

GMO PAYMENT GATEWAY

Integrated Report

28th Fiscal Year

2020.10.1-2021.9.30



Payment with Innovation



Philosophy

By contributing to society, we pursue both spiritual and material prosperity for our partners.

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

We define our partners as a group of people whom we can trust. This group includes our employees, customers and business partners.

Our employees possess richness of spirit, advanced problem-solving abilities, and a high level of professionalism. They always pursue richness of spirit when they exchange values with our customers.



Global leadership

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

Business model

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



Ownership model

A company that achieves exceptional growth through delegating and instilling a sense of ownership in our younger partners to seek new challenges

Message from the President



Issei Ainoura

President and
Chief Executive Officer

Supporting Social Innovation Beginning with Payment
Creating long-term value for stakeholders by achieving
sustainable growth in response to accelerating changes
in society

16 consecutive terms of growth
since listing in 2005

Both the online and offline domains of the payment processing business trended strongly in FY2021, driven by new service launches to global major companies as well as the expansion in transaction volume and value, acquisition of new merchants, and revenue growth of existing merchants.

In financial-related services, Early Payment Service grew steadily as it supports cash flow improvement at merchants. However, for those services which entail credit risks, appropriate response was taken against rising credit risks.

As a result of the above, we recorded 16 consecutive years of revenue and profit growth since listing on the TSE Mothers market in 2005.

With regard to capital policy, shareholders' equity increased from the full conversion to common stock of the Euro Yen Convertible Bond with Stock Acquisition Rights issued in 2018, in June 2021, two years ahead of schedule. A new bond was issued under a similar scheme at the same time to procure funds for future growth from expansion of the Money Service Business and executing on M&A strategy.

We express our deepest gratitude for the warm support extended to us by stakeholders that enabled these achievements.

The consolidated companies ("the Company")
compete for growth across many businesses
centering on payment

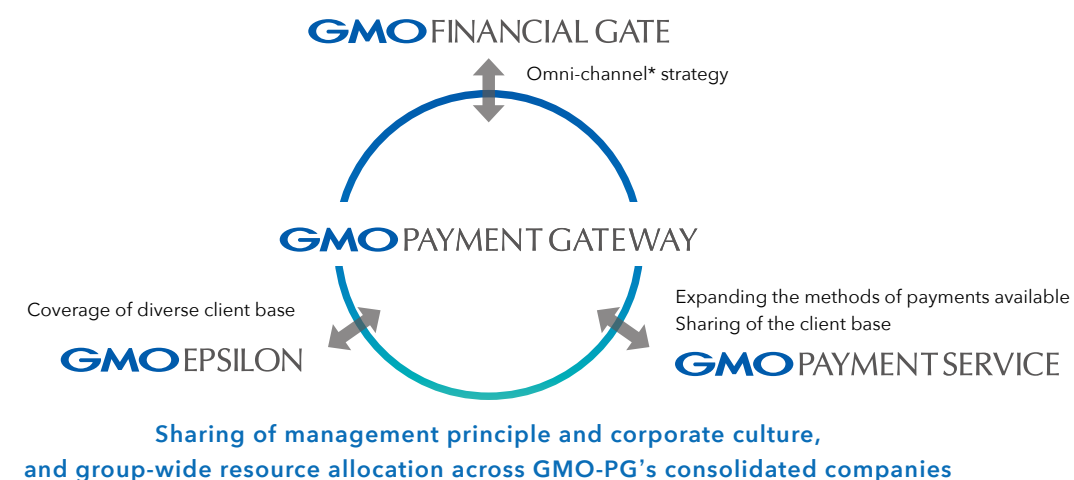
The Company established a "feedback loop model" wherein the services in financial-related services and payment enhancement services provided to increase the merchant's revenues then circles back to contribute to increase revenue of the payment processing service.

In recent years, several major companies within the Company have grown solidly to help realize stable management and business performance through the sound

and flexible business operations of each group company based on their respective business environments.

I strongly acknowledge that my mission is to achieve a continuous 25% growth as a whole, by accelerating business growth through increasing synergy and maintaining cohesion, while also securing the self-sufficiency and independence of each company's operations.

GMO-PG consolidated companies



Definition of terms used in this Integrated Report

"The Company" refers to GMO-PG consolidated companies that consist of GMO-PG and the following three consolidated subsidiaries and affiliates accounted for by the equity method.

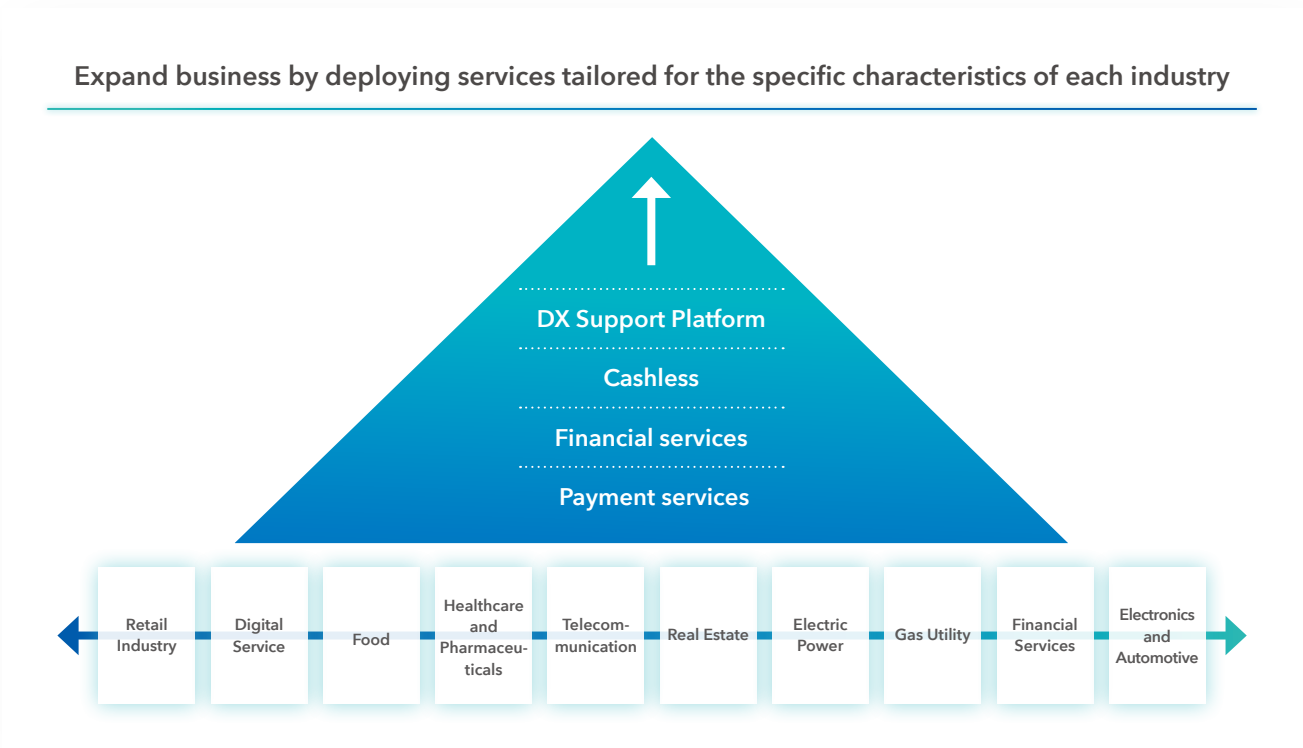
GMO-PG refers to GMO Payment Gateway, Inc. **GMO-EP** refers to GMO Epsilon, Inc. **GMO-PS** refers to GMO Payment Service, Inc.

GMO-FG refers to GMO Financial Gate, Inc.

* Integration of offline and online



Message from the President



Strive for sustainable growth by taking opportunity of the social changes

The COVID-19 pandemic has not only caused the acceleration of social and corporate reforms utilizing digital technology (digital transformation: DX) but has also allowed e-commerce (EC) usage and cashless payment to take root in daily life. This has led to new business opportunities as the business environment surrounding the Company changes at an unprecedented speed.

In recent years, the Company is expanding the platform business that provides applications for business operations specific to each industry, by leveraging our development capability, support capability, and sales and marketing capability based on our deep understanding of client needs garnered through the diverse offerings in financial and payment services.

Create a company with the power to attract talent, strengthen the organization by fostering talent

The Company emphasizes the well-used phrase of “people determine the company” more than anyone else.

Based on the belief that the source of sustainable growth lies in the employees and the organizational power, myself and all the partners (the Company refers to employees as partners to express respect to fellow employees) share the future vision of the business and Company, mindset and activities and, work together towards making a company in which we take pride, which in turn strengthens the organization to produce new innovations.

I am convinced that striving to be a company that naturally attracts talent is the way to realize sustainable growth.

Initiatives on sustainability

There is a growing requirement on companies to undertake initiatives toward realizing a sustainable society, beginning with environmental issues. The Company operates services that contribute to decarbonization and inherently reduce the environmental burden, by supporting digitalization of economic activities such as through paperless, cashless, and online migration of commercial transactions. The Company is committed to contributing to the advancement, development, and realization of a sustainable society by being aware of our strong relationship with the community, society, and earth itself through our stakeholders. Going forward, the Company will strengthen the SDG initiatives such as the use of de facto renewable energy for electric power usage at data centers.

Furthermore, the Company strives to achieve operating profit target of ¥25 bn in 2025 and ¥100 bn in 2030 through the expansion of businesses originating in payment.

We would like to express our sincerest gratitude for the continued support of our stakeholders.

December 2021
President and Chief Executive Officer
Issei Ainoura

Value Creation Model

Management Principle

Pursue both material and spiritual prosperity through our contributions to the progress and development of society.

Business Environment

P.10-11

- ▶ Cashless adoption
- ▶ Online migration
- ▶ Change in consumption behavior and purchasing methods
- ▶ Digital transformation (DX)
- ▶ Advances in AI/IoT technology
- ▶ COVID-19 pandemic
- ▶ Response to climate change
- ▶ Globalization

Strengths

P.12-13

Sales and Marketing
Continually enhancing our ability to negotiate and make proposals since our early years. Supporting our clients' growth with our unparalleled human resource base.

Systems Development
Building a reliable system to process high-volume concentrated transactions. Systems development capabilities that cater to each customer's needs.

Client Support
Our client-focused support system attempts to solve the underlying, latent issues.

Investment
Ability to uncover promising start-ups. Comprehensive support that contributes to the growth of our investees.

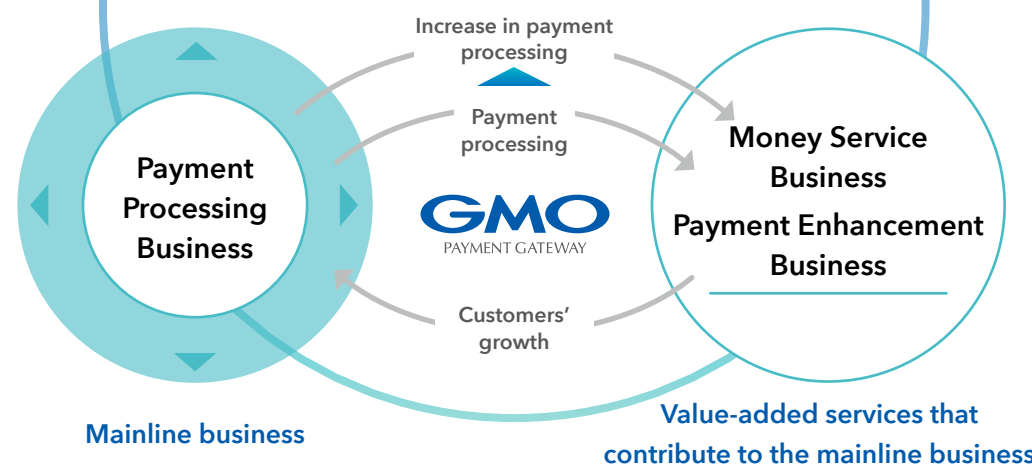
Business Model

P.14-15



Provide the payment infrastructure - an indispensable part of commercial transactions - to various industries

Ecosystem that continuously expands from the feedback loop between value-added services and the mainline business



Sustainable Management

P.30-39



Focus Areas

P.20-29



Shareholders

Consumers

Merchants

Payment providers/
Business partners

Partners
(Employees)

