

Supplementary information

Financial results briefing for the 2Q of FY2017

May 1, 2017

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

GMO PAYMENT GATEWAY

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

Online payment

Our group business field is mainly online payment

Offline (card-present) 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

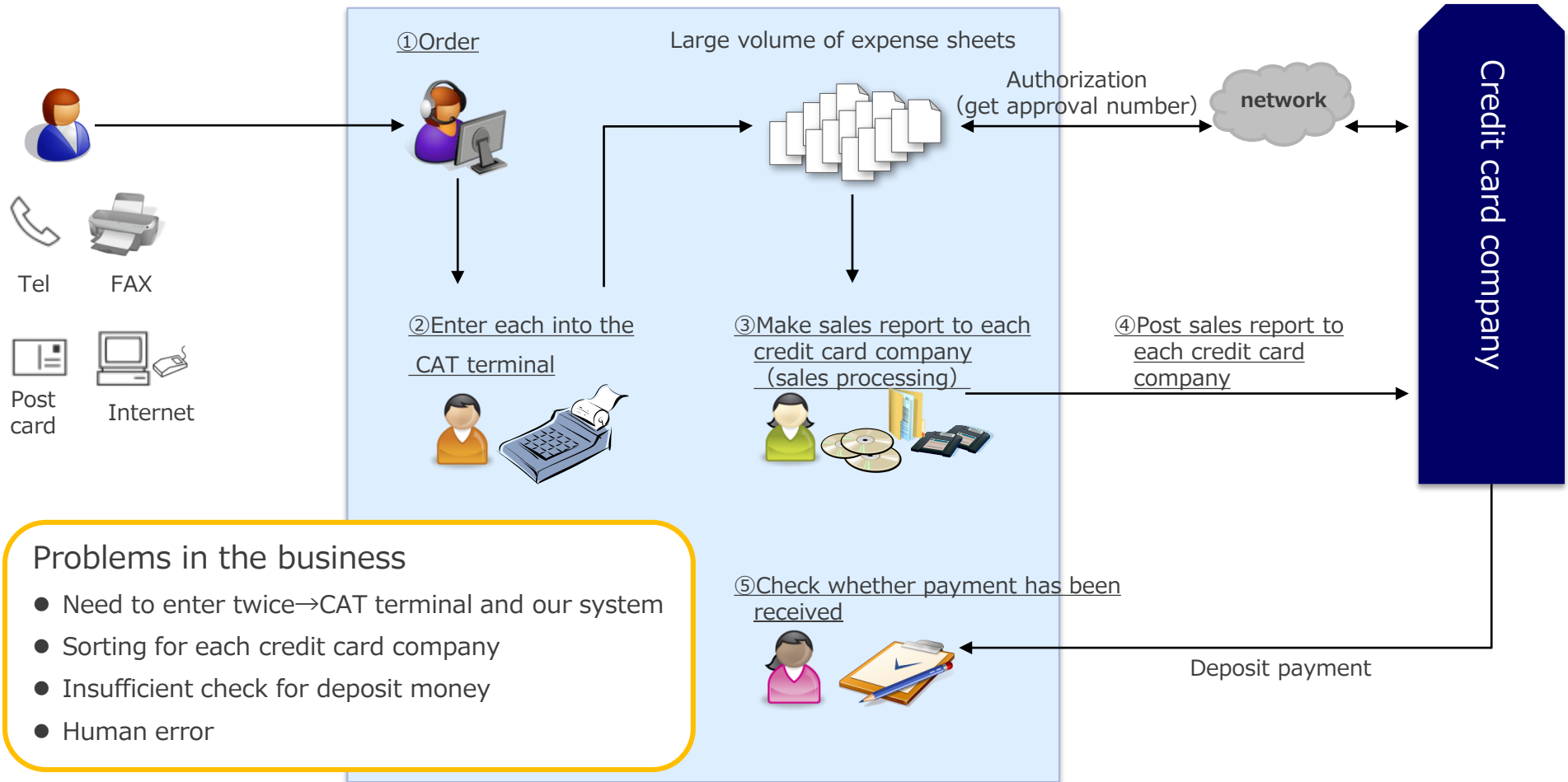
Use automatic payment
machine which registers credit
card number in advance

Business outline of payment processing company(1)

Problems of the existing online credit card payment

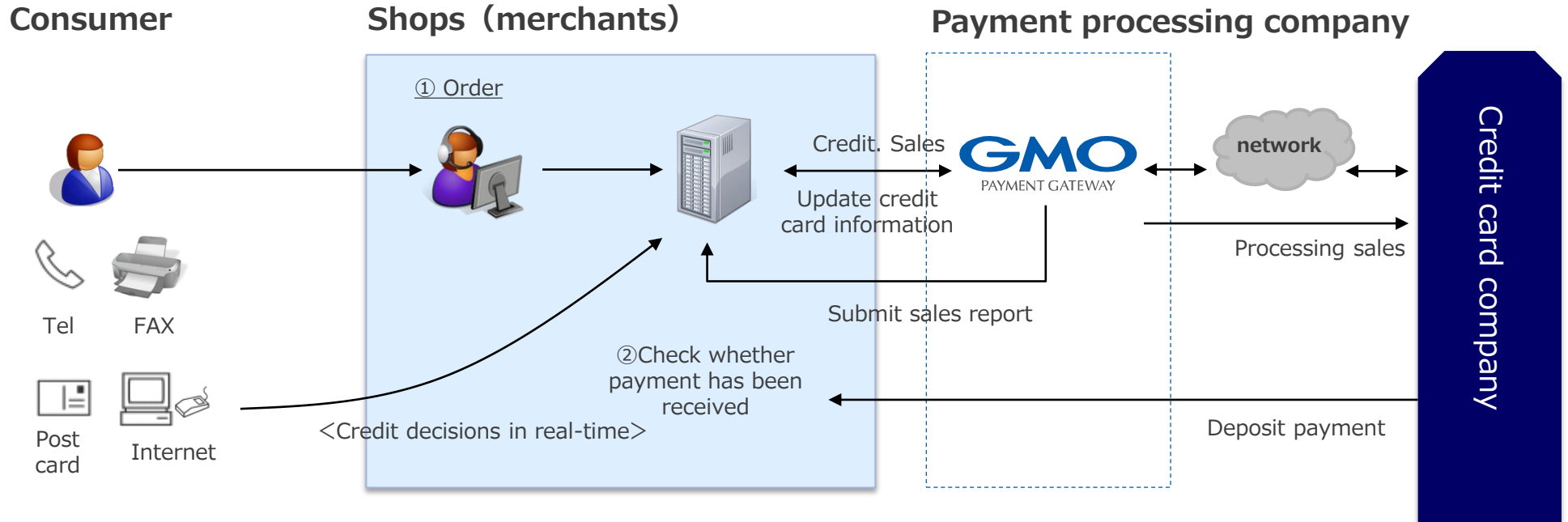
Consumer

Shops (merchants)



Business outline of payment processing company(2)

Payment processing service which could do credit card payment operation efficiently

