



Q1 FYE 12/2021 Results Presentation - Q&A

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

●Consolidated Financial Results

- [Q1] GMO Internet is starting with good business performance, so we believe that this term the Company has considerable investment capacity. Under such circumstances, what are your thoughts on the possibility of accelerating strategic investment? Which areas have the highest priority for investment?
- [A1] We are considering investments that will strengthen the existing businesses. For example, GMO Coin has the No. 1 market share in terms of trading volume but we believe the acquisition of new accounts still has issues to be solved, so we may invest in the promotion. We also consider accelerating investment in the promotion of GMO Sign.

●Internet Infrastructure

- [Q2] Progress of GMO Sign and the outlook for the business
- [A2] We currently have several ongoing projects to make GMO Sign the No. 1 service this year. Today's app release is one of them. We are preparing marketing measures to increase the number of accounts. Details will be explained at the GMO GlobalSign HD financial results briefing.
- [Q3] Does the GMO Sign app target small businesses or a wide range of end users? Please tell us your thoughts on how the application will spread in the future and how you set unit prices.
- [A3] In the early stages, we expect to target SMEs due to strong needs such as telework demand and legislation to discourage the use of seal impression. However, in 3-5 years or 10 years, regardless of whether the service is for businesses or customers, everyone will be able to use it on smartphones without worrying about the price. Therefore, the unit price should be decided gradually while observing the spread of the service and the competition, and we believe it is still too early to discuss at this point.

●Online Advertising & Media

- [Q4] It had been a while since Online Advertising & Media segment had a good performance and there was a sense of surprise. What are your thoughts on the outlook for Q2 and beyond?
- [A4] The segment was affected by the strong customer demand for advertisements. Of particular notice is the progress of structural reforms, such as strengthening our own products and media. As a result, profitability improved. The segment has bottomed out and is growing.

●Cryptoassets

- [Q5] What are the profits for each subsegment of the Cryptoassets business?
- [A5] Mining facilities are operating stably, so we have stopped disclosing the details of profits for each subsegment from this term, as with other segments. Both the exchange and mining businesses have high marginal profit, so profits increased as sales increased. We are currently investing in the payment business.
- [Q6] TRegarding the mining business, global hash rate (HR) remained stable and cryptoasset prices were high in Q1, so the profitability remained high. What are your thoughts on the future outlook?

GMO INTERNET

[A6] We believe that the global HR is seasonal. As China entered the rainy season in Q2, local mining companies expanded the operation of mining centers using inexpensive hydropower, so global HR increased. However, we consider the speed at which global HR increases has a limit due to the physical constraints of the manufacturing capacity of semiconductors used for mining machines. On the other hand, we have secured an inexpensive power supply and there is still room for improvement in the future, so we believe that profitability can also be improved.

[Q7] In the exchange business, GMO Internet disclosed that the BTC trading share in April was No. 1 in Japan. Is this sustainable? What is the Company's future strategy?

[A7] Future strategies have two points. One is to strengthen marketing to acquire new individual customers, e.g. TV commercials and video advertisements. The other is the expansion of corporate accounts. For corporate accounts, we believe that the relatively loose regulations on leverage will lead to an increase in trading volume. We would like to maintain the No. 1 market share through these efforts.

●NFT Business

[Q8] What is the scale of investment in the NFT business?

[A8] We believe that four elements are necessary for the development of the NFT business, three of which are already developed by ourselves, and additional spending is limited. The four elements are as follows.

(1) Function of cryptoasset exchange business: GMO Coin already holds a license as a cryptoasset exchange business.

(2) Smart contract: GMO Internet has been engaged in research and development of blockchain technology and accumulated knowledge.

(3) Cryptoasset wallet: GMO Coin has already developed the cryptoasset wallet.

(4) Marketplace: the Company is currently developing the marketplace.