

Supplementary Materials

Financial results briefing for Q2 FY2021

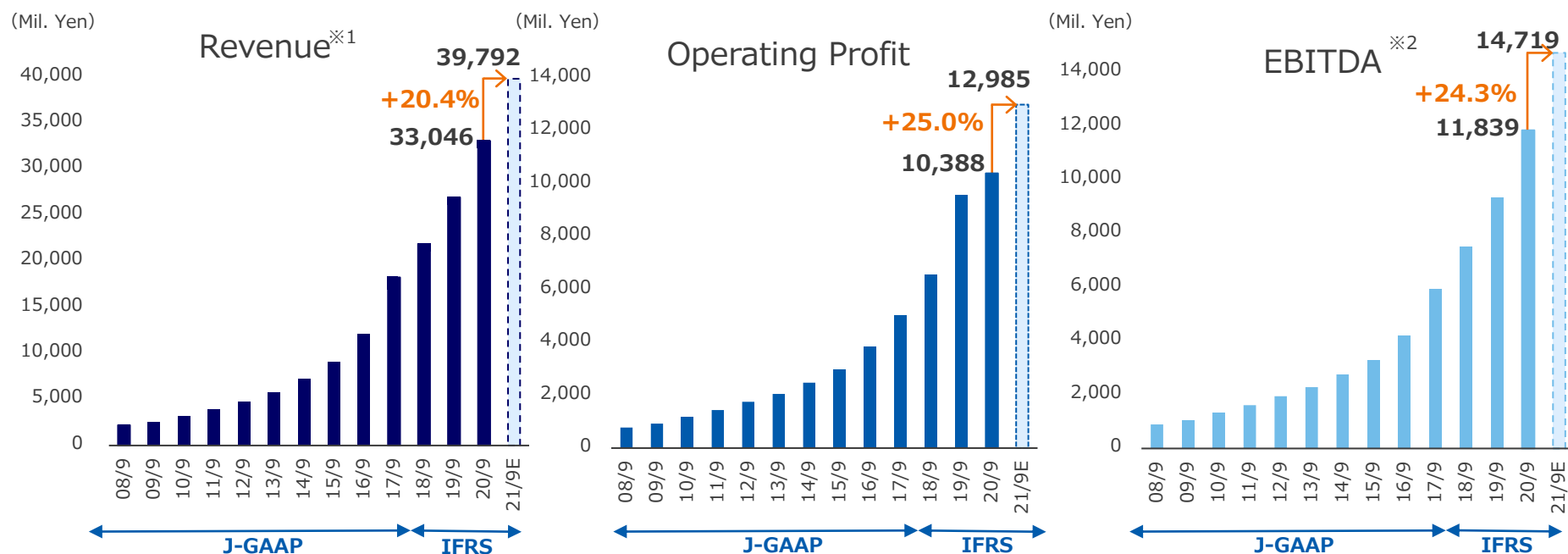
May 13, 2021

65th Investor Meeting

GMO PAYMENT GATEWAY

Our Track Record of Growth

The result of management policy focused on sustainable growth

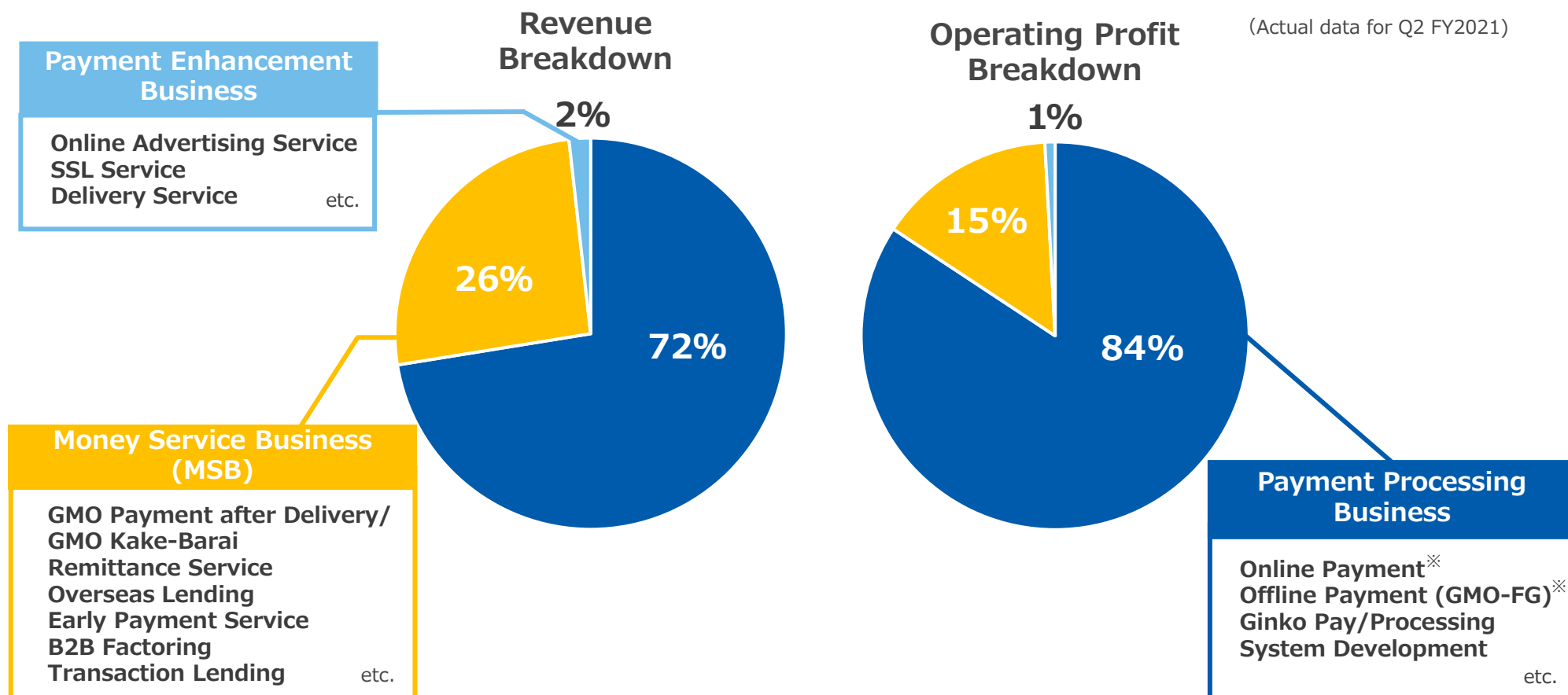


Operating stores ^{※3,4}	Annual TRX Volume ^{※3}	Annual TRX Value ^{※3}
184,355	3.1 billion	¥6.9 trillion

- (※1) Macro Kiosk has been deconsolidated in May 2020 and the revenue figures above present the continuing operations only and exclude the discontinued operations.
- (※2) EBITDA under J-GAAP is calculated as the sum total of operating profit, depreciation and amortization; and EBITDA under IFRS is calculated as sum total of operating profit and depreciation.
- (※3) The number of operating stores is at the end of March 2021. Transaction volume and transaction value are the figures from April 2020 to March 2021; transaction volume and transaction value include the figures of GMO Financial Gate Inc.
- (※4) Figures exclude a significant increase in operating stores from a specific merchant. If included, the number of operating stores is 244,356 stores as of end of March 2021.

Three Business Segments

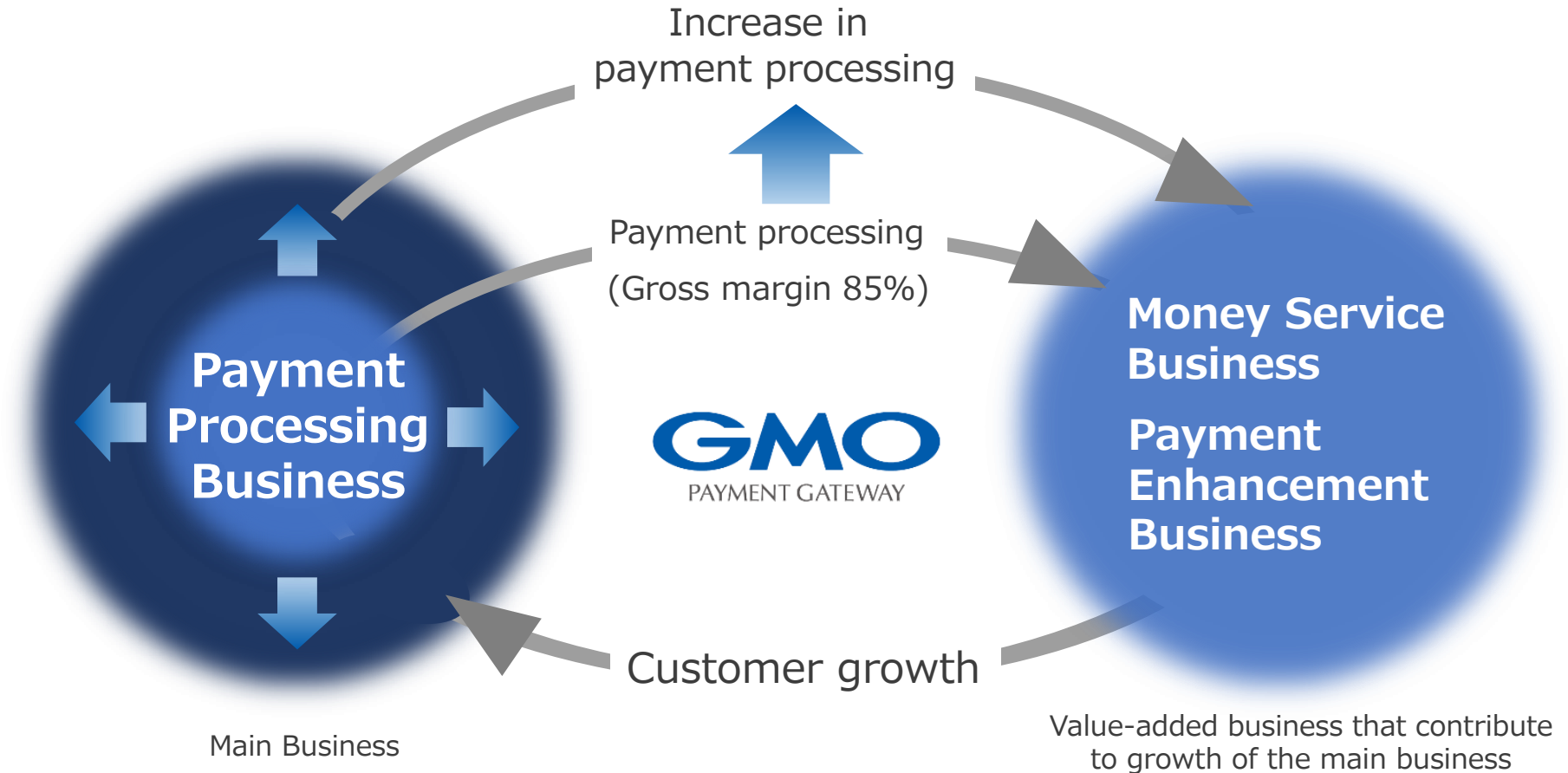
Sustain an over 25% OP growth from the expansion of mainstay payment processing business and its peripheral businesses



※ Online payment includes pay-as-you-go and recurring payment and Z.com Payment (overseas payment service).
GMO-FG stands for GMO Financial Gate consolidated subsidiaries.

