



GMO PAYMENT GATEWAY

Annual Report

27th Fiscal Year

2019.10.1-2020.9.30

Supporting Social Innovations through Payment



Global Leadership

A company that presents new value to the world and leads Japan with its high aspirations

Business Model

A company with outstanding potential and a 30-year growth trajectory that is highly acclaimed by global investors



Ownership Model

A company that achieves exceptional growth through delegating and instilling a sense of ownership in our younger partners to seek new challenges

Message from the President

Issei Ainoura
President and
Chief Executive Officer



Maximize corporate value and establish our position as a payment platformer by creating value for customers by supporting their digital transformation (DX)

Fifteen Consecutive Terms of Revenue and Profit Growth since Our IPO in 2005

First, we would like to wish for a speedy recovery to those affected by COVID-19 and our deepest condolences to those who have lost their loved ones. Also, we would like to express our sincerest gratitude to those who have worked tirelessly to prevent the spread of the pandemic and maintain the social infrastructure through this crisis.

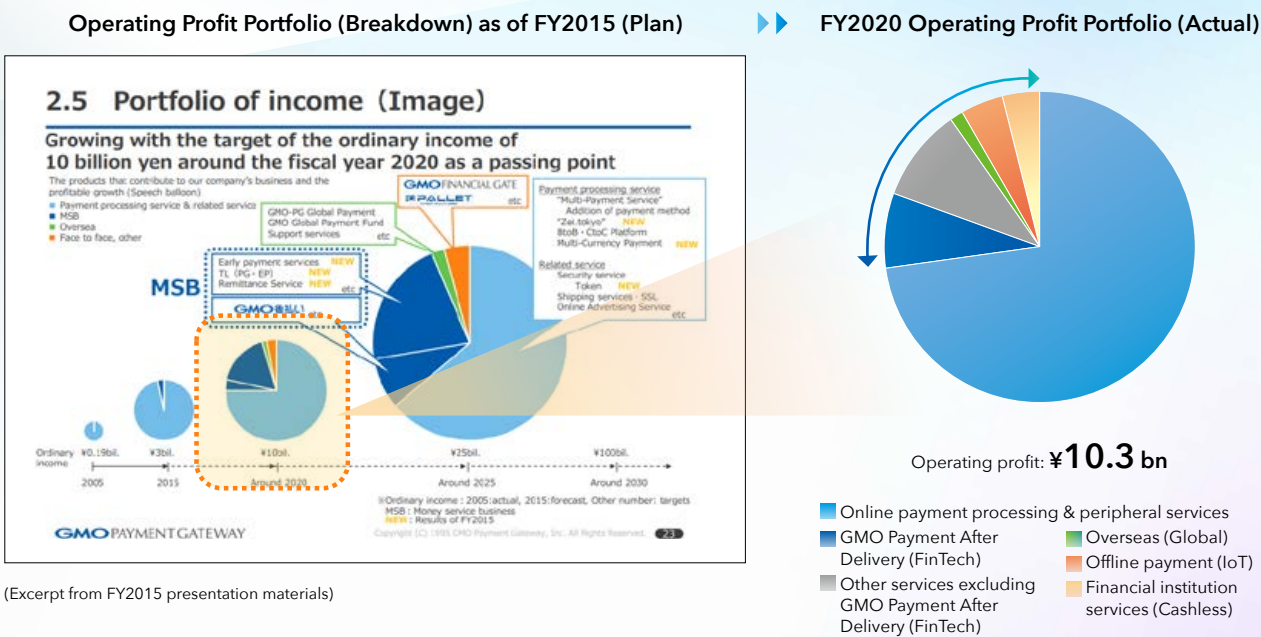
Looking back at the fiscal year ended September 30, 2020, online payment trended strongly, led by the growth in e-commerce (EC) from nesting demand despite some merchants whose gross

merchandise value (GMV) declined due to COVID-19 and delays in projects under development. Offline payment also contributed to earnings through services such as GMO Payment After Delivery and lending services to domestic and overseas companies as well as by capturing the shift toward cashless payment, which resulted in robust sales of payment terminals. As a result, we recorded 15 consecutive terms of revenue and profit growth since our IPO in 2005.

We express our deepest gratitude to all of our shareholders and stakeholders for their support that enabled us to achieve these results.



▶ Continued Growth with a Target of ¥10.0 Bn in Ordinary Profit by FY2020



Achieved 2020 Target of ¥10.0 Bn in Operating Profit, According to Plan

The long-term targets of achieving operating profit of ¥1.0 bn in 2010, ¥10.0 bn in 2020, and ¥100.0 bn in 2030 were first established when I became the president of Card Commerce Service, Inc., the predecessor of GMO-PG, in 2000. Since our IPO in 2005, we have communicated to the equity market the strategies and initiatives required to achieve the prerequisite growth rate of 25%.

Back in 2015, Payment Processing Business operating profit was just ¥3.0 bn when we announced the target to increase it by more than threefold, to ¥10.0 bn, in five years along with the specific strategies to achieve this target (please refer to page 3 for an excerpt from the FY2015 Financial Results Briefing materials). And in the fiscal year ended

September 30, 2020 (FY2020), this ¥10.0 bn target was achieved, according to plan.

Business Activity and Impact on Earnings from COVID-19

On January 27, 2020, even before the World Health Organization officially declared the global pandemic on January 30, GMO-PG and its consolidated subsidiaries adopted teleworking as a basic workstyle, and the teleworking ratio, which began at 70%, reached 90% on April 7 when the state of emergency was declared. During that time, such issues as operational efficiency, communication, and in-home work environment were addressed through various surveys conducted with all partners. New KPIs including productivity, loyalty, and health were also adopted on a trial basis in

addition to the standard KPIs used during normal business conditions.

Regarding business performance, the characteristics of our business model, which can be expressed as "cross-industry," "stock & transaction," and "feedback loop," made our business less affected by macroeconomic changes. In addition, the shift toward online payment and cashless penetration accelerated under these circumstances. As a result, the impact of COVID-19 on the business performance of GMO-PG and its consolidated subsidiaries has been minimal to date.

Aiming for Sustainable Growth by Supporting the Digital Transformation (DX) of Our Customers

"Corporate disparity widens in times of crisis." This is one of the phrases I have repeated to partners

during the COVID-19 era. Society at large is accelerating DX initiatives by deploying digital technology and data usage in order to adapt to the drastic changes brought about by the pandemic. To respond to these needs, GMO-PG and its consolidated subsidiaries are committed to creating value for their customers and working to resolve social challenges through payment services, under the motto of "Customer First."

We ask our shareholders for their continued support and understanding of the businesses of GMO-PG and its consolidated subsidiaries.

December 2020

Issei Ainoura
President and Chief Executive Officer

Our Services and Focus Areas



► Our Business Activities Center on These Five Focus Areas

E-COMMERCE

Providing all types of highly convenient, secure payment methods, from internet shopping to online payments of taxes and public dues



Shopping by smartphone

Payment services for purchasing goods and services outside the home

Providing payment services

Payment after receiving products (GMO Payment After Delivery)



FinTech

For merchants, we develop payment methods that utilize financial technology and services that support growth according to their funding needs



CASHLESS

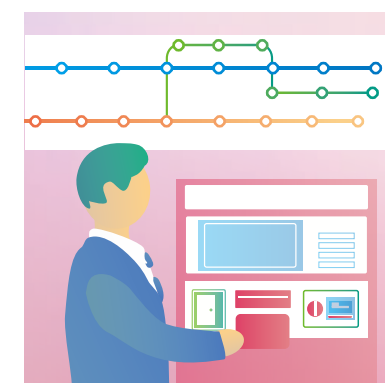
Expanding our service offerings to financial institutions and business operators to respond to the acceleration in the adoption of cashless payment



Payments at offline stores

Using smartphone apps to pay for services and purchases

Cash deposits and withdrawals at ticket machines
Accommodating need for cash in the cashless era



Card payments at vending machines
Diverse payment methods handled securely

IoT

Provide highly secure services to the rapidly expanding offline payment market by promoting cashless payment and contactless payment as well as the growth of the unattended payment market



GLOBAL

Globally exporting our expertise, know-how, and services in payments and finance, while actively promoting partner strategies through investment



