

# IR Introduction

## - Business Overview & Business Model -

Q1 FY2024



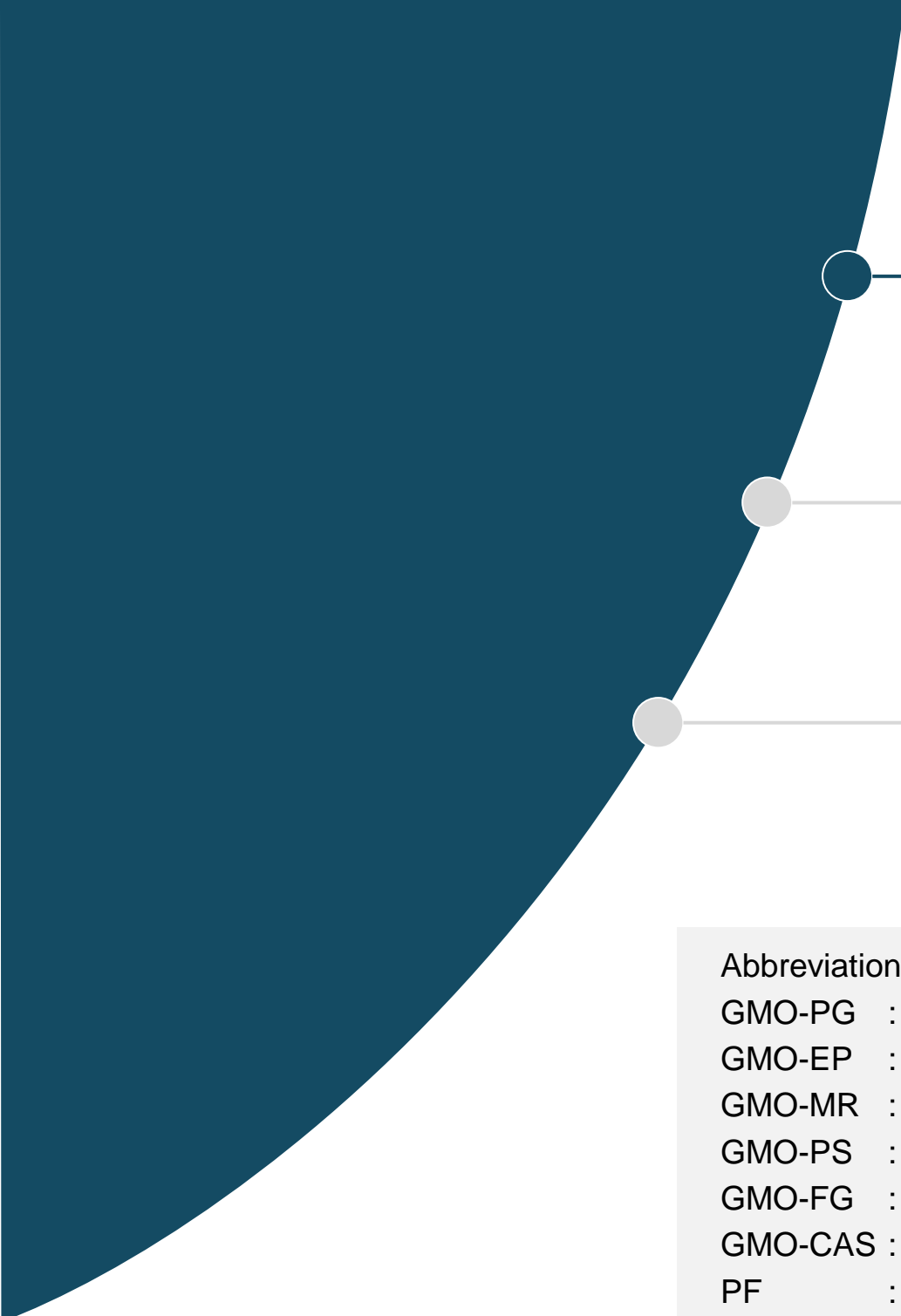
February 14, 2024

76<sup>th</sup> 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 9% vs. US/Euro approx. ~30%)</li><li>✓ Cashless adoption (JP 36%/vs. US/Euro approx. ~60%)</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>¥14.9 trn</b> (FY2023)</li><li>✓ Revenue <b>¥63.1 bil</b> (FY2023)</li><li>✓ Employees <b>825</b> (End-Sep 2023)</li></ul></li><li>• High entry barriers</li></ul>
<b>Value Proposition</b>	<ul style="list-style-type: none"><li>• Contributing via “payment + α”<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⇒Multi-payment⇒Offline⇒FinTech⇒Global⇒DX</li></ul></li><li>• Project sizes are enlarging due to industry-specific applications and rebundling products</li></ul>	<b>Management Discipline</b>	<ul style="list-style-type: none"><li>• <b>18 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⇒10⇒100)</li></ul>



**1 Business Overview p.4**

**2 Focus Areas p.18**

**3 Reference Materials p.46**

Abbreviations used in the material are as follows:

GMO-PG : GMO Payment Gateway

GMO-EP : GMO Epsilon

GMO-MR : GMO Medical Reservations Technology

GMO-PS : GMO Payment Service

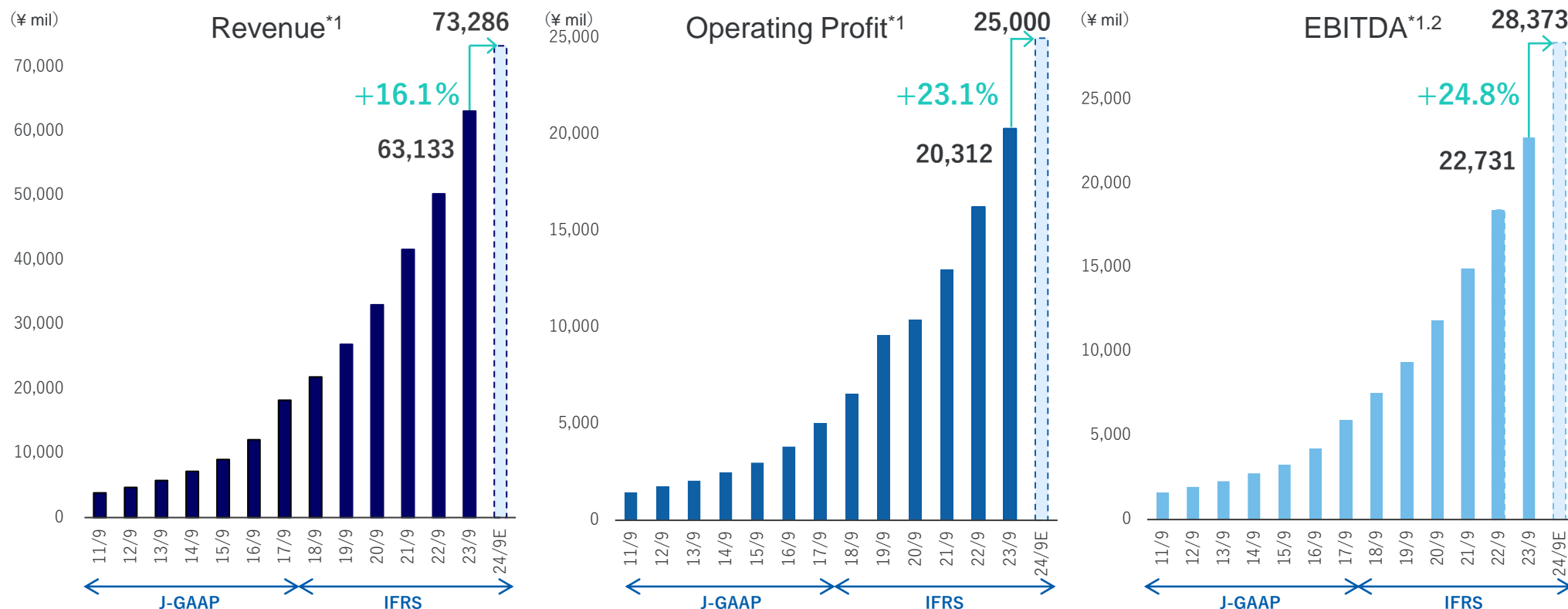
GMO-FG : GMO Financial Gate

GMO-CAS : GMO Card System

PF : Platform

# 1.1 Our Track Record of Growth

## The results of management policy focused on sustainable growth



Operating Stores*3*4	Annual TRX volume*3*5 (trailing 12-month average)		Annual TRX value*3 (trailing 12-month average)	
	Consolidated	Consol.	Online payment	Consol.
151,519	6.51 billion	5.83 billion	¥15.8 trillion	¥10.9 trillion

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

\*2 EBITDA under J-GAAP is calculated as the sum-total of operating profit and depreciation and goodwill 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 December 2023. Annual transaction volume (trailing 12-month average) and transaction value (trailing 12-month average) include the figures of GMO Financial Gate Inc

\*4 The standards for calculation the number of operating stores has been revised from Q4 FY2023. Figures exclude a specific case and fincode byGMO. If included, the number of operating stores are 606,262 stores (up 20.7% YoY).

\*5 TRX volume is calculated based on fee revenue standards, which in the case of online consists of multiple (1 to 3) transactions per payment which includes 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

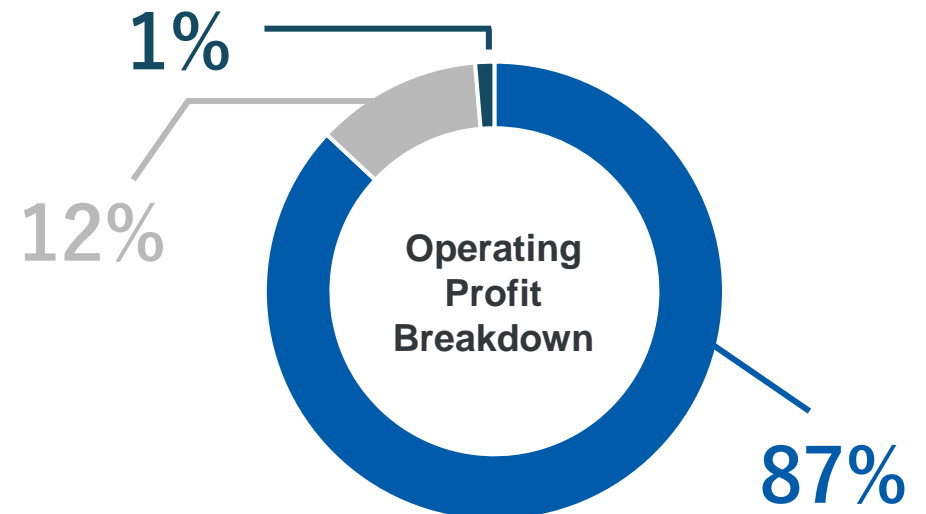
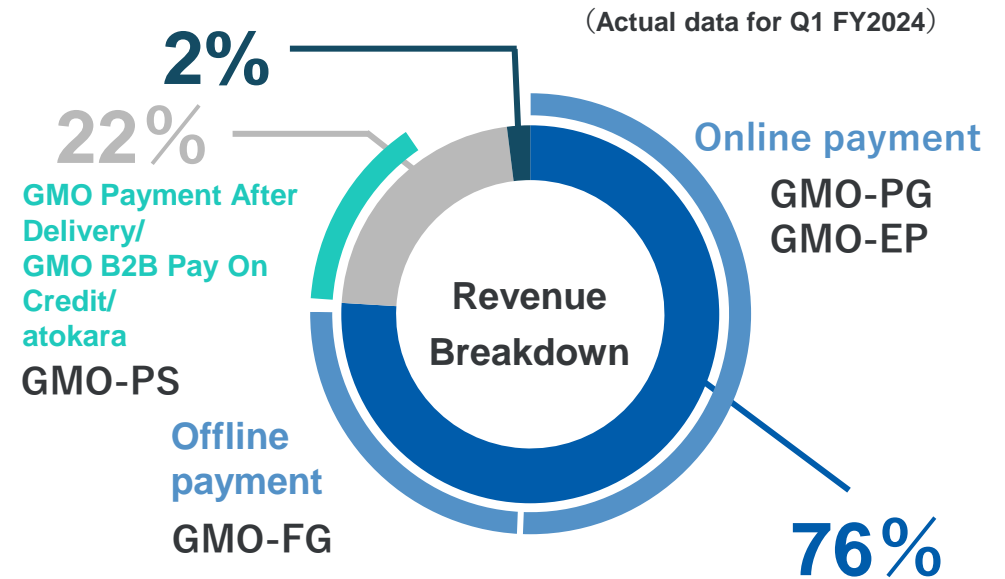


- GMO Payment After Delivery/  
GMO B2B Pay On Credit/atokara
- Remittance Service/Instant Salary byGMO
- Overseas Lending
- Early Payment Service
- B2B Factoring
- Transaction Lending

## Payment Enhancement Business



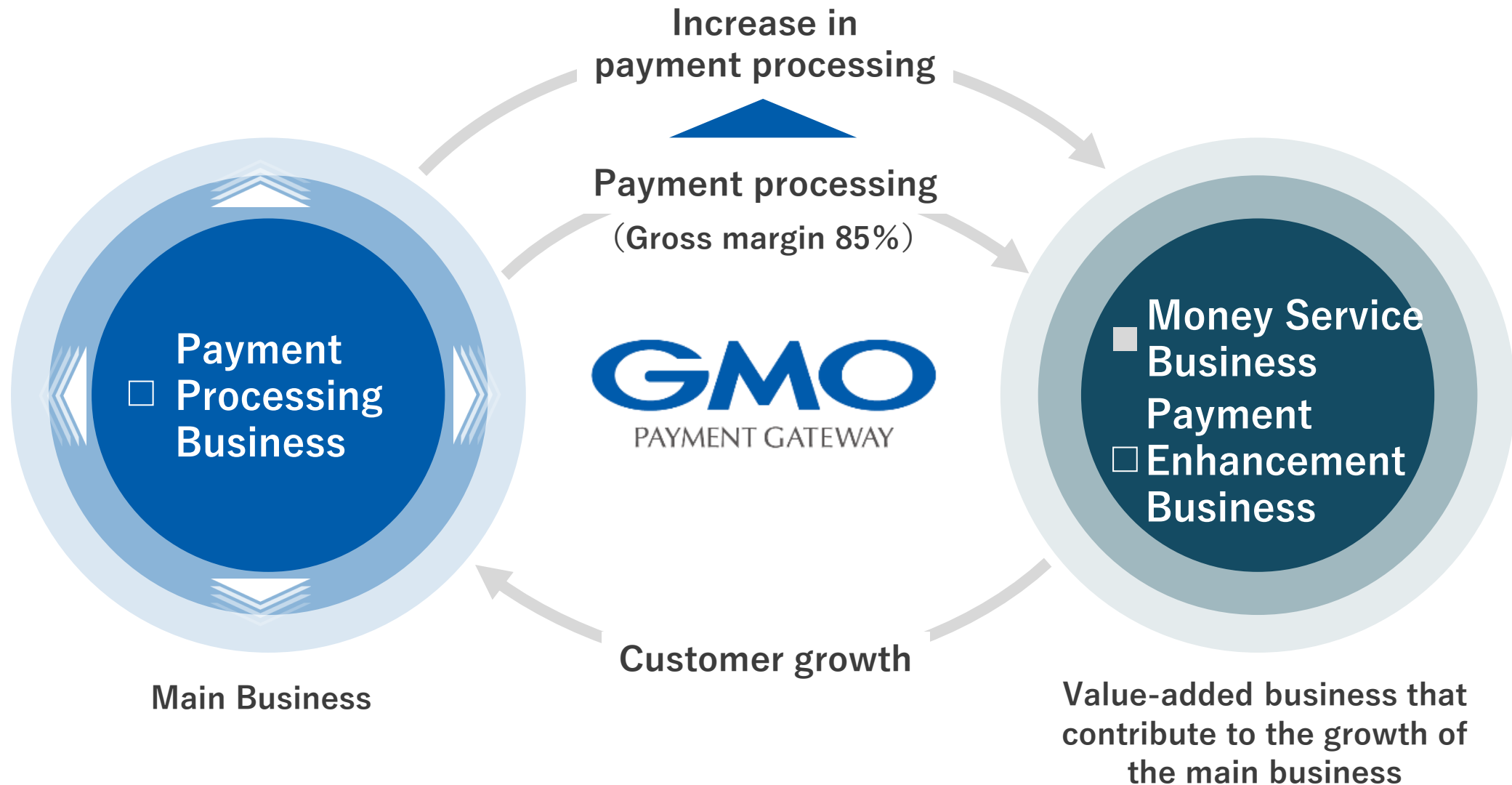
- Online Advertising Service
- SSL Service
- Delivery Service
- Medical Kakumei byGMO



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

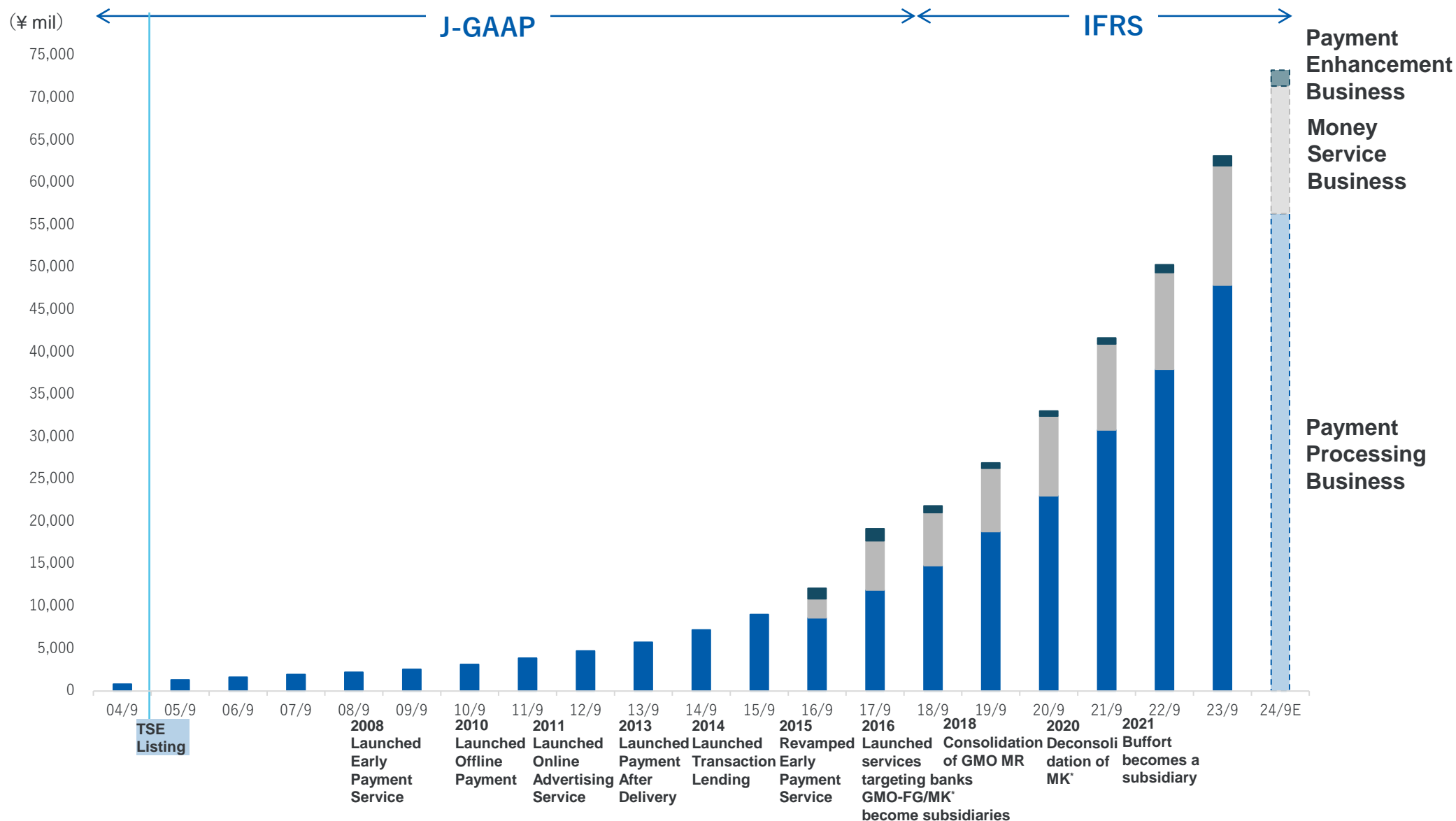
# 1.4 Our Business Eco-system

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

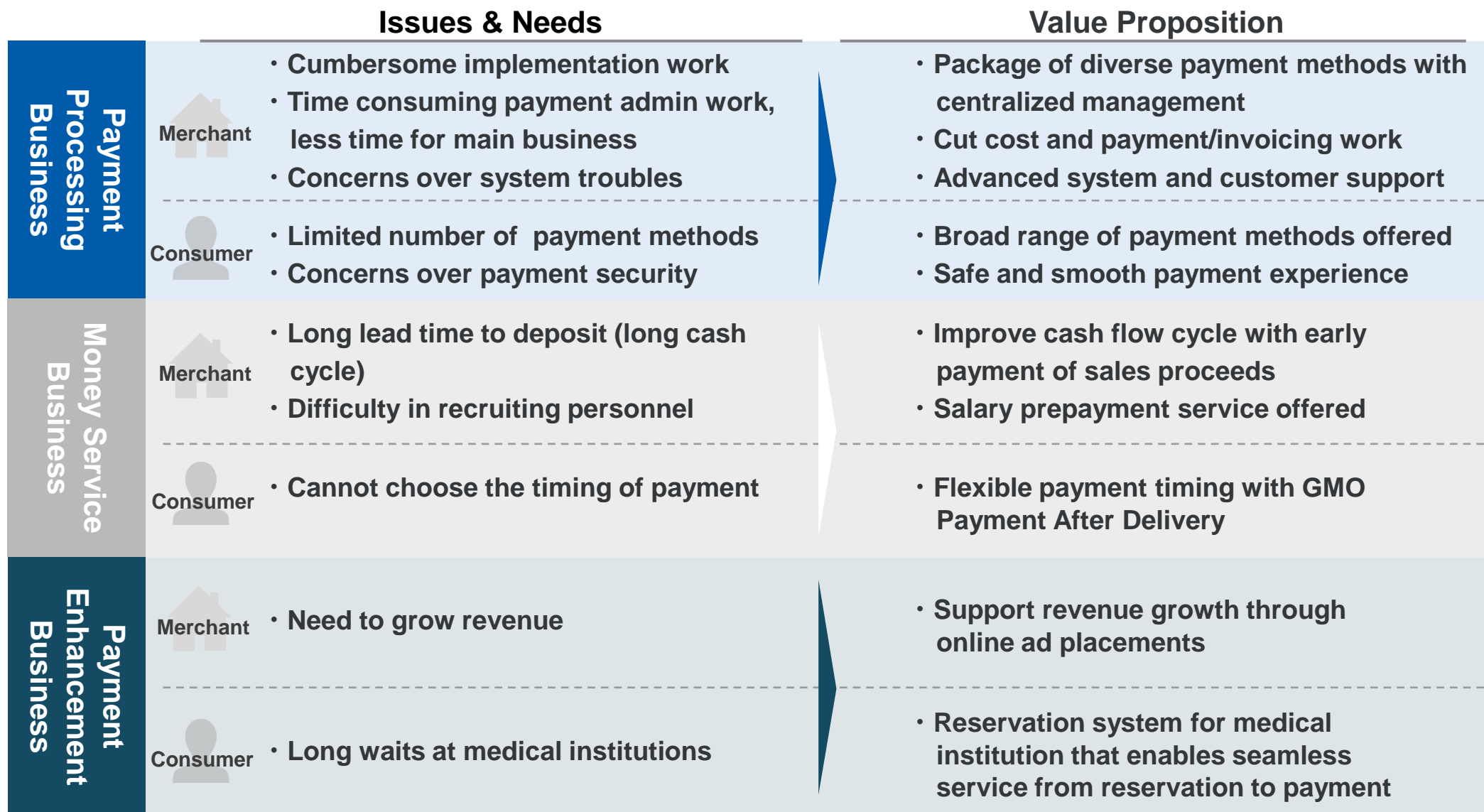


\* There was only one segment of Payment Processing Business until September 2015; segment information disclosure began from FY ending September 2016. MK stands for MACROKIOSK. Due to the deconsolidation of MACROKIOSK from FY2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.



