

Financial Results Briefing for Q3 FY2022

Growing above expectation thanks to a business portfolio
resilient against macro fluctuations

August 10, 2022

70th Investor Meeting

GMO PAYMENT GATEWAY

Agenda

1. Summary of Financial Results Q3 FY2022
2. Growth Strategy and Initiatives in Focus Areas
3. Sustainability
4. Financial Highlights and Reference Materials

Following abbreviations are used in this material.

GMO-PG: GMO Payment Gateway; GMO-EP: GMO Epsilon; GMO-MR: GMO Medical Reservation Technology; GMO-PS: GMO Payment Service; GMO-FG: GMO Financial Gate; GMO-CAS: GMO Card System
PF: Platform

Safe Harbor Statement

The contents of this document are based on generally recognized economic and social conditions, as well as assumptions judged to be reasonable by GMO Payment Gateway as of August 10, 2022.

Please note that the contents are subject to change without prior notice in the event of changes in the business environment or other unforeseen occurrences.

1. Summary of Financial Results for Q3 FY2022

1.1 Earnings Summary

Steady progress towards achieving full year guidance, Net Profit increased by 204.6% due to share divestment

IFRS (¥ Mil)	FY2021 Q3 Cumulative	FY2022 Q3 Cumulative	% YoY	FY2022 Guidance (Achievement %)	FY2022 Q3 standalone (% YoY)
Revenue	30,535	36,956	+21.0%	50,000 (73.9%)	12,897 (+21.1%)
Operating Profit	10,222	12,788	+25.1%	16,234 (78.8%)	4,511 (+24.3%)
Pre-tax Profit	10,526	30,500	+189.8%	*Refer to slide 4.2.2 31,538 (96.7%)	21,809 (+460.9%)
Profit Attributable to Owners of Parent	6,937	21,129	+204.6%	20,860 (101.3%)	15,610 (+464.0%)
EBITDA	11,614	14,360	+23.6%	—	—
	Operating Stores (end-Q3 FY2022)	Consol. TRX Volume (Q3 standalone)	Consol. TRX Value (Q3 standalone)		
KPI (% YoY)	138,119 (+14.9%)	Approx. 1.25 bn(+39.3%) o.w., online approx. 1.15 bn (+34.6%)	Approx. ¥2.9 trn (+42.8%) o.w., online approx. ¥2.2 trn (+28.9%)		

※ EBITDA=Operating Profit + Depreciation.

※ Operating stores figure is for GMO-PG and GMO Epsilon (EP). Consolidated TRX volume and value figures are the sum totals for GMO-PG, GMO-EP, GMO Payment Service (GMO-PS) and GMO Financial Gate (GMO-FG). The online payment figures are the sum totals for GMO-PG, GMO-EP and GMO-PS.

※ The standards for calculation the number of operating stores has been revised from Q2 FY2022. Figures exclude a specific case and the operating store related to a major delivery service operator. If included, the number of operating stores is 427,446 stores (up 56.6% YoY).

Achieved above-market growth rate from increase in offline and non-merchandise payments (% YoY)

(¥ trn)

Company Market^{※1} +111.9% +18.7%

Outperform +93.2

Non-merchandise EC +53.1% +42.8%

+10.3

Merchandise EC +8.9% +0.7%

+8.2

Merchandise

GMO-PS

GMO-EP

Other non-merchandise

Travel & Ticket

Increased outings that entail travel

Digital Content · Telecom

Major telcos, growth of GMP, etc.^{※4}

Utility

Expansion of service to major EPCOs

GMO-PG

GMO-FG^{※2}

Growth of new and existing merchants

Increase in offline consumption from reopening

Q3 FY2021

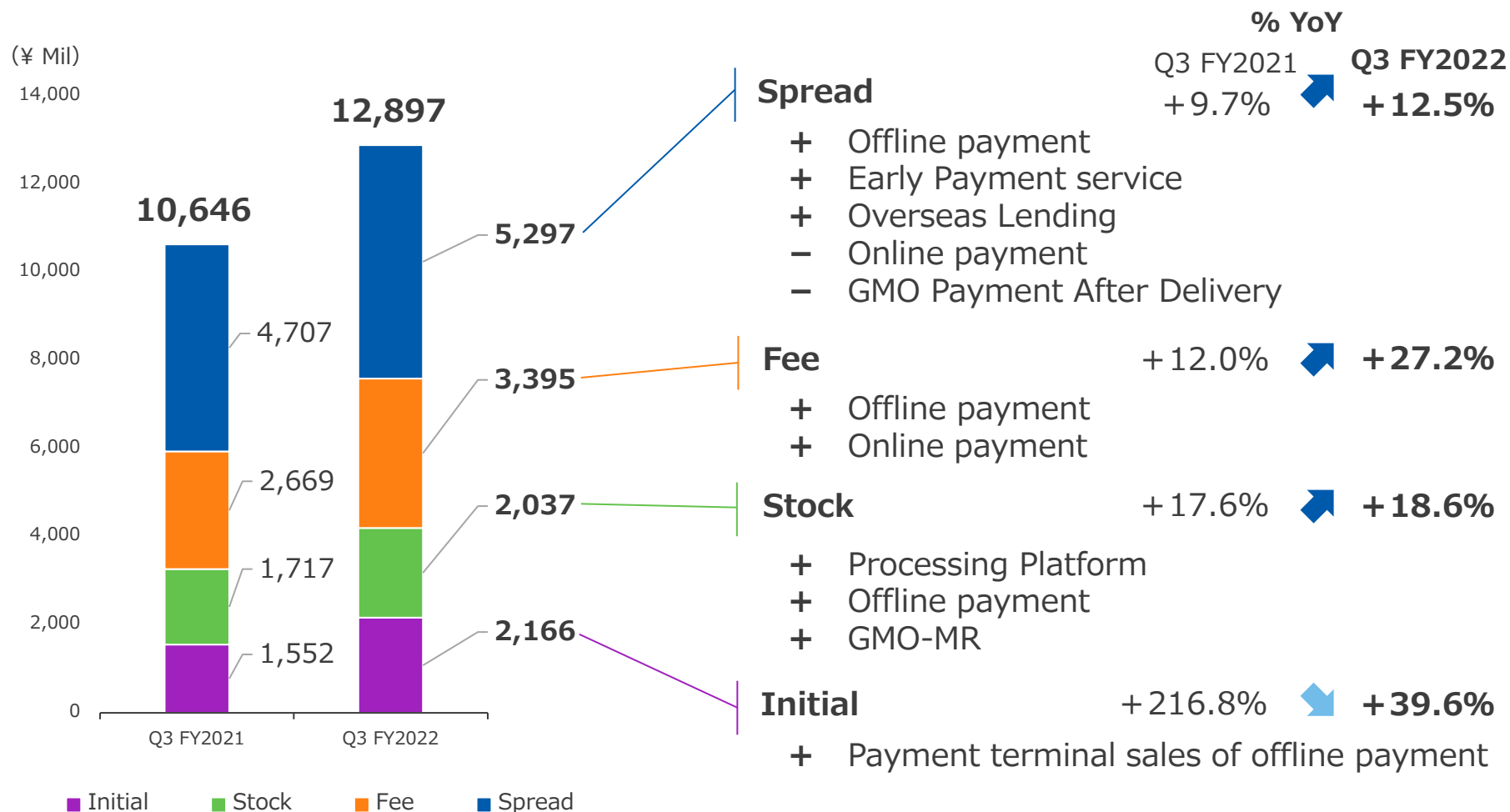
Q3 FY2022

GMO PAYMENT GATEWAY

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1.3 Revenue by Business Model (Q3 standalone)

Robust fee revenue from increase in offline payments, etc.



※ The "+" signs indicate services with growth rates that are higher than 25% or if the growth rate is higher than that of the business model; the "-" indicates growth rates that are lower.

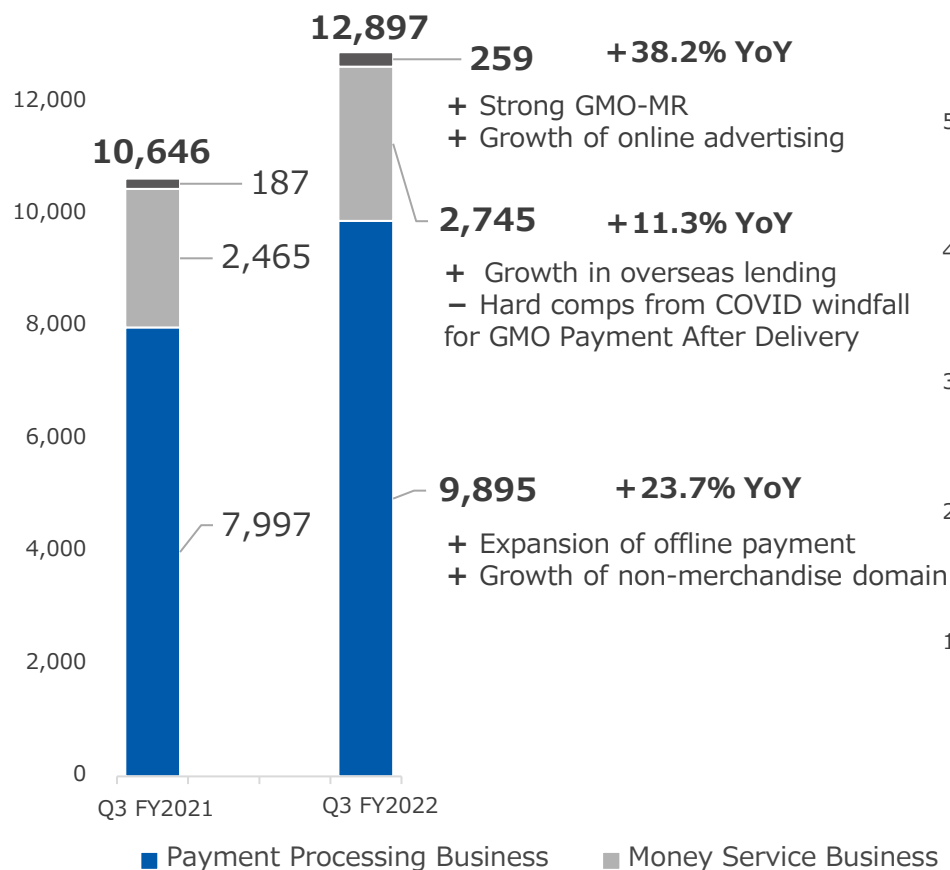
1.4 Segment Results (Q3 standalone)

Each segment making steady progress towards full year guidance

Segment Revenue

Consol. +21.1% YoY

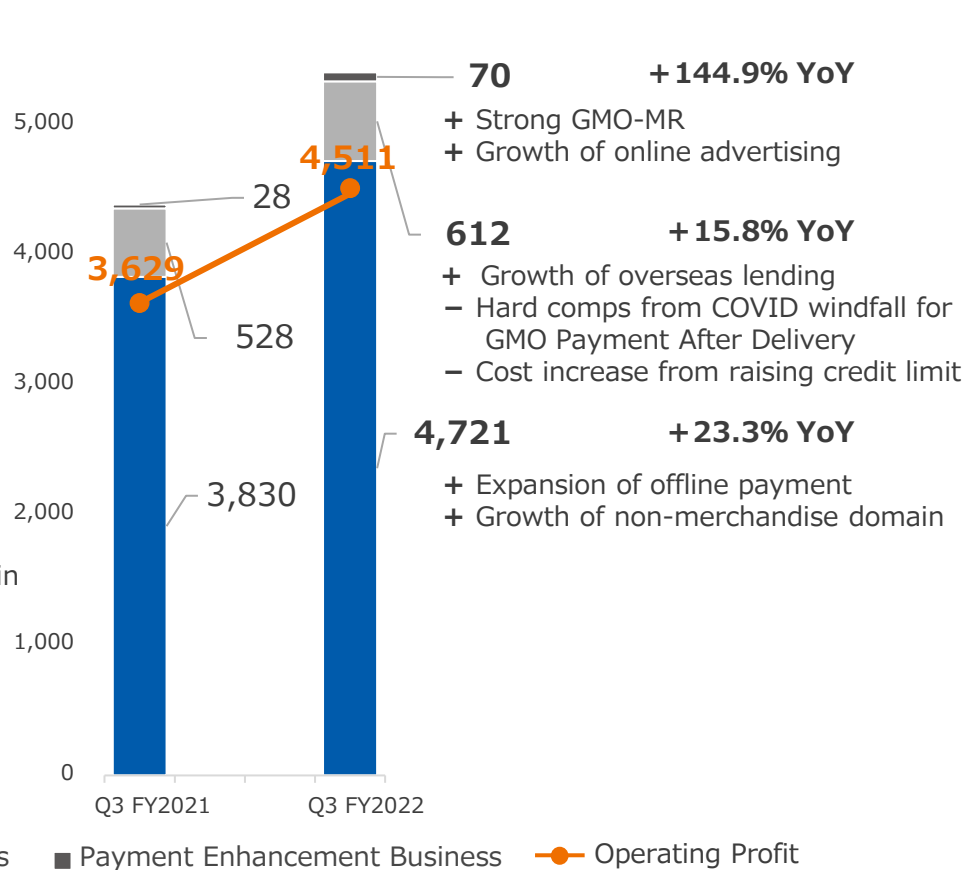
(¥ Mil)



Segment Profit

(after consol. adjustments)

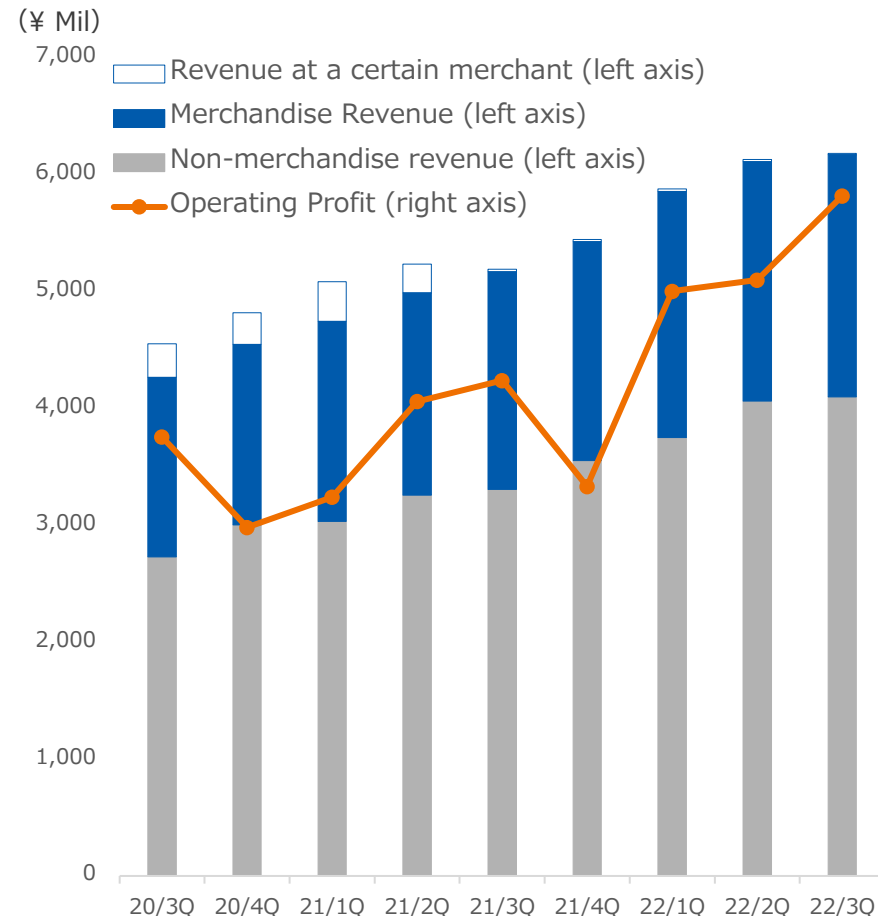
(¥ Mil)



1.5.1 GMO-PG Non-consolidated Performance: (Quarterly Trend)

Revenue up 19.2%; non-merchandise up by 20% despite the hard comps against last fiscal year's high growth

GMO-PG Non-consolidated Revenue and OP ※1



	% YoY	
	Q3 FY2021	Q3 FY2022
Revenue	+13.6%	+19.2%
Online payment	+16.9%	+17.8%
Merchandise EC	+0.0%	+9.7%
Apparel	-43.4%	-3.6%
Food & Beverage	+39.9%	+21.4%
Cosmetics, Health food	+9.3%	+2.6%
Non-merchandise EC	+29.6%	+20.6%
Digital content・Telecom	+21.4%	+13.8%
Utility	+70.4%	+3.9%
Travel & Ticket	+42.9%	+54.6%
BaaS Support	+23.5%	+45.9%
Money Service Business	-5.0%	+16.4%
Remittance service	-16.2%	+13.6%
Early Payment	+58.0%	+26.1%
Overseas lending※2	+74.8%	+7.2%

※1 Revenue figures are after elimination and adjustments. The figures for BaaS Support is the sum total for Ginko Pay and processing platform.

※2 Excludes overseas lending revenues recognized at the local corporate entity. On a consolidated basis, the growth rates would be up 22.1% YoY for Q3 FY2022 and up 40.9% YoY for Q3 FY2021.

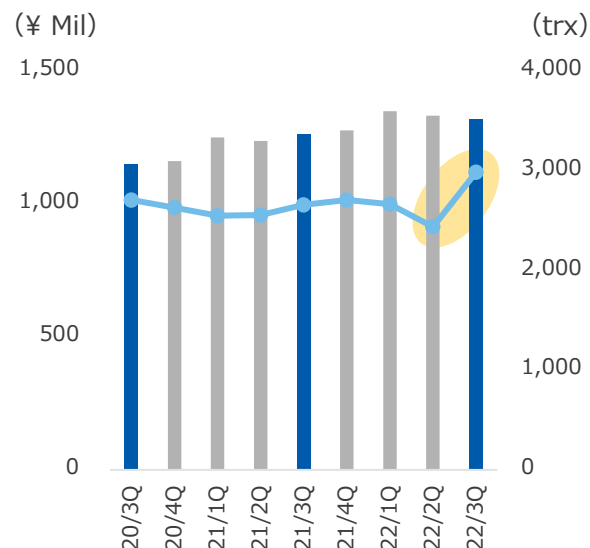
1.5.2 Performance of GMO-EP, GMO-PS and GMO-FG (Quarterly Trend) ※1

EP/PS merchant acquisitions increasing from progress on initiatives, GMO-FG continues strong performance

GMO-EP Consol.

Revenue +4.6% YoY
(2-yr CAGR) +7.1%

KPI: new merchant acquisitions

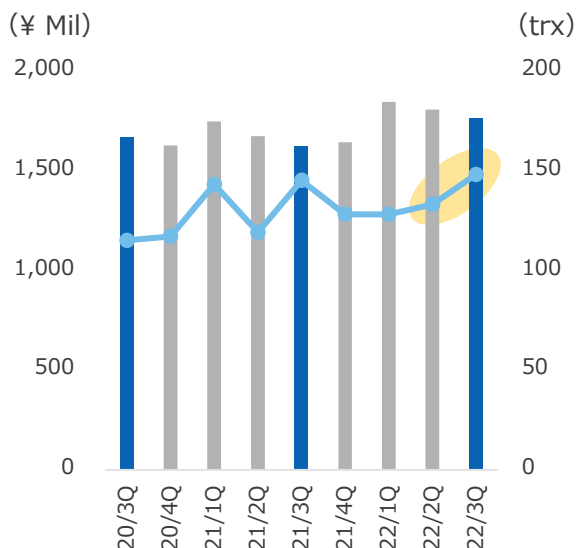


Return to growth trajectory driven by pickup in new merchant acquisitions from launch of fancode byGMO, etc.

GMO-PS

Revenue +8.4% YoY
(2-yr CAGR) +2.7%

KPI: new merchant acquisitions

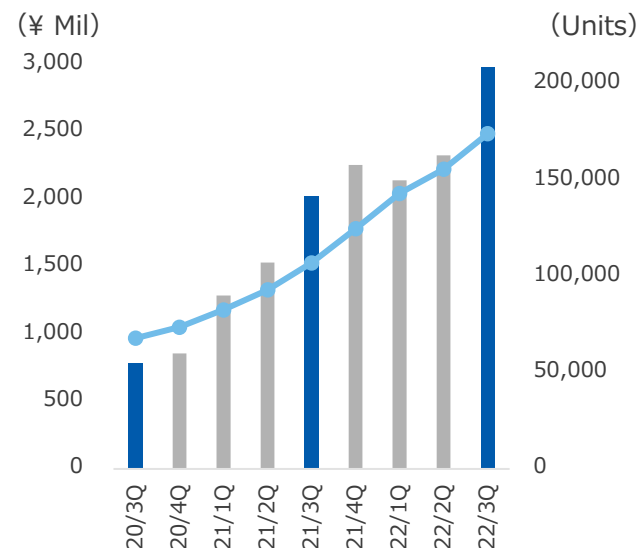


B2B Pay On Credit gradually contributing to revenue. Preparing to launch new BNPL next fiscal year

GMO-FG Consol.

