

Supplementary Materials

Financial results briefing for Q1 FY2021

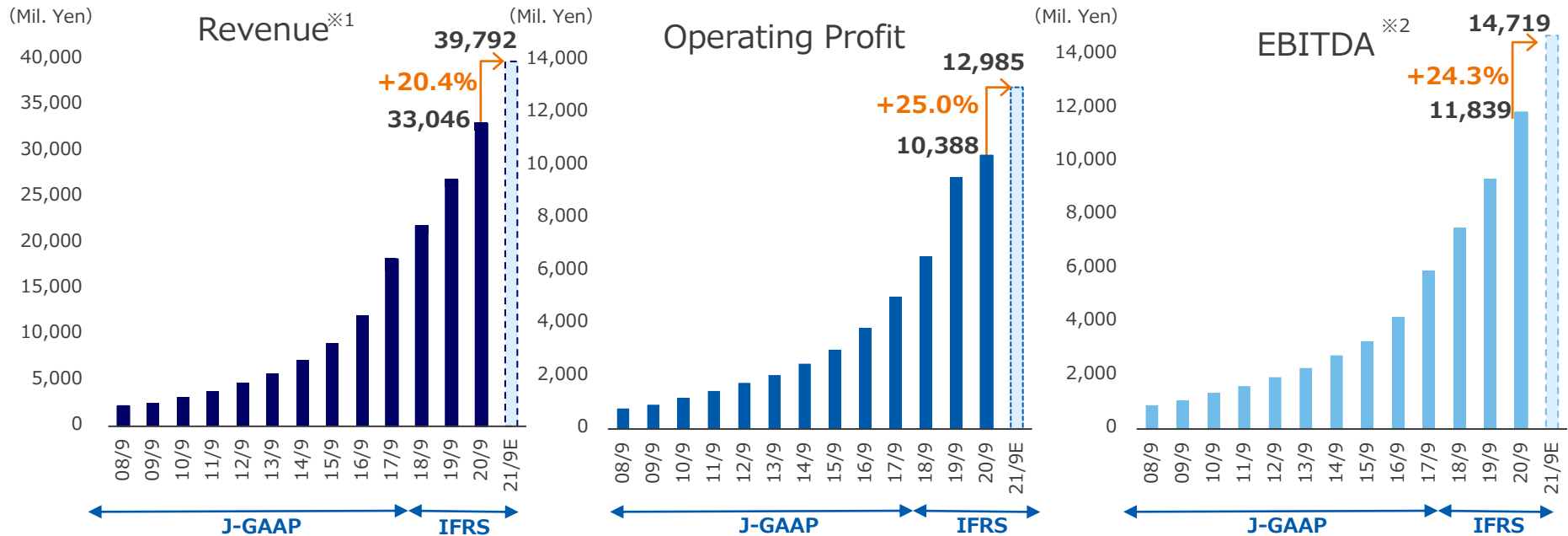
February 12, 2021

64th Investor Meeting

GMO PAYMENT GATEWAY

Our Track Record of Growth

The result of management policy focused on sustainable growth

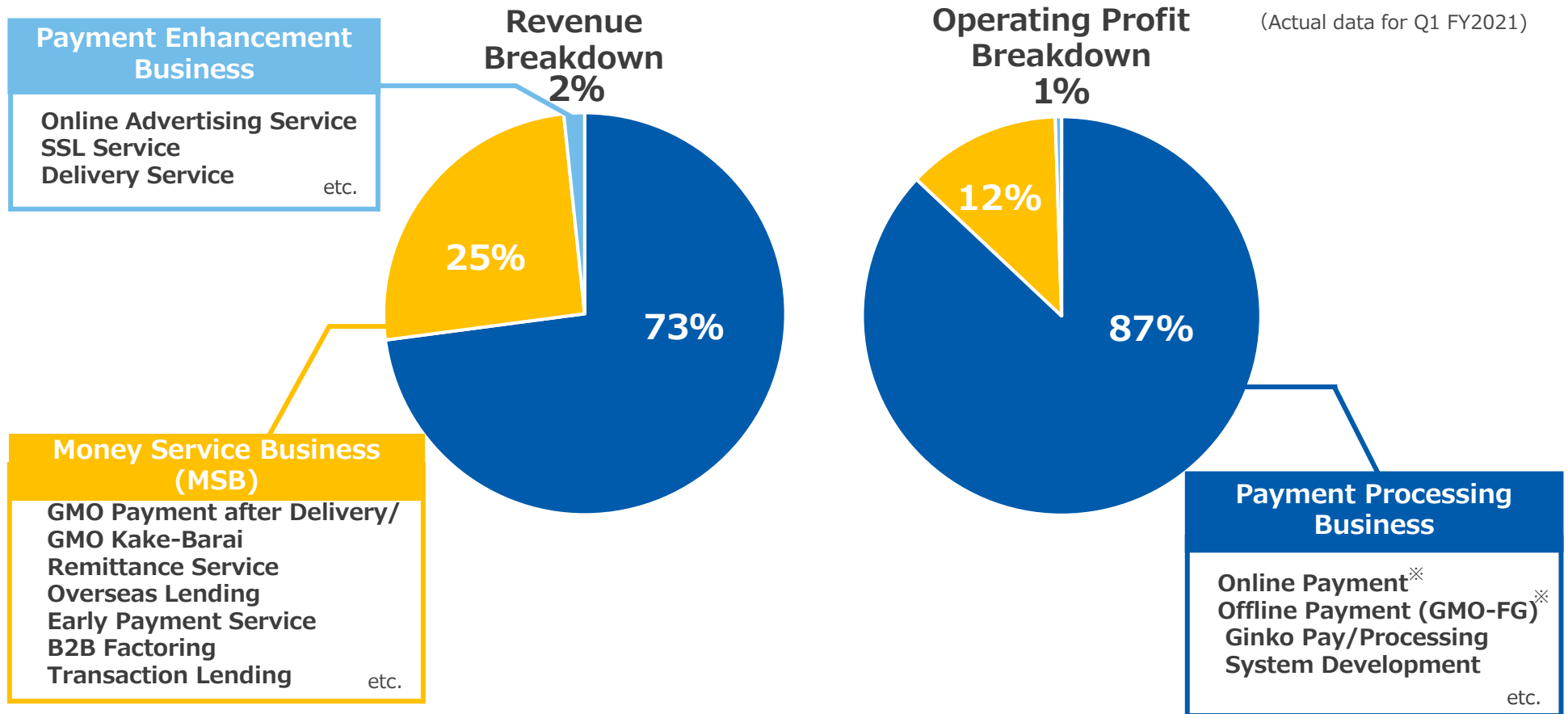


Operating stores ^{※3,4}	Annual TRX Volume ^{※3}	Annual TRX Value ^{※3}
160,535	2.86 bn	¥6.4 trillion

- (※1) Macro Kiosk has been deconsolidated in May 2020 and the revenue figures above present the continuing operations only and exclude the discontinued operations.
- (※2) EBITDA under J-GAAP is calculated as the sum total of operating profit, depreciation and amortization; and EBITDA under IFRS is calculated as sum total of operating profit and depreciation.
- (※3) The number of operating stores is at the end of December 2020. Transaction volume and transaction value are the figures from January 2020 to December 2020; transaction volume and transaction value include the figures of GMO Financial Gate Group.
- (※4) Figures exclude a significant increase in operating stores from a specific merchant. If included, the number of operating stores is 214,404 stores as of end of December 2020.

Three Business Segments

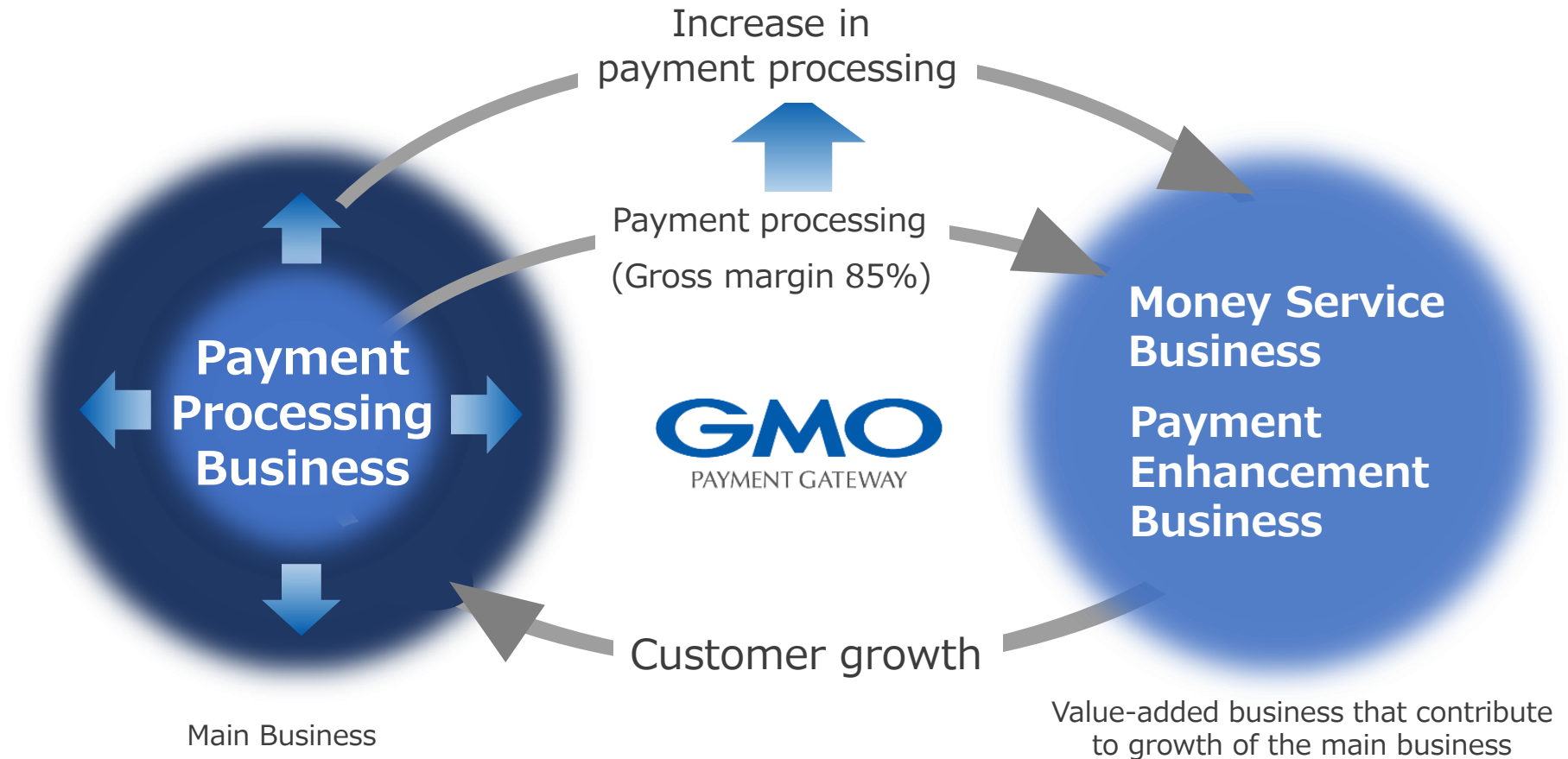
Sustain an over 25% OP growth from the expansion of mainstay payment processing business and its peripheral businesses



※ Online payment includes pay-as-you-go and recurring payment and Z.com Payment (overseas payment service).
 GMO-FG stands for GMO Financial Gate consolidated subsidiaries.