Local government

Community and society

Value Creation

Operating Stores

123,938 stores*
As of end-September 2021

Transaction Volume

Approx. **3.54** bn transactions
FY2021

Transaction Value

Approx. **¥8.0** tr
FY2021

Operating Profit

¥12.9 bn
FY2021

Revenue and profit increase
16 consecutive terms since listing

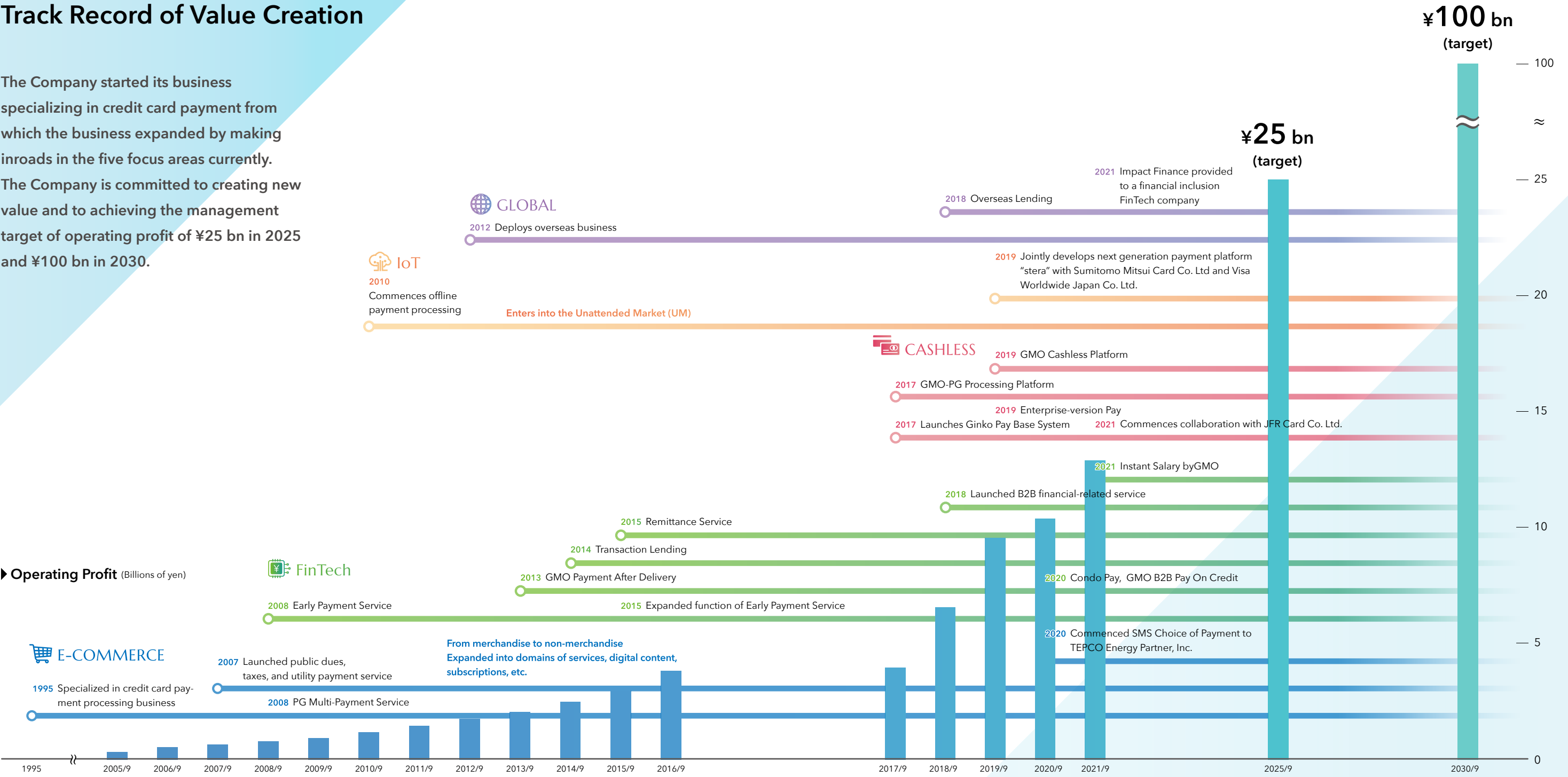
SUSTAINABLE DEVELOPMENT GOALS



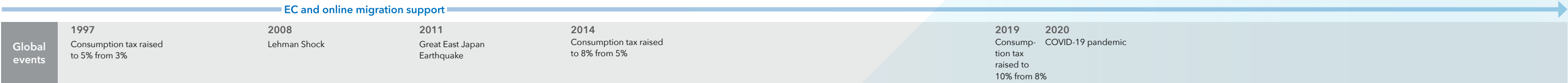
* The number of operating stores would be 311,477 stores is adjusted for a particular case for the same period.

Track Record of Value Creation

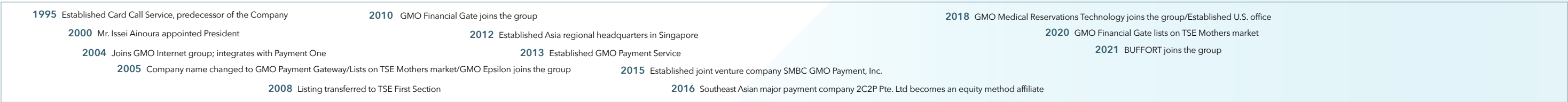
The Company started its business specializing in credit card payment from which the business expanded by making inroads in the five focus areas currently. The Company is committed to creating new value and to achieving the management target of operating profit of ¥25 bn in 2025 and ¥100 bn in 2030.



► Value Proposition to Society and Our Role



► History



Business Environment

Pursue sustainable growth by expanding business from the accelerating social changes

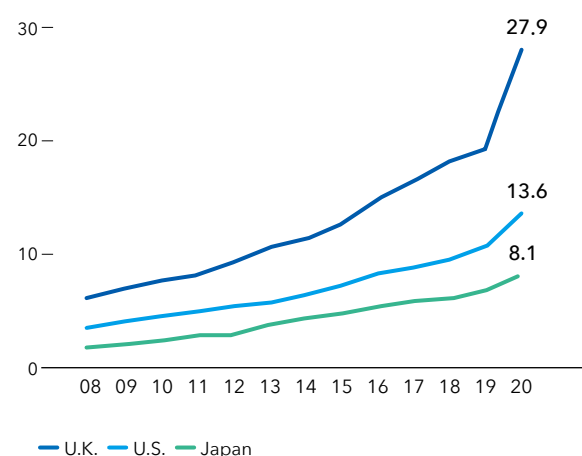


Progress of EC/Cashless Adoption in Japan

- Japan's EC market and cashless payment market continues to show high growth supported by deployment of internet connectivity and government policy. Even so, the current EC penetration and cashless penetration levels lags the U.S./European countries, signifying significant potential to expand in the medium-to-long term.
- The COVID-19 circumstances have caused irreversible changes in the sales and marketing activities of business operators and consumer's lifestyle and consumption behavior, where the nesting demand (i.e., online consumption) for items such as food, beverage, and daily necessities appears to have taken root.
- The Company intends to capture the opportunities arising from the continuous transformations expected in commercial activities such as omni-channel adoption, implementation of cashless payment, and digitalization of services (online migration).

► Comparison of EC Penetration in Japan and U.S./European Developed Countries

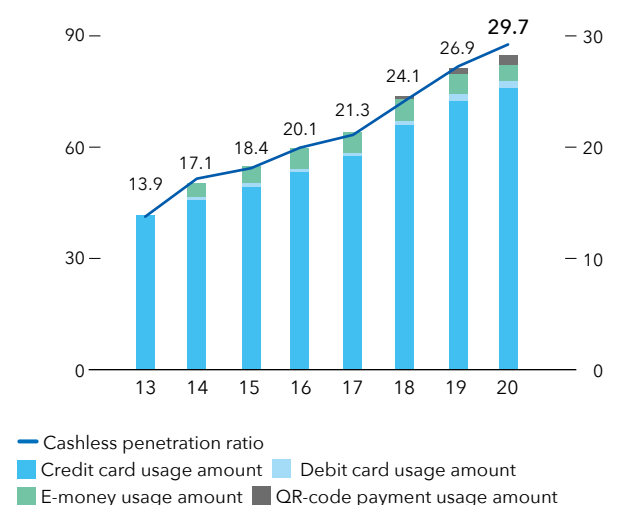
(Unit: %)



* METI "FY2020 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)"
 U.S. Bureau of the Census "The 2nd Quarter 2021 Retail E-Commerce Sales Report"
 U.K. Office for National Statistics "Retail Sales Index internet sales, October 2021"

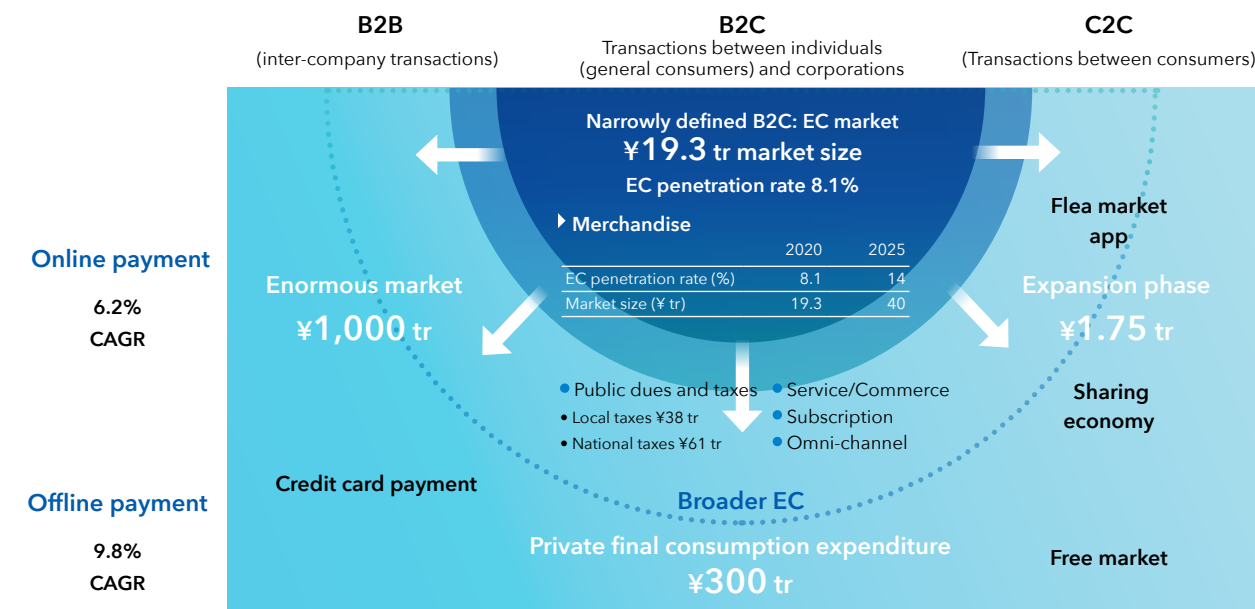
► Japan's Cashless Market and Cashless Penetration (as a ratio to private final consumption expenditure)

(Unit: Trillions of yen)



* Cashless penetration = Sum of credit card usage amount, debit card usage amount, e-money usage amount, and QR-code payment usage amount divided by private final consumption expenditure
 * Cabinet Office, "System of National Accounts"
 Japan Consumer Credit Association's Credit Statistics of Japan
 Bank of Japan's Payment and Settlement Statistics
 Payments Japan Association's Code Payment Statistics

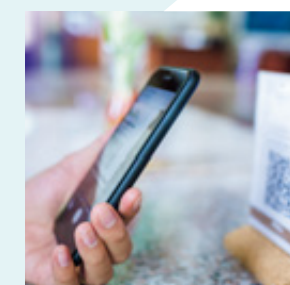
► Business Expands along with the Advancement of Japan's Cashless Adoption



* References: METI "FY2020 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)." Figures for 2025 are Company estimates.
 MIAC "Breakdown of national tax and local tax revenue (FY2020 Budget and Local Government Finance Plan)"
 THE WORLD BANK "Household final consumption expenditure (current USD)"
 Payments Japan Association's "Cashless Roadmap 2019" and Yano Research Institute's "Online Payment/Settlement Service Providers 2018"

Cashless Promotion by the Government

The Japanese government has set the goal of reaching 40% of cashless penetration by 2025 and to achieve highest levels globally of 80% in the future. Promoting the adoption of cashless payment is a key initiative for Japan's economic growth. To this end, the development of cashless payment environment and the review of the payment infrastructure is under by enacting laws and deregulation. The Company will contribute to the progress and advancement of Japanese society by expanding services that contribute to the advancement of the payment infrastructure.



Acceleration of DX

Companies are increasing their IT investments to transform operations by adopting the latest digital technology, reflecting the need for business growth and productivity improvements. Such transformations are accelerating in various sectors including the government itself promoting the digitalization of the government administration. As a company involved in DX support in the payment domain, we seek to create business opportunities on the back of such transformations.

Response to Climate Change

There is a growing requirement on companies to undertake initiatives to reduce the environmental burden as climate change issues become increasingly serious. The Company expects significant business opportunities to arise from the conversion to a decarbonized society, by providing payment services that have a low environmental footprint and infrastructure that supports the digitalization of payment and invoice operations. Additionally, implementing de facto renewable energy for electric power usage at data centers will be implemented in order to reduce the environmental burden of our business activities.

Our Four Strengths

The Company is further enhancing these four areas of strength, that drives our differentiation with competitors and the commitment to achieve 25% growth.

Sales and marketing capability



Our outstanding human resources enables an industry-based sales and marketing structure in order to propose industry-specific solutions that address the specific issues and trends of each industry. In addition, we continue to provide support to our customers (i.e. merchants) as their partner even after the start of the service.

Based on this customer understanding and trust-based relationship, we establish a win-win relationship with the leading companies' of each industry by developing strategic initiatives to expand new payment platforms together.

► Customers in a Wide Range of Industries and Formats



► Sales Personnel

Approx. **40** persons
As of end-September 2011

► Approx. **200** persons
As of end-September 2021

Systems development capability



The internalizing of high precision system development and operation is a factor that supports sustainable growth. In order to be able to continually provide systems with high levels of quality, capacity, availability, security, and functions, the Systems Division responds to the changing market needs by detecting industry and technology trends early on. As customer demands have become more advanced in recent years, the Company increasingly provides applications required for operational reforms, which entail involvement from the system development stage.

In April 2021, BUFFORT Inc., a company with strong system development capability in financial and payment domains, joined the group. This will further strengthen the Company's system development capability by expanding the talent base of system developers.

