

Integrated Report

2024

GMO Payment Gateway, Inc.
31st Fiscal Year (2023.10.1–2024.9.30)





Management Philosophy

We Pursue Both Spiritual and Material Prosperity by Contributing to the Advancement and Progress of Society

We contribute to the progress of society with a strong intention to create and develop markets and transparency in expanding businesses.

We define our partners as a group of people whom we can trust.

This group includes our employees, clients and business partners.

Our employees possess richness of spirit, advanced problem-solving skills and a high level of professionalism.

They pursue richness of spirit through the exchange of values with our clients.

Management Policy

GLOBAL LEADERSHIP

A company that leads Japan with its high aspirations and presents new values to the world.

BUSINESS MODEL

A company with outstanding potential and a 30-year growth trajectory that is highly acclaimed by professional global investors.

OWNERSHIP MODEL

A company that can achieve phenomenal growth through delegation and instilling a sense of ownership to younger partners who seek new challenges.

Our Sustainability Management

In order to realize the management philosophy of 'contributing to the advancement and progress of society' as well as the sustainable improvement in corporate value, we have clearly identified the materiality issues and grouped them into five priority themes of sustainability management.

Innovation



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

Beginning with payment, one step in the flow of various economic activities, the Company provides a wide array of innovations to corporates that support operational efficiencies such as invoicing, cash management and salary payment to enhance corporate's competitiveness. Promoting cashless adoption contributes to the realization of a more convenient and comfortable society.

» P.28-39

Reliability



Sustainable operation of payment infrastructure to support society

As a company responsible for the social infrastructure of payment, the Company strives to improve the stability and reliability of our operations in order to ensure the safety and security of socioeconomic activity of payment.

Human Capital



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

Focus on expanding the critically important human capital base as the highest priority undertaking of the organization as we seek to achieve sustainable growth that can overcome changes in the environment.

» P.44-47

Decarbonization



Contribute to the Earth's environment through cashless adoption

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

» P.40-43

Governance



Institute a sound and responsible management

Strengthen the governance structure to enhance the effectiveness of oversight from external bodies and risk-taking, in order to continue on a sound and stable path of high growth.

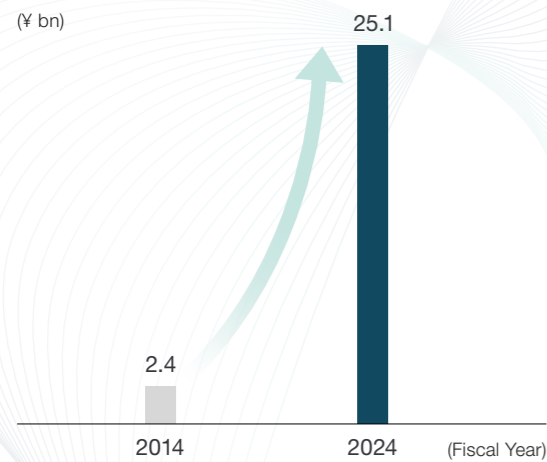
» P.48-57

Social contribution through the sustainable growth of business centered on payment

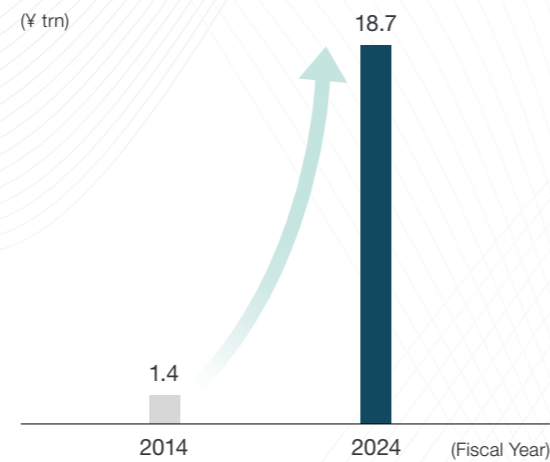
Management foundation to support sustainable growth

GMO Payment Gateway at a Glance (Consolidated)

Operating Profit
¥25.1 bn
 (10.2x versus FY2014)



Transaction Value
¥18.7 trn
 (13.4x versus FY2014)



Operating Profit Per Employee
Approx. ¥30 mil
 (3.3x versus FY2014)

Issuer Rating (R&I)*1
A-
 (Newly assigned on Nov. 2024)

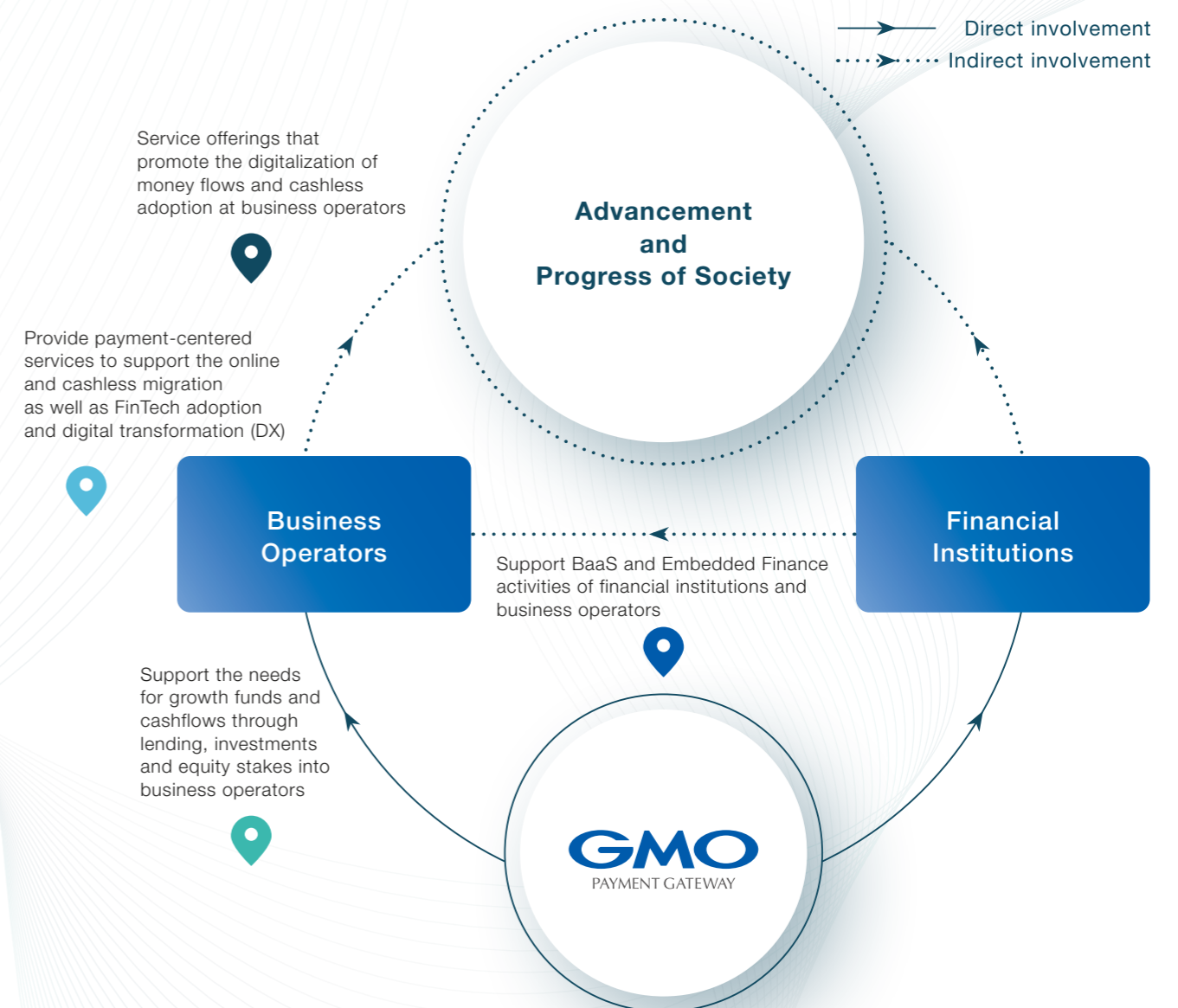
Market Capitalization
Approx. ¥670 bn
 (As of end of Sep. 2024)

GHG Emissions
 (Scope 1, 2)*2
0 t-CO₂
 (FY2024 actual)

*1 Rating and Investment Information, Inc.
 *2 The figures presented for FY2024 Scope 1 and Scope 2 emissions are estimates before third-party verification.

The Scope of Our Value Proposition

We are entrusted with the mission to create payment innovations to realize a sustainable society; to create and provide a range of products to digitalize money flows and to accompany the customer's journey in resolving social issues.



Our Services That Support Lifestyles

Supporting a convenient and comfortable society by promoting cashless in the many facets of daily life



Payments made at home



Payments made outside the home

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Preface on the 2024 Integrated Report

The 2024 Integrated Report aims to be a source for all stakeholders for both financial and non-financial information on various initiatives aimed at raising the Company's corporate value in order to foster mutual understanding and to advance management.

We have endeavored to comprehensively convey the value creation model that we pursue by explaining the materiality issues and initiatives to achieve sustainable growth as well as the strategy to achieve the management target of CAGR 25% operating profit growth through the voices of management, external directors and our partners.

We hope this publication will further deepen the understanding of our value creation to all stakeholders including shareholders.

Ryu Muramatsu

Director, Executive Vice President
General Manager of Corporate Value Creation Strategy Division



Editorial Policy

The 2024 Integrated Report strives to coherently present our value creation model by reporting on financial information such as financial results and management strategy, as well as non-financial information such as environment, society and governance (ESG) issues, both of which form the bedrock of sustainable growth. This report is compiled and edited with the aim of explaining the value propositions the Company provides

to society in order to realize a sustainable society and how we intend to achieve sustainable growth to raise the corporate value. The compilation of this report references the International Integrated Reporting Framework recommended by the IFRS Foundation and the "Guidance for Collaborative Value Creation" by the Ministry of Economy, Trade and Industry.



For further details on sustainability-related information, please visit the Company's website from the link below:
<https://www.gmo-pg.com/en/sustainability/>

Cautionary note on forward-looking statements

Information contained in this report that are not historical facts include views and decisions based on information available at the time of writing and represent future forecasts and plans.

Such forward-looking statements contain certain risks and uncertainties that may result in the actual performance or results to differ from the statements made in this report.

Disclosure

Financial Information

Information for Investors
<https://www.gmo-pg.com/en/ir/>



Integrated Report

PDF version
<https://www.gmo-pg.com/en/ir/library/integrated-report/>



Non-financial Information

Sustainability
<https://www.gmo-pg.com/en/sustainability/>



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Abbreviations used in the report

GMO-PG refers to GMO Payment Gateway, Inc.
GMO-EP refers to GMO Epsilon, Inc.
GMO-PS refers to GMO Payment Service, Inc.
GMO-FG refers to GMO Financial Gateway, Inc.

"Company" refers to GMO-PG and its consolidated group of companies, consisting of domestic and overseas consolidated subsidiaries and affiliates accounted for using the equity method.

"Partners" is a phrase the Company uses for its employees to express respect towards them.

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

PF stands for Platform.

Fiscal years presented in graphs refer to the Company's fiscal year ending in September.

Message from Our President

Sustain 25% Growth by Developing the Ecosystem

and Expanding Business Domains;

Improve Corporate Value and Pursue Sustainable Growth

Through Payment-Centered Services

while Resolving Social Challenges

Achieved 19 Consecutive Years of Revenue and Profit Increase

The business environment during the fiscal year ended September 2024 (FY2024) saw lingering uncertainty on overall consumption due to inflation and volatility of financial and capital markets, despite the widening scope of companies instituting wage hikes and increasing inbound consumption. Against this backdrop, financial performance showed revenues reaching ¥73.7 billion, up 16.9% YoY and 100.7% higher than initial guidance. Operating profit reached ¥25.1 billion, up 24.0% YoY and 100.7% higher than initial guidance, and we have achieved the operating profit target of ¥25.0 billion by FY2025 one year earlier.

On the business front, progress was made on strengthening the business foundations of each of the consolidated subsidiaries towards their sustainable growth. The Payment Processing Business deployed strategies that respond to changes in the market

structure, by pursuing “payment +α” solutions and acquiring large-scale projects in the online domain. In the CP domain, profit growth was driven by pursuing proprietary alliance strategies such as “stera” to drive cashless migration of payments, against the backdrop of recovering inbound consumption and moves to address the labor shortage. The transaction value of both online and CP reached approximately ¥19 trillion, up 25.5% YoY. In the Money Service Business, profitability of GMO Payment After Delivery improved and the lending service to overseas companies expanded.

As a result, we have achieved 19 consecutive years of revenue and profit growth since listing on TSE Mothers market in 2005. These results were achieved thanks to the sincere support from our stakeholders including shareholders, and I would like to express my deepest gratitude for their continued support.



Issei Ainoura
President & Chief Executive Officer

Message from Our President



Developing the Ecosystem and Expanding Business Domains

Japan's EC penetration rate has much room to expand given its low penetration compared to Western countries. The Company is focusing on developing an ecosystem whereby one service leads to the adoption of other services, as in a chain reaction. The Company began as a dedicated credit card payment processing service and expanded to provide services such as multi-payment processing, remittance service, BNPL and CP payments, thereby expanding the revenue generated per customer, as in a chain reaction. In addition, providing value-added services such as enhanced security positively cycles back to the payment service, thereby helping to raise EC penetration rate. We are developing such an ecosystem for each industry by working to acquire large-scale projects from large companies in each industry.

In addition, we are also working to expand our business domains. The Company has expanded its business domains since the listing in 2005, starting from the merchandise E-commerce (EC) market to the broader EC market which includes non-merchandise, and further to the CP market. The initial addressable market size was only ¥3 trillion, which expanded 60 times to about ¥180 trillion, resulting in operating profit growing 125 times to approximately ¥25.0 billion. We are currently making inroads into the inter-company payment market and salary prepayment market and will continue to expand the addressable market by incorporating other growing domains.

We intend to achieve the management target of a CAGR of 25% operating profit growth through the development of an ecosystem and expansion of business domains.

Strengthening Organizational Foundation to Support Sustainable Growth

The sales division was reorganized in April 2024 to accelerate a strategy to support customer needs to respond to the changing market environment. This reorganization has improved sales efficiency and strengthened the "relationship model" of engaging with customers through continuous dialogue in order to assess their circumstances and needs. Going forward,

we will create a powerful organization and corporate group that can sustainably grow and overcome changes in the business environment, by fostering a corporate culture that embraces challenge where all partners proactively engage in new initiatives, with management and managers standing at the forefront of such efforts.

Promoting Sustainability Management

This was a year of significant progress made in sustainability management such as achieving carbon neutrality* by reducing GHG emissions and building a work environment that supports human capital, which is the source of growth. As a result, external evaluations have improved and we have been included as a constituent in various ESG indices adopted by GPIF.

The Company strives to resolve a wide range of social challenges to achieve innovation creation,

securing the safety and stability of economic activities and reducing environmental footprint by driving forward cashless migration through our businesses.

Going forward, we will continue our endeavors to contribute to the realization of a sustainable society and to further enhance corporate value.

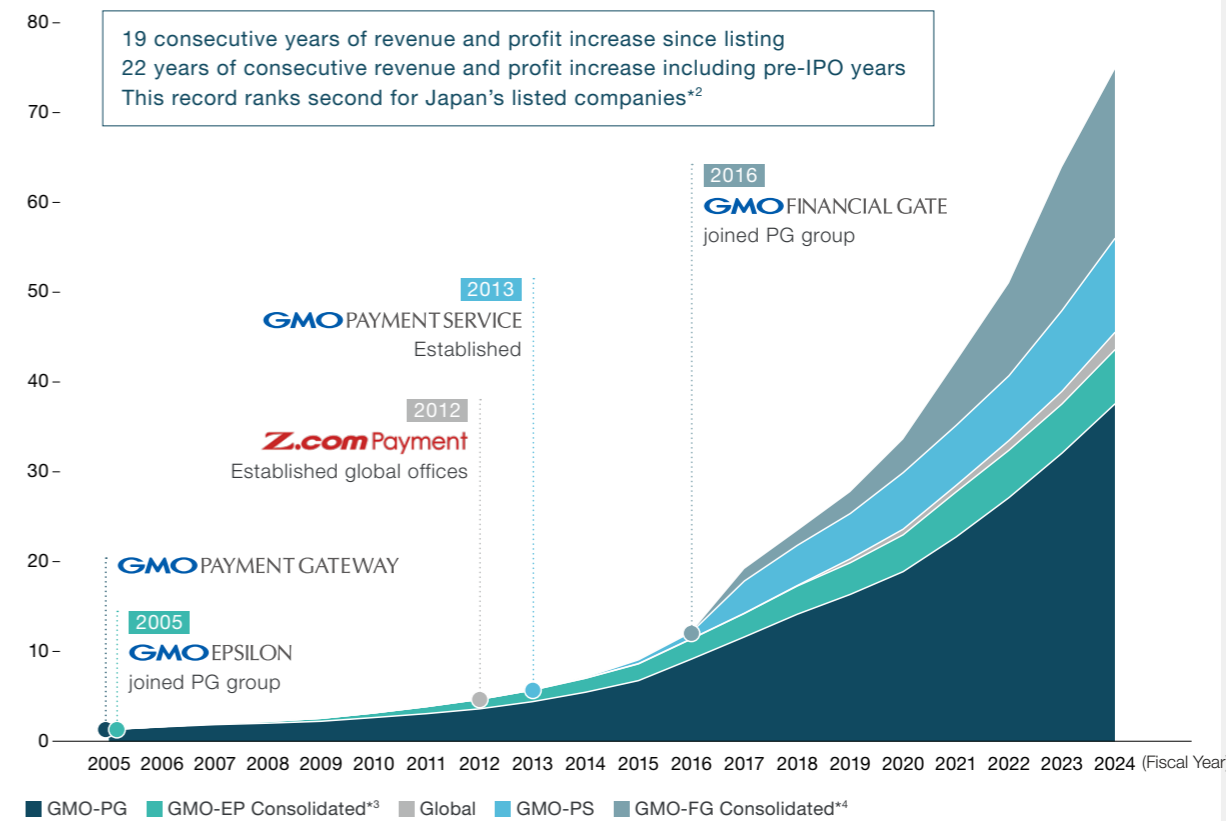
We hope to secure the continued support from all stakeholders including shareholders.

* Based on consolidated FY2023 and expected to be continued in FY2024.

Our Track Record of Growth Through Consolidated Management

Revenue by Consolidated Company*1

(Unit: ¥ bn)

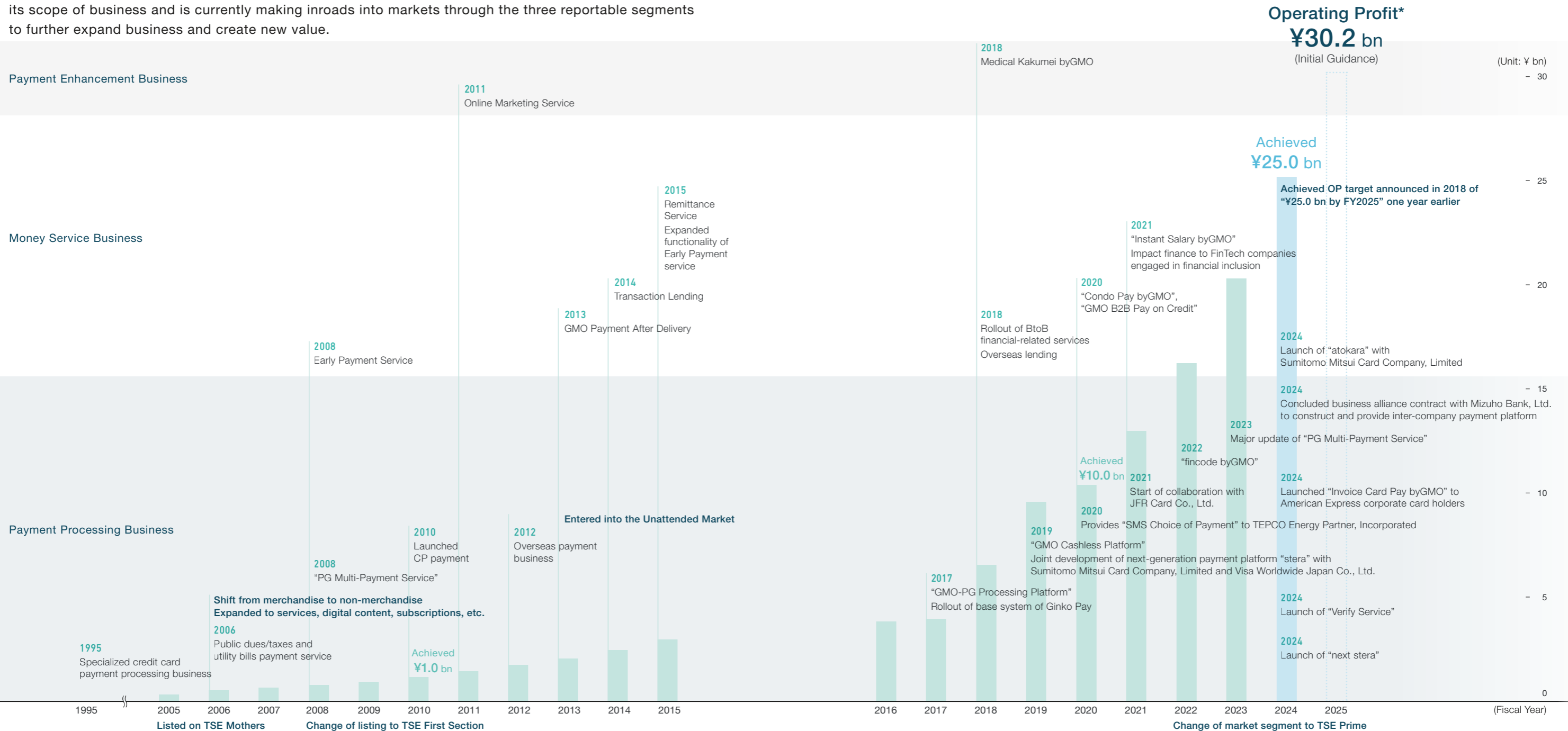


*1 Revenue figures are before consolidated eliminations. Figures for global are the sum of lending and payment.
*2 Based on the Company's estimate.

