

Supplementary Information

Financial results briefing for the 2Q of FY2016

May 2, 2016

GMO Payment Gateway, Inc.
(3769: Tokyo Stock Exchange section-1)

GMO PAYMENT GATEWAY

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

Online payment

Our group business field is mainly online payment

Face-to-face payment



(Point)

- Must present credit card
- Must provide signature
- Use terminals such as POS terminal & CAT terminal

Online payment



(Point)

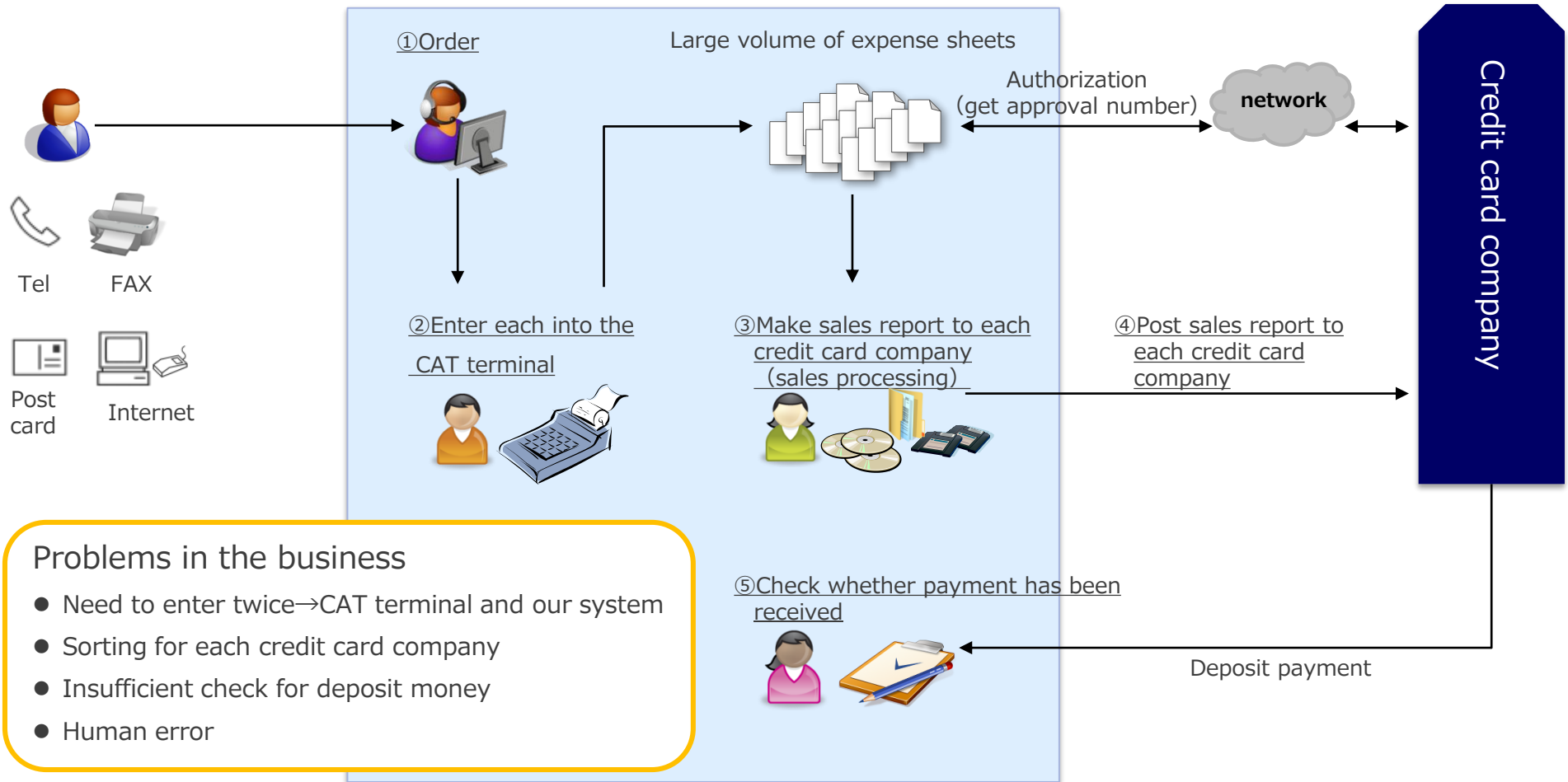
- No need to present credit card
- Use postcard, telephone, fax
- Use Internet
- Use automatic payment machine which registers credit card number in advance