► Number of Engineers

Approx. **30** persons
As of end-September 2011

► Approx. **200** persons
As of end-September 2021

► Major System Development Milestones

2014
Commences development, operation, and maintenance of Visa Business Pay, an exclusively B2B payment system
Development of new smartphone-based payment service app

2016
Joint development of Ginko Pay with The Bank of Yokohama Ltd.

2017
Launch of GMO-PG Processing Platform for financial institutions

2020
Launch of SMS Choice of Payment to TEPCO Energy Partner Inc.

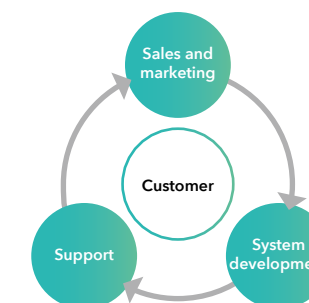
Client support capability



The Company internalizes its customer support and continuously endeavors to improve services that contribute to resolving the issues faced by customers. This contributes to customer's growth by providing value from the cohesive collaboration between sales, development, and support. Thanks to this, the customer support's response to clients have received high acclaim from external rating agencies.

In addition, the organic involvement of professionals in finance and accounting, legal affairs, and human resources further enhances this strength and enables business to expand while ensuring security and compliance as a listed company.

► Support Organization



Contribute to customer's growth from proposal to operation

► Awards

The only company in the payment processing industry to be consecutively awarded the 5-star recognition by HDI.



Investment capability



The Company seeks out outstanding FinTech start-ups in the world that could transform society through new technology and/or concept and supports their growth through strategic investments and business alliances. In addition, such relationships also help the creation of new services and evolution of current services at the Company itself.

Furthermore, the Company invests in the top payment operators throughout the ASEAN countries with the aim to build a partnership and support their growth in order to develop the overseas payment business.

► Overseas Investees and Offices



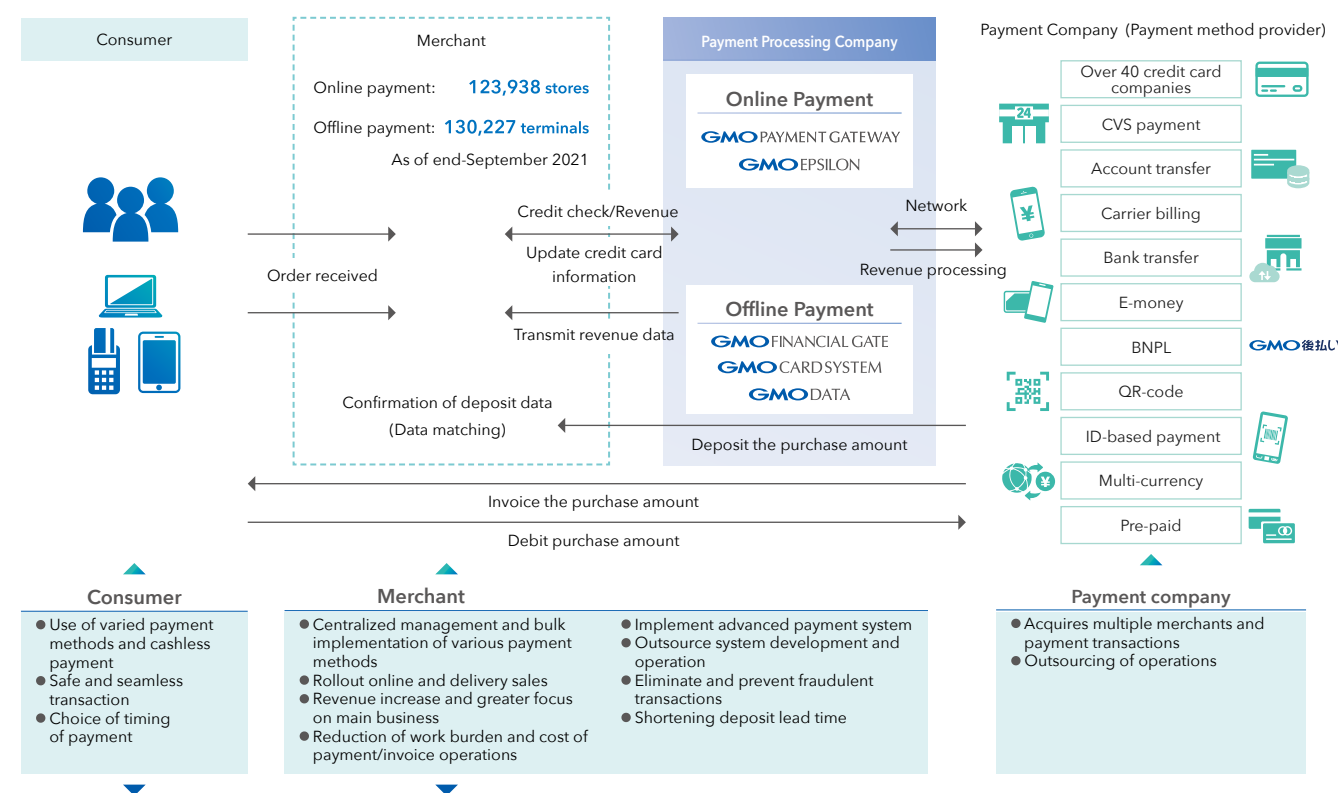
Major Business/Business Portfolio

Major Business

Payment Processing Business

Provision of comprehensive payment system to merchants to enable consumers to use various payment methods such as credit cards and Buy Now Pay Later (BNPL)

► Structure of Payment Processing Service



Money Service Business and Payment Enhancement Business

Provision of payment enhancement services and financial-related services that contribute to expanding payment function and merchant growth

► List of Major Services in Financial-Related Services and Payment Enhancement Services

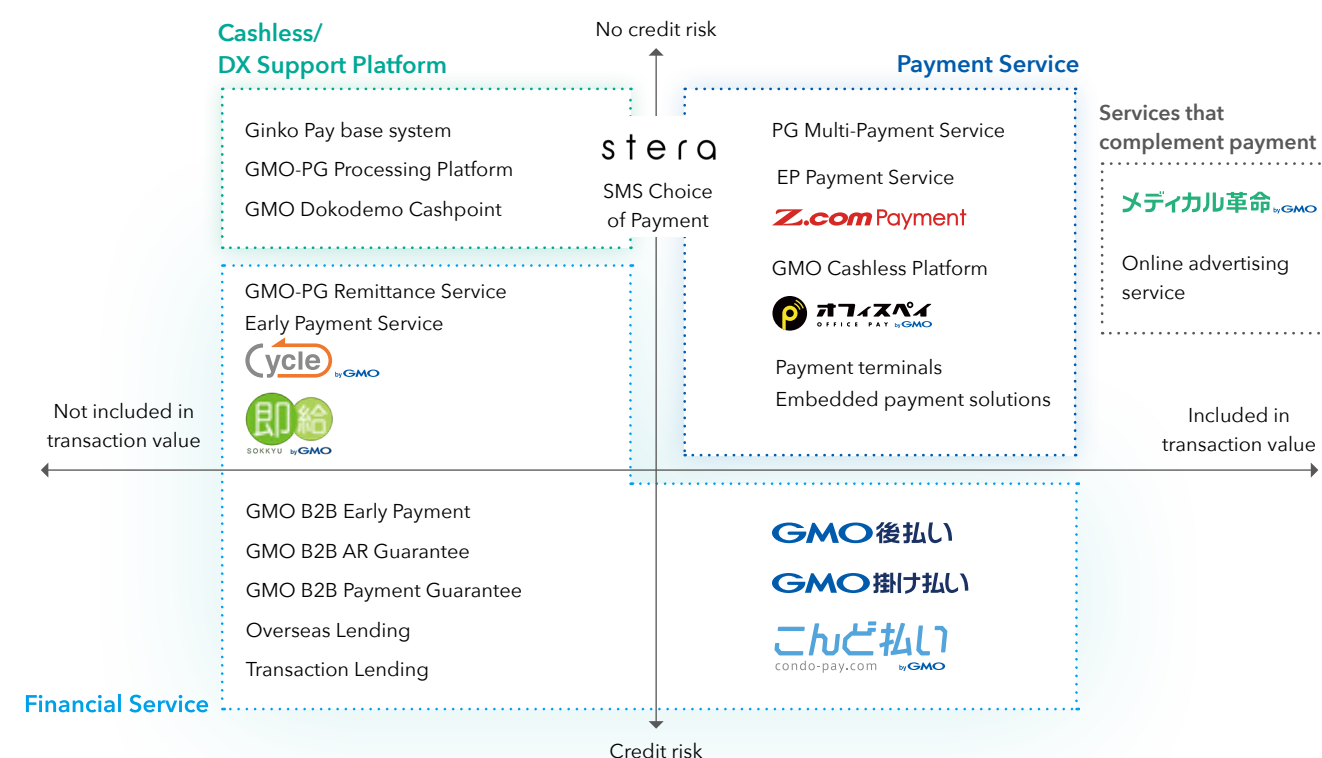
Service Name	► GMO Payment After Delivery/GMO B2B Pay On Credit	► Remittance Service	► Overseas Lending/Transaction Lending	► Early Payment Service	► Online Advertising Service
Service Content	Deposit the sales proceeds before payment by purchaser	Realize efficient and secure remittance and refund processing	Lending of growth funds	Cashflow improvement and early payment date	Analysis and online advertisement operation to improve revenues as merchants

Business Portfolio

The Company has expanded its business by providing various services across several of GMO-PG's consolidated companies to customers in many industries through the three business segments of Payment Processing Business, Money Service Business, and Payment Enhancement Business. Strengthening each company within GMO-PG and its consolidated companies creates a solid business foundation.

► Product Map

Expanding the product offerings of the GMO-PG consolidated companies (from payment service, financial services to DX support)



► The Company and its Major Consolidated Subsidiaries (FY2021)

Company Name	GMO PAYMENT GATEWAY (Non-consolidated)	GMO EPSILON (Non-consolidated)	GMO PAYMENT SERVICE (Non-consolidated)	GMO FINANCIAL GATE (Consolidated)
Major Business	Online payment processing business	Online payment processing business	Buy Now Pay Later business	Offline payment processing business
Customers	Local government, Large to medium-sized companies (merchandise and non-merchandise)	Small operators (mainly merchandise)	Merchandise and non-merchandise operators, consumers	Offline stores, unattended machine operators
Revenue (¥ mil)	22,743	4,824	6,680	7,089
Net Profit (¥ mil)	6,860	1,872	694	411
Total Assets (¥ mil)	154,264	26,917	29,696	7,136

Our Services and Focus Areas

Payments of fixed monthly expenses
Regular payments for water delivery, newspapers, magazines, etc.

Utilities
Bills paid on a regular basis such as electricity and gas

Usage fees for various services
Payments for travel tickets and car rentals, etc.

Content sales
Payment for content purchases, such as e-books, games, and video streaming

Services used in daily life/at home

Delivery
Take-out and delivery arising from nesting consumption

Public dues
Payment of national taxes, automobile taxes, and hometown tax

GMO Payment Gateway creates new value in payments with our sights set firmly on the future, adapting to a world where change happens faster than ever before.

Services used outside the home

Self-checkout
Services contributing to unmanned or labor-saving at offline stores

Cashless
Payments that do not use cash in offline stores

▶ The Company's Activities in the Five Focus Areas

E-COMMERCE

Providing all types of highly convenient, secure payment methods, from internet shopping to online payments of taxes and public dues



Shopping by smartphone

Payment services for purchasing goods and services outside the home

FinTech



For merchants, we develop payment methods that utilize financial technology and services that support growth according to their funding needs



Providing payment services

Payment after receiving products (GMO Payment After Delivery)

CASHLESS



Expanding our service offerings to financial institutions and business operators to respond to the acceleration in the adoption of cashless payment



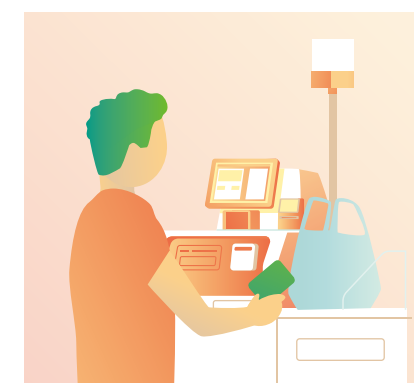
Payments at offline stores

Using smartphone apps to pay for services and purchases

IoT



Provide highly secure services to the offline payment market that is rapidly expanding from the adoption of cashless and contactless payment as well as the growth of the Unattended Market



Cashless payment at self-checkout registers

Embedded solution that enables unmanned or labor-saving operations

GLOBAL



Globally exporting our expertise, know-how, and services in payments and finance, while actively promoting partner strategies through investment



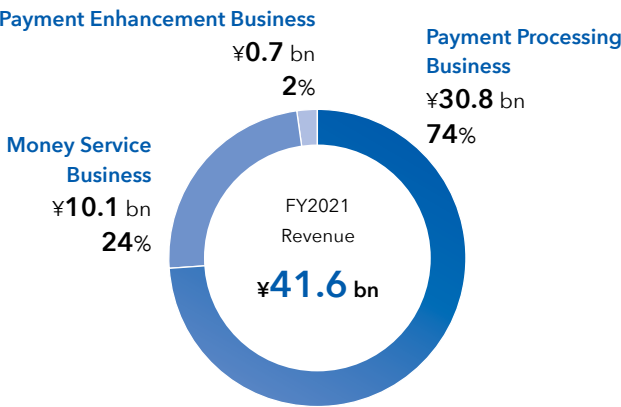
Sustaining global payment infrastructure

Offer safe and convenient payment services primarily in Asia

GMO Payment Gateway at a Glance

Our business is comprised of three reportable segments separated by service type. We identify the following five focus areas to be the growth drivers of our business.