*3 Figures present the sum of GMO-EP and GMO Reserve Plus (formerly GMO Medical Reservation Technology Co., Ltd.)
*4 Figures present the sum of GMO-FG and GMO Card System.

Track Record of Value Creation

After commencing business by specializing in credit card payment processing, the Company expanded its scope of business and is currently making inroads into markets through the three reportable segments to further expand business and create new value.



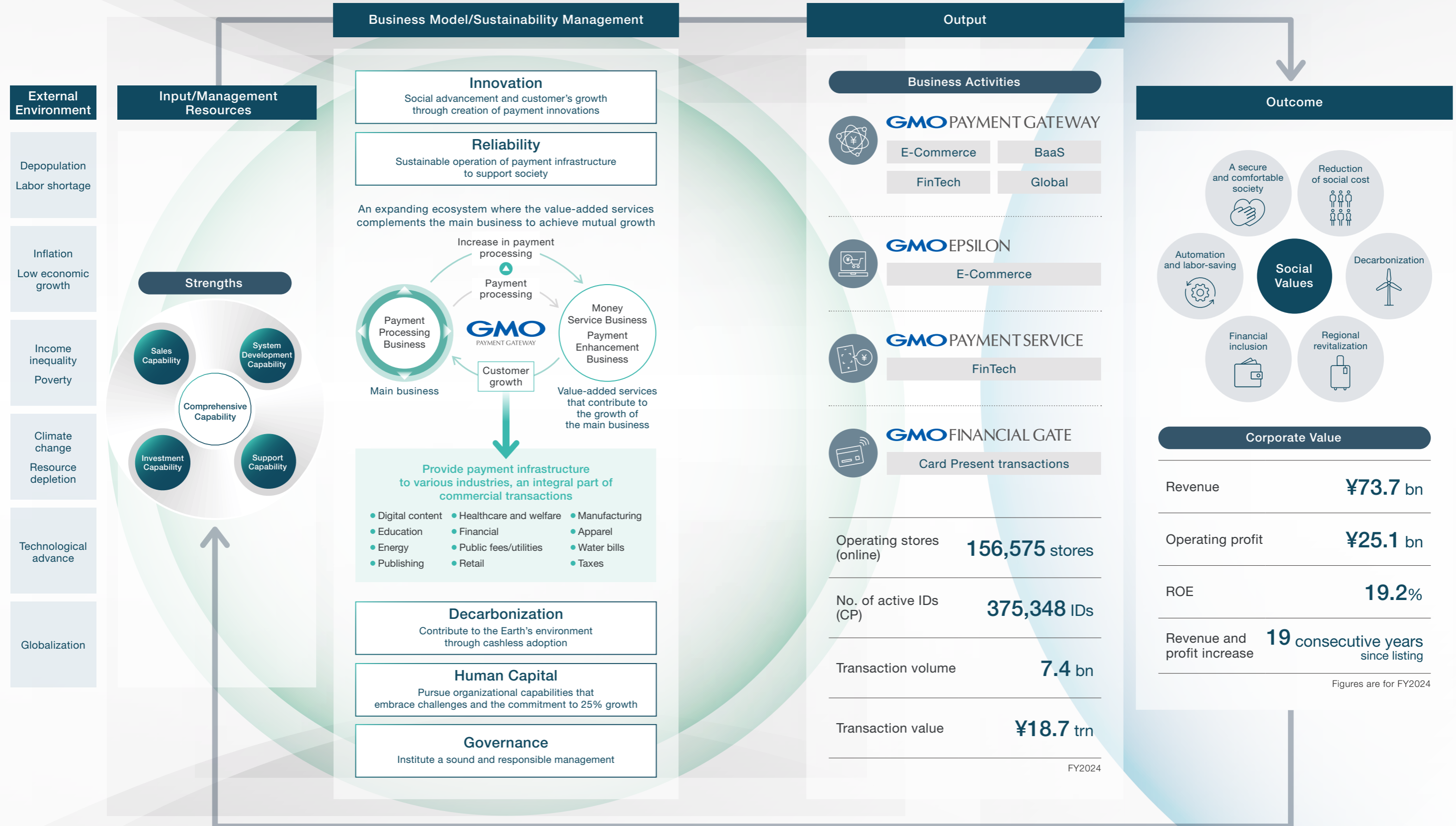
Who We Are
 Towards Value Creation
 Innovation and Reliability
 Decarbonization
 Human Capital
 Governance

Value Proposition and Our Role to/ in Society	Supporting EC and online migration	DX support	Supporting the transformation to a decarbonized society
Major Social Events	1997 Consumption tax raised to 5%	2008 Lehman Shock	2011 Great East Japan Earthquake
History	1995 Establishes Card Call Service, Inc. the predecessor of the Company	2000 Issei Ainoura appointed as Representative Director and President	2004 Joins GMO Internet Group and integrates with Payment-One, Inc.
	2005 Changes corporate name to GMO Payment Gateway, Inc. / GMO Epsilon, Inc. joins GMO-PG group	2010 GMO Financial Gate, Inc. becomes an equity method affiliate	2012 Establishes Asian headquarters in Singapore
	2013 Establishes GMO Payment Service, Inc.	2014 Consumption tax raised to 8%	2015 Establishes joint venture SMBC GMO PAYMENT, Inc.
	2016 2C2P Pte. Ltd., Southeast Asia's major payment operator, becomes an equity method affiliate	2018 GMO Medical Reservations Technology Co., Ltd. joins GMO-PG group	2019 Establishes Indian corporate entity
	2020 COVID-19 pandemic	2020 COVID-19 reclassified to Class 5 of infectious diseases	2021 BUFFORT Inc. joins GMO-PG group
	2024 Acquired 'A-' issuer rating from R&I	2025 enpay Inc. (renamed GMO Enpay, Inc.) joins GMO-PG group	

* Macro Kiosk Berhad is classified as a discontinued business due to its deconsolidation in FY2020. Figures for operating profit present the numbers for continuing business only and exclude the numbers for discontinued business. Figures for FY2019 have been restated on the same basis.

Value Creation Model

The Company deploys a business model that integrates sustainability together with changes in the external environment and social challenges. We strive to realize sustainable growth by creating corporate value and social value through business activities and by redeploying the management resources that are created for further value creation.



Basic Approach to Sustainability

As the leading company in the payment industry, the Company promotes business activities that support online and cashless migration, paperless operations, digital transformation (DX) and financial inclusion by building payment infrastructures as well as providing payment and financial-related solutions and platforms. These are based on the “GMO-ism” shared with GMO Internet Group, under which the Company upholds the management principle of “contributing to society to pursue both spiritual and material prosperity for our partners.” The Company is engaged in resolving a wide array of

societal issues such as socioeconomic revitalization and enhancement of corporate competitiveness through the Company’s businesses that leverage innovations centered on payment to support a diverse range of corporate activities.

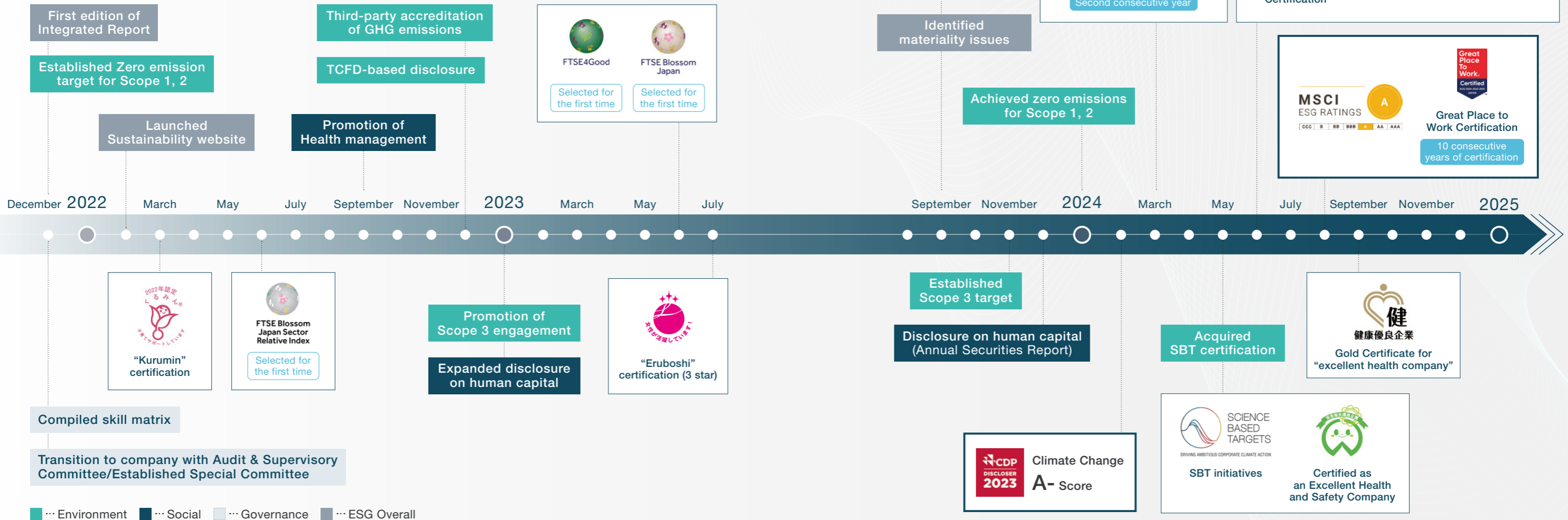
Together with our stakeholders who support the Company’s business activities, we strive to contribute to the realization of a sustainable society and our customers’ growth that in turn enhances the Company’s corporate value and a sustainable high growth rate.

Accredited with an ‘A-’ score in CDP’s 2023 Climate Change Report

The scoring methodology uses an 8-level score from A to D- based on responses to questions on climate change issues, including GHG emissions and business risks and opportunities arising from climate change. The Company was given an A- score (leadership level) as a company with best practices in managing environmental challenges in the 2023 Climate Change Report.

Received MSCI ESG rating of ‘A’

MSCI ESG Rating is based on MSCI’s analysis of companies’ environmental, social and governance practices and risk management capabilities, and is rated on a seven-point scale ranging from the lowest CCC rating to the highest AAA rating. In the evaluation conducted in August 2024, GMO-PG was upgraded from a ‘BBB’ rating to an ‘A’ rating.








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

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

Priority Themes of Sustainability Management

The materiality issues identified have been grouped into five domains to clarify the key themes of sustainability management. The Company will strive to contribute to a sustainable socioeconomic advancement and a sustainable improvement in corporate value along these five themes.

Priority Themes	Materiality	Initiatives	Contribution to SDGs
<p>1 Innovation Social advancement and customer's growth through creation of payment innovations</p> <p>Beginning with payment, one step in the flow of various economic activities, the Company provides a wide array of innovations to corporates that support operational efficiencies such as invoicing, cash management and salary payment to enhance corporate's competitiveness. Promoting cashless adoption contributes to the realization of a more convenient and comfortable society.</p>	<ul style="list-style-type: none"> ▶ Reconfiguring operational processes and commercial flows from a payment perspective ▶ Improvement of service quality and better customer experience through a seamless payment process ▶ Respond to the decline in labor population with payment automation ▶ Reduction of social costs by promoting cashless adoption ▶ Promote financial inclusion by offering various payment methods and financial access ▶ Revitalization of local communities by building out the payment infrastructure 	<ul style="list-style-type: none"> • Support the diverse sales channels of merchants, such as E-commerce (EC) shops and delivery, through payment services • Implement contactless NFC payment, terminal-free payment, mobile orders at shops and public transport • GMO Reserve Plus (formerly GMO Medical Reservation Technology) provides reservation management system exclusively for medical institutions • Promote unattended payment at self-checkout counters and vending machines • Drive cashless adoption and DX in nursery and educational industries through "enpay" (renamed enpay byGMO) • Support recruitment efforts and receive salary at preferred timing with Instant Salary byGMO • Contribute to improving customer cash efficiency by providing lending that shortens the time lag between payment and depositing of sales proceeds • Support access to EC for non-cardholders with BNPL services • Investment and lending to FinTech companies promoting financial inclusion in India, Southeast Asia and the United States • Support cashless migration in regional areas through BaaS support business (Ginko Pay base system, acquiring support) 	
<p>2 Reliability Sustainable operation of payment infrastructure to support society</p> <p>As a company responsible for the social infrastructure of payment, the Company strives to improve the stability and reliability of our operations in order to ensure the safety and security of socioeconomic activity of payment.</p>	<ul style="list-style-type: none"> ▶ Stable and uninterrupted operation of the payment system infrastructure ▶ Strengthen information security, the bedrock of a secure payment transaction ▶ Eliminate fraudulent transactions as per the Act on Prevention of Transfer of Criminal Proceeds, etc. 	<ul style="list-style-type: none"> • A 24/7 system surveillance structure and system configuration that includes redundancy • Realize an advanced level of information security response, acquire external certification • Support the strengthening of customer EC security, expand anti-fraud solutions • Continue to strengthen merchant management and screening systems 	
<p>3 Decarbonization Contribute to the Earth's environment through cashless adoption</p> <p>Focus on CO₂ emissions reductions through the transformation of paper-based and cash-based processes.</p>	<ul style="list-style-type: none"> ▶ Reduce environmental footprint through cashless adoption 	<ul style="list-style-type: none"> • Cashless promotion to reduce societal CO₂ emissions from cash transactions • Support merchant's decarbonization through paperless migration of invoicing and DX support • Promote payment processing using what is effectively renewable energy; realize carbon neutrality • Engagement with supply chain vendors towards CO₂ emissions reduction 	
<p>4 Human Capital Pursue organizational capabilities that embraces challenge and the commitment to 25% growth</p> <p>Focus on expanding the critically important human capital base as the highest priority undertaking of the organization as we seek to achieve sustainable growth that can overcome changes in the environment.</p>	<ul style="list-style-type: none"> ▶ Drastic empowerment of human capital capable of driving a 25% growth ▶ Support self-realization by providing work environment that is healthy and motivating ▶ Realize diversity and inclusion to further strengthen the organization 	<ul style="list-style-type: none"> • Compile and execute a recruitment and talent development strategy that will secure both the quality and quantity of human resources • Create dialogue opportunities to improve engagement • Secure diversity of human capital (specialization, gender and nationality, etc.) to align with diversifying business domains • Promote health management 	
<p>5 Governance Institute a sound and responsible management</p> <p>Strengthen the governance structure to enhance the effectiveness of oversight from external bodies and risk-taking, in order to continue on a sound and stable path of high growth.</p>	<ul style="list-style-type: none"> ▶ Constructing a robust corporate governance structure to secure a sound and sustain a high growth rate ▶ Thoroughly adopt preventative risk management to support the high growth ▶ Secure a fair and transparent management through information disclosure 	<ul style="list-style-type: none"> • Secure the diversity of the Board of Directors and implement measures to raise effectiveness • Secure effectiveness of Special Committee comprised of External Directors for the protection of non-controlling interests • Comprehensive risk management carried out by Risk Management Committee (realize an overall balance of risk and return) • Promote engagement through Investor Relations (IR) activities 	

Social contribution through the sustainable growth of business centered on payment

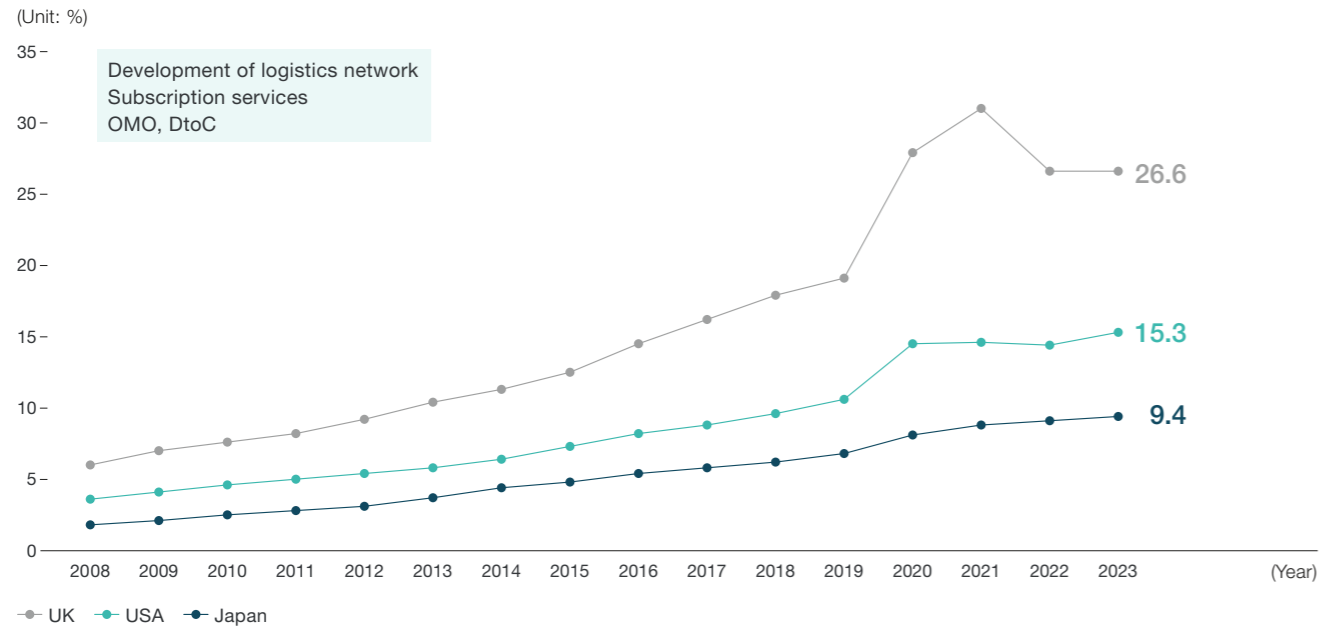
Management foundation to support sustainable growth

Business Environment

Expansion of EC Market

The EC market is expected to expand over the medium- to long-term with the development of logistics networks, penetration of subscription services in daily lives and the implementation of Online-Merges-with-Offline (OMO), as Japan's EC penetration rate still remains lower than developed countries/regions such as the United States and Europe.

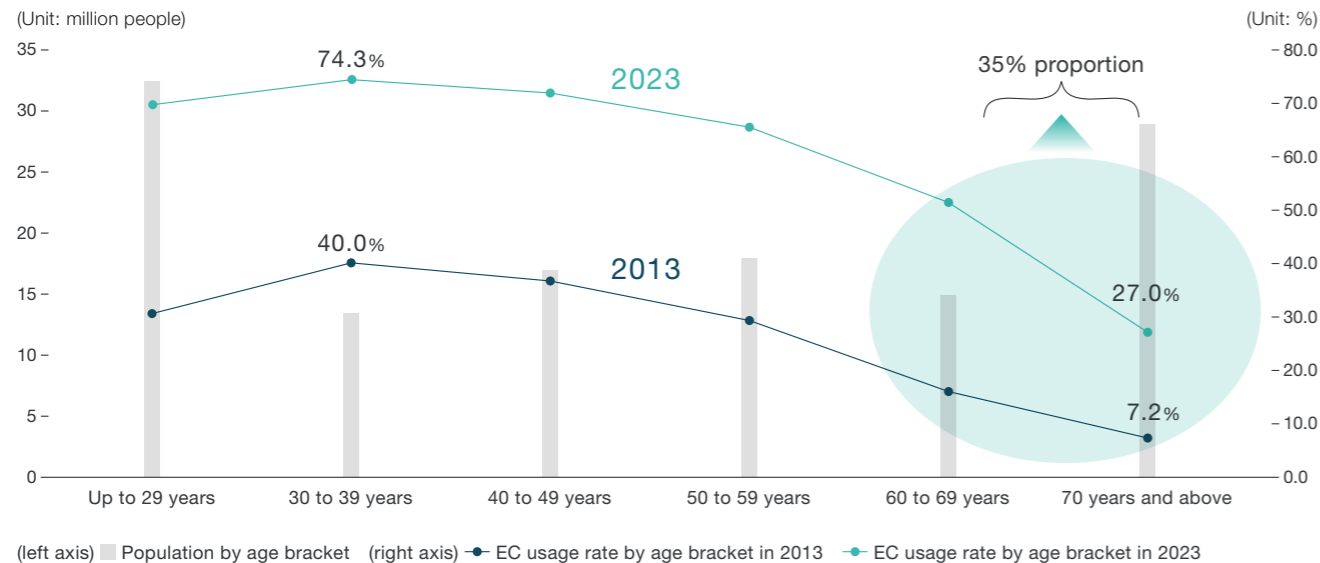
EC Penetration Rates of Developed Countries*



* Ministry of Economy, Trade and Industry, "FY2023 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-commerce market survey)," U.S. Census Bureau, "The 2nd Quarter 2024 Retail E-Commerce Sales Report," Office of National Statistics, "Retail Sales Index internet sales, October 2024."

