

Financial Results Briefing for Q1 FY2025

Q1 results was ahead of plans; progressing with measures to achieve operating profit CAGR of 25%

**February 13, 2025
80th Investor Meeting**

Note: This is an English transcription of the Japanese-language financial results briefing. Please note that contents have been edited for clarity.

The contents of this document is based on generally recognized economic and social conditions, as well as certain assumptions judged to reasonable by GMO Payment Gateway as of February 13, 2025. Please note that the contents are subject to change without prior notice in the event of changes in the business environment, etc.

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
Merchandise EC	: Apparel, food/beverage, cosmetic/health food, delivery/newspaper, daily goods/office supplies and C2C, etc.
Non-merchandise EC	: Digital content/telecommunication, utility, travel/ticket, insurance, membership fees/services, etc.
PF	: Platform
MSB	: Money Service Business
BaaS	: Banking as a Service
GMP	: Global major players
CP	: Stands for Card Present transaction and refers to payments made at bricks-and-mortar stores by physically presenting a credit card or other non-cash devices.

- 1. Summary of Financial Results for Q1 FY2025**
- 2. Growth Strategy and Initiatives in Focus Areas**
- 3. Sustainability**
- 4. Financial Highlights and Reference Materials**

Mr. Ainoura: I would like to start the Q1 FY2025 financial results briefing. I will be explaining the earnings summary and the growth strategy and initiatives in focus areas will be explained by Mr. Muramatsu and myself.

1. Summary of Financial Results for Q1 FY2025

1.1 Summary of Consolidated Results

Revenue grew 14.1% and ahead of plans, OP grew 24.4%

(¥ mil)	Q1 FY2024 Actual	Q1 FY2025 Actual	% YoY	FY2025 Guidance (1H guidance)	Progress ratio vs. Full year vs. 1H
Revenue	17,785	20,295	+14.1%	83,377 39,130	24.3% 51.9%
Gross Profit	11,547	13,618	+17.9%	52,319 25,073	26.0% 54.3%
Operating Profit	5,830	7,254	+24.4%	30,225 14,977	24.0% 48.4%
Pre-tax Profit	5,919	7,587	+28.2%	28,722 14,290	26.4% 53.1%
Profit Attributable to owners of parent	3,447	4,564	+32.4%	18,511 8,900	24.7% 51.3%
		Operating Stores ^{1,2} IDs ¹ End-Q1 FY2025	Consol. TRX Volume Q1 FY2025 ^{1,3}	Consol. TRX Value Q1 FY2025 ¹	
KPI (% YoY)	Online payment CP payment Consolidated	160,350 stores (+5.8%) 393,379 ID (+20.6%) — —	≒ 1.78 bn (+15.3%) ≒ 0.31 bn (+47.0%) ≒ 2.10 bn (+19.2%)	≒ ¥3.4 trn (+17.9%) ≒ ¥2.1 trn (+37.3%) ≒ ¥5.5 trn (+24.6%)	

¹ The figure for operating stores is for GMO-PG and GMO-EP, and the figures for IDs is the number of terminal-free active IDs for GMO-FG and excludes GMO-PG's GMO Cashless Platform.

Online payment TRX volume and value figures are the sum totals for GMO-PG, GMO-EP, GMO-PS. CP payment TRX volume and value are the sum totals for GMO-FG and GMO-PG's GMO Cashless Platform.

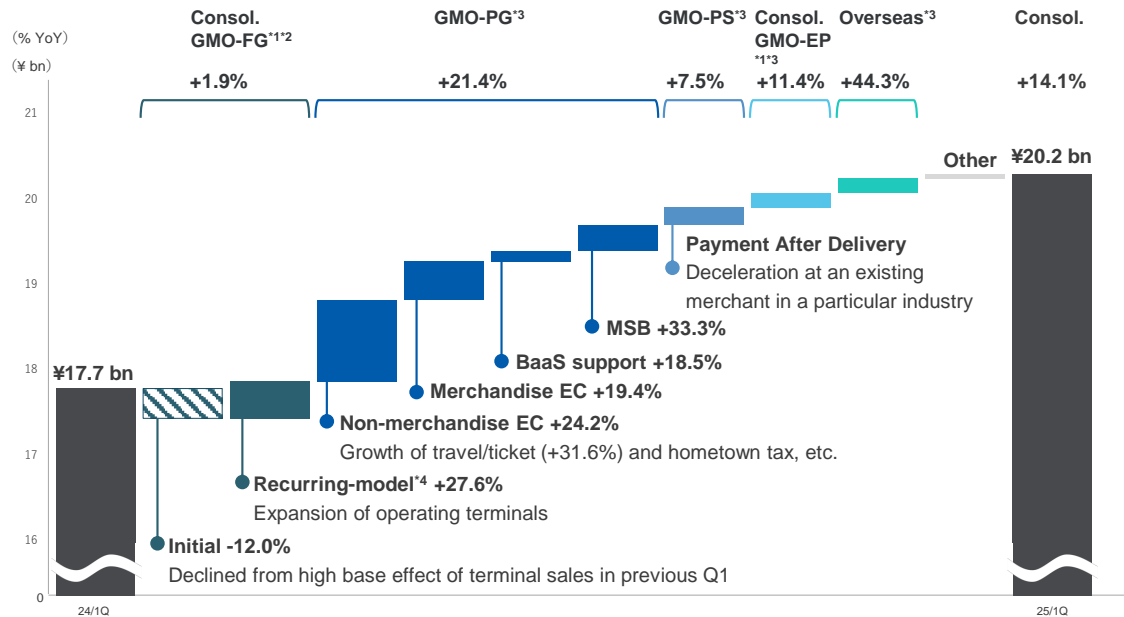
² The standards for recognition of the number of operating stores has been revised from Q4 FY2023. Figures exclude a specific case and firmcode by GMO. If included, the number of operating stores for the same period would be 723,395 stores, up 19.3% YoY.

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

Before explaining the results, I would like to talk about the macro view of our business. As the numbers show, Q1 results made steady progress. These numbers are of course important but first let me step back and talk on the macro view. What we do is identify the business domains to address, i.e. expand our TAM (Total Addressable Market) and then derive revenues from engaging in a sound business and generate profits. This is similar to procurement, investment and profit generation that takes place in a company. We continuously expand TAM by building an ecosystem and derive revenues from the TAM to generate profits. This flow of business activity always exists within a company. A company can be in the phase of expanding TAM, or deriving revenue from it, or generating the profit from the revenues. GMO-PG non-consolidated and major 4 companies are at their respective phase, and the aggregate of all these phases is what you see as the earnings results. Sometimes, the phases are well synchronized and other times, which affects the overall performance. The quarterly result is a snapshot of the phases, and we ask you to keep this in mind. Q1 revenue was ¥20.2 billion up 14.1% YoY, gross profit was ¥13.6 billion up 17.9% YoY and operating profit was ¥7.2 billion up 24.4% YoY. Both the revenue and operating profit were strong and show that results are off to a solid start, which will be explained in detail later.

1.2.1 Waterfall Chart of Consol. Revenue (YoY)

GMO-FG’s initial revenue declined 12.0% from high base effect of terminal sales in the previous Q1



^{*1} Consol. GMO-FG includes GMO-FG and GMO-CAS. Consol. GMO-EP includes GMO-EP and GMO-MR. ^{*2} Figures are taken from GMO-FG's consolidated financial results. ^{*3} Figures are before GMO-PG consolidated eliminations. ^{*4} Recurring-model revenue is the sum total of stock, fee and spread and excludes initial which mostly consists of terminal sales.

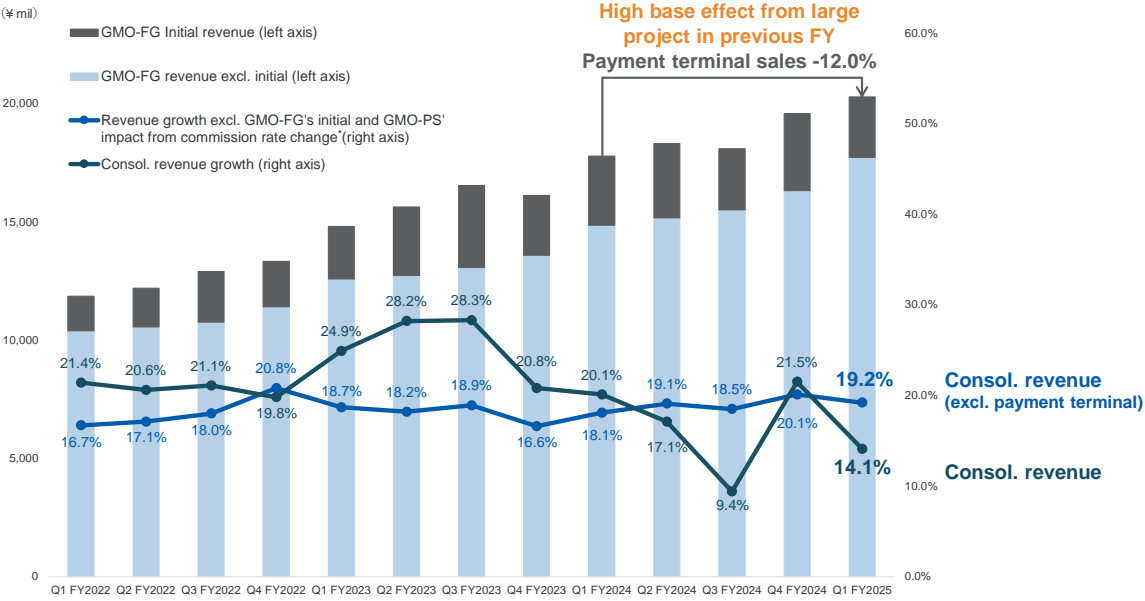
Next slide is on the factors affecting operating profit.

GMO-FG’s business model is in the phase to expand the payment terminal footprint and derive recurring-model revenue from operating terminals and generate profit. GMO-FG is not targeting small-scale shops and focusses activities on acquiring bulk orders from infrastructure-related sectors. Currently, GMO-FG is working to build up the payment terminal pipeline and is in a period of lull for terminal sales. GMO-FG’s initial revenue declined YoY due to the high base effect of the previous Q1 of terminal sales to JTB Corp. Apart from this, each company is growing healthily.

1.2.2 Trend of Revenue Growth

Revenue excl. payment terminals grew stably at 19.2%

Breakdown of consol. revenue and % YoY growth rates (quarterly trend)



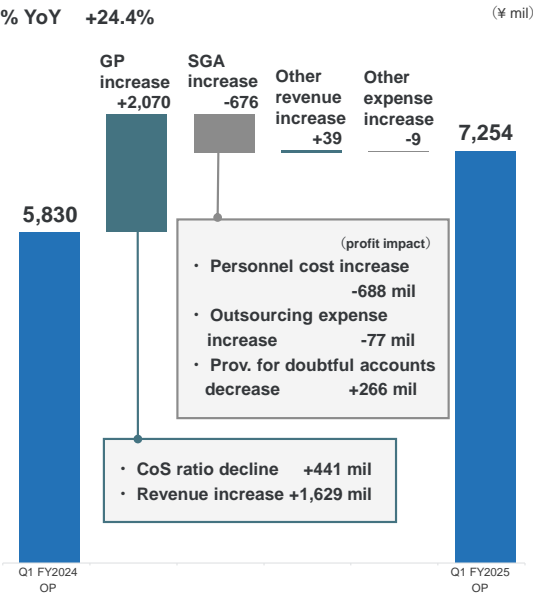
* Figures from Q1 FY2023 show GMO-PS revenues excluding the impact from the increase in convenience store commission rate.

Next slide shows the revenue excluding payment terminal sales, which grew 19.2% YoY and quite close to the 20% growth rate. My impression is that the growth rate is steadily recovering.

