

# Financial Results Briefing for Q1 FY2022

## Key Message

[Steady expansion of Stock-model revenue due to an increase in the number of active terminals]

February 10, 2022

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

7th 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 February 10, 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

# Meeting agenda

1. Summary of financial Results for Q1 FY2022
2. Growth Strategy and Progress
3. Financial Highlights
4. Appendix

# 1. Summary of financial Results for Q1 FY2022

# 1.1 Q1 FY2022 Summary

Recorded steady progress towards full-year forecasts for both sales and profit.  
Terminal sales contributed to KPI expansion.

Quantitative comments

- **Q1 FY2022** **P6**

		Progress towards full year forecast:
- Revenue	<b>:¥2.14 billion(+ 66.5% YoY)</b>	<b>25.0%</b>
- Operating Profit	<b>:¥0.21 billion(+ 28.6% YoY)</b>	<b>28.5%</b>
- **Every type of revenue grew steadily** **P9**
  - Initial revenue **:¥1.45 billion(+ 70.0% YoY)**
  - Stock-Model revenue **:¥0.69 billion(+ 59.6% YoY)**
- **KPIs** **P16、 17**
  - No. of active terminals:**143.2K (+ 60.4K YoY, 1.7x growth YoY)**
  - TRX volume:**64.97 million(2.4x growth YoY), GMV:¥525.1 billion(2.3x growth YoY)**

Qualitative comments

- Post-COVID measures by accumulating the number of active terminals are successfully progressing  
⇒Thanks to the establishment of a sales-force structure and system preparation in the early stage of COVID
- Accumulated merchandise inventory in light of the supply status of terminals. Managed B/S appropriately
- Upgraded back-office functions and launched early payment services for merchants
- Developed transport-related payment business and steadily expanding the mobility domain
- Strengthened the service related to terminal-less payment (Tap to Phone/NFC tagging touch payments)

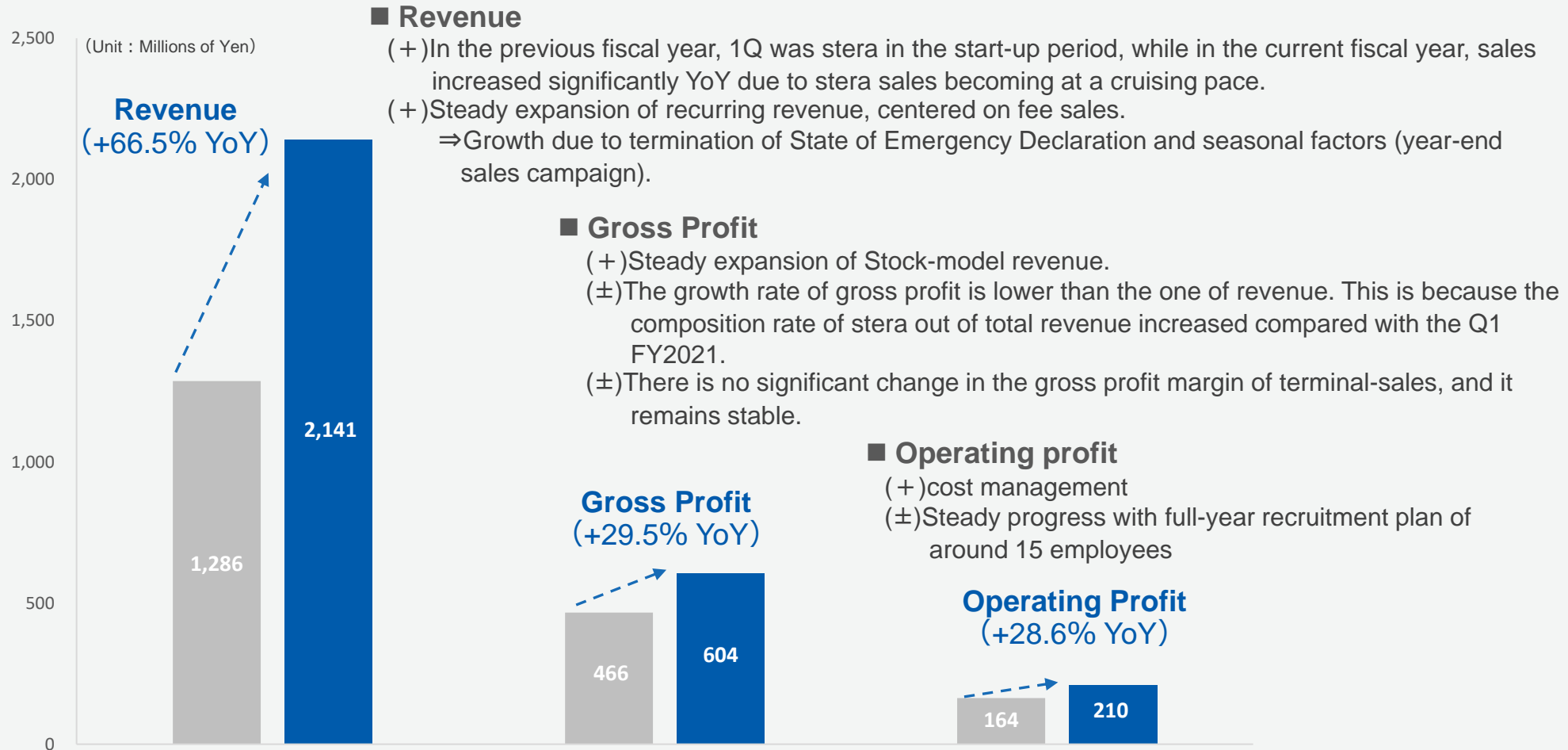
## 1.2 Summary of Financial Results

Steady progress toward guidance in both sales and profits. TRX volume and GMV grew significantly due to the expansion of the number of active terminals.

(Millions of yen)	Q1 FY2021	Q1 FY2022	YoY	Guidance FY2020 1 <sup>st</sup> half (Full-year)	Progress towards guidance
Revenue	1,286	2,141	+ 66.5%	4,052 (8,550)	52.8% (25.0%)
Gross profit	466	604	+ 29.5%	1,130 (2,421)	53.5% (24.9%)
Operating profit	164	210	+ 28.6%	359 (737)	58.5% (28.5%)
Profit attributable to owners of parent	110	139	+26.1%	226 (461)	61.5% (30.2%)
	No. of active terminal (As of Dec 2021)		TRX Volume (Q1 Only)		TRX Value (GMV) (Q1 Only)
KPIs (YoY)	143,194 (1.7x)		Approx. 64.9 million (2.4x)		Approx. ¥525 billion (2.2x)

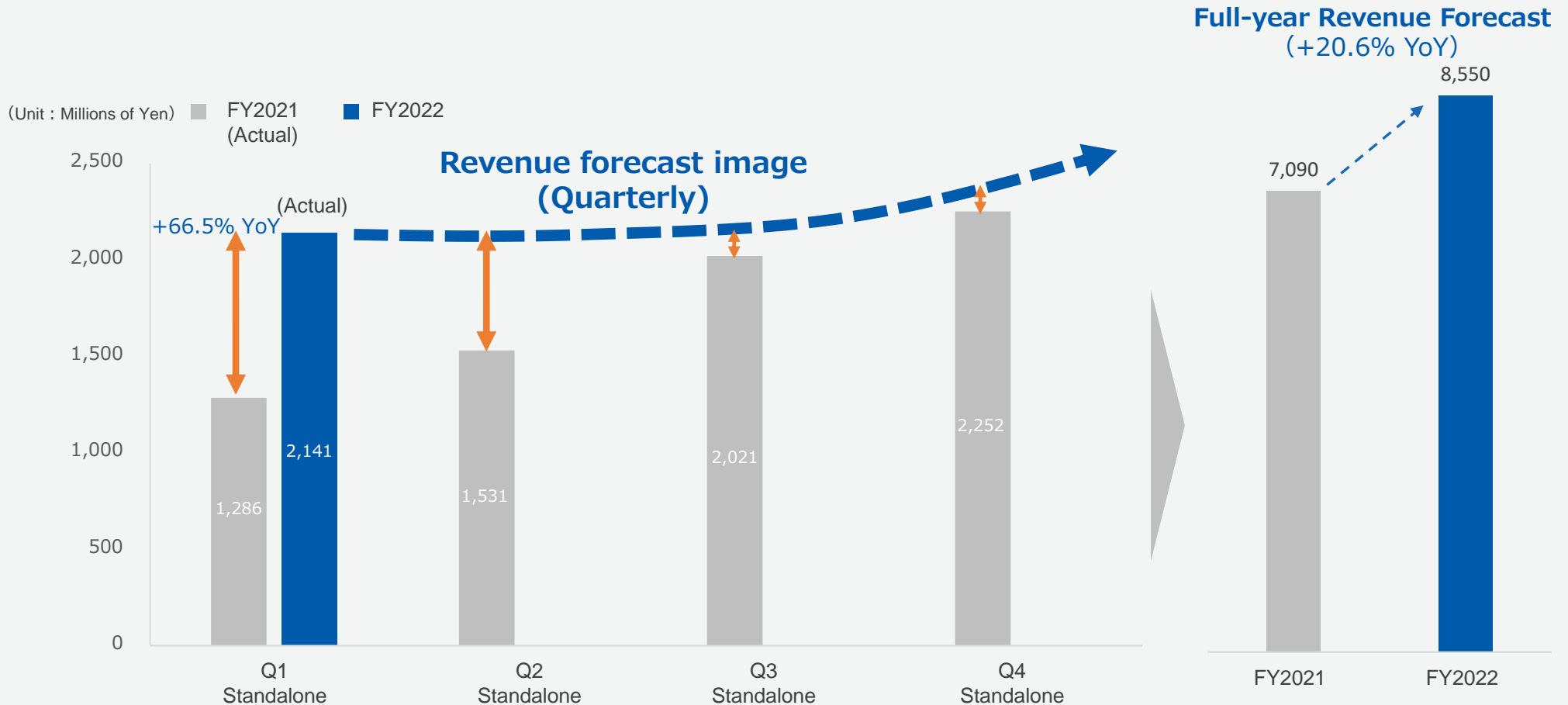
# 1.3 Major Topics Regarding Financial Results

Q1 for the previous fiscal year was low due to the start of stera, and initial sales drove growth. Steady growth in high-margin Stock-model revenue.



# 1.4 Revenue forecast FY2022 (Quarterly)

Due to the high percentage of sales accounted for by payment terminals, sales may rise or fall on a quarterly basis, but we assume well-balanced trends in line with forecasts.





## 1.5 Revenue by Business Model

Steady expansion of recurring revenue through continuous accumulation of active handsets.  
Balanced growth in both initial sales and recurring revenue.

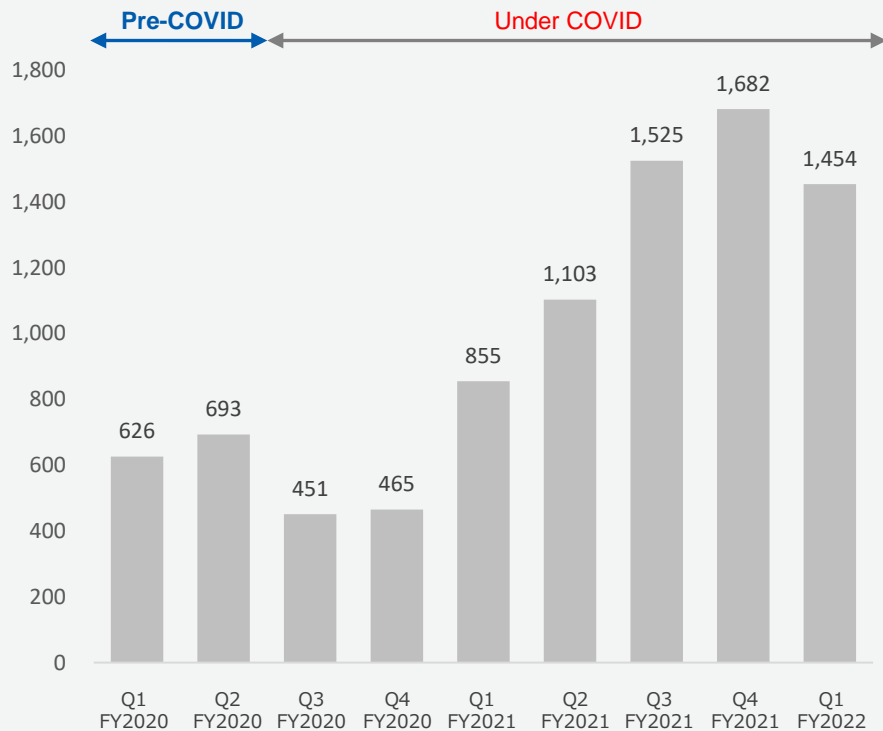
(Unit : Millions of Yen)	Q1 FY2021	%	Q1 FY2022	%	YoY
<b>Initial</b>	<b>855</b>	<b>66.5%</b>	<b>1,455</b>	<b>67.9%</b>	<b>+70.1%</b>
<b>Stock-model</b>	<b>430</b>	<b>33.4%</b>	<b>687</b>	<b>32.1%</b>	<b>+59.6%</b>
Stock	136	10.6%	<b>186</b>	8.7%	+37.0%
Fee	101	7.9%	<b>262</b>	12.2%	+157.8%
Spread	193	15.0%	<b>239</b>	11.2%	+23.9%
<b>Total Revenue</b>	<b>1,286</b>	<b>100.0%</b>	<b>2,141</b>	<b>100.0%</b>	<b>+66.5%</b>

# 1.7 Revenue by Business Model (Quarterly)

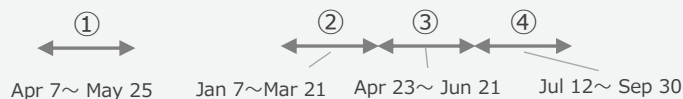
As a result of continuous efforts to sell and install payment terminals even in the aftermath of the COVID, Stock-mode revenue grew steadily. Steady progress in market share expansion strategy.

## Initial Revenue

(Unit : Millions of Yen)

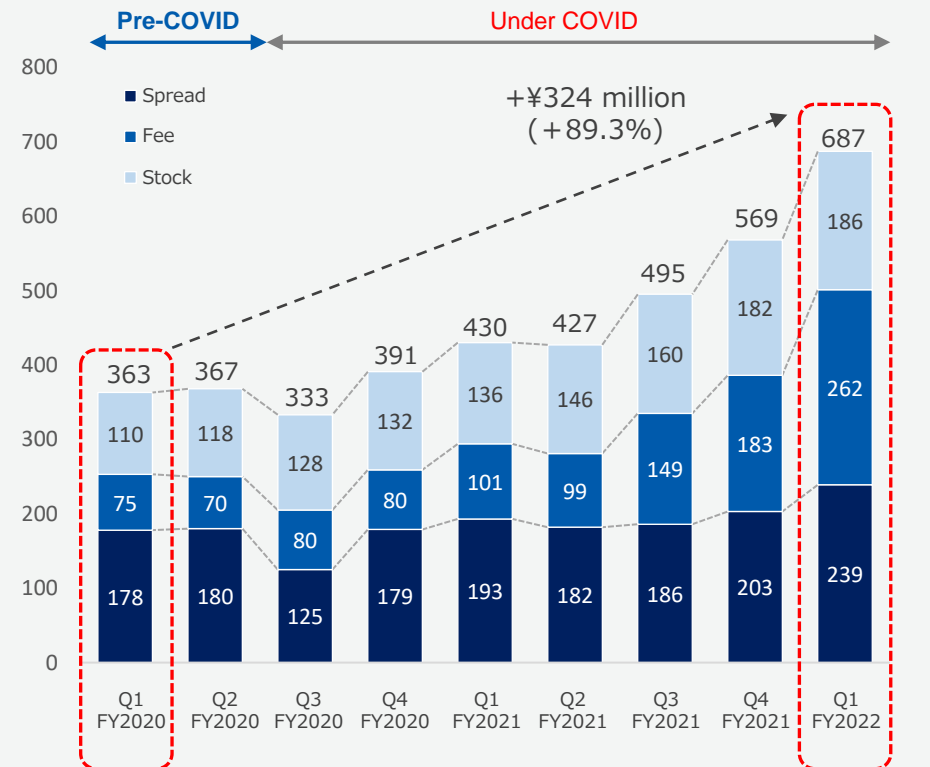


State of Emergency Declaration



## Stock-model Revenue

(Unit : Millions of Yen)

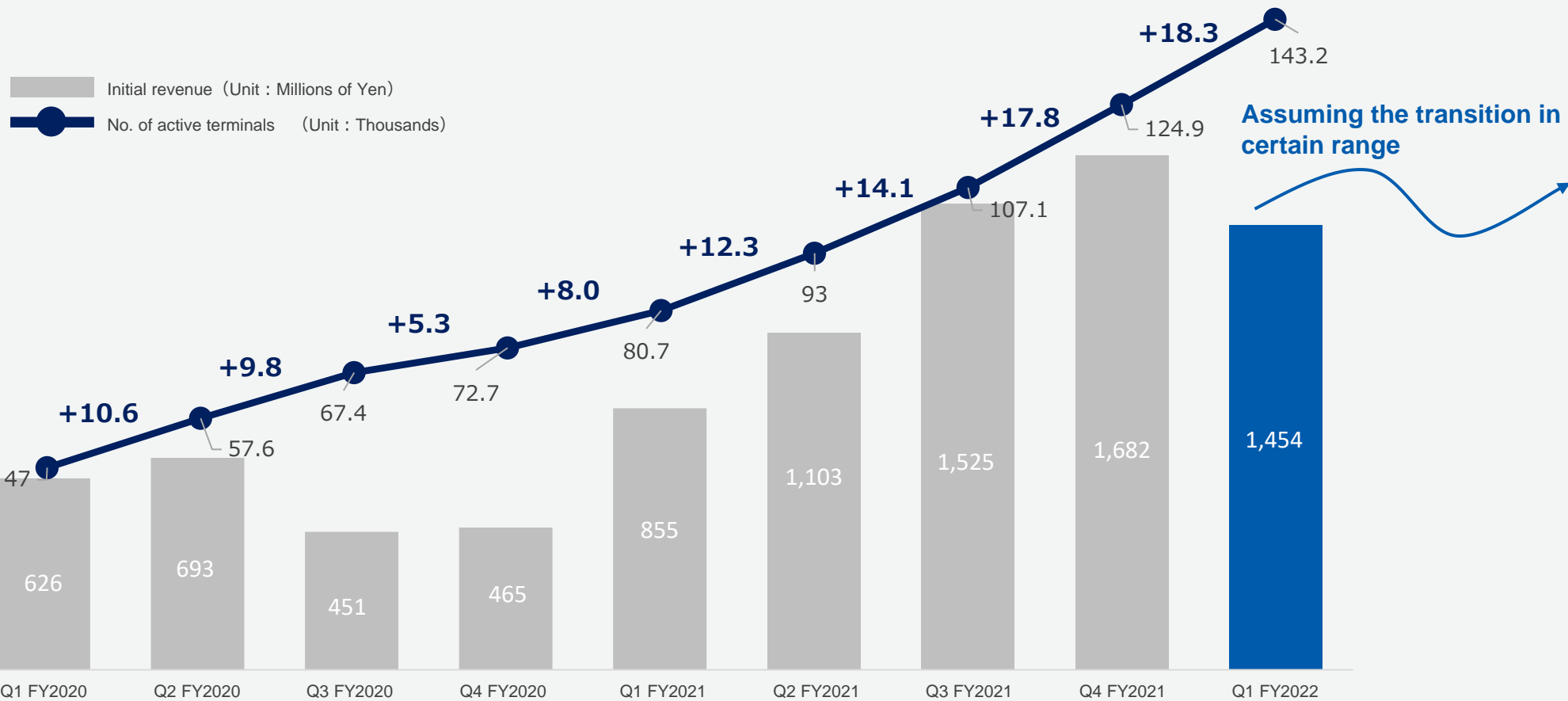


State of Emergency Declaration



# 1.8 Initial revenue and No. of active terminals (Quarterly)



Initial sales, centered on the sales of payment terminals, progressed as planned, and the number of active terminals increased steadily.