Revenue +47.2% YoY
(2-yr CAGR) +94.8%

KPI: Operating terminals



Stock-type revenue up 66.3% from increased offline consumption due to reopening ※2

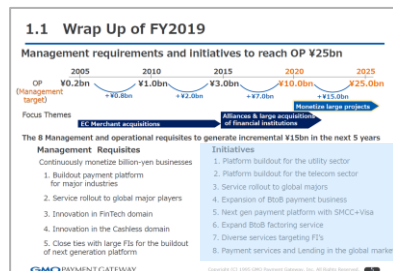
※1 The figures for all the companies stated above are amounts before eliminations and consolidated adjustments. GMO-EP Consol. includes GMO Epsilon and GMO Medical Reservations Technology. GMO-PS: GMO Payment Service, GMO-FG Consol. includes GMO Financial Gate and GMO Card System.

※2 FG consolidated initial revenue is an excerpt from GMO-FG's disclosed financial results and stock-type revenue is the sum-total of stock, fee, and spread revenues.

1.6.1 Review of Pre-COVID Priority Initiatives

Strategies formulated pre-COVID are progressing as expected

Results Briefing material for FY2019



Priority Initiatives (As of Nov. 14, 2019)

- ① Industry-specific platform
- ② Telecom industry platform
- ③ Services to global majors
- ④ Expand B2B payment business
- ⑤ Next generation payment platform (stera)
- ⑥ B2B Factoring service
- ⑦ Diverse service rollout to financial institutions
- ⑧ Global payment & lending

Evaluation criteria

- Plan realized and targets achieved
- ✗ Targets unachieved

↳ Recovery Plan

Review and evaluation (As of Aug. 10, 2022)

- Provision of SMS Choice of Payment to TEPCO Energy Partners
- Provided platform to major telco company
GMV of largest merchant +78.0% (vs Q3 FY2021)
- Acquisition of GMP Co. A and GMV+87.5% (vs. Cumu. Q3 FY2021) ※1
- ✗ Corporate operational improvement requires time
↳ Expand financial services line-up
- Rolled out stera
Stock-type revenue+66.3% (vs. Q3 FY2021) ※2
- ✗ Sudden changes at client's businesses due to COVID-19
↳ Expand other financial services where demand is increasing
- Provide to business operators in addition to financial institution; Processing PF revenue +64.4% (vs. Q3 FY2021)
- Exceeded plans due to strong FinTech lending
Total revenue +32.4% (vs. Q3 FY2021)

*Refer to slide 2.9.3

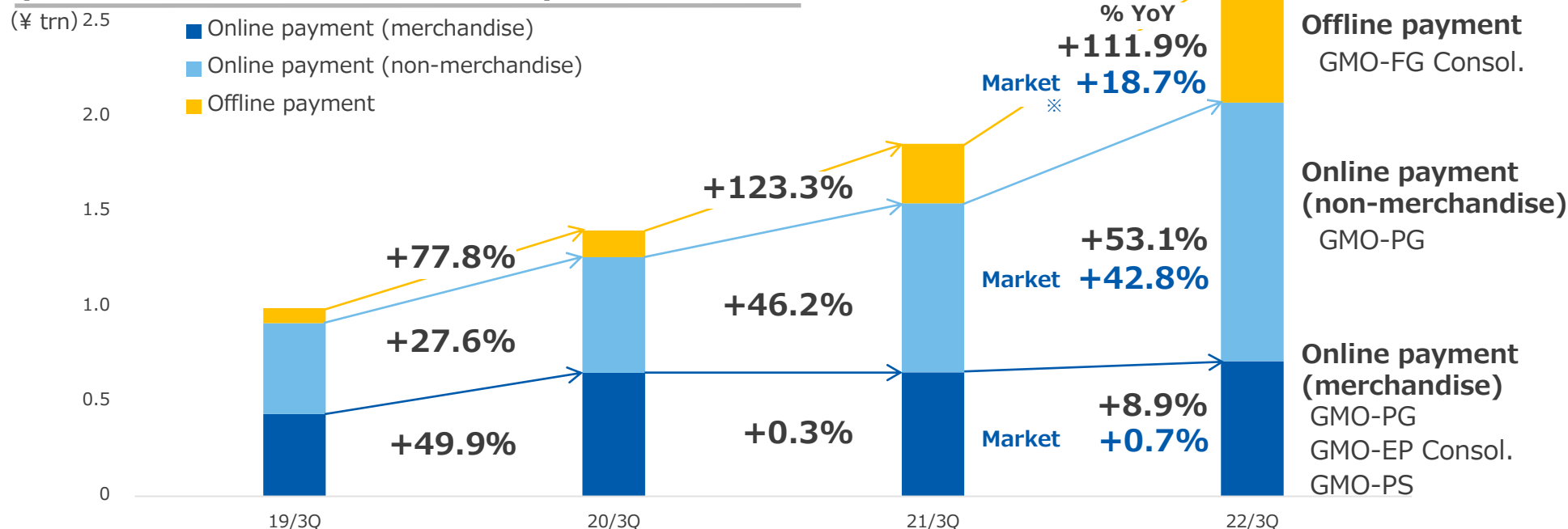
※1 GMP stands for Global Major Players.

※2 FG consolidated initial revenue is an excerpt from GMO-FG's disclosed financial results and stock-type revenue is the sum-total of stock, fee, and spread revenues.

1.6.2 Transformation of Business Structure

Achieved above-market growth from strengthening offline and non-merchandise domains

Q3 standalone GMV of offline & online payment (merchandise+non-merchandise)



Pre-COVID

Buildout a business structure resilient against the post-Olympics macro decline
Utility, recurring billing

During COVID

Strengthen the non-merchandise and the enormous offline market during the temporary acceleration in the merchandise EC market

Current~Future

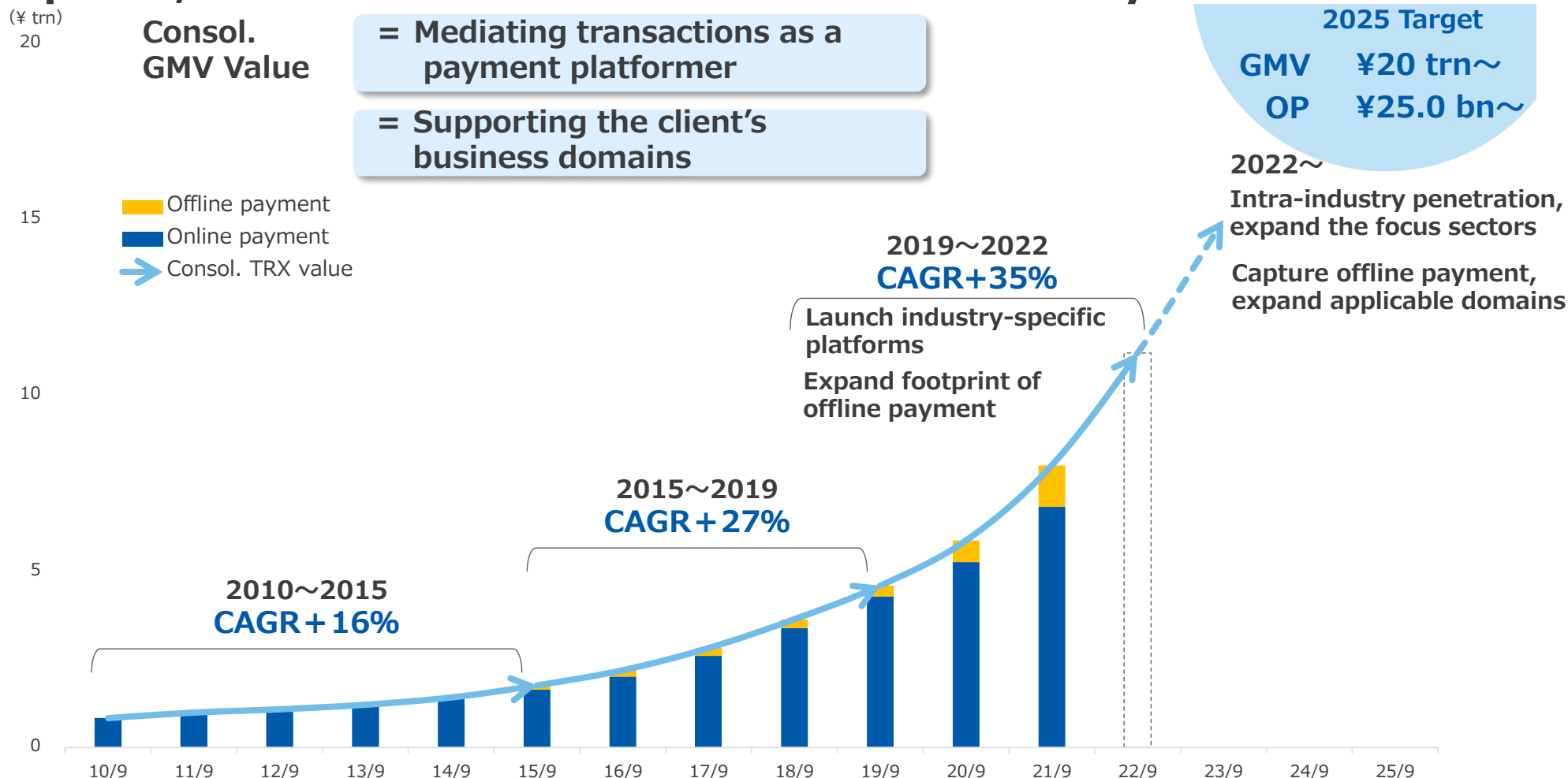
Growth driven by offline and non-merchandise without relying on EC market that is affected by COVID

※ Offline market: METI's "Survey of Selected Service Industries". The offline market figures show the YoY change for April to May as the data for June is undisclosed as of this writing.
EC Market: Based on Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey," figures are categorized into merchandise and non-merchandise according to the Company's standards using the Internet expenditure amount (22 items) per household.

2. Growth Strategy and Initiatives in the Focus Areas

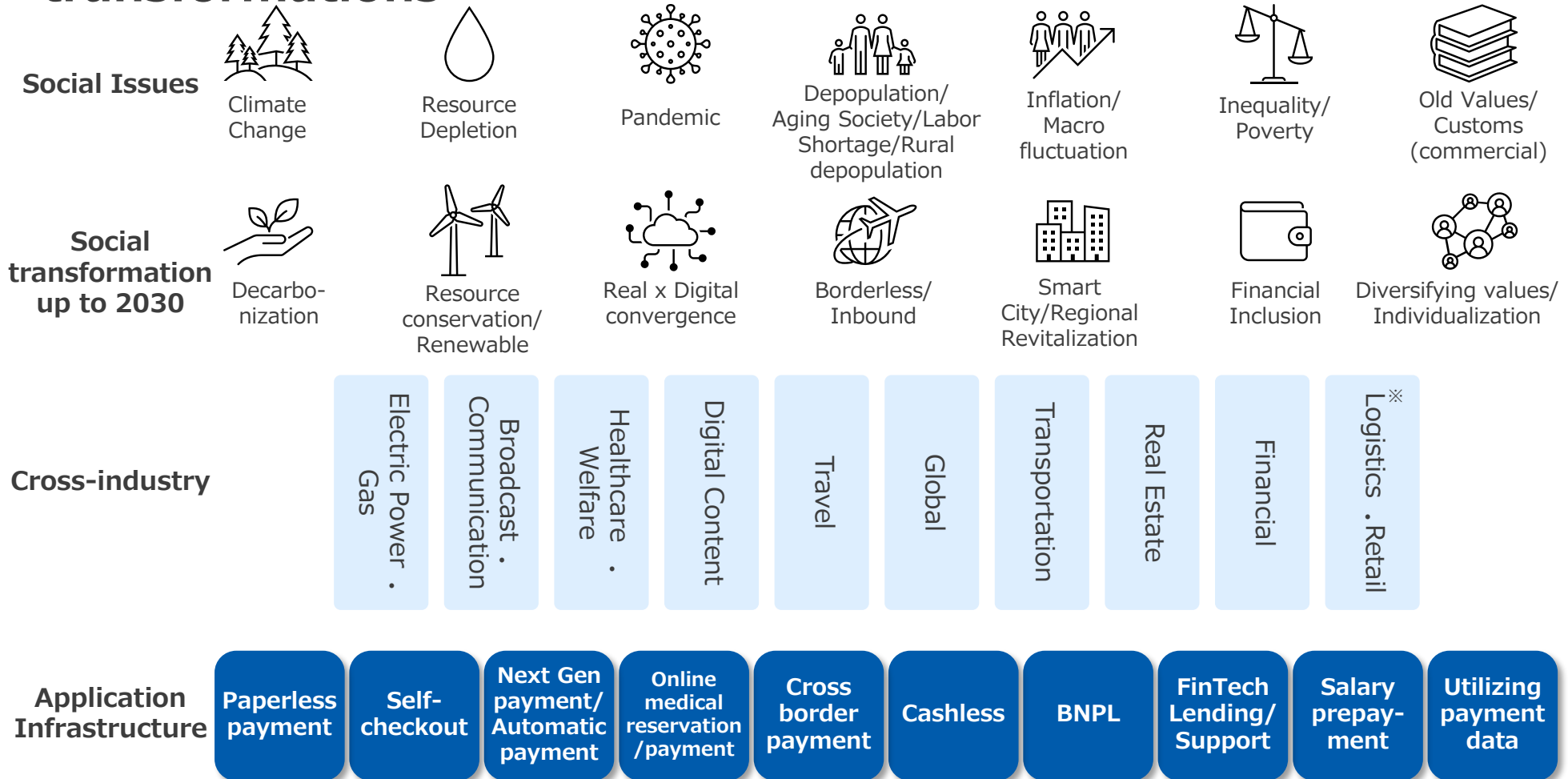
2.1 Expansion of GMV = Growth of Client's Business

Achieved GMV of over ¥10 trn more than a year ahead of plans; aim to achieve GMV of over ¥20 trn by 2025



2.2 Driving Social Innovation

Support innovation for client's tackling social issues and transformations



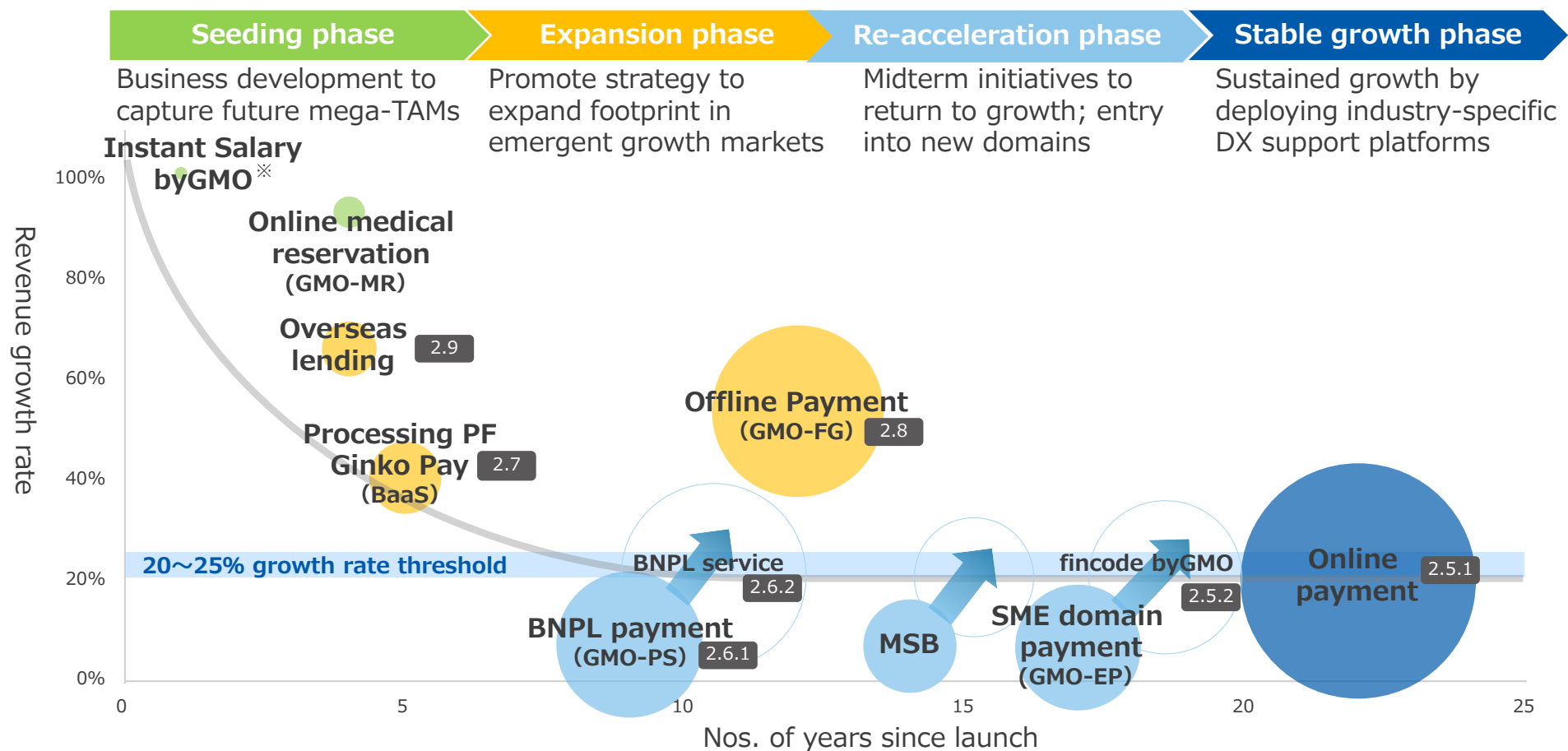
※ Refer to slide nos. 4.9 titled "New Business Model and Issues in the Retail Sector"

2.3.1 Business Portfolio

Sustain medium-to-long-term growth by selection and focus on businesses that help achieve management targets

Growth phase distribution of each product
(revenue up to cumulative period to Q3 FY2022)

Size of circle = revenue size

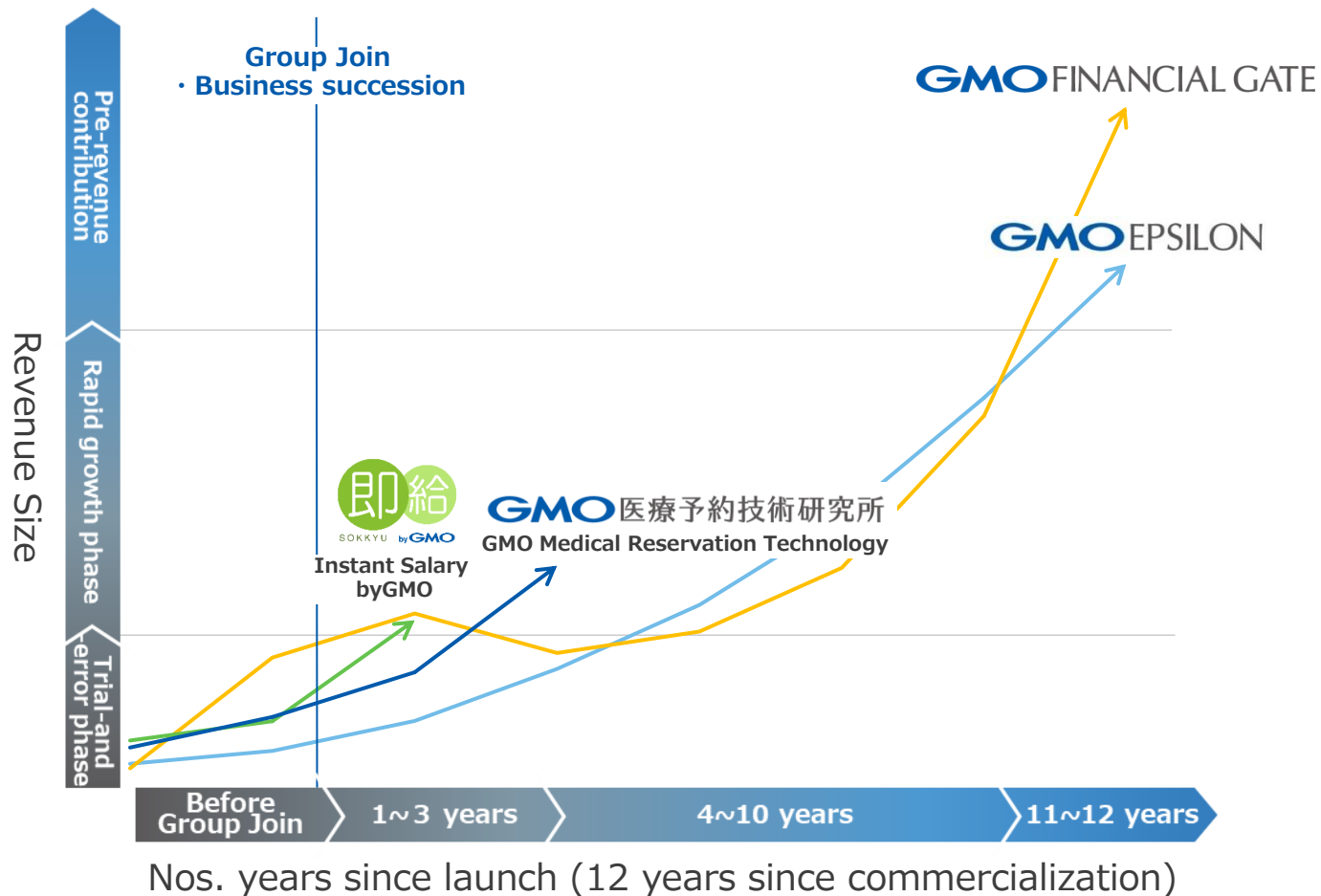


※ Instant Salary byGMO was not launched a year ago, hence the period since the launch has been divided into two parts to calculate the rate of change.