Business outline of payment processing company

Problems of the existing online credit card payment

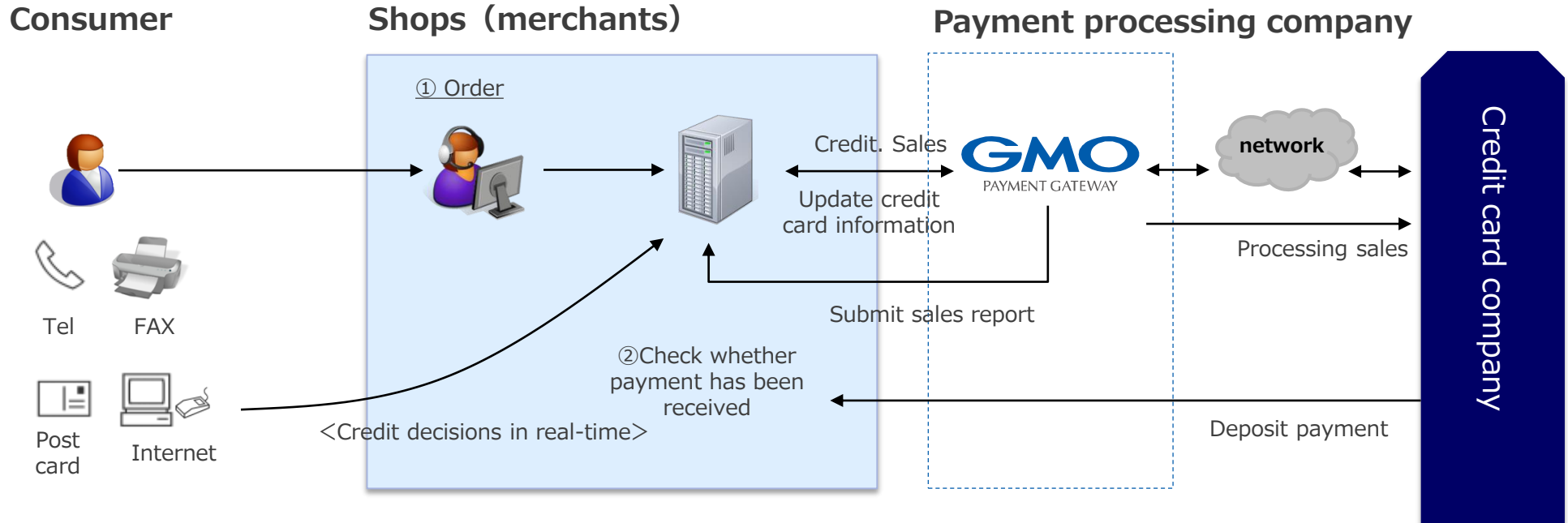
Consumer

Shops (merchants)



Business outline of payment processing company

Payment processing service which could do credit card payment operation efficiently



In the early days of EC, offline processing was done for online credit card payments between merchants and credit card companies, increasing the burden of each.

To solve this problem, payment processing companies have been established and made it easier to do business.

Business outline - The role of our group

We connect merchants and businesses dealing with contracts, payment information and money transactions

Consumer



Compute



Smartphone

Merchants

<merchants=Our Customers>

About 67,921 shops

Narrow definition EC

- Internet Shopping

Public money

- National Broad Casting
- Prefectures (Tokyo, Osaka)

Service Commerce

- Donation
- House rent
- Tuition fee
- Rental fee for Wi-fi

O2O

- Reserve for rental car
- Reserve for lunch box

Our Company



Business related

More than 40 credit card companies

Convenience stores

Electronic money

Pay-easy

Cash on Delivery

Account transfer

Wallet settlement

Carrier settlement

Online account settlement

Payment after delivery

Global Payment

BitCoin Payment

Multi-Currency payment

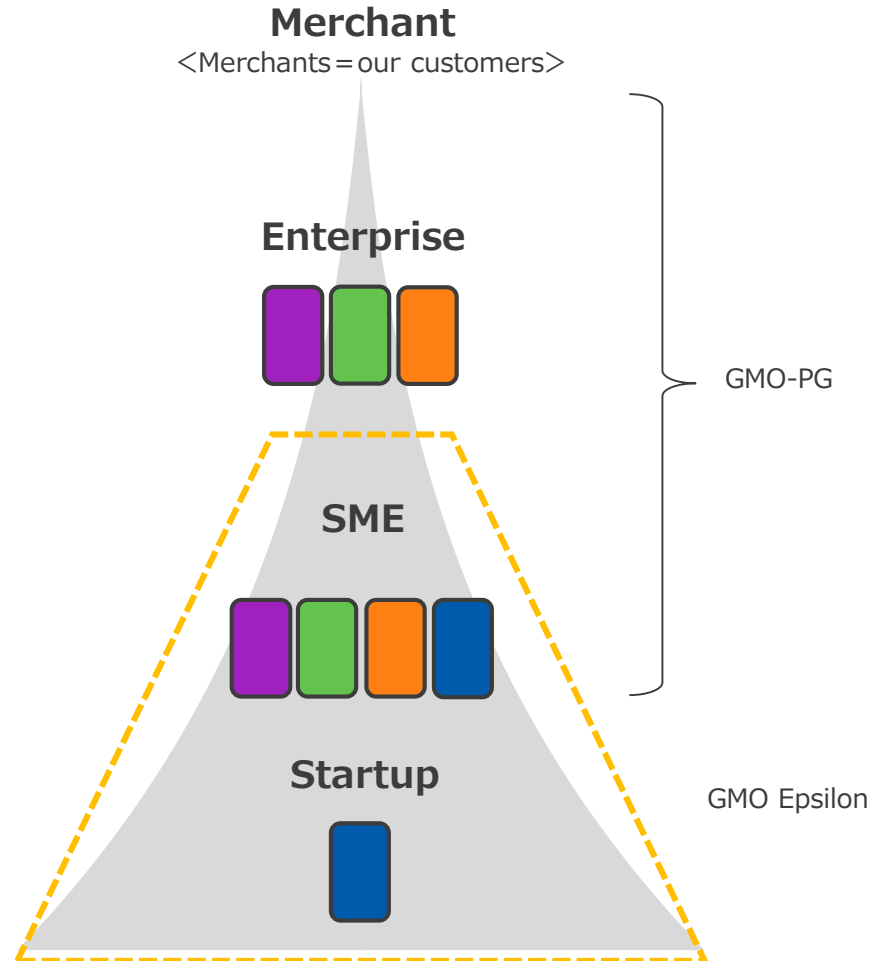
etc.

