



GMO Payment Gateway, Inc.

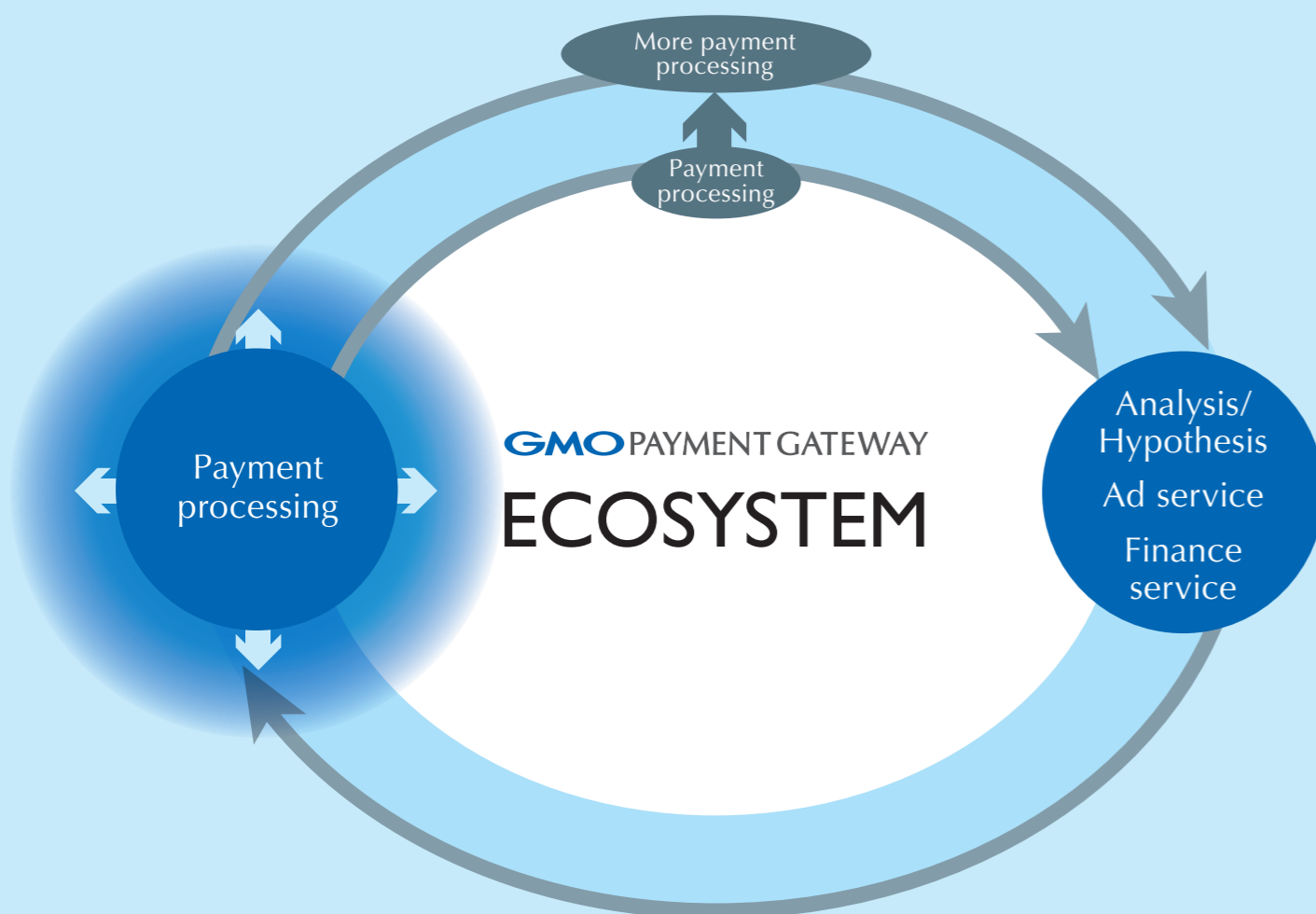
Annual Report 24th Fiscal Year

2016.10.1–2017.9.30





Reinforcing our **ecosystem (recurring model)** while maintaining a growth rate in **operating profit of at least 25%**



To be an **overwhelming industry leader** in **comprehensive payment services**

Revenue and earnings grew for 12 straight years since we were listed in April 2005 after resolving challenges that came with rapid growth and reviewing and strengthening our business foundation

The period ended September 2017 was a year of challenges for our company.

We sincerely apologize for the concerns we caused our shareholders due to the unauthorized access to and data leakage from some websites under our service by a third party, which was announced on March 10, 2017. We have endeavored to regain trust by conducting a thorough root cause investigation and quick information disclosure, creating recurrence prevention measures, and strengthening our risk management system, as well as fully ensuring safety measures from systematic and technological perspectives.

We could not have achieved 12 consecutive years of growth in revenue and earnings or 5 billion yen in consolidated operating profit without the efforts of all our employees regarding this incident, as well as the heartfelt support from various stakeholders, including our shareholders.

What we learned from the biggest crisis since our founding has become a valuable asset. We pledge to strengthen our management and to deliver an even higher corporate value through our concerted efforts.

