

Fiscal Year 2014

Third Quarter Results Presentation

GMO INTERNET

STOCK CODE : 9449

October 31, 2014

1. Group News
2. Overview
3. Q3 Financial Results
4. Segment Report
 - i. Group Overview
 - ii. Internet Infrastructure
 - iii. Internet Securities
 - iv. Online Advertising & Media
 - v. Mobile Entertainment
5. Closing

GMO RESEARCH

10/21 Initial Public Offering (TSE MOTHERS: 3695)



1. Internet Research platform for Market Research businesses



2. One of Asia's largest Internet research panels with access to over 12 million consumers

**ASIA
CLOUD PANEL**

3. Leading technology and offline research methods



GMO CLOUD

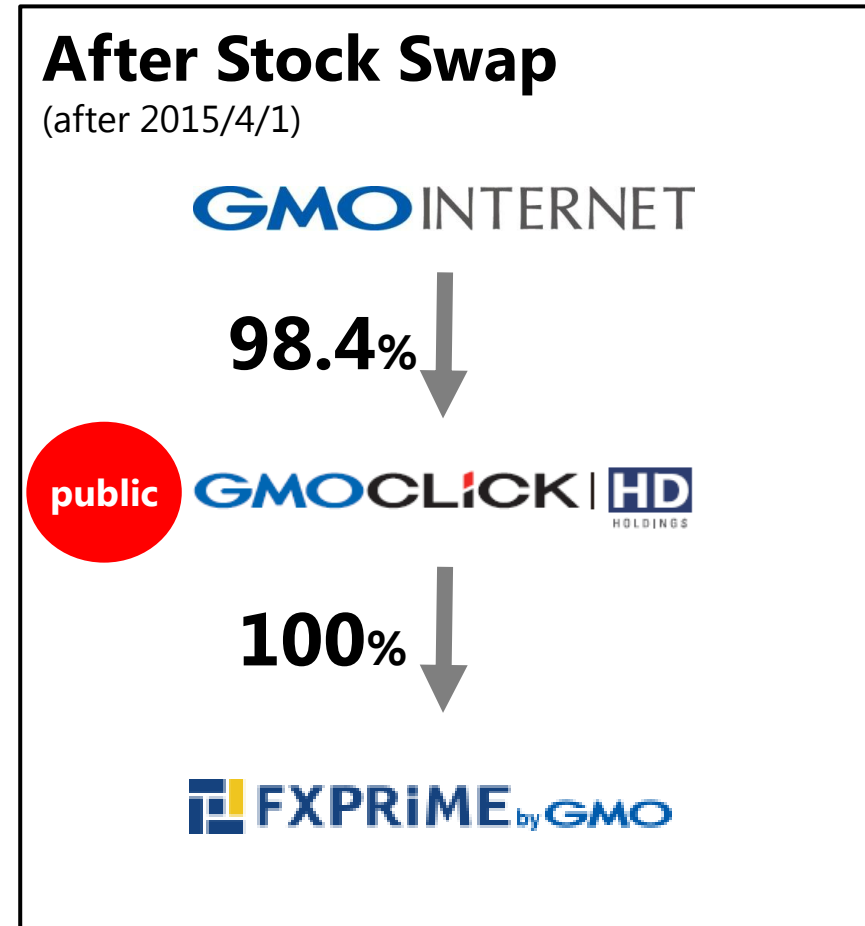
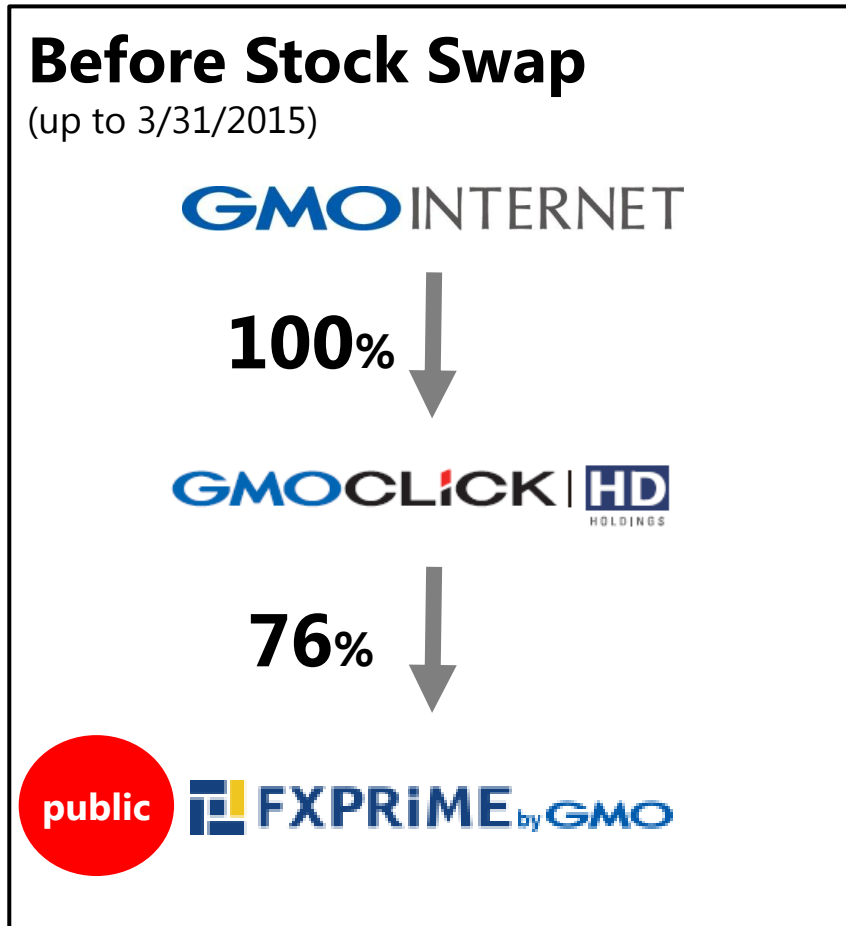
10/23 Listing Upgraded to TSE 1st Section (TSE: 3788)





Group Reorganization

Strengthening our Strengths



GMO CLICK HD to be listed in place of FX Prime by GMO on April 1, 2015

Group Listed Companies – Corresponding Equity

Stock Code	Stock Name	Listing Date	Stock Market	Market Cap ^(*1) (JPY millions)	Percentage Ownership ^(*2)	Corresponding Equity (JPY millions)
4784	GMO AD Partners	2000	JQS	8,714	56.2%	4,897
3769	GMO Payment Gateway	2005	TSE 1	71,322	52.2%	37,230
3788	GMO CLOUD	2005	TSE 1	12,652	51.3%	6,490
3633	GMO Pepabo	2008	JQS	5,720	64.8%	3,707
3695	GMO Research	2014	MOTHERS	5,962	55.3%	3,297
8711	FX Prime by GMO	2008	JQS	3,411	77.9%	2,657
(TBD)	GMO CLICK HD	2015 ^(*3)	JQS	46,800 ^(*4)	98.4%	46,000
				151,170		101,621

(*1) Market value as of 10/30/2014

(*2) Includes indirect holdings

(*3) GMO CLICK HD to be listed on April 1, 2015

(*4) GMO CLICK HD figures based on Stock Swap ratio

Basis

- Sharing goals (dreams)
- **Decision making distributed** as far as possible

In
Practice

- Listed Group companies
- Flat organizational structure promotes agile management

Results

- Management commitment propels growth
- Maximize motivation, energy
- Market governance promoted transparent management

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Strengthening strengths and reinforcing weaker segments with strong products

Internet Infrastructure

Further Strengthening

Enhancing product marketing and brand

Internet Securities

Further Strengthening

Enhancing technology, Cost leadership strategy

Online Advertising &
Media

Developing No.1 Products

Focusing on technology strength, developing products

Mobile Entertainment

Developing No.1 Products

Brink of profitability, amassing expertise to produce hit title

Business Performance

- Consolidated Results (3 mths to Sep/YoY) Revenue up **17.8%** Profit up **31.0%**
- Net Sales **JPY27.4B**, OP **JPY3.59B** Record highs. No forecast revision.