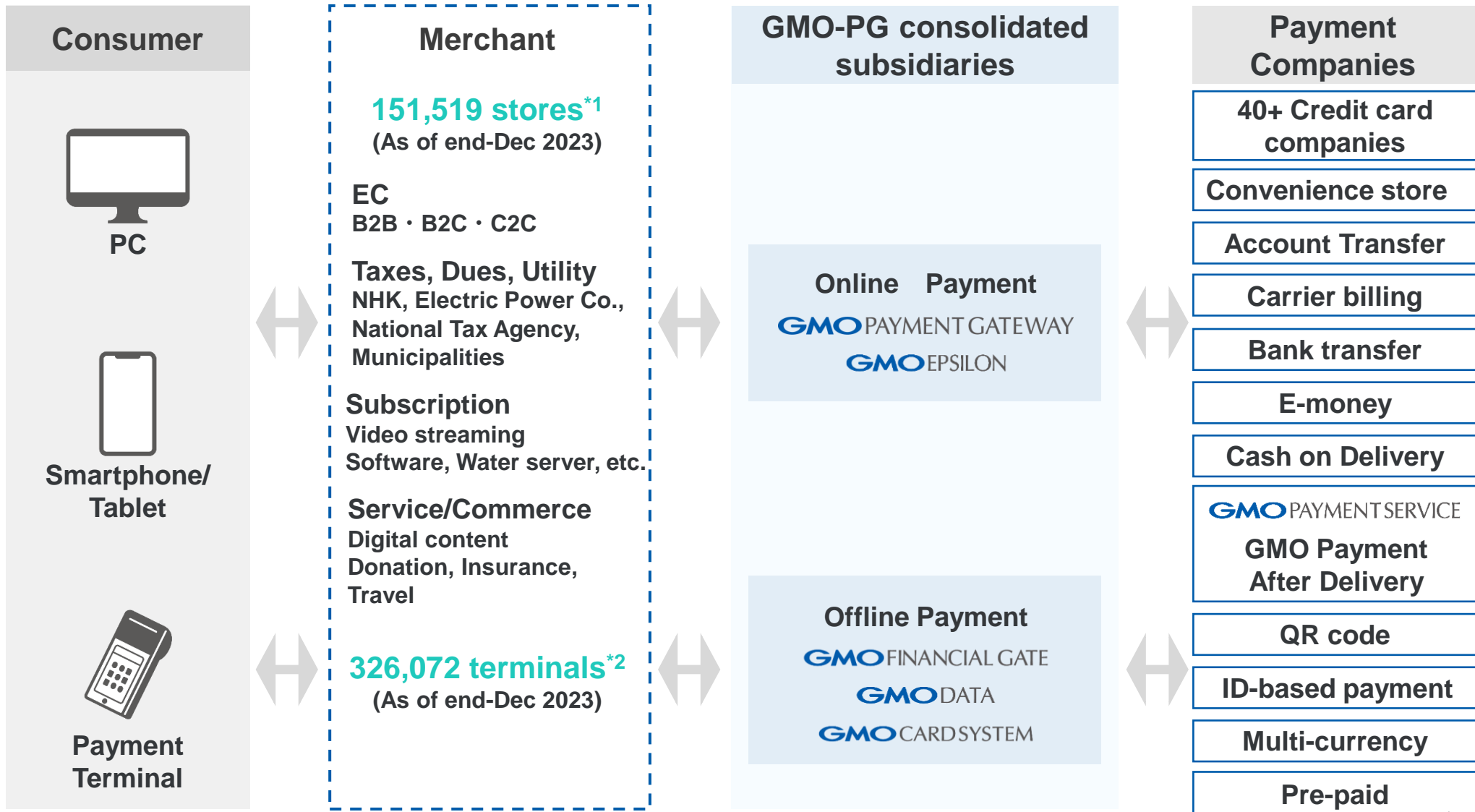
# 1.6 Our Value Proposition

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



# 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 Q4 FY2023. Figures exclude a specific case and fincode byGMO. If included, the number of operating stores is 606,262 stores as of end of December 2023 (up 20.7% 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 49.5% YoY.

# 1.8 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)

■ 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

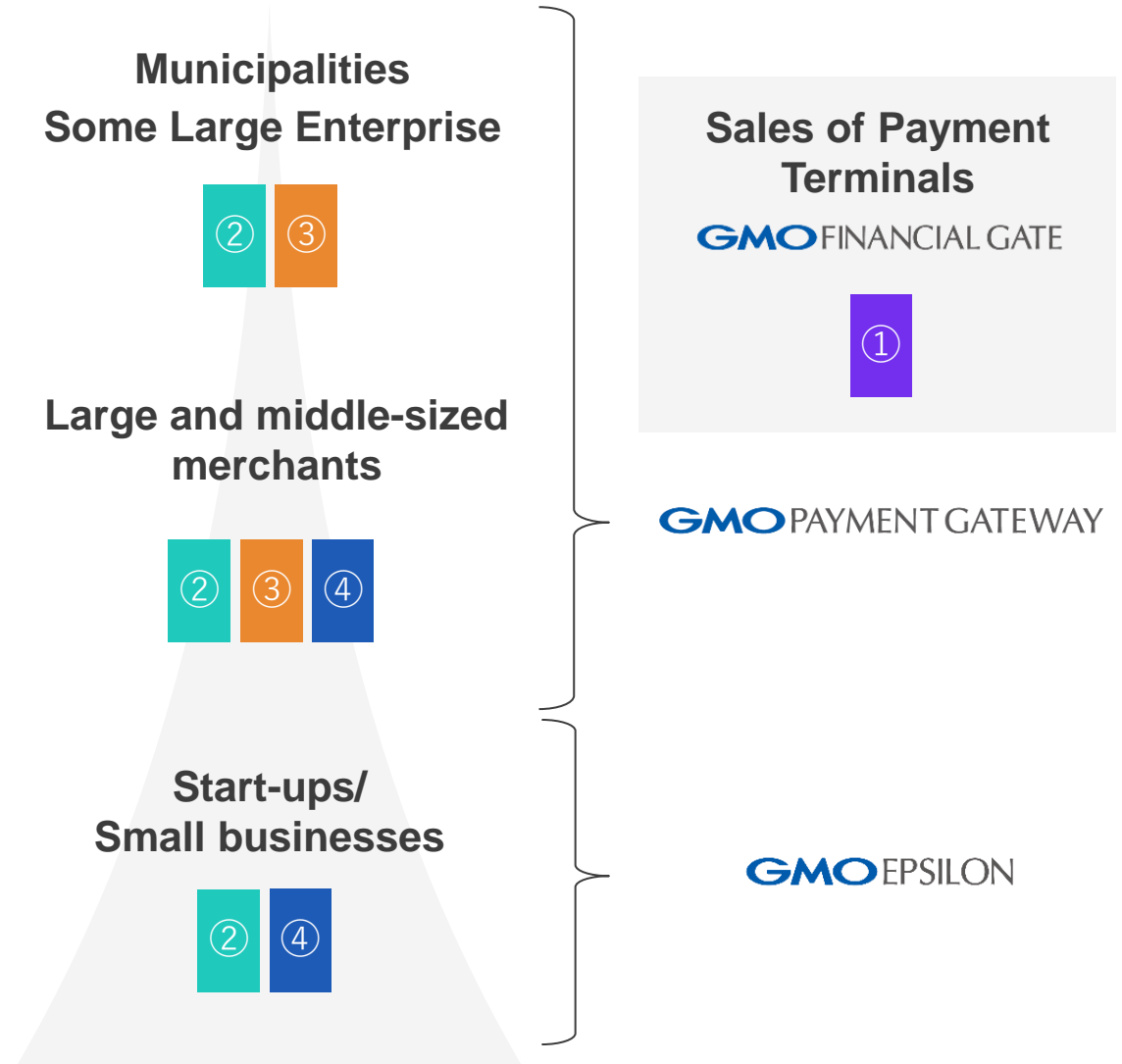
Revenue: Number of payments processed × \_Yen

### ④ Spread (Merchant's revenue)

#### Spread on the transaction value

Coefficient: Value of transaction

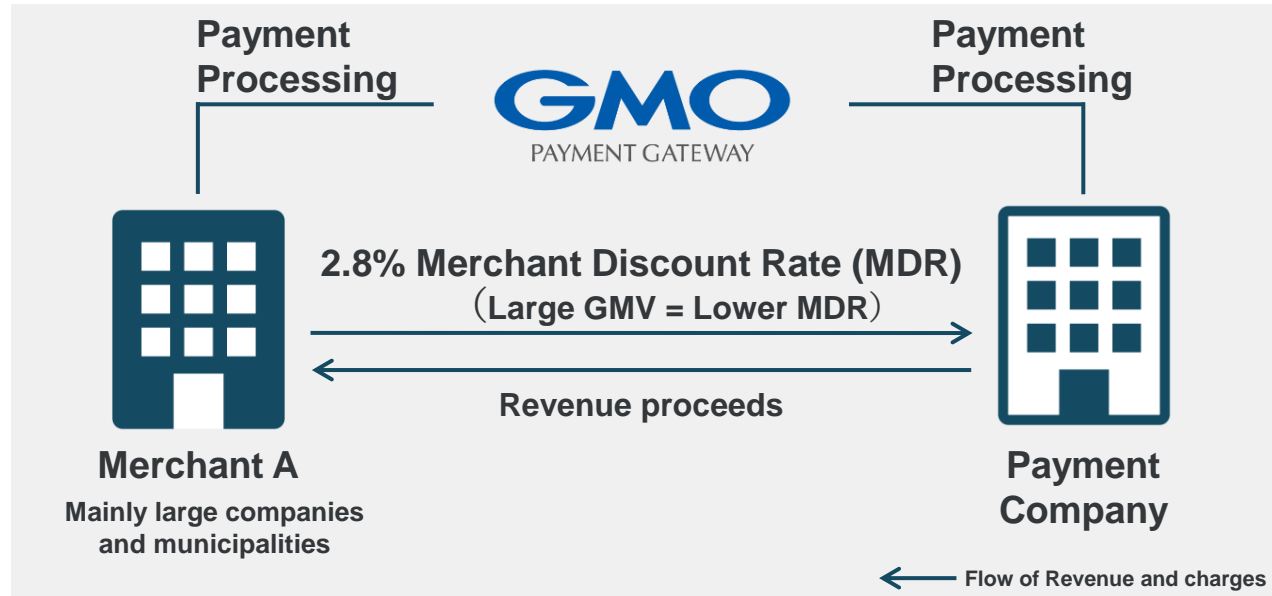
Revenue: Value of transaction × \_%



# 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

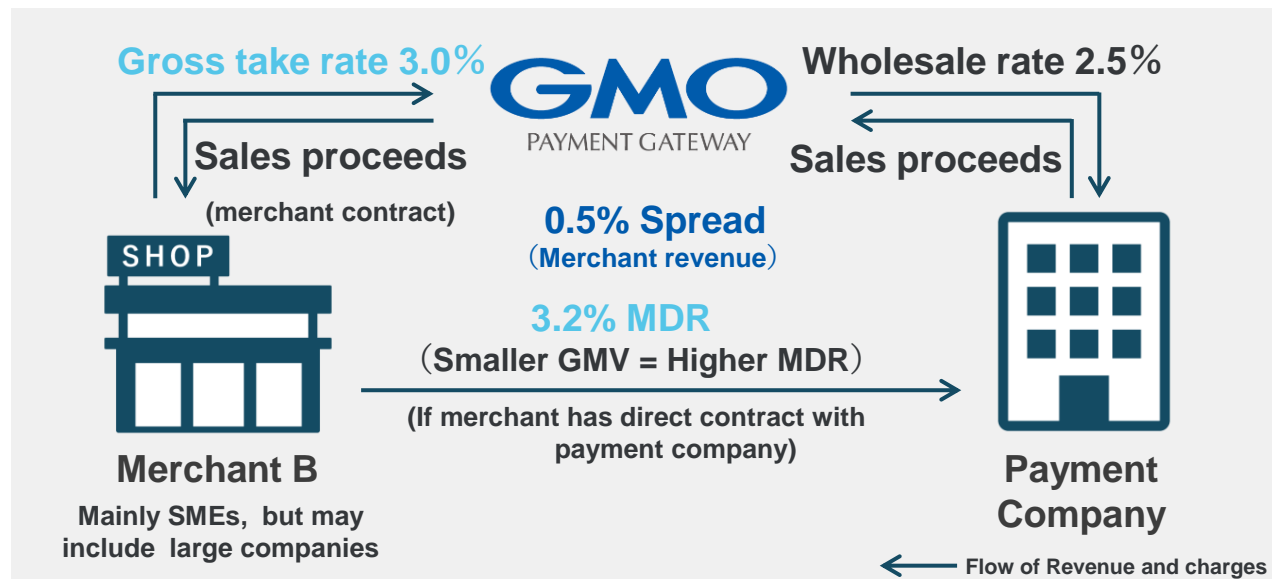


## Revenue type

- 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



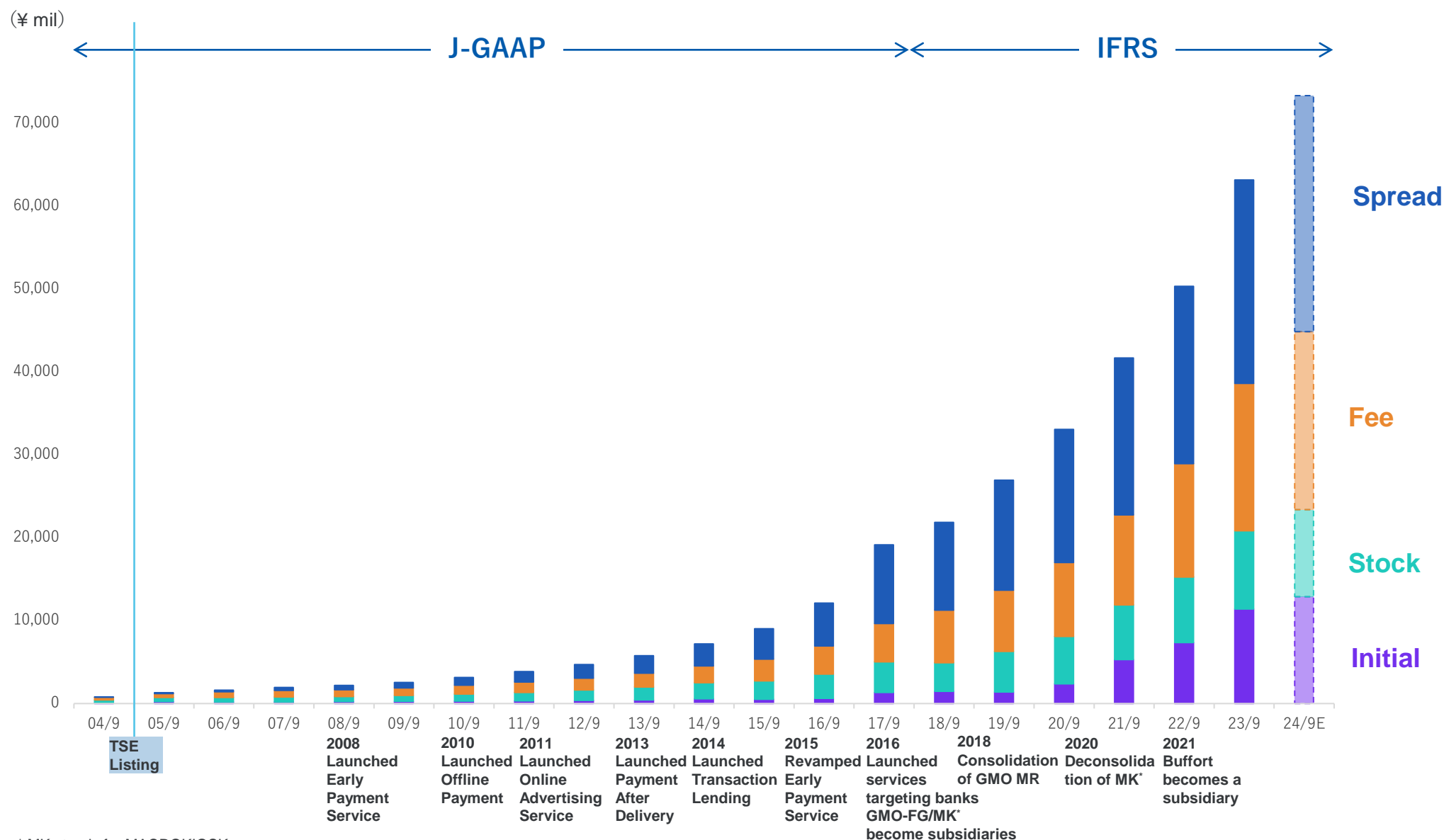
## Revenue type

- ② Stock
- ③ Fee
- ④ Spread  
(In consideration of acquiring the merchant)

\* Figures included are shown for purpose of comprehension only.  
\* This illustration represents the contracts for credit card. GMO Epsilon revenues are stock and spread (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

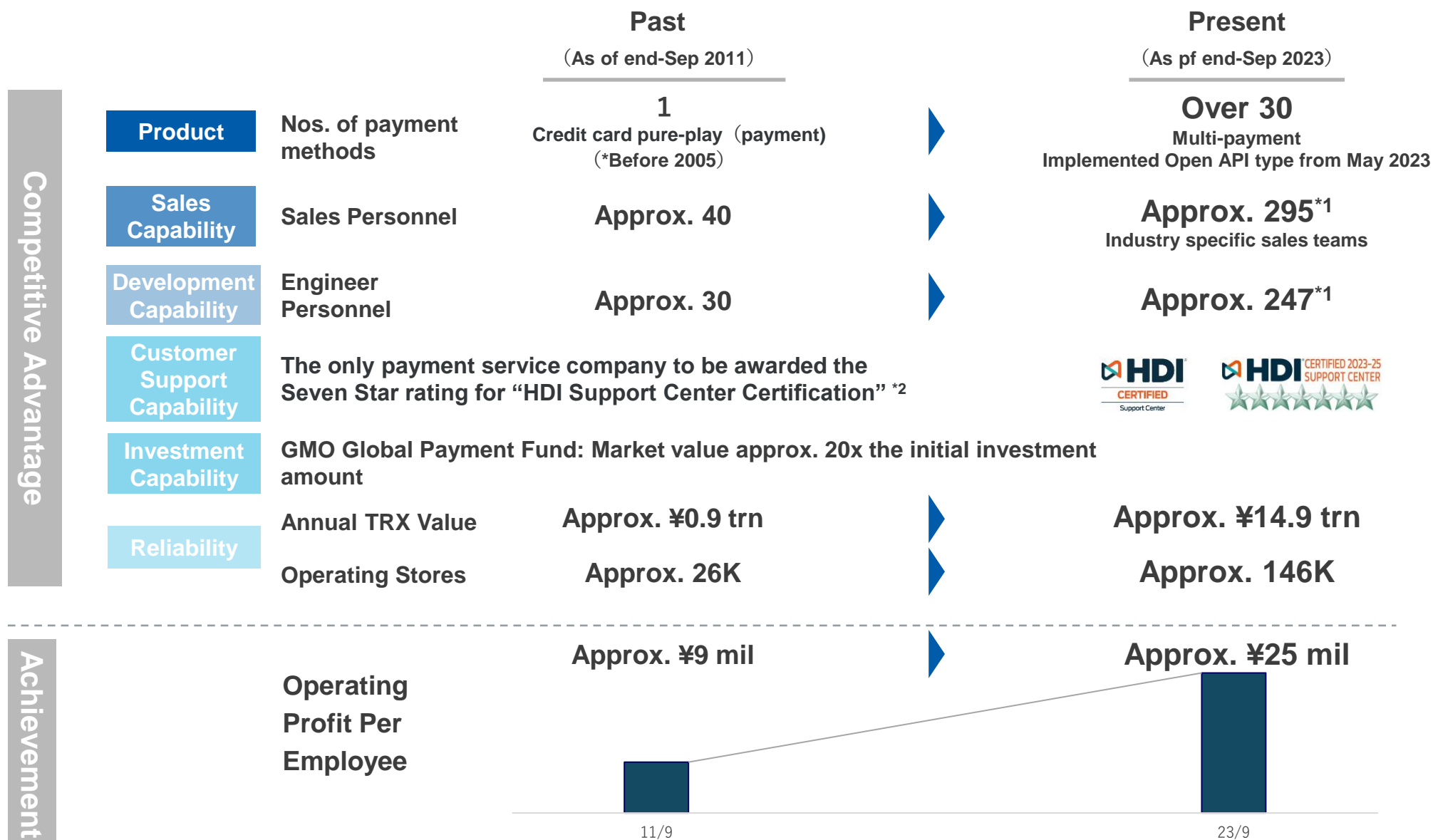
## Reporting in 3 Segments and 4 business models

Business Model		Segment		
Initial (Initial revenue)	Online Payment*	Payment Processing Business	Online Payment* / fincode byGMO	
	Offline Payment		Offline Payment	
SSL Service	Ginko Pay / Processing / GCP*			
	System Development			
Stock (Fixed revenue)	Online Payment	Money Service Business	GMO Payment After Delivery / GMO B2B Pay On Credit / atokara	
	Offline Payment		Remittance Service / Instant Salary byGMO	
	Ginko Pay / Processing / GCP*		Overseas Lending	
	System Development		Early Payment Service	
	Online advertising service		B2B Factoring	
Medical Kakumei byGMO	Transaction Lending			
Fee (Transaction processing revenue)	Online Payment		Payment Enhancement Business	Online advertising service
	Offline Payment			SSL service
	GMO Payment After Delivery / GMO B2B Pay On Credit / atokara			Delivery service
	Remittance Service / Instant Salary byGMO			Medical Kakumei byGMO
	Delivery service			
	Medical Kakumei byGMO			
Spread (Merchant acquiring service revenue)	Online Payment / fincode byGMO			
	Offline Payment			
	GMO Payment After Delivery / GMO B2B Pay On Credit / atokara			
	Overseas Lending			
	Early Payment Service			
	B2B Factoring			
	Transaction Lending			