Issei Ainoura
President &
Chief Executive Officer

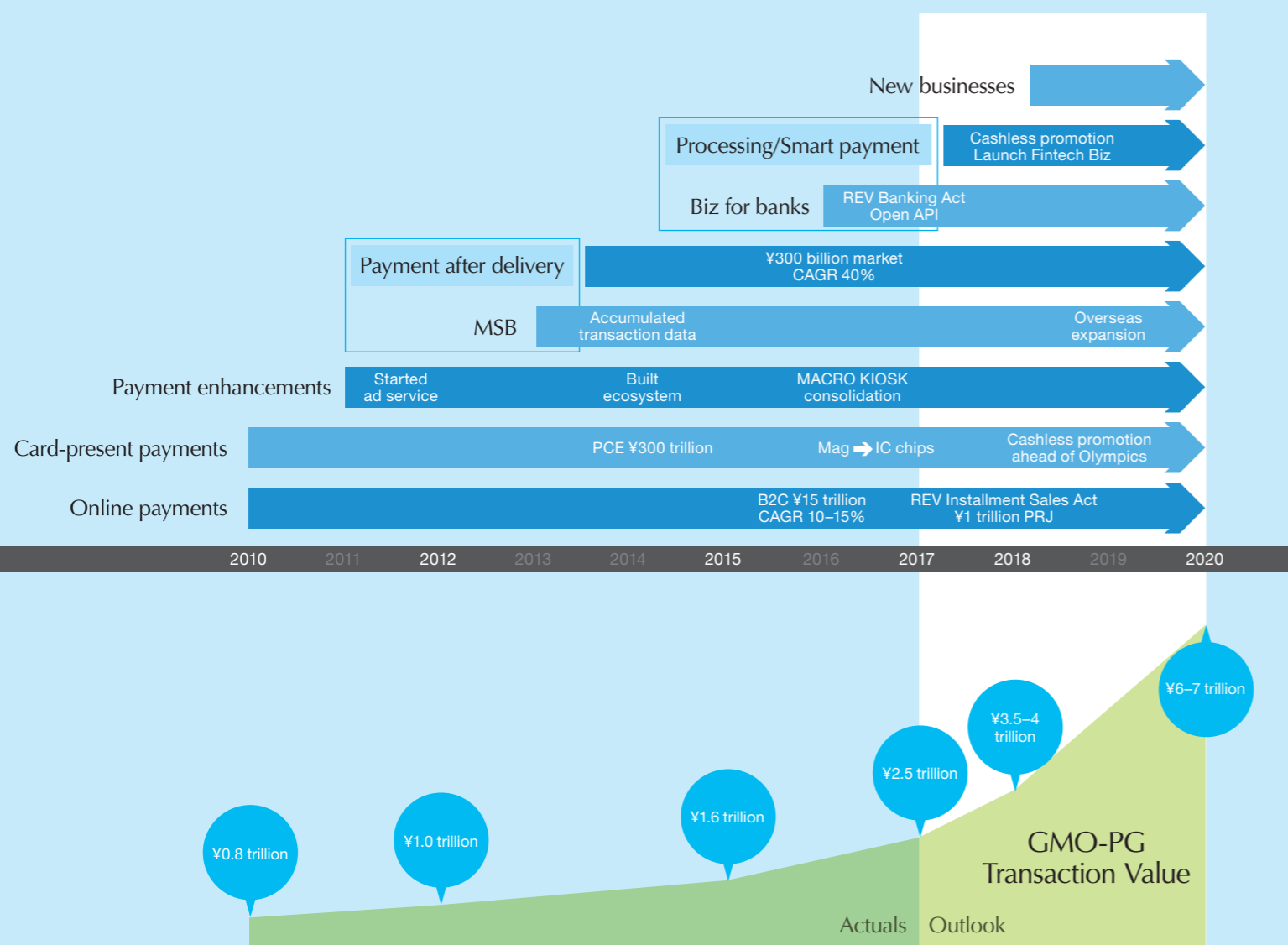




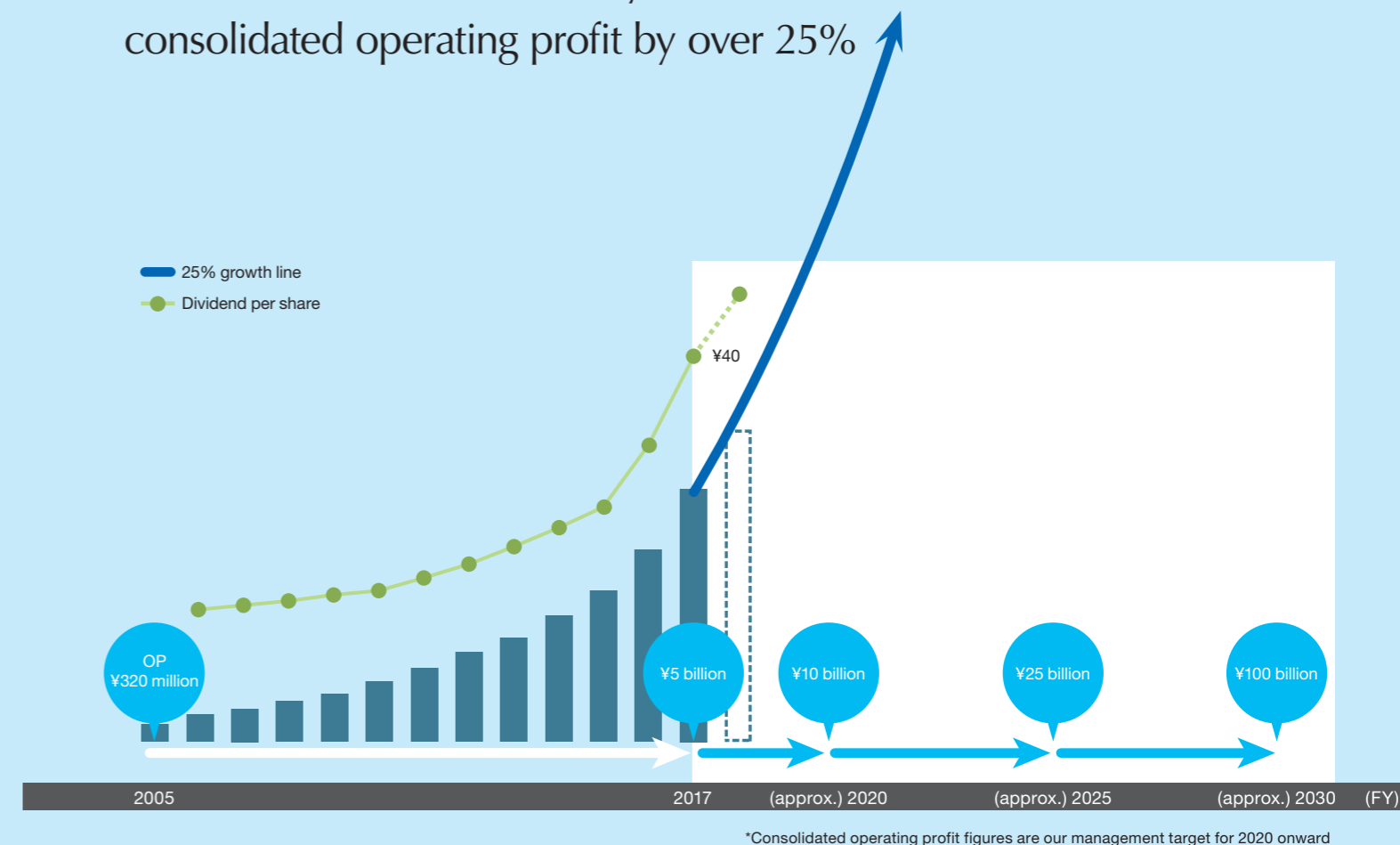
Widening our business areas outside of payment processing to deliver consecutive high growth

Our consecutive high growth was achieved with our “ecosystem” model in which our core payment processing service was enhanced through our new, value-added services generated as a result of our analyses and inferences. In FY2017, we added new businesses and services around online payments to beef up our “ecosystem” model. This has led to the accelerated growth of our merchant base

(82,349 stores), payment transaction volume (1.08 billion), and value (2.5 trillion yen) per annum. In addition, we have reported an all-time high profit above our initial target with the launch of new businesses to financial institutions, the rapid expansion of GMO payment after delivery, and group synergies from the consolidation of GMO Financial Gate, Inc., Global Card System (GCS), and MACRO KIOSK.



Commitment to consecutively increase consolidated operating profit by over 25%



Our core space (the B2C Ecommerce market in Japan) is on a rapid growth trend thanks to favorable changes in the external environment including the spread of smartphone usage and logistics reforms. At the same time, our online payment sphere has expanded with B2B and C2C payment transactions going online. We are targeting to grow consolidated operating profit by 25% in FY 2018 under the following initiatives: acquisition of major and growth merchants as well as financial institutions, receiving major businesses, taking in increasing number of overseas visitors and cashless promotion ahead of the 2020 Olympics and Paralympics for our card-present payment businesses, expansion of GMO payment after delivery, and growth of MACRO KIOSK.

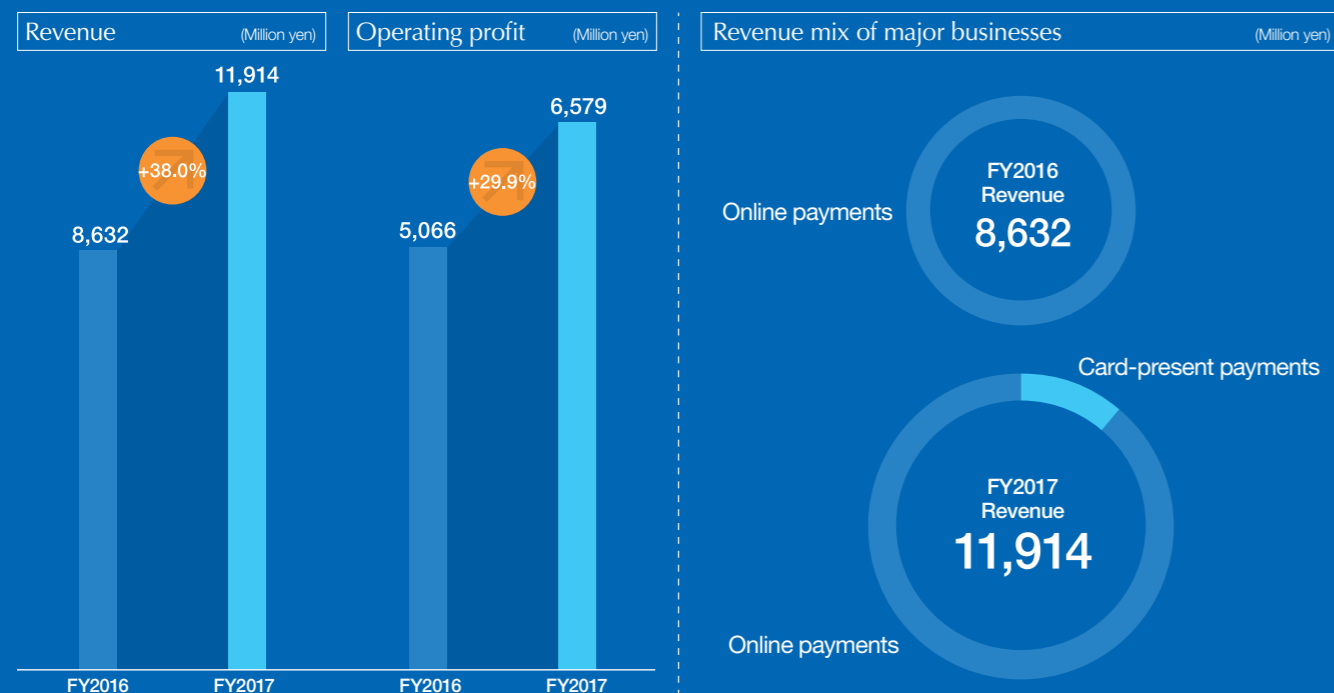
Continuing 25% growth in consolidated operating profit will allow us to achieve our mid-term goals of 10 billion yen in FY2020, 25 billion yen in FY2025, and 100 billion yen in FY2030. As for dividends, we have paid 40 yen per share for the period ended September 2017; almost 13 times the amount of what we paid in FY2006 (3.13 yen after share split adjustments). After 11 consecutive years of increasing dividend amounts, we further plan to pay out 49 yen per share for FY2018. By putting into action the above strategies, we will provide the largest payment-related services in all our payment methods and expand financial services to turn ourselves into the overwhelming leader in comprehensive payment services. Please keep your eyes on us!



