

# IR Introduction

- Business Overview & Business Model -  
FY2024

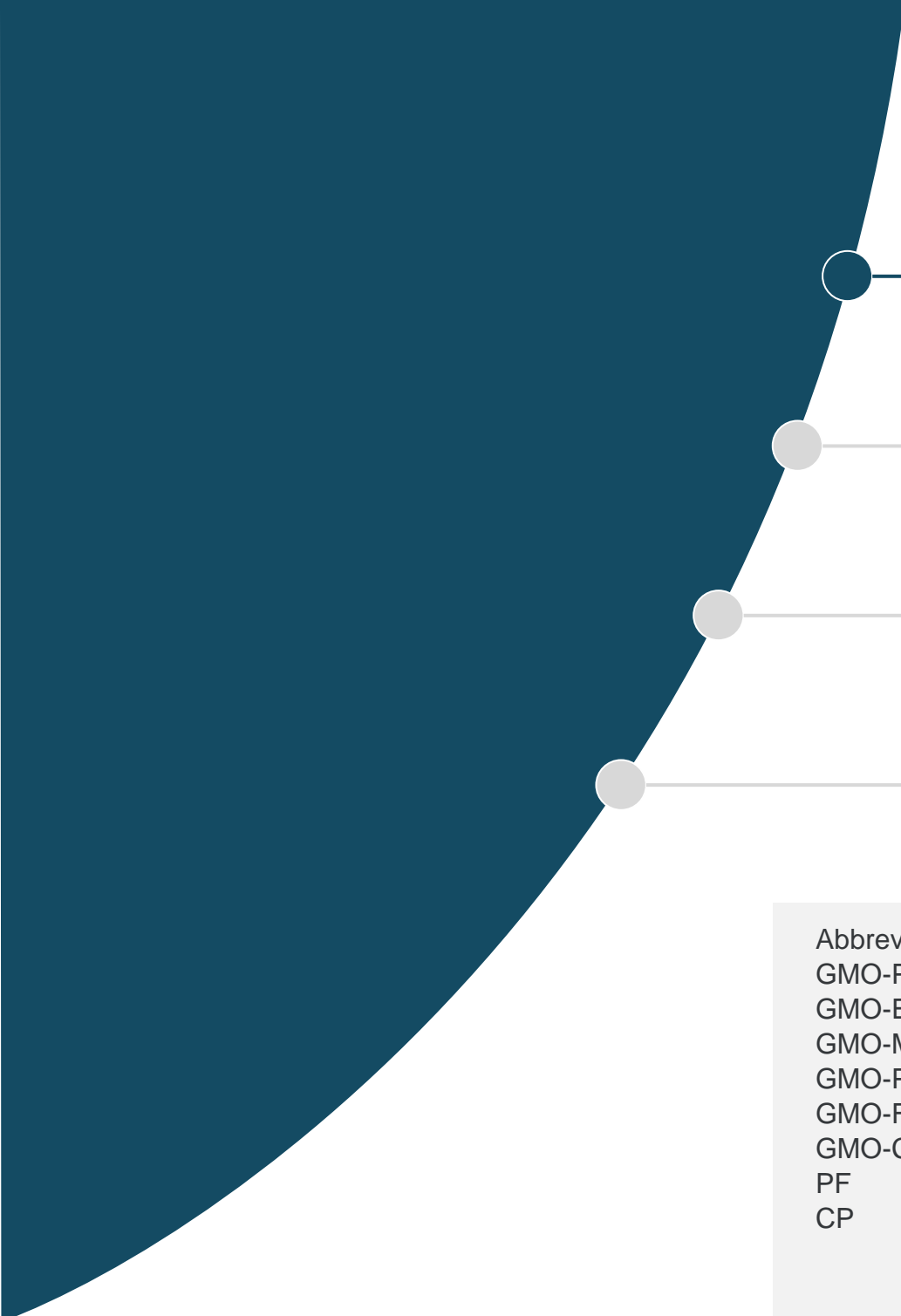


November 13, 2024  
79<sup>th</sup> Investor Meeting

# 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 <b>9%</b> vs. US/Euro approx. <b>~30%</b>)</li><li>✓ Cashless adoption (JP <b>39%</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>¥18.7 trn</b> (FY2024)</li><li>✓ Revenue <b>¥73.7 bil</b> (FY2024)</li><li>✓ Employees <b>853</b> (End-Sep 2024)</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 (to Society)</li></ul></li></ul>	<b>Competitive advantage</b>	<ul style="list-style-type: none"><li>• Sales, system development and customer support capability and reliability</li><li>• Scale merit</li><li>• Proprietary applications</li><li>• Diversification through consolidated management (CP, BNPL, BaaS support etc.)</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⇒CP⇒FinTech⇒Global⇒DX</li></ul></li><li>• Project sizes are enlarging due to industry-specific applications and re-bundling products</li></ul>	<b>Management Discipline</b>	<ul style="list-style-type: none"><li>• <b>19 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>



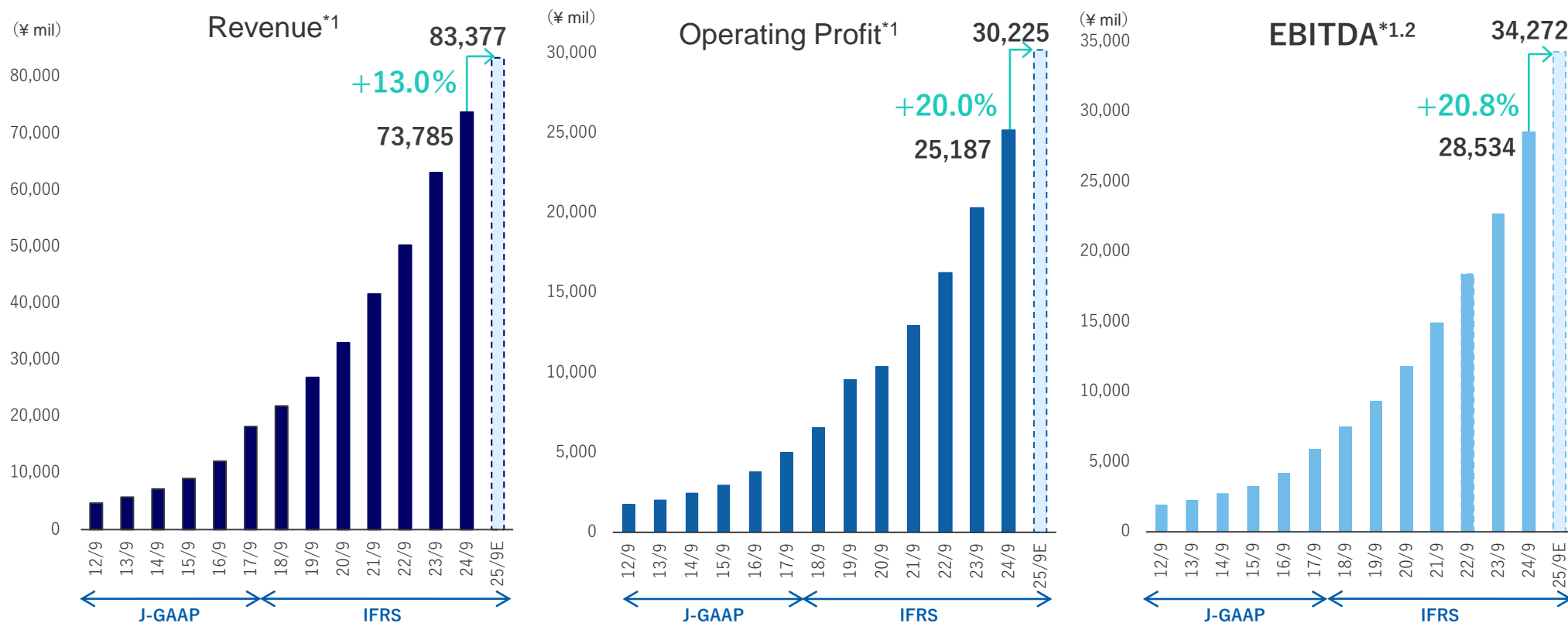
1.	<b>Business Overview</b>	<b>p.4</b>
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Abbreviations used in the material are as follows:

- 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
- CP : Stands for Card Present transaction and refers to payments made at bricks-and-mortar stores by physically presenting a credit card or other non-cash devices.

# 1.1 Our Track Record of Growth

## The results of management policy focused on sustainable growth



Operating Stores <sup>*3 *4</sup>	Annual TRX volume <sup>*3 *5</sup> (trailing 12-month average)		Annual TRX value <sup>*3</sup> (trailing 12-month average)		
	Consolidated	Consol.	Online payment	Consol.	Online payment
156,575 stores	7.40 billion	6.41 billion	¥18.7 trillion	¥12.1 trillion	

\*1 Macro Kiosk has been deconsolidated in FY ending September 2020. Figures for revenue, operating profit and EBITDA present the figures for 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 September 2024. Consolidated transaction volume (trailing 12-month average) and consolidated transaction value (trailing 12-month average) include the figures for GMO-FG.

\*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 store IDs would be 689,884 stores (up 19.1% YoY).

\*5 Transaction (TRX) volume is calculated based on fee revenue recognition standards, which in the case of online consists of multiple (1 to 3) transactions per payment that includes authorization (tentative sales proceeds) and actual sales proceeds, and one transaction per payment in the case of CP.

# 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



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

	GMO-PG	GMO-EP	GMO-FG	GMO-PS
Major Business	Payment Processing Business			BNPL business
	Online		CP	Online
Customer	Municipalities, large to mid-sized corporates	Small operators	CP 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\*
- CP Payment
- Ginko Pay/Processing
- System Development

## Money Service Business



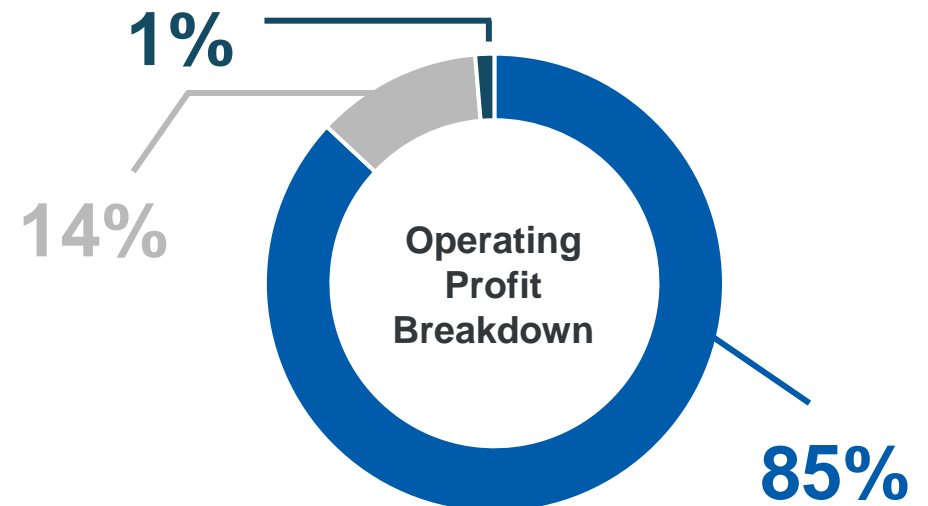
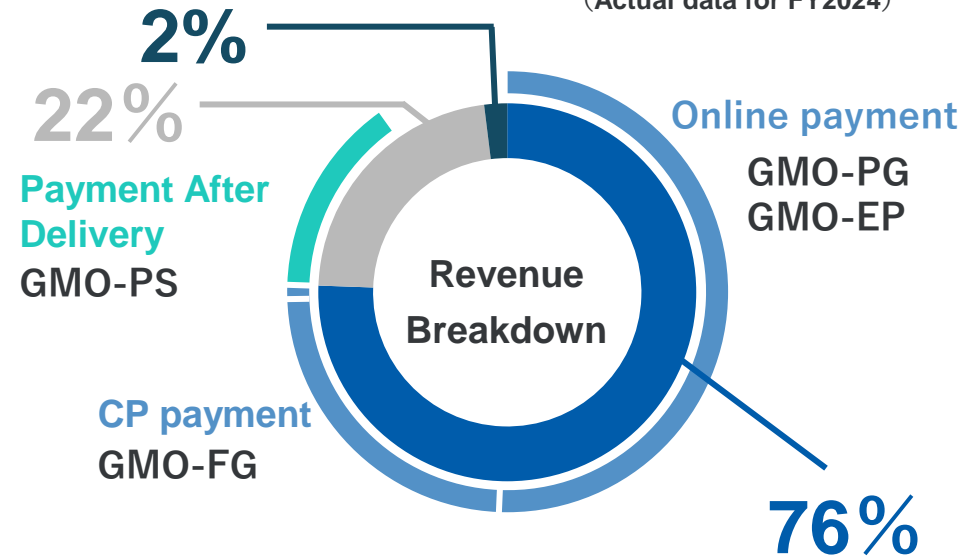
- GMO Payment After Delivery/  
GMO B2B Pay On Credit/atokara
- Remittance Service/Instant Salary byGMO
- Overseas Lending
- Early Payment Service
- B2B Factoring
- Transaction Lending

## Payment Enhancement Business



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

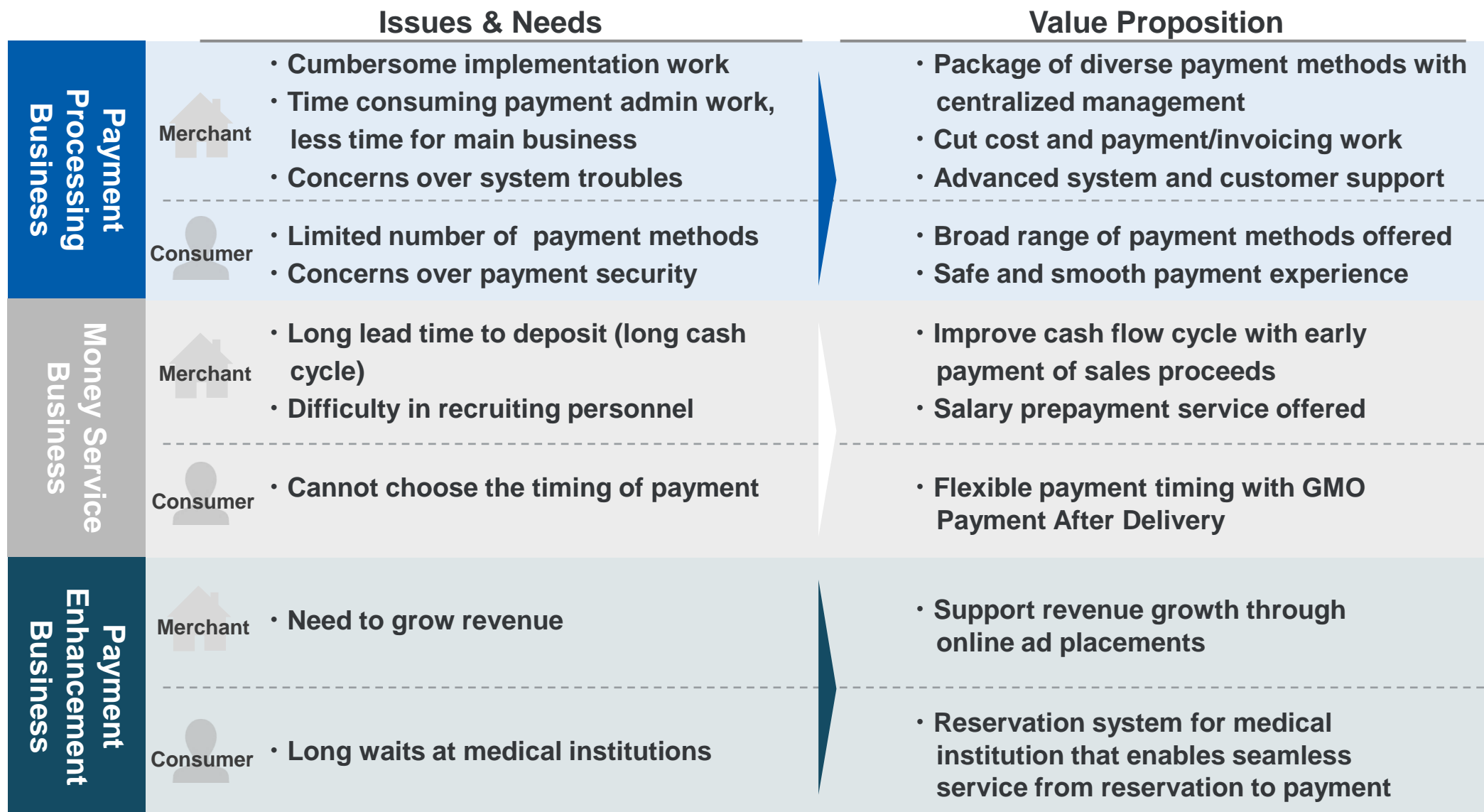
(Actual data for FY2024)



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

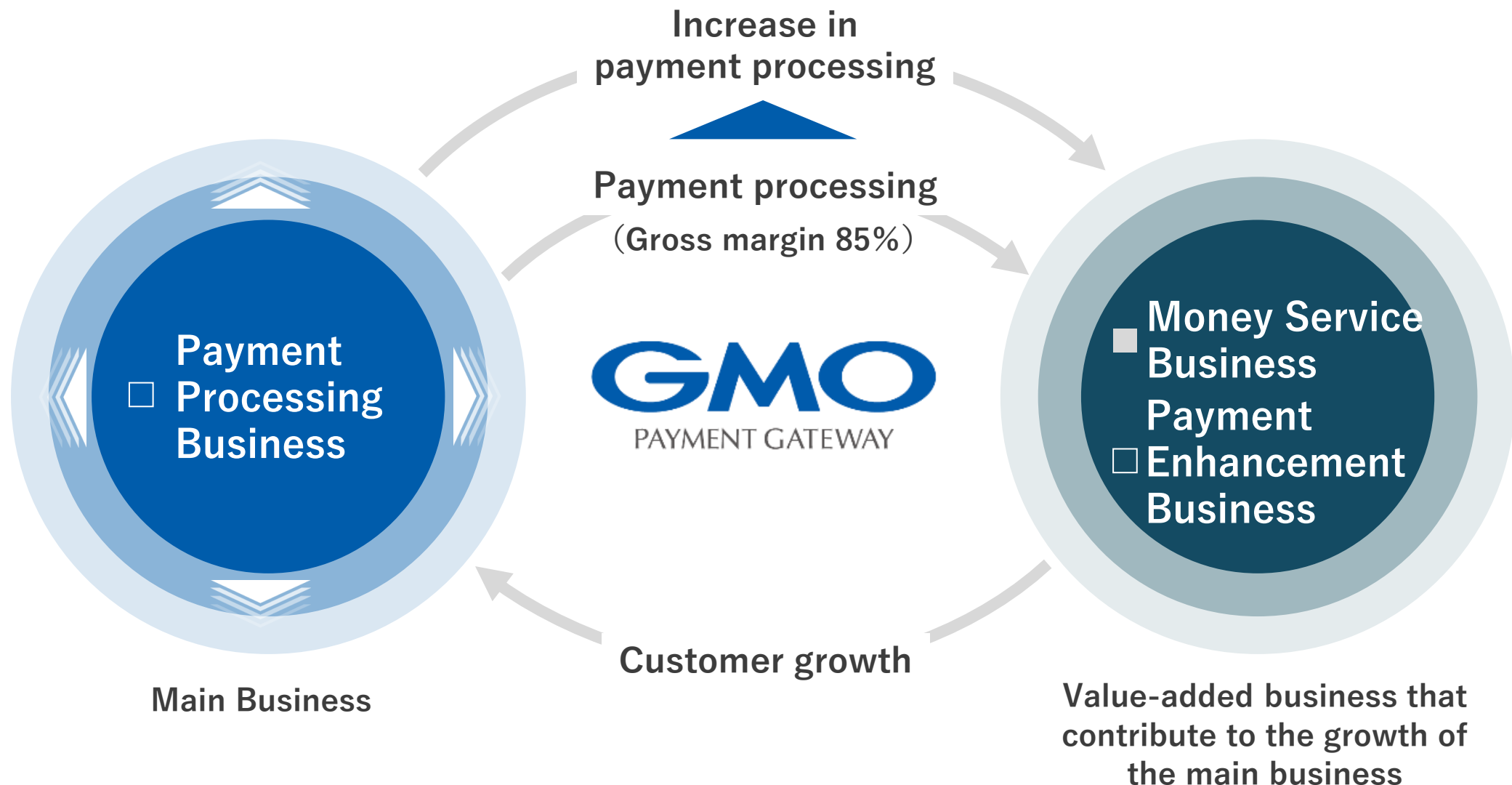
# 1.4 Our Value Proposition

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



# 1.5 Our Business Eco-System

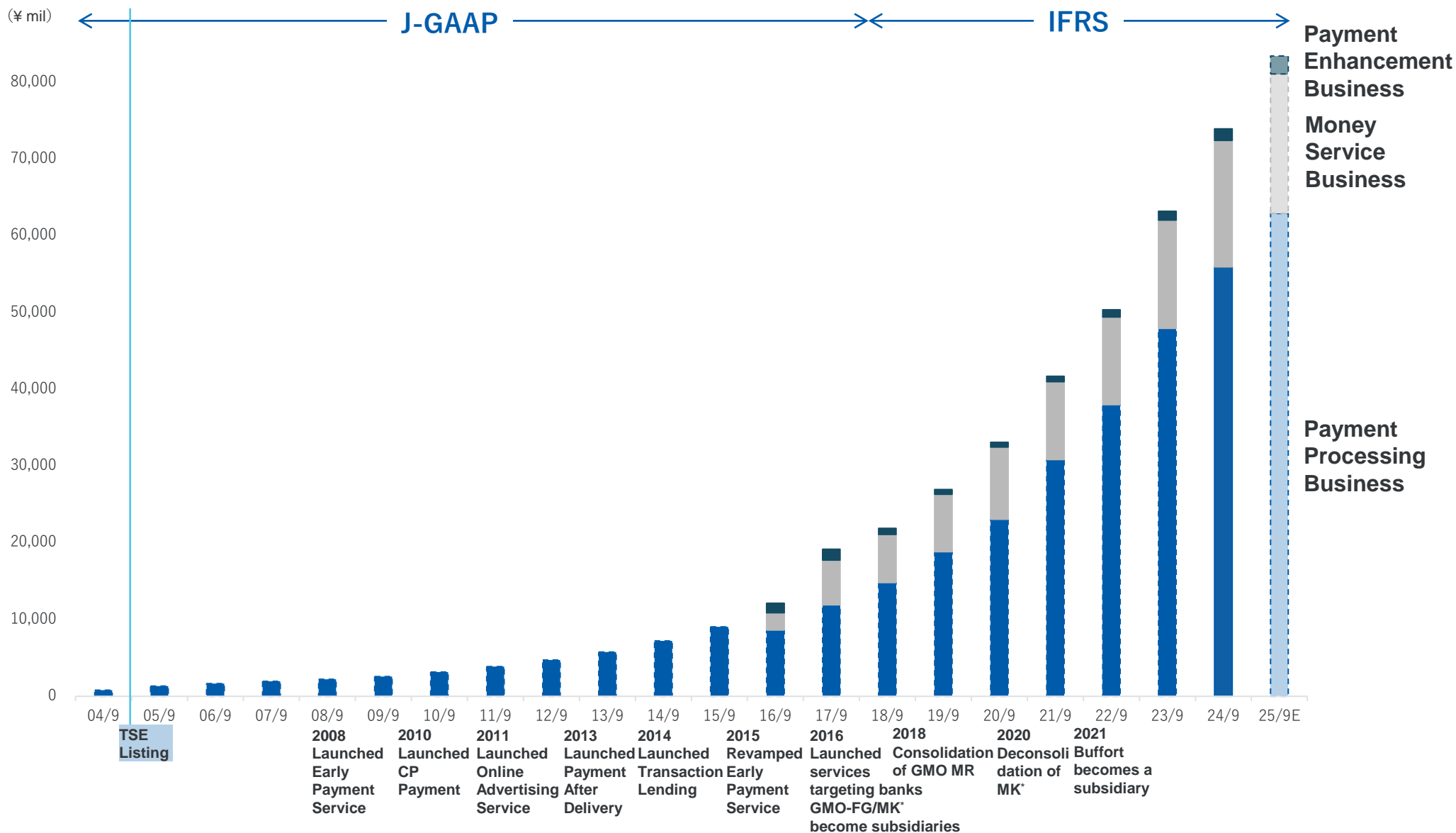
An expanding eco-system where the value-added services complements the main business to achieve mutual growth





