

Financial results briefing for the 2Q of FY2016 (October 1, 2015-March 31, 2016)

Themes : Achieving continued high growth as a result of our initiatives driving the expansion of the EC market

May 2, 2016

GMO Payment Gateway, Inc.

(3769: Tokyo Stock Exchange section-1)

The 45th 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 May 2, 2016.

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 of Financial Results for 2Q FY2016
2. Progress of the growth strategy
3. Financial highlights

1. Summary of Financial Results for 2Q FY2016

1.1 Summary

OP up 32.3%(2Q, YoY), reflecting the continued strength of payment service & MSB

(Million yen)	1H of FY2015	1Q of FY2016					2Q of FY2015	2Q of FY2016	
	Actual	Forecast	Actual	A/F%	Change	Change%	Actual	Actual	Change%
Sales	4,162	5,216	5,730	+9.9	1,567	37.7%	2,204	2,997	36.0%
Gross income	3,304		4,432		1,127	34.1%	1,728	2,314	33.9%
Operating income	1,487	1,741	1,879	+7.9	391	26.3%	762	1,008	32.3%
Ordinary income	1,530	1,742	1,918	+10.2	388	25.4%	772	994	28.7%
Net income	937	1,075	1,151	+7.1	214	22.9%	461	554	20.3%

	Number of operating stores	Amount of processed payments	Number of processed payments
KPI	67,921	470 Billion Yen	228 Million

■ Key points

1. Showing steady advances above OP growth forecast

Existing business (Foundation for 20% growth) : Major KPI in good shape, monetizing the large-scale projects

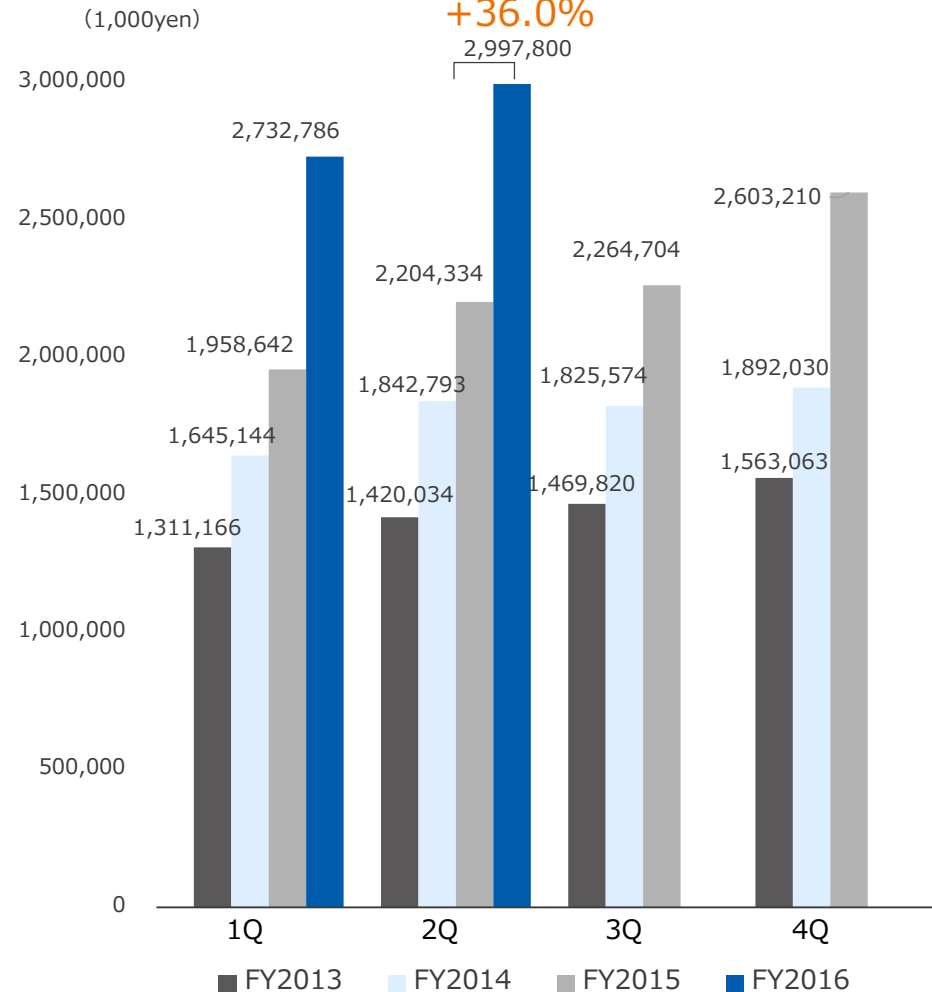
New business (To achieve more than 5% growth) : MSB continued to grow steadily