2.3.2 Business Portfolio: Domestic Investment Strategy

Improve enterprise value by enhancing management's execution capability by pursuing proprietary PMI; expand investment when opportunity arises

Timing of Group-Join and image of increase in post-succession corporate value



2.4 Progress of Priority Initiatives

Robust progress on projects already operating, making steady progress on pipeline projects that contributes to revenue from next fiscal year onwards

	OP (¥bn)		Priority Initiatives	Progress/Achievements
Broader EC	2021 (Act.) 9.5	2025 (2021 Target) 18.0~22.0	Utility TEPCO Energy Partner Co. B Co. C	Launched SMS Choice of Payment, GMV surging On track to commence in Q1 2023 On track to commence in Q1 2023
			Tax payment smartphone app	Under system development, to be launch Q1 2023
			GMP Co. A	Cumu. Q3 GMV +87.5% YoY
			Co. B	Negotiating for launch part 2 and 3
			Co. C	Negotiating to close deal next fiscal year onwards
			Foreign-owned company	GMV increased approx. 8x QoQ thanks to adoption by multiple companies
			Telecom	Scheduled launch of part 2 in Q4 2022
FinTech	2.0	3.0~	Real Estate	Steady progress in implementation to several companies
			SME Domain	Official launch of fincode byGMO in May
FinTech	2.0	3.0~	B2B Pay On Credit BNPL	GMO B2B Pay On Credit gradually contributing to revenue Signed MoU with SMCC on new BNPL service
Offline · IoT	0.58	2.0~	stera Unattended Market	Acquisition of large merchant, payment terminal implemented Operating IoT terminals up +32.7% YoY
BaaS	0.6	1.0~	GMO-PG Processing Platform	Scheduled launch in Q1 2023 and Q1 2024 from acquiring new merchants
Global	-	3.0~	FinTech Lending	Loan book up +38.2% YoY , pipeline also building up

※ GMP stands for Global Major Players; SMCC stands for Sumitomo Mitsui Card Company, Limited.
The 2025 OP target for Offline · IoT includes companies/services other than GMO-FG and GMO-CAS

2.5.1 Broader EC: Strengthening Sales Capability

Broader EC
2025 OP Target
¥18.0~¥22.0 bn

Promote a qualitative and quantitative sales strategy; raise proportion of large clients to 40% of revenue by 2025

High Value Strategy

GMO-PG

Strengthen industry-exclusive sales structure,
value proposition-type sales
Provide industry-specific solution/platform
Bundled electrification of payment workflow/DX
support such as strengthening CRM ※2

KPI · Targets

Consol. Sales
personnel ※1 **Approx. 300**

Large clients
Revenue proportion **2021 30%** ▶ **2025 40%**

High Volume Strategy

GMO-PG

Implement inside sales: improve productivity through
division of labor and specialization
Partner strategy
Cross Sell/Up Sell

Sales
productivity **30% improvement**

GMO-PS

Partner strategy
BNPL/GMO B2B Pay On Credit

No. of new
client
acquisitions **50/month**

GMO-EP

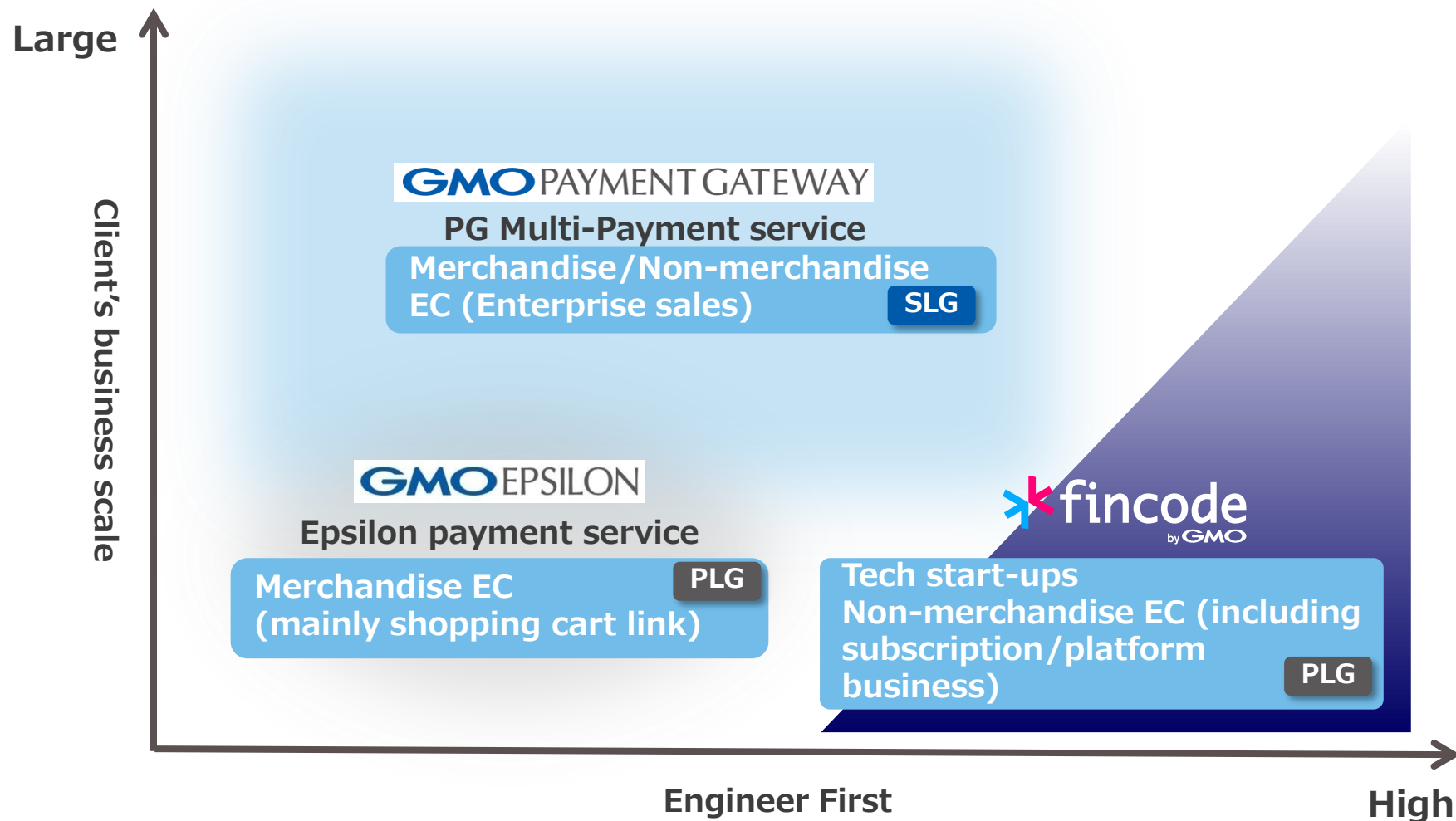
Partner strategy
fincode byGMO

No. of new
client
acquisitions **1,500/month**

※1 Figures are GMO-PG's consolidated sales personnel as of end of June 2022. ※2 CRM stands for Customer Relationship Management.

2.5.2 Broader EC: Positioning of “fincode byGMO”

Return to growth trajectory by penetrating into growing markets and non-merchandise domains



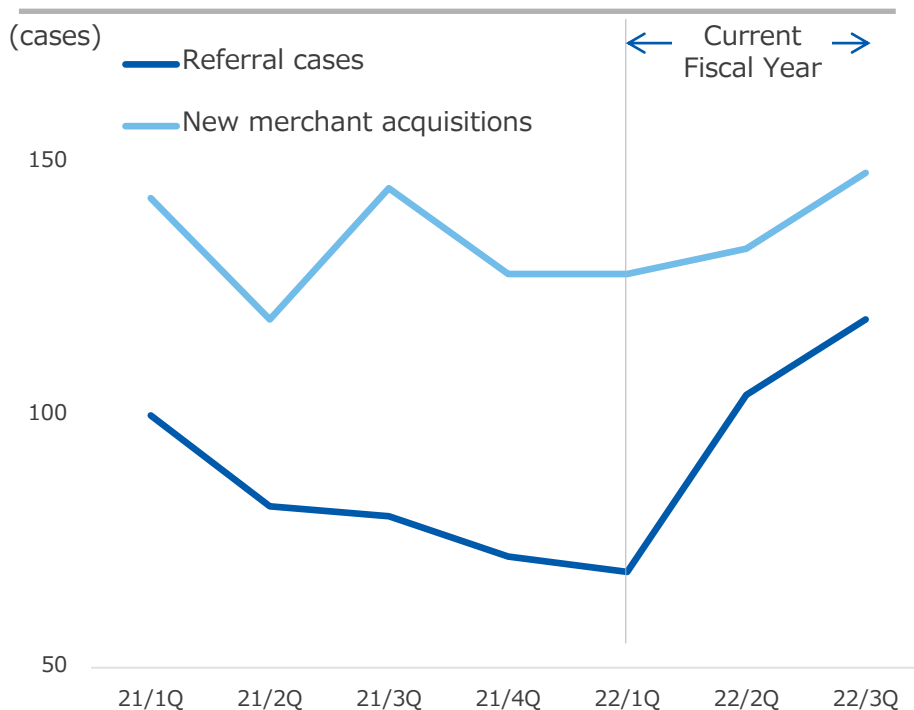
※ SLG stands for Sales-Led Growth; PLG stands for Product-Led Growth.

2.6.1 FinTech: GMO Payment After Delivery, GMO B2B Pay On Credit

FinTech
2025 OP Target
¥3.0 bn~

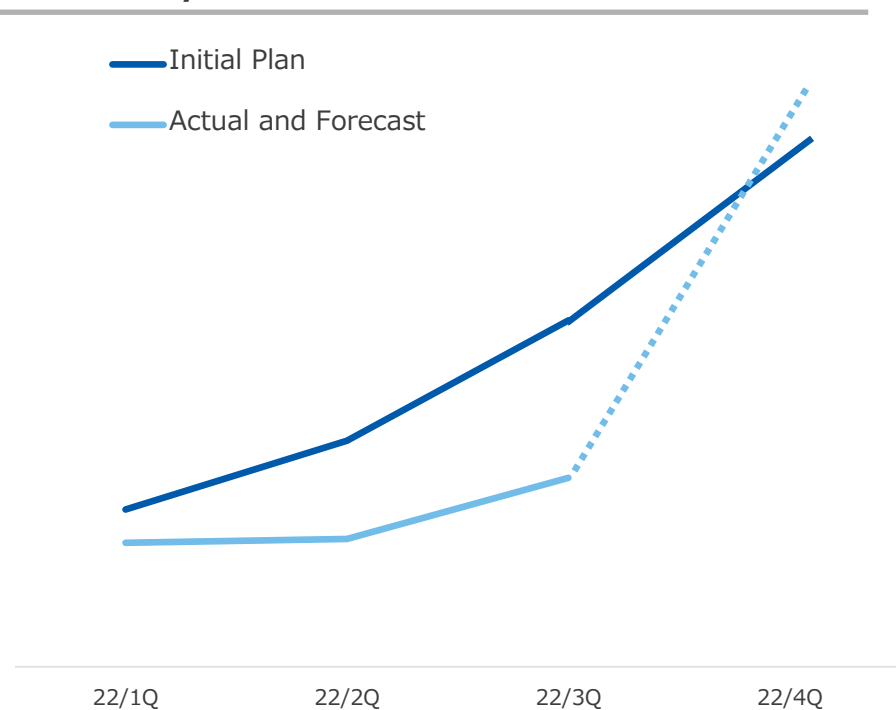
Initiatives leading to increasing trend of GMO B2B Pay On Credit and merchant acquisitions

Trend of new merchant acquisitions and referral cases



Pace of new merchant acquisitions accelerating from the increase in referral cases

Trend of GMO B2B Pay On Credit: Actual vs. Plans/Forecast



Likely to catch-up with initial plans thanks to the initiatives

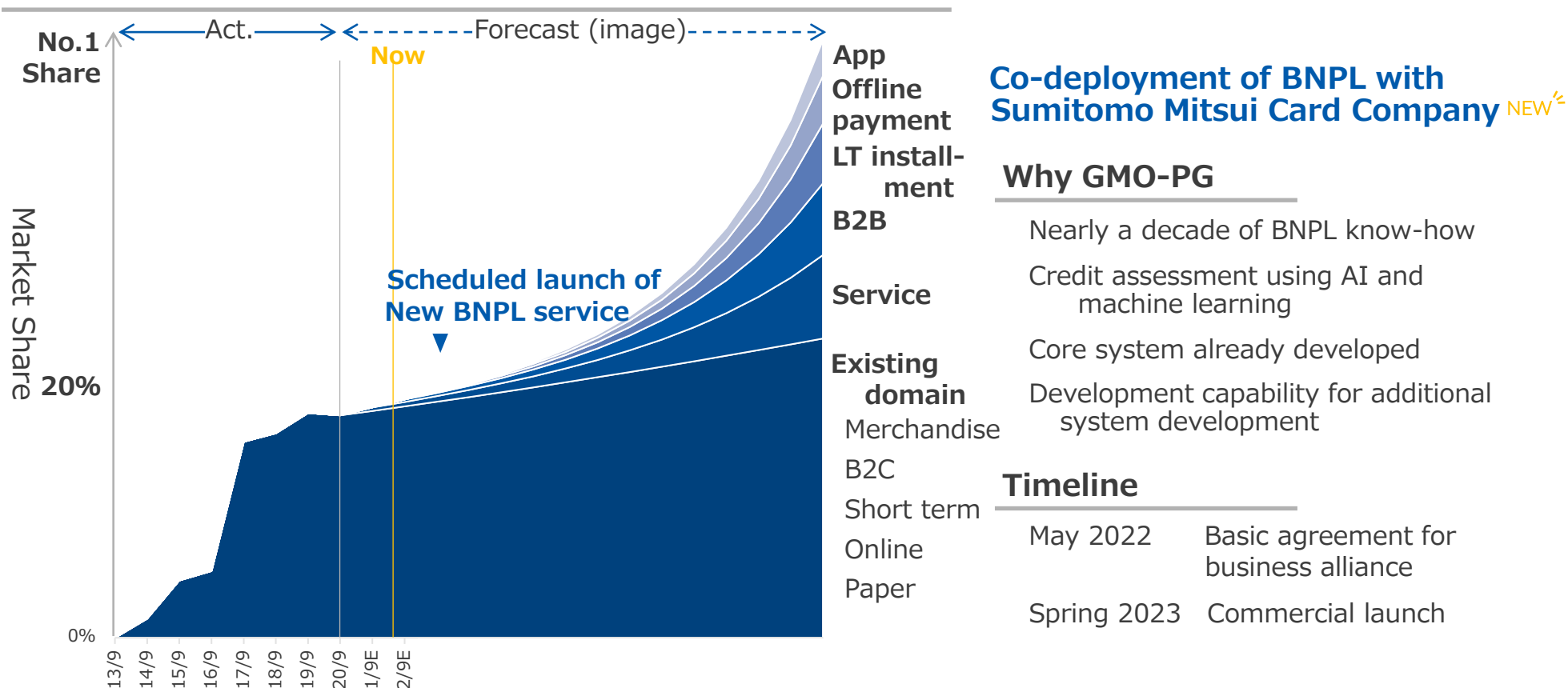
- ① Early contracting and operation of large projects
- ② Synergy with GMO-PG
- ③ Strengthening alliance with partners

Link with EC website creating package software “ecbeing BtoB”

2.6.2 FinTech: Expansion of BNPL Domain

Aim for No.1 market share by expanding domain into long term installment and offline transactions

BNPL market share and expansion of business domain
(Actual and image)※



※ Market share figures for Sep. 2014~Sep. 2020 is calculated based on BNPL market size (please refer to below footnote) and GMO-PS's GMV value.
Figures for BNPL market size in FY2021 are estimates, and figures for FY2022~FY2025 are forecasts.
Data used: Yano Research Institute Ltd.'s "Online Payment/Settlement Service Providers 2022" and "Domestic Cashless Settlement Market 2019."

