

Financial Results Briefing for Q1 FY2023

Expansion of next-generation payment platform contributes to growth of Stock-Model revenue
～ Progress in acquiring large merchants driven by Vertical Expansion ～

February 14, 2023

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

11th 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 February 14, 2023

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

1. **Summary of financial Results for Q1 FY2023**
2. **Business Highlights**
3. **Growth Strategy and Progress**
4. **Financial Information**
5. **Appendix**

1

Summary of financial Results for Q1 FY2023

1.1 Q1 FY2023 Summary

Both revenue and operating profit are making good progress against the 1H and full-year forecasts. Recovery of economic activity in face to face market also contributed our business.

• Q1 FY2022

- Revenue **¥3.27billion (+52.6% YoY)** Progress towards **1H** forecast **53.4%**, Progress towards **full-year** forecast **26.2%**
- Operating Profit **¥0.28billion (+34.5% YoY)** Progress towards **1H** forecast **62.3%**, Progress towards **full-year** forecast **30.3%**

• Revenue categories

- Initial revenue **¥2,220million(+52.6% YoY)** , Stock-Model revenue **¥1,047million(+52.5% YoY)**

• KPIs

- Number of active terminals : **207K(+64 YoY, +45.1% YoY)**
- GMV **¥0.92trillion(+76.0% YoY)** , Transaction Volume (Number of transaction) **105million(+62.4% YoY)**

• Growth of existing merchants

- GMV expansion of existing merchants Q1 previous FY → Q1 current FY **+24% YoY**(*market growth in the same period is +14% YoY)

- Progress in alliance projects with major hotel/travel-related merchants. The Recovery both in economic activity and inbound tourism demand is also tailwind.
- Increased the introduction in the mobility area in the Tokyo metropolitan area. The recovery of inbound tourism demand is also driving the spread of credit card touch payment.
- Additional disclosure of ESG responses to SCOPE 1 and 2 was completed in December 2022, and additional disclosure, including SCOPE 3, is planned during current fiscal year after a data review by a third-party certification organization.

1.2 Summary of Financial Results

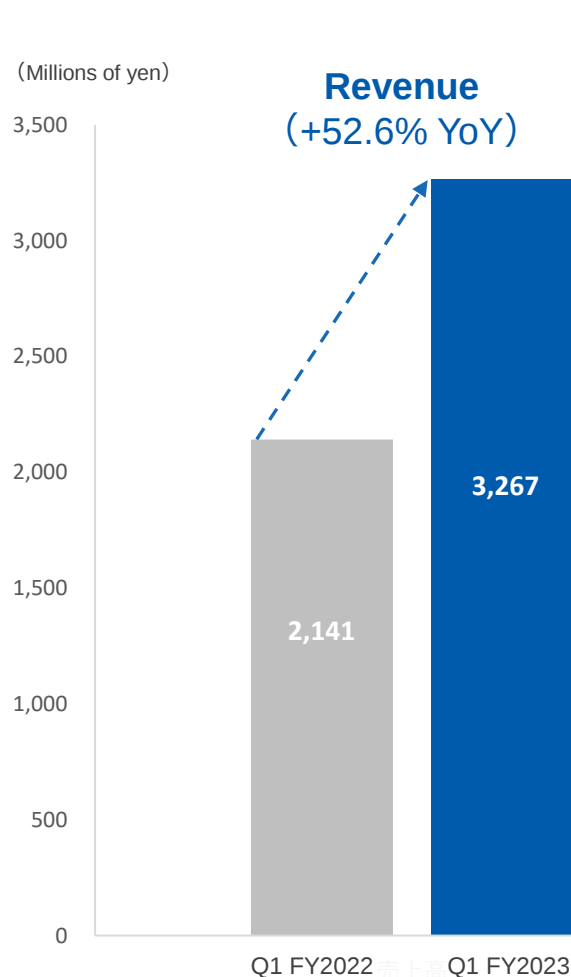
Both revenue and operating profit are making good progress against the 1H and full-year forecasts.

(Millions of yen)	Q1 FY2022	Q1 FY2023	YoY	Forecast FY2023 1 st half (Full-year)	Progress towards forecast
Revenue	2,141	3,267	+ 52.6%	6,115 (12,470)	53.4% (26.2%)
Gross profit	603	843	+ 39.7%	1,492 (3,136)	56.5% (26.9%)
Operating profit	210	282	+ 34.5%	453 (930)	62.3% (30.3%)
Profit attributable to owners of parent	138	170	+ 22.6%	283 (580)	60.1% (29.3%)

	Number of active terminal (End of December 2022)	Transaction Volume (Q1 FY2023 Only)	Transaction Value (GMV) (Q1 FY2023 Only)
KPIs (YoY)	207,724 (+45.1%)	Approx. 105.5 million (+62.4%)	Approx. ¥924 billion (+76.0%)

1.3 Major Topics Regarding Financial Results

Progress in-line with the full-year forecast (profit margin also in line with expectations).
Secured high operating profit growth rate (+34.5% YoY) while continuing to make necessary investments.

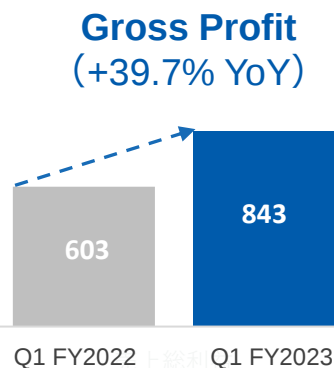


■ Revenue

- (+) Large-lot deal contributed to increased sales of payment terminals.
- (+) Steady growth in stock-type sales backed by an increase in the number of terminals in operation
- (+) Reopening effect has become apparent mainly in domestic demand.
- (+) Inbound tourism demand is recovering with the increase in the number of foreign visitors to Japan.

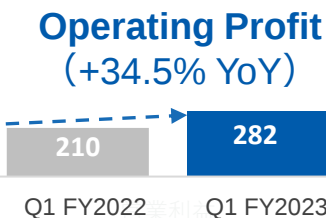
■ Gross Profit

- (+) Revenue expansion.
- (+) Steady expansion of high-margin Stock-Model Revenue.
- (-) Increase in revenue composition of low gross margin terminal "stera".



■ Operating Profit

- (+) Steady growth in sales and gross profit.
- (-) Continued investment in future earnings in excess of profit plan.



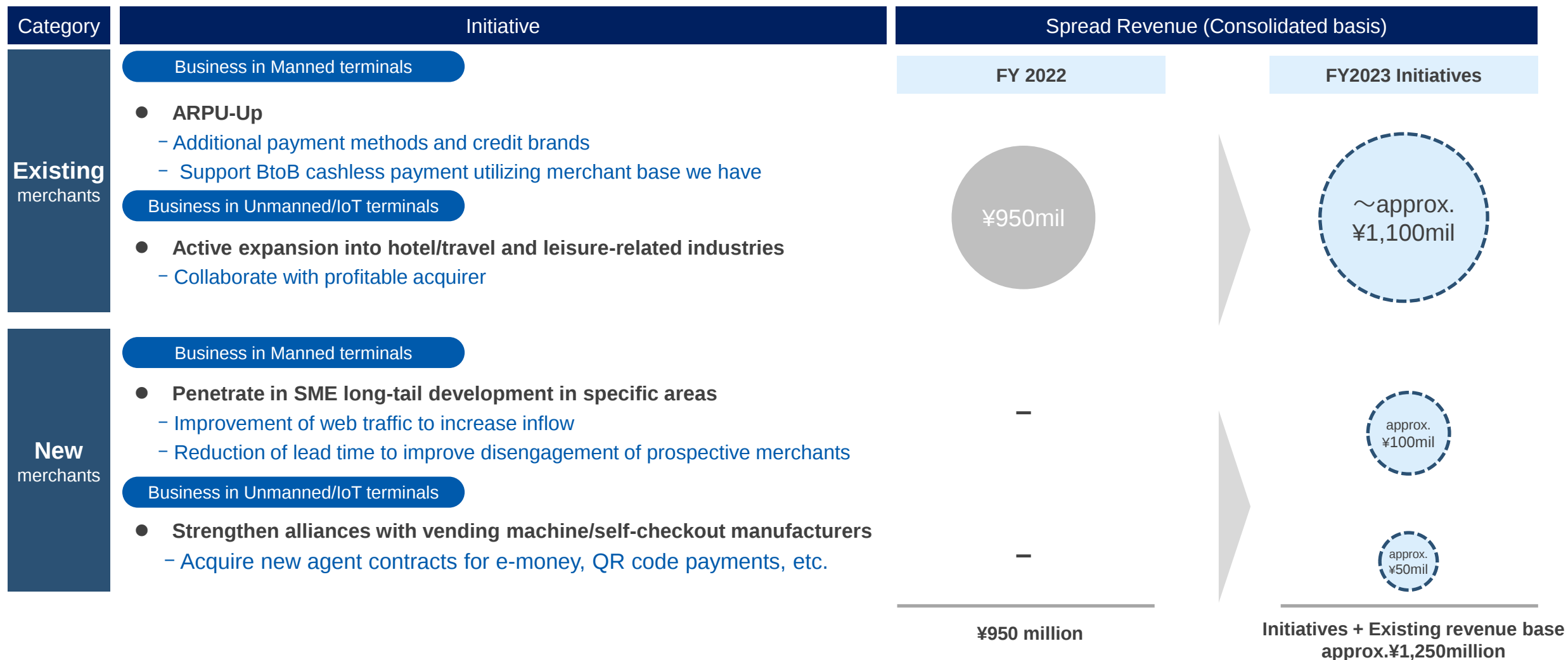
1.4 Revenue by Business Model (YoY)

Continued high YoY growth in both Initial and Stock-Model Revenue.
Steadily expand Stock-Model Revenue by flexibly designing the contract structure to monetize any of the three items.

(Unit : Millions of Yen)	Q1 FY2022 (Composition %)	Q1 FY2023 (Composition %)	YoY
Initial	1,454 (67.9%)	2,220 (67.9%)	+52.6%
Stock-Model	686 (32.1%)	1,047 (32.1%)	+52.5%
Stock	185 (8.7%)	259 (8.0%)	+39.7%
Fee	261 (12.2%)	519 (15.9%)	+98.6%
Spread	239 (11.2%)	268 (8.2%)	+12.0%
Total Revenue	2,141	3,267	+52.6%

1.5 Initiatives for accelerating Spread Revenue

Strengthen solutions for small and medium-sized merchants by “expanding payment valuations” and “simplifying the implementation process”. Implement various initiatives to achieve continuous revenue growth of 25%.

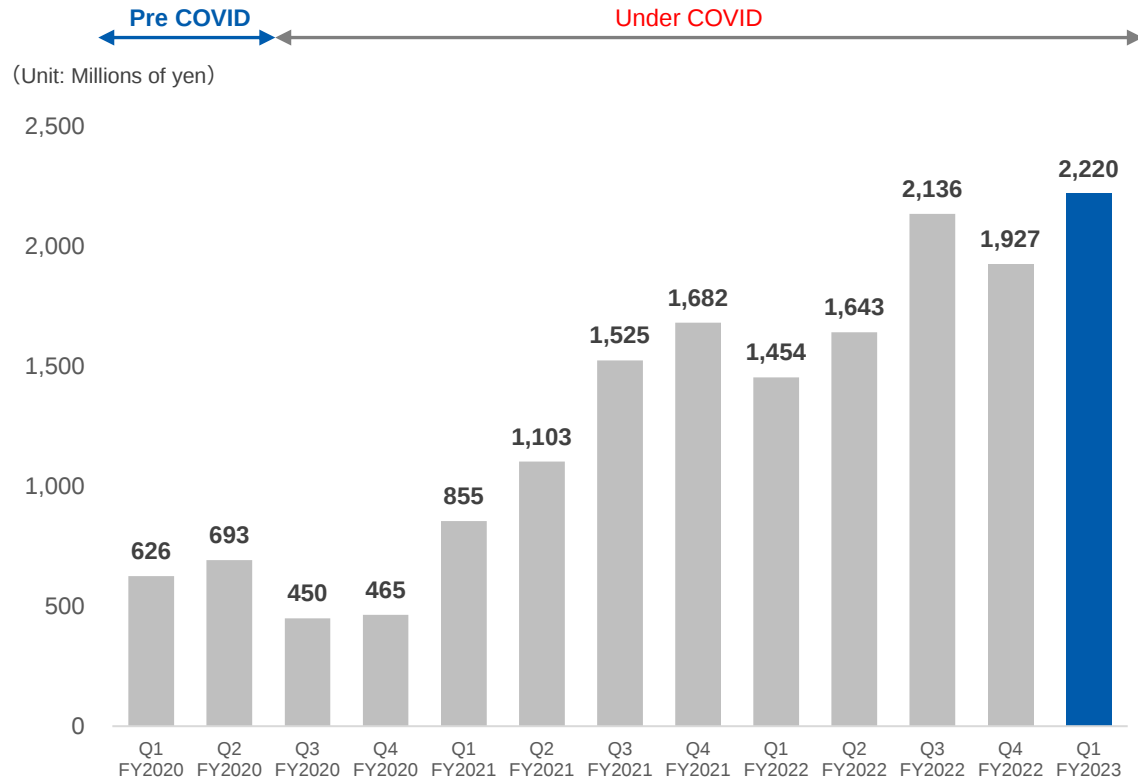


1.6 Revenue by business model (Quarterly)

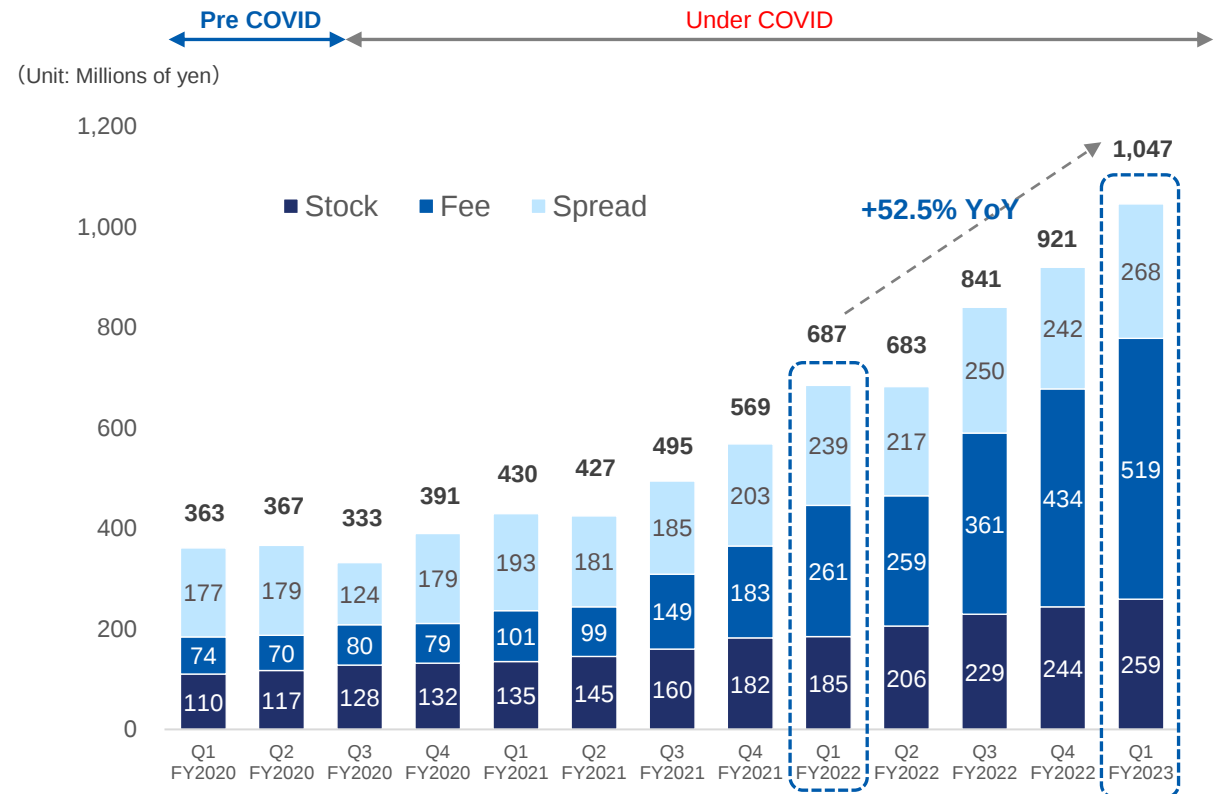
【Initial】 Continued to be fluctuate from quarter to quarter, but steadily expanding because now is the time to increase the market share.

【Stock-Model】 Growth driven by fee expansion backed by growth in the number of active terminals.

Initial Revenue

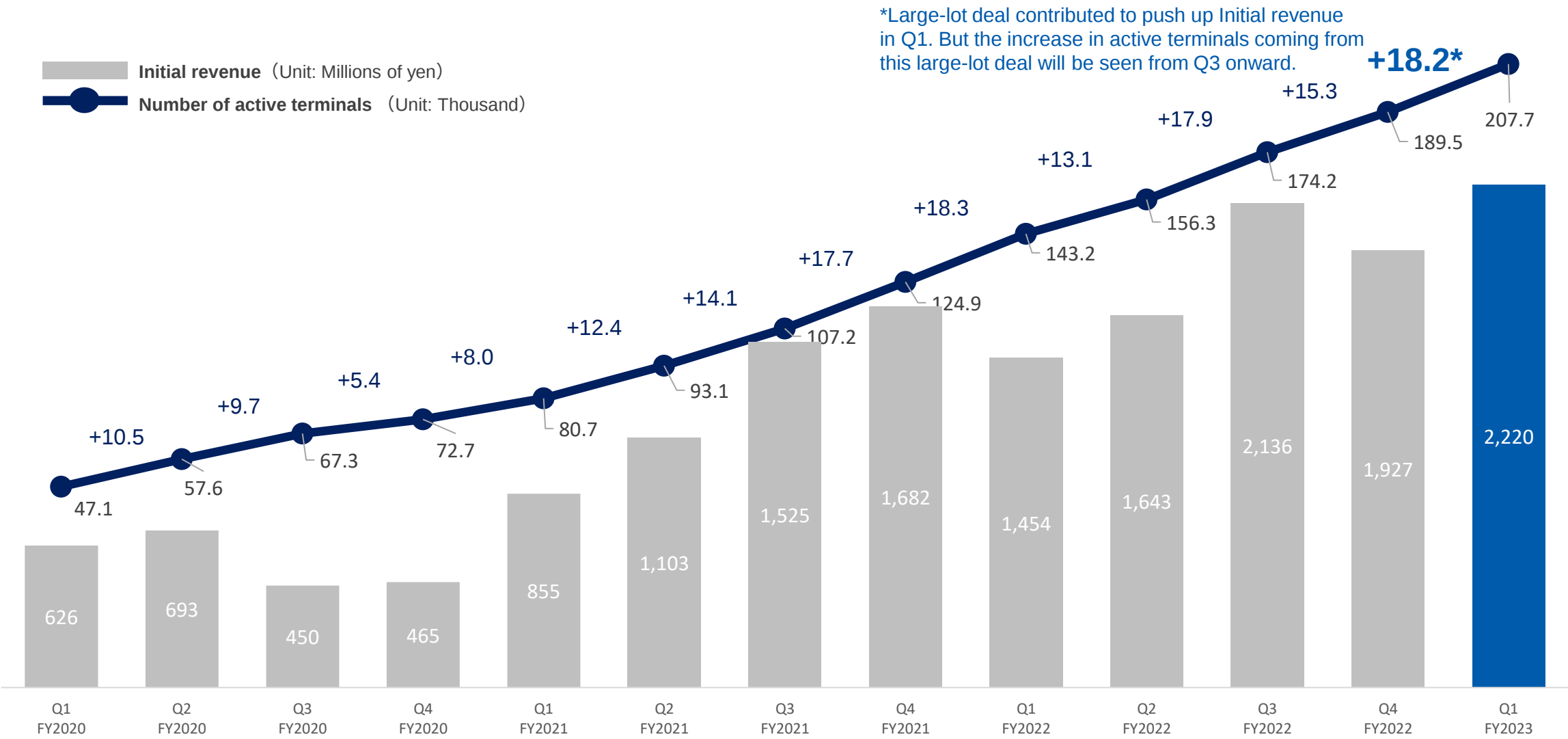


Stock-Model Revenue



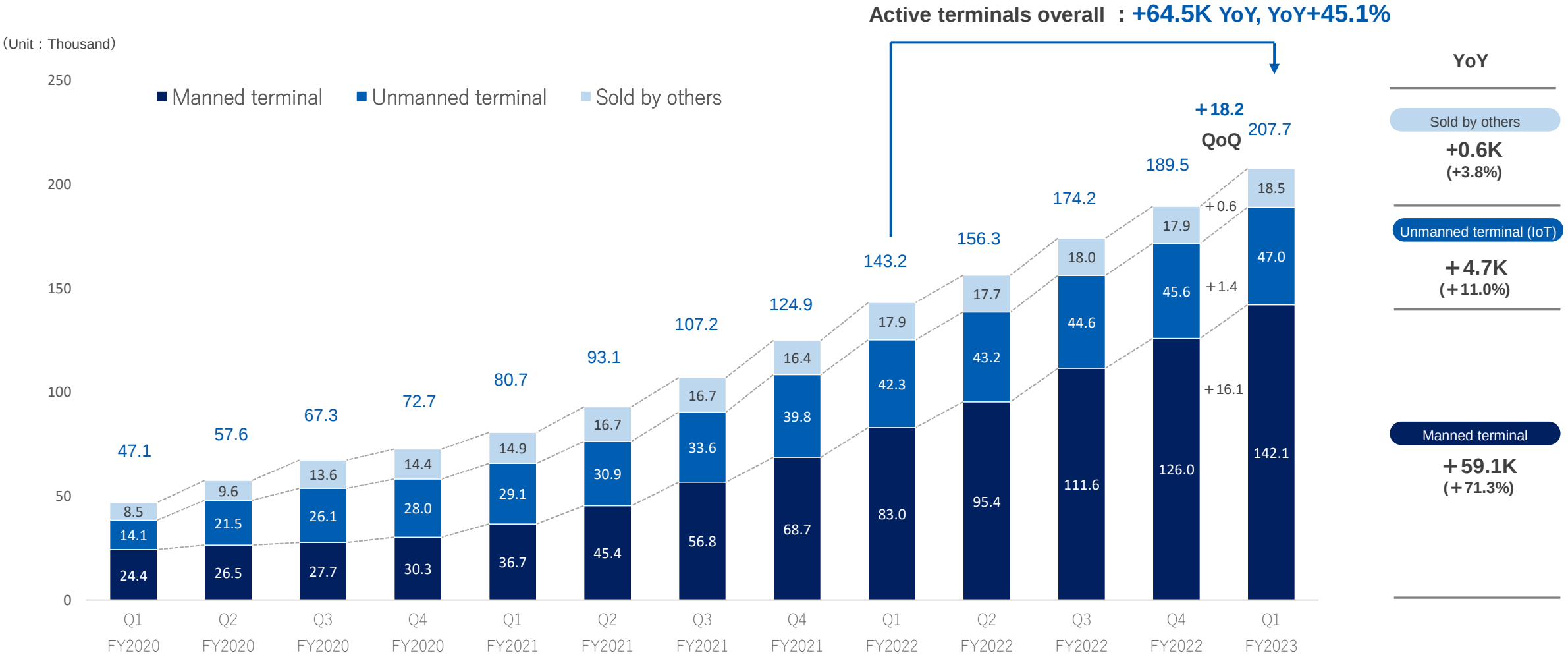
1.7 Initial Revenue and No. of Active Terminals (Quarterly)

Initial revenue grew steadily due to the contribution of large-lot deal. On the other hand, terminals sold as a result of this large-lot deal are scheduled to go into operation in Q3 of current fiscal year or later.



1.8 Consolidated KPIs (Number of active terminals)

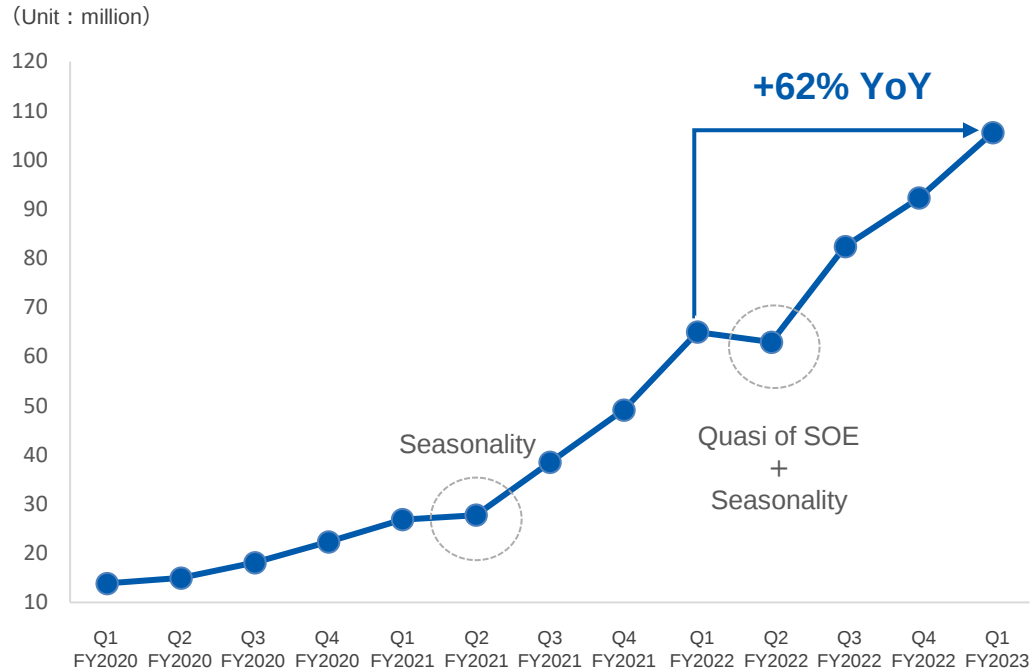
The increase in the number of manned terminals, mainly stera, continues to drive the overall increase. Unattended terminals also continue to expand steadily.



