

Fiscal Year 2016 Results Presentation



STOCK CODE : 9449

February 6, 2017

1. Overview
2. Guidance
3. Financial Results
4. Segment Report
 - i) Group Overview
 - ii) Internet Infrastructure
 - iii) Internet Securities
 - iv) Online Advertising & Media
 - v) Mobile Entertainment
5. Group Strategy

Consolidated forecasts achieved for 7 consecutive terms.
Record high results.

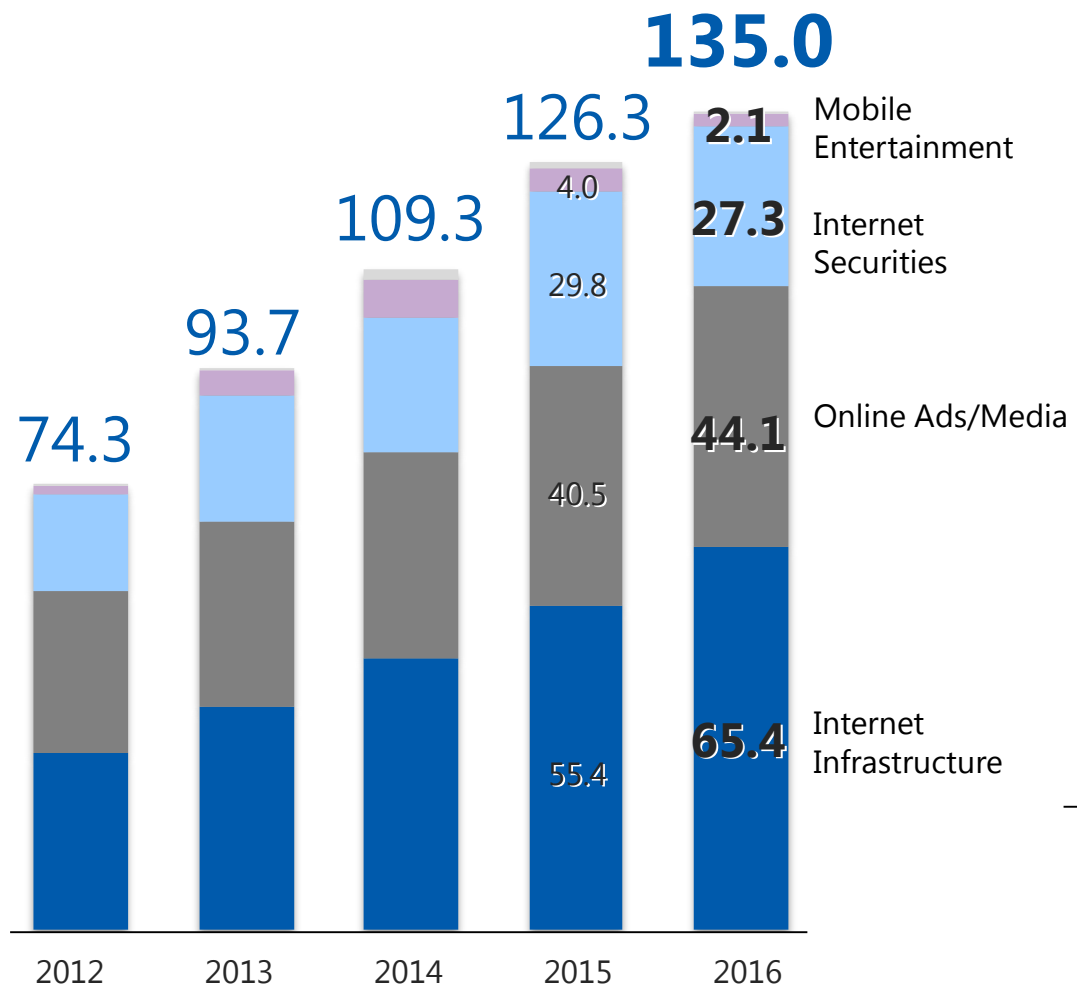
(JPY billions)	FY15 Actual	FY16 Forecast	FY16 Actual	YoY Growth	Vs Forecast
Net Sales	126.3	135.0	135.0	+6.9%	+0.0%
Operating Profit	14.8	16.50	17.01	+14.9%	+3.1%
Ordinary Profit	14.85	16.50	16.68	+12.3%	+1.1%
Net Profit	13.41	7.00	7.23	▲46.1%	+3.4%

└ Including JPY7.70B of gain on sale of CLICK HD shares

Financial Results

Net Sales

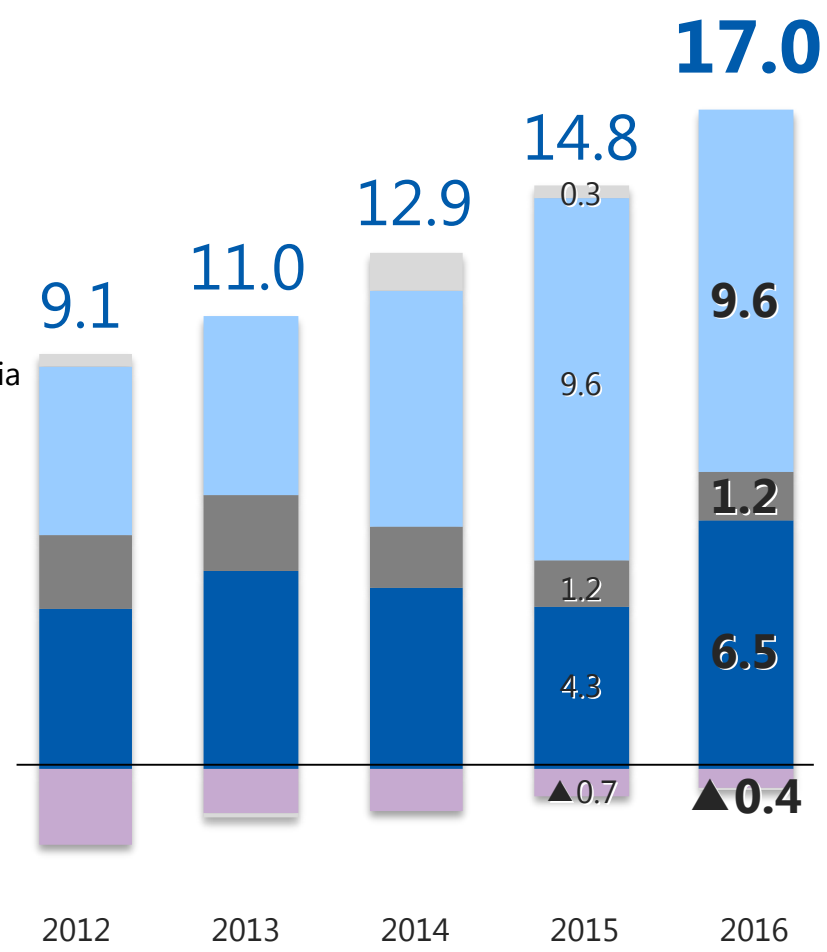
YoY **6.9%up**



Operating Profit

(JPY billions)

YoY **14.9%up**

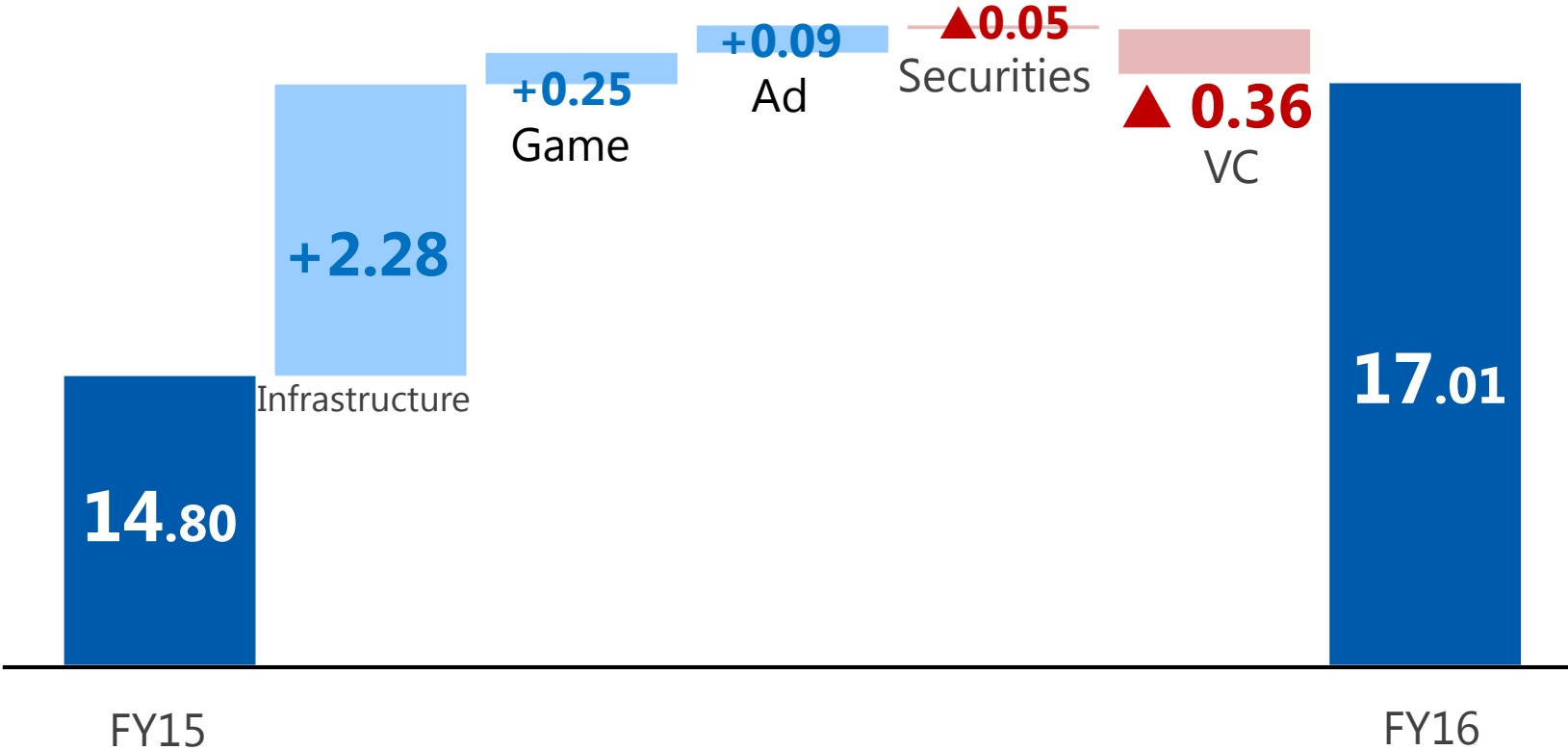


Overall Performance

OP JPY**17.01B**(up **14.9%** YoY)

Significant hike in infrastructure, drop in Securities after a bullish year in the previous term

(JPY billions)



Segment Report

Internet Infrastructure	<p>Net sales JPY65.4B (up 18.1% YoY)</p> <p>OP JPY 6.59B (up 53.0% YoY)</p> <p>Record high results driven by Payment and SSL</p>
Internet Securities	<p>Net sales JPY27.3B (Down 8.2% YoY)</p> <p>OP JPY 9.61B (Down 0.6% YoY)</p> <p>No. 1 trading volume worldwide for 5th year in a row</p>
Online Ad & Media	<p>Net sales JPY44.1B (up 8.9% YoY)</p> <p>OP JPY 1.29B (up 7.5% YoY)</p> <p>Growth in proprietary ad tech products, improved profit margins</p>
Mobile Entertainment	<p>Net sales JPY 2.13B (Down 47.8% YoY)</p> <p>OL JPY ▲0.49B (reduction in loss)</p> <p>Preparing new titles for next term</p>

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3. Financial Results

4. Segment Report

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5. Group Strategy

Continued investment in growth areas to maintain double-digit growth

(JPY billions)	FY1 6 Actual	FY17 Forecast	YoY Change
Net Sales	135.0	145.0	+7.4%
Operating Profit	17.01	19.0	+11.7%
Ordinary Profit	16.68	18.5	+10.9%
Net Profit	7.23	8.0	+10.6%

Strengthening our strengths and enhancing weaker areas with Number 1 products.

Internet Infrastructure

Developing the unique product, “.shop”
(0 profit expected from .shop in current term)

Internet Securities

※

Expand market share with cost-leadership strategy
Initiatives in analysis of big-data to increase profit margins

Online Ad & Media

Successfully developed own proprietary products in ad technology shift. Drop in existing products is current challenge.

Mobile Entertainment

Focus on new titles, aiming to produce a hit.

*Segment name to be revised to "Internet Finance segment" as of FY17

Internet Infrastructure

minne

Ongoing promotion to expand market
JPY1.3B investment forecast for
current term (JPY1.07B in FY16)

.shop

Set to become revenue pillar in mid-
to-long term. Reinvesting gross profits.
0 profit expected for .shop in current
term.