\* 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



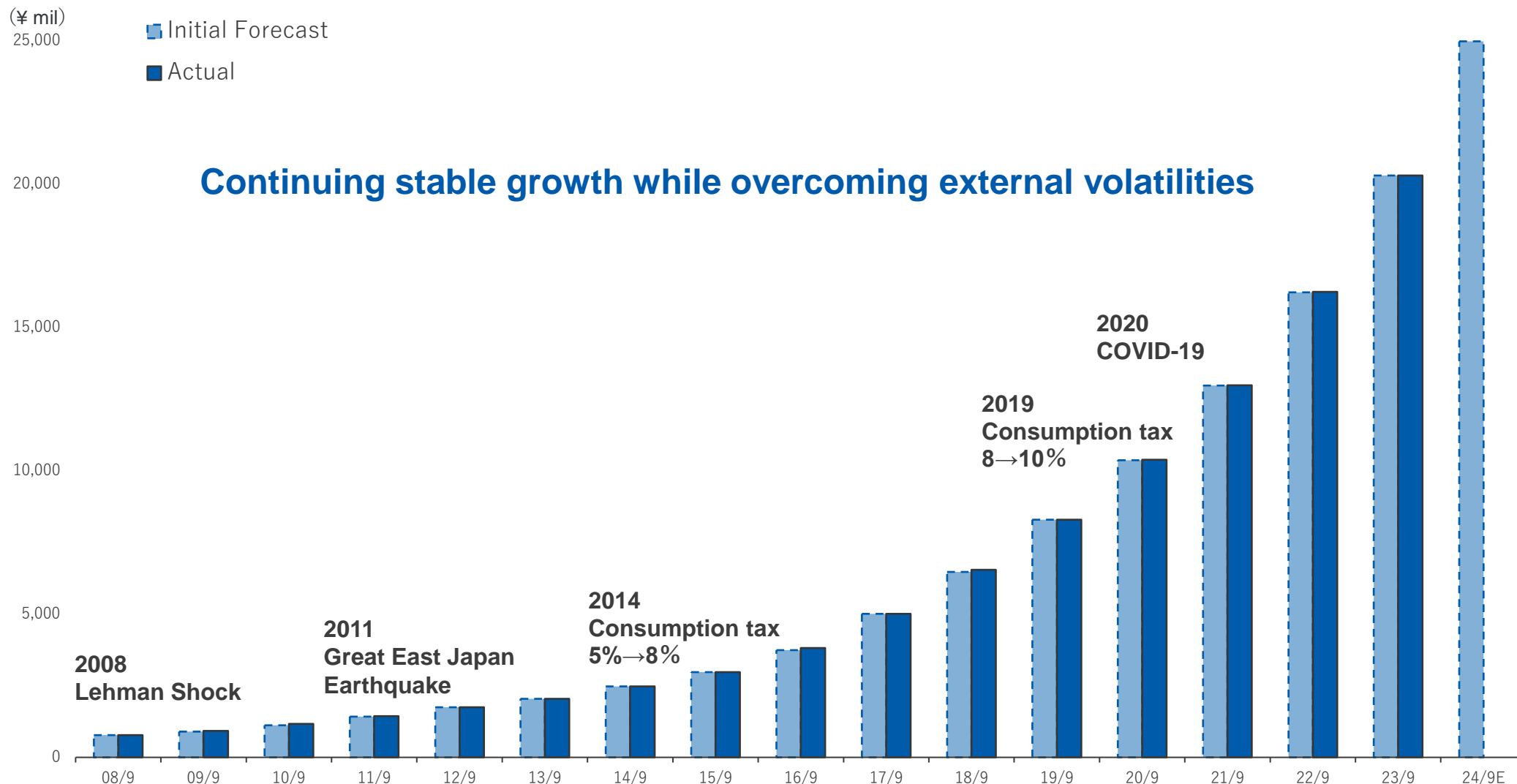
\*1 The standards for calculation have been changed from Q4 FY2023. The number of sales and engineer personnel includes partners of GMO-PG group of consolidated subsidiaries and exclude external collaborators.

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

# 1.13 Continuous Achievement of OP Target

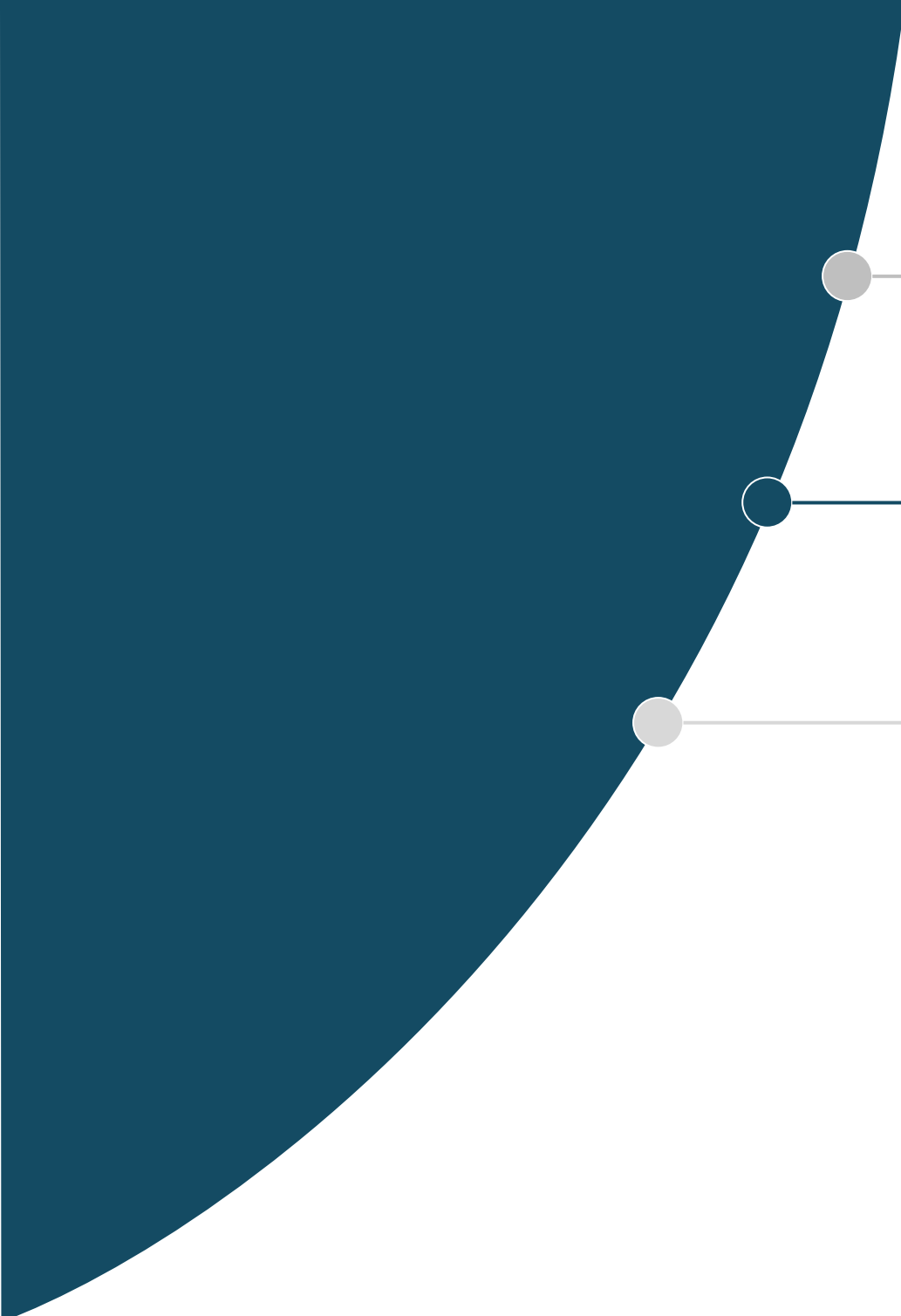
## Earnings targets achieved through a highly visible earnings structure and a disciplined business operation

### 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.





**1 Business Overview** p.4



**2 Focus Areas** p.18

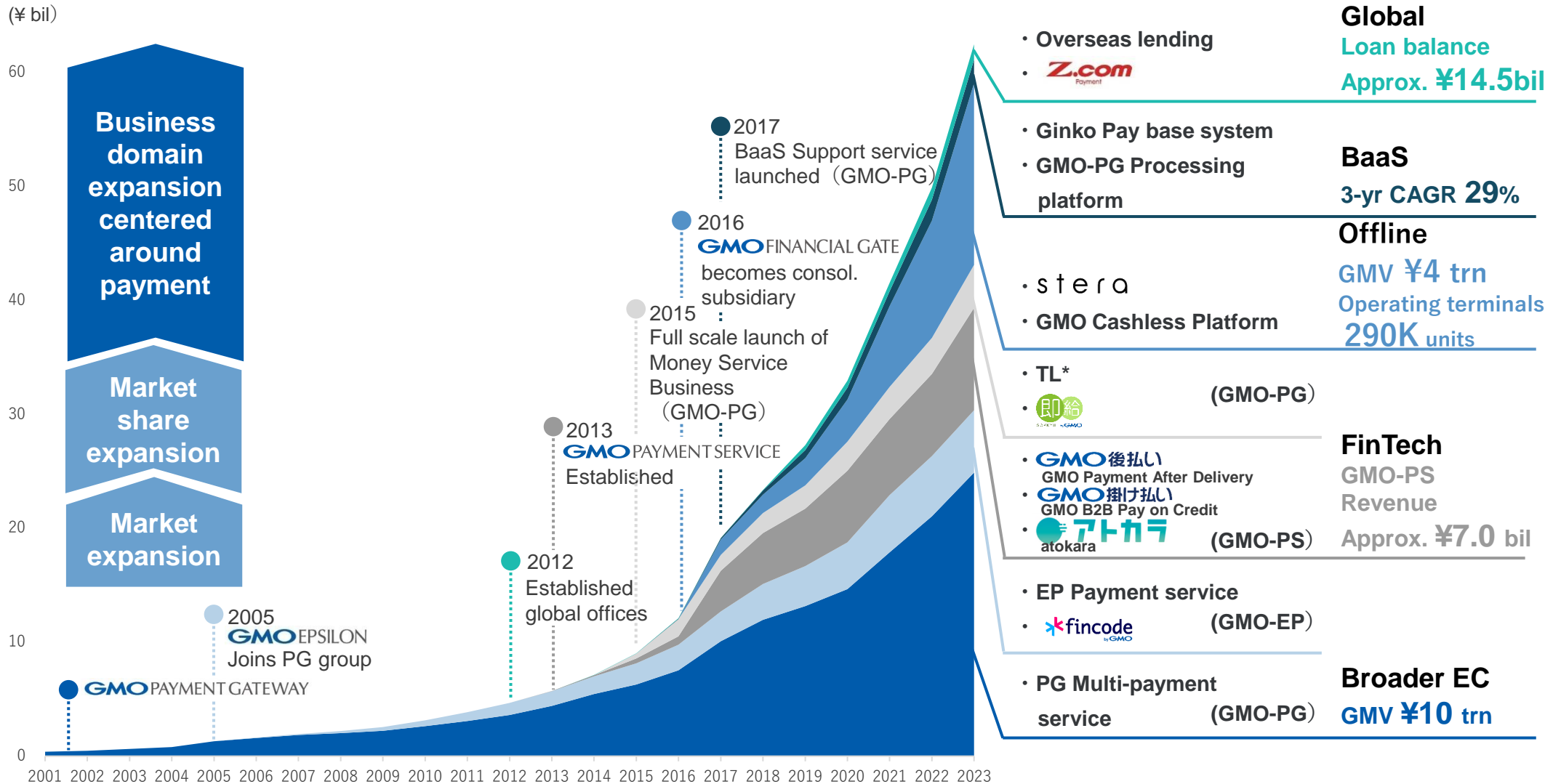


**3 Reference Materials** p.46

# 2.1 Focus Markets

## Sustain high growth from expanding revenues in existing services and entering new domains

### The five focus areas



\* TL refers to transaction lending, figures are before consolidated eliminations.



## 2.2 Medium target and Basic policy

# Target OP CAGR of 25% after strengthening business foundations

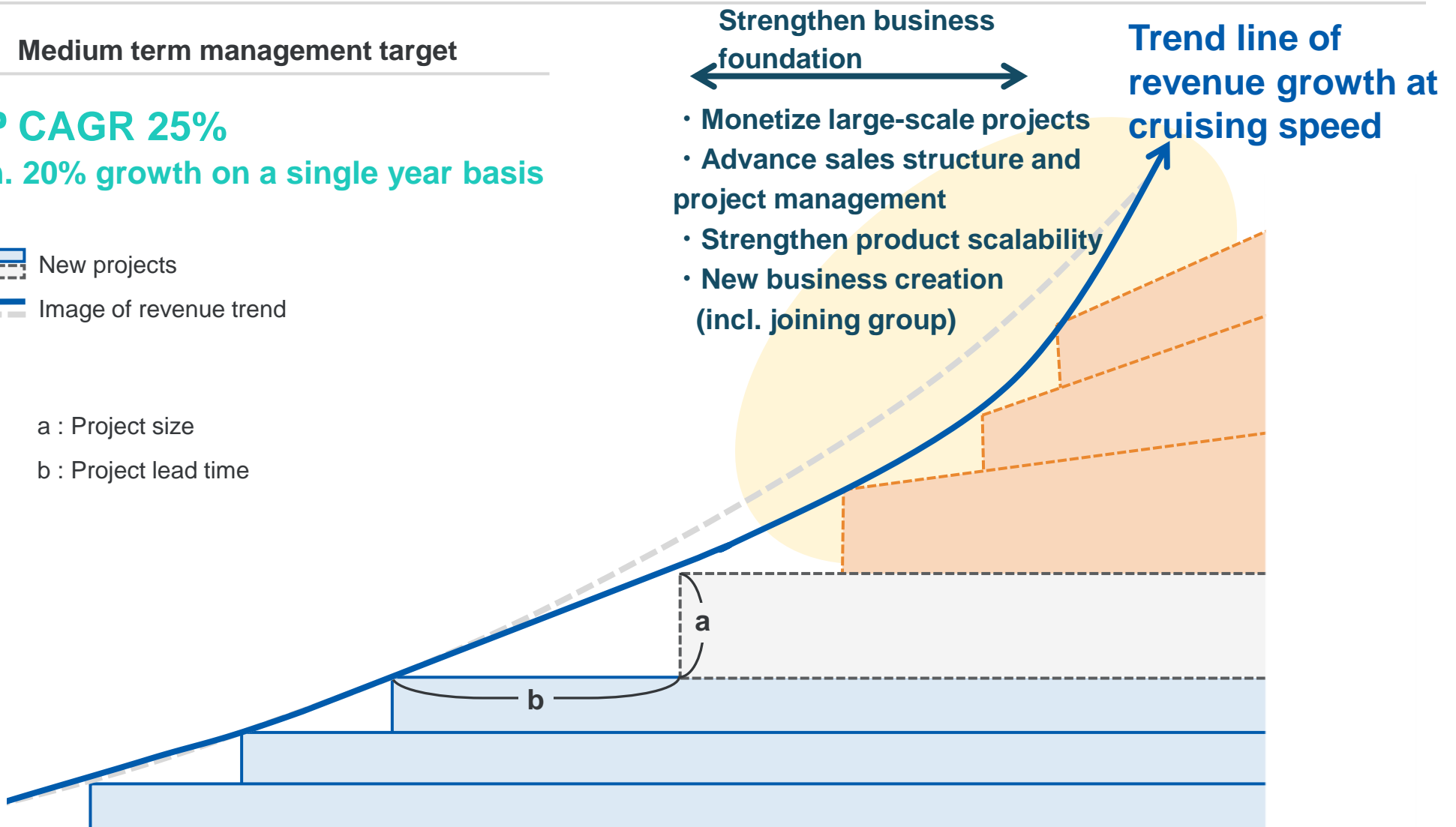
Image of revenue trend and basic policy

Medium term management target

**OP CAGR 25%**  
**Min. 20% growth on a single year basis**

 New projects  
 Image of revenue trend

a : Project size  
b : Project lead time

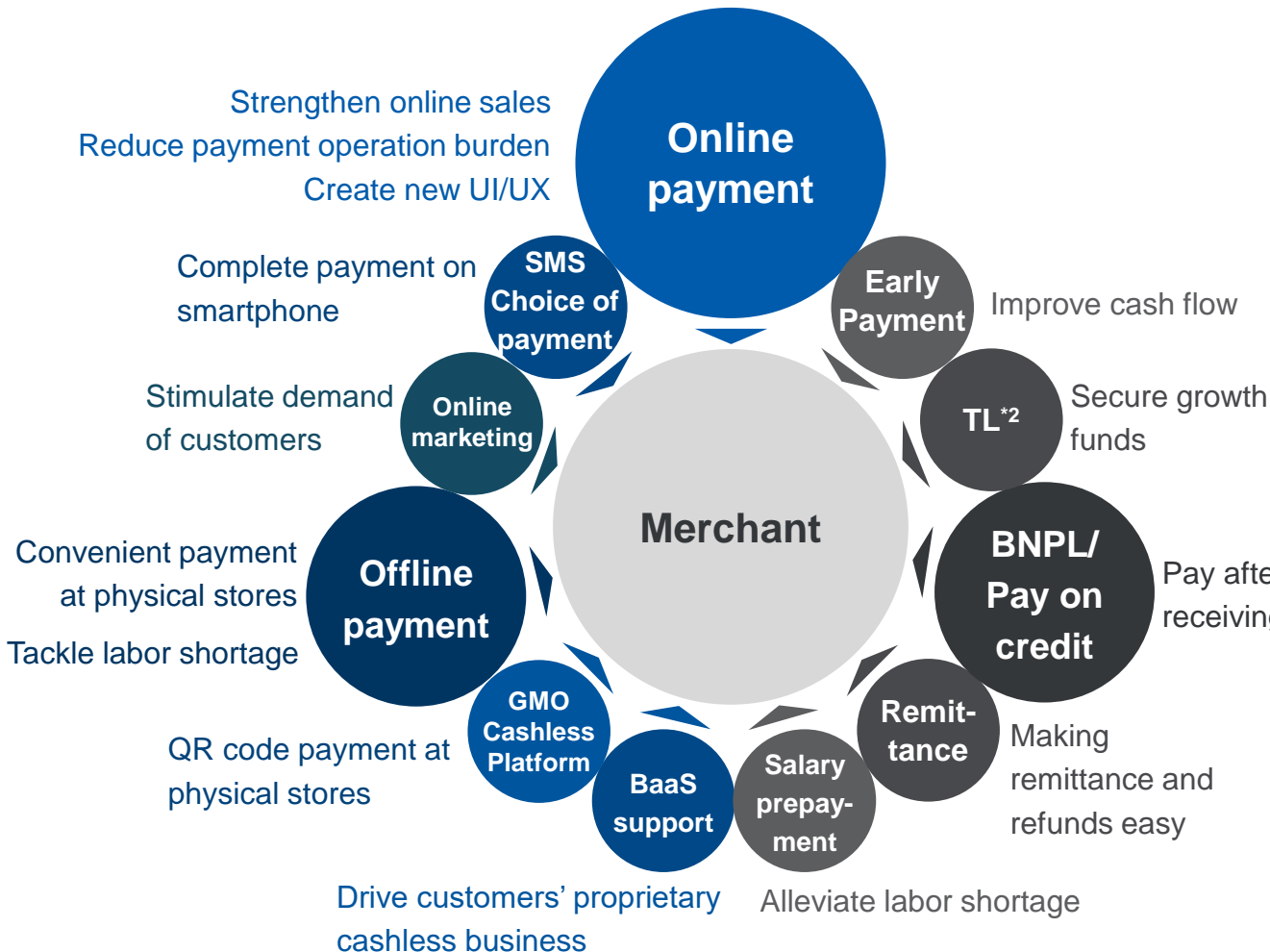


Extracted from Financial Results Briefing for FY2023 on November 14, 2023.

## 2.3 Re-bundling\*1

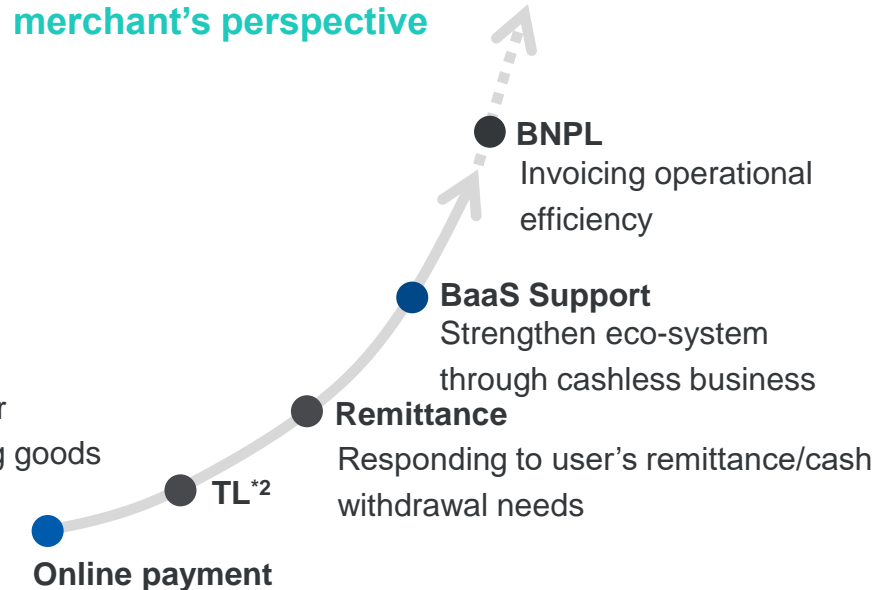
# One-stop support of merchant's growth through product scalability (resulting in enlarging project size)

Value proposition to merchants/users: examples of products offered



### Examples of supporting merchant's growth

“Re-bundling\*1” payment function from the merchant's perspective



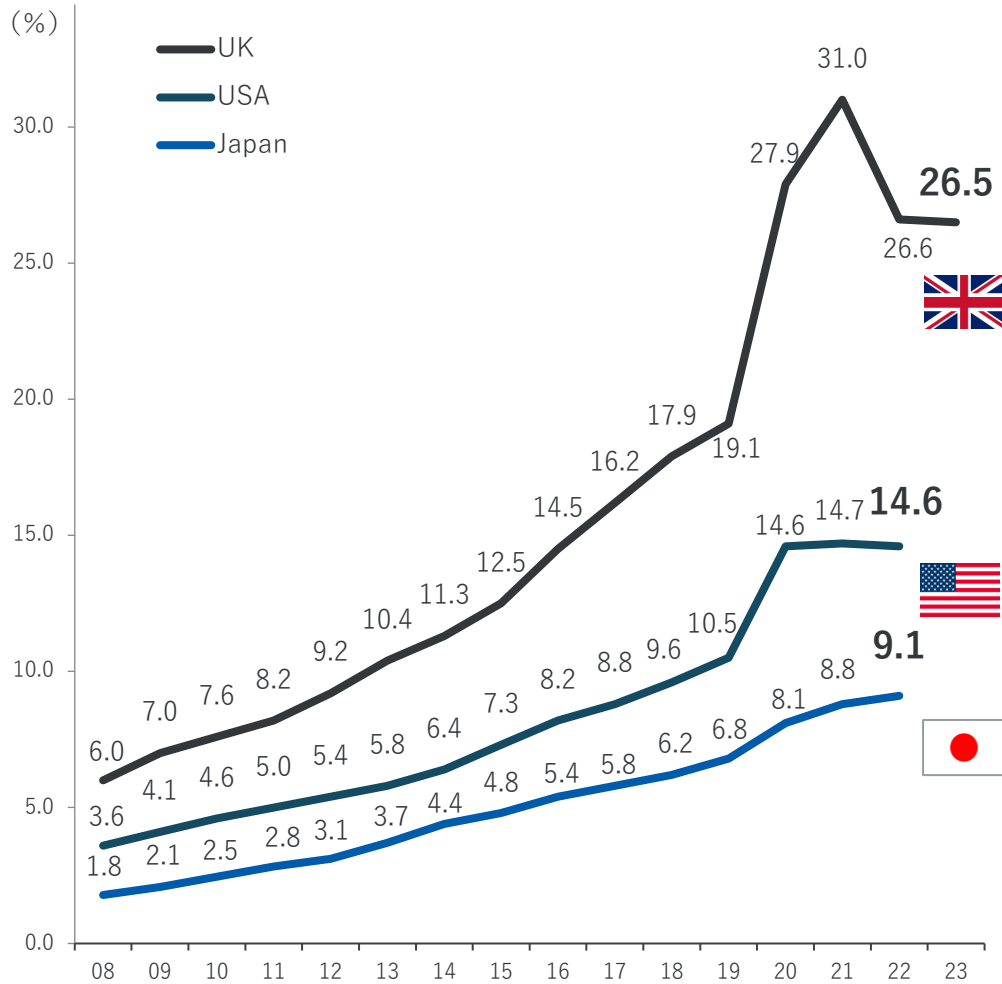
Building track record with regional banks, restaurant chains, apparel, utility, high-growth start-ups, etc.