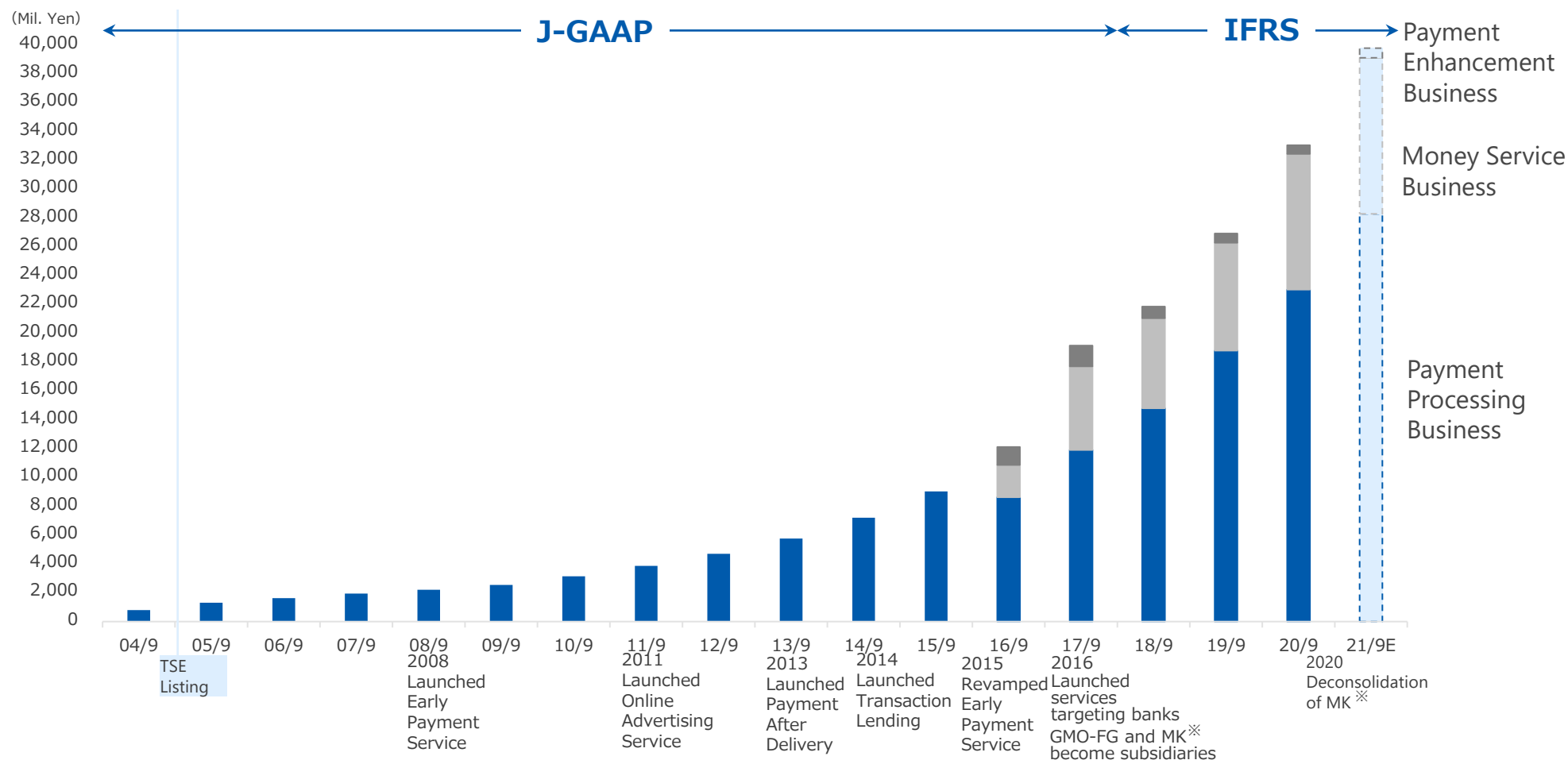
Our Business Eco-system

An eco-system of our value-added services complementing our main business to achieve mutual growth



Revenue Trend by Segment

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



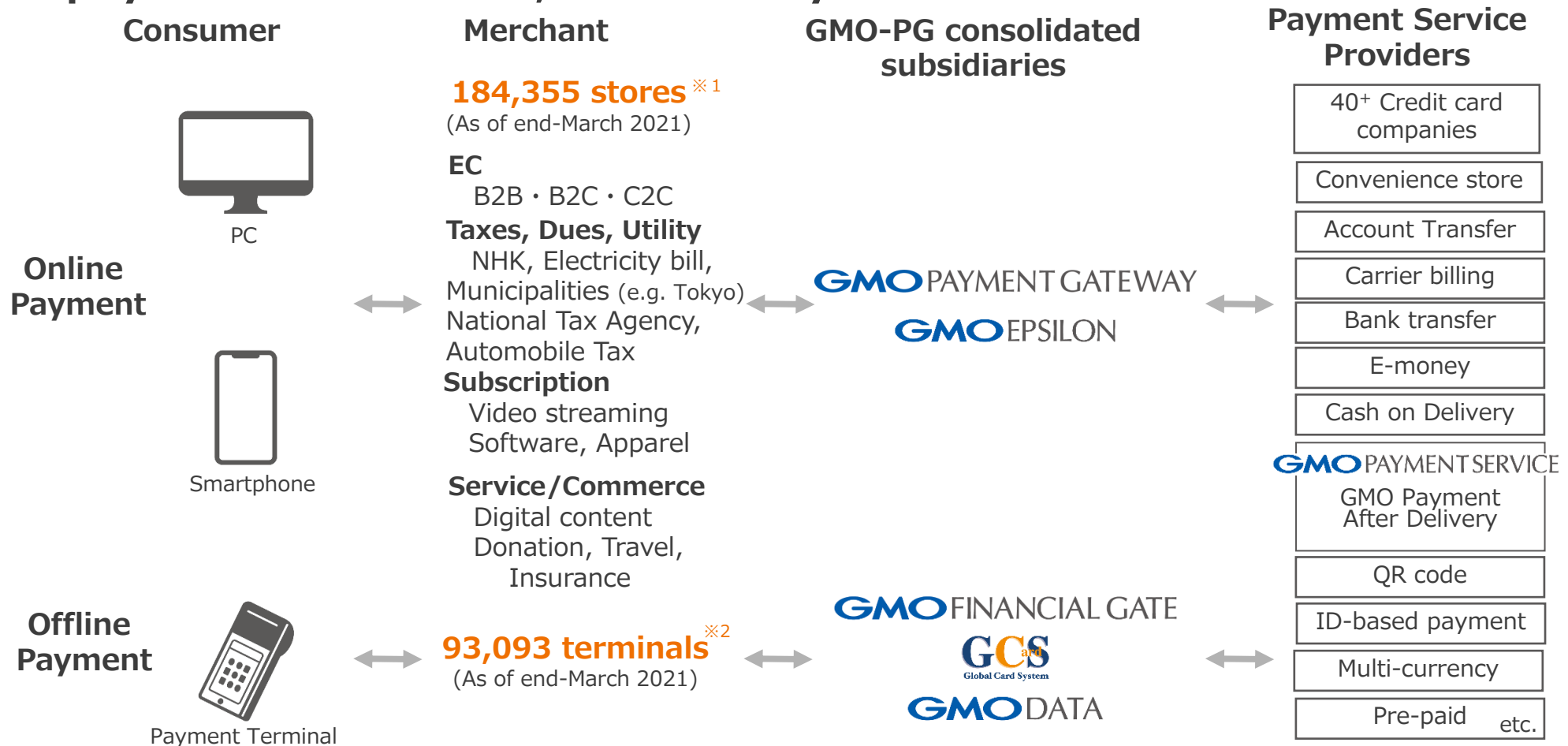
※ There was only one segment of Payment Processing Business until September 2015; segment information disclosure began from FY ending September 2016.

※ GMO-FG stands for GMO Financial Gate. MK stands for MACROKIOSK.

Due to the deconsolidation of MACROKIOSK from May 2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.