2. The actions for the future steadily implemented such as strategic investments and overseas businesses

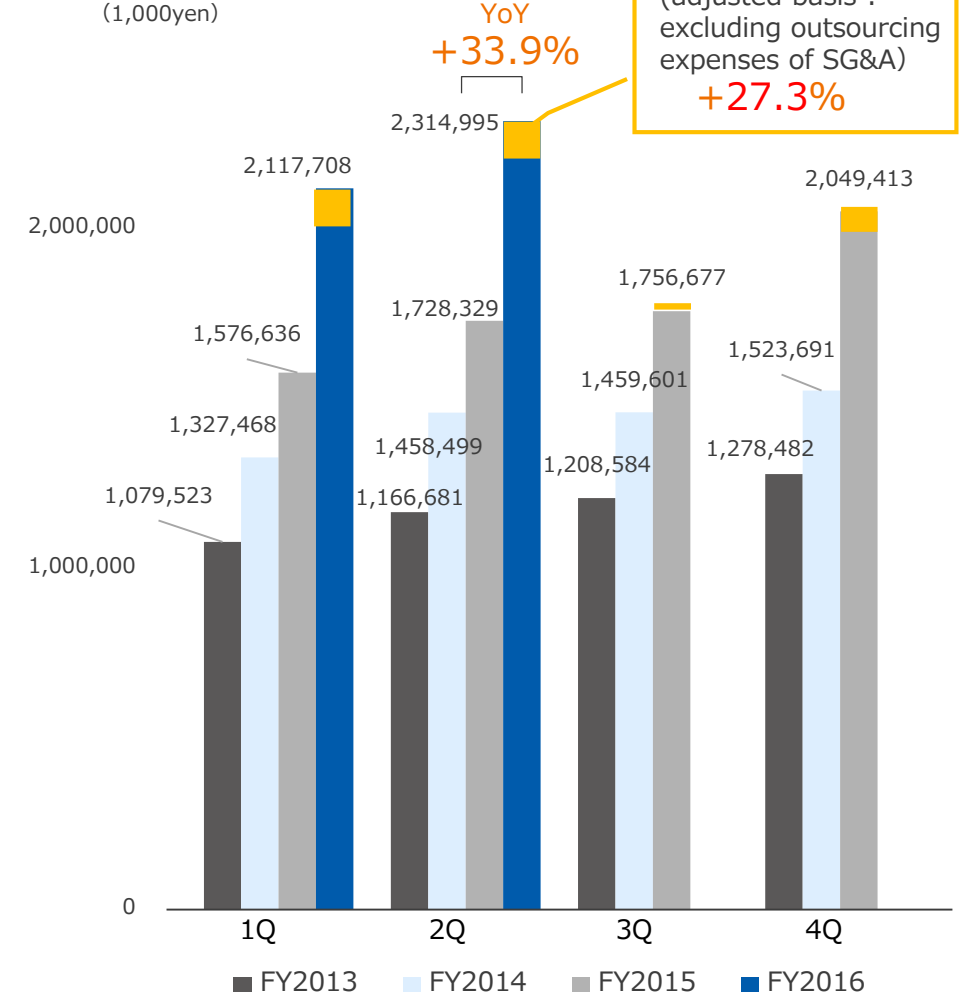
1.2 Sales/Gross income

Sales up 36.0%, gross income (adjusted basis) up 27.3%

■ Sales



■ Gross income

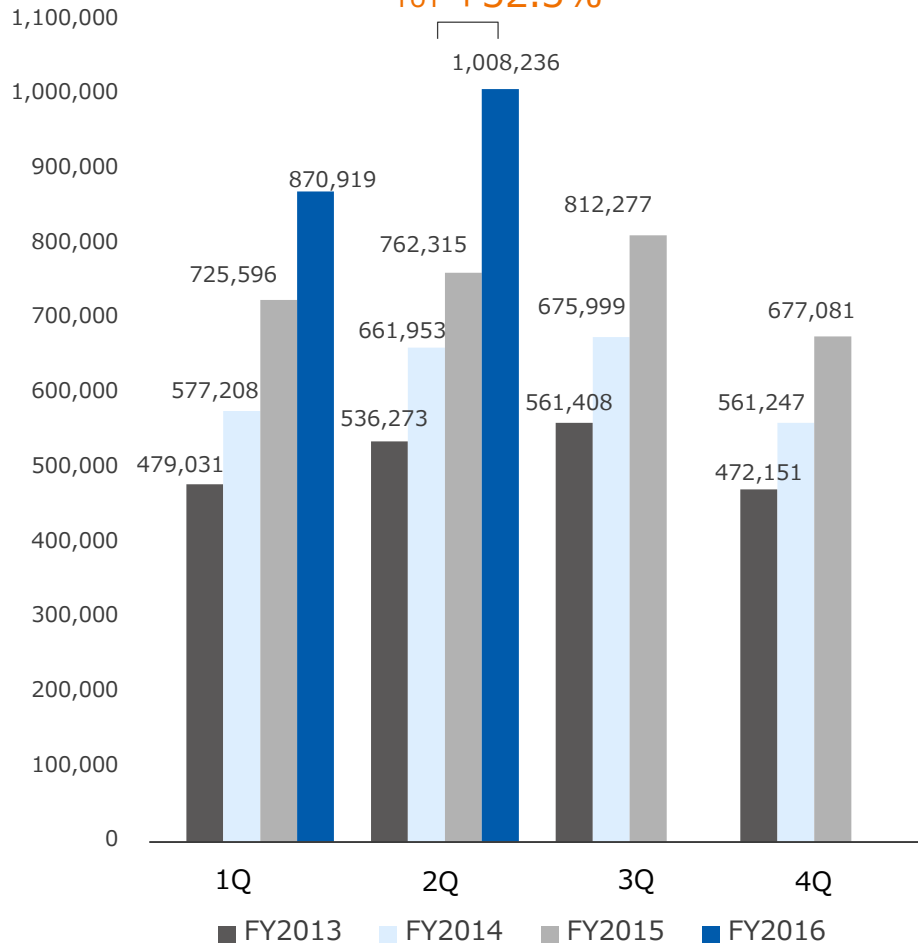


1.3 Operating income/Ordinary income

Operating income up 32.3%, Ordinary income up 28.7%

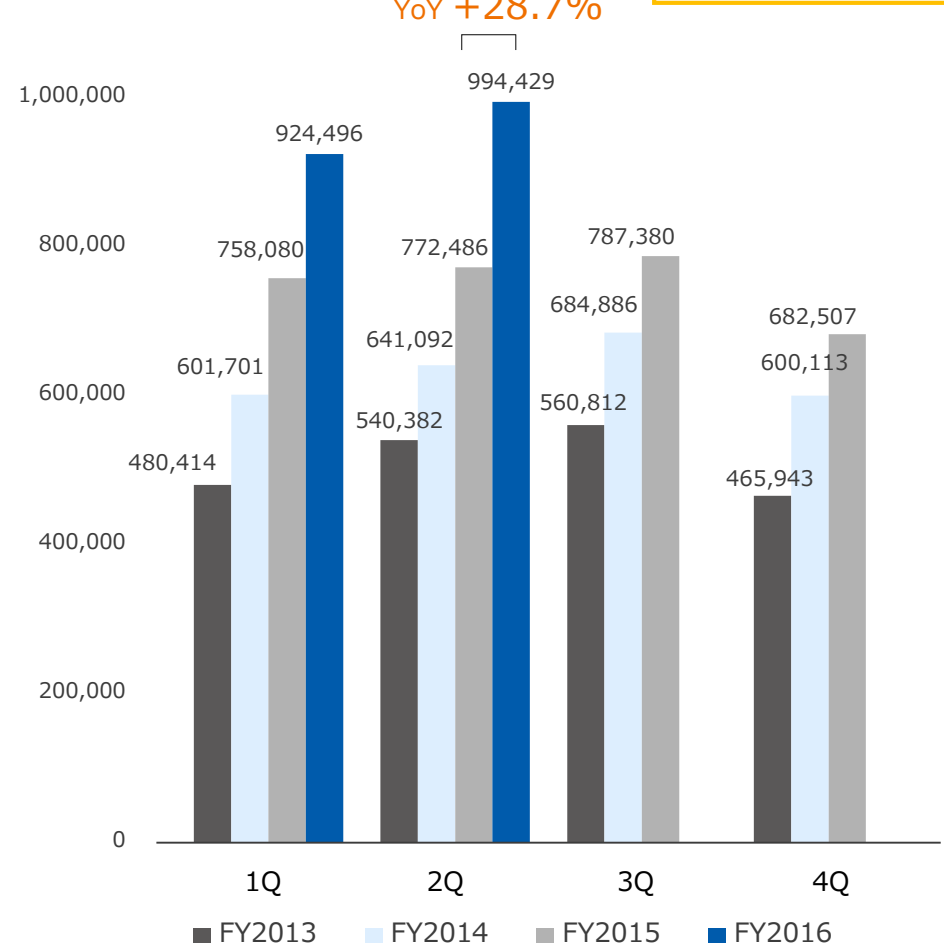
■ Operating income

(1,000yen)



■ Ordinary income

(1,000yen)

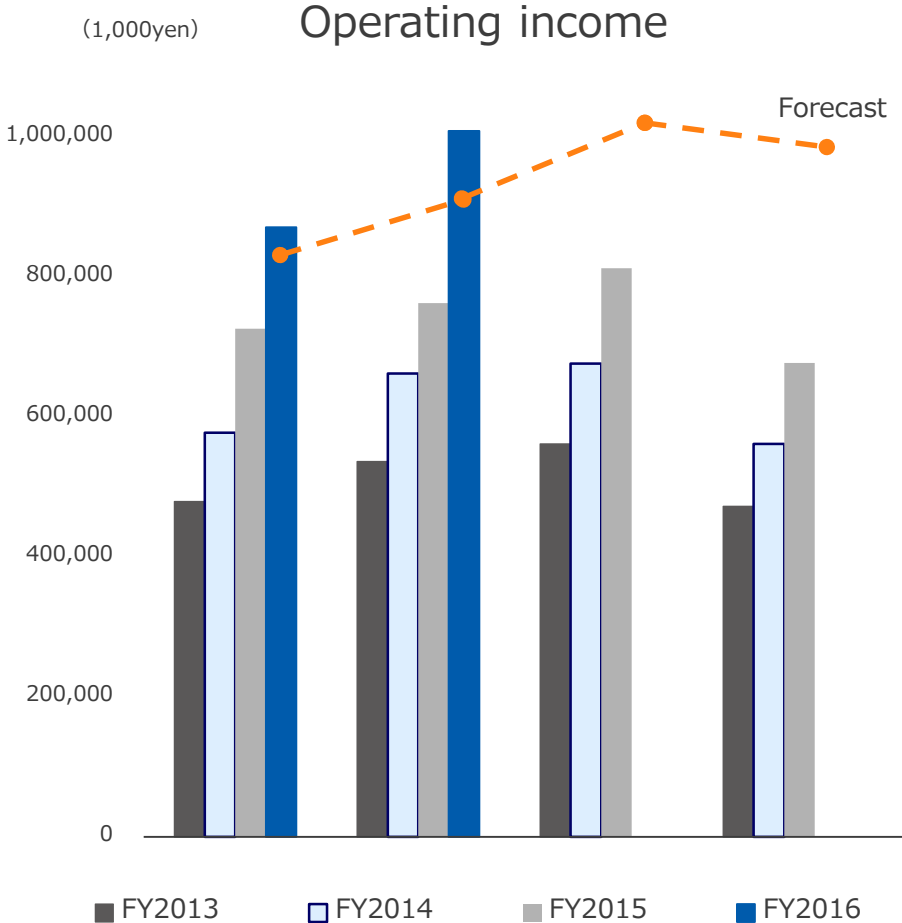
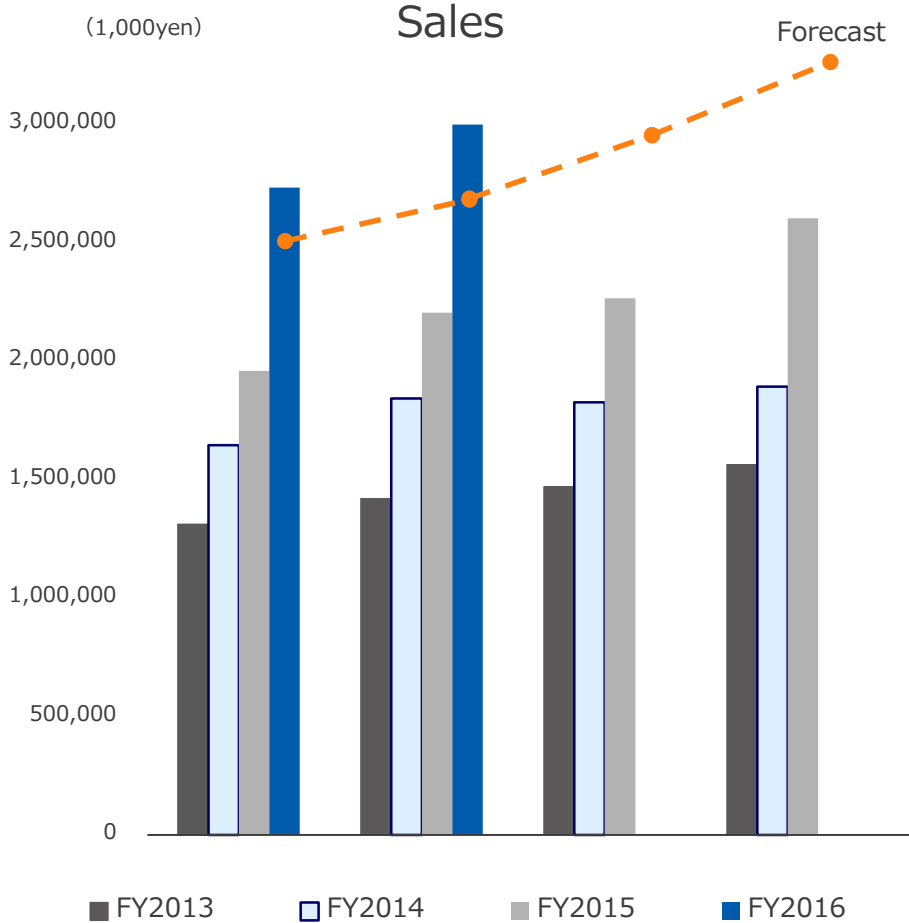