Payment Processing Business

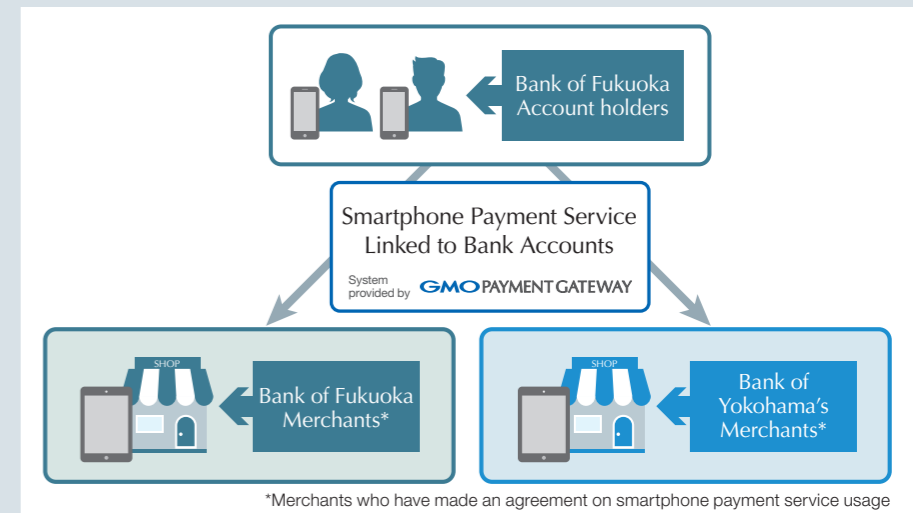
In the online payment area, we have expanded the scope of our businesses and received system development orders from major companies and other businesses from financial institutions. In the recurring payment area, we have launched credit card payment services to the National Tax Agency under its “National Tax Credit Card Payment Site” from January 4, 2017. GMO Financial Gate, Inc., our consolidated subsidiary since FY2016, and GCS have

made a meaningful contribution to our group by taking in robust consumption by inbound visitors and payment demands through smartphones against a backdrop of cashless acceleration leading up to the 2020 Olympics and Paralympics.



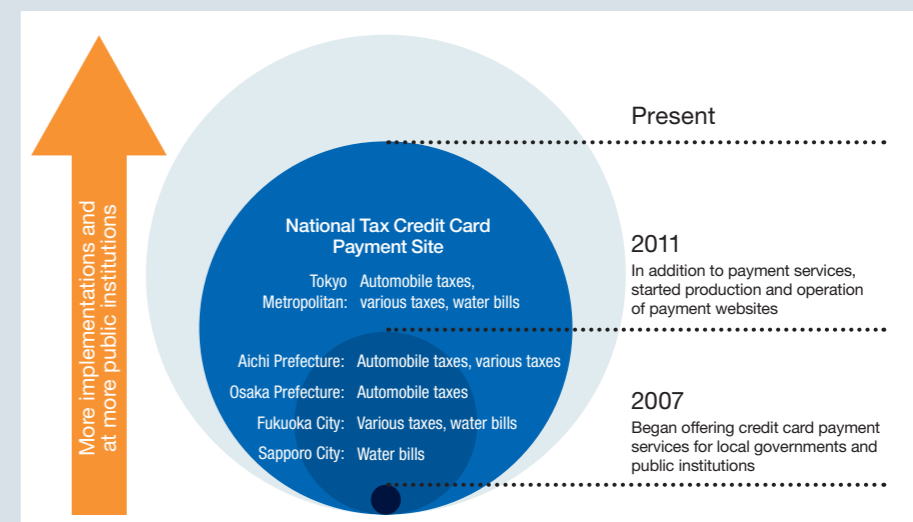
“Smartphone Payment Services Linked to Bank Accounts” platform system provided to the Bank of Fukuoka

We announced plans to provide a platform system for an immediate, direct debit service through a smartphone app that links to bank accounts by utilizing our technologies and know-how which we have gained through “GMO Smart Shiharai.” Interconnected with the Bank of Yokohama, this decision will lead to a smartphone payment service that is linked to bank accounts across regions and financial institutions.



Processing and other services for credit card payments to the National Tax Agency

Together with the Toyota Finance Corporation, we have produced, operated, and provided payment processing services for a “National Tax Credit Card Payment Site” (URL <https://kokuzei.noufu.jp/>) for online national tax payments using credit cards which was launched on January 4, 2017, by the National Tax Agency.

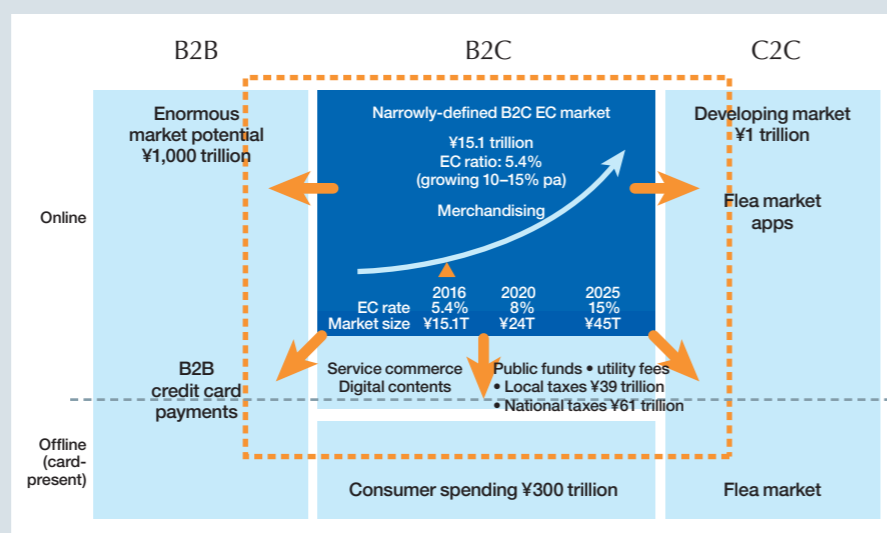


Growing Ecommerce in Japan's consumption has led to our accelerated growth

While increasing our market share in the B2C Ecommerce market, we have entered into new online payment areas including B2B and C2C Ecommerce payments as well as NHK subscription fees, utilities, taxes, and other non-Ecommerce credit card payments. At the same time, we have expanded our business areas to offline markets and overseas markets as we added more companies to our group, thereby achieving a long-term high growth.

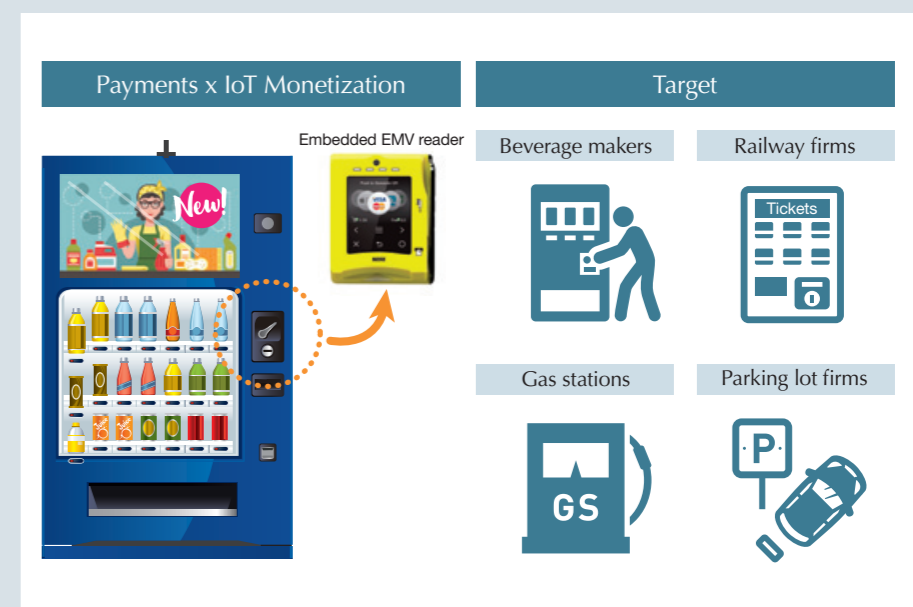
*GMO-PG calculations are based on “FY2016 Building infrastructure for an information- and service-oriented Japanese economy and society (Ecommerce market survey)” by the Ministry of Economy, Trade and Industry

*MIC “Breakdown of national tax and local tax revenues (Budget and Local Government Finance Plan for FY2017)”



Efforts in the card-present market and moving toward monetizing the IoT

We will ensure that we take in growth areas in the in-store payment market in response to a greater need for a cashless society ahead of the 2020 Tokyo Olympics and Paralympics, as well as rapid consumption expansion by inbound visitors and advances in IoT devices and technologies.