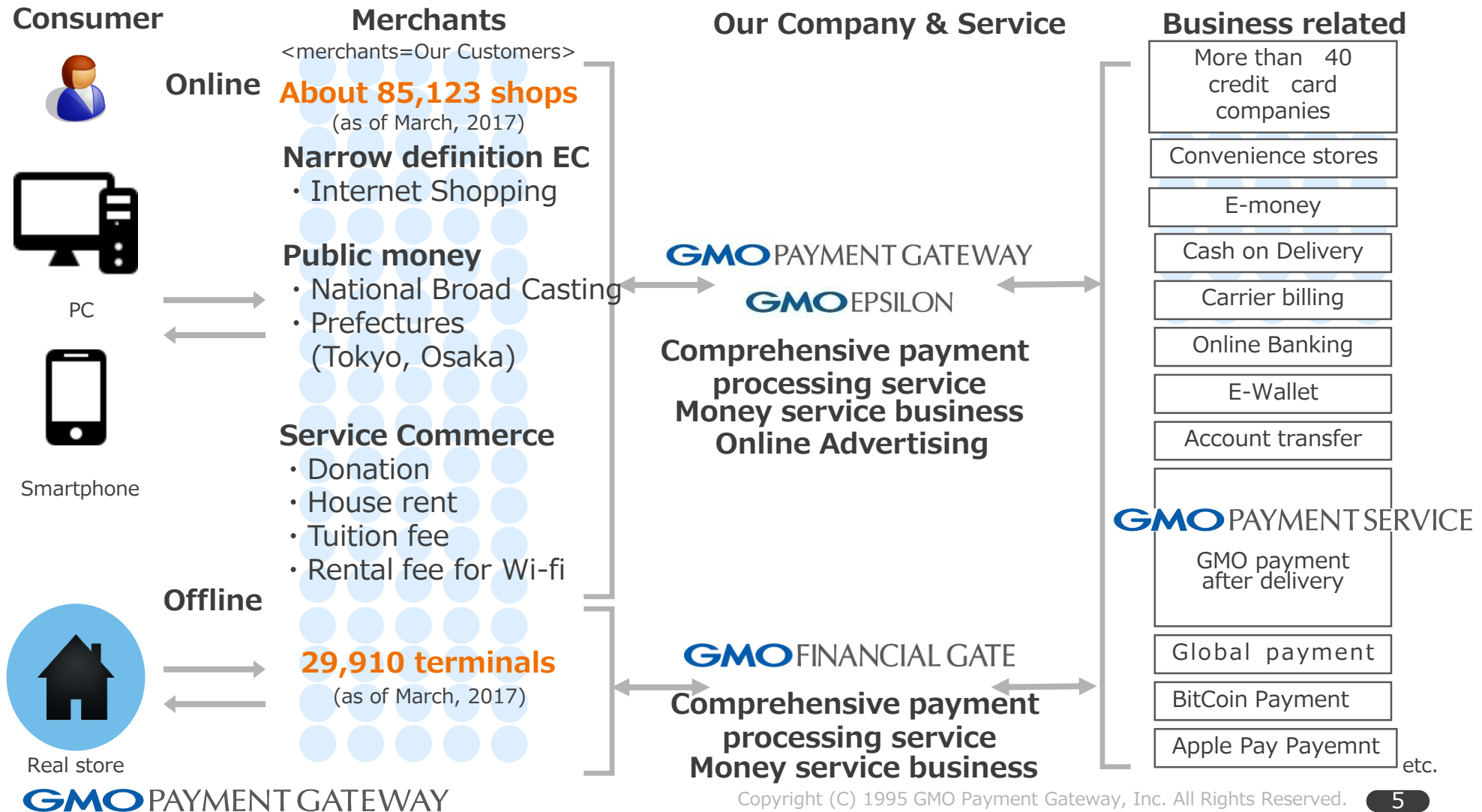


In the early days of EC, offline processing was done for online credit card payments between merchants and credit card companies, increasing the burden of each.

