

Financial results briefing for the 3Q of FY2015 (O c t o b e r 1 , 2 0 1 4 - J u n e 3 0 , 2 0 1 5)

Themes : Strengthen the management foundation to be able to further accelerate developments for the next ten years

July 30, 2015

GMO Payment Gateway, Inc.

(3769: Tokyo Stock Exchange section-1)

The 42nd IR Meeting

GMO PAYMENT GATEWAY

<http://corp.gmo-pg.com/>

A Cautionary Note About the Contents of this Document

The contents of this document are based on generally recognized economic and social conditions, as well as premises judged to be reasonable by GMO Payment Gateway as of July 30, 2015.

However, please note that they are subject to change without prior notice in the event of changes in the business environment or other unforeseen occurrences.

Agenda

1. Summary
2. Growth strategy
3. Financial highlights
4. Results forecast for the term ending September 2015

1. Summary

1.1 Highlight & Lowlight

The positions of our group companies regarding the latest issues

- **Business partnership with Sumitomo Mitsui Baking Corporation and issue of new shares by way of third-party allotment**
 - Establish a joint venture company that will provide credit card payment processing services and to be the overwhelming No. 1 in the industry by providing our company's services to the customer segments we have not been able to reach.
 - Capital reinforcement (procurement of about 8 billion yen) for expanding our company's Money Service Businesses (MSB).

- **GMO Internet and Aozora Bank Consider Internet Banking Partnership**
 - In regard to the efforts in financial services, our company's involvement will be considered.
 - Strategic compartmentalization between the alliance of "GMO-PG and SMBC" and that of "GMO INTERNET GRUOP and Aozora Bank" is clearly distinguishable.

- **FinTech area has attracted various type of company**
 - Behind preceding Europe and the US, many company from large ones to ventures have started their services in Japan.
 - To realize true FinTech by providing services which only our group companies can offer one after another.

- **Payment related corporations have been listed and increased their capitals successively (domestic and foreign corporations from large-scale to small-scale)**
 - Because our company has been making essential responses based on the differences with competitors in terms of size and strategy, the impacts on our performances have been minimal.

1.2 FinTech

Our efforts in FinTech field

Factors of expansion

【External factors】

- Significant improvements of the price-performance ratio of computing resources
- Evolution of technology (AI)
- Entries of new IT corporations
- Regional revitalization
- Explosive increase of data
- Spread of smartphones

【Internal factors】

- Sufficient amounts of data
- Customers vary in size and type of business
- Human resources have been able to be secured



FinTech

Combining innovations in IT and Finance



<Changes brought by FinTech>

- Credit risk reduction
- Decrease in loan fees
- Lowering in remittance fees
- Improvement of Balance Sheet

<Our services related to FinTech>

- **Payment after delivery**
- Simplified Payment
- The smartphone payment
- **Early payment service**
- **Remittance Service**
- **Transaction Lending**
- Payment using a token
- mPOS
- Bitcoin

※ **□** : MSB (Money service business)

Transaction Lending • Early payment service • Payment after delivery • Remittance Service, etc

1.3 Summary

**Continuing good shape, increased income and revenue over 20%,
net profit progression rate of 80.9%**

Summary of the consolidated results

| | | YoY* % Increase | Progress |
|----------------------|------------------|--------------------|----------|
| ■ Sales : | 6,427Million Yen | (+21.0% | / 74.3%) |
| ■ Operating income : | 2,300Million Yen | (+20.1% | / 77.3%) |
| ■ Ordinary income : | 2,317Million Yen | (+20.2% | / 77.7%) |
| ■ Net income : | 1,454Million Yen | (+29.1% | / 80.9%) |

Progress of the business

- Payment processing services in good shape
- Major subsidiaries' strong performances
- Launched new services
 - April 01 "zei.tokyo" (Metropolitan Tax Credit Card Payment Site) started
 - April 15 New credit card payment service using a "token" started
 - April 28 "GMO-PG Remittance Service" started
 - May 01 Multi-currency credit card payment service started
 - May 21 "Inbound Marketing Service " started

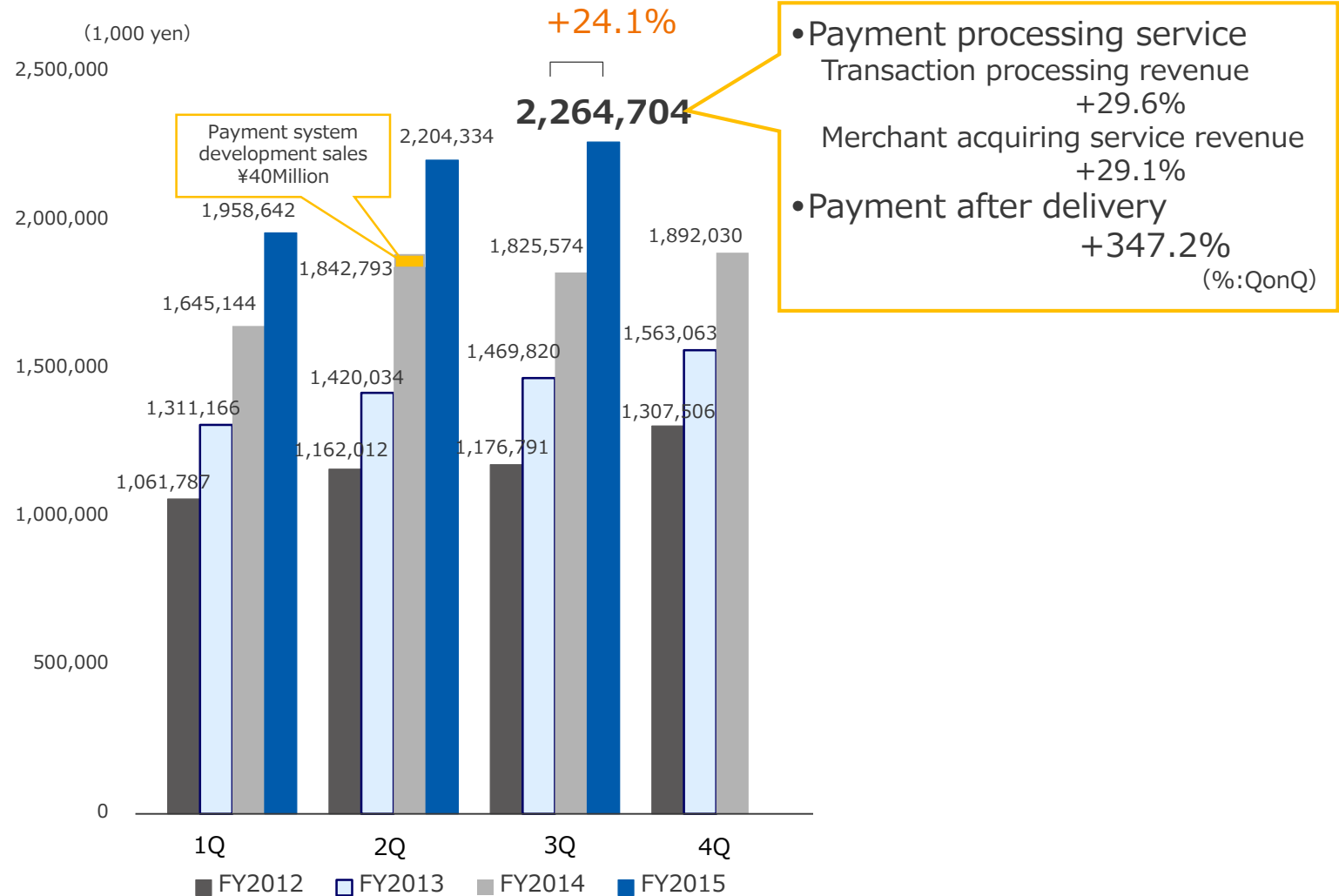
Forecast

- Sales : 8,656Million Yen (YoY +20.1%)
- Operating income : 2,974Million Yen (YoY +20.1%)
 - Although good performances are continued to be expected, because the investment phase will further continue with the increasing business opportunities, either current year's forecast or dividend forecast is not changed.

