

Financial Results Briefing for FY2022 Full -Year

Steady growth in stock-model revenue originating from sales of payment terminals
- Building a high-retention payment platform that achieves growth with merchants -

November 15, 2022

GMO Financial Gate, Inc.
(Ticker:4051, TSE-Growth)

10th IR Presentation

GMO FINANCIAL GATE

<https://gmo-fg.com/>

Cautionary Note Regarding Presentation Materials

The content of these presentation materials is based on generally recognized economic and social conditions, as well as assumptions judged to reasonable by GMO Financial Gate as of November 15, 2022

Note that presentation material content is subject to change without prior notice in response to changes in the business environment or other unforeseen circumstances

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Summary of financial Results for FY2022

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1.1 FY2022 Summary

A virtuous cycle of steady initial revenue and growth in stock-model revenue. Revenue exceeded the revised plan

FY2022 Full-Year P5

- Revenue : **¥10,295 million (+45.2% YoY)**、 Operating profit : **¥740 million (+25.7% YoY)**
- Transaction Volume : **302 million (2.1x YoY)**、 GMV : **¥2.46 trillion(2.1x YoY)**
- Number of active terminals : End of Q4 **189.5K (+64.6K YoY, +51.8% YoY)**

P7

Revenue Category : Initial **¥7,162 million (+38.6% YoY)** 、 Stock-model **¥3,132 million (+62.9% YoY)**

Composition of merchants P13

- Continued decline in dependence on top 30 merchants :
Q4 standalone FY2021 **23.9%**→ Q4 standalone FY2022 **19.4%(▲4.5pt)**

Growth of existing merchants P15

- Expansion of transaction volume at existing merchants FY2020 full-year→FY2021 full-year : **+60.7%**
FY2021 full-year→FY2022 full-year : **+83.8%**

- Re-opening effect gradually emerging in face-to-face cashless markets such as hotel/travel and apparel P11, P12
- Strengthened “*Vertical Expansion*” toward in-bound related industries considering with post-COVID era. Building high retention platform through solving merchants’ problems/issues P14
- As for ESG, taking and action to disclose ESG-related data such as supply chain CO₂ emissions P28

1.2 Summary of Financial Results

Sales/gross profit exceeded the forecast, and the growth strategy to expand market share is progressing steadily. Due to future investments, operating profit was in line with the forecast

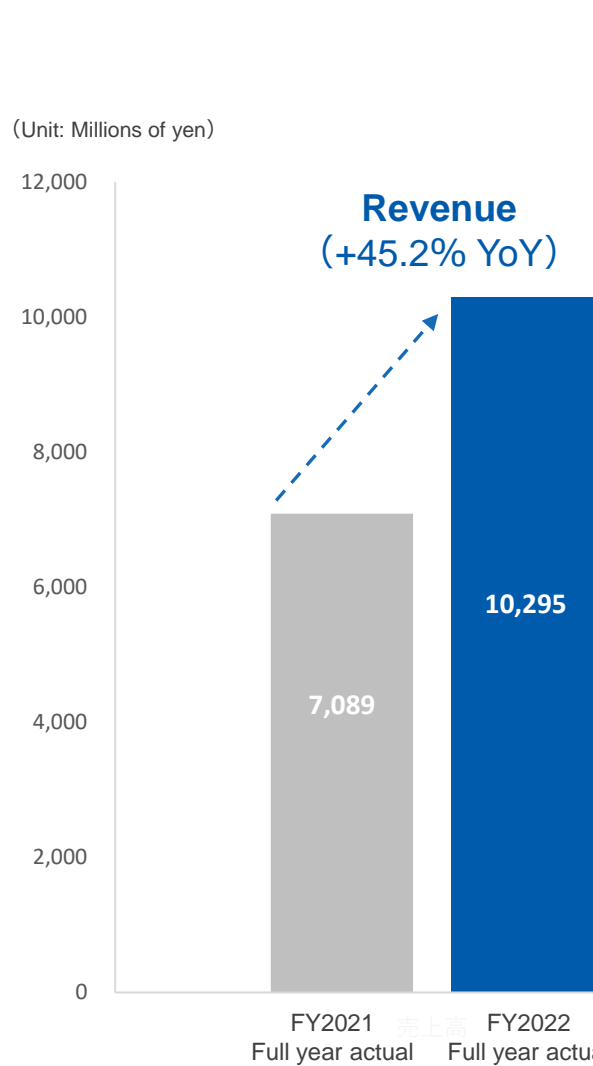
(Millions of yen)	FY2021 actual	FY2022 Forecast (Revised on Aug. 8, 2022)	FY2022 actual	Actual/Forecast (%) (Revised on Aug. 8, 2022)	YoY FY2021 vs FY2022
Revenue	7,089	9,800	10,295	105.1%	+ 45.2%
Gross Profit	2,020	2,421	2,768	114.3%	+ 37.0%
Operating Profit	589	737	740	100.5%	+ 25.7%
Profit attributable to owners of parent	411	461	472	102.5%	+ 14.9%
Dividend per share	¥51	¥57	¥58	¥+7 from FY2021 actual	

KPIs (YoY)	Number of active terminals (End of Q4 FY2022)	Transaction volume (Q4 standalone)	GMV (Q4 standalone)
	189,506 (1.5x)	Approx. 92.24 million (1.9x)	Approx. 753billion (2.0x)

1.3 Major Topics Regarding Financial Results

Steady growth in both initial and stock-model revenue

Gross profit and operating profit both exceeded the mid-to long-term target of 25% growth

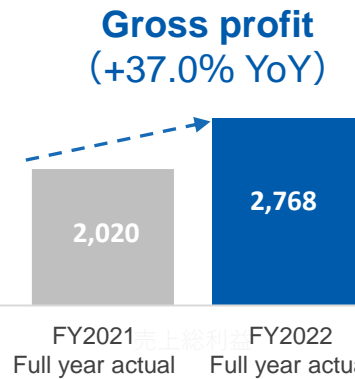


■ Revenue

- (+) Steady growth in sales of payment terminals
- (+) Steady growth in stock-model revenue backed by an increase in the number of active terminals
- (+) Re-opening effect due to domestic demand recovered toward pre-COVID level to a certain extent
- (-) Postponement of purchase and sales of some payment terminals due to shortage of parts and materials by manufacturers

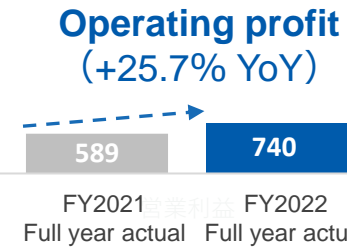
■ Gross profit

- (+) Revenue expansion
- (+) Steady expansion of high-margin stock-model revenue
- (-) Increase in sales composition ratio of lower gross margin terminal “stera”



■ Operating profit

- (+) Steady growth in revenue and gross profit
- (-) Extra SG&A is allocated with the portion of exceeding the forecast OP (such as the investment on internal management structure and human resources (hiring and bonuses))



1.4 Revenue by business model (YoY)

Steady growth in stock-model revenue backed by steady sales and installation of payment terminals

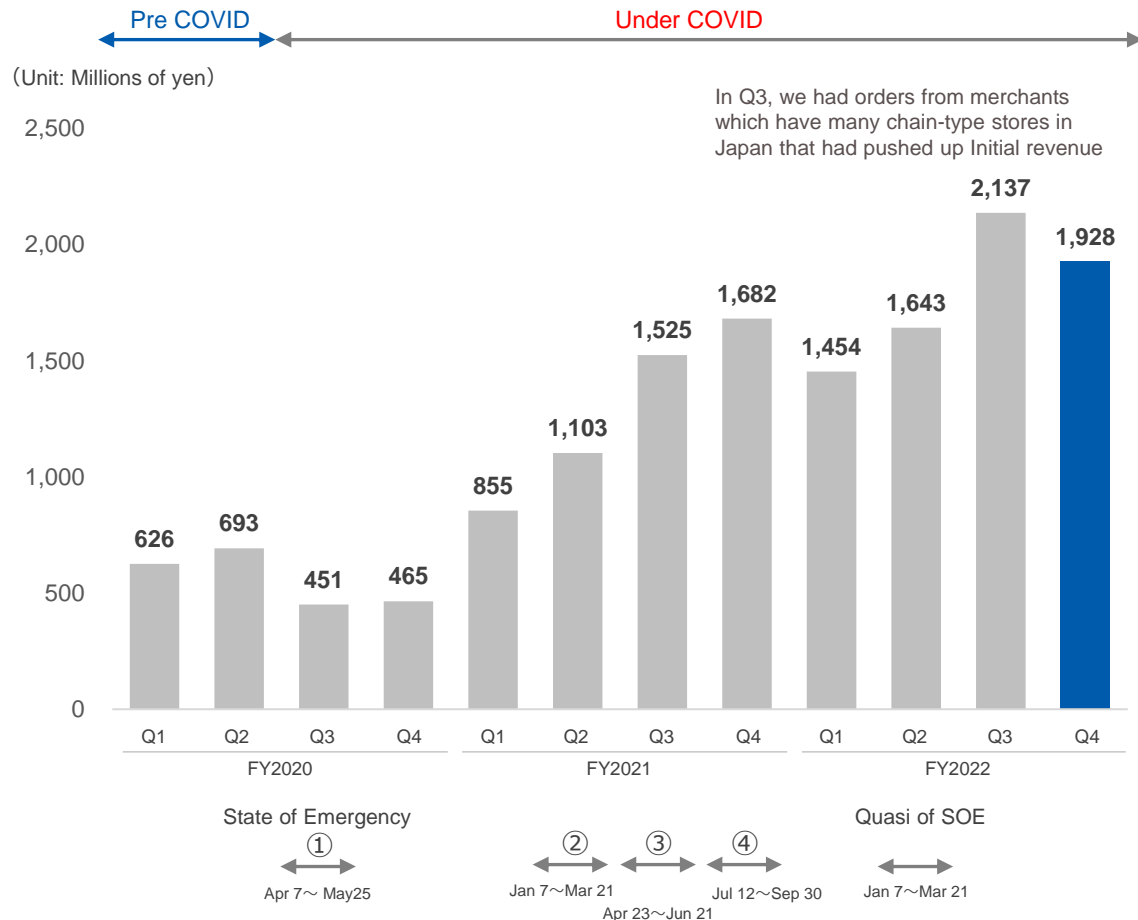
(Millions of yen)	FY2021 actual (Composition %)	FY2022 actual (Composition %)	YoY FY2021 vs FY2022
Initial	5,166 (72.9%)	7,162 (69.6%)	+38.6%
Stock-model	1,923 (27.1%)	3,132 (30.4%)	+62.9%
Stock	624 (8.8%)	865 (8.4%)	+38.6%
Fee	533 (7.5%)	1,317 (12.8%)	+146.7%
Spread	764 (10.8%)	950 (9.2%)	+24.2%
Total	7,089	10,295	+45.2%

1.5 Revenue by business model (Quarterly)

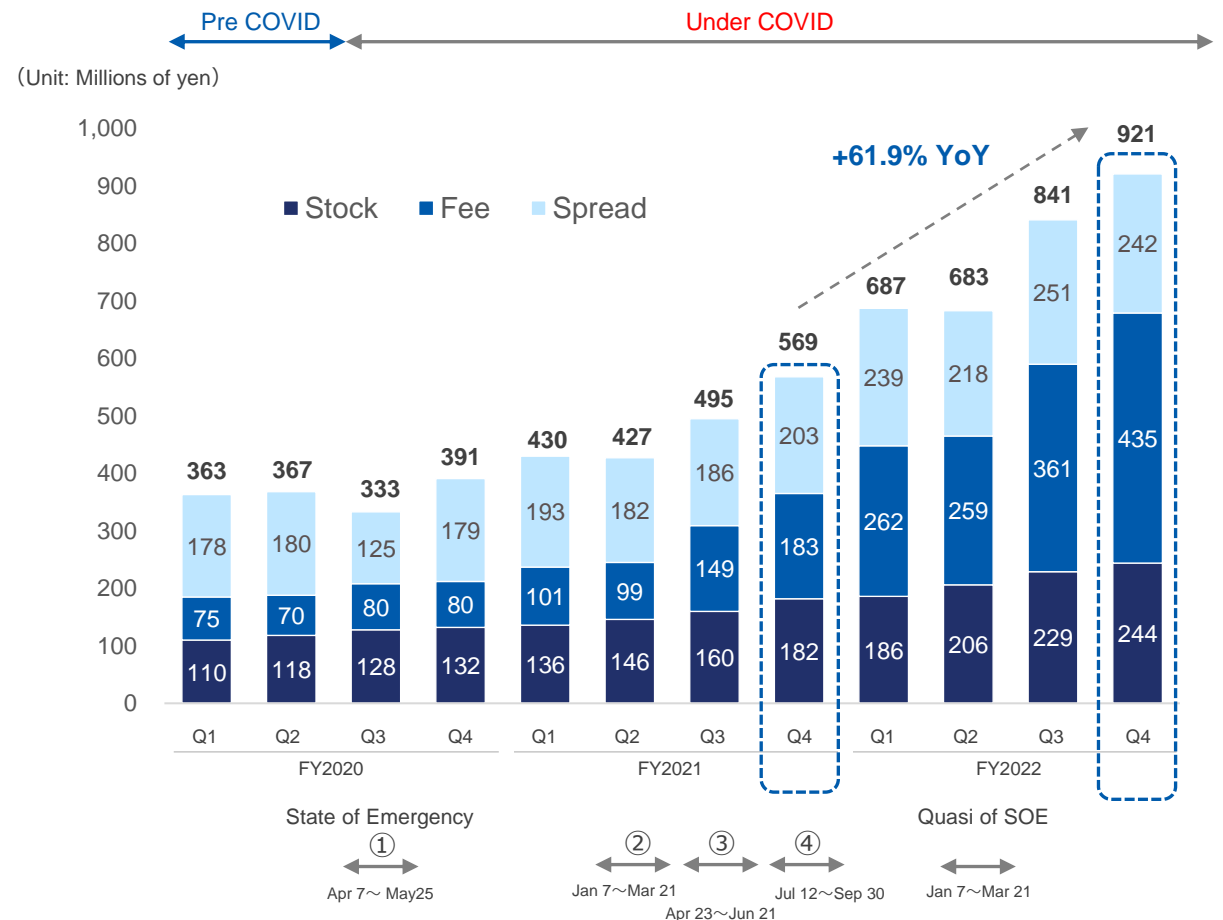
[Initial] Achieved solid level in Q4 as well. Aiming for continued expansion also in FY2023, although there will be fluctuation from quarter to quarter

[Stock-model] Spread revenue was affected by COVID in Q4, but Stock-model revenue overall expanded steadily due to an increase of active terminals and re-opening

Initial Revenue

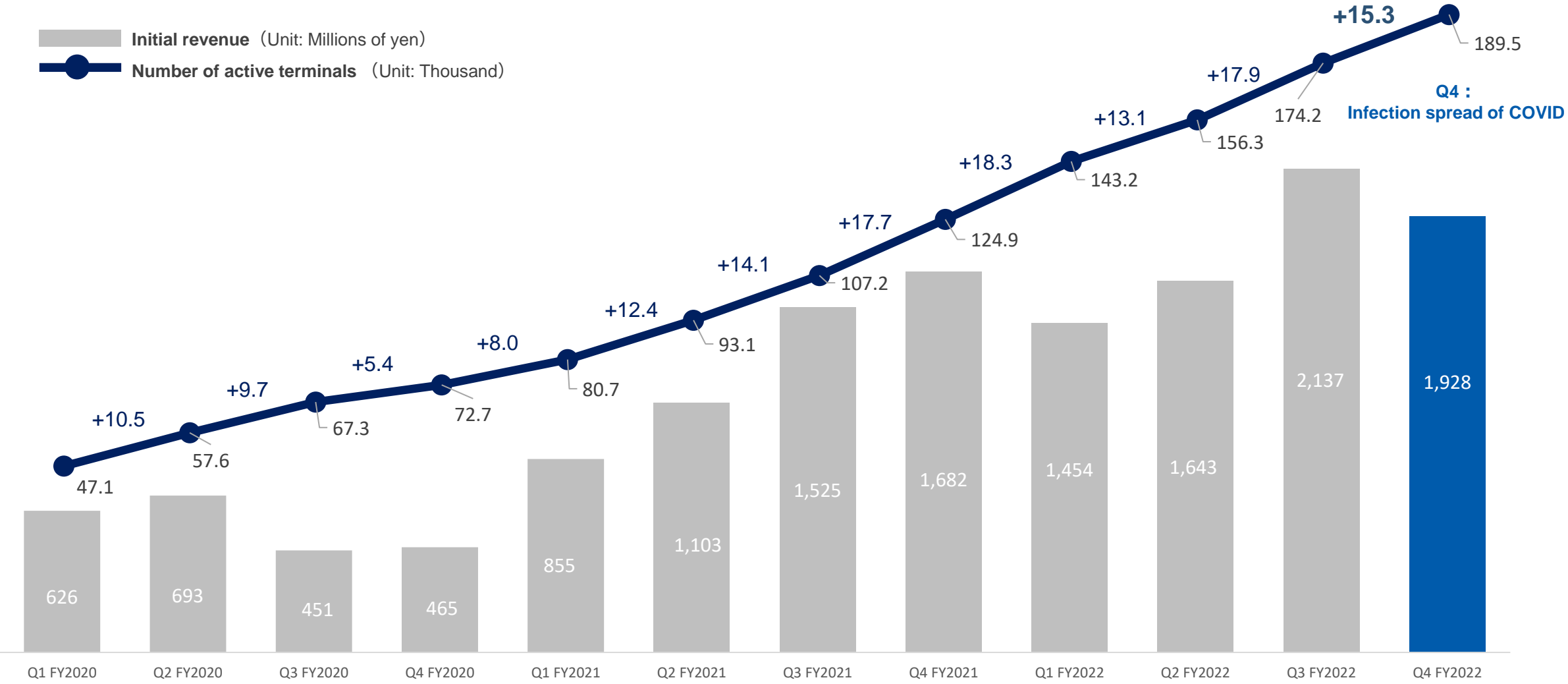


Stock-model Revenue



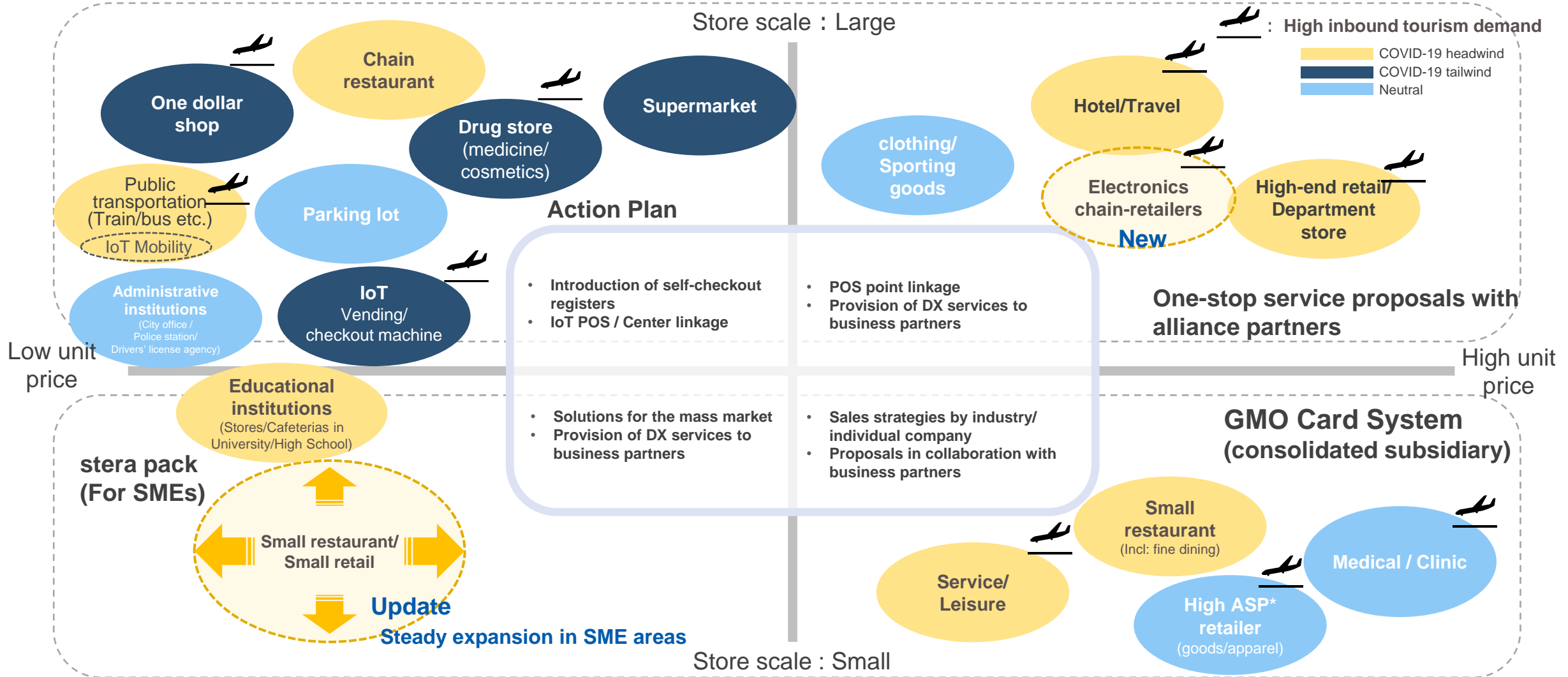
1.6 Initial Revenue and No. of Active Terminals (Quarterly)

Q4 initial revenue remained at a certain level. The number of active terminals increased steadily despite the impact of the infection spread of COVID. Inbound effect is expected from Q1 FY2023 onward



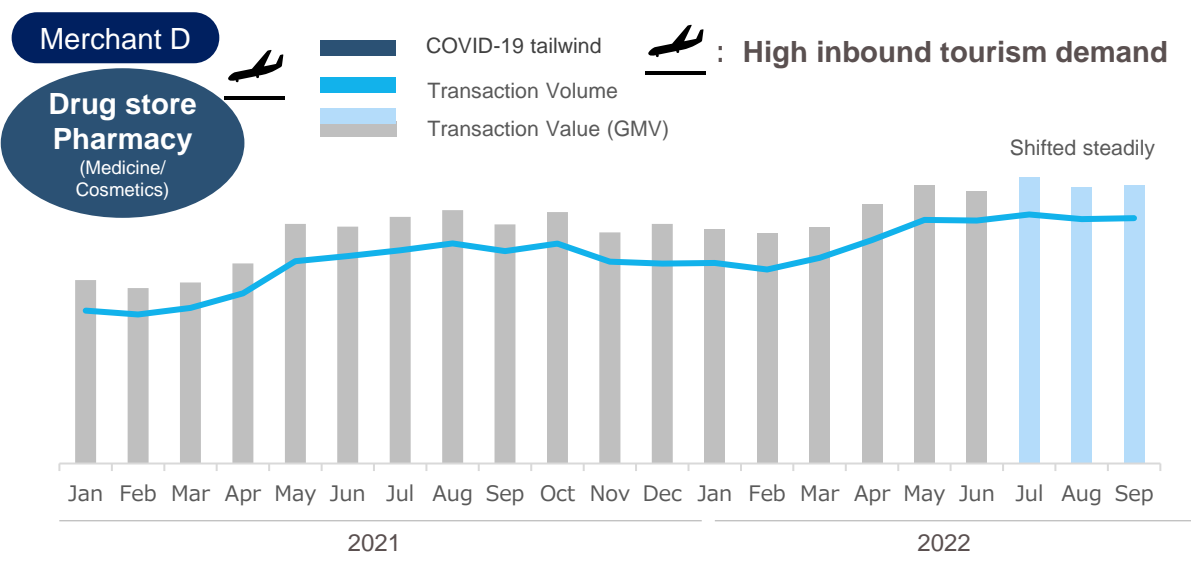
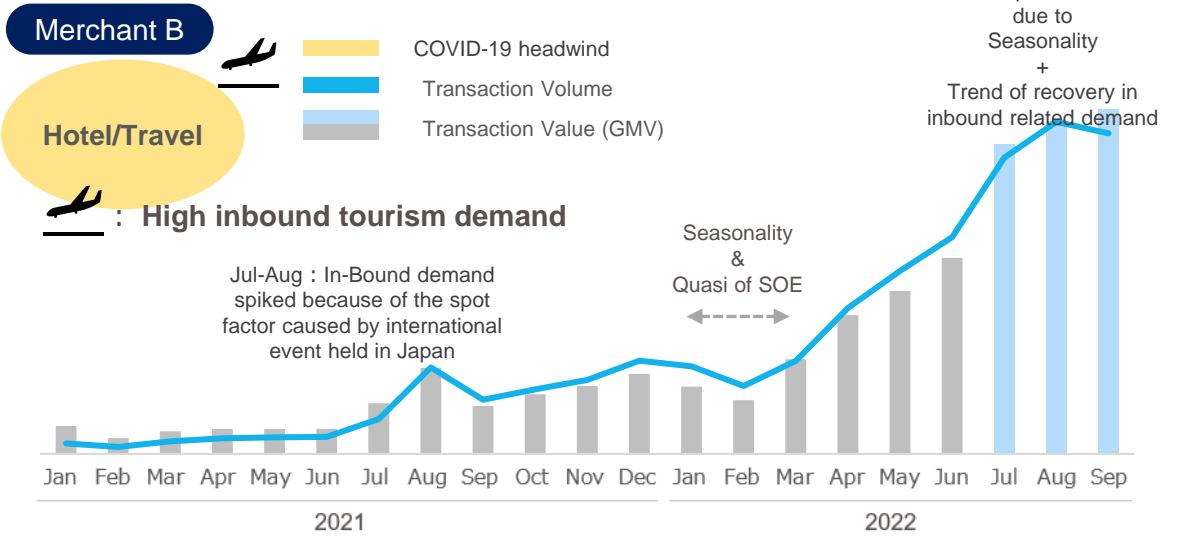
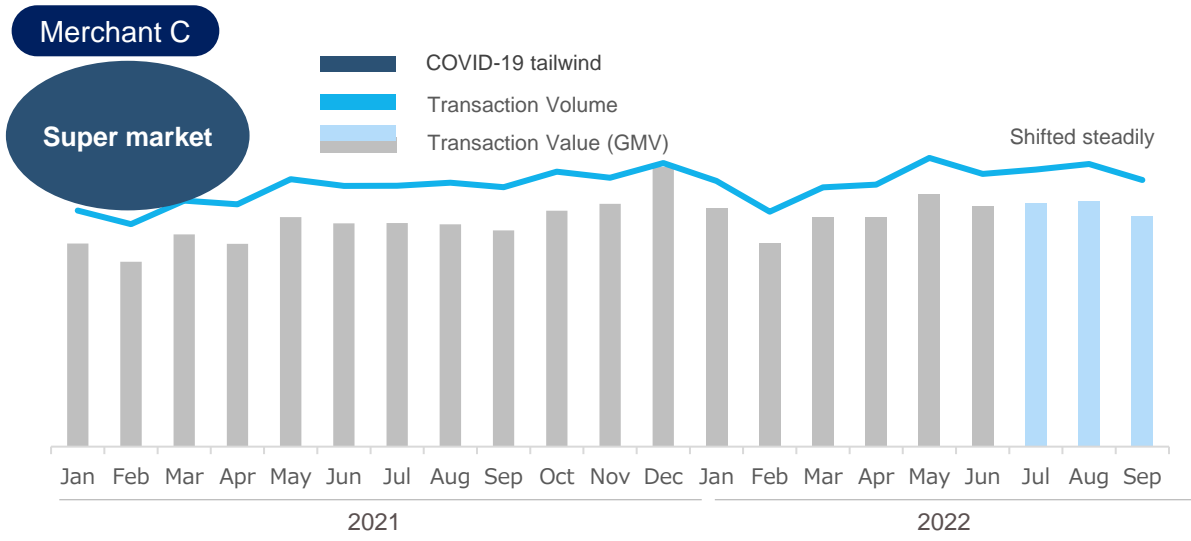
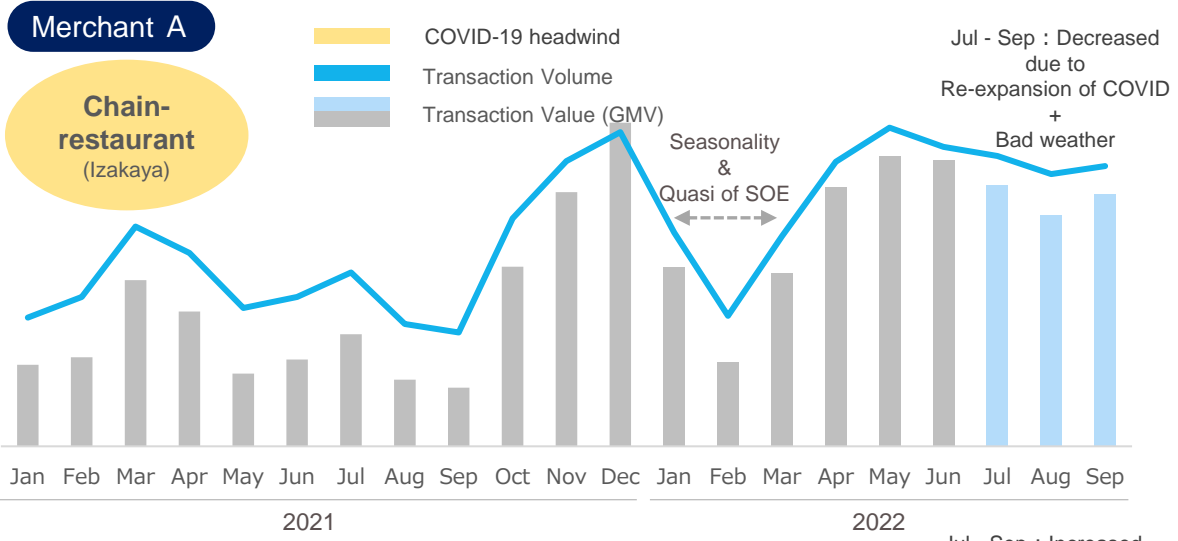
1.7 Merchant Industry