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

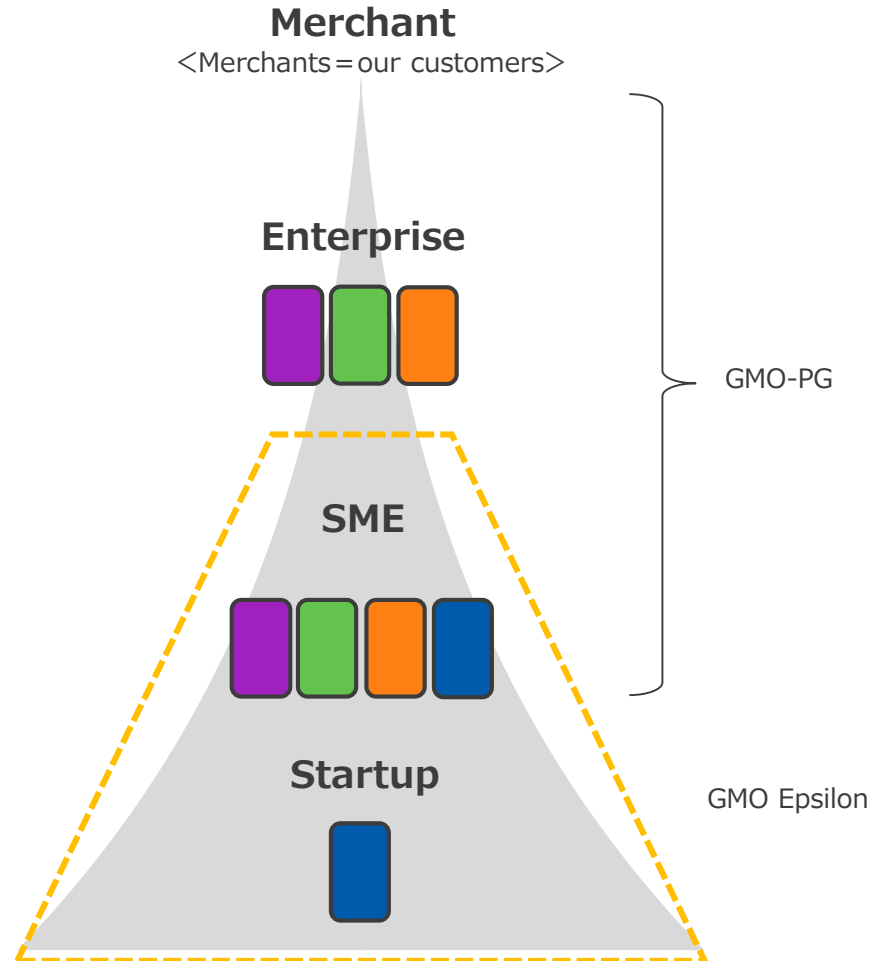


Revenue model for credit card payments

Revenue model by merchant scale

■ Revenue breakdown

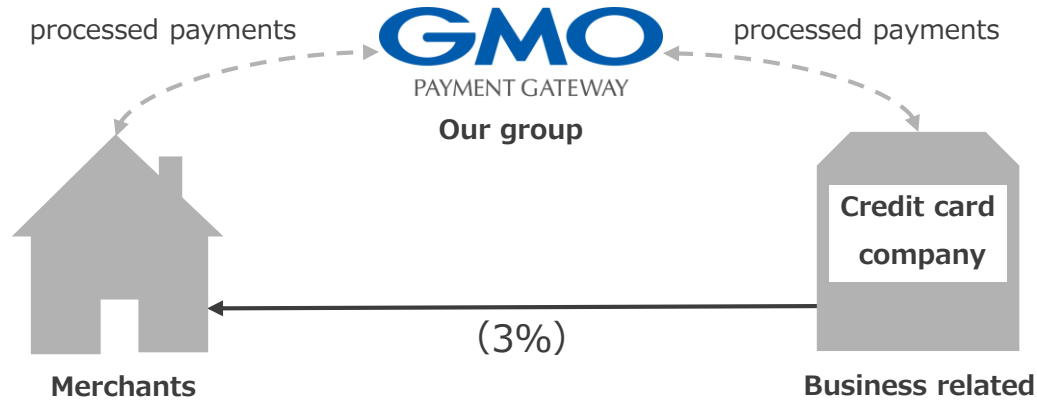
- Initial**
Initial introduction fees
Coefficient : Number of merchant newly acquired
Sales : Number of new merchant acquired × ~Yen /time of introductions
- Stock**
Customer support and maintenance fee
Coefficient: Number of merchant
Sales : Active merchants × ~Yen/month
- Fee**
Fee charge per transaction(number)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



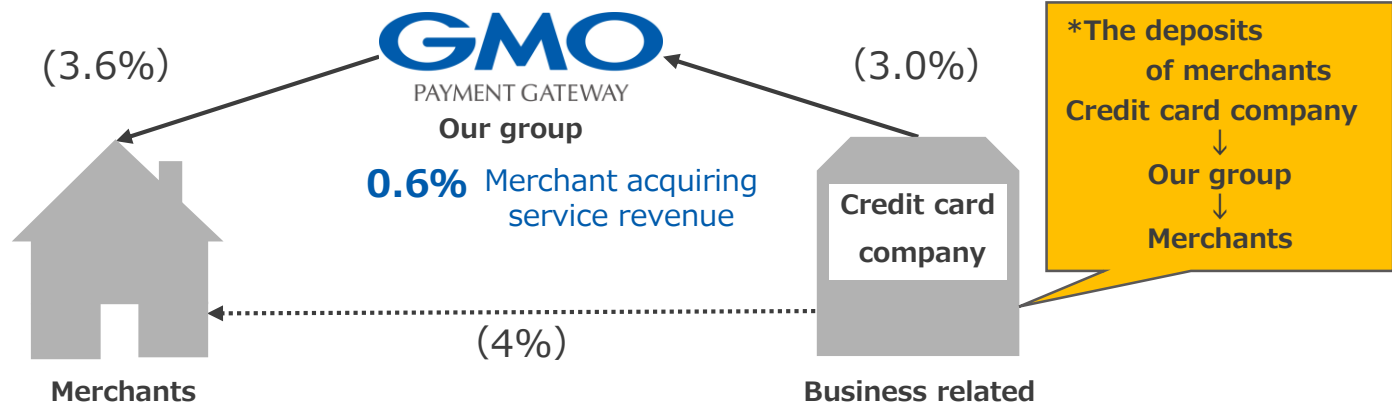
Two types of contract form

Contract type and the flow of money

Direct contract with merchants



Representative contract with merchants

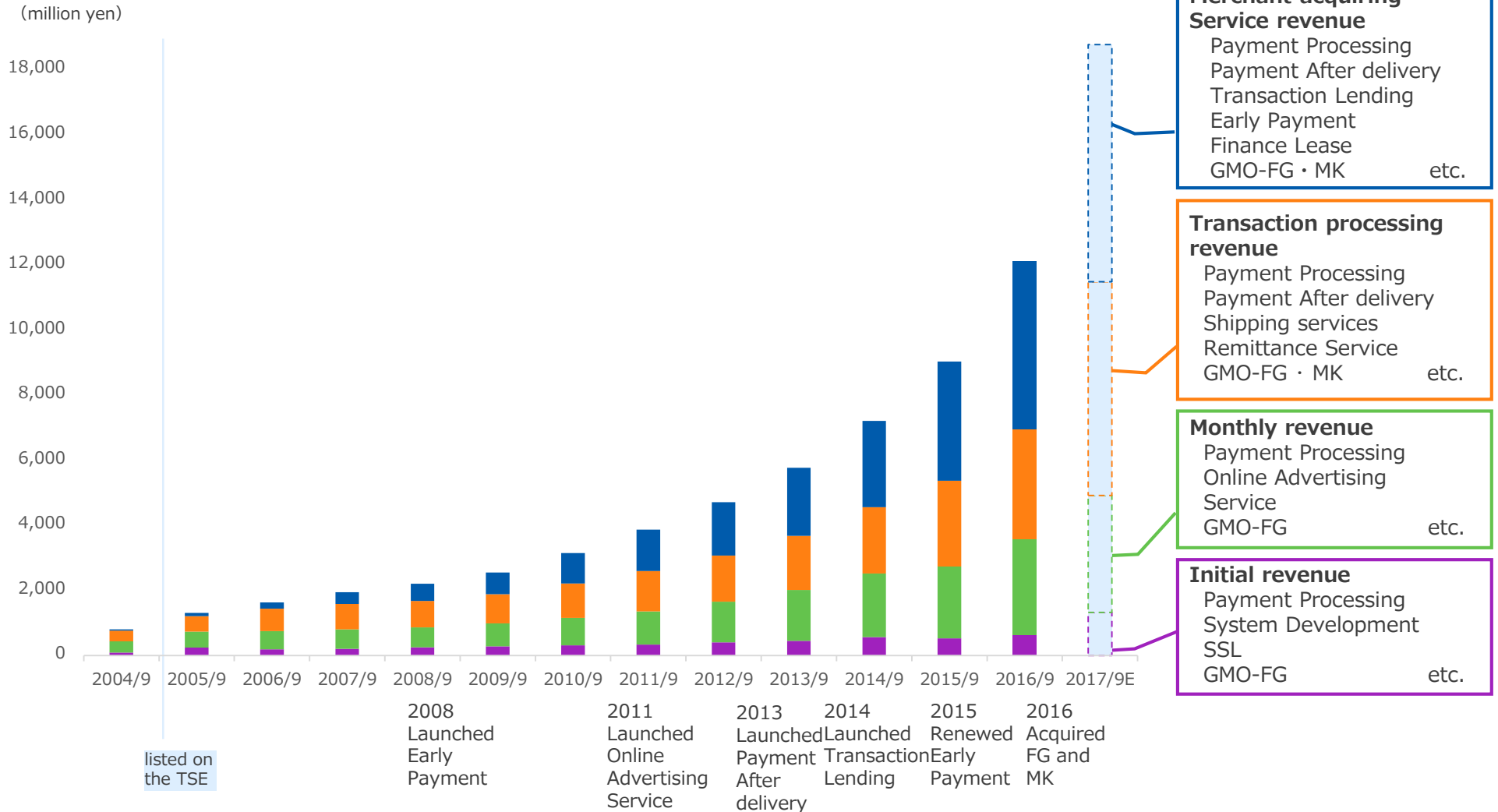


*Numbers are provided for illustration purposes only.