# 1.6 Revenue Trend by Segment

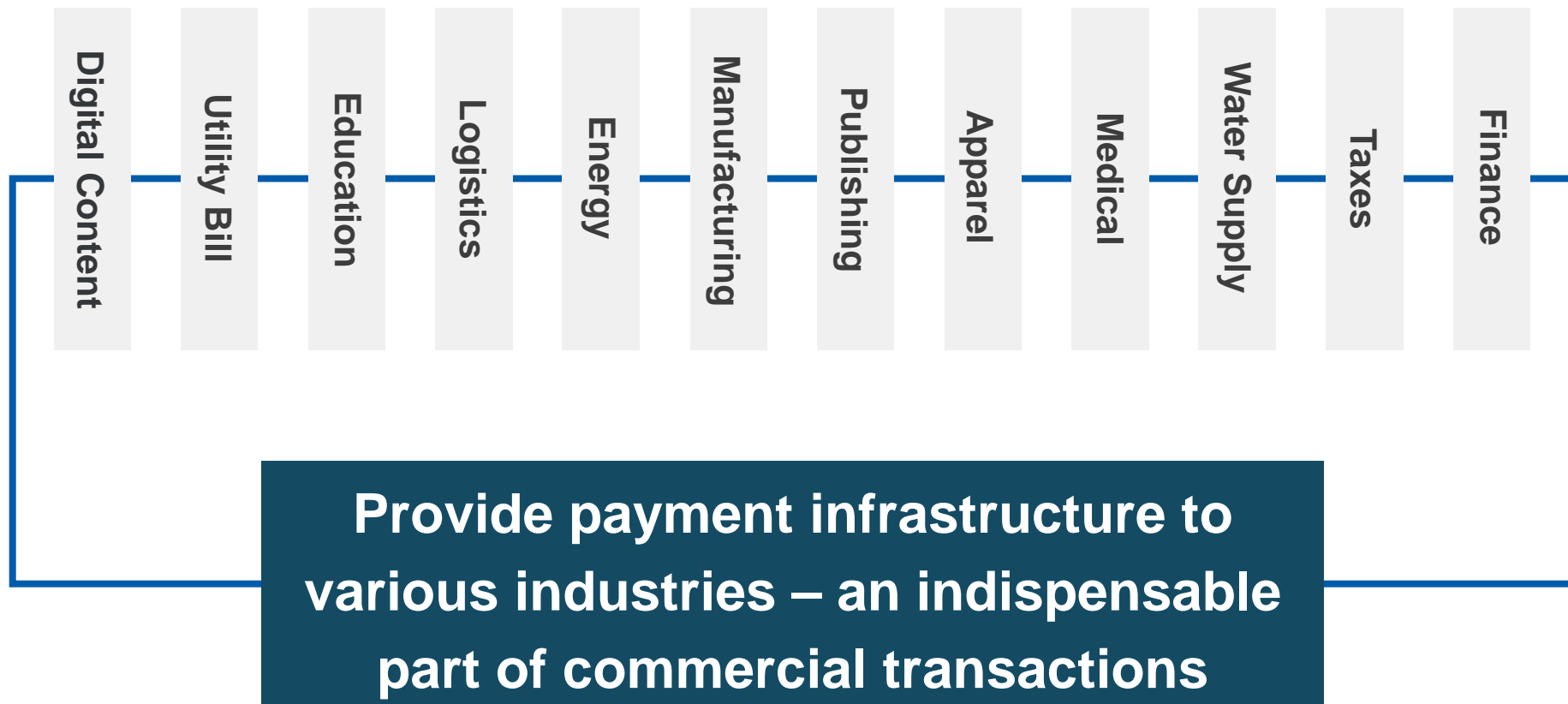
## Three segments of Payment Processing Business, Money Service Business and, Payment Enhancement Business



\* 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.

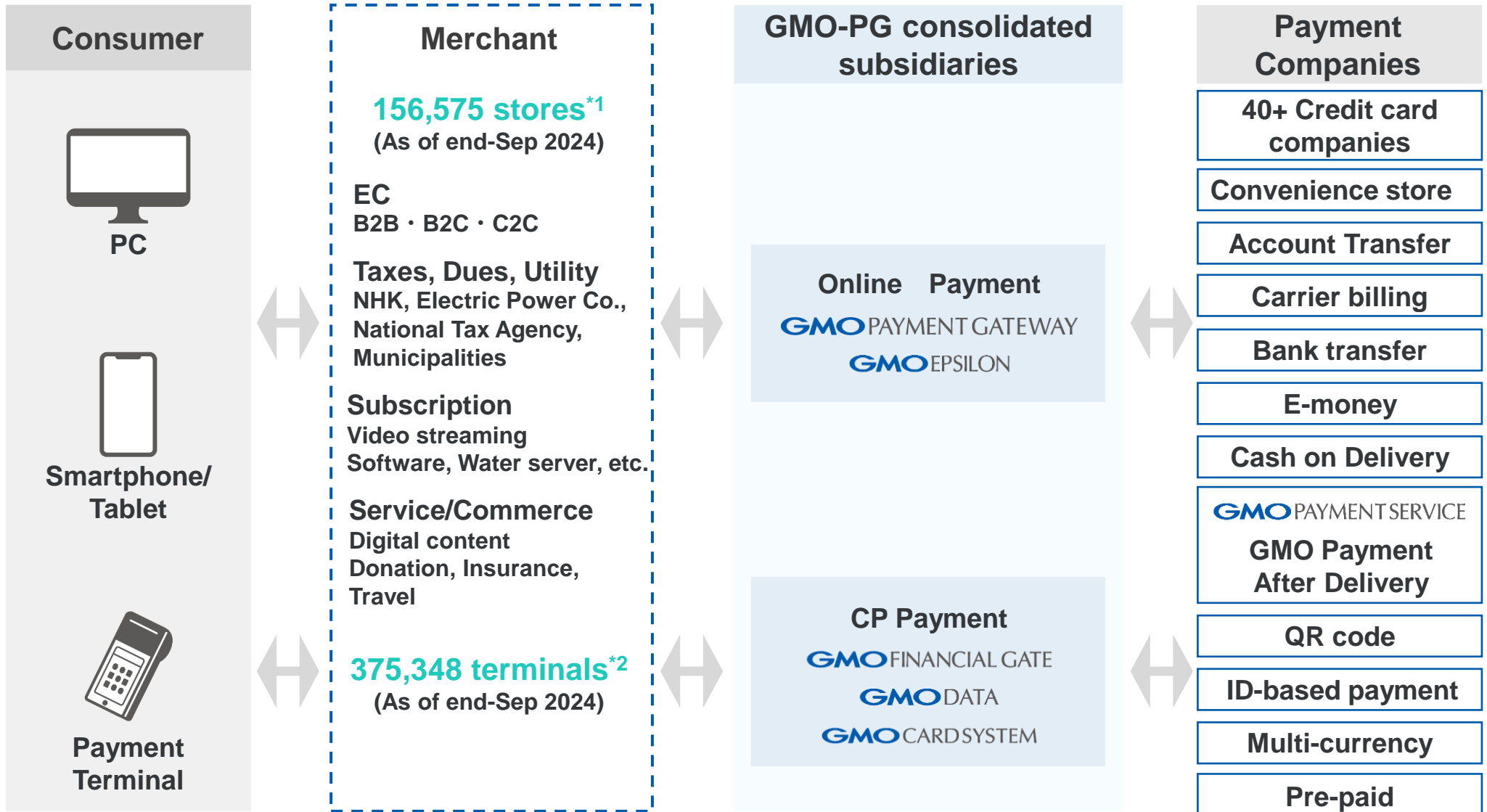
## 1.7 Characteristic of Payment Business: Cross-Industry

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



# 1.8 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 store IDs would be 689,884 stores (up 19.1% YoY).

\*2 Operating payment terminals present the figures for GMO-FG which include the number of terminal-free active IDs and excludes GMO-PG's GMO Cashless Platform. The growth rate of the number of terminals shown above is an increase of 25.6% YoY.

# 1.9 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

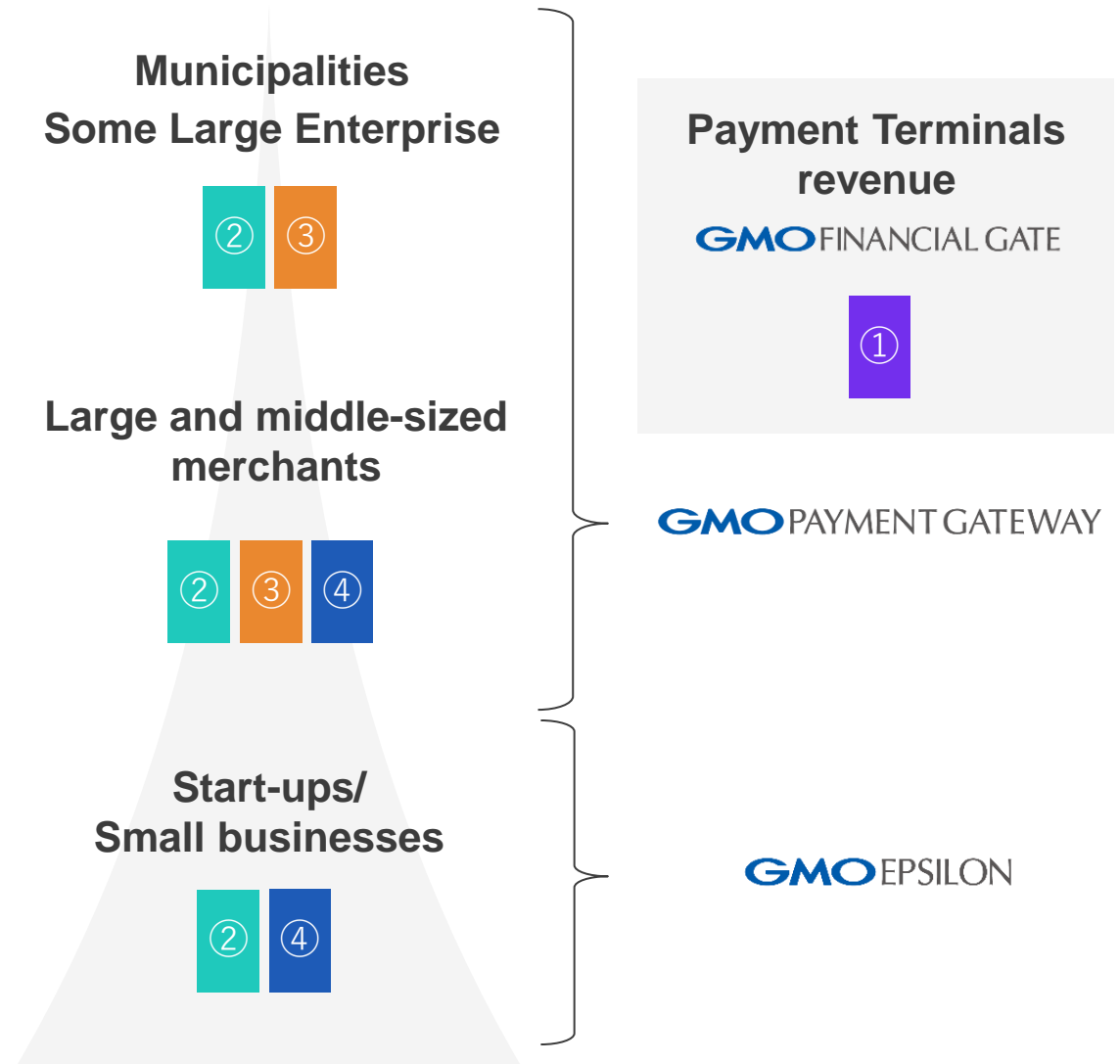
Revenue: Number of payments processed  
× \_Yen

### ④ Spread (Merchant's revenue)

#### Spread on the transaction value

Coefficient: Value of transaction

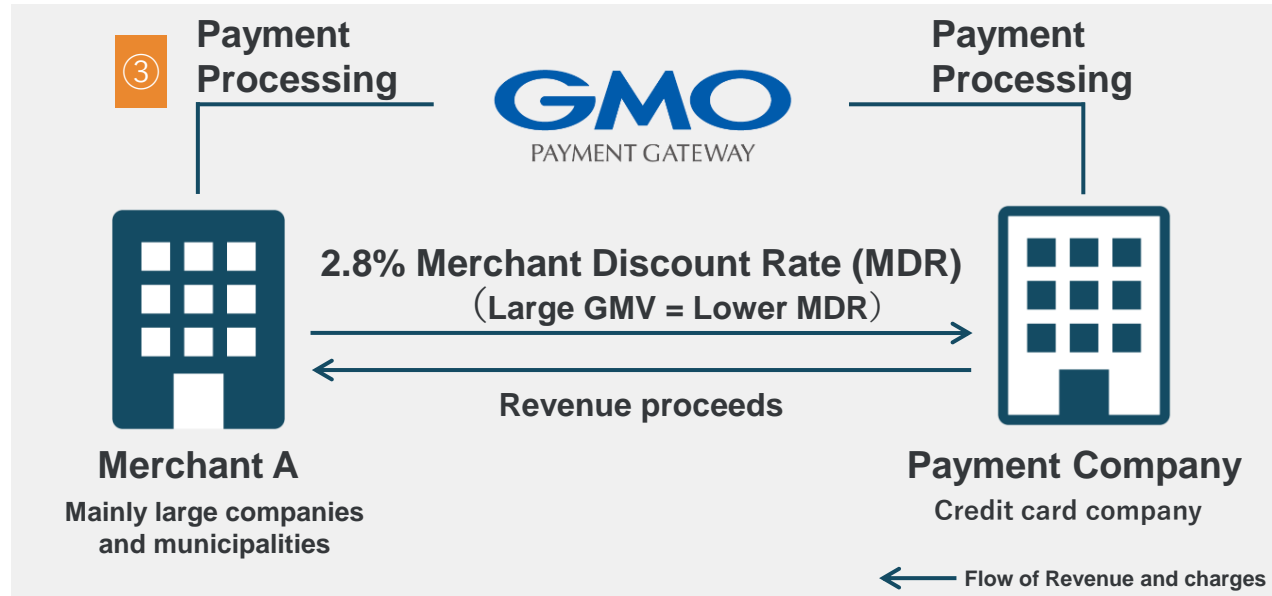
Revenue: Value of transaction × \_%



# 1.10 Payment Processing: Two Types of Merchant Contracts

## Direct Contract

- No. of contracts  
Contracts with multiple payment companies
- MDR  
Direct negotiations with payment companies
- GMO-PG's role  
Data processing only

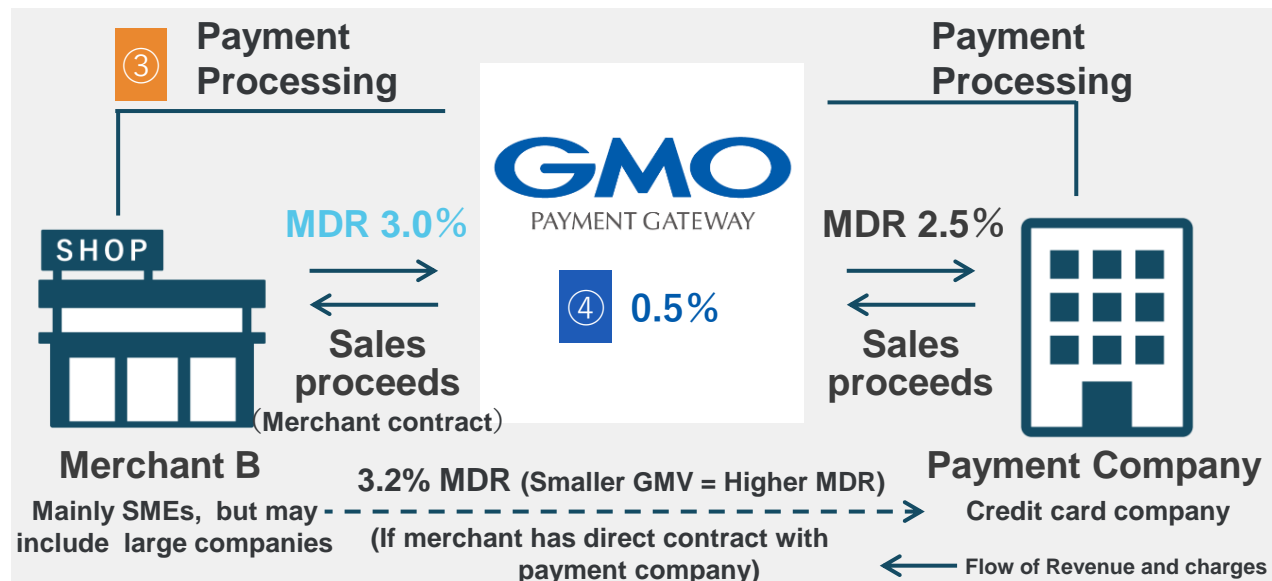


## Revenue type

- 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



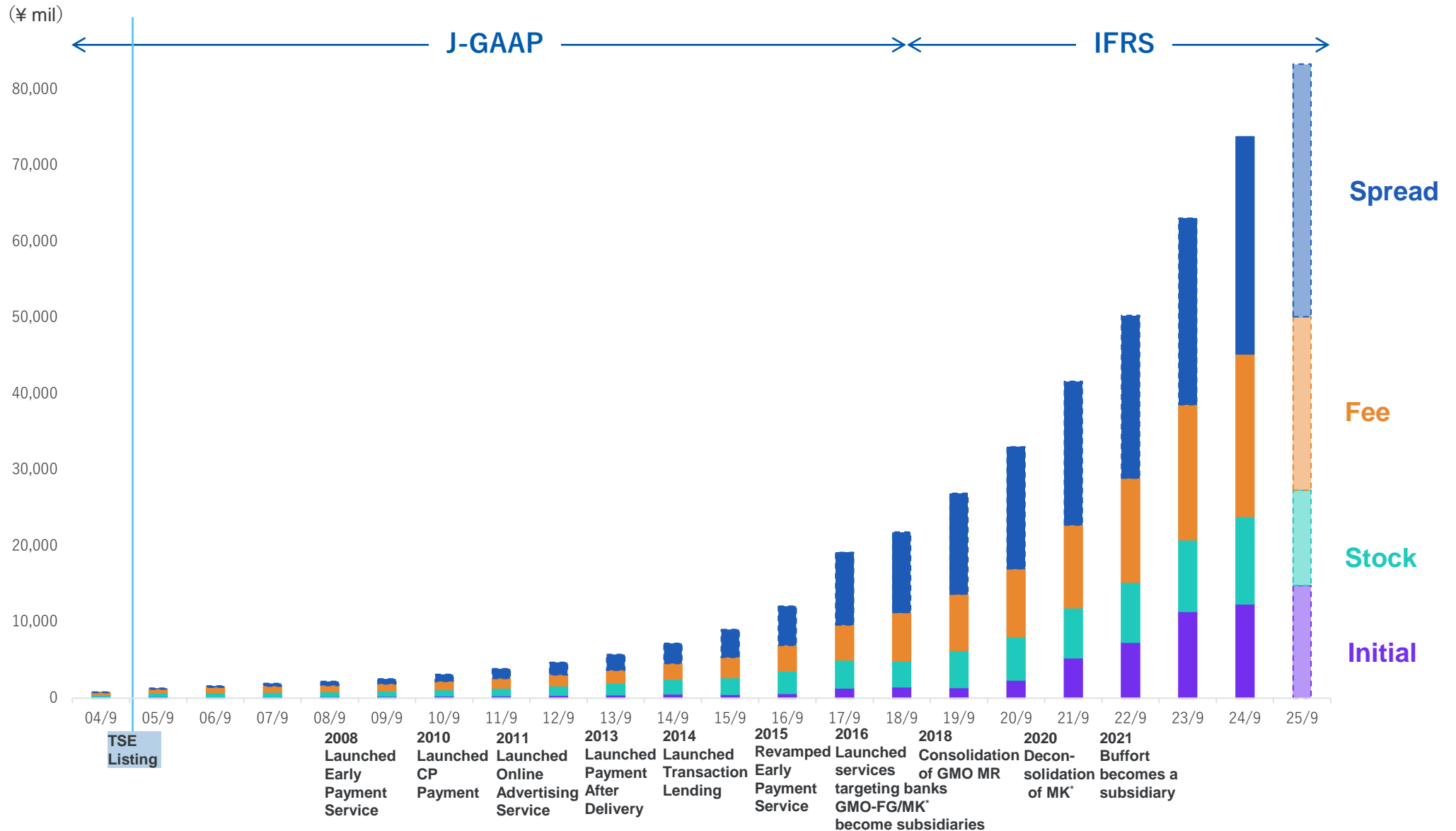
## Revenue type

- 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 12).

# 1.11 Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



# 1.12 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>CP Payment</li> <li>SSL Service</li> </ul>
<b>Stock (Fixed revenue)</b>	<ul style="list-style-type: none"> <li>Online Payment</li> <li>CP 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>CP Payment</li> <li>GMO Payment After Delivery / GMO B2B Pay On Credit / atokara</li> <li>Remittance Service / 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 / fincode byGMO</li> <li>CP Payment</li> <li>GMO Payment After Delivery / GMO B2B Pay On Credit / atokara</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* / fincode byGMO</li> <li>CP 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 / GMO B2B Pay On Credit / atokara</li> <li>Remittance Service / 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.

# 1.13 Competitive Advantage and Achievements

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

		Past (As of end-Sep 2011)		Present (As of end-Sep 2024)
Competitive Advantage Comprehensive Capability	<b>Product</b>	Nos. of payment methods	1 Credit card pure-play (payment) (*Before 2005)	<b>Over 30</b> Multi-payment Implemented Open API type from May 2023
	<b>Sales Capability</b>	Sales Personnel	Approx. 40	<b>Approx. 304*1</b> Industry specific sales teams
	<b>Development Capability</b>	Engineer Personnel	Approx. 30	<b>Approx. 253*1</b>
	<b>Customer Support Capability</b>	The only payment service company to be awarded the Seven Star rating for "HDI Support Center Certification" *2		 
	<b>Investment Capability</b>	GMO Global Payment Fund: Market value approx. 11x the initial investment amount		
	<b>Reliability</b>	Annual TRX Value	Approx. ¥0.9 trn	
		Operating Stores	Approx. 26K	Approx. 156K
Achievement		Operating Profit	Approx. ¥1.4 bil	Approx. ¥25.1 bil
		Operating Profit Per Employee	Approx. ¥9.0 mil	Approx. ¥30.0 mil

\*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.