Over the past decade, EC usage rates have risen across all age groups, with the usage rate for people under 60 years old exceeding 60% in 2023. On the other hand, above 60-years which accounts for 35% of the population have a relatively lower EC usage rate compared to other age groups. In particular, EC usage in the 70-years and higher cohort remains at 27% indicating significant upside.

EC Usage by Age Cohort*1*2

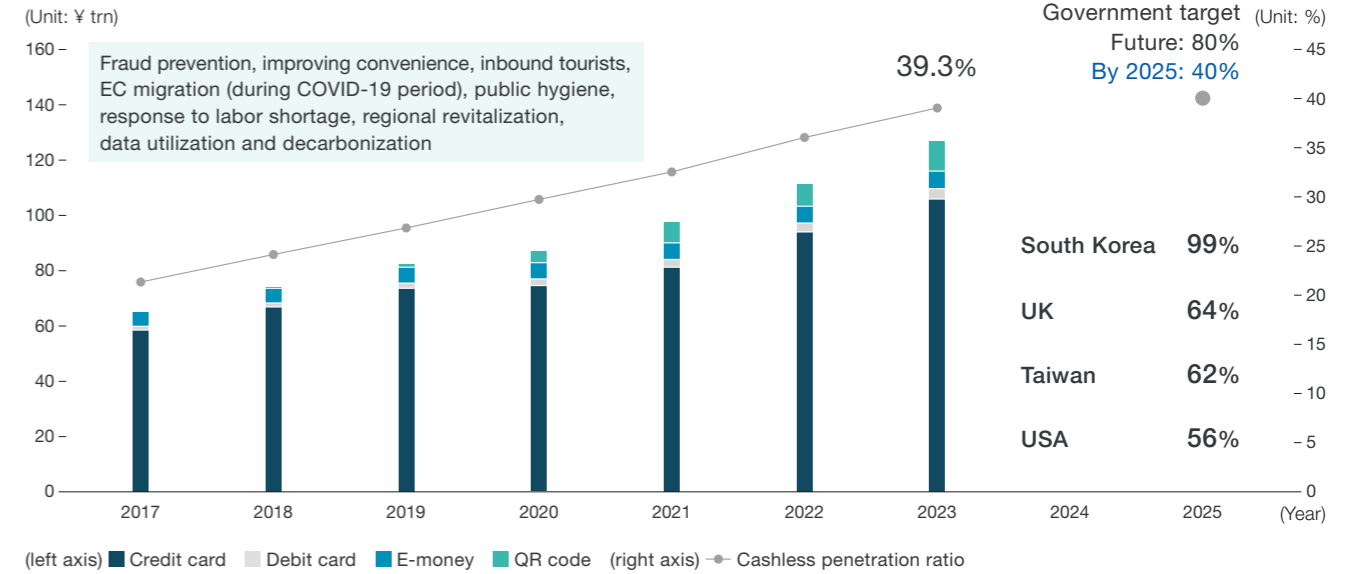


*1 Ministry of Internal Affairs and Communications, "Family Income and Expenditure Survey"
*2 Ministry of Internal Affairs and Communications, "Population Estimates"

Progress of Cashless Migration

Japan's cashless payment market is on an expansionary path, given the need to cater to inbound tourists and government policy. However, the current cashless payment penetration rate still remains low compared to developed countries/regions of the United States and Europe and therefore holds growth potential in the medium- to long-term as the means to resolve the social issues faced by Japan such as depopulation and regional revitalization.

Cashless Penetration Ratio (Ratio to Private Final Consumption)*1*2

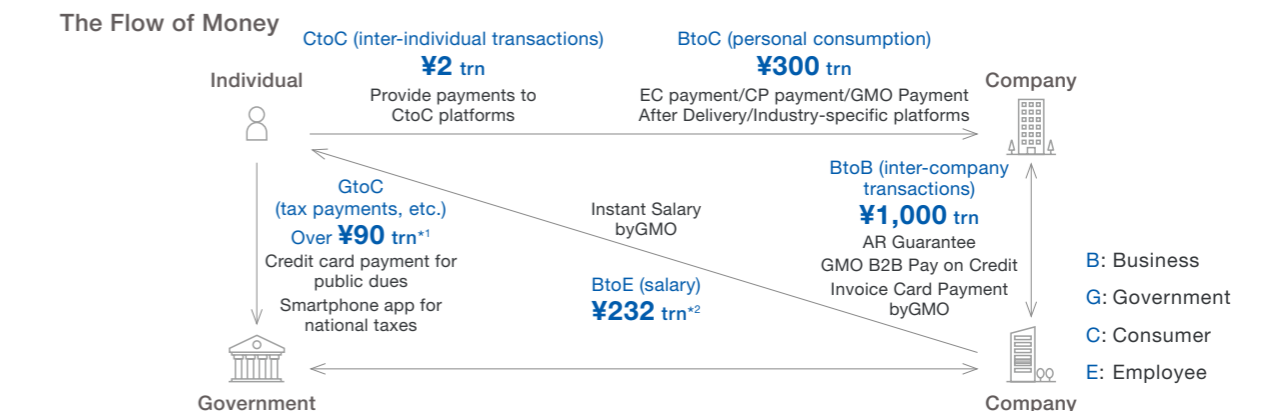


*1 Cabinet Office, "System of National Accounts," Japan Consumer Credit Association's credit card statistics, Bank of Japan's Payment and Settlement Statistics.
*2 Figures for Japan, South Korea, UK and USA are excerpts from Payments Japan Association's "Cashless Roadmap 2024." Figures for Taiwan are excerpts from National Development Council. Figures present the actual numbers for Taiwan as of 2019; South Korea, UK and USA are as of 2022, Japan is as of 2023.

Expansion of Addressable Markets

Since listing in 2005, the Company's business domains have expanded from BtoC to include GtoC and CtoC markets for online payments, as well as expanding into CP payments. The addressable market has further expanded in recent years through the rollout of services such as Instant Salary byGMO and Invoice Card Payment byGMO to make inroads into the massive BtoB and BtoE markets.

Expand business scope by addressing legacy cash transactions between individuals, corporates and government entities



*1 Ministry of Internal Affairs and Communications, "Breakdown of national and local taxes (Local Public Finance 2024)"
*2 National Tax Agency, "FY2023 Statistical Survey of Actual Status for Salary in the Private Sector"

Our Strengths

The Company's advantage and source of growth is its comprehensive capability of integrating its sales capability, system development capability, support capability and investment capability to support the growth of customers.

Identify the needs and issues by emphasizing the customer's perspective

In order to respond to a customer base from a wide range of industries and corporate scales, sales are organized into dedicated teams according to the customer segment and/or industry. This enables a deeper understanding and accumulation of issues faced by customers and the commercial practices and trends in the respective industries, which is reflected in expanding the product line-up and creation of new businesses.

In addition, combining multiple payment and financial solutions according to the customer's issues and needs enables the Company to not only support the customer's online migration of payments, but also the resolution of management issues such as cost reduction, cash flow improvement, revenue increase, labor shortage alleviation, etc.

Industry-dedicated sales team structure	
Electric Power and Gas	Travel & Ticket
Broadcast & Telecom	Real Estate
Global Major Players	Banks & Financials
Digital Content	Insurance
Entertainment	Logistics & Retail

Sales Personnel

304
persons

As of end of September 2024

Deploy the "payment +α" solutions

The System Division's highly specialized personnel provide a one-stop solution from development to payment processing, thereby realizing a comprehensive solution offering. This division has established an overwhelming advantage to provide applications that promote business reforms at a low-cost and short time-to-market, by leveraging the Company's vast track record and know-how.

In addition, the Company is highly acclaimed for the reliability of its payment infrastructure such as the operational stability of payment processing systems that process ¥19 trillion worth of payments per annum and stringent information security that is compliant with international standards.

Major Development Milestones

- 2014 • Visa Business Pay
- 2017 • GMO-PG Processing Platform
- 2020 • GMO Digital Invoice service
- 2023 • Implemented new connectivity OpenAPI-type to PG Multi-Payment Service Invoice Card Payment byGMO
- 2024 • atokara Verify service

Number of engineers

253
persons

As of end of September 2024

Feedback of the cutting-edge expertise of investees into the Company's own businesses

The Company aims to support growth through investment, lending and business alliances with promising start-ups that are leading society's reforms through new technologies and the creation of business models in FinTech-advanced regions of United States and Asia.

The Company aims to establish relationships through an initial minority stake into promising start-ups that are involved in payments and/or financial and business operations that have a high affinity to payment. The Company then considers whether to increase the equity stake after assessing the investees' growth and synergy creation potential.

Support merchants' growth by continuously improving customer support quality

The Company pursues quality improvement of the customer support structure to accurately and expeditiously resolve customer problems.

The first company in the payment processing industry to be awarded a 7-star rating from HDI Support Center international certification.*2

Awarded the highest 3-star for Quality for seven consecutive years from HDI.

Location of offices and investees

VOICE

To Exceed Customer Expectations

We diligently improve the quality of support structures on a daily basis by expanding tools such as the FAQ webpage and by improving communication skills. Customer support intends to be the "plus α" to proposals made by sales, which is the main area of strength of the Company. My biggest satisfaction is from being able to contribute to growth by sincerely attending to the customer by standing in the frontline and to reflect their voices into our services, not to mention the words of gratitude received from the customer.

General Manager
Support Planning Department
Customer Support Management Department
Systems Division

*1 Refers to the VC fund jointly operated with the Company acting as a General Partner.
*2 HDI is the world's largest membership organization for IT support services.

Business Overview

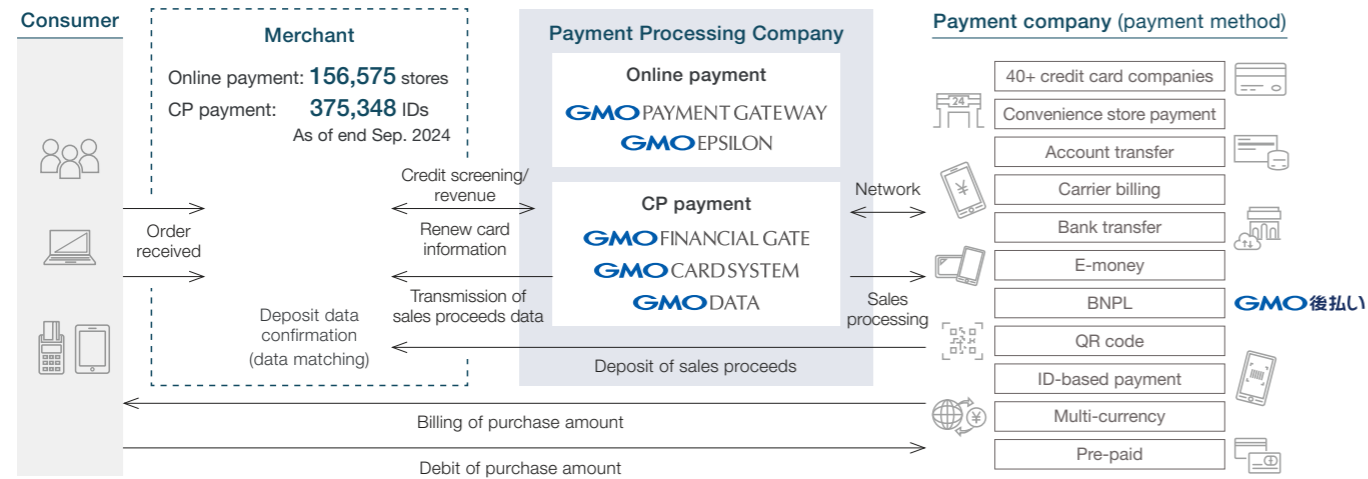
Business Segment

The Company provides value-added services that drive revenue expansion at merchants who utilize the core payment processing service. This establishes a virtuous feedback cycle, whereby increasing payment transactions leads to the expansion of the core business.

Payment Processing Business

The Company provides a comprehensive payment system for merchants to enable the end customer to use various payment methods such as credit cards and Payment After Delivery.

Structure of Payment Processing Service



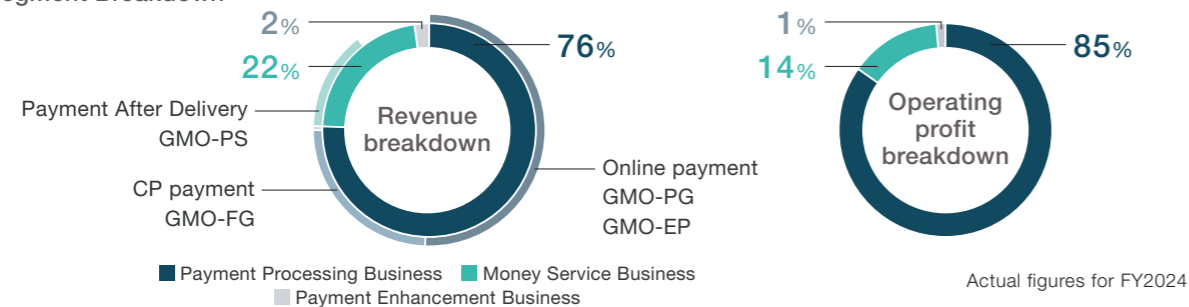
Money Service Business and Payment Enhancement Business

The Company provides services that contribute to the merchant's growth and expansion of payment transactions.

Service line-up

Business Category	Service	Description
Money Service Business	GMO Payment After Delivery GMO B2B Pay On Credit atokara	Pay the sales proceeds before collecting from the consumer
	Remittance service	Realizes an efficient and secure remittance/refund processing
	Overseas lending/ Transaction lending	Lending of growth capital
	Early Payment service	Improve cashflow by bringing forward the deposit date
	Instant Salary byGMO	Realizes salary payments at a preferred timing
Payment Enhancement Business	Medical Kakumei byGMO	Provides seamless operation from reservation to payment
	Online advertising service	Online advertising operation and analysis to improve revenues for merchants

Segment Breakdown



Business Portfolio

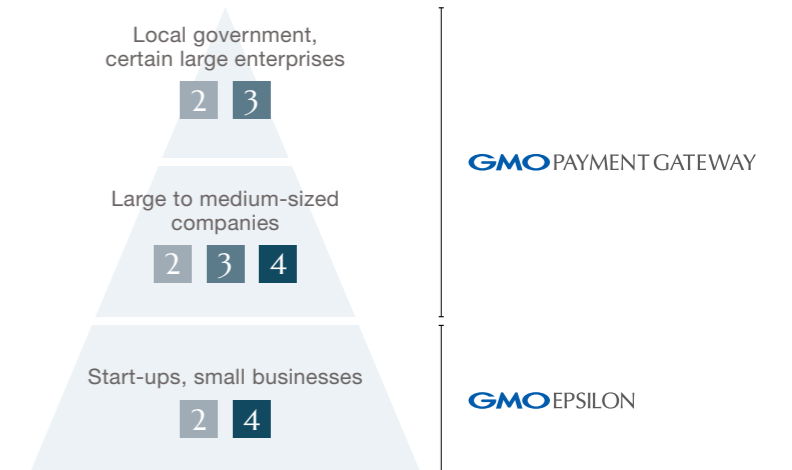
The Company's businesses covers a wide domain centered on payment through the four major subsidiaries.

Company name	GMO PAYMENT GATEWAY	GMO EPSILON	GMO PAYMENT SERVICE	GMO FINANCIAL GATE
Major business	Payment processing business		Payment After Delivery business	Payment processing business
	Online			Card present
Main customers	Local government, large and medium-sized companies	SME	EC operators, consumers	Physical stores, unattended machine operators
	Non-merchandise, merchandise	Mainly merchandise, expanding into non-merchandise		Non-merchandise, merchandise
Main services	<ul style="list-style-type: none"> PG Multi-Payment service Ginko Pay base system GMO-PG processing platform Remittance service Early Payment service Instant Salary byGMO 	<ul style="list-style-type: none"> Epsilon payment service fincode byGMO Cycle byGMO Medical Kakumei byGMO 	<ul style="list-style-type: none"> GMO Payment After Delivery GMO B2B Pay On Credit atokara 	<ul style="list-style-type: none"> CP payment Attended payment Unattended (IoT) payment



Revenue model

1	Initial (initial revenue) Payment terminal sales GMO FINANCIAL GATE
2	Stock (fixed revenue) Monthly recurring fixed charge
3	Fee (transaction processing revenue) Charge based on transaction volume
4	Spread (merchant revenue) Charge based on transaction value



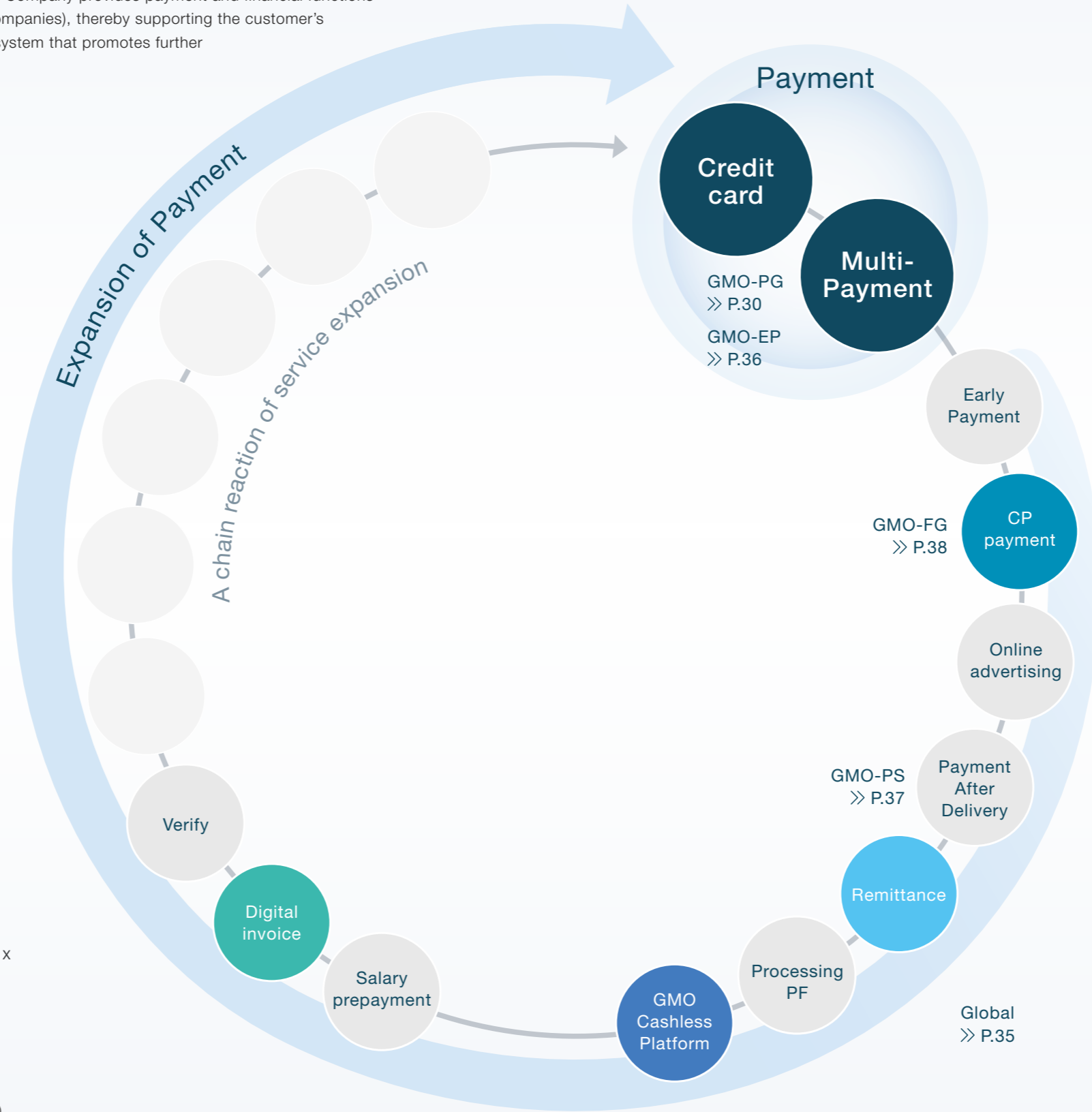
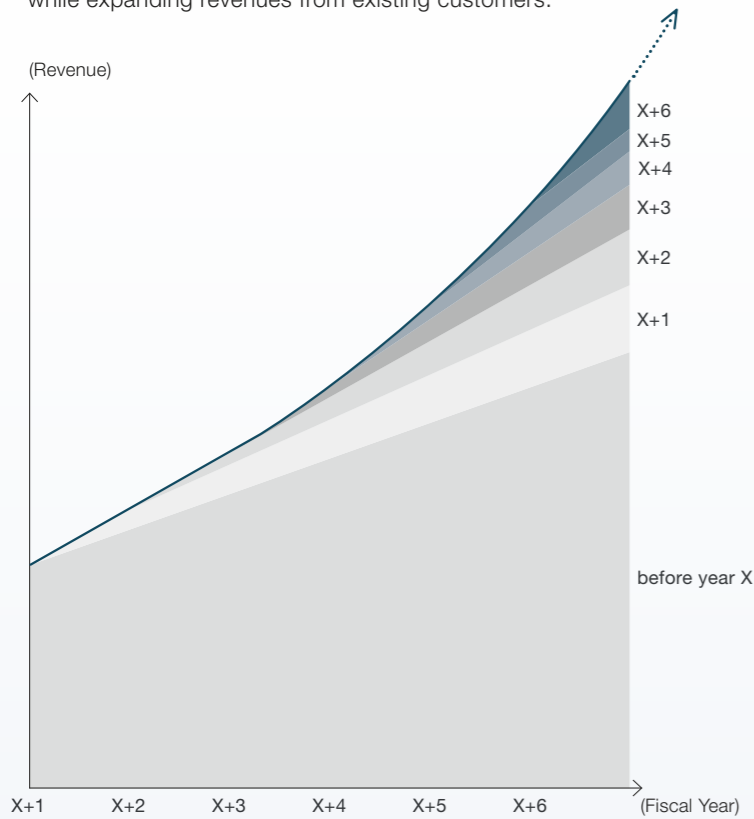
Business Strategy Ecosystem

The Company began as a dedicated credit card processing business and expanded into multi-payment business domains, diversifying into services with a payment foundation.

