

Financial Results Briefing for Q2 FY2023



**Solid Growth Driven by Advancing Our Strategies
with a View to Normalization of Economic Activities**

**May 12, 2023
73rd Investor Meeting**

Safe Harbor Statement

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 May 12, 2023. Please note that the contents are subject to change without prior notice in the event of changes in the business environment, etc.

Abbreviations used in this documents are as follows:

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 good & office supplies and CtoC, 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

- 1 Summary of Financial Results for Q2 FY2023**
- 2 Growth Strategy and Initiatives in Focus Areas**
- 3 Sustainability**
- 4 Financial Highlights and Reference Materials**

1 Summary of Financial Results for Q2 FY2023

1-1 Summary of Consolidated Results

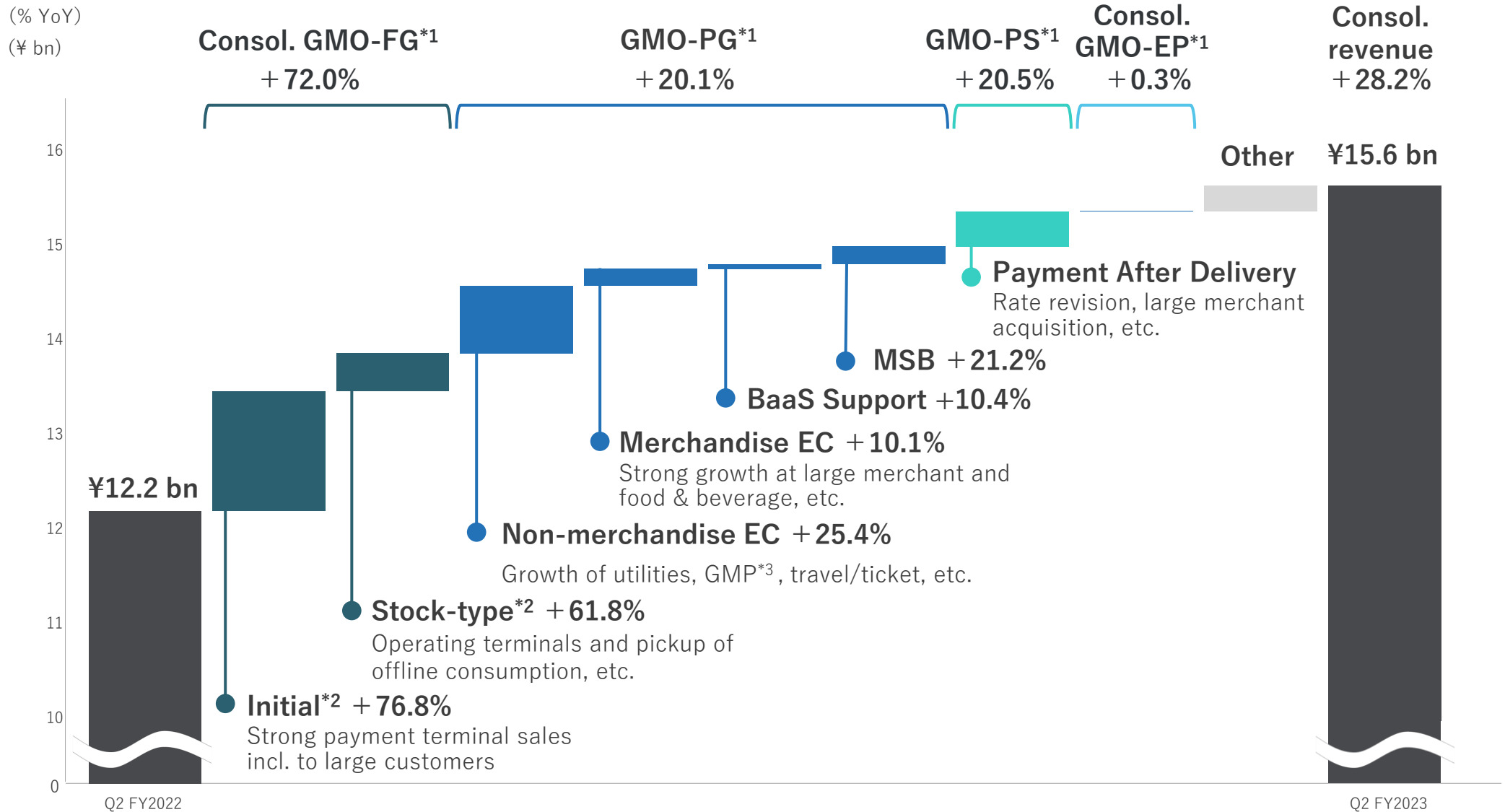
Outperformed plans from balanced business mix and expense control

(¥ Mil)	H1 FY2022 Actual	H1 FY2023 Actual	% YoY	H1 FY2023 Guidance (Achievement %)	Q2 FY2023 Standalone (% YoY)
Revenue	24,059	30,454	+ 26.6%	28,491 (106.9%)	15,641 (+ 28.2%)
Gross Profit	16,353	19,609	+ 19.9%	—	9,818 (+ 20.0%)
Operating Profit	8,276	10,350	+ 25.1%	10,330 (100.2%)	5,260 (+ 26.4%)
Pre-tax Profit	8,691	9,856	+ 13.4%	9,648 (102.2%)	5,169 (+ 17.7%)
Profit attributable to owners of parent	5,518	6,129	+ 11.1%	5,952 (103.0%)	3,681 (+ 22.7%)
EBITDA*1	9,300	11,509	+ 23.8%	—	5,852 (+ 24.8%)
	Operating Stores (end-Q2 FY2023)*2*3	Consol. TRX Volume (Q2 FY2023 Standalone)*2*4	Consol. TRX Value (Q2 FY2023 Standalone)*2		
KPI (% YoY)	160,721 (+ 19.9%)	Approx. 1.48 bn (+ 28.7%) o.w., online approx. 1.35bn (+ 25.7%)	Approx. ¥3.6 trn (+ 36.3%) o.w., online approx. ¥2.7 trn(+ 24.6%)		

*1 Sum total of operating profit and depreciation. *2 Operating stores figure is for GMO-PG and GMO-EP. Consolidated TRX volume and value figures are the sum totals for GMO-PG, GMO-EP, GMO-PS and GMO-FG. The online payment figures are the sum totals for GMO-PG, GMO-EP and GMO-PS. *3 The standards for calculation the number of operating stores has been revised from Q1 FY2023. Figures exclude a specific case and fincode byGMO. If figures for the specific case is included, the number of operating stores for the same period would be 539,093 stores, up 35.6% YoY. *4 TRX 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 or actual proceed amount, and one transaction per payment in the case of offline.

1-2-1 Waterfall Chart of Consol. Revenue (Q2 standalone)

Non-merchandise and offline grew 28.2%, but merchandise domain headwinds continue



*1 The figures for all the companies stated above are amounts before eliminations and consolidated adjustments. GMO-FG Consol. includes GMO-FG and GMO-CAS. GMO-EP Consol. includes GMO EP and GMO-MR.

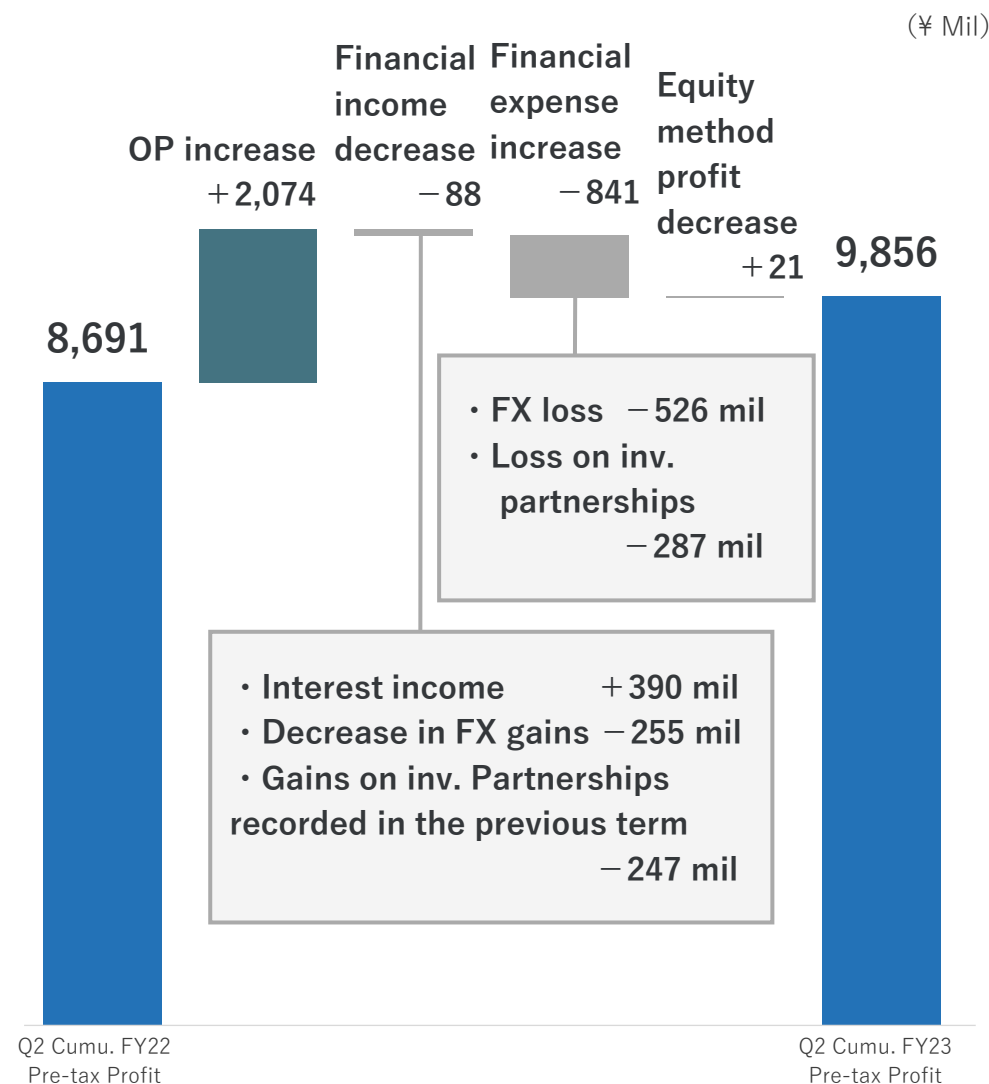
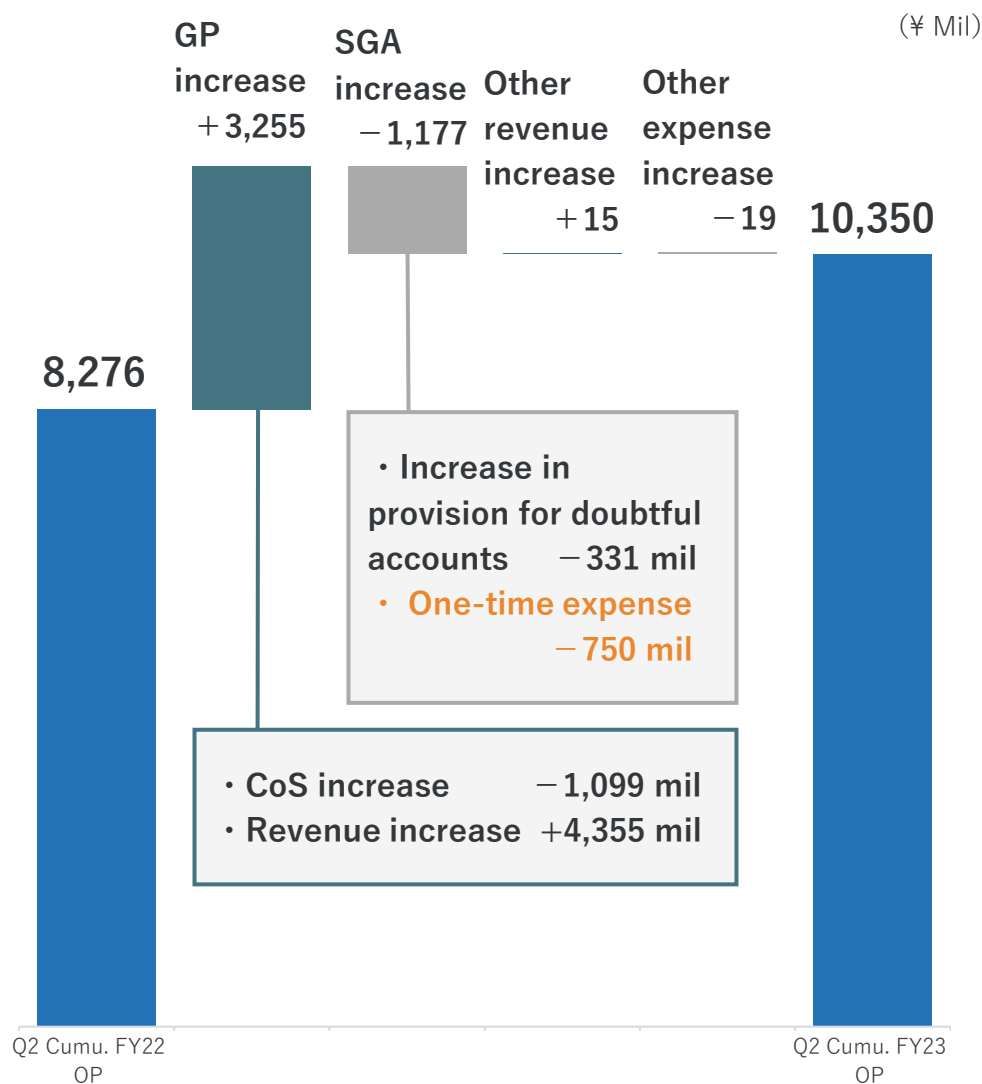
*2 Initial and stock-type revenue (sum total of stock, fee and spread) is after consolidated eliminations. *3 GMP stands for Global Major Player.

1-2-2 Waterfall Chart for Consol. OP and Pre-tax Profit (Q2 Cumulative)

OP grew 25.1% from controlling expenses despite a one-time expense and increase in provisions for doubtful accounts

OP Waterfall Chart (+25.1% YoY)

Pre-tax Profit Waterfall Chart (+13.4% YoY)

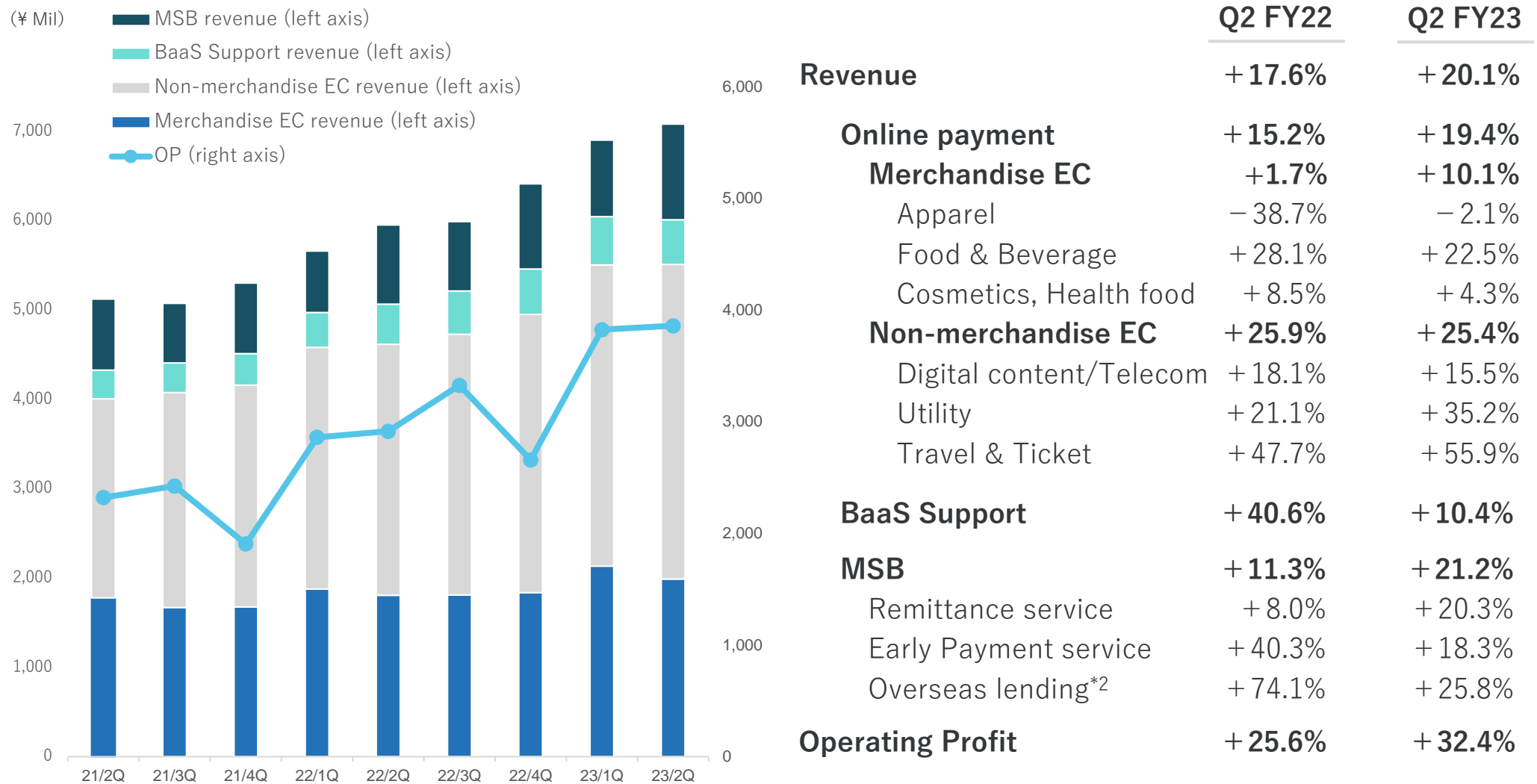


* The "+" and "-" sign denote the direction of the impact to operating profit and pretax profit.

