

Supplementary Information

Financial results briefing for the Q4 of FY2016

November 7, 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

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

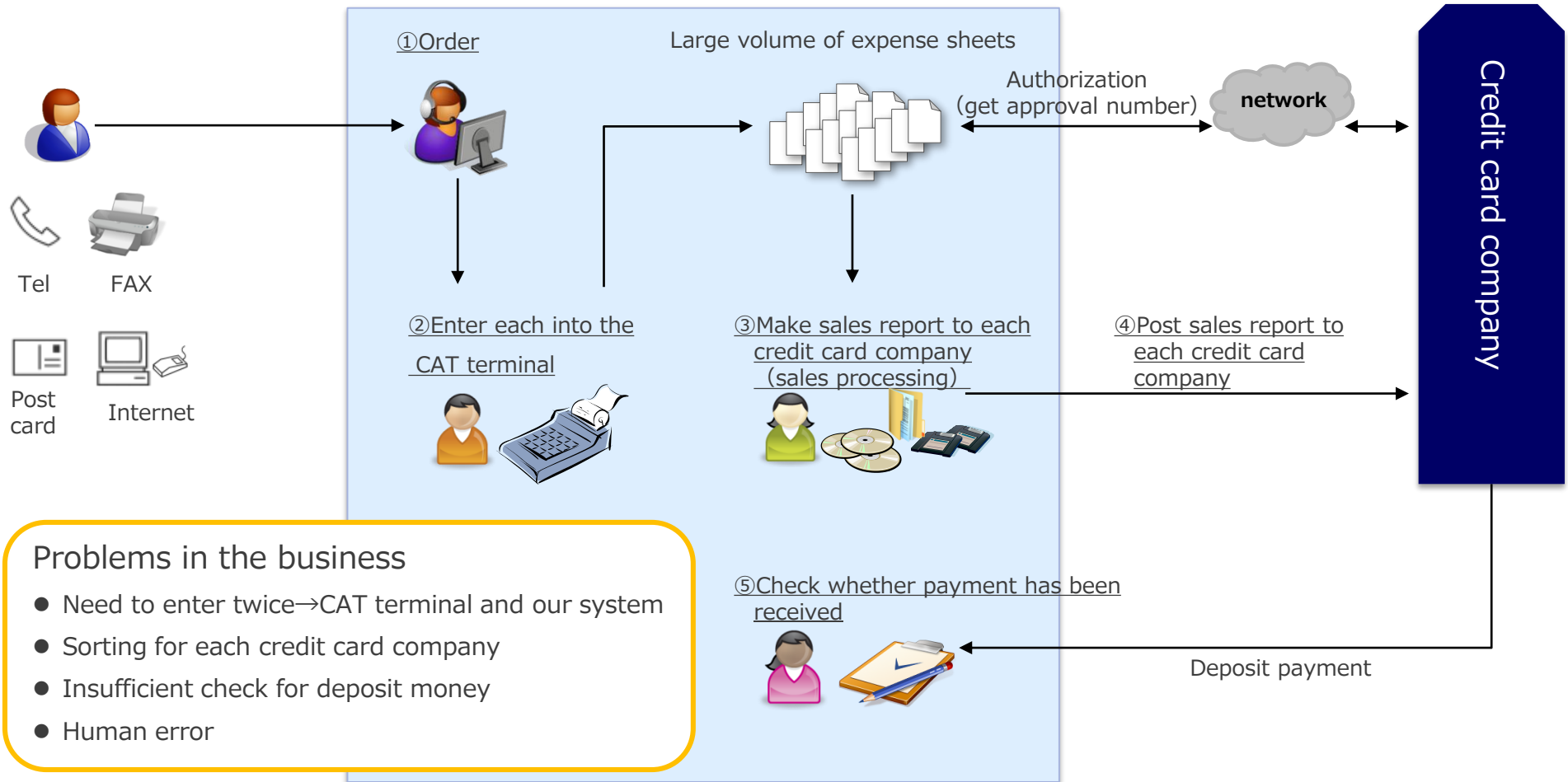
machine which registers credit
card number in advance

Business outline of payment processing company(1)

Problems of the existing online credit card payment

Consumer

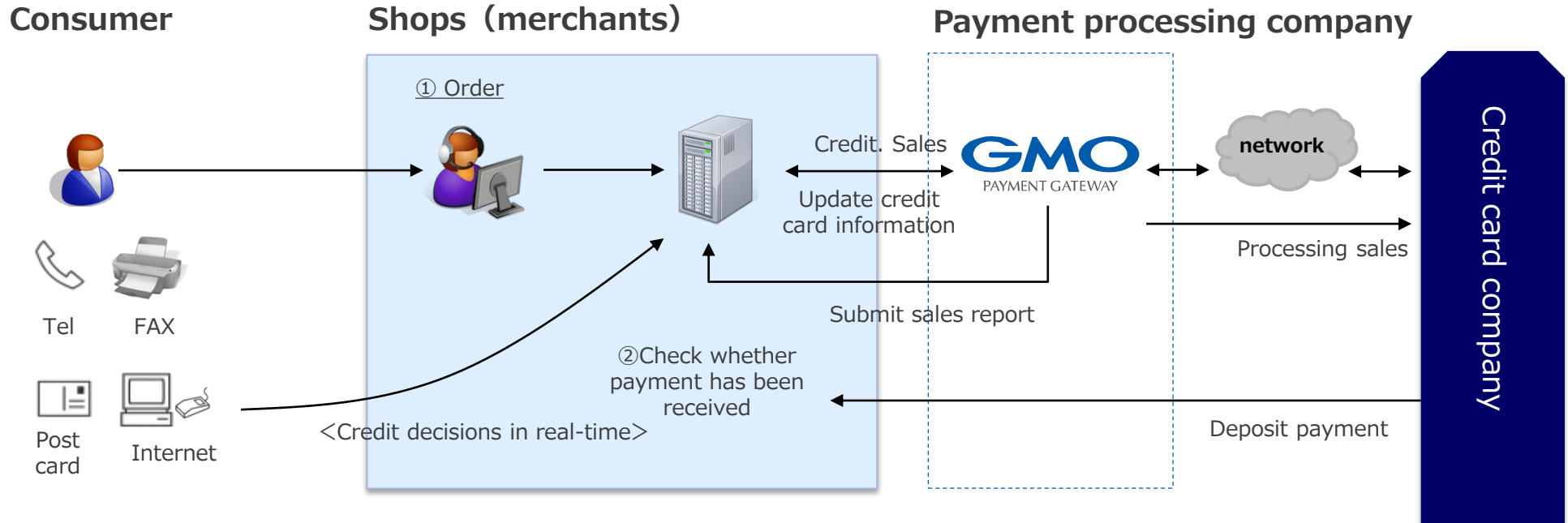
Shops (merchants)



