

IR Introduction

- Business Overview & Business Model -

Q3 FY2024



August 9, 2024

78th Investor Meeting

0. At A Glance

Key features of GMO-PG group's business model and the mechanism of sustainable growth

Market	<ul style="list-style-type: none">• Broad-based & high growth payment market<ul style="list-style-type: none">✓ Repeating and indispensable part of any commercial transaction✓ EC penetration (JP 9% vs. US/Euro approx. ~30%)✓ Cashless adoption (JP 39%/vs. US/Euro approx. ~60%)✓ FinTech and DX	Positioning	<ul style="list-style-type: none">• Leading player<ul style="list-style-type: none">✓ GMV ¥14.9 trn (FY2023)✓ Revenue ¥63.1 bil (FY2023)✓ Employees 825 (End-Sep 2023)• High entry barriers
Value Proposition	<ul style="list-style-type: none">• Contributing via “payment + α”<ul style="list-style-type: none">✓ Growth support and business operation reform (toB)✓ Improving convenience (toC)✓ Decarbonization and financial inclusion (to Society)	Competitive advantage	<ul style="list-style-type: none">• Sales, system development, customer support capability and reliability• Scale merit• Proprietary applications• Diversification through consolidated management (CP, BNPL, BaaS support)
Customer Base	<ul style="list-style-type: none">• Cross-industry• High growth industry leaders• Public sector	Revenue model	<ul style="list-style-type: none">• Stock & transaction<ul style="list-style-type: none">✓ Balancing growth and stability• Mutually enhancing model (customer growth = increased payments)• High operating margins (over 30%)• Low churn rate
Growth Strategy	<ul style="list-style-type: none">• Expand business domain<ul style="list-style-type: none">✓ Credit card payment⇒Multi-payment⇒CP⇒FinTech⇒Global⇒DX• Project sizes are enlarging due to industry-specific applications and re-bundling products	Management Discipline	<ul style="list-style-type: none">• 18 consecutive years of revenue and profit increase, achieving earnings guidance• Performance based remuneration• Highly experienced leadership team from entrepreneurs, start-ups, management (0⇒10⇒100)



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Abbreviations used in the material are as follows:

GMO-PG : GMO Payment Gateway

GMO-EP : GMO Epsilon

GMO-MR : GMO Medical Reservations Technology

GMO-PS : GMO Payment Service

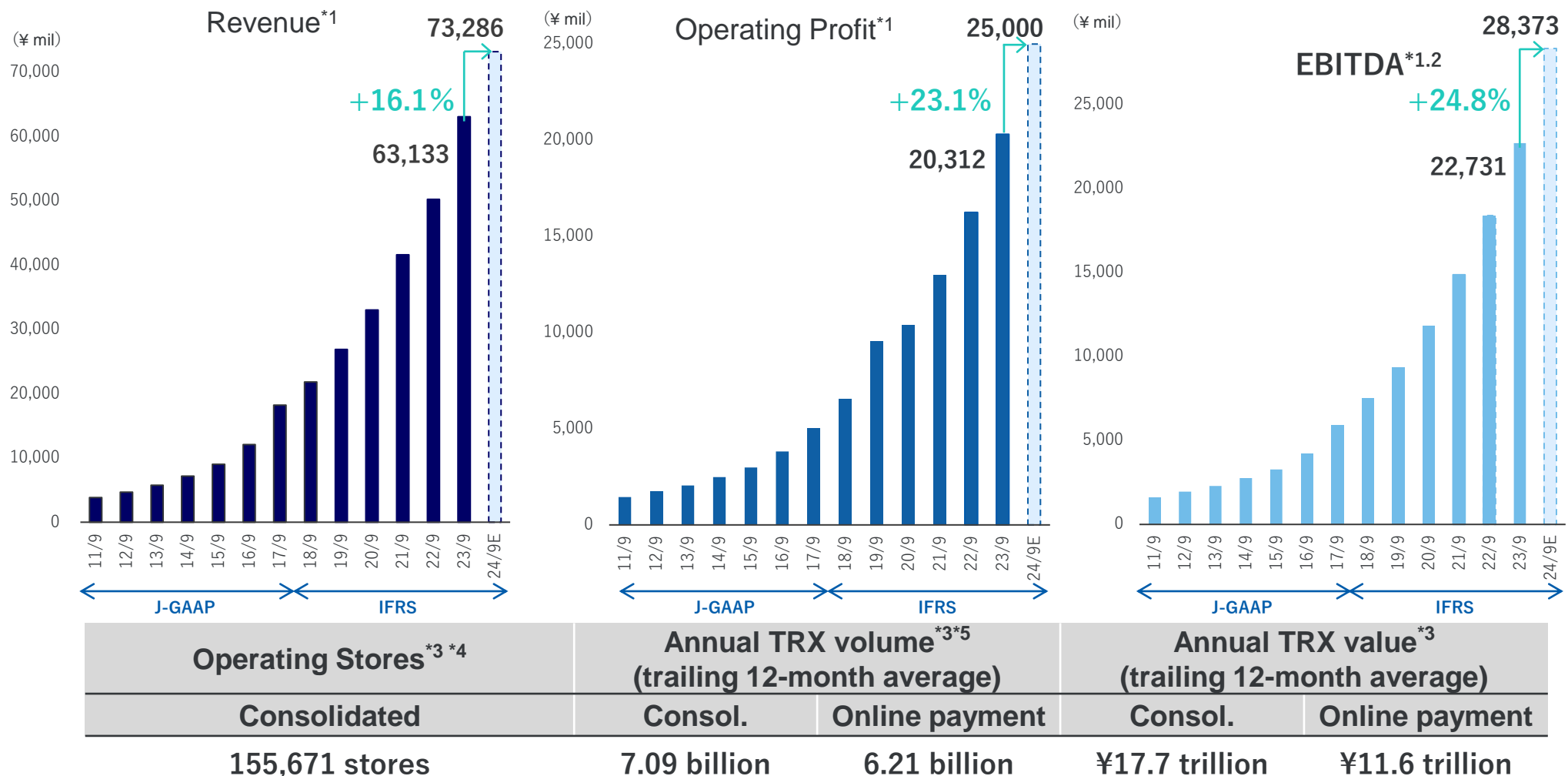
GMO-FG : GMO Financial Gate

GMO-CAS : GMO Card System

PF : Platform

1.1 Our Track Record of Growth

The results of management policy focused on sustainable growth



*1 Macro Kiosk has been deconsolidated in FY ending September 2020. Figures for revenue, operating profit and EBITDA present the figures for continuing operations only and exclude discontinued operations.

*2 EBITDA under J-GAAP is calculated as the sum-total of operating profit and depreciation and goodwill amortization; EBITDA under IFRS is calculated as the sum-total of operating profit and depreciation.

*3 Operating stores present the figures for GMO-PG and GMO-EP; transaction volume and value present figures for GMO-PG, GMO-EP, GMO-PS, GMO-FG; of this, online payment present figures for GMO-PG, GMO-EP and GMO-PS. The number of operating stores is at the end of June 2024. Consolidated transaction volume (trailing 12-month average) and consolidated transaction value (trailing 12-month average) include the figures of GMO-FG.

*4 The standards for calculation the number of operating stores has been revised from Q4 FY2023. Figures exclude a specific case and fincode byGMO. If included, the number of operating store IDs would be 665,675 stores (up 18.3% YoY).

*5 Transaction (TRX) volume is calculated based on fee revenue standards, which in the case of online consists of multiple (1 to 3) transactions per payment that includes authorization (tentative sales proceeds) and actual sales proceeds, and one transaction per payment in the case of CP.

1.2 Consolidated Management

Realize Group-wide stable growth through sound business operation that agilely responds to the business environment of each of the major Group companies



	GMO-PG	GMO-EP	GMO-FG	GMO-PS
Major Business	Payment Processing Business			BNPL business
	Online		CP	Online
Customer	Municipalities, large to mid-sized corporates	Small operators	CP stores, Unattended machines	EC operators, consumers
	Non-merchandise, and merchandise	Mainly merchandise	Non-merchandise, and merchandise	Mainly merchandise

1.3 Three Business Segments

Sustain an over 25% OP growth from the expansion of mainstay payment processing business and its peripheral businesses

Payment Processing Business



- Online Payment*
- CP Payment
- Ginko Pay/Processing
- System Development

Money Service Business

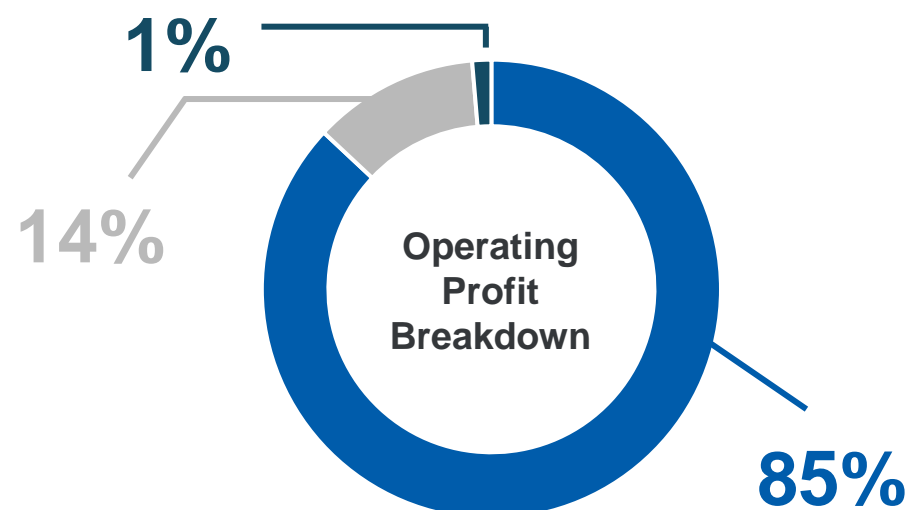
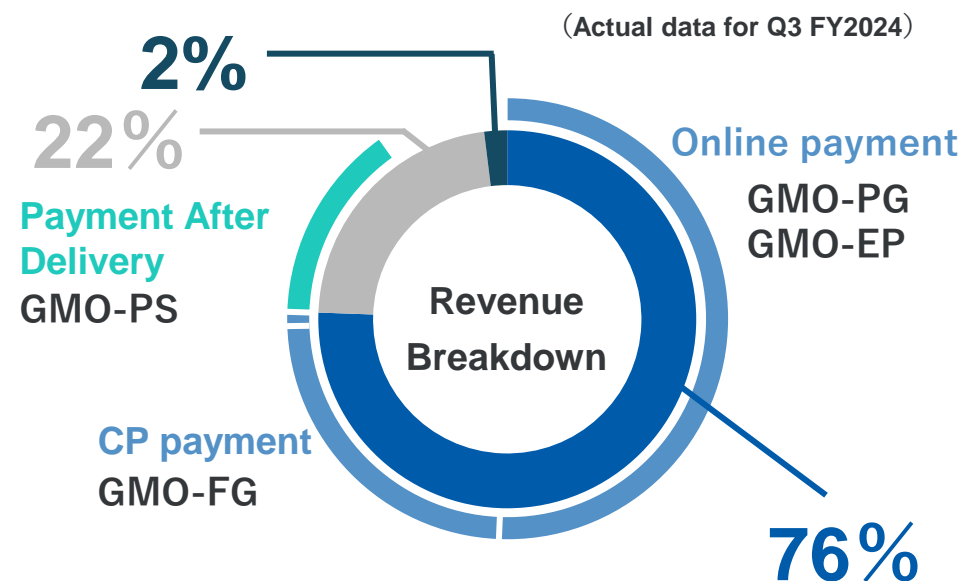


- GMO Payment After Delivery/
GMO B2B Pay On Credit/atokara
- Remittance Service/Instant Salary byGMO
- Overseas Lending
- Early Payment Service
- B2B Factoring
- Transaction Lending

Payment Enhancement Business



- Online Advertising Service
- SSL Service
- Delivery Service
- Medical Kakumei byGMO



* Online payment includes pay-as-you-go and recurring payment and Z.com Payment (overseas payment service).

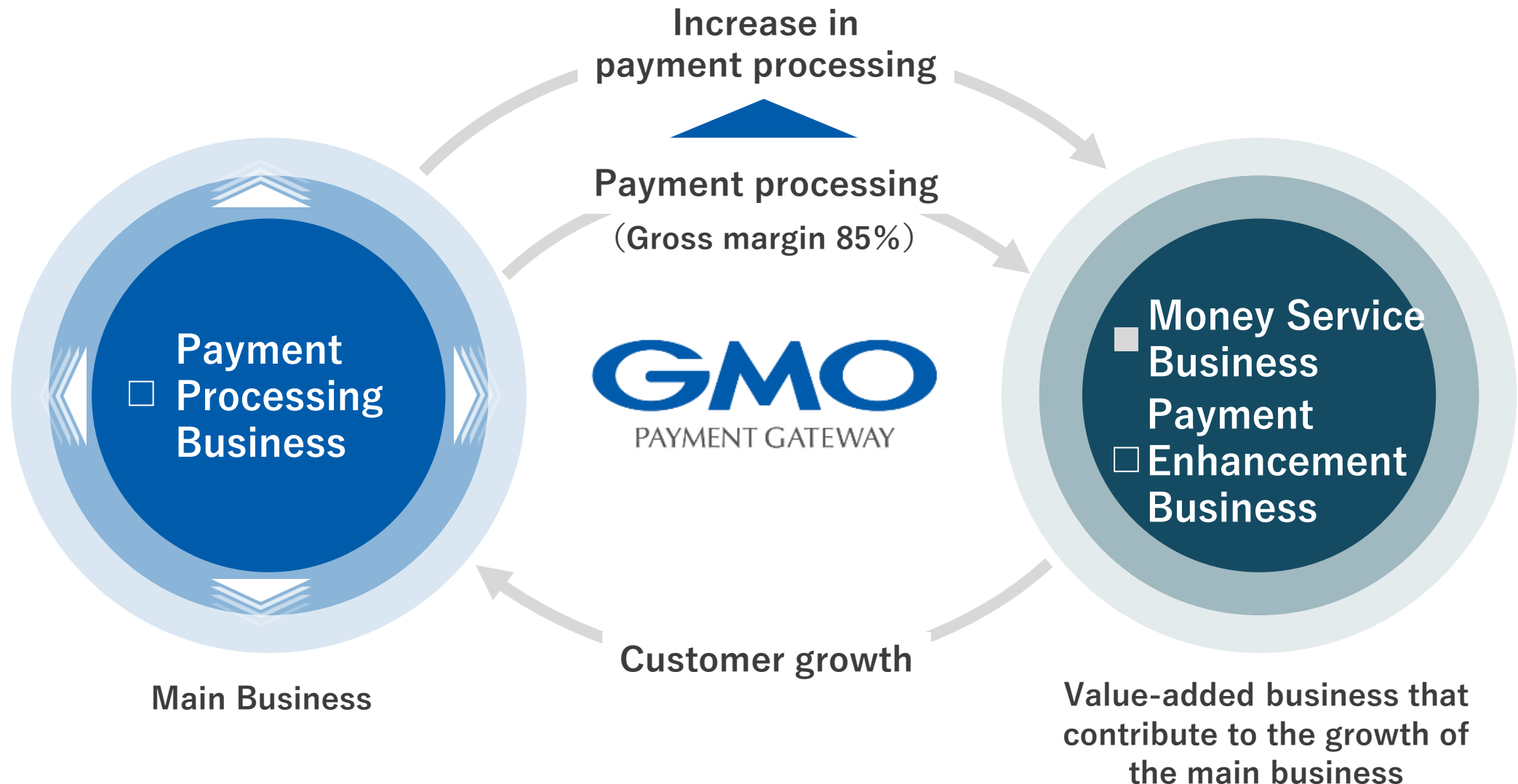
1.4 Our Value Proposition

Businesses and services to comprehensively cater to customer's needs

	Issues & Needs		Value Proposition	
Payment Processing Business	Merchant	<ul style="list-style-type: none">• Cumbersome implementation work• Time consuming payment admin work, less time for main business• Concerns over system troubles		<ul style="list-style-type: none">• Package of diverse payment methods with centralized management• Cut cost and payment/invoicing work• Advanced system and customer support
	Consumer	<ul style="list-style-type: none">• Limited number of payment methods• Concerns over payment security		<ul style="list-style-type: none">• Broad range of payment methods offered• Safe and smooth payment experience
Money Service Business	Merchant	<ul style="list-style-type: none">• Long lead time to deposit (long cash cycle)• Difficulty in recruiting personnel		<ul style="list-style-type: none">• Improve cash flow cycle with early payment of sales proceeds• Salary prepayment service offered
	Consumer	<ul style="list-style-type: none">• Cannot choose the timing of payment		<ul style="list-style-type: none">• Flexible payment timing with GMO Payment After Delivery
Payment Enhancement Business	Merchant	<ul style="list-style-type: none">• Need to grow revenue		<ul style="list-style-type: none">• Support revenue growth through online ad placements
	Consumer	<ul style="list-style-type: none">• Long waits at medical institutions		<ul style="list-style-type: none">• Reservation system for medical institution that enables seamless service from reservation to payment

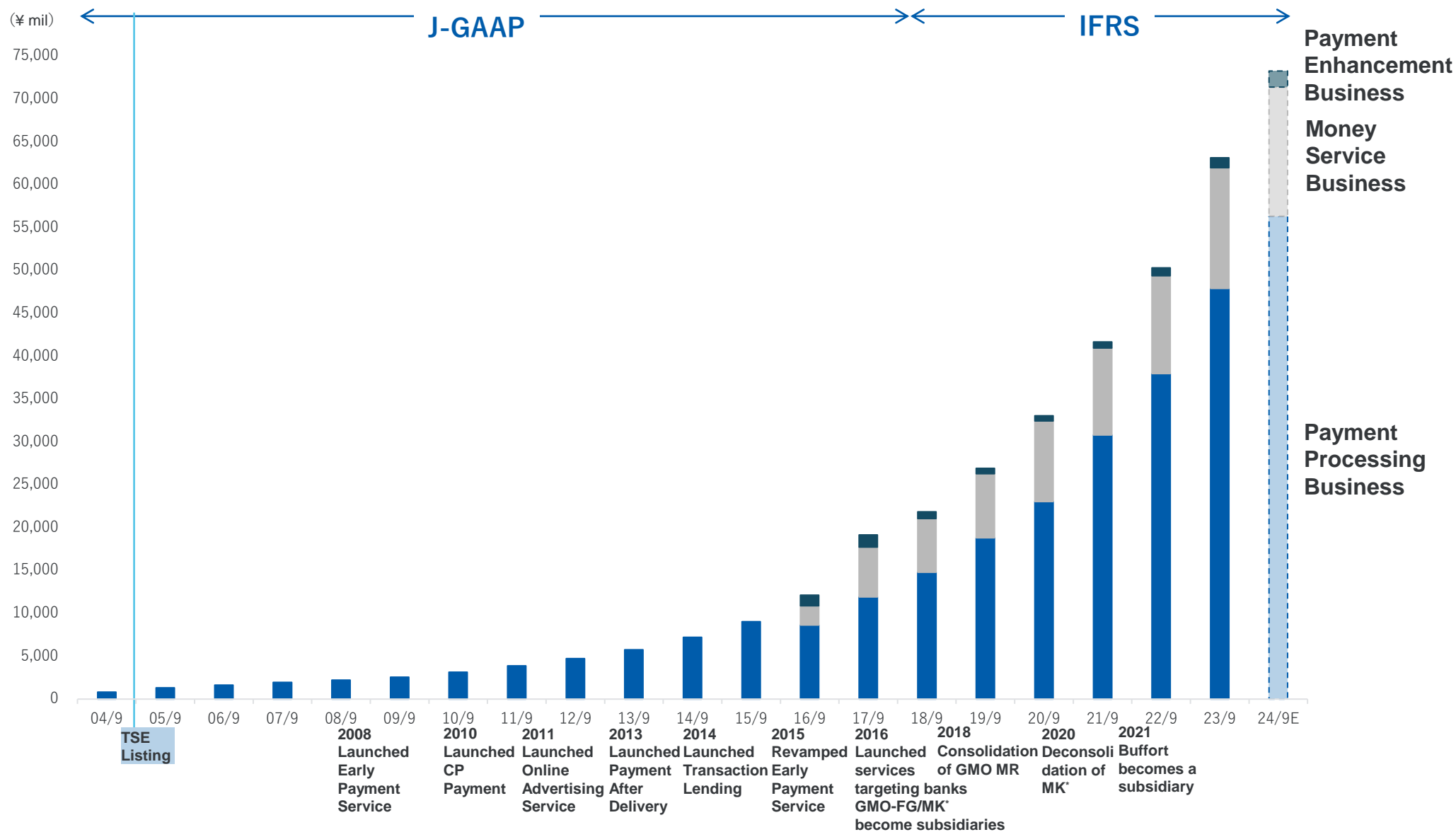
1.5 Our Business Eco-System

An expanding eco-system where the value-added services complements the main business to achieve mutual growth



1.6 Revenue Trend by Segment

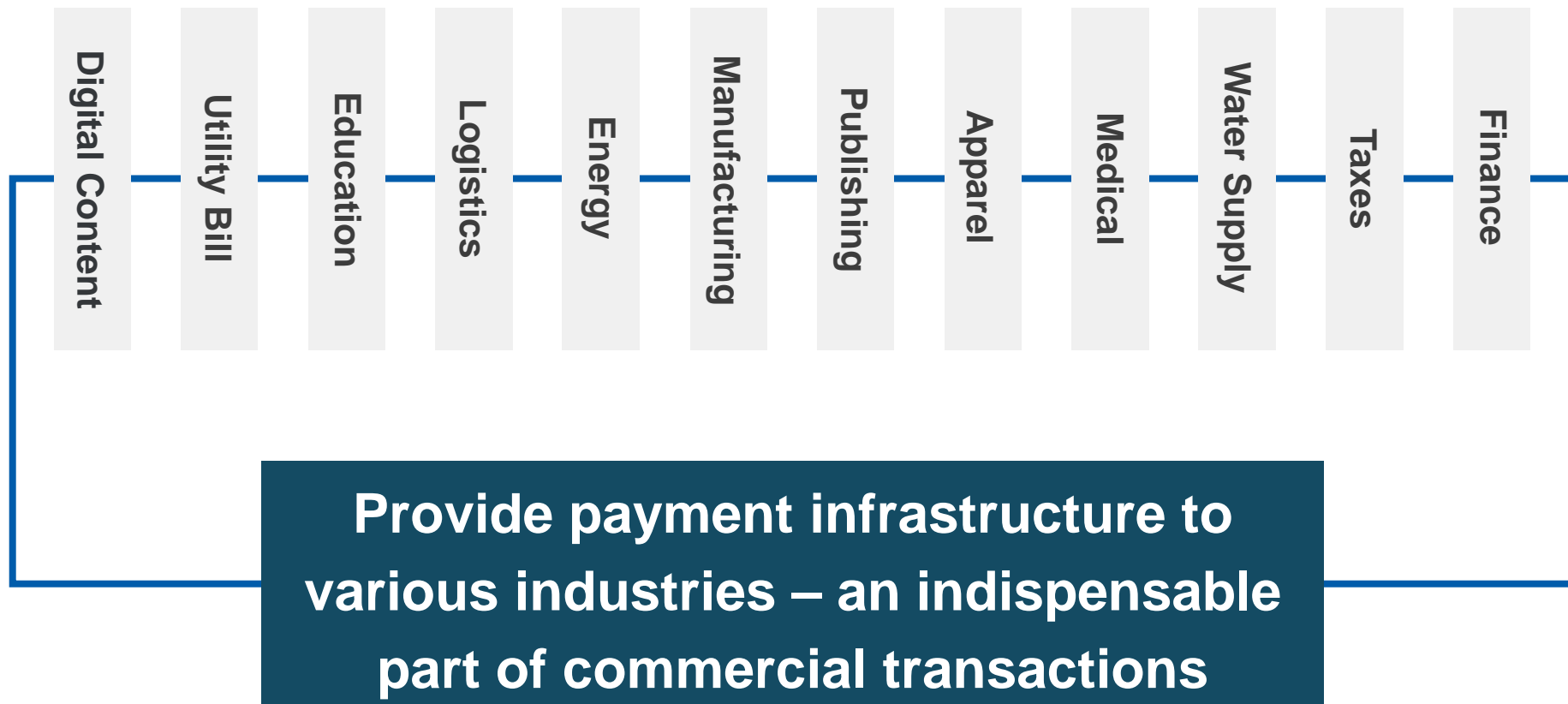
Three segments of Payment Processing Business, Money Service Business and, Payment Enhancement Business



* There was only one segment of Payment Processing Business until September 2015; segment information disclosure began from FY ending September 2016. MK stands for MACROKIOSK. Due to the deconsolidation of MACROKIOSK from FY2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.