\*1 Re-bundling refers to the unbundling of each function of financial services and recombining (re-bundling) it according to the user's perspective. \*2 TL stands for transaction lending.

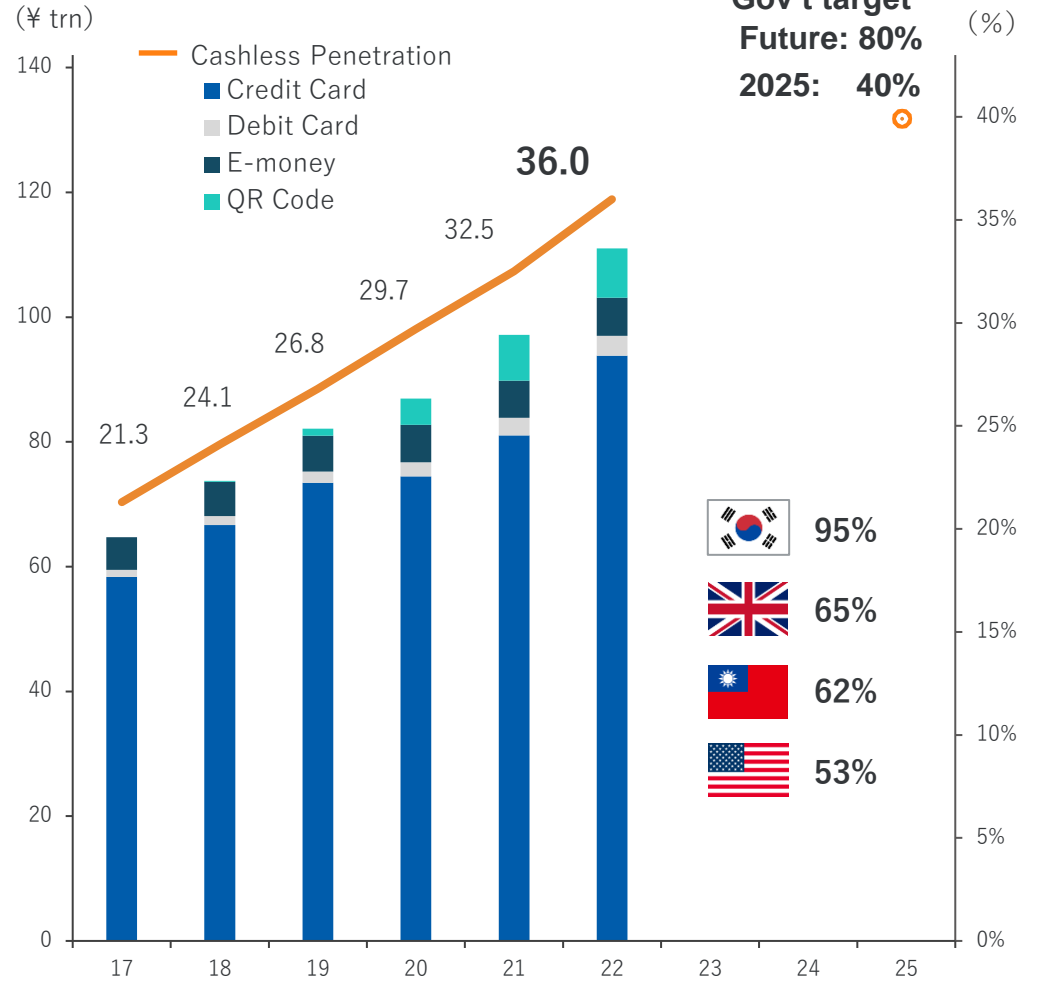
# 2.4.1 Narrowly-defined EC: B2C EC Market

## 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



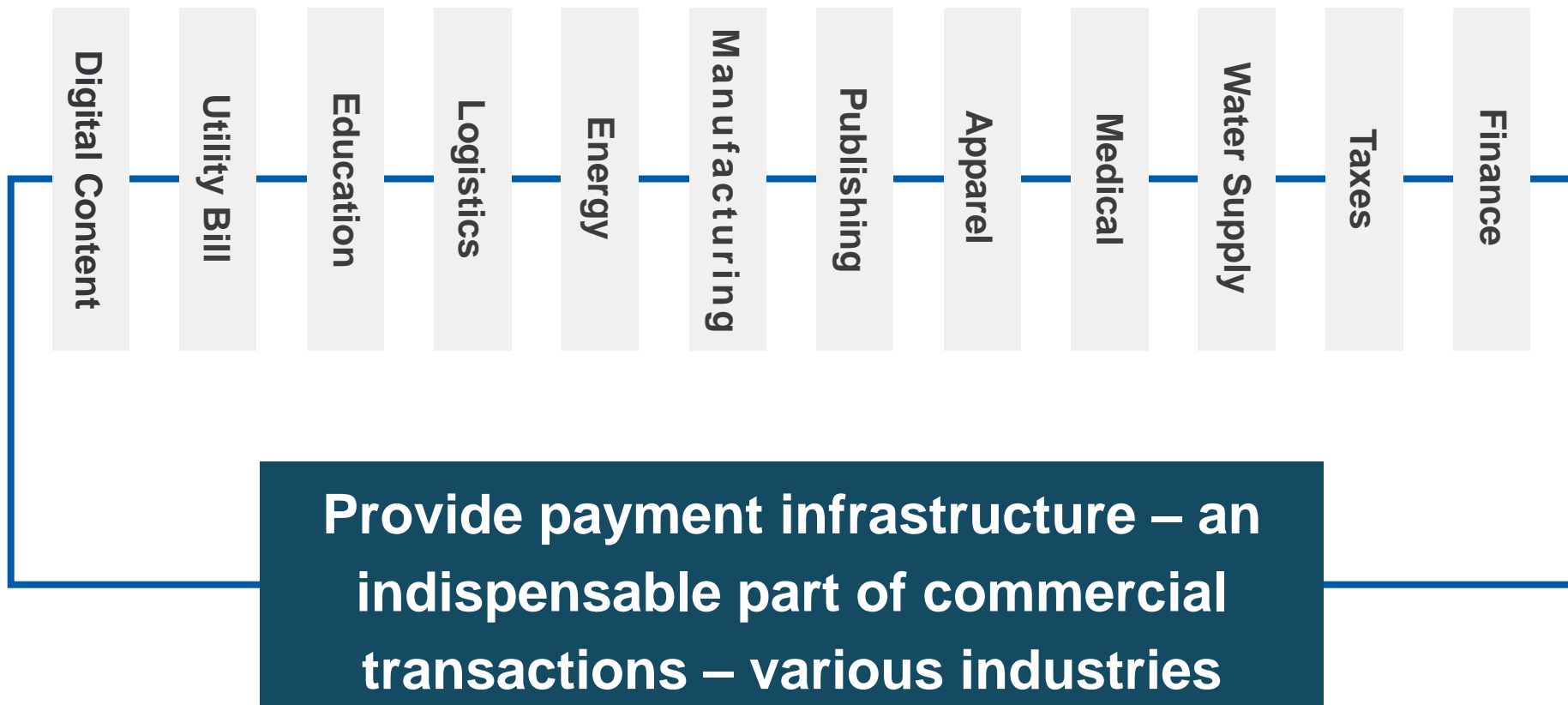
\*1 METI "FY2022 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)", U.S. Bureau of the Census "The 3rd Quarter 2023 Retail E-Commerce Sales Report", U.K. Office for National Statistics "Retail Sales Index internet sales, January 2024"

\*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 Japan, South Korea, UK and USA are excerpts from Payments Association Japan's "Cashless Roadmap 2023." Figures for Taiwan are from National Development Council and figures. Actual figures for Taiwan are up to 2019, 2021 for South Korea, UK and USA and, 2022 for Japan.

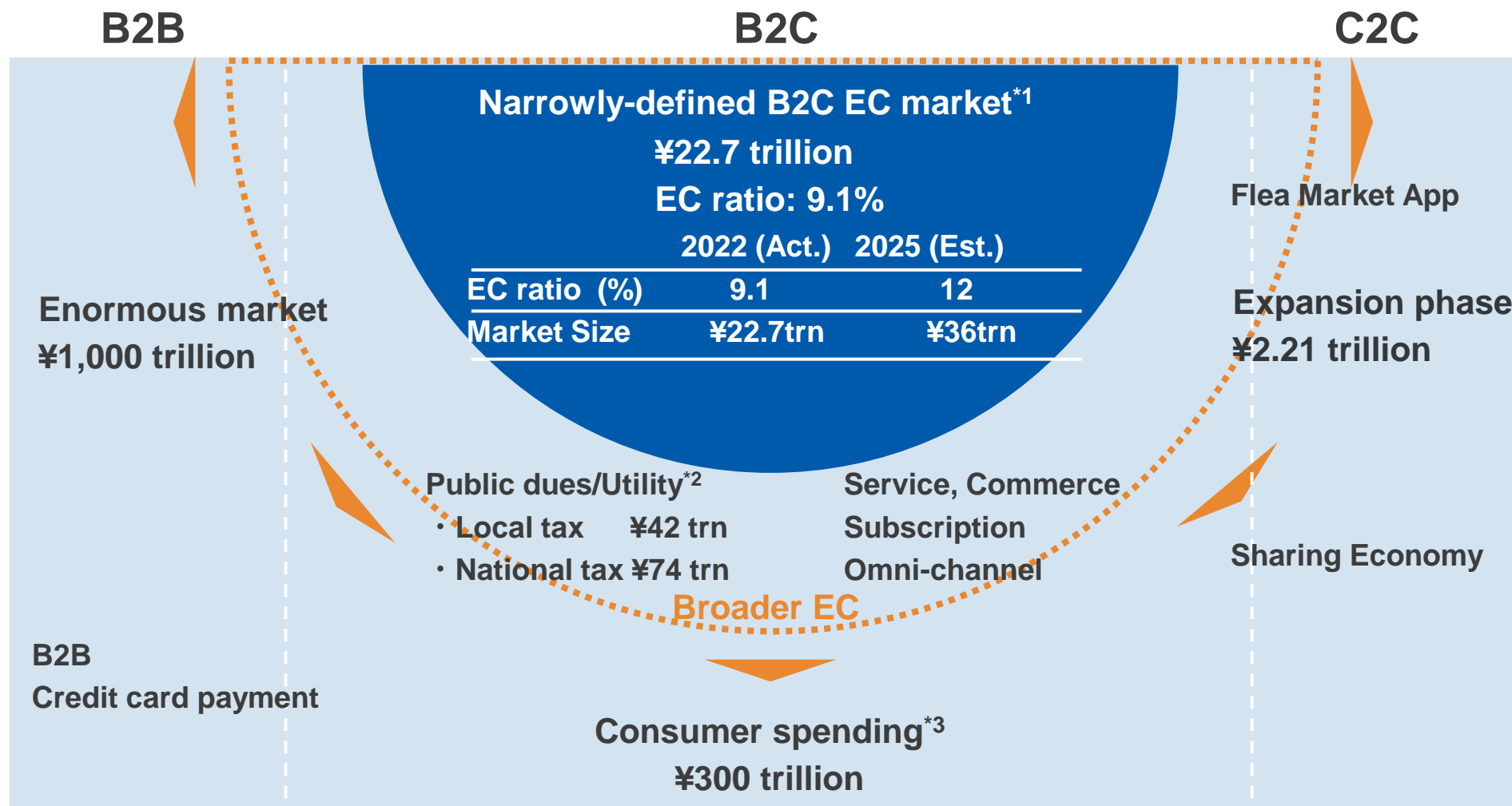
## 2.4.2 Characteristic of Payment Business: Cross-Industry

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



## 2.5.1 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 "FY2022 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 (FY2023 Budget and Local Government Finance Plan)"

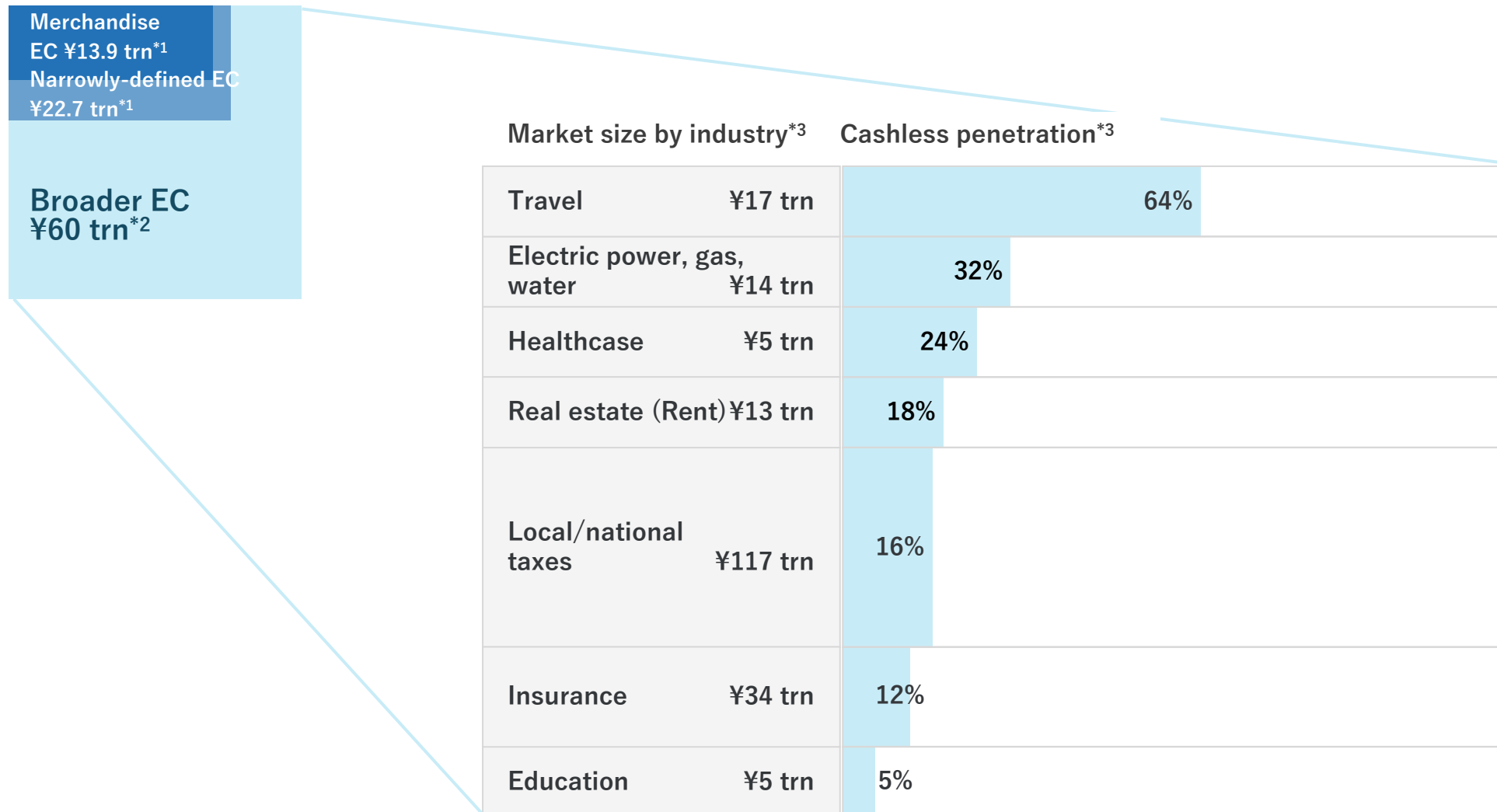
\*3 Cabinet Office "National Accounts (GDP statistics)"

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

## 2.5.2 Broader EC: Target Markets

# Address each vertical in the vast white space

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



\*1 METI 's " FY2022 E-Commerce Market Survey." The narrowly-defined EC includes merchandise EC and some services and digital content.

\*2 Figures are estimates of GMO-PG which presents the sum of the B2C EC market and the cashless market size of the target markets. \*3 Based on GMO-PG estimate.



## 2.5.3 Broader EC: Taxes/Public Dues and Utility Bills

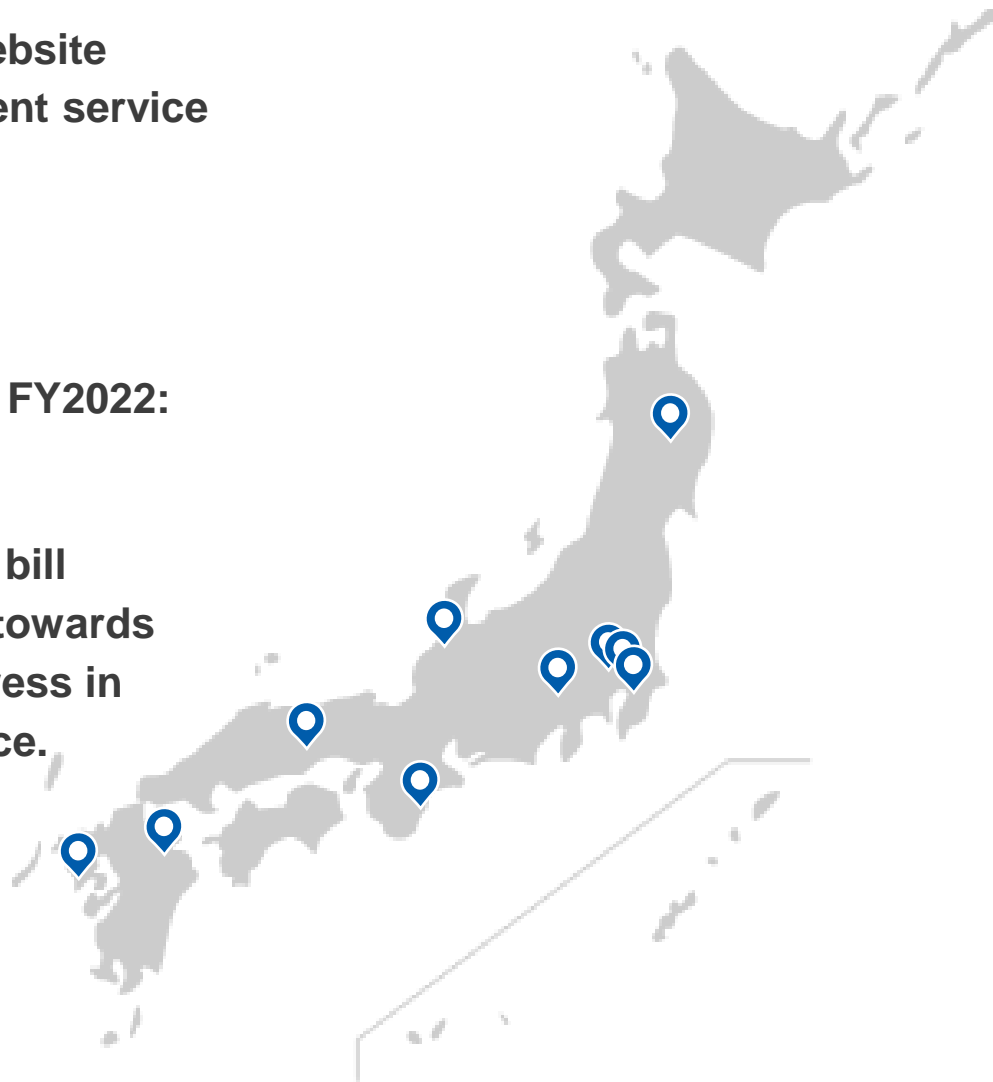
Entered into the public dues/taxes sector in 2006 when Local Autonomy Law was amendment; pioneered credit card payments in this sector

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

**NHK** Broadcasting subscription fee  
Credit card usage rate at the end of FY2022:  
18.6% (Up + 0.5% 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.