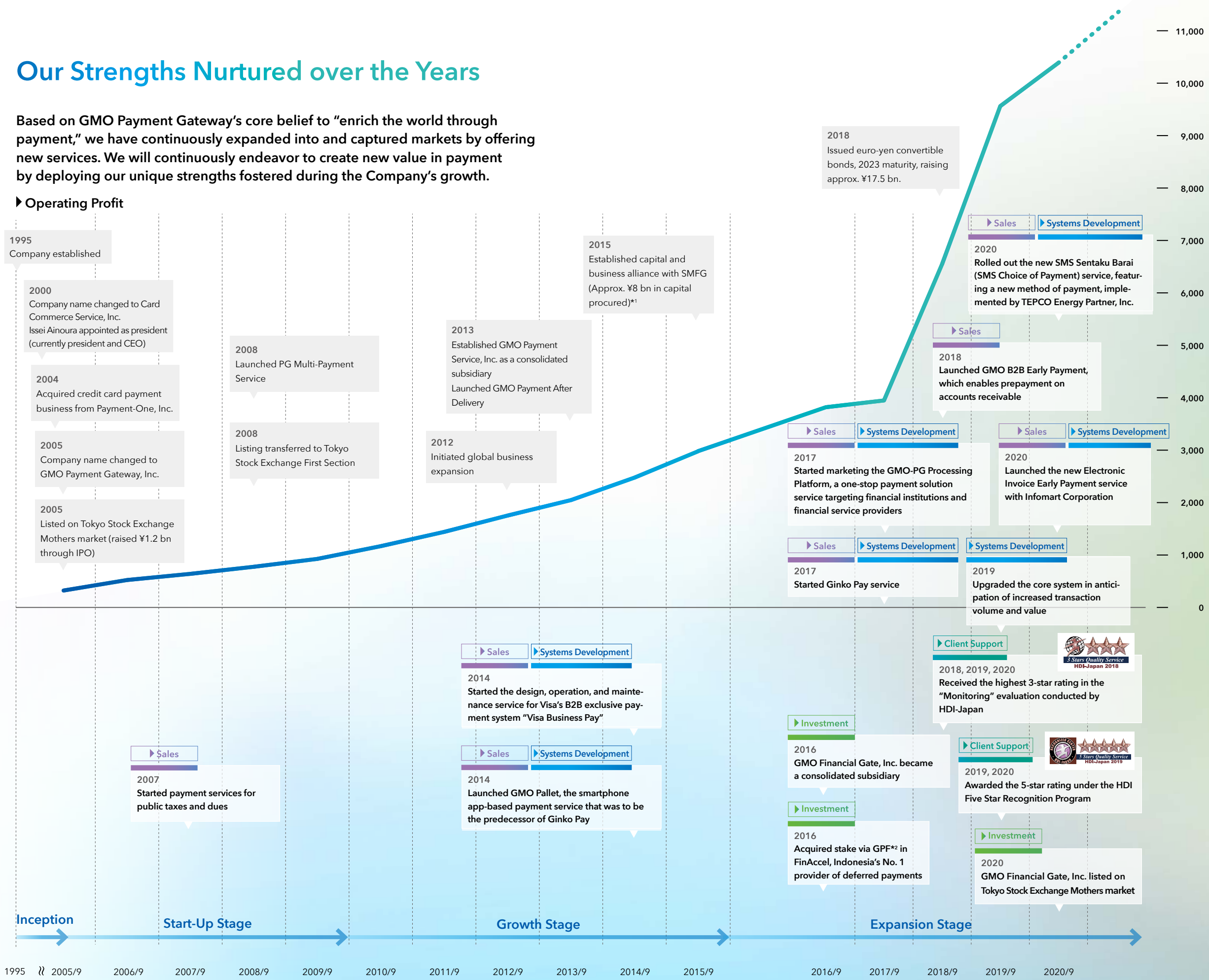
Sustaining global payment infrastructure

Providing safe and convenient payment services around the world

Our Strengths Nurtured over the Years

Based on GMO Payment Gateway’s core belief to “enrich the world through payment,” we have continuously expanded into and captured markets by offering new services. We will continuously endeavor to create new value in payment by deploying our unique strengths fostered during the Company’s growth.

▶ Operating Profit



Four Strengths



Sales and Marketing

Continually enhancing our ability to negotiate and make proposals since our early years. Supporting our clients' growth with our unparalleled human resource base.

▶ Number of partners (employees)

2004	40	▶	625	(consolidated)
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Systems Development

Building a reliable system to process high-volume concentrated transactions. Systems development capabilities that cater to each customer's needs.



Client Support

Our client-focused support system attempts to solve even the underlying and latent issues.



Investment

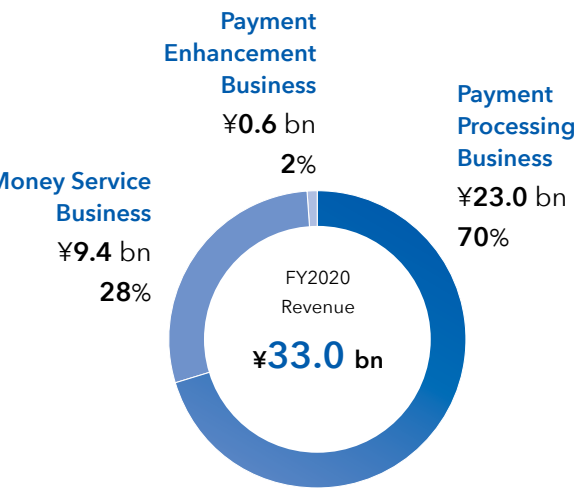
Ability to uncover promising start-ups. Comprehensive support that contributes to the growth of our investees.

*1 Capital alliance between GMO Payment Gateway, Inc., GMO Internet, Inc., Sumitomo Mitsui Financial Group, Inc., and Sumitomo Mitsui Banking Corporation.
*2 GPF stands for GMO Global Payment Fund Investment Partnership.
(Note) IFRS Accounting was adopted from the fiscal year ended September 30, 2018. Figures for the fiscal year ended September 30, 2017 have been restated on this basis.

GMO Payment Gateway at a Glance

Our business comprises of three reportable segments separated by service type. We identify the following five focus areas to be the growth drivers of our business.

► Revenue Breakdown



► Focus Areas

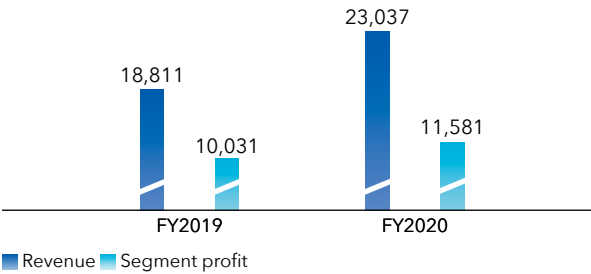
 E-COMMERCE	- Online Payment - Pay-as-you-go/non-recurring payments (payment for merchandise/goods, digital content, etc.) - Recurring payments (payment for public taxes and dues, etc.)		
 FinTech		- GMO Payment After Delivery - Remittance Service - Early Payment Service - Transaction Lending - B2B Factoring	
 CASHLESS	- Ginko Pay - GMO-PG Processing Platform		
 IoT	Offline Payment		
 GLOBAL	Z.com Payment (overseas payment service)	Global Lending	



Payment Processing Business

Given the continued growth of the e-commerce (EC) market, our focus is on acquiring large merchants and to expand services to a wide spectrum of non-EC operators. Despite delays to new projects caused by COVID-19, the expansion of EC market and cashless payment led to the growth in both transaction value and volume. In the offline payment market, steady progress was made in winning new orders for projects addressing the Unattended Market (UM) such as automatic payment machines and ticket machines as well as the start of the “stera” project.

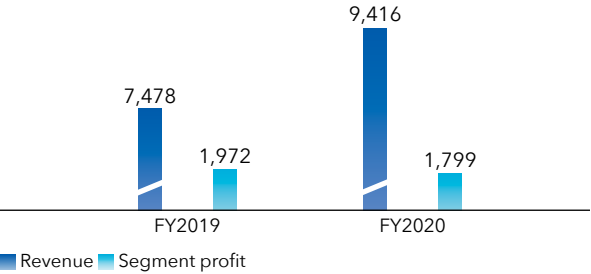
► Revenue/Segment Profit (Millions of yen)



Money Service Business

In addition to acquiring new merchants, the GMO Payment After Delivery service trended favorably from nesting demand due to COVID-19. In addition, remittance service grew from demand for refunds arising from event cancellations. New services addressing the B2B market trended strongly, such as lending services to overseas business operators, GMO B2B Early Payment, and GMO B2B AR Guarantee.

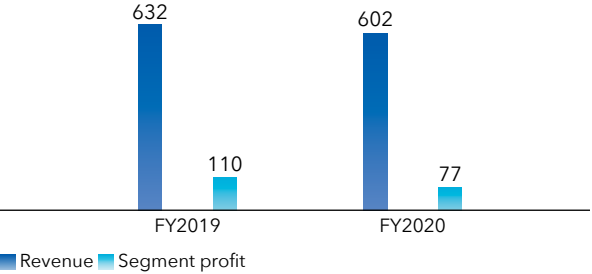
► Revenue/Segment Profit (Millions of yen)



Payment Enhancement Business

Revenue at online advertising service, which is undergoing business structural reforms, declined year on year but exceeded internal plans, thanks to heightened demand for online advertisements due to COVID-19. On May 18, 2020, GMO-PG divested all of the shares it held in the consolidated subsidiary Macro Kiosk Berhad.

► Revenue/Segment Profit* (Millions of yen)



* Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation. As a result, the figures for revenue and operating profit only represent the amounts for continuing operations and exclude the discontinued operation.



Shouhei Umiguchi

General Manager,
Sales Department #1,
Management Department of Sales #3,
Innovation Partners Division

Key Person Interviews with Partners

E-COMMERCE

Vision

To be an innovation partner that responds to diversifying needs in these times of change and contributes to resolving issues and supporting the growth of customers



Q.1 What value do you contribute to customers?

What I always bear in mind is how to contribute to our customers' business. Customers are not just looking for a payment method. What I am particularly focused on is how to raise the value-added of the customer's overall business in addition to contributing to growth by providing new value through improved user interface/user experience (UI/UX) to their customers (i.e., consumers and users, etc.).

Q.2 What personal achievement do you want to realize at GMO-PG?

Our business is like the sport of mixed martial arts. In order to guide our customers toward the path of success, it is extremely important to collaborate with various business partners such as SC, MD,* EC systems, etc.

I strive to become an "indispensable resource for our customers and partners," and, as such, it is necessary to comprehend the underlying factors of the customer's business and to keep abreast of the cutting-edge technology and the rapidly changing industry trends that require me to constantly hone my skills.

* SC: Supply chain,
MD: Merchandising.

