GMO PAYMENT GATEWAY

GMO Payment Gateway, Inc.

Annual Report 23rd Fiscal Year

2015.10.1–2016.9.30

GMO Payment Gateway, Inc.

URL https://www.gmo-pg.com/en

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Solidifying our foundation as a payment services company, while maintaining a growth rate of at least 25%

with our "recurring model" in which payment services continue to expand.

"Establish our own ecosystem (the recurring model), and achieve robust, organic growth"

In addition to steady growth from payment processing services, our new business in the areas of financial services (Money Service Business- MSB) such as "GMO payment after delivery" and lending services grew rapidly in the period ended September 2016. As a result, we were able to achieve our objective of at least 25% growth in operating income.

There were also many fruitful developments over the course of the year. We newly welcomed GMO Financial Gate, Inc. and Macro Kiosk Berhad as group companies, solidifying our foundation as an international payment services company. I wish to express my deep gratitude to our stakeholders, including our shareholders, whose support helped make these achievements possible.

The growth in our core business of payment processing services was a result of our contributions to the business growth of merchants. This is because sales growth for merchants means higher numbers of payments processed, and for larger amounts, which is all directly connected to profitability.

For that reason, our group of companies has worked to develop our own value-added services that support the growth of merchants.

Examples include Transaction Lending service, which aims to provide short term working capital in the form of loans, or "GMO-PG Online Advertising Service" which runs internet advertisements that aim to boost sales for merchants. These original services are based on scoring models and marketing data produced by utilizing and analyzing our accumulated payment data, delivering enormous benefits.

Expanding our payment processing services has produced an accumulation of diverse data, which we utilize and analyze to produce new value-added services. While generating income for our group of companies, these new services also establish ecosystems (recurring model) of businesses and services that feed back into the growth of our core business of payment processing services.

Issei Ainoura
President &
Representative Director

Boost operating income by at least 25% by growing our core business and taking on new business

Our accelerated growth over the past year shows in the results from our core business of payment processing services. We now have 77,000 merchants, an increase of 30% from the previous year. Over the same period, the number of payments we processed rose 12% to roughly 900 million, and our total amount processed grew 21% to roughly 2 trillion yen.

We also made progress in developing and expanding the market for monthly credit card payments of public dues such as utility bills and taxes, as well as other expenses that are part of daily life. During this period in particular, we started up our large-scale business aimed at financial institutions. Despite having just gotten started, we already expect this business to be integrated by several banks. We believe that with this we have established an income growth base of 20% or higher in our core business, solidifying our foundation for stable income growth.

As for new business, our assets related to financial services (Money Service Business- MSB) have increased in excess of our plan. Growth has been particularly consistent for "GMO payment after delivery", a payment method which is in high demand by consumers.

Having boosted both sales and income margin, our "GMO-PG Online Advertising Service" has helped achieve income growth of 5% or more through expansion of new business.

This period we were able to exceed our initial target of 25% operating income growth. In order to maintain a high rate of growth in the future, we believe it is important to develop our business strategically.

As opposed to our commitment (continued operating income growth of 25%), we are currently growing at a pace of 30%

We will develop into the undisputed number one payment services company, and deliver continuous improvements to corporate value

In payment processing services we generated a new model of providing services that are part of everyday life by integrating our payment services into what we offer to financial institutions which demand differentiation. With a growing list of clients that includes Hokkoku Bank and Bank of Yokohama, we will continue to bring in more business with the goal of increasing income.
⇒ For more details, please see page 5.

Card present payment services are an area in particular where we plan on getting stronger. This period we made GMO Financial Gate into a group company, with our sights set on the business opportunities presented by larger quantities of paperless card present payments as inbound tourism to Japan increases and the 2020 Tokyo Olympics and Paralympics draw closer. ⇒ For more details, please see page 6.

For financial services (Money Service Business-MSB) we will accumulate even more related assets and work to increase incomes. In particular, we also began offering "GMO payment after delivery" on the biggest fashion retail website in Japan "ZOZOTOWN" on November 1st of this year. This business involves extending credit to individuals, and we will aim to use enhanced data analysis capabilities to boost incomes while mitigating risk.
⇒ For more details, please see page 7.