Payment Processing Business: Business scope of the GMO-PG and its consolidated subsidiaries

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



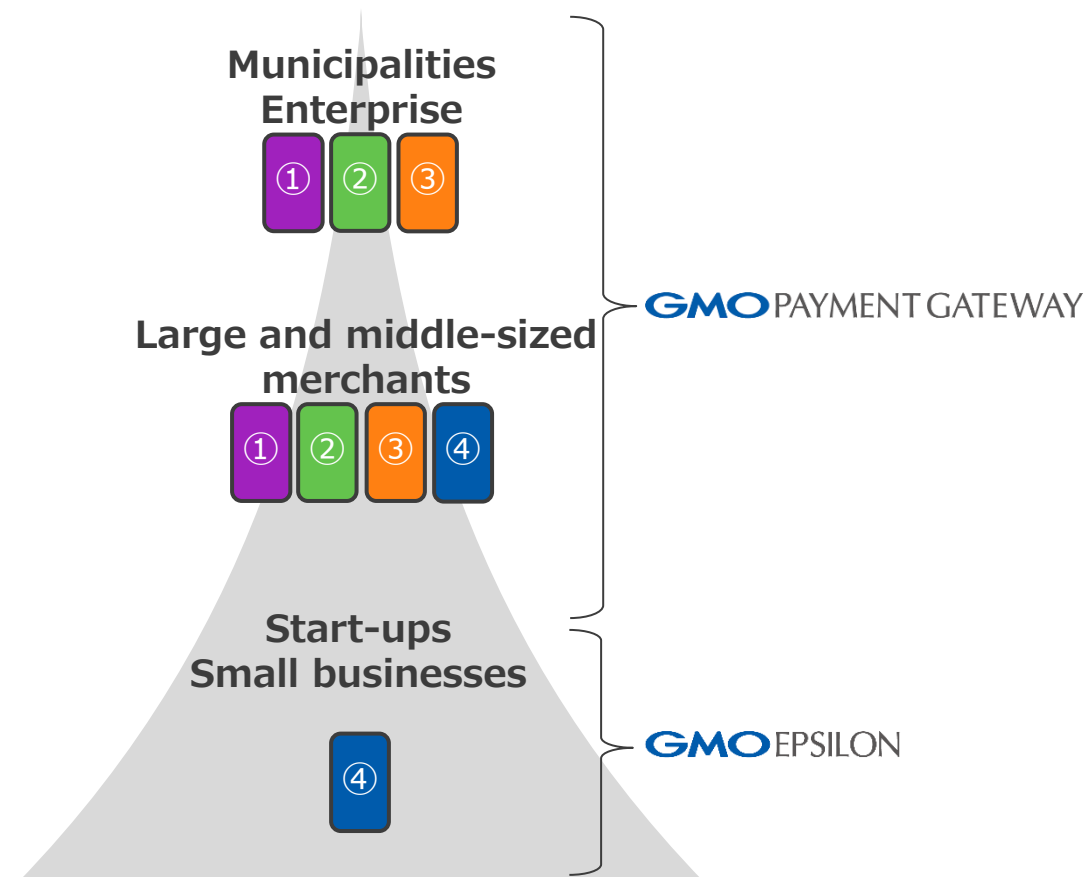
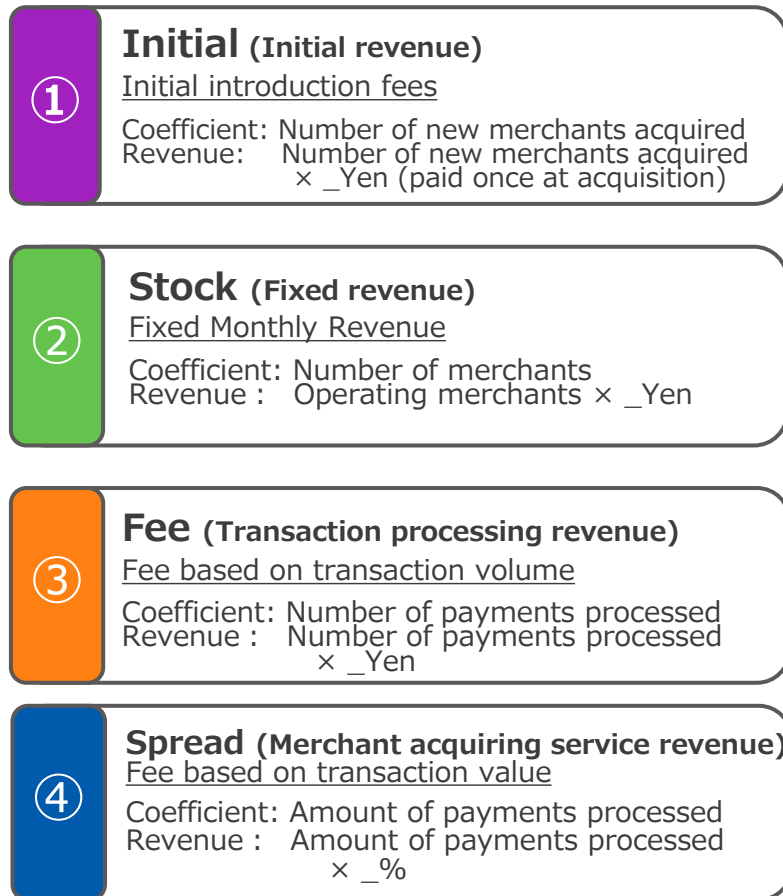
※1 Figures exclude a significant increase in operating stores caused by a specific merchant. If included, the number of operating stores is 244,356 stores as of end of March 2021.

※2 Operating payment terminals: starting from FY2021 the figure presents the combined number of payment terminals and embedded-type payment terminals that are also sold through sales partners.(up 61.6% YoY)

Payment Processing Business: Revenue model of credit card payment processing

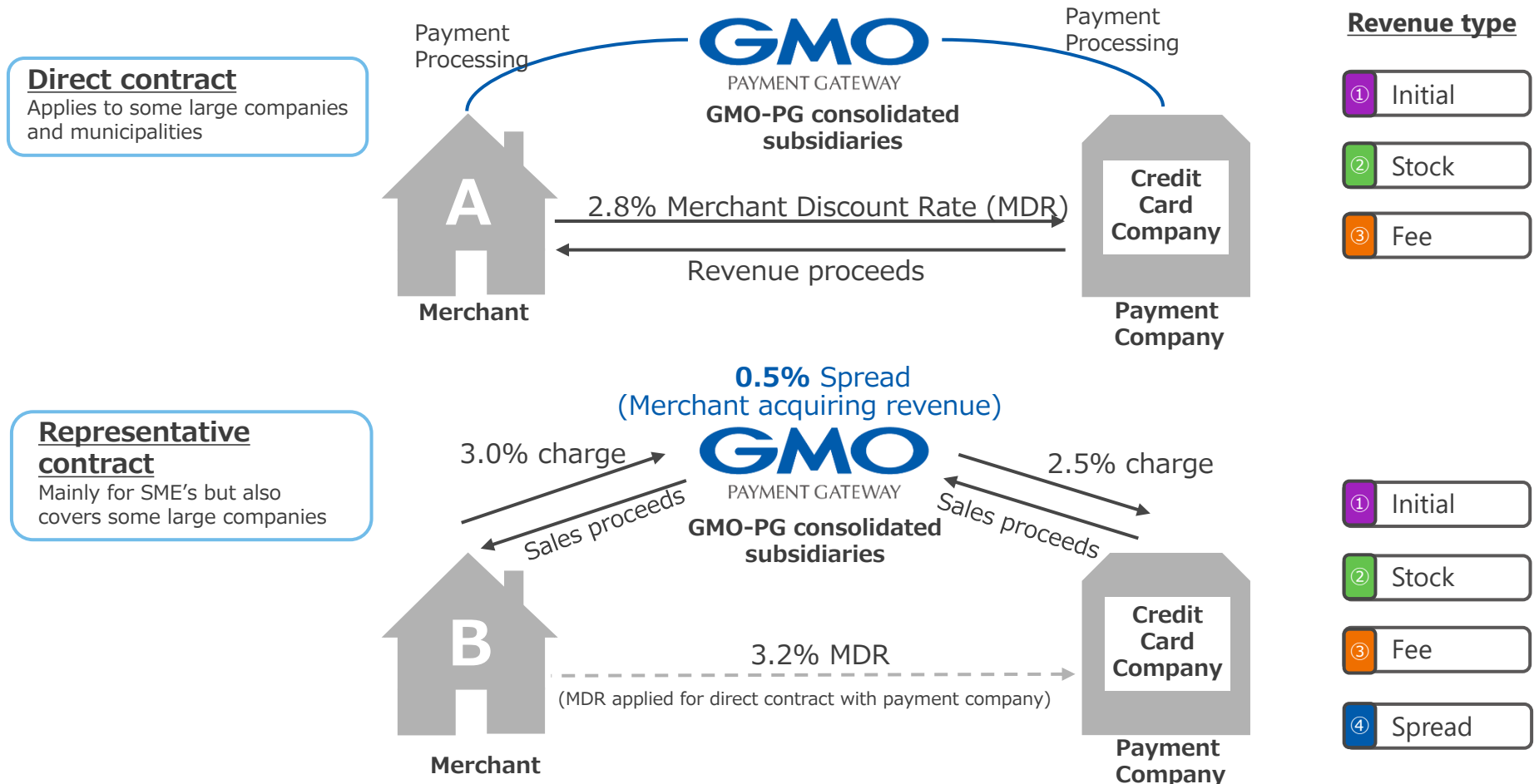
Revenue model determined by merchant size and type

- Four Revenue Streams (a.k.a. Business Models)
- Revenues by merchant type/size



Payment Processing: Two types of merchant contracts

Created the Representative Contract and effectively changed the flow of revenue proceeds