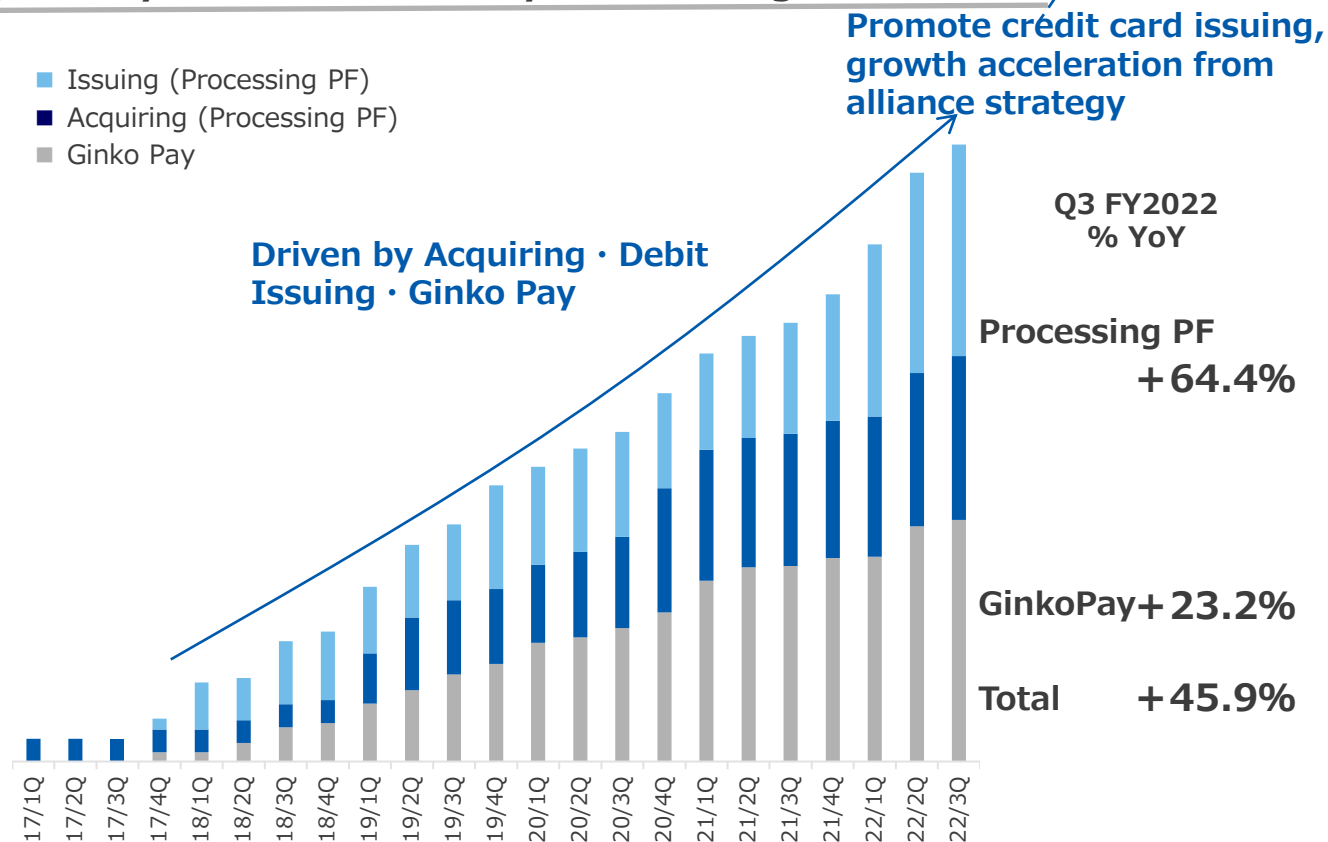
2.7 BaaS

(Embedded Finance)

BaaS
2025 OP Target
¥1.0 bn~

Growth acceleration from Processing PF service that plays into the client's needs

Quarterly Trend of Ginko Pay · Processing PF Revenue[※]



Value proposition of ASP service

Rapid provision of functions Cost minimization

Security enabled Functional scalability

Financial institution

Support the agile deployment of services

Business operator

Support entry into financial business by leverage data

Credit card industry

Improve efficiency/reinvigoration

Expanding client bases of Processing PF



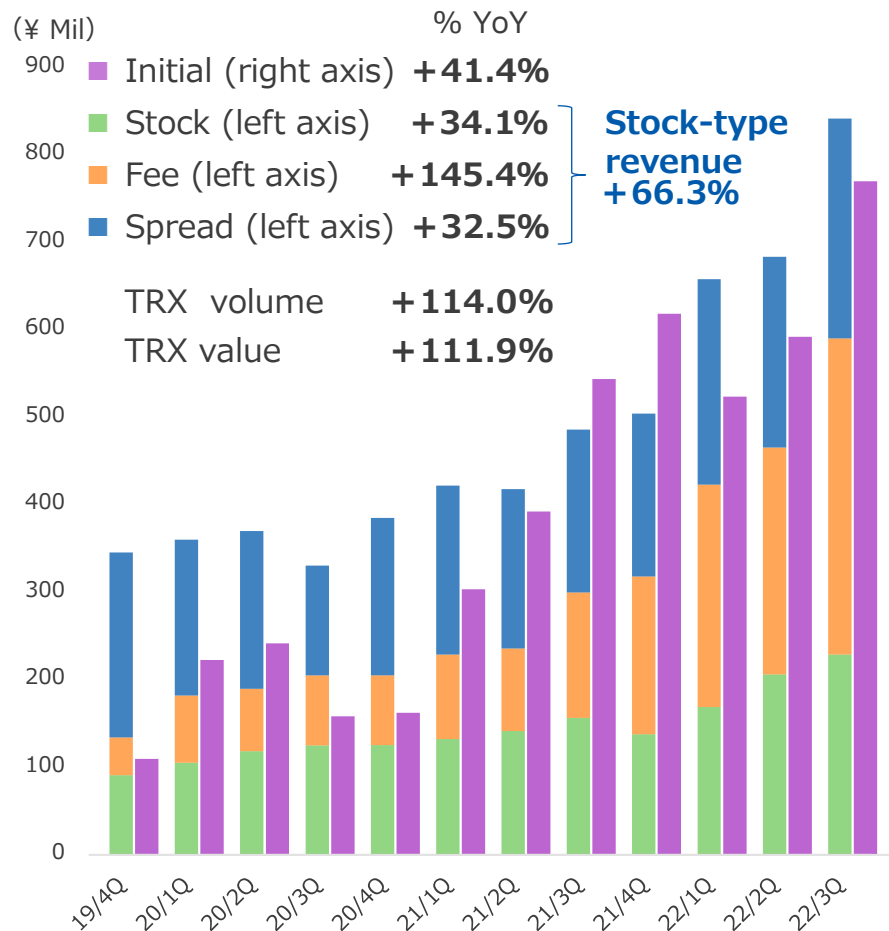
※ Figures for Ginko Pay and Processing PF revenue include revenue from non-financial institutions.

2.8.1 Offline · IoT

Offline · IoT
2025 OP Target
¥2.0 bn~ ※1

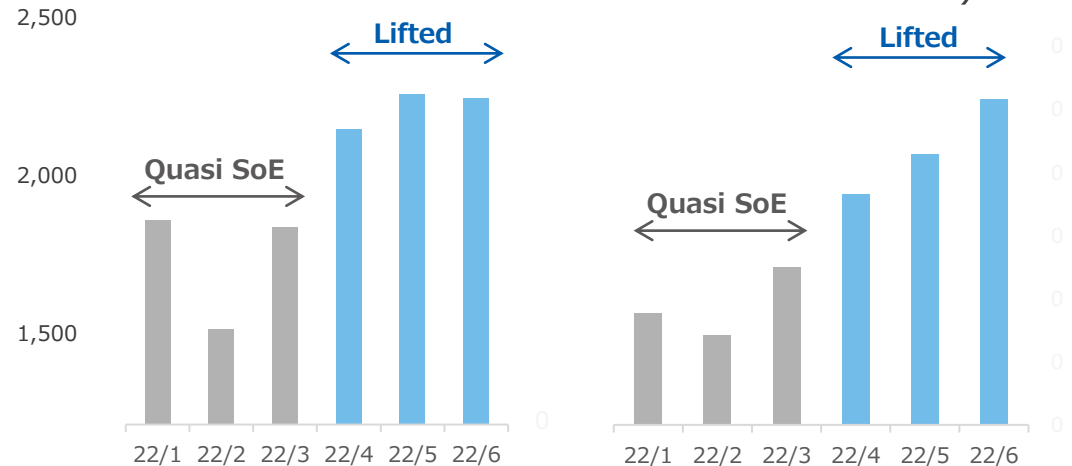
Stock-type revenue growth exceeds initial revenue growth rate

Quarterly Trend of GMO-FG/CAS Revenue by Business Model ※2



Transactions increasing from reopening; providing cashless support

Merchant X (Restaurant) Merchant Y (Travel)



Provide infrastructure for both online and offline; support improving UI/UX

GMO-PG/FG common merchant sectors

Coffee chainstore

Supermarket

Ticket

Drugstore

Fitness Gym

Apparel

※1 FG consolidated initial revenue is an excerpt from GMO-FG's disclosed financial results. ※2 Stock-type revenue is the sum-total of stock, fee, and spread revenues.

2.8.2 Offline · IoT

Drive society advancement and development through cashless and IoT



Cashless



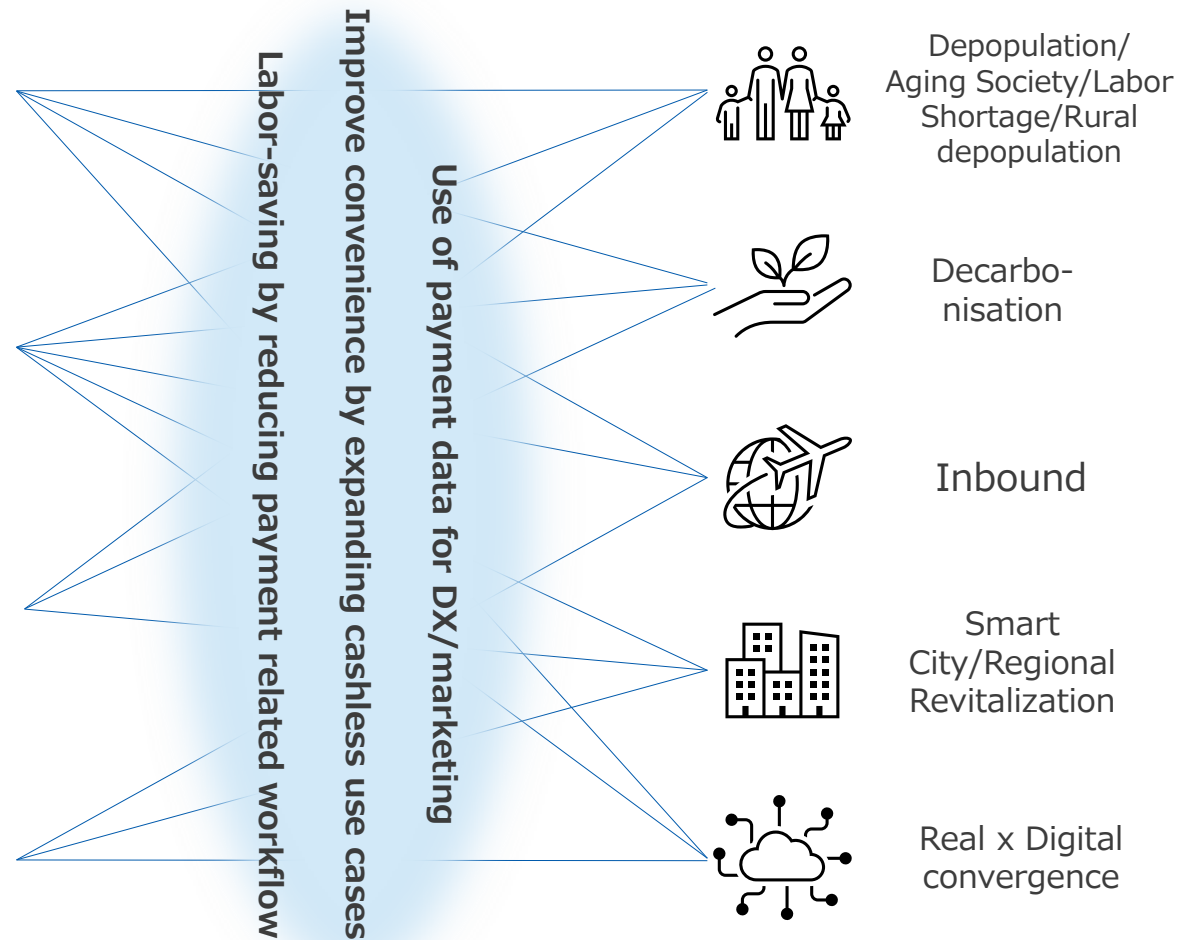
Hotel bill payment machine/
Self-checkout machines at
retail stores/Unattended
payment machine such as
'smart stores'



IoT payments such as
merchandise and beverage
vending machines, parking fee
payment



Mobility payment

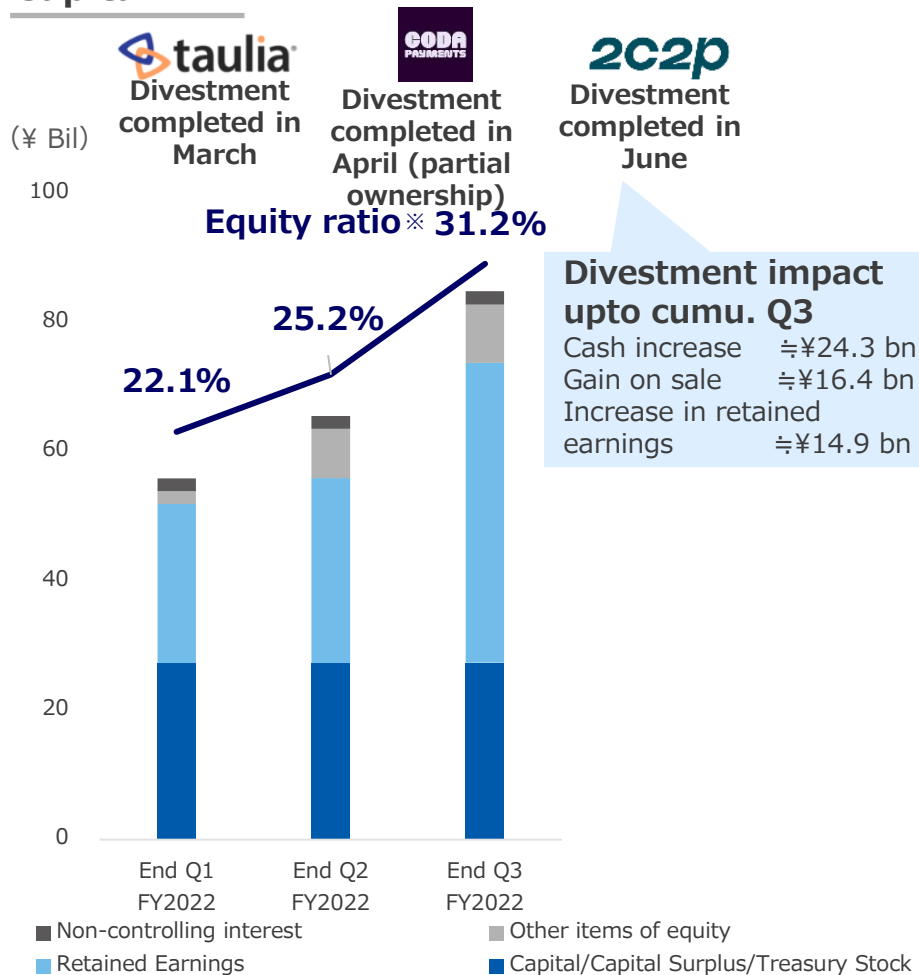


2.9.1 Global: Overseas Investment Strategy

Global
2025 OP Target
¥3.0 bn~

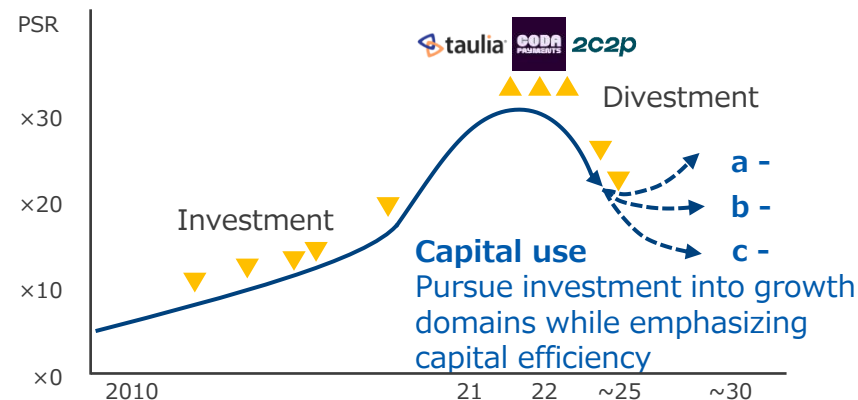
Respond to changes in external environment, balance investment, purpose and returns

Capital

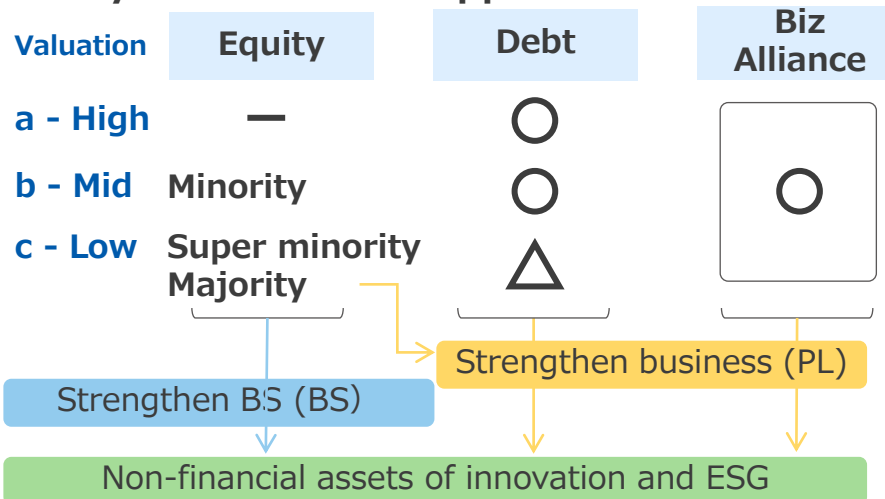


※ Equity ratio = Equity attributable to owners of parent ÷ Total asset.

Trend of FinTech startup valuation



Policy on Investment Approach



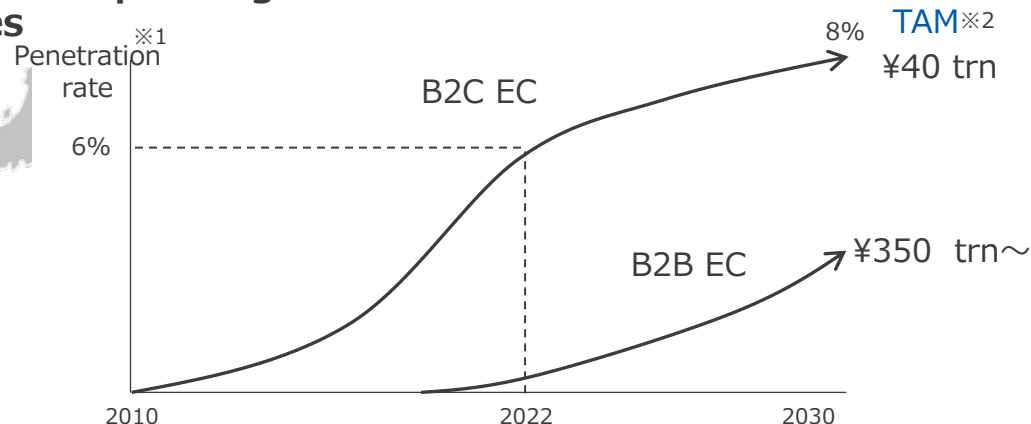
2.9.2 Global: 20-year Trend of Overseas Investment Strategy

From payment processor to credit provider: key shift of function in India and Pacific region

Portfolio of major overseas borrowers/investees



Expanding market in Southeast Asia and India



Payment Service Provider

Credit Provider

dragonpay

Razorpay

finAcel

investree

CODA

2c2p

slice

VALIDUS

Red Dot Payment

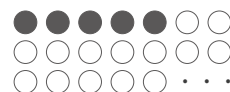
SATYA

CROWDE

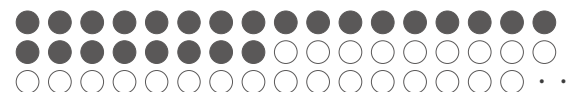
Emergence of high-growth FinTech

Image of FinTech unicorns supported by GMO-PG

5 companies



25~50 companies~



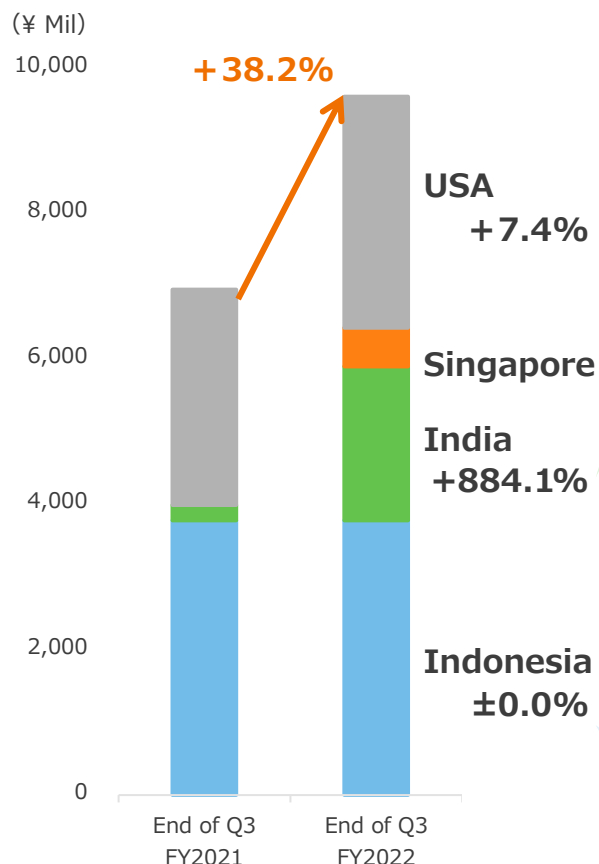
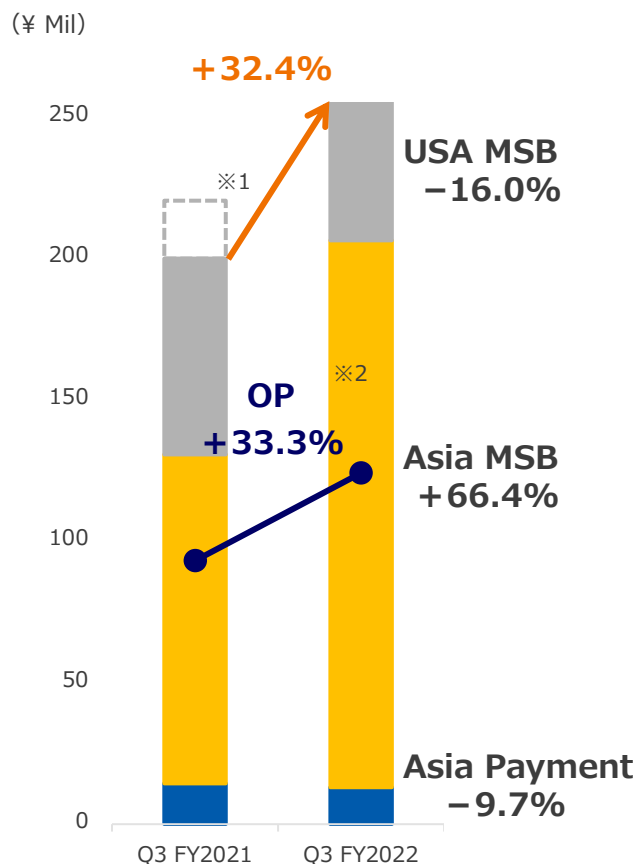
※1 Calculated using the private consumption expenditure and B2C EC market penetration rates for both the regions. ※2 Estimated by GMO-PG based on GDP outlook and C2C and C2B EC market penetration rates for both regions

2.9.3 Global

Expand FinTech lending in a market where economic growth and DX acceleration converge

Revenue (Q3 standalone)

Loan Balance (End June)



LENDINGKA



■ Lending to promising FinTech company (completed in May 2022)

- Online trading for SME sector
- Credit assessment using Big Data and algorithms
- Online application process, lending executed within 3 days

CROWDE



■ Lending to promising AgriTech company (completed in July 2022)

- Lending platform exclusively for agriculture
- Provide fertilizers and seeds, collect funds from harvests
- Improve collection by advisory service based on data and onsite visits

※1 One-time revenue only recorded in Q3 FY2021. ※2 Excluding one-time revenue only recorded in Q3 FY2021.