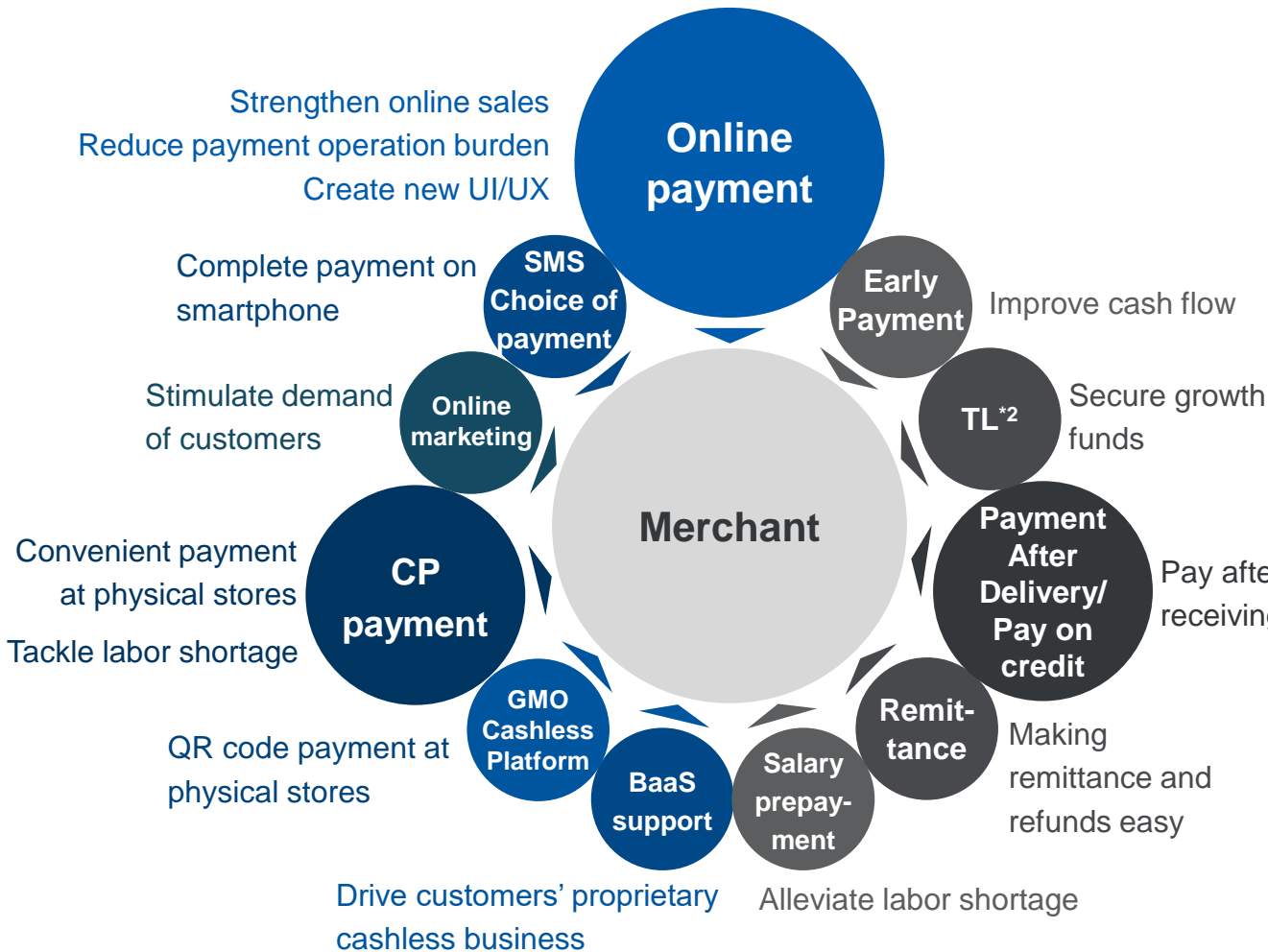
\*2 HDI: World's largest membership organization of IT support services.



# 1.14 Re-Bundling\*1

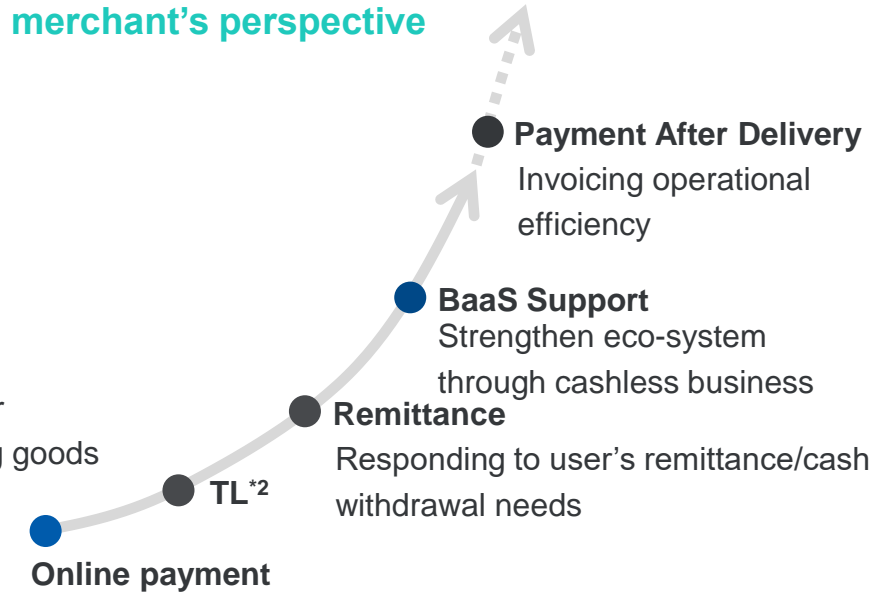
## One-stop support of merchant's growth through product scalability (resulting in enlarging project size)

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



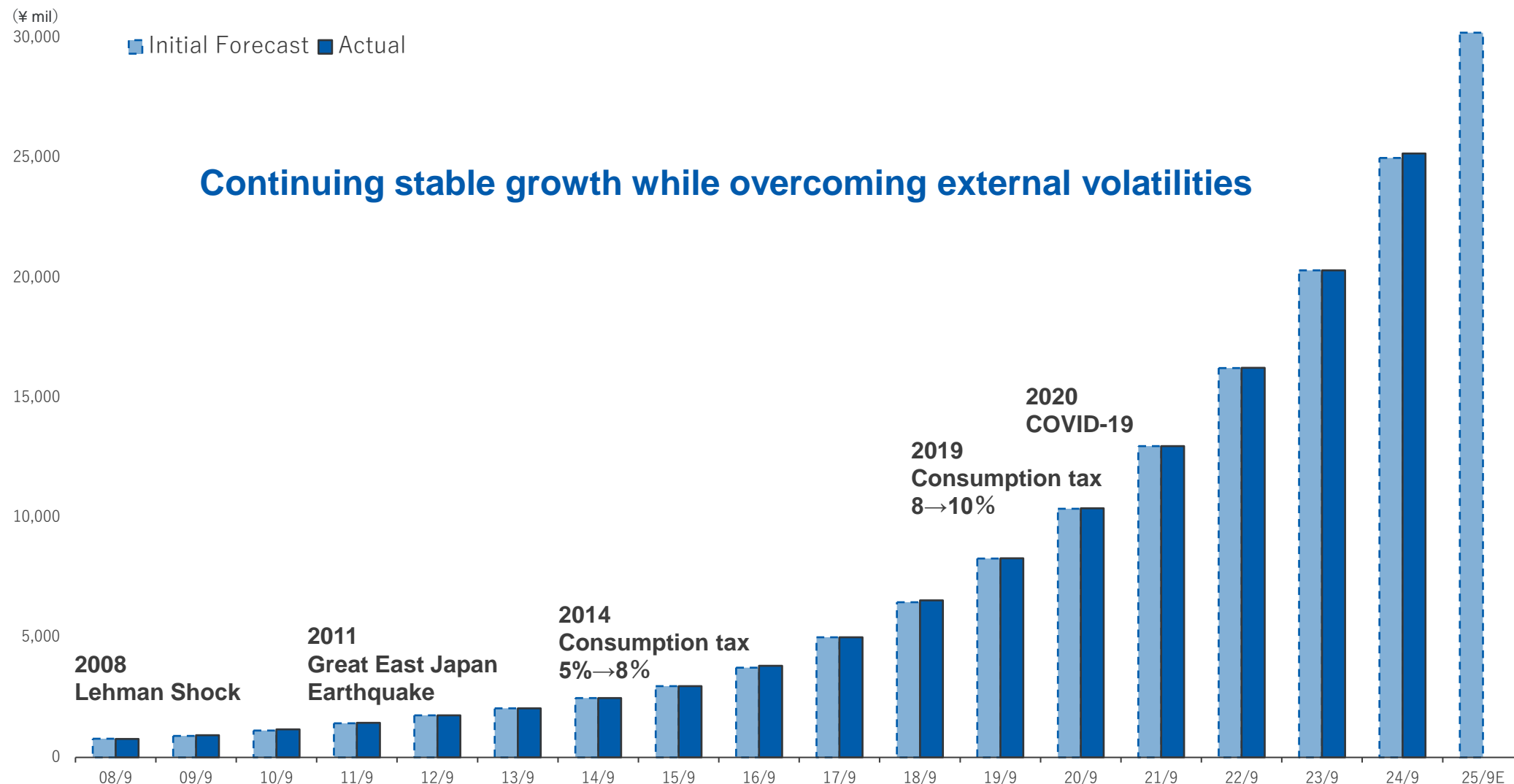
Building track record with regional banks, restaurant chains, apparel, utility, high-growth start-ups, etc.

\*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.

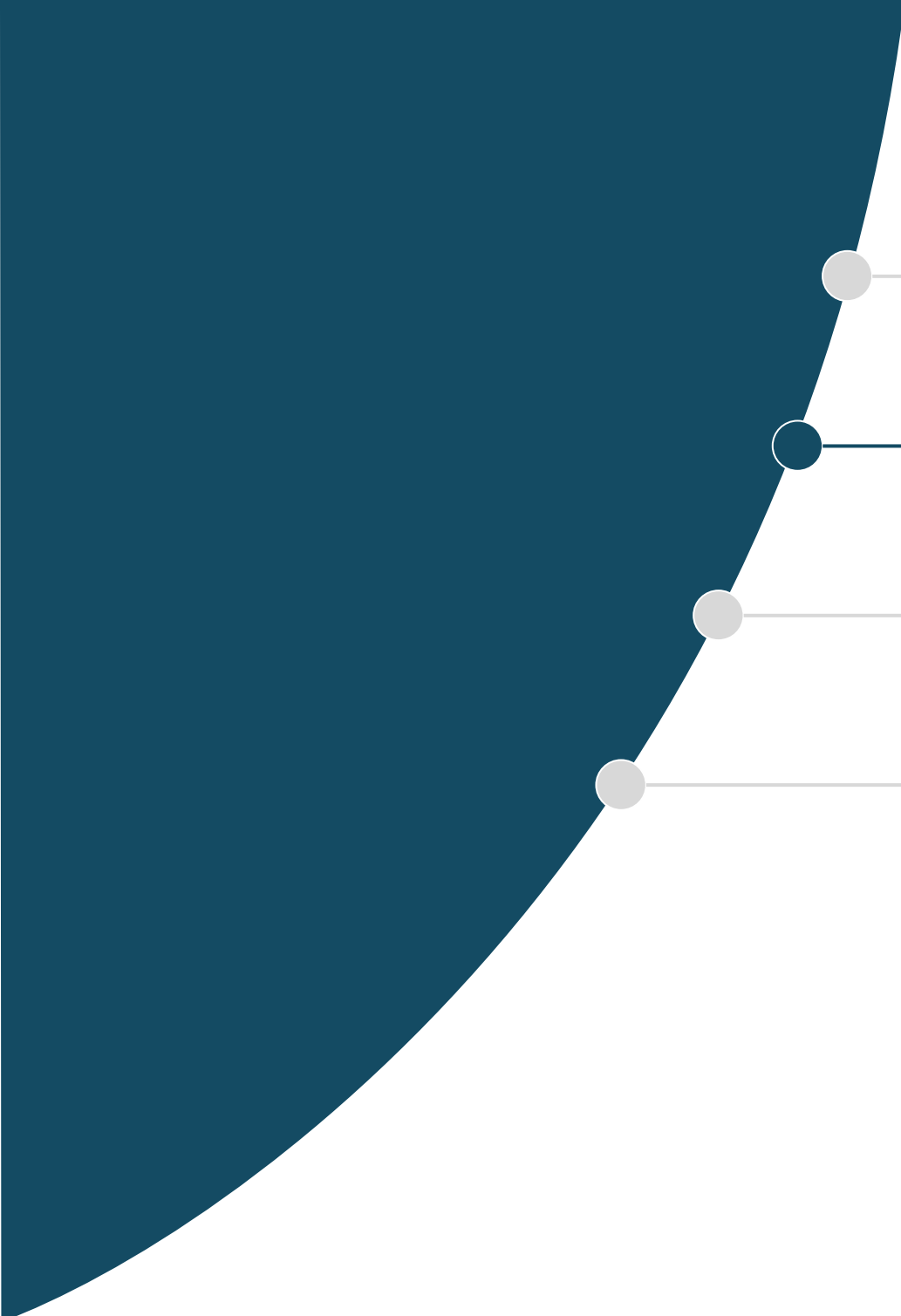
# 1.15 Continuous Achievement of OP Target

## Earnings targets achieved through a high visibility of the 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.20



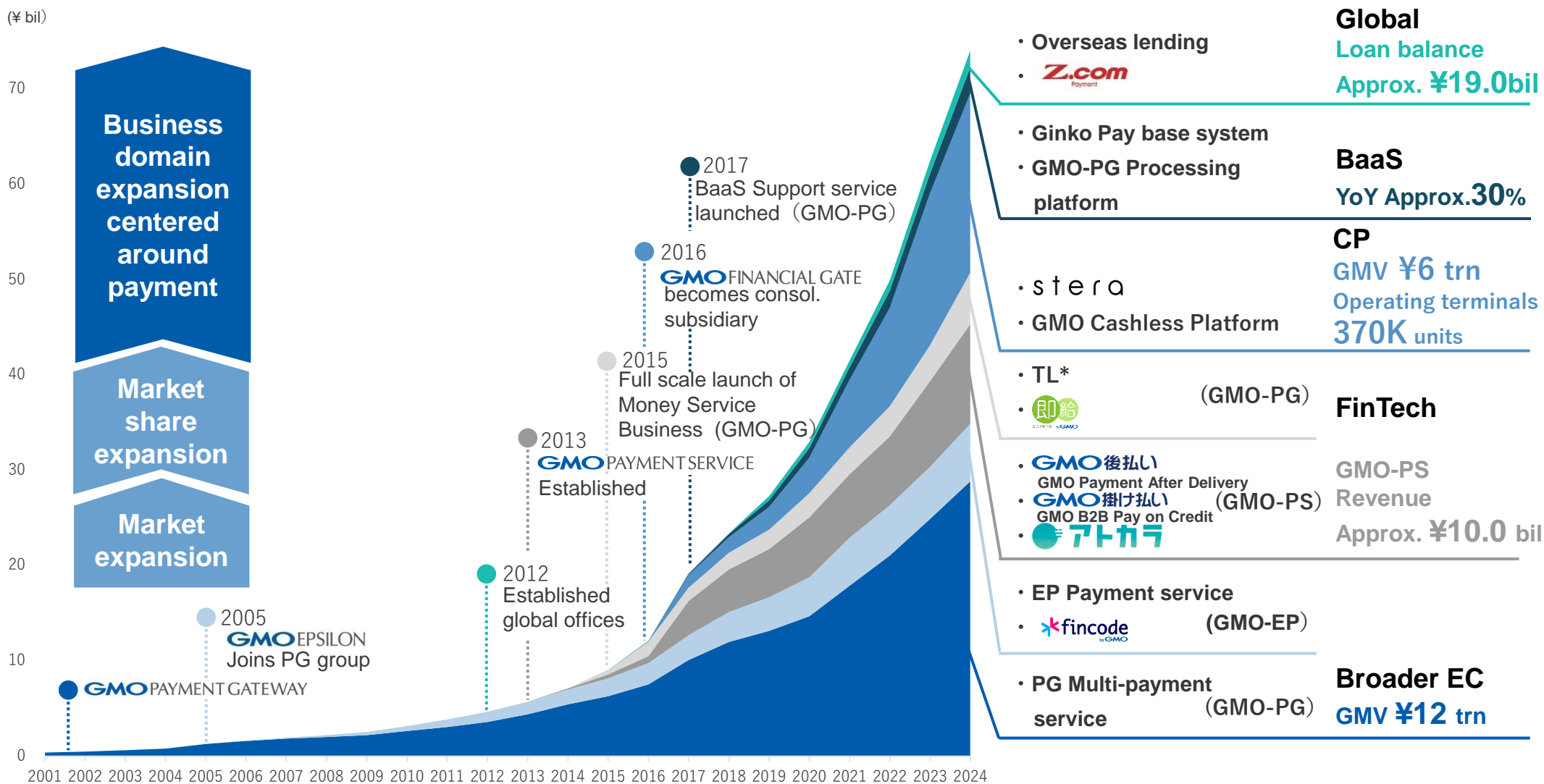
3. **Sustainability** p.41



4. **Reference Materials** p.48

# 2.1 Focus Markets

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

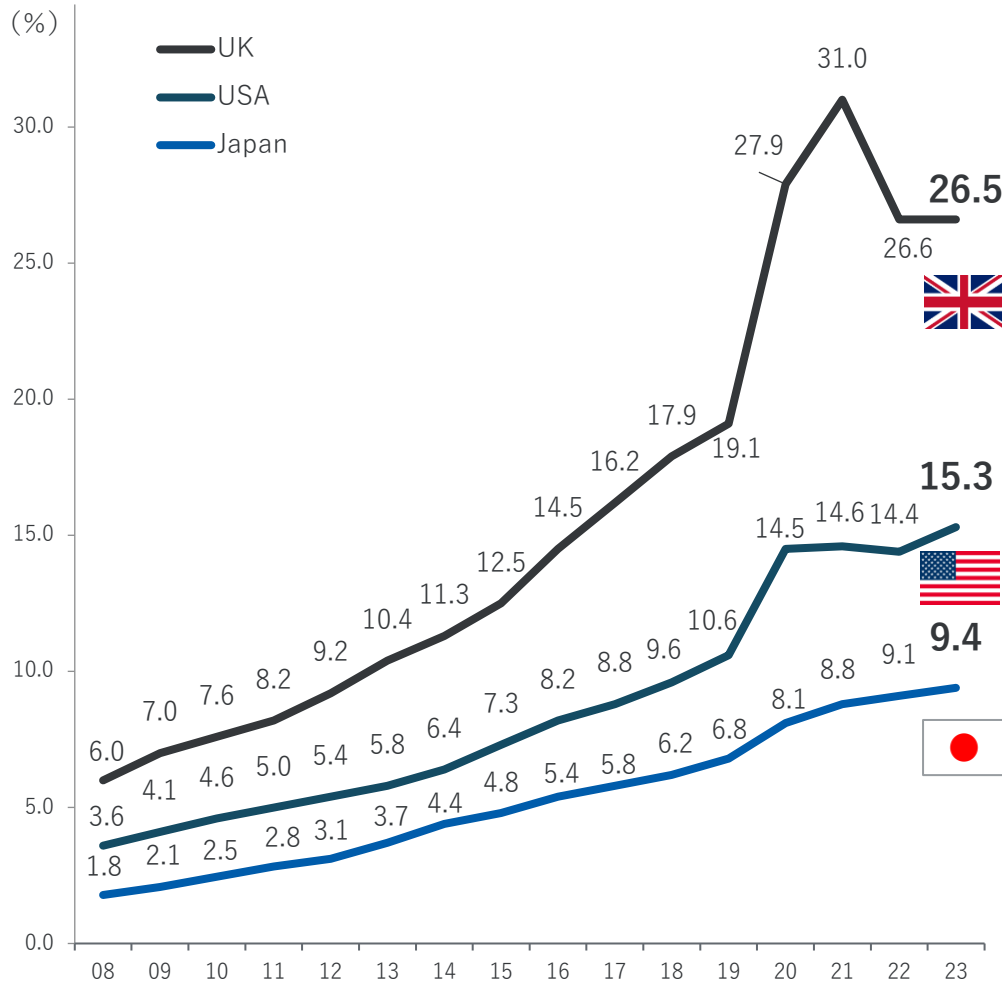


\* TL refers to transaction lending, figures are before consolidated eliminations.

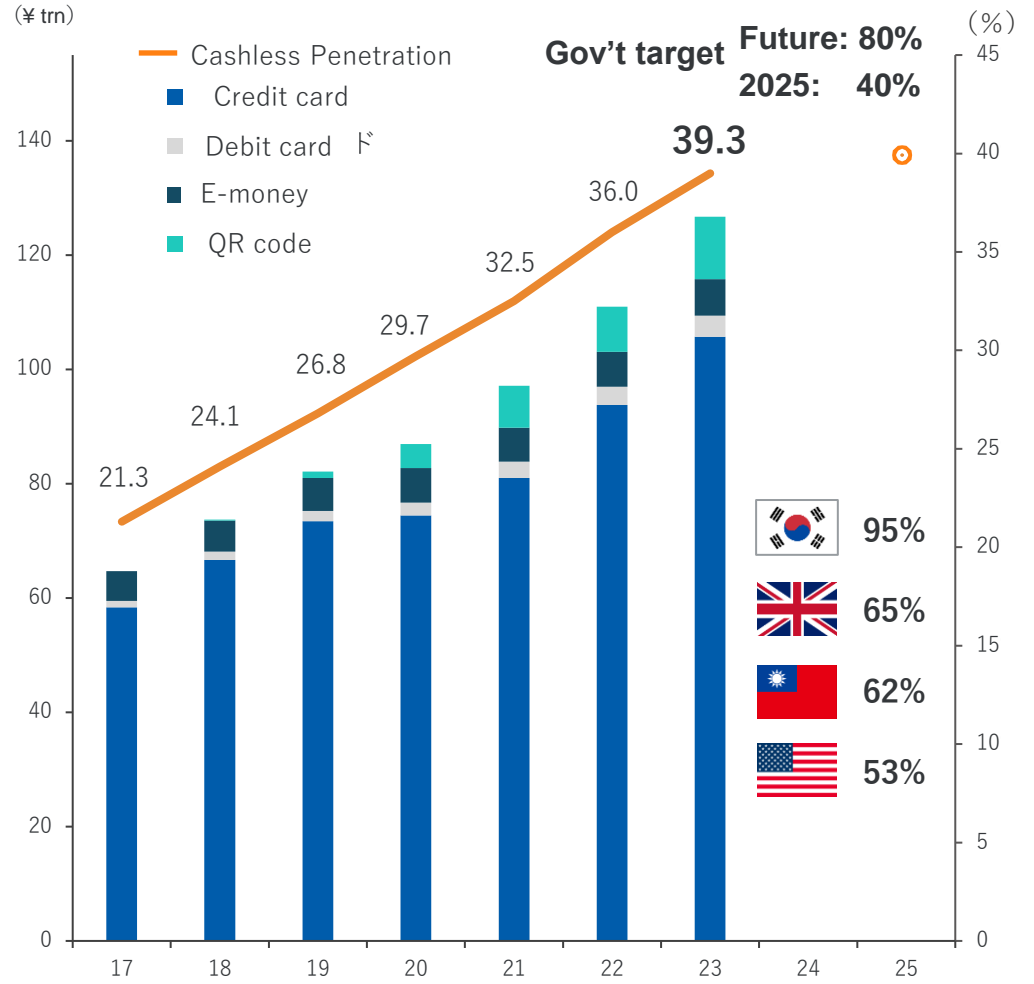
# 2.2 Narrowly-Defined EC: B2C EC Market

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

EC Penetration Rates in Developed Markets\*1



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



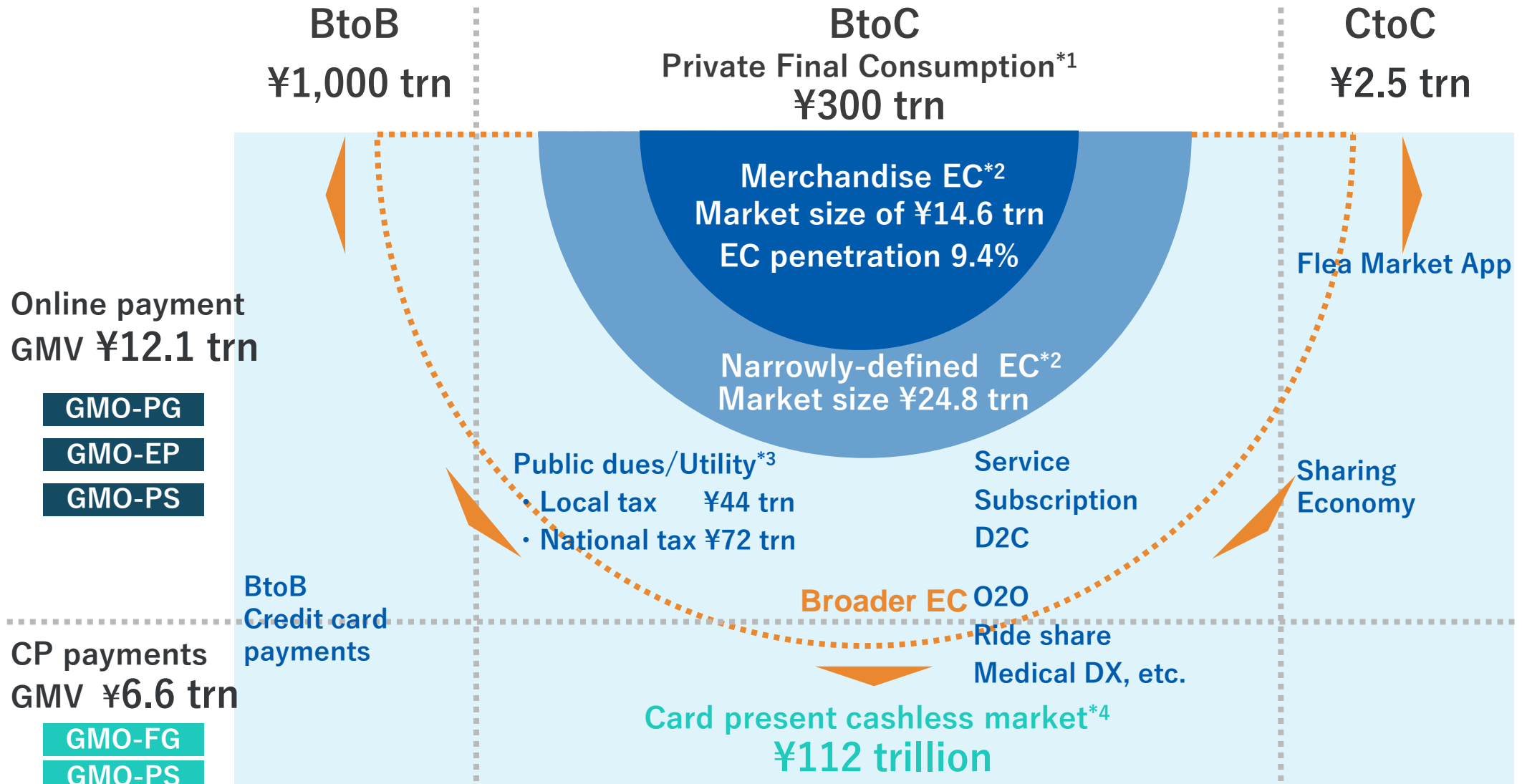
\*1 METI "FY2023 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)", U.S. Bureau of the Census "The 2<sup>nd</sup> Quarter 2024 Retail E-Commerce Sales Report", U.K. Office for National Statistics "Retail Sales Index internet sales, October 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. Actual figures for Taiwan are up to 2019, 2021 for South Korea, UK and USA and, 2022 for Japan.

