

# Supplementary Materials

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Financial results briefing for Q1 FY2022

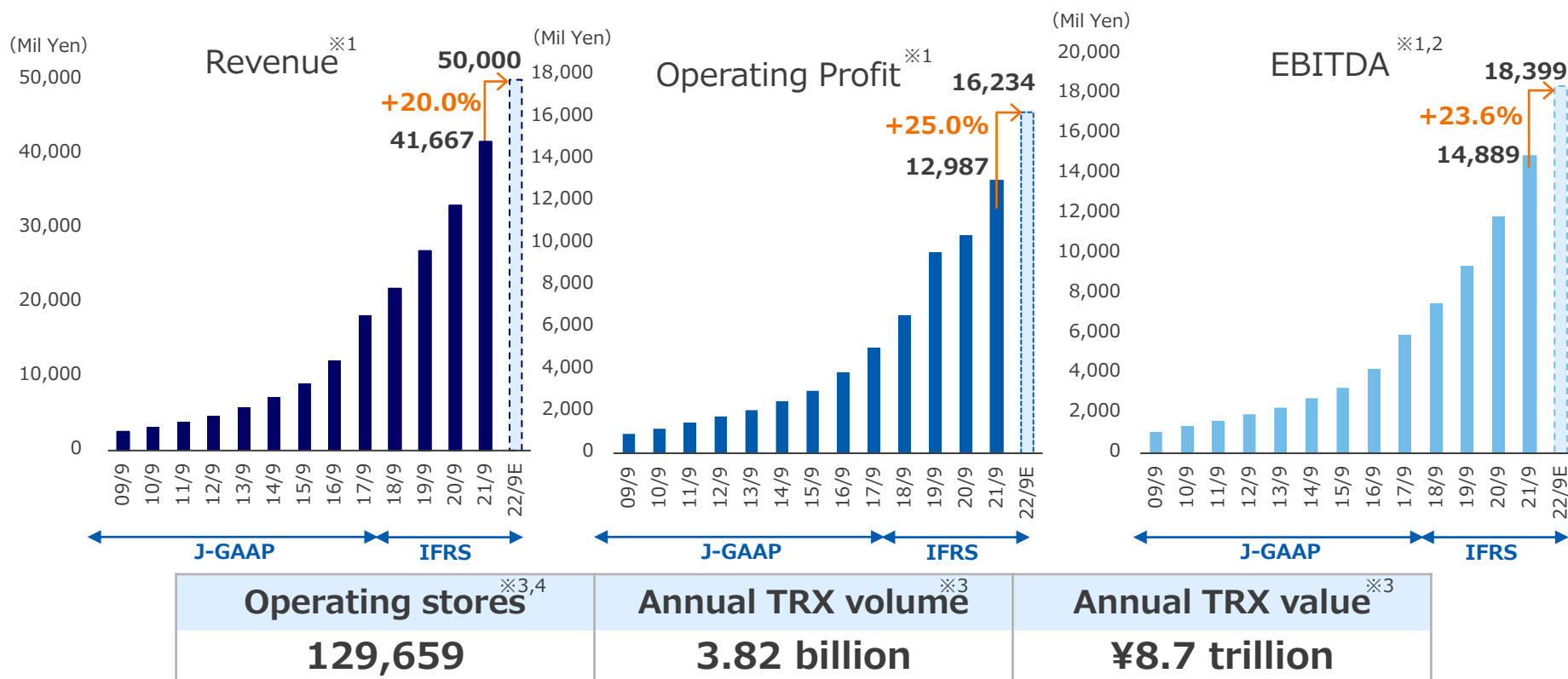
February 10, 2022

68<sup>th</sup> Investor Meeting

**GMO** PAYMENT GATEWAY

# Our Track Record of Growth

## The result of management policy focused on sustainable growth



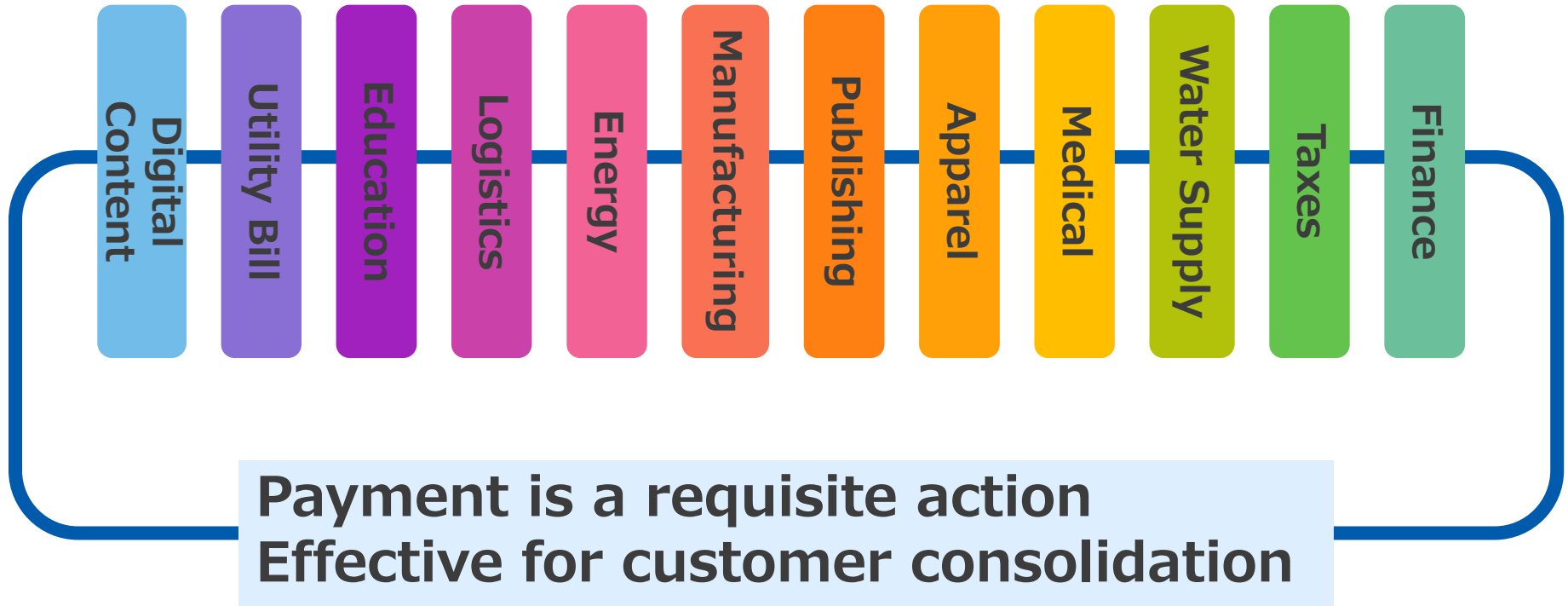
(※1) Macro Kiosk has been deconsolidated in FY ending September 2020, the revenue figures above present the continuing operations only and exclude the discontinued operations.  
 (※2) EBITDA under J-GAAP is calculated as the sum total of operating profit, depreciation and amortization; and EBITDA under IFRS is calculated as 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 December 2021. Annual transaction volume and transaction value are the figures from January 2021 to December 2021; transaction volume and transaction value include the figures of GMO Financial Gate Inc.

(※4) Figures exclude a specific case and the operating stores related to a major delivery service operator. If included, the number of operating stores is 360,275 stores as of end of December 2021 (up 68.0% YoY).

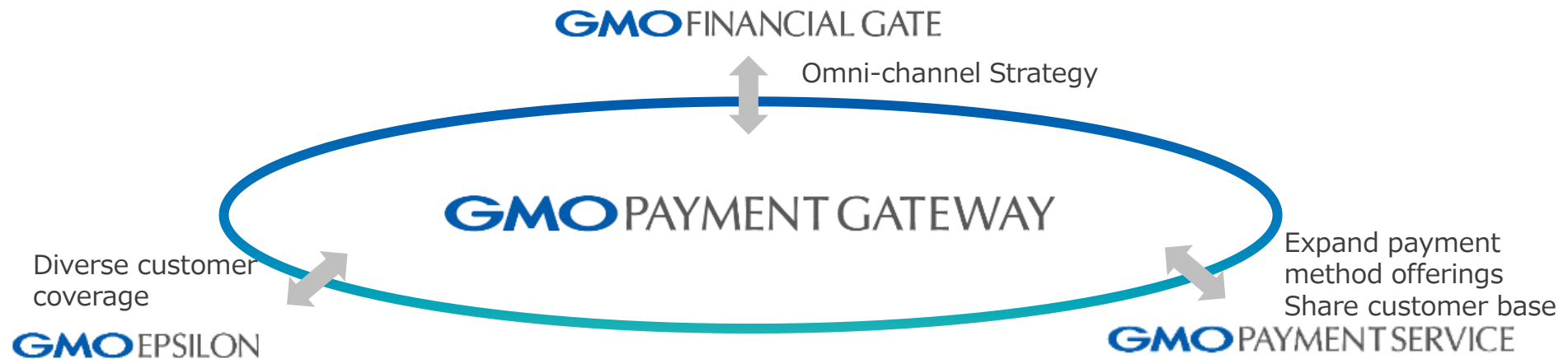
# Characteristic of Payment Business: Cross-Industry

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



# Consolidated management

Realize Group-wide stable growth through sound business operation that agilely responds to the business environments at the major Group companies.

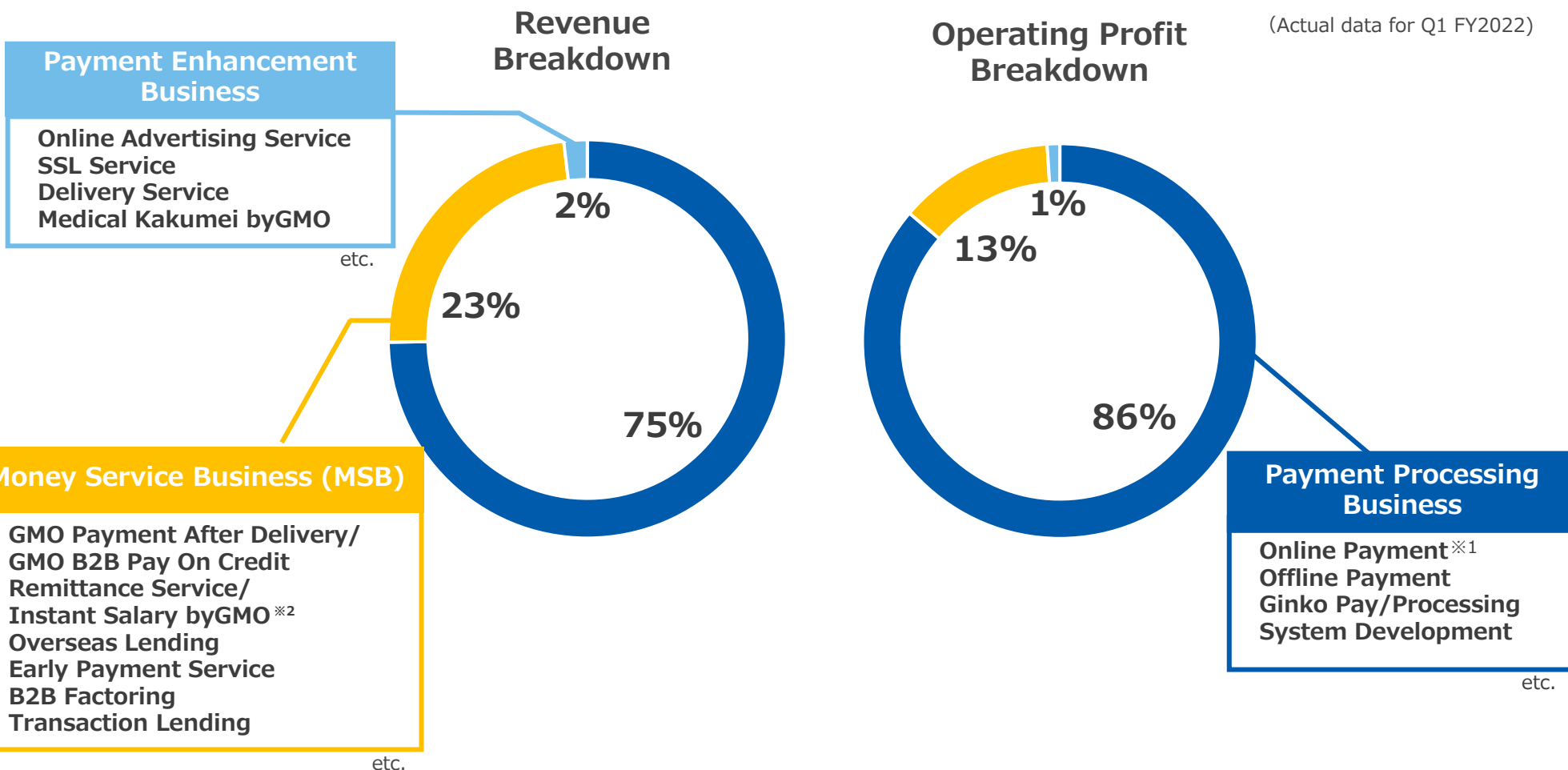


Sharing of management principles, corporate culture and group-wide resource allocation

