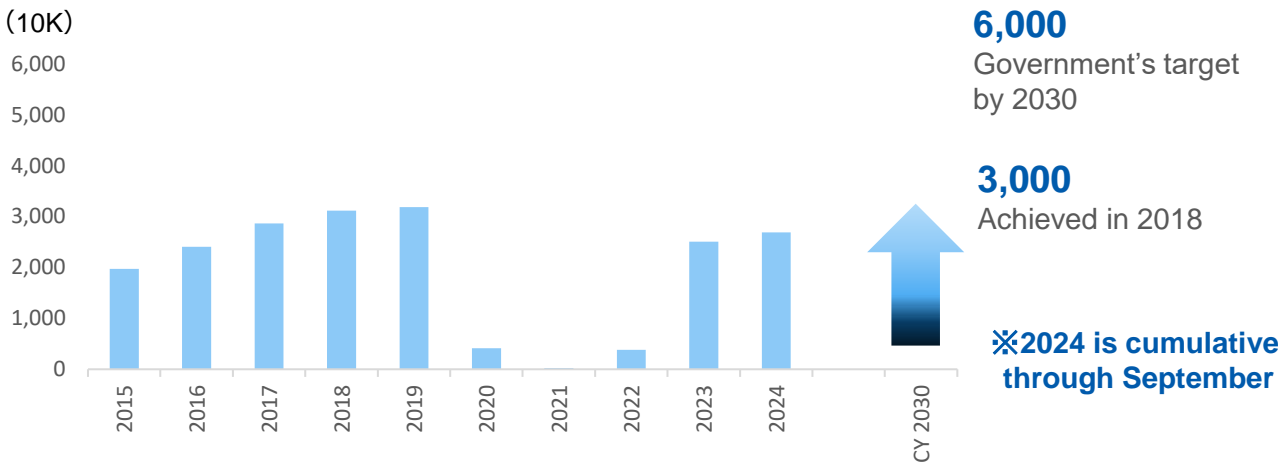
The number of terminals is expected to be equal to or greater than the market for payment terminals in real stores. Unattended market (= general term for vending/service machine market) is expected to expand further due to changes in the external environment such as a decrease in the working population



Trends in the number of foreign visitors to Japan

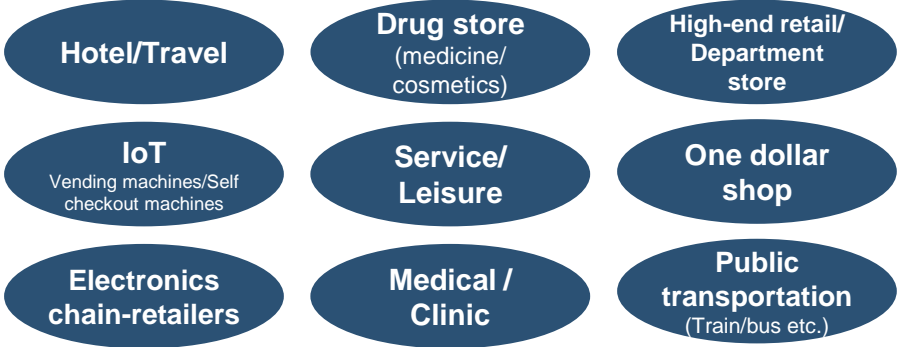
After a rapid recovery from the post covid, number of visitors has gradually stabilized

Number of visiting foreigners (annually)

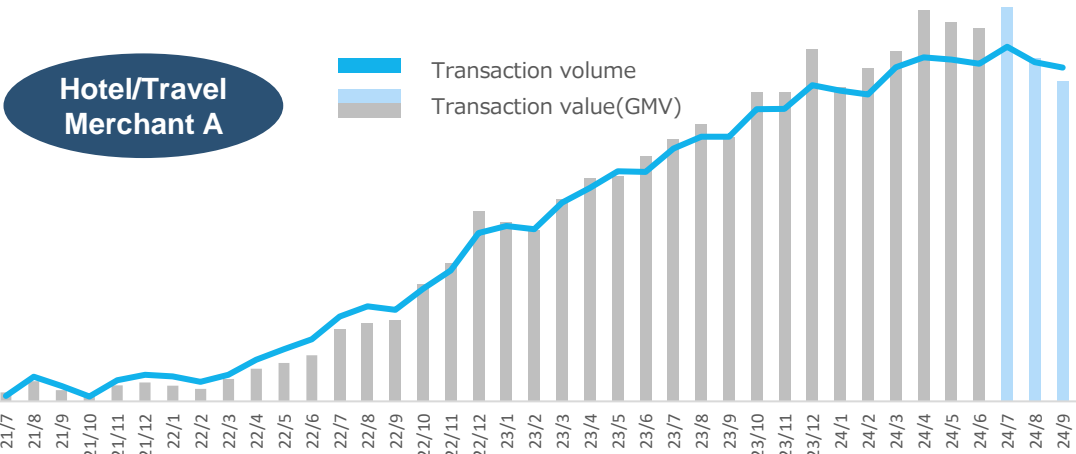
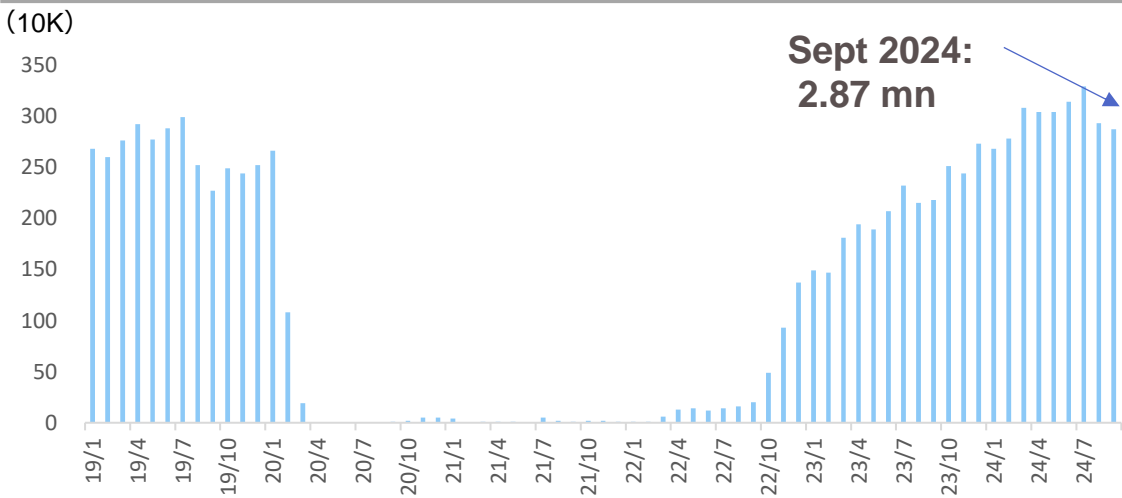