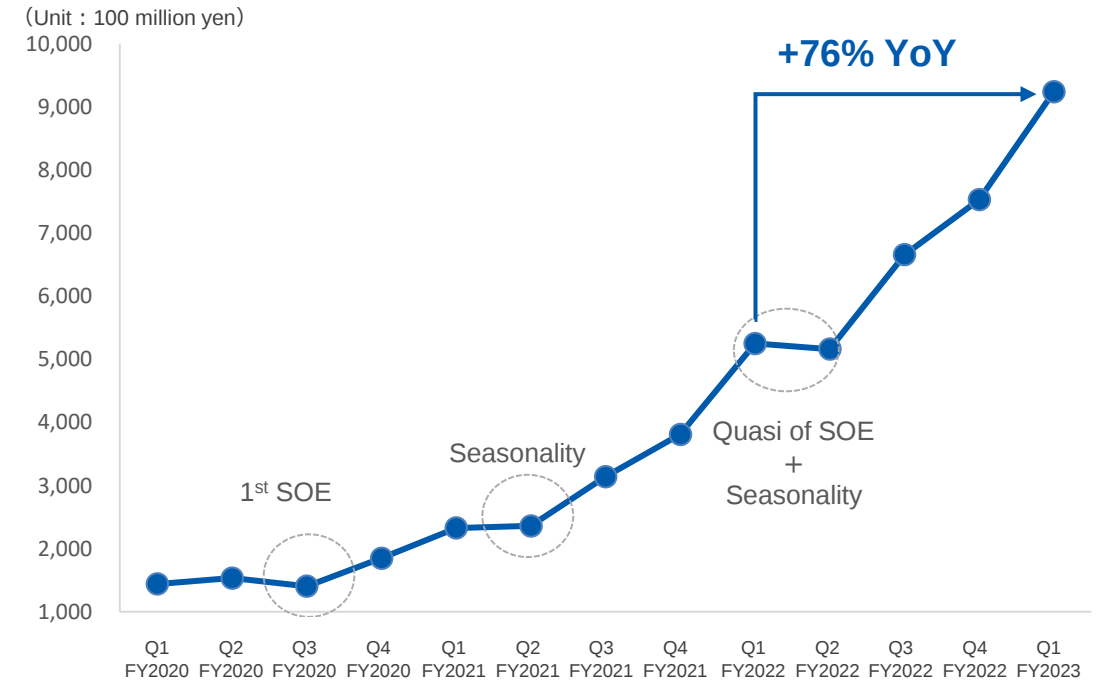
1.9 Consolidated KPIs (Quarterly Transaction volume/GMV)

Both the number of transaction volume and GMV exceeded our target of +50% YoY. KPIs steadily expanded in line with the increase in the number of active terminals.

Number of transaction volume



Transaction value (GMV)



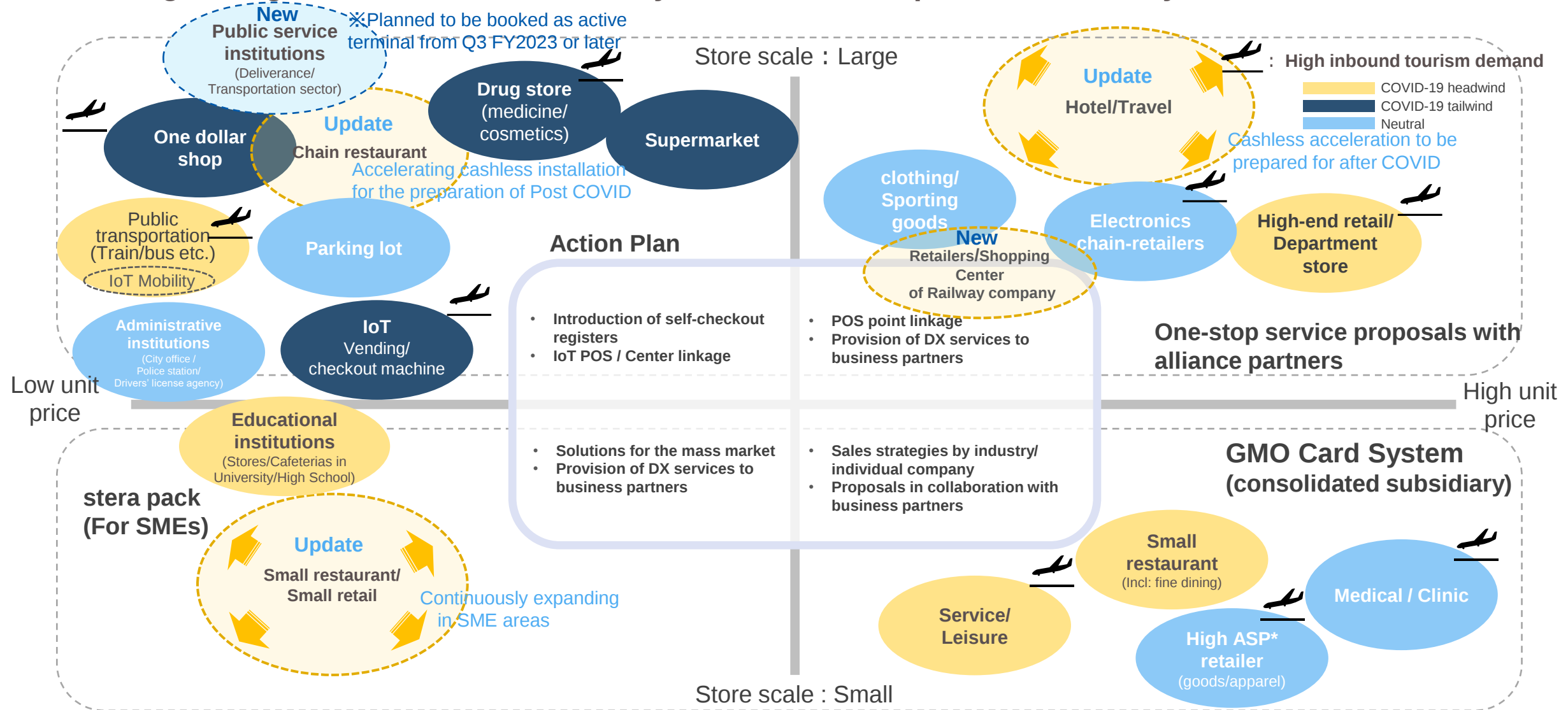
	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023
Transaction volume (10 K)	1,383	1,494	1,809	2,231	2,683	2,774	3,848	4,914	6,497	6,293	8,237	9,224	10,553
Transaction value(GMV) (¥100 M)	1,442	1,534	1,307	1,833	2,329	2,361	3,141	3,810	5,251	5,162	6,658	7,530	9,242

2

Business Highlights

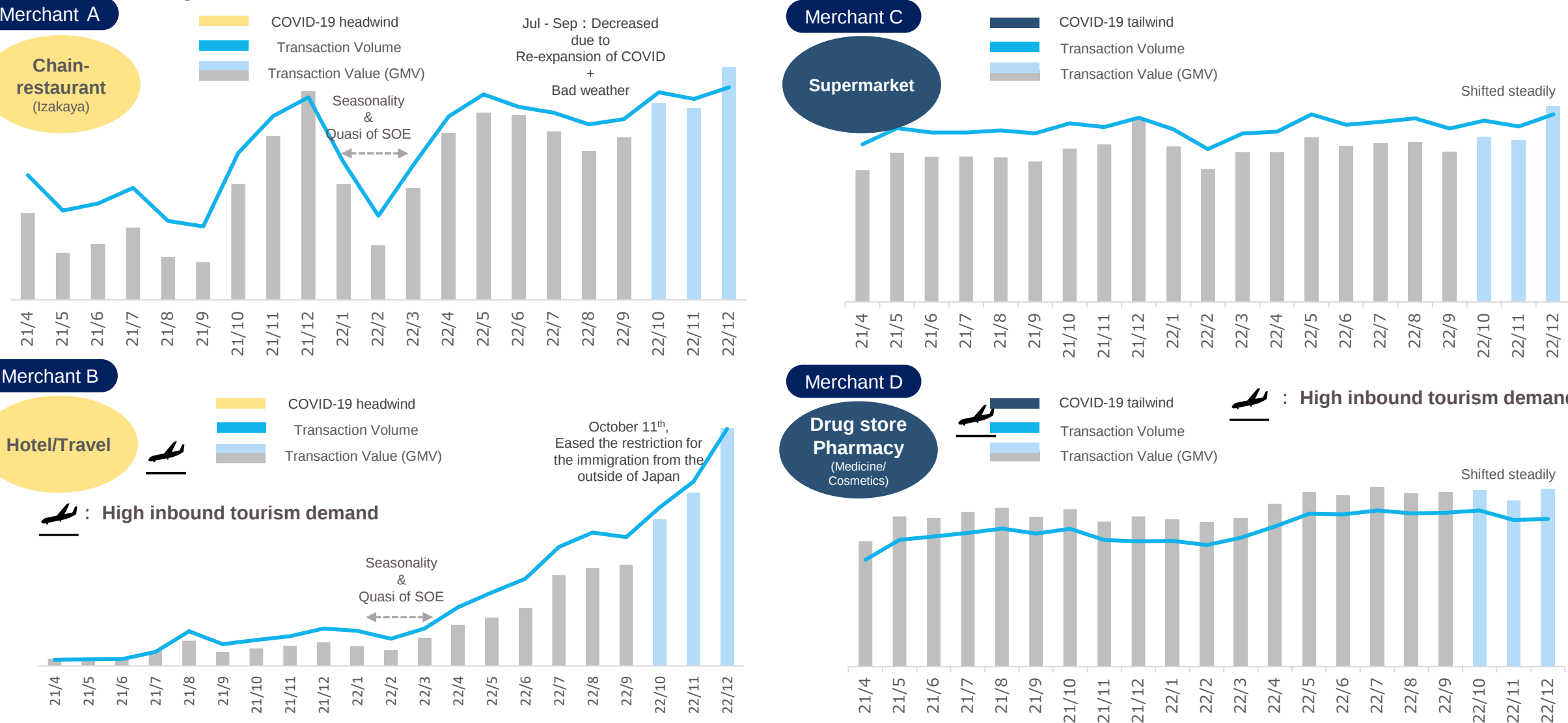
2.1 Merchant Industry

Increased installation of terminals at merchants in industries where COVID used to affect huge impact. Confirming strong cashless demand at many merchants to capture the recovery wave from COVID.



2.2 Transaction Trends by Industry (Q1)

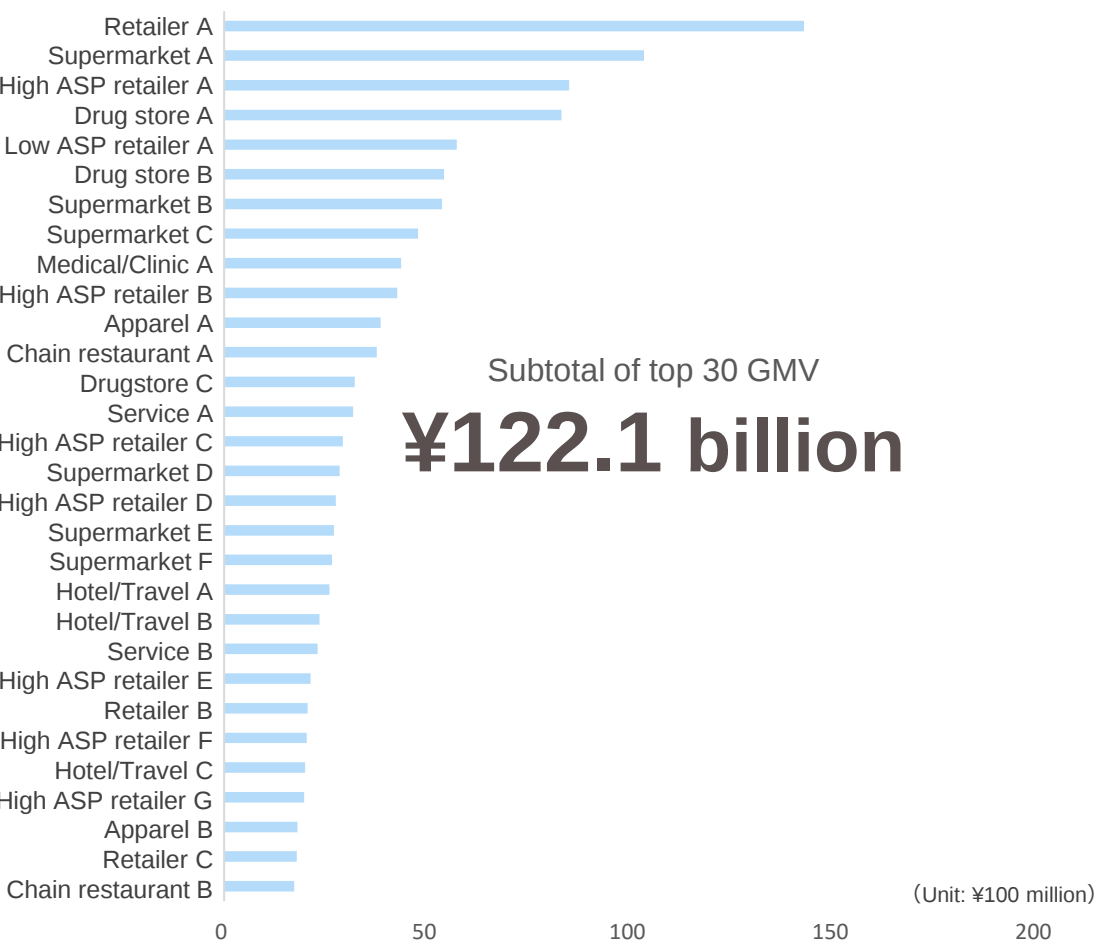
Reopening/recovery of inbound tourism demand has led to a recovery in merchants that were negatively impacted by COVID.



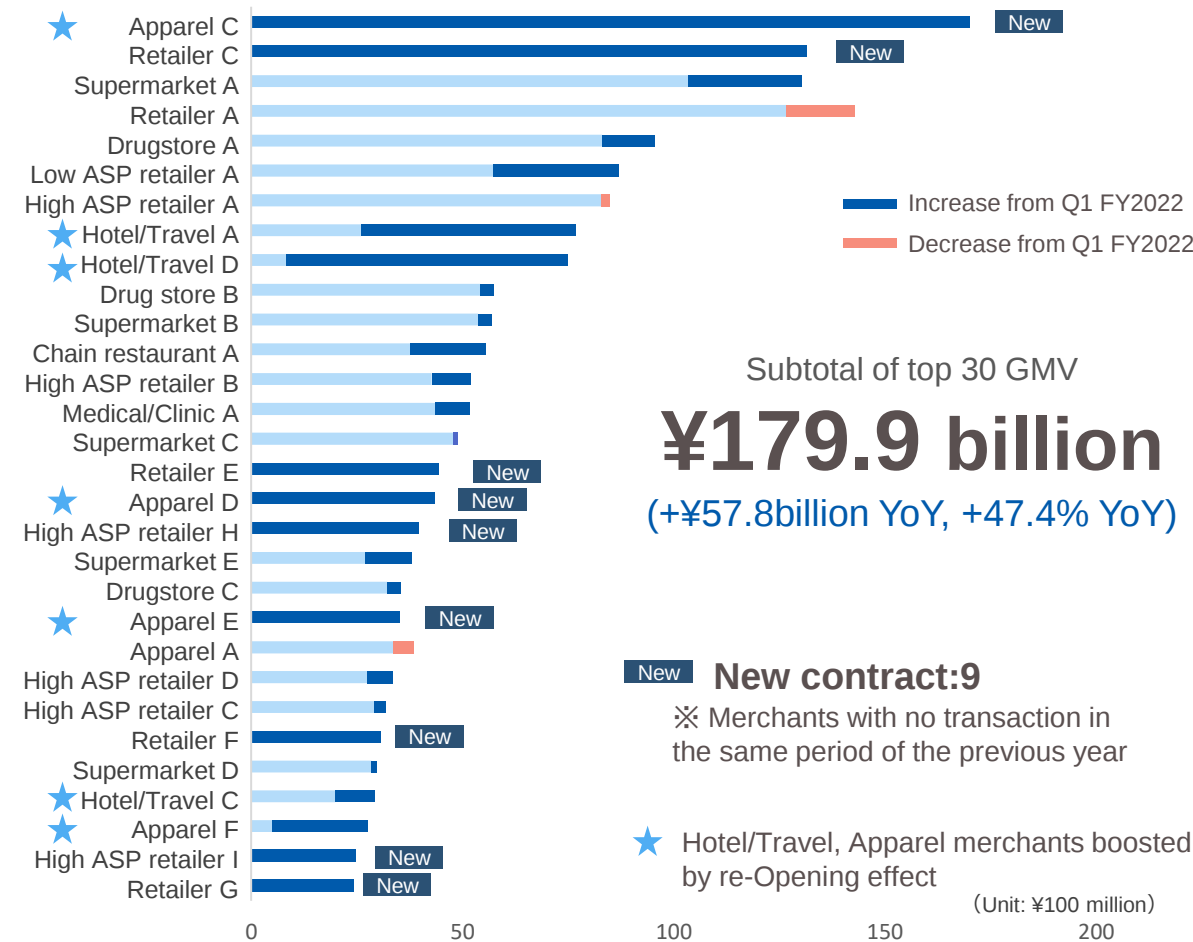
2.3 Top 30 ranked merchants (GMV basis)

Vertical expansion of our payment platform has been successful, and we are steadily acquiring new merchants. Steady YoY growth of existing merchants has been contributing the expansion of our cashless payment platform.

Q1 FY2022



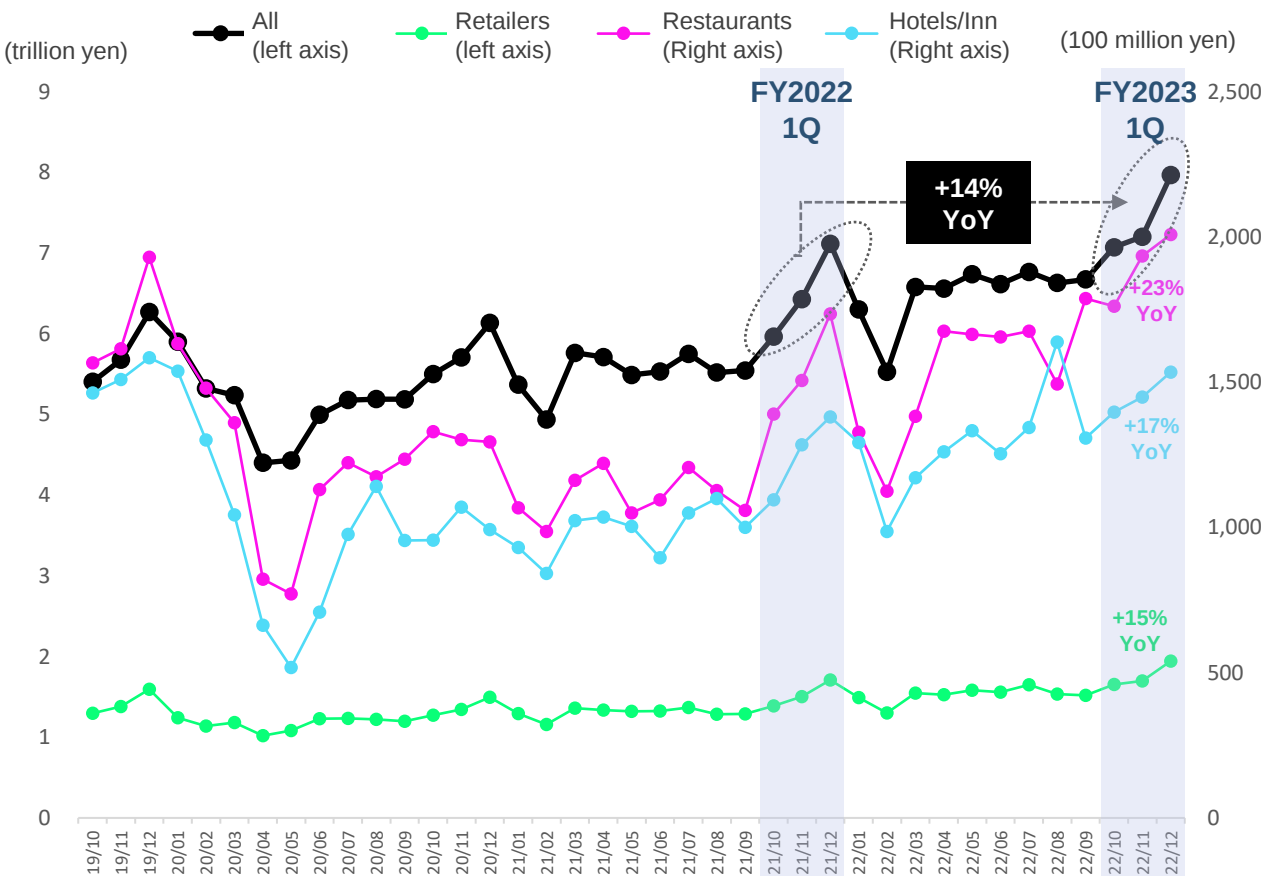
Q1 FY2023



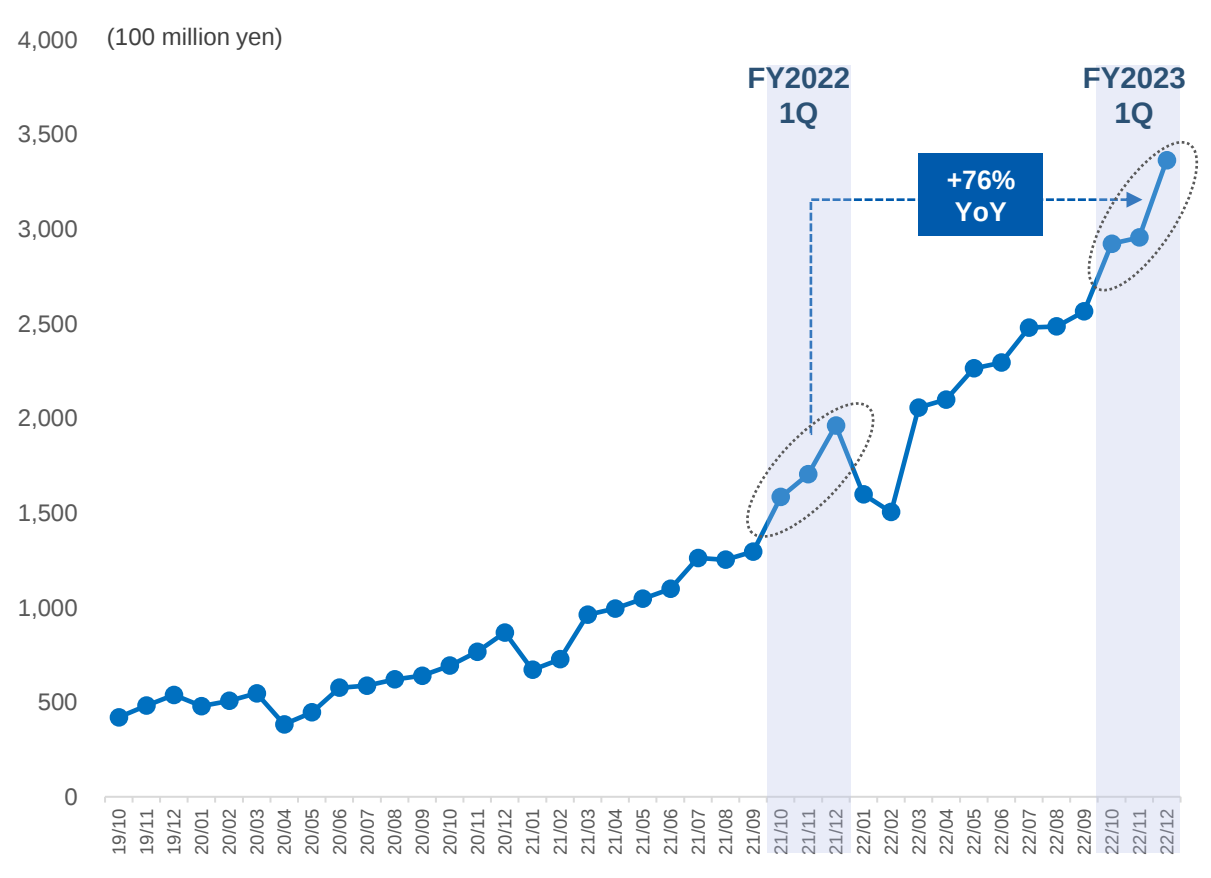
2.4 Comparison with Market Growth

While the overall market is currently growing +14% YoY, our GMV grew +76% YoY in Q1. Growth of existing merchants and acquisition of new merchants are the two factors driving our growth.

Market GMV (Transaction value of credit card payment)



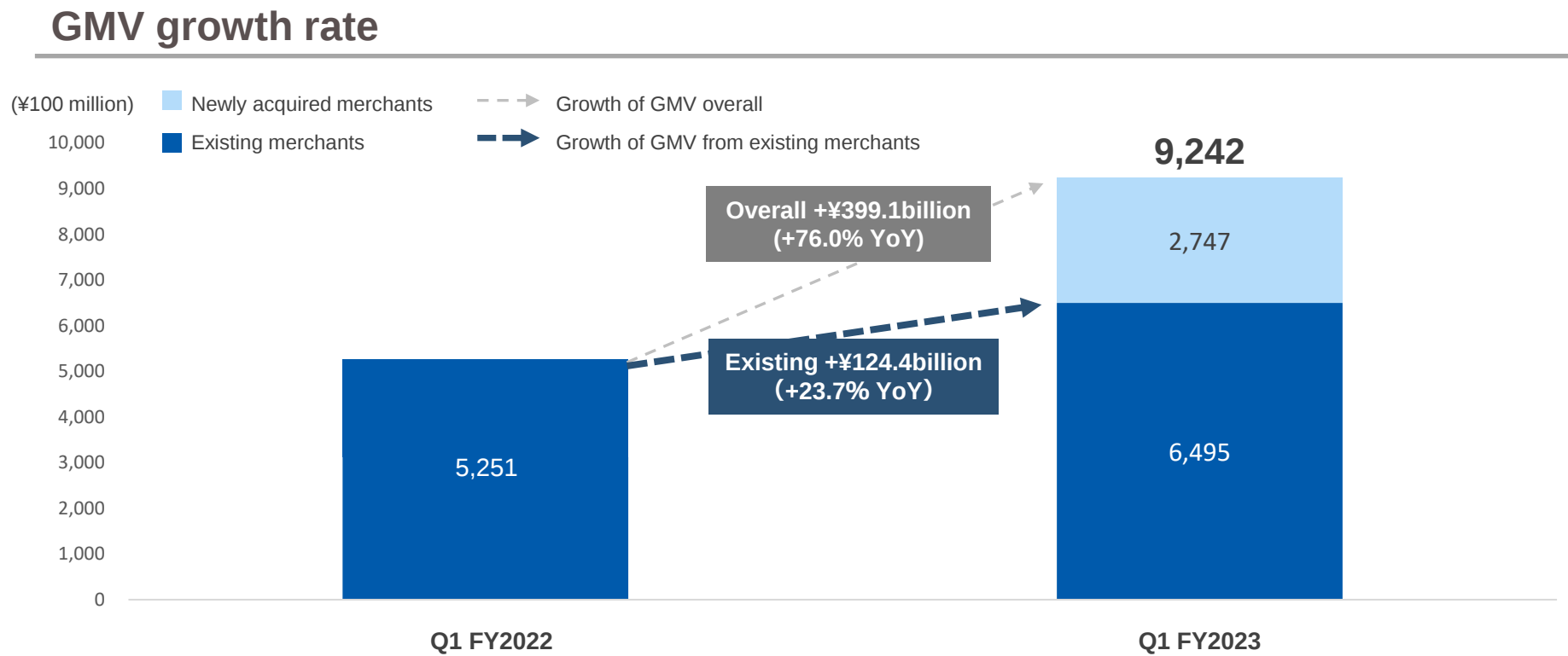
GMO-FG GMV



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

2.5 Payment platform grows together with merchants

Compared to current market growth of 14%, our Q1 GMV growth rate is 76% overall and 24% for existing merchants. The growth rate of just existing merchants exceeds market growth. with merchants growing together with our payment platform.