In order to sustain the high growth along a quadratic curve, the Company provides payment and financial functions that are indispensable for the business expansion of customers (companies), thereby supporting the customer's growth. Through such initiatives, the Company establishes an ecosystem that promotes further expansion of payment domains, our core business.

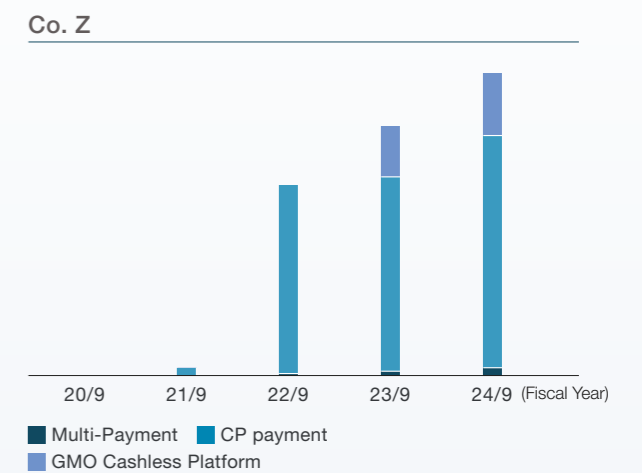
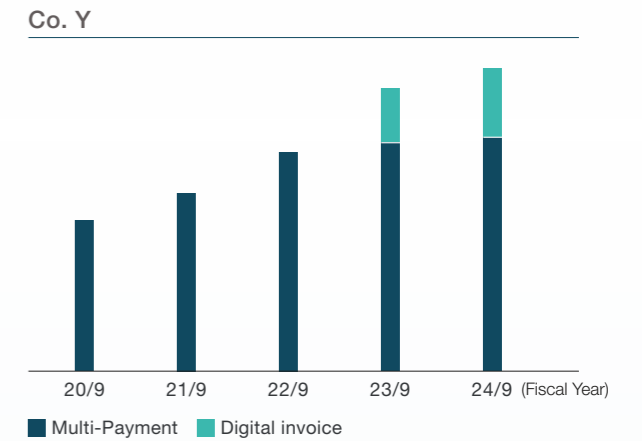
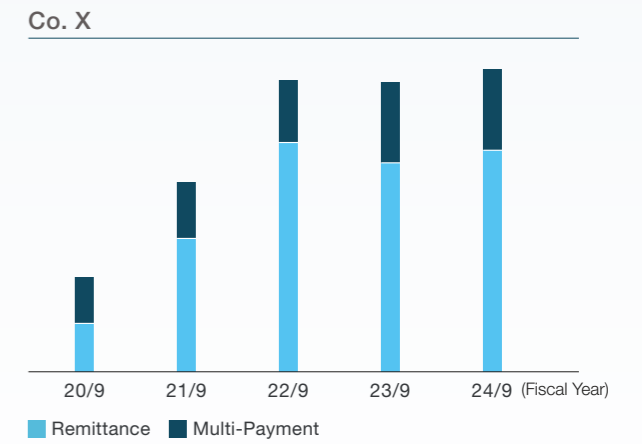
Revenue by year of service commencement (illustration)

Realize growth along a quadratic curve by building a stock-type business of adding revenue streams from new customers while expanding revenues from existing customers.

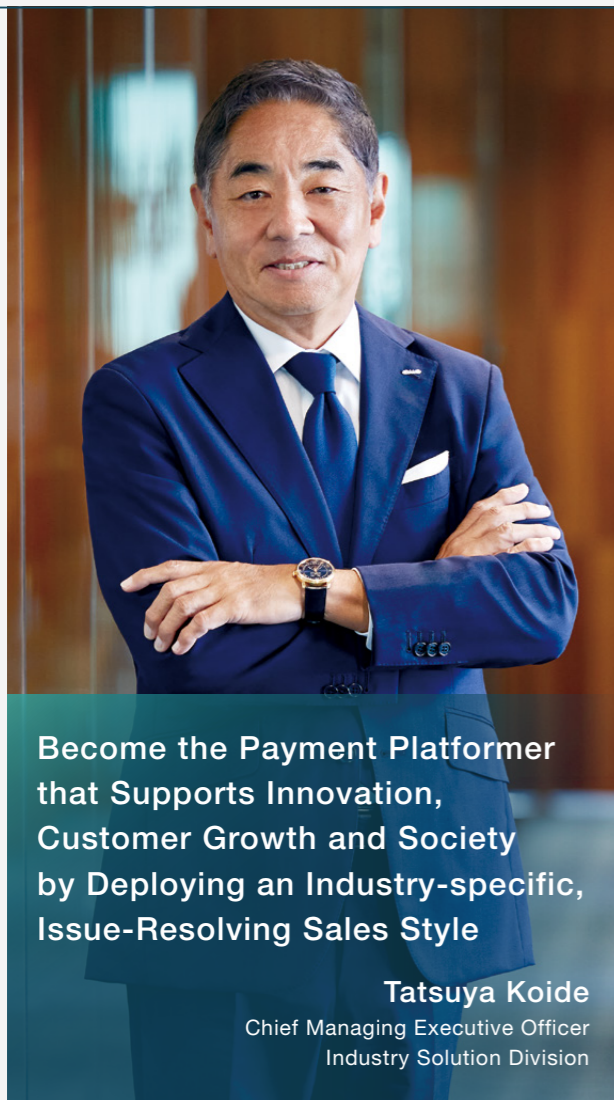


Growth of revenue per customer

Supporting customer's growth by consecutively offering payment and financial functions.



Who We Are | Towards Value Creation | Innovation and Reliability | Decarbonization | Human Capital | Governance | Data

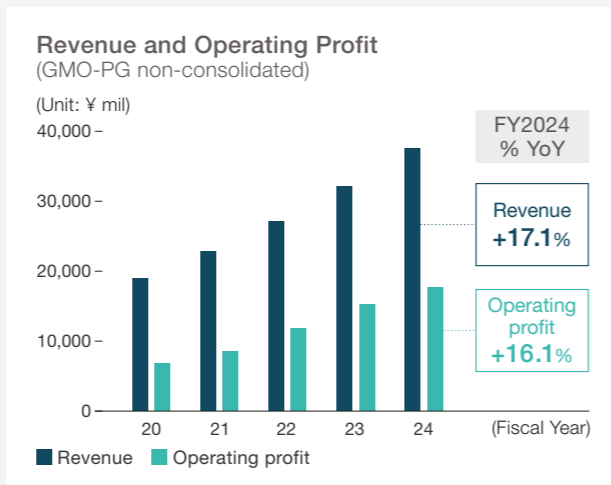


Become the Payment Platformer that Supports Innovation, Customer Growth and Society by Deploying an Industry-specific, Issue-Resolving Sales Style

Tatsuya Koide
Chief Managing Executive Officer
Industry Solution Division

Reaping the fruits of sales reform

Recent years have seen numerous companies with heightened needs to carry out DX for revenue expansion and operational efficiency as well as new business creation. As a result, the Company's business opportunities are expanding. The Industry Solution Division, which supports leading companies in various industries, conducts an in-person sales style where the heads of each industry-specific sales team is allocated to each customer, which helps in timely identification of needs and challenges as well as in resolving them. The sales organization was reorganized in April 2024 to optimize the sales resources and accelerate the strategy.

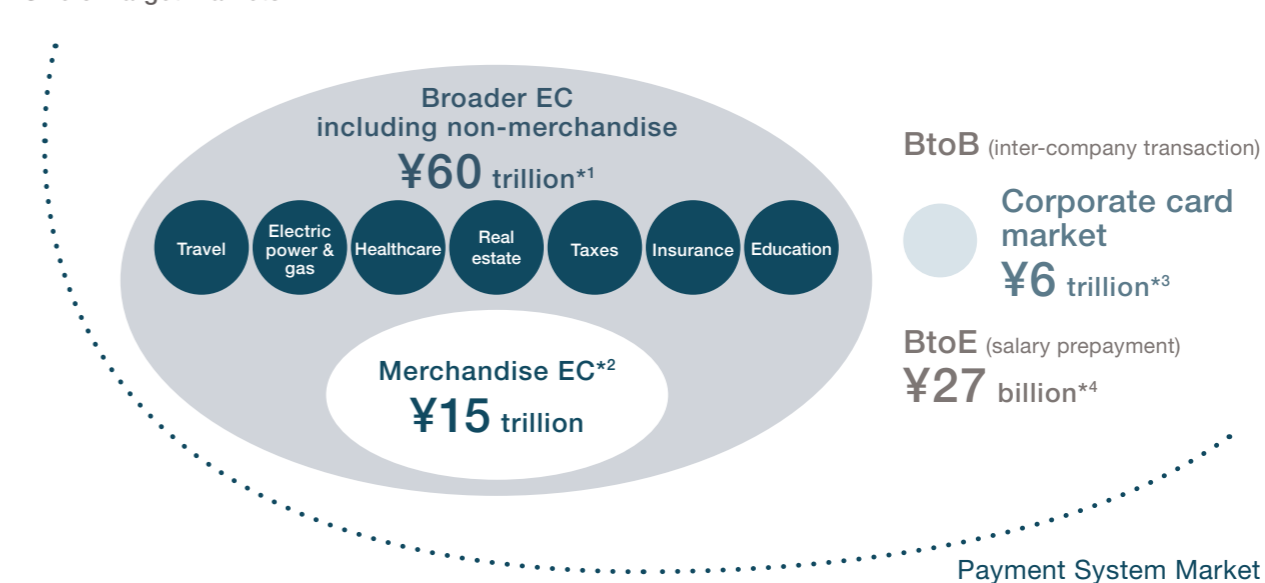


In addition, advancements in CRM have enabled better planning ahead of customer visits and to allocate more time for dialogue with the customer. As we pursue sales reforms in order to improve the quality of customer proposal activities, I feel the sales capability has tangibly strengthened in terms of the approach to customers and change in the mindset which is leading to promising projects one after the other.

Evolution of industry-specific problem-solving sales style

As the Company's scale expands, we are focusing on strengthening the ecosystem to increase revenue contribution and advance pipeline management in order to achieve a CAGR of 25% operating profit growth. We are working to enlarge project sizes by providing multi-faceted support to large enterprises in each industry, by leveraging the ecosystem that enables us to consecutively provide multiple services. In addition, transformations are underway to enable more intricate management of the project pipeline that includes multi-year, large-sized projects. As a result, several large project wins were achieved during FY2024. There are more instances where we receive acclaim for the insight and expertise for industries accumulated through our support activities for large companies. I can viscerally feel the evolution from a payment processing company to one that supports problem-solving by providing payment-centered solutions.

Size of Target Markets



*1 The figures presented are the Company's estimates by referencing Ministry of Economy, Trade and Industry's "FY2023 E-Commerce Market Survey" for the BtoC EC market and other statistics for the major target industries.
*2 Ministry of Economy, Trade and Industry, "FY2023 E-Commerce Market Survey"
*3 Based on GMO-PG's estimate by referencing Yano Research Institute's "FY2022 Business involved in optimizing commercial transactions and service environment; Survey results on promoting credit card payment data distribution for corporate accounting work by the private sector"
*4 Based on the Company's estimate.

Build an organization capable of out-of-the-box thinking, drive society's innovation with payments

The payment industry going forward will require companies capable of guiding companies to resolve management issues and social challenges. In the past, payment systems were not seen as a means to enhance competitiveness. The importance of providing value added services such as system development to enhance competitiveness and financial services is increasing, as customers seek to revise business operations, including payment, as well as create new business. The SMS Choice of Payment offered to electric power companies enables the digitalization of billing operations and contributes to strengthening competitiveness by improving user convenience. By expanding such solutions, we intend to make inroads into the non-merchandise domain, infrastructure domain and the vast BtoB (inter-company transactions) domain where the scope for cashless

adoption is significant. In the BtoB domain, the "Invoice Card Pay byGMO" was launched in October 2024 to corporate card holders of American Express International, Inc. This enables payment of invoices using a credit card, thereby supporting the business operator to focus on the main business by improving cashflow and making business operations efficient.

The source of such innovative services that create new value is human capital. We will continue to foster sales partners that can proactively make proposals and assemble solutions centered on resolving the customer's issues. We are still midway in our endeavors to build an organization that abounds in out-of-the-box ideas to become a payment platformer that can grow together with our customers to create social innovations.



Accelerate Reform and Cashflow Creation, and Become the Payment Infrastructure that Supports Innovation

Yuichi Hisada
Senior Managing Executive Officer
Innovation Partners Division

Social change through the reform and creation of cashflow

We are in the midst of an industrial revolution that takes place once in several centuries. Foreseeing that EC and cashless would propel social reforms through internet technology, we have been supporting social advancement and customer growth through payments since the inception of the EC market. The Innovation Partners Division aims to be the partner to rely on by supporting customer innovation by providing solutions centered on the core product of “PG Multi-Payment Service” to EC operators of all sizes. With the reorganization of sales in

April 2024, we have transitioned to two sales divisions, one of them being the Innovation Partners Division. This reorganization will accelerate the strategy by using sophisticated KPIs and improve sales efficiency through inside sales. EC and cashless penetration are still progressing, and we intend to accelerate reforming the flow of money and creative innovations by strengthening our solutions centered around “PG Multi-Payment Service.”

Evolve solutions that align with social trends

The Innovation Partners Division emphasizes the “Trend & Direction” approach, in which we strive to provide an optimal proposal that matches the customer’s growth and aligns with the social trends. The payment solution required is constantly changing according to the various conditions such as industry, sector, product and user attributes. Sales partners skilled in payment trends can make the optimal proposal to respond to the needs of the end user. We also need to respond to security trends in addition to payment. Regulations on EC operators have been tightening in recent years owing to the the increase in fraudulent use of credit cards and the sophistication of crime. We have been supporting security measures with “3D Secure 2.0,” and have recently added the “Verify service” from October 2024 that can enhance security in a cost-effective and convenient way. We intend to be the partner that protects the customer’s business from increasing threats by expanding anti-fraud solutions.

Realizing a more convenient and smooth payment infrastructure

The payment solution sought by customers is going to be one that is frictionless and one that realizes the user’s goal easily and smoothly. Just like water flows with a turn of the tap, payments must be processed smoothly and securely just by connecting to the Company’s system to confirm the daily revenues of customers. We are entrusted to operate the payment system without interruption and become an infrastructure that is indispensable to society, much like electricity, water and gas, and support customer innovation.

VOICE

Build the foundation of inside sales and promote measures for the advancement of E-Commerce

General Manager
Customer Success Sales Department
Innovation Partners Division



Develop the inside sales structure

Since being assigned as the manager to the inside sales team, I have focused on developing its organizational structure. The sales structure in the past was based on sales coverage regardless of customer scale. However, providing a sufficient level of support as the number of customers increased was reaching its limit. The sales team structure was transformed, and the structure where an individual person covered a customer was replaced into a multi-person team that can provide more intricate support service. We started by building a consensus to proceed with this organizational reform and change the mindset. The driving force behind the smooth ramp of the new structure was that everyone was on the same page, and this was done by diligently explaining the intention and concept of the new structure and the current challenges we were facing to the relevant managers of various

divisions. In addition, we worked to strengthen the new structure by revising the communication tools with customers, leveraging CRM and establishing suitable KPIs and running PDCA cycles at a high frequency. As a result, we are seeing visible results such as order value per sales team—one of the KPIs used—increasing six-fold YoY.

Advancing the Company’s mechanism of evolution

The Company has a system to share the voices of the customers and the frontline partners with other internal divisions such as the Systems Division to improve our operational workflow and systems. In fact, we submitted around 100 feedback items regarding operational efficiency, of which half were implemented or discussed. We intend to further improve survey tools and questionnaires to collect the unvarnished opinions of customers and frontline partners for the aim of strengthening the product

and enhancing operational efficiencies. Advancing the CRM system is another focus. In the past, customer proposals have been based primarily on the salesperson’s experience of the customer’s circumstances and product. We are working to make high value-added proposals based on quantitative data analysis, given the large scope to leverage the vast amount of customer data accumulated within the company.

Turning Japan into a developed EC market

It has been one year since this team was established, and there is much more to do to reach our ideals, despite the progress in building the structure and results of various initiatives. We intend to further strengthen our structure and provide services to grow the customer’s revenue which, in turn, will make Japan an advanced EC country on par with the USA and Europe.

TOPIC “PG Multi-Payment Service” Engineer Interview

Key features and evolution of core product “PG Multi-Payment Service” that supported our growth from the Company’s infancy



Description of PG Multi-Payment Service

This is a comprehensive payment service that packages various payment methods, including credit card. The service offers a single-screen dashboard to manage multiple payment methods and functions, as well as reduces the onerous management of confirming deposit of sales proceeds, by consolidating the different dates for settlement and deposits of various payment methods into a single date.

Expand value proposition through product evolution

The main competitiveness when the service was launched in 2008 was the wide number of payment methods it covered. Since then,

the service has evolved to include more than 30 payment methods that cover the major ones used in Japan by onboarding new payment methods as they get launched.

However, the focus has shifted towards emphasizing the improvement of engineers’ and users’ experience in recent years. This was why the new connectivity method of “OpenAPI-type” was implemented in 2023 for an easier onboarding of new payment methods by reducing the development man-hours and costs associated with onboarding new payment methods.

Going forward, the importance of anti-fraud measures is expected to increase as we strive to support the further growth of our customers.

The Company is expanding its security solution in response to the surge in credit card fraud. The “Verify Service,” launched in October 2024, offers a new authentication function. Using multi-factor authentication before the completion of payment has improved the rate of approval of authorization and contributes to expanding customers’ (merchants) revenues.

PG Multi-Payment Service has evolved by reflecting customer needs built on the trust established between sales, customer support and the customer. We intend to further advance the product by infusing the “PG-ism” into our products.

Wide variety of payment methods

User experience
Engineers’ product experience

Enhancing customers’ revenue

Global

Realize Medium- to Long-Term Growth by Building a Mutually Reinforcing Model Between Global and Local Businesses Through Investing and Lending Activities into Promising FinTech Startups

Ryu Muramatsu

Director, Executive Vice President
General Manager of Corporate Value Creation Strategy Division



Making inroads into overseas high-growth FinTech market

The Company supports the growth of influential FinTech startups in growing economies such as the USA and Asian countries through investing and lending. This is for the purpose of seeking partners to expand our payment business overseas and to incorporate the benefits of economic growth as well as the insight from cutting-edge businesses that exist overseas.

We are accelerating our strategy to capture the opportunity presented by the continuing sluggish funding environment. During FY2024, the loan balance reached ¥19.0 billion and investments totalled ¥3.5 billion in four investees. As a result, overall global business revenue increased by 37% to ¥1.9 billion and operating profit expanded to ¥1.0 billion.

A differentiated and flexible approach to investment and lending

The strategic decision between making a majority or minority investment or lending depends on the investment environment and the needs of the candidate company. The basic approach is to start with a minority investment and gradually raise the equity stake by assessing the investees’ ability to reach their goals and affinity with GMO-PG group. In lending, the loan portfolio starts with small amounts to diversify exposure and then increases the loan amount to borrowers with favorable trends. This allows us to build an outstanding portfolio that is exposed to the high-growth Indian market and the large US market

as well as expand into certain promising Southeast Asian countries. Currently, we are working to reflect and incorporate the business expertise gained from our overseas investees and borrowers into the domestic product line-up, focus on cross-border business collaboration (globalized collaboration) and to build local collaboration between investees within a particular region (localized collaboration).

The strength in assessing promising FinTech companies is based on our experience in expanding our FinTech business and the expertise gained from investing and lending in multiple regions with different levels of business and technological advancements. In addition, the company has gained a reputation over the years which has led to building a network with leading overseas venture capital firms. As a result, referrals and introductions of candidates for investment and lending have increased, as well as ensuring a higher quality of monitoring over investees and borrowers by keeping in close contact with leading VCs to discuss important management issues and gain valuable information and insight.

