

# IR Introduction

## - Business Overview & Business Model -

Q2 FY2023

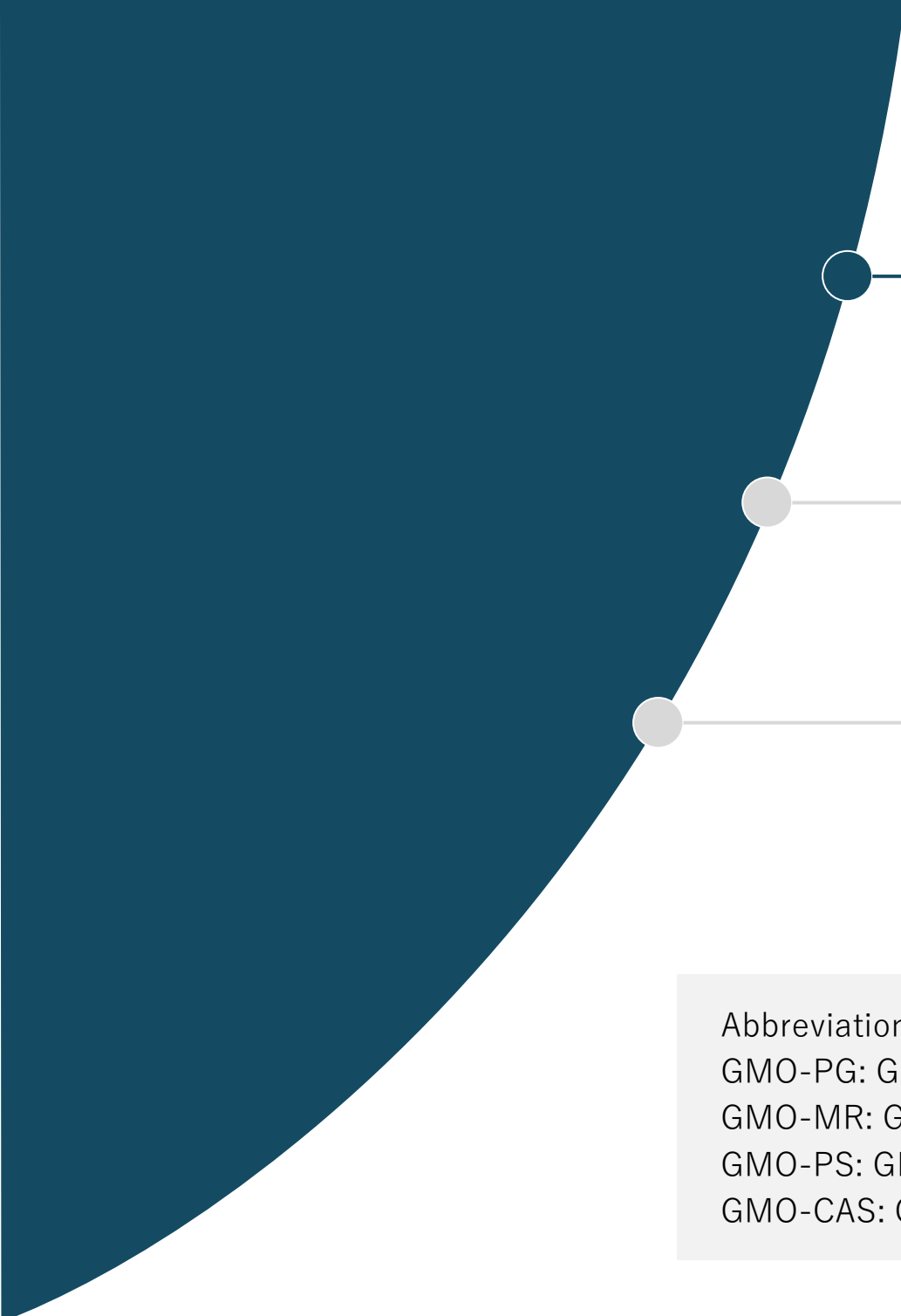
May 12, 2023  
73th Investor Meeting



# 0 At a Glance

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

<b>Market</b>	<ul style="list-style-type: none"><li>• Broad-based &amp; high growth payment market<ul style="list-style-type: none"><li>✓ Repeating and indispensable part of any commercial transaction</li><li>✓ EC penetration (JP <b>9%</b> vs. US/Euro approx. <b>~30%</b>)</li><li>✓ Cashless adoption (JP <b>36%</b>/vs. US/Euro approx. <b>~60%</b>)</li><li>✓ FinTech and DX</li></ul></li></ul>	<b>Positioning</b>	<ul style="list-style-type: none"><li>• Leading player<ul style="list-style-type: none"><li>✓ GMV <b>¥11.3 trn</b> (FY2022)</li><li>✓ Revenue <b>¥50.2 bn</b> (FY2022)</li><li>✓ Employees <b>799</b> (End-Sep 2022)</li></ul></li><li>• High entry barriers</li></ul>
<b>Value Proposition</b>	<ul style="list-style-type: none"><li>• Contributing via “payment + <math>\alpha</math>”<ul style="list-style-type: none"><li>✓ Growth support and business operation reform (toB)</li><li>✓ Improving convenience (toC)</li><li>✓ Decarbonization and financial inclusion (toSociety)</li></ul></li></ul>	<b>Competitive advantage</b>	<ul style="list-style-type: none"><li>• Sales, system development, customer support capability and reliability</li><li>• Scale merit</li><li>• Proprietary applications</li><li>• Diversification through consolidated management (offline, BNPL, BaaS support)</li></ul>
<b>Customer Base</b>	<ul style="list-style-type: none"><li>• Cross-industry</li><li>• High growth industry leaders</li><li>• Public sector</li></ul>	<b>Revenue model</b>	<ul style="list-style-type: none"><li>• Stock &amp; transaction<ul style="list-style-type: none"><li>✓ Balancing growth and stability</li></ul></li><li>• Mutually enhancing model (customer growth = increased payments)</li><li>• High operating margins (<b>over 30%</b>)</li><li>• Low churn rate</li></ul>
<b>Growth Strategy</b>	<ul style="list-style-type: none"><li>• Expand business domain<ul style="list-style-type: none"><li>✓ Credit card payment <math>\Rightarrow</math> Multi-payment <math>\Rightarrow</math> Offline <math>\Rightarrow</math> FinTech <math>\Rightarrow</math> Global <math>\Rightarrow</math> DX</li></ul></li><li>• Enlarging project size through high-value proposals to large customers</li></ul>	<b>Management Discipline</b>	<ul style="list-style-type: none"><li>• <b>17 consecutive years</b> of revenue and profit increase, achieving earnings guidance</li><li>• Performance based remuneration</li><li>• Highly experienced leadership team from entrepreneurs, start-ups, management (0 <math>\Rightarrow</math> 10 <math>\Rightarrow</math> 100)</li></ul>



**1 Business Overview p.4**

2 Focus Areas p.18

3 Reference Materials p.35

Abbreviations used in the materials are as follows:

GMO-PG: GMO Payment Gateway, GMO-EP: GMO Epsilon

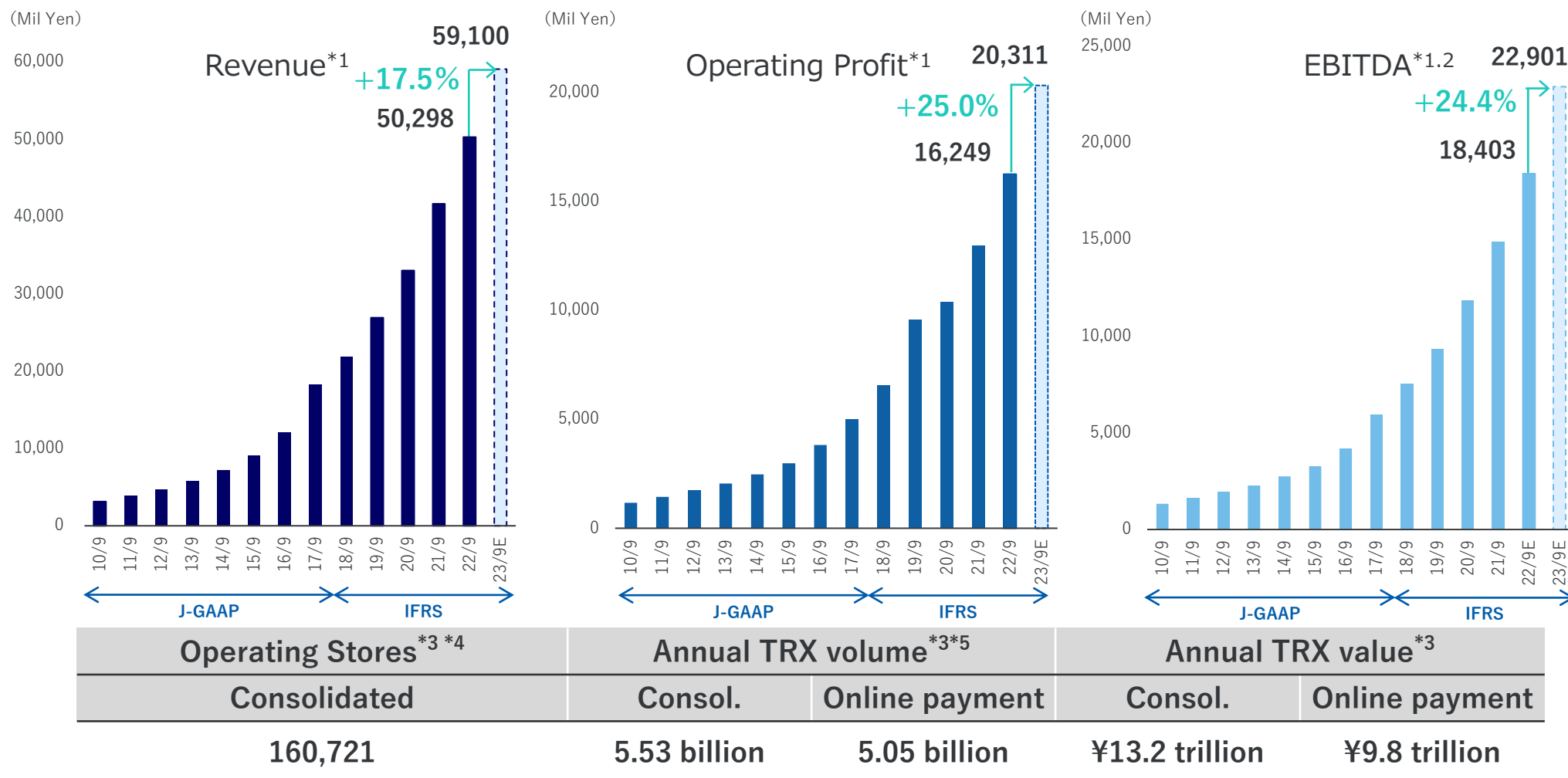
GMO-MR: GMO Medical Reservations Technology

GMO-PS: GMO Payment Service, GMO-FG: GMO Financial Gate

GMO-CAS: GMO Card System, PF: Platform

# 1-1 Our Track Record of Growth

## The results of management policy focused on sustainable growth



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

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

\*3 Operating stores present the figures for GMO-PG and GMO-EP; transaction volume and value present figures for GMO-PG, GMO-EP, GMO-PS, GMO-FG; of this, online payment present figures for GMO-PG, GMO-EP and GMO-PS. The number of operating stores is at the end of March 2023. Annual transaction volume and transaction value are the figures from April 2022 to March 2023. Annual transaction volume and transaction value include the figures of GMO Financial Gate Inc

\*4 The standards for calculation the number of operating stores has been revised from Q2 FY2022. Figures exclude a specific case and fincode byGMO. If included, the number of operating stores is 539,093 stores as of end of March 2023 (up 35.6% YoY).

\*5 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 Consolidated management

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



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

# 1-3 Three Business Segments

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

## Payment Processing Business



- Online Payment\*
- Offline Payment
- Ginko Pay/Processing
- System Development

## Money Service Business



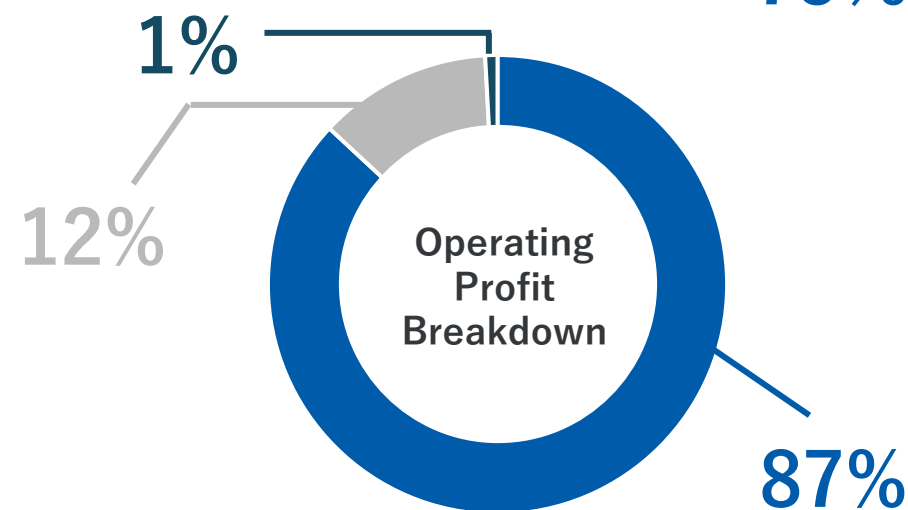
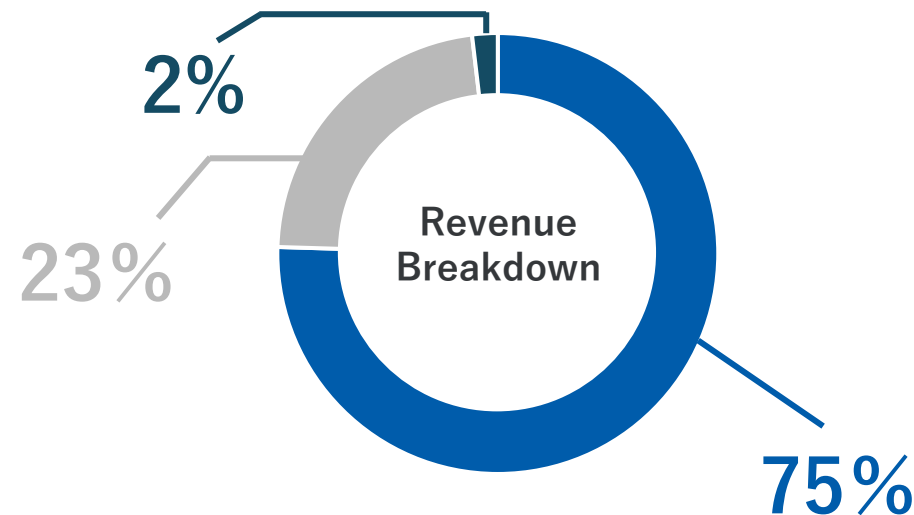
- GMO Payment After Delivery/  
GMO B2B Pay On Credit
- Remittance Service/Instant Salary byGMO
- Overseas Lending
- Early Payment Service
- B2B Factoring
- Transaction Lending