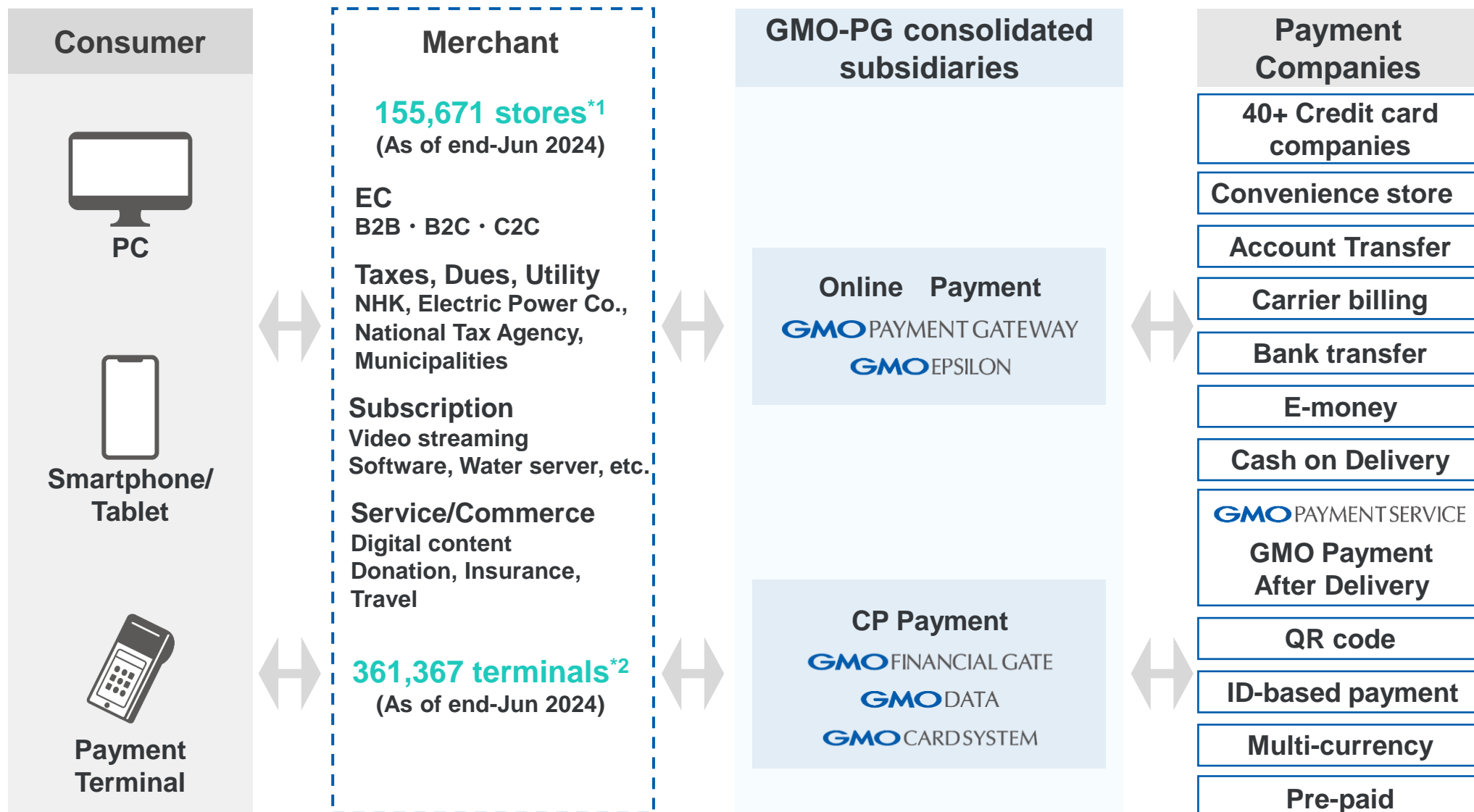
1.7 Characteristic of Payment Business: Cross-Industry

Payment is a required action for any purchase and is a highly repetitive application



1.8 Positioning of GMO-PG Group

Connecting merchants and payment companies through ‘contracts,’ ‘payment information,’ and ‘money flow’.



*1 The standards for calculation the number of operating stores has been revised from Q4 FY2023. Figures exclude a specific case and fincode byGMO. If included, the number of operating store IDs would be 665,675 stores (up 18.3% YoY).

*2 Operating payment terminals present the figures for GMO-FG which include the number of terminal-free active IDs, and excludes GMO-PG's GMO Cashless Platform.

The growth rate of the number of terminals shown above is an increase of 32.2% YoY.

1.9 Payment Processing Business: Revenue Model of Credit Card Payment Processing

Revenue model determined by merchant size and type

■ Four revenue types (i.e., business models)

■ Revenue type determined by merchant type/size

① Initial (Initial revenue)

Payment Terminal Sales

Coefficient: Number of terminals (units)

Revenue: Terminal sales (units)
× _Yen; paid at start of service

② Stock (Fixed revenue)

Fixed Monthly Revenue

Coefficient: Number of operating stores

Revenue: Operating stores × _Yen

③ Fee (Transaction processing revenue)

Fee based on transaction volume

Coefficient: Number of payments processed

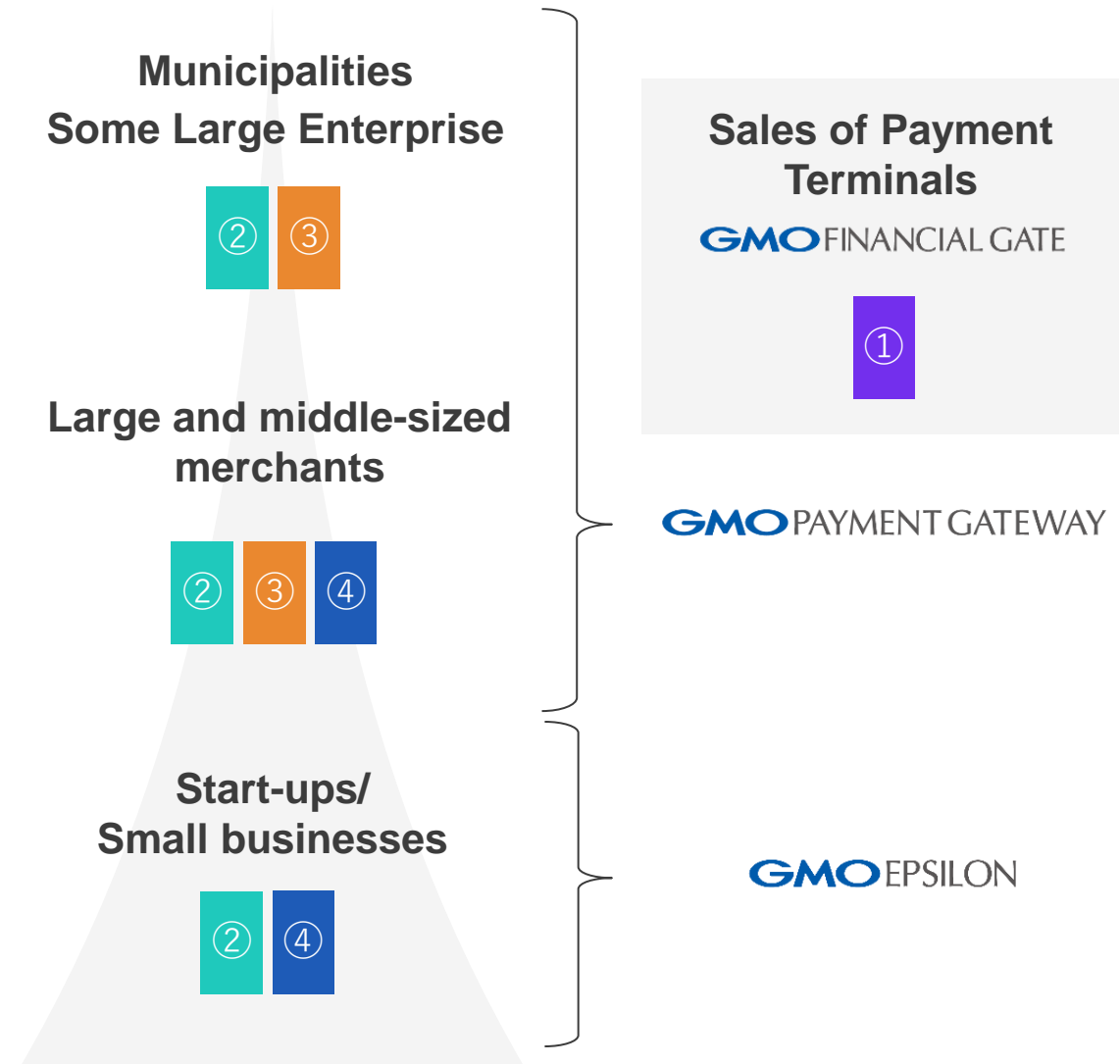
Revenue: Number of payments processed
× _Yen

④ Spread (Merchant's revenue)

Spread on the transaction value

Coefficient: Value of transaction

Revenue: Value of transaction × _%



1.10 Payment Processing: Two Types of Merchant Contracts

Direct Contract

No. of contracts

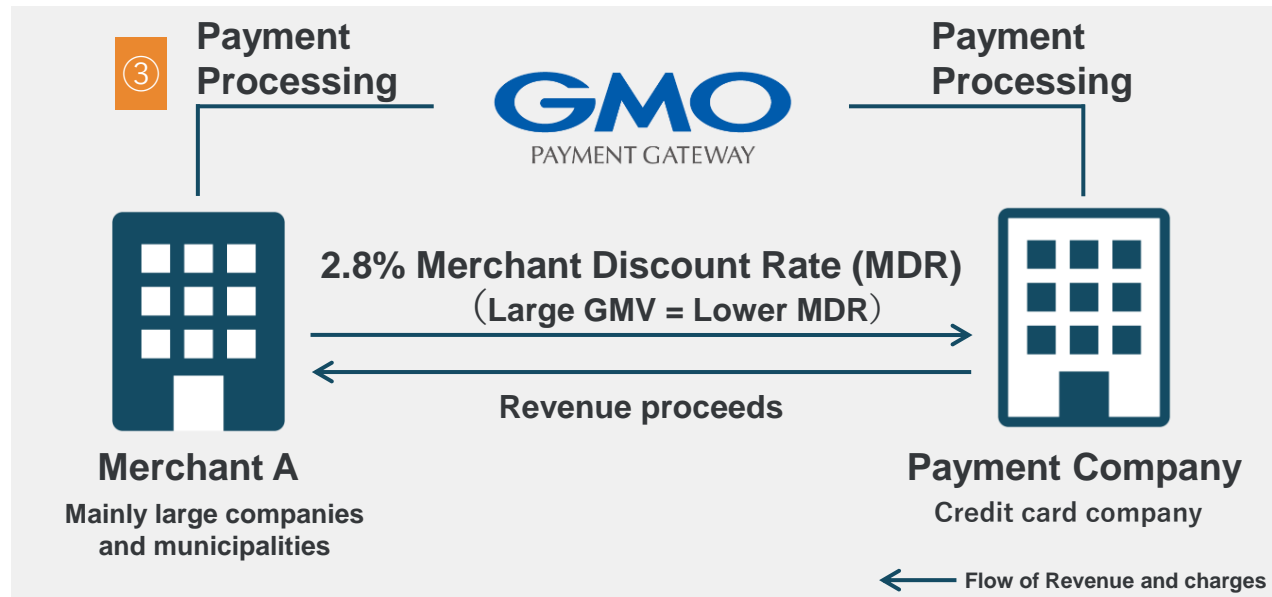
Contracts with multiple payment companies

MDR

Direct negotiations with payment companies

GMO-PG's role

Data processing only



Revenue type

② Stock

③ Fee

Representative Contract

No. of contract

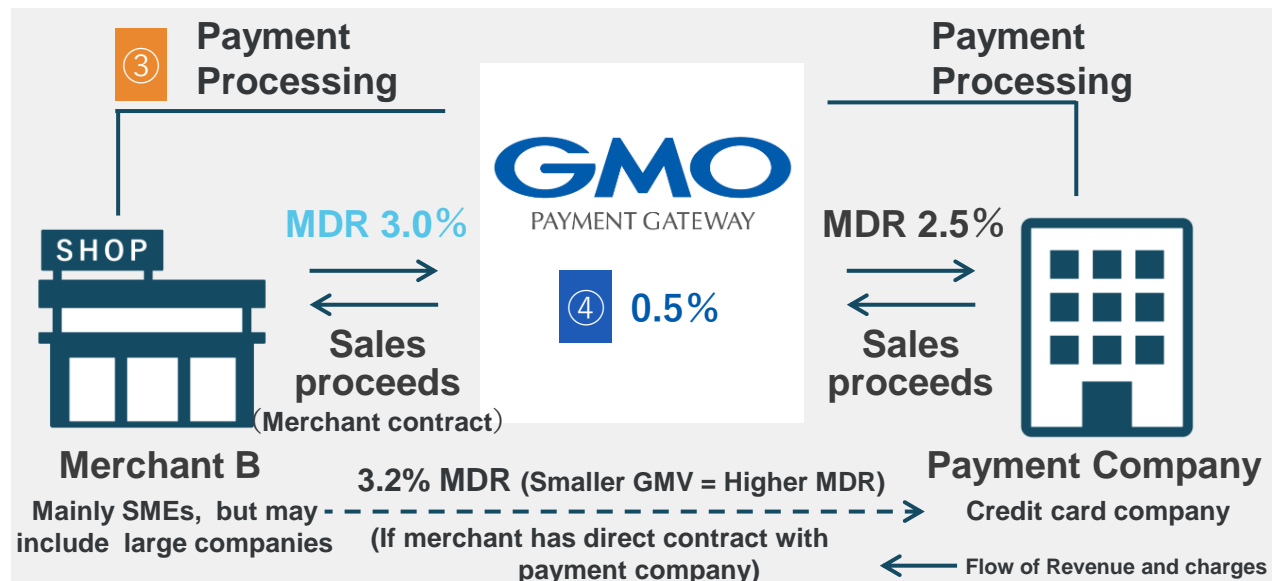
Single contract with GMO-PG

MDR

Reduceable via GMO-PG

GMO-PG's role

Data processing/
Deposit of sales proceeds



Revenue type

② Stock

③ Fee

④ Spread

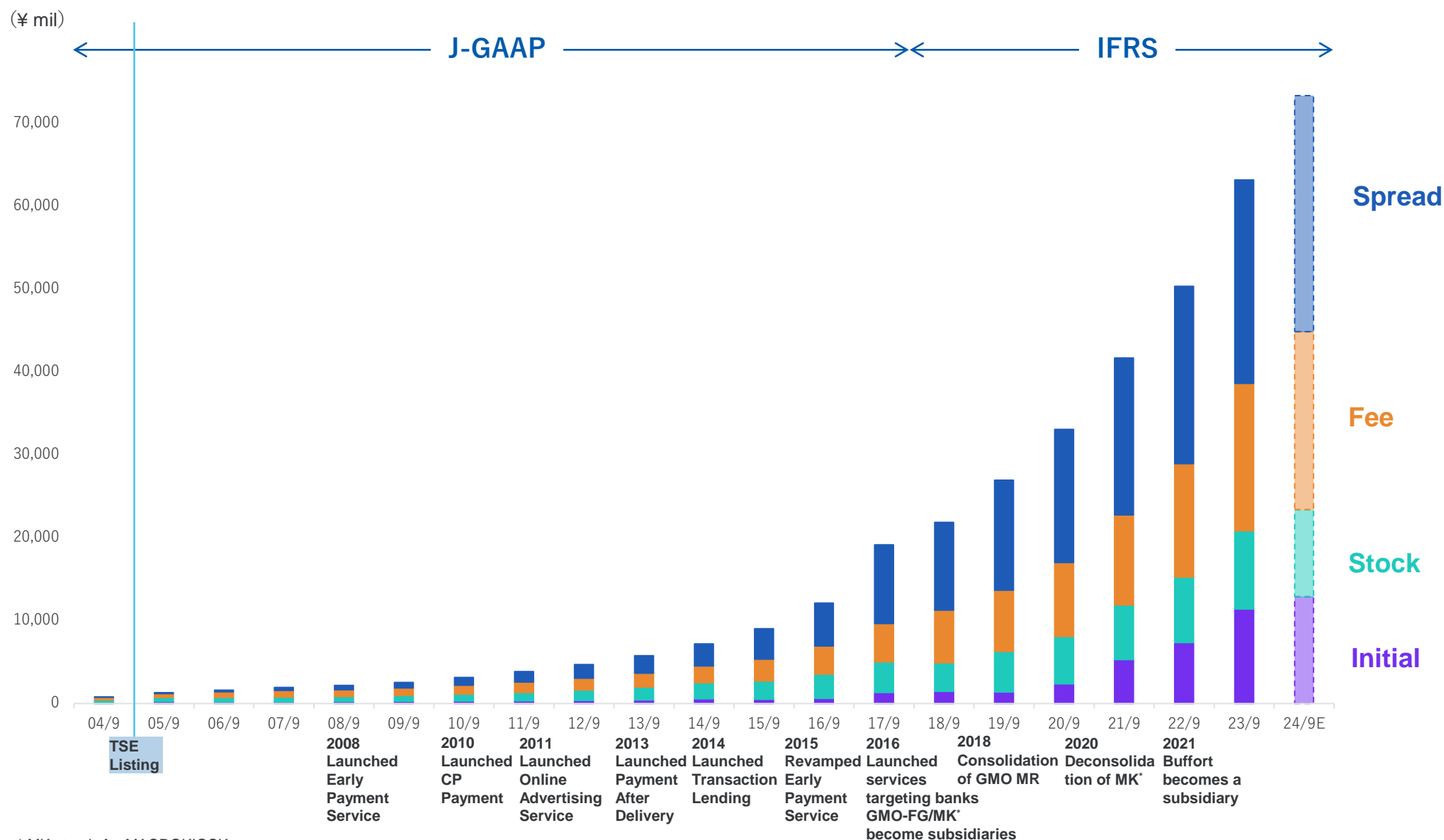
(In consideration of acquiring the merchant)

* Figures included are shown for purpose of comprehension only.

* This illustration represents the contracts for credit card. GMO Epsilon revenues are stock and spread (See page 12).

1.11 Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



1.12 Summary Table of Segments, Business Model and Services



Reporting in 3 segments and 4 business models

Business Model	Segment
Initial (Initial revenue)	Payment Processing Business
Stock (Fixed revenue)	Money Service Business
Fee (Transaction processing revenue)	Payment Enhancement Business
Spread (Merchant acquiring service revenue)	
Online Payment* CP Payment SSL Service	Online Payment* / fincode byGMO CP Payment
Online Payment CP Payment Ginko Pay / Processing / GCP* System Development Online advertising service Medical Kakumei byGMO	Ginko Pay / Processing / GCP* System Development
Online Payment CP Payment GMO Payment After Delivery / GMO B2B Pay On Credit / atokara Remittance Service / Instant Salary byGMO Delivery service Medical Kakumei byGMO	GMO Payment After Delivery / GMO B2B Pay On Credit / atokara Remittance Service / Instant Salary byGMO Overseas Lending Early Payment Service B2B Factoring Transaction Lending
Online Payment / fincode byGMO CP Payment GMO Payment After Delivery / GMO B2B Pay On Credit / atokara Overseas Lending Early Payment Service B2B Factoring Transaction Lending	Online advertising service SSL service Delivery service Medical Kakumei byGMO

* Online Payment includes pay-as-you-go payment, recurring payment, Z.com Payment (overseas payment service) and GCP stands for GMO Cashless Platform.