Segment Report

- Internet Infrastructure (3 mths to Sep/YoY) Revenue up **18.2%**, strong momentum, JPY310 million new domain promotion
- Internet Securities (3 mths to Sep/YoY) Profit up **10.4%**
Japan business strengthened with Group reorganization
- Online Ads & Media Ad Tech Shift. Structural Reform.
(3 mths to Sep/YoY) Revenue up, profits down
- Smartphone Internalizing functions, quarterly profit still not reached
- Incubation JPY820 million profit contribution from investment

Q3 Earnings Results

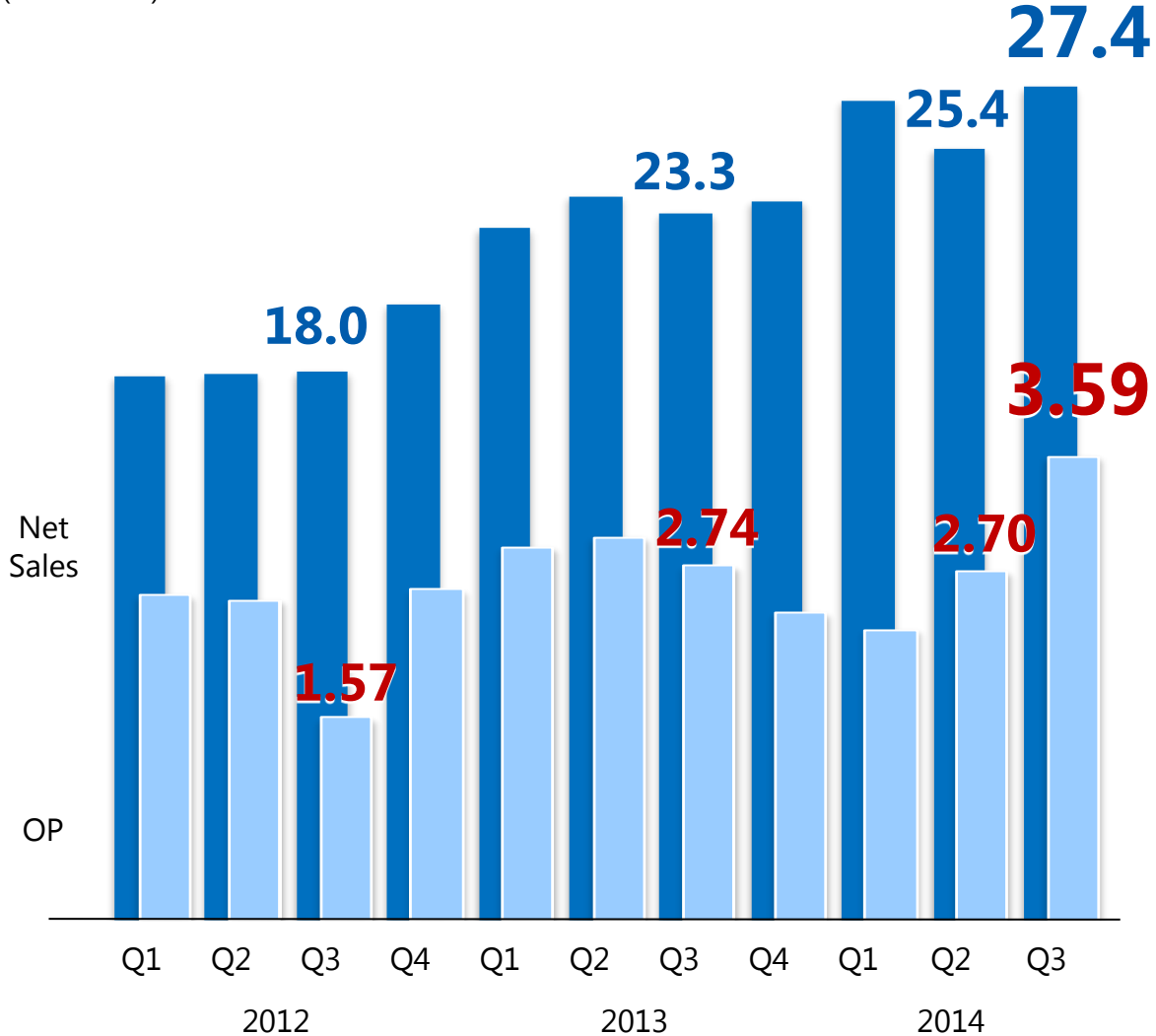
Record high sales, operating and ordinary profits, even after investment in Infrastructure segment

(JPY billions)	7-9/2013	7-9/2014	YoY Change
Net Sales	23.31	27.45	+17.8%
Operating Profit	2.74	3.59	+31.0%
Ordinary Profit	2.66	3.52	+32.3%
Net Profit	1.36	1.24	-8.2%

Achieving forecast results to be driven by recurring revenue

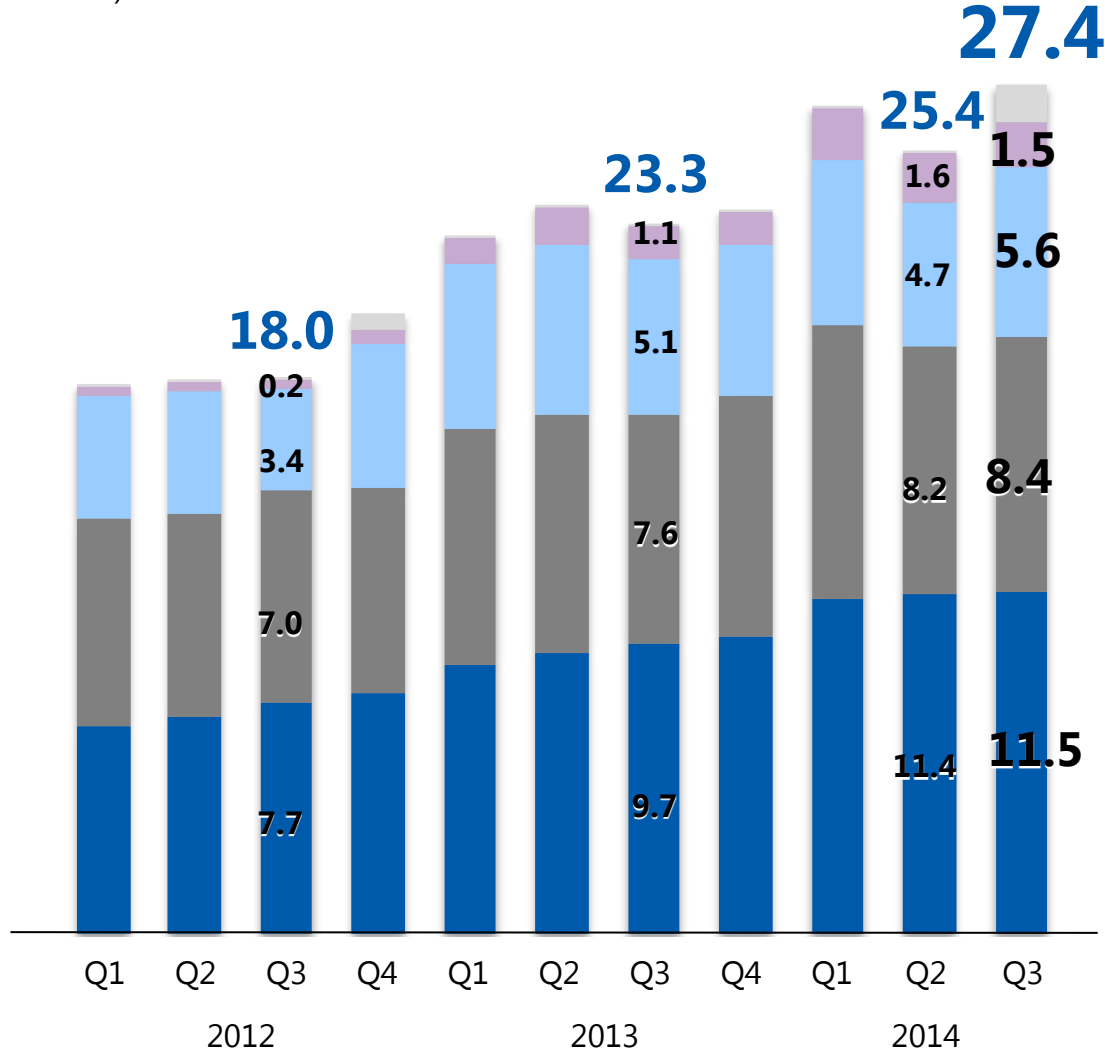
(JPY billions)	Forecast	1-9/2014	Progress
Net Sales	105.0	79.90	76%
Operating Profit	12.5	8.56	69%
Ordinary Profit	12.5	8.46	68%
Net profit	5.5	3.97	72%

(JPY billions)



Record High Sales and Profit

(JPY billions)