1.4 Sales

Good shape in payment processing service and subsidiaries', sales up 24.1%

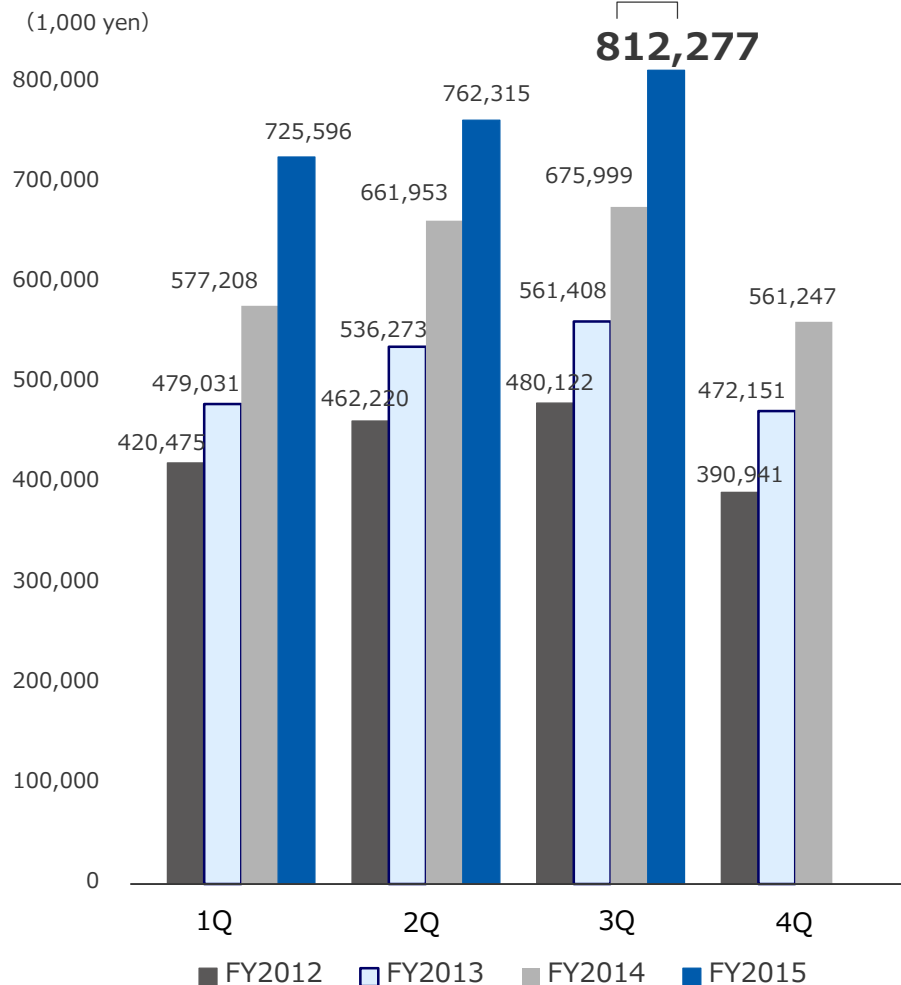
■ Sales



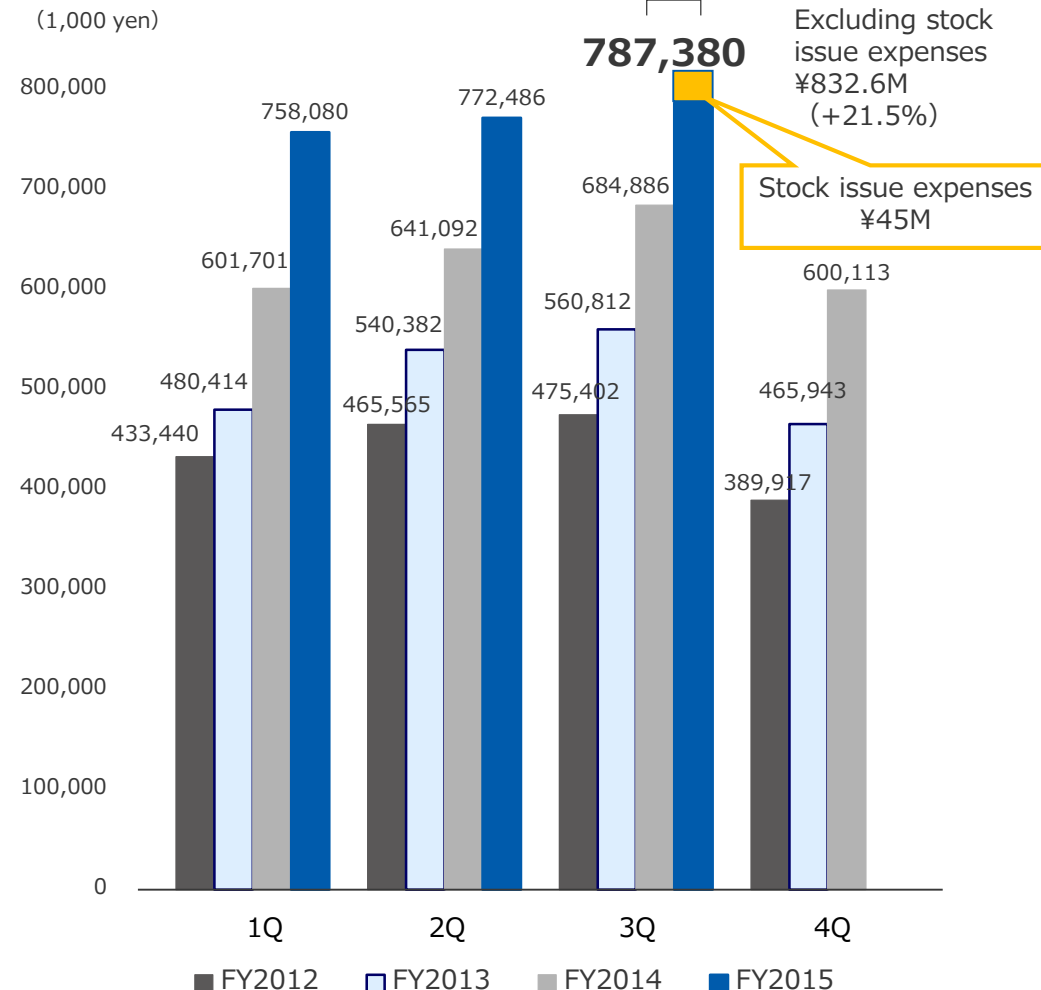
1.5 Operating/Ordinary income

Operating income up 20.2%, ordinary income excluding stock issue expenses up 21.5%

■ Operating income

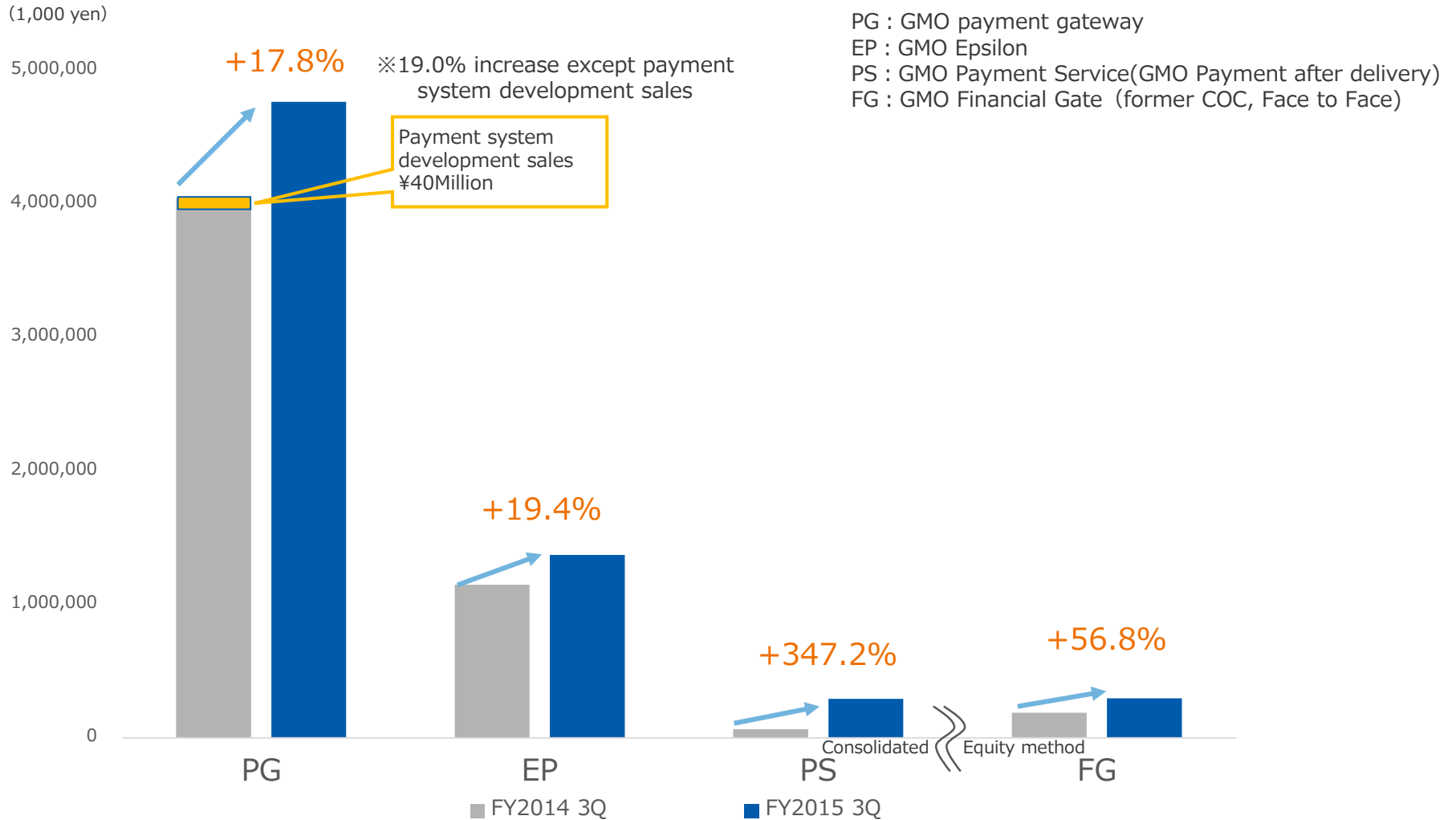


■ Ordinary income



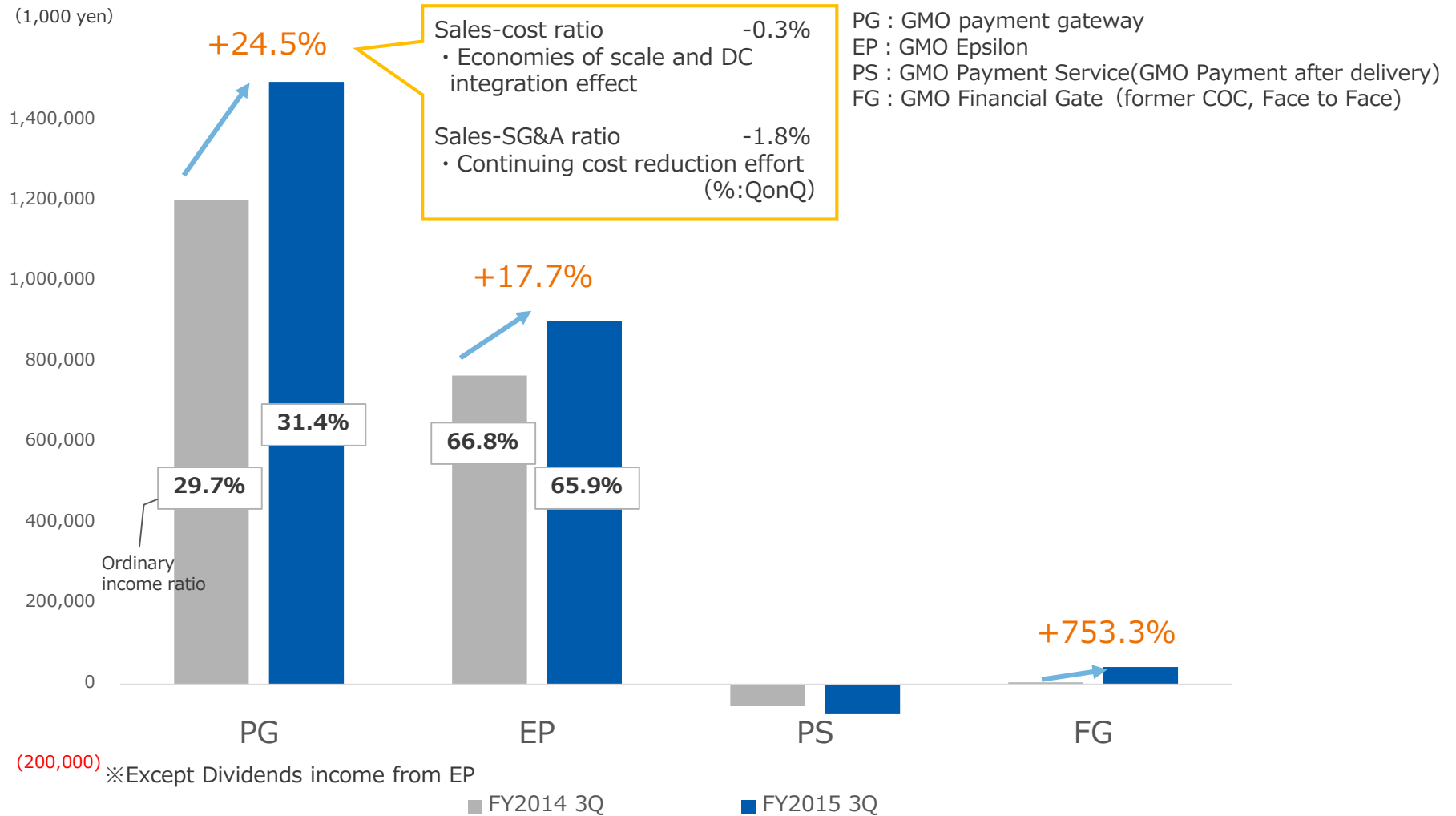
1.6.1 Sales (PG · EP · PS · FG)