Growth rate differences arose due to exchange rate fluctuations

1.4 Forecasts and results

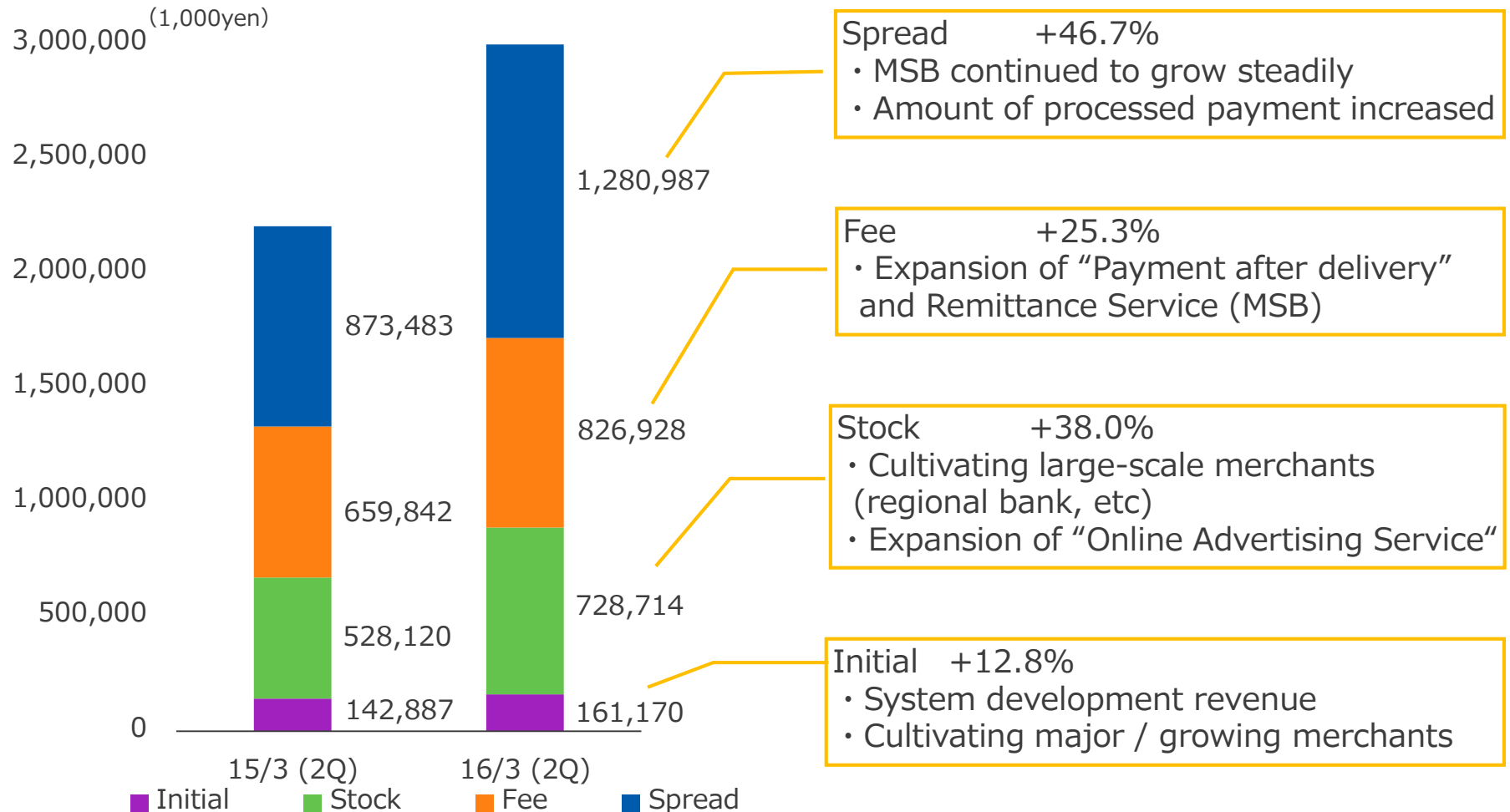
Quarterly forecasts and actual results

■ Forecast for the period ending September 30, 2016



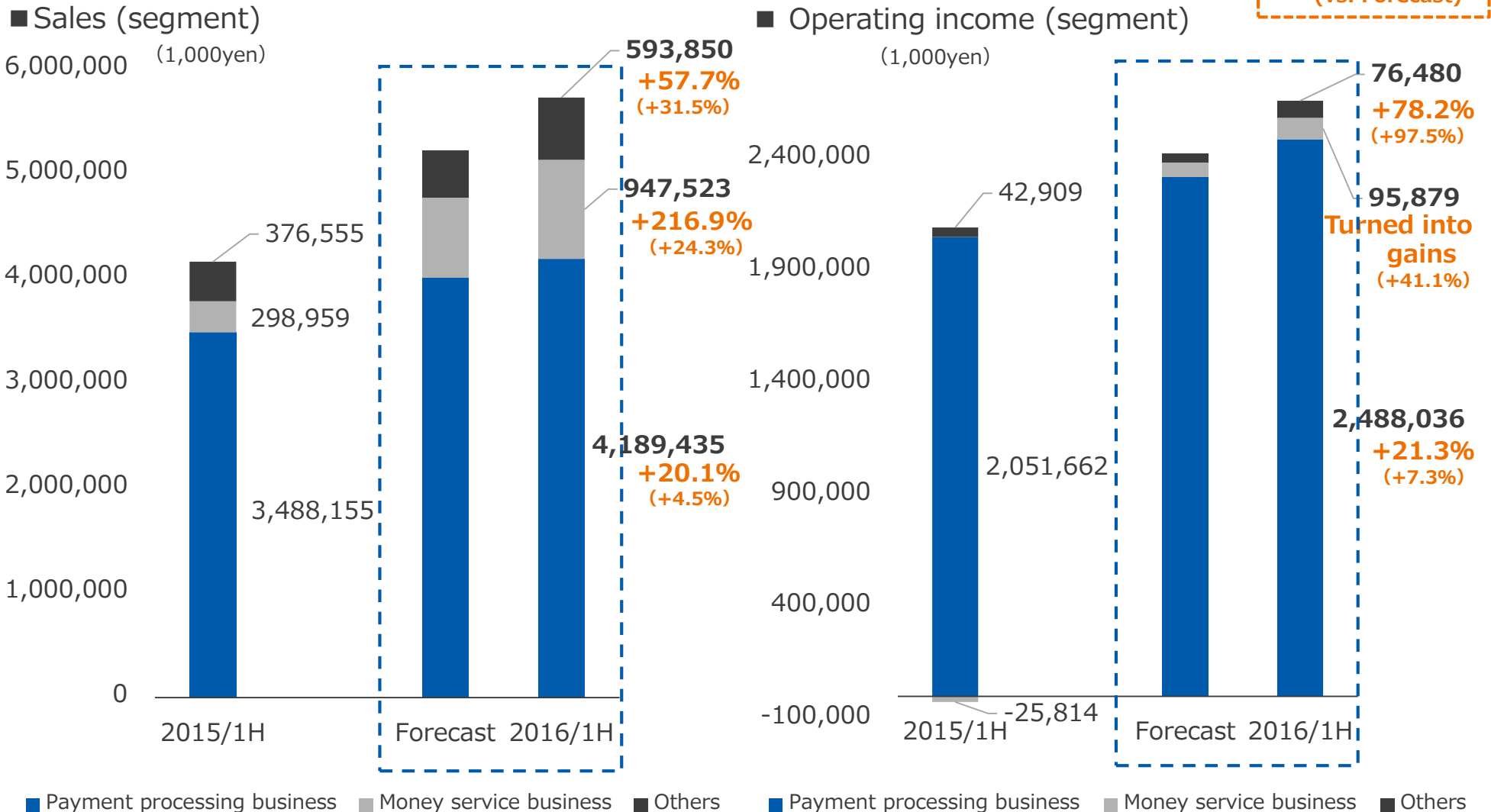
1.5 Revenue breakdown

Up over 25% in three major revenue models



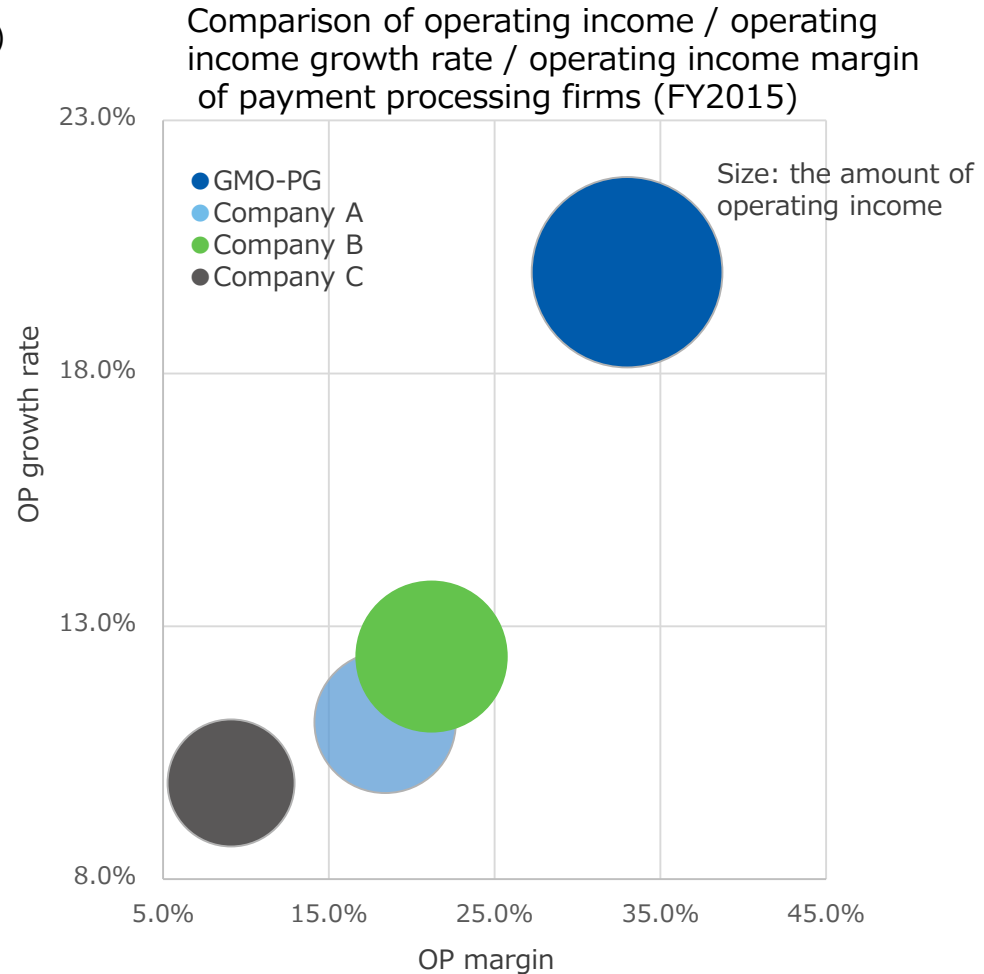
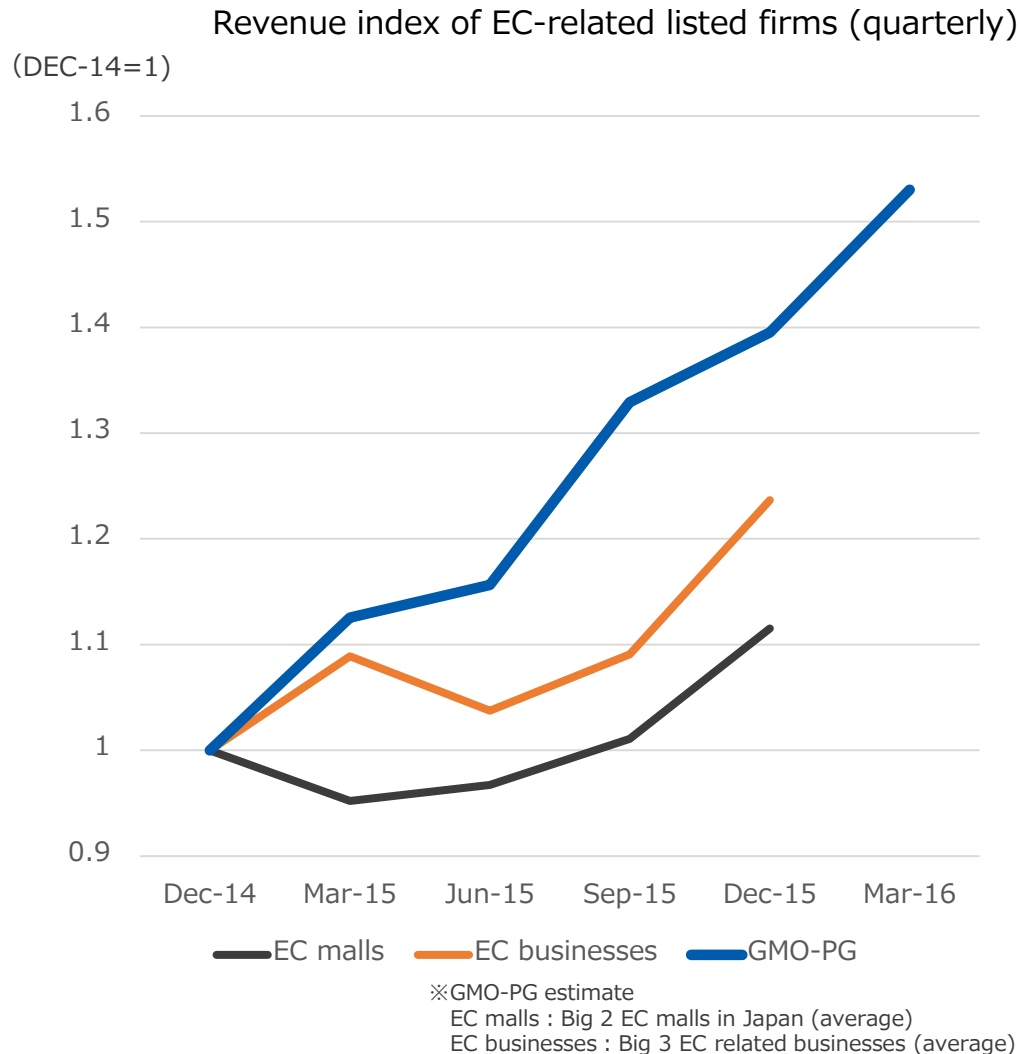
1.6 Sales/Operating income by Segment

