



## **Q4 FYE 12/2020 Results Presentation - Q&A**

The following is a summary of questions asked by attendees at the earnings presentation to investors held on February 12, 2021. The questions are answered by Founder & Group CEO Masatoshi Kumagai.

### ●Infrastructure: e-contract service GMO Sign-related

- [Q1] You mentioned the change of service name and the enhancement of smartphones. Please explain the difference between the new service and the conventional service. How do you plan to increase the number of accounts and generate profit?
- [A1] We want to focus more on increasing the number of accounts than certain customers with high unit prices. The majority of the accounts will be customers using the services for free, and the remaining will be customers paying subscription fees. We believe the principle of the growing business is the accumulation of a small amount of fee.
- [Q2] Do you plan to offer the GMO Sign's service (i.e. account contract) not only to businesses but also to customers?
- [A2] Regarding the Internet service, we believe such distinction between B2B and B2C is insignificant. We want to realize the world in which GMO Sign is the main e-contract service by providing and spreading the best, cheap service.
- [Q3] Regarding the forecasts of FYE 12/2021 for GMO GlobalSign HD, please explain why the profit is expected to decrease.
- [A3] This is mainly due to the full-scale investment of approximately JPY 700 million into e-contract service GMO Sign. The change of the contract period of SSL security is also expected to impact the profit. However, these are technical factors, and there are no changes in the intrinsic needs. These factors are expected to have an impact until August 2021.

### ●Online Advertising & Media

- [Q4] What is the outlook of FY2021 for the Online Advertising & Media segment?
- [A4] The advertising market has a low profit margin as the companies (apart from GAFA and other big companies that own in-house media) need to procure and sell external media. We need to sell not only other companies' products but also our own products in order to increase the profit. Although our in-house ad tech products are actually growing, they do not contribute to profit significantly. The advertising business has a good management team, so we expect this segment will recover this year (FY2021).

### ●Cryptoassets mining

- [Q5] The cryptoasset price is rising. Does this have any impact on your thoughts on the crypto mining business?
- [A5] We have almost completed the investment into crypto mining, exchange, and payment (stablecoin) businesses. Exchange business momentum is growing due to the rising cryptoasset price. We are still investing in stablecoin but the biggest investment is completed in FY2020, so the cryptoasset business as a whole is expected to produce good results from Q1 FY2021, growing to become the third pillar of business following Infrastructure and Finance.
- [Q6] When do you plan to recover the investment into the stablecoin?
- [A6] This is a new challenge for anyone, so it is frankly difficult to comment on when exactly the business will achieve positive figures. On the other hand, we are confident that the stablecoin is convenient once it spreads. For example, overseas remittance is costly and time-consuming as it uses SWIFT. However, stablecoin realizes immediate remittance, conversion into fiat currency, and

# GMO INTERNET

receipt of payment. We plan to create an environment in which engineers around the world can join the development through an open-source project.

- Other

[Q7] Please comment on 2021 guidance.

[A7] Infrastructure is expected to achieve two-digit growth but we do not disclose the guidance as the overall performance is affected by the financial and cryptoasset market conditions. Nevertheless, we will maintain a high growth rate.

[Q8] Do you consider acquiring complete control of GMO GlobalSign HD, which is expected to grow in the future, in order to reduce the outflow of its assets?

[A8] It is possible but we believe group listing strategy is the right method of growth. We believe the right strategy is for each group company to be independently listed, provide services valuable to society, and grow.