Revenue model for credit card payments

Revenue model by merchant scale

■ Revenue breakdown

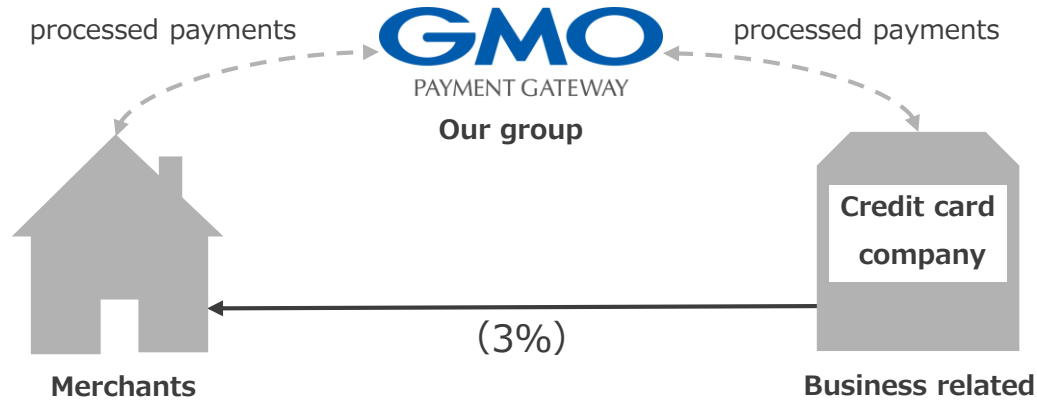
- Initial**
Initial introduction fees
Coefficient : Number of merchant newly acquired
Sales : Number of new merchant acquired × ~Yen /time of introductions
- Stock**
Customer support and maintenance fee
Coefficient: Number of merchant
Sales : Active merchants × ~Yen/month
- Fee**
Fee charge per transaction(number)
Coefficient: Number of payment processed
Sales : Number of payments processed × ~Yen
- Spread**
Fee charge per transaction (amount)
Coefficient: Number of payment processed
Sales : Number of payments processed × ~%