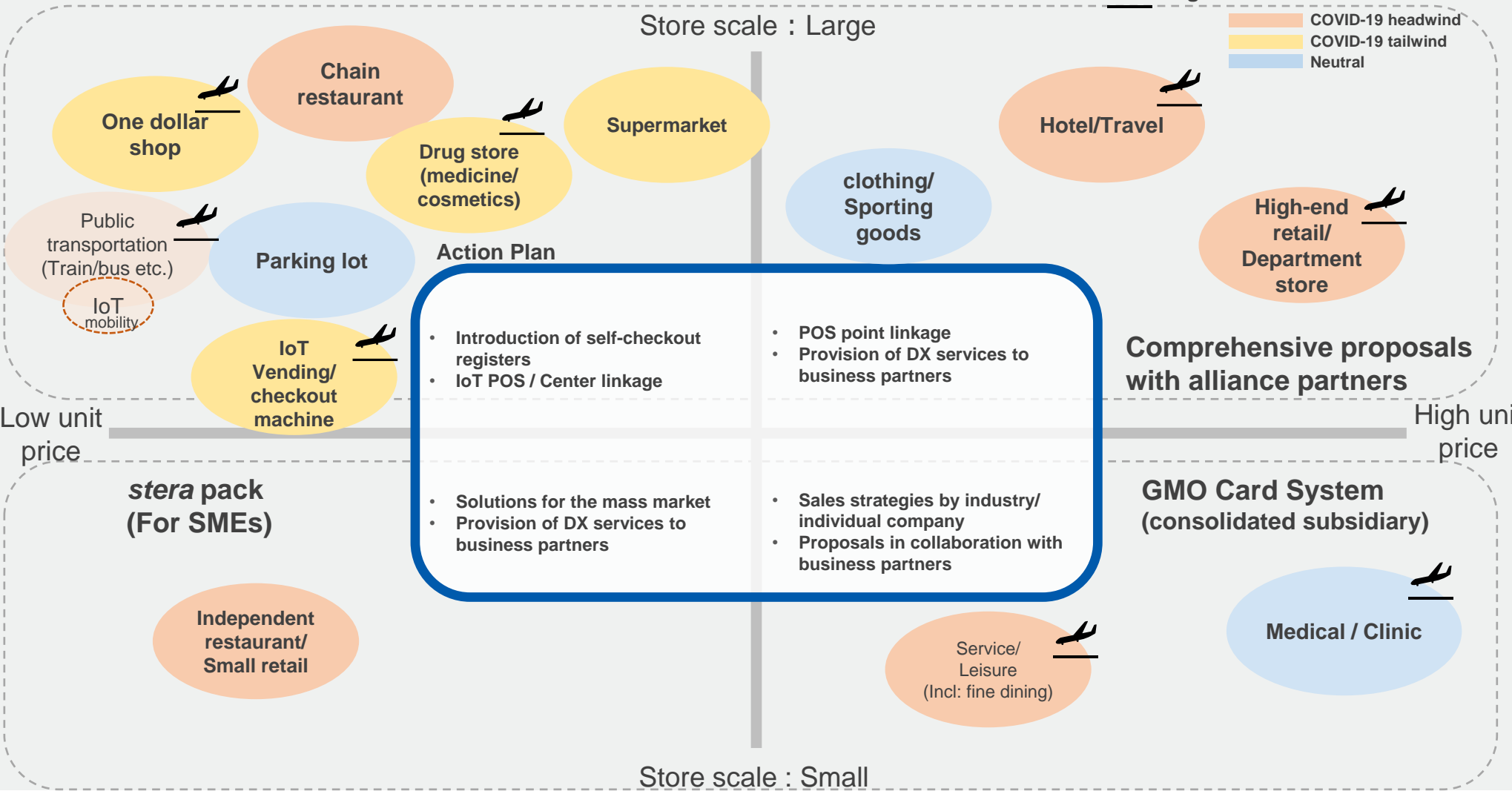


# 1.8 Merchant Industry

Preparing steadily for the recovery in domestic consumption and inbound demand in the post-COVID-19 economy. Acquire a well-balanced member merchant base across industries.

: High inbound tourism demand

 COVID-19 headwind  
 COVID-19 tailwind  
 Neutral



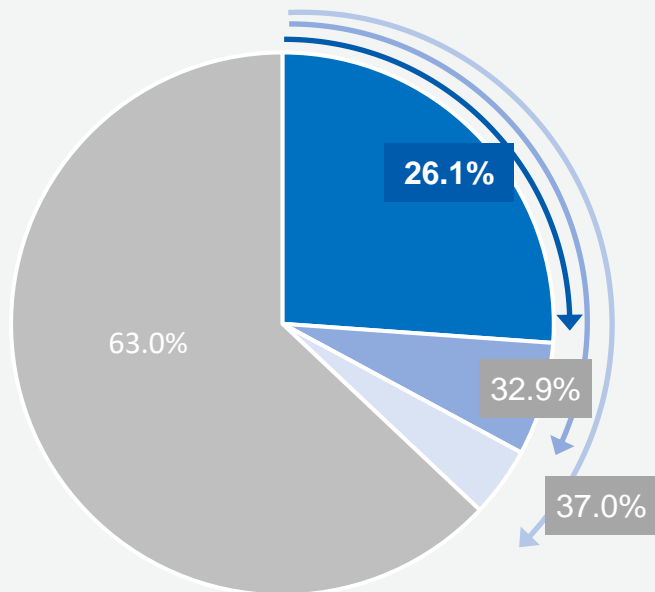
# 1.9 Percentage of top merchants out of total GMV

Building a well-balanced merchant portfolio without relying on top rankers through the acquiring of new merchants.

## ■ Composition rate of GMV top rankers

Dec 2020

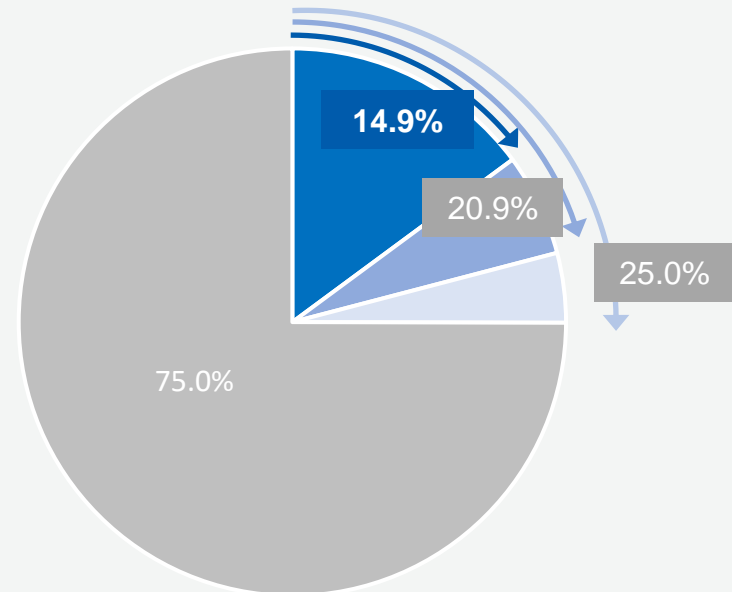
GMV : **¥84.6 billion**



■ Top 10 ■ Top 20 ■ Top 30 ■ Others

Dec 2021

GMV : **¥192.8 billion** (+127.9% YoY)



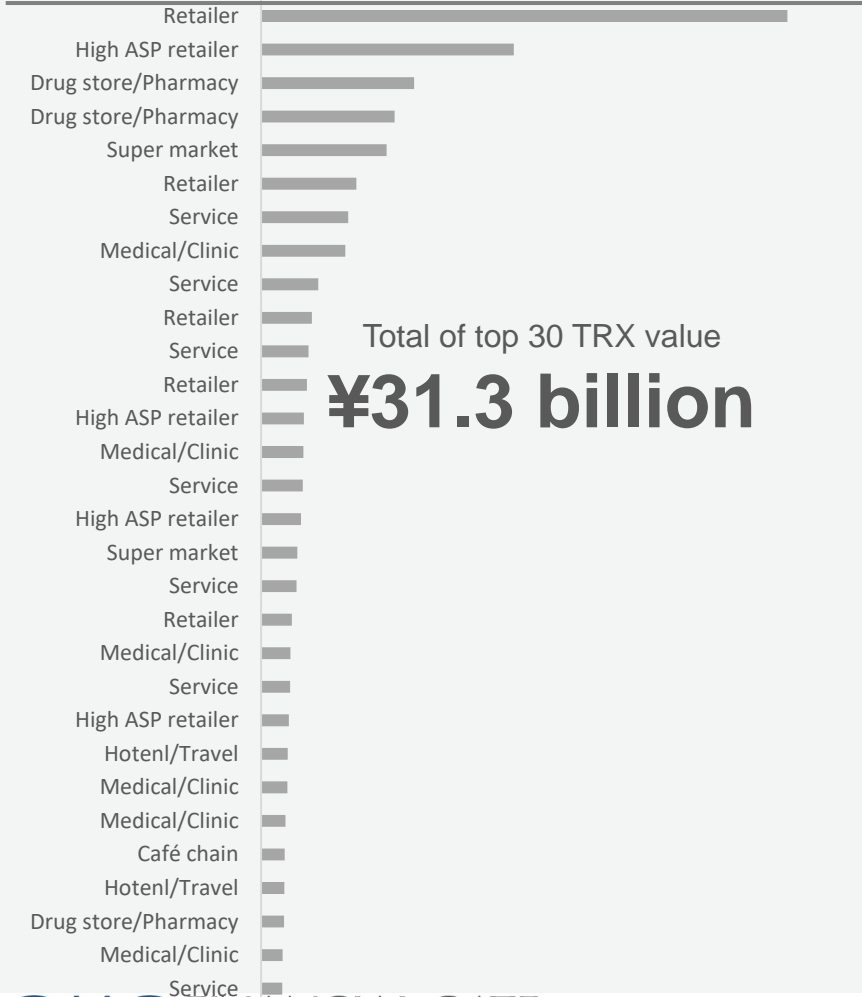
■ Top 10 ■ Top 20 ■ Top 30 ■ Others

# 1.10 Top ranked merchants (GMV basis)

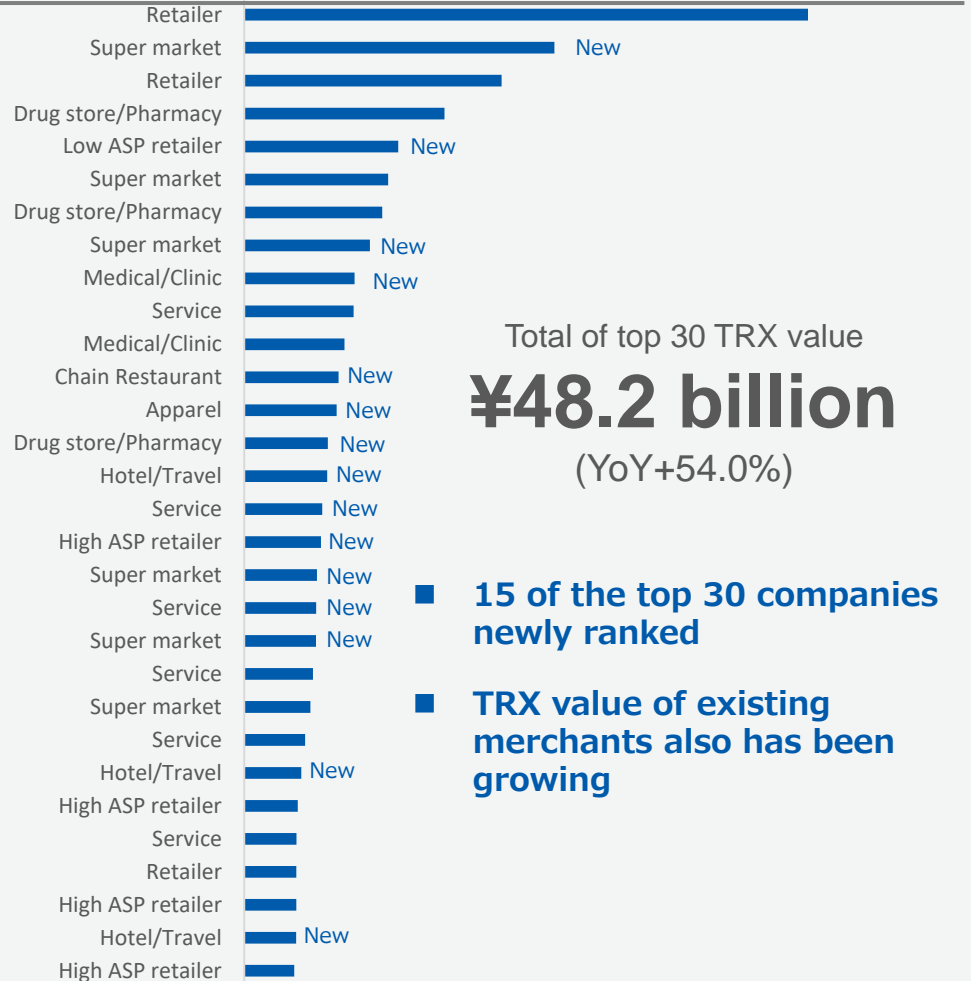
Aggressively acquired supermarkets, drug stores, etc., where stable payment volumes are expected even under COVID. Focused on restaurants, hotels/travel with an eye on post COVID

## ■ GMV Top 30

Dec 2020

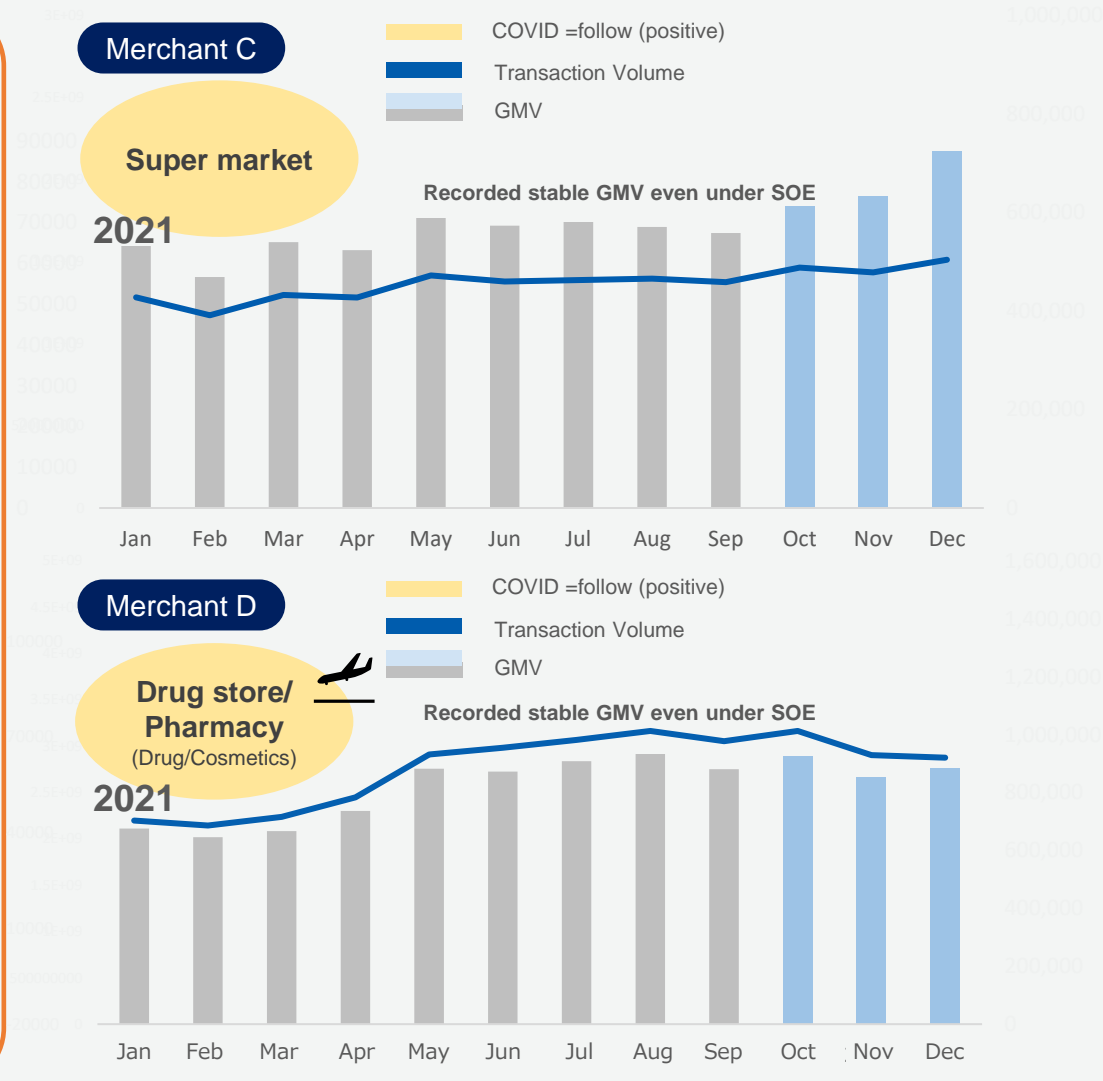
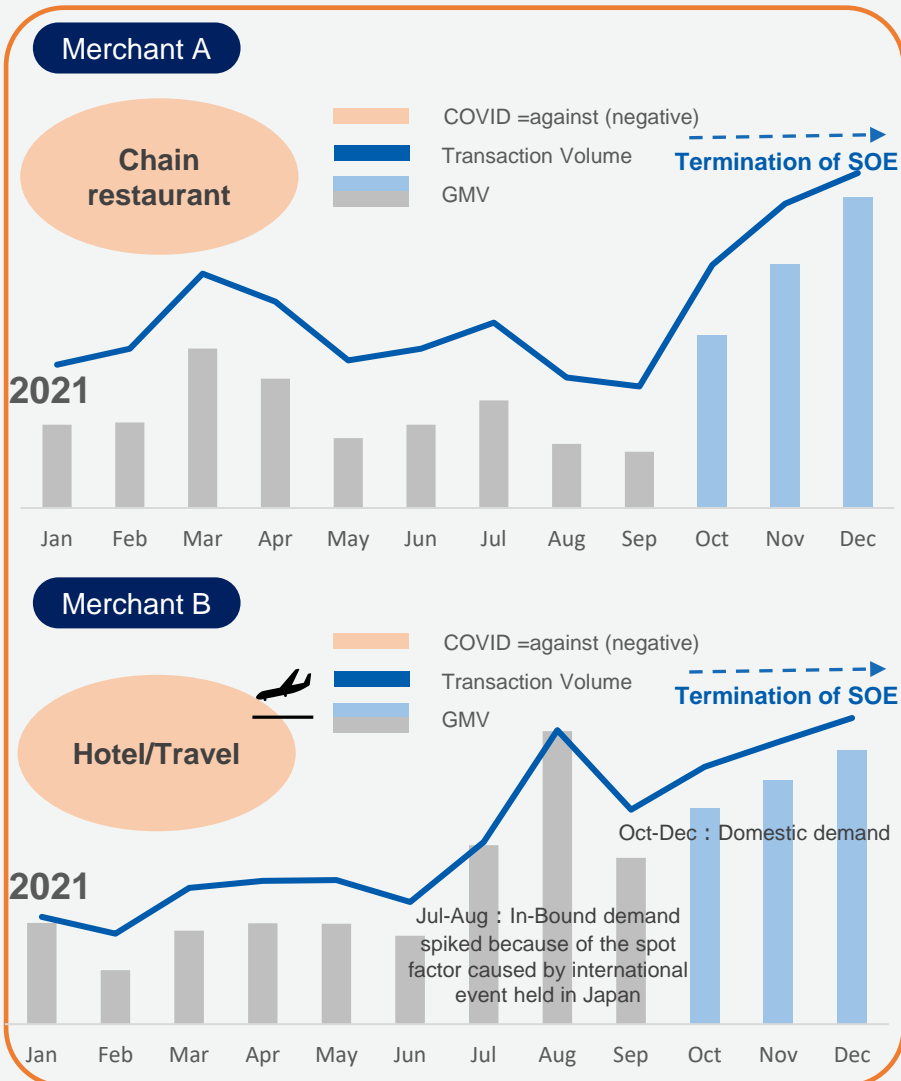


Dec 2021



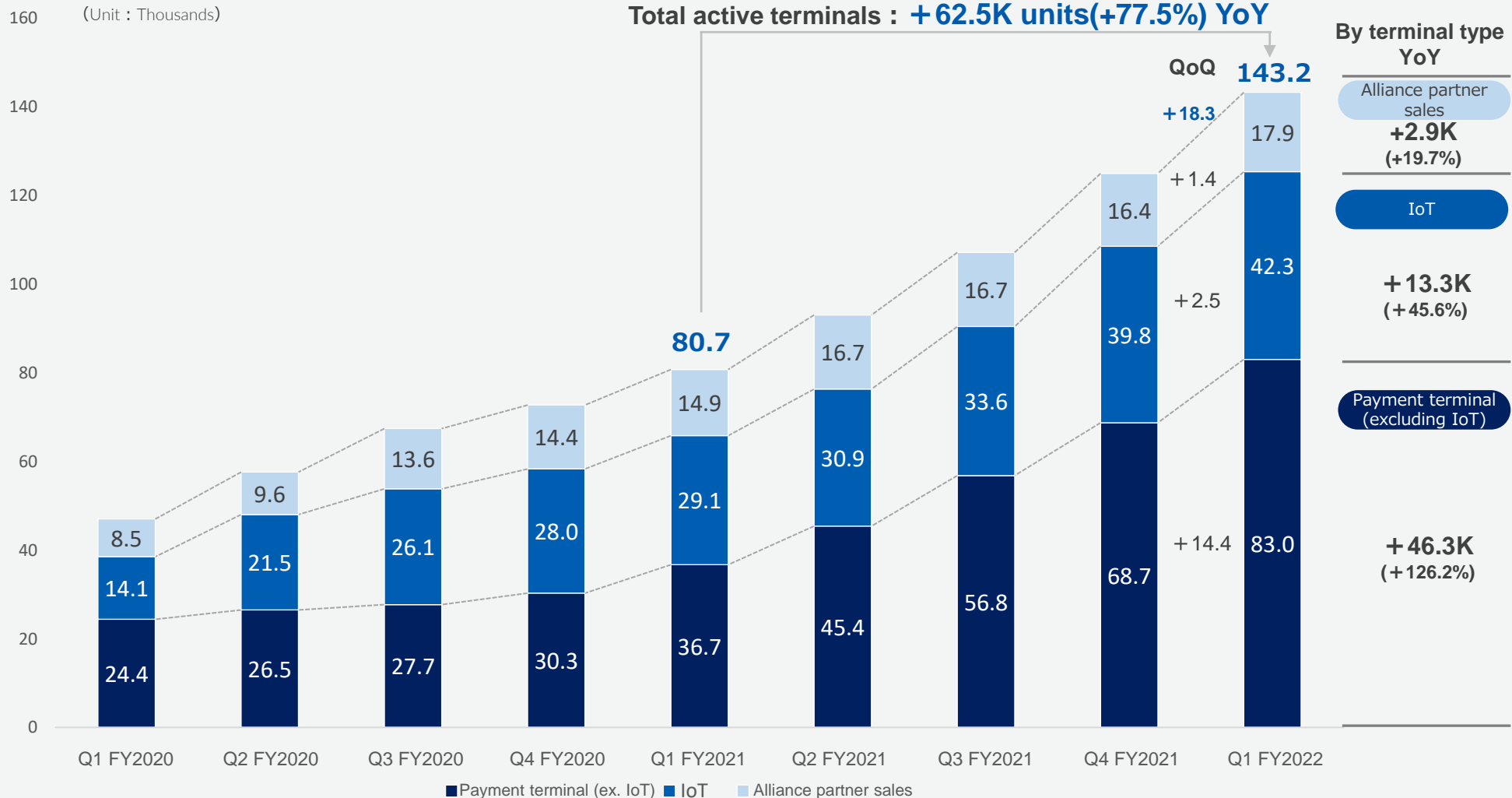
# 1.11 Transaction Trends by Industry (Q1)

KPIs expanded in Q1 due to recoveries in industries that had been affected by COVID. Successfully accumulated the number of active terminals which is a measure for Post COVID.