► Revenue Breakdown



► Focus Areas

 E-COMMERCE	- Online Payment - Pay-as-you-go/non-recurring payments (payment for merchandise/goods, digital content, etc.) - Recurring payments (payment for public taxes and dues, etc.)		
 FinTech		- GMO Payment After Delivery/GMO B2B Pay On Credit - Remittance Service - Early Payment Service - GMO B2B Early Payment, etc. - Transaction Lending - Instant Salary byGMO	
 CASHLESS	- Ginko Pay - GMO-PG Processing Platform - GMO Cashless Platform		
 IoT	Offline Payment		
 GLOBAL	Z.com Payment (overseas payment service)	Global Lending	

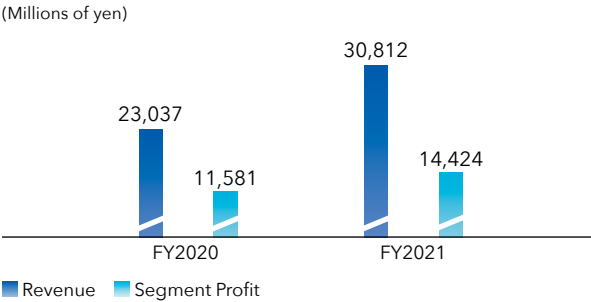


Payment Processing Business

This business focuses on expanding usage of services by large and small-to-medium merchants and non-EC operators and merchant acquisitions, given the backdrop of a steadily expanding EC market. The impact from the COVID-19 pandemic is limited, and micropayment transactions increased from the rising adoption of cashless payment and expanding EC market as well as increased payment transactions for household goods, digital content, public utilities, and taxes caused by nesting demand that resulted in increased transaction volume and value.

In the offline field, sales of payment terminal for the next generation payment platform “stera” trended strongly. Additionally, steady progress was made in receiving orders from the focus market of Unattended Market (UM), such as automated payment machines and ticket machines.

► Revenue/Segment Profit

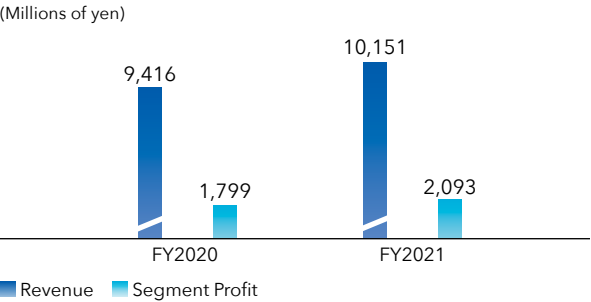


Money Service Business

This segment’s revenue growth rates slowed due to taking a conservative stance on extending credit in consideration of COVID-19 effects for GMO Payment After Delivery service, which entails credit risk, as well as the hard comps against the same period of the previous year that saw strong nesting demand. As a result, credit-related costs were controlled which contributed to an increase in segment profit.

On the other hand, Early Payment Service revenue trended strongly on the back of growth in the Payment Processing Business segment. Lending service to overseas operators made progress in securing new potential customers that can generate stable revenue going forward and contributed to increasing segment revenue. Additionally, the new service of Instant Salary byGMO was launched during this fiscal year.

► Revenue/Segment Profit

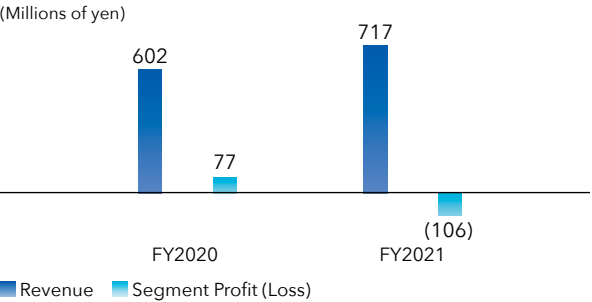


Payment Enhancement Business

Demand for Medical Kakumei byGMO service, a reservation management system to enable operational efficiency at the reception counters offered exclusively to medical institutions by our consolidated subsidiary GMO Medical Reservations Technology Co. Ltd., increased on the back of COVID-19, contributing to the growth in segment revenue. However, in light of the recent business operation and the divergence from plans, an impairment loss was recognized.

The SSL coupon and delivery service revenue declined due to the decline in transactions.

► Revenue/Segment Profit (Loss)*



* Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation. As a result, the figures for revenue and operating profit only represent the amounts for continuing operations and exclude the discontinued operation.

Focus Area

E-COMMERCE

Hokuto Kuramoto

General Manager
Product Development Office
GMO Epsilon, Inc.

Key Person Interviews with Partners

Vision

Contribute to the growth and success of the customer as an innovation partner through offering solutions that cater to the diverse needs of customers across many industries

Q1. What value do you contribute to customers?

I endeavor to contribute to the success and growth of the customer by providing the perfect solution to the customer. To use an analogy, customers may want to take their time and order a tailor-made suit or chose a ready-made suit for convenience. Our strength is that we can make a proposal that focuses on the value most emphasized by the client at any stage, ranging from easy-to-implement design for start-ups to comprehensive payment and financial solutions that require large scale system development.



Q2. What personal achievement do you want to realize at the Company?

There is a mantra in the Company that “Sameness is to wither away,” so I always strive to continuously transform myself and continue to learn without resting on past successes. The Company’s business is where changes appear much earlier through the voices of customers or the consumption behaviors visible through payment, even before it appears in the world as technological change, social value change, or regulatory change. My personal achievement is to keep bringing a sense of awe and smiles to all those I interact with and feel excitement at the changes happening.

Business Environment and Growth Strategy

Broader EC Market TAM (Total Addressable Market)*1

2020 ¥19.2 tr*2 → 2025 ¥45 tr*2

The B2C EC market (e-commerce transaction to consumer amounted to ¥19.2 tr. in 2020*2), which is at the center of the broader EC domain, continues to grow very rapidly, helped by favorable externalities such as the increased penetration of smartphones and logistic/distribution industry reforms. Solid progress is also made in areas not included in the B2B EC statistics, such as service commerce domain, public dues and taxes, medical expenses, and other sectors closely tied to daily life. Furthermore, the B2B EC market (business-to-business e-commerce transactions between companies amounted to ¥1,000 tr in 2020*2) also holds significant business potential and the combined TAM of these three domains in which the Company focuses on is expected to reach ¥45 tr in 2025.

Given this business environment, the Company’s growth strategies are:

- Make inroads to financial institutions and large and high growth potential merchants in Japan and overseas
 - Win large scale projects that entail system development
 - Expand the DX support platform
 - Early monetization of new services, etc.
- The growth strategy of GMO Epsilon, which addresses the SME sector*3 is:
- Strengthen group synergy with GMO Internet group
 - Make inroads into new businesses
 - Improve UI and UX/Commence new payment rates

The above strategies aim to achieve above-market growth rates.

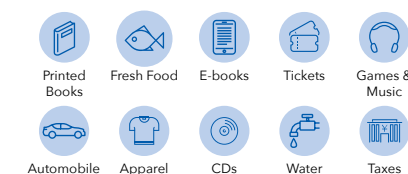
*1 TAM: Total Addressable Market

*2 METI “FY2020 Global Survey Project Concerning Integrated Domestic and External Economic Growth Strategy Building (E-Commerce market survey)”

*3 SME stands for small and medium-sized enterprises.

► Operating Stores

End of FY2004 6,837
↓
End of FY2020*1 123,938



* The number of operating stores would be 311,477 stores if adjusted for a particular case for the same period.

► Transaction Volume

FY2004 37 mil
↓
FY2021 Approx. 3.54 bn

► Transaction Value

FY2004 ¥120.0 bn
↓
FY2021 Approx. ¥8.0 tr

TOPIC

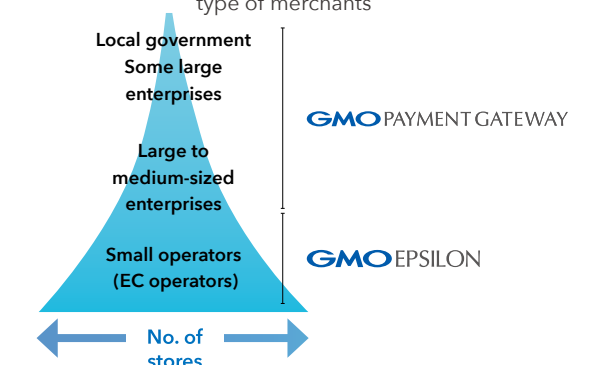
► The Advantages of Comprehensive Online Payment Service “PG Multi-Payment Service”

Invigorate Japan’s EC Market together with Merchants and Partners



- Improve consumer convenience on EC websites by bulk implementation of various payment methods
- Reduce burden of managing cash inflow/outflow by unifying the deadline and deposit dates of various payment services by integrating contracts
- Efficient operation is made possible by centralized management of multiple function and payment methods
- Mitigate risks of information leakage by storing credit card information at the Company rather than at the merchant

Acquire diverse merchants through strategy based on scale and type of merchants





Ryoji Koinuma

Manager
Corporate Planning Group
Corporate Planning/New
Business Creation Department
Corporate Value Creation
Strategy Division

Key Person Interviews with Partners

Vision

Aim to further improve profitability and capital efficiency through deploying the funds procured for business expansion and the expansion of financial-related services that align with the new social demands

Q1. What value do you contribute to customers?

Instant Salary byGMO is a salary prepayment service, which means that users can make sudden expenditures without having to wait until the salary payment date. This service also caters to the rising need for new payment methods with the increase of freelancers and side-job holders. This service is also helpful for employers to provide employee benefits for workers and employees. We will continue to provide value that aligns with the changes underway by capturing the ever-changing needs of customers.



Q2. What personal achievement do you want to realize at the Company?

What is most important to me is to respond to changes. The changes happening in the world underlies the need for salary prepayment service.

This is especially true in the financial and payment domains that have undergone significant changes in recent years. It would not be possible to provide services that satisfy clients unless I myself change the way I think and act in line with the changes taking place at customers and in the market. It goes without saying the basics of honoring manners and showing gratitude to those around you are important, but at the same time, the readiness to fearlessly change as needed is how I myself can continue to grow and be a person that customers and fellow colleagues enjoy working together with.

Business Environment and Growth Strategy

FinTech Market TAM

- Buy Now Pay Later

2020 ¥0.8 tr*1 → 2025 ¥3 tr*1

- Early Payment Service/Transaction Lending

2020 ¥2.5 tr*2 → 2025 ¥8 tr*2

In the FinTech domain, services provided mainly to EC operators include Early Payment to help improve cash flow, refund service, global lending services to companies, GMO B2B Early Payment, as well as FinTech services such as Instant Salary byGMO, which is an instant salary prepayment service for companies, and the payment service GMO Payment After Delivery. In particular, the TAM for the Buy Now Pay Later (BNPL) market is expected to expand from ¥882 bn in 2020 to ¥2 tr in 2023, and further to ¥3 tr in 2025*1.

*1 Yano Research Institute Ltd., "Online Payment/Settlement Service Providers 2021"; the figure for 2020 is an estimate, the figure for 2023 is a forecast, and the figure for 2025 is based on the Company's forecast.

*2 The TAM for Early Payment Service and Transaction Lending is calculated from the online payment transaction value that is under the Representative Contract. The figures for 2025 is the Company's forecast.

Given this business environment, the growth strategies are:

- Asset shift toward high profitability services
- Creation of new services (expansion of services from B2C to B2B)
- Partner strategy with financial institutions and operators in each sectors

These strategies will contribute to our customer's growth. For the purpose of expanding business in the FinTech domain, the Company raised ¥8 bn in 2015 through a private placement, and ¥17.5 bn through the issue of Euro Yen Convertible Bond with Stock Acquisition Rights.

In addition, approximately ¥21 bn of funds were procured from a Euro Yen Convertible Bond with Stock Acquisition Rights maturing in 2026. The use of proceeds will be for sustainable growth through investments, M&A strategy execution in the payment and FinTech domains, and business expansion into the FinTech domain. We aim for further improvement in capital efficiency and growth of the FinTech business through the effective use of the proceeds.

TOPIC

► Service Commences for Instant Salary byGMO, an Instant Salary Prepayment Service for Companies

The Company has launched the instant salary prepayment service Instant Salary byGMO by combining the Company's expertise in payment and remittance to the "Sokkyu" asset which is a salary prepayment outsourcing service provided by Sakura Information System Co. Ltd. of the Sumitomo Mitsui Banking Corporation group since 2007.

Digitalizing the salary operation and payment processes at companies to reduce man-hours should help in creating the optimal system for the payers and receivers of salary, thereby helping to realize financial inclusion and expand our business in the ¥220 tr salary bank deposit market.

Market Size of Direct Deposit of Salary

TAM ¥220 tr

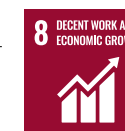


Instant Salary byGMO

A service to receive salary immediately for the work already completed, before the payday

Major industries: Logistics/Transportation, Delivery, Relocation

Major types of employment contracts of service users: Temporary employees, part time, etc.



CASHLESS

Shimpei Iriguchi

Group Manager
Payment Products Group
Digital Transformation Department
Innovation Partners Division

Key Person Interviews with Partners

Vision

Aggressively promote service diversification, expand adoption within the industry, and provide DX support for cashless business of financial institutions and business operators

Q1. What value do you contribute to customers

Customers face different management issues depending on the industry or sector. We seek to resolve these issues by sharing in the issues and standing together with customers.

The Company's business domain is centered on payment, but for the customer payment is only a tool, a means to an end. I strive to create a story that resolves the customer's issue, because involving the stakeholders and partaking in the trials and tribulations is the way to be acknowledged as a partner and create value. These efforts result in the value proposition that contributes to improving the customer's corporate value.

Q2. What personal achievement do you want to realize at the Company?

The Company's customers are diverse and consist of a wide variety of companies, including both industry leaders and venture companies. My days are very exciting being involved with large-scale projects with industry leaders as well as innovative work with venture companies. It is not easy to create a new solution and I am constantly questioning and reflecting upon myself, but by gaining inspiration from the large number of customers can help in understanding what the necessary solution is 5 or 10 years from now, and the can provide the inspiration. I want to keep challenging myself to build what will be "obvious" in the future in the world and accept both failures and successes as my own result.