Exceeded the forecast



1.7 Relative comparison

Growth outperforms other competitors related to EC

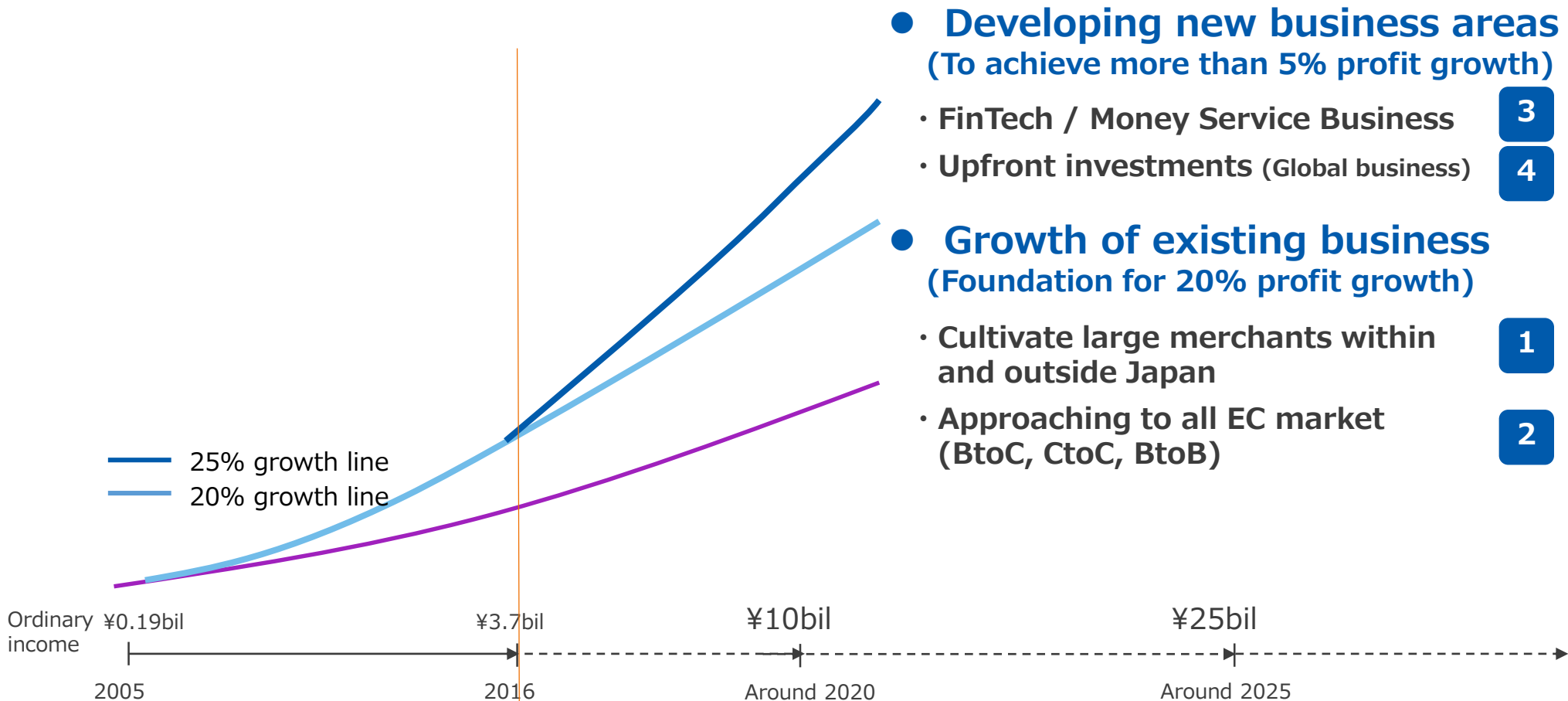


※Source: Prepared by GMO-PG

2. Progress of the growth strategy

2.1 Quantitative performance targets

Sustaining more than 25% income growth is our mission



- **Developing new business areas**
(To achieve more than 5% profit growth)

- FinTech / Money Service Business **3**
- Upfront investments (Global business) **4**

- **Growth of existing business**
(Foundation for 20% profit growth)

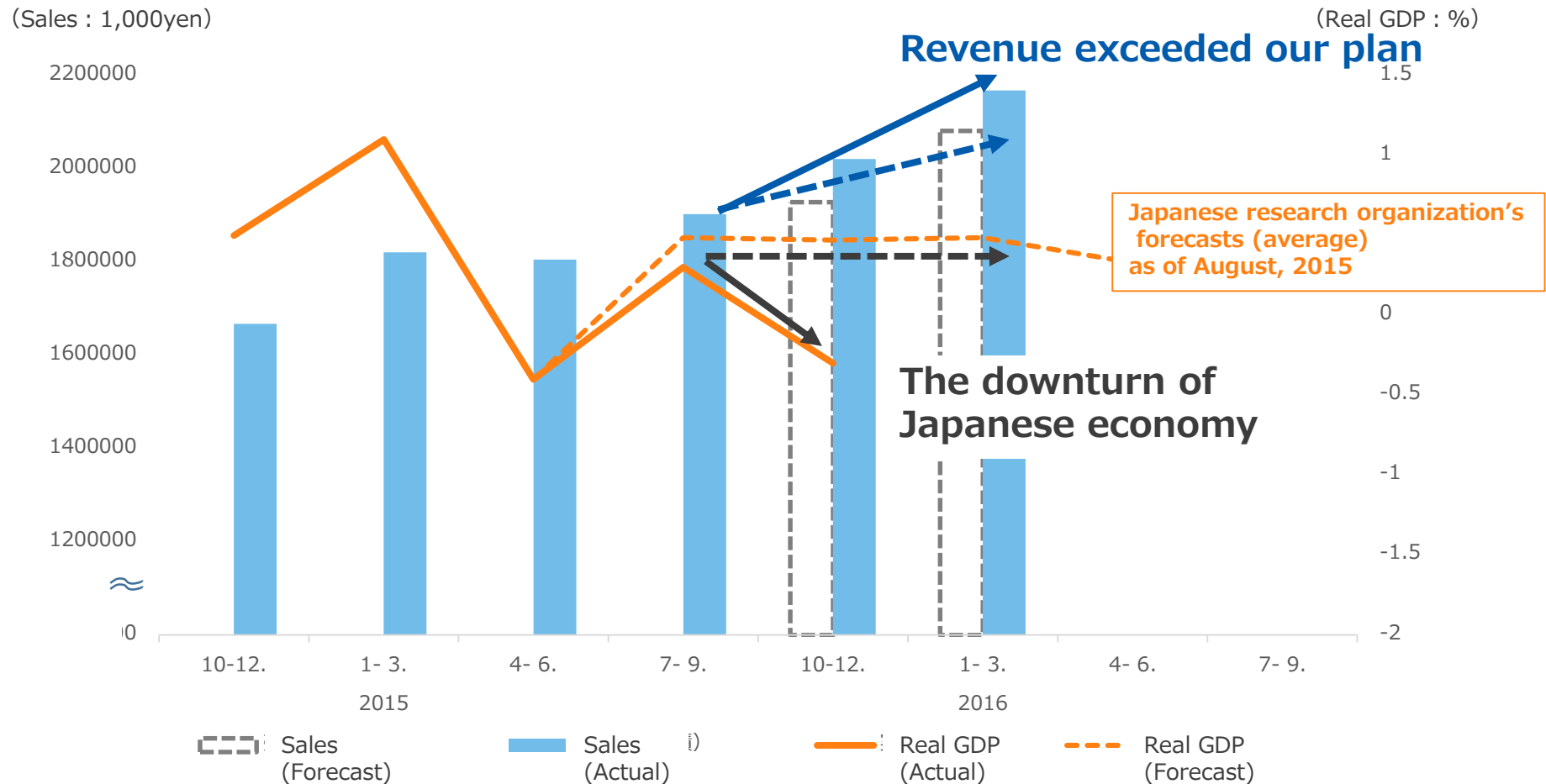
- Cultivate large merchants within and outside Japan **1**
- Approaching to all EC market (BtoC, CtoC, BtoB) **2**

※Ordinary income : 2005:actual, 2016:forecast, Other number: targets

2.2 Economic trends and our results

Economy slowdown but our performance have been favorable

Real GDP and our sales of payment processing business (Forecast vs actual)



2.3.1 Existing business : Online payment

Cultivating major/growing merchants

Positive factors

- ✓ Cultivating major merchants
(Project with system development, etc)