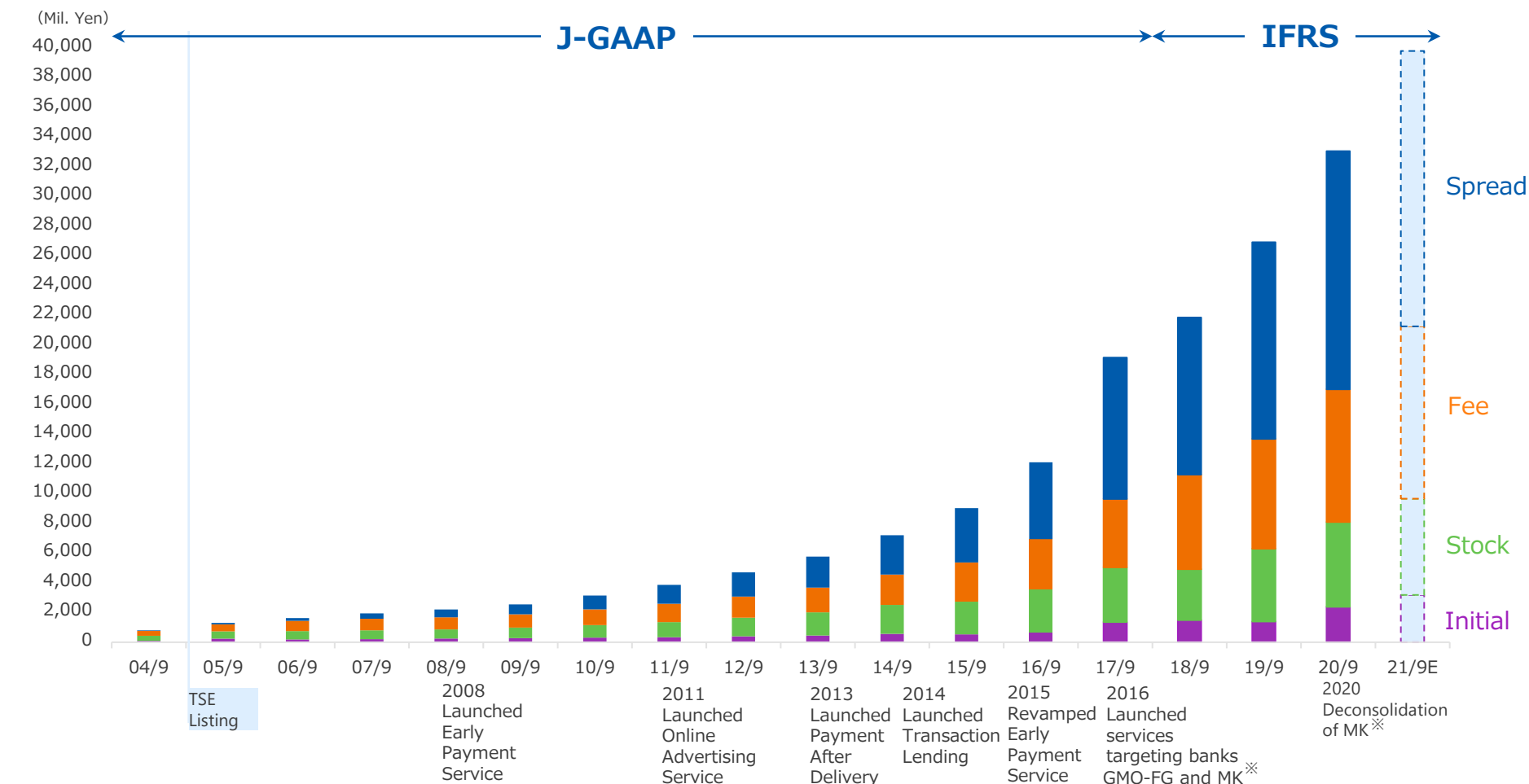


※ Figures included are for illustration and reference purposes only.

※ This illustration represents the contracts for credit card. GMO Epsilon revenues are only derived from spreads (See page 6).

Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



※GMO-FG : GMO Financial Gate, Inc.; MK : MACROKIOSK

※ Due to adoption of IFRS accounting standards, the online marketing service (stock) and finance lease (spread) revenue recognition standard is converted from gross basis to net basis starting from Fiscal Year ending September 2018.

Due to the deconsolidation of MACROKIOSK from May 2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.

Summary Table of Segments, Business Model and Services

Reporting in 3 Segments and 4 business models

■ Business Model

Initial (Initial revenue)	Online Payment ※
	Offline Payment (GMO-FG) ※
	System Development
	SSL Service
Stock (Fixed revenue)	Online Payment
	Offline Payment (GMO-FG)
	Ginko Pay/Processing
	Online advertising service
Fee (Transaction processing revenue)	Online Payment
	Offline Payment (GMO-FG)
	GMO Payment After Delivery
	GMO Kake-Barai (GMO Pay On Credit)
	Remittance Service
Spread (Merchant acquiring service revenue)	Delivery service
	Online Payment
	Offline Payment (GMO-FG)
	GMO Payment After Delivery
	GMO Kake-Barai (GMO Pay On Credit)
	Overseas Lending
	Early Payment Service
	B2B Factoring
	Transaction Lending

■ Segment

Payment Processing Business	Payment Processing ※
	Offline Payment (GMO-FG) ※
	Ginko Pay/Processing
	System Development
Money Service Business	GMO Payment After Delivery)
	GMO Kake-Barai (GMO Pay On Credit)
	Remittance Service
	Overseas Lending
	Early Payment Service
Payment Enhancement Business	B2B Factoring
	Transaction Lending
	Online advertising service
	SSL service
	Delivery service

※ Online Payment includes pay-as-you-go payment, recurring payment, Z.com Payment (overseas payment service).
GMO-FG stands for GMO Financial Gate.

Expansion of TAM and Profit Targets

Expand scope of business in the enormous market to achieve 2025 OP target of ¥25 bn

■ TAM by market segment, GMV, OP target and Priority Initiatives

Market Segment	Broader EC (pg. 12-14)		FinTech (pg. 15-16)		BaaS (pg. 17)		Offline (pg. 18-19)		Global (pg. 20)	
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
TAM (¥ trn)	20	45 (B2C EC)	1	3 (Deferred payment market)	2	2~ (IT investment by Financial Institutions)	87	118 (Offline cashless market)	50	50~ (Overseas lending)
GMV (¥ trn)	352	408~ (B2B EC)	2.5	8 (Early Payment, Transaction Lending)	—	—	1	5	—	—
OP (¥ bn)	7.5	18~22	1.8	3~	0.5	1~	0.5	2~	— ^{※2}	3~
Priority Initiatives	Platform Global major players B2B payment service		FinTech B2B payment service		Platform		Offline Payment (IoT) FinTech		Global FinTech	

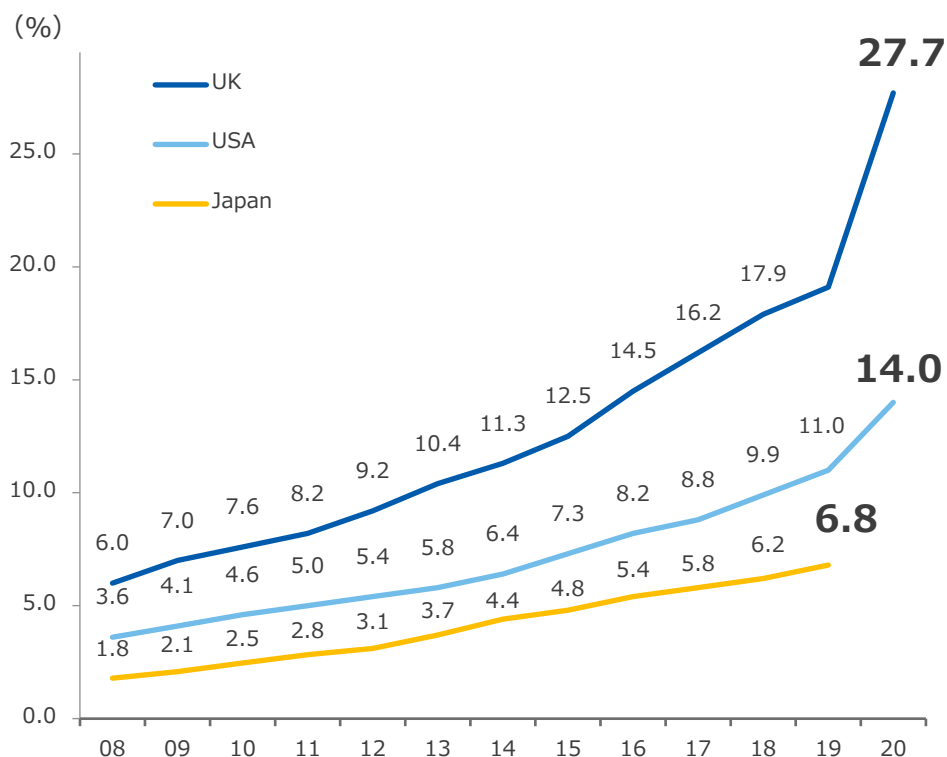
※1 Figures for TAM, GMV, OP (operating profit) are our estimates and targets. Figures are estimates and are rounded down to the nearest whole number. There is some overlap in OP figures for the FinTech Global. Offline OP includes companies other than GMO Financial Gate. TAM: Total Addressable Market, BaaS: Bank as a Service, GMV: transaction (TRX) value.

※2 The OP figure for Global is included in FinTech.

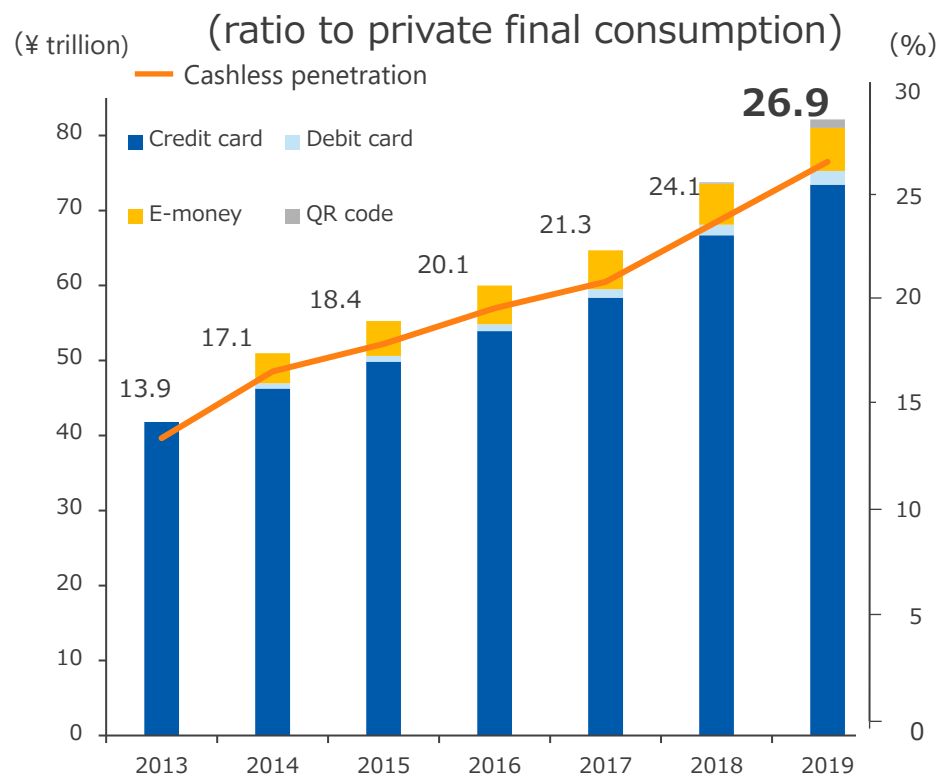
Narrowly-defined EC: B2C EC Market

Low penetration rate of cashless relative to US/European countries and high proportion of cash payment

■ EC Penetration Rates in Developed Markets



■ Cashless penetration in Japan



※Figures are GMO-PG estimates.

