

Supplementary information

Financial results briefing for the 4Q of FY2017

November 6, 2017

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

GMO PAYMENT GATEWAY

<https://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



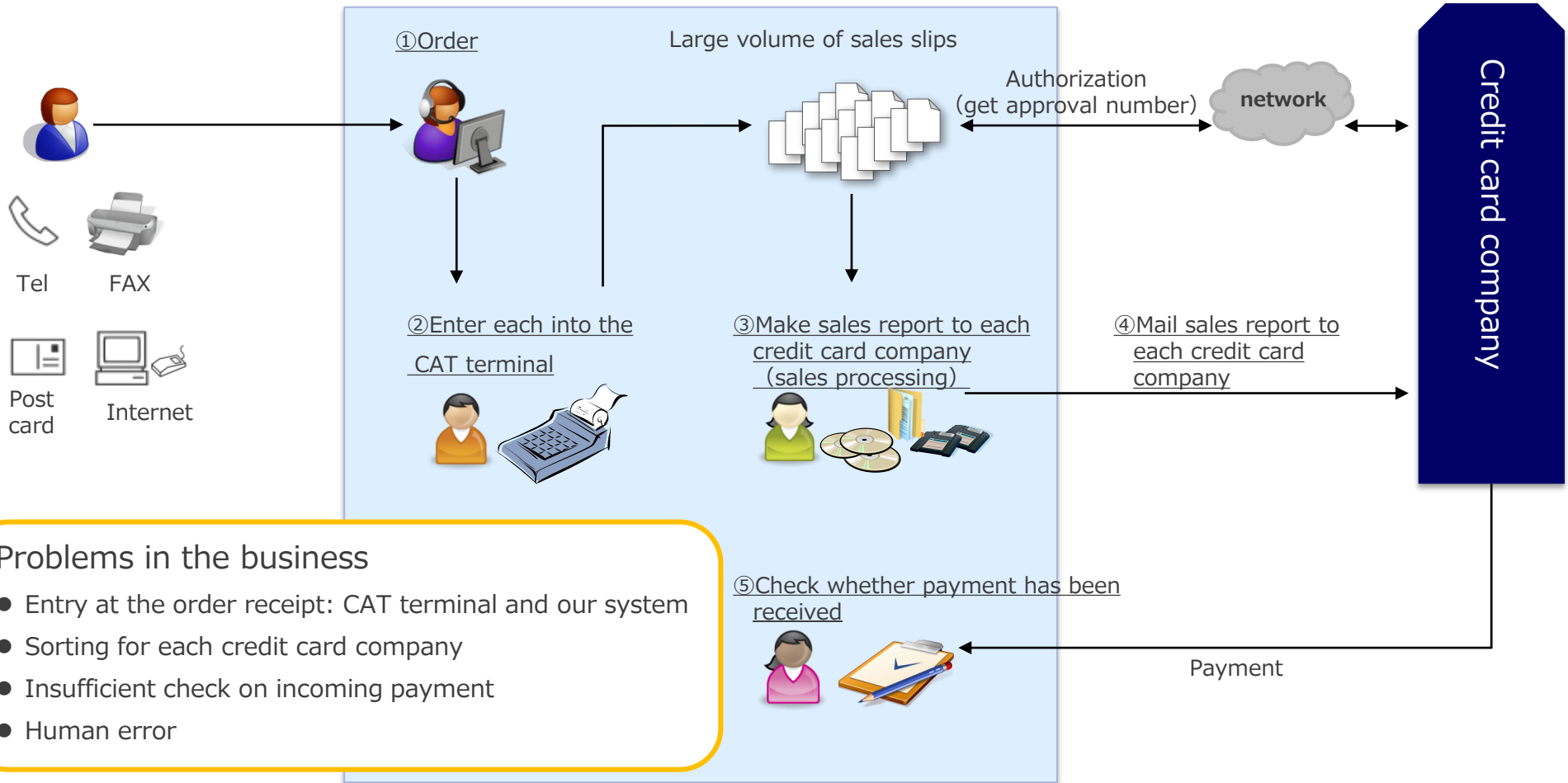
(Point)
No need to present credit card
Use postcard, telephone, fax
Use Internet
Use automatic payment
machine to register credit card
number in advance

Business outline of payment processing company(1)

Problems with online credit card payment in the early days of Ecommerce

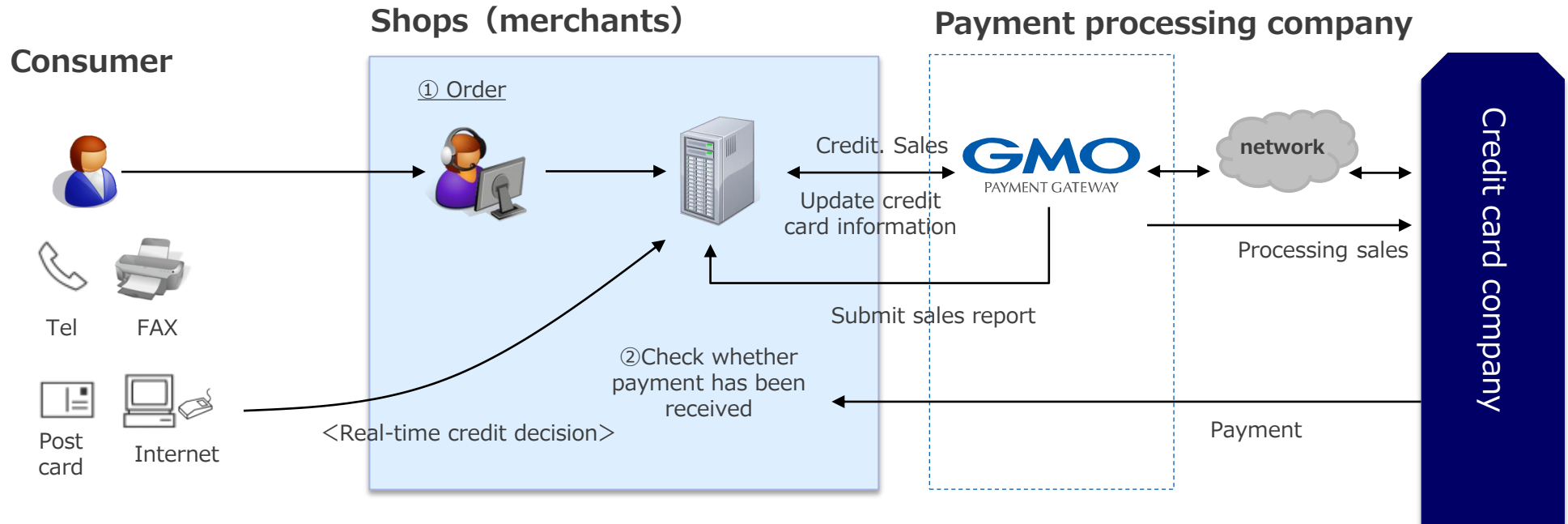
Consumer

Shops (merchants)



