

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



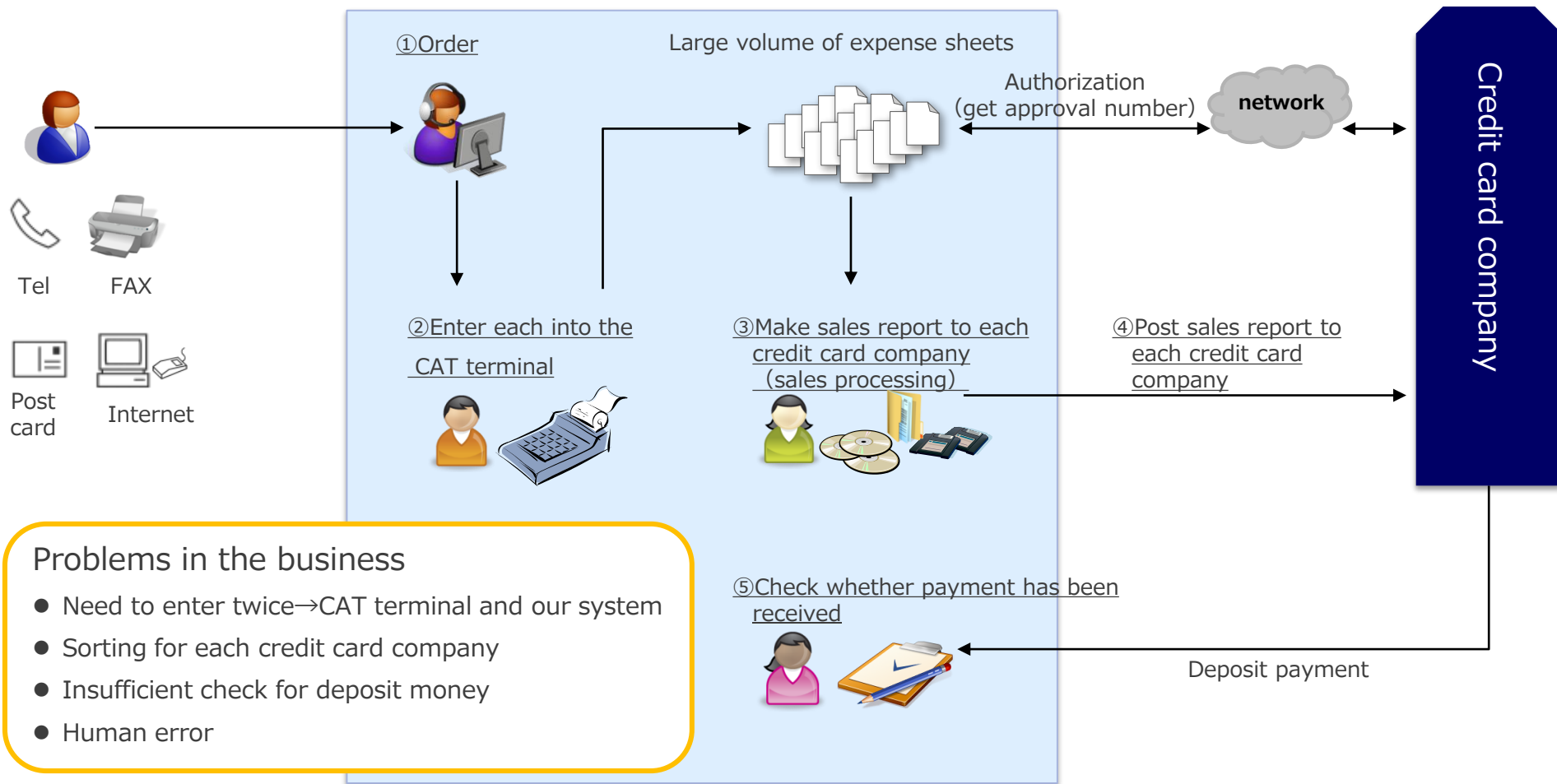
(Point)
No need to present credit card
Use postcard, telephone, fax
Use Internet
Use automatic payment
machine which registers credit
card number in advance

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)