The sales composition ratio of new merchants

Mar.2015 Mar.2016

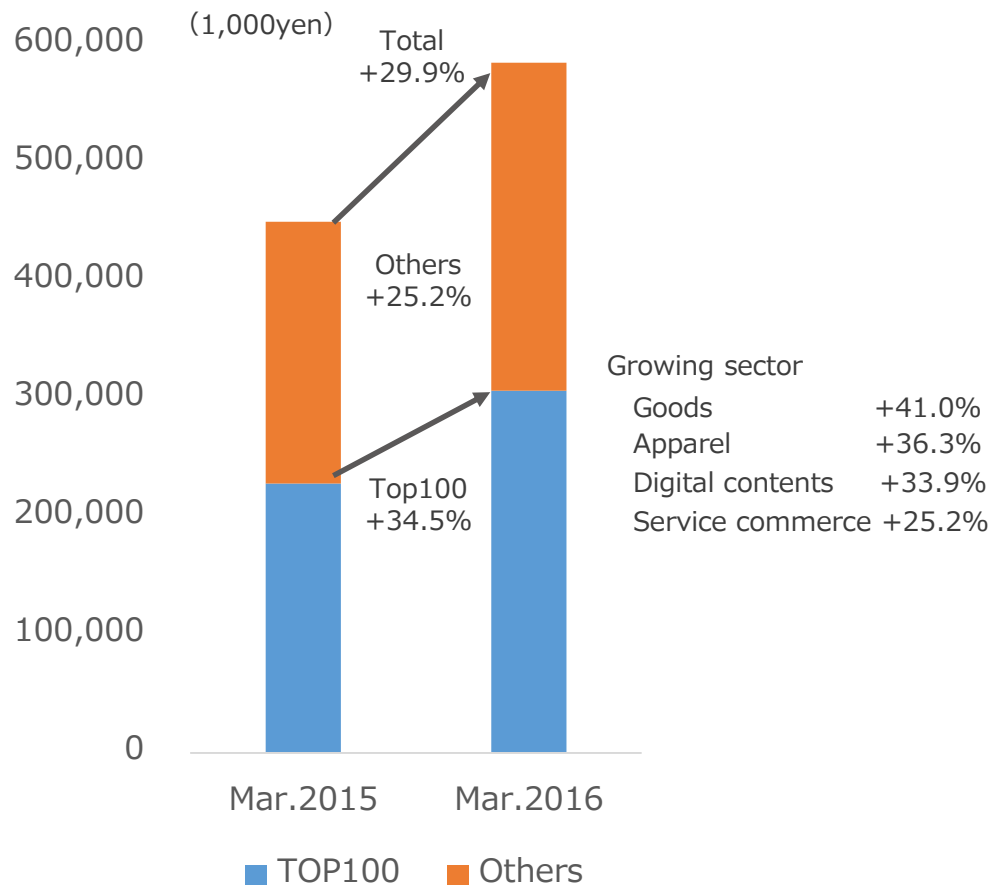
1.0% → 3.5%

- ✓ Growth of our merchants
(Cultivating growing merchants)
(Expanding our value-added service)

Comparable 79 merchants of the Top100

Sales growth ratio (average) : **+57.6%**

Sales composition by scale of merchants
(compared with the same period)



※non-consolidated sales analysis, ex MSB related sales

2.3.2 Existing business : Tax, utility payments

Our services chosen by local government

2

National tax, etc

- Japan Pension Service
: Insurance premiums under the national pension scheme
- Tokyo Metropolis
: Automobile taxes
Water charges and etc.
- Osaka Prefecture
: Automobile taxes
- Fukuoka City / Sapporo City
: Water charges

Promoting marketing activities for future adoption

2016

Apr Taxes of Fukuoka City
Automobile taxes of Oita

May Automobile taxes of Fukushima

2015

Apr "zei.tokyo" started

2011

Start of development and operation of payment sites in addition to payment services

2007

Start of credit card payment services for municipalities and public institutions

Number of public institutions which have implemented GMO-PG services or increased the number of items introduced

2.4.1 New business : MSB

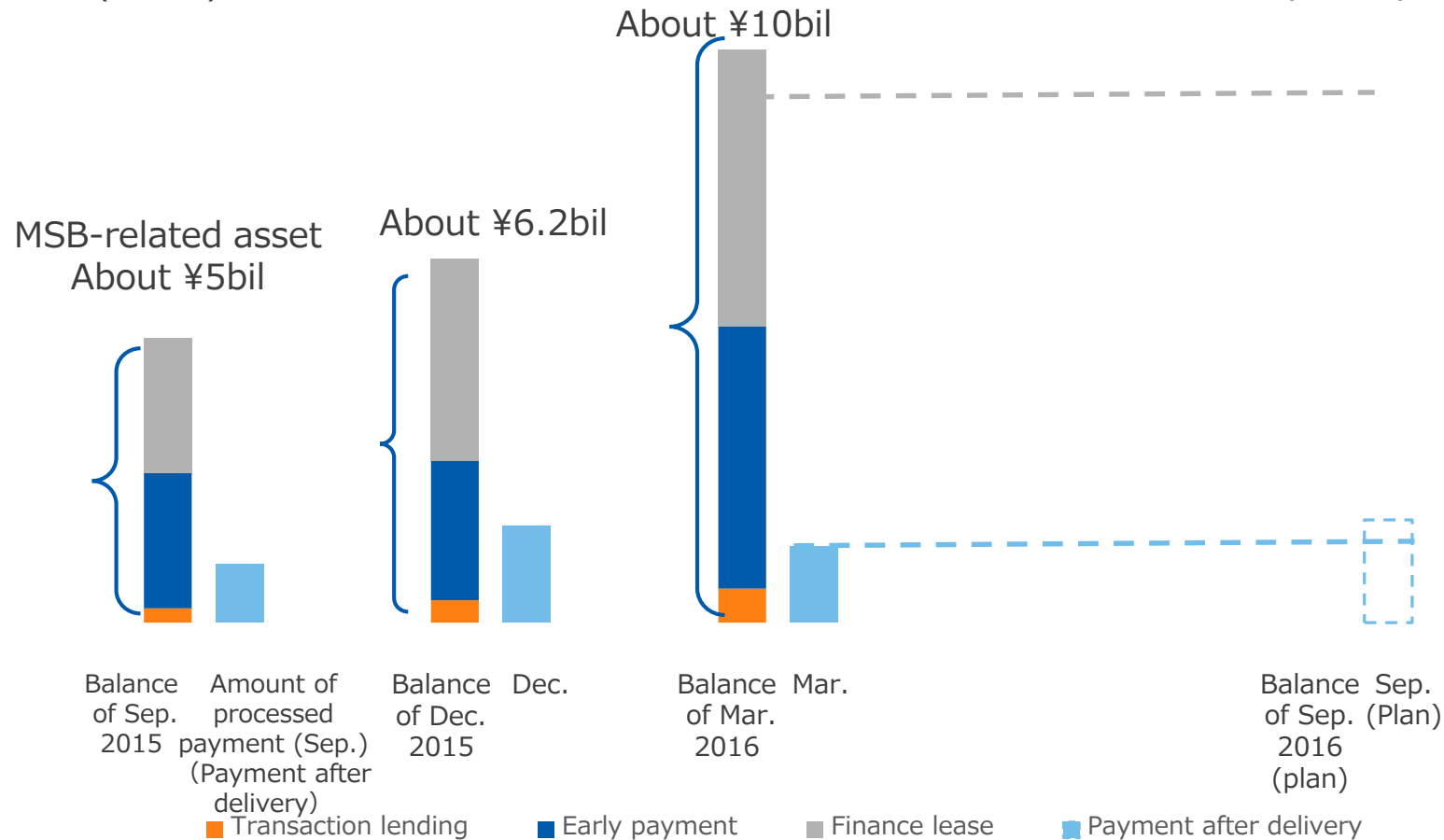
MSB-related asset increased more than annual plan

MSB-related sales
About ¥0.9bil
(annual)

MSB-related sales
About ¥0.4bil/1Q

MSB-related sales
About ¥1bil/1H

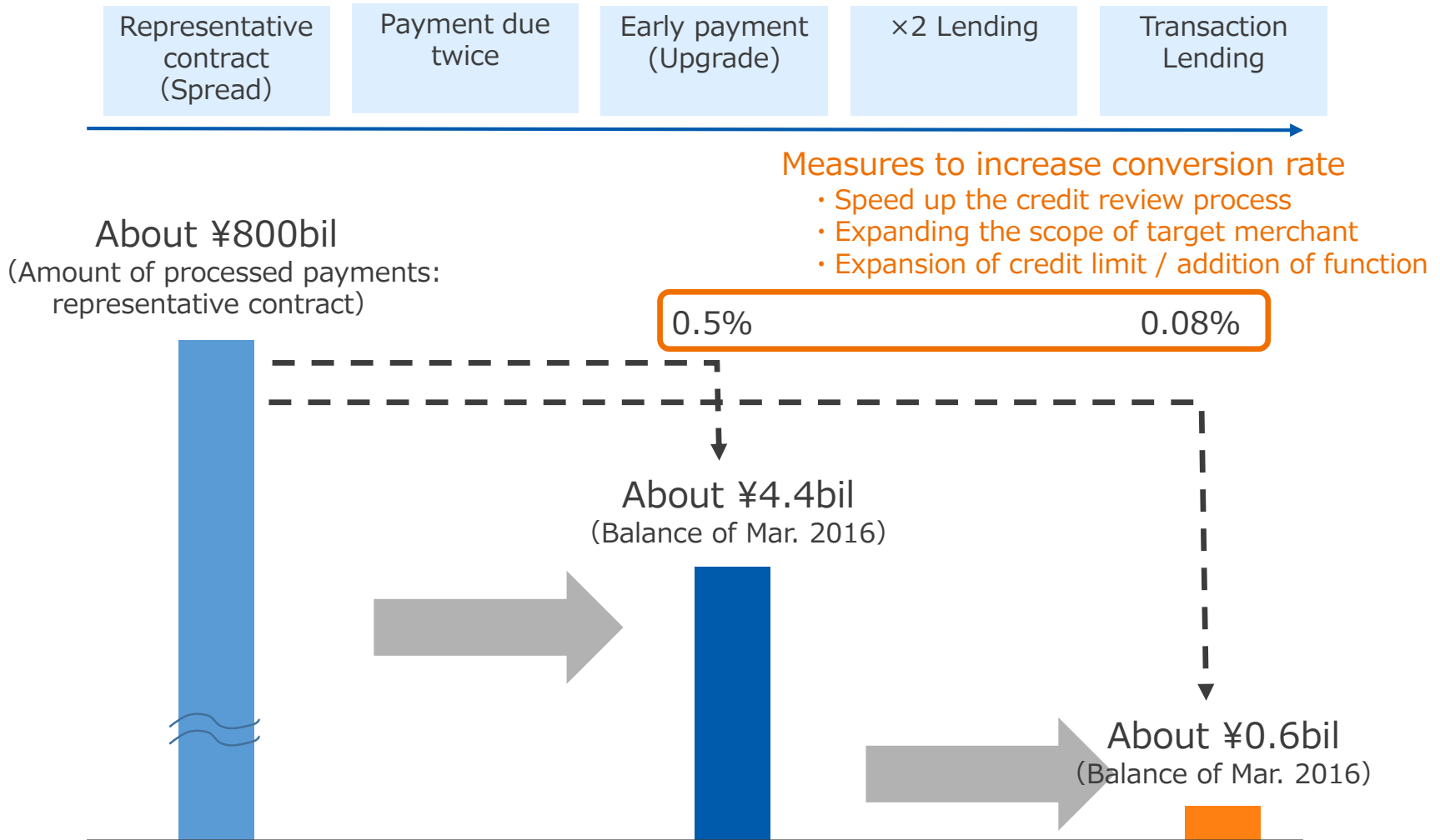
MSB-related sales (Plan)
About ¥1.7bil
(Annual)