	GMO-PG	GMO-EP	GMO-PS	GMO-FG
Major business	Online payment processing business	Online payment processing business	BNPL business	Offline payment processing business
Customer	Large corporates (non-merchandise, and merchandise)	Small operators (mainly merchandise)	Merchandise/Non-merchandise operators, individual consumers	Offline stores, Unattended machines

# Three Business Segments

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

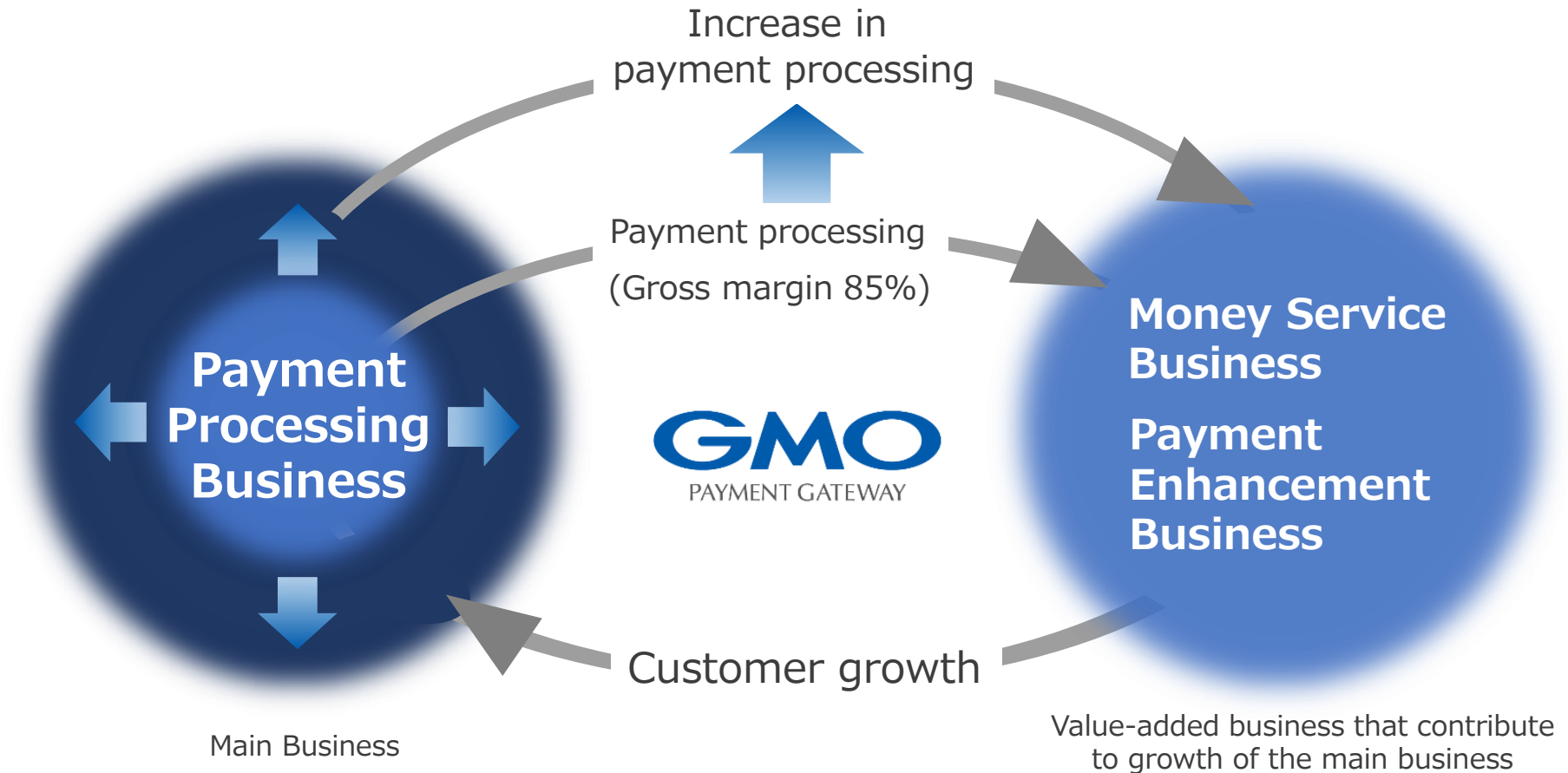


※1 Online payment includes pay-as-you-go and recurring payment and Z.com Payment (overseas payment service).

※2 Instant Salary byGMO commenced service on on July 7, 2021.

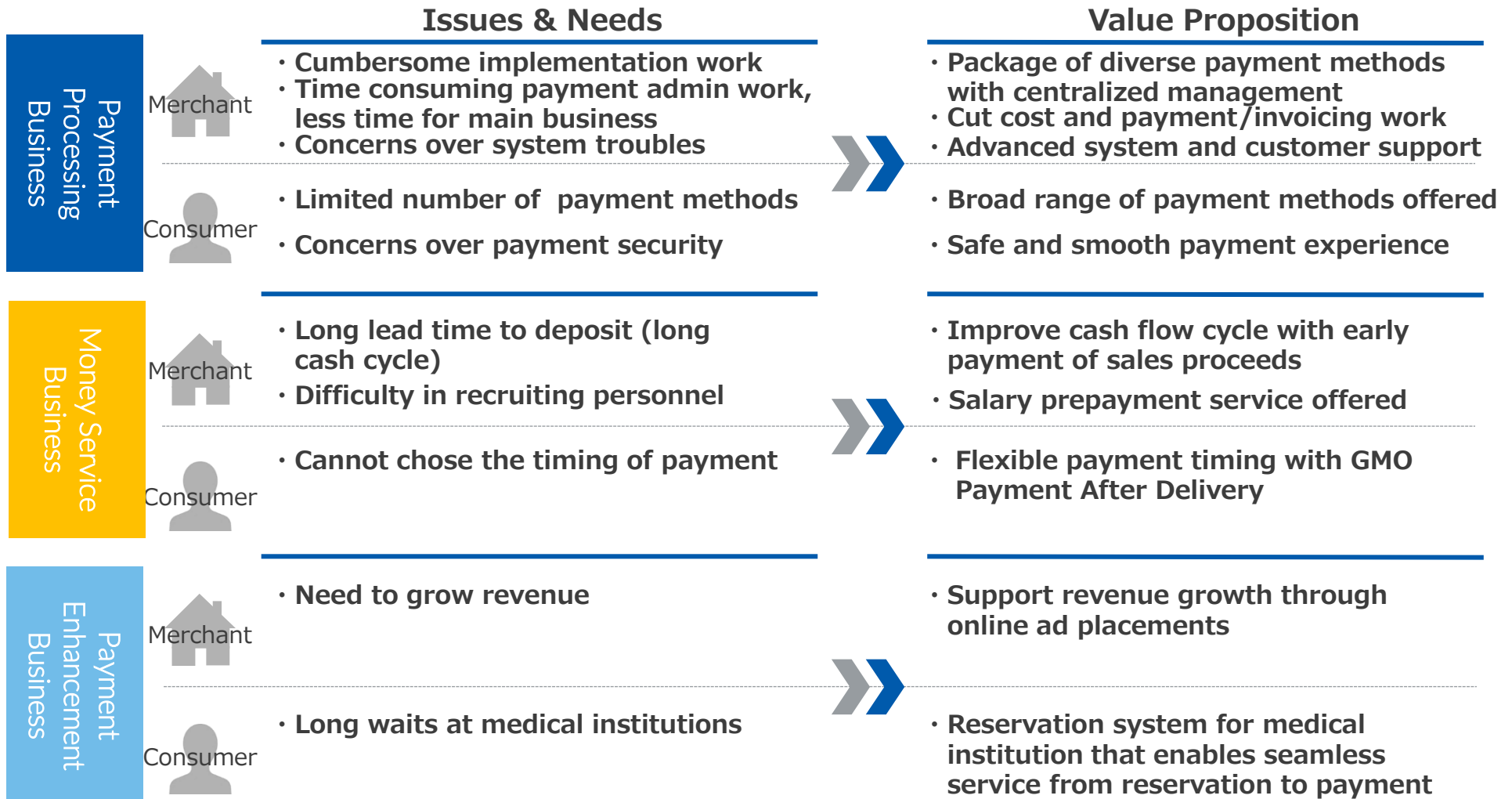
# Our Business Eco-system

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



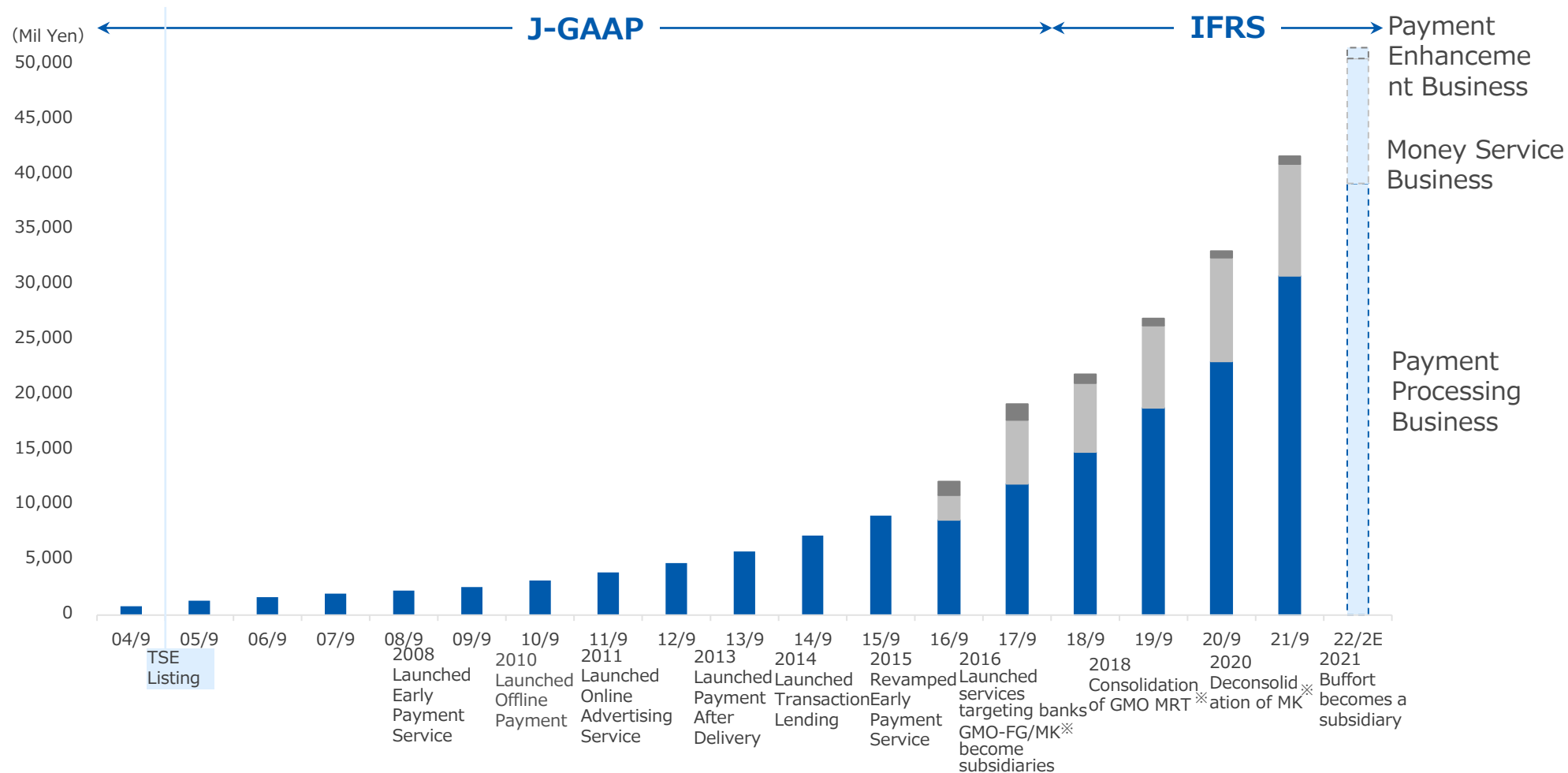
# Business segment and value proposition