1.13 Competitive Advantage and Achievements

Expand value provided to clients to contribute to client's growth

		Past (As of end-Sep 2011)		Present (As pf end-Sep 2023)
Competitive Advantage Comprehensive Capability	Product	Nos. of payment methods	1 Credit card pure-play (payment) (*Before 2005)	Over 30 Multi-payment Implemented Open API type from May 2023
	Sales Capability	Sales Personnel	Approx. 40	Approx. 295* ¹ Industry specific sales teams
	Development Capability	Engineer Personnel	Approx. 30	Approx. 247* ¹
	Customer Support Capability	The only payment service company to be awarded the Seven Star rating for “HDI Support Center Certification” * ²		 
	Investment Capability	GMO Global Payment Fund: Market value approx. 20x the initial investment amount		
	Reliability	Annual TRX Value	Approx. ¥0.9 trn	Approx. ¥14.9 trn
		Operating Stores	Approx. 26K	Approx. 146K

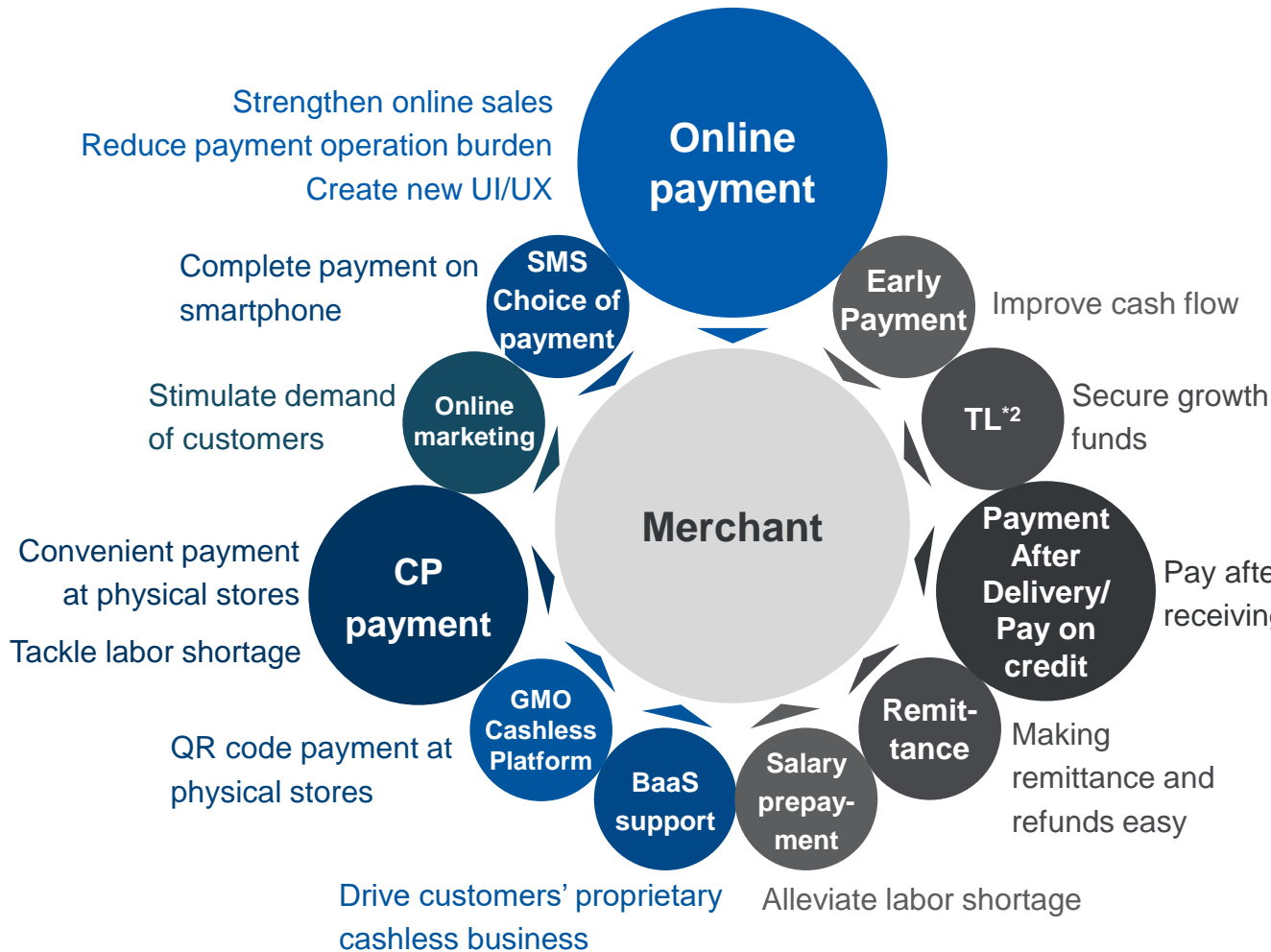
Achievement	Operating Profit	Approx. ¥1.4 bil		Approx. ¥20.3 bil
	Operating Profit Per Employee	Approx. ¥9.0 mil		Approx. ¥25.0 mil

*1 The standards for calculation have been changed from Q4 FY2023. The number of sales and engineer personnel includes partners of GMO-PG group of consolidated subsidiaries and exclude external collaborators.
 *2 HDI: World's largest membership organization of IT support services.

1.14 Re-Bundling*¹

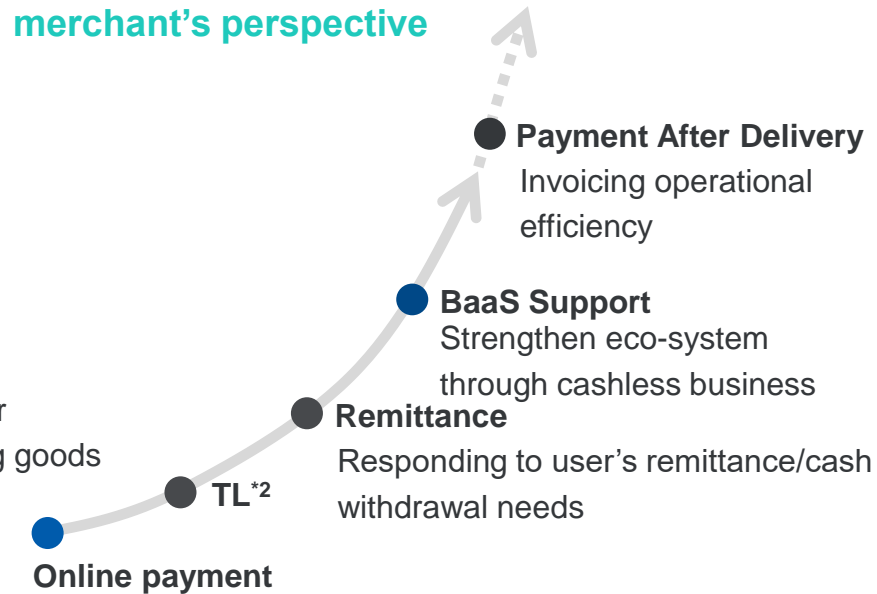
One-stop support of merchant's growth through product scalability (resulting in enlarging project size)

Value proposition to merchants/users: examples of products offered



Examples of supporting merchant's growth

“Re-bundling*¹” payment function from the merchant's perspective



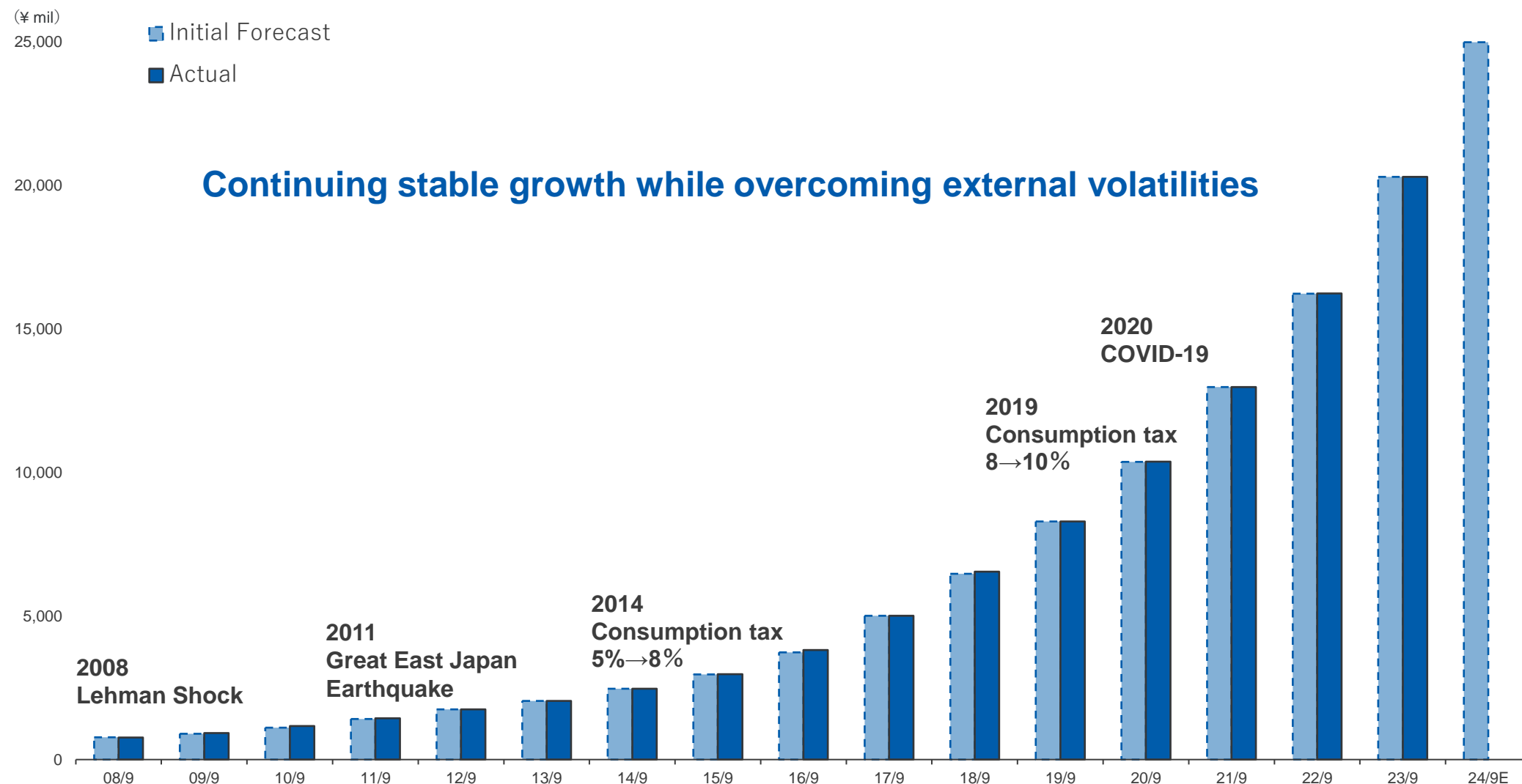
Building track record with regional banks, restaurant chains, apparel, utility, high-growth start-ups, etc.

*1 Re-bundling refers to the unbundling of each function of financial services and recombining (re-bundling) it according to the user's perspective. *2 TL stands for transaction lending.

1.15 Continuous Achievement of OP Target

Earnings targets achieved through a highly visible earnings structure and a disciplined business operation

Operation Profit*



* Initial forecast for FY2018 is based on revised forecast to reflect the voluntary adoption of IFRS. Figures before FY2019 present operating profit before the deconsolidation of MACROKIOSK and include both continuing and discontinued businesses.

1.16 Medium Term Target and Basic Policy



Target OP CAGR of 25% after strengthening business foundations

Image of revenue trend and basic policy

Medium term management target

OP CAGR 25%

Min. 20% growth on a single year basis


 New projects
 Image of revenue trend

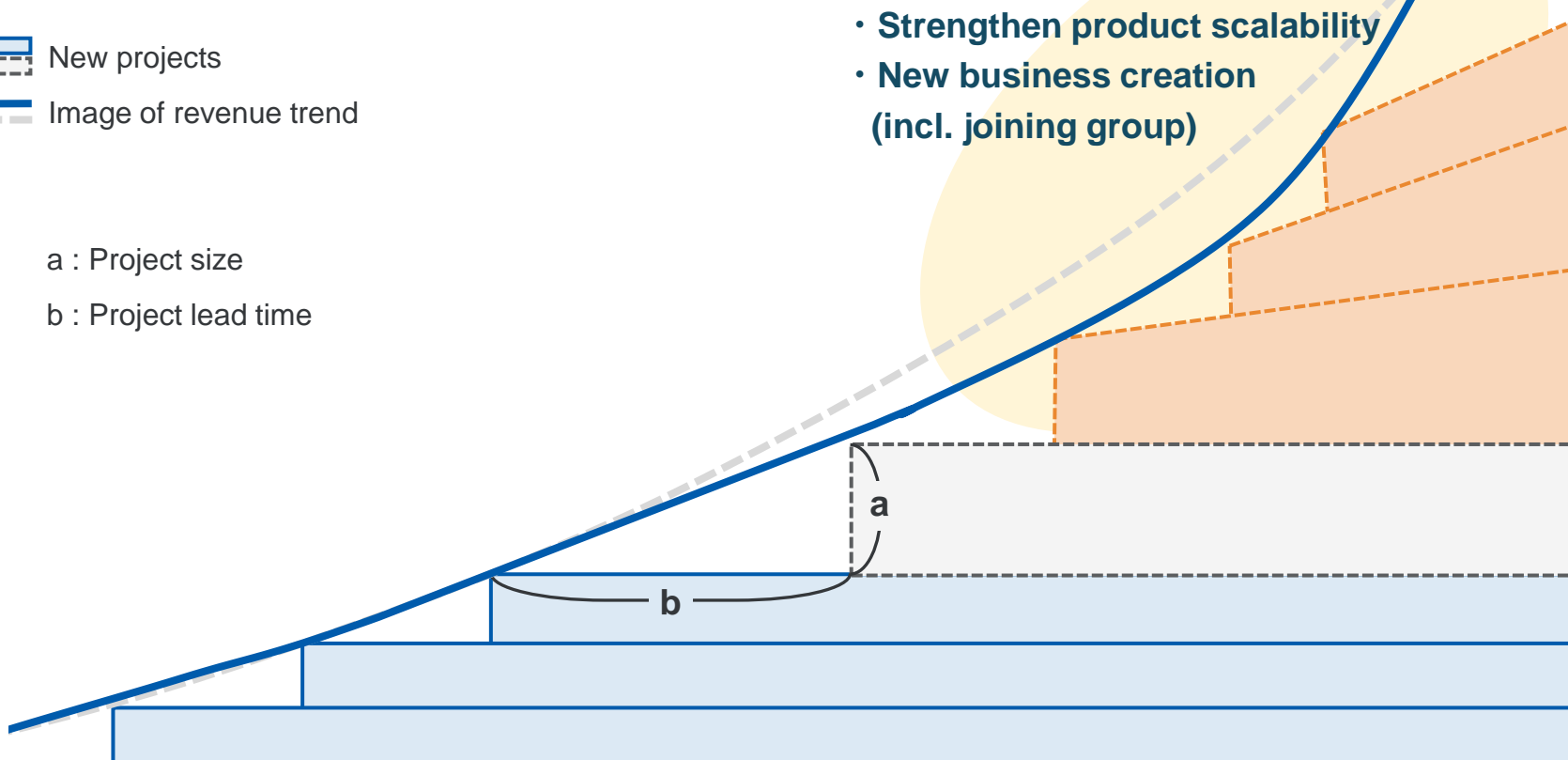
a : Project size

b : Project lead time

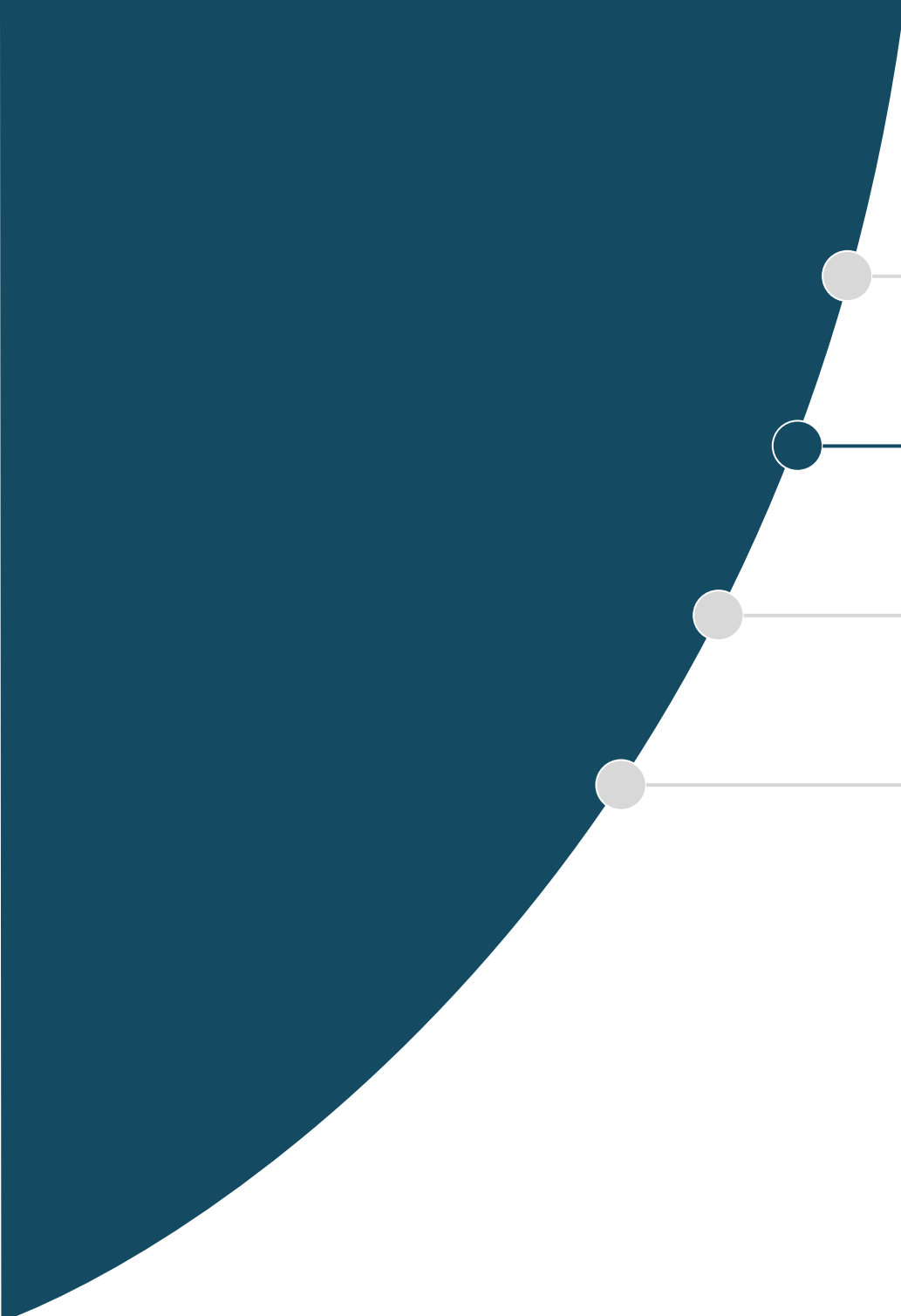
Strengthen business foundation


- Monetize large-scale projects
- Advance sales structure and project management
- Strengthen product scalability
- New business creation (incl. joining group)

Trend line of revenue growth at cruising speed




Extracted from Financial Results Briefing for FY2023 on November 14, 2023.

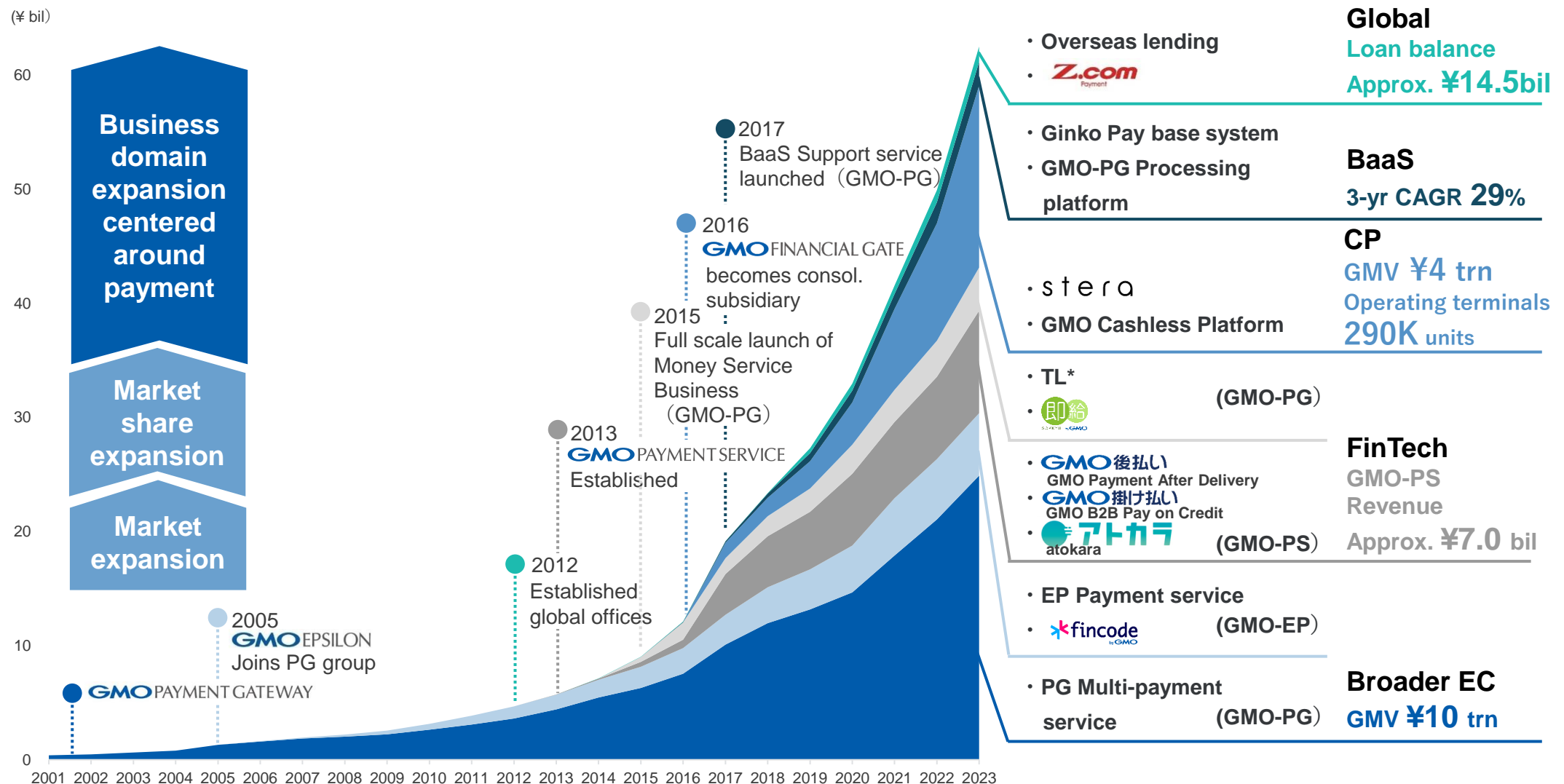


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2.1 Focus Markets

Sustain high growth from expanding revenues in existing services and entering new domains

The five focus areas

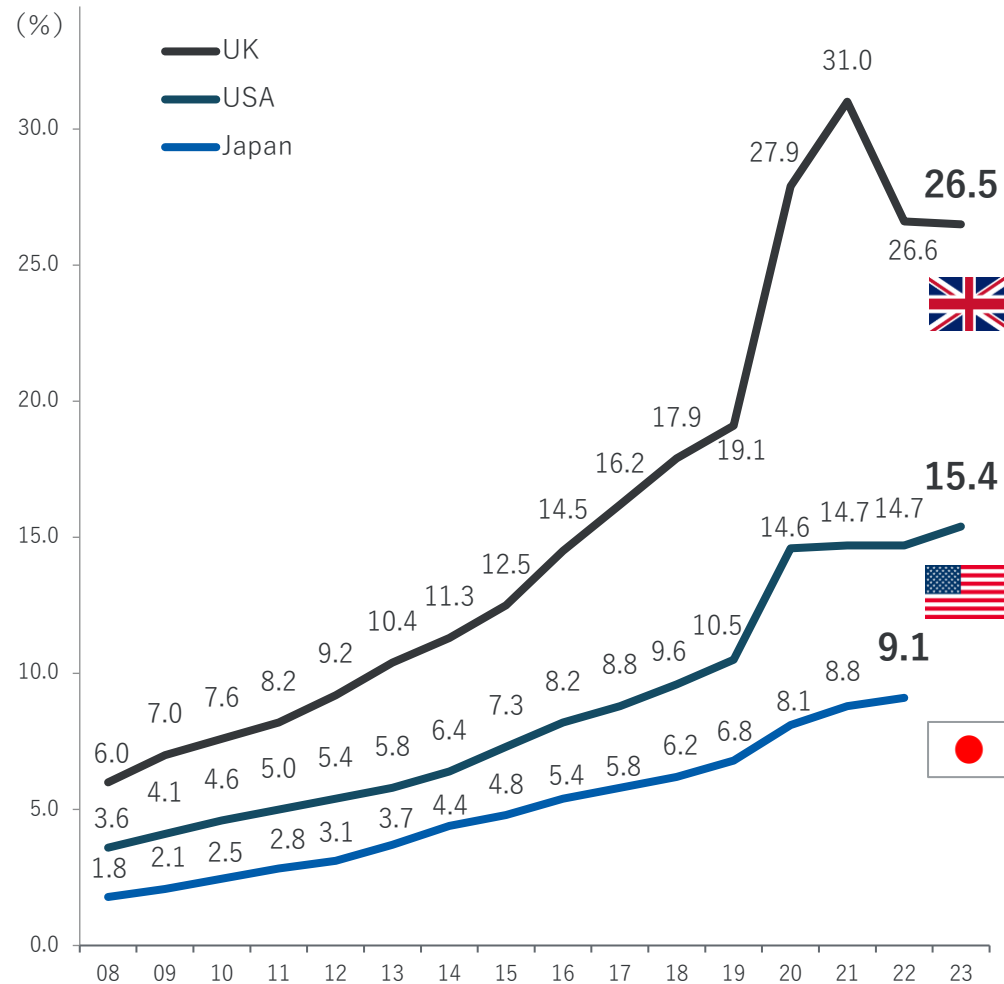


* TL refers to transaction lending, figures are before consolidated eliminations.