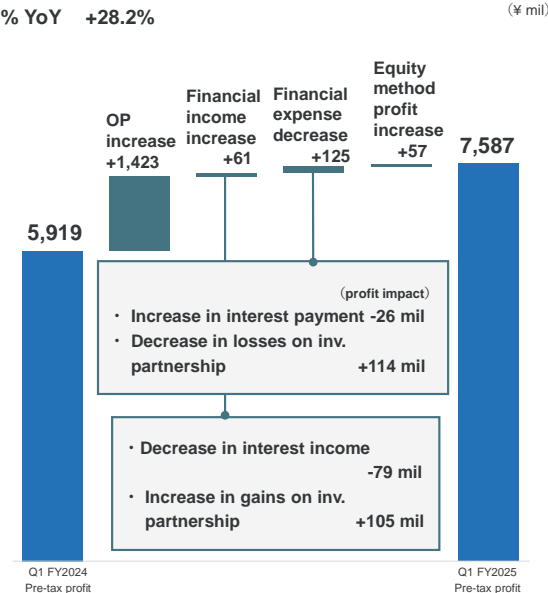
1.2.3 Waterfall Chart for Consol. OP and Pre-tax Profit (YoY)

OP grew 24.4% from increase in gross profit and decline in provisioning for doubtful accounts

OP waterfall chart



Pre-tax profit waterfall chart



* The "+" and "-" sign denote the direction of the impact to operating profit and pretax profit.

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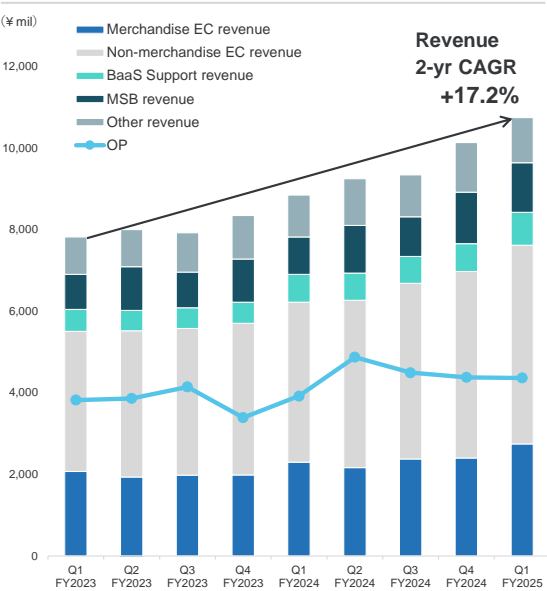
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Next slide shows the consolidated operating profit. As you can see, OP grew 24.4% YoY. Had we wanted to post a 25% growth rate, that would be a mere additional amount of ¥30 million, from ¥7.25 billion to ¥7.28 billion. This means that OP grew 24.4% despite booking SG&A expenses and speaks to the steady progress towards returning to the 25% growth trajectory. Another point is the provisioning for doubtful accounts which uplifted OP by ¥266 million. The fine-tuning of credit control is working well, and we believe that GMO-PS is in the profit generation phase.

1.3.1 GMO-PG Non-Consol. Performance (YoY)

Revenue grew 21.4% from contribution from new customer and growth in payments from existing merchants

GMO-PG non-consolidated revenue & OP (quarterly) ^{*1}



^{*1} Figures for revenue and operating profit are before consolidated eliminations

^{*2} EC market figures are categorized into merchandise and non-merchandise using the Internet expenditure amount per household based on Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey."

^{*3} Figures for BaaS Support present the sum total of Ginko Pay and Processing PF.

^{*4} The revenue figures for some of the scheme is presented on a gross basis and not on a net basis from Q1 FY2024. The % YoY figures are calculated excluding this impact.

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	% YoY		
	Q1 FY2024	Q4 FY2024	Q1 FY2025
Revenue ^{*1}	+13.1%	+21.5%	+21.4%
Online payment	+13.0%	+22.3%	+22.5%
(EC market ^{*2}	+10.5%	+7.1%	+7.4%)
Merchandise EC	+11.0%	+20.8%	+19.4%
(Merchandise EC market ^{*2}	+8.6%	+2.9%	+4.1%)
Apparel	+2.4%	+16.9%	+20.0%
Food/beverage	+15.5%	+19.0%	+17.7%
Cosmetic/Health food	+7.1%	+18.5%	+21.1%
Other	+13.6%	+23.1%	+19.3%
Non-merchandise EC	+14.3%	+23.1%	+24.2%
(Non-merchandise EC market ^{*2}	+13.4%	+12.0%	+12.2%)
Digital content/telecom	+12.4%	+13.8%	+15.0%
Utility	+33.9%	+48.2%	+26.3%
Travel/ticket	+13.8%	+35.8%	+31.6%
Other	+11.4%	+21.9%	+29.7%
BaaS Support ^{*3}	+27.2%	+31.8%	+18.5%
Money Service Business	+6.1%	+19.7%	+33.3%
Remittance service	+6.3%	+16.8%	+30.9%
Early Payment service	+17.5%	+13.9%	+15.5%
Instant Salary byGMO ^{*4}	+35.5%	+90.3%	+105.9%
Other	-16.5%	-2.1%	+23.5%

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This slide shows GMO-PG's non-consolidated performance.

Please see the numbers on the right side. GMO-PG's growth is very solid when compared to EC market growth rate. EC market grew 7% to 8%, while GMO-PG grew 22.5%. Merchandise EC market only grew 4.1% versus our nearly 20% growth. Non-merchandise EC market grew 12.2% versus our 24.2%.

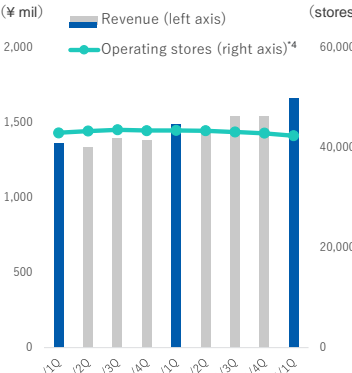
This is due to the contribution from our strong customer base and the increase in new customer acquisition thanks to the sales effort. This is what lies behind the significant outperformance versus the overall market.

1.3.2 Performance of GMO-EP, GMO-PS and GMO-FG (YoY)

EP’s growth recovery continues, PS’ profitability improve and FG impacted from high base effect

Consol. GMO-EP (quarterly)^{*1*2}

	Q1 FY2024	Q1 FY2025
Revenue	+9.4%	+11.4%
OP	+10.6%	+9.9%



Progress in new measures and changes in revenue model saw EP’s non-consol revenue to grow by 8.4%
Expansion of reservation SaaS saw MR growing by 33.4%

GMO-PS (quarterly)^{*2}

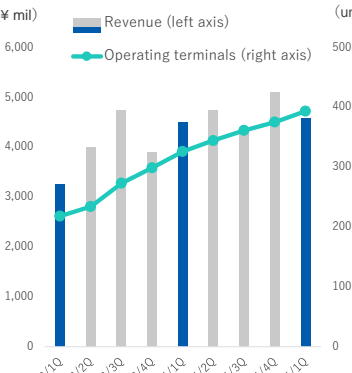
	Q1 FY2024	Q1 FY2025
Revenue	+20.0%	+7.5%
OP	+416.9%	+187.7%



Deceleration of existing merchant in a particular sector.
Profitability improved from higher credit screening accuracy

Consol. GMO-FG (quarterly)^{*1*3}

	Q1 FY2024	Q1 FY2025
Revenue	+37.6%	+1.9%
OP	+71.9%	+69.1%



Terminal sales impacted from high base effect, but recurring-model revenue grew
Initial revenue -12.0%
Recurring-model revenue^{*5} +27.6%

^{*1} Consol. GMO-EP includes GMO-EP and GMO-MR. Consol. GMO-FG includes GMO-FG, GMO-CAS and GMO Data. ^{*2} Figures are before GMO-PG consolidated eliminations.
^{*3} Figures are taken from GMO-FG’s consolidated financial results. Figures up to FY2024 are based on JGAAP, figures from FY2025 are based on IFRS standards.
^{*4} Figures count platform-type stores as one for fincode byGMO. ^{*5} Recurring-model revenue is the sum total of stock, fee and spread and excludes initial which mostly consists of terminal sales.

This slide explains each subsidiary’s performance.

GMO-EP’s product, fincode byGMO is ramping up steadily as well as the optimization of price and costs is gradually leading to a recovery.

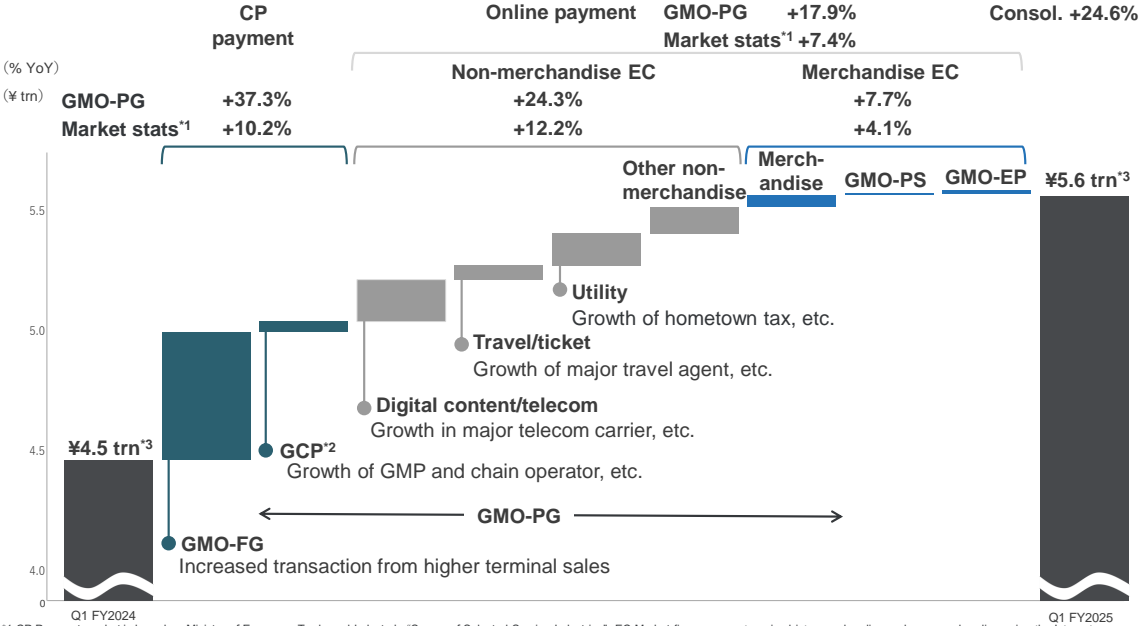
GMO-PS is in a profit expansion phase from the contribution of improved credit screening accuracy.

GMO-FG is in a preparatory phase of expanding their business domain or TAM by working on payment terminal sales projects. Profit growth is coming from the recurring-model revenues. GMO-FG is in a preparatory phase for payment terminal sales.

For all companies – GMO-PG non-consolidated, GMO-EP, GMO-PS and GMO-FG, are engaged in activities according to their respective “TAM⇒Revenue⇒profit” phase. In other words, GMO-PG is showing good performance, GMO-FG is in a preparatory phase and GMO-PS is in a profit generation phase.

1.4 Waterfall Chart of Consol. TRX Value (YoY)

Increase of ¥1 trn YoY from above-market growth of CP and online



^{*1} CP Payment market is based on Ministry of Economy, Trade and Industry's "Survey of Selected Service Industries". EC Market figures are categorized into merchandise and non-merchandise using the Internet expenditure amount per household based on Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey."
^{*2} Figures for CP Payment market show the % YoY growth for the period from October to November, as December 2024 data is not available as of this writing.
^{*3} GMO Cashless Platform. ^{*3} Rounded off to nearest trillion of yen.

This slide explains the transaction value. The key message here is that transaction value for the 3-month period increased by ¥1 trillion, from ¥4.5 trillion in the previous Q1 to ¥5.5 trillion in the current Q1.

