

Supplementary information

Financial results briefing for the Q1 of FY2018

February 13, 2018

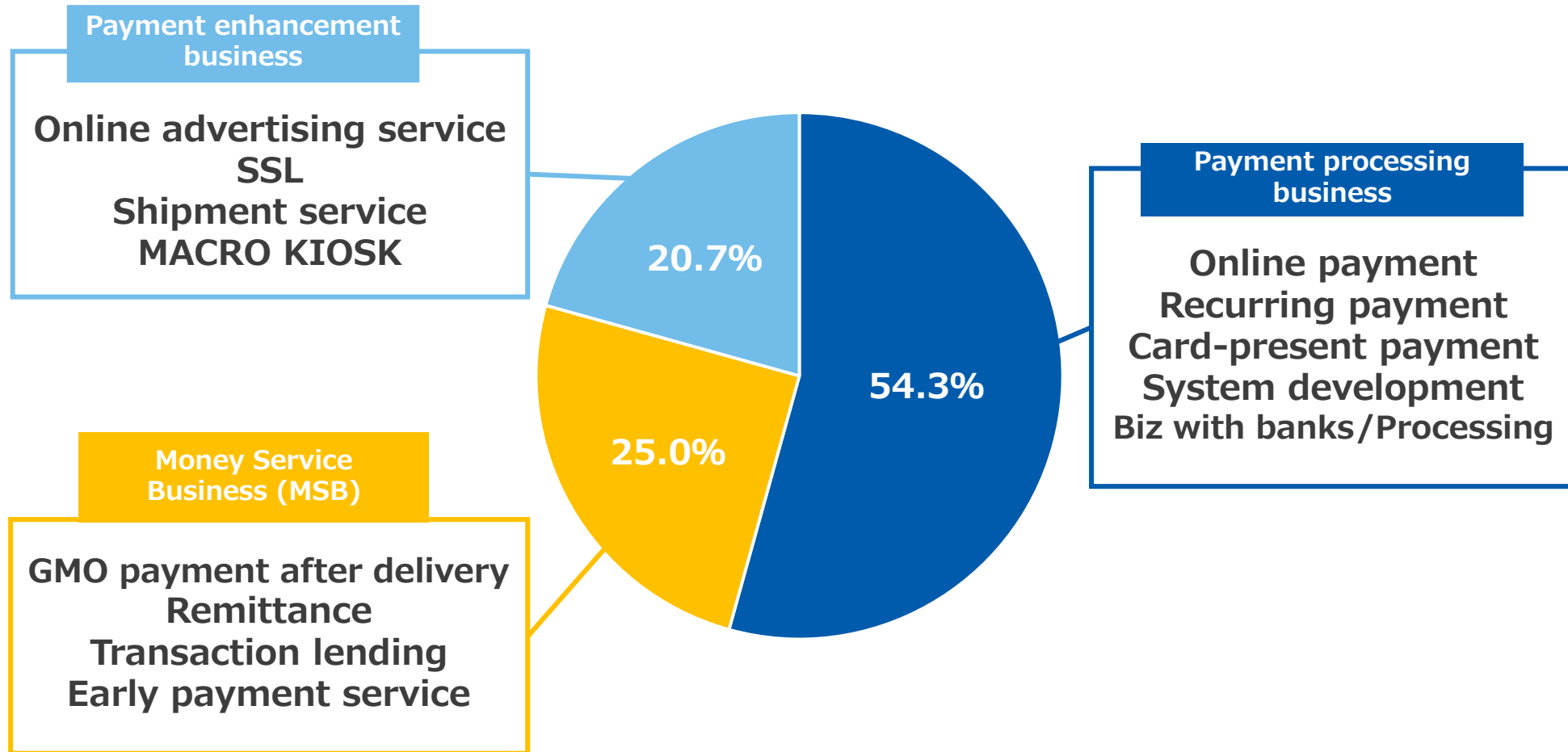
GMO Payment Gateway, Inc.
(3769: Tokyo Stock Exchange section - 1)

GMO PAYMENT GATEWAY

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

Three business segments

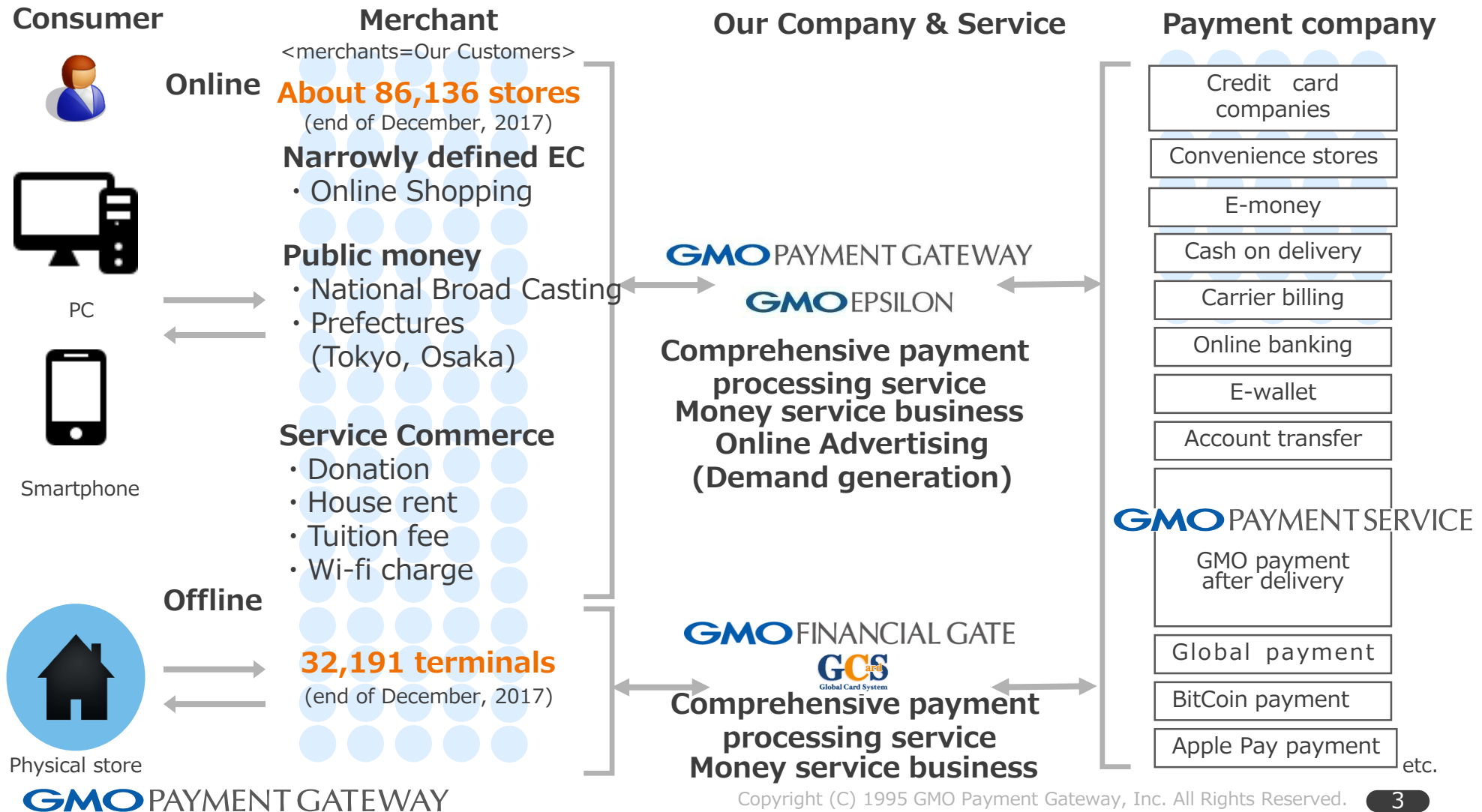
Continuing 25% OP growth based on payment processing and surrounding businesses on top of it