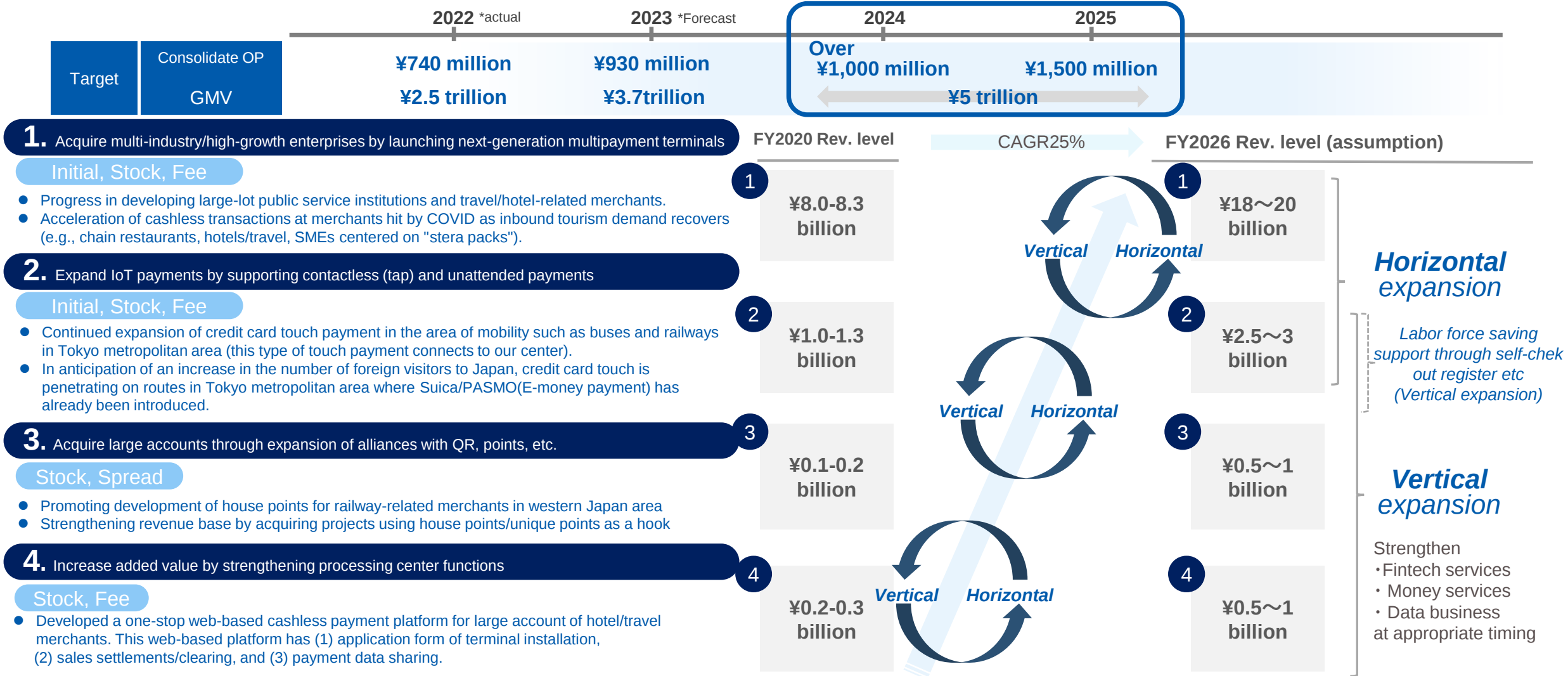
*Existing merchants are calculated as the number of merchants in the same period of the previous year. Existing merchants increase in “the number of payment terminals” and “new store openings” are also considered as existing growth.

*The above figures are considering churn of merchants.

Growth Strategy and Progress

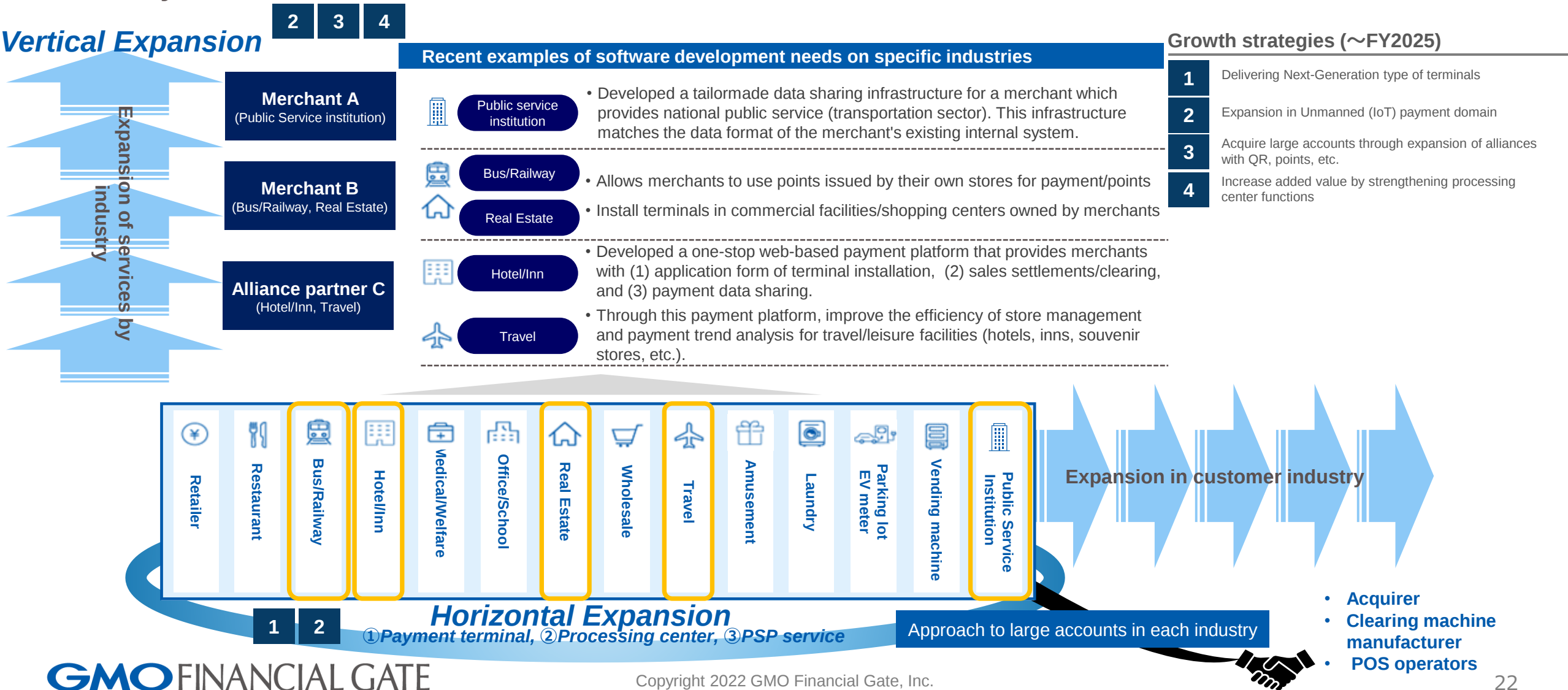
3.1 Growth strategy on mid-term target

Successfully delivering software development to large-lot merchants through Vertical expansion. Steadily making track record of symbolic deals. Growth strategy toward 2025 is progressing steadily on schedule.



3.2 Expansion of GMO-FG cashless platform

Building a highly-retentive payment platform through Vertical Expansion. Supporting merchants in resolving issues in preparation for the cashless transition of public service institutions and for the recovery of inbound tourism demand in related industries.



3.3 Business progress in active manned terminal

Action plans

1 2 3 4

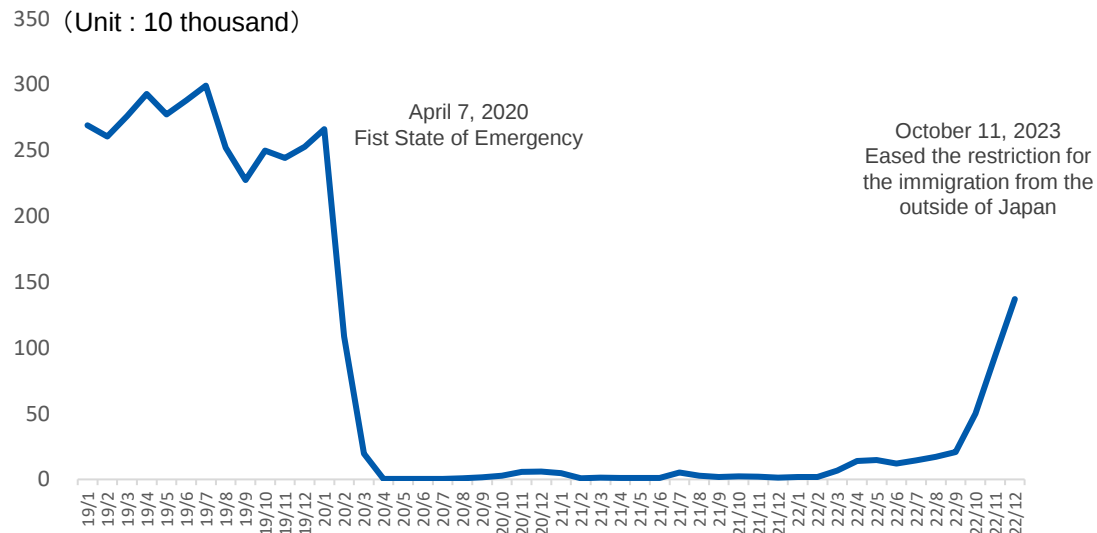
Nicely acquiring large merchants in each industry through promotion of Vertical expansion

Historical data of active manned terminal

(Unit : thousand)	FY2020 End Q4	FY2021 End Q1	FY2021 End Q2	FY2021 End Q3	FY2021 End Q4	FY2022 End Q1	FY2022 End Q2	FY2022 End Q3	FY2022 End Q4	FY2023 End Q1	QoQ (%)	YoY (%)
Manned terminal	30.3	36.7	45.4	56.8	68.7	83.0	95.4	111.6	126.0	142.1	+16.1 (+12.8%)	+59.1 (+71.3%)
		+6.4	+8.7	+11.4	+11.8	+14.4	+12.4	+16.2	+14.4	+16.1		

Recovery of inbound tourism demand and preparation for post COVID

Monthly Trends in the Number of Foreign Visitors to Japan



Renewal of terminals for JTB's "credit one-stop business" (from summer 2023, approx. 10,000 terminals will be delivered)

JTB's "credit one-stop business" :

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

2023年夏、C→REX がリニューアルします

JTBクレジットカード
一括加盟店決済サービス



3.4 Expansion of Payment Platforms - Mobility

Action plans

1 2 3 4

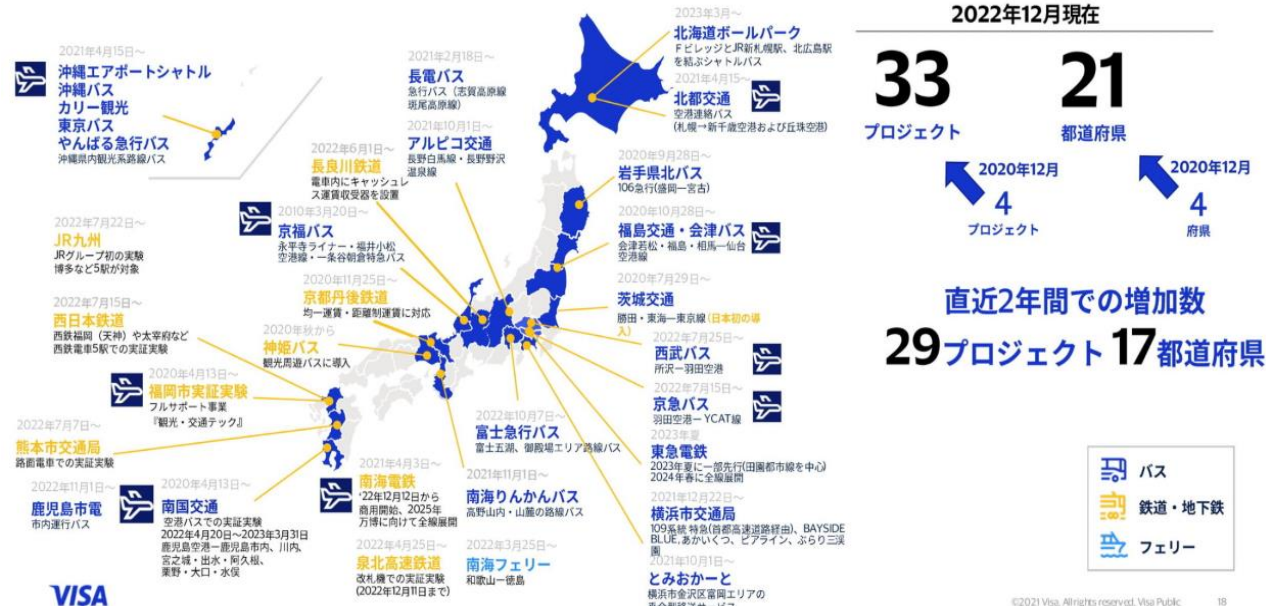
In anticipation of a recovery in inbound tourism demand, the use of Visa touch payment cards in the mobility field has become widespread also in Tokyo metropolitan area. Penetration of “Card Touch Payment”* contributes to increased awareness among users.

* Touch payment cards that Visa provides(credit, debit, and prepaid card)

Introduction snapshot in domestic public transportation (Visa Publication)

国内での公共交通機関での導入状況

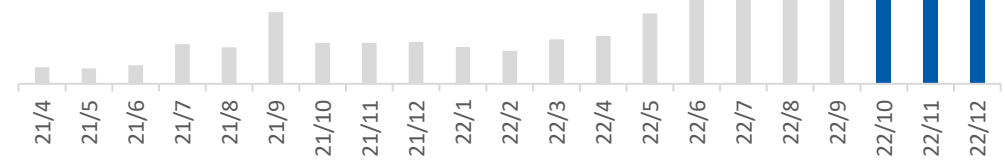
全国のバス・地下鉄・鉄道でのVisaタッチ決済の導入が拡大しており、2022年12月現在、21都道府県、33プロジェクトが発表もしくは展開済み



Source: Visa (excerpted from the December 19, 2022 media briefing handout)

Number of mobility transaction in metropolitan areas

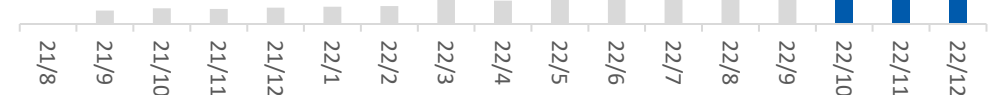
Kansai Transportation Company A



Kyushu Transportation Company B



Metropolitan Transportation Company C



3.5 Promote the success experience of cashless payment

Action plans

1 2 3 4

Create a cashless environment in previously cash-only event environments to encourage consumers to experience cashless success.

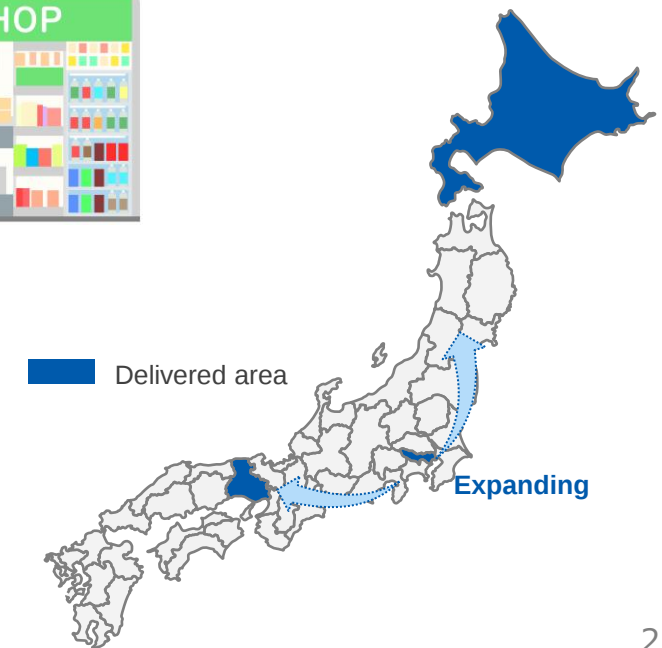
GMO SONIC 2023 (Jan 2023)

- Established **cashless only** environment



Professional sports stadiums

- Promoting cashless payment at professional sports stadiums.
- More stadiums are going completely cashless to reduce cash management costs.**
- Cashless payment is highly convenient for audiences as well, as it is contactless and reduces waiting time, contributing to a successful experience.



3.6 Status of ESG Initiatives as a Cashless Platform Company

Disclosed "ESG-related Initiatives in our group" on our website last December. Currently conducting third-party data review to obtain external certification for supply chain CO2 emissions, including SCOPE3.



- Our Efforts for Environmental Consideration
- Use of recycled paper for receipts (paper rolls) used at each payment terminal
 - Providing electronic storage services for sales slips to reduce the use of receipts (paper rolls)
 - Use of eco friendly materials for payment terminal components
 - Reusing payment terminals returned by merchants as refurbished terminals in the event of a malfunction by maintaining the terminals to ensure that they are as good as new.

Our supply chain CO2 emissions

Our Supply Chain						FY2022
Upstream		Us		Downstream		
SCOPE 3		SCOPE 1	SCOPE 2	SCOPE 3		
Procurement, Manufacturing and Distribution		Fuel Combustion	Electricity use	Use and disposal		
Payment terminals	Roll paper (Receipt)	N/A	Office, processing centers	Use of payment terminals	Disposal of payment terminals	

SCOPE 1 (t-CO2)	0
SCOPE 2 (t-CO2)	105
Electricity power use in SCOPE 1+2 (kwh)	231,210

(Note) SCOPE 3 is being coordinated with a third-party certification organization, and data is being collected with the aim of identifying it in the first half of this fiscal year and disclosing it in the second half of the year.

*The figures in the table above consider the consolidated group companies GMO Financial Gate, GMO Card Systems, and GMO Data.

*Data for SCOPE 1 and 2 will be verified by a third-party verification organization in 1H FY2023.

Financial Information

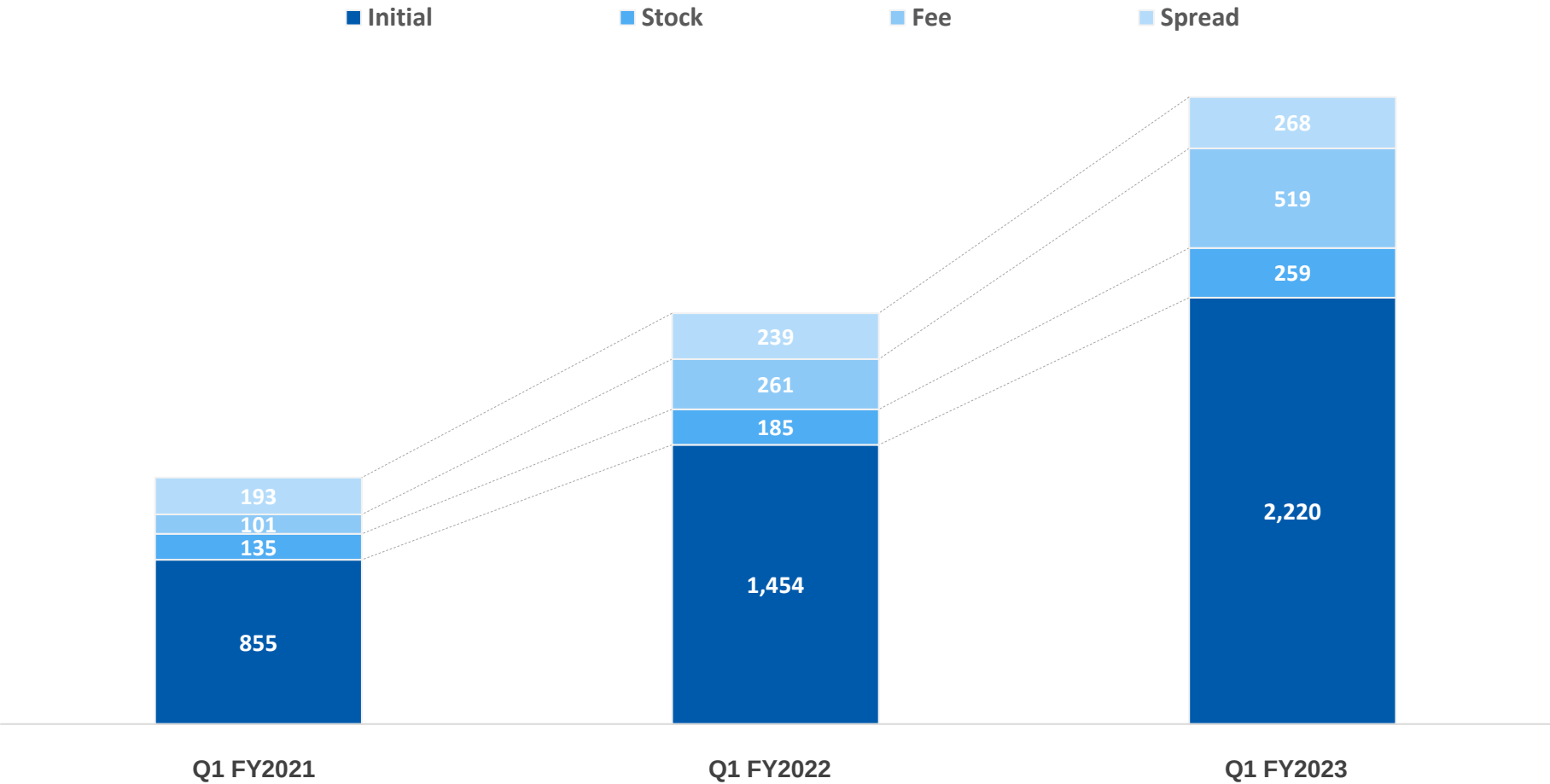
4.1 Profit & Loss

Slight YoY decline in gross margin mainly due to the change in sales mix within Initial revenue. SG&A ratio is declining due to revenue expansion, and operating profit is on track to meet the annual plan.

(Unit : Thousands)	FY2022 Q1 (actual)	FY2023 Q1 (actual)	YoY
Revenue	2,141,482	3,267,719	+52.6%
COGS	1,537,613	2,424,177	+57.7%
Gross profit	603,869	843,542	+39.7%
SG&A	393,574	560,764	+42.5%
Operating profit	210,295	282,777	+34.5%
Ordinary profit	210,360	282,444	+34.3%
Profit attributable to owners of parent	138,957	170,388	+22.6%

4.2 Revenue by business model (YoY)

Composition ratio of Initial and Stock-Model revenue remained unchanged from the same period of the previous year. % of Fee revenue rose among Stock-Model revenue increased.



4.3 Revenue by business model (Quarterly)

Initial revenue grew steadily due to the contribution from the development of large-lot merchant. Fee revenue was pushed up by the sales of paper rolls (seasonality). Spread revenue also grew steadily in QoQ due to the seasonality from the year-end sales spike season, despite the negative influence of COVID still remains on Spread revenue.

	SOE①				②	③	④	Quasi of SOE				7 th spike of new cases	8 th spike of new cases
(Unit : millions of yen)	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	Q1 FY2023
Initial	626	693	450	465	855	1,103	1,525	1,682	1,454	1,643	2,136	1,927	2,220
Stock-model	363	367	333	391	430	427	495	569	687	683	841	921	1,047
Stock	110	117	128	132	135	145	160	182	185	206	229	244	259
Fee	74	70	80	79	101	99	149	183	261	259	361	434	519
Spread	177	179	124 1 st SOE	179	193	181	185	203	239	217	250	242	268
Total	990	1,061	784	856	1,286	1,531	2,020	2,252	2,141	2,327	2,978	2,849	3,267

4.4 Balance sheet

Build up inventory based on future sales forecasts. Accumulate assets needed to execute market share expansion strategy.

End of Q1 FY2023 (Thousands of yen)

Cash & Cash equivalents (23.5%) 1,720,088	Current liabilities 2,801,374
Merchandise (Payment terminal) 2,511,348	Non-current liabilities 39,252
Other current assets 1,526,884	Total equity (61.2%) 4,484,997
Non-current assets 1,567,303	

Asset

Debt

■ Points

Merchandise :

Increased approx. ¥1billion from the end of Q4. Inventory buildup based on future sales forecast. Although some terminals are experiencing a prolonged procurement lead time, there is no noticeable negative impact on major terminals, centering on "stera". And price increases have been requested for some terminals and paper rolls, but we are planning to maintain an appropriate gross profit level by passing on the cost of these products to merchants.