Business Environment and Growth Strategy

Broader EC market and total addressable market (TAM)
2019 ¥19.3 tr → 2025 ¥45.0 tr*¹

The B2C e-commerce market (consumer EC market size in 2019: ¥19.3 tr*¹), the core of the broader EC market, is forecast to continue its high growth from advances in logistic reforms and improved functionality of smart-phones. In addition, online migration is progressing in areas outside B2C EC such as non-merchandise services, as well as sectors that are essential to daily life such as taxes, public utility payments, and medical services.

Furthermore, there are huge opportunities to explore in the B2B EC market (inter-corporate commercial transaction market size in 2019: ¥353 tr*¹).

Aggregating the above three areas that GMO-PG

and its consolidated subsidiaries are focused on, the estimated TAM would reach ¥45.0 tr in 2025.

Given this business outlook, the growth strategy of GMO-PG and its consolidated subsidiaries are as follows:

- Acquire large and high-growth merchants and financial institutions;
- Win large projects that require system development;
- Expand support services for DX platforms; and
- Accelerate monetization of new services.

We aim to achieve above-market growth rates through the above strategies.

*¹ From METI's "FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E-Commerce Market Survey)." Figures for FY2025 are based on GMO-PG's forecasts.

Operating Stores



Transaction Volume



Transaction Value



*¹ Operating stores as of the end of September 2020 exclude the recent impact of a sudden increase in new stores from a particular merchant.

*² The transaction volume and transaction value include the payment transactions at GMO Financial Gate, Inc.

TOPIC

Supporting the Digitization of Electric Power Utility Payments through Providing "SMS Sentaku Barai" with TEPCO Energy Partner, Inc.

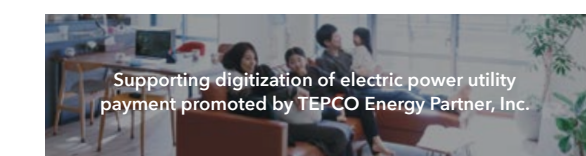
The adoption of online payment for public utilities and taxes is progressing in Japan. The trend is likely to accelerate given the current circumstances to adopt practices that avoid the "Three Cs" of closed spaces with poor ventilation, crowded places, and close-contact settings, for the prevention of the COVID-19 contagion.

GMO-PG has commenced providing the payment screen and payment processing service to TEPCO Energy Partner, Inc., which enables the shift from paper-based payment to a smartphone-based payment method from November 2020.

The launch of the new service "SMS Sentaku Barai" (SMS Choice of Payment)* by TEPCO Energy Partner, Inc. will enable a fully paperless method of payment.

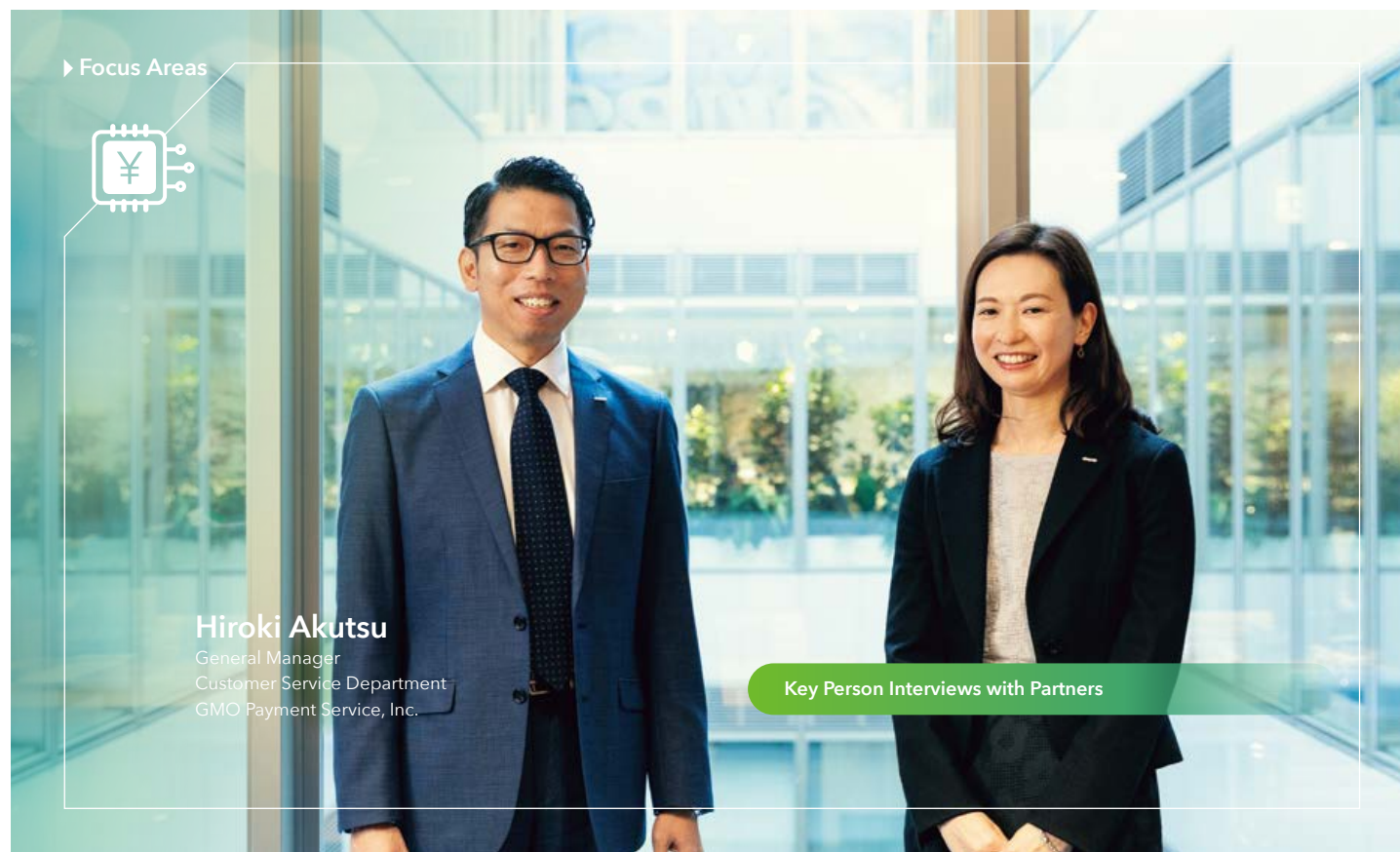
We will continue to contribute to the digitization of Japan's industries through payment.

TEPCO



GMO
PAYMENT GATEWAY

* This system consists of sending an SMS notification that includes invoice information and a URL link to a user-specific payment screen where users can choose between credit card or PAYSLE payment. In the case of PAYSLE payment, users need to access the URL and display the barcode within the PAYSLE app to complete the payment at a convenience store.



Hiroki Akutsu
General Manager
Customer Service Department
GMO Payment Service, Inc.

Key Person Interviews with Partners

FinTech

Vision

Aiming to further improve revenue and capital efficiency by expanding the scope of business and broadening the services of the Money Service Business that contribute to customer growth and efficiency



Q.1 What value do you contribute to customers?

GMO Payment After Delivery is a payment service for consumers who are without, or do not use, credit cards. Consumers can make their payment after making the purchase or receiving the merchandise by using our proprietary screening, similar to using a credit card. This payment method is in high demand given Japan's high cash usage. In particular, consumers' use of GMO Payment After Delivery has surged from nesting demand during the COVID-19 era, and we continued with normal operations in order to handle the inquiries, even as teleworking was implemented by other companies in the Group. I believe our value proposition is to improve the quality of service so that customers can utilize the service conveniently and securely.

Q.2 What personal achievement do you want to realize at GMO-PG?

My previous job was involved in customer support such as IT help desk and call centers, but here we strive to go beyond simply replying to inquiries by analyzing every inquiry from each customer and reflecting the results of the analysis to improve the service and scalability of GMO Payment After Delivery. Our actions are grounded in our commitment to develop GMO Payment After Delivery by ourselves. I hope to realize my personal development by contributing to raising the quality of service and to work to make Payment After Delivery the payment method of choice for more users.

Business Environment and Growth Strategy

FinTech market's total addressable markets (TAMs)

2019 ¥0.7 tr → 2025 ¥3.0 tr

(Note) Deferred Payment market size

FinTech services offered primarily to EC operators include Early Payment services to improve cash flows, lending and B2B factoring services to domestic and overseas companies, and the payment service GMO Payment After Delivery. The Deferred Payment market size, in particular, was estimated to be ¥755.0 bn in FY2019 and is forecast to expand to ¥2.0 tr in FY2023 and to ¥3.0 tr in FY2025.*

Initiatives undertaken to support customer growth, given this business outlook, are as follows:

- Asset shift to higher-margin services; and
- Creation of new services (expand into B2C and B2B domains).

In order to expand the FinTech business, GMO-PG and its consolidated subsidiaries carried out fundraising totaling ¥8.0 bn from a third-party allotment in 2015 and ¥17.5 bn from the issuance of euro-yen CB-type bonds with stock acquisition rights. These funds will be used to further raise capital efficiency.

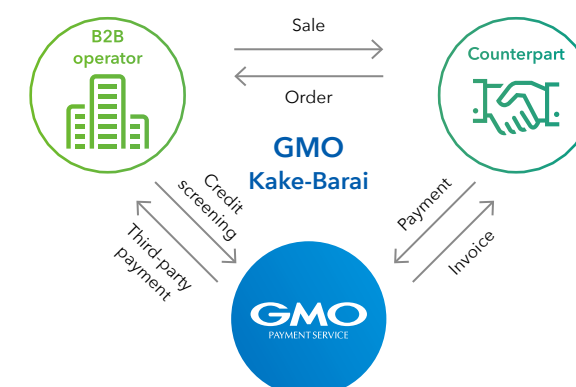
* Source: "Online Payment/Settlement Service Providers 2020" and "Domestic Cashless Payment Market 2019," issued by Yano Research Institute Ltd. The figure for FY2019 is an estimate, the forecast for FY2023 is based on this source, and the figure for FY2025 is based on our forecast.