Revenue composition for Q1 FY2018

Business outline - The role of our group

We connect merchant and payment company in contract, payment information and money flow



Revenue streams of credit card payment

Revenue streams by merchant scale

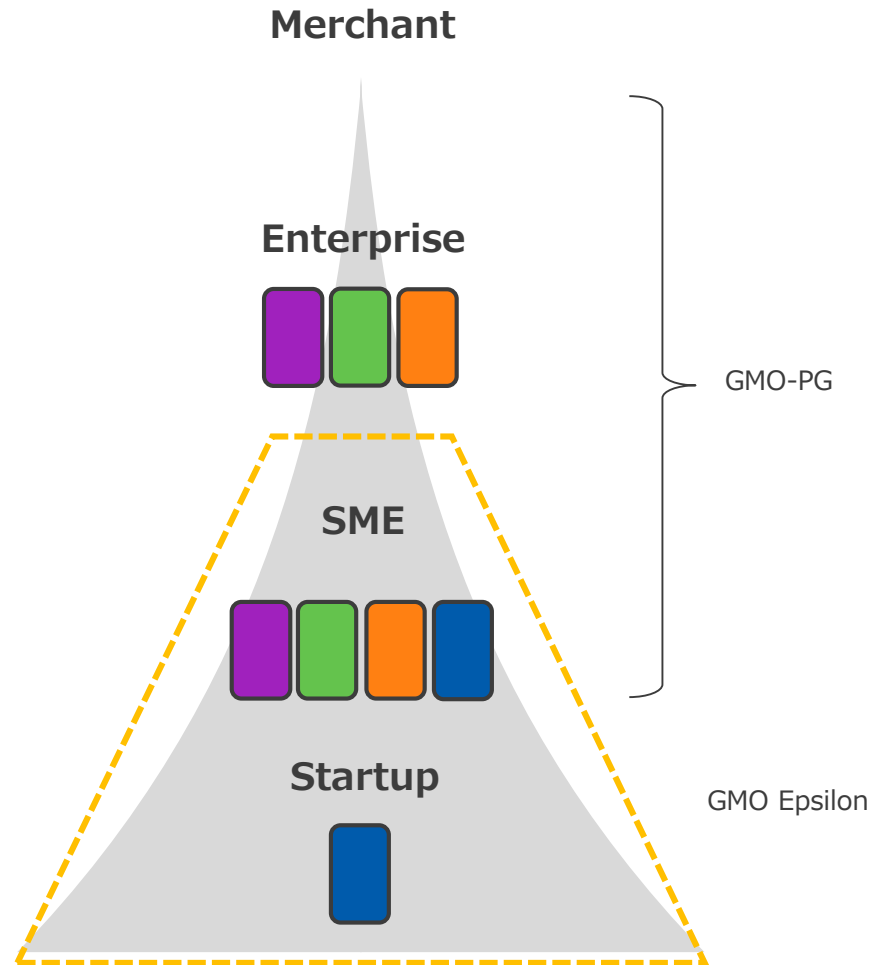
■ Our four revenue streams

① Initial (Initial revenue)
Initial introduction fees
Coefficient: 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
Coefficient: Number of merchants
Revenue : Operating merchants × _Yen

③ Fee (Transaction processing revenue)
Fee based on transaction volume
Coefficient: Number of payments processed
Revenue : Number of payments processed
× _Yen

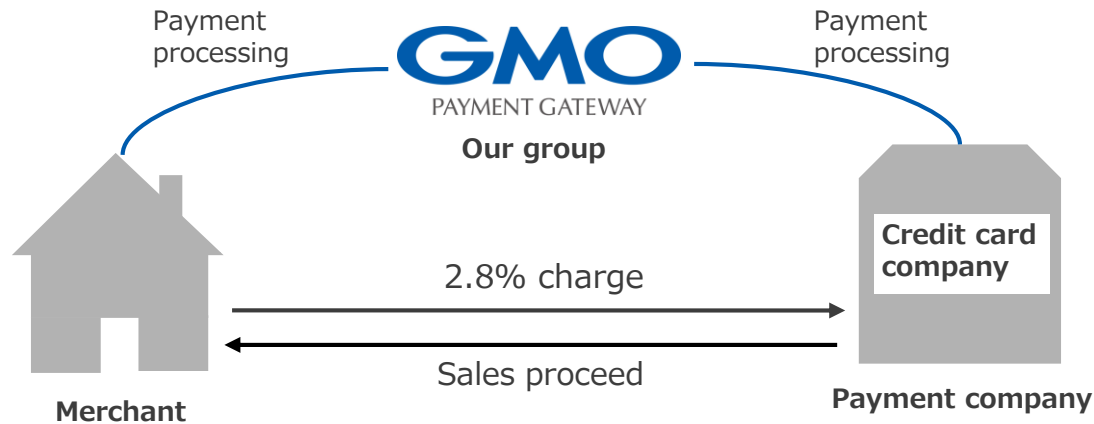
④ Spread (Merchant acquiring service revenue)
Fee based on transaction value
Coefficient: Amount of payments processed
Revenue : Amount of payments processed
× _%