## Businesses and services to comprehensively cater to customer's needs



# 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.

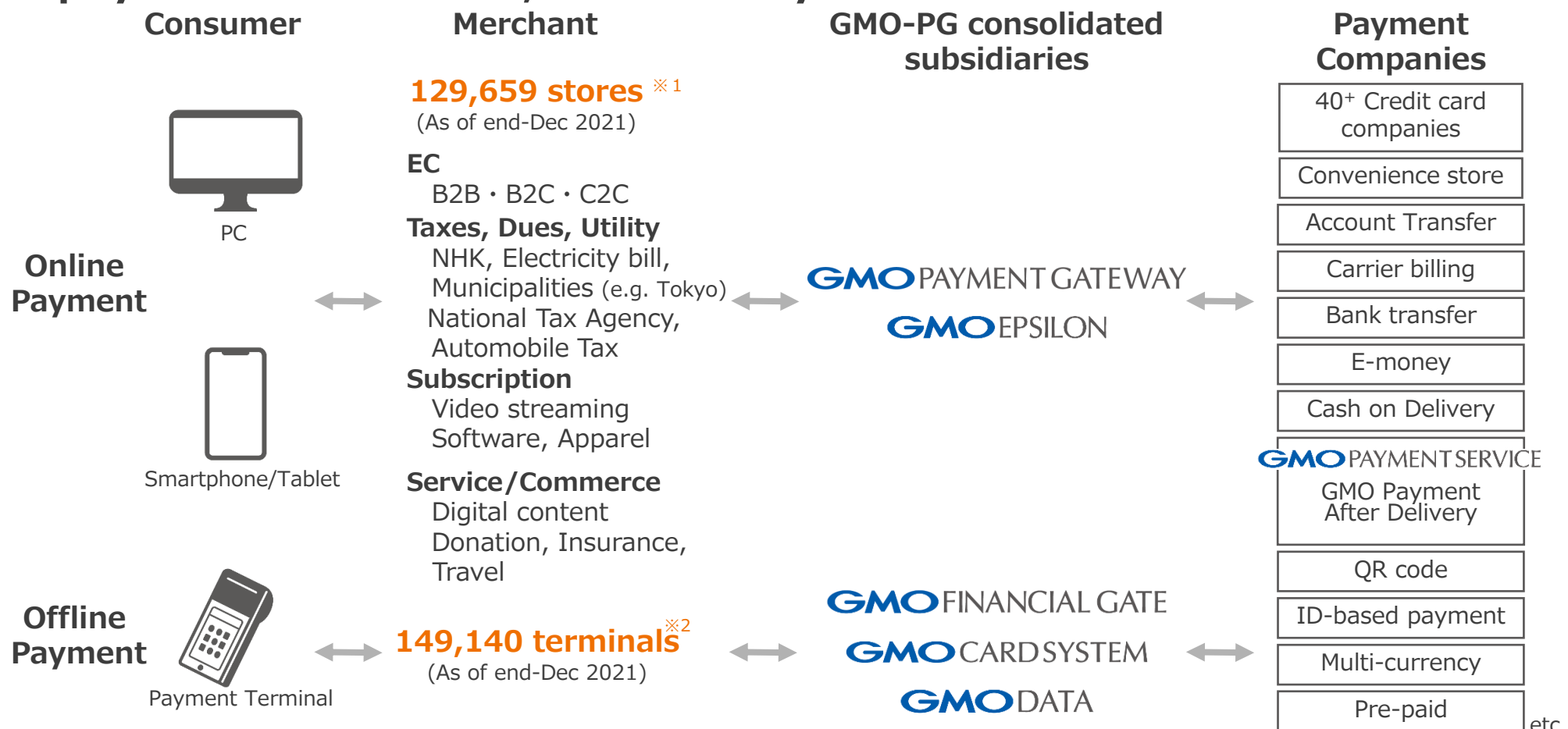
GMO-FG stands for GMO Financial Gate. GMO-MRT stands for GMO Medical Reservations Technology, MK stands for MACROKIOSK.

※ 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.



# Positioning of GMO-PG group

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



※1 Figures exclude a specific case and the operating stores related to a major delivery service operator. If included, the number of operating stores is 360,275 stores as of end of December 2021 (up 68.0% YoY).

※2 Operating payment terminals: Starting from FY2021 the figure presents the combined number of payment terminals sold through sales partner and embedded-type payment terminals. (up 72.0% YoY)

# 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)

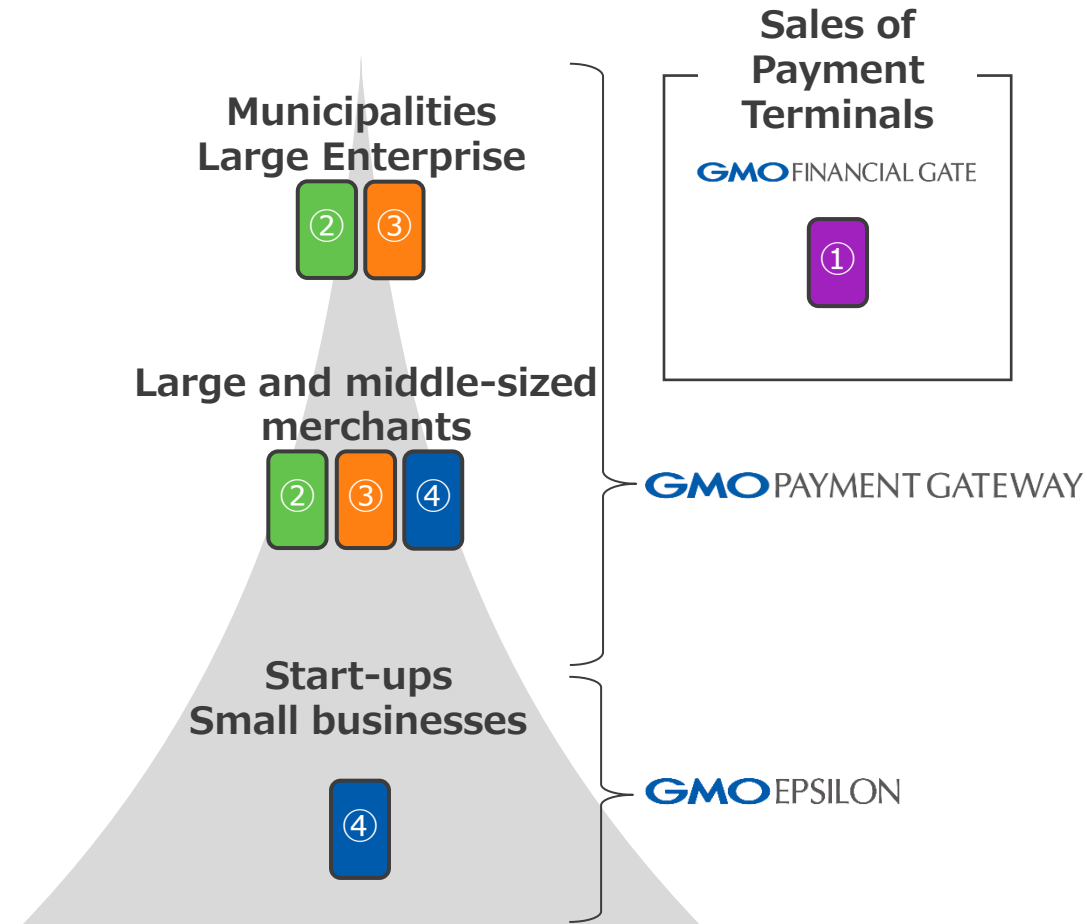
**① Initial (Initial revenue)**  
Terminal Sales  
Coefficient: Number of terminals (units)  
Revenue:  $\frac{\text{Terminal sales (units)}}{\text{Terminal sales (units)}} \times \text{Yen}$ ; paid at start of service

**② Stock (Fixed revenue)**  
Fixed Monthly Revenue  
Coefficient: Number of operating stores  
Revenue:  $\text{Operating stores} \times \text{Yen}$

**③ Fee (Transaction processing revenue)**  
Fee based on transaction volume  
Coefficient: Number of payments processed  
Revenue:  $\frac{\text{Number of payments processed}}{\text{Number of payments processed}} \times \text{Yen}$

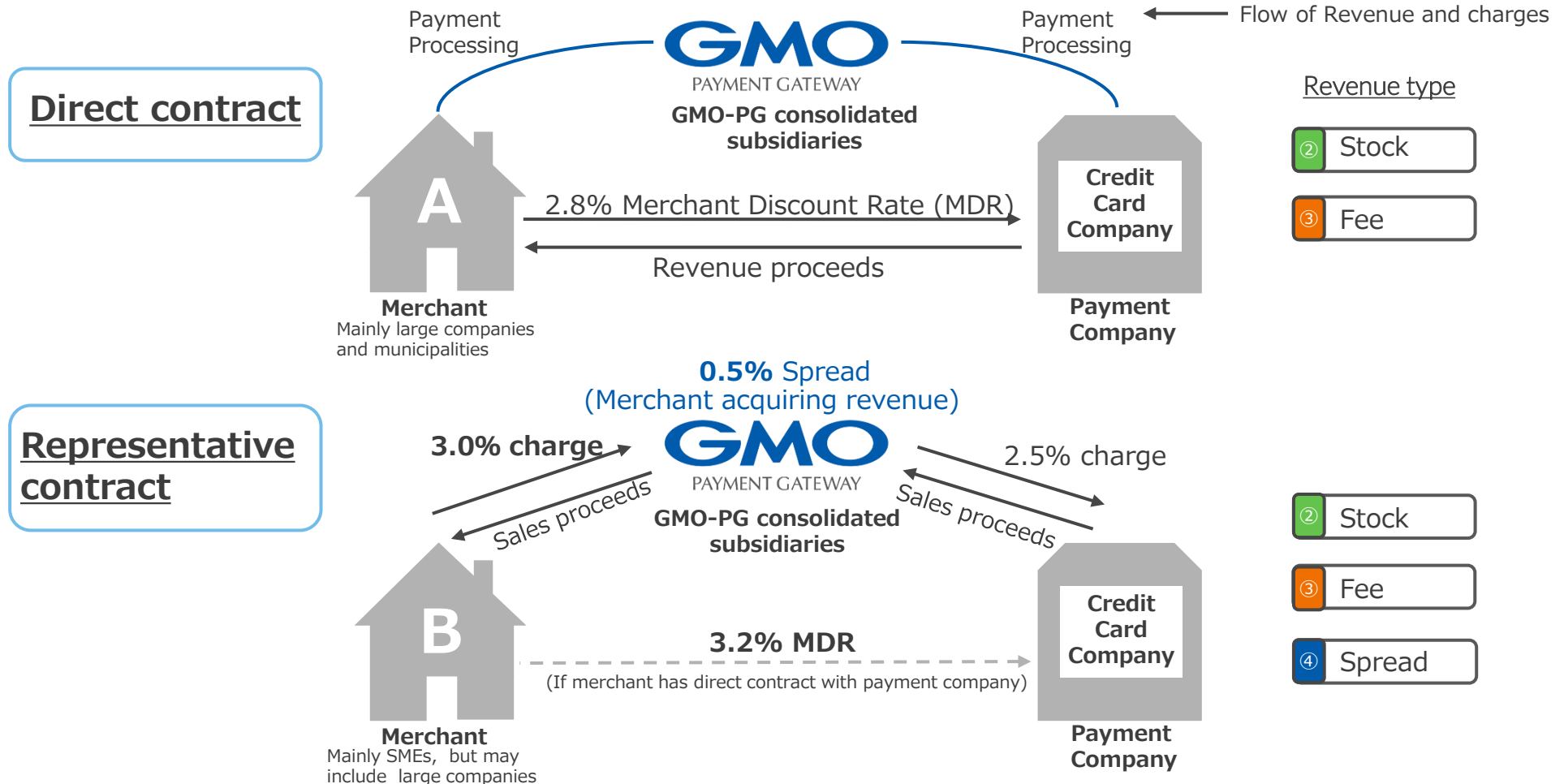
**④ Spread (Merchant acquiring service revenue)**  
Spread on the transaction value  
Coefficient: Value of transaction  
Revenue:  $\text{Value of transaction} \times \%$