## Payment Enhancement Business



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

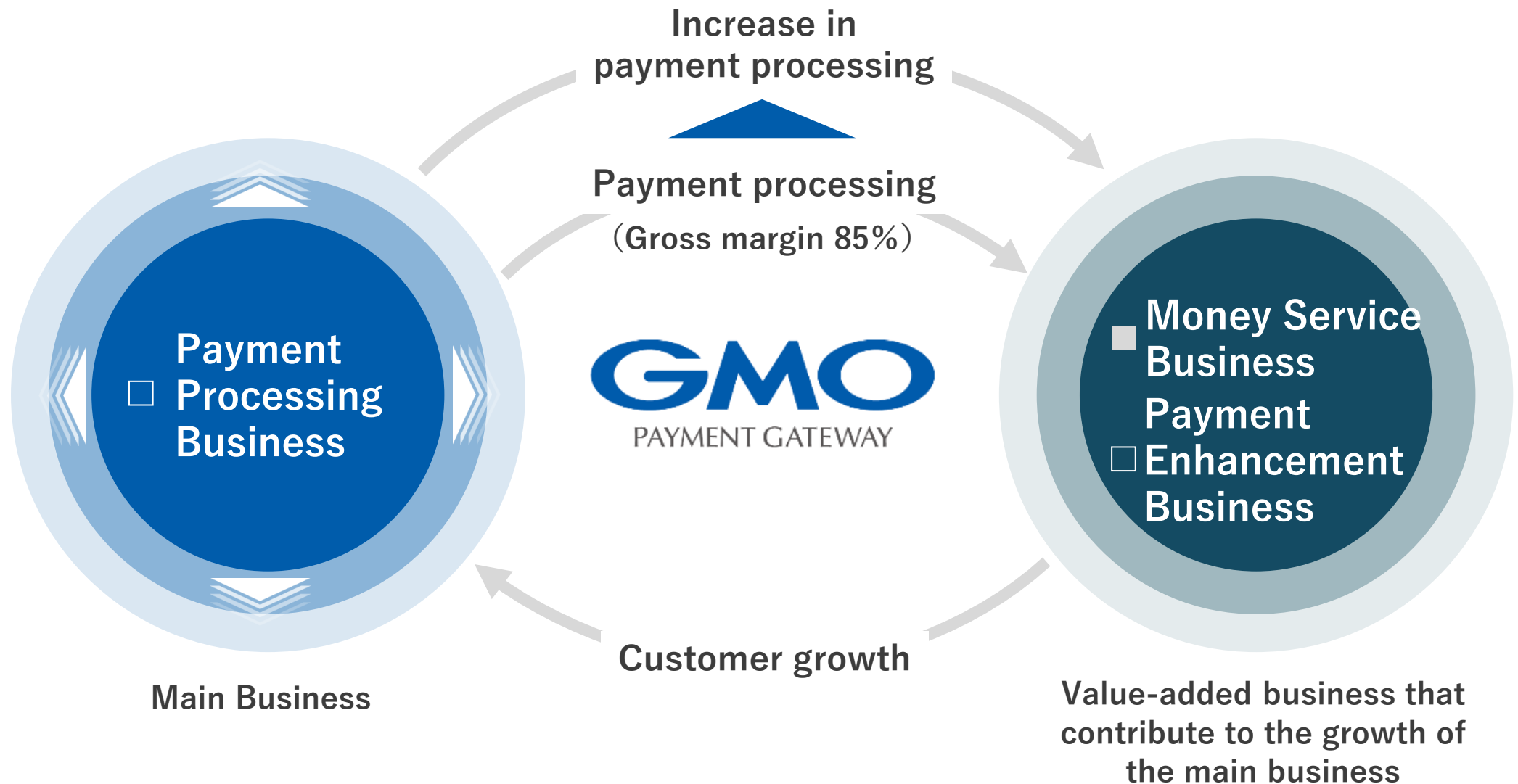
(Actual data for Q2 FY2023)



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

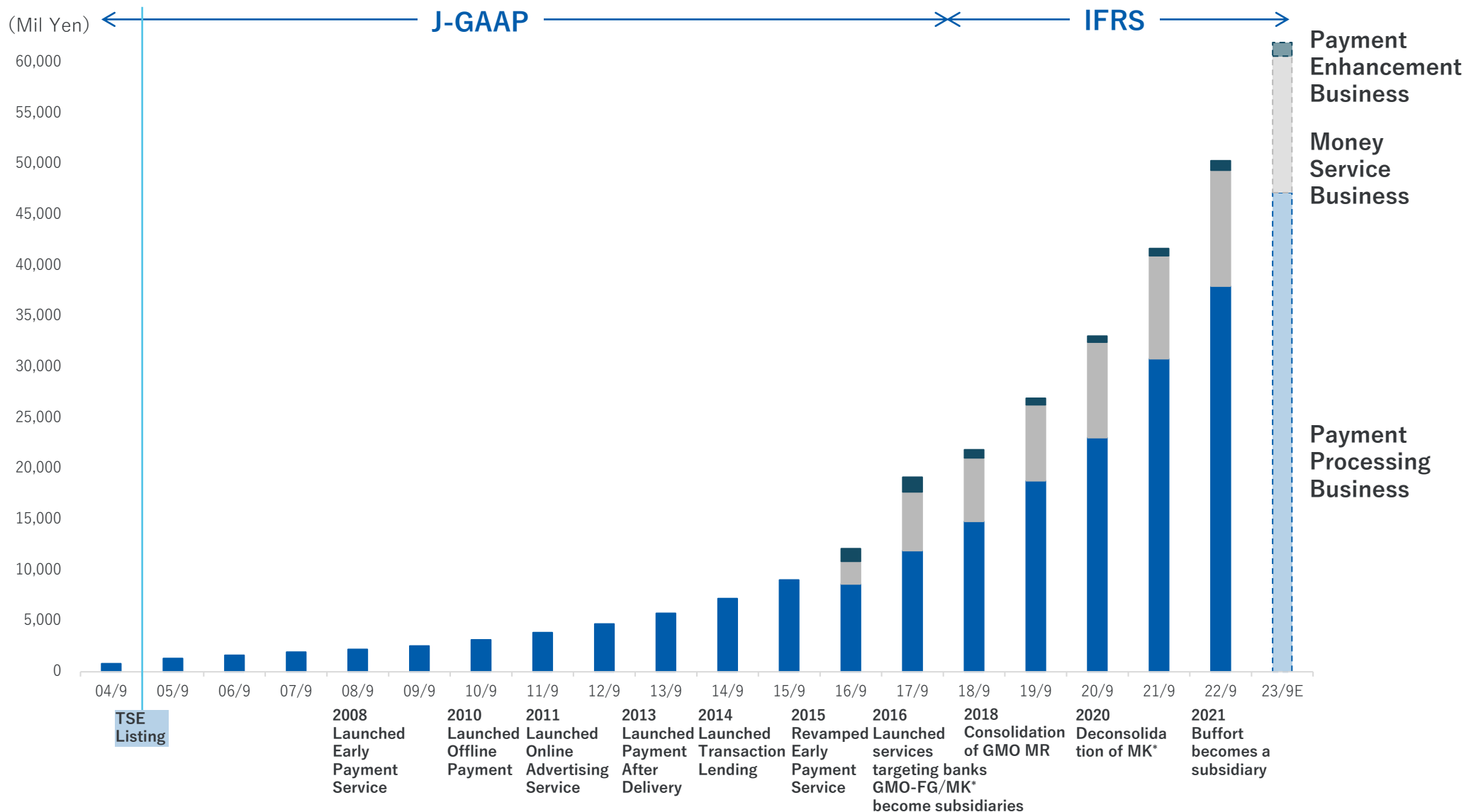
# 1-4 Our Business Eco-system

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



# 1-5 Revenue Trend by Segment

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





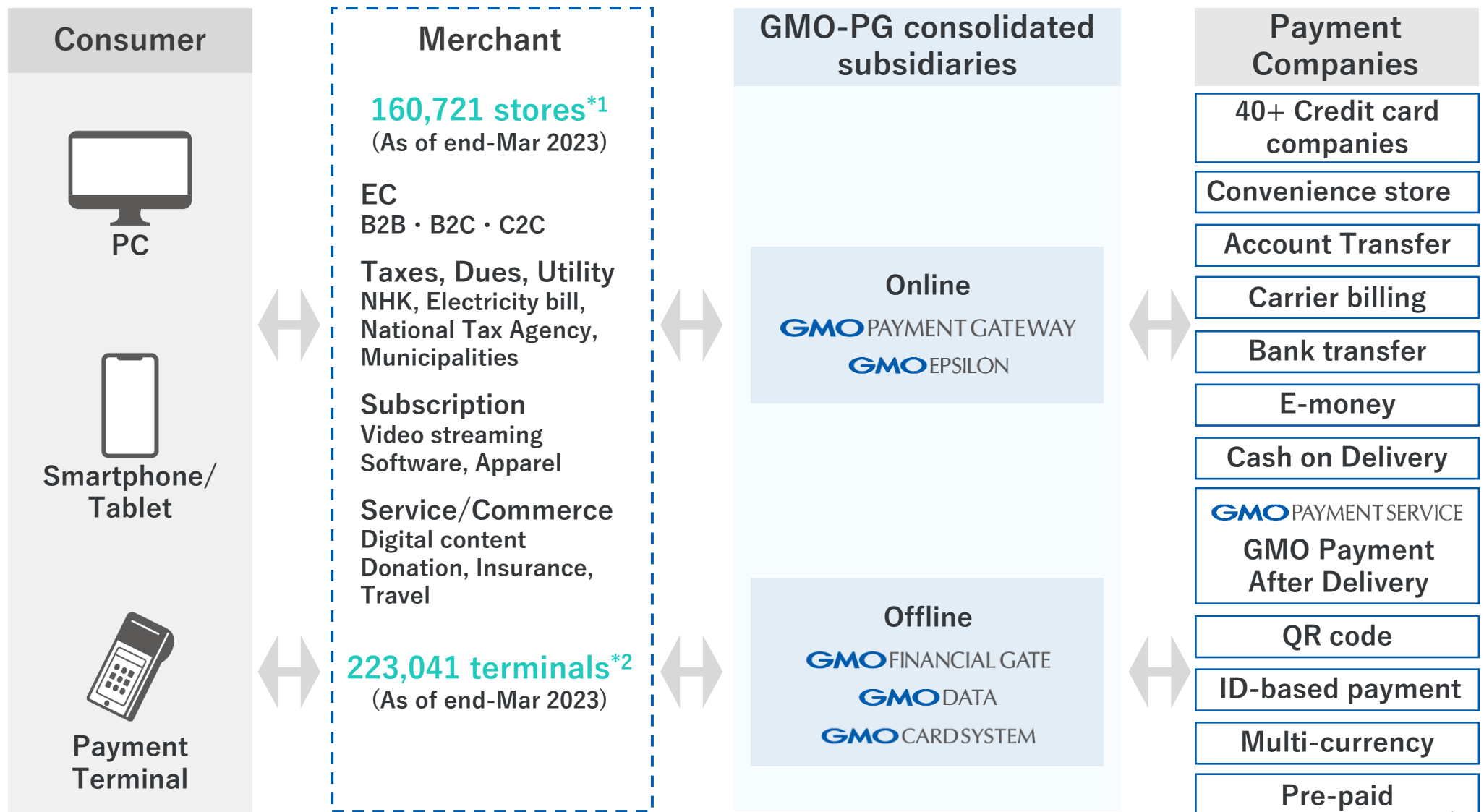
# 1-6 Our Value Proposition

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

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

# 1-7 Positioning of GMO-PG group

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



\*1 The standards for calculation the number of operating stores has been revised from Q2 FY2022. Figures exclude a specific case and fincode byGMO. If included, the number of operating stores is 539,093 stores as of end of March 2023 (up 35.6% 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 42.7% YoY. Operating terminals exclude GMO-PG's offline payment (GMO Cashless Platform),.

## Revenue model determined by merchant size and type

■ Four revenue types (i.e., business models) ■ Revenue type determined by merchant type/size

### ① Initial (Initial revenue)

#### Payment Terminal Sales

Coefficient: Number of terminals (units)

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

### ② Stock (Fixed revenue)

#### Fixed Monthly Revenue

Coefficient: Number of operating stores

Revenue : Operating stores × \_Yen

### ③ Fee (Transaction processing revenue)

#### Fee based on transaction volume

Coefficient: Number of payments processed

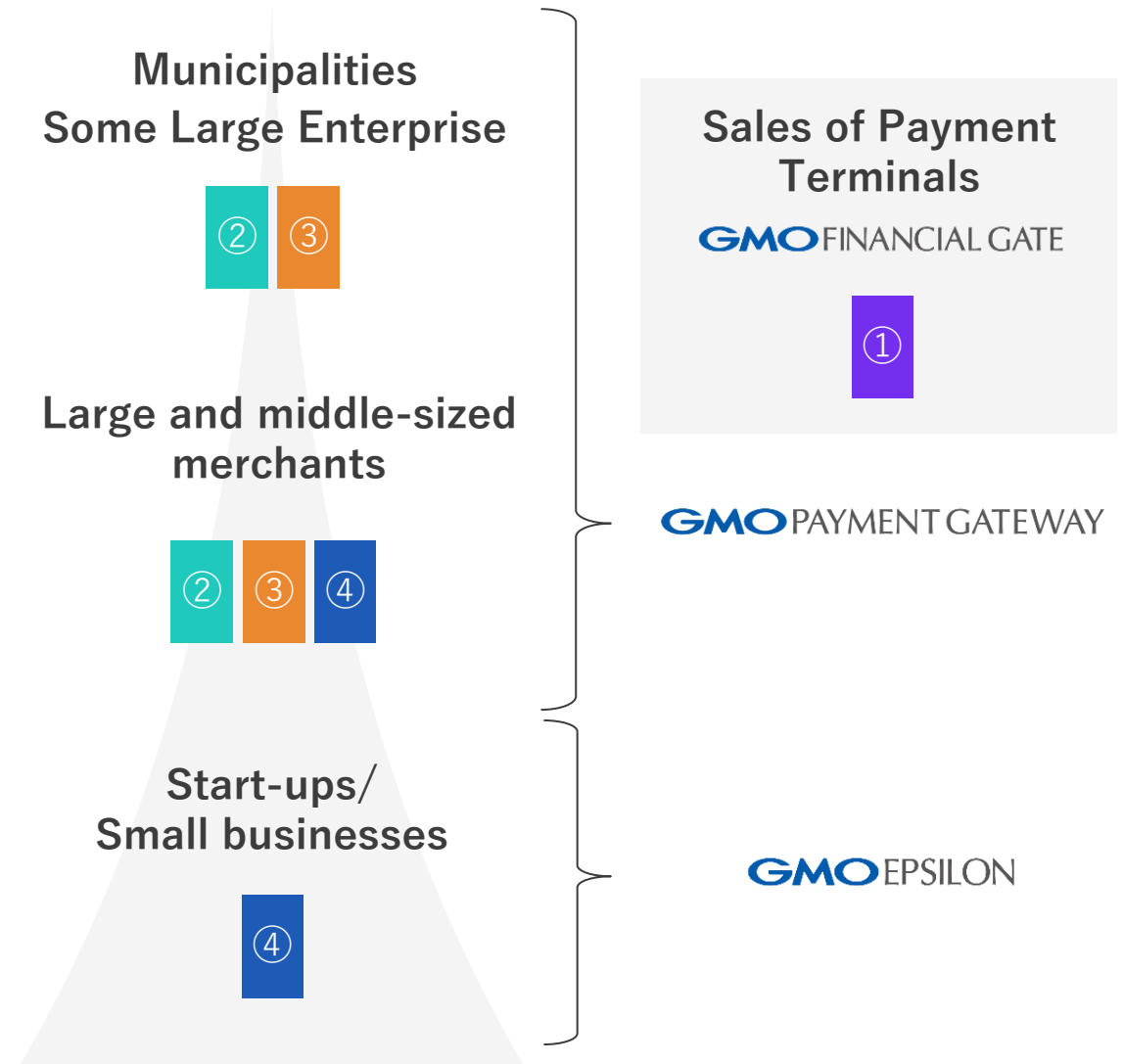
Revenue : Number of payments processed  
× \_Yen

### ④ Spread (Merchant's revenue)

#### Spread on the transaction value

Coefficient: Value of transaction

Revenue : Value of transaction × \_%



# 1-9 Payment Processing: Two types of merchant contracts

## Direct Contract

No. of contracts

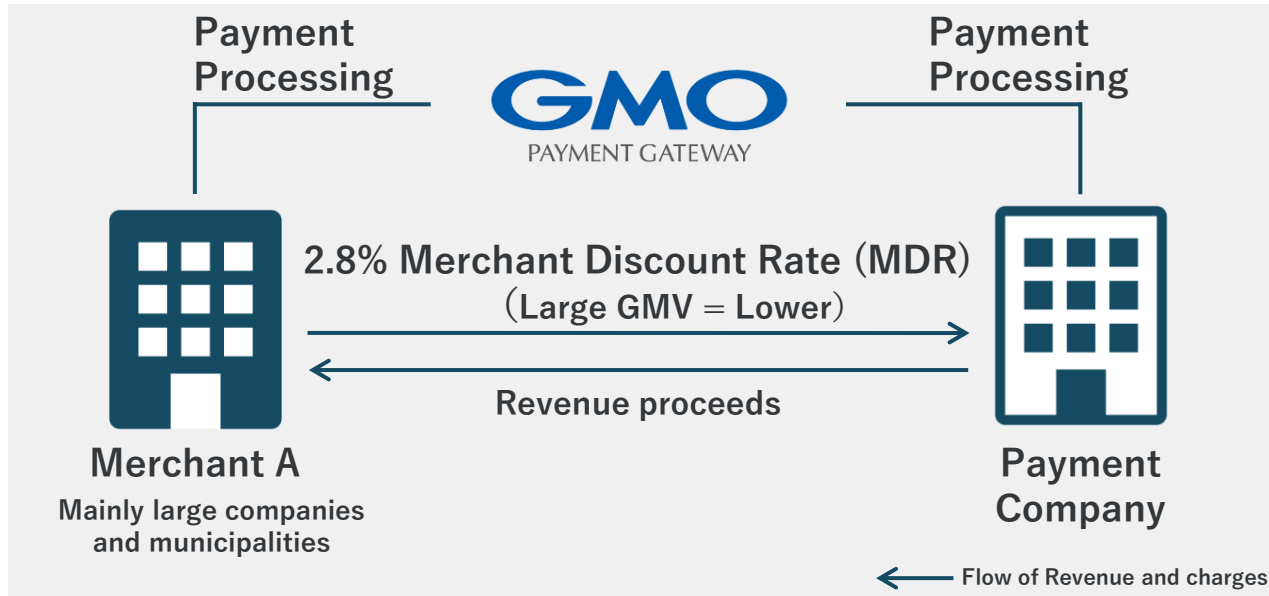
Several contracts with multiple payment companies