Overseas, we were able to reinforce our operating base in the ASEAN region by bringing Macro Kiosk Berhad into our group of companies. We will look to expand profitability in the ASEAN markets, where we expect to see robust growth going forward.
⇒ For more details, please see page 8.

Thus, we will develop into the undisputed number one payment services company by strategically developing our business in a number of different fields and locations and being the largest-scale provider of payment processing services for all payment methods, while also offering a full range of new financial and other such services. Look for us to keep on growing.

To our shareholders, we ask for your continued guidance and encouragement.

Highlights by segment

* In order to reflect the most recent information, we are also including events from October 2016 onward.

Payment Processing Business

The number of payments and total amounts processed rose as the e-commerce market grew and its scope expanded. Performance was further boosted by strong numbers from large-scale orders, etc.

Collaboration with banks utilizing FinTech

Using FinTech services to support the efforts of Hokkoku Bank to energize the community

Our "GMO SmartPay" service (launched in 2014 as "GMO Pallet") completes card payments over a smartphone application. Providing this service as OEM and combining it with the Hokkoku Visa Debit instant payment card, we rolled out the smartphone app "Hokkoku Osaifu (wallet)" which aims to build stronger connections between local residents and stores.

Starting there, we will go on providing "GMO SmartPay" as OEM to financial institutions, as well as the real estate and insurance industries.

Collaborating with Bank of Yokohama on developing an account-linked smartphone payment service, a first for Japanese banks

Utilizing expertise from our "GMO SmartPay" services, we are collaborating with Bank of Yokohama on the development of "Hama Pay", a smartphone-based payment service which the bank plans to roll out in March 2017. This service will be linked with accounts at Bank of Yokohama, and will enable customers to make instant payments from their accounts through smartphone apps. It will be the first time a Japanese bank offers such a service.

(Currently applying for patent jointly with Bank of Yokohama; 2016-109869)

Efforts in the card present payment market, and toward monetizing the IoT

As inbound tourism to Japan is forecasted to rise, needs for stronger security will likely boost demand for a switch to devices that can handle IC chip credit cards that comply with the internationally-recognized EMV standard*.

We see this change as a growth opportunity. Aiming to capture the demand for switching to new payment devices, we have raised our equity interest in GMO Financial Gate (GMO-FG) to 65%, making it into a group company. GMO-FG focuses on card present in-store credit card payments. At the same time, through GMO-FG we have also added Global Card System (GCS) as a group company. GCS has its strength in smaller payments, for restaurants and the like.

To also cater to the needs that are expected to rise in conjunction with the 2020 Tokyo Olympics and Paralympics, we are working actively on the spread of vending machines and other such equipment enabled for small cashless payments. In addition to payments, we are also working on being able to monetize (produce income from) IoT devices.

*EMV Standard: The unified international standard determined in the "specifications for IC cards and devices" agreed on between EuroPay, MasterCard International, and Visa International. International credit card brands including the Japan Credit Card Association and Japanese Bankers Association determine technical requirements in accordance with this standard. The card-issuing companies they control then make implementations to the system based on each of the services they offer and their risk management policies.

External-type EMV reader

Changes in the market environment and new growth areas

Changes in the market environment
- Need for enhanced security for payments as the number of inbound customers to Japan increases
- Greater need for cashless as the Tokyo Olympics and Paralympics approach
- Arrival of IoT devices and technology

Growth areas for card present payment
- Demand for switching to EMV-enabled devices
- More installations of new types of cashless payment instruments
- Payments x IoT monetization

Action we are taking
- Forming a group with GMO Financial Gate and GCS
- Building a system to ensure engagement with growth areas in the card present payment market

Not only payments; monetization using the various functions present in IoT devices

Growing services for credit card payment of taxes

We offer services for processing credit card payments of taxes, and operating payment websites, which can handle everything local governments need for enabling credit card payments of taxes.

Several local governments implemented our services for credit card payments of taxes in fiscal 2016. These included the city of Fukuoka for city taxes, Fukushima Prefecture for automobile taxes, Oita Prefecture for automobile taxes, Aichi Prefecture for prefectural taxes, and more.