Sources : METI. "FY2019 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 2021 Retail E-Commerce Sales Report";
Office for National Statistics "Retail Sales Index internet sales, March 2021"

※ Cashless Penetration = Sum of credit card usage amount, debit card usage amount, e-money usage amount, QR-code usage amount divided by private final consumption expenditure

※GMO-PG estimates: Cabinet Office "System of National Accounts"

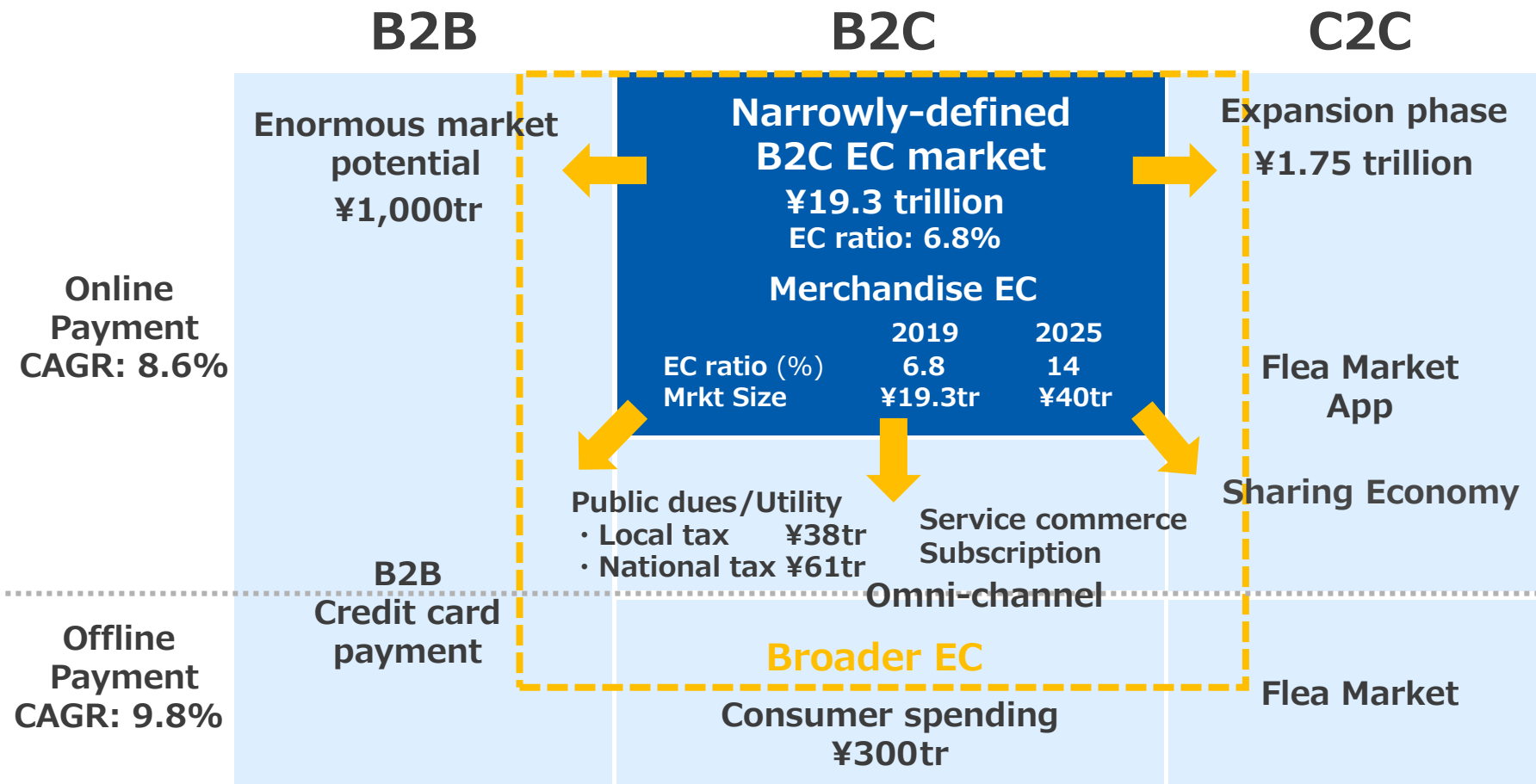
Japan Consumer Credit Association's Credit Card Statistics

Bank Of Japan's Payment and Settlement Statistics

Payments Japan Association's Code Payment Statistics

Broader EC: Expanding Scope of Cashless Business

The migration towards cashless payment is our growth accelerator



※References : METI's "FY2019 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)". Figures for 2025 are our estimates.

※MIAC "Breakdown of national tax and local tax revenue (FY2020 Budget and Local Government Finance Plan)"

※THE WORLD BANK "Household final consumption expenditure (current USD)"

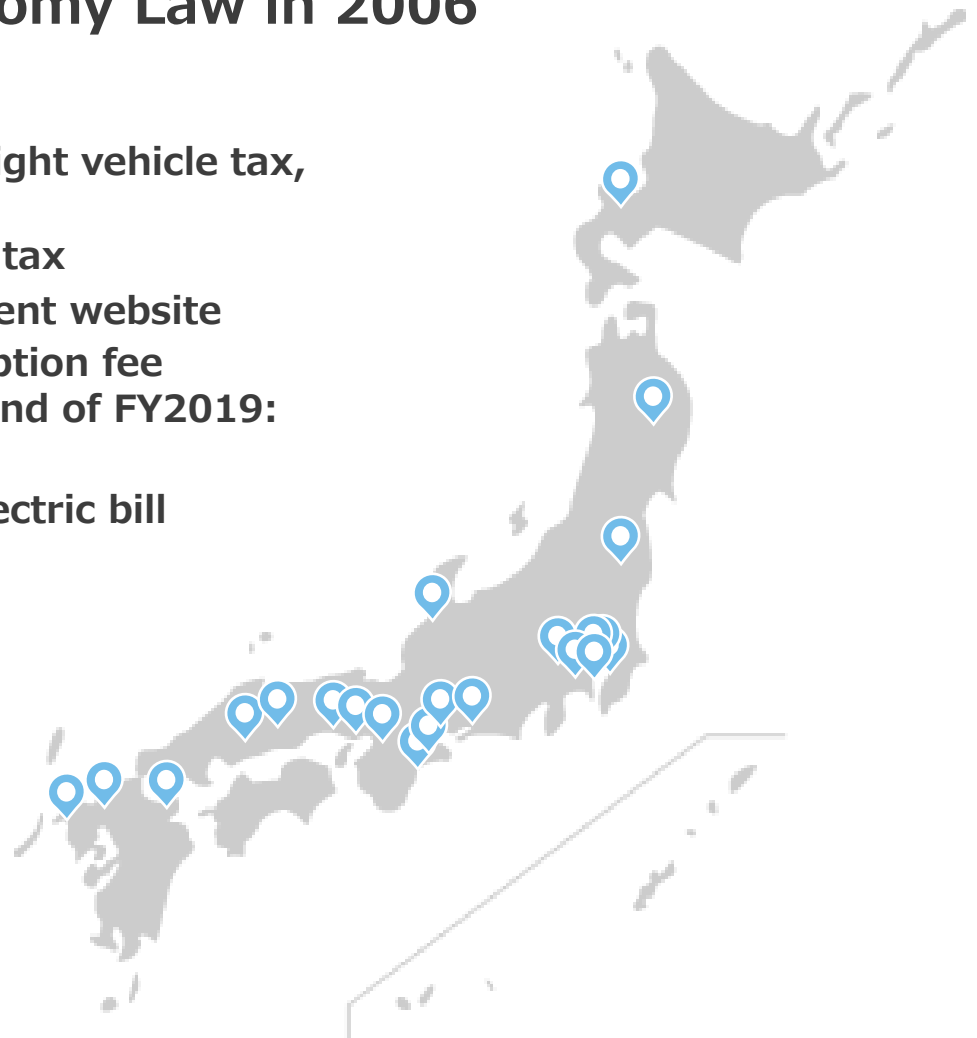
※Payments Japan Association's "Cashless Roadmap 2019"; Yano Research Institute's "Online Payment/Settlement Service Providers 2018."

Broader EC: Public Dues and Utility Payments

Introducing card payments for public dues and taxes since the amendment of the Local Autonomy Law in 2006

Local governments, etc.	Local Taxes (automobile tax, light vehicle tax, fixed assets tax, etc.) Water bill, gas bill, hometown tax
NHK	National tax credit card payment website National broadcasting subscription fee
TEPCO Energy Partner	Credit card usage rate at the end of FY2019: 16.9% (Up +1.0% YoY) Supporting digitalization of electric bill payment

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



FinTech: Money Service Business (MSB)

Financial services that only a payment processing company can offer

	<u>Services</u>	<u>MSB-related assets</u>	<u>Business Model</u>
✓	GMO Payment After Delivery GMO Kake-Barai	Pay the sales proceed ahead of the deposit from the consumer	Accrued revenues
			<div>③ Fee</div> <div>④ Spread</div>
✓	Remittance service	Efficient and secure refund and remittance processing	—
			<div>③ Fee</div>
✓	Overseas Lending/ Transaction Lending	Lending of growth capital	Accounts receivable-trade (short term loans)
			<div>④ Spread</div>
✓	Early Payment service	Improves cash flows by bringing forward the payment date	Accounts receivable - trade (advances paid)
			<div>④ Spread</div>
✓	B2B Factoring	Early cash conversion of accounts receivable	Accrued revenues
			<div>④ Spread</div>

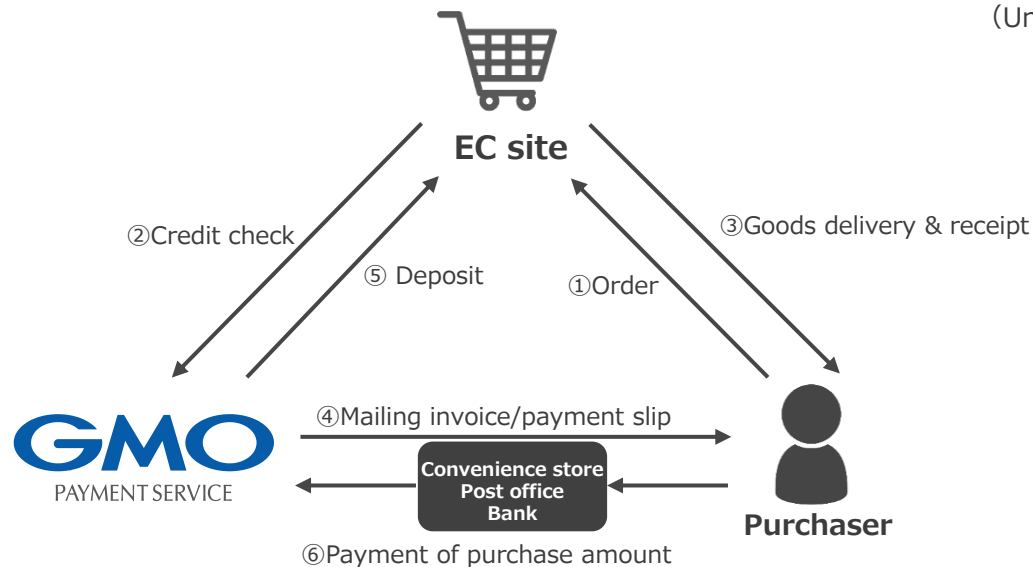
FinTech: GMO Payment After Delivery

Deferred payment provided by subsidiary GMO Payment Service Inc.