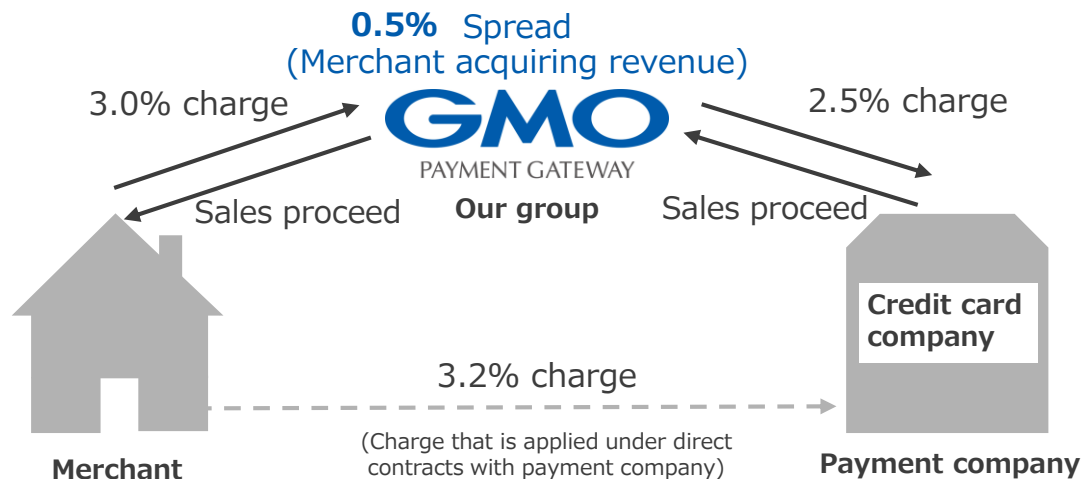
Two types of contract forms

We introduced a new contract system and changed the flow of sales proceed

Direct contract with merchant



Representative contract with merchant



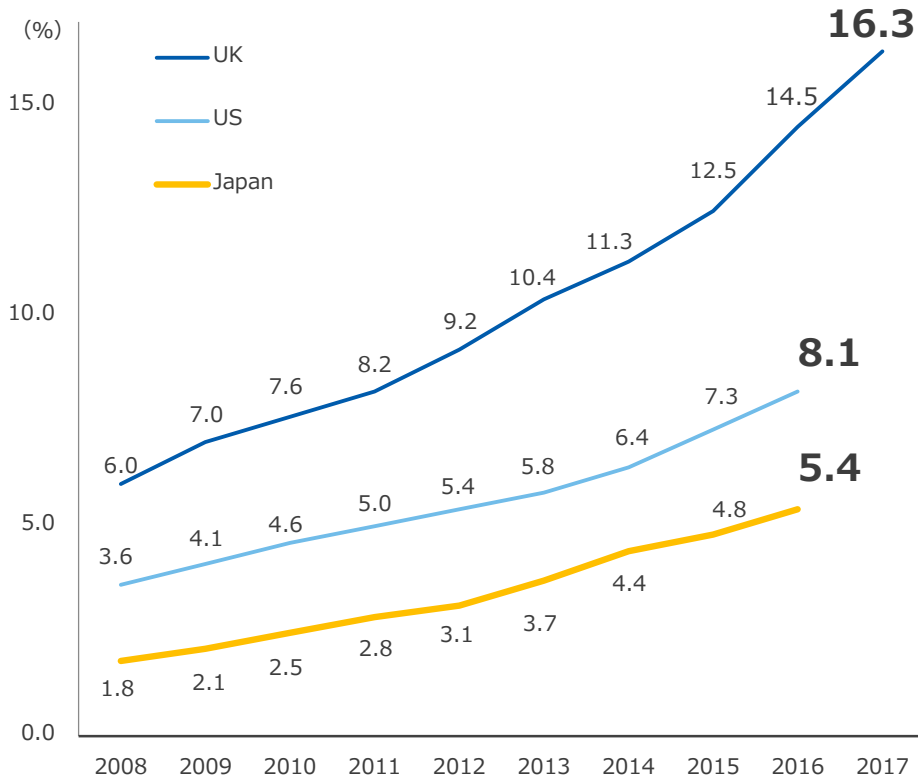
*Numbers are provided for illustration purposes only.

← Flow of sales proceed/charge

Growth potential of Ecommerce market in Japan

Low Ecommerce ratio and high cash payment ratio among advanced countries

■ Ecommerce ratio



References : METI. "FY2016 Building infrastructure for information- and service-oriented Japanese economy and society (Ecommerce market survey)"
 U.S. Bureau of the Census. "The 3rd Quarter 2017 Retail Ecommerce Sales Report"
 Office for National Statistics "Retail Sales, January 2018"

■ Card usage to private final consumption expenditure

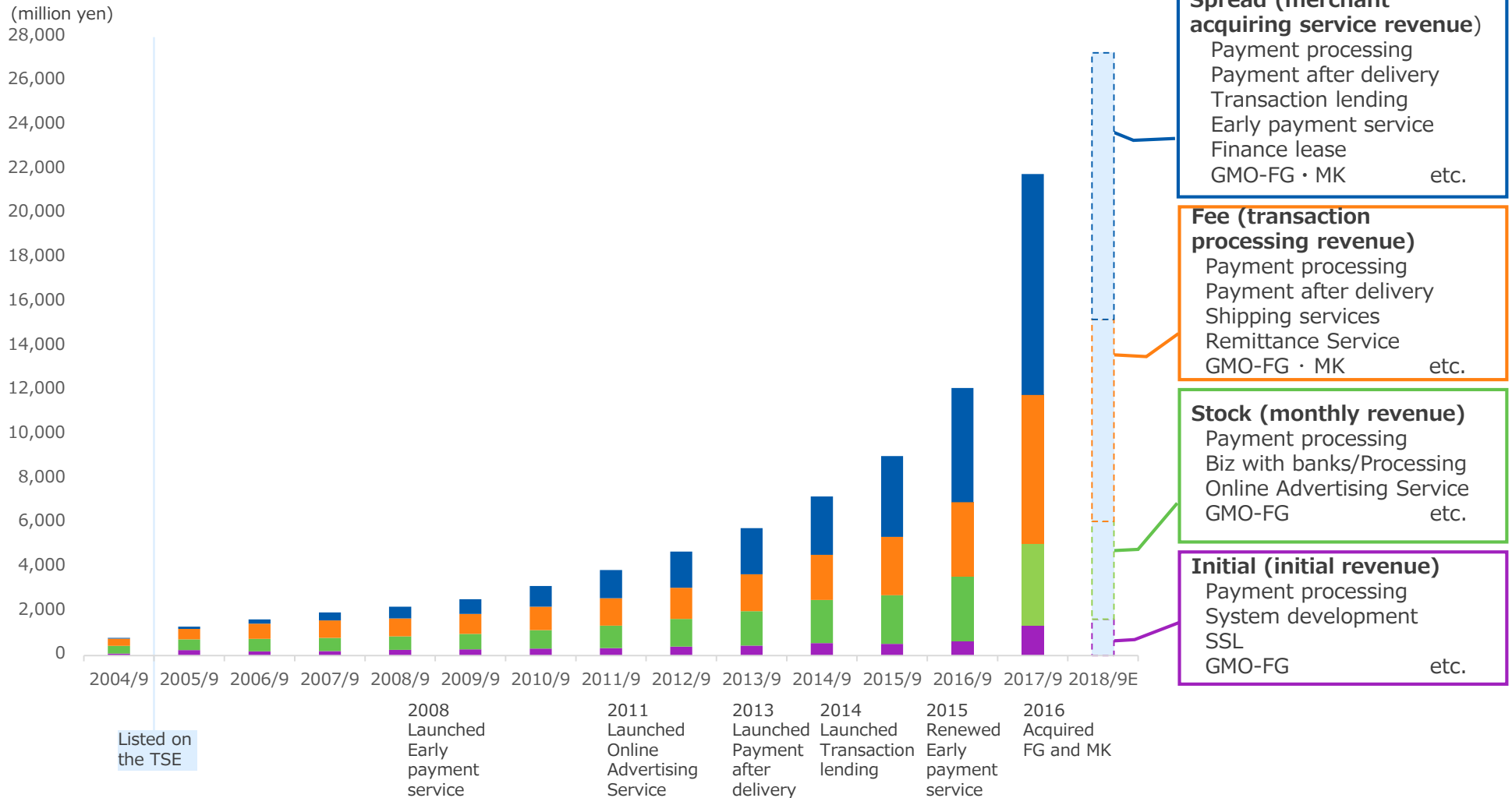
(2016)	Credit card usage rate	Debit card usage rate	Credit+Debit usage to private final consumption expenditure rate
UK	11 %	53 %	64 %
US	26 %	20 %	46 %
South Korea	79 %	20 %	99 %
Australia	34 %	28 %	61 %
Japan	17 %	-	17 %

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

*Estimated by GMO-PG with reference from CPSS Red Book "Statistics on payment, clearing and settlement systems in the CPMI countries - Figures for 2016"
 THE WORLD BANK "Household final consumption expenditure (current USD)"