Business outline of payment processing company(2)

Payment processing service adds operational efficiency to credit card payment

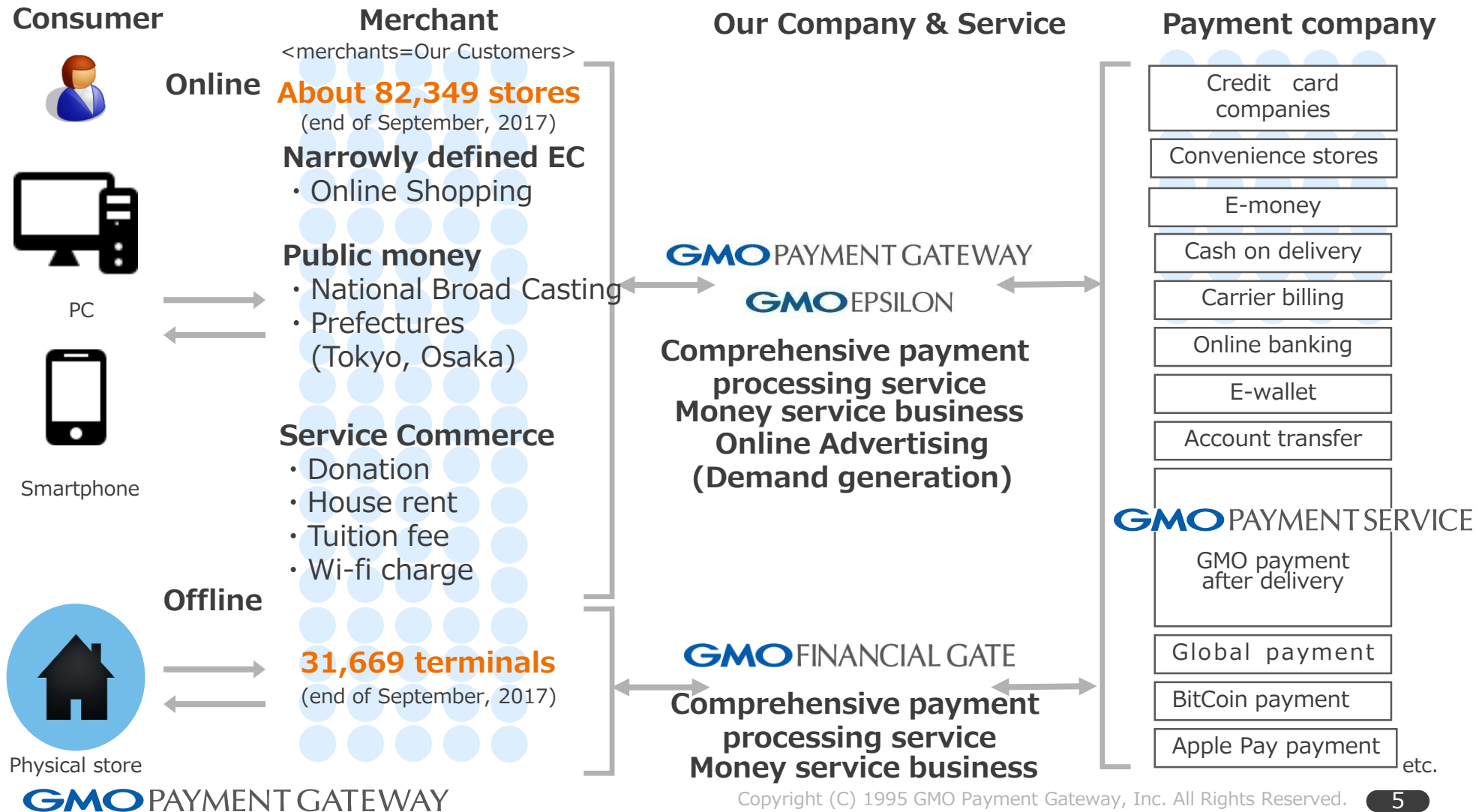


In the early days of Ecommerce, credit card payments were processed offline between merchants and credit card companies, causing burden on both sides.

To solve this problem, payment processing companies were established, making it easier to do business.

Business outline - The role of our group

We connect merchants and payment companies in contracts, payment information and money transactions