Preparing for the recovery of inbound tourism demand toward After COVID by installing new payment terminals at big electronics chain-retailers etc. Expanded the number of merchants in SME as well, centered on stera pack



1.8 Transaction Trends by Industry (Q4)

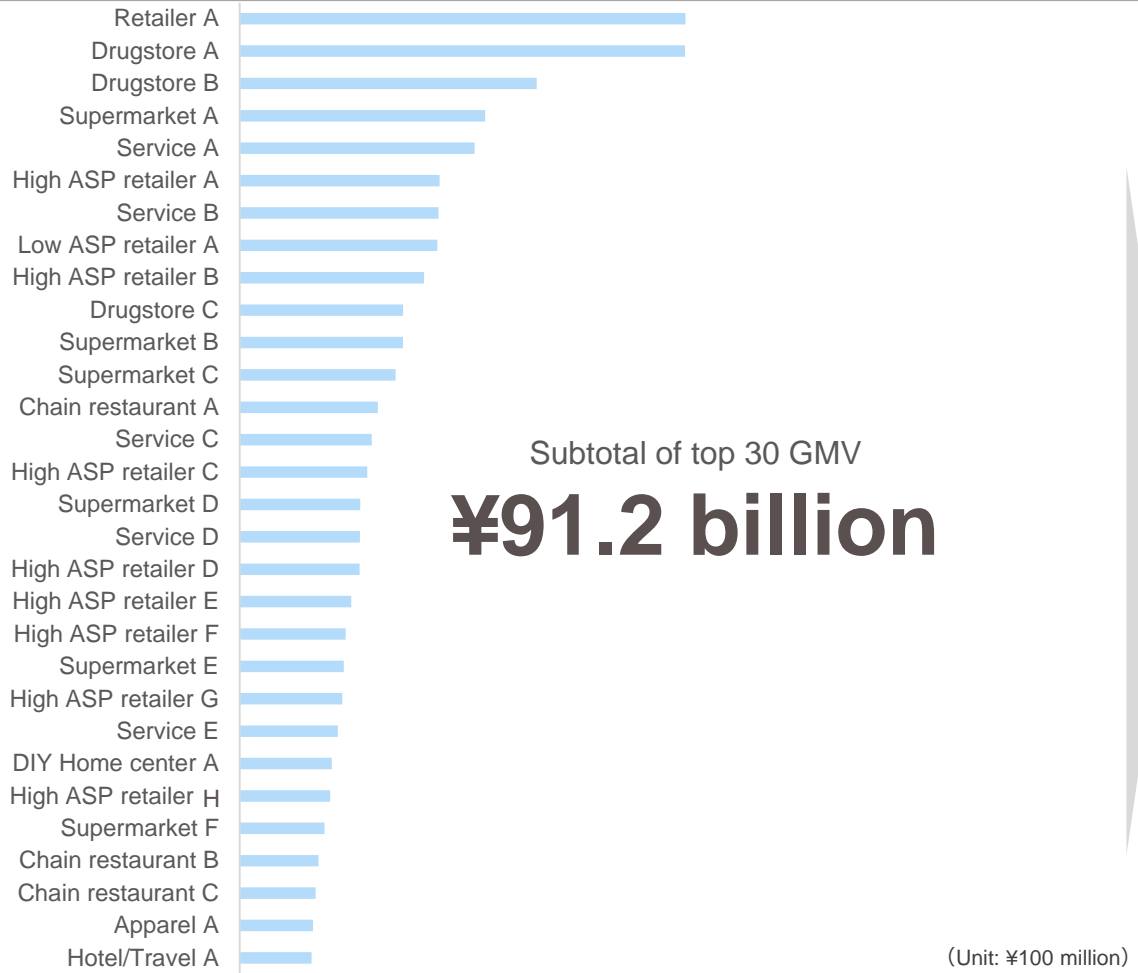
In Q4, hotel and travel-related businesses showed signs of recovery. Restaurant business stagnated slightly due to the re-expansion of COVID and bad weather such as typhoons



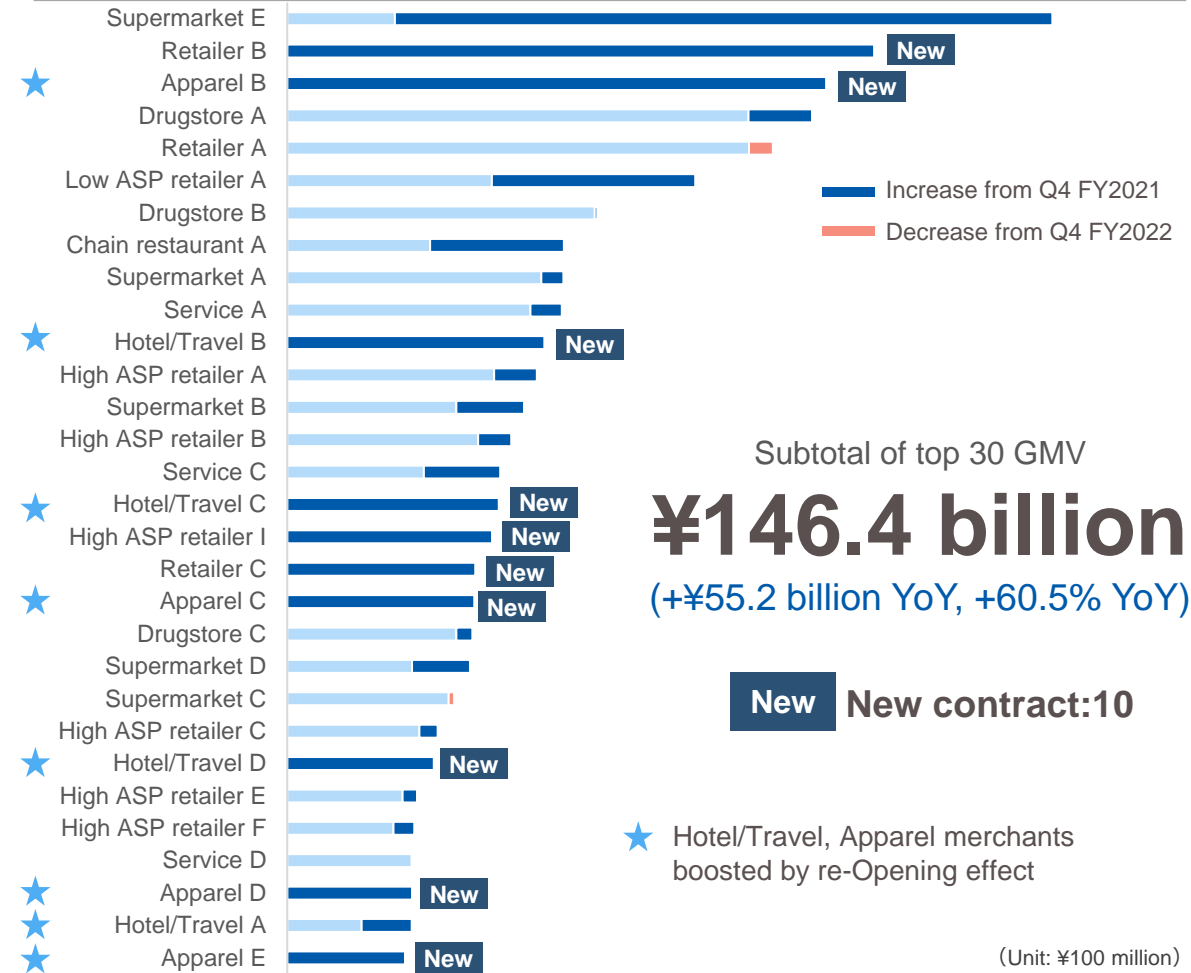
1.9 Top 30 ranked merchants (GMV basis)

Hotel/travel and apparel increased as a result of focusing on acquiring new merchants in anticipation of After COVID. Re-opening trend has been confirmed, mainly coming from domestic demand

FY2021 Q4 standalone



FY2022 Q4 standalone

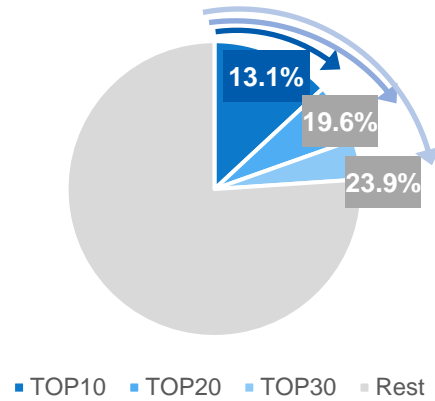


1.10 Percentage of top 30 merchants out of total GMV

Dependence on top merchants continues to decline. Industry composition changed due to re-opening effect

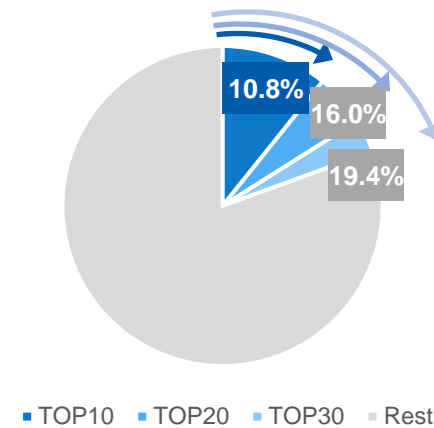
Dependence on top ranked merchants Q4 FY2021(Jul-Sep)

GMV Q4 FY2021 :¥381.1 billion
 Top 30 GMV Q4 FY2021 :¥ 91.2 billion

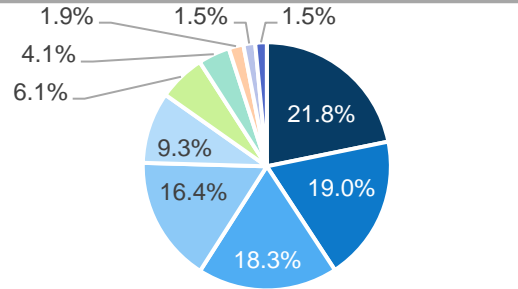


Dependence on top ranked merchants Q4 FY2022(Jul-Sep)

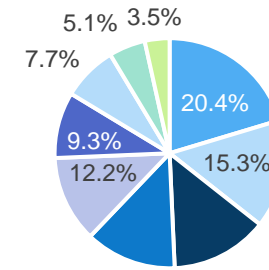
GMV Q4 FY2022 :¥753.0 billion (+97.6% YoY)
 Top 30 GMV Q4 FY2022 :¥146.4 billion (+60.5% YoY)



Industry composition of top 30 merchants (GMV basis)



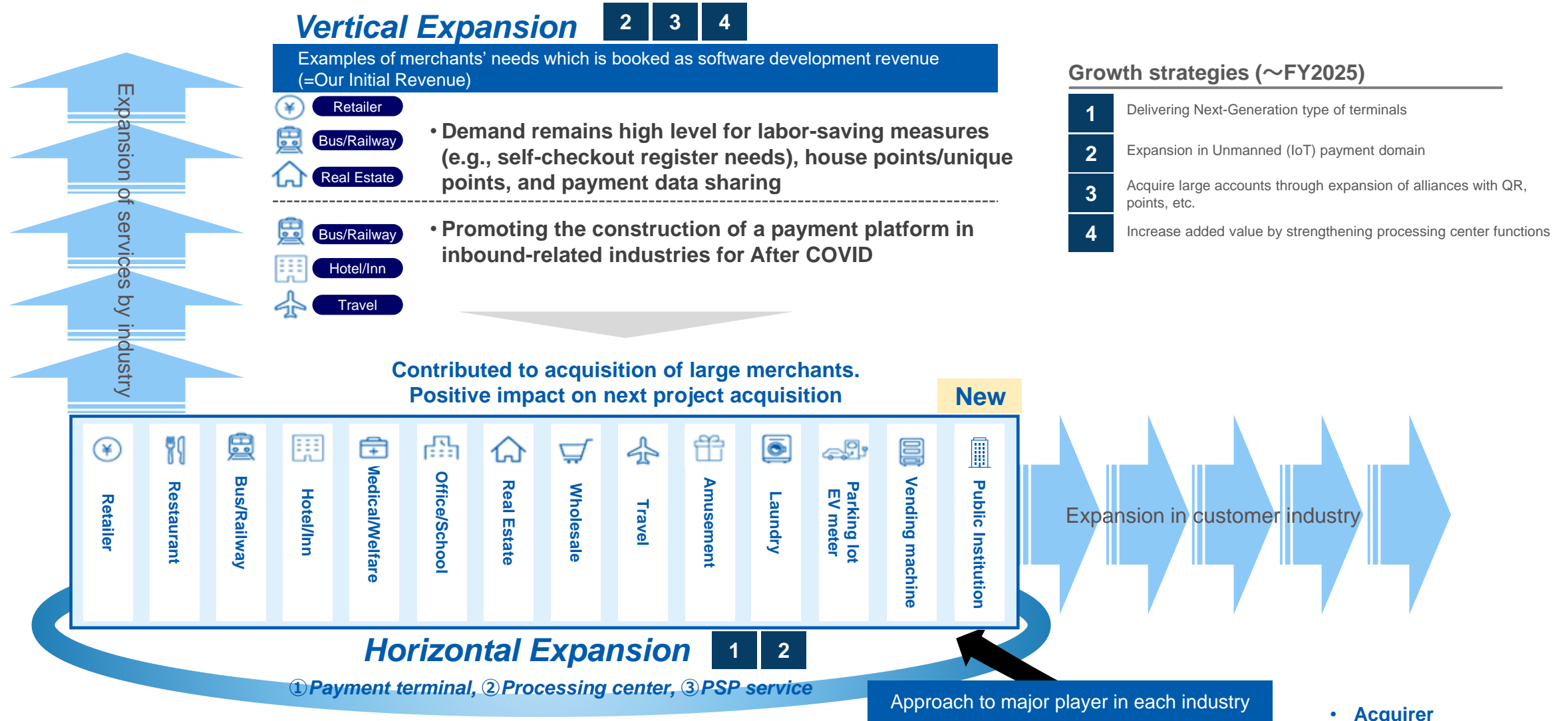
- High ASP retailer
- Retailer
- Apparel
- Drugstore
- Chain restaurant
- Hotel/Travel
- Supermarket
- Low ASP retailer
- Service
- DIY Home Center



- High ASP retailer
- Hotel/Travel
- Chain restaurant
- Retailer
- Apparel
- Low ASP retailer
- Supermarket
- Drugstore
- Service

1.11 Expandability of GMO-FG cashless platform

Building a highly retentive payment platform by promoting “Vertical Expansion”
 Support merchants through resolving issues in preparation for future recovery of inbound demand

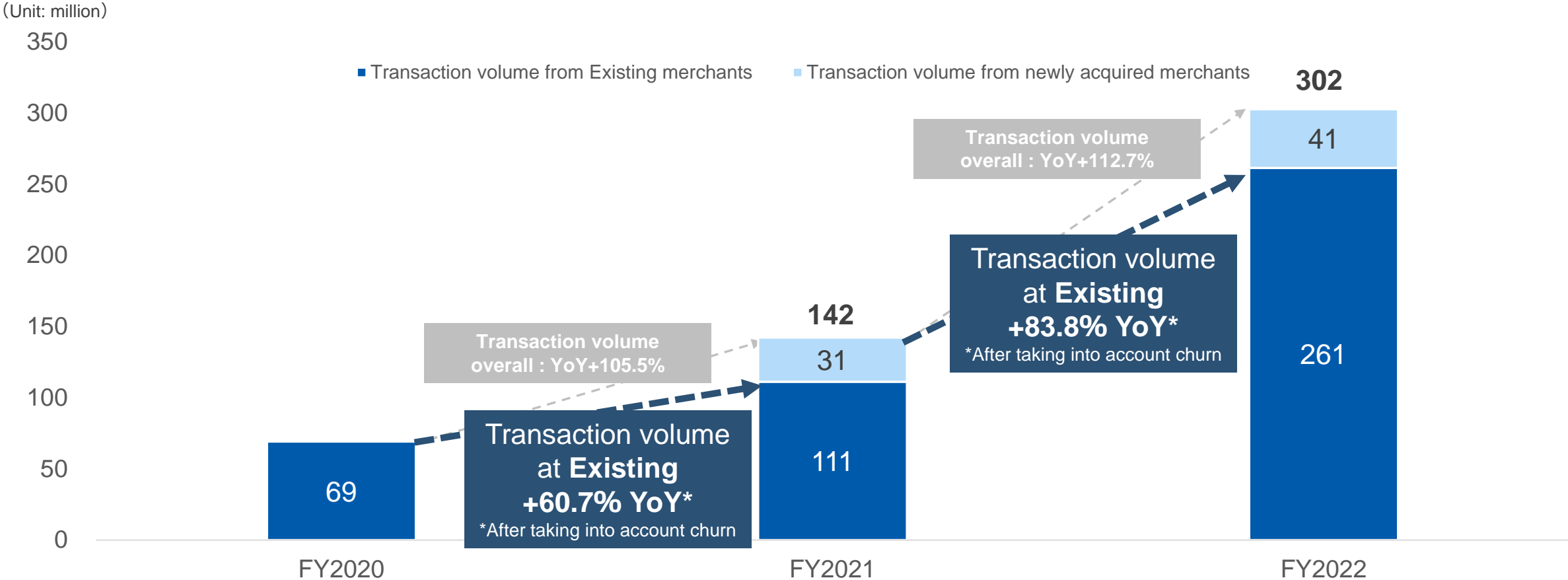


1.12 Payment platform achieving growth together with merchants

Provides merchants with a highly-retentive payment platform. It's Win-Win model that the more merchant grow in cashless payments, the more we grow

※Existing growth includes "increase in the number of payment terminals" and "new store openings" at existing merchants

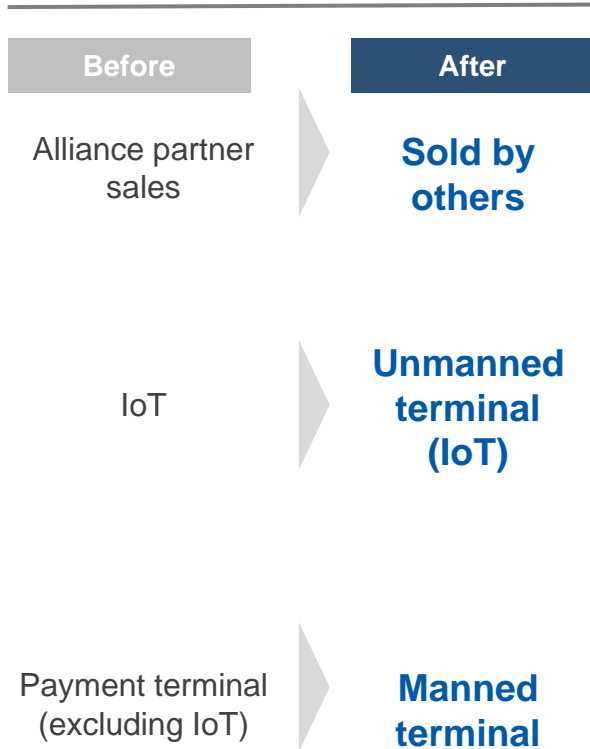
Growth in the number of transaction volume (Define previous fiscal year merchants as "Existing")



1.13 Consolidated KPIs (Number of active terminals)

The name of the active terminal category has been changed (refer below), and manned terminal, centered on stera, is steadily expanding. Although the time from sales to activation varied by terminal category, the mix contributed to an increase in the number of active terminals

Name change on active terminal category



Active terminals overall : **+64.6K YoY, +51.8% YoY**

(Unit : Thousand)



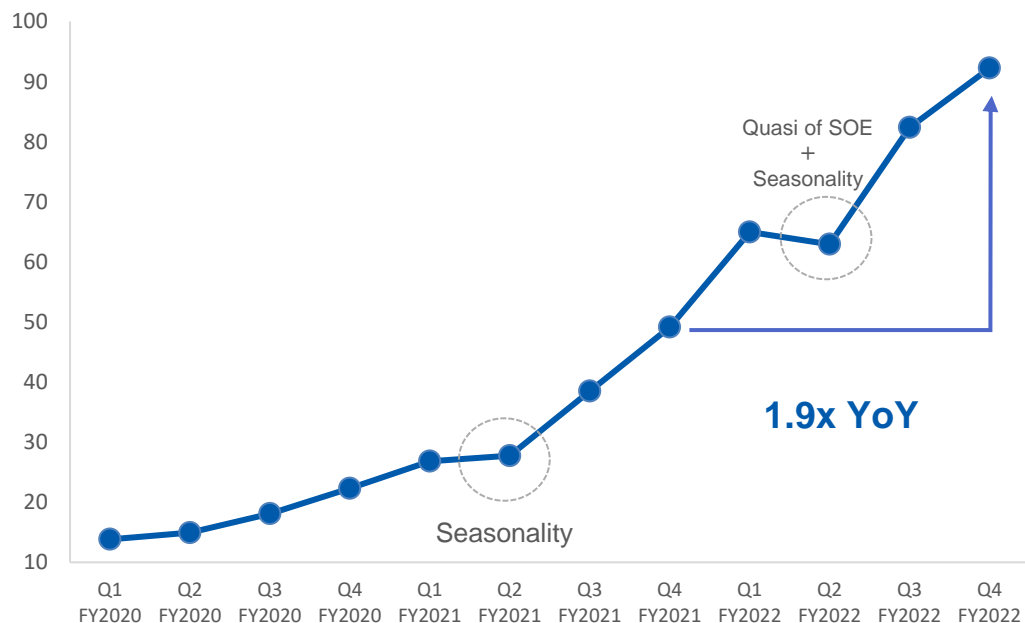
YoY
Sold by others
+1.5K (+9.1%)
Unmanned terminal (IoT)
+5.8K (+14.6%)
Manned terminal
+57.3K (+83.6%)

1.14 Consolidated KPIs (Quarterly Transaction volume/GMV)

Progress in acquiring merchants and accumulating active payment terminals without any bias toward any industry. Overachieving our target of +50% YoY

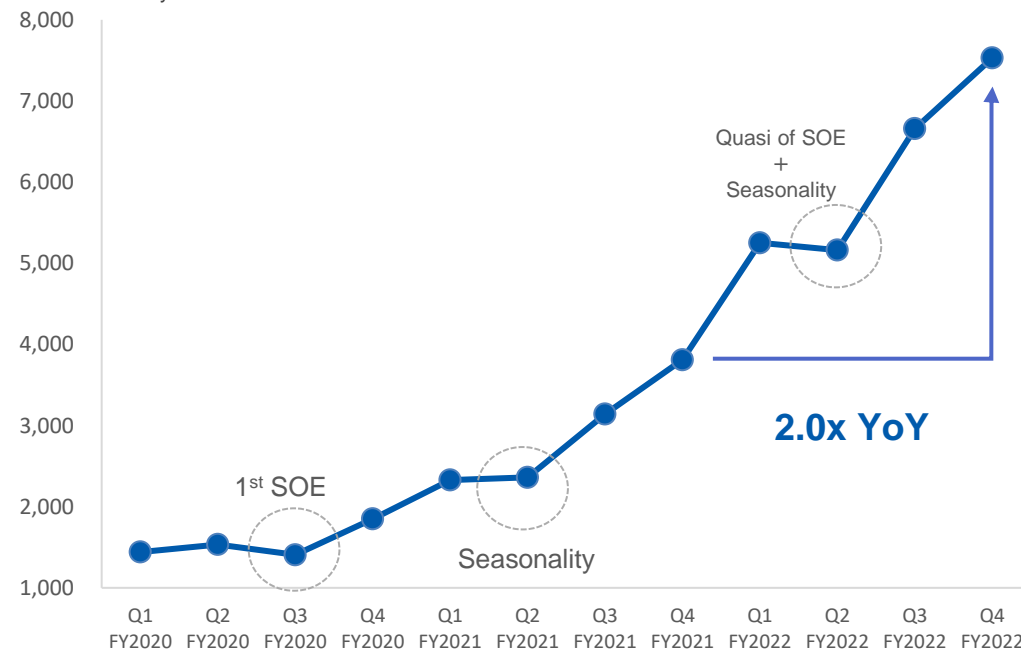
■ Number of transaction volume

(Unit : million)



■ Transaction value (GMV)

(Unit : 100 million yen)