# 1.12 Consolidated KPIs (No. of Active Terminals)

Active terminals increased steadily, mainly in stera. IoT was driven by the activation in hotels and leisure facilities. The portion of “alliance partner sales” increased due to the seasonality, mainly coming from retailers which regularly record high GMV in November and December.



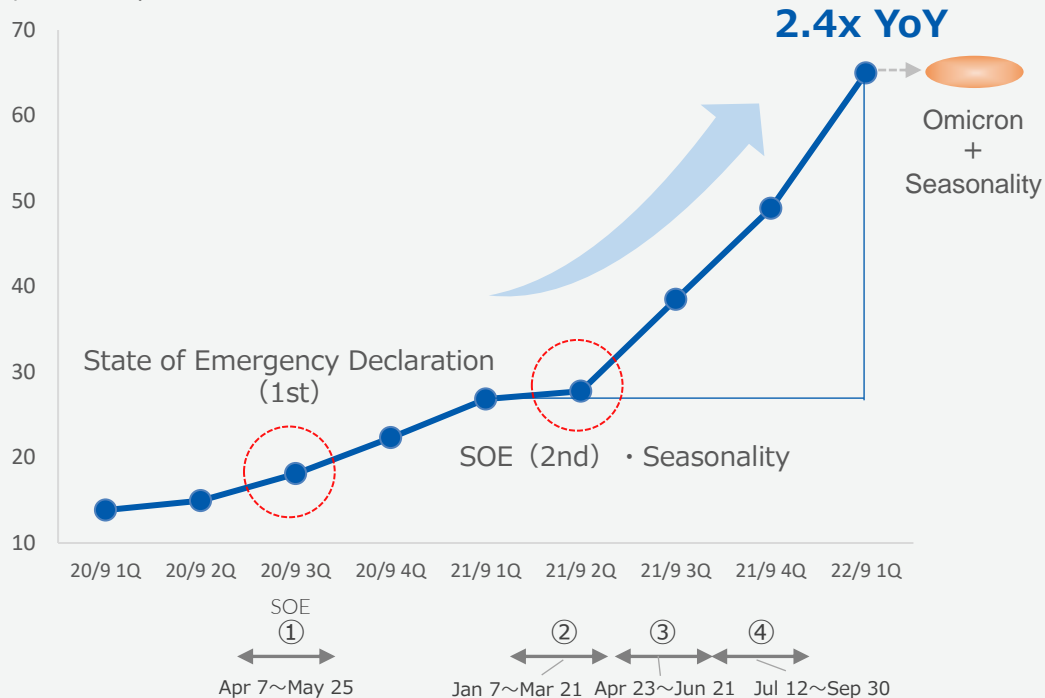


# 1.13 Consolidated KPIs (Quarterly TRX volume/GMV)

Continued to exceed our target of +50%YoY by acquiring merchants and providing payment terminals without bias toward business industries.

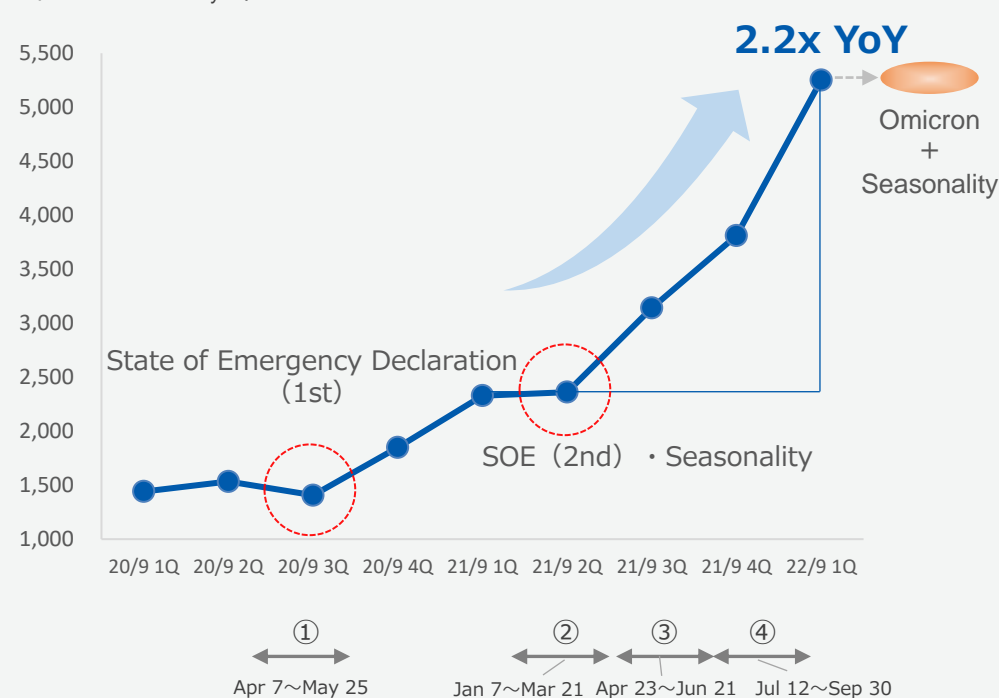
## Transaction Volume

(Unit : million)



## GMV

(Unit : 100 million yen)



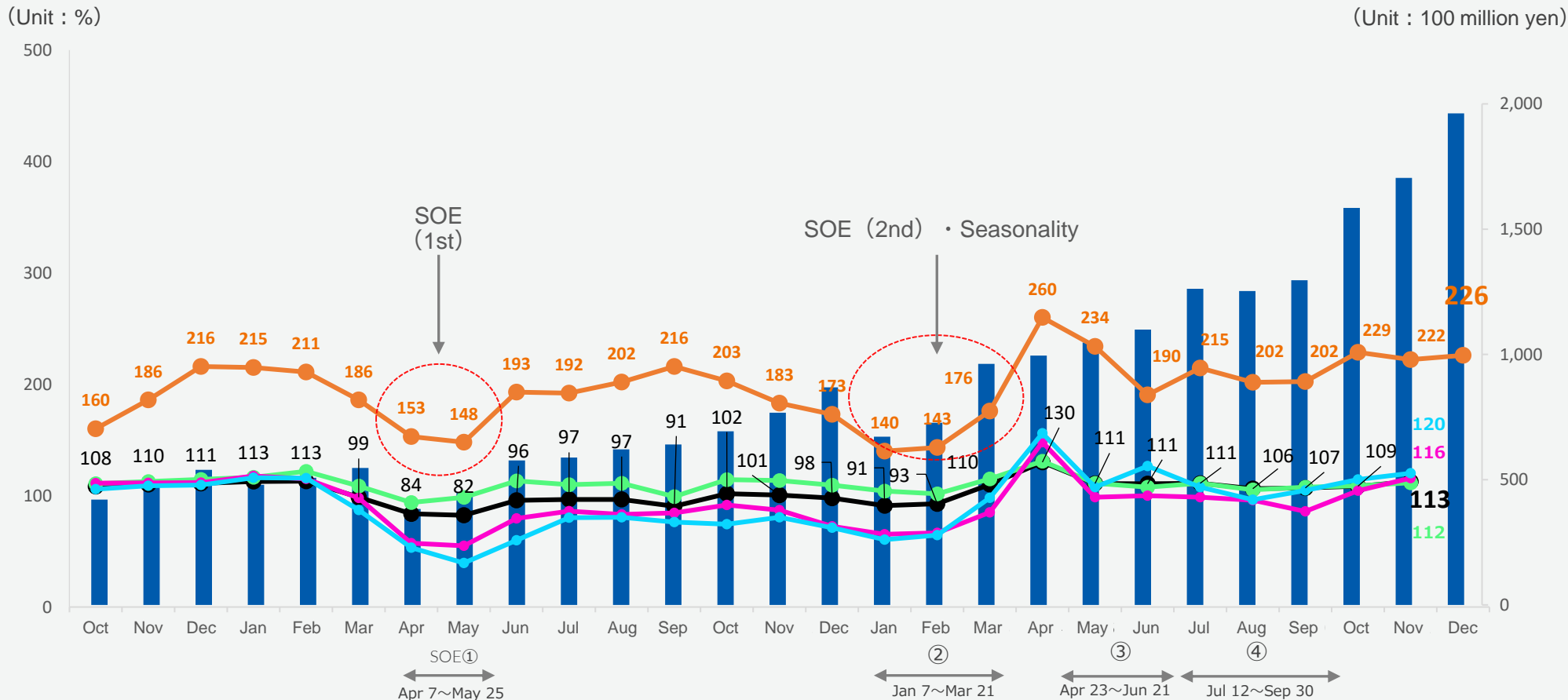
※In addition to the increase in the number of active terminals and the acquisition of merchants through the sale of payment terminals, the termination of the Emergency Declaration also provided a tailwind, and the transaction of our merchants grew significantly.

※Q2 is expected to trend at the same level as Q1 due to the COVID(Omicron) and seasonality.

# 1.14 Comparison with Market Growth

Credit card payment GMV increased more than 10% YoY in the overall market. Due to an increase in the number of terminals in operation, we remained above +120% YoY.

Left Axis : GMV YoY —●— GMO-FG —●— ALL —●— Other retailers —●— Restaurants —●— Hotel/Inns  
 Right Axis : GMV-FG Monthly GMV ■

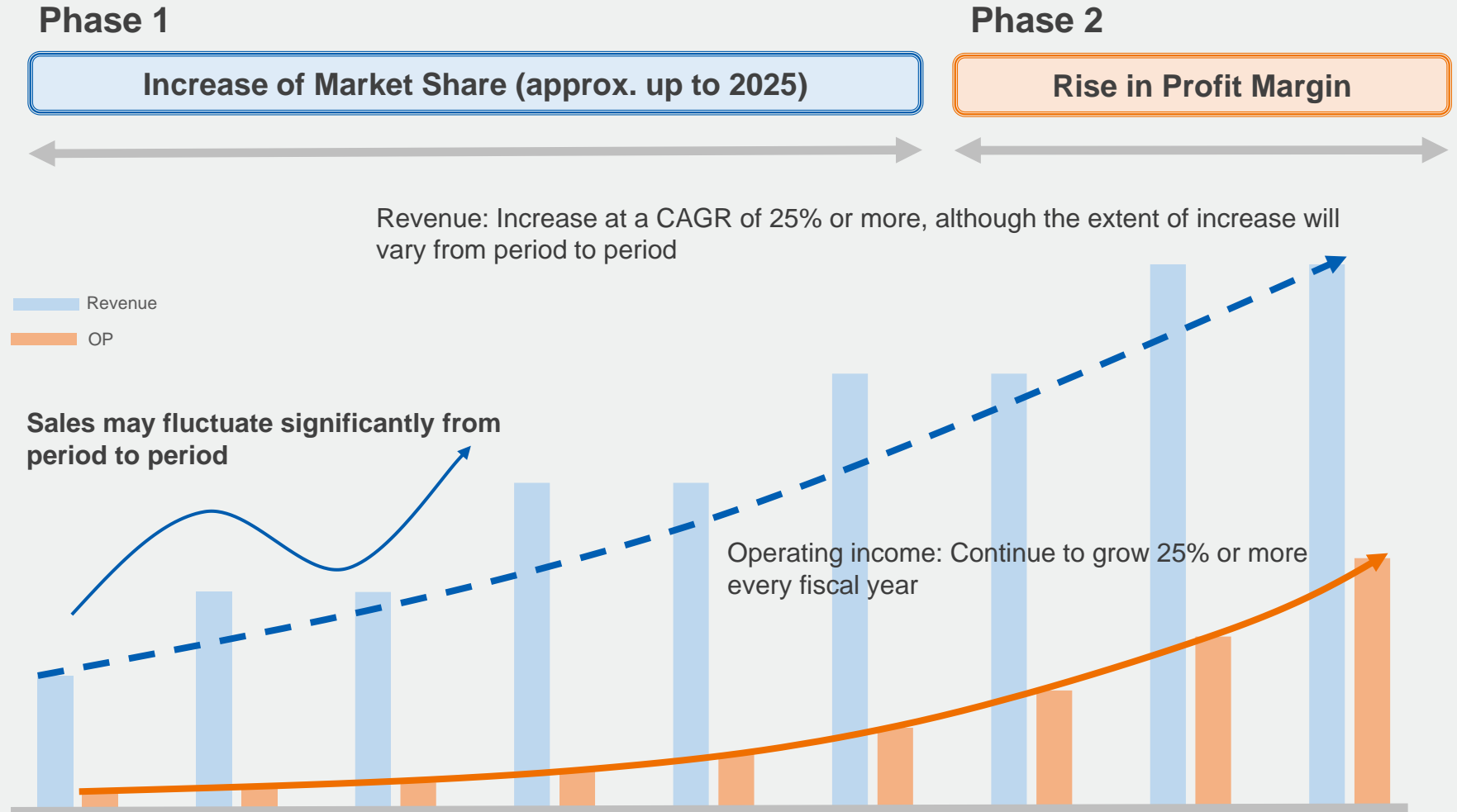


Source: Ministry of Economy, Trade and Industry

## 2. Growth Strategy and Progress

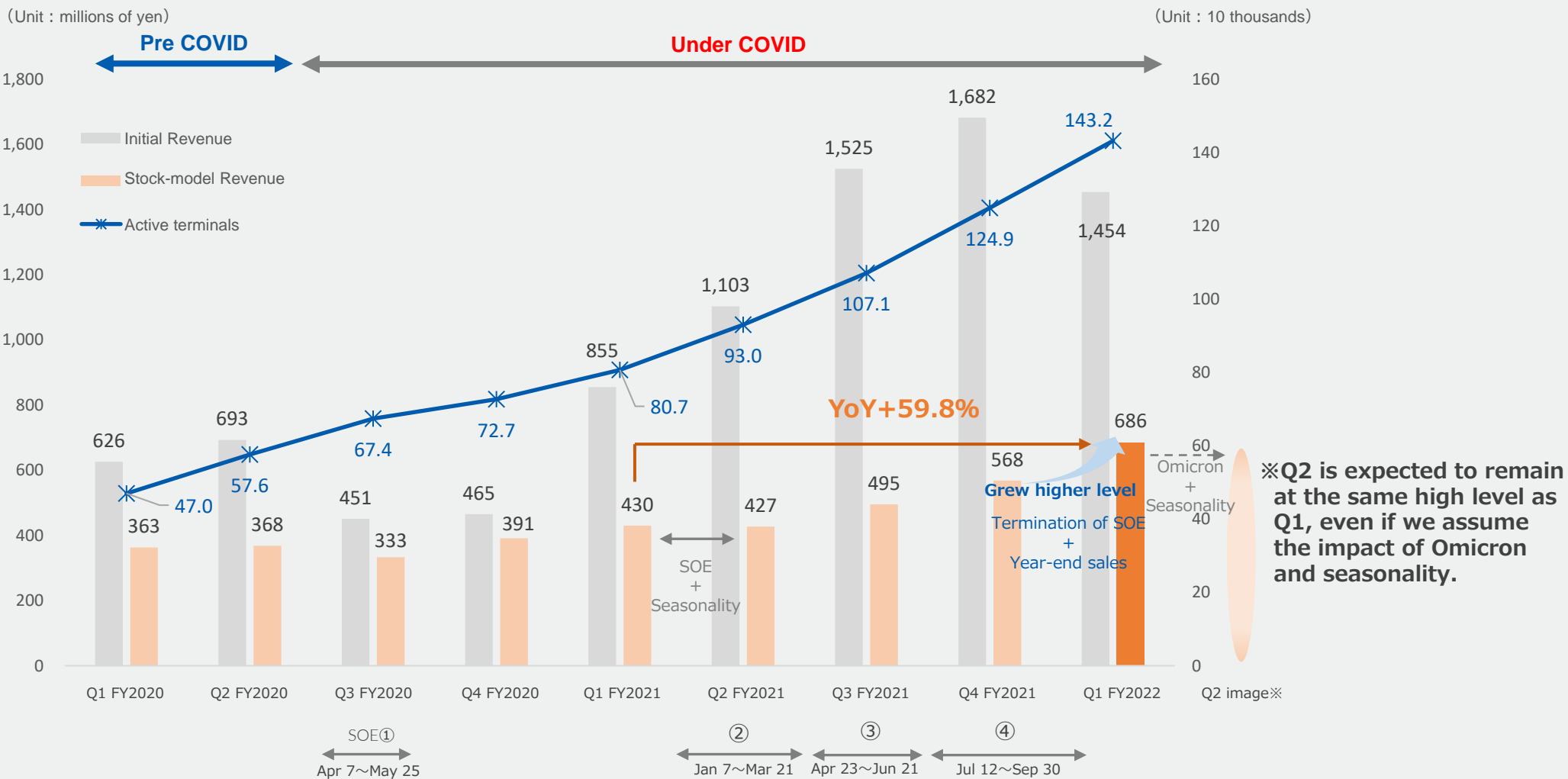
# 2.1 Image of rise in Rev & OP

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



## 2.2 Growth in stock-model rev. due to market share expansion

Continuously increased the number of terminals in operation. The termination of State of Emergency Declaration and the year-end sales campaign helped to boost stock-model revenue to an even higher level, exceeding our target of +25% YoY growth.



## 2.3 Progress of action plans for OP growth

Strategy to increase market share, starting with sales of payment terminals, is making steady progress towards the target. Various measures are making steady progress, and several mid- to long-term growth strategies are under consideration.

		FY2021 *Actual	FY2021 *Forecast	2024	2025	2035頃
Target	OP	¥0.59 billion	¥0.74 billion	Over ¥1 billion	¥1.5 billion	¥10 billion
	GMV	¥1.2 trillion	¥1.8 trillion		¥5 trillion	¥30 trillion

### ■ Growth strategies and progress (~2025)

- 1 Acquire multi-industry/high-growth enterprises by launching next-generation multi-payment terminals
  - Terminal sales steadily contributed to the increase in the number of active terminals.
  - Introduced and installed at a wide range of merchants regardless of industry or size.
  - New type of terminals such as A920 and A35 are scheduled to begin full-scale handling this fiscal year.
- 2 Expand IoT payments by supporting contactless (tap) and unattended payments
  - Increase in cases of mobility payment introduction in city areas.
  - Growth in IoT payments for hotels and leisure facilities due to the termination of SOE.
  - Began introduction of payment terminals to beverage vending machines on expressway service area.
  - Started cashless payment support at smart stores (began “Proof of Content” tests).
  - Preparing for terminal-less payments such as Tap to phone and NFC-tagging touch payment.
- 3 Acquire large accounts through expansion of alliances with QR, points, etc.
  - Steady Expansion of QR Settlement for Comprehensive Contracts in the IoT Domain (Vending Machines for Goods area).
  - Completed development of QR settlement for terminals scheduled to be delivered to major parking lot settlement machine manufacturers.
- 4 Increase added value by strengthening processing center functions
  - Started providing an improved version of the transaction data sharing service as planned.
  - Functional sophistication of back office (bill settlement operations, etc.) completed.  
⇒Started providing DX services to merchants (making billing operations web-based).
  - Supporting merchants' finances by starting to provide early payment services.