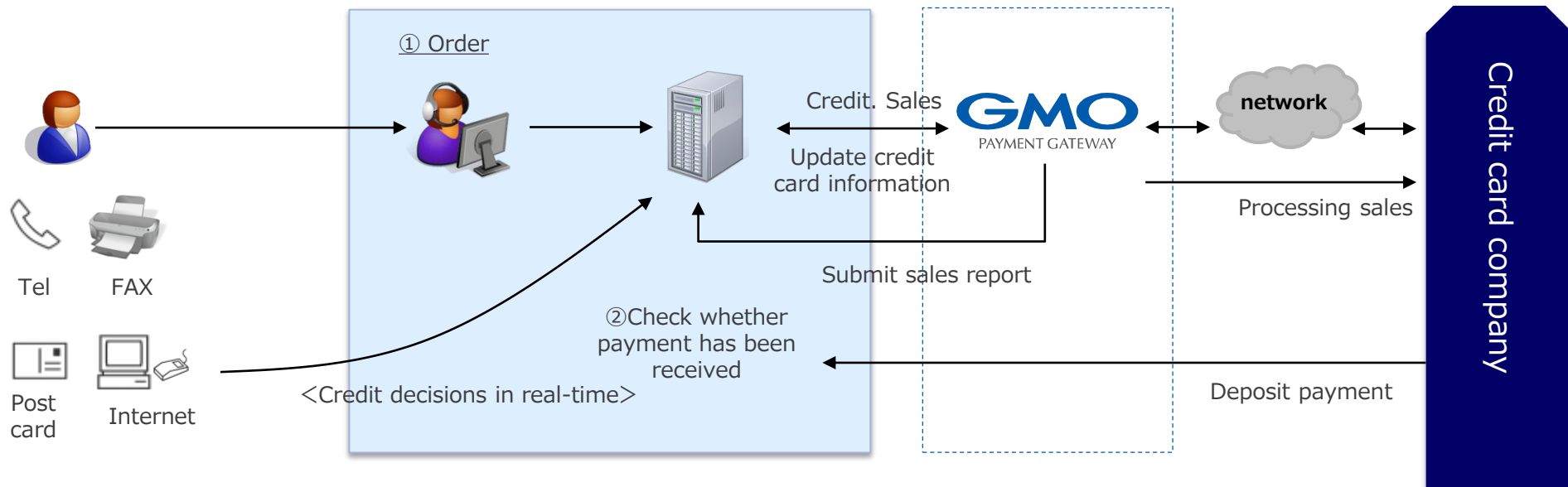
Payment processing service

which could do credit card payment operation efficiently

Consumer

Shops (merchants)

Payment processing company

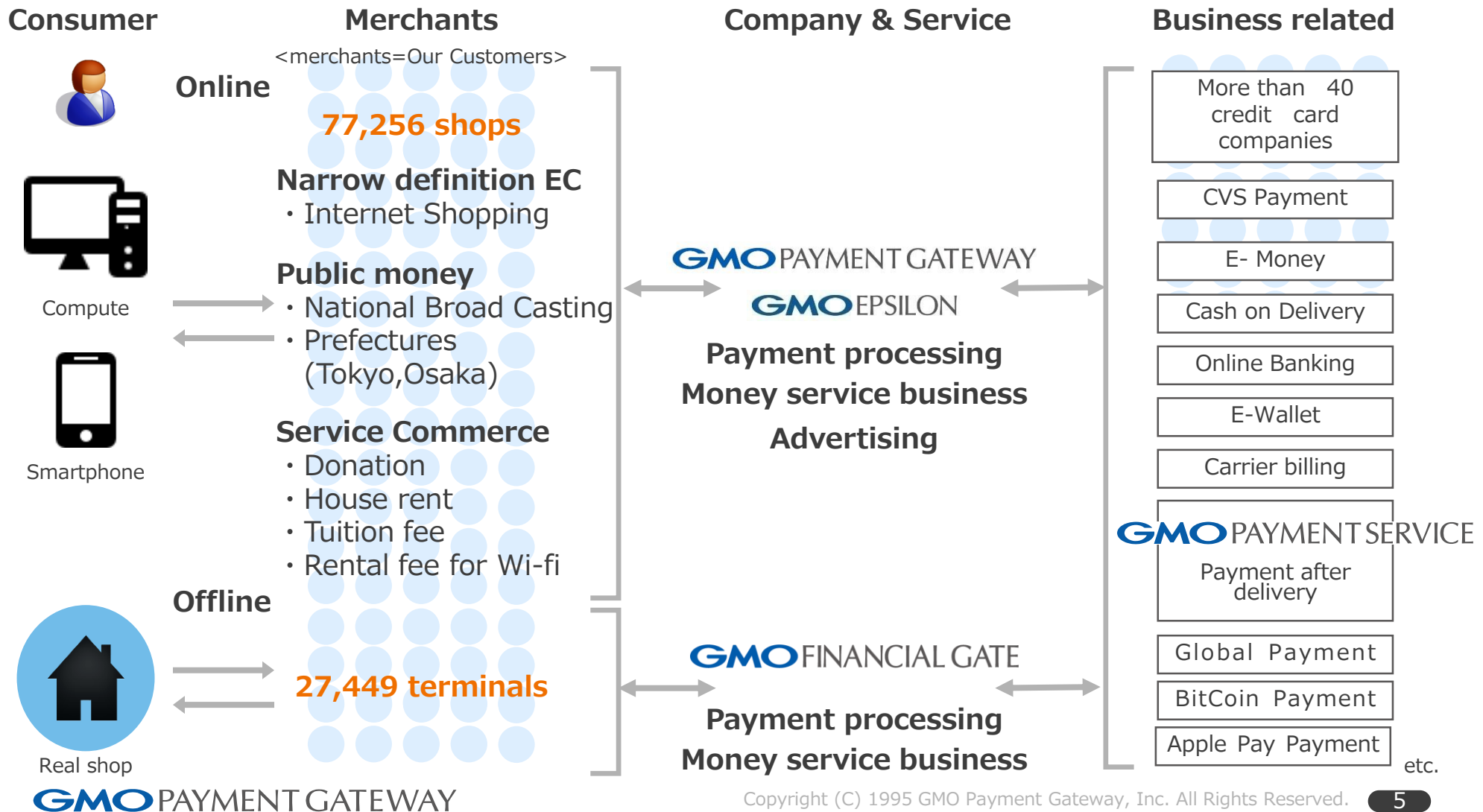


In the early days of EC, offline processing was done for online credit card payments between merchants and credit card companies, increasing the burden of each.

To solve this problem, payment processing companies have been established and made it easier to do business.