We plan to produce, operate, and provide the payment processing services for the "National Tax Credit Card Payment Site" (https://kokuzei.noufu.jp/) scheduled for launch on January 4, 2017 by the National Tax Agency.

Highlights by segment

* In order to reflect the most recent information, we are also including events from October 2016 onward.

Money Service Business (MSB)

Growth of Money Service Business (MSB) that supports growth of merchants with services such as "GMO payment after delivery" and "Early payment service"

Our Money Service Business (MSB) and FinTech

"GMO payment after delivery" now available on ZOZOTOWN, the largest fashion shopping website in Japan

"GMO payment after delivery" is a service offered by our group company GMO Payment Service (GMO-PS) which allows customers who purchase items on e-commerce sites to make the payments at places such as convenience stores, banks and post offices after receiving the items.

Those without credit cards can use it to make purchases, while it also allows consumers to inspect items before paying for them, and it differs from cash-on-delivery in that the person does not need to be home to receive delivery of their items. Since it offers these advantages, use of payment after delivery is growing. The market for this service recorded average growth of 40.4% between 2010 and 2014, and is expected to reach 550 billion yen in value by the year 2020[1].

1. GMO-PS calculation based on "Online Payment/Settlement Service Providers 2016" report by Yano Research Institute

On November 1, 2016, "GMO payment after delivery" began to be offered as a payment after delivery option on ZOZOTOWN, the largest online shopping site in Japan[2] which is operated by Start Today Co., Ltd.

2. From the top online fashion and apparel companies in terms of sales volume (in FY2014) listed in the "White Paper on Online Shopping 2016" by Yano Research Institute

ZOZOTOWN | GMO後払い

Others Online Advertising Service, Global Expansion, etc.

"GMO-PG Online Advertising Service", which boosts sales revenues for merchants, has performed well. It is making inroads to expanding globally.

Global expansion

Having established entities in five countries; Singapore, Hong Kong, Taiwan, Malaysia, and Thailand, we are expanding "Z.com Payment", a payment service geared towards Japanese e-commerce companies that are setting up business in these countries and neighboring areas. At the same time, we are forming business and capital alliances with promising payment services companies in the region with the payments-specialized "GMO Global Payment Fund". With the combination of these two initiatives, we are tapping synergies while fueling business growth in the Asia region.

State of growth in the China and ASEAN regions

Macro Kiosk Berhad joins our group of companies, growing our business scope with a focus on the ASEAN region

Bank accounts are a critical part of payments infrastructure, but they have still not become widespread among the population in many ASEAN countries. However, over the last 10 years in Malaysia the percentage of citizens who own bank accounts has jumped from 20% to 80%. Macro Kiosk Berhad is a company in particular that has taken hold of this change as a business opportunity.

Macro Kiosk Berhad is one of Asia's leading providers of SMS mobile messaging solutions for banks and enterprises, and mobile payment services.

The company has offices in 12 countries across Asia and the Middle East, and comprehensively offers mobile payment, verification, and notification* services to over 2,000 clients from 18 industries, from 37 countries across the globe.

Harnessing synergies with Macro Kiosk Berhad, our group of companies will be expanding our business internationally, with a focus on the ASEAN region. This includes supporting Japanese e-commerce companies in their international expansions, and also providing payment services among other things to banks and leading companies locally.

*Notification: Service that informs users via their mobile devices when actions occur such as deposits and withdrawals for their internet banking, or when they accumulate transaction records on e-commerce sites.

We provide payment services to companies that consumers can use safely and securely.

The presence of our services in everyday life

Public dues and utilities payments
Regular payments for things such as electricity, gas, and water services

Public dues, taxes
Payments of pension premiums, and taxes including for property, automobiles, etc.

Selling content
Payments when purchasing music, interactive games, e-books, etc.

Usage fees for each type of service
Payments for travel tickets, delivery services, etc.

Online shopping
Supporting online advertising operations for businesses that handle payments for purchases of everyday goods, perishables, etc.