Cash and Cash Equivalents :

Decreased approx. ¥800 million from the end of the previous Q4 due to inventory buildup, etc.

4.5 Consolidated KPIs (No. of Active Terminals)

The increase in the number of active terminals continued to be driven by manned terminals. Steady accumulation of unattended terminals.

(Unit: thousand)	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	FY2023 Q1	QoQ (%)	YoY (%)
Manned	27.7	30.3	36.7	45.4	56.8	68.7	83.0	95.4	111.6	126.0	142.1	+16.1 (+12.8%)	+59.1 (+71.3%)
Unmanned (IoT)	26.1	28.0	29.1	30.9	33.6	39.8	42.3	43.2	44.6	45.6	47.0	+1.4 (+3.1%)	+4.7 (+11.0%)
Sold by others	13.6	14.4	14.9	16.7	16.7	16.4	17.9	17.7	18.0	17.9	18.5	+0.6 (+3.6%)	+0.6 (+3.8%)
Total	67.3	72.7	80.7	93.1	107.2	124.9	143.2	156.3	174.2	189.5	207.7	+18.2 (+9.6%)	+64.5 (+45.1%)

Appendix

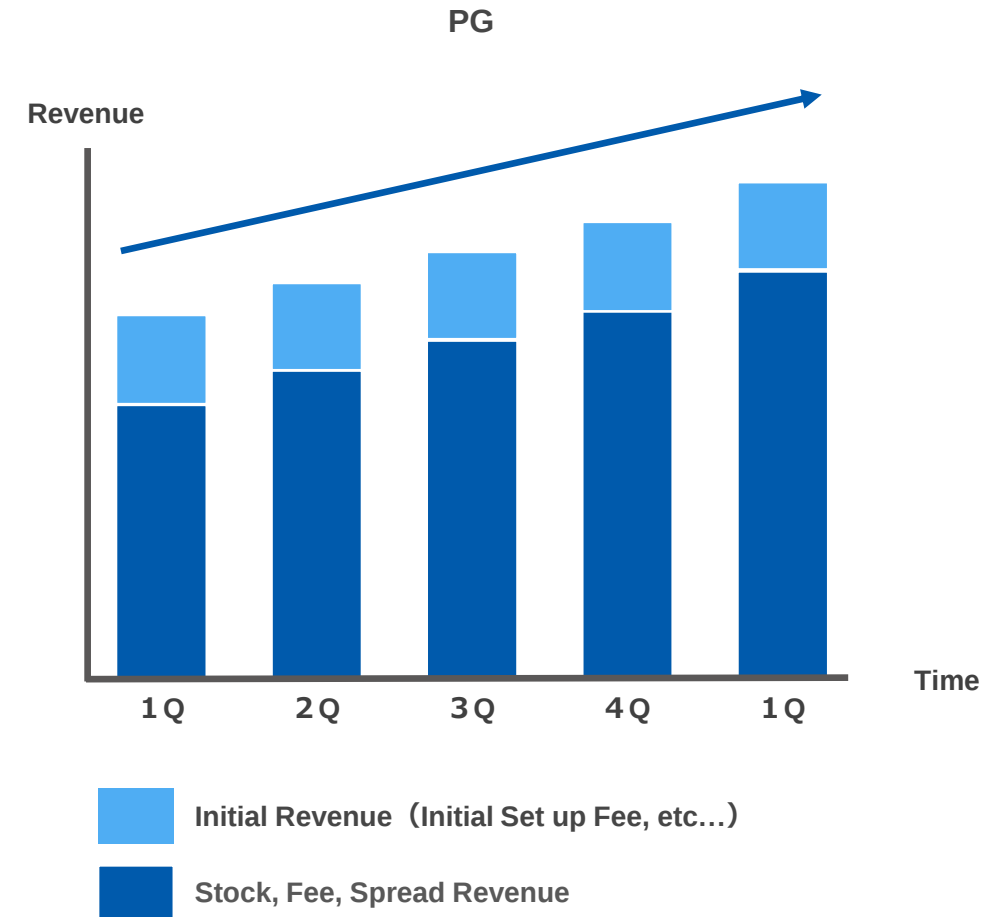
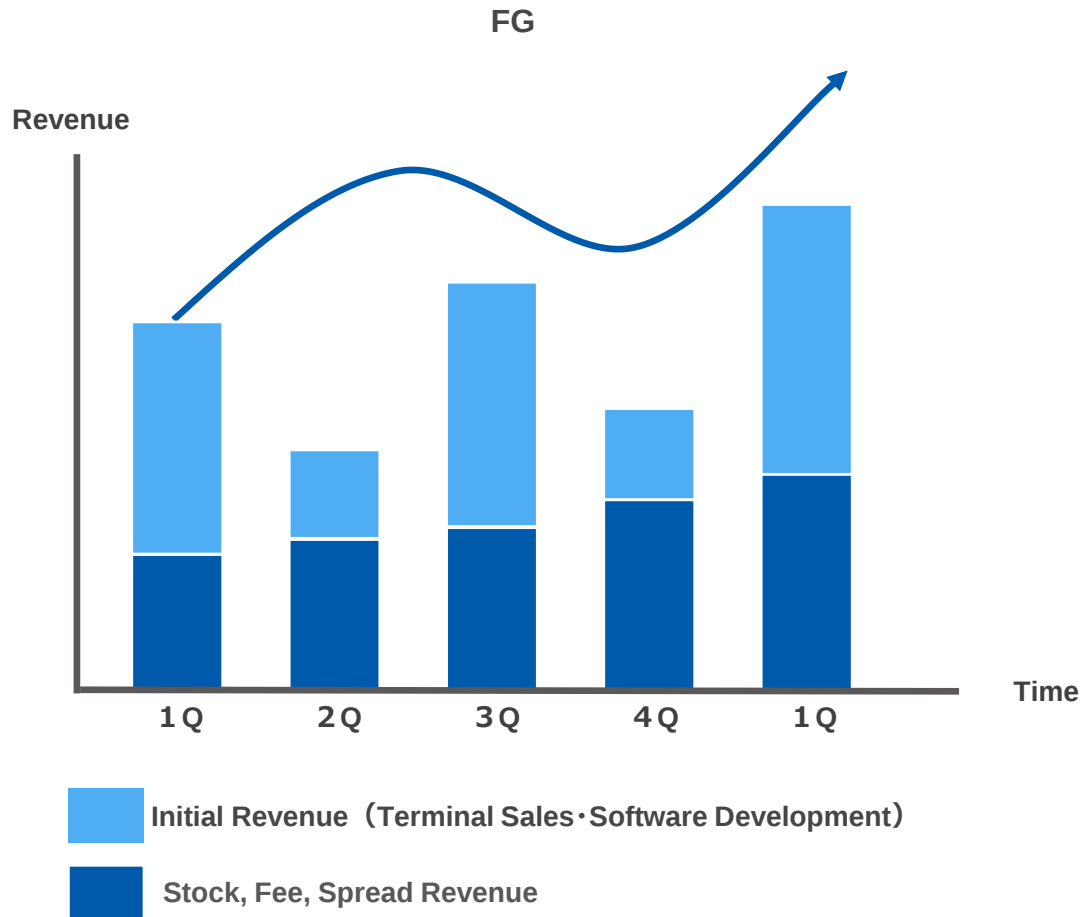
GMO-FG is focusing on offline payment.

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

Rev Models: Financial Gate vs. Payment Gateway

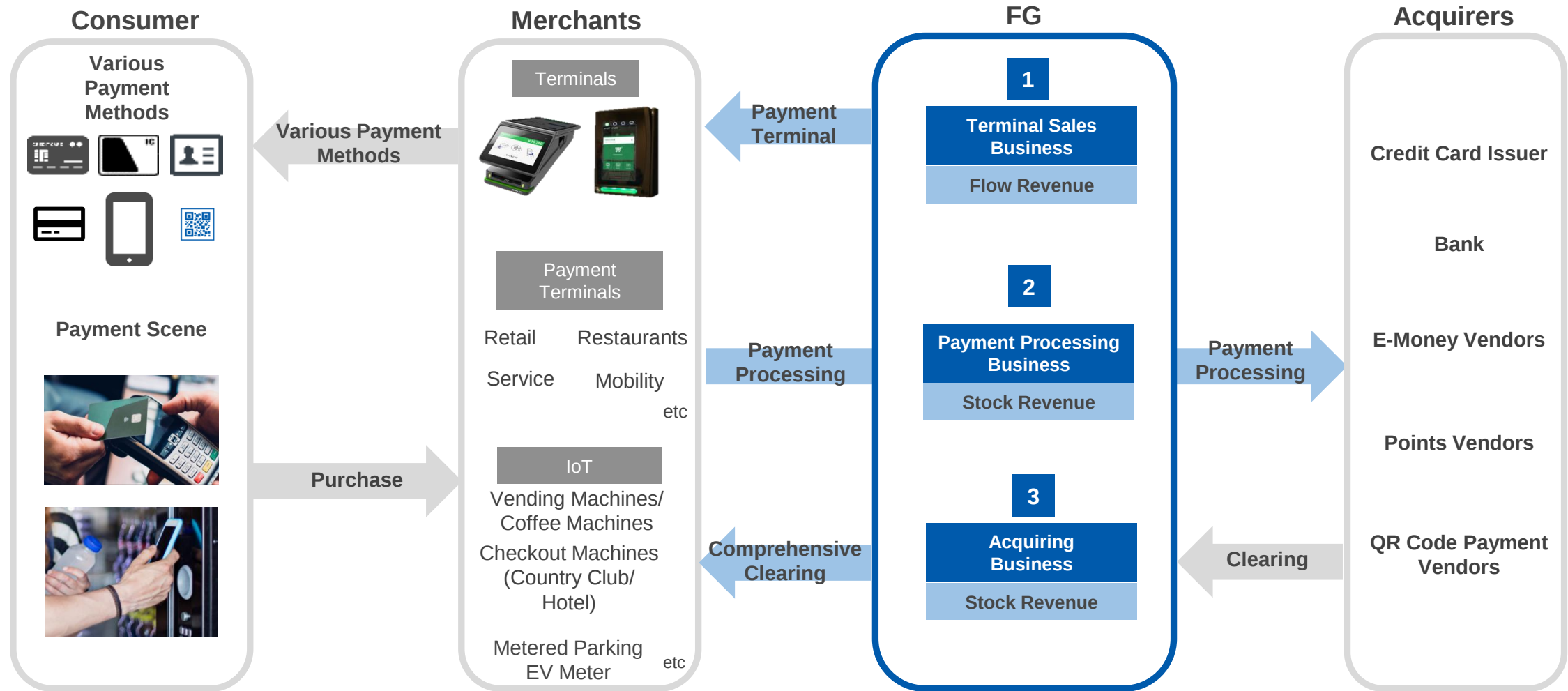
Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery.



Three Biz Models Over a Single, One-Stop Platform

Business Model

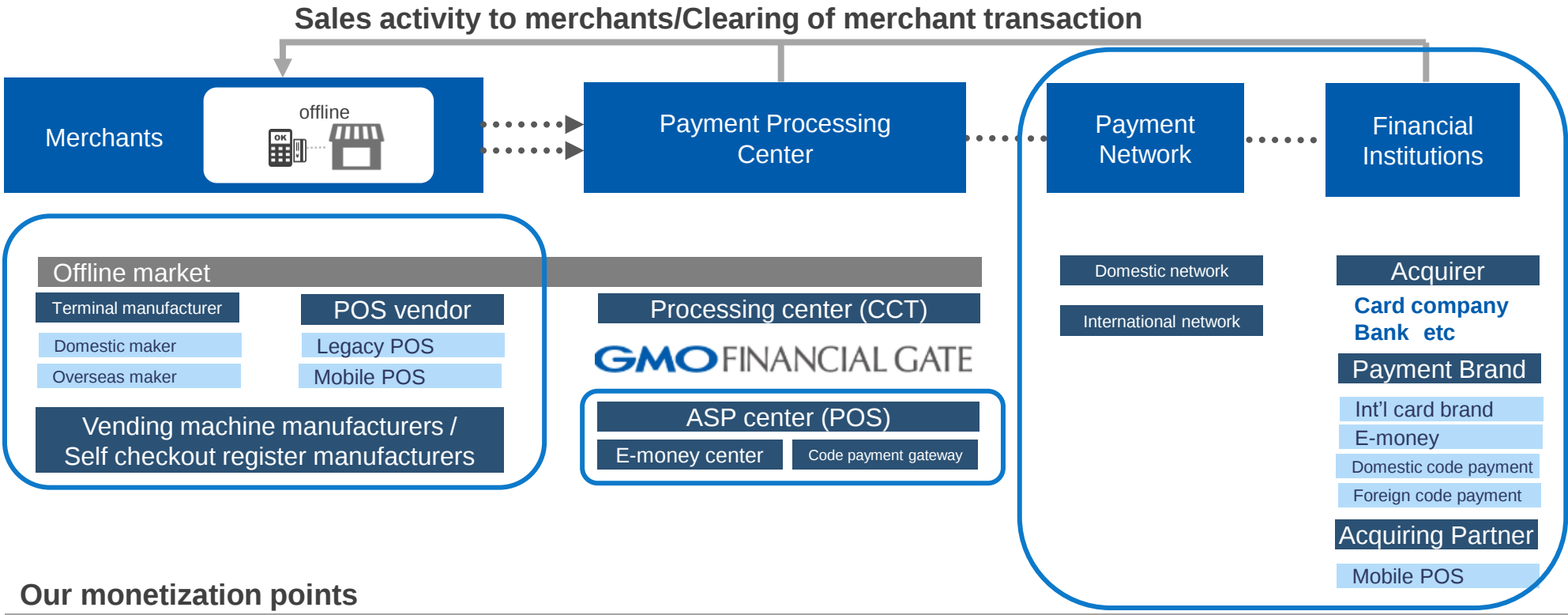
One-stop platform covering all settlement processes between merchants and acquirers.



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	% (FY2023 Q1)
Flow Model Rev	① Terminal Sales Business	Initial	67.9%
Stock Model Rev	② Payment Processing Business	Stock	8.0%
		Fee	15.9%
	③ Acquiring Business	Spread	8.2%



Our monetization points

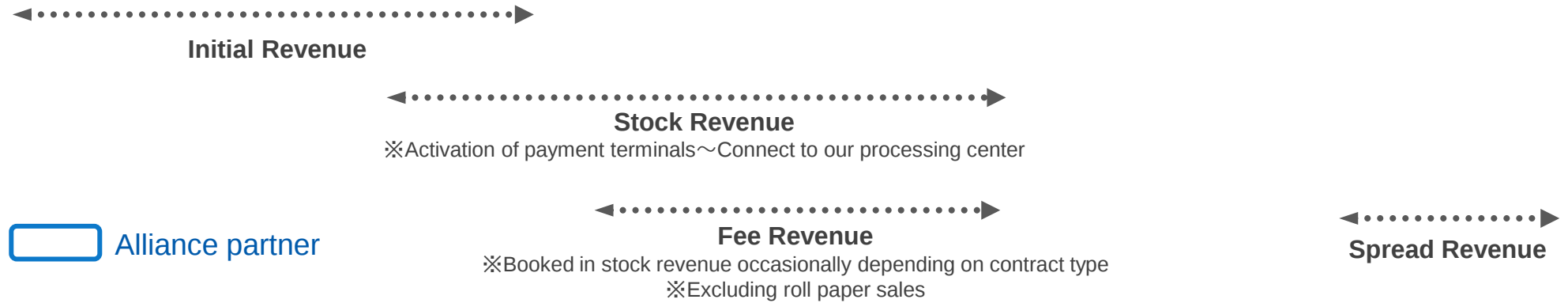
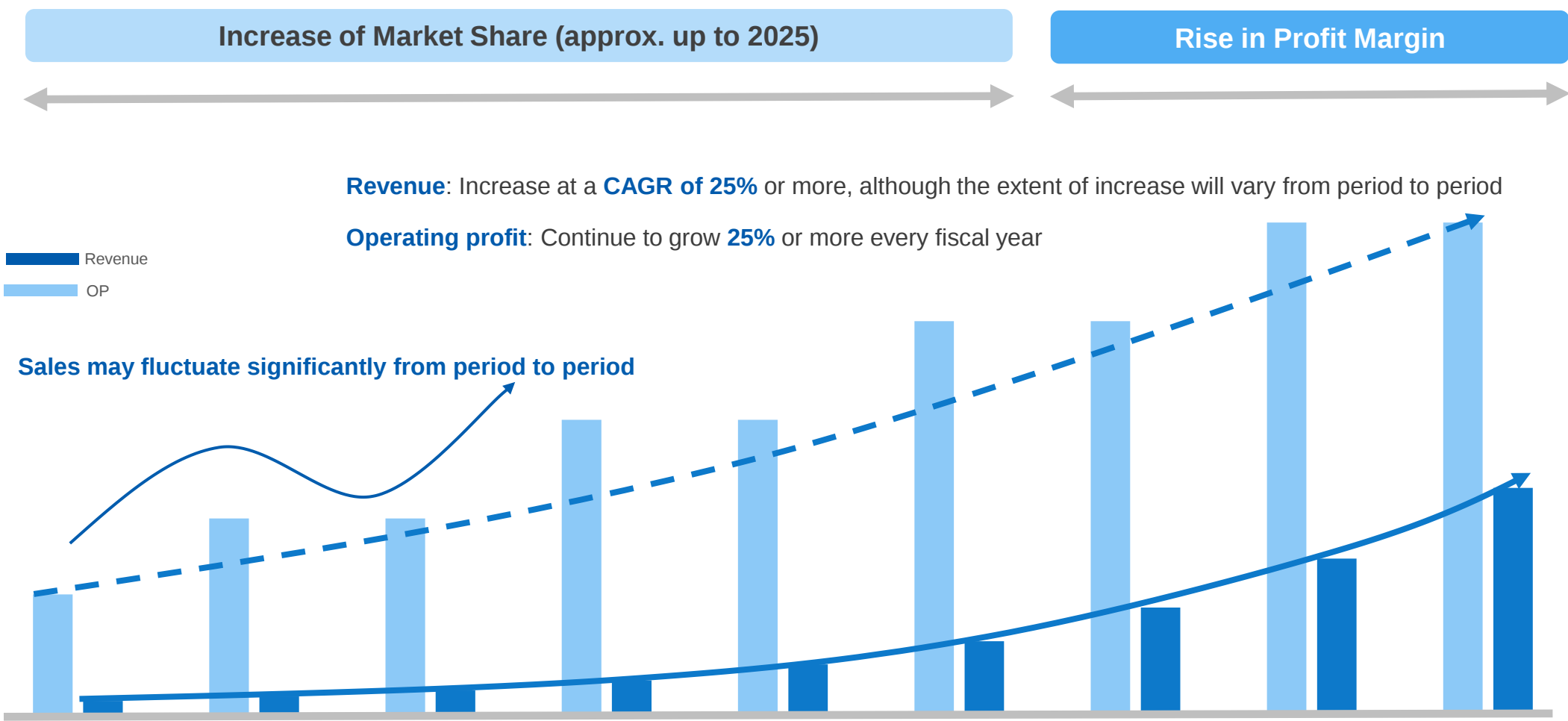


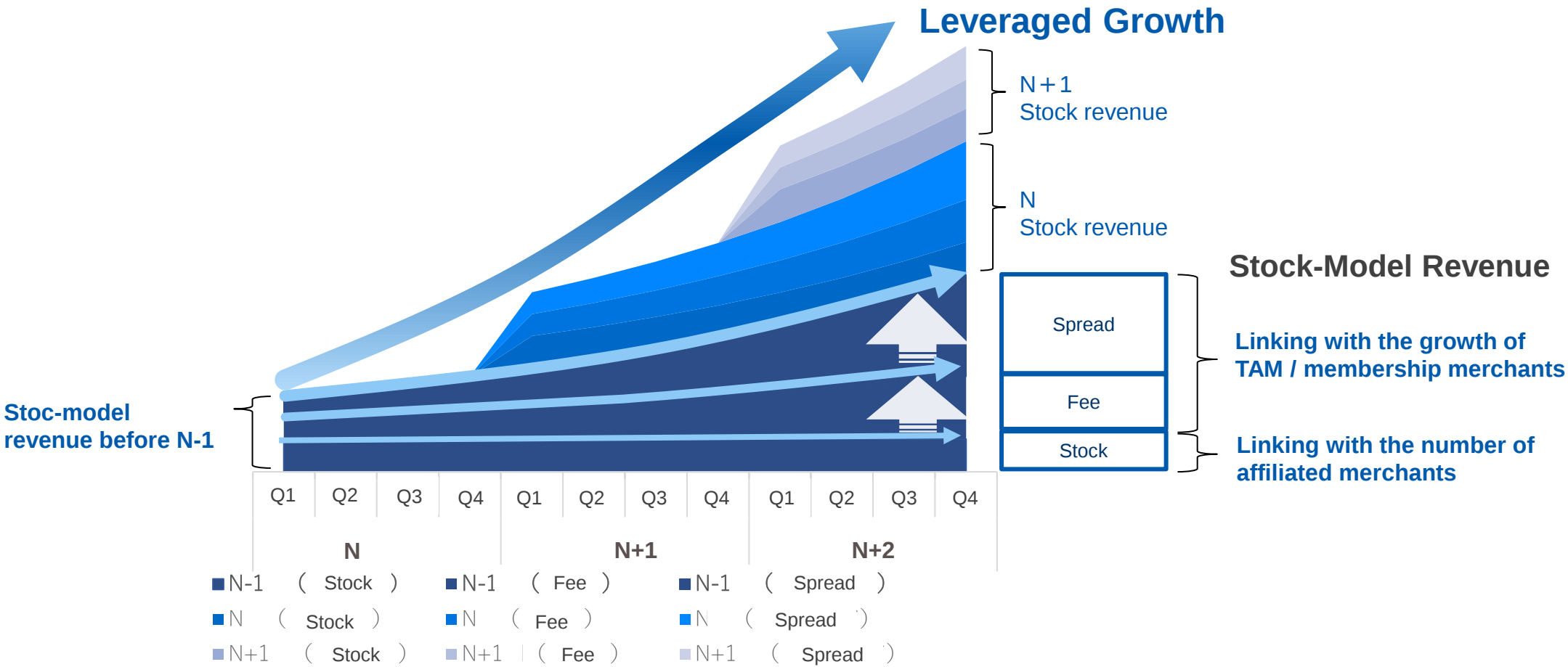
Image of rise in Rev & OP

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



Leveraged Growth Model

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



Details on each revenue ①

Initial	Content	Rev Model
Payment terminal sales	This is a sales revenue of payment terminals from merchants or credit card companies. All of first, we purchase hardware from manufactures. And confirm certain measures of payment methods that each merchant needs to accept. Then make these methods to connect to our processing center (Occasionally, we put some customization to these terminals)	• Terminal Selling Price × Units Sold ✓ There're around 10 types of terminals ✓ Price range is from about ¥20K up to ¥100K
Software development	It is a type of development that meets customers needs such as widening acceptable payment measures and adding point-payment functionality	• No. of Deals × Ordered value ✓ Since software development is tailor made type revenue, deal size and margin vary from time to time
Stock	Content	Rev Model
Data sharing	It is a service that provides merchants with their daily sales data that go through our processing center. We charge it as monthly fixed fee	• No. of contracts × Service Price ✓ Service price is around ¥500 to ¥1K per terminal per month
Points&QR	It is a service to add point/QR payment app to the terminals merchants have. We charge it as monthly fixed fee	
Rental (Mobile terminal)	It is a service to rent mobile type terminals that enable merchants to use them in wireless setting. We charge it as monthly fixed fee	
Mobile SIM	It is a SIM card fee to use mobile type terminals. We charge it as monthly fixed fee	
Processing (Monthly fixed fee model)	It is a processing fee based on monthly fixed rate *Basically, it is defined as "Fee" revenue when it comes to the case we charge as Pay As You Go billing, not fixed rate	• No. of contracts × Monthly Fixed Fee ✓ Monthly fixed fee will vary depending on the size of contract etc..