Business outline - The role of our group

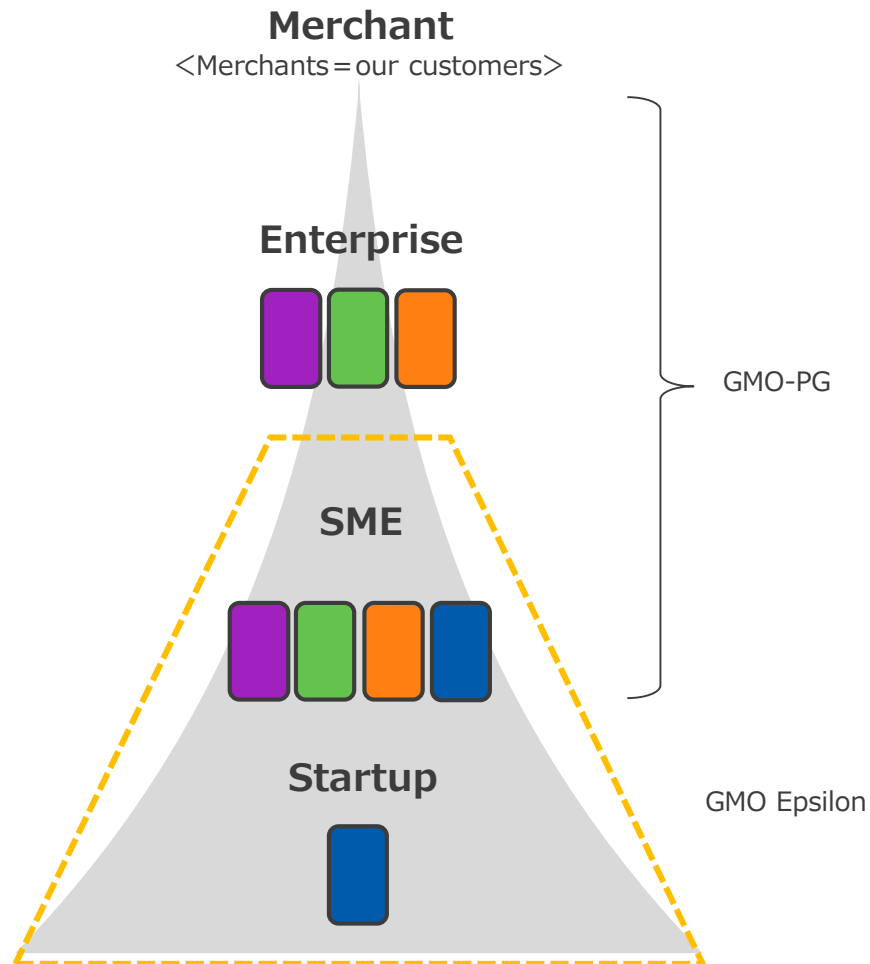
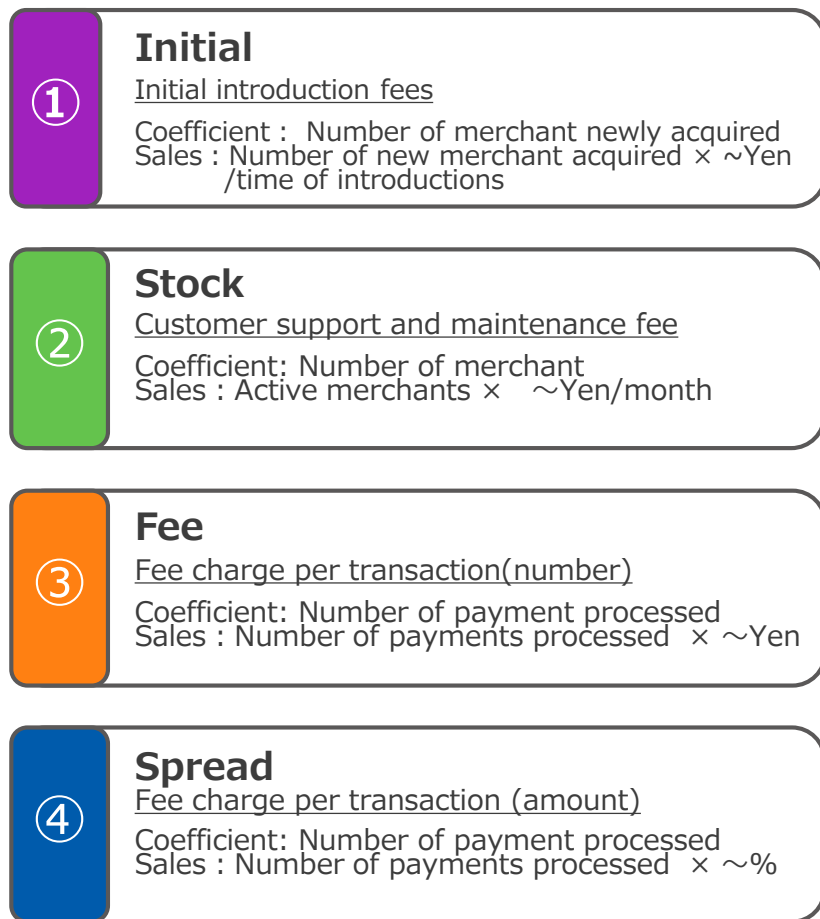
We connect merchants and businesses dealing with contracts, payment information and money transactions