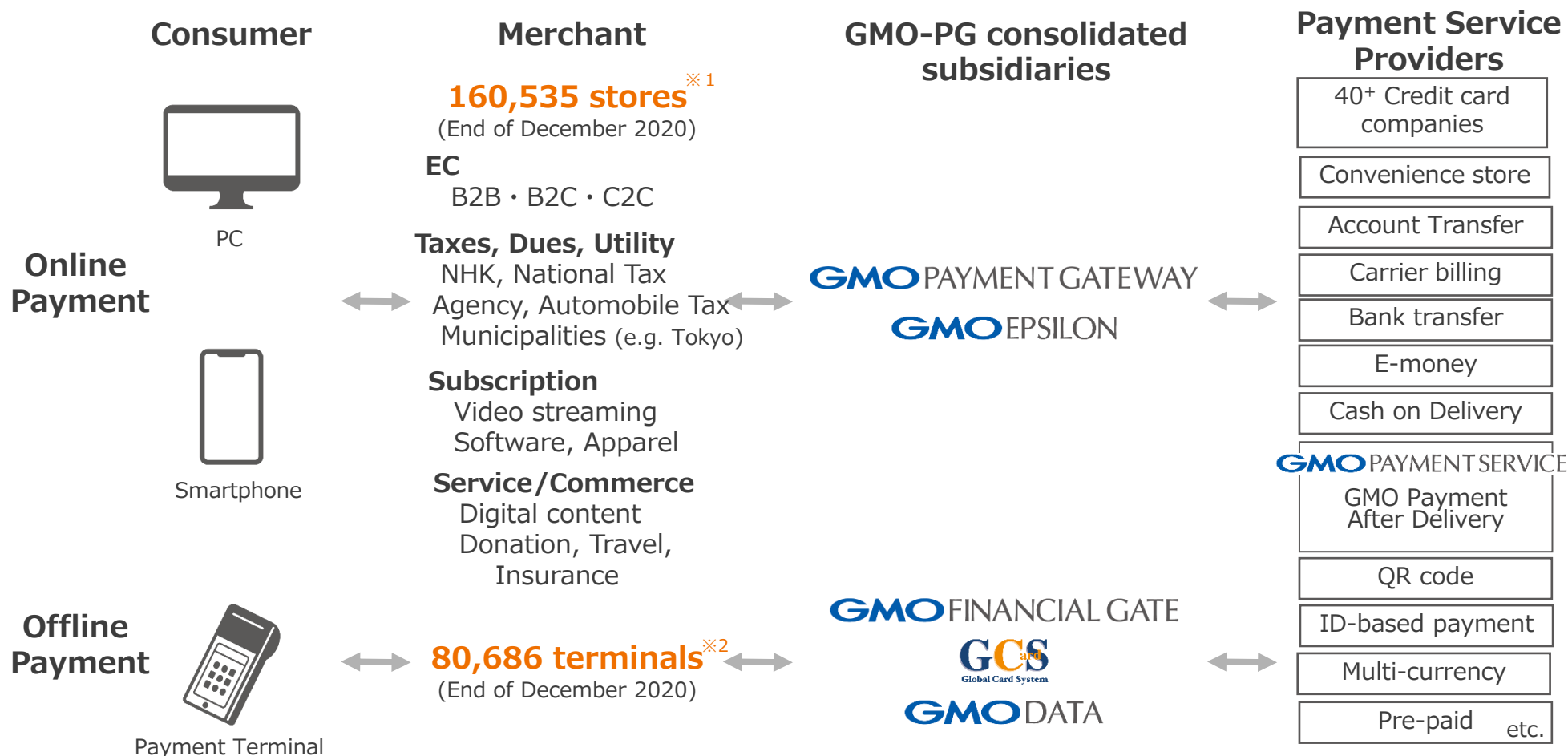
Our Business Eco-system

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



Payment Processing Business: Business scope of the major consolidated subsidiaries

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



※ 1 Figures exclude a significant increase in operating stores caused by a specific merchant. If included, the number of operating stores is 214,404 stores as of end of December 2020.

※ 2 Operating payment terminals: starting from FY2021 the figure presents the combined number of payment terminals and embedded-type payment terminals, sold through sales partners.

Payment Processing Business: Revenue model of credit card payment processing

Revenue model determined by merchant size and type

■ Four Revenue Streams (i.e. Business Models)

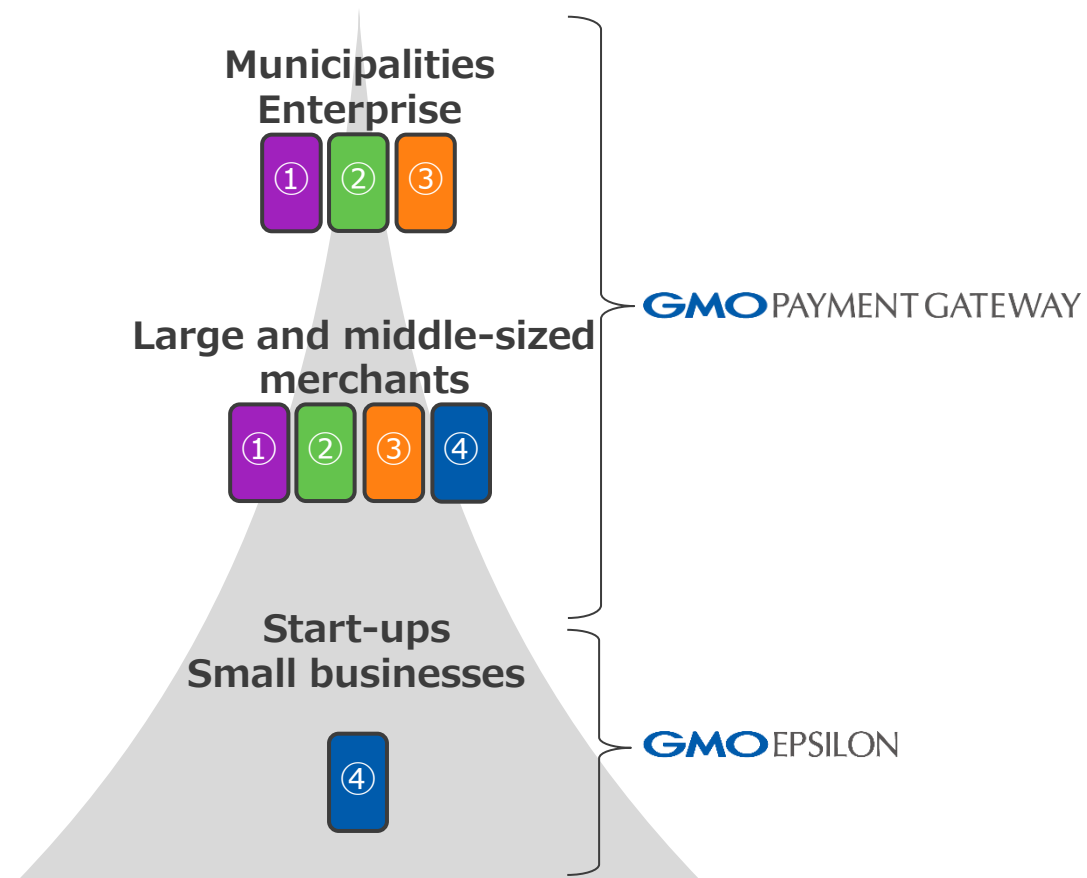
■ Revenues by merchant type/size

① Initial (Initial revenue)
Initial introduction fees
 Coefficient: Number of new merchants acquired
 Revenue: Number of new merchants acquired
 × _Yen (paid once at acquisition)

② Stock (Fixed revenue)
Fixed Monthly Revenue
 Coefficient: Number of merchants
 Revenue : Operating merchants × _Yen

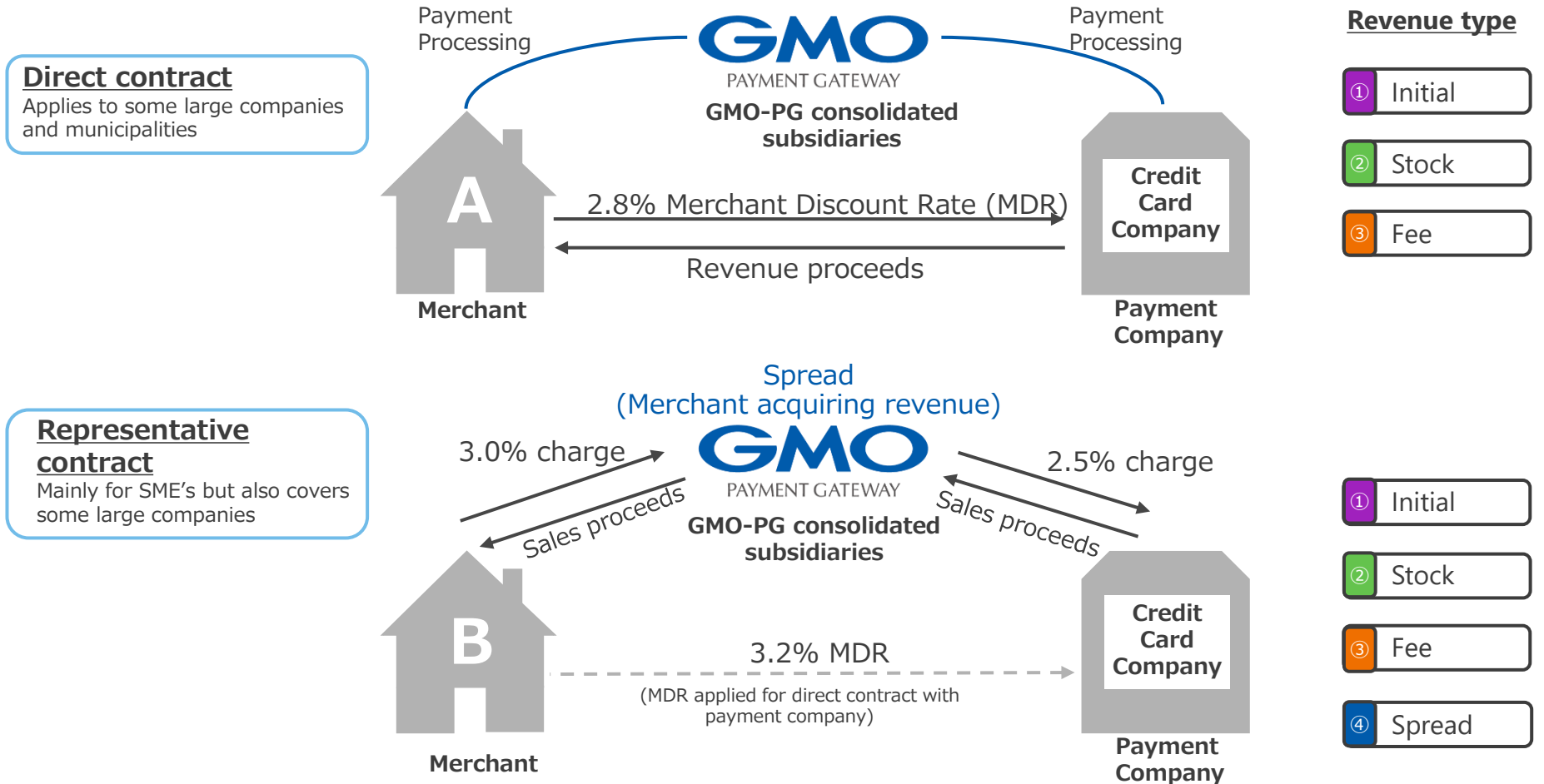
③ Fee (Transaction processing revenue)
Fee based on transaction volume
 Coefficient: Number of payments processed
 Revenue : Number of payments processed
 × _Yen