## 2.3.1 Broader EC: Expanding Scope of Cashless Business

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



\*1 Cabinet Office's "System of National Accounts (GDP statistics)"

\*2 METI's "FY2023 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)" and Yano Research Institute Ltd. Figure for EC penetration is the company's estimates.

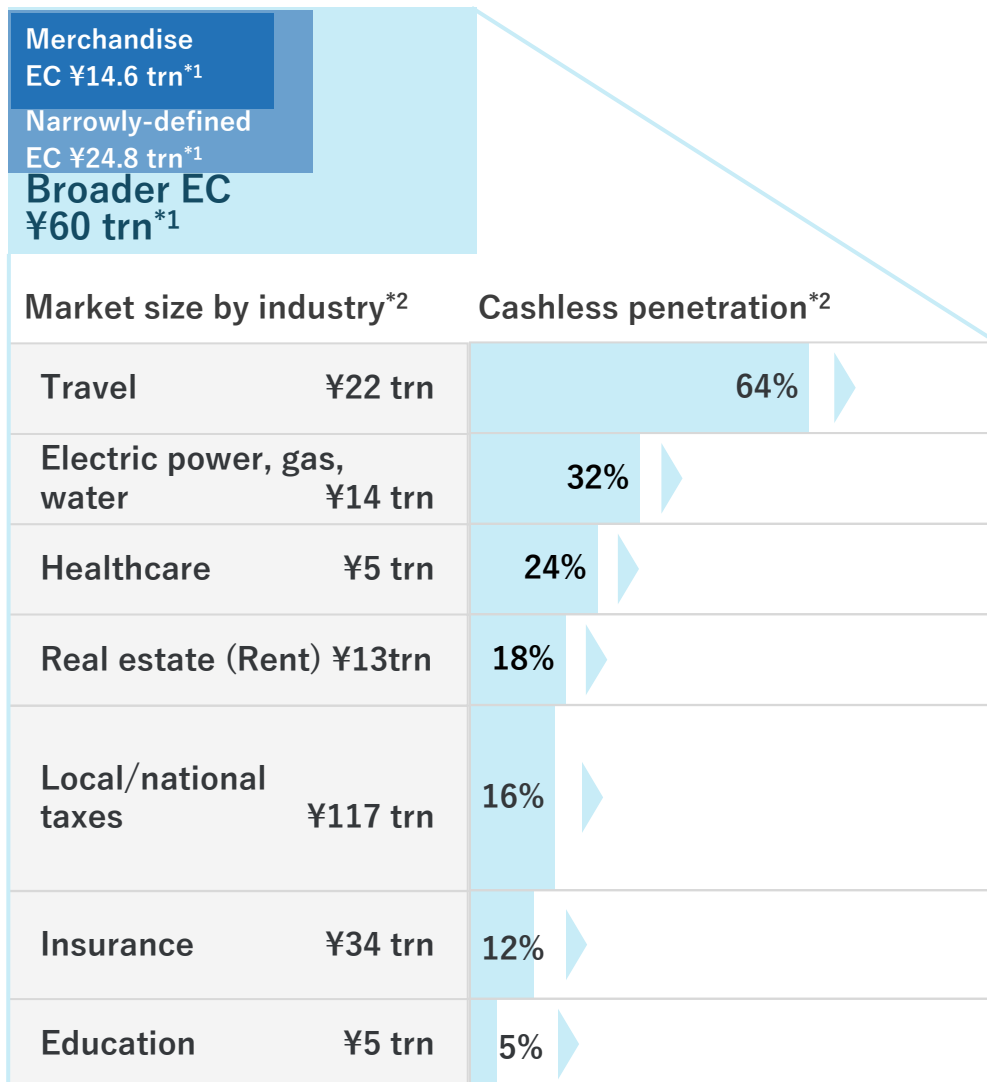
\*3 MIAC "Breakdown of national tax and local tax revenue (FY2024 Budget and Local Government Finance Plan)"

\*4 Figures are the company's estimate calculated by referencing Yano Research Institute Ltd.'s "Domestic Cashless Payment Market in Japan 2024," and "Online Payment Service Providers 2024."

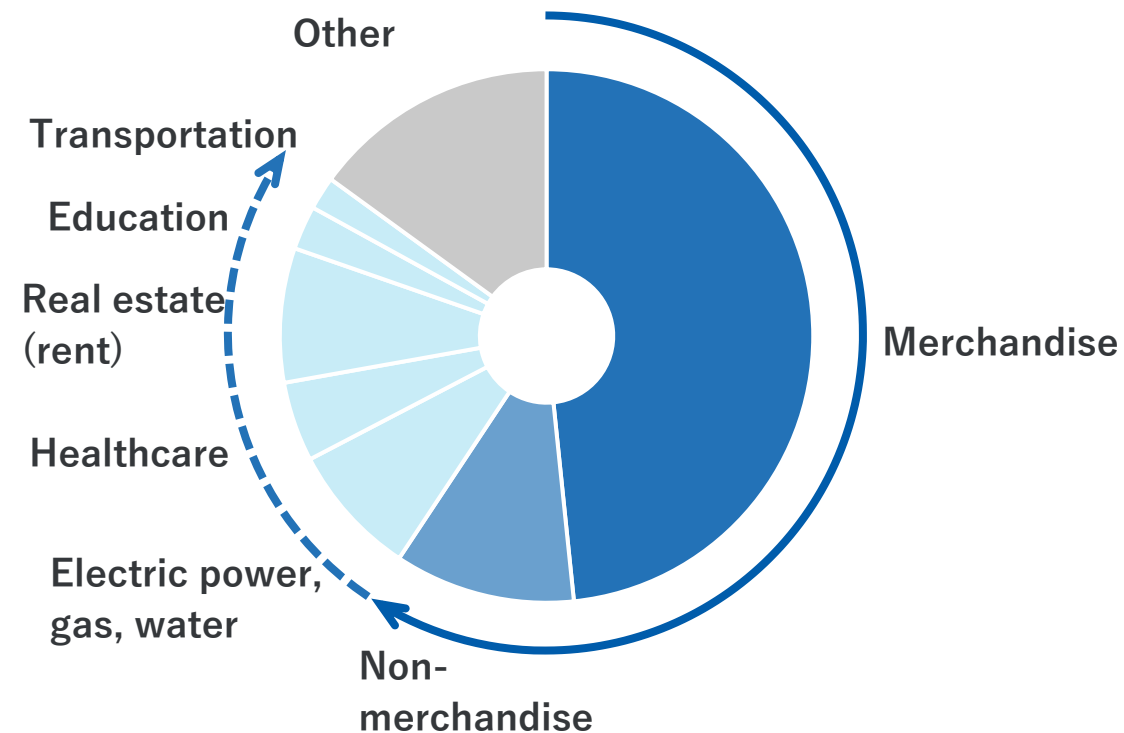
## 2.3.2 Broader EC: Target Markets

# Address each vertical in the vast white space

Cashless penetration by industry  
(credit card usage)



Proportion of household expenditure by industry\*3



Address majority of household expenditure  
by promoting cashless migration

\*1 METI 's " FY2023 E-Commerce Market Survey."

\*2 Figures are estimates of GMO-PG.

\*3 Based on GMO-PG estimates by referencing Consumer Affairs Agency' "Family Income and Expenditure Survey".

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

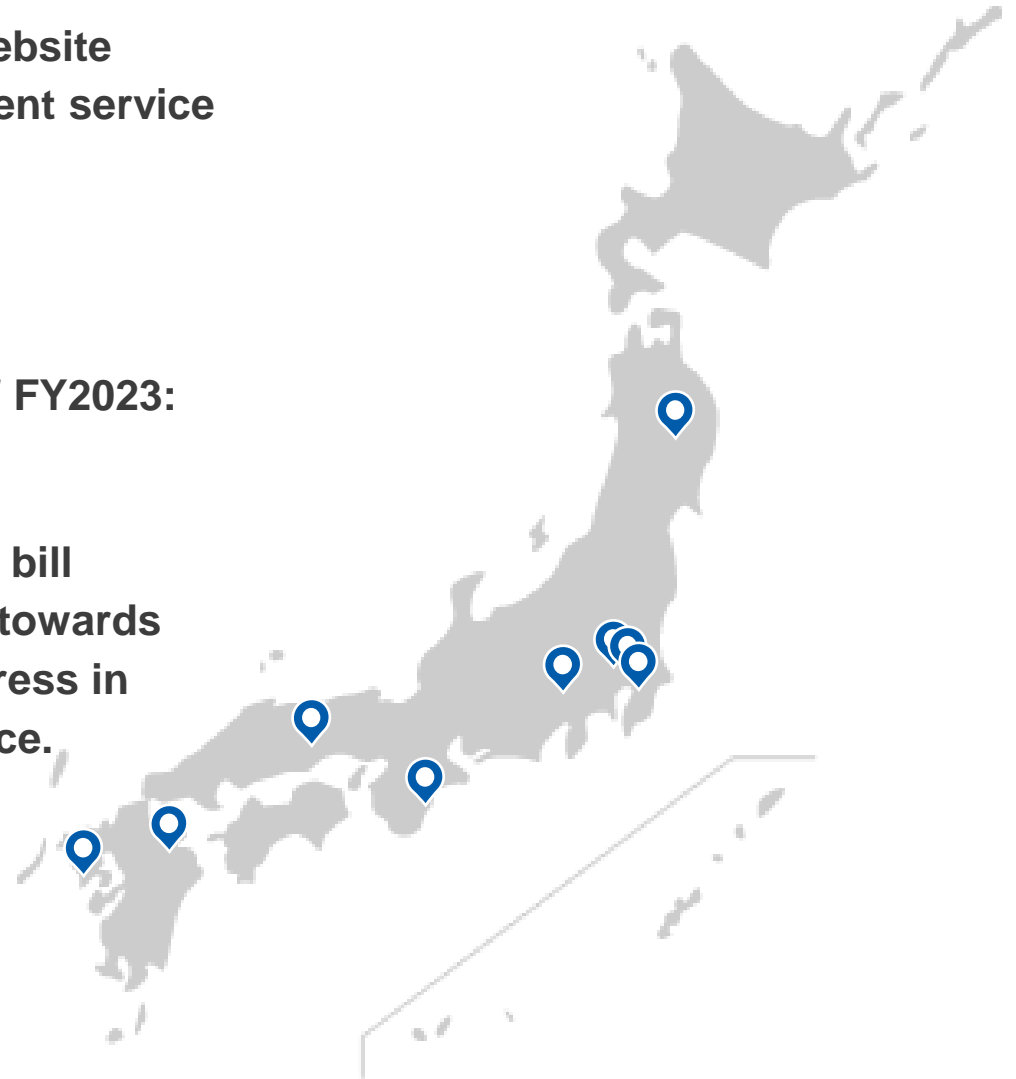
**Entered into the public dues/taxes sector in 2006 when Local Autonomy Law was amendment; pioneered credit card payments in this sector**

**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 FY2023:  
19.1% (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.

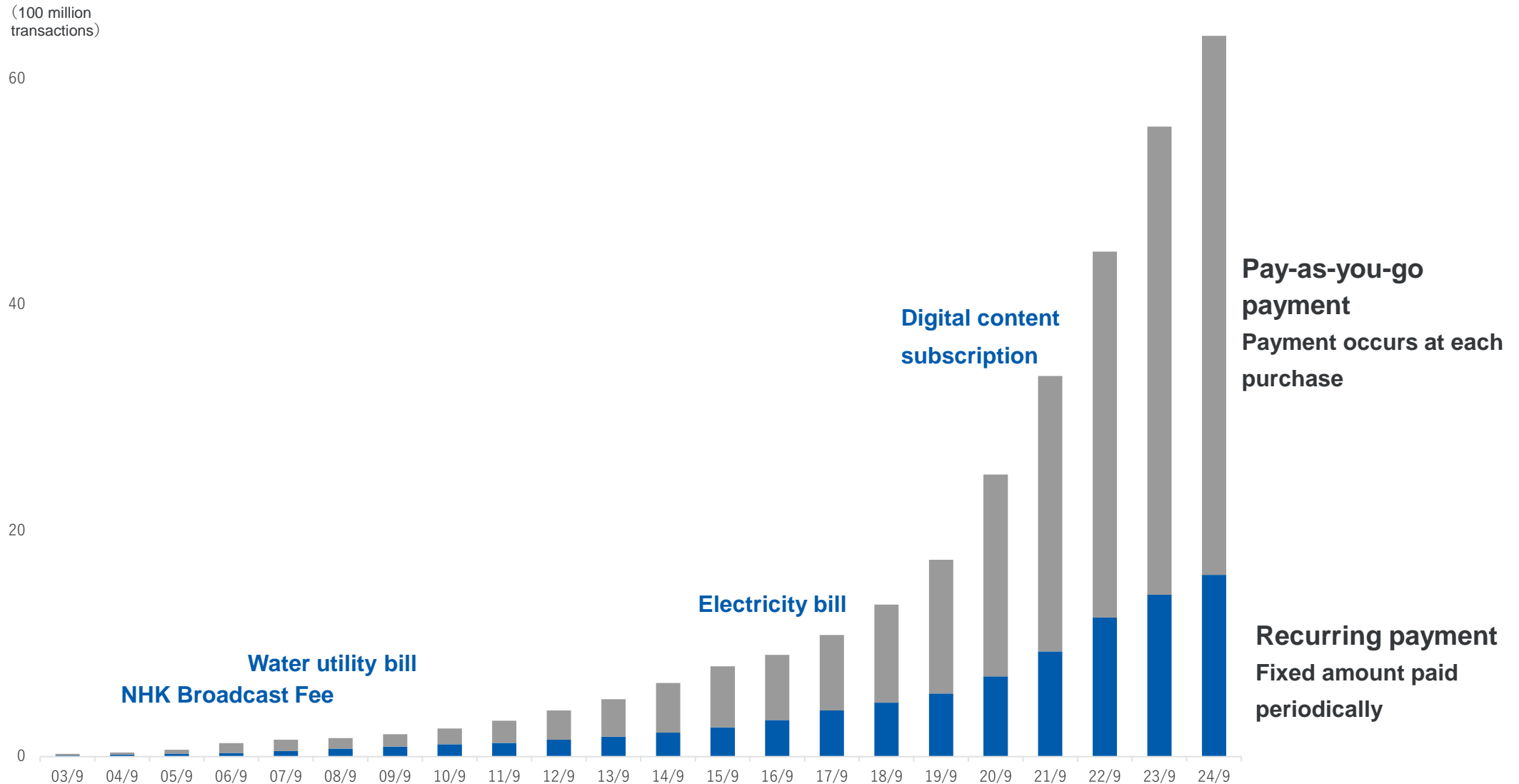


\* Japan Broadcasting Corporation "Business Report for FY2023"



## 2.3.4 Broader EC: Transaction Volume\*

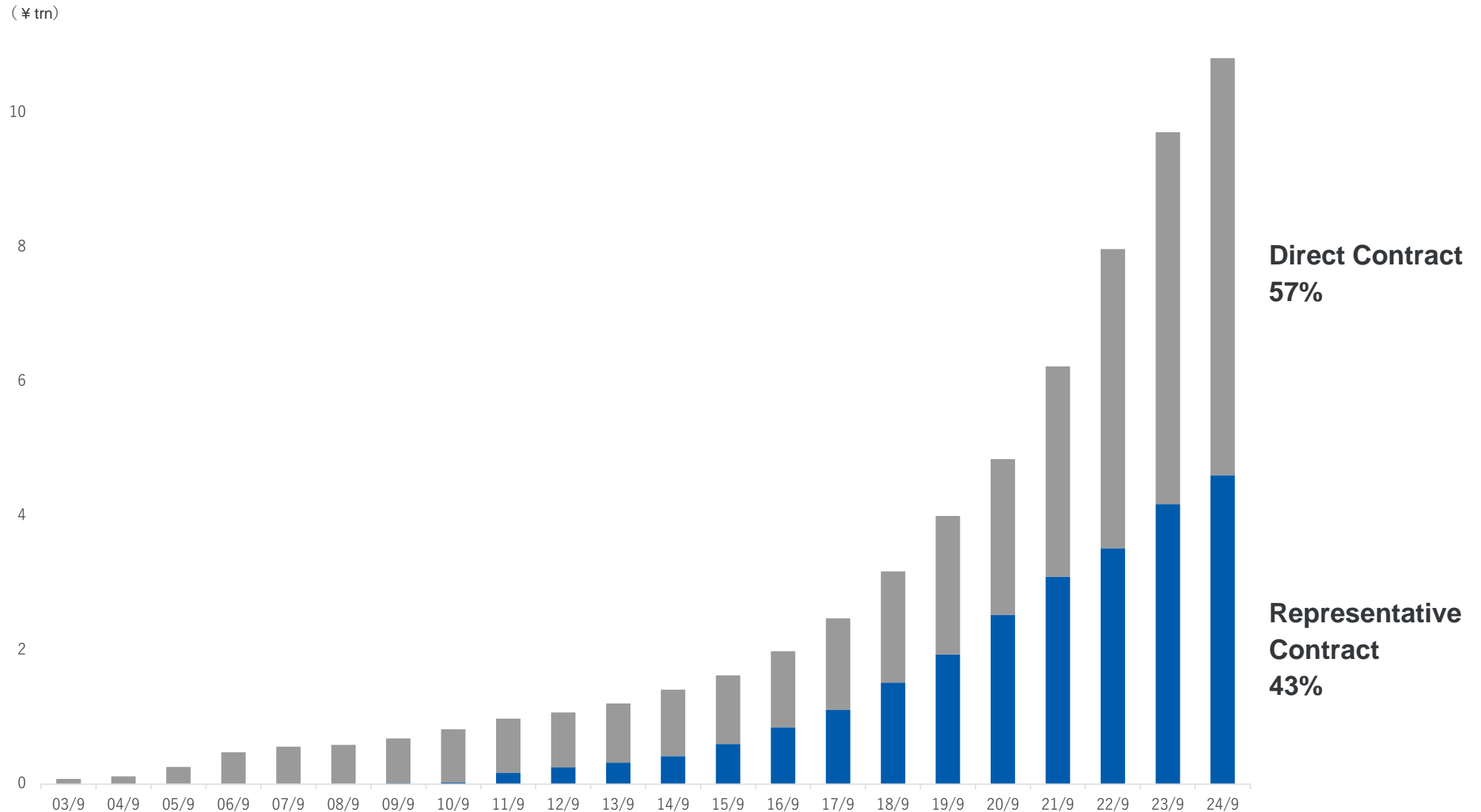
### Stable growth by capturing pay-as-you-go and recurring payment



\* 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 CP.

## 2.3.5 Broader EC: Transaction Value

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



# 2.3.6 Broader EC : PG Multi-Payment Service

2024.09.24 **GMO PAYMENT GATEWAY**

## Provision of the "Verify Service", an identity verification function that deters unauthorized access

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September 24, 2024

GMO Payment Gateway, Inc.

GMO Internet Group, which develops comprehensive payment-related services and finance-related services, GMO Payment Gateway, Inc. (TSE Prime Market: Securities Code: 3769, President & Chief Executive Officer: Issei Ainoura hereinafter referred to as "GMO-PG") As a new optional function of Online Payment Service" PG Multi-Payment Service", We will start providing the identity verification function "Verify Service".

The "Verify Service" is a service that utilizes GMO-PG's proprietary multi-factor authentication function for end users, and by verifying the identity of the user before payment, the approval rate at the time of payment processing is improved and sales can be expected to increase. First of all, we will respond from SMS authentication that notifies the phone number of the one-time password. In preparation for the start of production operation on October 29, 2024 (Tuesday), we will accept applications for use in the test environment from September 25 (Wednesday).

In addition, even businesses that are not "PG Multi-Payment Service" member stores can contract the "Verify Service" alone.



### 【Background and Summary】

The number of credit card fraud is increasing rapidly, and the amount of fraud damage in 2023 reached a record high of approximately 54.1 billion yen <sup>(\*)1</sup>. The largest share of this is the theft of card numbers, with a damage of approximately 50.5 billion yen <sup>(\*)1</sup>. Damage caused by card number theft is not limited to the theft of the credit card itself, but also includes fraud due to the theft of information such as credit card numbers.

For this reason, the Credit Card Security Guidelines, which are positioned as practical guidelines for security obligations stipulated in the Installment Sales Act, require EC merchants to introduce multifaceted and multilayered fraud measures depending on the risks such as the products they handle and the extent of fraud damage <sup>(\*)2</sup>. In addition, the security

checklist, which embodies the basic security measures for EC merchants, which will be required not only for new EC merchants but also for all EC merchants from April 2025, also requires the implementation of countermeasures against unauthorized logins at the time of member registration, login authentication, and attribute information change <sup>(\*)2</sup>. With the rise of credit card fraud, more robust security is required of e-commerce merchants.

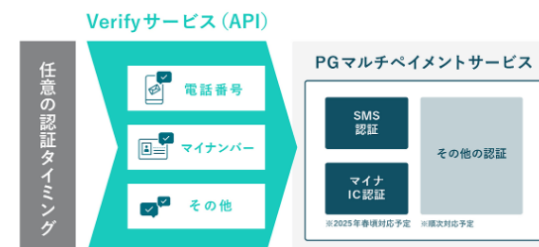
GMO-PG has been expanding its range of security solutions to avoid risks in payment, such as EMV3-D Secure and fraud detection and authentication systems. The Credit Card Security Guidelines revised in March 2024 indicated the concept of "line" to introduce fraud measures for each situation before payment, at payment time, and after payment on e-commerce sites <sup>(\*)2</sup>. As a new solution for fraud countermeasures other than payment time, we have decided to start providing the "Verify Service", an identity verification function.

The "Verify Service" performs multi-factor authentication that combines knowledge information (passwords, secret questions, etc.) that only the user knows and personal information (smartphones, IC cards, etc.) at any time, such as when registering as a member on the website, when authenticating logins, and when changing attribute information. Online businesses such as e-commerce merchants can suppress unauthorized access by introducing the "Verify Service", and if the site involves payment, it can reduce the risk of fraud transactions by verifying the identity before the transaction, so it can be expected to improve the approval rate at the time of payment.

