

Q2 FYE 12/2017 Results Presentation – Q&A

The following is a summary of questions asked by attendees at the earnings presentation to investors held on July 31, 2017. The questions are answered by Founder & Group CEO Masatoshi Kumagai, CFO Masashi Yasuda.

【Q1】 What was the cause of the increase in taxes? And are any other expenses increasing?

【A1】 About 400 million yen of the taxes was due to effects in taxes that are unknown until patterns in sales figures are determined. We'll be able to recognize more of those tax patterns as business picks up over the rest of this year and next year and will develop a plan to improve tax rates based on those findings.

Additional expenses jumped around 2.8 billion yen compared to this quarter last year. The major causes were branding costs in other segments due to event management expenses, GMO Pay Later's reserve funds and costs related to our new overseas subsidiary MacroKiosk.

【Q2】 Do you have detailed plan for how to catch up?

【A2】 Finance has been improving since Q2, and with the strong momentum from Infrastructure, a major factor will be how much this area will bring in.

【Q3】 How's the current situation going for improving profitability?

【A3】 The Finance Segment (FX) is based on price x volume, so compared to Q1, the profit ratio is improving. Internet Infrastructure business momentum also continues to grow, which goes beyond our initial assumption, and we believe the important point is how much we can build up in the second half of this year.

【Q4】 Please tell us your plan to see .shop grow over the second half of the year.

【A4】 We're conducting campaigns with registrars all over the world. We're seeing online shopping cart providers use our services, and want to keep expanding based on this model.

【Q5】 Please update us on the progress of the new net bank.

【A5】 We're making a bank that fits with the new generation of finance and is technology oriented as we gather our engineers and UI and UX experts together to focus on further developing the bank.

As for the launch, right now we're focusing on the basic design and using the combination of going cashless, IoT, and AI to make a bank that'll provide the cutting-edge in services.

We also want each function to be based on API, so that we can link our bank to even more new services in the future. We're currently discussing how to make it stand out and how to best launch this new service with members of the bank's head, Aozora Trust Bank.