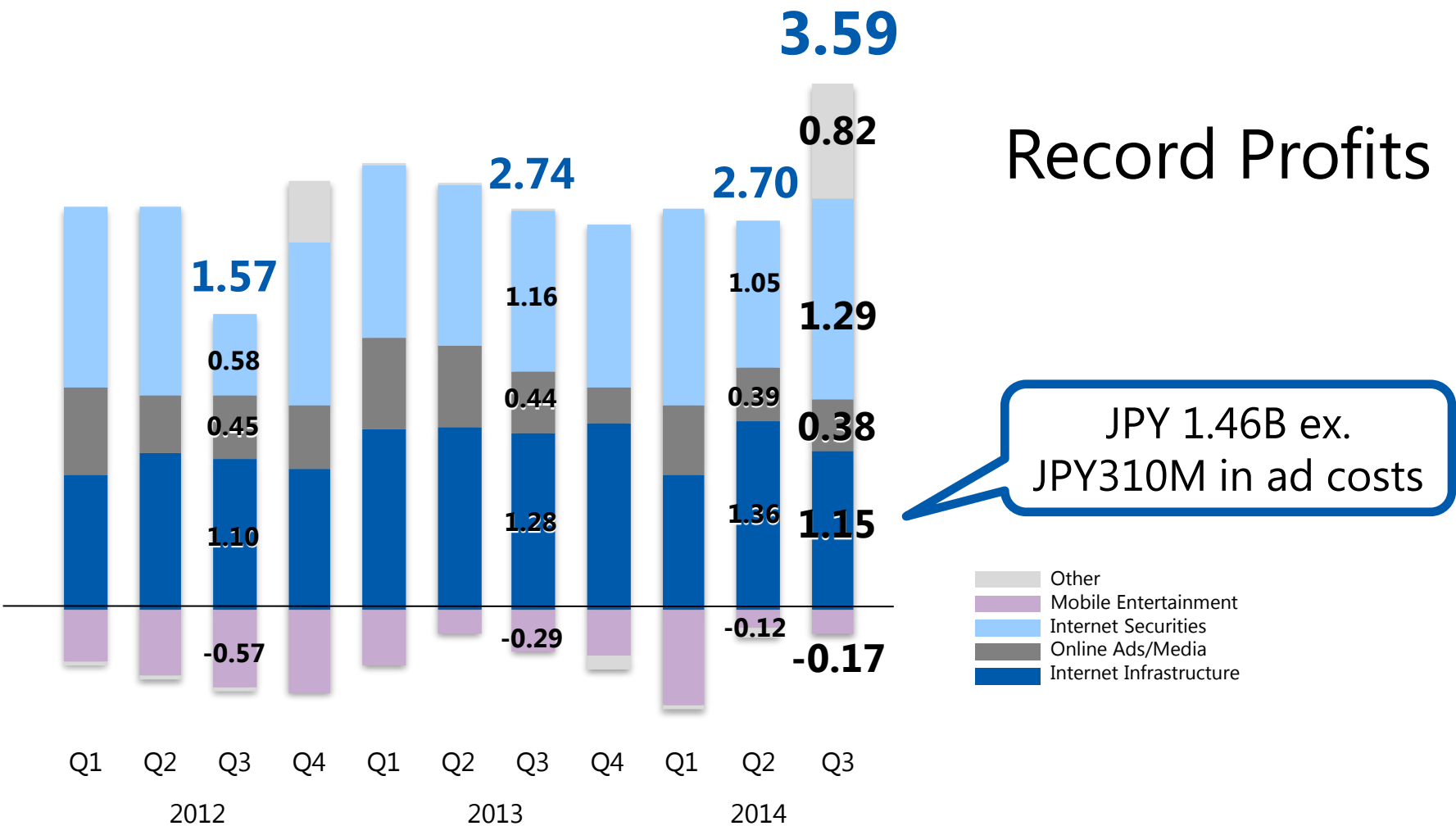


Sustained Growth Driven by Infrastructure

Revenue **18%** up (YoY)

- Other
- Mobile Entertainment
- Internet Securities
- Online Ads/Media
- Internet Infrastructure

(JPY billions)



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Consolidated Profit and Loss

(JPY100 millions)	Q3/2013 (1-9/2013)	Q3/2014 (1-9/2014)	% Change
Net Sales	699.9	799.0	14.2%
Cost of Sales	301.7	374.4	24.1%
Gross Profit on Sales	398.2	424.6	6.6%
SGA	312.0	339.0	8.6%
Operating Profit	86.1	85.6	-0.6%
(OP Margin)	12.3%	10.7%	-1.6%
Ordinary Profit	85.4	84.6	-1.0%
Extraordinary Profit	0.2	10.3	3963.9%
Extraordinary Loss	8.4	9.4	12.2%
Profit before Tax	77.2	85.4	10.6%
Corporate Tax	27.7	30.8	11.2%
(Corporate Tax Rate)	35.9%	36.1%	+0.2pt
Minority Interests	11.9	14.9	24.6%
Net Profit	37.5	39.7	5.7%

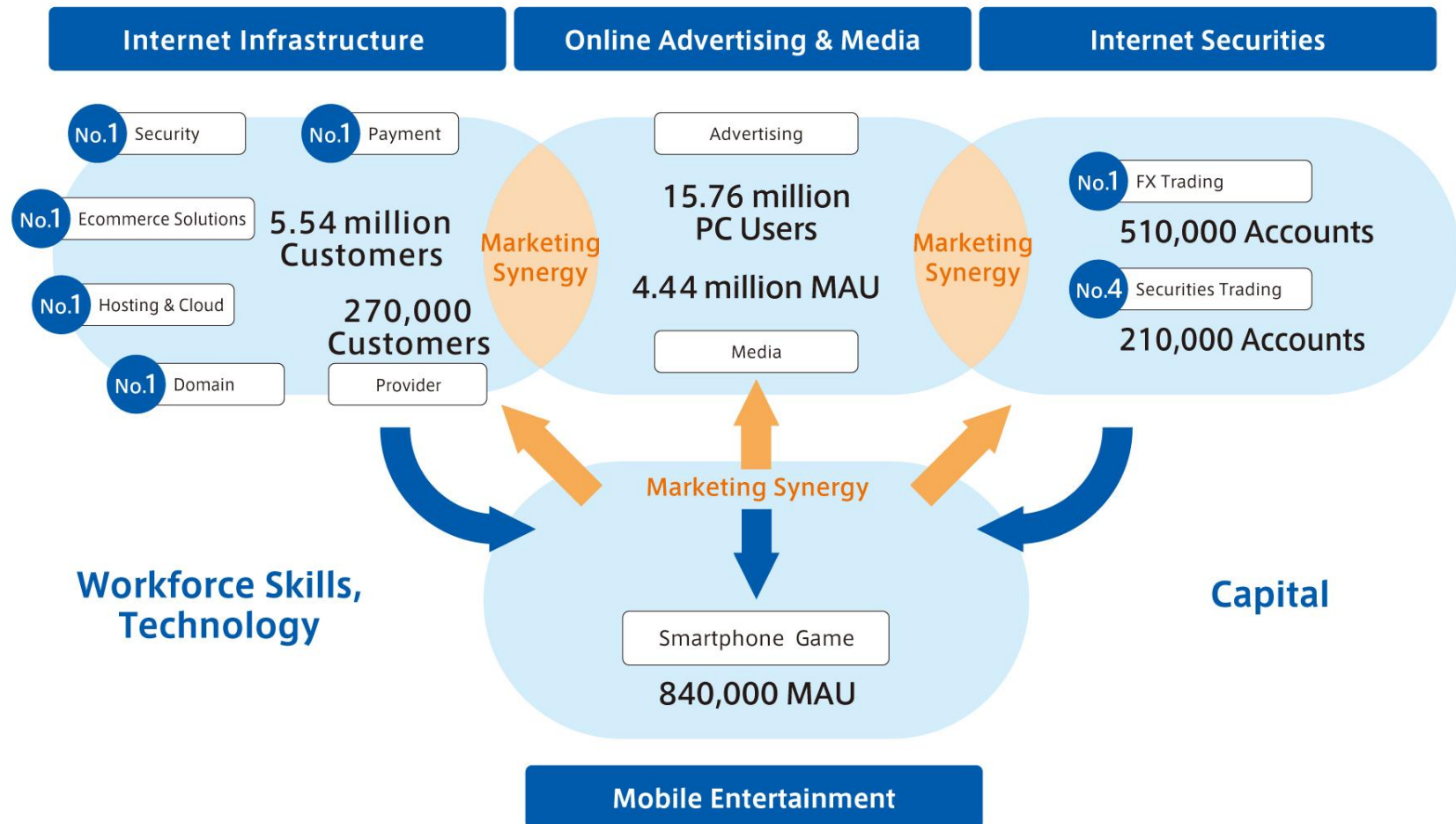
(JPY 100 millions)	12.31.2013	30.9.2014	Change	GMO CLICK HD (30.9.2014)	Change
Current Assets	4,078	4,515	10.7%	3,962	11.8%
Cash & deposits	574	716	24.6%	342	67.5%
Fixed assets	219	201	-7.9%	37	-5.7%
Goodwill	36	31	-13.1%	0	-95.3%
Software	40	45	12.9%	13	-7.5%
Investment Securities	18	17	-9.0%	0	29.0%
Total Assets	4,297	4,717	9.8%	4,000	11.6%
Liabilities	3,928	4,306	9.6%	3,818	12.5%
Interest-bearing debt	243	459	88.7%	358	250.3%
Net Assets	368	410	11.4%	181	-4.2%
Minority equity	118	135	13.8%	8	-8.4%
Treasury shares	249	275	10.2%	173	-4.0%
Earned surplus	157	180	14.5%	144	25.7%
(Shareholders' Equity Ratio)	5.8%	5.8%	+0.0pt	4.3%	-0.7pt
Liabilities/Net Assets Total	4,297	4,717	9.8%	4,000	11.6%