Our inbound-related industry merchants

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



Number of visiting foreigners (Monthly)

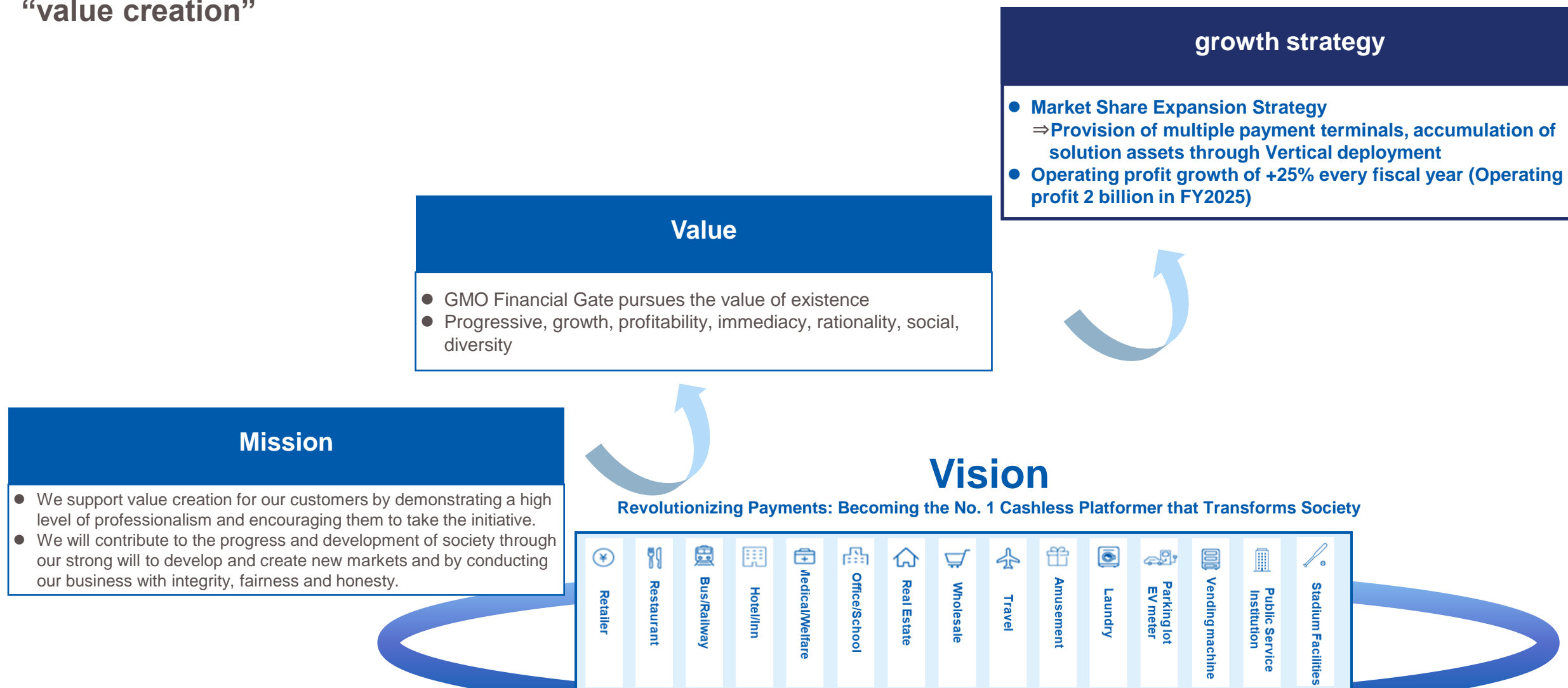


*Source "Number of Foreign Visitors to Japan," Japan National Tourism Organization (JNTO)