Supporting global innovation from Japan

FinTech companies in India and the Pacific region are developing a new infrastructure to support the countries’ economic growth. I am convinced that supporting such companies to drive innovation will contribute to enhancing Japan’s global presence, given the backdrop of tightening funding for growth. We aim to build a strong team to expand the business scale ten-fold from current levels and play a vital role in building Japan’s overseas position.

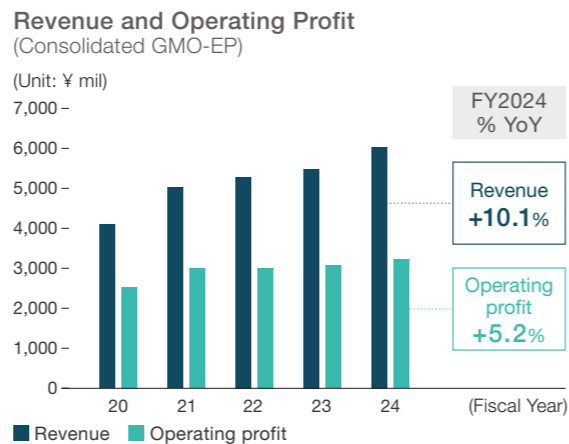


Designing Time by Supporting Operational Efficiencies

Tomoyuki Murakami
President & Chief Executive Officer
GMO Epsilon, Inc.

Accelerate expansion of business domains by strengthening collaboration with platformers

GMO-EP has been affected by the sluggish growth in the merchandise EC market in recent years; a market in which we are positioned. Given these conditions, we are focusing on establishing a new business to return to a growth trend. Last fiscal year, we made definite steps towards returning to growth thanks to the progress made in transforming the revenue model and entering the non-merchandise EC domain. Going forward, we will focus on the online payment infrastructure “fincode byGMO” as the core business to respond to diverse and complex models such as platform-type and subscription-type businesses, in addition to the conventional EC. This is expected to be the foundation to go beyond the existing domain and expand into BtoC, BtoB and CtoC domains. In order to accelerate the expansion into these markets, we will



pursue a partner strategy with market players with a captive customer base or platformers that support digitalization, rather than relying solely on the sales capability. In addition, we are also working to expand FinTech services to help improve cashflows of customers as well as expand synergy with the GMO-PG consolidated group.

Aim for a stress-free payment experience

Making business operations more efficient is an important management issue given the changes in inter-company transactions due to a shrinking labor force and changing business practices. Concurrently, leveraging digital technology and new payment methods also contributes to enhancing competitiveness. A business alliance agreement was concluded with Mizuho Bank, Ltd. in October 2024 to develop and provide an inter-company payment platform. This platform is expected to be launched in FY2025 and leverages “fincode byGMO” and adds functions necessary for inter-company transactions and connectivity to services that cover business operations occurring before and after the payment. Expectations are high as this new service leverages each company’s strengths and assets to seamlessly integrate diverse services for operational efficiency with the payment service. In addition, GMO Reserve Plus Co.,Ltd. (formerly GMO Medical Reservations Technology Co., Ltd.) provides tools to support DX in the healthcare industry such as online medical reservation, etc., given the rising need for operational efficiency and labor shortage of medical frontline professionals. This service supports improving productivity by making functions such as reservation, reception, questionnaire, payment and settlement more efficient at healthcare institutions. The act of payment is a cumbersome operation in both BtoC and BtoB domains. We intend to design time by transforming payment to be a stress-free experience.

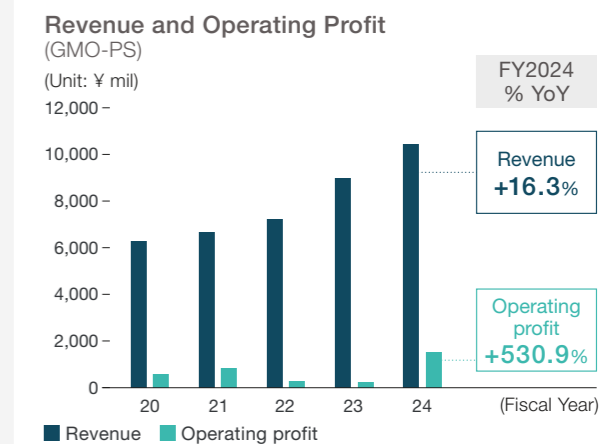


Challenging towards a new financial and new payment service

Katsunari Mukai
President & Chief Executive Officer
GMO Payment Service, Inc.

Full line-up of Payment After Delivery

Payment After Delivery is a market with much potential and is growing by more than 10% per annum given the high cash usage rate in Japan and is used widely by consumers preferring not to use credit cards. GMO Payment After Delivery has been widely used since the start of this business in 2013, achieving a well-established position in the market. Yet, we need to constantly develop new business models in order to sustain high growth. The new Buy Now Pay Later (BNPL) service called “atokara” was launched in February 2024 in collaboration with Sumitomo Mitsui Card Company, Limited. This service is a significant advance from the conventional Payment After Delivery as it fuses our know-how and core system of Payment After Delivery with Sumitomo Mitsui Card Company, Limited’s credit card



business experience. This responds to the needs of previously unreachable customers by broadening the service to include long-term installment payment and using a smartphone app to address the non-merchandise domain. In addition, we are also focusing on “GMO B2B Pay On Credit” that allows companies to concentrate on their core business by outsourcing credit screening and invoicing operations for inter-company transactions.

Moving to the next stage after achieving ¥10.0 billion revenue in the 12th year since establishment

Consistently achieving high goals every year is not an easy task given the changes in business environment such as the COVID-19 pandemic and inflation. Even so, we passed the major milestone of revenue of ¥10.0 billion in FY2024 as a result of service improvements and continued initiatives to acquire customers. Starting as a one-man business, the company has evolved thanks to the support of all employees to build a strong organization that enabled us to provide the service to society at scale. Another encouraging result is the remarkable improvement in profitability due to the in-housing credit screening engine and from leveraging AI to improve credit accuracy. Furthermore, providing another choice of payment method to be used in EC or other cases contributes not only to the merchant’s growth but also contributes to social revitalization. We strive to gain the confidence of society as a company entrusted to provide a secure system for using Payment After Delivery safely. We will continue to challenge ourselves to deliver new forms of payment and financial services going forward.



Driving Social Reforms with Value Propositions that Exceed Expectations

Kentaro Sugiyama
President & Chief Executive Officer
GMO Financial Gate, Inc.

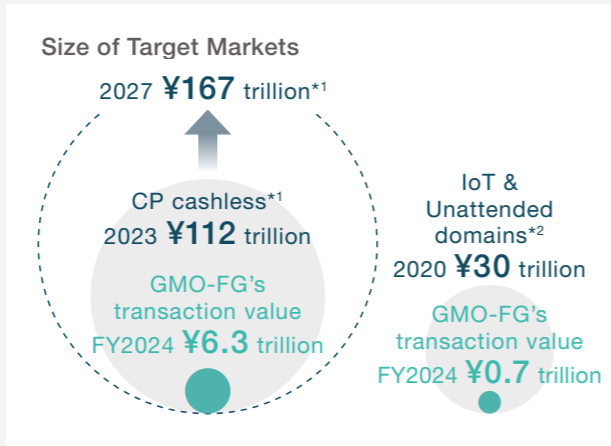
The road to operating profit ¥5.0 billion by 2030

The CP cashless market is forecast to reach ¥112 trillion by 2023 and grow to ¥167 trillion by 2027. *1 Cashless penetration is rising given changes in social structure of labor-saving and unmanned operations due to the advancements in IoT and decline in labor population, in addition to the government's 80% cashless penetration target.

Given this market environment, GMO-FG has expanded its value-added services through a proprietary alliance strategy, such as the next generation payment platform "stera". As a result, we have achieved the operating profit target of ¥1.5

*1 The figures presented are GMO-FG estimates by referencing Yano Research Institute Ltd.'s "Domestic Cashless Payment Market in Japan 2024" and "Online Payment Service Providers 2024."

*2 The figures presented are GMO-FG estimates by referencing the Cabinet Office's "Breakdown of Domestic Household Final Consumption Expenditure," disclosed information from Japan Vending Machine Manufacturers Association, Japan Parking Business Association's "Survey on the Coin-Operated (pay-by-the-hour) Automobile Parking Market."

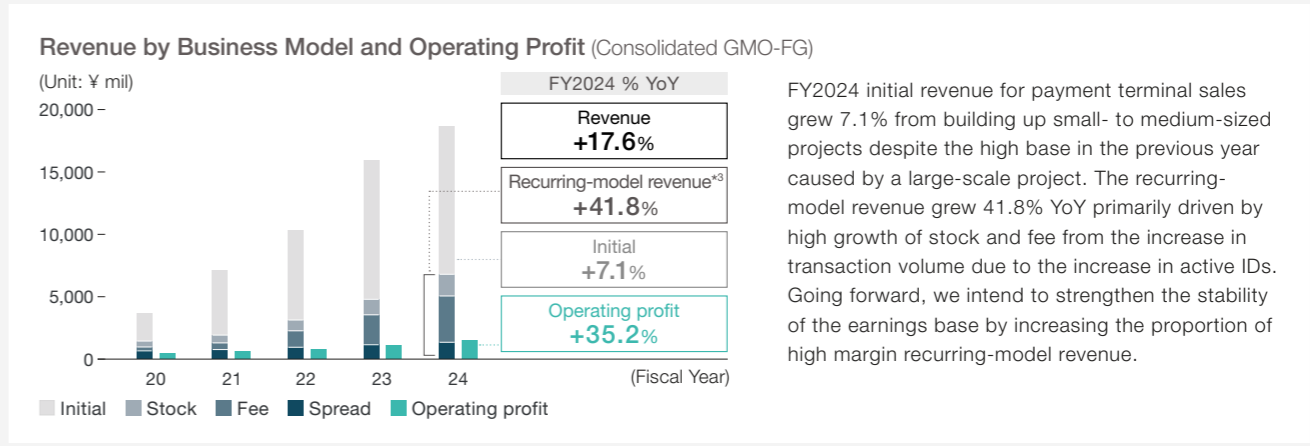


billion by 2025, one year ahead of plan.

Strategies to achieve sustainable growth are underway to reach the next target of operating profit of ¥5.0 billion by 2030 and the future target of ¥10.0 billion. Specifically, we are focusing on increasing the number of active IDs by raising industry adoption of our solution assets and by raising ARPU by building an ecosystem.

Aiming to provide proposals that exceed customer expectations

We have been strengthening our capability to make value-added proposals by organizing the issues from the root cause based on a deep understanding of the customer's management and operational issues. The pipeline of large projects is building up as a result of making proposals that go a step further, such as from a major corporate group that operates large-scale commercial facilities. We are currently shifting towards providing proposals to resolve issues of store operations with DX and data utilization and are not limited to simply supporting a cashless implementation. This compares to the past when proposals were solely based on a payment service that sought to fulfill the RFP (Request For Proposal) received from the customer. We aim to exceed the customers' expectations and not be relegated to simply fulfilling orders. It is indispensable to preemptively develop and invest in new products before the need arises by envisioning the payment scenarios likely to become necessary, rather than simply waiting to be summoned. We intend to build such exemplary model cases and continue to create new opportunities.



FY2024 initial revenue for payment terminal sales grew 7.1% from building up small- to medium-sized projects despite the high base in the previous year caused by a large-scale project. The recurring-model revenue grew 41.8% YoY primarily driven by high growth of stock and fee from the increase in transaction volume due to the increase in active IDs. Going forward, we intend to strengthen the stability of the earnings base by increasing the proportion of high margin recurring-model revenue.

The world changes when payment changes

We are supporting reforms to renew store operations by implementing cashless using unmanned payment terminals and self-checkout counters to customers facing surging labor costs and labor shortages. This enables the store operator to focus on deepening customer touchpoints by cutting back on payment-related work.

I remember the sense of awe when I first put the train ticket through the automatic ticket gate, although this has become a normal practice nowadays. Just as the scenery

completely changed when manned ticket gates were replaced with automatic ticket gates, we intend to change the scenery in a similar way by introducing more convenient, safe and stable payment experiences. Currently, we offer a new payment experience by enabling contactless NFC payment using credit cards to public transport operators. We will work to bring about social reforms under the slogan, "The world changes when payment changes."

TOPIC

Expanding contactless NFC payment in the mobility domain

"stera transit" is a solution to public transport operators that uses contactless NFC payment of an international brand combined with the next generation payment platform "stera" offered together with Sumitomo Mitsui Card Company, Limited. This allows tourists that are unfamiliar with the ticketing process to smoothly ride buses and trains by removing the cumbersome ticket purchase. The transit operator can enjoy improving operational efficiency by reducing the workload of helping passengers as well as reducing costs for equipment and operations for handling cash and paper tickets.

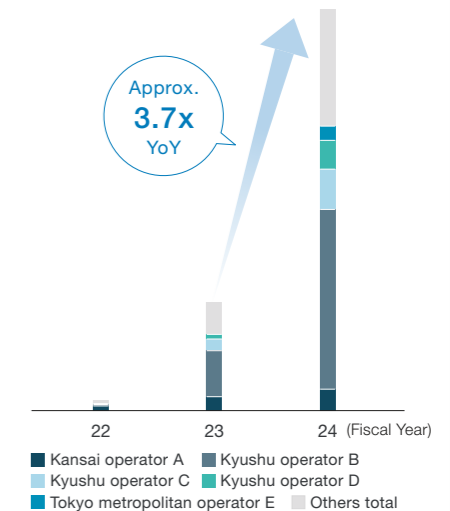
Thanks to the tailwind of rising inbound tourists, this service underwent pilot tests at various public transport

operators since the service launch in 2021, which led to wide implementation in the Tokyo metropolitan area in FY2024. This service is currently used by 127 operators* and is helping to advance cashless adoption in the mobility domain and improving convenience.

* As of October 2024. Figure includes disclosed projects.



Transaction volume from the mobility domain



*3 Recurring-model revenue is the sum total of stock, fee and spread and excludes initial which mostly consists of terminal payment sales.

Decarbonization Management

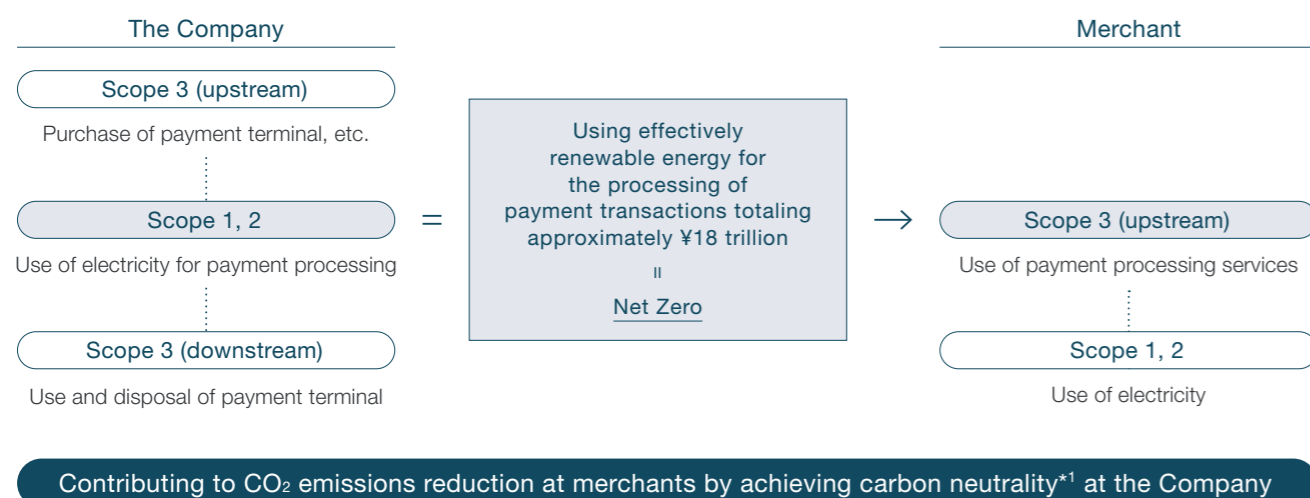
Responses to Climate Change

As the leading company in the payment industry, the Company promotes payment services such as cashless migration to make cash payments unnecessary, digitalization of invoices to achieve paperless payment slips, etc. In addition, initiatives are underway to reduce GHG emissions in the Company's own businesses as well as in the supply chain by implementing what is effectively renewable energy for electricity used in data centers that process the payment data and through supplier chain engagement activities. The Company aims to realize a sustainable and decarbonized society by working to reduce the environmental burden of our customers and society through business operation that are environmentally mindful.

In addition, the Company has endorsed TCFD recommendations in January 2023 and will work to expand its information disclosure regarding climate change based on TCFD recommendations.

 For information disclosure based on TCFD recommendations, please refer to the website below:
<https://www.gmo-pg.com/en/sustainability/environment/>

GHG Emissions Associated with the Company's Own Business



Contributing to CO₂ emissions reduction at merchants by achieving carbon neutrality*¹ at the Company

*1 Refers to zero GHG emissions for the Company's own business activities (scope 1, 2) and using market standards for Scope 2.
 *2 The bulk of Scope 3 emissions is attributable to payment terminals such as 'purchase of goods and services' (category 1) and 'use of sold products' (category 11).

Certification of "1.5 deg. C target" by Science Based Targets (SBT) Initiative

In May 2024, the Company's GHG emissions reduction target was certified as aligned with the 1.5 deg. Celsius scenario of SBT Initiative, the global organization that enables corporates to set targets based on climate science. This verifies that the Company's GHG emissions reduction targets are scientifically aligned to the 1.5 deg. Celsius scenario to limit the rise in global temperature to 1.5 deg. Celsius compared to pre-Industrial levels, as ratified by the new international framework of the Paris Agreement on greenhouse gas emissions reductions beyond 2020.

Targets certified by SBT Initiative

- Scope 1, 2: To maintain an effectively zero GHG emissions continuously up to Fiscal Year ending September 2030.
- Scope 3 : Reduce GHG emissions*² by 55% per terminal for newly operating payment terminals by Fiscal Year ending September 2030 compared to Fiscal Year ending September 2021.



Contributing to Society's Decarbonization

The Company will contribute not only to reducing GHG emissions from its businesses but also to reduce GHG emissions for overall society by promoting cashless migration. Cash-based payments emit CO₂ at each step of the process: from the printing/minting of paper bills and coins, manufacture of ATMs, etc., to the payment, usage and disposal of cash. The analysis disclosed by Payments Japan Association to which we belong as a member showed a calculation result that CO₂ emissions for cashless payments is one-third that of cash payments, confirming that cashless usage has a smaller environmental impact. Similarly, research done in the UK and the Netherlands also showed that promoting cashless migration can reduce CO₂ emissions.

TOPIC

Acquired J-Credit to foster the future of forests

The Company acquired forest J-Credits from Tochimou Wood Industry in October 2024. Forest J-Credit is a government certified credit for CO₂ absorption through the proper management of forest land by means of logging, etc. Tochimou Wood Industry owns several forested mountains in Tochigi Prefecture and maintains a healthy forest environment through periodic pruning, logging and other environmentally friendly means. With the acquisition of forest J-Credit, the Company intends to contribute to environmental conservation and support Tochimou Wood Industry's sustainable forest management.



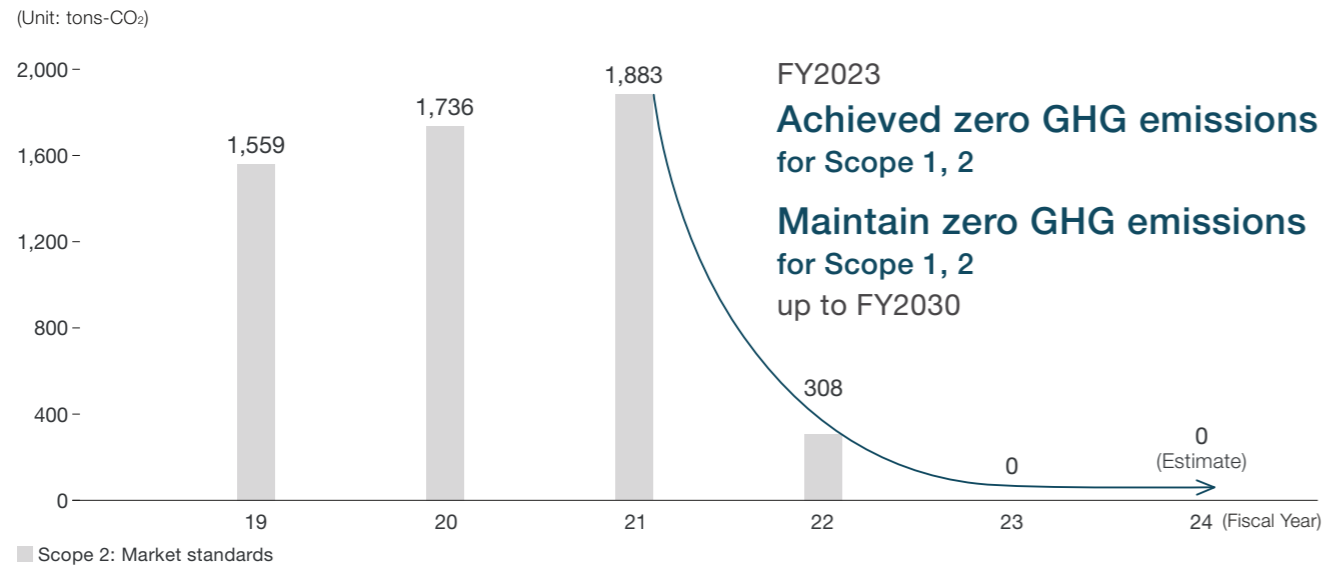
Initiatives to Reduce the Company's Own GHG Emissions

The Company is promoting initiatives to reduce GHG emissions to contribute to realizing a sustainable society. In FY2022, the Company implemented what is effectively renewable energy for its major data centers that consume the bulk of electricity in the business. As a result, the Company achieved what is effectively zero GHG emissions from its own operations, including offices and all other data centers (Scope 1, 2) in FY2023. The Company intends to maintain its effective zero GHG emission up to FY2030.