Revenue breakdown

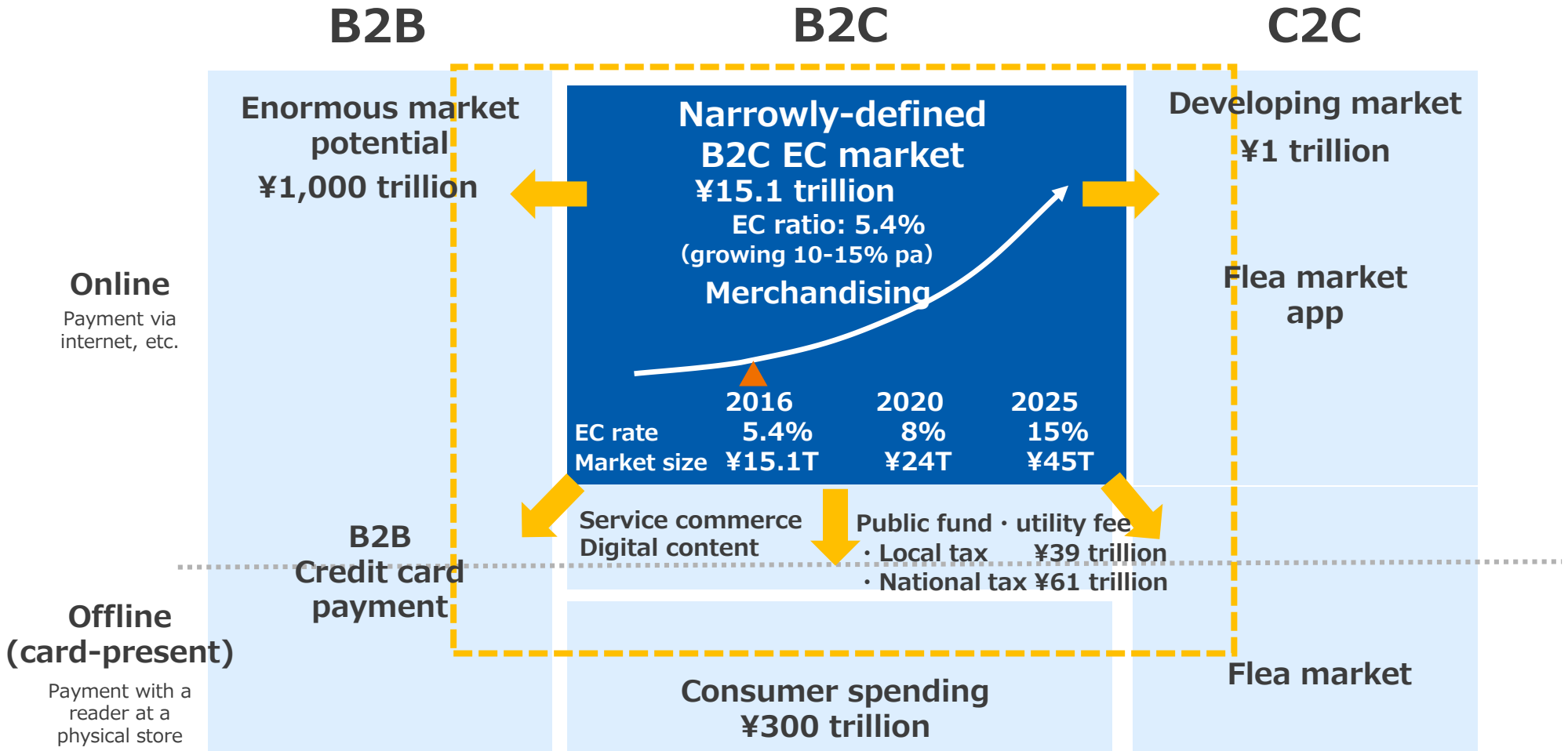
Target a balanced revenue growth by various initiatives



*MK: MACRO KIOSK, GMO-FG: GMO Financial Gate

Our approach to broadly-defined EC market

Cashless moves in Japan is our growth accelerator



*References : METI. "FY2016 Building infrastructure for information- and service-oriented Japanese economy and society (Ecommerce market survey)"

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

*THE WORLD BANK "Household final consumption expenditure (current USD)"

Expansion of public fund and utility payment

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

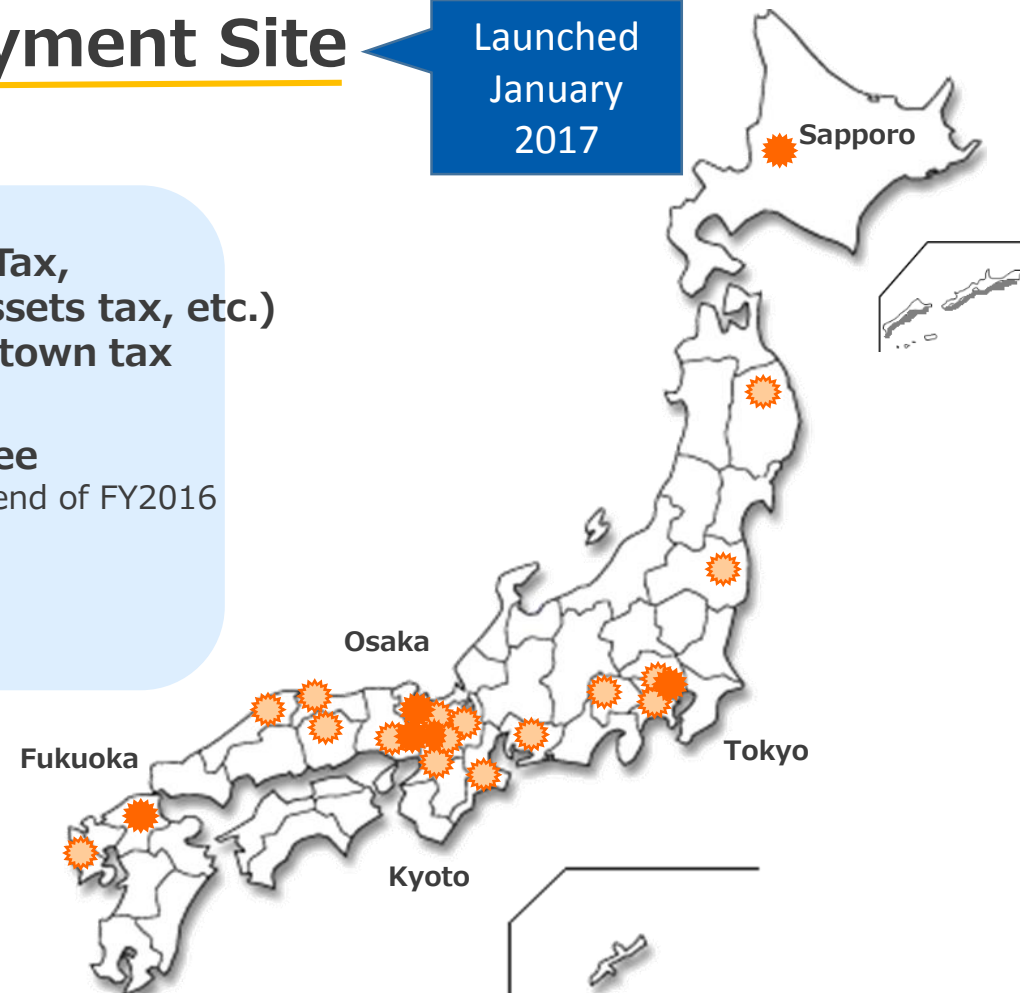
National Tax Credit Card Payment Site

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 fee, cram school tuition fee
parking fee, school meal charge, 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