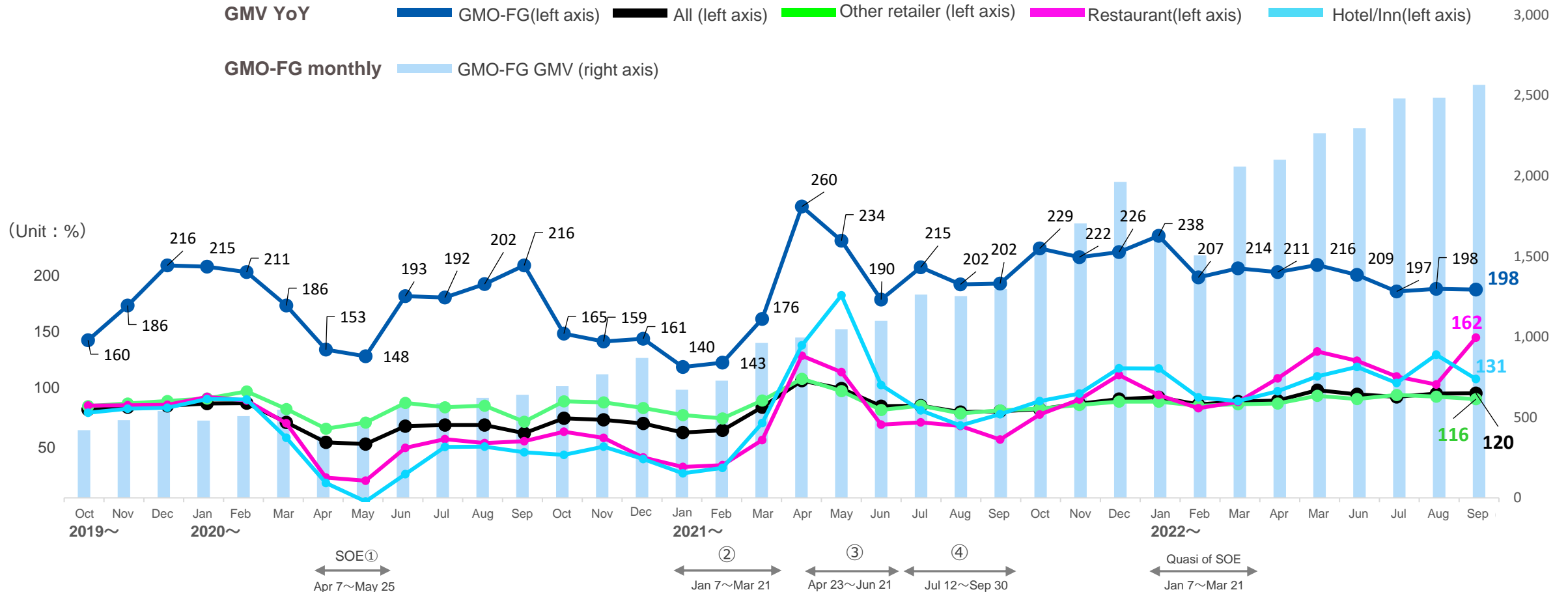
	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
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Transaction volume (10 K)	1,383	1,494	1,809	2,231	2,683	2,774	3,848	4,914	6,497	6,293	8,237	9,224
Transaction value(GMV) (¥100 M)	1,442	1,534	1,307	1,833	2,329	2,361	3,141	3,810	5,251	5,162	6,658	7,530

1.15 Comparison with Market Growth

All industries are recovering toward pre-COVID level. Restaurant expanded significantly due to the low performance in the previous year. Hotel/Inn expanded during the vacation season. Moderate recovery of inbound demand is expected to contribute in the future

(Unit : ¥100M)



2

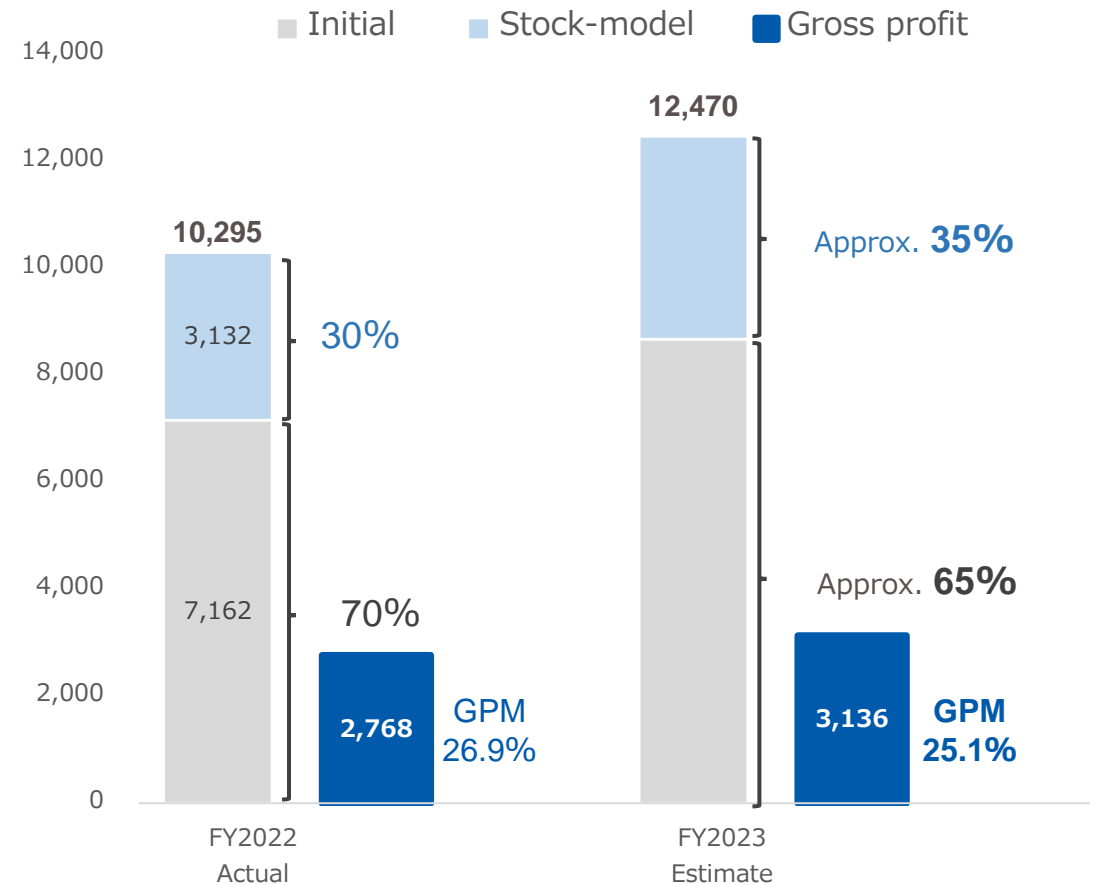
FY2023 projection

2.1 FY2023 forecast

Aim to maintain revenue growth rate at 25% CAGR line, even with over ¥10 billion in revenue in the previous year. Gross profit is set based on the stera composition ratio in Initial revenue and increased amortization due to growth investments. OP continues to be above +25% YoY

(Unit : millions of yen)	FY2022 actual	FY2023 forecast	YoY
Revenue	10,295	12,470	+21.1%
Gross profit	2,768	3,136	+13.3%*
Operating profit	740	930	+25.6%
Profit attributable to owners of parent	472	580	+22.8%
Earnings per share	¥114.40	¥140.45	—
Dividend per share	¥58	¥71	—

(Unit : millions of yen)



Concept of gross profit levels for FY2023

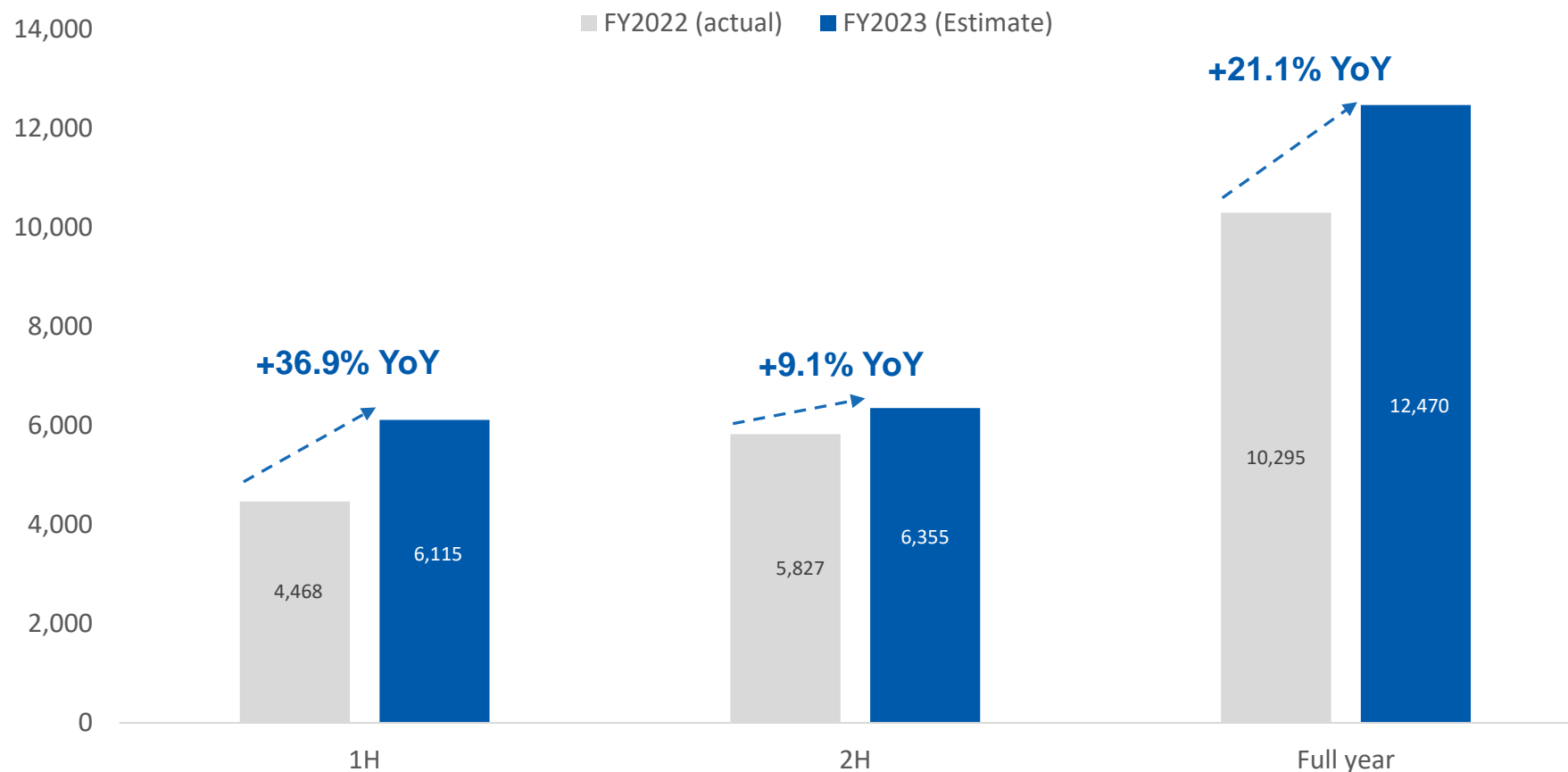
- Rise in the composition ratio of stera in initial revenue
- Increase in amortization expenses at the COGS level due to system development for high-growth merchants

2.2 Revenue growth rate in 1st Half & 2nd Half

The divergence in revenue growth rates between 1H and 2H is due to the quarterly revenue plan is assumed to be balanced within a certain level, taking into account the possibility of fluctuating terminal sales. The momentum of terminal sales is expected to continue in 2H as well

Revenue balance between 1H and 2H (FY2022 vs FY2023)

(Unit : millions of yen)



3

Growth Strategy and Progress

3.1 Growth strategy on mid-term target

Strategy to expand market share through sales of payment terminals is making steady progress against targets. Focusing on “Vertical expansion” has created a virtuous cycle of next Horizontal expansion (acquisition of new merchants)



1. Acquire multi-industry/high-growth enterprises by launching next-generation multipayment terminals

Initial, Stock, Fee

- In addition to large account, the number of SME merchants (sta pack) steadily increased
- Newly acquired large account such as pharmacies/drugstores and electronics retailers
- Continued to cultivate new merchants by promoting software development that meet merchants' needs

2. Expand IoT payments by supporting contactless (tap) and unattended payments

Initial, Stock, Fee

- Started offering terminal-less payment (QR) for vending machines
- Increased the number of cases of introduction in the area of mobility (connected to our center), such as buses and railroads in urban areas

3. Acquire large accounts through expansion of alliances with QR, points, etc.

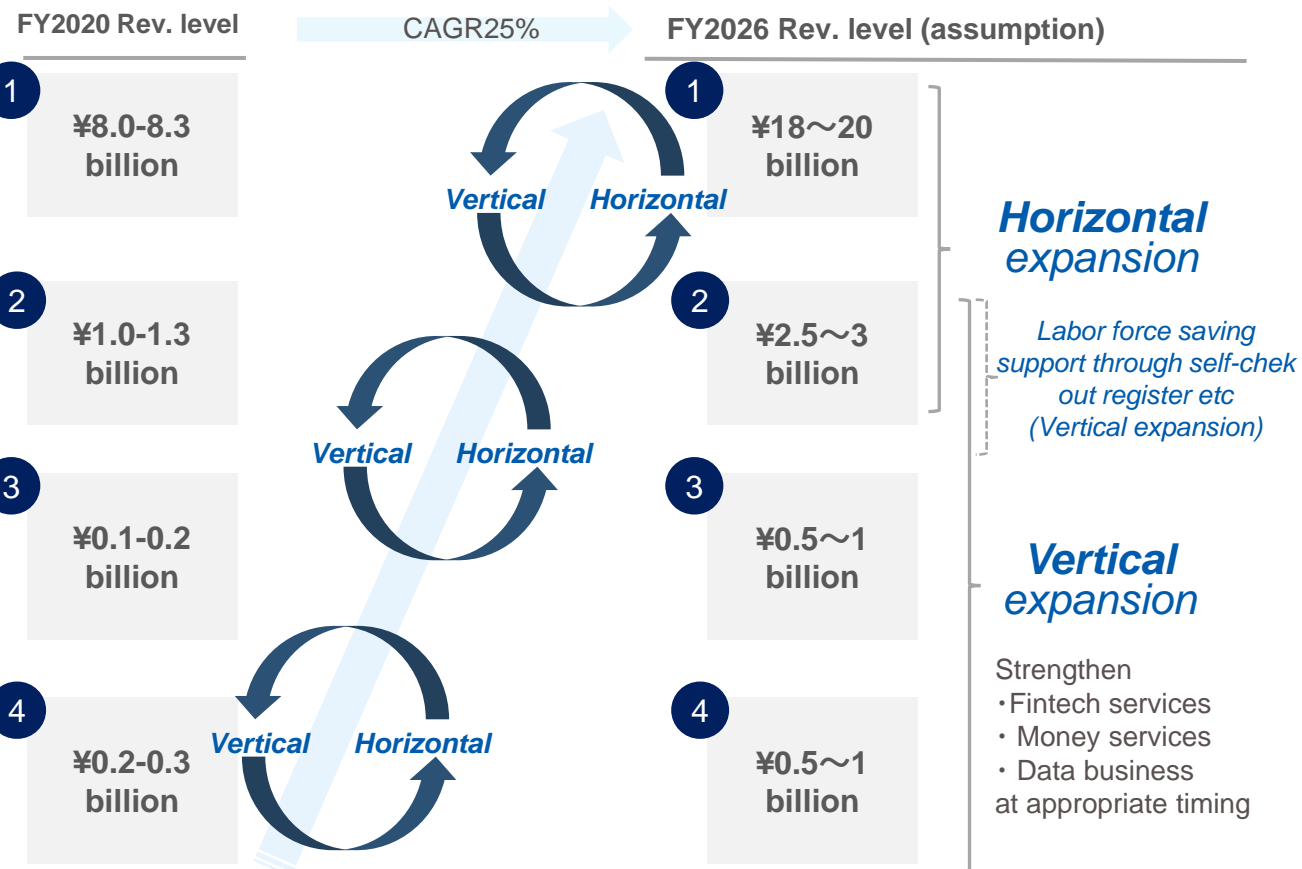
Stock, Spread

- Promoted development of house points at railway-related commercial facilities (department stores, shopping centers, etc.)
- Started offering QR payments at ticket vending machines, expanding monetization points

4. Increase added value by strengthening processing center functions

Stock, Fee

- Electronic storage of sales receipts expanded
- Data sharing service push up Stock revenue
⇒ Increase in the number of subscribers to data sharing service, mainly major retailers
- Promoted DX within the company(GMO-FG) and merchants through billing and payment management system. Payment system is in operation. Billing system project underway with the aim of starting operation by the end of FY2023



3.2 Manned terminal-operation progress

Steady progress in developing merchants regardless of industry or size

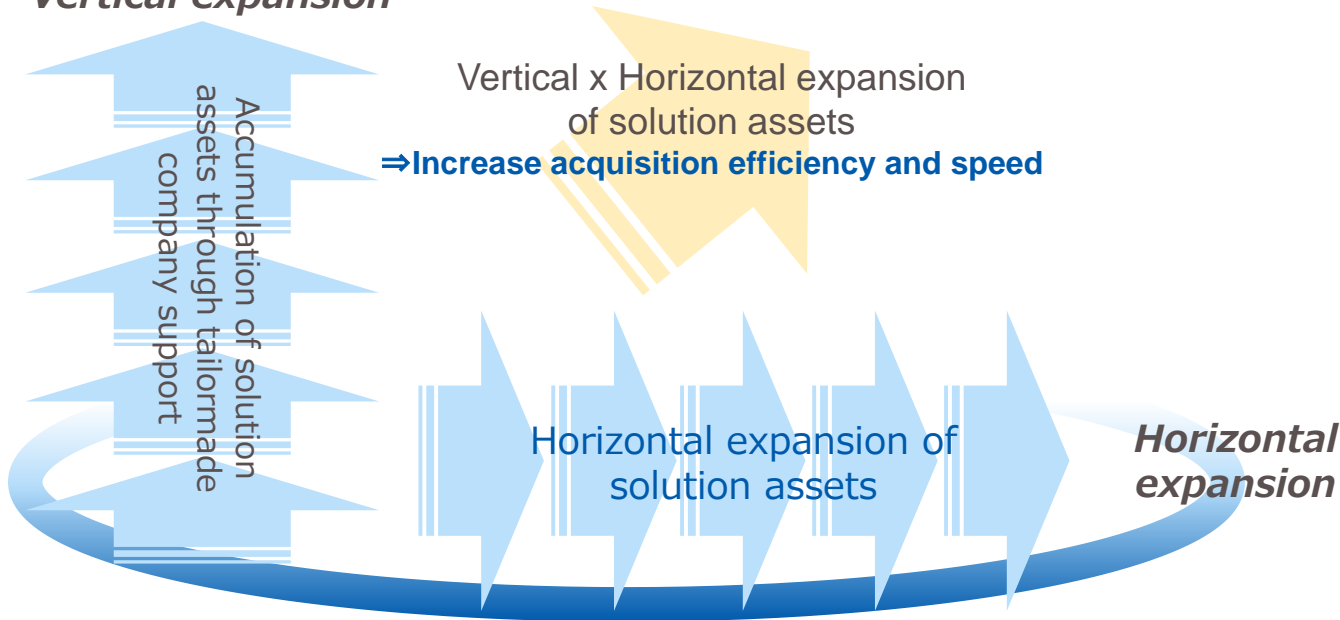
Number of active terminal (Manned terminal)

(Unit : Thousand)	End of Q4 FY2020	End of Q1 FY2021	End of Q2 FY2021	End of Q3 FY2021	End of Q4 FY2021	End of Q1 FY2022	End of Q2 FY2022	End of Q3 FY2022	End of Q4 FY2022	QoQ (%)	YoY (%)
Manned Terminal	30.3	36.7	45.4	56.8	68.7	83.0	95.4	111.6	126.0	+14.4 (+12.9%)	+57.3 (+83.6%)
		+6.4	+8.7	+11.4	+11.8	+14.4	+12.4	+16.2	+14.4		

Measures to increase active terminals : Accumulating solution asset

Recent main forecasts / potential merchants' industries

Vertical expansion

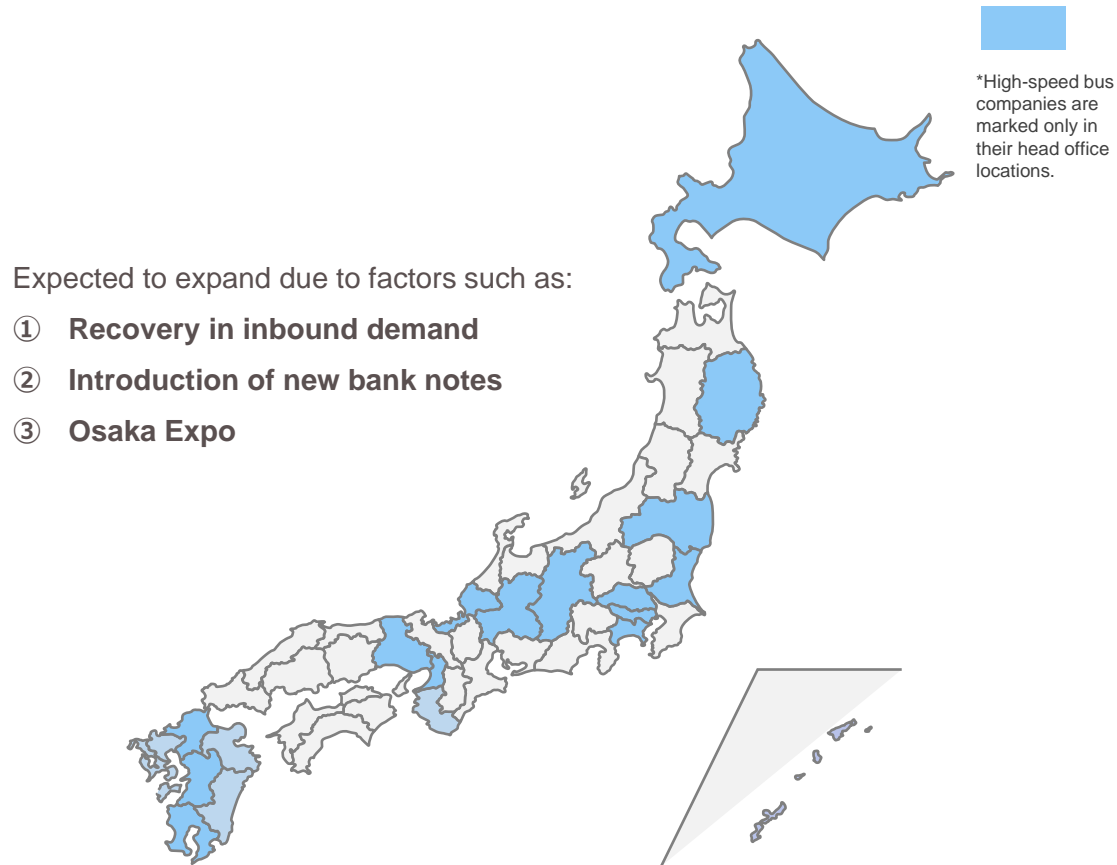


-  Karaoke
-  Fast food / Restaurant
-  Pharmacy / Drug store
-  Public service agency
-  Railway-related Shopping center
-  Amusement Park
-  Hotel
-  Supermarket
-  Shopping center

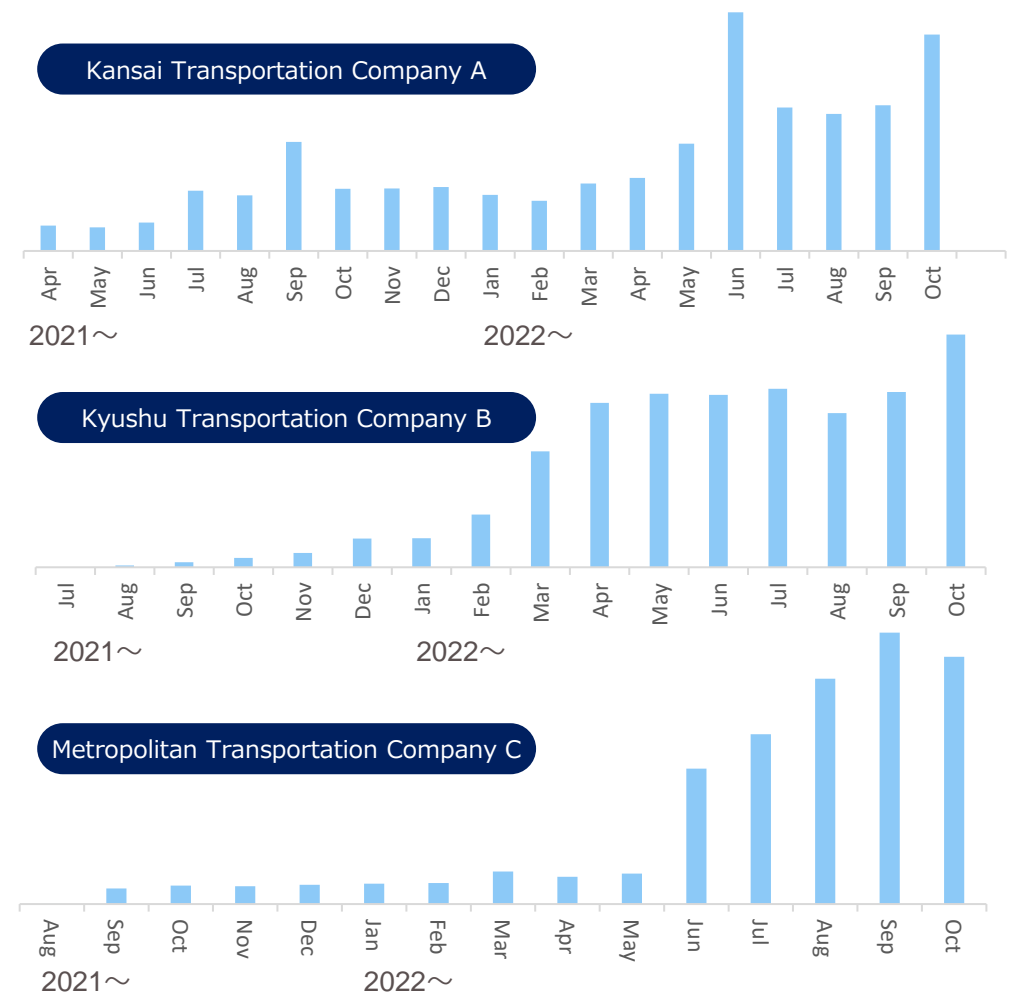
3.4 Expansion of Payment Platforms - Mobility

Even before the recovery of inbound demand and various domestic events, VISA touch boarding in the mobility area gradually penetrated the market. Expanded the use scene of credit card payment and contributed to increased user recognition

Current Mobility Area Trial Areas



Number of mobility transactions at city areas



3.5 Status of terminal-less payment initiatives

We have been working on terminal-less payment since 2020. We are preparing for the future expansion of terminal-less payment and expanding monetization points related to terminal-less payment

History of our approach to terminal-less payments

Dec 2020 Launched terminal-less NFC touch payment service with Soft Space



Dec 2021 Started handling JCB touch payments on Nagaden Bus



Oct 2022 Began offering terminal-less QR payment service for vending machines



FY2023~ Plans to start providing NFC tag touch payment with a major food company



Initiatives for terminal-less payment (QR code payment at vending machines)

PRESS RELEASE



October 24, 2022

To whom it may concern

GMO Financial Gate, Inc

Terminal-less Cashless payments now available

~ Frozen food vending machine "Do-Hiemon" touch panel QR code payment started~

GMO Financial Gate Inc (President: Kentaro Sugiyama, hereafter "GMO-FG"), a GMO Internet Group company developing a face-to-face cashless payment platform, has been promoting the introduction of "electronic money" and "QR code (*1) payment" at the cashless payment terminal (CRW-MJC02) of Sanden Retail Systems Co. Sanden Retail System Corporation has been promoting the introduction of "electronic money" and "QR code (*1) payment" at the cashless payment terminal (CRW-MJC02) of the "Do-Hiemon" frozen food vending machine, which has been sold from the end of January 2021.

Now, for all "Do-Hiemon" series, "QR code payment" will be completed only by touch panel operation on "Do-Hiemon" without the need for a new cashless payment terminal.

GMO-FG is providing the same payment platform for the introduction of QR code payment using the touch panel as it does for the use of cashless payment terminals. GMO-FG has been supporting cashless payment without payment terminals in the non-goods retail sector, such as public transportation, including railways and buses. This is the first time that GMO-FG is offering this service without payment terminals in the physical retail sector.

This will enable the promotion of cashless payment at "Do-Hiemon" locations where cashless payment terminals have not yet been installed. The QR code payment service is scheduled to be launched in mid-December.