④ Spread (Merchant acquiring service revenue)
Fee based on transaction value
 Coefficient: Amount of payments processed
 Revenue : Amount of payments processed
 × _%



Payment Processing: Two types of merchant contracts

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



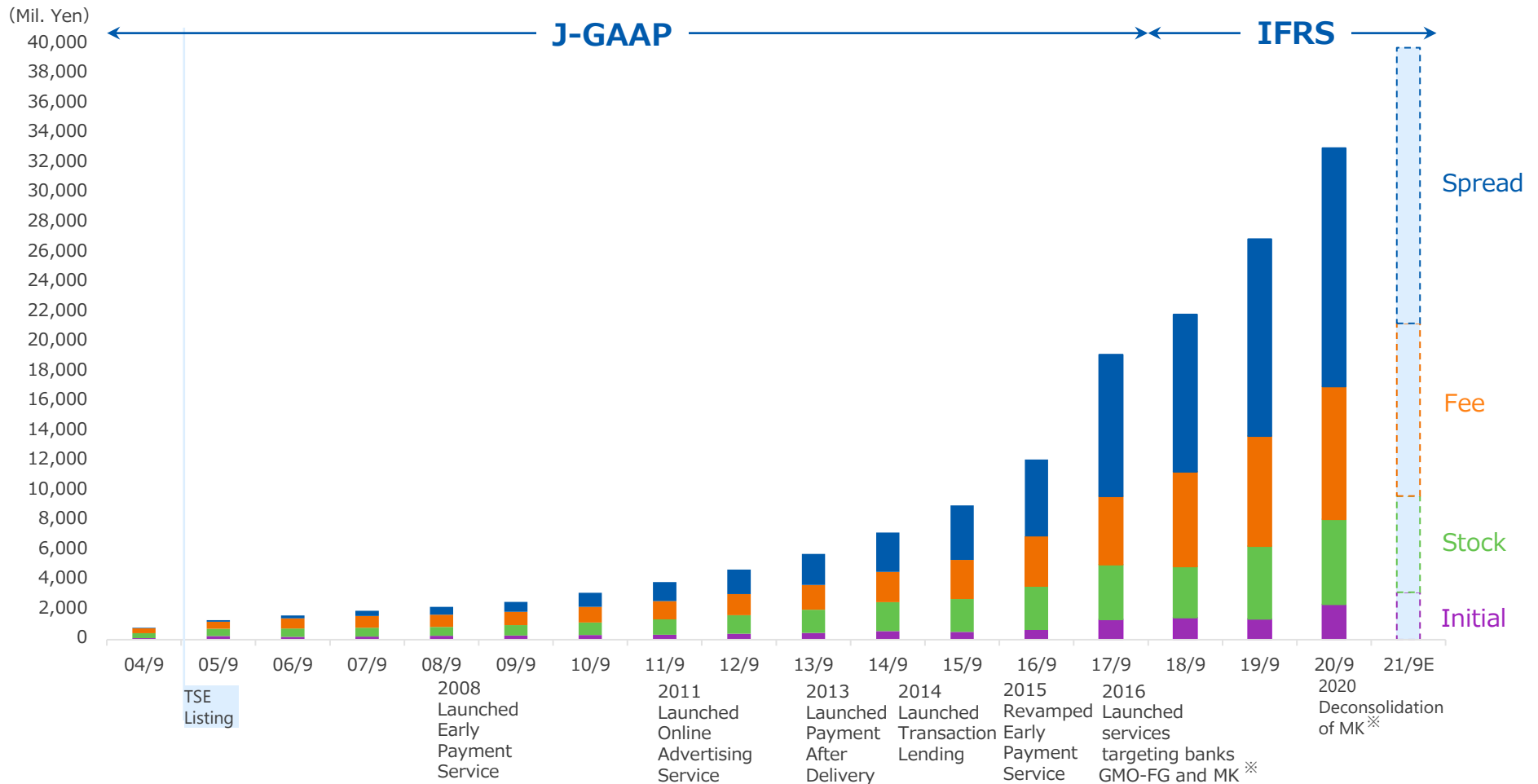
※ Figures included are for illustration and reference purposes only.

※ This illustration represents the contracts for credit card. GMO Epsilon revenues are only derived from spreads (See page 6).

← Flow of Revenue and charges

Revenue Breakdown by Business Model

Aiming for a balanced revenue growth by pursuing various initiatives



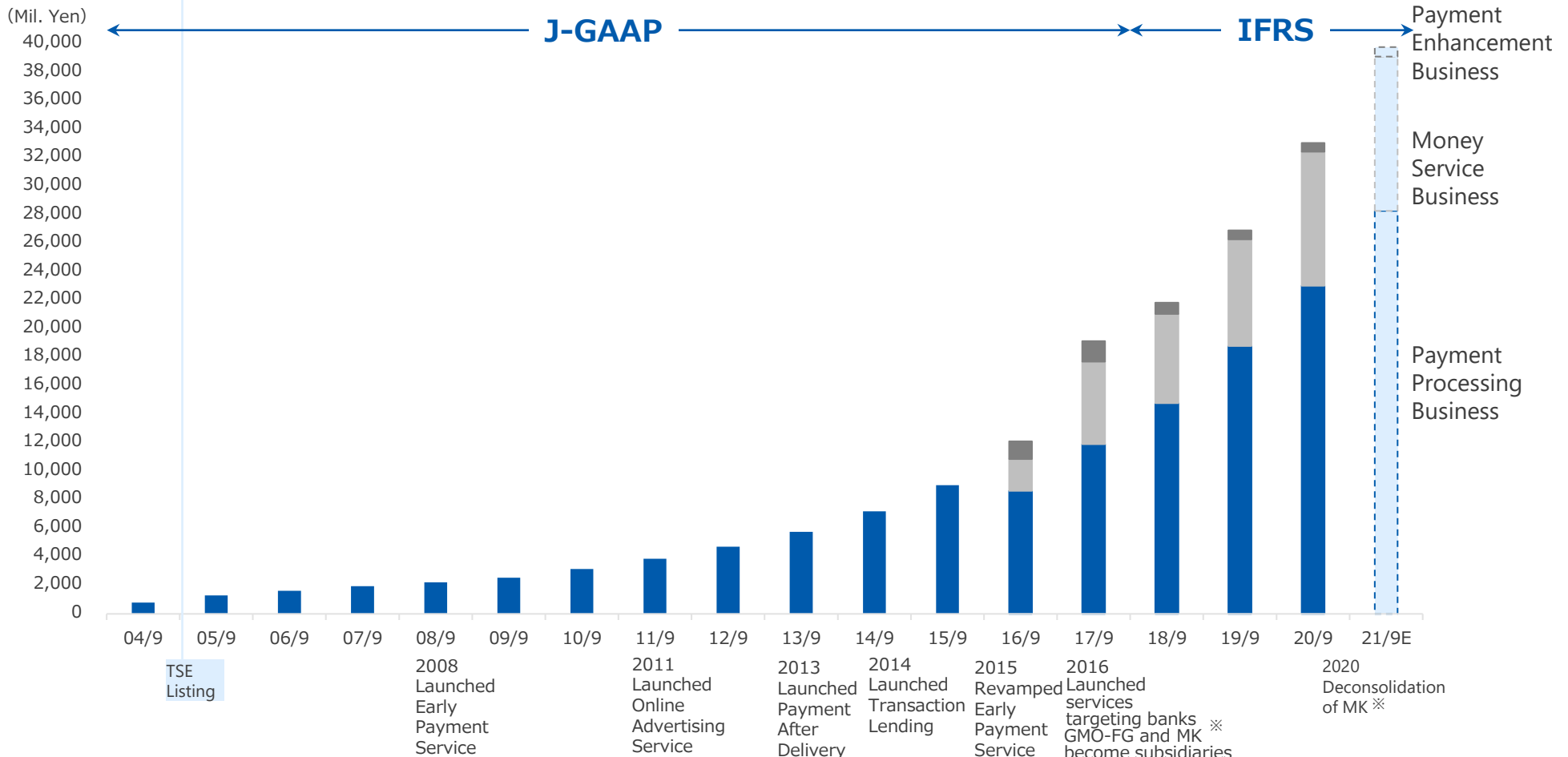
※GMO-FG : GMO Financial Gate, Inc.; MK : MACROKIOSK

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

Due to the deconsolidation of MACROKIOSK from May 2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.

Revenue Trend by Segment

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



※ There was only one segment of Payment Processing Business until September 2015; segment information disclosure began from FY ending September 2016.

※ GMO-FG stands for GMO Financial Gate. MK stands for MACROKIOSK.

Due to the deconsolidation of MACROKIOSK from May 2020, its business has been reclassified as a discontinued operations and is excluded from the revenue figures shown above.