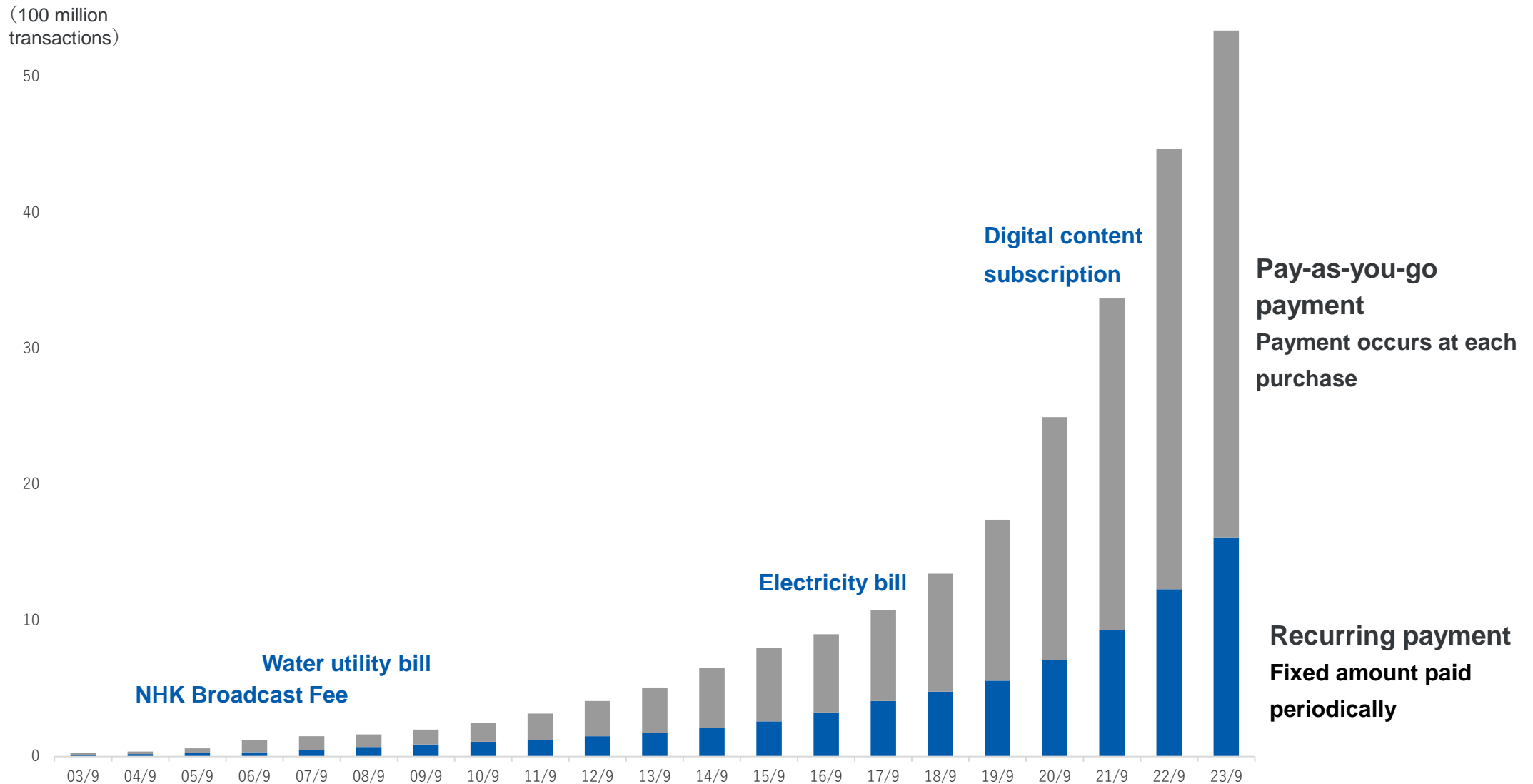
Expansion expected to continue:  
maintenance fee, cram school tuition fee  
parking fee, school meal charge, etc.



\* Japan Broadcasting Corporation "Business Report for FY2022"

## 2.5.4 Broader EC: Transaction Volume\*

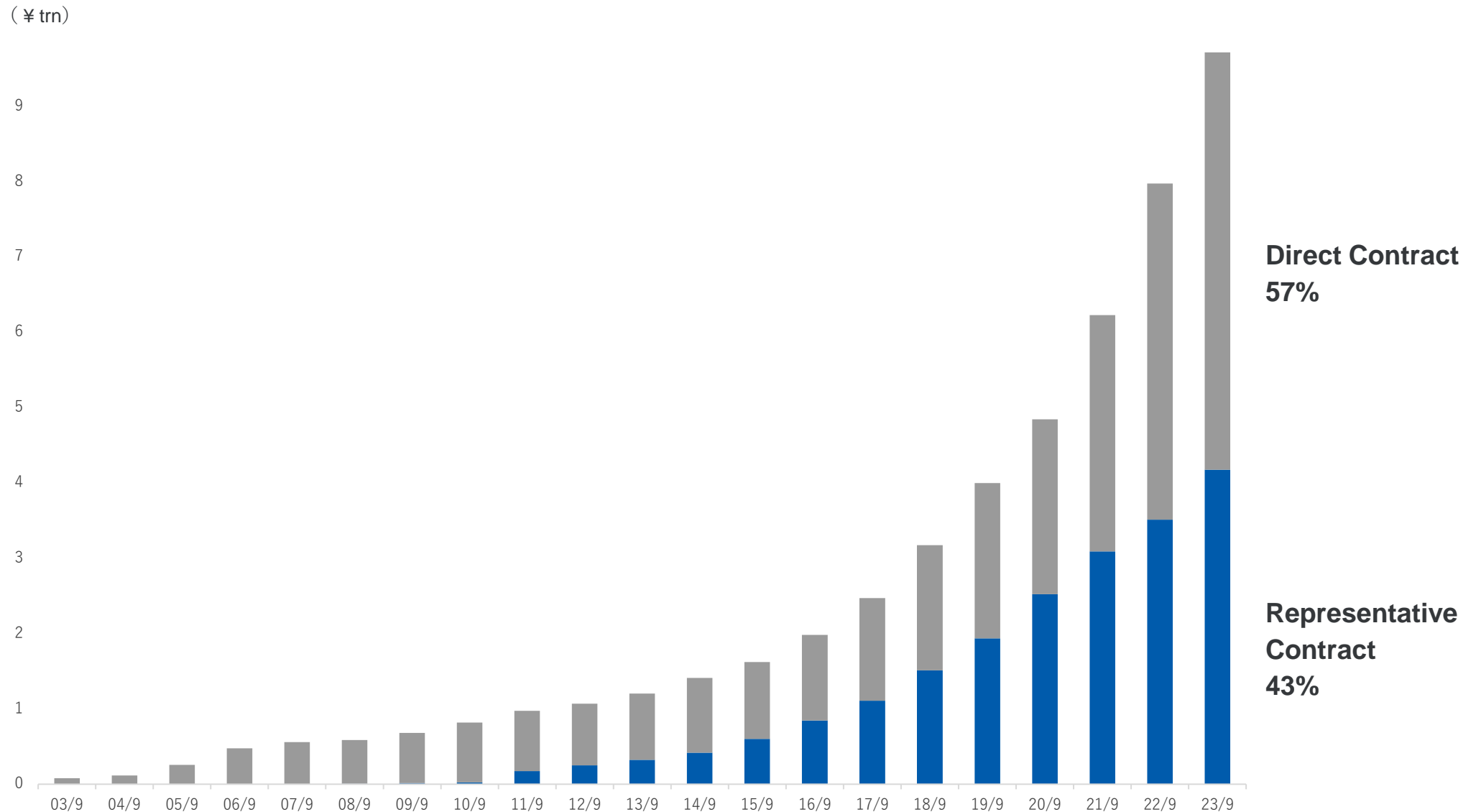
### Stable growth by capturing pay-as-you-go and recurring payment



\* TRX volume is calculated based on fee revenue standards, which in the case of online consist of multiple (1 to 3) transactions per payment which includes authorization and actual proceed amount, and one transaction per payment in the case of offline.

## 2.5.5 Broader EC: Transaction Value

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



## 2.6.1 FinTech: Money Service Business

### Money Service Business that contributes to expanding payments

	Service	Related assets	Business Model
<ul style="list-style-type: none"> <li>✓ <b>GMO Payment After Delivery</b></li> <li><b>GMO B2B Pay On Credit atokara</b></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>✓ <b>Early Payment service</b></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>✓ <b>Overseas Lending Transaction Lending</b></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>✓ <b>B2B Factoring</b></li> </ul>	Early cash conversion of accounts receivable	Accrued revenues	<ul style="list-style-type: none"> <li>④ Spread</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Remittance service</b></li> </ul>	Efficient and secure refund and remittance processing	N/A	<ul style="list-style-type: none"> <li>③ Fee</li> </ul>
<ul style="list-style-type: none"> <li>✓ <b>Instant Salary byGMO</b></li> </ul>	Receive salary at preferred timing	n/a (deposit-type) Advances paid (reimbursement-type)	<ul style="list-style-type: none"> <li>③ Fee</li> </ul>

## 2.6.2 FinTech: Japan's BNPL market

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

### BNPL needs in Japan



Consumer

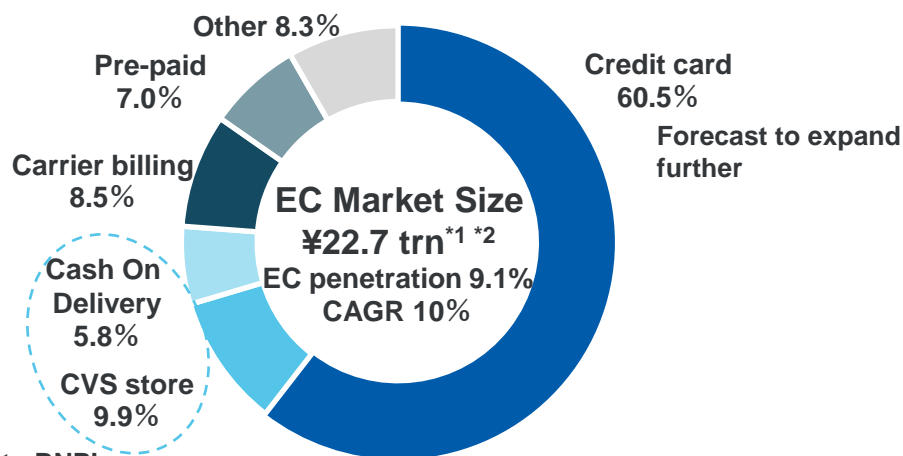
- Receiving goods before payment
- Cash payment
- Manage and control spending
- No face time with delivery person



Merchant

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

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



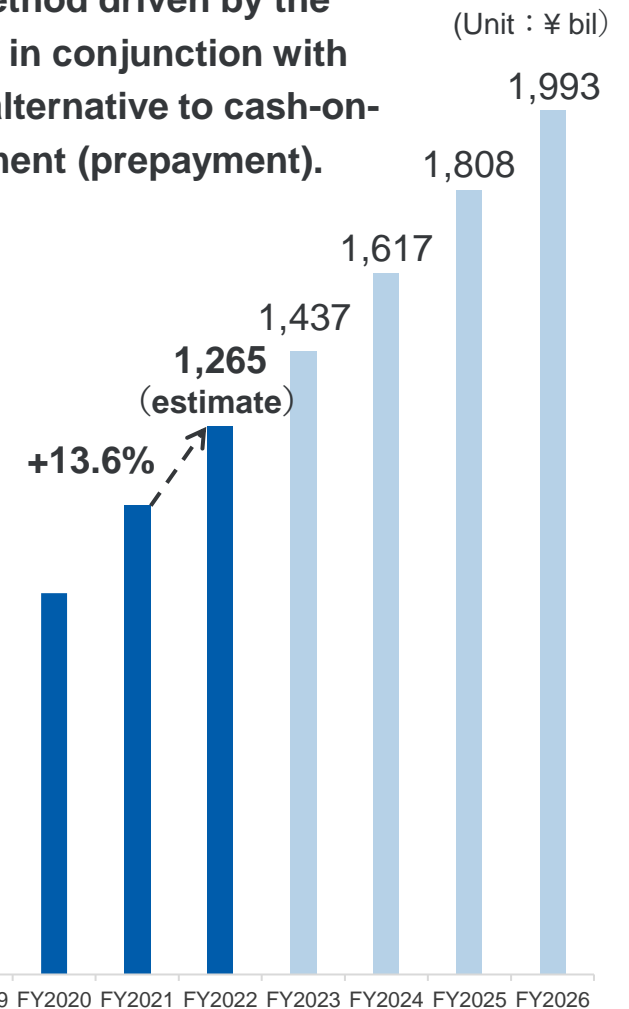
Migrate to BNPL

\*1 METI "FY2022 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 2023" \*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.

### 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).



## 2.6.3 FinTech : New BNPL service “atokara”

# Enabling a convenient and flexible payment that is usable in wide range of shopping scenes

### Outline of service

- Developed by SMCC, GMO-PG and, GMO-PS
- Payment made with only mobile phone number and email address
- Fully web-based from usage to billing
  - ↳ Usable for services such as travel/education
- Provides both case-by-case credit (non-membership type) and membership registration type
  - ↳ Covers wide price range of industries
  - ↳ Usable at stera terminal installed at offline stores



Press meeting held on February 6, 2024

### Transaction flow (membership registration type/offline)



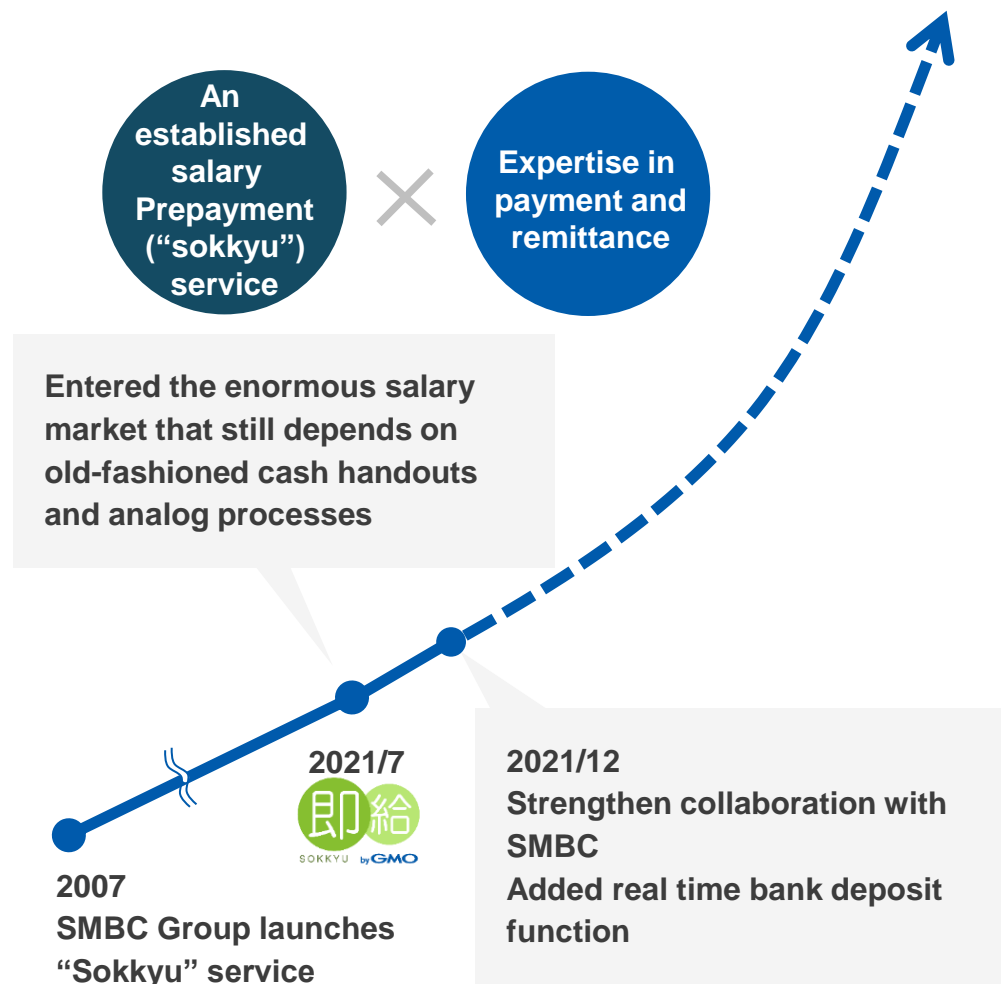
# 2.6.4 FinTech: Instant Salary byGMO (salary prepayment service)

To be the de facto digital and seamless service provider in the ¥231 trillion salary market

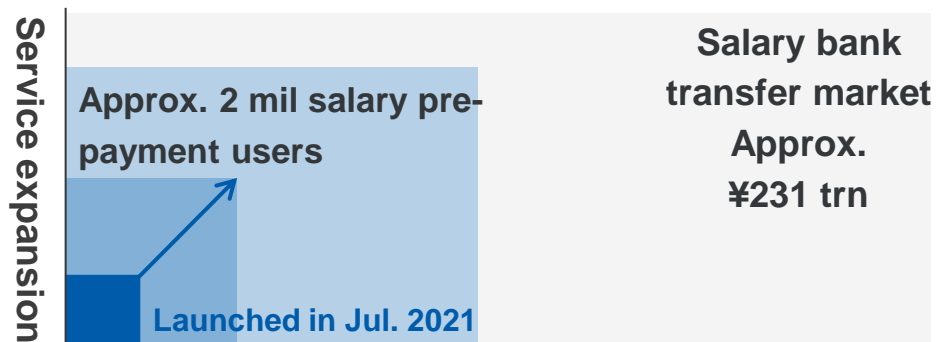
## Collaboration with SMFG



## Growth Trend (image)



## Target Market



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

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

## 2.6.5 FinTech : Instant Salary byGMO (salary prepayment service)

### Receive salary for the amount of work completed at the preferred timing

#### Outline of service

- Receive salary instantly at the preferred timing for amount of work completed
- Money delivered immediately after usage registration, even on weekends
- One week to implementation at the earliest

#### Value proposition



Support the employee's sound financial management

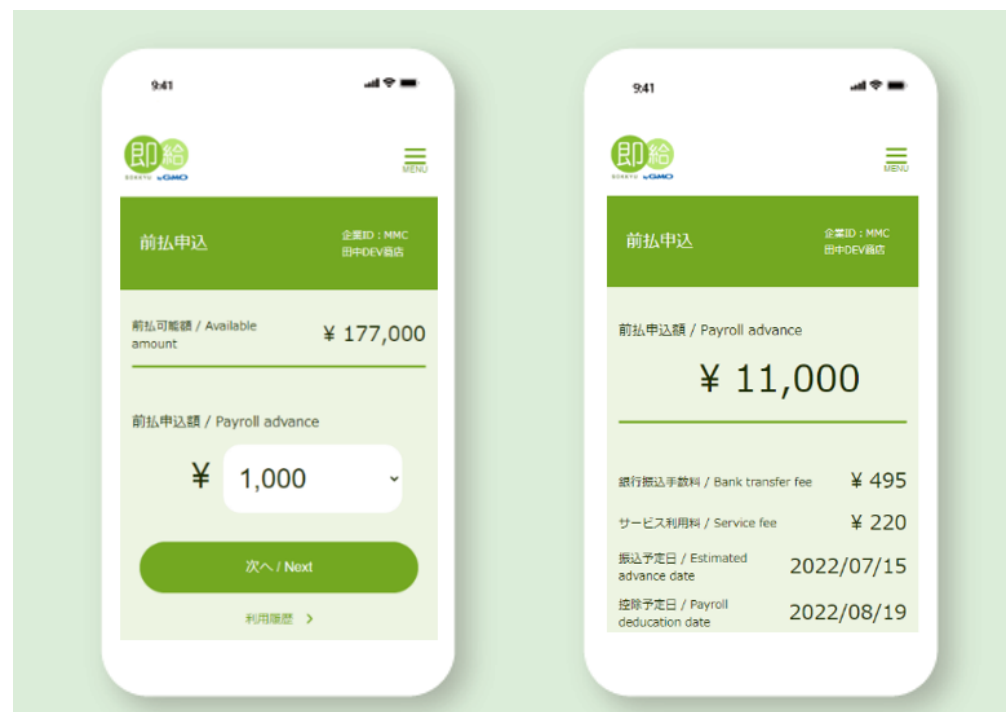


Improve employee satisfaction and strengthen recruitment



Reduce tasks by digitalizing salary prepayment

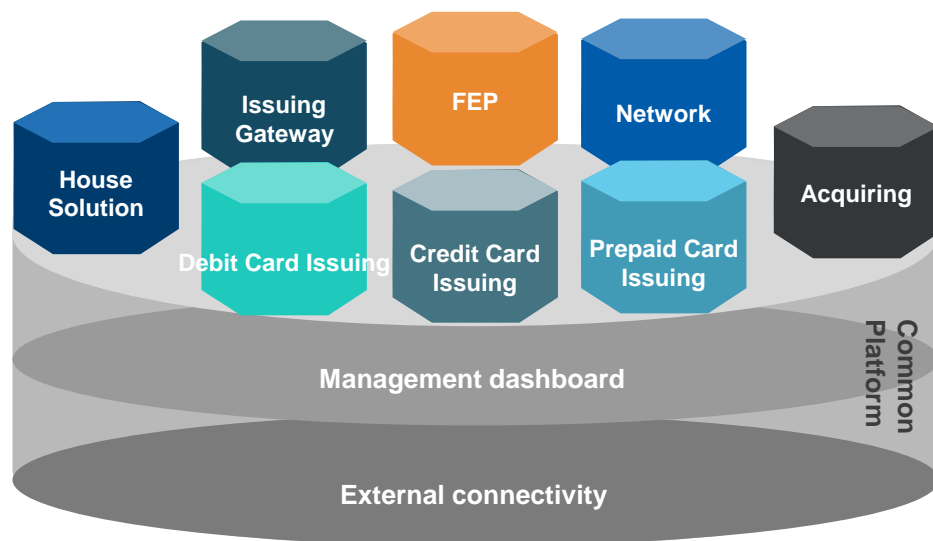
#### Display screen of service (employee's view)





# 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

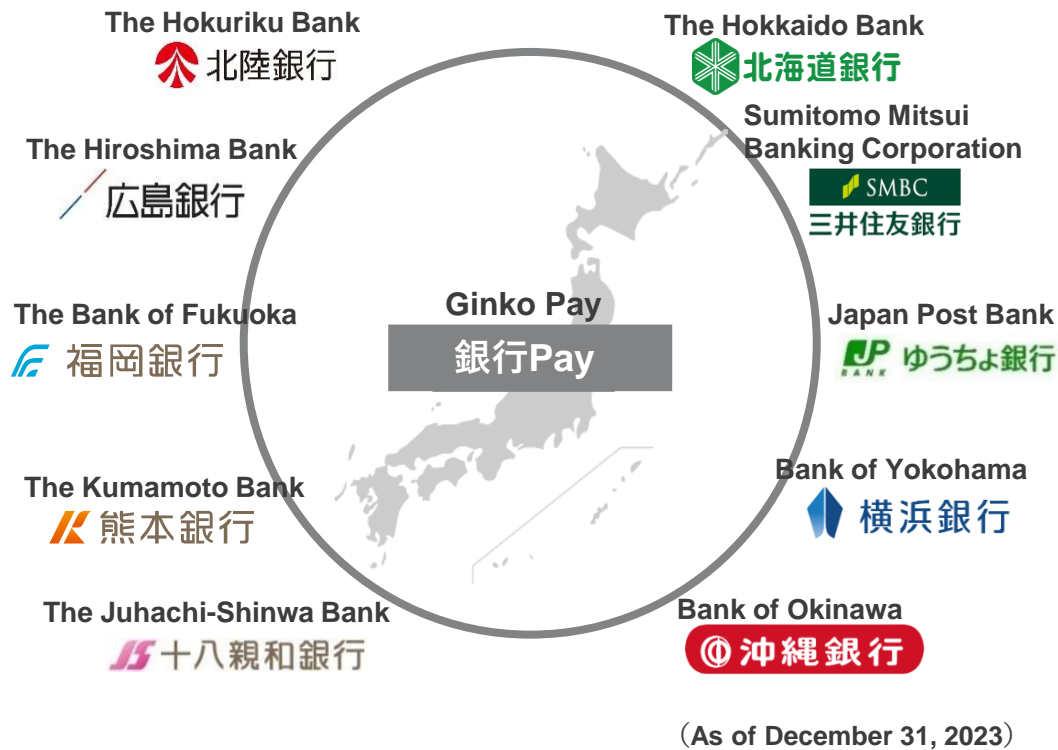
\* The four companies refers to Hyundai Card Co., Ltd., Bankware Global Co., Ltd., EXA CORPORATION, GMO Payment Gateway, Inc.  
FEP stands for Front End Processor and refers to the system required for a credit card company to connect/access an external network.

