

**Fiscal Year 2018**  
**Third Quarter**  
**Results Presentation**



STOCK CODE : 9449

November 12, 2018

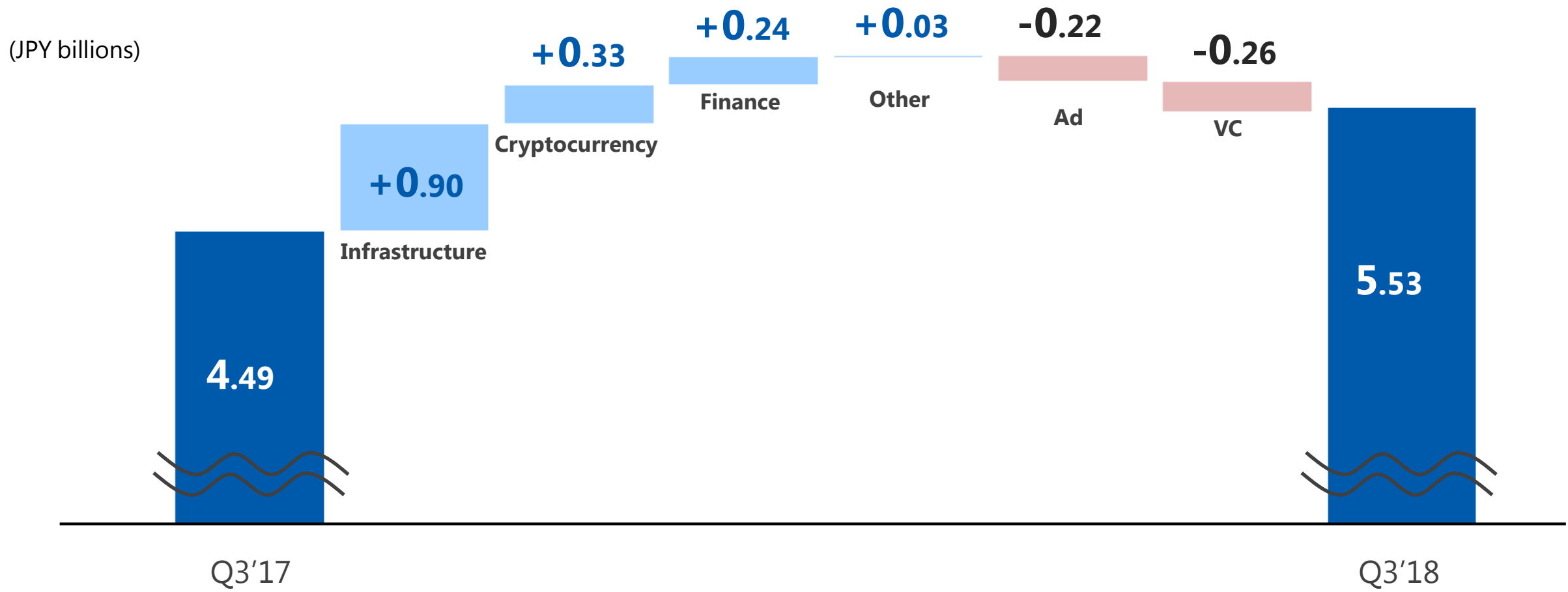
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6. GMO Aozora Net Bank

# Overview | Executive Summary: Q3 FY2018

(JPY billions)	Q3'17 (Jan-Sep)	Q3'18 (Jan-Sep)	YoY Change	Change	
Net Sales	112.40	137.16	+24.75	+22.0%	Record high
Operating Profit	11.98	17.31	+5.32	+44.4%	Record high
Ordinary Profit	11.76	16.50	+4.74	+40.3%	Record high
Net Profit	3.78	6.14	+2.36	+62.5%	

# Overview | Executive Summary: Q3 FY2018 (Jul-Sep)

•OP: JPY 5.53B, up 1.04B (up 23.2% YoY)

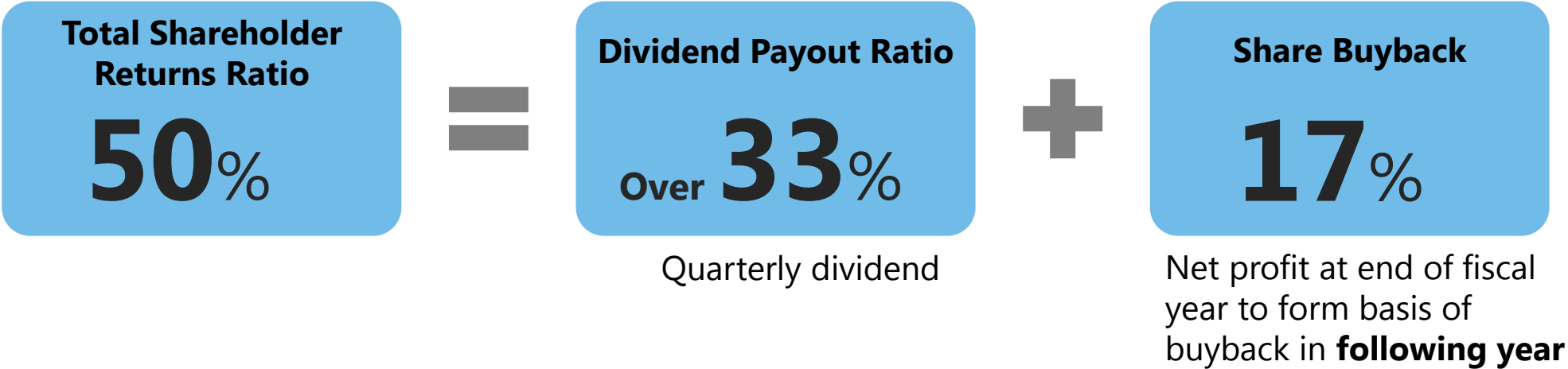


# Overview | Executive Summary: Q3 FY2018 (Jul-Sep)

Internet Infrastructure	Net sales	JPY <b>25.46B</b>	(Up <b>20.8%</b> YoY)	Record high
	OP	JPY <b>2.93B</b>	(Up <b>44.8%</b> YoY)	Record high
	Each business area grew, including payment, e-commerce, SSL, and provider. Infrastructure saw record high earnings for the 4th consecutive quarter.			
Online Ad & Media	Net sales	JPY <b>11.46B</b>	(Up <b>7.0%</b> YoY)	
	OP	JPY <b>0.05B</b>	(Down <b>-79.2%</b> YoY)	
	Responding to changes in online advertisement market, such as ad fraud issues.			
Internet Finance	Net sales	JPY <b>7.49B</b>	(Up <b>7.7%</b> YoY)	
	OP	JPY <b>2.58B</b>	(Up <b>10.7%</b> YoY)	
	Profitability is improving effectively through analysis of big-data. The business improved and expanded due to increase in FX trading volume of high-margin currency pair.			
Cryptocurrency	Net sales	JPY <b>2.61B</b>	(Up <b>2.72B</b> YoY)	
	OP	JPY <b>0.10B</b>	(Up <b>0.33B</b> YoY)	
	Cryptocurrency exchange business built a revenue base, and cryptocurrency mining business was affected by changes in the environment.			

# Overview | Shareholder Returns (Policy and Actual)

Policy

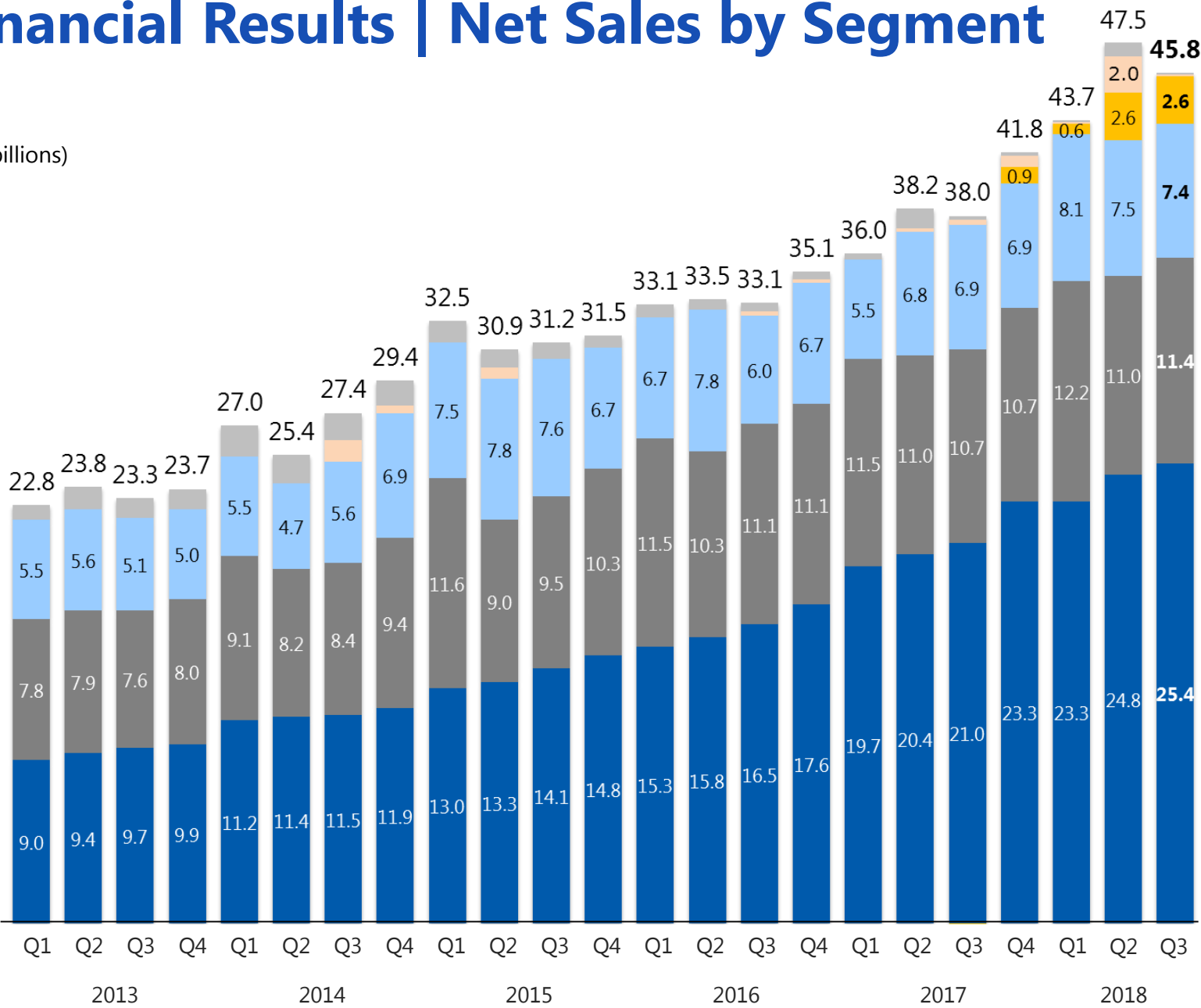


	(JPY)	Q1	Q2	Q3	Q4	Annual
Dividend per share	FY2017	5.00	6.00	6.00	6.00	23.00
	FY2018	6.00	6.20	5.50	-	-

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# Financial Results | Net Sales by Segment

(JPY billions)



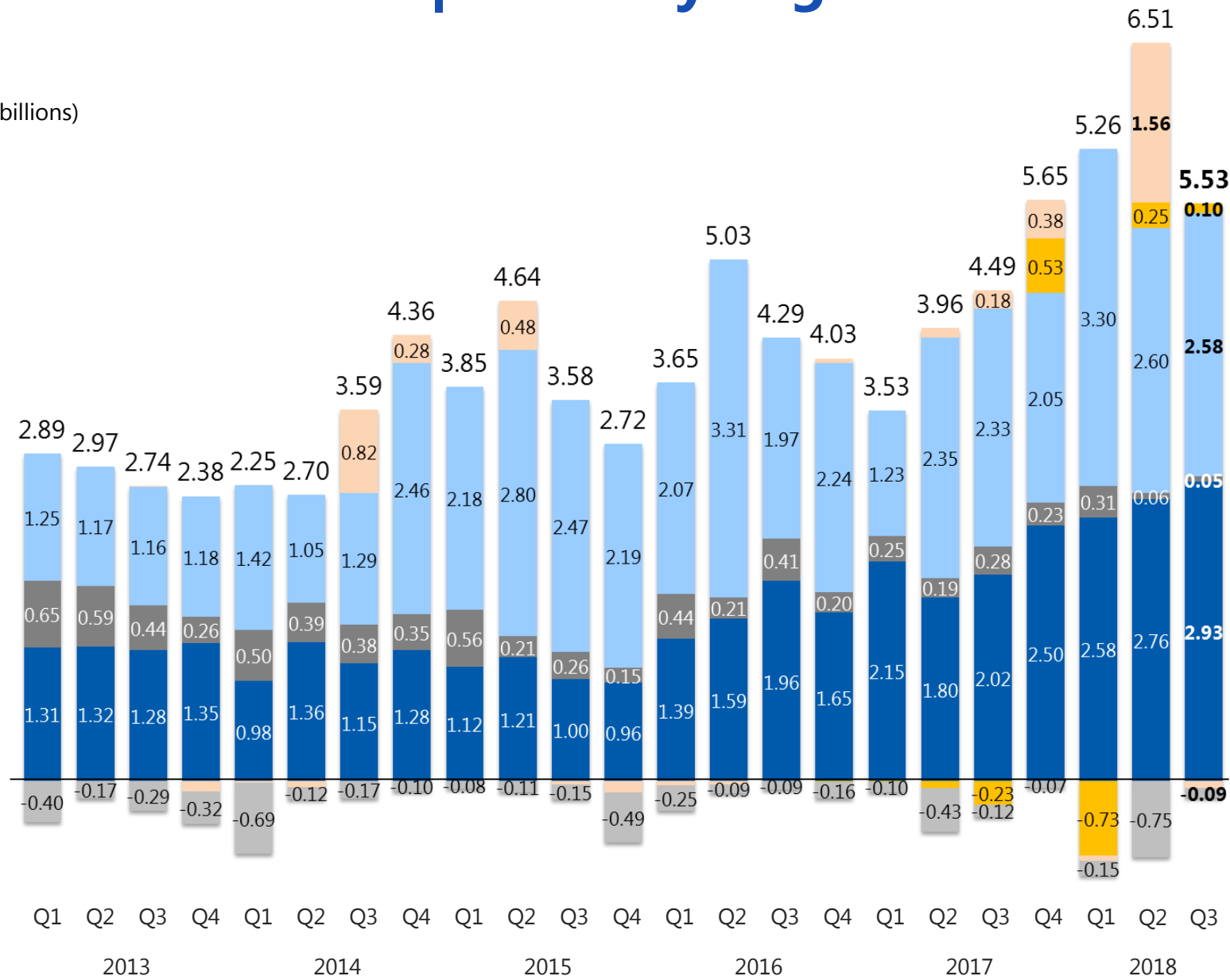
Revenue up  
**20.6%**  
YoY

- Other
- Incubation
- Cryptocurrency
- Internet Finance
- Online Ads/Media
- Internet Infrastructure