2.4.2 New business : MSB

To develop lending businesses in stages

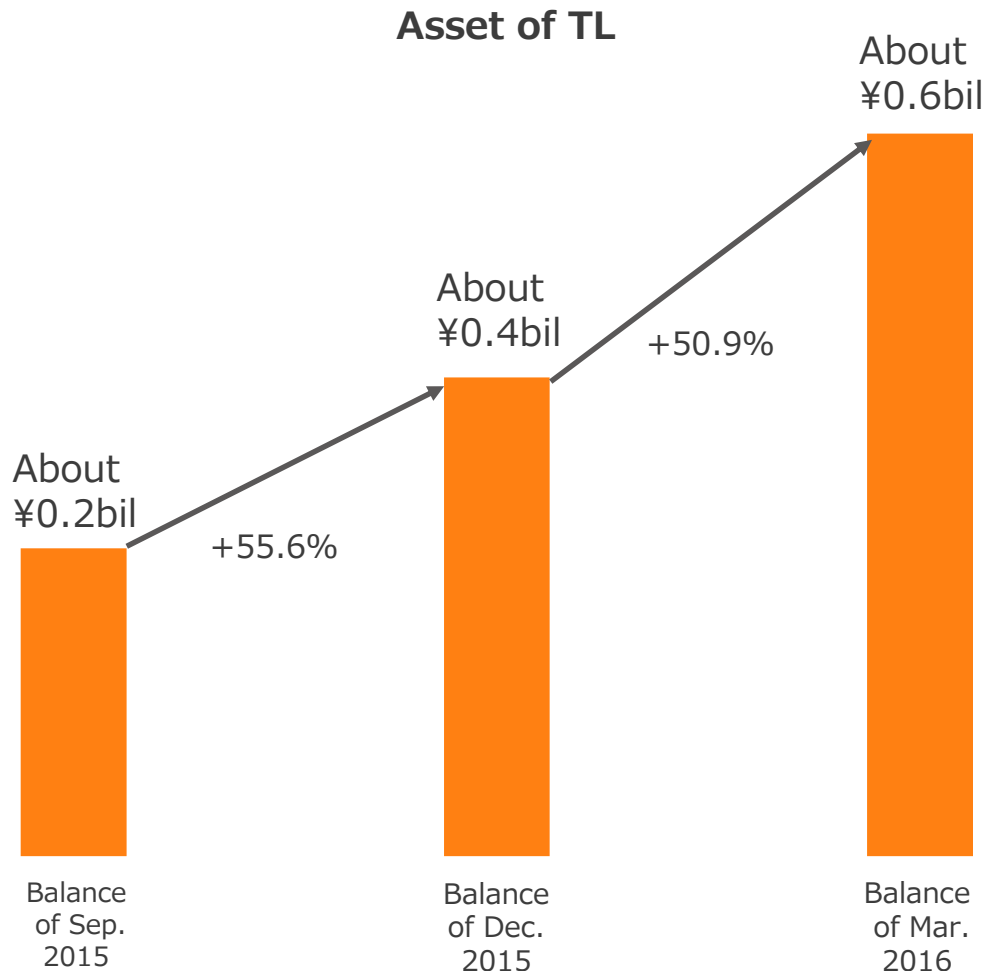
3



2.4.3 New business : MSB

Asset of Transaction Lending steadily increased

3



※ About our TL service

Total number : Above 300

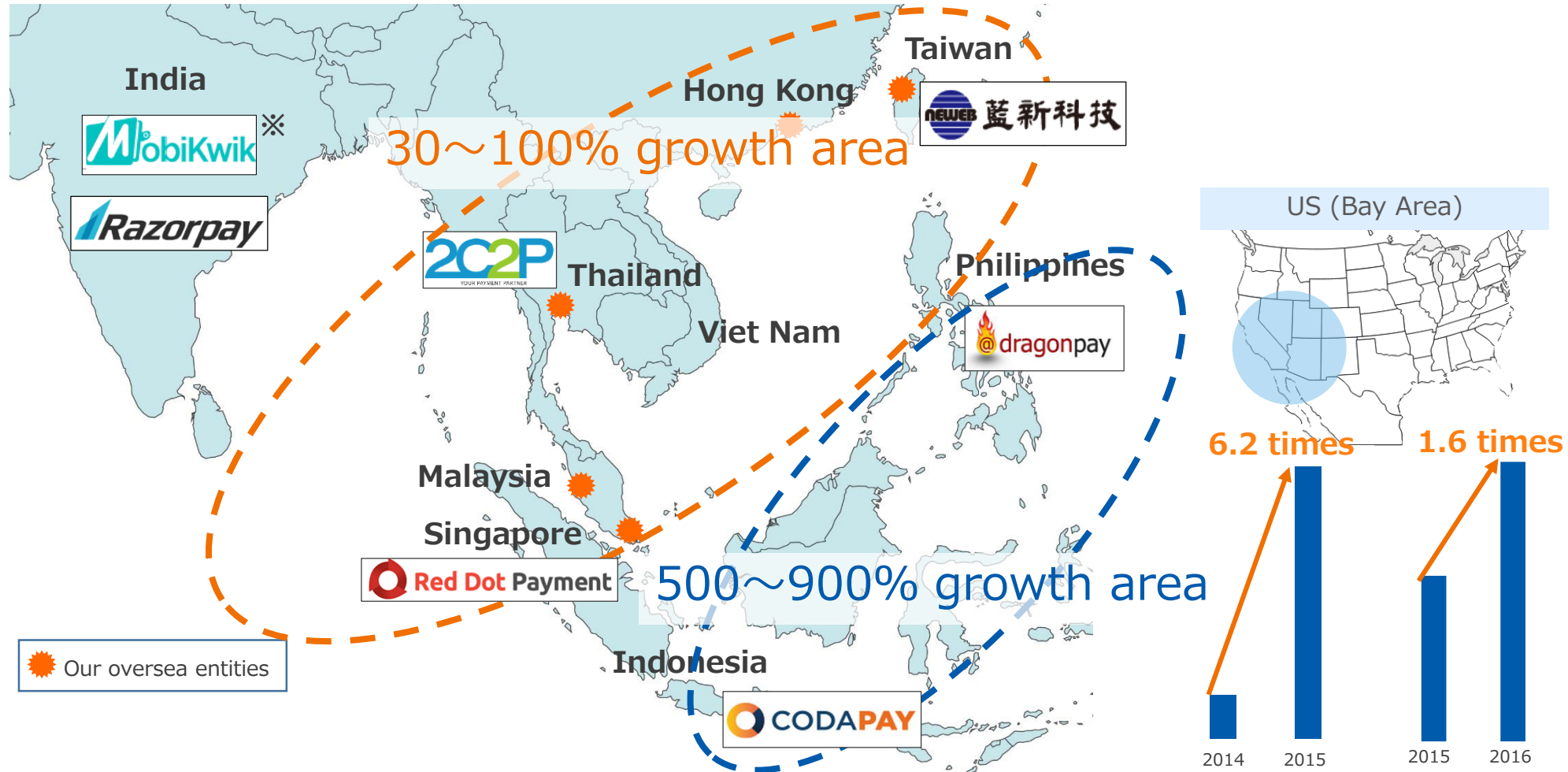
Average interest rate : 4~7%

Bad debt ratio : less than 0.5%

※ Track record of GMO-PG and GMO Epsilon
Total number : cumulative TL transition
Average interest rate : recent track record
Bad debt ratio : (bad debt losses)/(average loan balance)

2.5.1 New business : Global business

Expanding geographic coverage in India



※2016/4/27 GMO-PG made investment through GMO-GPF in "MobiKwik", which offers mobile wallet services in India.

2.5.2 New business : Global business

Steady progress in overseas business, especially in Taiwan

■ Started advertisement in Taiwan

台湾EC決済ソリューション

2014年B2C市場規模実績

台湾のEC市場は昨年アジア全体の3倍以上

海外進出する企業様はどのような心配をしている？

輸出先の法制度や商習慣の知識がない...	53.2
輸出先の市場動向についての知識がない...	47.0
信頼できるパートナーがない...	46.8
他にも「手続きに時間がかかる...」「現地の言語を扱える人がいない...」などお悩みが多いのが海外進出	45.0
その他	35.6

10 times Compare to last year

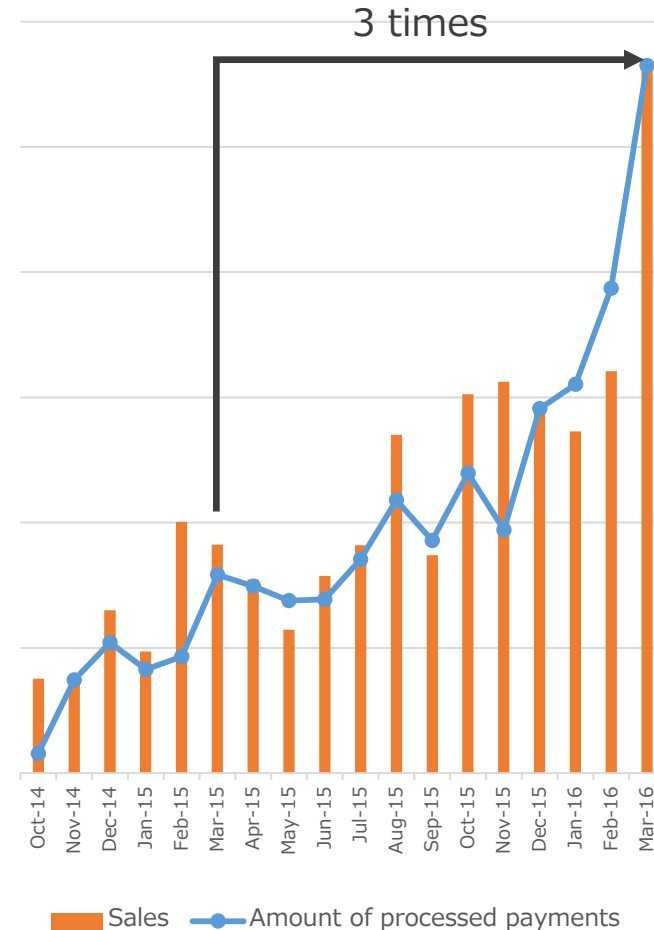
As we confirmed the effects, strengthening the activity to cultivate new merchants



The number of inquiries has increased

10 times
Compare to last year

■ Amount of processed payments, Sales in upward trend



<https://www.gmo-pg.com/lpc/taiwan/>

3. Financial highlights

3.1 Summary of the consolidated results

Sales and income exceed the forecast

(Million yen)	1H of FY2016		YoY		1H of FY2015	
	Actual	Sales composition	Growth	Growth rate	Actual	Sales composition
Sales	5,730	100.0	1,567	37.7%	4,162	100.0
Cost of sales	1,297	22.6	439	51.3%	858	20.6
Gross income	4,432	77.4	1,127	34.1%	3,304	79.4
SG&A	2,553	44.6	736	40.5%	1,817	43.6
Operating income	1,879	32.8	391	26.3%	1,487	35.7
Ordinary income	1,918	33.5	388	25.4%	1,530	36.8
Net income	1,151	20.1	214	22.9%	937	22.5
Net income per share(Yen)	31.01	-	-	-	27.14	-