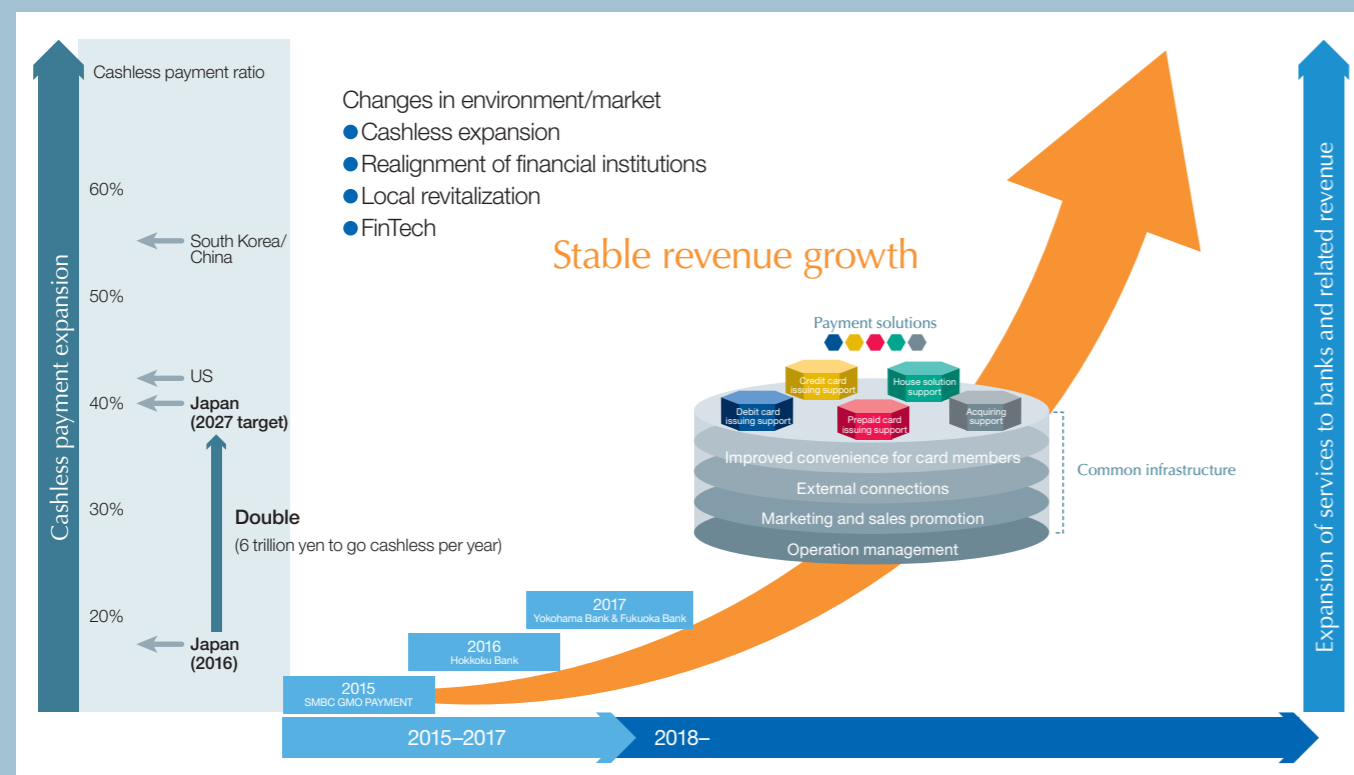
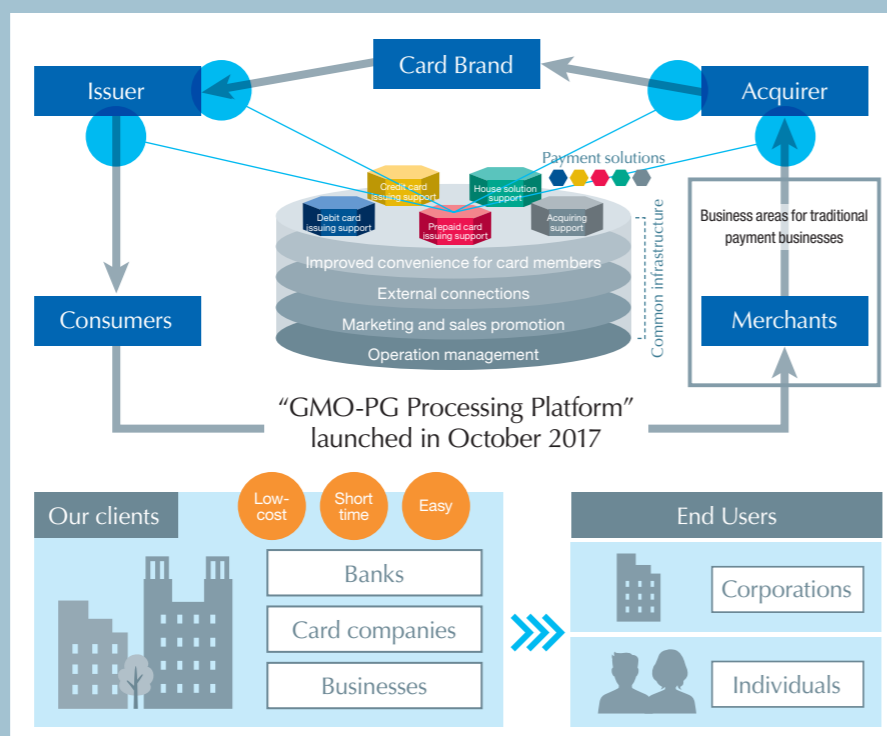




Processing/Smart Payment Business

GMO-PG Processing Platform: Assisting financial institutions with implementing FinTech businesses and promoting cashless payments

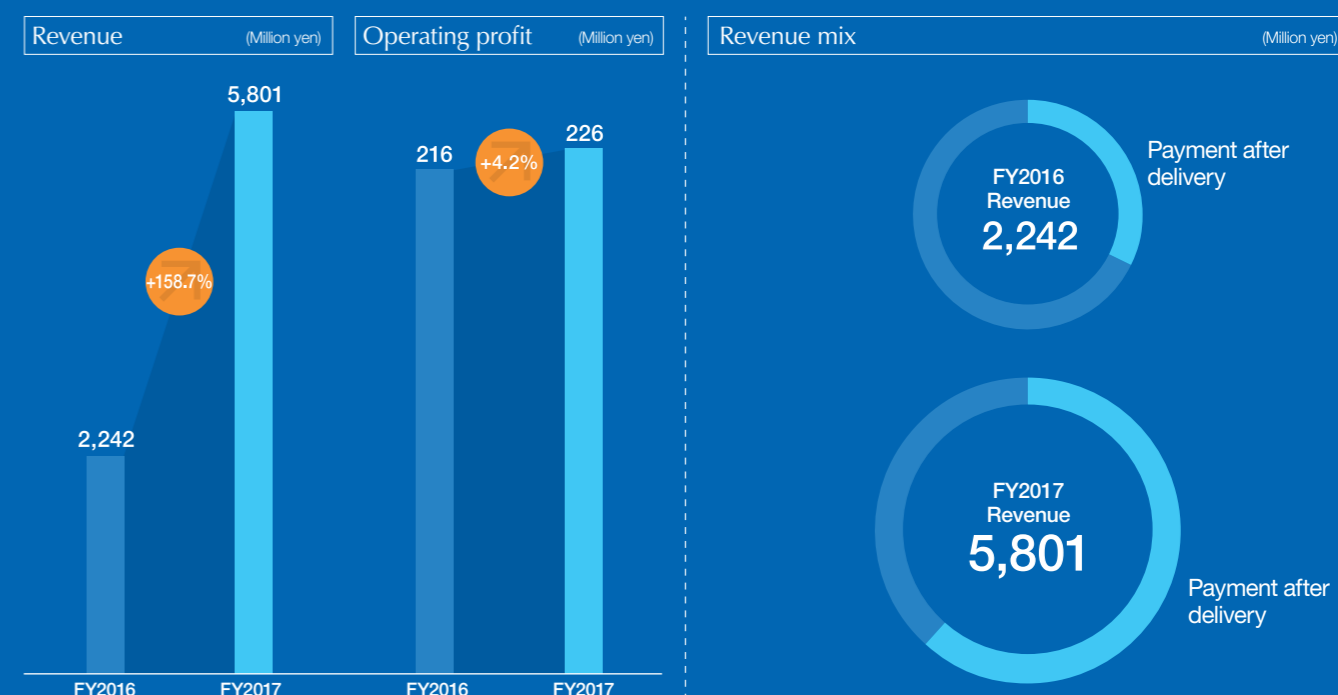
“GMO-PG Processing Platform” is a comprehensive payment solution that was launched on October 27, 2017. The platform helps financial institutions and service providers in implementing new payment businesses including issuing debit cards, prepaid cards, or house cards, as well as merchant-related businesses that involve merchant contract management, merchant settlement, and card transaction processing by enabling a payment infrastructure building at low costs, in a short timeframe, and with relative ease. Published on May 8, 2017, by the Ministry of Economy, Trade and Industry, “Summary of FinTech Vision” gives the Japanese government’s target of a 40% cashless ratio in 2027, which contrasts with the current 19%. With the launch of the platform, we will endeavor to promote a cashless society and help FinTech businesses at financial institutions, utilizing our experience and know-how gained through providing payment services to E-commerce merchants.