Business outline of payment processing company(2)

Payment processing service

which could do credit card payment operation efficiently

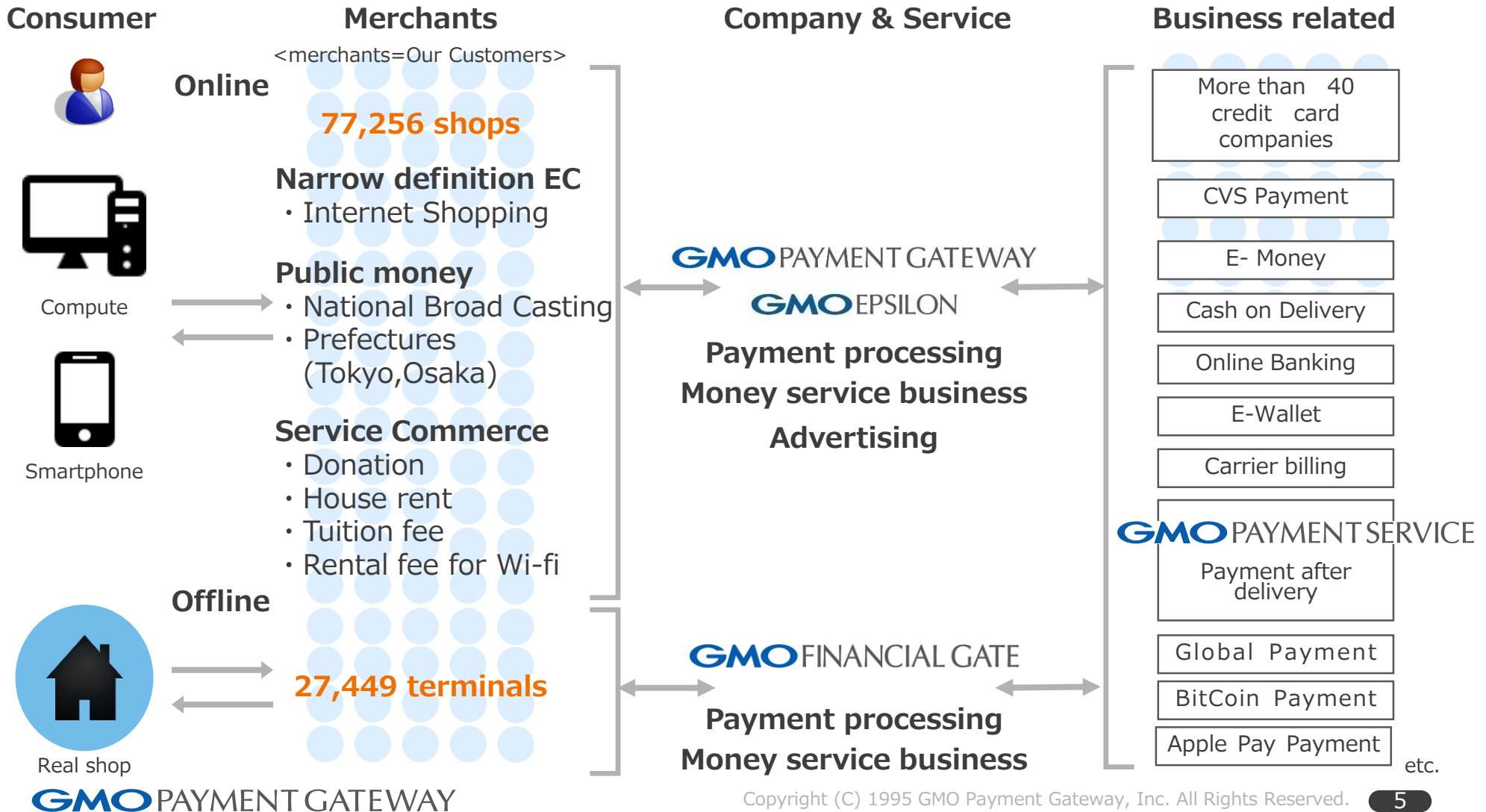


In the early days of EC, offline processing was done for online credit card payments between merchants and credit card companies, increasing the burden of each.