# Financial Results | Profit by Segment

(JPY billions)



Profit up  
**23.2%**  
YoY

# Financial Results | Consolidated Profit and Loss

(JPY millions)	Q3'17 (1-9/2017)	Q3'18 (1-9/2018)	Change	Supplementary information (2018)
Net Sales	112,409	137,164	22.0%	
Gross Profit on Sales	54,599	67,963	24.5%	
Operating Profit	11,989	17,318	44.4%	
(OP Margin)	10.7%	12.6%	+2.0pt	
Non Operating Profit and Loss	-221	-808	-	Foreign exchange loss: -277M Equity investment loss: -503M
Ordinary Profit	11,768	16,509	40.3%	
Extraordinary Profit or loss	-671	579	-	Gain on sales of investment securities: +735M Impairment loss: -242M
Profit before Tax	11,096	17,088	54.0%	
Corporate Taxes etc.	4,638	6,520	40.6%	
Profit attributable to Owners of the Parent	3,784	6,149	62.5%	

# Financial Results | Consolidated Balance Sheet

(JPY millions)	End of 12/2017	End of 9/2018	Change	GMO Financial HD (End of 9/2018)	Change
Current Assets	707,112	<b>728,649</b>	21,537	541,215	-8,598
Cash & Deposits	119,006	<b>132,321</b>	13,314	47,281	10,739
Fixed Assets	42,047	<b>52,893</b>	10,845	6,886	1,156
Goodwill	2,310	<b>2,050</b>	-260	652	-122
Software	5,140	<b>5,671</b>	531	1,645	204
Investment Securities	7,701	<b>9,065</b>	1,363	2,391	995
Total Assets	749,160	<b>781,543</b>	32,383	548,102	-7,441
Liabilities	674,805	<b>696,383</b>	21,577	512,433	-11,313
Interest-bearing debts	112,656	<b>146,848</b>	34,192	63,286	2,936
Net Assets	74,354	<b>85,159</b>	10,805	35,668	3,871
Non-controlling Minority Equity	30,582	<b>36,532</b>	5,949	921	173
Shareholders' Equity	43,697	<b>48,550</b>	4,853	34,746	3,698
Earned Surplus	38,113	<b>41,566</b>	3,453	30,662	3,507
(Shareholders' Equity Ratio)	5.8%	<b>6.2%</b>	+0.4pt	6.3%	+0.8pt
Liabilities/Net Assets Total	749,160	<b>781,543</b>	32,383	548,102	-7,441

# Financial Results | Consolidated Cash Flow

(JPY billions)	Q3 FY17	Q3 FY18	Significant Factors	GMO-FH
Operating Cash Flow	-1.76	+7.90		+11.50
Investing Cash Flow	-11.45	-25.07	Purchase of tangible and intangible fixed assets: -23.4B (including cryptocurrency mining business: -18.3B)	-1.13
Financing Cash Flow	+13.92	+30.62	Interest-bearing debt and bonds: +34.1B	+0.99
Change in Cash and Equivalents	+0.95	+13.37		+11.44
Balance of Cash and Equivalents	91.08	131.19		46.96

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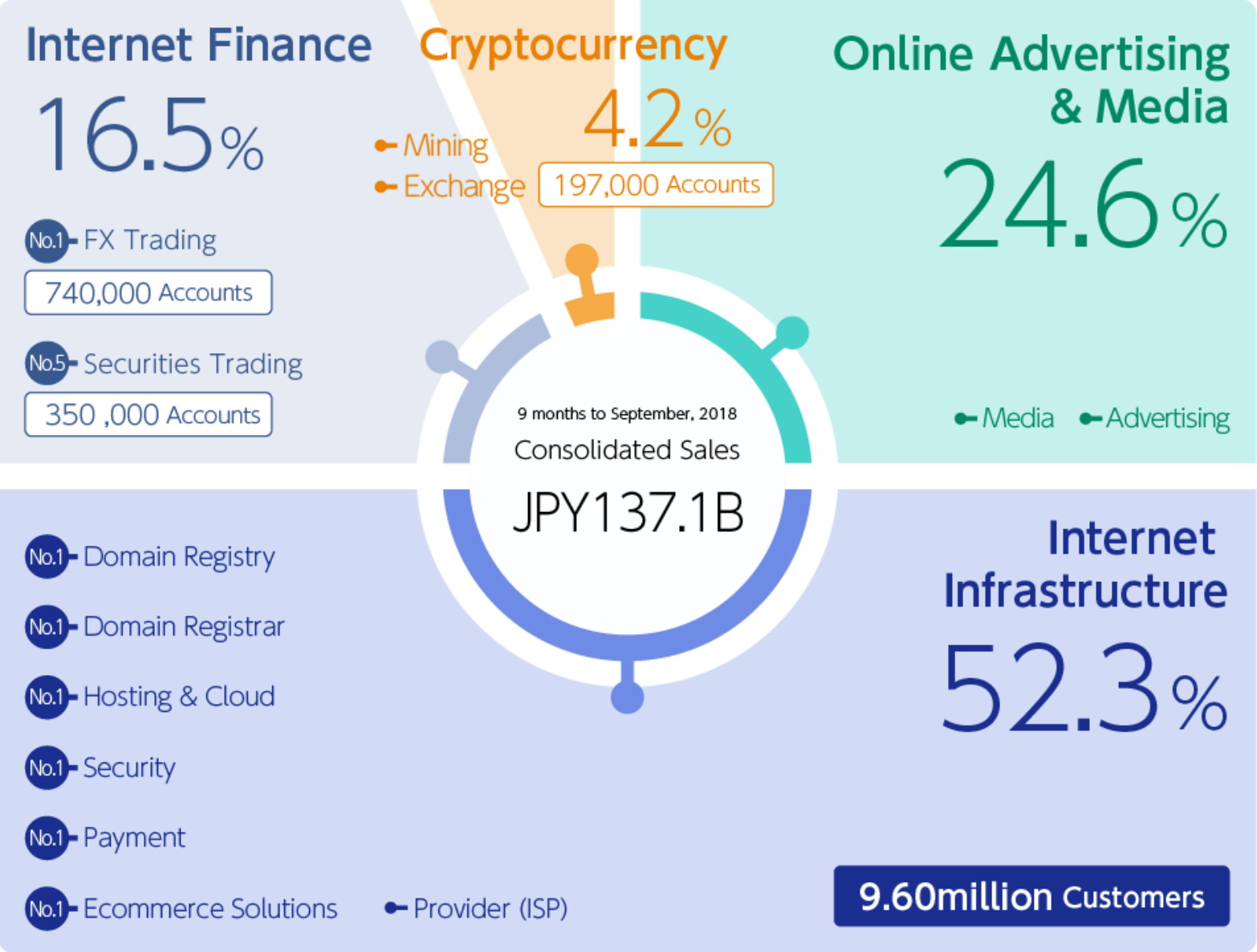
# Group Overview | Listed Group Companies: Equity Share

Stock Code	Stock Name	Exchange	Market Cap <sup>*1</sup> (JPY billion)	% Ownership <sup>*2</sup>	Equity Share (JPY billion)
9449	GMO Internet	TSE 1	191.9		
3769	GMO Payment Gateway	TSE1	425.0	51.6%	219.3
7177	GMO Financial Holdings	TSE JQS	84.2	80.3%→ <b>61.9%<sup>*3</sup></b>	52.1
3788	GMO CLOUD	TSE1	37.3	51.8%	19.3
3633	GMO Pepabo	TSE JQS	10.5	64.1%	6.7
4784	GMO AD Partners	TSE JQS	7.5	55.3%	4.1
6180	GMO Media	TSE MOTHERS	3.6	65.3%	2.3
3695	GMO Research	TSE MOTHERS	2.8	53.7%	1.5
6026	GMO TECH	TSE MOTHERS	2.0	54.1%	1.0
Group Total			764.8 <sup>*4</sup>		306.3

Secondary offering of shares of GMO Financial Holdings on October 12. 22.02M shares at JPY 786 per share.

<sup>\*1</sup> Market value as of 11/9/2018    <sup>\*2</sup> Includes indirect holdings    <sup>\*3</sup> After the secondary offering of shares    <sup>\*4</sup> Calculated as the sum of the listed market cap values

# Group Overview | Business Segments (Composition)

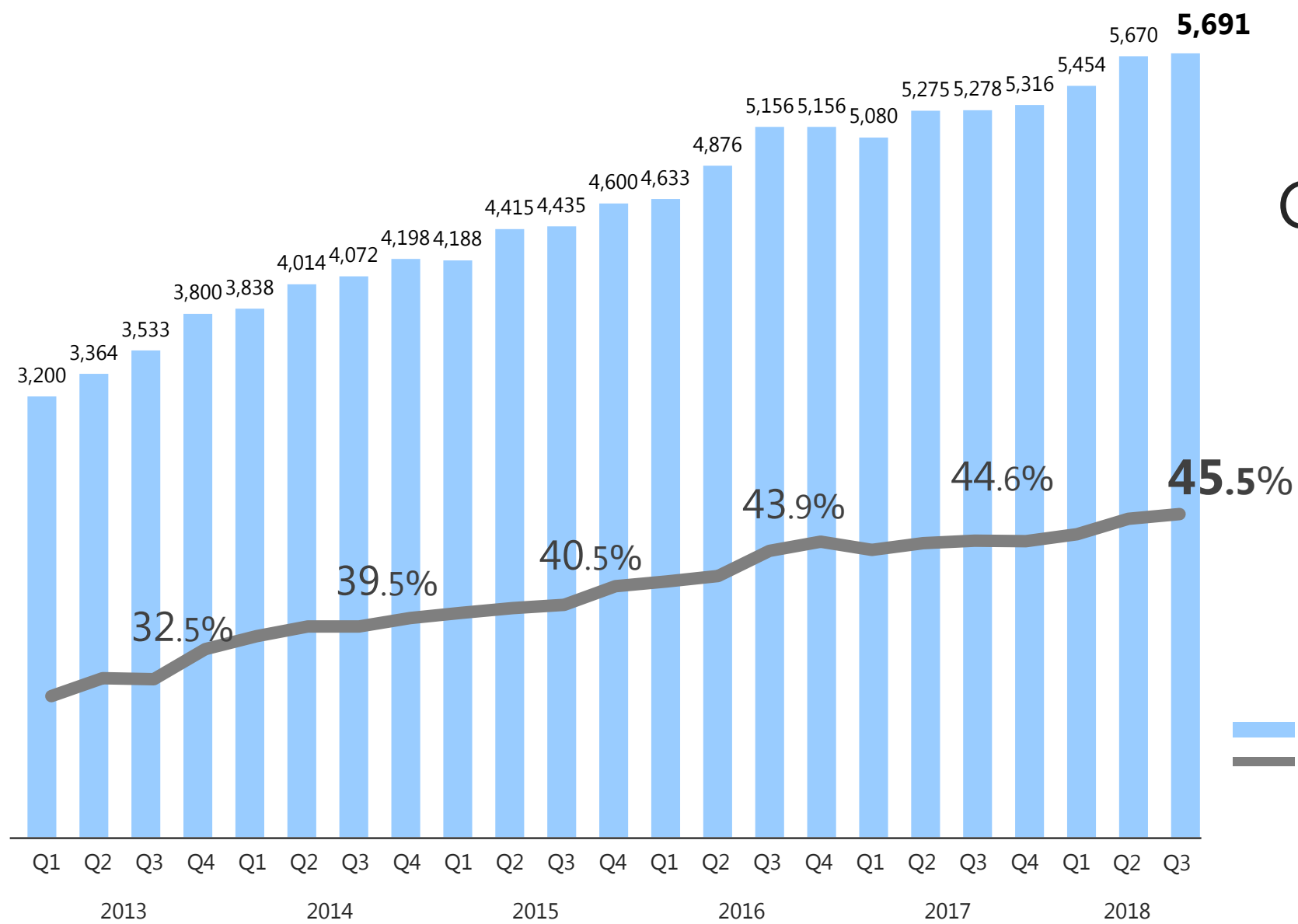


Solid revenue base  
**10.9M** customers

Up  
**1.13M**  
YoY

\*Net sales ratio is calculated based on the numbers before cancelling inter-segment transactions. \*We established the new Cryptocurrency segment in Q1 FY2018, and Mobile Entertainment segment was merged into other segments.  
\*10.90M is an aggregate number of customers (the actual number) in Infrastructure, Finance, and Cryptocurrency segments.