3.6 Status of ESG Initiatives as a Cashless Platform Company

As we expand our business, we have an increasing social responsibility to fulfill, and we are stepping up our ESG initiatives. ESG-related data is scheduled to be disclosed in near future. Plans to continue disclosing and monitoring ESG data every fiscal year



■ Disclosure schedule related to ESG



4

Financial Highlight

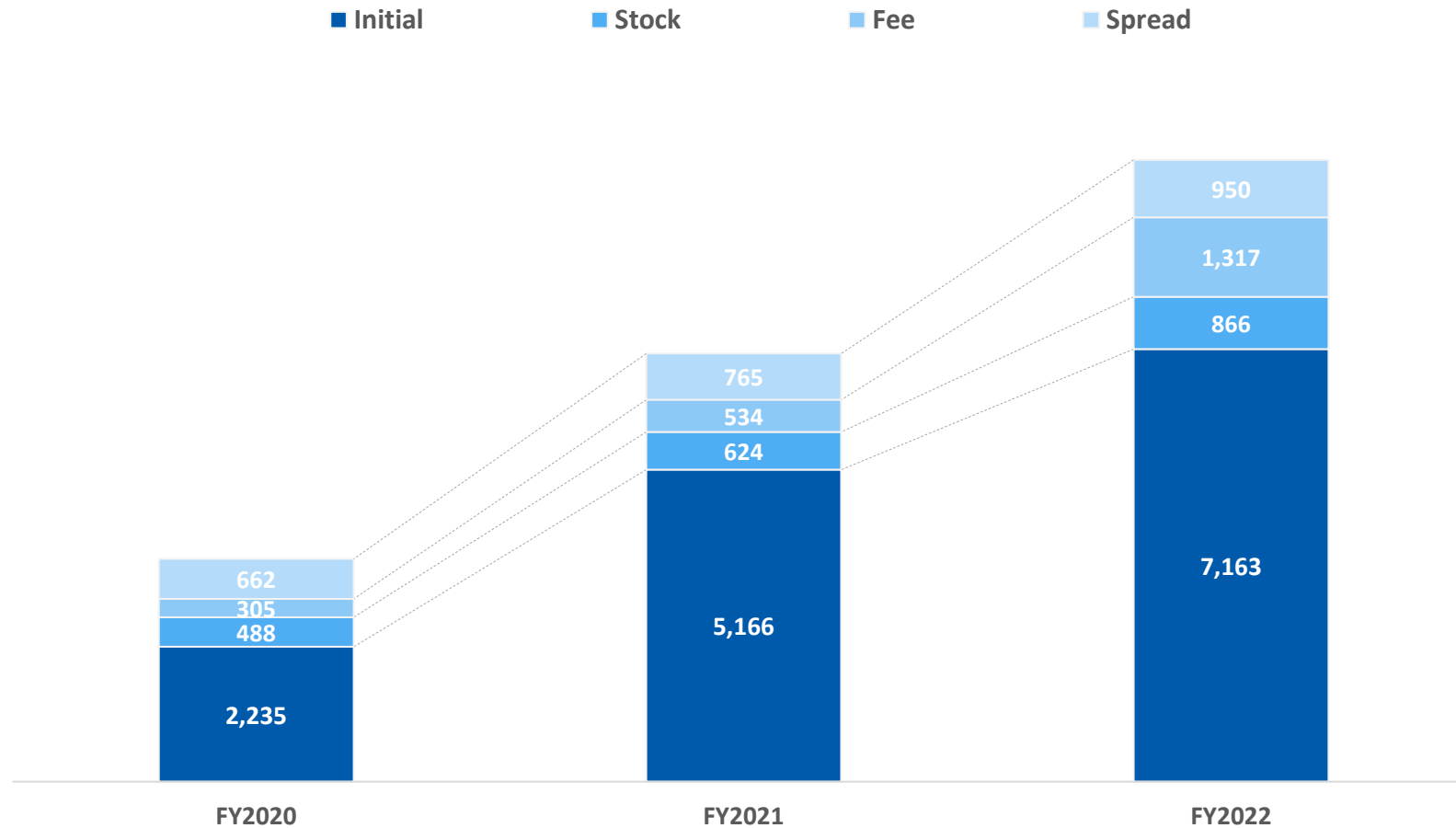
4.1 Profit & Loss

Gross profit margin is now at cruising level due to growth in stock-model revenue, despite increase in percentage of low gross margin stera terminal. OP was approximately in line with the plan due to additional investment in SG&A expenses that exceeded the plan

(Unit : Thousand yen)	FY2021 actual	FY2022 actual	YoY
Revenue	7,089,506	10,295,454	+45.2%
COGS	5,068,985	7,527,314	+48.5%
Gross profit	2,020,521	2,768,140	+37.0%
SG&A	1,431,185	2,027,612	+41.7%
Operating profit	589,336	740,527	+25.7%
Ordinary profit	619,341	745,831	+20.4%
Profit attributable to owners of parent	411,378	472,523	+14.9%

4.2 Revenue by business model (YoY)

In addition to a steady increase in the number of active terminal, a recovery in face-to-face cashless payment market due to the lift of the quasi of state of emergency has contributed to a steady increase in Stock-model revenue



4.3 Revenue by business model (Quarterly)

Steady growth in Stock and Fees revenue due to an increase in the number of active terminals. Initial revenue slightly declined as we expected because of its fluctuation model. Spread revenue declined QoQ due to the impact of COVID

SOE①

②

③

④

Quasi of SOE

7th spike of new cases

(Unit : millions of yen)	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022
Initial	626	693	451	465	855	1,103	1,525	1,682	1,455	1,643	2,137	1,927
				Launched stera							New terminal installation concentrated	
Stock-model	363	367	333	391	430	427	495	569	687	683	841	921
Stock	(110)	(118)	(128)	(132)	(136)	(146)	(160)	(182)	(186)	(206)	(229)	(244)
Fee	(75)	(70)	(80)	(80)	(101)	(99)	(149)	(183)	(262)	(259)	(361)	(435)
Spread	(178)	(180)	(125)	(179)	(193)	(182)	(186)	(203)	(239)	(218)	(251)	(242)
			第1回緊急事態宣言						Quasi & Seasonality		7 th spike of new cases	
Total	990	1,061	784	856	1,286	1,531	2,020	2,252	2,141	2,327	2,978	2,849

4.4 Balance sheet

Stable cash position and favorable Merchandise (Payment terminal) at the end of the period remained at about the same level as at the end of Q3. No significant change in terminal procurement status

End of Q4 FY2022 (Thousands of yen)

Cash & Cash equivalents (38.0%) 2,519,186	Current liabilities 1,928,786
Merchandise (Payment terminal) 1,506,845	Non-current liabilities 38,571
Other current assets 884,270	Total equity (70.4%) 4,670,658
Non-current assets 1,496,696	

Asset

Debt

■ Points

Merchandise

Decreased approx. ¥40 million from the end of Q3. Appropriate inventory management will be continued with an eye on sales forecast and procurement market conditions.

Although some terminals are experiencing a prolonged procurement lead time, there is no noticeable negative impact on major terminals, centering on stera.

Although price increases have been requested for some terminals and paper rolls, we plan to maintain appropriate gross profit levels by passing on the cost of these products to merchants.

Cash and Cash Equivalents

Increased approx. ¥300 million from the end of Q3 due to steady terminal sales

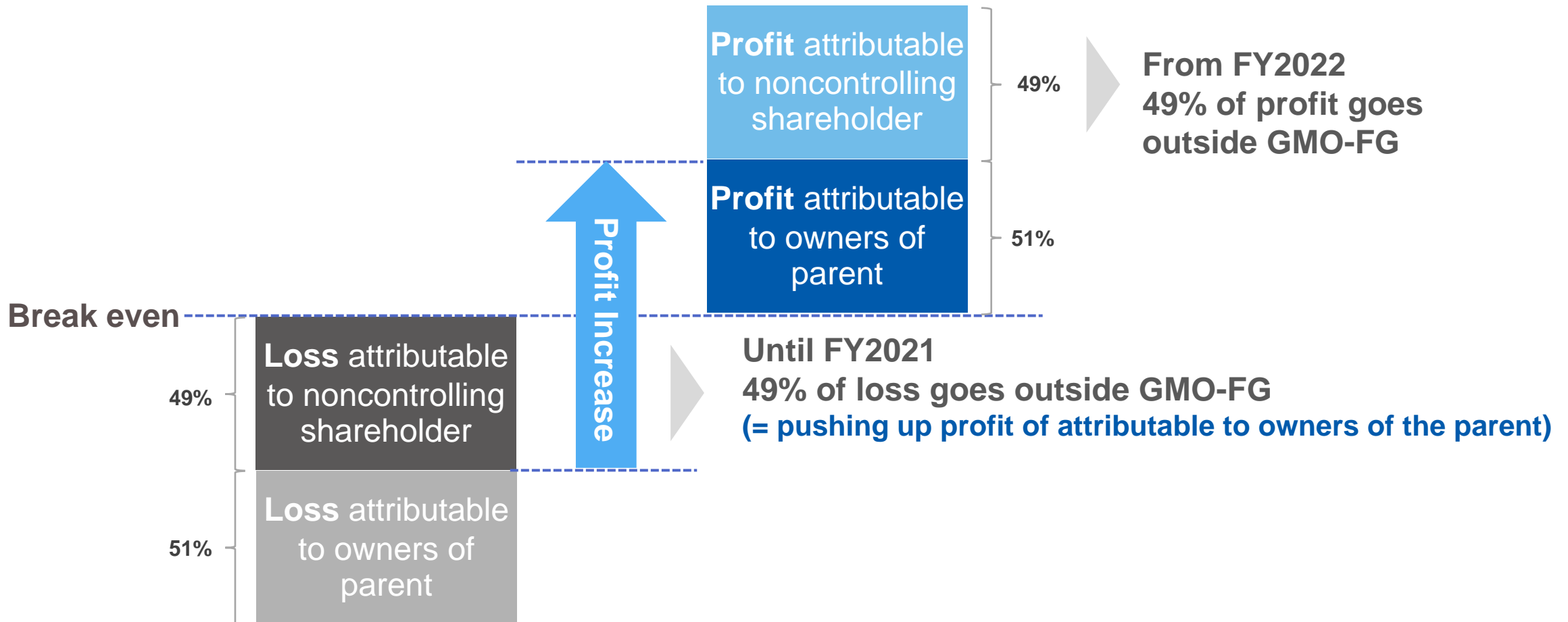
4.5 Consolidated KPIs (No. of Active Terminals)

Growth driven by manned terminal, centered on stera, and steady expansion of Unmanned(loT) terminal. Sold by others remained almost flat, but the impact on business performance is small

(Unit: thousand)	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	FY2022 Q2	FY2022 Q3	FY2022 Q4	QoQ (%)	YoY (%)
Manned	27.7	30.3	36.7	45.4	56.8	68.7	83.0	95.4	111.6	126.0	+14.4 (+12.9%)	+57.3 (+83.6%)
Unmanned (IoT)	26.1	28.0	29.1	30.9	33.6	39.8	42.3	43.2	44.6	45.6	+1.0 (+2.2%)	+5.8 (+14.6%)
Sold by others	13.6	14.4	14.9	16.7	16.7	16.4	17.9	17.7	18.0	17.9	▲0.1 (▲0.5%)	+1.5 (+9.1%)
Total	67.3	72.7	80.7	93.1	107.2	124.9	143.2	156.3	174.2	189.5	+15.3 (+8.8%)	+64.6 (+51.8%)

4.6 Impact of GMO Data (consolidated subsidiary) becoming profitable







GMO Data, a consolidated subsidiary of GMO-FG, became profitability in FY2022. YoY growth rate of profit of attributable to owners of parent is temporarily low due to the completion of loss distribution attributable to noncontrolling shareholder (profit return to GMO-FG)



Appendix

5

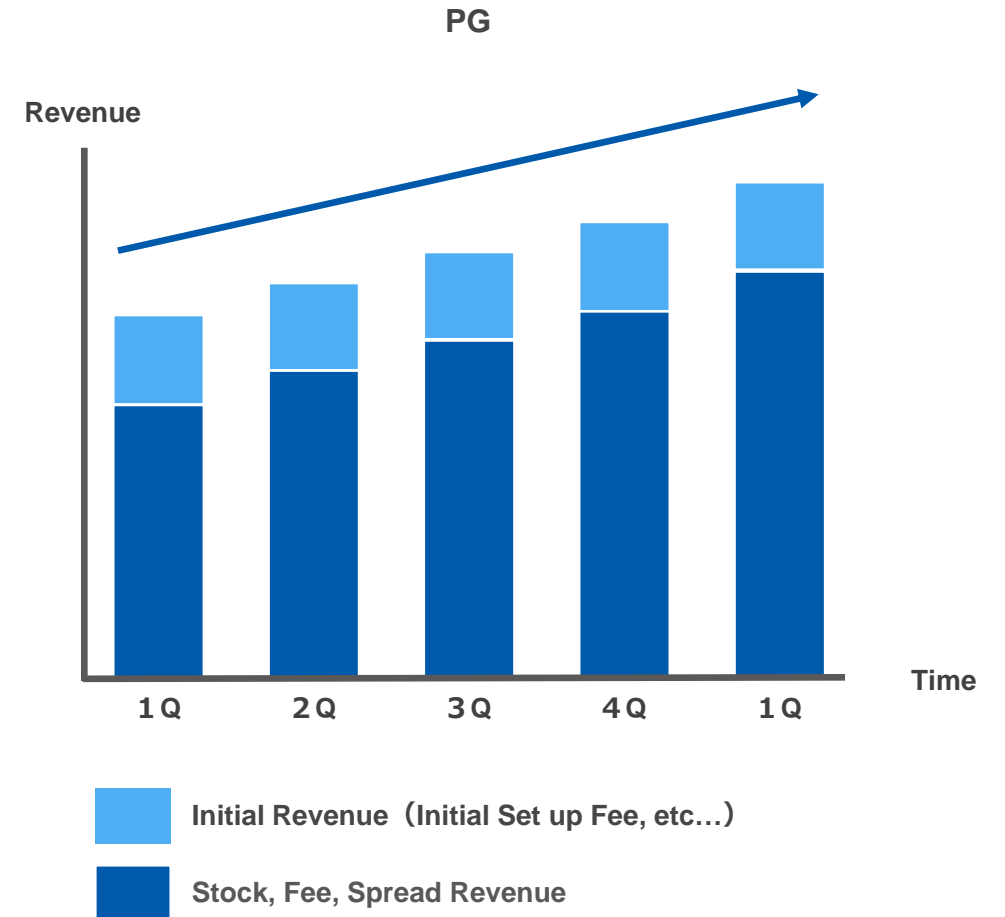
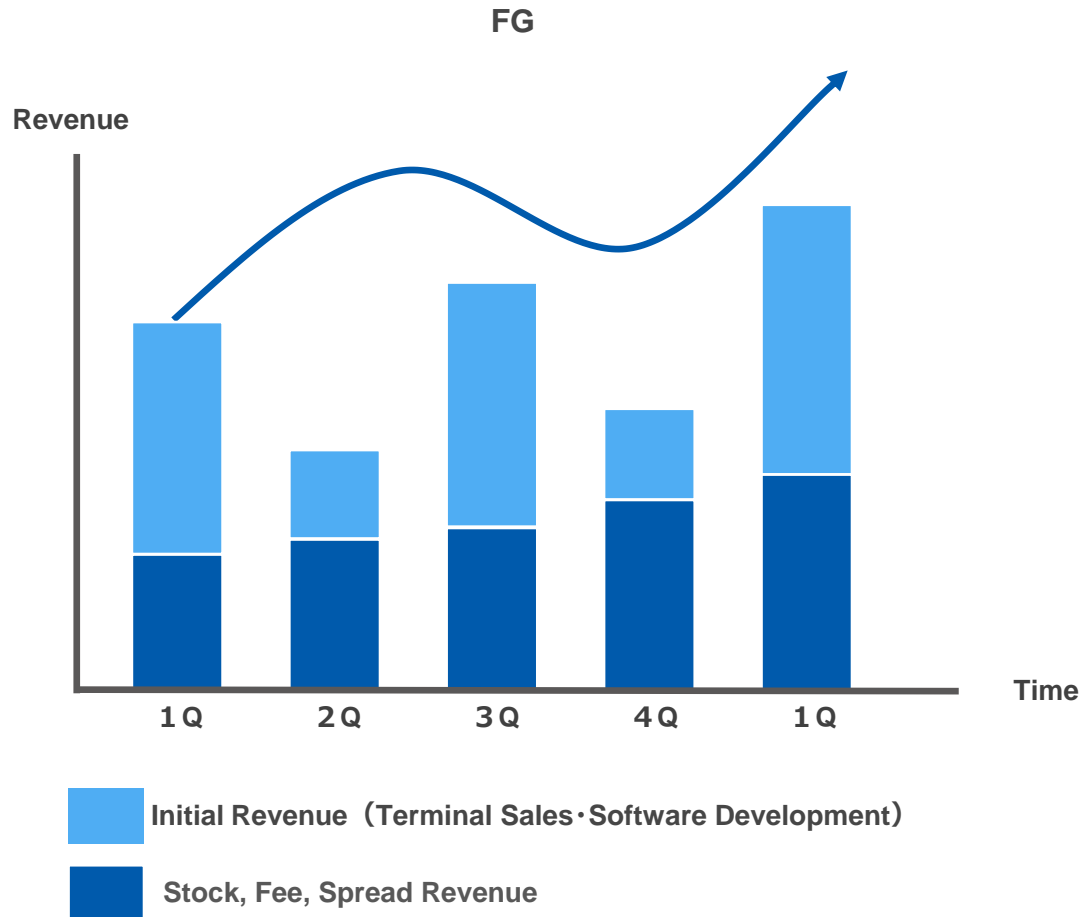
GMO-FG is focusing on offline payment

Company name		
Business Domain	<p>GMO Financial Gate (Payment at Brick & Mortar + IoT)</p>	<p>GMO Payment Gateway (EC)</p>
Payment method	<p>Payment by passing card/QR code over the reader</p> <div style="display: flex; justify-content: space-around;">   </div>	<p>Payment by entering credit card information in PC / mobile phone</p> <div style="display: flex; justify-content: space-around;">   </div>
Medium	<p>Payment terminal</p>	<p>EC (terminal is unnecessary)</p>

- Physical hardware network
- Proprietary programming code specifications
- Regulation

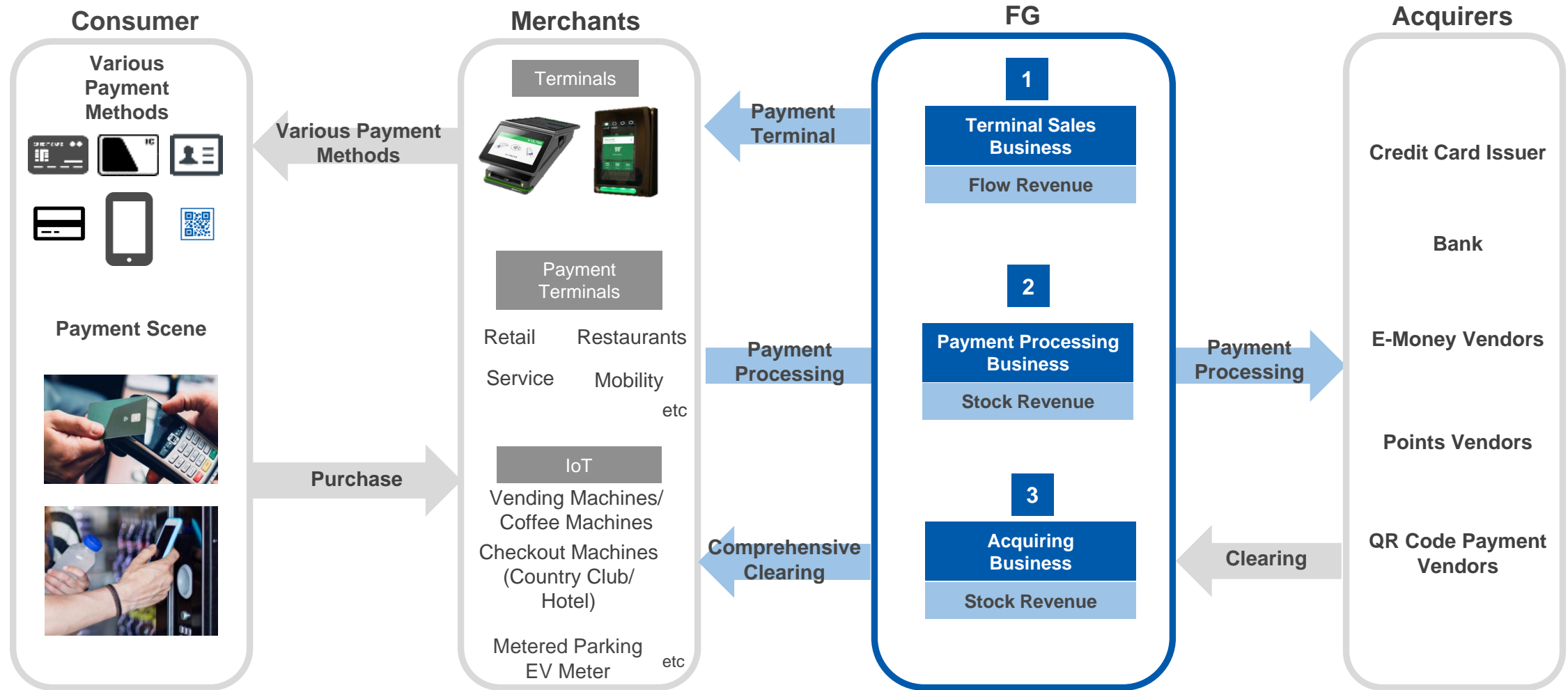
Rev Models: Financial Gate vs. Payment Gateway

Initial revenue in offline payment is tend to be fluctuate because of its seasonality of terminal delivery



Three Biz Models Over a Single, One-Stop Platform

One-stop platform covering all settlement processes between merchants and acquirers

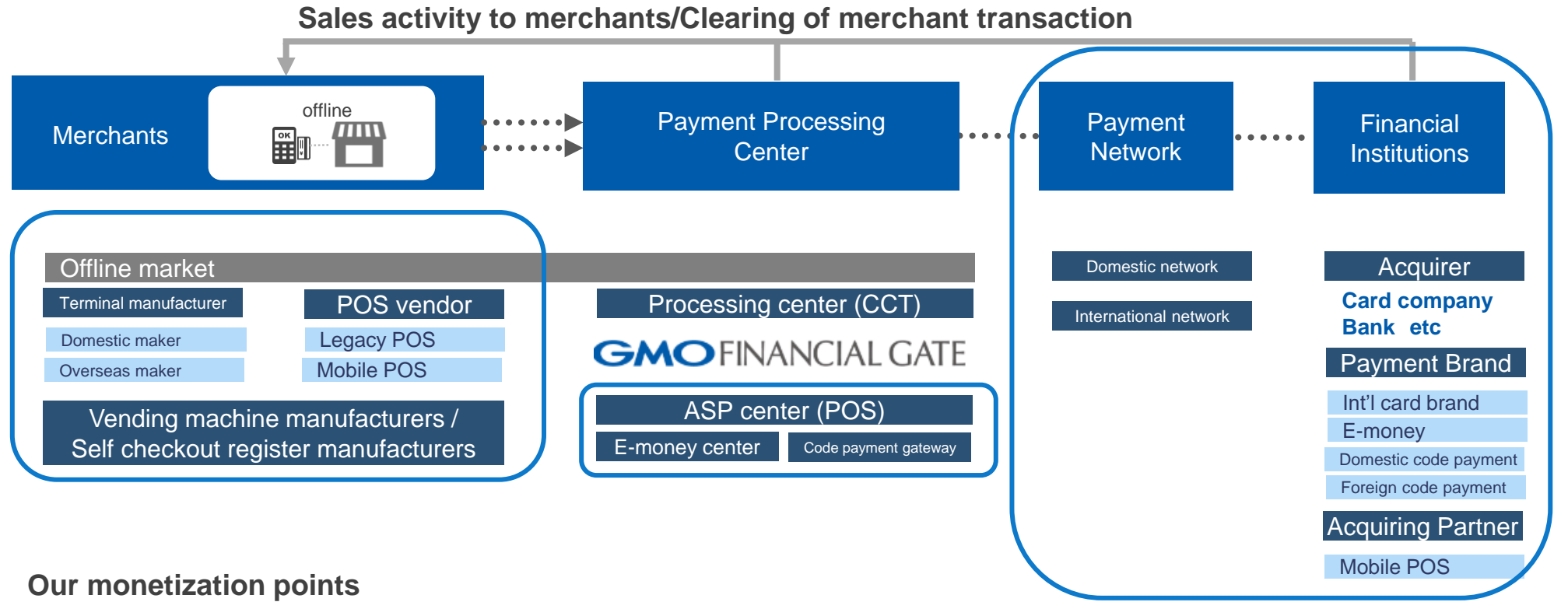


Stock Revenue Expansion Originating From Terminal Sales

Stock revenue grows with flow model revenue which is mainly coming from the sales of payment terminals

Revenue Model	3 Business	4 Types of Revenue	% (FY2022)
Flow Model Rev	① Terminal Sales Business	Initial	69.6%
Stock Model Rev	② Payment Processing Business	Stock	8.4%
		Fee	12.8%
	③ Acquiring Business	Spread	9.2%

Players in offline cashless payment setting

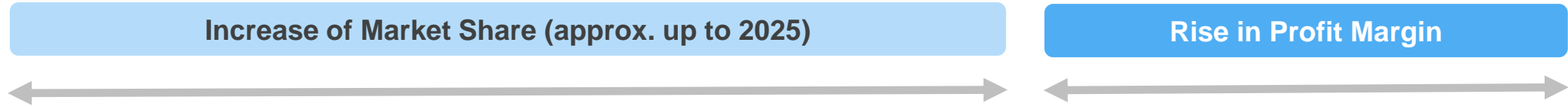


Our monetization points



Image of rise in Rev & OP

Phase1: Focus on sales/activation of payment terminals and revenue will be fluctuated.
Phase2: Expansion of Stock-Model revenue

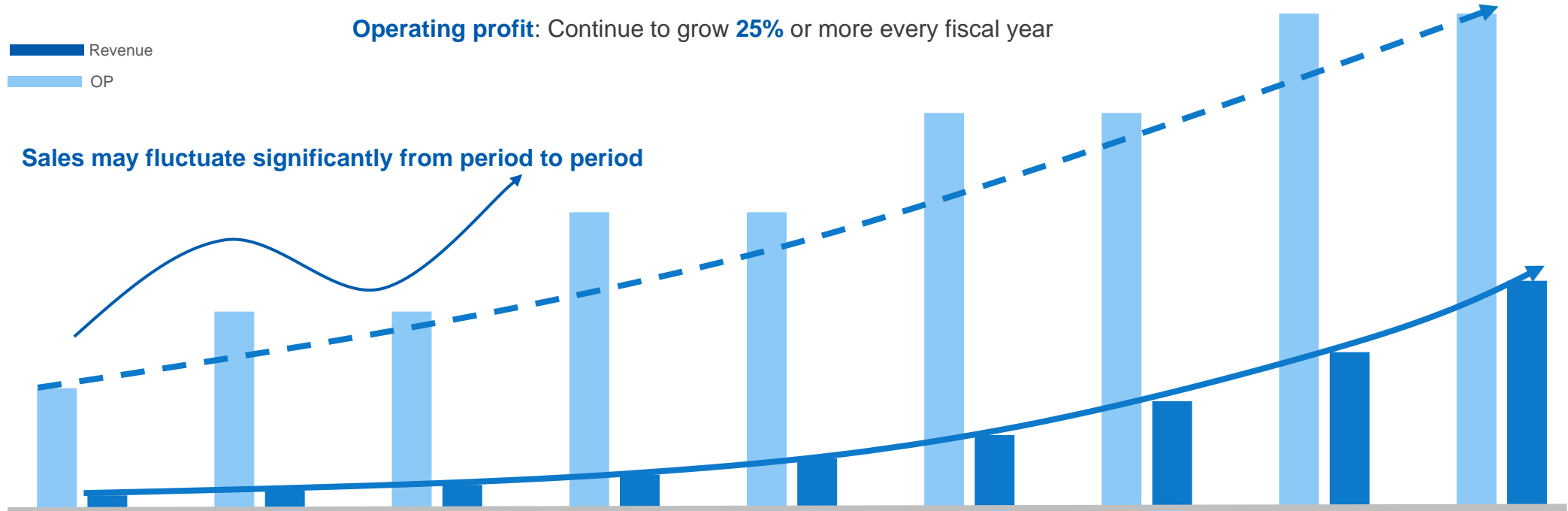


Revenue: Increase at a **CAGR of 25%** or more, although the extent of increase will vary from period to period