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

Fee	Content	Rev Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	• TRX Volume × Processing Fee ✓ Processing fee is about ¥2 to ¥3 per transaction
Sales of roll paper	This is a sales of roll paper that is used with payment terminals at stores	• No. of Order × Price of Roll Paper ✓ The price range of roll paper is about ¥130 to ¥200.
Electronic storage of sales receipts	Optional service to store vouchers electronically, sales to be billed based on the number of payment transactions subject to the contract	• Number of settlement processes subject to contract x unit processing fee ✓ Unit processing fee is about ¥1 per transaction

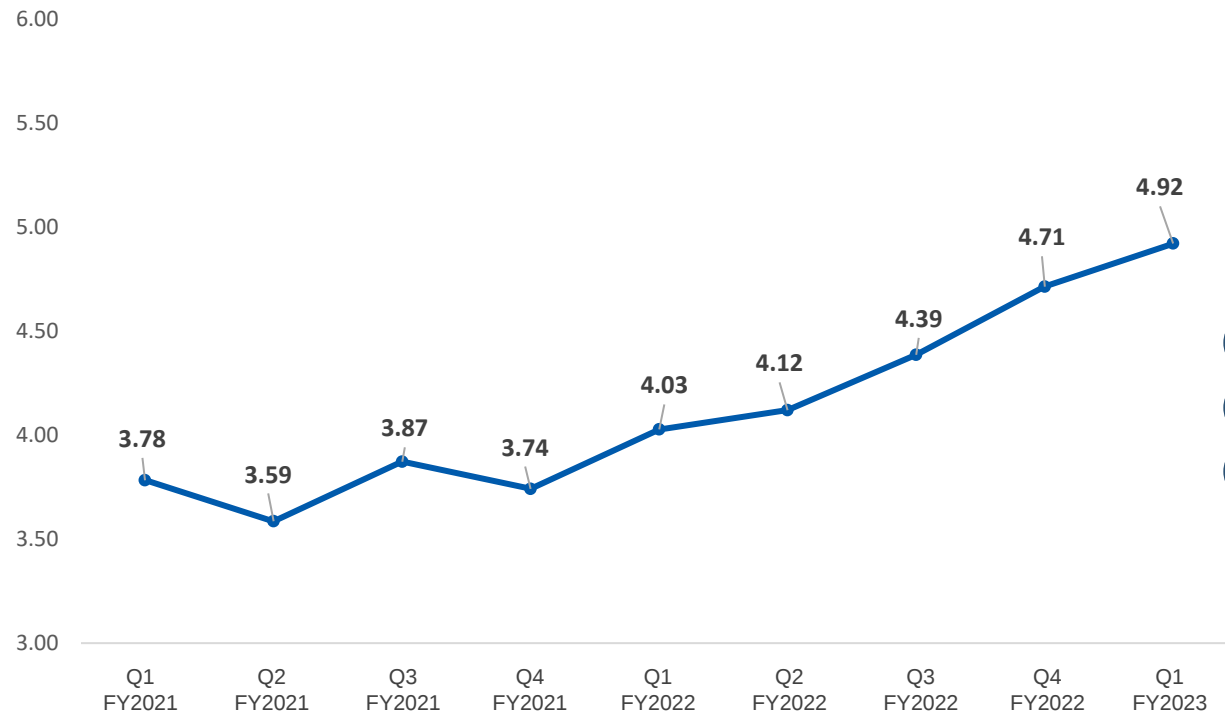
Spread	content	Rev Model
Acquiring (Settlement agent)	We charge spread fee (α) towards clearing amount to merchants We received indicator rate (N) from acquirers, then we acquire merchants instead of acquirers with the new rate ($N + \alpha$ = merchant fee)	GMV of Agent Contract × Spread fee we charge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

Fee ARPU (Fee revenue divided by Transaction volume)

Business Model

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

■ Fee ARPU (Fee revenue divided by Transaction volume)



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

③
②
①

New

Electronic voucher storage fee

➡ Growing trend of subscriptions

Roll paper sales

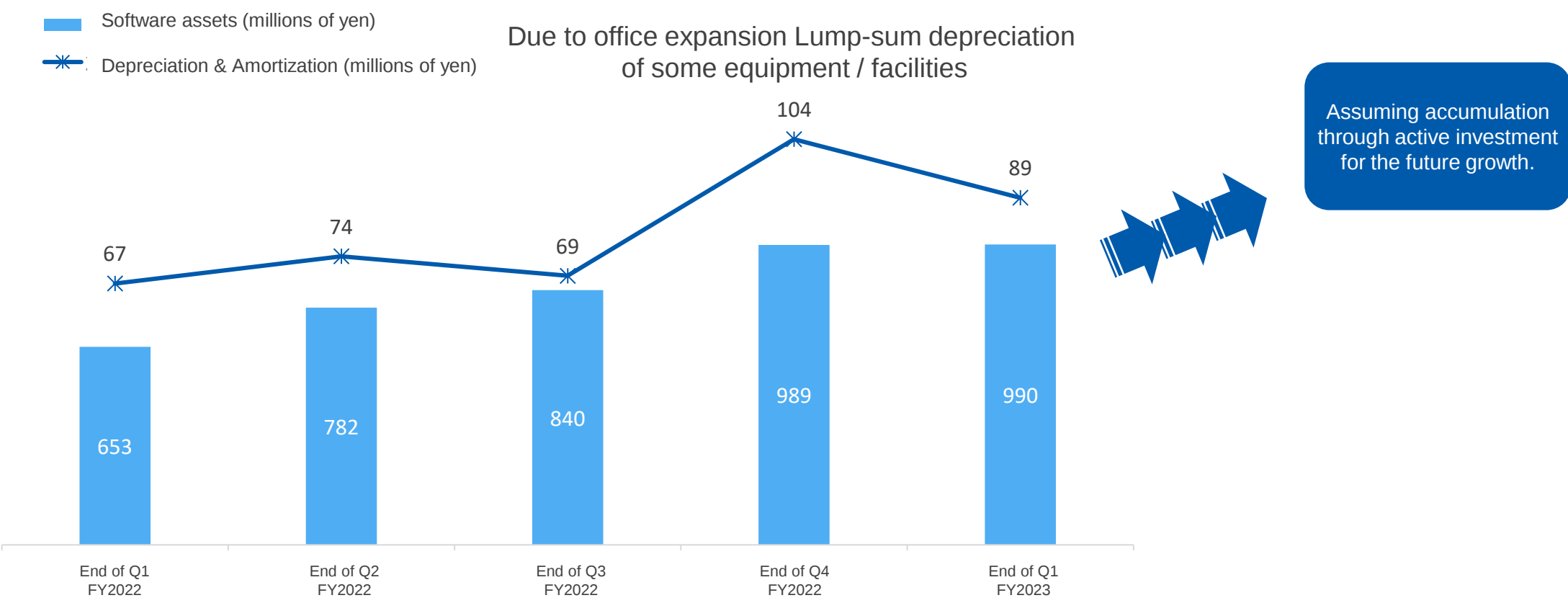
Processing fee

Number of transaction volume

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

Software assets and depreciation

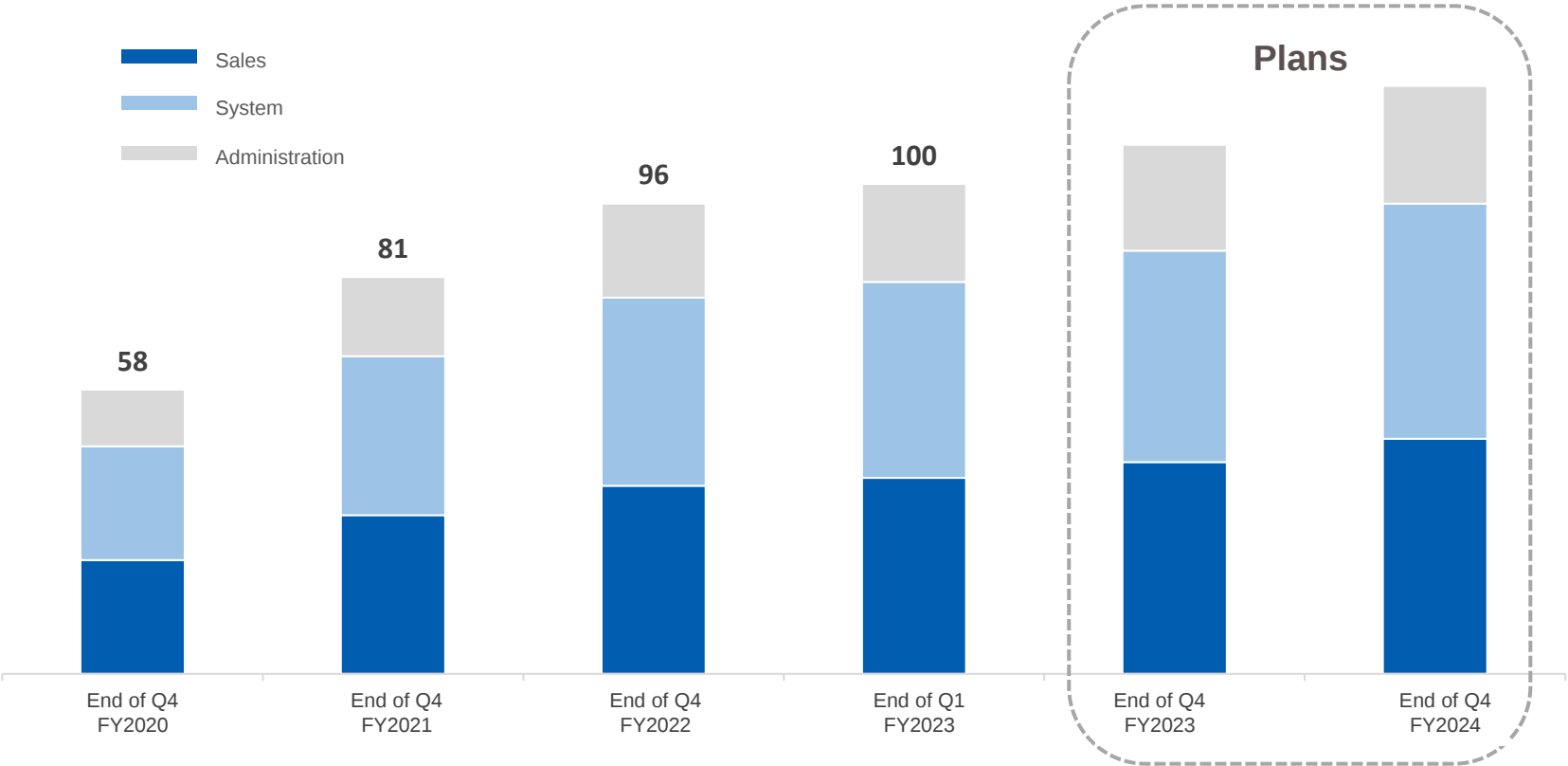
Assets, mainly software assets, increased due to the development investments for large merchants. Depreciation and amortization expenses are also on the rise, but will contribute to the expansion of stock-type revenues in the future.



Number of Employees(Consolidated basis)

Plans a net increase of 10 to 15 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 10-15 people (consolidated basis) each fiscal year



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

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

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

Concept of Spread revenue ratio to GMV

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

① Direct contract

Mainly large merchants



Enjoyable revenue

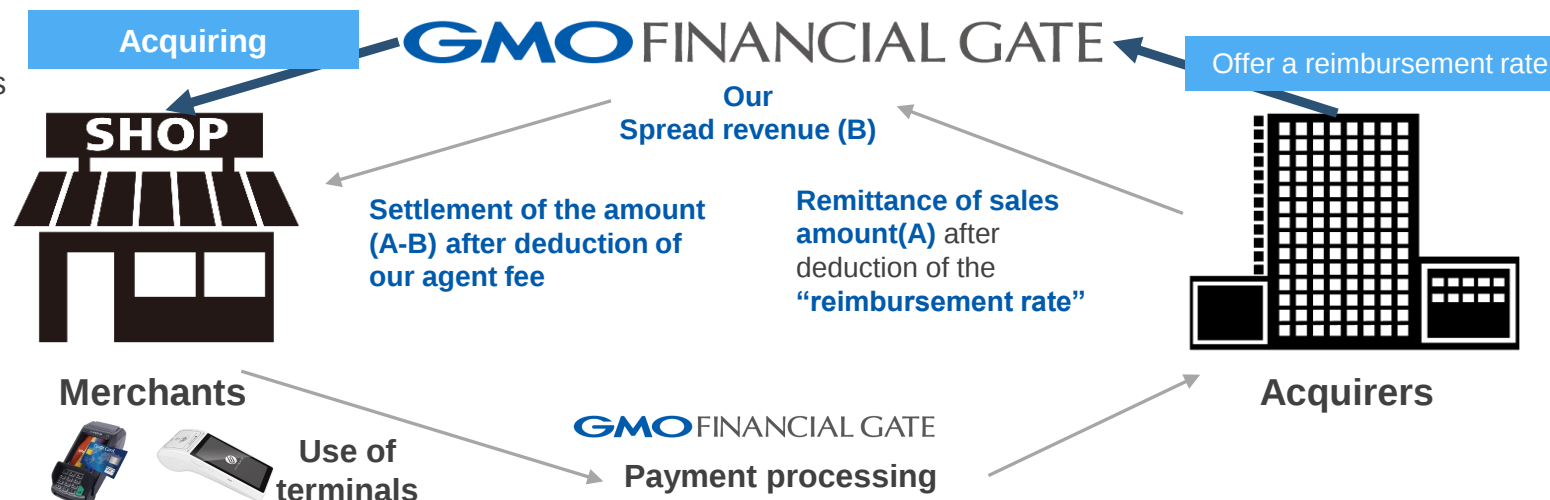
Initial

Stock

Fee

② Agent contract

Mainly small medium merchants



Initial

Stock

Fee

Spread

Relationship between number of active terminals & stock rev

Business Model

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

Terminals we are offering

Floor-Standing Model



Mobile Model



Embedded Model

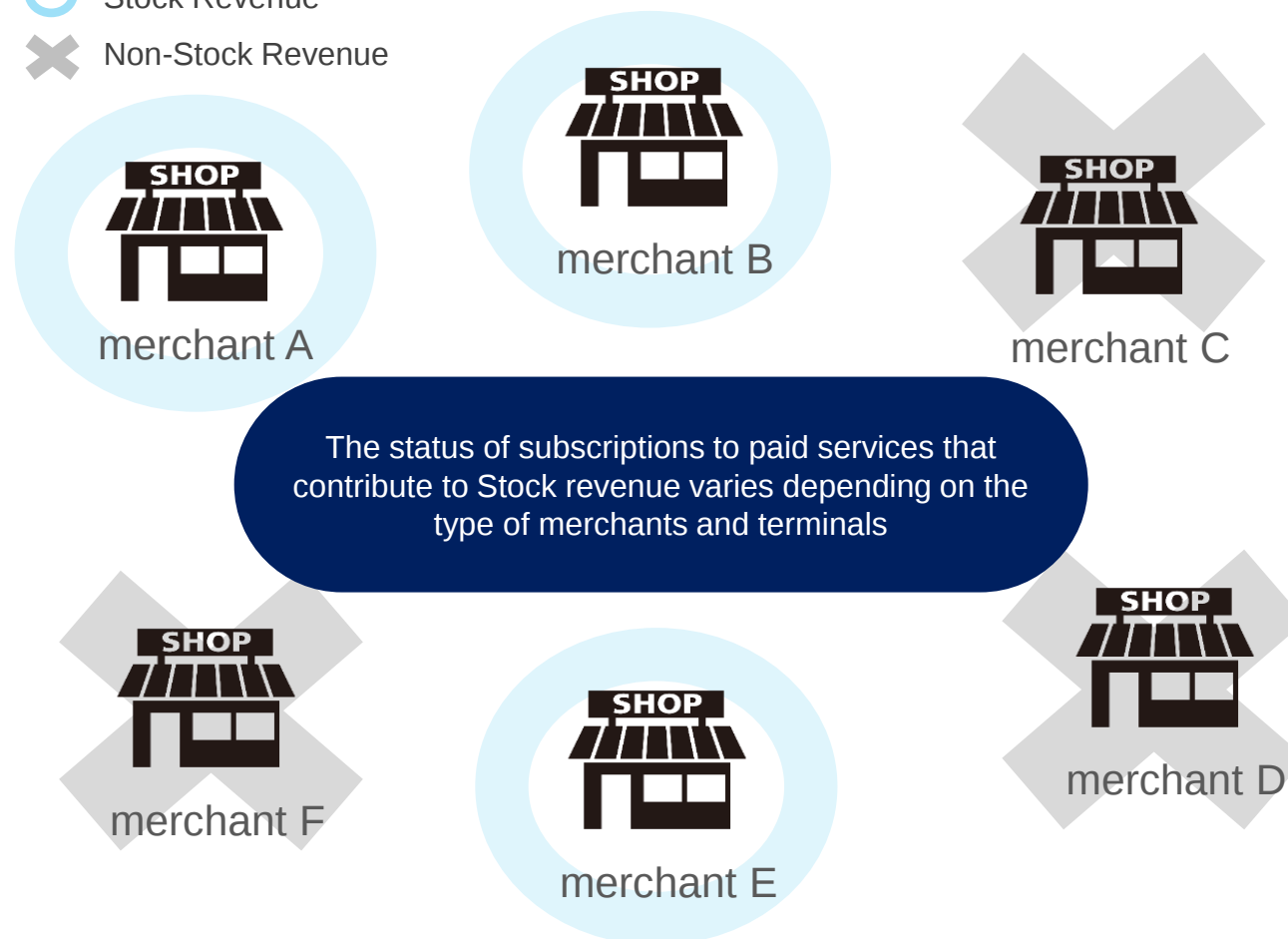


POS Model



Merchants (Acquisition opportunity image of Stock revenue)

-  Stock Revenue
-  Non-Stock Revenue



Monetization by Payment Method

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

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

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

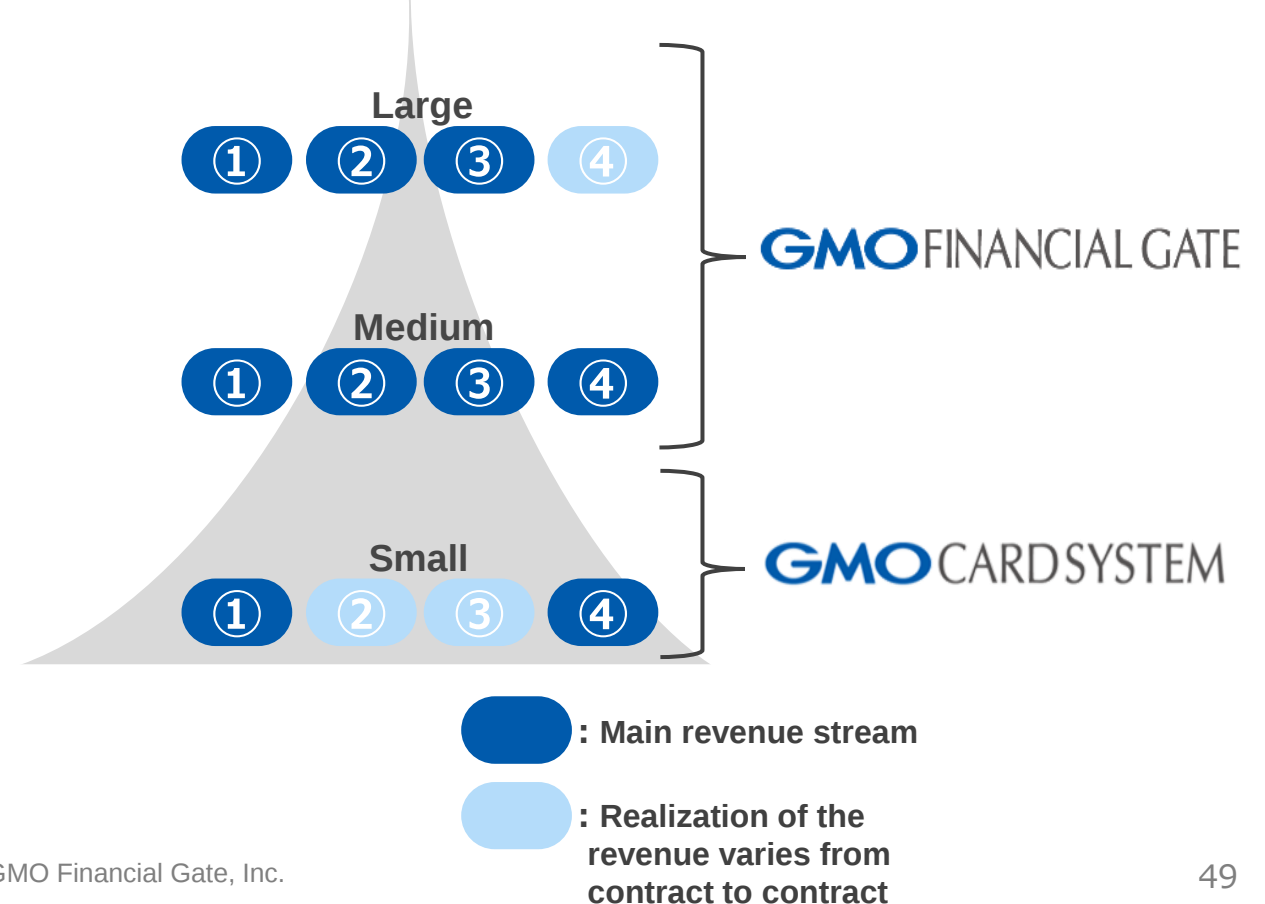
Revenue Model by Merchant Size

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

■ Four types of revenue model

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

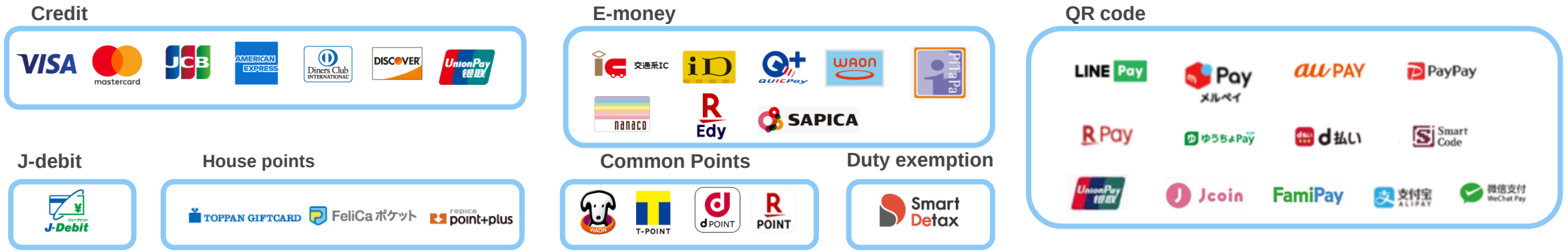
■ Revenue model related to the size of merchant



Medium-Term Strategy Acquiring major merchants by focusing on alliances

Business Model

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



Terminals we offer

Floor-Standing Model



Mobile Model



Embedded Model



POS Model

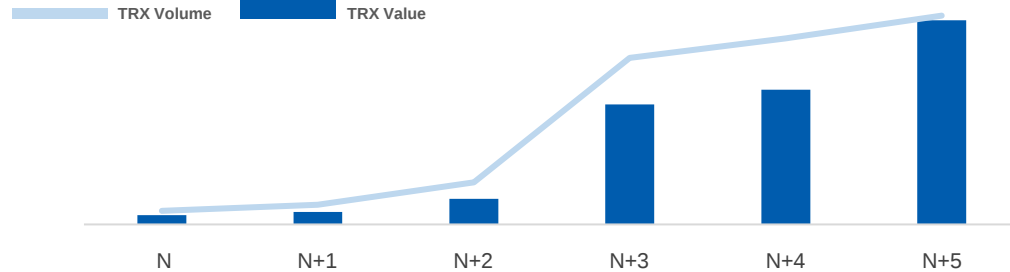


Cashless Platform

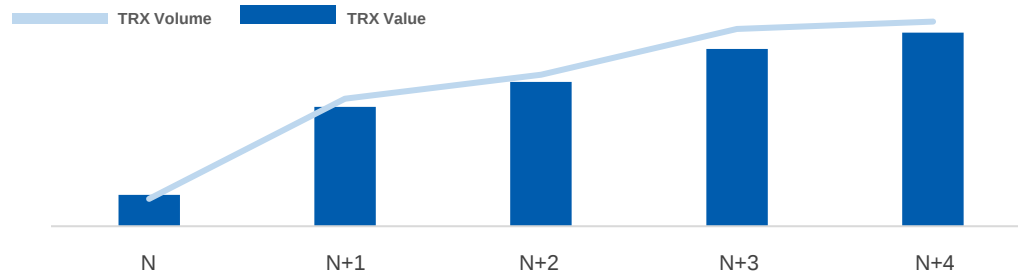
TRX-increase through cashless penetration

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

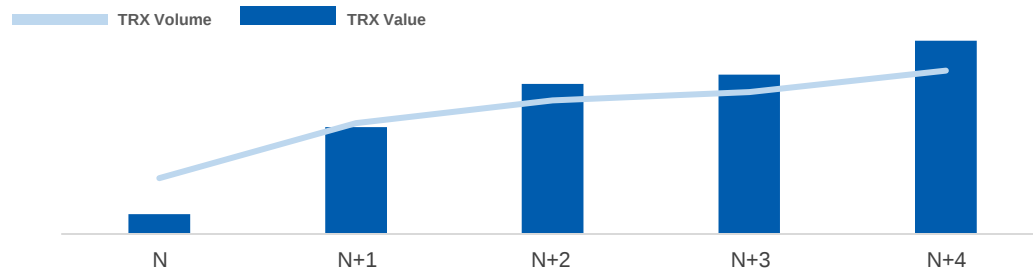
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend



■ Merchant C (Wakayama) Monthly TRX trend



Merchant

Cash only ⇒ Introduce cashless payments

Consumer

Recognize convenience
(Successful experience
⇒ change in payment method)

Merchant

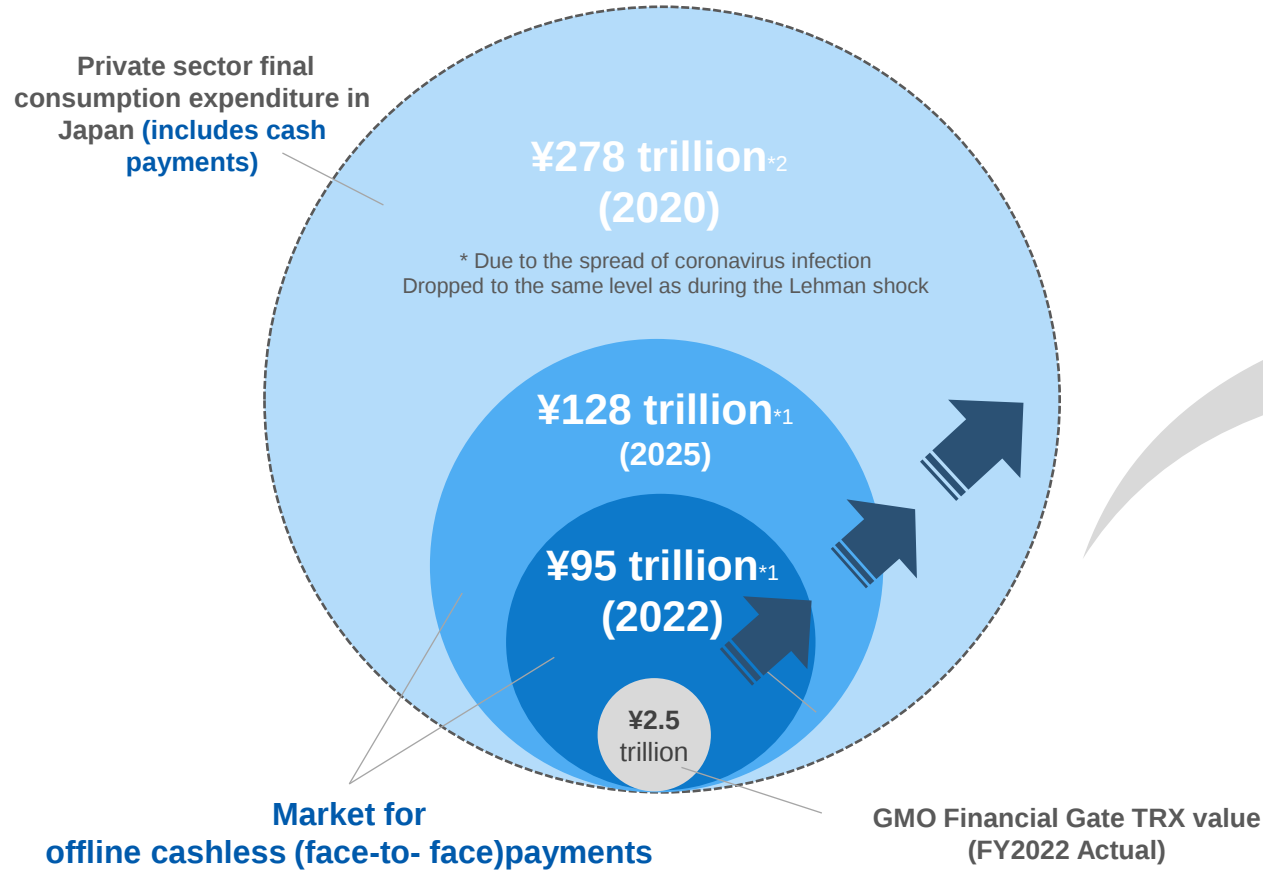
TRX volume/value
per terminal will increase