1-3-1 GMO-PG Non-consolidated Performance

Revenue increased 20.1% and OP increased 32.4% from expansion of non-merchandise EC

GMO-PG Non-consolidated Revenue & OP*1



*1 Figures for revenue and operating profit are before consolidated eliminations. Figures for BaaS Support is the sum total of Ginko Pay and Processing Platform.

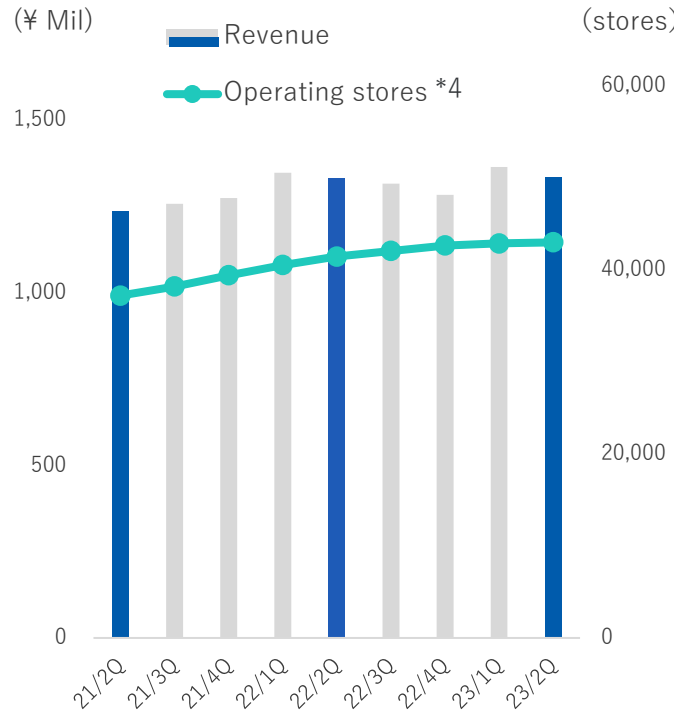
*2 Figures show the consolidated revenue for overseas lending. Calculated by excluding one-time revenues recorded before the previous term. PG non-consol. would be +40.2% YoY for Q2 FY2022 and -8.8% YoY for Q2 FY2023.

1-3-2 Performance of GMO-EP, GMO-PS and GMO-FG

Under the sluggish merchandise EC market, GMO-FG grew strongly while GMO-EP and GMO-PS remains challenging

Consol. GMO-EP*1*2

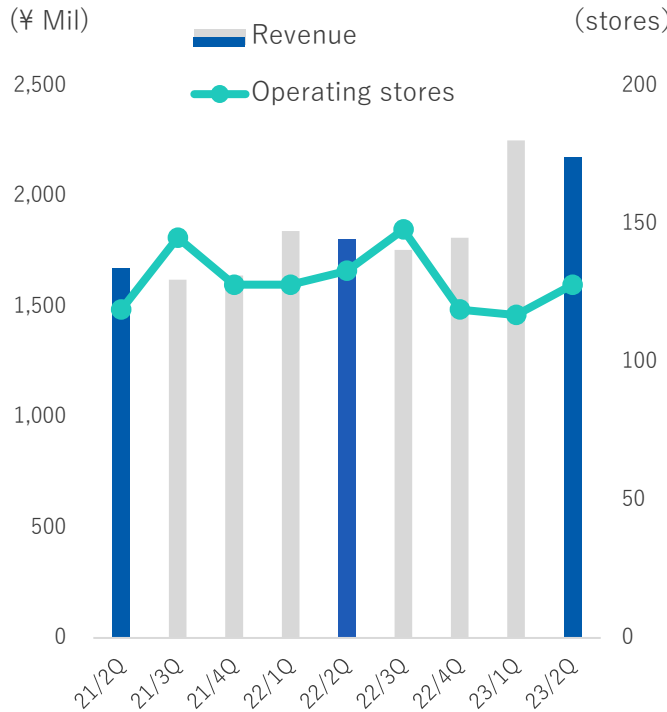
(% YoY)	Q2 FY22	Q2 FY23
Revenue	+7.7%	+0.3%
OP	+4.2%	-0.4%



Missed targets despite progressing on new initiatives; high OP margin maintained from focusing on cost efficiencies

GMO-PS*2

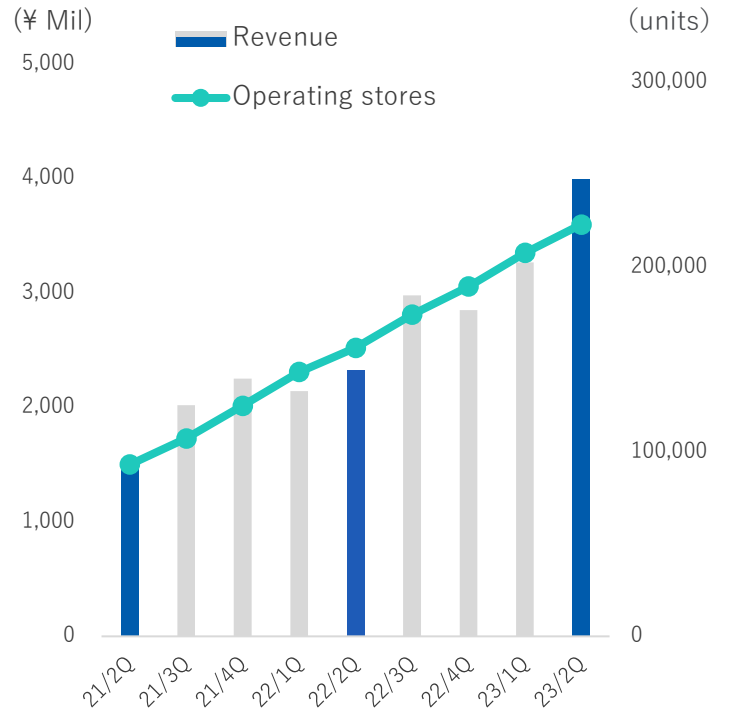
(% YoY)	Q2 FY22	Q2 FY23
Revenue	+7.9%	+20.5%
OP	-12.5%	-50.5%



Revenue increased from commission rate revision; acquired several large merchants but profits declined from higher credit costs

Consol. GMO-FG*1*3

(% YoY)	Q2 FY22	Q2 FY23
Revenue	+52.0%	+71.8%
OP	+3.0%	+120.5%

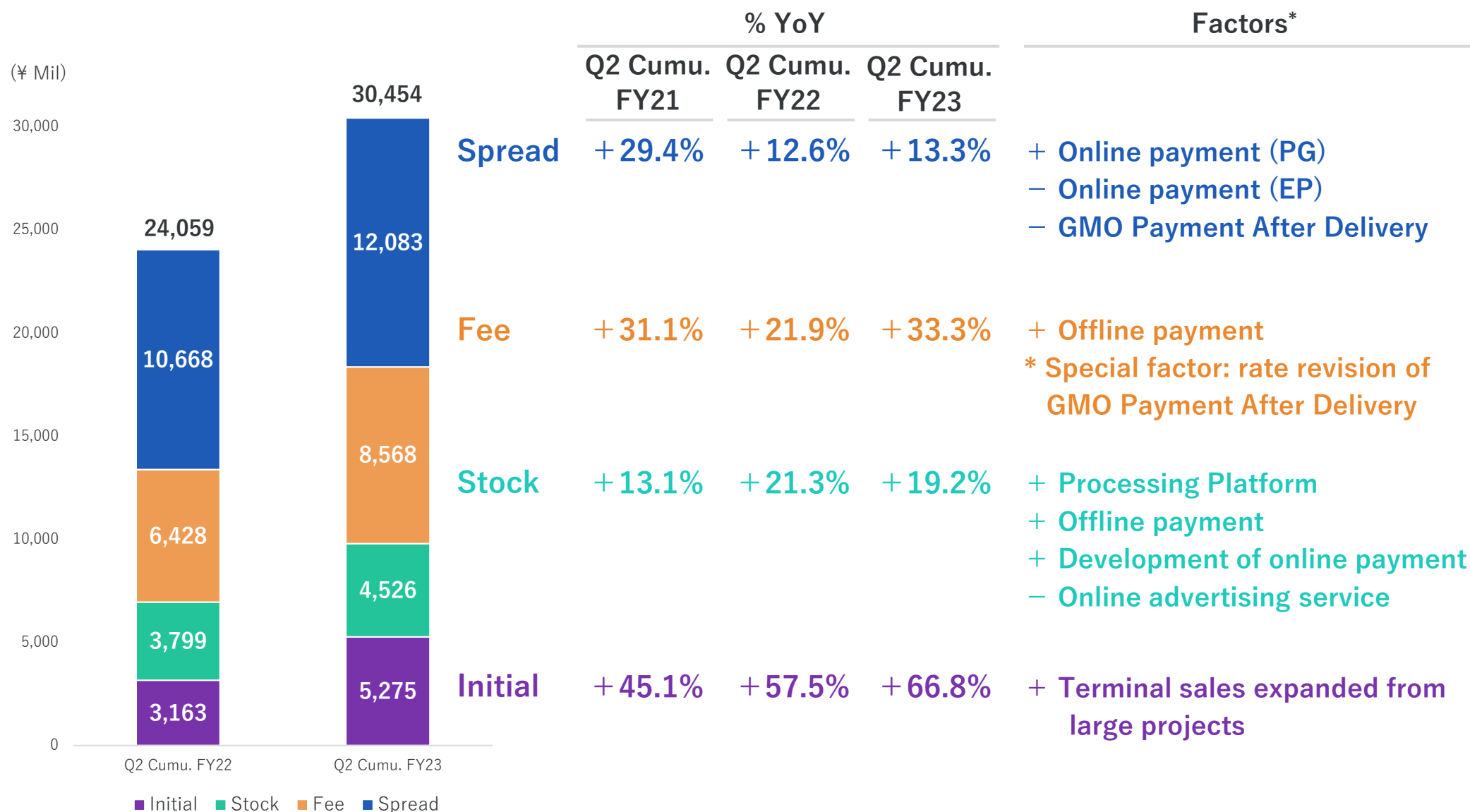


Increase in payment terminal sales to large clients; stock-type revenue*5 grew 61.8% from growth of TRX volume and value

*1 GMO-EP Consol. includes GMO EP and GMO MR. GMO-FG Consol. includes GMO-FG and GMO-CAS. *2 Figures are before GMO-PG consolidated eliminations. *3 Figures are taken from GMO-FG's consolidated financial results. *4 Figures present the number of B2C EC merchants. *5 Stock-type revenue (sum total of stock, fee and spread) is after GMO-PG consolidated eliminations.

1-4 Revenue by Business Model (Q2 Cumulative)

Fee revenue grew 33.3% from continued growth of TRX volume in the utility and offline

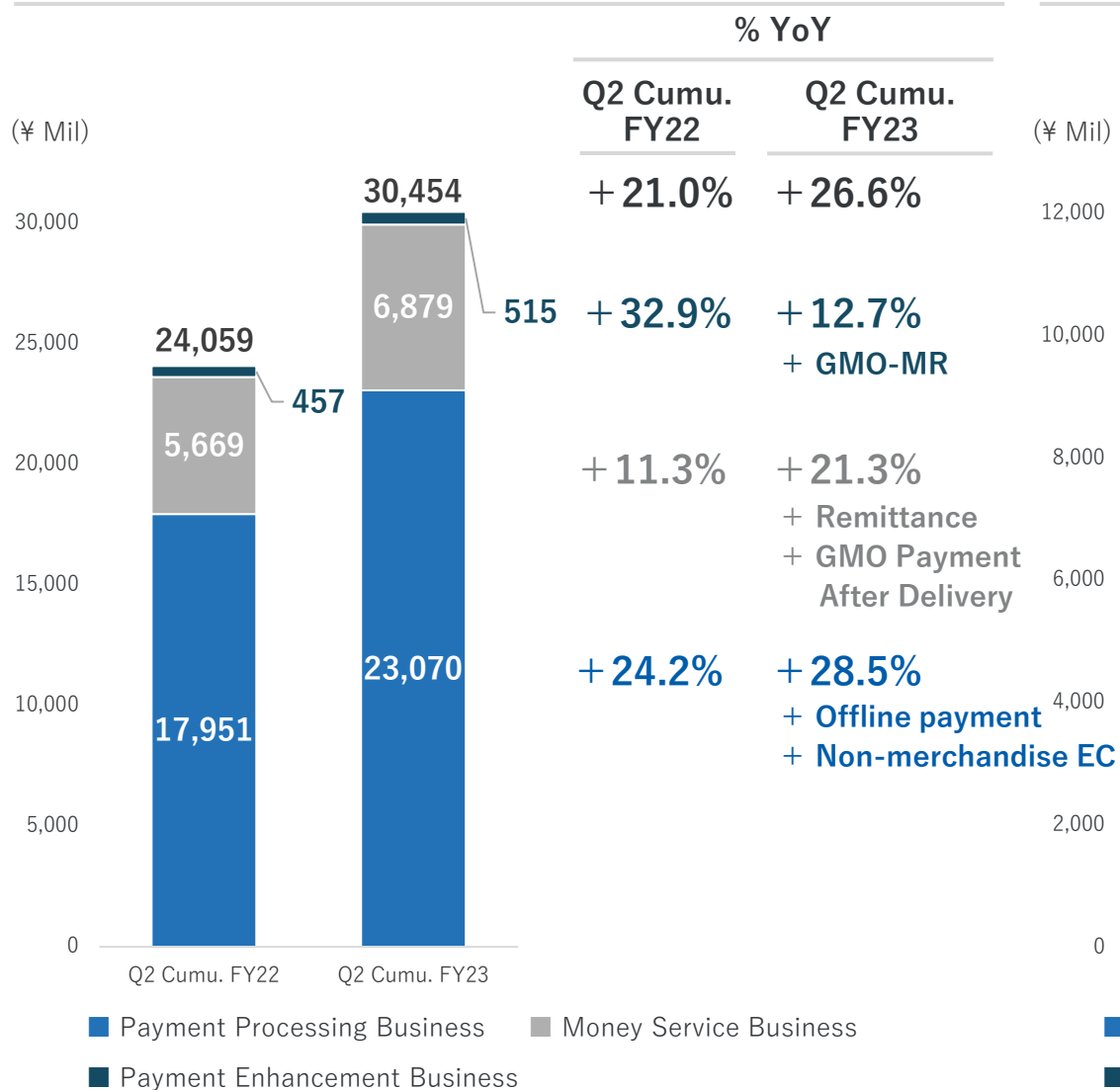


* The "+" signs indicate services with growth rates that are higher than 25% or if the growth rate is higher than that of the business model; the "-" indicates growth rates that are lower.