MDR

Direct negotiations with payment companies

GMO-PG's role

Data processing only



Revenue type

- ② Stock
- ③ Fee

## Representative Contract

No. of contract

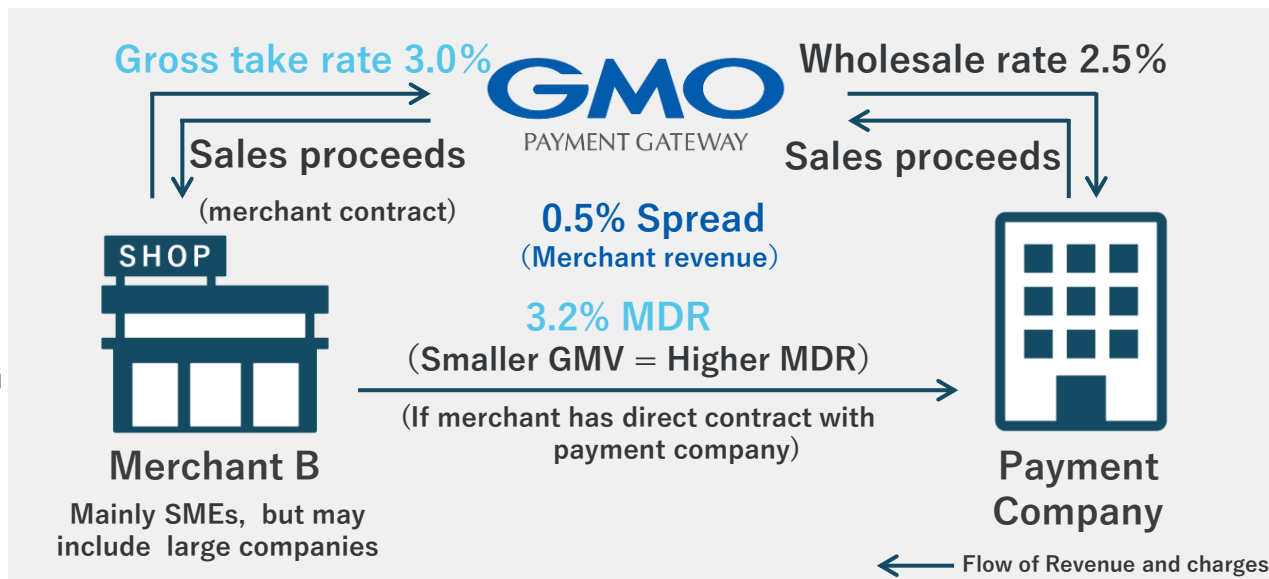
Single contract with GMO-PG

MDR

Reduceable via GMO-PG

GMO-PG's role

Data processing/  
Deposit of sales proceeds



Revenue type

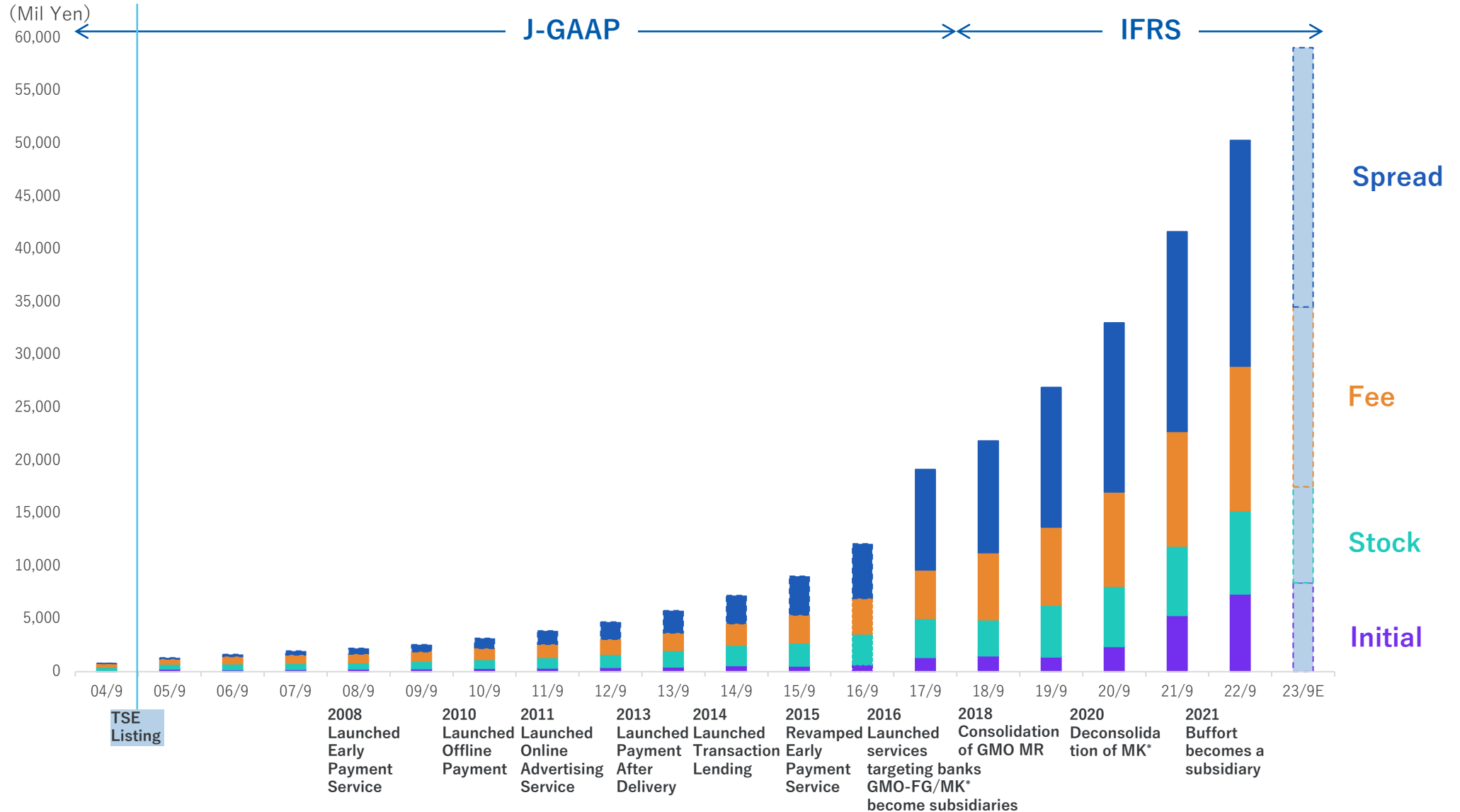
- ② Stock
- ③ Fee
- ④ Spread

\* Figures included are shown for purpose of comprehension only.

\* This illustration represents the contracts for credit card. GMO Epsilon revenues are only derived from spreads (See page 11).

# 1-10 Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



\* 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

# 1-11 Summary Table of Segments, Business Model and Services

## Reporting in 3 Segments and 4 business models

### Business Model

<b>Initial (Initial revenue)</b>	<ul style="list-style-type: none"> <li>Online Payment*</li> <li>Offline Payment</li> <li>SSL Service</li> </ul>
<b>Stock (Fixed revenue)</b>	<ul style="list-style-type: none"> <li>Online Payment</li> <li>Offline Payment</li> <li>Ginko Pay / Processing / GCP*</li> <li>System Development</li> <li>Online advertising service</li> <li>Medical Kakumei byGMO</li> </ul>
<b>Fee (Transaction processing revenue)</b>	<ul style="list-style-type: none"> <li>Online Payment</li> <li>Offline Payment</li> <li>GMO Payment After Delivery</li> <li>GMO B2B Pay On Credit</li> <li>Remittance Service</li> <li>Instant Salary byGMO</li> <li>Delivery service</li> <li>Medical Kakumei byGMO</li> </ul>
<b>Spread (Merchant acquiring service revenue)</b>	<ul style="list-style-type: none"> <li>Online Payment / ficode byGMO</li> <li>Offline Payment</li> <li>GMO Payment After Delivery</li> <li>GMO B2B Pay On Credit</li> <li>Overseas Lending</li> <li>Early Payment Service</li> <li>B2B Factoring</li> <li>Transaction Lending</li> </ul>

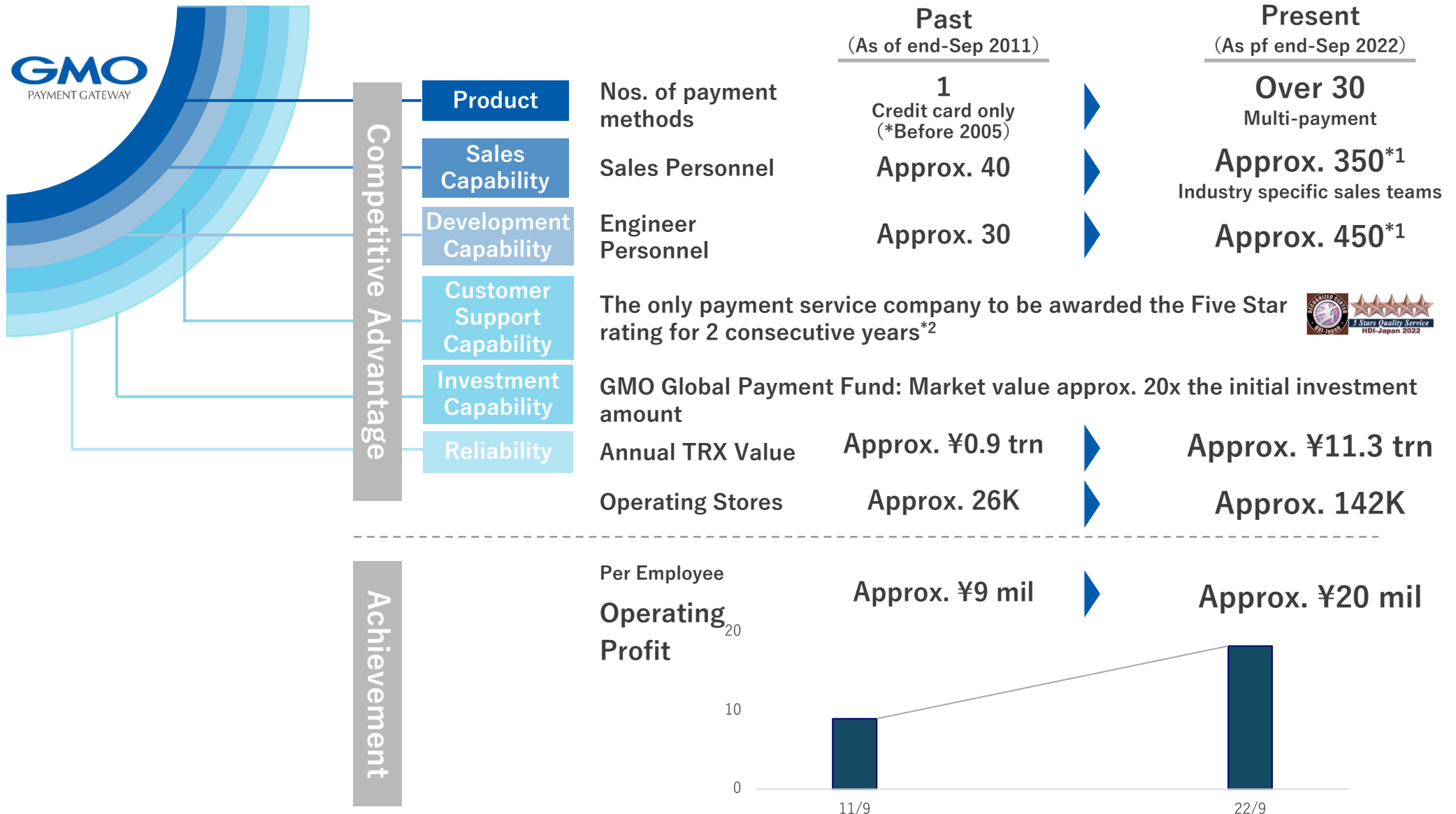
### Segment

<b>Payment Processing Business</b>	<ul style="list-style-type: none"> <li>Online Payment* / ficode byGMO</li> <li>Offline Payment</li> <li>Ginko Pay / Processing / GCP*</li> <li>System Development</li> </ul>
<b>Money Service Business</b>	<ul style="list-style-type: none"> <li>GMO Payment After Delivery</li> <li>GMO B2B Pay On Credit</li> <li>Remittance Service</li> <li>Instant Salary byGMO</li> <li>Overseas Lending</li> <li>Early Payment Service</li> <li>B2B Factoring</li> <li>Transaction Lending</li> </ul>
<b>Payment Enhancement Business</b>	<ul style="list-style-type: none"> <li>Online advertising service</li> <li>SSL service</li> <li>Delivery service</li> <li>Medical Kakumei byGMO</li> </ul>

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

# 1-12 Competitive Advantage and Achievements

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



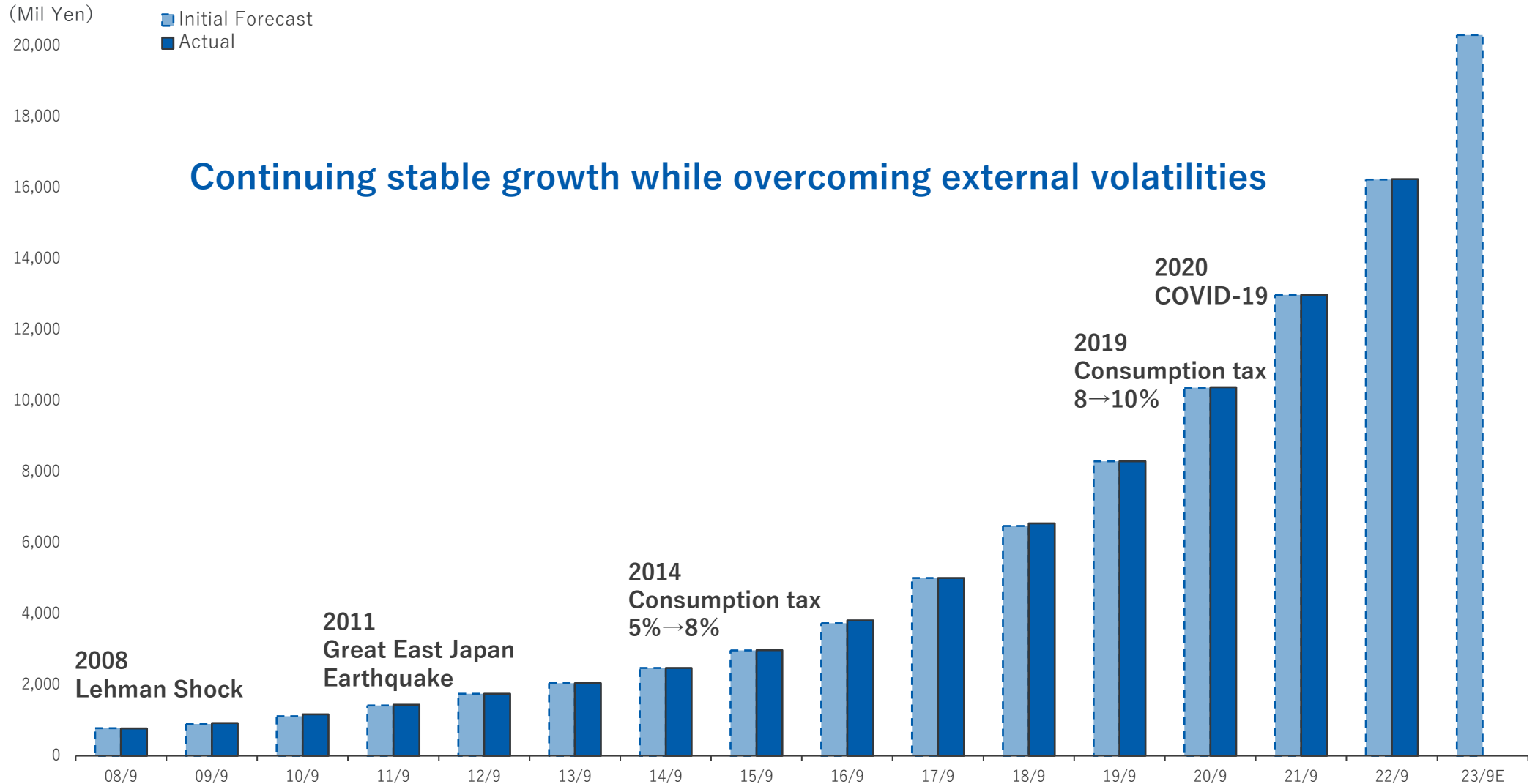
\*1 The number of sales and engineer personnel includes partners of GMO-PG group of consolidated subsidiaries and external collaborators.