Payments of fixed monthly expenses
Regular payments for things such as water delivery, newspapers, magazines, etc.

Shopping by smartphone
Payments for goods and services when visiting places of business

Paying for things at physical stores
Use payment devices and smartphone apps to pay service charges and purchase amounts

GMO Payment Gateway By the Numbers

Number of merchants

FY2004
6,837
merchants

Transactions & amount processed

FY2004

37.0 million
transactions

¥120.0
billion

FY2016

900 million
transactions

¥2.00
trillion

Number of employees

FY2004

40
employees

FY2016

600
employees

Number of subsidiaries

FY2004

0
companies

FY2016

24
companies
(+4 companies
by equity method)

15th consecutive term with increased revenue and income, and increased dividend

Net sales

34.1% increase
from previous period

Ordinary income

28.3% increase
from previous period

Net income per share/ROE

49.0% increase
from previous period

(Net income per share)

(Return on equity)

On July 1, 2012 the Company executed a 200-for-1 stock split of common stock. On October 1, 2014 the Company executed a 2-for-1 stock split of common stock.

To make it easier to compare "net income per share" for the period to other periods, we show the value resulting from adding the effect of the applicable stock splits, and adjusting retroactively. ROE was lower in the period ended September, 2015, but this was a result of increased equity due to the allocation of new shares to third parties carried out in June 2015.

Dividends

Dividends in the period ended September 2016 increased by 9 yen to 27 yen, based on fundamental policy of "35% of consolidated net income" as a target for dividend payout.

On July 1, 2012 the Company executed a 200-for-1 stock split of common stock, and later a 2-for-1 stock split of common stock on October 1, 2014. To make it easier to compare to other periods, we show the value resulting from adding the effect of the applicable stock splits, and adjusting retroactively.

Consolidated balance sheet

(Thousand yen)

	22nd fiscal year As of September 30, 2015	23rd fiscal year As of September 30, 2016
(Assets)		
Current assets	38,469,492	45,549,162
Cash and deposits 1	30,152,630	25,231,522
Accounts receivable-trade	2,117,007	3,924,904
Lease receivables 2	2,293,947	7,291,439
Merchandise	1,062	38,377
Supplies	617	972
Advance payments-trade 2	2,303,428	6,388,955
Prepaid expenses	67,830	118,723
Deferred tax assets	220,805	300,169
Accounts receivable-other 2	1,156,824	1,742,612
Other 2	341,591	839,372
Allowance for doubtful accounts	(186,253)	(327,887)
Noncurrent assets	3,362,243	9,222,381
Tangible assets	215,497	352,280
Buildings	73,559	83,143
Tools, furniture and fixtures	49,373	122,782
Leased assets	92,564	146,354
Intangible assets	934,811	3,698,215
Goodwill 3	24,707	2,271,697
Leased assets	12,217	17,450
Rights on trademark	119	212
Software	751,499	1,079,334
Other	146,267	329,521
Investments and other assets	2,211,935	5,171,884
Investment securities 3	1,437,144	2,251,124
Shares of subsidiaries and affiliates 3	139,047	2,203,234
Investments in other securities of subsidiaries and affiliates	343,047	309,174
Long-term loans receivable from directors and employees	1,443	962
Claims provable in bankruptcy, claims provable in rehabilitation and other	25,545	31,468
Long-term prepaid expenses	2,570	8,285
Lease and guarantee deposits	223,818	231,035
Deferred tax assets	64,863	87,629
Other	—	80,437
Allowance for doubtful accounts	(25,545)	(31,468)
Total assets	41,831,736	54,771,544

(Thousand yen)