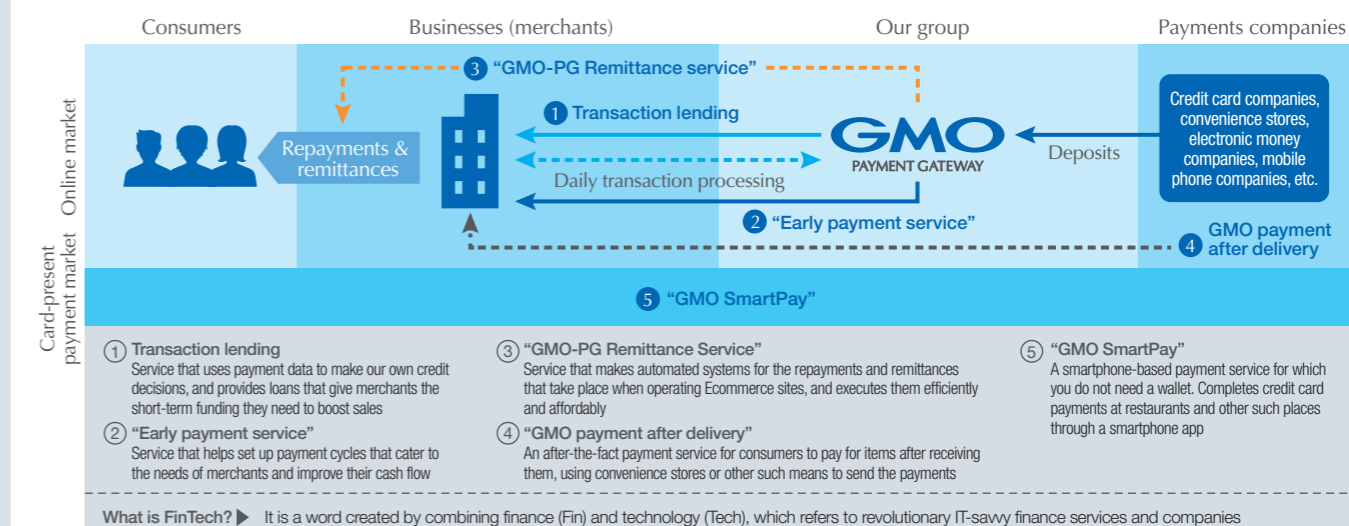
Money Service Business (MSB)

An “early payment service” that helps set up payment cycles that cater to the needs of merchants and improves their cash flow and “GMO-PG Remittance Service” expanded. In addition, the highly-demanded “GMO payment after delivery,” an after-the-fact payment service provided by GMO Payment Service, Inc., gained more merchants. “GMO payment after delivery” has been offered since November 2016 on Zozotown, the largest online shopping

site in Japan and operated by Start Today Co., Ltd., boosted our group’s transaction size, top line, and bottom line.



Our Money Service Business (MSB) and FinTech

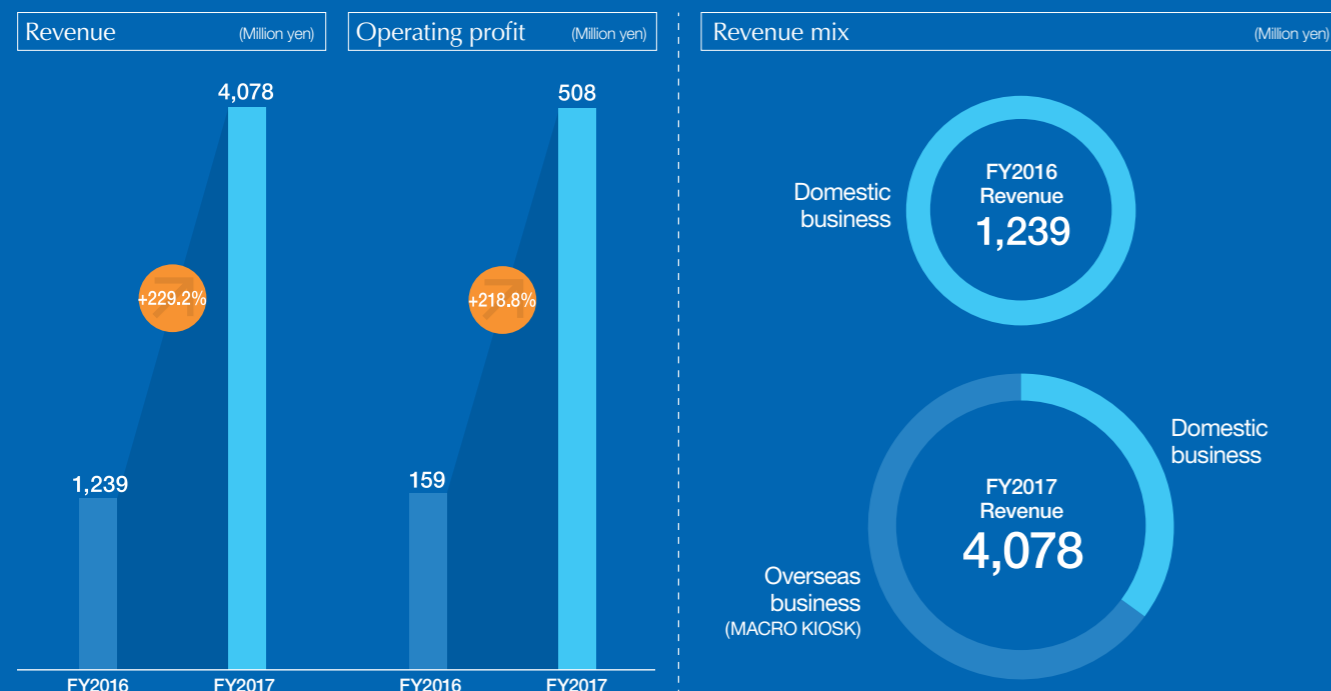




Payment Enhancement Business

Online Advertising Business,
Global Expansion, etc.

A solid performance by MACRO KIOSK, our consolidated subsidiary since the previous fiscal year which provides mobile payments, authentication, and notification services, made huge contributions to our group's revenue and earnings growth in overseas markets. Meanwhile, our "GMO-PG Online Advertisement Service," which our merchants can benefit from for their own sales growth, experienced a steady expansion.



MACRO KIOSK expands businesses around ASEAN countries

From the previous fiscal year, we consolidated MACRO KIOSK, which captured social changes such as a bank account ownership ratio surge from 20% to 80% in Malaysia over the past ten years as a business opportunity. MACRO KIOSK is based in ASEAN countries; in many of which, bank accounts are not common despite being an important payment infrastructure.

MACRO KIOSK is the biggest Asian company which offers SMS mobile solutions and carrier billing services to banks and companies as its core business. It has provided comprehensive services for mobile payments, authentication, and notification* to its over 4,000 clients that stretch over 18 industries and 37 countries across the globe.

Harnessing synergies with MACRO KIOSK, our group of companies will be expanding our businesses internationally with a focus on the ASEAN region. This includes supporting Japanese Ecommerce companies in their international expansions, and also providing payment services, among other things, to banks and leading companies locally.

Business model



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

Growth strategies for overseas businesses

Leading all markets by the three strategies of regional expansion, business area expansion, and alliances with major global companies

We implemented multiple measures to capture the huge growth potential of the regions (mainly Southeast Asia) that have been growing by 5–6% with GDP worth 200 trillion yen, and built a foundation by the end of the previous fiscal year. All of the payment service providers that we have invested in or forged partnerships with and are taking on the regions' payment infrastructure have been growing by 50–150% per annum in sales. Moreover, an increasing number of them have turned to profitability. We will realize further growth in overseas markets which have hit the expansion phase through the three strategies of regional expansion, business area expansion, and alliances with major global companies.