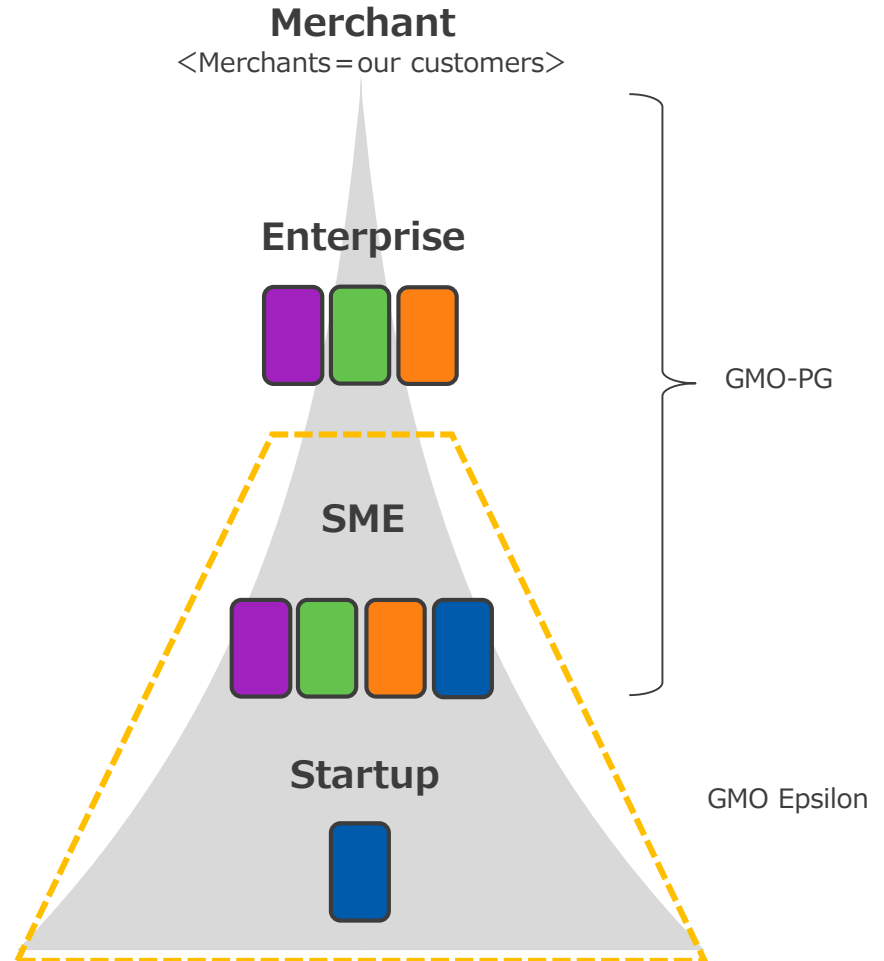


Revenue model of credit card payments

Revenue model by merchant scale

■ Revenue breakdown

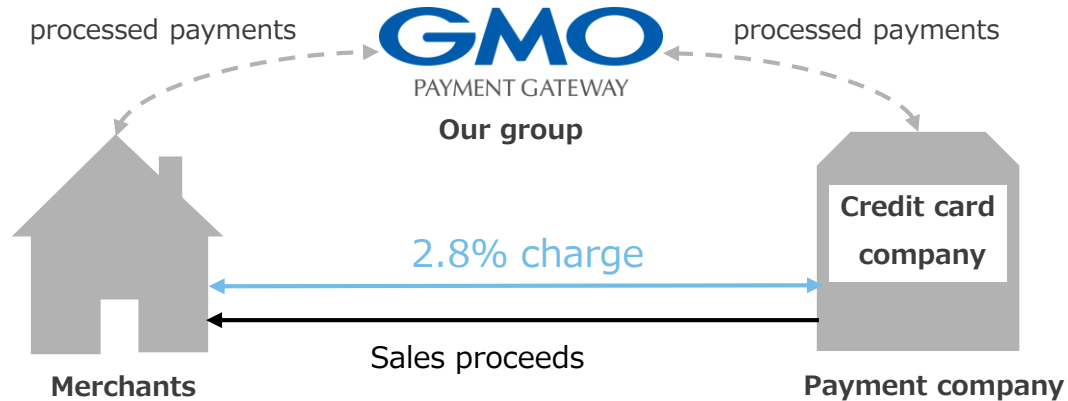
- 1 Initial (Initial revenue)**
Initial introduction fees
KPI: Number of new merchants acquired
Revenue: Number of new merchants acquired × _Yen (at the time of introduction)
- 2 Stock (Monthly revenue)**
Customer support and maintenance fee
KPI: Number of merchants
Revenue : Operating merchants × _Yen
- 3 Fee (Transaction processing revenue)**
Fee based on transaction volume
KPI: Number of payments processed
Revenue : Number of payments processed × _Yen
- 4 Spread (Merchant acquiring service revenue)**
Fee based on transaction value
KPI: Amount of payments processed
Revenue : Amount of payments processed × _%