Our philosophy on growth strategies

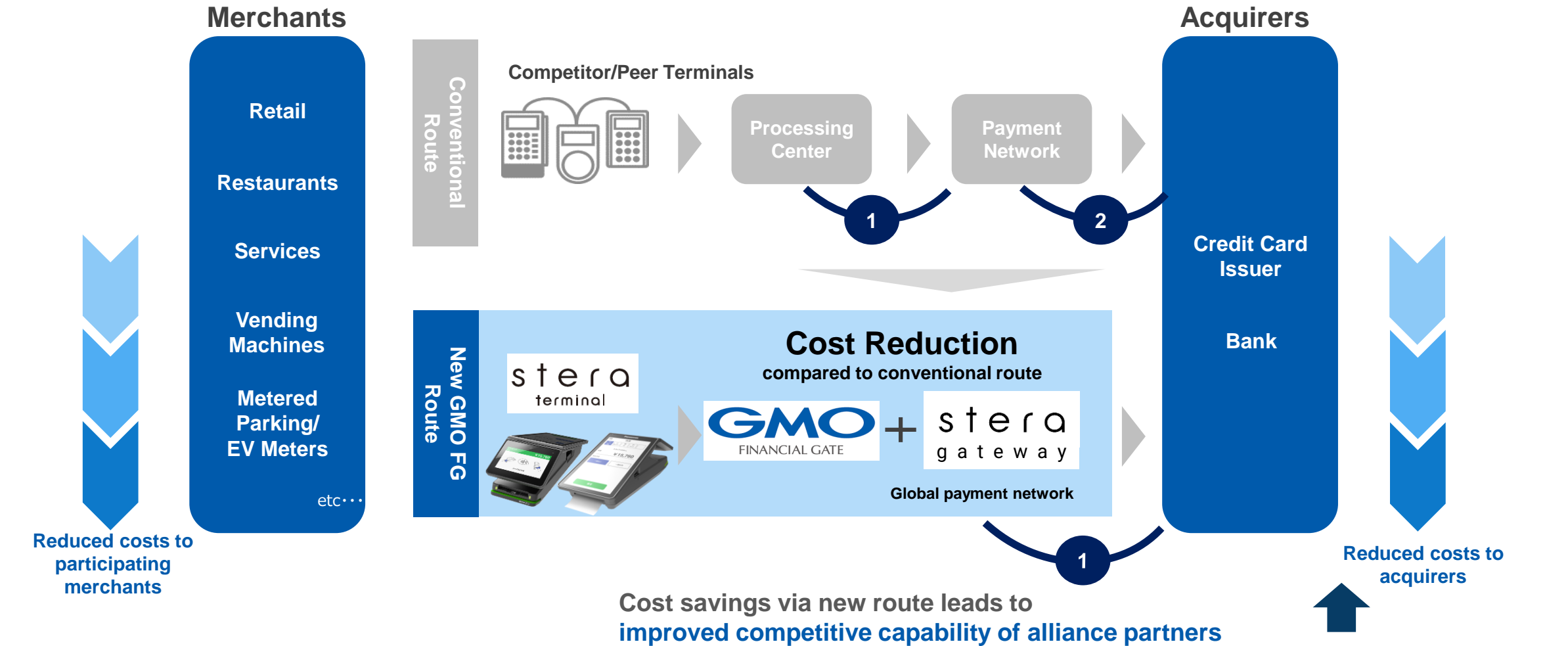
Growth Strategy

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"