<sup>(\*)1</sup> Japan Credit Association, "Credit Card fraud Damage Occurrence" (announced in June 2024)  
[https://www.j-credit.or.jp/download/news20240709\\_a1.pdf](https://www.j-credit.or.jp/download/news20240709_a1.pdf)

<sup>(\*)2</sup> Ministry of Economy, Trade and Industry "Credit Card Security Guidelines have been revised" (March 15, 2024)  
<https://www.meti.go.jp/press/2023/03/20240315002/20240315002.html>

【About the identity verification function "Verify Service"】 (URL : <https://www.gmo-pg.com/service/security-verify/>)



The "Verify Service" uses the physical item of the user who accesses the website as the authentication key. Multi-factor authentication, which combines knowledge information (passwords, secret questions, etc.) that only the user knows and personal information (smartphones, IC cards, etc.), is performed to verify the identity of the user at the time of member registration, login authentication, and attribute information change under frictionless UI/UX. We will start with SMS authentication, which notifies a one-time password to a phone number, and in the future, we plan to support identity verification using My Number Card (Myna IC authentication) via a "digital authentication app" <sup>(\*)3</sup> in the spring of 2025. The connection method corresponds to the OpenAPI method, which provides an engineer-like development environment based on the world's standard connection specifications. In addition, the usage fee is a pay-as-you-go system that does not require initial costs or fixed monthly costs, and can be introduced to a wide range of businesses, from startups to enterprise companies.

In order to contribute to the business growth of business operators, GMO-PG will continue to update "PG Multi-Payment Service" with the aim of providing an environment that is easy for engineers to develop and a payment service that improves efficiency and reduces costs in terms of operation, while emphasizing convenience and safety for consumers.

<sup>(\*)3</sup> Digital Agency "Digital Authentication App to Release" (June 21, 2024)  
<https://www.digital.go.jp/news/f0d122a1-0608-4e99-b6c6-59461900ca0a>

## 2.4 Broader EC : GMO-MR

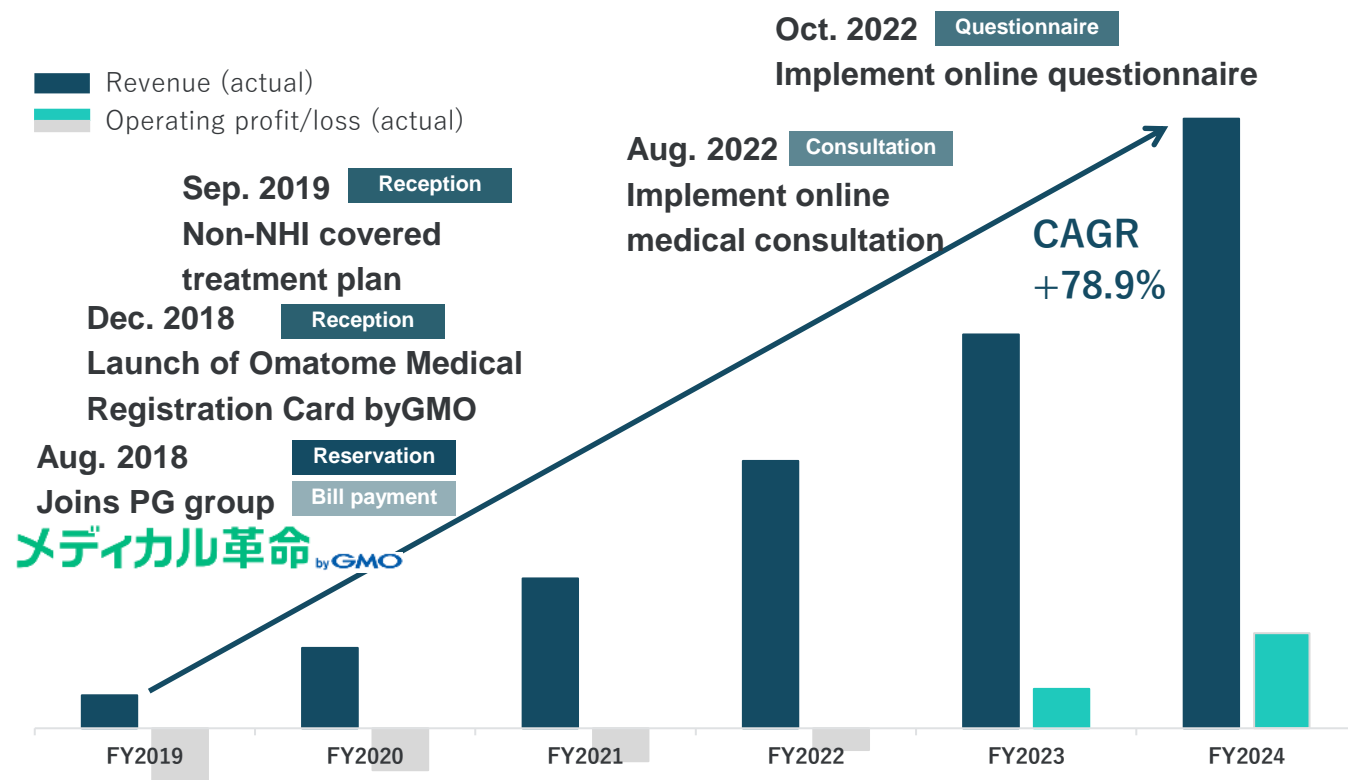
# Provides reservation management system to realize operational efficiency at medical hospitals and clinics

### Product/Value proposition

A reservation system for medical institutions that provide seamless coverage from reservation to bill payment



### GMO-MR revenue and OP (annual trend)



### Growth strategy

- Expand target domains
- Expand “reservation+α” product line-up
- Realize synergies with GMO-PG consolidated companies (complements payment processing)

**FinTech**  
 C2B : Nationwide medical institutions (200K sites)  
 B2E : Medical professionals (10.7 mil)\*1  
 TAM\*2 ¥5.6 trn

**Medical DX SaaS (Vertical SaaS)**  
 B2B : Large medical corporate entities, regional collaboration  
 TAM\*2 ¥200.0 bil

**Reservation management SaaS**  
 B2B : Clinics  
 TAM\*2 ¥78.0 bil

\*1 Ministry of Health, Labor and Welfare’s white paper report “Annual Health, Labor and Welfare Report 2022.” \*2 Figures are GMO-PG estimates using market statistics.

## 2.5.1 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>

# 2.5.2 FinTech: Japan's BNPL Market

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

### BNPL needs in Japan



Consumer

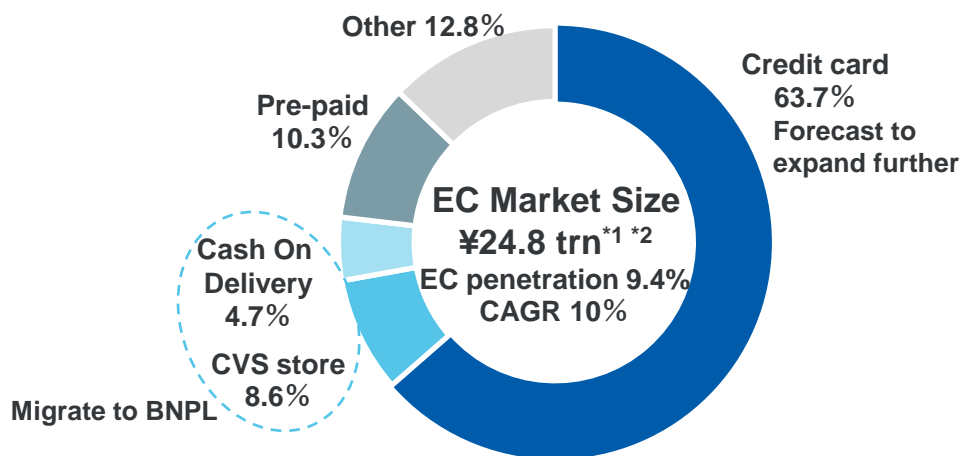
- Receiving goods before payment
- Cash payment
- Manage and control spending
- No face time with delivery person



Merchant

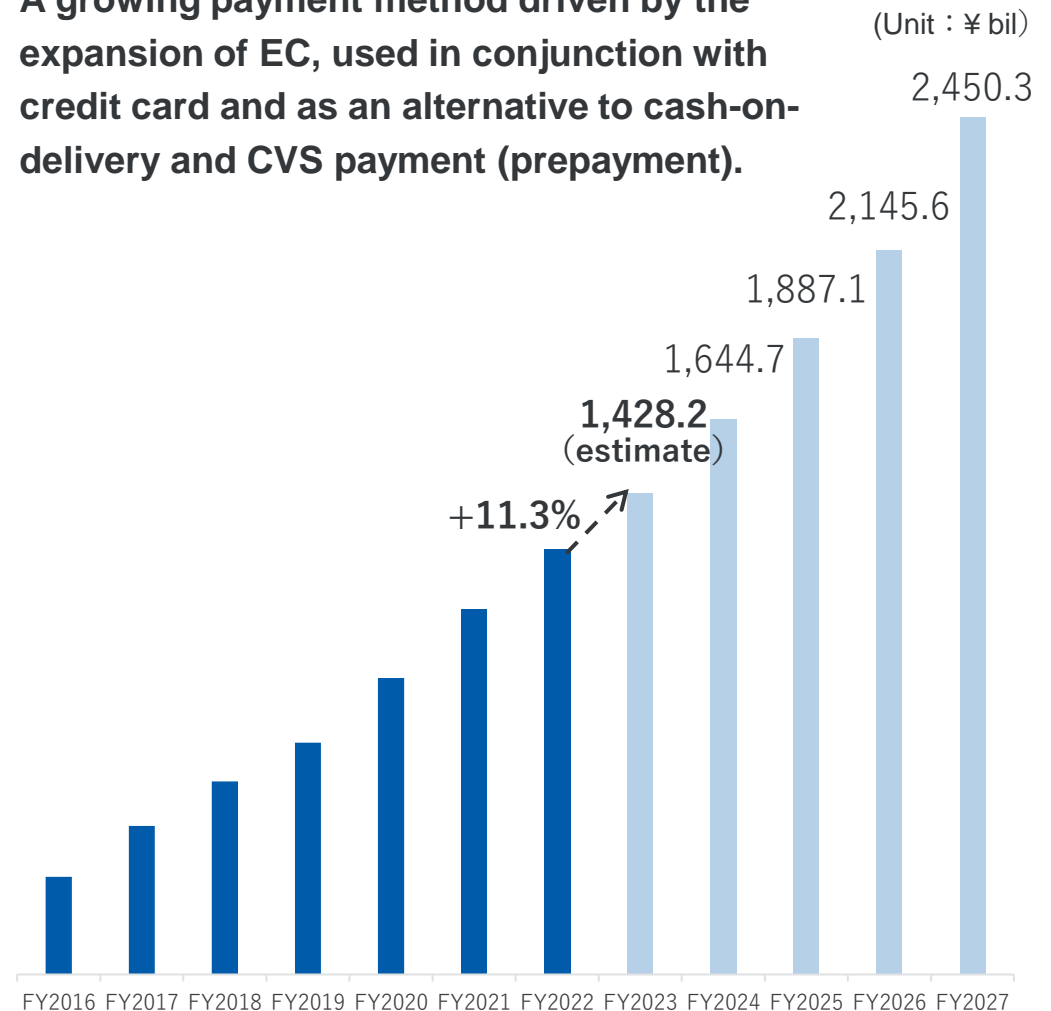
- Widen customer reach
- Means of sales promotion
- Reduce return risk

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



### 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 "FY2023 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"

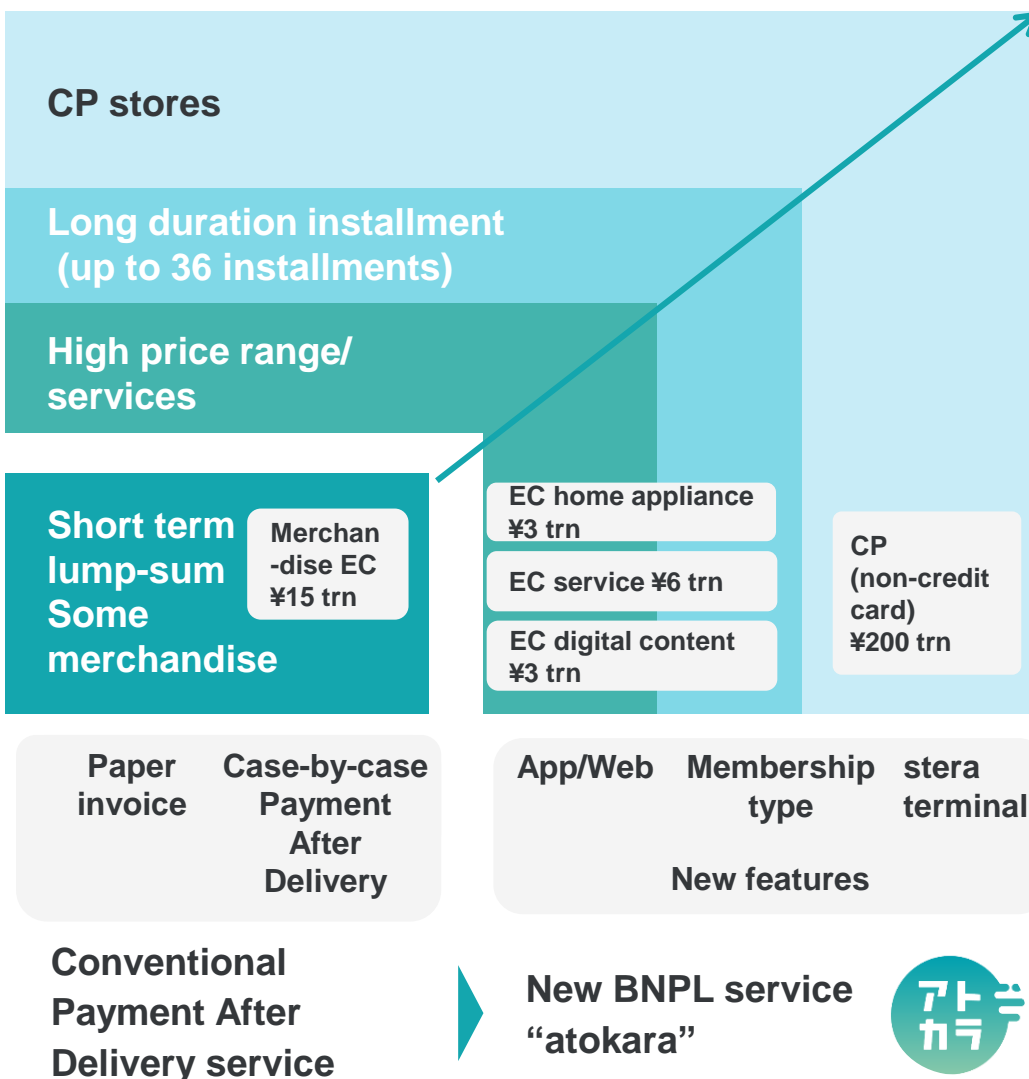
\*2 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2023" \*3 Yano Research Institute Ltd. "Online Payment/Settlement Service Providers 2024."

The figure for FY2023 is an estimate, the figures for FY2024~FY2027 are forecasts.

## 2.5.3 FinTech : BNPL Service “atokara”

# Realizes flexible and convenient payment to be used in diverse purchasing scenes

Expanding service domains of atokara (size of addressable markets)\*



Significance of new business

- Data storage over 10 years/Business creation with partner companies leveraging base system
  - SMCC x GMO-PS/GMO-PG’s customer base, sales capability, consumer business expertise, comprehensive payment capability
  - Usage expansion at merchants with stera terminals
- Entry into consumer business operators with end-customer base
- Expand revenue model and product/merchant base

Transaction screenshot (membership type/CP transaction)



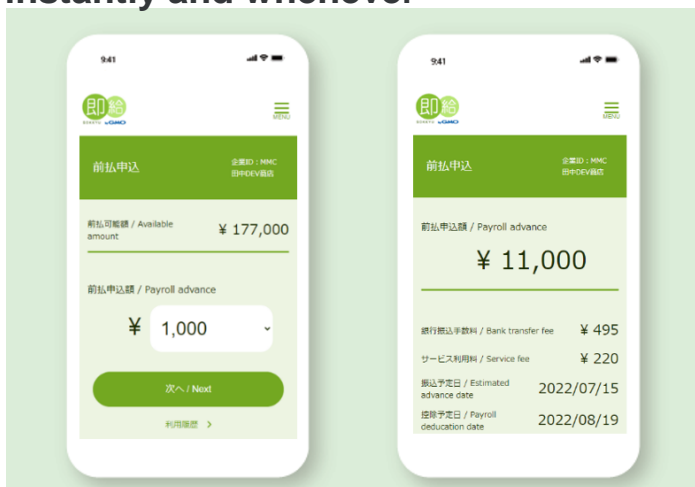
\* Ministry of Economy, Trade and Industry, “FY2022 E-Commerce Market Survey”, Payments Japan Association “Cashless Roadmap 2023”, Cabinet Office’s System of National Accounts of Japan (GDP statistics).

# 2.5.4 FinTech : Instant Salary byGMO (Salary Prepayment Service)

## Be the de facto standard of digitalization and seamless operation in the ¥231 trn salary market

### Service

Enables salary for the work completed to be paid instantly and whenever



### Growth strategy

- Entering into short-term labor market
- Penetration within industry (CVS chain)
- Making inroads into B2E domain

### Target market

**Salary bank transfer market:**  
Approx. ¥231 trn

- E-salary payment
- DX of salary operations

**Expand scope of salary remittance**

**Salary prepayment**

**Users :**  
Approx. 2 mil people

**Major industries :** Logistics, security, restaurant, retail, relocation  
**Type of employment :** Staffing service, part-timers, etc.

### Value proposition



Supports a sound cash management by employees



Strengthen recruitment + improve employee satisfaction



Reduce man-hours through digitalization of salary prepayment operations



# 2.5.5 FinTech : Bill card payment by GMO

2024.10.23 **GMO PAYMENT GATEWAY**

## American Express and GMO Payment Gateway Launch invoice Card Payment Service on Wednesday, October 23 for Cashless Business-to-Business payment

SHARE   [Copy URL](#)

October 23, 2024

American Express International, Inc.  
GMO Payment Gateway, Inc.

American Express International, Inc. (Headquarters: Minato-ku, Tokyo, Japan President/President: Sudo Yasuhiro, hereinafter referred to as "American Express") and GMO Payment Gateway, Inc. (Headquarters: Shibuya-ku, Tokyo, President & Chief Executive Officer Issei Ainoura, hereinafter referred to as "GMO-PG") are invoice to support operational efficiency by promoting cashless payment between companies. The credit card payment service started on Wednesday, October 23, 2024.

In the government's target of reducing the cashless payment ratio to about 40% by 2025<sup>\*1</sup>, there is still room for significant expansion of inter-company payment in contrast to individual payment, which have shown steady progress<sup>\*2</sup>. In such a situation, there is a movement to abolish the use of paper promissory notes and checks used by companies for payment to business partners by 2026, and as interest in cashless payment between companies is increasing more than ever, credit card payment and invoice card payment service is one of the effective means. The market size is expected to expand.

The invoice card payment service, which will be launched in collaboration with American Express and GMO-PG, is a development of the "Invoice Card Pay byGMO" provided by GMO-PG for American Express business cardholders, and to further expand the options for cashless payment in business transactions. It is expected to be used for the purpose of improving operational efficiency as one of the measures to address various issues faced by managers, such as labor shortages, successor shortages, and wage increases. In developing this service, American Express will be mainly responsible for marketing activities, including promotion of use for its business card members, while GMO-PG will develop a dedicated website for American Express cards and will be responsible for the operation of this service.

Through the development of services through collaboration between the two companies, we will work to further promote cashless payments in inter-company payment and improve the operational efficiency of business owners who use this service.

<sup>\*1</sup> Ministry of Economy, Trade and Industry (March 29, 2024): <https://www.meti.go.jp/press/2023/03/20240329006/20240329006.html>

<sup>\*2</sup> Ministry of Economy, Trade and Industry (March 2023): <https://www.meti.go.jp/medi-lib/report/2022FY/000294.pdf>

### American Express Invoice Card Pay byGMO for Business Cardholders

**Start date:**  
Wednesday, October 23, 2024

#### invoice What is the card payment service?

This is a service that allows you to pay the invoice you receive with a credit card. invoice of business partners who do not support card payment can also use this service to payment with a card. The money will be transferred to the business partner by the due date in an appropriate transfer name, such as the transfer name specified by the customer, and will be debited together with the usage charges of other cards on the payment day of the card.



#### American Express Features of "Invoice Card Payment by GMO" for Business Cardholders

All you have to do is upload the invoice you received on your PC or smartphone and enter the necessary information to make the transfer on the same day at the earliest.



**URL :**  
<https://www.americanexpress.com/ja-jp/services/invoice-pay/>

#### American Express International, Inc. Japan President/President Sudo Yasuhiro Comment

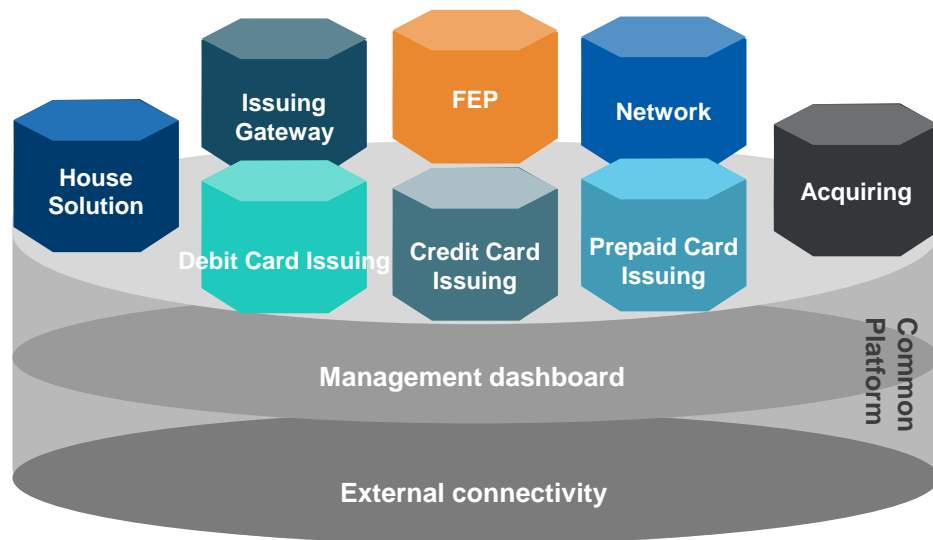
"American Express has been committed to supporting sole proprietors and SME through a variety of services and programs. With the introduction of this new service with GMO Payment Gateway, we hope to provide an environment where business owners can focus more on their core business by increasing the number of options for cashless payment in business transactions, helping them to promote operational efficiency. We will continue to meet the needs of our customers, improve the convenience of American Express business cards, and improve customer satisfaction."

#### GMO Payment Gateway President & Chief Executive Officer Issei Ainoura Comments

"GMO Payment Gateway provides services based on payment that support online, cashless, DX, etc. We are pleased to announce that American Express highly evaluated the reliability of our "Invoice Card Pay byGMO" system and the development potential of strategic alliances invoice We are very honored to have been selected as a partner for our card payment service. We are confident that this partnership will accelerate cashless and operational efficiency in business-to-business transactions, and will make a significant contribution to the business growth of businesses."