← The deposits of merchants

Revenue breakdown

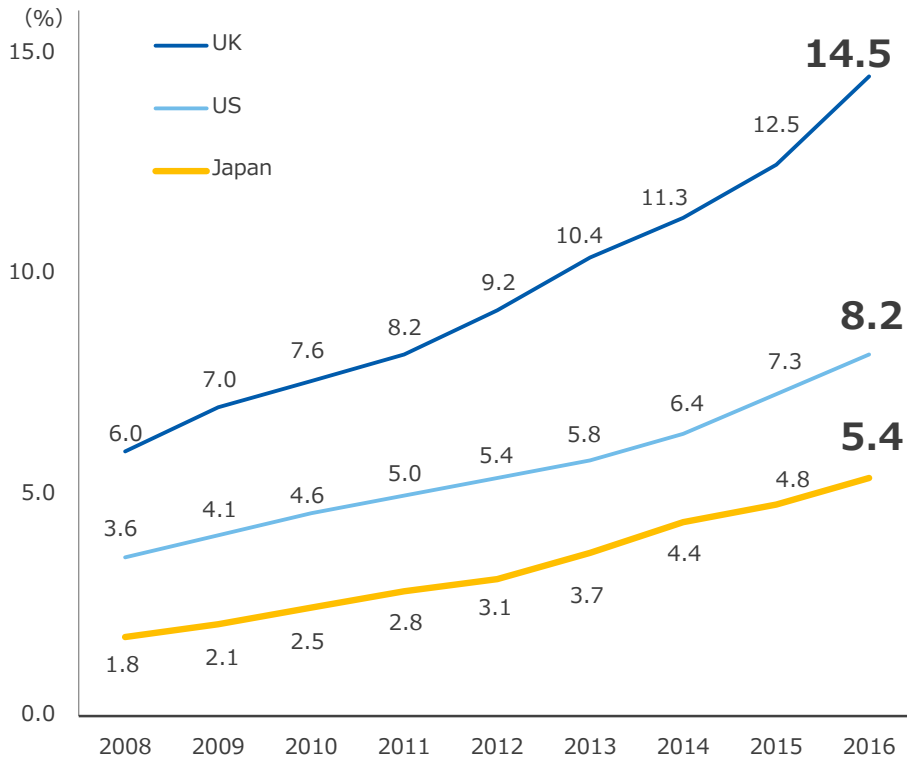
Action plans to realize the balanced growth



Growth potential of the EC market in Japan

Low EC ratio and high cash payment ratio

■ EC ratio



■ The ownership rate of credit cards

(2015)	Credit card usage ratio (A)	Debit card usage ratio (B)	A+B
UK	11 %	40 %	51 %
US	25 %	19 %	45 %
Korea	69 %	17 %	86 %
Australia	28 %	22 %	50 %
Japan	17 %	-	17 %

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

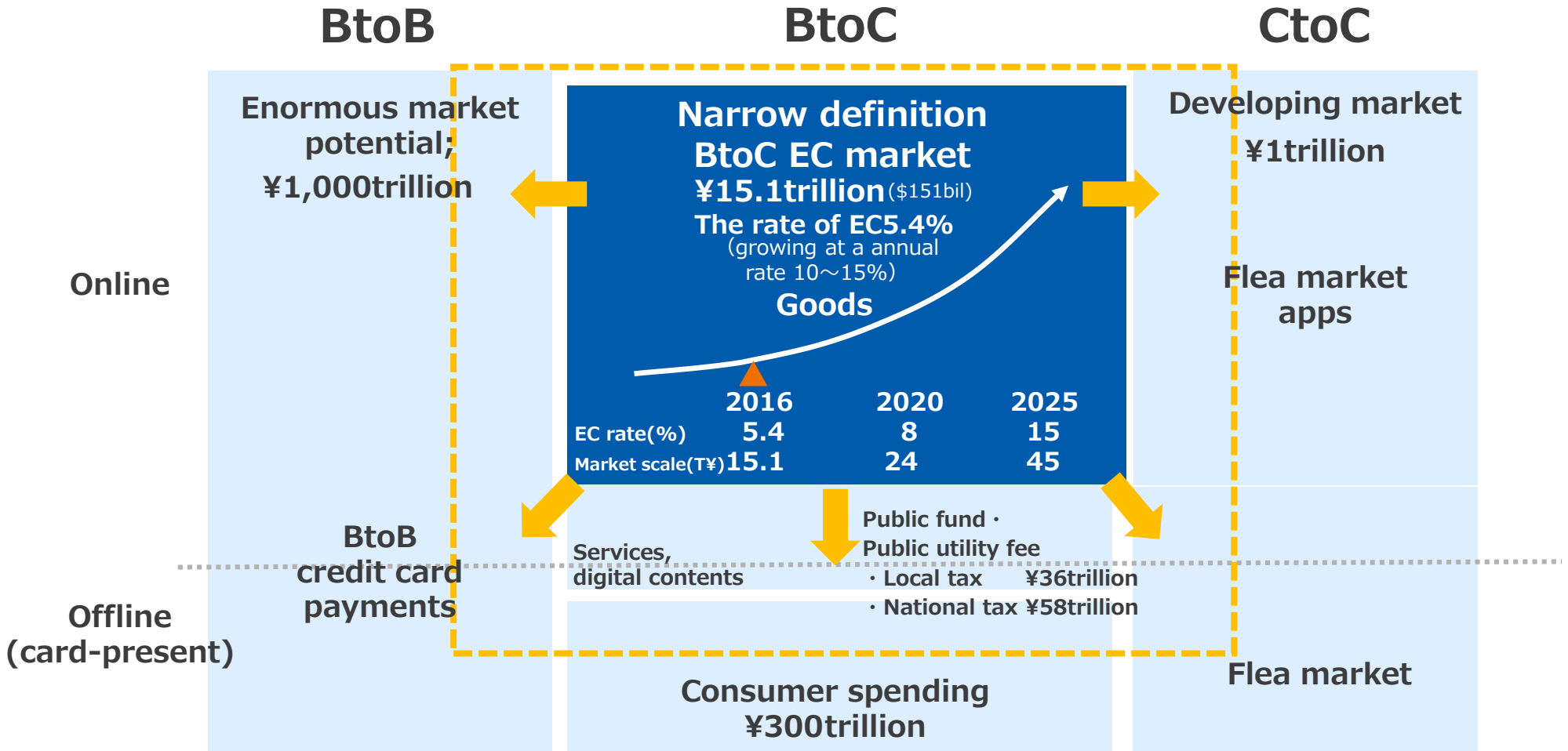
References : METI, (Market report in regard to EC) "Informatization of Japanese economic society/Improvement of service infrastructure 2017", American Bureau of the Census [The 4th Quarter 2015 Retail E-Commerce Sales Report] , Office for National Statistics [Retail Sales, March 2016]