TOPIC

► GMO Payment Service Rolls Out B2B Kake-Barai to B2B Operators.

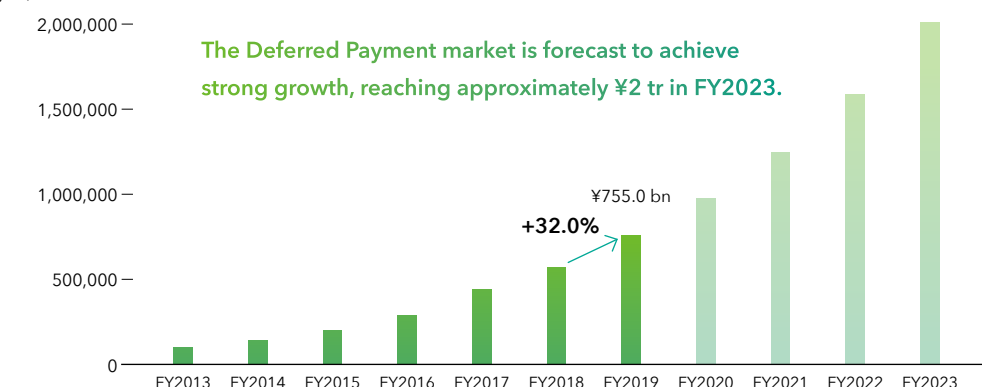
GMO Payment Service, Inc. commenced the payment service GMO Kake-Barai (GMO B2B Pay On Credit) for B2B transactions in November 2020, which leverages the know-how and expertise gained from the deferred payment service GMO Payment After Delivery for B2C EC transactions that was launched in May 2013.

The advantage of using GMO Kake-Barai is that GMO Payment Service, Inc. handles the various procedures related to B2B transactions allowing the customer to focus on their main business and also to reduce the risk of uncollectible accounts.



► Trend in Deferred Payment Market Size

(Millions of yen)





▶ Focus Areas



Go Hashimoto

General Manager
Processing Business Department
Digital Transformation Management
Department
Innovation Partners Division

Key Person Interviews with Partners

CASHLESS

Vision

Aggressively promote new business creation and support digital transformation (DX) and cashless service for financial institutions



Q.1 What value do you contribute to customers?

Both financial institutions and other business operators face innumerable challenges in promoting digital transformation (DX) and responding to the needs of a cashless society. Given this situation, we strive to ascertain what we can provide, in other words, how we can be an effective partner that resolves the issues that even customers may not have realized through extensive discussions held with them on business growth. As a result of these efforts, the value proposition is to contribute both directly and indirectly to enhance the corporate value of our customers.

Q.2 What personal achievement do you want to realize at GMO-PG?

In order to achieve the Japanese government's target to reach 40% cashless penetration by 2025, we provide Ginko Pay and offer issuing/acquiring services to financial institutions who are both our customers as well as the promoters for achieving the government's target. We also provide "Enterprise-Version Pay" to non-financial business operators.

The personal achievement I aim for is not only to contribute to achieving the government's target but also to contribute to reforming Japan's payment infrastructure by sharing and building the vision of what the payment infrastructure will look like with our customers.

Business Environment and Growth Strategy

The Japanese government is aiming to raise the country's cashless penetration rate from 20% in 2016 to 40% in 2025.*

The cashless domain that GMO-PG and its consolidated subsidiaries are targeting is BaaS (Bank as a Service), where we provide the necessary application that enables financial institutions and financial service providers to offer cashless business and promote DX, such as Ginko Pay, which was co-developed with The Bank of Yokohama, Ltd., and issuing/acquiring

services. The TAM is estimated at ¥2 tr, the IT system investment of financial institutions.

Based on this outlook, the growth strategies include the following:

- Further expand the platform service to financial institutions; and
- Roll out services to business operators.

We believe these strategies will contribute to raise the penetration rate of Japan's cashless payment.

* Ministry of Economy, Trade and Industry's "Cashless Vision" released in April 2018.

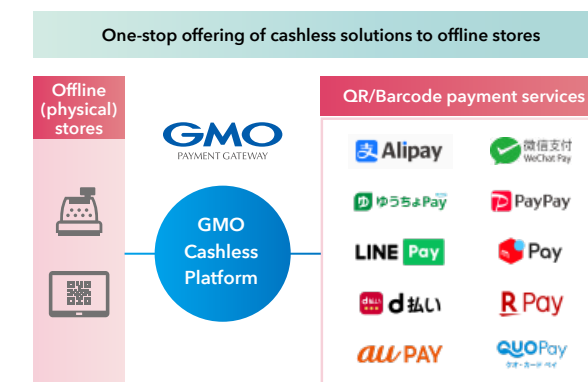
TOPICS

▶ Launch of GMO Cashless Platform, a Bundled Cashless Solution for Physical (Offline) Stores

Recent years have seen an increase in the integration of EC and offline stores, as online operators set up offline stores and judging by the increase in inquiries regarding cashless payments from offline store operators. GMO-PG launched the GMO Cashless Platform in November 2019, a bundled cashless solution for offline stores in order to support cashless migration of operators across a wide spectrum of businesses. This service enables one-stop implementation and management of various QR and barcode payment methods, and plans are underway to further increase the lineup of cashless payment methods.

The service alleviates the offline store operator's concerns about the cumbersome work of handling

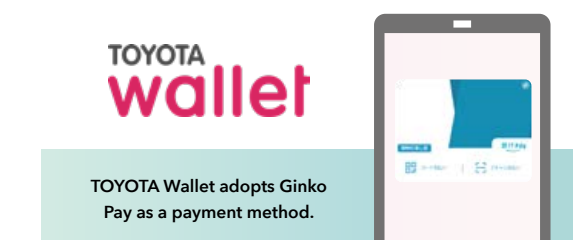
multiple payment methods. GMO-PG aims to be the infrastructure of safe and convenient payment processes by offering such services.



▶ Ginko Pay Selected as a Payment Option on TOYOTA Wallet, Toyota's Smartphone-Based Payment App

Ginko Pay, which GMO-PG provides as a base system, has been adopted as one of the payment options on TOYOTA Wallet,* a payment app that aims to contribute to improve the convenience of payments as well as contribute to developing the foundations of a "mobile society."

The implementation of Ginko Pay was made possible by using "Enterprise-Version Pay" offered by Sumitomo Mitsui Banking Corporation. Plans are underway to enable users who choose Ginko Pay within the TOYOTA Wallet to be able to use this payment method at merchants through the multi-bank payment function.



* TOYOTA Wallet is a smartphone payment app that offers the three payment options of "TOYOTA e-money," which uses a prepaid balance; "TOYOTA TS CUBIC Origami Pay," which functions as a virtual credit card; and "Ginko Pay," which is a debit-type service. Users can choose the type of payment option from TOYOTA Wallet that best suits their needs.



Key Person Interviews with Partners

Reona Koizumi

Executive Office
Chief of Corporate Planning Division
GMO Financial Gate, Inc.

IoT

Vision

Create new customer value by supporting DX and cashless adoption by our customers to achieve unmanned/labor-saving payment systems that improve productivity

Business Environment and Growth Strategy

Advances in the Internet of Things (IoT) and the rapid expansion of payment/subscription systems have been further accelerated by the COVID-19 pandemic against the backdrop of the Japanese government's promotion of cashless payment. The "stera" project is fully launched and the Unattended Market (UM), including fare payment machines for parking lots, vending machines, and ticket machines, is also seeing rapid deployment.

With the IPO of GMO Financial Gate, Inc. on TSE Mothers, Group companies will focus on expanding business in the offline market.

Q.1 What value do you contribute to customers?

The main initiative in IoT is to provide embedded-type payment terminals for the Unattended Market, i.e., areas that eliminate the need for humans to carry out the payment operation. Customers see the benefits of cashless payment when considering unmanned and/or labor-saving measures as a way to respond to the decline in the labor population. We can contribute to improving the customer's productivity and thereby raise their corporate value, by providing support services for DX to resolve issues that arise from conventional manned operations and systems.

Q.2 What personal achievement do you want to realize at GMO-PG?

It is important to seek personal value through work since we spend more than half of our lives working. The moments when I feel a sense of personal achievement are when the customer says "thank you" for providing value that exceeds the customer's expectations and for supporting their growth.

TOPIC ▶ GMO Financial Gate, Inc. is Listed on the TSE Mothers Market.



The lead manager for the IPO, at the head office of Daiwa Securities (July 15, 2020)



Key Person Interviews with Partners

Manabu Watanabe

Head of Global MSB Promotion /
Planning Department
Corporate Value Creation Strategy Division

GLOBAL

Vision

Expanding lending service and payment business by promoting alliances with top FinTech companies in Asia and North America and strengthening our organization

Business Environment and Growth Strategy

Aiming for further business expansion by strengthening our organization and expanding the lending business to support the high growth of investees and business partners in the focus markets of the United States, Indonesia, India, etc., as well as the payment service Z.com Payment in the Asian region, especially the Taiwanese market.

Q.1 What value do you contribute to customers?

My work is to provide lending services that provide the necessary growth funds to North American venture companies in the FinTech space. This is very meaningful work focused on the future, as we provide funds that suit these companies' growth profile based on an accurate assessment of how their businesses will transform future society through new technologies.