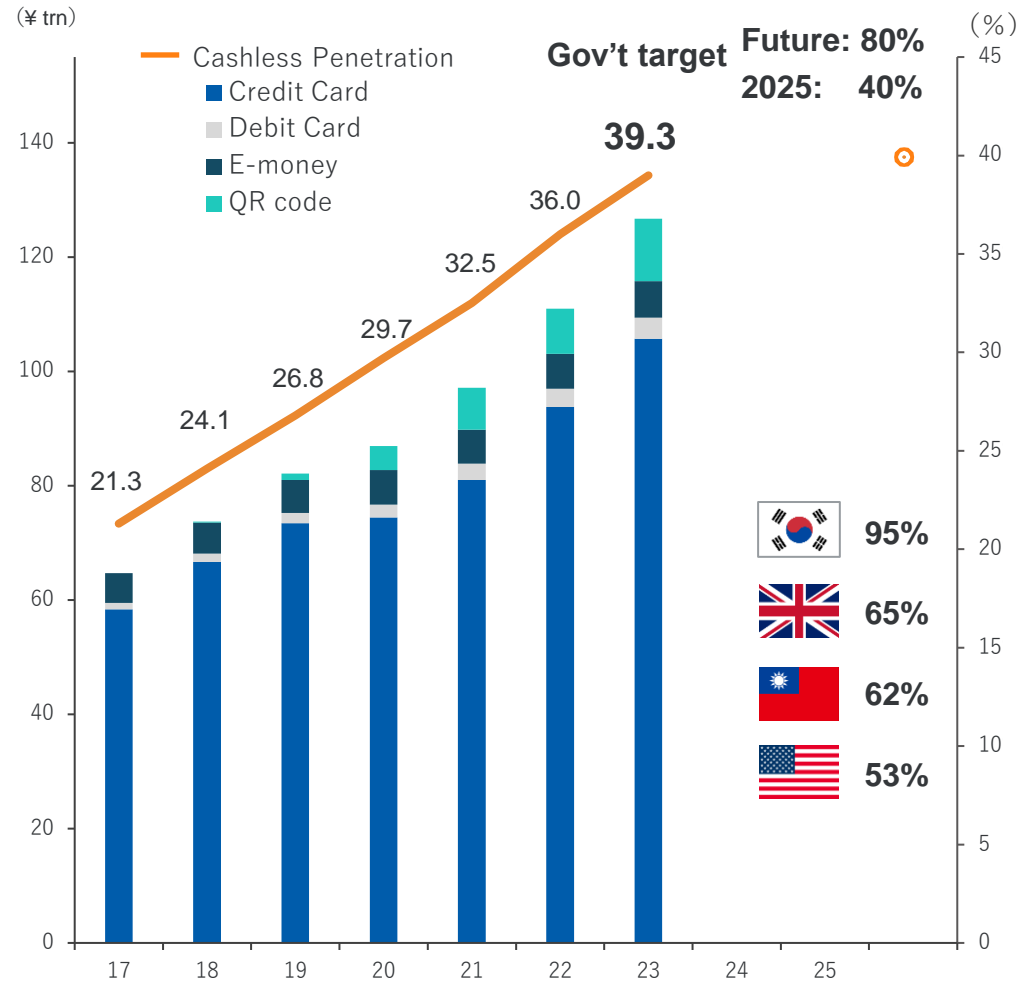
2.2 Narrowly-Defined EC: B2C EC Market

Low cashless and EC penetration compared to US/European countries

EC Penetration Rates in Developed Markets*1



Cashless Penetration (ratio to private final consumption)*2 *3



*1 METI "FY2022 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)", U.S. Bureau of the Census "The 1st Quarter 2024 Retail E-Commerce Sales Report", U.K. Office for National Statistics "Retail Sales Index internet sales, July 2024"

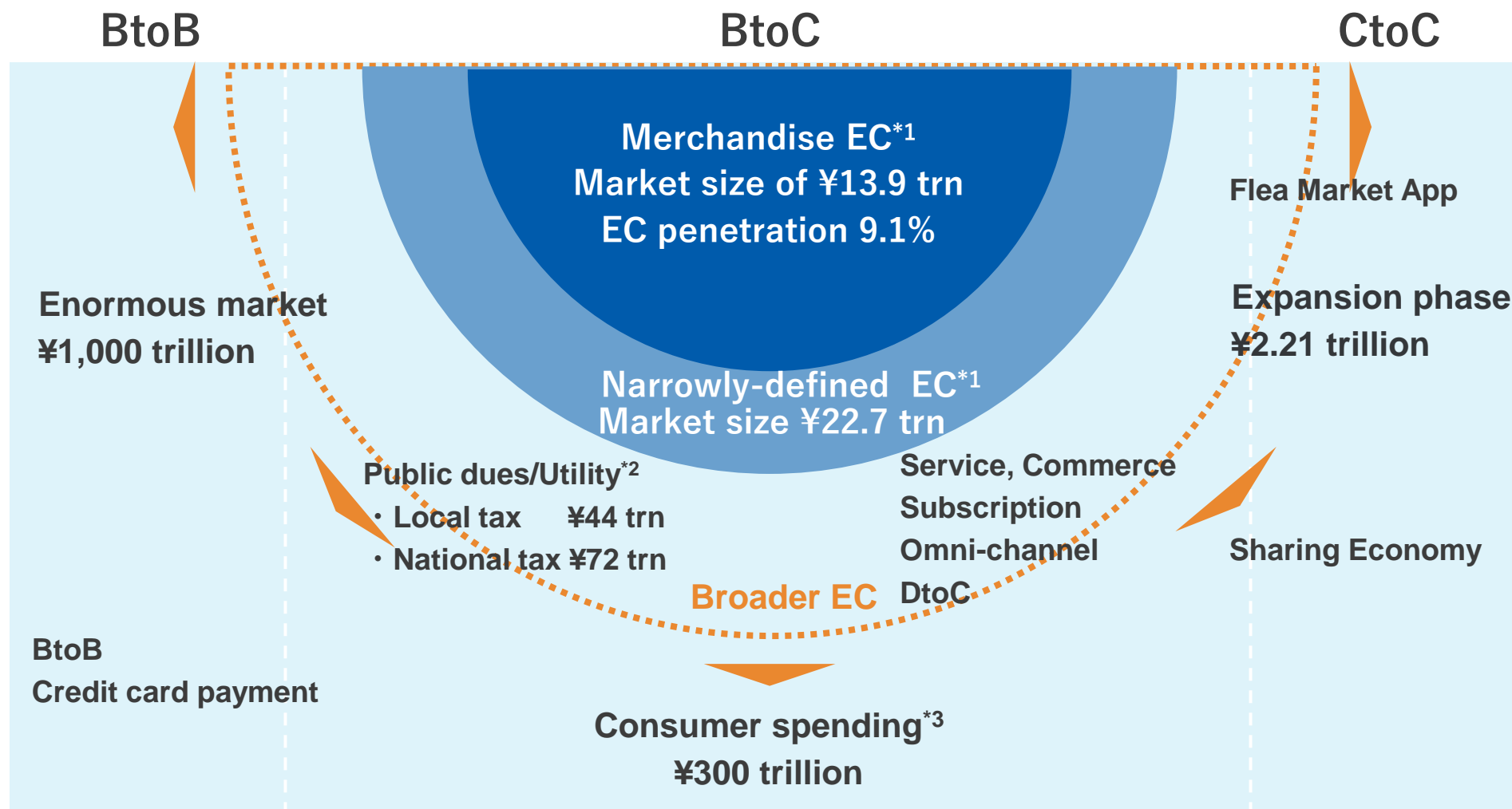
*2 Cabinet Office "System of National Accounts", Japan Consumer Credit Association's Credit Card Statistics, Bank Of Japan's Payment and Settlement Statistics, Payments Japan Association's Code Payment Statistics.

*3 Figures for Japan, South Korea, UK and USA are excerpts from Payments Association Japan's "Cashless Roadmap 2023." Figures for Taiwan are from National Development Council figures.

Actual figures for Taiwan are up to 2019, 2021 for South Korea, UK and USA and, 2022 for Japan.

2.3.1 Broader EC: Expanding Scope of Cashless Business

Japan's migration towards cashless payment contributes to accelerating the growth of GMO-PG group



*1 References : METI's "FY2022 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)" and Yano Research Institute Ltd. .
Figures for 2025 are the company's estimates. *2 MIAC "Breakdown of national tax and local tax revenue (FY2024 Budget and Local Government Finance Plan)"

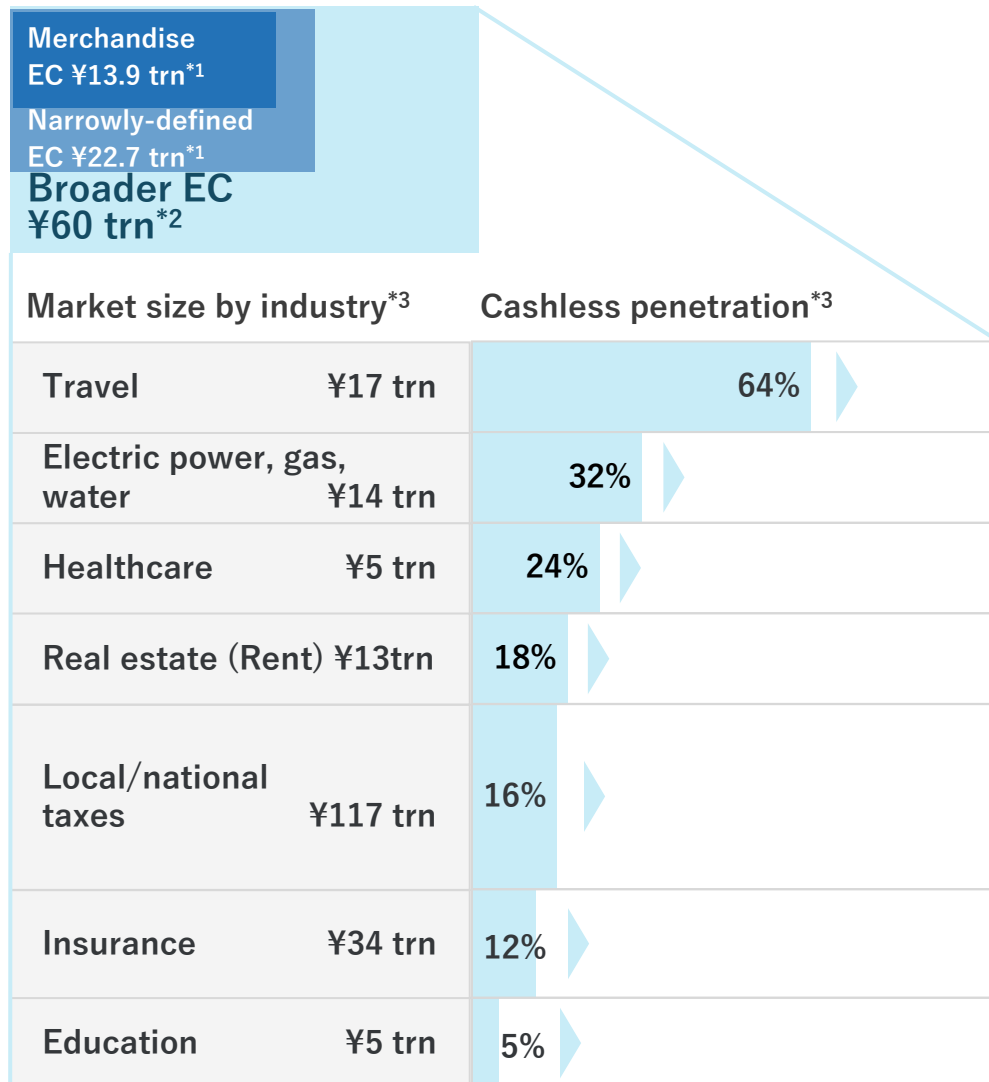
*3 Cabinet Office "National Accounts (GDP statistics)"

*4 Payments Japan Association's "Cashless Roadmap 2019"; Yano Research Institute's "Domestic Cashless Settlement Market 2022."

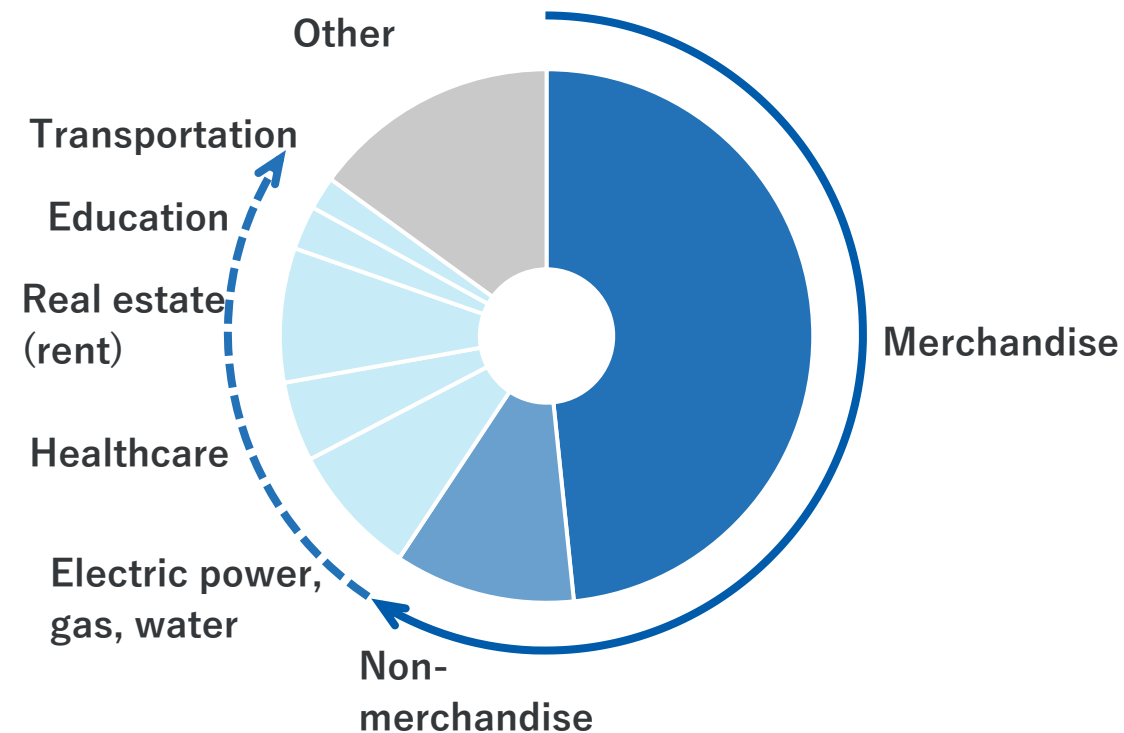
2.3.2 Broader EC: Target Markets

Address each vertical in the vast white space

Broader EC: cashless penetration by industry
(credit card usage)



Proportion of household expenditure by industry*⁴



Address majority of household expenditure
by promoting cashless migration

*1 METI's "FY2022 E-Commerce Market Survey." The narrowly-defined EC includes merchandise EC and some services and digital content.

*2 Figures are estimates of GMO-PG which presents the sum of the B2C EC market and the cashless market size of the target markets. *3 Based on GMO-PG estimate

*4 Based on GMO-PG estimates by referencing Consumer Affairs Agency's "Family Income and Expenditure Survey" consumption expenditure columns.

2.3.3 Broader EC: Taxes/Public Dues and Utility Bills

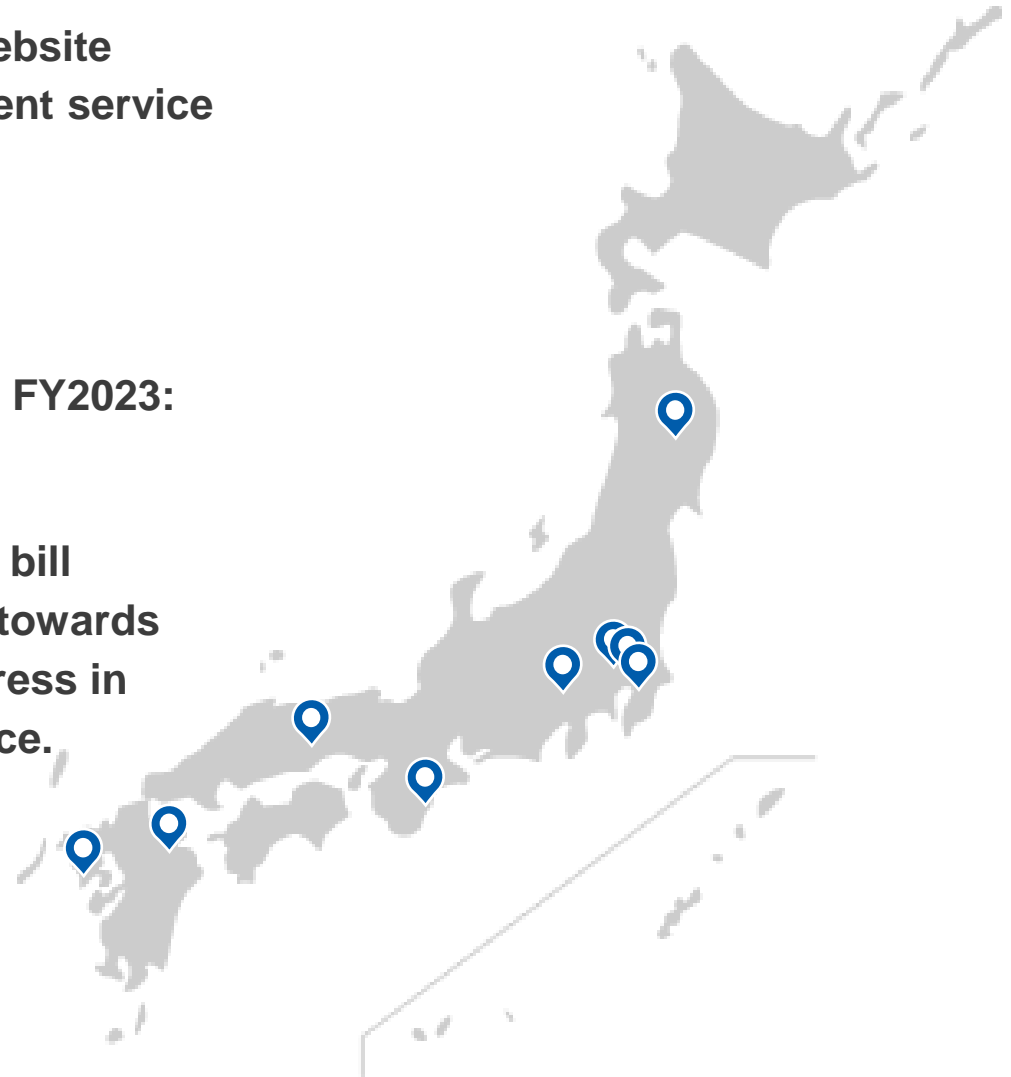
Entered into the public dues/taxes sector in 2006 when Local Autonomy Law was amendment; pioneered credit card payments in this sector

Tax National tax credit card payment website
National tax smartphone app payment service
Hometown tax
Water bill, etc.

NHK Broadcasting subscription fee
Credit card usage rate at the end of FY2023:
19.1% (Up +0.5% YoY)*

Electric Power Supporting digitalization of electric bill
Gas payment to realize significant shift towards
paperless operations. Making progress in
cross-industry deployment of service.

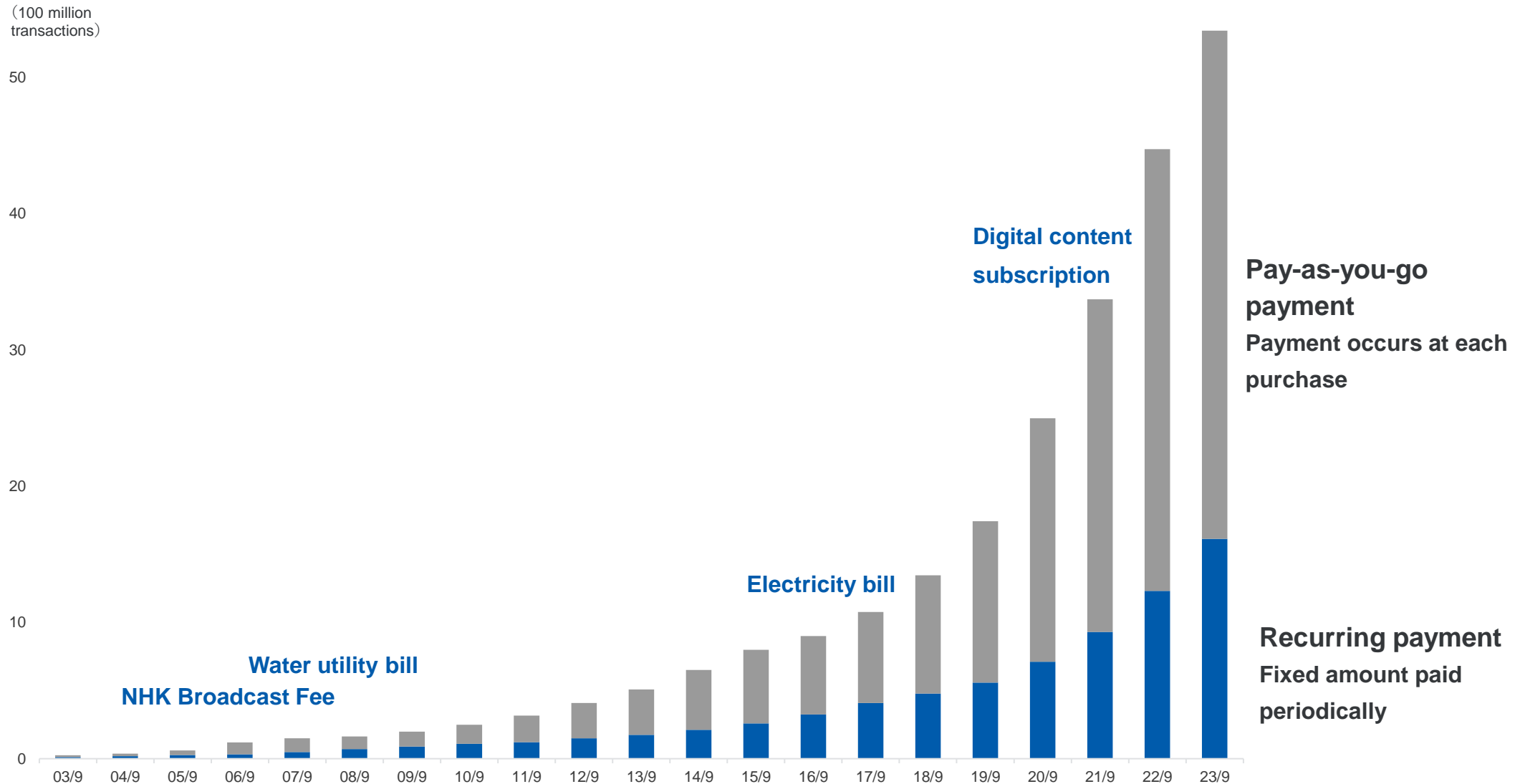
Expansion expected to continue:
maintenance fee, cram school tuition fee
parking fee, school meal charge, etc.



