

Fiscal Year 2018 Results Presentation



STOCK CODE : 9449

Supplementary Materials

February 12, 2019

Significant Group Companies

136 Group Companies (110 consolidated, 19 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) *As of December 2018

Internet Infrastructure

- ★ GMO Internet, Inc. (TSE:9449)
- ★ GMO Payment Gateway, Inc. (TSE:3769)
- ★ GMO CLOUD, Inc. (TSE:3788)
- ★ GMO Pepabo Inc. (JASDAQ: 3633)

GlobalSign K.K.
GMO CARS, Inc.
GMO MAKESHOP Co. Ltd.
GMO Commerce, Inc.
GMO Epsilon, Inc.
GMO Payment Services, Inc.
GMO Financialgate, Inc.
Global Card System, Inc.
GMO Registry, Inc.
GMO System Consulting, Inc.
GMO Creators Network, Inc.
GMO Brights Consulting, Inc. (and other companies)

- Hokkaido Pref.
GMO DIGITAL Lab, Inc.
- Kyushu and Chugoku regions
GMO CLOUD, Inc. (Shimonoseki Branch)
GMO Pepabo, Inc. (Fukuoka Branch)
GMO Internet, Inc. (Kokura Office)
GMO Internet, Inc. (Miyazaki Office)
GMO NIKKO, Inc. (Miyazaki Office)
GMO TECH, Inc. (Miyazaki Office)
- Osaka region
GMO Internet, Inc.
(Osaka Sales Office)
GMO CLOUD, K.K.
GMO Payment Gateway, Inc.
GMO Solution Partner, Inc.
GMO DigiRock, Inc.

Internet Finance

- ★ GMO Financial Holdings, Inc. (JASDAQ:7177)
- GMO CLICK Securities, Inc.
FX PRIME by GMO Corporation

Online Advertising & Media

- ★ GMO AD Partners, Inc. (JASDAQ:4784)
- GMO NIKKO, Inc.
GMO AD Marketing
GMO Insight, Inc.
- ★ GMO Research, Inc. (MOTHERS: 3695)
- ★ GMO Media, Inc. (MOTHERS: 6180)
- GMO Solution Partner, Inc.
- ★ GMO TECH, Inc. (MOTHERS: 6026)
- GMO Kumapon, Inc.
(and other companies)

Cryptocurrency

GMO Internet, Inc.
GMO Coin

Incubation

GMO Venture Partners, Inc.

Equity Method Affiliate

SMBC GMO PAYMENT, Inc.
GMO Aozora Net Bank, Ltd.

- Europe

(UK)

GMO-Z.com Trade UK LTD.

GMO GlobalSign Ltd.

(Belgium)

GlobalSign NV



(US)

GMO GlobalSign, Inc.
GMO-Z.com USA, Inc.

- Asia

GMO Globalsign China (PRC)

GMO-Z.com Forex HK Limited (Hong Kong)

GMO-Z.com PAYMENT GATEWAY HK Limited. (Hong Kong)

(UAE)

GMO GlobalSign FZ-LLC

(India)

GMO GlobalSign Certificate Services Private limited; GMO Research Pvt.Ltd.

(Myanmar)

GMO-Z.com ACE Co. Ltd.

(Thailand)

GMO-Z.com Securities Thailand; GMO-Z.com NetDesign Holdings Co.,Ltd

(Singapore)

GMO-Z.com Pte. Ltd.; GMO GlobalSign Pte. Ltd.; GMO-Z.com PAYMENT GATEWAY Pte Ltd.

(Malaysia)

MACRO KIOSK BERHAD

(Vietnam)

GMO-Z.com Runsystem JSC; GMO-Z.com Vietnam Lab Center Co. Ltd.

(Philippines)

GMO GlobalSign Inc.

★ Listed Company
(total 9 companies)

Group News (1) 3 mths to December

- 10/10 **GMO PEPABO inc.** Number of application downloads of GMO Pepabo's minne, Japan's leading handmade market, has exceeded 10 million
- 10/16 **GMO CREATORS NETWORK** GMO Creators Network launches its receiving agent and immediate payment service specializing in freelancers "FREENANCE byGMO," the first of its kind in Japan: Supporting a safe work environment for freelancers to freely carry out their activities by providing related product liability insurance
- 10/22 **GMO Coin**
GMO AOZORA NET BANK GMO Coin and GMO Aozora Net Bank begin integrating websites for opening bank accounts, which will lead to the launch of direct deposit in mid-November
- 10/30 **GMO BrightsConsulting** GMO Brights Consulting launched nomyne byGMO, an online naming solution for startups and small businesses: Finding the relevance of the naming for free with a machine investigation mechanism via AI
- 11/1 **GMO MAKESHOP** GMO MAKESHOP will start accepting applications for "Fulloutsourcing For Global byGMO," a service to build and operate the cross-border ecommerce online stores: Providing one-stop service from building online stores, international shipping, to customer acquisition
- 11/7 **GMO INTERNET** GMO Internet game, Captain Tsubasa ZERO Miracle Shoot surpasses 1 million downloads, offering login bonuses

Group News (2) 3 mths to December

11/12 **GMO** INTERNET

GMO Internet has changed a ticker for its yen-backed currency, GMO Japanese Yen, from GJY to GYEN: Planning to launch it in Asian countries in 2019

11/21  **GlobalSign**®

Longview™ partners with GlobalSign and Intrinsic ID to deliver robust and comprehensive IoT security: Built from the ground up with integrated security, Longview is a complete and future-proof IoT solution

11/29 **GMO** EPSILON

GMO Epsilon has launched lending service using long-term care management data for long-term care facilities in collaboration with the group companies of SMS, which offers long-term care and medical information services

12/17 **GMO** Medical Reservations Technology

GMO Medical Reservations Technology launches "Omatome Shinsatsuken byGMO": Reservation, inquiry, reception, and payment at multiple doctors' offices through smartphone applications

12/18 **GMO** ADPARTNERS

GMO AD Partners strategically partners with LINE, the service of which targets both legal entities and SMBs

12/19  **GlobalSign**®

GMO GlobalSign's Cryptknocker byGMO, a mining software, now supports Bitcoin Gold: Achieving the world's fastest software in Bitcoin Gold mining!

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	TSE 1st Section 3769		
	Internet Infrastructure (Payment)		
	Q1 FYE 9/2018 (3mths to Dec)	Q1 FYE 9/2019 (3mths to Dec)	FYE 9/2019 Forecast (Progress)
Net Sales	6,098	8,246	31,850 (25.9%)
Operating Profit	1,594	2,076	8,300 (25.0%)
Net Profit	860	1,079	5,106 (21.1%)

*Adopting IFRS since FYE 9/2018. Previous year’s numbers are based on IFRS.

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	JASDAQ Standard 7177			
	Internet Finance & Cryptocurrency			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12 mths to Dec)	FYE 12/2019 Forecast
Net Sales	7,826	8,551	34,787	—
Operating Profit	2,637	2,543	11,812	—
Ordinary Profit	2,625	2,421	11,849	—
Net Profit	1,476	1,503	7,719	—

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	TSE 1st Section 3788			
	Internet Infrastructure (Hosting & Cloud, Security)			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	3,172	3,284	12,738	14,015 (110.0%)
Operating Profit	336	331	1,408	1,550 (110.0%)
Ordinary Profit	332	325	1,490	1,550 (104.0%)
Net Profit	89	130	956	1,010 (105.6%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	JASDAQ Standard 4784			
	Online Advertising & Media			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	7,672	8,782	34,005	35,000 (102.9%)
Operating Profit	101	199	507	560 (110.2%)
Ordinary Profit	104	197	561	550 (98.0%)
Net Profit	264	58	235	295 (125.2%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	JASDAQ Standard 3633			
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	1,880	2,111	8,200	9,200 (112.2%)
Operating Profit	-79	69	467	950 (203.1%)
Ordinary Profit	-64	66	524	962 (183.6%)
Net Profit	-95	65	467	684 (146.4%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	TSE MOTHERS 3695			
	Online Advertising & Media			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	813	949	3,186	3,664 (115.0%)
Operating Profit	57	156	248	326 (131.1%)
Ordinary Profit	59	153	239	307 (128.3%)
Net Profit	25	81	148	208 (140.7%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	TSE MOTHERS 6026			
	Online Advertising & Media			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	731	738	2,795	2,900 (103.7%)
Operating Profit	41	14	-95	30 (-)
Ordinary Profit	38	16	-99	30 (-)
Net Profit	8	14	-175	110 (-)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to December)



(JPY millions)

Stock Code	TSE MOTHERS 6180			
	Online Advertising & Media			
	Q4 FYE 12/2017 (3mths to Dec)	Q4 FYE 12/2018 (3mths to Dec)	Q4 FYE 12/2018 (12mths to Dec)	FYE 12/2019 Forecast (YoY)
Net Sales	1,127	1,008	4,533	4,600 (101.4%)
Operating Profit	74	38	282	300 (106.1%)
Ordinary Profit	73	38	281	297 (105.7%)
Net Profit	51	29	197	200 (101.8%)

*Compiled from each companies’ quarterly P/L statements

Finance, Payment, and Cryptocurrency | Group relationship

Domain, hosting & cloud, provider, cryptocurrency mining

GMO Internet (TSE1)

Cryptocurrency mining

Infrastructure & Ecommerce

Rental server, hosting & cloud

GMO CLOUD (TSE1)

(GMO Internet 51.8%)

SSL server certificate

GMO GlobalSign

Domain registration, rental server, ecommerce

GMO Pepabo (JASDAQ)

(GMO Internet 64.1%)

Content production

GMO Creators Network

Payment processing service

GMO Payment Gateway (TSE1)

(GMO Internet 42.0%)