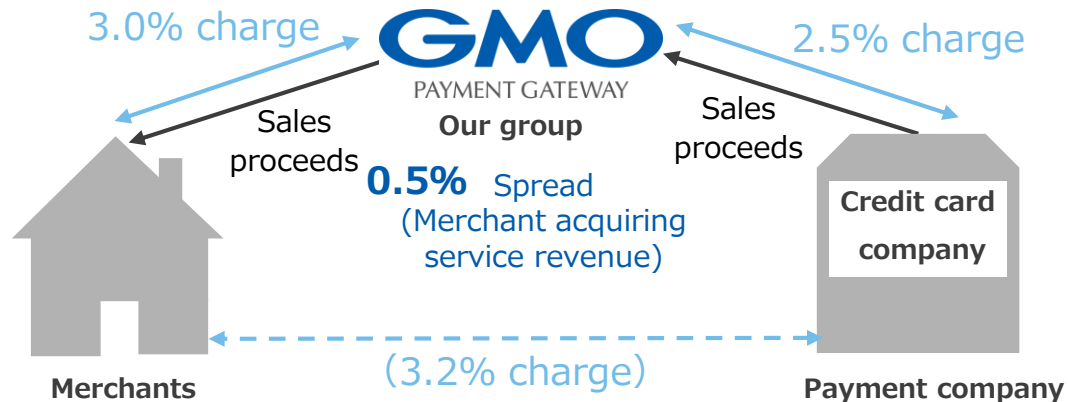
Two types of contract forms

Contract type and the flow of money

Direct contract with merchants



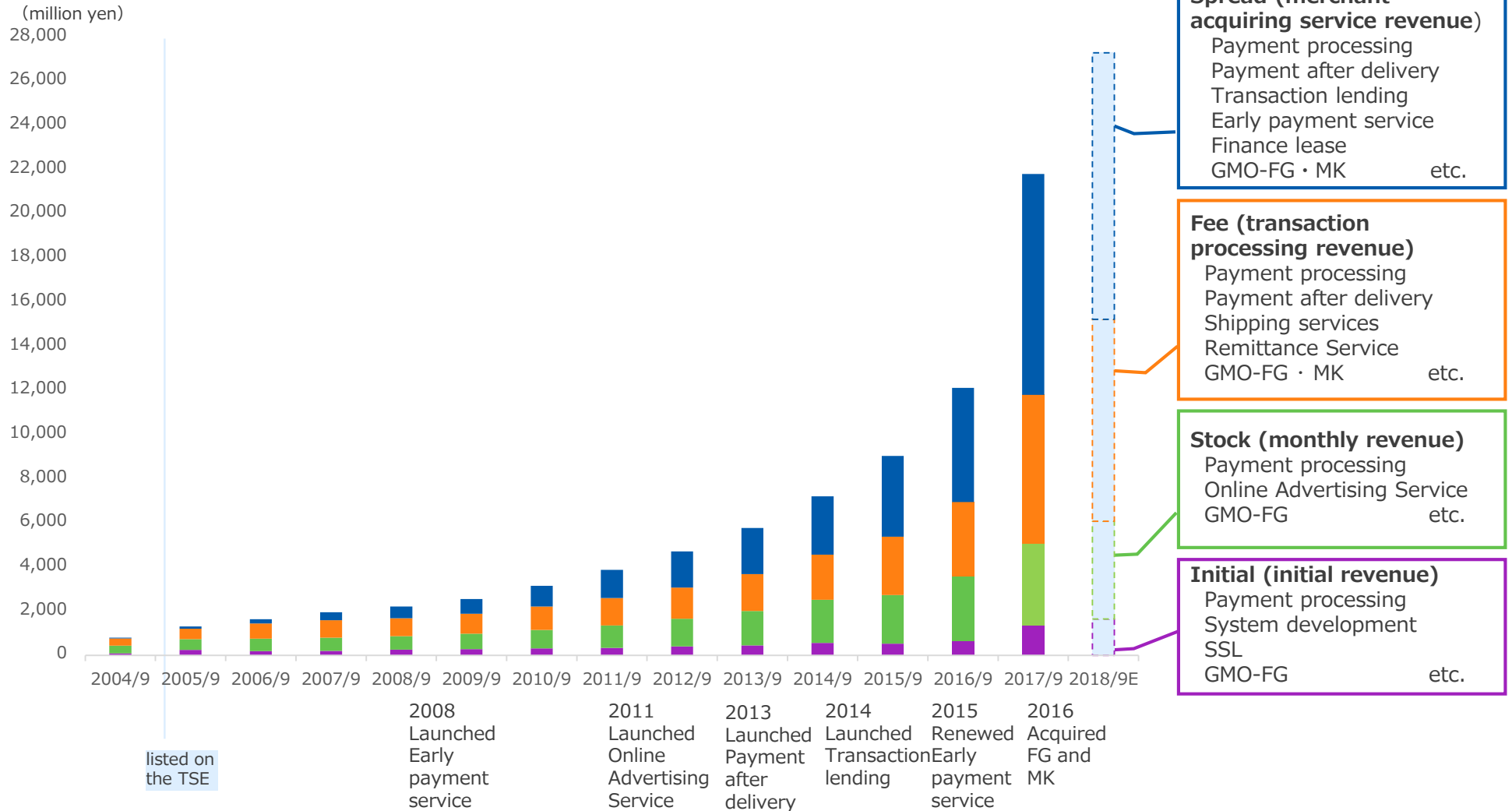
Representative contract with merchants



*Numbers are provided for illustration purposes only.

Revenue breakdown

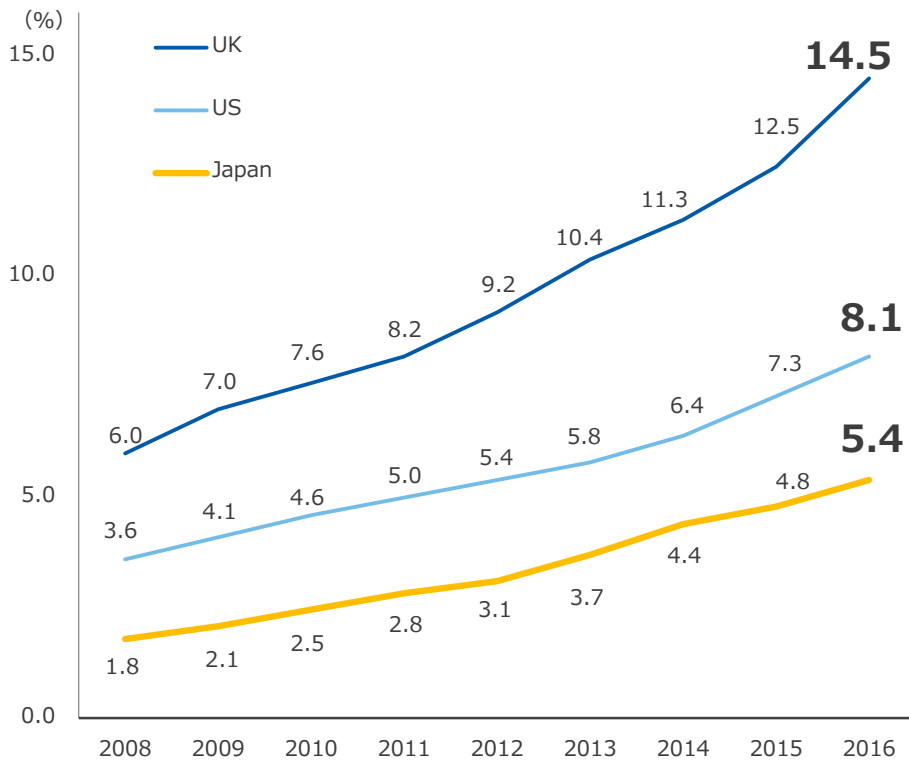
Action plans to realize balanced growth



Growth potential of the EC market in Japan

Low Ecommerce ratio and high cash payment ratio

■ Ecommerce ratio



■ Card usage ratio

(2016)	Credit card usage rate (A)	Debit card usage rate (B)	Card usage rate (A+B)
UK	12%	57 %	69 %
US (2015)	25 %	20%	45 %
Korea	77%	20 %	96 %
Australia	32%	27 %	59 %
Japan	20 %	-	20 %

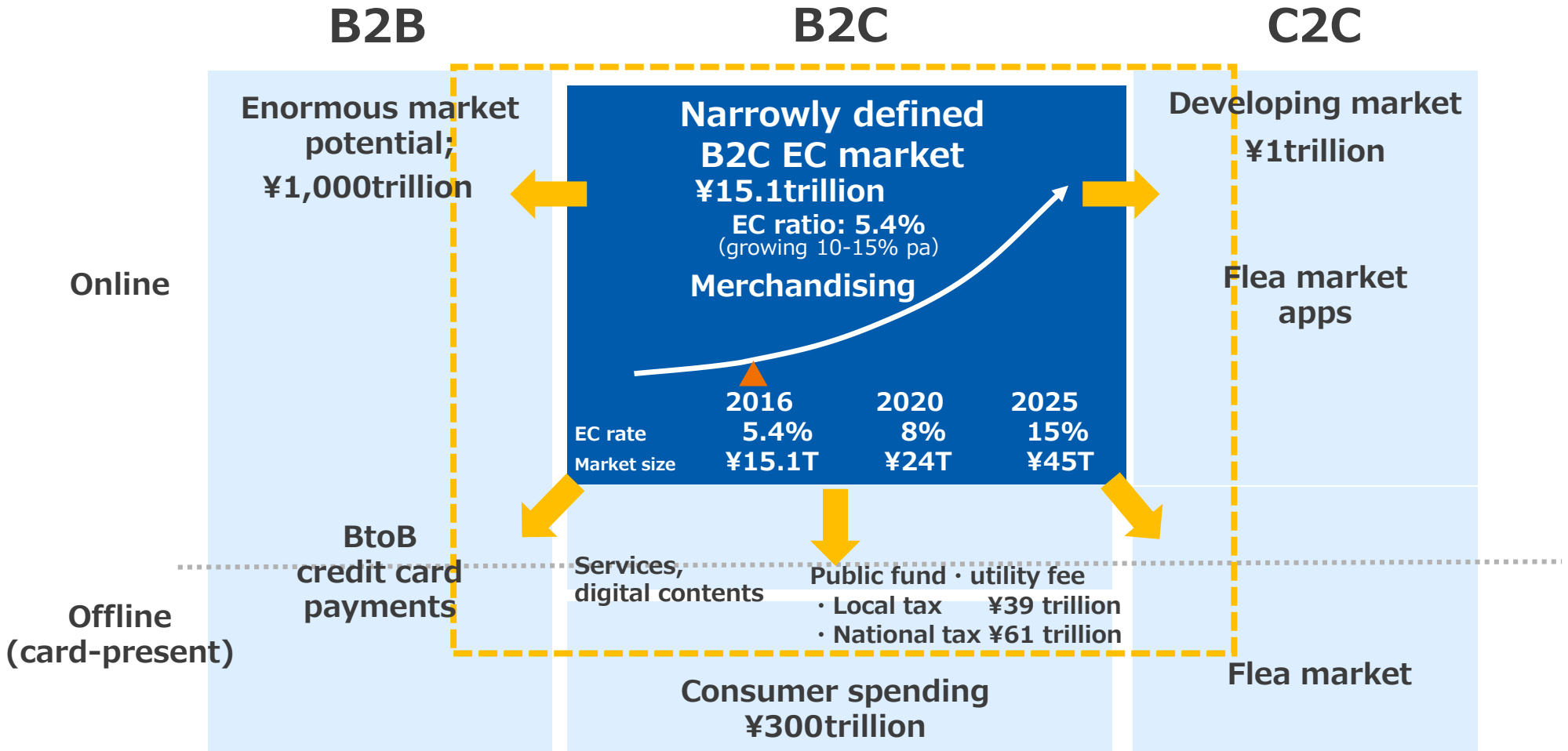
*Ratio=(Amount handled by CC or DC) / (Private final consumer spending)