Business Environment and Growth Strategy

The Company's TAM is estimated at ¥2 tr, which is the IT investment amount by financial institutions, in which we focus on the cashless domain, or specifically the BaaS (Banking as a Service) domain, such as issuing/acquiring services including Ginko Pay, which was co-developed with The Bank of Yokohama Ltd., and applications needed to promote DX and cashless business of financial institutions and financial service providers.

Given this business environment, the Company's growth strategies are:

- Further expand the platform service to financial institutions
- Diversify services and rollout to business operators
- Expand services within the industry including to major companies

Through these strategies, we will contribute to the cashless migration of payments in Japan.

TOPIC

Joint Promotion of Regional Revitalization and Collaboration of Merchant Business by Providing Acquiring Support Function to JFR Card Co. Ltd.



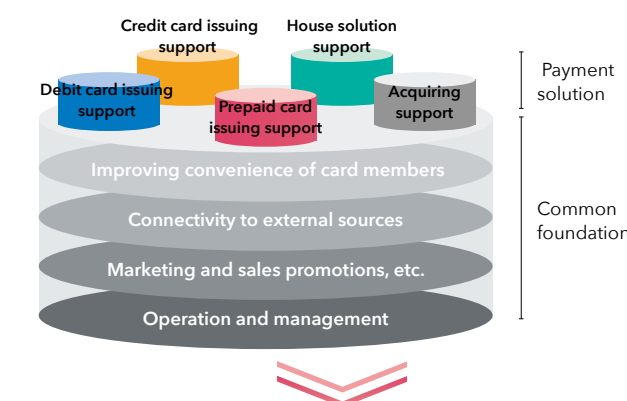
The Company offers the GMO-PG Processing Platform to financial institutions and financial service providers to roll-out issuing*¹ and acquiring business*² for credit cards as a one-stop payment solution by leveraging the track record and know-how garnered in payment services to EC operators.

The acquiring support function of the GMO-PG Processing Platform was provided to JFR Card Co. Ltd. to launch their merchant network expansion and to jointly promote expansion of the merchant network for the credit card to stores located near J. Front Retailing Co. Ltd. commercial facilities.

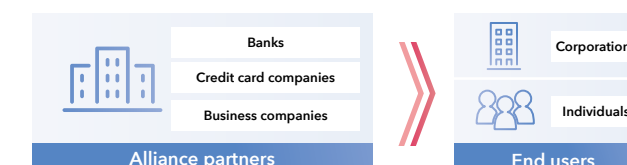
*¹ Operations that include invoicing the card usage amount, providing services to card members, and credit card issuance and marketing and membership acquisitions

*² Operations that include payment processing for the credit card processing, settlement, and contract management of merchants as well as merchant acquisitions

GMO-PG Processing Platform



Selection of common foundation and payment solutions necessary for business expansion





Yuhei Nemoto

General Manager
Sales Department #2
Sales Division
GMO Financial Gate, Inc.

Key Person Interviews with Partners

Vision

Promote the proliferation of new cashless payments, improve the customer's productivity and support the unmanned/labor-saving initiatives at offline stores

Q1. What value do you contribute to customers

My belief is that payment should not be conspicuous. Payment should aim to be seamless, because payment is not the objective of economic activities but is an indispensable part of it. Our mission is to not only provide cashless services that are safe and secure (to make payment "inconspicuous") but also to provide convenient and easy-to-use service (to make "payment effortless"). The Company provides value by supporting the growth and operational efficiency of customers around the themes of contactless payment and unmanned payments where adoption is accelerating by working together with customers for the optimal plan and services.

Q2. What personal achievement do you want to realize at the Company?

To be inside the rapidly changing world of payment means to be constantly seeking change. Five years ago it was inconceivable that QR-code payment would proliferate as much as it has. That is why it is important to constantly envision what the payment method will be 5 or 10 years from now and to provide the new system and service to partner companies. This is the greatest mission of the Company and I feel that my personal achievement is to bring happiness to people as a result of this mission.



Business Environment and Growth Strategy

Offline Cashless Market TAM

2020 ¥87 tr* → 2025 ¥118 tr*

The progress of IoT which connects all types of devices to the internet is leading to the rapid expansion of payment and billing systems in various aspects of life, which in turn accelerates the offline payment market, in addition to the government's cashless promotions and COVID-19 as well.

Given this business environment, the growth strategy of GMO Financial Gate, Inc., which listed on the TSE Mothers market in July 2020, are:

- Expand payment platform "stera" that was developed jointly with Sumitomo Mitsui Card Co. Ltd. and Visa Worldwide Japan Co. Ltd.
- Expand payment solution to the Unattended Market (UM) such as payment machines at car-parks, vending machines, and ticket machines

Aim for seamless value proposition in both the offline cashless and online payment markets by leveraging the synergy within the Company.

* Figures are Company estimates based on Payments Japan Association's "Cashless Roadmap 2019" and Yano Research Institute's "Online Payment/Settlement Service Providers 2018."

TOPICS

► Launches New Initiative of "stera" the Next Generation Payment Platform

Bring about a New
CashlessPayment



Full scale sales and marketing activities started this term for the enterprise version of "stera," the next generation payment platform, developed jointly with Sumitomo Mitsui Card Co. Ltd. and Visa Worldwide Japan Co. Ltd.

This initiative will enable the Company to expand business in the ¥90 tr offline market in addition to core online payment services.

In addition, new initiatives were launched this term such as the subscription service "stera pack" to respond to the need for cashless use in both offline face-to-face and online scenarios, and "stera mobile" a handheld mobile terminal using LTE connectivity.

stera
pack

The "stera terminal", an all-in-one payment terminal with easy add-ons of new functions and payment methods



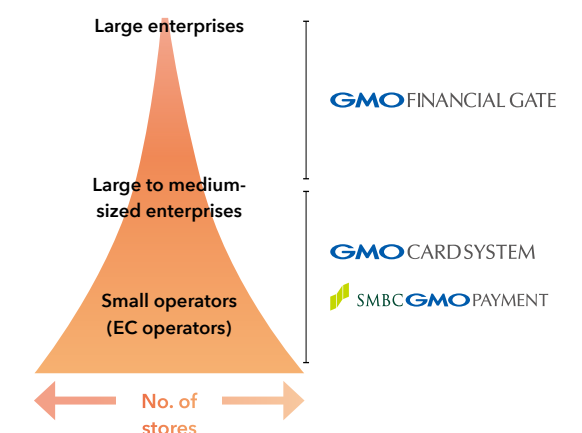
► Strengthen Alliance between Companies through the Business Reorganization (and the Entry into the Offline Market) of SMBC GMO Payment, Inc.

SMBC GMO Payment, Inc. (an equity method affiliate of the Company) entered the offline cashless market on April 2021, a joint venture company established with Sumitomo Mitsui Banking Corporation to provide online payment services.

This built a marketing structure consisting of the three companies of GMO Financial Gate Inc., GMO Card System Inc., and SMBC GMO Payment, Inc. to promote cashless migration of the massive offline market.

This will leverage the strengths of each company consisting of the Company's cutting-edge payment technology, Sumitomo Mitsui Banking Corporation's client base, and Sumitomo Mitsui Card Company's payment know-how and merchant base, and will jointly work to generate further business synergies.

► Sales Structure by Merchant Size



Focus Area

GLOBAL

Satoru Inohana

Manager
Southeast Asia Group /
Asia Lending Business Department
Asia Business Management Department
Corporate Value Creation Strategy
Division

Key Person Interviews with Partners

Vision

Promote investments and lending to support growth of outstanding start-ups in Asia including India, and promote financial inclusion through the provision of impact finance

Q1. What value do you contribute to customers?

The Company provides growth funds through the lending business to outstanding FinTech start-ups in Asia. FinTech companies leverage technology to provide financial services to SMEs, the middle-income class, and the poorer segments that traditional financial institutions do not serve. The funds provided by the Company are used to enhance financial inclusion through the businesses of the FinTech companies in that country. I think this is honorable work to support the business development and improvement of living standards of the local population.

In addition, the Company offers Z.com Payment, a payment processing business in Asian countries for the overseas operations of Japan's EC operators. The characteristic of the kind of work I do in the Money Service Business is that there is a strong theme of payment, as seen in the cases where we provided growth funds to FinTech companies that provide BNPL services.

Q2. What personal achievement do you want to realize at the Company?

I strive to be a person that can build deep trust with my counterparts, regardless of differences in culture or nationality. The most important aspect of providing funds to overseas companies is to build mutual trust. Through understanding the counterpart's business and strategy deeply, the key is to build the trust in the counterpart and vice versa. I strive to build such a trustful relationship in my daily work given the different cultural backgrounds and nationalities of the people I work with.



Business Environment and Growth Strategy

Japan's business operators are expanding overseas with the acceleration of EC penetration in Asia. However, there are differences in the preferred method of payment and the development of payment infrastructure in Asian countries.

In addition, investment activities have increased to FinTech companies in Southeast Asia and India.

Given this business environment, the Company's growth strategies to expand the business are:

- Grow Z.com Payment's payment service for domestic operators entering the EC business, primarily in Taiwan and other Asian countries/regions
- Invest in payment and FinTech companies in the focus markets of Asia and the U.S.
- Support growth of high-growth investees and business partners through lending

TOPIC

► Providing Impact Finance to FinTech Companies Promoting Financial Inclusion ~Loans Extended to SATYA, India's Major Microfinance Provider~



SATYA MicroCapital Ltd., a group company of Gojo & Company, Inc., has supported millions of people in escaping from poverty by opening the path toward economic self-sufficiency through the provision of microfinance to unbanked people (those without a bank account or any deposit) in the rural areas of India and has enabled socio-economic independence by providing access to fast and convenient financial services that use smartphone app technologies.

The Company supports such activities and in order to aid in resolving global poverty, conducted a 300 mil Indian rupee (approximately ¥450 mil) loan facility in the form of

non-convertible debentures (NCDs) through the GMO-Z. Com Payment Gateway India, Credit Fund, which is operated by the locally incorporated company in India, GMO-Z. COM PAYMENT GATEWAY INDIA PRIVATE LIMITED, established in 2019.

The Company will continue to invest in and provide lending activities to FinTech companies that promote financial inclusion and contribute to social progress and advancement.

* Converted using the exchange rate of 1 Indian rupee (INR) = 1.5 Japanese yen (JPY) (As of September 30, 2021)



Sustainability Management

Driving Social Progress and Advancement by Supporting DX and Decarbonization

Promoting Social Inclusion through Credit and Digital Technology

Based on the GMO-PG group's management principle to "pursue both material and spiritual prosperity through our contributions to the progress and development of society," the Company engages in SDG initiatives by driving social innovations in payment and financial technology, as well as providing services centered on payment that support DX, paperless, cashless, and online migration. In addition, the Company will contribute to social inclusion where anybody can participate in and embrace diversity.

► Focus Areas for the Realization of Sustainability

The Company focusses on the following areas stated below for the realization of a sustainable society, taking into consideration businesses and the opinions of stakeholders. Going forward, the Company will identify the relevant materiality issues that should be prioritized from a medium-to-long term perspective in order to advance its sustainability management.

Focus Areas	Related ESG	Contribution to SDGs	Initiatives
 Digital inclusion*¹	E Environment S Social	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS	► Realize a convenient and comfortable society by promoting cashless migration and EC penetration ► Support merchants with varied forms of digital sales such as EC website and delivery through payment services ► Open innovation with numerous business partners
 Financial inclusion*²	E Environment S Social	1 NO POVERTY 8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	► Provide impact finance to FinTech companies (microfinance) that promote financial inclusion ► Instant Salary byGMO service enables receiving salary at the preferred timing ► Access to e-commerce (EC) to non-credit card holders by offering BNPL (Buy Now Pay Later) ► Lending service provides loans to operators for working capital needs
 Contribution to the environment	E Environment	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION	► Support merchants' decarbonization by supporting DX initiatives such as paperless operation ► Commence payment processing using de facto renewable energy
 Contribution to human capital	S Social	8 DECENT WORK AND ECONOMIC GROWTH	► Utilize diverse human resources (promotion of diversity) ► Based on the belief that "people determine the company," support personal growth through proprietary human resource development programs and share in the corporate vision ► Based on the idea that "Corporation is a place to foster personal growth," provide a workplace to fully unlock the potential and capability of the workforce (workstyle reforms)
 Practice of sound management	G Governance	17 PARTNERSHIPS FOR THE GOALS	► Develop systems for a effective corporate government ► Strengthen information security as the highest priority issue ► Strengthen compliance

*1 Initiatives to realize a society where everyone enjoys the benefits of digital technology, where no one is left behind and the disparity in access to digital technology is eliminated

*2 Initiatives to realize a society where everyone enjoys the benefits of financial service, where no one is left behind and the disparity in access to financial service is eliminated

E Environment

■ The Company's Services and Climate Change Issues

The Company promotes initiatives such as paperless, cashless, and online migration that have lower environmental burden compared to conventional payment services, as well as provide lending services to support the growth of global FinTech service operators and online businesses that have low environmental burden. The Company aims to realize a sustainable society, support the conversion to a decarbonized society, and undertake initiatives to lower the environmental burden of customers and society through our services.

■ Opportunity and Risks Associated with Climate Change

Recent years have seen a worsening of climate change issues, and services offered by GMO-PG's consolidated companies may also be impacting the climate and natural resources through CO₂ emissions from the electric power consumption used in its services. To combat this issue, the Risk Management Committee comprehensively undertakes an assessment of and response to natural disaster risks, including climate change.