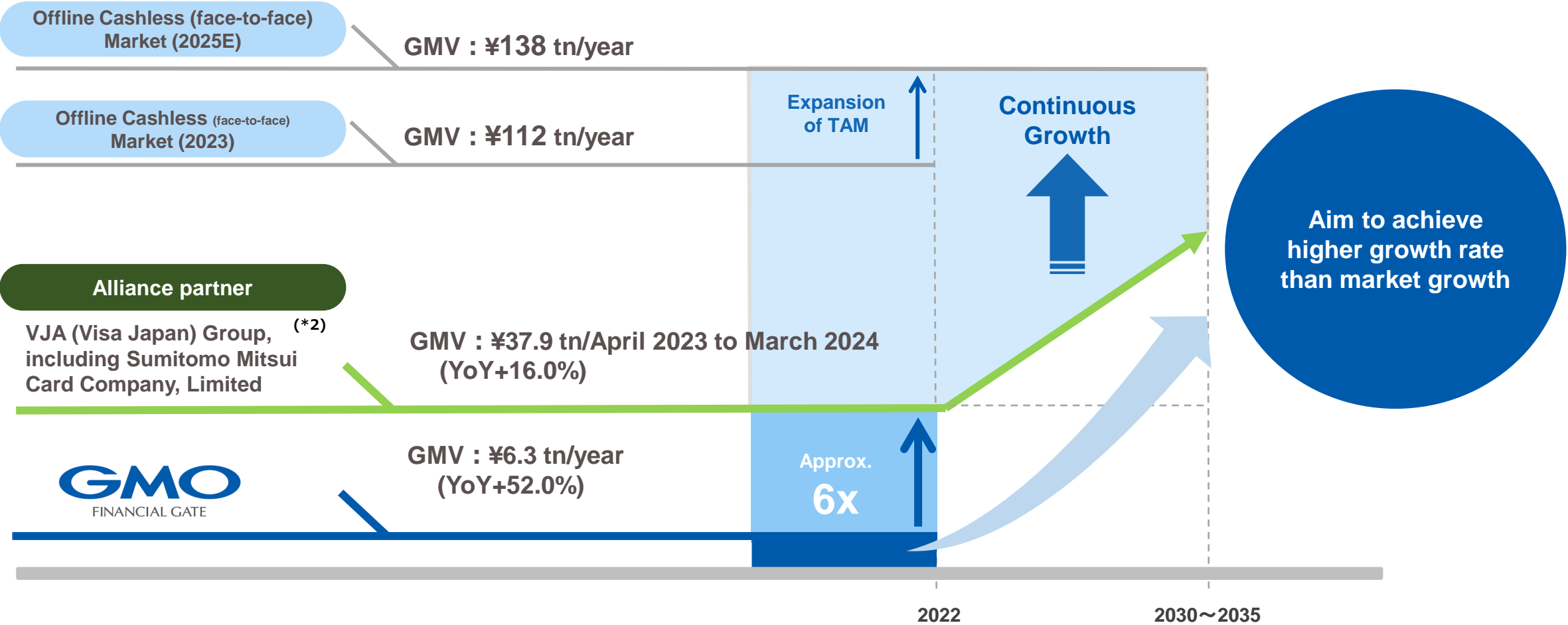
Strategy to Maximize Transaction Value

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



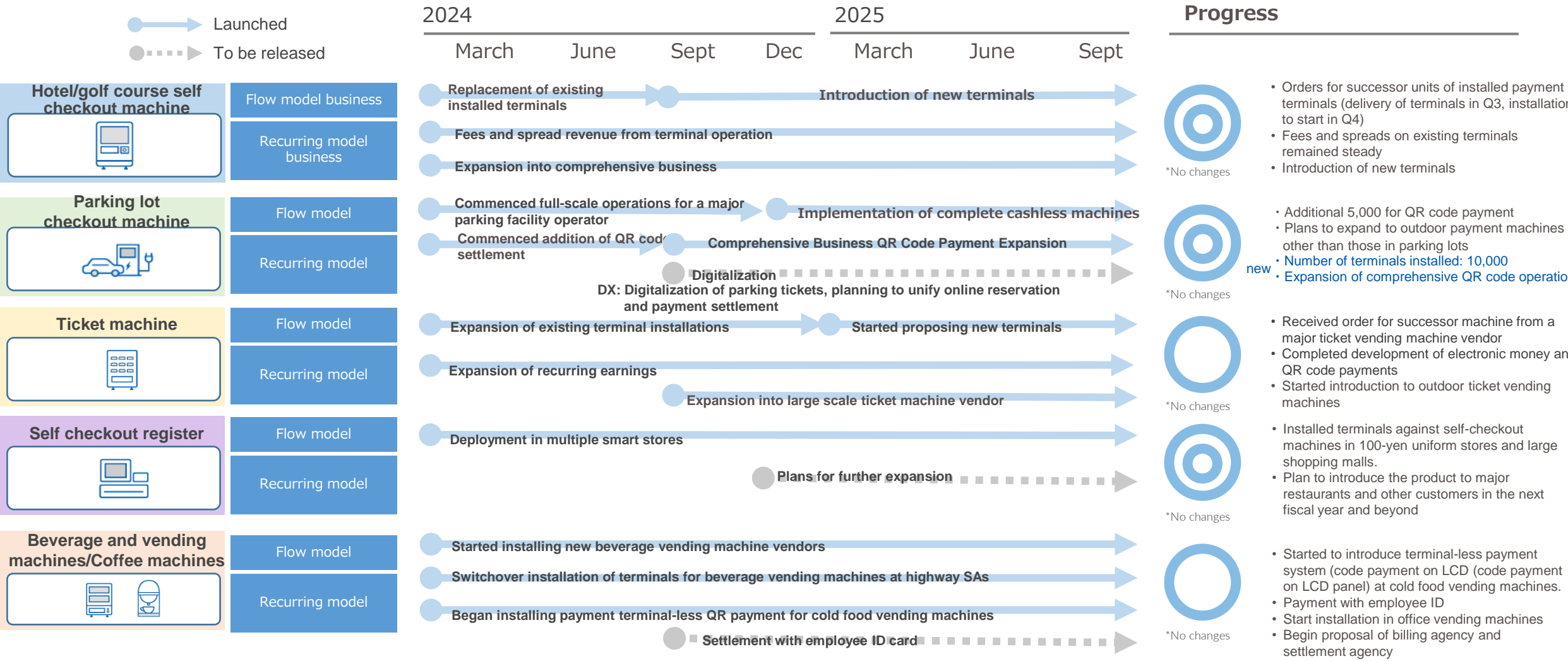
Strategy to Maximize Transaction Value

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

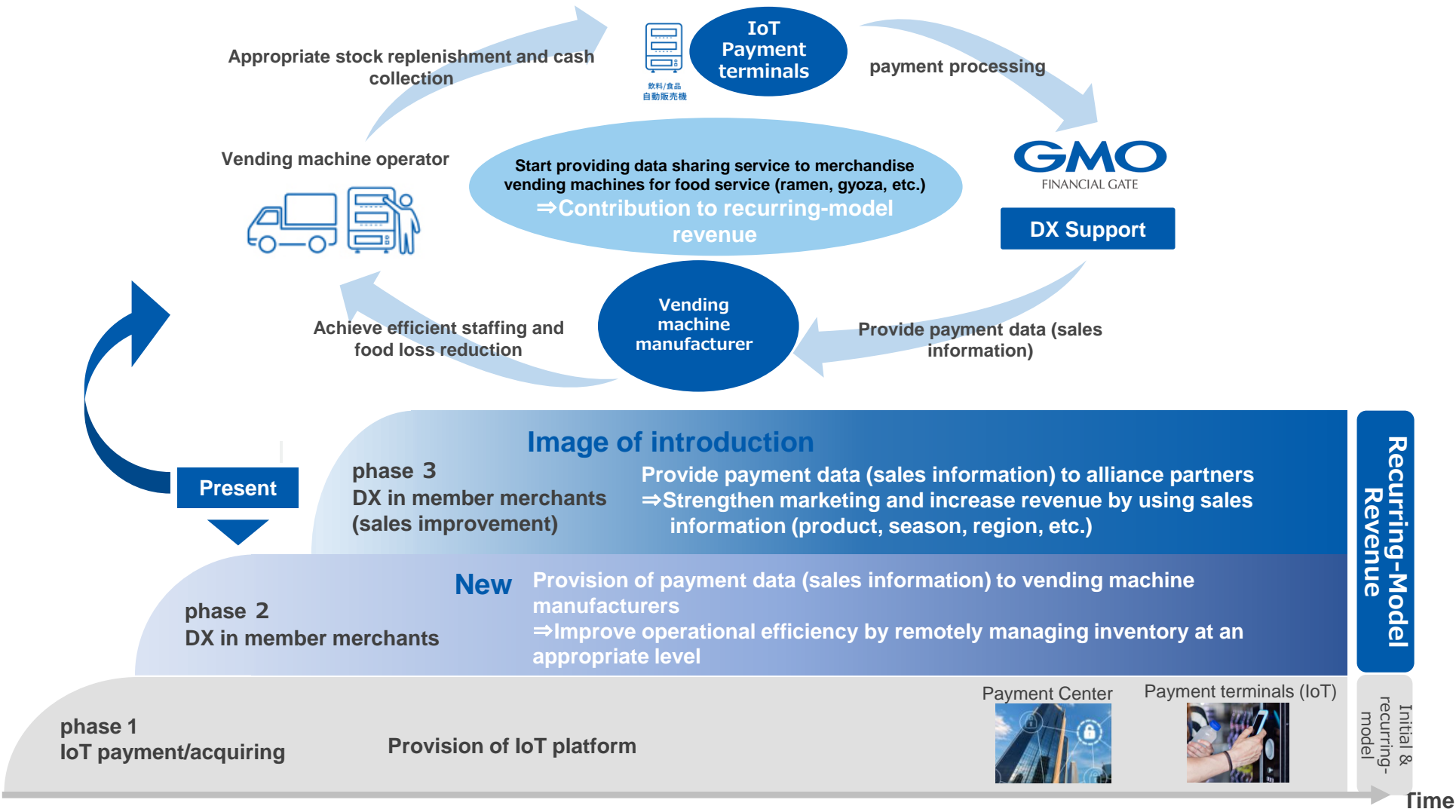


(*1) Source: "2024 Edition: Actual Status and Future Forecast of the Cashless Payment Market in Japan" and "2024 