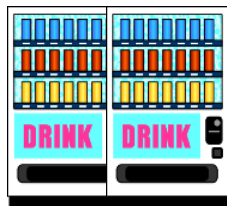
Target

Beverage maker

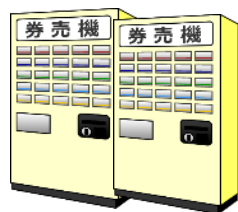
Railway company

Gas station

Parking lot company



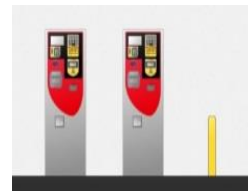
2,500Kunits



960Kunits



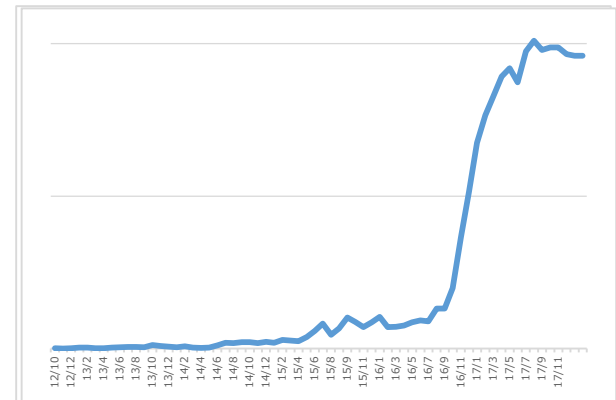
200Kunits



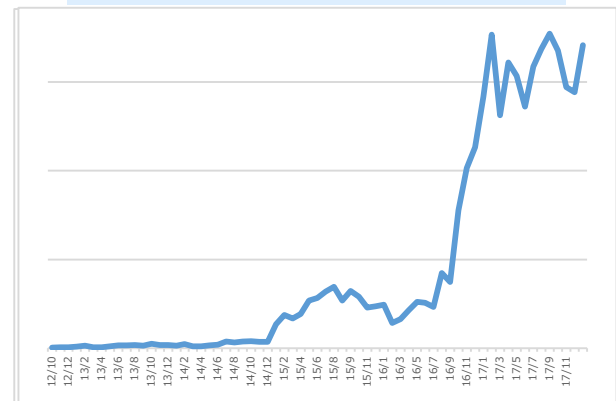
1,570Kunits

These illustrations do not necessarily imply plans of future implementations.

Mobile phone transaction volume



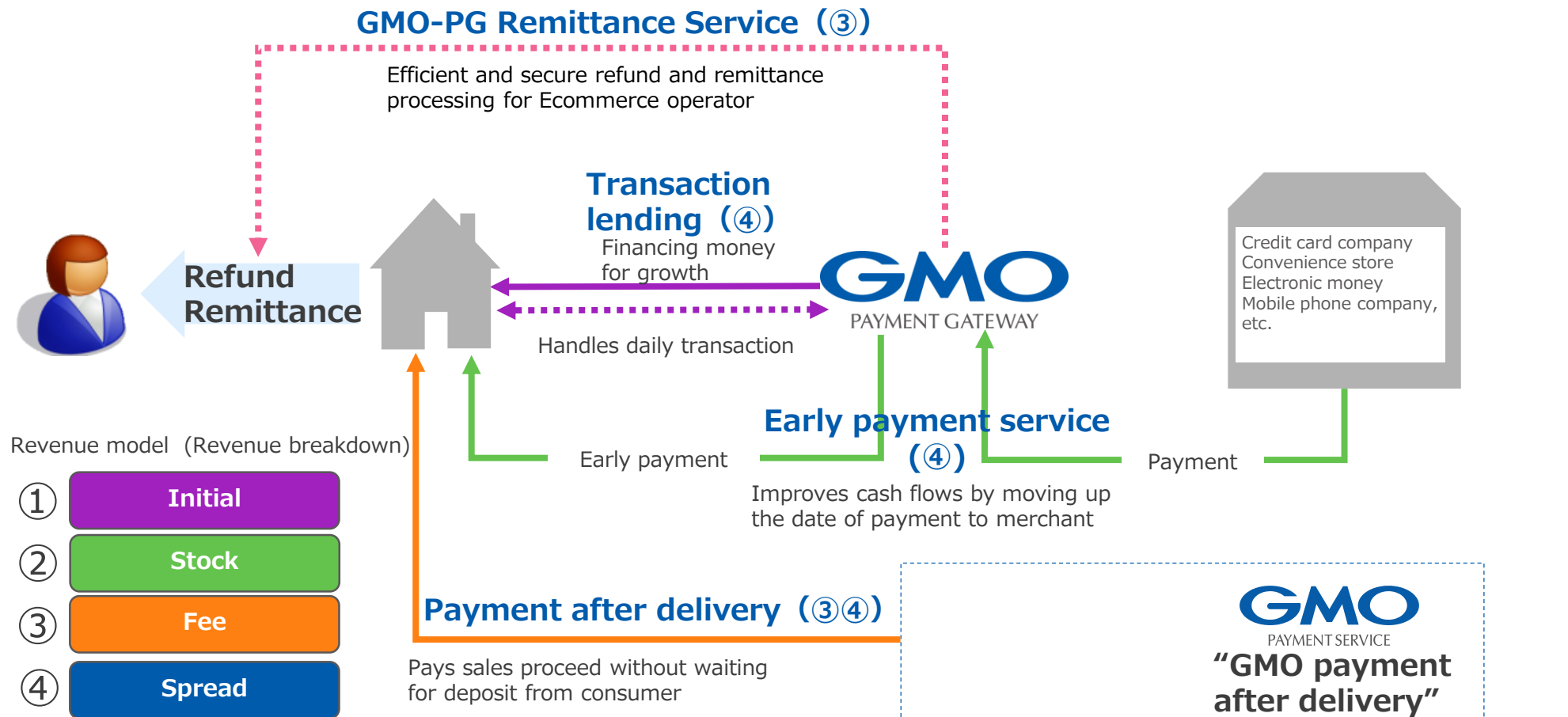
Mobile phone transaction value (yen)



Definition of Money Service Business (MSB)

Financial service that only payment processing company can provide

Consumer Merchant GMO-PG group Payment company

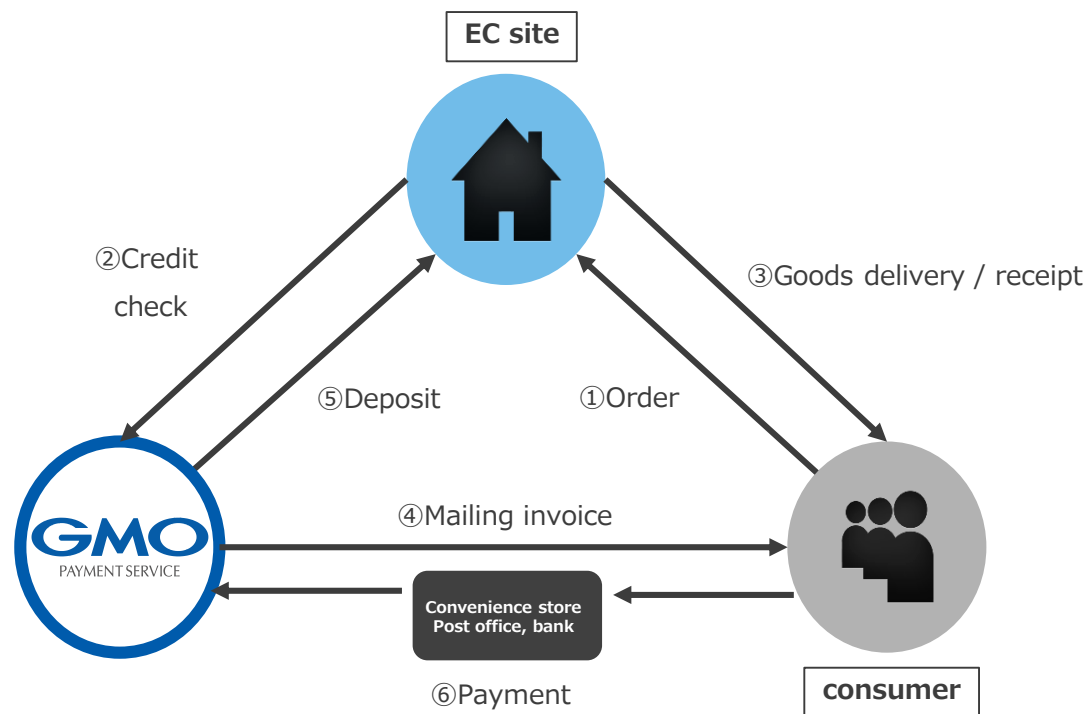


GMO Payment after delivery

Provided by GMO Payment Service, our subsidiary

No need for credit card

(Buyer can pay at post office and CVS after receiving goods)