### ■ Mid- to long-term growth strategy (2025~)

- ① Maintain a growth curve of 25% or more by diversifying alliance strategies (payment methods, additional functions, customer acquisition routes)
- ② Expand stock-model revenue by providing FinTech/money services
- ③ Expand profit points through the use of IoT data
  - Ongoing preparation for continued growth

## 2.4 Payment terminals(excluding IoT)-Progress status

The sales momentum of payment terminals continues, and the number of active terminals continues to expand. Accumulate forecasts without bias toward industry and scale.

### ■ No. of active terminals \* Payment terminals (excluding IoT)

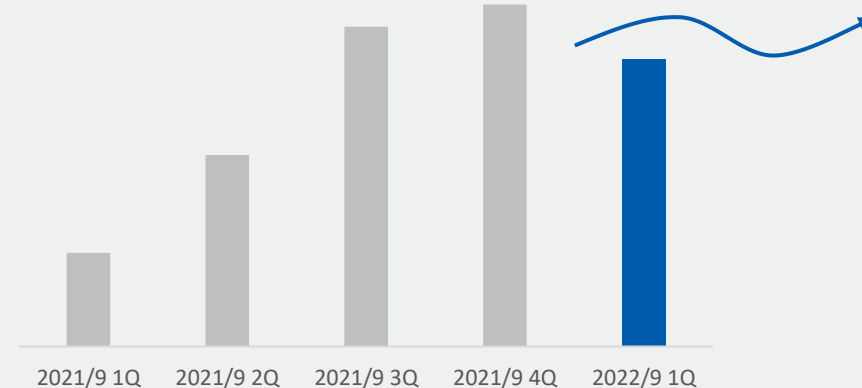
(Unit : Thousand)	FY2020 End of Q4	FY2021 End of Q1	FY2021 End of Q2	FY2021 End of Q3	FY2021 End of Q4	FY2022 End of Q1	QoQ (%)	YoY (%)
Payment Terminals (excluding IoT)	30.3	36.7	45.4	56.8	68.7	83.0	+14.4 (+20.8%)	+46.3 (+126.2%)
		+6.4	+8.7	+11.4	+11.8	+14.4		

### ■ Sales forecast of major merchants

Industry
Merchant A Drug store/Pharmacy
Merchant B Restaurant chain
Merchant C Drug store/Pharmacy
Merchant D Sports goods
Merchant E Apparel
Accumulating back log



Assumed to be shifted within a certain level

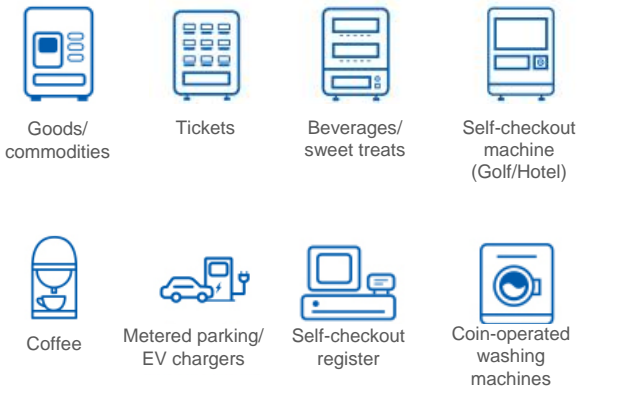


# 2.5 IoT/Unattended Market Growth

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.

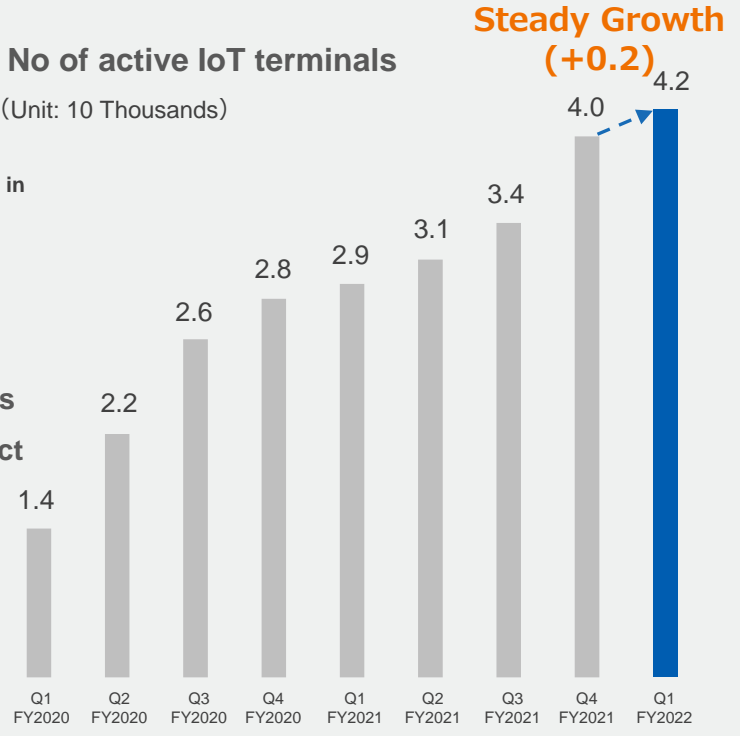
Unattended Market

4.5 million



- 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

■ No of active IoT terminals (Unit: 10 Thousands)



Offline Market

4 million

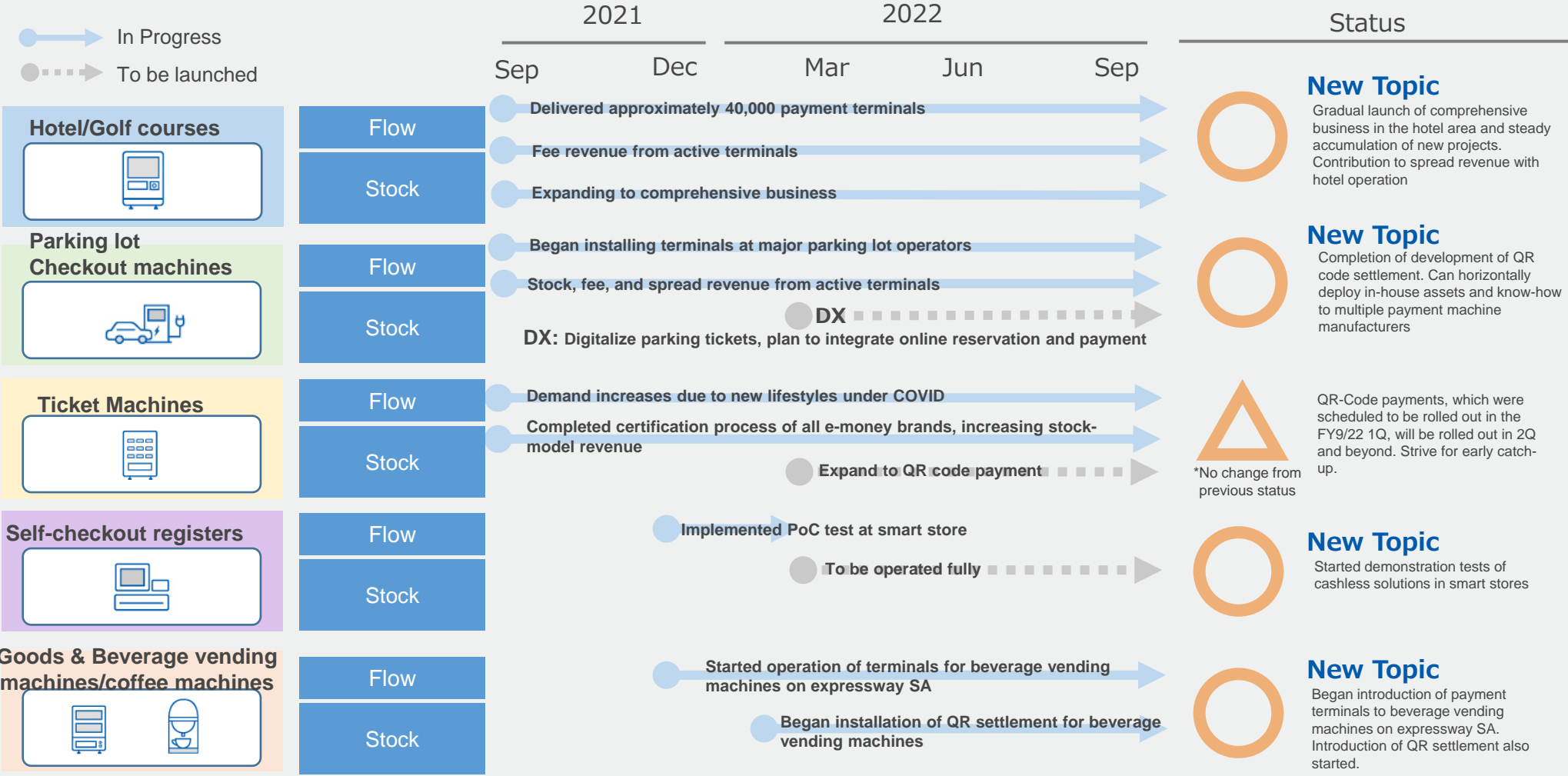


Source: The Japan Vending System Manufacturers Association, Japan Ministry of Health Labor and Welfare, Yano Research Institute Ltd.



# 2.6 Progress of IoT Payment Business

Started PoC(proof of concept) test of cashless solutions in smart stores. Introduction of payment terminals to goods and beverage vending machines has progressed, contributing to initial and recurring revenue.



## 2.7 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~

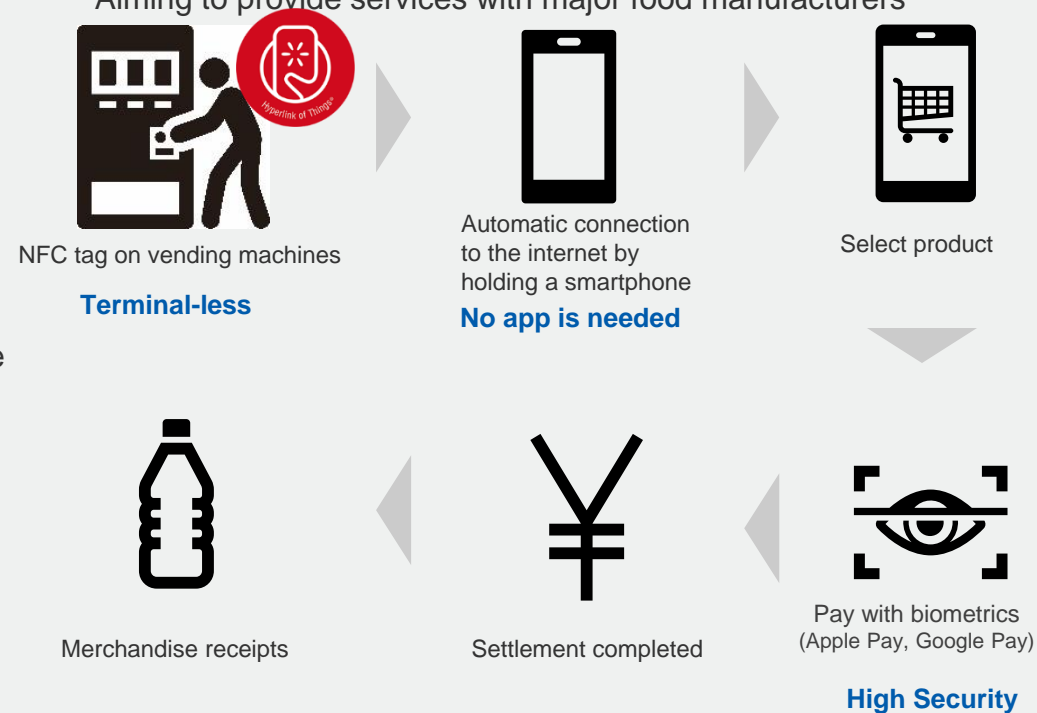
Launched handset-less NFC-touch payment service with Soft Space



#### 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.

## 3. Financial Highlights

## 3.1 Profit & Loss

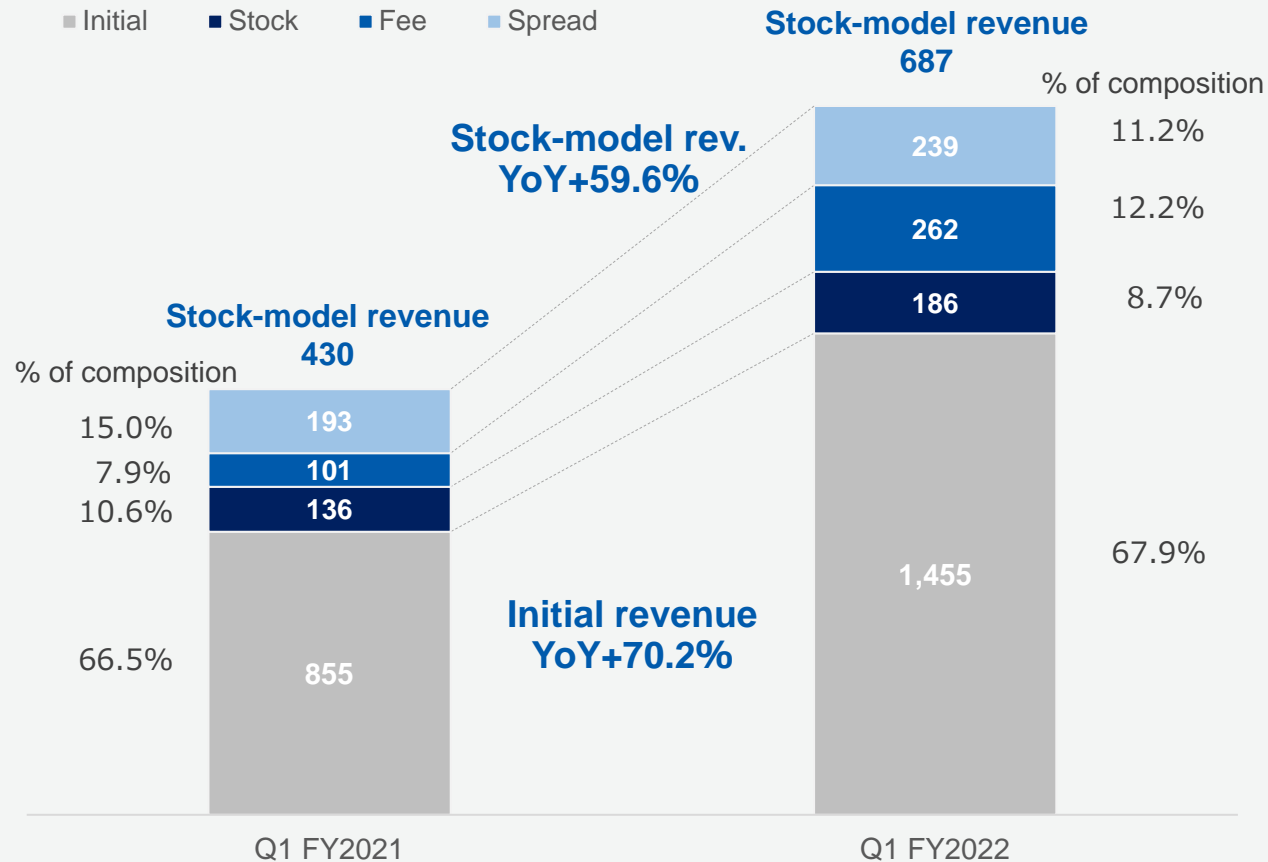
Sales rose sharply as handset sales, particularly in stera, progressed. Despite an increase in cost of sales, SG&A expenses were steadily managed to meet the higher level of gross profit, and operating income was in line with forecasts.

(Unit : Thousands)	FY2021 Q1 (actual)	FY2022 Q1 (actual)	YoY
Revenue	1,285,793	2,141,482	+66.5%
COGS	819,605	1,537,613	+87.6%
Gross Profit	466,187	603,869	+29.5%
SG&A	302,684	393,574	+30.0%
Operation Profit	163,502	210,295	+28.6%
Ordinary Profit	163,539	210,360	+28.6%
Profit attributable to owners of parent	110,204	138,957	+26.1%

## 3.2 Revenue by business model (YoY)

Stock-model revenue grew +59.6% YoY, driven by fees.

(Unit : Millions of yen)



### 3.3 Revenue by business model (Quarterly)

Initial revenue decreased QoQ, but recurring revenue continued to trend upward due to expansion in the number of active terminals and the number and value of payment processing transactions.

(Millions of yen)	SOE① 4/7~5/25				② 1/7~3/21		③ 4/23~6/21		④ 7/12~9/30	
	Q1 FY2020	Q2 FY2020	Q3 FY2020	Q4 FY2020	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	Q1 FY2022	
Initial	626	693	451	465	855	1,103	1,525	1,682	1,455	
		Recorded advances terminal sales		Launched stera						
Stock-model	363	367	333	391	430	427	495	569	687	
Stock	110	118	128	132	136	146	160	182	186	
Fee	75	70	80	80	101	99	149	183	262	
Spread	178	180	125	179	193	182	186	203	239	
			SOE							
Total	990	1,061	784	856	1,286	1,531	2,020	2,252	2,141	

## 3.4 Balance Sheet

Ensured terminal inventory to a safe level in light of semiconductor supply conditions. In addition, cash and cash equivalents decreased due to the shortening of the deposit cycle to merchants.

Q1 FY2022 (Thousands of yen)

Cash & Cash equivalents (24.2%) 1,425,249	Current liabilities 1,538,473
Commodities 2,176,765	Non-current liabilities 36,628
Other current assets 868,323	Total equity (73.2%) 4,304,346
Non-current assets 1,409,111	
<b>Asset</b>	<b>Debt</b>

### ■ Points

- Products increased by ¥561,919K due to securing inventory of terminals to a safe level in light of semiconductor supply conditions.
- In addition to the above, cash and cash equivalents decreased by ¥2,008,370K due to the shortening of the deposit cycle to merchants for the purpose of securing a competitive advantage and dividend payments.

## 3.5 Consolidated KPIs (No. of Active Terminals)

Terminals (excluding IoT) drove growth. Alliance partner sales grew in line with the October-December settlement expansion season

(Unit: Thousand)	FY2020 Q3	FY2020 Q4	FY2021 Q1	FY2021 Q2	FY2021 Q3	FY2021 Q4	FY2022 Q1	QoQ (%)	YoY (%)
<b>Payment terminal (excluding IoT)</b>	27.7	30.3	36.7	45.4	56.8	68.7	83.0	+14.4 (+20.8%)	+46.3 (+126.2%)
<b>IoT</b>	26.1	28.0	29.1	30.9	33.6	39.8	42.3	+2.5 (+6.3%)	+13.2 (+45.4%)
<b>Alliance partner sales</b>	13.6	14.4	14.9	16.7	16.7	16.4	17.9	+1.4 (+9.1%)	+3.0 (+20.1%)
<b>Total</b>	67.3	72.7	80.7	93.1	107.2	124.9	143.2	+18.3 (+14.7%)	+62.5 (+77.4%)



## 4. Appendix

# GMO-FG Business Domain

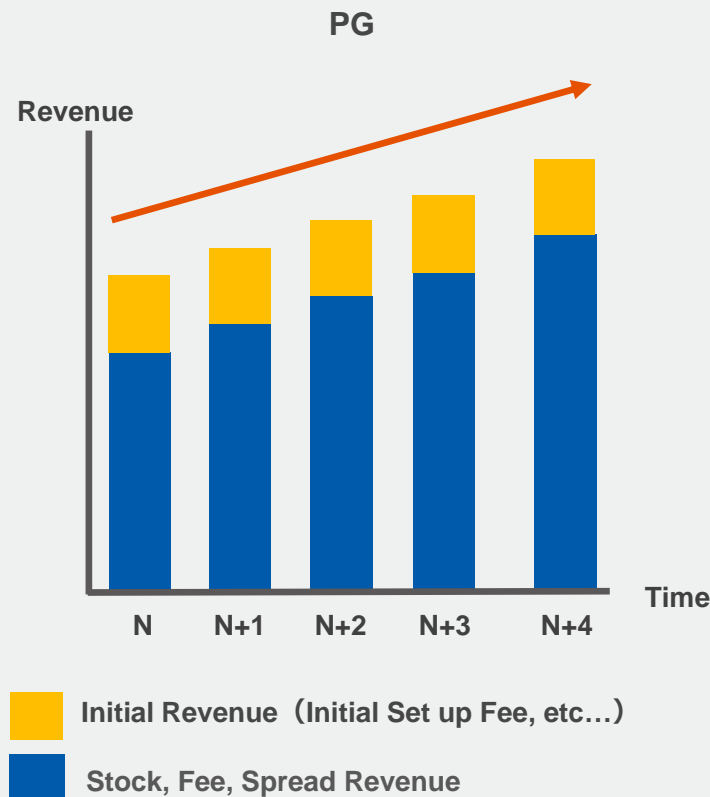
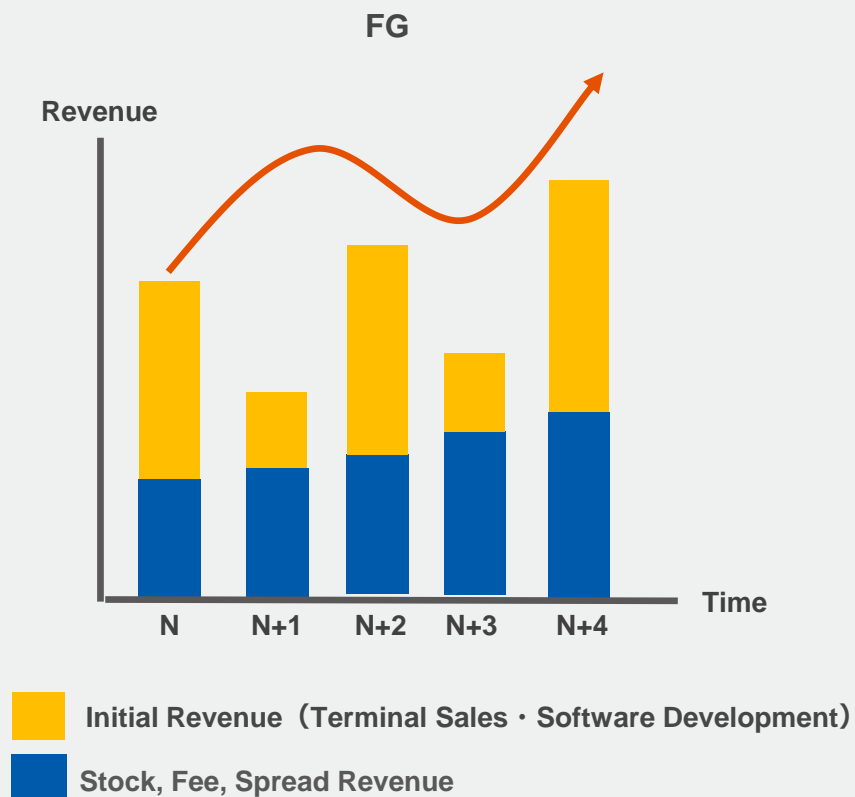
GMO-FG is focusing on offline payment.