Q.2 What personal achievement do you want to realize at GMO-PG?

The most important success factor for a job that entails providing our type of services to futuristic venture companies is a positive mindset. Still, failure is never far away, and while it is important to review its causes, I believe that the only path to ultimate success is not to stop there, at short-term success, but to persevere proactively in your thinking and action.

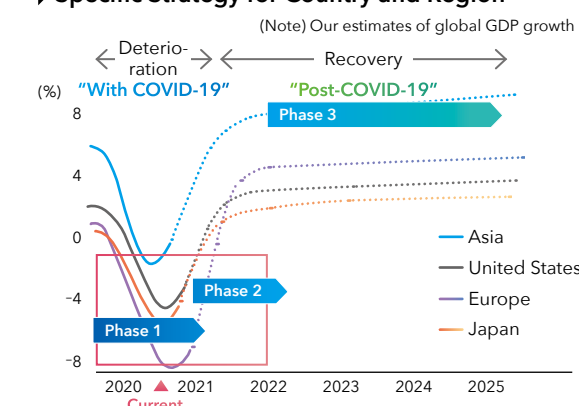
TOPIC

▶ Develop a Pipeline for the "Post-COVID-19" Phase Reflecting the Differences in the Timing of Recovery Among Countries

COVID-19 has hit every country in the world and is leading to differences in the recovery phase depending on the country. Despite having promising investment targets in many countries as part of our global strategy, our stance is to be cautious under the current circumstances.

The first phase is to build up a pipeline that leads to future growth in order to achieve our growth target for operating profit of over 30%.

▶ Specific Strategy for Country and Region



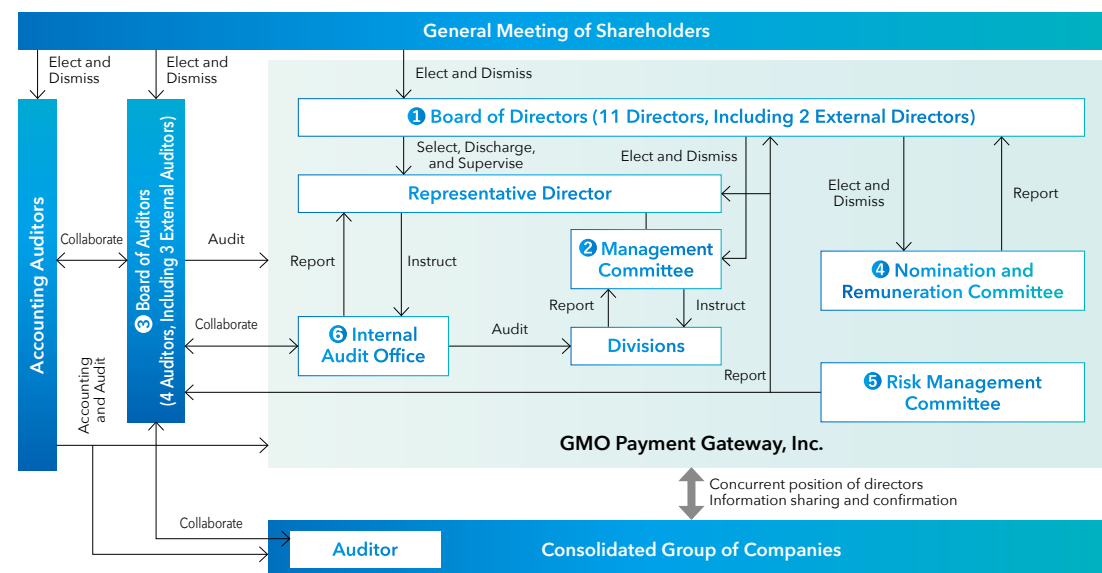
Governance: Systems to Support Sustainable Growth

Corporate Governance

■ Fundamental Approach

Under the management principle of “Seeking both material and spiritual wealth by contributing to the progress and development of society,” we implement governance systems that can effectively and efficiently turn these principles into reality. The fundamental approach to corporate governance in our Group is to devise and implement governance systems for healthy business development, while simultaneously ensuring both the efficiency and compliance of management. We consider governance to be one of the most important issues in management.

Corporate Governance Structure



▶ **Board of Directors and Executive Committee**

The following initiatives shown below are implemented in order to strengthen the management oversight function through the separation of supervision and execution and to appropriately respond to changes in the business environment.

- The Board of Directors makes decisions on matters of important management issues and on legal issues. The Board also oversees the execution of business responsibilities by the directors to ensure transparency, fairness, and efficiency in decision making. [Organization structure ①](#)
- The Management Committee is charged with the decision-making function for the execution of important operations, in order to strengthen management oversight through the separation of supervision and execution. The Management Committee carries out timely and appropriate decisions based on deliberations on important matters related to the execution of operations carried out in accordance with the Basic Policy of the Board. [Organization structure ②](#)

▶ Board of Auditors

Our Board of Auditors is comprised of four members (of whom three are external auditors). Auditors oversee the execution of duties of directors by conducting audits according to the audit plan formulated by the Board of Auditors and by attending important Board of Directors meetings, etc. [Organization structure ③](#)



Kazutaka Yoshida
Standing Auditor



Takashi Iinuma
Auditor



Kazuhiko Okamoto
External Auditor



Yumi Hokazono
External Auditor

■ Continual Improvement of Governance

► Election and Procedures for Appointment of Directors

The appointment of directors should give due attention to make the Board well balanced in knowledge, experience, and skills in order to fulfill its roles and responsibilities, and should be constituted in a manner to achieve diversity and appropriate Board size. **Organization structure 4**

► Independence Standards and Qualifications for Independent Directors

The Company stipulates the independence standards for external directors and external auditors according to the Independence Standards and Rules for External Directors and External Auditors in order to evaluate their independence.

▶ Evaluating the Effectiveness of the Board

The Company confirms the appropriate effectiveness based on the perspectives of organizational structure, nomination, and remuneration that is not solely limited to the composition and operations of the Board. The Company also incorporates objective and qualitative methods such as surveys on directors and auditors to evaluate the effectiveness of the Board.

▶ Remuneration of Directors

The Nomination and Remuneration Committee is established and chaired by an external director as the advisory body to the Board in order to ensure the validity and transparency of the process of determining the remuneration of directors. The remuneration of directors is decided following deliberations by the Nomination and Remuneration Committee and the submission of a proposal to the Board for fixed remuneration and to the representative director and president for performance-based compensation in the form of a bonus. Remuneration of Auditors are determined through deliberation at the Board of Auditors.

- Directors' BIP Trust

The Company adopts the BIP Trust (Board Incentive Plan) for bonuses paid to directors as part of a performance-based compensation scheme for directors. This is a medium- to long-term incentive plan wherein common shares are distributed at the time of retirement based on the achievement of business targets of each year. This incentivizes directors to carry out management in awareness of the stock price and financial results from a medium- to long-term perspective and to share common interest with shareholders from a medium- to long-term view.

IR Activities

The Company carries out timely disclosure of management information and investor relations (IR) activities for shareholders and other investors to enhance the transparency of management in order to achieve the aims of corporate governance.

▶ Summary of Activities for FY2020 (from October 1, 2019 to September 30, 2020)

Activity	Number of Events
▶ Financial results announcements and briefings	4 times
▶ One-on-one meetings	Approx. 400
▶ Participation in broker conferences	5 times

Second Consecutive Year to Receive the Award for Excellence in Corporate Disclosure

We received the top award in the Tele-communication/Internet industry category in the 2020 (26th) Awards for Excellence in Corporate Disclosure, organized by The Securities Analysts Association of Japan's Corporate Disclosure Study Group. This is the second consecutive year to be honored with the award, following receipt of last year's award, which was also the first year of being evaluated.



The award aims to promote corporate disclosure and emphasizes voluntary and proactive information disclosure over mandatory disclosure. The result is based on the strict selection by over 500 experienced analysts based on the five criteria of (1) management stance on investor relations, (2) investor meetings, (3) fair disclosure, (4) matters related to corporate governance, and (5) voluntary information disclosure.

Opportunities and Risks: Systems to Support Sustainable Growth

Opportunities for GMO Payment Gateway

Resolving Social Challenges through Services with Low Environmental Footprint

Since GMO-PG and its consolidated subsidiaries became part of the GMO Internet Group in 2004 and pursued Group synergies, we have undertaken initiatives to promote online migration and cashless and paperless transactions in lieu of conventional methods of payment, in our efforts to contribute to the growth and resolution of issues faced by society and business operators. In addition, the Money Service Business provides lending services to support the growth of domestic and overseas business operators in FinTech and online businesses with a low environmental footprint, similar to our business, and to improve cash flows of business operators.

Risks to GMO Payment Gateway

Information Security

Basic Stance

The mission of GMO-PG and its consolidated subsidiaries is to contribute to the realization of secure and convenient payment for both consumers and businesses, with the aim to become Japan's payment infrastructure. Information security measures and responses to protect information assets from external threats, while utilizing the information resources that are proprietary to the GMO-PG Group, are of the highest management priority.

Risks and Responses to Information Security

1 System failure and information security

Risk

Risk of service stoppages caused by unforeseen system failures on the part of payment service providers (such as credit card companies) and/or weaknesses in the systems of GMO-PG and its consolidated subsidiaries that result in the disruption of communication networks and the malfunctioning of applications, caused by cyberattacks, computer viruses, and/or unauthorized computer access from an external source, or natural disasters or accidents.

Response

The following requisite and appropriate responses are enacted to mitigate risks, such as security measures against unauthorized access from external and internal sources, a 24-hour surveillance structure, duplication of system configuration, insurance policy enrollment, and development of internal rules on operations.