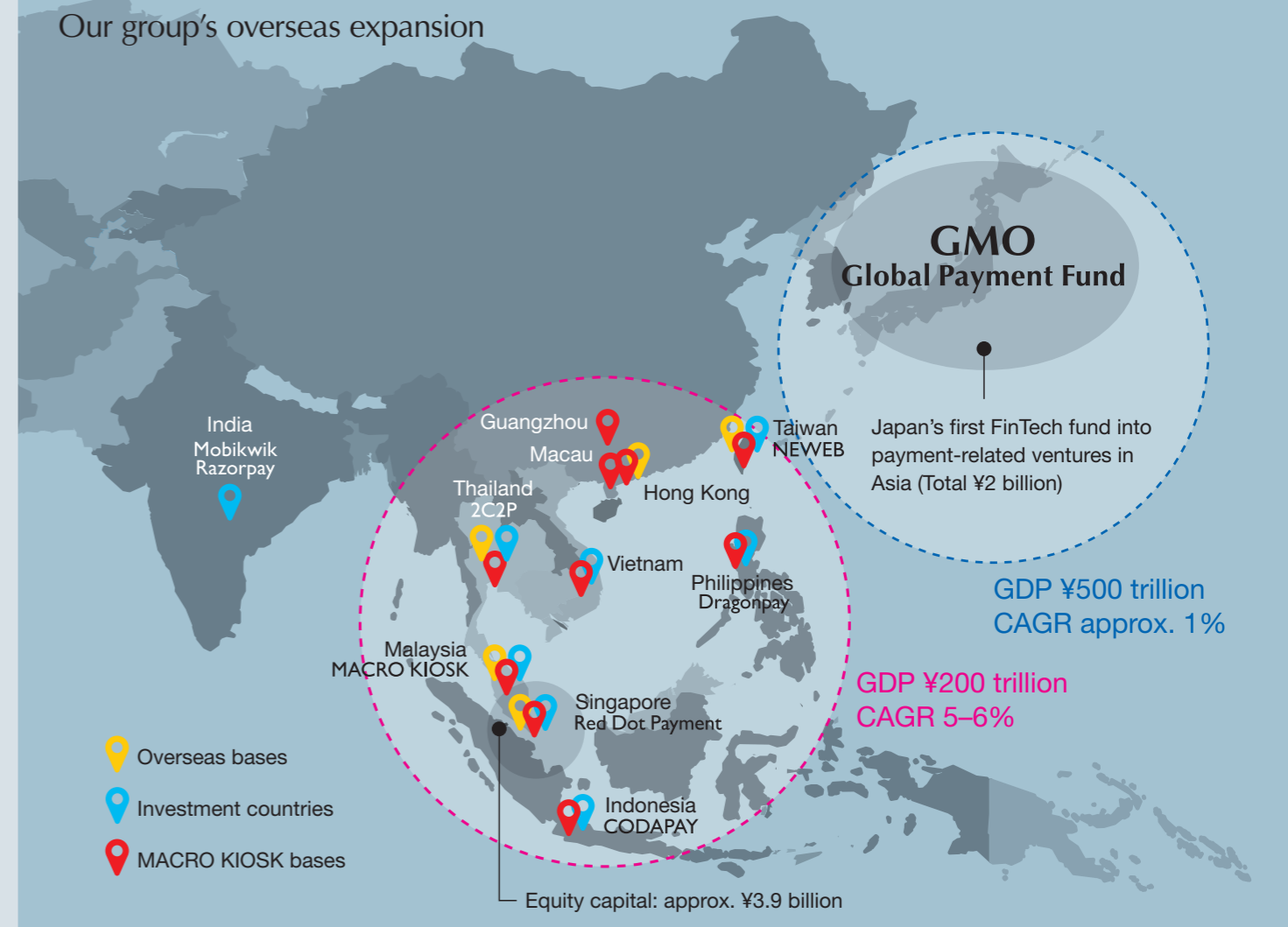
2017

- ASEAN businesses and investments
A benign market which we continue to lead
Maintaining top position
- Status of all investments and alliance partners (PSP)
Sales: growing by 50–150% per annum
Profitability: an increasing number have turned to profitability









2018

- (Equity method affiliates) 2C2P to expand client base leveraging alliances with major US and Chinese partners in Thailand
- (Consolidated subsidiaries) MACRO KIOSK. Deciding on other future growth countries and making preparations
- (Up to 20% stake investments) Form alliances with foreign payment-after-delivery service providers

Our group's overseas expansion



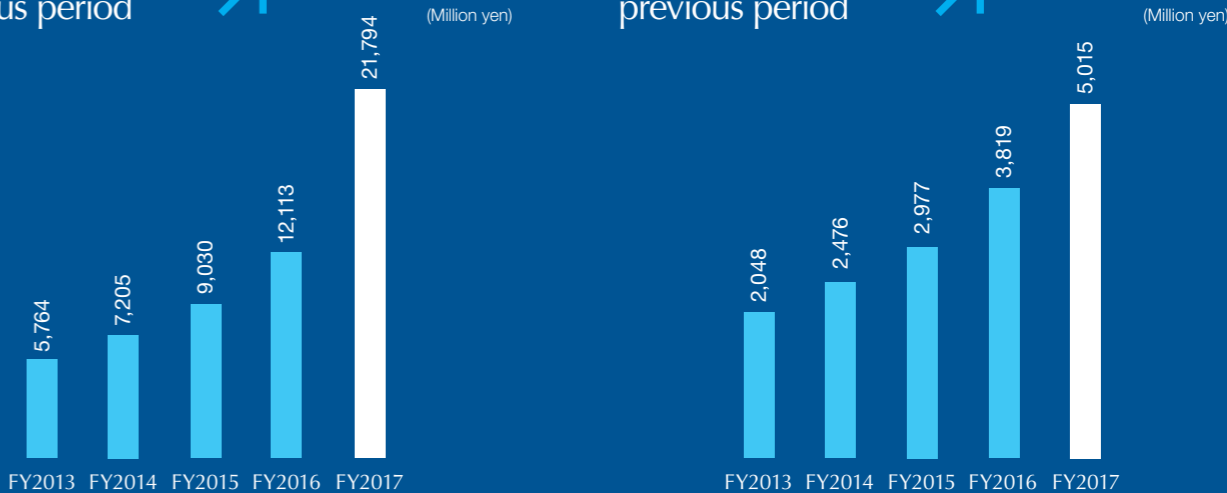
GMO Payment Gateway by the numbers

FY2004	FY2017
<div>Number of Merchants</div> <div>6,837</div>	<div> <div> <div>Electronic Books</div> <div>Fresh Food</div> <div>Books</div> <div>Automobile Taxes</div> <div>Apparel</div> <div>CDs</div> <div>Tickets</div> <div>Games and Music</div> <div>Taxes</div> <div>Water</div> </div> <div>82,349</div> <div>merchants</div> </div>
<div>Transaction Volume & Value</div> <div> <div>37.0 million </div> <div>¥120.0 billion </div> </div>	<div> <div> <div>1.08 billion </div> <div>¥2.5 trillion </div> </div> </div>
<div>Number of Employees</div> <div>  40 </div>	<div>  654 </div>
<div>Number of Group Companies</div> <div>  0 </div>	<div> <div>23</div> <div>(+3 Equity Method Affiliates)</div>  </div>

Revenue and earnings grew for 12 straight years since we were listed in 2005
Both growth rates reached highest since 2008 (under the TSE 1st section)

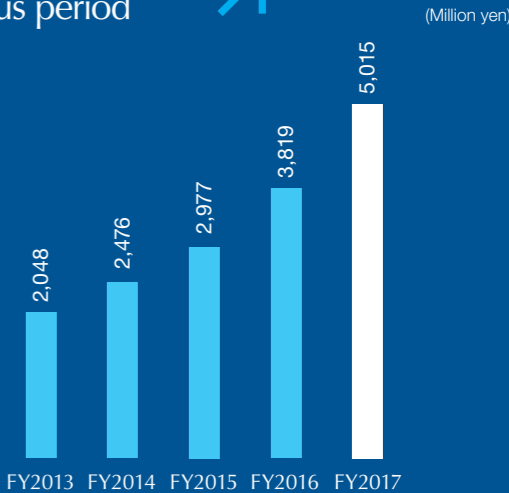
Net sales

79.9% increase from previous period 




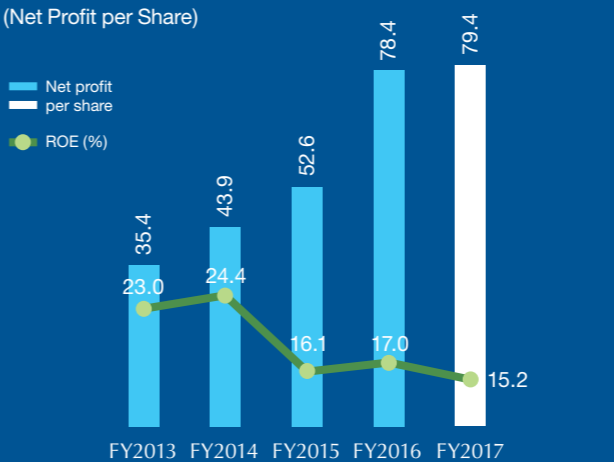
Operating profit

31.3% increase from previous period 



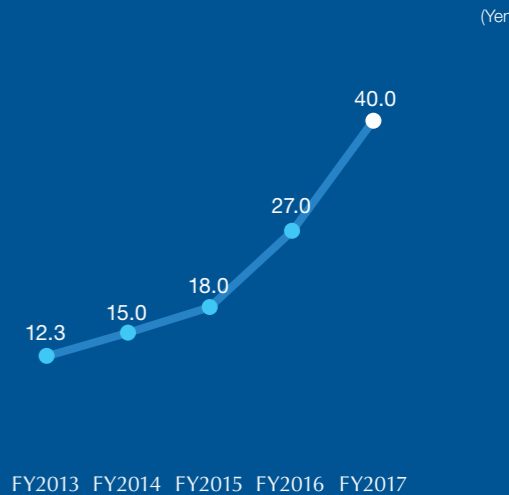
Net profit per share/ROE (Return on equity)

1.3% increase from previous period 
(Net Profit per Share)



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.