# 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

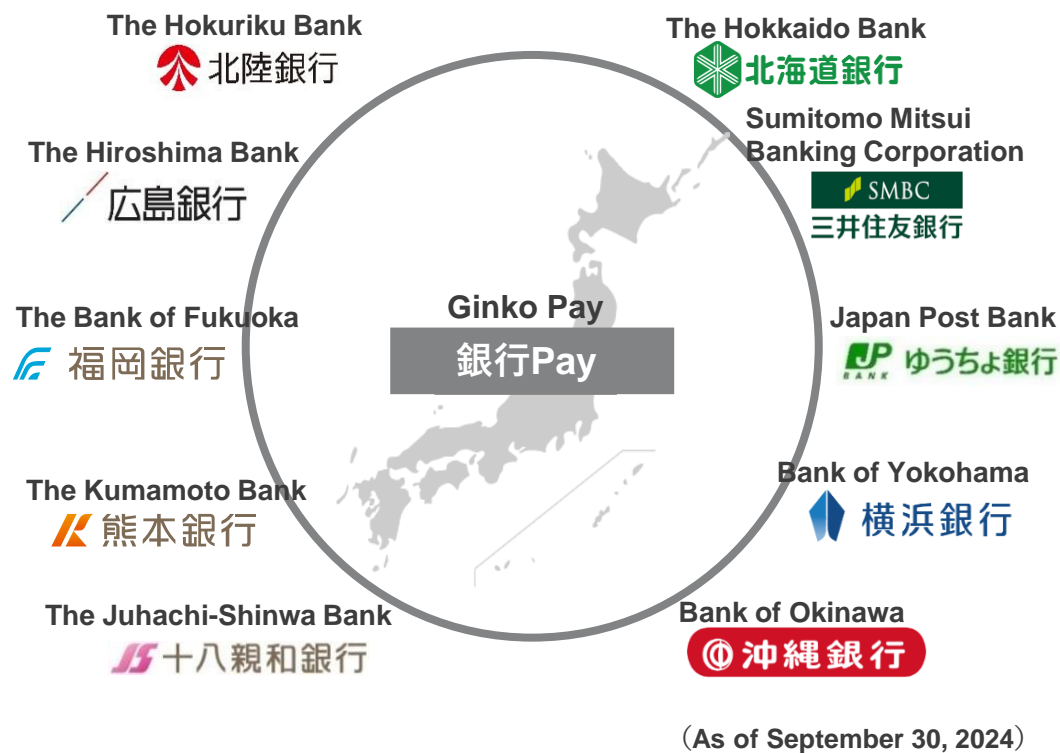
\* The four companies refers to Hyundai Card Co., Ltd., Bankware Global Co., Ltd., EXA CORPORATION, GMO Payment Gateway, Inc.  
FEP stands for Front End Processor and refers to the system required for a credit card company to connect/access an external network.

## 2.6.2 BaaS/ Card Present IoT

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

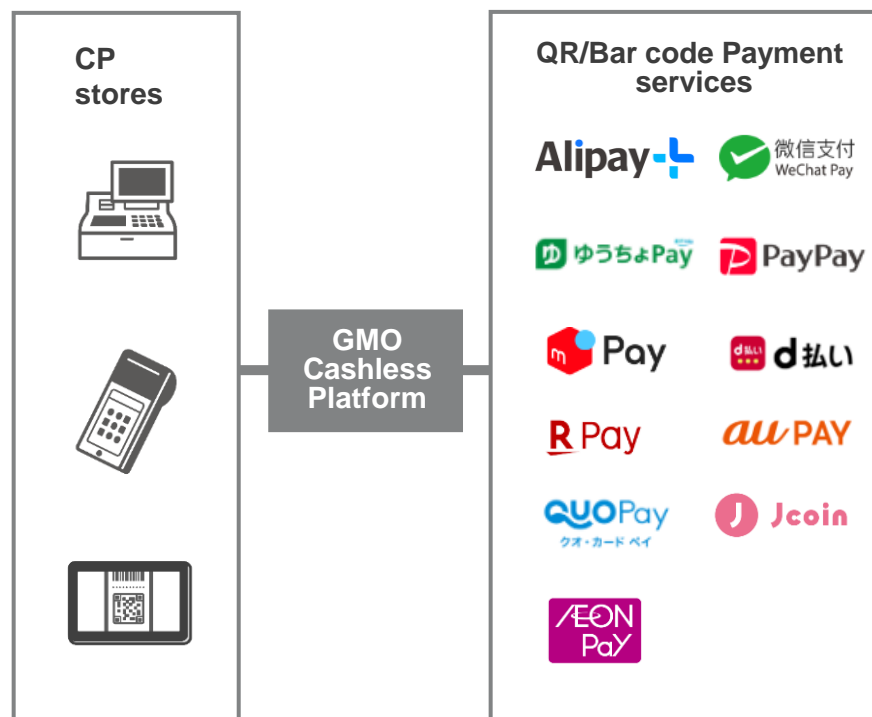
#### Ginko Pay

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



#### GMO Cashless Platform

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



# 2.7 Card Present IoT: CP Payment Market

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

CP payment : GMO Financial Gate, one of our Group companies, offers payment terminals for payments made at CP stores.

### 【Growth factors of the CP market】

Cashless demand arising from diversifying payment method and government promotion measures

Mobile terminal



Embedded-type EMV\* terminal



### 【stera】

Rollout of a new payment product of Sumitomo Mitsui Card Co., Ltd. to provide a one-stop service that handles a variety of payment methods.



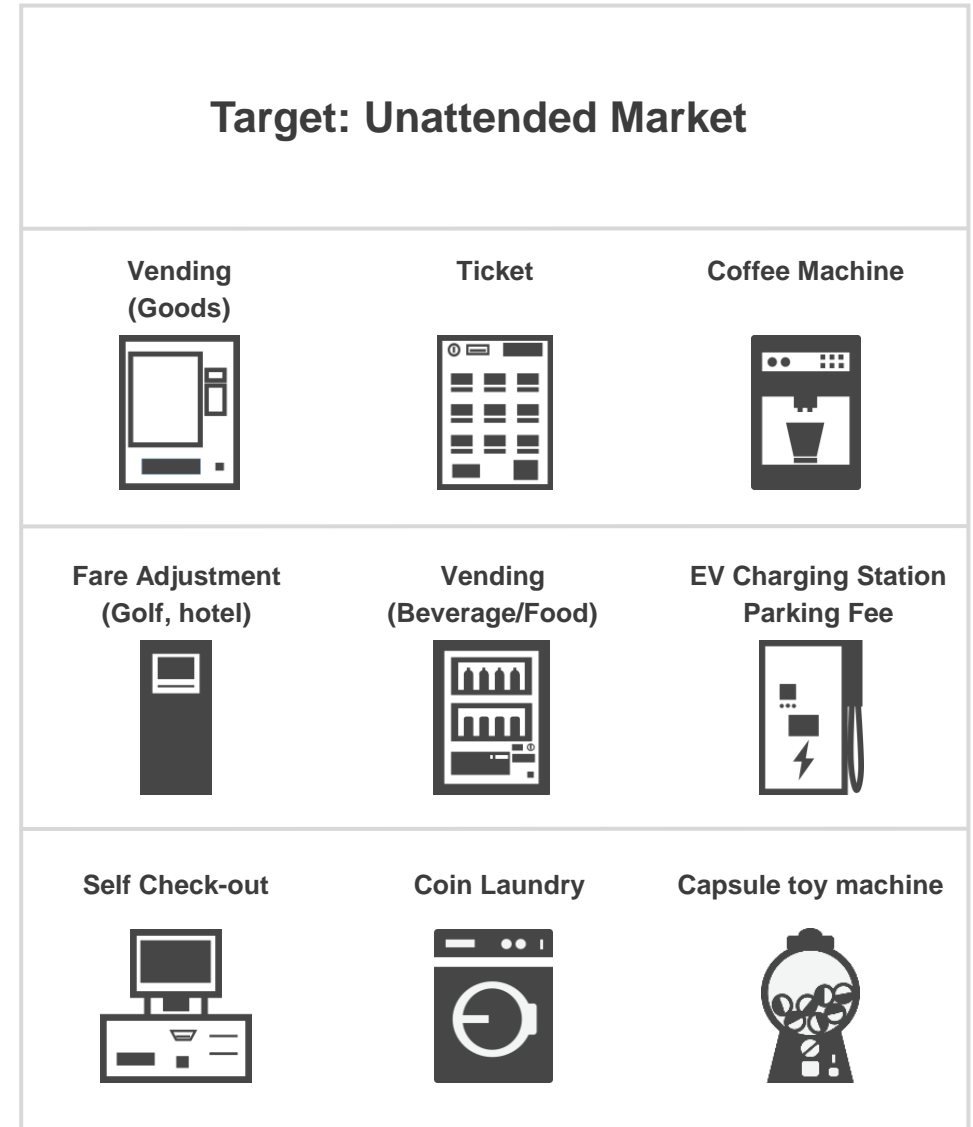
stera terminal standard

stera terminal unit

stera terminal mobile

stera fasstap

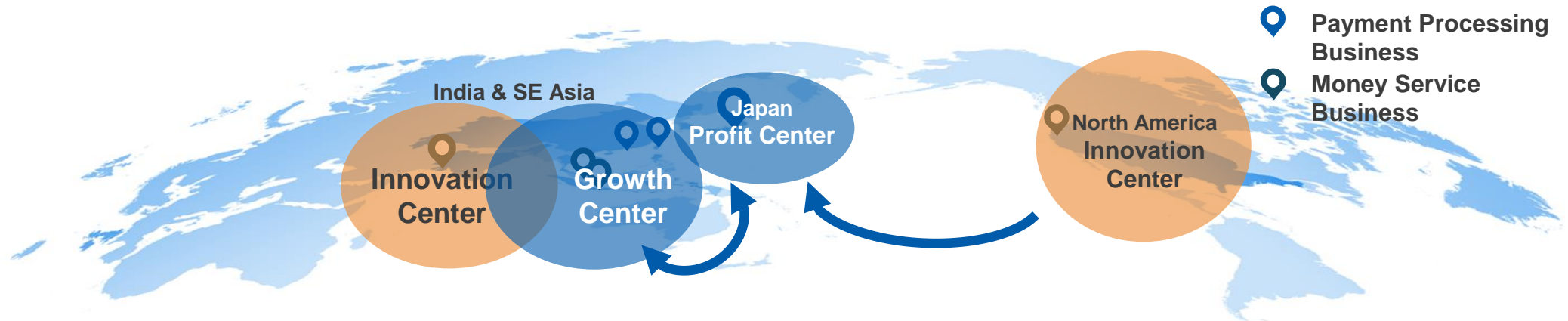
\* EMV : Uniform standard for IC-chip embedded credit cards formulated by Visa and MasterCard.



# 2.8.1 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

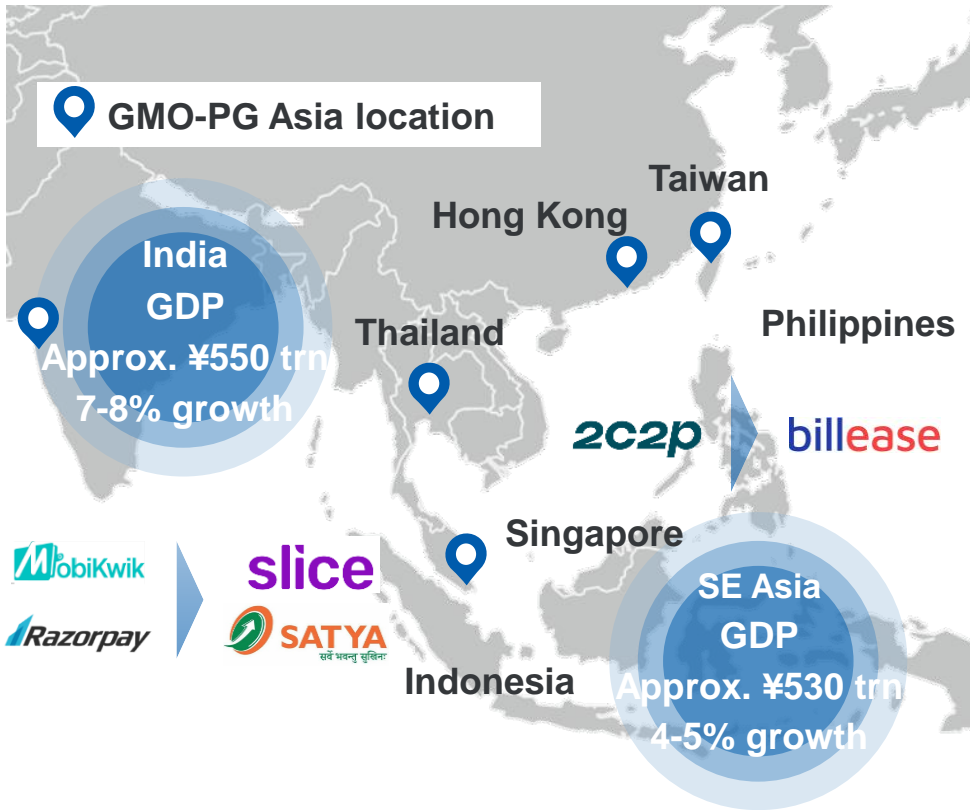
Country	Major investees	Major borrowers
	red dot payment*2, HELICAP	VALIDUS*2, funding societies*2
	NEWEB	
	2c2p*2	
	Mobikwik, Razorpay, Bureau, greyt	SATYA, slice*2, GRO, LENDINGKART, Revfin, NEOGROWTH, CreditWise Capital
	Kredivo, eoda	Kredivo, investree, CR, WDE*2
		bill ease
	APPOTA	
	taulia*2, PayNearMe, DRIP/c, CITCON	DRIP/c, flex.*2, reali*2, Vero, ATLAS, beatBread, negotiatius

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

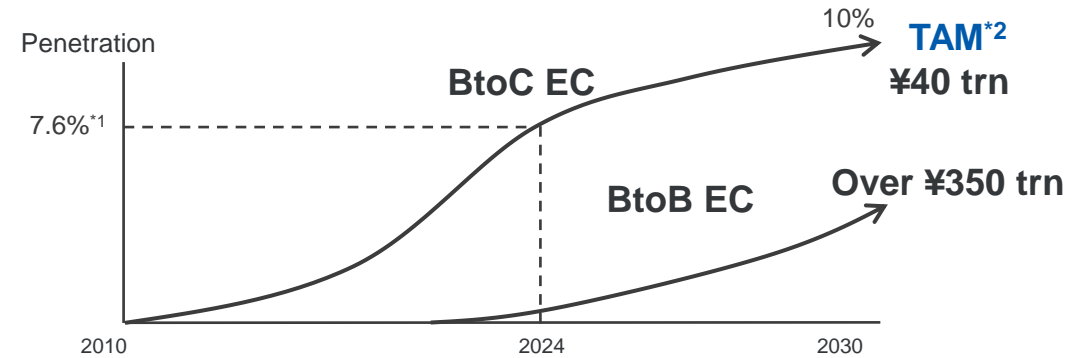
# 2.8.2 Global: The 20-year Track Record of Overseas Investment Strategy

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

Major overseas investment and loan portfolio



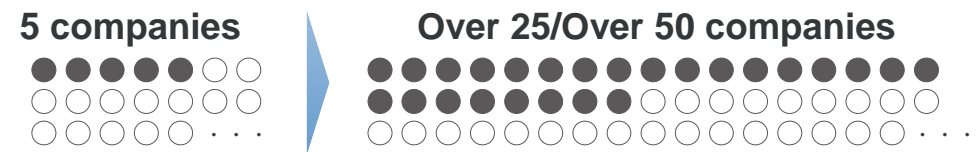
Market expansion of SE Asia & India



**Emergence of high-growth FinTechs**

Logos of supported FinTechs include: dragonpay, Razorpay, kredo (Buy now, Pay later), DRIP/c (TRADE FINANCE SIMPLIFIED), GODA PAYMENTS, 2c2p, SATYA (सर्वे भवन्तु सुखिनः), slice, Red Dot Payment, billease, and HELICAP (PIONEERING TOMORROW'S FINANCIAL FUTURE).

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

## 2.8.3 Global : Investment Strategy

# Drive investment strategy in payment domain of the huge U.S. Payment market

### Aim of a minority equity stake

- Obtaining insights into FinTech
- Creating synergy
- Accelerate investment in U.S. payment area

### Our Mid-term Global Strategy

- Leverage FinTech expertise
- Establishment of overseas payment business
- Diversified minority-stake investment to lead to majority-stake investment



Equity investment in Jan. 2024

### Our strengths and key features:

- Payment + “invoice/payment management”
- Caters to diverse payment methods
- Cash payment anywhere in USA



### Market potential (TAM)

Bill payment market size ¥529 trn \*1



Equity investment in Apr. 2024

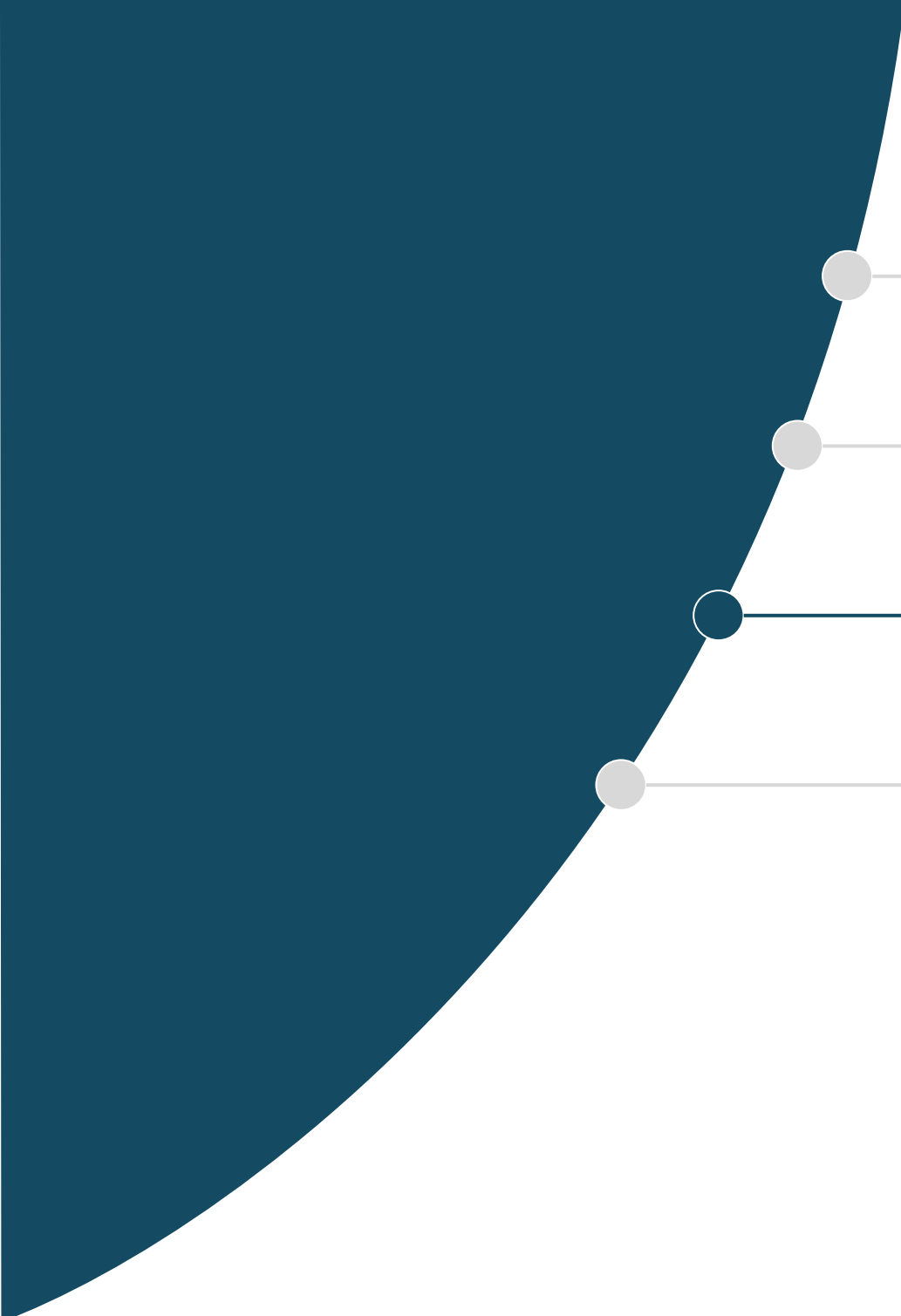
### Our strengths and key features:

- Provide trade finance primarily for US-India trades
- Digitalization/automation using AI for credit
- Cumulative loans executed: over ¥600.0 bil

### Market potential (TAM)

Trade payment market ¥68 trn\*2

\* 1 Based on PayNearMe estimate. \*2 India's total export value based as of 2022 as announced by Directorate General of Commercial Intelligence and Statistics (DGCI&S).



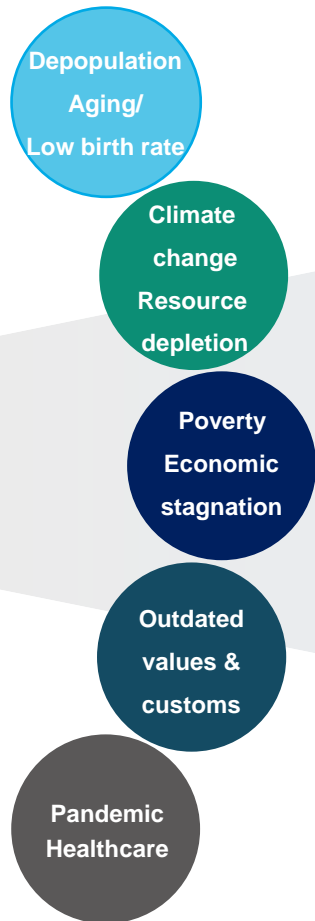
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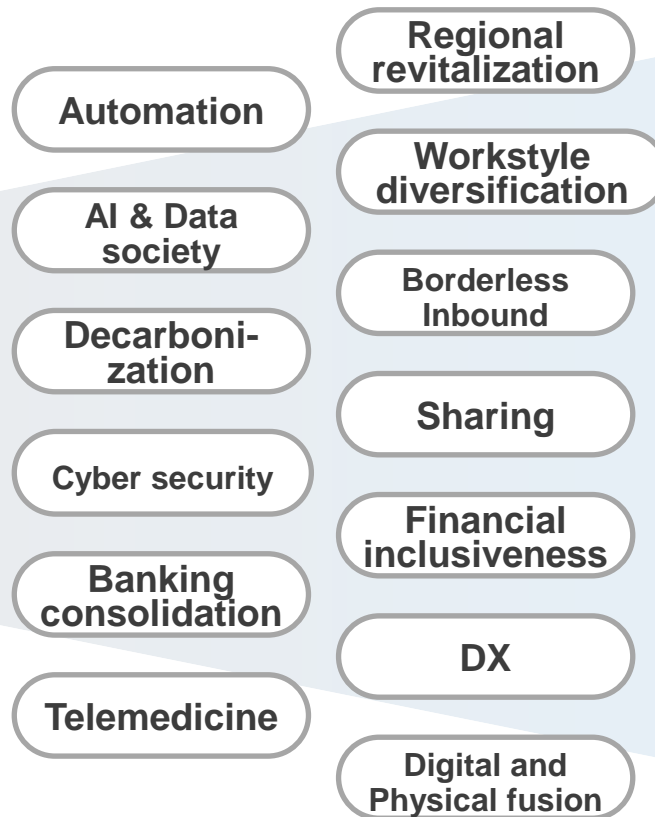
# 3.1 Business Opportunities Based on Social Challenges and Changes in Environment

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

### Social Challenges



### Social Trends



### Business Opportunities for GMO-PG

Payment related business

Biometric authentication	CRM
Leverage data	Self checkout
Salary prepayment	Interpersonal money transfer
Digital salary	Paperless
Enhanced security	IoT payment
BNPL	Distance based tolling
Microfinance	Embedded Finance
D2C	API
OMO	Online medical service