Group companies showed good shape, GMO Payment Service is driving forces behind the increased consolidated sales



1.6.2 Ordinary income (PG · EP · PS · FG)

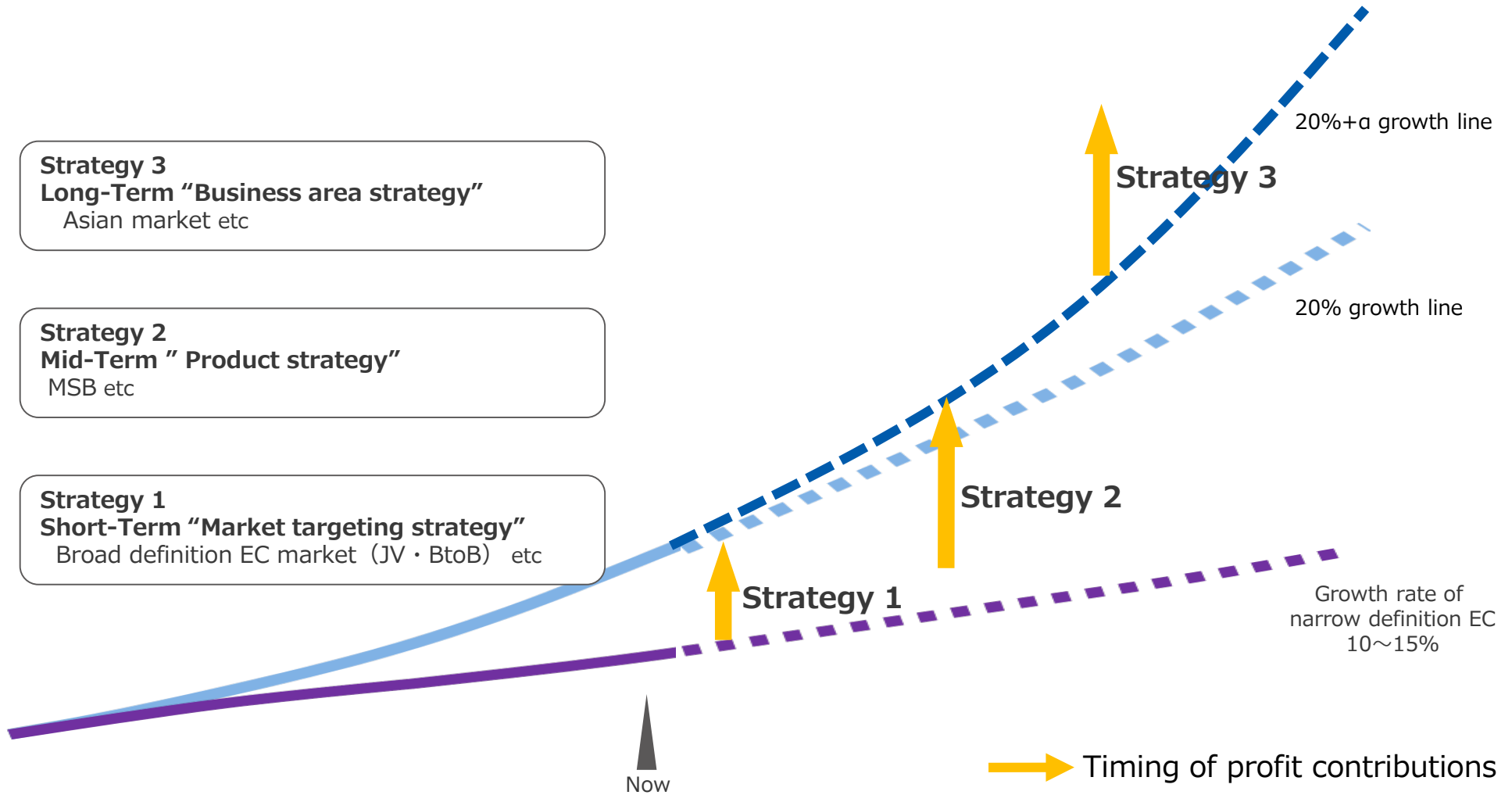
The effects of investment, generating profits little by little



2. Growth strategy

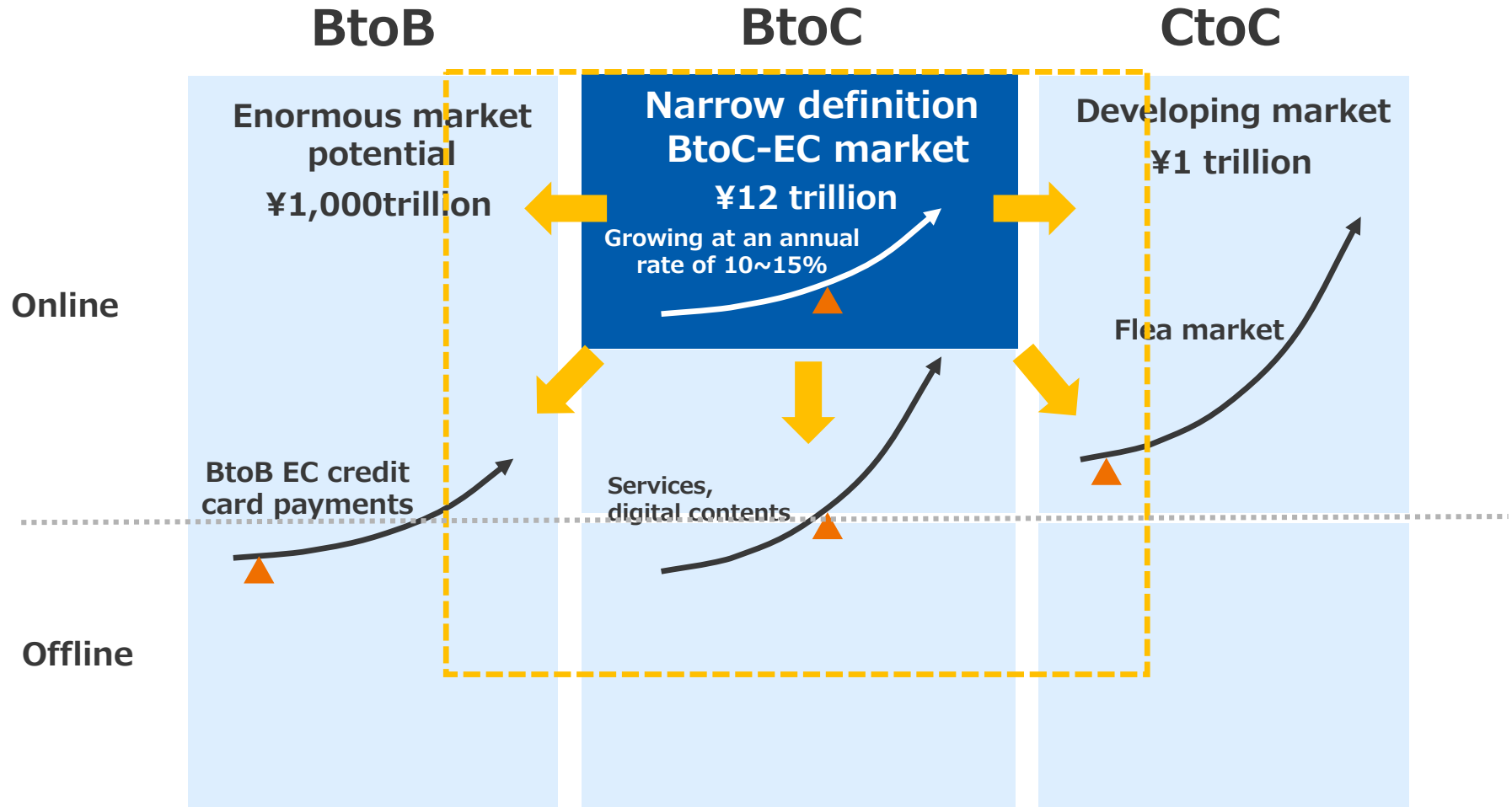
2.1 Targeted growth line and strategies

To aim at profit growth of "20%+α" by accelerating growth with recapitalization



2.2.1 Strategy 1 “Market targeting strategy” Broad definition EC market

Spreading e-commerce is our growth opportunity

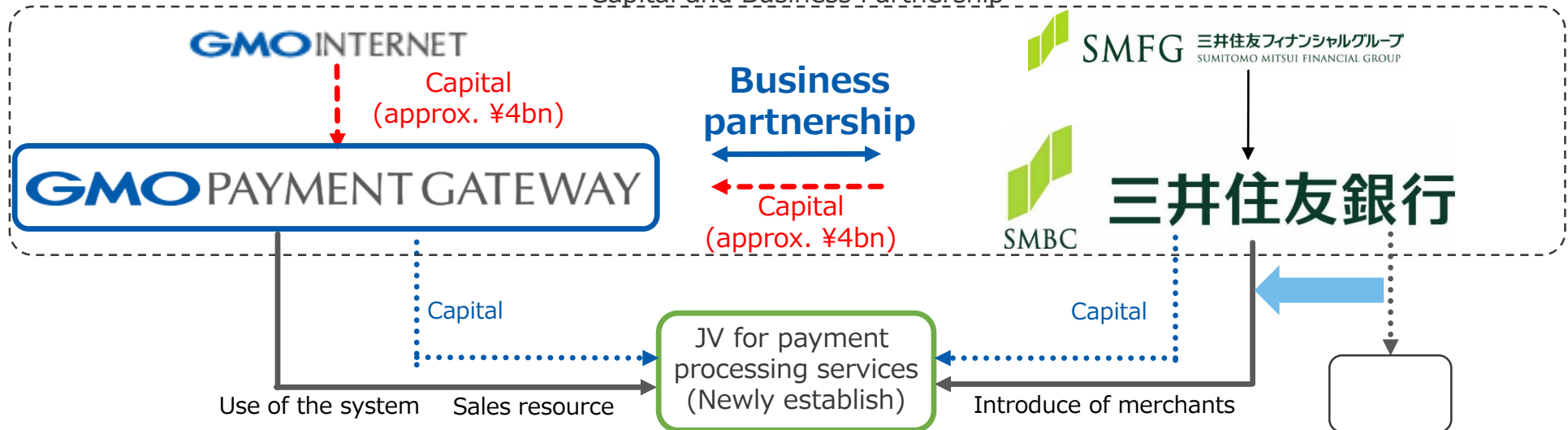


※経済産業省「平成26年度電子商取引に関する市場調査」

2.2.2 Strategy 1 “Market targeting strategy” Establish a Joint Venture company

To provide our services to merchants of the joint venture which will be established jointly with SMBC

Capital and Business Partnership



【Objective】

Establish a joint venture company (being overwhelming position of No. 1 in Japan)

【Impact on BS・PL】

(FY2015)

BS Increase in capital stock

Approx. ¥4bn (Capital stock ¥4.7bn)

PL Stock issue expense

¥45million (Non-operating expenses)