3. Sustainability

3.1 Sustainability: Financial Inclusion



Realize financial inclusion through lending to overseas FinTech companies



Microfinance company supporting the economic empowerment of India's poorest strata

Social Issues

In rural agricultural areas with high poverty rates, many people are unbanked and lack access to banking services

Value Proposition

Provides unsecured microloans to microbusinesses to its over-500K clients (99% are women). Using smartphone apps for swift and convenient financial services.

Impact

Support escape from poverty and socio-economic independence



FinTech x AgriTech company supporting Indonesia's farmers

Social Issues

Despite being a major agriculture nation, the bulk of the farmers cannot receive loans

Value Proposition

A unique loan business model which provides seeds and fertilizers and collects the funds from the harvested produce. Monitored by agricultural experts using the data registered on the app.

Impact

Support income increase and improved productivity of small-lot farmers

3.2 Sustainability: External Evaluation and Initiatives for Decarbonisation

Selected as constituent of ESG Index adopted by GPIF^{※1}



**FTSE Blossom
Japan Sector
Relative Index**

※2 Index designed to measure the performance of Japanese companies that demonstrate strong Environment, Social and Government (ESG) practices in each sector; designed by FTSE Russell.

2022 CONSTITUENT MSCI日本株
女性活躍指数 (WIN)

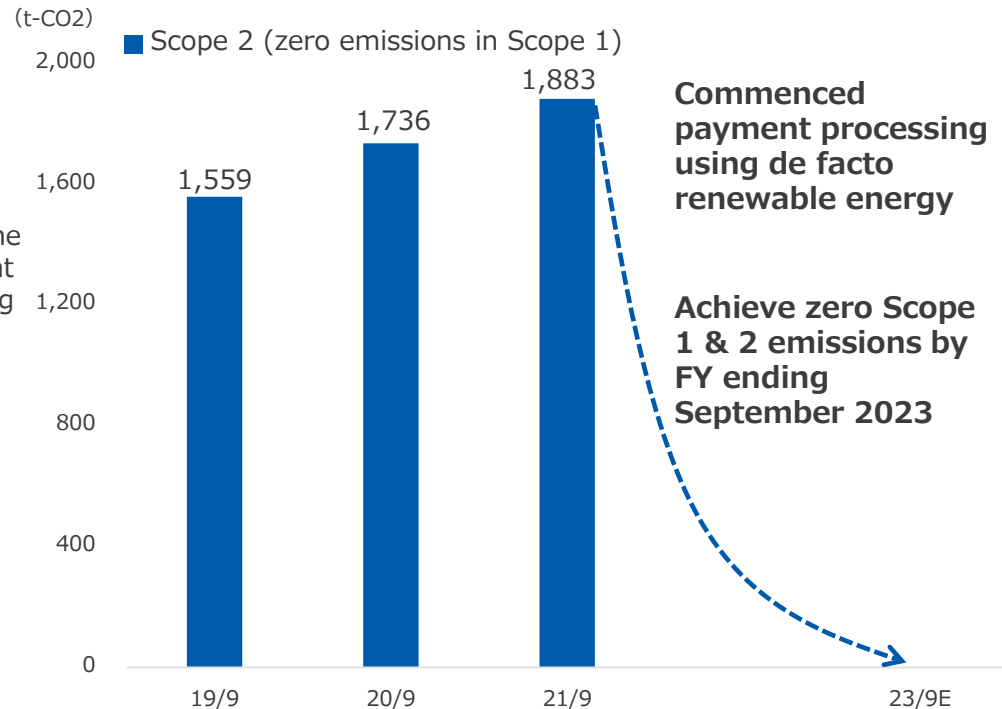


※3 Part MSCI's ESG index and represents the performance of Japanese companies that are leading in promoting and maintaining gender diversity, selected from the top 700 Japanese companies by market capitalization (constructed using MSCI Japan IMI Top 700 Index)



And ESG index by S&P and TSE, that measures performance of companies by under/over weighting companies based on environmental disclosure, level of carbon efficiency levels, etc.

GHG Emissions^{※4}



※1 GPIF: Government Pension Investment Fund

※2 As a result of evaluation by a third party, FTSE Russell (registered trademark of FTSE International Limited and Frank Russell Company) hereby certified that GMO Payment Gateway, Inc. satisfies the criteria for inclusion into the FTSE Blossom Japan Sector Relative Index and will be a constituent on of this index. FTSE Blossom Japan Sector Relative Index is widely used for sustainable investment by investment funds and for creation and evaluation of other financial products.

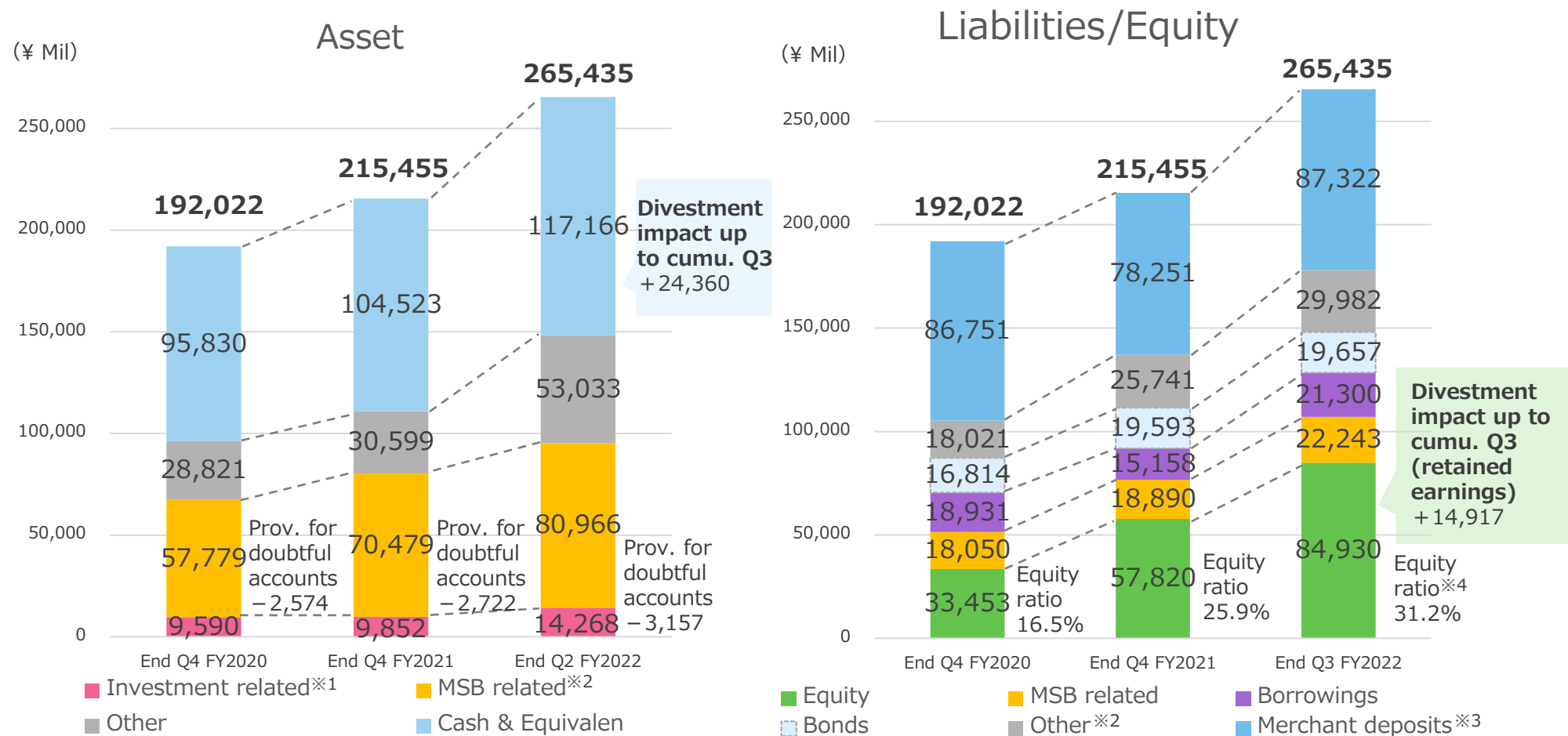
※3 The inclusion of GMO Payment Gateway, Inc., the use of MSCI logo, trademark and service mark is not an endorsement, support or promotion of GMO Payment Gateway, Inc. by MSCI or its related parties. MSCI index is an exclusive intellectual property of MSCI. The use of the term MSCI Index, and its logo is the service mark or trademark of MSCI and its related parties.

※4 Aggregate of electric power consumption at the major companies in the GMO-PG consolidated group of subsidiaries. Scope1: emission sources that are owned or controlled by the company, Scope 2: indirect GHG emissions associated with the purchase of electricity, steam, heat, or cooling.

4. Financial Highlights and Reference Materials

4.1.1 Balance Sheet Changes

Financial soundness is strengthened from divestments



※1 Securities classified under investment securities and investment accounted for under the equity method.

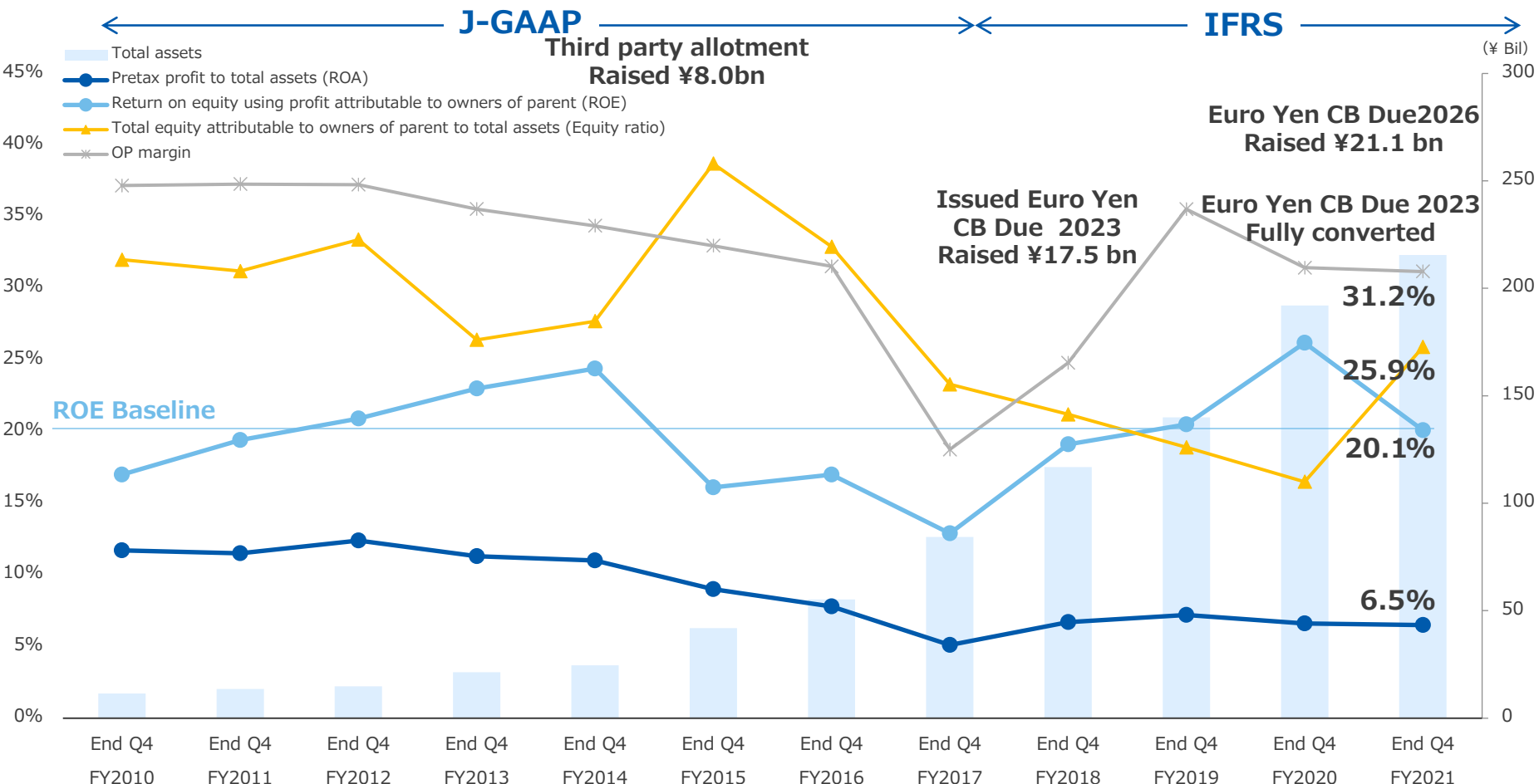
※2 MSB Related Asset = Lease assets, Short term loans, Advances paid, Accrued revenue (net of provision for doubtful accounts). MSB Related Liabilities = Accrued expenses

※3 Deposits received from merchants under the Representative Contract.. ※4 Equity ratio is total equity attributable to owners of parent divided by total assets.

※5 Some figures are shown in net amounts of financial assets and liabilities.

4.1.2 Major Financial Indicators

Strengthened equity base with the expansion of MSB

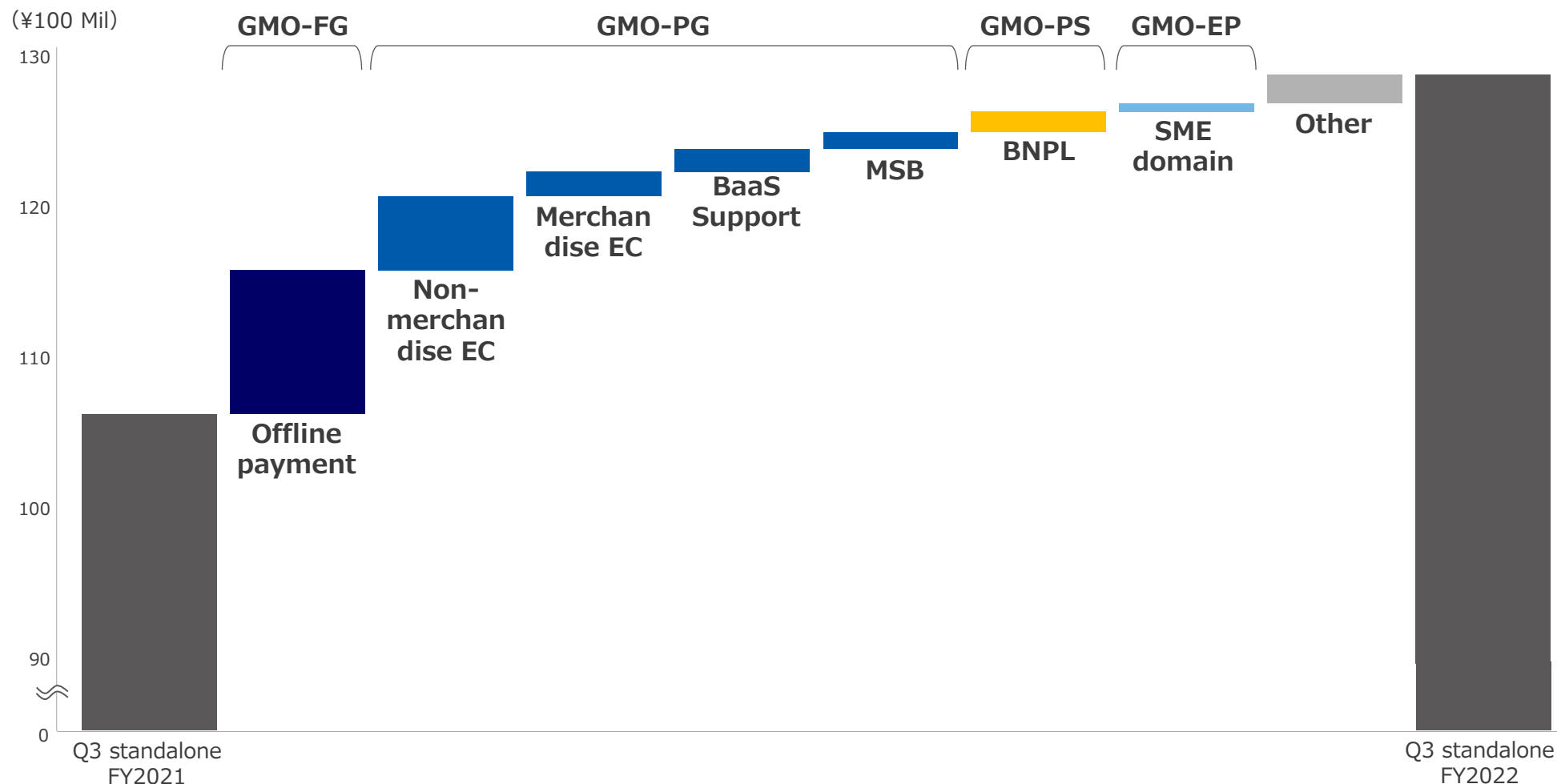


※For figures before FY ending September 2017 are based on J-GAAP standards. As such, total assets refers to assets, equity refers to net assets and total equity attributable to owners of parent to total assets refers to equity ratio, return on total assets using profit attributable to owners of parent refers to ordinary profit to assets ratio, and return on equity using profit attributable to owners of parent (ROE) refers to net profit to equity ratio.

※ Adopted IFRS accounting standards from FY ending September 2018. The figures for FY ending September 2017 are restated on the same basis.