Overseas strategies

Target: 50% of revenue to come from overseas through expansion of payment services and investment strategies

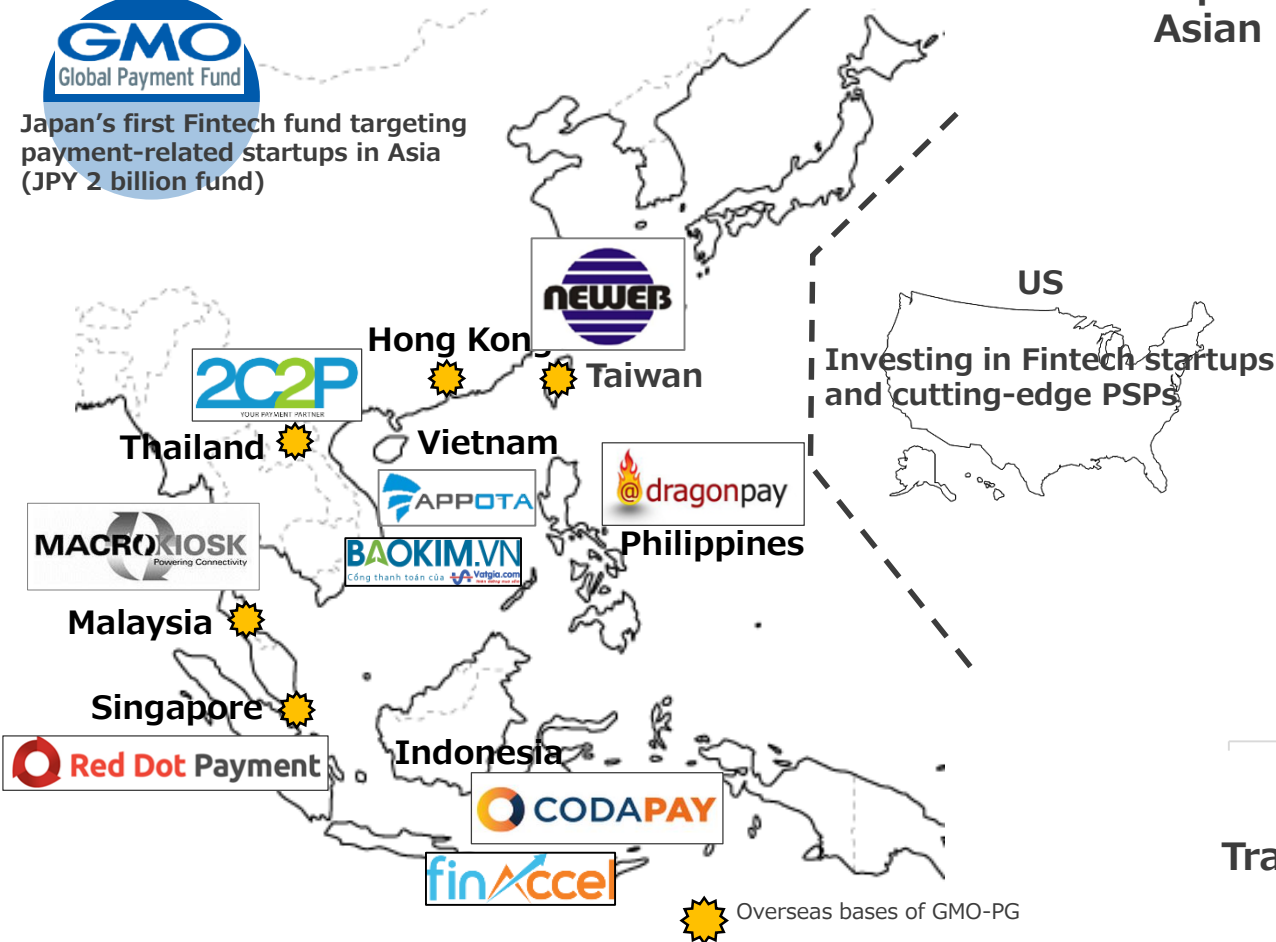
■ Investment target

Asia: Top payment company US: Innovator

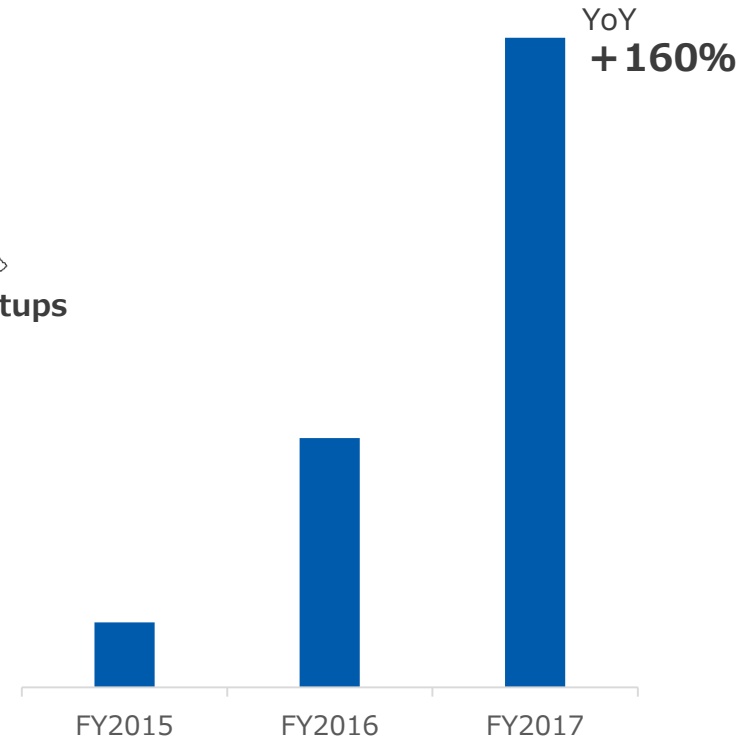
■ Payment processing business

Providing payment services to Japanese companies that entered Asian market through Z.com Payment

GMO
Global Payment Fund
Japan's first Fintech fund targeting payment-related startups in Asia (JPY 2 billion fund)



US
Investing in Fintech startups and cutting-edge PSPs



Transaction value in Asia soaring

MACRO KIOSK (Payment enhancement)



Strategic investment in MACRO KIOSK

Company name Macro Kiosk Berhad
Location Malaysia and 11 other countries in Asia
Headcount 239 (as of the end of Dec. 2017)