Stock-Model revenue will increase

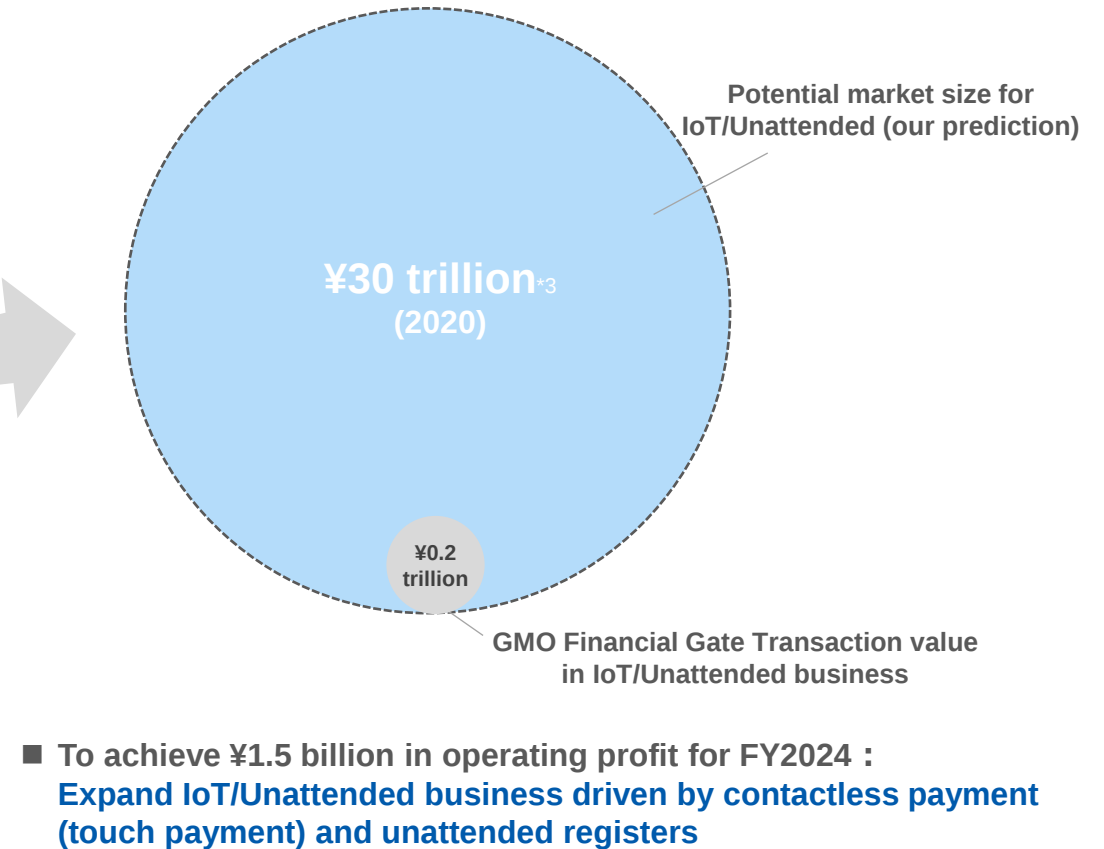
TAM(Total Addressable Market)

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



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

(*2) Source: Cabinet Office, Government of Japan

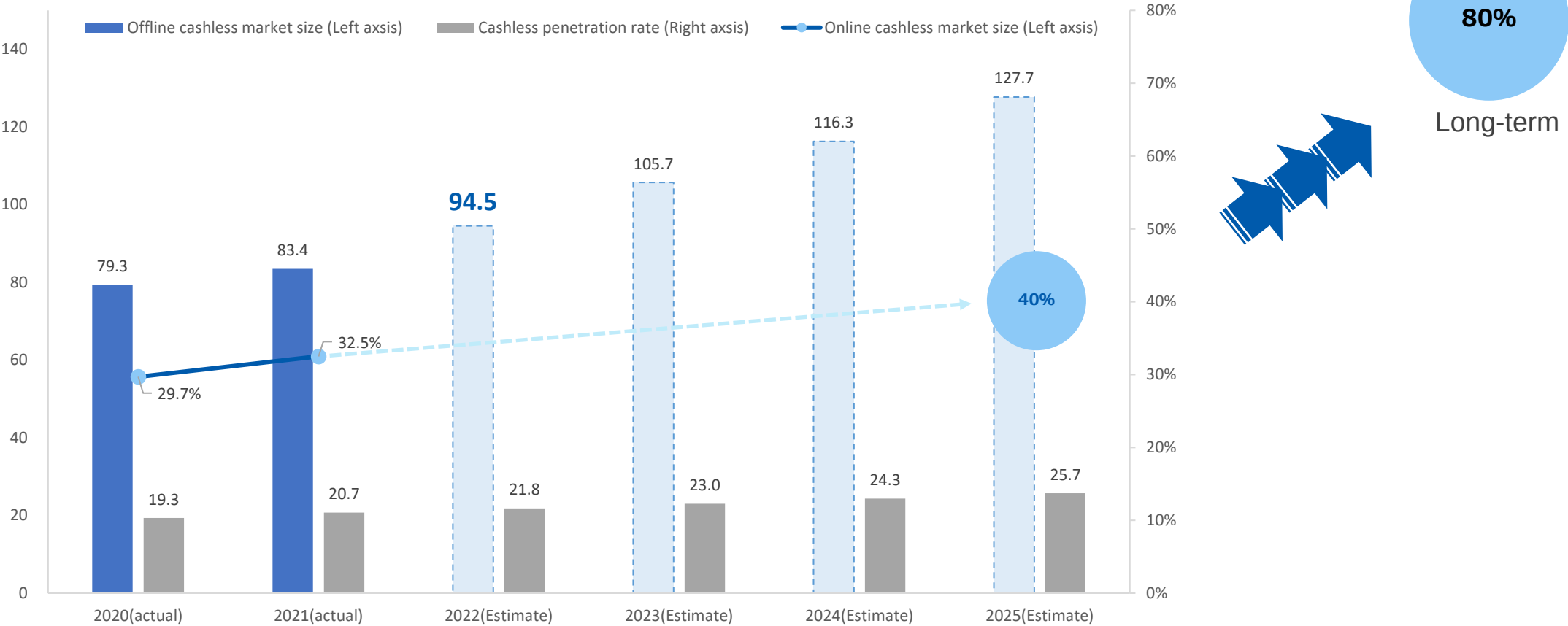
(*3) GMO Financial Gate internal forecast based on statistical data published by the Cabinet Office, Government of Japan, the Japan Vending System Manufacturers Association, and the Japan Parking Business Association

(*4) Source: Japan Ministry of Economy, Trade and Industry

Growth trend of domestic offline cashless market

The market for offline cashless payments is currently ¥92 trillion, six times larger than the online market. Cashless penetration is expected to rise to as much as 80%, driven by government-led cashless policies.

(Unit : trillion yen)



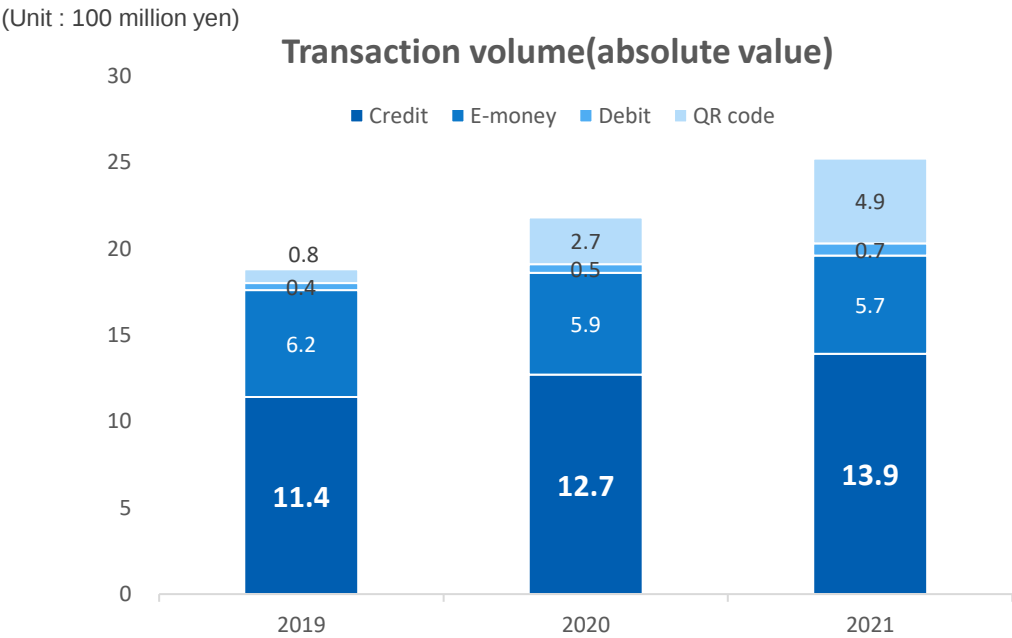
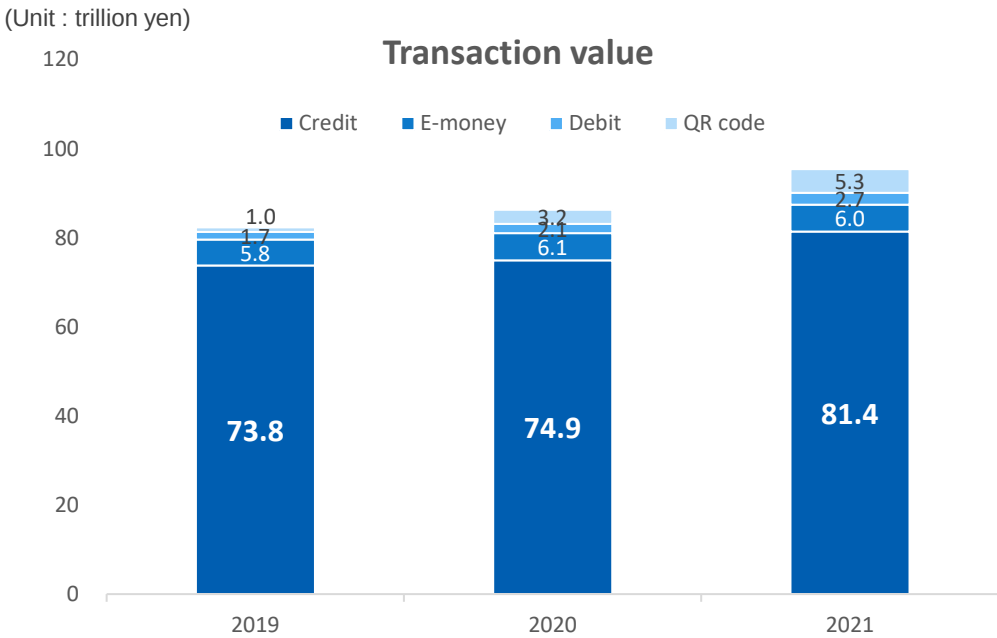
Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Yano Research Institute Ltd.

Composition Ratio of Domestic Cashless Payment Methods

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

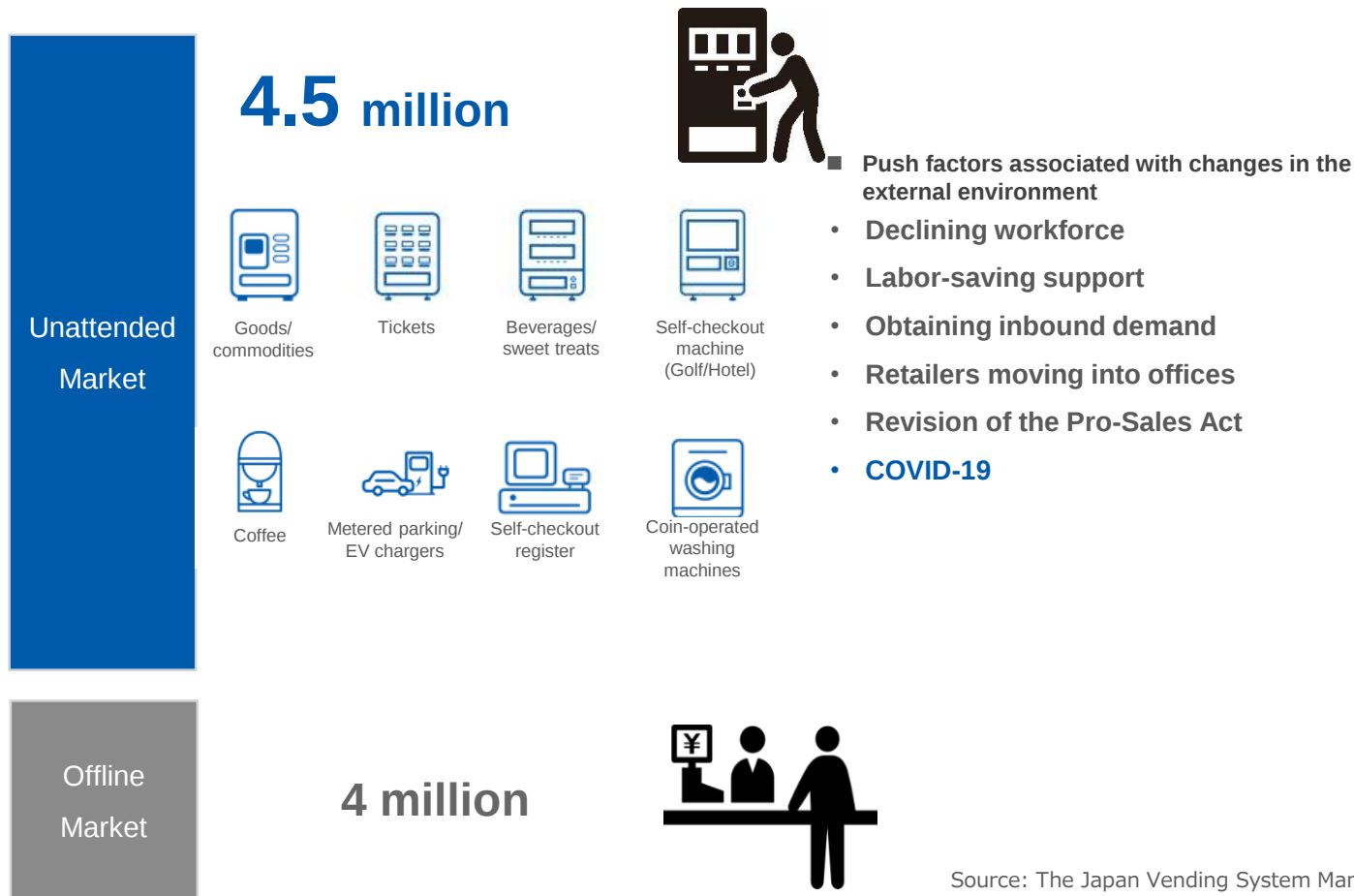
Transaction Value				
Composition	2019	2020	2021	
Credit	89.7%	86.8%	85.3%	
Debit	2.1%	2.5%	2.8%	
E-money	7.0%	7.0%	6.3%	
QR code	1.2%	3.7%	5.6%	

Transaction Volume				
Composition	2019	2020	2021	
Credit	60.7%	58.2%	55.3%	
Debit	1.8%	2.3%	2.5%	
E-money	33.1%	27.1%	22.8%	
QR code	4.3%	12.4%	19.4%	



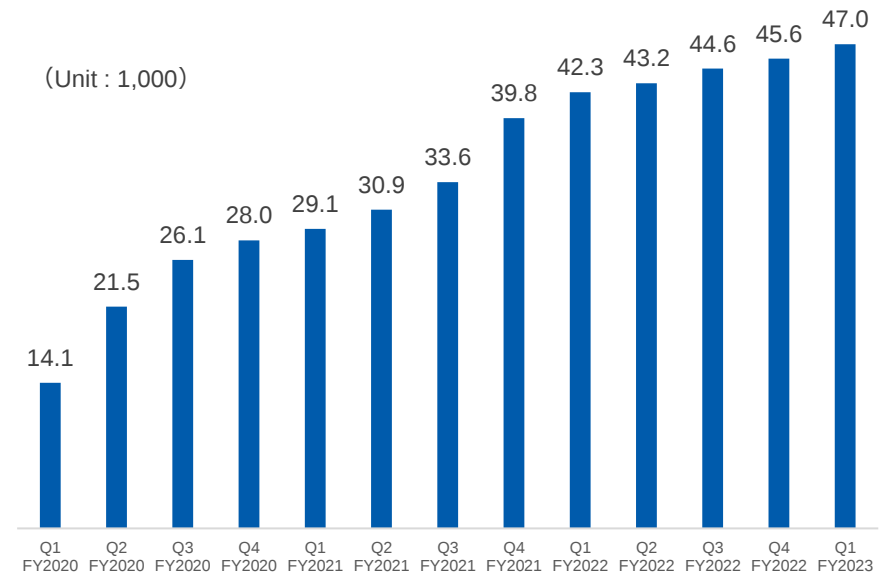
Source: Cashless Roadmap 2022, Cabinet Office of Japan

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



■ No of active IoT terminals

IoT terminal sales in Q1 were strong with a net increase in active terminal QoQ (+1,400 units)
IoT terminals sales are piling up every quarter. Aiming for further acceleration in the future



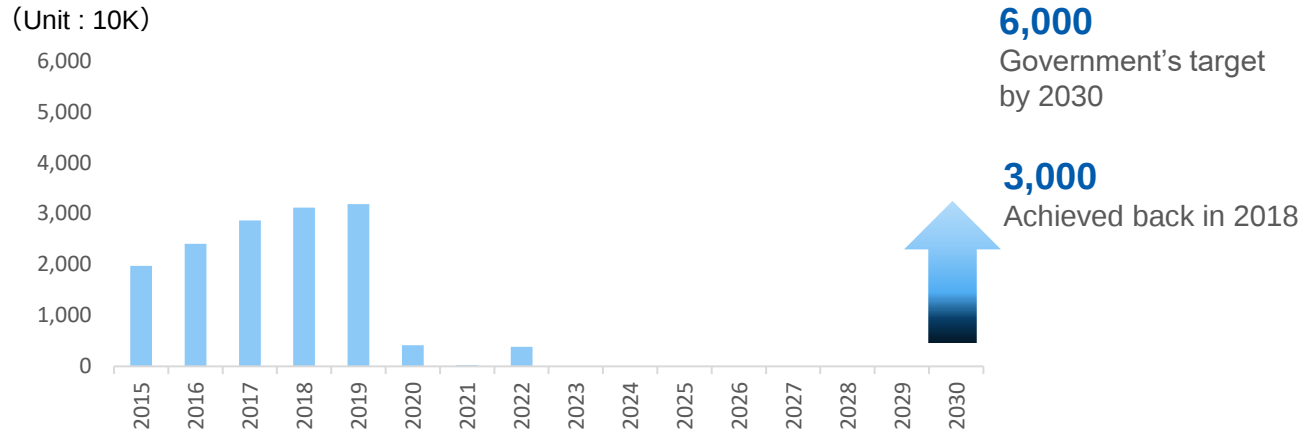
Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.

Trends in the number of foreign visitors to Japan

Market Environment

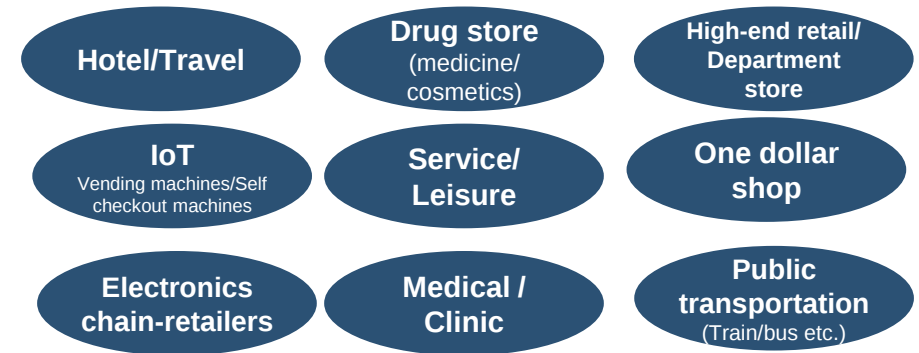
The number of foreign visitors to Japan decreased sharply due to the COVID, but we are also focusing on preparations for a recovery in demand.

Number of visiting foreigners (annually)

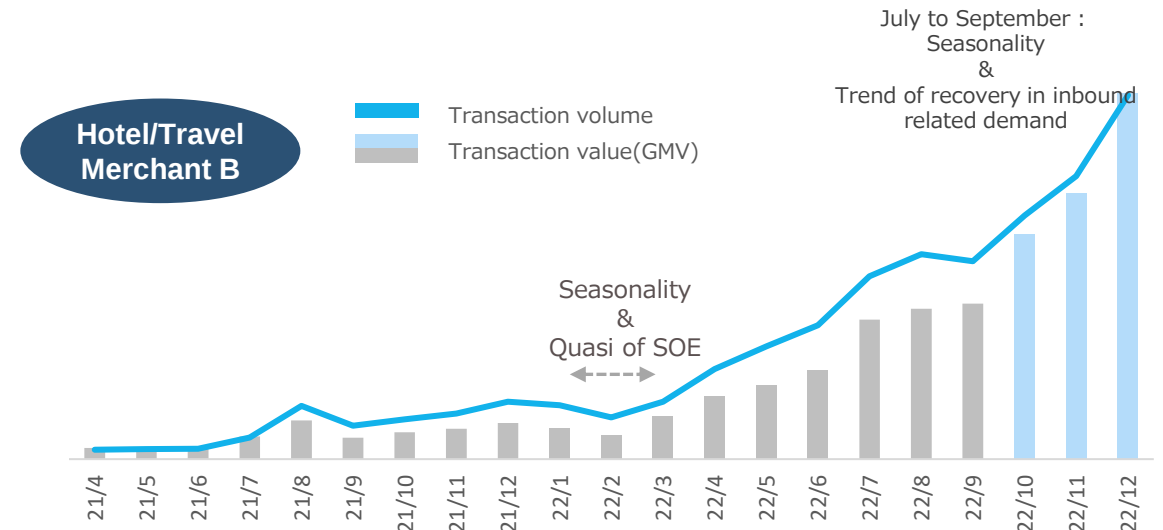


Our inbound-related industry merchants

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



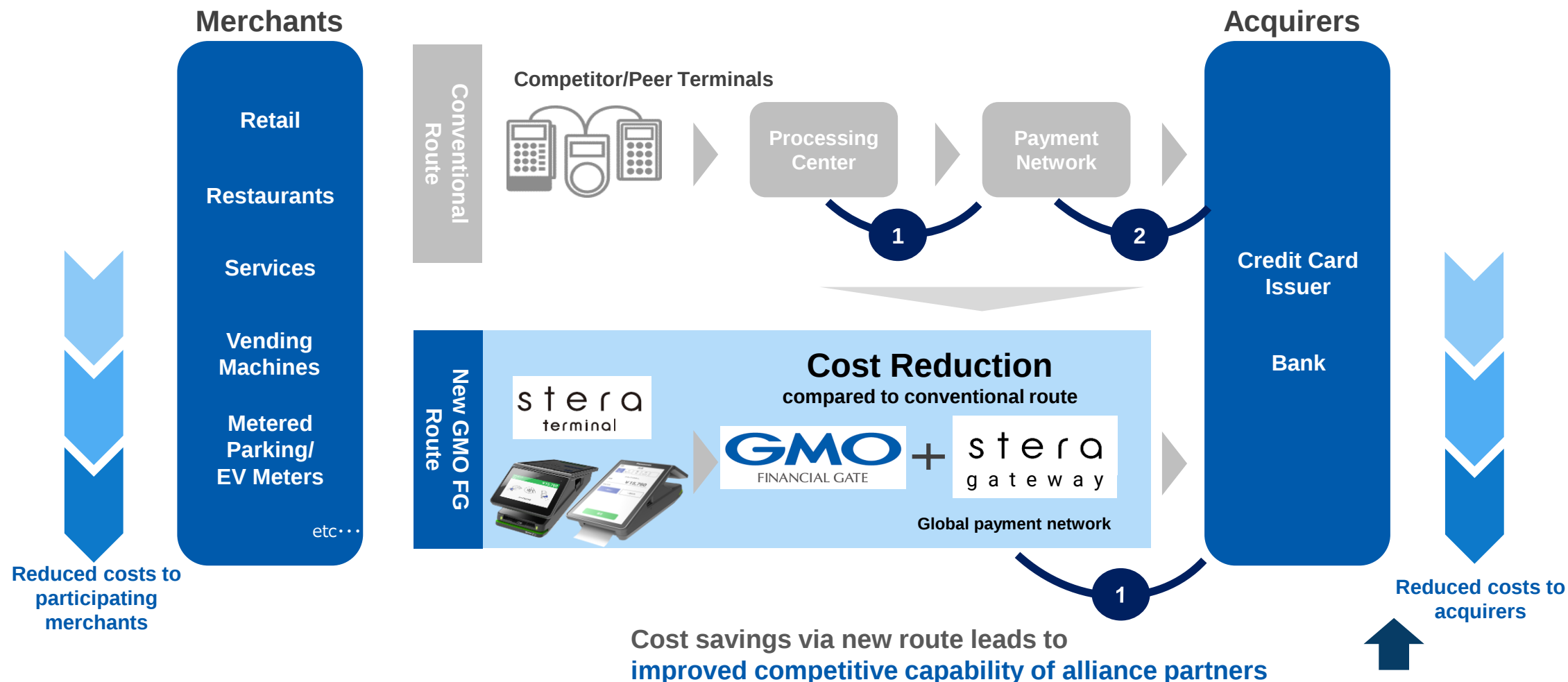
Number of visiting foreigners (Monthly)