— Risk

Acknowledge the short-term, as well as medium-to-long term risks, from the possibility of suspension/interruption of operations and services caused by injuries to humans, data loss, and destruction/damage to data centers from natural disasters and abnormal weather.

— Countermeasures

As part of disaster preparedness, methods and procedures have been stipulated to ensure business continuity in an emergency, preparedness during non-emergency times, as well as securing back-up redundancy in the system configuration where appropriate.

— Opportunity

The heightened social need for a more environmentally sound business is leading to both current and medium-to-long-term opportunities for services that promote paperless, cashless, and online migration provided by GMO-PG and its consolidated subsidiaries.

■ Initiatives to Counter Climate Change

The Company supports the merchant's migration to paperless operations by proving services that digitalize payment slips for payment of electric power bills.



► Greenhouse Gas (GHG) Emission Reduction Targets

Implement de facto renewable energy for electric power usage at major data centers, which consume the majority of electric power of all the businesses of GMO-PG's consolidated companies, during FY2022.

To achieve zero GHG emissions (under Scope 1+2) in the Company's operations that includes offices and all other data centers by FY2023.

► GHG Emissions

(Unit: t-CO ₂)	FY2019	FY2020	FY2021
Scope 1* ¹	0	0	0
Scope 2* ²	1,559	1,736	1,883

* Scope 1: Direct emissions from owned or controlled sources

* Scope 2: Indirect emissions from the generation of purchased electricity, heating and cooling, etc.

* Compiled from electric power usage at offices and data centers of the major GMO-PG consolidated companies

S Social, Human Resource, and Workstyle Reforms

■ Respect for Human Rights

The Company supports and upholds the international norms of the UN International Bill of Human Rights, UN Guiding Principles on Business and Human Rights, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work. In addition, the Company will fulfill its responsibility to respect human rights through internal rules and Employees' Code of Conduct that all partners (employees) must adhere to, which stipulates the respect for basic human rights and principles that prohibit any discriminative treatment. We uphold equal opportunity and respect for diversity in accordance with the Venture Spirit Declaration as a member of the GMO Internet group, which states that "we do not tolerate prejudice on the grounds of race, nationality, gender, educational background, language, religion, or any other factors. We value people for their ability and merits." Furthermore, the Company strives to secure fair and equitable labor conditions by convening forums to foster mutual understanding with partners when necessary.

■ Human Resource

► Diversity

The source of a company's comprehensive capabilities and competitiveness is determined by the diversity of its human resources and how well these are leveraged. To realize the aim of sustainable growth, it is important to recruit talent and establish talent development programs to raise the capability of all partners in order to realize our Mission, resolve social challenges through innovative creativity, and create corporate value.

Recruitment activities are based on that individual's comprehensive abilities of thoughts/opinions, passion, and capability and does not consider gender, education, science-oriented or humanities/arts-oriented nor nationality.

	Unit	FY2019	FY2020	FY2021
No. of partners (Consolidated)	Persons	564	625	714
of which, no. of women partners	Persons	205	226	240
	%	38.7	36.8	36.2
of which, women managers	Persons	16	17	22
Total number of new recruits (Consolidated)	Persons	108	123	105
of which, new graduates	Persons	22	30	23
of which, women new graduates	Persons	8	8	10
Employee turnover rate (Consolidated)	%	8.5	6.1	7.2
Non-full time employees (Consolidated)	Persons	16	17	21
	%	2.9	2.7	3.1
Employee ratio of disabled persons (Consolidated)	%	1.2	2.2	2.3
Average years of employment (Non-consolidated)	Years	4.1	4.2	4.6
Average age (Non-consolidated)	Age	33.6	34.3	35.3
Average annual wages (Non-consolidated)	Millions of yen	7.85	6.86	9.55

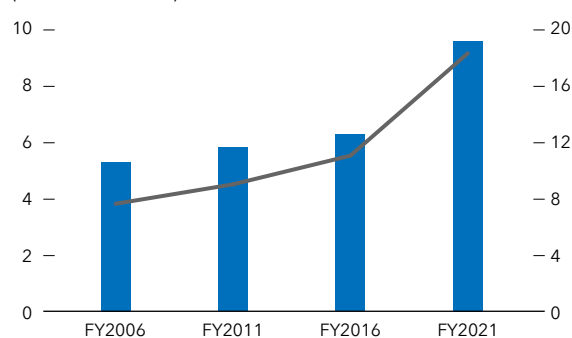
* The figures for FY2019 do not include Macro Kiosk Berhad due to its deconsolidation in FY2020.

* The figures for no. of partners (consolidated) do not include seconded workers from external companies.

* The figures for FY2021 do not include the number of new recruits and employee turnover for BUFFORT Inc., which joined the group in April 2021 (Second half of FY2021).

► Average Annual Salary and Operating Profit per Employee

(Unit: Millions of Yen)



■ Annual salary (non-consolidated) (left axis)

— Operating profit per employee (right axis)

* Figures up to FY2017 are based on J-GAAP, figures from FY2018 are based on IFRS standards.

S Social, Human Resource, and Workstyle Reforms

Basic Policies for the Practice of Management Philosophy

As a member of the GMO Internet group, the founding principle of “Venture Spirit Declaration” is recited or read periodically at meetings and gatherings to share this among all partners (employees) and use this principle to steer our conduct.

HR Development

- 360 Degree Evaluation System** System in which a partner can evaluate their line manager anonymously
- Advisor System** System to support the early development of a business professional by drawing up a development plan and conducting monthly reviews
- Career Design System** System whereby each person submits their career plans
- One-on-One Training** New graduate recruits rotate to each division and to each GMO-PG consolidated company to experience their vision and work atmosphere, after which the new recruits select their designation
- PG Business Training** Training program aimed at skills development to foster business leaders that can lead to a sustainable business growth

	Core Skill (Selection, Recommendation by Superior, Open Application)					Divisional Skill	Career Building			
General Manager	Leadership training (General Manager)		Globis Unlimited (e-learning)	External training	TOEIC	Compliance study sessions/security education	Divisional training Develop skills required to foster high performance in each division and company	PG partner mentoring/Cross-interviews/1-on-1	Career Design System	Self-development seminar/Director's study session
Manager	Newly appointed Manager leadership training									
	HR and Labor Affairs training									
Second year	PG Business training		School (e-learning)							
	Self-leadership training									
At start of employment	New graduates	Advisory system		Mid-career	Mid-career follow-up training					
		Study session with the President			Study session with the President					
		Classroom session/1-on-1 training			Orientation for mid-career recruits					

Workstyle Reforms

Based on the concept that a company should be the platform for individual growth, implement initiatives to continuously carry out workstyle reforms, including the establishment of proprietary talent development programs and welfare benefits; share its vision with all partners to foster organizational growth; and provide the means to fully deploy its talent. Thanks to these efforts, the Company was certified as a Great Place To Work for the 7th consecutive time in July 2021, in the survey conducted by Great Place to Work® Institute Japan.

Develop the Systems and Structures for Personnel to Flourish

The Company has established a whistle-blower system to thoroughly implement compliance. This system ensures fair and objective investigation while securing the anonymity and secrecy of the whistle-blower. In addition, the Corporate Risk/Governance Office conducts harassment training periodically to all partners including managerial level staff.



Pregnancy and Child-Raising Support

Partner Interview

Q1. How easy was it to take a maternity leave?

I have taken maternity leave twice and was able take leave quite easily as this was considered as natural and accepted. I am grateful for the understanding in the workplace.

The first maternity leave was for four months, which is longer than what is generally accepted overseas, which made me worry whether it would be accepted or not. Instead, those around me were the ones who worried whether the maternity leave would be sufficiently long. The second maternity was for 12 months.

Q2. Were there any concerns about your career when taking maternity leave and returning to work

To be honest, I did have concerns before the first maternity leave, such as ‘would I be able to return to work in the same capacity,’ or ‘will I be able to do the job that I want to when I return to work,’ and ‘would this impact my career path.’ But thanks to solid follow-up meetings prior to returning to work, I had no concerns when I returned to work.

In fact, I was assigned to the division of my choice after the second maternity leave and am doing even more challenging work.

Employee Benefit Programs

On-site Childcare Facilities

An on-site childcare facility is available for working parents. There are many partners that commute to work with their children, drop the child at the childcare facility and return home with the child, and the facility can be used by men and women.

Maternity Leave

Employees can take up to eight working days of leave (Special Paid Leave) before the start of prenatal leave for the purpose of regular health check-ups and for feeling unwell (such as morning sickness).

Spouse Childbirth Leave

When a partner's spouse is about to give birth, the spouse can take a special paid leave of a maximum of five working days during the 30-day period before and after the day of childbirth, including the day of childbirth. This enables partners to provide support and participation in childbirth labor.



Q3. How are you balancing your career and child-raising?

There are times when it is difficult to balance child-raising and doing responsible work. But I feel there is a healthy environment to positively pursue both career and child-raising, thanks to the support of understanding and empathetic colleagues who are also parents and, of course, the support of my family.

In particular, I am personally very grateful for the staggered commute system. The ability to adjust the start and end times of workdays in 30-minute increments is very helpful for dropping off and picking up my children.

Q4. What do you think of the Company's culture?

I strongly feel there is a culture to place importance on each individual, as exemplified in the statement “people determine the company.” There is compassion and attention paid to fellow colleagues in the day-to-day work, and even the President kindly mentions that I should return home early to be with my children. One of the Company's good point is that this culture to take care of each other permeates the whole company.

Work Line Transfer System

Partners that find normal working hours difficult due to child-raising and parental care can apply to the Company for changing working patterns such as no-overtime-work and/or shorter working hours when necessary.

Childcare Leave

Partners and part-timers can take leave until the child reaches three years of age.

Parental Care Leave

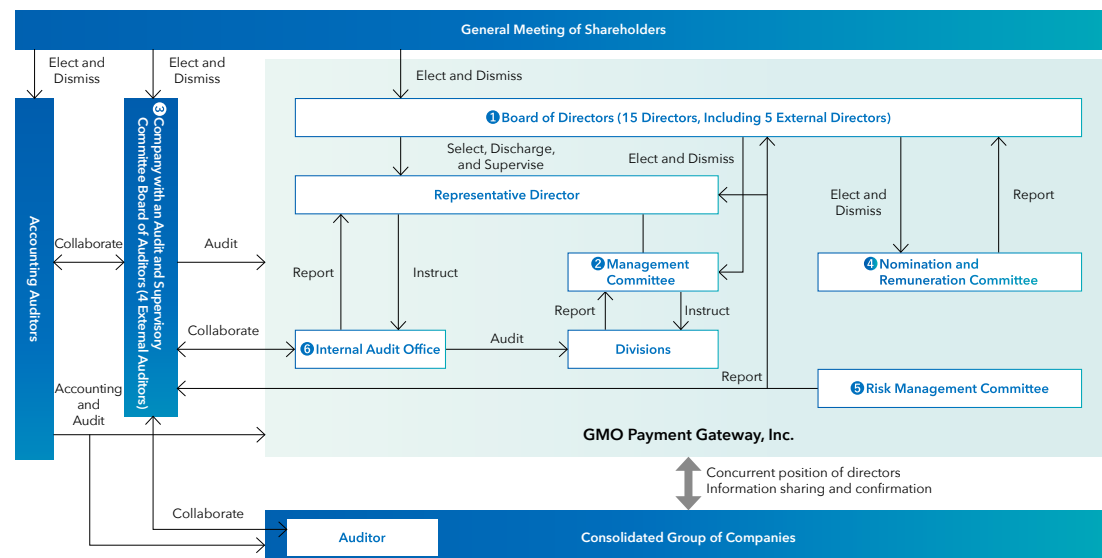
This allowance is paid for the purpose of showing appreciation and respect to parents.

Other Programs

- Family Support System (Pregnancy Support)
- Childbirth Special Payment

Basic Views

► Corporate Governance Structure



The following initiatives shown below are implemented in order to strengthen the management oversight function through the separation of supervision and execution and to appropriately respond to changes in the business environment.

- ## Organization structure ①

- ## Organization structure ②

Organization structure ③

► Selection Policies and Nomination Procedures of Directors

Organization structure 4

In making the decision for designating External Directors including members of the Audit and Supervisory Committee as independent Directors, the Company designates as independent Directors those who fulfill the proprietary standards set forth in the Independence Standards and Rules for External Directors.

The Company confirms that the Board's effectiveness is appropriately secured based on a wide perspective of its organizational design, nomination and remuneration as well as the Board's composition and its operation and by incorporating objective and quantifiable methods such as questionnaires to all Directors. Concurrently, the issues and problems revealed in the evaluation process is continuously addressed through improvement measures and its implementation in order to further enhance the Board's functions.

Organization structure 4

The Company adopts the BIP Trust (Board Incentive Plan) for bonuses paid to Directors as part of a performance-based compensation scheme for Directors. This is a medium-to long-term incentive plan wherein common shares are distributed at the time of retirement based on the achievement of business targets of each year. This incentivizes Directors to carry out management in awareness of the stock price and financial results from a medium-to long-term perspective and to share common interest with shareholders from a medium- to long-term view.