(JPY 100 millions)	Q3/2013 (1-9/2013)	Q3/2014 (1-9/2014)	GMO CLICK HD (1-9/2014)
Operating Cash Flow	9.8	-19.6	-77.3
Investing Cash Flow	-31.3	-32.5	-10.9
Financing Cash Flow	147.6	183.9	218.2
Change in Cash and Equivalents	128.6	132.7	130.5
Balance of Cash and Equivalents	549.4	662.2	289.9

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Business Segments (Composition)

Market share growth accelerating across all segments



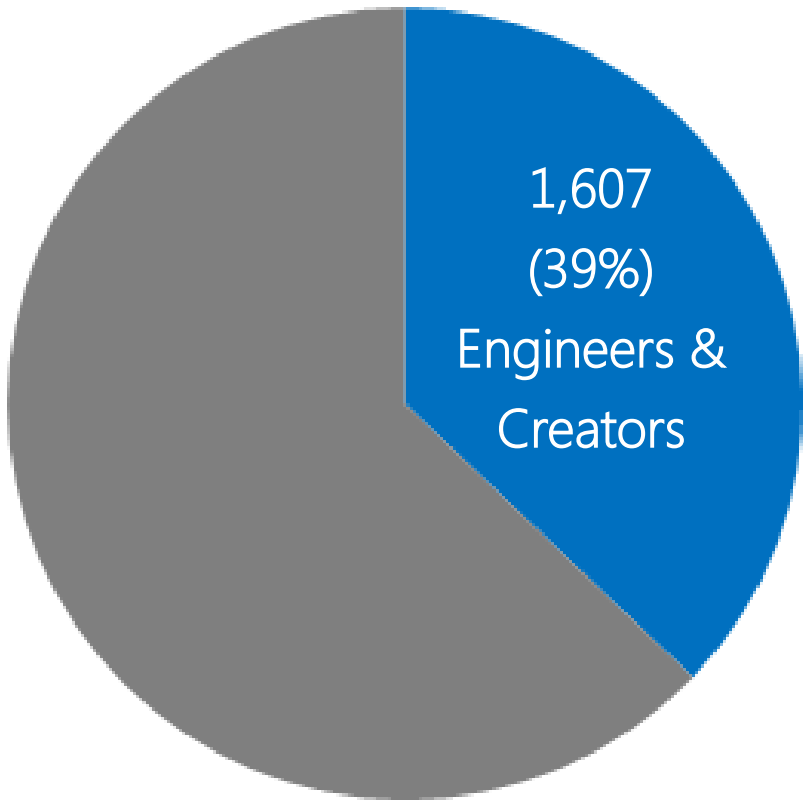
*1 Customer contracts in Internet Infrastructure (excluding Provider)

*2 Customer contracts in Provider sub-segment

*3 nielsen-online (9/2014)

Built with our own hands

4,072 Group Staff



All products developed, sold and supported in-house



Number 1 in Customer Satisfaction



GMO CLICK Securities Oricon Customer Service Awards No.1 in FX



GMO AppsCloud Top Award for 2 consecutive years



GMO CLOUD 2014 Business Cloud Triple A Rating



GMO GlobalSign SSL Global Information Security Product Excellence Award 2013



GMO Internet Microsoft Partner of the Year 2013 Hosting Competency Award

(as of 9/2014)

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Segment Composition

Number one across all infrastructure products

Strong No. 1 Domain



Domestic gTLD market share at 98.6%

*based on our own data

Strong No. 1 Hosting & Cloud



Domestic market share at 57.2%

*Webhosting.info

No. 1 Ecommerce



85,000 stores (71,000 paid stores)