Transaction lending

GMO Epsilon

Future payment

GMO Payment Service

Offline payment

GMO Financial Gate

Net Bank

GMO Aozora Net Bank

(Aozora Bank 85.1% / GMO Internet 7.45% / GMO Financial HD 7.45%)

Finance

Financial holdings company

GMO Financial HD (JASDAQ)

(GMO Internet 61.9%)

FX trading, online securities trading

GMO CLICK Securities

FX trading

FX Prime byGMO

Cryptocurrency exchange

Cryptocurrency exchange, cryptocurrency FX

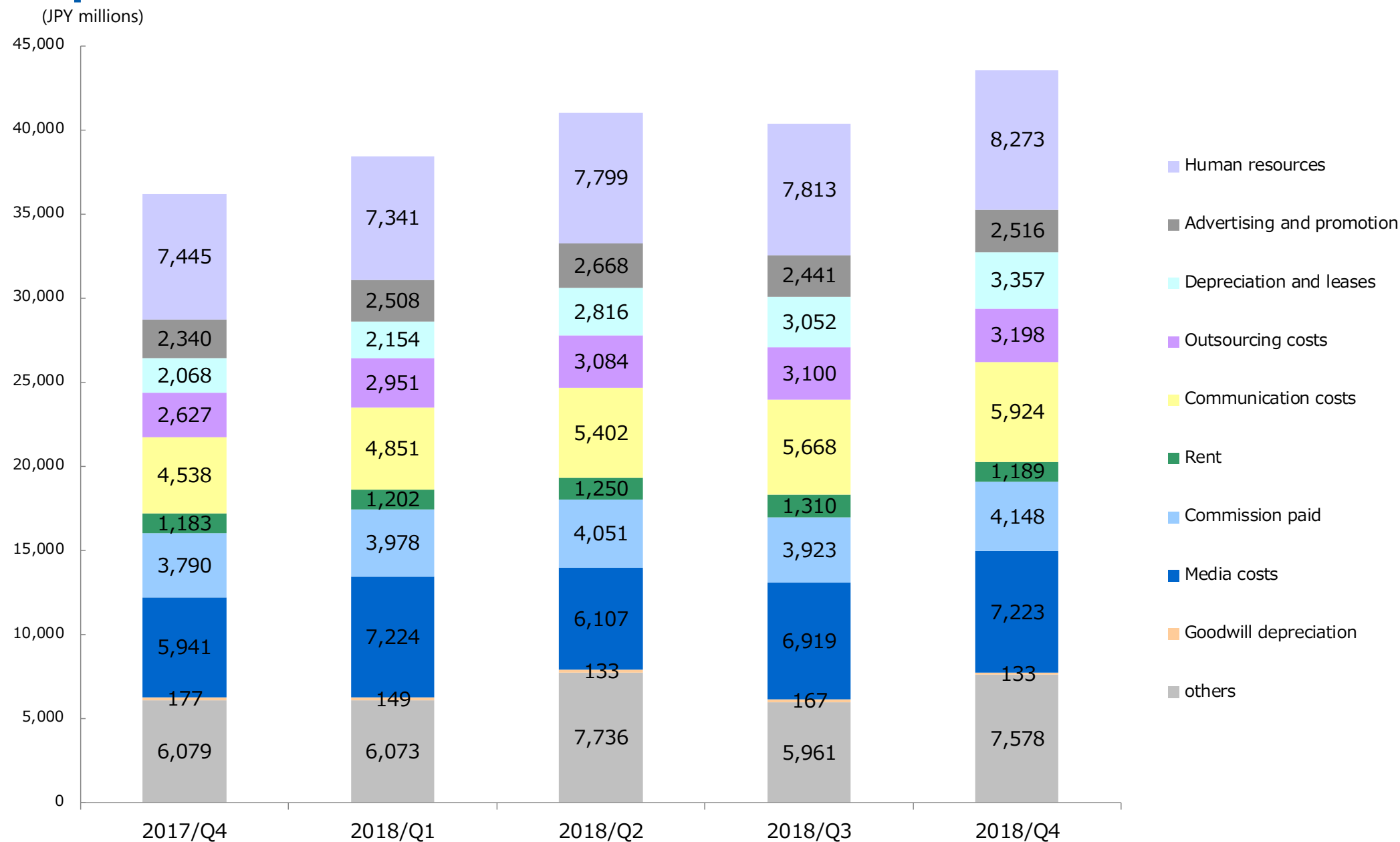
GMO Coin

Revenue Breakdown by Segment

(JPY millions)

	2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
◆Internet Infrastructure					
Internet provider	5,205	5,586	6,460	6,902	7,333
Domain	2,138	2,104	2,141	2,100	2,132
Cloud & hosting	3,511	3,527	3,519	3,614	3,604
Ecommerce solutions	2,448	2,379	2,510	2,620	3,019
Security	1,443	1,423	1,484	1,503	1,573
Payment	7,313	6,748	6,819	7,304	8,182
Other	1,304	1,619	1,887	1,418	1,283
Segment total	23,364	23,390	24,823	25,465	27,129
◆Online Advertising & Media					
Internet media	3,037	3,152	3,235	2,842	2,832
Online advertising	6,928	8,339	7,058	7,895	8,282
Internet research, other	822	774	718	728	934
Segment total	10,789	12,267	11,012	11,466	12,049
◆Internet Finance					
Segment total	6,973	8,151	7,560	7,493	7,512
◆Cryptocurrency					
Cryptocurrency exchange	869	192	1,420	1,369	1,053
Cryptocurrency mining	97	442	1,237	1,249	1,280
Segment total	966	635	2,657	2,619	2,334
◆Incubation					
Segment total	654	180	2,018	107	7
◆Other Businesses					
Segment total	222	139	851	142	394
Internal Transactions Adjustment	(1,125)	(1,059)	(1,358)	(1,400)	(1,415)
Consolidated Net Sales	41,847	43,705	47,564	45,894	48,013

Cost Composition (Consolidated)