Z.com

Building business base in non-English
speaking Asian countries. Continued
promotions (of a few hundred million
yen in scale)

Internet
Finance**GMO**Wallet

Virtual Currency
Conversion and
Transaction Business

Customer acquisition cost (a few
hundred million yen in scale)
(Service to fully launch in Spring of
2017)

Internet bank

System development investment
Currently an equity method affiliate
(to be launched in March 2018)

Internet Securities
(Thailand)

System development investment
(To be launched in the fall of 2017)

Segment name to be revised

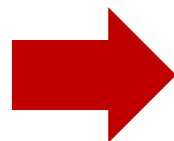
Revision of segment names to provide for future expansion of business areas

**Internet
Infrastructure**

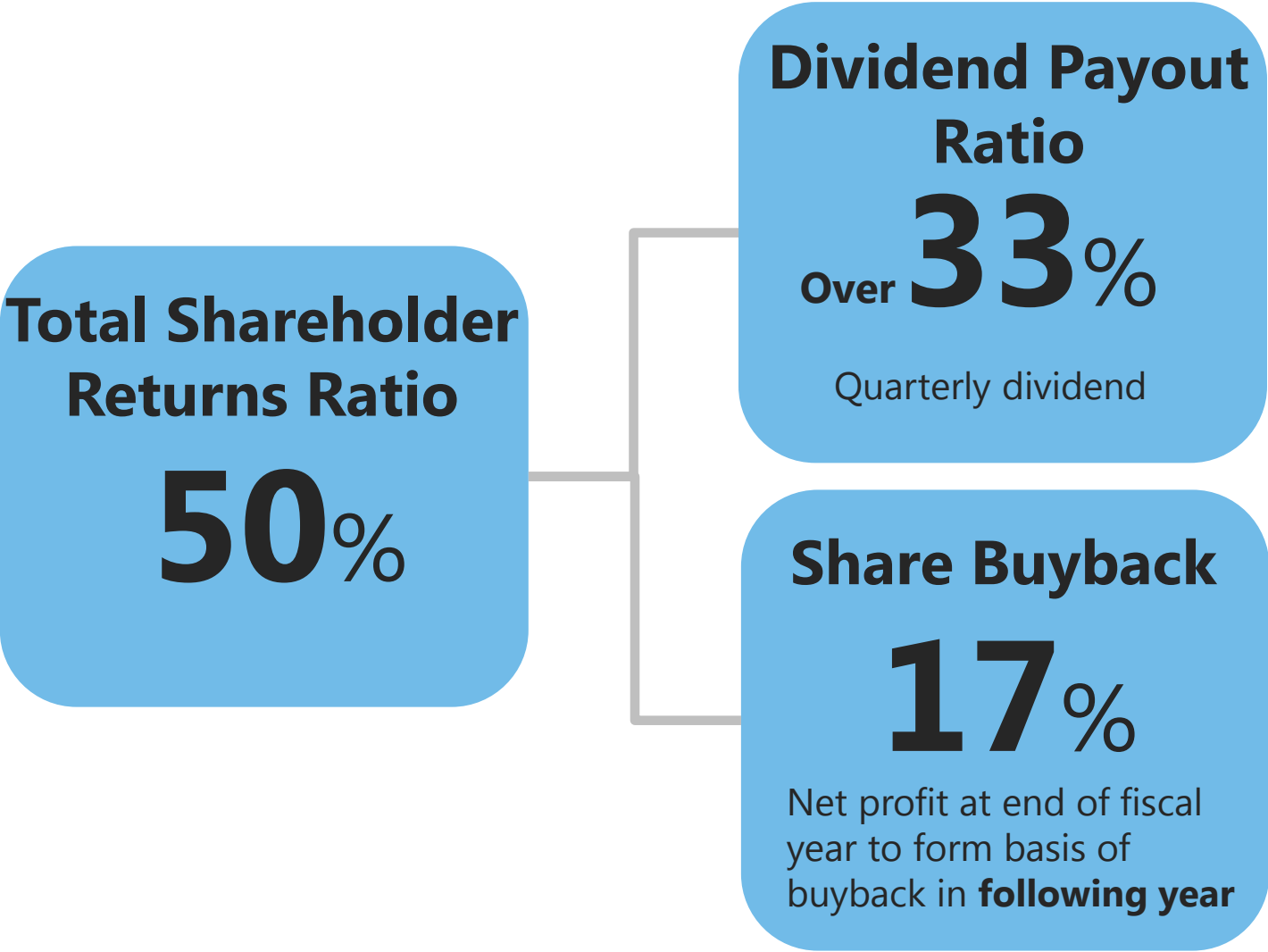
Internet Securities

Online Ad & Media

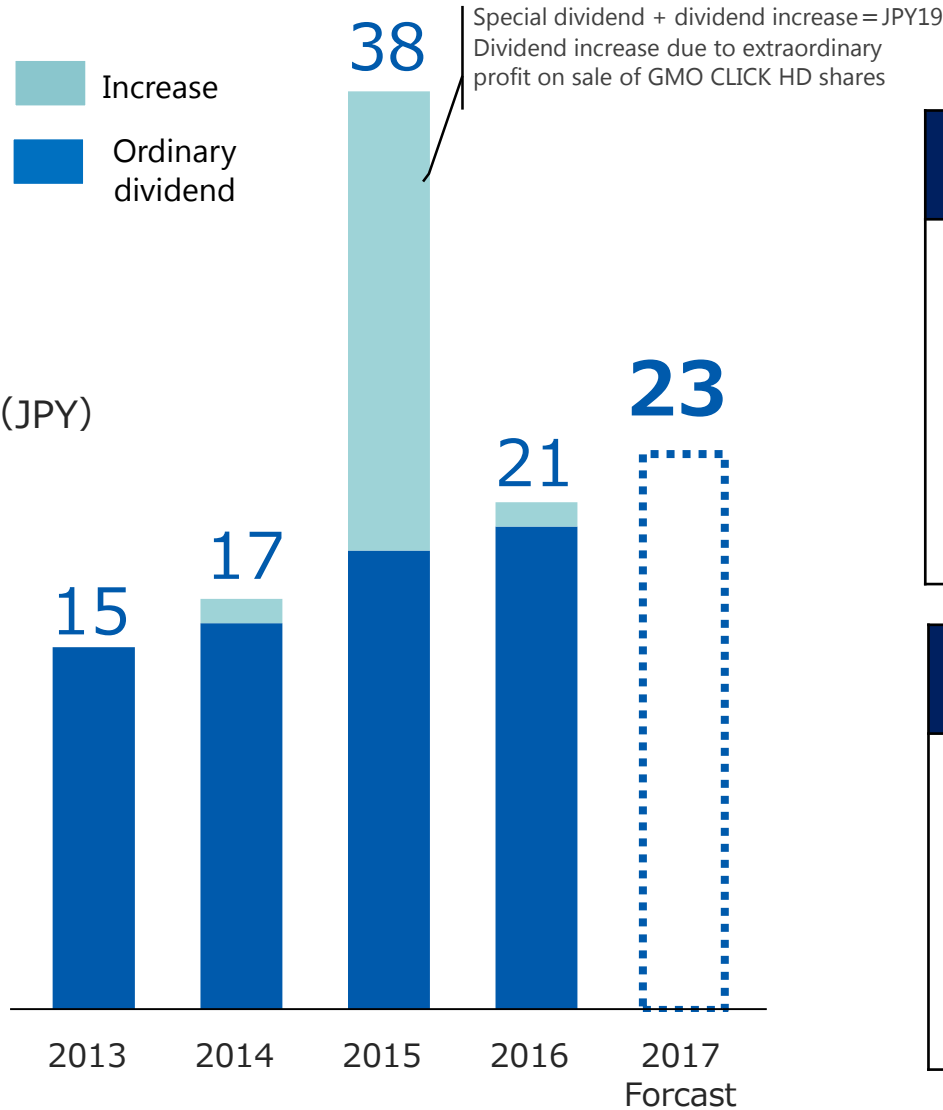
Mobile Entertainment



Internet Finance



Dividend



Acquisition of treasury stock

FY16 Actual

Number of shares : **1.86M**

Total amount repurchased : **2.23B**(JPY)

FY17 Expectation

Number of shares : **0.9M**

Total amount repurchased : **1.18B**(JPY)

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2. Guidance

3. Financial Results

4. Segment Report

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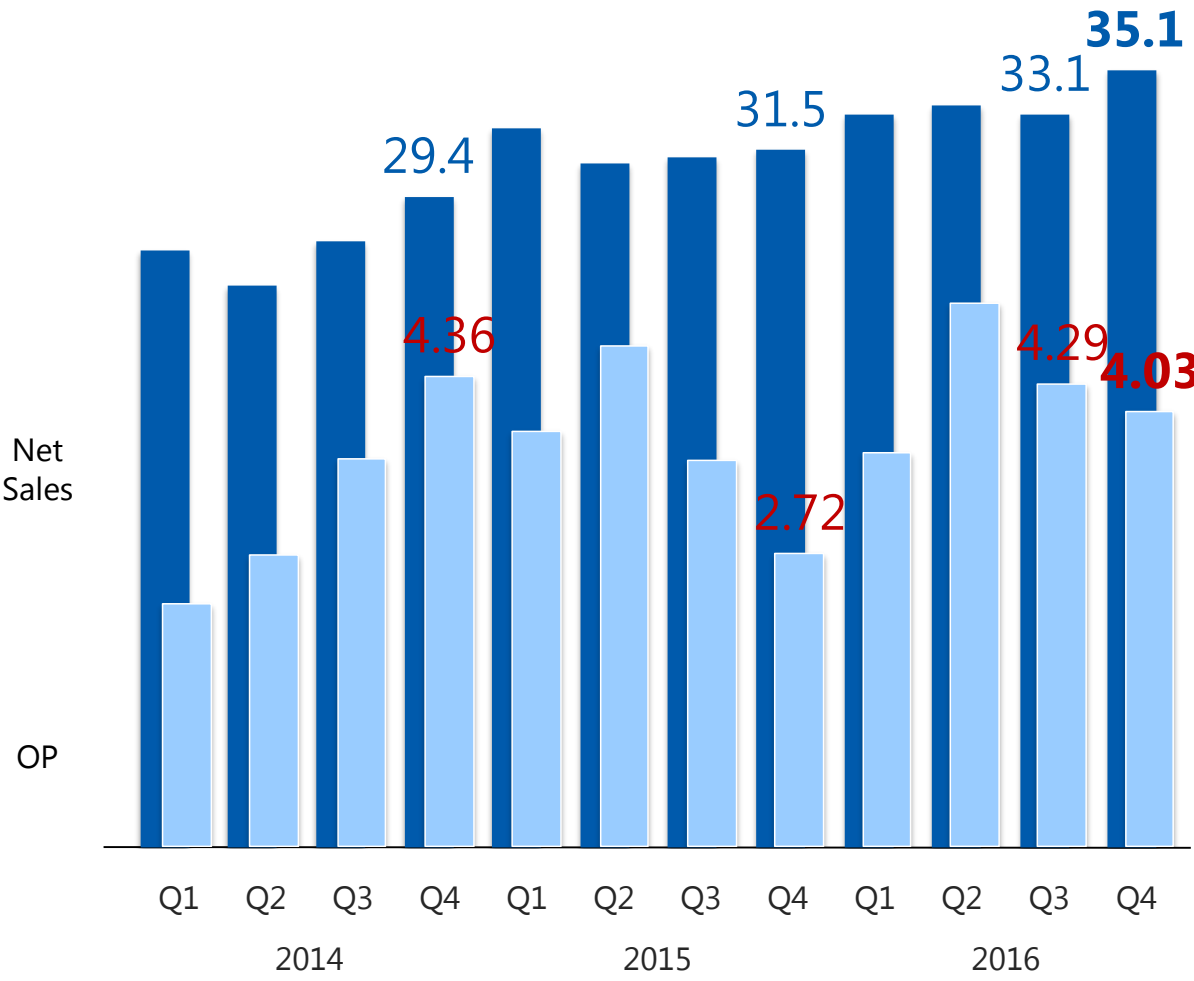
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5. Group Strategy