Edition: Current Status and Future Forecast of Online Payment Service Providers" Yano Research Institute Ltd.
(*2) Source: VJA

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

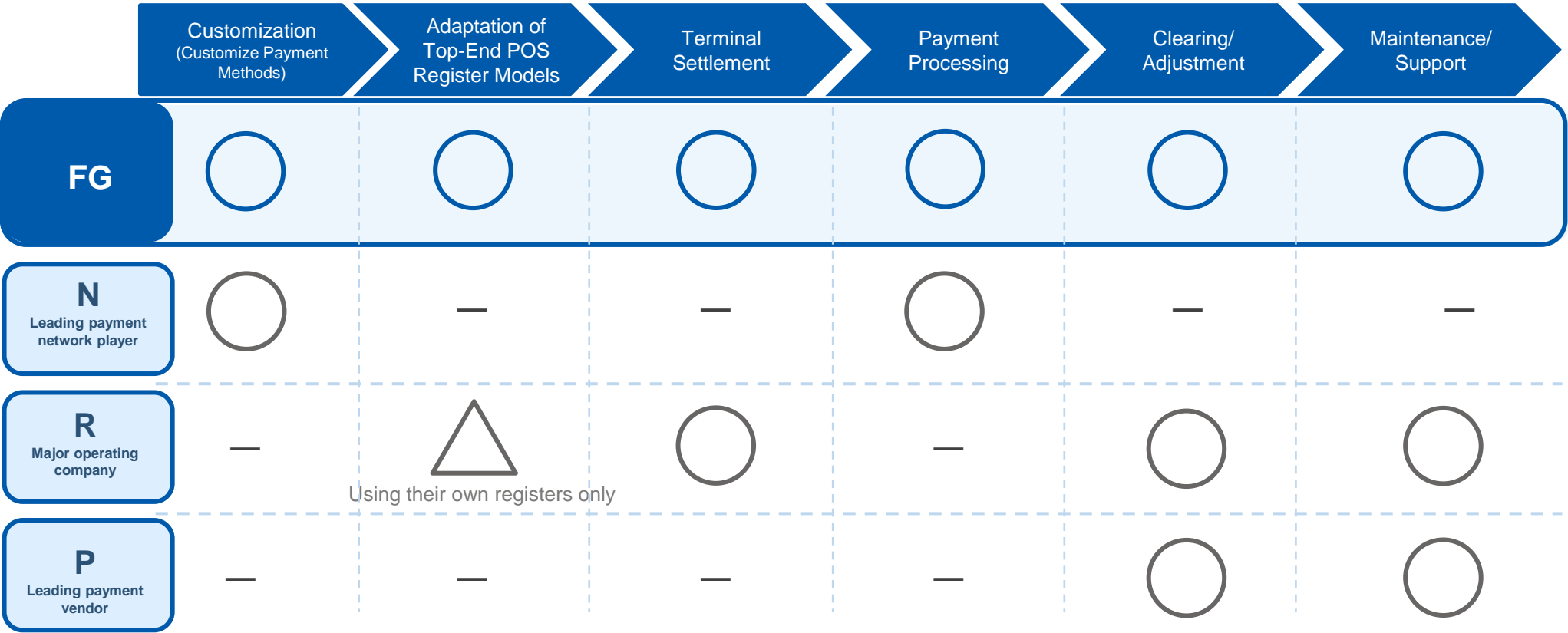


Started providing payment data service for merchandise vending machines, contributing to recurring-model revenue. Supporting merchants' operational efficiency improvement and sophistication (DX) using data