2. Growth Strategy and Initiatives in Focus Areas

2.1 Expansion of Business Domains

Aim for OP 25% CAGR by expanding TAM by entering new domains

	2005		2025		Going forward
TAM	B2C EC ¥3 trn	60 times	¥180 trn* + Wholesale domain ¥56 trn	2.6	
			Corporate card ¥6 trn	2.3	
			Education domain ¥5 trn	2.10	
Revenue	¥1.3 bn	64 times	¥83.3 bn		
OP	¥0.3 bn	100 times	¥30.2 bn		CAGR 25%

* Figure presented is a sum total of the size of each target market.

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This is the main slide. I have explained earlier about the “TAM⇒revenue⇒profit” phases. It is now exactly 20 years since we listed on the stock exchange in 2005. The B2C EC market size was only ¥3 trillion at the time of listing and we were only engaged in credit card payment processing service. We consciously expanded the ecosystem while being aware of the new business’ consistency and relatedness; what TAM we enter/address is very important. The key determinants are the consistency of business’ and the strong interrelatedness [with payment] in deciding where we expand the business domains into, and, therefore, the TAM expansion.

This slide examines the correlation between the TAM, revenue and profit. The size of markets addressed is ¥180 trillion, which is 60 times larger than what it was 20 years ago. Revenue shows a prorated increase of 64 times from ¥1.3 billion to ¥83.3 billion (guidance). In hindsight, that means the multiplier for TAM and revenue has been correlated or prorated. This is because the business’ consistency and interrelatedness had been emphasized in expanding the TAM.

I had made a promise to the equity market 20 years ago to grow operating profit by 20% YoY. If you do the math: 1.25 raised to power of 10 is approximately 10. 1.25 raised to 20 is approximately 100. And 1.25 raised to 30 is approximately 1,000. Twenty years ago, operating profit was ¥0.3 billion and we are guiding ¥30.2 billion in FY2025, which is 100-times, implying an average growth of 1.25 over 20 years.

Going forward, I intend to manage the company so that TAM and revenue growth are correlated, i.e. they grow by the same multiplier, and for operating profit to have an even higher multiplier.

One point I would like you to understand is that as the business scale increases, the system development lead time becomes longer. This causes a period of lull which can cause the actual growth rate to meander somewhat from tracking a clean quadratic curve. Also, note that there are several companies involved.

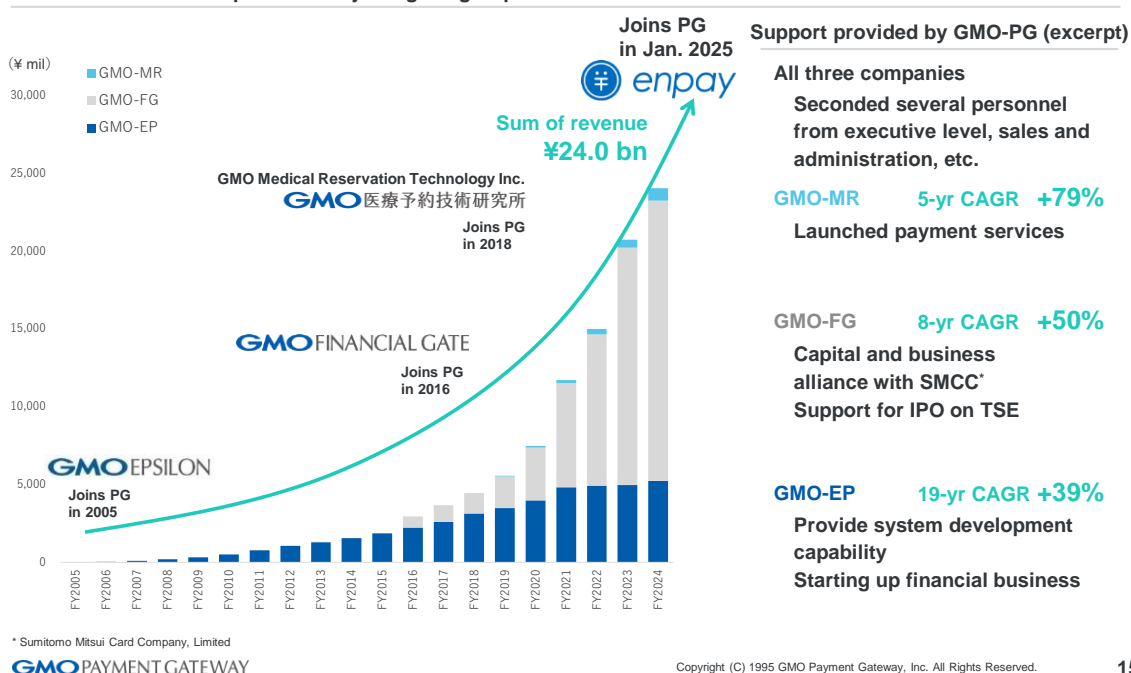
Nonetheless, the important point is how to build out TAM with the revenue growing at the same pace and operating profit growing at a higher pace.

This fiscal year, we will incorporate an incremental ¥60 trillion of new business domain into the TAM. And, in around 3 years we hope to have TAM reach about ¥300 trillion. And we intend to grow revenue and operating profit that is correlated to TAM growth.

2.2 The Fruits of Joining the PG Group

enpay joins PG group in January 2025; accelerate growth by creating synergies

Revenues of three companies after joining PG group



The question is the methodology used to expand TAM. One method is to create or build and create new businesses in-house. The second method is business alliance, such as with SMBC (Sumitomo Mitsui Banking Corporation) and Mizuho Bank, to whom we are very indebted. This method is to expand business domains by leveraging alliances.

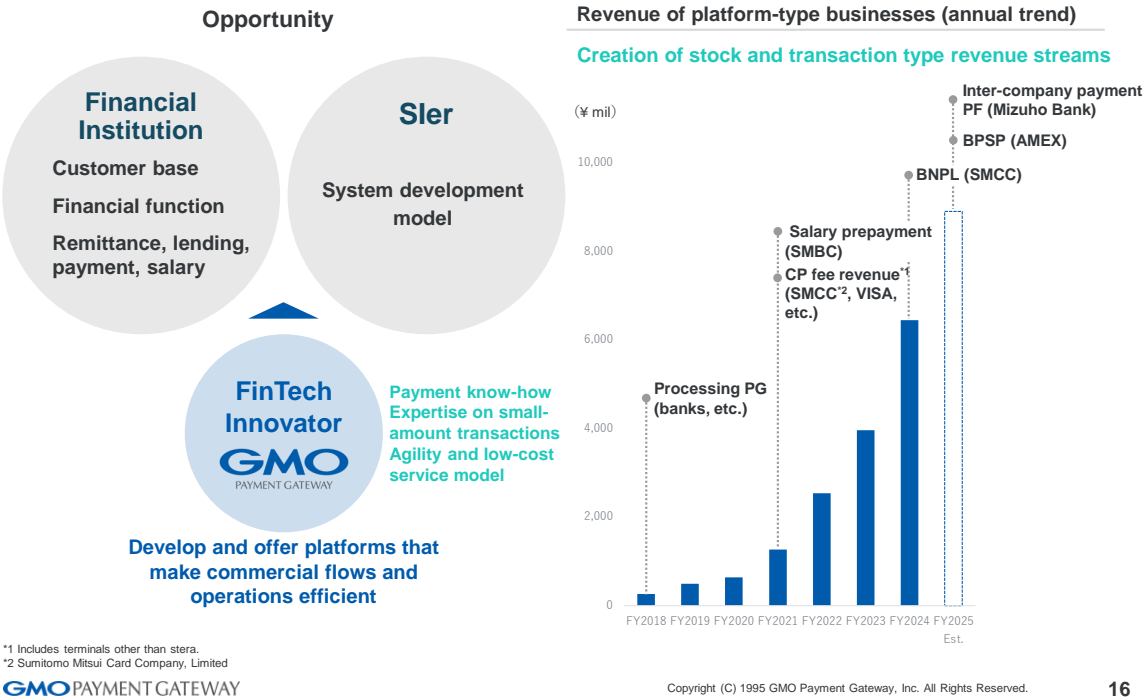
Third method is M&A – to increase our family members, as we call this – as the means to expand our business domain.

This slide shows how the family members have increased and their performances. We acquired Epsilon from Skymark Airlines Inc. and then acquired the CP business from Hitachi which built the foundation of GMO-FG's CP payment processing business. GMO Medical Reservation Technology Inc. (GMO-MR) and the recent acquisition of enpay are both independently owned companies that are expected to expand the business domain.

The right side of the slide shows the performance after becoming a family member. GMO-MR's 5-yr CAGR is 79%. Let me stress this point: this is not a 79% growth over a 5-year period but an average 79% growth every year for 5 years consecutively. GMO-FG's 8-year CAGR is 50% per year and GMO-EP's 19-year CAGR is 39% per year. In hindsight, these are phenomenal growth rates.

2.3 Buildout of Platform Business

Develop and offer platforms that supports financial business innovation



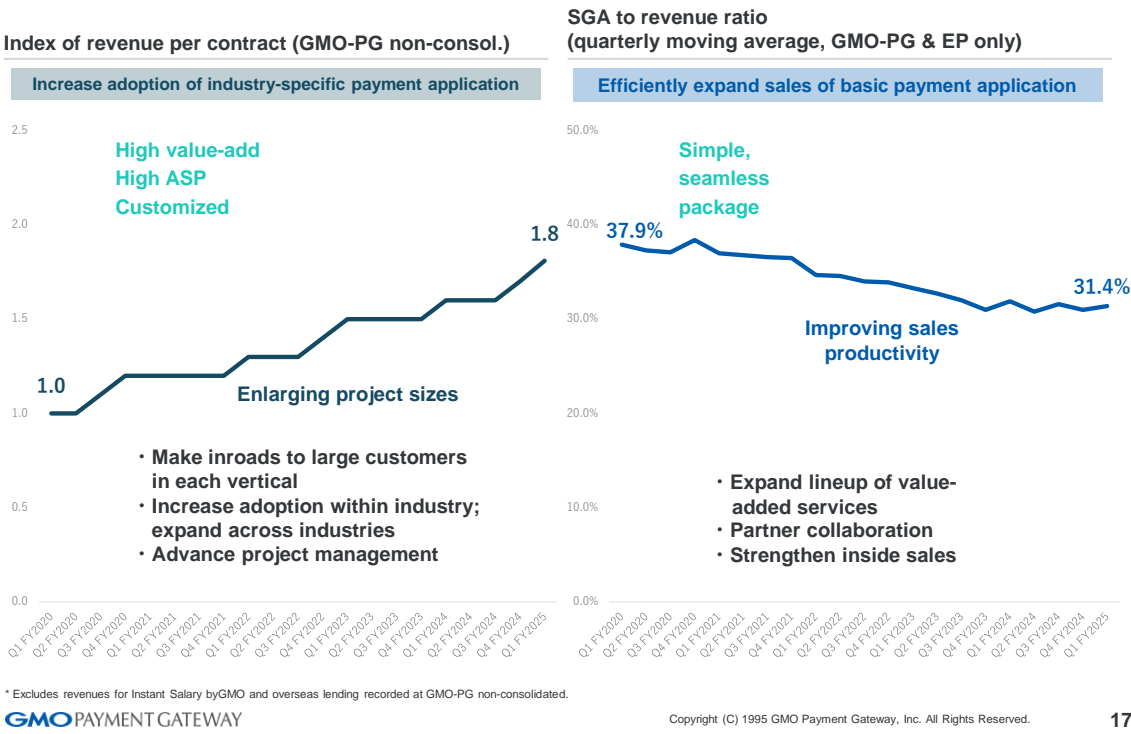
This slide explains financial business, which I am focusing on.

The 3 megabanks earn about ¥4 to ¥5 trillion in core operating profit, which may increase in a rising interest rate environment. The services and systems that generate this level of profits were built by major system integrators according to the requirements and specifications of the bank.