\*2 HDI: World's largest membership organization of IT support services.

# 1-13 Continuous Achievement of OP Target

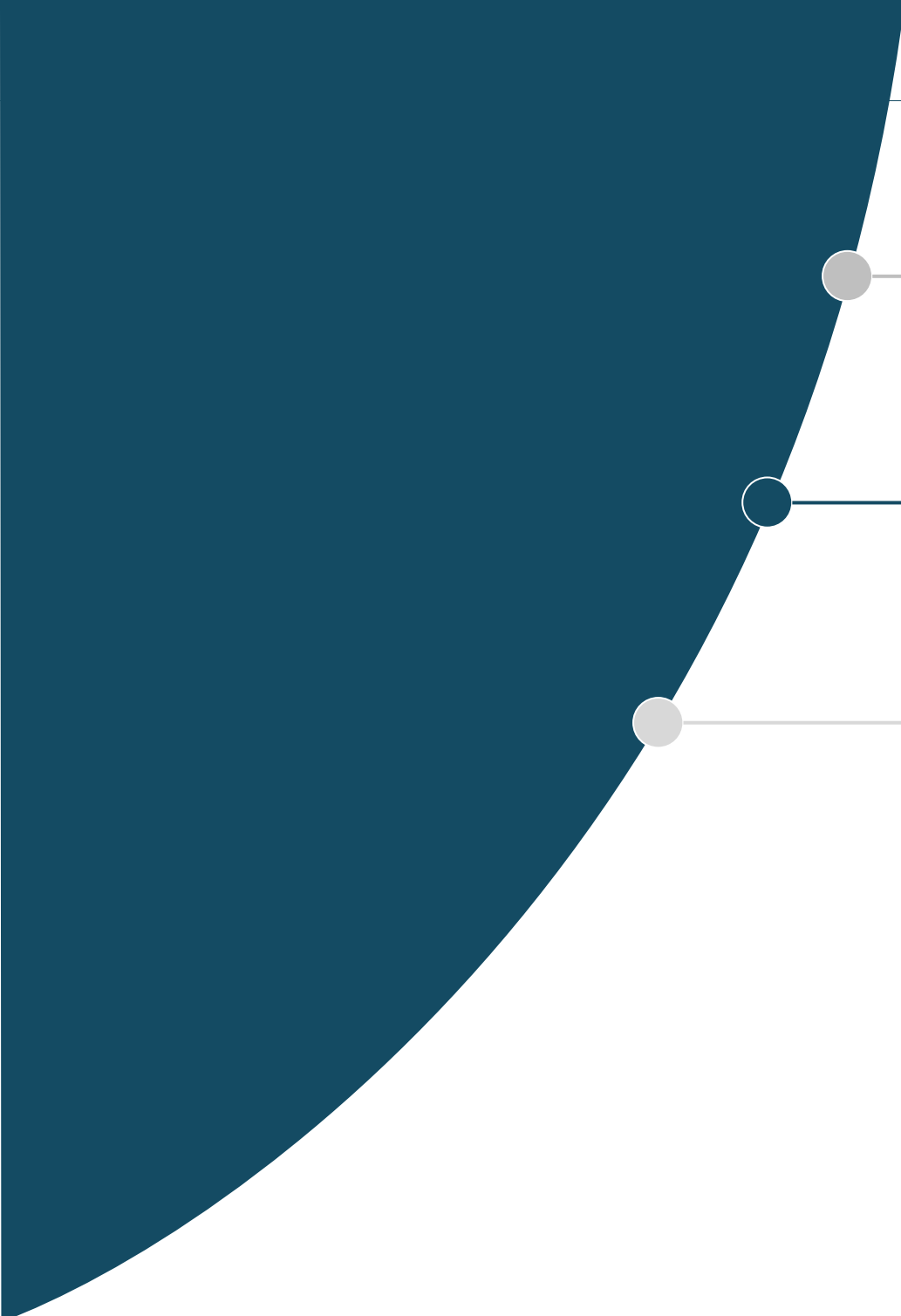
## Earnings targets achieved through a highly visible earnings structure and a disciplined business operation

### Operation Profit\*



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



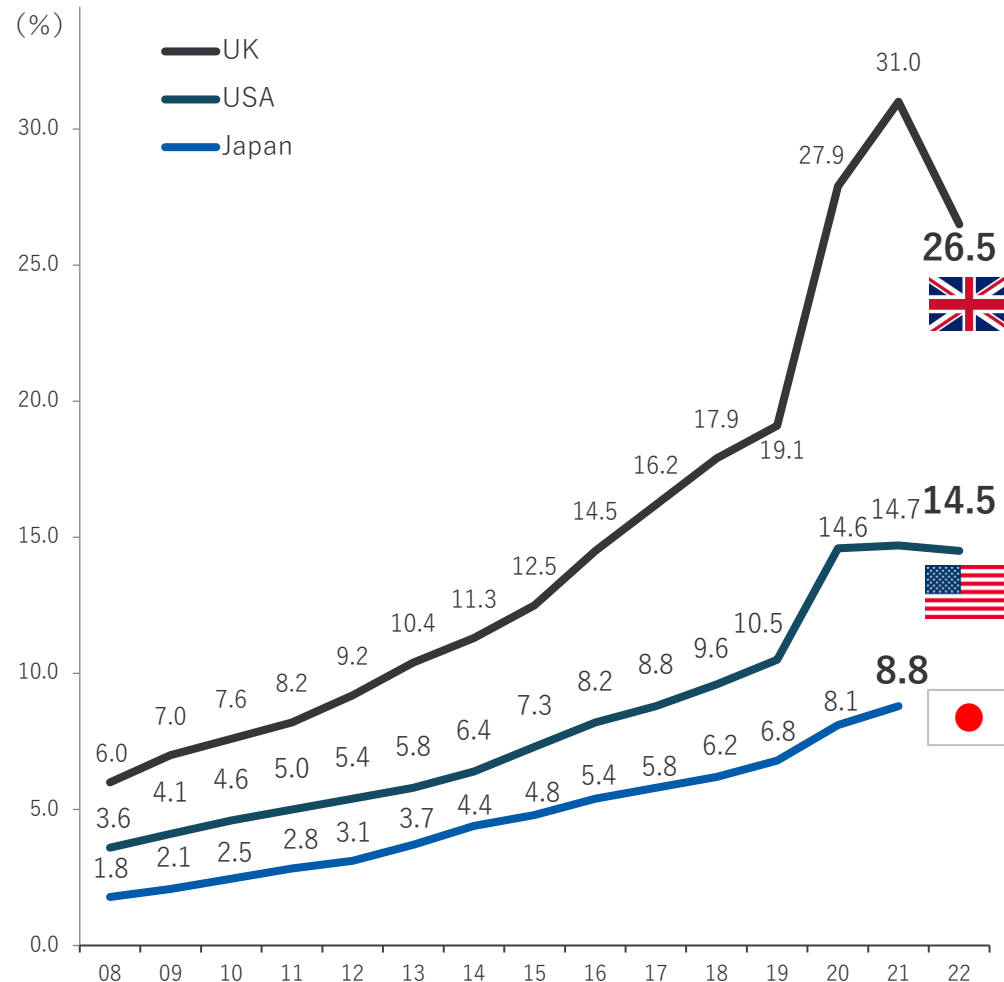


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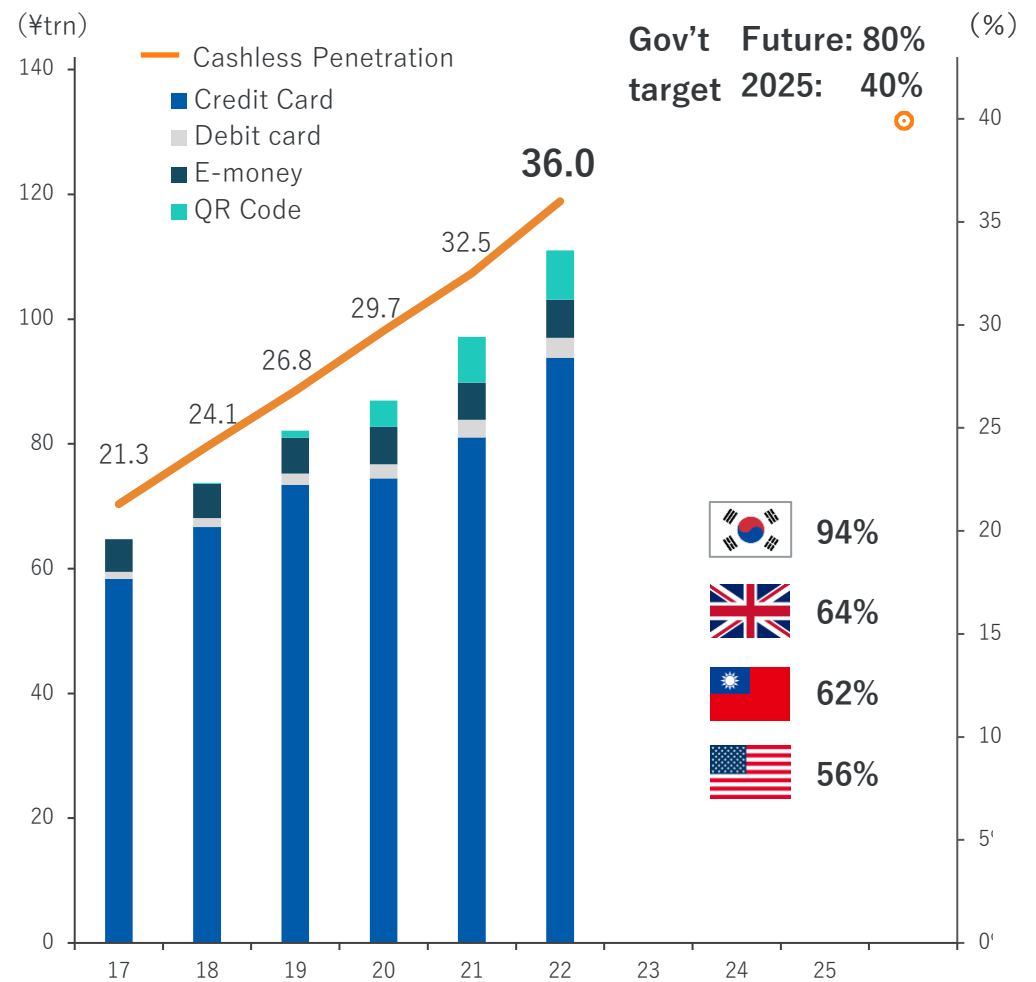
# 2-1-1 Narrowly-defined EC: B2C EC Market

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

EC Penetration Rates in Developed Markets\*1



Cashless Penetration (ratio of private final consumption)\*2 \*3



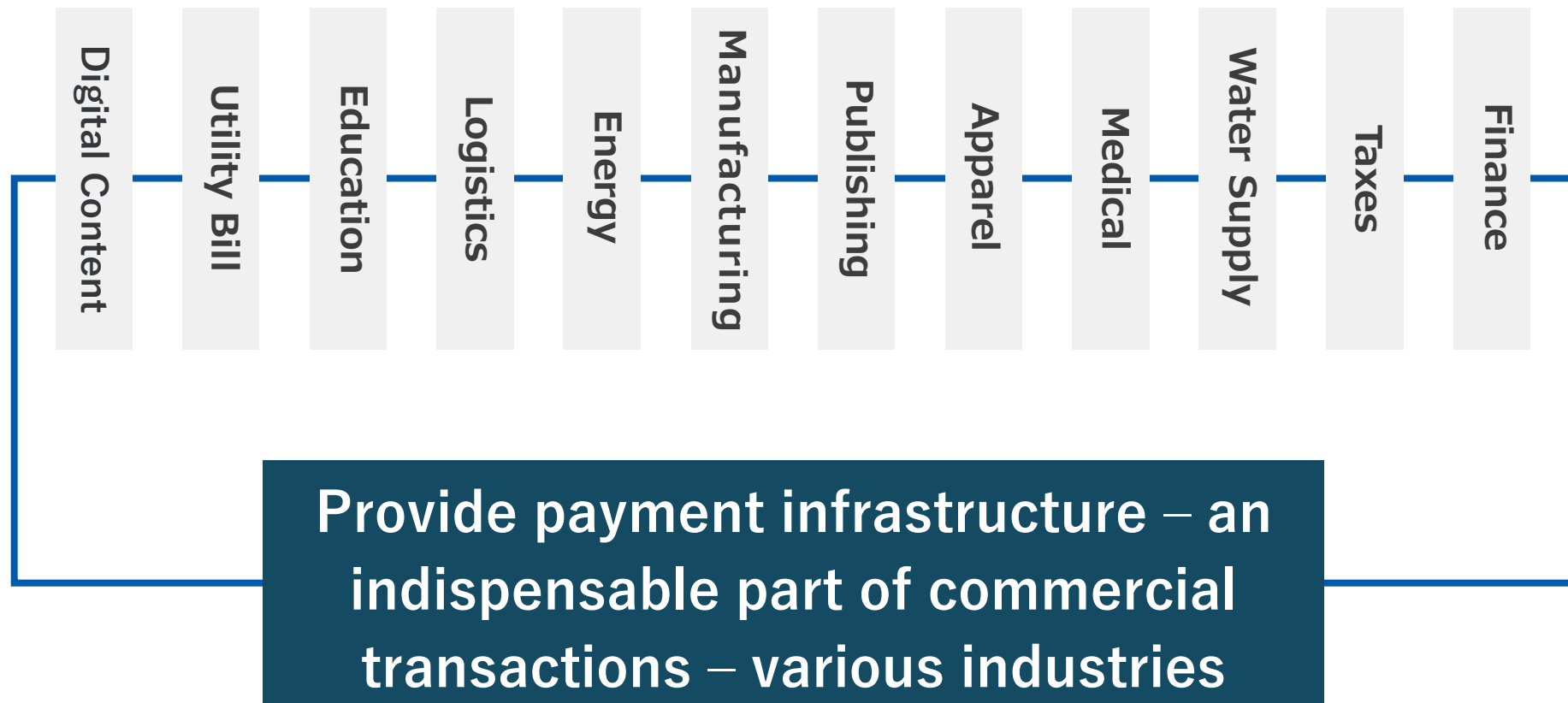
\*1 METI "FY2021 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)", U.S. Bureau of the Census "The 4th Quarter 2022 Retail E-Commerce Sales Report", U.K. Office for National Statistics "Retail Sales Index internet sales, April 2023"

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

\*3 Figures for South Korea, UK and USA are excerpts from Payments Association Japan's "Cashless Roadmap 2022," figures for Taiwan are from National Development Council and figures for Japan are taken from METI's "FY2021 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)." Actual figures are used from Taiwan up to 2019, 2020 for South Korea, UK and USA and, 2022 for Japan.