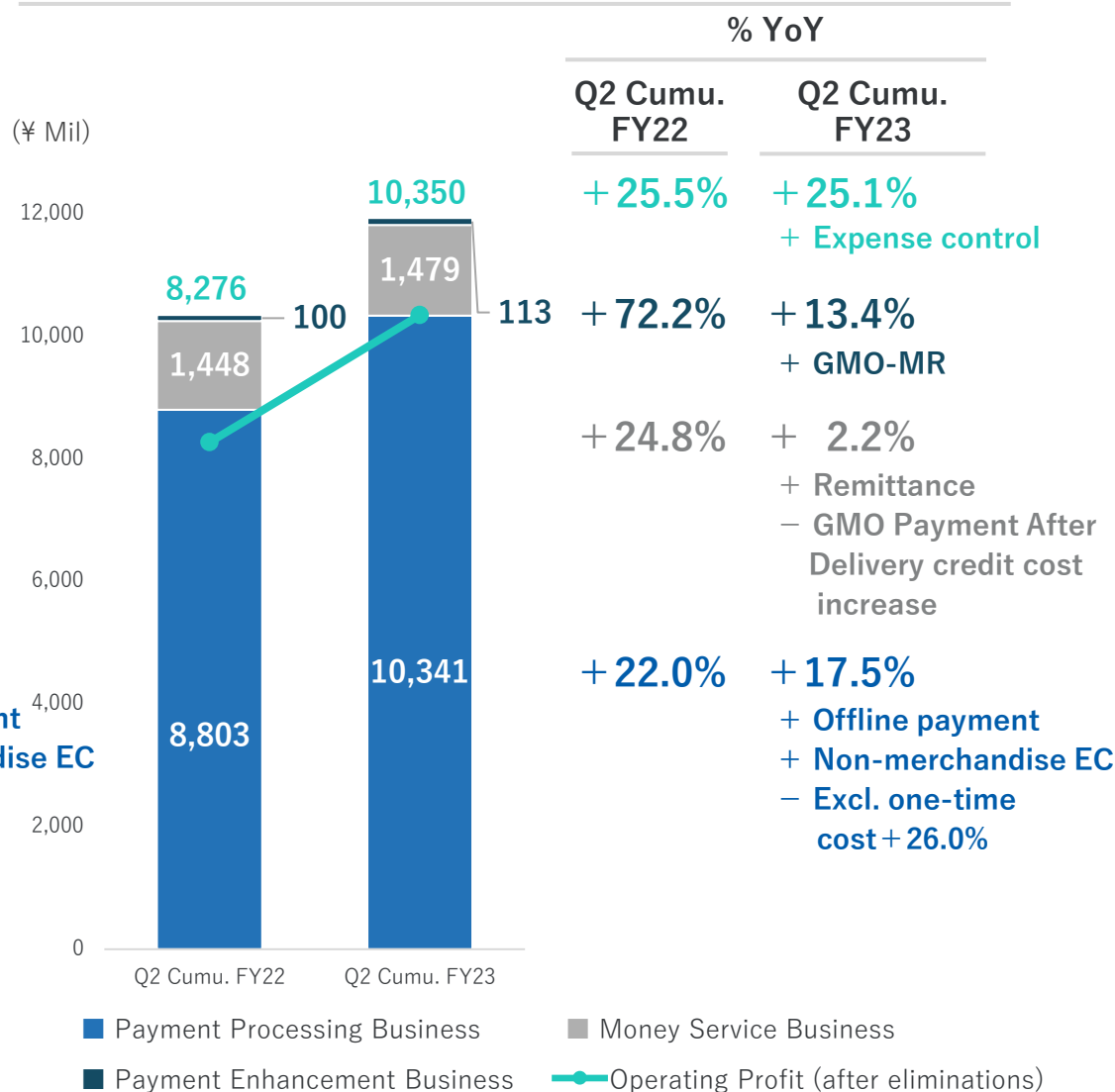
1-5 Segment Results (Q2 Cumulative)

All segment revenue continued to increase, but margins declined from one-time costs and higher credit costs

Segment Revenue



Segment Profit

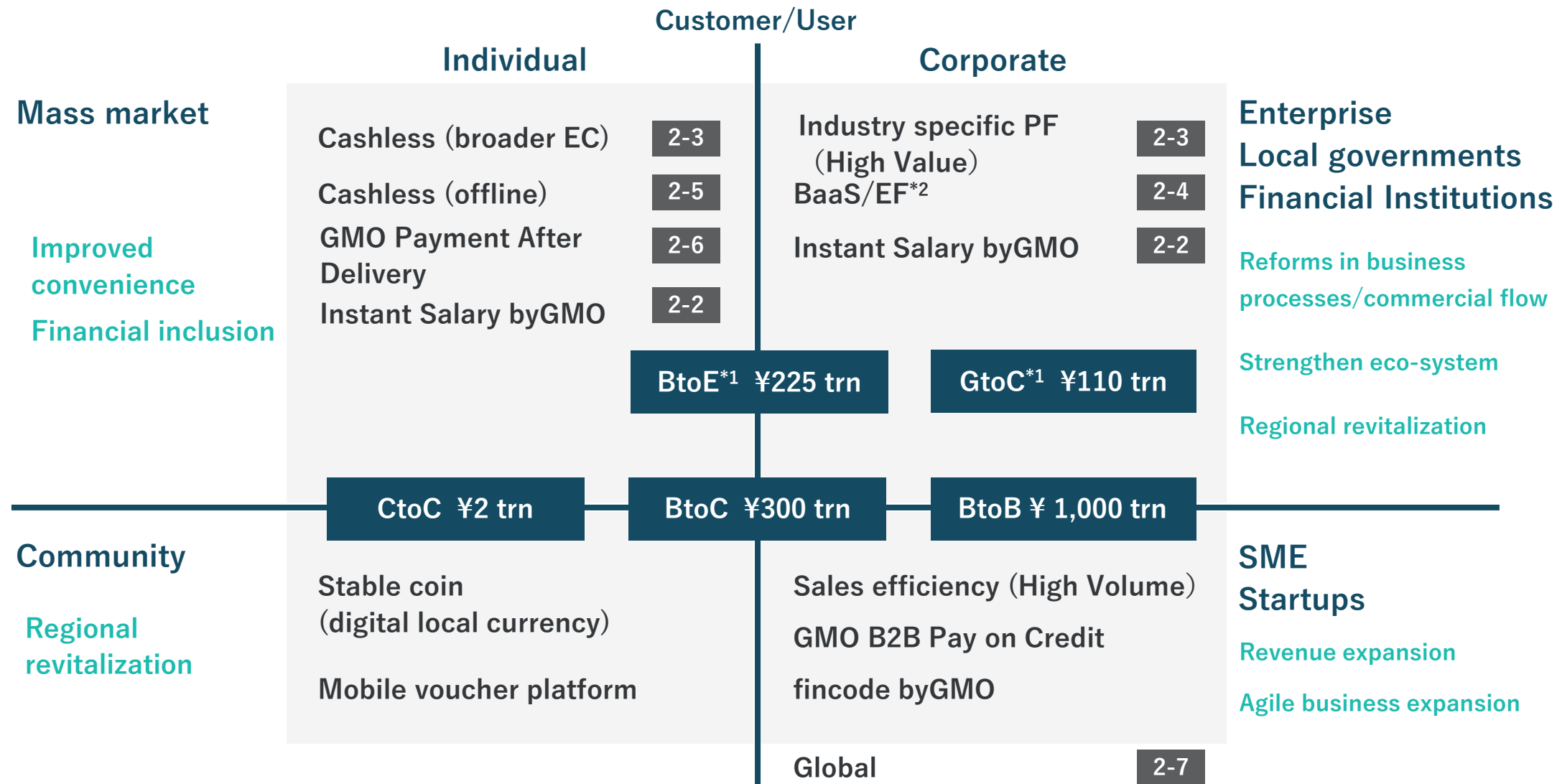


2 Growth Strategy and Initiatives in Focus Areas

2-1 Strategy by Customer Segment

Maximize revenue by deploying strategy that aligns with the needs of each customer segment

Customer segment matrix



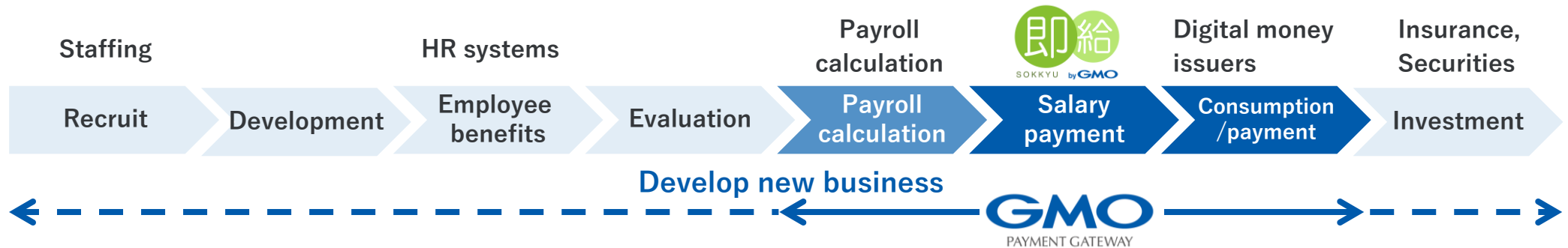
*1 G (Government), E (Employee) *2 EF stands for Embedded Finance.

2-2 Entered into Digital Salary Payment Domain

Develop the B2E Market to Address Huge Money Flows That Lies Outside the B2C Market

GMO-PG's strategy

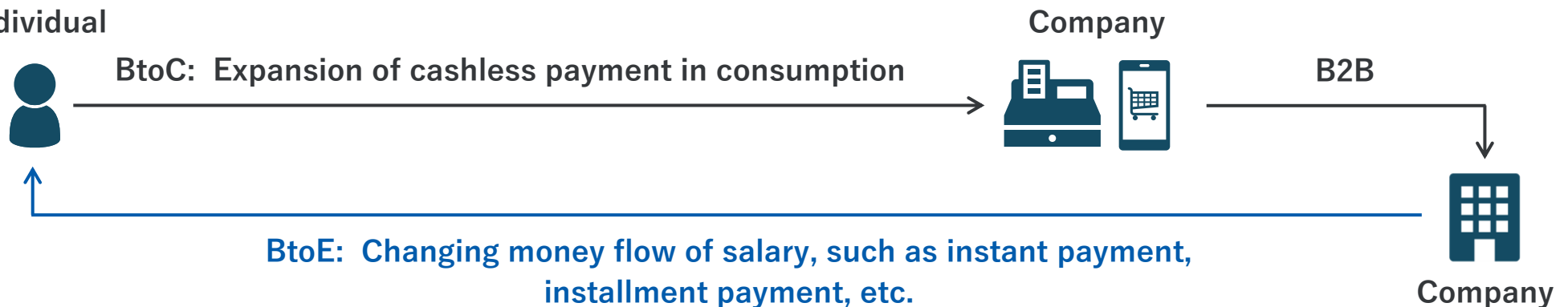
- Promote digitalization of money flow in the B2E domain such as salary prepayment and salary remittance
- Expand business by collaborating with partner companies on HR operations



Market opportunity

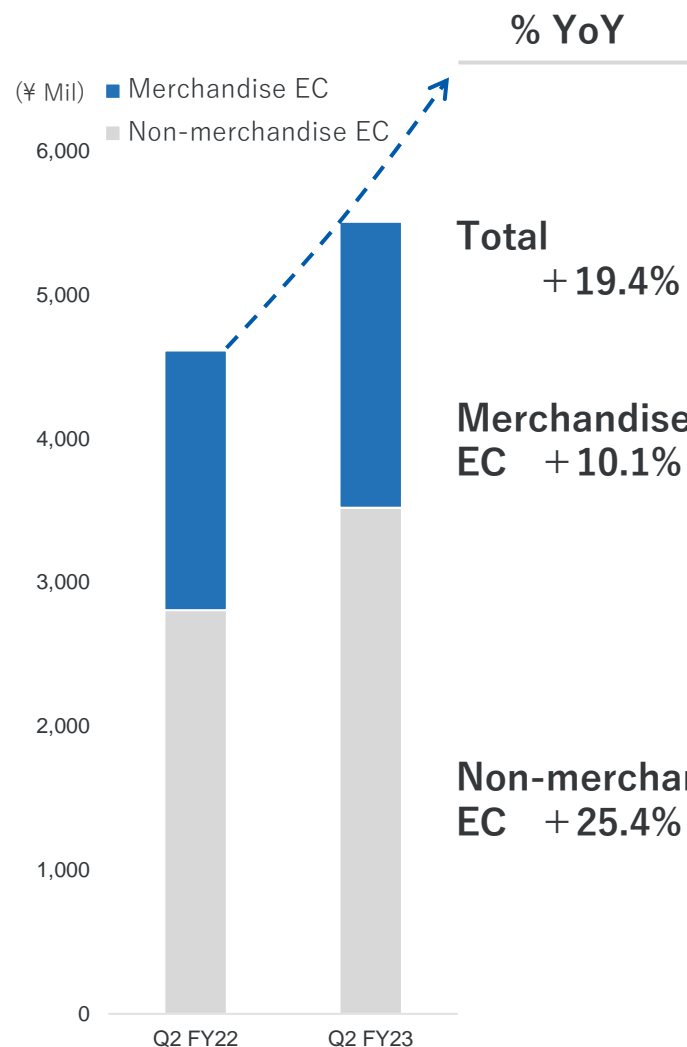
- Deregulation of digital salary payment from April 2023

Individual

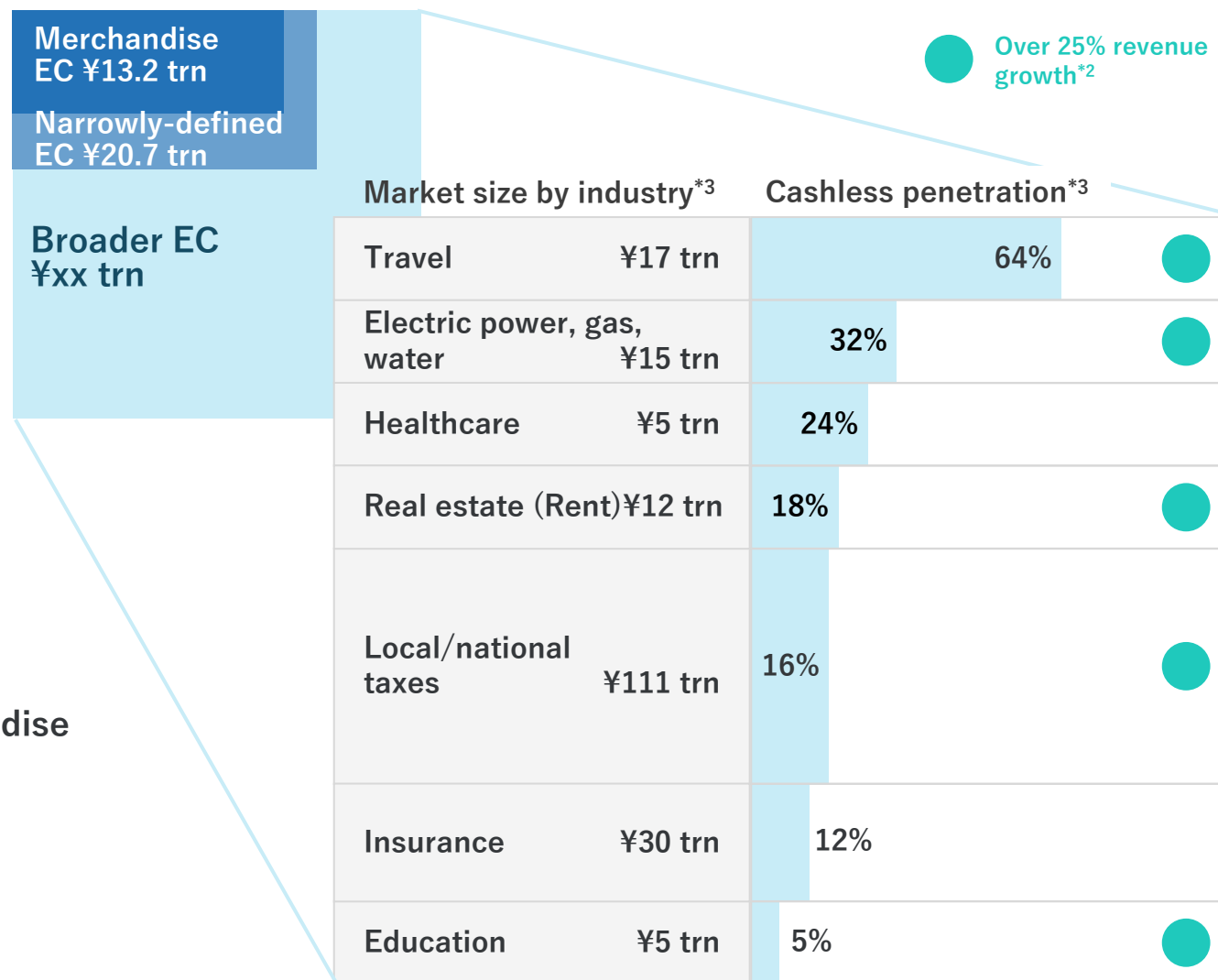


Address each vertical in the vast white space

Merchandise/Non-merchandise
EC revenue*1 (Quarterly)