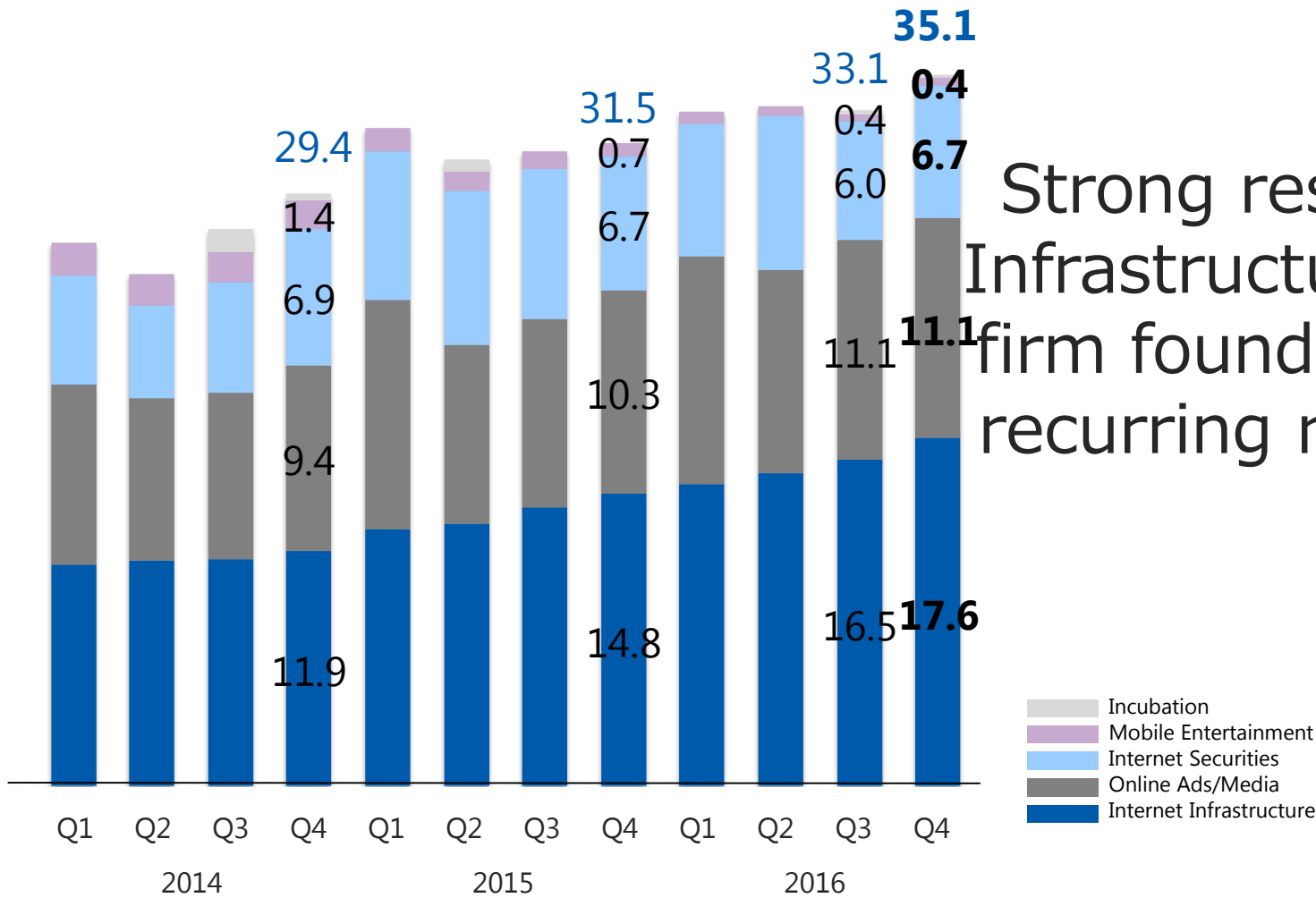
(JPY billions)



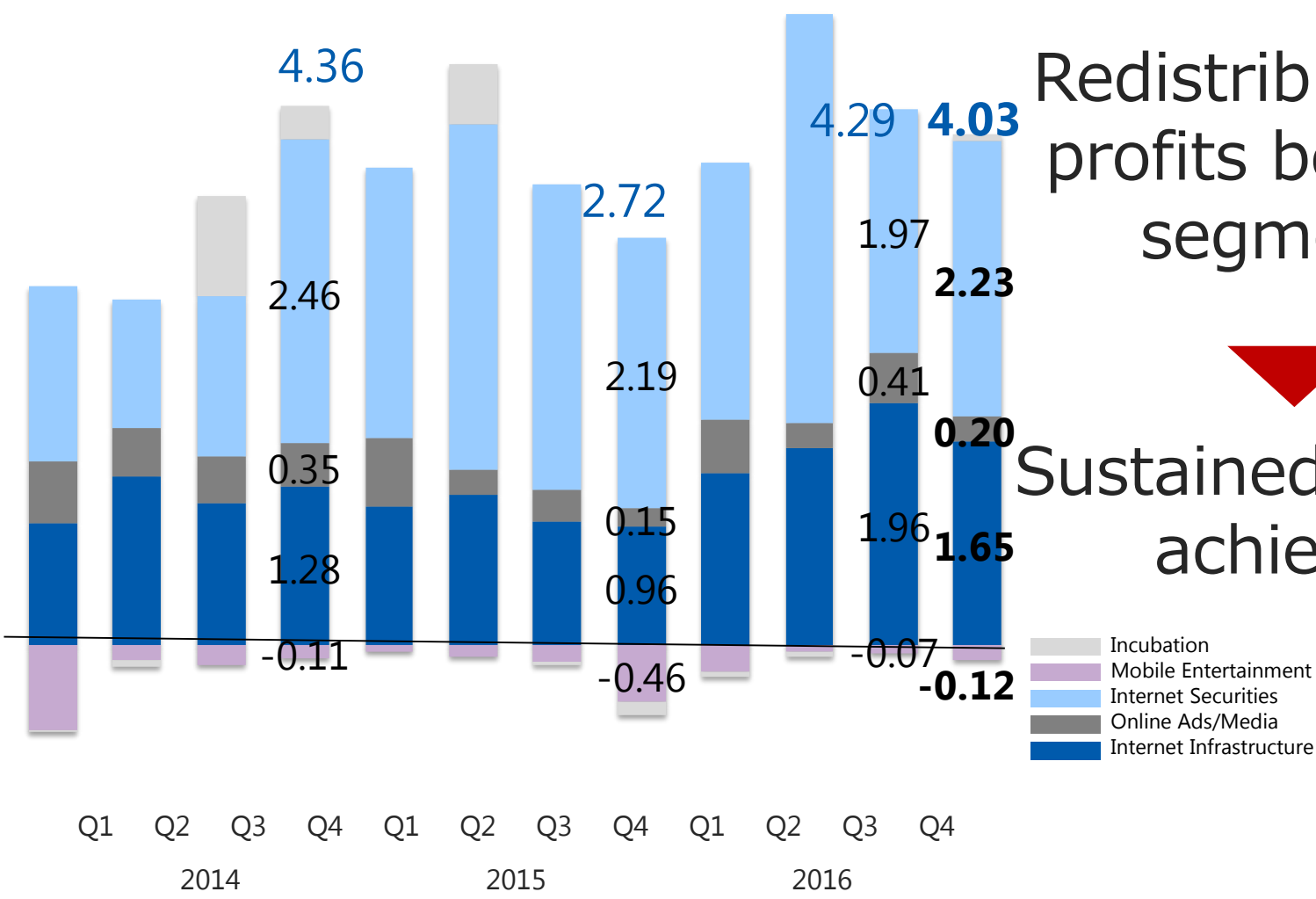
Revenue up
11.6%
Profit up
47.9%
YoY

Net Sales by Segment

(JPY billions)



(JPY billions)



Redistribution of profits between segments



Sustained growth achieved

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

*Distribution of shared costs revised as of Q1. New standards applied retroactively to 2014 in this chart.

Consolidated Profit and Loss



(JPY millions)	FY2015	FY2016	Change	supplementary information
Net Sales	126,337	135,026	6.9%	
Gross Profit on Sales	66,269	68,248	3.0%	
Operating Profit	14,803	17,017	14.9%	
(OP Margin)	11.7%	12.6%	+0.9pt	
Non Operating Profit and Loss	53	-330	-	(FY15) Currency translation gain JPY 85M (FY16) Currency translation loss JPY 151M
Ordinary Profit	14,857	16,686	12.3%	
Extraordinary Profit or loss	10,290	139	-98.6%	(FY15) Gain on sale of shares in GMO CLICK HD JPY 12.2B
Profit before Tax	25,148	16,826	-33.1%	
Profit attributable to Owners of the Parent	13,419	7,234	-46.1%	

Consolidated Balance Sheet

(JPY millions)	End of 12/2015	End of 12/2016	Change	GMO CLICK HD (End of 12/2016)	Change
Current Assets	531,347	553,903	4.2%	446,743	-0.1%
Cash & Deposits	75,979	90,282	18.8%	37,209	82.6%
Fixed Assets	23,278	34,915	50.0%	4,895	36.7%
Goodwill	2,224	3,857	73.4%	-	-
Software	4,657	4,327	-7.1%	1,366	-6.3%
Investment Securities	4,329	7,832	80.9%	1,572	466.0%
Total Assets	554,626	588,819	6.2%	451,639	0.2%
Liabilities	492,469	522,639	6.1%	423,906	-0.8%
Interest-bearing debts	39,827	71,512	79.6%	54,720	45.6%
Net Assets	62,156	66,179	6.5%	27,733	16.8%
Non-controlling Minority Equity	22,465	26,571	18.3%	-	-
Shareholders' Equity	39,641	39,527	-0.3%	27,733	16.8%
Earned Surplus	30,189	33,328	10.4%	24,199	18.0%
(Shareholders' Equity Ratio)	7.1%	6.7%	-0.4pt	6.1%	+0.8pt
Liabilities/Net Assets Total	554,626	588,819	6.2%	451,639	0.2%

Market Cap / Equity Share in Listed Group Companies

Stock Code	Stock Name	Exchange	Market Cap ^{*1} (JPY billion)	% Ownership ^{*2}	Equity Share (JPY billion)
9449	GMO Internet	TSE 1	185.2		
3769	GMO Payment Gateway	TSE1	219.5	51.6%	113.2
7177	GMO CLICK Holdings	TSE JQS	94.7	81.3%	76.9
3788	GMO CLOUD	TSE1	22.7	51.8%	11.7
3633	GMO Pepabo	TSE JQS	9.5	64.1%	6.0
4784	GMO AD Partners	TSE JQS	8.0	53.6%	4.2
6180	GMO Media	TSE MOTHERS	6.8	65.5%	4.4
3695	GMO Research	TSE MOTHERS	3.5	53.7%	1.8
6026	GMO TECH	TSE MOTHERS	2.9	54.1%	1.5
Group Total			552.8 ^{*3}		219.7

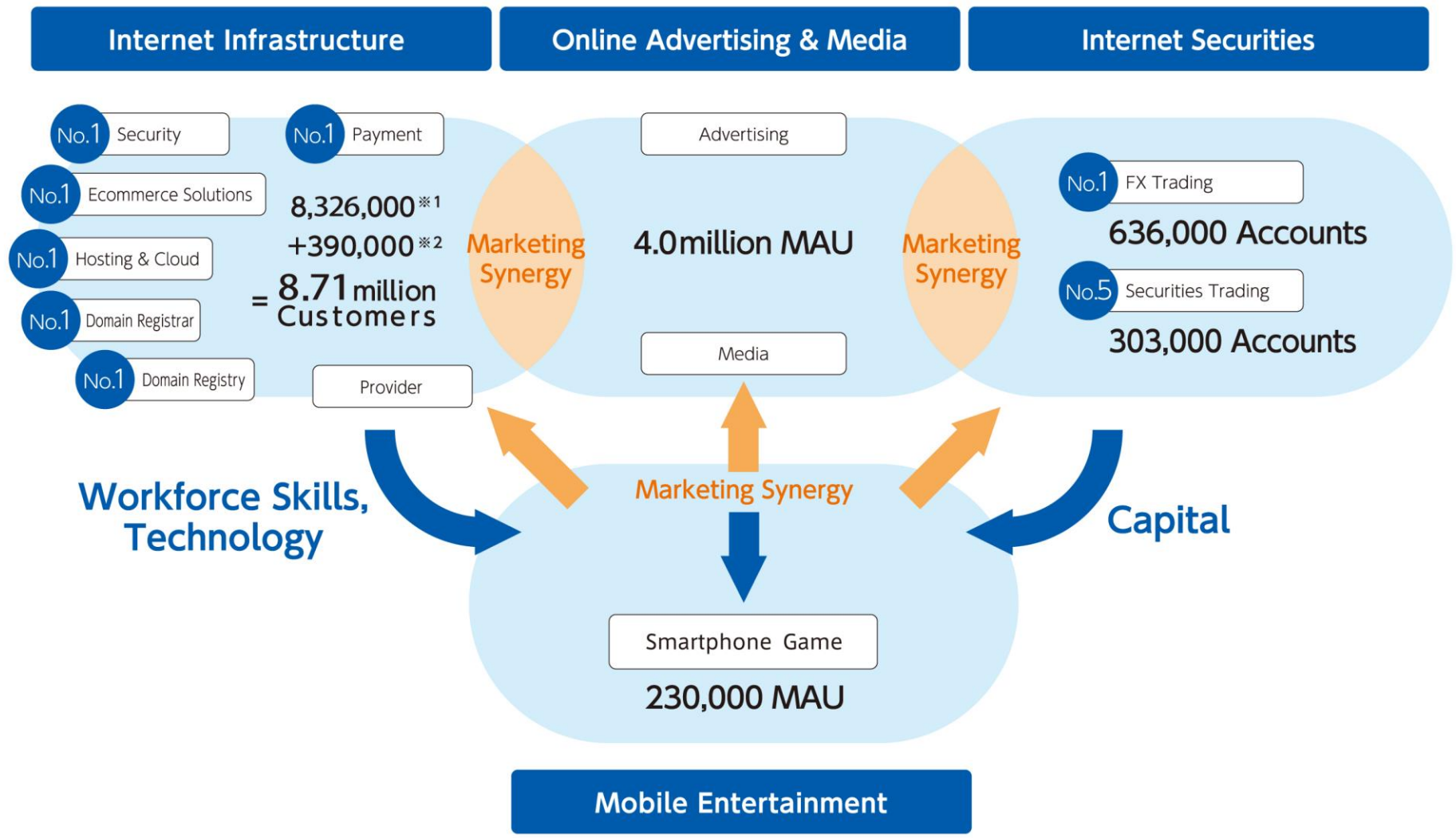
*1 Market value as of 2/3/2017
*2 Includes indirect holdings
*3 Calculated as the sum of the listed market cap values