# Group Overview | Strengths: Technology



Goal: Workforce of  
over **50%**  
engineers



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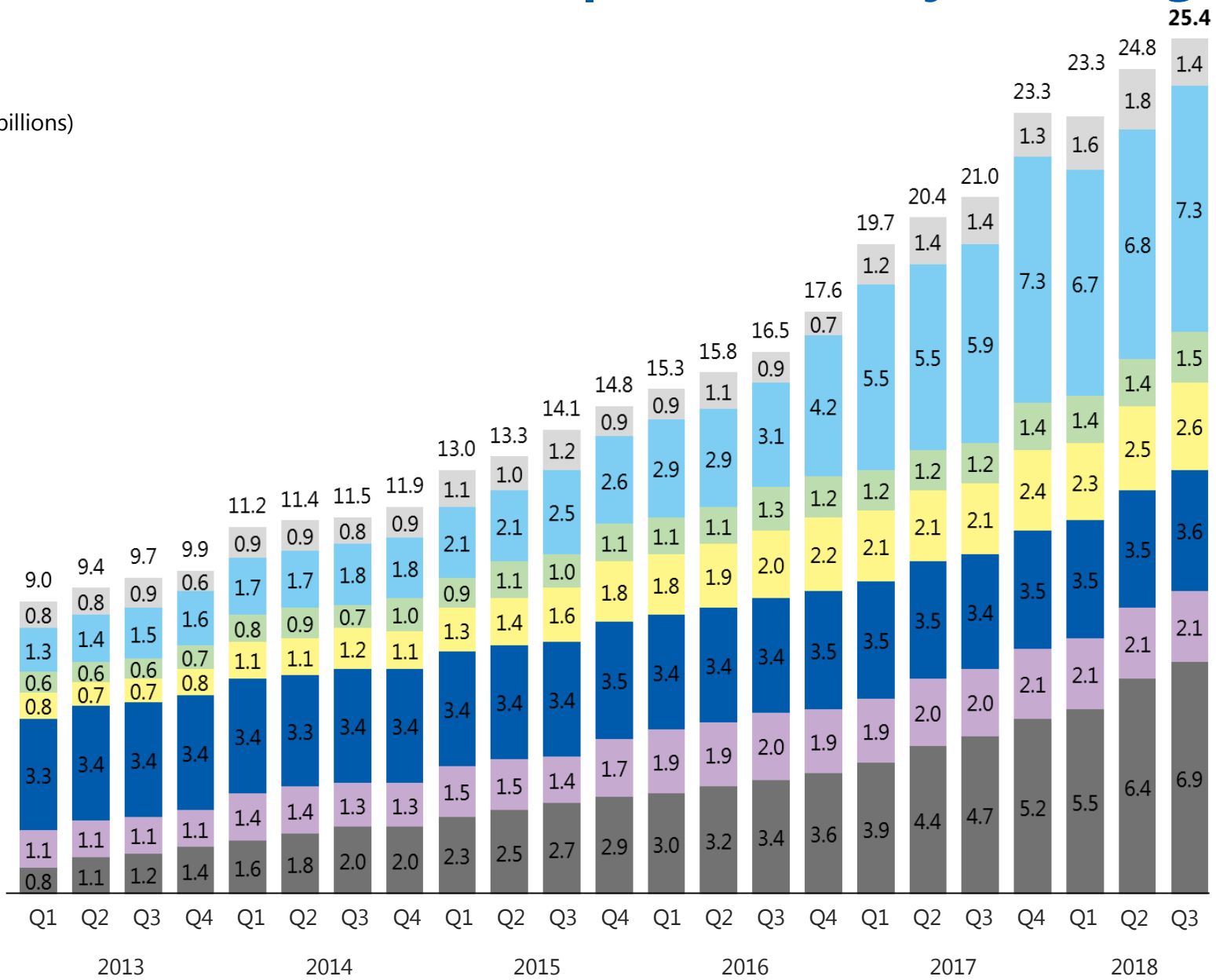
# Internet Infrastructure | Segment Composition

Strong No. 1	Domain Registry	GMO REGISTRY    GMO BrightsConsulting	Domestic market share at 81.7% <sup>*1</sup>
Strong No. 1	Domain Registrar	 MuuMuu Domain 	Domestic market share at 87.4% <sup>*2</sup>
Strong No. 1	Hosting & Cloud	 LOLIPOP!    GMOクラウド GMO アプリクラウド  	Domestic market share at 56.3% <sup>*3</sup>
No. 1	Ecommerce	 by GMO ベイバホ    MakeShop <sup>®</sup> by GMO	73,221 paid stores
No. 1	Security	 GlobalSign <sup>®</sup>	YoY increase in certificate issues 38.5% <sup>*4</sup>
No. 1	Payment	GMO PAYMENT GATEWAY    GMO EPSILON	102,484 merchants

<sup>\*1</sup> Based on our own data    <sup>\*2</sup> Based on ICANN data    <sup>\*3</sup> Based on Webhosting.info data    <sup>\*4</sup> YoY growth in domestic certificates issued in Q3

# Internet Infrastructure | Net Sales by Sub-Segment

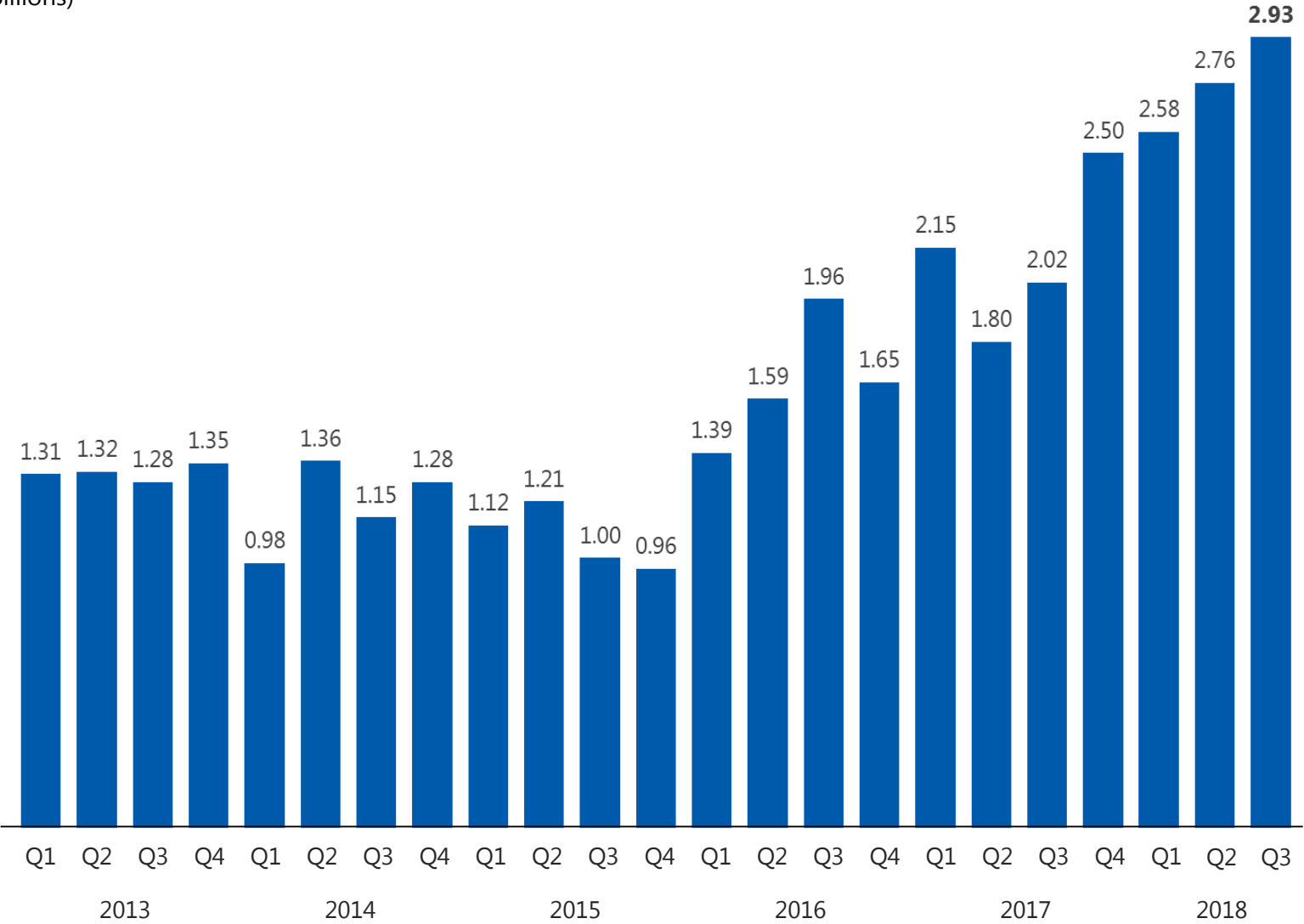
(JPY billions)



Revenue up  
**20.8%**  
YoY

# Internet Infrastructure | Operating Profit

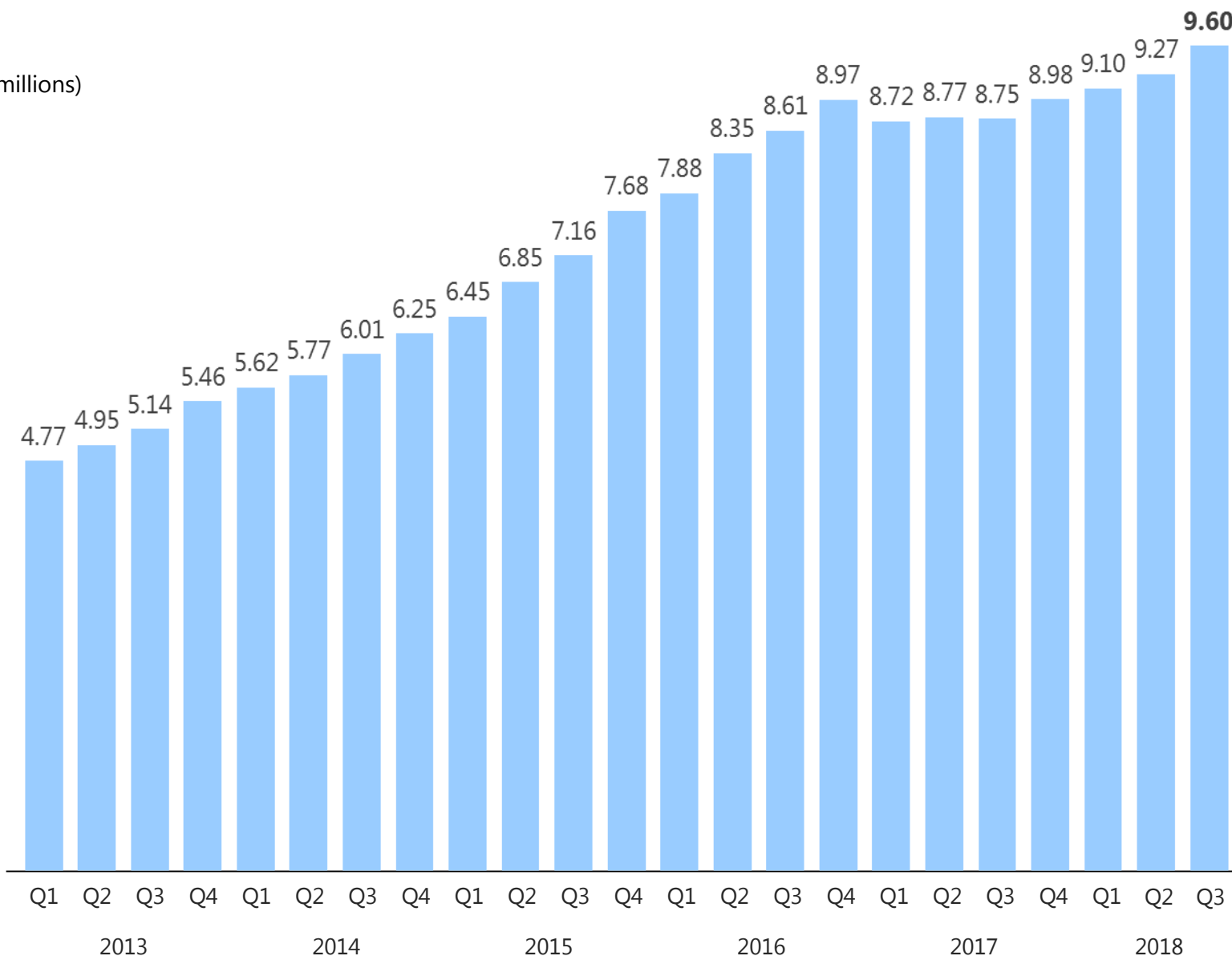
(JPY billions)