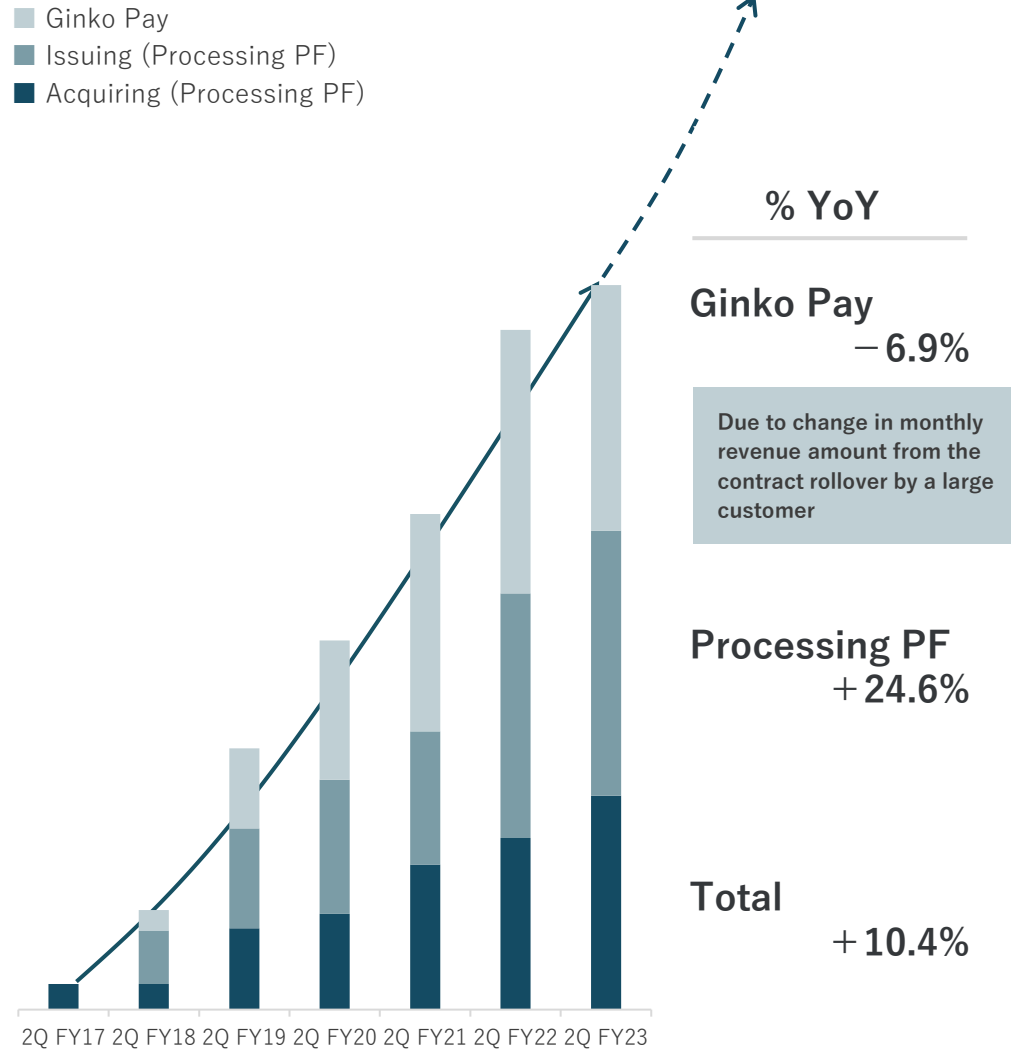
Broader EC: cashless penetration by industry (credit card usage)



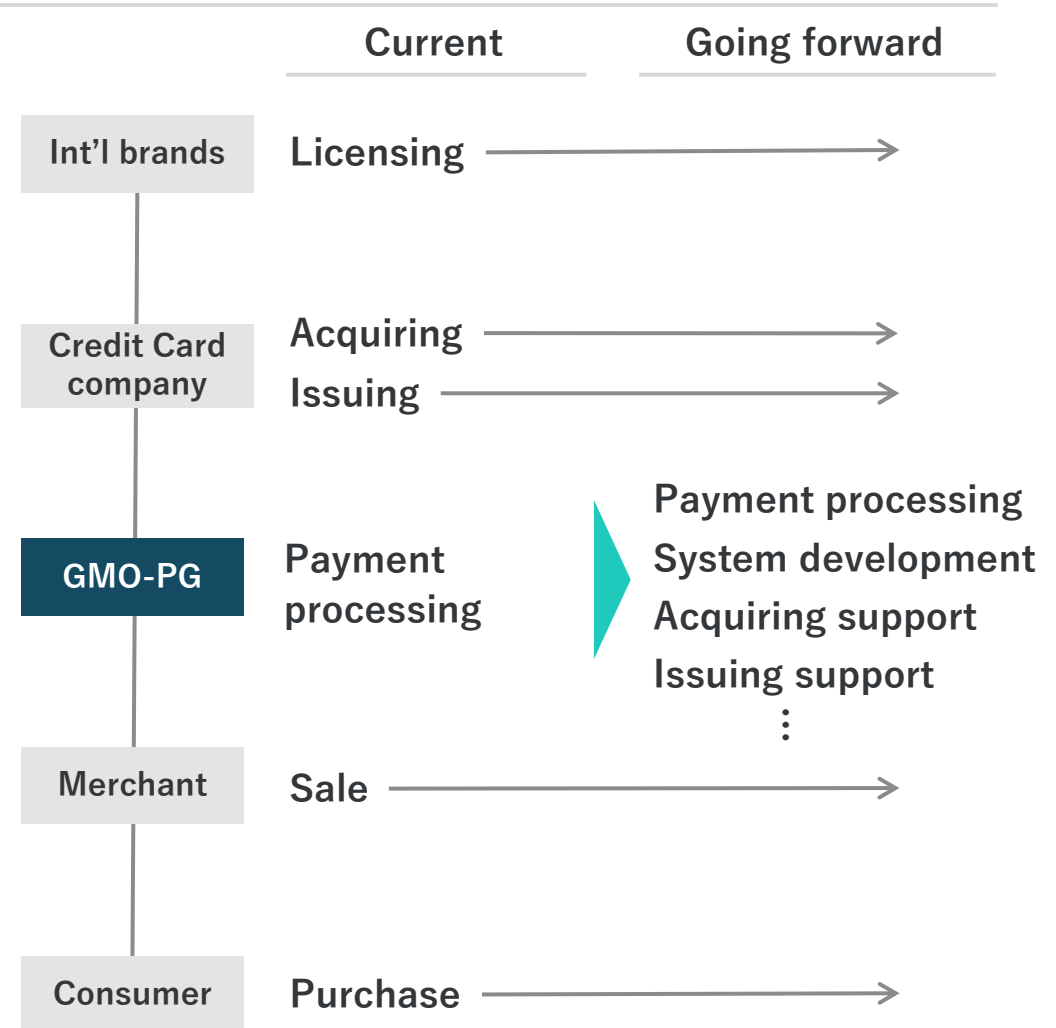
*1 Figures present the revenues for merchandise and non-merchandise EC for GMO-PG non-consolidated online payment.
*2 Figures present the % YoY for Q2 FY2023 for GMO-PG non-consolidated. *3 For a list of sources, please refer to slide 37.

Tap into broaden revenues by providing BaaS and EF support to customers

Ginko Pay · Processing PF*2 revenues (Q2 standalone)



Role of related service providers



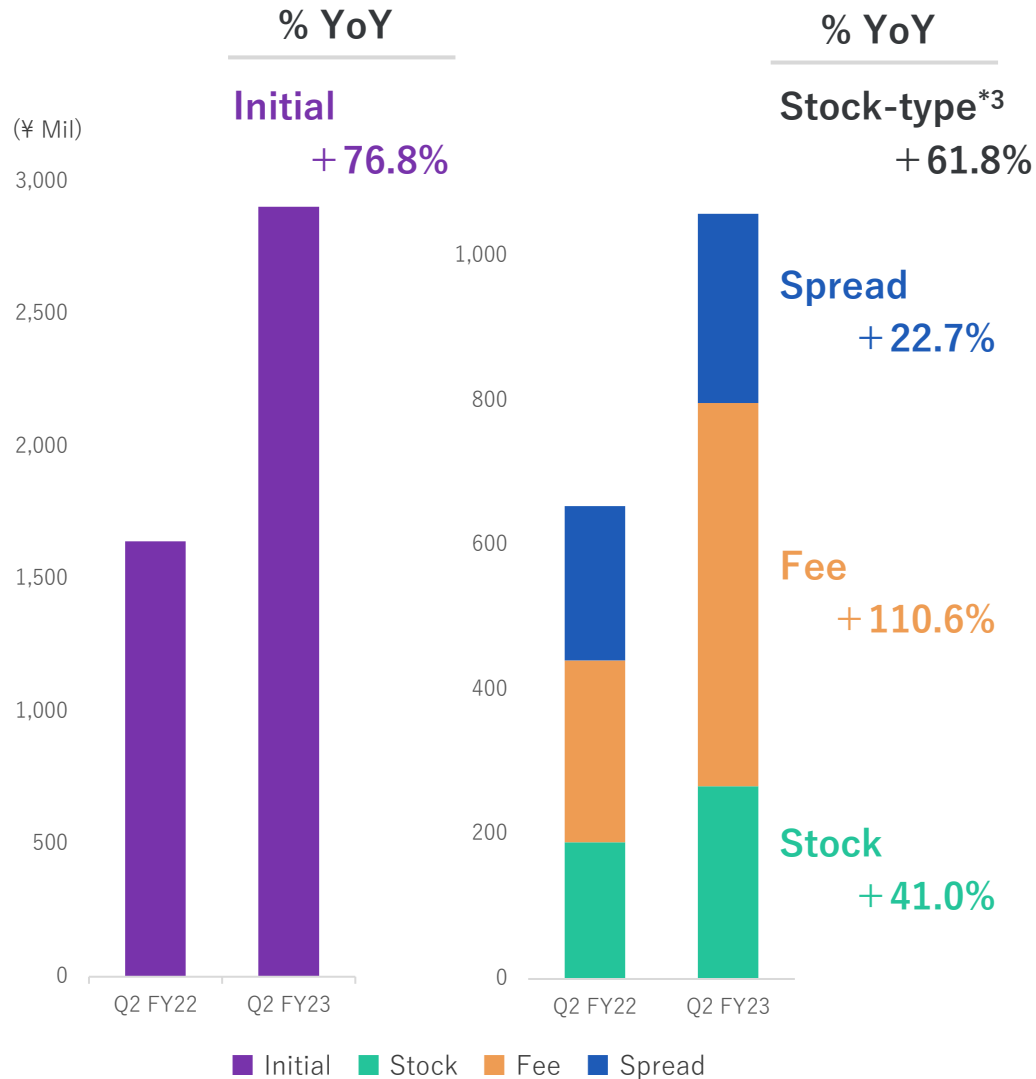
*1 EF stands for Embedded Finance. *2 Revenue from Ginko Pay and Processing PF includes revenues from business operators other than financial institutions.

2-5 Offline Payment: Market Share Expansion Thanks to Tailwind of Normalization of Economic Activities

Offline OP target: 2025 ¥2.0bn~*1

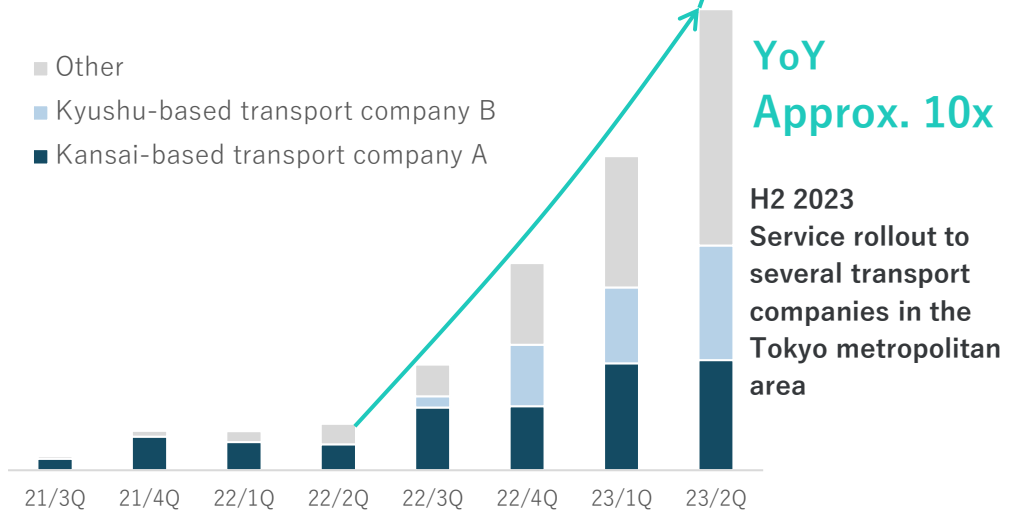
Amidst the growth of stock-type revenue*2, mobility positioned as the future growth driver

GMO-FG/CAS: Revenue by business model*2 (Quarterly) Penetration of tap-and-pay in transport sector (bus, rail, etc.)



TRX volume of transport sector

Providing transport sector NFCs operating in around half of all prefectures
Expansion plans centering on acquiring railway operators going forward

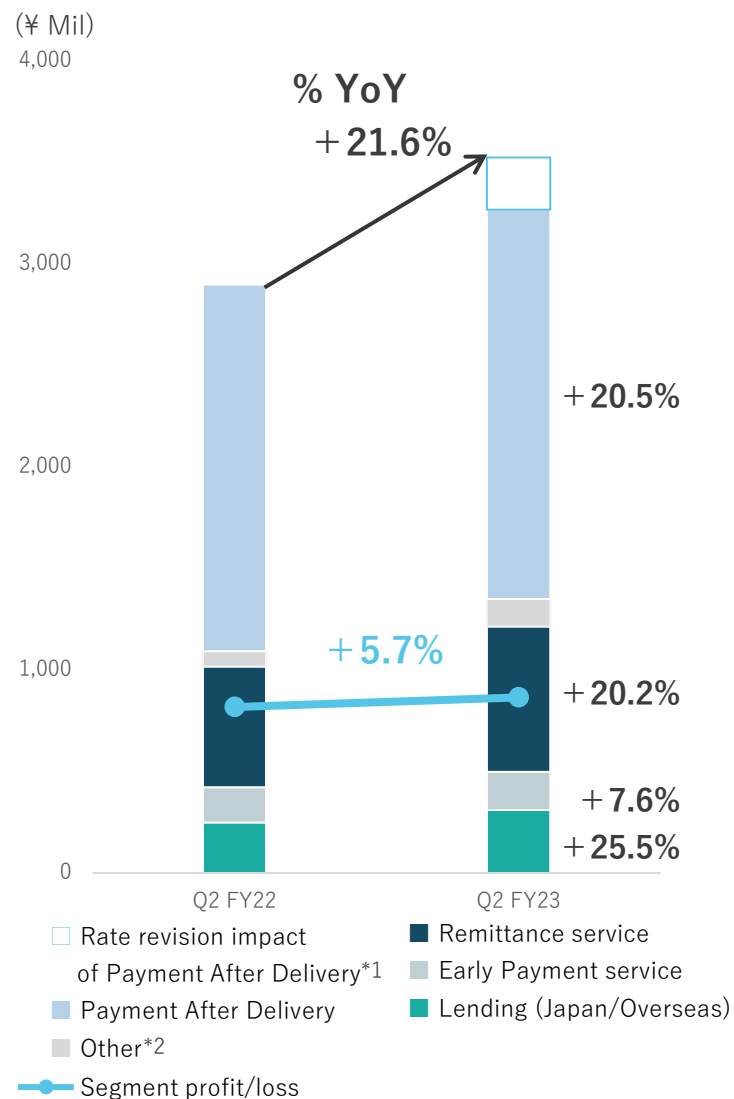


*1 The 2025 OP target includes companies other than GMO-FG and GMO-CAS. *2 Figures are after consolidated eliminations. *3 Stock-type revenue excludes initial revenue from payment terminal sales and includes stock, fee and spread revenues.