Consolidated Cash Flow

(JPY billions)	FY15	FY16	Significant Factors	GMO CLICK HD
Operating Cash Flow	-12.62	3.11	Increase in deposits: JPY6.7B Corporate tax: -JPY10.5B	3.31
Investing Cash Flow	12.77	▲ 11.20	.shop acquisition rights: -JPY4.9B	-1.4
Financing Cash Flow	9.52	23.74	Interest-bearing debt: JPY31.6B (due to increase in customer assets in Securities)	16.01
Change in Cash and Equivalents	9.58	15.19		17.73
Balance of Cash and Equivalents	74.92	90.12		37.2

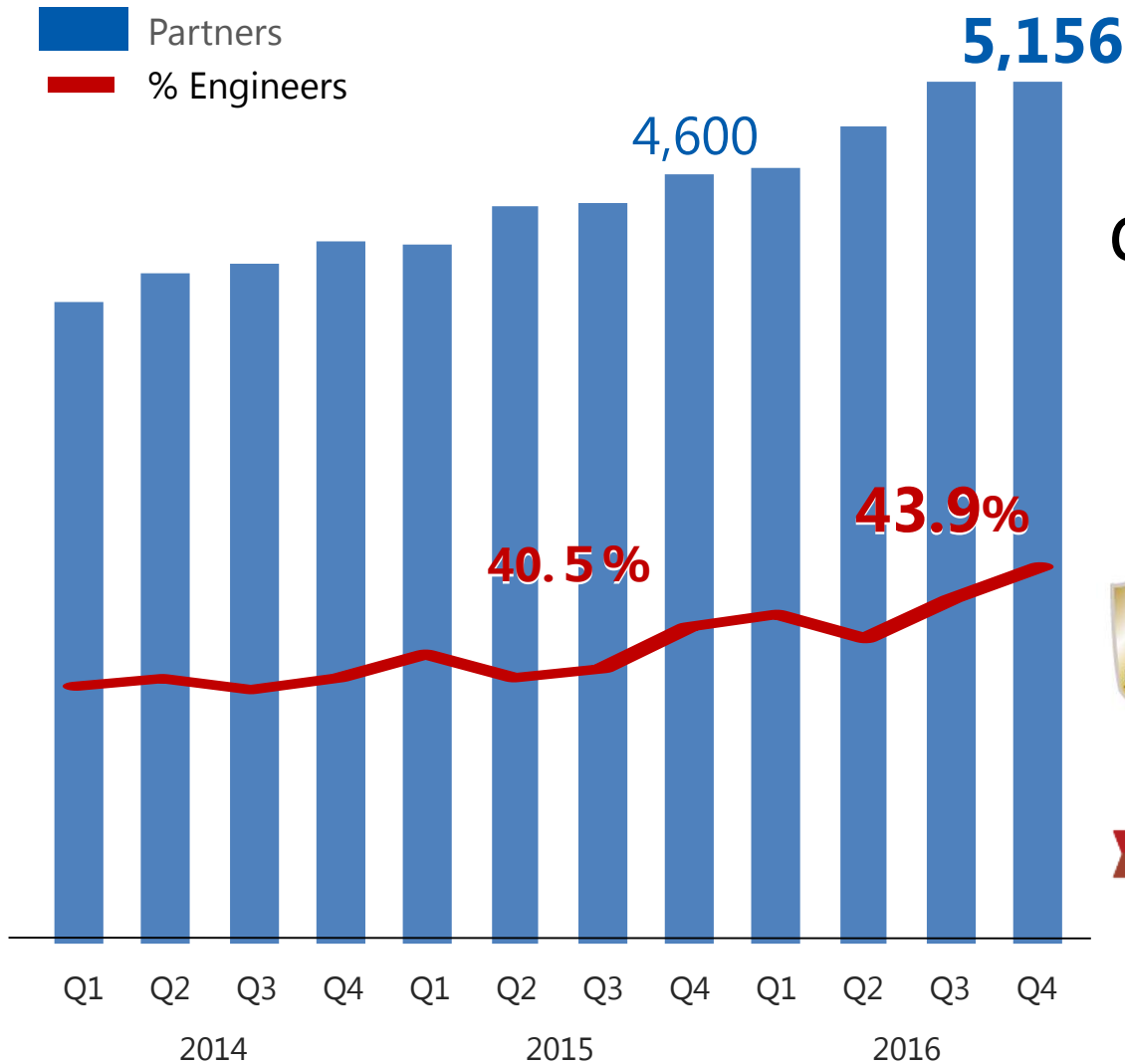
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Market share growth accelerating across all segments



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

Goal: Workforce of over 50% engineers



All products developed, sold and supported in-house



No.1 in Customer Satisfaction

1. Overview

2. Guidance

3. Financial Results

4. Segment Report

i) Group Overview

ii) Internet Infrastructure

iii) Internet Securities

iv) Online Advertising & Media

v) Mobile Entertainment

5. Group Strategy

Number one across all infrastructure products

Strong No. 1

Domain Registry



Brand TLDs / Geo TLDs
81.7% of gTLD market in Japan *1

Strong No. 1

Domain Registrar



Domestic gTLD market share at 90.8%*2

Strong No. 1

Hosting & Cloud



Domestic market share at 54.6% *3

No. 1

Ecommerce



75,000 paid stores

No.1

Security



159.8% YoY increase in certificate issues

No. 1

Payment



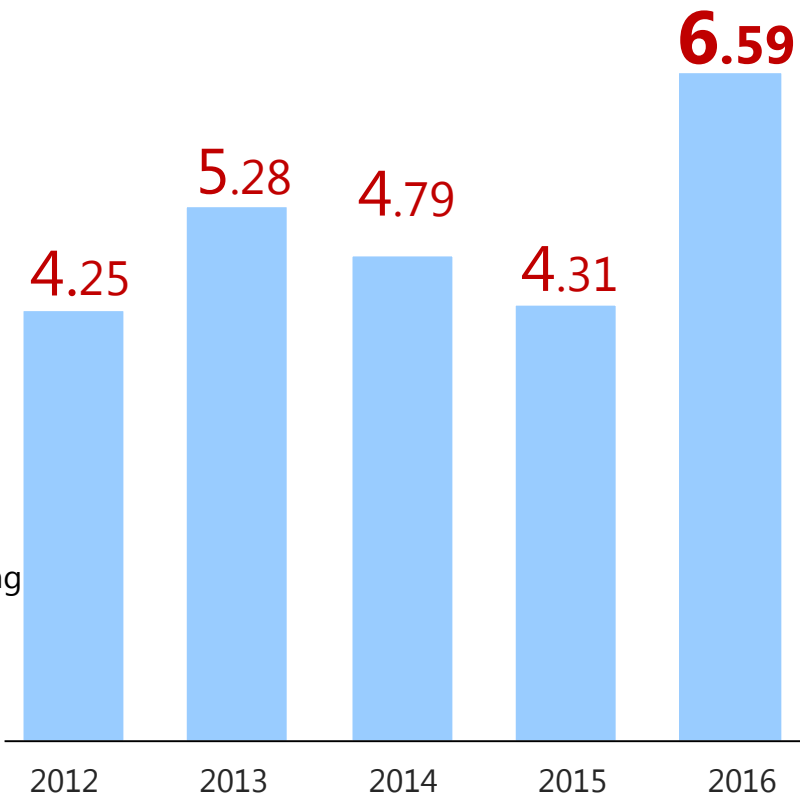
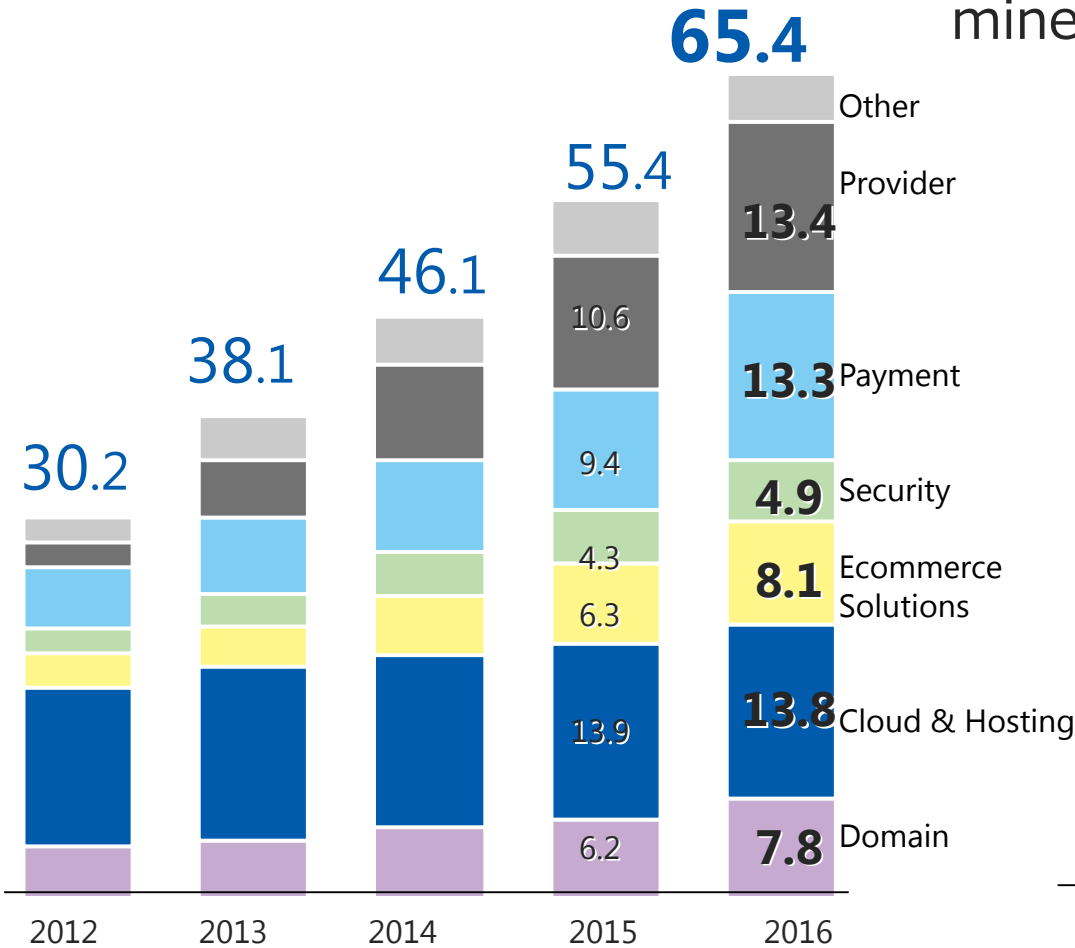
81,000 merchants

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

Full-year results trends

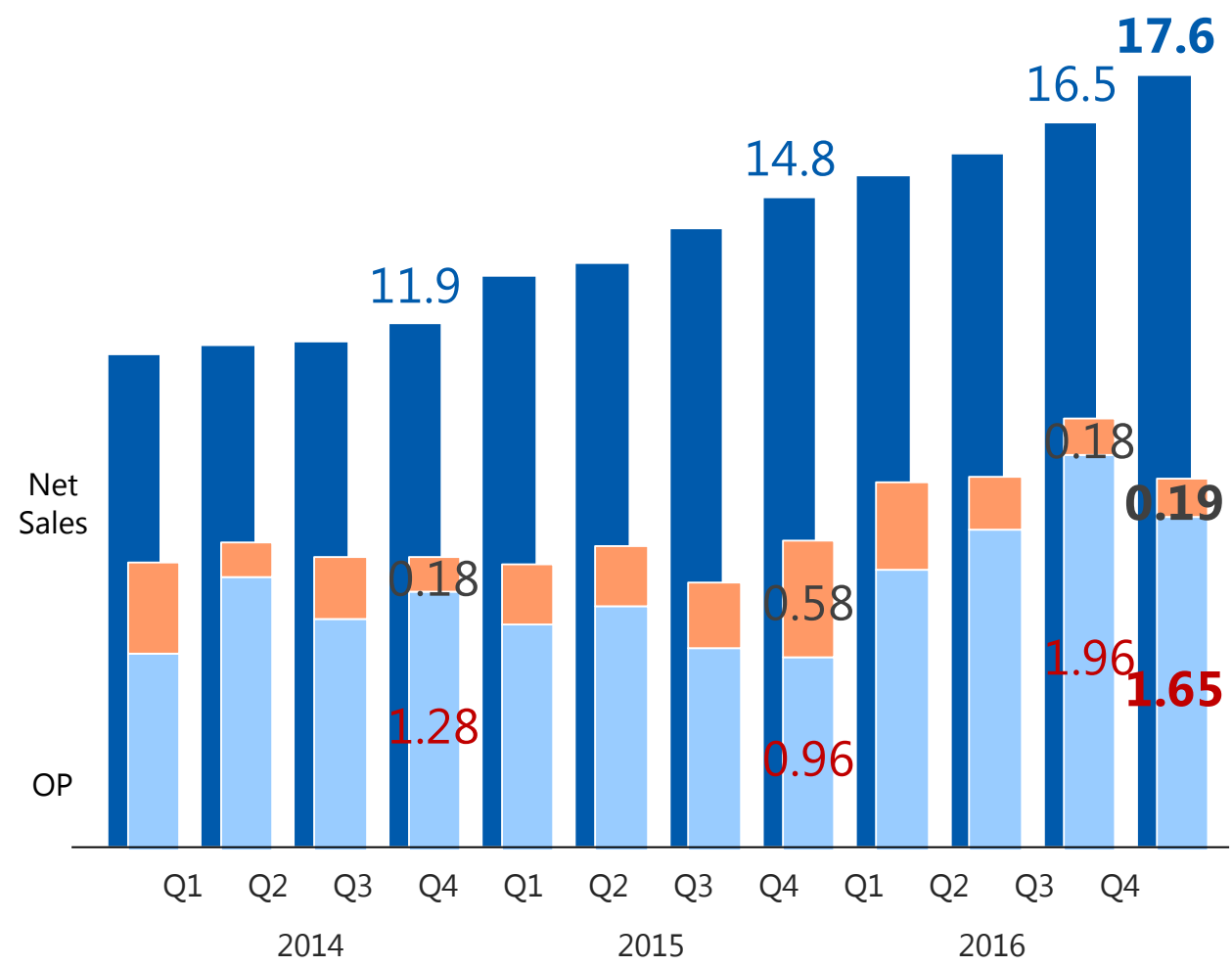
Net Sales : YoY **18.1%up**
Acceleration in growth with transaction based revenue in addition to recurring revenue