■ GMO Payment After Delivery/GMO Kake-Barai

Buyer can pay at a post office or CVS store after receiving goods

Payment term (deadline) is 2 weeks.

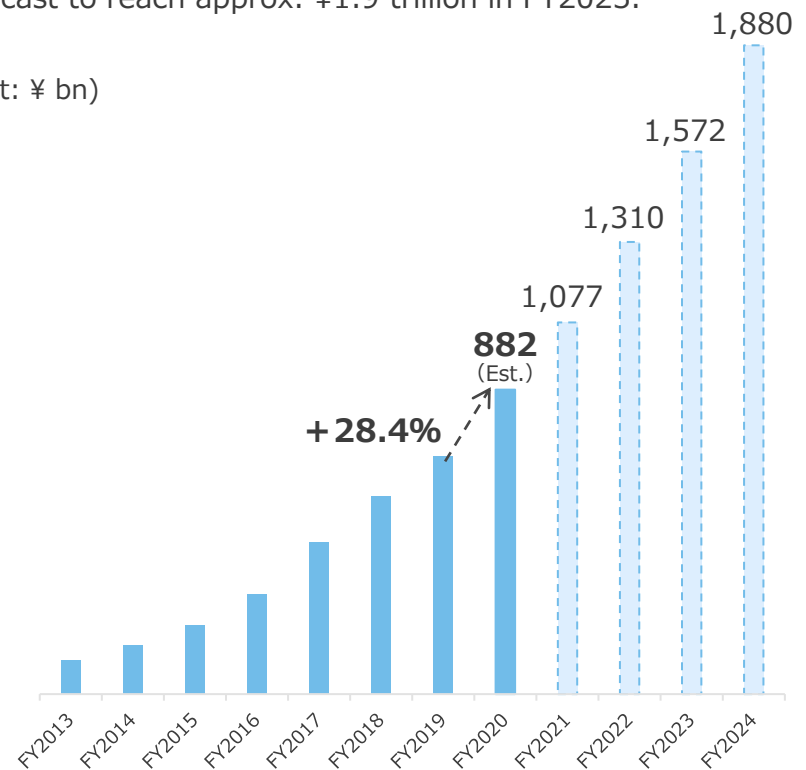


- Payment services with over 2 weeks payment terms are also available
- Service rollout of GMO Kake-Barai from November 13, 2020

■ Market size of deferred payment

Robust growth of the Deferred Payment market.
Market size in FY2020 estimated at ¥882.0 billion.
Forecast to reach approx. ¥1.9 trillion in FY2023.

(Unit: ¥ bn)



※ Source: "Online Payment/Settlement Service Providers 2021" and "Domestic Cashless Payment Market 2019" issued by Yano Research Institute Ltd.

Figures for FY2020 are estimates and figures for 2021~2024 are forecasts.

Copyright (C) 1995 GMO Payment Gateway, Inc. All Rights Reserved.

Cashless

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

■ Ginko Pay

A smartphone app system marketed to financial institutions that allows for immediate payments such as direct debit



■ Cash-out (withdrawal) service ※

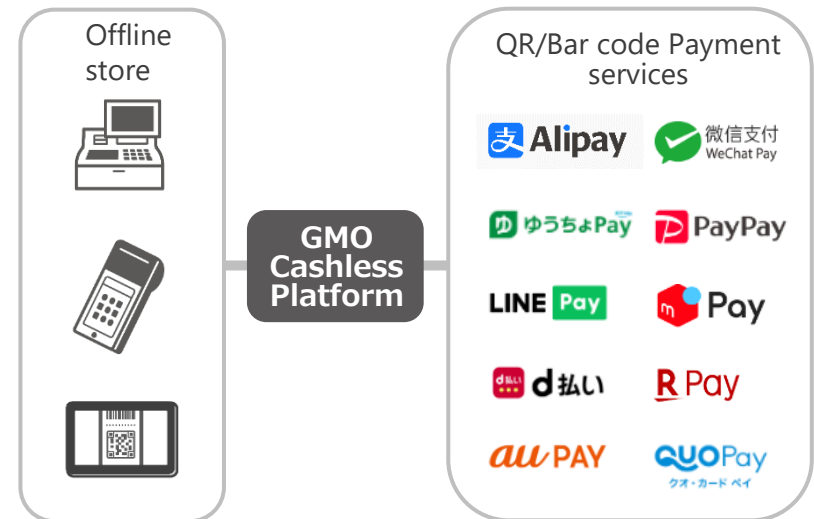
Cash withdrawal made from ticket vending machines at Tokyu Line train stations that is based on the Ginko Pay framework (jointly developed with Tokyu Corporation, Bank of Yokohama and Japan Post Bank)

■ Cash-in (deposit) service ※

※ not available at certain stations of Tokyu Line.

■ GMO Cashless Platform

Cashless solution for offline stores which offers a package of payments methods including QR/Bar code and is scalable to include new payment methods



■ Processing Platform

A one-stop package of various payment solutions for issuing and acquiring businesses, offered to banks, credit card companies and general businesses.

Further expanding the scope of business through cashless migration and strategy of alliances

■ Offline payment

GMO Financial Gate offers payment terminals for payments made at offline stores.

■ Growth factors of the offline market

Amendment of Installment Sales Act:

- Replacement demand for IC chip equipped terminals from conventional magnetic strips.
- Cashless demand from changing externalities such as new lifestyles

Embedded-type EMV terminal ※



with PIN



with PIN



with PIN



without PIN

■ stera

Rollout of a new payment platform to handle the huge variety of payment methods.



Customer facing



Merchant facing

※EMV: uniform standards for IC-chip enabled credit cards created by Visa and MasterCard.

Target: Unattended Market

Vending (Goods)



Ticket



Coffee Machine



Fare Adjustment (Golf, hotel)



Vending (Beverage/Food)



EV Charging Stn. Parking Fee



Self Check-out



Coin Laundry

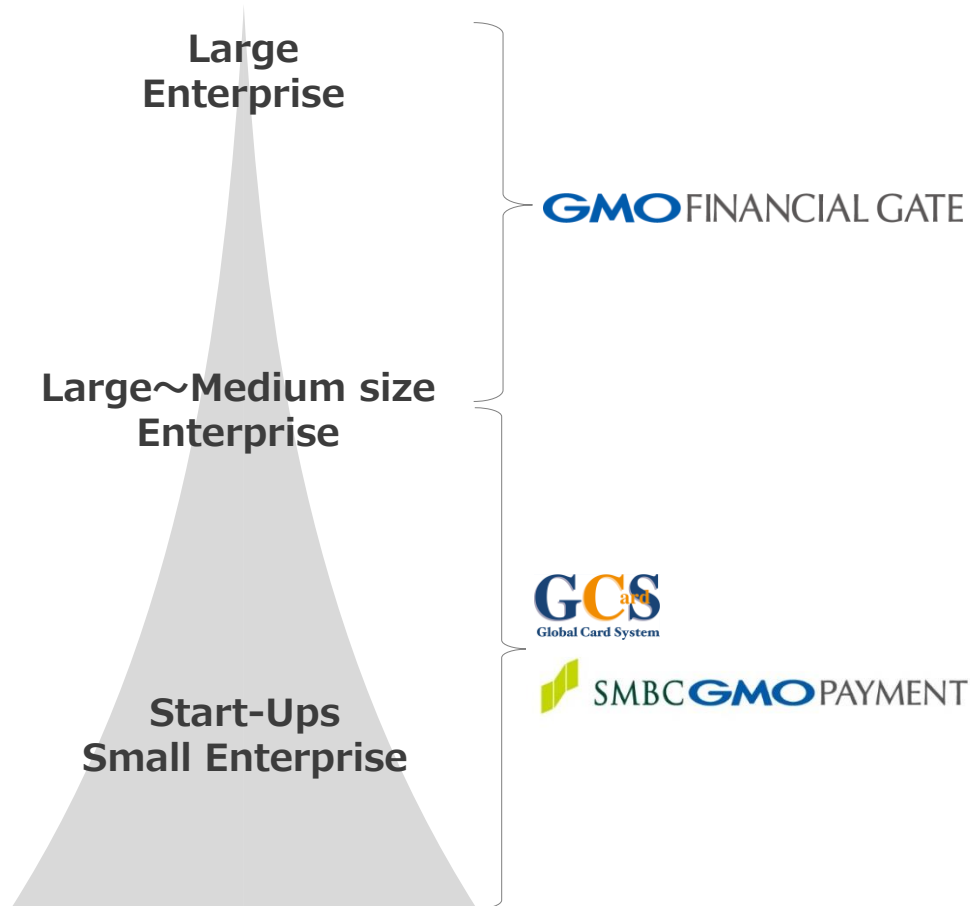


Capsule toy machine



IoT: Offline Payment Market

SMBC GMO PAYMENT: Business reorganization and reinforcing the alliance



Business reorganization (change in equity interest)

	Before	After
SMBC [※]	51%	10%
GMO-PG	49%	40%
SMCC [※]	0%	50%

※SMBC stands for Sumitomo Mitsui Banking Corporation.
SMCC stands for Sumitomo Mitsui Card Company.

Rollout of “stera pack,” a solution service for SMEs

Commission
Rate (%)

Visa/Mastercard: 2.70~2.90%(※)

Union Pay, E-money, QR/Bar Code: 3.25%

※ First year is a flat rate of 2.80%. Second year onwards is a range on 2.70~2.90% based on Visa/Mastercard's GMV in the previous year.

Service
Charge

¥3,000 per month x nos. of terminals

Only credit card payments accepted.