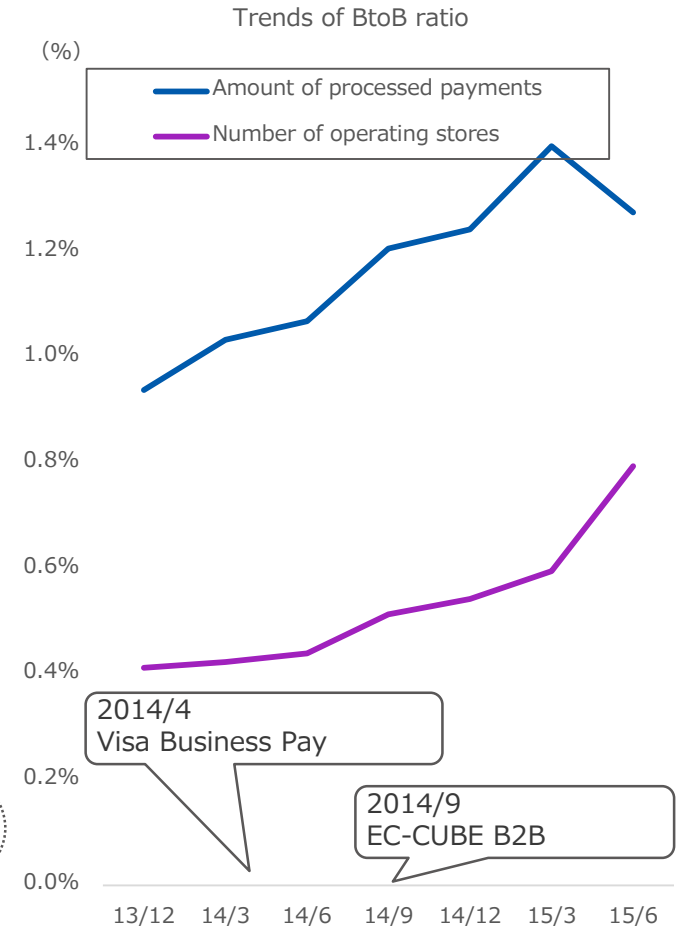
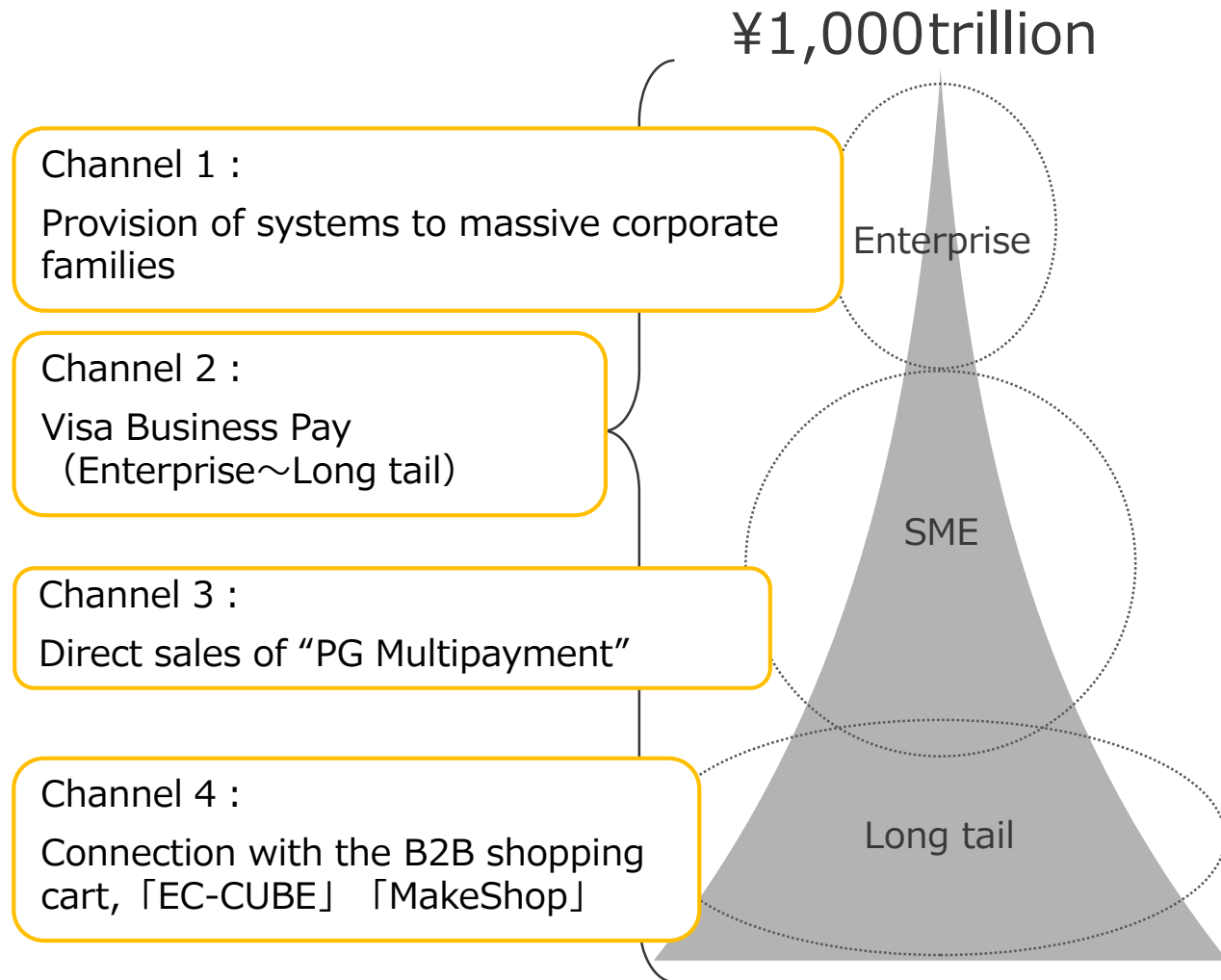
(FY2016~)

BS Investment in establishment of joint venture

PL Inclusion of JV's profit and loss

2.2.3 Strategy 1 “Market targeting strategy” BtoB Market

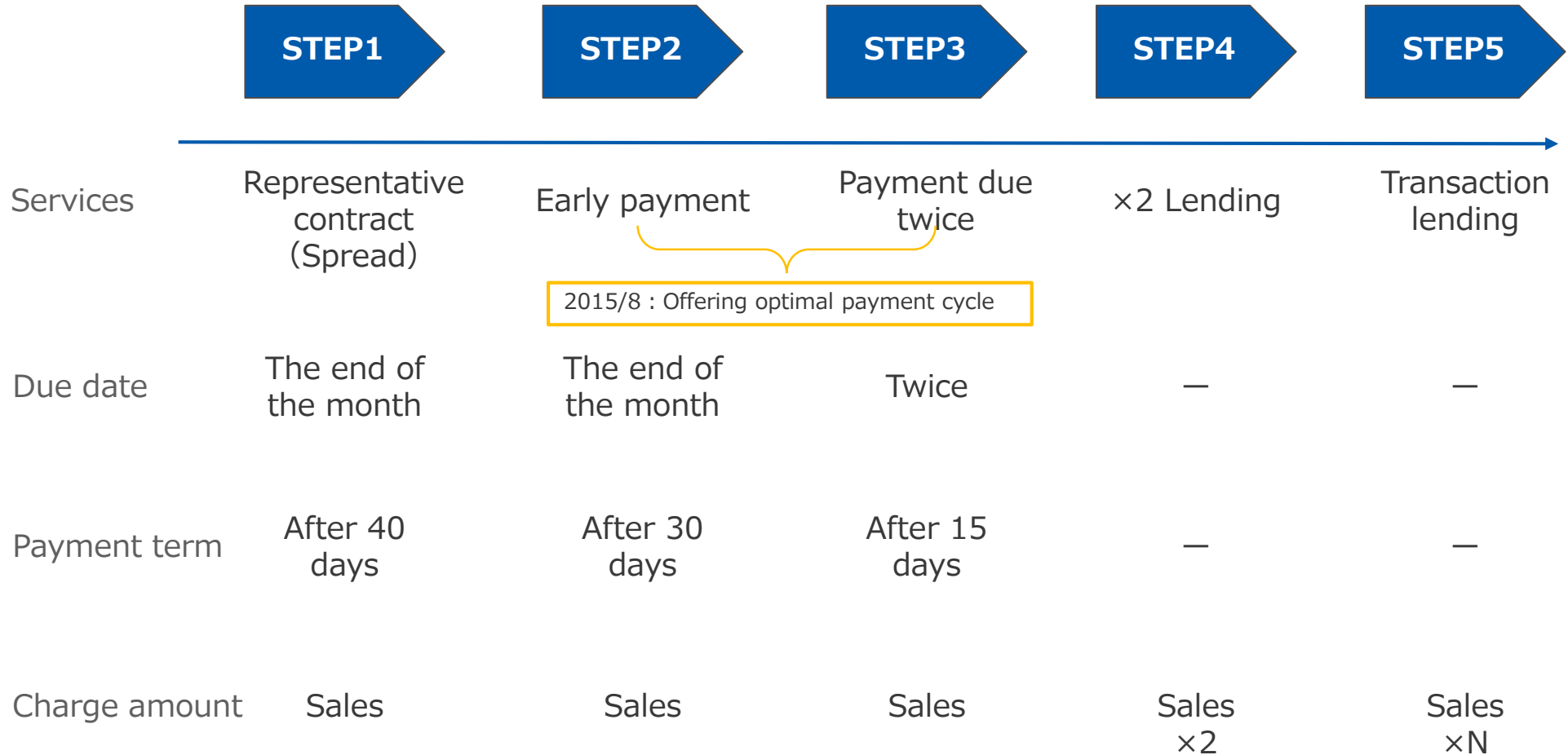
To promote the use of credit cards for BtoB transactions with four channels strategy



(The number of operating stores is calculated at the end of the quarter, the amount of processed payments are the results for each quarter)

2.3.1 Strategy 2" Product strategy" MSB

To develop businesses in stages



2.3.2 Strategy 2" Product strategy"

MSB (Representative contract model)