# 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 Human Capital

~ 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 ~

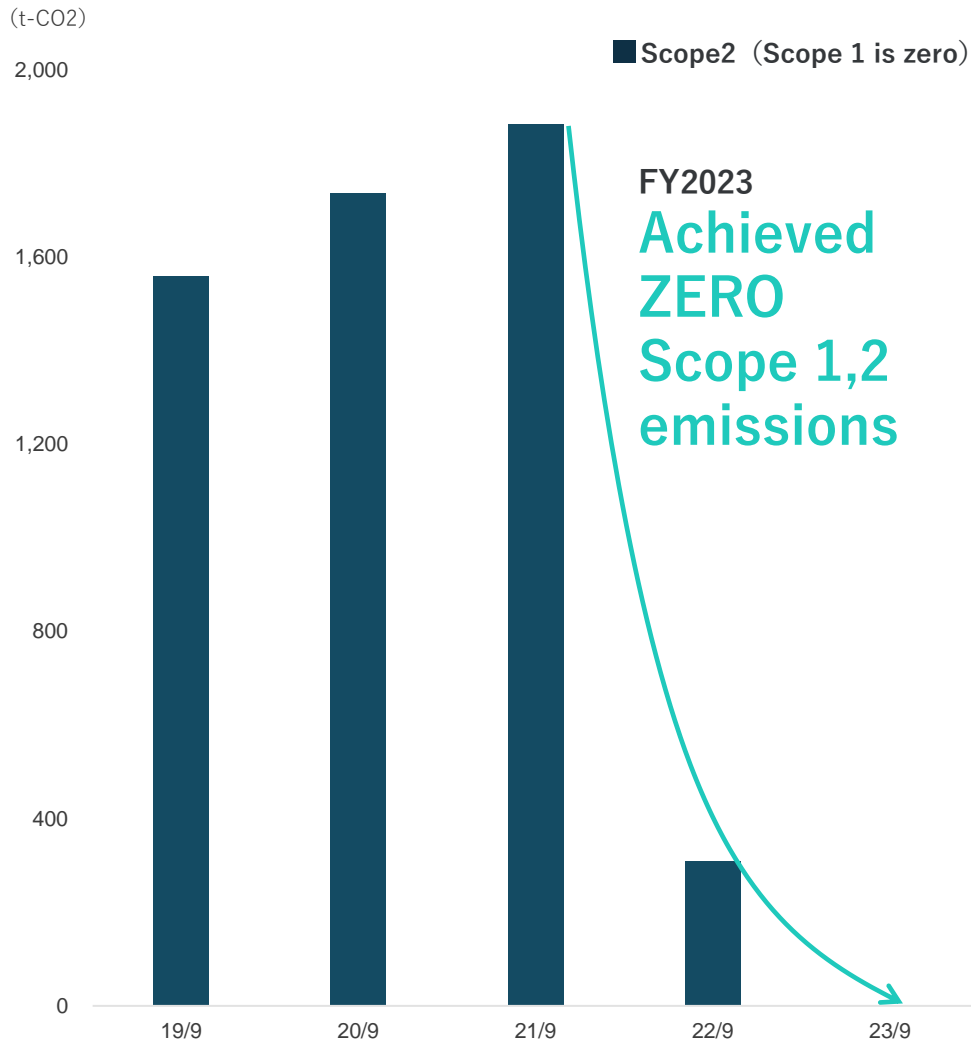
Strengthen governance structure to enhance oversight from external bodies and risk-taking, in order to sustain a sound and high level of growth

Management foundation  
to support sustainable growth

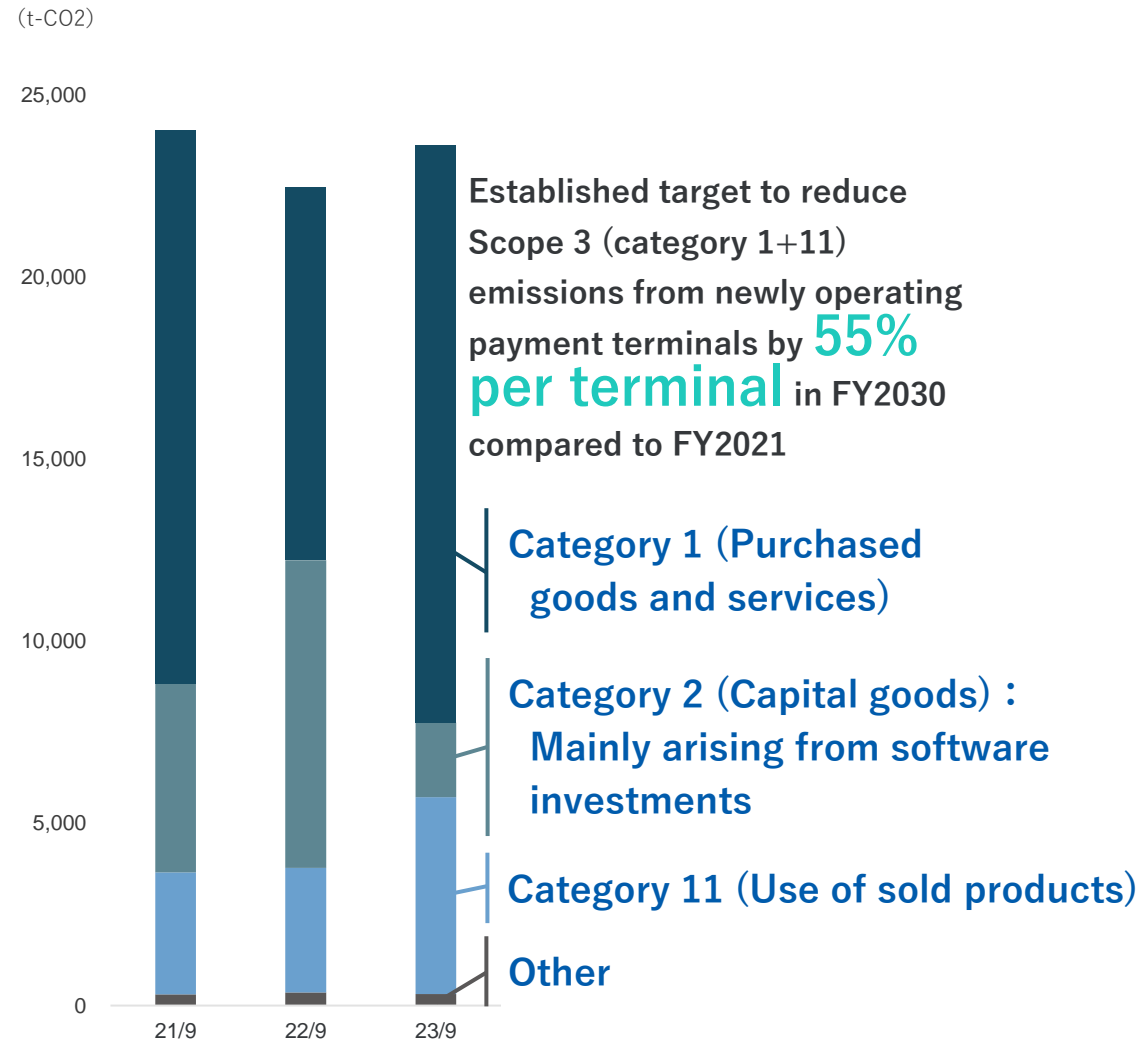
# 3.3 Environment

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

GHG emissions (Scope1,2)



GHG emissions (Scope3)

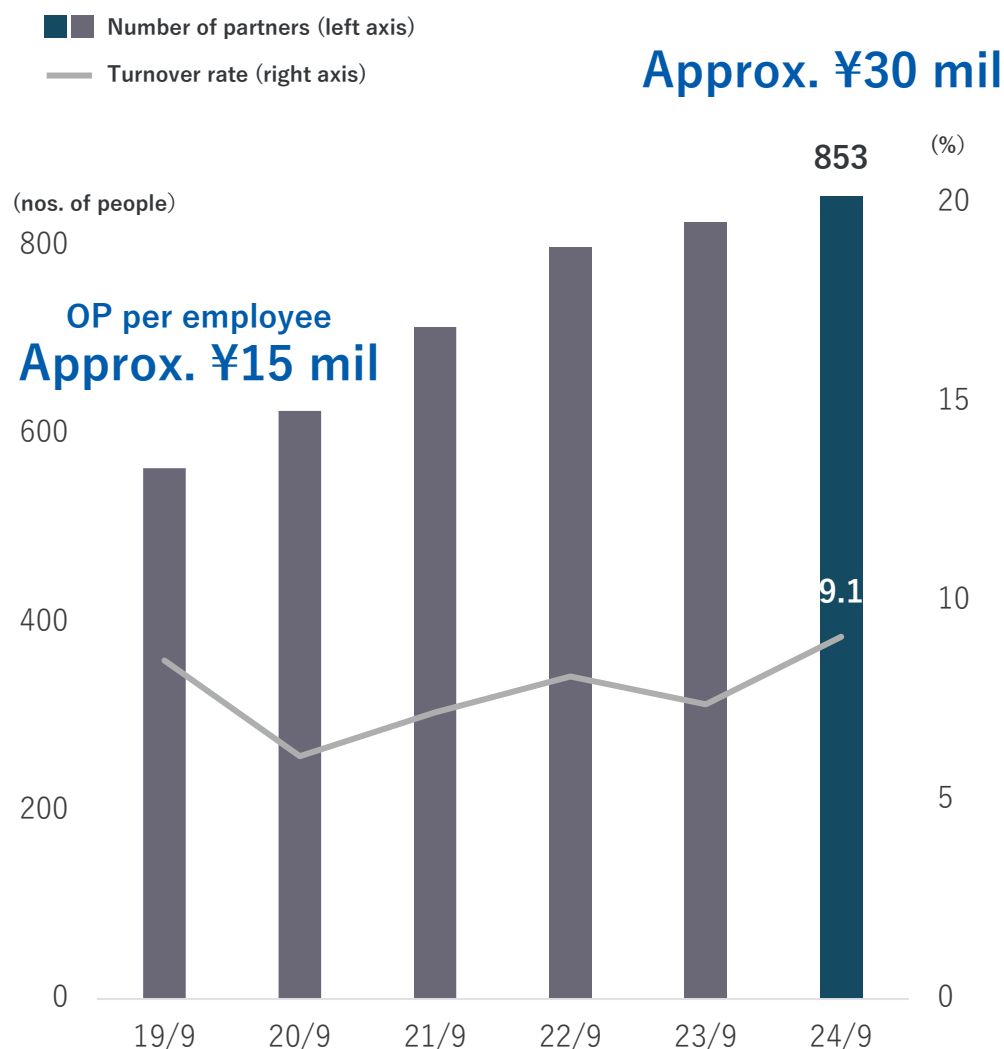


# 3.4 Social

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

Human resources

External evaluation



Selected for “Great Place to Work Certification” for the 10<sup>th</sup> consecutive time by Institute Japan’s Great Place to Work<sup>®</sup> survey in August 2024



Certified as a childcare supporting company (known as “platinum kurumin”) by the Minister of Health, Labor and Welfare in June 2024



Certified as Health and Productivity Outstanding Organization (Large Enterprise Category) for the 2<sup>nd</sup> consecutive time by The Nippon Kenko Kaigi (administered by METI) in March 2024



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 Gold Certificate for “excellent health company” by Tokyo Federation of the Federation of Health Insurance Societies in September 2024.

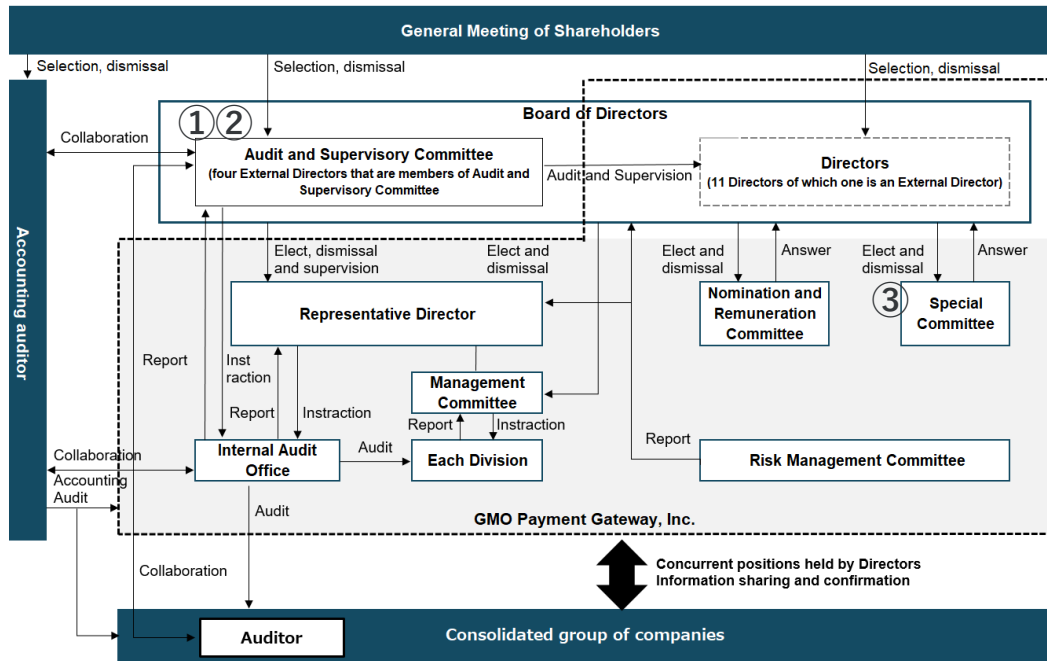


Certified as Excellent Company for Health and Safety by Tokyo Labor Bureau, MOHLW in May 2024.

# 3.5 Strengthening Governance Structure

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

## Corporate Governance Organizational Structure



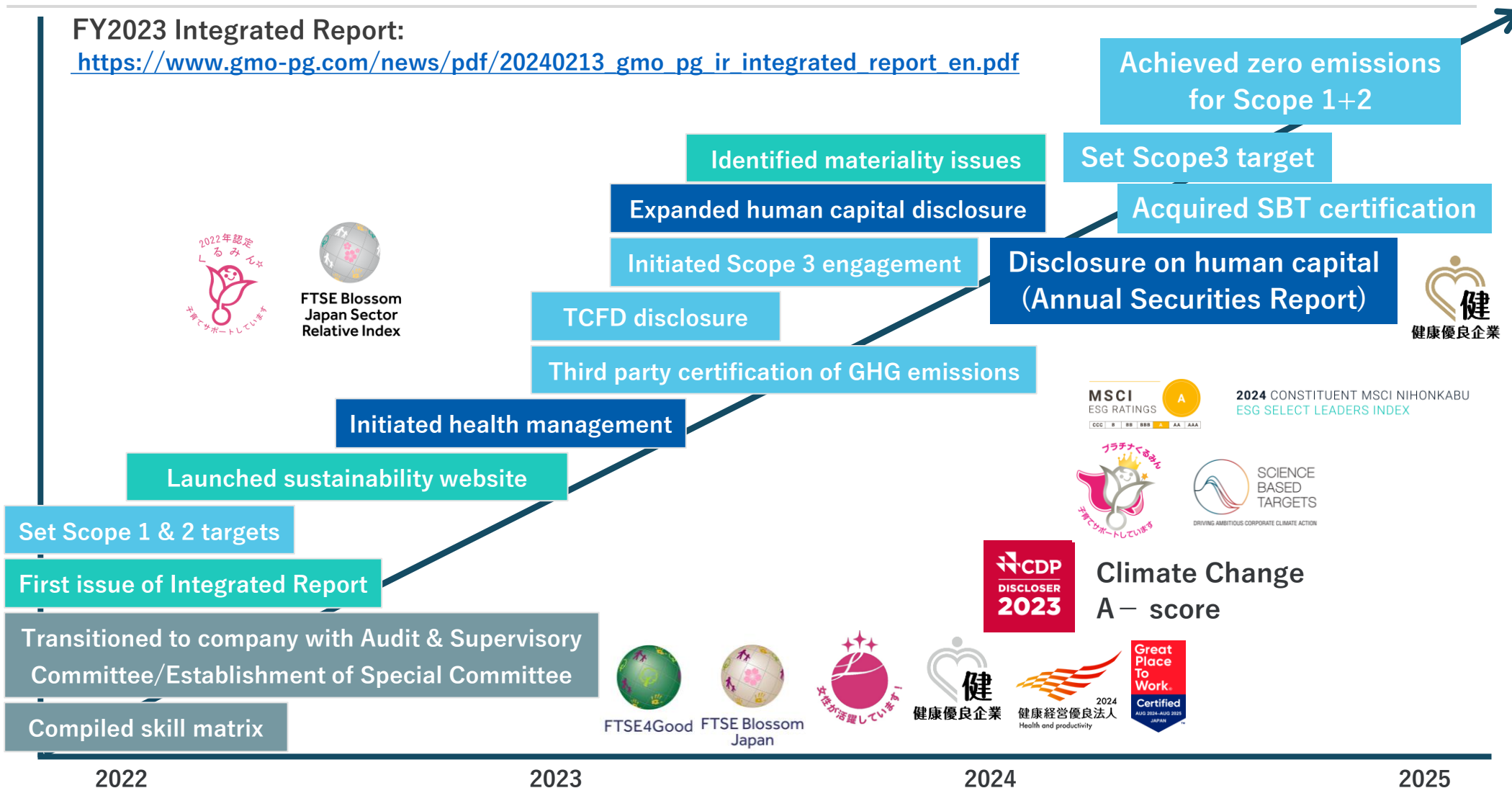
- ① Audit and Supervisory Committee
- ② Proportion of External Directors one third
- ③ Special Committee
  - Comprised of five Independent External Directors
  - Strengthen protection of interest of non-controlling shareholder
  - Transactions and actions that entail a conflict of interest between controlling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



# 3.6 Sustainability

## Driving ESG management to realize a sustainable society and to enhance 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.

\* The inclusion of GMO Payment Gateway, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of GMO Payment Gateway, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.



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4.	<b>Reference Materials</b>	<b>p.48</b>

# 4.1 Company Outline (as of November 1, 2024)

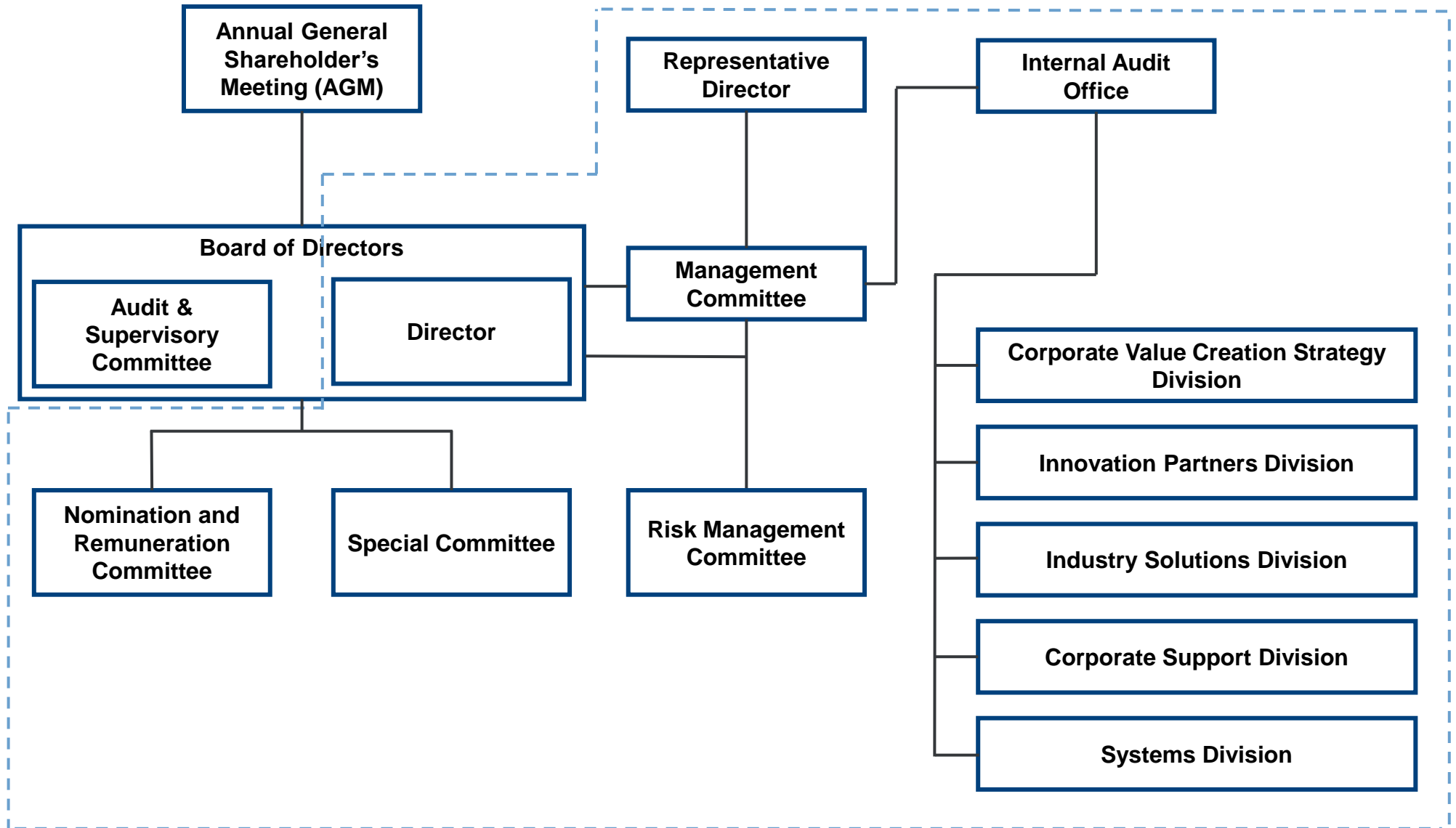
<b>■ Name</b> GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange Prime)	<b>■ Management team</b> Chairman & Director President & Chief Executive Officer Director, Executive Vice President Director, Executive Vice President Director Director Director Director Director Director External Director External 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 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
<b>■ Date of establishment</b> March 1995		
<b>■ Location</b> FUKURAS office (Head office) SHIBUYA FUKURAS 15F, 1-2-3 Dogenzaka, Shibuya-ku, Tokyo 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. etc.		



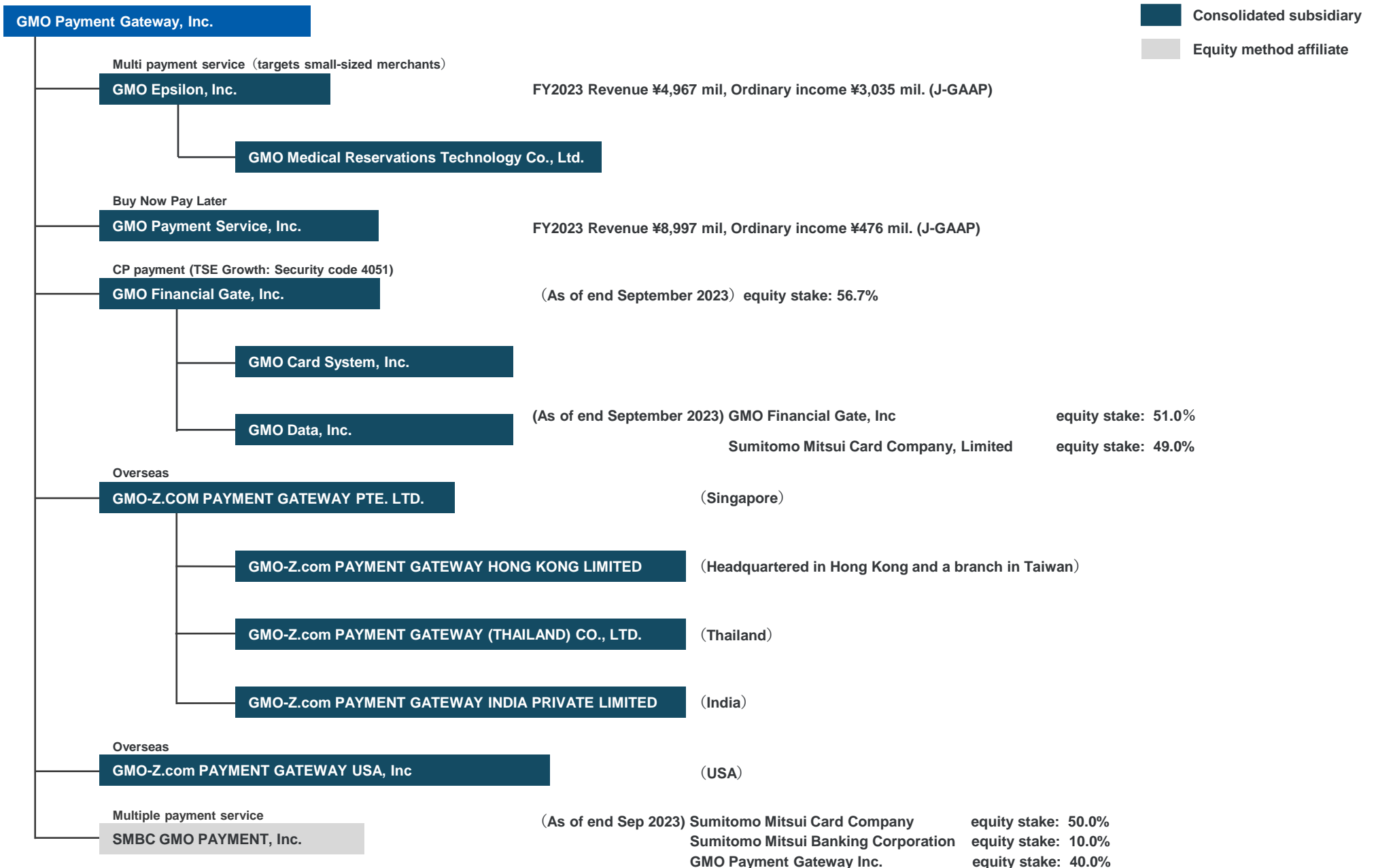
# 4.2 Organizational Chart

GMO Payment Gateway, Inc.