													Attendance rate for FY2021		
Name	Position	Corporate Management	IT/Security	Risk Management	Legal Affairs	Treasury and Accounting	Payment Processing Business	Finance	Global	Investment (M&A)	ESG/ Sustainability	Board meeting	Audit and Supervisory Committee	Nomination and Remuneration Committee	
Issei Ainoura	President and Chief Executive Office	○										100%	-	-	
Masatoshi Kumagai	Chairman and Director	○										100%	-	-	
Ryu Muramatsu	Director, Executive Vice President						○		○	○	○	100%	-	-	
Satoru Isozaki	Director, Executive Vice President		○	○			○				○	100%	-	100%	
Masashi Yasuda	Director					○					○	100%	-	100%	
Hirofumi Yamashita	Director		○									94%	-	-	
Yuki Kawasaki	Director				○							100%	-	-	
Akio Sato	Director				○			○				88%	-	-	
Teruhiro Arai	Director					○				○		-	-	-	
Noriko Inagaki	Director					○						-	-	-	
Takashi Shimahara	Director			○				○	○			-	-	-	
Kazutaka Yoshida	Director, Audit and Supervisory Committee		○	○								100%	100%	100%	
Kazuhiko Okamoto	Director, Audit and Supervisory Committee	○					○		○			100%	100%	-	
Yumi Hokazono	Director, Audit and Supervisory Committee					○						100%	100%	-	
Fumio Kai	Director, Audit and Supervisory Committee			○				○				-	-	-	

* The attendance of the Audit and Supervisory Board for FY2021 (transitioned to company with an Audit and Supervisory Committee from December 19, 2021)
Number of Board meetings convened: 18; Number of Board of Auditors' meetings convened: 13; Number of Nomination and Remuneration Committee meetings convened: 3

 IR Activities

▶ Summary of Activities for FY2021 (from October 1, 2020 to September 30, 2021)

Activity	Number of Events
▶ Financial results announcements and briefings	4 times
▶ One-on-one meetings	Approx. 330
▶ Participation in broker conferences	9 times

G Governance

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 making permanent the cost required to carry out preemptive measures.

Specifically, the Risk Management Committee has been established comprised of head of divisions and GMO-PG and its consolidated companies to carry out risk assessment, formulating and executing countermeasures, and monitoring. This Committee comprehensively evaluates and manages various risks ranging from compliance risks such as corruption prevention, natural disaster related risks including climate change, risks associated with system security, etc.

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

Note that there have been no material wrongdoing nor scandals during FY2021 due to the above initiatives.

Organization structure 5

Information Security

Basic View

The mission of GMO-PG and its consolidated subsidiaries is to contribute to the realization of secure and convenient payment for both consumers and businesses, with the aim to become Japan's payment infrastructure. Information security measures and responses to protect information assets from external threats, while utilizing the information resources that are proprietary to GMO-PG's consolidated subsidiaries, are of the highest management priority.

Specifically, yearly educational and awareness-raising activities are scheduled to ensure that these measures take root. Education is thoroughly conducted periodically at the start of employment through compliance training programs on deeper understanding of procedures and purposes of security rules of the Company, basic policies and rules stipulated under the information security management system (ISO 27001), as well as through awareness-raising videos on information security measures. Additionally, improving the effectiveness of risks assessment is also carried out by inviting external experts to participate in Risk Management Committee and by assigning of employees with specialized knowledge to the Internal Audit Office.

Risks and Responses to Information Security

1 System Failure and Information Security

Risk

Risk of service disruptions caused by unforeseen system failures on the part of payment providers (such as credit card companies) and/or weaknesses in the Company's systems that result in the disruption of communication networks and the malfunctioning of applications caused by cyberattacks, computer viruses, and/or unauthorized computer access from an external source or natural disasters or accidents.

Response

The following requisite and appropriate responses are enacted to mitigate risks, such as security measures against unauthorized access from external and internal sources, a 24-hour surveillance structure, duplication of system configuration, insurance policy enrollment, and development of internal rules on operations.

2 Credit Card Information Breach at Merchants

Risk

Risk of joint liability to cover the indemnity cost of reissuing credit cards when the merchant, etc., does not have the capacity to fulfill the obligation in the event of information leakage of credit card information occurring at the merchant.

Response

In order to mitigate this risk, the Company undertakes strengthened management of merchants that store such information as well as promotes services where the credit card information is stored by the Company and not by the merchant.

3 Potential Breach of Personal Information and Its Impact

Risk

Risk of external leak of database information managed by the Company that contains personal information such as credit card information, names, addresses, telephone numbers, and email addresses.

Response

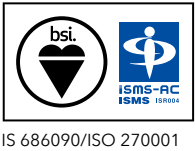
The Company has implemented a solid system that qualifies for the PrivacyMark in order to ensure against this risk. In addition, as a member of the Japan Consumer Credit Association, personal information management operations are implemented in accordance with the Personal Information Protection Policy. Furthermore, the Company established the Risk Management Committee to implement effective and efficient risk management. The Risk Management Committee convenes once every quarter and reports its findings on risk management to the representative directors, Board of Directors, and Audit and Supervisory Committee.

Organization structure 5

The following certifications for information security have been certified as measures to strengthen the risk management structure.

Certified ISO 27001 Compliant

With a scope that encompasses all of our business locations, we have been certified as compliant with the ISO/IEC 27001:2013 global information security standard (within Japan, the JIS Q 27001:2014 standard).



PrivacyMark Certified

In recognition of the appropriate measures to safeguard personal information, we have received PrivacyMark certification that signifies compliance with the Japanese Industrial Standard for personal information protection, JIS Q 15001:2017.



Fully PCI DSS Compliant

The services we provide are in full compliance with version 3.2.1 of the 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 are delivering peace of mind to all of our customers, in addition to securing credit card payments.



Compliance (Legal Compliance)

Basic View

The Company considers the scope of compliance that includes: a) ordinances, b) ethics and social norms, c) rules, regulations, and procedures, and d) management vision. The Company works to raise the compliance mindset of all partners based on the awareness of "adapting to the demands of society" (known as the full-set compliance), which includes adherence to related government ordinances.

The Internal Audit Office reviews the state of compliance with ordinances, articles of incorporation, company rules and other such regulations based on the yearly Audit and Supervisory Plan. Corrective measures are undertaken if a circumstance is found to require improvement as well as follow-up to ensure these corrective measures are enforced. If an incident where a compliance violation is suspected occurs, the Company has developed and operates a whistleblower system in addition to the normal reporting system based on chain of command.

Note that no costs related to compliance violations have been incurred in FY2021.

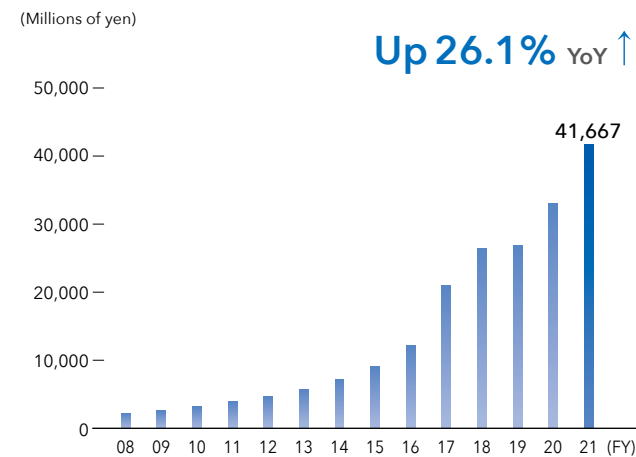
Organization structure 6

Consolidated Financial Highlights

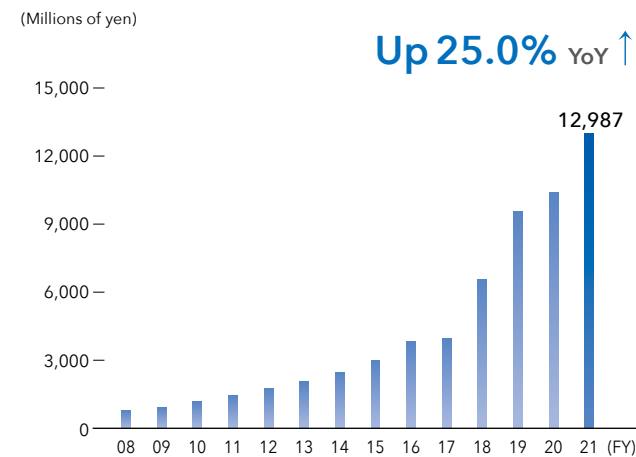
16 consecutive terms of revenue and profit growth since listing in 2005

Operating profit maintained a 25% growth from the dynamic operations from the diverse range of services

► Revenue*

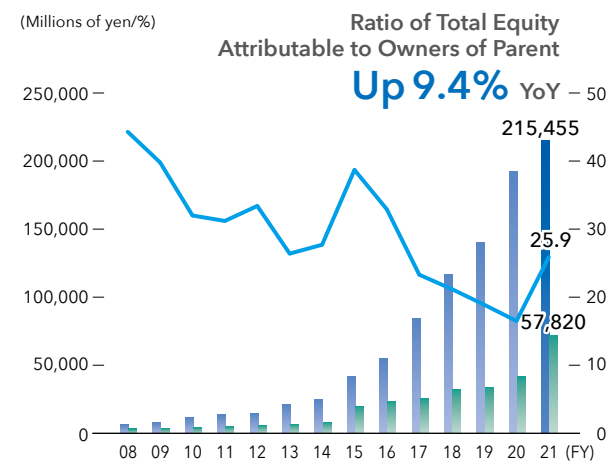


► Operating Profit*

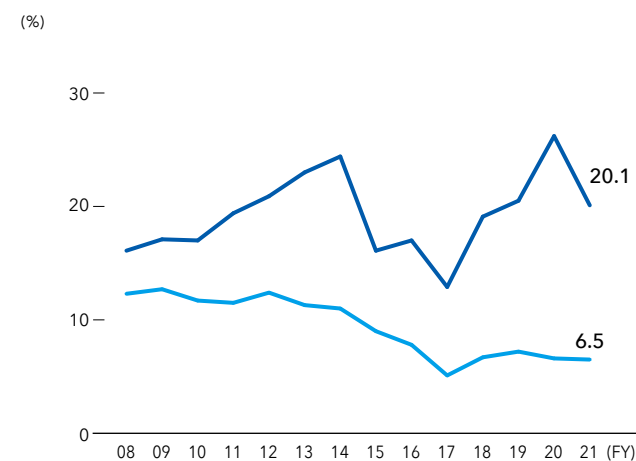


► Total Assets, Total Equity, Ratio of Total Equity

Attributable to Owners of Parent



► ROA and ROE*



■ Total assets ■ Total equity
— Ratio of total equity attributable to owners of parent (right scale)

— Return on assets (ROA)
— Return on equity (ROE)

Continuing to secure the necessary internal reserves to strengthen corporate capability and for future business expansion as well as continuing to stably return profits to shareholders are material issues for the management.

Dividends for this fiscal year have been raised to ¥59 per share, an increase of ¥7 per share compared to FY2020, in light of the enhancing shareholder returns and as profits exceeded the Company's forecasts.

* Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation. As a result, the figures for revenue and operating profit only represent the amounts for continuing operations. The figures for FY2019 have been similarly restated.

* Titles of charts are based on IFRS standards. Figures before FY2017 are based on J-GAAP, and assets refers to total assets, shareholders' equity refers to net assets, total equity attributable to owners of parent to total assets refers to equity ratio, return on assets using profit before income taxes (ROA) refers to ratio of ordinary income to total assets, and return on equity using profit attributable to owners of parent (ROE) refers to return on equity.

(Note) IFRS standards have been adopted from FY2018, and the figures for FY2017 are restated on the same basis.

Consolidated Financial Statements

Consolidated Statement of Profit and Loss

	FY2020 (Oct. 1, 2019 to Sept. 30, 2020)	FY2021 (Oct. 1, 2020 to Sept. 30, 2021)
(Millions of yen)		
Continuing operations		
Revenue ¹	33,046	41,667
Cost of sales	(9,199)	(13,568)
Gross profit	23,846	28,098
Other income	159	263
Selling, general and administrative expenses	(13,424)	(15,031)
Other expenses	(193)	(343)
Operating profit ²	10,388	12,987
Financial income	336	484
Financial expense	(253)	(202)
Equity method investment gains or losses	517	17
Profit before income taxes ³	10,989	13,285
Income tax expenses	(3,116)	(4,302)
Profit from continuing operations	7,872	8,982
Discontinued operations		
Profit/loss from discontinued operations	(179)	-
Profit	7,693	8,982
Profit attributable to:		
Owners of parent	7,624	8,818
Non-controlling interests	69	164
Profit	7,693	8,982

* Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation and the figures for profit/loss from discontinued operations is presented separately from profit from continuing operations.

Key Points of Consolidated Statement of Profit and Loss

1 Revenue

Payment Processing Business revenue increased 33.7% YoY from the steady growth of the EC market and the expansion of services in the offline domain. Money Service Business revenue increased 7.8% YoY due to the tighter credit in light of the impact from COVID-19 for GMO Payment After Delivery, a BNPL (Buy Now Pay Later) service, although Early Payment Service trended favorably in line with the expansion of Payment Processing Business. Payment Enhancement Business revenue increased by 19.2% YoY from heightened demand for the Medical Kakumei byGMO service, a reservation management system exclusively for medical institutions, spurred by COVID-19.

As a result of the above, total revenue reached ¥41,667 mil an increase of 26.1% YoY.

2 Operating Profit

Segment profit for Payment Processing Business increased by 24.6% YoY as a result of steady growth in high-margin online payment as well as the expansion of offline payments. Segment profit for the Money Service Business increased by 16.3% YoY due to controlling credit related costs to a certain level. On the other hand, Payment Enhancement Business recorded a segment loss of ¥106 mil due to impairment loss on goodwill related to GMO Medical Reservation Technology Co. Ltd. in light of its recent business operations.

As a result of the above, operating profit was ¥12,987 mil, up 25.0% YoY, and operating profit margin reached 31.2%.

3 Profit before Income Taxes

Profit before income taxes reached ¥13,285 mil due to the increase of operating profit by ¥2,598 mil YoY and the decrease in equity method investment income of ¥500 mil YoY.

