



Q3 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 November 6, 2017. The questions are answered by Founder & Group CEO Masatoshi Kumagai, CFO Masashi Yasuda, and GMO Registry CEO Hiroya Tsukahara.

● Forecasts for this term

【Q1】 You explained that progress in the area of profit up to Q3 is lagging, but should we assume this will make the yearly forecast unreachable?

【A1】 We'll be facing some big hurdles in Q4, but our current attitude is "we can still catch up."

● .shop

【Q2】 For .shop domains, the renewal price is higher than the original price, but by how much? And how much will that contribute to the revenue in Q4?

【A2】 The starting price of domains differs, so I can't give a single answer to that. But we have increased the prices, as we had planned to do from the beginning. As for how that will impact the PL statement, the payments are distributed over time, so the effect will be limited.

【Q3】 At the beginning of the year, your goal for .shop was to increase the number of domains, but what's your focus for next year?

【A3】 This year we focused on cultivating relationships with registrars and were able to get major ones to add our domain. How to get them to use our domain even more will be important, as well as to strengthen ties with EC platformers and the image of "EC = .shop" and ".shop = EC."

● GMO Aozora Net Bank

【Q4】 The next phase for GMO Aozora Net Bank will be to attract customers, but could you tell us more about the planned timing for that and related promotional expenses?

【A4】 As we are currently working on increasing our percentage of ownership (currently at 14.9%), which requires major shareholder certification from FSA, I will have to refrain from sharing specifically about the schedule at this time.

● Bitcoin mining business

【Q5】 You have mentioned that the profit margin is 70%. What is the correct way to calculate electricity cost? I believe the advantage of mining board will continue to decrease. How long is the amortization period?

【A5】 We currently expect that electricity cost is equivalent to about 10% of revenue. Other costs include facilities, amortization of machines, and human resources. The amortization period will be 1 year for ready-made machines and 3 years for machines equipped with mining chips jointly developed with our alliance partner.

【Q6】 You have mentioned that the expected hash rate in 2018 has been changed from 500PH/s (as explained at the press conference for the entry into Bitcoin mining business in September) to 1,500PH/s. Will the amount of investment increase compared with the initial expectation?

【A6】 We have initially announced to invest JPY 10.0B but as the expected hash rate increases, the amount of investment increases. We will continue to invest using the profit gained through the Bitcoin mining business.

【Q7】 When will the hash rate reach 1,500PH/s?

【A7】 Although validation will be required, we currently expect to see the hash rate reach 1,500PH/s in August 2018.

【Q8】 I have the impression that Bitcoin mining business will incur large costs, such as the amortization of machines. Will the business run a deficit in 2018?

【A8】 It will depend on the market price of Bitcoin. Although a certain amount of cost is incurred, we expect that the business will generate profit soon after we launch the mining, achieving positive figures.

【Q9】 Will the profit for overseas businesses, including the Bitcoin mining business, break even?

【A9】 For overseas businesses, although we have been explaining mainly the new investments in Asia, existing businesses (e.g. SSL) also contribute to profit. We expect that overseas businesses will contribute to the increase in consolidated profit in the future amidst the launch of a Bitcoin mining business.

● Mobile entertainment business

【Q10】 I have read the press release about organization restructuring of Mobile Entertainment segment. Are you left with the option to close the gaming business depending on the situation of a new title to be launched in the fourth quarter?

【A10】 We have worked on optimization of costs and resources. We have not yet given up.