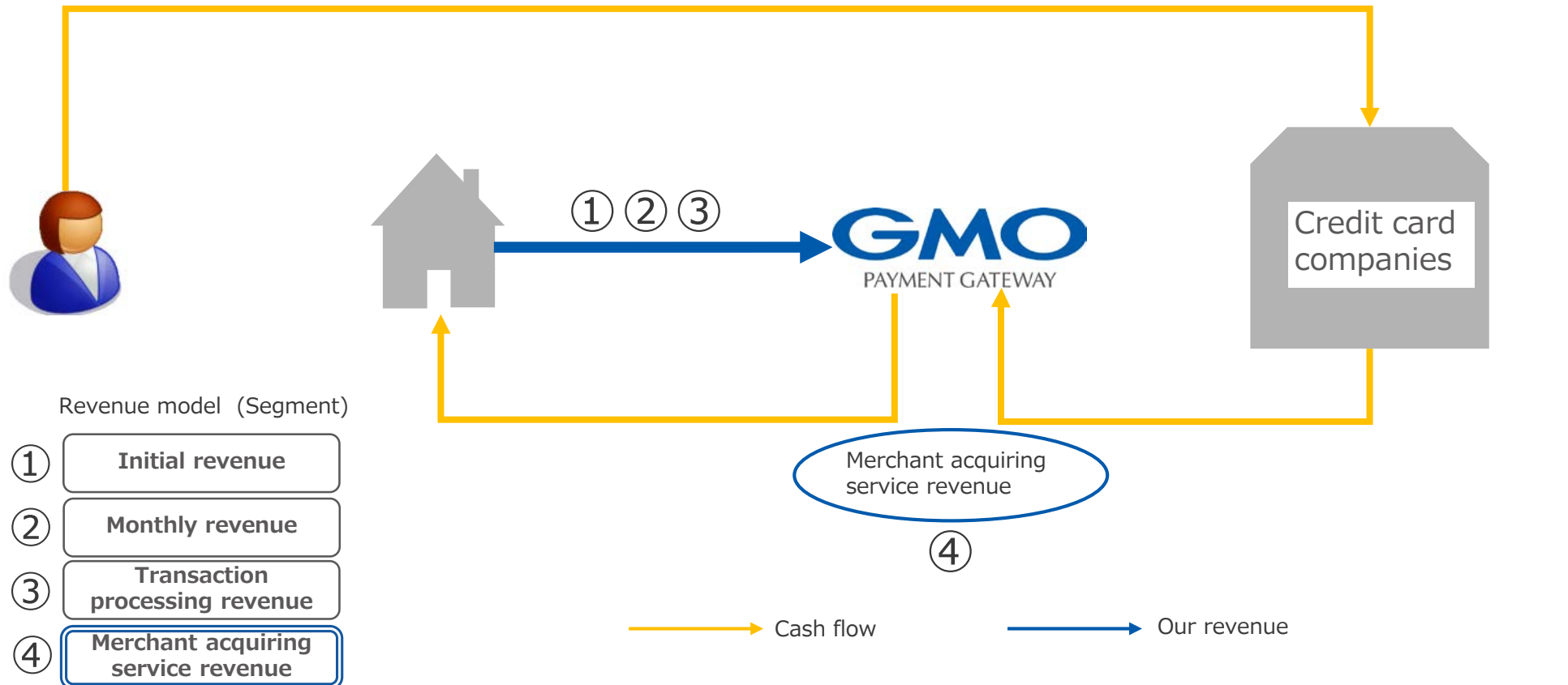
To realize the expansion into financial businesses with money flow derived from the representative contract model

Consumer

Merchant

GMO-PG group

Business related



2.3.3 Strategy 2" Product strategy" MSB (Definition)

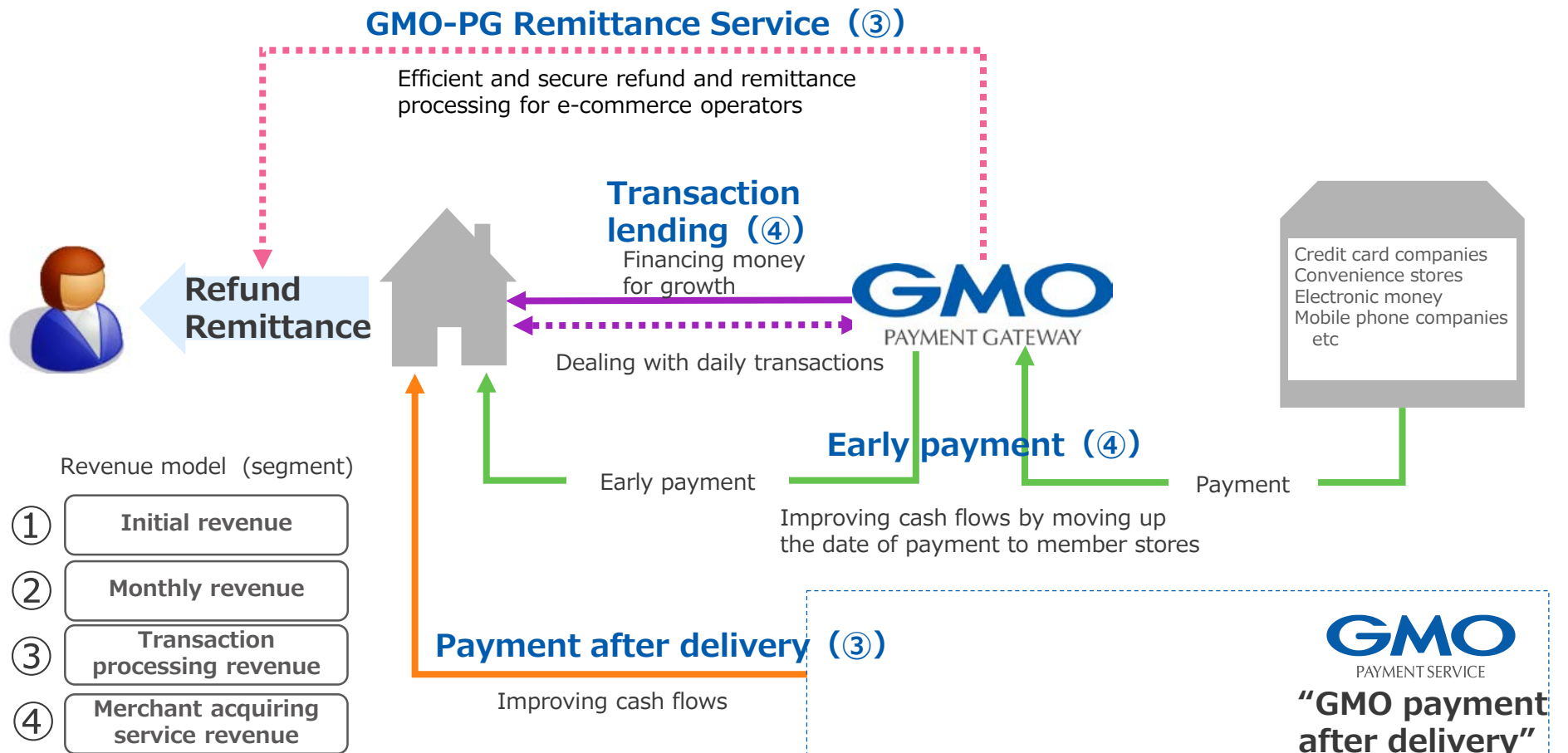
Services only payment processing agencies can provide

Consumer

Merchant

GMO-PG group

Business related



2.3.4 Strategy 2" Product strategy" MSB (Early payment service)

Improving cash flows by moving up the date of payment

Credit card payment Convenience store payment Pay-easy payment Electronic money payment etc...

Applicable to various means of settlement

Customizable payment cycle

Number of payment due once twice three times six times daily

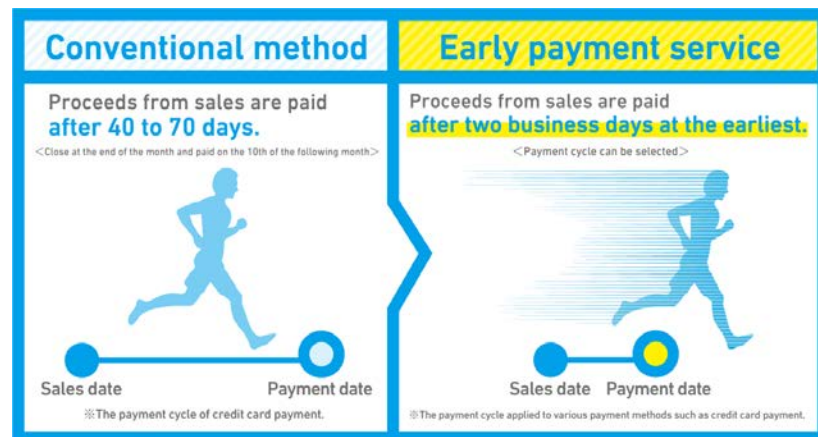
Due date 5th 10th 15th 20th 25th the end of month

Payment term Two business days 15 business days after due date 30 business days after due date

Merchants can select the number of payment due, due date and payment term from predefined number of times and date for each payment methods



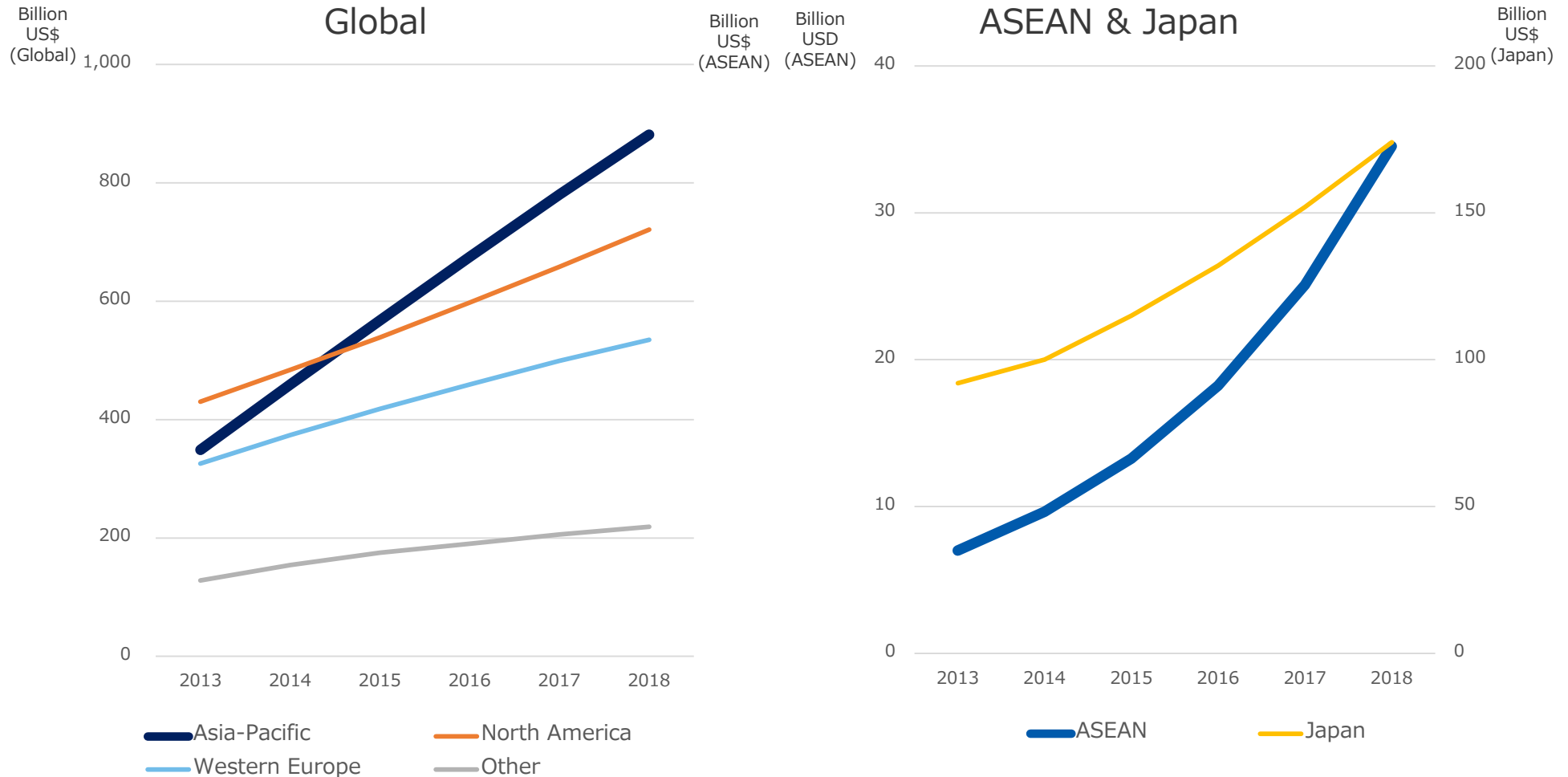
Offering optimal payment cycle to meet the cash-flow needs of EC merchants