Summary Table of Segments, Business Model and Services

Reporting in 3 Segments and 4 business models

■ Business Model

Initial (Initial revenue)	Online Payment
	Offline Payment (GMO-FG)
	System Development
	SSL Service
Stock (Fixed revenue)	Online Payment
	Offline Payment (GMO-FG)
	Ginko Pay/Processing
	Online advertising service
Fee (Transaction processing revenue)	Online Payment
	Offline Payment (GMO-FG)
	GMO Payment After Delivery/ GMO Kake-Barai
	Remittance Service
	Delivery service
Spread (Merchant acquiring service revenue)	Online Payment
	Offline Payment (GMO-FG)
	GMO Payment After Delivery/ GMO Kake-Barai
	Overseas Lending
	Early Payment Service
	B2B Factoring
Transaction Lending	

■ Segment

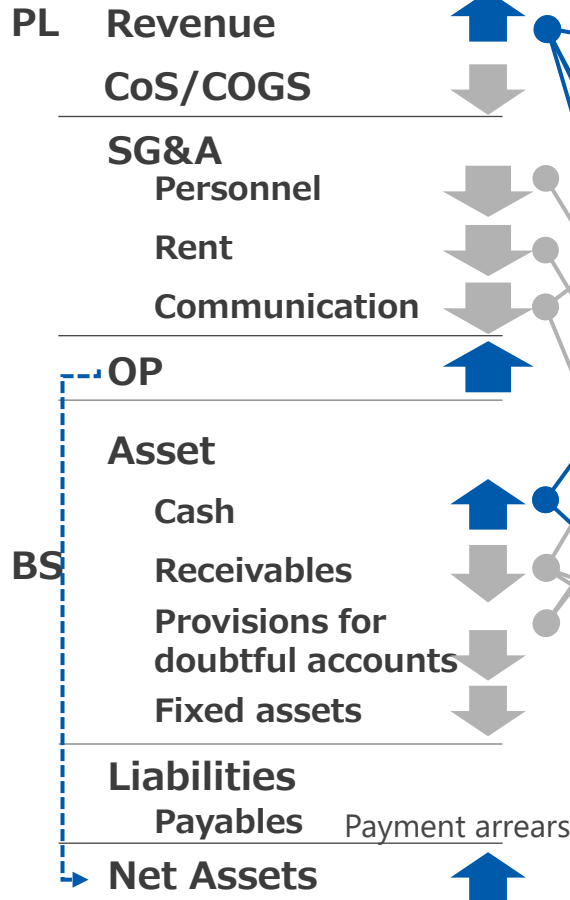
Payment Processing Business	Payment Processing [※]
	Offline Payment (GMO-FG) [※]
	Ginko Pay/Processing
Money Service Business	System Development
	GMO Payment After Delivery
	Remittance Service
	Overseas Lending
	Early Payment Service
Payment Enhancement Business	B2B Factoring
	Transaction Lending
	Online advertising service
	SSL service
	Delivery service

※ Online Payment includes pay-as-you-go payment, recurring payment, Z.com Payment (overseas payment service).
GMO-FG stands for GMO Financial Gate.

Our Position in the socio-economic New Normal

DX support services that improves client's PL & BS

Customer needs & PL/BS changes



Use cases

Online shop, Utility bills

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

- Improve collection rate
- Prevent suspicious transactions

Restaurants

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

Event, Ticket Sales

- Merchandise sale
- Refund demand (lower postal cost)

Our DX support services

PG Multi-Payment service
TEPCO EP "SMS Payment Choice"
Cycle byGMO

GMO BtoB Early Payment
Invoice Smartphone Payment

Fraud prevention service (Sift)

Online sales support
GMO Cashless Platform

Electronic Invoice Early Payment
 GMO B2B AR Guarantee

Online sales support
 Remittance service (for refunds)

Expansion of TAM and Profit Targets

Expand scope of business in the enormous market to achieve 2025 OP target of ¥25 bn

■ TAM by market segment, GMV, OP target and Priority Initiatives

Market Segment	Broader EC		FinTech		Offline		BaaS		Global	
	2020	2025	2020	2025	2020	2025	2020	2025	2020	2025
TAM (¥ trn)	20 (BtoC EC)	45	1	3 (Deferred payment market)	87 (Cashless market)	118	2 <i>X times</i>	2x (IT investment by Financial Institutions)	50 <i>X times</i>	50x (Lending in US/Asia)
GMV (¥ trn)	352 <i>X times</i>	352x (B2B EC)	—	—	1	5	—	—	—	—
OP (¥ bn)	7.5	18.0	1.8	3.0	0.5	2.0	0.5	1.0	0.5	5.0
Priority Initiatives	Platform Global major players B2B payment service		FinTech B2B payment service		Offline Payment (IoT) FinTech		Platform		Global FinTech	

※ Figures for TAM, GMV, OP (operating profit) are our estimates and targets. Figures are estimates and are rounded down to the nearest whole number. There is some overlap in OP for the FinTech and OP figures. Offline OP includes companies other than GMO Financial Gate.
TAM: Total Addressable Market, BaaS: Bank as a Service, GMV: transaction (TRX) value.

The 5 Focus Areas

Expanding business in the 5 focus areas to achieve sustainable growth

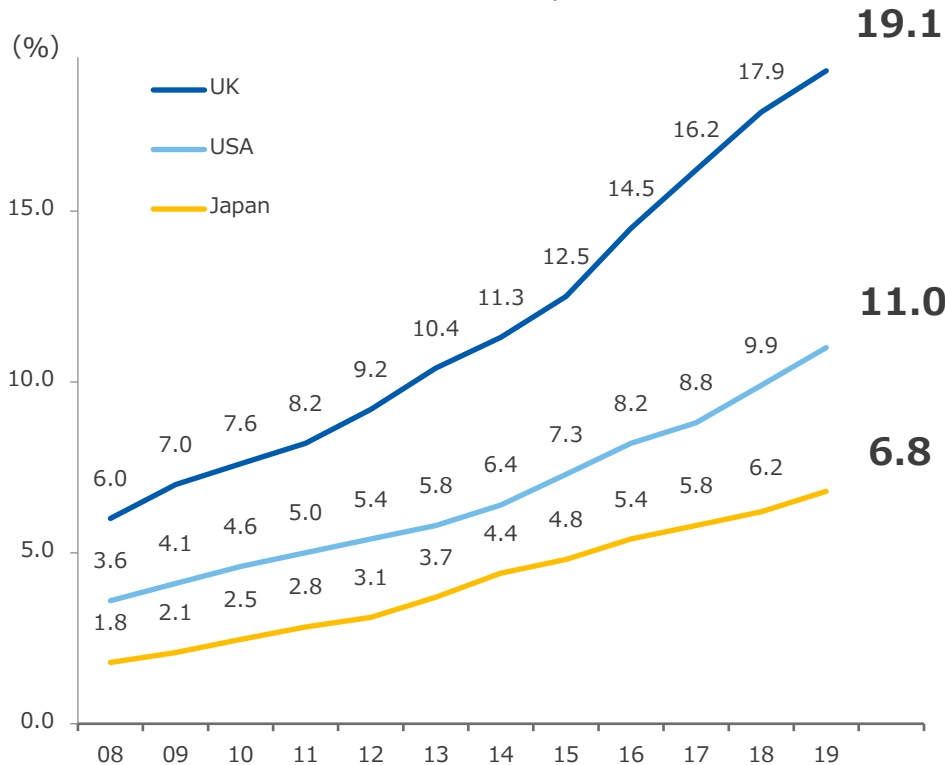
<u>5 Focus Areas</u>	<u>(Page No.)</u>	<u>Payment Processing Business</u>	<u>Money Service Business</u>	<u>Payment Enhancement Business</u>
✓ Narrowly-defined EC; Broader EC	(P.14) (P.15~16)	Online Payment (Pay-as-you-go/Recurring)		Online advertising service SSL service Shipping service
✓ FinTech	(P.17~18)		GMO Payment After Delivery GMO Kake-Barai (GMO B2B Pay On Credit) Remittance Service Transaction Lending	Early Payment Service B2B Factoring Transaction Lending
✓ Cashless	(P.19)	Ginko Pay GMO-PG Processing Platform		
✓ IoT	(P.20)	Offline Payment (GMO-FG)		
✓ Global	(P.21)	Z.com Payment (Overseas payment service)	Overseas Lending	

※ GMO-FG stands for GMO Financial Gate.

Narrowly-defined EC: B2C EC Market

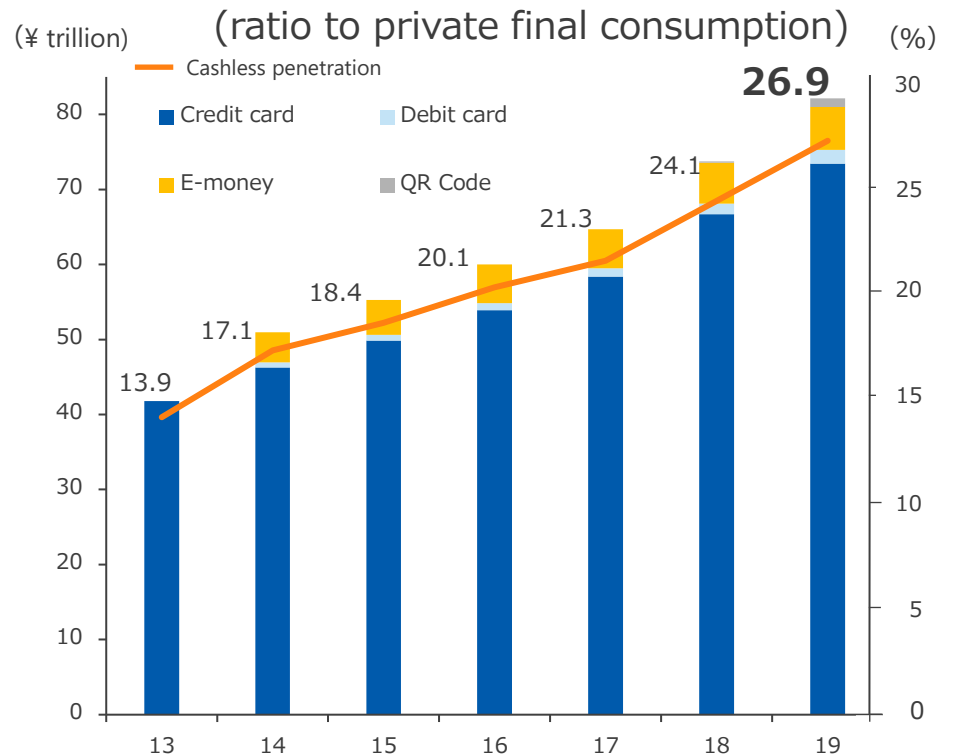
Low penetration rate of cashless relative to US/European countries and high proportion of cash payment

■ EC Penetration Rates in Developed Markets



※Figures are GMO-PG estimates.
 Sources : METI. "FY2019 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"
 U.S. Bureau of the Census "The 4th Quarter 2020 Retail E-Commerce Sales Report";
 Office for National Statistics "Retail Sales Index internet sales, December 2020"

■ Cashless penetration in Japan



※ Cashless Penetration = Sum of credit card usage amount, debit card usage amount, e-money usage amount, QR-code usage amount divided by private final consumption expenditure

※GMO-PG estimates: Cabinet Office "System of National Accounts"

