3rd Quarter Fiscal Year 2015

Results Presentation

GMO INTERNET

STOCK CODE : 9449

October 30, 2015

1. Overview

2. Group News

3. Q3 Financial Results

4. Segment Report

i) Group Overview

ii) Internet Infrastructure

iii) Internet Securities

iv) Online Advertising & Media

v) Mobile Entertainment

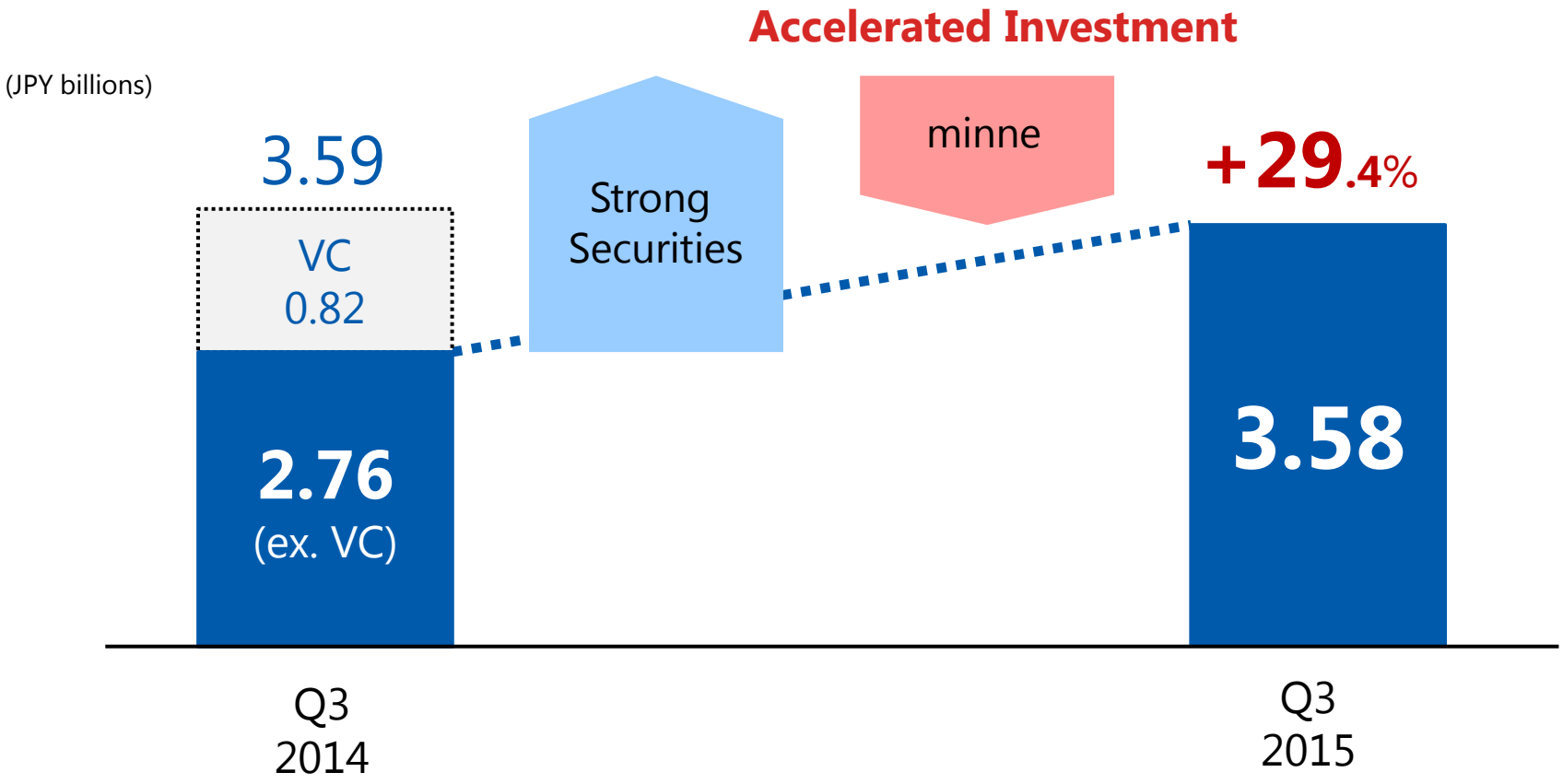
5. Important Themes in 2015

Executive Summary: Q3 FY2015 (7-9/2015)

GMO INTERNET

Results

- Operating Profit **3.58B** Up **29.4%** YoY after strategic investment (ex. VC)
- Strong results in Securities enable accelerated strategic investment in minne and other Infrastructure products



Executive Summary: Q3 FY2015 (7-9/2015)

GMO INTERNET

Full-Year Forecast

- Year end net profit forecast revised upward again to JPY**13.0B** (+JPY**4.0B**) following sale of GMO CLICK HD shares in business/capital alliance with Daiwa Securities
- No change to operating/ordinary profit forecast despite additional investment of JPY900M in Q4.

Segment Report

・Internet Infrastructure	Revenue up **22.8**% profit down **23.1**% Aggressive investment in minne (JPY 330M)
・Internet Securities	Profit up **97.7**% Global No. 1 in FX trading volume for third consecutive year
・Online Ad & Media	Revenue up **12.9**% profit down **43.2**% Accelerated investment in technology shift
・Mobile Entertainment	Strong KPI in Chain Heroes, a game developed completely in-house. Promotion to start in Q4.

Shareholder Returns Policy

GMO INTERNET

New objective in total shareholder returns policy (beginning in FY2016)

Total Shareholder Returns Ratio: 50%

- Dividend payout ratio: min. **33%**
- Share Buyback: **17%** *

＊Taking into consideration overall business performance, financial condition and stock price, the remainder of the 50% of consolidated net profits after paying out dividends will be used to execute share buybacks. Details to follow with full-year earnings announcement.

Dividend Policy

GMO INTERNET

- FY2015 net profit, dividends twice revised upward
- Dividend per share raised **JPY11** to **JPY37**
- Dividend payout ratio in current term reaches **33.5%**

(JPY)	Q1	Q2	Q3	Q4	Total
2014	4	4	4	5	17
2015 (forecast)	4+2 (inc. commemorative dividend)	5	5+2 (revised upward)	Up 5+ 3 +**11** **=19**	**26+11 =37**

GMO INTERNET

Strengthening strengths and Enhancing Weakness with No.1 Products

Internet Infrastructure	Strengthening Strengths In Japan: Brand Reinforcement Globally: Expansion into global markets
Internet Securities	Strengthening Strengths Expanding market share with technology-edge and cost leadership strategy
Online Ad & Media	Introducing No. 1 Products Focus on technology, proprietary product development
Mobile Entertainment	Introducing No. 1 Products Leveraging expertise with aim to produce hit title.

Q3 Financial Results

GMO INTERNET

Significant profits, new record high

(JPY billions)	1-9/2014	1-9/2015	YoY Growth
Net Sales	79.90	**94.83**	**+18.7%**
Operating Profit	8.56	**12.07**	**+41.0%**
Ordinary Profit	8.46	**11.95**	**+41.3%**
Net Profit	3.97	**8.55**	**+115.3%**

Progress toward Year End Forecasts

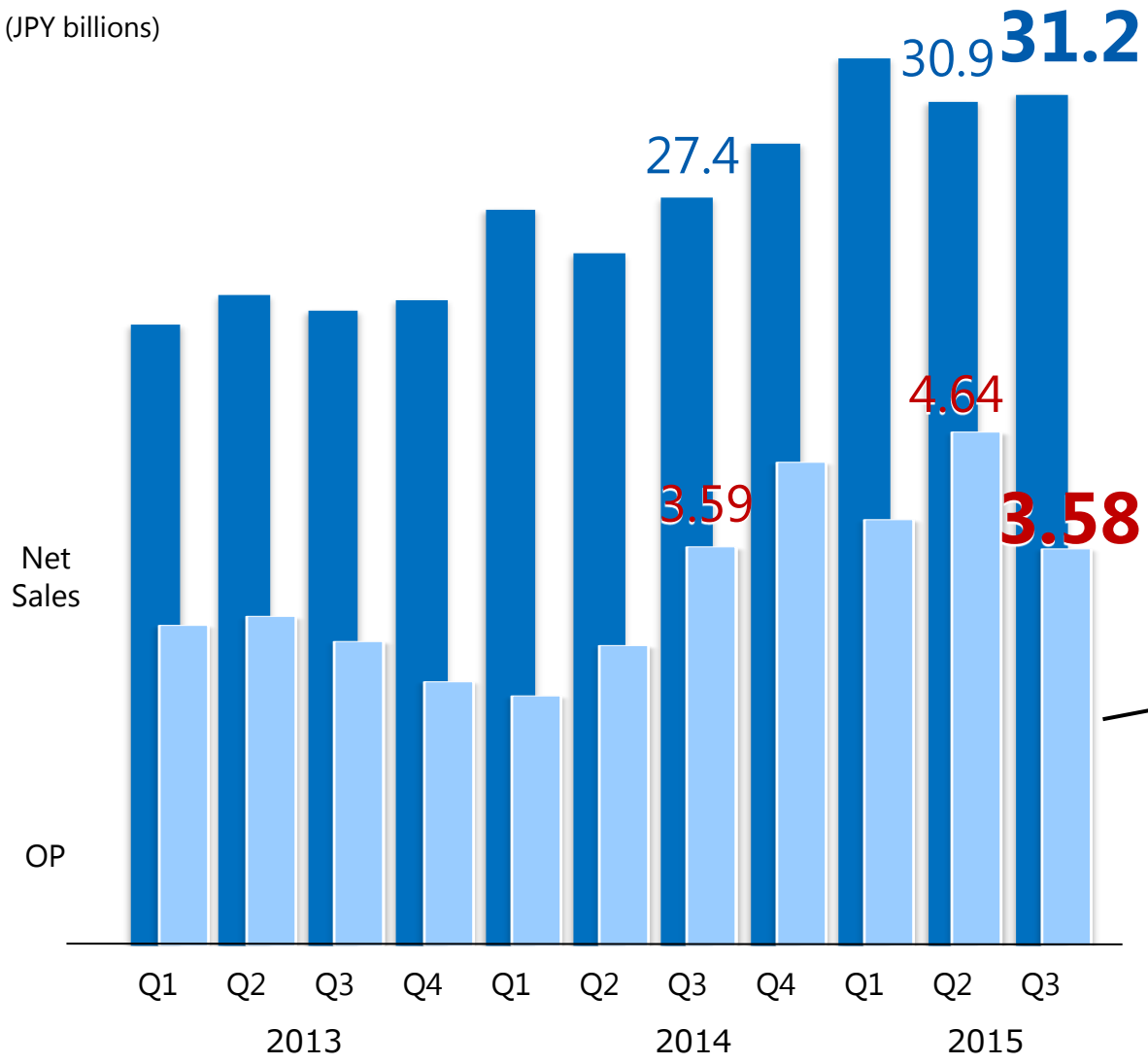
GMO INTERNET

Strong progress in FY2015, upward revision of net profit

(JPY billions)	FY2015 Forecast	1-9/2015	Progress
Net Sales	121.0	**94.83**	78.4%
Operating Profit	14.3	**12.07**	84.4%
Ordinary Profit	14.3	**11.95**	83.6%
Net Profit	9.0	**8.55**	95.0%