No.1 Security



16.4% YoY increase in certificate issues

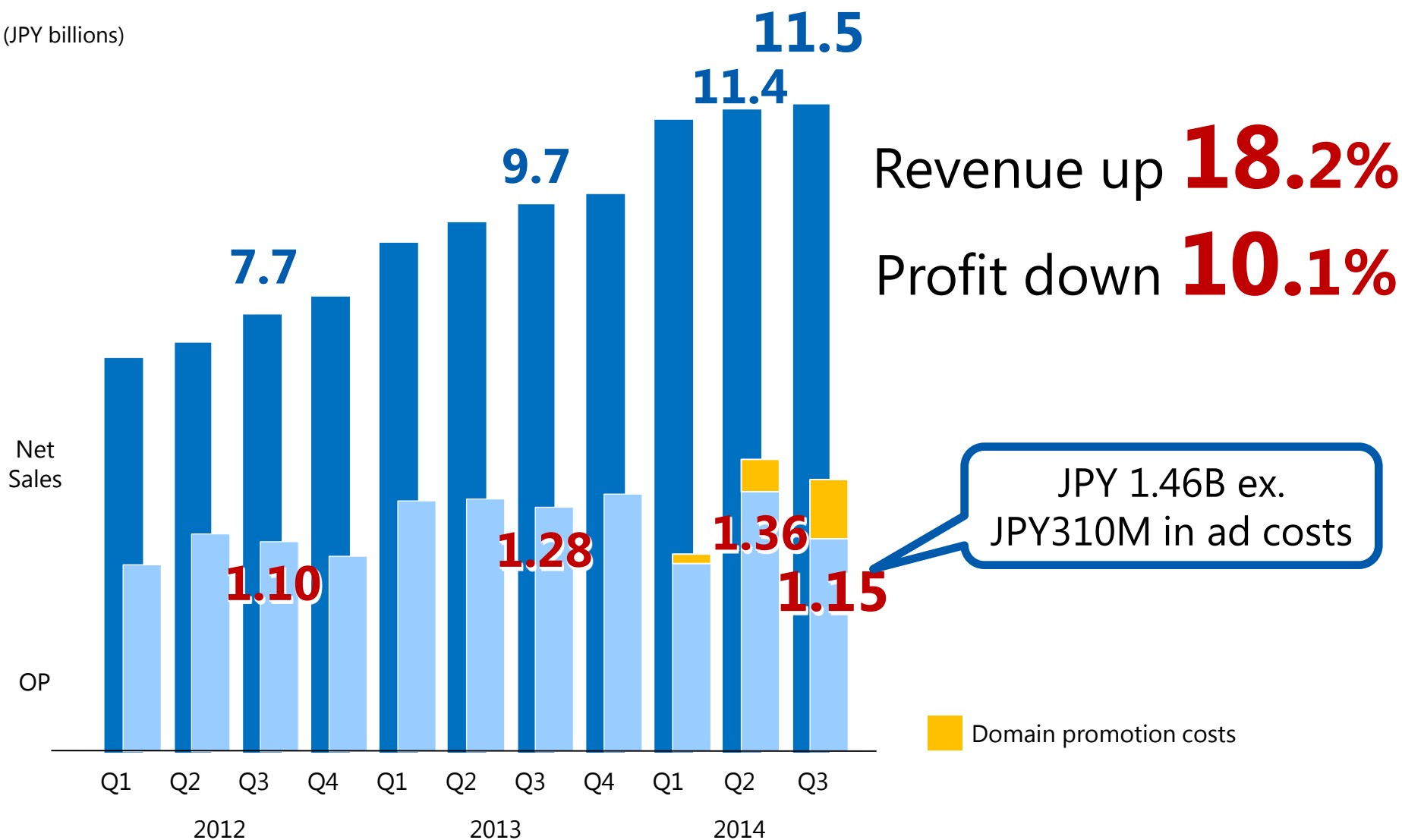
No. 1 Payment



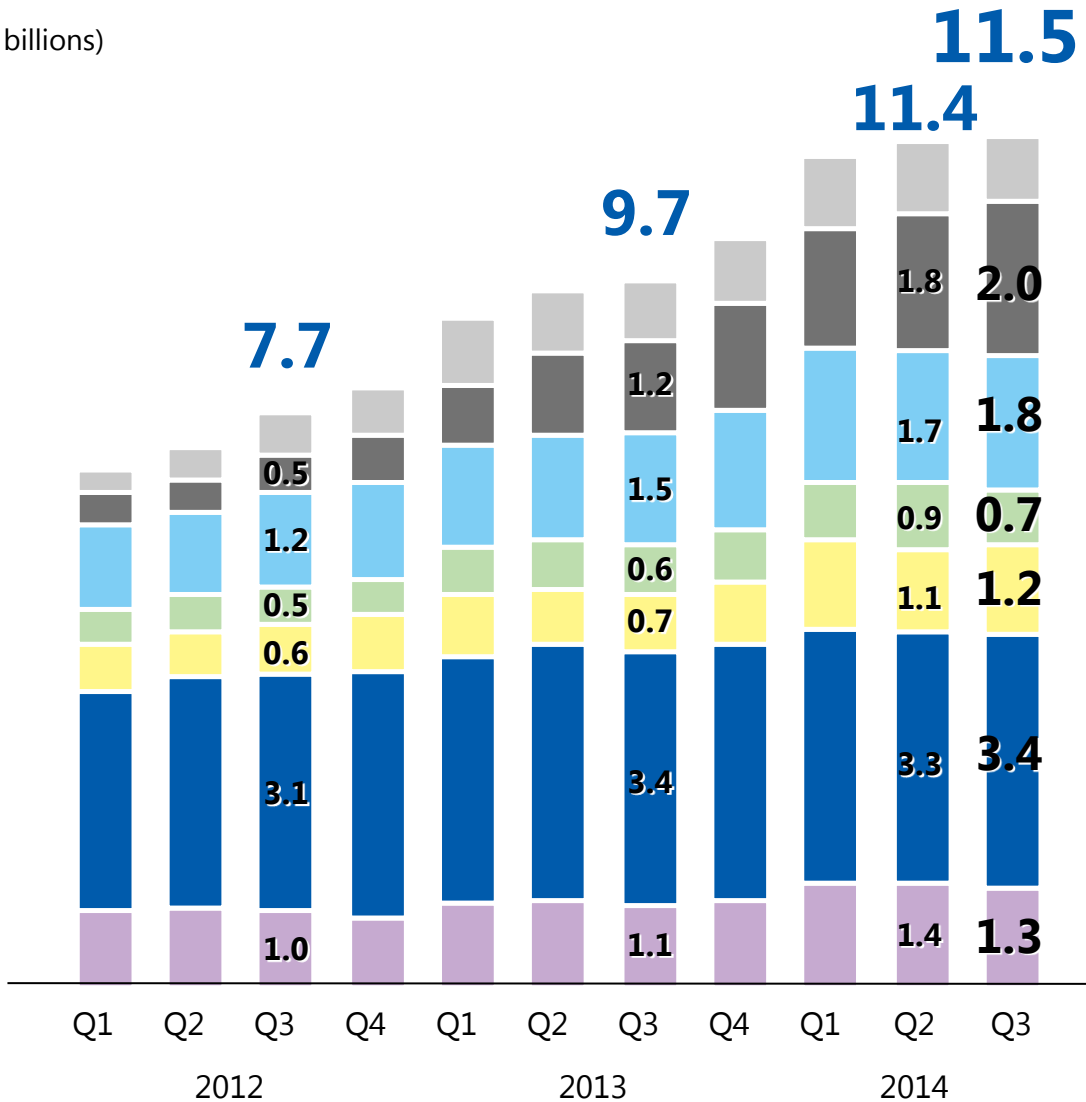
49,000 merchants

Historical Performance by Quarter

(JPY billions)

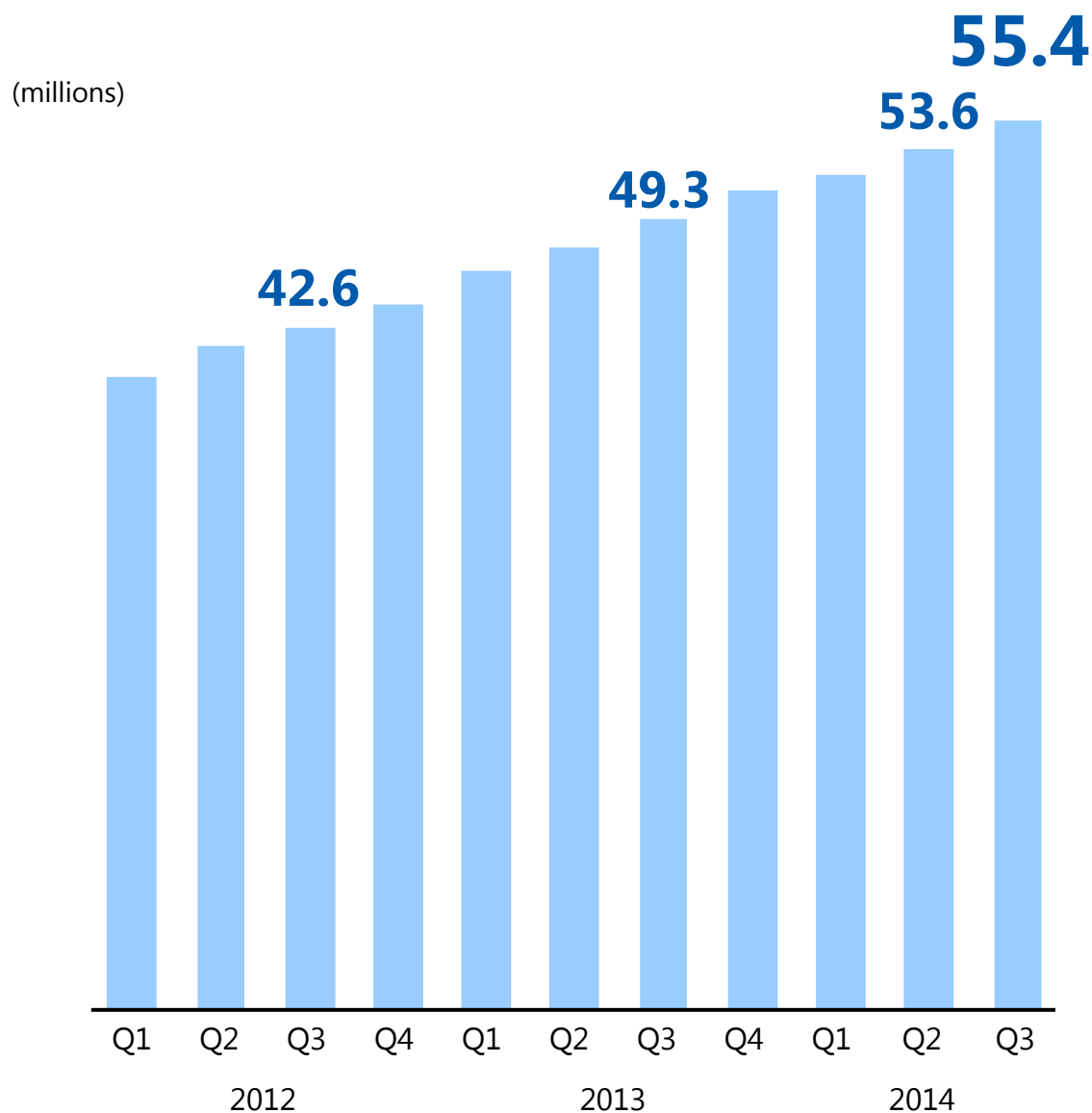


(JPY billions)



Record High Sales
JPY 11.5 billion

- Other
- Provider
- Payment
- Security
- Ecommerce Solutions
- Cloud & Hosting
- Domain