*Estimated by: CPSS Red Book

THE WORLD BANK [Household final consumption expenditure (current US\$)]

Our approach to Japanese EC market

Approaching to all kinds of EC markets



*METI 「Market report in regard to EC 2016」

Expansion of public funds and utility payments

We have been cultivating tax card payments since the revision period of the Local Autonomy Law in 2006

National Tax Credit Card Payment Site

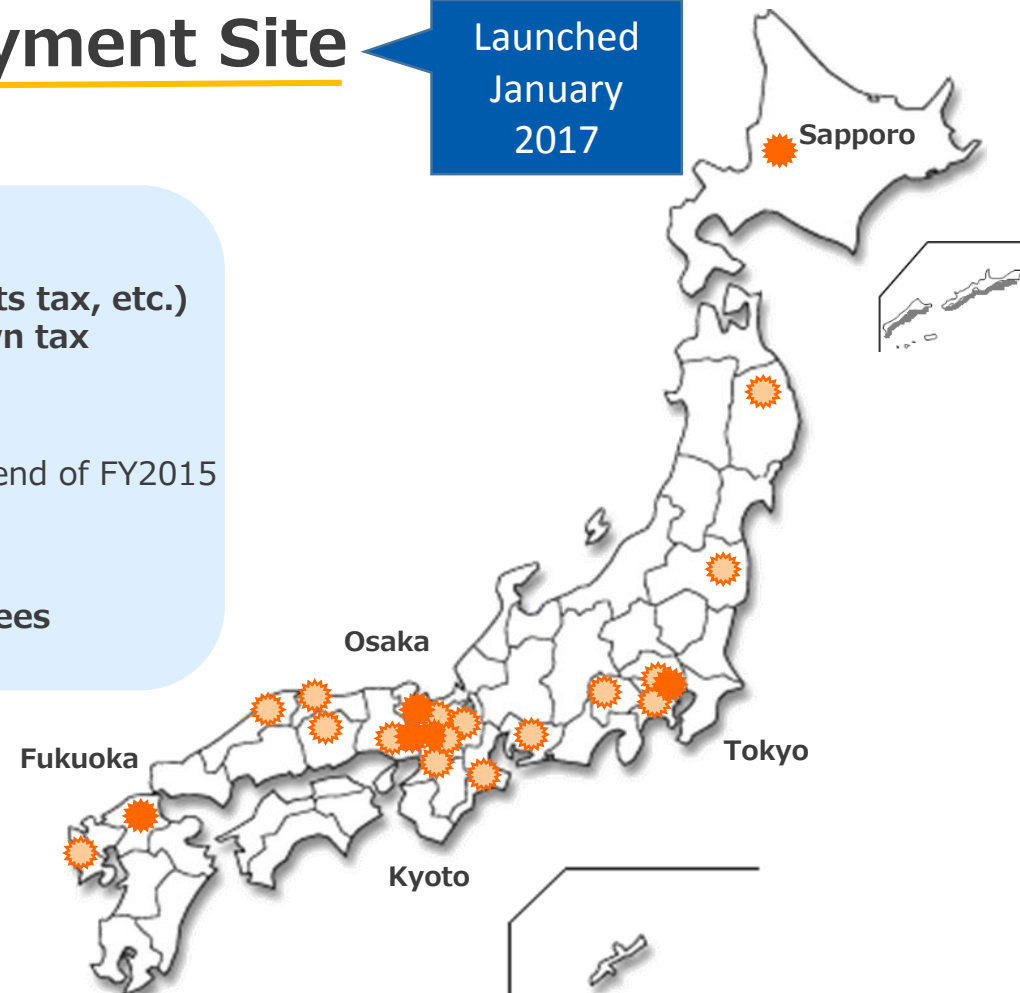
Launched
January
2017

Local governments etc. : Local Tax (Automobile Tax,
Light vehicle tax, Fixed assets tax, etc.)
Water bill, Gas bill, hometown tax

NHK : Broadcast subscription fee
(Credit card usage rate at the end of FY2015
: 12.8%)

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.