Operating profit: Continue to grow **25%** or more every fiscal year

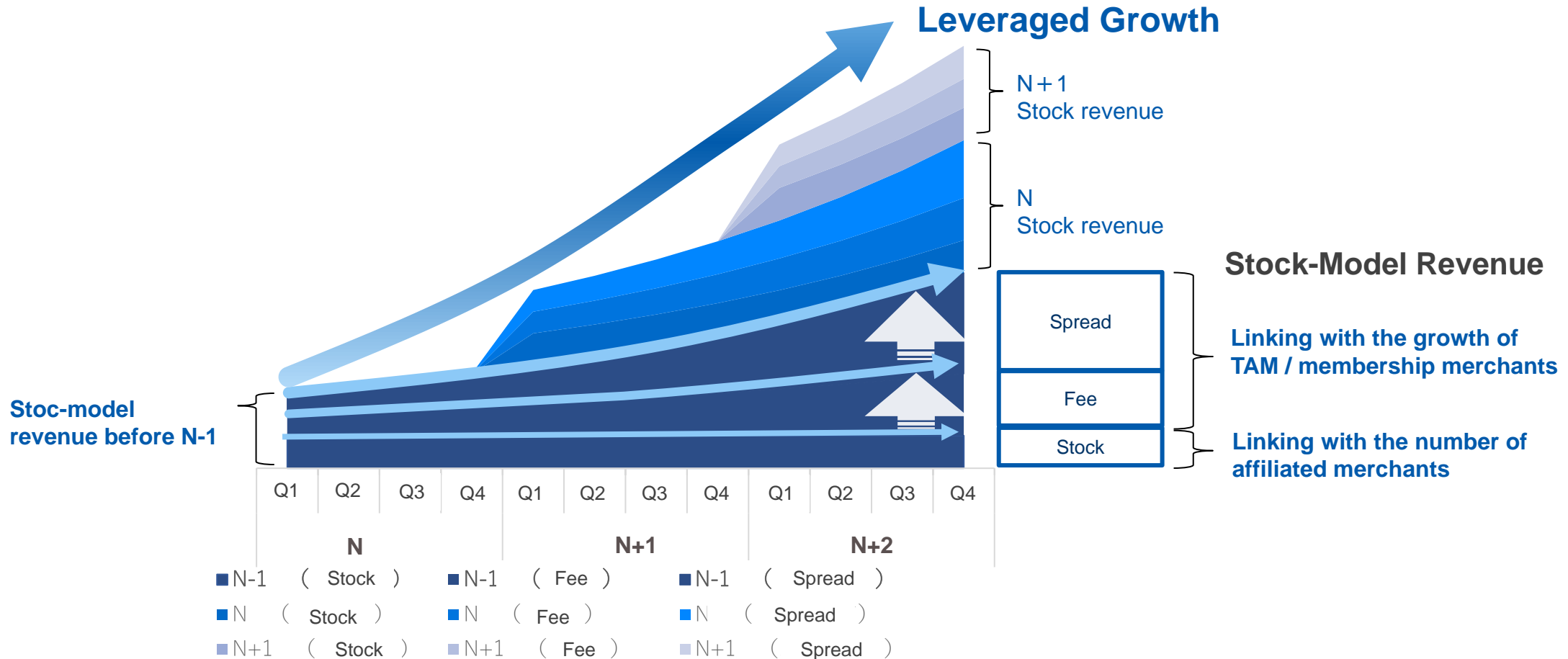
■ Revenue
■ OP

Sales may fluctuate significantly from period to period



Leveraged Growth Model

Fee and spread revenue are expanding with the market /growth in membership merchants



Details on each revenue ①

Initial	Content	Rev Model
Payment terminal sales	This is a sales revenue of payment terminals from merchants or credit card companies. All of first, we purchase hardware from manufactures. And confirm certain measures of payment methods that each merchant needs to accept. Then make these methods to connect to our processing center (Occasionally, we put some customization to these terminals)	<ul style="list-style-type: none"> • Terminal Selling Price × Units Sold <ul style="list-style-type: none"> ✓ There're around 10 types of terminals ✓ Price range is from about ¥20K up to ¥100K
Software development	It is a type of development that meets customers needs such as widening acceptable payment measures and adding point-payment functionality	<ul style="list-style-type: none"> • No. of Deals × Ordered value <ul style="list-style-type: none"> ✓ Since software development is tailor made type revenue, deal size and margin vary from time to time
Stock	Content	Rev Model
Data sharing	It is a service that provides merchants with their daily sales data that go through our processing center. We charge it as monthly fixed fee	<ul style="list-style-type: none"> • No. of contracts × Service Price <ul style="list-style-type: none"> ✓ Service price is around ¥500 to ¥1K per terminal per month
Points&QR	It is a service to add point/QR payment app to the terminals merchants have. We charge it as monthly fixed fee	
Rental (Mobile terminal)	It is a service to rent mobile type terminals that enable merchants to use them in wireless setting. We charge it as monthly fixed fee	
Mobile SIM	It is a SIM card fee to use mobile type terminals. We charge it as monthly fixed fee	
Processing (Monthly fixed fee model)	It is a processing fee based on monthly fixed rate <small>*Basically, it is defined as "Fee" revenue when it comes to the case we charge as Pay As You Go billing, not fixed rate</small>	
		<ul style="list-style-type: none"> • No. of contracts × Monthly Fixed Fee <ul style="list-style-type: none"> ✓ Monthly fixed fee will vary depending on the size of contract etc..

Generally, the economics of services above vary depend on merchants. And there are services that some merchants do not apply

Fee	Content	Rev Model
Processing	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none"> • TRX Volume × Processing Fee ✓ Processing fee is about ¥2 to ¥3 per transaction
Sales of roll paper	This is a sales of roll paper that is used with payment terminals at stores	<ul style="list-style-type: none"> • No. of Order × Price of Roll Paper ✓ The price range of roll paper is about ¥130 to ¥200.
New Electronic storage of sales receipts	Optional service to store vouchers electronically, sales to be billed based on the number of payment transactions subject to the contract	<ul style="list-style-type: none"> • Number of settlement processes subject to contract x unit processing fee ✓ Unit processing fee is about ¥1 per transaction

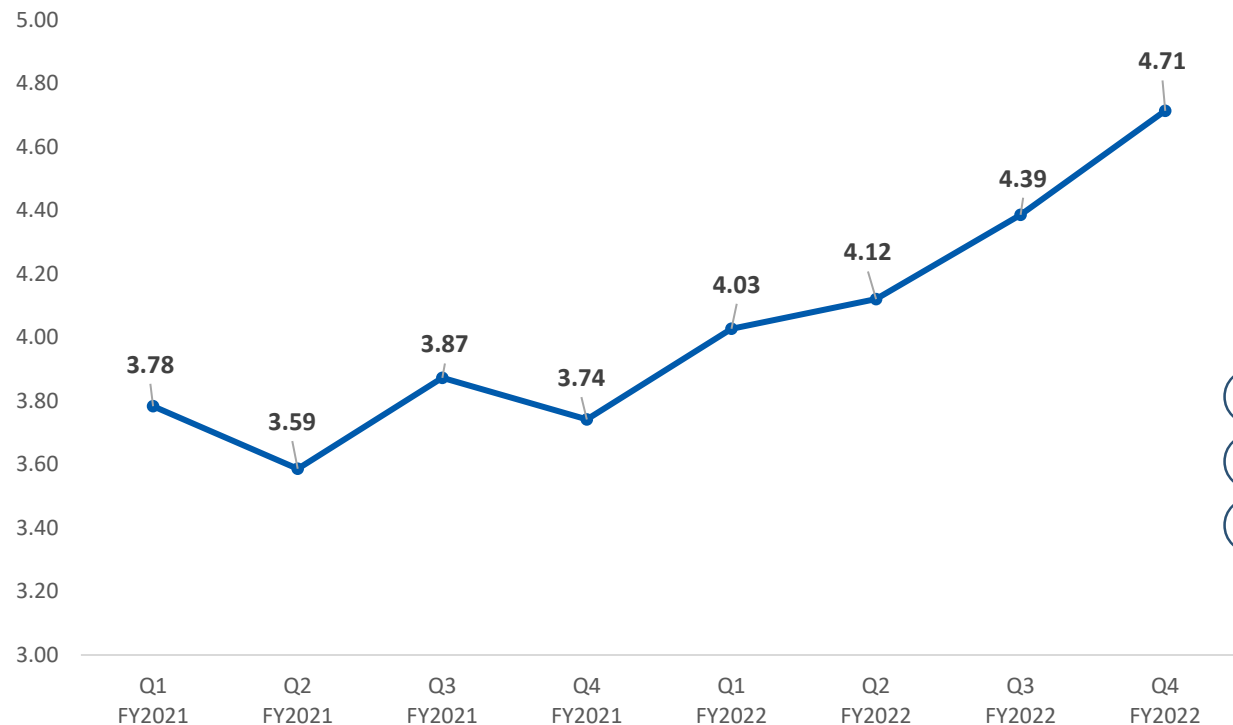
Spread	content	Rev Model
Acquiring (Settlement agent)	<p>We charge spread fee (α) towards clearing amount to merchants</p> <p>We received indicator rate (N) from acquirers, then we acquire merchants instead of acquirers with the new rate ($N + \alpha =$ merchant fee)</p>	<p>GMV of Agent Contract</p> <p>×</p> <p>Spread fee we charge (about 0.3~0.4%)</p>

Fee ARPU (Fee revenue divided by Transaction volume)

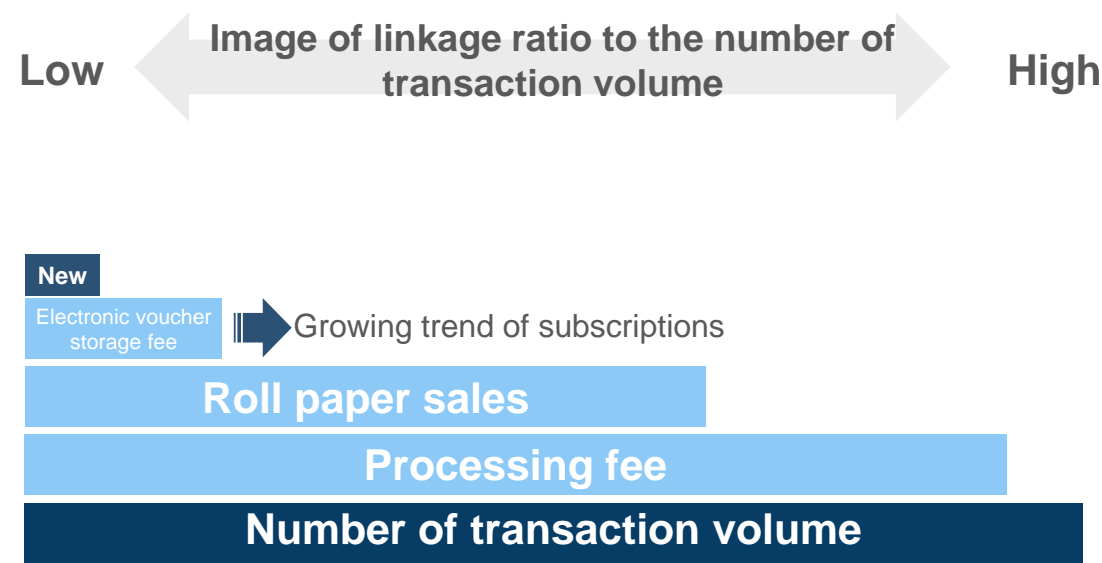
Strengthening electronic slip storage services in anticipation of a paperless society in the future. Although there is a possibility of offsetting paper roll sales in the future, currently it is a factor that increases the unit price of fees.

■ Fee ARPU (Fee revenue divided by Transaction volume)

(Unit : Yen)



■ Composition of Fee ARPU



*Length is an image and does not reflect actual numbers or scale

Relationship Between Spread Revenue and GMV

We do not necessarily generate spread revenue for every transaction. This is due to the fact that credit card companies have historically acquired major participating merchants on their own. Therefore, we calculate spread revenue as $GMV \times Take\ Rate \times Contribution\ Ratio$

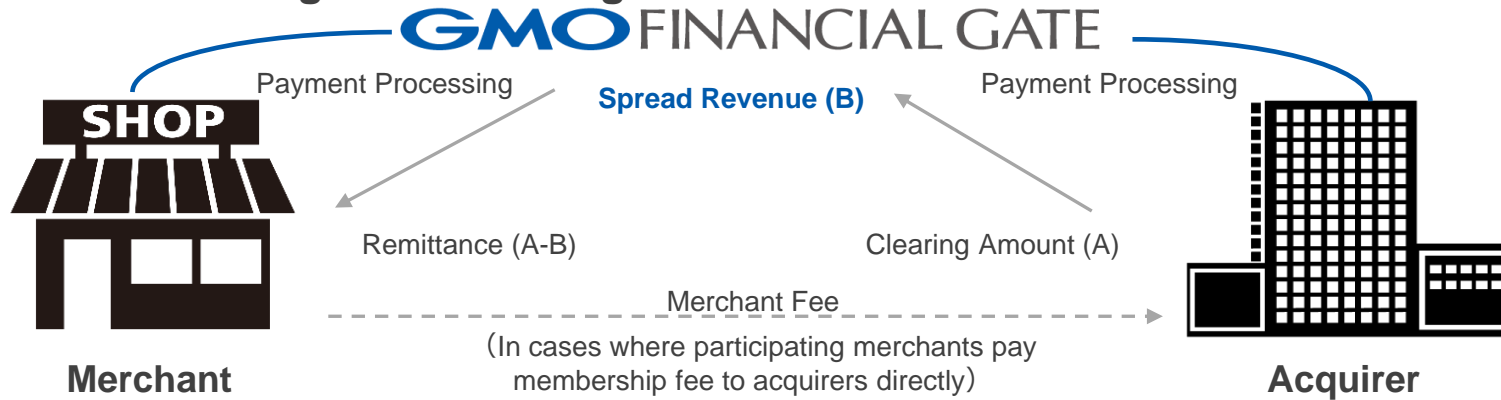
① Direct Contract



Enjoyable Revenue

- Initial
- Stock
- Fee

② Agent Contract (*Clearing amount for Agent Contract ÷ GMV = Contribution Ratio)



- Initial
- Stock
- Fee
- Spread *

* GMV = ① Direct contract + ② Agent contract

Relationship between number of active terminals & stock rev

In addition to the increase in the number of active terminals, revenue opportunities for Stock revenue will increase, but the status of subscriptions to paid services will differ depending on the needs/demand of merchants

Terminals we offer

Floor-Standing Model



Mobile Model



Embedded Model

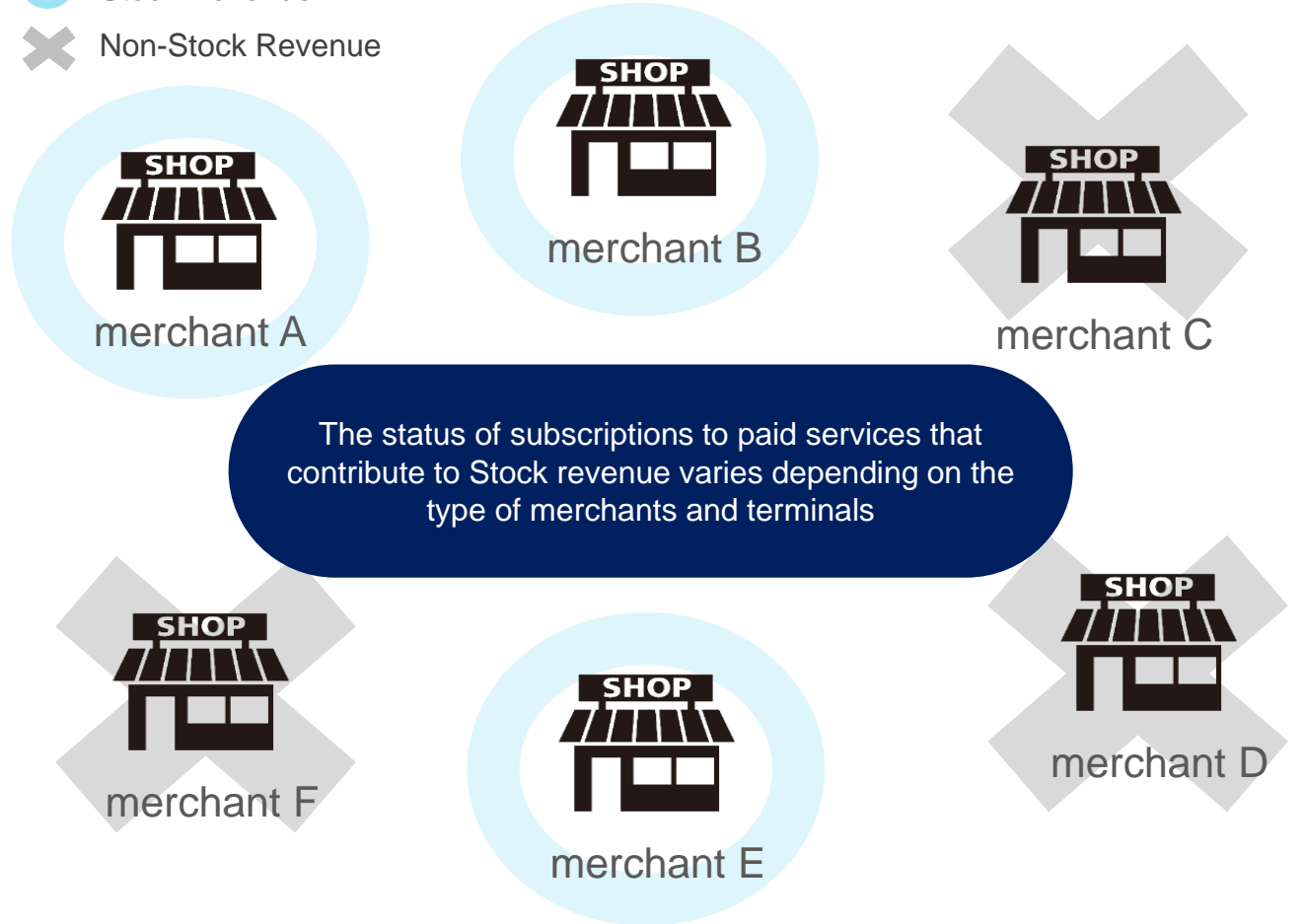


POS Model



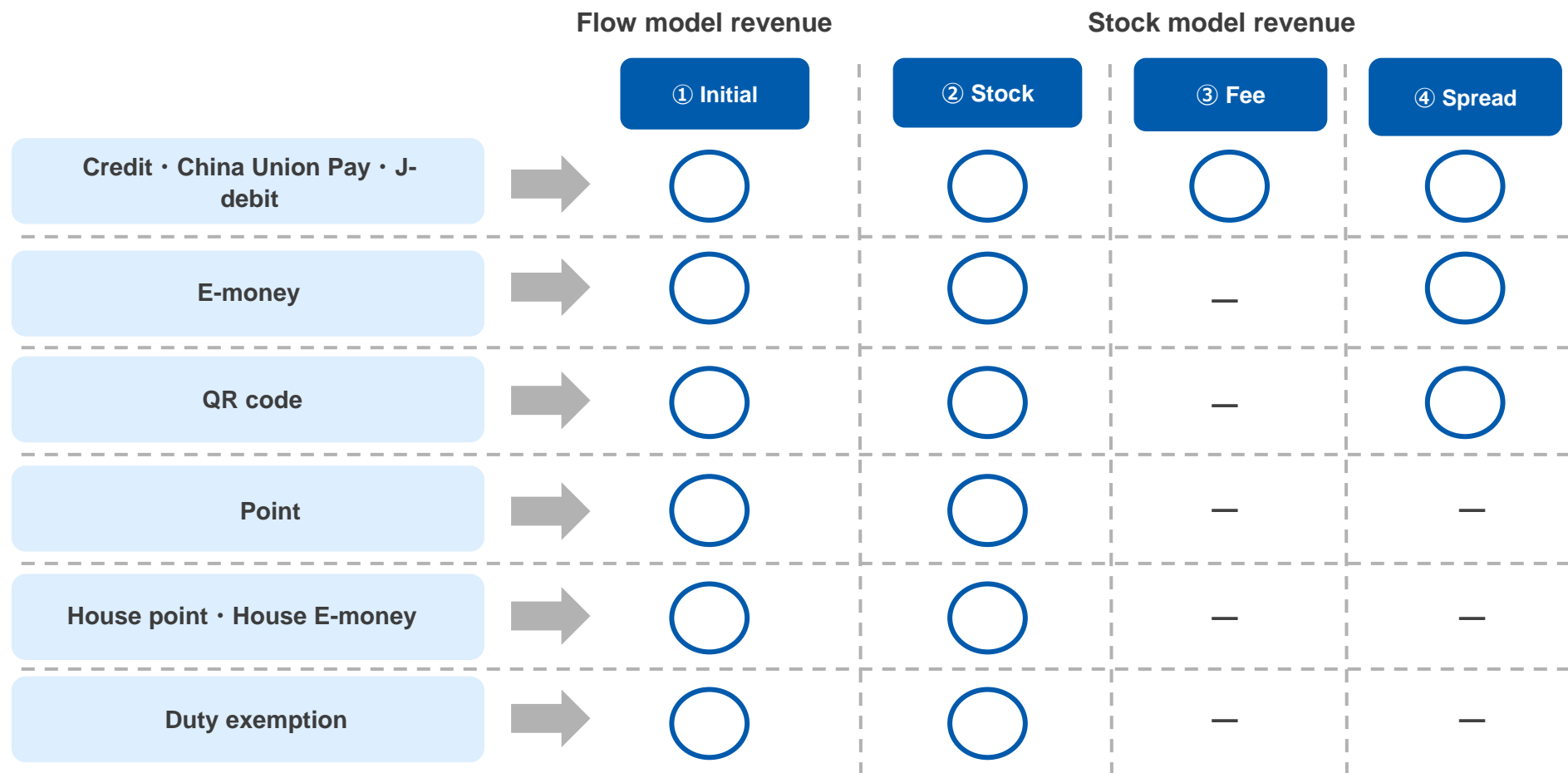
Merchants (Acquisition opportunity image of Stock revenue)

- Stock Revenue
- ✕ Non-Stock Revenue





Monetization by Payment Method

We operate different business models according to payment method as a cashless platformer. Growth in each payment method contributes to our growth as well



Revenue Model by Merchant Size

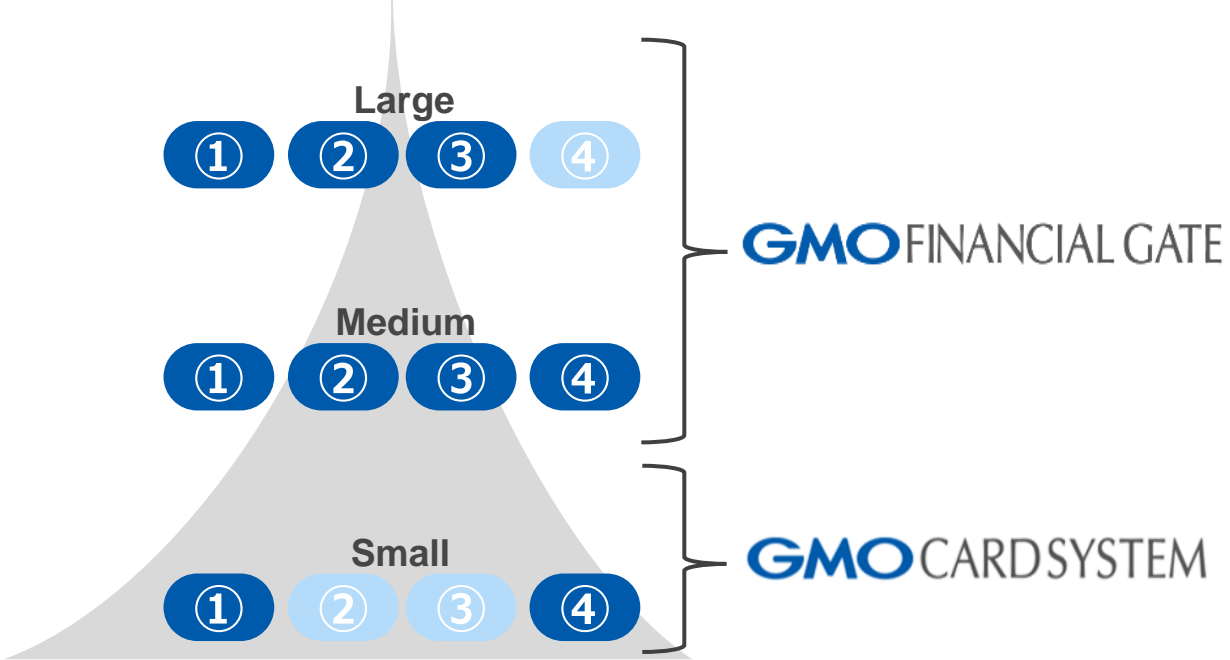
We mainly acquire medium- to large-sized merchants through alliances with major financial institutions. We mainly acquire small merchants (=long tail segment) through our subsidiaries

 : Main revenue stream
 : Realization of the revenue varies from contract to contract

Four types of revenue model

① Initial	Terminal sales, Software development, Initial registration fee, etc...
② Stock	Monthly recurring revenue, communication fee of terminals, etc...
③ Fee	Processing revenue related to TRX volume, Receipt paper sales, etc...
④ Spread	Commission fee based on TRX value

Revenue model related to the size of merchant



Meeting customer needs through enhanced credit payment functions and alliances with QR / points vendors

Credit



E-money



Common Points



QR code



J-debit



House points



Duty exemption



Terminals we offer

Floor-Standing Model



Mobile Model



Embedded Model



POS Model

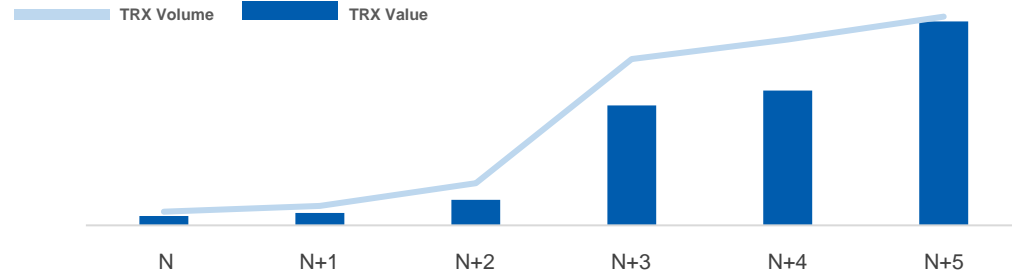


Cashless Platform

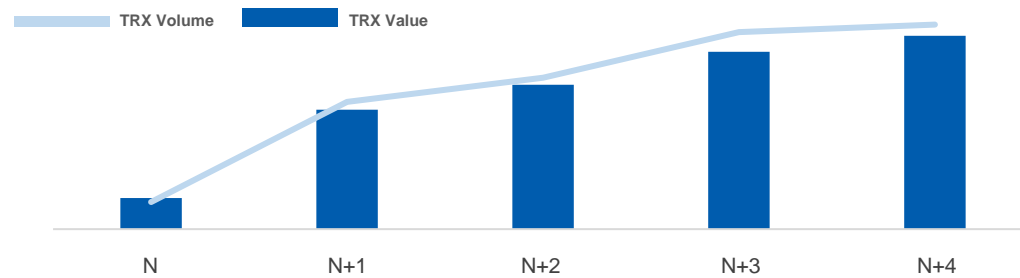
TRX-increase through cashless penetration