The shortest payment term of two business days among all payment services offered to EC merchants

2.4.1 Strategy 3 “Business area strategy” Asian market①

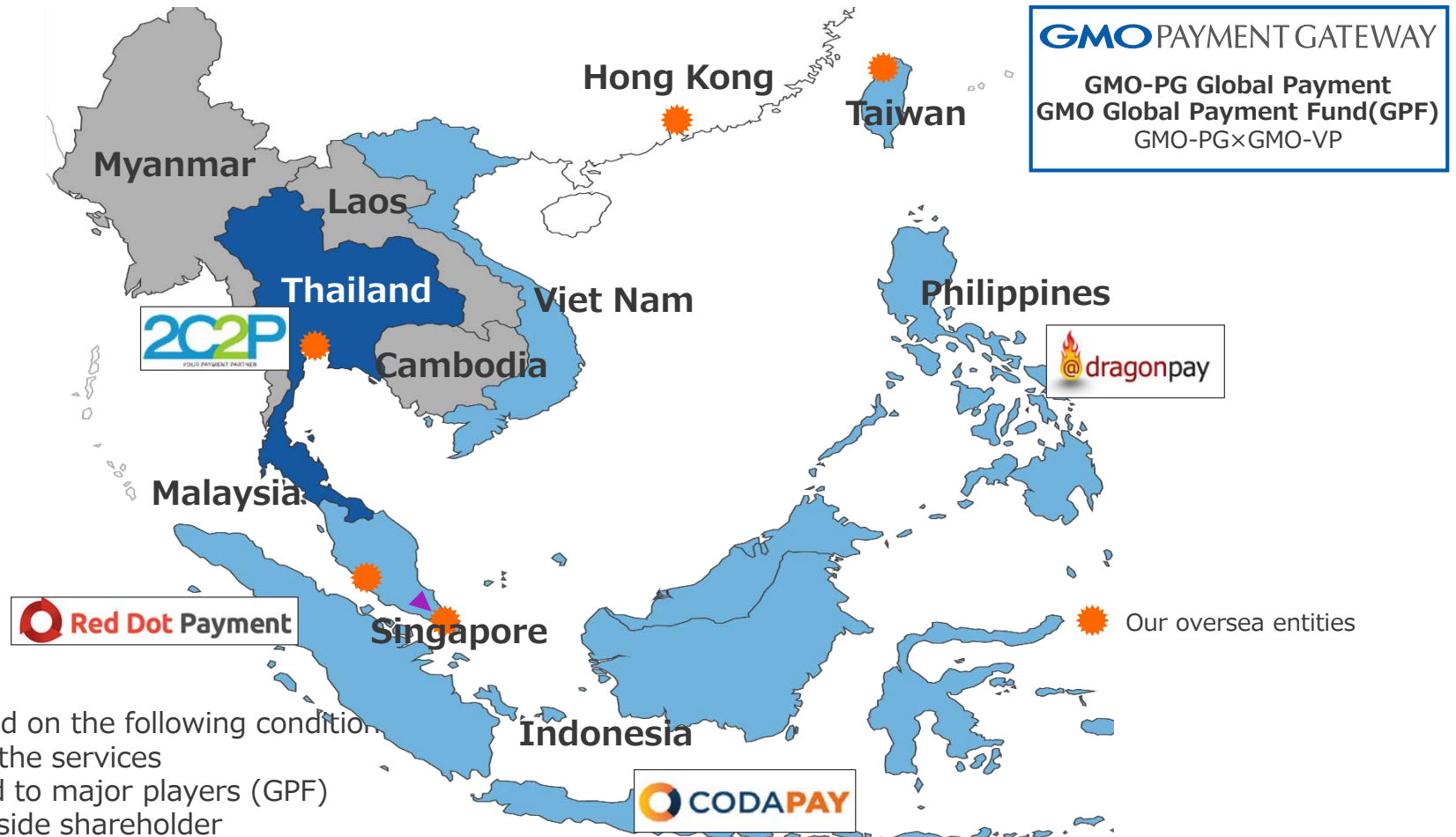
EC market in Asia is larger than North America, ASEAN grows fast



Reference :eMarketer (2014) , An analysis on e-commerce market in south-east Asia released by Frost & Sullivan (July 4th, 2014)

2.4.2 Strategy 3 “Business area strategy” Asian market②

The progress of our global strategy



Classification based on the following conditions

- ① Already started the services
- ② Already invested to major players (GPF)
- ③ (PG) Largest outside shareholder

■ Already implemented all of ①, ② and ③

■ Already implemented one out of ①, ② and ③

■ Already implemented two out of ①, ② and ③

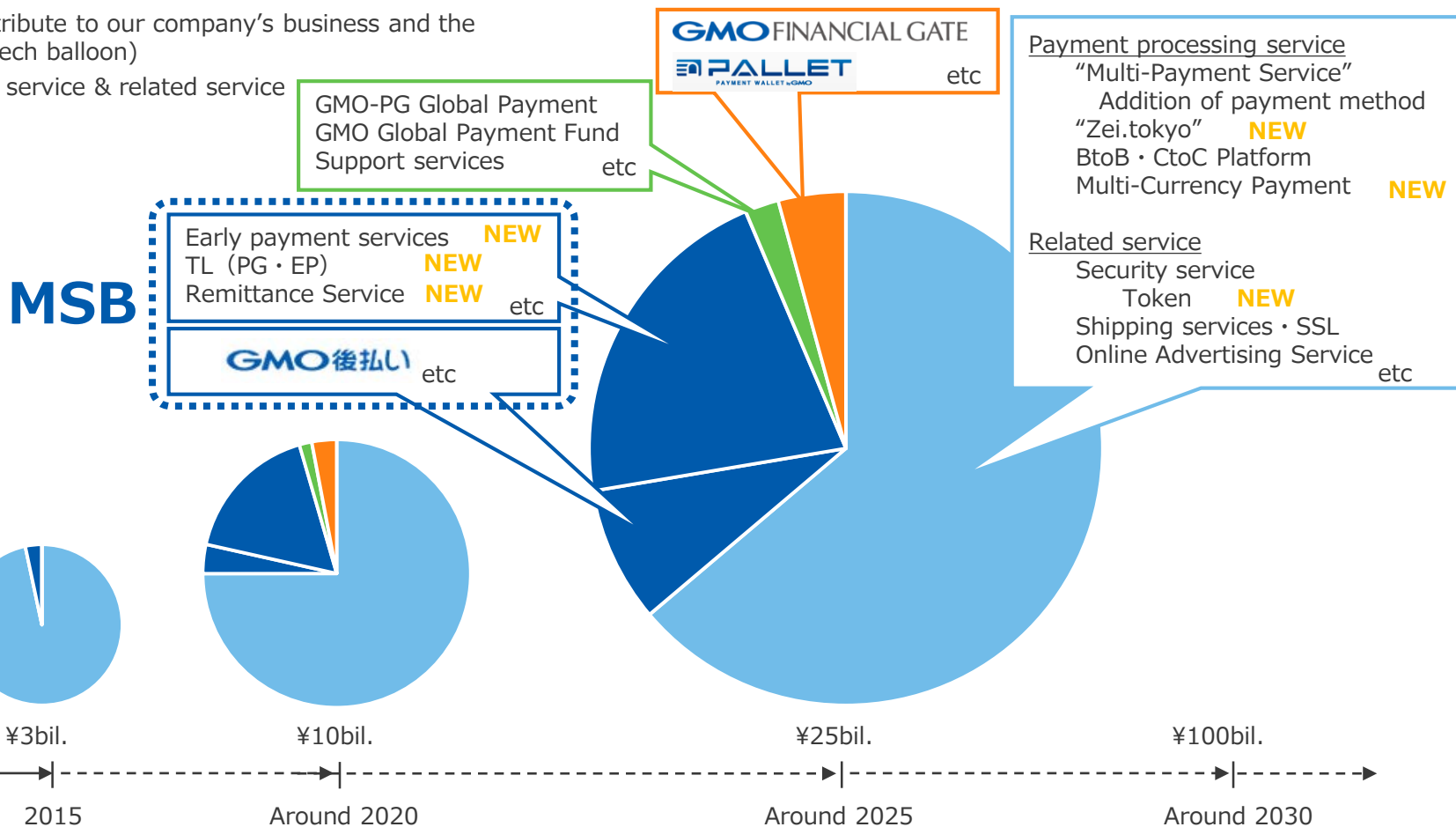
■ Covered by the partner companies we invested to

2.5 Portfolio of income (Image)

Growing with the target of the ordinary income of 10 billion yen around the fiscal year 2020 as a passing point

The products that contribute to our company's business and the profitable growth (Speech balloon)

- Payment processing service & related service
- MSB
- Oversea
- Face to face, other



※Ordinary income : 2005:actual, 2015:forecast, Other numbers:targets
 MSB : Money service business
NEW : Results of FY2015

3. Financial highlights

3.1 Summary of the consolidated results

Sales and income up over 20%, OP margin up 0.3 point

| (Million yen) | FY2015 3Q | | FY2014 3Q | | FY2015 | | Forecast | Progress |
|----------------------------------|--------------|-------------------|-----------|---------|---------|-------------------|----------|----------|
| | Results | Sales composition | Growth | Change | Results | Sales Composition | | |
| Sales | 6,427 | 100.0 % | 1,114 | +21.0 % | 5,313 | 100.0 % | 8,656 | 74.3 % |
| Cost of sales | 1,366 | 21.3 | 298 | +27.9 | 1,067 | 20.1 | - | - |
| Gross income | 5,061 | 78.7 | 816 | +19.2 | 4,245 | 79.9 | - | - |
| SG&A | 2,761 | 43.0 | 431 | +18.5 | 2,330 | 43.9 | - | - |
| Operating income | 2,300 | 35.8 | 385 | +20.1 | 1,915 | 36.0 | 2,974 | 77.3 |
| Ordinary income | 2,317 | 36.1 | 390 | +20.2 | 1,927 | 36.3 | 2,985 | 77.7 |
| Net income | 1,454 | 22.6 | 327 | +29.1 | 1,126 | 21.2 | 1,797 | 80.9 |
| Net income per share(Yen) | 42.04 | - | 9.38 | - | 32.66 | - | 51.00 | - |

※In October 1, 2014, our company executed a 2-1 stock split. The values for the FY2014 are calculated on the same base.