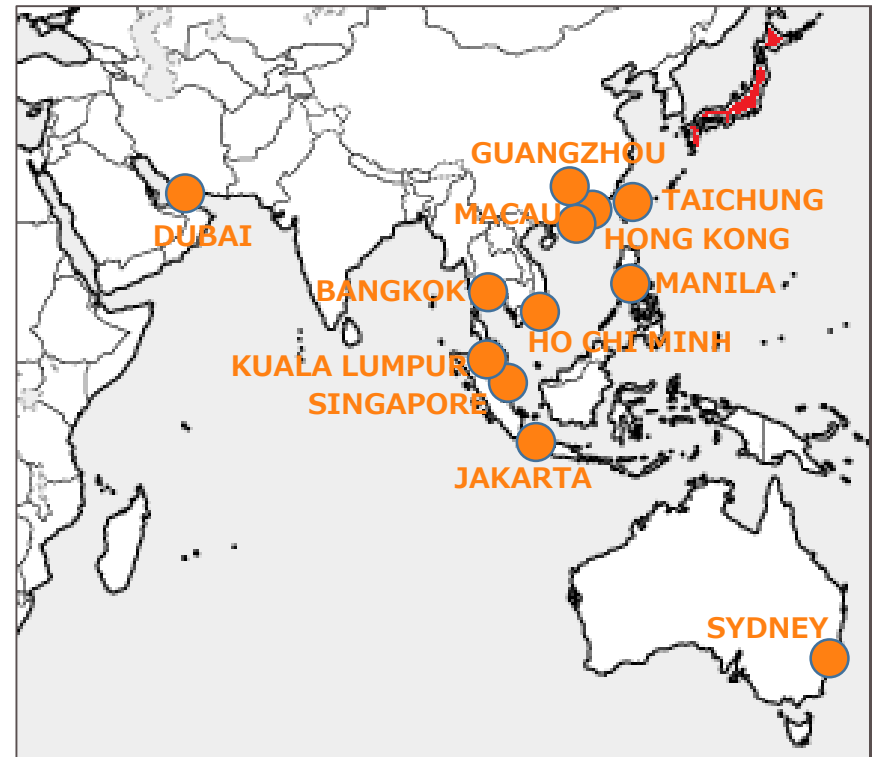
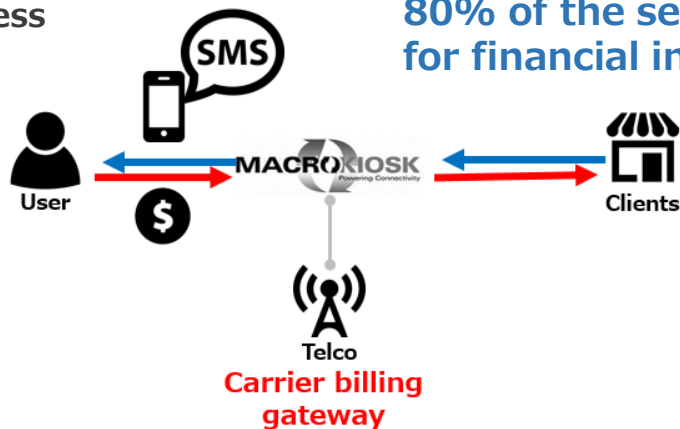
- Advantages**
- ① Stable revenue model
 - ② Solid client base (bank, aviation company, etc.)
 - ③ Excellent development
 - ④ Talented management and staff

Financial results Revenue :2,646 million yen
*Consolidated to GMO-PG Group's results under FY2017

GMO-PG's stake 70%

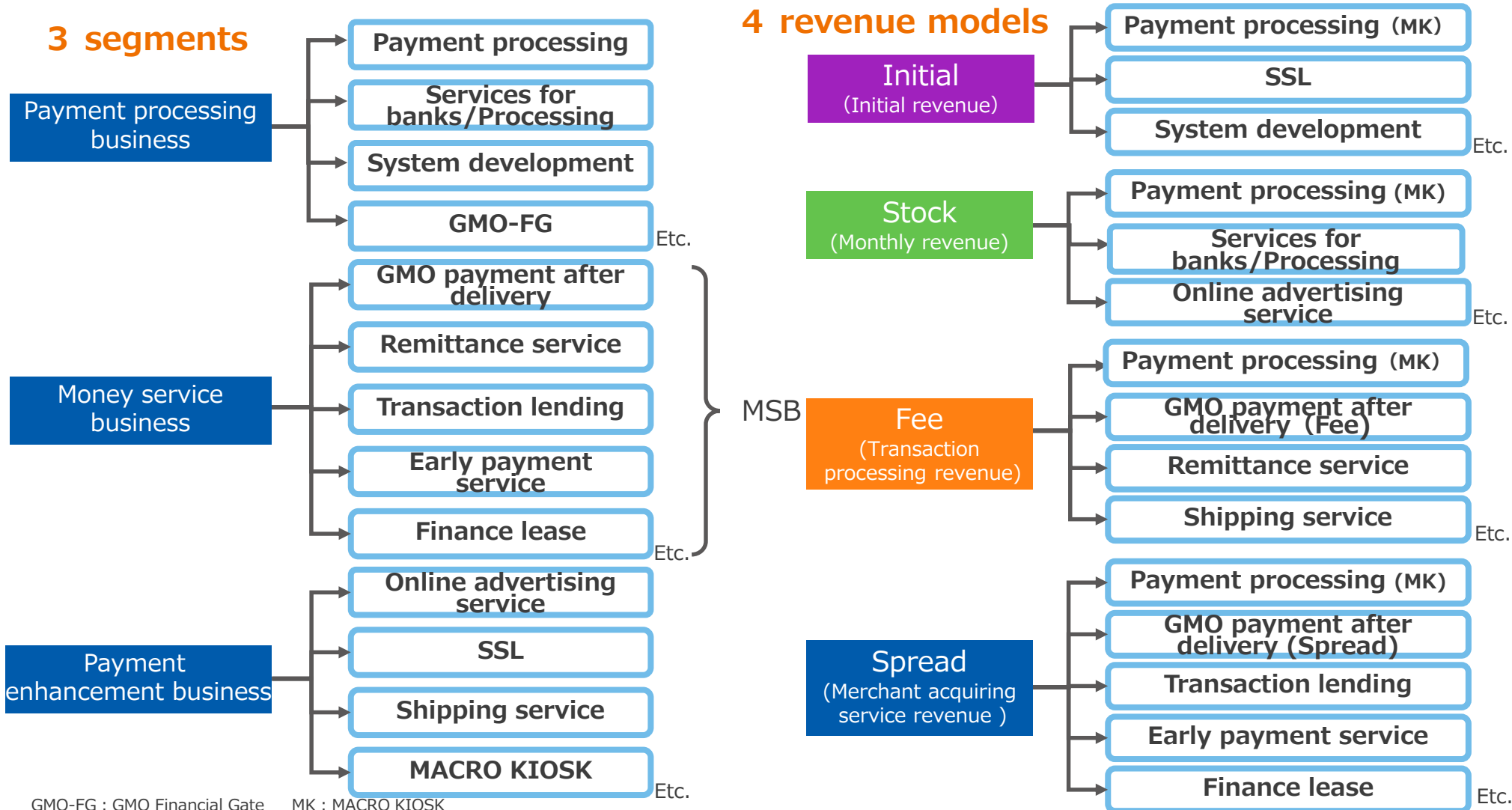
Acquisition cost Approx. 1,121 million yen

Business model



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 >

Multi payment (targets small-sized merchant)

GMO Epsilon, Inc. (Financial results of FY2017 under JGAAP)

Payment after delivery Revenue : 2,617 million yen, Operating profit : 1,807 million yen

GMO Payment Service, Inc.