Operating Profit : YoY **53.0%up**
Growth in Payment and SSL
Significant growth despite mine investment



Historical Performance by Quarter

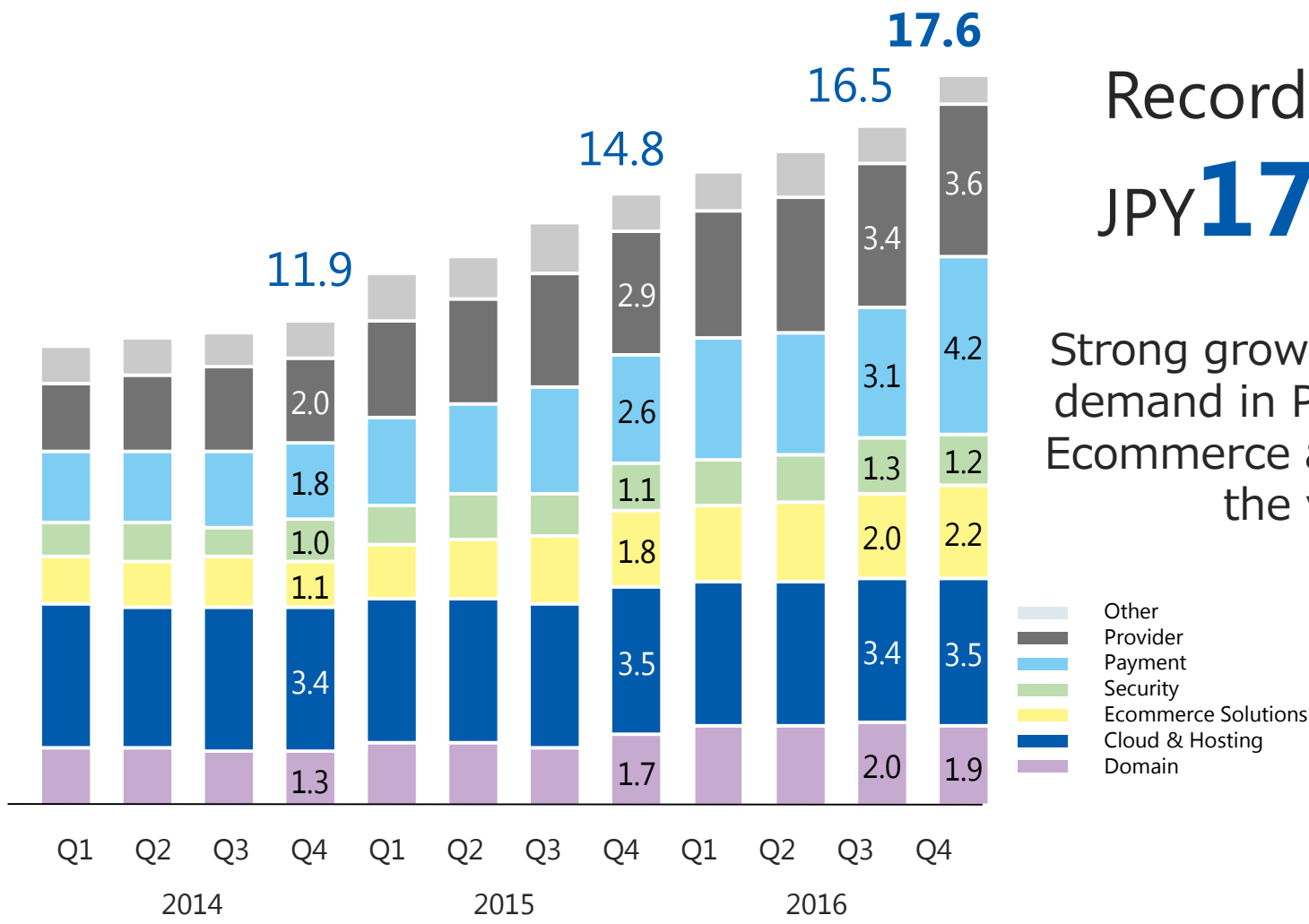
(JPY billions)



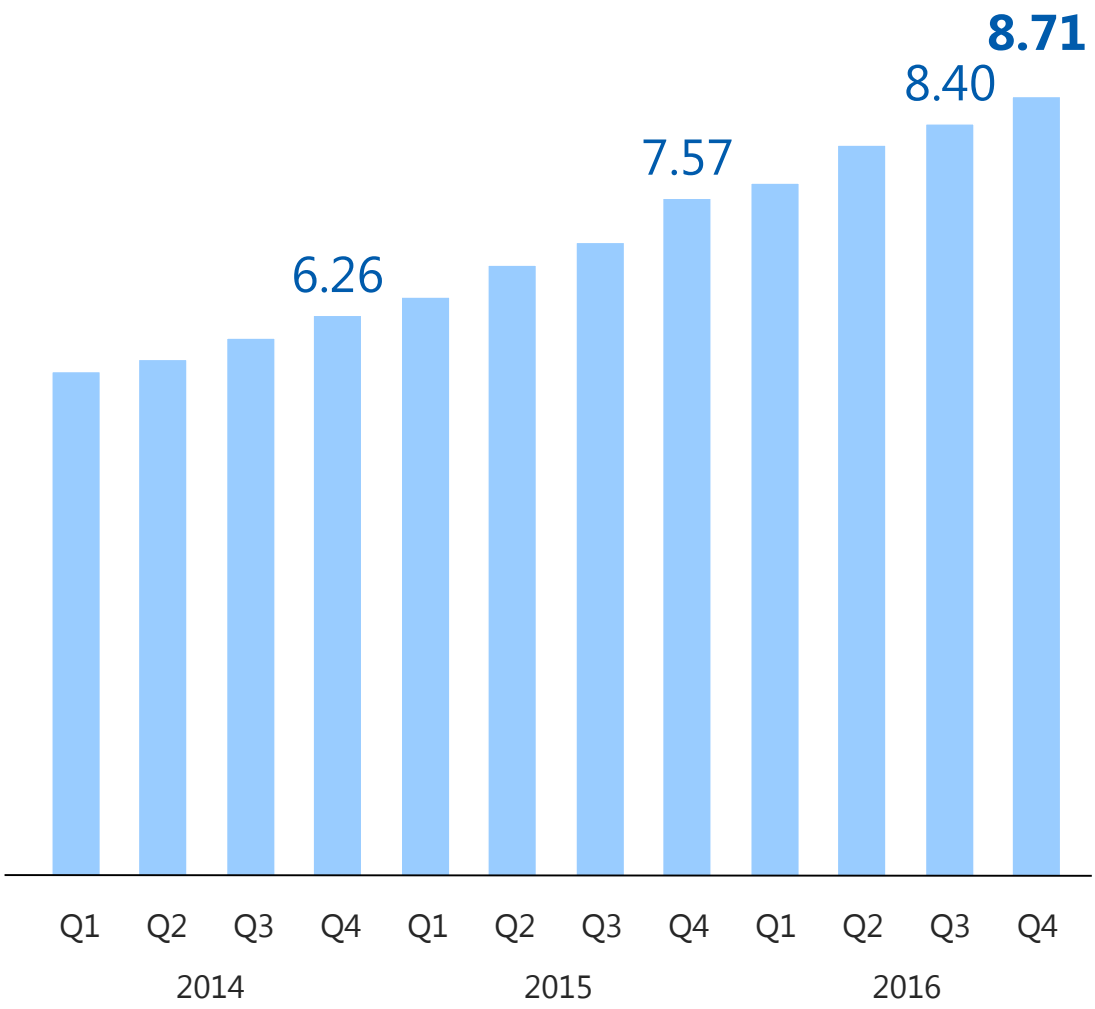
Revenue up
18.6%
Profit up
71.7%
YoY

Net Sales by Sub-Segment

(JPY billions)



(millions)



8.71M

contracts

15.2%

YoY growth

Expect to reach
10M contracts
this year

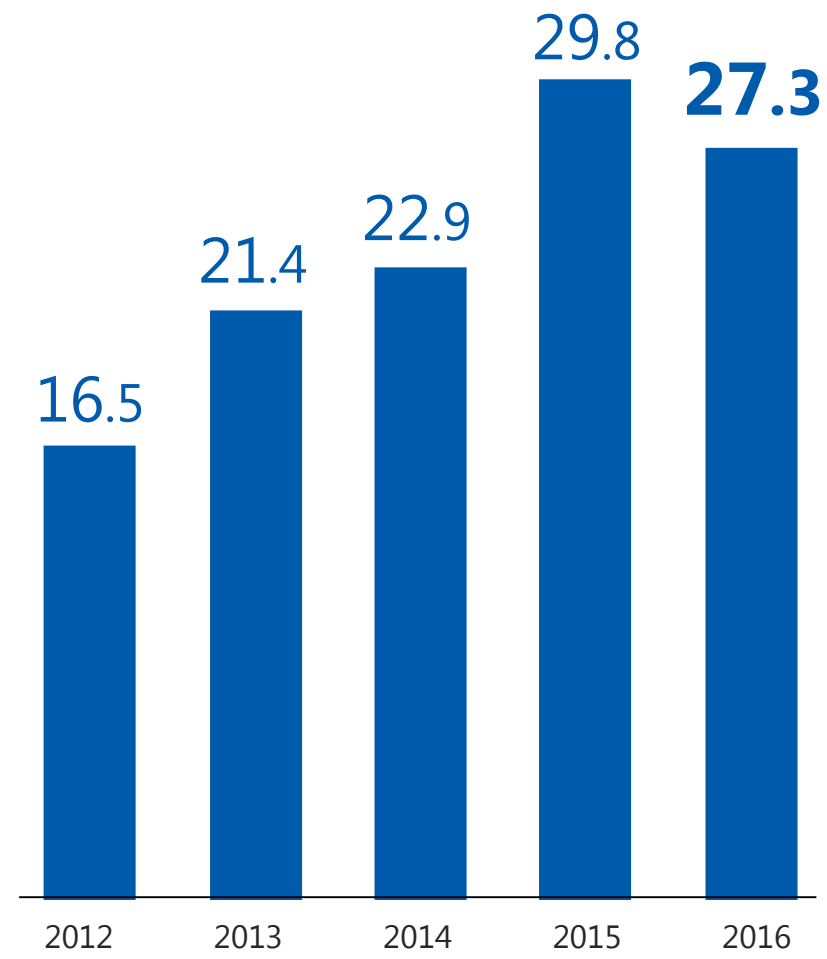
*Excluding minne KPI

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2. Guidance
3. Financial Results
- 4. Segment Report**
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 - ii) Internet Infrastructure
 - iii) Internet Securities**
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 - v) Mobile Entertainment
5. Group Strategy

Full-year results trends

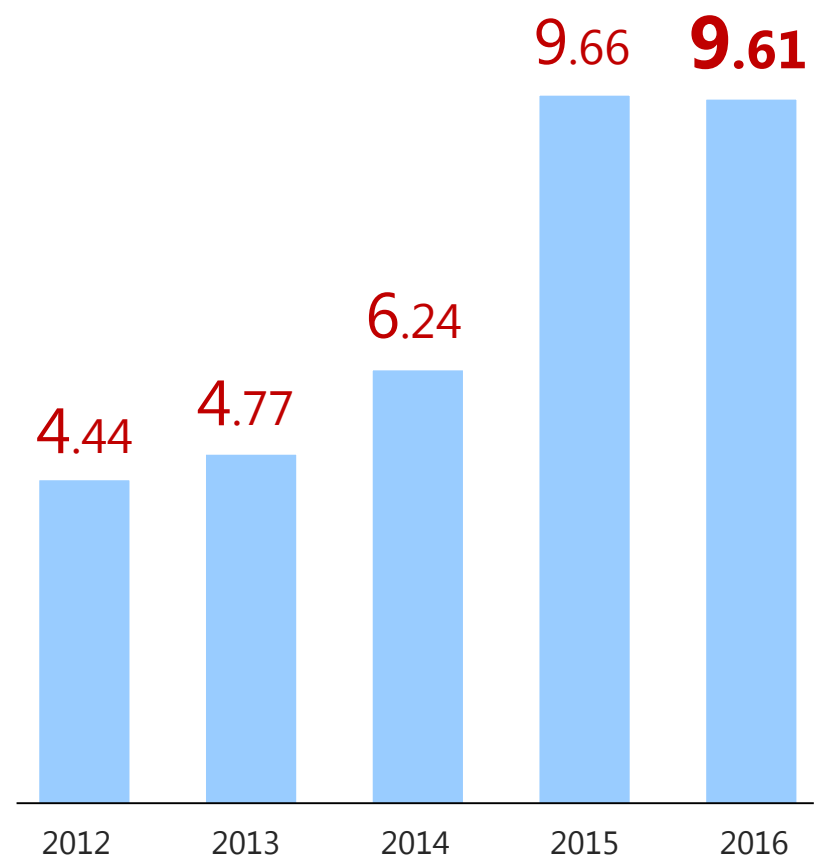
Net Sales : YoY **8.2%down** (JPY billions)