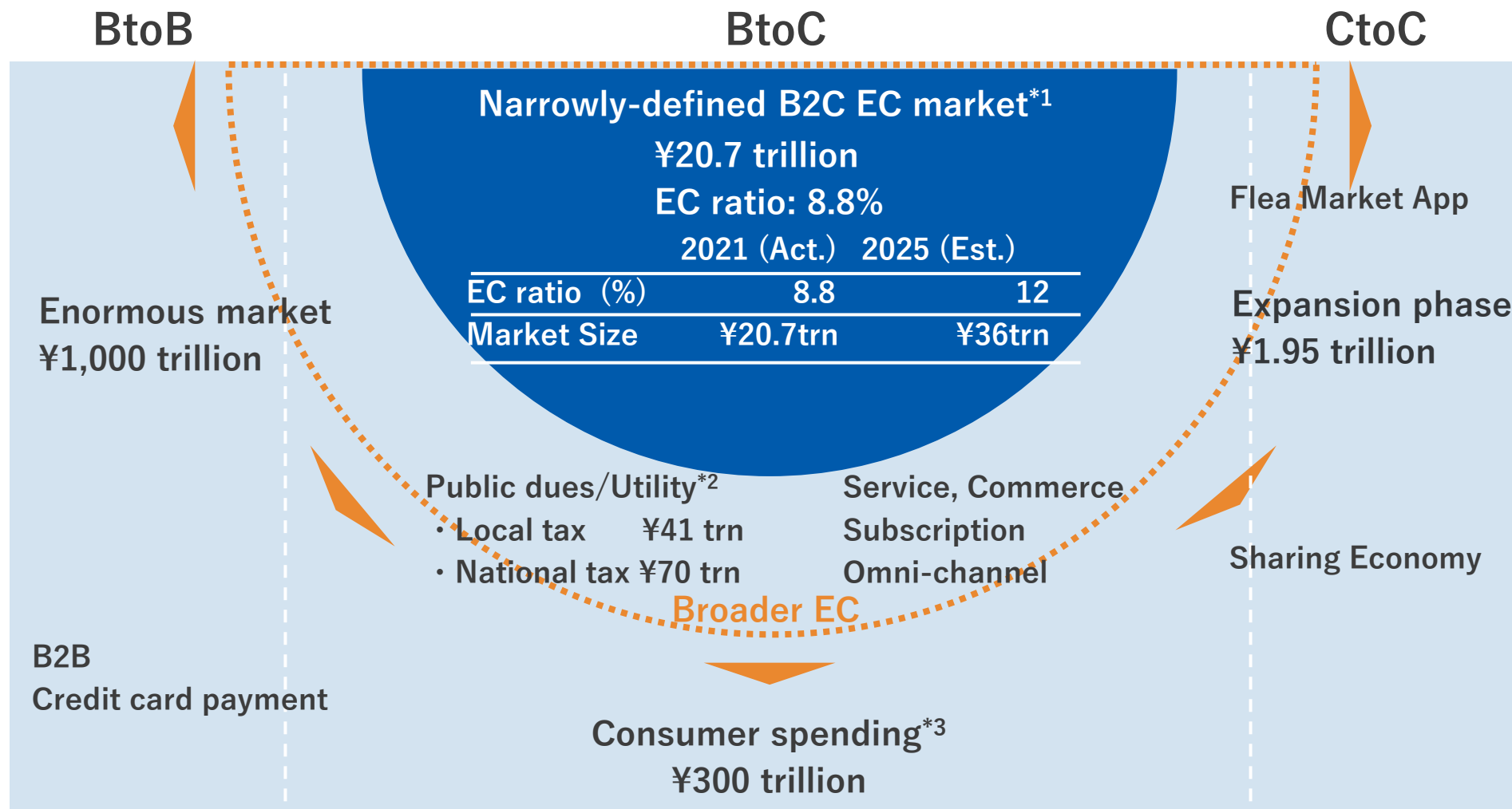
## 2-1-2 Characteristic of Payment Business: Cross-Industry

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



# 2-2-1 Broader EC: Expanding Scope of Cashless Business

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



\*1 References : METI's "FY2021 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)" and Yano Research Institute Ltd. .  
 Figures for 2025 are the company's estimates.

\*2 MIAC "Breakdown of national tax and local tax revenue (FY2022 Budget and Local Government Finance Plan)", \*3 THE WORLD BANK "Household final consumption expenditure (current USD)"

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

## 2-2-2 Broader EC: Public Dues and Utility Bills

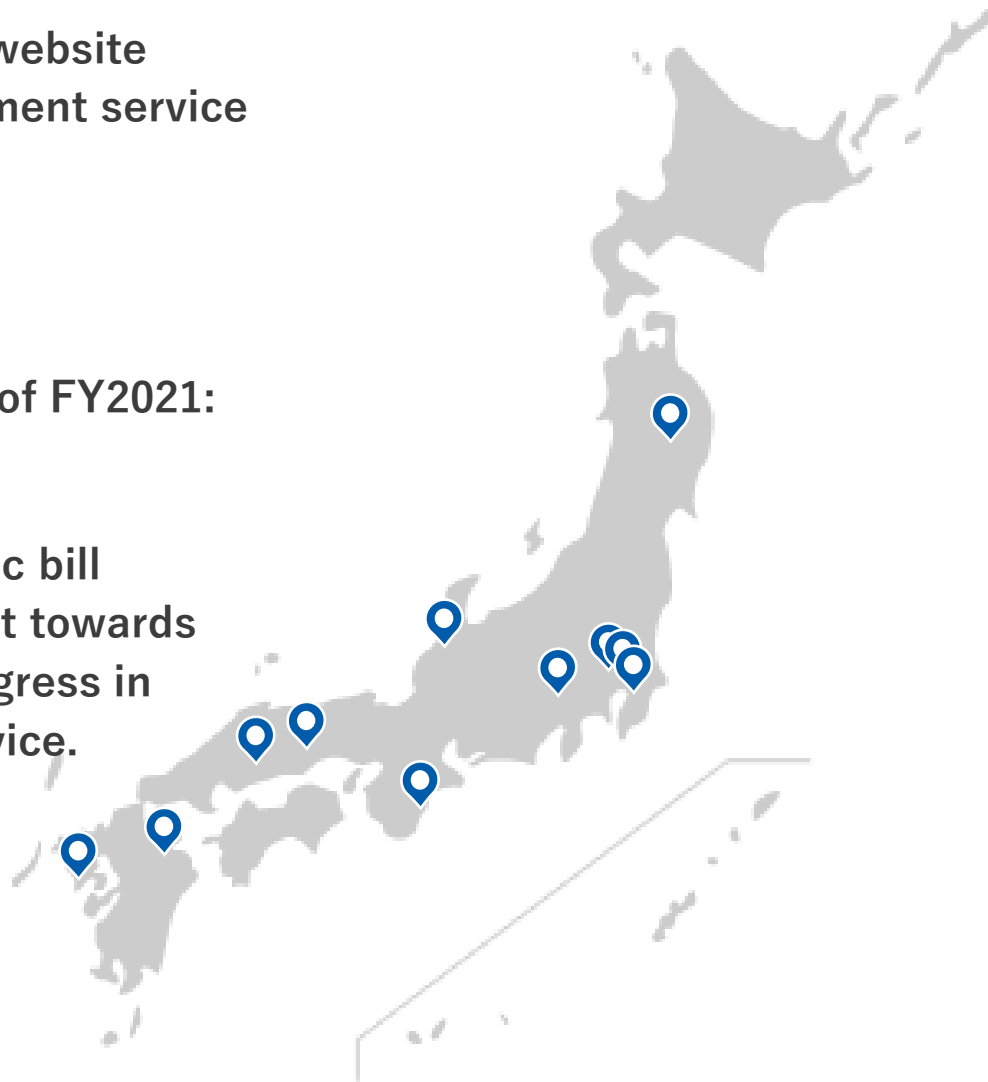
Entered into the public dues/taxes sector in 2006 when Local Autonomy Law was amendment; pioneered credit card payments in this sector

**Tax** National tax credit card payment website  
National tax smartphone app payment service  
Local Taxes, hometown tax  
Water bill, etc.

**NHK** Broadcasting subscription fee  
Credit card usage rate at the end of FY2021:  
18.1% (Up +0.6% YoY)\*

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

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

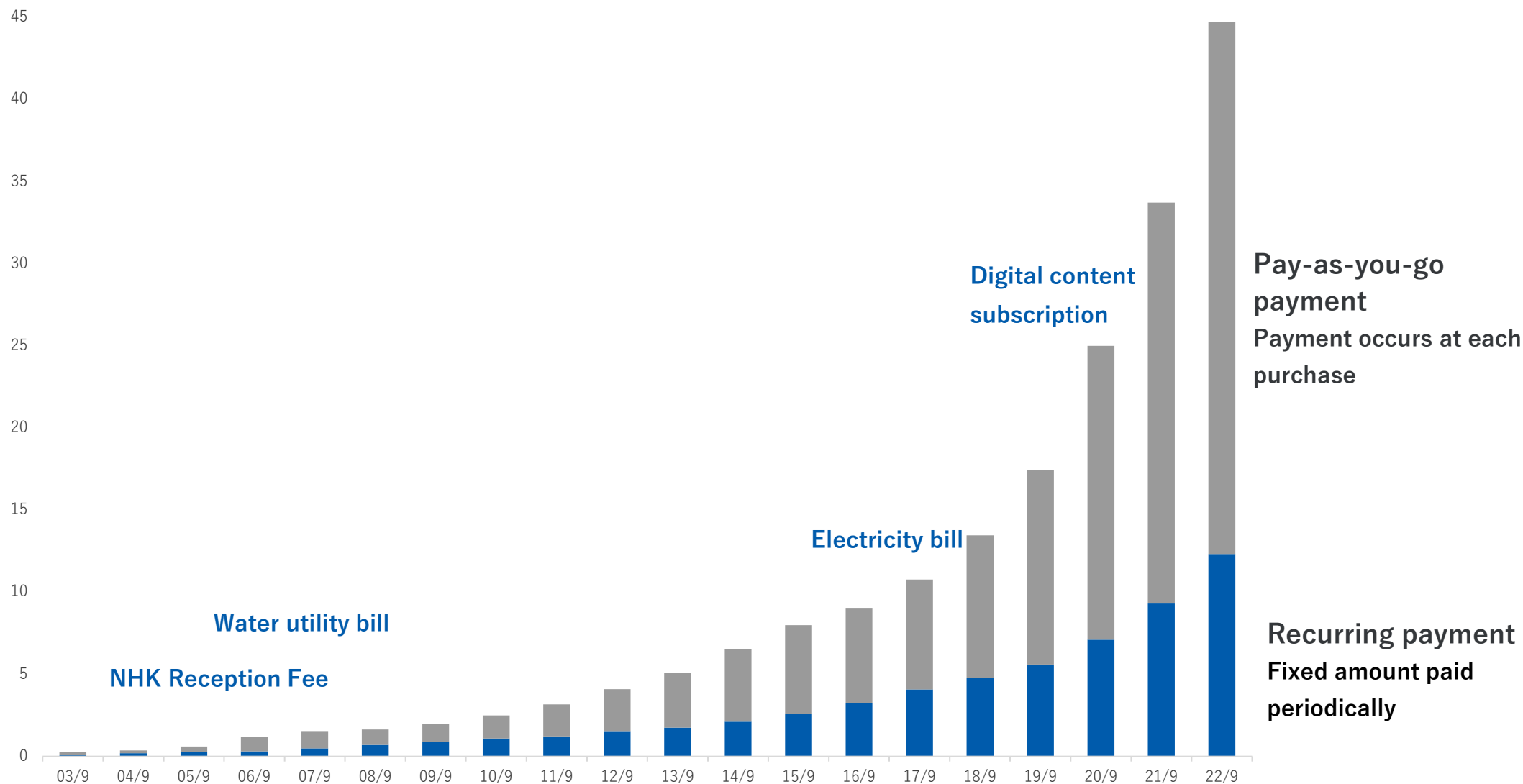


\* Japan Broadcasting Corporation "Business Report for FY2021"

# 2-2-3 Broader EC: Transaction Volume\*

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

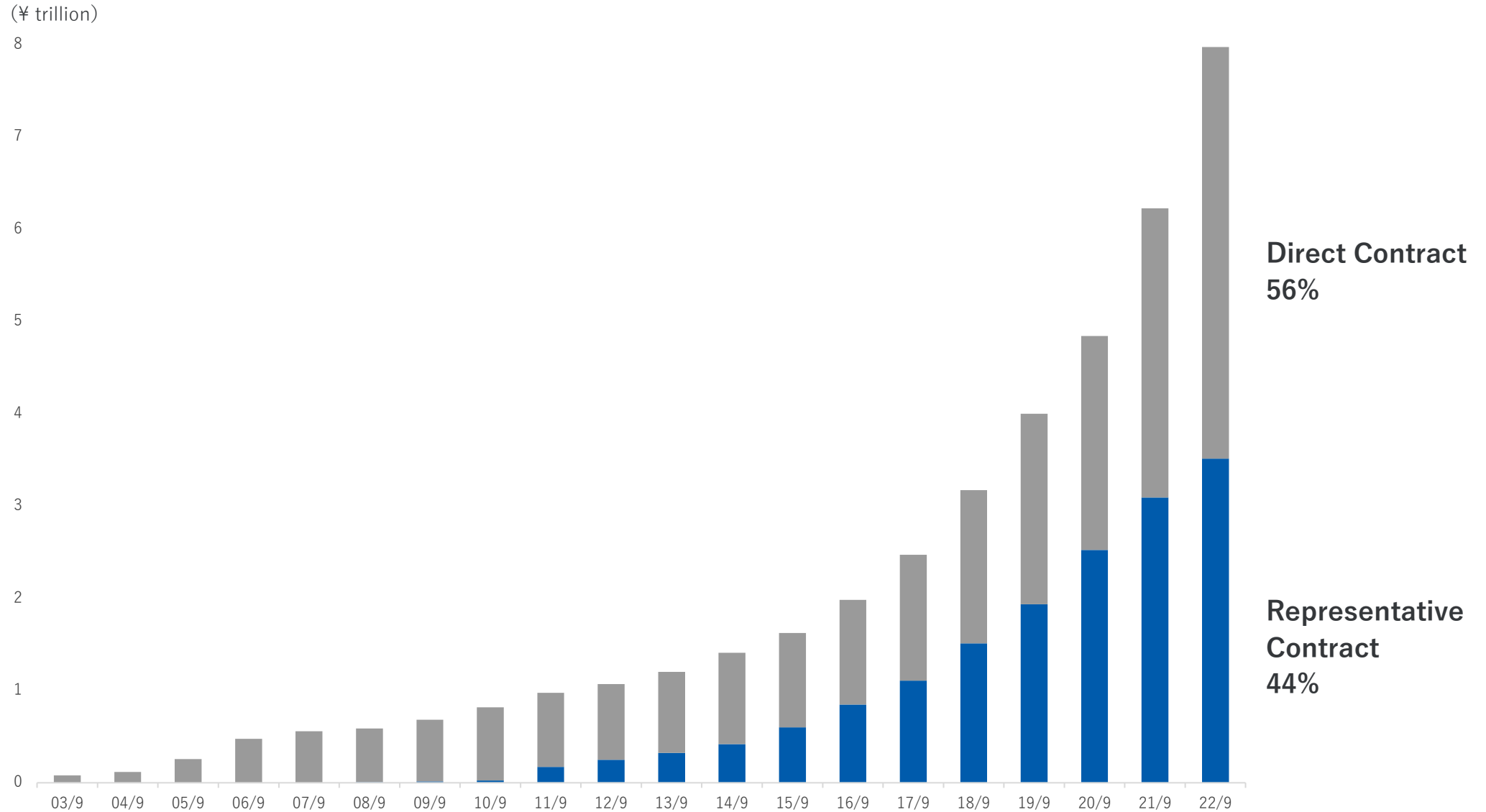
(100 million transactions)



\* 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.