13B upward revision

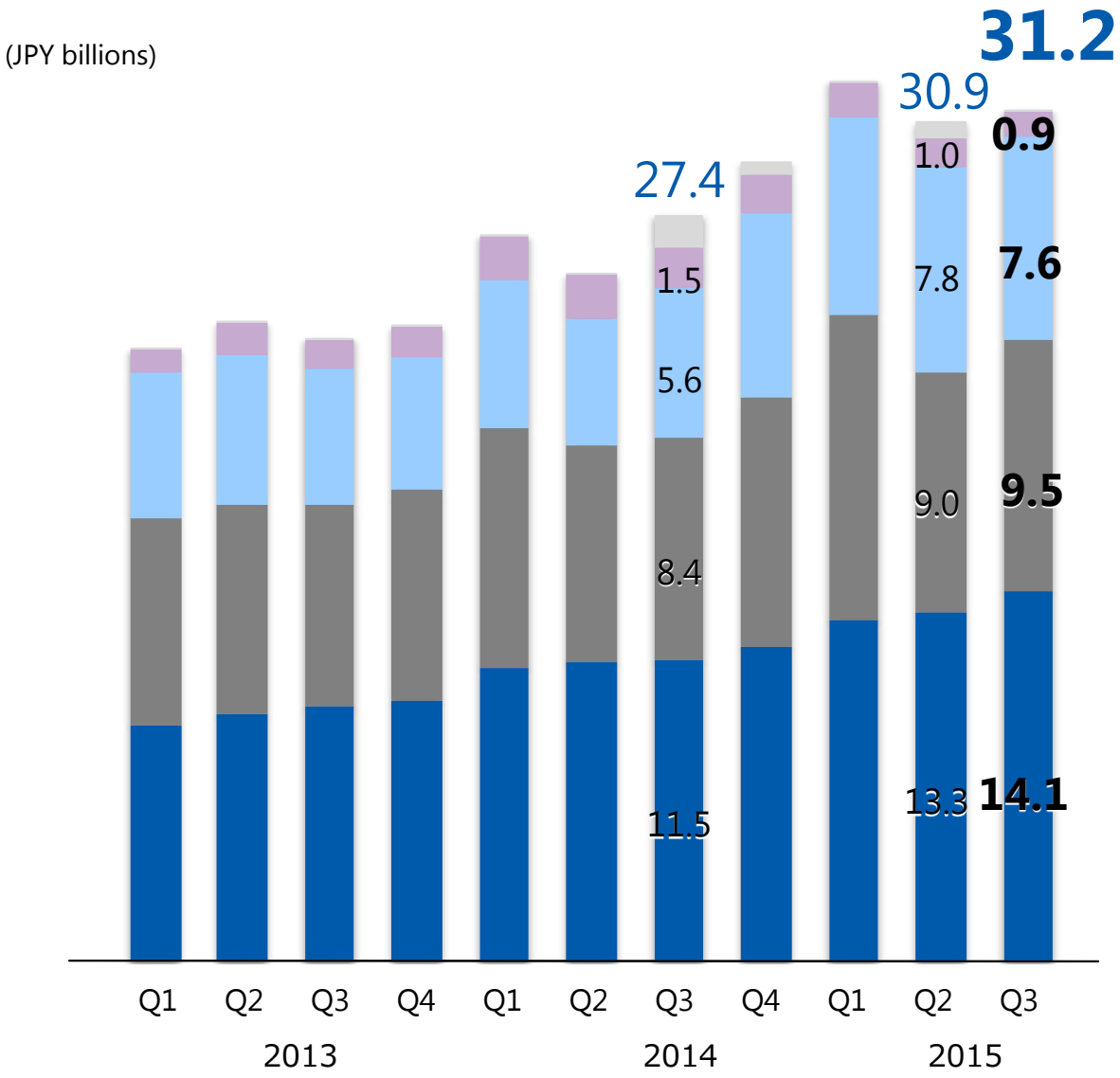
Quarterly Earnings



Generating High Profits even after Strategic Investment

minne promotion JPY330M
Goodwill in IAM business JPY70M

Net Sales by Segment



Revenue up

13.9%

3rd consecutive quarter over

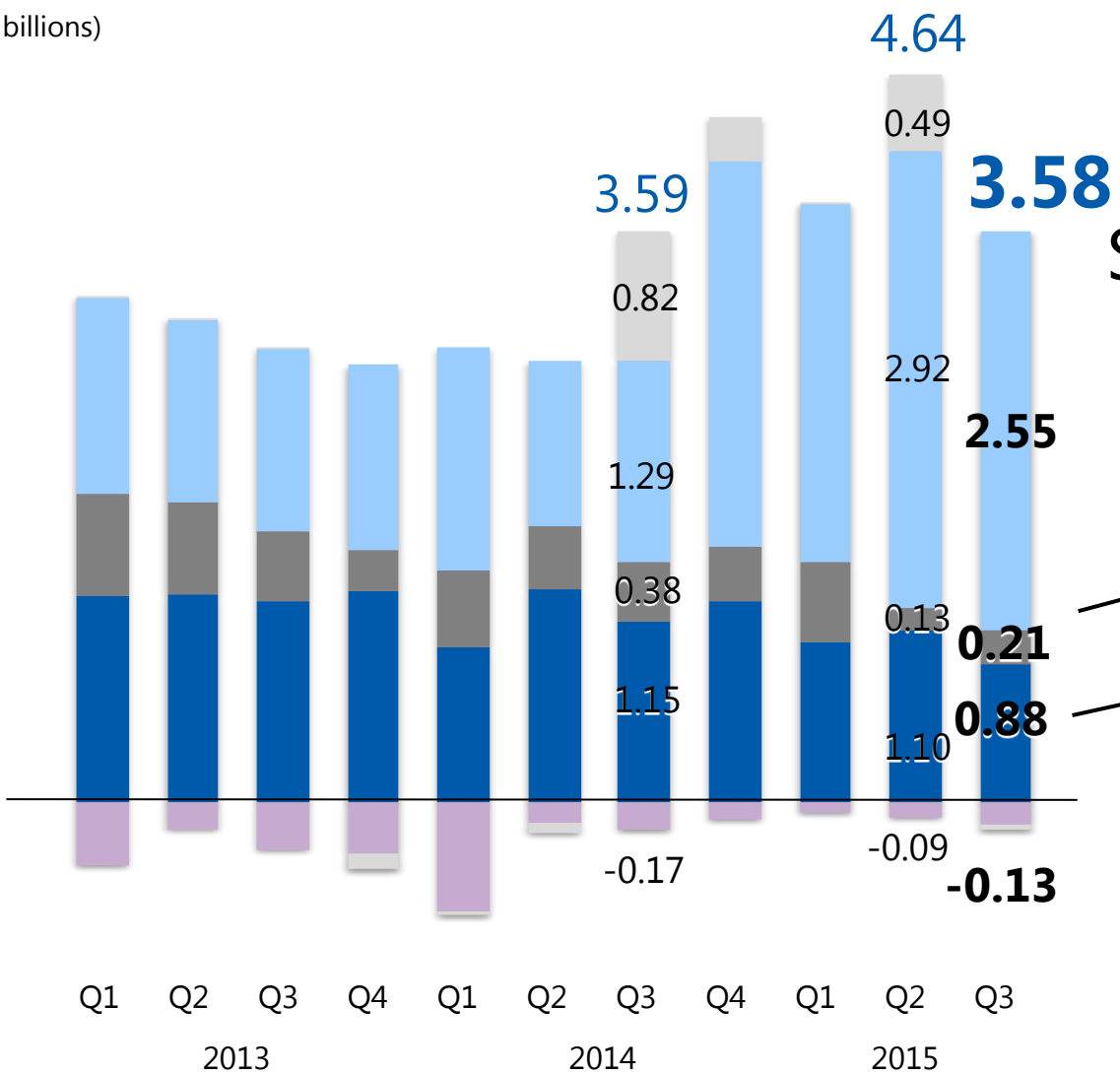
JPY30B

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

Profit by Segment

GMO INTERNET

(JPY billions)



Strong Securities

Accelerated Strategic Investment

Investment in technology shift JPY90M

minne promotion JPY330M

Goodwill in IAM business JPY70M

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

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GMO Media - IPO

GMO MEDIA

Listed on 10/23
（TSE Mothers: 6180）

GMO Media – Major Media & Content

GMO INTERNET

Focus on affiliate model ecommerce media.

Smartphone apps targeting women drive growth.

	Ecommerce Media	Social Media
Native Apps Web	Point Town by GMO	CoordiSnap by GMO prican by GMO yaplog! by GMO
Web	ゲットでん by GMO	壁紙.com by GMO freeml by GMO teacup. by GMO RankingShare by GMO

User Base

19.33 million members
44.92 million app downloads

Strengths

Technology, In-House Development

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Consolidated Profit and Loss

(JPY 100 millions)	Q3 2014 (1-9/2014)	**Q3 2015 (1-9/2015)**	YoY Change
Net Sales	799.0	**948.3**	18.7%
Cost of Sales	374.4	**445.0**	18.8%
Gross Profit on Sales	424.6	**503.3**	18.5%
SGA	339.0	**382.5**	12.9%
Operating Profit	85.6	**120.7**	41.0%
(OP Margin)	10.7%	**12.7%**	+2.0pt
Ordinary Profit	84.6	**119.5**	41.3%
Extraordinary Profit	10.3	**56.0**	442.4%
Extraordinary Loss	9.4	**12.3**	29.8%
Profit before Tax	85.4	**163.3**	91.0%
Corporate Tax	30.8	**65.2**	111.4%
(Corproate Tax Rate)	36.1%	**39.9%**	+3.8pt
Minority Interests	14.9	**12.5**	-15.9%
Net Profit	39.7	**85.5**	115.3%

Consolidated Balance Sheet

(JPY 100 millions)	12/2014	**9/2015**	Change	GMO Click HD (9/2015)	Change
Current Assets	4,612	**5,256**	14.0%	4,526	13.3%
Cash & deposits	695	**668**	-3.8%	184	-30.3%
Fixed aasets	221	**215**	-2.4%	35	-6.5%
Goodwill	39	**30**	-23.5%	-	-100.0%
Software	42	**47**	11.3%	14	15.3%
Investment securities	23	**27**	17.1%	2	241.0%
Total Assets	4,833	**5,471**	13.2%	4,561	13.1%
Liabilities	4,394	**4,921**	12.0%	4,333	13.0%
Interesting-bearing debt	300	**585**	95.3%	497	173.4%
Net Assets	438	**550**	25.4%	227	15.2%
Minority Equity	146	**192**	32.0%	-	-100.0%
Shareholders' Equity	292	**356**	22.1%	227	20.7%
Earned Surplus	194	**261**	34.4%	196	21.2%
(Shareholders' Equity Ratio)	6.1%	**6.5%**	+0.4pt	5.0%	+0.3pt
Liabilties/ Net Assets Total	4,833	**5,471**	13.2%	4,561	13.1%

Market Cap / Equity Share in Listed Group Companies

Group Listed Companies – Equity Share

GMO INTERNET

Stock Code	Stock Name	Exchange	Market Cap *1 (JPY 100millions)	% Ownership *2	Equity Share (JPY 100millions)	Market Cap/Equity Share Ratio
9449	GMO Internet	TSE 1	2,058			
3769	GMO Payment Gateway	TSE1	1,809	51.6%	933	
7177	GMO CLICK Holdings	TSE JQS	974	92.7%	903	
6180	GMO Media	TSE MOTHERS	123	60.8%	75	
3633	GMO Pepabo	TSE JQS	115	65.1%	75	
3788	GMO CLOUD	TSE 1	92	51.3%	47	
4784	GMO AD Partners	TSE JQS	77	54.8%	42	
6026	GMO TECH	TSE MOTHERS	56	52.2%	29	
6180	GMO Research	TSE MOTHERS	26	53.9%	19	
	Group Total		5,330 *3		2,119	

*1 Market value as of 10/29/2015
*2 Includes indirect holdings
*3 Calculated as the sum of the listed market cap values

Consolidated Cash Flow

GMO INTERNET

(JPY 100 millions)	Q3 FY/2014 (1-9/2014)	**Q3/FY2015 (1-9/2015)**	GMO CLICK HD (1-9 /2015)
Operating Cash Flow	-19.6	**-339.4**	-352.7
Investing Cash Flow	-32.5	**58.8**	27.9
Financing Cash Flow	183.9	**286.6**	279.2
Change in Cash and Equivalents	132.7	**4.9**	-45.7
Balance of Cash and Equivalents	662.2	**658.4**	175.5