Profit up  
**44.8%**  
YoY

# Internet Infrastructure | Contracts

(JPY millions)

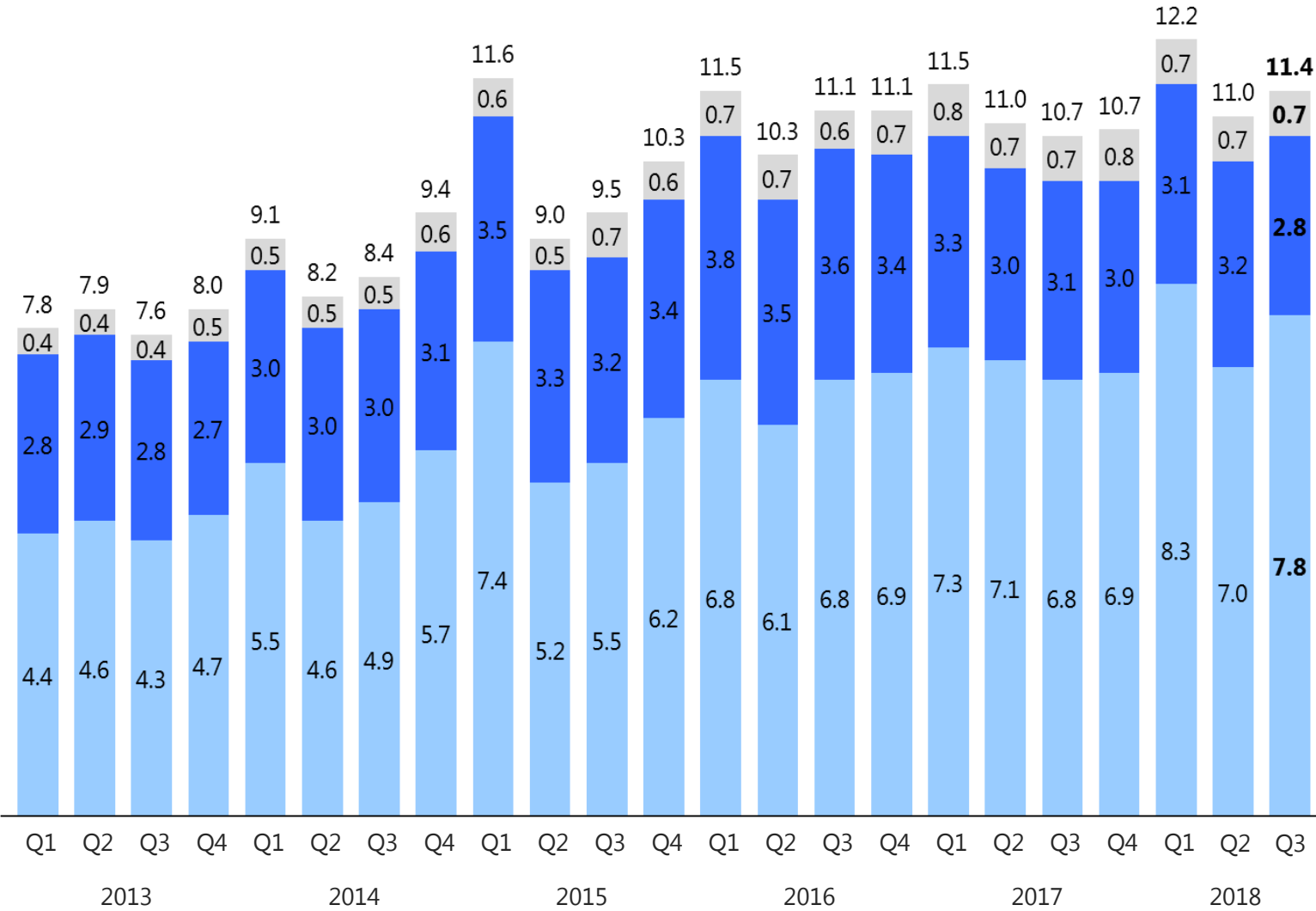


Solid revenue base  
**9.60M**  
customers

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# Online Advertising & Media | Net Sales

(JPY billions)

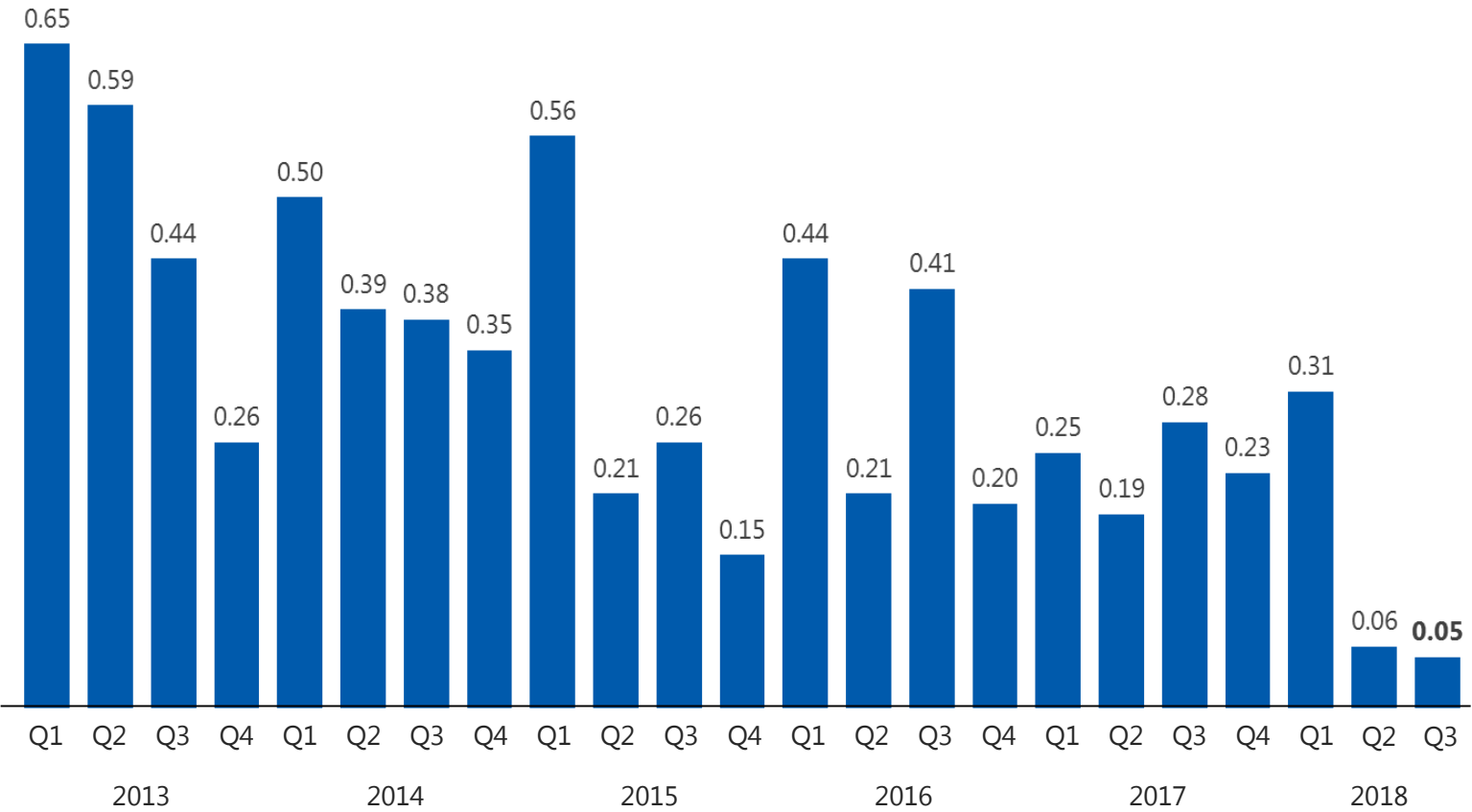


Revenue up  
**7.0%**  
YoY

- Internet Research/Other
- Internet Media
- Online Advertising

# Online Advertising & Media | Operating Profit

(JPY billions)