Company name	GMO FINANCIAL GATE	GMO PAYMENT GATEWAY
Business Domain	GMO Financial Gate (Payment at Brick & Mortar + IoT)	GMO Payment Gateway (EC)
Payment method	<p>Payment by passing card/QR code over the reader</p> 	<p>Payment by entering credit card information in PC / mobile phone</p> 
Medium	Payment terminal	EC (terminal is unnecessary)

- Physical hardware network
- Proprietary programming code specifications
- Regulation

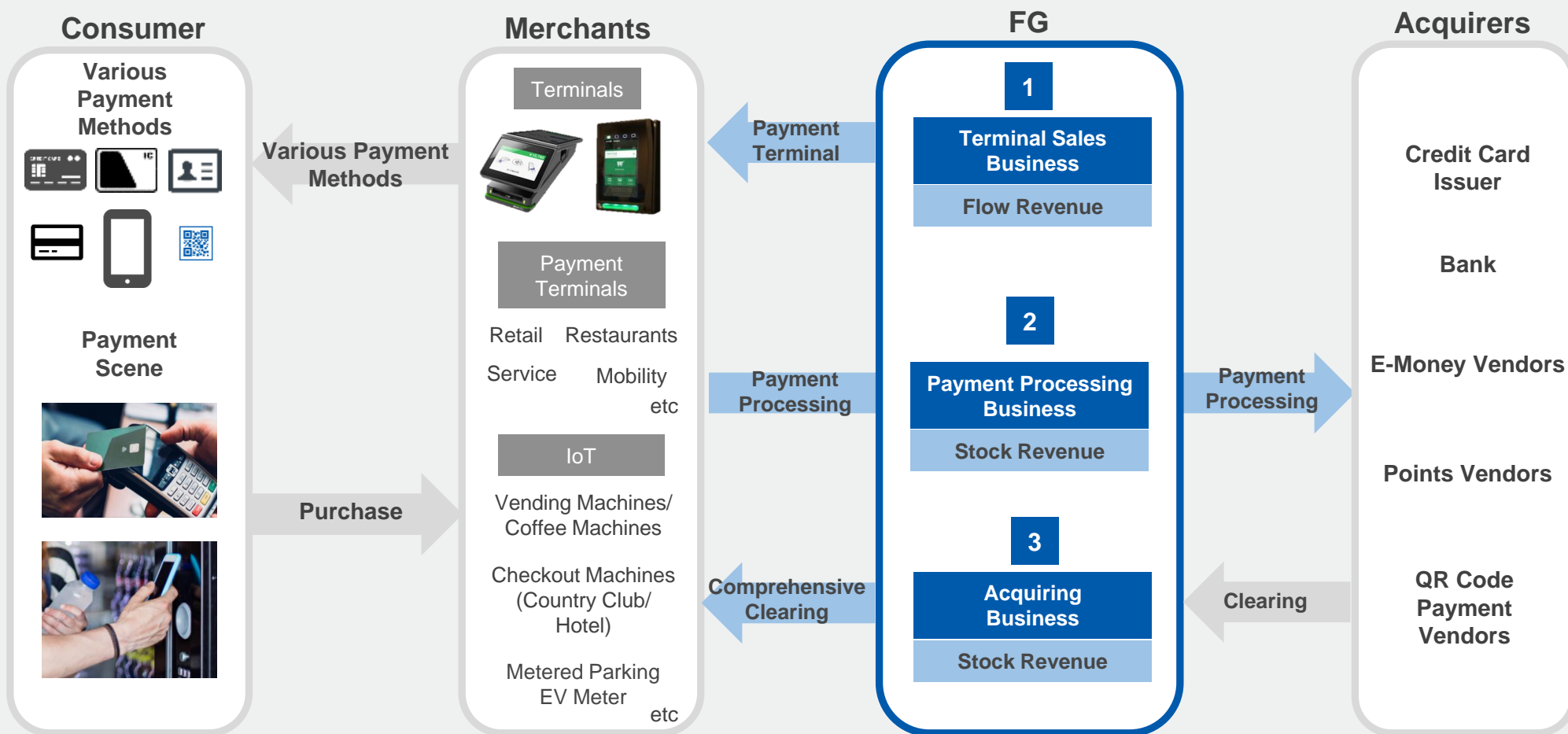
# Rev Models: Financial Gate vs. Payment Gateway

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.



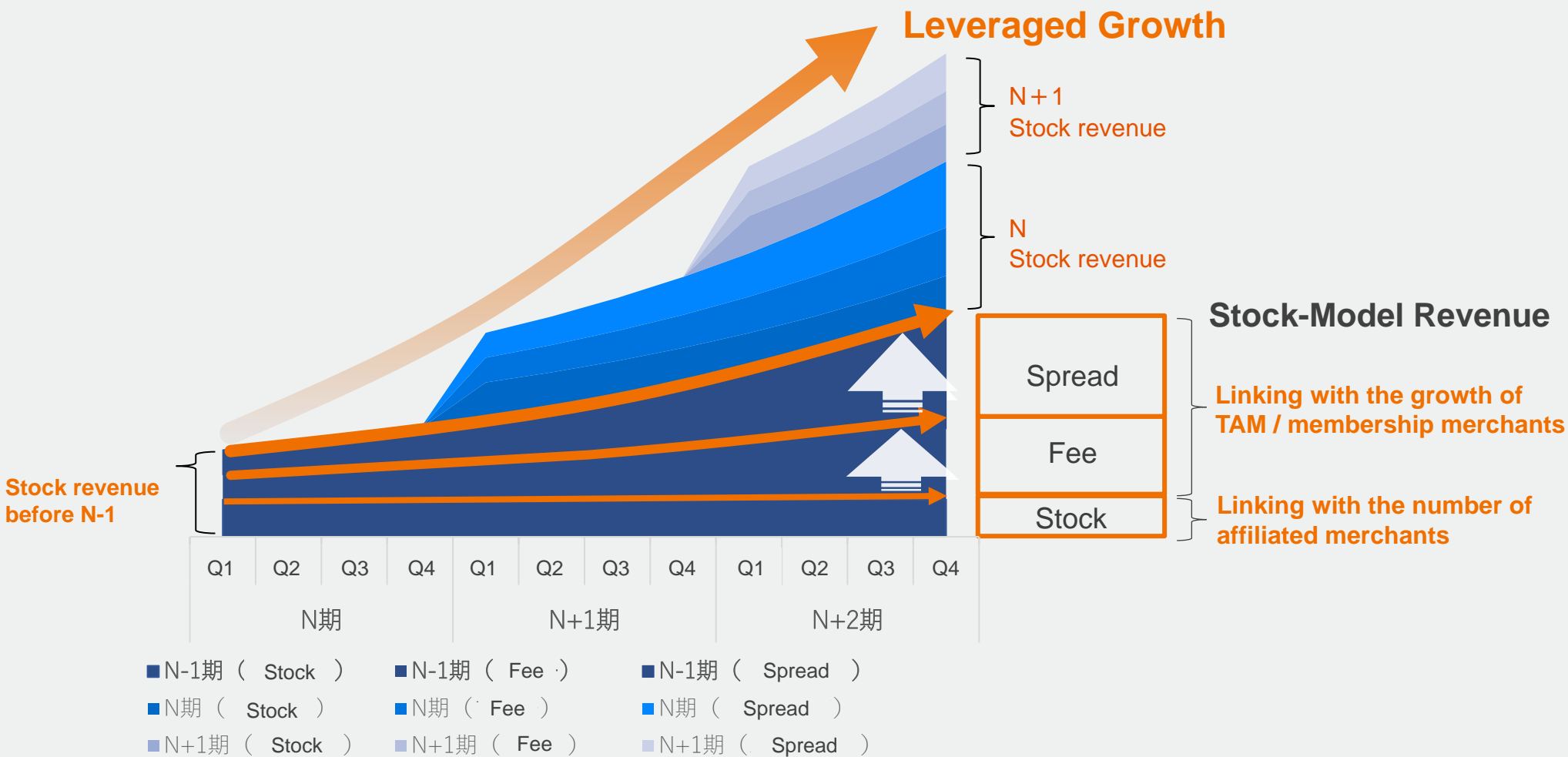
# Stock Revenue Expansion Originating From Terminal Sales

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

Rev Model	3 Business	4 Types of Revenue	% (FY2021)
<b>Flow Model Rev</b>	① Terminal Sales Business	Initial	72.9%
<b>Stock Model Rev</b>	② Payment Processing Business	Stock	8.8%
		Fee	7.5%
	③ Acquiring Business	Spread	10.8%

# 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
<b>Payment terminal sales</b>	<p>This is a sales revenue of payment terminals from merchants or credit card companies.</p> <p>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)</p>	<ul style="list-style-type: none"> <li>• <b>Terminal Selling Price × Units Sold</b> <ul style="list-style-type: none"> <li>✓ There're around 10 types of terminals</li> <li>✓ Price range is from about ¥20K up to ¥100K</li> </ul> </li> </ul>
<b>Software development</b>	<p>It is a type of development that meets customers needs such as widening acceptable payment measures and adding point-payment functionality</p>	<ul style="list-style-type: none"> <li>• <b>No. of Deals × Ordered Price</b> <ul style="list-style-type: none"> <li>✓ Since software development is tailor made type revenue, deal size and margin vary from time to time</li> </ul> </li> </ul>
Stock	Content	Rev Model
<b>Data sharing</b>	<p>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</p>	<ul style="list-style-type: none"> <li>• <b>No. of contracts × Service Price</b> <ul style="list-style-type: none"> <li>✓ Service price is around ¥500 to ¥1K per terminal per month</li> </ul> </li> </ul>
<b>Points &amp; QR</b>	<p>It is a service to add point/QR payment app to the terminals merchants have. We charge it as monthly fixed fee</p>	
<b>Rental (Mobile terminal)</b>	<p>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</p>	
<b>Mobile SIM</b>	<p>It is a SIM card fee to use mobile type terminals. We charge it as monthly fixed fee</p>	
<b>Processing (Monthly fixed fee model)</b>	<p>It is a processing fee based on monthly fixed rate</p> <p><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></p>	

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

## Details on each revenue ②

Fee	Content	Rev Model
<b>Processing</b>	It is a fee we charge toward monthly transaction volume based on the rate per transaction	<ul style="list-style-type: none"> <li>• <b>TRX Volume × Processing Fee</b></li> <li>✓ Processing fee is about ¥2 to ¥3 per transaction</li> </ul>
<b>Sales of roll paper</b>	This is a sales of roll paper that is used with payment terminals at stores	<ul style="list-style-type: none"> <li>• <b>No. of Order × Price of Roll Paper</b></li> <li>✓ The price range of roll paper is about ¥130 to ¥200.</li> </ul>

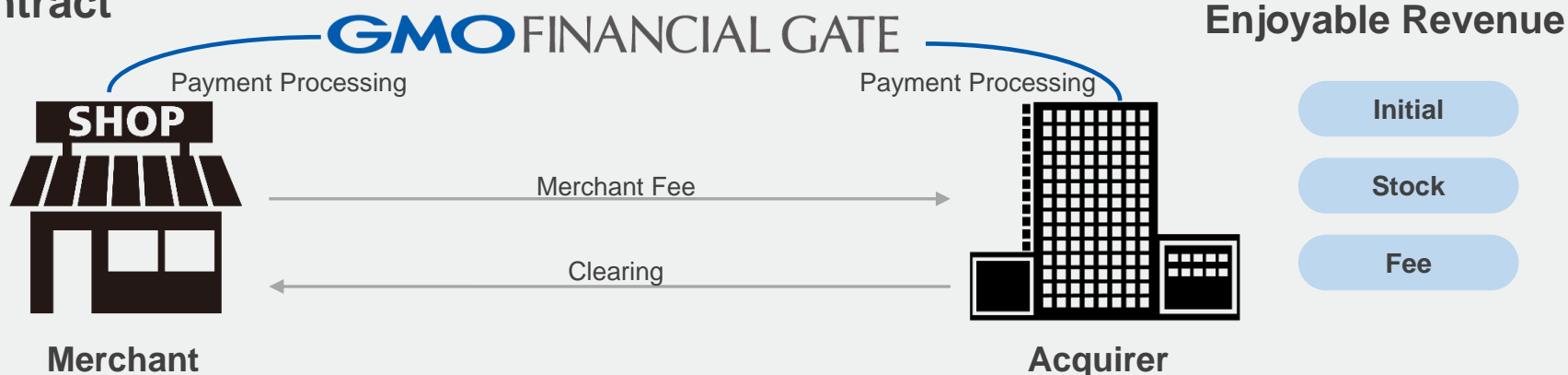
Spread	content	Rev Model
<b>Acquiring (Settlement agent)</b>	<p>We charge spread fee (<math>\alpha</math>) towards clearing amount to merchants</p> <p>We received indicator rate (N) from acquirers, then we acquire merchants instead of acquirers with the new rate (<math>N+\alpha =</math> merchant fee)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



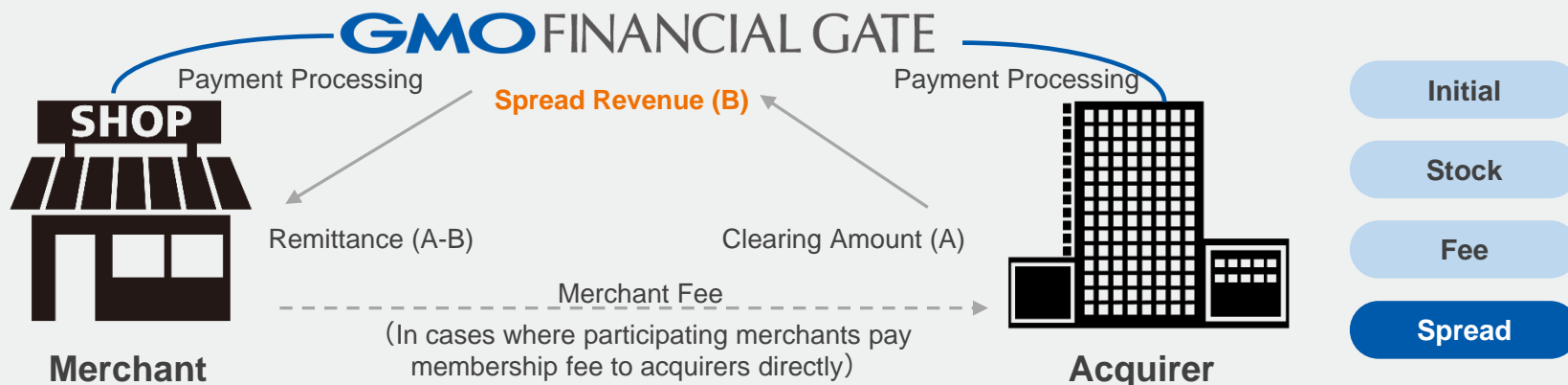
# Relationship Between Spread Revenue and GMV

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  $GMV \times \text{Take Rate} \times \text{Contribution Ratio}$ .

## ■ Direct Contract



## ■ Agent Contract (\*Clearing amount for Agent Contract $\div$ GMV = Contribution Ratio)



# 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

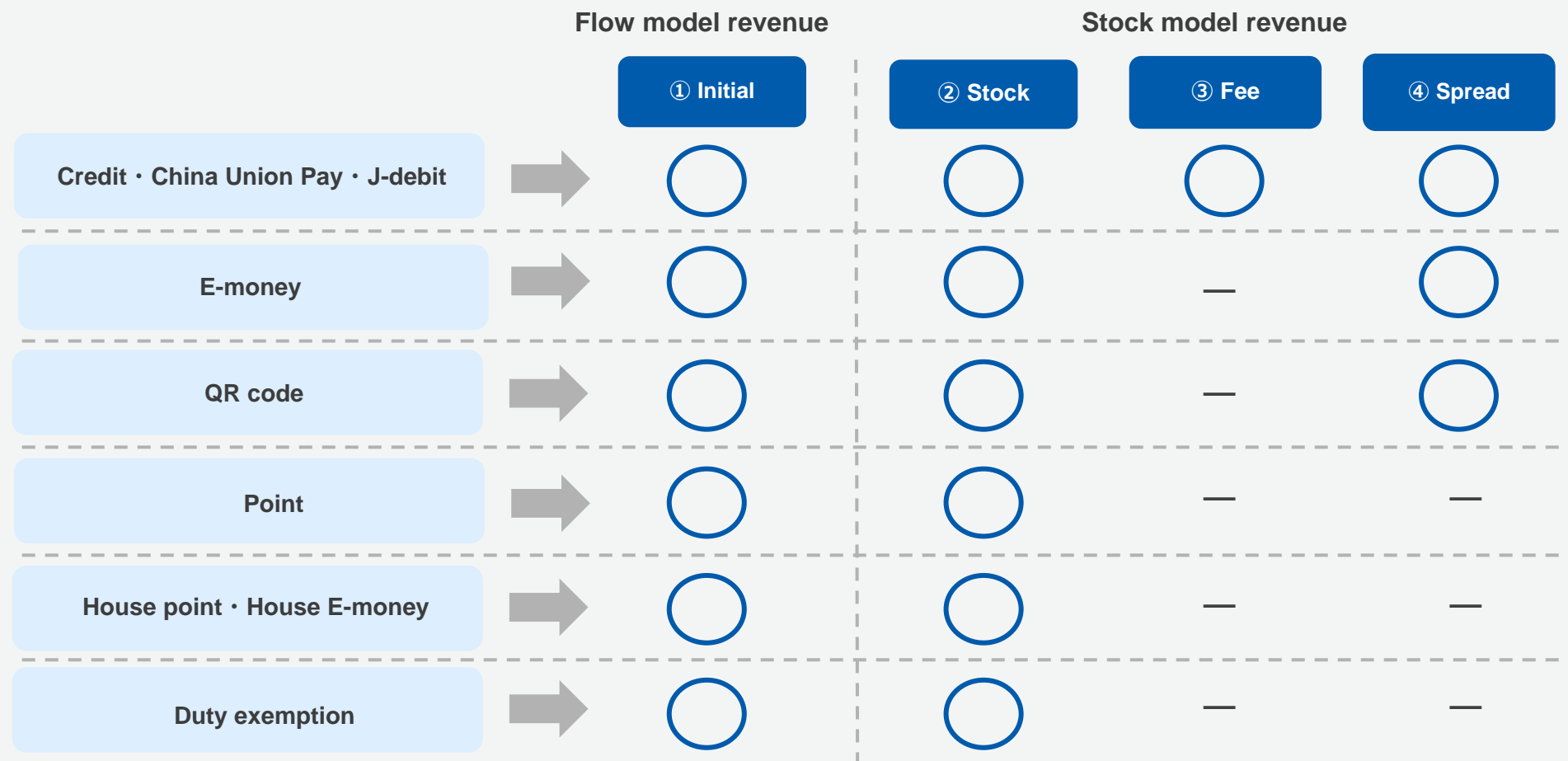


The status of subscriptions to paid services that contribute to Stock revenue varies depending on the type of merchants and terminals.