Consolidated Statement of Comprehensive Income

	FY2020 (Oct. 1, 2019 to Sept. 30, 2020)	FY2021 (Oct. 1, 2020 to Sept. 30, 2021)
(Millions of yen)		
Profit	7,693	8,982
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value of financial assets measured through other comprehensive income	570	102
Share of other comprehensive income of equity method affiliates	248	546
Total of items that will not be reclassified to profit or loss	819	648
Items that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(279)	271
Share of other comprehensive income of equity method affiliates	25	79
Total of items that will be reclassified to profit or loss	(254)	350
Other comprehensive income after income taxes	565	999
Comprehensive income	8,258	9,982
Comprehensive income attributable to:		
Owners of parent	8,187	9,814
Non-controlling interests	70	167
Total	8,258	9,982

Consolidated Financial Statements

Consolidated Balance Sheet

		(Millions of yen)				(Millions of yen)	
		FY2020 As of Sept. 30, 2020	FY2021 As of Sept. 30, 2021			FY2020 As of Sept. 30, 2020	FY2021 As of Sept. 30, 2021
Assets				Liabilities and equity			
Current assets				Liabilities			
Current liabilities				Current liabilities			
Cash and cash equivalents	95,830		104,523	Accounts payable-trade	4,296		5,230
Operating receivables and other receivables	10,782		10,308	Accounts payable-other	19,385		20,537
Advance payments-trade	31,039		45,321	Deposits received	87,059		84,593
Accounts receivable-other	23,585		24,893	Borrowings	18,800		15,138
Inventories	1,440		1,664	Other financial liabilities	400		621
Deposits to affiliates and subsidiaries	5,000		2,000	Income taxes payable, etc.	2,491		2,602
Other financial assets	1,163		455	Provisions	352		327
Other current assets	537		335	Other current liabilities	3,383		3,662
Total current assets	169,379		189,503	Total current liabilities	136,169		132,714
Non-current assets				Non-current liabilities			
Tangible assets	3,714		3,948	Corporate bonds	16,814		19,593
Goodwill and intangible assets	4,854		5,521	Borrowings	131		20
Investments accounted for using equity method	3,740		4,593	Other financial liabilities	3,013		2,889
Operating and other receivables	1,975		4,231	Provisions	260		130
Other financial assets	6,711		6,005	Deferred tax liabilities	54		78
Deferred tax assets	1,530		1,529	Other non-current liabilities	2,124		2,209
Other non-current assets	115		122	Total non-current liabilities	22,399		24,920
Total non-current assets	22,642		25,952	Total liabilities	158,569		157,635
				Equity			
				Capital stock	4,712		13,323
				Capital surplus	5,675		15,191
				Retained earnings	20,725		26,546
				Treasury stock	(1,149)		(1,152)
				Other items of equity	1,769		1,937
				Total equity attributable to owners of parent	31,734		55,845
				Minority interests	1,719		1,974
				Total equity	33,453		57,820
				Total liabilities and equity	192,022		215,455
Total assets	192,022		215,455				

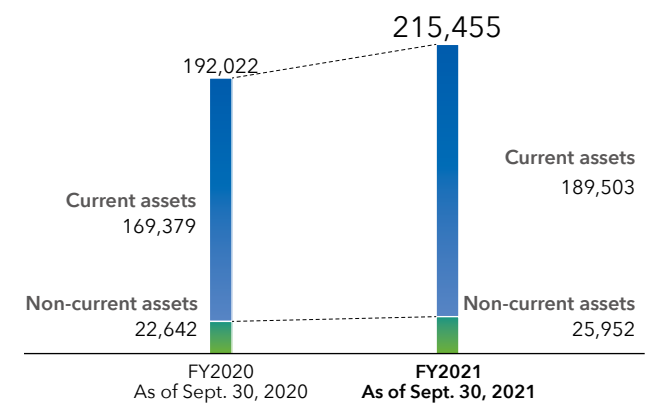
Key Points of Consolidated Balance Sheet

► Assets

Total assets increased by ¥23,433 mil to reach ¥215,455 mil compared to end of the previous fiscal year, due to an increase in cash and cash equivalents from corporate bond issue and the increase in advances received for the Money Service Business from the expansion of Payment Processing Business.

► Assets

(Millions of yen)



► Liabilities

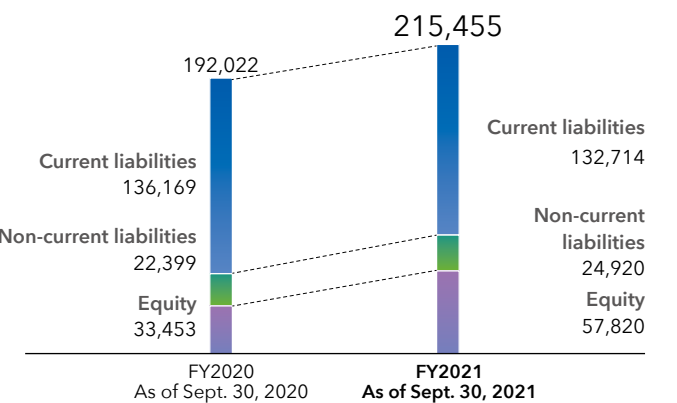
Total liabilities increased by ¥933 mil to reach ¥157,635 mil compared to the end of the previous fiscal year, due to an increase in corporate bonds of ¥2,778 mil and a decrease in borrowings of ¥3,773 mil.

► Shareholders' Equity

Total shareholders' equity increased by ¥24,366 mil to reach ¥57,820 mil from the conversion of convertible bonds with stock acquisition rights of ¥17,040 mil.

► Liabilities and Net Assets

(Millions of yen)



Consolidated Statement of Cash Flows

Net funds used by operating activities amounted to ¥6,343 mil due to cash inflows from the profit before tax which was offset by cash outflows from increase in advances paid and corporate and income tax payment.

Net funds provided by investing activities was ¥2,230 mil due to cash outflows from acquisition of intangible assets and payment into deposits to subsidiaries and

affiliated companies which was offset by cash inflows from proceeds from withdrawals from deposits to subsidiaries and affiliated companies.

Net funds provided by financing activities was ¥12,781 mil due to cash outflows from net reduction in short-term borrowings and dividend payouts which was offset by cash inflows from issuance of corporate bonds.

		(Millions of yen)	
		FY2020 (Oct. 1, 2019 to Sept. 30, 2020)	FY2021 (Oct. 1, 2020 to Sept. 30, 2021)
Net cash provided by (used in) operating activities		49,188	(6,343)
Net cash provided by (used in) investing activities		(4,493)	2,230
Net cash provided by (used in) financing activities		(785)	12,781
Translation differences of cash and cash equivalents		(93)	23
Increase (decrease) in cash and cash equivalents		43,817	8,693
Balance of cash and cash equivalents at the beginning of the period		52,013	95,830
Balance of cash and cash equivalents at the end of the period		95,830	104,523

Board of Directors and Management Committee Members

(As of December 20, 2021)

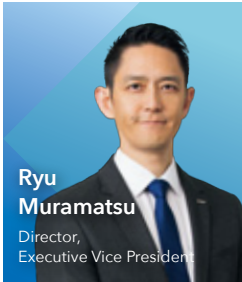
Member of the Board Management Committee Member



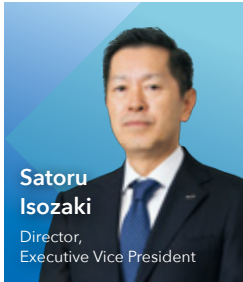
Issei Ainoura
President and Chief Executive Officer



Masatoshi Kumagai
Chairman and Director



Ryu Muramatsu
Director, Executive Vice President



Satoru Isozaki
Director, Executive Vice President



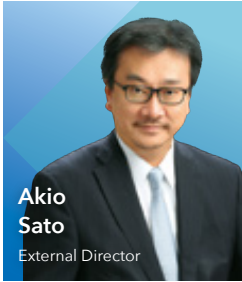
Masashi Yasuda
Director



Hirofumi Yamashita
Director



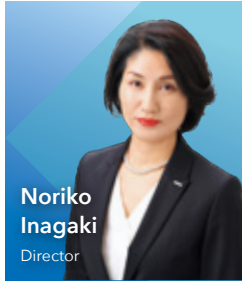
Yuki Kawasaki
Director



Akio Sato
External Director



Teruhiro Arai
Director



Noriko Inagaki
Director



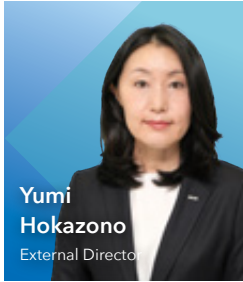
Takashi Shimahara
Director



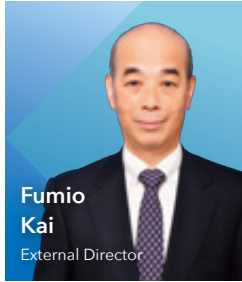
Kazutaka Yoshida
External Director



Kazuhiko Okamoto
External Director



Yumi Hokazono
External Director



Fumio Kai
External Director



Shinichi Sugiyama
Chief Managing Executive Officer



Tatsuya Koide
Chief Managing Executive Officer



Yuichi Hisaka
Senior Managing Executive Officer



Takashi Mitani
Senior Managing Executive Officer



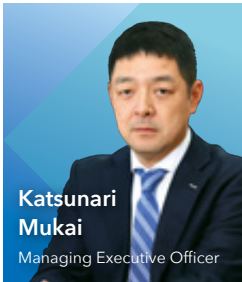
Tomoyuki Murakami
Managing Executive Officer



Masaru Yoshioka
Managing Executive Officer



Takeshi Yoshii
Managing Executive Officer



Katsunari Mukai
Managing Executive Officer



Kazunari Taguchi
Managing Executive Officer

Company Information

Company Overview (As of September 30, 2021)

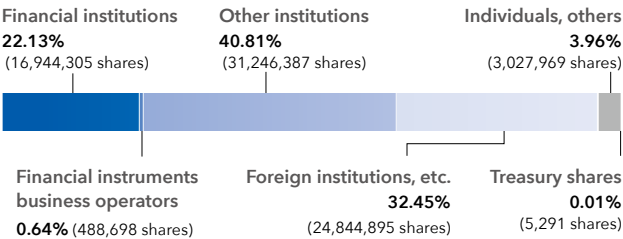
Name	GMO Payment Gateway, Inc.
Stock listing	First section of the Tokyo Stock Exchange (Securities code: 3769)
Establishment	March 1995
Head office	SHIBUYA FUKURAS 15F 1-2-3 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan (Offices relocated to the above address on November 25, 2019)
Consolidated paid-in capital	¥13,323 million
Consolidated capital surplus	¥15,191 million
Number of employees	714 (Consolidated)

Business outline	Integrated payment-related services and financial services
Memberships	Japan Consumer Credit Association Japan Multi-Payment Network Promotion Association (JAMPA) EC Payment Forum Japan E-Commerce Consultant Association
Major subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc. GMO Financial Gate, Inc. GMO-Z.com Payment Gateway Pte. Ltd.
Number of affiliates	14 consolidated subsidiaries 4 affiliates accounted for by equity method

Stock Status (As of September 30, 2021)

Total number of authorized shares	102,400,000
Total number of shares issued	76,557,545
Number of shareholders	6,721

► Shareholders and Numbers of Shares



Major Shareholders (As of September 30, 2021)

Name of shareholder	Shares owned	Stock ownership ratio (%)
GMO Internet, Inc.	31,172,200	40.72
The Master Trust Bank of Japan, Ltd. (Trust account)	5,999,300	7.83
Custody Bank of Japan, Ltd. (Trust account)	4,691,700	6.12
Sumitomo Mitsui Banking Corporation	2,501,600	3.26
BNYM AS AGT/CLTS 10 PERCENT	1,486,176	1.94
THE BANK OF NEW YORK 134088	1,199,700	1.56
STATE STREET BANK WEST CLIENT - TREATY 505234	961,248	1.25
The Dai-ichi Life Insurance Company, Limited	816,300	1.06
Issei Ainoura	800,000	1.04
SSBTC CLIENT OMNIBUS ACCOUNT	698,512	0.91

(Note) The stock ownership ratio is calculated using total shares outstanding less treasury shares (5,291 shares).

Notes for Shareholders

Business year
October 1 through September 30 of the following year
Base dates for dividends of surplus
December 31, March 31, June 30, September 30

Annual meeting of shareholders
Annually in December
Shareholder registry administrator
Mitsubishi UFJ Trust and Banking Corp.
Administrator contact information
Mitsubishi UFJ Trust and Banking Corp. Stock Transfer Agency Department, 1-1 Nikkocho, Fuchu-shi, Tokyo 0120-232-711 (toll-free)
Stock listing
Tokyo Stock Exchange
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)
► Announcements
1. Points of note
(1) 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 (Mitsubishi UFJ Trust and Banking Corp.) does not handle such matters.
(2) Unpaid dividends can be received at the main branch or other branch offices of Mitsubishi UFJ Trust and Banking Corp.
2. Dividend calculation statements
The "Dividend Calculation Statement" also serves as the "Notice of Payment" created based on regulations specified in the Act on Special Measures Concerning Taxation. After receiving payment of the dividend, it 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 transactions for details.
3. For procedures pertaining to shares registered in special accounts, please contact the institution that administers special accounts, Tokyo Securities Transfer Agent Co., Ltd.
Mailing address and phone number
2-8-4 Izumi, Suginami-ku, Tokyo 168-8522 Tokyo Securities Transfer Agent Co., Ltd. Business Center 0120-49-7009 (toll-free)
(Note) 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.

GMO Payment Gateway, Inc.

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

Tokyo **FUKURAS Office (Head Office)**

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Phone: +81-5-3201-4020

Kyushu Tenjin Asahi Building 5F

3-4-7 Tenjin, Chuo-ku, Fukuoka 810-0001, Japan

Phone: +81-3-3464-2323