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

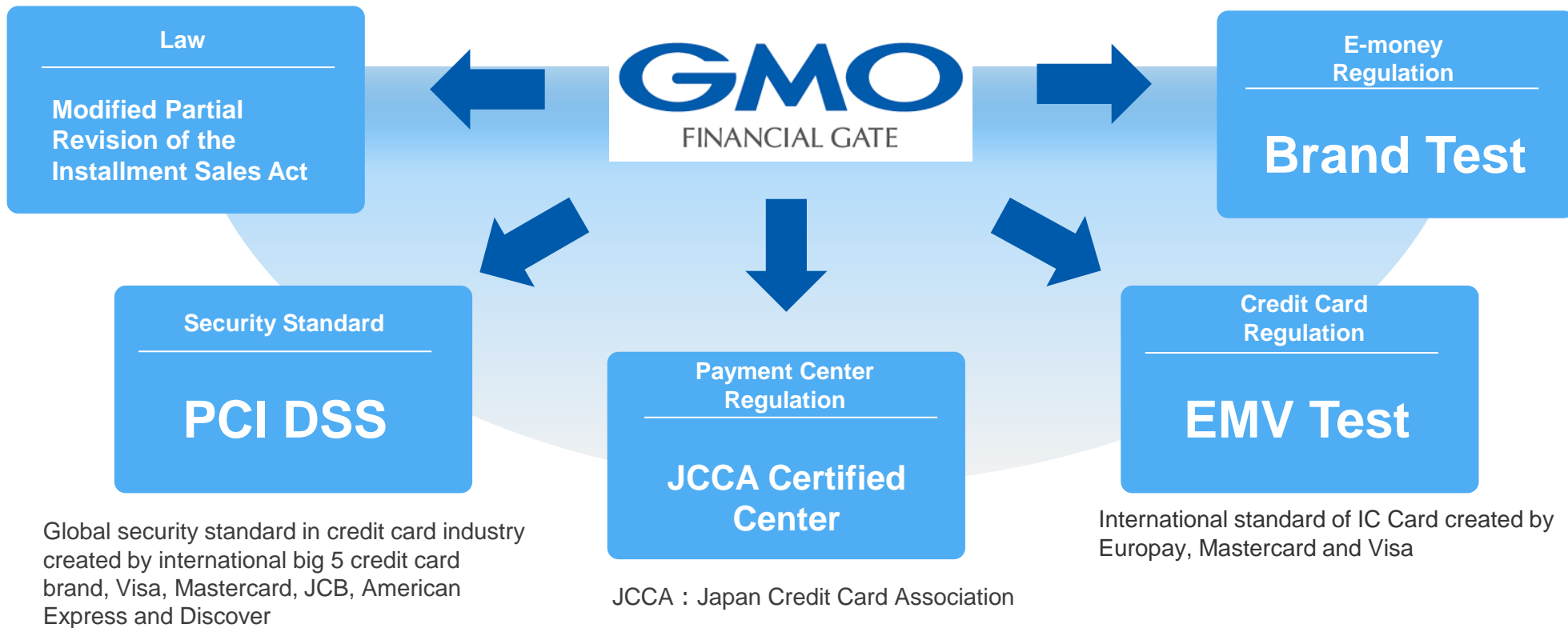
Solutions in Offline Payment Market



Barriers to Entry (Regulations to be Followed)