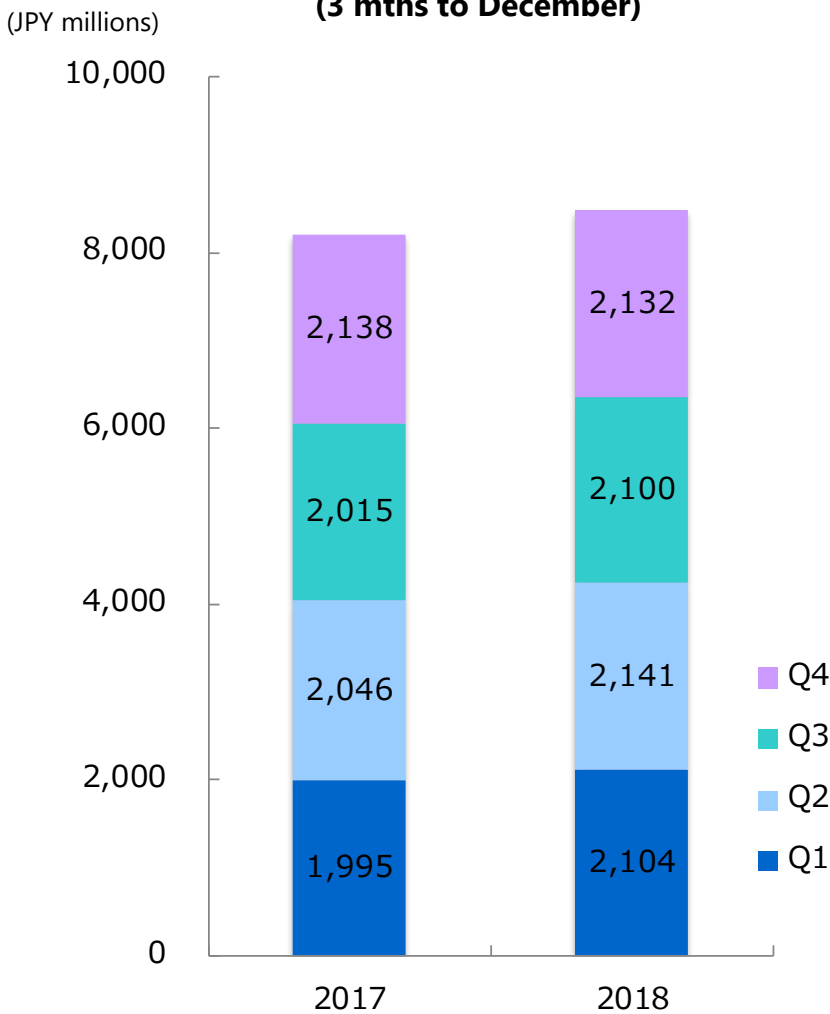


Internet Infrastructure | Domain Registration

Revenue

-0.3%

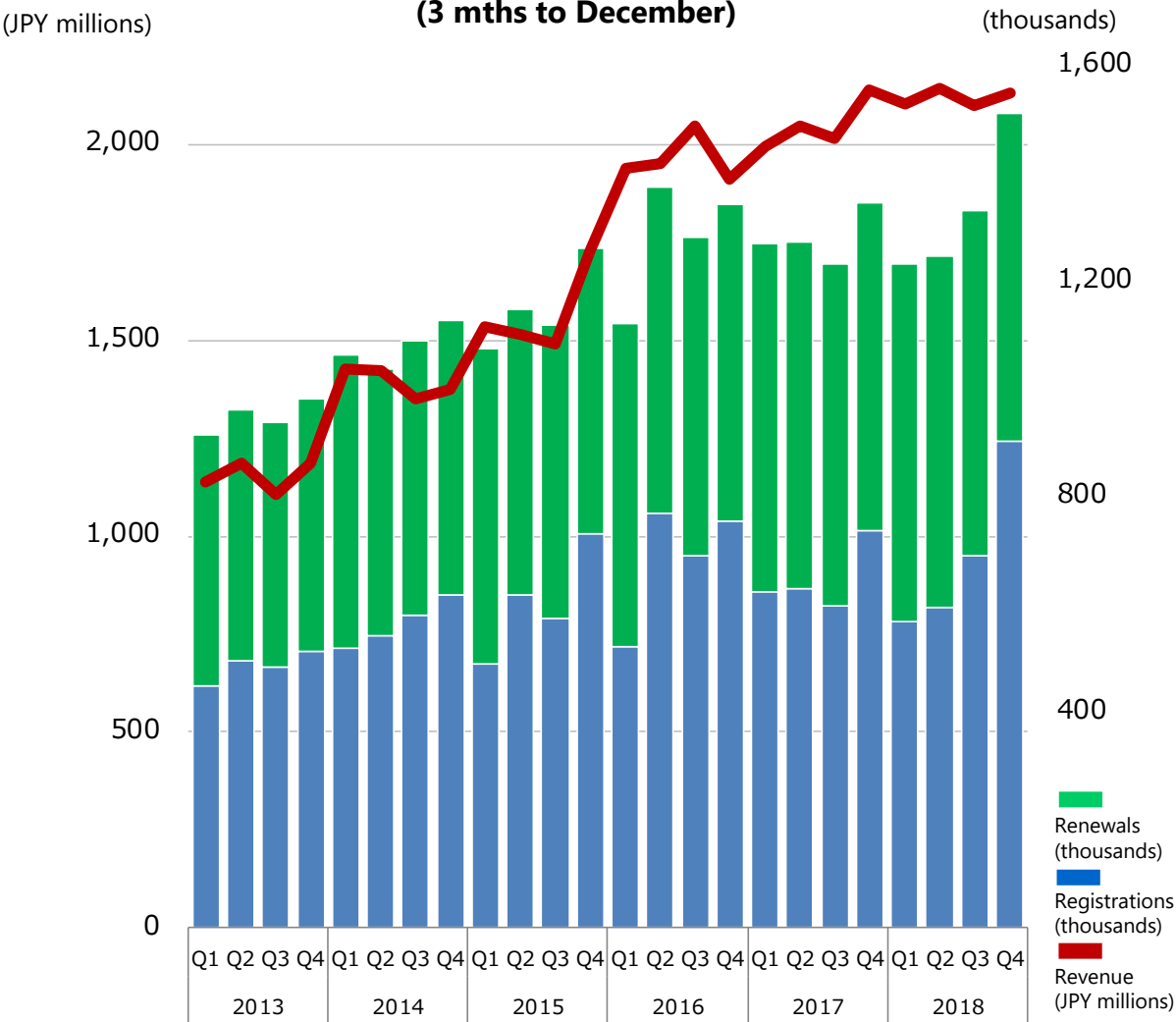
(3 mths to December)



Registrations

+12.4%

(3 mths to December)

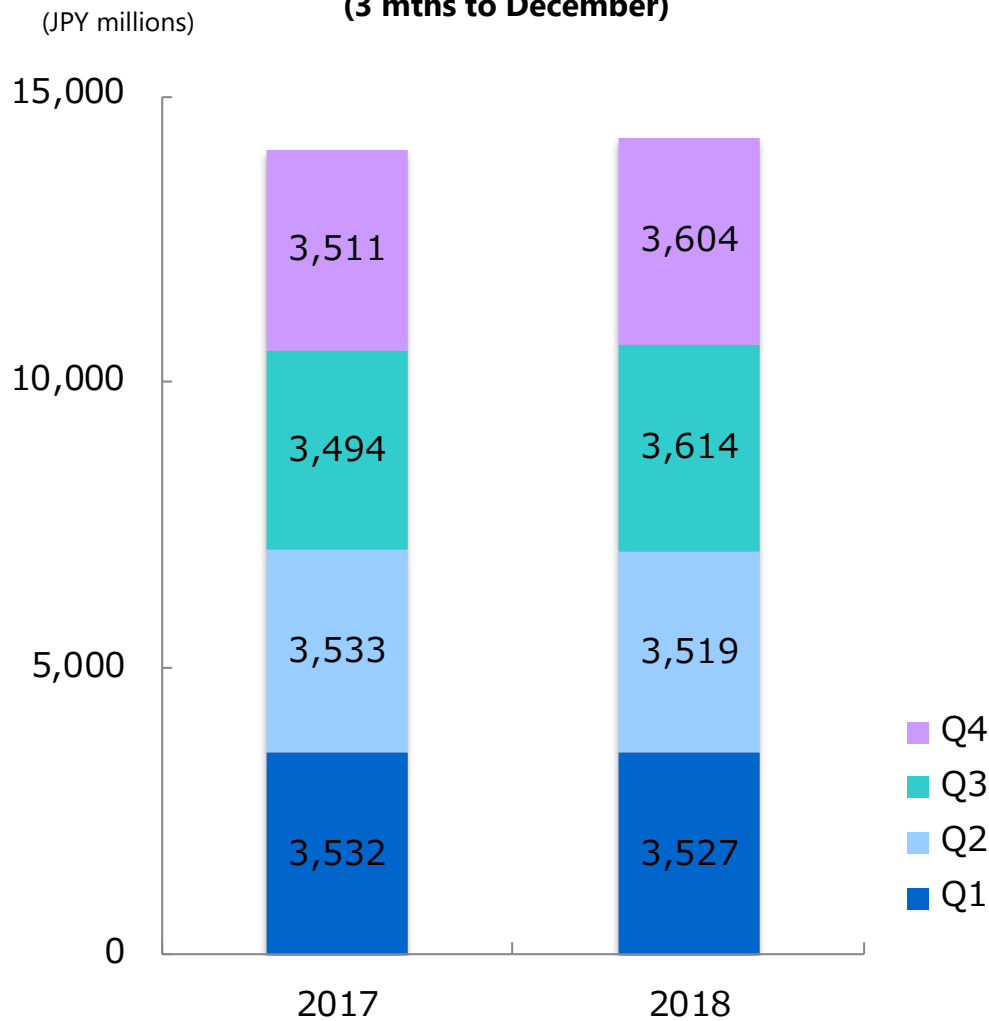


Internet Infrastructure | Hosting & Cloud - KPIs

Revenue

+2.7%

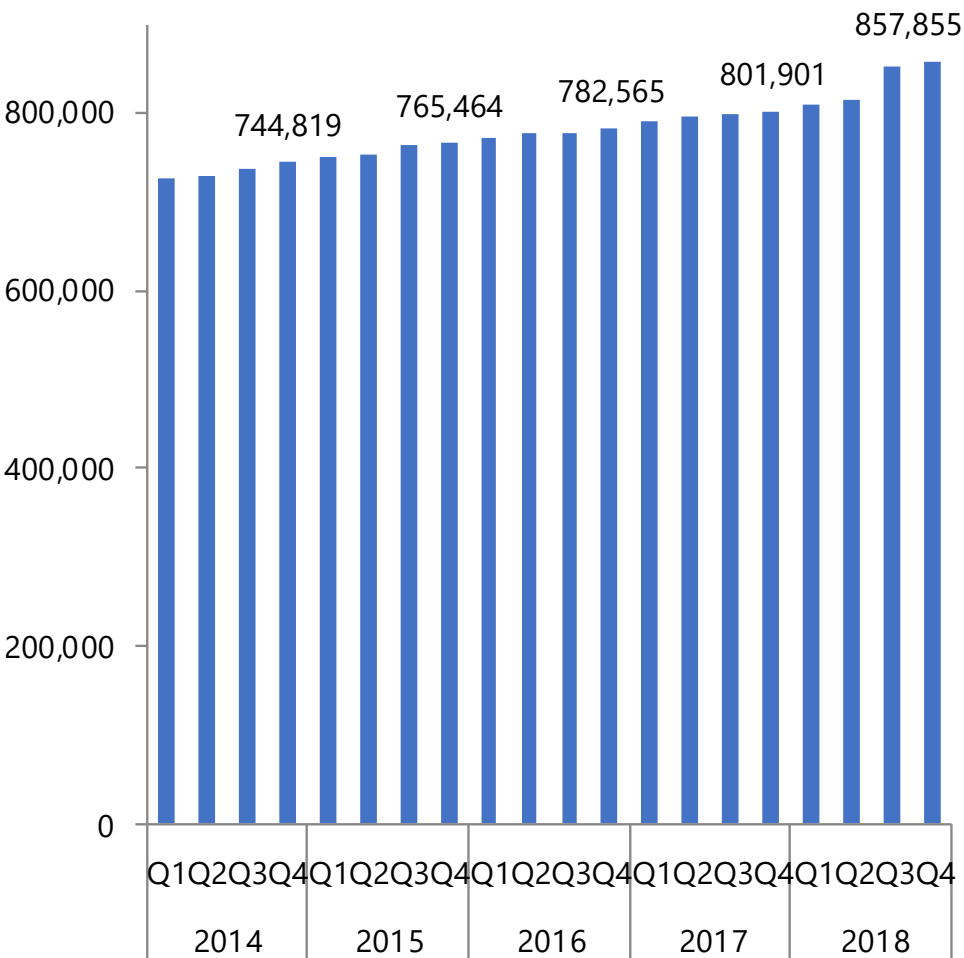
(3 mths to December)



Contracts

+7.0%

(3 mths to December)