Revenue model for credit card payments

Revenue model by merchant scale

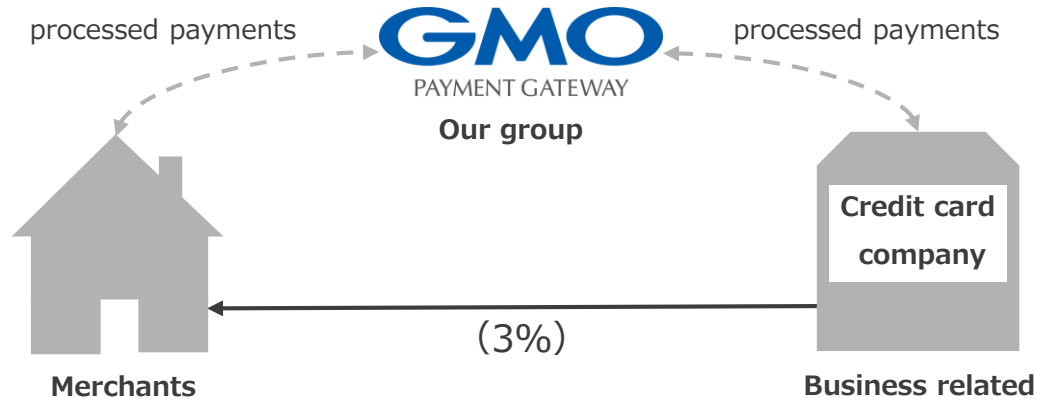
■ Revenue breakdown



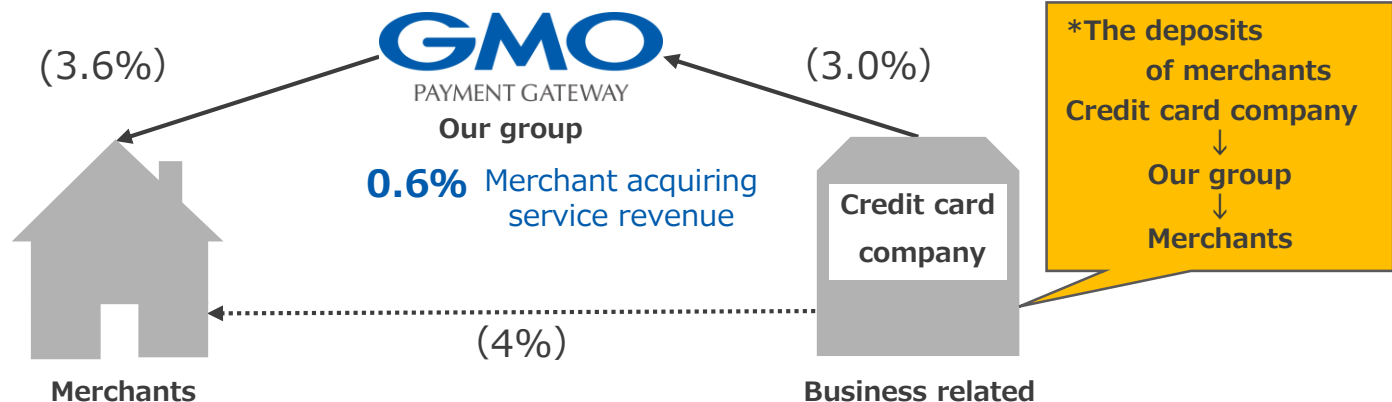
Two types of contract form

Contract type and the flow of money

Direct contract with merchants



Representative contract with merchants

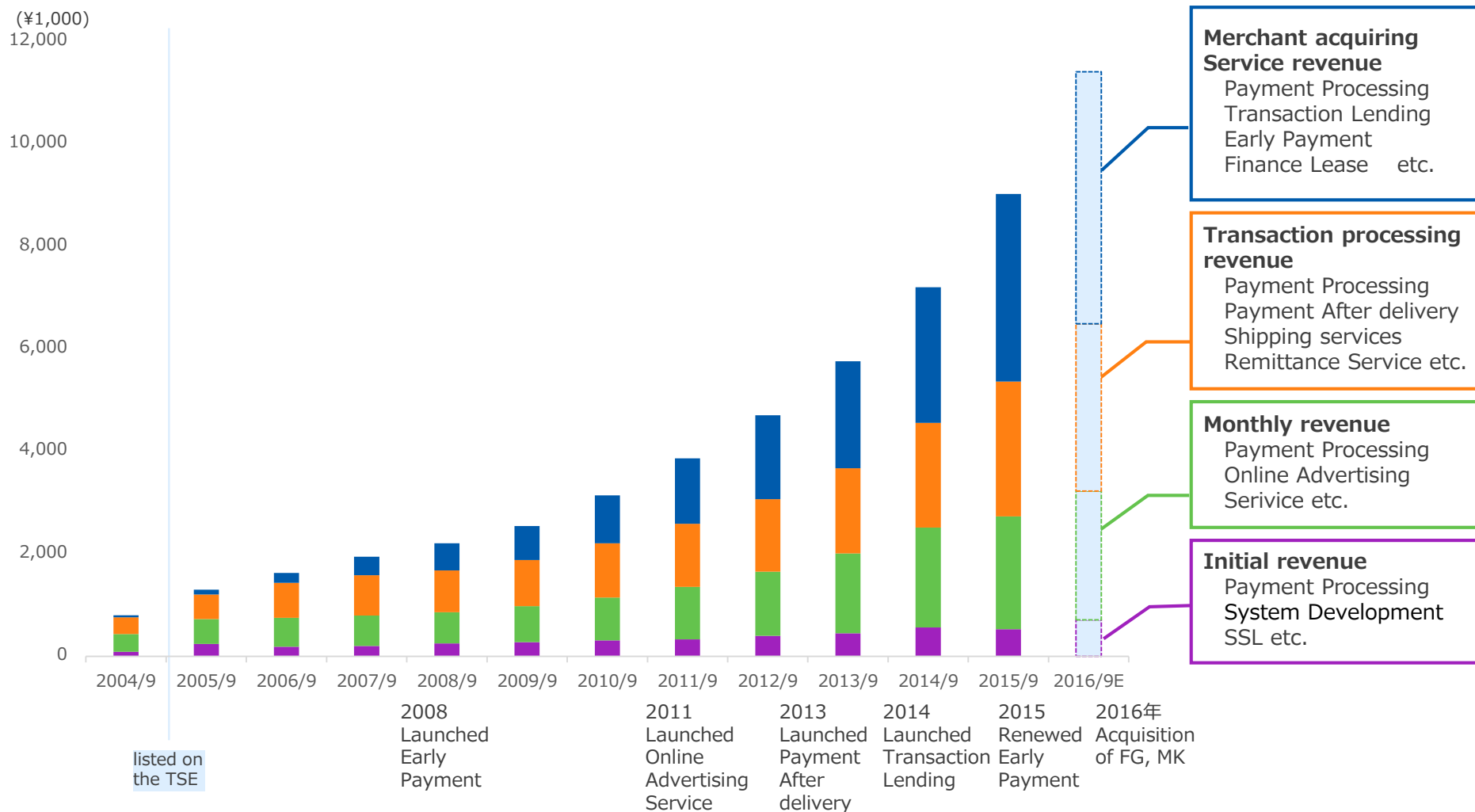


*Numbers are provided for illustration purposes only.