As a FinTech application servicer, we are building a framework to provide services such as salary prepayment and remittance, which are at the center of services provided by banks, and generate a modest level of profit from them. Going forward, banks are likely to increasingly engage in co-developing FinTech services with external vendors like us, while also engaging in services developed on-premises and using proprietary systems. Of course, the banks' core banking and IT systems are completely in-house. The outdated legacy systems tend to be very cost intensive and it is going to be increasingly important how well we leverage FinTech and provide services to banks. As much as possible, we aim to provide infrastructure-like platforms.

2.4 Sales Strategy by Segment

Accelerated strategy by reorganizing sales based on customer segment in April 2024



In April 2024 we split GMO-PG's sales organization into two groups, one group for co-creating applications and platforms with large enterprises, and the other group for efficiently marketing the mainstay payment processing service.

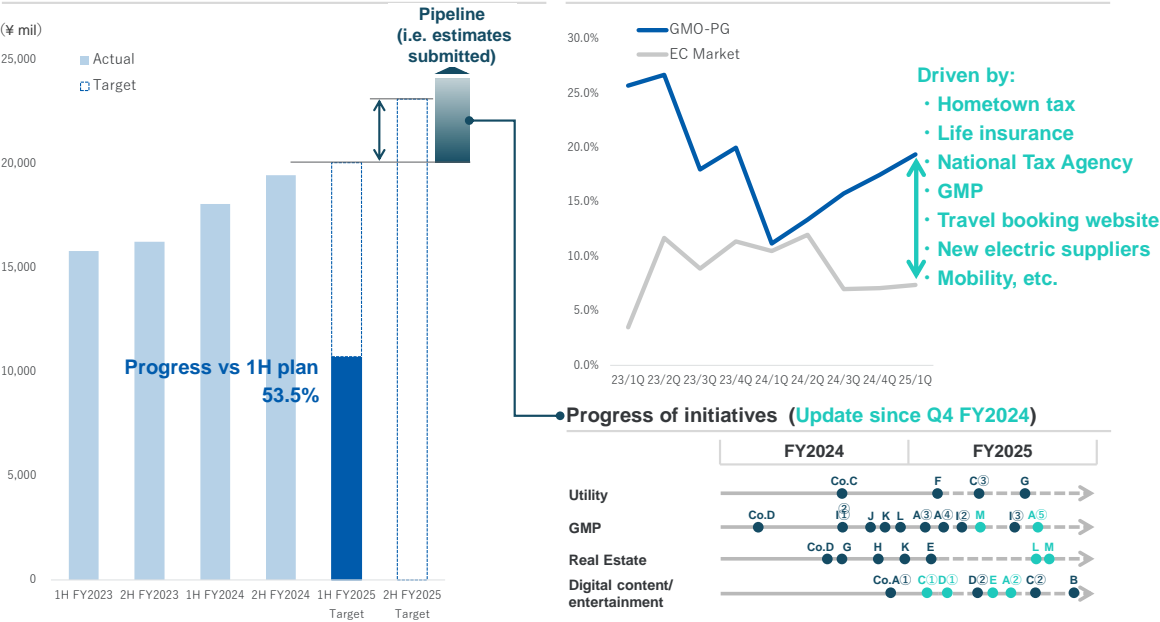
The left chart shows the trend of revenue per contract. Indexing 5 years ago as 1, the revenue per contract reached 1.8x, an 80% increase, which shows that the initiatives are bearing fruit.

The right chart shows the sales efficiency. The SGA to revenue ratio declined from 37.9% to 31.4%. The point that deserves merit is that the decline in SGA to revenue ratio was achieved whilst raising wages above industry level, implying a significant improvement in sales efficiency.

2.5.1 GMO-PG Non-Consolidated Strategy: Online Payment

Progressing in line with plan to build up the project pipeline to achieve 2H plans

GMO-PG non-consol. revenue: actual and plans (half-yearly) GMO-PG non-consol.: TRX value and market stats* (% YoY)

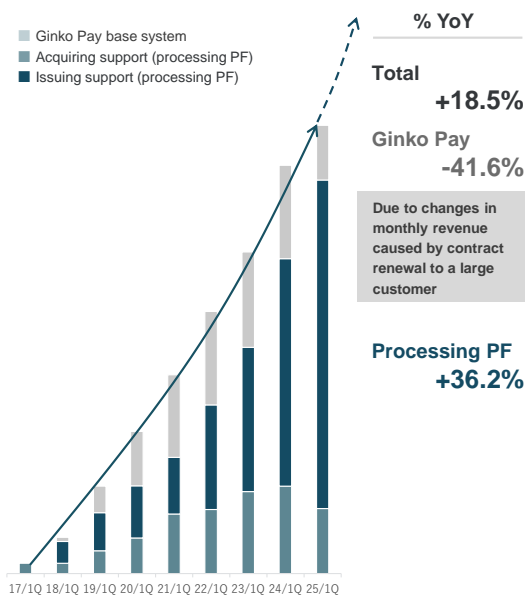


* EC Market figures uses Internet expenditure amount per household based on Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey."

This slide explains GMO-PG non-consolidated strategy on online payment. The amount of 'opportunity,' or pipeline of projects, achieved is 1.3 times the amount of 2H revenue guidance. This is the main point in achieving 2H target is to ensure that this 1.3 times is monetized into revenues, but the buildup of the pipeline is reassuring. The Q1 progress ratio is 53.5% of 1H plans, and we believe we are making good progress. The right side of the slide shows that the transaction value is trending steadily thanks to acquiring large or major players in various industries such as hometown tax, National Tax Agency, new power suppliers and mobility. The bottom right chart shows the progress of building the pipeline. As you can see, there are customers that have been onboarded and others that are newly added to the pipeline, thanks to sales activities to closely monitor the level of progress in each industry.

Processing PF revenue up 36.2%, expanding pipeline for next FY and beyond

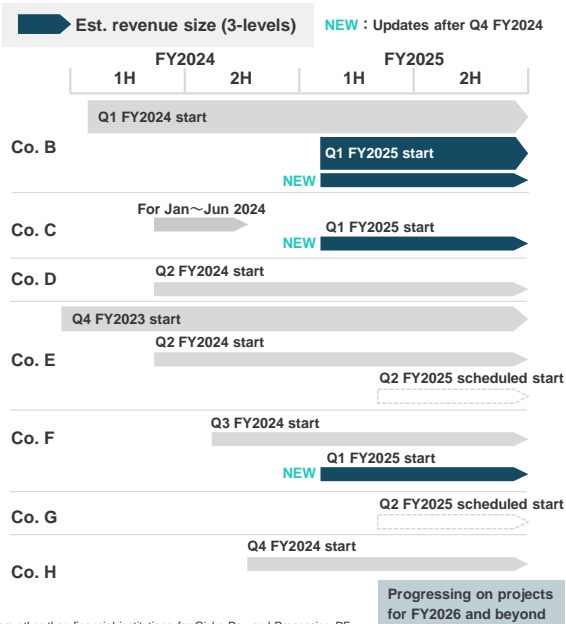
BaaS Support service revenue*2 (1Q)



*1 EF is an abbreviation for Embedded Finance. *2 Figures include revenue received from business operators other than financial institutions for Ginko Pay and Processing PF.

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Progress of processing PF projects



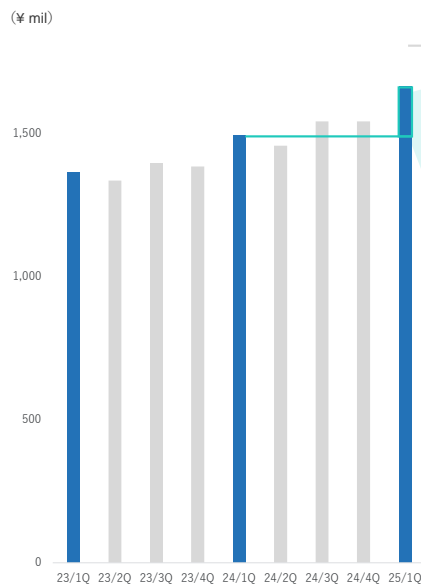
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This slide is on BaaS Support service.
Processing platform revenue increased 36% YoY in Q1. The pipeline is also steadily building out.
Overall, BaaS Support is trending in line with plans.

2.6 Consol. GMO-EP Strategy: Online Payment (SME) & Healthcare DX

Driving alliance strategy to make inroads into non-merchandise and inter-company payment domains

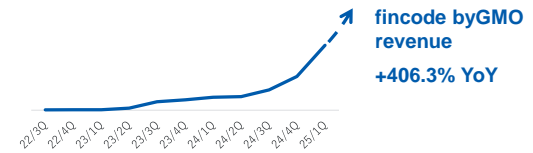
Consol. GMO-EP revenue (quarterly)



Focus initiatives

- Existing payment service**
 - Progressing with rate change for existing merchants
- Payment service for startups/ non-merchandise**
 - Acquired several large-scale merchants
 - Concluded a business alliance contract with Mizuho Bank for inter-company payment platform Rollout from FY2025
- GMO-MR**
 - High growth continues from increase in reservation SaaS orders
 - Rollout of "Google map patient referral service", which enables patient to make online reservations via Google map.

fincode
byGMO



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This slide is on GMO-EP.

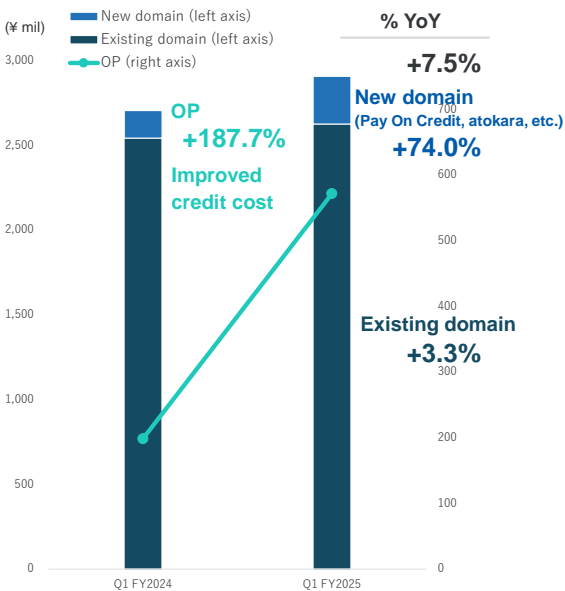
First point is that fincode byGMO is in an expansionary phase as it is ramping up having signed up some major customers.

The second point is the collaboration with Mizuho Bank. As you know, GMO-PG non-consolidated covers large companies while GMO-EP focusses on efficiently acquiring SMEs. This collaboration with Mizuho Bank is to co-develop financial services targeting SMEs, which is currently in the system development phase. Once the product is rolled out, the revenue contribution to GMO-EP is expected to be significant. We will focus on the SME sector together with Mizuho Bank after the fincode service is ramped up.