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

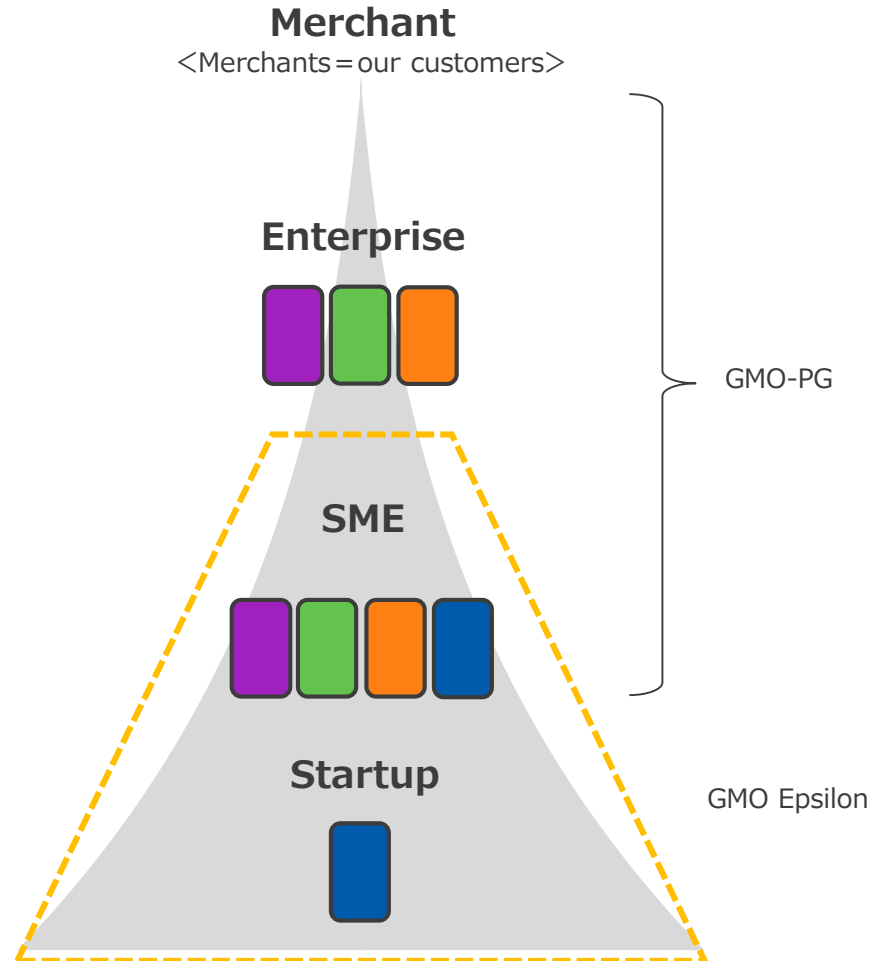


Revenue model for credit card payments

Revenue model by merchant scale

■ Revenue breakdown

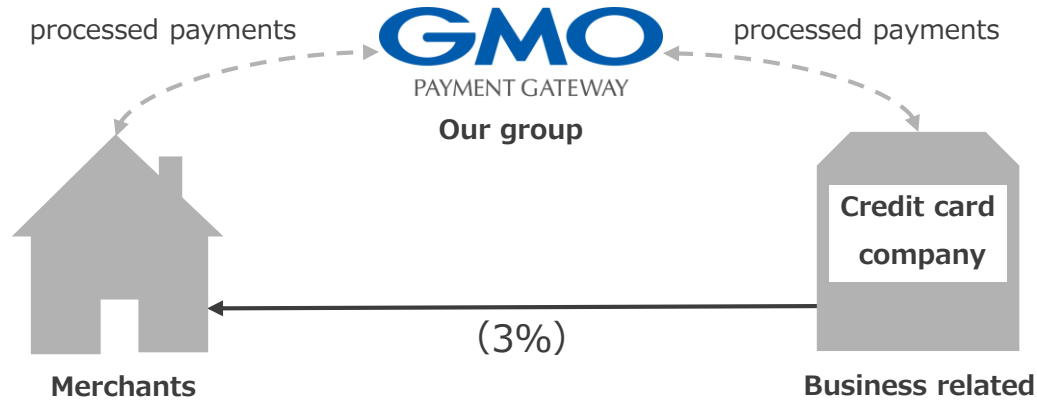
- Initial**
Initial introduction fees
Coefficient : Number of merchant newly acquired
Sales : Number of new merchant acquired × ~Yen /time of introductions
- Stock**
Customer support and maintenance fee
Coefficient: Number of merchant
Sales : Active merchants × ~Yen/month
- Fee**
Fee charge per transaction(number)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