## 2.7.2 BaaS/IoT

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

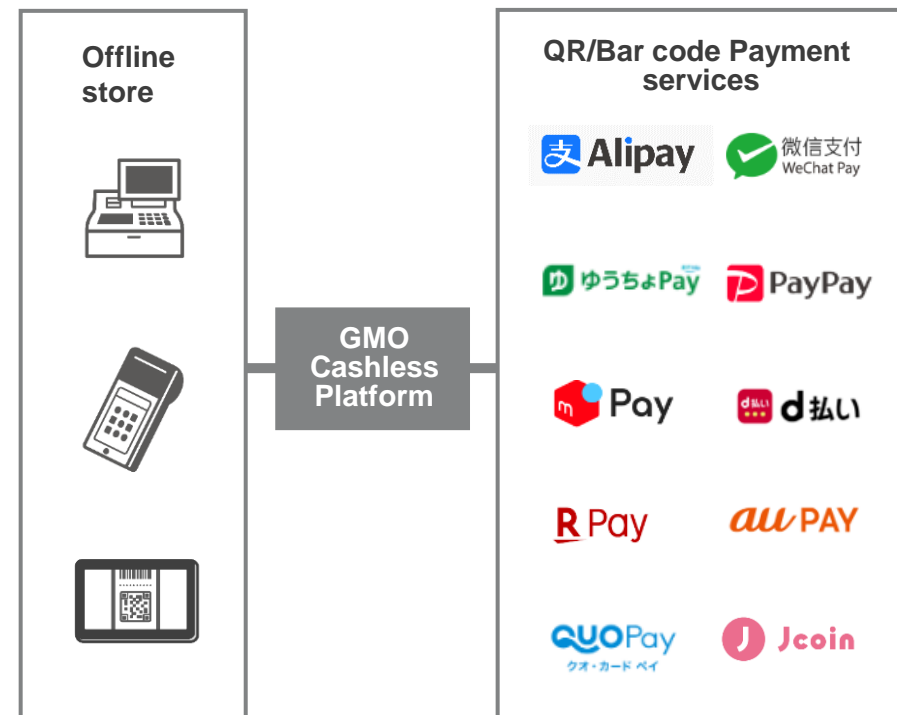
#### Ginko Pay

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



#### 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.



## 2.8 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 arising from diversifying payment method and government promotion measures

Mobile terminal



Embedded-type EMV\* terminal



#### [stera]

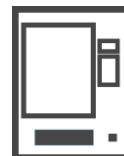
Rollout of a new payment platform to provide a one-stop service that handles variety of payment methods.



\* 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



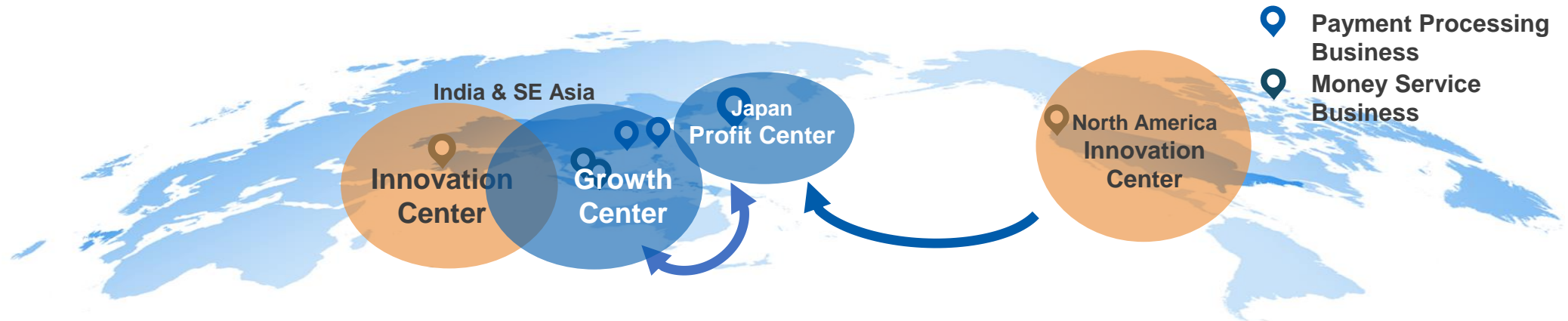
Capsule toy machine



# 2.9.1 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	
	Mobilikwik, Razorpay, Bureau, greytHR	SATYA, slice, LENDINGKART, klub, GRO
	finAccel, CODA	finAccel, investree, CROWDE *2
	APPOTA	
	taulia *2, PayNearMe	DRIPic, flex.*2, reali*2, beatBread, Vero

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

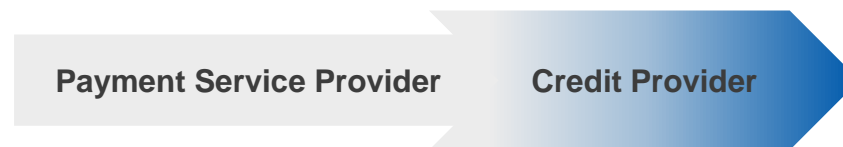
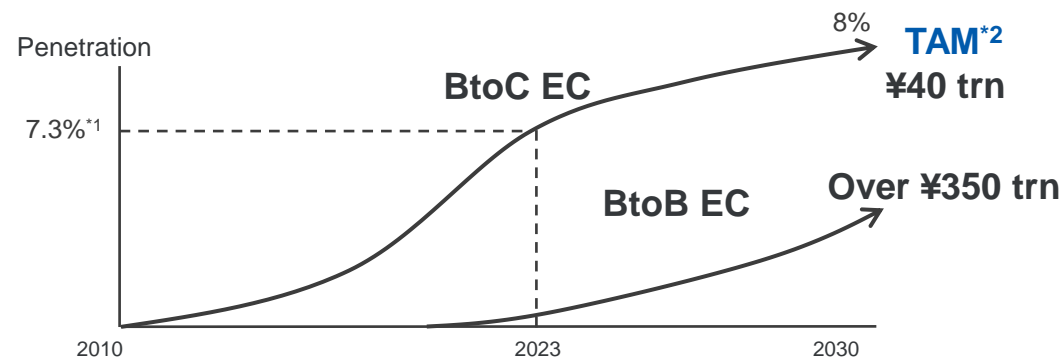
## 2.9.2 Global: The 20-year track record of overseas investment strategy

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

### Major overseas investment and loan portfolio



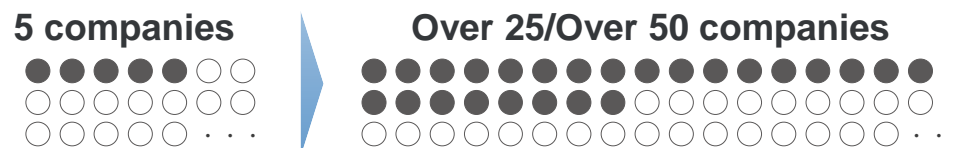
### Market expansion of SE Asia & India



### 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 B2C/B2B EC market penetration rates for US/Japan

## 2.9.3 Global : Minority Investment in PayNearMe

### Drive investment strategy to huge U.S. Payment market



#### Investment Rationale

- Obtaining insights into integrated payment solution
- Creating synergy
- Driving investment in U.S. payment area

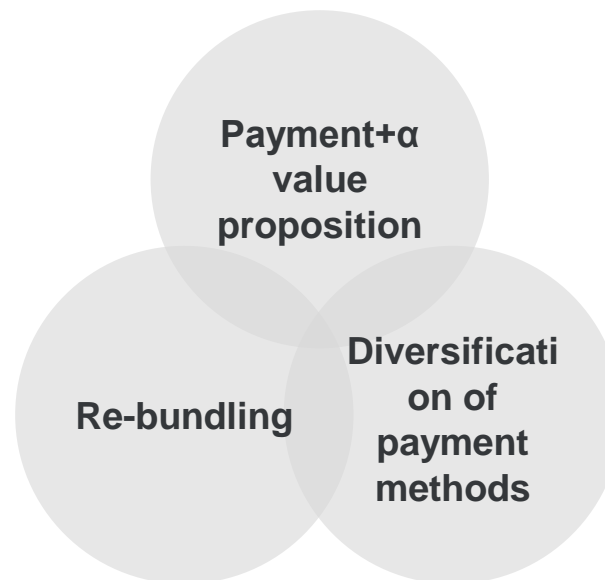
#### Our Mid-term Global Strategy

- Leverage FinTech expertise
- Establishment of overseas payment business
- Additional investment into some of existing investees

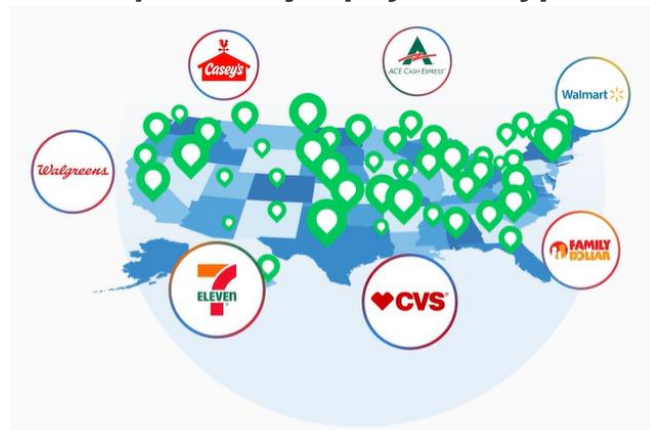
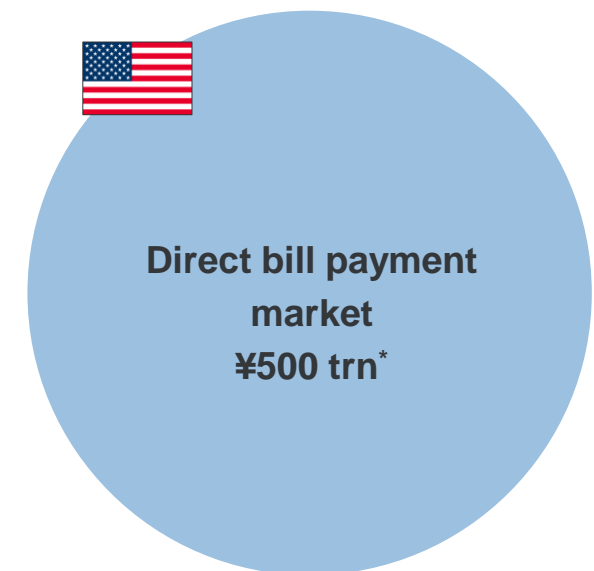
#### Company Highlights

- Single system to collect, disburse and manage payments
- The most convenient cash payment network across U.S.
- Accept all major payment types

#### Strong Affinity with GMO-PG



#### Market Potential

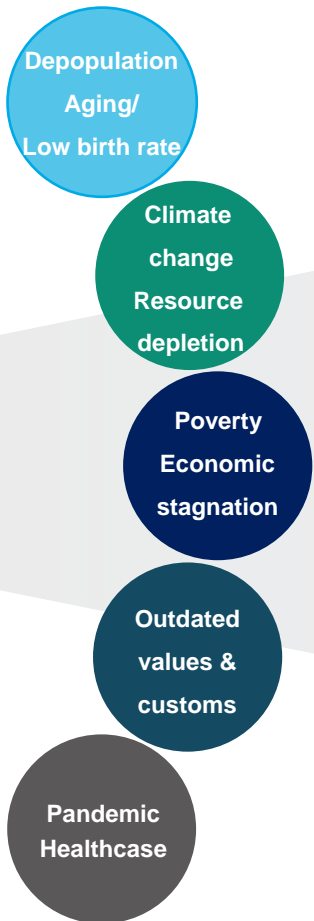


\* Based on PayNearMe estimate

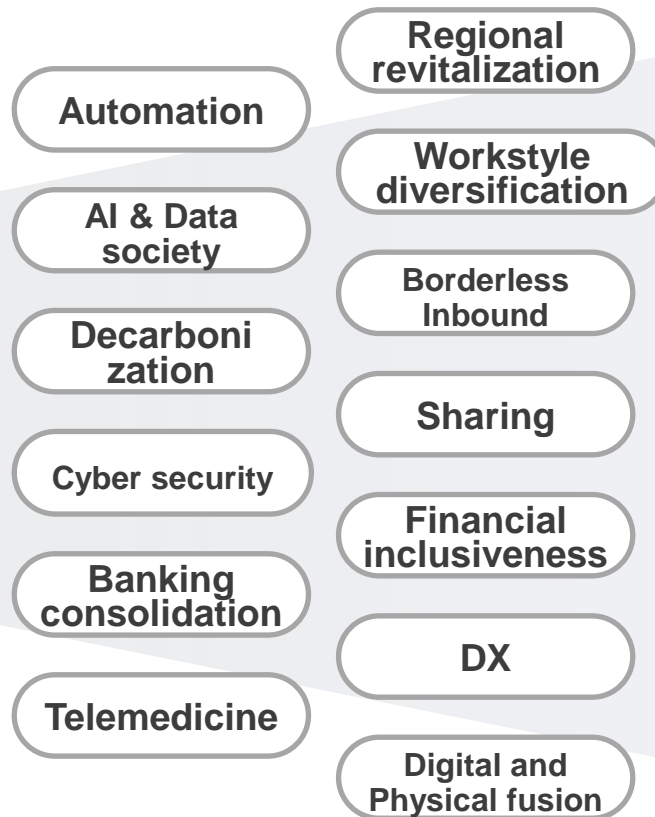
# 2.10.1 Business Opportunities Arising from Social Challenges and Changes in Environment

## Converting social changes to opportunities for payment-related businesses

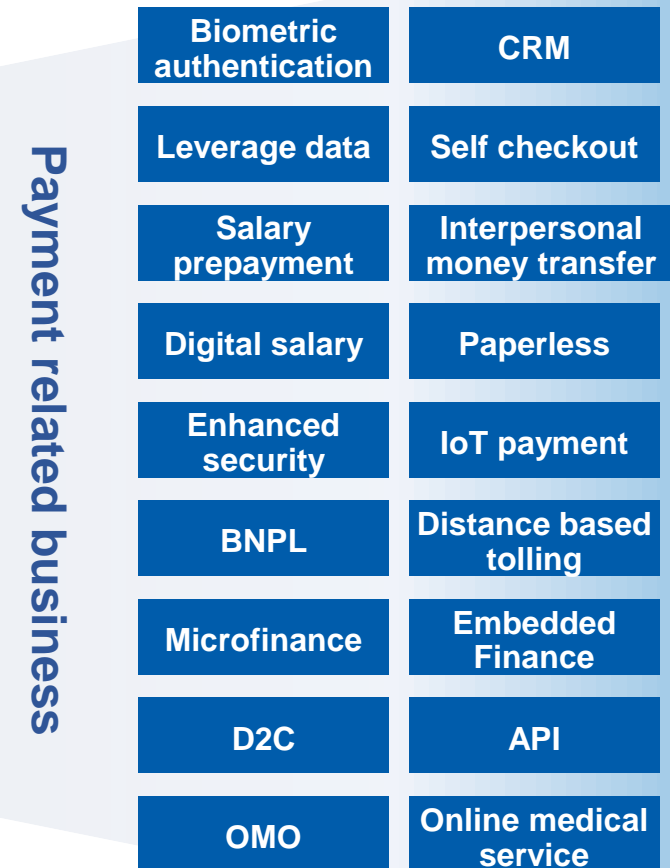
### Social Challenges



### Social Trends



### Business Opportunities for GMO-PG



# Identified materiality issues to be prioritized

Social contribution  
through the sustainable growth of business centered on payment

### ① Innovation

~ Social advancement and customer's growth through creation of payment innovations ~

Provide a wide array of innovations centered on payment, a necessary step in many economic activities, that support operational efficiencies such as such as invoicing, cash management and salary payment to enhance competitiveness, thereby contributing to realizing a more convenient and comfortable society by promoting cashless adoption.

### ② Reliability

~ Sustainable operation of payment infrastructure to support society ~

As a company responsible for the social infrastructure of payment, contribute to safety and security of socioeconomic activities by securing the stability and reliability of our own operations.

### ③ Decarbonization

~ Contribute to the Earth's environment through cashless adoption ~

Focus on CO2 emissions reductions through the transformation of paper-based and cash-based processes

### ④ People

~ Pursue organizational capability that embraces challenge and the commitment to 25% growth ~

Focus on expanding the critically important human capital base as the highest priority organizational undertaking to achieve sustainable growth that can overcome changes in the environment

### ⑤ Governance

~ Institute a sound and responsible management ~

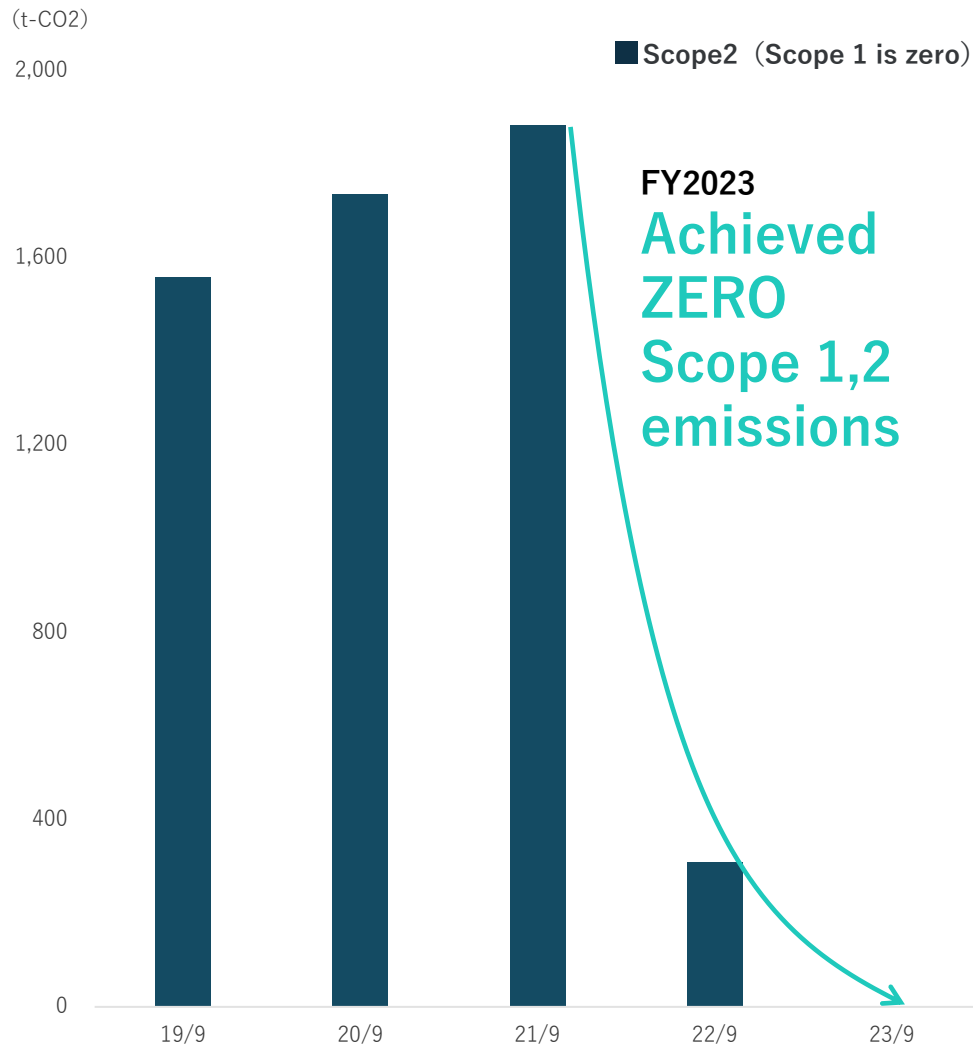
Strengthen governance structure to enhance oversight from external bodies and risk-taking, in order to sustain a sound and high level of growth

Management foundation  
to support sustainable growth

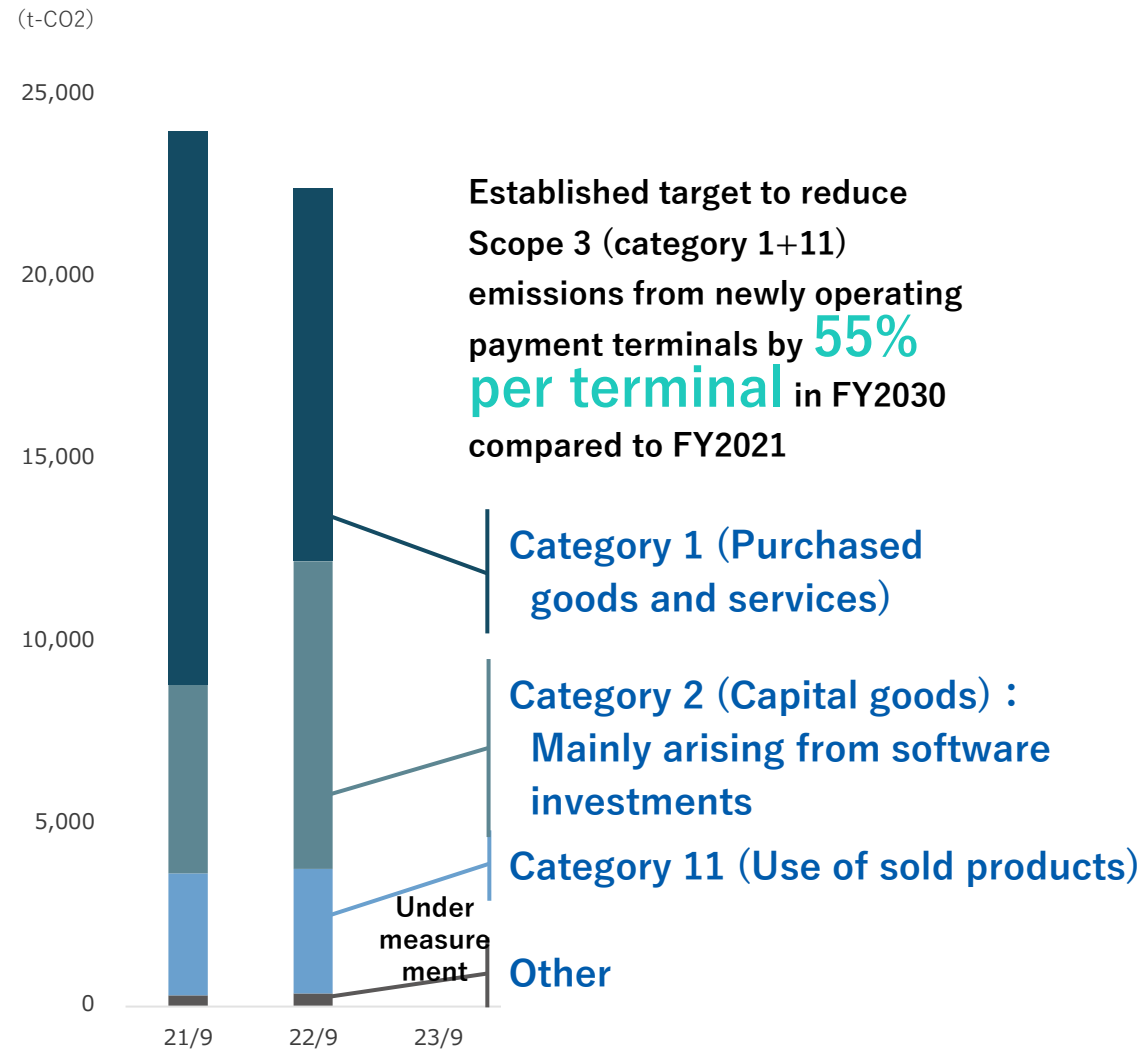


## Achieved zero Scope 1,2 GHG emissions in FY2023

GHG emissions (Scope1,2)