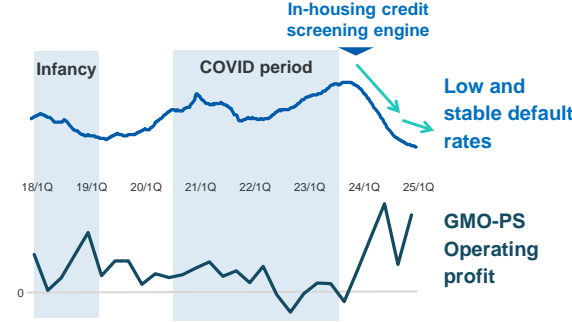
2.7 GMO-PS Strategy: Payment After Delivery & BNPL

Revenue from new domains up 74.0%; OP grew 187.7% from low and stable default rates

GMO-PS revenue and operating profit (Q1)

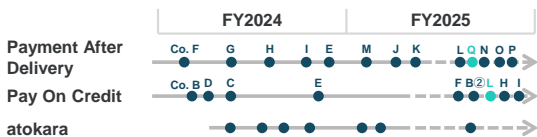


Default rates and GMO-PS operating profit (quarterly trend)



Strengthened management and sales structure in January 2025

Progress of initiatives (Updates from Q4 FY2024 onwards)

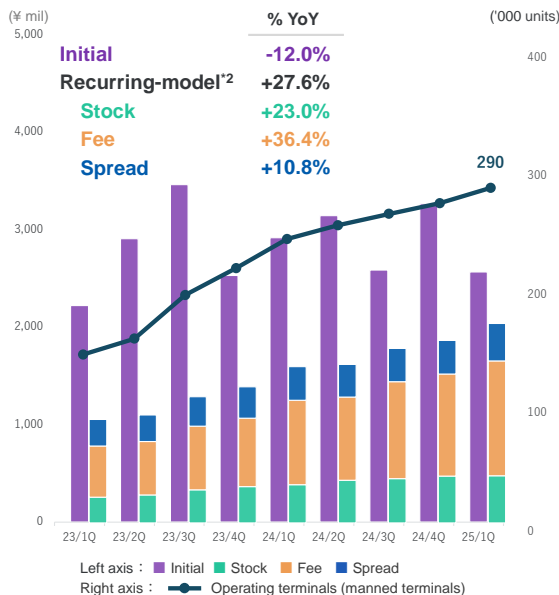


This slide is on GMO-PS. Revenues are sluggish currently due to a particular industry, the customers in the health food sector, to be precise, that is struggling. However, profit is in an expansion phase due to improving credit screening accuracy and in-housing credit screening system. We intend to expand B2B services such as Pay On Credit and atokara together with SMCC (Sumitomo Mitsui Card Co., Ltd.) during this expansionary phase, and we have propped up atokara to make sure this service grows.

2.8 Consol. GMO-FG Strategy: CP Payment

Profit growth measures to achieve FY2033 OP target of over ¥10.0 bn

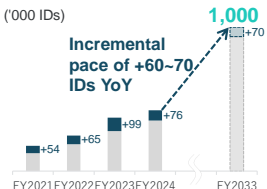
Consol. GMO-FG revenue by business model*1
(quarterly trend)



Active IDs x ARPU x GP margin = OP growth

1. Achieve 1 mil active IDs

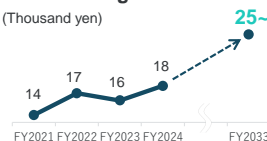
('000 IDs)



- Continuous acquisition of large merchants
- Expand alliances suitable to enter target industries

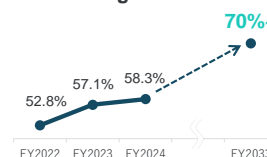
2. Recurring-model ARPU ¥25,000 and higher

(Thousand yen)



- Strengthen account plans for large merchants
- Expand into payment peripheral business (payment operation DX, payment enhancement)

3. Recurring-model GP margin over 70%



- Operating leverage due to fixed-cost structure
- Manage profitability KPI for each ID

*1 Figures are based on GMO-FG consolidated financial results. Figures up to FY2024 is based on JGAAP, figures for FY2025 is based on IFRS standards.

*2 Recurring-model revenue consists of stock, fee and spread revenue and excludes initial revenue that mainly consists of payment terminal sales.

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This slide is on GMO-FG.

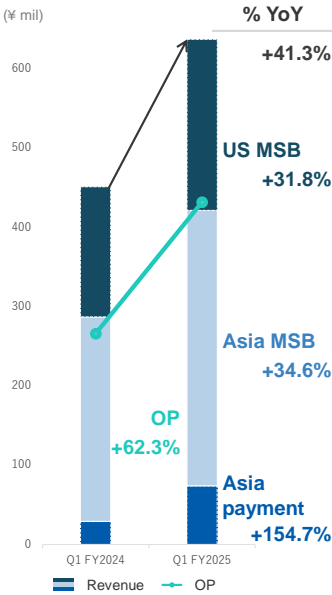
GMO-FG is currently working to expand their footprint in infrastructure-like industries to generate recurring-model revenues to further expand profit. Specifically, GMO-FG is focused on system development for a large customer. The profit levels are healthy, and GMO-FG continues to be a growth driver.

The following slides on Global business will be explained by Executive Vice President, Mr. Muramatsu.

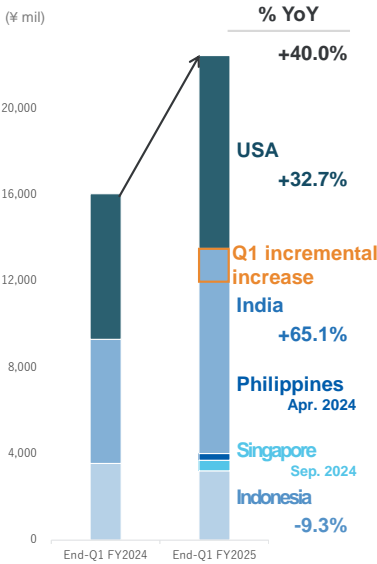
2.9 Global Strategy: Earnings Summary

Revenue grew 41.3% from new loans and increase in loan amount to prime borrowers, incl. weak yen effect

Revenue and OP (Q1)



Loan balance (end-Dec)



Business environment

Interest rate
Declining interest rates in US and India

Regulation
US : Easing financial regulation under new administration
India: Close attention on tightening non-bank regulations

New loans executed (since Q1 FY2025)

Yendo (Dec. 2024)

Credit building FinTech
• Issuing credit card to low-credit score customers
• Extending high credit limits by mortgaging vehicles

sarvagaram (Dec. 2024)

Loan FinTech to SMEs in rural areas
• Strength in physical customer touchpoint and proprietary digital credit screening

Mr. Muramatsu: This slide explains our global business. Overseas lending is off to a strong start this year as well. Revenue increased 41% and operating profit by 62%. Both USA and India area in an interest rate declining environment but this pace has been slower than assumed at the time of budgeting. Also, the yen has not strengthened compared to our assumption.

India faces some challenges in non-bank regulations and economic slowdown which is resulting in a market that is less overheated. Still, India is a market with significant growth potential. This is why loan balance growth in India was 65% YoY despite a cautious stance on lending. Recently, we have executed a new loan to digital loan FinTech company operating exclusively in agricultural regions.

Southeast Asia is growing stably as we reshuffle our exposure to countries.

In the USA, loans to prime borrowers have increased while collecting loans from non-prime borrowers. Loans to new sectors, such as credit card issuing FinTech startup, also have commenced, resulting in loan balance growing 32%.

Asia payment business continues to grow favorably driven by the strength of a large merchant.

2.10.1 enpay Joins PG Group (January 2025)

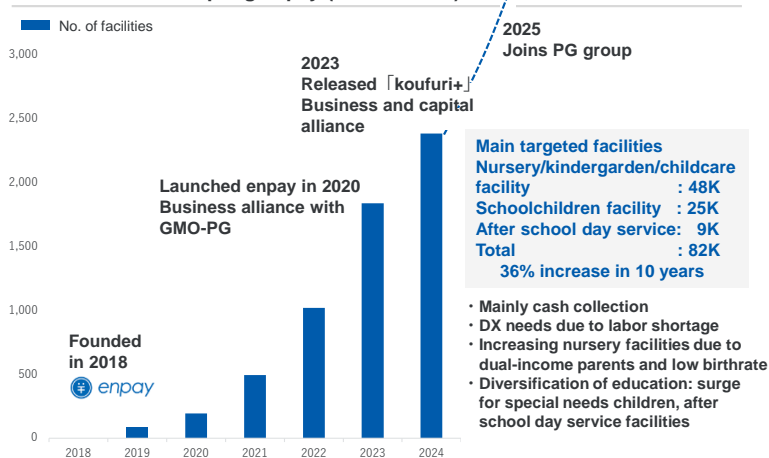
Driving the cashless migration and DX in the nursery and education sectors

Product

One-stop offering of LINE billing, payment and deposit management service

UI/UX that reduces the physical and psychological burden on both the facility operator and guardians

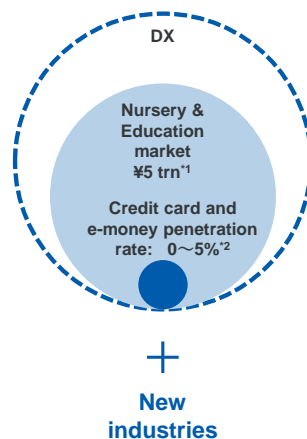
Nos. of facilities adopting enpay (annual trend)



Growth strategy

Short term: Sales synergy with GMO-PG (local government, large enterprises, etc.)

Long term: Expand into new industries



¹ Figure for Internet expenditure amount per household are GMO-PG estimates calculated by referencing National Institute of Population and Social Security Research's "Population Statistics (2022)" and Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey."

² Japan Consumer Credit Association's report on the survey of consumption patterns for the realization of cashless society (Nomura Research Institute, Ltd.)

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This slide explains about enpay joining the GMO-PG group.

This is an example of increasing family members, one of the three methods to expand the TAM.

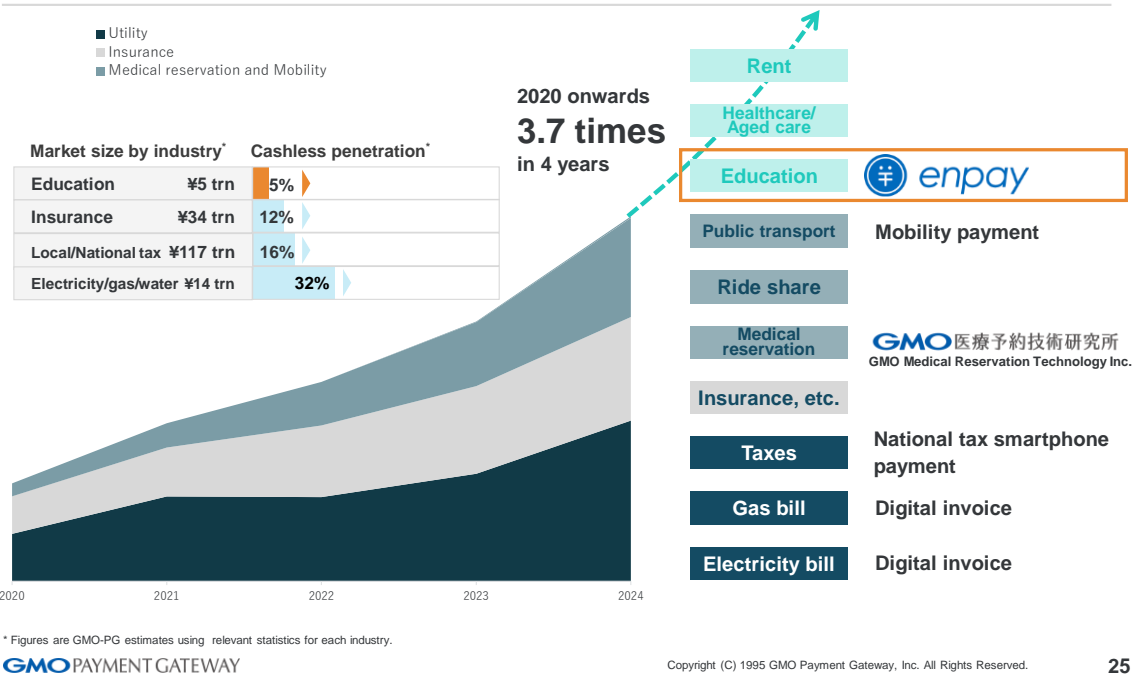
Enpay joined GMO-PG group in January to expand TAM into payments in the education sector.

Although we do not announce our CVC activities, we have had a minority stake in enpay. This scheme was realized to joint hands to raise EC penetration rates, given the strong synergy with GMO-PG's business. The nursery and education sector is a ¥5 trillion market and cashless adoption and DX are urgent undertakings. Even as Japan's birthrate is declining, the number of facilities are increasing due to the diversification and segmentation of education and nursery facilities. For example, schoolchildren's facilities are increasing in addition to nurseries. After school childcare is also on the rise. The number of such facilities has increased 36% over the past decade. However, many facilities still use an envelope-collection system to collect fees and cash usage is around 40%. This is why digitalization is very important, and fee collection is being automated from envelope-collection to LINE pay. Functions such as customer marketing, fee collection, payment and settlement, fee reminders and collection of fees in arrears need to be extricated from the work of nursery teacher and school teacher by automating these function using digitalization. Enpay's value proposition is to address and resolve these challenges. The performance is very favorable, with 2,400 facilities already adopting the service. While the number of new entrants are increasing, enpay's presence is solid and we think there is high degree of sales synergy with GMO-PG's customer base of large enterprises and local governments.