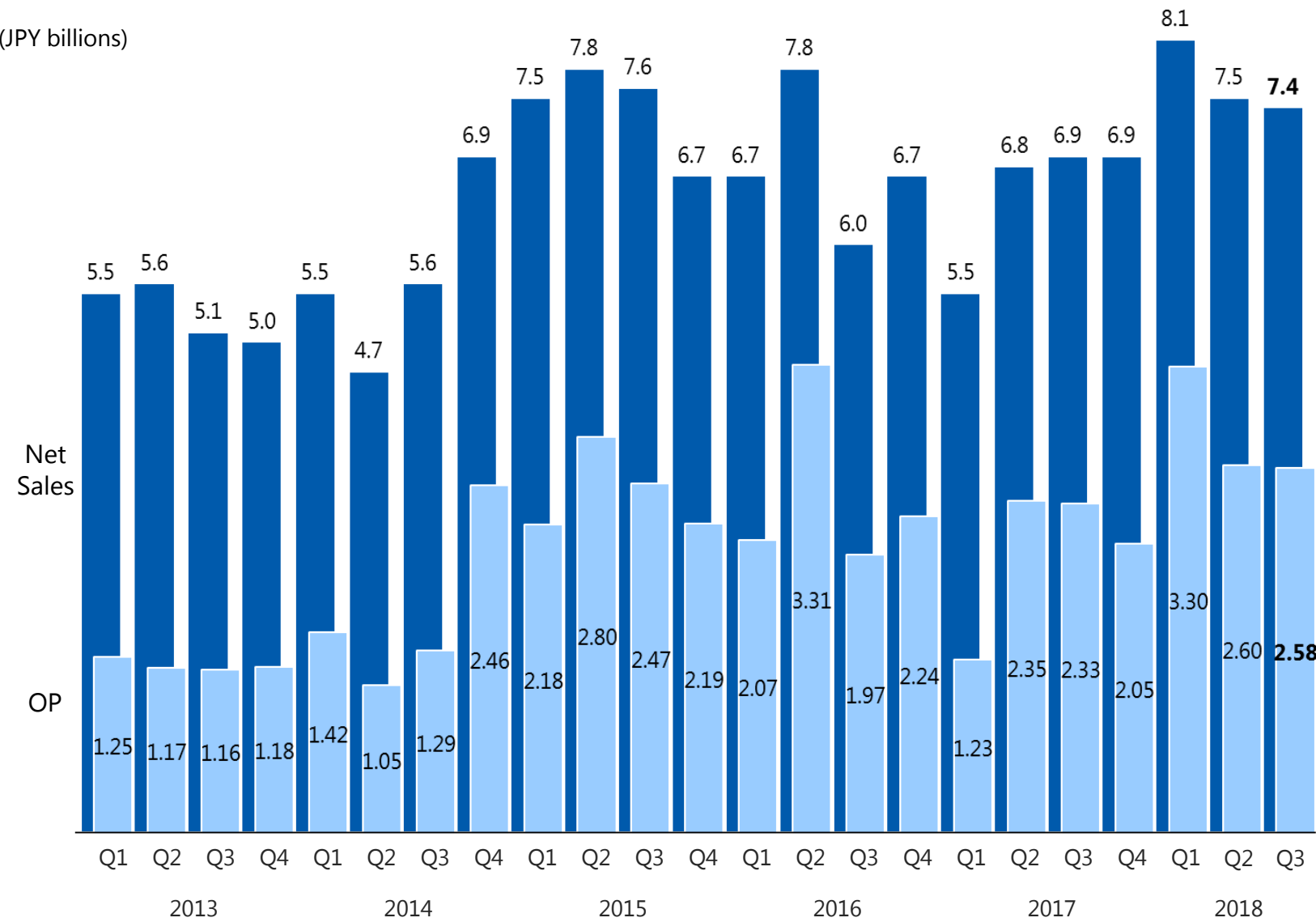
Profit down  
**79.2%**  
YoY



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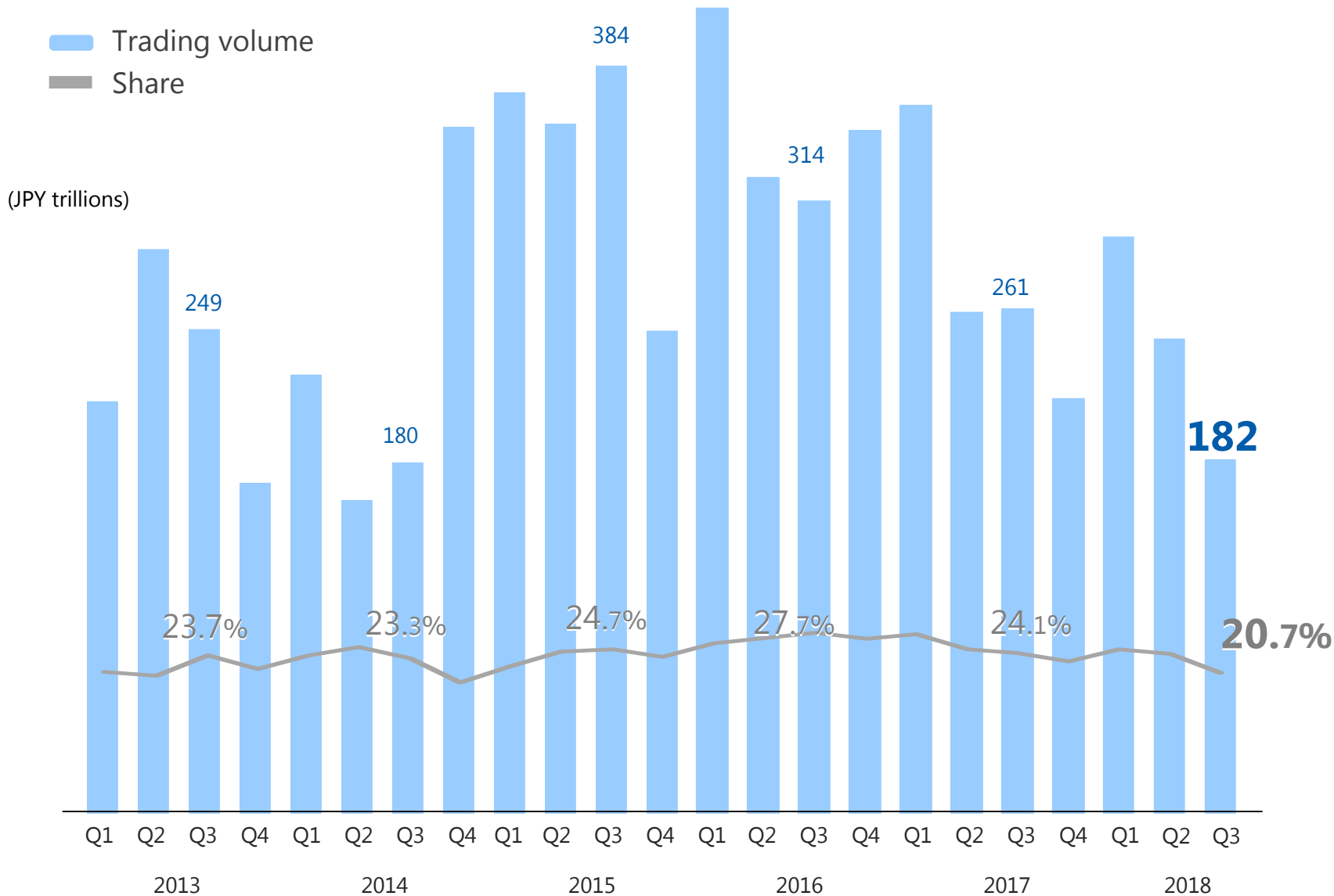
# Internet Finance | Historical Performance by Quarter

(JPY billions)



Revenue up  
**7.7%**  
Profit up  
**10.7%**  
YoY

# Internet Finance | FX Trading Volume



**No.1 annual FX trading volume worldwide for 6th consecutive year**

Prepared based on Results Presentation of GMO Financial HD for Q3 of FY2018 and “Monthly Statistical Bulletin on Over-The Counter Retail FX Margin Trading” published by the Financial Futures Association of Japan (FFAJ)

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## Other businesses (mobile entertainment) | New title

Launched "Captain Tsubasa ZERO" on October 18



The number of  
downloads surpassed  
1M  
(as of November 7)



To be launched  
in 2019



GMO Internet launches "Hakyu Houshinengi:  
**Senkai Chronicle**"

\* Tentative

To be launched  
in 2019



GMO LIVE GAMES\* launches **REALIVE!**

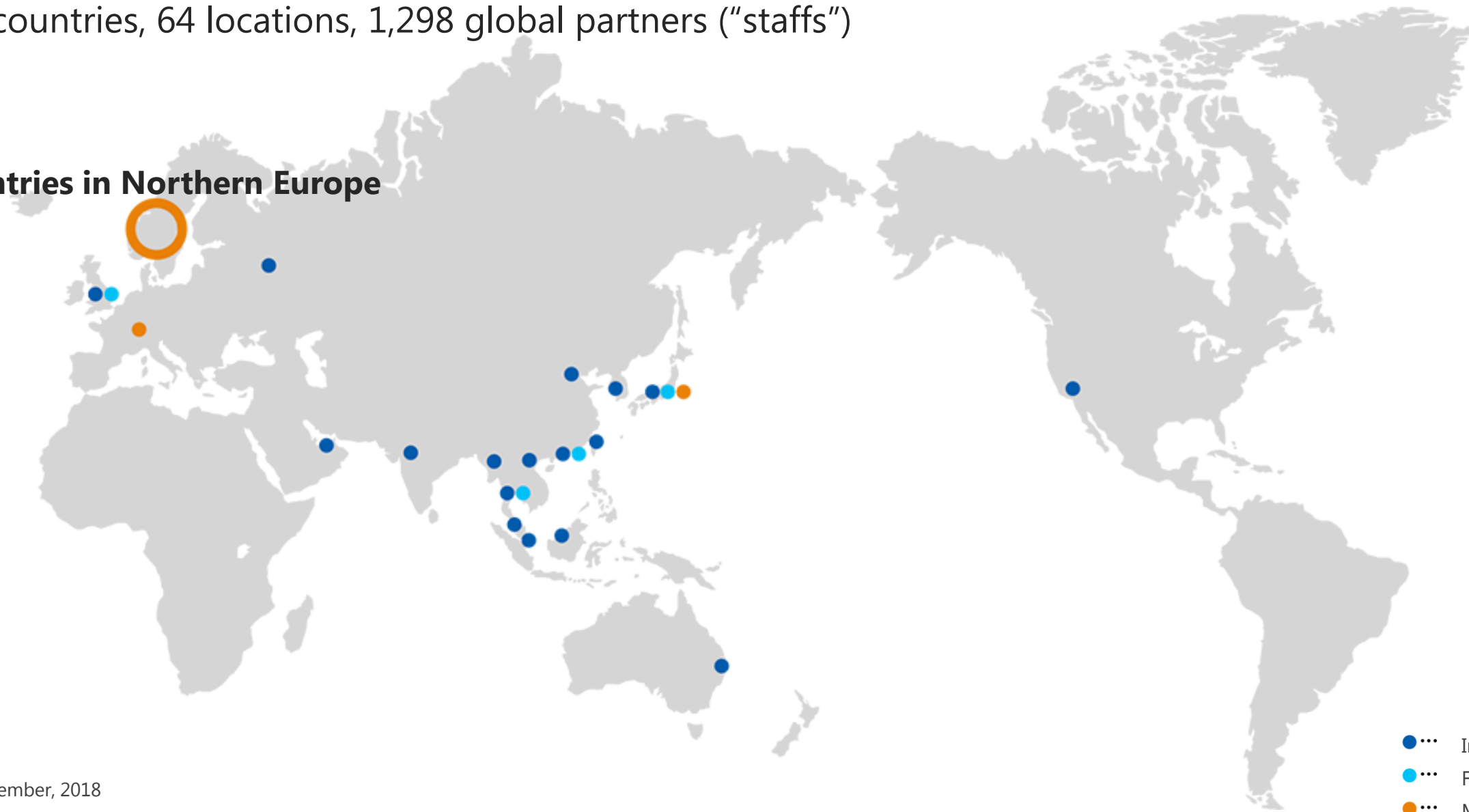
\* The joint venture of Gentosha, Avex Pictures, and GMO Internet

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# Global Operations | Locations

23 countries, 64 locations, 1,298 global partners ("staffs")

2 countries in Northern Europe



\*As of September, 2018

- Infrastructure
- Finance
- Mining

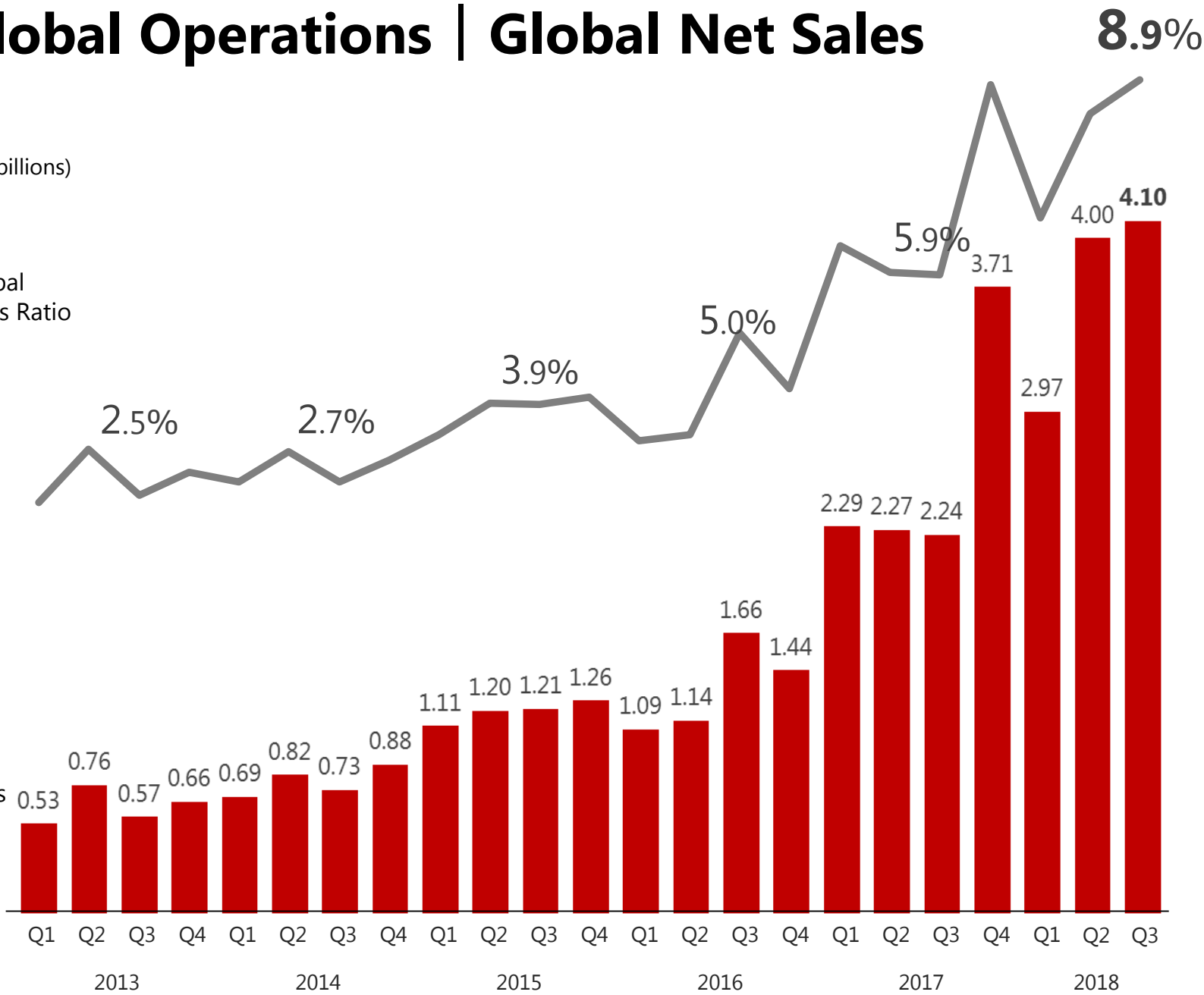


# Global Operations | Global Net Sales

(JPY billions)

Global Sales Ratio

Net Sales



82.7%  
YoY growth

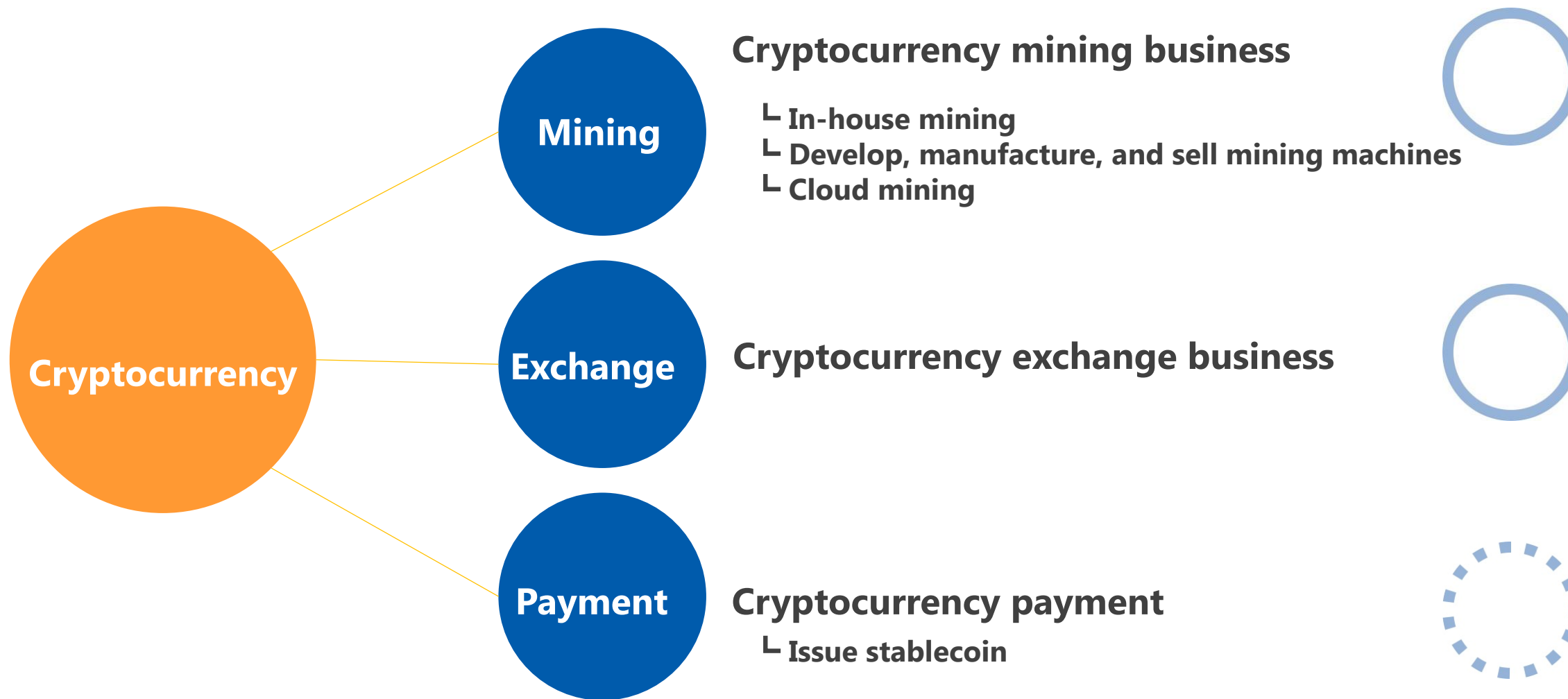
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# Finance, Payment, and Cryptocurrency



\* Upon obtaining necessary authorization from the relevant authority to become a major shareholder of GMO Aozora Net Bank, the GMO group companies may increase the ratio of voting rights to 50%.