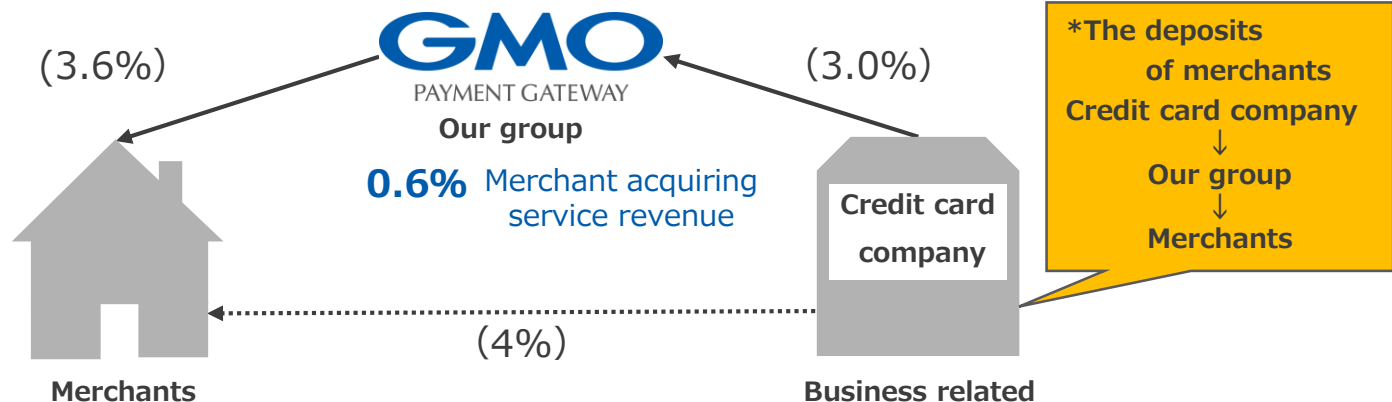
Two types of contract form

Contract type and the flow of money

Direct contract with merchants



Representative contract with merchants

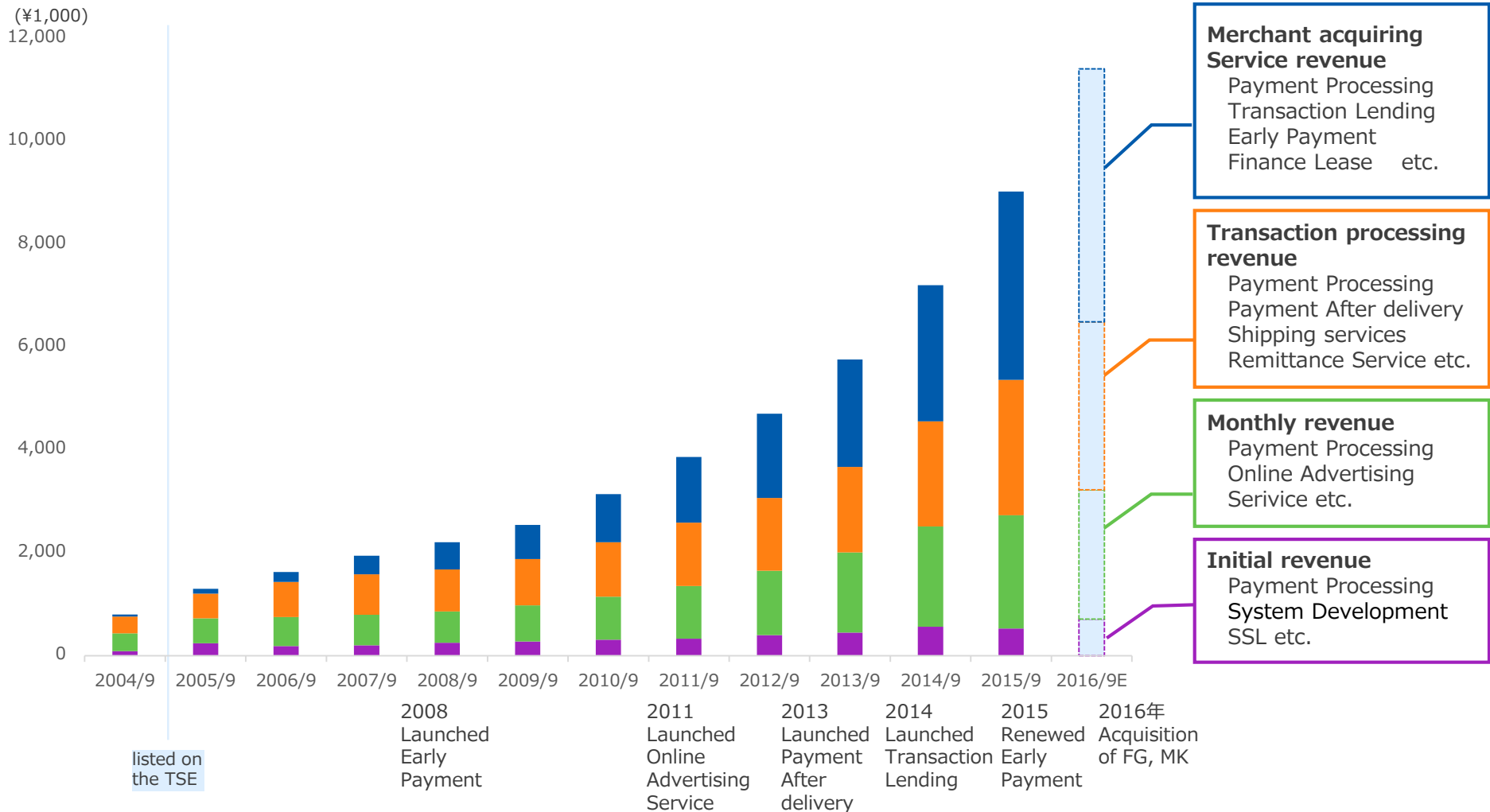


*Numbers are provided for illustration purposes only.