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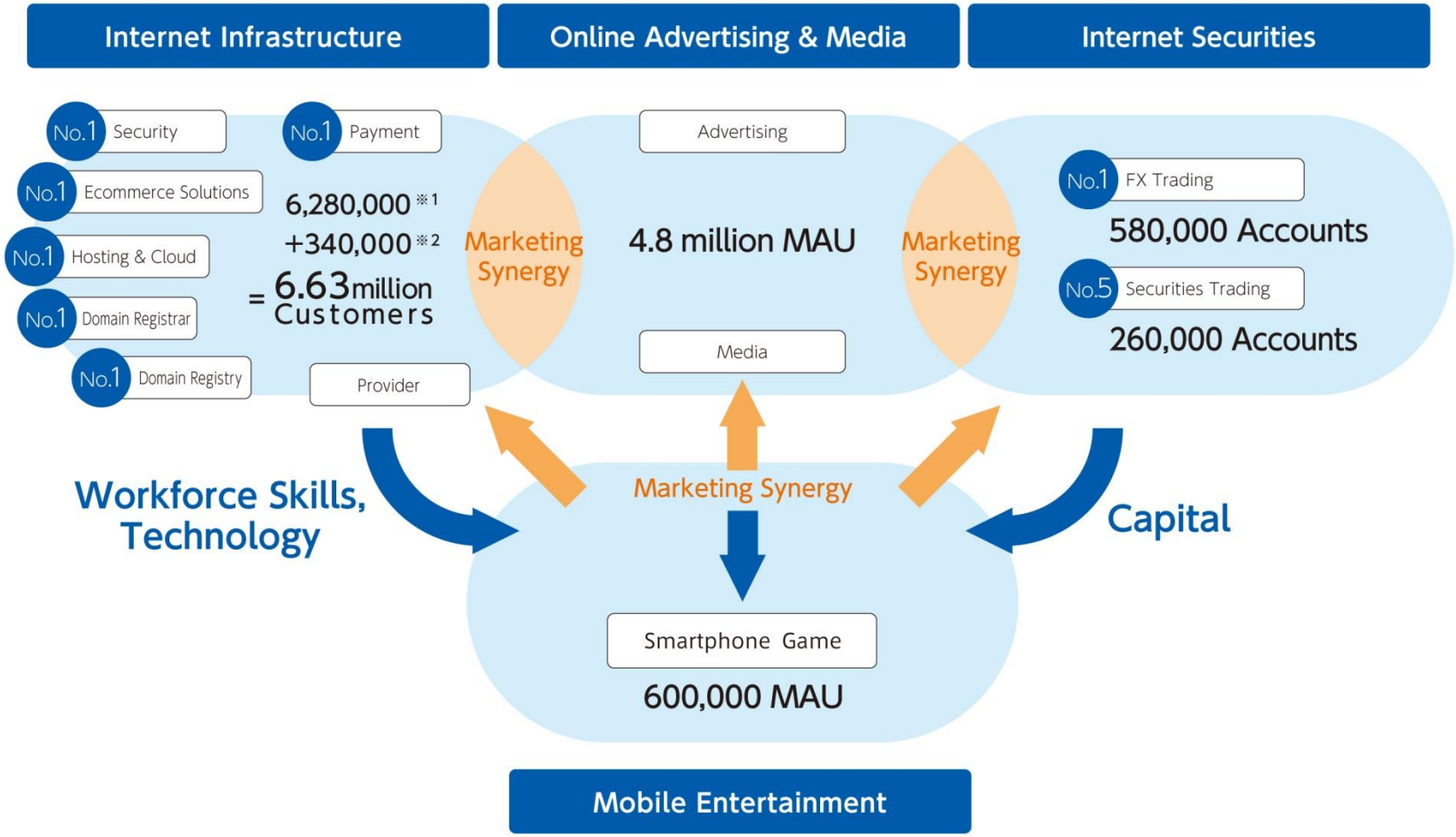
Business Segments (Composition)

GMO INTERNET

Market share growth accelerating across all segments

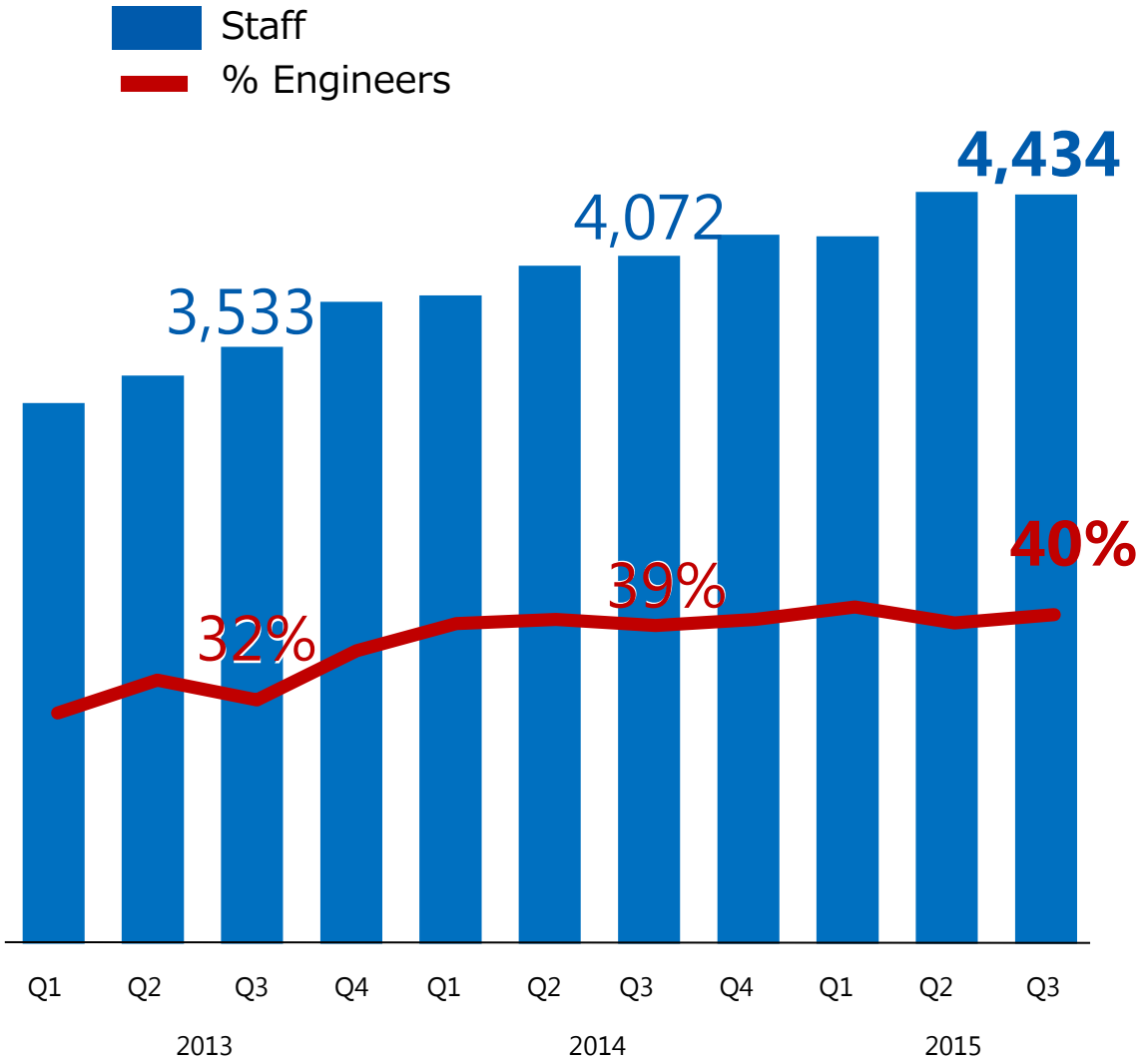


*1 Customer contracts in Internet Infrastructure (excluding Provider)
*2 Customer contracts in Provider sub-segment

Strengths - Technology

GMO INTERNET

Goal: Workforce of over 50% engineers



All products developed, sold and supported in-house

No.1 in Customer Satisfaction

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Segment Composition

Number one across all infrastructure products

Strong No. 1	Domain Registry	GMO REGISTRY, Brights Consulting	Brand TLDs / Geo TLDs 81.7% of gTLD market in Japan *1
Strong No. 1	Domain Registrar	お名前.com, MyMyDomain by GMO ペパボ, DigiRock,Inc.	Domestic gTLD market share at 90.2%*2
Strong No. 1	Hosting & Cloud	お名前.com レンタルサーバー, LOLIPOP! RENTAL SERVER by GMO ペパボ, GMO Cloud, ConoHa by GMO, GMO AppsCloud, CORESERVER.JP	Domestic market share at 54.1% *3
No. 1	Ecommerce	カラーミーショップ by GMO ペパボ, MakeShop by GMO	85,000 stores (73,000 paid stores)
No.1	Security	GlobalSign GMO INTERNET GROUP	13.4% YoY increase in certificate issues
No. 1	Payment	GMO PAYMENT GATEWAY, GMO EPSILON	59,000 merchants

*1 Based on our own data
*2Based on ICANN data
*3 Based on Webhosting.info data

Business Partnership with Brights Consulting

Strengthening our Strengths – Domain Business

GMO INTERNET

Japan gTLD operation and management

GMO REGISTRY

Brights® Consulting

GeoTLDs	Brand TLDs	
TOKYO	CANON	MTPC
YOKOHAMA	DATSUN	NHK
KYOTO	DNP	NICO
NAGOYA	GGEE	NISSAN
OKINAWA	GMO	OTSUKA
RYUKYU	GOLDPOINT	SUZUKI
	GOO	TOSHIBA
	HITACHI	YODOBASHI
	INFINITI	
	JCB	
	KDDI	
	LOTTE	

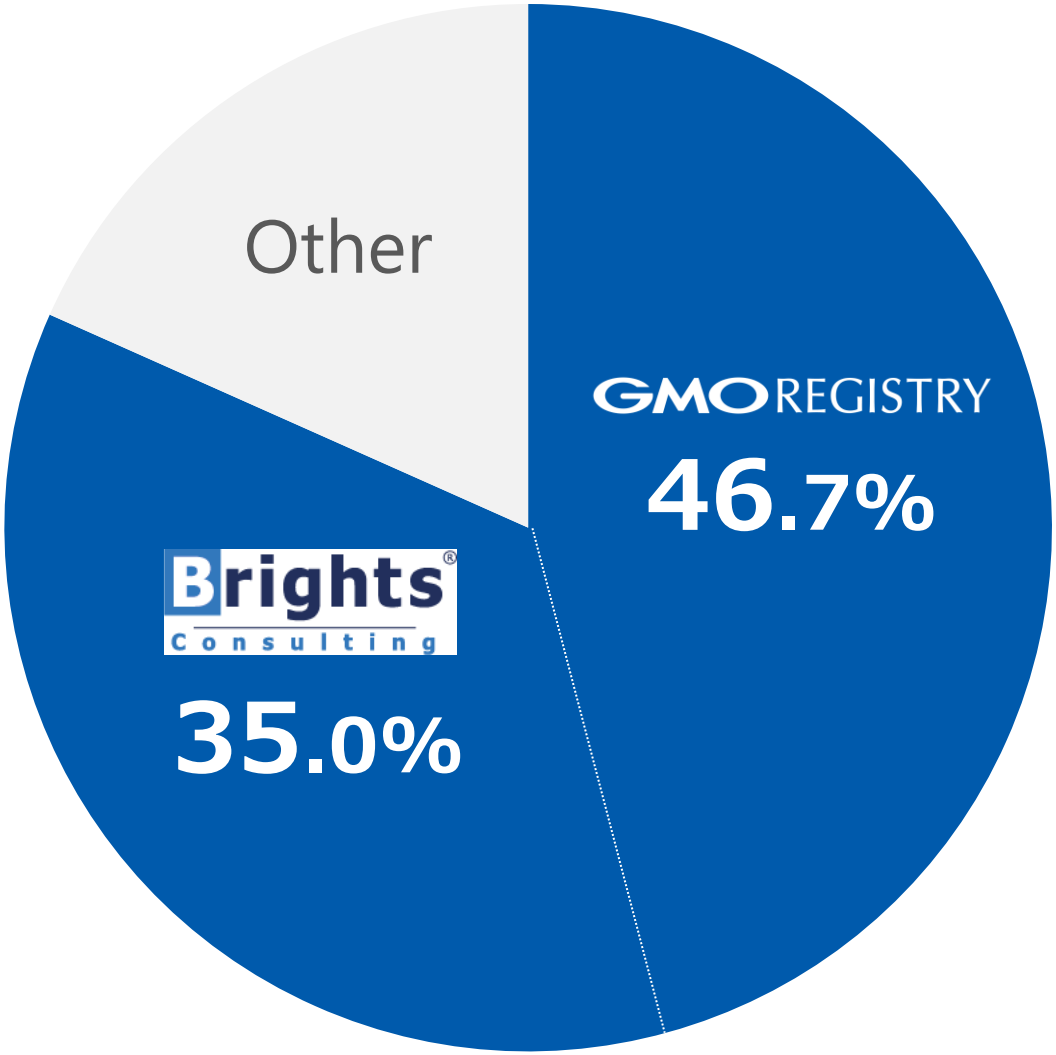
Brand TLDs	
BRIDGESTONE	PANASONIC
BROTHER	PIONEER
EPSON	PLAYSTATION
FIRESTONE	RICOH
FUJITSU	SHARP
HISAMITSU	SOFTBANK
HONDA	SONY
KOMATSU	TORAY
LEXUS	TOYOTA
LIXIL	
MITSUBISHI	
NEC	

INC, SHOP in application process.