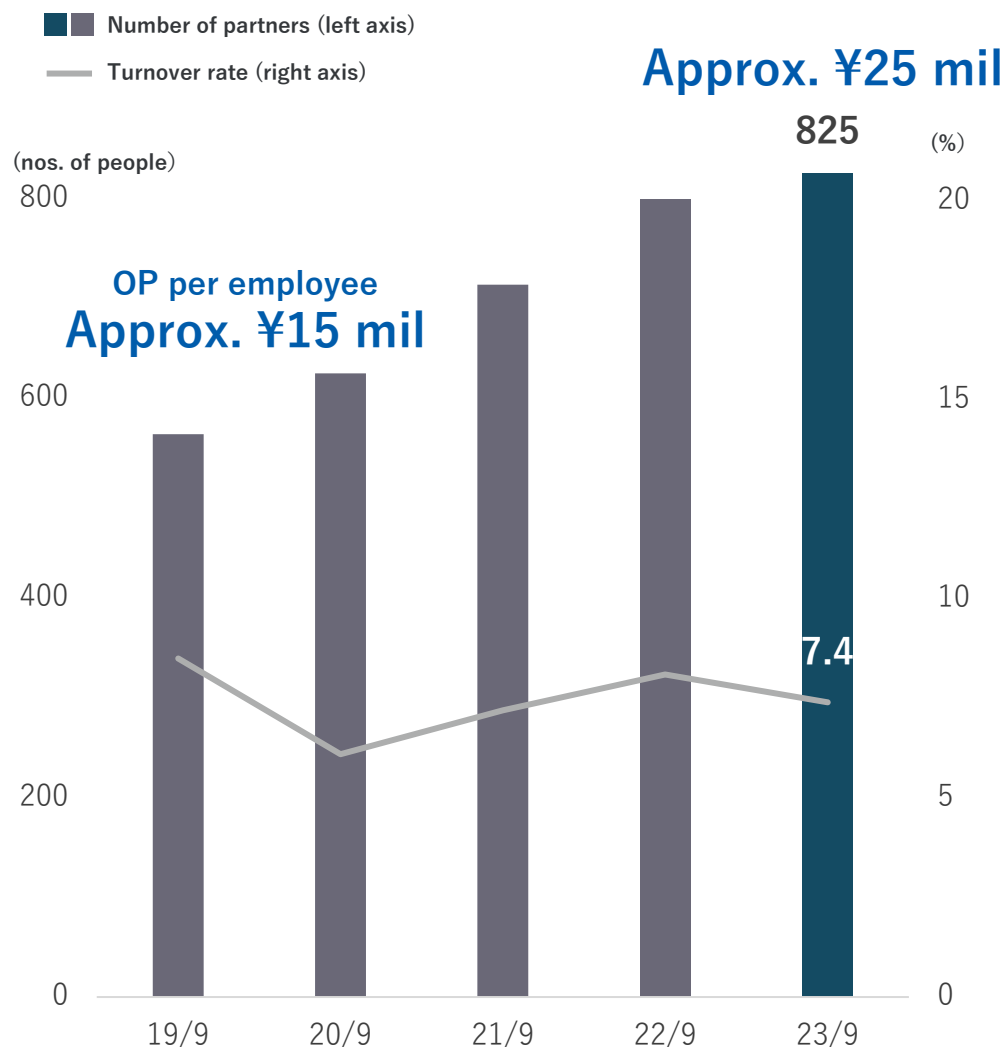
GHG emissions (Scope3)



## 2.10.4 Social

# Enhance job satisfaction, education and recruitment of good talent, based on our belief that “people determine the company”

### Human capital



### External evaluation



Selected for “Great Place to Work Certification” for the 9<sup>th</sup> consecutive time by Institute Japan’s Great Place to Work<sup>®</sup> survey in July 2023



Certified as company that supports child-care (known as “kurumin”) by the Director of Tokyo Labor Bureau, Ministry of Health, Labor and Welfare in March 2022, under the Act on Advancement of Measures to Support Raising Next-Generation Children



Certified as Health and Productivity Outstanding Organization 2023 (Large Enterprise Category) by The Nippon Kenko Kaigi (administered by METI) in March 2023



Received highest 3-star “Eruboshi” certification as a company promoting the empowerment of women by the Director of Tokyo Labor Bureau, MOHLW in July 2023.

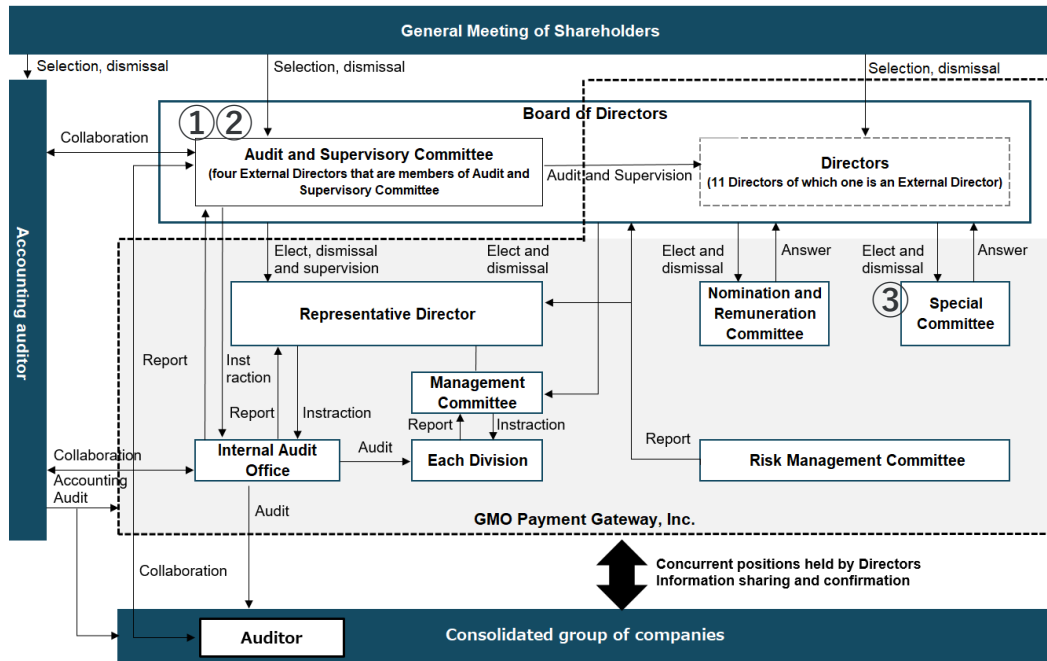


Received Silver Certificate for “excellent health company” by Tokyo Federation of the Federation of Health Insurance Societies in September 2023.

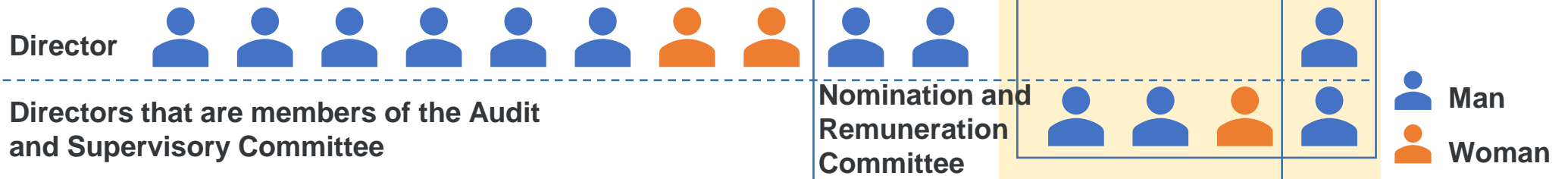
# 2.10.5 Strengthening Governance Structure

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

### Corporate Governance Organizational Structure



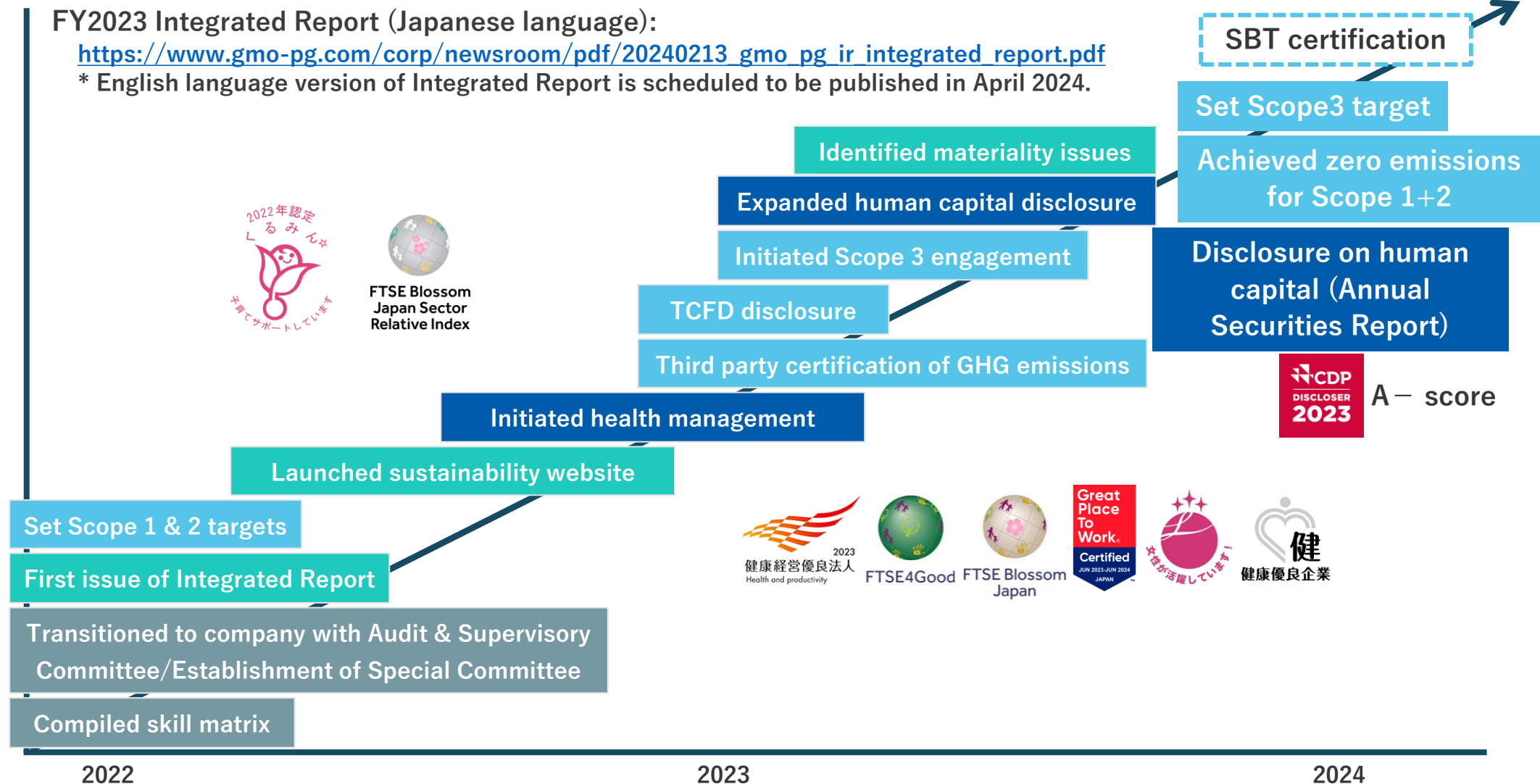
- ① Audit and Supervisory Committee
- ② Proportion of External Directors one third
- ③ Special Committee
  - Comprised of five Independent External Directors
  - Strengthen protection of interest of non-controlling shareholder
  - Transactions and actions that entail a conflict of interest between controlling 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



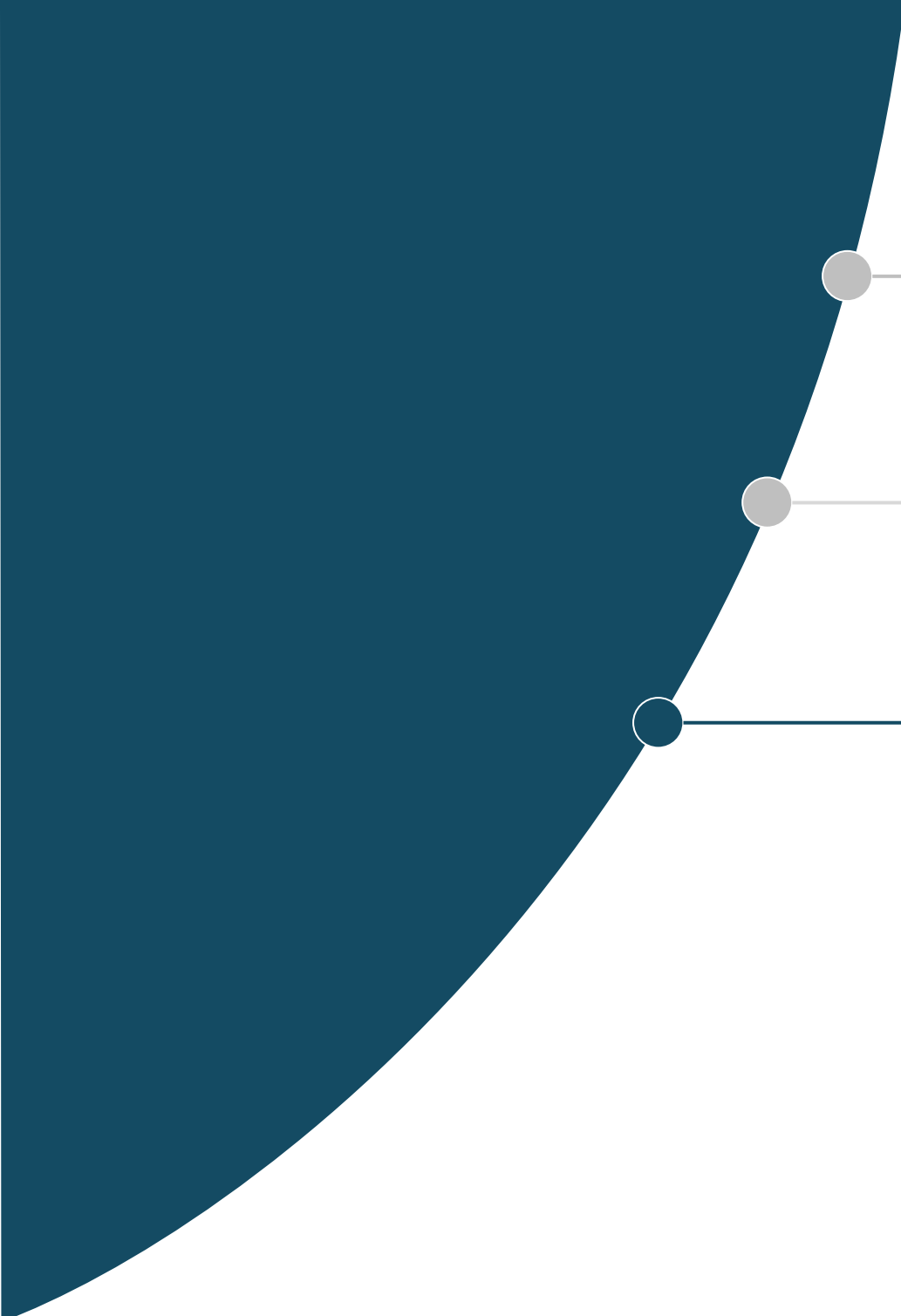
## 2.10.6 Sustainability

# Driving ESG management towards realizing a sustainable society and enhancement of corporate value

Roadmap of sustainability initiatives and achievements



\* FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that GMO Payment Gateway, Inc. has been independently assessed according to the criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index and FTSE Blossom Japan Sector Relative Index.



**1 Business Overview** p.4



**2 Focus Areas** p.18



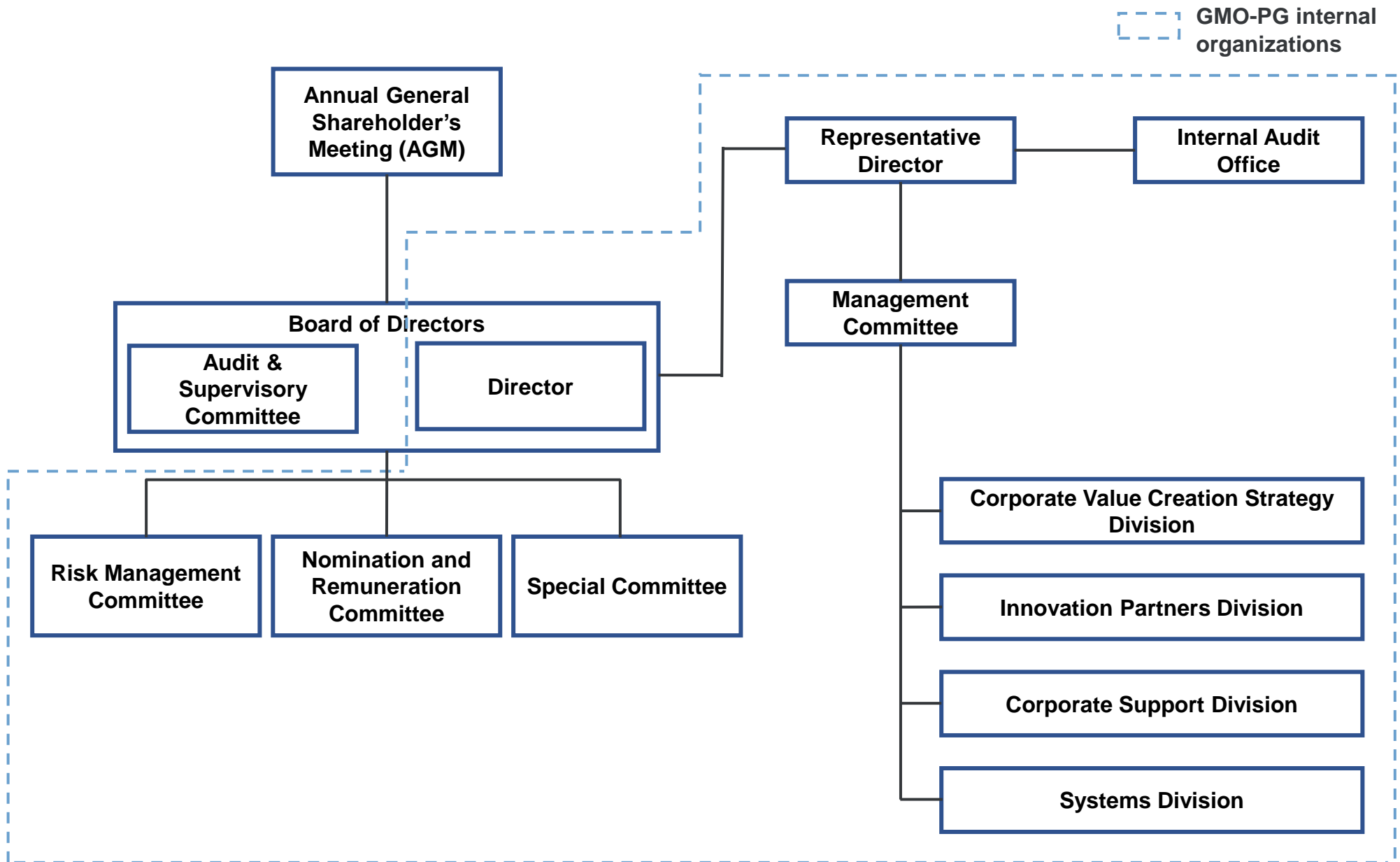
**3 Reference Materials** p.46

# 3.1 Company Outline (as of January 1, 2024)

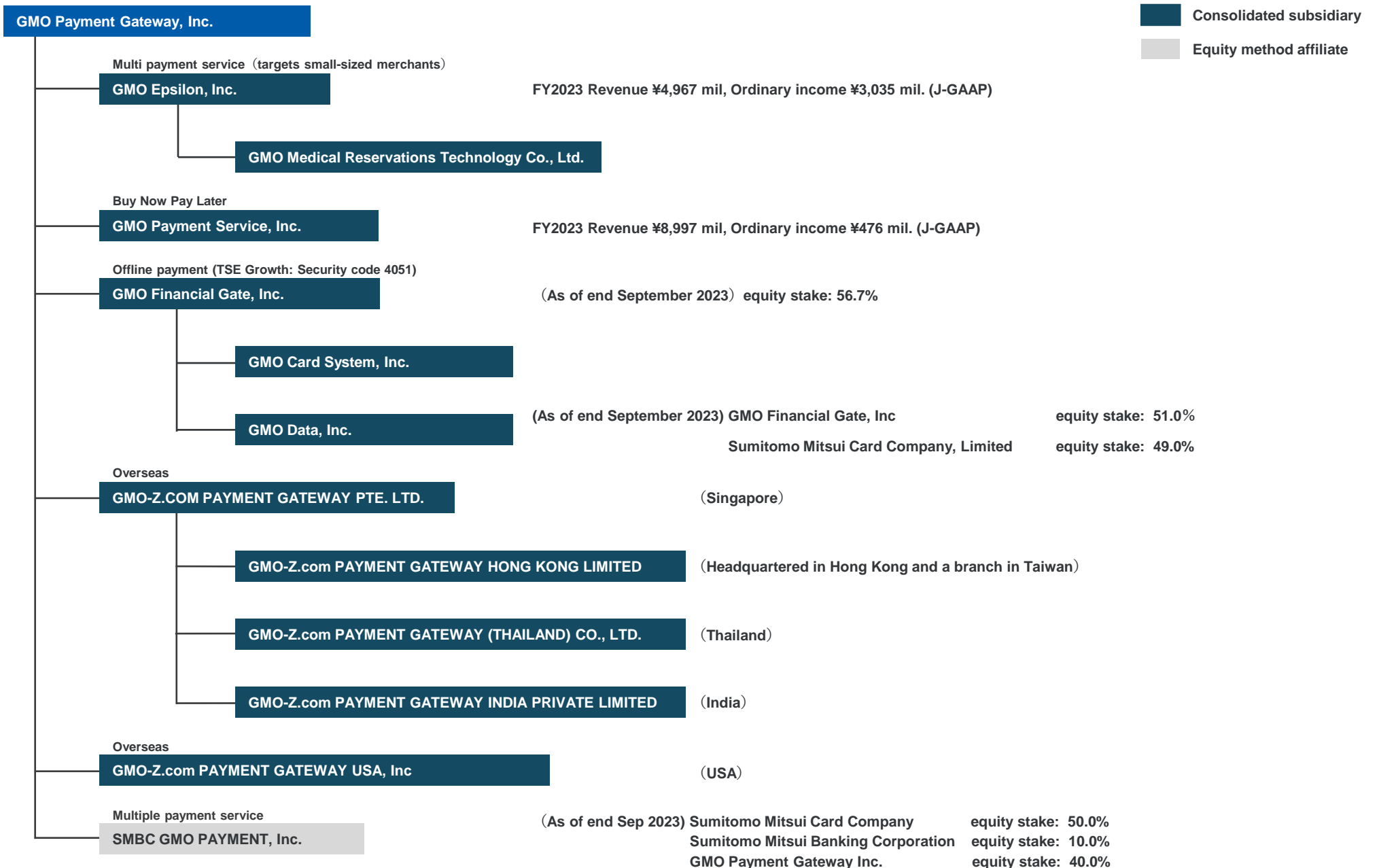
- **Name**  
GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange Prime)
- **Date of establishment** March 1995
- **Location**  
FUKURAS office (Head office)  
SHIBUYA FUKURAS 15F, 1-2-3 Dogenzaka, Shibuya-ku,  
Tokyo, 150-0043 Japan  
Humax Office  
Humax Shibuya Building 7F, 1-14-6, Dogenzaka, Shibuya-ku,  
Tokyo Japan
- **Capital stock** 13,323 million yen
- **Major shareholders**  
GMO Internet Group Inc., Sumitomo Mitsui Banking Corporation,  
Mr. Issei Ainoura, etc.
- **Auditor**  
Ernst & Young ShinNihon LLC
- **Major consolidated subsidiaries**  
GMO Epsilon, Inc., GMO Payment Service, Inc.,  
GMO Financial Gate, Inc.,  
GMO-Z.com Payment Gateway Pte. Ltd. (Singapore), etc.
- **Major Equity affiliates**  
SMBC GMO Payment, Inc. etc.
- **Management team**  
Chairman & Director  
President & Chief Executive Officer  
Director, Executive Vice President  
Director, Executive Vice President  
Director  
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  
Executive Officer  
Executive Officer  
Masatoshi Kumagai  
Issei Ainoura  
Ryu Muramatsu  
Satoru Isozaki  
Masashi Yasuda  
Hirofumi Yamashita  
Yuki Kawasaki  
Teruhiro Arai  
Noriko Inagaki  
Takashi Shimabara  
Fumio Kai  
Kazutaka Yoshida  
Kazuhiko Okamoto  
Yumi Hokazono  
Osamu Ohkawa  
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  
Soichiro Fukuma

# 3.2 Organizational Chart

GMO Payment Gateway, Inc.