* Japan Broadcasting Corporation "Business Report for FY2022"

2.3.4 Broader EC: Transaction Volume*

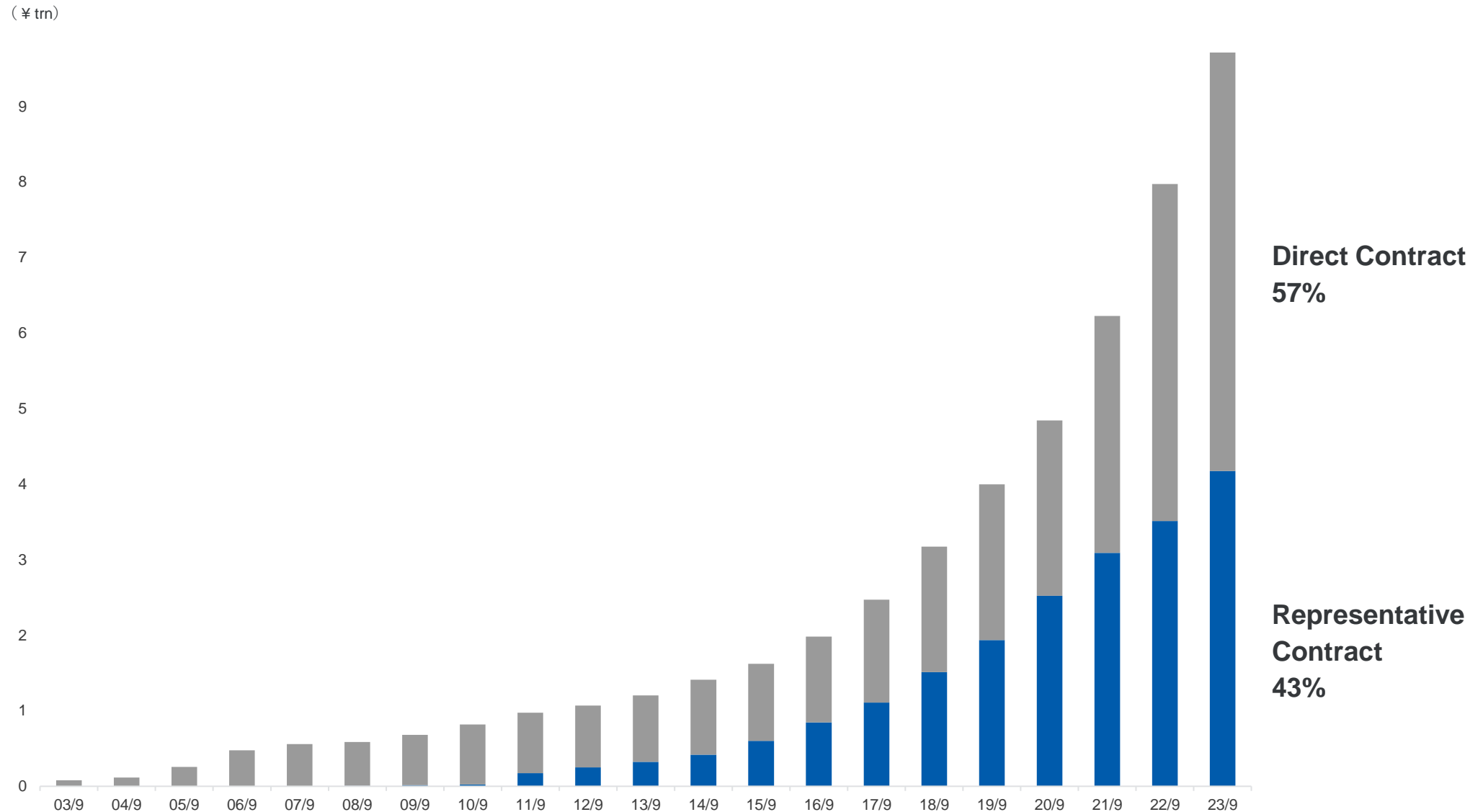
Stable growth by capturing pay-as-you-go and recurring payment



* TRX volume is calculated based on fee revenue standards, which in the case of online consist of multiple (1 to 3) transactions per payment which includes authorization and actual proceed amount, and one transaction per payment in the case of CP.

2.3.5 Broader EC: Transaction Value

TRX Value = Sustainably grow revenues at client/merchants that we support/service



2.3.6 Broader EC : PG Multi-Payment Service

2024.05.28 **GMO PAYMENT GATEWAY**

Updated Online Payment Service and Tokenization's new JavaScript library "MpToken.js" is now generally available on npm

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May 28, 2024

GMO Payment Gateway, Inc.

GMO Payment Gateway, Inc. (TSE Prime Market: Securities Code: 3769, President & Chief Executive Officer: Issei Ainoura hereinafter referred to as "GMO-PG"), which develops comprehensive payment-related services and finance-related services in the GMO Internet Group, announced today (Tuesday, May 28, 2024) that it will launch Online Payment Service" PG Multi-Payment Service" and a new Tokenization^{(*)1} has been released. Since the JavaScript library is published on npm^{(*)2} and supports React^{(*)3} and Vue.js^{(*)4}, which are highly versatile in front-end development, it will be possible for PG Multi-Payment Service adopters to efficiently implement Tokenization.

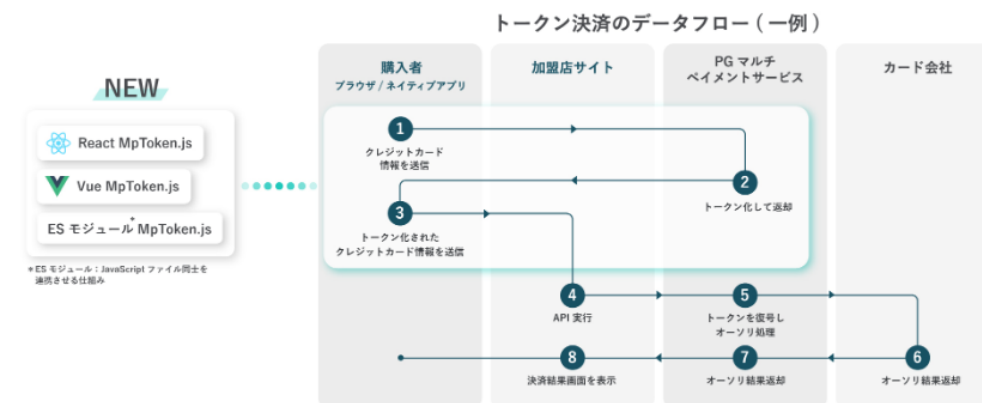


【Overview】

GMO-PG regularly updates Online Payment Service" PG Multi-Payment Service", and in May 2023, GMO-PG released a new connection method "OpenAPI Type" that reduces the additional cost of payment method to one-tenth^{(*)5} of the conventional one.

In this update, we've redesigned our credit card information non-passing-over settlement" Tokenization" and released a new Tokenization. The new Tokenization exposes the JavaScript library "MpToken.js" to the npm registry, and uses React, which is widely used worldwide in front-end development. Vue.js has been supported. As a result, companies that have introduced "PG Multi-Payment Service" will be able to efficiently implement Tokenization while reducing the learning cost and design man-hours of engineers.

In order to contribute to the business growth of business operators, GMO-PG will continue to update "PG Multi-Payment Service" with the aim of providing an environment that is easy for engineers to develop and a payment service that improves efficiency and reduces costs in terms of operation, while emphasizing convenience and safety for consumers.



(*)1 A service that can replace the credit card number entered by the purchaser with a token (a random alphanumeric character string) and process its payment. Publishers can now process payment without touching credit card numbers, reducing the risk of data breaches.

(*)2 An online database that collects packages of reusable Node.js (a type of JavaScript execution environment). Developers can efficiently build their projects by leveraging existing packages shared in the npm registry.

(*)3 A type of JavaScript library (a reusable collection of multiple highly versatile programs) for building user interfaces.

(*)4 A type of JavaScript framework (a framework that summarizes the functions necessary for program development) for building user interfaces.

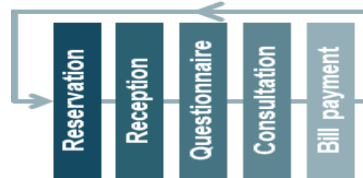
(*)5 According to our research.

2.4 Broader EC : GMO-MR

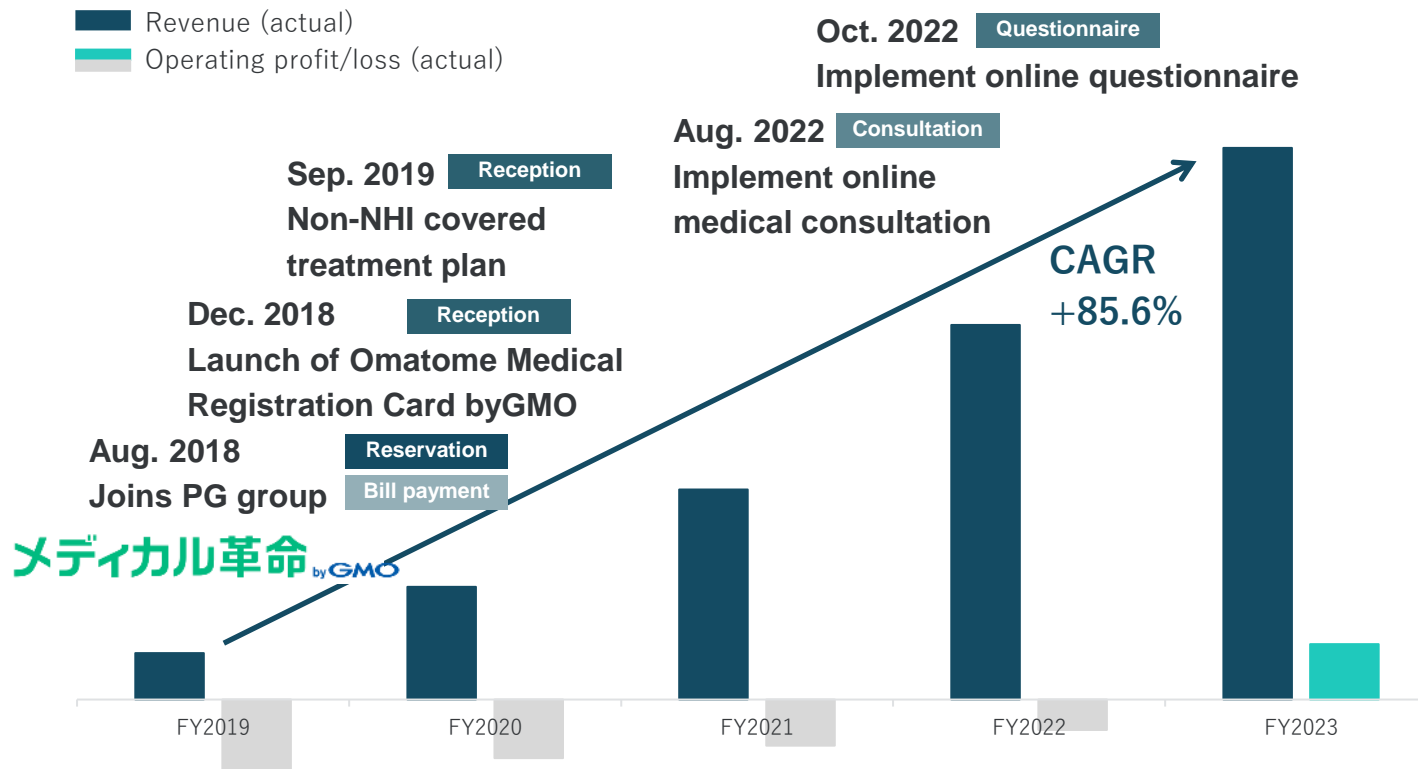
Provides reservation management system to realize operational efficiency at medical hospitals and clinics

Product/Value proposition

A reservation system for medical institutions that provide seamless coverage from reservation to bill payment



GMO-MR revenue and OP (annual trend)



Growth strategy

- Expand target domains
- Expand “reservation+α” product line-up
- Realize synergies with GMO-PG consolidated companies (complements payment processing)

FinTech

C2B : Nationwide medical institutions (200K sites)
B2E : Medical professionals (10.7 mil)*1
TAM*2 ¥5.6 trn

Medical DX SaaS (Vertical SaaS)

B2B : Large medical corporate entities, regional collaboration
TAM*2 ¥200.0 bil

Reservation management SaaS

B2B : Clinics
TAM*2 ¥78.0 bil

*1 Ministry of Health, Labor and Welfare's white paper report "Annual Health, Labour and Welfare Report 2022." *2 Figures are GMO-PG estimates using market statistics.

2.5.1 FinTech: Money Service Business

Money Service Business that contributes to expanding payments

	Service	Related assets	Business Model
✓ GMO Payment After Delivery ✓ GMO B2B Pay On Credit atokara	Pay the sales proceed ahead of the deposit from the consumer	Accrued revenues	<div>③ Fee</div> <div>④ Spread</div>
✓ Early Payment service	Improves cash flows by bringing forward the payment date	Advances paid	④ Spread
✓ Overseas Lending Transaction Lending	Lending of growth funds	Accounts receivable-trade (short term loans)	④ Spread
✓ B2B Factoring	Early cash conversion of accounts receivable	Accrued revenues	④ Spread
✓ Remittance service	Efficient and secure refund and remittance processing	N/A	③ Fee
✓ Instant Salary byGMO	Receive salary at preferred timing	n/a (deposit-type) Advances paid (reimbursement-type)	③ Fee

2.5.2 FinTech: Japan's BNPL Market

Expand business by capturing the Japan's unique BNPL needs

BNPL needs in Japan



Consumer

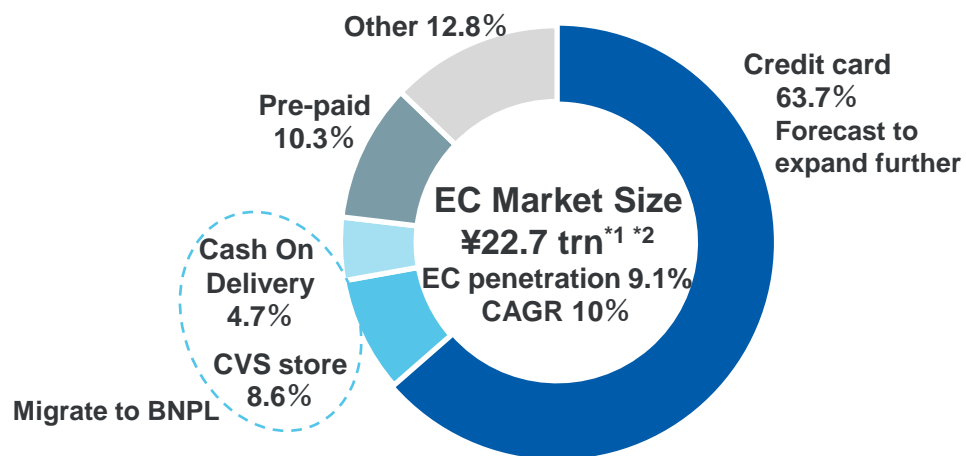
- Receiving goods before payment
- Cash payment
- Manage and control spending
- No face time with delivery person



Merchant

- Widen customer reach
- Means of sales promotion
- Reduce return risk

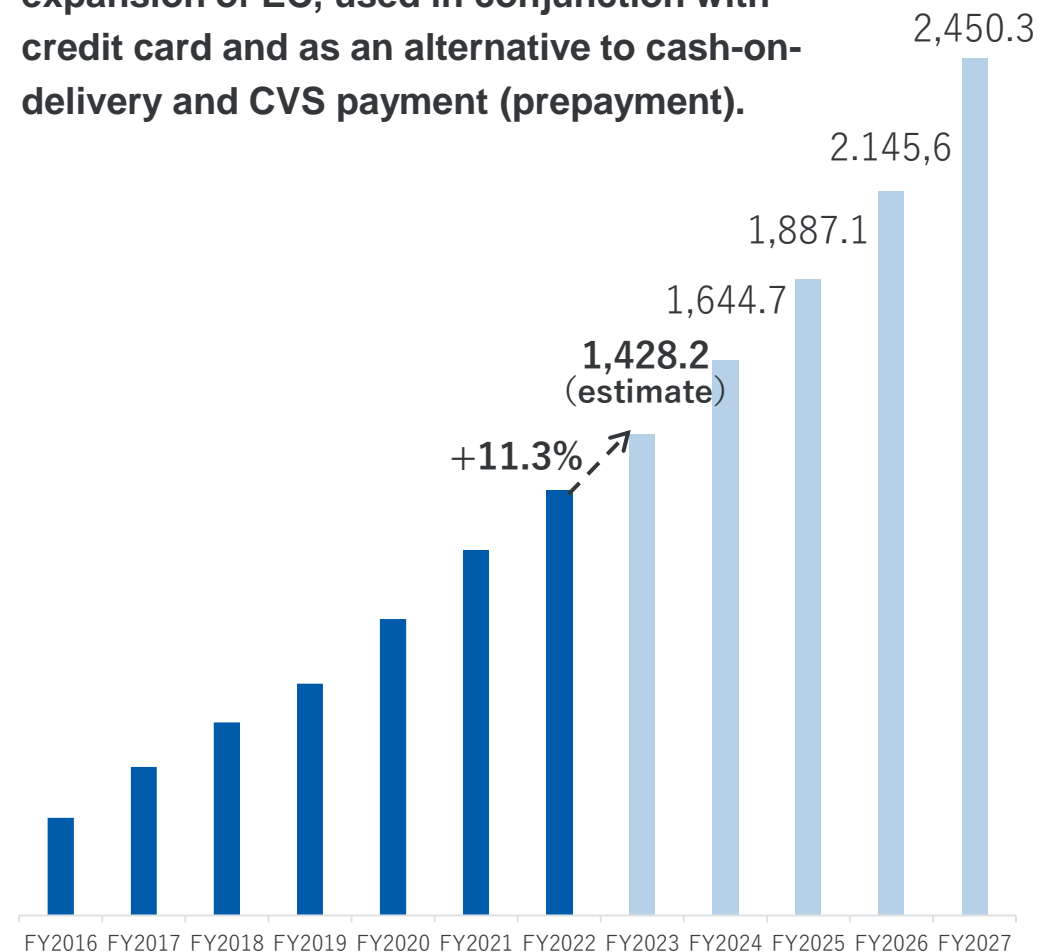
EC market breakdown by payment method (by value)



Outlook of Japan's BNPL market

A growing payment method driven by the expansion of EC, used in conjunction with credit card and as an alternative to cash-on-delivery and CVS payment (prepayment).

(Unit : ¥ bil)

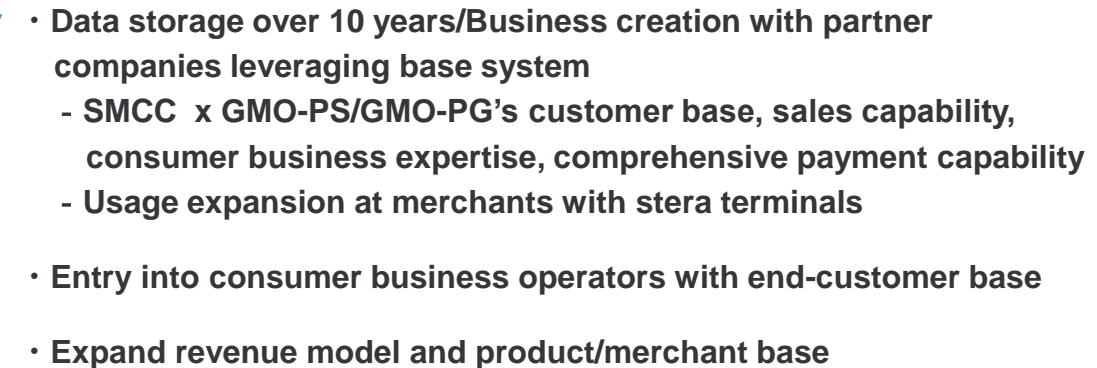


*1 METI "FY2022 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"

*2 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2023" *3 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2024" and "Domestic Cashless Settlement Market 2019." The figure for FY2023 is an estimate, the figures for FY2024~FY2027 are forecasts.

Realize flexible and convenient payment to be used in a diverse purchasing scenes

Significance of new business



Transaction screenshot (membership type/CP transaction)

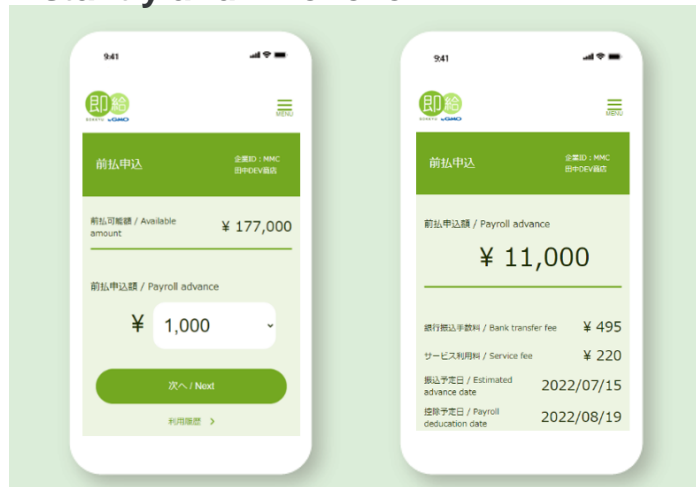


2.5.4 FinTech : Instant Salary byGMO (Salary Prepayment Service)

Be the de facto standard of digitalization and seamless operation in the ¥231 trn salary market

Service

Enables salary for the work completed to be paid instantly and whenever



Value proposition



Supports a sound cash management by employees



Strengthen recruitment + improve employee satisfaction



Reduce man-hours through digitalization of salary prepayment operations

Growth strategy

- Entering into short-term labor market
- Penetration within industry (CVS chain)
- Making inroads into B2E domain

Target market

Salary bank transfer market:

Approx. ¥231 trn

- E-salary payment
- DX of salary operations

Expand scope of salary remittance

Salary prepayment

Users :
Approx. 2 mil people

Major industries : Logistics, security, restaurant, retail, relocation
Type of employment : Staffing service, part-timers, etc.

2.5.5 FinTech: B2E Domain

2024.06.19 **GMO PAYMENT GATEWAY**

Launched a welfare service that allows workers to charge a portion of the amount calculated according to their work Actual to digital money at any time

June 19, 2024

GMO Payment Gateway, Inc.

The GMO Payment Gateway, Inc. (TSE Prime Market: Securities Code: 3769, President & Chief Executive Officer: Issei Ainoura hereinafter referred to as "GMO-PG"), which develops comprehensive payment-related services and finance-related services in the GMO Internet Group), is a part of the amount calculated according to the work Actual (*1). We have launched a welfare service that allows workers to charge digital money at any time.