Drop in revenue a result of increase in cover costs

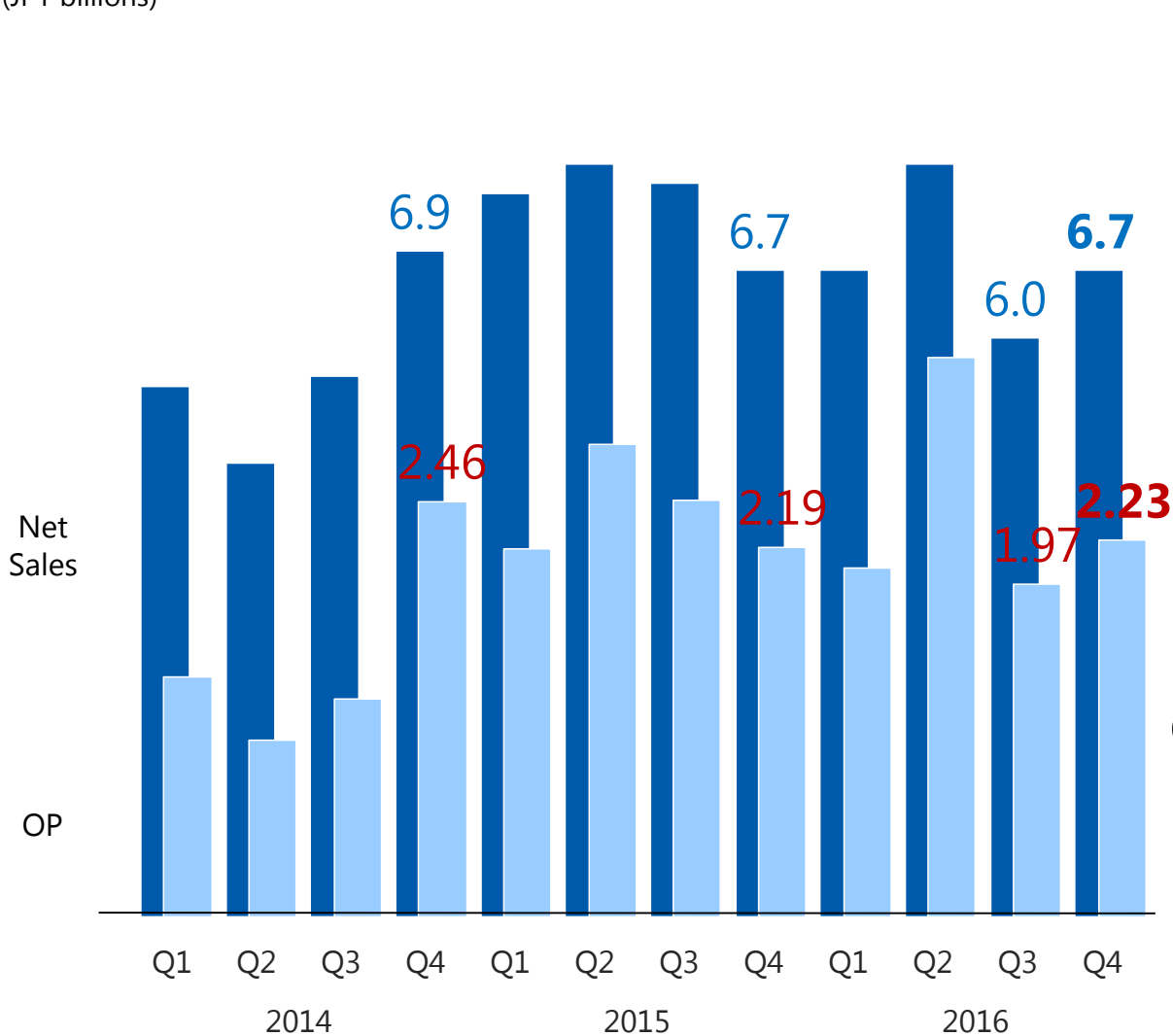


Operating Profit : YoY **0.6%down** (JPY billions)

Decrease in goodwill, normalization of promotion spending in previous year



(JPY billions)

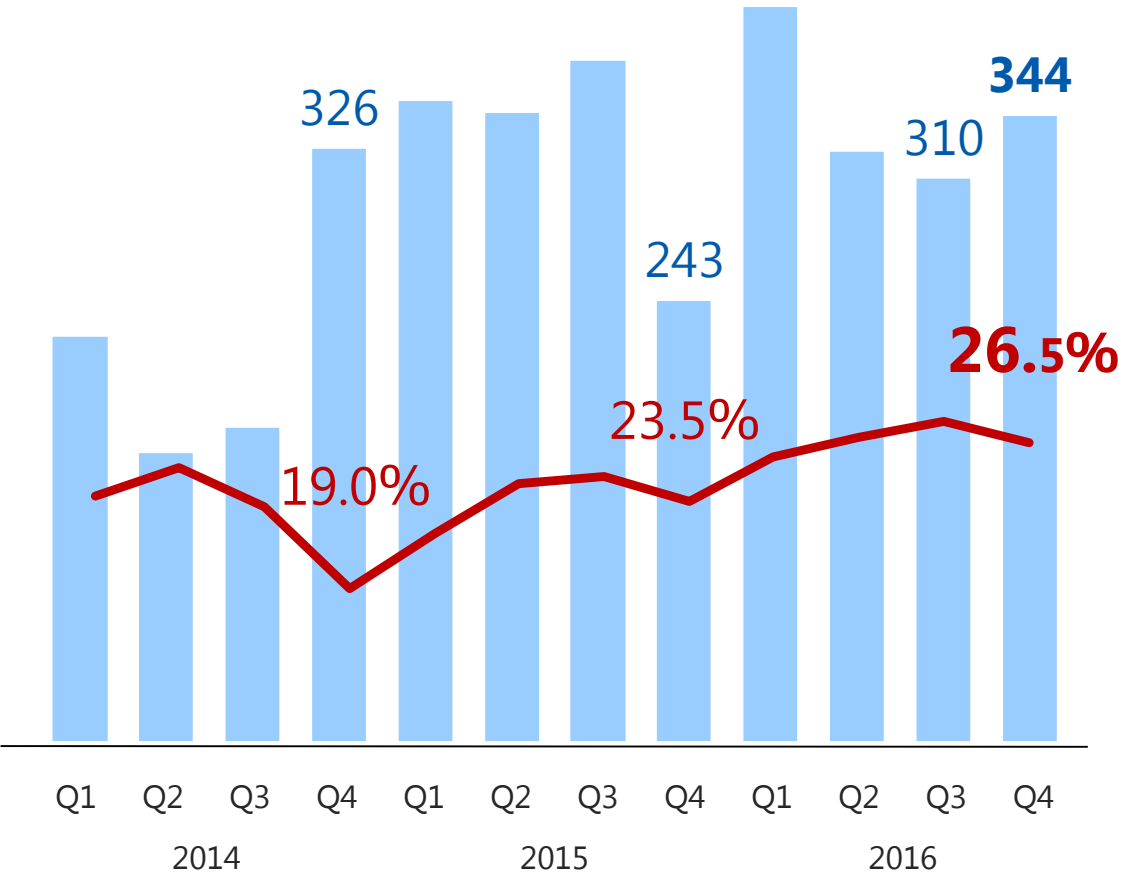


Revenue up
0.1%
Profit up
1.8%
YoY

Significant increase in trading volume mostly derived from low-margin JPY/USD currency pair

Trading volume
Share

(JPY trillions)



No. 1 Trading
Volume for
5 Consecutive
Years

JPY **1,407**^{tr}
Annual FX
Trading Volume
^{*1}

JPY **132**^B
Customer Assets
Balance
^{*2}

636,000
FX Accounts
^{*2}

27.2[%]
Share of Global FX
Trading Volume
^{*3}

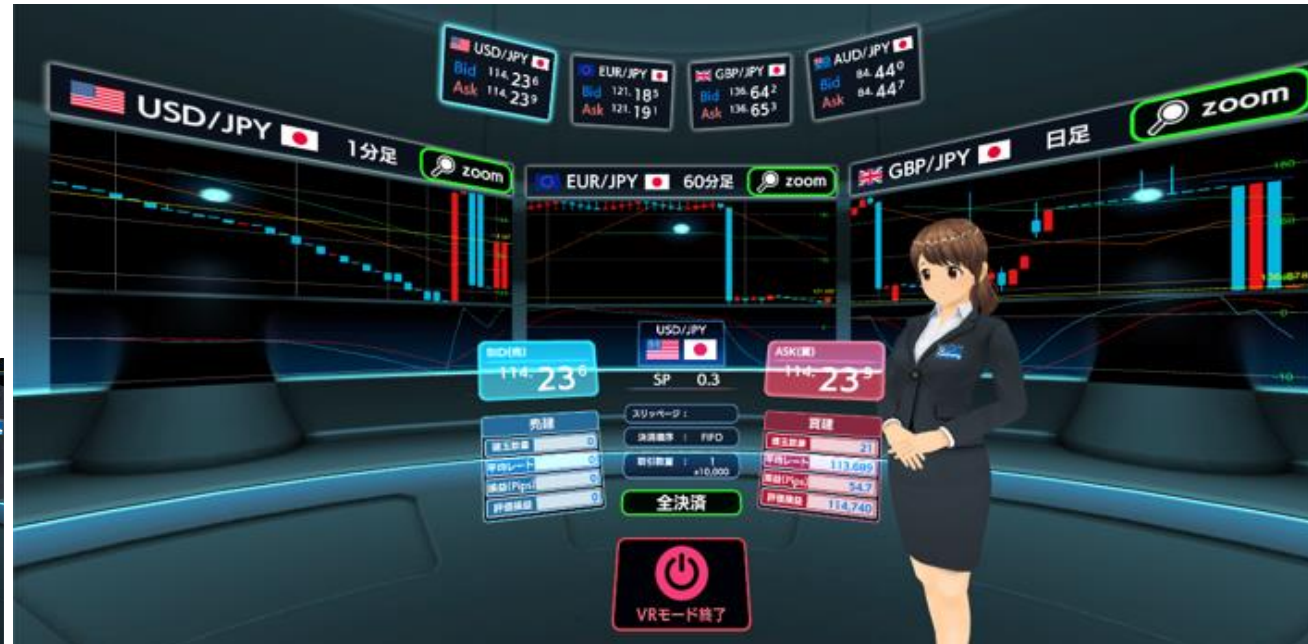
9.9[%]
Brokerage
Trading Share
^{*1}

Global No.1

No.5 in Japan

*1 GMO CLICK HD FYE3/2016 data
*2 GMO CLICK HD FYE3/2016 July-September data
*3 Share of total trading volume in the worlds top 10 largest players in 2015

Finance industry-first, VR X Finance trading app launched



1. Overview

2. Guidance

3. Financial Results

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iv) Online Advertising & Media