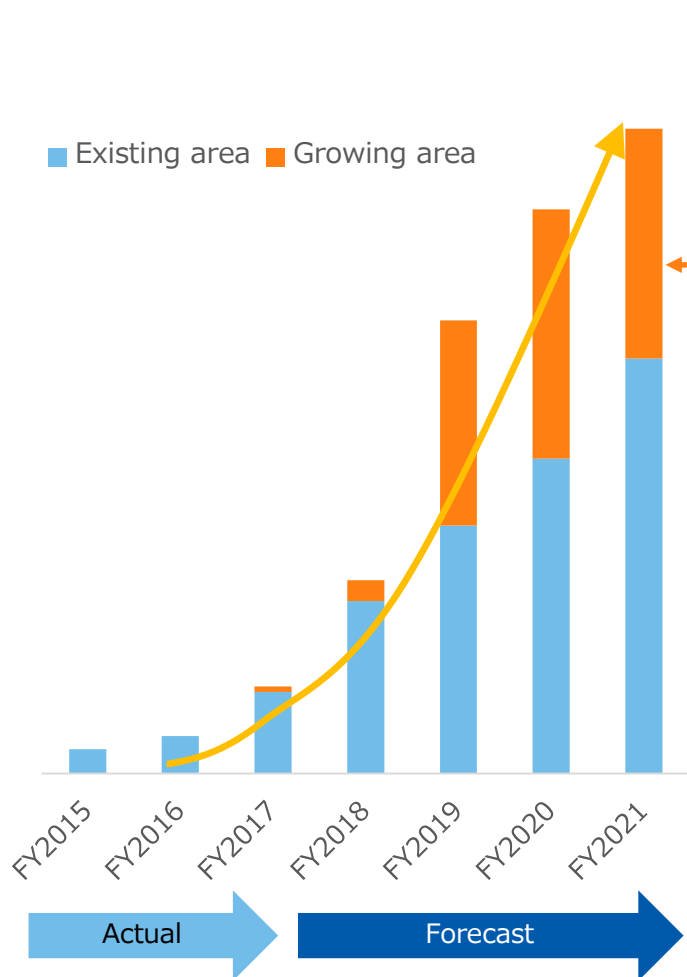


*Nippon Housou Kyoukai Business Report for FY2015

Offline(card-present) payment market

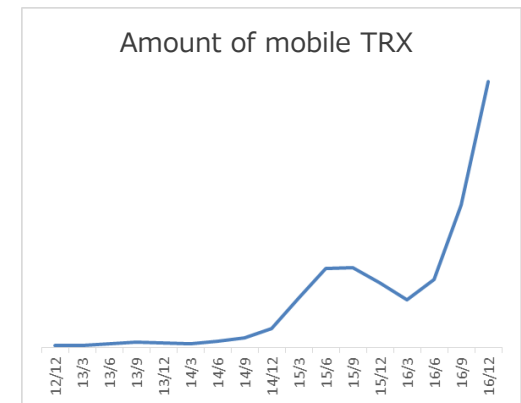
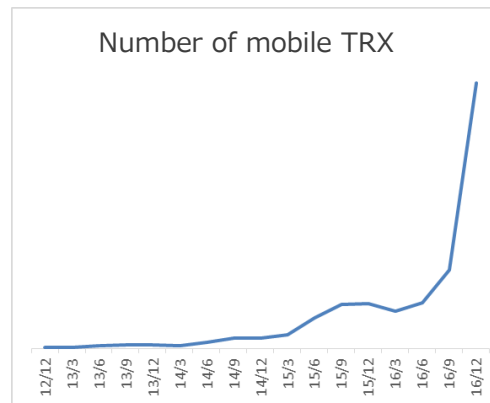
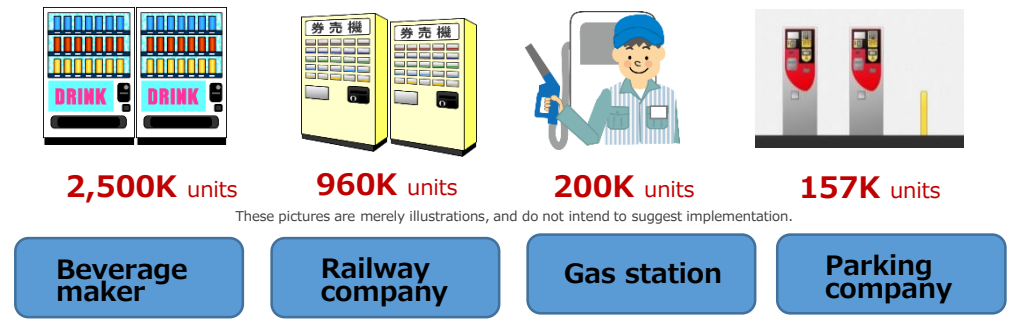
Focus on a new growth area of card-present market: Payments + IoT

■ GMO-FG Group, OP (Actual & Forecast)



EMV • cashless
Mobile payment

Available devices
Target



Definition of Money Service Business (MSB : Financial Business)

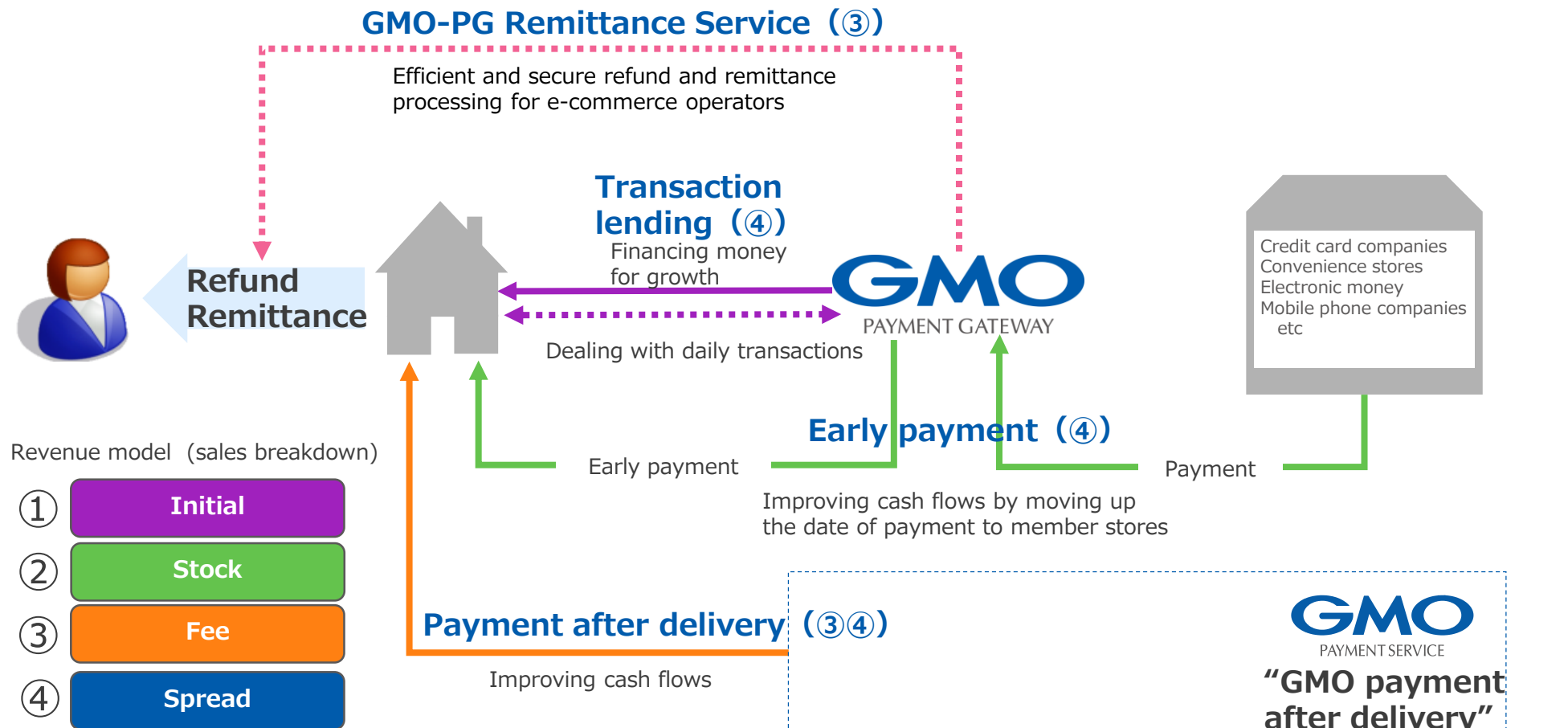
Financial services that only payment processing company can provide