From Monday, April 22, 2024, the service will be available to Pan Pacific International Holdings Corporation (President & CEO, Representative : Naoki Yoshida hereinafter referred to as "PPIH"), and employees working at 13 companies within the PPIH Group will be able to charge a portion of the amount calculated according to the work Actual to the PPIH Group's original electronic money "majica". The charge amount will be deducted from your salary at a later date.

(*1) There is a maximum amount



GMO PAYMENT GATEWAY

【Background and Summary】

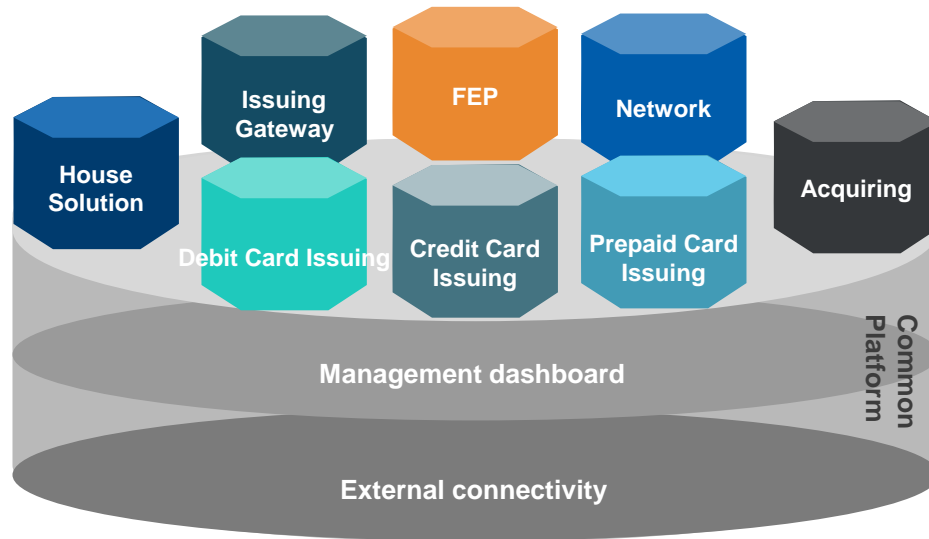
In recent years, the way workers work and the way companies hire have diversified, and a high degree of flexibility in the timing of salary receipt has become required. As the labor force shrinks due to the declining birthrate and aging population, responding to the needs of workers is one of the measures that companies take to secure human resources. Since 2021, GMO-PG has been providing a service that allows employees to use salary equivalent to salary at flexible timings, and more than 6,000 companies have recently introduced it to meet these corporate needs. In addition to the conventional "bank transfer" as a method of using a portion of the amount calculated according to the worker's work Actual, we have added a new welfare service that allows workers to "charge the digital money of the introducing company" at any time.

With the comprehensive discount store "Don Quijote" as its core business category, we have started to provide PPIH with the ability to respond quickly and to various changes in the market with "the ability to respond to change" as a source of growth, and employees working at 13 companies in the Group can transfer a portion of the amount calculated according to the work Actual at the timing they need to "transfer it to their bank account." Alternatively, you can now receive it by "charging to majica", which deducts the amount equivalent to the charge price from your salary. (*2) PPIH will be institutionalized as a new welfare program and will be awarded more points than usual for employees in order to promote the use of majica within the PPIH Group and improve employee satisfaction (ES).

(※2) PPIH Group employees will be charged with majica immediately or on the date of receipt determined by PPIH

One-stop payment solution by leveraging our payment know-how and track record

GMO-PG Processing Platform



【Background】

- Expansion of cashless/DX needs
- Financial services provided by business operators

【Value Proposition】

Freely choose from payment solutions and common platform according to business needs

Revolutionary credit card issuing system “H-ALIS”*



Rollout from Oct. 2023 through collaboration among 4 companies: GMO-PG will carry out development, FEP and sales in Japan

【Background】

Operators have growing need for speedy issuing of various types of credit cards to promote their cashless initiatives

【Value Proposition】

- Enables low-cost and swift credit card issuing
- Seamless system linkage by using API base
- Prompt functional upgrades

* The four companies refers to Hyundai Card Co., Ltd., Bankware Global Co., Ltd., EXA CORPORATION, GMO Payment Gateway, Inc.
FEP stands for Front End Processor and refers to the system required for a credit card company to connect/access an external network.

2.6.2 BaaS/ Card Present IoT

Increase Ginko Pay adopters, interlink each service to create an infrastructure-like service

Ginko Pay

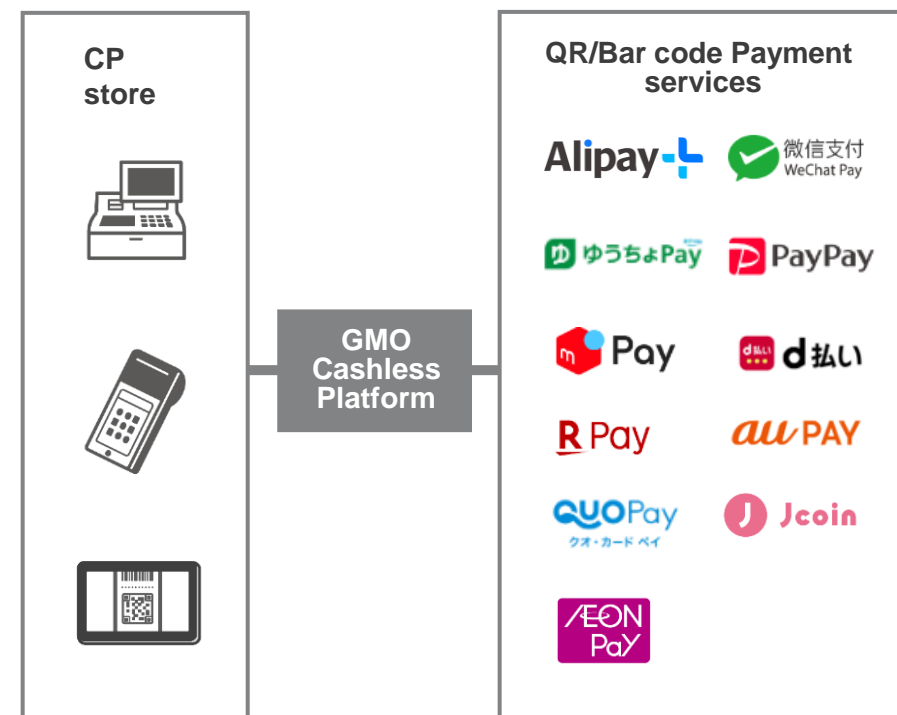
Smartphone-based payment app that allows for immediate debit from user's bank account, marketed to financial institutions



(As of June 30, 2024)

GMO Cashless Platform

Cashless solution for CP stores that offers a package of payments methods including QR/Bar code. Planning to launch new cashless payment method.



2.7.1 Card Present IoT: CP Payment Market

Scale-up business through cashless migration and alliance strategy

CP payment : GMO Financial Gate, one of our Group companies, offers payment terminals for payments made at CP stores.

【Growth factors of the CP market】

Cashless demand arising from diversifying payment method and government promotion measures

Mobile terminal



Embedded-type EMV* terminal



【stera】

Rollout of a new payment product of Sumitomo Mitsui Card Co., Ltd. to provide a one-stop service that handles a variety of payment methods.



stera terminal standard

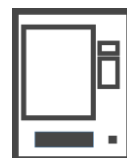
stera terminal unit

stera terminal mobile

stera fasstap

Target: Unattended Market

Vending (Goods)



Ticket



Coffee Machine



Fare Adjustment (Golf, hotel)



Vending (Beverage/Food)



EV Charging Station Parking Fee



Self Check-out



Coin Laundry



Capsule toy machine

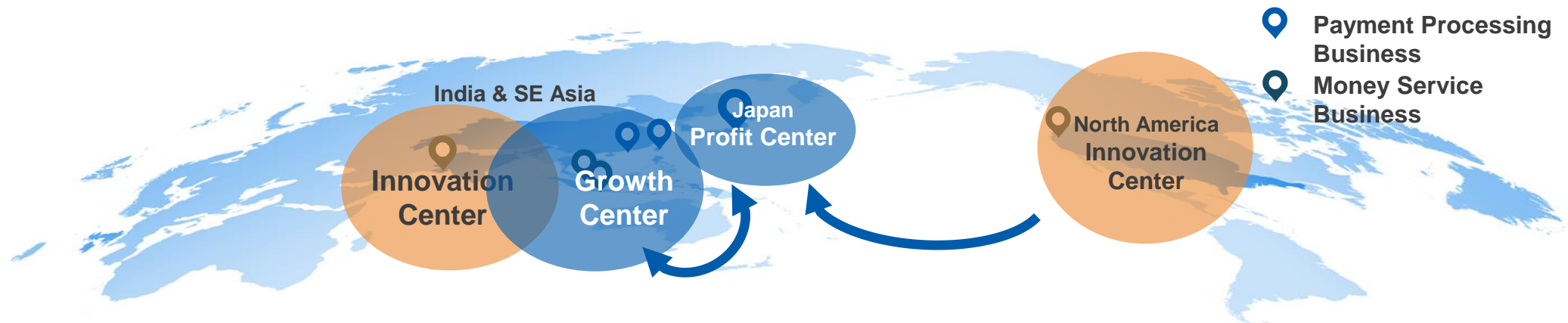


* EMV : Uniform standard for IC-chip embedded credit cards formulated by Visa and MasterCard.

2.8.1 Global: Overseas Strategy

Leverage overseas expertise to focus on growth markets of SE Asia and India

Business Area



Strategy

Payment Processing Business

Collaborate with investee to provide local payment services

Money Service Business

Invest/Lend to key FinTech companies in North America and Asia

- Acquire, introduce and transfer the latest expertise and know-how
- Strengthen relations with borrowers and investees

Payment Processing Business

Money Service Business

Investments and Borrowers^{*1}

Country	Major investees	Major borrowers
	red dot payment ^{*2}	VALIDUS ^{*2} funding societies ^{*2}
	NEWB	
	2c2p ^{*2}	
	Mobikwik Razorpay Bureau greyt	SATYA slice ^{*2} GRO LENDINGKART Revfin NEOGROWTH CreditWise Capital
	finAcel CODA	finAcel investree CROWDE ^{*2}
		bill ease
	APPOTA	
	taulia ^{*2} PayNearMe DRIP/c	DRIP/c flex. ^{*2} reali ^{*2} Vero ATLAS beatBread negotiatius

^{*1} Investment and borrowers of GMO Payment Gateway and GMO Global Payment Fund ^{*2} Already divested and/or investment recovered.

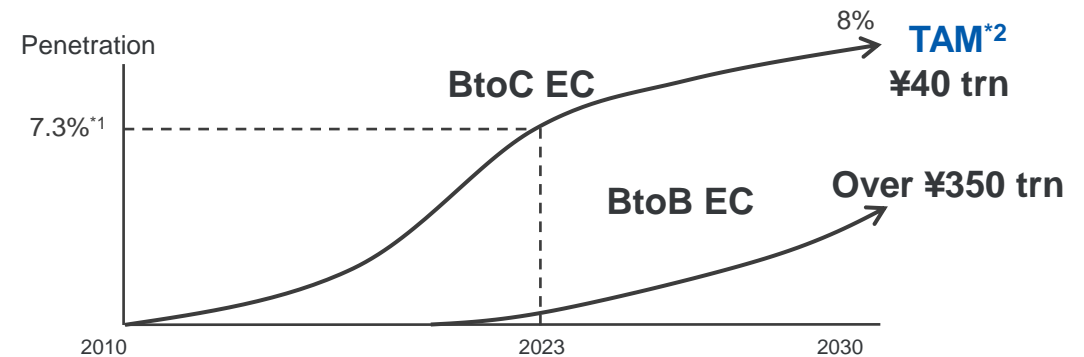
2.8.2 Global: The 20-year Track Record of Overseas Investment Strategy

Major functions shifted to India/Pacific region: Evolving into a credit provider from a payment service provider

Major overseas investment and loan portfolio



Market expansion of SE Asia & India

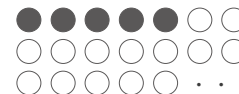


Emergence of high-growth FinTechs

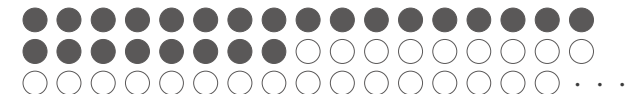


Image of the increase in FinTech unicorns supported by GMO-PG

5 companies



Over 25/Over 50 companies



*1 Calculated using final private consumption and B2C EC penetration rates for both regions

*2 Figures are GMO-PG estimates using GDP forecasts for both regions and B2C/B2B EC market penetration rates for US/Japan

2.8.3 Global : Investment Strategy

Drive investment strategy in payment domain of the huge U.S. Payment market

Aim of a minority equity stake

- Obtaining insights into FinTech
- Creating synergy
- Accelerate investment in U.S. payment area

Our Mid-term Global Strategy

- Leverage FinTech expertise
- Establishment of overseas payment business
- Diversified minority-stake investment to lead to majority-stake investment



Equity investment in Jan. 2024

Our strengths and key features:

- Payment + “invoice/payment management”
- Caters to diverse payment methods
- Cash payment anywhere in USA



Market potential (TAM)

Bill payment market size ¥529 trn ^{*1}



Equity investment in Apr. 2024

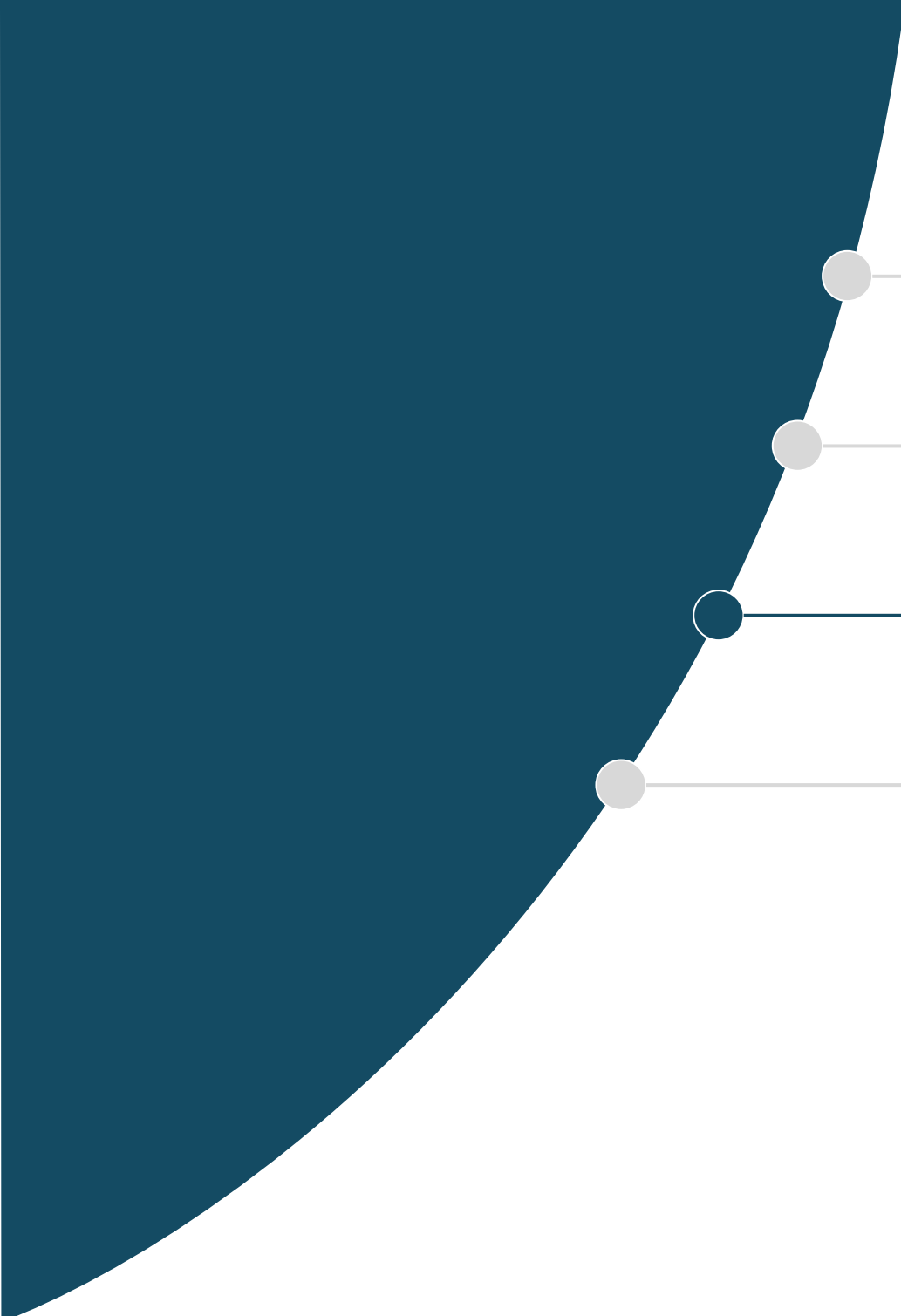
Our strengths and key features:





- Provide trade finance primarily for US-India trades
- Digitalization/automation using AI for credit
- Cumulative loans executed: over ¥600.0 bil

Market potential (TAM)

Trade payment market ¥68 trn ^{*2}

^{*1} Based on PayNearMe estimate. ^{*2} India's total export value based as of 2022 as announced by Directorate General of Commercial Intelligence and Statistics (DGCI&S).

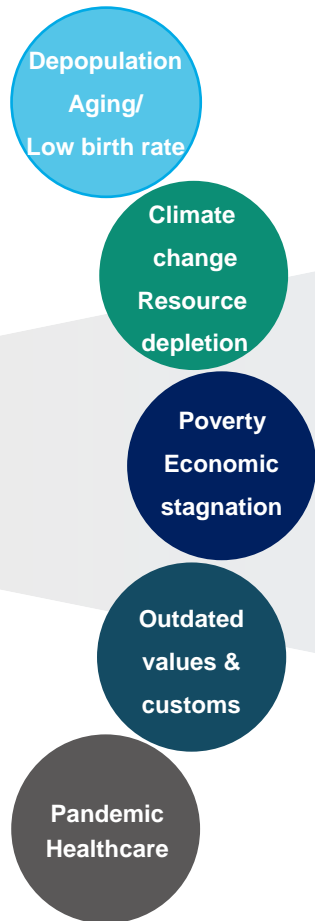


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	2. Focus Areas	p.21
	3. Sustainability	p.42
	4. Reference Materials	p.49

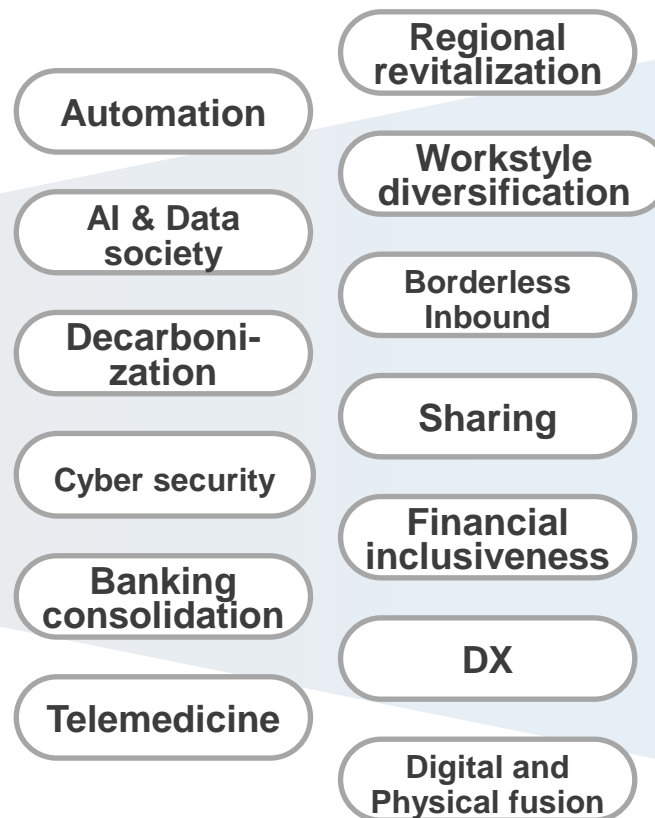
3.1 Business Opportunities Based on Social Challenges and Changes in Environment

Converting social changes to opportunities for payment-related businesses

Social Challenges



Social Trends



Business Opportunities for GMO-PG

Payment related business

Biometric authentication	CRM
Leverage data	Self checkout
Salary prepayment	Interpersonal money transfer
Digital salary	Paperless
Enhanced security	IoT payment
BNPL	Distance based tolling
Microfinance	Embedded Finance
D2C	API
OMO	Online medical service

3.2 Materiality

Identified materiality issues to be prioritized

Social contribution
through the sustainable growth of business centered on payment

① Innovation

～ Social advancement and customer's growth through creation of payment innovations～

Provide a wide array of innovations centered on payment, a necessary step in many economic activities, that support operational efficiencies such as invoicing, cash management and salary payment to enhance competitiveness, thereby contributing to realizing a more convenient and comfortable society by promoting cashless adoption.

② Reliability

～ Sustainable operation of payment infrastructure to support society ～

As a company responsible for the social infrastructure of payment, contribute to safety and security of socioeconomic activities by securing the stability and reliability of our own operations.