# 2-2-4 Broader EC: Transaction Value

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



## 2-3-1 FinTech: Money Service Business

### Financial services that only a payment processing company can offer

	Service	Related assets	Business Model
<ul style="list-style-type: none"> <li>✓ GMO Payment After Delivery</li> <li>GMO B2B Pay On Credit</li> </ul>	Pay the sales proceed ahead of the deposit from the consumer	Accrued revenues	<ul style="list-style-type: none"> <li>③ Fee</li> <li>④ Spread</li> </ul>
<ul style="list-style-type: none"> <li>✓ Remittance service</li> <li>Instant Salary byGMO*</li> </ul>	Efficient and secure refund and remittance processing	Advances paid	<ul style="list-style-type: none"> <li>③ Fee</li> </ul>
<ul style="list-style-type: none"> <li>✓ Overseas Lending</li> <li>Transaction Lending</li> </ul>	Lending of growth funds	Accounts receivable-trade (short term loans)	<ul style="list-style-type: none"> <li>④ Spread</li> </ul>
<ul style="list-style-type: none"> <li>✓ Early Payment service</li> </ul>	Improves cash flows by bringing forward the payment date	Advances paid	<ul style="list-style-type: none"> <li>④ Spread</li> </ul>
<ul style="list-style-type: none"> <li>✓ B2B Factoring</li> </ul>	Early cash conversion of accounts receivable	Accrued revenues	<ul style="list-style-type: none"> <li>④ Spread</li> </ul>

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



# 2-3-2 FinTech: Japan's BNPL market

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

### BNPL needs in Japan



Consumer

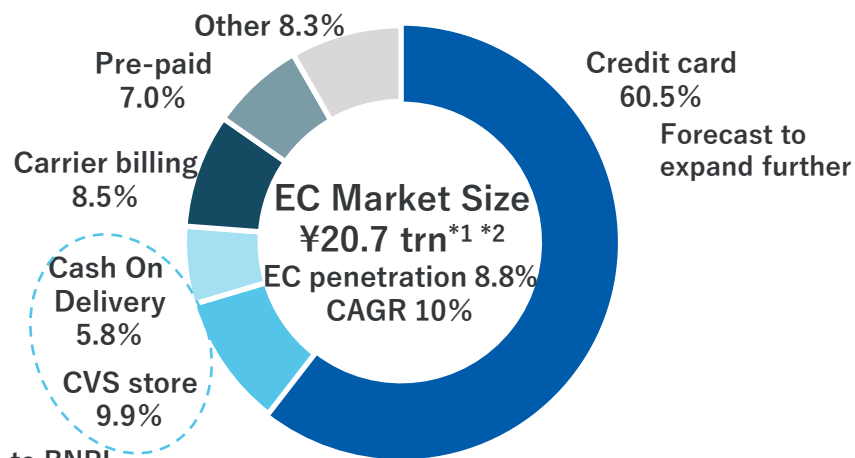
- Receiving goods before payment
- Cash payment
- Manage and control spending
- Limit face time with delivery person



Merchant

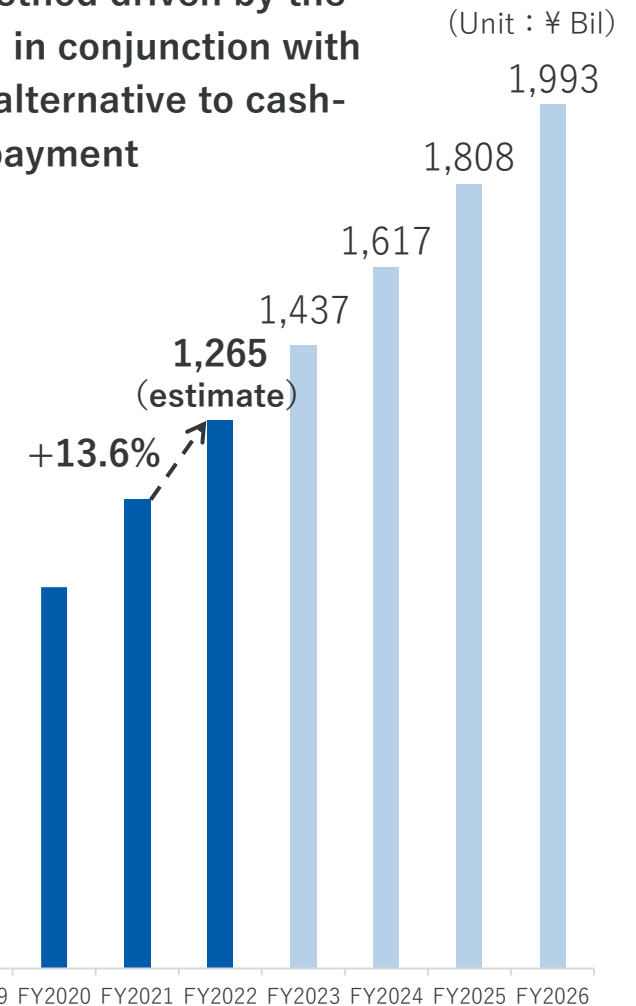
- Widen customer reach
- Means of sales promotion
- Reduce & manage return risk

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



### Outlook of Japan's BNPL market

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



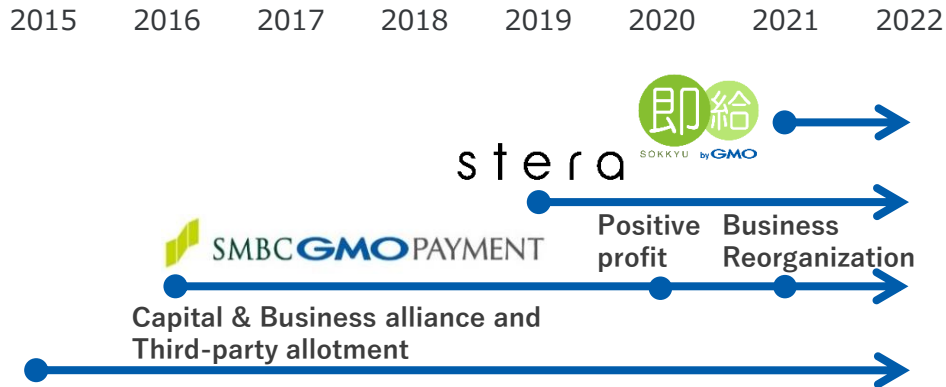
\*1 METI "FY2021 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"

\*2 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2022" \*3 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2023" and "Domestic Cashless Settlement Market 2019." The figure for FY2022 is an estimate, the figures for FY2023~FY2026 are forecasts.

# 2-3-3 FinTech: Instant Salary byGMO

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

## Collaboration with SMFG

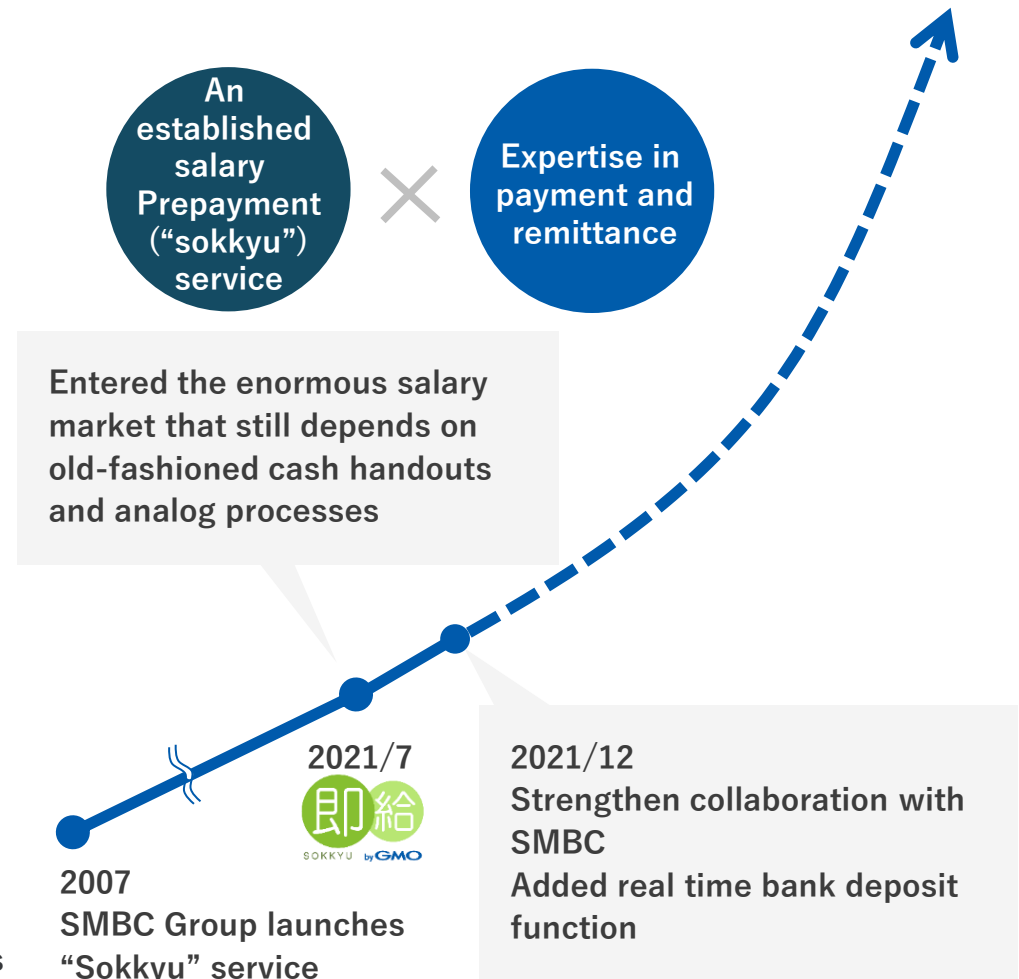


## Target Market



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

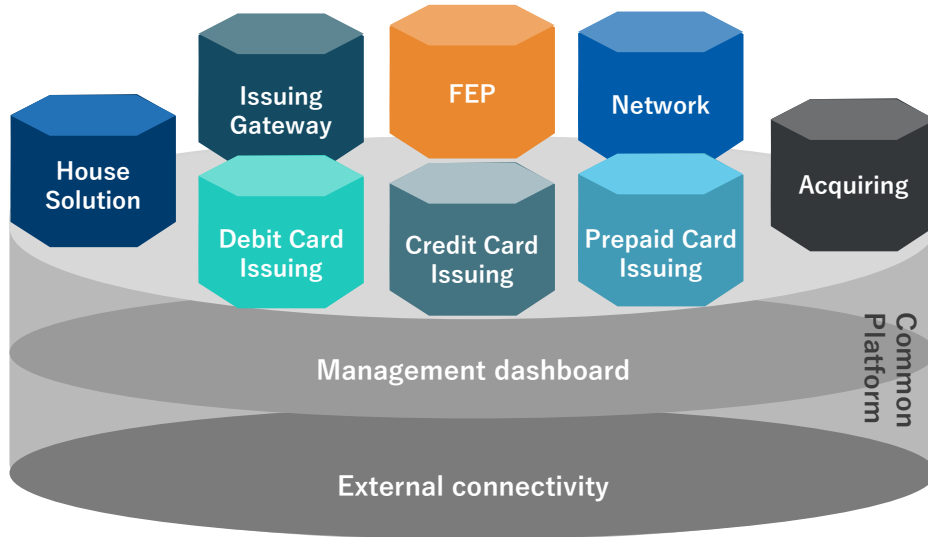
## Growth Trend (image)



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

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

### GMO-PG Processing Platform



#### 【Background】

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

#### 【Value Proposition】

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

### Revolutionary credit card issuing system “H-ALIS”\*



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

#### 【Background】

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

#### 【Value Proposition】

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

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

## 2-4-2 BaaS/IoT

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

### Ginko Pay

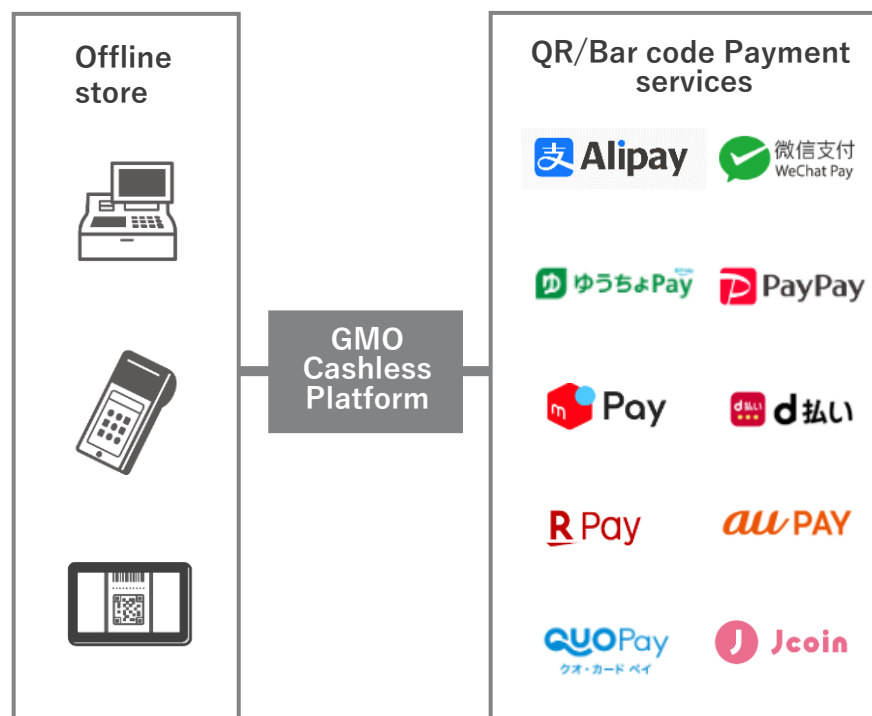
Smartphone-based payment app that allows for immediate debit from user's bank account, marketed to financial institutions



(As of March 31, 2023)

### GMO Cashless Platform

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



# 2-5 IoT: Offline Payment Market

## Scale-up business through cashless migration and alliance strategy

Offline payment : GMO Financial Gate, one of our Group companies, 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】

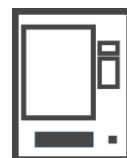
Rollout of a new payment platform to provide a one-stop service that handles variety of payment methods.



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

### Target: Unattended Market

Vending (Goods)



Ticket



Coffee Machine



Fare Adjustment (Golf, hotel)



Vending (Beverage/Food)



EV Charging Station Parking Fee



Self Check-out



Coin Laundry



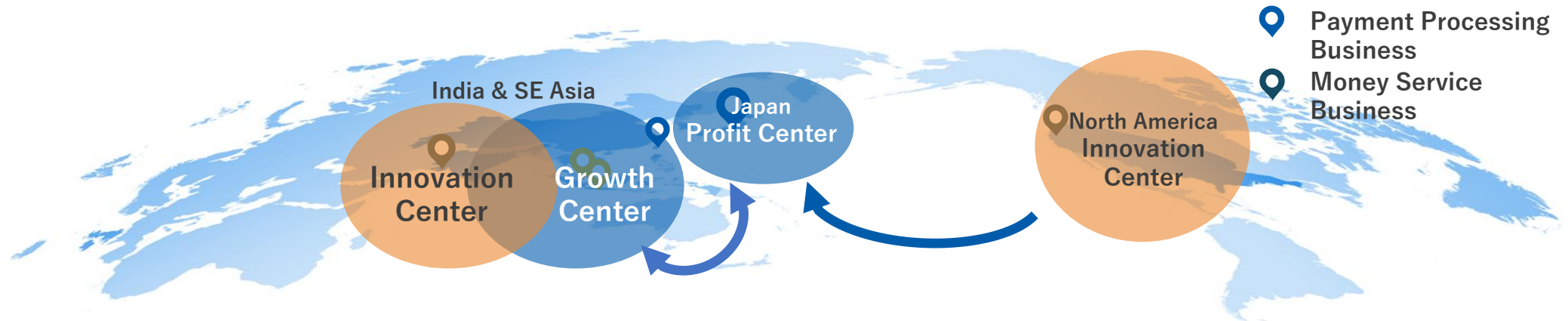
Capsule toy machine



# 2-6-1 Global: Overseas Strategy

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

### Business Area



### Strategy

#### Payment Processing Business

Collaborate with investee to provide local payment services

#### Money Service Business

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

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

Payment Processing Business

Money Service Business

### Investments and Borrowers\*1

Country	Major investees	Major borrowers
	red dot payment *2	VALIDUS *2, funding societies
	NEWEB	
	2c2p *2	
	MobiKwik, Razorpay	SATYA, slice, LENDINGKART, klub
	finAcel, CODA PROMPTS	finAcel, investree, CROWDE
	APPOTA	
	taulia *2	DRIP/c, flex. *2, reali *2

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

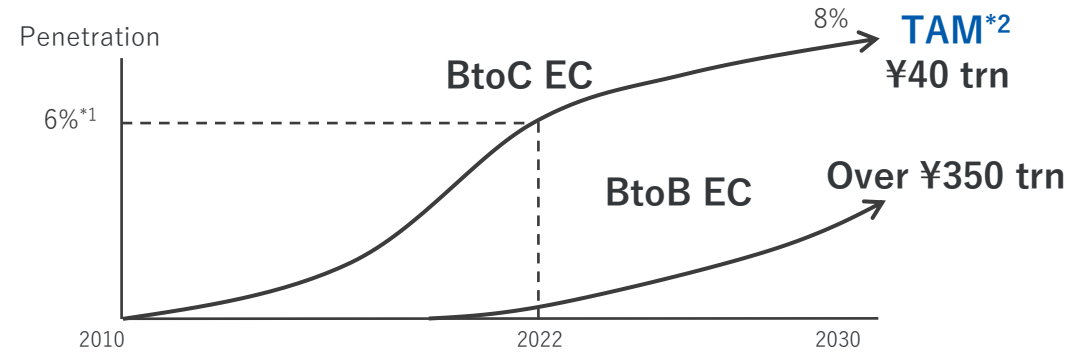
# 2-6-2 Global: The 20-year track record of overseas investment strategy

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

### Major overseas investment and loan portfolio



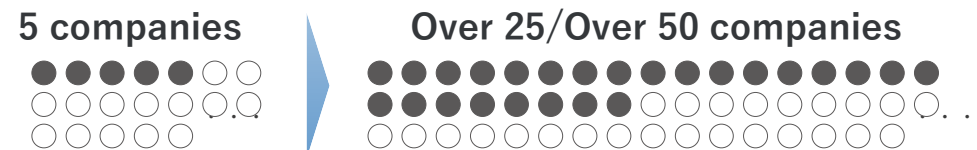
### Market expansion of SE Asia & India



### Emergence of high-growth FinTechs



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



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

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

## Integrated Report outlines the various initiatives to realize sustainability

29th Integrated Report

URL : URL: [https://www.gmo-pg.com/en/corp/newsroom/pdf/20221219\\_gmo\\_pg\\_ir\\_integrated\\_report\\_en.pdf](https://www.gmo-pg.com/en/corp/newsroom/pdf/20221219_gmo_pg_ir_integrated_report_en.pdf)

Foundation of Value Creation

**Sustainability Management**  
Driving the Progress and Advancement of Society by Supporting DX and Decarbonization. Promote Social Inclusion through "Credit x Digital."\*\*

Based on the management principle to "pursue both material and spiritual prosperity through our contributions to the progress and development of society," the Company engages in ESG (Sustainable Development Goals) initiatives by driving social innovation in payment and financial technology, as well as providing services centered on payment that support DX, paperless, cashless and online migration. In addition, the Company will contribute to social inclusion where everybody participates and embraces diversity.