← The deposits of merchants

Revenue breakdown

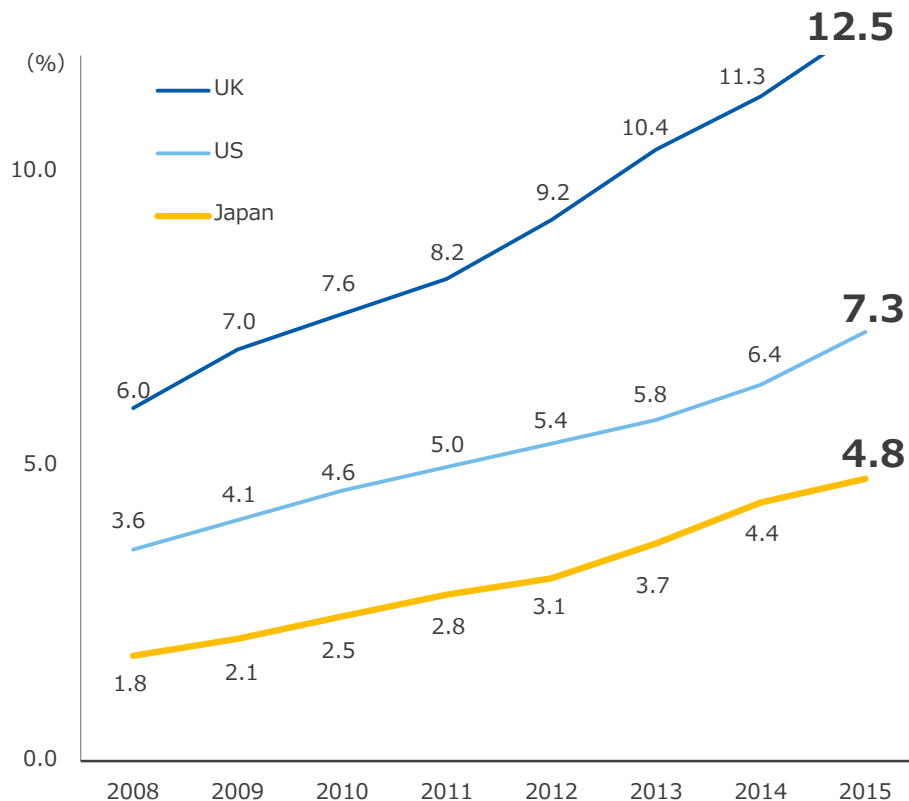
Action plans to realize the balanced growth



Growth potential of the EC market in Japan

Low EC ratio and high cash payment ratio

■ EC ratio



■ The ownership rate of credit cards

(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 %

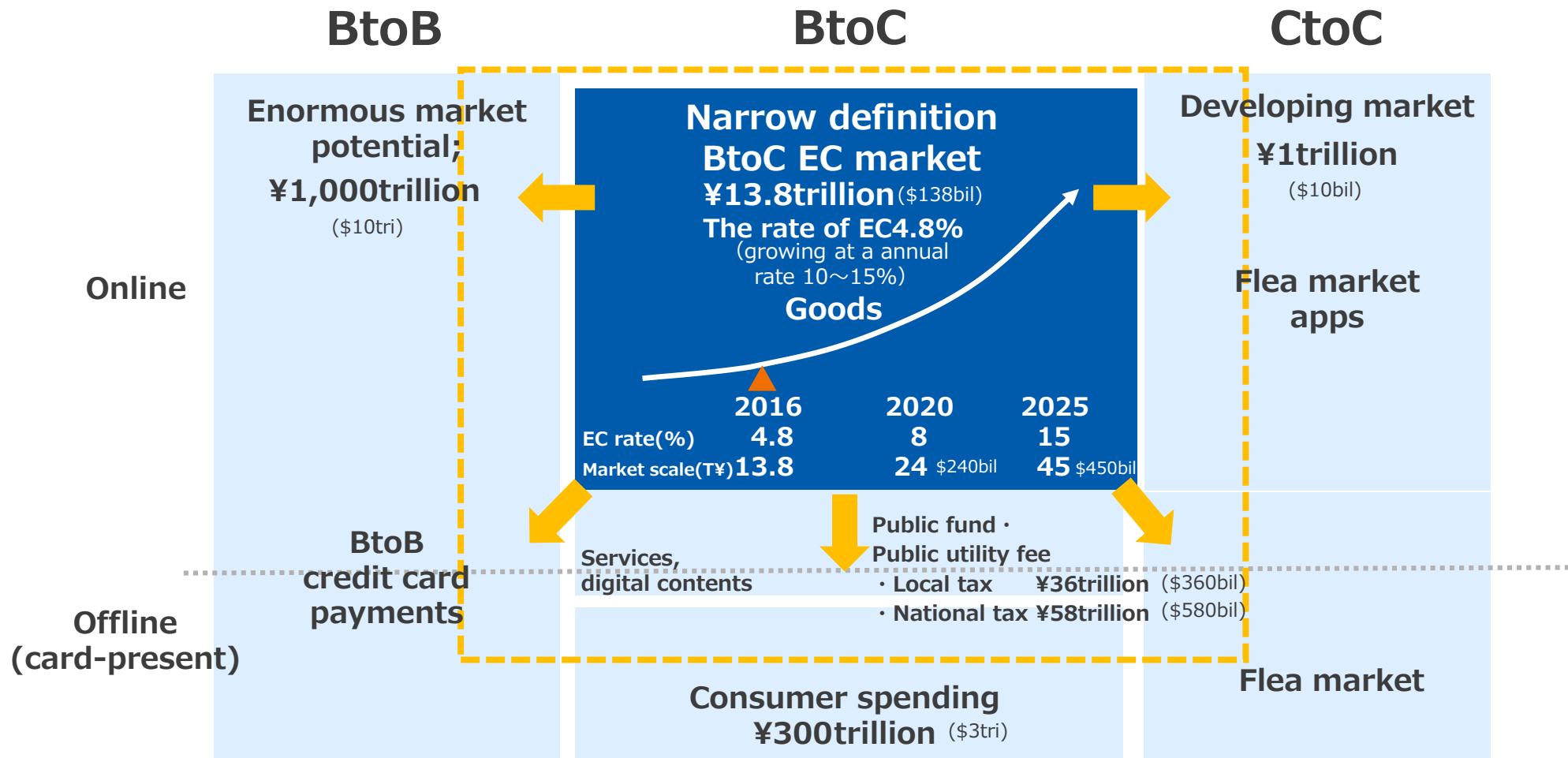
* Ratio=(Amount handled by CC or DC) / (Private final consumption expenditure)