	22nd fiscal year As of September 30, 2015	23rd fiscal year As of September 30, 2016
(Liabilities)		
Current liabilities	25,448,186	35,330,748
Accounts payable-trade	985,850	2,726,492
Lease obligations	45,267	64,846
Accounts payable-other	1,911,844	2,784,175
Income taxes payable	795,544	901,767
Accrued consumption taxes	73,108	78,482
Advances received	48,698	447,442
Deposits received 4	21,184,305	27,634,302
Unearned revenue	1,573	62
Provision for bonuses	337,334	478,808
Provision for directors' bonuses	58,700	125,000
Other	5,959	89,369
Noncurrent liabilities	197,198	332,626
Lease obligations	67,060	115,984
Long-term lease and guarantee deposits	10,138	7,397
Provision for directors' remuneration Board Incentive Plan Trust	120,000	170,000
Total liabilities	25,645,385	35,663,374
(Net assets)		
Shareholders' equity	16,067,842	18,305,926
Capital stock	4,711,021	4,712,900
Capital surplus	4,970,942	4,964,712
Retained earnings	6,651,114	8,893,549
Treasury stock	(265,236)	(265,236)
Accumulated other comprehensive income	116,382	(145,167)
Valuation difference on available-for-sale securities	134,960	(48,004)
Foreign currency translation adjustment	(18,578)	(97,162)
Subscription rights to shares	2,126	1,066
Non-controlling interests	—	946,344
Total net assets	16,186,351	19,108,169
Total liabilities and net assets	41,831,736	54,771,544

Consolidated balance sheet: Points to consider

The progress of our activities during this period has resulted in 54.771 billion yen in total assets at the end of the period, an increase of 12.939 billion yen from the end of the previous period.

Assets

1 Cash and deposits

While deposits received within liabilities increased, cash and deposits fell due to increases in lease receivables and advance payments-trade that accompany the expansion of money service business.

2 Lease receivables, advance payments-trade, accounts receivable-other, other

As our Money Service Business (MSB: "Early payment service", "GMO payment after delivery", transaction lending, finance lease, etc.) has grown, each of our current assets has increased substantially since the previous period.

3 Goodwill, investment securities, shares of subsidiaries and affiliates

Goodwill, investment securities, shares of subsidiaries and affiliates increased substantially as GMO-FG, GCS, and Macro Kiosk Berhad became group companies, and we became more active in our investment activities.

Assets (Million yen)

Liabilities

4 Deposits received

Deposits received increased due to higher sales from contracts related to representative merchants. For deposits received, it should be noted that the sales amounts (amounts remitted to merchants from credit card companies that pass through our company) paid to merchants with representative merchant contracts are reported at the end of every month.

Liabilities and net assets
(Million yen)

Consolidated statement of cash flows

As a result of advancements made in business activities during this period, which included increases in assets related to Money Service Business and becoming more active in our investment activities, cash and cash equivalents for the period ended September 2016 dropped to 25,187,536,000 yen, a decrease of 4,926,069,000 yen from the end of the previous period.

(Thousand yen)

	22nd fiscal year from Oct. 1, 2014 to Sept. 30, 2015	23rd fiscal year from Oct. 1, 2015 to Sept. 30, 2016
Net cash provided by (used in) operating activities	3,709,772	(748,659)
Net cash provided by (used in) investing activities	(1,374,094)	(3,415,138)
Net cash provided by (used in) financing activities	7,398,573	(654,646)
Translation differences of cash and cash equivalents	30,044	(107,624)
Increase (decrease) in cash and cash equivalents	9,764,296	(4,926,069)
Balance of cash and cash equivalents at the beginning of the period	20,349,309	30,113,605
Balance of cash and cash equivalents at the end of the period	30,113,605	25,187,536

Consolidated statement of income

(Thousand yen)