### ■ Revenues by merchant type/size



# Payment Processing: Two types of merchant contracts

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

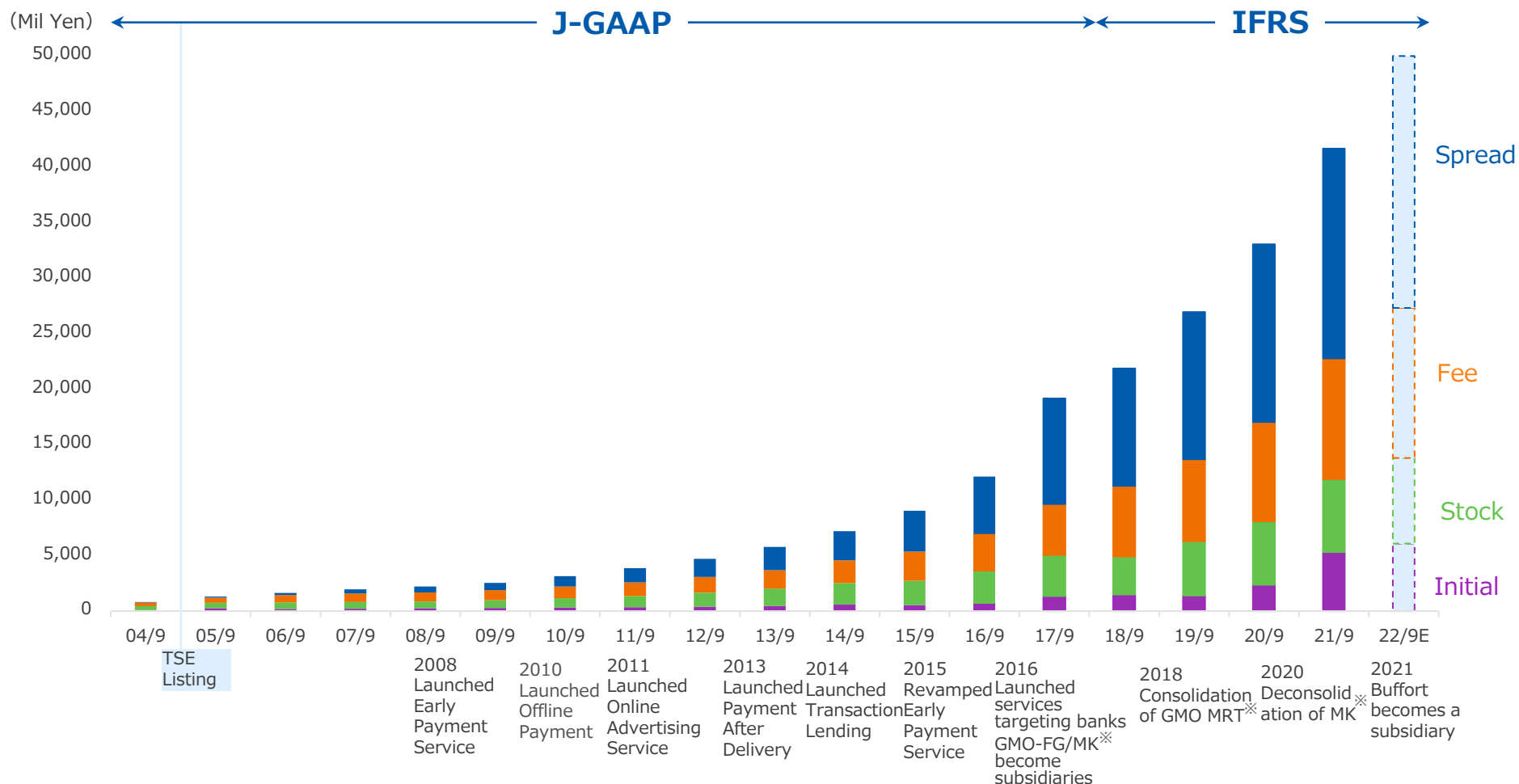


※ Figures included are for illustration and reference purposes only.

※ This illustration represents the contracts for credit card. GMO Epsilon revenues are only derived from spreads (See page 9).

# Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



※ GMO-FG stands for GMO Financial Gate. GMO-MRT stands for GMO Medical Reservations Technology, MK stands for MACROKIOSK.

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

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.

# 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
	SSL Service
Stock (Fixed revenue)	Online Payment
	Offline Payment
	Ginko Pay/Processing
	System Development
	Online advertising service
	Medical Kakumei byGMO
Fee (Transaction processing revenue)	Online Payment
	Offline Payment
	GMO Payment After Delivery
	GMO B2B Pay On Credit
	Remittance Service
	Instant Salary byGMO
	Delivery service
Spread (Merchant acquiring service revenue )	Medical Kakumei byGMO
	Online Payment
	Offline Payment
	GMO Payment After Delivery
	GMO B2B Pay On Credit
	Overseas Lending
	Early Payment Service
	B2B Factoring
	Transaction Lending

### ■ Segment

Payment Processing Business	Online Payment※
	Offline Payment
	Ginko Pay/Processing
	System Development
Money Service Business (MSB)	GMO Payment After Delivery
	GMO B2B Pay On Credit
	Remittance Service
	Instant Salary byGMO
	Overseas Lending
	Early Payment Service
	B2B Factoring
Payment Enhancement Business	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).

# 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. 15-17)		FinTech (pg. 18-21)		BaaS <sup>※2</sup> Cashless P.22		Offline (pg. 23-24)		Global (pg. 25)	
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
TAM (¥ trn)	20 (B2C EC)	45	1 (BNPL)	3	2 (IT investment by Financial Institutions)	2~	87 (Offline cashless market)	118	50 (Overseas lending)	50~
	352 (B2B EC)	408~	2.5 (Early Payment, Transaction Lending)	8						
GMV (¥ trn)	5	13	200 (Salary bank transfer)	200~	—	—	1	5	—	—
OP (¥ bn)	7.5	18~22	1.8	3~	0.5	1~	0.5	2~	— <sup>※3</sup>	3~
Priority Initiatives	DX Platform GMP <sup>※4</sup> B2B payment service		FinTech B2B payment service Instant Salary byGMO		DX Platform		Offline Payment (IoT) FinTech		Global FinTech	

※1 Figures for TAM, GMV, OP (operating profit) are GMO-PG's estimates and targets. Figures are estimates and are rounded up to the nearest whole number.  
There is some overlap in the OP figures for FinTech and Global. Offline OP includes companies other than GMO Financial Gate consolidated subsidiaries.

TAM: Total Addressable Market, BaaS: Bank as a Service, GMV: transaction value.

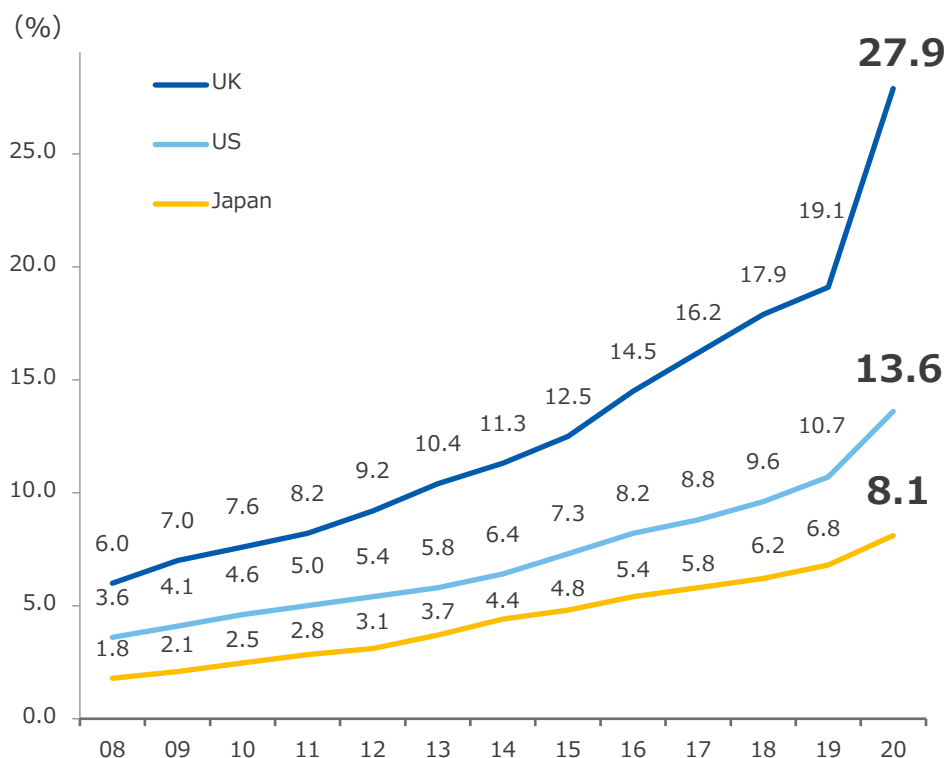
※2 BaaS/Cashless includes embedded finance. ※3 The OP figure for Global is included in FinTech for FY2020.

※4 Global Major Players (GMP): large corporates that provide IT-utilizing services globally.