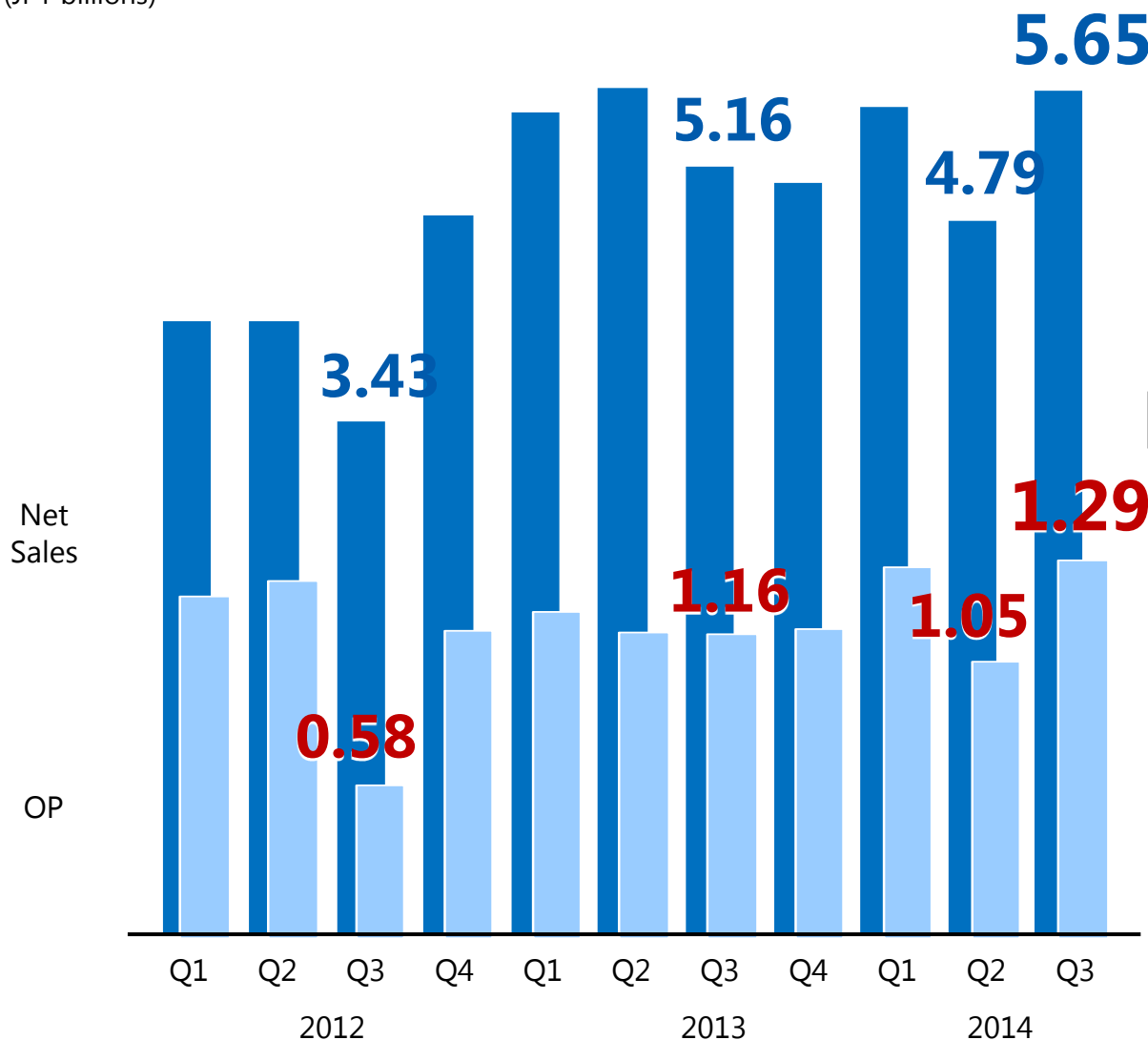
5.54M contracts
12.3% YoY growth

*Excludes Provider contracts (approx. 270,000 contracts)

*Excludes non-Japan Security contracts (approx. 20,000)

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(JPY billions)