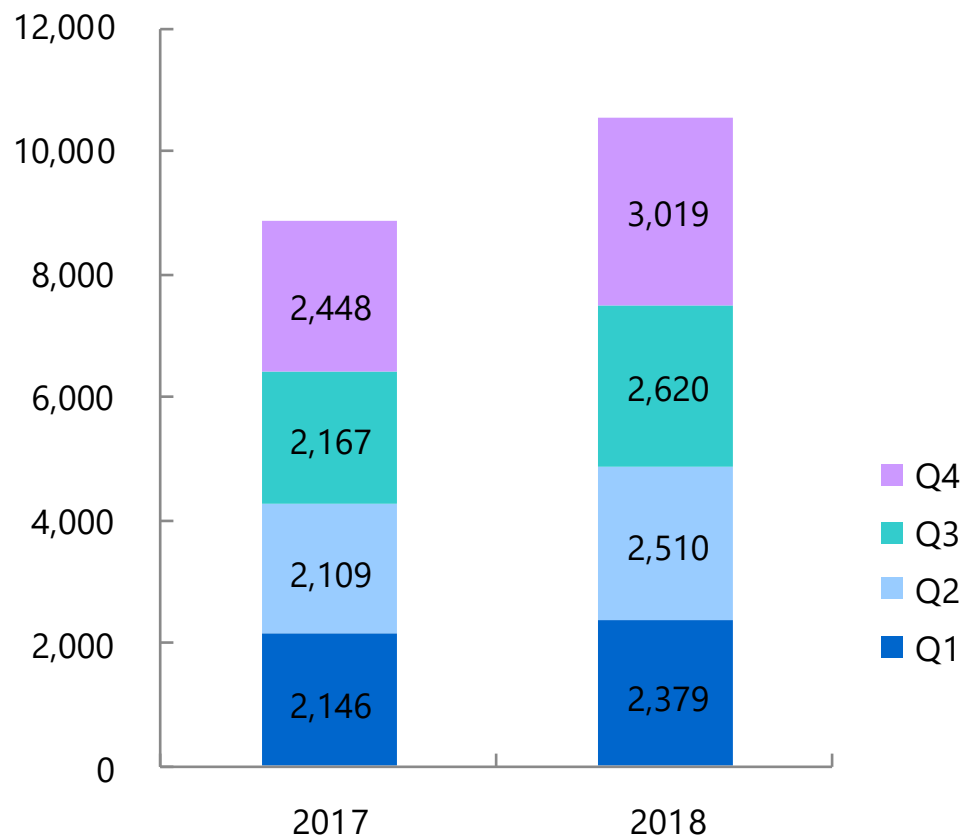


Internet Infrastructure | Ecommerce Solutions - KPIs

Revenue
+23.4%

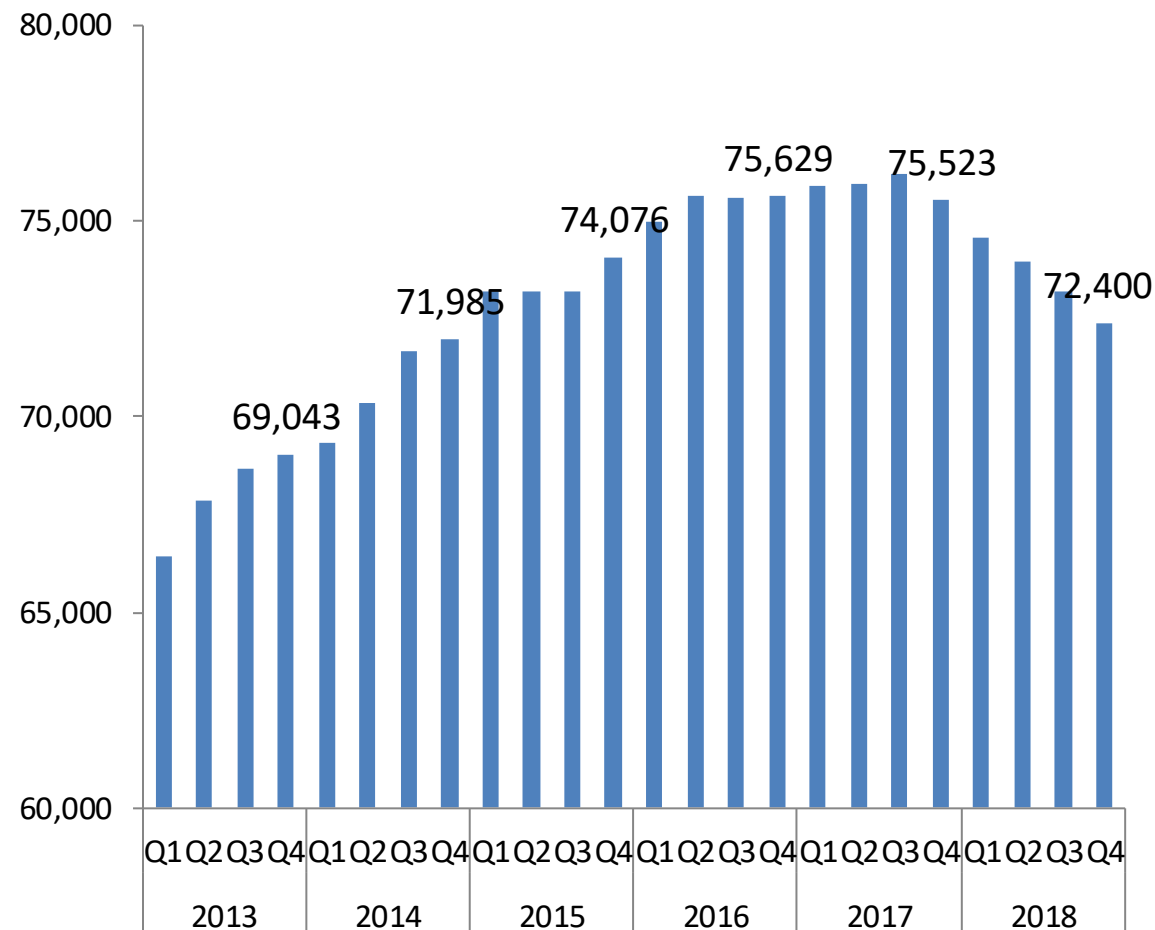
(3 mths to December)

(JPY millions)



Contracts
-4.1%

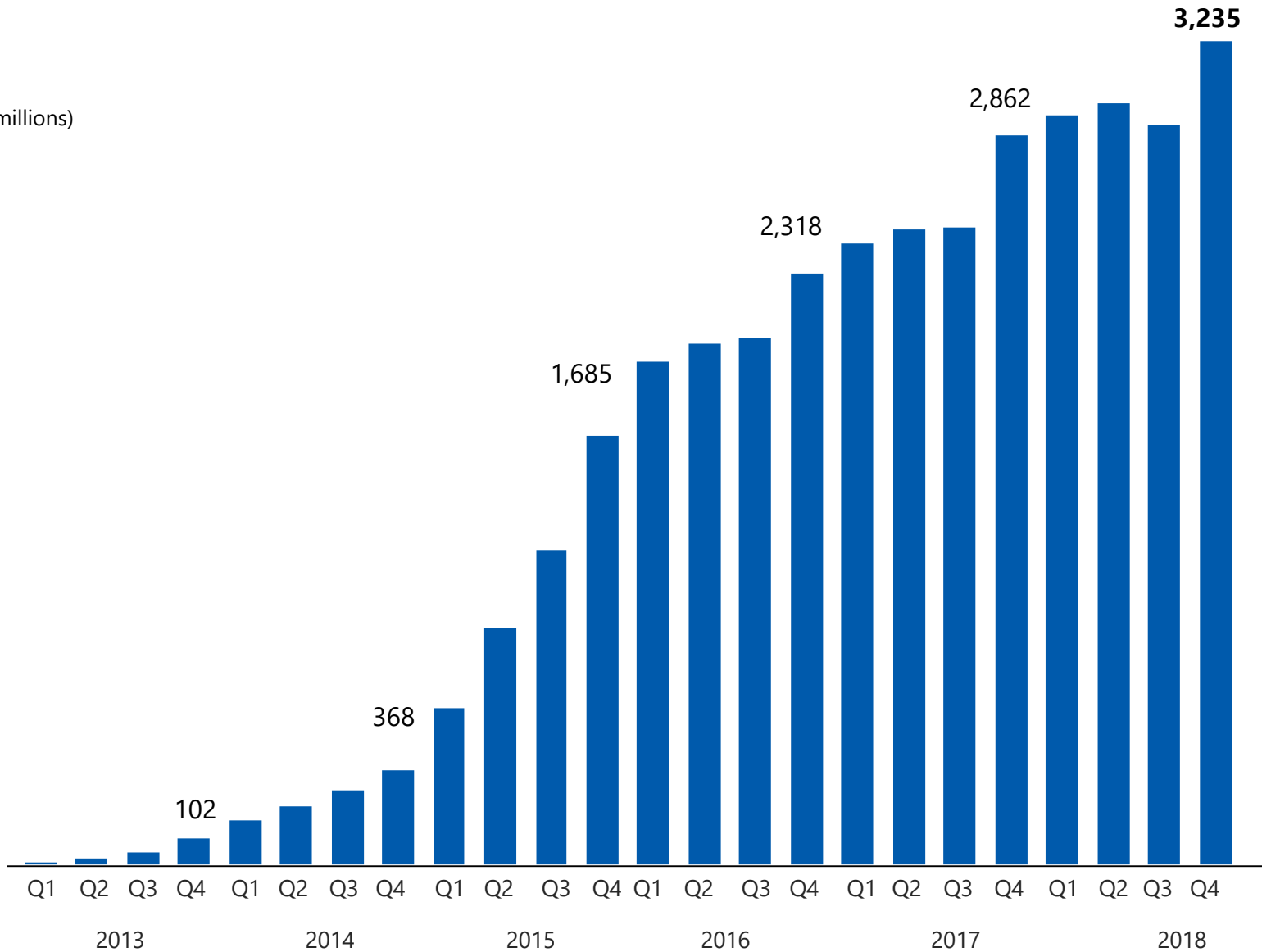
(3 mths to December)