4.2.1 Consol. Revenue Waterfall Chart (Q3)

Consol. revenue grew 21.1% from the increase in offline and non-merchandise payments

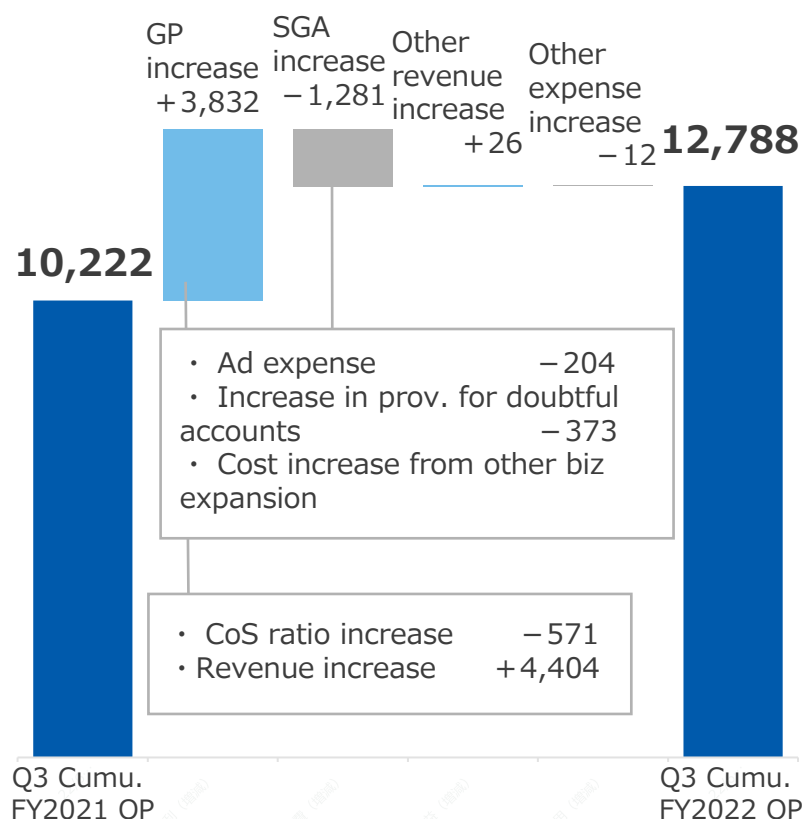


4.2.2 OP and Pre-tax Profit Waterfall Chart (Q3 Cumu.)

Pre-tax profit grew 189.8% from gain on sale of overseas investment activities , etc.

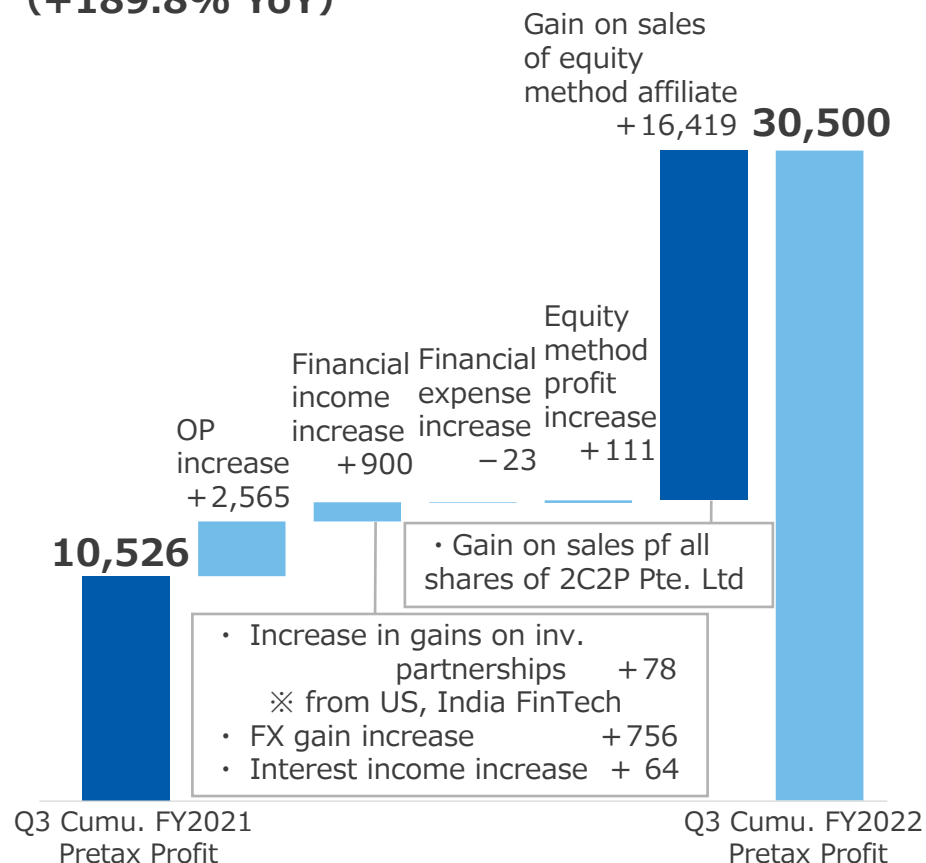
OP YoY: waterfall chart
(+25.1% YoY)

(¥ Mil)



Pre-tax profit YoY: waterfall chart
(+189.8% YoY)

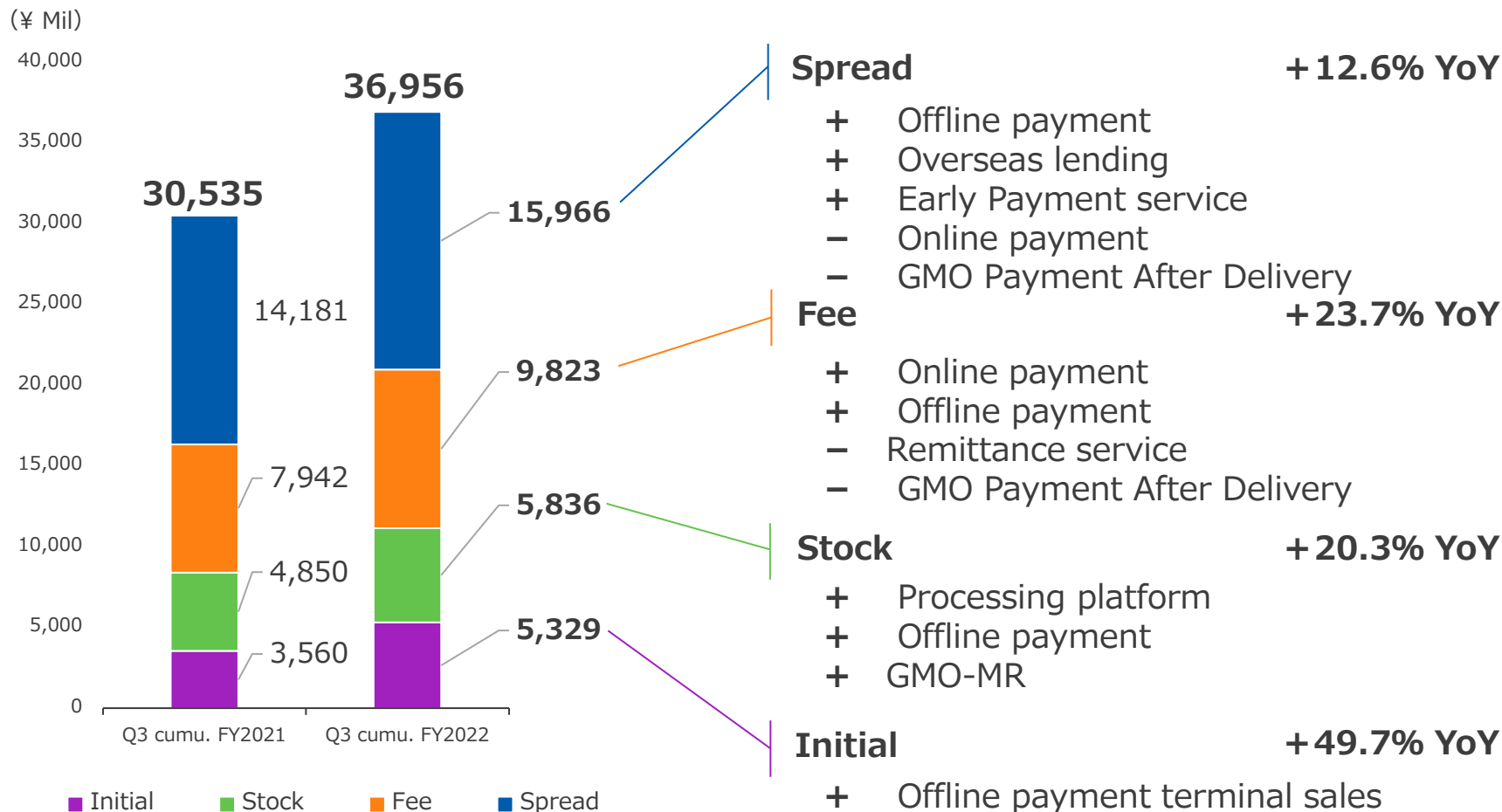
(¥ Mil)



※ The “+” and “-” sign denote the direction of the impact to operating profit and pretax profit.

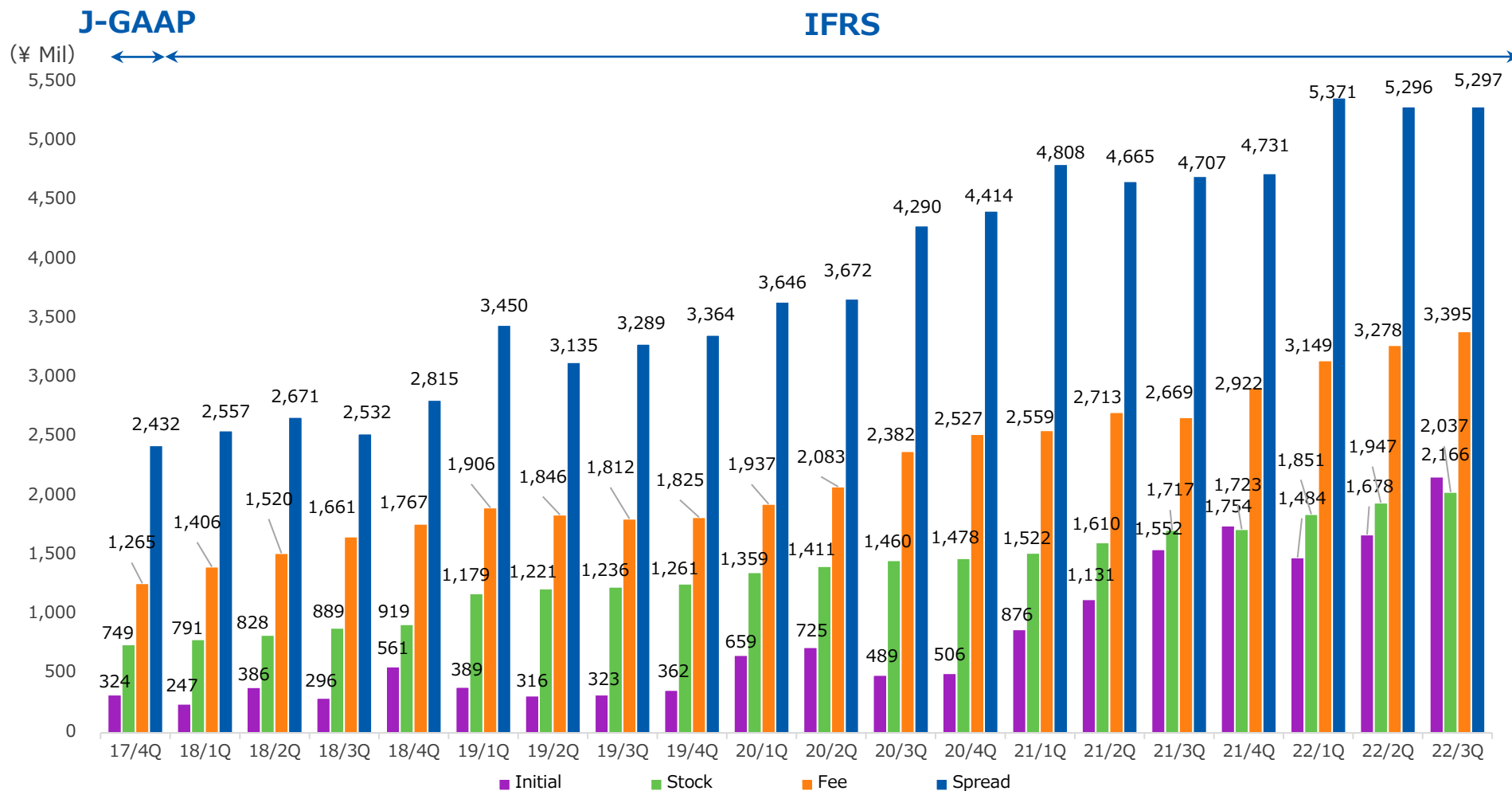
4.3.1 Revenue by Business Model (Q3 Cumulative)

Solid stock revenue from expansion of processing platform



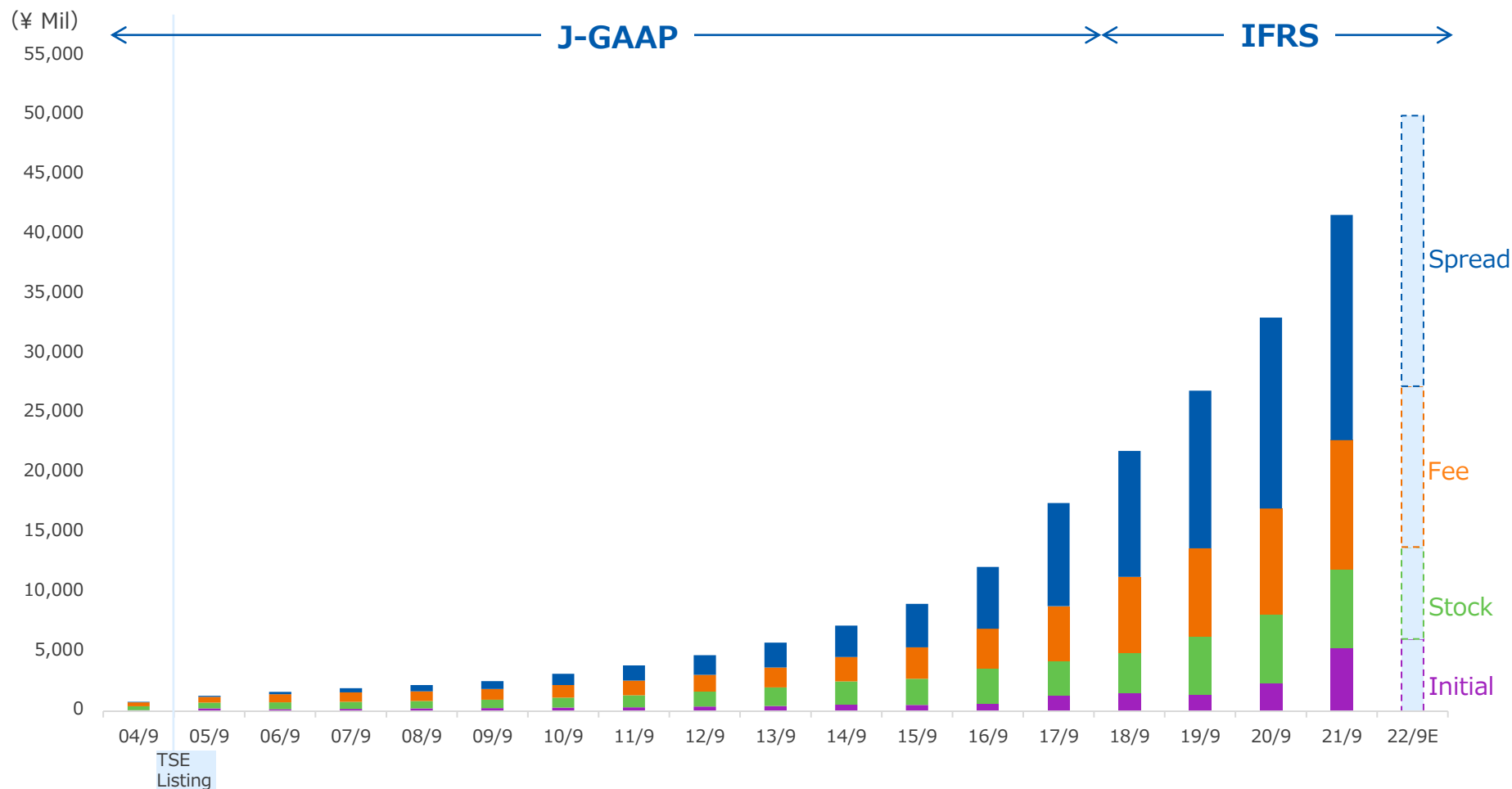
※ The "+" signs indicate services with growth rates that are higher than 25% or if the growth rate is higher than the business model; the "-" indicates growth rates that are lower.

4.3.2 Quarterly Trend of Revenue by Business Model



※ Online advertising service (stock) and finance lease (spread) revenues are recognized as a net amount with the IFRS adoption rather than the gross method from FY Ending September 2018. The figures for revenues by business model present the continuing operations only and exclude MACROKIOSK, due to its deconsolidation in May 2020.

4.3.3 Revenue Trend by Business Model (Annual)



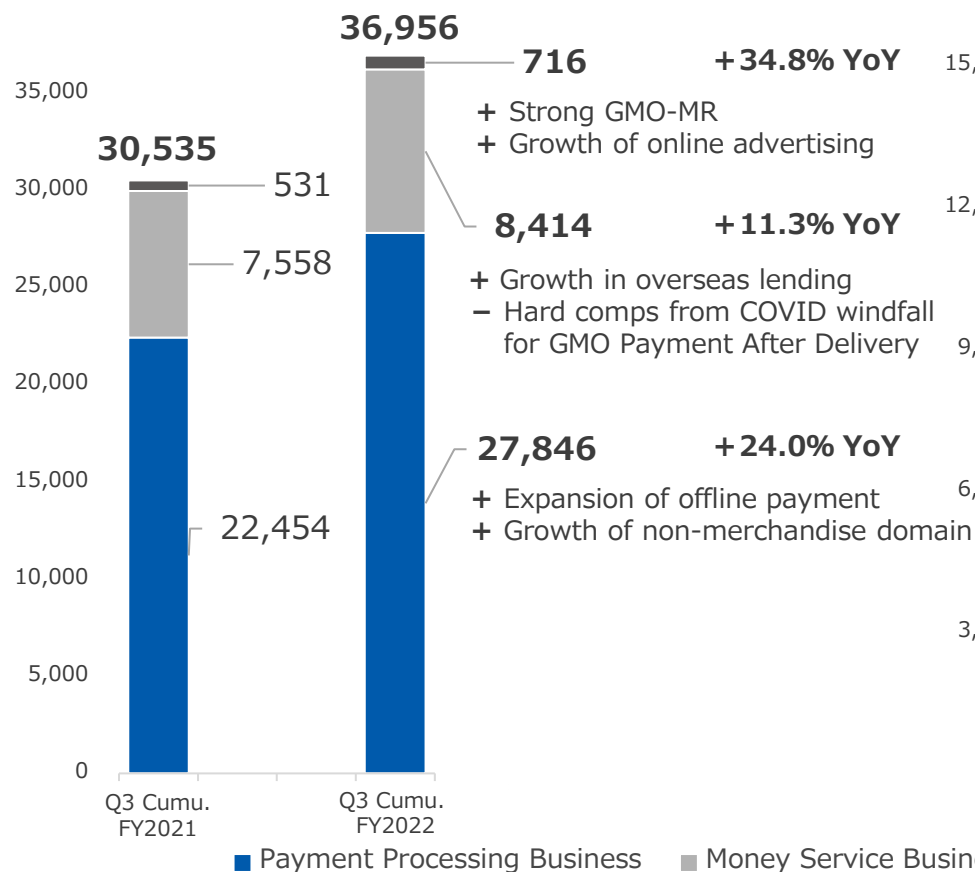
※ Online advertising service (stock) and finance lease (spread) revenues are recognized as a net amount with the IFRS adoption rather than the gross method from FY Ending September 2018. The figures for revenues by business model present the continuing operations only and exclude MACROKIOSK, due to its deconsolidation in May 2020.

4.4 Segment Results (Q3 Cumulative)

Steady progress in all segments towards full year guidance

Segment Revenue + 21.0% YoY (Consol.)