 GMO-PG internal organizations



# 4.3 Major Subsidiaries and Equity-Method Affiliates (IFRS Standards)



## 4.4 Key Characteristics of Payment Business

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

#### High entry barriers

**Regulation  
(Amended ISA\* etc.)**

- Responding to tightening regulation through repeated amendments
- Merchant management, security enforcement

**Payment company  
Network**

- Unique payment practices (huge range of payment methods) requires transactions with multiple payment companies (page 10)

**Business scale**

- Scale is key given low ASP
- Merchant acquisition requires development capability, sales capability and track record

**Payment system**

- System investment of several billions of yen to maintain stable processing of vast amounts of payment data

#### Low churn rate

**Business  
Characteristics**

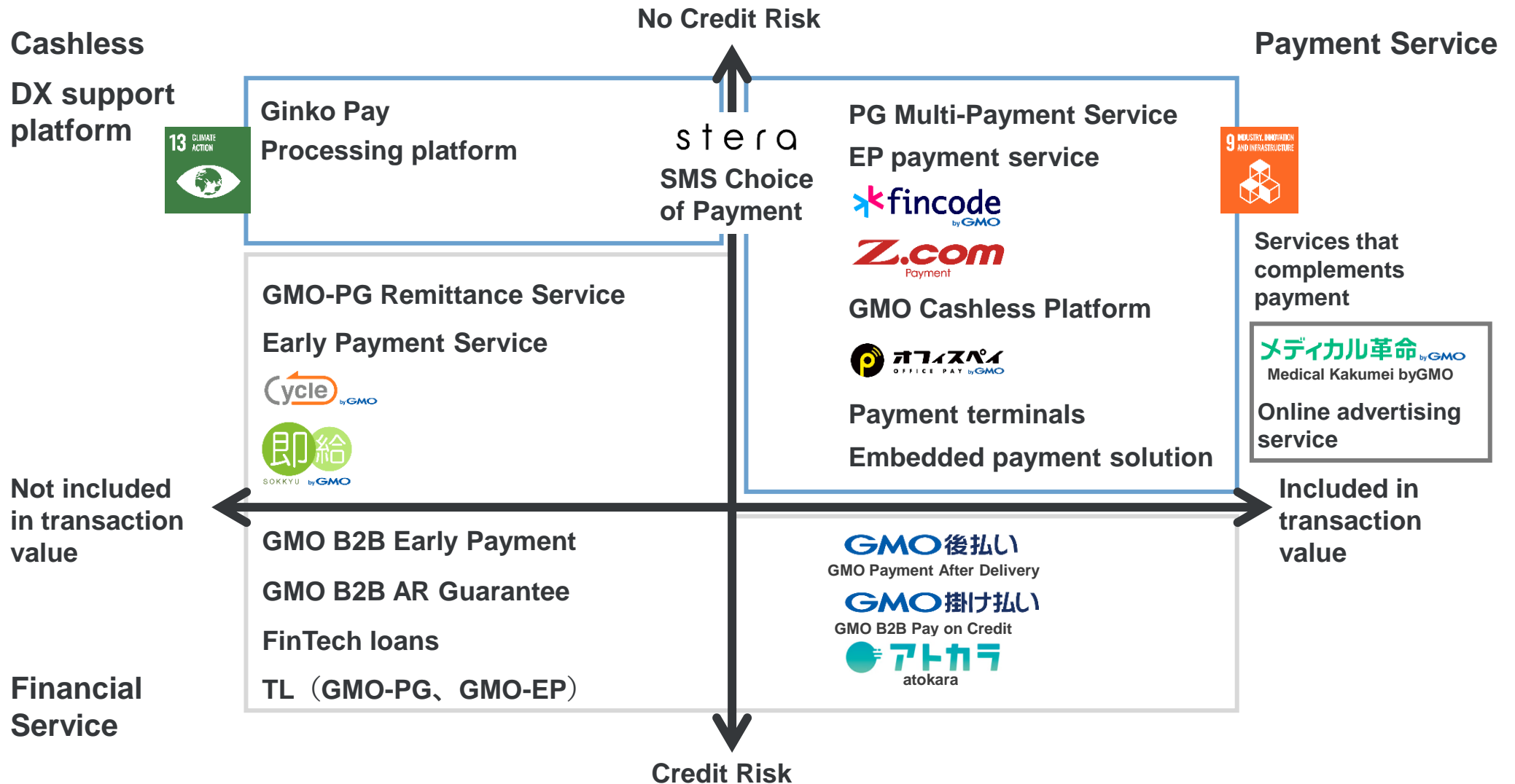
- Payment is a critical operation that cannot be halted
- Sharing of personal information such as credit card information

**Initiatives**

- Involved in development from upstream level given unique operations/work-flow and needs
- Concurrently provide high-demand financial services

# 4.5 Product Map

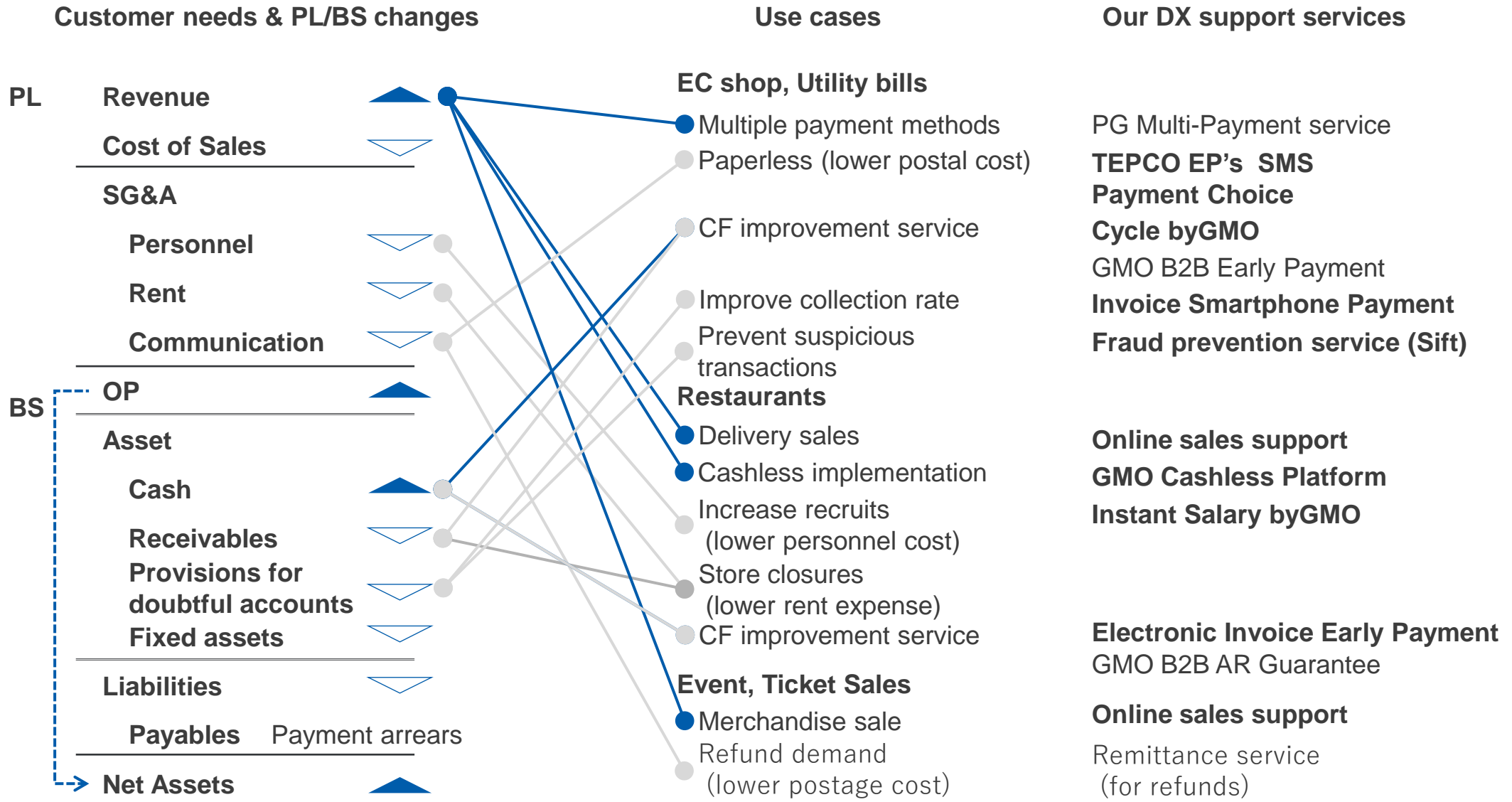
GMO-PG's definition of payment: that which enables the digitalization of money flow



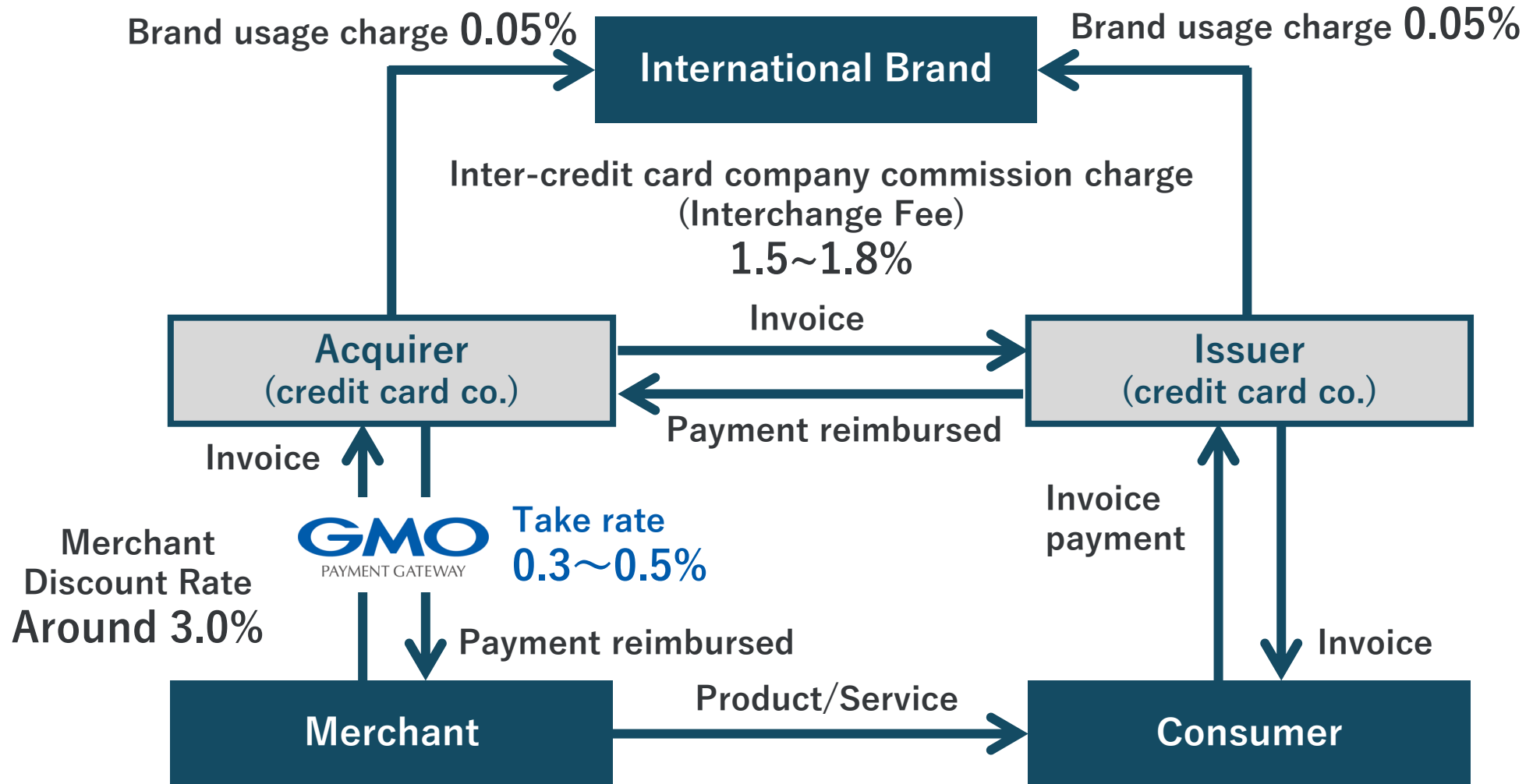
\* TL stands for Transaction Lending

# 4.6 DX Support Services to Improve Clients' PL/BS

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

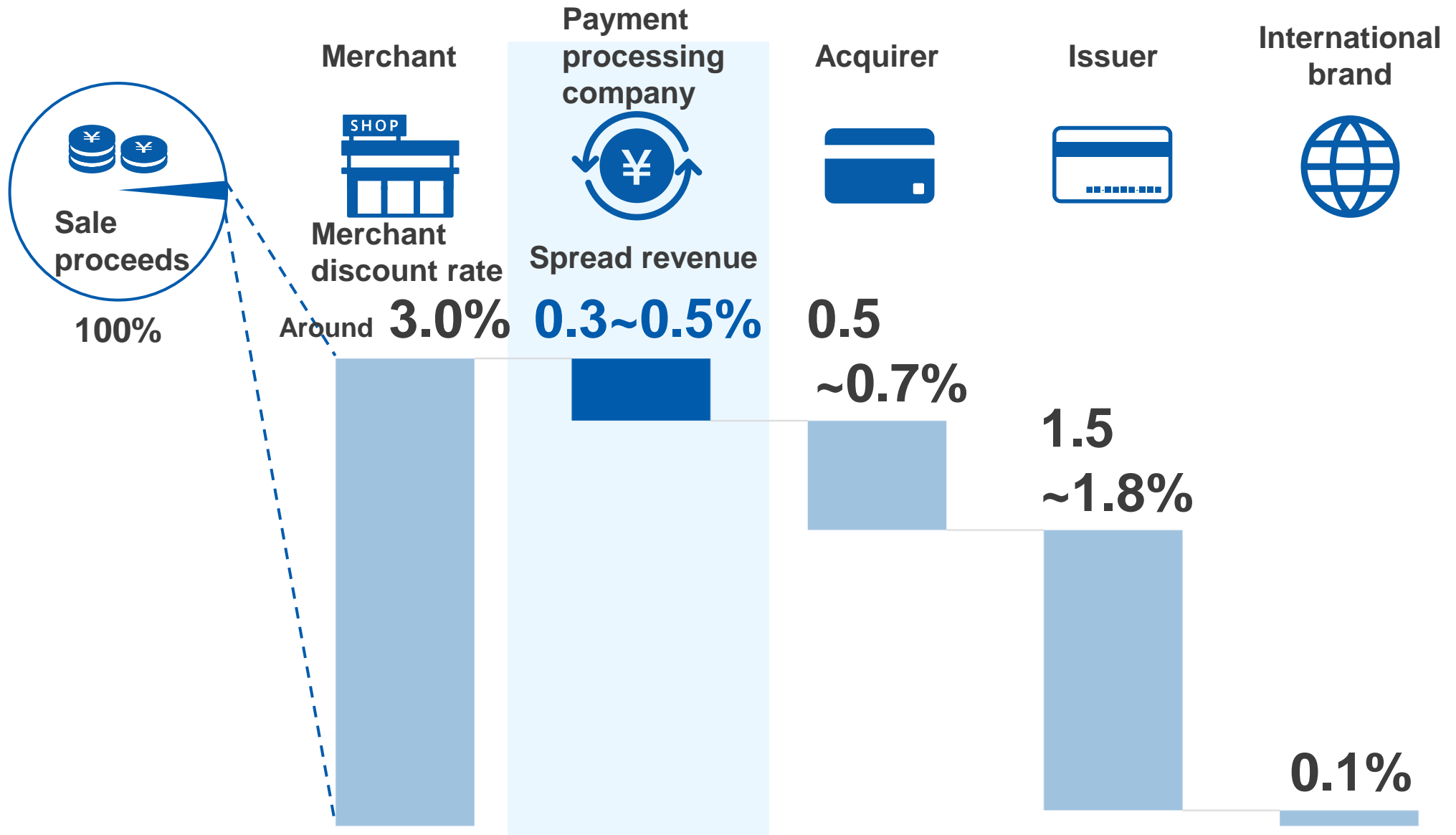


## 4.7.1 Revenue Model of Credit Card Payment



# 4.7.2 Revenue Structure in the Credit Card Foodchain by Player

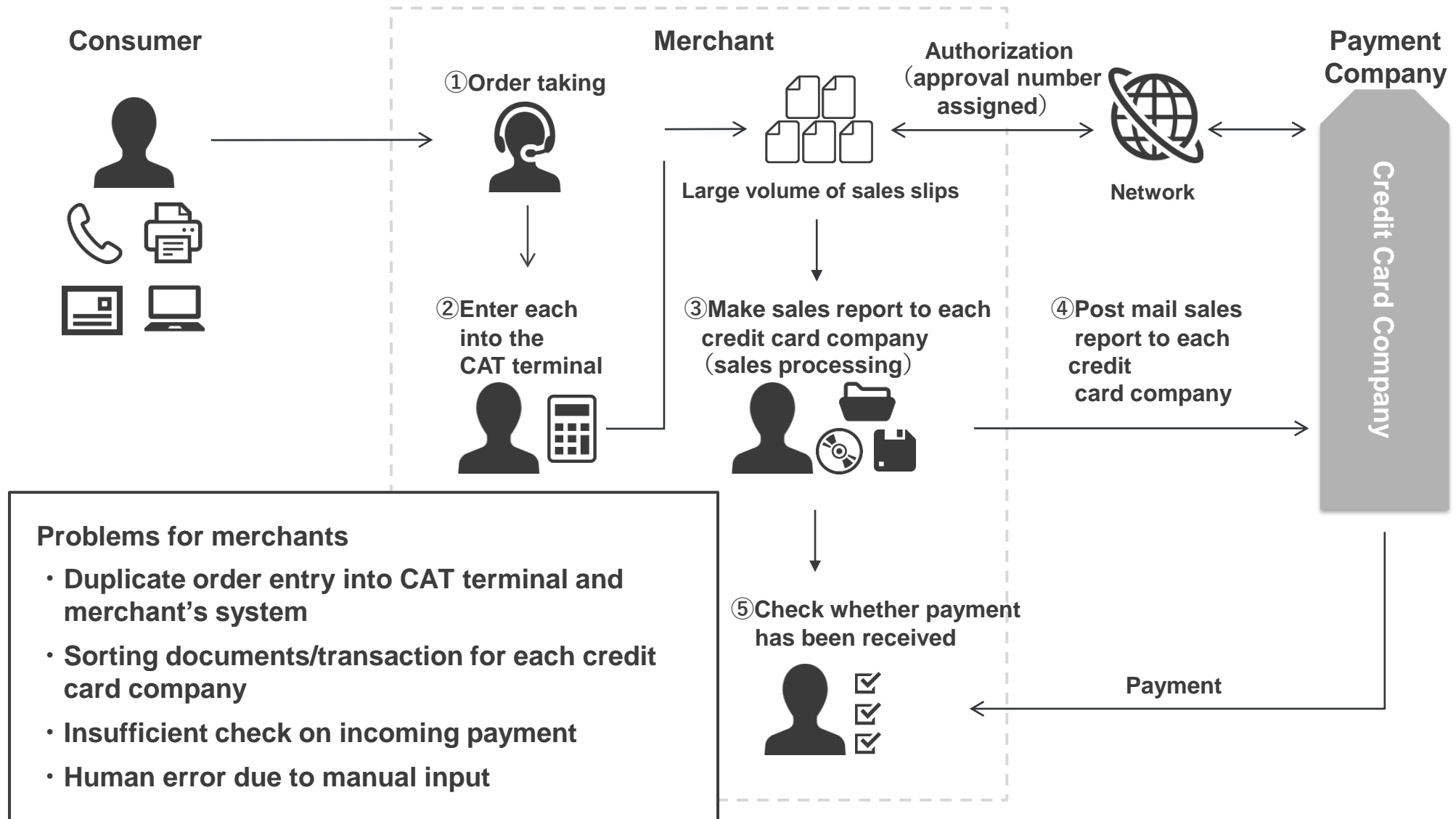
■ Image of revenue structure by player



\*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)

# 4.8.1 Business Outline of Payment Processing Company (1)

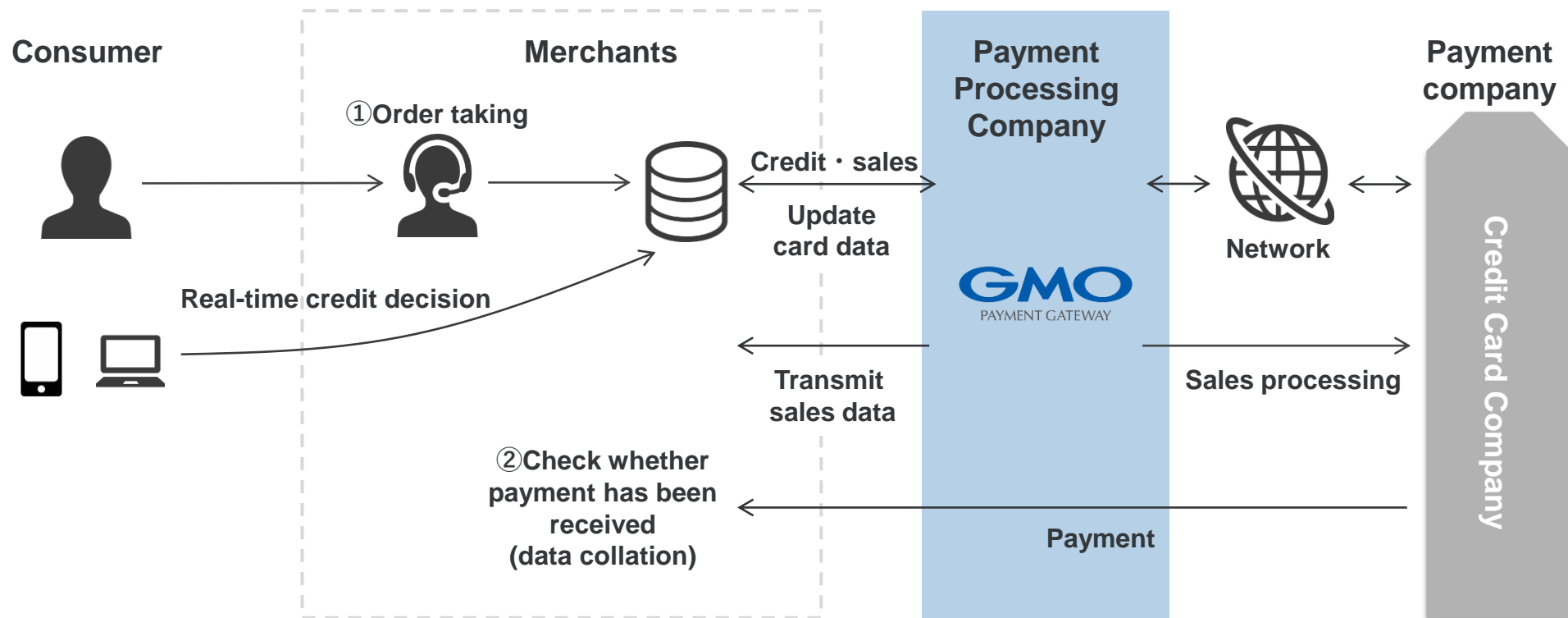
## Problems with online credit card payment in the early days of E-Commerce





## 4.8.2 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 CP 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.