References : METI. "FY2016 Building infrastructure for information- and service-oriented Japanese economy and society (Ecommerce market survey)"
 U.S. Bureau of the Census. "The 2nd Quarter 2016 Retail Ecommerce Sales Report"
 Office for National Statistics "Retail Sales, September 2017"

*Estimated by GMO-PG with reference from CPSS Red Book
 THE WORLD BANK "Household final consumption expenditure (current USD)"

Our approach to broadly-defined EC market

Bringing in online payments into new markets



*METI "Ecommerce market survey"

*MIC "Breakdown of national tax and local tax revenue (Budget and Local Government Finance Plan)"

Expansion of public funds and utility payments

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

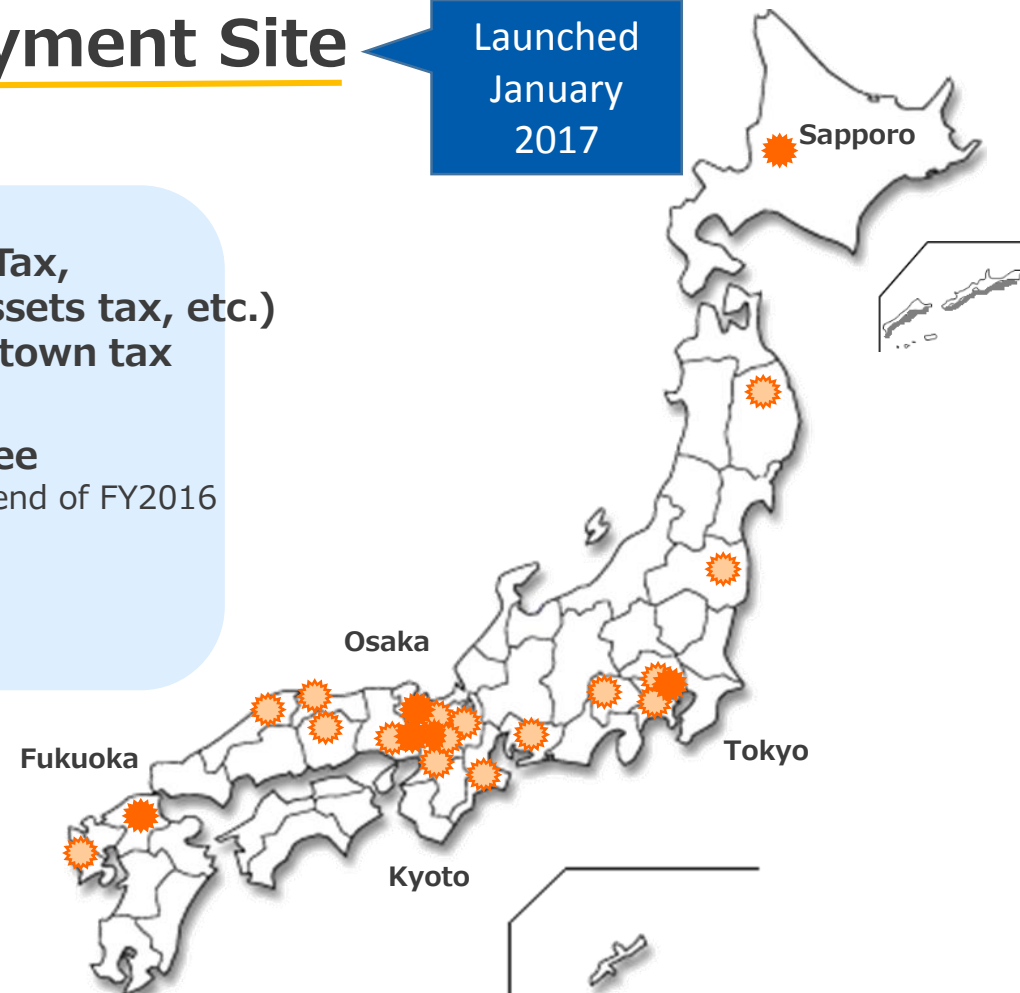
National Tax Credit Card Payment Site

Launched
January
2017

Local governments : 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 FY2016 : 13.7%)

Expansion expected to continue
Maintenance fees, cram school tuition fees
parking fees, school meal charges, etc.



*Japan Broadcasting Corporation "Business Report for FY2016"

Offline(card-present) payment

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

EMV and cashless-payment compatible terminals

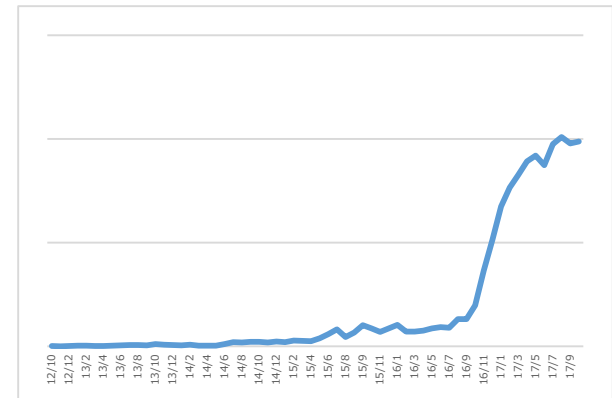
Mobile phone payment

Compatible terminals

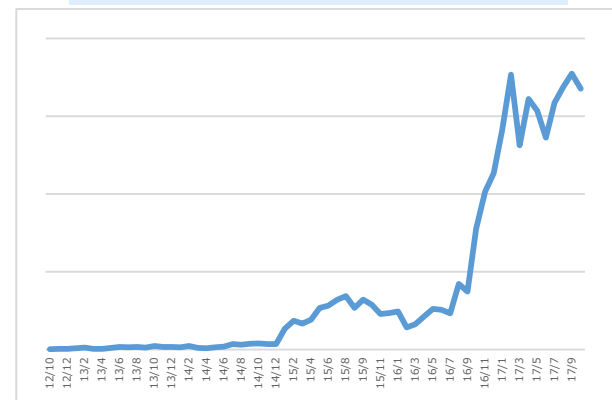
Embedded EMV terminals



Mobile phone transaction volume



Mobile phone transaction value (yen)