TRX volume & value tend to go up in a few months to six months after the merchants introduced cashless payment for the first time

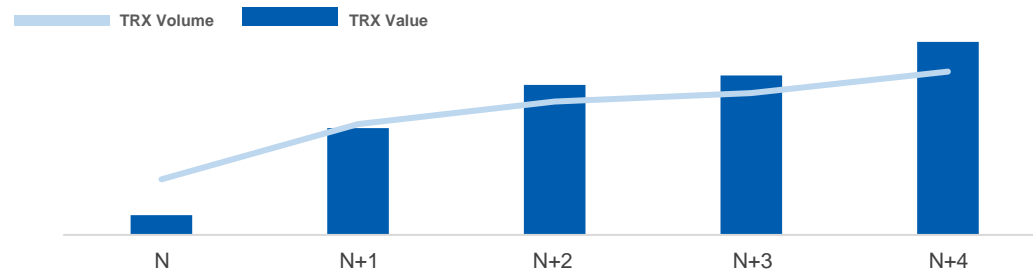
■ Merchant A (Tokyo) Monthly TRX trend



■ Merchant B (Miyagi) Monthly TRX trend



■ Merchant C (Wakayama) Monthly TRX trend



Merchant

Cash only ⇒ Introduce cashless payments

Consumer

Recognize convenience
(Successful experience
⇒ change in payment method)

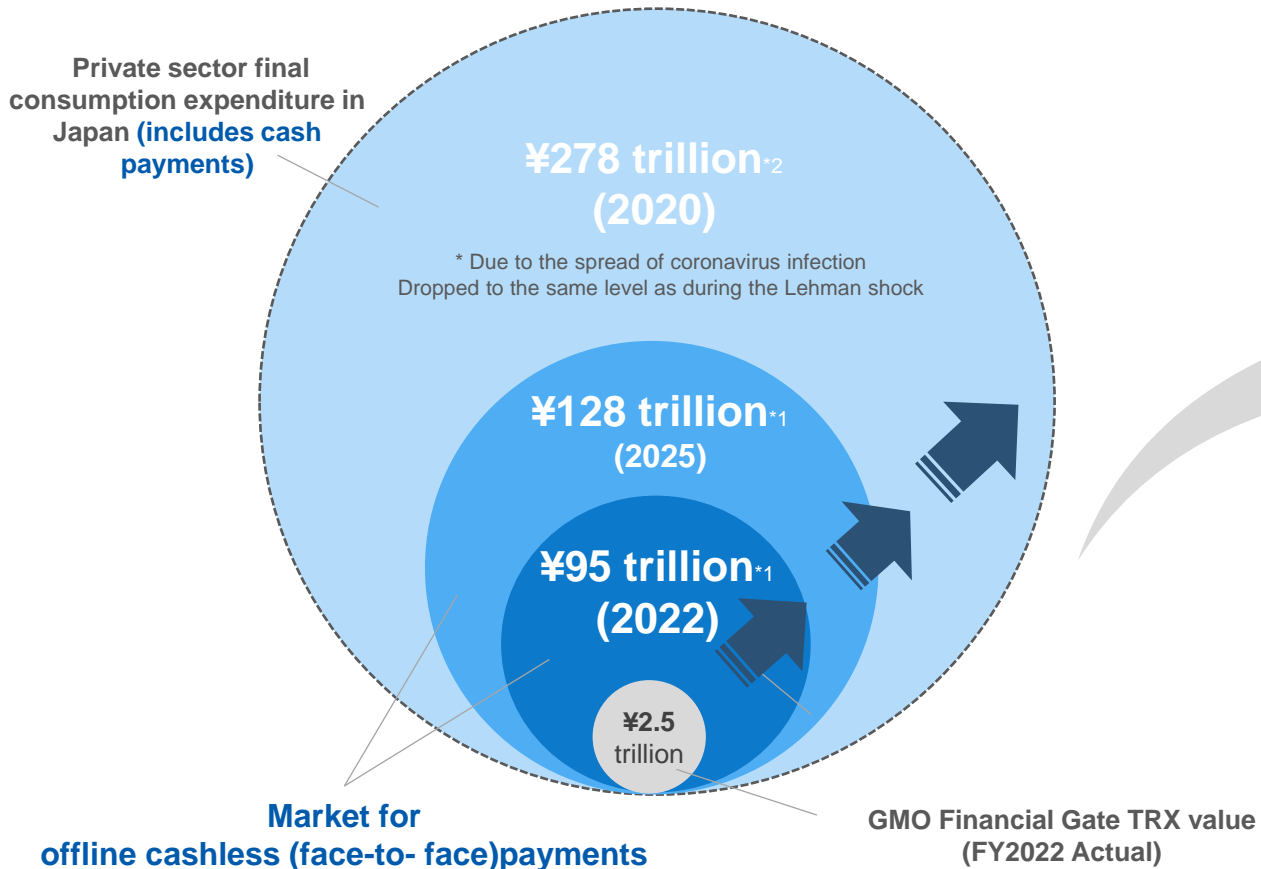
Merchant

TRX volume/value
per terminal will increase

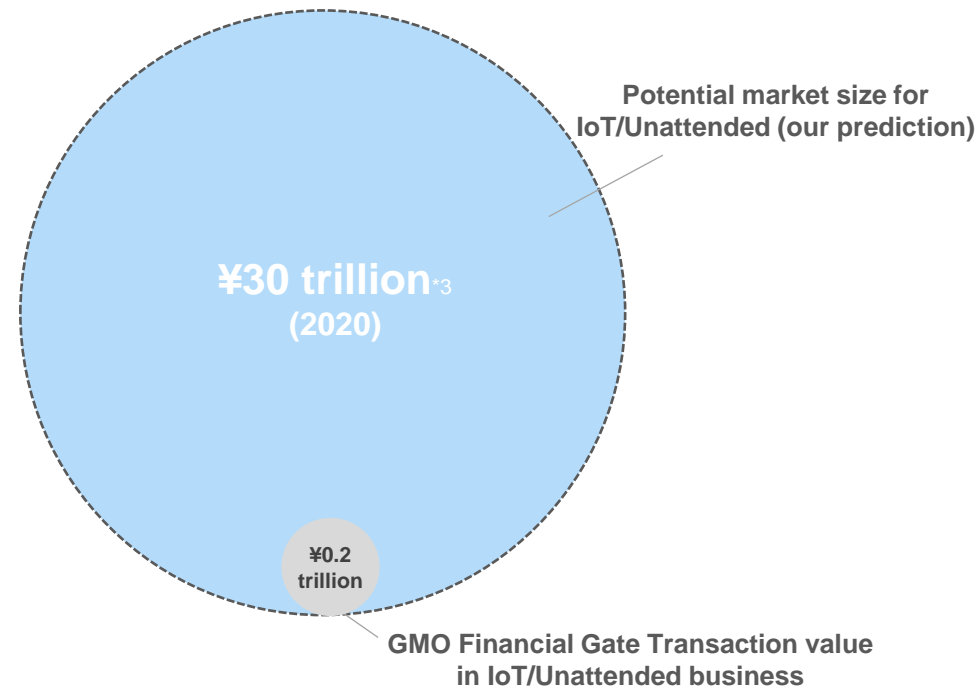
Stock-Model revenue will increase

Transaction Value of cashless (face-to-face) payment is expanding rapidly, as the value of IoT / Unattended

Offline Transaction value in Japan



Potential market value of IoT/Unattended



■ To achieve ¥1.5 billion in operating profit for FY2024 :
Expand IoT/Unattended business driven by contactless payment (touch payment) and unattended registers

(*1) Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Current Status and Future Forecasts for Online Payment Service Providers, 2018, Yano Research Institute Ltd.

(*2) Source: Cabinet Office, Government of Japan

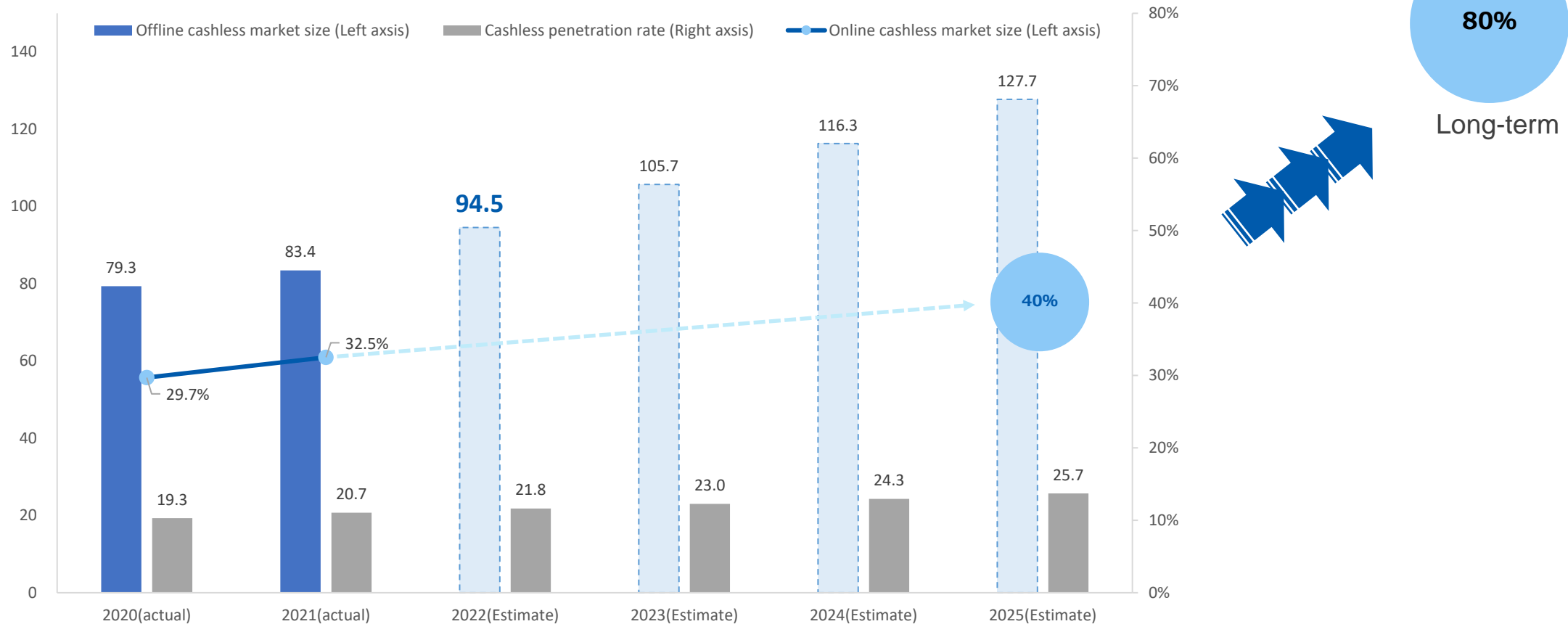
(*3) GMO Financial Gate internal forecast based on statistical data published by the Cabinet Office, Government of Japan, the Japan Vending System Manufacturers Association, and the Japan Parking Business Association

(*4) Source: Japan Ministry of Economy, Trade and Industry

Growth trend of domestic offline cashless market

The market for offline cashless payments is currently ¥92 trillion, six times larger than the online market. Cashless penetration is expected to rise to as much as 80%, driven by government-led cashless policies

(Unit : trillion yen)



Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Yano Research Institute Ltd.

Composition Ratio of Domestic Cashless Payment Methods

Even in an environment of significant growth in the proportion of QR codes, transaction value and volume of credit continue to grow

Transaction Value

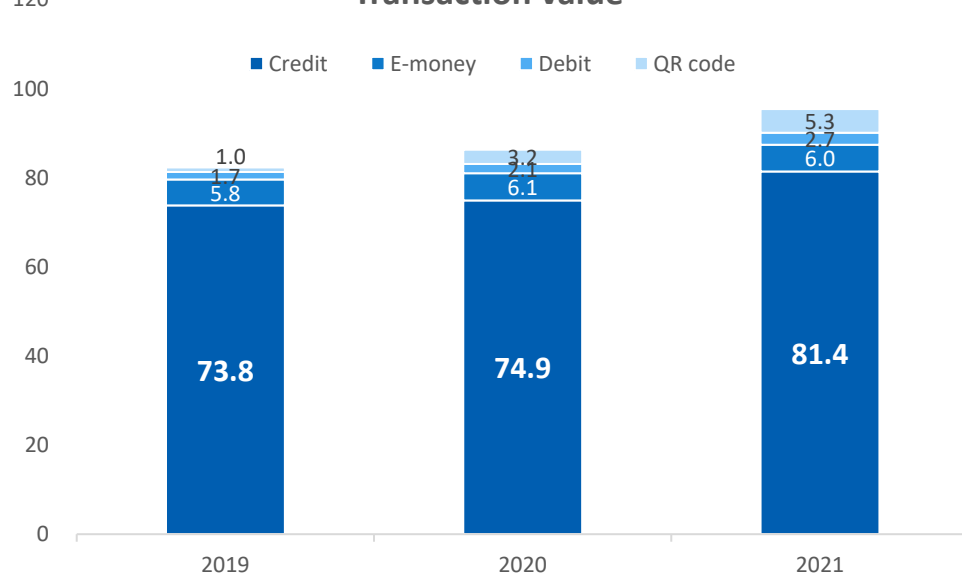
Composition	2019	2020	2021
Credit	89.7%	86.8%	85.3%
Debit	2.1%	2.5%	2.8%
E-money	7.0%	7.0%	6.3%
QR code	1.2%	3.7%	5.6%

Transaction Volume

Composition	2019	2020	2021
Credit	60.7%	58.2%	55.3%
Debit	1.8%	2.3%	2.5%
E-money	33.1%	27.1%	22.8%
QR code	4.3%	12.4%	19.4%

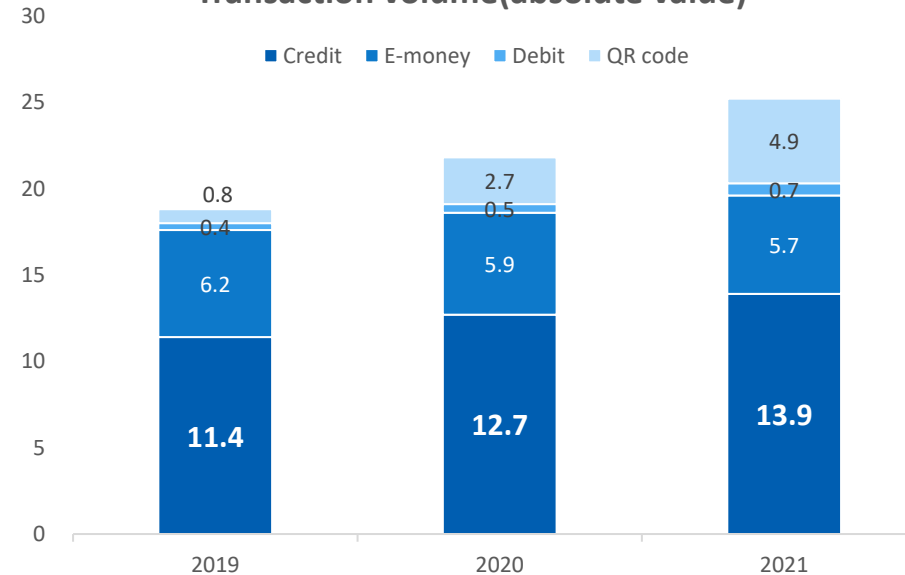
(Unit : trillion yen)

Transaction value



(Unit : 100 million yen)

Transaction volume(absolute value)



Source: Cashless Roadmap 2022, Cabinet Office of Japan

The number of terminals is expected to be equal to or greater than the market for payment terminals in real stores. Unattended market (= general term for vending/service machine market) is expected to expand further due to changes in the external environment such as a decrease in the working population

Unattended Market

4.5 million



Goods/ commodities



Tickets



Beverages/ sweet treats



Self-checkout machine (Golf/Hotel)



Coffee



Metered parking/ EV chargers



Self-checkout register



Coin-operated washing machines



■ Push factors associated with changes in the external environment

- Declining workforce
- Labor-saving support
- Obtaining inbound demand
- Retailers moving into offices
- Revision of the Pro-Sales Act
- COVID-19

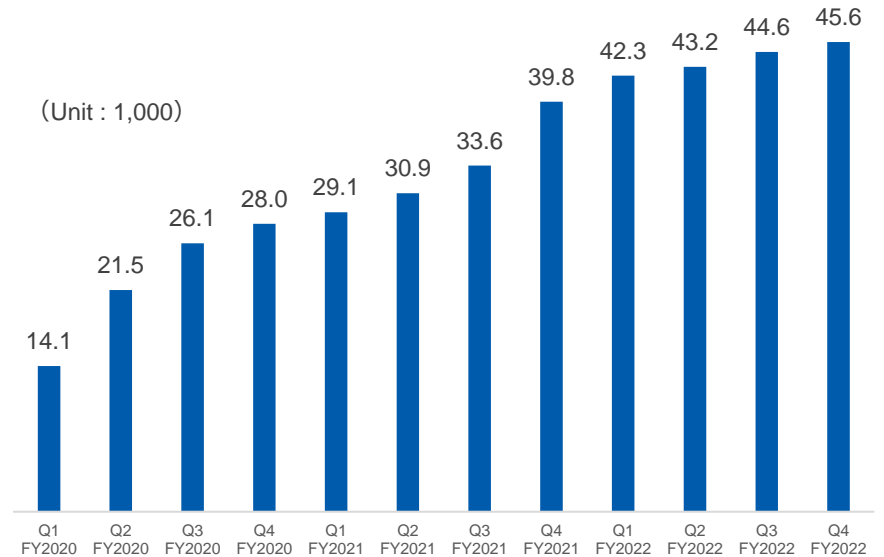
Offline Market

4 million



■ No of active IoT terminals

Q4 net increase pace slowed in QoQ (+1,000 units), but sales are strong. Sales are piling up every quarter. Aiming for further acceleration in the future

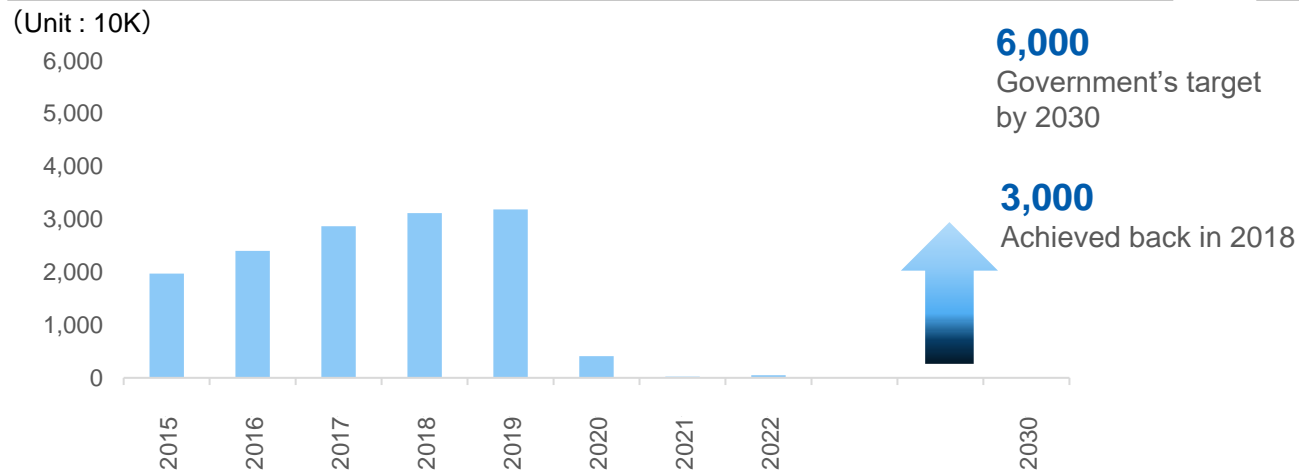


Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.

Trends in the number of foreign visitors to Japan

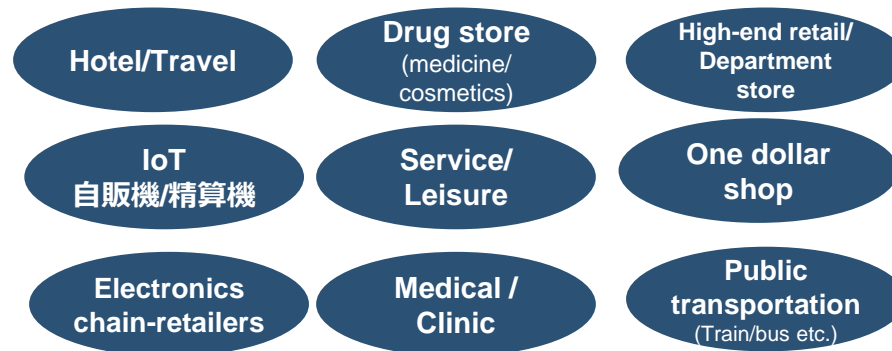
The number of foreign visitors to Japan decreased sharply due to the COVID, but we are also focusing on preparations for a recovery in demand

Number of visiting foreigners (annually)

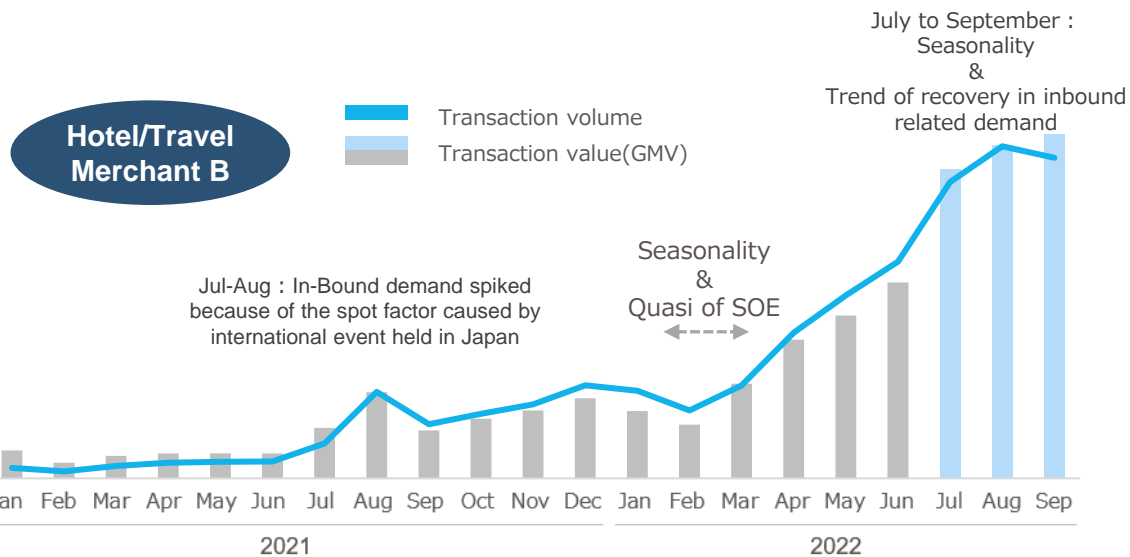
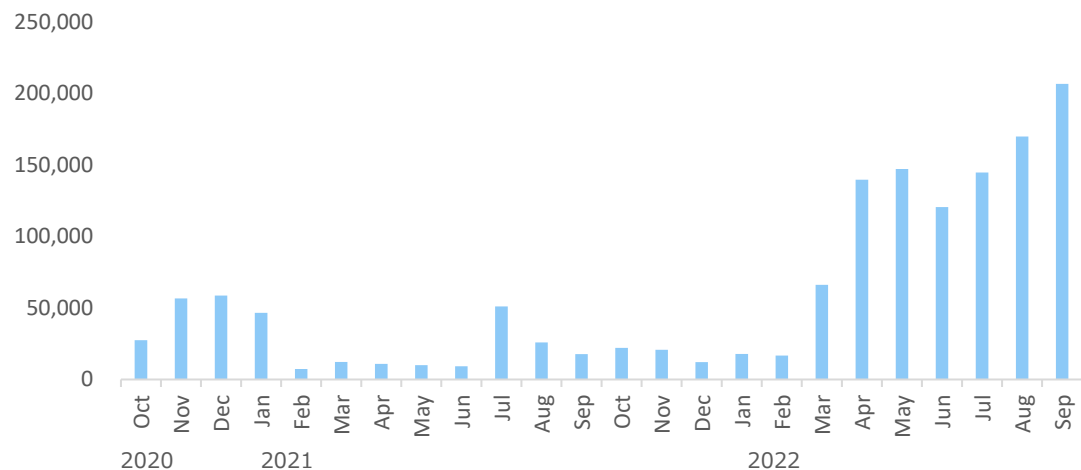


Our inbound-related industry merchants

Aggressively cultivate merchants in related industries in preparation for recovery of inbound demand

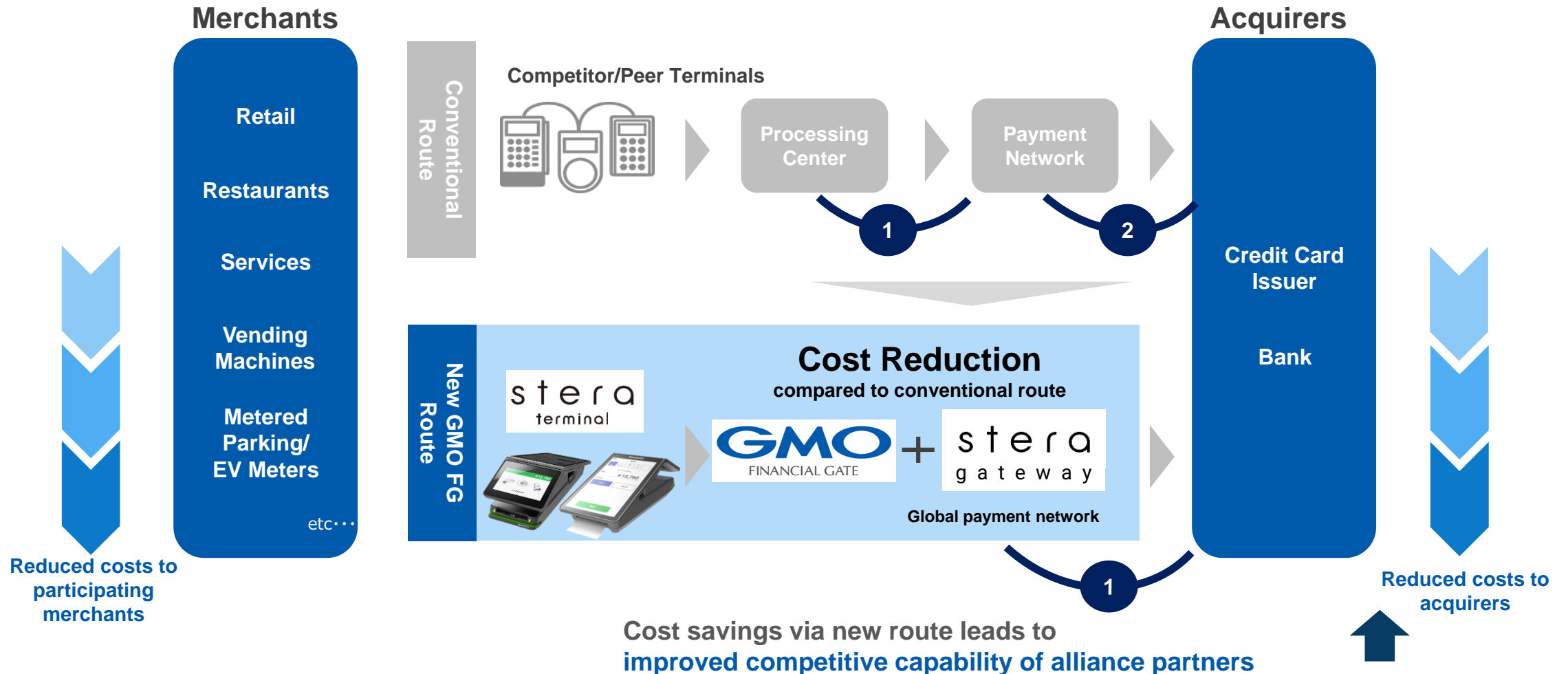


Number of visiting foreigners (Monthly)