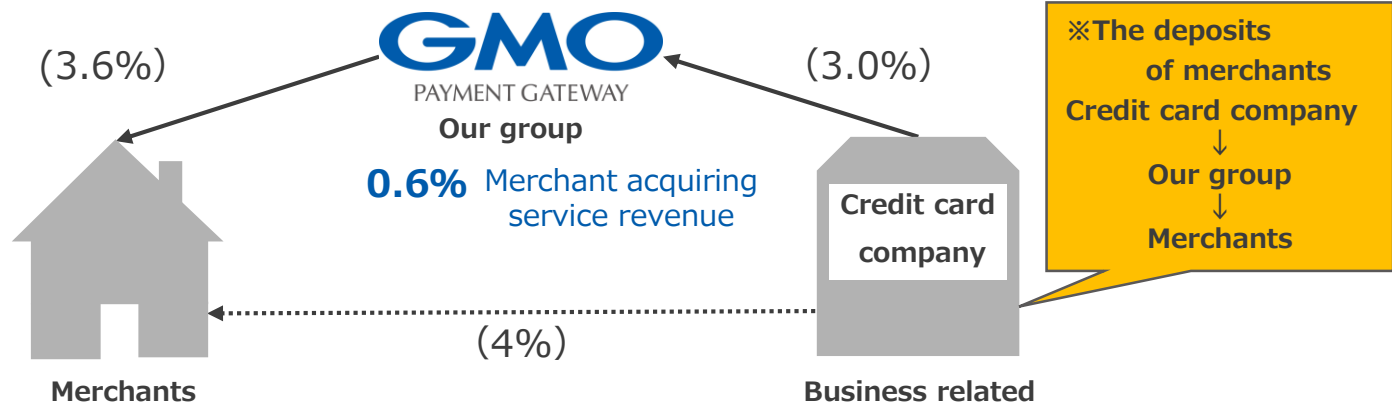
Two types of contract form

Contract type and the flow of money

Direct contract with merchants



Representative contract with merchants

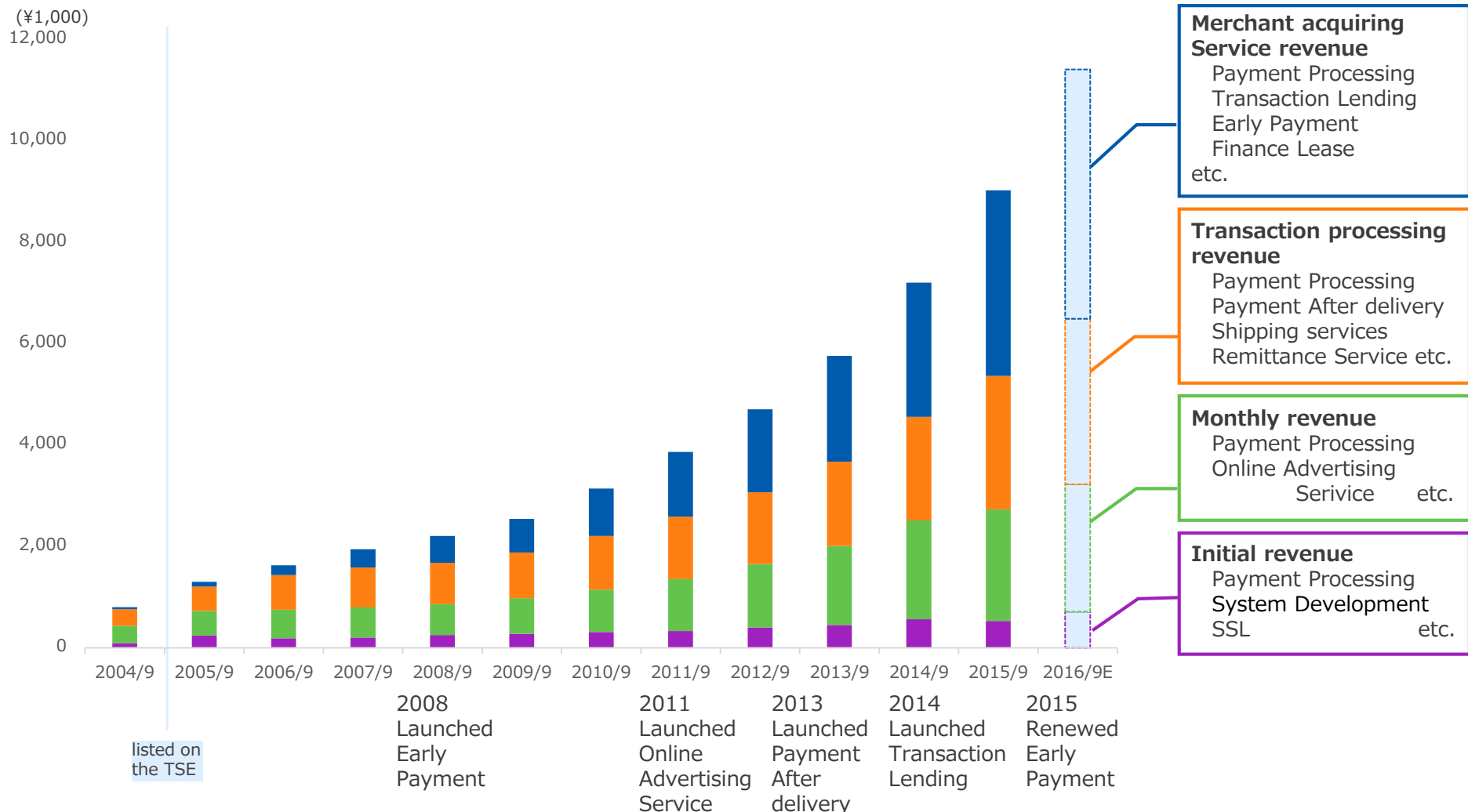


※Numbers are provided for illustration purposes only.

← The deposits of merchants

Revenue breakdown

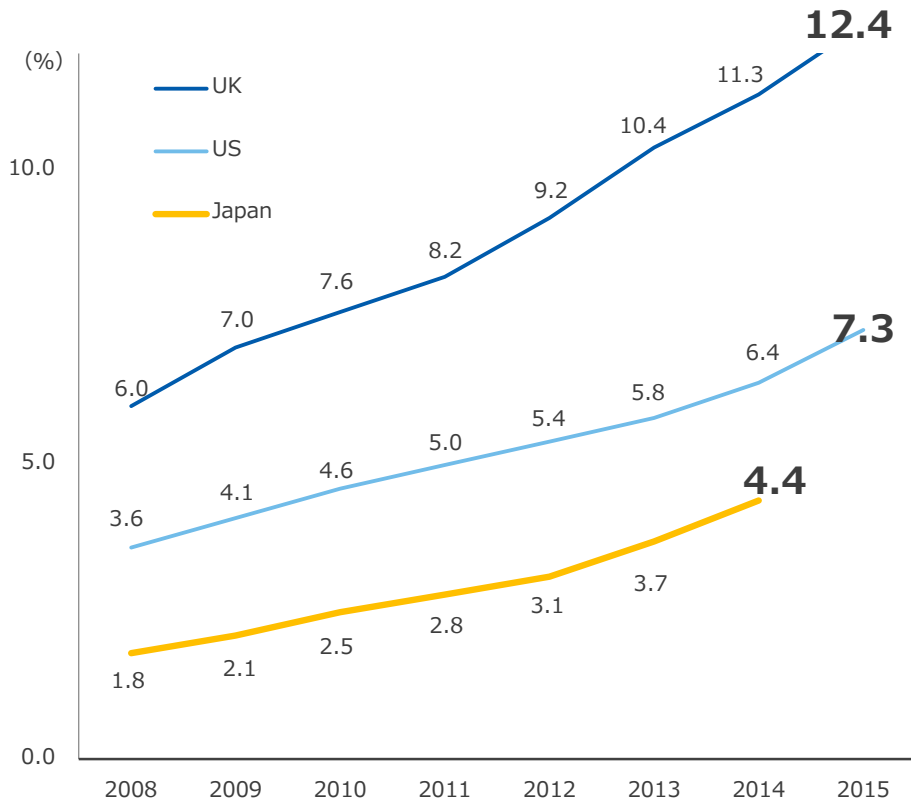
Action plans to realize the balanced growth



Growth potential of the EC market in Japan

Low EC ratio and high cash payment ratio

■ EC ratio



■ The ownership rate of credit cards

(2014)	Credit card usage ratio (A)	Debit card usage ratio (B)	A+B
UK	14 %	37 %	51 %
US	24 %	19 %	43 %
Korea	69 %	15 %	84 %
Australia	31 %	23 %	54 %
Japan	15 %	-	15 %

Ratio=(Amount handled by CC or DC) / (Private final consumption expenditure)