# 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.



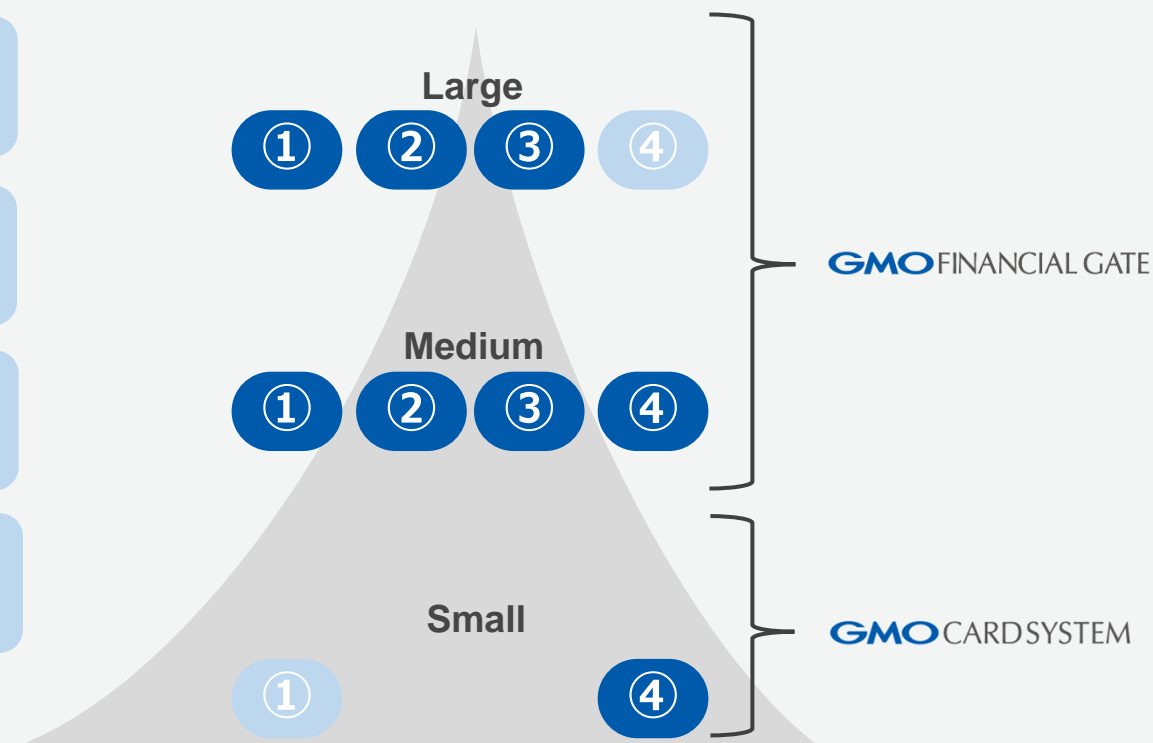
# Revenue Model by Merchant Size

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.

## ■ 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



# Medium-Term Strategy

Acquiring major participating merchants by focusing on alliances

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

### Credit



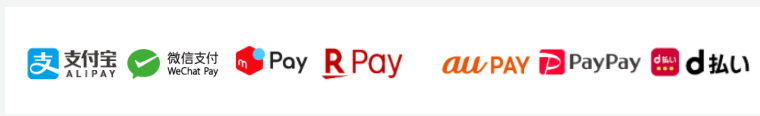
### E-money



### Point



### QR



### J-debit



### House point/House E-money



### Duty exemption



### Terminals we offer

#### Floor-Standing Model



#### Mobile Model



#### Embedded Model



#### POS Model



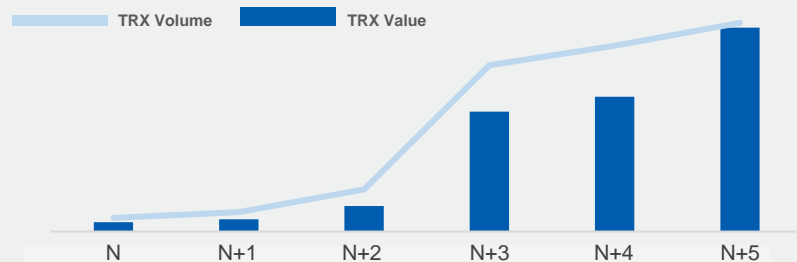
\*Alliance partner terminals

## Cashless Platform

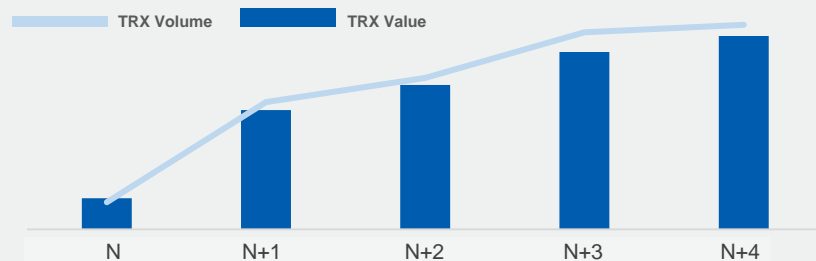
# TRX-increase through cashless penetration

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

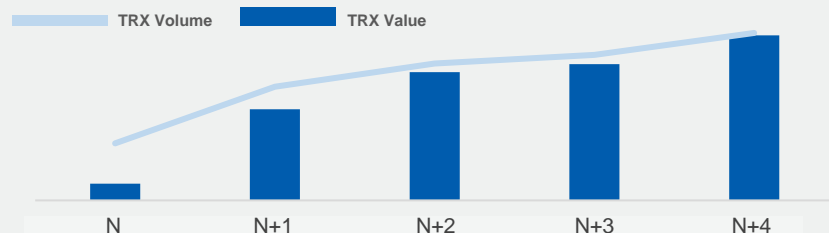
## ■ Merchant A (Tokyo) Monthly TRX trend



## ■ 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)

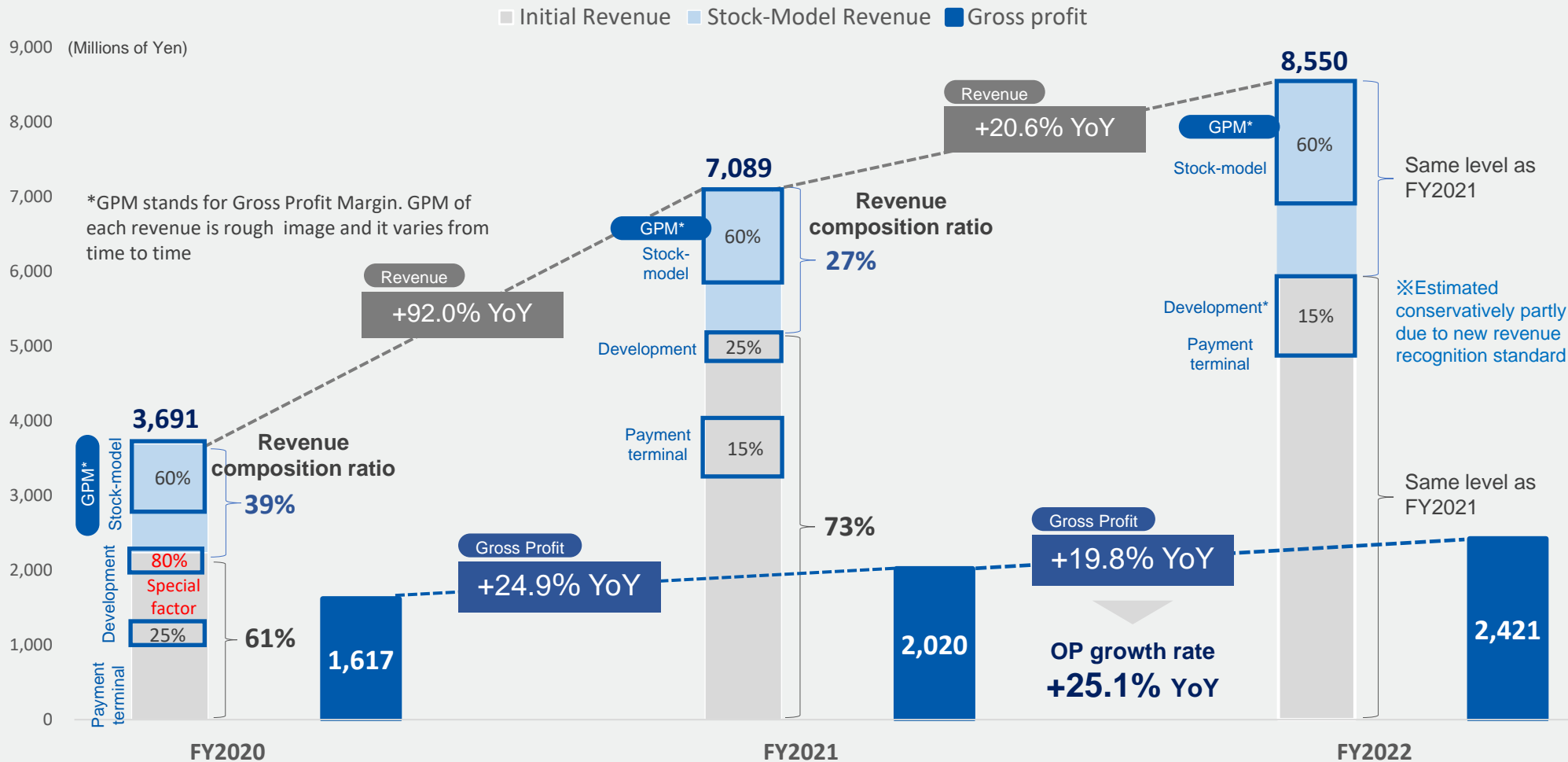
Merchant

TRX volume/value  
per terminal will increase

Stock-Model revenue will increase

# Guidance of FY2022

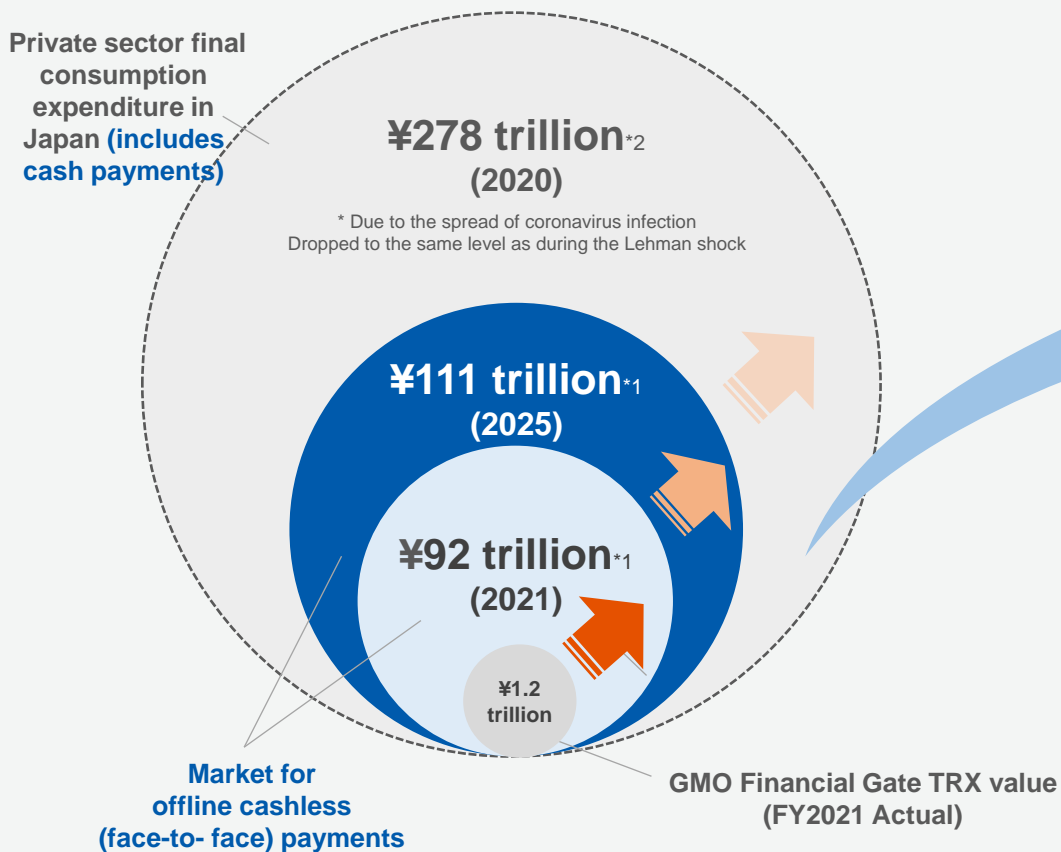
In FY2021, gross profit growth was low compared to sales increase (as expected) due to special factors in FY2020 and a change in the composition ratio of payment terminal sales. FY2022 forecast aims to achieve OP target with the same sales composition as FY2021.



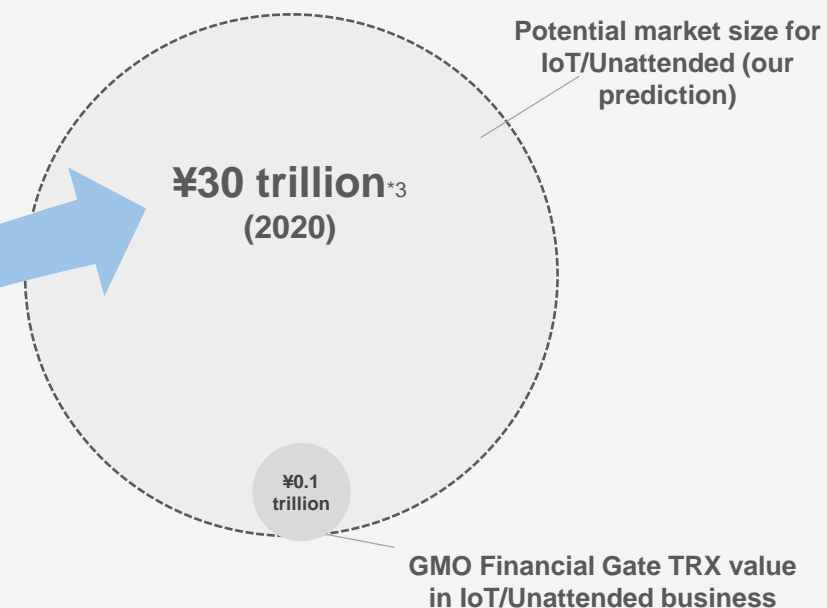
# TAM (Total Addressable Market)

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

## Offline TRX 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

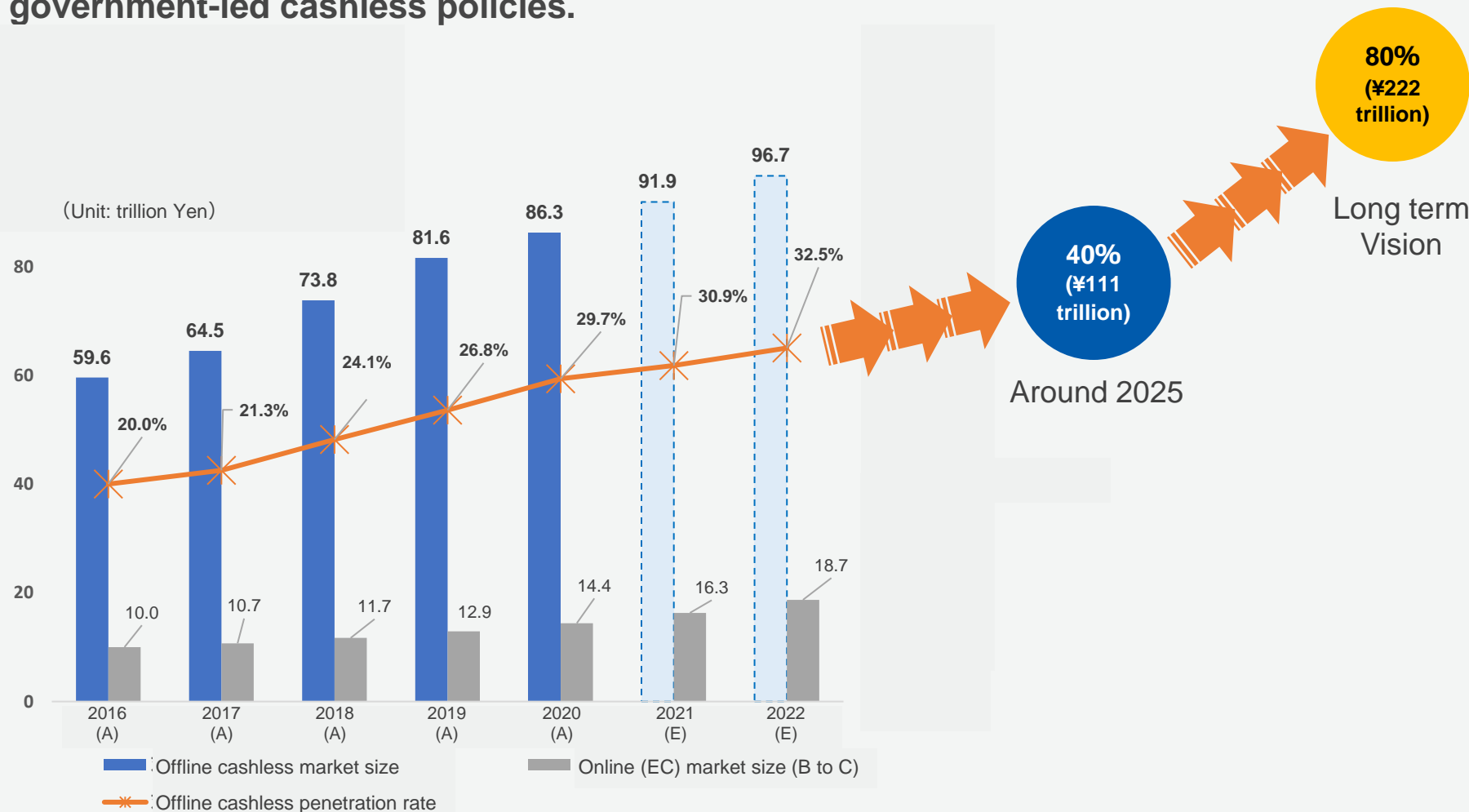
(\*3) GMO Financial Gate internal forecast based on statistical data published by the Cabinet Office, Government of Japan, the Japan Vending System Manufacturers Association, and the Japan Parking Business Association

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



# Market Growth of Offline Cashless (face-to-face payments)

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.



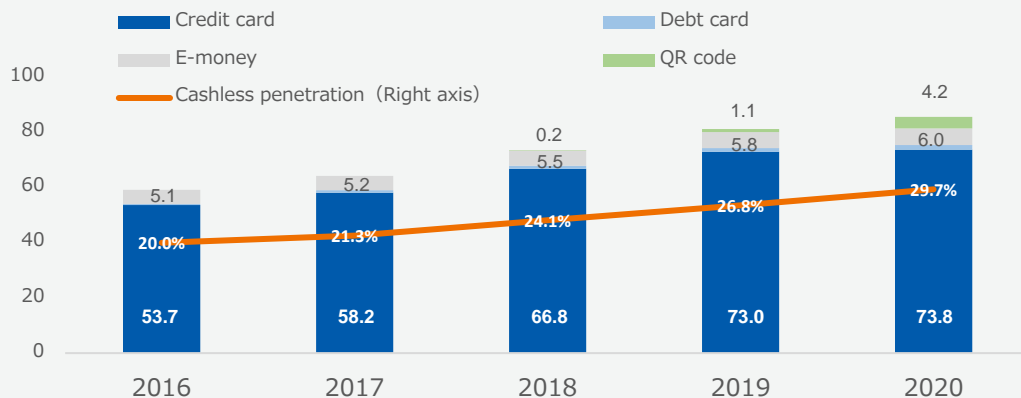
Source: *Cashless Roadmap 2019*, PAYMENTS JAPAN; Yano Research Institute Ltd.

# Composition of Cashless Payment Methods

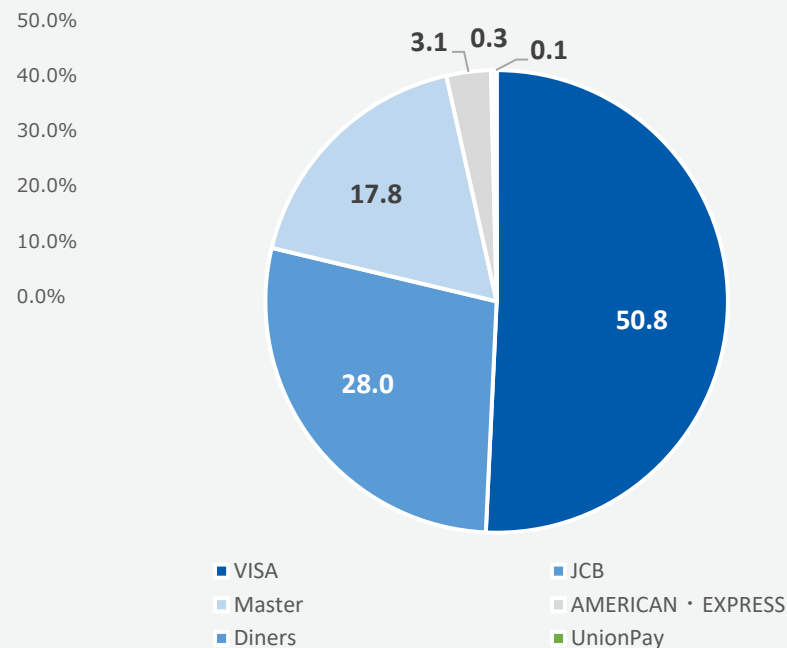
While cashless payments have become more diversified, credit card use is still high E-commerce composition ratio declined, QR code increased.