Profit growth inflection from expanding remittance and overseas despite the higher credit costs for Payment After Delivery

FinTech revenue and profit/loss

(Quarterly)



Top merchants for GMO Payment After Delivery (by revenue)

As of end-Q2 FY2022

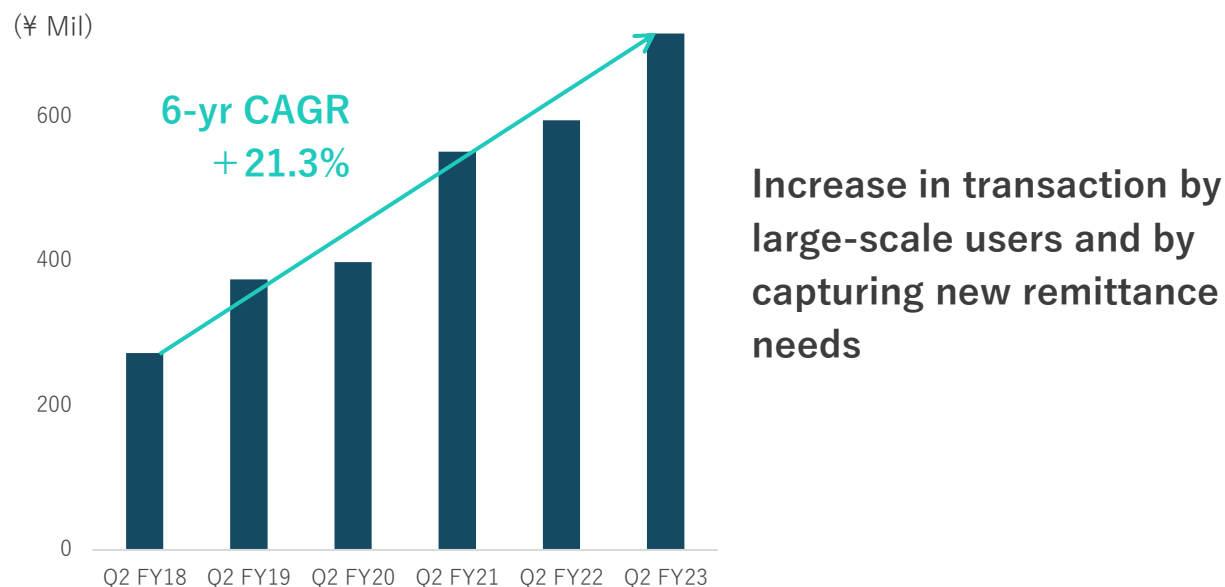
- 1 Apparel co. A
- 2 Sundry good co. B
- 3 Apparel co. C
- 4 Cosmetic co. D
- 5 Cosmetic co. E

Current ranking

- 1 Apparel co. A
- 2 **New co. F**
- 3 **New co. G**
- 4 Cosmetic co. D
- 5 Apparel co. C

Acquired several large merchants by strengthening sales and by leveraging group's comprehensive capabilities

Remittance service revenues (Q2 standalone)



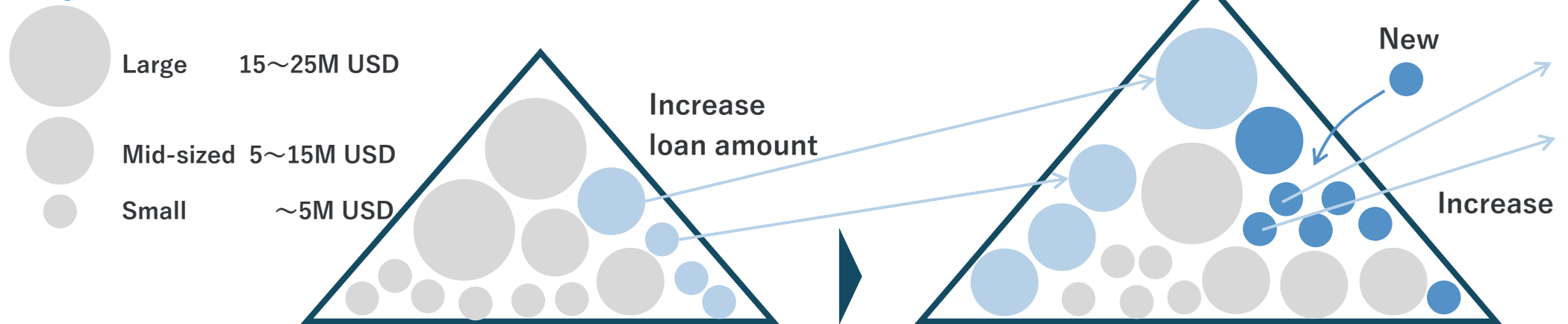
*1 Rate revision to reflect the increase in CVS payment agency cost. *2 Others: the sum total of BtoB factoring, finance lease, BtoB AR Guarantee, Condo Pay, Instant Salary byGMO.

Track record resulting in increased customer attraction in India and North America

Lending strategy

Diversity portfolio by increasing new small-amount borrowers. Increase loan amount to growing prime borrowers among existing customers

Image of portfolio expansion



Eligible borrowers and competitive landscape (USA)

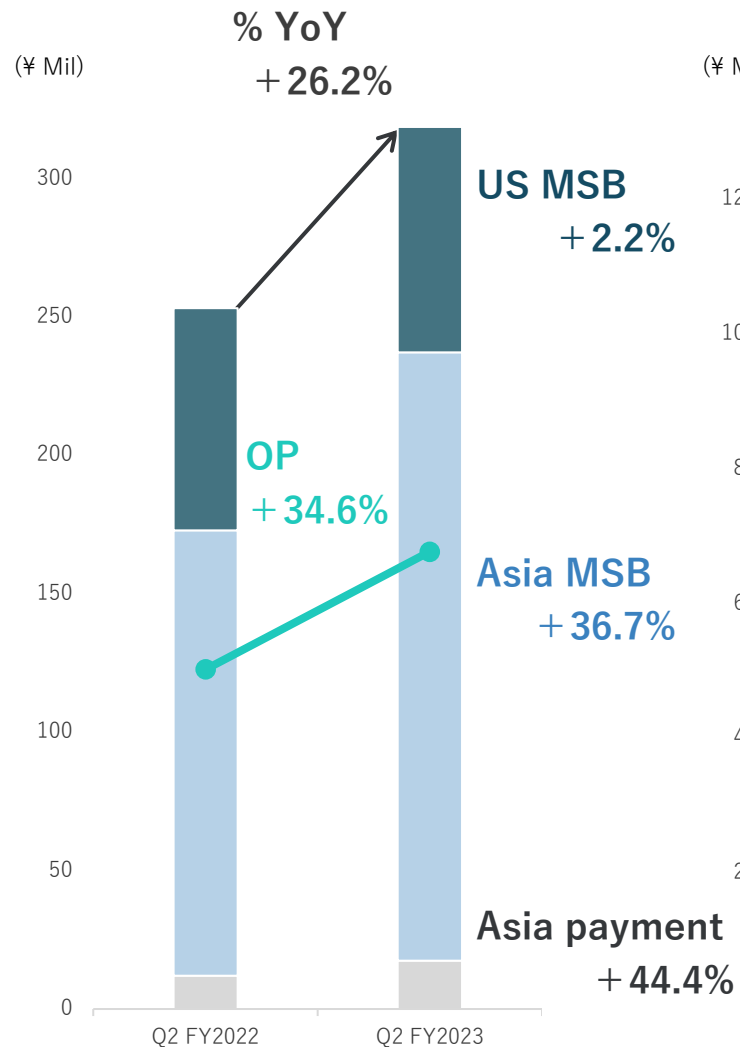


- No direct impact from bankruptcy of Silicon Valley Bank (svb), keep close attention on operations while furthering relationship building
- Business opportunity to increase from the high likelihood for provider of growth capital to shift from banks to alternative lenders
- Strengthening relationships with other large debt funds (increase in referral cases)

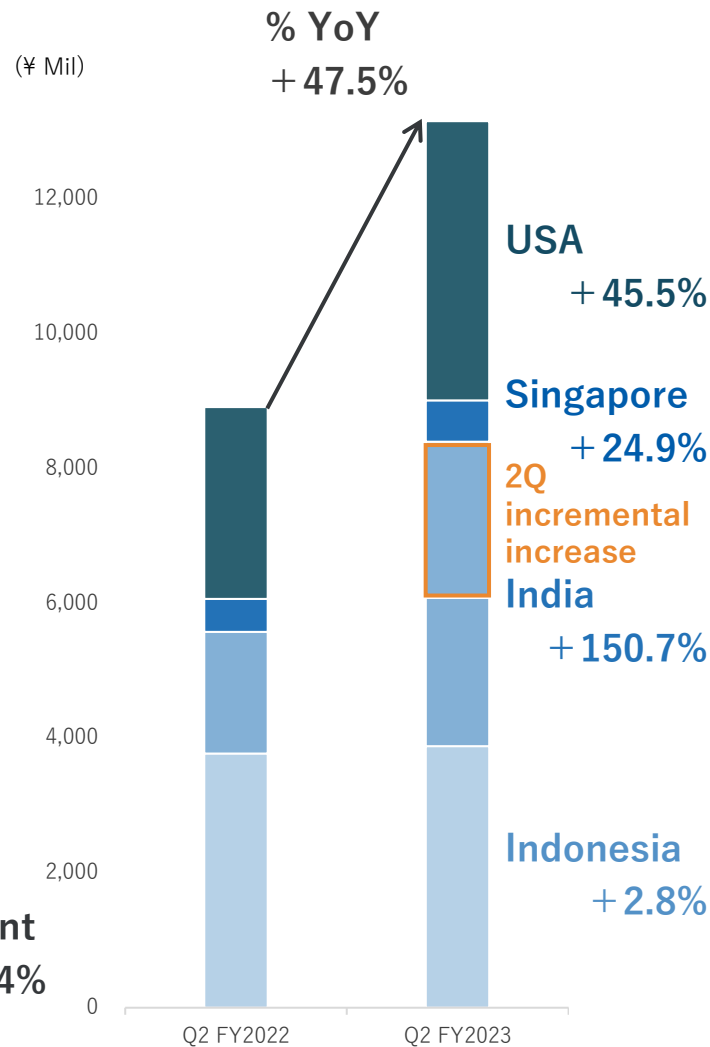
2-7-2 Global: Earnings Summary

Increasing new borrowers and loan amount to prime borrowers; strengthening organization and increasing headcount

Revenue*1 & OP*2 (Quarterly)



Loan balance (end-Mar)



New loans executed



- Consumer loan Fintech startup
- Paperless, quick loan within 10 mins
- Over 50 mil. app downloads
- Total loan balance over ¥480.0bn

Terminating Asia payment business excl. Taiwan

- Terminate payment business in Thailand, Singapore, Malaysia and Hong Kong due to decline in Japanese corporates regional expansion (within this year)

- Continue with growing Taiwan business which accounts for approx. 90% of Asia payment business

- OP uplift from reduction of operational cost
- Focus on finding future partners for overseas payment business through lending/investing activities

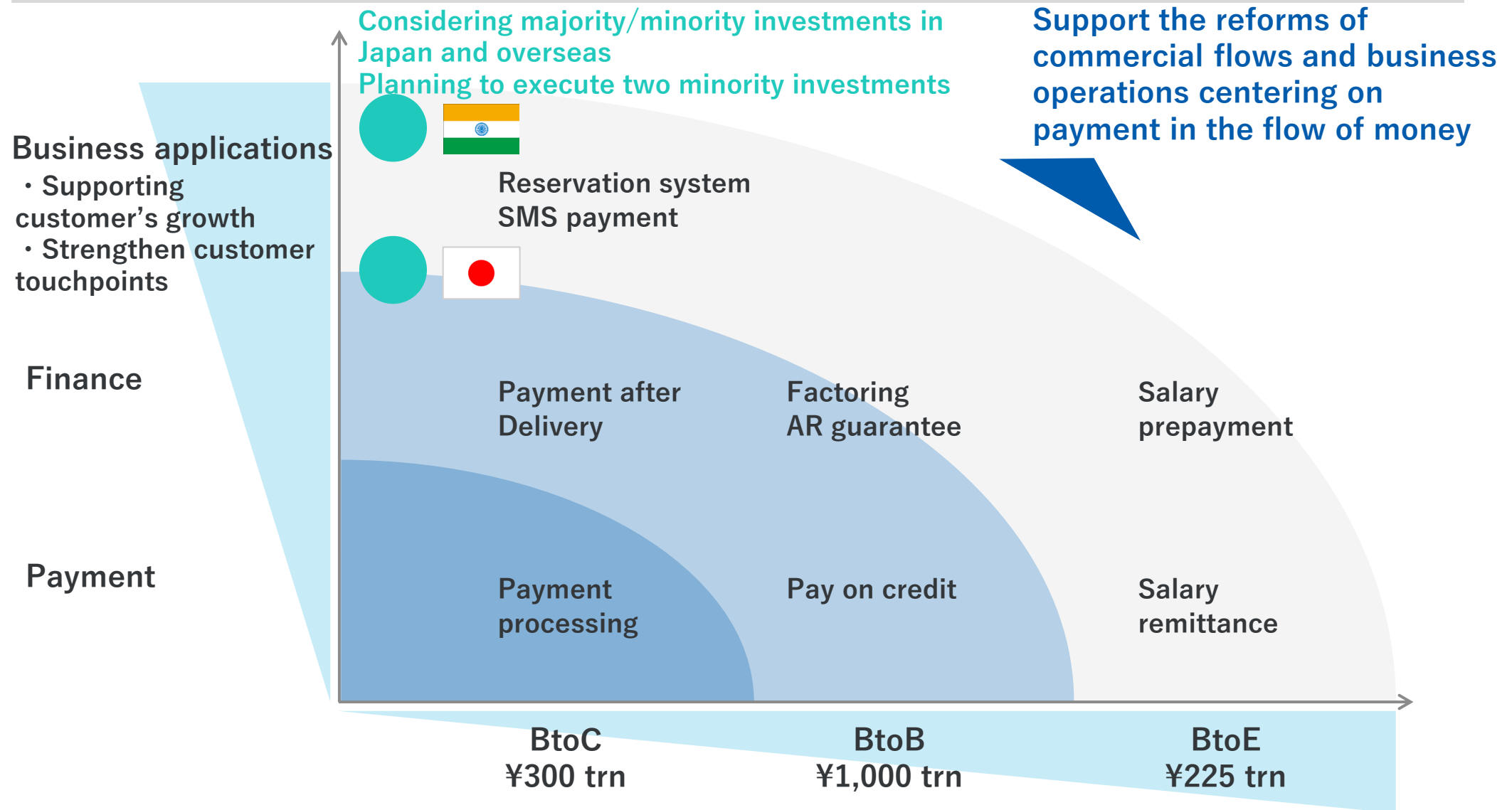
*1 Calculated by excluding the one-time revenue in the previous term. If included, the revenue growth is 25.9%.

*2 Calculated by excluding the one-time revenue in the previous term. *3 Converted using rate of 1 INR = 1.62 JPY as of March 31, 2023.