2 Credit card information breach at merchants

Risk

Risk of joint liability to cover the indemnity cost of reissuing credit cards when the merchant, etc., does not have the capacity to fulfill the obligation in the event of information leakage of credit card information occurring at the merchant.

Response

In order to mitigate this risk, GMO-PG and its consolidated subsidiaries undertake strengthened management of merchants that store such information as well as promote services where the credit card information is stored by GMO-PG and its consolidated subsidiaries and not by the merchant.

3 Potential breach of personal information and its impact

Risk

Risk of external leak of database information managed by GMO-PG and its consolidated subsidiaries that contains personal information such as credit card information, names, addresses, telephone numbers, and email addresses.

Response

GMO-PG and its consolidated subsidiaries implement a solid system to ensure against this risk by qualifying for the PrivacyMark. In addition, as a member of the Japan Consumer Credit Association, personal information management operations are implemented according to the Personal Information Protection Policy. In addition, GMO-PG and its consolidated subsidiaries established the Risk Management Committee to implement effective and efficient risk management. The Risk Management Committee convenes once every quarter and reports its findings on risk management to the representative director, Board of Directors, and Board of Auditors, as appropriate. [Organizational structure 5](#)

The following certifications for information security have been certified as measures to strengthen the risk management structure.

Certified ISO 27001 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 Q 27001:2014 standard).

PrivacyMark Certified

In recognition of the appropriate measures to safeguard personal information, we have received PrivacyMark certification that signifies compliance with the Japanese



IS 686090/ISO 270001



17000337

Fully PCI DSS Compliant

The services we provide are in full compliance with version 3.2.1 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 securing credit card payments.



SP-009-1812

Industrial Standard for personal information protection, JIS Q 15001:2017.

Compliance

Fundamental Approach

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 mindset 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 enforced. 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 suspected within our company. [Organizational structure 6](#)

GMO Payment Gateway, Inc.

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Annual Report 27th Fiscal Year 2019.10.1-2020.9.30

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HR Talent and Workstyle: Systems to Support Sustainable Growth

Based on the stance that “people determine the company,” the organization is structured so that all partners can jointly progress toward realizing the management goal of “sustaining operating profit growth of 25%,” by providing support for personal growth through proprietary HR development and welfare benefits and by sharing the corporate vision with all partners.

Human Resources

The source of a company’s comprehensive capabilities and competitiveness is determined by the diversity of its human resources and how well these are leveraged. To realize the aim of sustainable growth, it is important to recruit talent and establish talent development programs to raise the capability of all partners in order to realize our Mission, resolve social challenges through innovative creativity, and create corporate value.

	Unit	End September 2018	End September 2019	End September 2020
Total number of partners (employees)	Persons	442	500	577
of whom, female partners (employees)	Persons	183	195	213
of whom, female managers	Persons	22	23	26
Total number of new recruits	Persons	103	92	110
of whom, new graduates	Persons	33	22	30
Average years of employment	Years	4.0	4.1	4.3

The figures above represent the full-time employees employed by GMO Payment Gateway and differ from the data disclosed in the Annual Securities Report.

HR Development and Welfare Benefit Systems

- Advisor System** System to support the early development of a business professional by drawing up a development plan and conducting monthly reviews
- Career Design System** System whereby each person submits their career plans
- One-on-One Training** Newly graduated recruits rotate to each division and to each Group company to experience their vision and work atmosphere, after which the new recruits select their designation.
- 360 Degree Evaluation System** System in which a partner can evaluate their line manager anonymously

- Parental Care Allowance** System to support and raise awareness of the importance of the family, the basic unit of society
- Childcare Measures** Consist of special working arrangements, funds, and grants at each life stage, from marriage to child-rearing

Workstyle Reforms

Based on the concept that a company should be the platform for individual growth; implement initiatives to continuously carry out workstyle reforms, including the establishment of proprietary talent development programs and welfare benefits; share its vision with all partners to foster organizational growth; and provide the means to fully deploy its talent. As a result of such undertakings, we received the Best Company Award in the “Great Place to Work” ranking for the fifth consecutive year by Great Place to Work® Institute Japan.



Work Arrangements for GMO-PG and Its Consolidated Subsidiaries during COVID-19

Timing	Teleworking Ratio	Operation Measures
January 27, 2020	70%	Teleworking order is issued. Commence teleworking in Tokyo’s Shibuya Ward and in the cities of Osaka and Fukuoka.
January 30, 2020	80%	The World Health Organization declares a global emergency.
April 7, 2020	90%	Teleworking and stay-at-home orders are issued. Japan declares state of emergency.
May 25, 2020	70%	Restart office attendance while maintaining teleworking. Japan lifts state of emergency.

Four Strengths of Human Resources



► Sales Capability

Innovation Partners Division

Yutaro Takahashi

General Manager
Sales Department #2
Management Department of Sales #1
Innovation Partners Division

The Secret of Success is to Continue to Stand Together with Customers

The source of sales capability is for each and every salesperson to become the innovation partner for the customer. Even with a through understanding of the customer’s business, it is not enough just to propose a pathway to success and growth that is based on various trends, such as cutting edge technology, services, and business environment. What is important is to continue to stand by the customer as their partner after the release of a product or service and provide all necessary support. I believe the source of sales capability is to realize a win-win relationship between the customer and GMO-PG, underpinned by the salesperson’s integrity and sense of responsibility.

Supporting Growth through In-House Development and Operation of High-Precision Systems

The strength of our development capability lies in the in-house development and operation of advanced systems. We aim to continue to be No. 1 in the rapidly changing payment and financial domains, as each one of us in the Systems Division works to capture the latest market and technology trends so that we can continue to provide a high level of quality, capacity, scalability, security, and functionality.

Takashi Suzuki

Executive Manager,
Management
Department of
Payment Service

Systems Division

► Development Capability



► Client Support

Corporate Support Division

Mariko Takeda

Executive Officer
Accounting/Finance
Department

Providing Meticulous Support Internally and Externally

The core part of the support capability is performed by Corporate Support. Its strength is further enhanced by flexible involvement of experienced professionals from the Accounting/Finance, Legal, and Human Resources departments. In particular, it is important to take on challenging new initiatives in order to create value in the emerging field of FinTech, where legal and accounting treatments are still nascent. What we support is sustainable profit growth by promoting the security of the business as a responsible listed company.

Growing Together and Building a Win-Win Relation with Investee Companies

The growth of GMO-PG and its consolidated subsidiaries is supported by collaboration with various companies, including tech start-ups, and adopting social reforms and new technologies and concepts.

The investment capability of GMO-PG has the characteristic of being two-way; by providing maximum support for new innovations to take root in society through business alliances and strategic investment in various companies, which in turn lead to the evolution of our own services. One of the secrets of being able to continually provide new services arises from the global portfolio of investments centering on the United States and Asia, the hubs for FinTech start-ups.

Yusuke Nakayama

General Manager
Corporate Planning /
New Business Creation
Department
Corporate Value Creation
Strategy Division

Corporate Value Creation Strategy Division

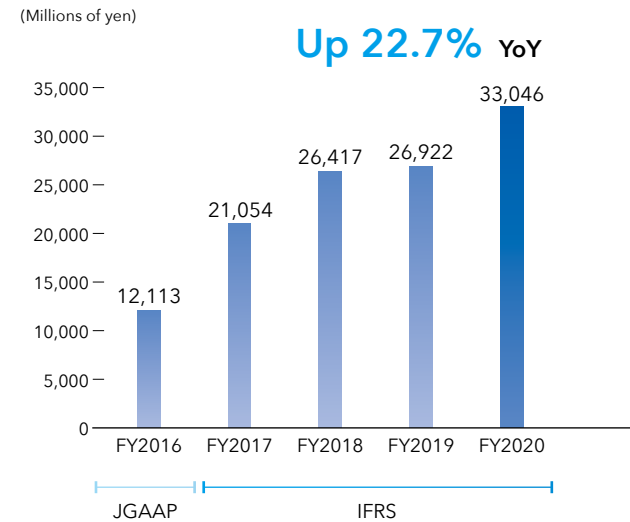
► Investment



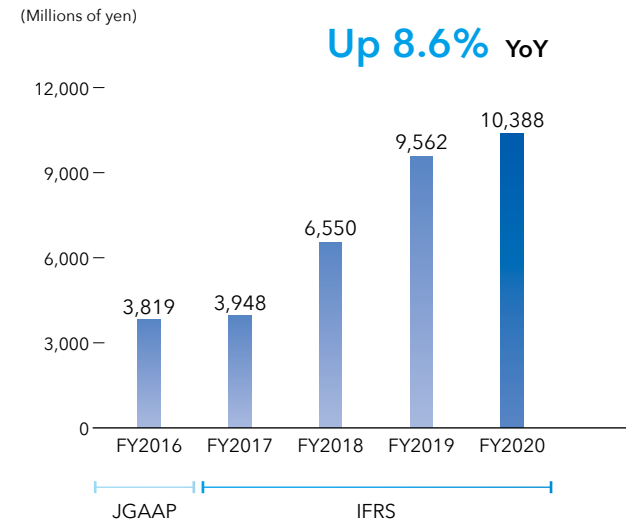
Consolidated Financial Highlights

Achieved 15 consecutive terms of revenue and profit growth since being listed in 2005; achieved operating profit of ¥10.0 bn by establishing position as DX platformer despite an unprecedentedly adverse business environment