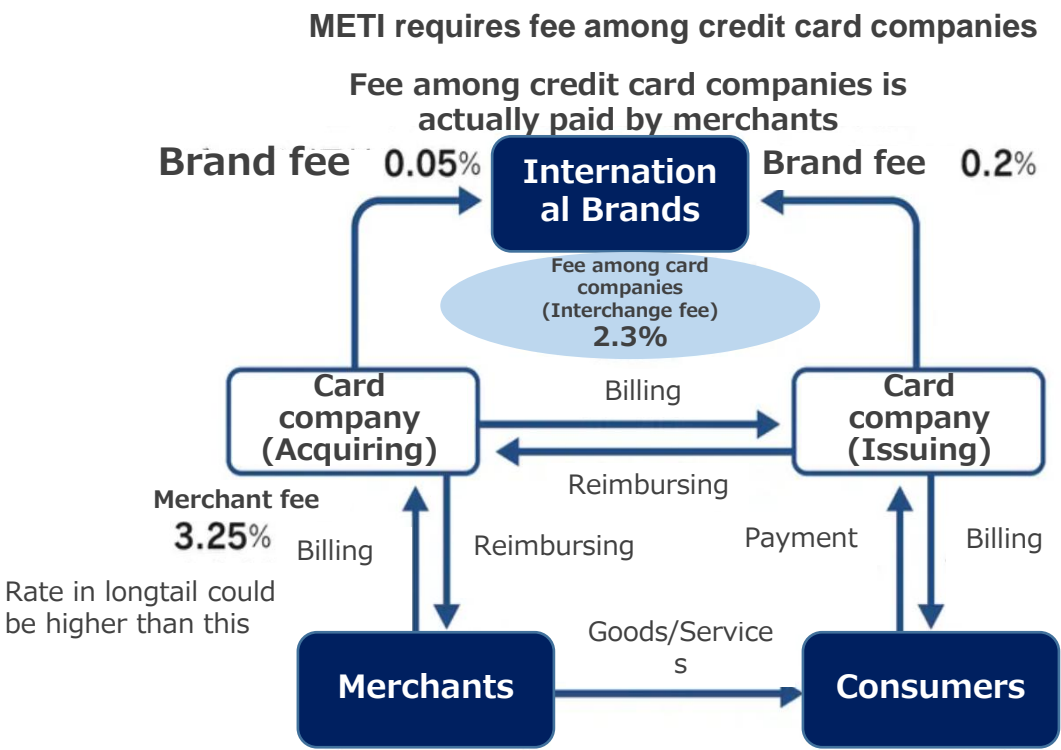
Competitive Advantage

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

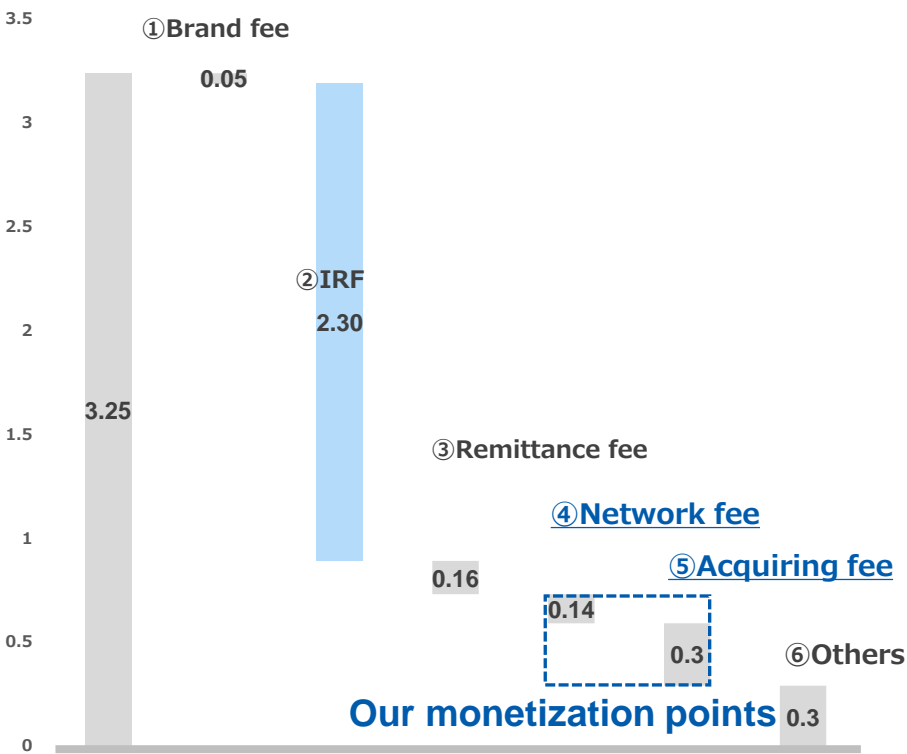


New topic of credit card industry

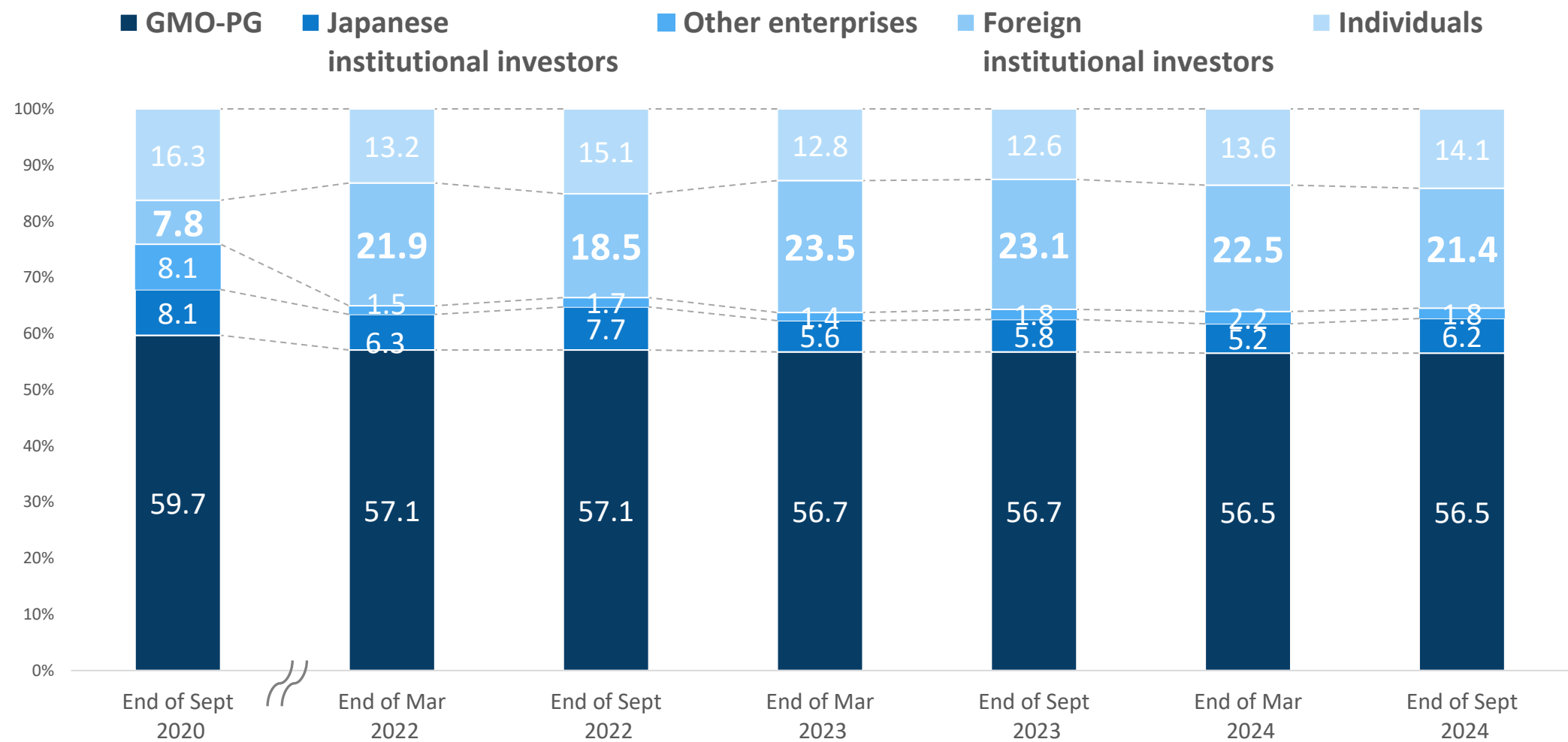
In response to a request from the Japan Fair Trade Commission, Visa, Mastercard, and UnionPay announced their intention to disclose their interchange fee rates by the end of November