← The deposits of merchants

Revenue breakdown

Action plans to realize the balanced growth

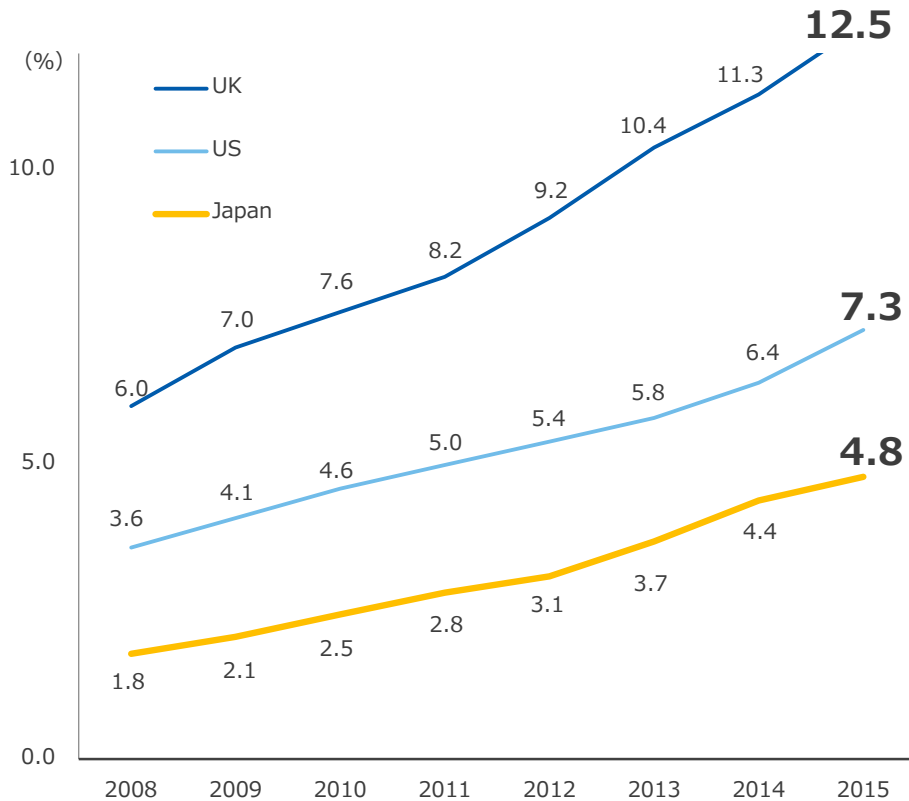


*MK:MACRO KIOSK, FG:GMO Financial Gate

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 % |

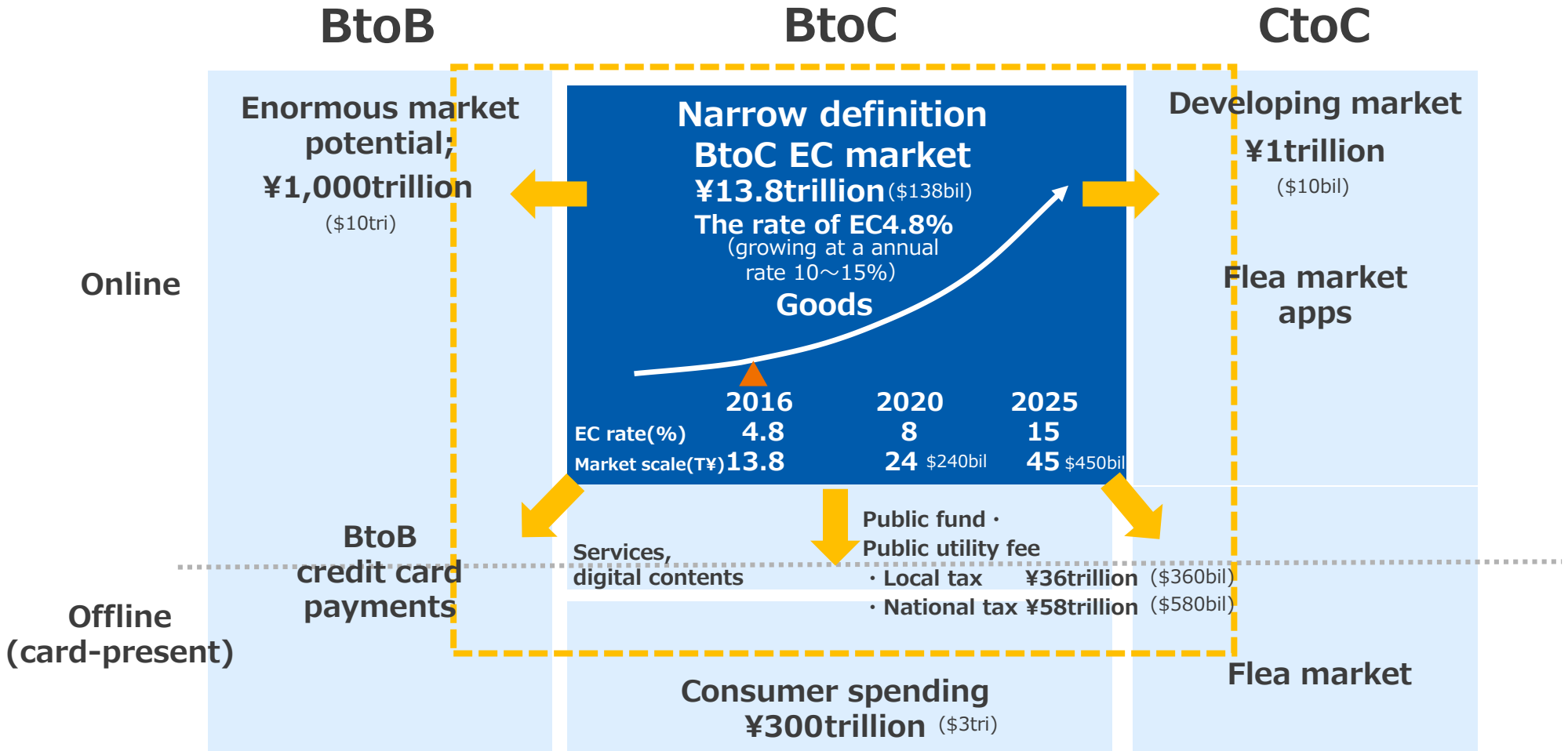
* Ratio=(Amount handled by CC or DC) / (Private final consumption expenditure)