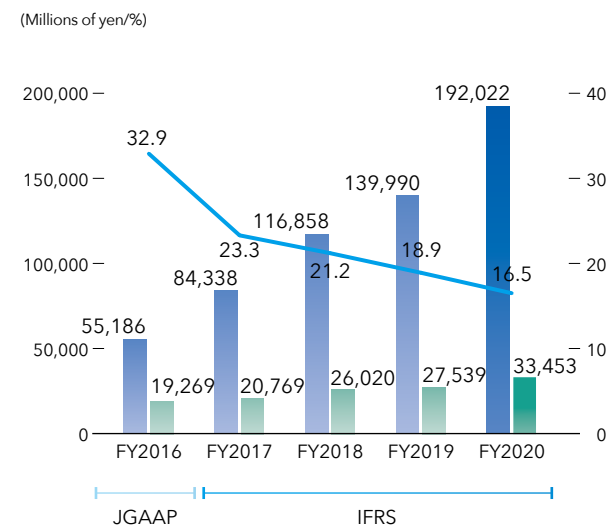
► Revenue*



► Operating Profit*

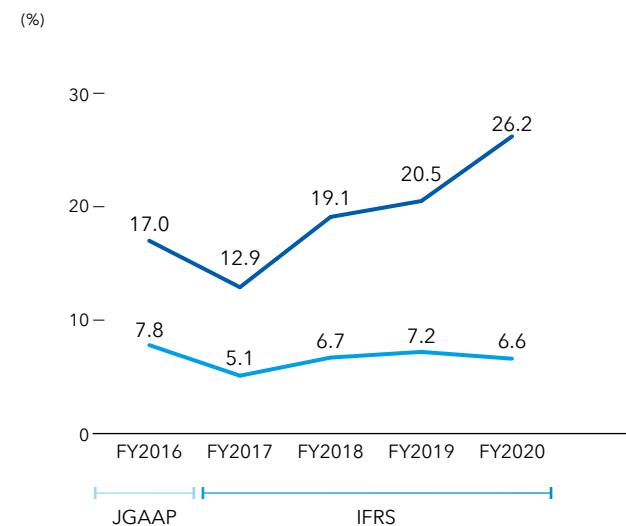


► Total Assets, Total Equity, Ratio of Total Equity Attributable to Owners of Parent



■ Total assets (left) ■ Total equity (left)
— Ratio of total equity attributable to owners of parent (right)

► ROA and ROE



— Return on assets (ROA)
— Return on equity (ROE)

Our management priority is to continue to ensure stable shareholder returns as well as to sustain a retained earnings level necessary for future business expansion while strengthening our corporate structure.

In light of our earnings performance, which exceeded our guidance, and to fulfill our commitment to stable shareholder returns, the dividend has been decided at ¥52 per share, which is an increase of ¥16 from our FY2019 level.

* Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation. As a result, the figures for revenue and operating profit only represent the amounts for continuing operations. The figures for FY2019 have been similarly restated.
(Note) IFRS Accounting was adopted from the fiscal year ended September 30, 2018. Figures for the fiscal year ended September 30, 2017 have been restated on this basis.

Consolidated Financial Statements

Consolidated Statement of Profit and Loss

(Millions of yen)

	FY2019 (Oct. 1, 2018 to Sept. 30, 2019)	FY2020 (Oct. 1, 2019 to Sept. 30, 2020)
Continuing operations		
Revenue ¹	26,922	33,046
Cost of sales	(7,652)	(9,199)
Gross profit	19,270	23,846
Other income	152	159
Selling, general and administrative expenses	(9,764)	(13,424)
Other expenses	(95)	(193)
Operating profit ²	9,562	10,388
Financial income	43	336
Financial expense	(289)	(253)
Equity method investment gains or losses	(19)	517
Profit before income taxes ³	9,297	10,989
Income tax expenses	(3,044)	(3,116)
Profit from continuing operations	6,253	7,872
Discontinued operations		
Profit/loss from discontinued operations	(1,200)	(179)
Profit	5,052	7,693
Profit attributable to:		
Owners of parent	5,267	7,624
Non-controlling interests	(215)	69
Profit	5,052	7,693

(Note) Due to the deconsolidation of Macro Kiosk Berhad in FY2020, its business has been reclassified as a discontinued operation. Due to this change, the figures for revenue and operating profit only represent the amounts for continuing operations, and the corresponding amounts for the previous term have been similarly restated.

Key Points of Consolidated Statement of Profit and Loss

1 Revenue

In addition to the steadily expanding EC market, the expansion of services to the offline market contributed to the 22.5% year-on-year growth in the Payment Processing Business. Money Service Business revenue grew 25.9% year on year on the strength of the GMO Payment After Delivery service and the growth of remittance services that captured refund demand arising from event cancellations as well as overseas lending. Payment Enhancement Business revenue declined 4.9%, as this business is undergoing structural reforms, although it benefited from the higher online advertisement demand caused by COVID-19. The overall impact from COVID-19 was minimal due to the increase in nesting demand, although there were adverse effects on some sectors of merchants, including travel and ticket merchants, and offline merchants saw a decline in transactions.

2 Operating Profit

Operating profit in the Payment Processing Business increased 15.4% year on year, thanks to growth in high-margin online payment. Meanwhile, operating profit in the Money Service Business declined 8.8% year on year, due to hard comps recorded from the previous term's one-off decline in expenses despite an improvement in the profitability of services. Operating profit in the Payment Enhancement Business declined 29.8% year on year from the decline in segment revenue. As a result, consolidated operating profit was ¥10,388 mil, up 8.6% year on year, and operating profit margin was 31.4%.

(Note) The operating profit year-on-year growth rate would be 25.1% if compared with the previous term's operating profit of ¥8,301 mil, as stated in the Summary of Consolidated Financial Statements.

3 Profit Before Income Taxes

Profit before income taxes was ¥10,989 mil, up by 18.2% year on year, a higher growth rate than the operating profit growth rate of 8.6% year on year, due to gains on investment partnerships that increased financial income by ¥293 mil, to reach ¥336 mil, and equity-method investment gains of ¥517 mil from 2C2P turning a profit.

Consolidated Statement of Comprehensive Income

(Millions of yen)

	FY2019 (Oct. 1, 2018 to Sept. 30, 2019)	FY2020 (Oct. 1, 2019 to Sept. 30, 2020)
Profit	5,052	7,693
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value of financial assets measured through other comprehensive income	(522)	570
Share of other comprehensive income of equity method affiliates	(4)	248
Total of items that will not be reclassified to profit or loss	(527)	819
Items that will be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(11)	(279)
Share of other comprehensive income of equity method affiliates	(87)	25
Total of items that will be reclassified to profit or loss	(99)	(254)
Other comprehensive income after income taxes	(626)	565
Comprehensive income	4,426	8,258
Comprehensive income attributable to:		
Owners of parent	4,630	8,187
Non-controlling interests	(204)	70
Total	4,426	8,258

Consolidated Financial Statements

Consolidated Balance Sheet

(Millions of yen)			(Millions of yen)		
	FY2019 As of Sept. 30, 2019	FY2020 As of Sept. 30, 2020		FY2019 As of Sept. 30, 2019	FY2020 As of Sept. 30, 2020
Assets			Liabilities and equity		
Current assets			Liabilities		
Cash and cash equivalents 4	52,013	95,830	Current liabilities		
Operating receivables and other receivables	13,663	10,782	Accounts payable-trade 5	4,688	4,296
Advance payments-trade 4	32,496	31,039	Accounts payable-other 5	16,118	19,385
Accounts receivable-other 4	21,566	23,585	Deposits received 5	50,834	87,059
Inventories	207	1,440	Borrowings 5	15,800	18,800
Deposits to affiliates and subsidiaries 4	-	5,000	Other financial liabilities	108	400
Other financial assets	165	1,163	Income taxes payable, etc	1,569	2,491
Other current assets	956	537	Provisions	396	352
Total current assets	121,069	169,379	Other current liabilities	2,229	3,383
Non-current assets			Total current liabilities	91,746	136,169
Tangible assets	517	3,714	Non-current liabilities		
Goodwill and intangible assets	4,359	4,854	Corporate bonds	16,745	16,814
Investments accounted for using equity method	3,001	3,740	Borrowings	1,398	131
Operating and other receivables	-	1,975	Other financial liabilities	223	3,013
Deposits to subsidiaries and affiliates	5,000	-	Provisions	35	260
Other financial assets	4,803	6,711	Deferred tax liabilities	85	54
Deferred tax assets	1,124	1,530	Other non-current liabilities	2,215	2,124
Other non-current assets	116	115	Total non-current liabilities	20,704	22,399
Total non-current assets	18,921	22,642	Total liabilities	112,451	158,569
			Equity		
			Capital stock	4,712	4,712
			Capital surplus	5,847	5,675
			Retained earnings	15,884	20,725
			Treasury stock	(1,181)	(1,149)
			Other items of equity	1,231	1,769
			Total equity attributable to owners of parent	26,494	31,734
			Minority interests	1,044	1,719
			Total equity	27,539	33,453
Total assets	139,990	192,022	Total liabilities and equity	139,990	192,022

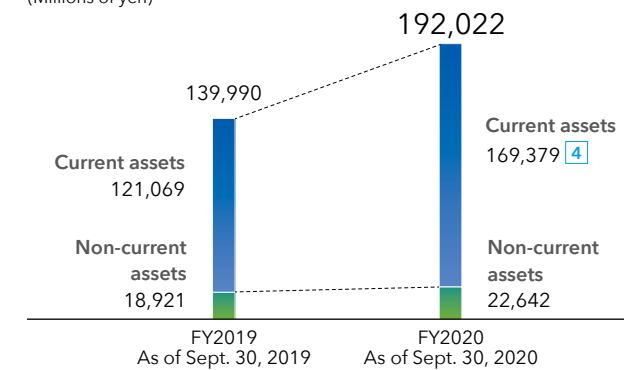
Key Points of Consolidated Balance Sheet

▶ Total Assets [4](#) : Increase of Current Assets

Total assets increased by ¥52,032 mil from the previous fiscal year-end, to reach ¥192,022 mil, due to an increase in cash and cash equivalents from growth in the Payment Processing Business and the increase in accrued revenues from the growth in GMO Payment After Delivery transactions.