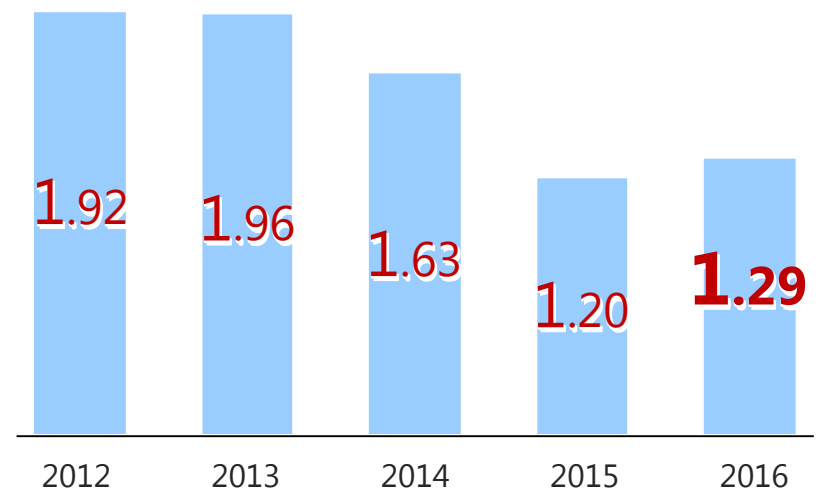
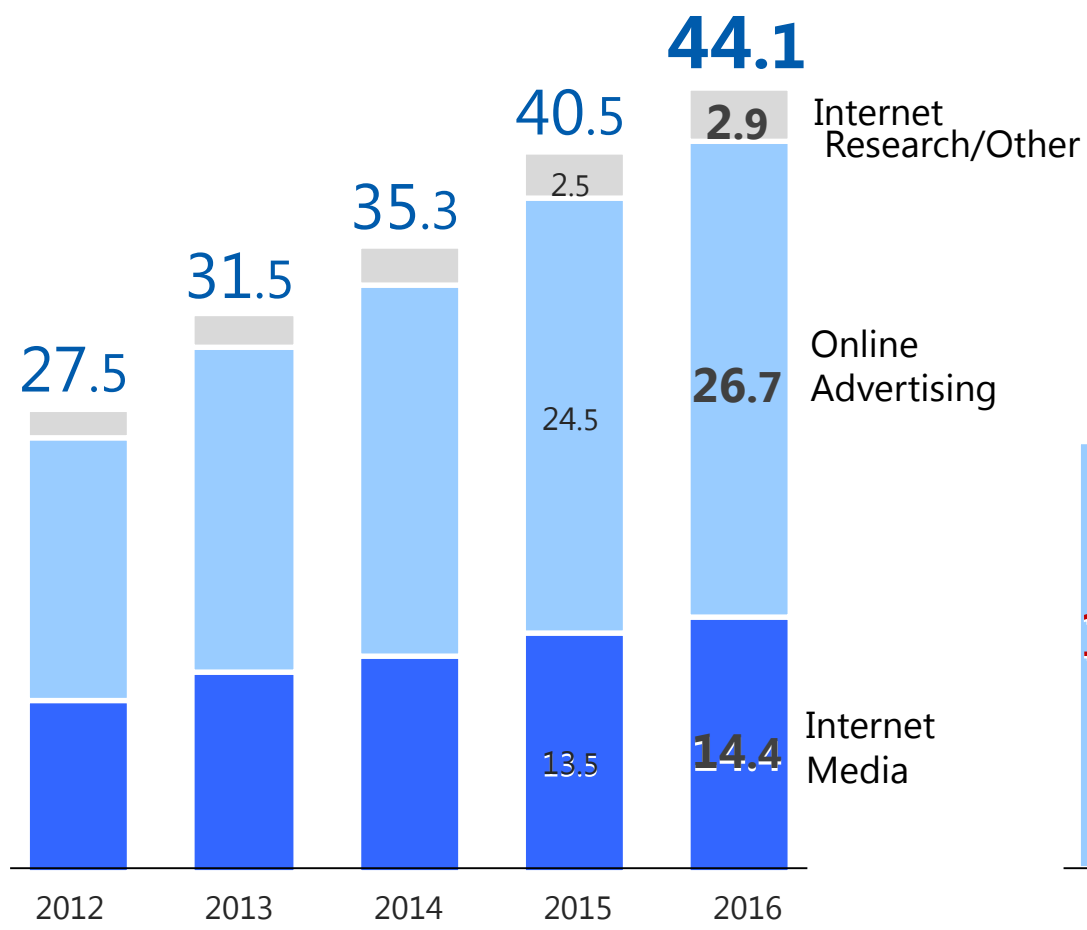
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5. Group Strategy

Full-year results trends

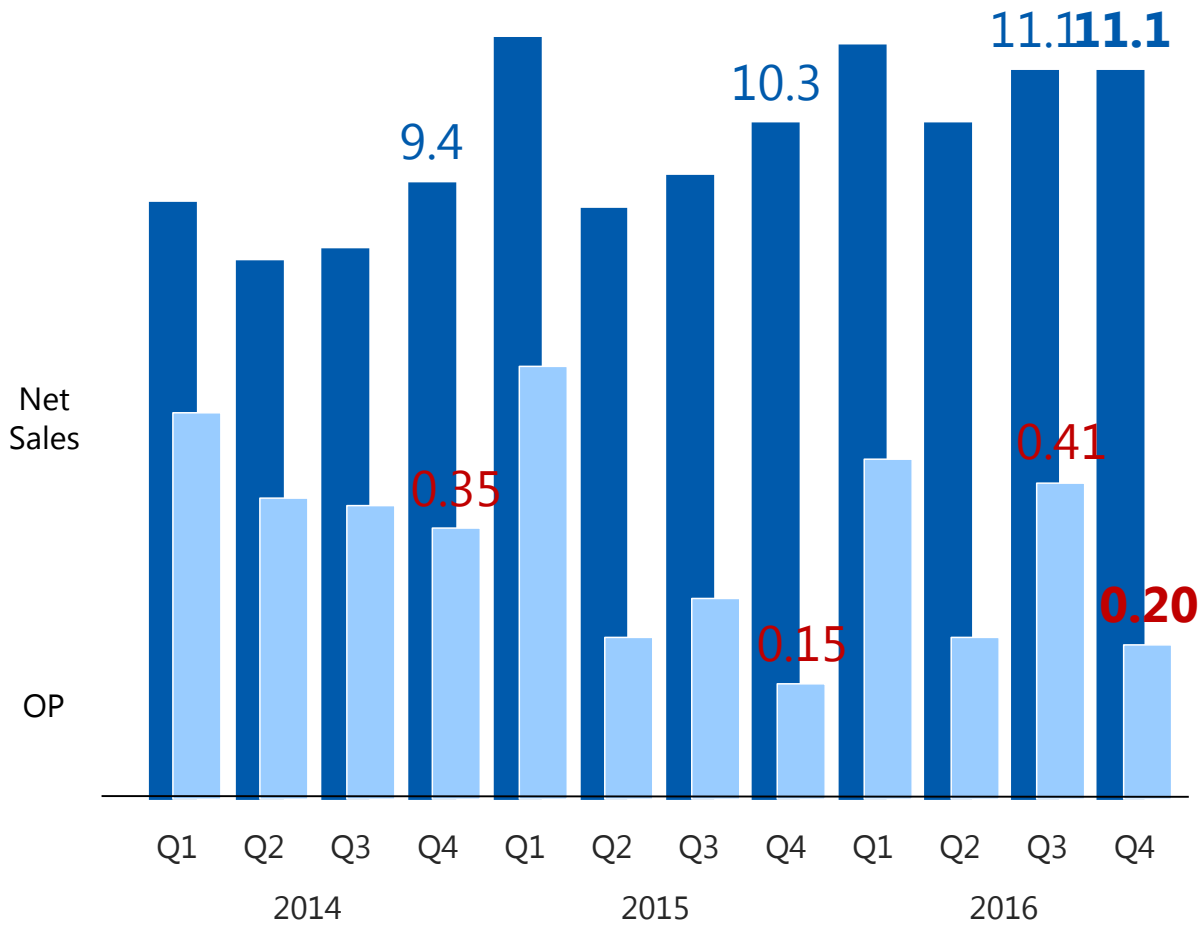
Net Sales : YoY **8.9%up**
Large volume of orders in previous year. Single-digit growth.

Operating Profit : YoY **7.5%up**
Ad tech shift forms basis for profit recovery



Historical Performance by Quarter

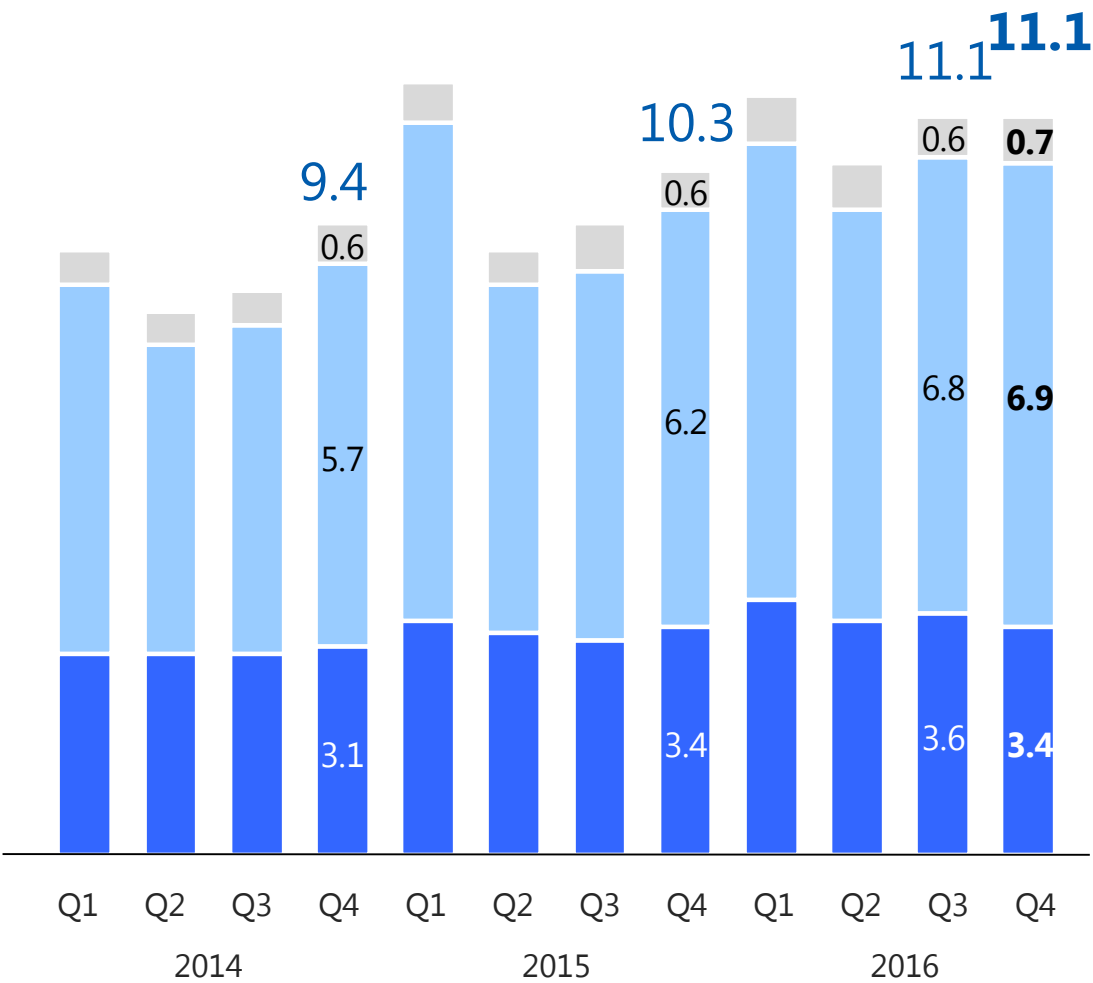
(JPY billions)



Revenue up
8.2%
Profit up
38.1%
YoY

Net Sales by Sub-Segment

(JPY billions)



Ad Revenue
Up **12.0%**

- Internet Research/Other
- Online Advertising
- Internet Media

GMOADPARTNERS

Net sales JPY**7.95B** (up **12%**) OP JPY**0.1B** (6 times higher)

AkaNe is strong with growth in profits despite investment. Drop off in legacy products.

GMO TECH

Net sales JPY**0.64B** (down **26%**), OP JPY**30M** (down **51%**)

Revision of product composition underway.

O2O customer base expanding, expected to reach profitability in next term.

GMO RESEARCH

Net sales JPY**0.82B** (up **7%**) OP JPY**70M** (down **15%**)

Solid performance in Research.

Investing in expansion of panel.

GMO MEDIA

Net sales JPY**1.26B** (up **11%**) OP JPY**0.9B** (up **77%**)

Favorable performance by Ecommerce media "Point Town" continues.

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2. Guidance

3. Financial Results

4. Segment Report

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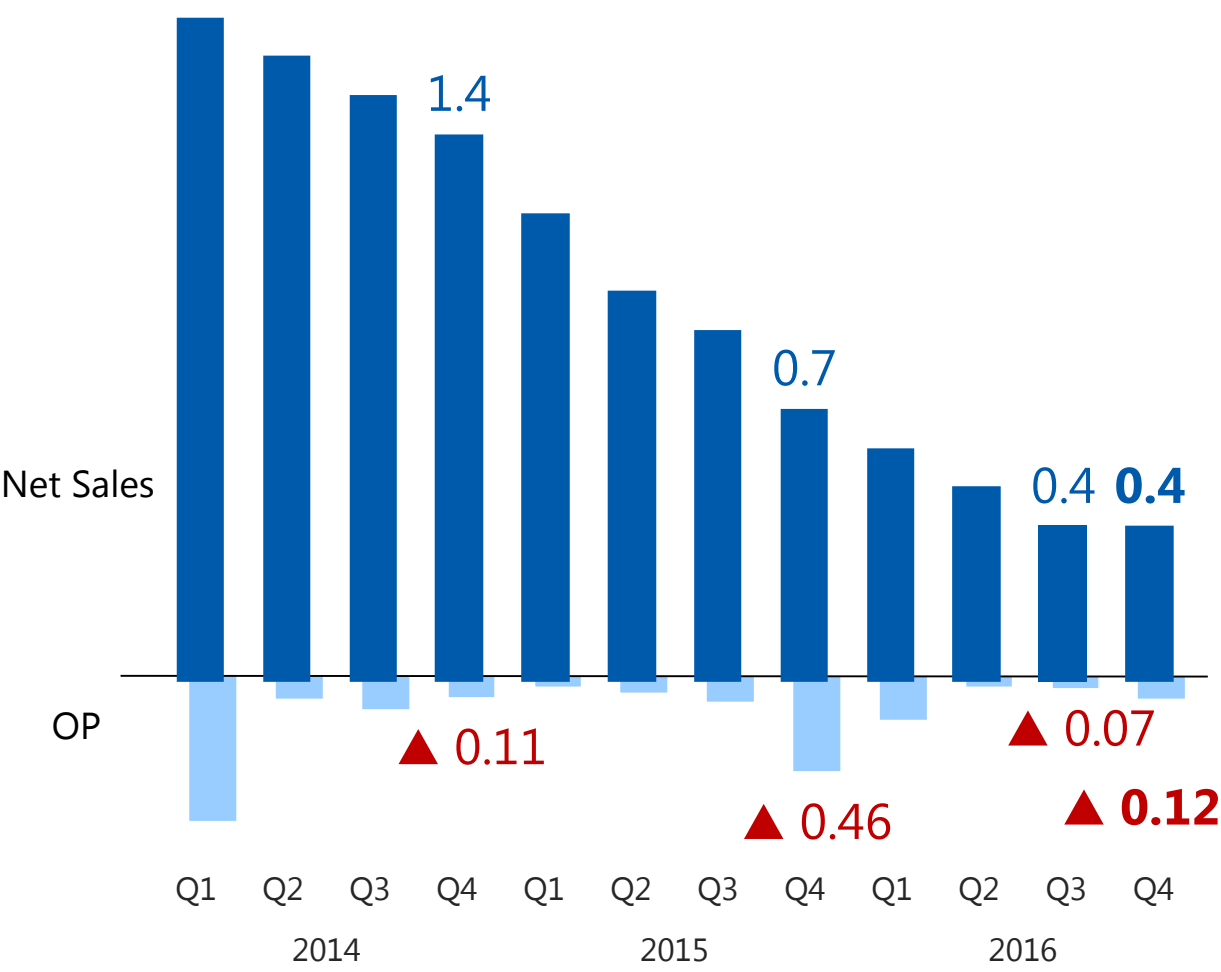
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v) Mobile Entertainment