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

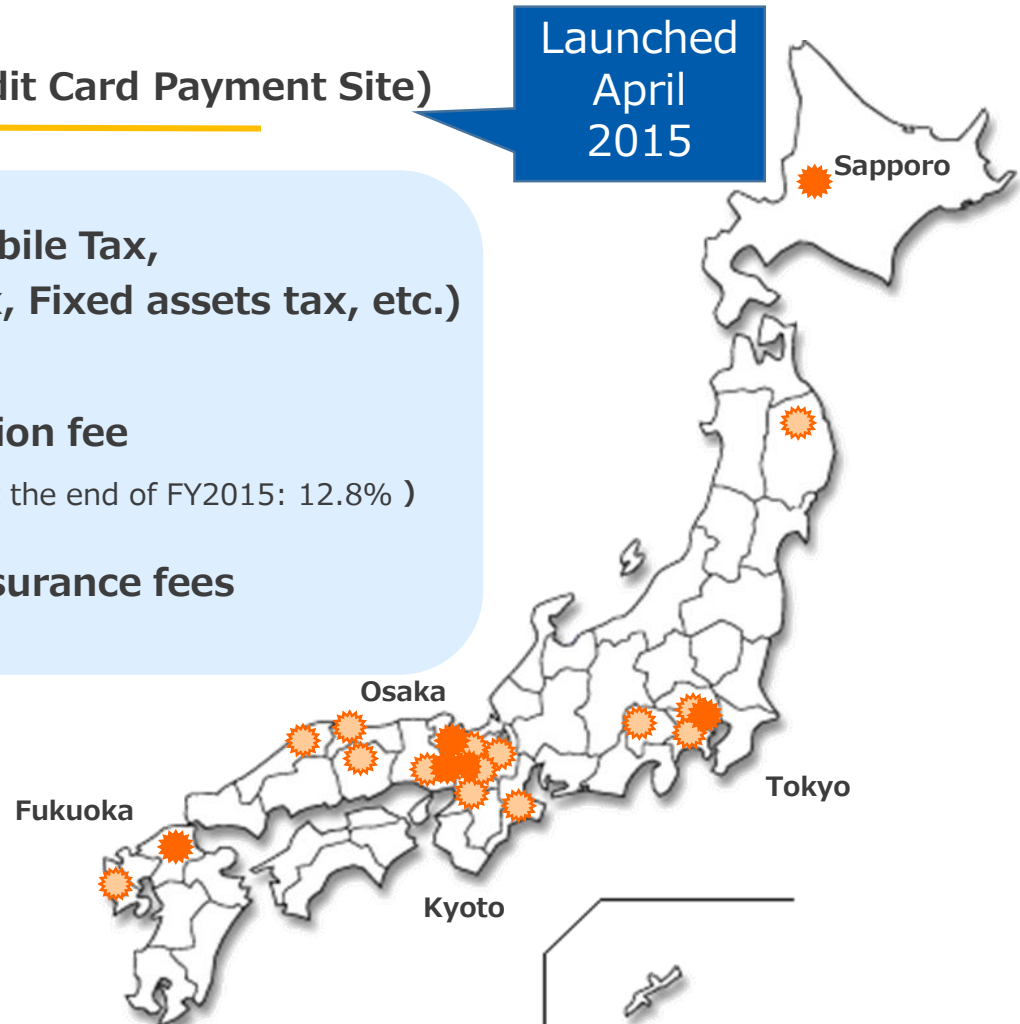
Local governments etc. : Local Tax (Automobile Tax,
Light vehicle tax, Fixed assets tax, etc.)