▶ Assets

(Millions of yen)

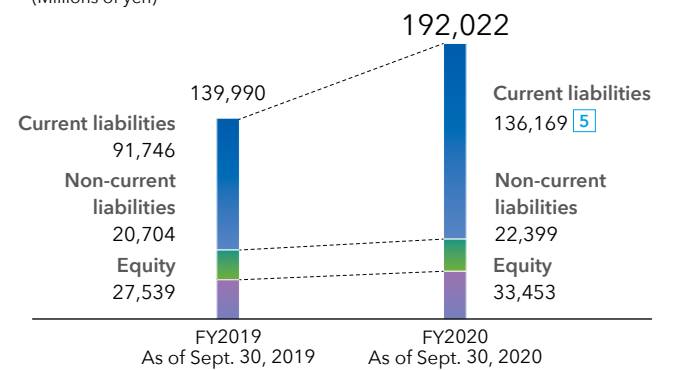


▶ Total Liabilities [5](#) : Increase of Current Liabilities

Total liabilities increased by ¥46,117 mil from the previous fiscal year-end, to reach ¥158,569 mil, due to the increase in deposits received from the growth in transaction value of the Payment Processing Business and the increase in accrued expenses from the growth in GMO Payment After Delivery transactions.

▶ Liabilities and Net Assets

(Millions of yen)



Consolidated Statement of Cash Flows

Net cash provided by operating activities amounted to ¥49,188 mil. Contributing factors included cash outflows from the increase in accrued revenues and inventories and an increase in income taxes payable, which were offset by cash inflows from an increase in profit before income taxes and accrued expenses and an increase in deposits received.

Net cash used in investing activities totaled ¥4,493 mil. This resulted from cash outflows from payment for acquisition of intangible assets, payment for acquisition of other financial assets, and payment due to the sale of subsidiary shares resulting in a change in the scope of consolidation.

Net cash used in financing activities was ¥785 mil. This resulted from cash outflows from repayment of long-term borrowings and payment of dividends, which were partially offset by cash inflows from the net increase in short-term borrowings.

	FY2019 (Oct. 1, 2018 to Sept. 30, 2019)	FY2020 (Oct. 1, 2019 to Sept. 30, 2020)
Net cash provided by (used in) operating activities	1,311	49,188
Net cash provided by (used in) investing activities	858	(4,493)
Net cash provided by (used in) financing activities	7,959	(785)
Translation differences of cash and cash equivalents	(148)	(93)
Increase (decrease) in cash and cash equivalents	9,980	43,817
Balance of cash and cash equivalents at the beginning of the period	42,033	52,013
Balance of cash and cash equivalents at the end of the period	52,013	95,830

Board of Directors and Management Committee Members

(As of December 20, 2020)

Member of the Board Management Committee Member



Masatoshi Kumagai
Chairman and Director



Issei Ainoura
President and Chief Executive Officer



Ryu Muramatsu
Director, Executive Vice President, General Manager of Corporate Value Creation Strategy Division and Representative Director of GMO-Z.com Payment Gateway Pte. Ltd.



Satoru Isozaki
Director, Executive Vice President, General Manager of Corporate Support Division



Yuichi Hisada
Senior Managing Director, General Manager of Innovation Partners Division



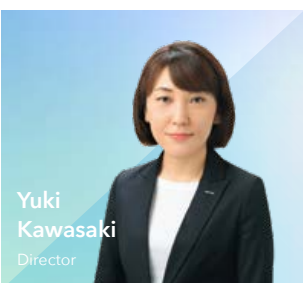
Masashi Yasuda
Director



Hirofumi Yamashita
Director



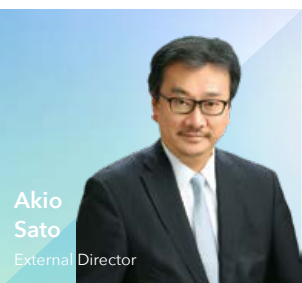
Takehito Kaneko
Director



Yuki Kawasaki
Director



Masaya Onagi
External Director



Akio Sato
External Director



Shinichi Sugiyama
Senior Managing Executive Officer, Systems Division



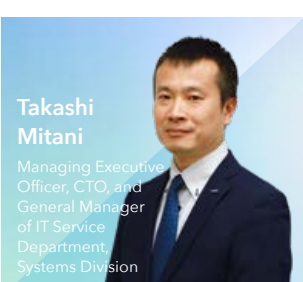
Tomoyuki Murakami
Officer, President and COO of SMBC GMO Payment



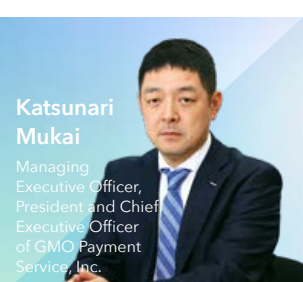
Masaru Yoshioka
Managing Executive Officer, Strategic Sales Management Department, Innovation Partners Division



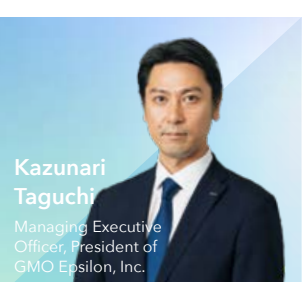
Takeshi Yoshii
Managing Executive Officer, Executive Manager of Management Department of Sales #2, Innovation Partners Division



Takashi Mitani
Managing Executive Officer, CTO, and General Manager of IT Service Department, Systems Division



Katsunari Mukai
Managing Executive Officer, President and Chief Executive Officer of GMO Payment Service, Inc.



Kazunari Taguchi
Managing Executive Officer, President of GMO Epsilon, Inc.

Company Information

Company Overview

(As of September 30, 2020)

Name	GMO Payment Gateway, Inc. Stock listing First section of the Tokyo Stock Exchange (Securities code: 3769)
Establishment	March 1995
Head office	SHIBUYA FUKURAS 15F 1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043, Japan (Offices relocated to the above address on November 25, 2019)
Capital stock	¥4,712 million
Capital surplus	¥5,675 million
Number of employees	625 (consolidated)
Business outline	Integrated payment-related services and financial services

Memberships	Japan Consumer Credit Association 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-Z.com Payment Gateway Pte. Ltd.
Number of Group companies	12 consolidated subsidiaries and 4 equity-method affiliates

Stock Status

(As of September 30, 2020)

Total number of authorized shares:	102,400,000
Total number of issued shares:	74,301,000
Number of shareholders:	7,489

Shareholders and Numbers of Shares

Financial institutions	Other institutions	Individuals, others
22.93%	42.00%	4.71%
(17,032,705 shares)	(31,206,911 shares)	(3,500,873 shares)

Financial instruments business operators	Foreign institutions, etc.	Treasury shares
0.67%	29.68%	0.01%
(500,251 shares)	(22,055,184 shares)	(5,076 shares)

Major Shareholders

(As of September 30, 2020)

Name of shareholder	Shares owned	Stock ownership ratio (%)
GMO Internet, Inc.	31,172,200	41.95
Custody Bank of Japan, Ltd. (Trust account)	4,712,900	6.34
The Master Trust Bank of Japan, Ltd. (Trust account)	3,848,100	5.17
Sumitomo Mitsui Banking Corporation	2,501,600	3.36
BNYM AS AGT/CLTS 10 PERCENT	1,193,183	1.60
J.P. MORGAN BANK LUXEMBOURG S.A. 385576	1,085,400	1.46
Issei Ainoura	1,000,200	1.34
STATE STREET BANK WEST CLIENT - TREATY 505234	885,148	1.19
Custody Bank of Japan, Ltd. (Trust account 5)	865,700	1.16
SSBTC CLIENT OMNIBUS ACCOUNT	829,377	1.11

(Note) The stock ownership ratio is calculated using total shares outstanding less treasury shares (5,076 shares).

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 1-1 Nikkocho, Fuchu-shi, Tokyo 0120-232-711 (toll-free)
Stock listing Tokyo Stock Exchange
Method of public notices Through electronic public notices
Notices published at <https://corp.gmo-pg.com/en/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

- 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.
- Dividend calculation statements
The "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.
- 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)

(Note) 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>

Tokyo **FUKURAS Office (Head Office)**

SHIBUYA FUKURAS 15F
1-2-3 Dogenzaka, Shibuya-ku, Tokyo, 150-0043, Japan
Phone: +81-3-3464-2740 Fax: +81-3-3464-2387

Humax Office

Humax Shibuya Bldg. 7F
1-14-6 Dogenzaka, Shibuya-ku, Tokyo, 150-0043, Japan
Phone: +81-3-3464-2740 Fax: +81-3-3464-2387

Osaka Grand Front Osaka Tower 23F
3-1 Ofuka-cho, Kita-ku, Osaka, 530-0011, Japan
Phone: +81-6-7634-3070 Fax: +81-6-6374-0150

Kyushu Tenjin Asahi Building 5F
3-4-7 Tenjin, Chuo-ku, Fukuoka, 810-0001, Japan
Phone: +81-92-688-9018 Fax: +81-92-688-9019