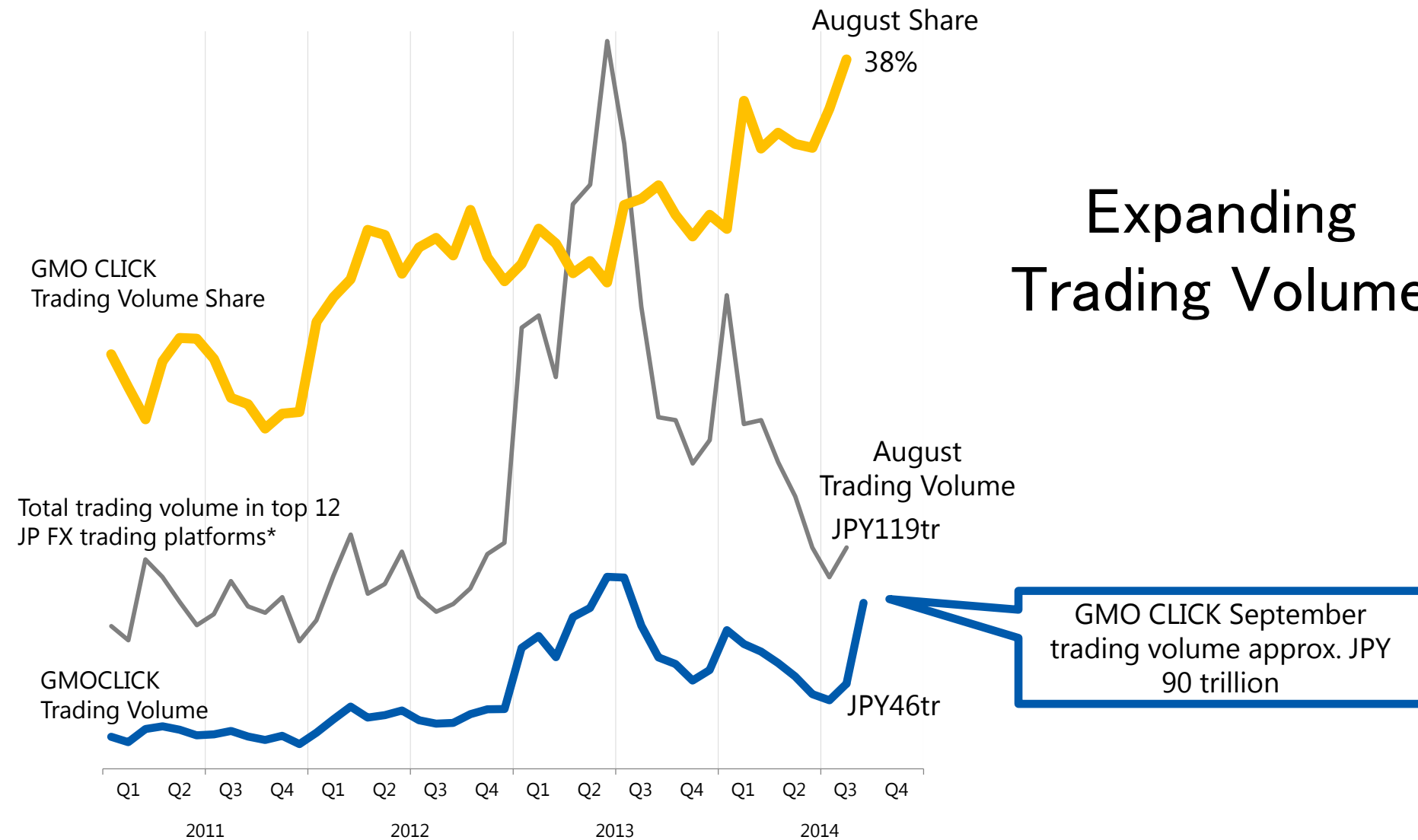
Market activity picks up

Revenue up **9.6%**

Profit up **10.4%**

FX/Securities Trading Volume

Expanding Trading Volume



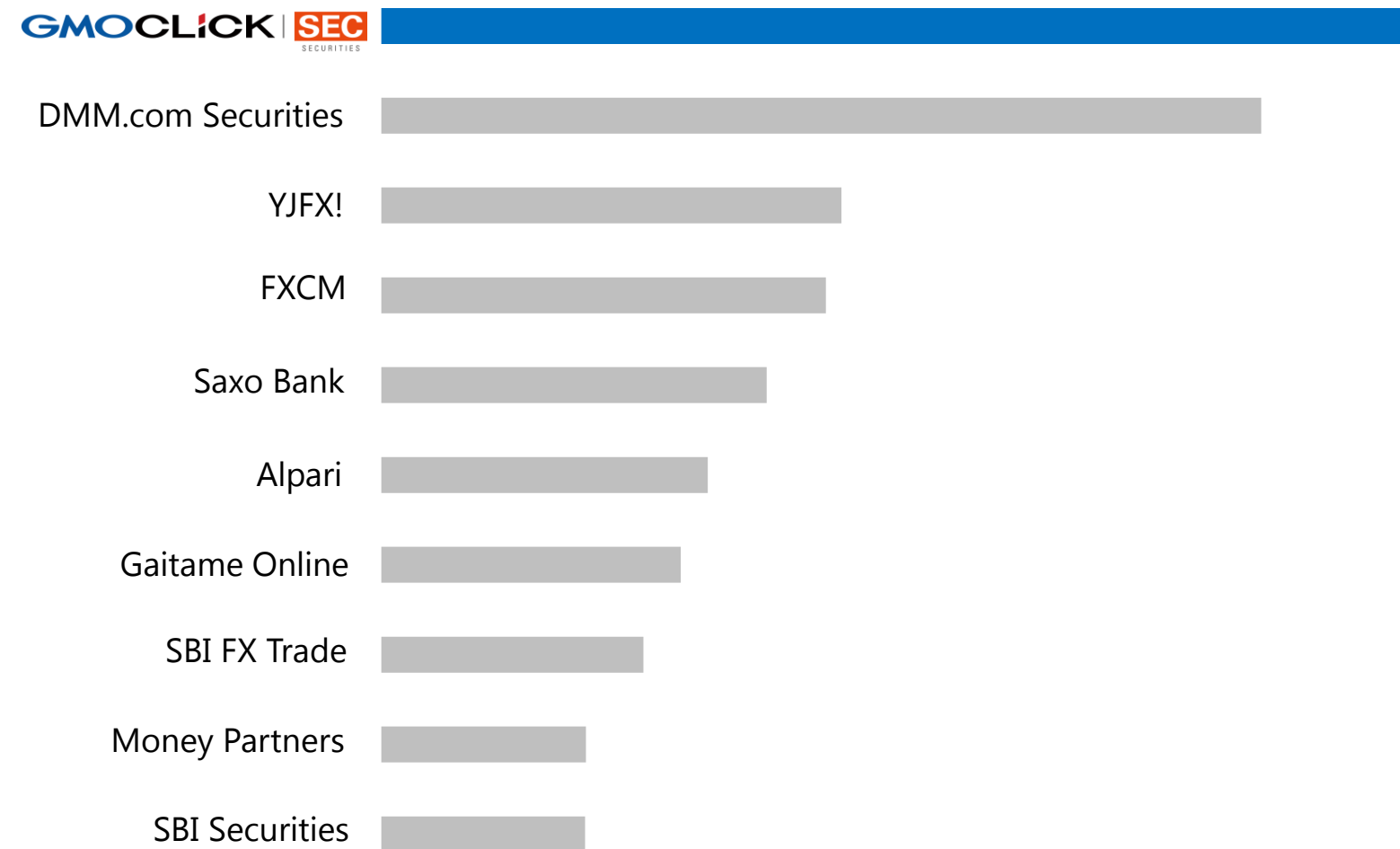
*Yano Research

GMO CLICK September trading volume approx. JPY 90 trillion

FX Trading Volume

Global high FX transaction volume for 2nd consecutive year

**World
No.1**

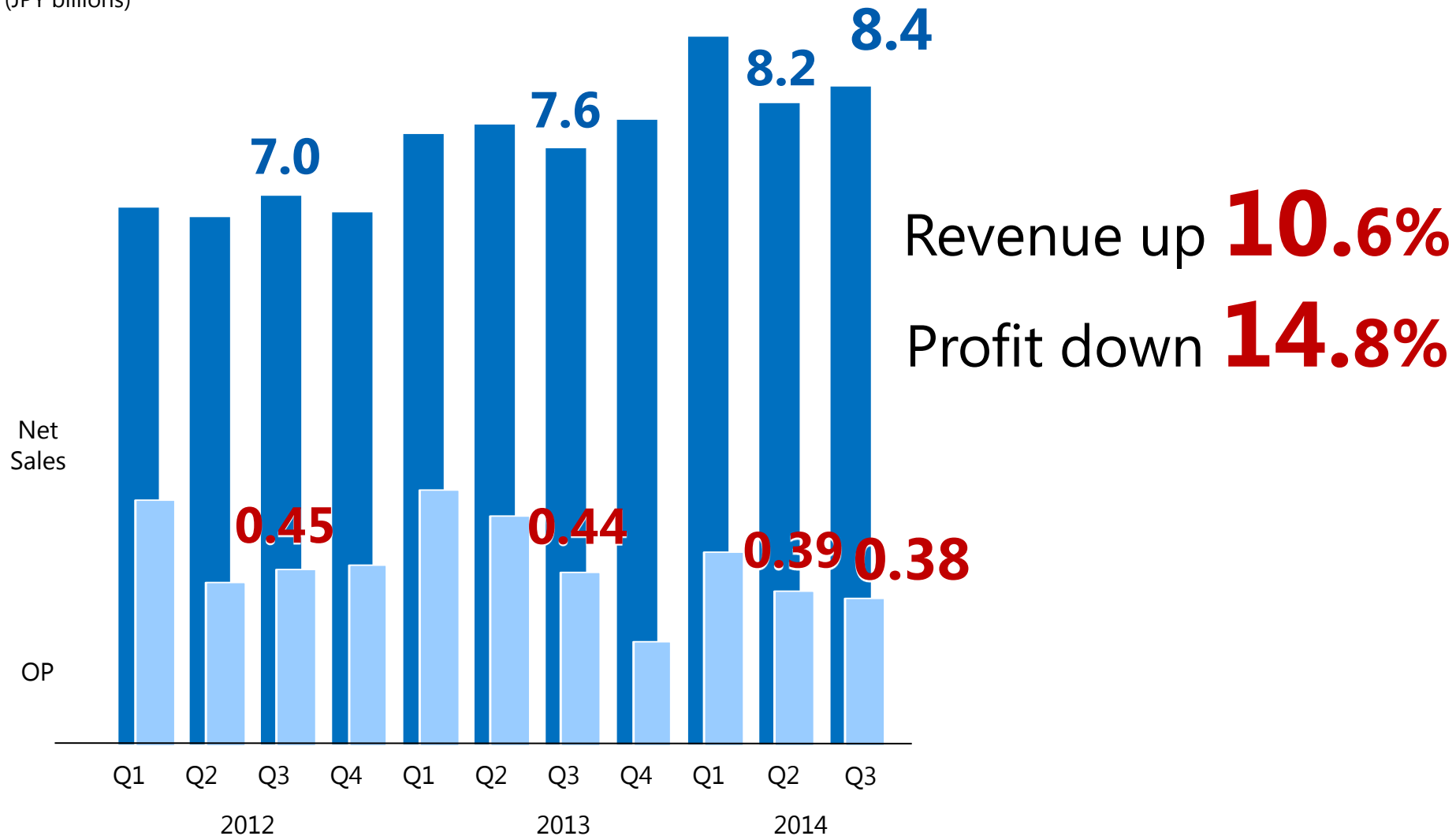


(Source: Forex Magnates, Transaction volume in 2013)

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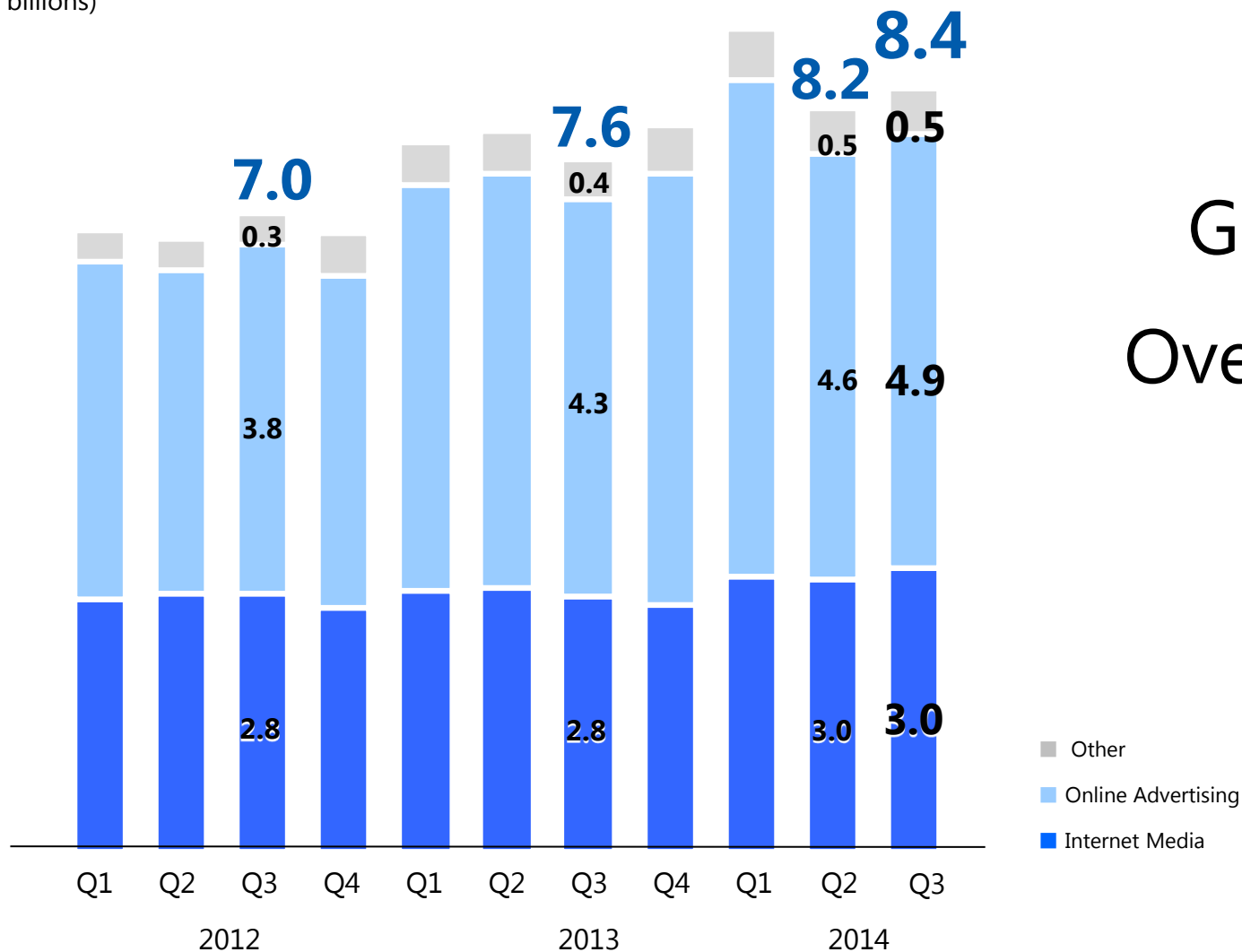
Historical Performance by Quarter

(JPY billions)



Net Sales

(JPY billions)