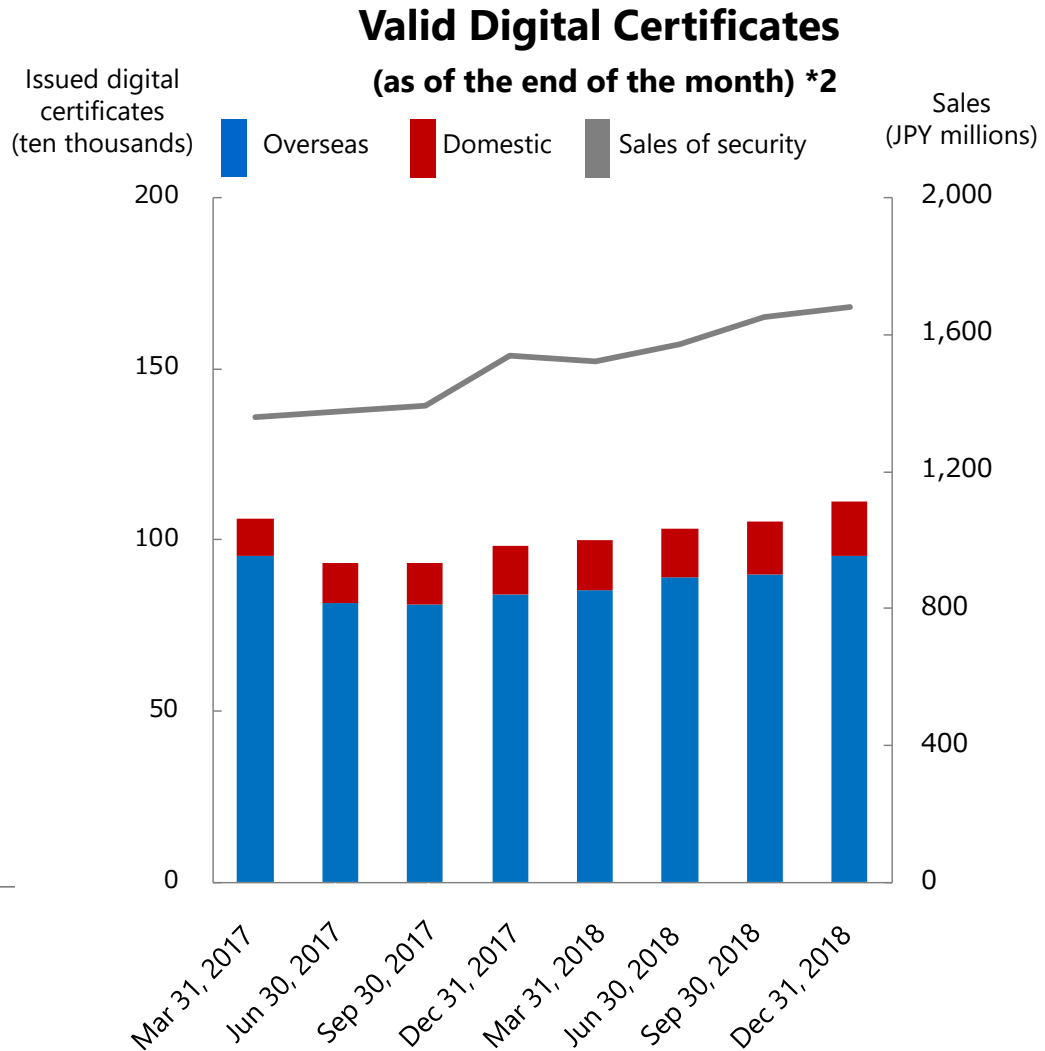
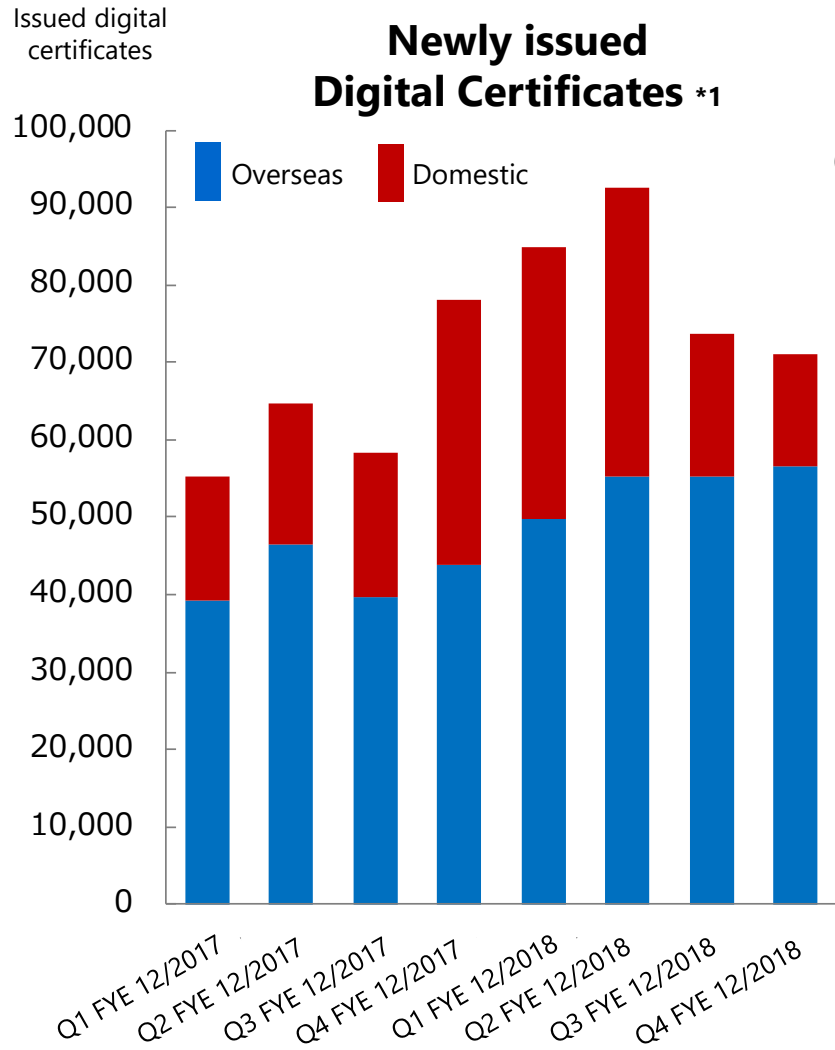
Internet Infrastructure | Ecommerce solutions business minne :

Total transaction volume

(JPY millions)



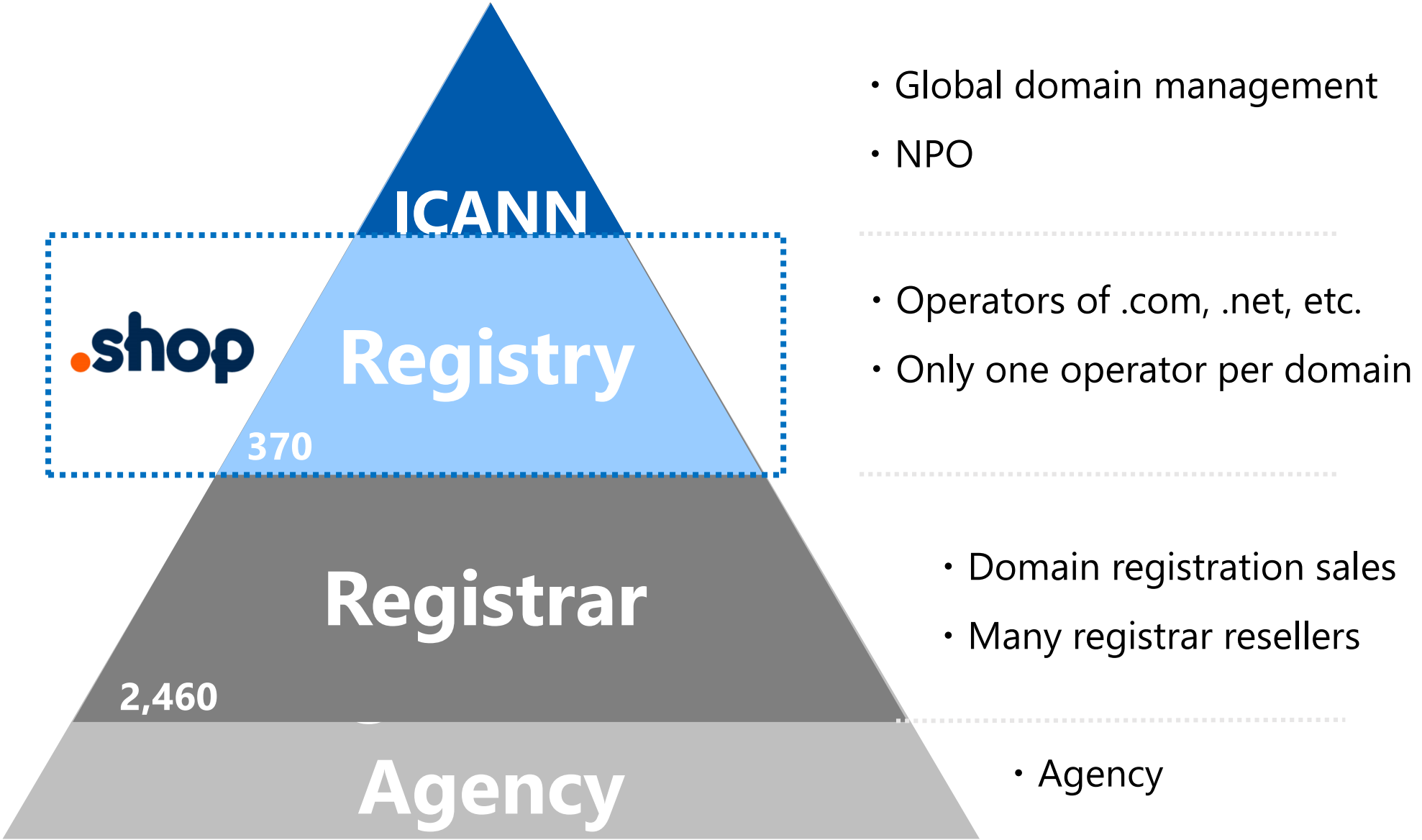
FY19 annual transaction volume target of JPY 13.0B



The Company created the above graphs based on GMO CLOUD's "Fiscal Year 2018 4th Quarter Results Presentation - Supplementary Materials."