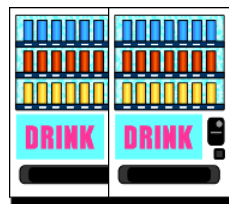
Target

Beverage makers

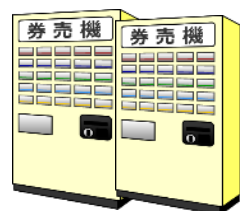
Railway companies

Gas stations

Parking lot companies



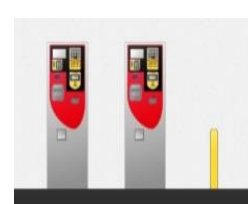
2,500Kunits



960Kunits



200Kunits



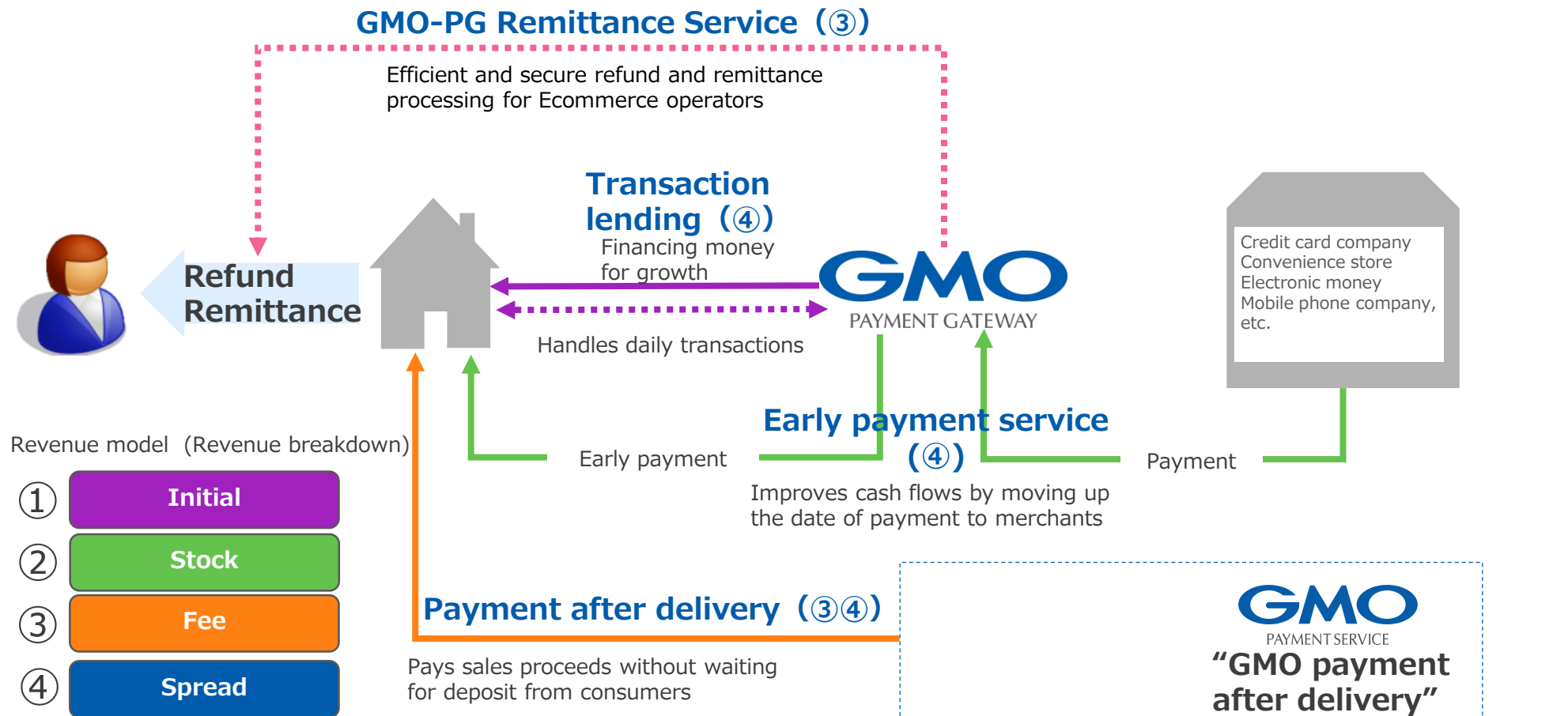
1,570Kunits

These illustrations do not necessarily imply plans of future implementations.

Definition of Money Service Business (MSB)

Financial services that only payment processing companies can provide

Consumer Merchant GMO-PG group Payment company

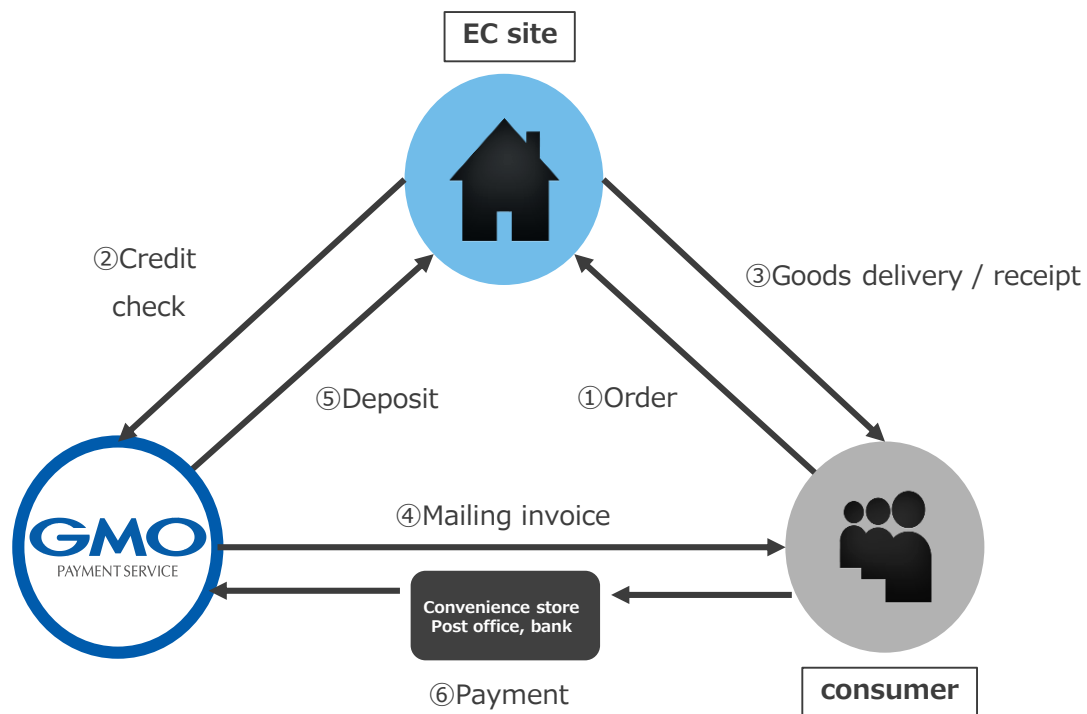


GMO Payment after delivery

Provided by GMO Payment Service, our subsidiary

No need for credit card

(Buyers can pay at post offices and CVS's after receiving goods)