2.10.2 Expansion of Infrastructure Domain

Make inroads into the defensive education domain through enpay

Revenue from infrastructure domain



We aim to first raise Japan's EC penetration rate to 20% and eventually target around 30%, similar to the UK. For this, we strongly feel the need to raise penetration in the education industry from the current 5%. Industries that are closely linked to everyday life are not only huge in size but also defensive. We have strategically targeted such industries and revenues have increased four-fold in four years. With enpay joining us, we intend to further strengthen the focus and penetrate into the nursery and education industry.

This deal was consummated thanks to the strong cooperation from existing shareholders of enpay, such as venture capitals. As an offshoot, this has led to increased inquiries from venture capitals and others.

We will continue our endeavor to raise EC penetration rate and to organically expand the TAM and establish the cycle of revenue growth and profit growth.

3. Sustainability

3. Sustainability: Integrated Report

Scheduled to publish FY2024 Integrated Report in mid-February (Japanese language version)

FY2024 Integrated Report (English): Scheduled to be published in April 2025

<https://www.gmo-pg.com/en/ir/library/integrated-report/>



Major contents

- Message From The CEO
- Progress on Sustainability Management
- Ecosystem
- Business Strategy of Consolidated Subsidiaries
- Decarbonization
 - GHG emission reduction target
- Human Capital Strategy
 - Talent development, health management
- Roundtable Meeting of External Directors

Lastly, on sustainability. We plan to publish the latest Integrated Report in the next few days. Sustainability management is making steady progress and we have expanded our ESG disclosure. We believe this report will aid in understanding our value creation and sustainable growth strategy and hope you find it useful.

Thank you for listening.

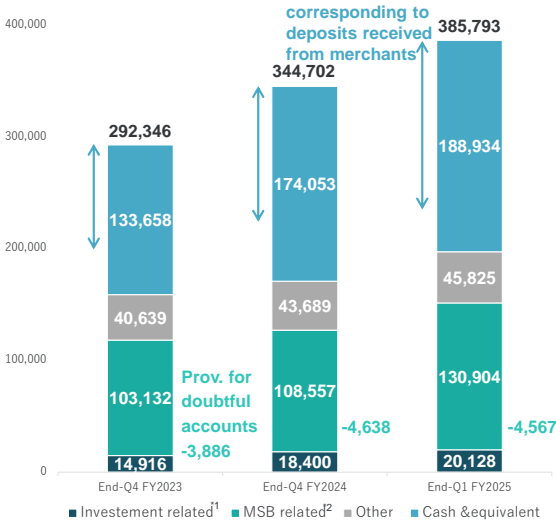
4. Financial Highlights and Reference Materials

4.1.1 Consolidated Balance Sheet

Increase in merchant deposits and MSB related assets due to scaling up of business

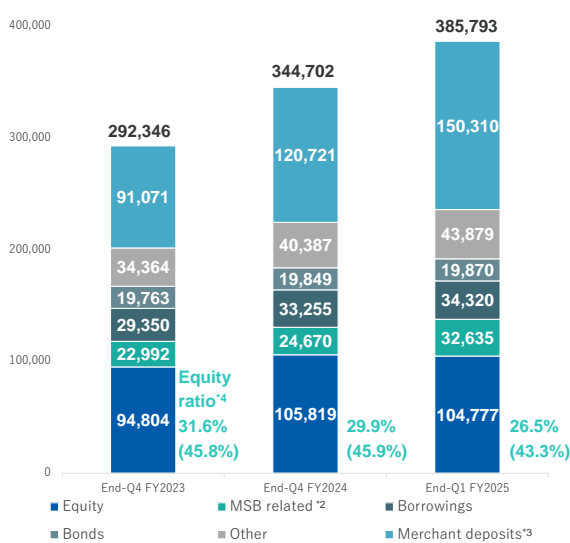
Assets

(¥ mil)



Liabilities and Equity

(¥ mil)



*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 and accrued revenue (net of provision for doubtful accounts). MSB Related Liabilities: Accrued expenses.

*3 Deposits received from merchants under the Representative Contract.

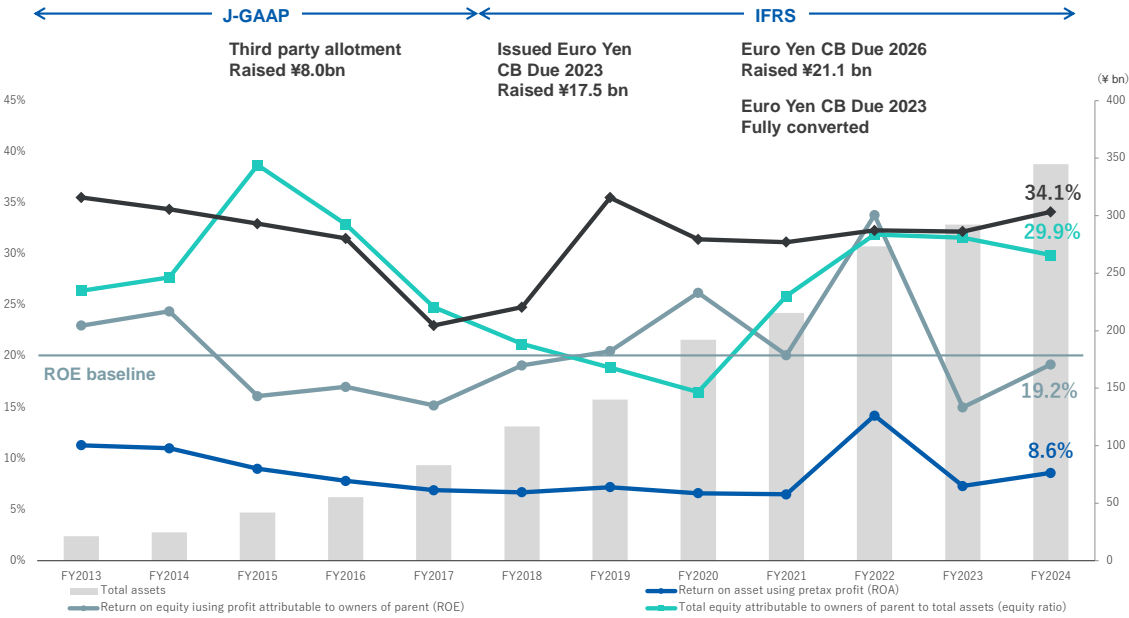
*4 Equity ratio presents the equity attributable to owners of parent ratio and is calculated by dividing total assets with equity attributable to owners of parent.

The figures in the parentheses present the adjusted equity attributable to owners of parent ratio and is calculated by dividing total assets less deposits received with equity attributable to owners of parent.

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

4.1.2 Major Consolidated Financial Indicators (Annual Trend)

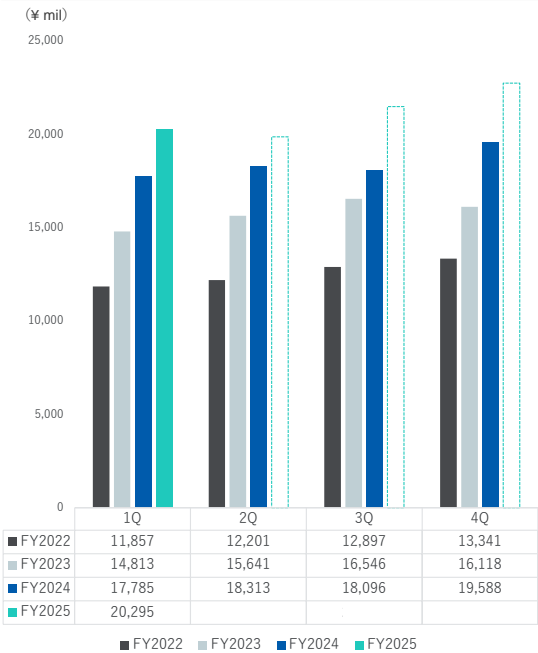
Managing businesses while balancing profitability, capital efficiency and capital base



* Figures from FY2018 are based on IFRS standards. 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.

4.2 Consolidated Revenue and Operating Profit (Quarterly)

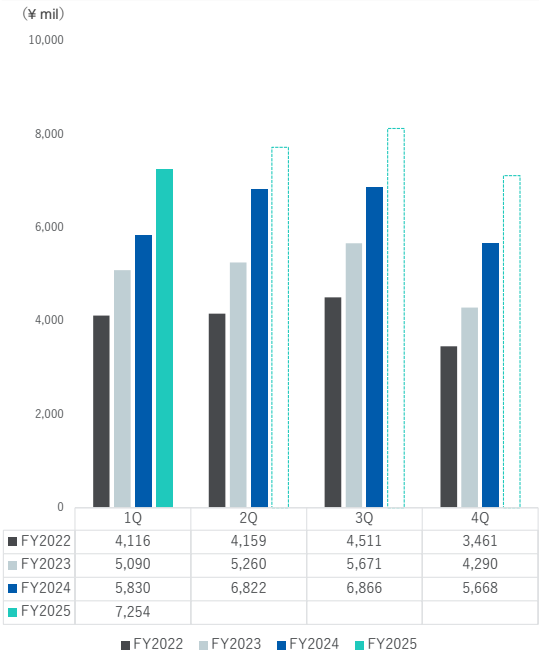
Consol. revenue



* Consol. revenue and consolidated OP FY2025 is based on initial guidance.

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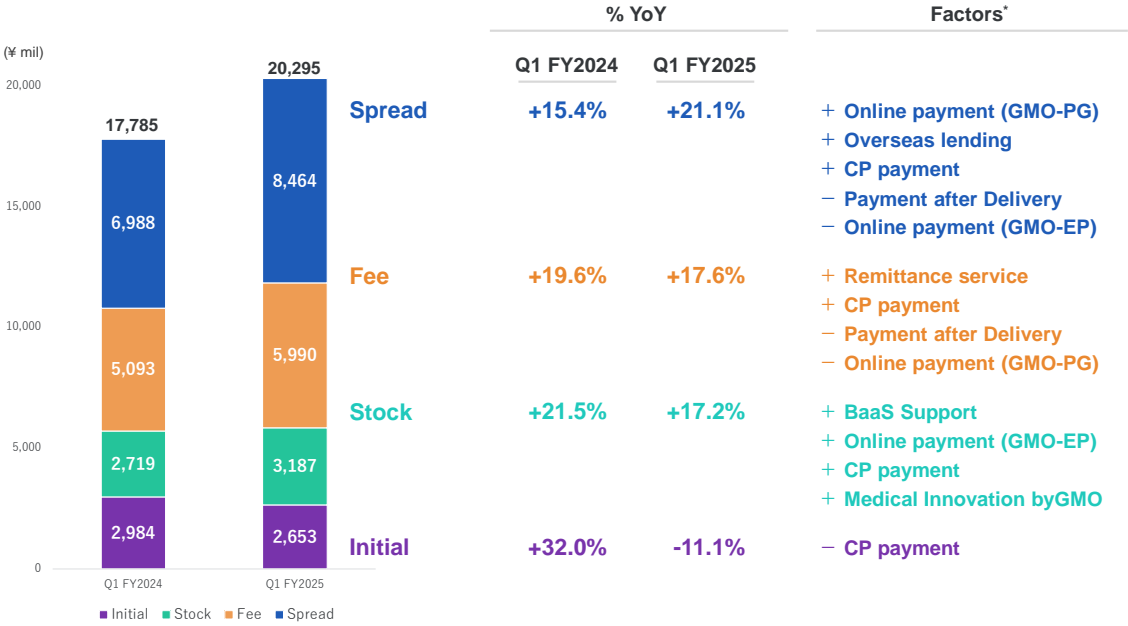
Consol. operating profit