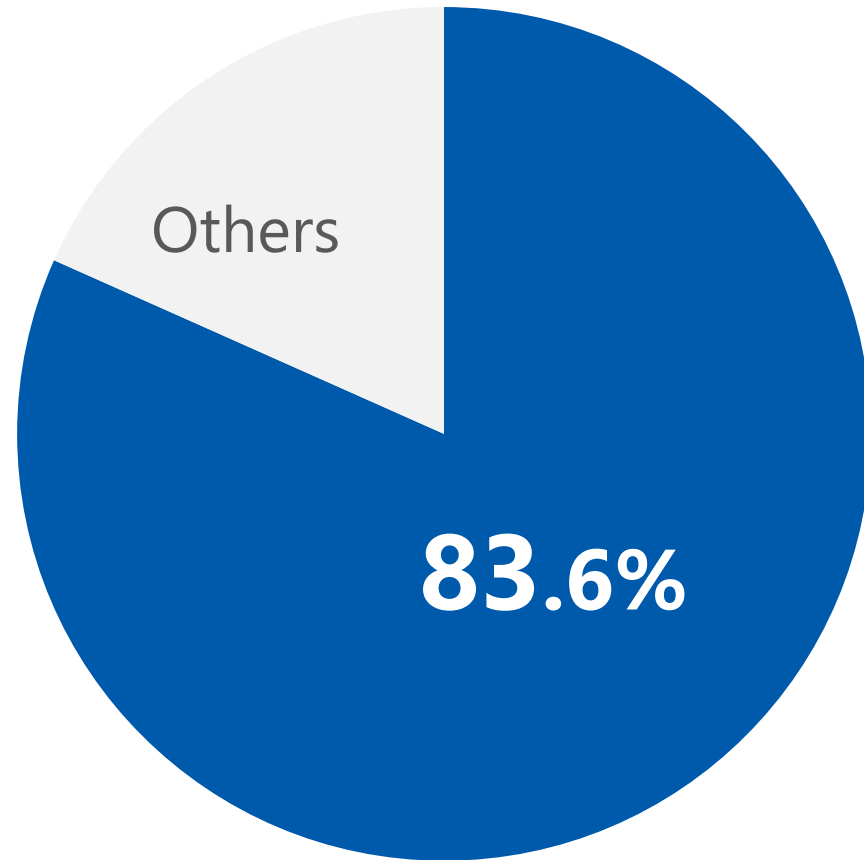
*1 Adjusted number of unlimited issuance contract and monthly high-volume issuance. *2 The number of valid digital certificates is the number of certificates that are actually used.

Internet Infrastructure | Domains Industry Structure



Internet Infrastructure | Domains Registry Share

Japan gTLD Operation and Management Market Share



No.1
in Japan
83.6%

GMO REGISTRY

+

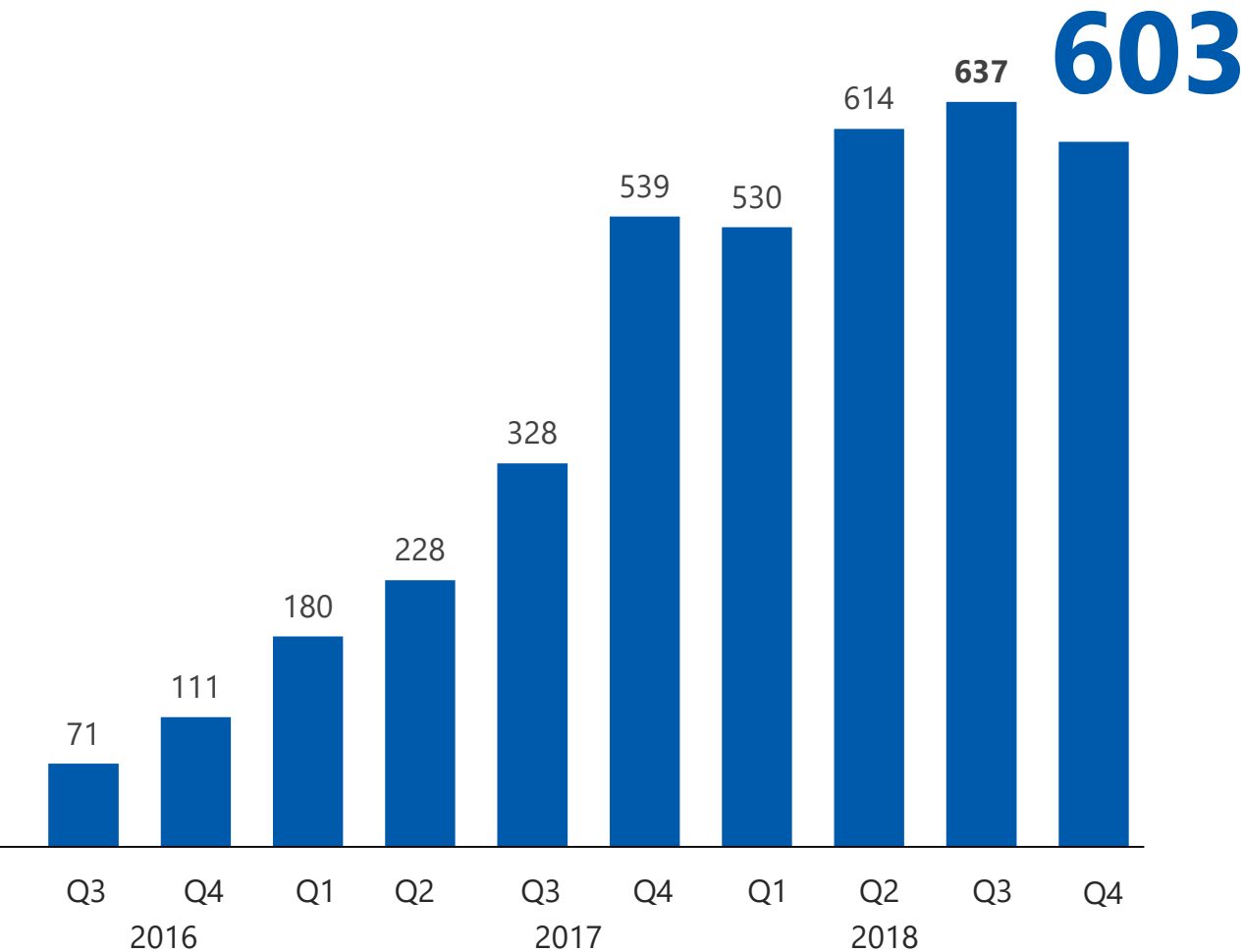
GMO Brights Consulting

.shop
.nagoya
.canon

.tokyo
.yokohama
.hitachi

Internet Infrastructure | “.shop”: Registration progress

(thousands)



*1) Source: <https://ntldstats.com/tld/> (as of February 12, 2019)
*2) Renewal rate for domains registered in September 2016 (2nd renewal)

Over **600K** since launch

“.shop” came in 8th place for the category of New gTLD*¹
Renewal rate: **83.1%***²

New gTLD registration rankings

No. 1	.top	3.78M
No. 2	.xyz	2.23M
No. 3	.loan	2.19M
No. 4	.club	1.58M
No. 5	.online	1.19M
No. 6	.site	1.00M
No. 7	.vip	0.83M
No. 8	.shop	0.60M
No. 9	.work	0.56M
No. 10	.ltd	0.48M

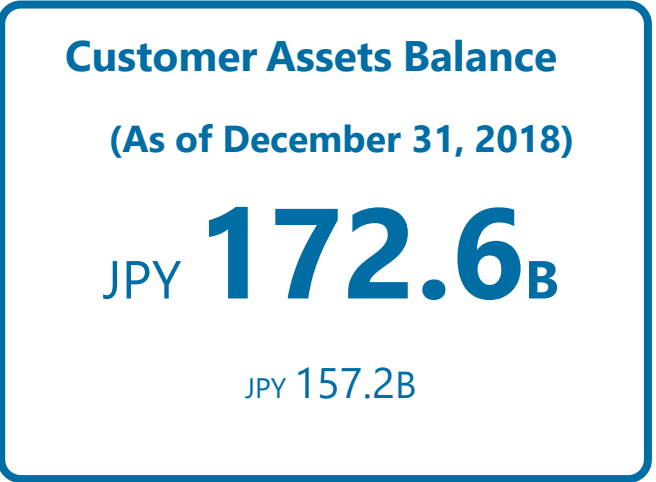
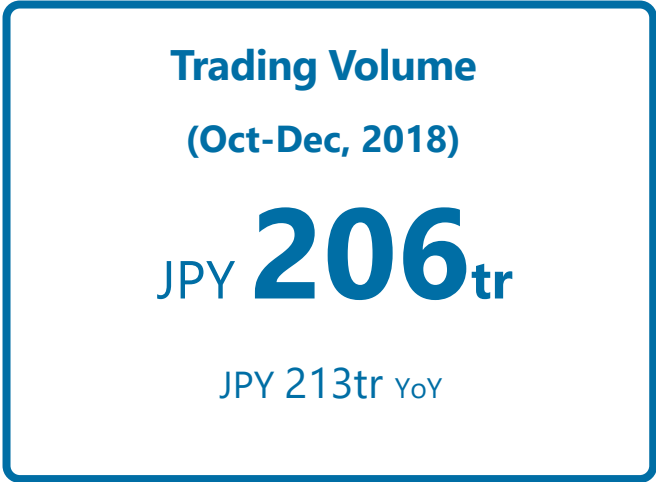
Internet Infrastructure | Domains Global Registrars