Third party certification was received by a verification organization to secure the credibility of the reported information on GHG emissions (for Scope 1, 2 & 3 emissions in FY2022 and FY2023).



GHG Emissions (Scope 1, 2)



Initiatives to Reduce Supply Chain GHG Emissions

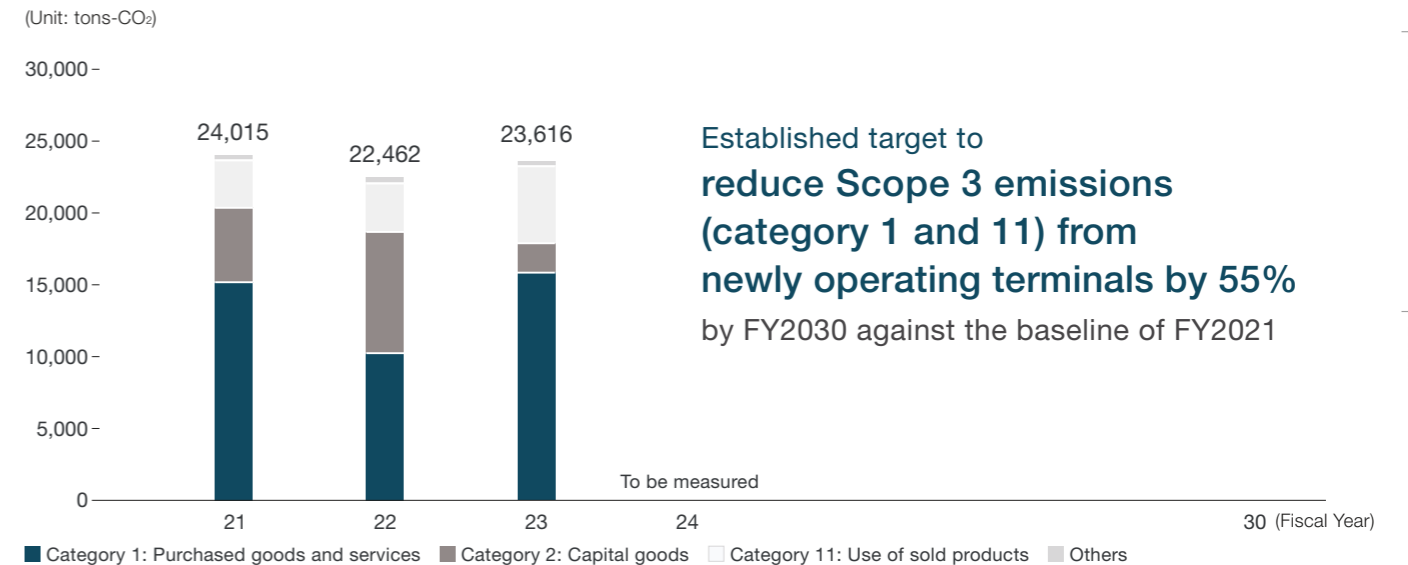
In order to tackle GHG emissions from the supply chain, the Company has established a target to reduce Scope 3 (category 1 and 11) emissions for newly operating payment terminals by 55% per terminal by FY2030 against the baseline of FY2021. This target aligns with the Paris Agreement.

The Company is undertaking engagement with the supply chain to reduce GHG emissions related to the purchase and usage of payment terminals (category 1 and 11), which are essential to provide CP payments and account for the bulk of Scope 3 emissions, as well as GHG emissions related to software development (category 2).

More concretely, the Company is engaging with payment terminal manufacturers to implement appropriate measurement and reduction of GHG emissions during manufacturing and electric power consumption during the usage of the terminals. Similarly, the Company is engaging with system development companies to appropriately measurements and reduce GHG emissions (category 2) related to software development.



GHG Emissions (Scope 3)



Human Capital Strategy



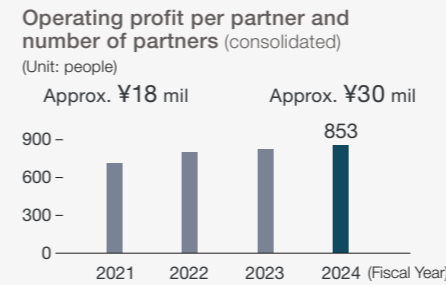
Corporate Growth Guided by Respect for Diversity; Support Career Designing and Enhancement of Well-Being

Satoru Isozaki
Executive Vice President
General Manager of Corporate Support Division
Chief Well-being Officer

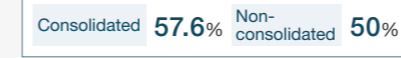
Based on the management philosophy of “pursue both spiritual and material prosperity by contributing to the advancement and progress of society,” we believe that “Company is People” and will invest in human capital as the source of sustainable growth.

The Company will strive to create value that exceeds the expectations of stakeholders to co-create the three themes of “respecting the diversity of our human resources,” “supporting a self-designed career,” and “improving well-being” together with all partners, so that each and every partner can take pride in their work, feel a sense of accomplishment and be able to exercise their full potential.

1 Respecting the diversity of our human resources



Proactive participation in childcare & Ratio of men taking childcare leave

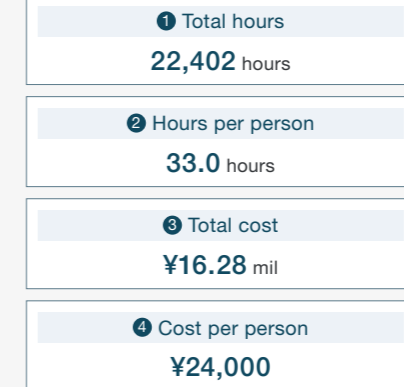


“X” & Building a work-friendly environment

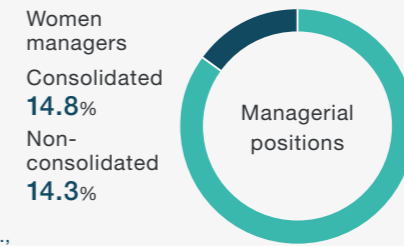
- Parental care allowance
- Family support allowance (infertility treatment)
- Kid's room “GMO Bears”
- Staggered commuting system
- Work from home program
- Hourly increments for annual paid leave
- Spouse maternity leave
- Maternity leave
- Etc.,

2 Supporting a self-designed career

Training sessions & Voluntary participation in training

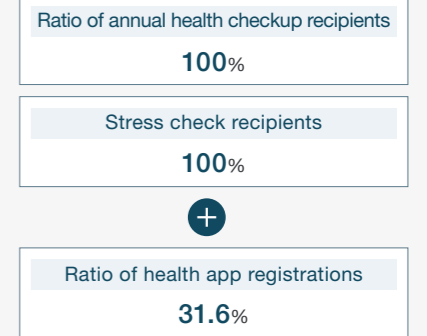


Women in managerial positions & meritocracy

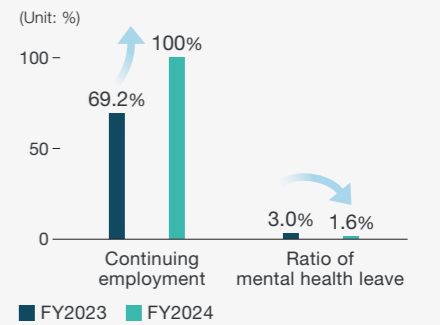


3 Improving well-being

Regular health checkups & Health app



Mental health & Presenteeism



* Figures not stated as consolidated are based on non-consolidated GMO-PG. Actual numbers are for FY2024. For other data on human capital, please refer to the Company's website: <https://www.gmo-pg.com/en/sustainability/social/>

Theme 1 Respecting the diversity of our human resource

The Company refers to its employees as “partners.” We use this phrase to emphasize that each partner should grow along with the business and company with a sense of ownership and high aspirations, rather than emphasize a sense of belonging.

We acknowledge that building an environment where the diverse partners can reach their full potential which



will lead to corporate value creation.

Our code of conduct is based on GMO Internet Group's Venture Spirit Declaration to “eliminate any kind of prejudice on the grounds of race, nationality, gender, educational background, language, religion, or any other factors. Value people for the ability and merits.” Based on this, we strive to respect diversity and achieve equal opportunity.

Theme 2 Supporting a self-designed career

The Company encourages partners to voluntarily design their own career by providing the Career Design System and Career Consultation so that each partner can proactively structure their careers on a medium- to long-term basis. Based on these, the Company also has a system to periodically apply for divisional transfers and job rotation.

The Company acknowledges that “a company is a place to foster personal growth” and will continue to strengthen the proprietary talent development program so that all partners can grow to become business leaders capable of sustainably driving the business forward.

Theme 3 Improving well-being

In order to realize sustainable growth, it is indispensable that the source of this growth—human capital—is physically and mentally healthy. The Company established

the health declaration of “Well-being with Partners” with the wish for all partners to be happy. Headed by the Chief Well-being Officer (Co), the Company supports the healthy and active lifestyle of partners through the various programs based on “diet,” “healing,” “movement,” and “medicine,” and to build an organization centered on maintaining and improving health.

GMO Internet Group's health support program

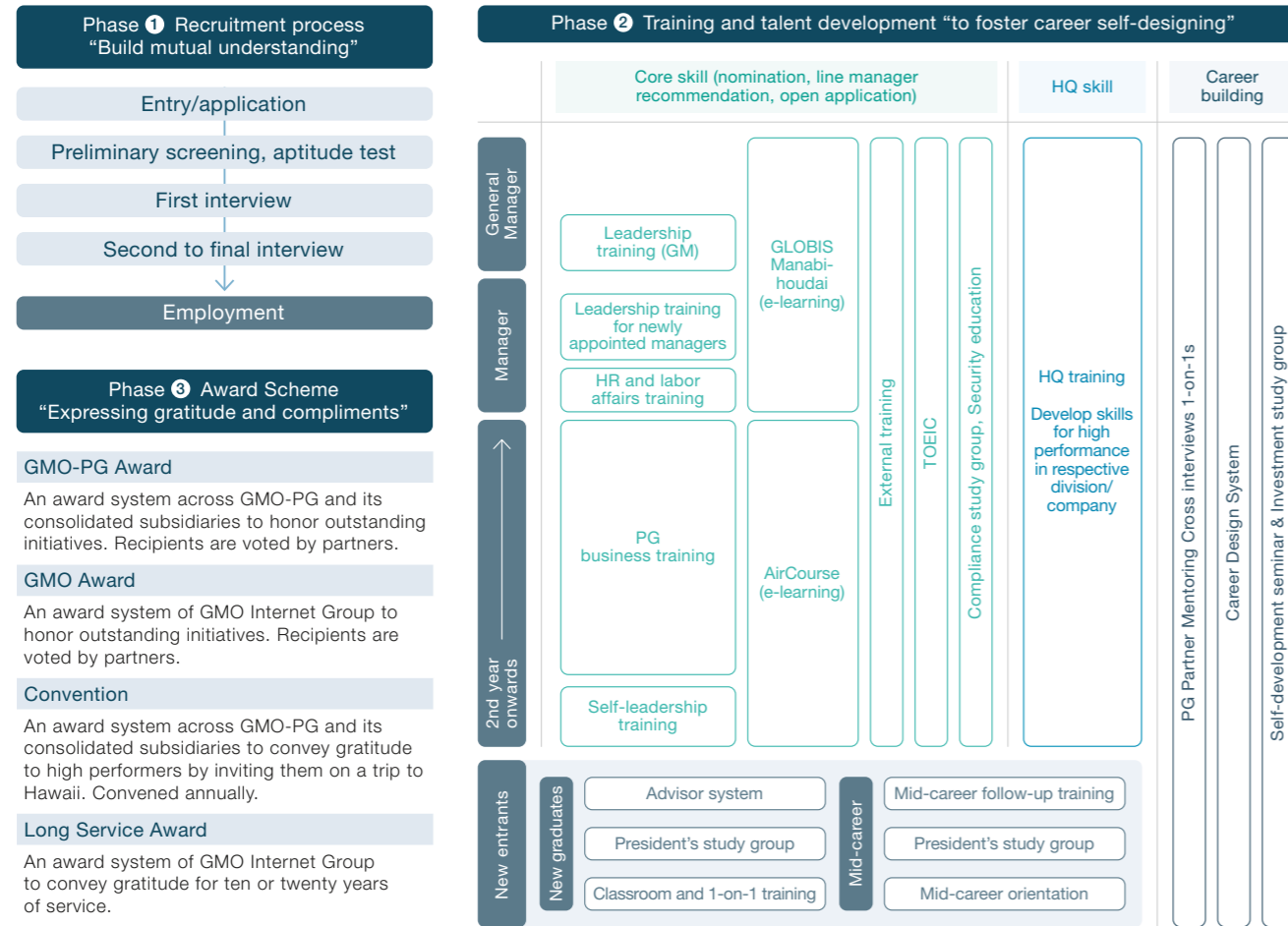
- Lunch menu under the supervision of a registered dietician: **GMO Yours**
- Nap space for taking short naps: **GMO Siesta**
- Fitness gym with the latest exercise machines: **GMO OLYMPIA**
- Supporting healthy mind and body: Consultation with **company doctor**

Human Capital Strategy



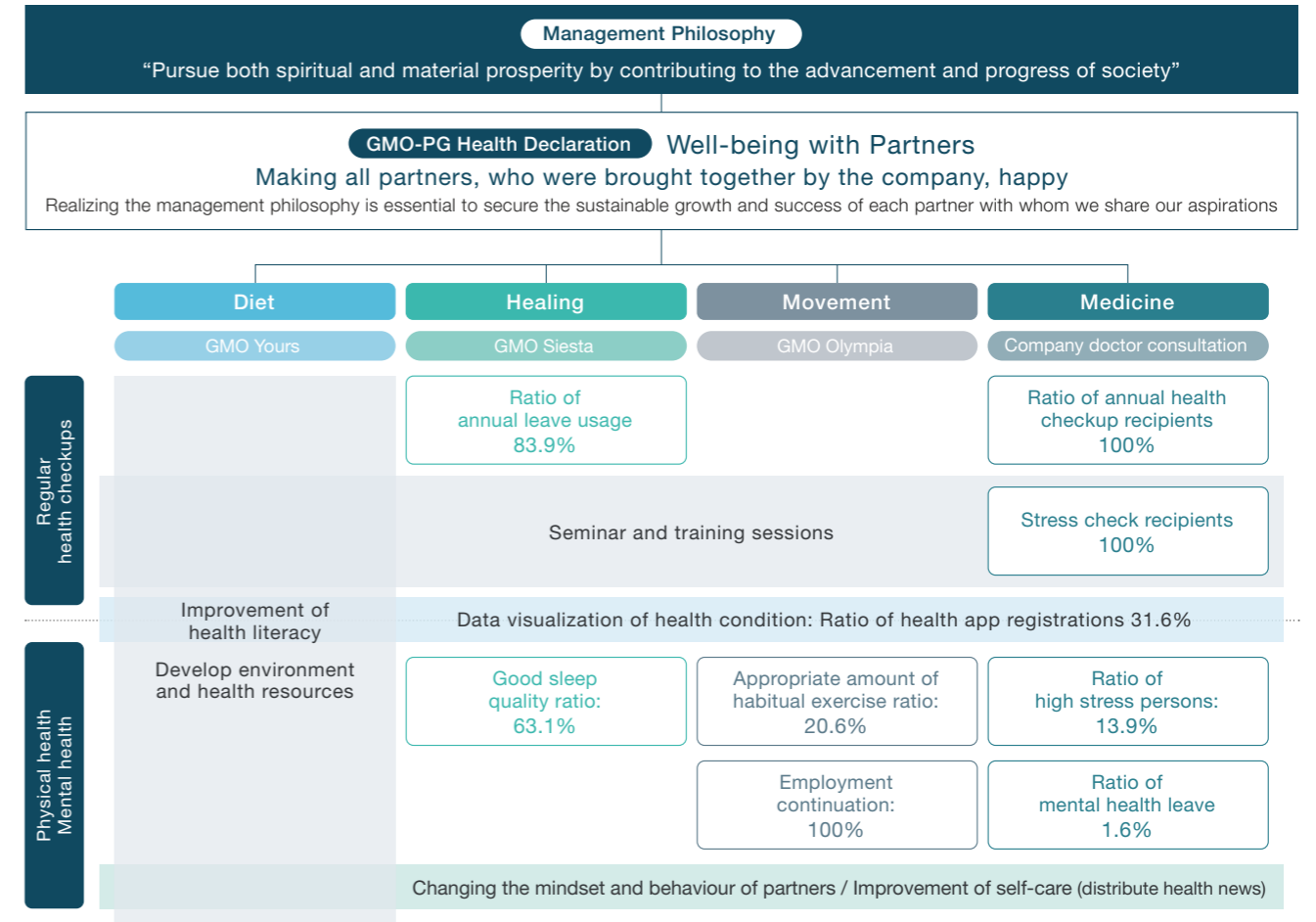
Talent Development

Strategy Map: (Overview of Initiatives and Major Processes and Schemes)



Health Management

Strategic Map (Overview of initiatives, major indicators)



VOICE



(Left side)
Head of Recruiting Group
Human Resources Management Department
Corporate Support Division



(Right side)
Processing Sales
Sales Management #3
Industry Solution Division

The recruitment process is to foster mutual understanding and not for screening

The role of recruitment and talent development is not the sole responsibility of the Human Resources Division, as the Company's policy is "everyone participates in recruiting and fostering."

As such, there is active involvement by the management and partners in the recruitment process. The candidates can deepen their understanding about the company, business, and job descriptions by interacting with several partners on one hand, and the partners can understand the candidates' strong points and personality from many angles, on the other. This ensures recruitment activity that emphasizes quality more than the number of hirings. (Left side)

GMO-PG Award The cooperation of colleagues made receiving this award possible

I am grateful for being awarded the GMO-PG Award but this was possible because I was put in charge of responsible work regardless of age or circumstances, as well as the support I received from other divisions. I hope to accelerate my personal growth by working with partners to widen my experience and knowledge as well as utilize the in-house training system. I intend to contribute to the 25% growth target and to remain forever grateful to the people I work with. (Right side)

VOICE



Kiyonobu Inayama
Executive Officer
General Manager of Human Resources Management Department
Corporate Support Division

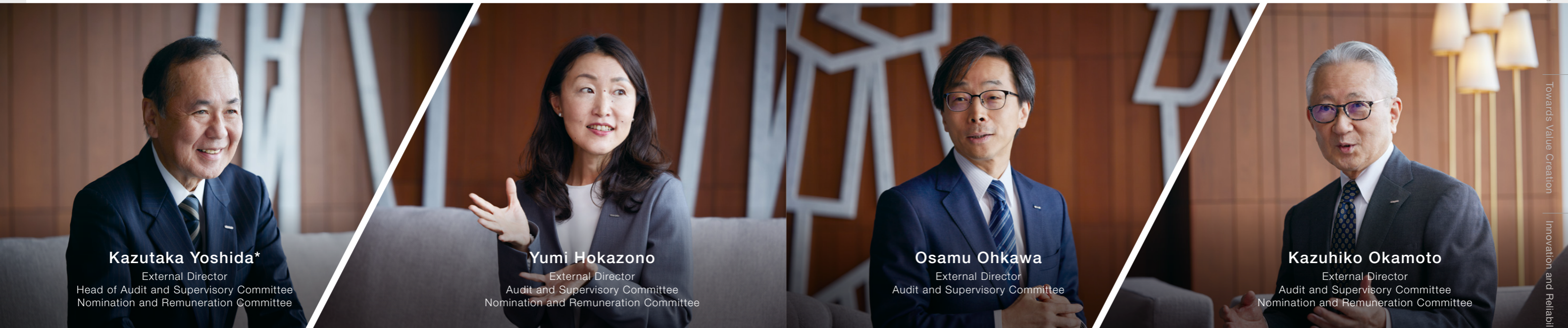
Staying healthy for yourself and your family

I believe that maintaining and improving health is something each partner undertakes not for the sake of the company, but for themselves to live happily with their families. We intend to lend a helping hand to partners, by providing a wide variety of programs on "diet," "healing," "movement," and "medicine."

Initiatives to be undertaken

The important aspects of health management include visualization of health conditions by leveraging PHR (Personal Health Record) and offering support on health issues for all daily activities. The Company has implemented the health app but the utilization rate has not been sufficient. We intend to work on making partners understand the efficacy of the health app and connect it to improving the well-being of each partner.