	22nd fiscal year from Oct. 1, 2014 to Sept. 30, 2015	23rd fiscal year from Oct. 1, 2015 to Sept. 30, 2016
Net sales 5	9,030,892	12,113,864
Cost of sales	1,919,836	2,769,578
Gross income	7,111,055	9,344,285
Selling, general and administrative expenses	4,133,784	5,524,779
Operating income 6	2,977,270	3,819,506
Non-operating income	91,961	75,056
Interest income	7,716	5,088
Dividends income	5,271	6,719
Equity income of affiliates	20,724	—
Earning on investment in silent partnership	1,218	—
Earning on investment in partnership	—	12,425
Earnings on reversal of dividends payable	1,050	933
Rent income	13,978	18,363
Commissions received	15,586	21,842
Exchange earnings	22,030	—
Other	4,385	9,683
Total non-operating expenses	68,777	113,682
Interest expenses	1,802	4,986
Investment losses from equity method	—	15,375
Loss on investment in partnership	3,541	—
Rent expenses	13,674	18,035
Stock issue expenses	45,317	—
Exchange losses	—	72,010
Other	4,441	3,274
Ordinary income 7	3,000,455	3,780,880
Extraordinary income	56,962	589,884
Income from securities sold	30,766	194,057
Gain on change in equity	26,196	—
Earnings from phased acquisitions	—	395,827
Extraordinary expense	2,148	33,121
Losses from changes in equity	—	21,906
Loss on retirement of noncurrent assets	2,148	9,407
Loss on disaster	—	1,807
Income before income taxes	3,055,268	4,337,643
Corporate, inhabitant and enterprise taxes	1,295,625	1,492,877
Income taxes-deferred	(91,075)	(66,160)
Net income	1,850,718	2,910,926
Loss attributable to non-controlling interests (loss)	(2,730)	—
Profit attributable to owners of parent 8	1,853,449	2,910,926

Consolidated statement of income: Points to consider

5 Net sales

Our efforts to spearhead growth of the e-commerce market have produced growth that exceeded our target for Money Service Business (MSB) such as "GMO payment after delivery" and "GMO-PG Remittance Service", in addition to growth in payment services. As a result, net sales were 12,113,864,000 yen (34.1% higher than the same term the previous year).

6 Operating income

While we enjoyed the benefits of economies of scale that go along with higher net sales, strong performance for services such as "GMO-PG Remittance Service" and "GMO payment after delivery" raised our net sales cost ratio. At the same time, growth of some Money Service Businesses (MSB) brought about higher selling costs and more staff meant higher labor costs.

As a result, operating income margin was 31.5%. Moreover, we exceeded our initially planned income growth rate, a metric that our company particularly emphasizes, by 2.1%. Operating income totaled 3,819,506,000 yen (an increase of 28.3% from the same period the previous year).

7 Ordinary income

While we did receive commissions, we also recorded exchange losses of 72,010,000 yen and an ordinary income margin of 31.2%. We exceeded our initially planned income growth rate, a metric that our company particularly emphasizes, by 0.8%, and ordinary income totaled 3,780,880,000 yen (an increase of 26.0% from the same period the previous year).

8 Profit attributable to owners of parent

For extraordinary income, earnings from phased acquisition were recorded when additional acquisition of GMO-FG shares was completed. Income from securities sold was also recorded when we sold part of our investments in securities. As a result, profit attributable to owners of parent was 2,910,926,000 yen (57.1% increase from the same period the previous year).

Corporate governance

Our fundamental approach to corporate governance

We consider this to be one of the most important issues in management. It is important to devise and implement governance systems necessary for healthy business development, while simultaneously ensuring both the efficiency and legitimacy of management. In order to achieve these objectives, our intention is to execute an even more transparent style of management through timely disclosures of management information for shareholders and investors.

Overview of corporate governance system

We have implemented a structure which includes the appointment of two external directors, who offer advice and opinions from a neutral perspective, while overseeing the full-time directors.

Our four-member board of auditors also includes two external auditors, and is working together with the internal audit office and accounting auditors while building an audit structure. Additionally, the board of directors makes all decisions on important matters such as the execution of critical operations and the remuneration of directors, in addition to important decision items for strengthening governance.

Compliance

In our group of companies, we consider the scope of compliance to include a) ordinances, b) ethics and social norms, c) rules, regulations, and procedures, and d) management vision. With an awareness of "adapting to the demands of society" (known as full-set compliance) which includes observance of ordinances, we are actively boosting the compliance mentality of all our employees. In its yearly audit plan, our internal audit office also reviews our state of compliance with ordinances, articles of incorporation, company rules, and other such regulations. When the circumstances are found to require improvements, we take corrective measures, and follow up to ensure the corrections are being made.

In addition to the normal reporting systems based on chains of command, we are building and operating an internal notification system for incidents where compliance violations are thought to have occurred within our company.