※Our company issued 2,587,300 shares of common stock through a third-party allotment with a payment date of June 25, 2015

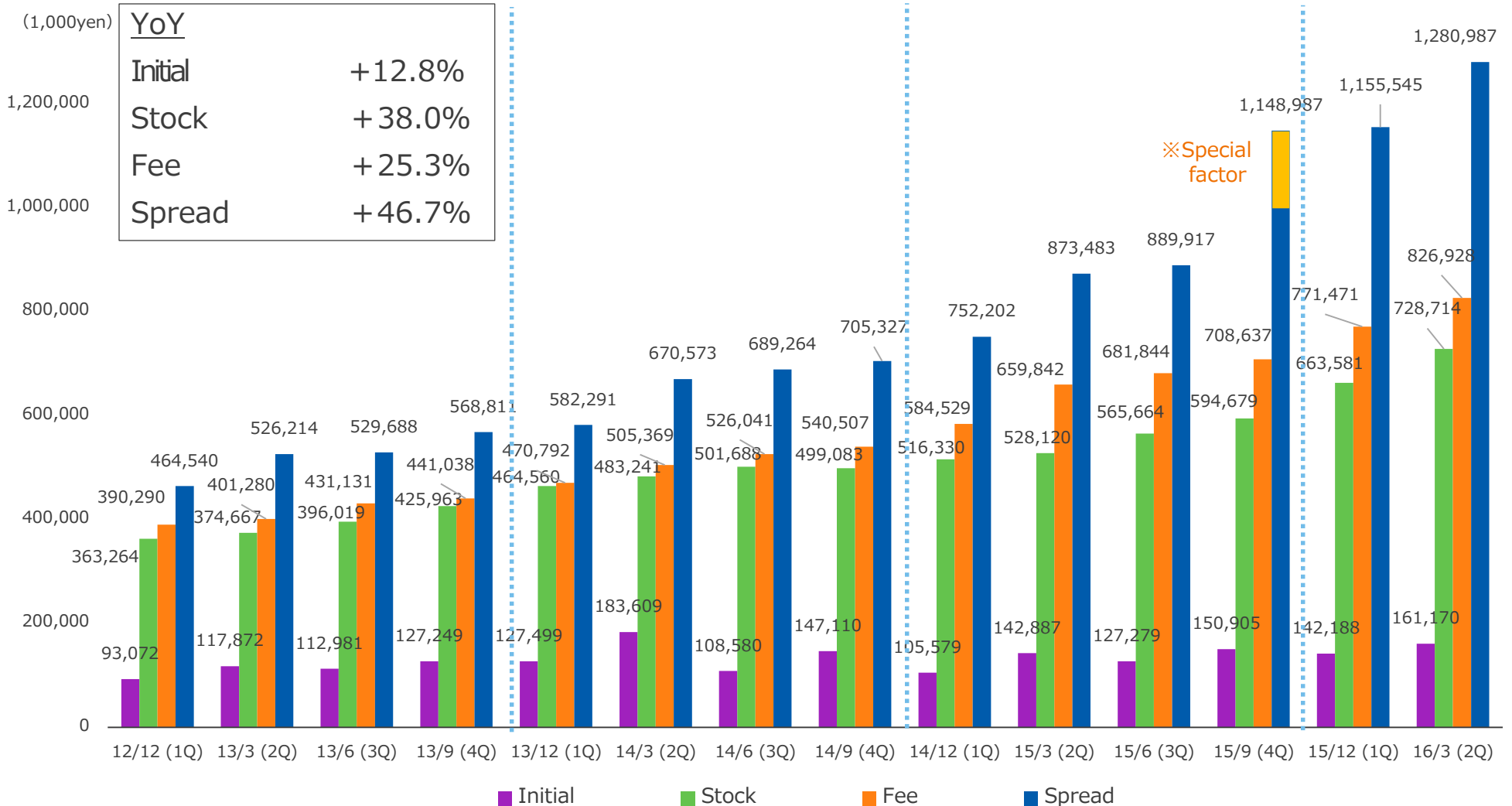
3.2 Summary of the consolidated balance sheets

MSB linked to current assets

(Million yen)	Results for 2Q, FY2016	Results for 2Q, FY2015	Change	(Million yen)	Results for 2Q, FY2016	Results for 2Q, FY2015	Change
Current assets	43,788	29,178	14,609	Current liabilities	32,355	24,470	7,884
Cash and deposits	31,171	26,068	5,103	Deposits	26,923	22,166	4,756
Lease receivables	4,713	143	4,570	Deposits by merchants through representative merchant service			
Advance payments	3,191	943	2,248	*Discrepancy occurs with the pace of merchants' sales growth due to change in merchants' cutoff date and payment cycle			
Accounts receivable	1,354	776	578	Accounts payable	2,574	1,119	1,455
Allowance for doubtful accounts	△258	△123	△134	Other current liabilities	2,858	1,185	1,673
Other current assets	3,617	1,371	2,246	Non-current liabilities	217	177	39
Fixed assets	5,414	2,734	2,680	Short-term loan receivables (=TL-related asset) is included in "Other current assets"			
Tangible fixed assets	204	209	△4	Shareholders' equity	16,548	7,150	9,398
Intangible fixed assets	1,153	819	333	Capital stock	4,712	710	4,002
Software	810	673	136	Total Accumulated other comprehensive income	80	110	△30
Investments and other assets	4,056	1,705	2,351	Third-party allotment			
Total assets	49,203	31,912	17,290	Total net assets	16,630	7,264	9,365
				Increase in investment securities and investments in other securities of subsidiaries and affiliates			
				Total of liabilities and net assets	49,203	31,912	17,290