Strategy to Maximize Transaction Value

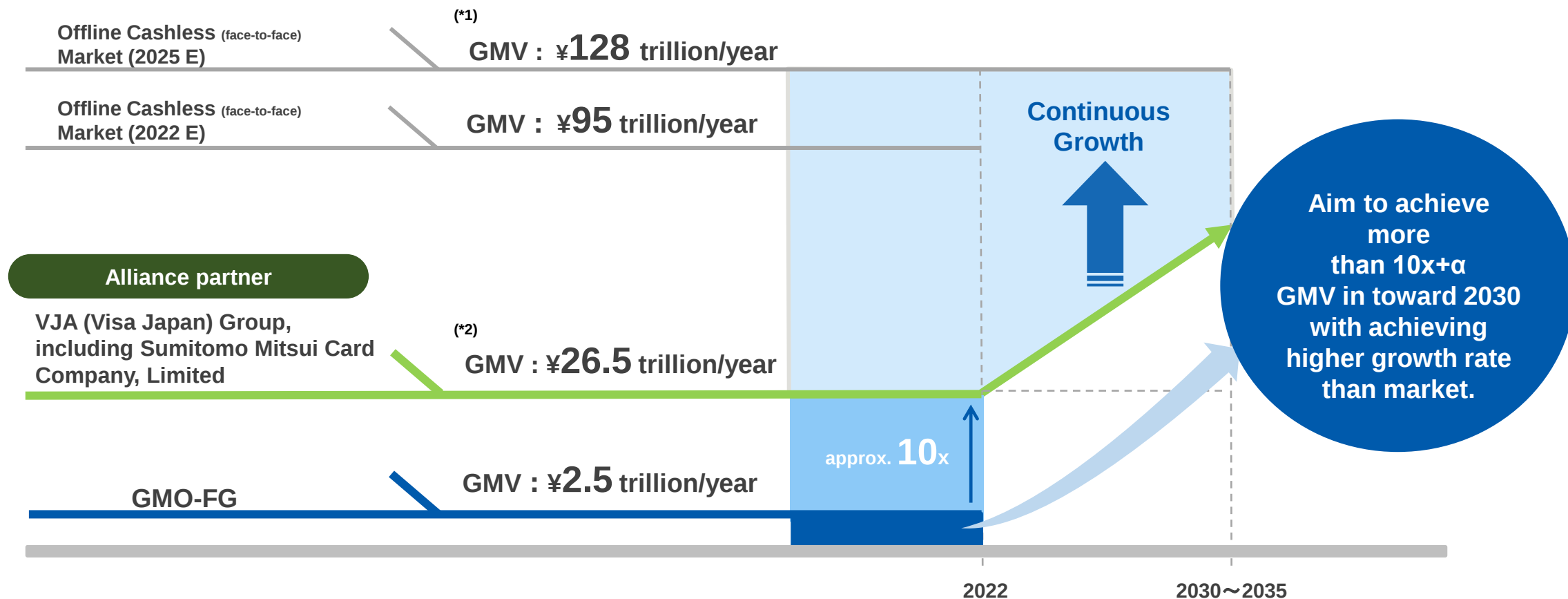
Growth Strategy

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

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



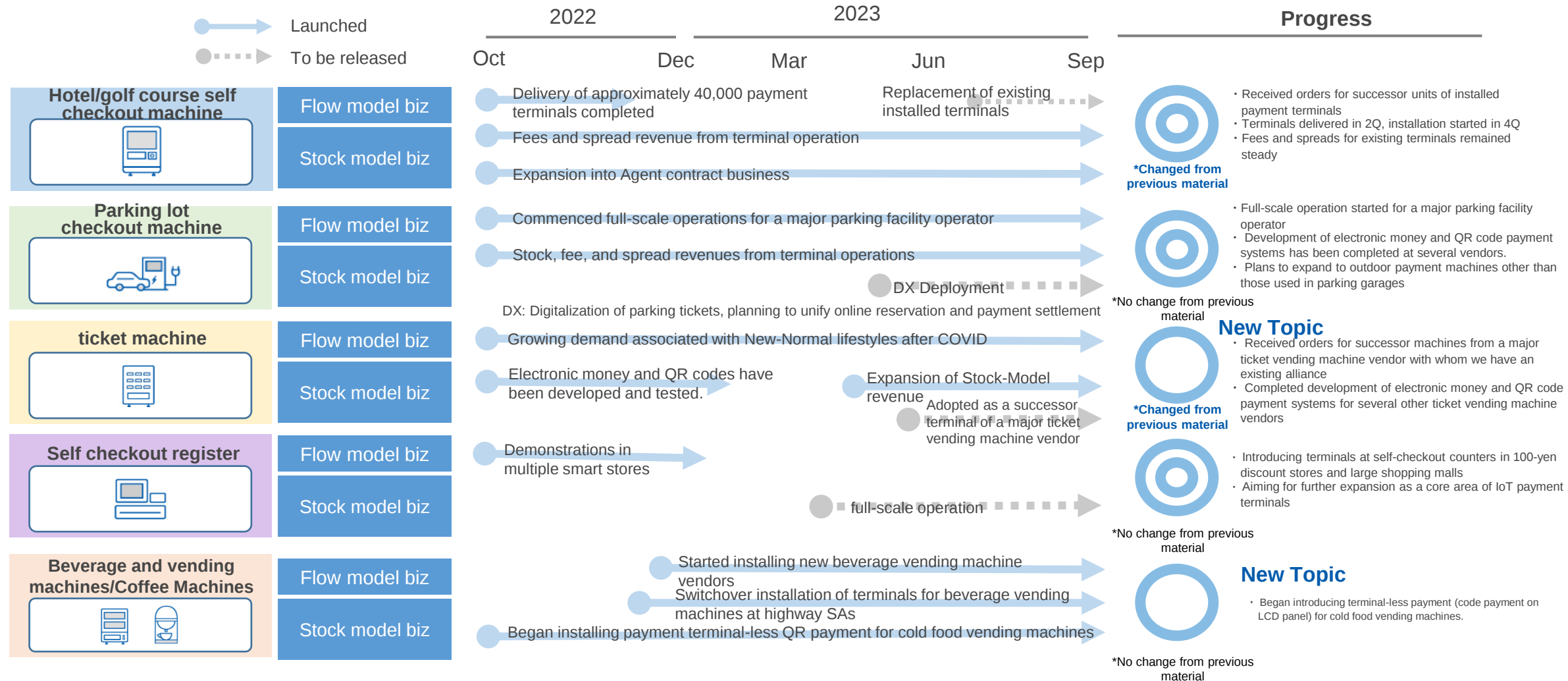
(*1) Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Current Status and Future Forecasts for Online Payment Service Providers, 2018, Yano Research Institute Ltd.

(*2) Source: VJA

Progress in Unmanned Terminal (IoT) Business

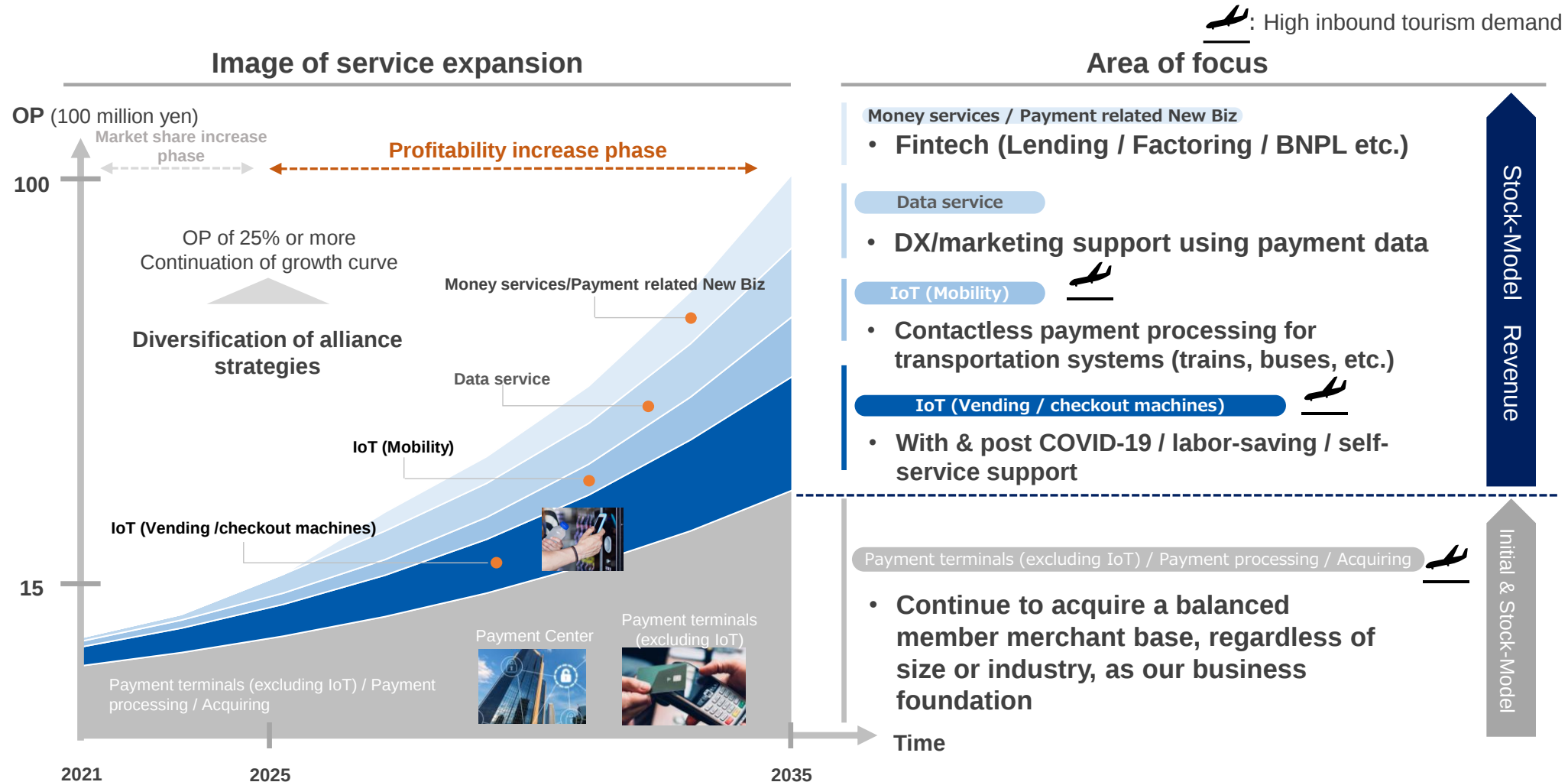
Growth Strategy

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

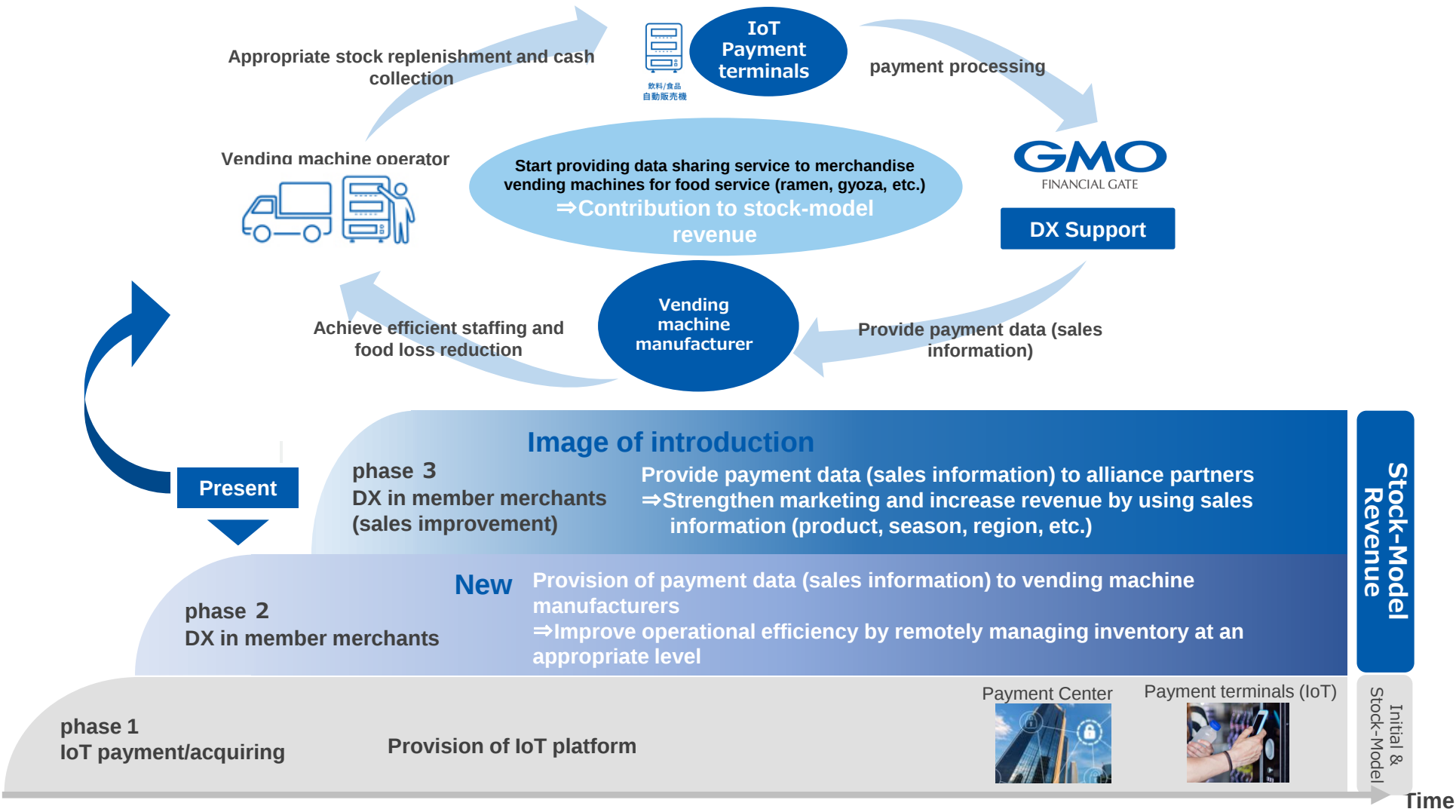


Growth Strategies for 2025 and Beyond

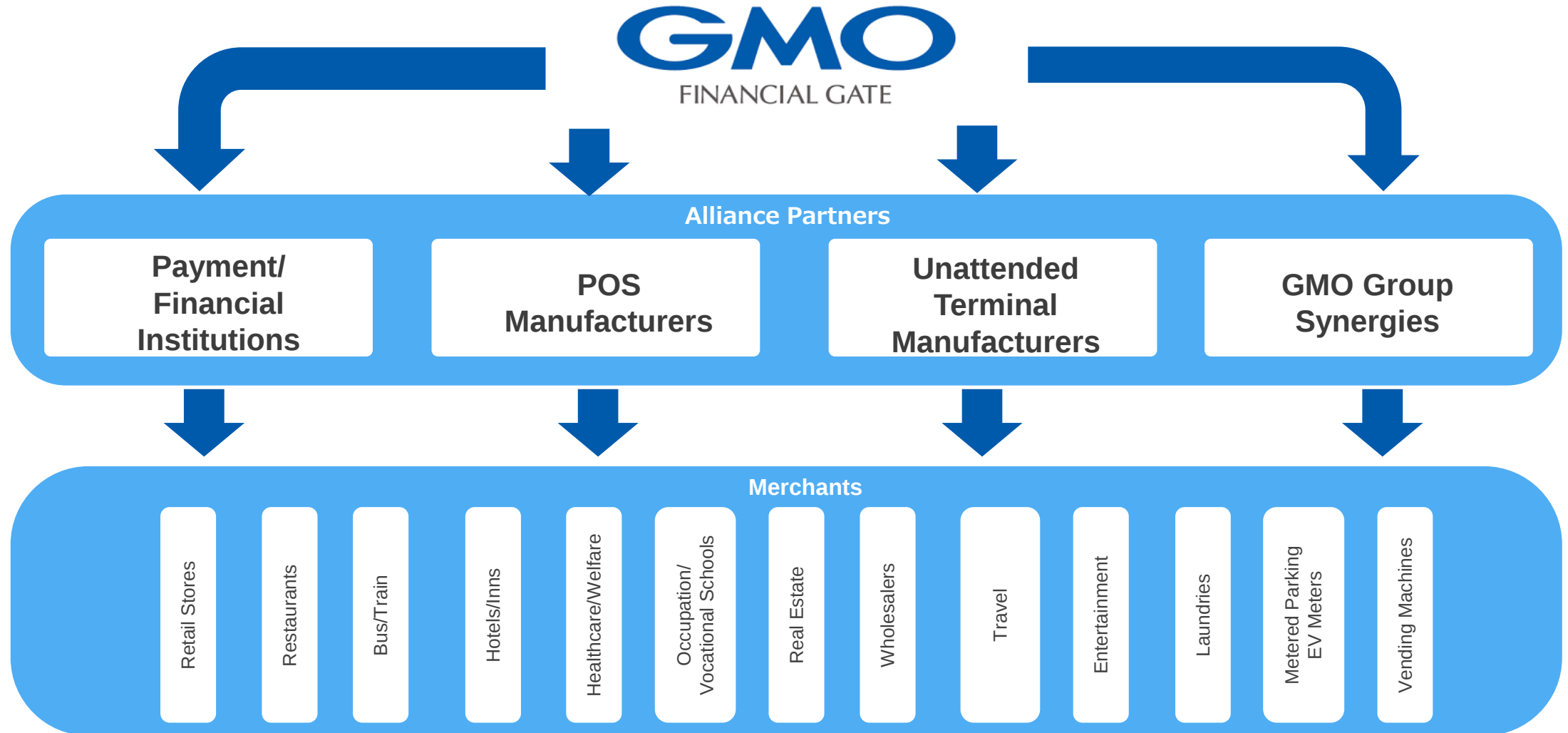
For 2025 and beyond, we aim to grow stock-model revenue in the payment-related field.
Aim at a continuous 25% growth in OP through business diversification.



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

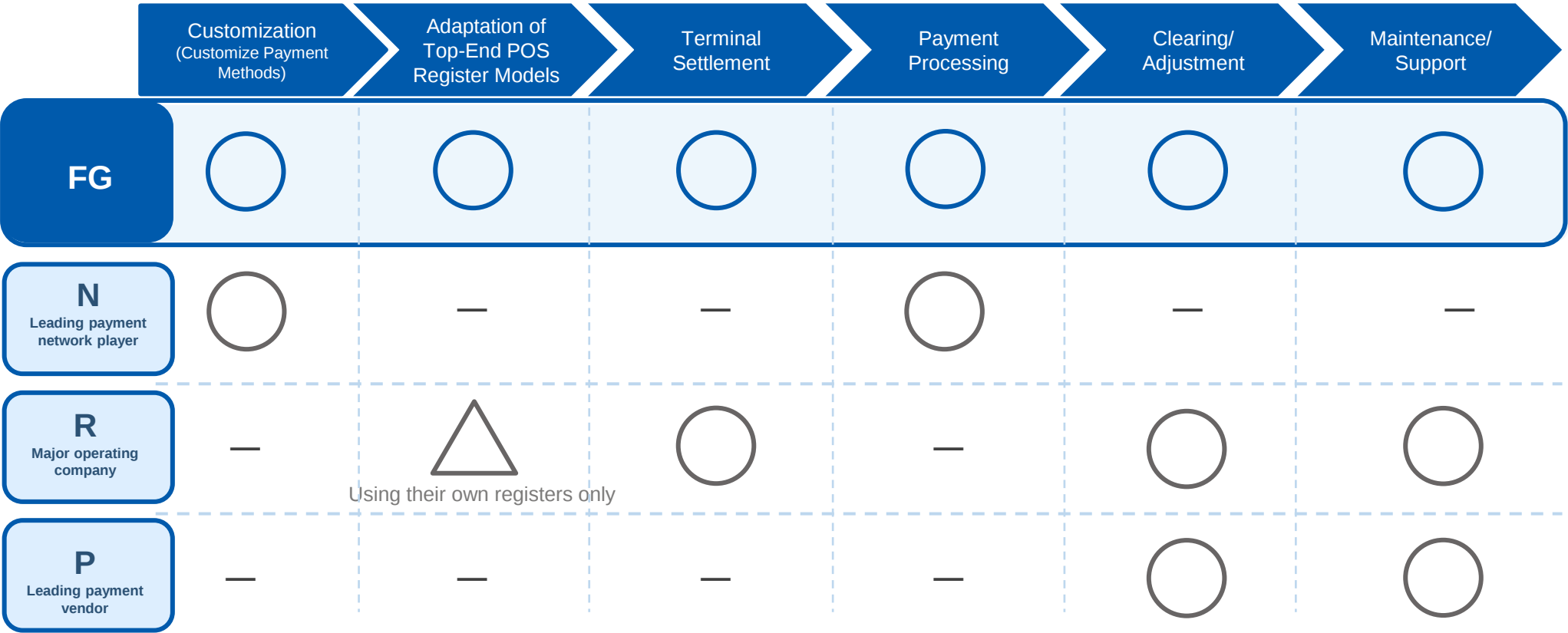


Working with alliance partners allows us to secure participating merchants consistently and steadily.



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

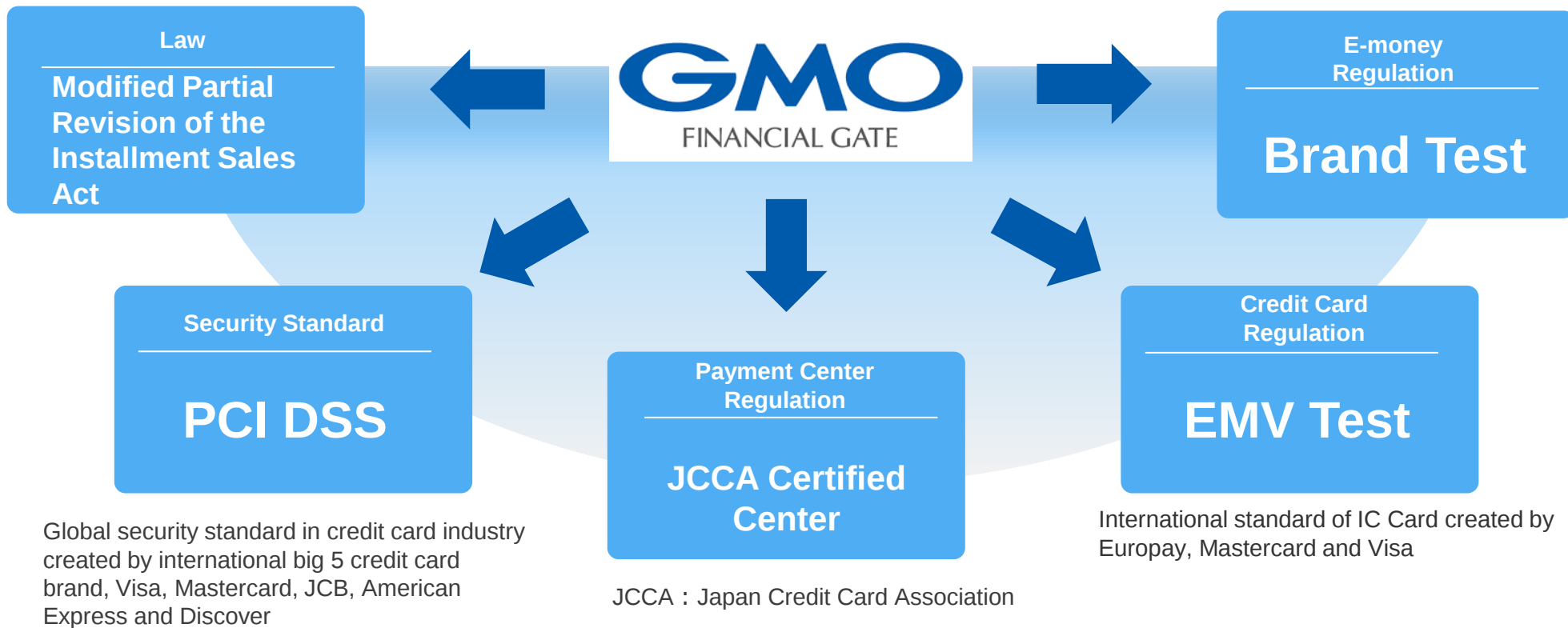
■ Solutions in Offline Payment Market



Barriers to Entry (Regulations to be Followed)

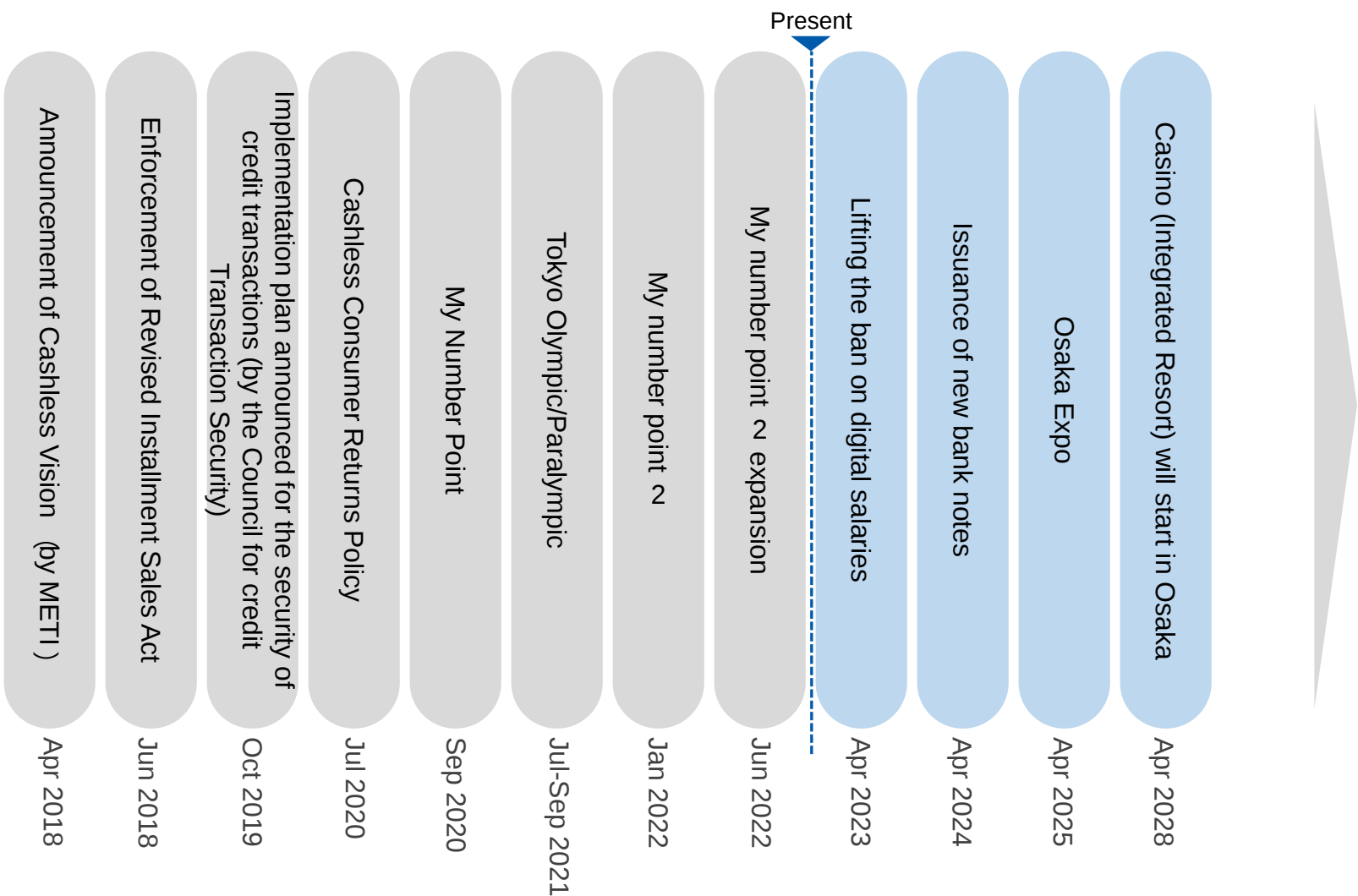
Competitive Advantage

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.