Strengthening our Strengths – Domain Business

GMO INTERNET

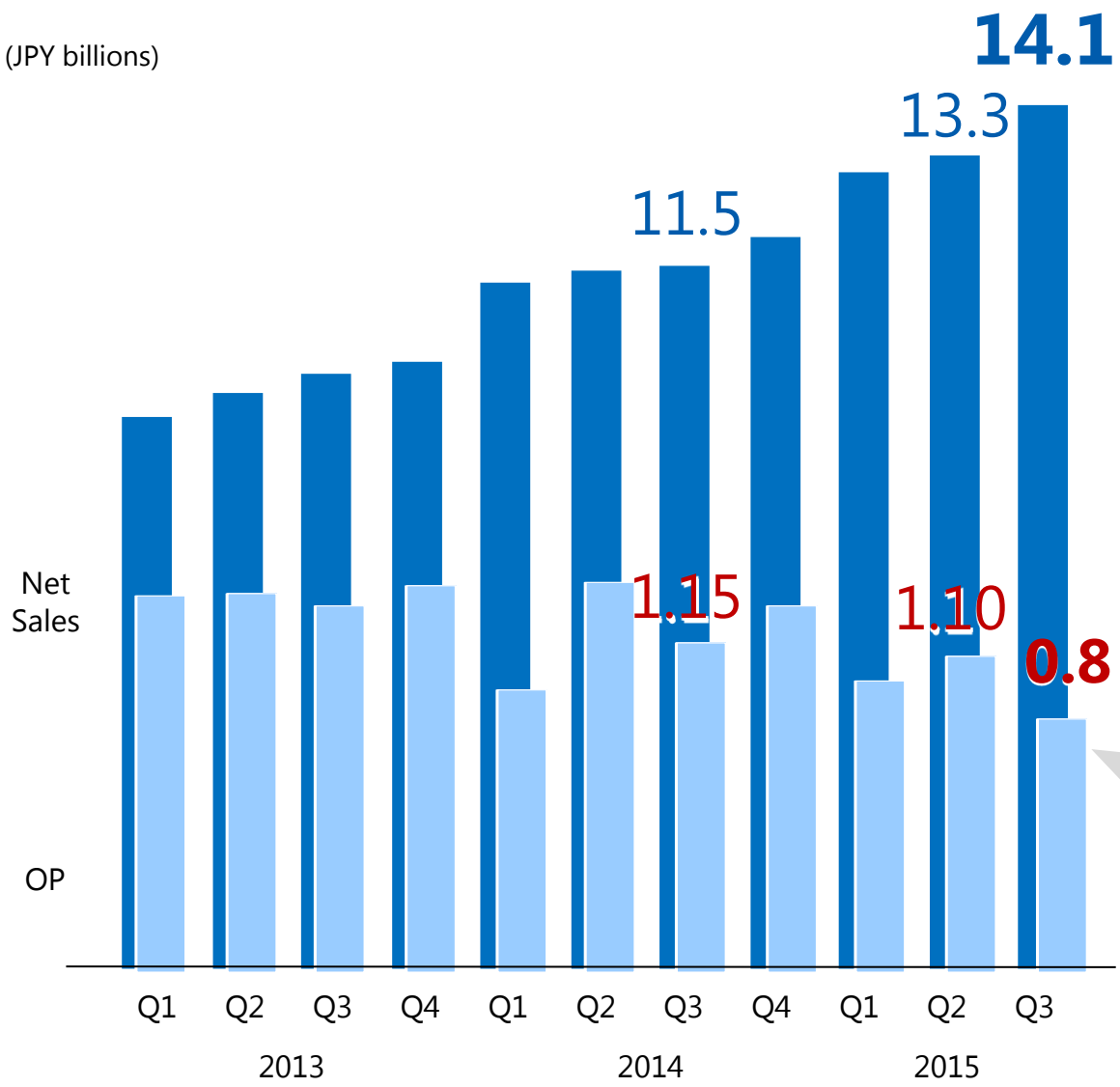
Japan gTLD Operation and Management Market Share



Japan No1

81.7%

Historical Performance by Quarter



Revenue up **22.8%**

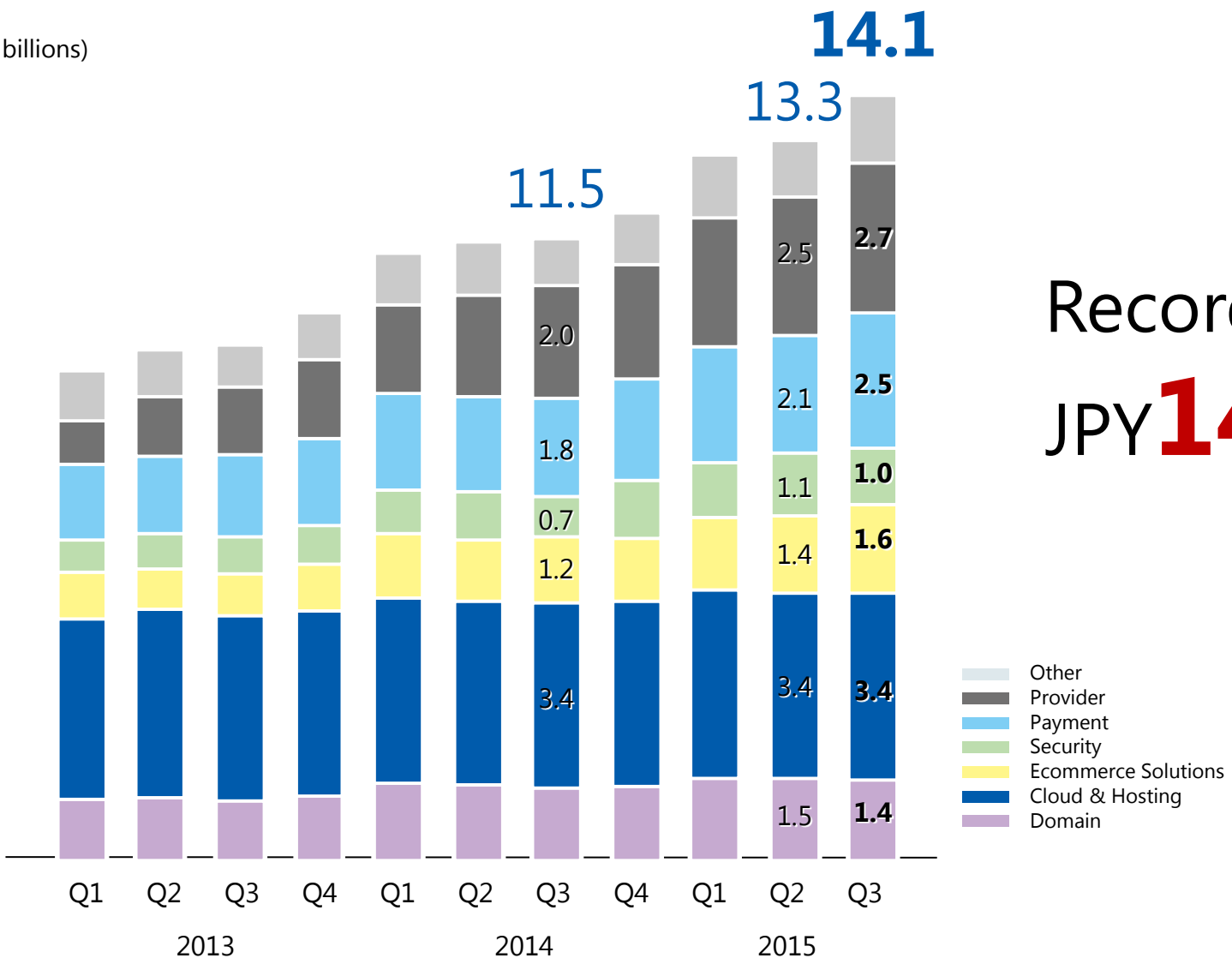
Profit down **23.1%**

YoY

minne promotion	**330M**
Goodwill amortization (non-Japan)*	**70M**

*Arising from acquisition of GMO GlobalSign Oy (formerly Ubisecure) from Q4 2014

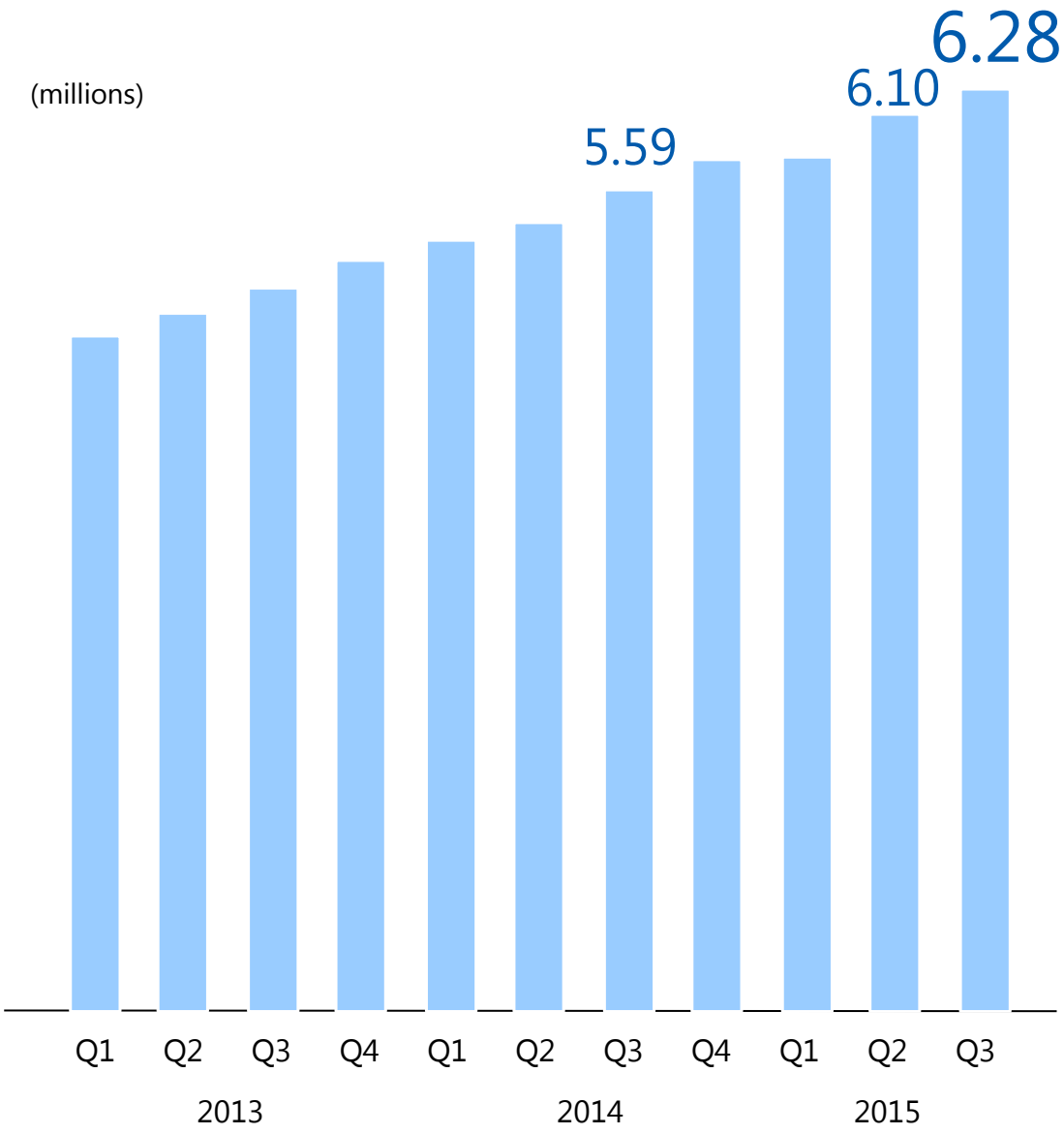
Net Sales by Sub Segment



Record High

JPY**14.1B**

Internet Infrastructure Contracts



6.28M
contracts

12.5% YoY growth

*Excludes Provider contracts (approx. 340,000 contracts)