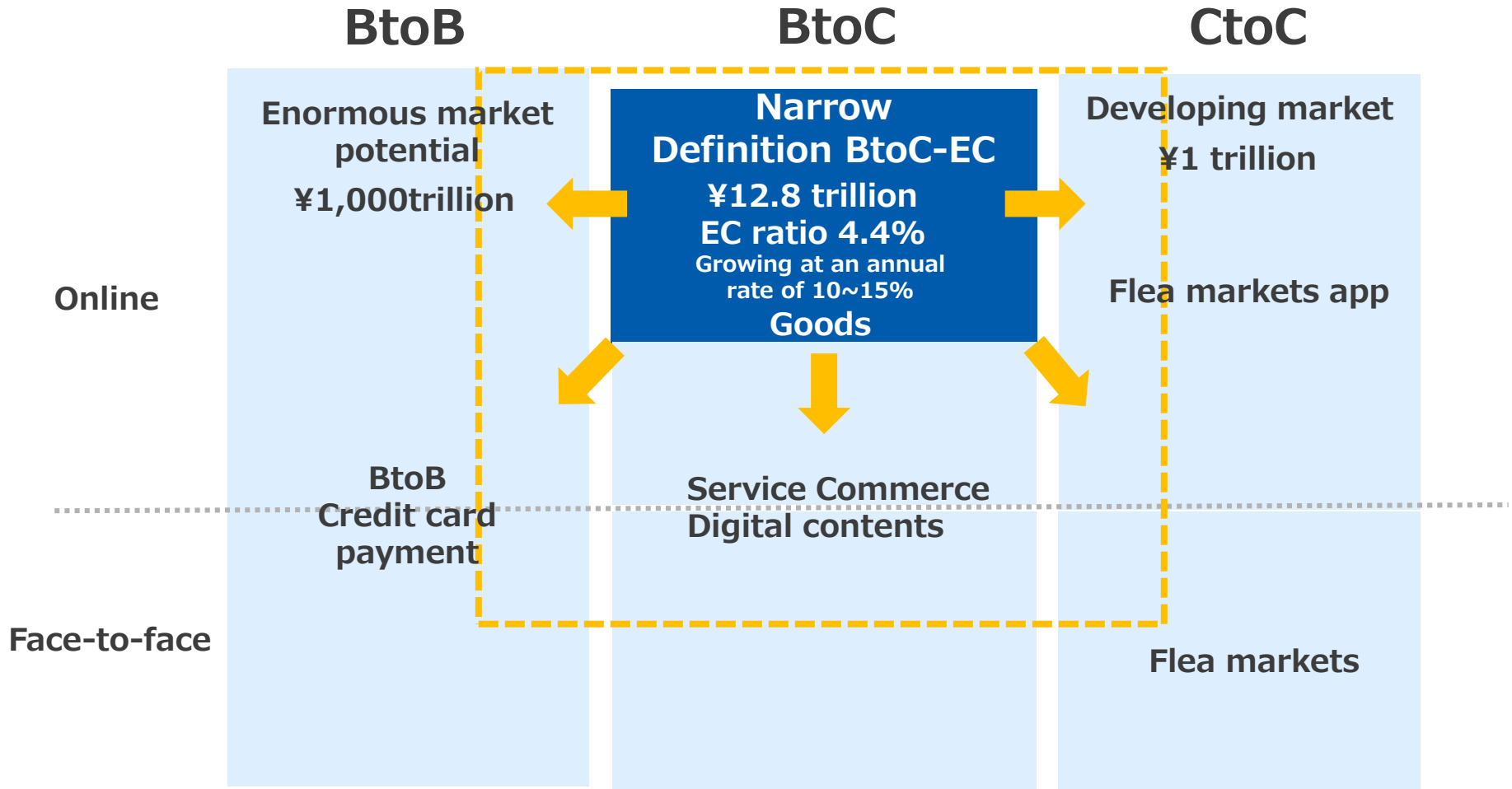
References : METI, [Market report in regard to EC 2014] , American Bureau of the Census 「QUARTERLY RETAIL E-COMMERCE SALES 4th Quarter 2015」 ,Office for National Statistics [Retail Sales, March 2016]

※ Estimated by GMO-PG, CPSS Red Book

THE WORLD BANK 「Household final consumption expenditure (current US\$)」

Our approach for Japan's EC market

Approaching to all EC market for a rapid growth



※Reference : METI, [Market report in regard to EC 2014]

Expansion of public funds and utility payments

Our approach to these public money payments

zei.tokyo (Metropolitan Tax Credit Card Payment Site)

Launched
April
2015

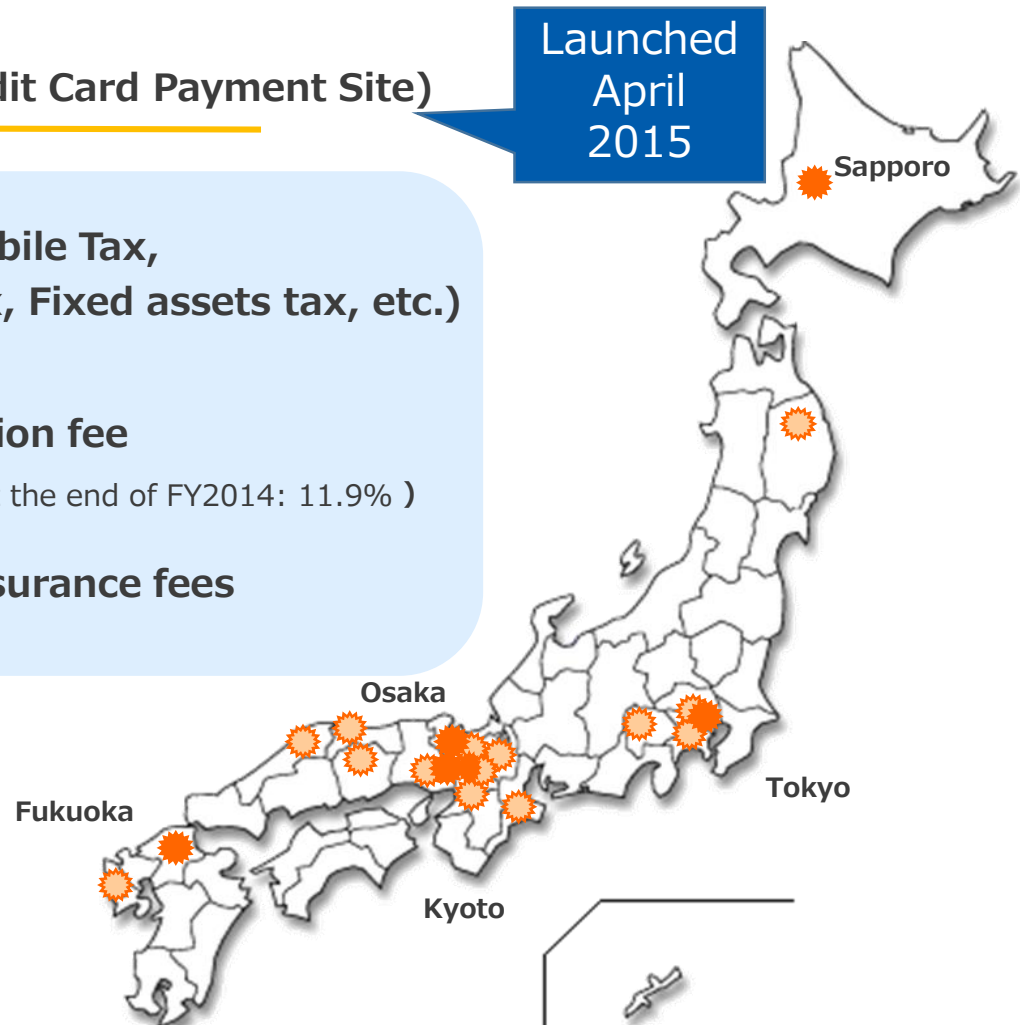
Local governments etc. : Local Tax (Automobile Tax,
Light vehicle tax, Fixed assets tax, etc.)