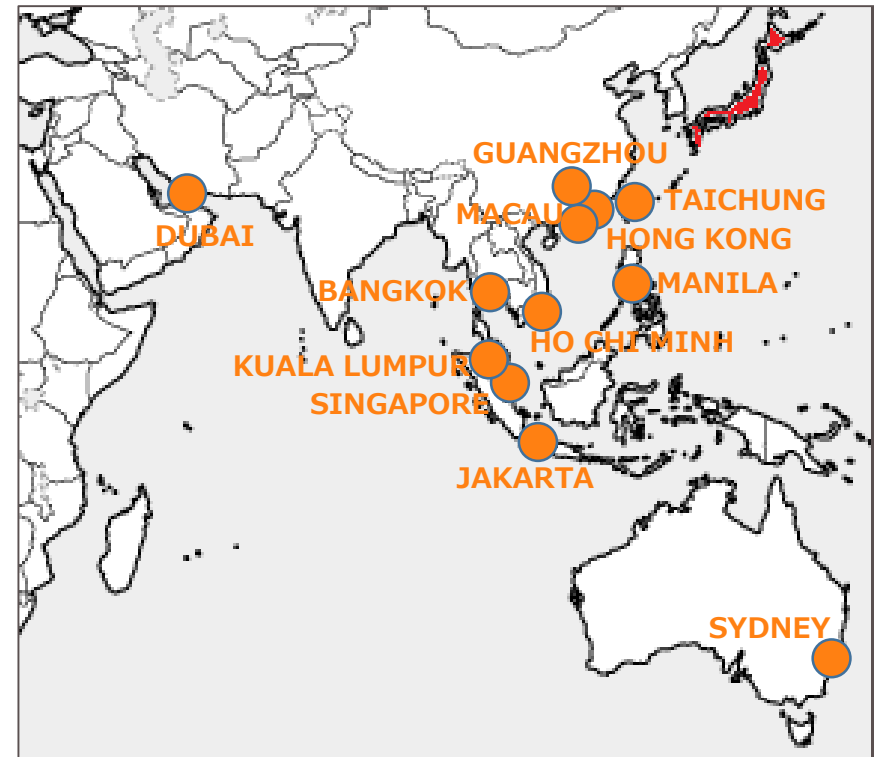
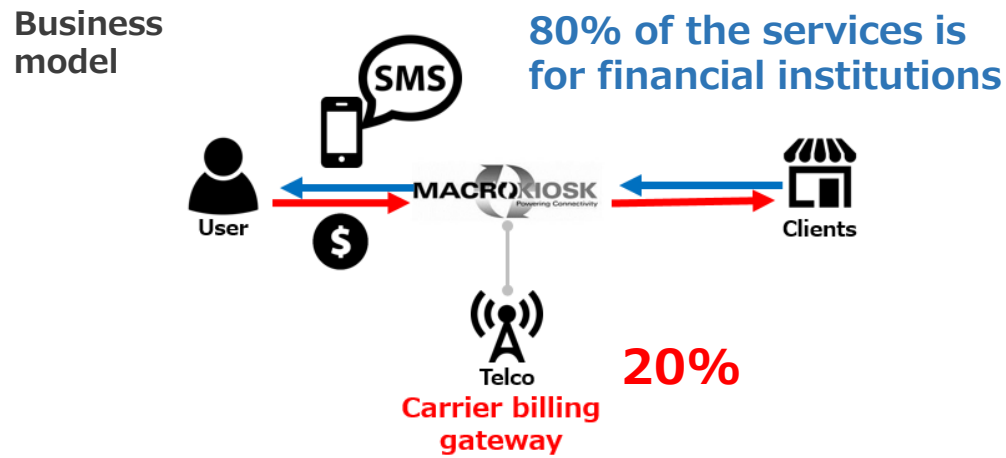