Information security

Aiming to establish the infrastructure of payment processing in Japan, our group of companies makes it our mission to help deliver payment systems that are secure and convenient for both consumers and for businesses. In addition to utilizing our own unique information assets, for the business practices we employ in pursuing this mission many stakeholders entrust us with their information assets, including personal information. As a company that creates added value through payments by credit cards and other such means, protecting these information assets from external threats is the most critical management issue we face as we set our sights on further growth. Understanding this, we are building and operating information security systems, ensuring that the necessary level of protection is in place, and taking the appropriate security measures for the information assets of our company and those of our stakeholders.

Certified ISO27001 compliant

With a scope that encompasses all of our business locations, we have been certified as compliant with the ISO/IEC 27001: 2013 global information security standard (within Japan, the JIS Q27001:2014 standard).

ICMS-SR0061/JIS Q 27001(ISO/IEC 27001)

Fully PCI DSS compliant

The services we provide are in full compliance with version 3.1 of the PCI DSS global security standard for the credit card industry, which was jointly formulated by the five global credit card brands JCB, American Express, Discover, MasterCard, and Visa. As such, we are delivering peace of mind to all of our customers, in addition to secure credit card payments.

ICMS-PCI0061/PCI DSS

Privacy Mark certified

As recognition that we are taking the appropriate measures to safeguard personal information, we have received Privacy Mark certification which signifies compliance with the Japanese Industrial Standard "JIS Q 15001: 2006 personal information protection management systems requirements" for the handling of personal information.

17000337(04)

Introducing our IR page

On our company website, you can find information for all of our shareholders and investors about our business activities and movements, including company and financial information.

We urge you to take a look, and gain a deeper understanding of what our company is all about.

➡https://corp.gmo-pg.com/ir/

Company page

Services page

Company overview

(As of September 30, 2016)

Name	GMO Payment Gateway, Inc. (3769; Tokyo Stock Exchange, First Section)
Established	March 1995
Head office	Humax Shibuya Bldg. 7F 1-14-6 Dogenzaka, Shibuya-ku, Tokyo, Japan
Capital stock	4,712 million yen
Capital reserve	4,964 million yen
Number of employees	600 (consolidated)
Business outline	Integrated payment related services and financial services
Memberships	Japan Consumer Credit Association (JCA) Japan Multi-Payment Network Promotion Association (JAMPA) EC Payment Forum Japan E-Commerce Consultant Association (JECCICA)
Major subsidiaries	GMO Epsilon, Inc. GMO Payment Service, Inc. GMO Financial Gate, Inc. GMO Payment Gateway Pte Ltd. Macro Kiosk Berhad

Members of the Board

(As of December 18, 2016)

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	Shinichi Sugiyama
Director	Yusuke Arai
Director	Masashi Yasuda
Director	Masaru Yoshioka
External Director	Masaya Onagi
External Director	Akio Sato
Auditor (Full-time)	Yasuhiro Kanda
Auditor	Takashi Iinuma
External Auditor	Kazuo Ikeda
External Auditor	Kazutaka Yoshida

Company directors (excluding external directors) and presidents of consolidated subsidiaries within Japan

Masatoshi Kumagai
Chairman & Director

Issei Ainoura
President & Representative Director

Ryu Muramatsu
Executive Vice President
General Manager of Corporate Value Creation Strategy Division, Director of GMO Payment Gateway Pte Ltd

Satoru Isozaki
Executive Vice President
General Manager of System Division

Yuichi Hisada
Managing Director
General Manager of Innovation Partners Division

Yasuhiko Kimura
Director
General Manager of Corporate Support Division

Tomoyuki Murakami
Director
and President & Representative Director and COO of SMBC GMO Payment, Inc.

Shinichi Sugiyama
Director
General Manager of IT Service Department, System Division and Manager of IT Service Department

Yusuke Arai
Director
and President & Representative Director of GMO Epsilon, Inc.