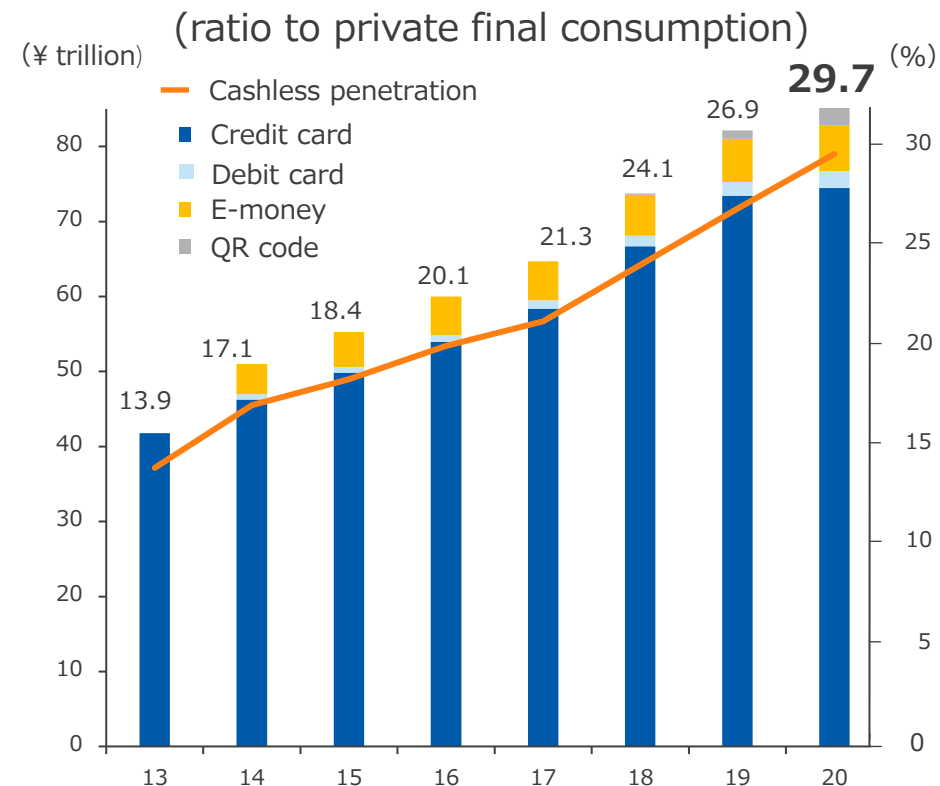
# Narrowly-defined EC: B2C EC Market

## Low cashless and EC penetration compared to US/European countries

■ EC Penetration Rates in Developed Markets



■ Cashless penetration in Japan



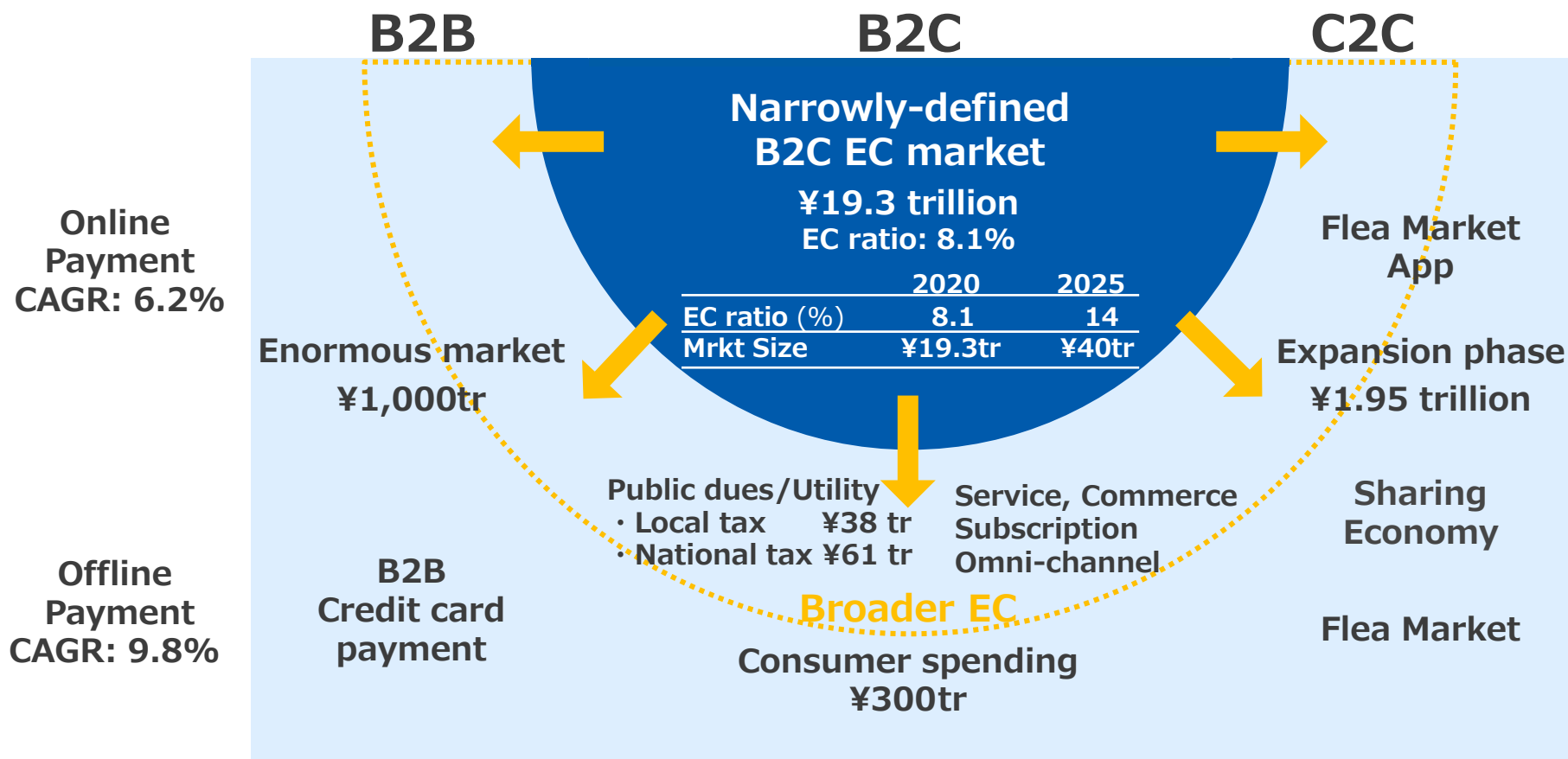
※METI "FY2020 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"  
 U.S. Bureau of the Census "The 3rd Quarter 2021 Retail E-Commerce Sales Report";  
 Office for National Statistics "Retail Sales Index internet sales, January 2022"

※ 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

※ 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

Japan's migration towards cashless payment is contributing to GMO-PG group's growth acceleration



※References : METI's "FY2020 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."

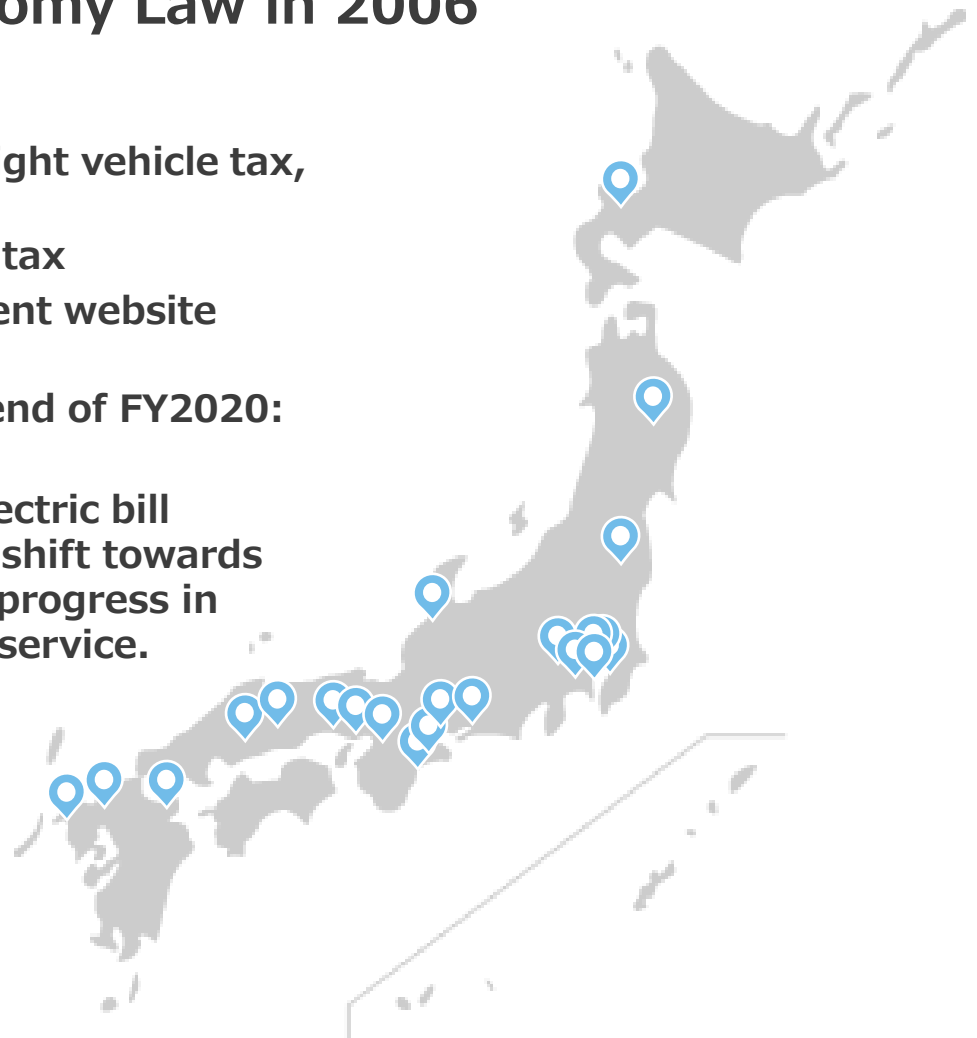


# Broader EC: Public Dues and Utility Bills

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

Local governments	Local Taxes (automobile tax, light vehicle tax, fixed assets tax, etc.) Water bill, gas bill, hometown tax
NHK	National tax credit card payment website Broadcasting subscription fee Credit card usage rate at the end of FY2020: 17.5% (Up +0.6% YoY)
TEPCO Energy Partner	Supporting digitalization of electric bill 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 FY2020"

# FinTech: Money Service Business (MSB)

Financial services that only a payment processing company can offer

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

※ Instant Salary byGMO is offered in two types of deposit-type and reimbursement-type. Advances paid is recorded only for the reimbursement-type

# FinTech: Japan's BNPL market

## Expand business by capturing the Japan's unique BNPL needs

### BNPL needs in Japan



Consumer

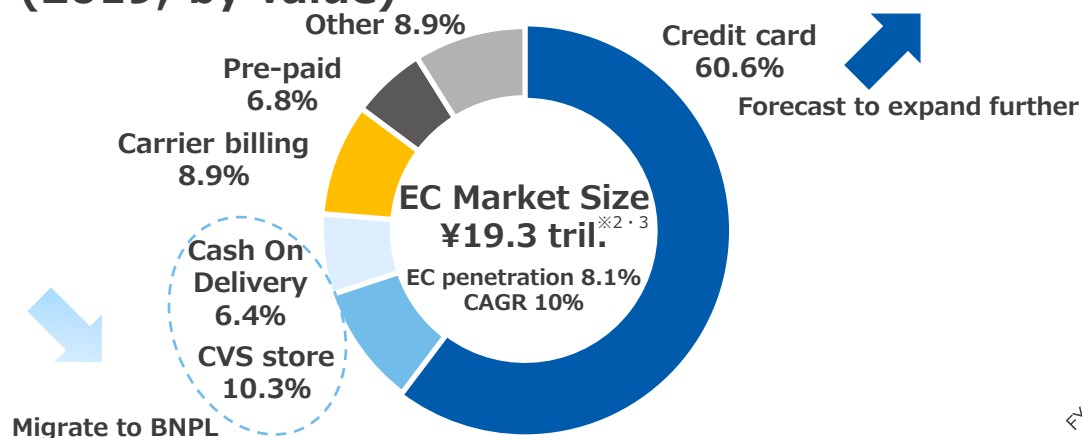
- Receiving goods before payment
- Cash payment
- Manage and control spending
- Limit face time with delivery person



Merchant

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

### EC market breakdown by payment method (2019; by value)

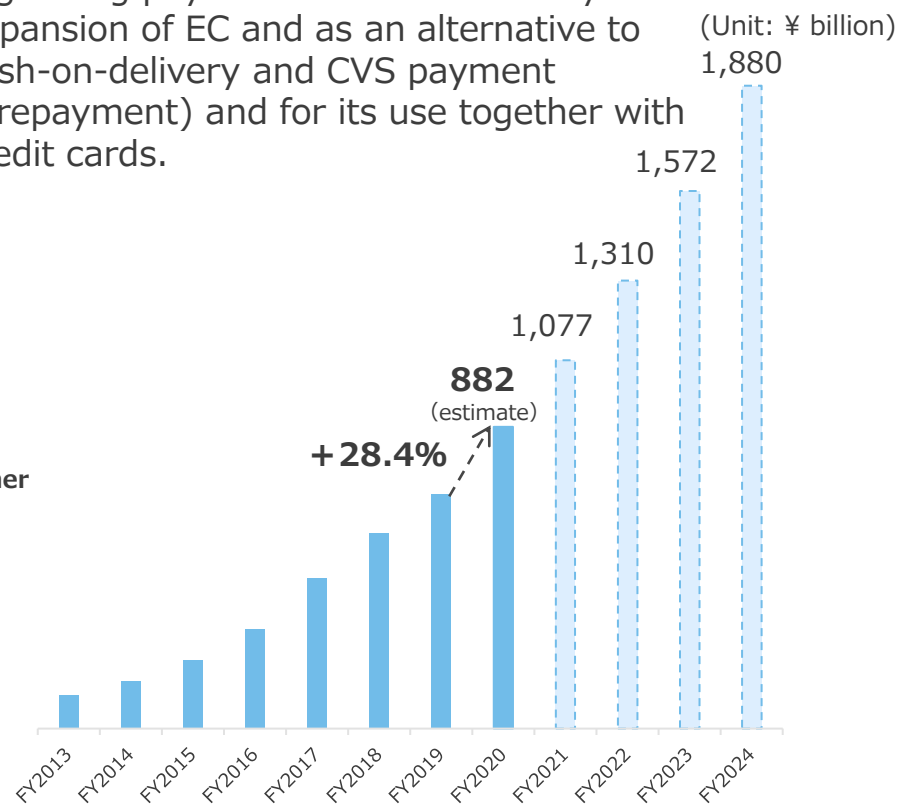


※1 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2021"  
※2 METI "FY2020 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"

### Outlook of Japan's BNPL market

A growing payment method driven by the expansion of EC and as an alternative to cash-on-delivery and CVS payment (prepayment) and for its use together with credit cards.

(Unit: ¥ billion)



※3 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2021" and "Domestic Cashless Payment Market 2019"


The figure for FY2020 is an estimate, the figures for FY2021~FY2024 are forecasts.