3.2 Summary of the consolidated balance sheets

¥4billion capital increase through third-party allotment

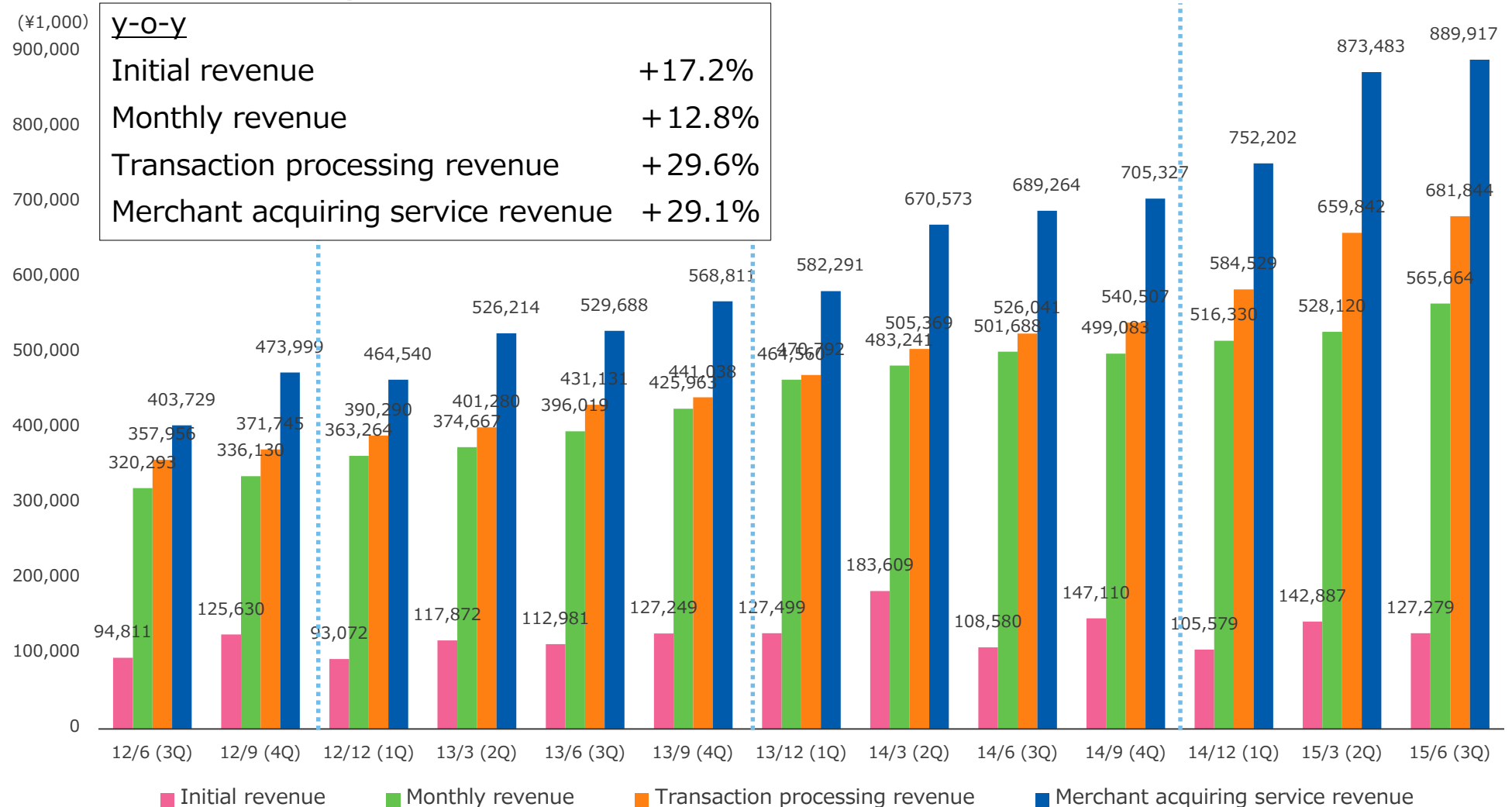
| (Million yen) | Results for 3Q, FY2015 | Results for 3Q, FY2014 | Change | | (Million yen) | Results for 3Q, FY2015 | Results for 3Q, FY2014 | Change |
|---------------------------------|------------------------|------------------------|--------------|--|---------------------------------------|------------------------|------------------------|--------|
| Current assets | 39,868 | 22,967 | 16,900 | | Current liabilities | 26,895 | 18,346 | 8,549 |
| Cash and deposits | 34,934 | 21,029 | 13,905 | | Deposits | 24,243 | 16,982 | 7,260 |
| Advance payments | 1,567 | 619 | 947 | Increase of early payment service | Accounts payable | 1,763 | 515 | 1,248 |
| Accounts receivable | 998 | 504 | 494 | Increase of payment later | Other current liabilities | 888 | 849 | 39 |
| Allowance for doubtful accounts | Δ 159 | Δ 34 | Δ 125 | | Non-current liabilities | 179 | 174 | 5 |
| Other current assets | 2,527 | 1,001 | 1,525 | | Shareholders' equity | 15,668 | 6,338 | 9,329 |
| Fixed assets | 3,030 | 1,932 | 1,098 | | Valuation and translation adjustments | 4,710 | 708 | 4,002 |
| Tangible fixed assets | 218 | 249 | Δ 31 | | Subscription rights to shares | 153 | 33 | 119 |
| Intangible fixed assets | 861 | 761 | 99 | | Total net assets | 15,823 | 6,378 | 9,445 |
| Software | 664 | 616 | 47 | | Total of liabilities and net assets | 42,898 | 24,899 | 17,999 |
| Investments and other assets | 1,951 | 921 | 1,030 | Increase in investment securities and investments in other securities of subsidiaries and affiliates | | | | |
| Total assets | 42,898 | 24,899 | 17,999 | | | | | |

Deposits by merchants through representative merchant service
 *Discrepancy occurs with the pace of merchants' sales growth due to change in merchants' cutoff date and payment cycle

Third-party allotment

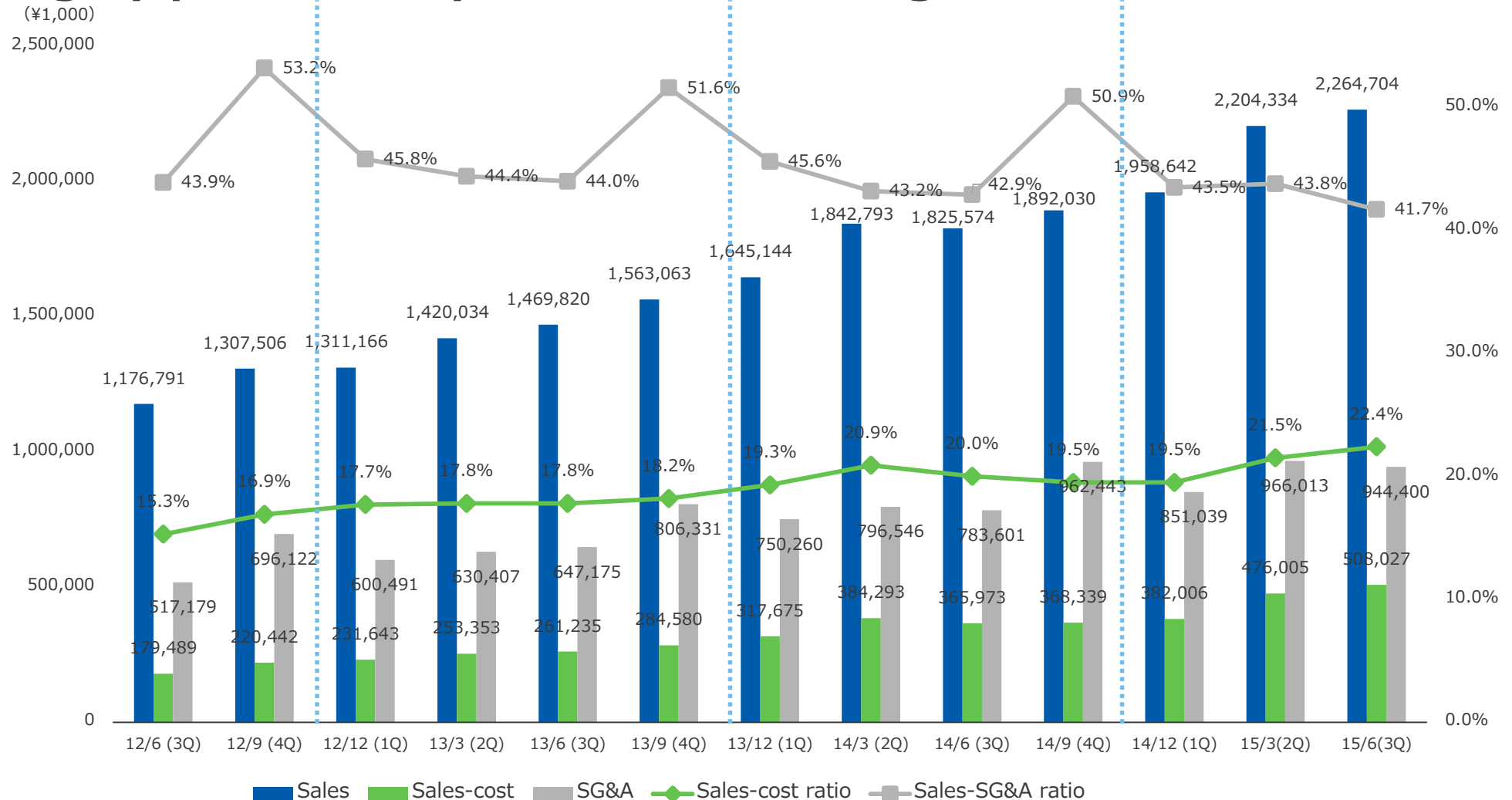
3.3 Sales results for each segment

Transaction processing revenue and merchant acquiring service revenue are in good shape. Initial revenue up 17.2%