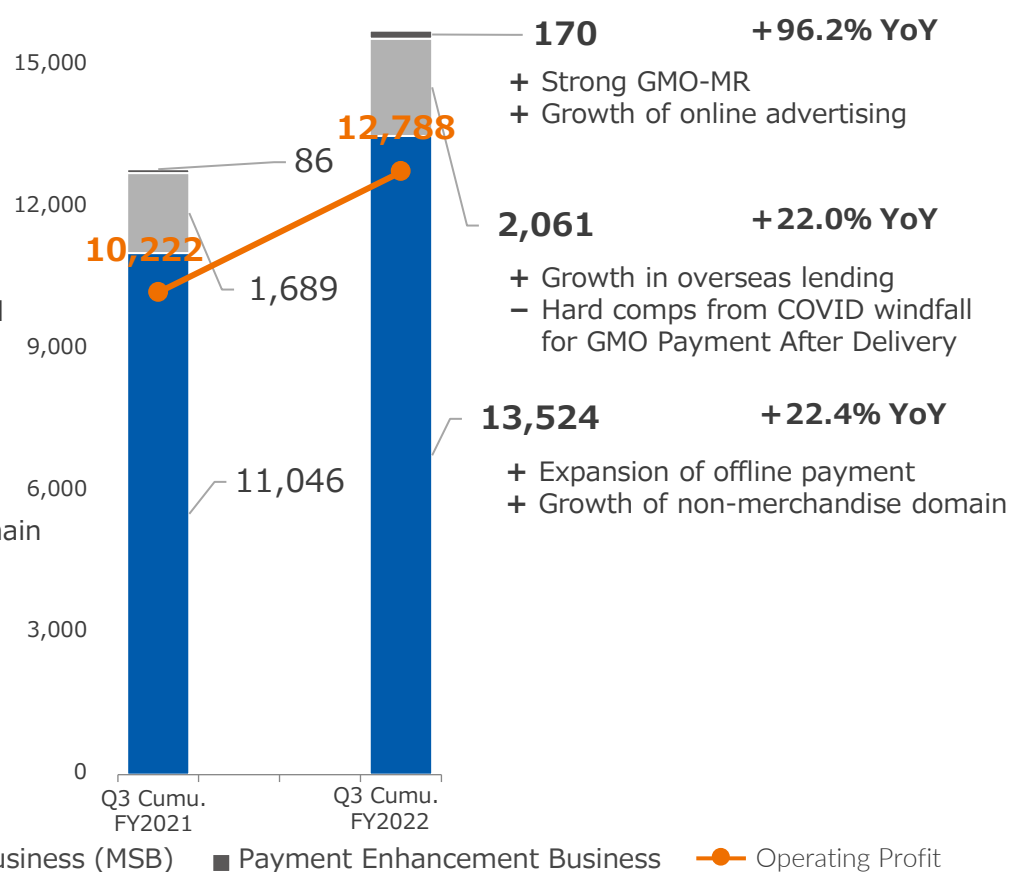
(¥ Mil)



Segment Profit

(¥ Mil)

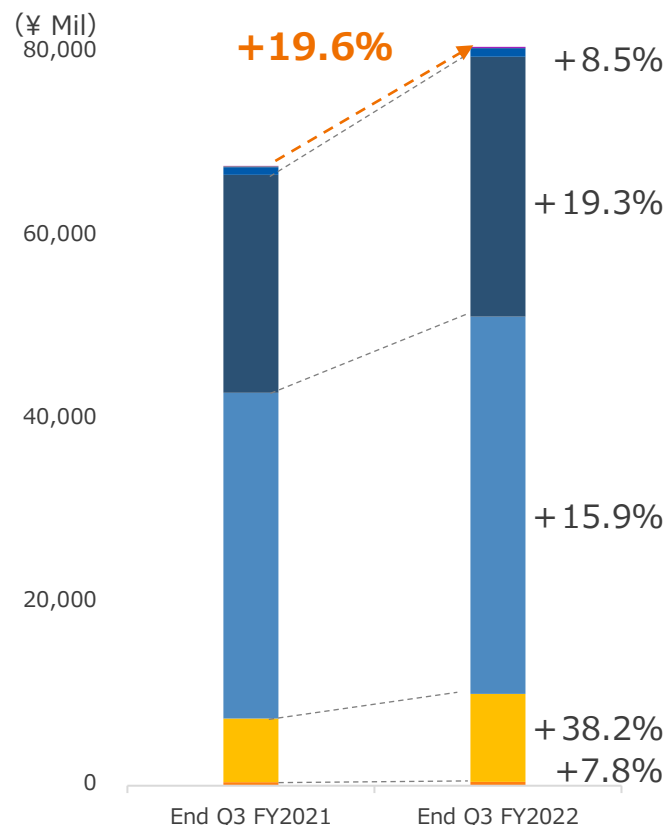
+ 25.1% YoY
(after consol. adjustments)



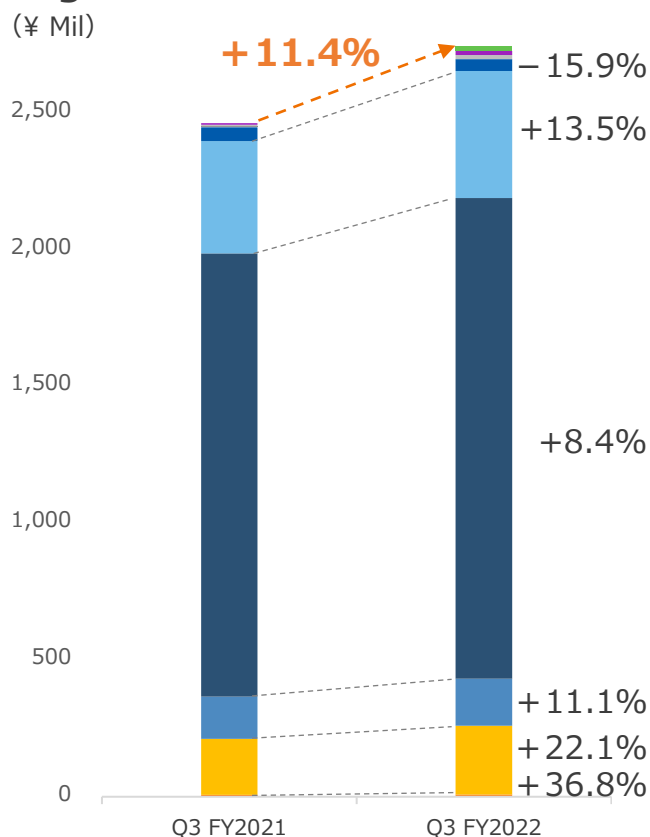
4.5.1 FinTech: Assets & Profit Growth (Q3 standalone)

Steady profit trend from expansion of high margin services

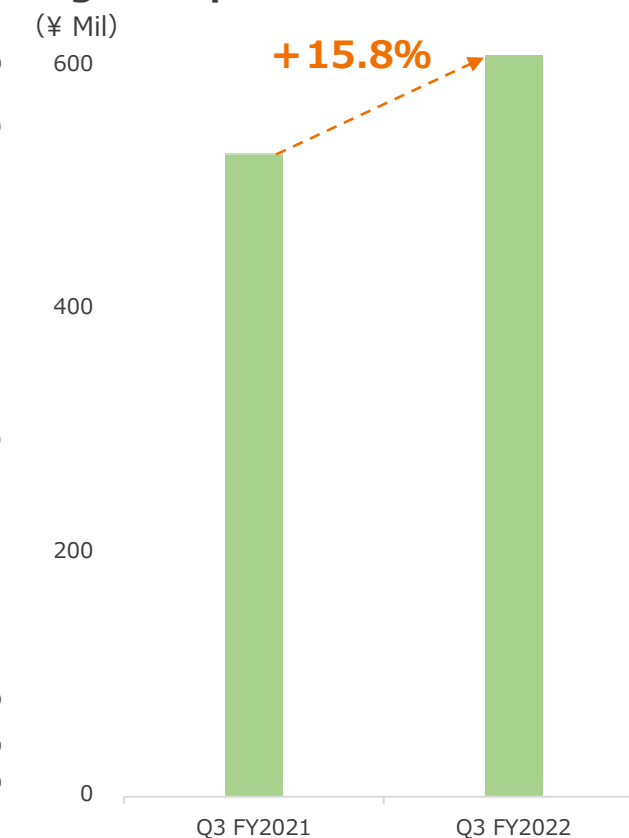
MSB related assets (end-Jun.)



Segment revenue



Segment profit (% YoY)



■ Lending (domestic)

■ Lending (overseas)

■ B2B Factoring

■ Finance Lease※2

■ Early Payment

■ B2B AR Guarantee※2

■ GMO Payment After Delivery

■ Condo Pay※2

■ Remittance

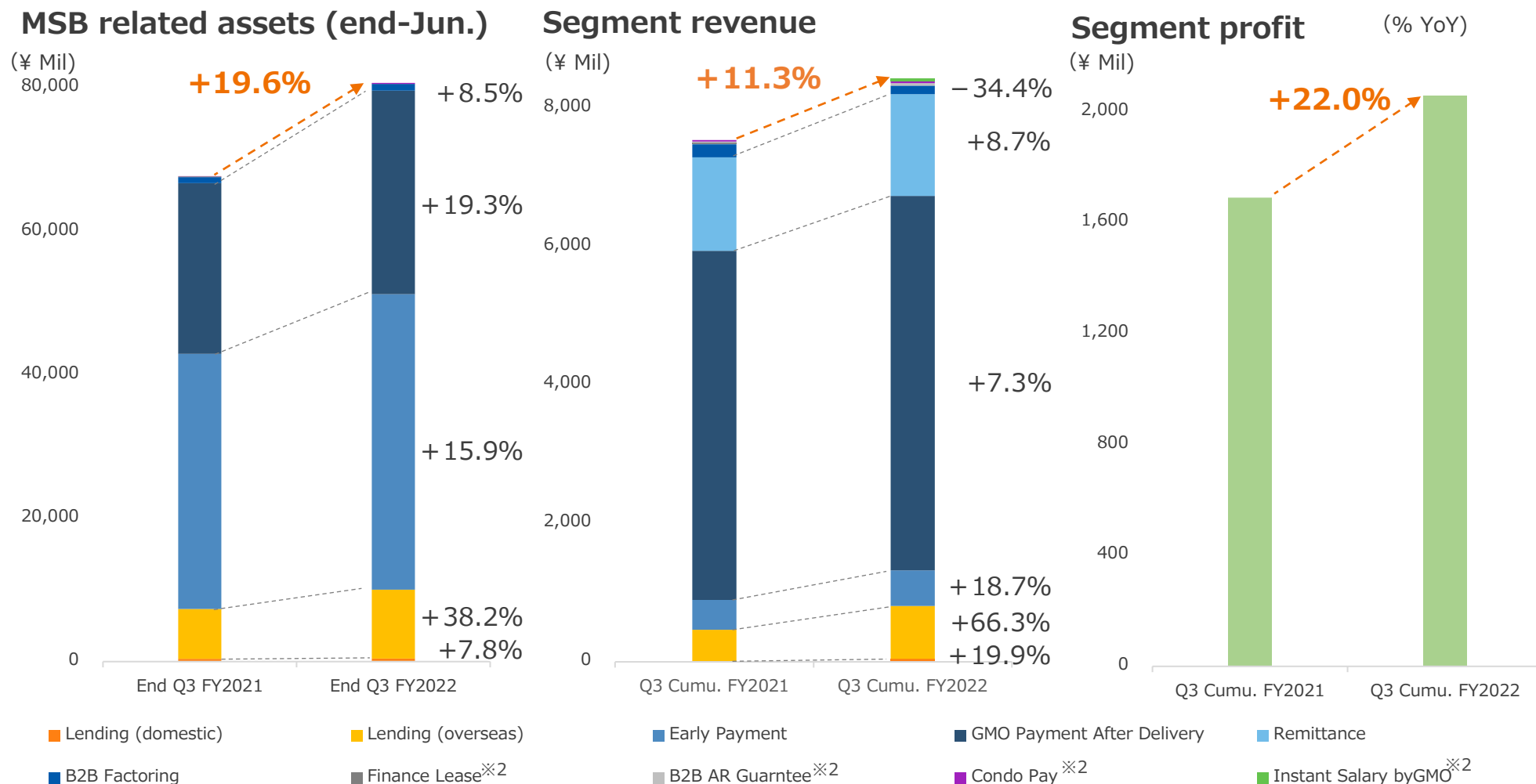
■ Instant Salary byGMO※2

※1 Figures for GMO Payment After Delivery related assets (accrued revenues) is net of allowance for doubtful accounts.

※2 The % YoY figures for finance lease, B2B AR Guarantee, Condo Pay are not displayed.

4.5.2 FinTech: Assets & Profit Growth (Q3 Cumulative)

Steady profit trend from expansion of high margin services

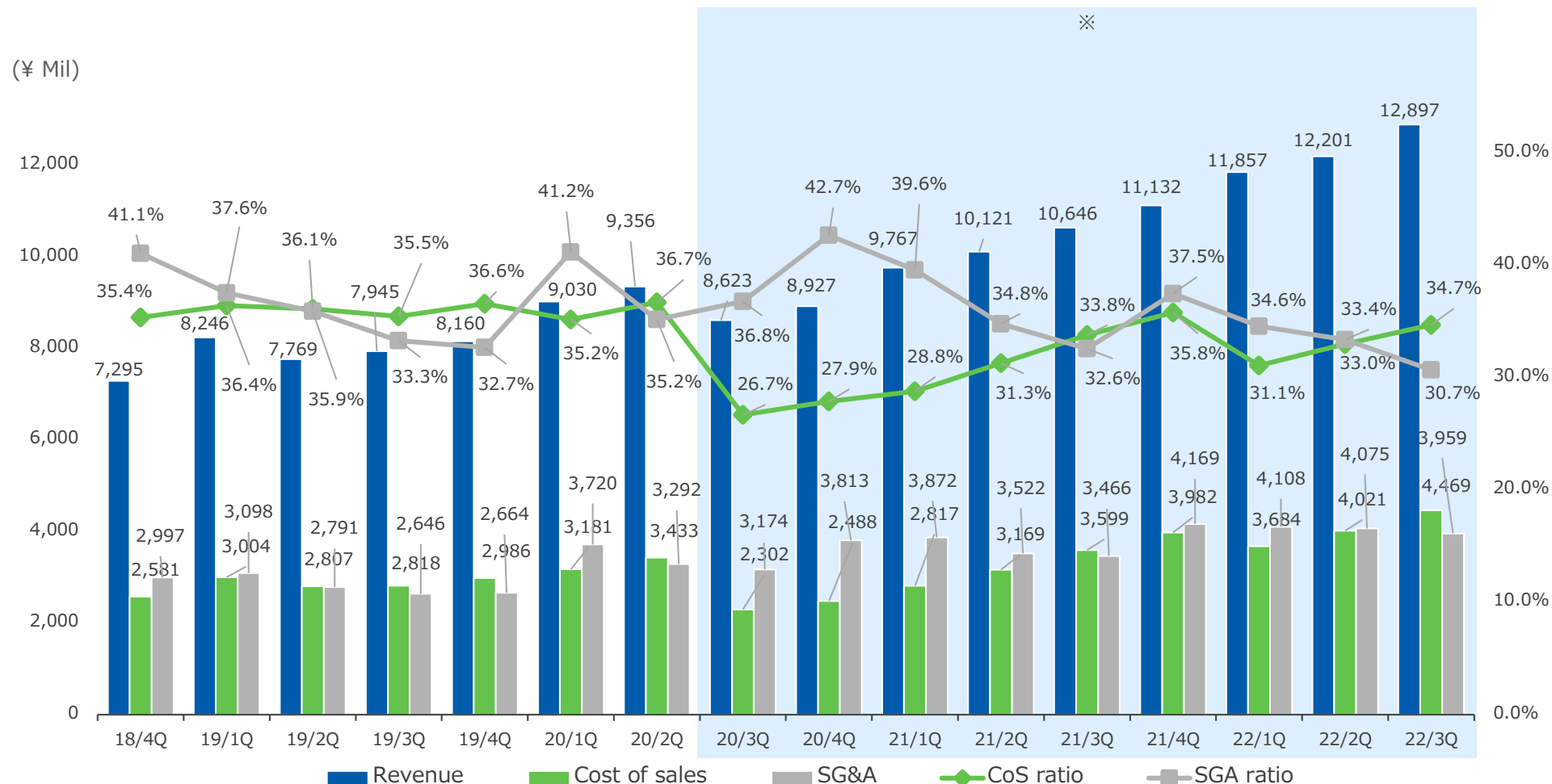


※1 Figures for GMO Payment After Delivery assets (accrued revenues) is net of allowance for doubtful accounts.

※2 The % YoY figures for finance lease, B2B AR Guarantee, Condo Pay is not displayed.

4.6.1 Quarterly Trend of CoS and SGA Ratio

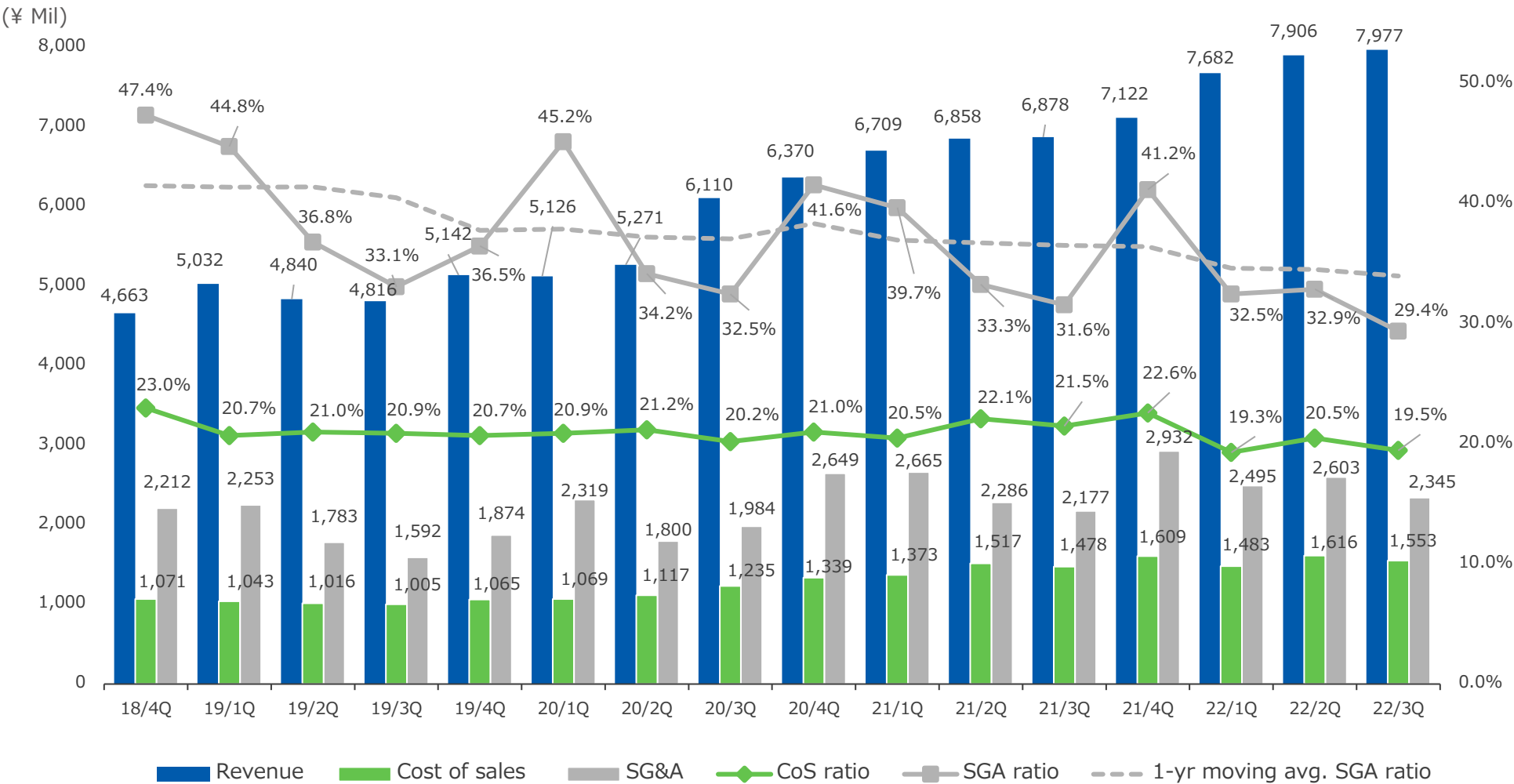
CoS ratio fluctuates with changes in revenue mix



※ Figures only present the continuing operation from Q3 FY2020 and onwards and exclude MACROKIOSK (reclassified as discontinued operation) due to its deconsolidation in May 2020.