NHK : Broadcast subscription fee
(Credit card usage rate at the end of FY2014: 11.9%)

Japan Pension Service : National pension insurance fees

Great potential for expansion

Maintenance fees, Cram school tuition fees
Parking fees, Charge for a school meal, etc.



※Nippon Housou Kyoukai Business Report for FY2014

Definition of Money Service Business (MSB : Financial Business)

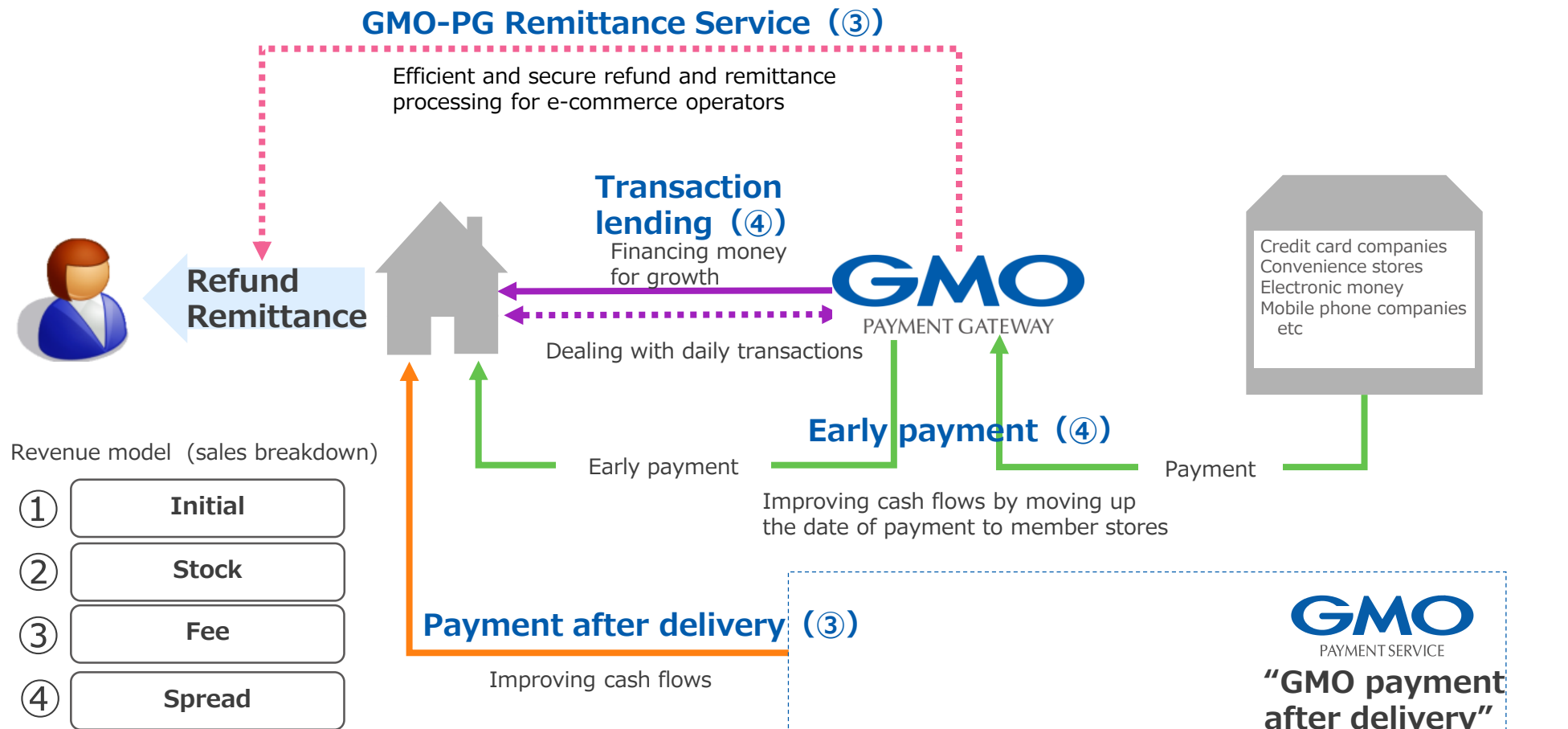
Financial services that only payment processing company can provide