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 Kyoukai Business Report for FY2014

Definition of Money Service Business (MSB : Financial Business)

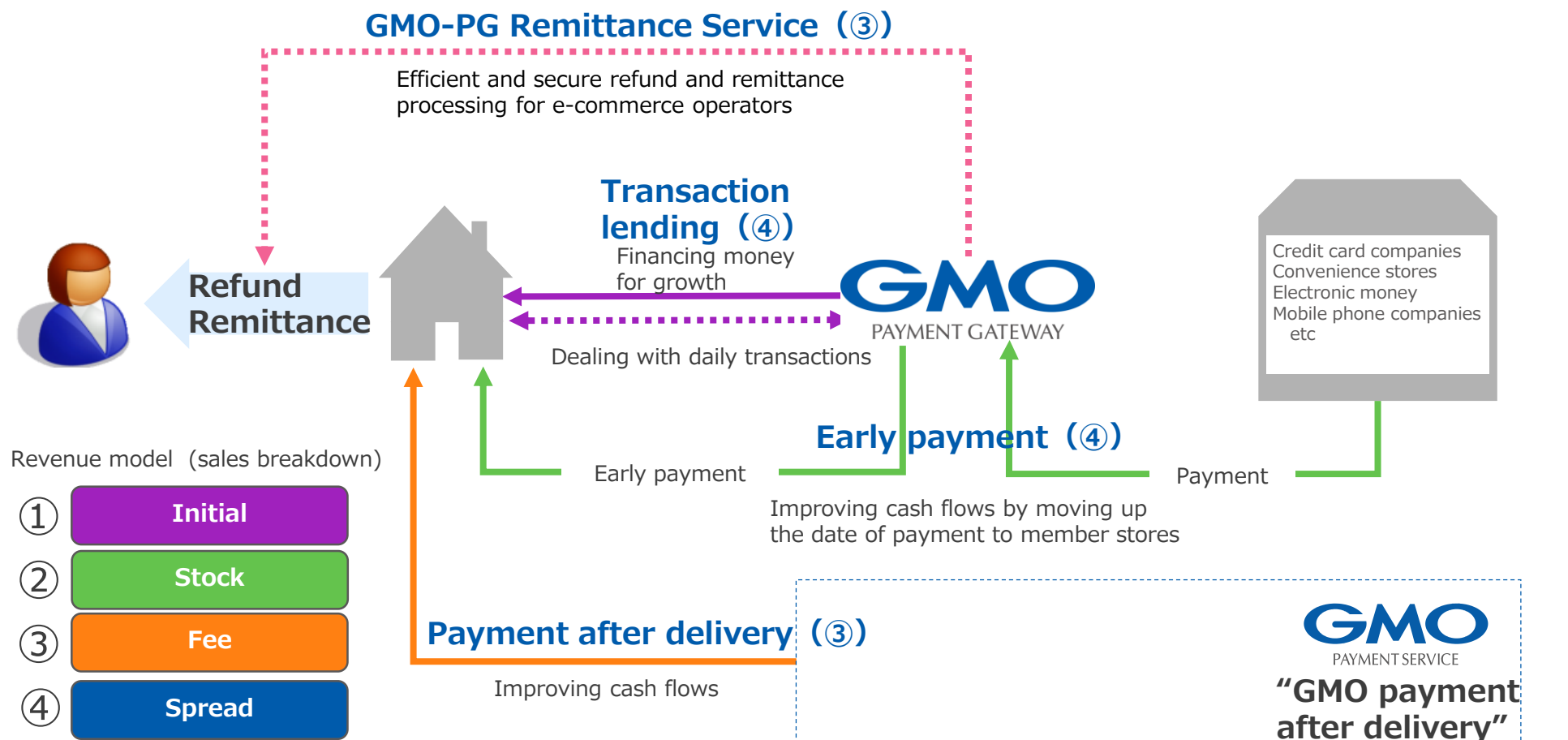
Financial services that only payment processing company
can provide