YoY
Growth
Over **10%**

- Other
- Online Advertising
- Internet Media

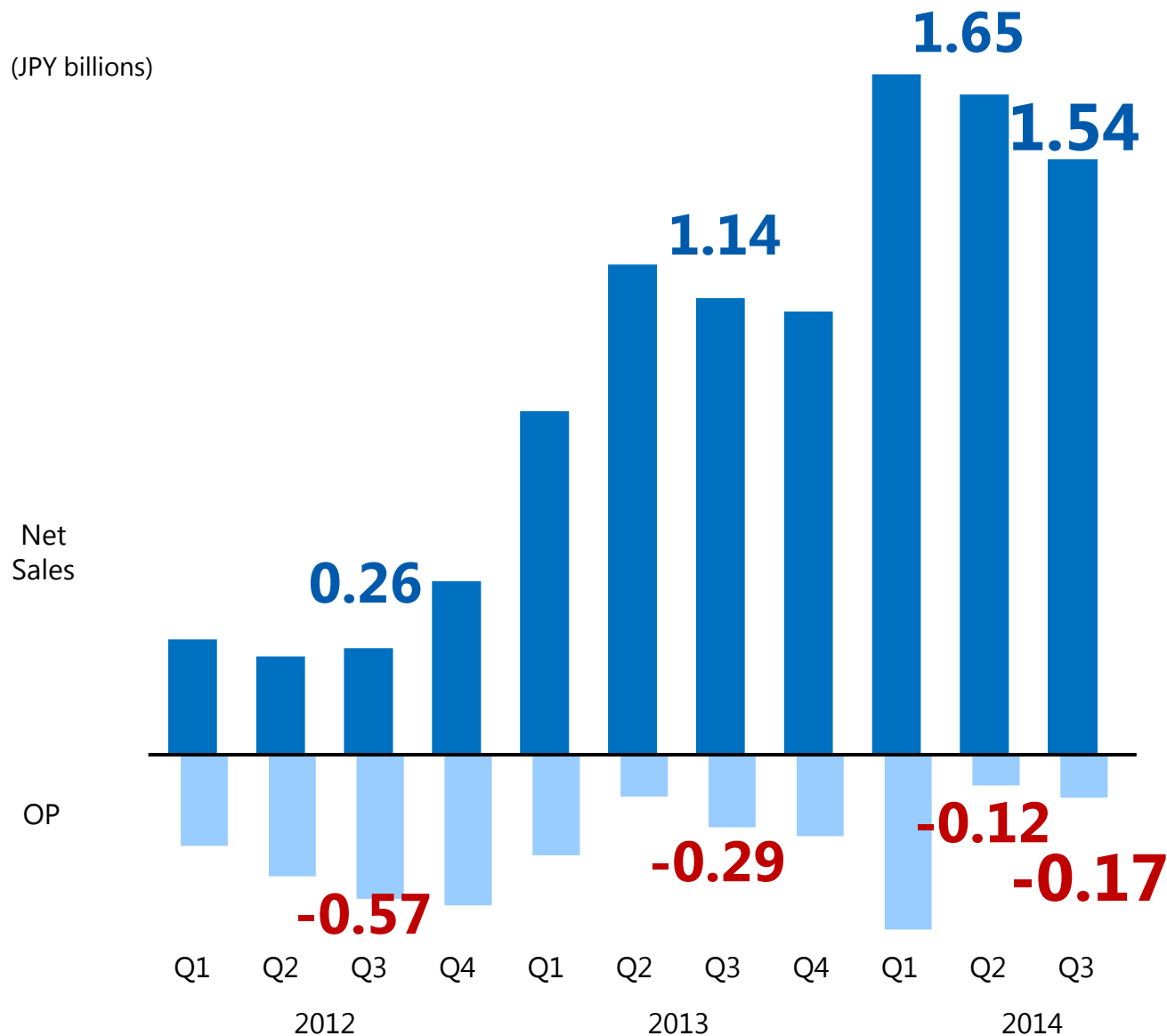


Ad Tech Shift

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Historical Performance by Quarter

(JPY billions)

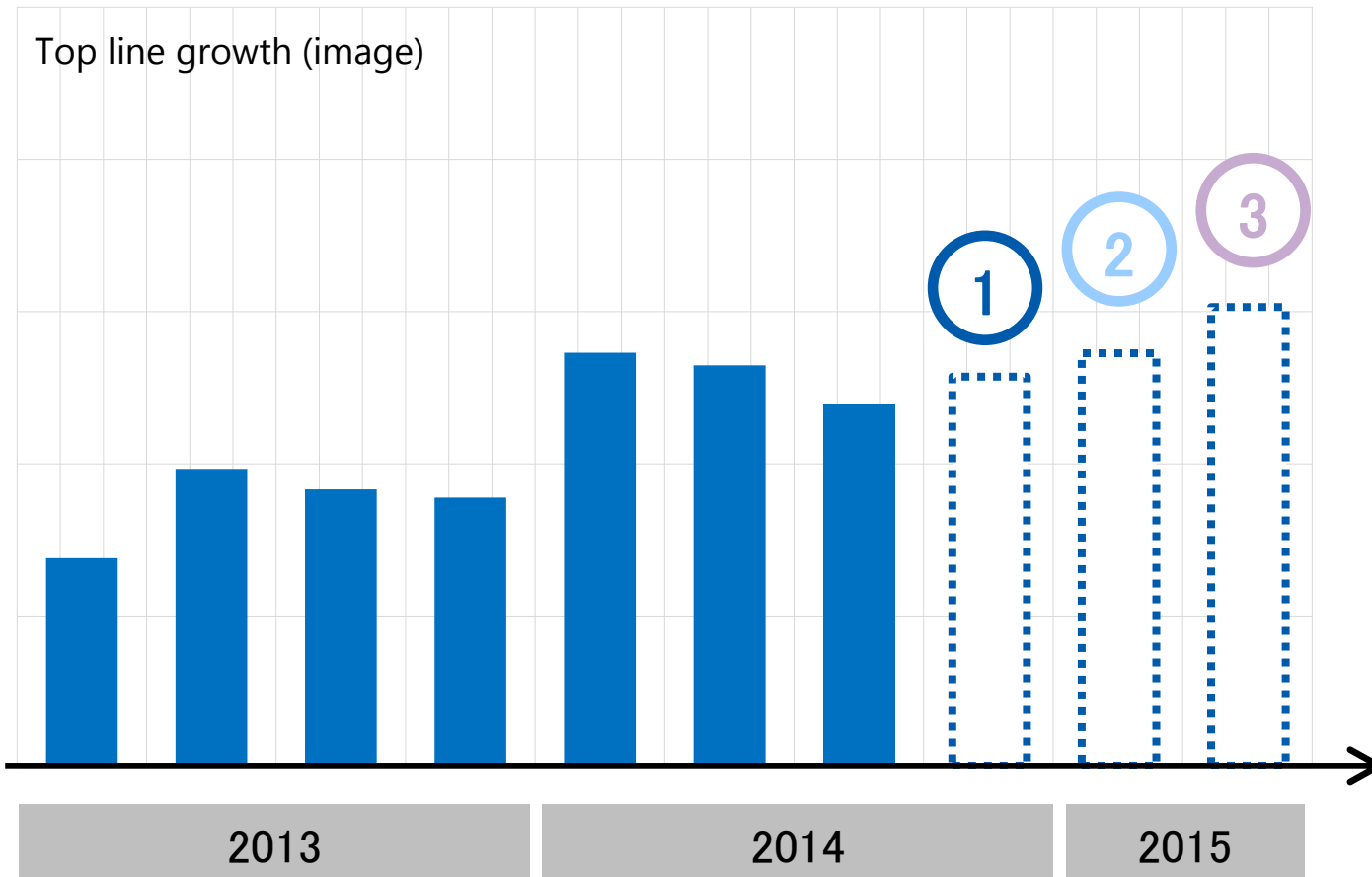


Insourcing of all titles complete

Quarterly profit still not achieved

Maintaining current operations to produce hit title

Top line growth (image)



New titles

- Several releases next year
- Timing TBA

LINE titles

- Ongoing fine-tuning
- Upside in global market

Existing titles

- Insourcing complete
- Horizontal growth

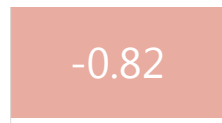
Set to achieve full-year forecast

(JPY billions)

Actual
Q3



3.59



-0.82

Q3 Incubation



+ 0.31

Promotion costs



Q4 Incubation



Strong Securities



Growth in legacy
businesses

Needed in
Q4



3.93

(Total forecast:
JPY12.5B)

Strengthening strengths and reinforcing weaker segments with strong products (no change)

Internet Infrastructure

Further Strengthening

Moving from investment phase to increased profits

Internet Securities

Further Strengthening

Reorganization and horizontal expansion (HK/UK)

Online Advertising &
Media

Developing No.1 Products

Technology shift

Mobile Entertainment

Developing No.1 Products

Cost control, aiming for upside

33%

Dividend Payout Ratio

Internet for Everyone

GMO

GMO INTERNET

This document includes projections based on expectations, premises and plans as of October 31, 2014. These projections may differ from actual results due to factors including changes in the global economy, competition, exchange rate fluctuations, natural disasters and other unforeseeable events. Some of the figures given, such as market share are based on our own calculations. These figures may differ from research agency figures.

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