Consumer

Merchant

GMO-PG group

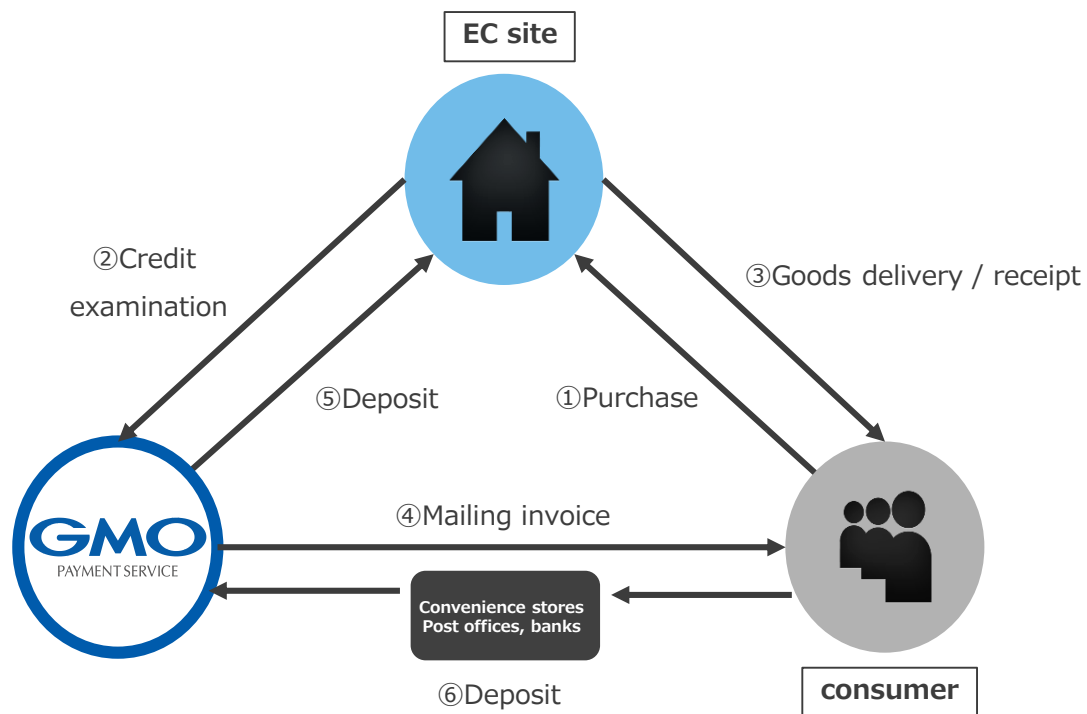
Business related



Providing “GMO payment after delivery”

No need of credit card

(The buyer can pay at the post office and CVS after getting there goods)



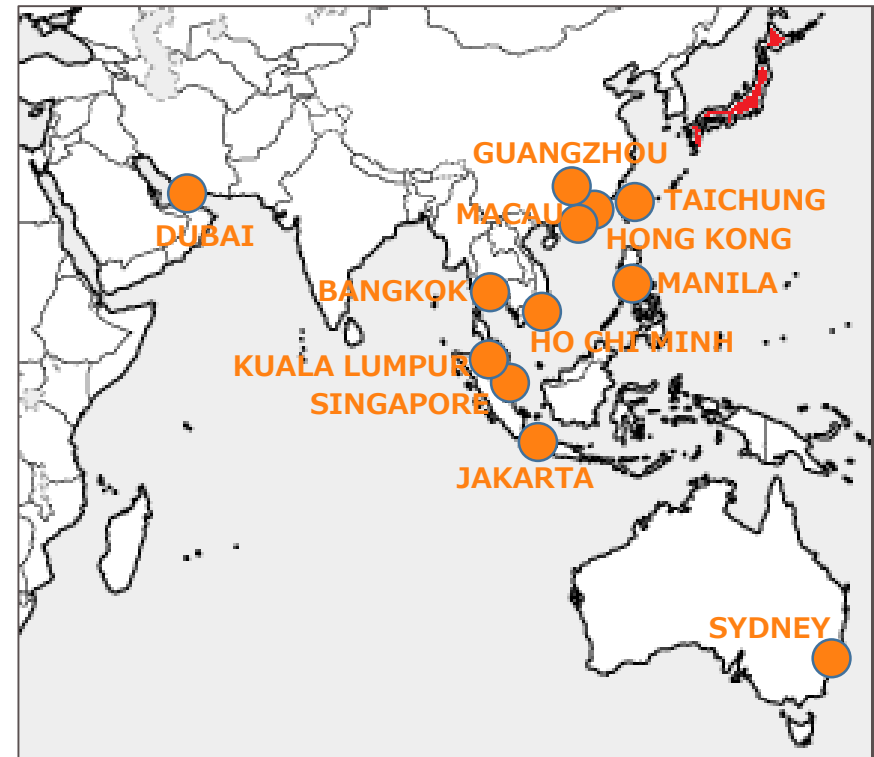
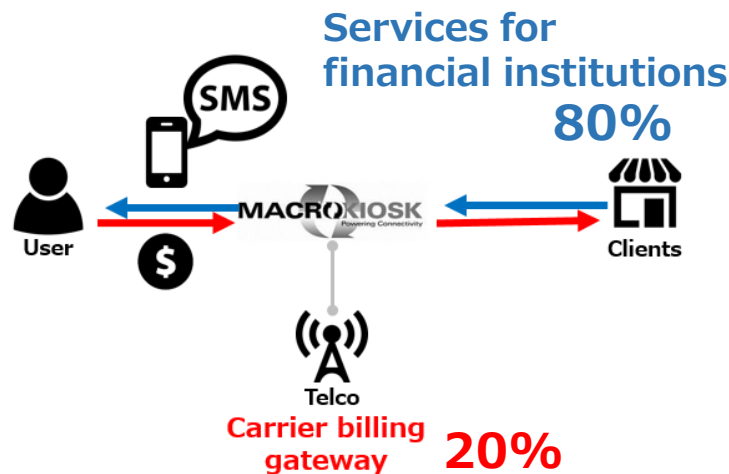
Strategies in Asia

Strategic Investment in MACROKIOSK

Company name MACRO KIOSK Berhad
Location Malaysia and 11 countries across Asia
Headcount 231
 (Malaysia:176, Asia:56)
Financials Revenue :2,338 millions yen
 (FY2015) PBT :77 millions yen
GMO-PG's share 70%
Investment Approx. 1,121 millions yen

Advantage I . Stable revenue model
 II . Strong client base
 (Banks, Aviation and so on)
 III . Development capabilities
 IV . Acquiring of talented human resource