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 to Japanese EC market

Approaching to all kinds of EC markets



*METI 「Market report in regard to EC 2015」

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

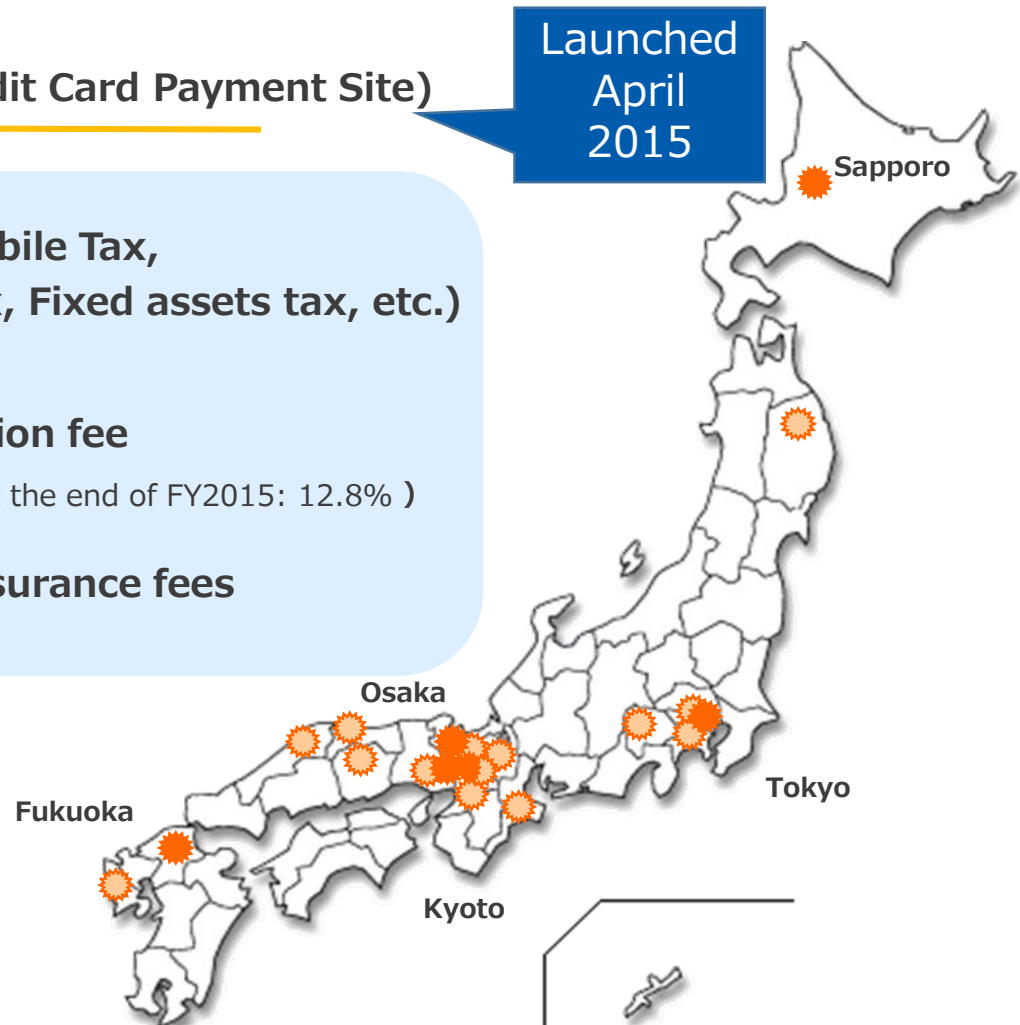
Local governments etc. : Local Tax (Automobile Tax,
Light vehicle tax, Fixed assets tax, etc.)

NHK : Broadcast subscription fee
(Credit card usage rate at the end of 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 Kyokai Business Report for FY2014

Definition of Money Service Business (MSB : Financial Business)

