

Company Name: GMO Internet, Inc.  
(TSE First Section, Code: 9449)  
Address: 26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN  
Representative: Masatoshi Kumagai, CEO and Representative Director  
Contact: Masashi Yasuda, Chief Financial Officer  
Telephone: +81 3 5456 2555  
URL: <http://www.gmo.jp/en>

## **GMO Internet Consolidated Subsidiary, GMO Payment Gateway Reaches Basic Agreement to Make GMO Financial Gate, Inc. and Global Card System, Inc. Second and Third Tier Subsidiaries**

GMO Internet, Inc. consolidated subsidiary, GMO Payment Gateway, Inc. today convened a Board of Directors meeting that agreed to increase holdings in GMO Financial Gate, Inc. and indirectly in Global Computer System, Inc. by acquiring shares in a capital increase through private placement to be executed by GMO Financial Gate pending approval of an extraordinary shareholders meeting of GMO Financial Gate to be held on September 28, 2016.

### 1. Reason for Acquisition

GMO Payment Gateway, provides payment and financial services to online stores, digital content providers and other online businesses as well as businesses with revenue based on fixed-monthly payments such as NHK, and public services such as the Japan Pension Fund and services provided by the Tokyo Metropolitan and other governments. Ever since it first became publicly listed, in addition to being spurred by growth in the ecommerce market, GMO Payment Gateway has continued to grow revenues and profits by targeting diverse industries and expanding service line-up. GMO Financial Gate is a credit card payment solution for offline businesses established in 1999, a company that has built strong trust since it was established.

In January 2010, GMO Financial Gate became an equity method affiliate of GMO Payment Gateway, and the two companies have since pursued synergies. However in order to respond to an increasingly cashless offline payment market environment, pursue related business opportunities, improve presence, as well strengthen the relationship between the two companies and contribute to corporate value in both it was decided to acquire shares in GMO Financial Gate through a third party private placement and its subsidiary CGS in order to further strengthen the company's business platform.

The acquisition of shares in GMO Financial Gate will occur as follows. Pending approval of a GMO Financial Gate extraordinary shareholders meeting on September 28, 2016 the company will execute a capital increase through private placement and GMO Payment Gateway ownership ratio will increase to 65%. GMO Financial Gate will use the capital increase to acquire 100% of CGS shares. As a result, GMO Internet will own 65% of GCS indirectly.

## 2. Summary of Company to Make Acquisition

(1) Company Name	GMO Payment Gateway, Inc.
(2) Address	14-61 Dogenzaka, Shibuya-ku Tokyo
(3) CEO	Issei Ainoura
(4) Business Description	Credit card payment processing and ancillary services.
(5) Capital	JPY 4,712 million (as of June 30, 2016)
(6) Date Established	March 1995

## 3. Indirect Subsidiaries to be Transferred

### (1) GMO Financial Gate, Inc.

(1) Company Name	GMO Financial Gate, Inc.		
(2) Address	1-14-6 Dogenzaka, Shibuya-ku Tokyo		
(3) CEO	Akira Takano		
(4) Business Description	Credit card, debit card, union pay card and other payment processing services		
(5) Capital	JPY 100 million (as of June 30, 2016)		
(6) Date Established	September 7, 1999		
(7) Major Shareholders & Ownership Ratio (as of June 30, 2016)	GMO Payment Gateway, Inc. 49.6%		
(8) Related Party Relationships	Capital Relationship	GMO Internet and consolidated subsidiary, GMO Payment Gateway own 49.6% of the company's outstanding shares.	
	Executive Relationship	GMO Internet and consolidated subsidiary, GMO Payment Gateway have five executive members serving concurrently on the company's Board.	
	Transactional Relationship	Loan contracts and business transactions exist between GMO Internet and consolidated subsidiary, GMO Payment Gateway and the company.	
(9) Operating Results and Financial Condition in the Three Most Recent Fiscal Years(JPY 1,000s)			
Fiscal Year	FYE9/2013	FYE9/2014	FYE9/2015

Net Assets	-20,838	-18,334	260,355
Total Assets	229,937	250,727	678,479
Revenue	233,645	277,465	405,998
Operating Profit	-22,758	6,264	49,481
Ordinary Profit	-20,763	3,574	47,534

(2) GCS

(1) Company Name	Global Card System, Inc.		
(2) Address	1-14-6 Dogenzaka, Shibuya-ku Tokyo		
(3) CEO	Hideki Kurata		
(4) Business Description	Credit card payment services		
(5) Capital	JPY 10 million		
(6) Date Established	December 14, 2007		
(7) Related Party Relationships	Capital Relationship	None	
	Executive Relationship	None	
	Transactional Relationship	Loan contracts and business transactions exist between GMO Internet consolidated subsidiary, GMO Payment Gateway and the company.	
(8) Operating Results and Financial Condition in the Three Most Recent Fiscal Years (JPY 1,000s)			
Fiscal Year	FYE9/2013	FYE9/2014	FYE9/2015
Net Assets	22,434	37,075	41,395
Total Assets	102,168	124,316	147,023
Revenue	257,950	266,933	264,988
Operating Profit	12,711	14,011	8,385
Ordinary Profit	12,856	15,257	7,889

4. No. of Shares to be Acquired, Acquisition Price, Ownership Ratio Before and After Acquisition

(1) GMO Financial Gate (GMO Payment Gateway to acquire shares in GMO Financial Gate private placement)

(1) No. of shares held prior to acquisition	19,132 shares (voting rights: 19,132) (% of total voting rights: 49.6%) (June 30, 2016)
(2) No. of Shares to be Acquired	58,621 shares (voting rights: 58,621)
(3) Acquisition Price	GMO Financial Gate common shares JPY17 million
(4) No. of shares held after acquisition	77,753 shares (voting rights: 77,753)

	(% of total voting rights: 65.0%)
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(2) GCS (GMO Financial Gate to Acquire Shares)

(1) No. of shares held prior to acquisition	0 shares (voting rights: 0) (% of total voting rights: 0%)
(2) No. of Shares to be Acquired	1,000 shares (voting rights: 1,000)
(3) Acquisition Price	GCS common shares JPY 770 million
(4) No. of shares held after acquisition	1,000 shares (voting rights: 1,000) (% of total voting rights: 100%)

5. Schedule

Board Decision:	August 22, 2106
Execution of Agreement	Mid-September (tentative)
Transfer of Shares	September 30, 2016 (tentative)

6. Outlook

Any impact on consolidated financial results in the 2016 fiscal year of GMO Financial Gate becoming a second-tier subsidiary and CGS becoming a third-tier subsidiary is expected to be immaterial. However an announcement would be made after the GMO Financial Gate extraordinary shareholders meeting to be convened on September 28, 2016 in order to approve the capital increase through private placement. At this stage certain factors remain uncertain, as soon as confirmed, further announcements will be made.