2-8 Expanding Scope of Business

Expand scope of business to peripheral domains and strengthen existing business through organic expansion as well as equity participation

Target domain

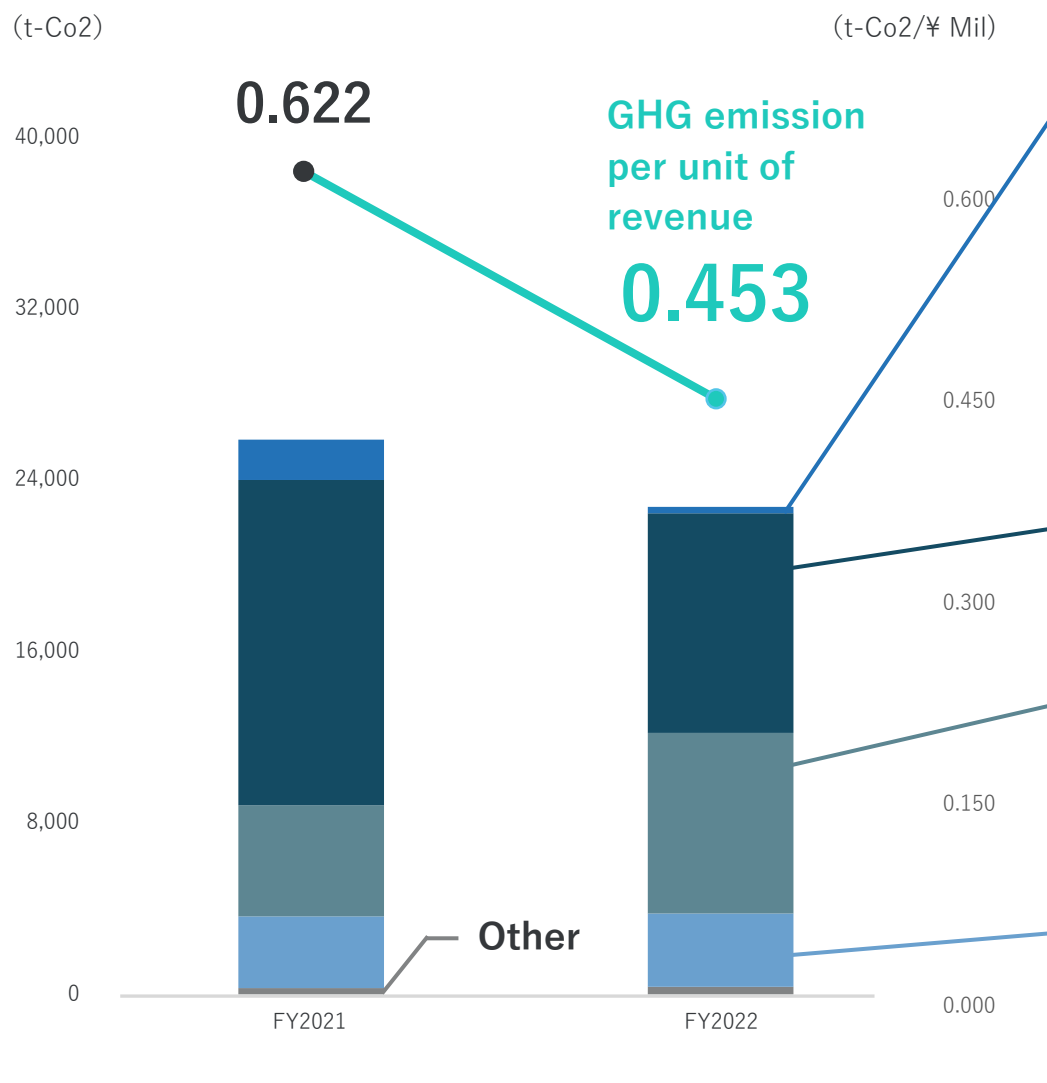


3 Sustainability

3 GHG Emission Reduction

Promoting the improvement of carbon efficiency throughout the supply chain

Trend of GHG Emissions



GHG Emission Reduction Initiatives

Scope1 : Zero emissions

Scope2

- GHG emission reduction of 80% by introducing what is effectively renewable energy

Scope3

- Conducting supply chain engagement towards a suitable measurement and reduction plans
- Certified by third party to ensure credibility of emission disclosure

Category 1 (purchased goods and services)

- Use of environmentally conscious materials to manufacture payment terminals

Category 2 (capital goods): mainly arising from software investments

- Considering advocating to supply chain

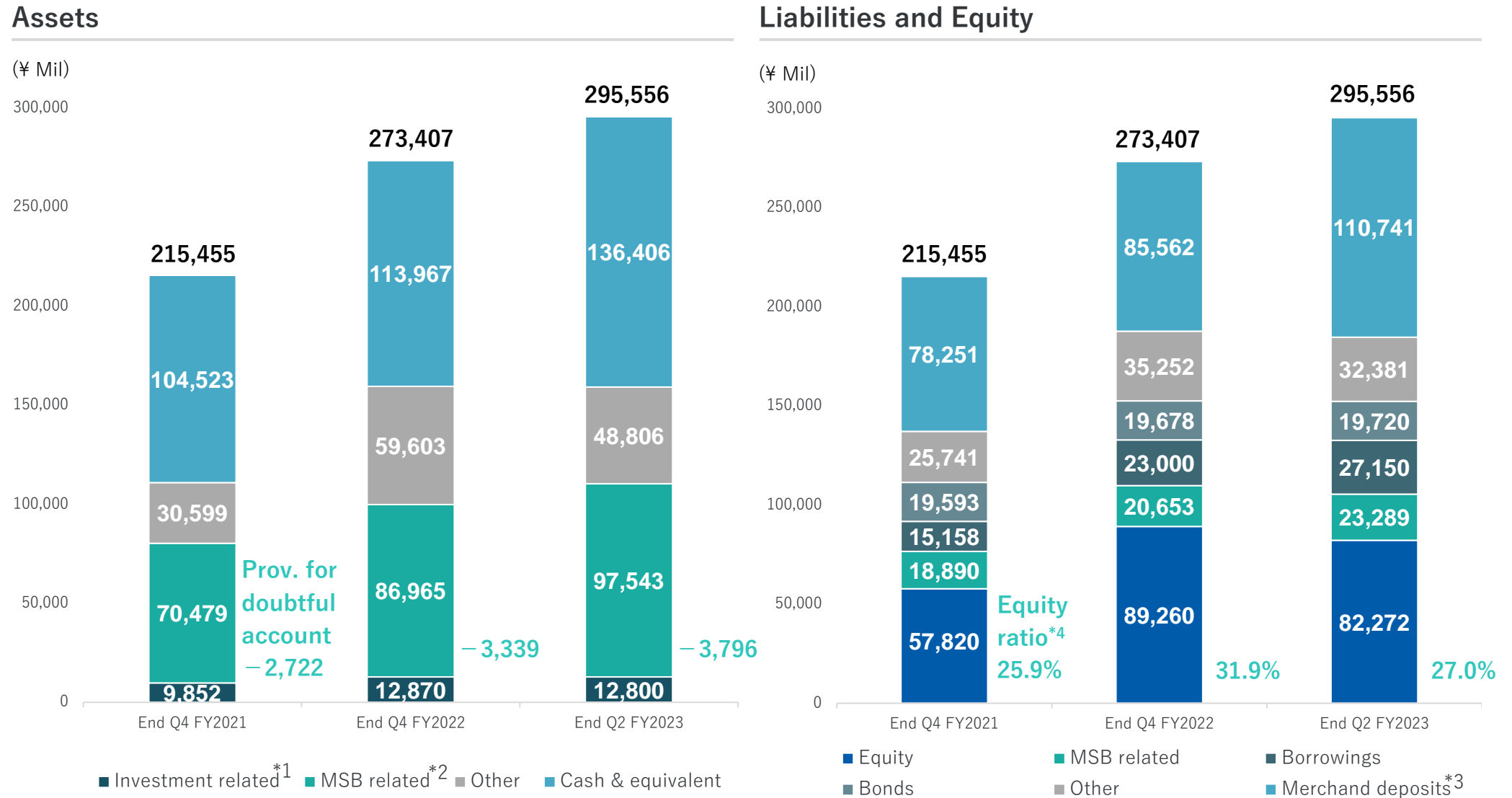
Category 11 (use of sold products)

- Use of recycled paper for roll paper
- Offer e-storage service of sales proceed receipts in order to reduce roll paper usage
- Reuse returned payment terminals as replacements during repairs

4 Financial Highlights and Reference Materials

4-1-1 Consolidated Balance Sheet Changes

Increase in deposits received and MSB related assets



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

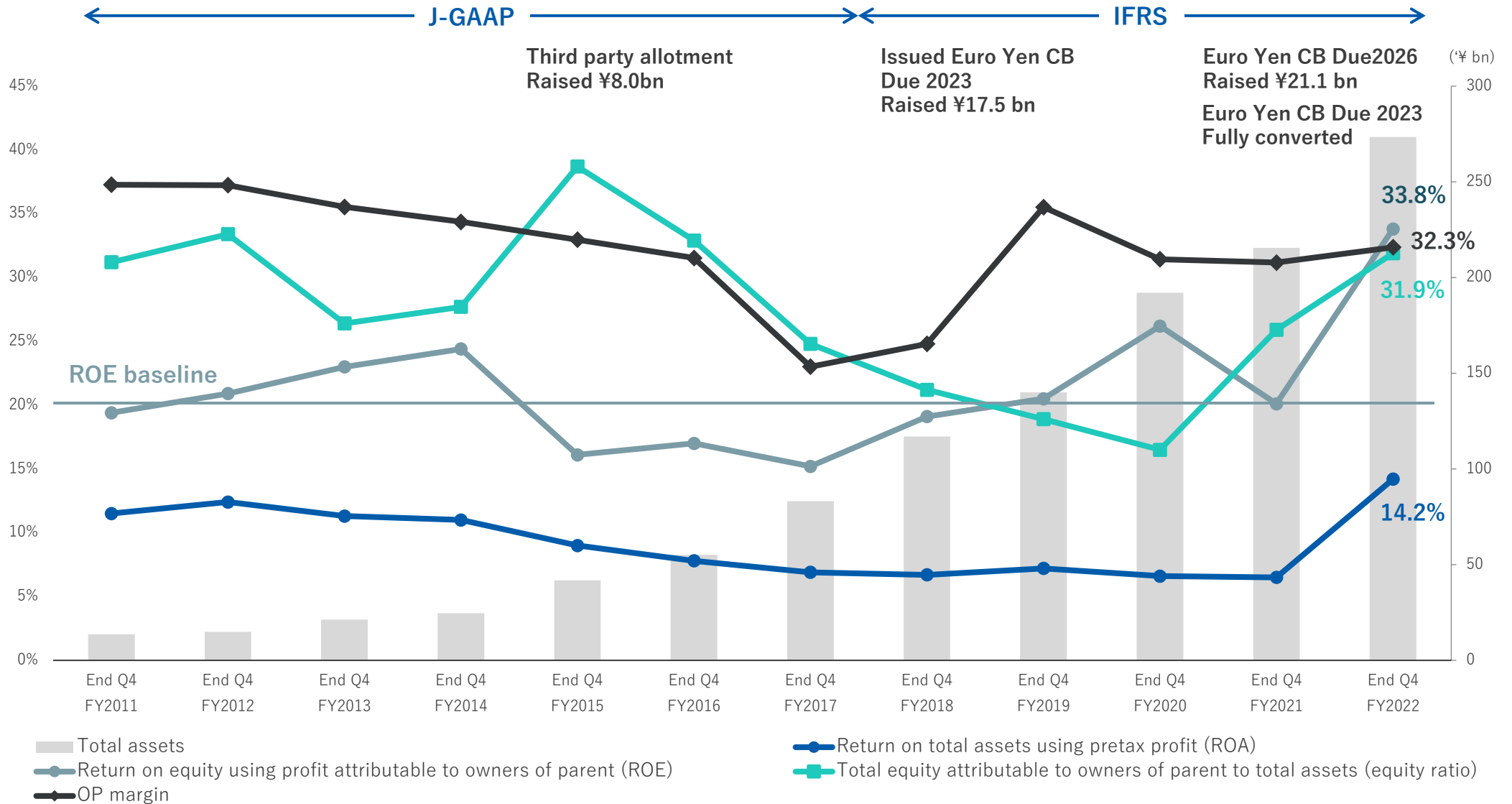
*2 MSB Related Asset = Lease assets, Short term loans, Advances paid, Accrued revenue (net of provision for doubtful accounts). MSB Related Liabilities = Accrued expenses

*3 Deposits received from merchants under the Representative Contract.

*4 Equity ratio is total equity attributable to owners of parent divided by total assets. *5 Some figures are shown in net amounts of financial assets and liabilities.

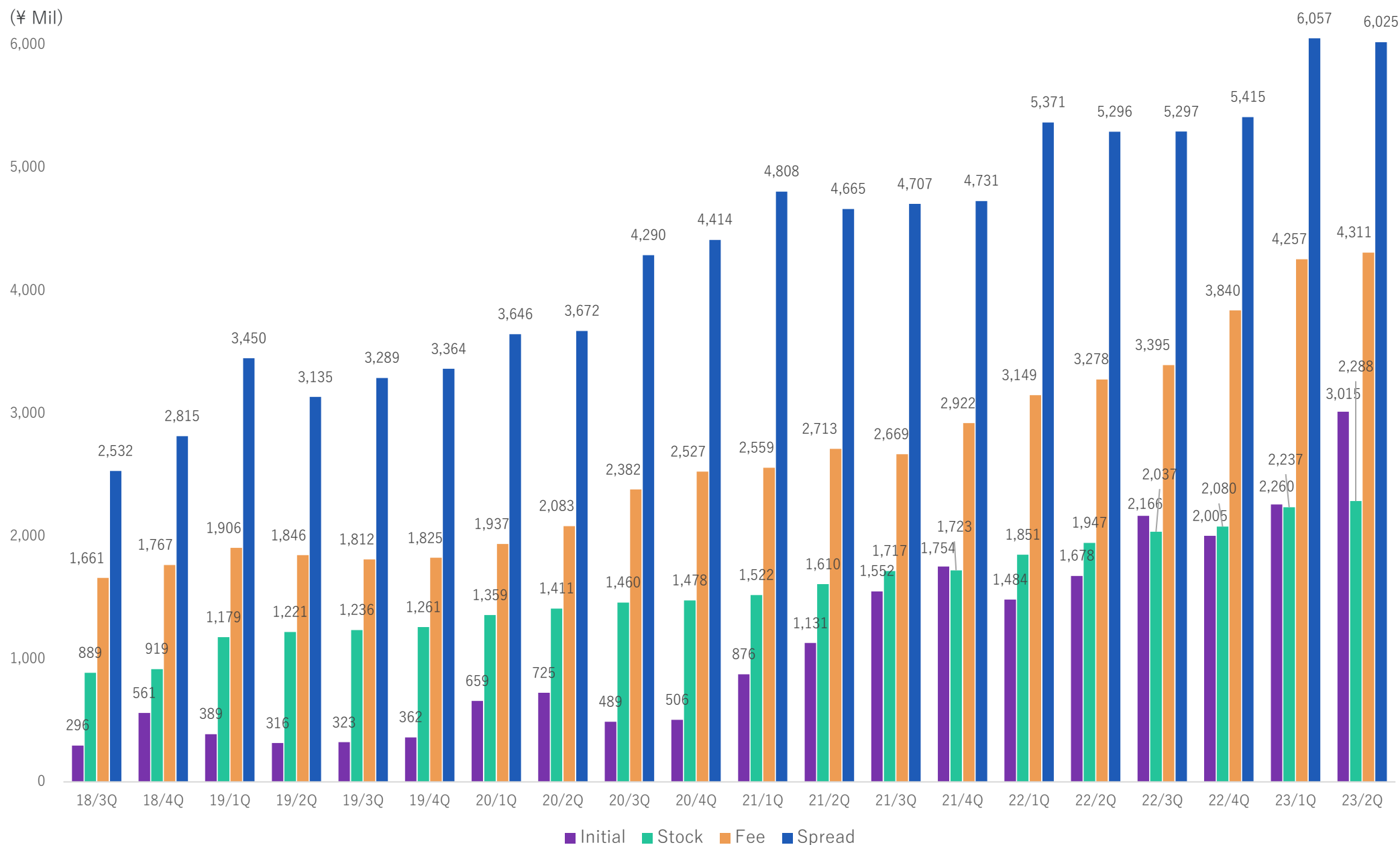
4-1-2 Major Consolidated Financial Indicators (Annual Trend)

Strengthened equity base with the expansion of MSB



* 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.