Internet Infrastructure Contracts

GMO INTERNET

New contracts

Yearly	**600,000**
Monthly	**50,000**
Daily	**1,500**

Stable Earnings Base

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

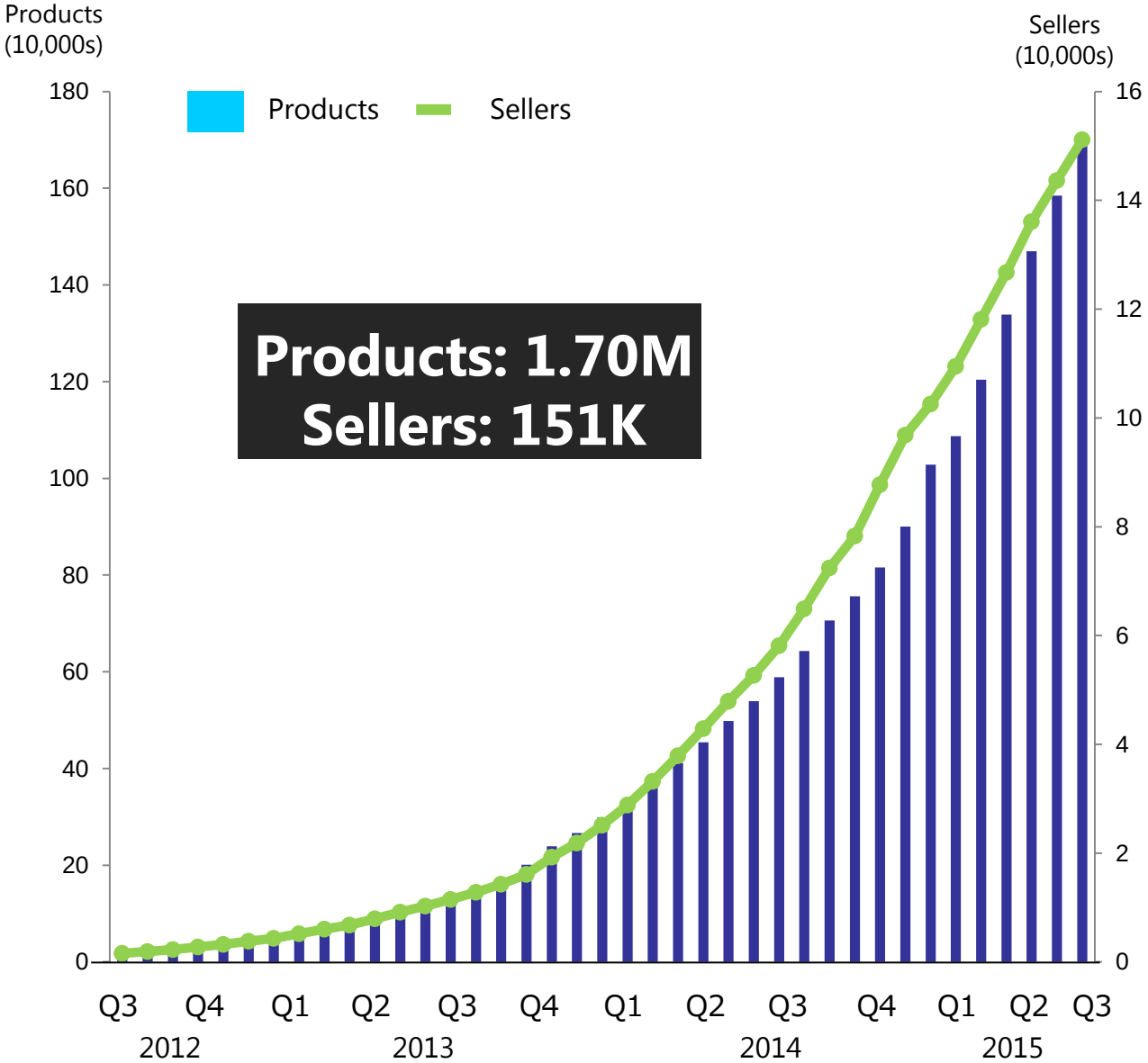
Rapid growth in KPI

- Sellers: 151,000 — Japan No1
- Products: 1.70M — Japan No1
- App downloads: 3.18M — Q/Q +37%
- Transactions: JPY1.2B/Q — Q/Q +33%

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

Growth in number of sellers and products



Products: 1.70M
Sellers: 151K

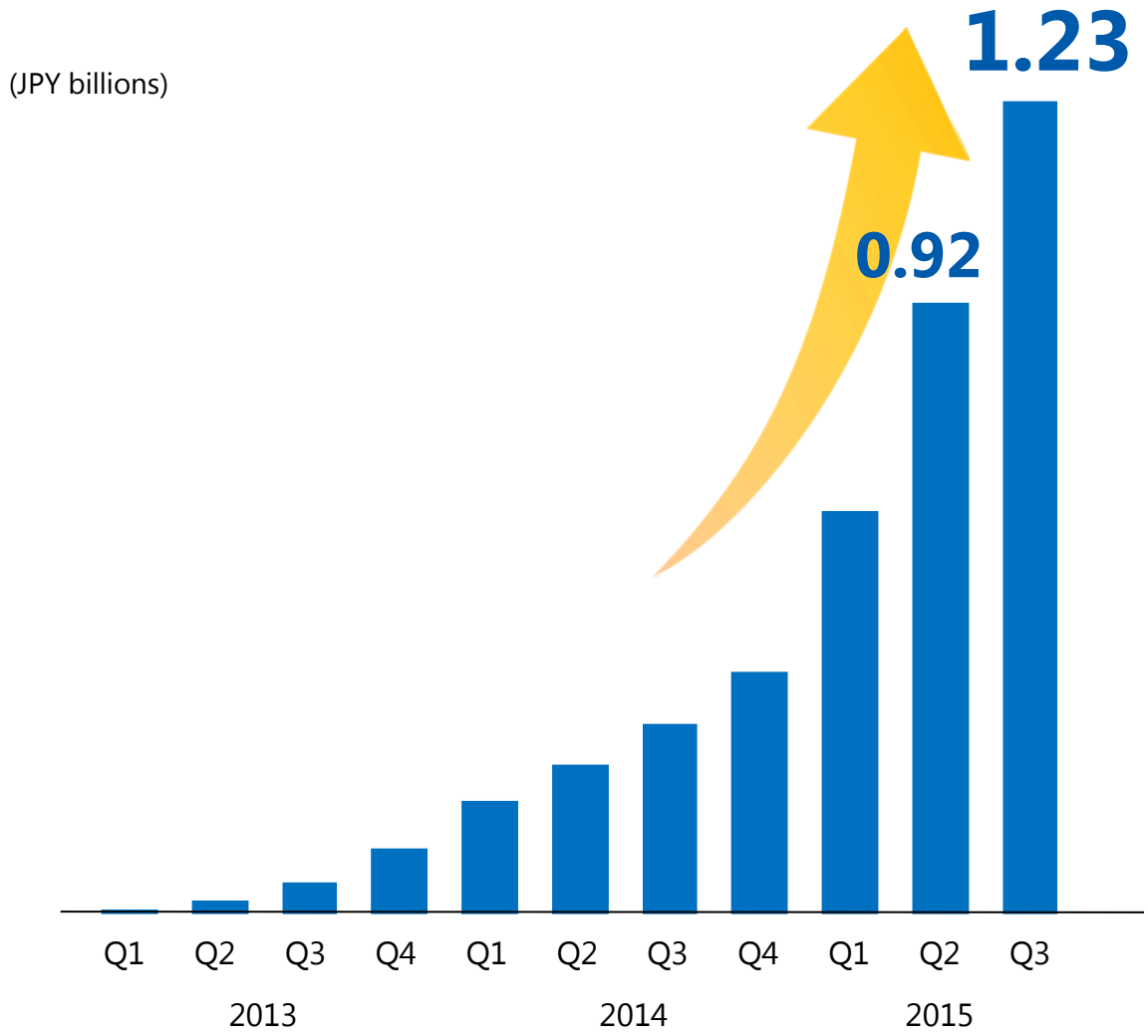
No. 1 in Japan

Sellers and Products

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

Transaction Volume



Up

33% QoQ

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

Upcoming initiatives in minne

KOBE × minne

minne Studio

A new way to create

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

Upcoming initiatives in minne

PARCO × minne

Showcasing Sellers in Japan

Strategic Investment: C2C Handmade Market (minne)

GMO INTERNET

Upcoming initiatives in minne

ヤマトグループ × minne

Tie-up with Delivery Services

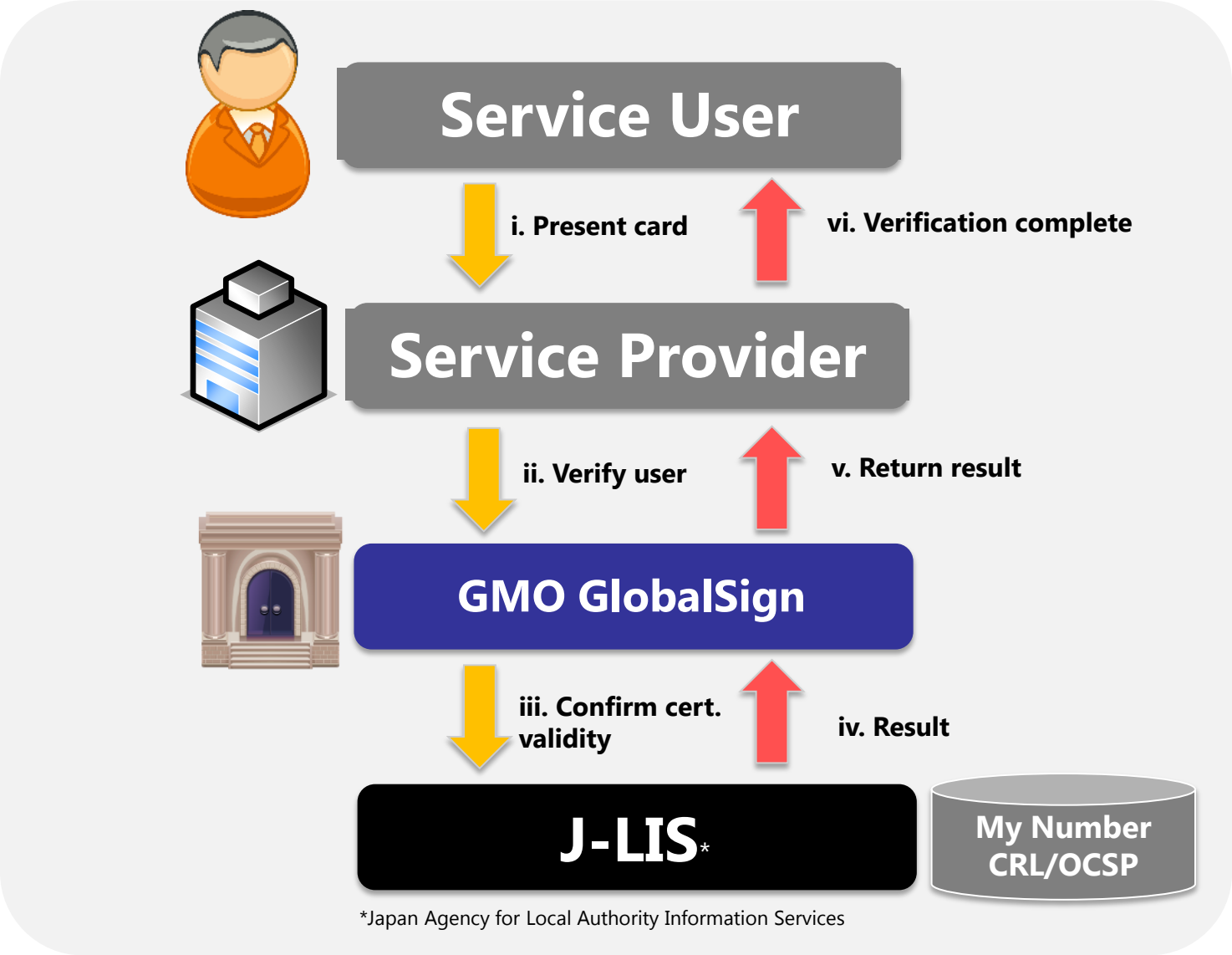
My Number* Initiative

*New Japanese Social Security/Tax ID number system

GMO GlobalSign: My Number Initiatives

GMO INTERNET

Online Personal Authentication service to be launched **in 2015**



GMO GlobalSign: My Number Initiatives

GMO INTERNET

GlobalSign®
GMO INTERNET GROUP

Applying to become
Accredited Provider
of digital certificate services
for My Number card

Potential Uses

- Opening banking, securities, insurance accounts
- Mobile device contracts
- Purchase of event tickets