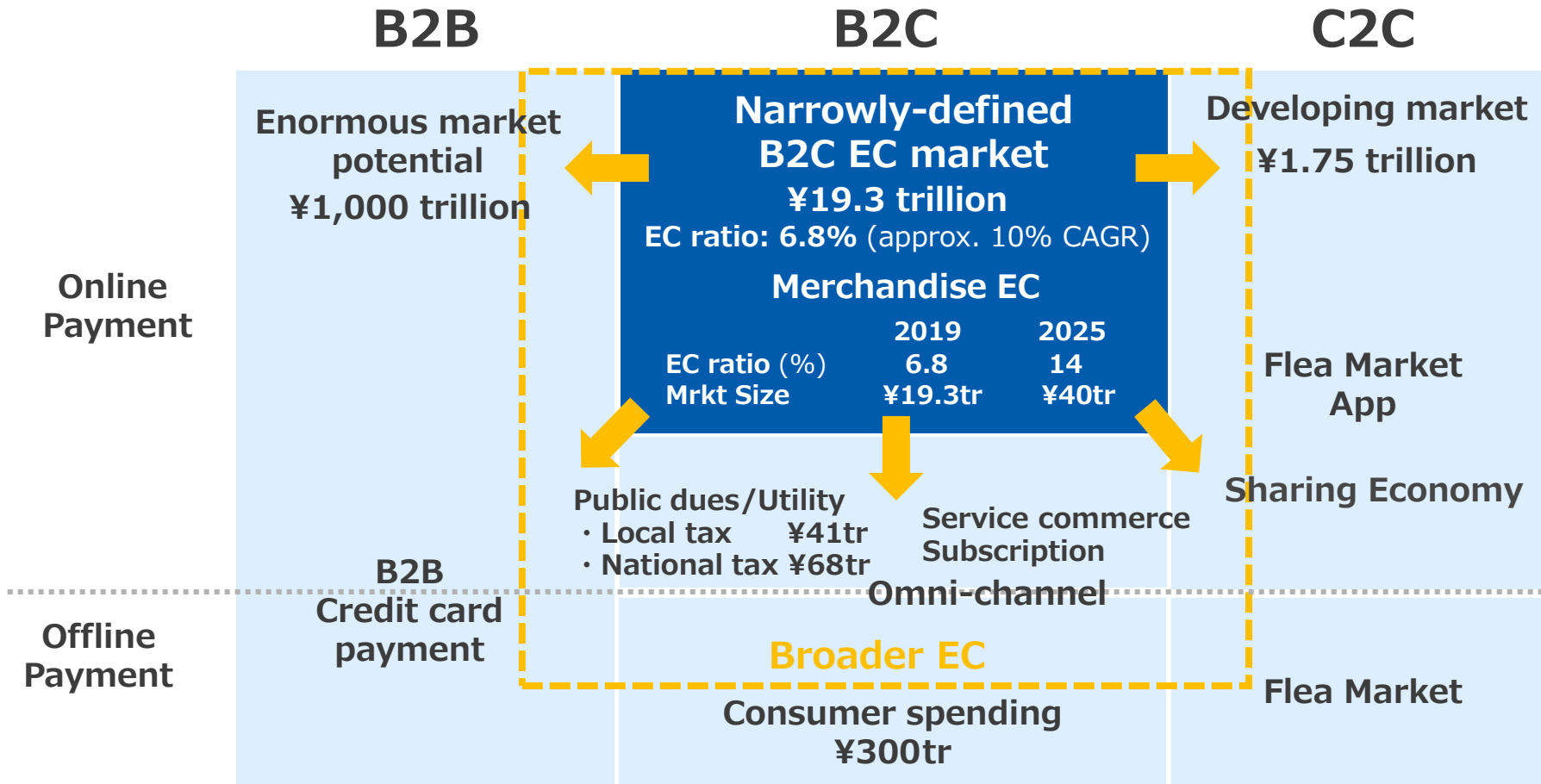
Japan Consumer Credit Association's Credit Card Statistics

Bank of Japan's Payment and Settlement Statistics

Payments Japan Association's Code Payment Statistics

Broader EC: Expanding Scope of Cashless Business

The migration towards cashless payment is our growth accelerator



※References : METI's "FY2019 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)". Figures for 2025 are our estimates.

※MIAC "Breakdown of national tax and local tax revenue (FY2020 Budget and Local Government Finance Plan)"

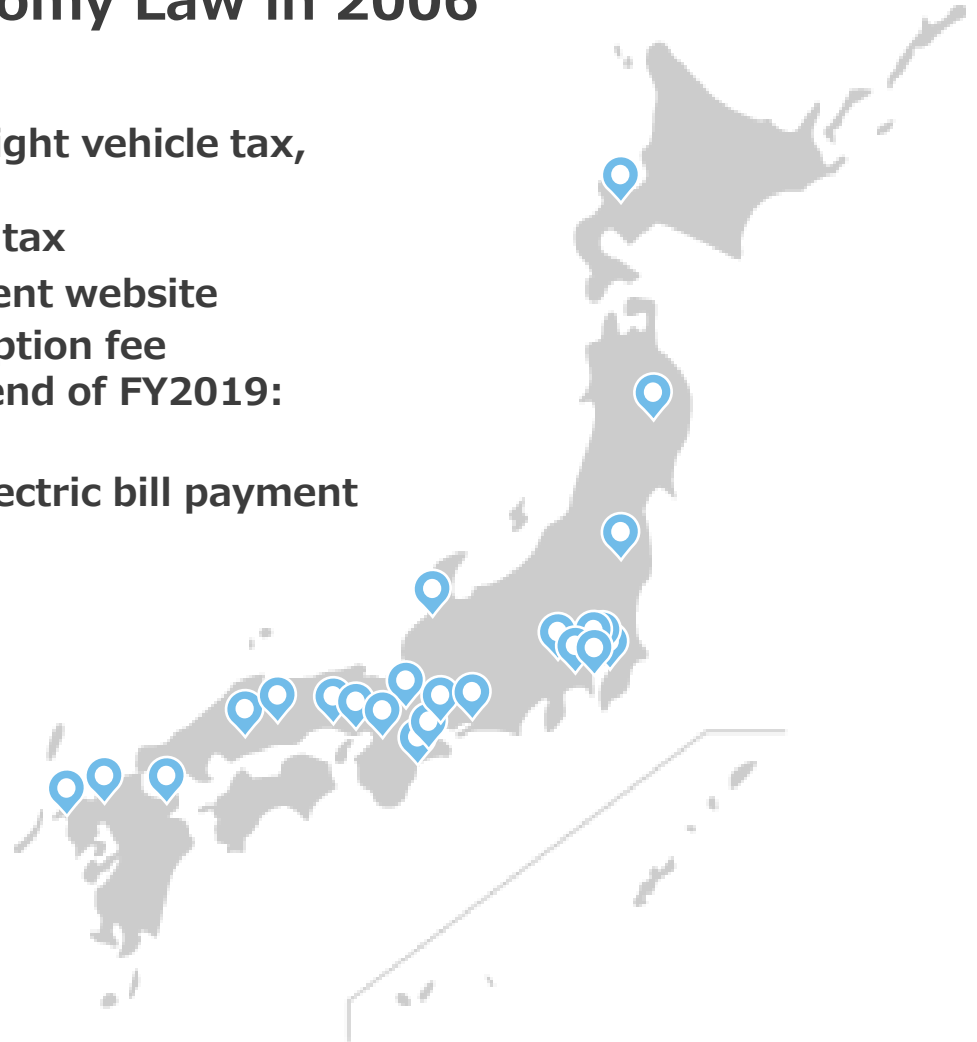
※THE WORLD BANK "Household final consumption expenditure (current USD)"

Broader EC: Public Dues and Utility Payments

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

Local governments, etc.	Local Taxes (automobile tax, light vehicle tax, fixed assets tax, etc.) Water bill, gas bill, hometown tax
NHK	National tax credit card payment website National broadcasting subscription fee
TEPCO Energy Partner	Credit card usage rate at the end of FY2019: 16.9% (Up +1.0% YoY) Supporting digitalization of electric bill payment

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



※Japan Broadcasting Corporation “Business Report for FY2019”

FinTech: Money Service Business (MSB)

Financial services that only a payment processing company can offer

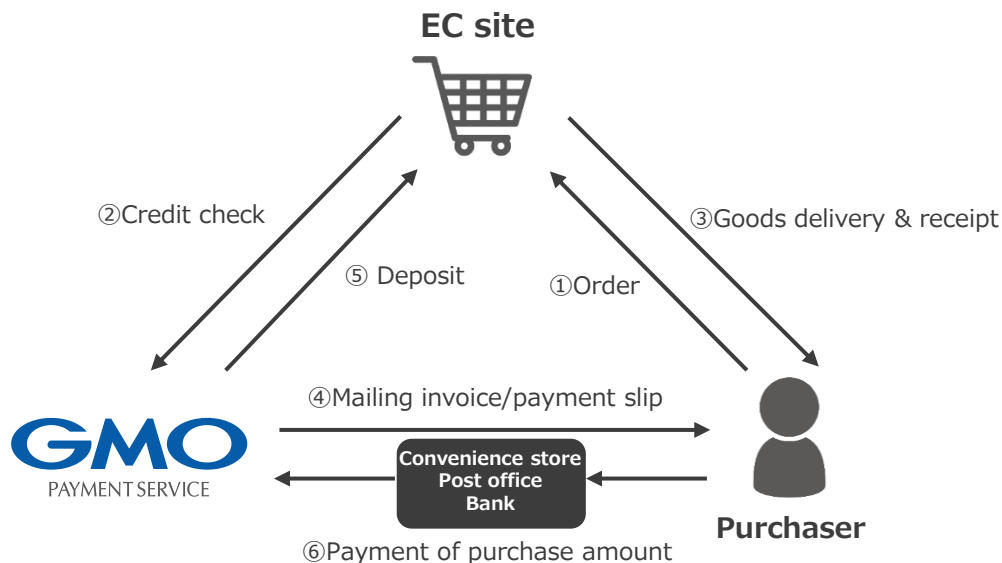
	<u>Services</u>	<u>MSB-related assets</u>	<u>Business Model</u>
✓	GMO Payment After Delivery/ GMO Kake-Barai Pay the sales proceed ahead of the deposit from consumer	Accrued revenues	<div style="border: 1px solid black; padding: 2px; display: inline-block; margin-bottom: 5px;">③ Fee</div> <div style="border: 1px solid black; padding: 2px; display: inline-block;">④ Spread</div>
✓	Remittance service Efficient and secure refund and remittance processing	—	<div style="border: 1px solid black; padding: 2px; display: inline-block;">③ Fee</div>
✓	Overseas Lending/ Transaction Lending Lending of growth capital	Accounts receivable-trade (short term loans)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">④ Spread</div>
✓	Early Payment service Improves cash flows by bringing forward the payment date	Accounts receivable - trade (advances paid)	<div style="border: 1px solid black; padding: 2px; display: inline-block;">④ Spread</div>
✓	B2B Factoring Early cash conversion of accounts receivable	Accrued revenues	<div style="border: 1px solid black; padding: 2px; display: inline-block;">④ Spread</div>

FinTech: GMO Payment After Delivery

Deferred payment provided by subsidiary GMO Payment Service

■ GMO Payment After Delivery/GMO Kake-Barai

Buyer can pay at a post office or CVS store after receiving goods
 Payment term (deadline) is 2 weeks.