## TRX value of cashless payment

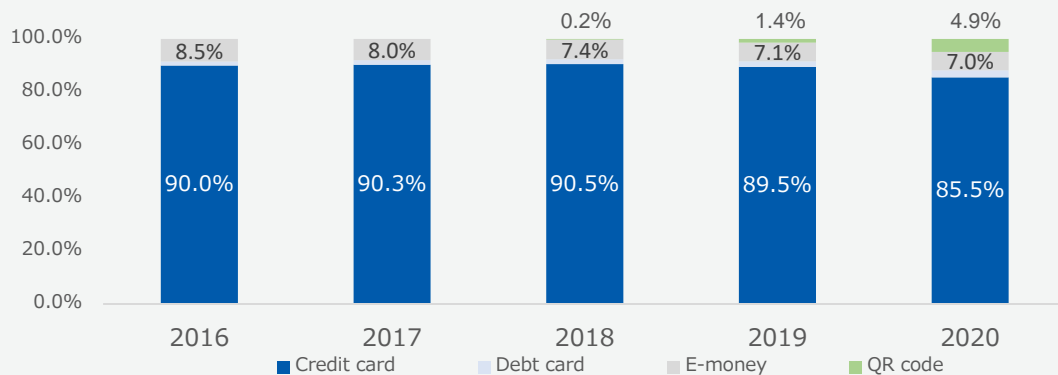
(Unit : trillion yen)



## Credit card brand share in Japan (2020)



## Composition of cashless payment methods



\*Source: Ministry of Economy, Trade and industry

\*Source: Ipsos Financial Service

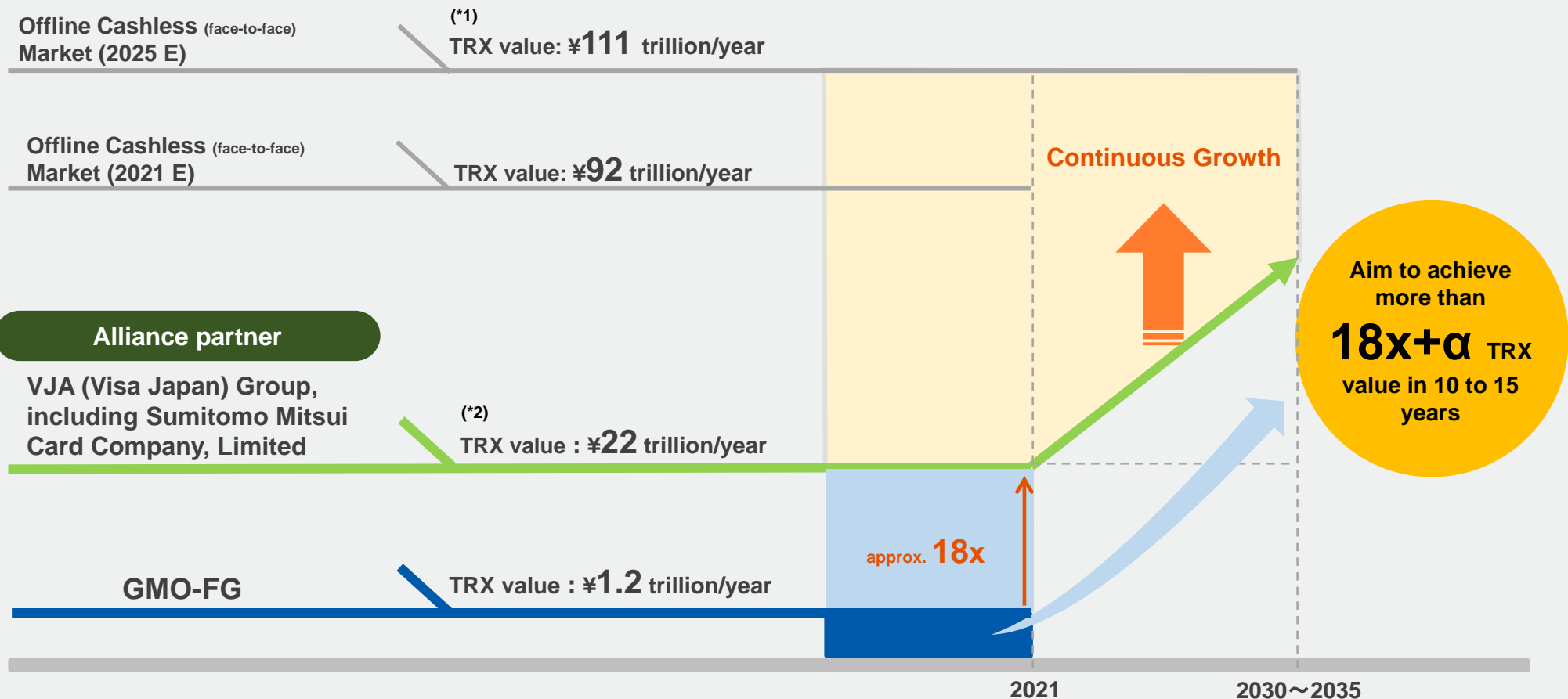
# Strategy to Maximize TRX Value

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 TRX 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.

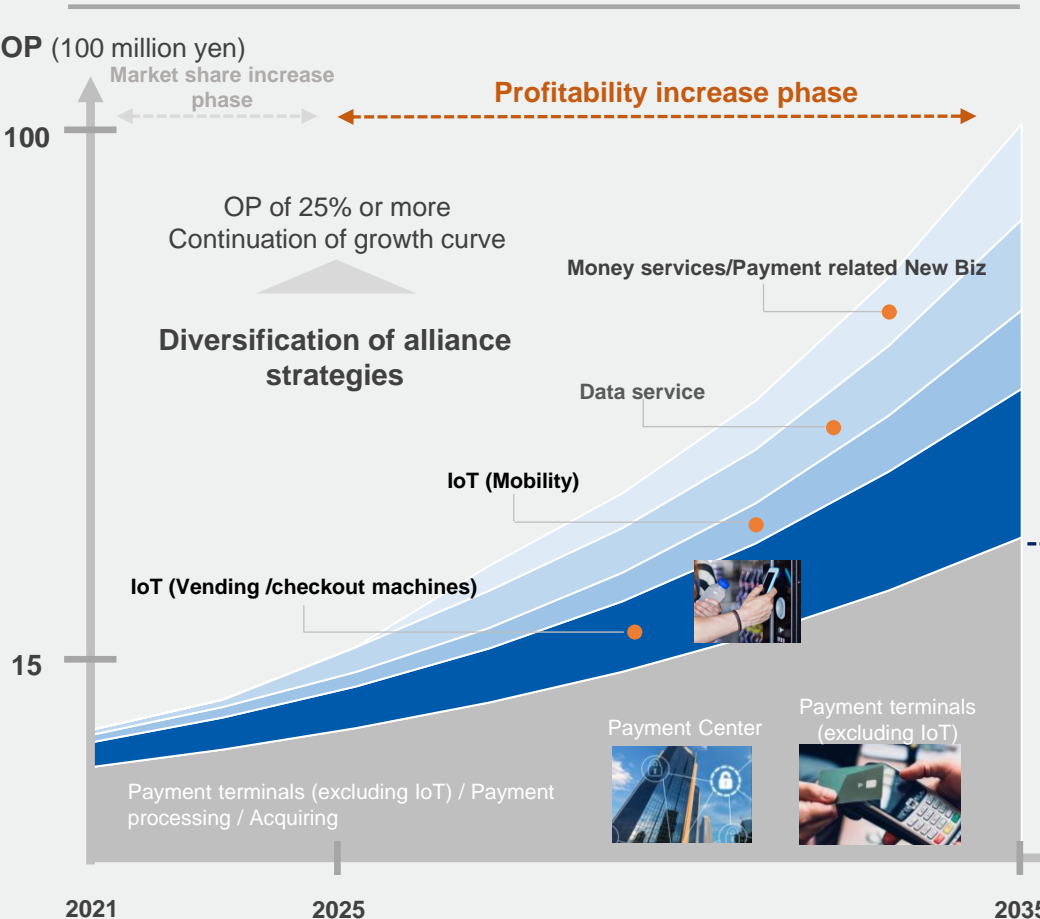
(\*2) Source: VJA

# 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

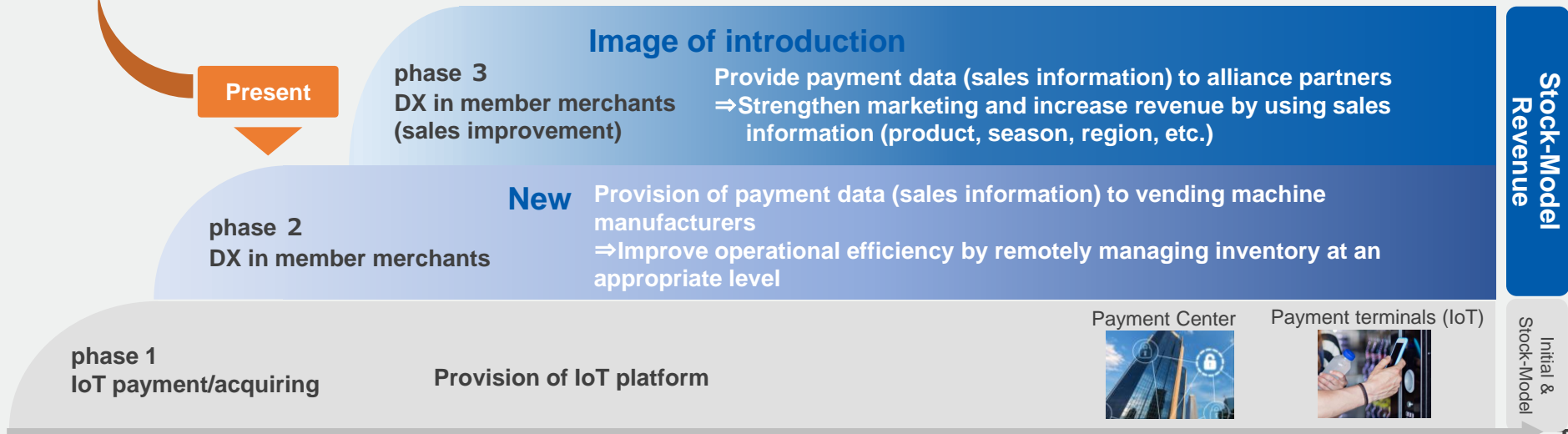
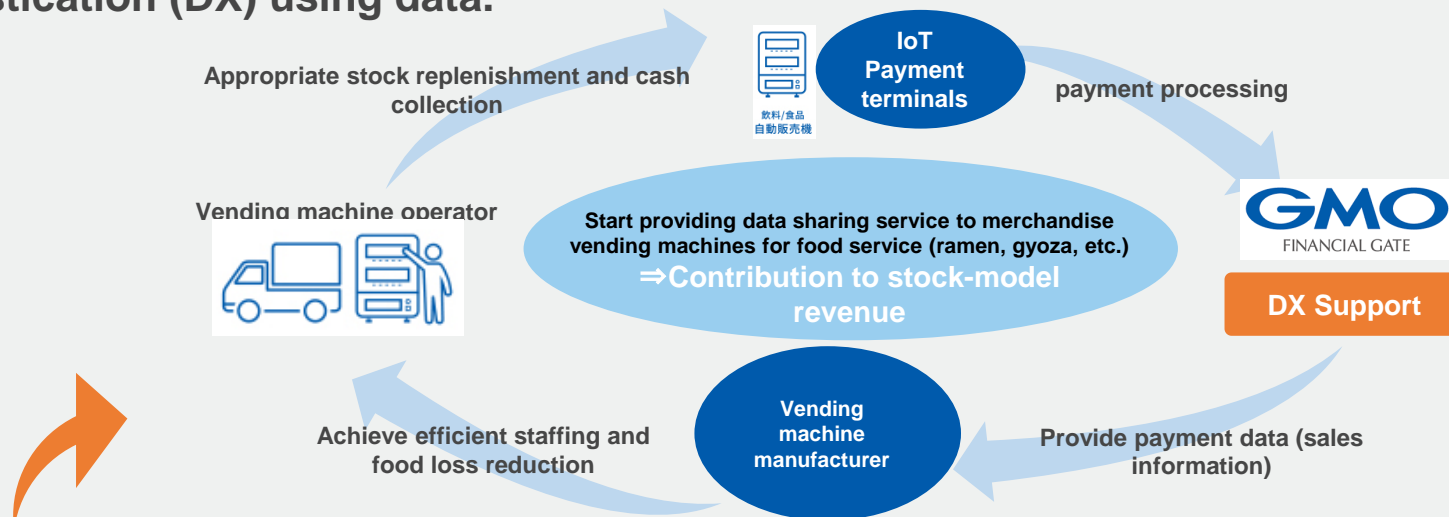
Time

Stock-Model Revenue

Initial & Stock-Model

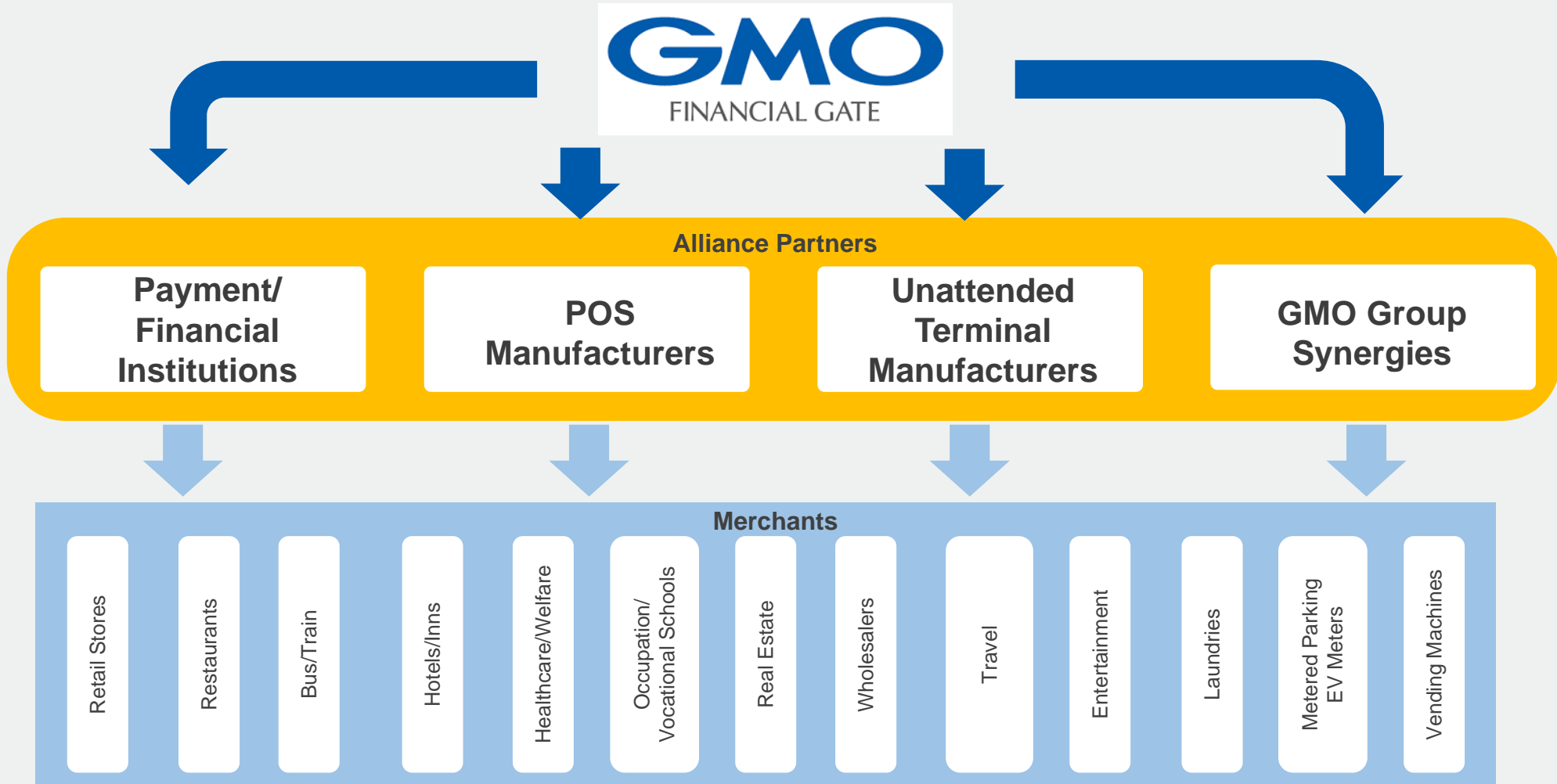
# Data Services in the IoT Domain

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



# Alliance Overview

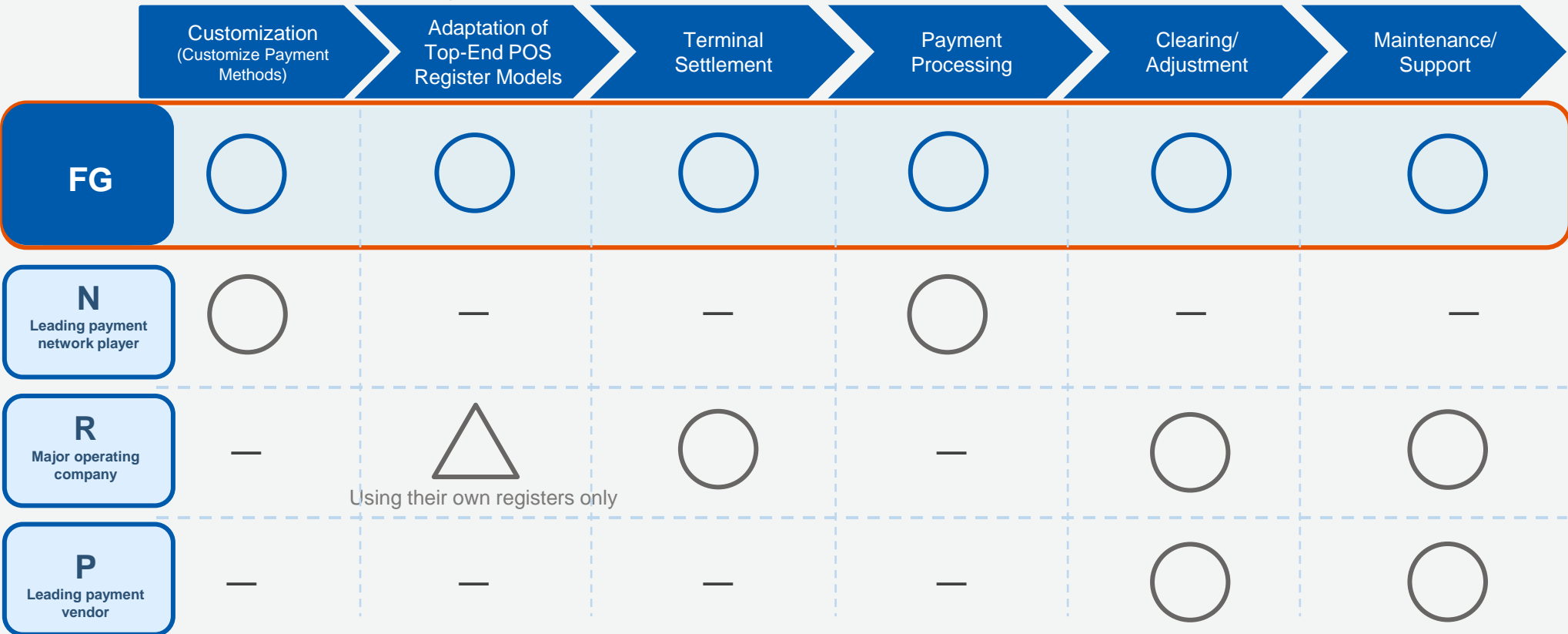
Working with alliance partners allows us to secure participating merchants consistently and steadily.