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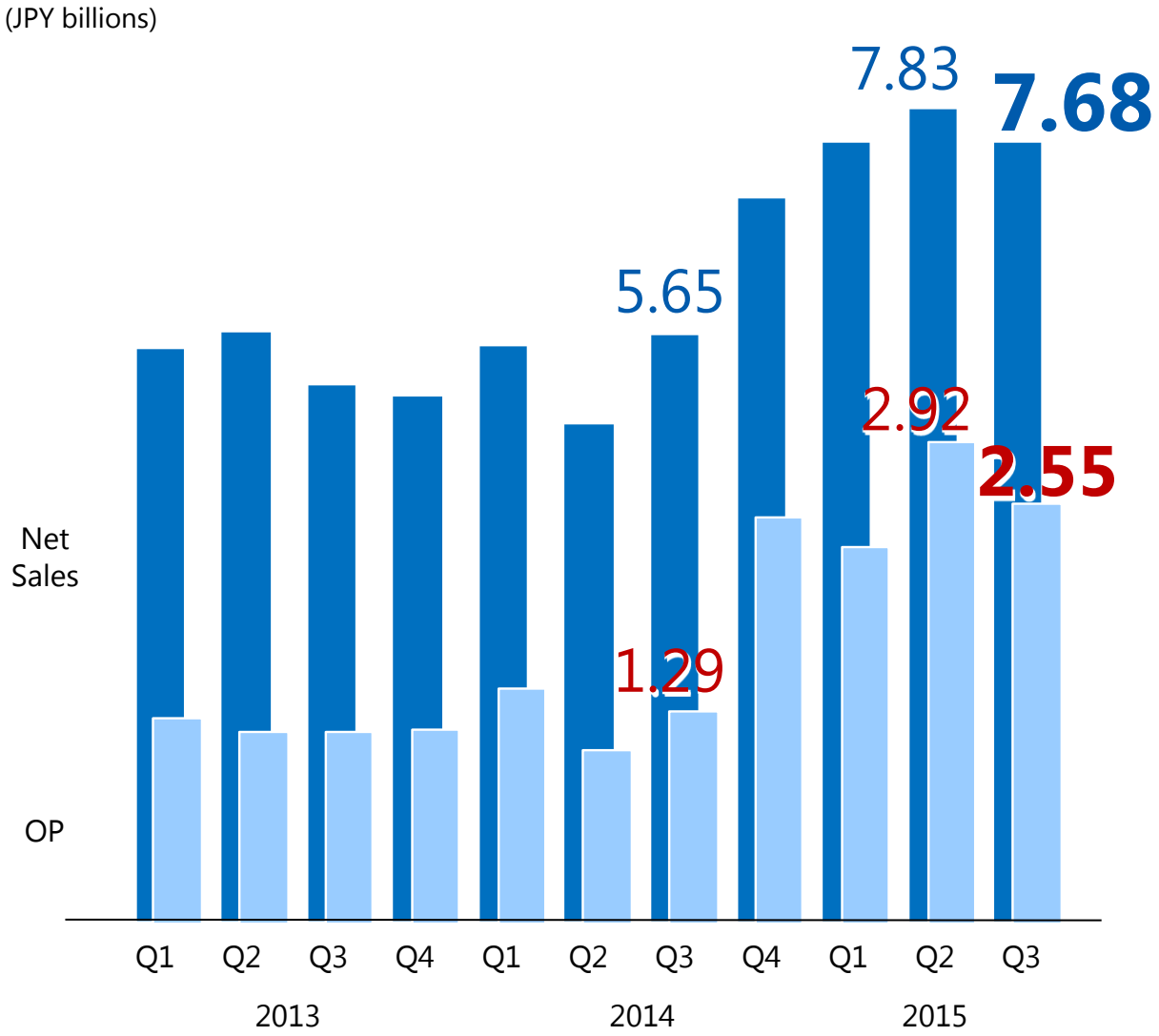
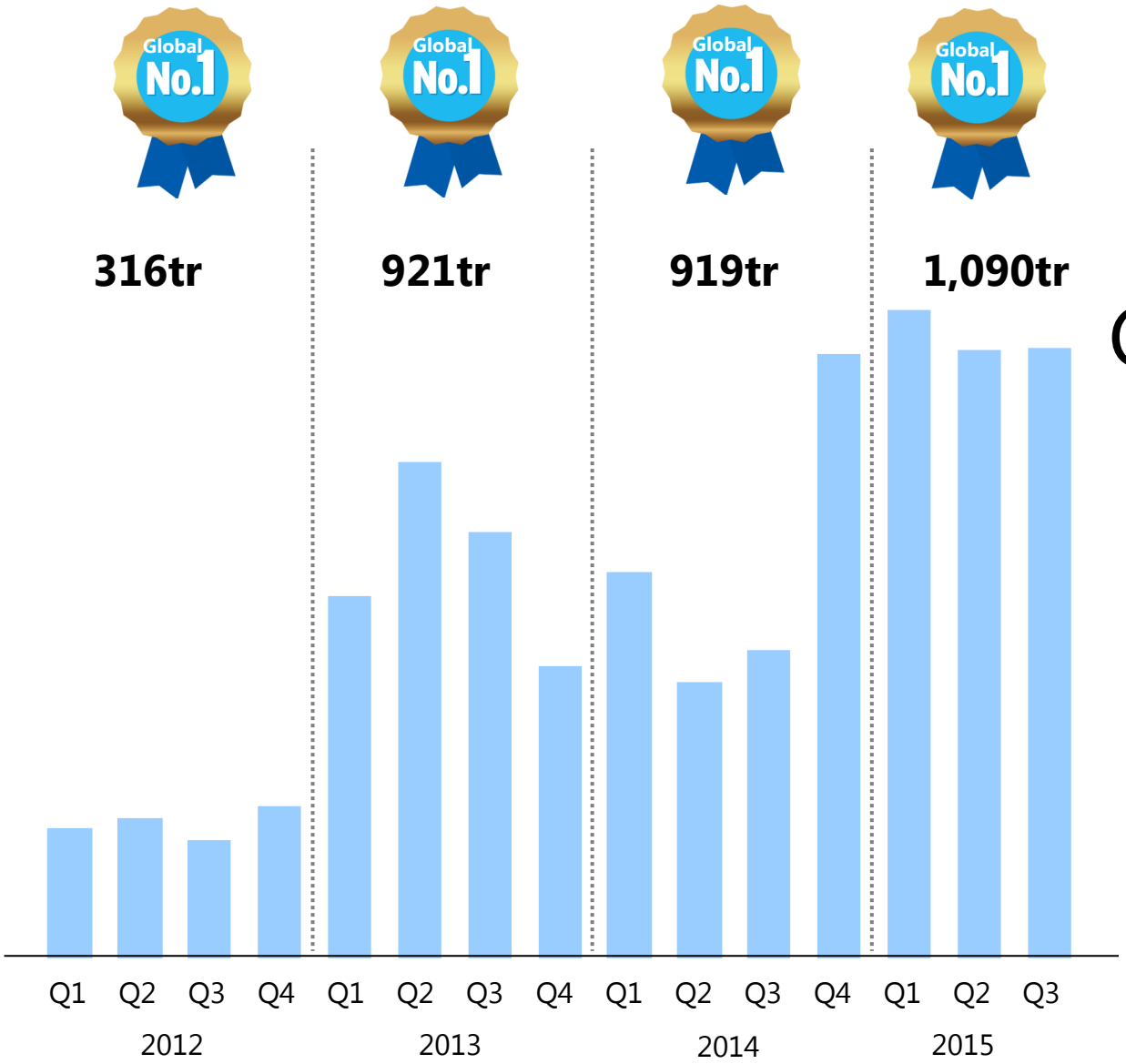


Profit up

97.7% YoY

GMO CLICK Securities – FX Trading Volume



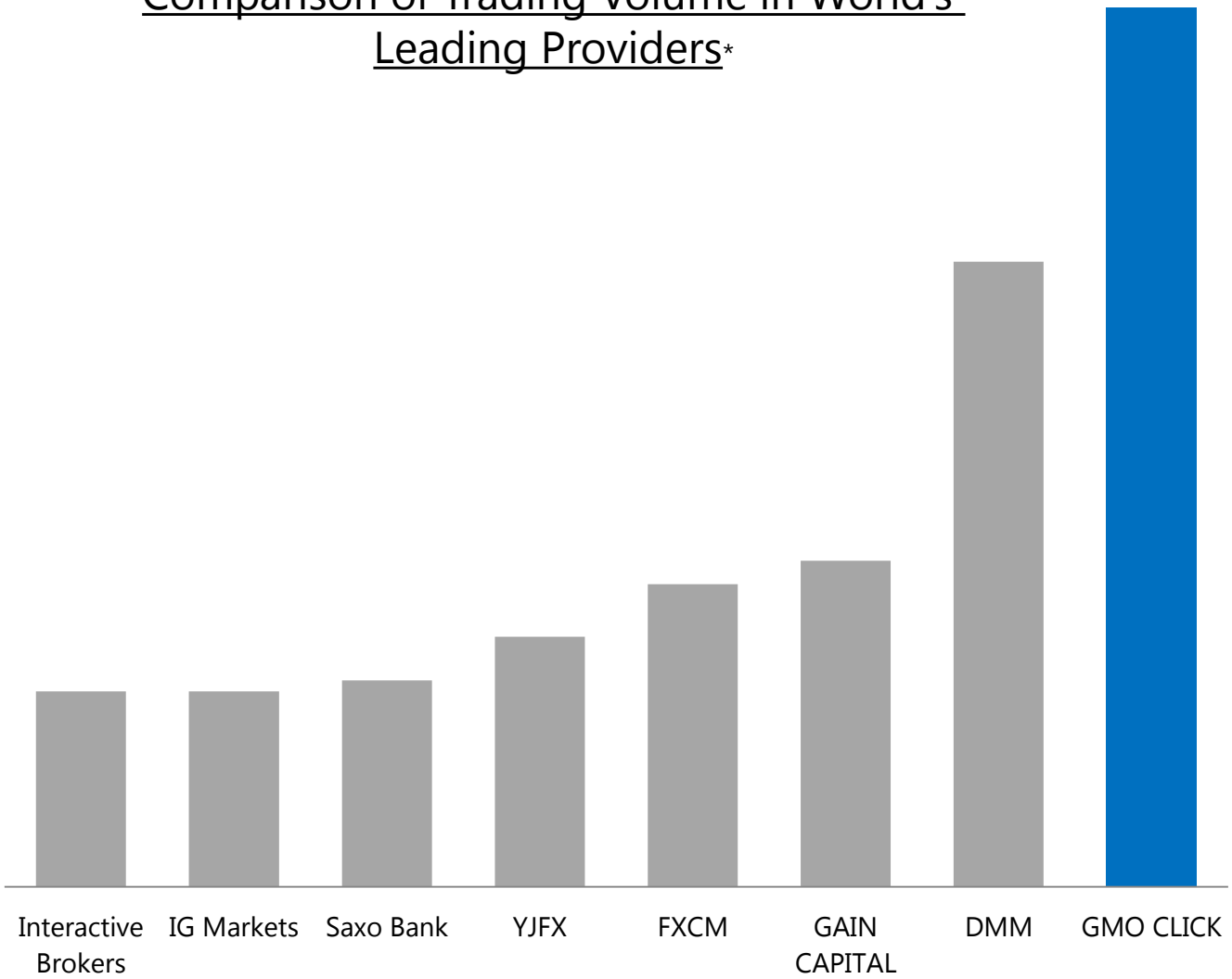
Global **No.1** in FX Trading Volume for **3** Consecutive Years

GMO CLICK Securities – Global FX Trading Volume

GMO INTERNET

GMOCLICK | SEC SECURITIES

Comparison of Trading Volume in World's Leading Providers*



Global **No.1** again in first half of 2015

*2015 Q2 average
Source: Q2 Report 2015 Quarterly Industry Report, Finance Magnates

MOU with View to Capital Partnership

Crowdfunding Service

- **Provision of loan-based crowdfunding**
- **Potential P2P lending**
- **Launch funding acquisition services etc.**