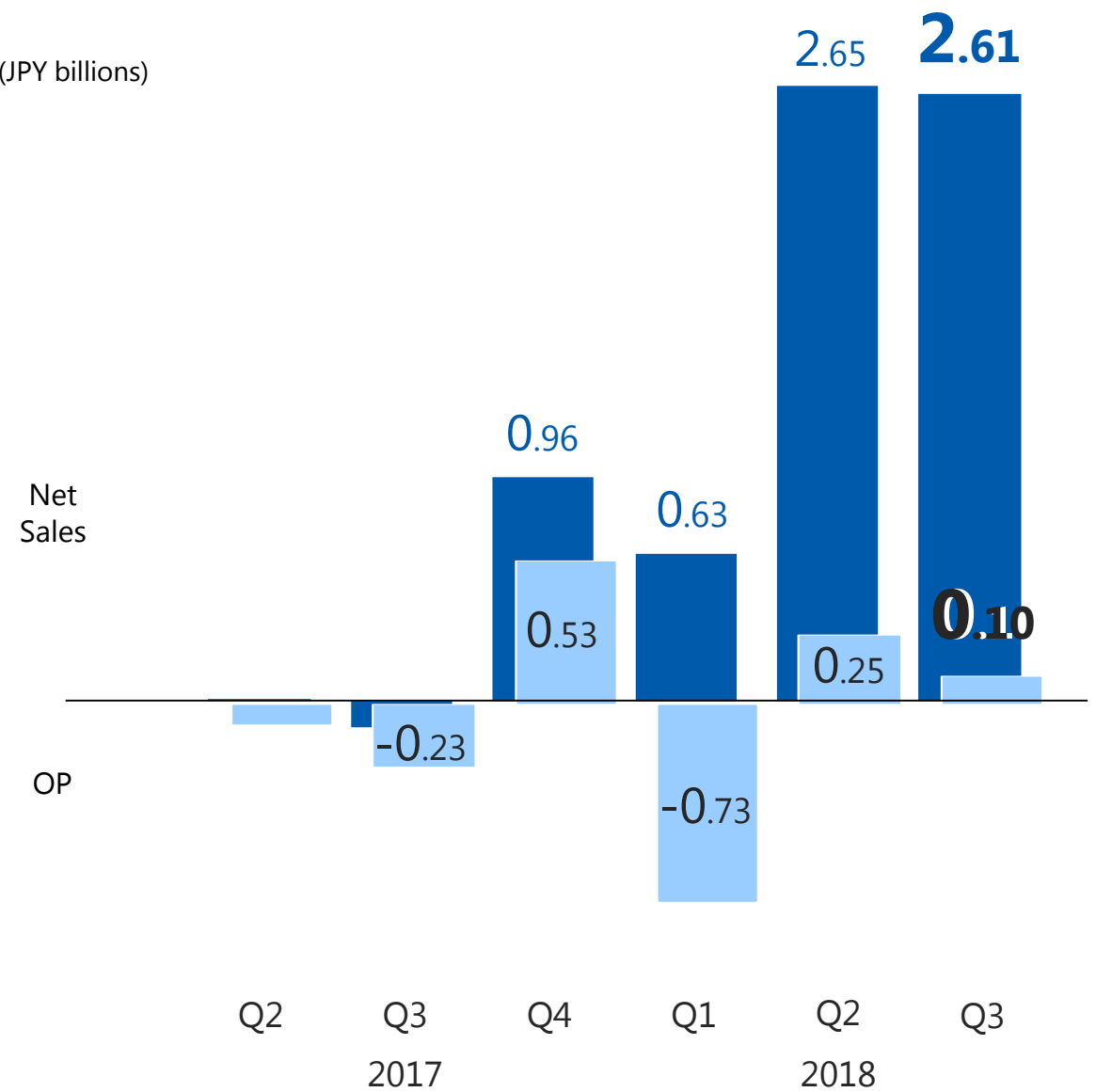
# Cryptocurrency business | Major policies



**Aim to become No. 1 in the field of cryptocurrency**

# Cryptocurrency business | Historical performance by quarter

(JPY billions)



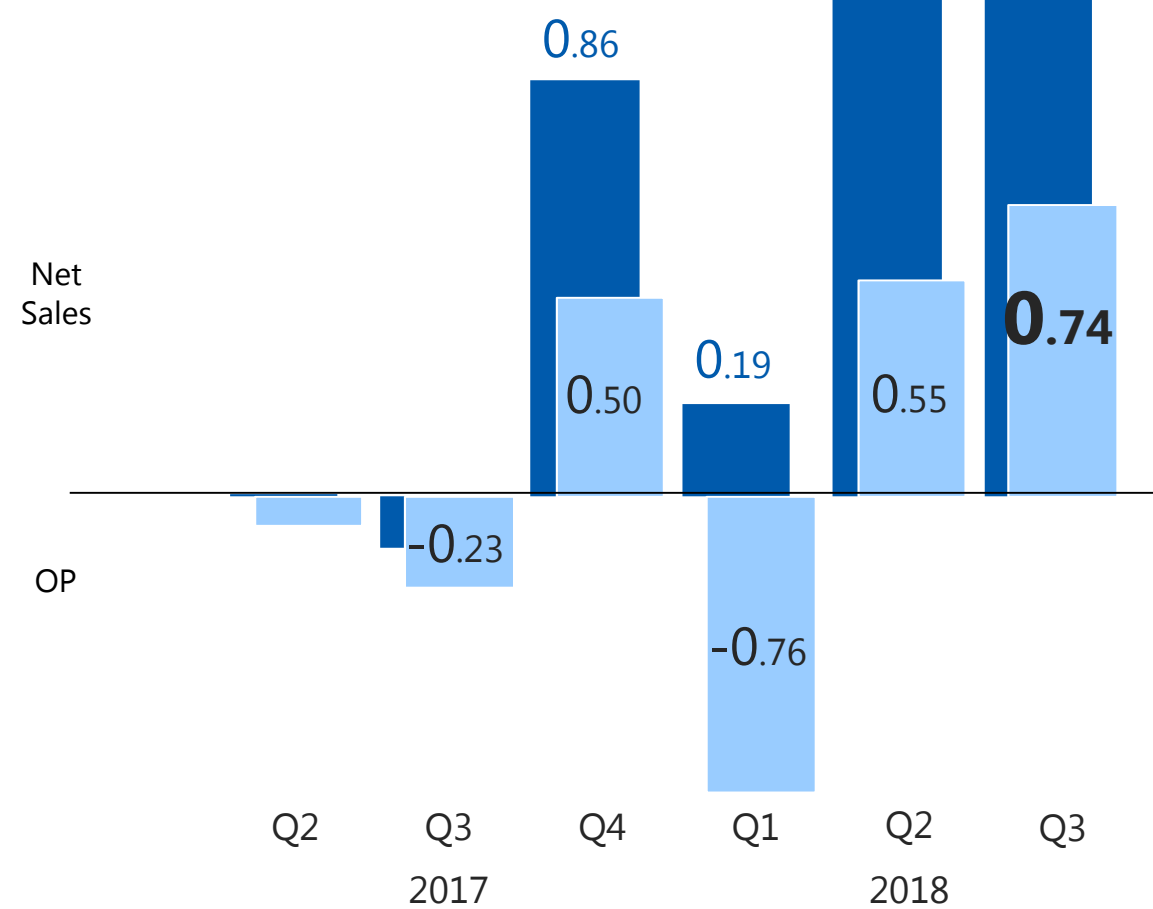
Revenue of over JPY **2.6B**

in just a year since the launch despite the harsh external environment

# Cryptocurrency exchange business | Historical performance by quarter

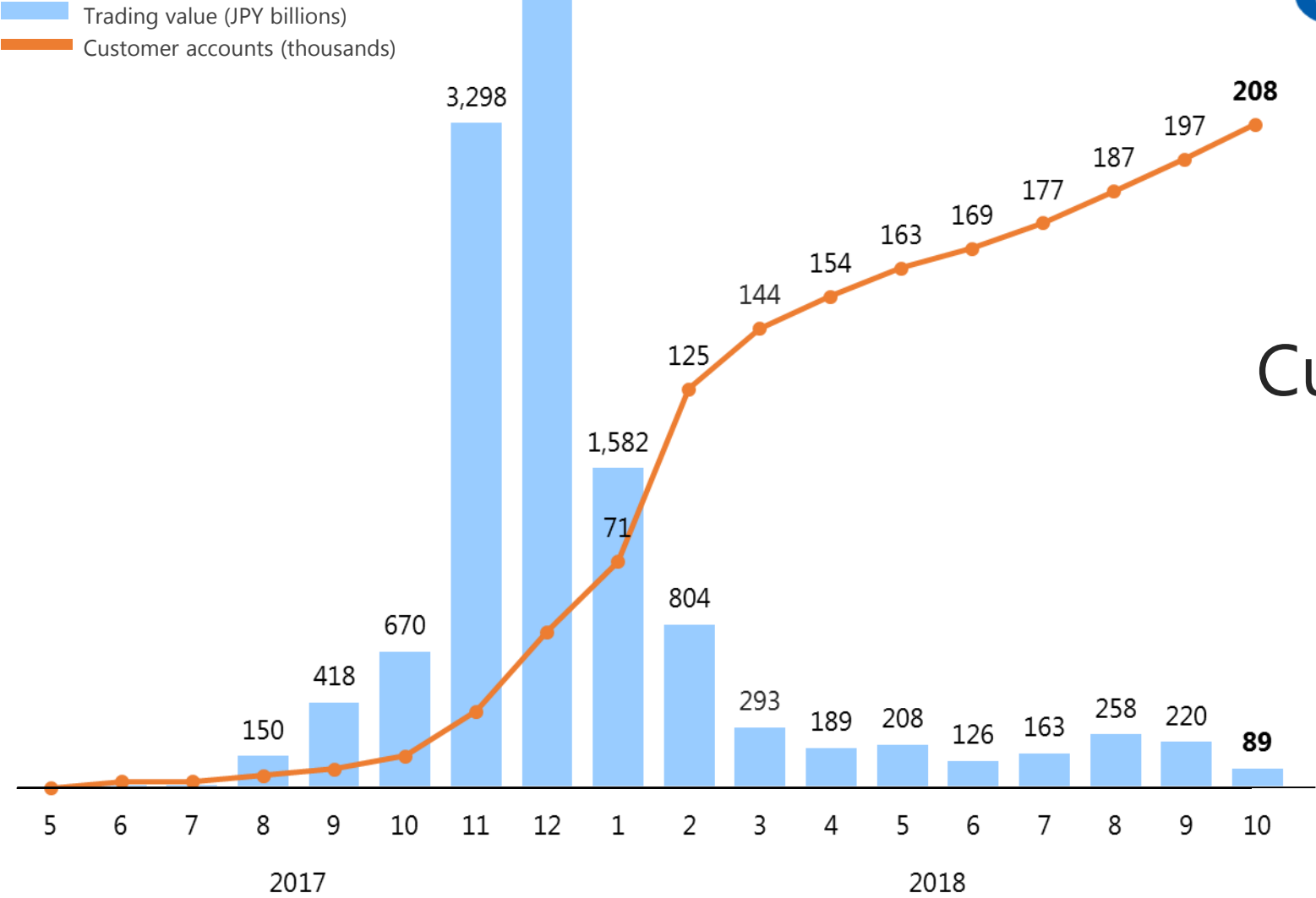


(JPY billions)