Roundtable Meeting of Audit and Supervisory Committee



Kazutaka Yoshida*

External Director
Head of Audit and Supervisory Committee
Nomination and Remuneration Committee

Yumi Hokazono

External Director
Audit and Supervisory Committee
Nomination and Remuneration Committee

Osamu Ohkawa

External Director
Audit and Supervisory Committee

Kazuhiko Okamoto

External Director
Audit and Supervisory Committee
Nomination and Remuneration Committee

DIALOGUE Roundtable meeting of Audit and Supervisory Committee (External Directors)

Initiatives Undertaken by Audit and Supervisory Committee to Raise Corporate Value

During FY2024, the Audit and Supervisory Committee deepened its dialogue with management on the three focus points of “human capital,” “medium-term management plan,” and “corporate planning function.” The members of the Audit and Supervisory Committee held a roundtable meeting to present their opinions.

Assessing “human capital,” “medium-term management plan,” and “corporate planning function,” to ensure growth

Q. What aspects of management did you focus on in the Audit and Supervisory Committee?

Yoshida: The basic policy of the Audit and Supervisory Committee is unchanged, but we paid particular attention during this fiscal year to the three supervisory items that are important to secure sustainable growth over the medium term. First, we examined “human capital.” The issue of securing human capital both quantitatively and qualitatively is becoming ever more important given the rapid expansion of the business. Next is the “medium-term management plan.” There is a growing need to raise the effectiveness of management planning over the medium term as the business expands. Lastly, we focused on “corporate planning function.” The corporate planning function is becoming increasingly important in formulating a medium-term plan and conducting follow-ups. This has not been a significant issue so far; however, we need to reassess these items to prepare for future growth.

Okamoto: I believe the medium-term management plan compiled this fiscal year showed progress over the previous years as it provided deeper analysis of target market sizes and competitive environment. However, talent development of the middle managerial class has become an important theme of human capital. Subordinates could quit the company if the middle management class does not have the capability to foster talent. This is a difficult point as what usually happens is that outperformers get promoted but that does not necessarily mean they have management capability.

Ohkawa: I feel the same about human capital. The sufficiency of manpower is a point of concern in sustainably raising the corporate value. If a labor shortage occurs as the business rapidly expands, this places an undue burden, both physically and mentally, on middle management.

* Retired as of the conclusion of the 31st Annual Meeting of Shareholders. The position and career stated is as of the timing of the roundtable meeting.

This requires close attention as it carries the risk of impacting the performance of the work environment overall.

Okamoto: I hear that, in society at large, people are increasingly choosing not to be promoted. This is because promotion entails more responsibility and the bar of evaluation rises as the difficulty in achieving business goals increases. It is necessary to support these aspects as well, in addition to remuneration. In the Company’s case the middle management is replenished by mid-career recruits due to the high growth of the business. However, it is increasingly important to develop qualified management from within the Company, given the limited availability of such talent in the recruitment market given the niche and domestically focused nature of payments.

Hokazono: We are paying close attention to controlling the turnover rate. Although the Company’s turnover rate is

lower than the industry average, we need to see it lowered further given the rapid growth. The Company has developed a diverse working environment such as flexible workstyle and remote work, but we would like to see further initiatives that incorporate the future outlook. In addition, corporate planning functions are currently provided by each division, but there is a need for a cross-divisional effort that can oversee the entire company to respond to the expanding scale of the business.

Yoshida: There are many improvements instituted primarily by the Human Resources Division by analyzing the points raised through turnover rates and employee satisfaction surveys. We will focus on how the Company drills down further on labor sufficiency not just from a headcount perspective but also on skills.

Strengthening organizational capability to support strong leadership

Q. What are the accomplishments and issues identified through dialogues with management?

Yoshida: During FY2024, there were three dialogue sessions held between the Audit and Supervisory Committee and management, in addition to the usual sessions. The first session was on human capital. The theme of the second was on management planning and planning function, and the third session was a fruitful meeting to exchange frank opinions on the Audit and Supervisory Report.

Okamoto: Through this dialogue, we furthered our understanding about how management is thinking about

the corporate planning function and the management’s intention is to strengthen this. There has been progress in presenting the rationale and strategy behind the numbers in compiling the medium-term management plan which has improved the quality of explanation provided to external parties. With the strong commitment of the management to human capital, the direct dialogue sessions between the President and partners have increased. Going forward, we will monitor these developments and provide advice where necessary.

Roundtable Meeting of Audit and Supervisory Committee

Hokazono: I have received a more thorough explanation of the strategy that underlies the numbers compared to the past. Management oversight has been strengthened in reviewing each individual business to assess its feasibility, compared to the past.

Ohkawa: It is very interesting that the Company has grown significantly while deploying a corporate planning function that is different from other large companies. In a large company where the top management regularly changes, it is the corporate planning division that sets the overall direction of the company. In the Company's case, it is the executives that set the direction of the management which is transmitted to the rest of the company through dialogue. This method has worked thanks to the strong management leadership. However, the Company needs to evolve into one which responds to various social demands and expectations

as it is entrusted to operate the important socioeconomic foundation of payment infrastructure. As the organization becomes larger, it will become increasingly difficult for management to oversee every aspect of the business and to listen to the voices from the rank and file. Considering that the organization is likely to expand further, I believe the development of checks and balances to support the decisions of management and to supplement the oversight of management is still inadequate and needs to be reinforced.

Okamoto: Growth of 25% is a very high target that can be achieved only with drastic measures. Investors are also likely to critically inquire about the strategy. There is a need to strengthen the organizational responsiveness to support the management. Each of us in the Audit and Supervisory Committee must deepen our discussions with management based on our expertise and experience.

Deepen engagement to enable each individual to play an active role

Q. What are the focus areas in human resources and organizational operations to support growth?

Yoshida: I focus on points such as, 'is this a good company to work for?' and 'are employees undertaking their work with pride and honor as a leading company?'

Hokazono: There are many work schemes and environments that are being developed, but the perspective of engagement is important, such as 'is it enjoyable to go to work?' and 'is there support for employees to voluntarily undertake their work?'

Okamoto: How do employees perceive the corporate culture? Those partners that have been with the Company since its beginning have a start-up mentality which should be treasured. In fact, this is one of the attractive points that investors see in the Company. How can this venture spirit be maintained continuously while the organization grows significantly. Is entrepreneurship being diluted as people become more occupied in their daily work? When the organization was small it was possible to directly hear the President's thoughts and there were many opportunities to nurture such a culture.

Hokazono: One such opportunity is the company-wide meeting held quarterly, which was switched to an online meeting during the COVID-19 pandemic years. The meeting was returned to an in-person format in FY2024, although attendance was limited to the younger employees rather than a company-wide meeting. It was a good opportunity for the younger partners to directly feel the passion and fervor of the President and the rest of management.

Okamoto: I believe the manager class, who are positioned between partners and management, should also increase their opportunity for direct in-person communication. Managers need to convey how they interpret the management's thinking to their subordinates. The in-person meeting with all partners should be convened on top of this, at least a few times a year.



Kazutaka Yoshida

Previous positions include Executive Officer of IBM Japan, Inc. and Senior Executive Officer and General Manager of Technology Division of JSOL Corporation. Appointed as External Auditor in December 2016 and reappointed as External Director from December 2021.



Yumi Hokazono

Representative of Yumi Hokazono Certified Public Accountant Office since July 2013, after working at Showa Ota & Co. (now Ernst & Young ShinNihon LLC). Appointed as External Auditor in December 2018 and reappointed as External Director in December 2021.



Evolve governance to ensure management discipline

Q. Please share your review of the past 3 years since transitioning into a company with an Audit and Supervisory Committee and the challenges going forward.

Yoshida: There are positive points and points that need improvement. One good point is establishing the system for the functioning of the Audit and Supervisory Committee over the past three years. The standards for the Audit and Supervisory Committee were compiled. Another positive point is the advancement of organizational oversight by using internal control systems through deeper collaboration with the Internal Control Office. These two positive points have resulted in advancing and making the Audit and Supervisory Committee more efficient. Going forward, one issue is to raise the supervisory-related skills and knowledge of business operations of the Audit and Supervisory Committee members. We intend to proactively exchange opinions with management even more going forward.

Hokazono: One significant change is to be a Director with voting rights from being an Auditor. We need to further deepen discussions with management and communicate with various members.

Okamoto: An Auditor needs only to supervise whether Directors are fulfilling their fiduciary duties to the shareholders. But now we are wearing two hats of being a Director and an Auditor and Supervisor. I am strongly aware of the difficulty in being responsible for the execution as well as to be a supervisor.

Ohkawa: There is a thorough explanation to this Committee before the Board of Directors meeting is convened. We are grateful for the assistance in preparing for the Board meetings and we need to confirm the issues not captured in the materials. In addition, the Company has a listed parent company as well as a listed subsidiary. Attention needs to be paid to protect the interests of non-controlling shareholders. The Special Committee oversees transactions with the parent company, but it is also necessary to carefully inspect whether the interests of non-controlling shareholders of GMO-FG are not infringed when exercising voting rights for the listed subsidiary, GMO-FG. This listed subsidiary is an important asset of the Company, and infringing on the interests of non-controlling shareholders will result in damaging the assets of the Company. We will work to confirm the validity of exercising the voting rights to ensure there are no biased decisions made from this perspective.

Yoshida: The most important asset for a company is "human capital" and fostering the human capital base is the key in raising corporate value. The Audit and Supervisory Committee intends to support the Company to achieve sustainable growth by strengthening the organization starting with the corporate planning function by leveraging "human capital." We look forward to the Company further gaining credibility through the dialogues with stakeholders.



Osamu Ohkawa

Registered as attorney in April 1996. External Director. A partner of Dojima Law Office (currently Legal Professional Corporation Dojima Law Office). Appointed as External Director from December 2023.



Kazuhiko Okamoto

Previously held positions include Vice President in charge of Japan and South Korea of GNEX division of American Express Japan Co., Ltd., Representative Director and other positions at Visa Worldwide Japan Co., Ltd. Appointed as External Auditor in June 2017 and reappointed as External Director from December 2021.

Risk Management

Status of Risk Management Structure

In order to tackle the various risks associated with business operations, the Company has developed a risk management structure to secure stable growth and business continuity by optimizing and deploying the requisite costs needed to carry out preemptive measures on a permanent basis.

Specifically, the Risk Management Committee has been established based on the Rules of Risk comprised of the heads of divisions at GMO-PG and its consolidated companies, to carry out risk assessment, formulation and execution of countermeasures and monitoring based on the Rules of Risk Management. This Committee comprehensively evaluates and manages various risks such as compliance risks including anti-corruption, natural disaster-related risks including climate change and risks associated with system security, among others.

The Board of Directors supervises the effectiveness and appropriateness of corporate-wide risk management based on periodic reports on the discussions and evaluations of the Committee.

Due to the above initiatives, there were no material scandals nor wrongdoing during FY2024. [Organizational chart](#)

Information Security

Basic View

The Company's mission is the realization of a secure and convenient payment for consumers and business operators by aiming to become the infrastructure of Japan's payment process. In conducting corporate activities aligned with this mission, the Company is engaged in information security measures based on the awareness that protection of information assets from external threats is the highest management issue as well as in utilizing the proprietary information assets.

Specifically, necessary measures are in place such as internal rules, 24-hour system surveillance and security measures against malicious infiltration both from within and outside the Company to prevent cyber-attacks, computer viruses and other unauthorized access of computers.

Additionally, yearly educational and awareness-raising activities are scheduled to ensure that these measures take root. Thorough education is periodically conducted at the start of employment using compliance training programs to ensure deep understanding of the procedures, purpose of security rules and basic policies and rules stipulated under the information security management system (ISO27001). These are combined with awareness-raising videos on information security measures. Additionally, improving the effectiveness of risk assessments is also carried out by inviting external experts to participate in the Risk Management Committee and by assigning employees with specialized knowledge to the Internal Audit Office.

The following accreditations on information security have been received as part of the efforts to enhance risk assessment structure.

Acquired accreditation for compliance for ISO27001		Acquired accreditation for compliance for the global standard of information security management ISO/IEC 27001:2013 (JIS Q27001:2014), which is the certifying third-party standard of ISMS (Information Security Management System), applicable to all of the Company's business locations.
Acquired PrivacyMark certification		In recognition of the appropriate measures to safeguard personal information, the Company received the PrivacyMark certification that signifies compliance with the Japanese Industrial Standard's "JIS Q15001: 2017 Personal information protection system – requirement."
Fully PCI DSS Compliant		The Company's services are in full compliance with version 4.0.1 of PCI DSS global security standard for the credit card industry, which was jointly formulated by the five global credit card brands: JCB, American Express, Discover, MasterCard and Visa. As such, we deliver peace of mind to all of our customers, in addition to securing credit card payments.

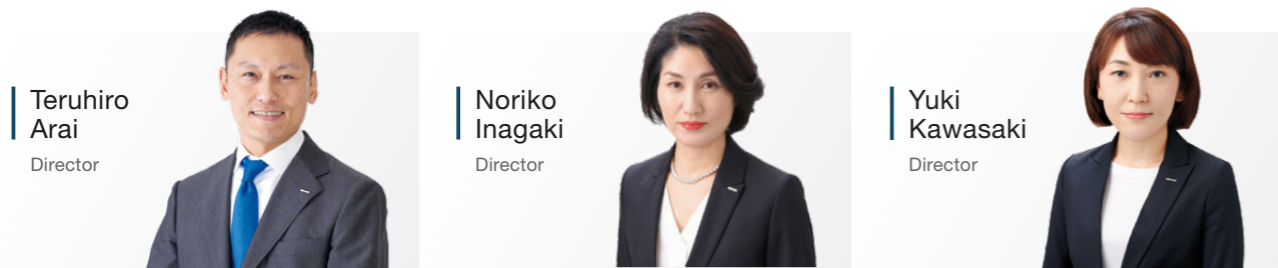
Business and Other Risks and Responses

Category	Risk	Responses
Business Environment	Changes in trend in the payment processing industry	Early response to changes, further improvements in simplifying implementation and the safety and security of transactions
	Stagnation of the EC market	Promote the sound expansion of the EC market by complying with laws and regulations and strengthening security measures
	Changes in competitive environment	Continuously improve competitiveness through the development and launch of products and services that meet the merchant's needs, provide value-added services, customer support system and the stable configuration and operation of a core system, etc.
	Obsolescence of services due to technological innovation	Respond to technological innovation through pursuing more resilient services, strengthening marketing activities for developing new services, obtaining information regarding of the latest technology and services by opening an office in Silicon Valley and by other means; investing activities into start-ups, etc.
	Changes in laws and regulations	Strengthen information-gathering ability through attorneys and external organizations, expand Compliance Division, buildout management structure to oversee anti-money laundering, etc.
	Depressed consumption due to surge in prices	Strengthen the Company's business model to be resilient against macro-economic impacts, establish a diverse merchant/customer foundation and business operations based on stable revenues.
Business Activities	Decline in the number of merchants	Strengthen alliance-model businesses, thorough customer response, and leverage characteristics of systems and services that have low customer churn
	Disruption of information processing center network	Connection to multiple networks
	Changes and termination of payment processing contracts	Build a stronger relationship by enhancing functionality and closer collaboration with credit card companies
	Chargeback risk from fraudulent billing of revenues, bankruptcies of merchants, etc.	Screening by credit card companies at the time of contract with merchants, post-contract screening and screening website according to the Specified Commercial Transactions Act and monthly management of credit delinquencies
	Injunction order and damage compensation due to infringement of intellectual property	Build out the dispute resolution system and strengthen internal management structure and awareness-raising
	Deterioration of investee's business management	Detailed due diligence at the time of selecting prospective investees and regular monitoring
	Deterioration of financial performance and occurrence of misconduct at subsidiary	Establish rules for affiliated companies, provide management guidance by dispatching Directors, strengthen monitoring of financial conditions, monitor changes in external environment and business performance on a monthly and quarterly basis
	Credit risk	Prudent screening according to stipulated rules, diversification of debtors
	Sudden changes in business environment in countries of overseas business	Strengthen monitoring of local offices, diversification of investment and loans
	Business suspension due to natural disaster and terrorist activities	Build out BCP structure, respond with redundancies in system configuration
	Increase in employee turnover and delays in recruitment and talent development	Continue to carry out stable new graduate and mid-career recruitment for specialized talent, expand in-company training programs, evaluation system and welfare benefits
	Operational and business risk	Document and standardize administrative procedures and internal rules, systematize administrative work and operations
Information Security	Inability or delays in procuring payment terminals	Diversify procurement sources from multiple manufacturers
	System failure and information security	Compile information security policy and establish an information security committee. Adopt security measures against unauthorized access, 24-hour system surveillance structure, redundancy in system configuration, insurance policy enrollment and develop internal rules of operations
	Possibility of personal information leakage and its impact	Acquire PrivacyMark and relevant certifications on information security
	Information leakage of credit card information at the merchant	Promote services that store credit card information at the Company and not at the merchant, strengthen management of merchant's that store information on site

Members of the Board of Directors and Management Committee

(As of Annual Shareholders' Meeting held on December 15, 2024)

— Members of Board of Directors
— Members of the Management Committee



Directors' Skill Matrix

	Position	Practice of GMO-ism ^{*1}	Corporate management	IT and security	Risk management	Legal affairs	Treasury and accounting	Payment processing business	Finance	Global	Investment (M&A)	ESG and Sustainability	Attendance rate of Board meetings ^{**2}	Attendance rate of Audit and Supervisory Committee ^{**2}	Attendance rate of Nomination and Remuneration Committee ^{**2}
Issei Ainoura	President & Chief Executive Officer	●	●										100%	—	—
Masatoshi Kumagai	Chairman & Director	●	●										66%	—	—
Ryu Muramatsu	Director, Executive Vice President	●						●		●	●		100%	—	—
Satoru Isozaki	Director, Executive Vice President	●		●	●			●				●	100%	—	100%
Masashi Yasuda	Director	●					●					●	88%	—	100%
Hirofumi Yamashita	Director	●		●									94%	—	—
Teruhiro Arai	Director	●					●				●		88%	—	—
Noriko Inagaki	Director	●					●					●	88%	—	—
Yuki Kawasaki	Director	●				●							94%	—	—
Takashi Shimahara	Director	●			●				●	●			94%	—	—
Fumio Kai	External Director	●			●				●			●	88%	—	—
Masayuki Hijikuro	External Director ASC member ^{**3}	●		●	●								—	—	—
Kazuhiko Okamoto	External Director ASC member ^{**3}	●	●					●		●			100%	100%	100%
Yumi Hokazono	External Director ASC member ^{**3}	●					●						100%	100%	100%
Osamu Ohkawa	External Director ASC member ^{**3}	●			●	●							100%	100%	—

*1 GMO-ism is the collective name for GMO Internet Group's company philosophy, values and motto, including "Venture Spirit Declaration."

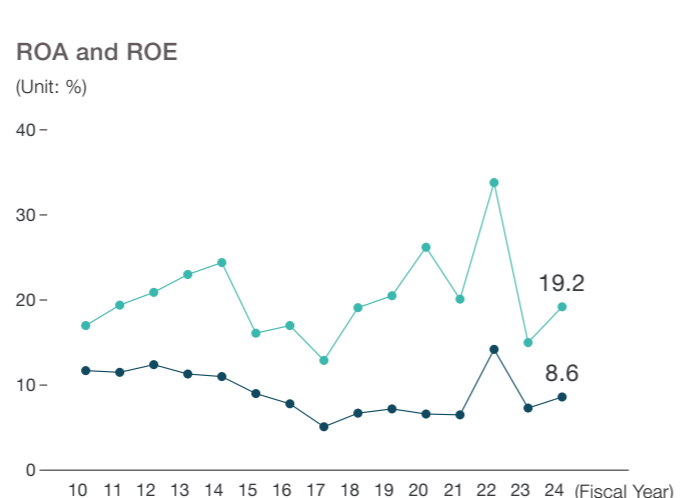
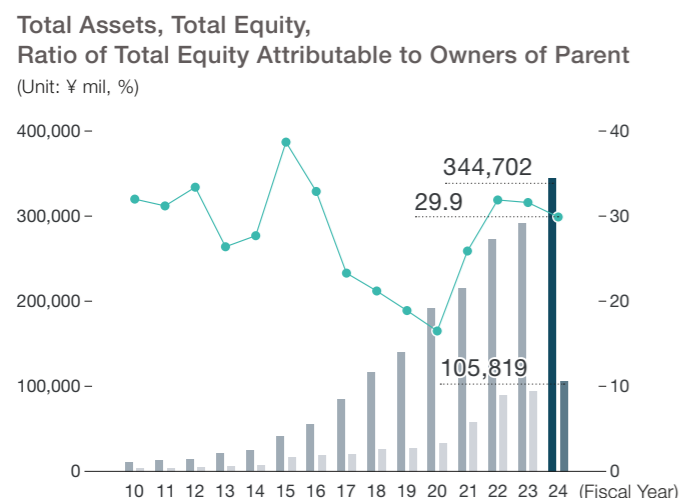
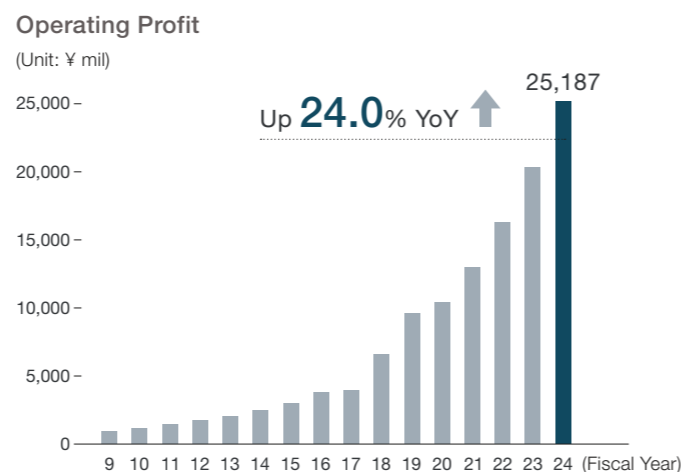
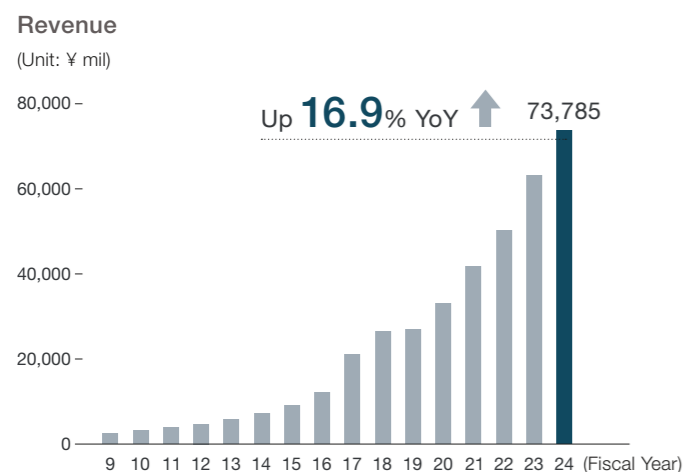
**2 Number of Board meetings convened is 18. Number of Audit and Supervisory Committee meetings convened is 15. Number of Nomination and Remuneration Committee meetings convened is 2.