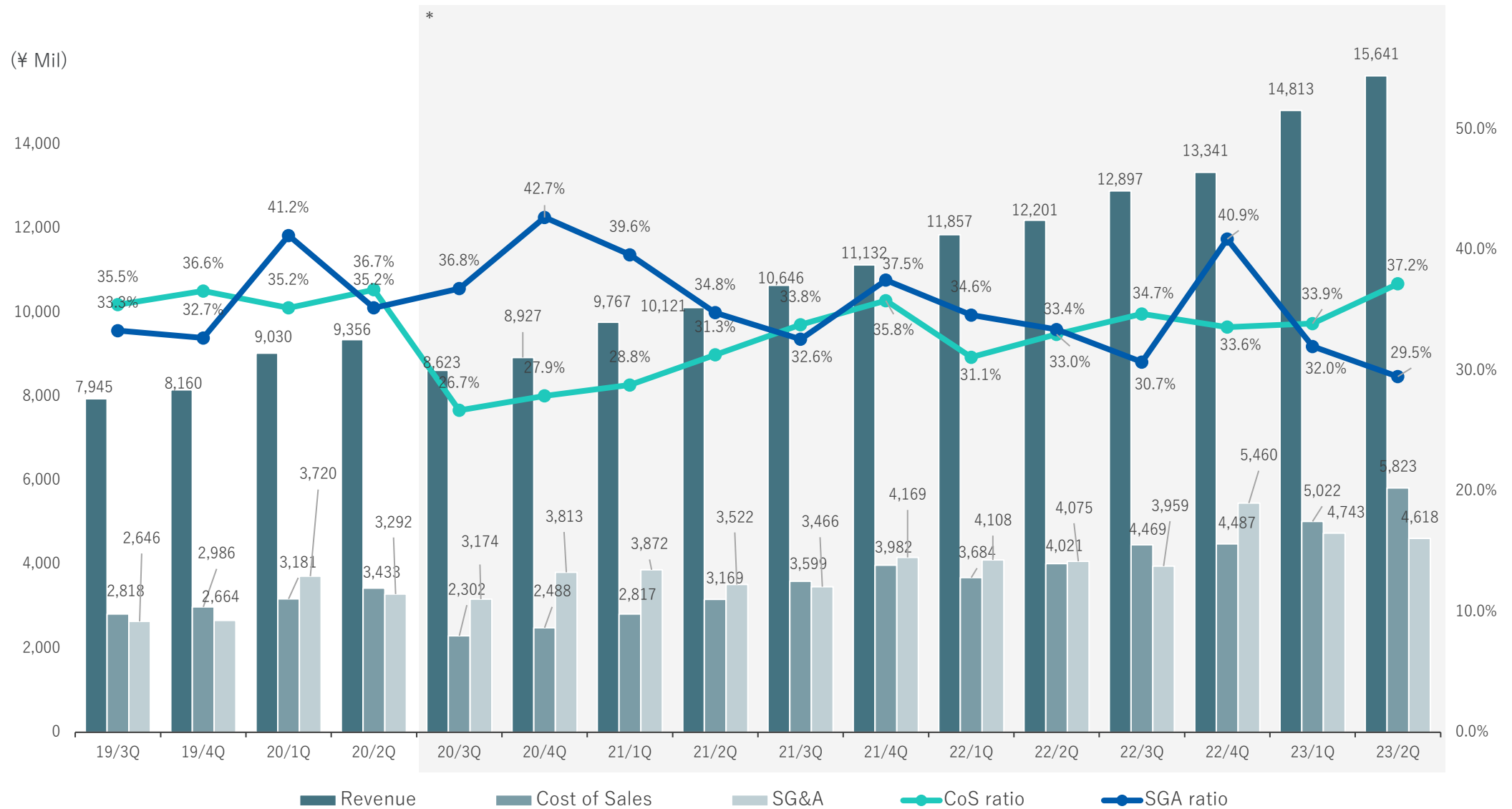
4-2 Consolidated Revenue by Business Model (Quarterly Trend)



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

4-3-1 Consolidated CoS and SG&A Ratio (Quarterly Trend)

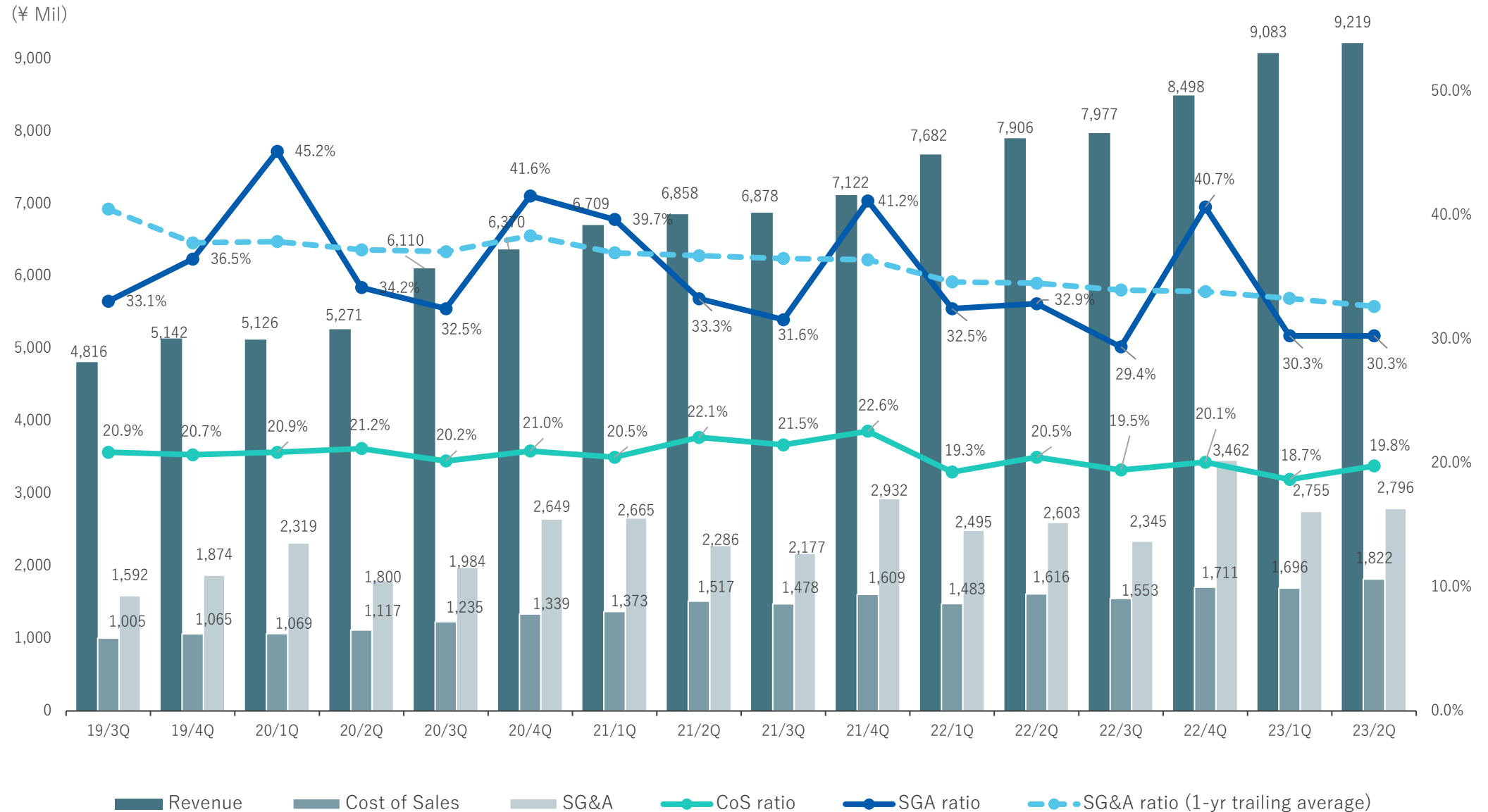
SG&A ratio declined to 29.5% from cost control and scale benefit



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

4-3-2 CoS/SGA Ratio of GMO-PG & GMO-EP (Quarterly Trend)

CoS ratio trending stably for online payment business



* Figures are before consolidated eliminations.

4-4-1 Operating Stores, TRX Volume and Value

Consol. TRX value reaches approx. ¥13.2 trn in the past 12 months

	Operating Stores ^{*1} /Terminals ^{*2}	TRX volume ^{*2*3}		TRX value ^{*2}	
	End Q2 FY2023	Q2 FY2023	Past 12-month	Q2 FY2023	Past 12-month
Consol.	-	1.48 bn	5.53 bn	¥3.6 trn	¥13.2 trn
	% YoY	-	+ 28.7%	+ 33.2%	+ 36.3%
Online	160,721	1.35 bn	5.05 bn	¥2.7 trn	¥9.8 trn
	% YoY	+ 19.9%	+ 25.7%	+ 29.7%	+ 24.6%
Offline ^{*2}	223,041	0.13 bn	0.47 bn	¥0.9 trn	¥3.4 trn
	% YoY	+ 42.7%	+ 70.0%	+ 86.9%	+ 82.8%

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

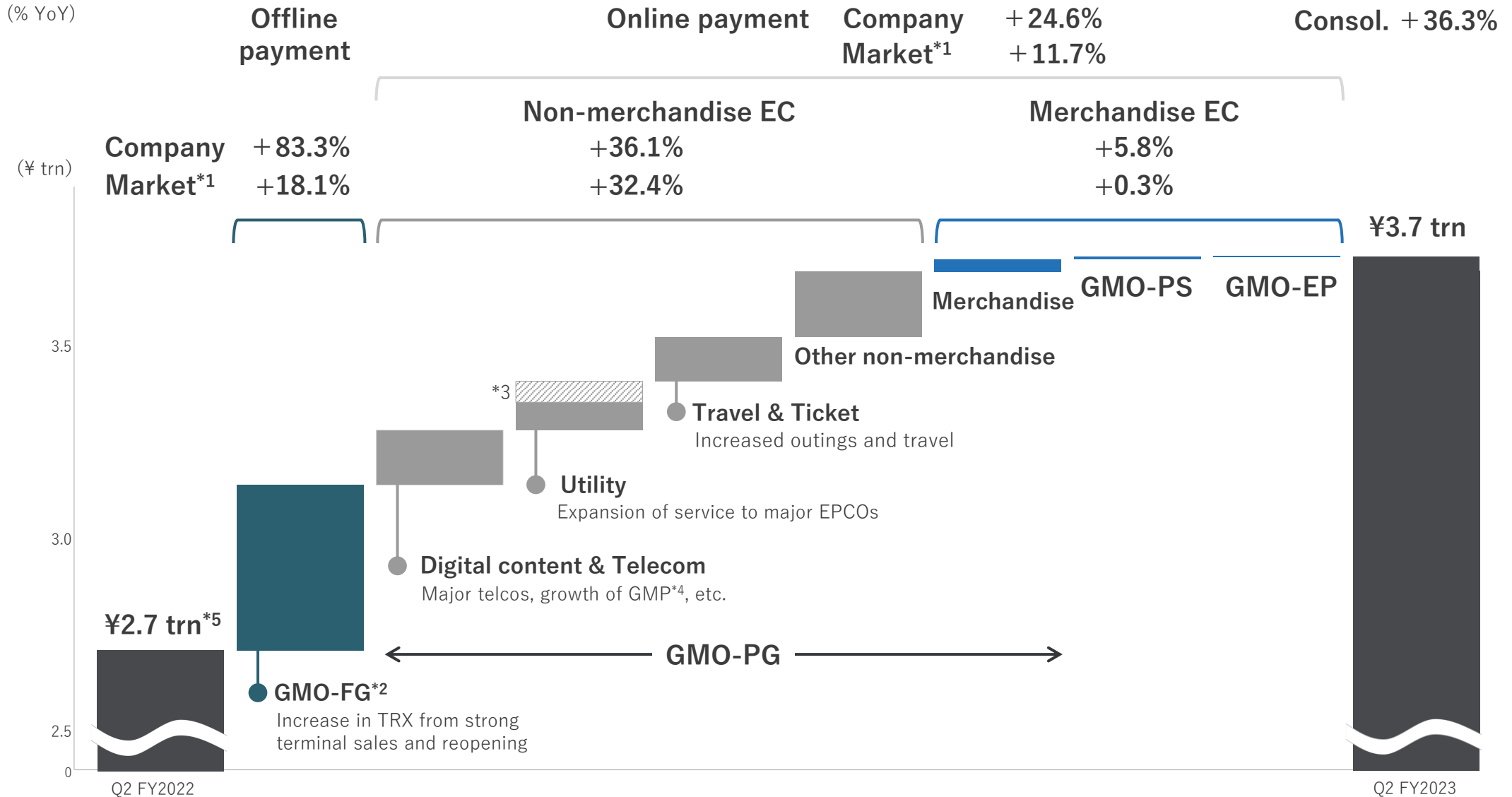
*1 The standards for calculation the number of operating stores has been revised from Q1 FY2023. Figure exclude an operating stores of a specific merchant and stores using fincode byGMO. If included, operating stores would be 539,093 (up 35.6% YoY).

*2 Payment terminals exclude GMO-PG's offline payment (GMO Cashless Platform). Offline TRX volume and value includes GMO-PG's offline payment (GMO Cashless Platform).

*3 TRX 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 or actual proceed amount, and one transaction per payment in the case of offline. *4 Annual average is shown in 5% increments.

4-4-2 Waterfall Chart for Consol. TRX Value (Q2 FY2023)

Achieved above-market growth rate from increase in offline and non-merchandise EC

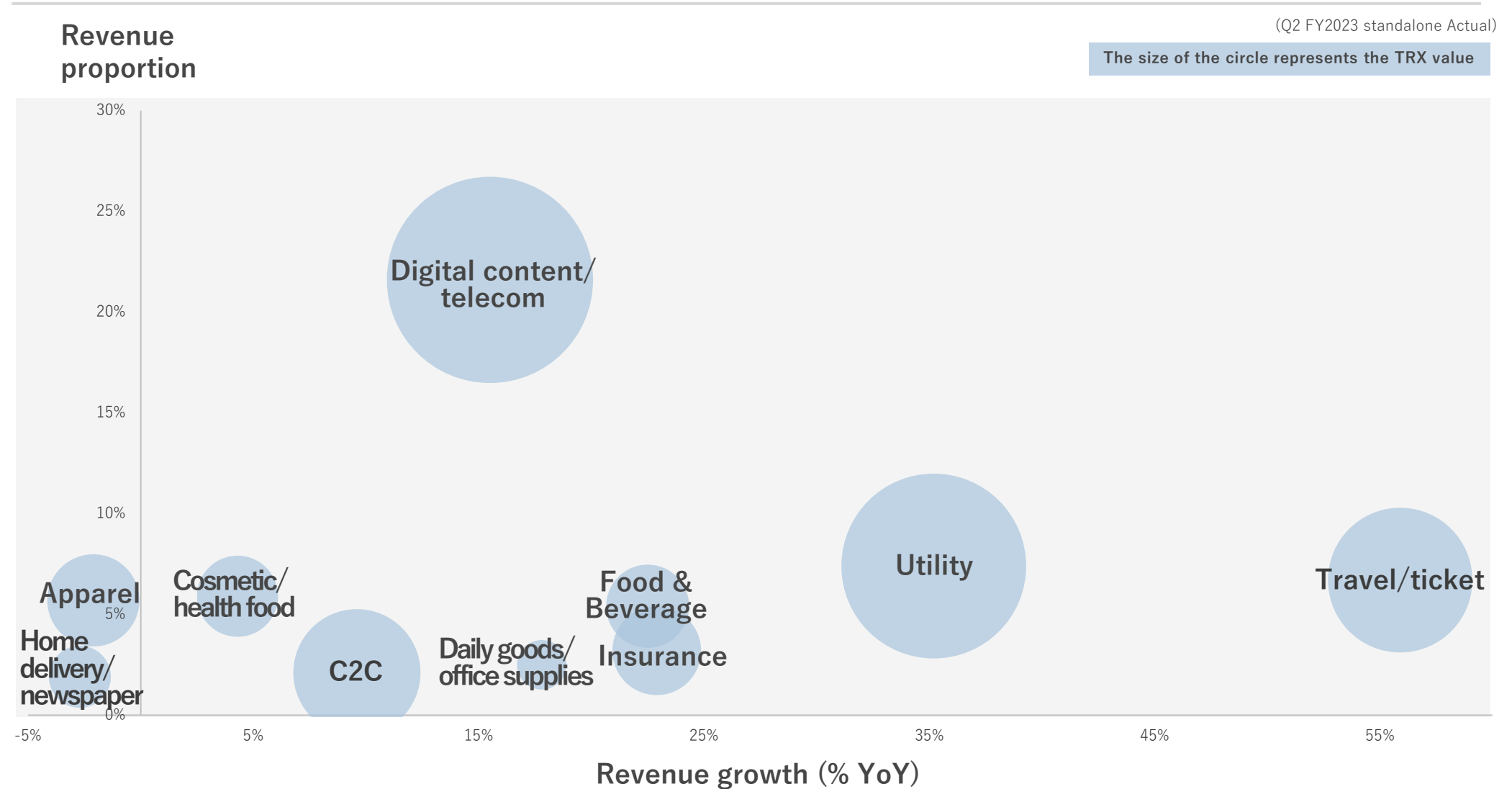


*1 Offline market: METI's "Survey of Selected Service Industries". The offline market figures show the YoY change for January to February as the March figure is undisclosed as of this writing.
 EC Market: Based on Ministry of Internal Affairs and Communication's "Family Income and Expenditure Survey," figures are categorized into merchandise and non-merchandise according to the Company's standards using the Internet expenditure amount per household. *2 Excludes GMO-PG's offline payment (GMO Cashless Platform) *3 Financial institution-linked utility *4 GMP stands for Global Major Players *5 Rounded off to nearest trillion of yen.