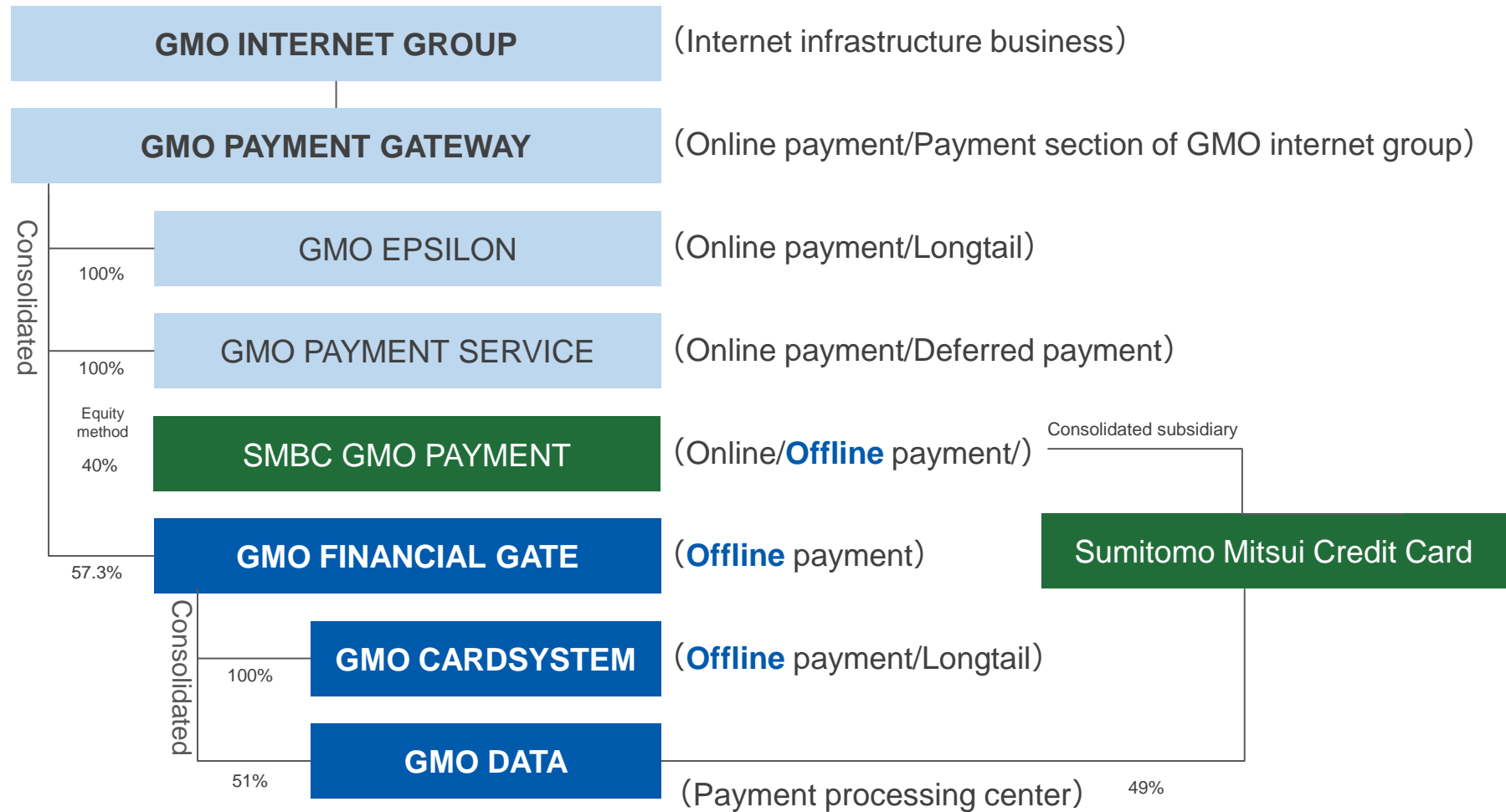
Breakdown of MDR
(model case : AOV ¥5K SME merchant)





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



■ 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	¥1,638 mn(End of September 2024)	
■ Major Shareholder	GMO Payment Gateway, Inc.	
■ Board Member	Representative Director, President	Kentaro 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
	*Audit and Supervisory Committee Member	

■ 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



Terminal-less

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://gmo-fg.com/en/index.html>