Government Promotion of Cashless Payments

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



Impact on our business

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

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

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

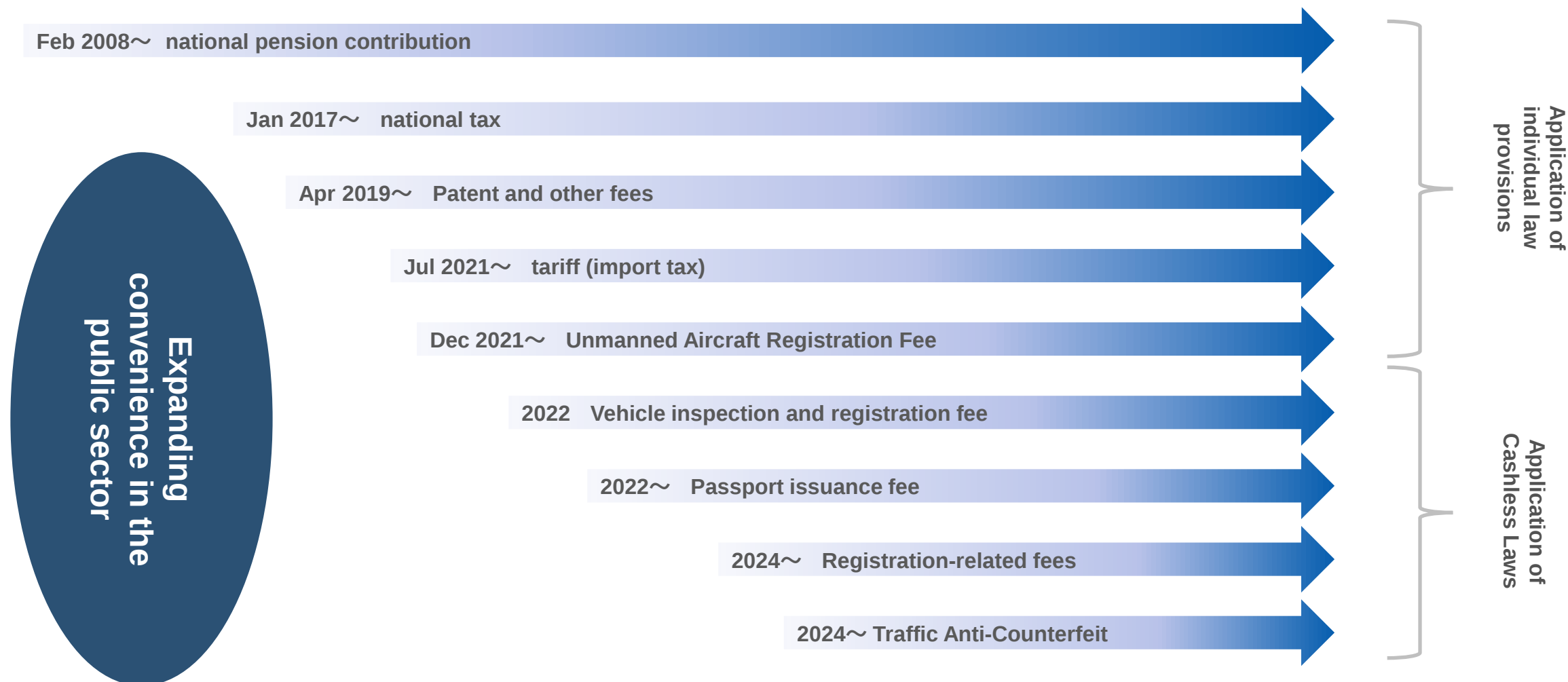
Inbound Demand Leads to Expanding need for cashless payment terminalsExpansion of mobility payment needs

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

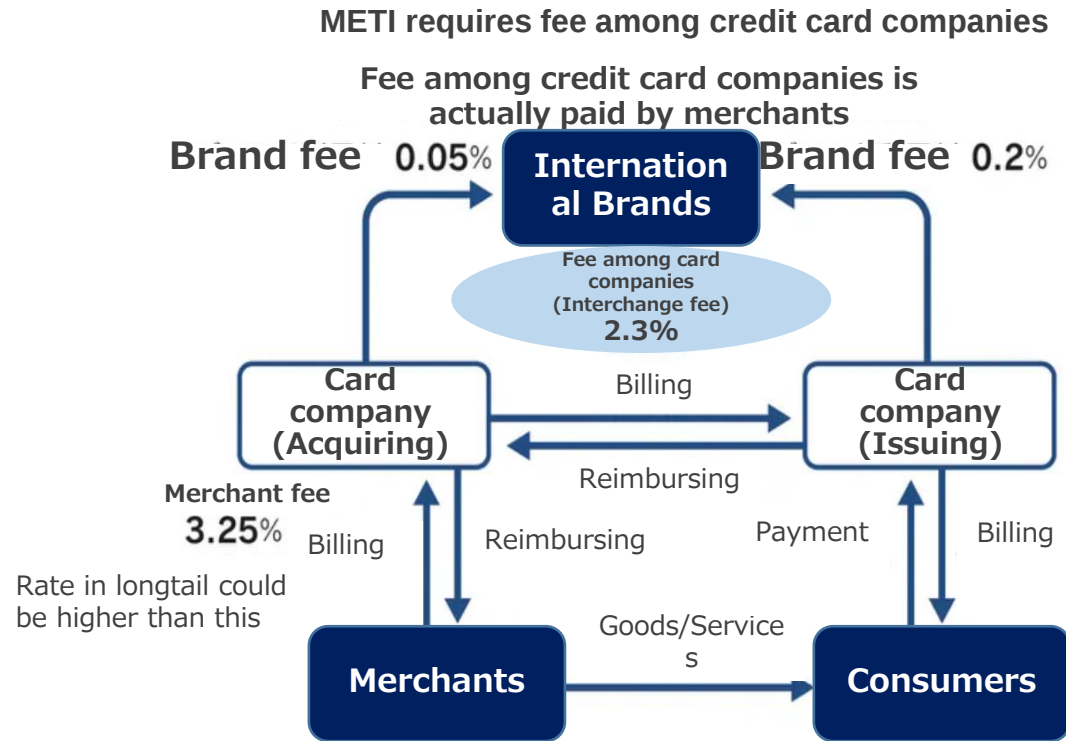
Expansion of credit card payment eligibility

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

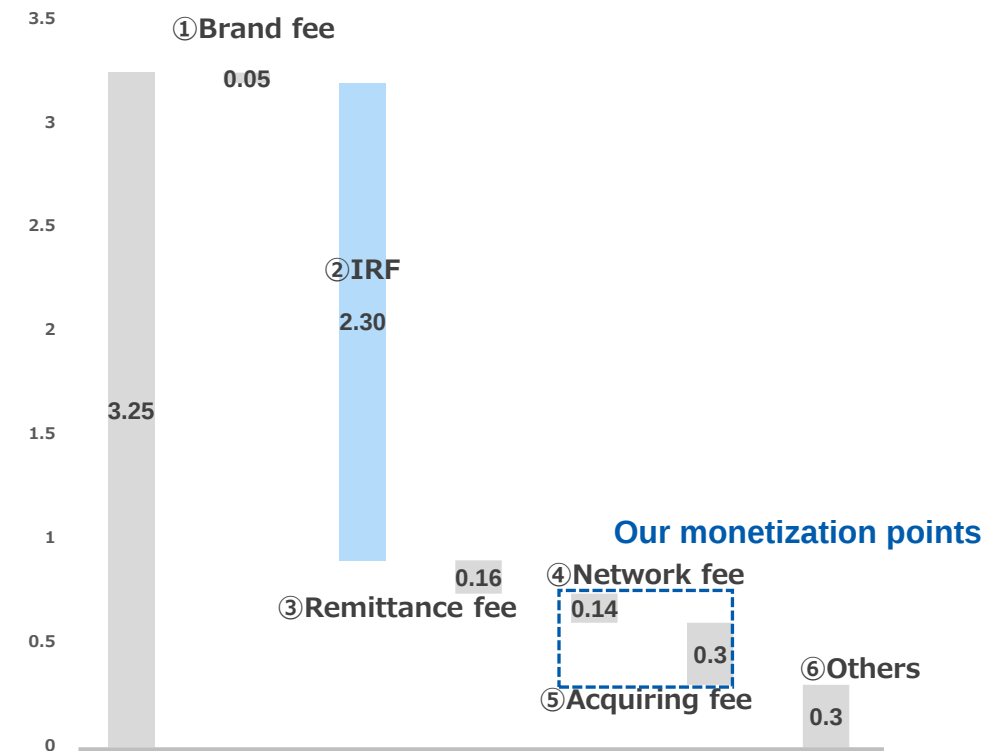


New topic of credit card industry

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



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

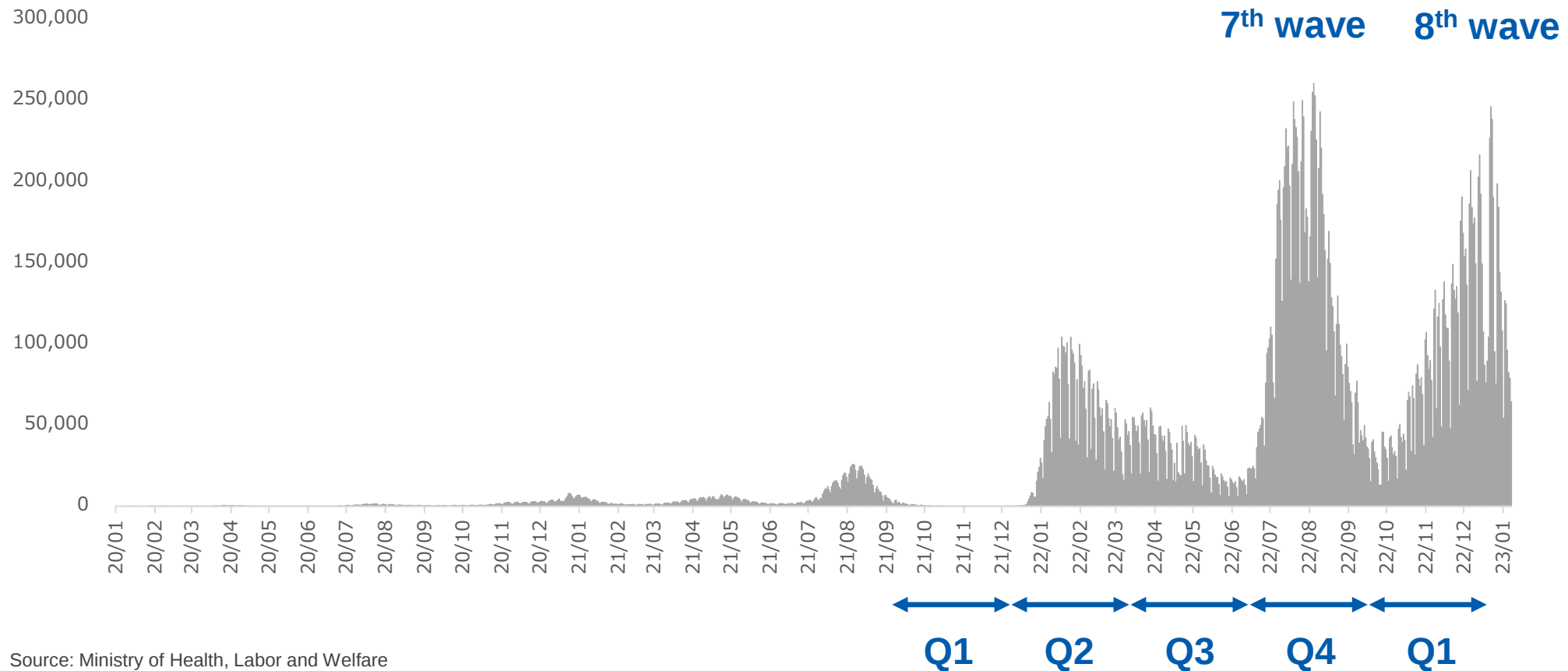


COVID infections

Industry Topic

High level of infected cases observed in the 8th Wave, but movement toward normalization of economic activity continues.

Number of new cases of COVID-19 infection



Source: Ministry of Health, Labor and Welfare

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

Status of Our Efforts

Tap to Phone

Dec 2021~

Started handling touch settlement of JCB at Nagaden-bus



Dec 2020~

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

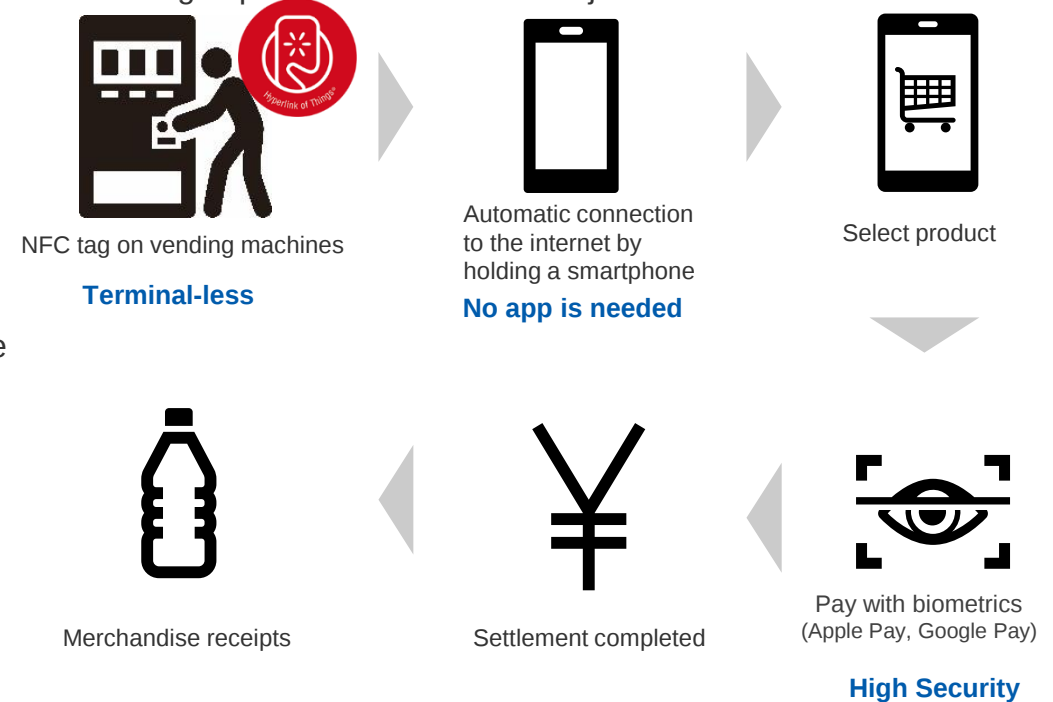
Soft Space社の「FasTap(ファスタップ)」が利用されている様子



NFC tagging touch payment

Launched in FY2022

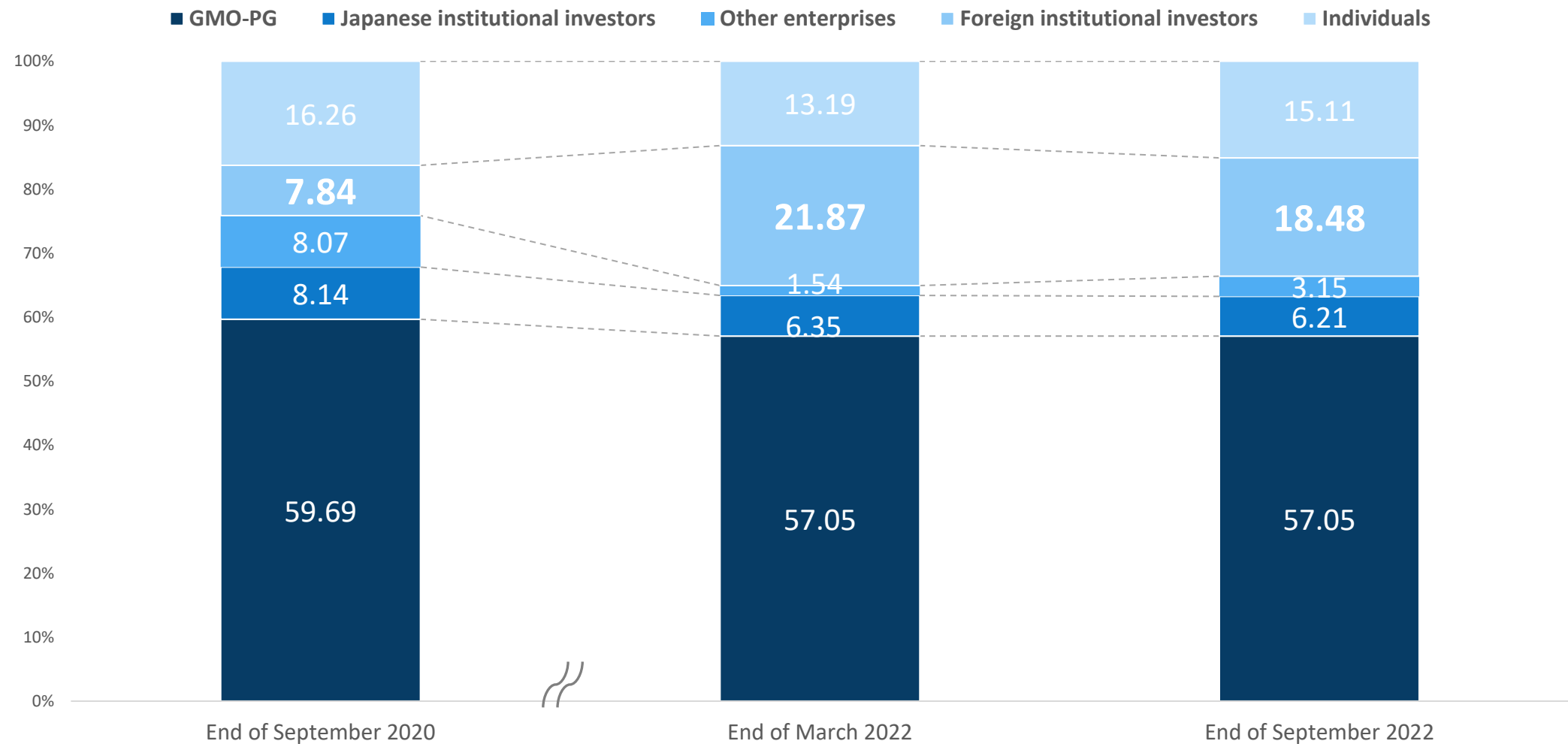
Aiming to provide services with major food manufacturers



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

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

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



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

GMO-FG
Cashless Platform

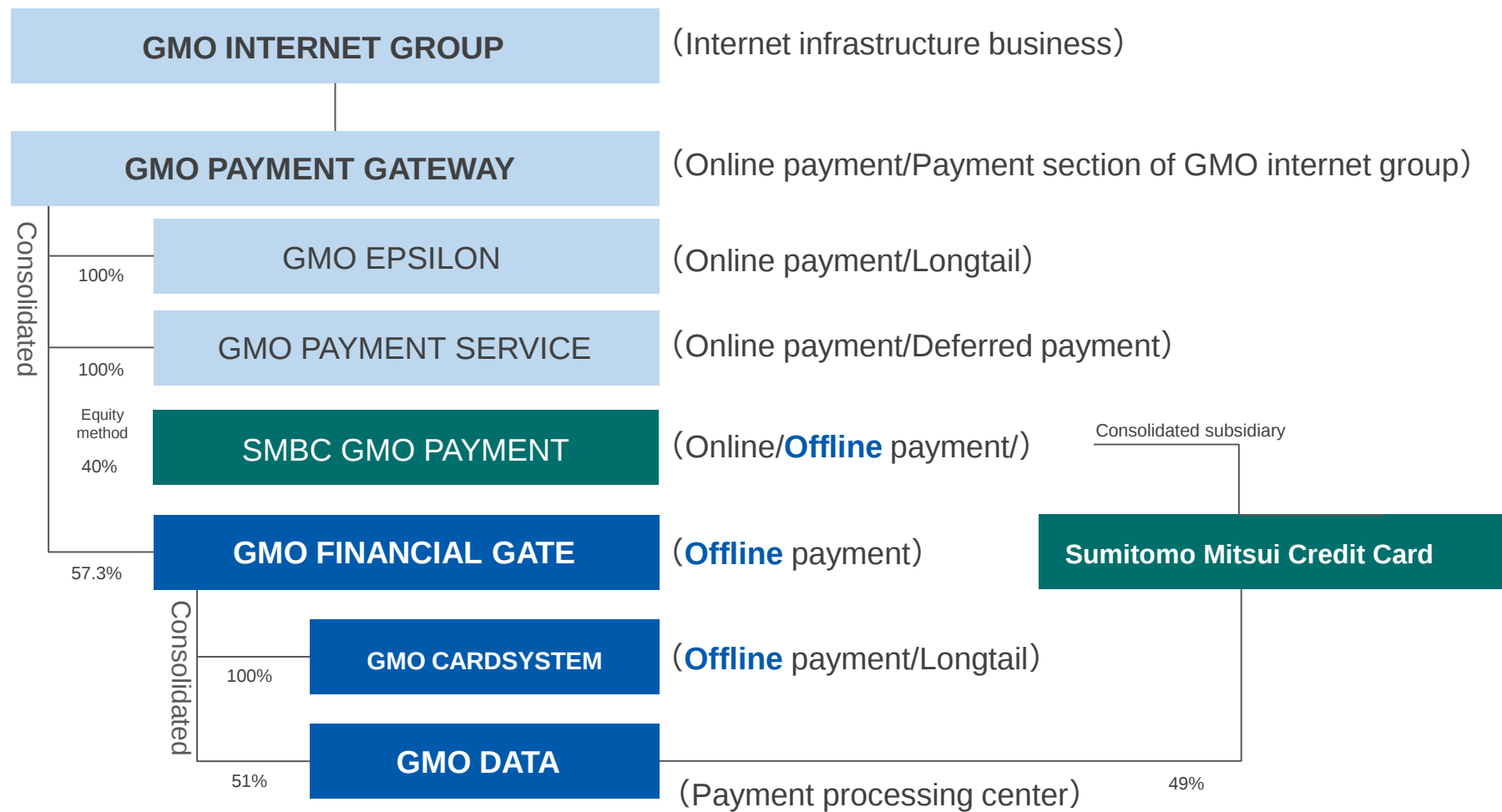


Full compliance with PCI DSS for services providing



Continued to obtain Privacy Mark certification

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



■ Company	GMO Financial Gate, Inc. (TSE Growth Ticker:4051)		
■ Foundation	September 1999		
■ Address	Humax Shibuya Building 7F, Shibuya Dogenzaka 1-14-6, Tokyo		
■ Stock Capital	¥1,618 Million(end of December 2022)		
■ Major Shareholder	GMO Payment Gateway, Inc.		
■ Board Member	Representative Director, President	Kentaro Sugiyama	
	Director	Akio Aoyama (Sales Division Executive Manager)	
	Director	Tomonaga Fukuda (System Division Executive Manager)	
	Director	Tomoki Tamai (Administrative Division Executive Manager)	
	Director	Tatsuya Koide (GMO Payment Gateway, Inc. Chief Managing Executive Officer)	
	External Director	Nao Shimamura	
	External Director	Rie Asayama	
	External Auditor	Takayoshi Nagasawa	
	External Auditor	Satoru Ozawa	
	Auditor	Takashi Iinuma (CPA)	
■ Auditing Firm	Ernst & Young ShinNihon LLC		
■ Subsidiary	GMO CARD SYSTEM, Inc.	shareholding ratio:100%	
	GMO DATA, Inc.	shareholding ratio: 51.0% (Mitsui Card Company, Limited:49.0%)	
■ Business	Cashless payment infrastructure service (credit card, debit card, e-money etc.)		



Floor-Standing Model



Mobile Model



Embedded Model



POS Model

(As of February 14, 2023)

T h a n k y o u

GMO FINANCIAL GATE

GMO Financial Gate, Inc.
(TSE Growth 4051)

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