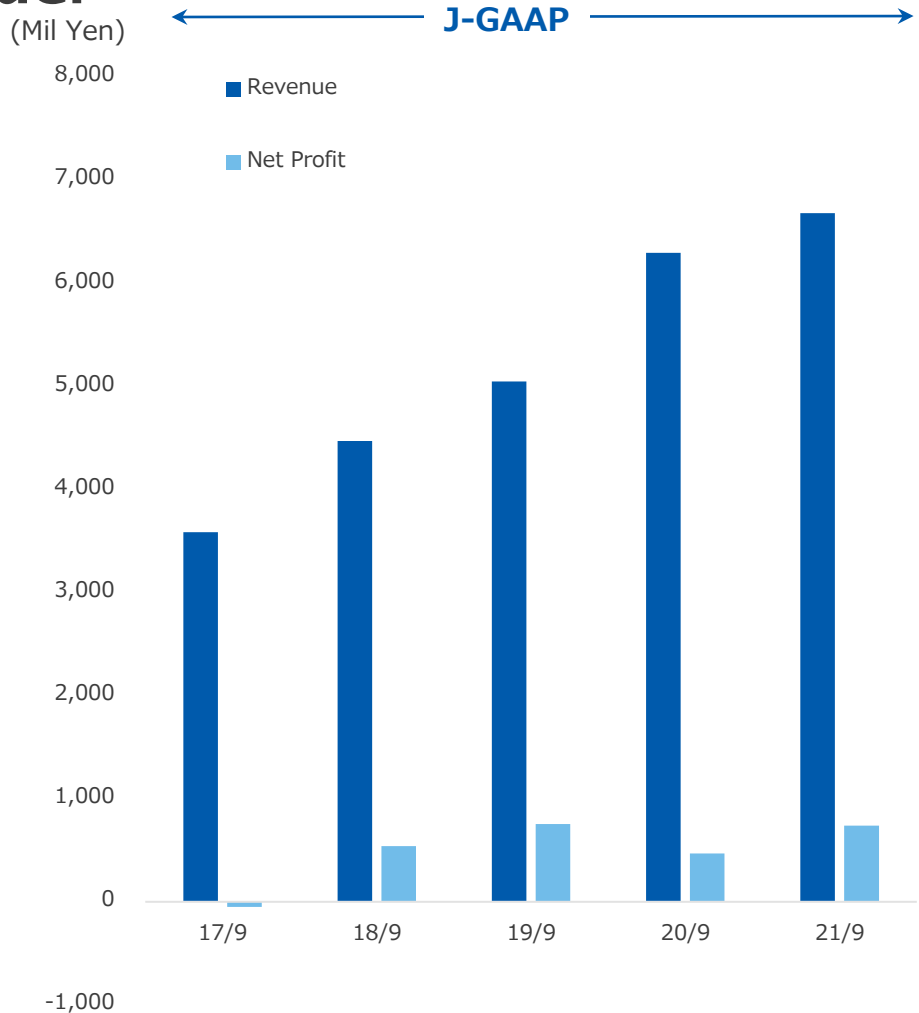
# FinTech: BNPL business of GMO-PS

## Established top-tier market share and earnings base as a comprehensive payment provider

### Key features of our BNPL business

- Apply machine learning that utilizes the large amount of credit data
- Lower default rate by accumulating credit data and collection know-how
- Provide all payment methods needed in the EC market as a comprehensive payment provider
- Rollout business-use BNPL by collaborating with B2B operators

- 
- Stable profit generation and expansion of transaction value
  - Leverage group synergy and build top tier business foundation



# FinTech: Instant Salary byGMO

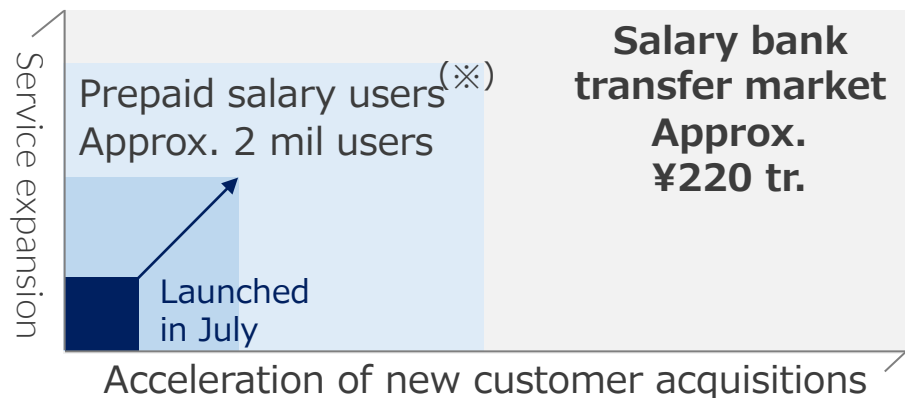
To be the de facto digital and seamless service provider in the ¥220 trillion salary market

## Collaboration with SMFG

2015 2016 2017 2018 2019 2020 2021

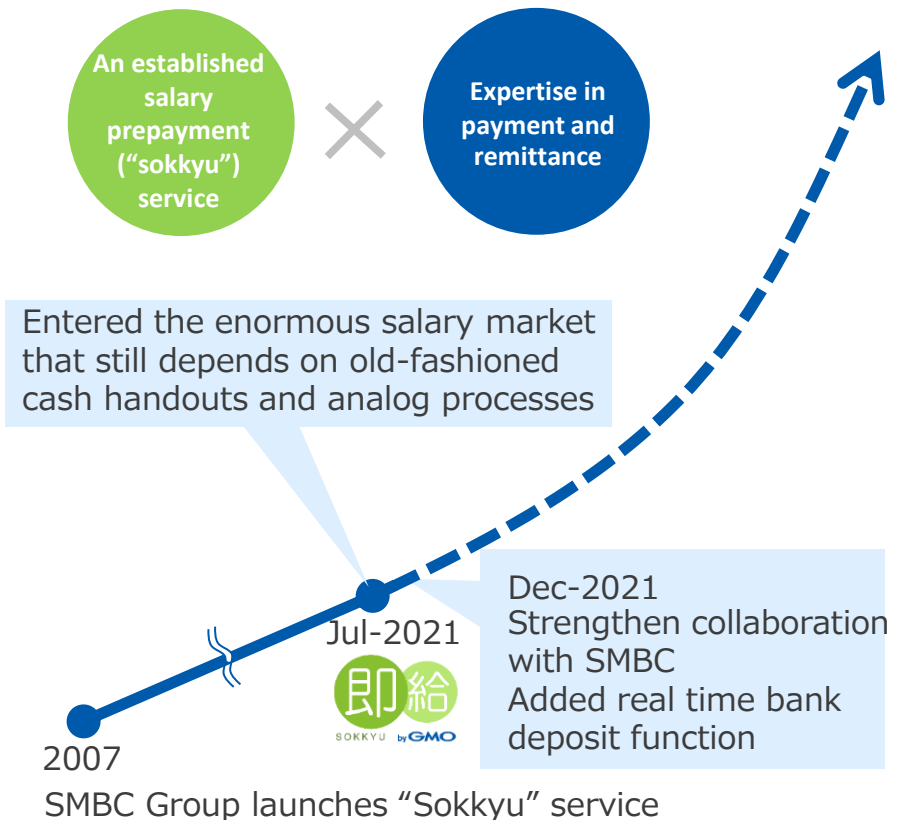


## Target market



(※) Major sectors: Logistics & transport, delivery, relocation services  
Employment type: temporary staff, part-time, etc.

## Growth Trend (image)



※ SMFG: Sumitomo Mitsui Financial Group, Inc. SMBC Group: Sumitomo Mitsui Banking Corporation group (including Sakura Information System Co. Ltd.)

# BaaS & Cashless

(Embedded Finance)

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

### ■ Ginko Pay

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



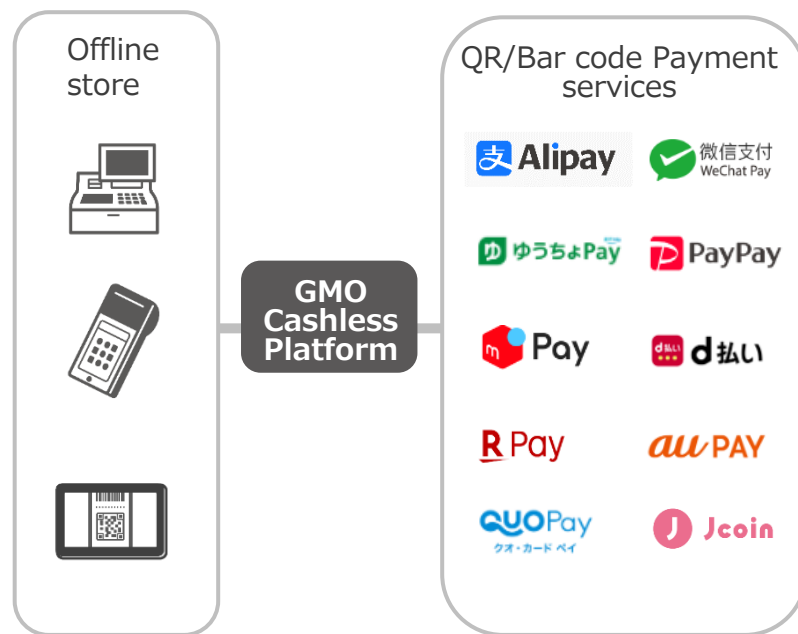
### ■ GMO-PG processing platform

One-stop support of various payment solutions for the issuing/acquiring businesses at business operators, credit card companies and banks.

**Start providing acquiring support function to JFR Card**

### ■ GMO Cashless Platform

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



# IoT: Offline Payment Market

**GMO**  
FINANCIAL GATE

**GMO**  
CARD SYSTEM

**GMO**  
DATA

## Expand business scale through cashless migration and alliance strategy

### ■ Offline payment

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

### ■ Growth factors of the offline market

- Cashless demand from changing externalities such as the “new normal” lifestyles

#### Mobile terminal



#### Embedded-type EMV terminal※



### ■ stera

Rollout of a new payment platform to provide a one-stop service that handles variety of payment methods.



Customer facing

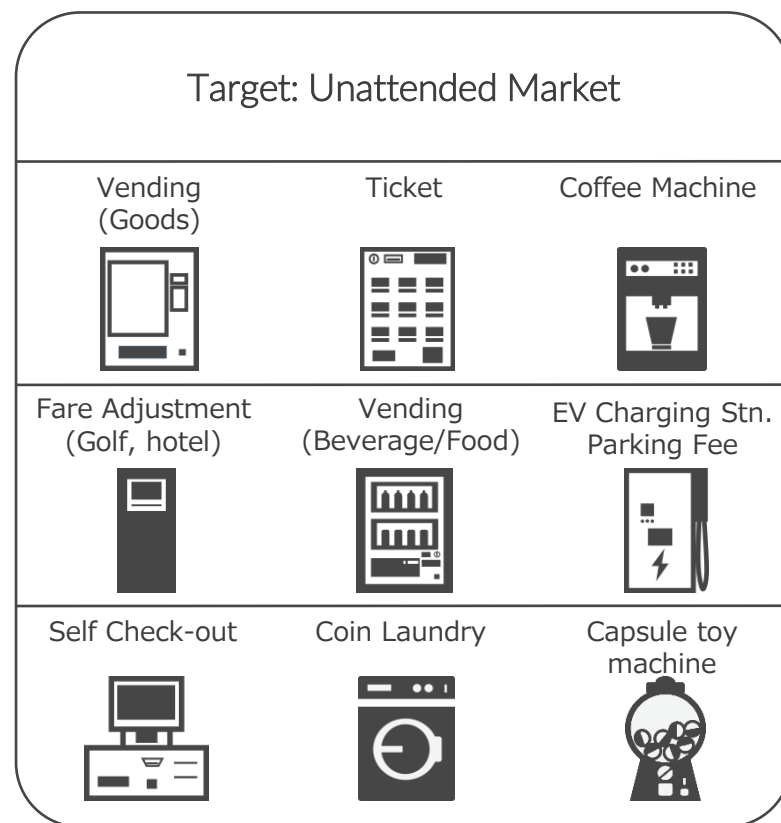


Merchant facing



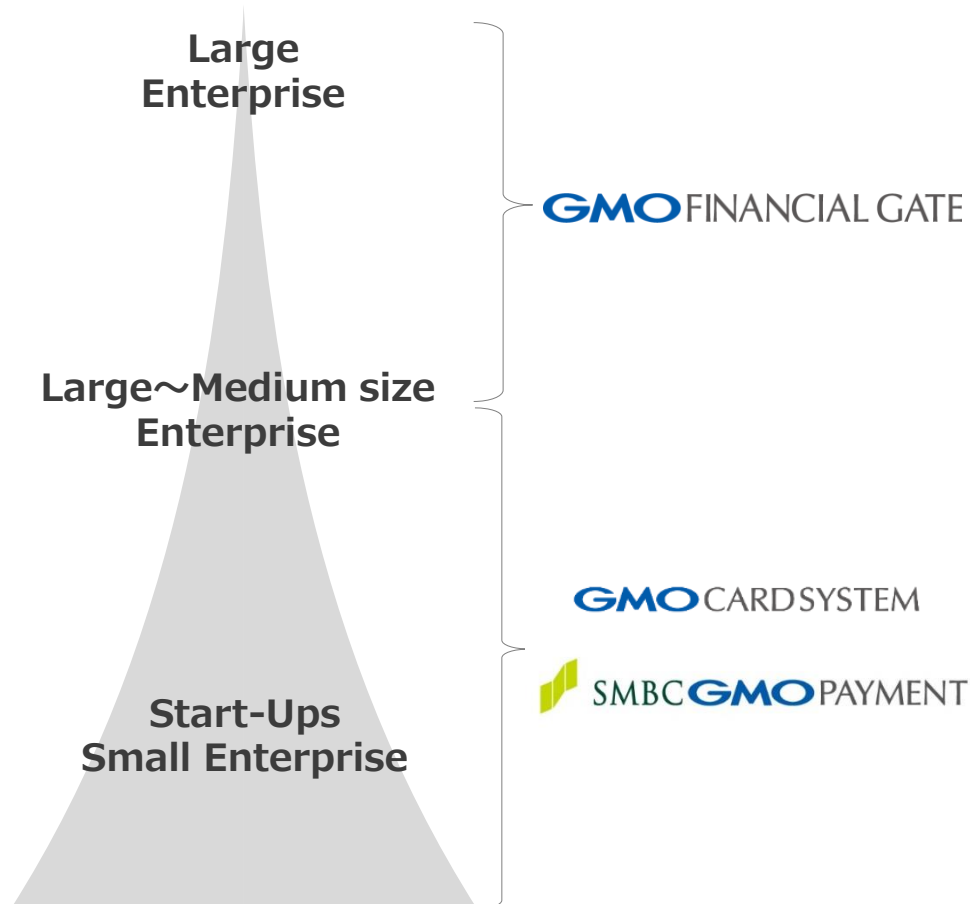
stera mobile

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



# 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 Co. Ltd.

### 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 (excl. tax) 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' forays into the Asian market