Terminal
Cost

Free(※)

※ Repaid and exchange is free (if no fault of the merchant)

Global: Overseas Strategy

Expand customer coverage through strategic investments and assisting Japanese companies' foray into the Asian market

■ Investment target

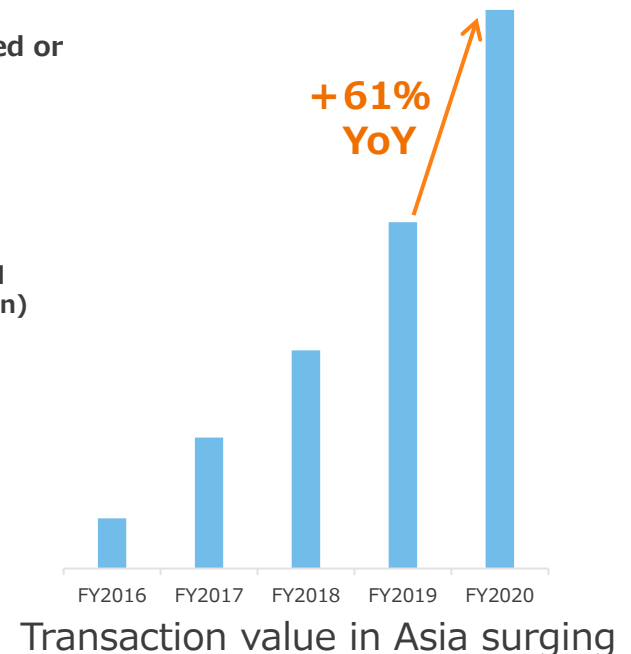
Asia: Top payment-related company US: Innovation equity stakes

Portfolios of Investments by GMO-PG and GMO Global Payment Fund



■ Payment processing business

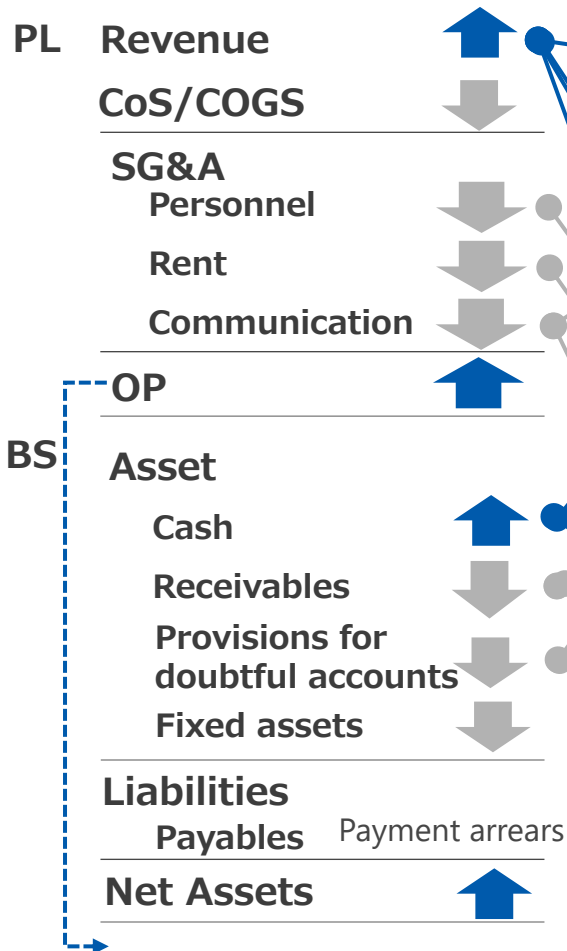
Providing payment services to Japanese companies expanding into the Asian market (Z.com Payment)



Our Position in the socio-economic New Normal

DX support services that improves client's PL & BS

Customer needs & PL/BS changes



Use cases

Online shop, Utility bills

- Multiple payment methods
- Paperless (lowered postal cost)
- CF improvement service

- Improve collection rate
- Prevent suspicious transactions

Restaurants

- Delivery sales
- Cashless implementation
- Reduced headcount (lower personnel cost)
- Store closures (lower rent expense)
- CF improvement service

Event, Ticket Sales

- Merchandise sale
- Refund demand (lower postal cost)

Our DX support services

PG Multi-Payment service
TEPCO EP "SMS Payment Choice"
Cycle byGMO
 GMO B2B Early Payment
Invoice Smartphone Payment
Fraud prevention service (Sift)

Online sales support
GMO Cashless Platform

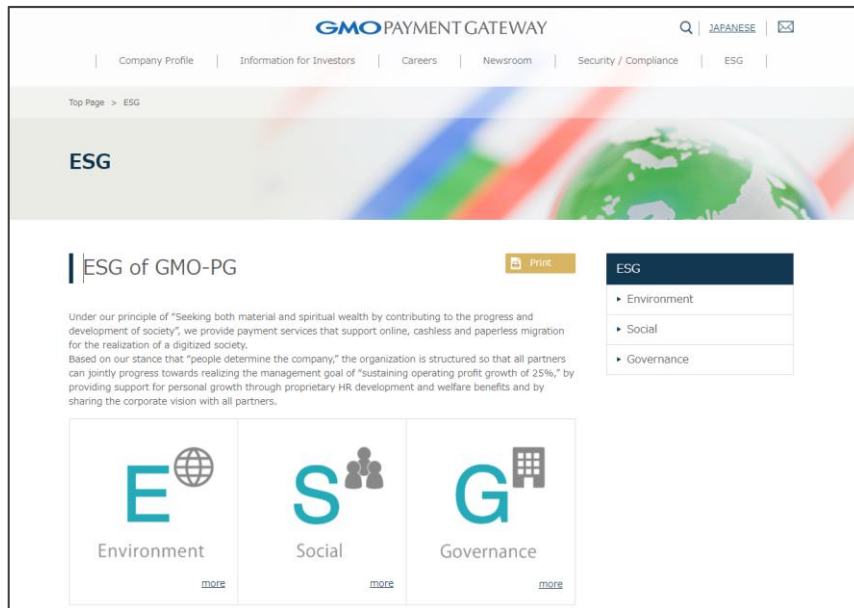
Electronic Invoice Early Payment
 GMO B2B AR Guarantee

Online sales support
 Remittance service (for refunds)

ESG Initiatives

ESG initiatives are outlined on GMO-PG's website and in the 27th fiscal year annual report.

■ GMO-PG website



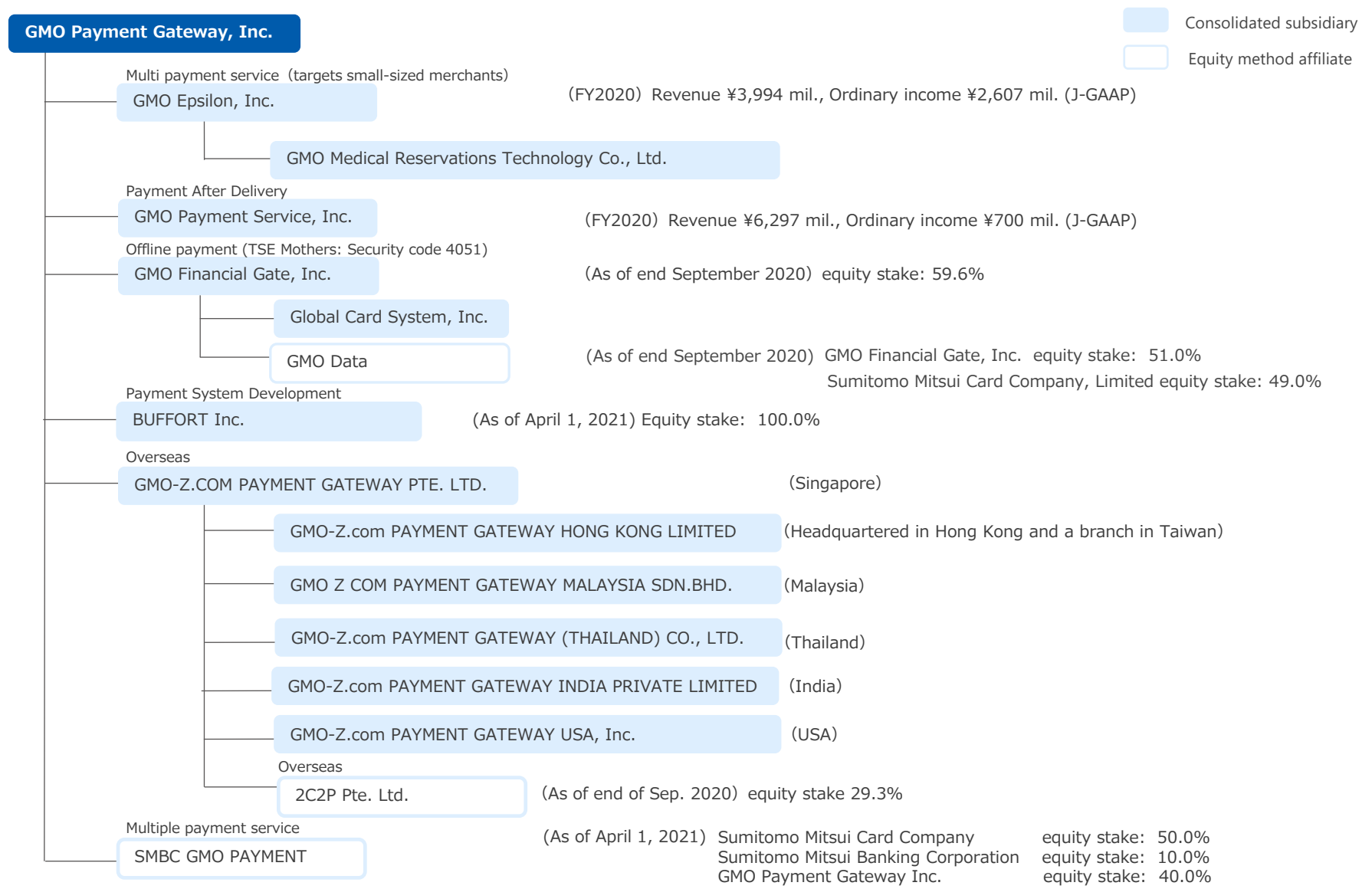
■ Annual Report for the 27th Fiscal Year



For details, please click on the URL links below:

- GMO-PG website <https://www.gmo-pg.com/en/corp/esg/>
- Annual Report https://www.gmo-pg.com/en/corp/newsroom/pdf/201221_gmo_pg_en.pdf

Major subsidiaries and equity-method affiliates (IFRS standards)