Focus areas for the realization of sustainability  
The Company focuses on the following areas stated below for the realization of a sustainable society, reflecting the opinions of stakeholders and business considerations. Going forward, the Company will identify the relevant materiality issues that should be prioritized from a medium-to-long term perspective in order to advance its sustainability management.

Focus Areas	Related ESGs	Contribution to SDGs	Concrete initiatives	External evaluation
<b>Digital inclusion**</b>	E Environment S Society	8, 9, 10, 11, 12, 13, 14, 15, 16, 17	<ul style="list-style-type: none"> <li>Realize a convenient and comfortable society by promoting cashless adoption and raising EC penetration</li> <li>Support merchants with varied forms of digital sales such as EC websites and delivery through payment services</li> <li>Open innovation with numerous business partners</li> </ul>	
<b>Financial inclusion**</b>	E Environment S Society	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	<ul style="list-style-type: none"> <li>Provide impact finance to FinTech companies that promote financial inclusion</li> <li>Instant Salary byGMO service enables salary paid at the preferred timing</li> <li>Access to EC for non-credit card holders by offering BNPL</li> <li>Lending service provides loans to operators for working capital needs</li> </ul>	<ul style="list-style-type: none"> <li>FTSE Blossom Japan Sector Relative Index</li> <li>MSCI ESG Rating</li> </ul>
<b>Environmental contribution</b>	E Environment	7, 13, 14, 15	<ul style="list-style-type: none"> <li>Support merchants' decarbonization by supporting DX initiatives such as paperless operation</li> <li>Commerce payment processing using what is effectively renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Environment contribution</li> <li>100% Carbon Footprint Reduction</li> </ul>
<b>Human capital contribution</b>	S Society	5, 8, 9, 10, 16, 17	<ul style="list-style-type: none"> <li>Utilize diverse human resources (promotion of diversity)</li> <li>Based on the corporate culture that "people determine the company," support personal growth through proprietary human resource development programs and share in the corporate vision</li> <li>Based on the idea that "a company is a place to foster personal growth," provide a workplace to fully unlock the potential and capability of the workforce</li> </ul>	<ul style="list-style-type: none"> <li>Contribution to human capital</li> <li>100% Diversity in Leadership</li> </ul>
<b>Practice of sound management</b>	G Governance	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17	<ul style="list-style-type: none"> <li>Develop systems for an effective corporate government</li> <li>Develop a comprehensive risk management structure</li> <li>Strengthen information security as the highest priority issue</li> </ul>	<ul style="list-style-type: none"> <li>2022 CONSTITUENT ASSESSMENT JAPAN (SUSTAINABILITY) RANKING</li> </ul>

\*1 Initiatives to realize a society where everyone enjoys the benefits of digital technology, where no one is left behind and the disparity in access to digital technology is eliminated  
\*2 Initiatives to realize a society where everyone enjoys the benefits of financial services, where no one is left behind and the disparity in access to financial services is eliminated

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### Specific initiatives (excerpt)

Realize convenient and comfortable society by promoting EC and cashless adoption

Promote impact finance to financial inclusion FinTech companies (microfinance)

Support merchant's decarbonization through DX support and paperless operations

Due to start payment processing using what is effectively renewable energy sources GHG emissions (Scope 1+2) reduced by 84% (YoY)

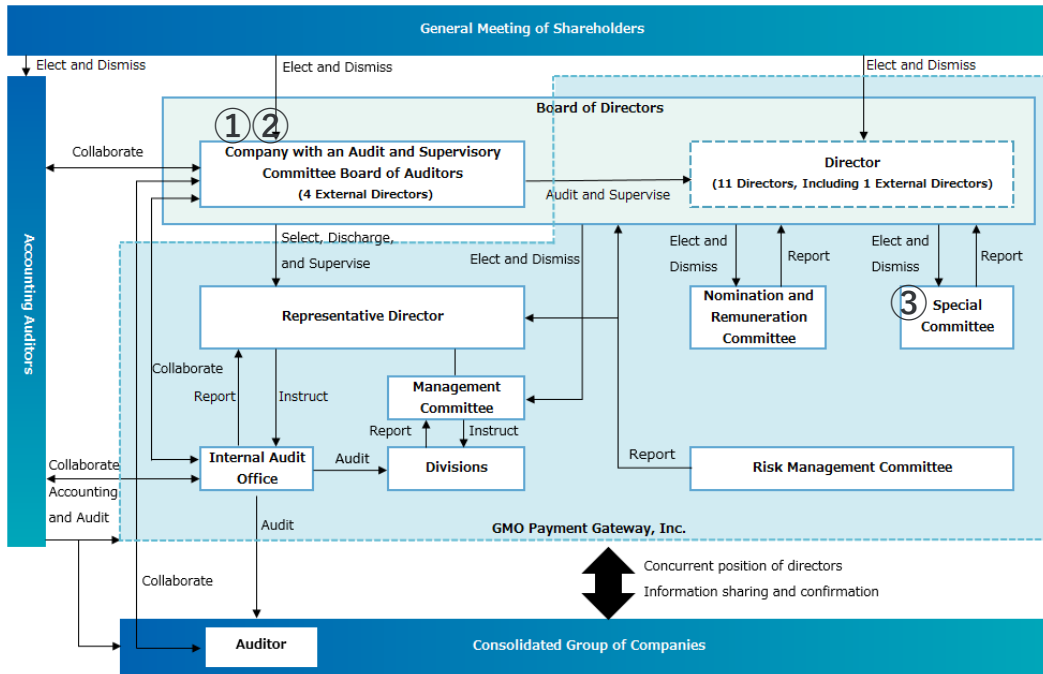
Selected as Best Place to work for 8 consecutive times by the Best Place to Work survey



# 2-7-2 Strengthening Governance Structure

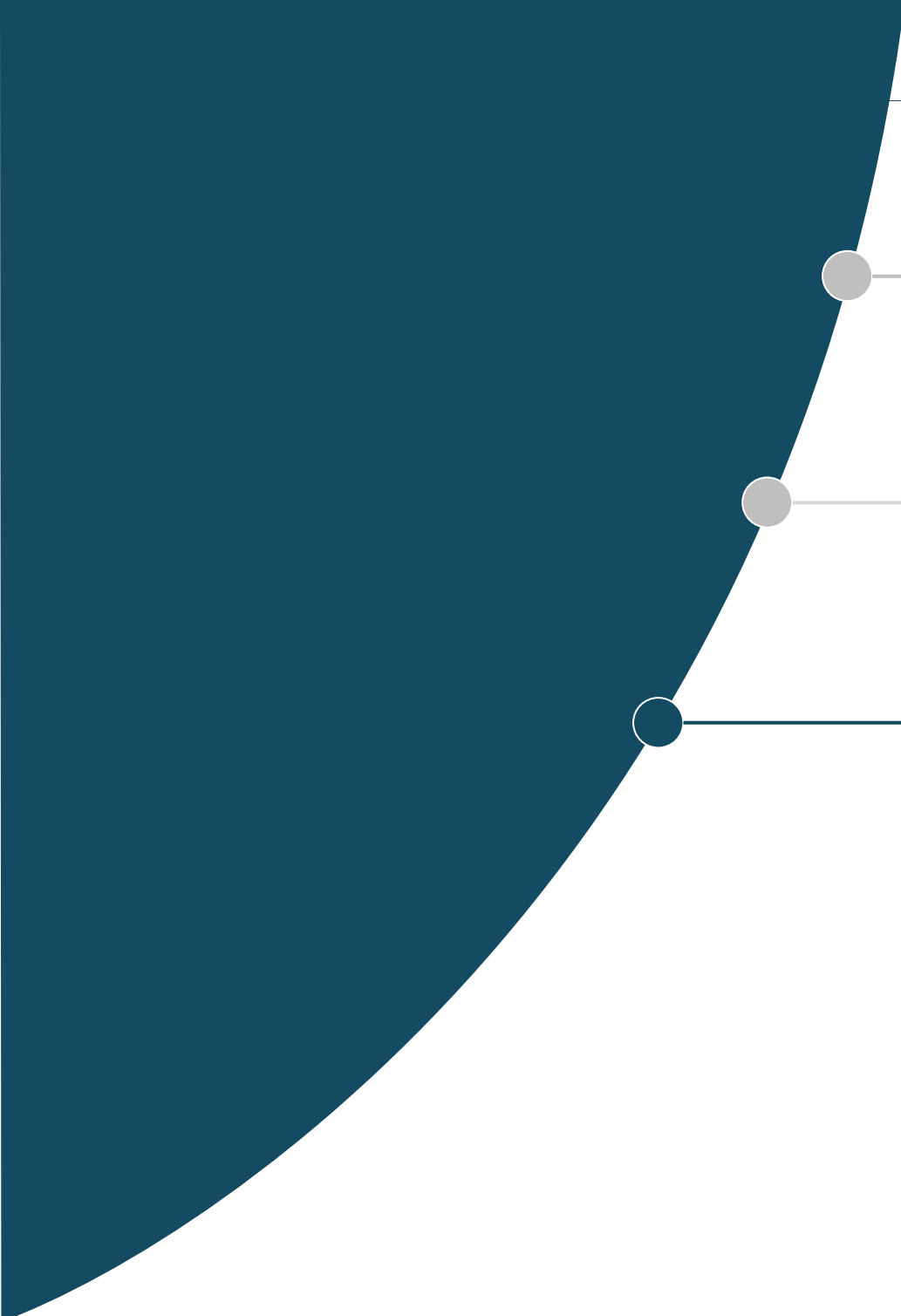
Realize medium- to long-term improvement in enterprise value through strengthening of supervisory function of the Board

## Corporate Governance Organizational Structure



- ① Transition to company with Audit and Supervisory Committee
- ② Proportion of External Directors rises to a third
- ③ Established a Special Committee
  - Comprised of five External Directors
  - Strengthen protection of interest of non-controlling shareholder
  - Transactions and actions that entail a conflict of interest between controlling shareholder and non-controlling shareholders are evaluated and deliberated at the Special Committee and reported to the Board which is vested to reach a decision



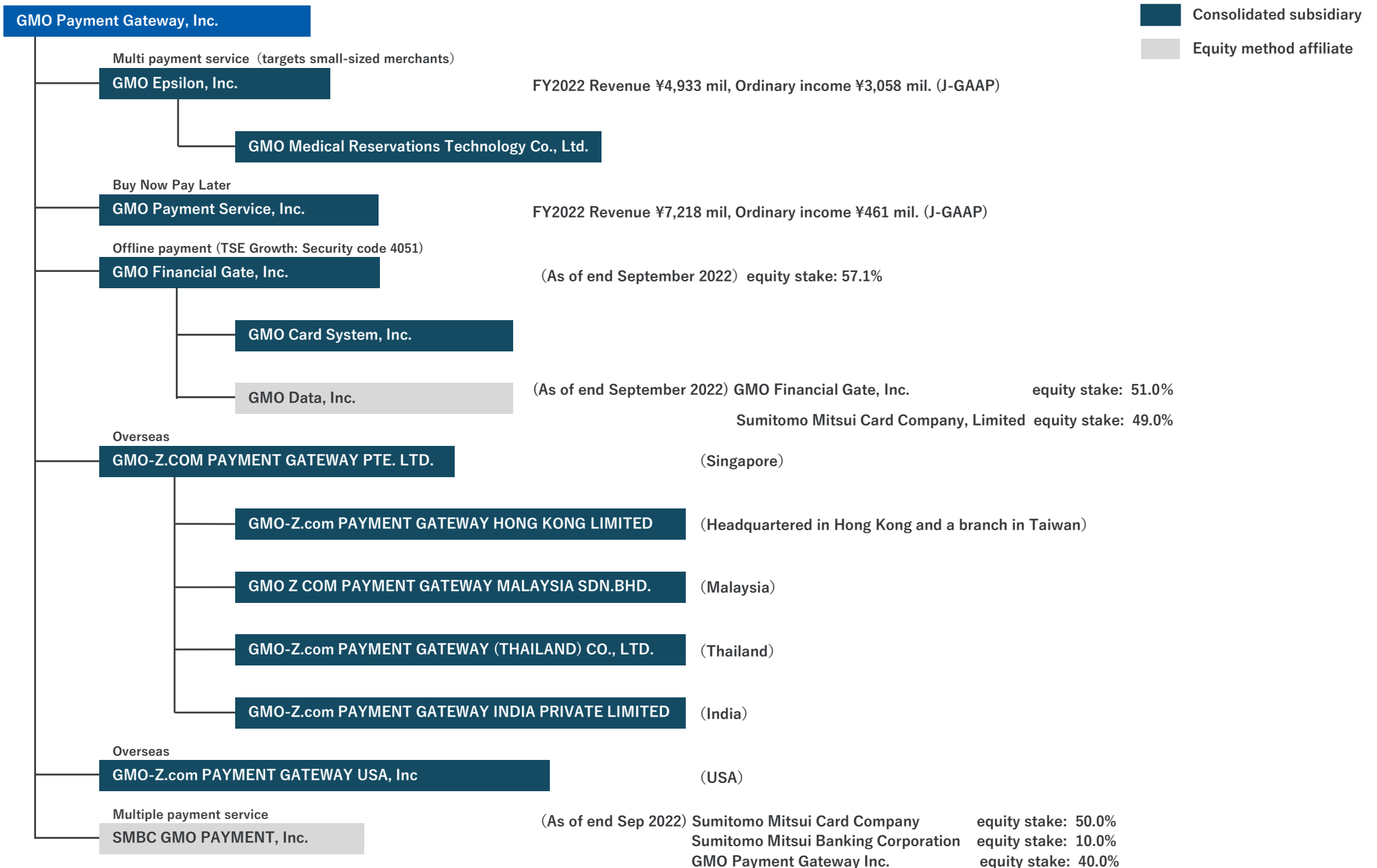


1	Business Overview	p.4
2	Focus Areas	p.18
<b>3</b>	<b>Reference Materials</b>	<b>p.35</b>

# 3-1 Company Outline (as of March 31, 2023)

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

# 3-2 Major Subsidiaries and Equity-method Affiliates (IFRS Standards)

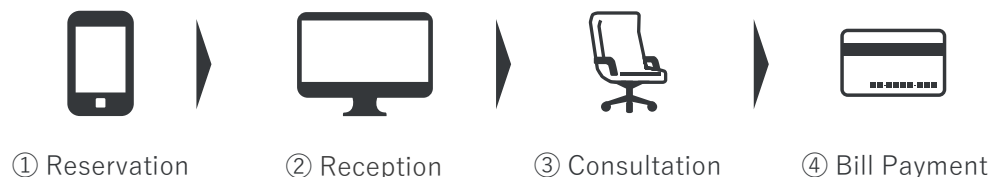


# 3-3 GMO Medical Reservations Technology

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

### Medical Kakumei byGMO

Seamless services that not only includes online reservation function, but also reception, e-medical records links and cashless payment function.\*1



### 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

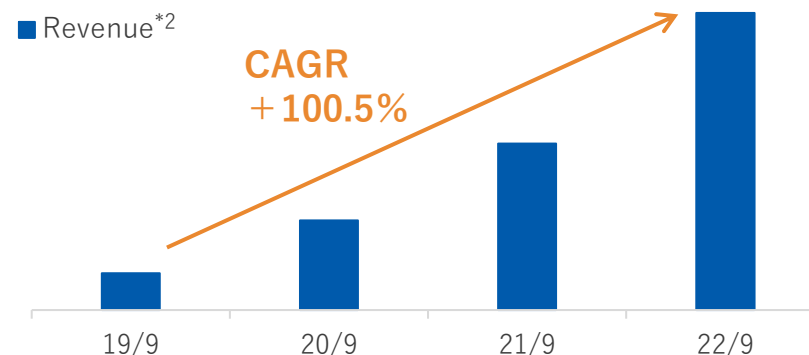
### Corporate Overview

Corporate name **GMO Medical Reservations Technology CO., Ltd.**

Establishment **April 11, 2016**

Parent **GMO Epsilon, Inc. (Equity stake: 100.0% company (Joined the Group in August 2018))**

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**



\*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

## 3-4 Key Characteristics of Payment Business

### Stable industry with high entry barriers and low churn rates

#### High entry barriers

Regulation  
(Amended ISA etc.)

