



April 30, 2020

GMO Payment Gateway, Inc.
President and CEO Issei Ainoura
(TSE First Section; Security code 3769)
Executive Vice President Ryu Muramatsu
(TEL. 03-3464-0182)

Notice Concerning Waiver of Claims to a Consolidated Subsidiary and Transfer of Shares due to the Transfer of the same Consolidated Subsidiary

GMO Payment Gateway, Inc. (GMO-PG) has resolved at the Board of Directors meeting held on April, 30 2020 to waive claims ("the Waiver") to Macro Kiosk Berhad (Macro Kiosk), a second-tier consolidated subsidiary owned via our consolidated subsidiary GMO-Z.COM PAYMENT GAYEWAY PTE. LTD. (Singapore), and have also resolved to transfer all the shares of Macro Kiosk ("the Transfer"). As a result of the Transfer, Macro Kiosk will be deconsolidated from the consolidated financial statements.

1. Reasons for the Transfer and Waiver

GMO-PG group acquired the shares and consolidated Macro Kiosk on August 2016 in order to expand comprehensive payment services globally, and we have pursued business expansion centered in Southeast Asia.

Macro Kiosk steadily grew by expanding its competitive services offered in Malaysia to the neighboring emerging markets. However, changes in the competitive landscape and market conditions have made it difficult to achieve the medium term plans formulated at the time of the acquisition. As a result, we recorded an impairment loss of the entire book value of goodwill, technical assets, software and customer-related assets in the Fiscal Years ending September 2018 and 2019.

Despite reviewing the growth strategy of Macro Kiosk, we now foresee a prolonged time to generate synergy benefits and, due to the earnings deterioration and changes in market conditions that were unforeseeable at the time of acquisition in August 2016, it is difficult to formulate a medium term plan that could achieve management's KPI target of 25% operating profit growth, foresee a cashflow improvement and a resolution to the negative capital situation; thus, we could not negate the possibility of further cash injections. In addition, the spread of COVID-19 in Malaysia and throughout Asia from January 2020 and the resulting widespread recession have materially increased uncertainty and risks that are difficult to control. Following a broad assessment of these factors, the decision was made to transfer all the shares of Macro

Kiosk to the three founding members and current management of Mr. Goh Chee Ken, Mr. Goh Chee Heng and Mr. Goh Chee Seng.

Pursuant to the Transfer, all claims to Macro Kiosk from GMO-PG are to be waived.

The four Directors seconded from GMO-PG will resign in conjunction with the Transfer.

2. Outline of consolidated subsidiary to be transferred: Macro Kiosk

(1) Company Name	Macro Kiosk Berhad		
(2) Address	Kuala Lumpur, Malaysia		
(3) Representative (Title and Name)	Chief Exective Officer, Goh Chee Ken		
(4) Business Description	SMS mobile solution business, Carrier billing business		
(5) Capital	5 Million Malaysian Ringgit (¥125 Million)		
(6) Date of establishment	July 1, 2000		
(7) Major Shareholders and ownership percentages	GMO-Z.COM PAYMENT GATEWAY PTE. LTD. (subsidiary of GMO-PG) 70%		
(8) Relationship between GMO-PG and Macro Kiosk	Capital	GMO-PG owns 70% of Macro Kiosk	
	Personnel	A Director holds concurrent positions at GMO-PG and Macro Kiosk	
	Business	GMO-PG provides loans to Macro Kiosk.	
(9) Financial Results and Financial Position of the Last 3 Years			
Accounting Term	December 2017	December 2018	December 2019
Net Assets (‘000 JPY)	96,389	26,427	△211,602
Total Assets (‘000 JPY)	2,664,475	2,912,588	2,668,985
Net Asset Per Share (Yen)	19.27	5.28	△42.32
Revenues (‘000 JPY)	3,627,670	4,375,871	5,059,621
Operating Profit (‘000 JPY)	13,053	△31,557	△235,702
Profit Attributable to Owners of the Parent (‘000 JPY)	△56,660	△96,701	△282,599
Earning Per Share (Yen)	△11.33	△19.34	△56.52
Divident Per Share (Yen)	—	—	—

(Note) 1. Converted to Japanese Yen using exchange rate of 1 Malaysian Ringgit = 25 Yen.

2. Ordinary Income is not shown in the table above as Macro Kiosk follows the reporting standards of Malaysian GAAP, which does not have a profit line corresponding to Ordinary Income.

3. Outline of the recipient of the Transfer

(1.) Goh Chee Ken

① Name	Goh Chee Ken
② Address	State of Selangor, Malaysia
③ Relationship with the listed company	Director of Macro Kiosk

(2.) Goh Chee Heng

① Name	Goh Chee Heng
② Address	State of Selangor, Malaysia
③ Relationship with the listed company	Director of Macro Kiosk

(3.) Goh Chee Seng

① Name	Goh Chee Seng
② Address	State of Selangor, Malaysia
③ Relationship with the listed company	Director of Macro Kiosk

4. Number of shares to be transferred, transfer price and share ownership before and after the Transfer

(1) Number of shares held before the Transfer	3,500,000shares (Voting rights: 3,500,000 units; ownership ratio 70%)
(2) Number of shares to be transferred	3,500,000 shares
(3) Number of shares held after the Transfer	0 shares (Voting rights: 0 units, ownership ratio: 0%)

(Note) The transfer price is undisclosed due to confidentiality agreement with the recipient. The transfer price was determined through discussions with the recipient, following thorough assessment of the validity of the transfer price that took into consideration the current negative capital situation and estimated decline in future profitability of Macro Kiosk.

5. Contents of the Waiver

(1) Type of claim	Loans and Accrued Interest
(2) Amount of claims to be waived	Approximately ¥1.0 billion

(Note) Provisions for doubtful loans amounting to ¥624 mil. against these claims, have been recorded in the non-consolidated financial statements of Fiscal Year ending September 2019.

6. Schedule

- | | |
|--|--------------------------|
| (1) Date of Resolution and
Conclusion of Agreement of Transfer of Shares | April 30, 2020 |
| (2) Transfer of Shares, Waiver of Claims and
Resignation of GMO-PG seconded Directors | After May 2020 (Planned) |

7. Future Outlook

The estimated impact to consolidated financial results for Fiscal Year ending September 2020 is as follows: a ¥300 mil. reduction to Operating Profit from recording a loss on sale of subsidiary shares and, a ¥600 mil. reduction to Profit Attributable to Owners of the Parent due to waiver of claims of approximately ¥1.0 bn which caused some of Macro Kiosk's profit to be reclassified as their minority interest.

Note that due to COVID-19, the exact date of the Transfer cannot be determined given the likelihood that transfer proceedings could take more time than usual. The amounts related to the Transfer and the Waiver have been assumed to occur by the end of March 2020.

In addition, the deconsolidation of Macro Kiosk may cause revenues for Fiscal Year ending in September 2020 to fall below the guidance provided on November 12, 2019.

Details are currently under review and will be promptly disclosed once they are confirmed.