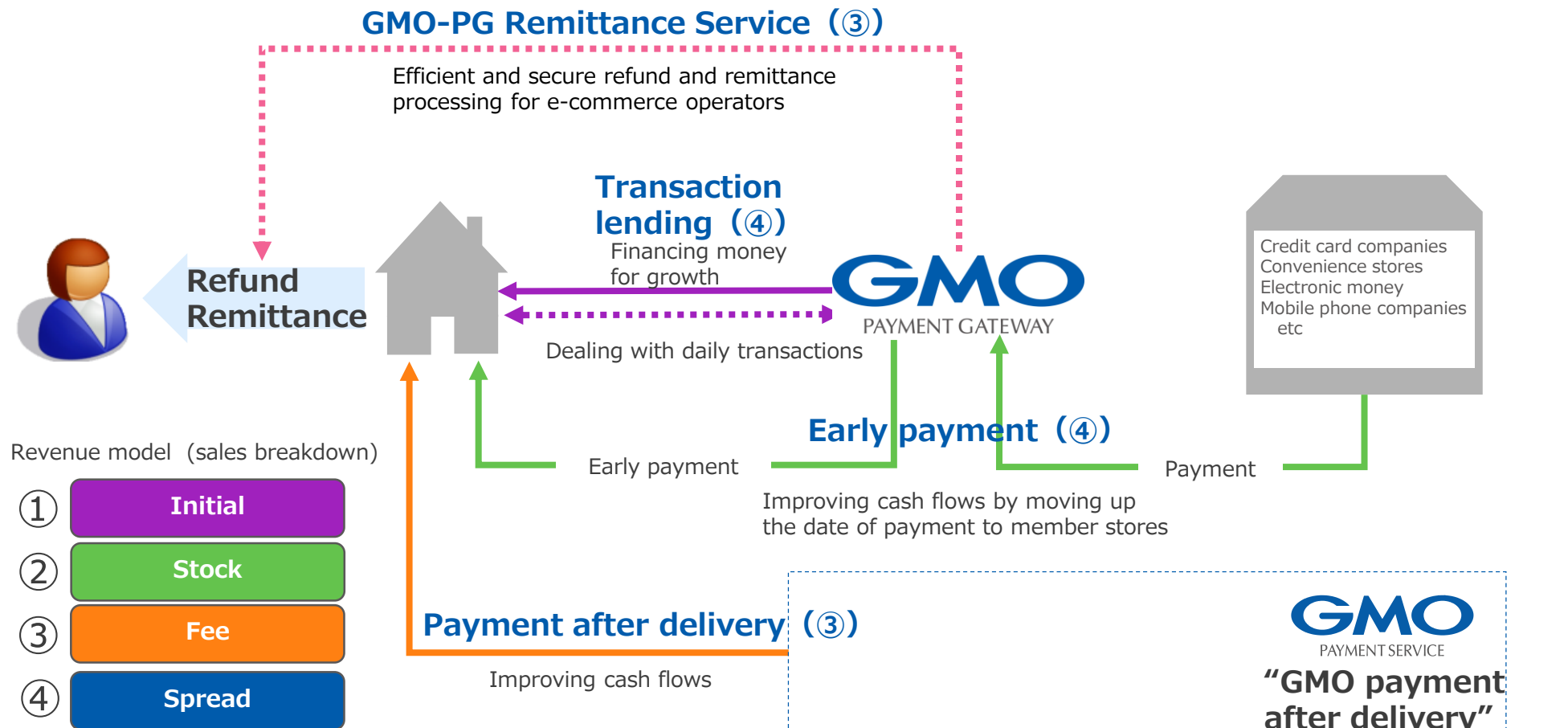
Financial services that only payment processing company can provide