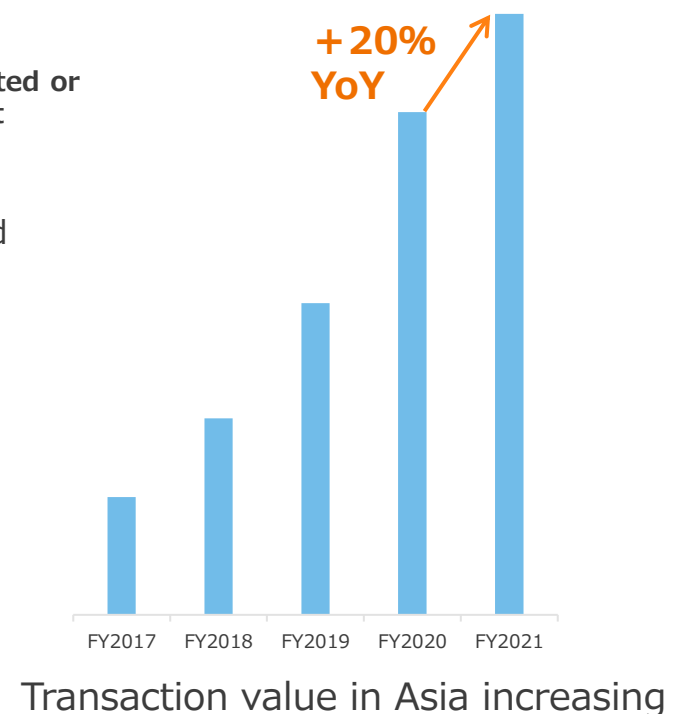
### ■ Investment target

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

### ■ Payment processing business

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

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



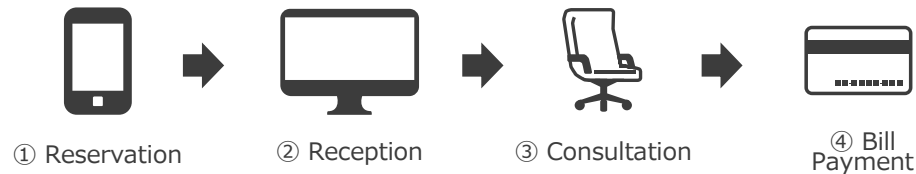
# Payment Enhancement Business: GMO Medical Reservations Technology

メディカル革命 by GMO

## Provides reservation management system to improve operations at hospitals and clinics

### ■ Medical Kakumei byGMO

Seamless services that not only includes reservation function, but also reception, e-medical record link and cashless payment function.\*



### ■ Omatome Shinsatsuken byGMO

Bundle multiple medical cards of several hospitals and clinics onto a single app  
Contributes to improving reception work efficiency and cancellation rates

#### Other services also available

- Medical Kakumei byGMO for veterinary hospitals
- Dentry byGMO

※1 The following services of reception machines for repeat visits, e-medical record links and payment functions are available as option services.

※2 The revenue figure is based on J-GAAP.

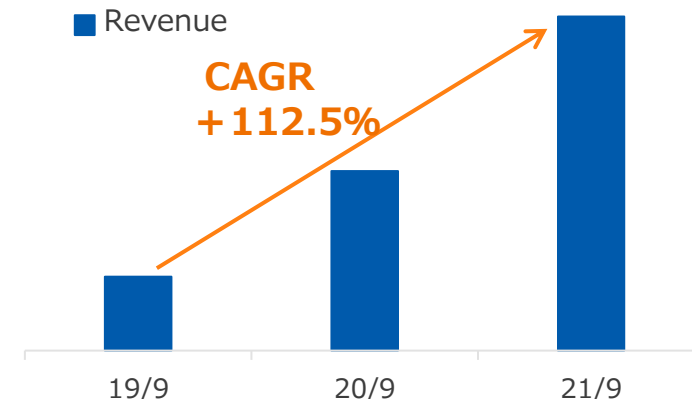
### ■ Corporate Overview

Corporate name      GMO Medical Reservations Technology Co. Ltd.

Establishment      April 11, 2016

Parent company      GMO Epsilon, Inc.      (Equity stake: 100.0%)

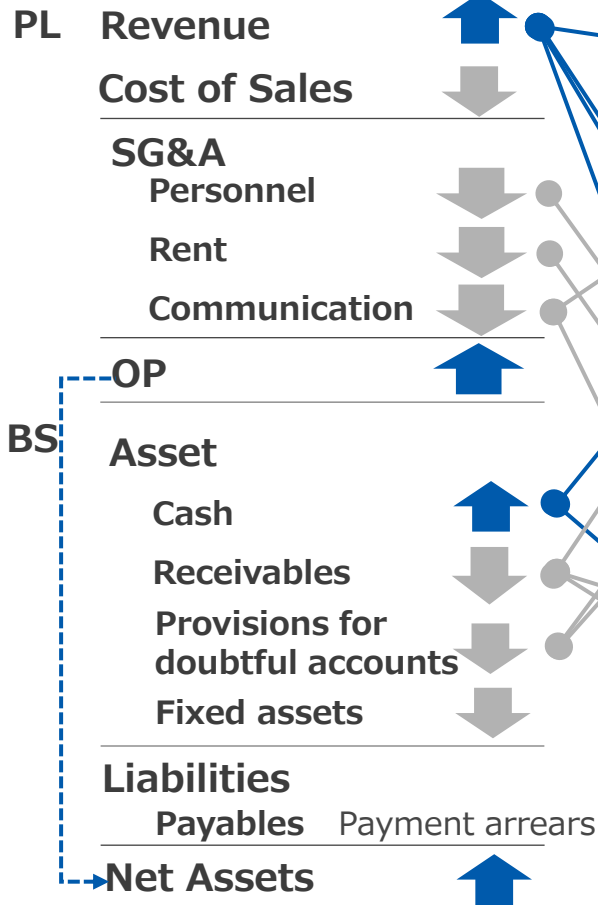
Address      Tokyo HQ: Humax Shibuya Building 7F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo  
Hamamatsu Branch: Chanson Building 6F, 125 Daikumachi, Naka-ku, Hamamatsu-shi, Shizuoka



# Our Position in the socio-economic New Normal

## DX support services that improves client's PL & BS

### Customer needs & PL/BS changes



### Use cases

#### EC shop, Utility bills

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

- Improve collection rate
- Prevent suspicious transactions

#### Restaurants

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

#### Event, Ticket Sales

- Merchandise sale
- Refund demand (lower postage cost)

### Our DX support services

PG Multi-Payment service

**TEPCO EP's**

**SMS Payment Choice**

**Cycle byGMO**

GMO B2B Early Payment

**Invoice Smartphone Payment**

**Fraud prevention service**

**(Sift)**

**Online sales support**

**GMO Cashless Platform**

**Instant Salary byGMO**

**Electronic Invoice Early Payment**

GMO B2B AR Guarantee

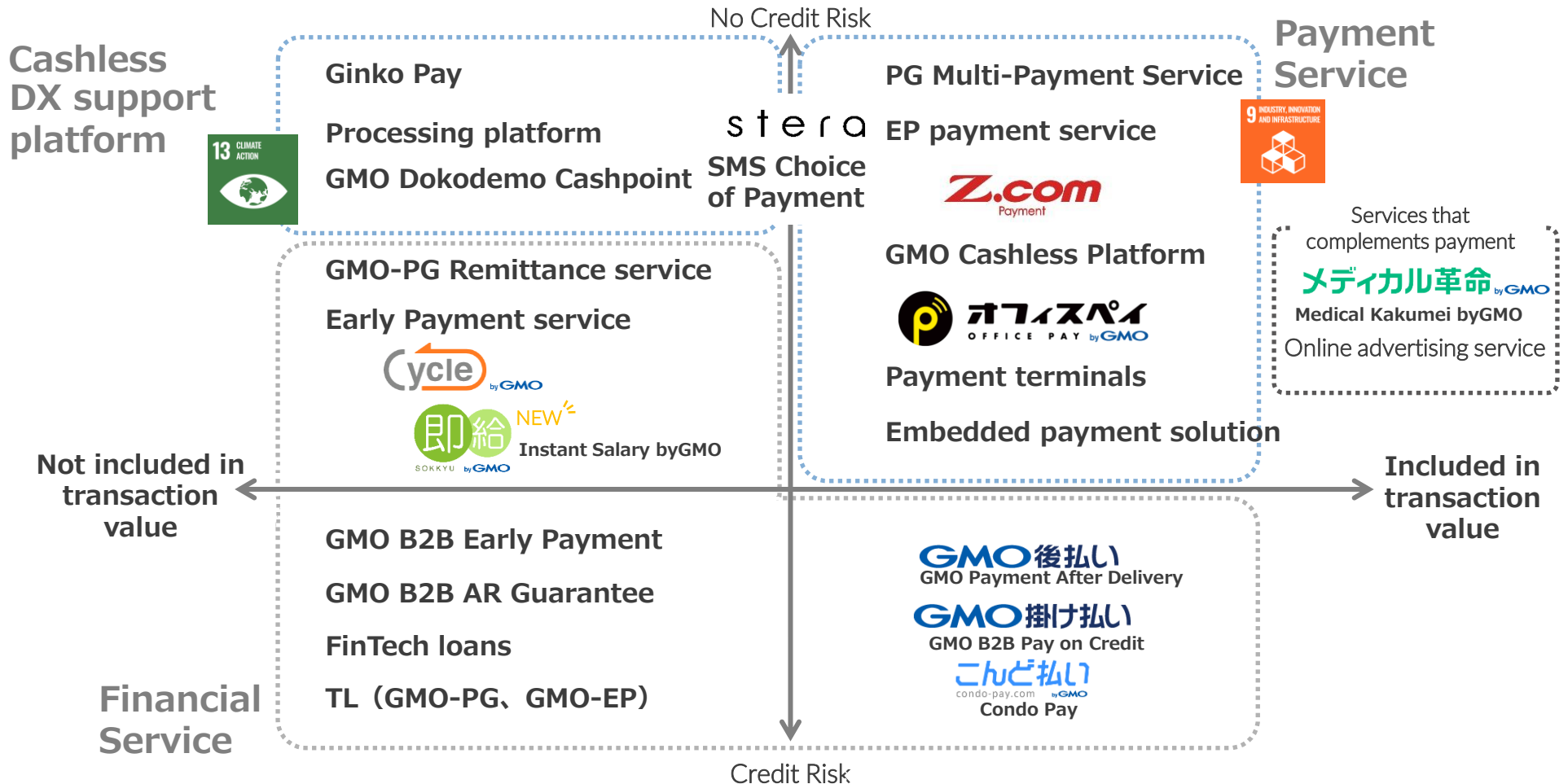
**Online sales support**

Remittance service

(for refunds)