Profit up  
**34.4%**  
QoQ

# Cryptocurrency exchange business | Trading value and customer accounts



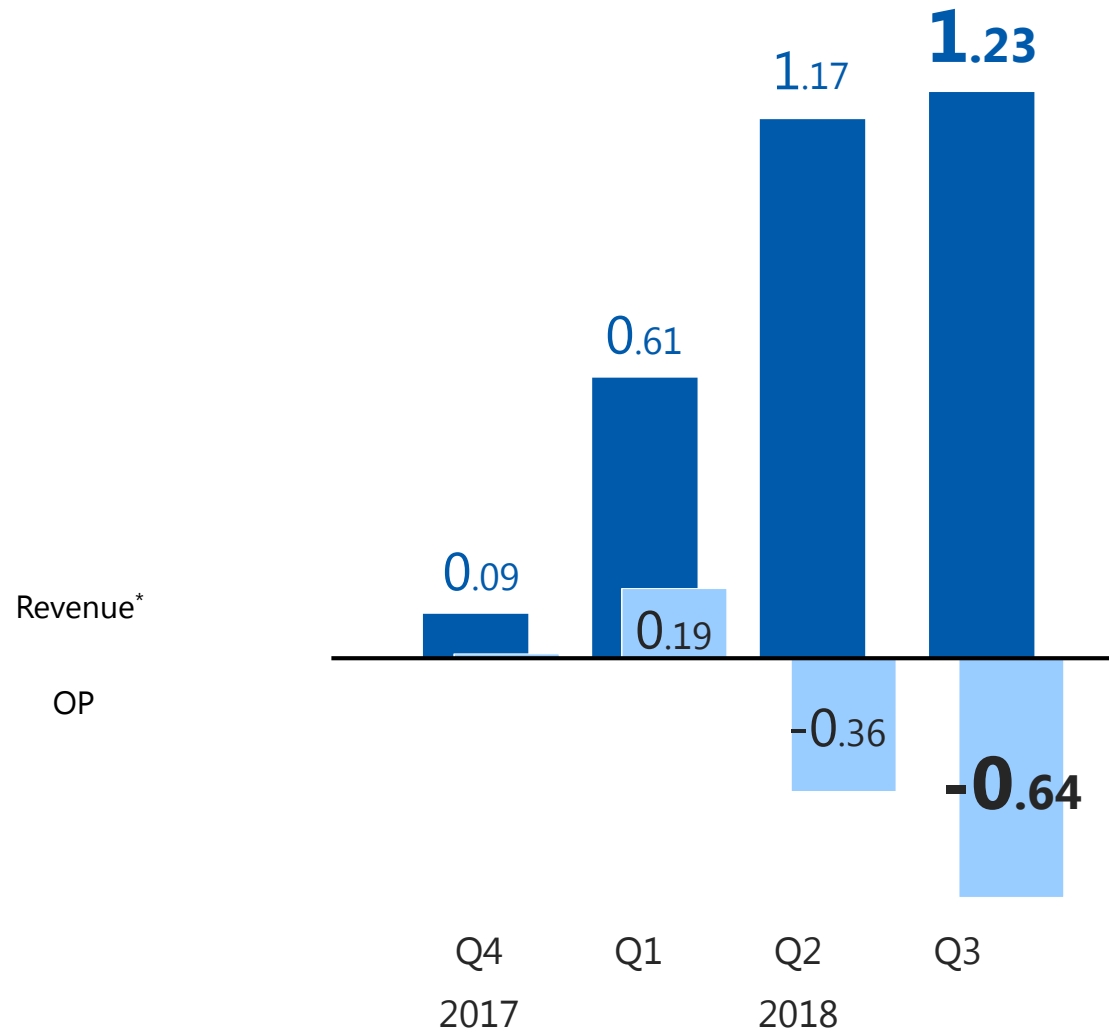
Customer accounts are growing steadily

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# Cryptocurrency mining business | Historical performance by quarter

(JPY billions)



- Increasing our human resources

► **Revenue up QoQ**

- Worsening external environment

- Increasing depreciation cost

► **Profit down QoQ**

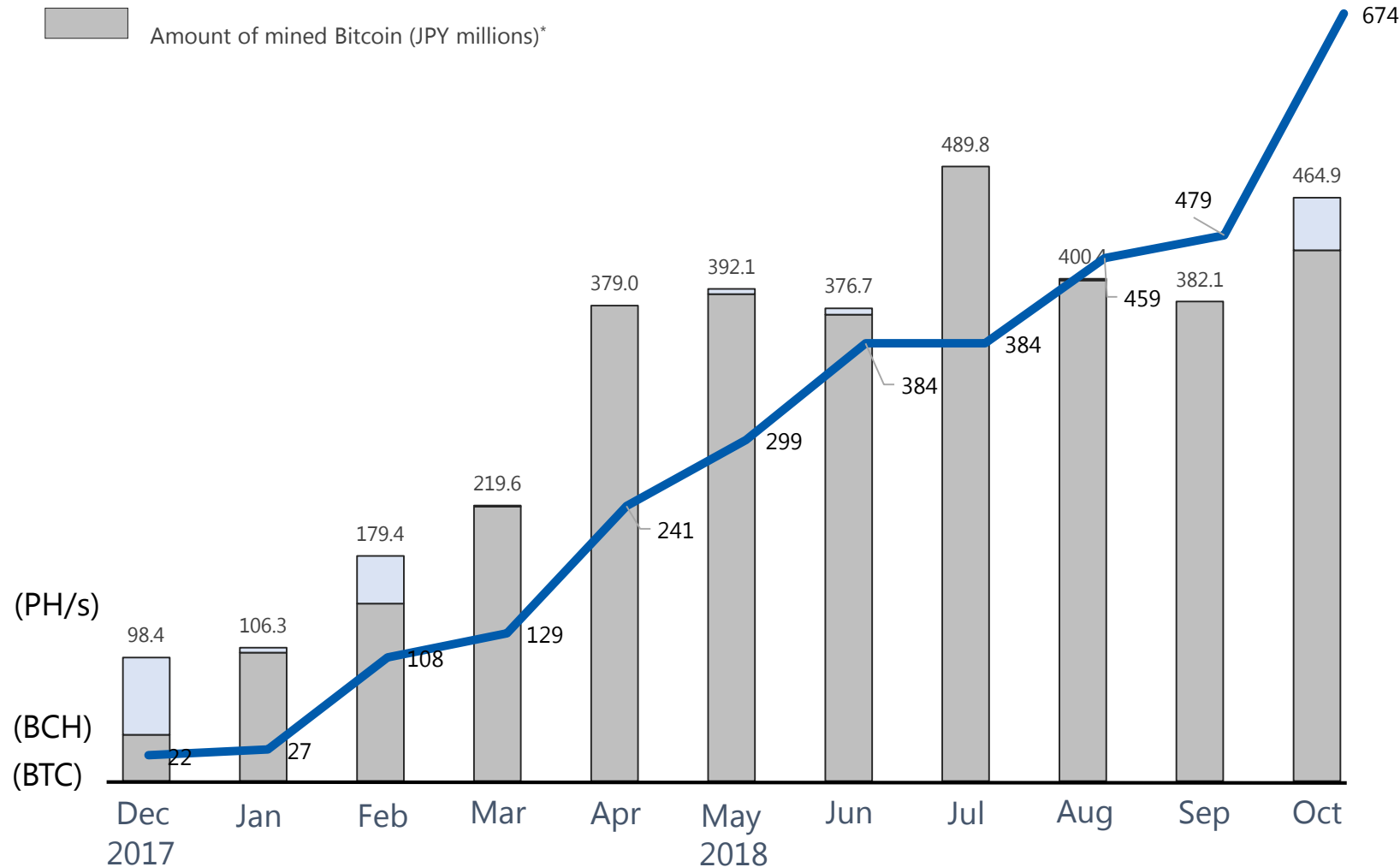
\*Gross figure including revaluation gain (loss) of cryptocurrency, which was -0.16B in Q1, +0.06B in Q2, and +0.01B in Q3.

# Cryptocurrency mining business | Our hash rate and the amount of mined Bitcoin

— Our hash rate (PH/s)

Amount of mined Bitcoin Cash (JPY millions)\*

Amount of mined Bitcoin (JPY millions)\*



## Mining Bitcoin and Bitcoin Cash

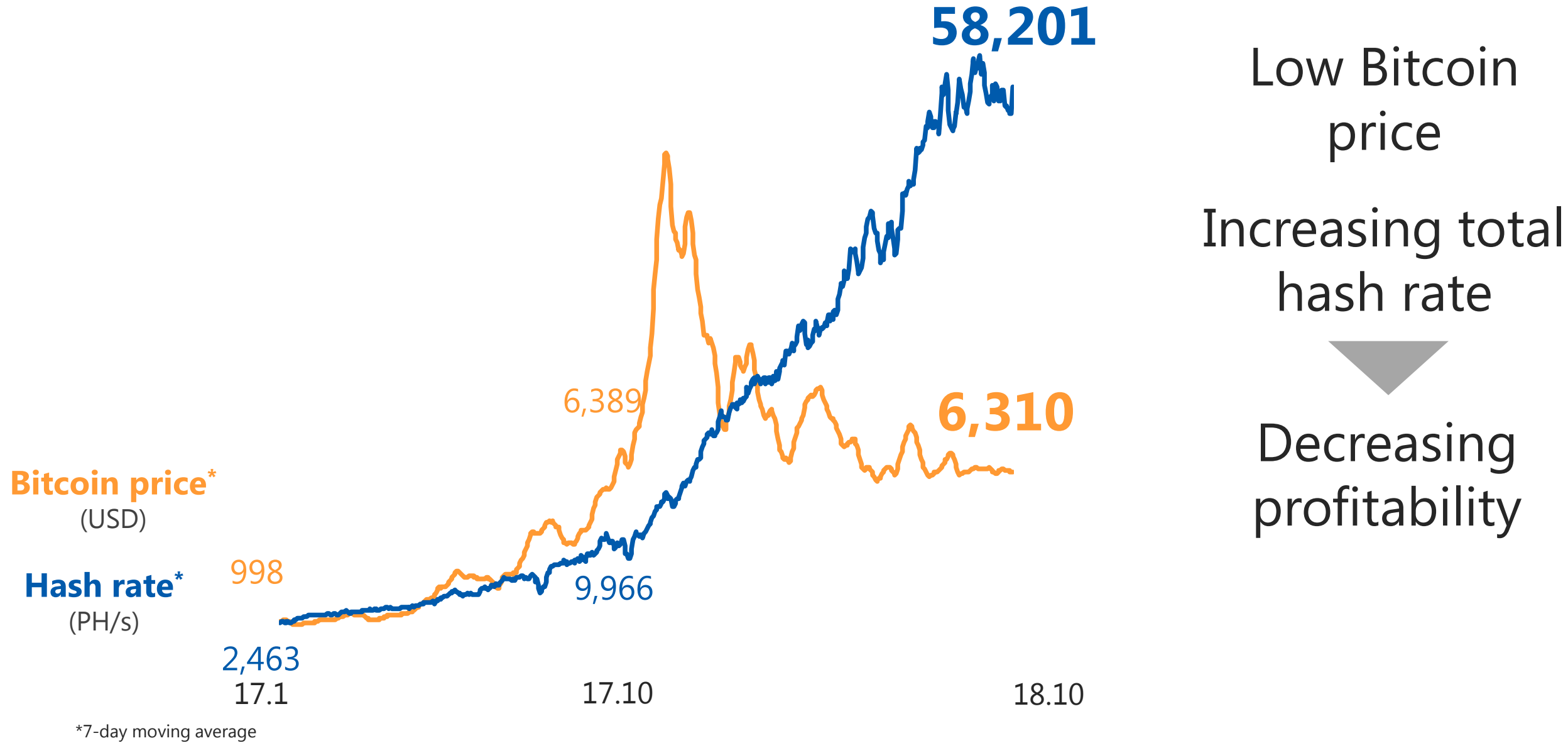
Aiming to achieve

**800**PH/s

within the year

\*Reference value based on amount of mined Bitcoin and Bitcoin Cash and the rate as of the end of each month (i.e. not the precise mining revenue)