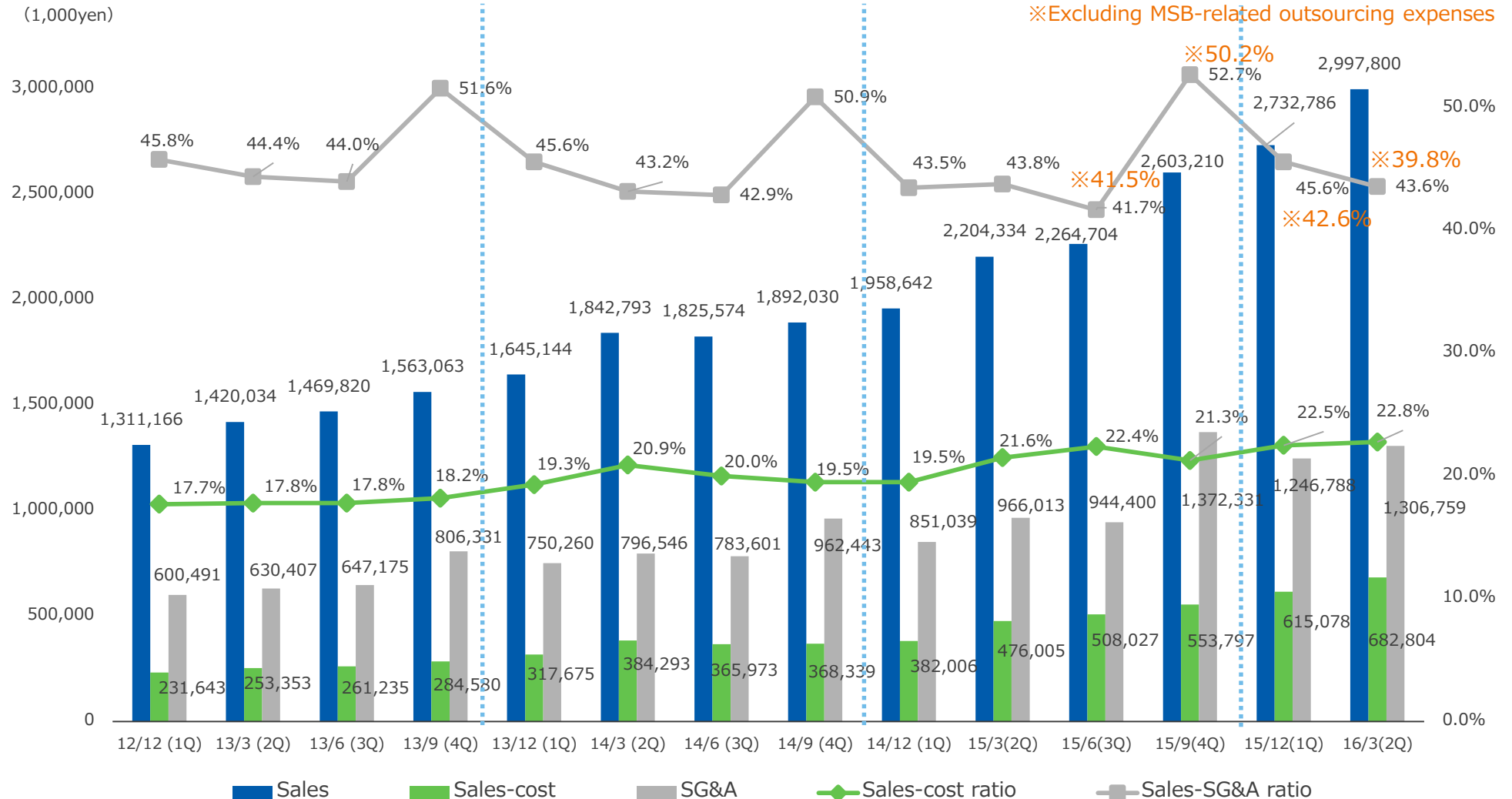
3.3 Revenue Breakdown

Spread revenue up 46.7%



3.4 Cost of sales ratio/SG&A ratio

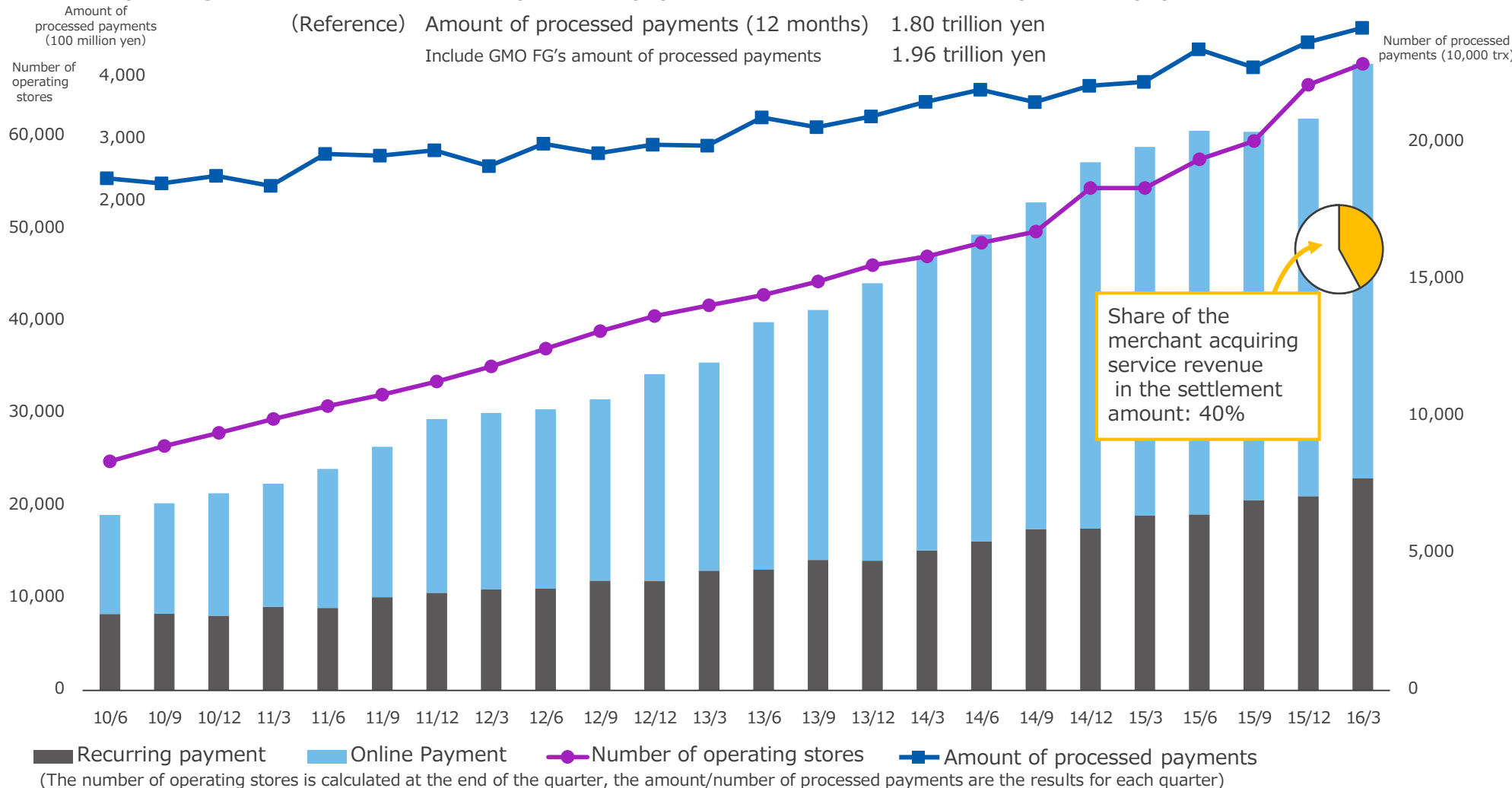
The sales-cost ratio increased due to the sales mix



3.5 Transition of the major factors

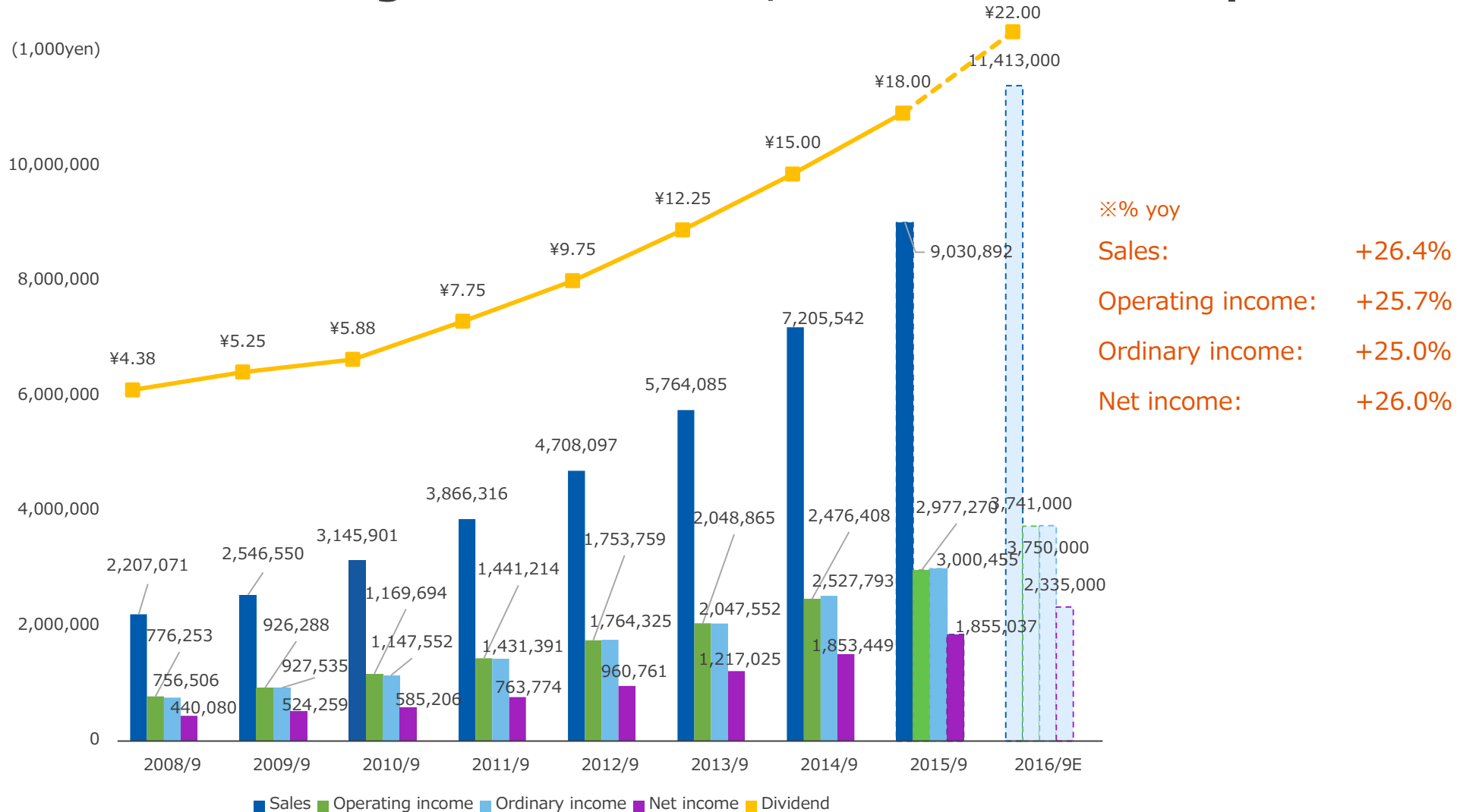
Amount of processed payment will exceed ¥2 trillion

Number of operating stores 67,921 / Amount of processed payments ¥470 billion / Number of processed payments 228 million



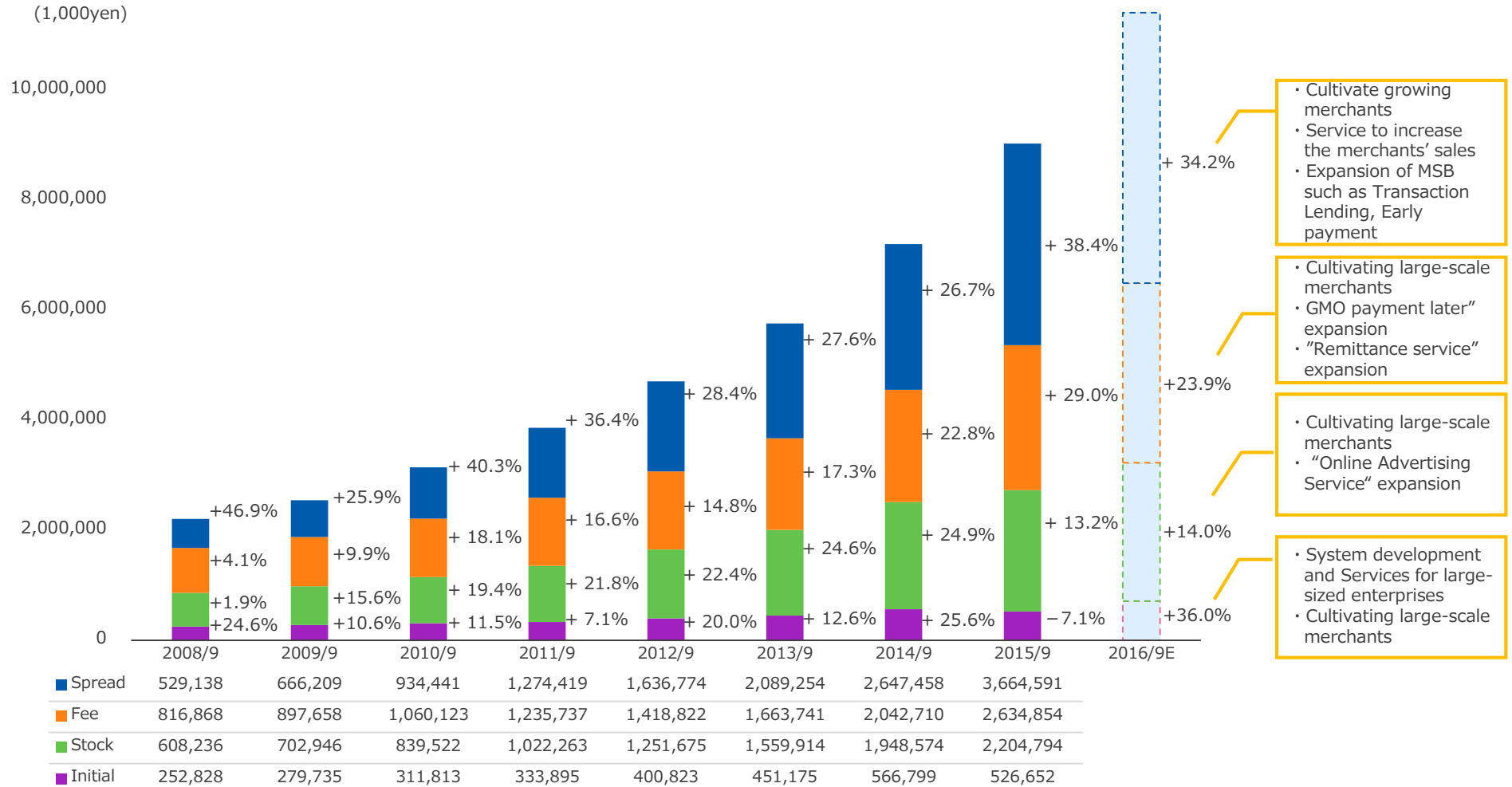
3.6 Summary of the consolidated results

Forecast: income growth of +25%, dividend of ¥22.0 per share



3.7 Revenue Breakdown

Action plans to realize the growth



※% yoy

Thank you very much!

GMO PAYMENT GATEWAY

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

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

For more information, please contact the Corporate Value Creation Strategy Division

Investor relations office TEL:+81-3-3464-0182