Masashi Yasuda
Director

Masaru Yoshioka
Director
Senior Executive Officer, Management Department of Strategic Business, Innovation Partners Division

Katsunari Mukai
GMO Payment Service, Inc.
President & Representative Director

Akira Takano
GMO Financial Gate, Inc.
President & Chief Executive Officer

Stock information (As of September 30, 2016)

Total number of authorized shares:	102,400,000
Total number of issued shares:	37,150,500
Number of shareholders:	4,641

Shareholders and numbers of shares

Major shareholders

Name of shareholder	Shares owned	Stock ownership ratio (%)
GMO Internet, Inc.	19,186,100	51.64
Japan Trustee Services Bank, Ltd. (Trust account)	2,072,500	5.57
The Master Trust Bank of Japan, Ltd. (Trust account)	1,509,700	4.06
Sumitomo Mitsui Banking Corporation	1,250,800	3.36
Issei Ainoura	1,000,100	2.69
J.P. Morgan Bank Luxembourg S.A. 380578	568,500	1.53
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	509,000	1.37
STATE STREET CLIENT OMNIBUS ACCOUNT OM02	493,778	1.32
STATE STREET BANK AND TRUST CO. 505019	365,400	0.98
The Dai-Ichi Life Insurance Company, Ltd.	346,000	0.93

Note: We calculate stock ownership ratio after deducting treasury shares (2,500 shares) from total number of issued shares.

Stock price movement (By month, Sept. 2008 through Nov. 2016)

1. Moved stock listing to the first section of the Tokyo Stock Exchange on September 17, 2008.
2. On July 1, 2012 the Company executed a 200-for-1 stock split of common stock. We have adjusted the stock price retroactively taking the stock split into account.
3. On October 1, 2014 the Company executed a 2-for-1 stock split of common stock. We have adjusted the stock price retroactively taking the stock split into account.

Notes for shareholders

Business year	October 1 through September 30 of the following year
Base dates for dividends of surplus	December 31, March 31, June 30, September 30
Annual meeting of shareholders	Annually in December
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corp.
Administrator contact information	Mitsubishi UFJ Trust and Banking Corp. Stock Transfer Agency Department 10-11, 7-chome, Higashisuna, Koto-ku, Tokyo 137-8081 0120-232-711 (toll-free)
Stock listing	Tokyo Stock Exchange
Method of public notices	Through electronic public notices
Notices published at	http://corp.gmo-pg.com/ir/

(However, when electronic public notices cannot be published due to an accident or any other inevitable circumstances, we will publish them in the Nihon Keizai Shimbun newspaper).

[Announcements]

1. Points of note
   (1) In principle, procedures such as change of shareholder address, bank remittance specifications for dividends, and purchase requests, are handled by the account management institution (securities company, etc.) where the account was opened. Please contact the securities company or other such institution at which you opened your account. Please note that the shareholder registry administrator (Mitsubishi UFJ Trust and Banking Corp.) does not handle such matters.
   (2) Unpaid dividends can be received at the main branch, or other branch offices of Mitsubishi UFJ Trust and Banking Corp.
2. Dividend calculation statements
   The enclosed "Dividend Calculation Statement" also serves as the "Notice of Payment" created based on regulations specified in the Act on Special Measures Concerning Taxation. After receiving payment of the dividend, it can serve as confirmation of the dividend amount and as information used when filing income taxes. Shareholders who receive dividends through their securities accounts (pro-rated method for number of shares) should contact the securities company that performs the transactions for details.
3. For procedures pertaining to shares registered in special accounts, please contact the institution that administers special accounts, Tokyo Securities Transfer Agent Co., Ltd.
   Mailing address and phone number
   2-8-4 Izumi, Suginami-ku, Tokyo 168-8522 Tokyo Securities Transfer Agent Co., Ltd. Business Center
   0120-49-7009 (toll-free)

**At the annual meeting of shareholders held on December 20, 2015, it was decided that the board of directors would be the decision-making body for dividends of surplus, and that the record dates for these dividends would be December 31, March 31, June 30, and September 30. As a result, we are able to distribute dividends of surplus on four occasions throughout the year. However, in order to ensure the retained earnings that our business structure requires, our plan calls for the year-end dividend to be the single dividend of surplus distributed during the year.*

GMO PAYMENT GATEWAY