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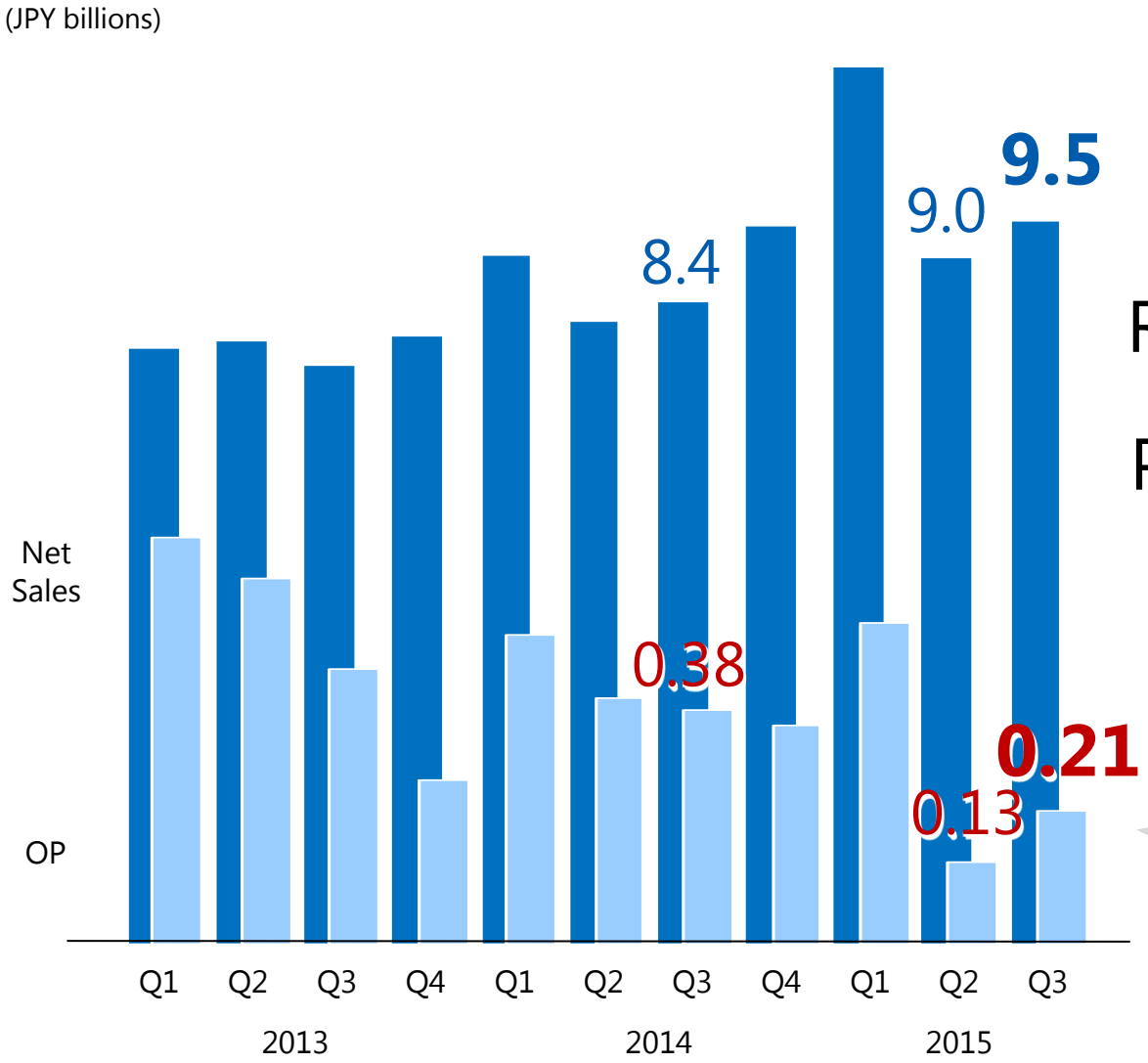
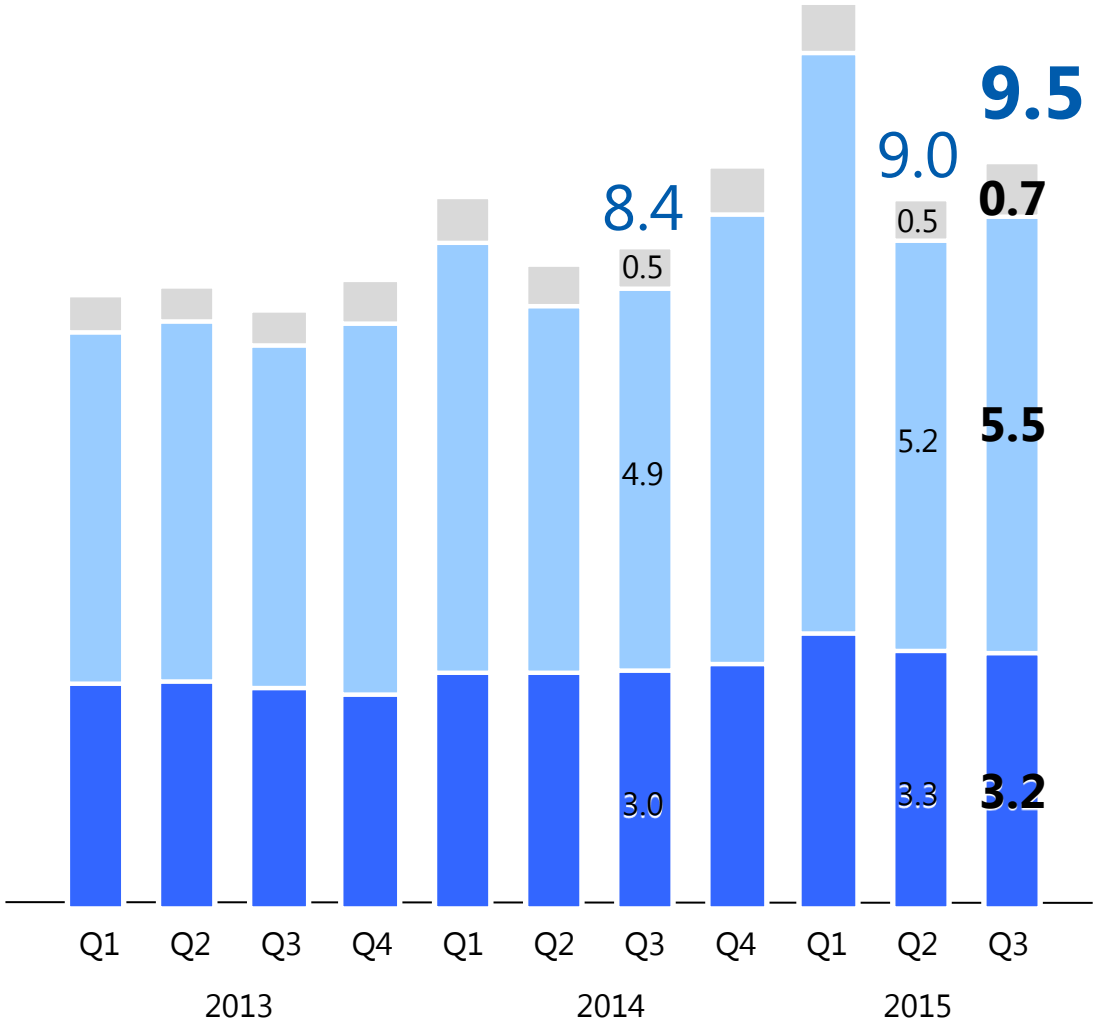


Revenue up **12.9%**

Profit down **43.2%**

Technology Shift HR Investment: **JPY90M**

Net Sales by Sub-Segment



Strong Ad Network Performance

Internet Research/Other
Online Advertising
Internet Media

Online Advertising & Media Segment Companies

GMO INTERNET

GMO AD PARTNERS

Technology shift continues
Ad cloud joins group enhancing in-house product development

GMO TECH

Slowdown in SmaAD after strategy change by major client. Focus on **strengthening of new smartphone ad products.**

GMO RESEARCH

Becoming one of **Asia's largest research panels** after capital partnership with Ignite Vision HD Asia

GMO MEDIA

Smartphone app downloads from within Japan and globally reach **44.92 million**
Ad revenues strong

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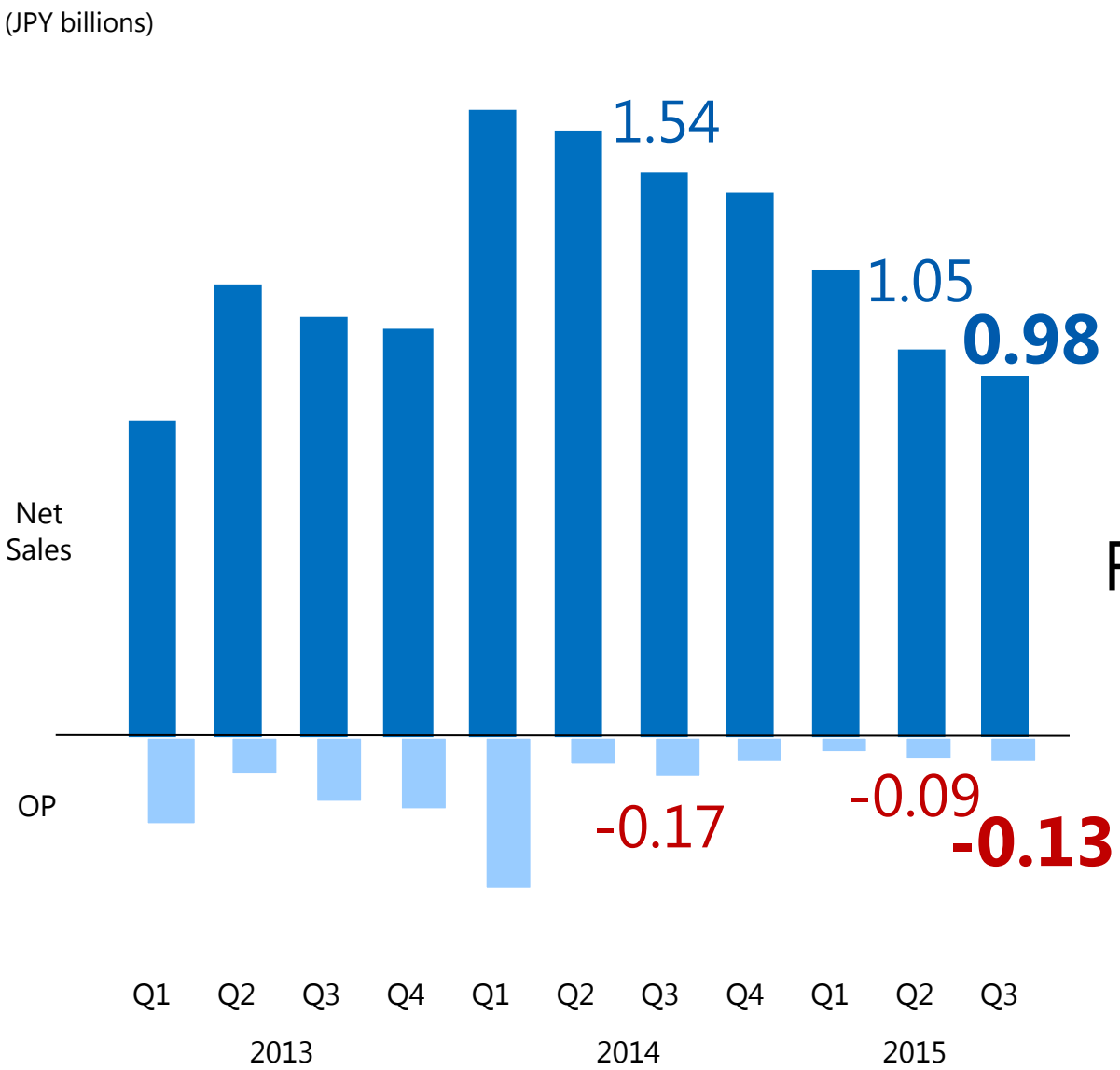

Building Expertise through Complete Internalization

Releasing New Titles

New Title Report

New title Chain Heroes developed completely in-house released at end of July

Positive KPI

Promotion in Q4 (JPY200M)

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Strengthening strengths and Enhancing Weakness with No.1 Products

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Internet Securities	Strengthening Strengths Expanding market share with technology-edge and cost leadership strategy
Online Ad & Media	Introducing No. 1 Products Focus on technology, proprietary product development
Mobile Entertainment	Introducing No. 1 Products Leveraging expertise with aim to produce hit title.

Strengthening Strengths

Developments in Finance and Payment

Further progress in Fintech strategy of forming alliances with major financial institutions

Potential business alliance to provide innovative financial services

Business Alliance

GMO CLICK | HD HOLDINGS

- Global **No 1 FX** Volume
- In-house Development, **Leading Technology**

×

大和証券 Daiwa Securities

- **Comprehensive** Securities Group
- **Strong** Management Base

GMO Internet to sell partial holdings in GMO CLICK HD

Business Alliance

GMO INTERNET × 大和証券グループ本社 Daiwa Securities Group Inc.