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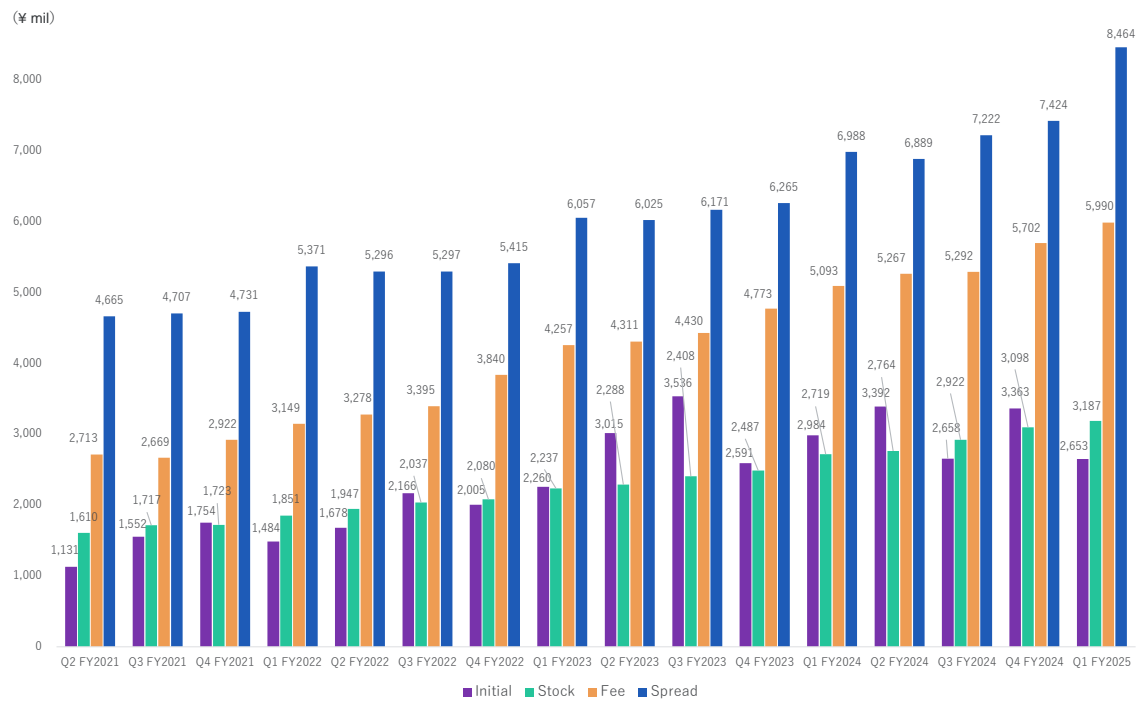
4.3.1 Revenue by Business Model (YoY)

Initial declined from high base effect, spread growth improved to 21.1%

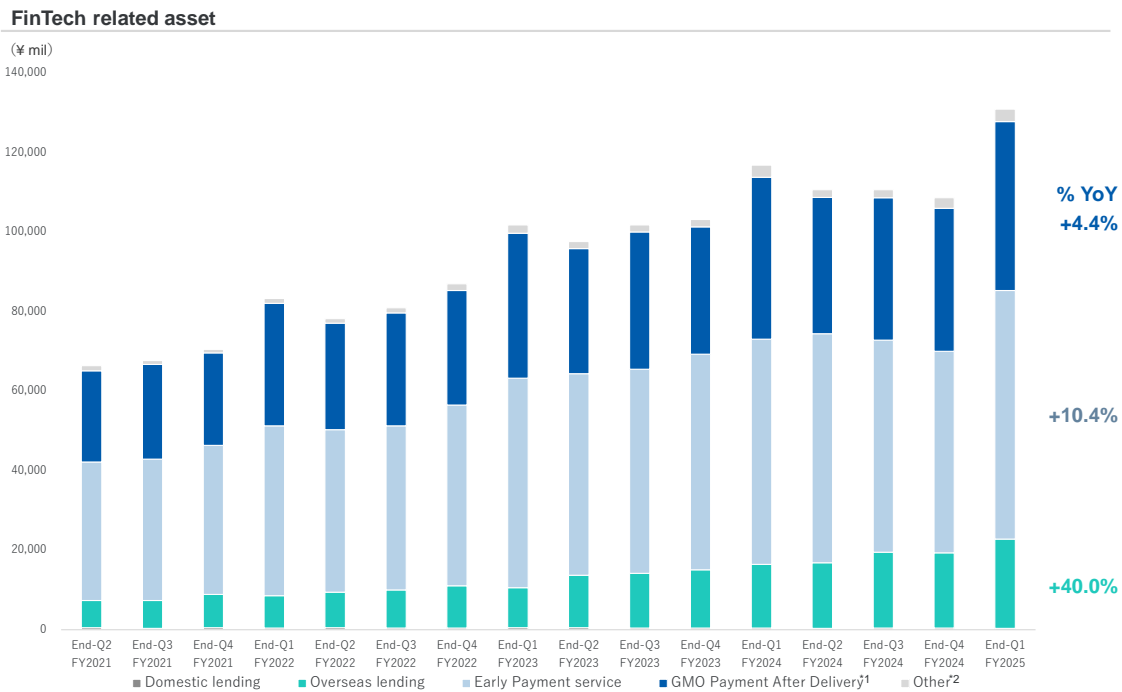


* The "+" signs indicate services with growth rates that are higher than 14.1%; the "-" indicates growth rates that are lower.

4.3.2 Consolidated Revenue by Business Model (Quarterly)



4.4.1 FinTech Related Asset (Quarterly Trend)

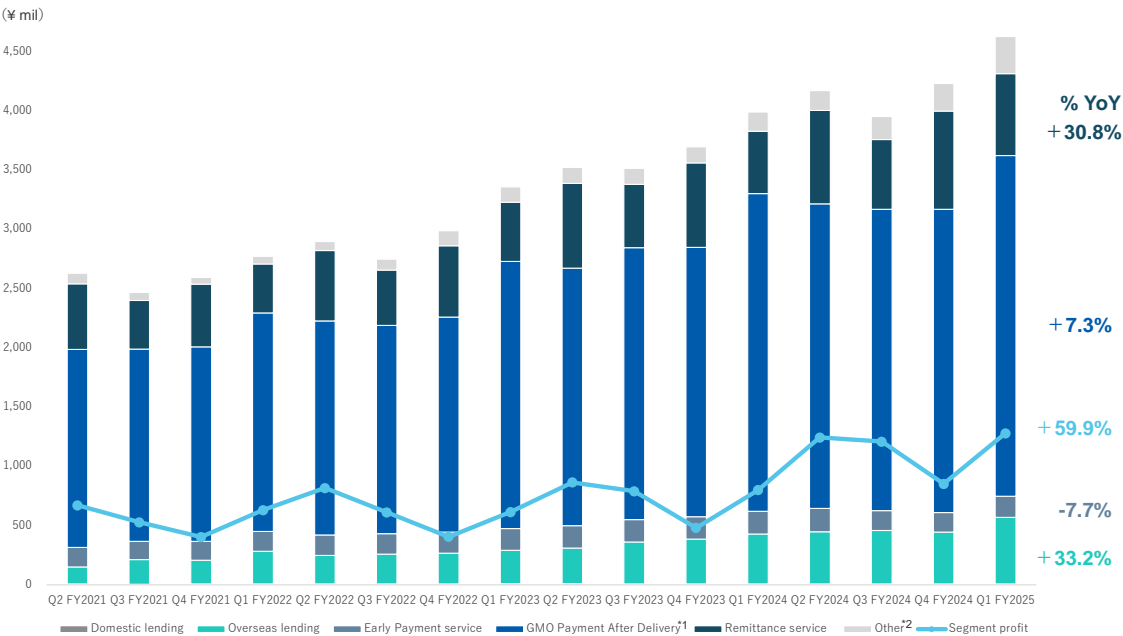


^{*1} The figures for GMO Payment After Delivery related assets (accrued revenue) are after deduction of provisions for doubtful accounts.
^{*2} The figures for "Other" is the sum total of B2B factoring, finance lease, Condo Pay and Instant Salary byGMO.

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4.4.2 FinTech Revenue and Profits (Quarterly Trend)

FinTech revenues and profit

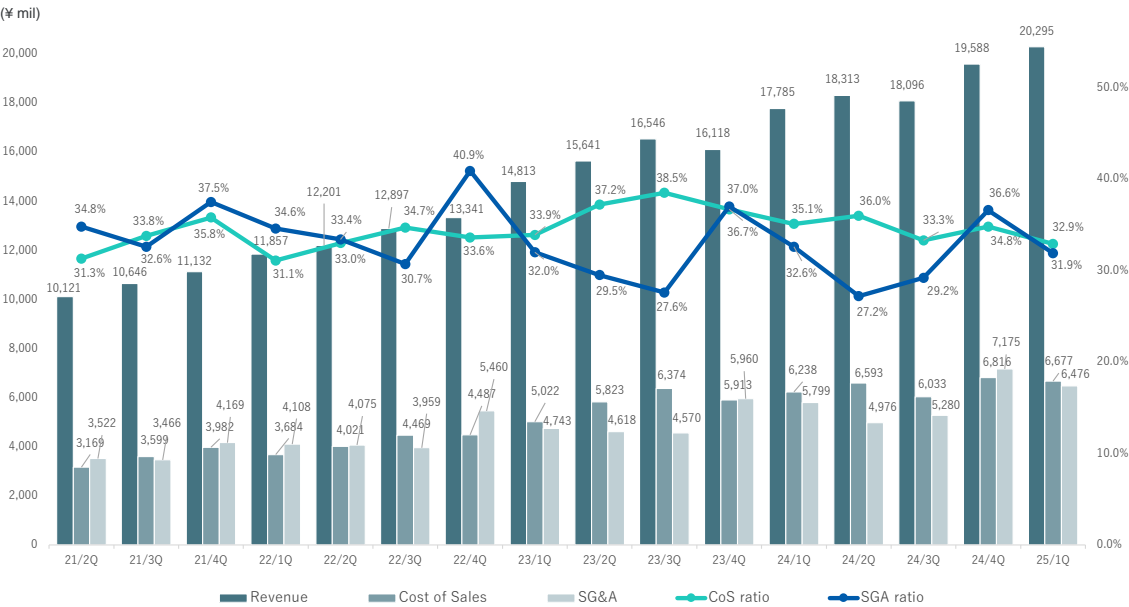


^{*1} Includes the impact of commission rate revisions to reflect the increase in CVS payment agency cost for Payment after Delivery from September 2022.

^{*2} The figures for "Other" is the sum total of B2B factoring, finance lease, B2B AR Guarantee, B2B Payment Guarantee, Condo Pay and Instant Salary byGMO.