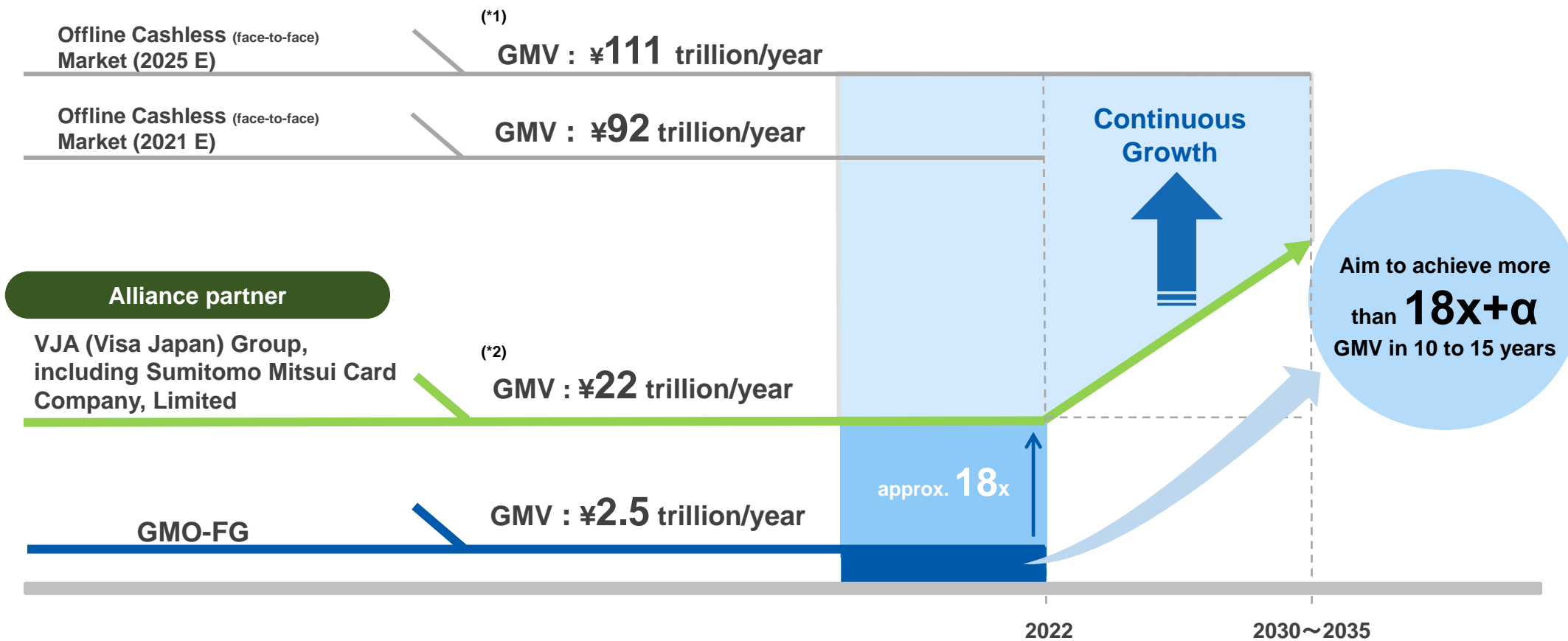
Strategy to Maximize Transaction Value

We created a new payment processing route with alliance partners. This route increases GMV, as the route reduces costs to participating merchants and acquirers



Strategy to Maximize Transaction Value

Maximize GMV through a new processing network and by pursuing B-to-B alliances

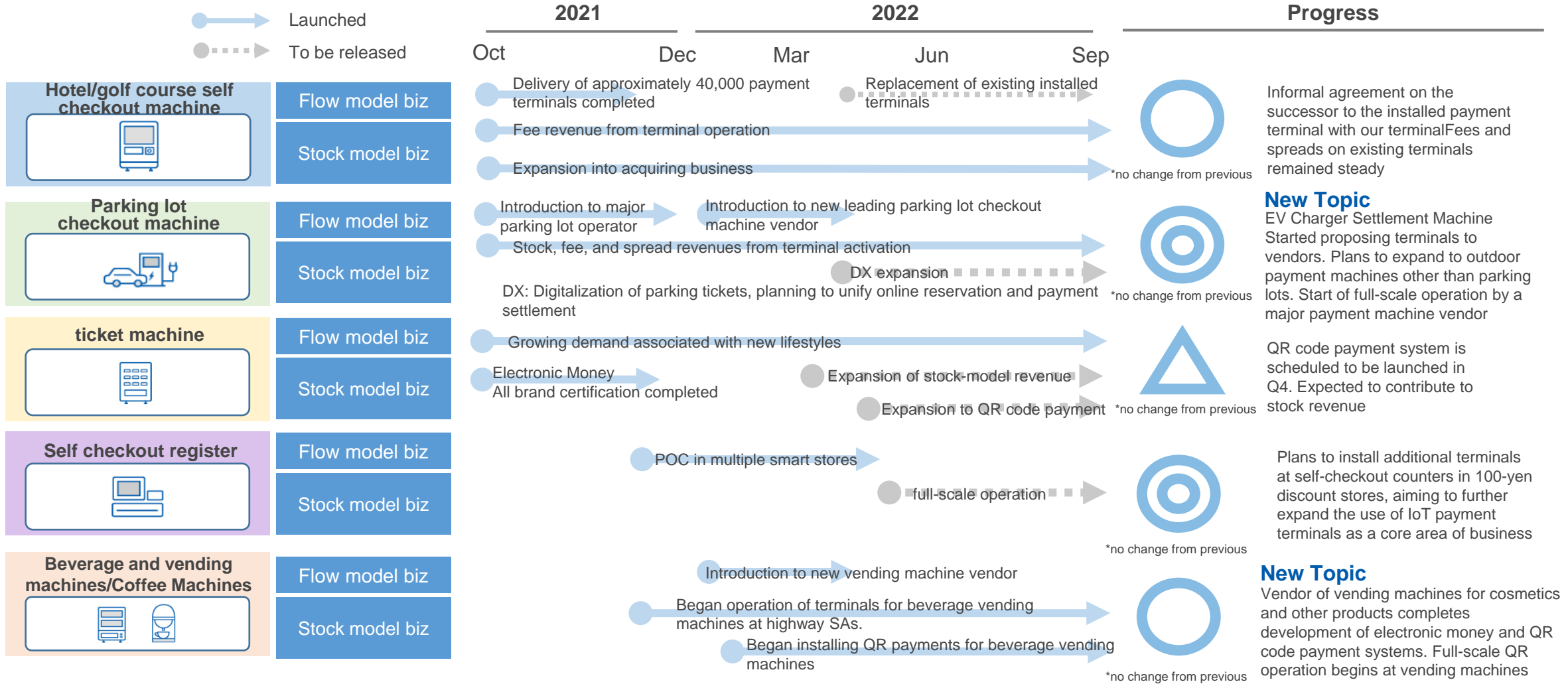


(*1) Source: Cashless Roadmap 2019, PAYMENTS JAPAN; Current Status and Future Forecasts for Online Payment Service Providers, 2018, Yano Research Institute Ltd.

(*2) Source: VJA

Progress in Unmanned Terminal (IoT) Business

Strengthening alliances in the unmanned terminal (IoT) field in response to the trend toward manpower saving. Promoting various projects with an eye on future data monetization



Growth Strategies for 2025 and Beyond

For 2025 and beyond, we aim to grow stock-model revenue in the payment-related field.
 Aim at a continuous 25% growth in OP through business diversification


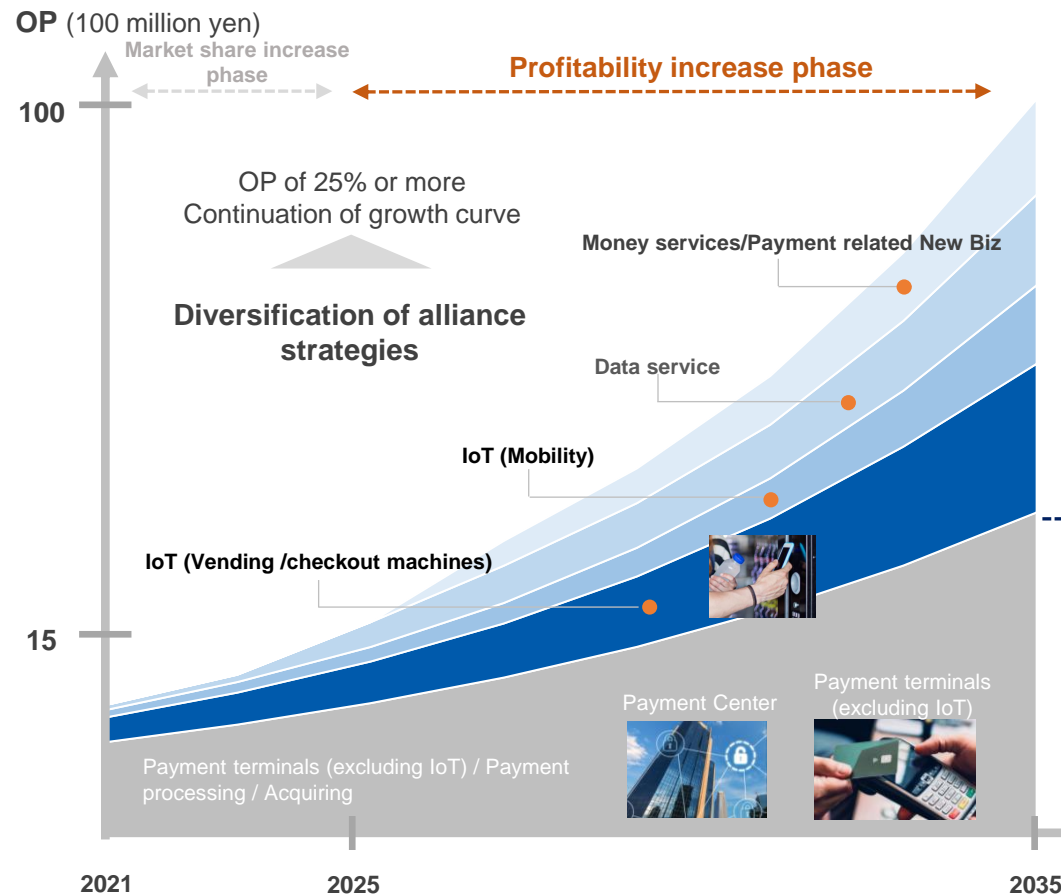
: High inbound tourism demand

Image of service expansion

Area of focus



Money services / Payment related New Biz

- Fintech (Lending / Factoring / BNPL etc.)

Data service

- DX/marketing support using payment data

IoT (Mobility)

- Contactless payment processing for transportation systems (trains, buses, etc.)

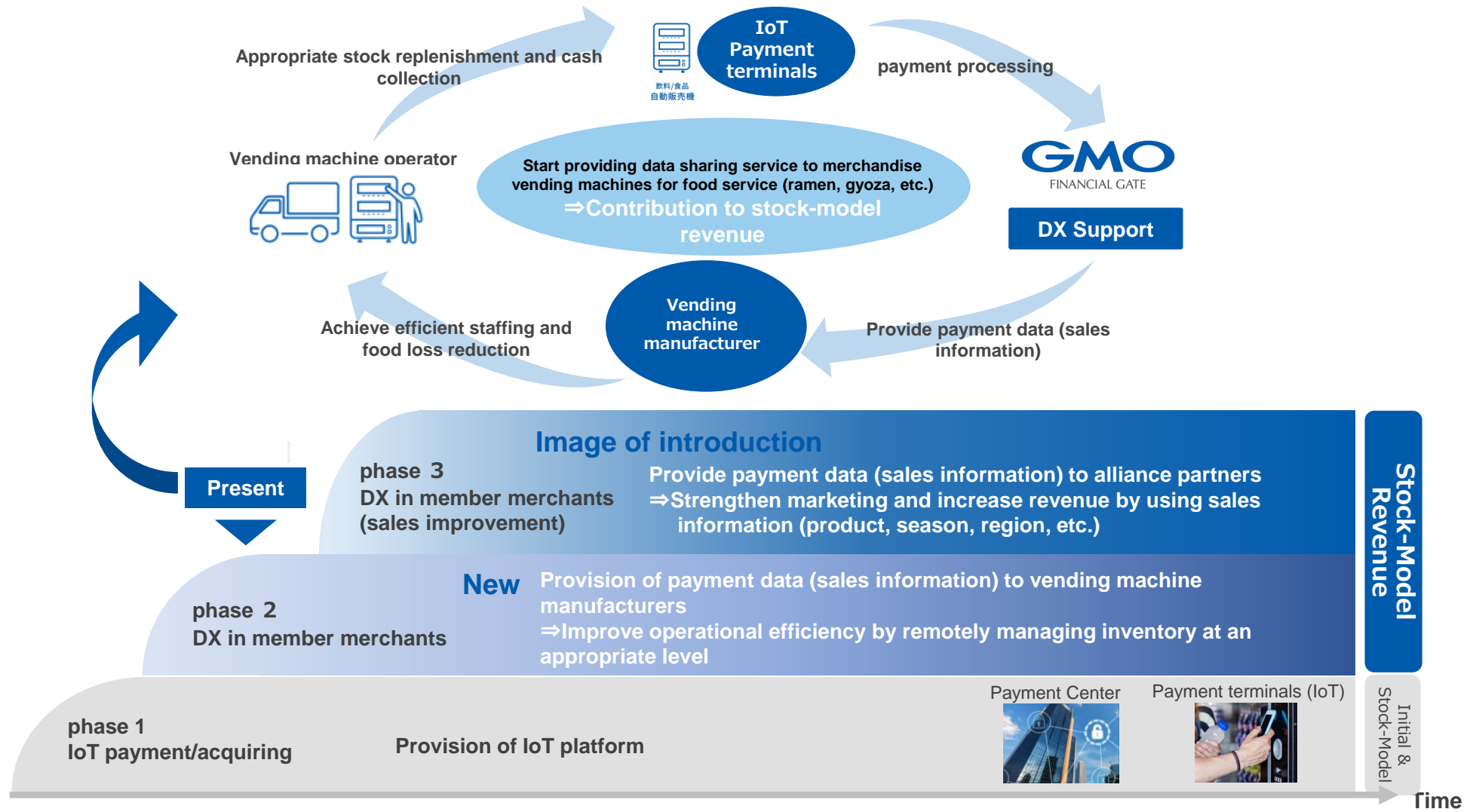
IoT (Vending / checkout machines)

- With & post COVID-19 / labor-saving / self-service support

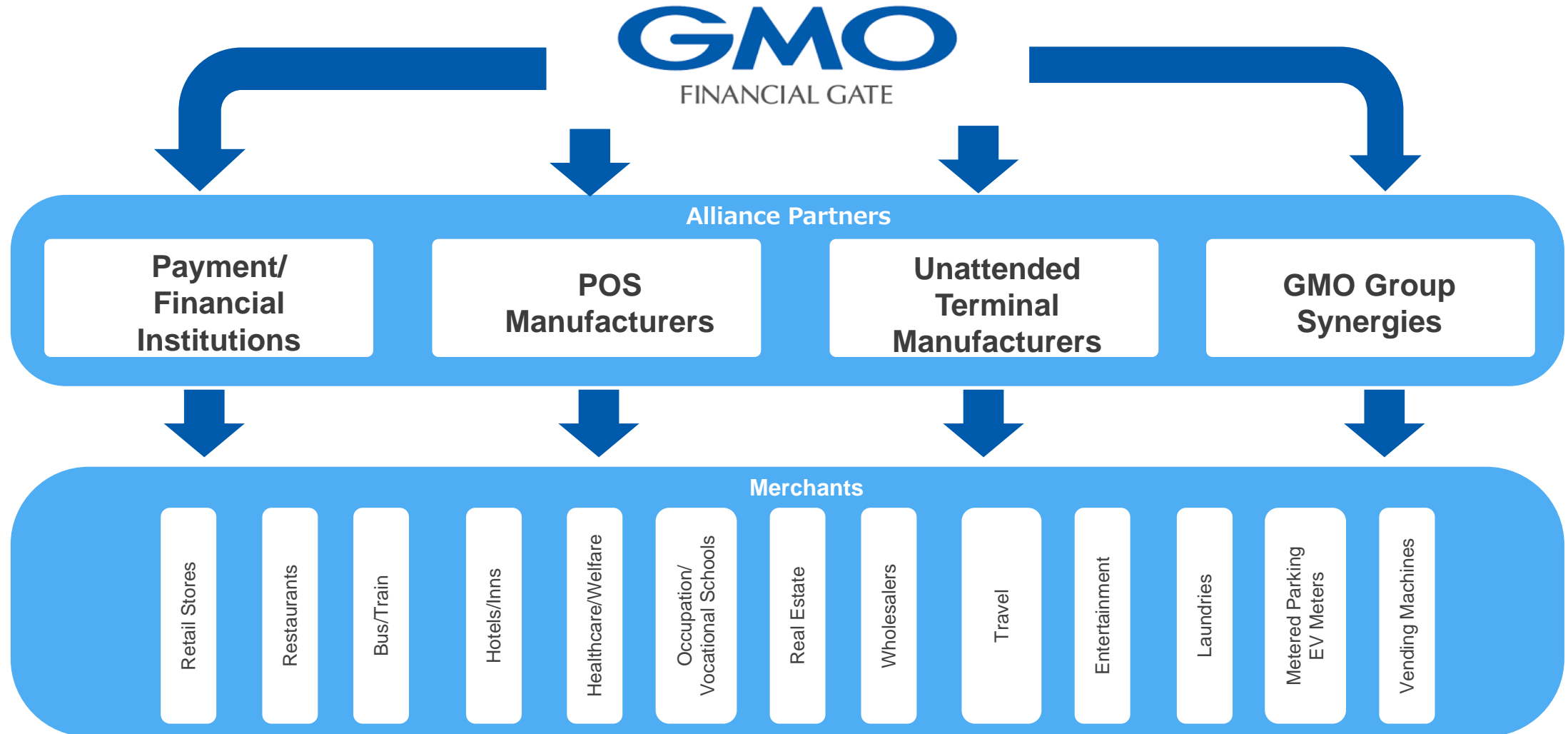
Payment terminals (excluding IoT) / Payment processing / Acquiring

- Continue to acquire a balanced member merchant base, regardless of size or industry, as our business foundation

Started providing payment data service for merchandise vending machines, contributing to stock-model revenue. Supporting merchants' operational efficiency improvement and sophistication (DX) using data

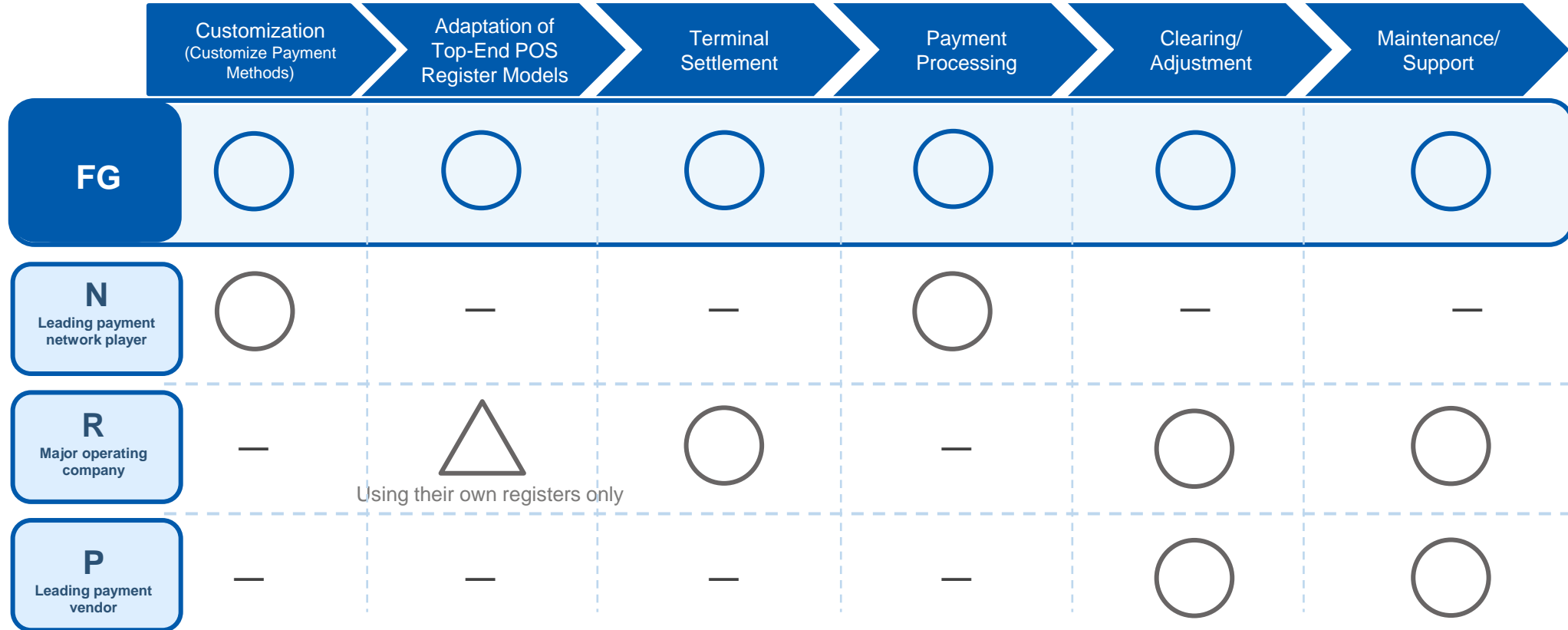


Working with alliance partners allows us to secure participating merchants consistently and steadily



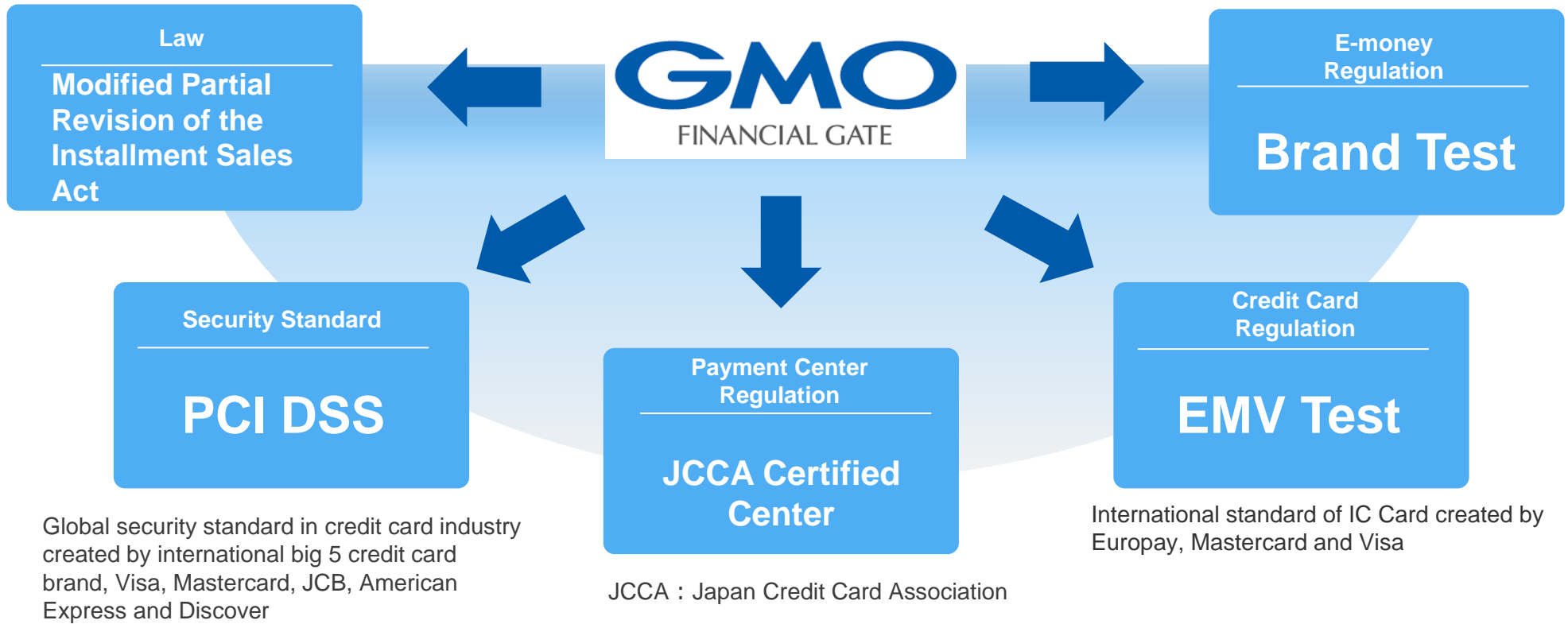
End-to-end solutions via one-stop platform allows us to create alliances with many players in the market