Payment company  
Network

Business scale

Payment system

- Responding to tightening regulation through repeated amendments
- Merchant management, security enforcement
- Unique payment practices (huge range of payment methods) requires transactions with multiple payment companies (page 10)
- Scale is key given low ASP
- Merchant acquisition requires development capability, sales capability and track record
- System investment of several billions of yen to maintain stable processing of vast amounts of payment data

#### Low churn rate

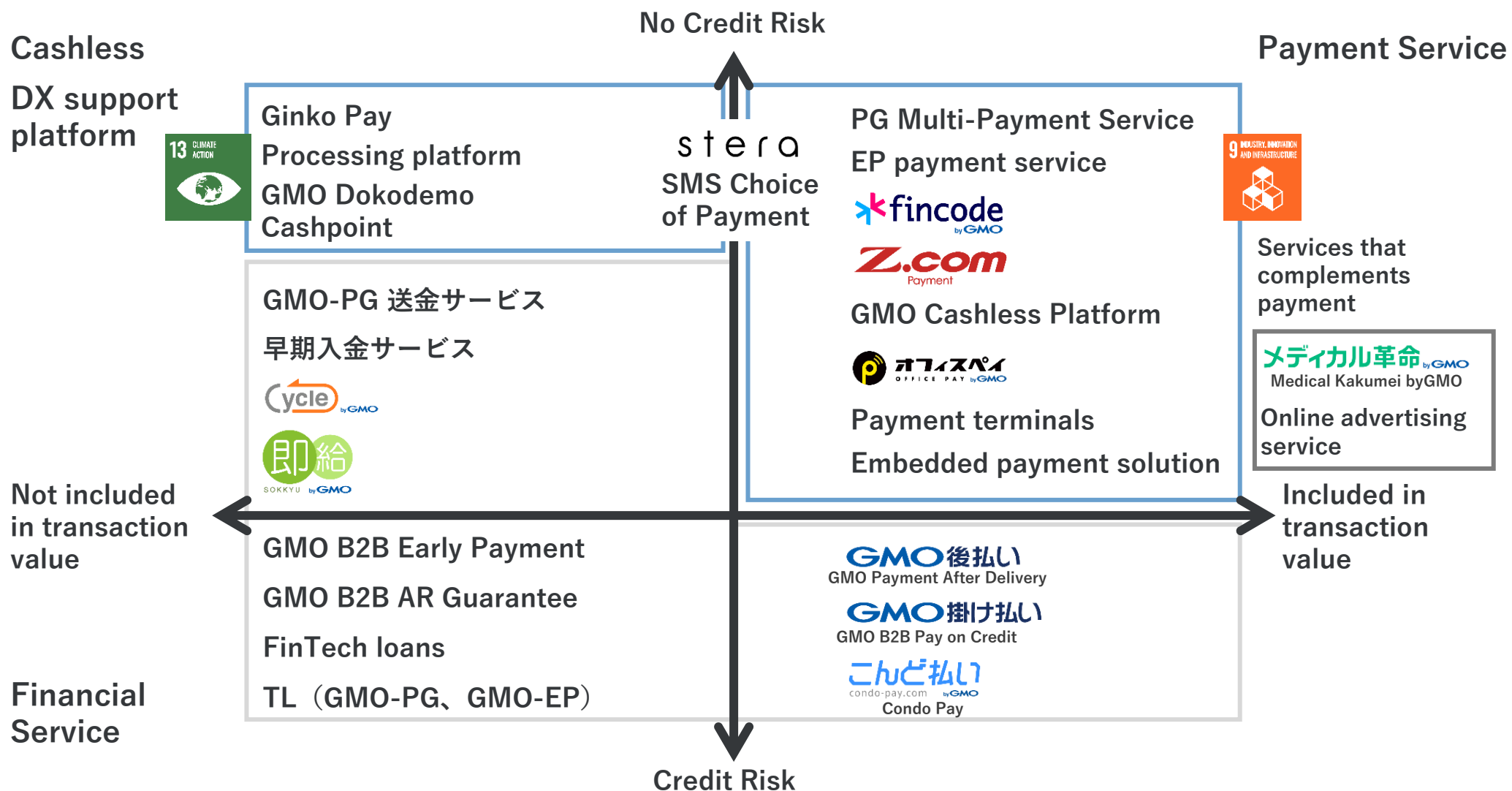
Business  
Characteristics

Initiatives

- Payment is a critical operation that cannot be halted
- Sharing of personal information such as credit card information
- Involved in development from upstream level given unique operations/work-flow and needs
- Concurrently provide high-demand financial services

# 3-5 Product map

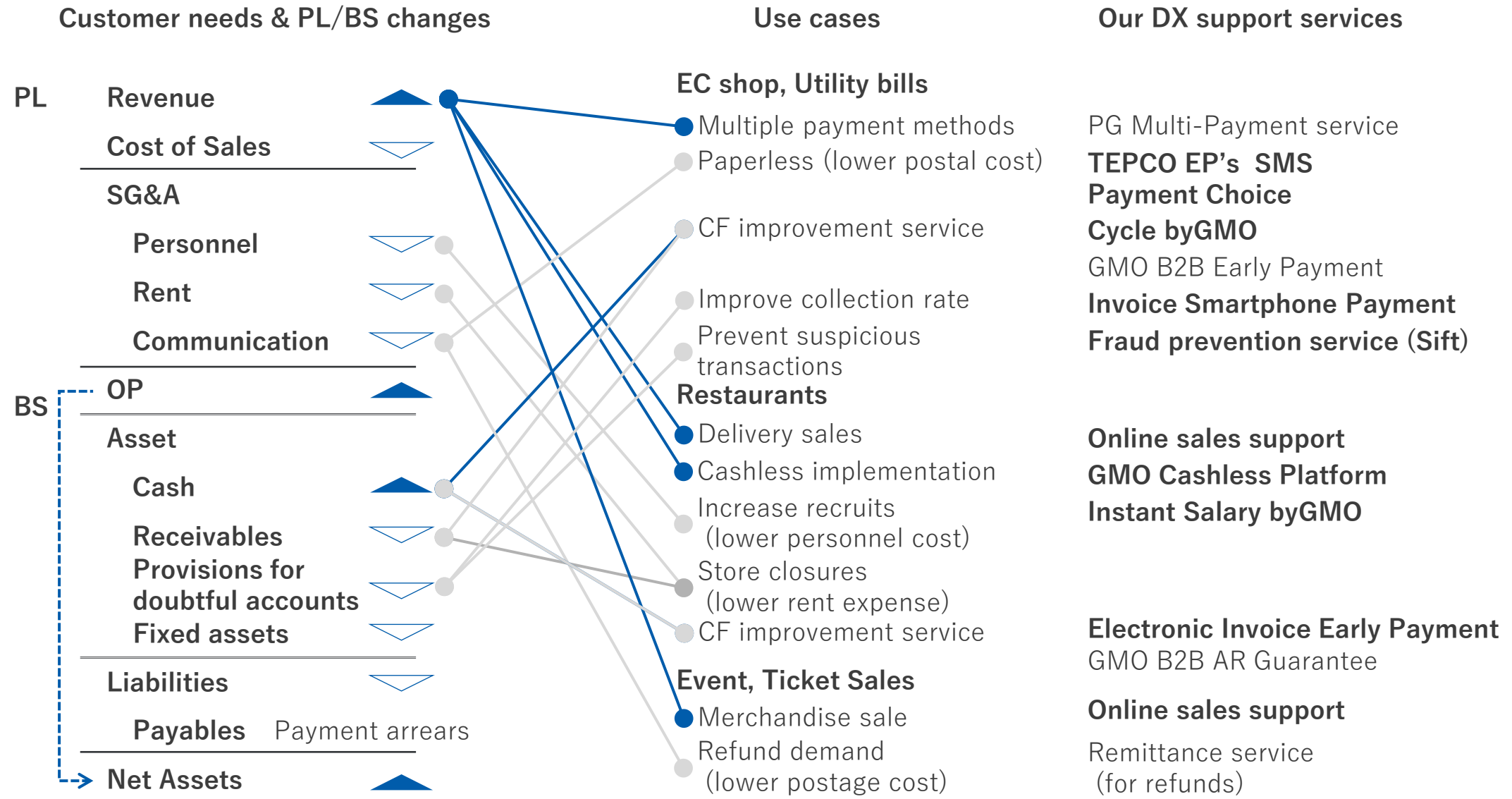
GMO-PG's definition of payment: that which enables the digitalization of money flow



\* TL stands for Transaction Lending

# 3-6 DX Support Services to Improve Clients PL/BS

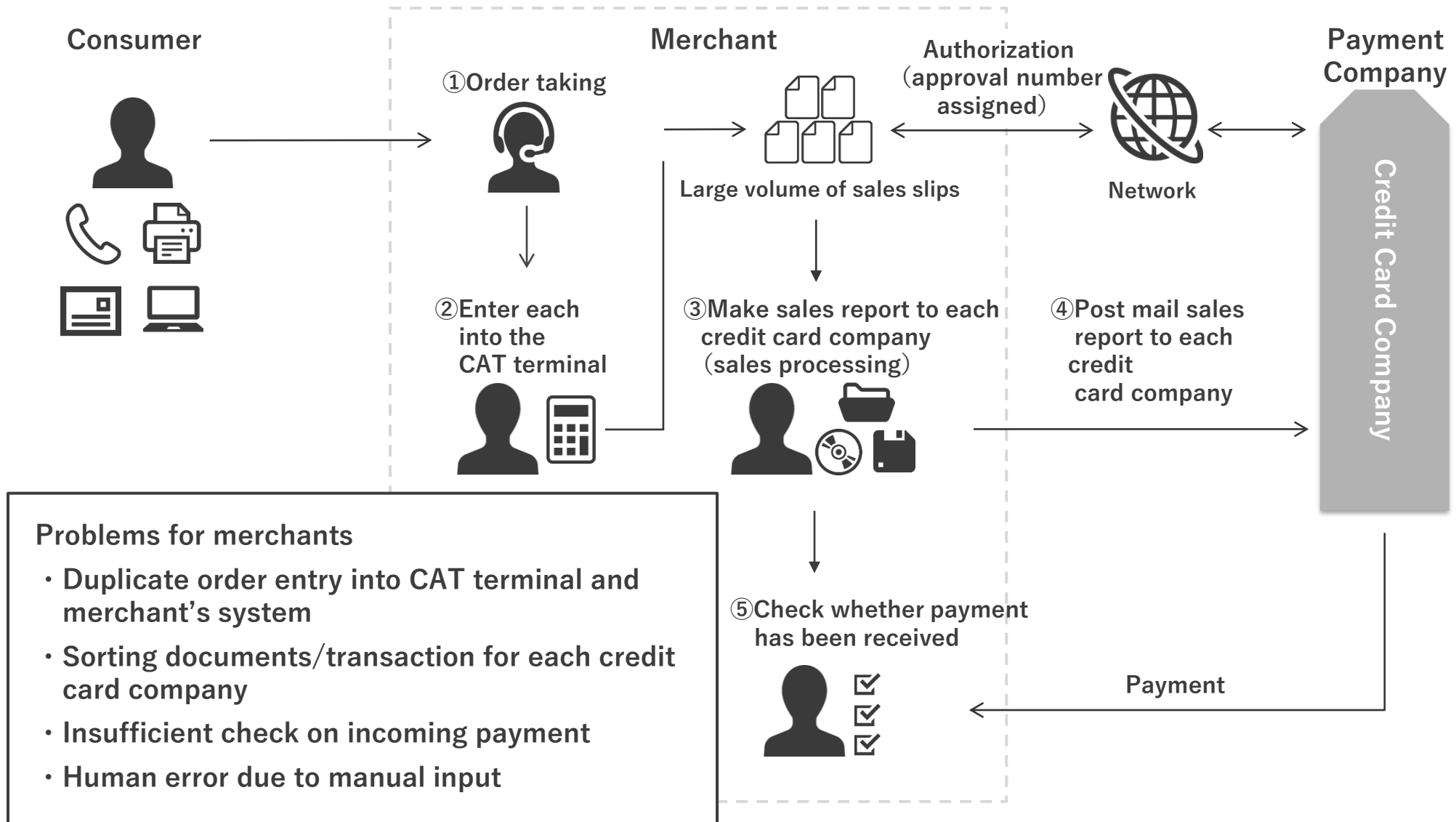
## Service line-up that can respond to the diverse clients' needs





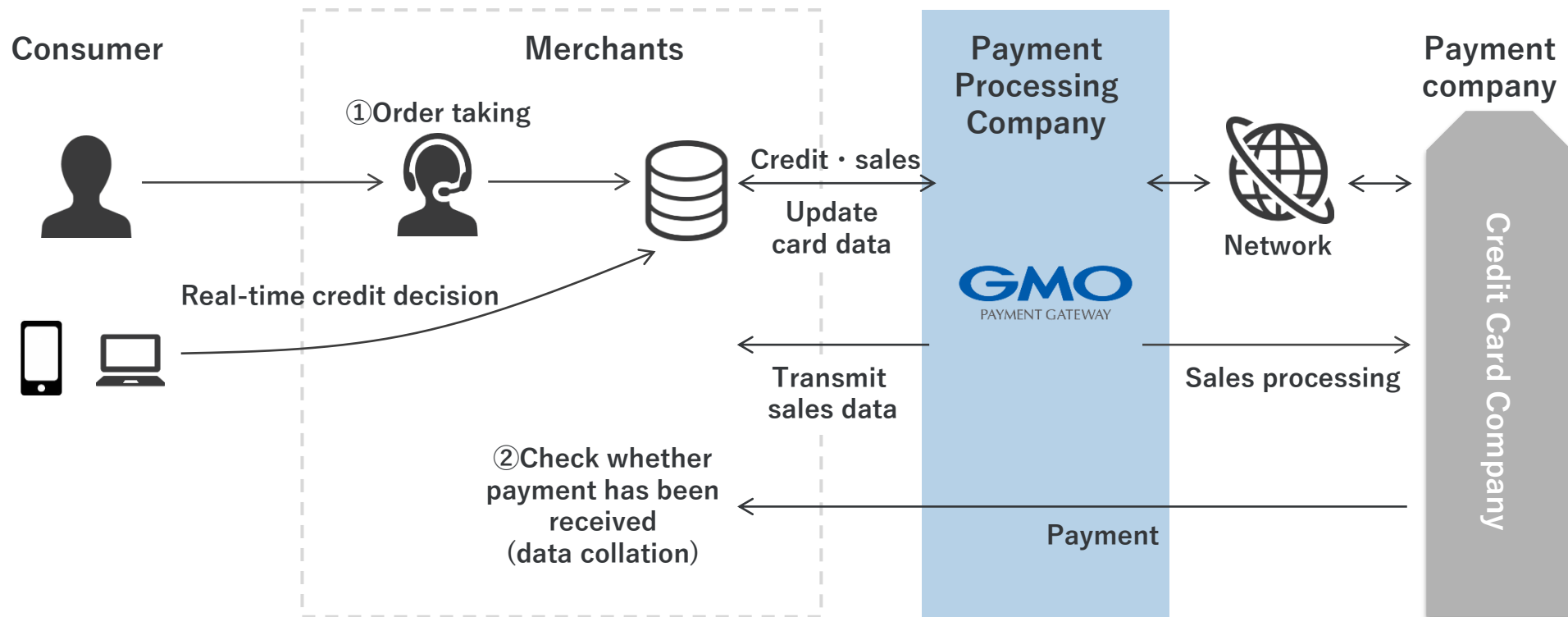
# 3-7-1 Business outline of payment processing company (1)

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



## 3-7-2 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.