**3 ASC member stands for Audit & Supervisory Committee Member.

Consolidated Financial Highlights

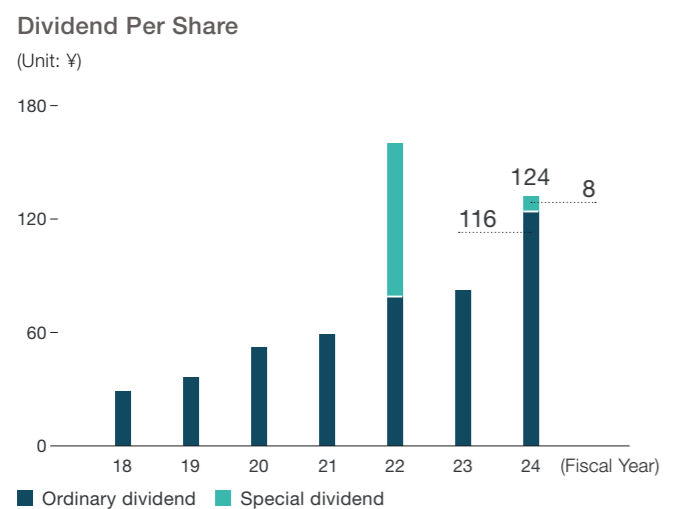
Achieved 19 consecutive terms of revenue and profit increase since listing in 2005

Achieved FY2025 operating profit ¥25.0 bn target one year earlier than planned



■ Total Assets (left axis) ■ Total Equity (left axis)
● Ratio of total equity attributable to owners of parent (Equity ratio/right axis)

● Ratio of pretax profit to total assets (ROA)
● Ratio of net profit to total equity attributable to owners of parent (ROE)



- ### Towards achieving a high ROE
- 1 Establish a high margin and high capital efficiency payment business
 - 2 Pursue ROIC (Return on Invested Capital) that exceeds the capital cost of each business
 - 3 Conduct shareholder returns upon considering capital efficiency and securing necessary internal reserves
 - 4 Effectively deploy capital to consistently commit to the 25% growth we have committed to

Consolidated Financial Statements

Consolidated Statement of Profit and Loss

	(Unit: ¥ mil)	
	FY2023 From October 1, 2022 to September 30, 2023	FY2024 From October 1, 2023 to September 30, 2024
Revenue ¹	63,119	73,785
Cost of Revenue	△23,133	△25,681
Gross profit	39,985	48,103
Other income	303	361
Selling, general and administrative expenses	△19,892	△23,231
Other expenses	△83	△46
Operating profit ²	20,312	25,187
Financial income	1,021	1,125
Financial expense	△804	△620
Equity method investment gains or loss	107	181
Gain on sale of equity method affiliate	-	1,629
Profit before income taxes ³	20,636	27,504
Income tax expenses	△6,813	△8,269
Profit	13,822	19,235
Profit attributable to:		
Owners of parent	13,475	18,705
Non-controlling interests	347	529
Profit	13,822	19,235

Key Points of Consolidated Statement of Profit and Loss

1 Revenue
Payment Processing Business made progress in acquiring large merchants and payments increased in the public dues/taxes, utilities, travel/ticket and daily goods, sectors, etc. In addition, CP payments grew 16.7% YoY from the contribution of medium and small-scale projects and growth of recurring-model revenues. Money Service Business increased 16.8% YoY from the expansion of Payment After Delivery and overseas lending. Payment Enhancement Business increased 31.3% YoY from the increased demand for the reservation system exclusively for medical institutions "Medical Innovation byGMO" and other factors.
As a result of the above, revenue reached ¥73,785 million an increase of 16.9% YoY.

2 Operating Profit
Payment Processing Business saw an expansion of the high-margin online payment and recurring-model revenue in CP payments. In addition, the absence of one-time expenses incurred in the previous term led to segment profit growing by 19.5% YoY. Money Service Business segment profit grew 49.2% YoY from controlling credit costs due to the decline in default rates for Payment After Delivery and the growth of overseas lending. Payment Enhancement Business segment profit grew 29.4% YoY from the growth of "Medical Innovation byGMO" and other factors.
As a result of the above, operating profit reached ¥25,187 million, an increase of 24.0% YoY.

3 Profit Before Income Taxes
Profit before income taxes reached ¥27,504 million, an increase of 33.3% YoY from recording gains on sale of equity method investment of ¥1,629 million from the deposit of an unconfirmed portion of the share transfer value of 2C2P Pte. Ltd., which was an equity method affiliate until FY2022.

Consolidated Statement of Comprehensive Income

	(Unit: ¥ mil)	
	FY2023 From October 1, 2022 to September 30, 2023	FY2024 From October 1, 2023 to September 30, 2024
Profit	13,822	19,235
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Fair value of financial assets measured through other comprehensive income	332	△204
Share of other comprehensive income of equity method affiliates	459	△234
Total of items that will not be reclassified to profit or loss	792	△439
<i>Items that will be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	3,047	△896
Total of items that will be reclassified to profit or loss	3,047	△896
Other comprehensive income after income taxes	3,839	△1,336
Comprehensive income	17,662	17,898
Comprehensive income attributable to:		
Owners of parent	17,316	17,378
Non-controlling interests	346	520
Total	17,662	17,898

Consolidated Financial Statements

Consolidated Balance Sheet

	(Unit: ¥ mil)			(Unit: ¥ mil)	
	FY2023 As of September 30, 2023	FY2024 As of September 30, 2024		FY2023 As of September 30, 2023	FY2024 As of September 30, 2024
Assets			Liabilities and Equity		
Current assets			Liabilities		
Cash and cash equivalents	133,658	174,053	Current liabilities		
Trade and other receivables	18,953	21,110	Trade and other payables	6,555	8,019
Advanced paid	63,387	60,523	Accrued expenses	25,371	27,466
Advanced revenue	33,395	37,488	Deposits received	97,231	132,694
Inventories	2,405	3,182	Borrowings	20,395	24,340
Deposits to subsidiaries and affiliates	5,300	–	Other financial liabilities	388	715
Other financial assets	650	708	Income taxes payable, etc.	7,888	2,570
Other current assets	717	1,030	Provisions	320	559
Total current assets	258,467	298,096	Other current liabilities	5,138	7,996
Non-current assets			Total current liabilities	163,290	204,361
Property, plant and equipment	3,353	3,920	Non-current liabilities		
Goodwill and other intangible assets	9,310	11,032	Corporate bonds	19,763	19,849
Investments accounted for using equity method	9,194	9,537	Borrowings	8,955	8,915
Trade and other receivables	3,622	6,293	Other financial liabilities	2,128	2,138
Other financial assets	6,615	13,114	Provisions	130	131
Deferred tax assets	1,700	2,380	Deferred tax liabilities	1,221	1,423
Other non-current assets	83	326	Other non-current liabilities	2,051	2,063
Total non-current assets	33,879	46,605	Total non-current liabilities	34,251	34,521
			Total liabilities	197,541	238,883
			Equity		
			Capital stock	13,323	13,323
			Capital surplus	15,247	15,202
			Retained earnings	50,768	62,712
			Treasury stock	△1,153	△1,116
			Other items of equity	14,088	12,774
			Total equity attributable to owners of parent	92,274	102,895
			Non-controlling interests	2,530	2,924
			Total equity	94,804	105,819
Total assets	292,346	344,702	Total liabilities and equity	292,346	344,702

Key Points of Consolidated Balance Sheet

Assets

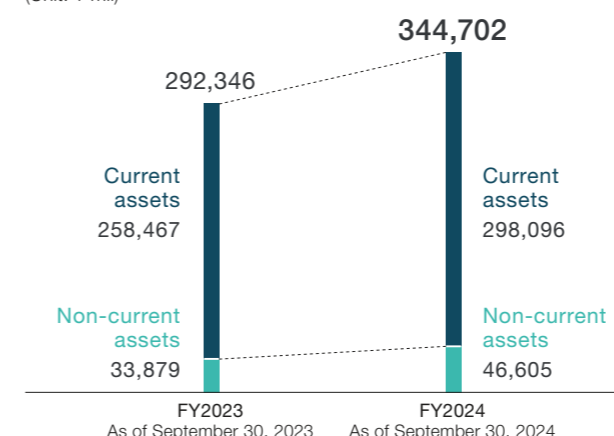
Total assets reached ¥344,702 million, an increase of ¥52,355 million YoY from (i) the increase in cash and cash equivalents from expanding Payment Processing Business and (ii) the increase in accrued revenues, trade and other receivables from increased transactions of Payment After Delivery in the Money Service Business.

Liabilities

Total liabilities reached ¥238,883 million, an increase of ¥41,341 million YoY from (i) the increase in accrued expenses due to expanding transactions for Payment After Delivery, (ii) the increase in deposits received and (iii) the increase in borrowings.

Assets

(Unit: ¥ mil)

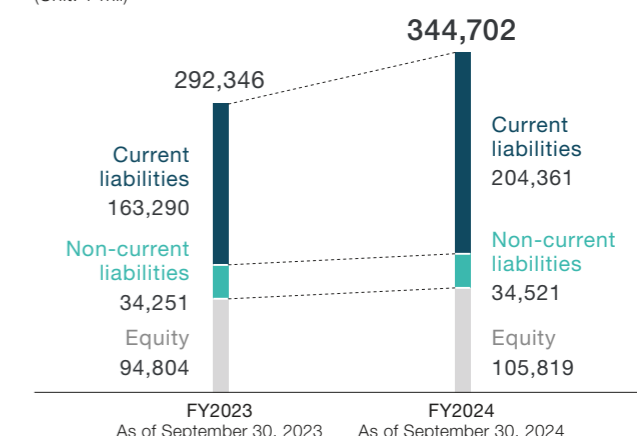


Equity

Total equity reached ¥105,809 million, an increase of ¥11,014 million YoY from (i) the recognition of profit of ¥19,235 million which was partially offset by (ii) the decrease in comprehensive income and (iii) the decrease in retained earnings from dividend.

Liabilities and Equity

(Unit: ¥ mil)



Consolidated Statement of Cash Flows

Operating cash flow amounted to ¥49,472 million. This was mainly due to cash outflows from the (i) increase in trade and other receivables, (ii) increase in accrued revenue, (iii) payment of income taxes, which were partially offset by cash inflows from (iv) profit before income taxes, (v) depreciation and amortization and (vi) increase in deposits received.

Investing cash flow amounted to ¥5,231 million. This was mainly due to cash inflows from the (i) proceeds from sale of investment securities, (ii) proceeds from withdrawal of deposits to affiliates and subsidiaries, which was partially offset by cash outflows from the (iii) acquisition of intangible assets and (iv) acquisition of investment securities.

Financing cash flow amounted to ¥3,728 million. This was mainly due to cash inflow from the net increase in short-term borrowing which was partially offset by cash outflows from dividend payment.

	(Unit: ¥ mil)	
	FY2023 From October 1, 2022 to September 30, 2023	FY2024 From October 1, 2023 to September 30, 2024
Net cash provided by operating activities	6,128	49,472
Net cash provided by investing activities	17,762	△5,231
Net cash provided by financing activities	△6,419	△3,728
Effect of exchange rate changes on cash and cash equivalents	2,218	△116
Increase or decrease in cash and cash equivalents	19,690	40,395
Balance of cash and cash equivalents at the beginning of the period	113,967	133,658
Balance of cash and cash equivalents at the end of the period	133,658	174,053

Company Information

Company Overview (As of September 30, 2024)

Name	GMO Payment Gateway, Inc.	Memberships	Japan Consumer Credit Association (JCA) Japan Multi-Payment Network Promotion Association (JAMPA) EC Payment Forum Japan E-Commerce Consultant Association (JECCICA)
Establishment	March 1995	Major subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc. GMO Financial Gate, Inc. GMO-Z.COM PAYMENT GATEWAY PTE. LTD.
Head Office	SHIBUYA FUKURAS 15F 1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043, Japan	Number of affiliates	13 consolidated subsidiaries 3 affiliates accounted for using equity method
Consolidated capital stock	¥13,323 million		
Consolidated capital surplus	¥15,202 million		
Number of employees (consolidated)	853		
Business outline	Comprehensive payment-related services and financial services		

Notes for Shareholder

Business Year	October 1st to September 30th of the following year	Listed exchange	Tokyo Stock Exchange Prime Market (securities code 3769)
Record date of dividends of surplus	December 31, March 31, June 30 and September 30	Method of public notices	Through electronic public notices Notices published at https://corp.gmo-pg.com/en/ir (However, when electronic public notices cannot be published due to an accident or any other inevitable circumstances, we will publish them in the Nihon Keizai Shimbun newspaper)
Annual meeting of shareholders	Annually in December		
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Limited		
Administrator's contact information	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Department 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan 0120-782-031 (Toll-free)		

Announcements

- Points of note
 - In principle, procedures such as change of shareholder address, bank remittance specifications for dividends, and purchase requests are handled by the account management institution (securities company, etc.) where the account was opened. Please contact the securities company or other such institution at which you opened your account. Please note that the shareholder registry administrator (Sumitomo Mitsui Trust Bank, Limited) does not handle such matters.
 - Unpaid dividends can be received at the main branch of Sumitomo Mitsui Trust Bank.

- Dividend calculation statements

The "Dividend Calculation Statement" also serves as the "Notice of Payment" compiled as per regulations specified in the Act on Special Measures Concerning Taxation. After receiving payment of the dividend, the Notice can serve as confirmation of the dividend amount and as information used when filing income taxes. Shareholders who receive dividends through their securities accounts (pro-rated method for number of shares) should contact the securities company that performs the transaction for details.

- For procedures pertaining to shares registered in special accounts, please contact the institution that administers special accounts, Sumitomo Mitsui Trust Bank, Limited.

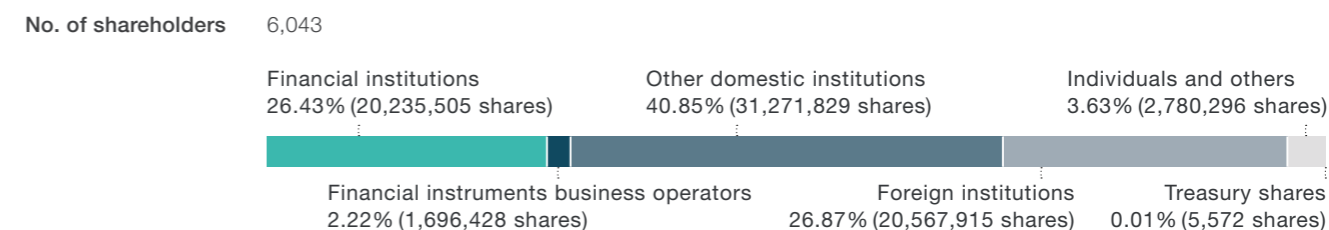
Mailing address and phone number
Sumitomo Mitsui Trust Bank, Limited
Stock Transfer Agency Business Planning Department
2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan
0120-782-031 (Toll-free)

* At the annual meeting of shareholders held on December 20, 2015, it was decided that the Board of Directors would be the decision-making body for dividends of surplus, and that the record dates for these dividends would be December 31, March 31, June 30, and September 30. As a result, we are able to distribute dividends of surplus on four occasions throughout the year. However, in order to ensure the retained earnings that our business structure requires, our plan calls for the year-end dividend to be the single dividend of surplus distributed during the year.

Status of Stock (As of September 30, 2024)

Total number of authorized shares 102,400,000 shares Total number of shares issued 76,557,545 shares

Number of Shares by Shareholder Category

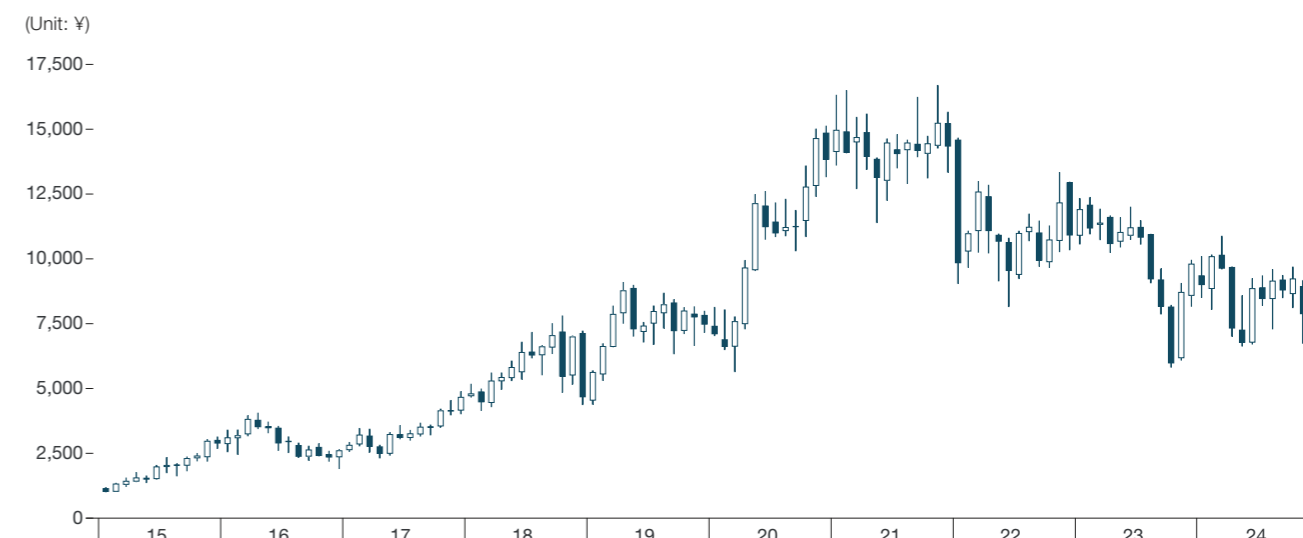


Major Shareholders (As of September 30, 2024)

Name of shareholder	Shares owned (shares)	Stock ownership ratio (%)
GMO Internet Group, Inc.	31,172,200	40.72
The Master Trust Bank of Japan, Ltd. (Trust account)	8,090,800	10.56
Custody Bank of Japan, Ltd. (Trust account)	7,028,500	9.18
Sumitomo Mitsui Banking Corporation	2,501,600	3.26
STATE STREET BANK AND TRUST COMPANY 505001	1,982,721	2.59
STATE STREET BANK AND TRUST COMPANY 505103	1,010,591	1.32
JPMorgan Securities Japan Co., Ltd.	957,349	1.25
JP MORGAN CHASE BANK 385839	869,500	1.13
BNYM AS AGT/CLTS 10 PERCENT	831,329	1.08
The Master Trust Bank of Japan, Ltd. (Executive Compensation BIP Trust Account: 75,574 units)	674,305	0.88

* The stock ownership ratio is calculated using total shares outstanding less treasury shares (5,572 shares).

Share Price Trend



* A 1:2 stock split of ordinary shares was carried out effective October 1, 2018. The share price prior to this date is adjusted on the same basis.

GMO Payment Gateway, Inc.

Tokyo | FUKURAS Office (Head Office)
SHIBUYA FUKURAS 15F
1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043 JAPAN
TEL: +81-3-3464-2740

Human Office
Humax Shibuya Building 7F
1-14-6, Dogenzaka, Shibuya-ku, Tokyo, 150-0043 JAPAN
TEL: +81-3-3464-2740

Osaka | Grand Front Osaka Tower B 23F
3-1 Ofuka-cho, Kita-ku, Osaka, 530-0011 JAPAN

Kyushu | B-Lot Daimyou Building 5F
2-2-113 Daimyou, Chuo-ku, Fukuoka, 810-0041 JAPAN

GMO PAYMENT GATEWAY