Company Outline

■ Name	GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange First section)	
■ Date of establishment	March 1995	
■ Location	FUKURAS office (Head office) SHIBUYA FUKURAS 15F, 1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043 Japan Humax Shibuya Building 7F, 1-14-6, Dogenzaka, Shibuya-ku, Tokyo Japan	
■ Capital stock	9,447 million yen	
■ Major shareholders	GMO Internet, Inc., Sumitomo Mitsui Banking Corporation, Mr. Issei Ainoura ,etc	
■ Management team	Chairman & Director	Masatoshi Kumagai
	President & Chief Executive Officer	Issei Ainoura
	Director, Executive Vice President	Ryu Muramatsu
	Director, Executive Vice President	Satoru Isozaki
	Senior Managing Director	Yuichi Hisada
	Director	Masashi Yasuda
	Director	Hirofumi Yamashita
	Director	Takehito Kaneko
	Director	Yuki Kawasaki
	External Director	Masaya Onagi
	External Director	Akio Sato
	Senior Managing Executive Officer	Shinichi Sugiyama
	Managing Executive Officer	Tomoyuki Murakami
	Managing Executive Officer	Masaru Yoshioka
	Managing Executive Officer	Takeshi Yoshii
	Managing Executive Officer	Takashi Mitani
	Managing Executive Officer	Katsunari Mukai
	Managing Executive Officer	Kazunari Taguchi
	Executive officer	Kiyonobu Inayama
	Executive officer	Shingo Ito
	Executive officer	Yoshinori Inoguchi
	Executive officer	Hirofumi Tozawa
	Executive officer	Yasunori Hatada
	Executive officer	Mariko Takeda
	Executive officer	Junpei Kendo
	Executive officer	Katsuyoshi Sota
	Standing Auditor	Kazutaka Yoshida
	Auditor	Takashi Iinuma
	External Auditor	Kazuhiko Okamoto
	External Auditor	Yumi Hokazono
■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Consolidated subsidiaries	GMO Epsilon, Inc., GMO Payment Service, Inc., GMO Financial Gate, Inc., BUFFORT Inc. GMO-Z.com Payment Gateway Pte. Ltd. (Singapore), etc.	
■ Equity affiliates	SMBC GMO Payment, Inc., GMO Data, Inc., 2C2P Pte. Ltd., etc.	

(As of April 1, 2021)

GMO Financial Gate, Inc.: Overview

■ Name	GMO Financial Gate, Inc. (TSE Mothers, security code 4051)	GMO FINANCIAL GATE
■ Date of Establishment	September 1999	
■ Location	Humax Shibuya Building 7F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo	
■ Capital Stock	¥1,594 Mil. (As of March 31, 2021)	
■ Major Shareholders	GMO Payment Gateway, Inc. and others	
■ Management	Chairman Akira Takano President and CEO Kentaro Sugiyama Managing Director Akio Aoyama (GM of Sales Department) Director Masamitsu Ikezawa (GM of Administration Department and Corporate Planning) Director Tomonaga Fukuda (GM of System Department) Yasuhiko Kimura Director Masaru Yoshioka (Managing Executive Officer of GMO Payment Gateway Inc.) External Director Nao Shimamura External Auditor Takayoshi Nagasawa External Auditor Satoru Ozawa Auditor Takashi Iinuma (CPA; Representative of Iinuma General Accounting Firm)	
■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Consolidated Subsidiaries	Global Card System, Inc. (Equity stake: 100%)	GCS Global Card System
	GMO Data, Inc. (51.0% stake; Sumitomo Mitsui Card Company, Ltd. 49.0%)	GMO DATA
■ Business Description	Provides cashless payment infrastructure for credit card, debit card, e-money, etc.	



Stationary-type
payment terminal



Mobile payment
terminal



Embedded-type
payment terminal

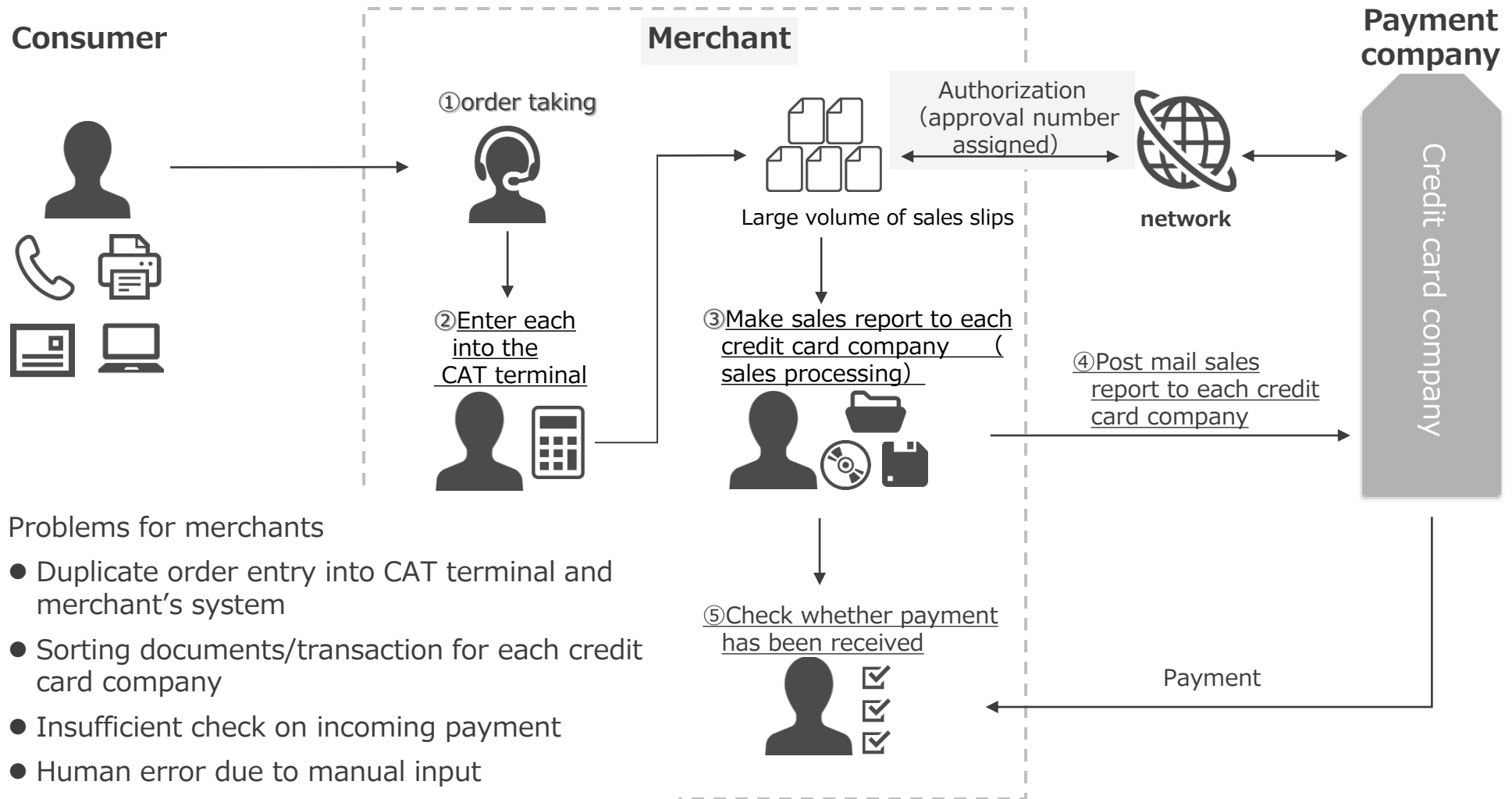


POS terminal for
merchants

(As of May 13, 2021)

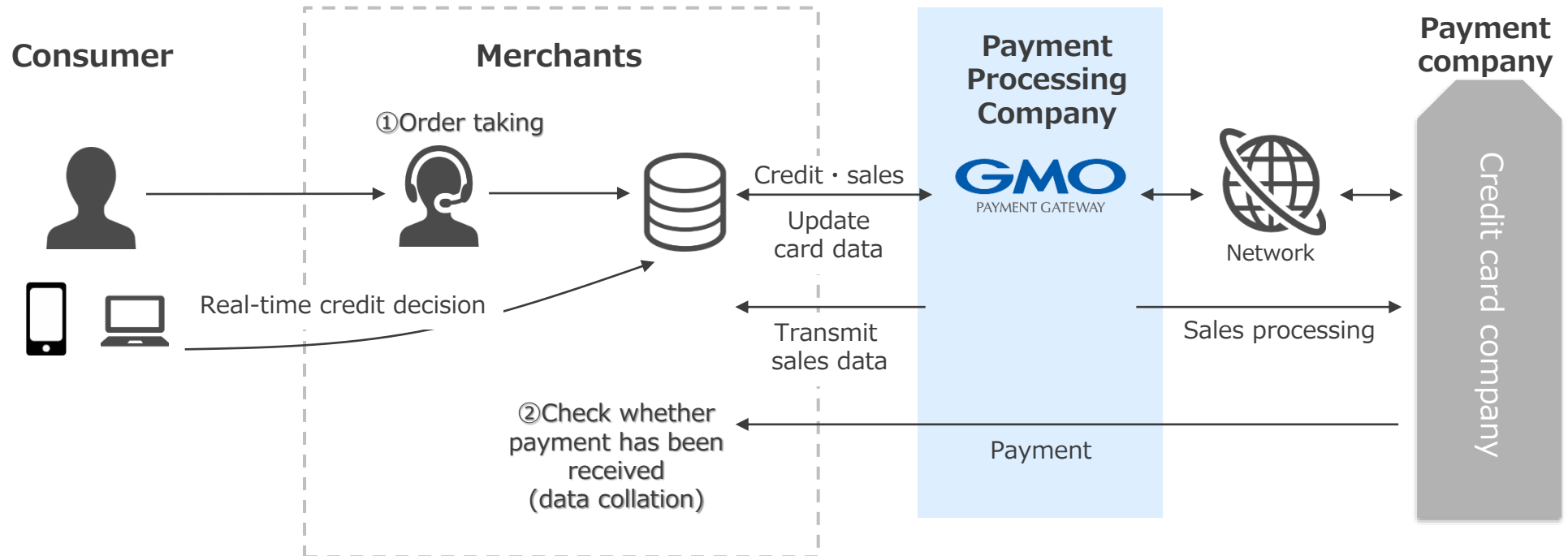
Business outline of payment processing company (1)

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



Business outline of payment processing company (2)

Payment processing service adds operational efficiency to credit card payment



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

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