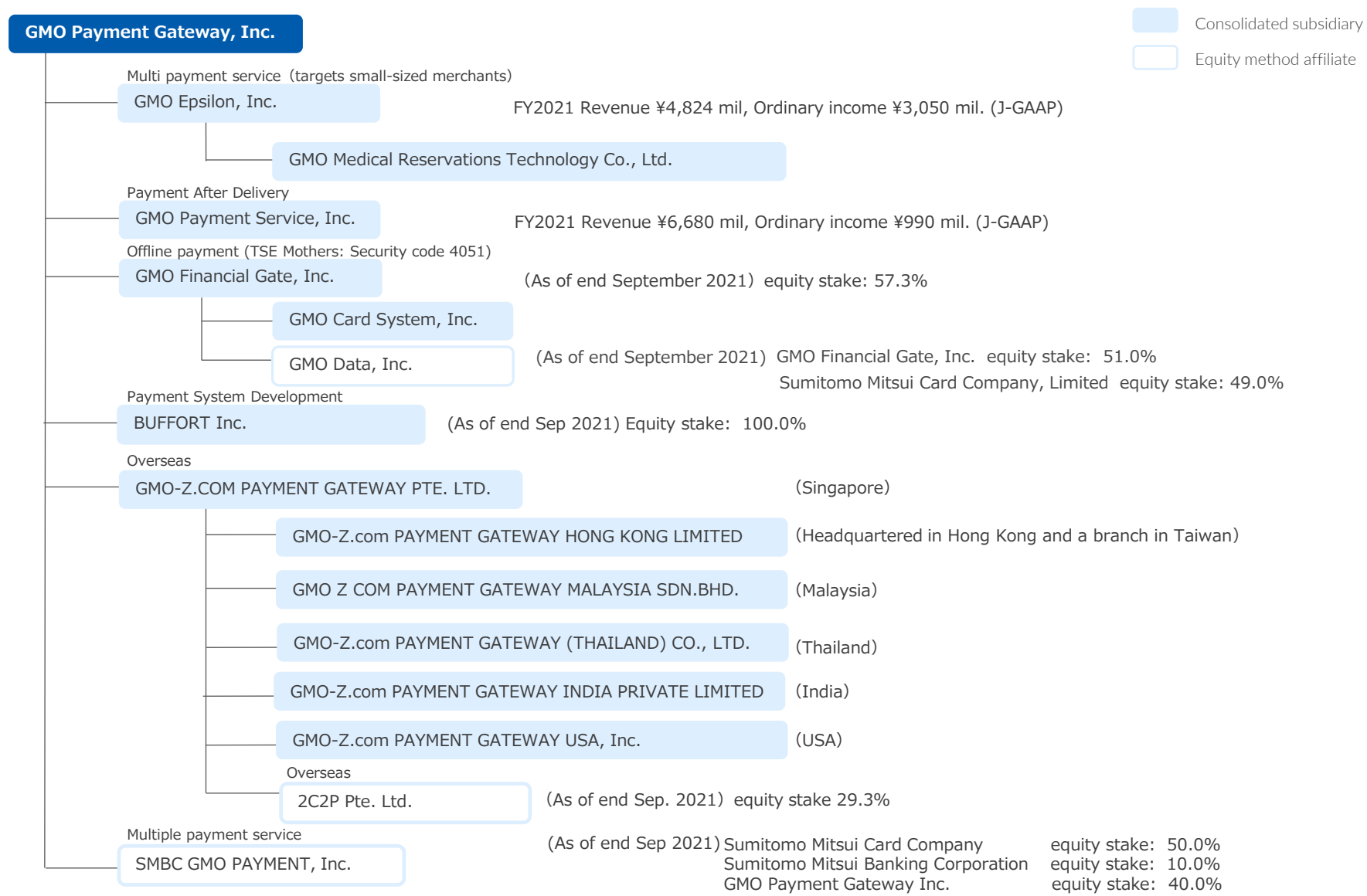
# Product map

## GMO-PG's definition of payment: what enables the digitalization of money flow



※ TL stands for Transaction Lending

# 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	13,323 million yen	
■ Major shareholders	GMO Internet, Inc., Sumitomo Mitsui Banking Corporation, Mr. Issei Ainoura ,etc	
■ 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 Managing Executive Officer Managing 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 Akio Sato Kazutaka Yoshida Kazuhiko Okamoto Yumi Hokazono Fumio Kai Shinichi Sugiyama Tatsuya Koide Yuichi Hisada Takashi Mitani Tomoyuki Murakami Masaru Yoshioka Takeshi Yoshii Katsunari Mukai Kazunari Taguchi Kiyonobu Inayama Shingo Ito Yoshinori Inokuchi Hirofumi Tozawa Yasunori Hatada Mariko Takeda Junpei Kendo Katsuyoshi Sota Takeshi Yoshida Yusuke Nakayama
■ Auditor	Ernst & Young ShinNihon 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	SMBG GMO Payment, Inc., GMO Data, Inc., 2C2P Pte. Ltd., etc.	

(As of January 1, 2022)

# GMO Financial Gate, Inc.: Overview

■ Name	GMO Financial Gate, Inc. (TSE Mothers, security code 4051)	<b>GMO</b> FINANCIAL GATE
■ Date of Establishment	September 1999	
■ Location	Humax Shibuya Building 7F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo	
■ Capital Stock	¥1,605 million yen (As of December 31, 2021)	
■ Major Shareholders	GMO Payment Gateway, Inc. and others	
■ Management	President and CEO Kentaro Sugiyama Chairman Akira Takano 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) External Director Nao Shimamura External Director Rie Asayama Director Tatsuya Koide (Managing Executive Officer of GMO Payment Gateway Inc.) External Auditor Takayoshi Nagasawa External Auditor Satoru Ozawa Auditor Takashi Iinuma (CPA; Representative of Iinuma General Accounting Firm)	
■ Auditor	Ernst & Young ShinNihon LLC	
■ Consolidated Subsidiaries	GMO Card System, Inc. (Equity stake: 100%) GMO Data, Inc. (51.0% stake; Sumitomo Mitsui Card Company, Ltd. 49.0%)	<b>GMO</b> CARDSYSTEM <b>GMO</b> 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

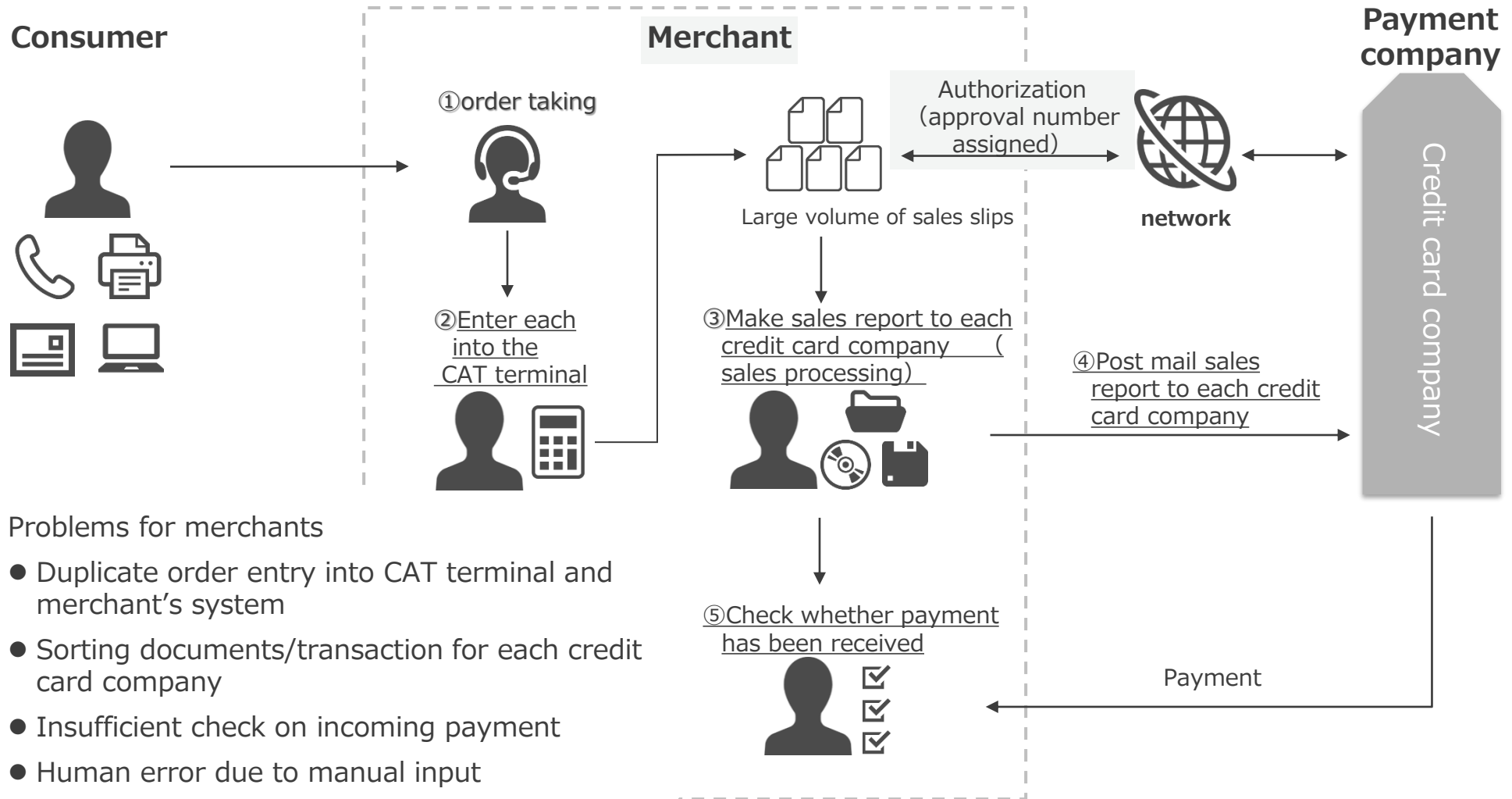


POS terminal for  
merchants

(As of February 10, 2022)

# Business outline of payment processing company (1)

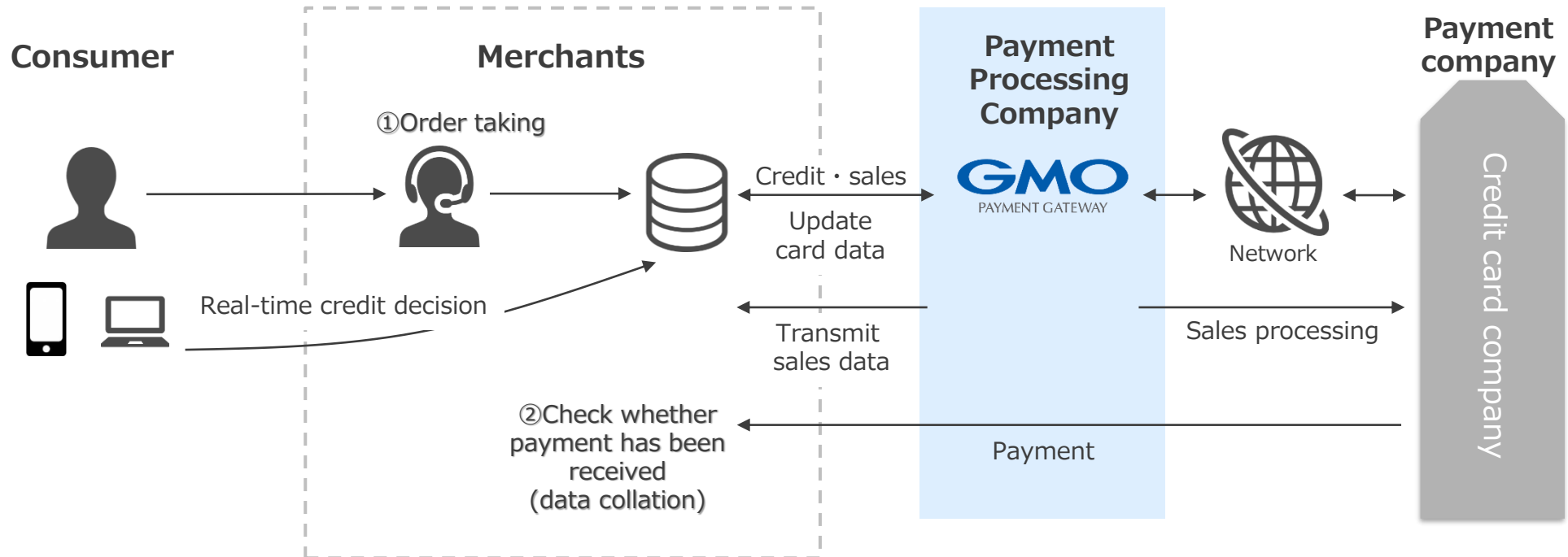
## Problems with online credit card payment in the early days of E-Commerce





# Business outline of payment processing company (2)

Payment processing service realizes operational efficiency in credit card payment operations



In the early days of Ecommerce, credit card payment was processed offline 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.