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: https://www.gmo.jp/en

Notice of Launching a New Business (Bitcoin Mining Business)

We hereby announce as follows that the board of directors of GMO Internet, Inc. resolved at the meeting held today to launch a new Bitcoin mining business utilizing the next-generation 7 nm semiconductor chip.

1. Purpose of launching the new business

Since its foundation in 1995, GMO Internet Group has provided Internet and service infrastructure under the corporate slogan “Internet for Everyone.” In recent years, as part of our efforts to expand our business domains, we formed alliance with major financial institutions in finance/payment service, and we also introduced cryptocurrency as a payment method and started cryptocurrency exchange and trading service.

Internet, which is our business domain, has changed the way not only personal lives and business but the whole work by gathering various information through digitization and eliminating “information” boundary from the world. In its process of development, Internet has also digitized currencies in addition to information and created cryptocurrencies including Bitcoins. Cryptocurrencies have continued to spread as new Internet infrastructure that eliminates the boundary related to exchange of “value” from the world by reducing time and costs spent on international money transfers and payments with legal currencies and changes the way financial services are. We believe that cryptocurrencies will develop into “new universal currencies” available for use by anyone from any country or region to freely exchange “value,” creating a “new borderless economic zone.”

Under such situation, it is important for cryptocurrencies, including Bitcoins, to secure its reliability as currency in order for them to further develop and spread. In this regard, Bitcoins can be regarded as a distributed system whose credibility is secured by mutual monitoring by network participants, as opposed to legal currencies which are a centralized system whose credibility is secured by the issuer. And management of a distributed system such as Bitcoins requires a mining process (*1).

Accordingly, we have decided to launch Bitcoin mining business to support sound management of Bitcoins by leveraging our accumulated know-how on Internet Infrastructure business and Internet Finance business, with an aim to contribute to development of cryptocurrencies.
2. Summary of the new business

2.1 Description of the new business

(1) Operation of the next-generation mining center

We will operate a next-generation mining center utilizing renewable energy and cutting-edge semiconductor chips in Northern Europe. We will use cutting-edge 7 nm process technology for chips to be used in the mining process, and jointly work on its research and development and manufacturing with our alliance partner having semiconductor design technology.

(2) Cloud mining business

We will provide a platform to raise funds for mining equipment from users and distribute earnings to users.

(3) Sales of next-generation mining boards

We will also sell the mining board equipped with mining chips.

(4) Supply of cryptocurrencies to GMO Coin, Inc.

We will supply GMO Coin, Inc. (application for the registration of cryptocurrency exchange business is pending), our consolidated subsidiary, with mined cryptocurrencies including Bitcoins, through which GMO Internet Group will contribute to an increase in diversity and liquidity of the cryptocurrency market.

2.2 Department to operate the business

The Company and its consolidated group company are expected to operate the business.

2.3 The amount and nature of the expenditure specifically for the launch

We expect to incur expenses for establishment of the next-generation mining center and research and development and manufacturing of hardware including the next-generation mining chip. We will not disclose the specific amount due to the non-disclosure agreement with our alliance partner, but it will be more than 10% of the consolidated noncurrent assets as of December 31, 2016 (¥3,489 million).

3. Schedule

(1) Resolution at the board of director meeting September 7, 2017

(2) Date of business launch First half of 2018 (plan)

4. Outlook for the future

Although the impact of this launch on the consolidated business performance for the year ending December 31, 2017 is
insignificant, we believe this new business has high potential for increasing corporate value in the future. We will notify you in a prompt manner in the event it becomes clear that the new business will have a material impact on the business performance.