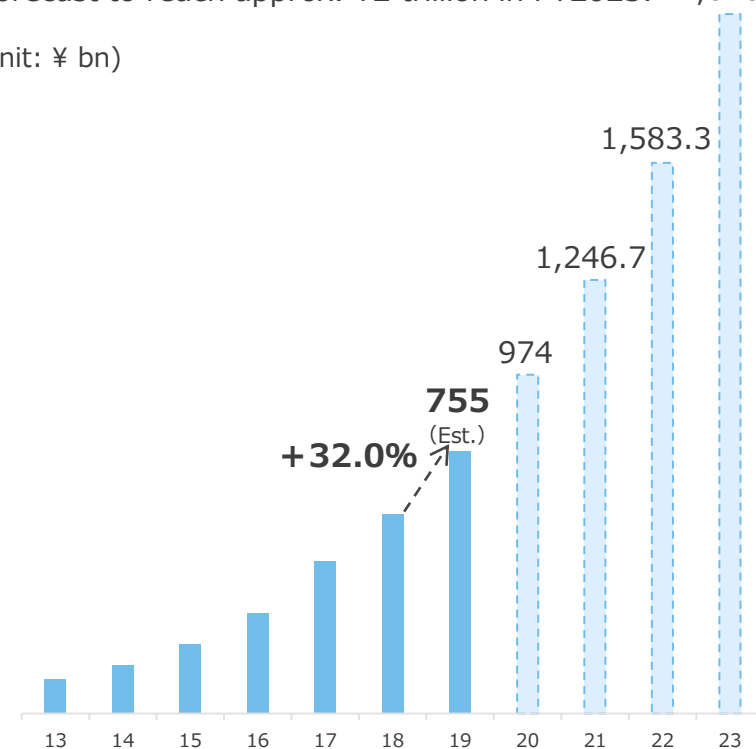


- Payment services with over 2 weeks payment terms are also available
- Service rollout of GMO Kake-Barai from November 13, 2020 **NEW**

■ Market size of deferred payment

Robust growth of the Deferred Payment market.
 Market size in FY2019 estimated at ¥755 billion.
 Forecast to reach approx. ¥2 trillion in FY2023. 2,010.8

(Unit: ¥ bn)



※ Source: "Online Payment/Settlement Service Providers 2020" and "Domestic Cashless Payment Market 2019" issued by Yano Research Institute Ltd.

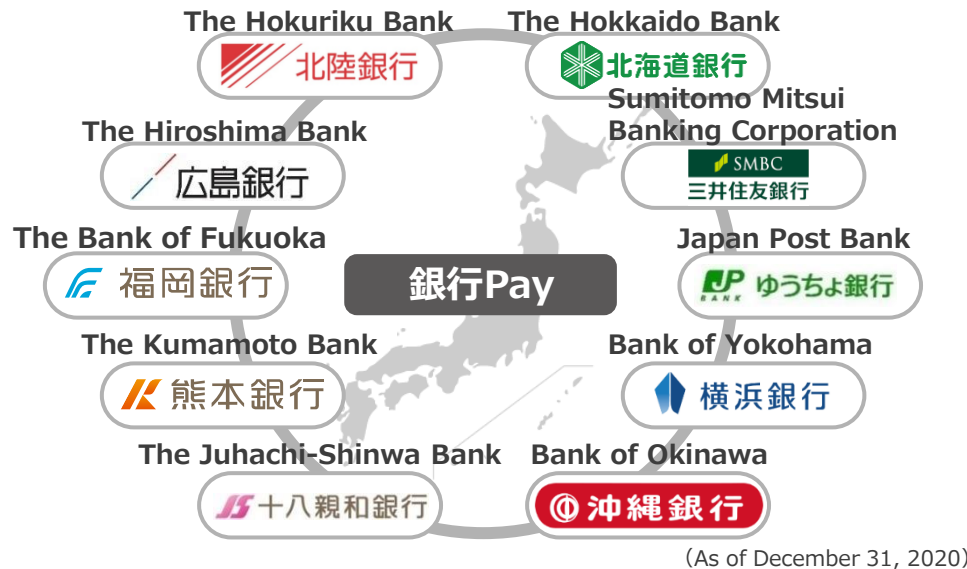
Figures for FY2019 are estimates and figures for 2020~2023 are forecasts.

Cashless

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

■ Ginko Pay

A smartphone app system marketed to financial institutions that allows for immediate payments such as direct debit



■ Cash-out (withdrawal) service[※]

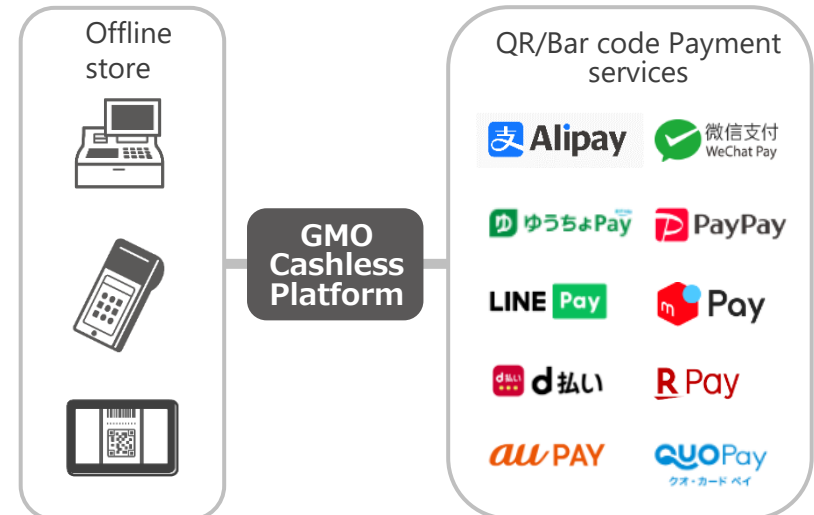
Cash withdrawal made from ticket vending machines at Tokyu Line train stations that is based on the Ginko Pay framework (jointly developed with Tokyu Corporation, Bank of Yokohama and Japan Post Bank)

■ Cash-in (deposit) service[※]

※ not available at certain stations of Tokyu Line.

■ GMO Cashless Platform

Cashless solution for offline stores which offers a package of payments methods including QR/Bar code and is scalable to include new payment methods



■ GMO-PG Processing Platform

A one-stop package of various payment solutions for issuing and acquiring businesses, offered to banks, credit card companies and general businesses.

IoT: Offline Payment Market

Further expanding the scope of business through cashless migration and strategy of alliances

Offline payment

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

Growth factors of the offline market

Amendment of Installment Sales Act:

- Replacement demand for IC chip equipped terminals from conventional magnetic strips.
- Cashless demand from new lifestyle in the New Normal

Embedded-type EMV terminal※



with PIN



with PIN



with PIN



without PIN

stera

Rollout of a new one-stop terminal compatible to a variety of payment methods.



Customer facing



Merchant facing

Target: Unattended Market

Vending (Goods)



Ticket



Coffee Machine



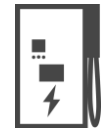
Fare Adjustment (Golf, hotel)



Fare Adjustment (Golf, hotel)



EV Charging Stn. Parking Fee



Self Check-out



Coin Laundry



Capsule toy machine



※EMV: uniform standards for IC-chip enabled credit cards created by Visa and MasterCard.

Global: Overseas Strategy

Expand customer coverage through strategic investments and assisting Japanese companies' foray into the Asian market

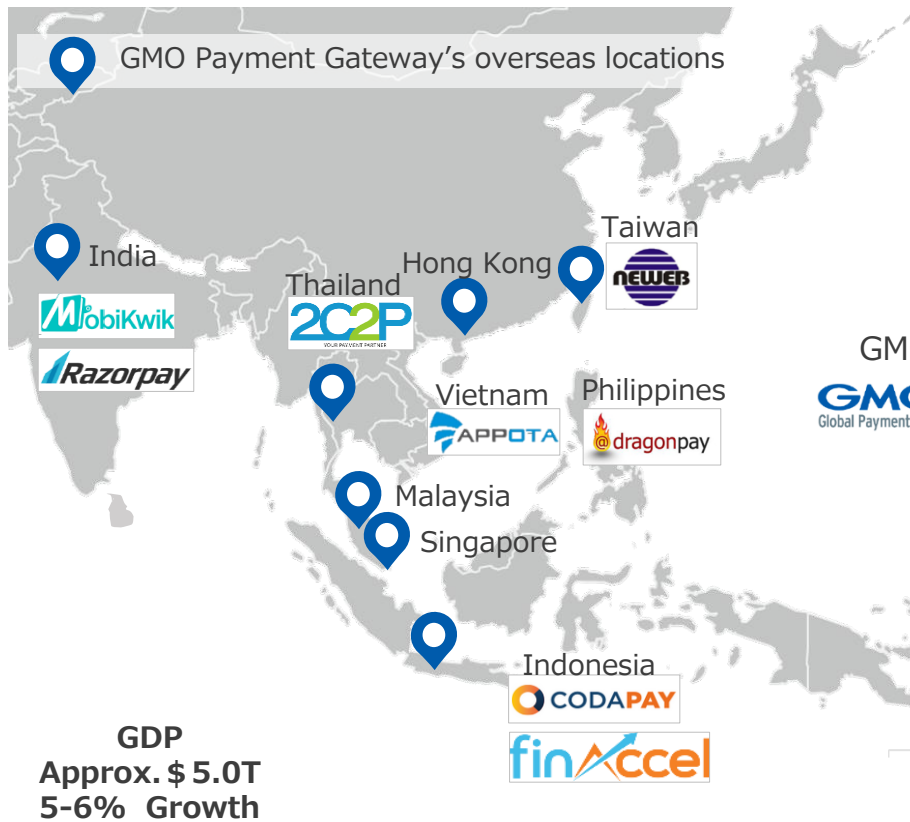
■ Investment target

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

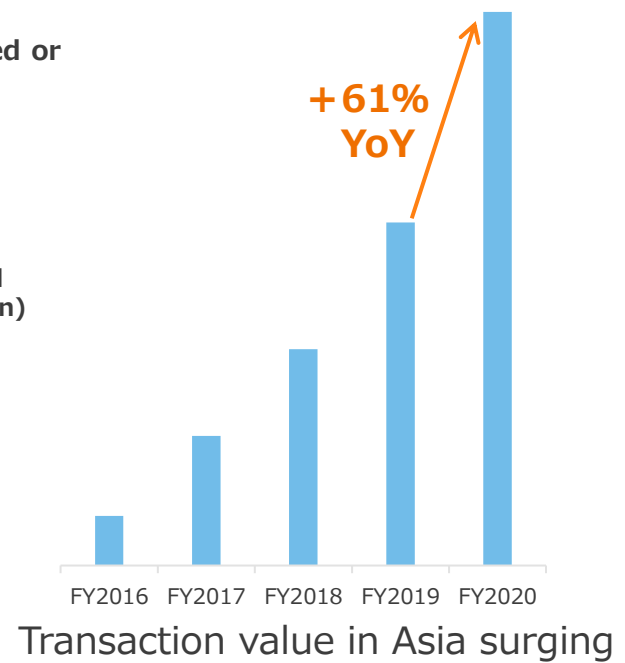
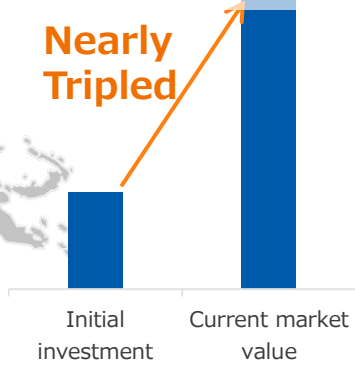
■ Payment processing business