83.1%
% Ownership after transaction

9.6%
JPY9.7B

GMO CLICK | HD HOLDINGS

Finance and Payment – Alliance Strategy

GMO INTERNET

GMO PAYMENT GATEWAY

SMBC 三井住友銀行

New Company

SMBC GMO PAYMENT, Inc.

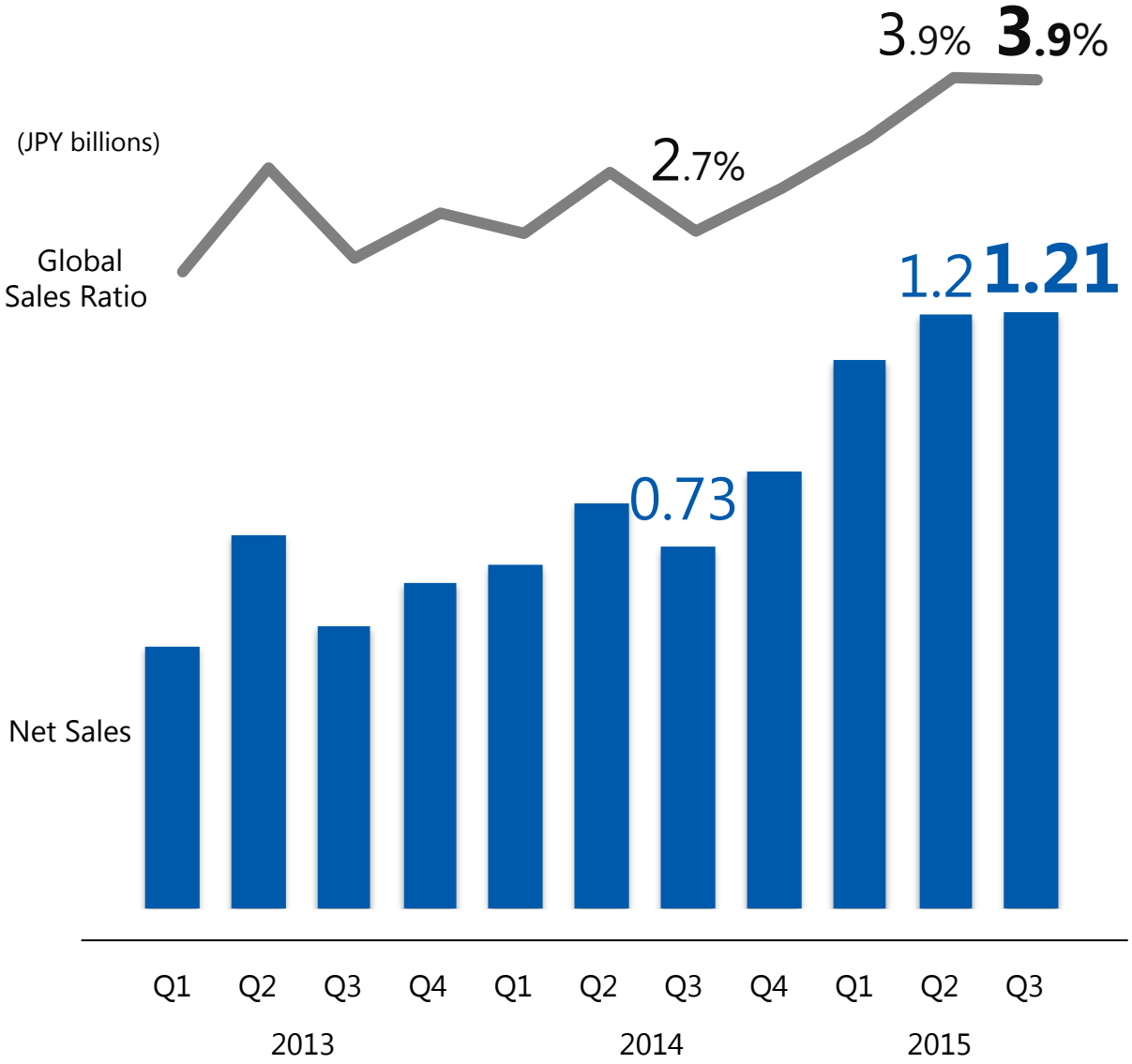
November 2, 2015: Establish company

January 2016: Business launch

Strengthening Strengths

Bringing our Number 1 Products to the Global Market

Global Growth: Global Net Sales

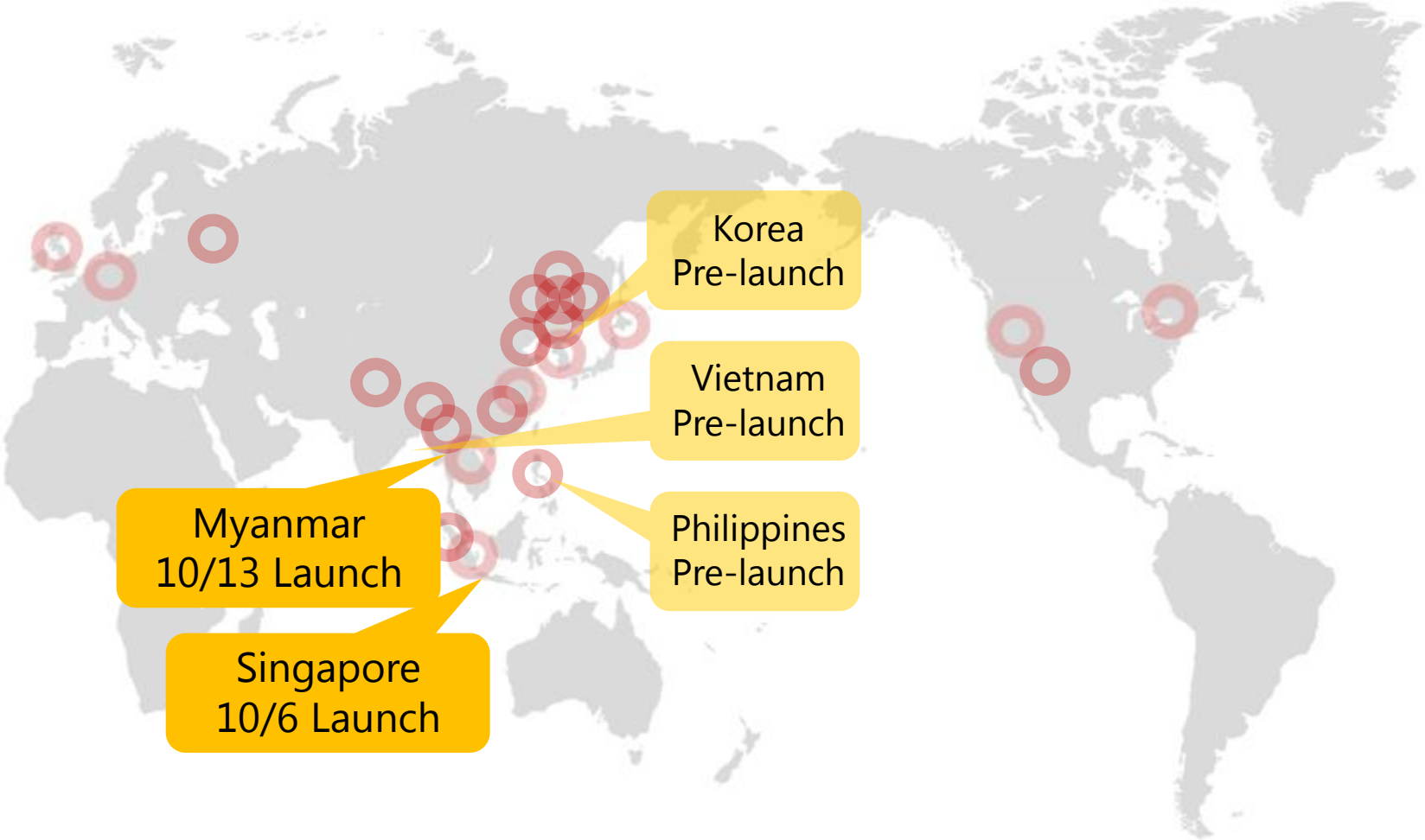


Global Net Sales up **64.9%**

Global Net Sales Ratio **3.9%**

Global Growth - Locations

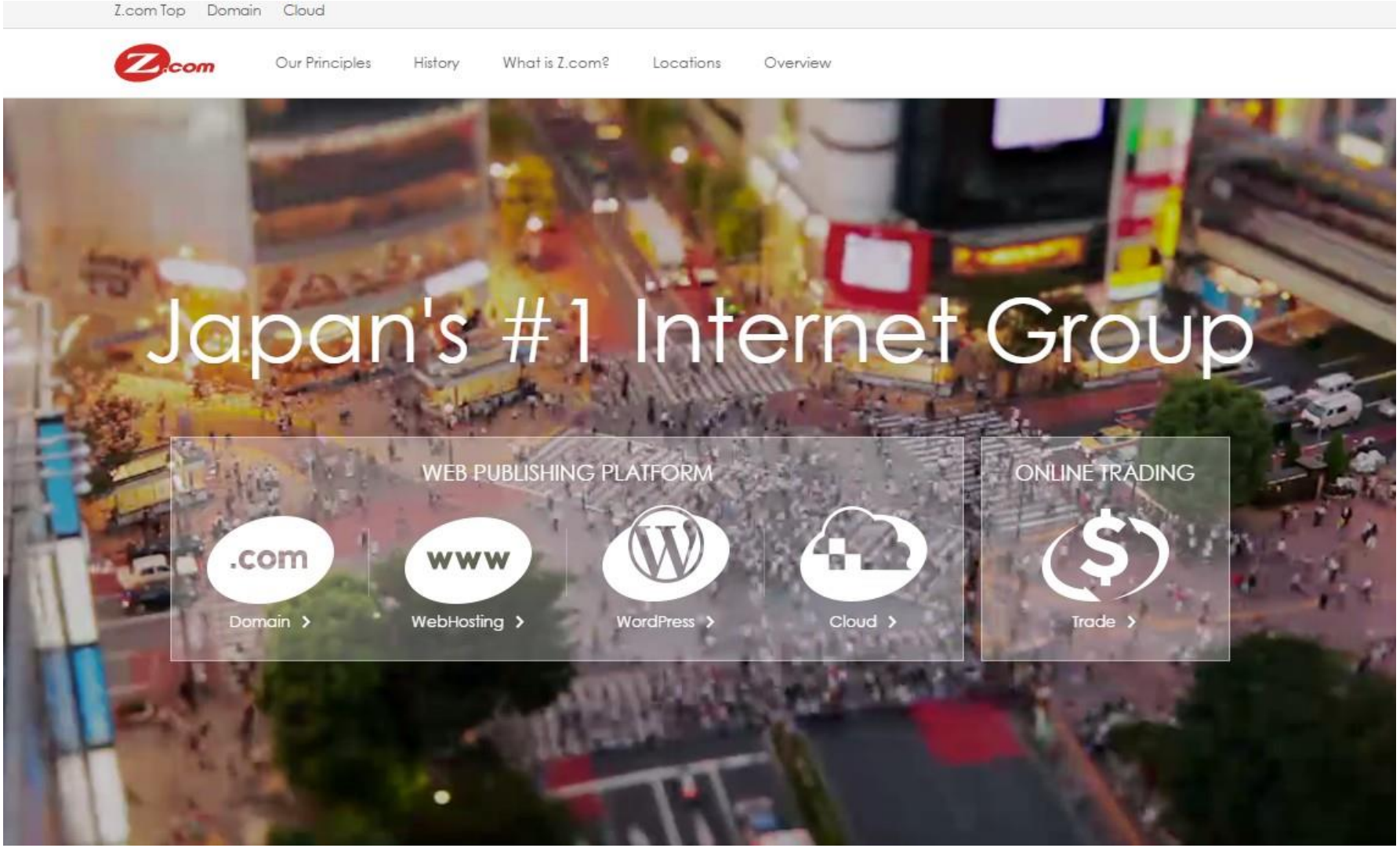
17 countries, 40 locations, 686 global staff



*As of 9/2015

Global Growth – Z.com

Global expansion of No. 1 Services in Japan. Multi-language, multi-currency support.



Internet for Everyone

GMO

GMO INTERNET

This document includes projections based on expectations, premises and plans as of October 30, 2015. 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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