Strategies for Asia

Strategic Investment in MACROKIOSK

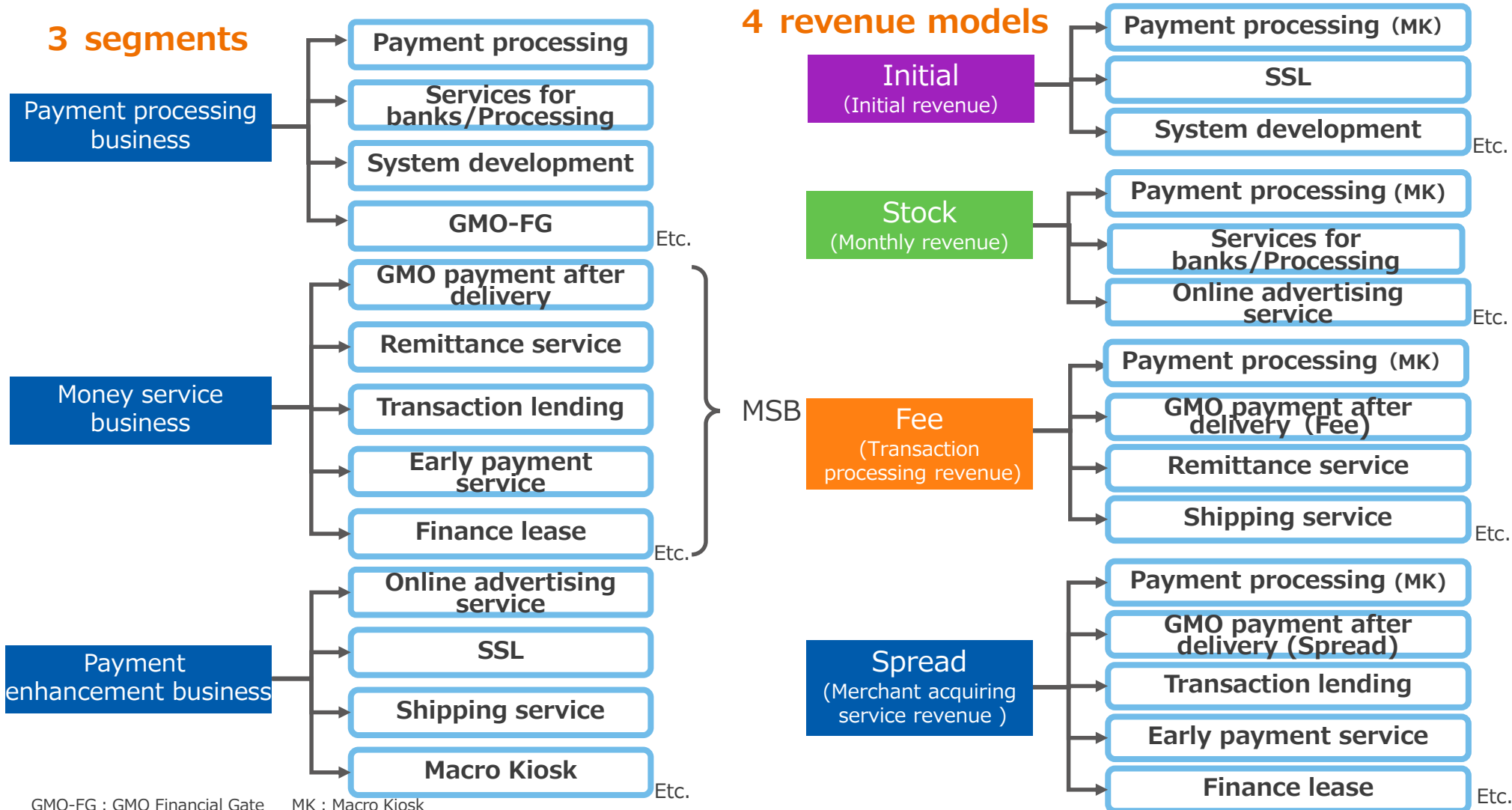
Company name	Macro Kiosk Berhad
Location	Malaysia and 11 other countries in Asia
Headcount	240
Financial results	Revenue :2,646 million yen *Figure reflected to consolidated GMO-PG group results under 2017
GMO-PG's stake	70%
Acquisition cost	Approx. 1,121 million yen

- Advantage**
- I . Stable revenue model
 - II . Strong client base (Banks, aviation, etc.)
 - III . Development capabilities
 - IV . Taking in talented management and staff



Summary chart of Segments and Revenue models

Reporting in 3 Segments and 4 revenue models



GMO-FG : GMO Financial Gate MK : Macro Kiosk

GMO-PG Group

GMO Payment Gateway's subsidiaries and equity affiliates

GMO Payment Gateway, Inc.

< Consolidated subsidiary >

Multiple payment (small scale)

GMO Epsilon, Inc.

(Financial results of FY2017)

Revenue : 2,617 million yen, Operating profit : 1,807 million yen

Payment after delivery

GMO Payment Service, Inc.

Card-present payment

GMO Financial Gate, Inc.

(As of the end of September 2017) 65.0% stake

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 2017) 70.0% stake

< Equity-method affiliate >

Multiple payment

SMBC GMO Payment, Inc.

(As of the end of September 2017) 49.0% stake

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																																																								
■ Executives	<table> <tr> <td>Chairman & Director</td> <td>Masatoshi Kumagai</td> </tr> <tr> <td>President & Representative Director</td> <td>Issei Ainoura</td> </tr> <tr> <td>Executive Vice President</td> <td>Ryu Muramatsu</td> </tr> <tr> <td>Executive Vice President</td> <td>Satoru Isozaki</td> </tr> <tr> <td>Senior Managing Director</td> <td>Yuichi Hisada</td> </tr> <tr> <td>Director</td> <td>Yasuhiko Kimura</td> </tr> <tr> <td>Director</td> <td>Tomoyuki Murakami</td> </tr> <tr> <td>Director</td> <td>Shinichi Sugiyama</td> </tr> <tr> <td>Director</td> <td>Yusuke Arai</td> </tr> <tr> <td>Director</td> <td>Masashi Yasuda</td> </tr> <tr> <td>Director</td> <td>Masaru Yoshioka</td> </tr> <tr> <td>Senior executive officer</td> <td>Takeshi Yoshii</td> </tr> <tr> <td>Senior executive officer</td> <td>Takashi Mitani</td> </tr> <tr> <td>Executive officer</td> <td>Katsunari Mukai</td> </tr> <tr> <td>Executive officer</td> <td>Yoshikazu Yanagishima</td> </tr> <tr> <td>Executive officer</td> <td>Kazunari Taguchi</td> </tr> <tr> <td>Executive officer</td> <td>Tatsuhito Muramatsu</td> </tr> <tr> <td>Executive officer</td> <td>Kiyonobu Inayama</td> </tr> <tr> <td>Executive officer</td> <td>Shingo Ito</td> </tr> <tr> <td>Executive officer</td> <td>Yoshinori Inoguchi</td> </tr> <tr> <td>Executive officer</td> <td>Hirofumi Tozawa</td> </tr> <tr> <td>Executive officer</td> <td>Yasunori Hatada</td> </tr> <tr> <td>External Director</td> <td>Masaya Onagi</td> </tr> <tr> <td>External Director</td> <td>Akio Sato</td> </tr> <tr> <td>Full-time auditor</td> <td>Yasuhiro Kanda</td> </tr> <tr> <td>Auditor</td> <td>Takashi Iinuma</td> </tr> <tr> <td>External Auditor</td> <td>Kazutaka Yoshida</td> </tr> <tr> <td>External Auditor</td> <td>Kazuhiko Okamoto</td> </tr> </table>	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	Senior executive officer	Takashi Mitani	Executive officer	Katsunari Mukai	Executive officer	Yoshikazu Yanagishima	Executive officer	Kazunari Taguchi	Executive officer	Tatsuhito Muramatsu	Executive officer	Kiyonobu Inayama	Executive officer	Shingo Ito	Executive officer	Yoshinori Inoguchi	Executive officer	Hirofumi Tozawa	Executive officer	Yasunori Hatada	External Director	Masaya Onagi	External Director	Akio Sato	Full-time auditor	Yasuhiro Kanda	Auditor	Takashi Iinuma	External Auditor	Kazutaka Yoshida	External Auditor	Kazuhiko Okamoto
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■ Managing underwriter	(Main) Nomura Securities, Co. Ltd., (Sub) Mizuho Securities, Co. Ltd., Daiwa Securities Co. Ltd.																																																								
■ Auditor	Deloitte Touche Tohmatsu LLC																																																								
■ Consolidated subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc., GMO Financial Gate, Inc. GMO PAYMENT GATEWAY PTE. LTD. (Singapore), Macro Kiosk Berhad, etc.																																																								
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(As of September,2017)