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

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

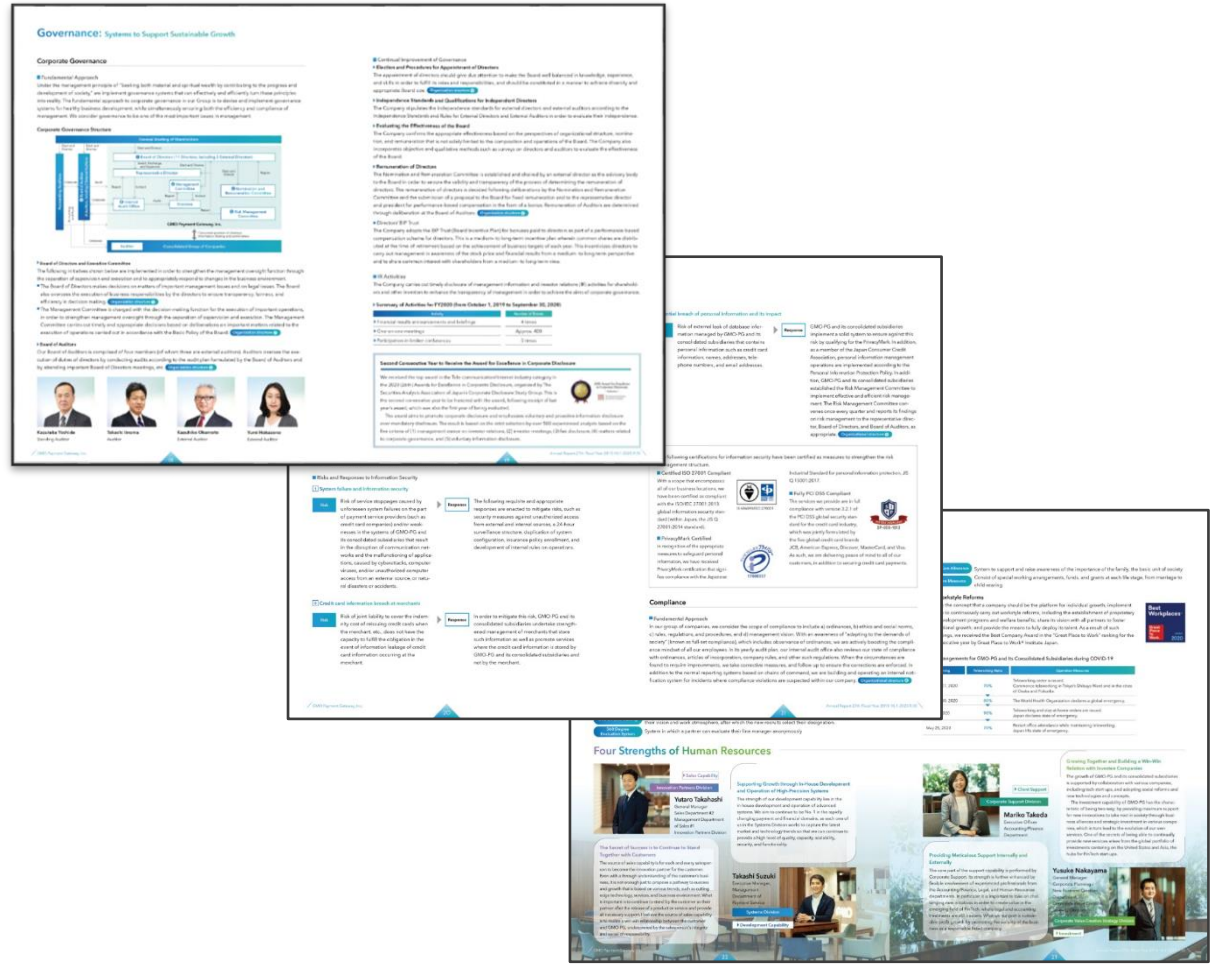


GMO Global Payment Fund
Japan's first Fintech fund targeting payment-related startups in Asia (AUM ¥2bn)



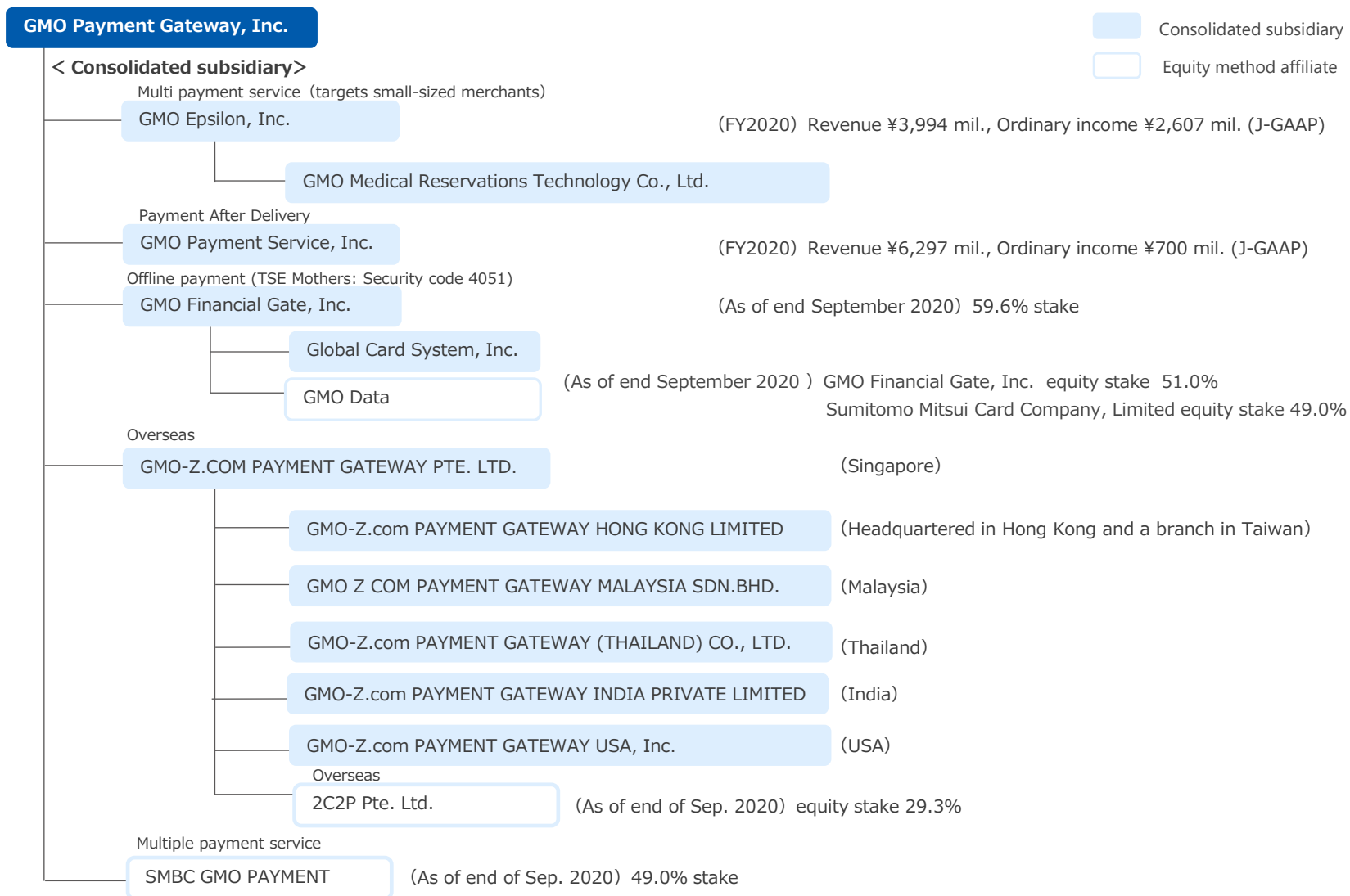
ESG Initiatives

ESG initiatives for the 27th fiscal year annual report is outlined from page 18 to page 23.



For the full publication please click the URL below :
https://www.gmo-pg.com/en/corp/newsroom/pdf/201221_gmo_pg_en.pdf

Major subsidiaries and equity-method affiliates (IFRS standards)




Company Outline

■ Name	GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange First section)	
■ Date of establishment	March 1995	
■ Location	FUKURAS office (Head office) SHIBUYA FUKURAS 15F, 1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043 Japan Humax Shibuya Building 7F, 1-14-6, Dogenzaka, Shibuya-ku, Tokyo Japan	
■ Capital stock	4,987 million yen	
■ Major shareholders	GMO Internet, Inc., Sumitomo Mitsui Banking Corporation, Issei Ainoura ,etc	
■ Management team	Chairman & Director	Masatoshi Kumagai
	President & Chief Executive Officer	Issei Ainoura
	Director, Executive Vice President	Ryu Muramatsu
	Director, Executive Vice President	Satoru Isozaki
	Senior Managing Director	Yuichi Hisada
	Director	Masashi Yasuda
	Director	Hirofumi Yamashita
	Director	Takehito Kaneko
	Director	Yuki Kawasaki
	External Director	Masaya Onagi
	External Director	Akio Sato
	Senior Managing Executive Officer	Shinichi Sugiyama
	Managing Executive Officer	Tomoyuki Murakami
	Managing Executive Officer	Masaru Yoshioka
	Managing Executive Officer	Takeshi Yoshii
	Managing Executive Officer	Takashi Mitani
	Managing Executive Officer	Katsunari Mukai
	Managing Executive Officer	Kazunari Taguchi
	Executive officer	Kiyonobu Inayama
	Executive officer	Shingo Ito
	Executive officer	Yoshinori Inoguchi
	Executive officer	Hirofumi Tozawa
	Executive officer	Yasunori Hatada
	Executive officer	Mariko Takeda
	Executive officer	Junpei Kendo
	Standing Auditor	Kazutaka Yoshida
	Auditor	Takashi Iinuma
	External Auditor	Kazuhiko Okamoto
	External Auditor	Yumi Hokazono
■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Consolidated subsidiaries	GMO Epsilon, Inc., GMO Payment Service, Inc., GMO Financial Gate, Inc., GMO-Z.com Payment Gateway Pte. Ltd. (Singapore), etc.	
■ Equity affiliates	SMBC GMO Payment, Inc., GMO Data, Inc., 2C2P Pte. Ltd., etc.	