Dividend



We have decided our dividend for FY2017 to be 40 yen, up by 13 yen from the year before, in accordance with our basic principles for continuing a stable shareholder return while maintaining retained earnings necessary for future business expansion and enhancement of our corporate structure. 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)	
	23rd fiscal year As of Sept. 30, 2016	24th fiscal year As of Sept. 30, 2017
(Assets)		
Current assets	45,549,162	72,347,531
Cash and deposits	25,231,522	27,623,466
Accounts receivable-trade	3,924,904	6,254,193
Lease receivables	7,291,439	6,426,827
Merchandise	38,377	93,720
Supplies	972	757
Advance payments-trade ①	6,388,955	16,806,222
Prepaid expenses	118,723	173,200
Deferred tax assets	300,169	1,251,001
Accounts receivable-other ①	1,742,612	14,678,576
Other	839,372	1,433,354
Allowance for doubtful accounts	(327,887)	(2,393,788)
Noncurrent assets	9,637,579	10,778,069
Tangible assets	352,280	399,588
Buildings	83,143	78,507
Tools, furniture, and fixtures	122,782	125,698
Leased assets	146,354	195,382
Intangible assets	4,143,749	4,505,631
Goodwill	1,686,682	1,619,708
Leased assets	17,450	25,719
Trademark rights	212	153
Software	1,079,334	1,586,738
Other	1,360,069	1,273,310
Investments and other assets	5,141,549	5,872,850
Investment securities	2,251,124	2,704,216
Shares of subsidiaries and affiliates	2,203,234	2,318,656
Investments in other securities of subsidiaries and affiliates	309,174	420,998
Long-term loans receivable from directors and employees	962	467
Claims provable in bankruptcy, claims provable in rehabilitation, and other	31,468	49,359
Long-term prepaid expenses	8,285	6,907
Lease and guarantee deposits	231,035	325,555
Deferred tax assets	57,294	16,848
Other	80,437	79,200
Allowance for doubtful accounts	(31,468)	(49,359)
Total assets	55,186,742	83,125,601

	(Thousand yen)	
	23rd fiscal year As of Sept. 30, 2016	24th fiscal year As of Sept. 30, 2017
(Liabilities)		
Current liabilities	35,330,748	57,820,557
Accounts payable-trade	2,726,492	3,521,081
Lease obligations	64,846	74,918
Accounts payable-other	2,784,175	12,558,354
Income taxes payable	901,767	1,693,502
Accrued consumption taxes	78,482	711,427
Advances received	447,442	491,722
Deposits received ②	27,634,302	37,406,767
Unearned revenue	62	11,886
Provision for bonuses	478,808	410,197
Provision for directors' bonuses	125,000	57,900
Other	89,369	882,799
Noncurrent liabilities	586,876	3,618,851
Long-term borrowings	30,150	2,999,500
Lease obligations	115,984	158,075
Long-term lease and guarantee deposits	7,397	—
Provision for directors' remuneration Board Incentive Plan Trust	170,000	210,495
Other	263,343	250,780
Total liabilities	35,917,624	61,439,408
(Net assets)		
Shareholders' equity	18,305,926	20,228,802
Capital stock	4,712,900	4,712,900
Capital surplus	4,964,712	4,933,388
Retained earnings	8,893,549	10,838,783
Treasury stock	(265,236)	(256,269)
Accumulated other comprehensive income	(145,167)	364,344
Valuation difference on available-for-sale securities	(48,004)	185,078
Foreign currency translation adjustment	(97,162)	179,265
Subscription rights to shares	1,066	923
Non-controlling interests	1,107,292	1,092,121
Total net assets	19,269,118	21,686,192
Total liabilities and net assets	55,186,742	83,125,601

Consolidated balance sheet: Points to consider

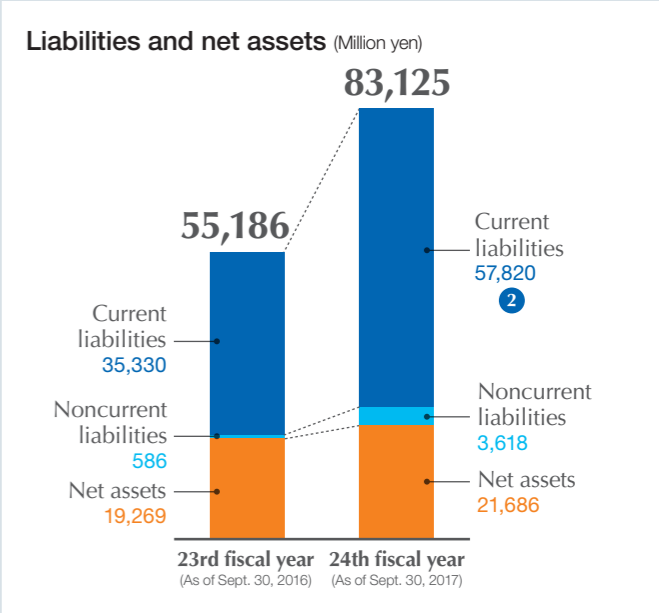
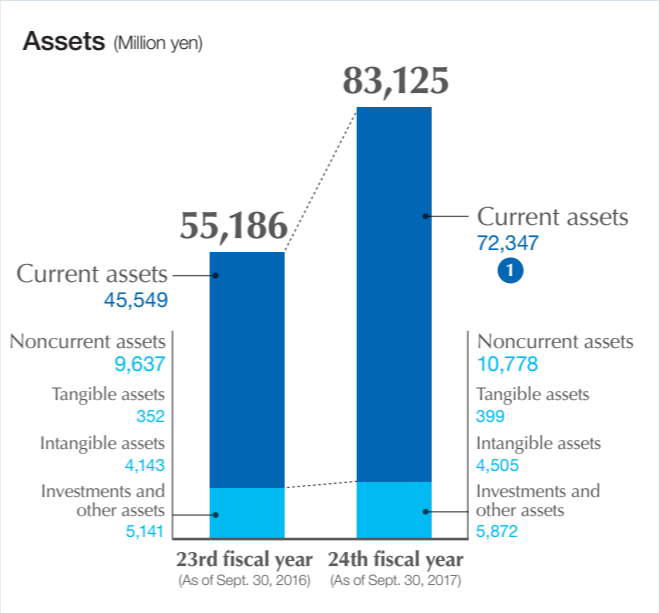
The progress of our activities during this period has resulted in 83.125 billion yen in total assets at the end of the period; an increase of 27.938 billion yen from the end of the previous period.

Assets ① Advance payments-trade, Accounts receivable-other

Expansion of Money Service Business, especially “GMO payment after delivery,” resulted in an increase in accounts receivable-other, and an expansion of early payment service resulted in an increase in advance payments-trade.

Liabilities ② Deposits received

Deposits received increased due to higher revenues 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.



Consolidated statement of cash flows

Cash and cash equivalents at the end of September 2017 stood at 27,575 million yen, up by 2,387 million yen from the end of the previous period, with net cash provided by (used in) operating activities which returned positive due to increased profit from solid business, increased deposits received from expanded payment processing business, and increased bad

debt allowance that came from the increased transactions of “GMO payment after delivery” as well as with proceeds from long-term borrowings, despite the fund decrease due to an increase in advance payments-trade and accounts receivable-other related to Money Service Business (MSB).

	(Thousand yen)	
	23rd fiscal year from Oct. 1, 2015 to Sept. 30, 2016	24th fiscal year from Oct. 1, 2016 to Sept. 30, 2017
Net cash provided by (used in) operating activities	(748,659)	1,749,955
Net cash provided by (used in) investing activities	(3,415,138)	(1,984,622)
Net cash provided by (used in) financing activities	(654,646)	2,635,568
Translation differences of cash and cash equivalents	(107,624)	(13,263)
Increase (decrease) in cash and cash equivalents	(4,926,069)	2,387,637
Balance of cash and cash equivalents at the beginning of the period	30,113,605	25,187,536
Balance of cash and cash equivalents at the end of the period	25,187,536	27,575,173



Consolidated statement of income

(Thousand yen)

	23rd fiscal year from Oct. 1, 2015 to Sept. 30, 2016	24th fiscal year from Oct. 1, 2016 to Sept. 30, 2017
Revenue ③	12,113,864	21,794,783
Cost of revenue	2,769,578	6,687,176
Gross profit	9,344,285	15,107,607
Selling, general, and administrative expenses	5,524,779	10,092,156
Operating profit ④	3,819,506	5,015,450
Non-operating profit	75,056	110,555
Interest received	5,088	19,492
Dividends received	6,719	9,977
Gain on investment in partnership	12,425	—
Gain on reversal of dividends payable	933	1,159
Rent received	18,363	1,246
Commissions received	21,842	20,221
Foreign exchange gain	—	47,483
Other	9,683	10,973
Non-operating loss	113,682	386,051
Interest paid	4,986	29,361
Equity method investment loss	15,375	352,599
Loss on investment in partnership	—	974
Rent paid	18,035	1,142
Foreign exchange loss	72,010	—
Other	3,274	1,972
Ordinary profit ⑤	3,780,880	4,739,954
Extraordinary profit	589,884	188,161
Income from securities sold	194,057	936
Insurance reimbursement	—	160,000
Gain on liquidation of subsidiary	—	27,225
Gain on step acquisitions	395,827	—
Extraordinary loss	33,121	457,561
Loss on change in equity	21,906	187,345
Loss on retirement of noncurrent assets	9,407	170
Information security countermeasure expenses	—	270,046
Loss on disaster	1,807	—
Profit before income taxes	4,337,643	4,470,554
Corporate, inhabitant, and enterprise taxes	1,492,877	2,472,115
Income taxes-deferred	(66,160)	(984,104)
Profit before minority interests	2,910,926	2,982,543
Profit attributable to non-controlling interests	—	34,312
Profit attributable to owners of the parent ⑥	2,910,926	2,948,230

Consolidated statement of income:
Points to consider

③ Revenue

Growth of our payment processing service as a result of our efforts to spearhead growth of the Ecommerce market, acquisition of a major merchant by our consolidated subsidiary, GMO Payment Service, Inc., and consolidation effects of GMO Financial Gate, Inc., and MACRO KIOSK have put our revenue at 21,794 million yen (an increase of 79.9% from the previous period).