③ Decarbonization

～Contribute to the Earth's environment through cashless adoption～

Focus on CO2 emissions reductions through the transformation of paper-based and cash-based processes

④ Human Capital

～Pursue organizational capability that embraces challenge and the commitment to 25% growth ～

Focus on expanding the critically important human capital base as the highest priority organizational undertaking to achieve sustainable growth that can overcome changes in the environment

⑤ Governance

～ Institute a sound and responsible management ～

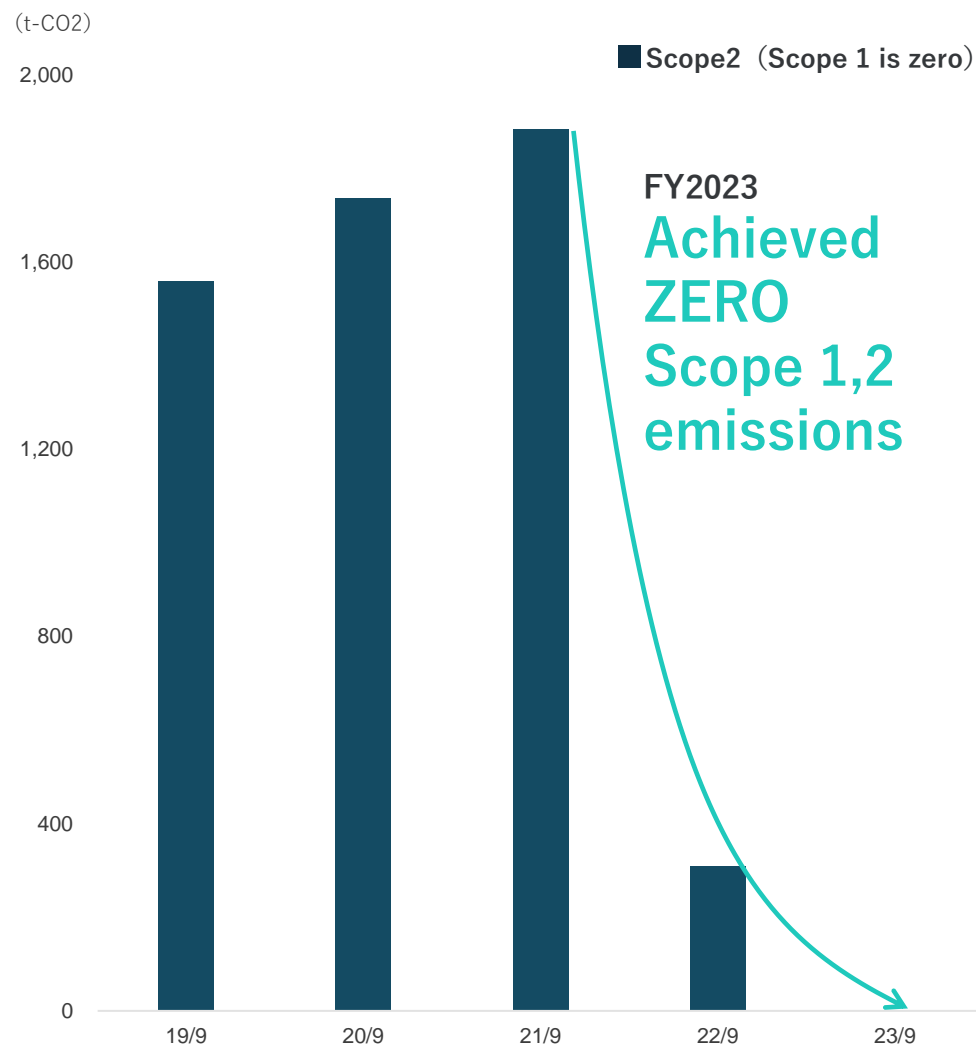
Strengthen governance structure to enhance oversight from external bodies and risk-taking, in order to sustain a sound and high level of growth

Management foundation
to support sustainable growth

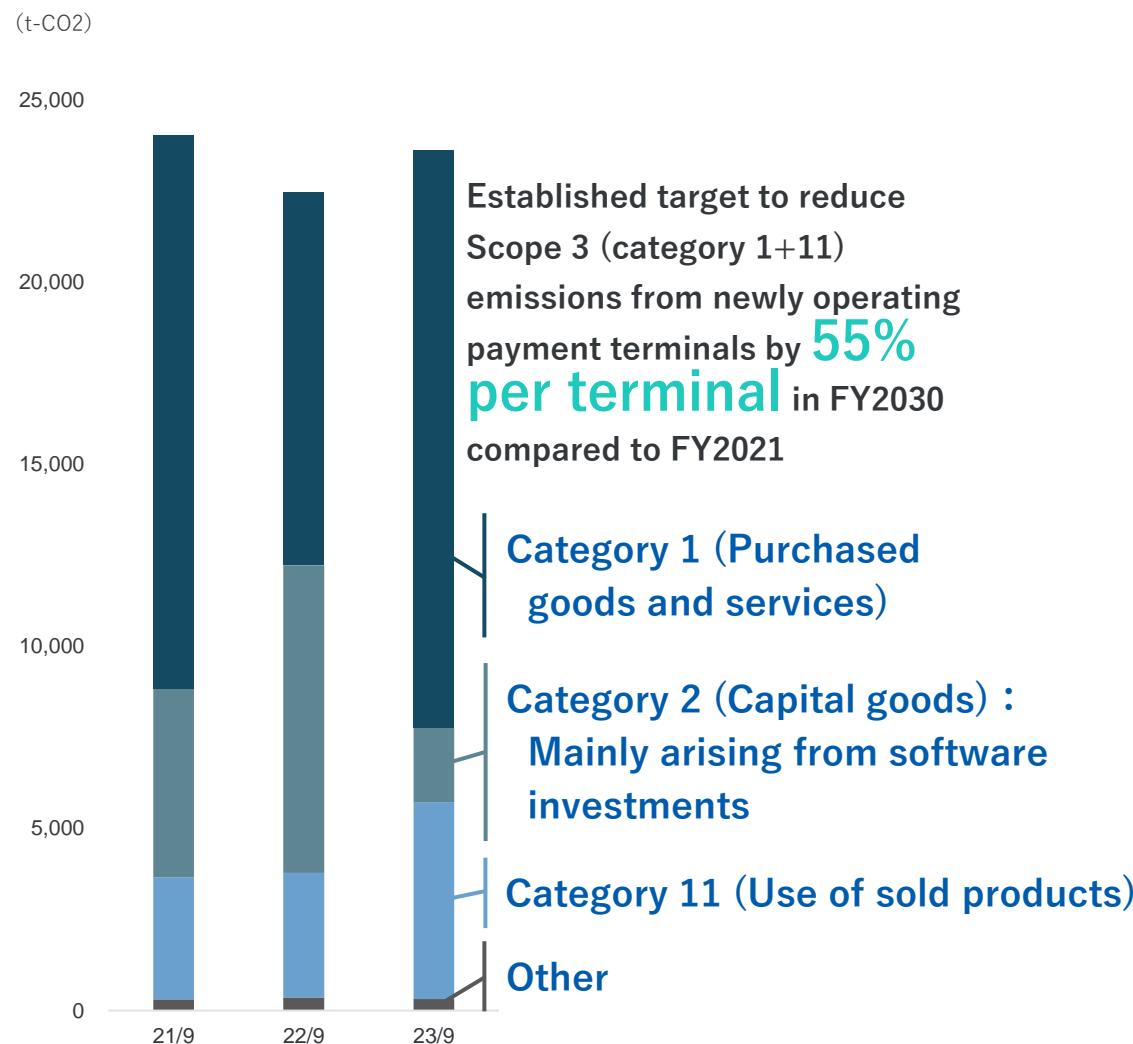
3.3 Environment

Achieved zero GHG emissions (Scope 1,2) in FY2023

GHG emissions (Scope1,2)



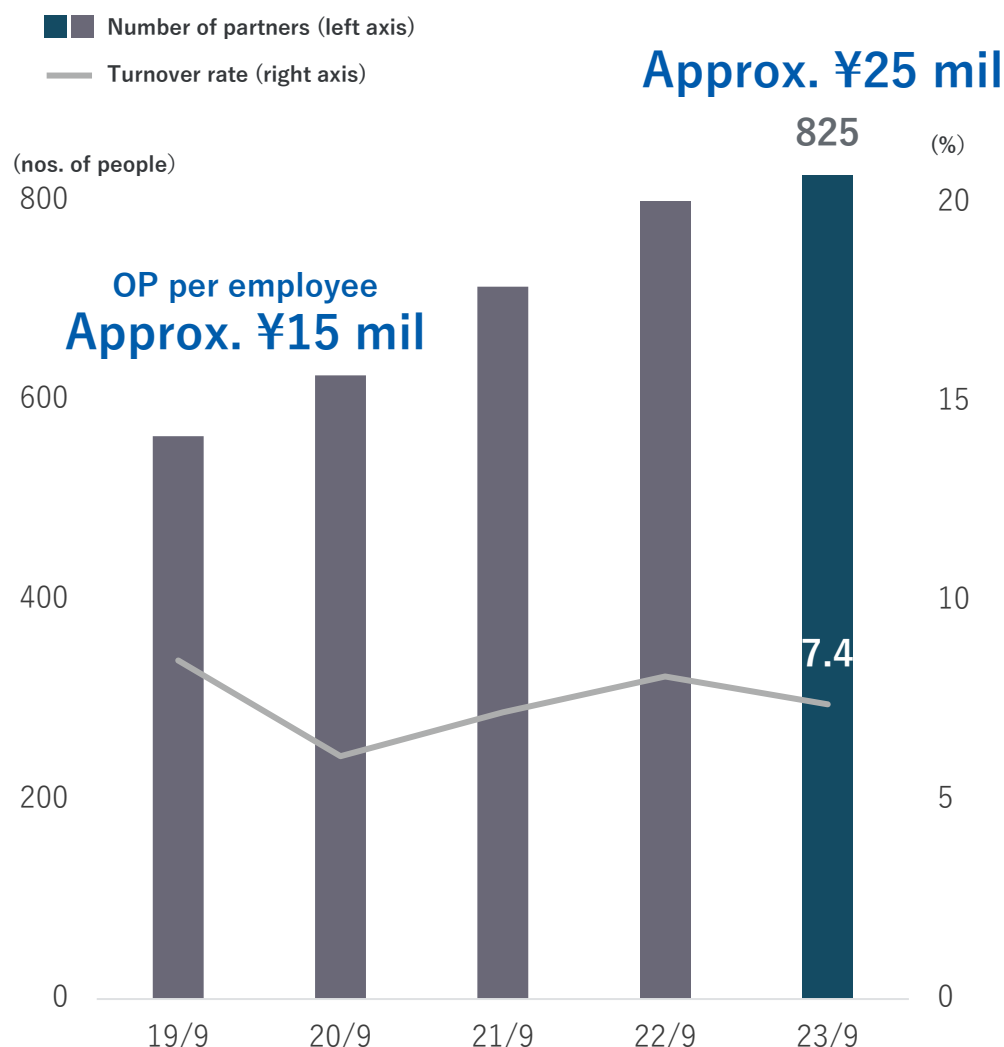
GHG emissions (Scope3)



3.4 Social

Enhance job satisfaction, education and recruitment of good talent, based on our belief that “company = people”

Human capital



External evaluation



Selected for “Great Place to Work Certification” for the 9th consecutive time by Institute Japan’s Great Place to Work[®] survey in July 2023



Certified as company that childcare supporting company (known as “platinum kurumin”) by the Director of Tokyo Labor Bureau, Ministry of Health, Labor and Welfare in June 2024, under the Act on Advancement of Measures to Support Raising Next-Generation Children



Certified as Health and Productivity Outstanding Organization (Large Enterprise Category) for the 2nd consecutive time by The Nippon Kenko Kaigi (administered by METI) in March 2024



Received highest 3-star “Eruboshi” certification as a company promoting the empowerment of women by the Director of Tokyo Labor Bureau, MOHLW in July 2023.



Received Silver Certificate for “excellent health company” by Tokyo Federation of the Federation of Health Insurance Societies in September 2023.

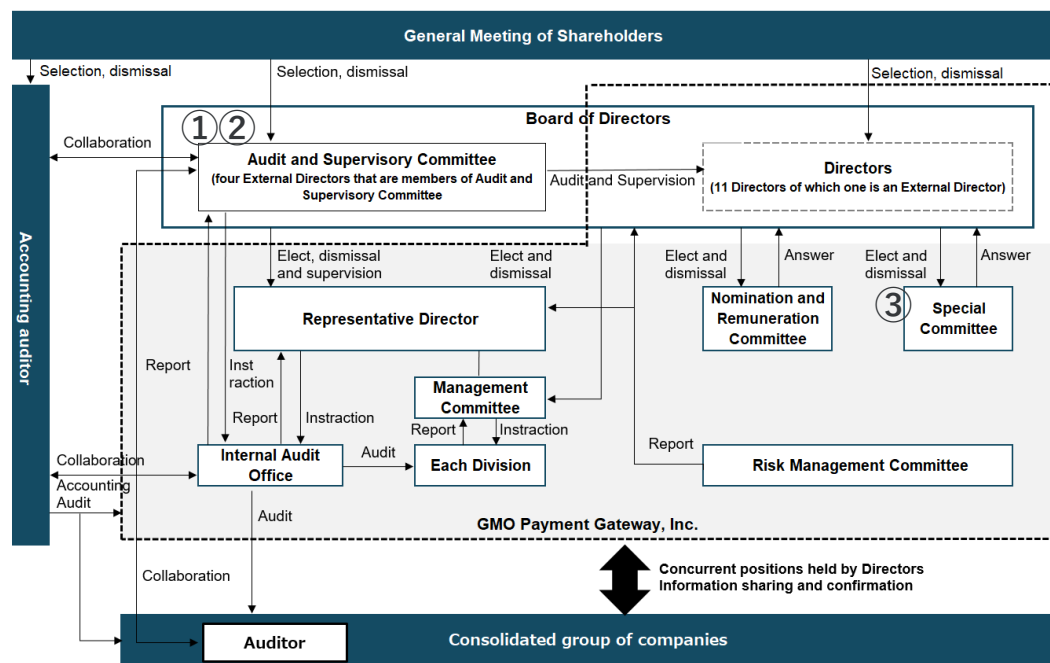


Certified as Excellent Company for Health and Safety by Tokyo Labor Bureau, MOHLW in May 2024.

3.5 Strengthening Governance Structure

Realize medium- to long-term improvement in enterprise value through strengthening of supervisory function of the Board

Corporate Governance Organizational Structure



① Audit and Supervisory Committee

② Proportion of External Directors one third

③ Special Committee

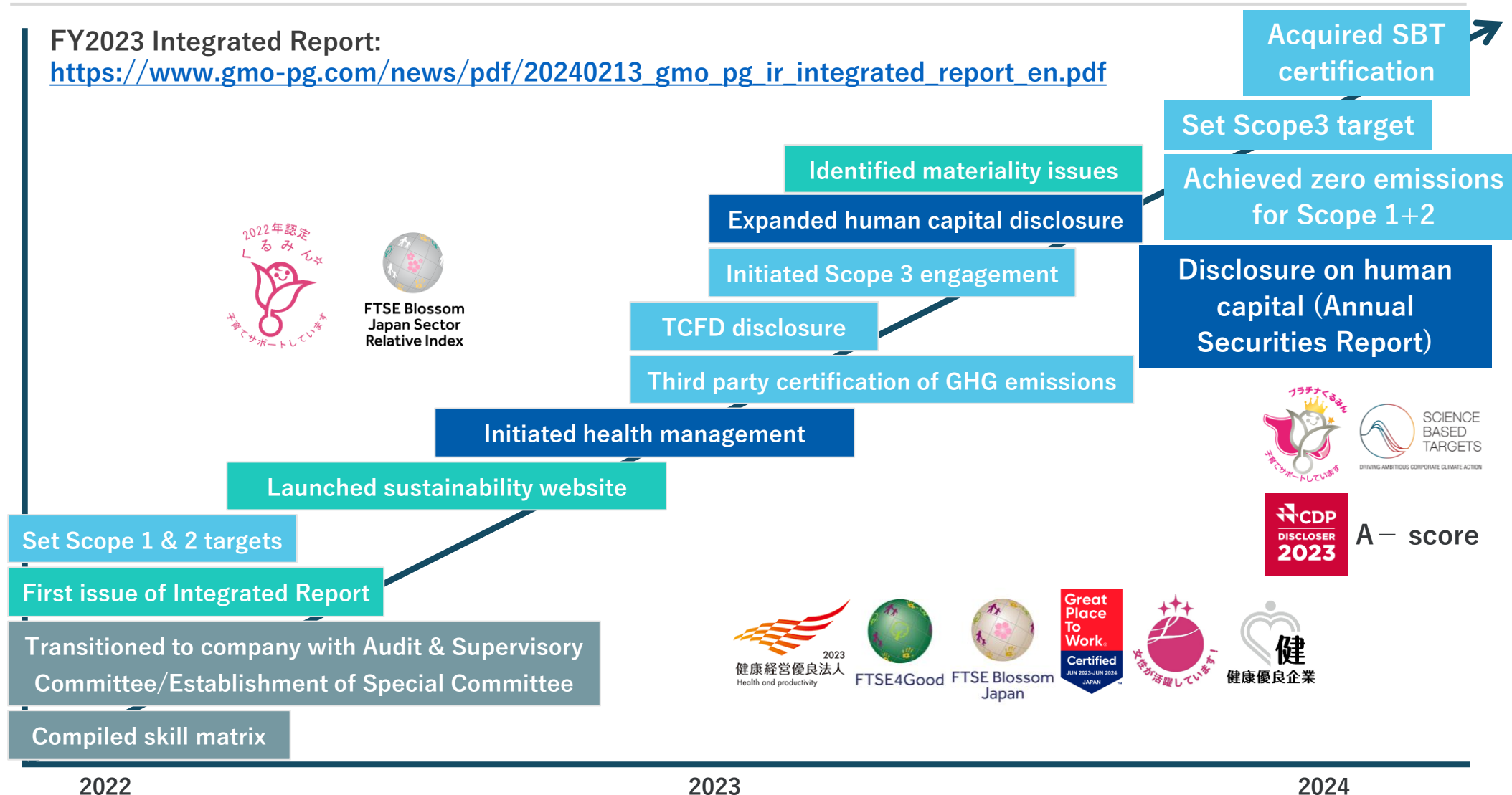
- Comprised of five Independent External Directors
- Strengthen protection of interest of non-controlling shareholder
- Transactions and actions that entail a conflict of interest between controlling shareholder and non-controlling shareholders are evaluated and deliberated at the Special Committee and reported to the Board which is vested to reach a decision



3.6 Sustainability





Driving ESG management to realize a sustainable society and to enhance corporate value

Roadmap of sustainability initiatives and achievements



* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that GMO Payment Gateway, Inc. has been independently assessed according to the criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index.



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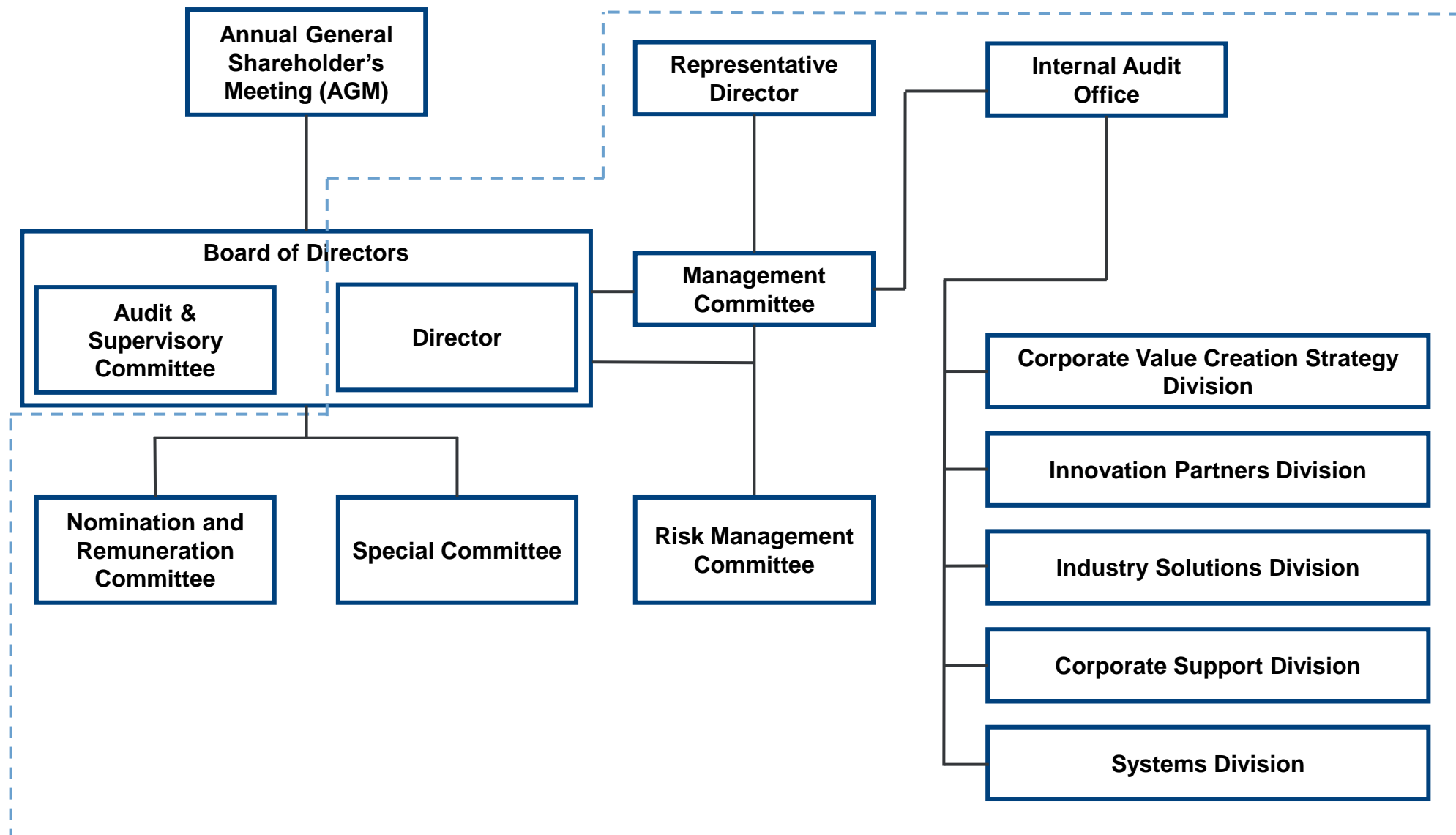
4.1 Company Outline (as of July 1, 2024)

■ Name GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange Prime)	■ Management team Chairman & Director President & Chief Executive Officer Director, Executive Vice President Director, Executive Vice President Director Director Director Director Director Director External Director External Director, Audit & Supervisory Committee External Director, Audit & Supervisory Committee External Director, Audit & Supervisory Committee External Director, Audit & Supervisory Committee Senior Managing Executive Officer Senior Managing Executive Officer Senior Managing Director Senior Managing Director Managing Executive Officer Managing Executive Officer Managing Executive Officer Senior Executive Officer Senior Executive Officer Executive officer Executive officer Executive officer Executive officer Executive officer Executive officer Executive officer Executive officer Executive Officer Executive Officer Executive Officer	Masatoshi Kumagai Issei Ainoura Ryu Muramatsu Satoru Isozaki Masashi Yasuda Hirofumi Yamashita Yuki Kawasaki Teruhiro Arai Noriko Inagaki Takashi Shimabara Fumio Kai Kazutaka Yoshida Kazuhiko Okamoto Yumi Hokazono Osamu Ohkawa Shinichi Sugiyama Tatsuya Koide Yuichi Hisada Takashi Mitani Tomoyuki Murakami Takeshi Yoshii Katsunari Mukai Masaru Yoshioka Kazunari Taguchi Kiyonobu Inayama Shingo Ito Yoshinori Inokuchi Hirofumi Tozawa Yasunori Hatada Mariko Takeda Junpei Kendo Katsuyoshi Sota Takeshi Yoshida Yusuke Nakayama Soichiro Fukuma
■ Date of establishment March 1995		
■ Location FUKURAS office (Head office) SHIBUYA FUKURAS 15F, 1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043 Japan Humax Office Humax Shibuya Building 7F, 1-14-6, Dogenzaka, Shibuya-ku, Tokyo Japan		
■ Capital stock 13,323 million yen		
■ Major shareholders GMO Internet Group Inc., Sumitomo Mitsui Banking Corporation, Mr. Issei Ainoura, etc.		
■ Auditor Ernst & Young ShinNihon LLC		
■ Major consolidated subsidiaries GMO Epsilon, Inc., GMO Payment Service, Inc., GMO Financial Gate, Inc., GMO-Z.com Payment Gateway Pte. Ltd. (Singapore), etc.		
■ Major Equity affiliates SMBC GMO Payment, Inc. etc.		