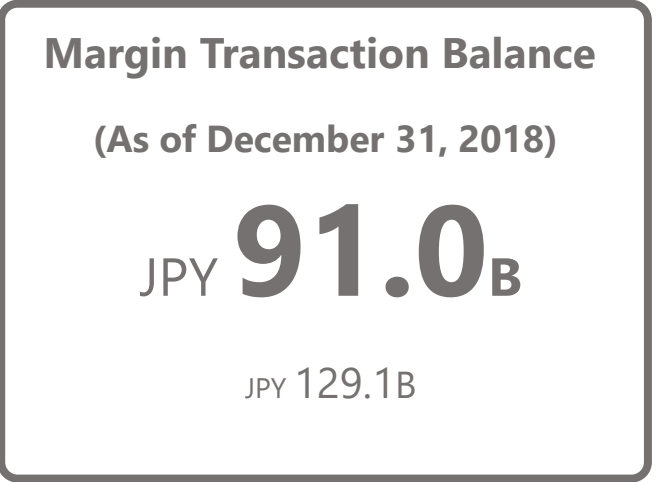
Source: <http://webhosting.info/domain-names/registrars> (as of January 2018)

Internet Finance | FX and securities: KPIs

FX



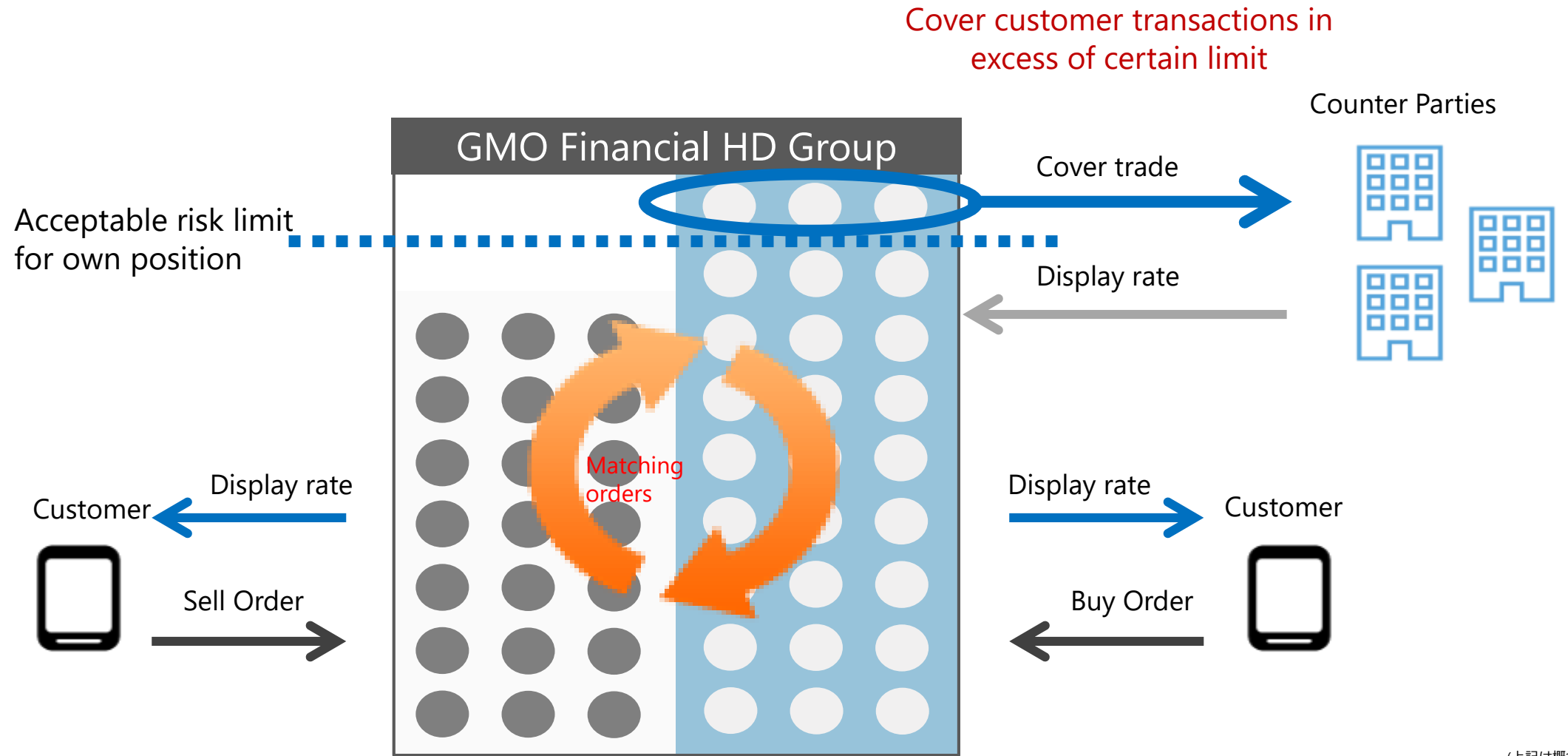
Securities



The share of trading volume for FX and securities are prepared based on Futures Association of Japan and Japan Exchange Group publication data.

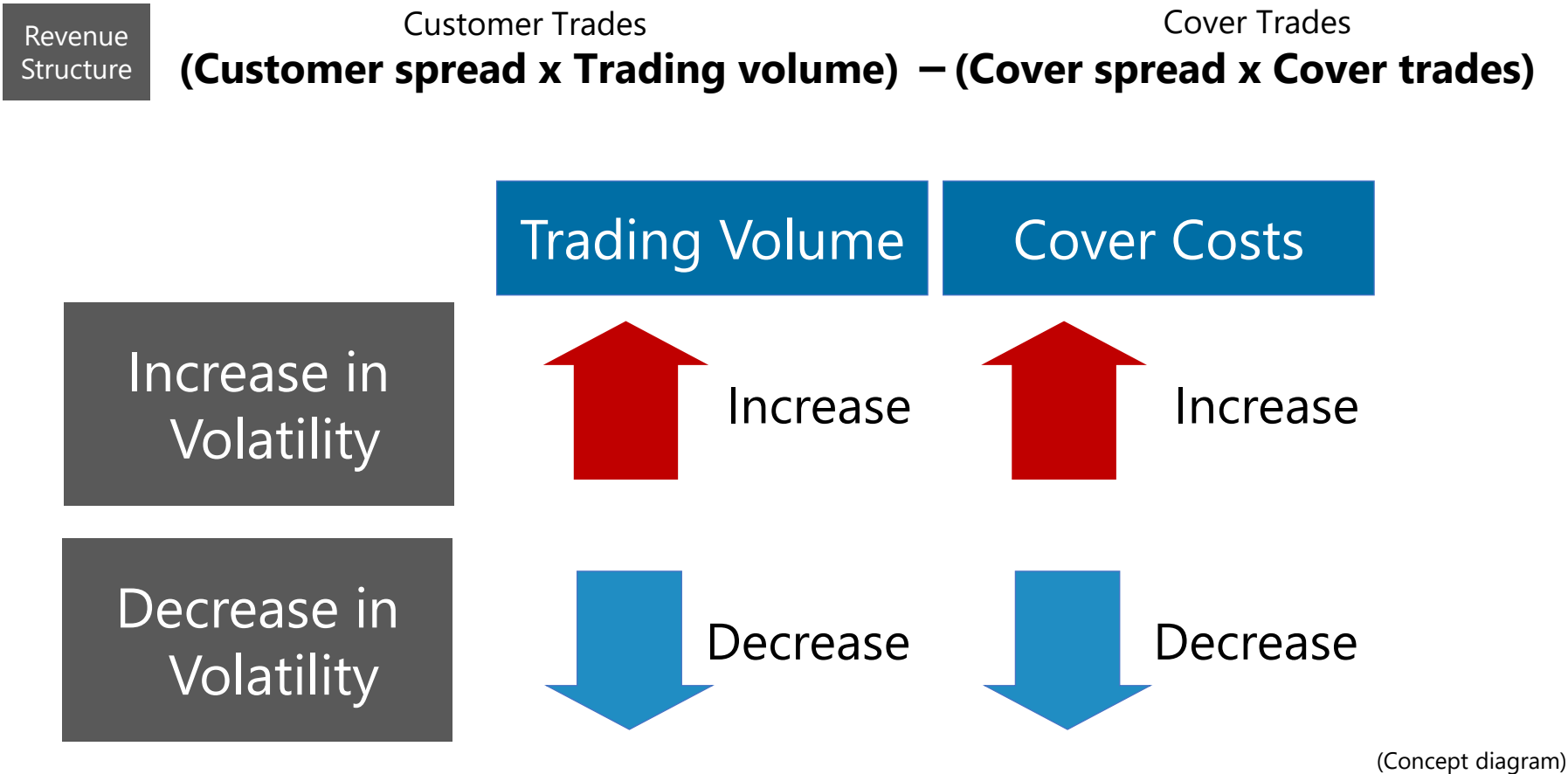
Internet Finance | FX Business Model (Matching)

Risk Minimization. Cover transactions executed with counter parties as soon as customer orders exceed acceptable risk position