Card-present payment

GMO Financial Gate, Inc. (As of end of Sep. 2017) 65.0% stake

Global Card System

Overseas

GMO Payment Gateway Pte. Ltd. (Singapore)

GMO Payment Gateway Hong Kong Limited (Hong Kong and Taiwan)

GMO Payment Gateway Malaysia Sdn. Bhd. (Malaysia)

GMO Payment Gateway (Thailand) Co.,Ltd. (Thailand)

Overseas

Macro Kiosk Berhad (As of end of Sep. 2017) 70.0% stake

< Equity-method affiliate >

Multiple payment

SMBC GMO Payment (As of end of Sep. 2017) 49.0% stake

Overseas

2C2P Pte. Ltd. (As of end of Sep. 2017) 32.0% stake

Company outline

■ Name	GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange section-1)																																																								
■ Date of establishment	March 1995																																																								
■ Location	Humax Shibuya Building 7F, 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																																																								
■ Management team	<table> <tr> <td>Chairman & Director</td> <td>Masatoshi Kumagai</td> </tr> <tr> <td>President & Chief Executive Officer</td> <td>Issei Ainoura</td> </tr> <tr> <td>Director, Executive Vice President</td> <td>Ryu Muramatsu</td> </tr> <tr> <td>Director, 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>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>Director</td> <td>Takehito Kaneko</td> </tr> <tr> <td>Senior executive officer</td> <td>Takeishi 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 & Chief Executive Officer	Issei Ainoura	Director, Executive Vice President	Ryu Muramatsu	Director, Executive Vice President	Satoru Isozaki	Senior Managing Director	Yuichi Hisada	Director	Tomoyuki Murakami	Director	Shinichi Sugiyama	Director	Yusuke Arai	Director	Masashi Yasuda	Director	Masaru Yoshioka	Director	Takehito Kaneko	Senior executive officer	Takeishi 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 end of Dec. 2017)

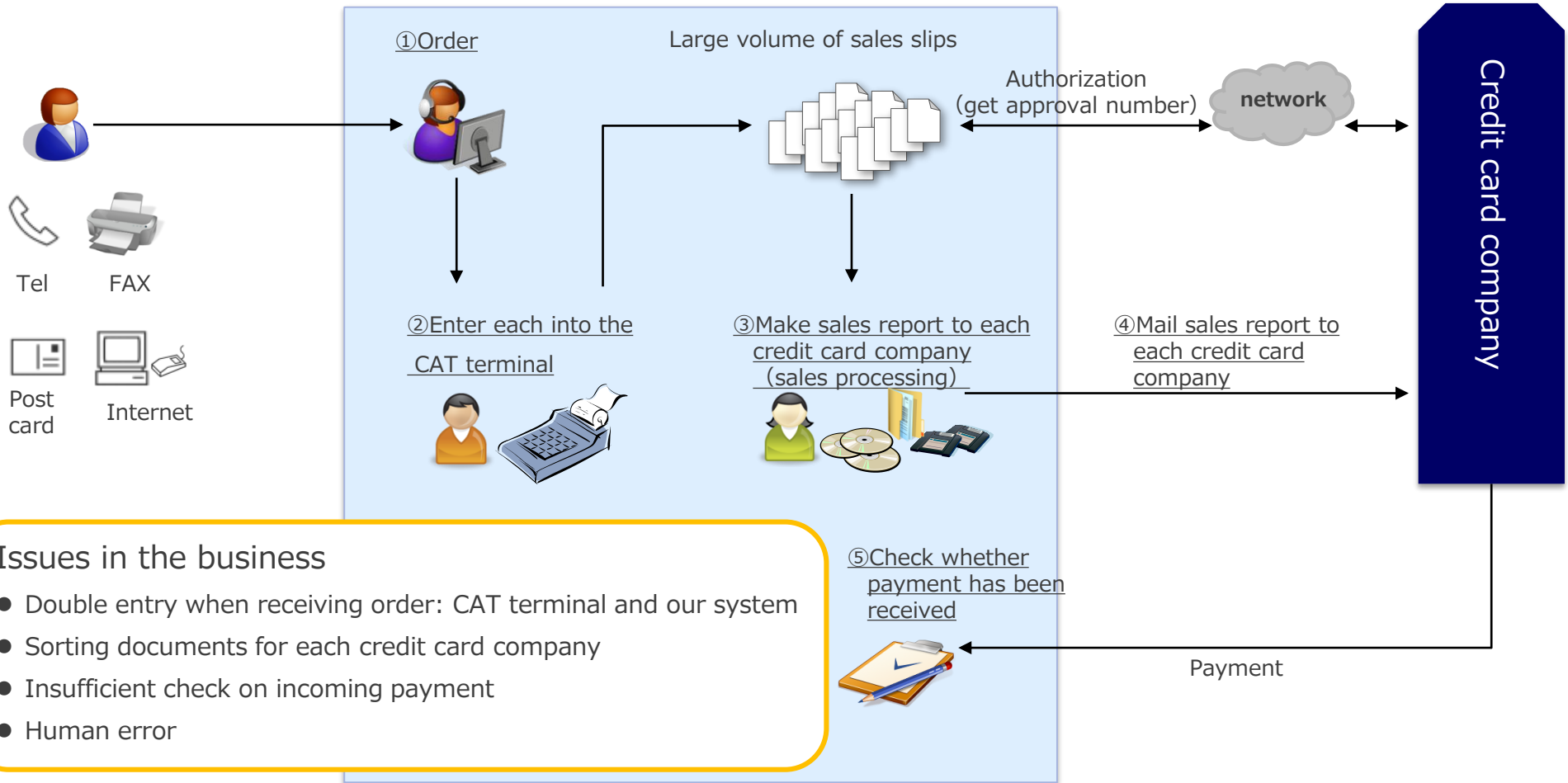
Appendix

Business outline of payment processing company (1)

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

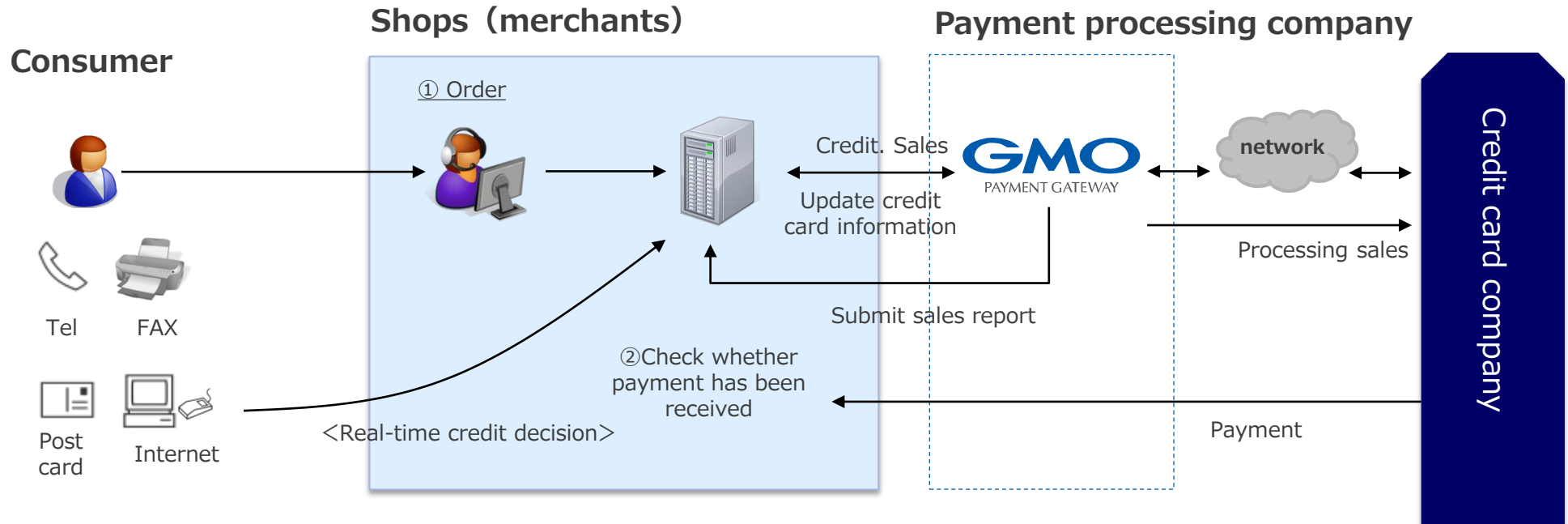
Consumer

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 payment was processed offline between merchant and credit card company, causing burden on both sides. Payment processing companies were established to eliminate the burden on both parties.