3.4 Cost of sales ratio/SG&A ratio

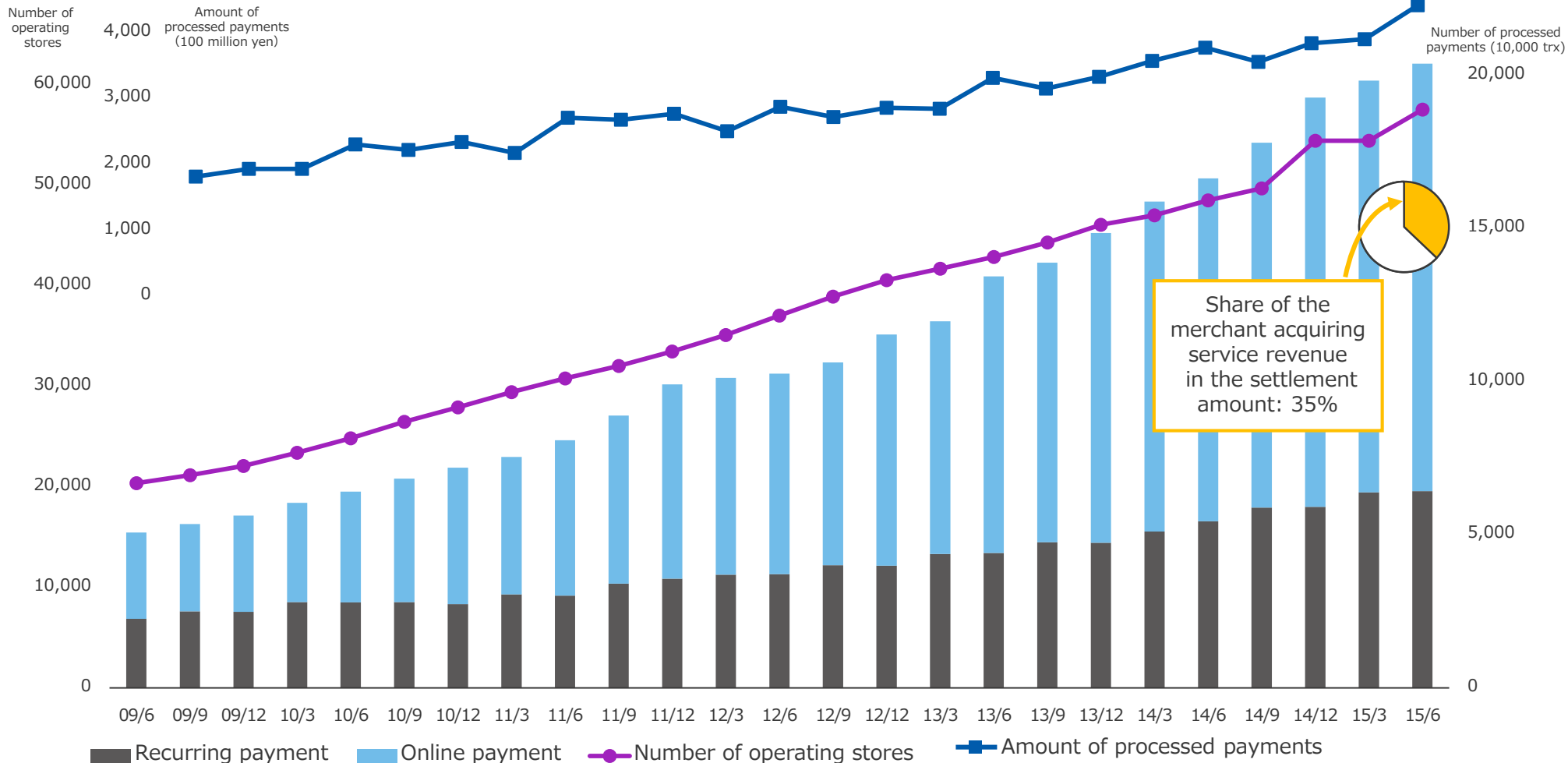
The sales-cost ratio increased due to the sales mix, but remain highly profitable by the various management measures



3.5 Transition of the major factors

Share of the merchant acquiring service revenue in the amount of processed payments became 35%

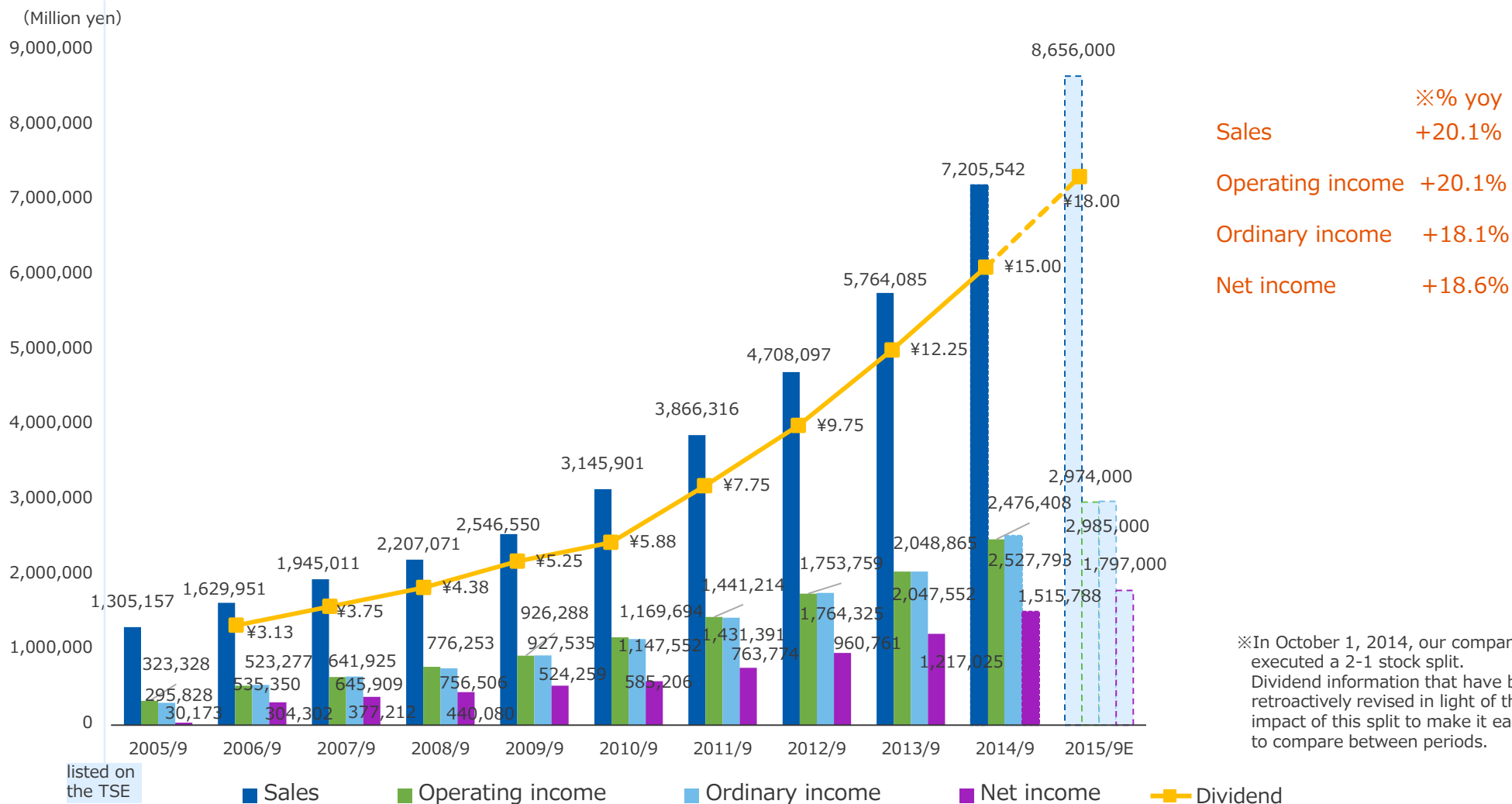
Number of operating stores 57,569, /Amount of processed payments ¥440billion, /Number of processed payments 204million



4. Results forecast for the term ending September 2015

4.1 Summary of the consolidated results (Forecast)

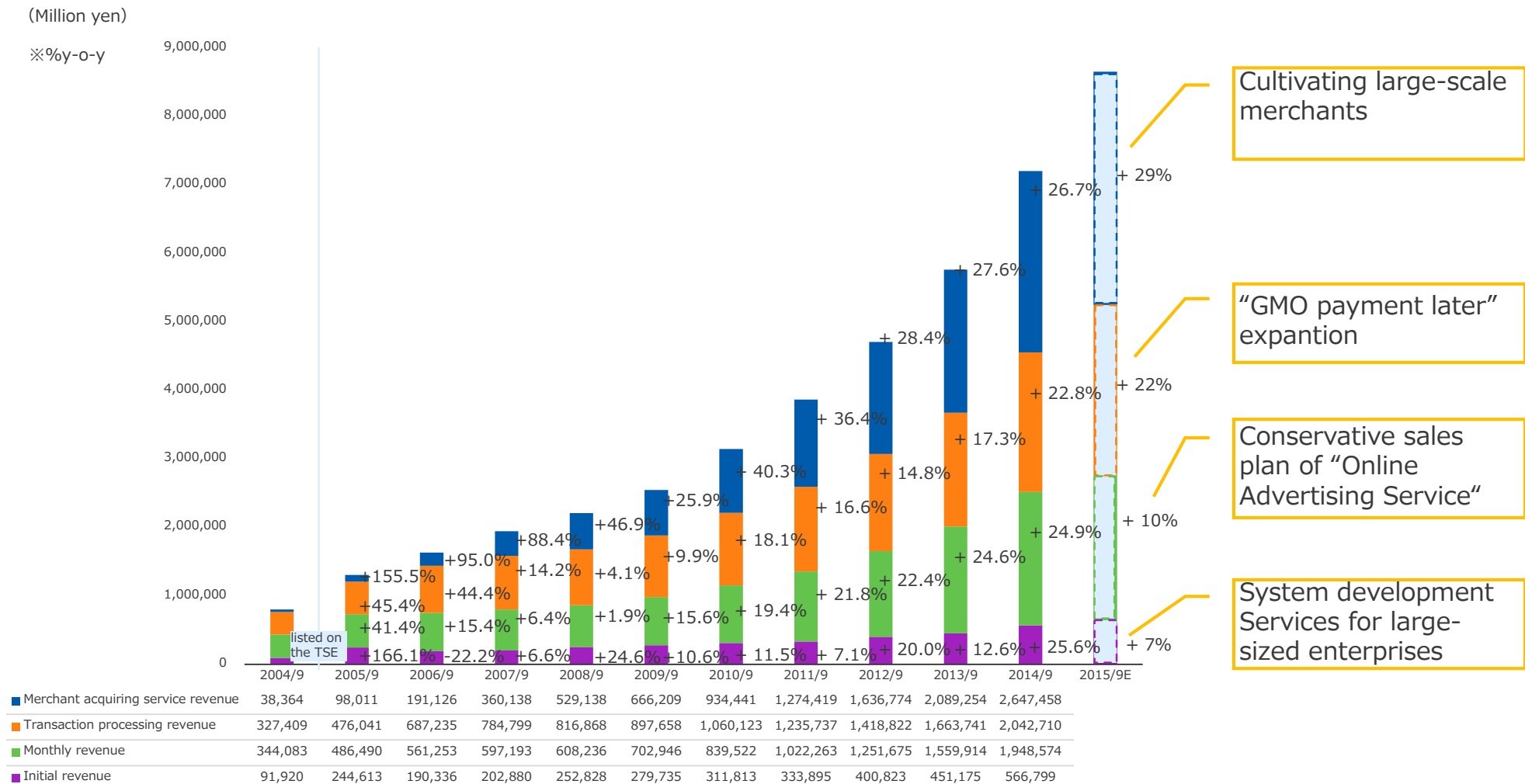
Repeat operating income growth rate forecast of 20% as investment phase will still continue



※In October 1, 2014, our company executed a 2-1 stock split. Dividend information that have been retroactively revised in light of the impact of this split to make it easier to compare between periods.

4.2 Sales for each segment (Forecast)

Action plans to realize the balanced growth in all segments



Thank you very much!

GMO PAYMENT GATEWAY

GMO Payment Gateway Inc.
(T S E : 3 7 6 9)

URL <http://corp.gmo-pg.com/>

For more information, please contact the Company Value Creation Planning Office

IR/PR Group TEL:03-3464-0182