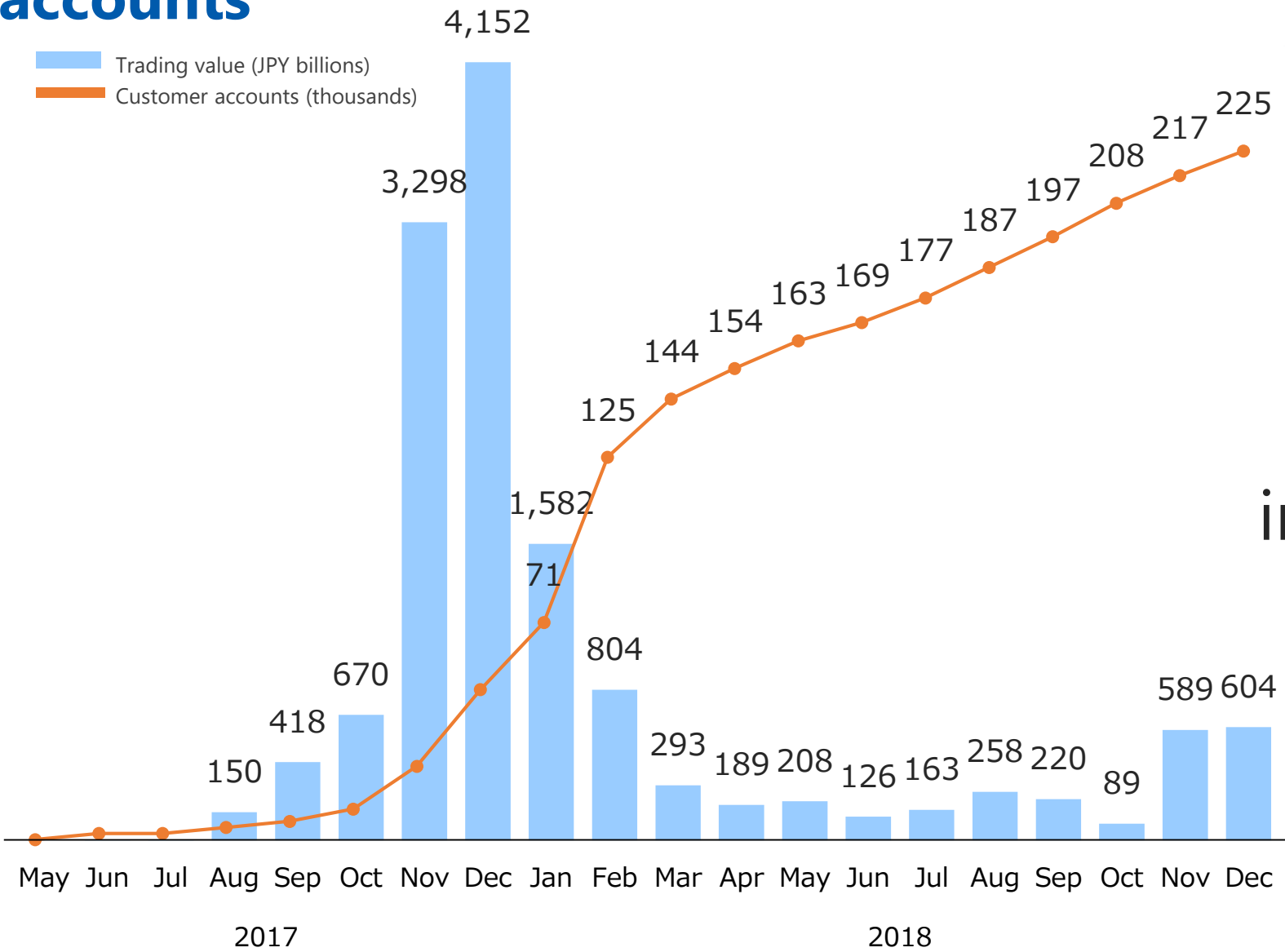


(上記は概念図)

Internet Finance | FX Volatility and Revenues

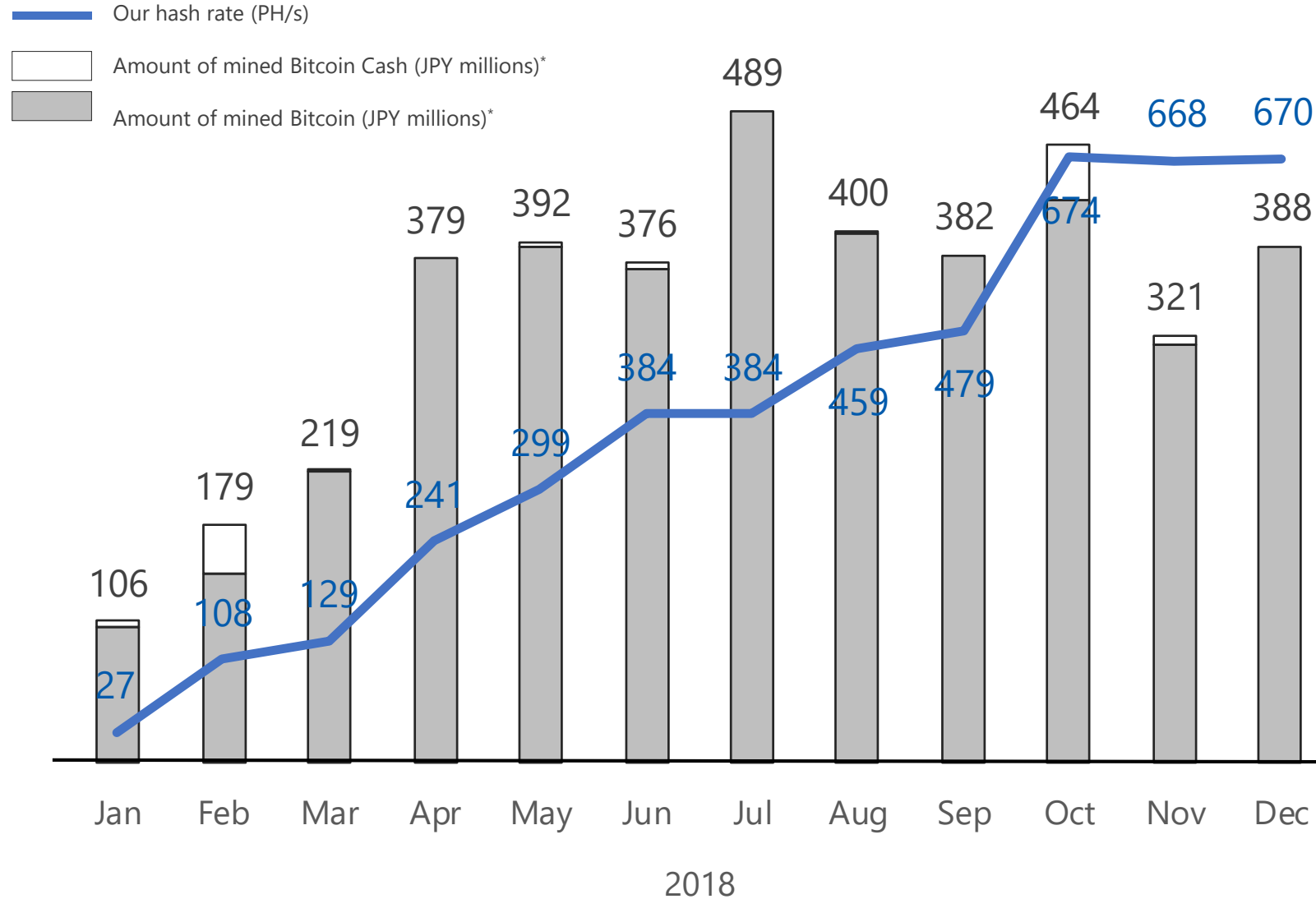


Cryptocurrency exchange business | Trading value and customer accounts



Customer accounts are growing steadily.
Reduced fee led to an increase in trading value.

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



Our hash rate increased
but the amount of
mined cryptocurrencies
decreased due to the
decline in BTC price

*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 Terminology (1)

Virtual currency	Virtual currency, which is also called cryptocurrency, does not depend on a country or region, exists only on the Internet, and is one type of digital currency and used in various transactions, such as money transfer. Although some countries and regions enacted laws to regulate virtual currency, a virtual currency can be exchanged for a fiat currency, such as JPY or USD, via the exchange. Virtual currencies can be regarded as a distributed system whose credibility is secured by mutual monitoring by network participants, as opposed to fiat currencies which are a centralized system whose credibility is secured by the issuer, and high transparency is one of the features of the Bitcoins. There are more than 1,500 types of virtual currencies, and the major ones include Bitcoin (BTC), Ethereum (ETH), Ripple (XRP), Bitcoin Cash (BCH), Litecoin (LTC), and NEM (NEM).
Bitcoin	Bitcoin is one of the virtual currencies. The unit of Bitcoin is BTC.
Cryptocurrency mining	Virtual currencies are issued as remuneration to the first person who has succeeded in mining, which is a process to record/add blockchain data to the blockchain while ensuring the integrity of the transaction data. Blockchain data, which is distributed and saved on the network, is added based on the rules. This process is called "mining" as it is similar to mining gold.
Hash rate	Miners worldwide compete simultaneously to record transaction data in a blockchain, and this process is conducted every 10 minutes. Hash rate is a cryptocurrency mining rate, that is, the number of computations per second. One of the units of hash rate is PH/s. One PH/s means the amount of computation is 1 peta (1,000 trillion) times per second. The total hash rate in Bitcoin mining market was around 58,000 PH/s as of the end of October 2018. Other units include TH/s, GH/s, MH/s, and KH/s in decreasing order of the number of computations per second.

Customer first at any time to become the

No.1 technology bank



Our objective is a differentiation with existing banks by utilizing technology, offering customers **5 values**.



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