4.6.2 CoS/SGA Ratio of GMO-PG & GMO-EP (Quarterly Trend)

Cost of sales ratio for online payment business trending stably

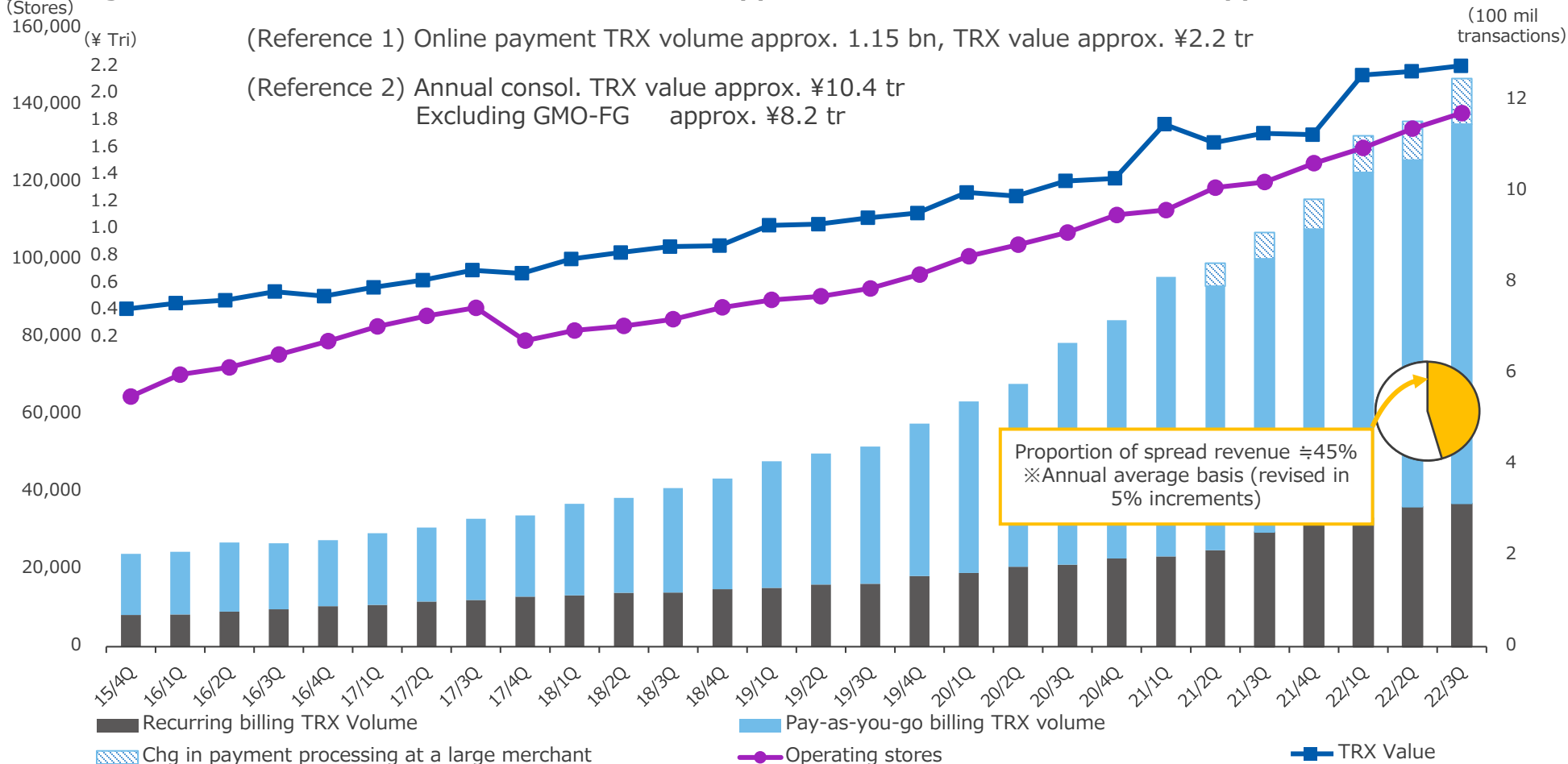


※ Figures are before consolidated eliminations.

4.7.1 Operating Stores, TRX Volume and Value (Quarterly Trend)

Group-wide annual TRX value reaches approx. ¥10.4 trillion

Operating stores 138,119 stores, ^{※1}consol. TRX volume approx. 1.25 bn, consol. TRX value approx. ¥ 2.9 trillion ^{※2}



※1 Figure exclude a operating stores of a specific merchant. Figures exclude the stores related to a large delivery company from Q1 FY2017. If included, operating stores would be 427,446 (up 56.6% YoY). ※2 Operating stores are measured on an end-of-quarter basis. Figures for GMV value and volume are the total for the respective quarter. ※3 The graph is based using only online payment figures. ※4 The standards for calculation the number of operating stores has been revised from Q2 FY2022. Figures from Q3 FY2015 have been retroactively adjusted on the same basis.

4.7.2 TRX Volume and Value (Quarterly Trend)

TRX volume and value continues its robust growth; both offline and online trended strongly

Consol. TRX Volume

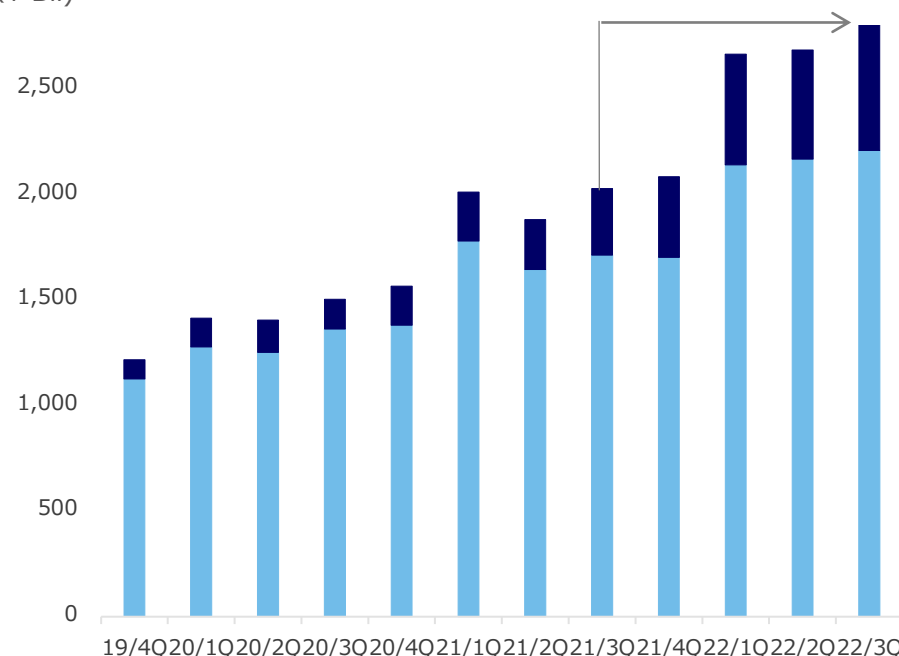
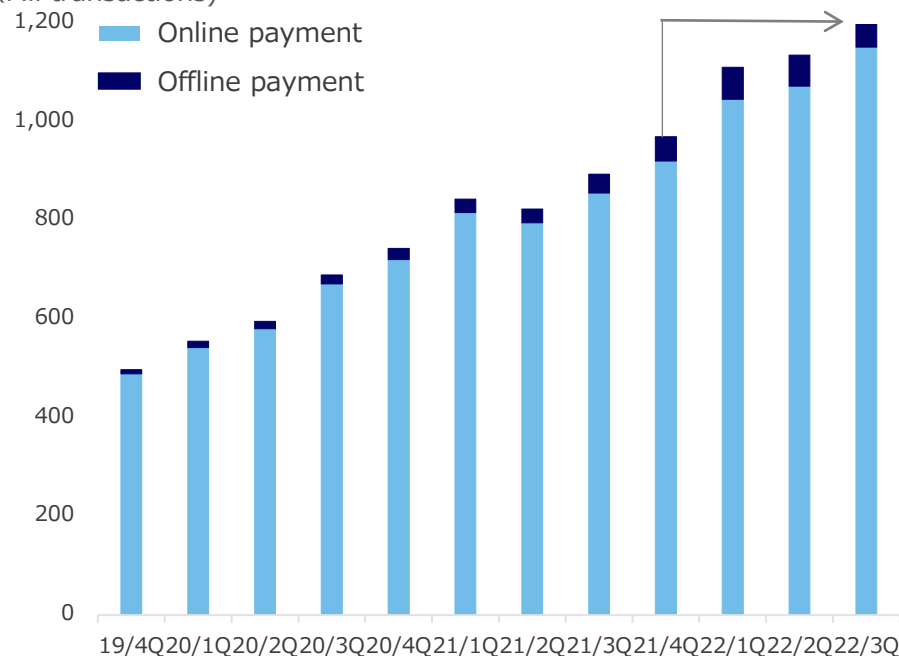
(Mil transactions)

+39.3% YoY

Consol. TRX Value

(¥ Bil)

+42.8% YoY



Offline payment (GMO-FG)[※]

+114.0%

Online payment

+34.6%

(Breakdown) Digital content • Telecom +41.2%
Utility +134.0%
Membership/Service usage +163.4%

Offline payment (GMO-FG)[※]

+111.9%

Online payment

+28.9%

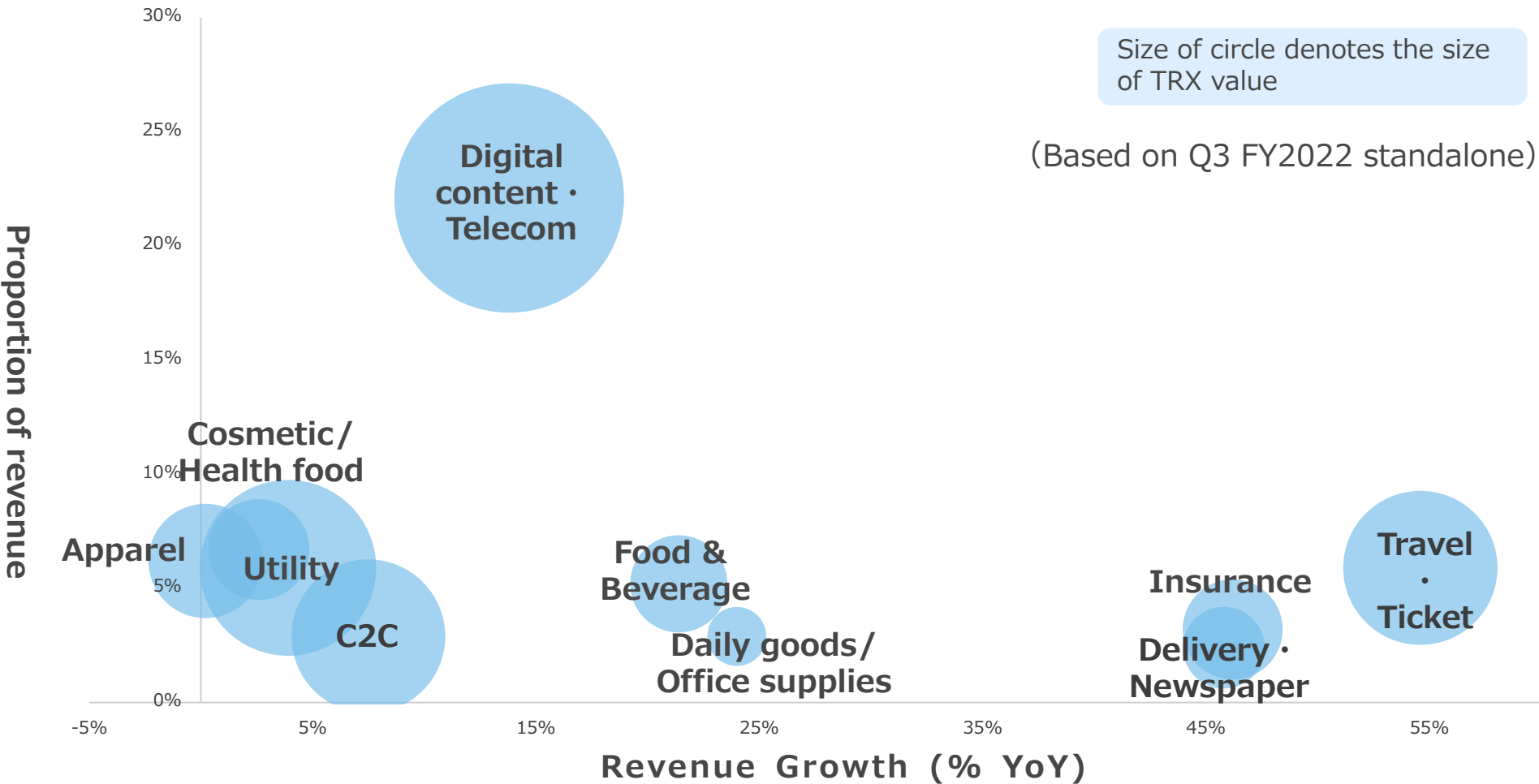
(Breakdown) Digital content • Telecom +47.7%
Utility +129.3%
Travel • Ticket +128.9%

※ Excludes the offline payment of GMO-PG (GMO Cashless Platform).

4.7.3 Scatter Chart of Major Merchant Sectors

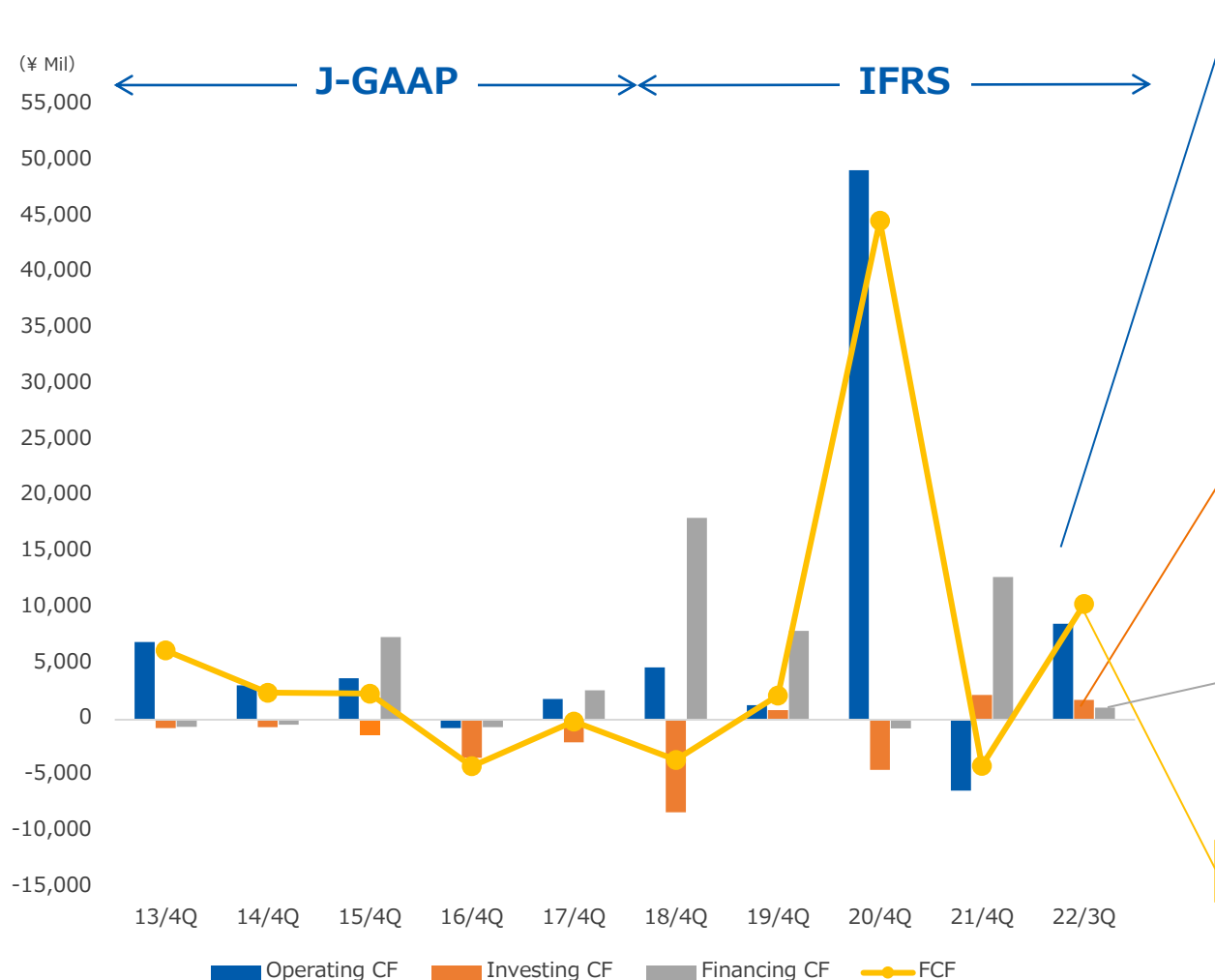
Sector diversification achieves both stability and growth

■ Revenue proportion by sector (vertical axis)/Revenue growth rate (horizontal axis)



※ Apparel excludes a certain merchant.

4.8.1 Consolidated Cashflow Statement



Q3 FY2022 changes by item (¥ Mil)

Operating CF : **+8,591**

Pretax profit +30,500

Gain on sale of equity method affiliate -16,419

Advances paid -5,043

Accrued revenue -5,540

Accrued expense +3,522

Deposits received +8,146

Income taxes -5,210

Investing CF : **+1,776**

Sales of inv. securities +24,360

Deposits to subsidiaries and affiliates -16,500

Financing CF : **+1,087**

Increase in ST borrowing +6,300

Dividends paid -4,471

FCF : **+10,368**

Cash & Equivalents: 117,166

**Mainly Money
Service Business**

※ FCF is calculated as the sum-total of Operating CF and Investing CF. Only major items of the cash flow statement are shown on this page.

4.8.2 Changes in the Consolidated CF Statement

Following factors affect operating CF other than the pretax profit

Payment Processing Business

Sales proceeds from merchants under Representative Contract

Related Liabilities & Assets

Deposits received (liability)

Impact from business expansion

Liability  Operating CF 
Yearly fluctuations can be large as annual TRX value of trillions of yen can be carried over to following year

Money Service Business

Early Payment service

Advances paid (asset)

Asset  Operating CF 

BNPL service

Accrued revenue (asset)
Accrued expense (liabilities)

Asset 
Liabilities  Operating CF 
Operating CF 

Others

Deposits to subsidiaries and affiliates (asset)

Asset — Investing CF —

Funds that are temporarily deposited into the CMS of GMO Internet Group, which can be withdrawn at any time depending on cash requirements.

4.9 New Business Model and Issues in the Retail Sector

Pursue payment support to clients seeking to transform their business model

Change in environment

Macro-economic changes

- SC disruption/constraints
- Surging energy/raw material prices
- Deepening labor shortage
- Rise in labor cost

Consumer behavior/Changes in consumer mindset

- Entrenchment of online use
- Penetration of new values
- Unequitable recovery

Issues

Issues surrounding the management themes

1. Labor saving
2. Structural reform of SC
3. Business model reform
4. DX
5. Sustainability

Vector of business model transformation

A. Evolution of store/sales model

Labor saving at cell-store operations
Smart payment and accounting

- Self checkout/smart checkout
- Smart shopping cart
- Grab&Go
- Auto-payment using digital price tags

OMO of customer experience
Evolution of store experience
Capturing the last mile

Personalization by leveraging data
Optimize sales promo offers using purchase history

B. Structural changes in value chain

C. Acquire new revenue sources

D. Response/compliance to SDGs

※ Compiled by GMO-PG by referencing METI and BCG's report on business related to commercial transactions and service environment optimization (survey on international trends in retail sector).

4.10 Launch of “fincode byGMO”

Support the growth of future leading companies

Background

Increase in startups from the expansion of online economy

Issues in the payment domain faced by startups

- Implementation takes time due to being non-core

- Lack of functionality revealed after onboarding

- Diversified payment and billing methods

- Changes in laws/regulations and security standards

Making inroads into new domains by leveraging GMO-PG and GMO-EP’s know-how and development capability



“Start small, grow large”
Value proposition that understands the business characteristics of startups

- Simple procedures for service start

- Ease of onboarding

- High scalability matching the growth phase

- Ample development support assets

- High frequency of updates

- Subscription/platform management function

Thank You Very Much

GMO PAYMENT GATEWAY

GMO Payment Gateway, Inc.
(3769; Tokyo Stock Exchange Prime)

URL : <https://www.gmo-pg.com/en/corp/>

For inquiries, please contact our IR team at the telephone number below:
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E-mail : ir-contact@gmo-pg.com