(As of December 31, 2020)

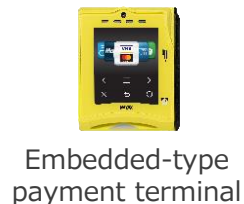
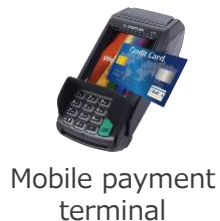
GMO Financial Gate, Inc.: Overview

■ Name	GMO Financial Gate, Inc. (TSE Mothers, security code 4051)																															
■ Date of Establishment	September 1999																															
■ Location	Humax Shibuya Building 7F, 1-14-6 Dogenzaka, Shibuya-ku, Tokyo																															
■ Capital Stock	¥1,533 Mil.																															
■ Major Shareholders	GMO Payment Gateway, Inc. and others																															
■ Management	<table> <tr> <td>Chairman</td> <td>Akira Takano</td> <td></td> </tr> <tr> <td>President and CEO</td> <td>Kentaro Sugiyama</td> <td></td> </tr> <tr> <td>Managing Director</td> <td>Akio Aoyama</td> <td>(GM of Sales Department)</td> </tr> <tr> <td>Director</td> <td>Masamitsu Ikezawa</td> <td>(GM of Administration Department and Corporate Planning)</td> </tr> <tr> <td>Director</td> <td>Tomonaga Fukuda</td> <td>(GM of System Department)</td> </tr> <tr> <td>Director</td> <td>Masaru Yoshioka</td> <td>(Managing Executive Officer of GMO Payment Gateway Inc.)</td> </tr> <tr> <td>External Director</td> <td>Nao Shimamura</td> <td></td> </tr> <tr> <td>External Auditor</td> <td>Takayoshi Nagasawa</td> <td></td> </tr> <tr> <td>External Auditor</td> <td>Satoru Ozawa</td> <td></td> </tr> <tr> <td>Auditor</td> <td>Takashi Iinuma</td> <td>(CPA; Representative of Iinuma General Accounting Firm)</td> </tr> </table>	Chairman	Akira Takano		President and CEO	Kentaro Sugiyama		Managing Director	Akio Aoyama	(GM of Sales Department)	Director	Masamitsu Ikezawa	(GM of Administration Department and Corporate Planning)	Director	Tomonaga Fukuda	(GM of System Department)	Director	Masaru Yoshioka	(Managing Executive Officer of GMO Payment Gateway Inc.)	External Director	Nao Shimamura		External Auditor	Takayoshi Nagasawa		External Auditor	Satoru Ozawa		Auditor	Takashi Iinuma	(CPA; Representative of Iinuma General Accounting Firm)	
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Auditor	Takashi Iinuma	(CPA; Representative of Iinuma General Accounting Firm)																														

■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Consolidated Subsidiaries	Global Card System, Inc. (100%)	

GMO Data, Inc. (51.0% stake; Sumitomo Mitsui Card Company, Ltd. 49.0%) 

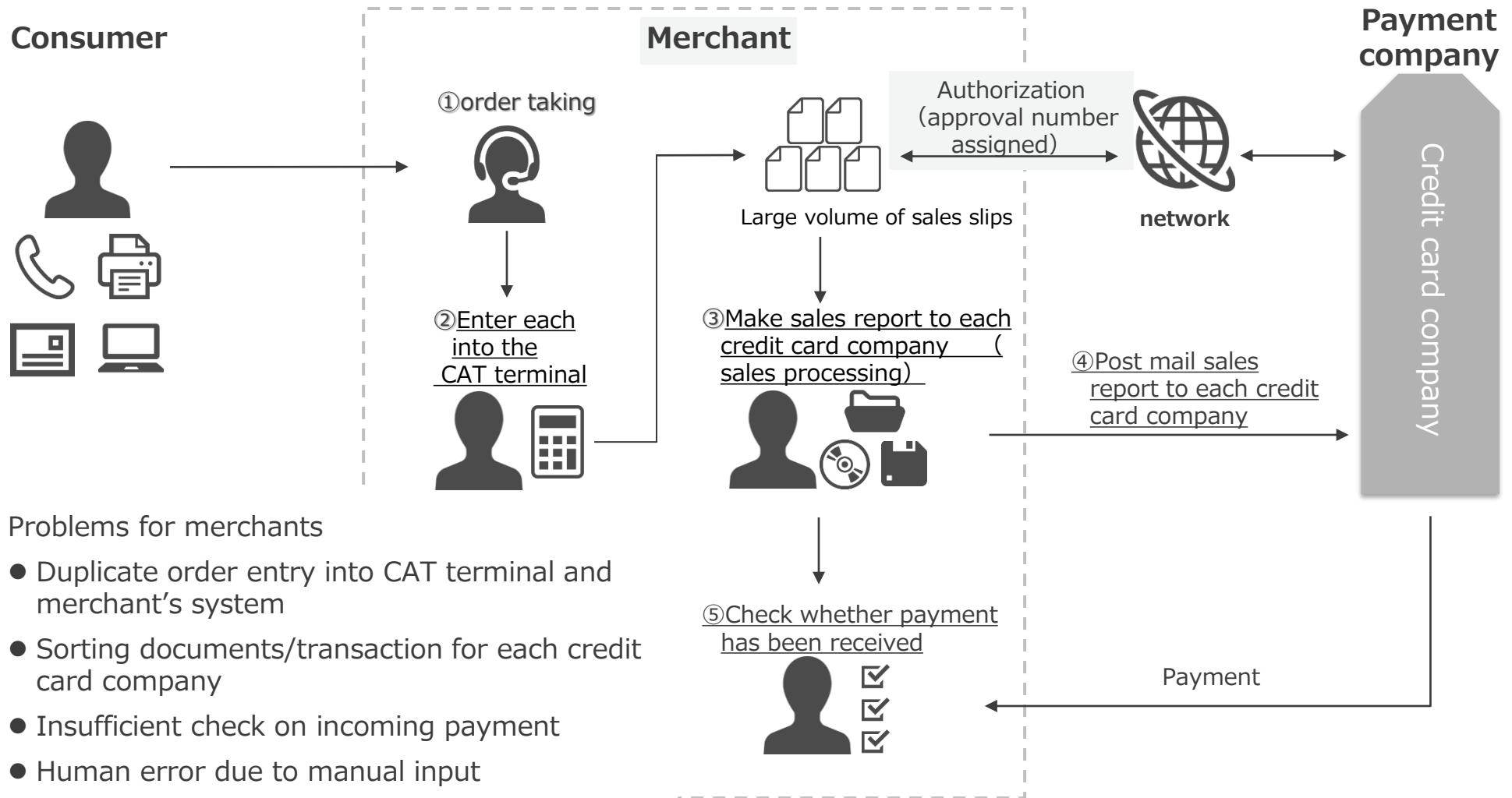
■ Business Description	Provides cashless payment infrastructure for credit card, debit card, e-money, etc.
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(As of February 12, 2021)

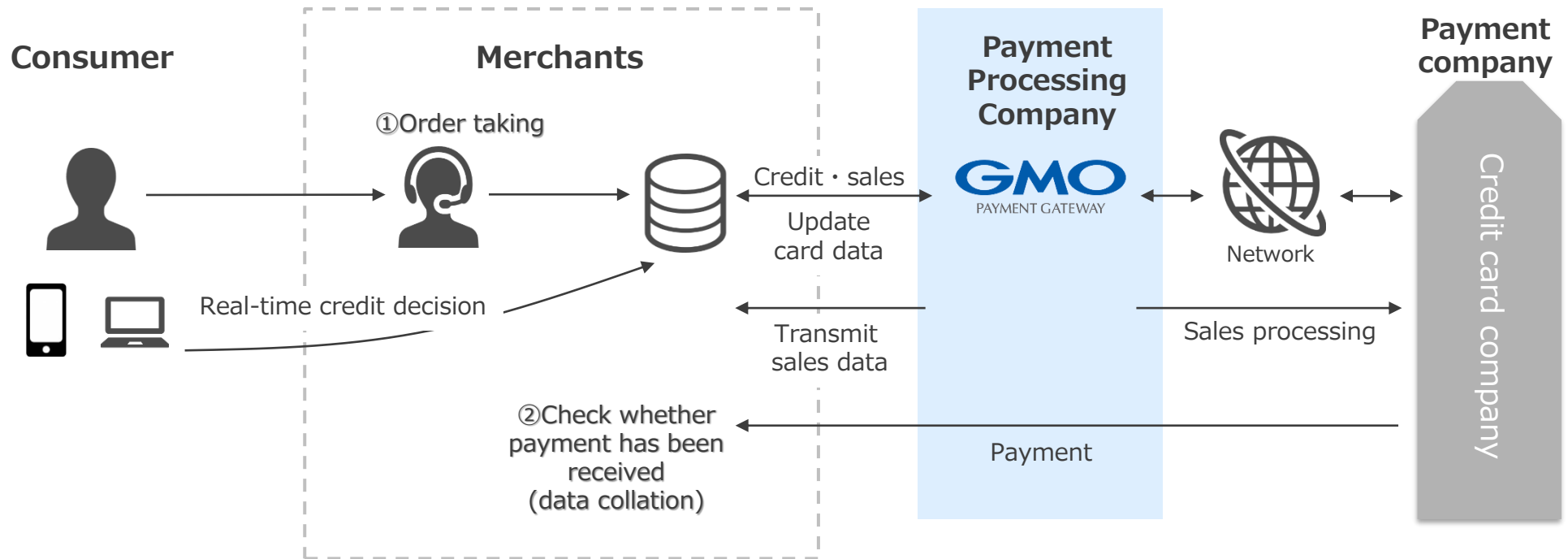
Business outline of payment processing company (1)

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



Business outline of payment processing company (2)

Payment processing service adds operational efficiency to credit card payment



In the early days of Ecommerce, credit card payment was processed offline between merchant and credit card company, resulting in work burden on both sides.

The establishment of payment processing companies eliminated this burden for both parties.