Business model

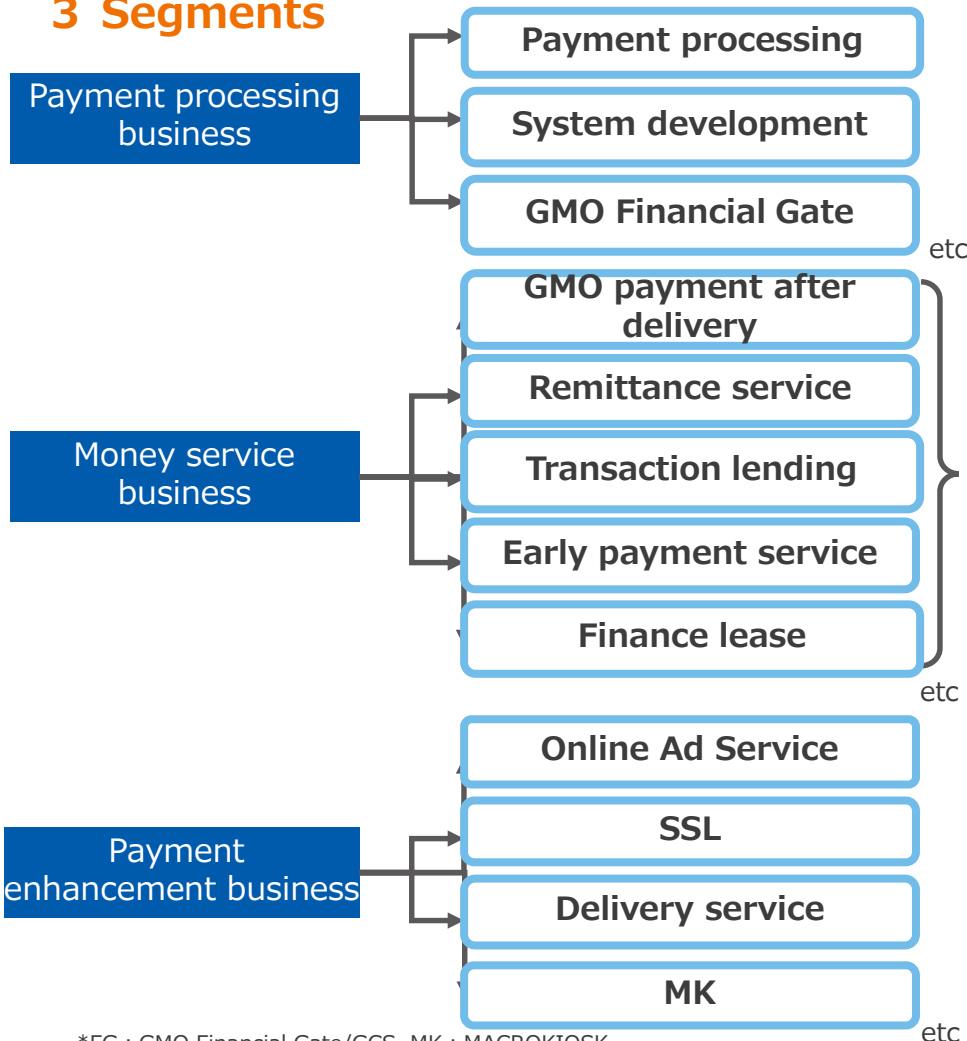


Changes in Segments and Revenue models

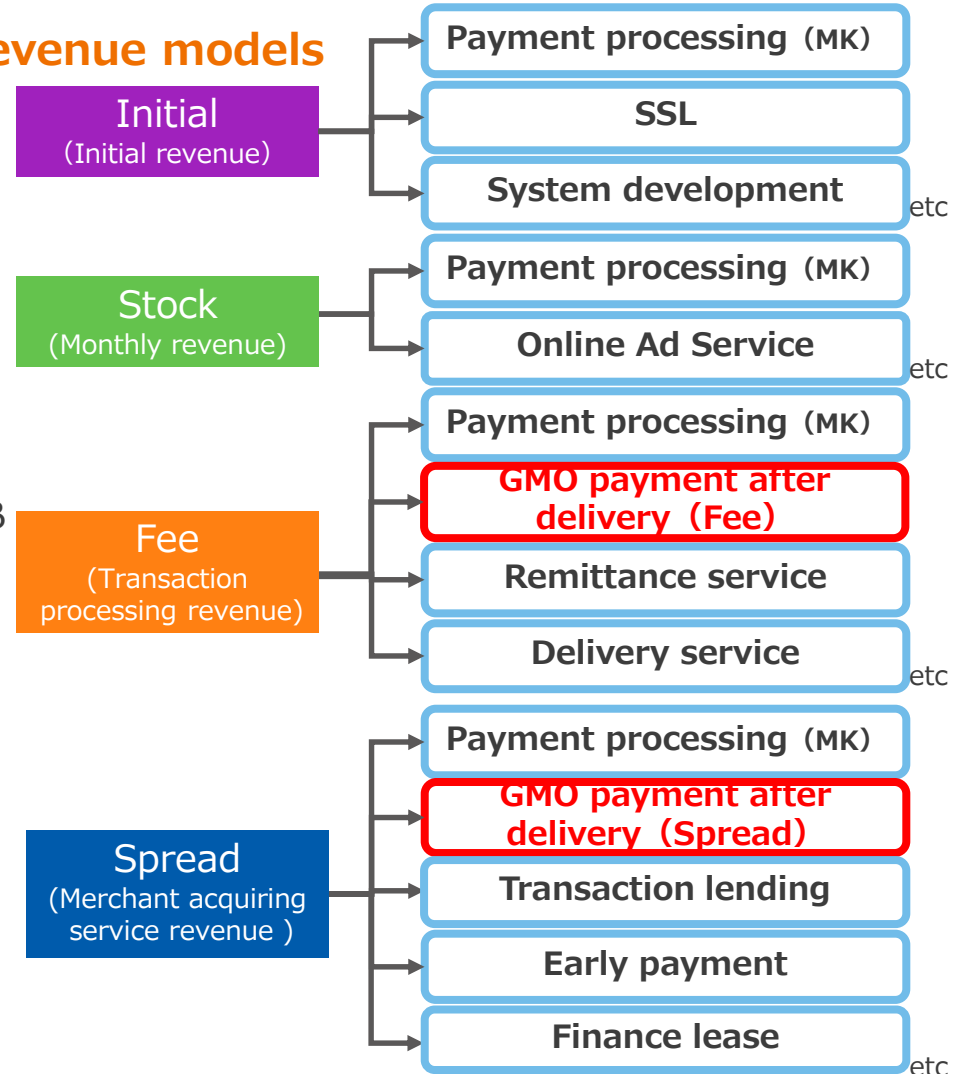
GMO payment after delivery is divided into fee and spread,
consolidation of MK

Red : Changes from 2Q

3 Segments



4 Revenue models



MSB

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 end of September 2016)

Sales : 2,242 million yen, Ordinary income : 1,504 million yen

Payment after delivery

GMO Payment Service, Inc.

Card-present payment

GMO Financial Gate, Inc.

(As of the end of September 2016) Equity share 65.0%

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)

Overseas

Macro Kiosk Berhad

(As of the end of September 2016) Equity share 70.0%

< Equity-method affiliate >

Multiple payment

SMBC GMO PAYMENT

(As of the end of December 2016) Equity share 49.0%

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., Sumitomo Mitsui Banking Corporation, 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
	Senior Managing Director	Yuichi Hisada
	Director	Yasuhiko Kimura
	Director	Tomoyuki Murakami
	Director	Shinichi Sugiyama
	Director	Yusuke Arai
	Director	Masashi Yasuda
	Director	Masaru Yoshioka
	Senior executive officer	Takeshi Yoshii
	Executive officer	Katsunari Mukai
	Executive officer	Yoshikazu Yanagishima
	Executive officer	Kazunari Taguchi
	Executive officer	Tatsuhito Muramatsu
	Executive officer	Kiyonobu Inayama
	Executive officer	Shingo Ito
	External Director	Masaya Onagi
	External Director	Akio Sato
	Auditor	Yasuhiro Kanda
	Auditor	Takashi Iinuma
	External Auditor	Kazuo Ikeda
	External Auditor	Kazutaka Yoshida
■ Managing underwriter	(Main) Nomura Holdings, Inc.. (Sub) Mizuho Holdings, Inc.	
■ Auditor	Deloitte Touche Tohmatsu LLC	
■ Subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc., GMO Financial Gate, Inc. GMO PAYMENT GATEWAY PTE. LTD. (Singapore), Macro Kiosk Berhad, etc.	
■ Affiliated companies	SMBC GMO PAYMENT, Inc. etc.	

(As of March,2017)