④ Operating profit

We have recorded operating profit of 5,015 million yen (an increase of 31.3% from the previous period) and an operating margin of 23.0% due to a rise in cost ratio as a result of an increase in sales cost with the expansion of part of our Money Service Business, an increase in personnel cost coming from added headcount and the expansion of high-cost businesses such as our “GMO-PG Remittance Service,” “GMO payment after delivery,” and payment terminal sales business by GMO Financial Gate, Inc., despite the scale of economy enjoyed in accordance with our business expansion.

⑤ Ordinary profit

Our ordinary profit came in at 4,739 million yen (an increase of 25.4% from the previous period) due to investment loss from equity method of 352 million yen and others despite commissions received.

⑥ Profit attributable to owners of the parent

For extraordinary loss, we have recognized loss on changes in equity of 187 million yen, in accordance with changes of our stake in our equity method affiliates. With regards to income taxes, we have recognized income taxes-deferred of 984 million yen as a result of recording deferred tax assets that came in with the temporary differences increased by the business expansion of GMO Payment Service, Inc. These factors were translated into profit attributable to owners of the parent of 2,948 million yen (an increase of 1.3% from the previous year).

IFRS

Our group plans to adopt International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ending September 30, 2018, considering our engagement in global business expansion. Migration to IFRS should improve convenience on the part of our various stakeholders including domestic/overseas shareholders and investors, making comparison of our financial data with overseas peers easier and allowing for more expanded disclosure.

Consolidated earnings forecast (J-GAAP and IFRS)

	Outlook for FY2018				IFRS figures compared with J-GAAP	
	J-GAAP		IFRS			
	(billion yen)	vs. revenue (%)	(billion yen)	vs. revenue (%)		
Revenue	272	100	261	100	-11	-4%
Operating profit	62	23	64	25	+2	+3%

Factors	Revenue: Changes of sales recording standard (from gross to net) Macro Kiosk sales recognition timing gap Operating profit: Goodwill not amortized under IFRS
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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

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).

Fully PCI DSS compliant

The services we provide are in full compliance with version 3.2 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.

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.



About the information leakage

We found that there was unauthorized external access between March 8 and 9, 2017, to the payment sites of our consignment merchants, the Tokyo Metropolitan Government credit card payment site for metropolitan taxes, and the credit card payment site for group life insurance riders of the Japan Housing Finance Agency which led to information leakage. Vulnerabilities in the application frameworks of these sites were exploited by a third party during this incident. We established a “recurrence prevention committee” on March 14, 2017, and published a report on May 1.

Furthermore, we implemented the following recurrence prevention measures and have endeavored to regain trust at a company level.

Security management measures from organizational perspectives

- 1. Enhancement of our company-wide risk governance system
- 2. Enhancement of our IT risk management system
- 3. Improvement of our internal audit and management review system
- 4. Improvement of our system development processes

Security measures from technological perspectives
















- 1. Performance of a re-audit of PCI DSS for the entire system of GMO-PG
- 2. Retiring from Apache Struts2
- 3. Splitting our database
- 4. Improvement of unauthorized access detection at the SQL-level



Company overview (As of September 30, 2017)

Name	GM0 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	4,933 million yen
Number of employees	654 (consolidated)
Business outline	Integrated payment related services and financial services
Memberships	Japan Consumer Credit Association (JICA) Japan Multi-Payment Network Promotion Association (JAMPA) EC Payment Forum Japan E-Commerce Consultant Association (JECCICA)
Major subsidiaries	GM0 Epsilon, Inc. GM0 Payment Service, Inc. GM0 Financial Gate, Inc. GM0 Payment Gateway Pte. Ltd. Macro Kiosk Berhad

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

 Masatoshi Kumagai Chairman & Director	 Issei Ainoura President & Chief Executive Officer	 Ryu Muramatsu Director, Executive Vice President Head of Corporate Value Creation Strategy Division, Director of GM0 Payment Gateway Pte. Ltd.	 Satoru Isozaki Director, Executive Vice President Head of Corporate Support Division	 Yuichi Hisada Senior Managing Director Head of Innovation Partners Division
 Tomoyuki Murakami Director President, Representative Director & COO of SMBC GM0 Payment, Inc.	 Shinichi Sugiyama Director Head of System Division	 Yusuke Arai Director President & Chief Executive Officer of GM0 Epsilon, Inc.	 Masashi Yasuda Director	 Masaru Yoshioka Director General Manager of Management Department of Strategic Business, Innovation Partners Division
 Takehito Kaneko Director	 Katsunari Mukai President & Chief Executive Officer of GM0 Payment Service, Inc.	 Kentaro Sugiyama President & Chief Executive Officer of GM0 Financial Gate, Inc.	 Hideki Kurata President & Chief Executive Officer of Global Card System	 Kenny Goh Macro Kiosk Berhad Chief Executive Officer

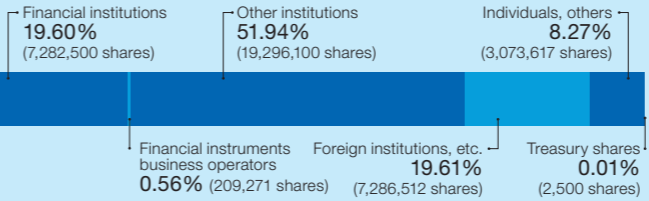
Members of the Board (As of December 17, 2017)

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
External Director	Masaya Onagi
External Director	Akio Sato
Auditor (full-time)	Yasuhiro Kanda
Auditor	Takashi Iinuma
External Auditor	Kazutaka Yoshida
External Auditor	Kazuhiko Okamoto

Stock information (As of September 30, 2017)

Total number of authorized shares:	102,400,000
Total number of issued shares:	37,150,500
Number of shareholders:	3,698

Shareholders and numbers of shares

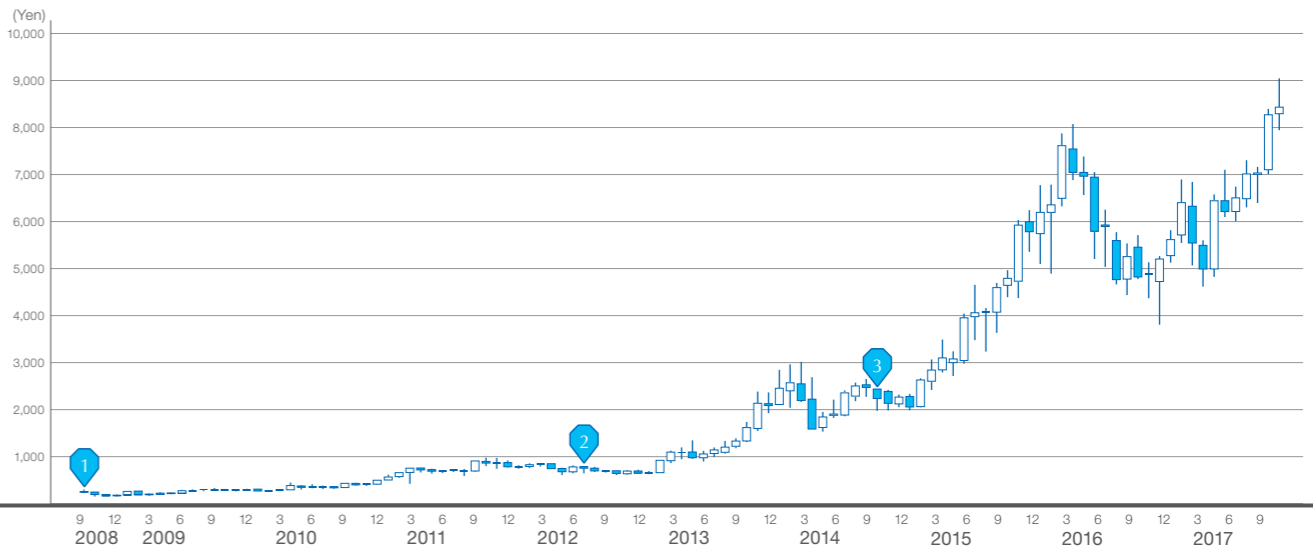


Major shareholders

Name of shareholder	Shares owned	Stock ownership ratio (%)
GM0 Internet, Inc.	19,186,100	51.64
Japan Trustee Services Bank, Ltd. (Trust account)	2,224,700	5.98
Sumitomo Mitsui Banking Corporation	1,250,800	3.36
The Master Trust Bank of Japan, Ltd. (Trust account)	1,122,700	3.02
Issei Ainoura	1,000,100	2.69
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients – United Kingdom	503,700	1.35
Northern Trust Co. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT Treaty Account	465,100	1.25
J.P. Morgan Bank Luxembourg S.A. 385576	428,291	1.15
The Dai-ichi Life Insurance Company, Ltd.	346,000	0.93
Chase Manhattan Bank GTS Clients Account Escrow	343,803	0.92

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

Stock price movement (By month, Sept. 2008 through Nov. 2017)



- Moved stock listing to the first section of the Tokyo Stock Exchange on September 17, 2008.
- 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.
- 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	[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)
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).		

*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, Inc.

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

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Osaka Branch: Grand Front Osaka Tower B 23F, 3-1 Ofukacho, Kita-ku, Osaka 530-0011 Tel: +81-6-7634-3070

Fukuoka Branch: Tenjin Miyuki Building 8F, 4-2-20 Tenjin, Chuo-ku, Fukuoka 810-0001 Tel: +81-92-688-9018