4-4-3 Distribution of major sectors (Q2 FY2023 Standalone)

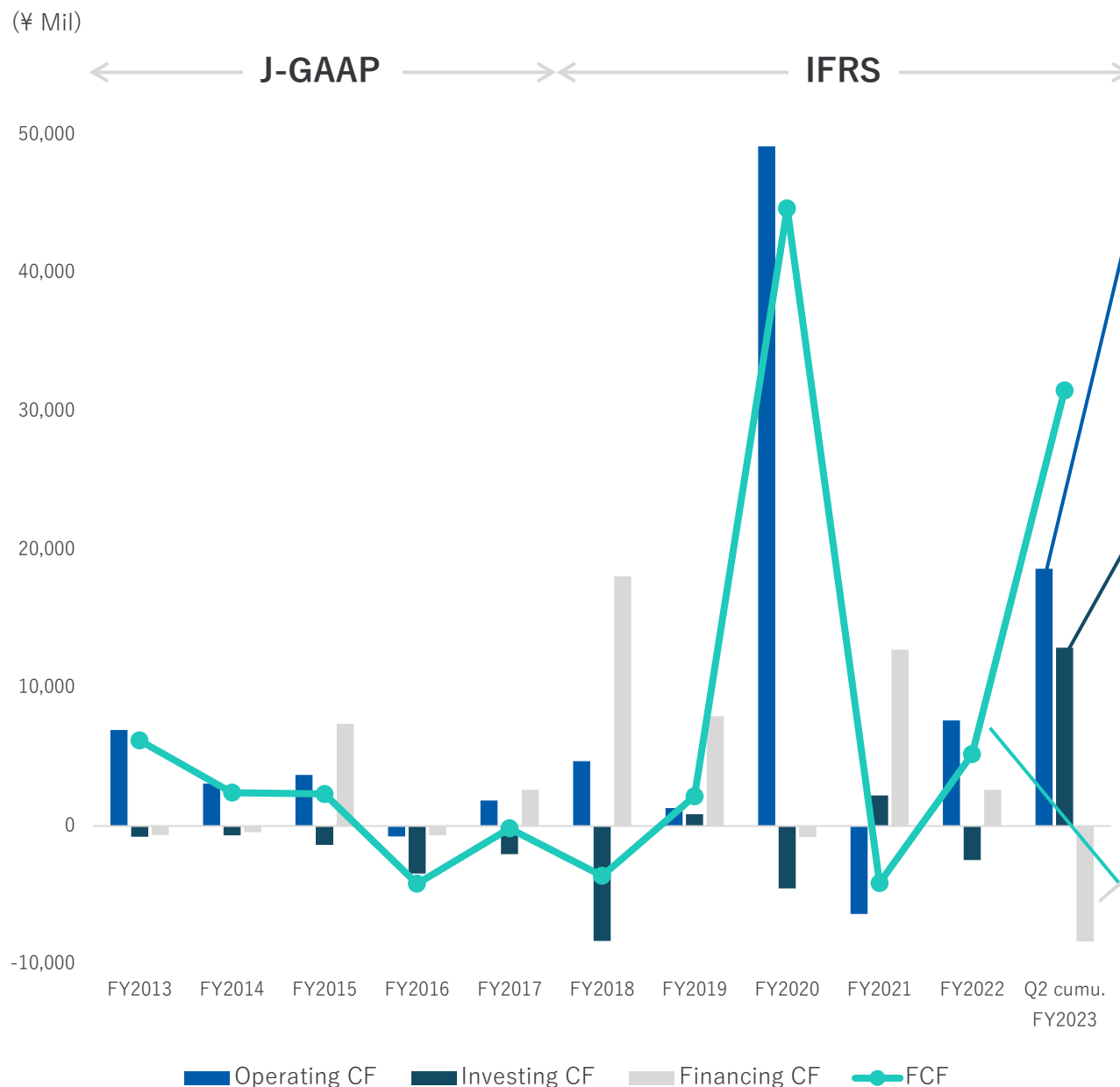
Balance both stability and growth through sector diversification

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



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

4-5-1 Consolidated Cash Flow Statement (Q2 Cumulative)



Q2 FY2023 changes by item (¥ Mil)

Operating CF :	+ 18,625
Pretax profit	+9,856
Trade receivables and other receivables	- 5,059
Advances paid	- 5,349
Accrued revenues	- 2,675
Accrued expenses	+ 2,232
Deposits received	+ 25,186
Income taxes paid	- 5,310
Investing CF :	+ 12,904
Deposits into restricted accounts	- 9,088
Withdrawals from restricted accounts	+ 13,763
Deposits to subsidiaries and affiliates	- 5,300
Withdrawals of deposits to subsidiaries and affiliates	+ 16,500
Financing CF :	- 8,338
LT borrowings	+ 2,450
Dividends paid	- 12,121
FCF :	+ 31,529
Cash & Equivalents :	136,406

Mainly Money Service Business

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

4-5-2 Changes in consolidated cash flow statement

Following factors affect operating CF other than pretax profit

Related liabilities & assets Impact from business expansion

Payment Processing Business

Sales proceeds from 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 

Other

Deposits to subsidiaries and affiliates (asset)

Asset 

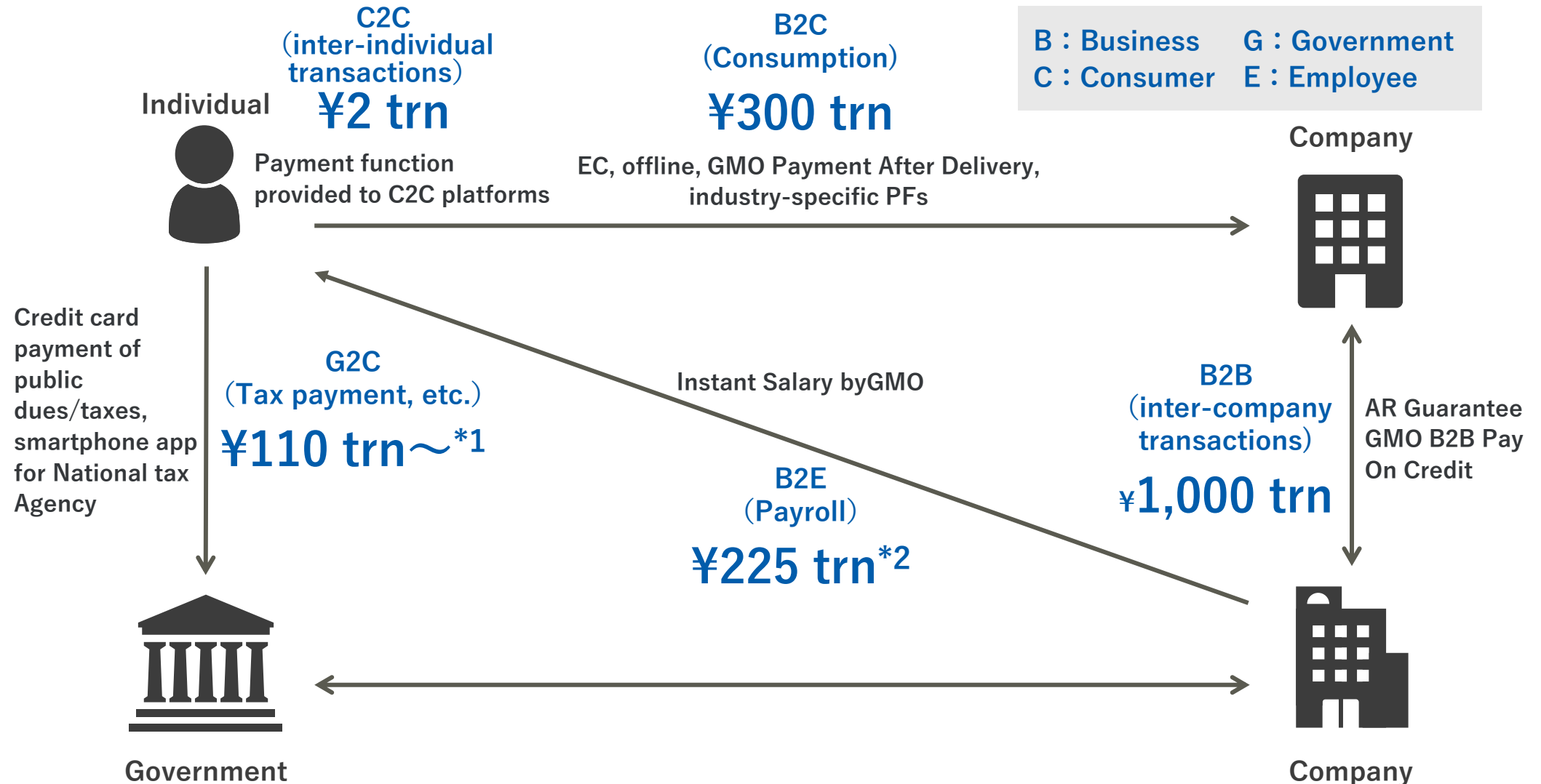
Investing CF 

Funds temporarily deposited in CMS of GMO Internet Group, which can be withdrawn at any time depending on cash requirements

4-6 Our Target Market

Expanding the scope of business by addressing the money flows between individual, corporates and government

Money Flow



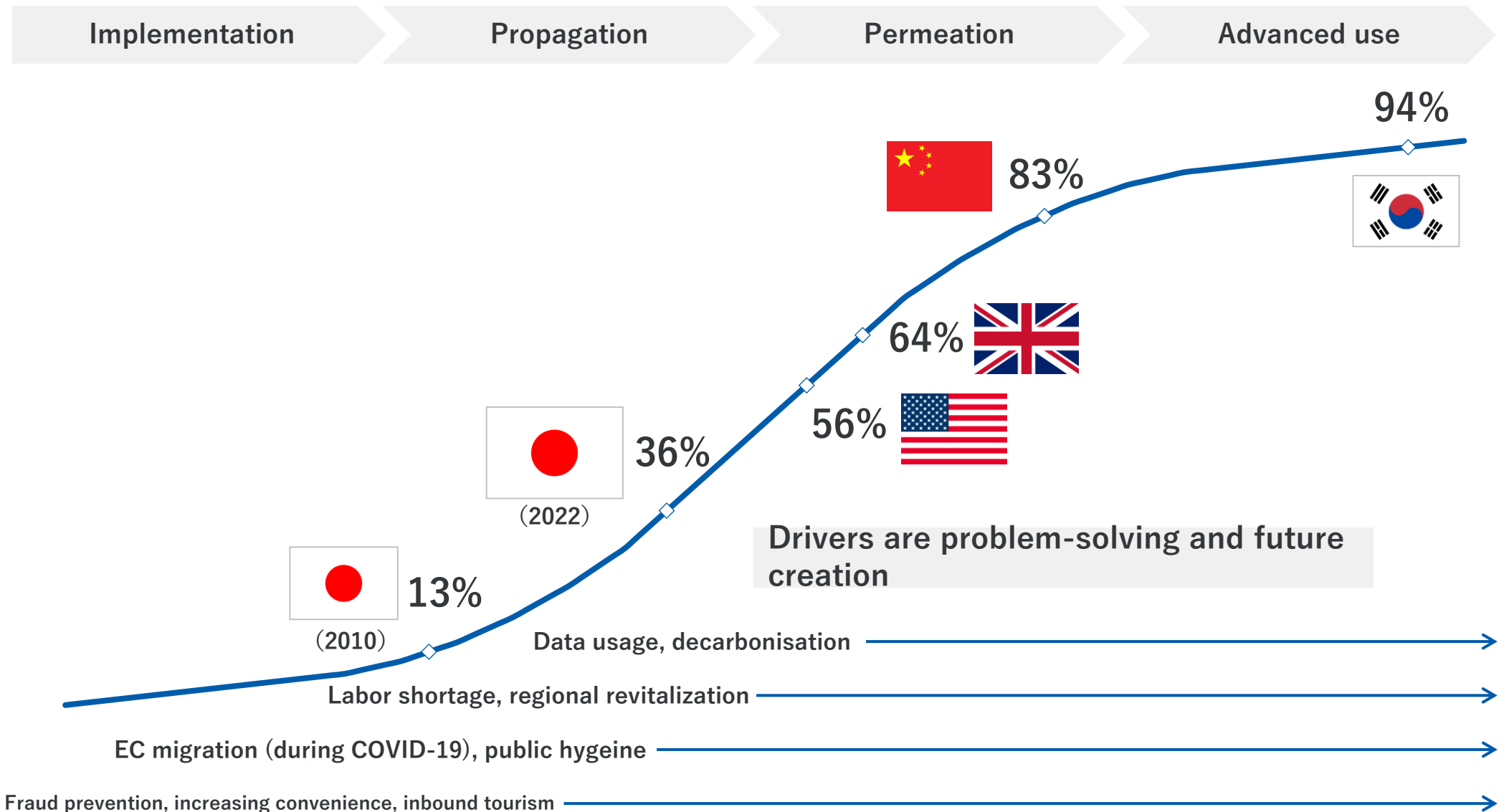
*1 Ministry of Internal Affairs and Communication's breakdown of national and local taxes (Local Public Finance 2022)

*2 National Tax Agency's 'Statistical Survey of Actual Status for Salary in the Private Sector 2021'

4-7 Path of Cashless Penetration

Social challenges acts as a backdrop to drive cashless penetration

Cashless penetration*1



*1 Ministry of Economy, Trade and Industry's Study Group on the Future Direction of Cashless Payment.

4-8 Broader EC : List of sources for market size and cashless penetration by industry

Market Size

Travel	Prepared using Japan Tourism Agency's National Tourism Survey for 2022.
Healthcare	Ministry of Health, Labour and Welfare, 'Overview of Estimates of National Medical Care Expenditure 2020'
Real Estate (Rent)	Zenkoku Chintai Jutaku Shinbum article on rental residential market's challenges and market structure as seen from data; Rental Housing Management Business Association's survey on national housing rent trends March 2023. Calculated by multiplying private sector rental housing units with average rent.
Local and National taxes	Ministry of Internal Affairs and Communication's breakdown of national and local taxes (Local Public Finance 2022)
Insurance	The Life Insurance Association of Japan, 'Life Insurance Fact Book 2021', referencing insurance premiums in 2020
Electric Power, Gas, Water, Education	National Institute of Population and Social Security Research's Population Statistics; MIAC's Annual Report on the Family Income and Expenditure. Estimated by multiplying expenditure amount of the relevant item with the number of household.

Cashless Penetration

Cashless penetration by industry	Japan Credit Card Association and Nomura Research Institute, Ltd.'s 'Objective Assessment of Consumption Towards the Realization of a Cashless Society.' Ministry of Economy, Trade and Industry's 'Result of Analysis National Survey of Family Income and Expenditure (Summary)' for credit card usage rates.
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Thank You Very Much

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