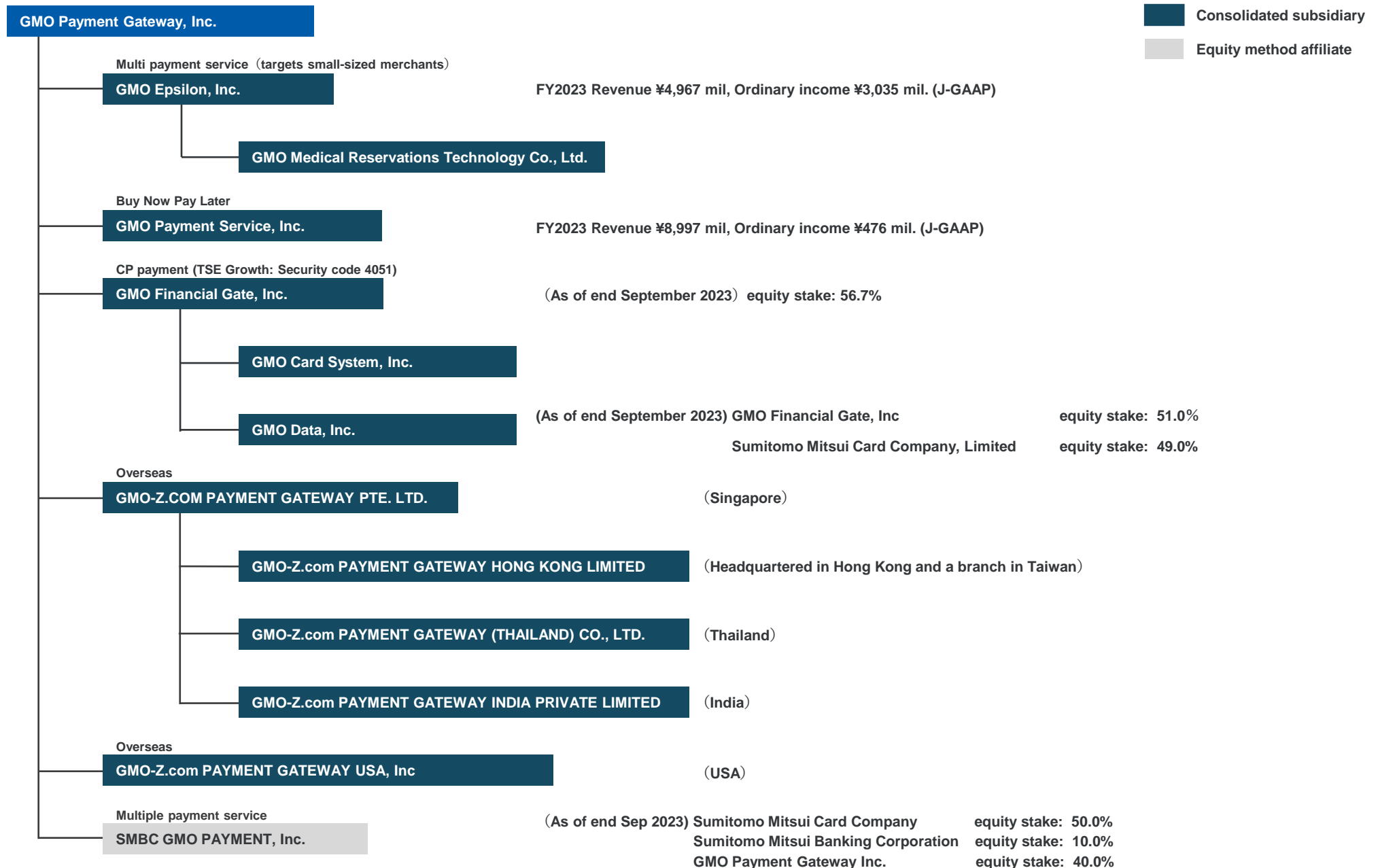
4.2 Organizational Chart

GMO Payment Gateway, Inc.

 GMO-PG internal organizations



4.3 Major Subsidiaries and Equity-Method Affiliates (IFRS Standards)



4.4 Key Characteristics of Payment Business

Stable industry with high entry barriers and low churn rates

High entry barriers

**Regulation
(Amended ISA* etc.)**

- Responding to tightening regulation through repeated amendments
- Merchant management, security enforcement

**Payment company
Network**

- Unique payment practices (huge range of payment methods)
requires transactions with multiple payment companies (page 10)

Business scale

- Scale is key given low ASP
- Merchant acquisition requires development capability, sales capability and track record
- System investment of several billions of yen to maintain stable processing of vast amounts of payment data

Payment system

Low churn rate

**Business
Characteristics**

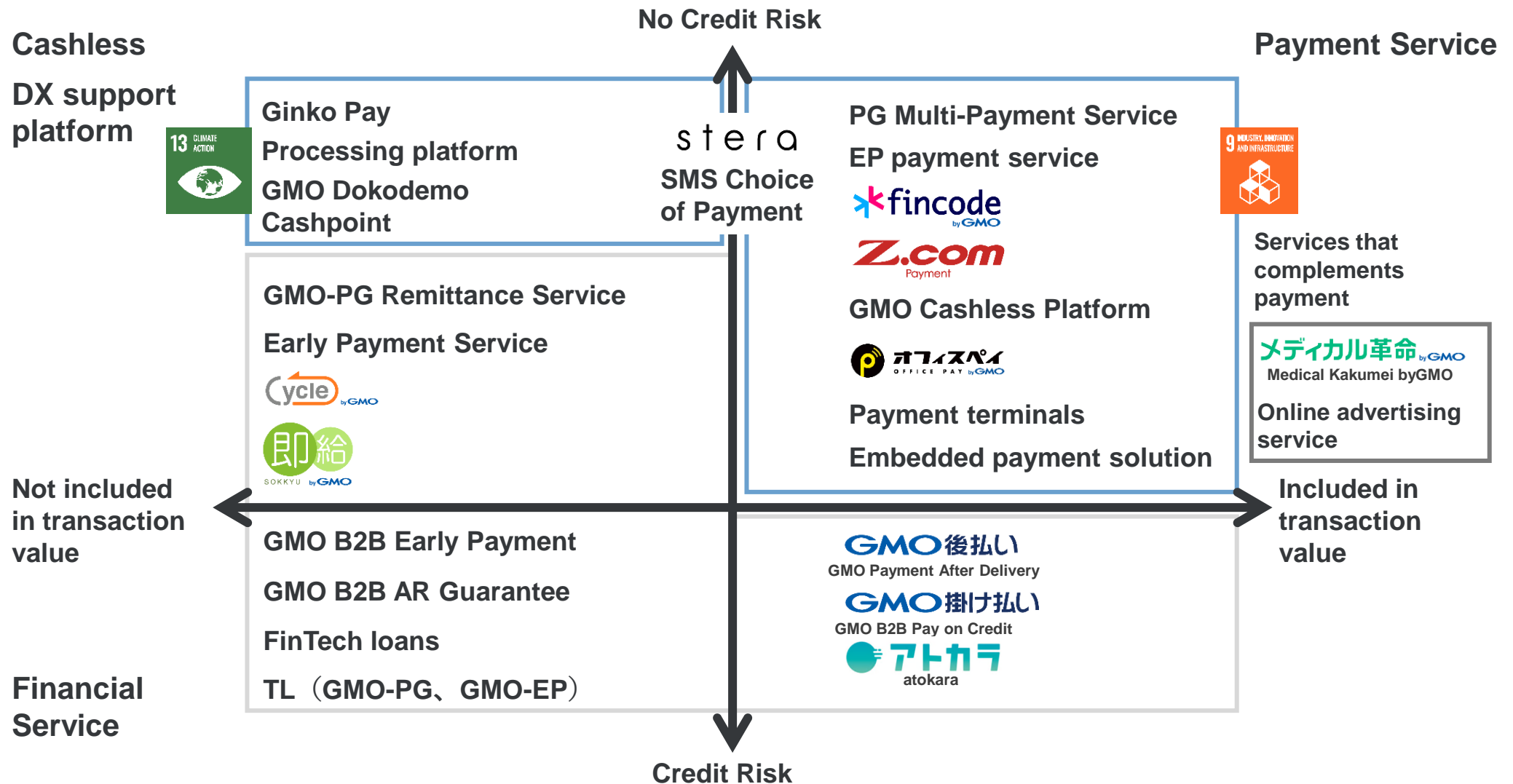
- Payment is a critical operation that cannot be halted
- Sharing of personal information such as credit card information

Initiatives

- Involved in development from upstream level given unique operations/work-flow and needs
- Concurrently provide high-demand financial services

4.5 Product Map

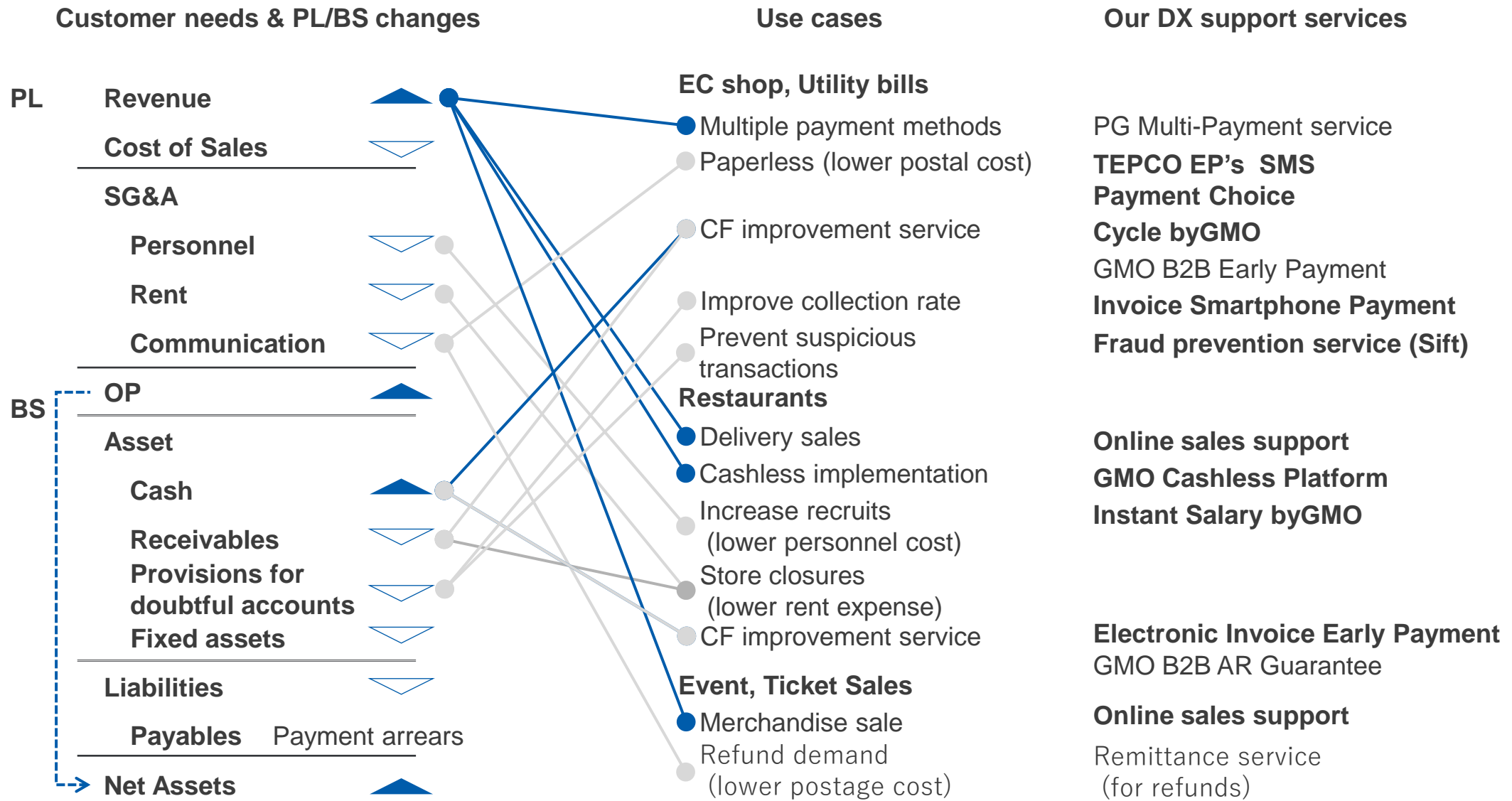
GMO-PG's definition of payment: that which enables the digitalization of money flow



* TL stands for Transaction Lending

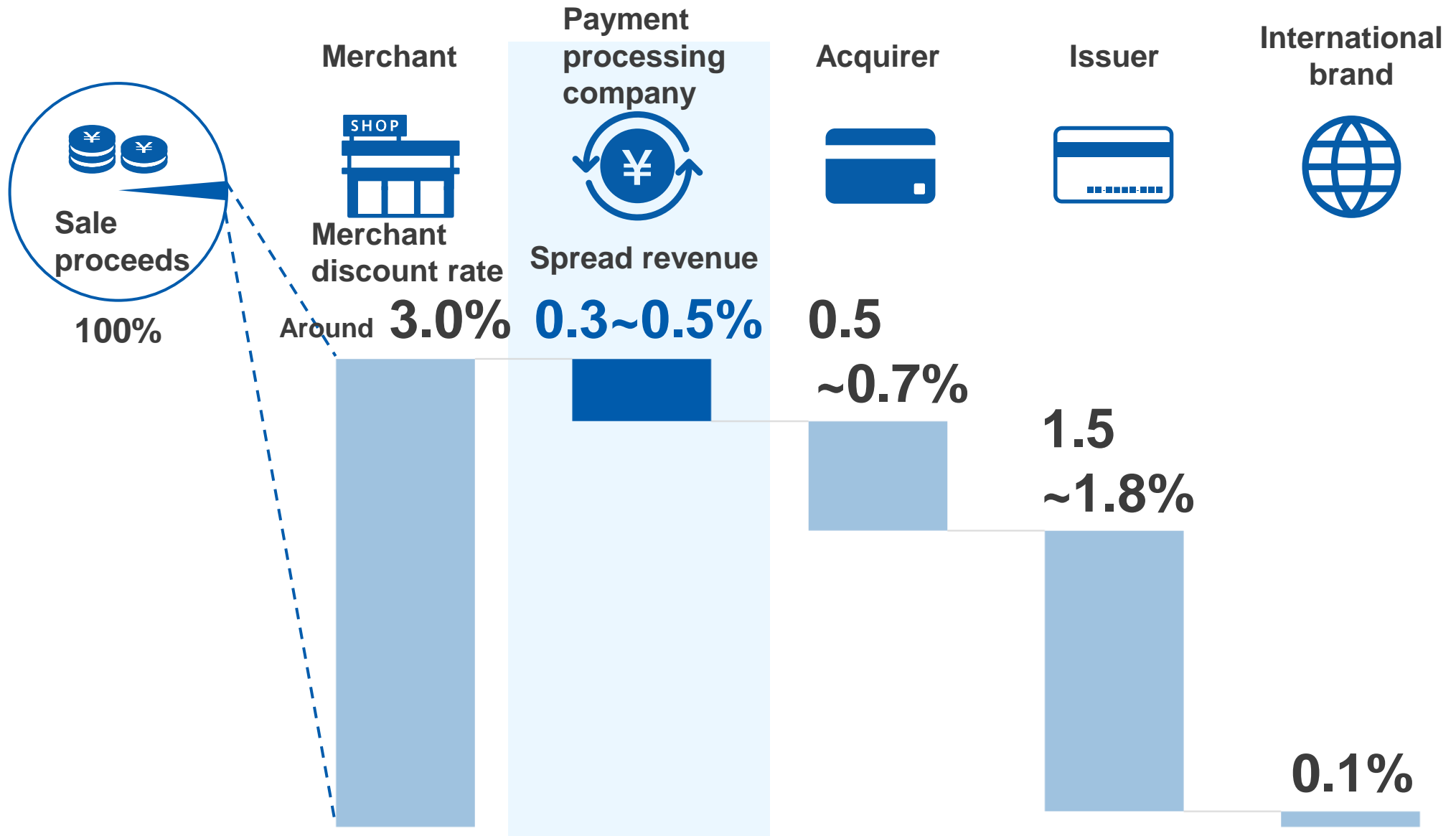
4.6 DX Support Services to Improve Clients' PL/BS

Service line-up that can respond to the diverse clients' needs



4.7 Revenue Structure in the Credit Card Foodchain by Player

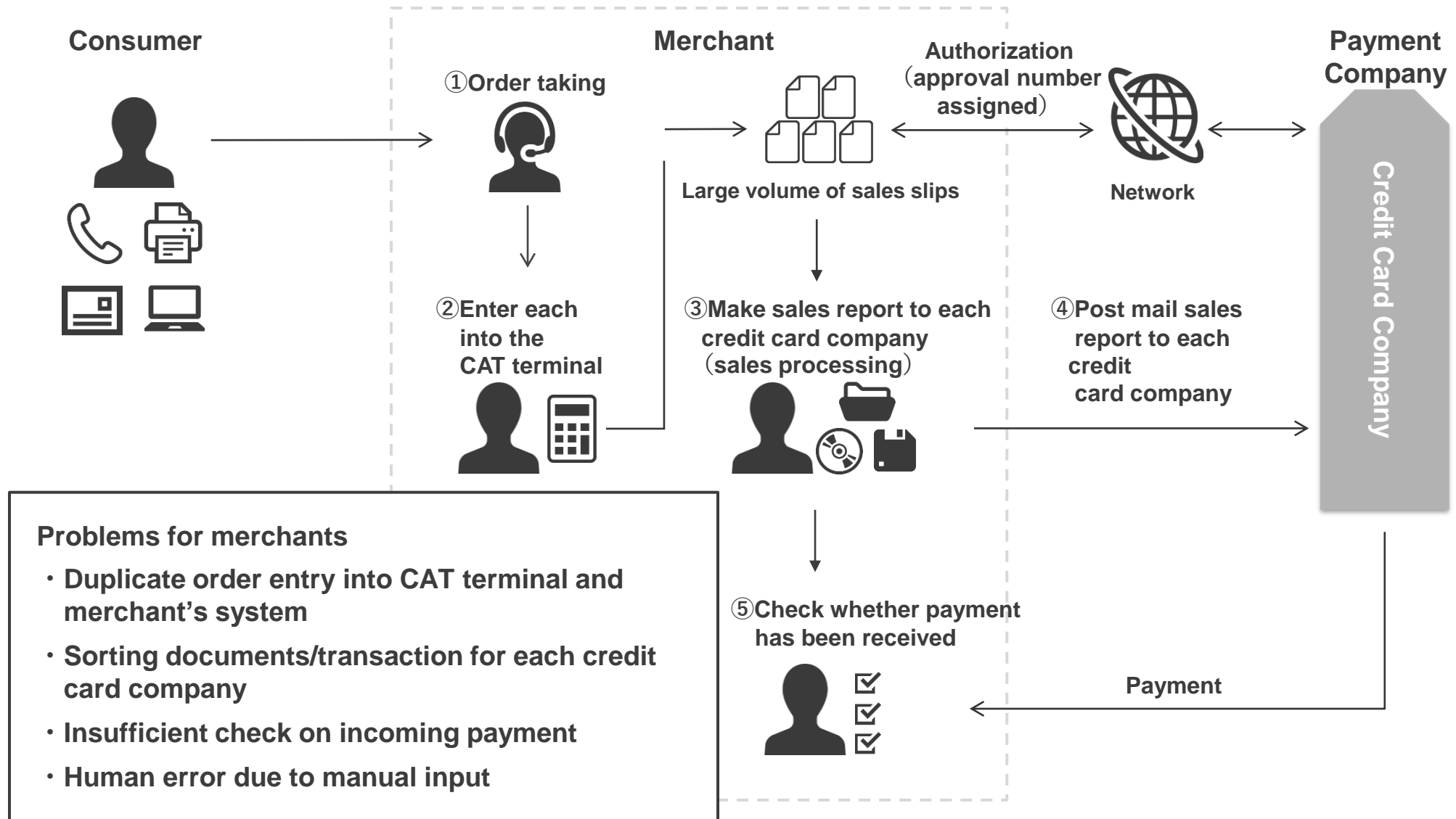
■ Image of revenue structure by player



*Compiled by GMO-PG by referring Ministry of Economy, Trade and Industry's "Review of 4th Discussions, Analysis on Interchange Fee and Initiatives towards achieving paperless operations" (Note: this is an English translation of Japanese title and not the formal title of the original)

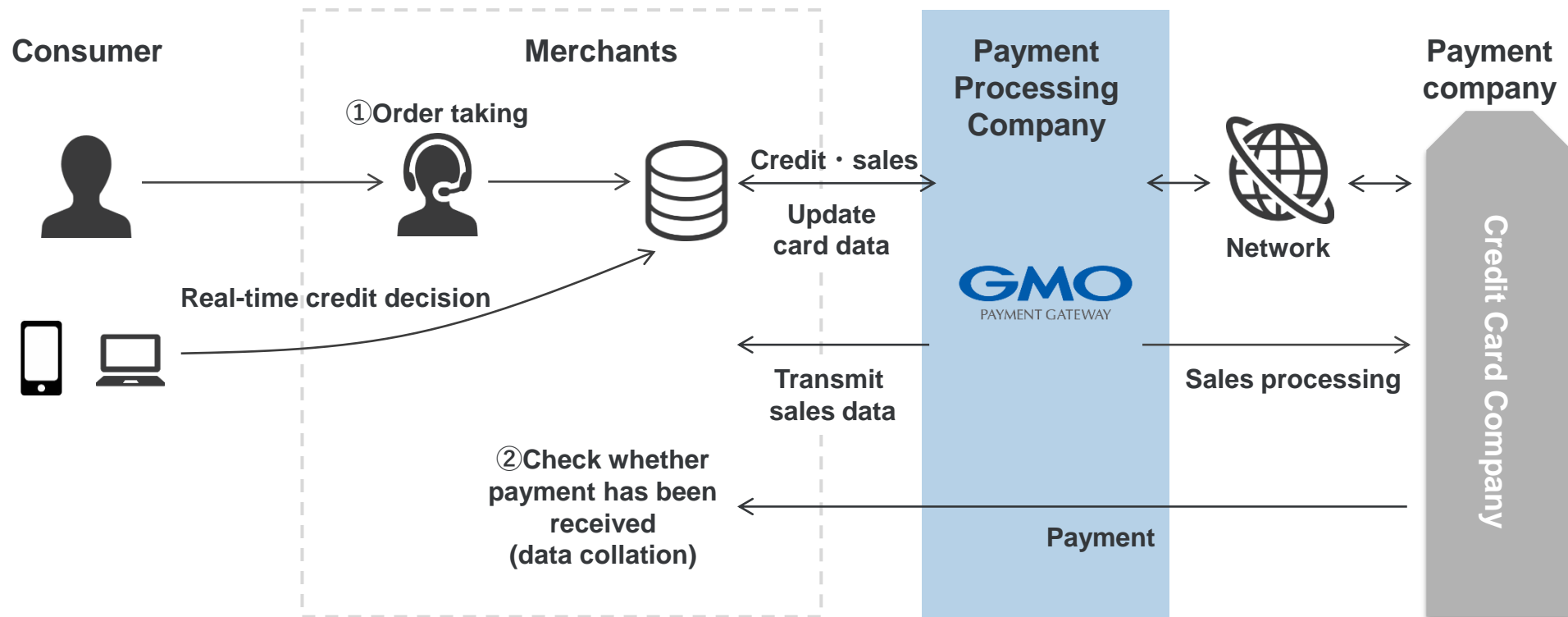
4.8.1 Business Outline of Payment Processing Company (1)

Problems with online credit card payment in the early days of E-Commerce



4.8.2 Business Outline of Payment Processing Company (1)

Payment processing service realizes operational efficiency in credit card payment operations



In the early days of Ecommerce, credit card payment was processed CP between the merchant and the credit card company, resulting in work burden on both sides.

The establishment of payment processing companies eliminated this burden for both parties.