# Cryptocurrency mining business | Bitcoin macro environment





**GMO** miner **B3**

**Delay for part of the  
electronic components**



**Postponement of shipments**

## GMO Japanese YEN

**Ticker symbol**

**GJY**

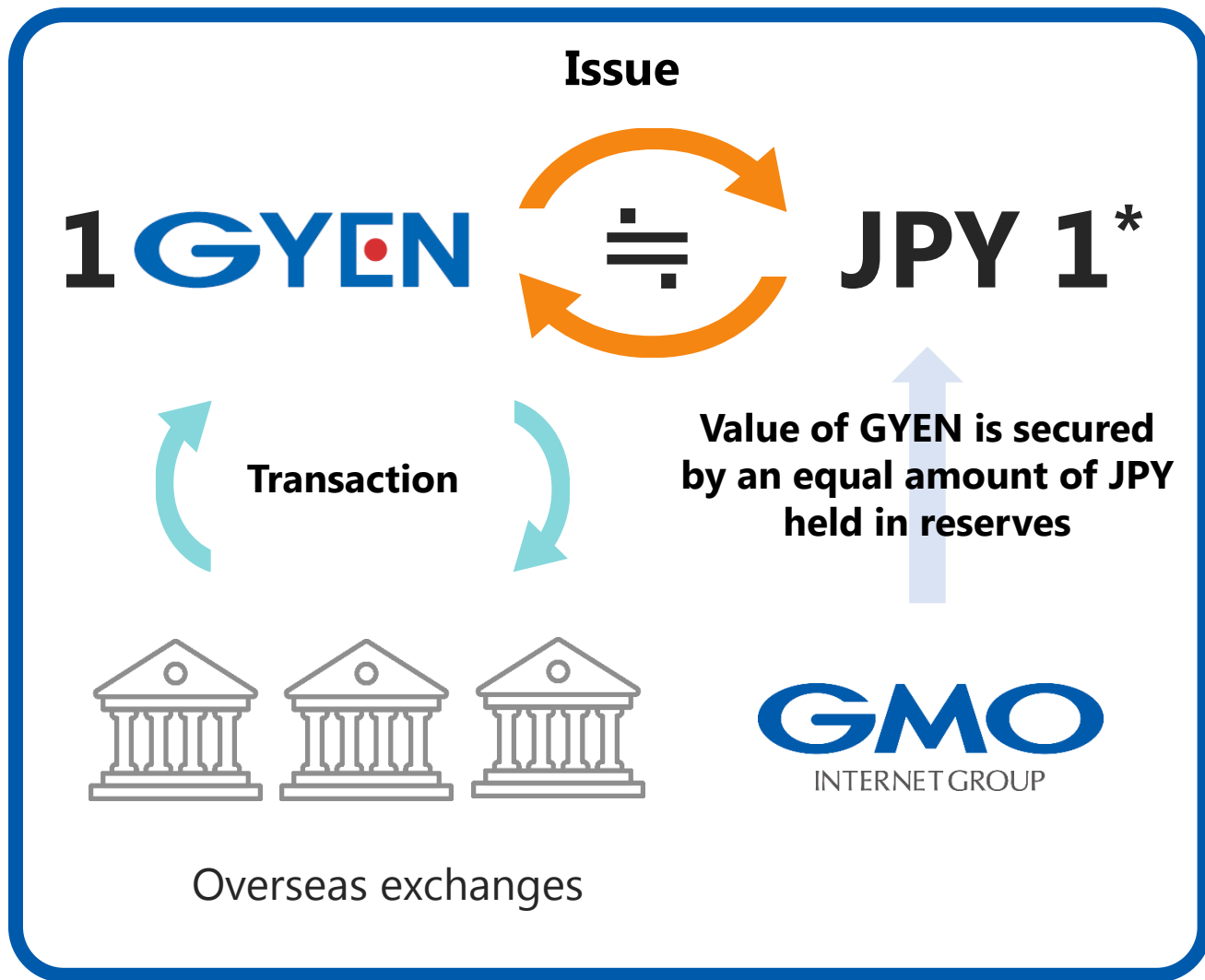


**GYEN**

**Logo**

**GYEN**

# Cryptocurrency business | Stablecoin GYEN



**Launch of a Japanese yen-pegged currency "GYEN"**

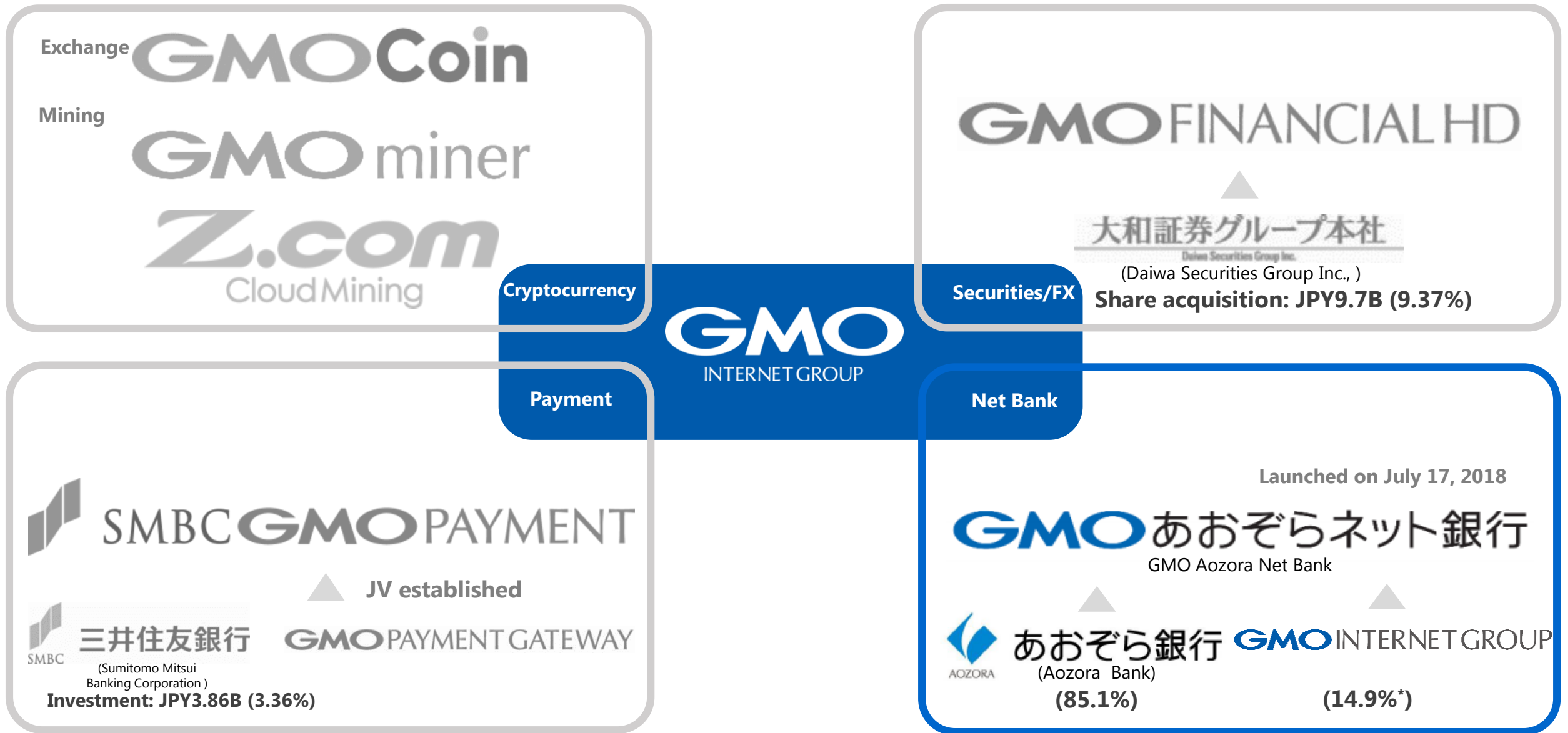
**Minimize the risks associated with the price volatility**

**Increase in liquidity and easier-to-use**

\* Assuming that 1 GYEN  $\div$  JPY 1

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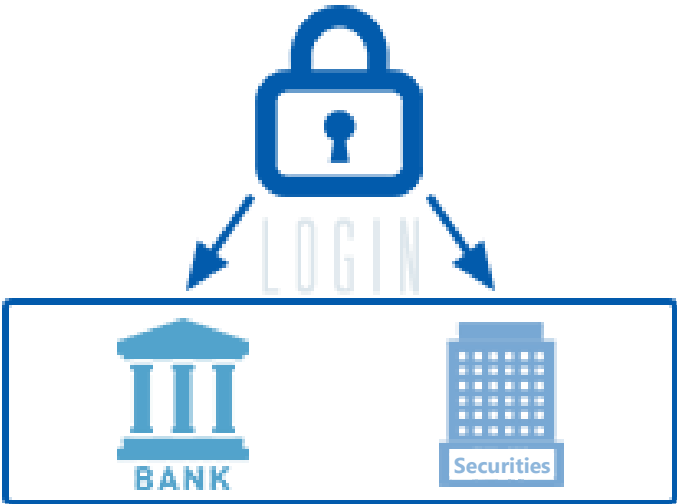


# Net Bank | Collaboration between banking and securities

Launched connected securities account on August 3

**GMOCLICK** SECURITIES × **GMO** あおぞらネット銀行

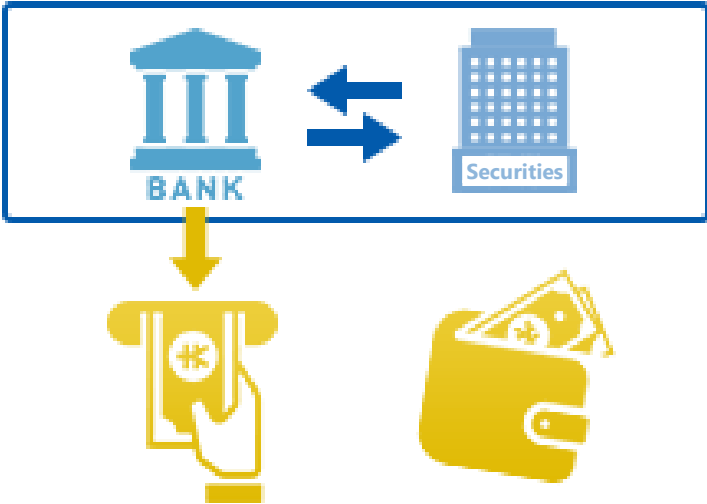
Automatic login

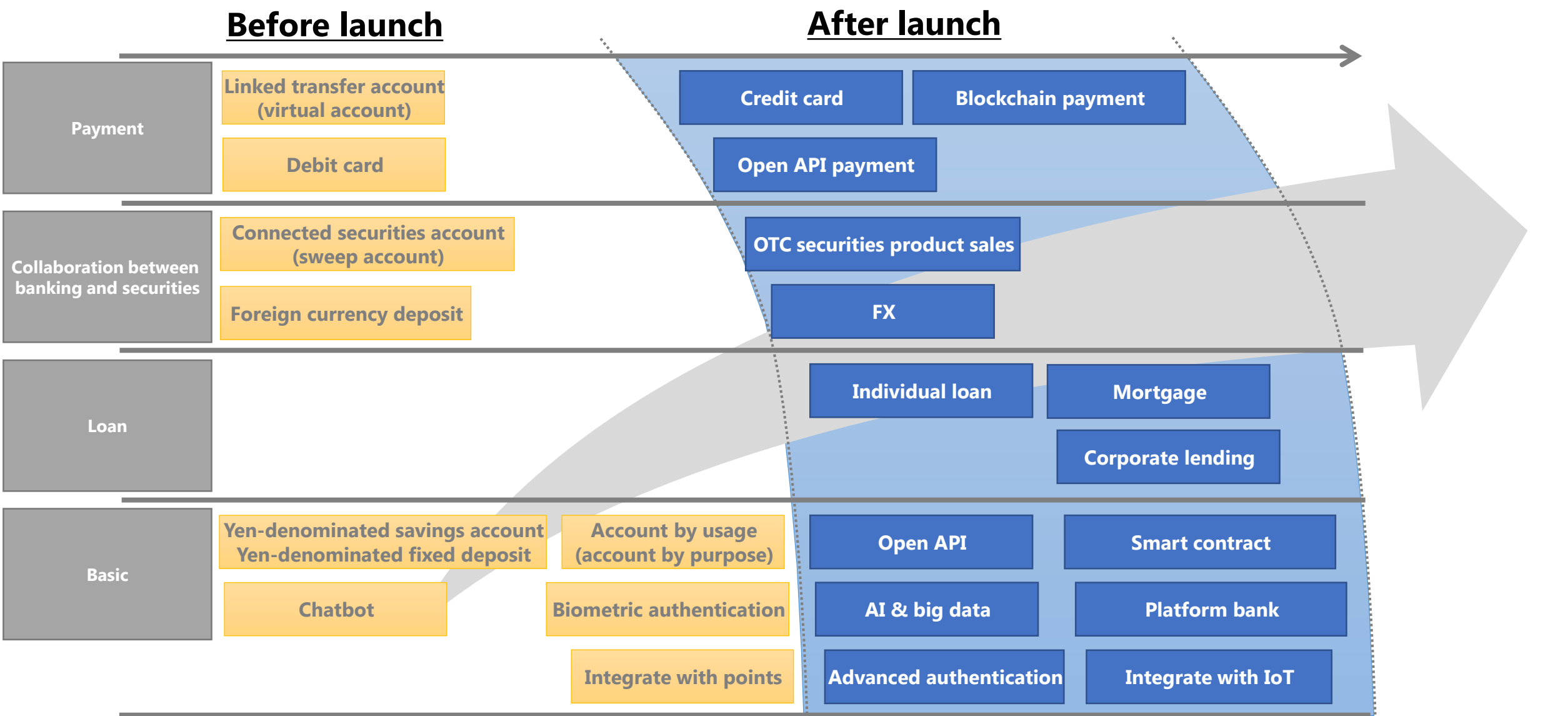


Reserves automatically reflected



Immediate account transfer





\*Source: GMO Aozora Net Bank launch presentation on July 17, 2018

**Internet for Everyone**

**GMO**



**We are planning on making an earnings announcement for FY2018 after 3 pm on February 12, 2019.**

This document includes projections based on expectations, premises and plans as of November 12, 2018. These projections may differ from actual results due to factors including changes in the global economy, competition, exchange rate fluctuations, market cap of cryptocurrency, 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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