Consumer

Merchant

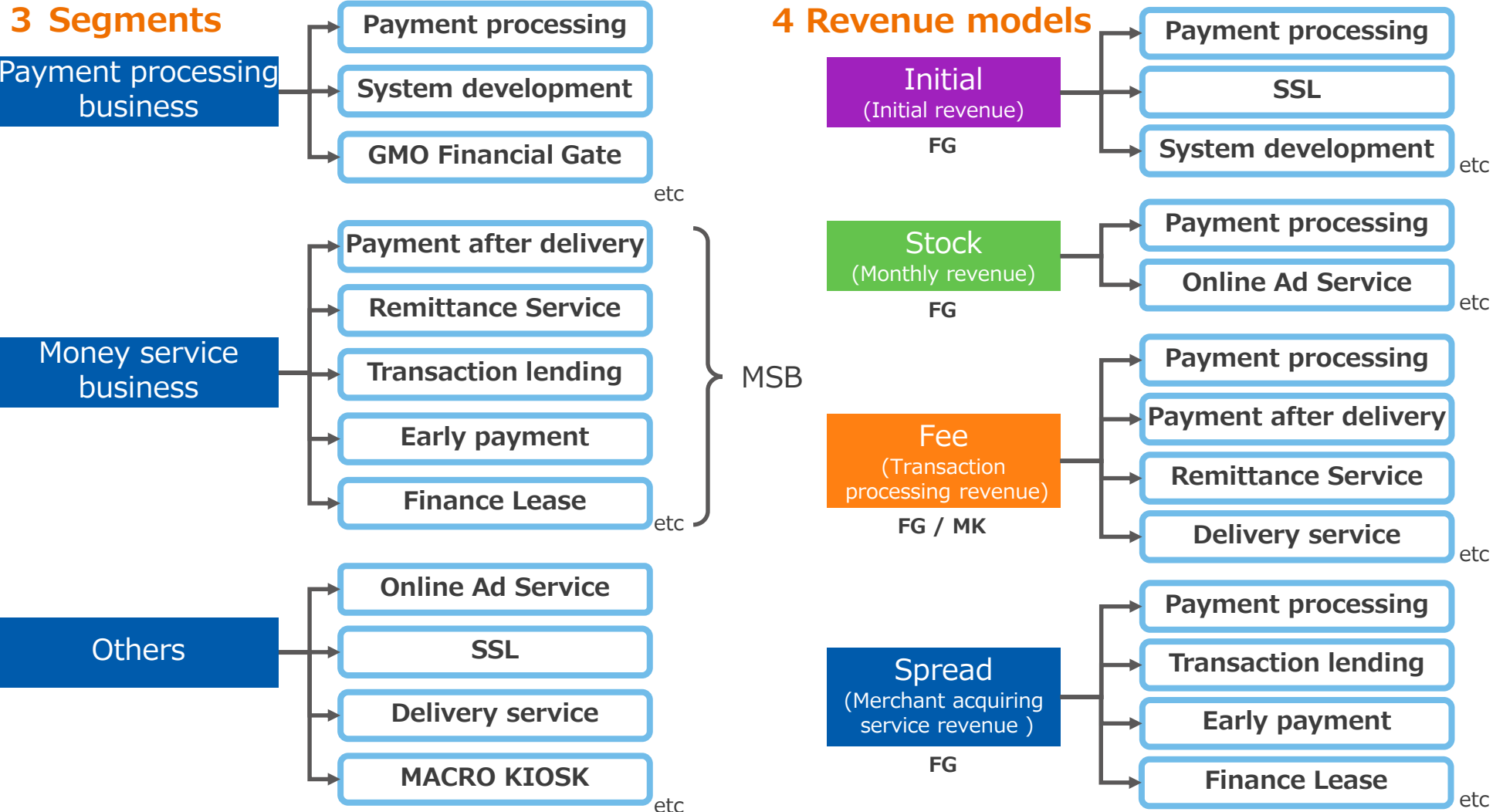
GMO-PG group

Business related



Segment/Revenue model/Service

3 Segments and 4 Revenue models

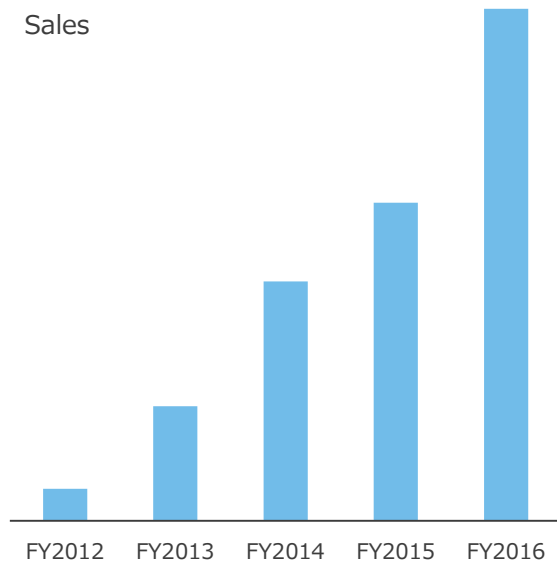


New Business

GMO-PG group's new business and profit status

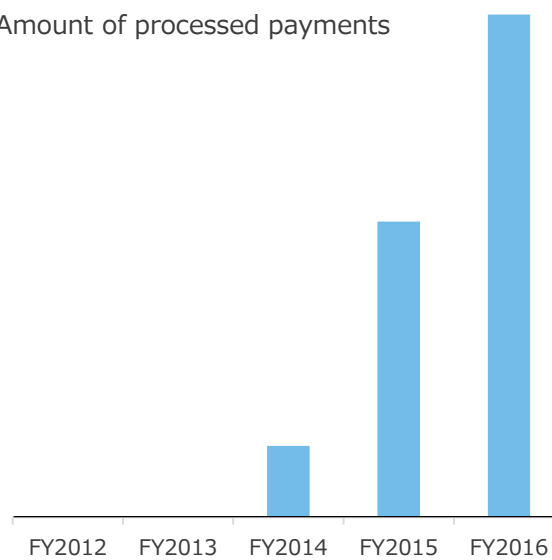
■ Online Advertising Service (GMO-PG)

Sales



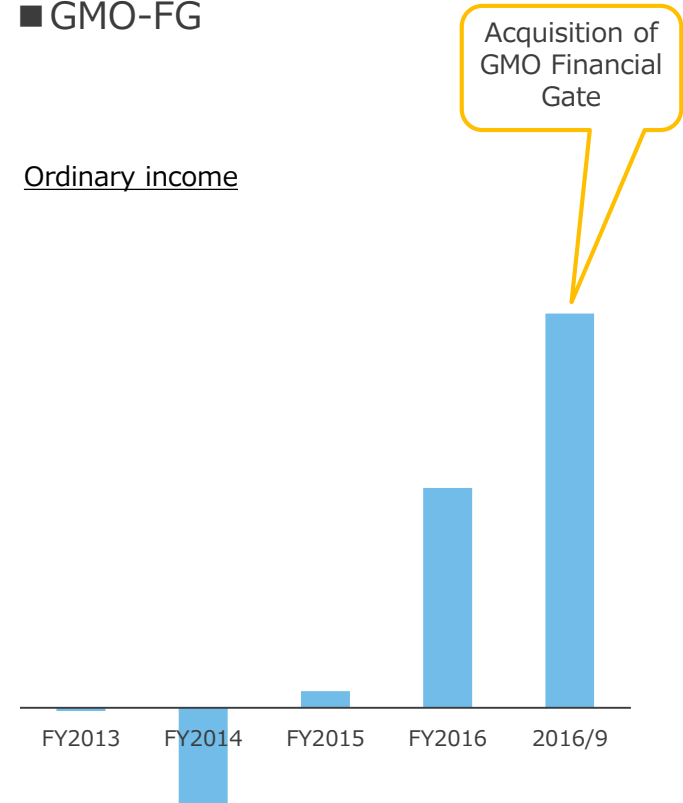
■ GMO-PS

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)

Payment after delivery

GMO Payment Service, Inc.

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

Offline(card-present) field

GMO Financial Gate, Inc.

(As of Sep 30,2016) Proportional share 65%

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 >

Overseas

MACRO KIOSK Berhad

(As of Sep 30,2016) Proportional share 70%

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. , SMBC, 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 GMO Financial Gate, Inc. MACRO KIOSK Berhad | |
| ■ Affiliated companies | SMBC GMO PAYMENT, Inc. | |

(As of Sep 30, 2016)