Consumer

Merchant

GMO-PG group

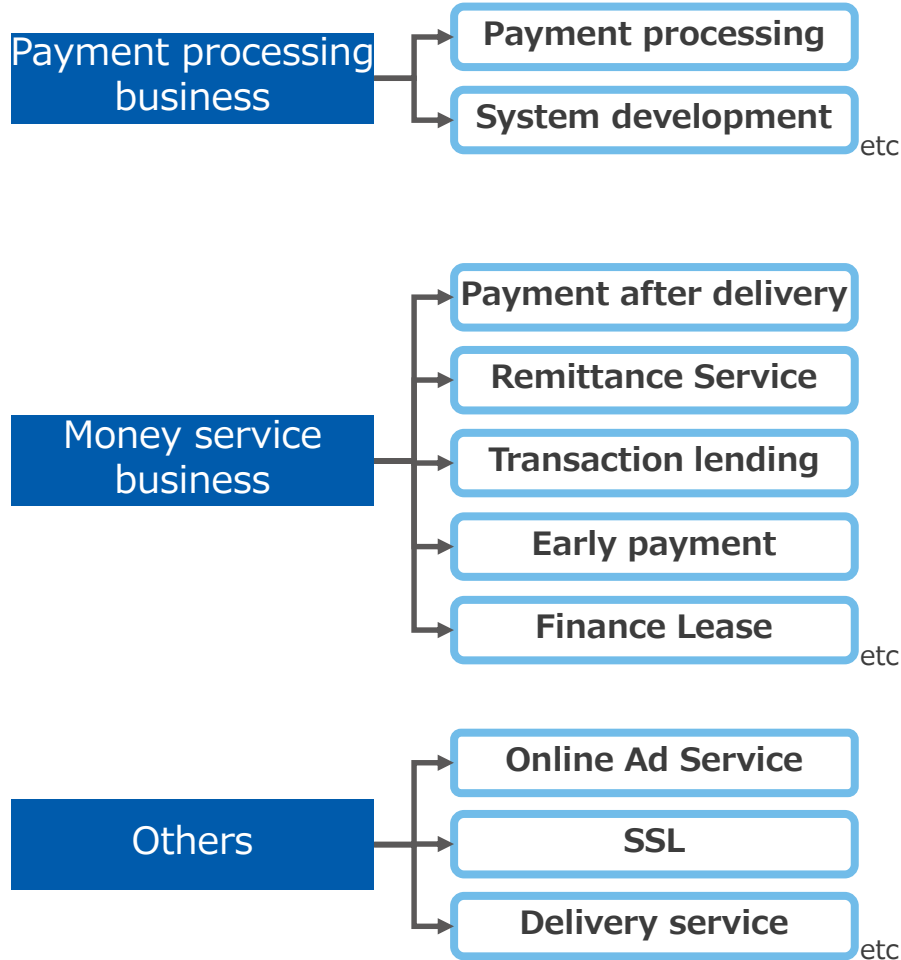
Business related



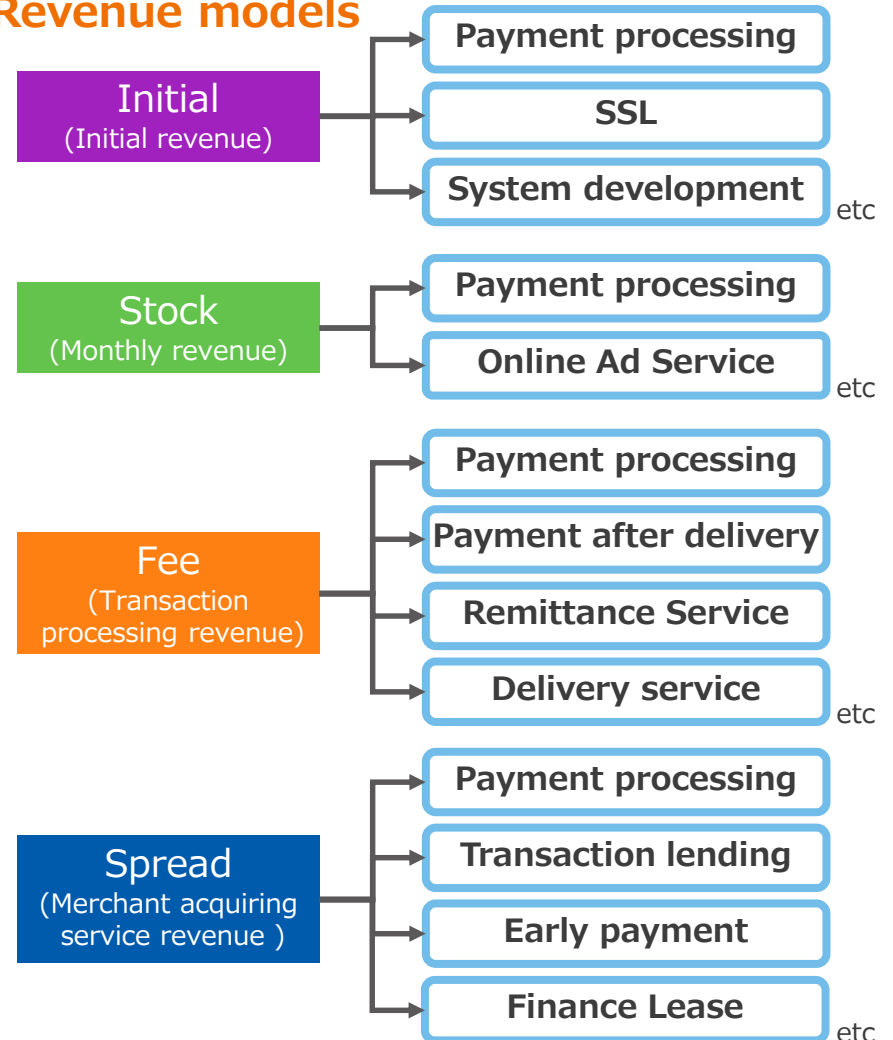
Segment/Revenue model/Service

3 Segments and 4 Revenue models

3 Segments



4 Revenue models

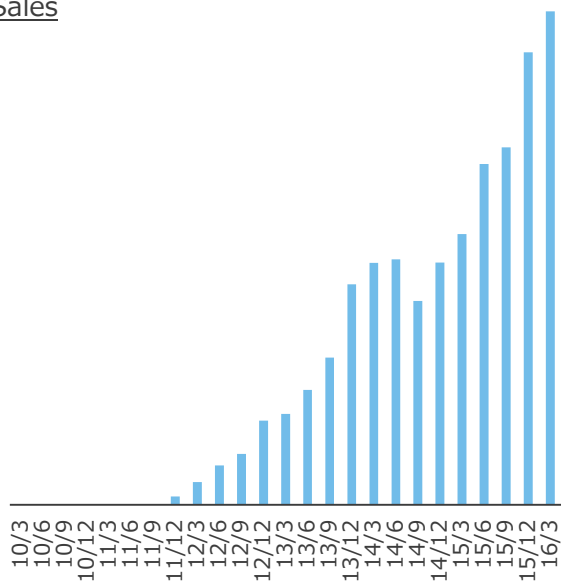


New Business

GMO-PG group's new business and profit status

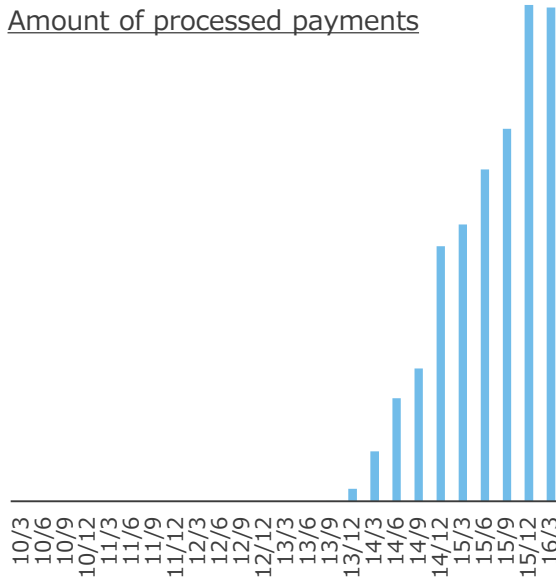
■ Online Advertising Service (GMO-PG)

Sales



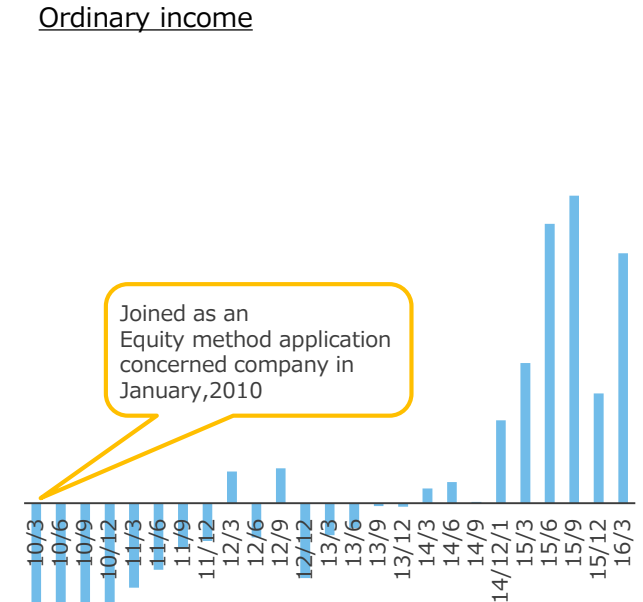
■ GMO-PS

Amount of processed payments



■ GMO-FG

Ordinary income



GMO-PG Group

GMO Payment Gateway's subsidiaries and affiliated company

GMO PAYMENT GATEWAY, Inc.

< Consolidated subsidiary >

Multiple payment (small scale)

GMO Epsilon, Inc.

(Financial results for the term ending September 30,2015)

Sales : 1,865 million yen, Ordinary income : 1,220 million yen

Payment after delivery

GMO Payment Service, Inc.

Overseas

GMO PAYMENT GATEWAY PTE. LTD.

(Singapore)

GMO PAYMENT GATEWAY HONG KONG LIMITED

(Hong Kong, Taiwan)

GMO PAYMENT GATEWAY MALAYSIA SDN. BHD.

(Malaysia)

GMO PAYMENT GATEWAY (THAILAND) CO.,LTD.

(Thailand)

< Equity-method affiliate >

Face-to-face field

GMO Financial Gate, Inc.

(As of April,2015) Proportional share 49.7%

The company changed its name from Consumer Open Center on April 10,2015

Multiple payment

SMBC GMO PAYMENT

(Established November,2 2015) Proportional share 20.0%

Company outline