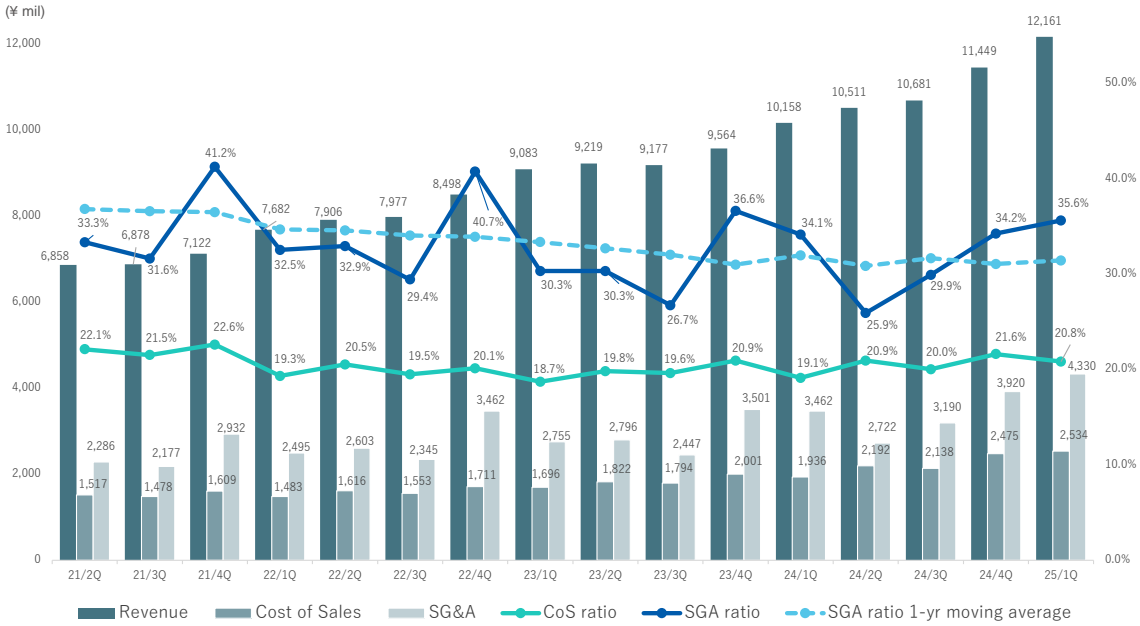
4.5.1 Consolidated CoS and SG&A Ratio (Quarterly Trend)

Cost of sales ratio fluctuates depending on revenue mix



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

CoS ratio trending stably for online payment business



* Figures presented are before consolidated eliminations.

4.6.1 Operating Stores, TRX Volume and Value

Consol. TRX value reaches approx. ¥19.8 trn for the past 12 months

	Operating Stores ^{*1} /IDs ^{*2}	TRX Volume ^{*2*3}		TRX Value ^{*2}	
	End-Q1 FY2025	Q1 FY2025	Past 12-mnth	Q1 FY2025	Past 12-mnth
Consolidated	-	2.10 bn	7.74 bn	¥5.5 trn	¥19.8 trn
% YoY	-	+19.2%	+18.9%	+24.6%	+25.6%
Online	160,350 stores	1.78 bn	6.65 bn	¥3.4 trn	¥12.6 trn
% YoY	+5.8%	+15.3%	+14.2%	+17.9%	+15.7%
CP ^{*2}	393,379 IDs	0.31 bn	1.08 bn	¥2.1 trn	¥7.2 trn
% YoY	+20.6%	+47.0%	+59.1%	+37.3%	+47.1%

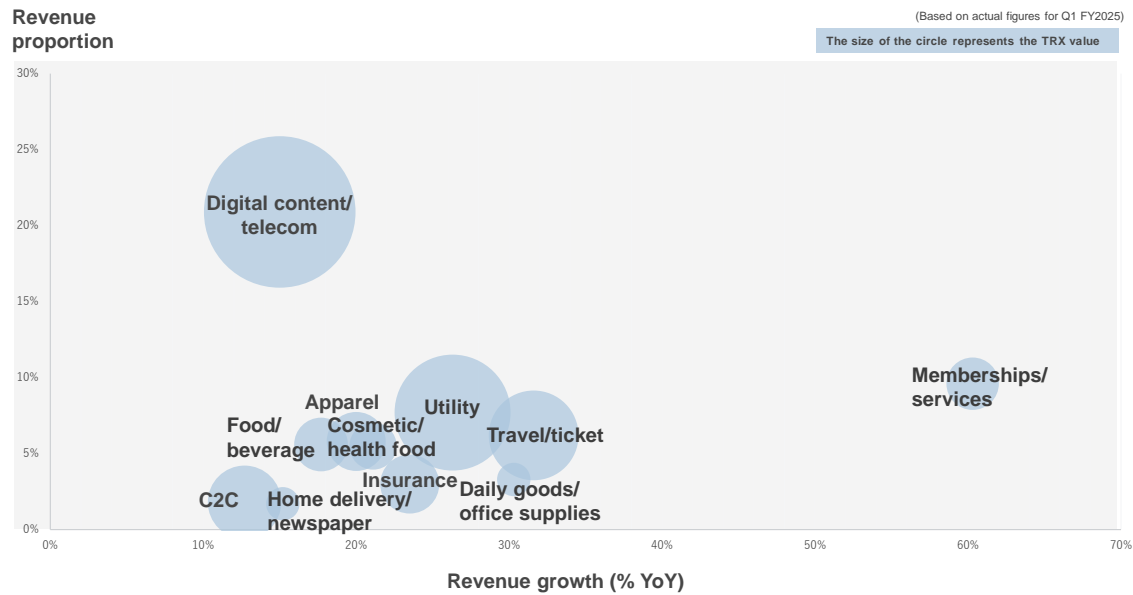
Proportion of representative contracts in online TRX value^{*4} : Approx. 40%

^{*1} The standards for calculating the number of operating stores has been revised from Q4 FY2023. Figures exclude an operating stores of a specific merchant and fincode byGMO. If included, operating stores would be 723,395 (up 19.3% YoY).
^{*2} The number of IDs are GMO-FG's figures and include terminal-free active IDs and exclude GMO-PG's GMO Cashless Platform. CP transaction volume and value includes GMO-PG's CP payment (GMO Cashless Platform).
^{*3} Transaction volume is calculated based on fee revenue standards, which in the case of online consist of multiple (1 to 3) transactions per payment of a single authorization (tentative sales proceeds) or actual sales proceeds, and one transaction per payment in the case of CP.
^{*4} Annual average is shown in 5% increments.

4.6.2 Distribution of Major Sectors (Q1 FY2025)

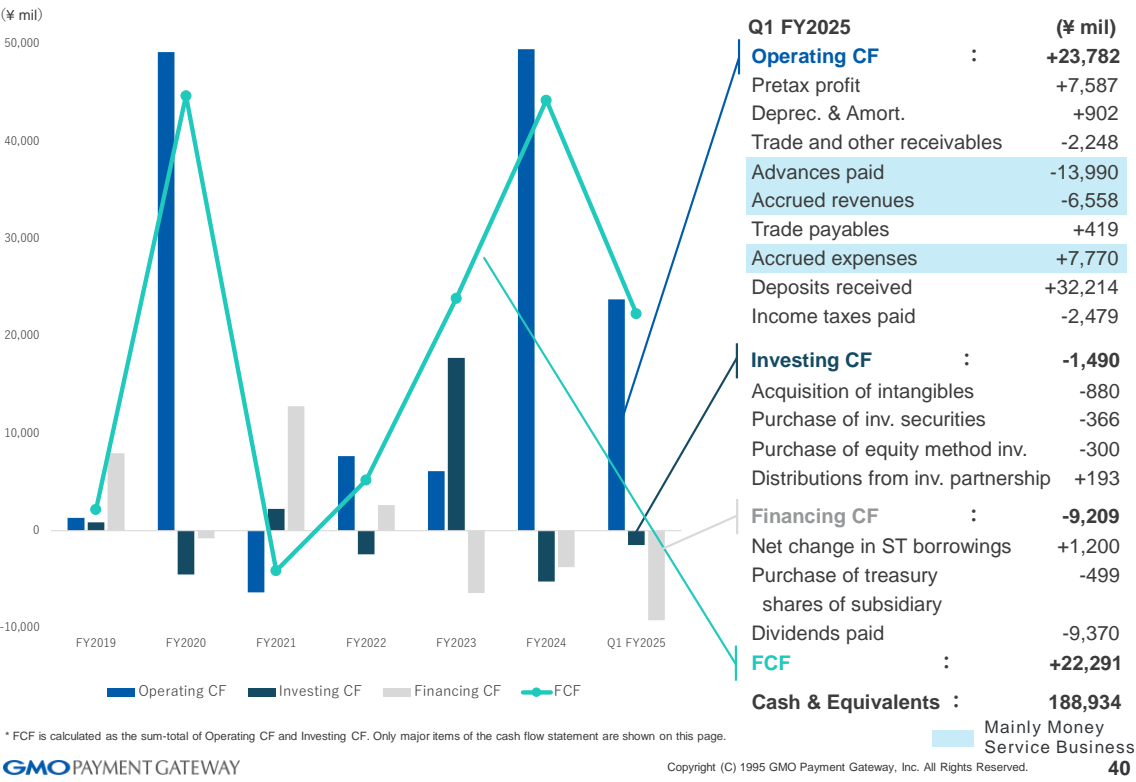
Balance both stability and growth through sector diversification

Revenue share by industry (vertical axis)/ Revenue growth rate (horizontal axis)*



* Composed from TRX value by sector for the PG Multi-payment service.

4.7.1 Consolidated Cash Flow Statement (Cumulative)

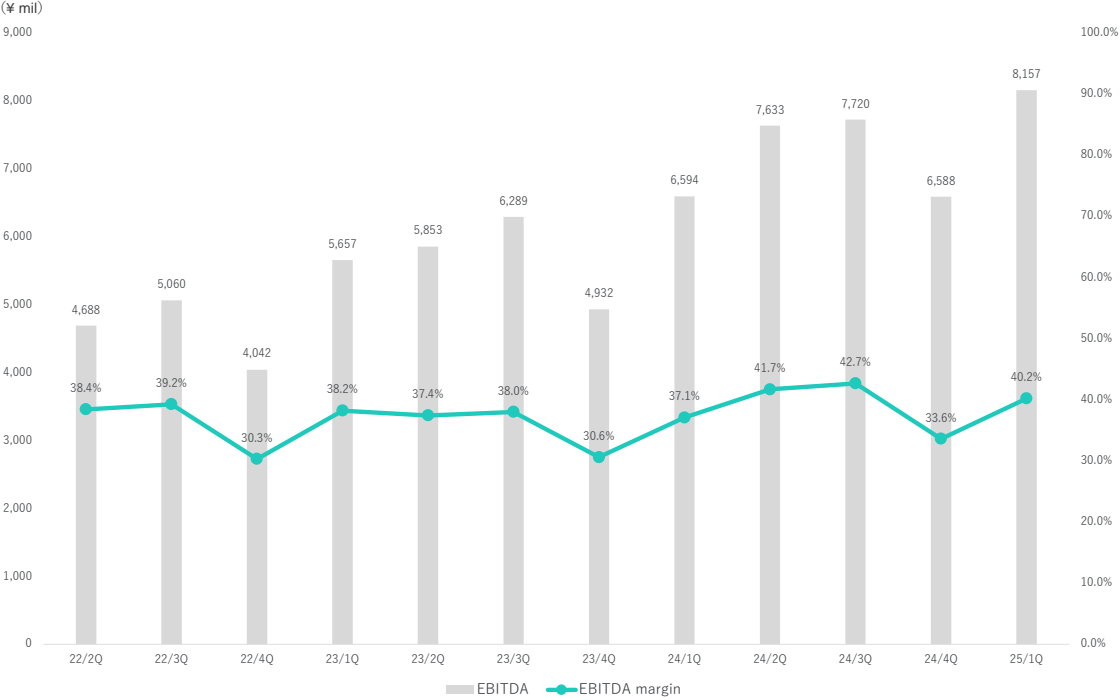


4.7.2 Major Factors Affecting Consolidated Cash Flow Statement

Related liabilities & assets Impact from business expansion

Payment Processing Business			
Sales proceeds of merchants under the Representative Contract	Deposits received (liability)	Liability ▲	Operating CF ▲ Yearly fluctuations can be large as annual TRX value of trillions of yen can be carried over to the following year
Money Service Business			
Early Payment service	Advances paid (asset)	Asset ▲	Operating CF ▼
Payment After Delivery service	Accrued revenue (asset)	Asset ▲	Operating CF ▼
	Accrued expense (liability)	Liability ▲	Operating CF ▲

4.8 Consolidated EBITDA* and EBITDA Margin (Quarterly)



* Figures present the sum total of operating profit and depreciation expense.

Thank You Very Much

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

For inquiries or requests for 1-on-1 interviews, please contact the IR Department,
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E-mail : ir-contact@gmo-pg.com

IR Website URL

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