# Unique Positioning

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

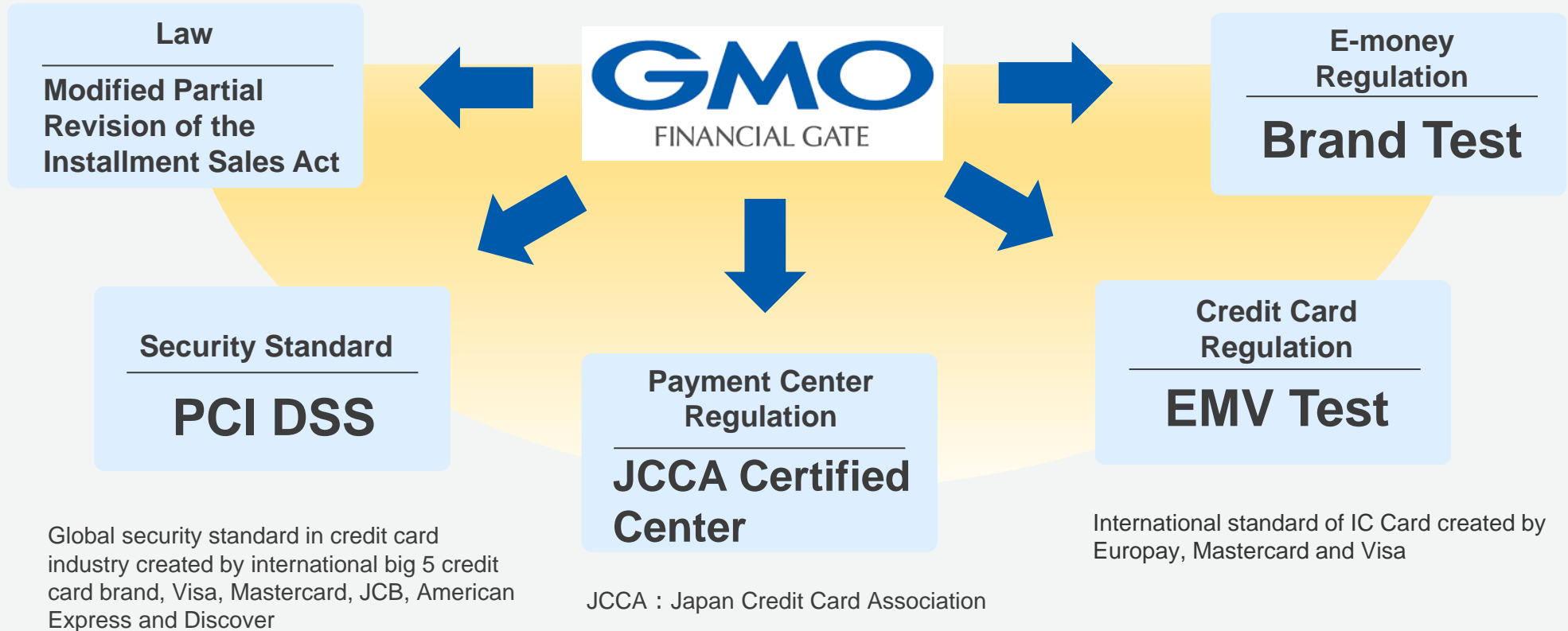
## Solutions in Offline Payment Market





# 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.



# Government Promotion of Cashless Payments

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

## Events

4/2018	Announcement of Cashless Vision (by METI)
6/2018	Enforcement of Revised Installment Sales Act
3/2019	Implementation plan announced for the security of credit transactions (by the Council for credit Transaction Security)
10/2019	Cashless Consumer Returns Policy
7/2020	Go To Campaign
9/2020	My Number Point
7~9/2021	Tokyo Olympic/Paralympic
1/2022	My number point, Go To Campaign
Present	
9/2024	Issuance of new bank notes
4/2025	Osaka Expo

## Impact on our business

**Demand for cashless terminals increases** as business owners are forced to adopt cashless payment systems

**Payment processing expands** in response to Cashless Consumer Returns Policy

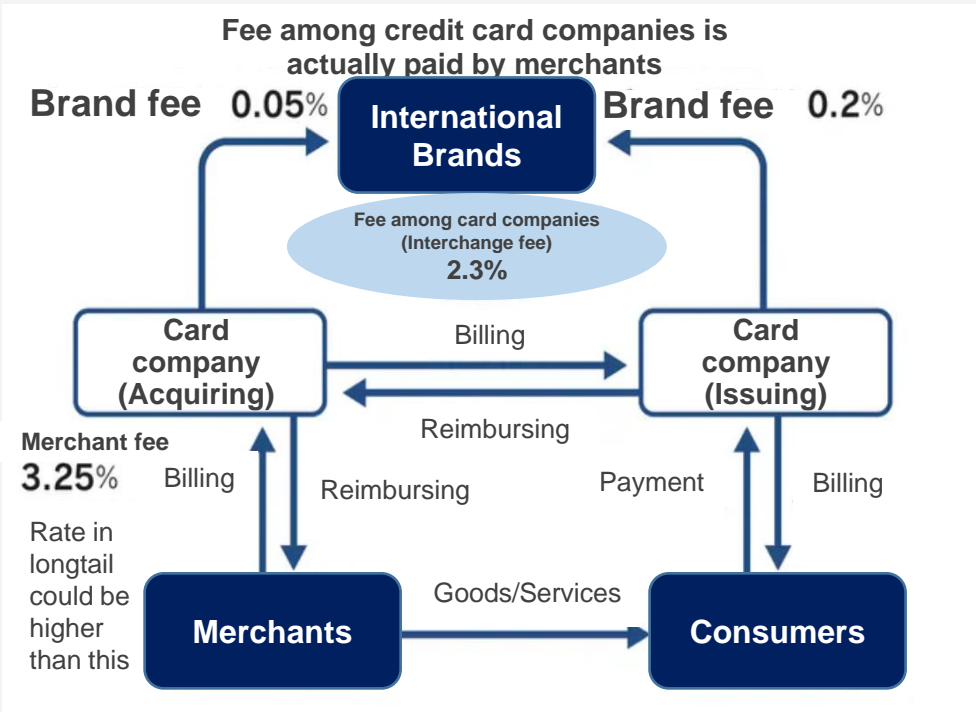
**Demand for cashless terminals increases** due to expanding inbound consumption growth

**Demand for cashless terminals to increase** due to the cost of new bank note issuance

# New topic of credit card industry

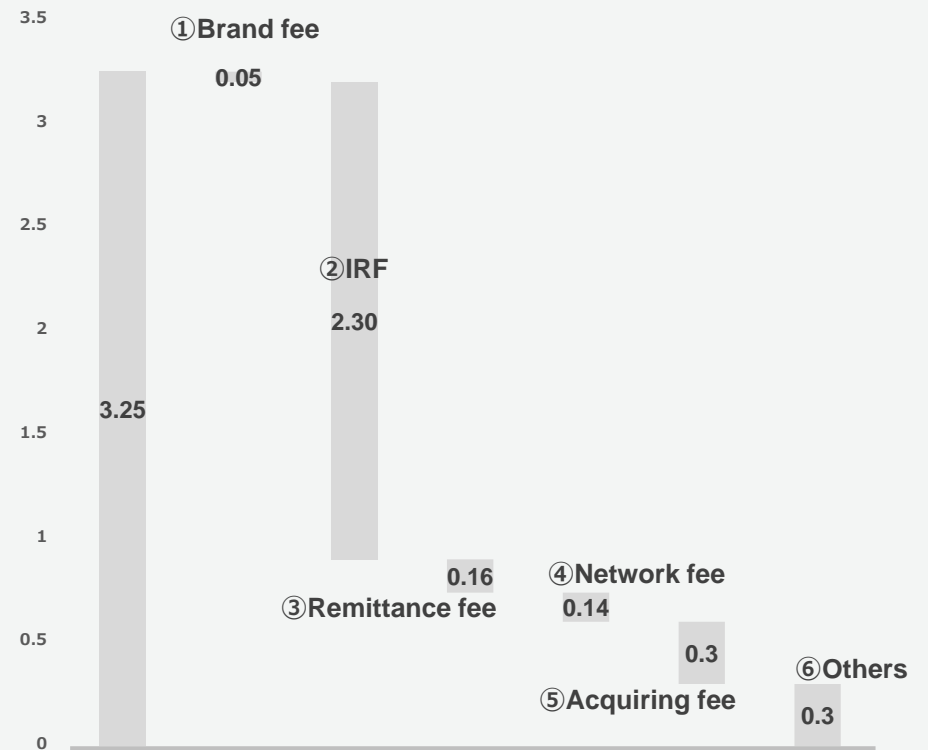
METI requires fee among credit card companies. Though merchant fee would be lower going forward, the impact towards our business would be immaterial.

METI requires fee among credit card companies



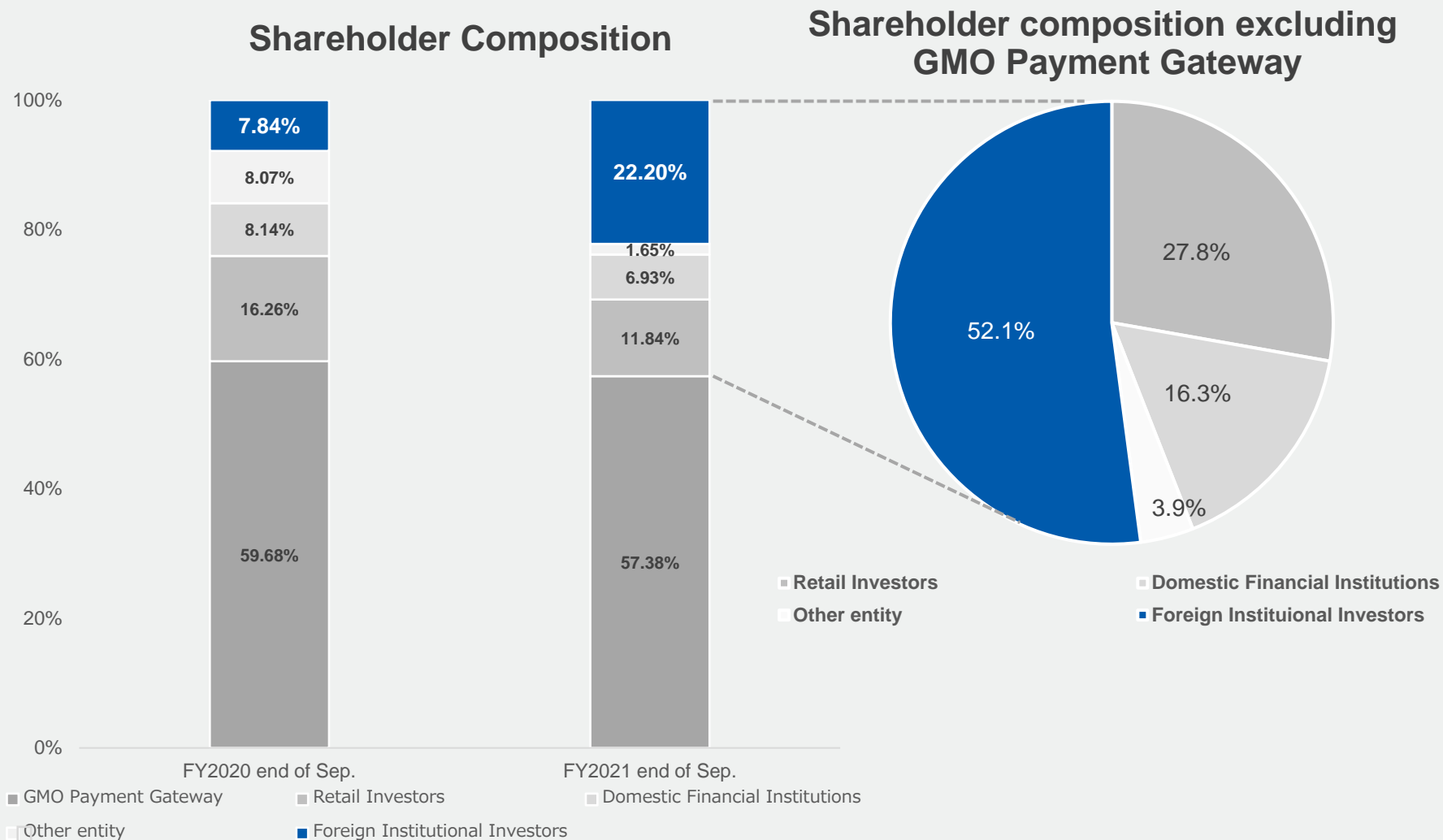
## Breakdown of MDR

(model case : ASP ¥5K SME merchant)



# Share holder structure

Ratio of foreign institutional investors went up to over 20%.



# ESG Initiatives

Announced ESG initiatives to improve our social activities. We are planning to strengthen our initiatives and announcement.



Announced on Jul 15th

## Disclosure contents

### Environment

Creating an eco-friendly society

### Social

Human Resources, Vocational Training/ Welfare Program, Work-style Reform

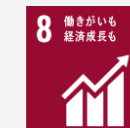
### Governance

Basic Principles, Board of Directors, Executive Officer Meeting, Audit and Supervisory Board, Director Compensation, Investor Relations

## SDGs items



- Use of recycled paper as receipts
- Use of recycled paper as receipts
- Promoting paperless
- Appropriate inventory management through the use of payment data (reduction of food loss)



- Providing a variety of vocational training programs
- Preparing sufficient welfare programs
- Promoting work-style reform etc...

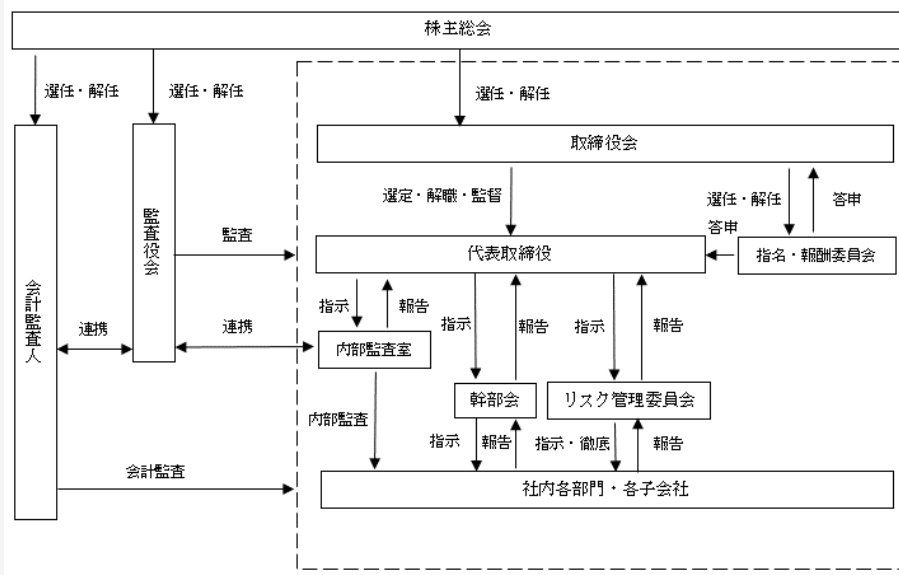
Planning to enforce corporate governance onward

Reference URL <https://gmo-fg.com/news/8d448cfaba24ece540af1ae2a83d95c2.pdf>

# ESG Initiatives

Appointed a new external director and established Nomination and Compensation Committee to provide a skill matrix for our executives. Continuously work to strengthen the governance system.

## Nomination and Compensation Committee



## Skill matrix

当社役員のスキルマトリックス

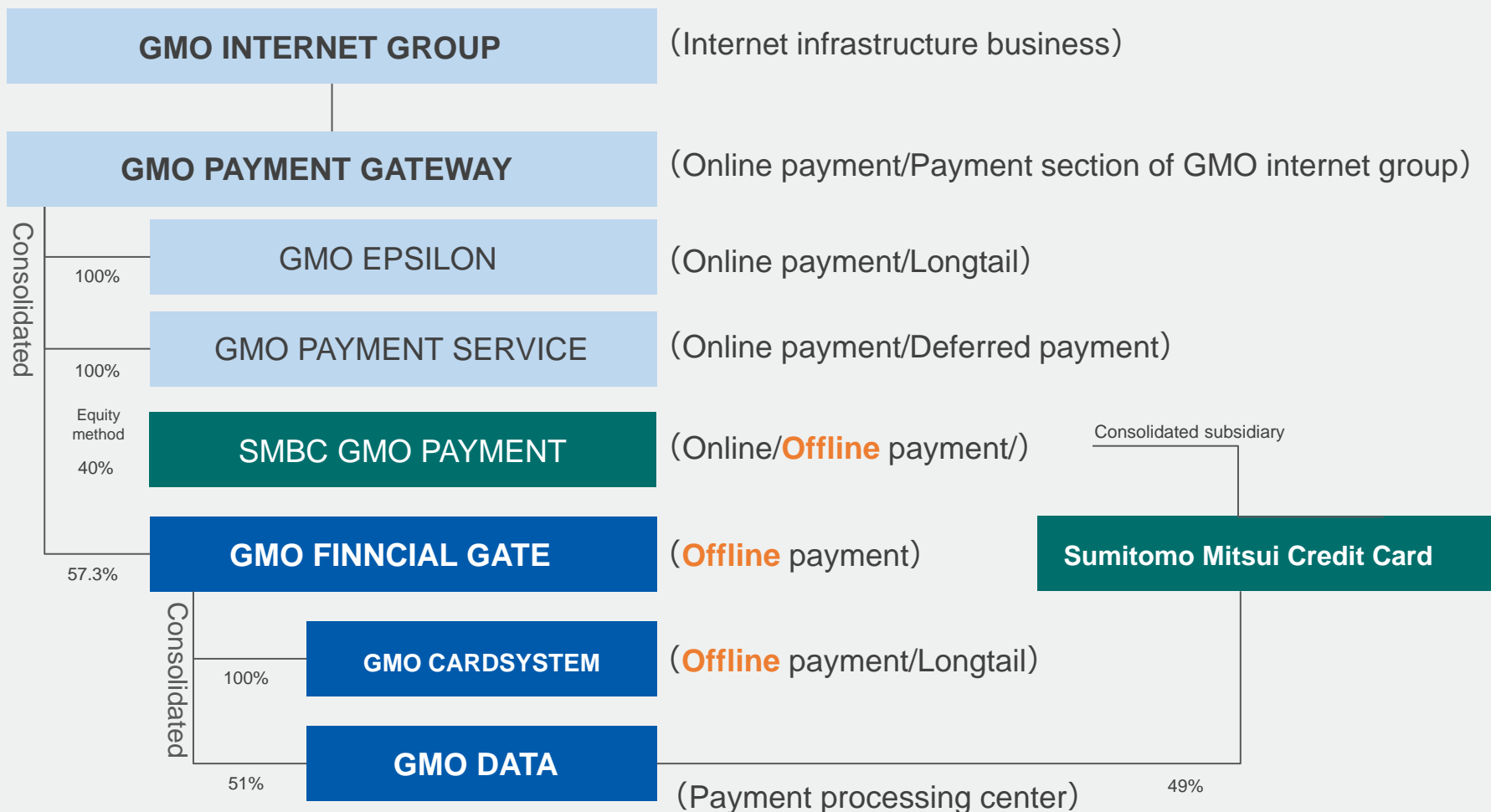
氏名	杉山 憲太郎	高野 明	青山 明生	池澤 正光	福田 知修	小出 達也	嶋村 耕生	浅山 理恵	長澤 孝吉	小澤 哲	飯沼 孝社
役職名	代表取締役社長	取締役会長	取締役 営業本部本部長	取締役 管理本部本部長	取締役 システム本部本部長	取締役	取締役	取締役	常務監査役	監査役	監査役
GMOイズムの実践 (※)	●	●	●	●	●	●	●	●	●	●	●
企業経営	●	●	●	●				●		●	
システム・セキュリティ					●						
リスク管理				●	●			●	●	●	
法務・ガバナンス							●				
財務・会計・税務											●
営業・マーケティング			●				●				
投資 (M&A)				●							
金融事業				●				●			
人材育成・採用、タイパシティ						●		●			
ESG・サステナビリティ				●			●	●			

※GMOイズムとは、GMOインターネットワークグループにおける不変の目標である「スピリットベンチャー宣言」、「55か年計画」のほか、「幹部の心得」、「勝利の法則」を表現した社風・社訓の総称です。

<https://gmo-fg.com/ir/153d49bfef329b9dfa8e005c510a3475.pdf>

# Affiliated Companies



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



# Company Profile

- **Company** GMO Financial Gate, Inc. (TSE Mothers Ticker:4051)
- **Foundation** September 1999
- **Address** Humax Shibuya Building 7F, Shibuya Dogenzaka 1-14-6, Tokyo
- **Stock Capital** ¥1,605 Million
- **Major Shareholder** GMO Payment Gateway, Inc.
- **Board Member**

Representative Director, President Director, Chairman Director Director Director Director External Director External Director External Auditor External Auditor Auditor	Kentaro Sugiyama Akira Takano Akio Aoyama (Sales Division Executive Manager) Masamitsu Ikezawa (Administrative Division Executive Manager) Tomonaga Fukuda (System Division Executive Manager) Tatsuya Koide (GMO Payment Gateway, Inc. Chief Managing Executive Officer) Nao Shimamura Rie Asayama Takayoshi Nagasawa Satoru Ozawa Takashi Iinuma (CPA)
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- **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 February 10, 2022)



**T h a n k   Y o u**

**GMO** FINANCIAL GATE

GMO Financial Gate, Inc

(Tokyo Stock Exchange Mothers 4051)

IR website <https://www.gmo-fg.com/ir/>

Contact:

TEL : +81-3-6416-3881

E-mail : [irpr@mail.gmo-fg.com](mailto:irpr@mail.gmo-fg.com)