■ Name	GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange section-1)	
■ Date of establishment	March 1995	
■ Location	1-14-6, Dogenzaka, Shibuya-ku, Tokyo, Japan	
■ Capital stock	4,712 million yen	
■ Major shareholders	GMO Internet, Inc.、 Issei Ainoura ,etc	
■ Members of the Board	Chairman & Director	Masatoshi Kumagai
	President & Representative Director	Issei Ainoura
	Executive Vice President	Ryu Muramatsu
	Executive Vice President	Satoru Isozaki
	Managing Director	Yuichi Hisada
	Director	Yasuhiko Kimura
	Director	Tomoyuki Murakami
	Director	Tadashi Ohshima
	Director	Shinichi Sugiyama
	Director	Yusuke Arai
	Senior executive officer	Takeshi Yoshii
	Senior executive officer	Masaru Yoshioka
	Executive officer	Katsunari Mukai
	Executive officer	Jyunya Tokuyama
	Executive officer	Yoshikazu Yanagishima
	Executive officer	Kazunari Taguchi
	External Director	Masaya Onagi
	External Director	Akio Sato
	Auditor	Yasuhiro Kanda
	External Auditor	Akihiro Suzuki
	External Auditor	Masashi Yasuda
	Auditor	Takashi Iinuma
	External Auditor	Kazuo Ikeda
■ Managing underwriter	(Main) Nomura Holdings, Inc.、 (Sub) Mizuho Holdings, Inc.	
■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc. GMO PAYMENT GATEWAY PTE. LTD. GMO PAYMENT GATEWAY HONG KONG LTD. GMO PAYMENT GATEWAY MALAYSIA SDN. BHD. GMO PAYMENT GATEWAY (THAILAND) CO., LTD	
■ Affiliated companies	GMO Financial Gate, Inc. SMBC GMO PAYMENT, Inc.	

(As of March,2016)