Consumer

Merchant

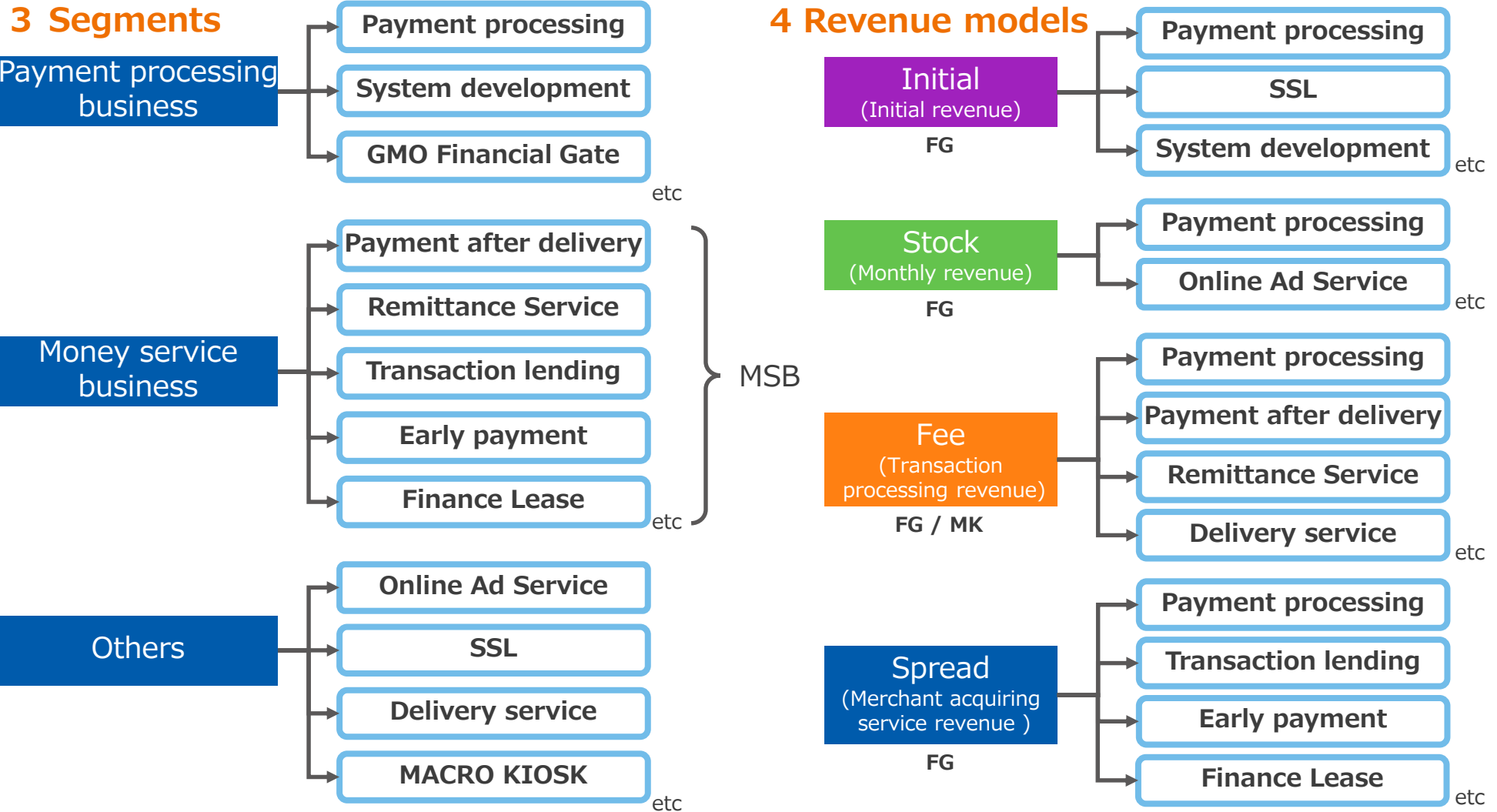
GMO-PG group

Business related



Segment/Revenue model/Service

3 Segments and 4 Revenue models

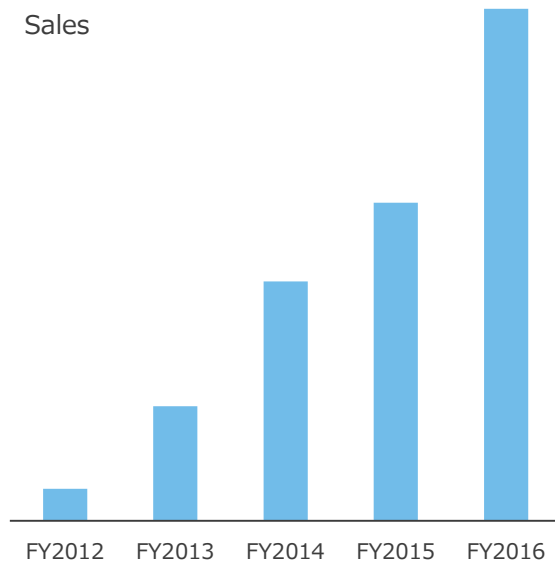


New Business

GMO-PG group's new business and profit status

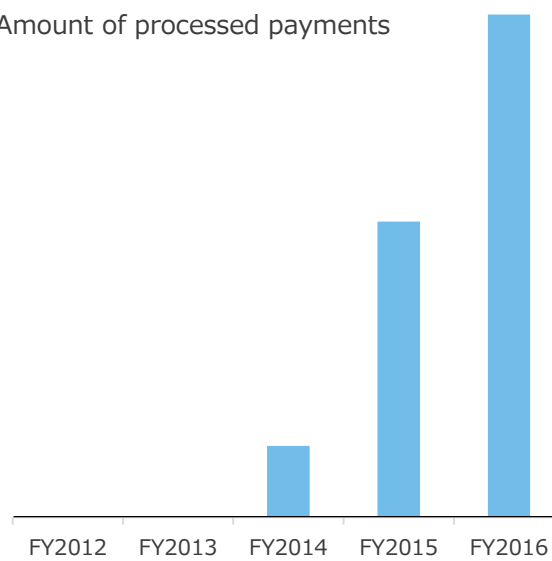
■ Online Advertising Service (GMO-PG)

Sales



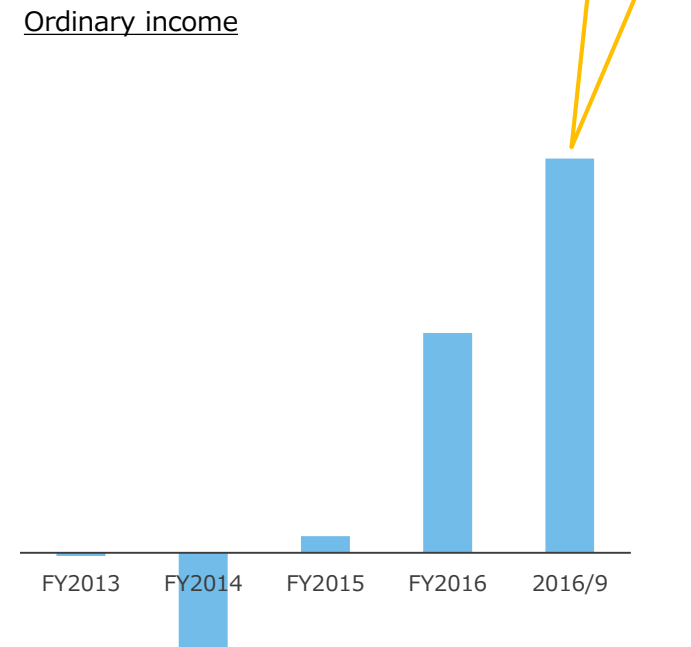
■ GMO-PS

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)