■ Solutions in Offline Payment Market

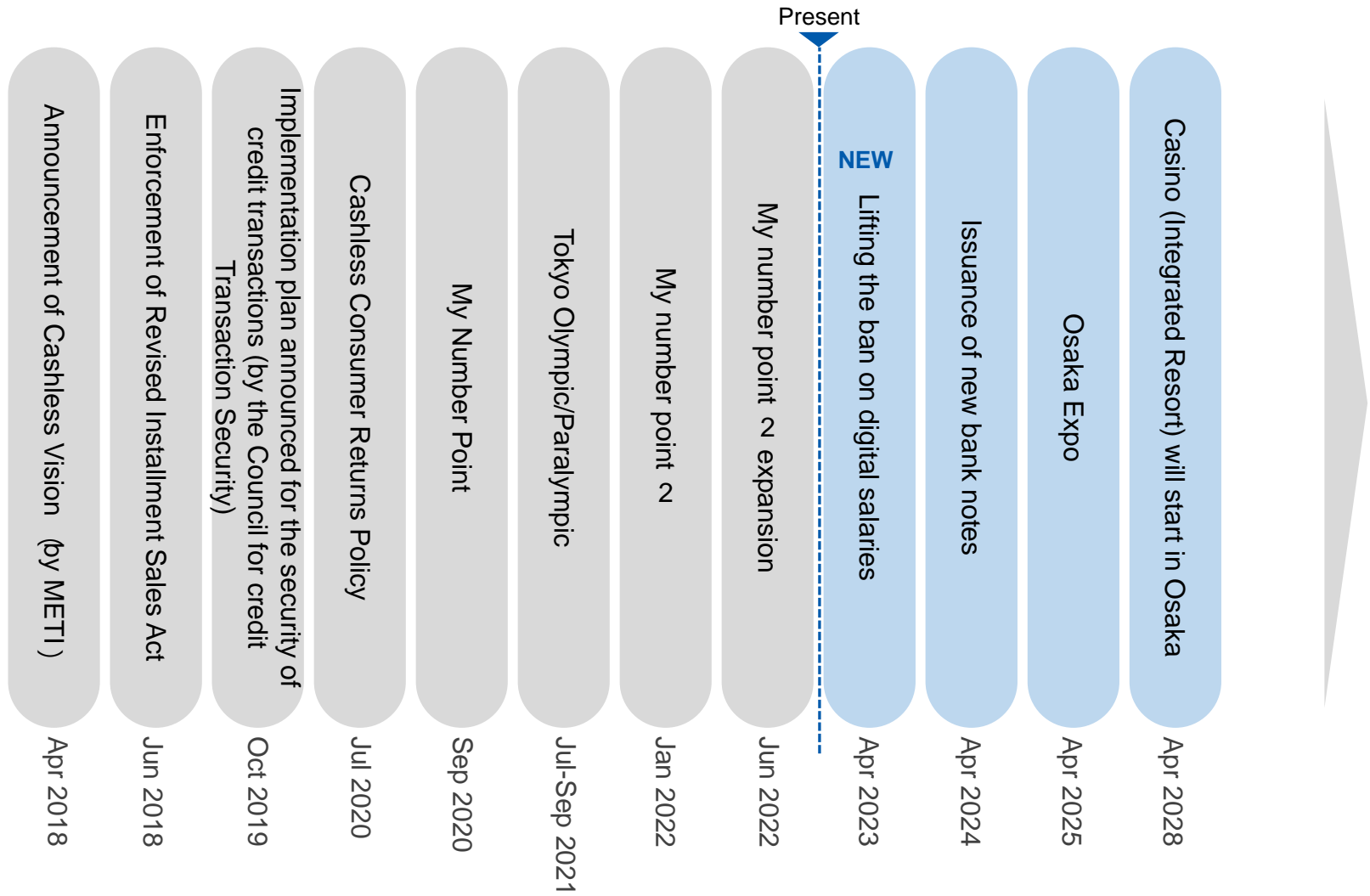


Barriers to Entry (Regulations to be Followed)

Many kinds of regulations exist in the face-to-face payment market depending on the payment method, and the number of regulations are increasing. As payment methods become more diversified, the barriers to entry become more challenging



METI* announced its Cashless Vision policy to encourage cashless payments. We expect the Japanese cashless market to expand rapidly in response



Impact on our business

Increasing demand for cashless terminals as merchants are obligated to use credit card IC Expanding demand for cashless terminals as merchants become obligated to use credit card IC

Consumer redemption projects have resulted in Increase in the amount of payments processed

With/after COVID, the Expanding Contactless and IoT Payment Needs

Inbound Demand Leads to Expanding need for cashless payment terminals Expansion of mobility payment needs

In line with the cost of adapting to the new banknotes Stimulus to introduce cashless payment terminals

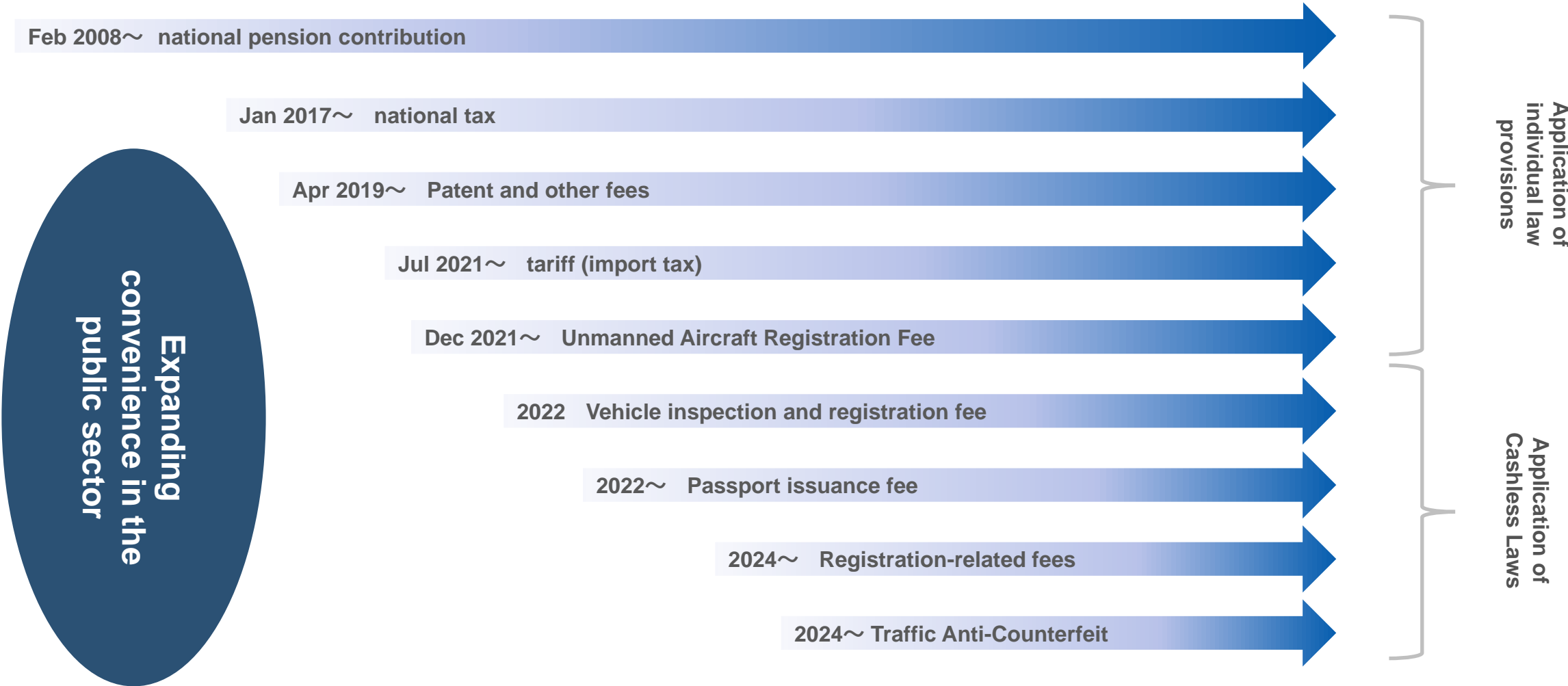
Expanding needs for small payments due to the spread of terminal-less payment taps to pay/phones

Expansion of credit card payment eligibility

NEW

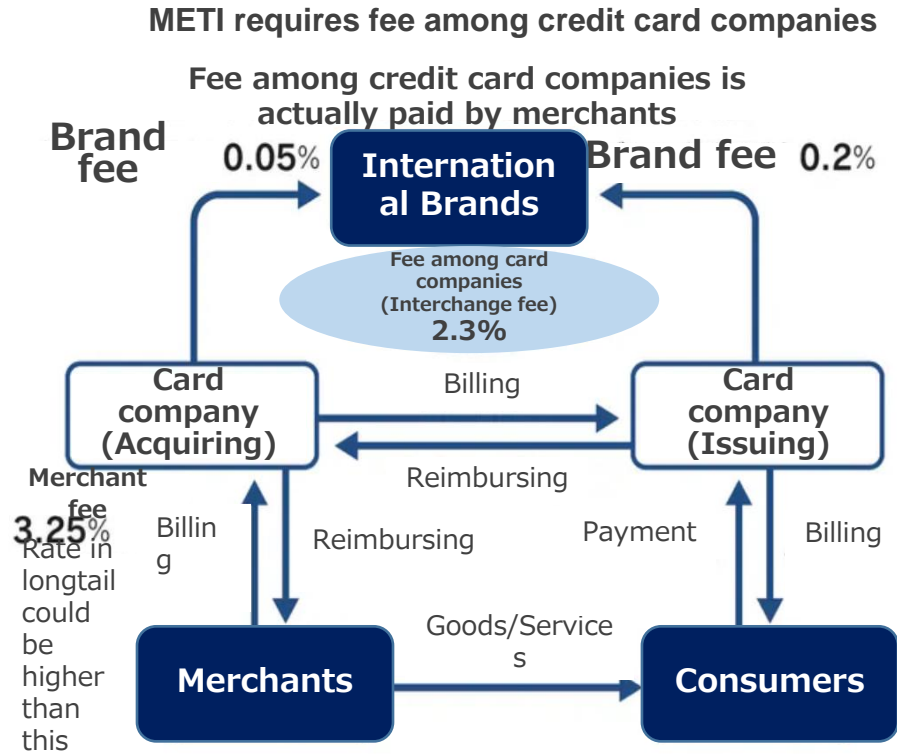
Industry Topic

The "Cashless Law" will go into effect in November 2022. Expansion of areas where payment can be made by credit card

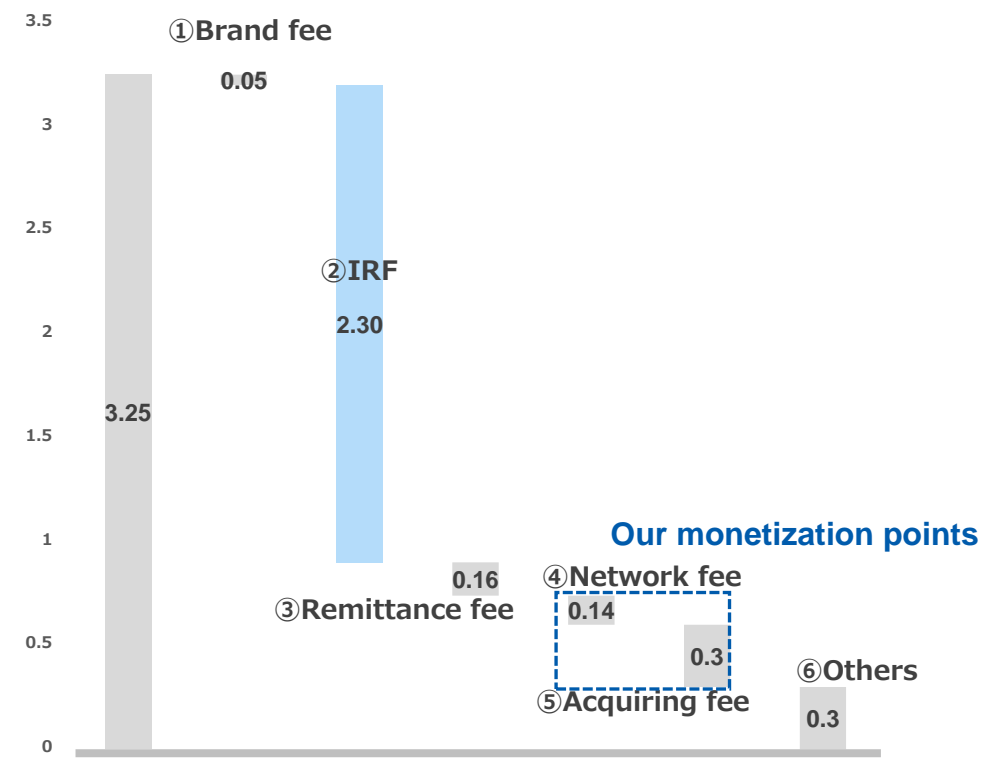


New topic of credit card industry

In response to a request from the Japan Fair Trade Commission, VISA, Mastercard, and UnionPay announced their intention to disclose their interchange fee rates by the end of November



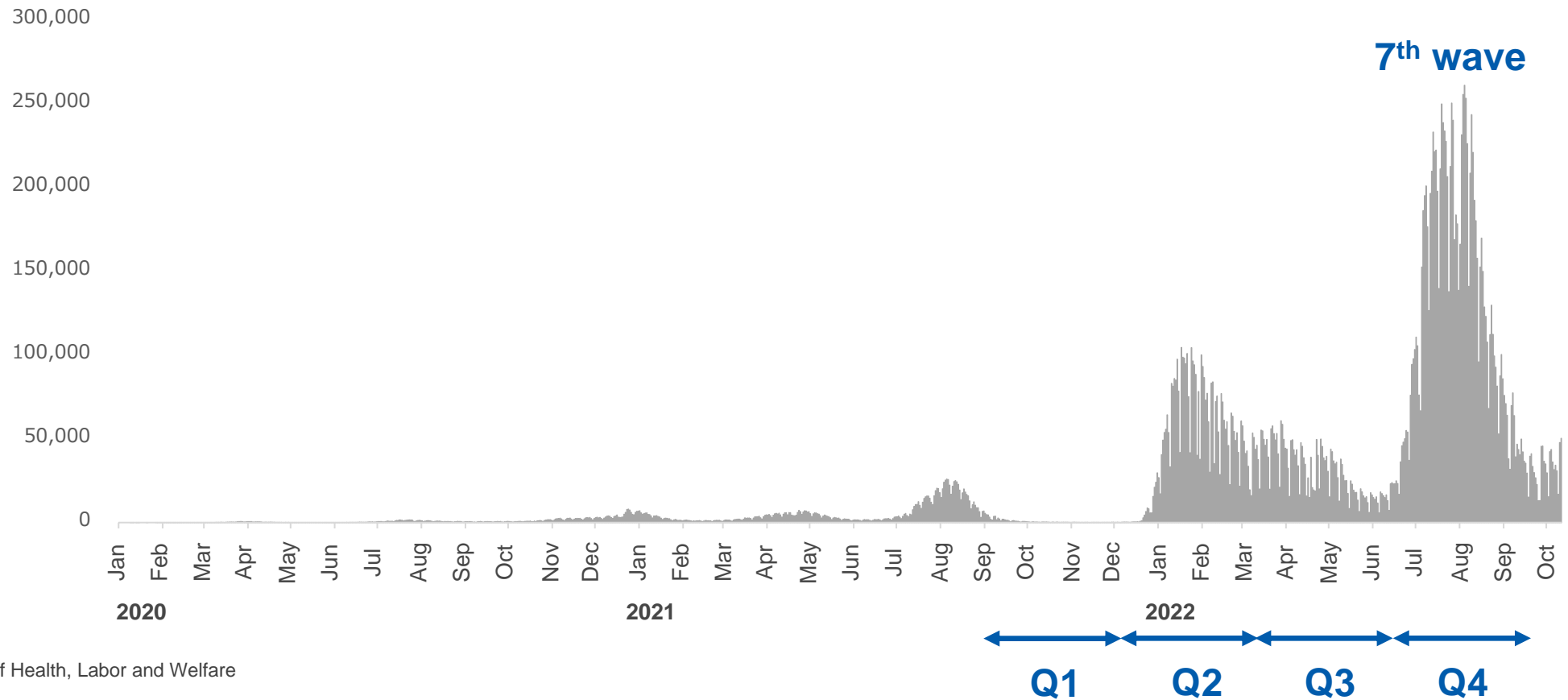
Breakdown of MDR
(model case : AOV ¥5K SME merchant)



COVID infections in FY2022

In Q3, the economy is on a recovery trend due to the lifting of quasi of SOE issued in Q2
In Q4, some businesses were affected by the 7th wave of infection compared to Q3

Number of new cases of COVID-19 infection



Source : Ministry of Health, Labor and Welfare

Initiatives for terminal-less payments

Implemented various measures to prepare for future handset-less payments. Strengthening Initiatives in the Mobility Domain and Beverage Vending Machines

Status of Our Efforts

Tap to Phone

Dec 2021~ **New**

Started handling touch settlement of JCB at Nagaden-bus



Dec 2020~

Launched handset-less NFC-touch payment service with Soft Space

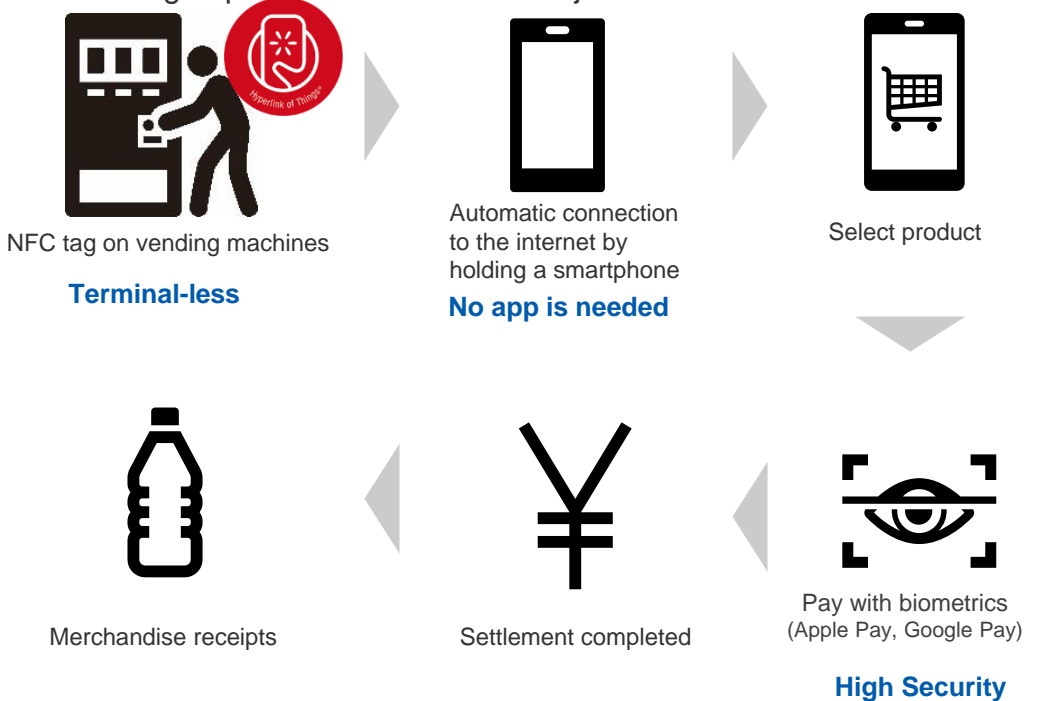
Soft Space社の「FasTap(ファスタップ)」が利用されている様子



NFC tagging touch payment

Planning to launch in FY2022 **New**

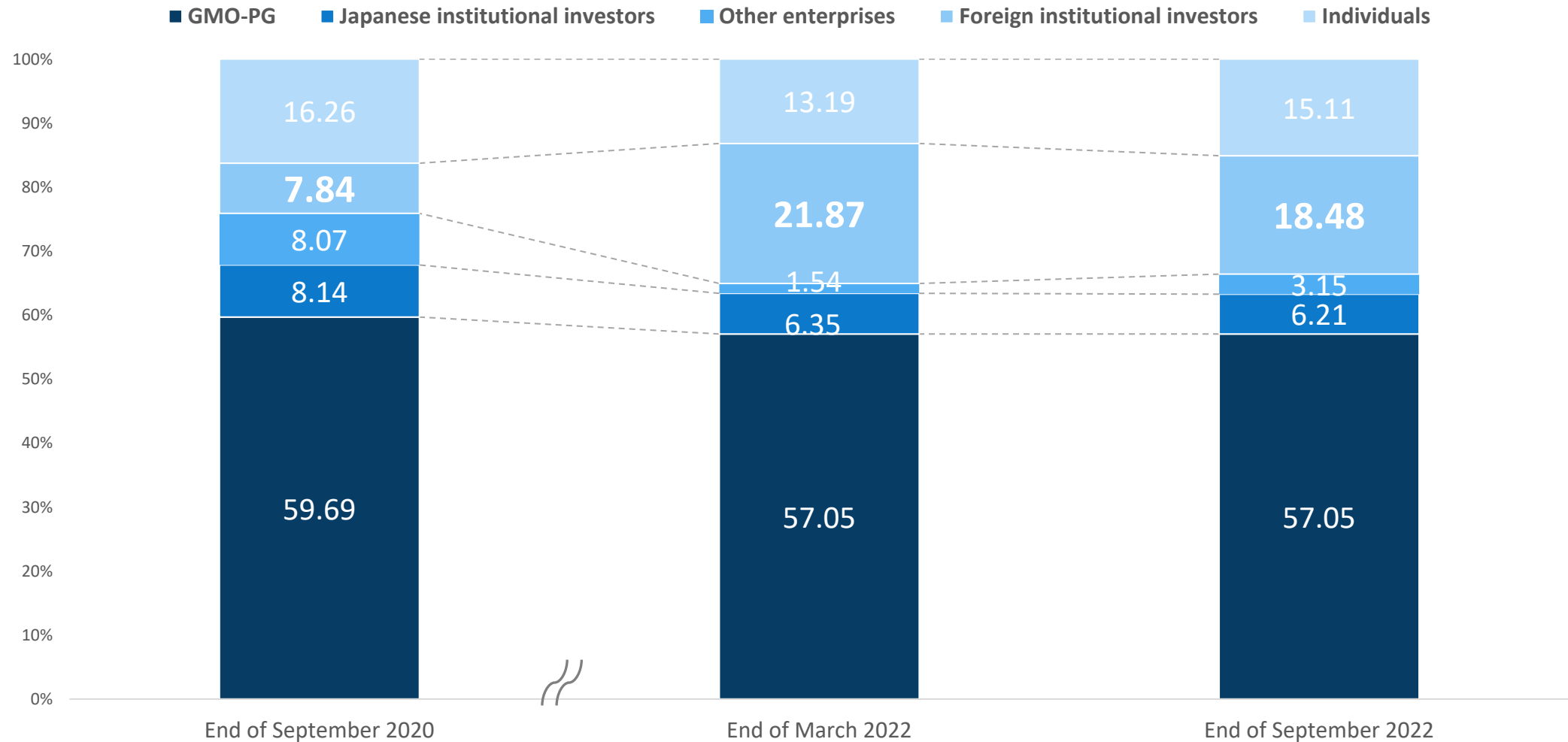
Aiming to provide services with major food manufacturers



Tap to Phone: Mobile payment service where merchants do not need to prepare cash registers and terminals for payments, and NFC-enabled devices can be used as payment reception terminals.

NFC: An abbreviation for Near Field Communication, a communication standard that can be communicated using contactless IC chips and simply by holding them over.

NFC tag: Tags that allow NFC-enabled devices and devices to perform various operations simply by holding up an NFC-enabled smartphone.



Department in charge	Content
Whole	VDI (virtual desktop) implementation for enhanced security
Whole	Integrated operation of scheduling, internal portal, workflow, attendance system, and expense reimbursement
Whole	Paperless by promoting the introduction of electronic signatures
Legal	Automated credit management operations by introducing RPA. Reduction of workload by up to 4 days per month
Accounting	Systematization of payment operations, electronic storage of receipts and other evidence
HR	Centralized management of human resource systems through the introduction of a new system

GMO-FG
Cashless Platform

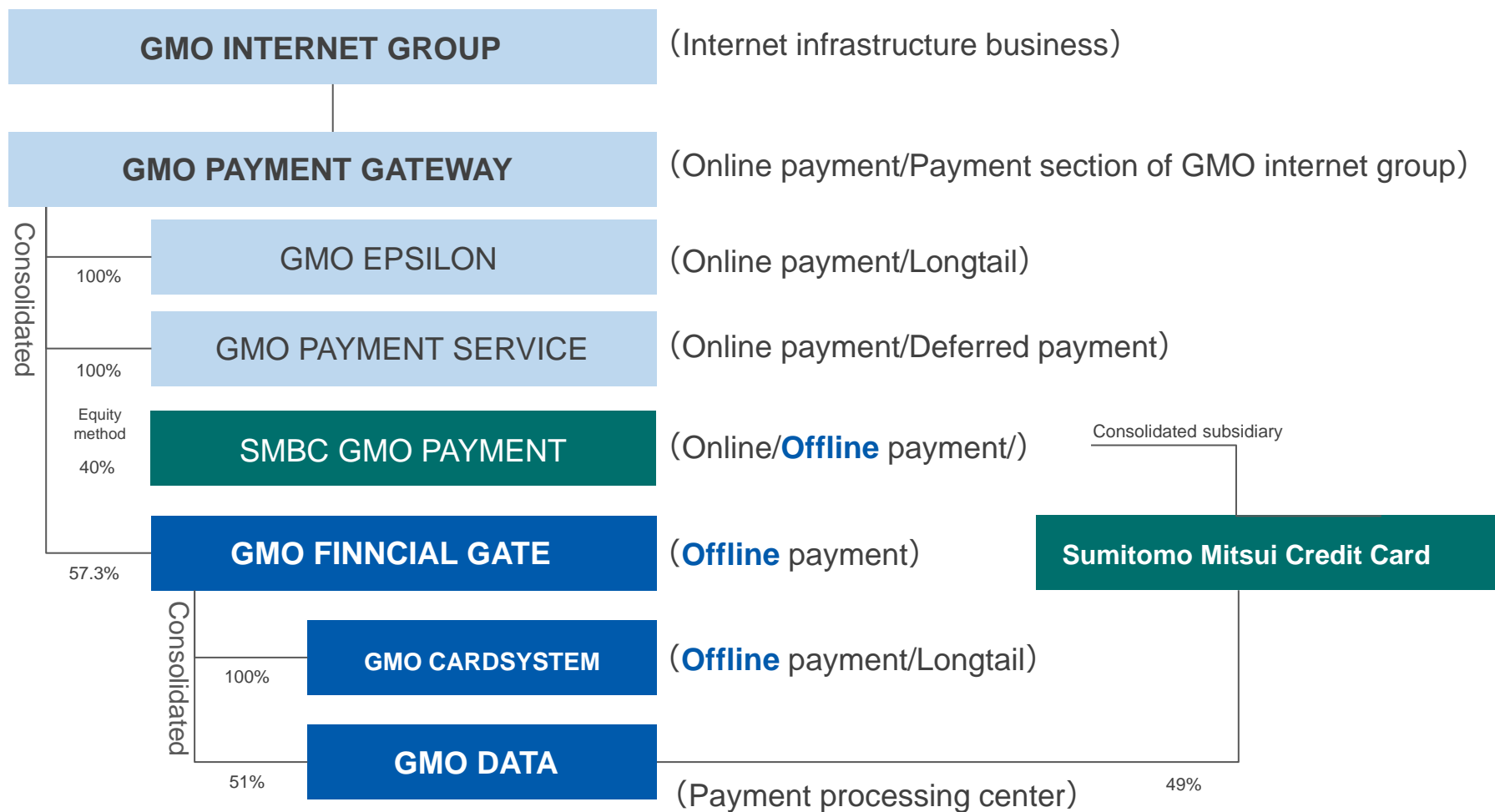


Full compliance with PCI DSS for services providing



Continued to obtain Privacy Mark certification

GMO-FG serves in offline face to face payment market as a consolidated subsidiary of GMO-PG



- Company GMO Financial Gate, Inc. (TSE Growth Ticker:4051)
- Foundation September 1999
- Address Humax Shibuya Building 7F, Shibuya Dogenzaka 1-14-6, Tokyo
- Stock Capital ¥1,618 Million
- Major Shareholder GMO Payment Gateway, Inc.
- Board Member Representative Director, President Kentaro Sugiyama
 Director, Chairman Akira Takano
 Director Akio Aoyama (Sales Division Executive Manager)
 Director Tomonaga Fukuda (System Division Executive Manager)
 Director Tatsuya Koide (GMO Payment Gateway, Inc. Chief Managing Executive Officer)
 External Director Nao Shimamura
 External Director Rie Asayama
 External Auditor Takayoshi Nagasawa
 External Auditor Satoru Ozawa
 Auditor Takashi Iinuma (CPA)
- Auditing Firm Ernst & Young ShinNihon LLC
- Subsidiary GMO CARD SYSTEM, Inc. shareholding ratio:100% 
 - GMO DATA, Inc. shareholding ratio: 51.0% (Mitsui Card Company, Limited:49.0%) 
- Business Cashless payment infrastructure service (credit card, debit card, e-money etc.)



Floor-Standing Model



Mobile Model



Embedded Model



POS Model

(As of November 15, 2022)

T h a n k y o u

GMO FINANCIAL GATE

GMO Financial Gate, Inc.
(TSE Growth 4051)

IRサイトURL <https://www.gmo-fg.com/ir/>