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





# 3.4 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



- ① Reservation
- ② Reception
- ③ Consultation
- ④ Bill Payment

## 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

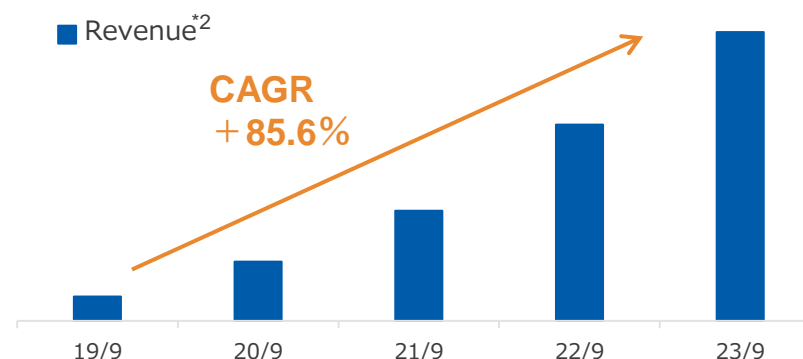
Corporate name **GMO Medical Reservations Technology CO., Ltd.**

Management team **Soichiro Fukuma**  
(President & Chief Executive Officer)  
**Naoyuki Kumano**  
(Director, Executive Vice President)

Establishment **April 11, 2016**

Parent company **GMO Epsilon, Inc. (Equity stake: 100.0%)**  
(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 Revenue figures are based on J-GAAP.

## 3.5 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

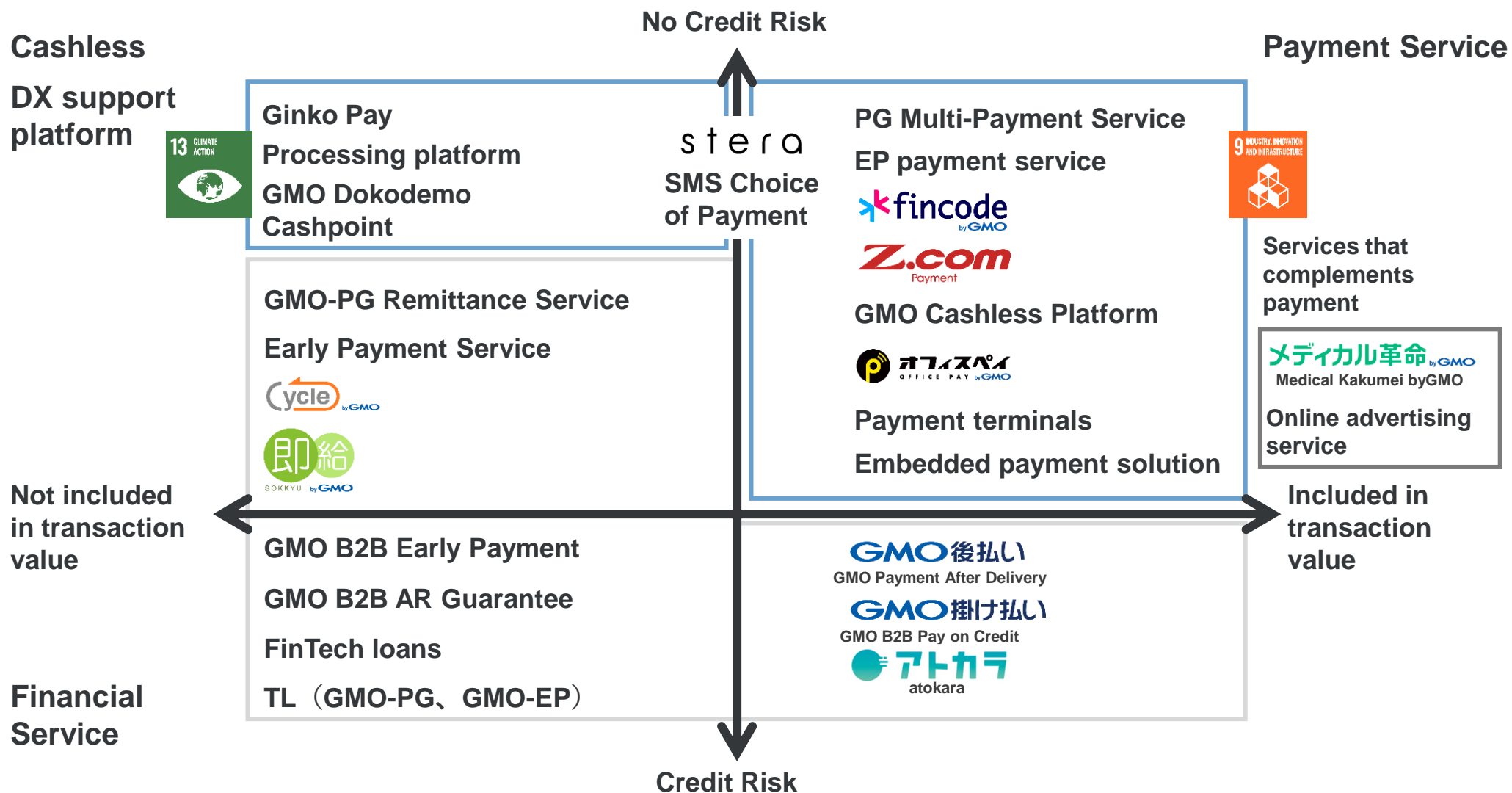
**Business  
Characteristics**

**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

# 3.6 Product Map

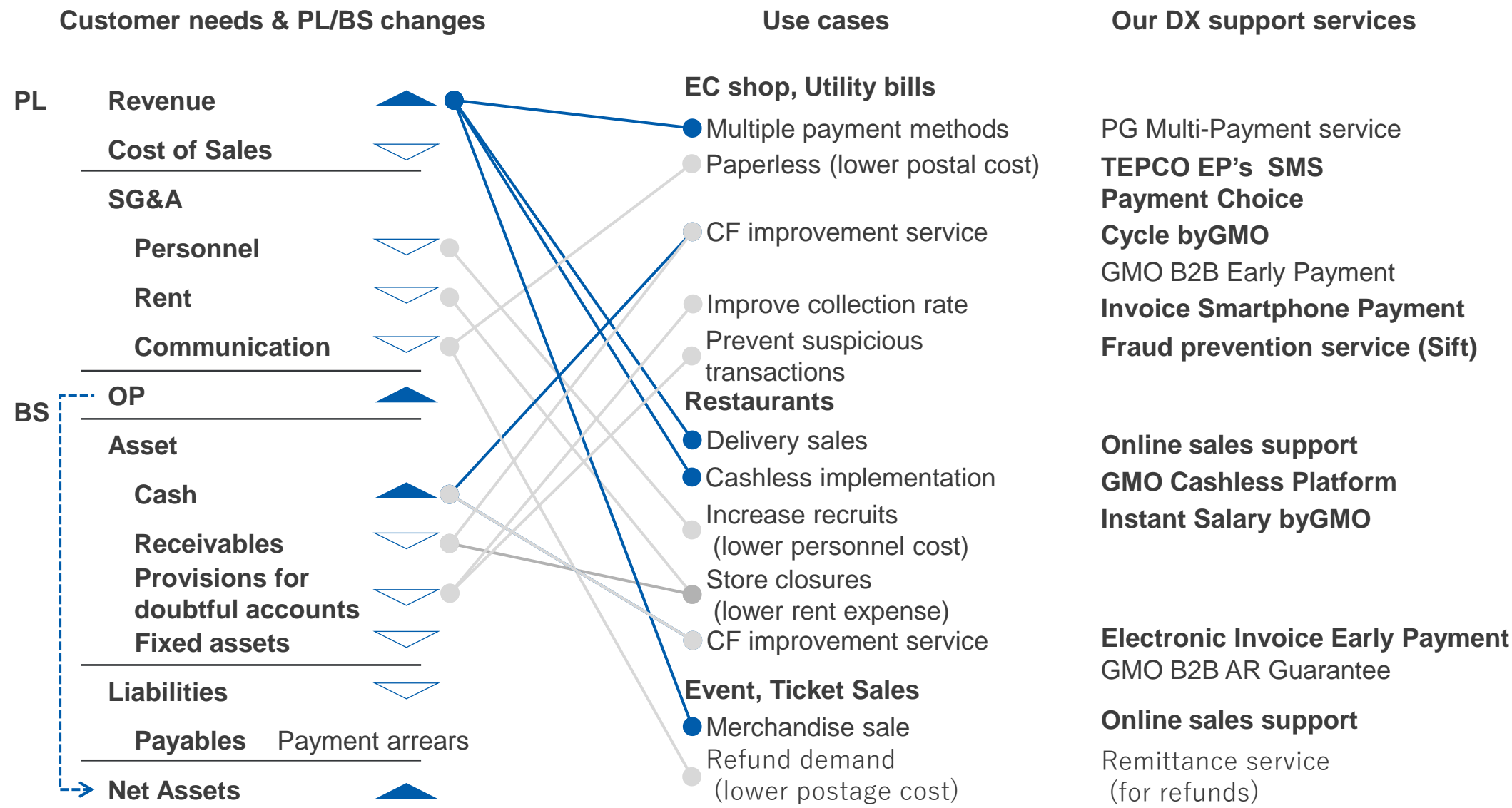
GMO-PG's definition of payment: that which enables the digitalization of money flow



\* TL stands for Transaction Lending

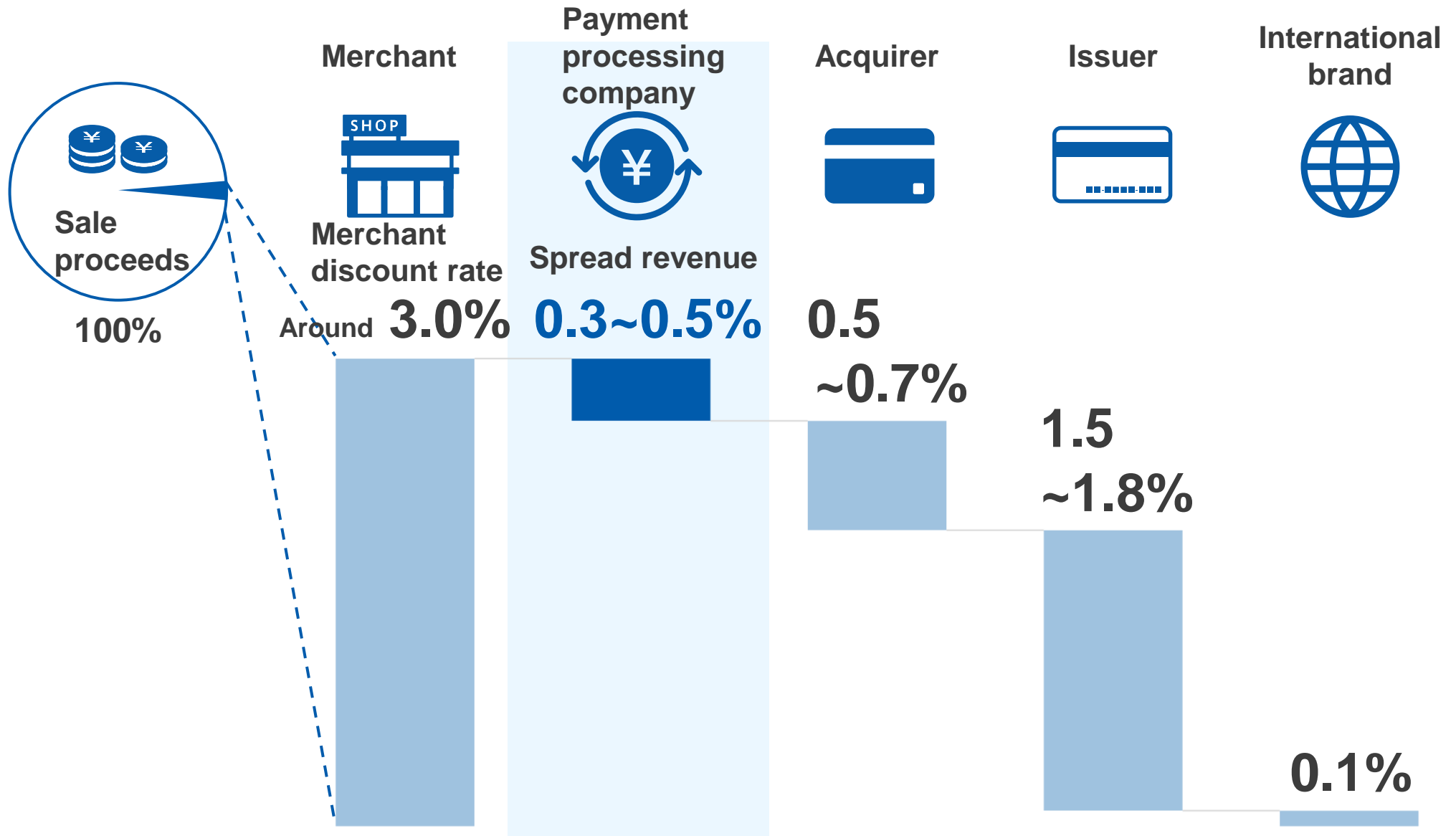
# 3.7 DX Support Services to Improve Clients PL/BS

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



# 3.8 Revenue structure in the credit card foodchain by player

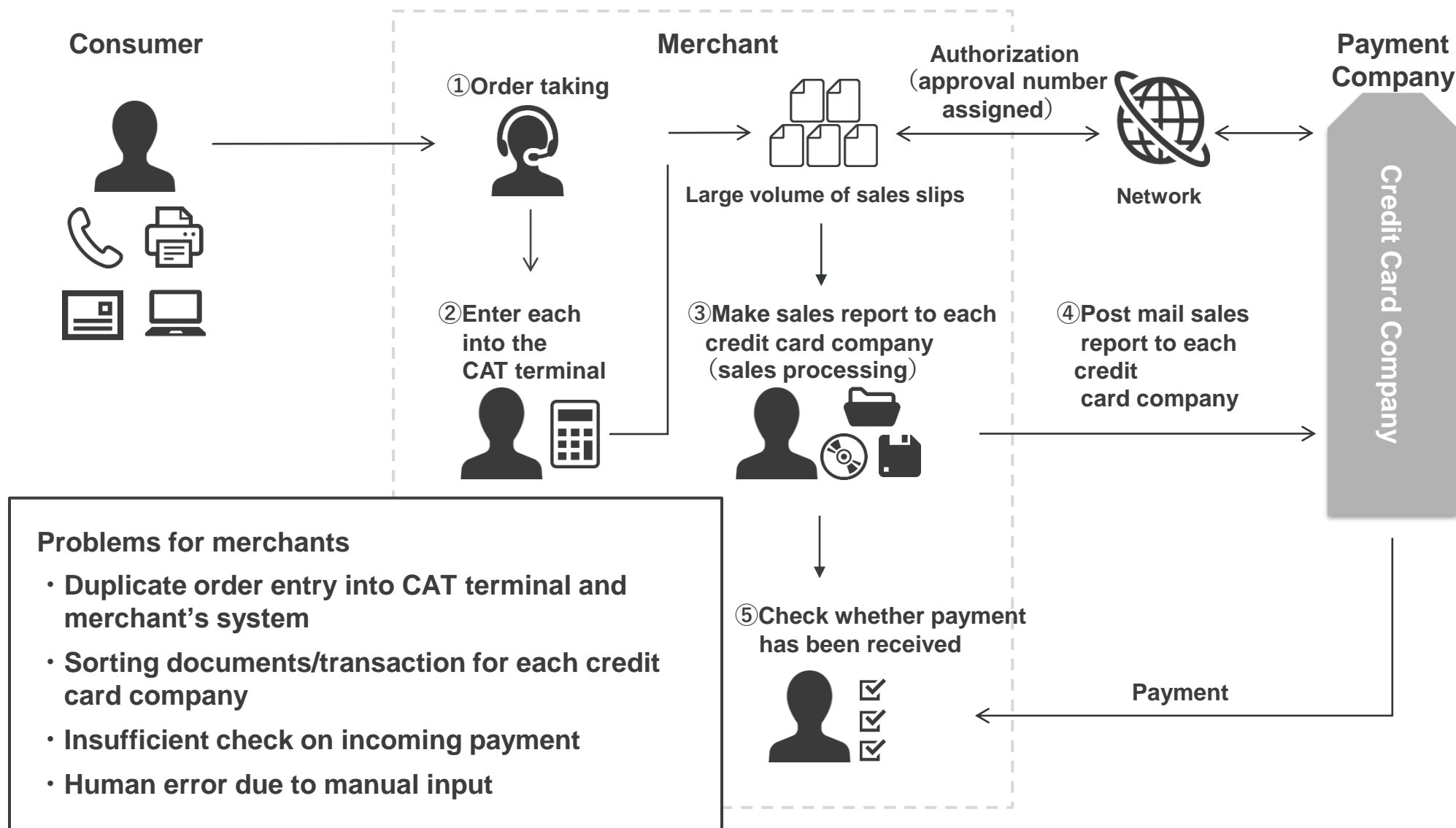
■ Image of revenue structure by player



\*Compiled by GMO-PG by referring Ministry of Economy, Trade and Industry's "Review of 4<sup>th</sup> Discussions, Analysis on Interchange Fee and Initiatives towards achieving paperless operations" (Note: this is an English translation of Japanese title and not the formal title of the original)

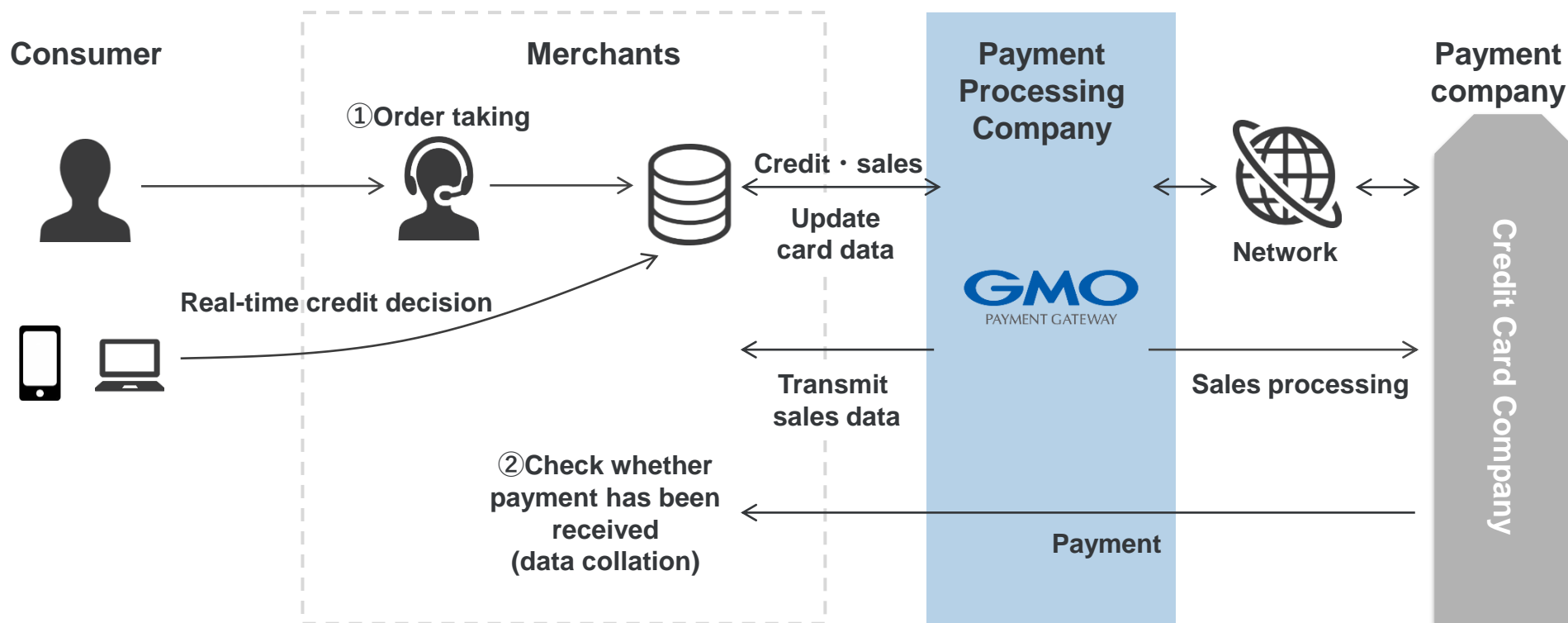
# 3.9.1 Business outline of payment processing company (1)

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



## 3.9.2 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.