5. Group Strategy

Historical Performance by Quarter

(JPY billions)



Focus on New Titles to Launch this Year

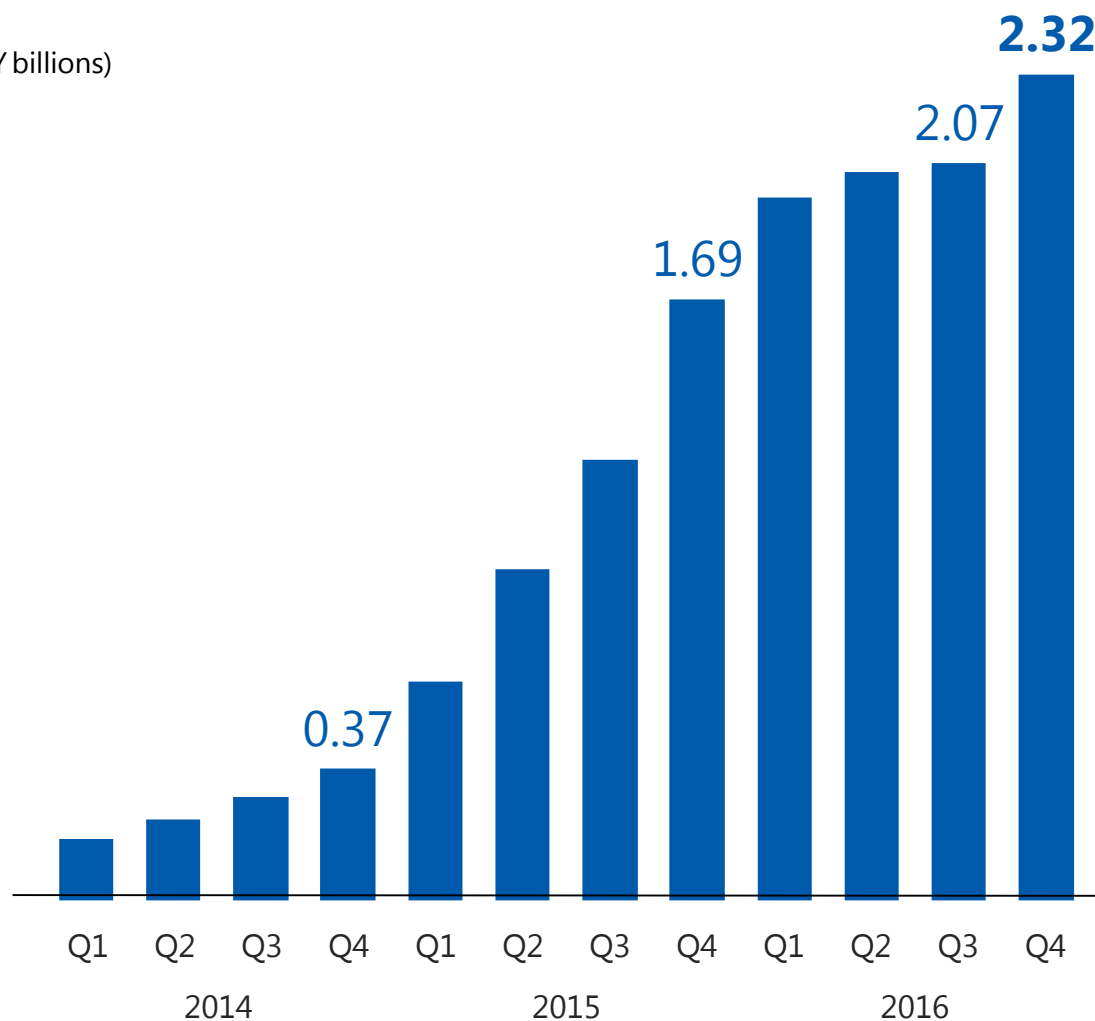
1. Overview
2. Guidance
3. Financial Results
4. Segment Report
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 - ii) Internet Infrastructure
 - iii) Internet Securities
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5. Group Strategy

Strengthening Strengths

minne Progress Report

Record high sales volume after promotion targeting high-demand period at year end

(JPY billions)



FY16

JPY8.39B

contracts

83.9% %

YoY growth

FY17

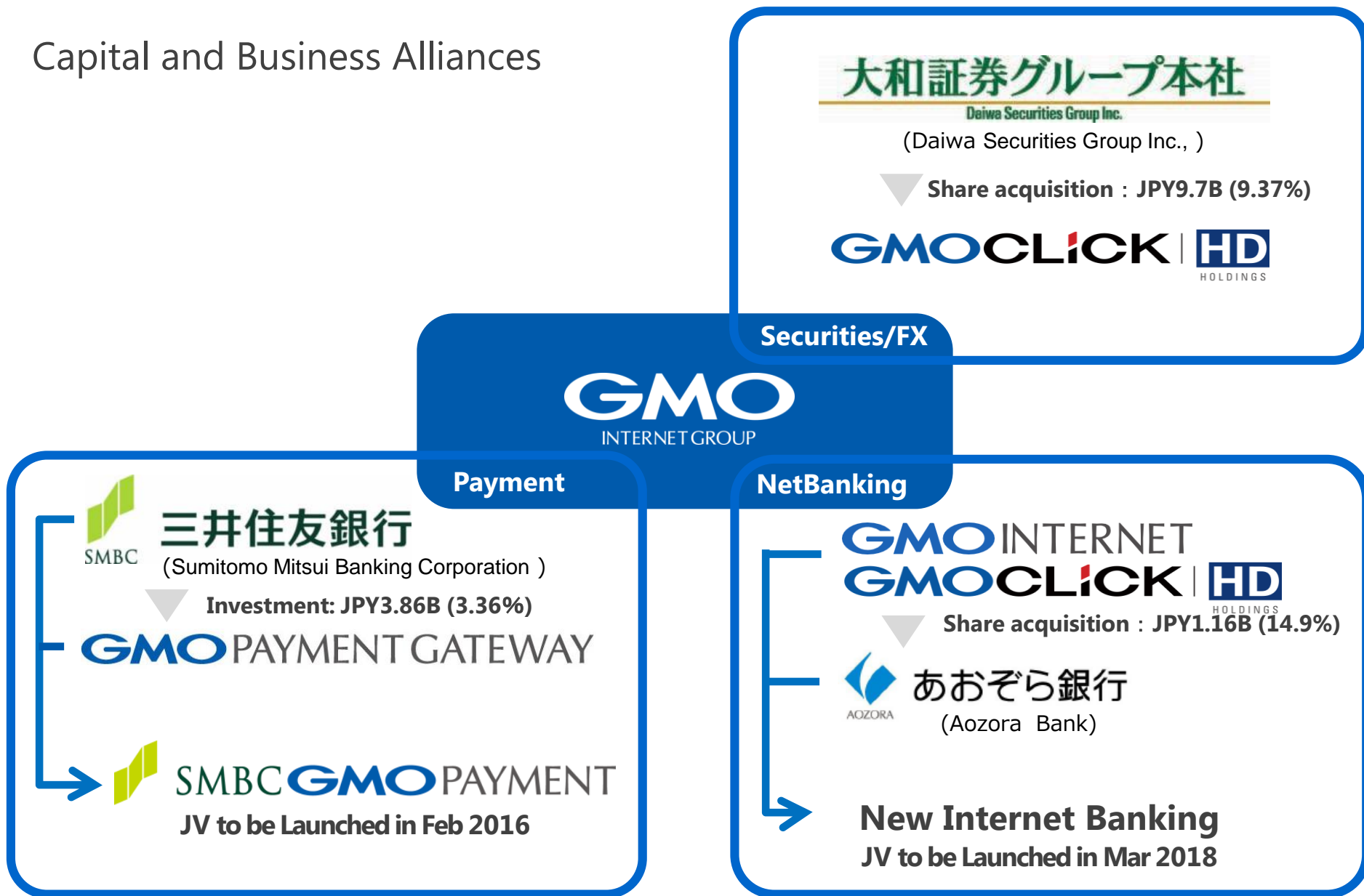
Annual Sales
Volume Target

JPY12.5B

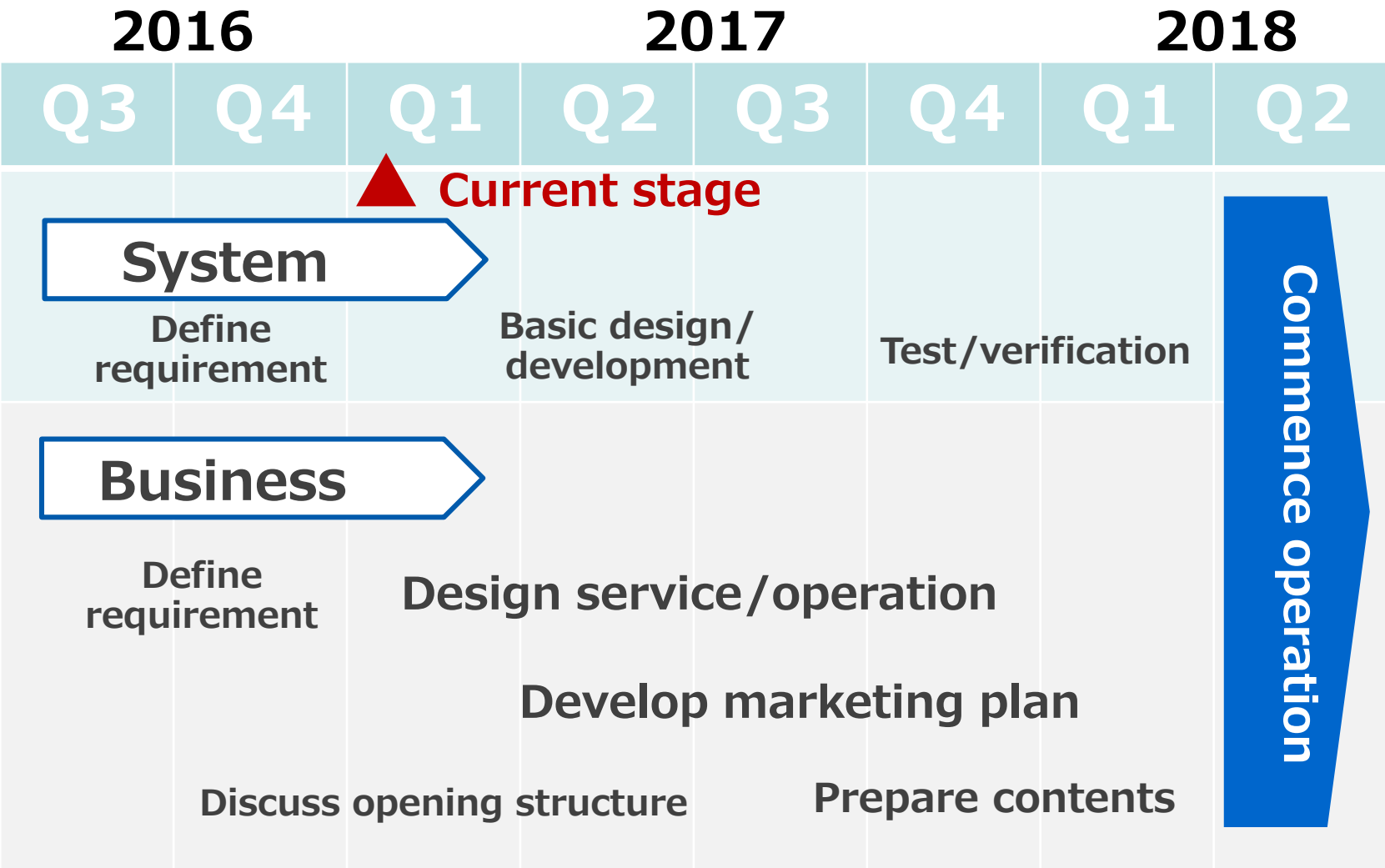
Strengthening Strengths

Developments in Finance and Payment

Capital and Business Alliances



開業に向け順調に進行中

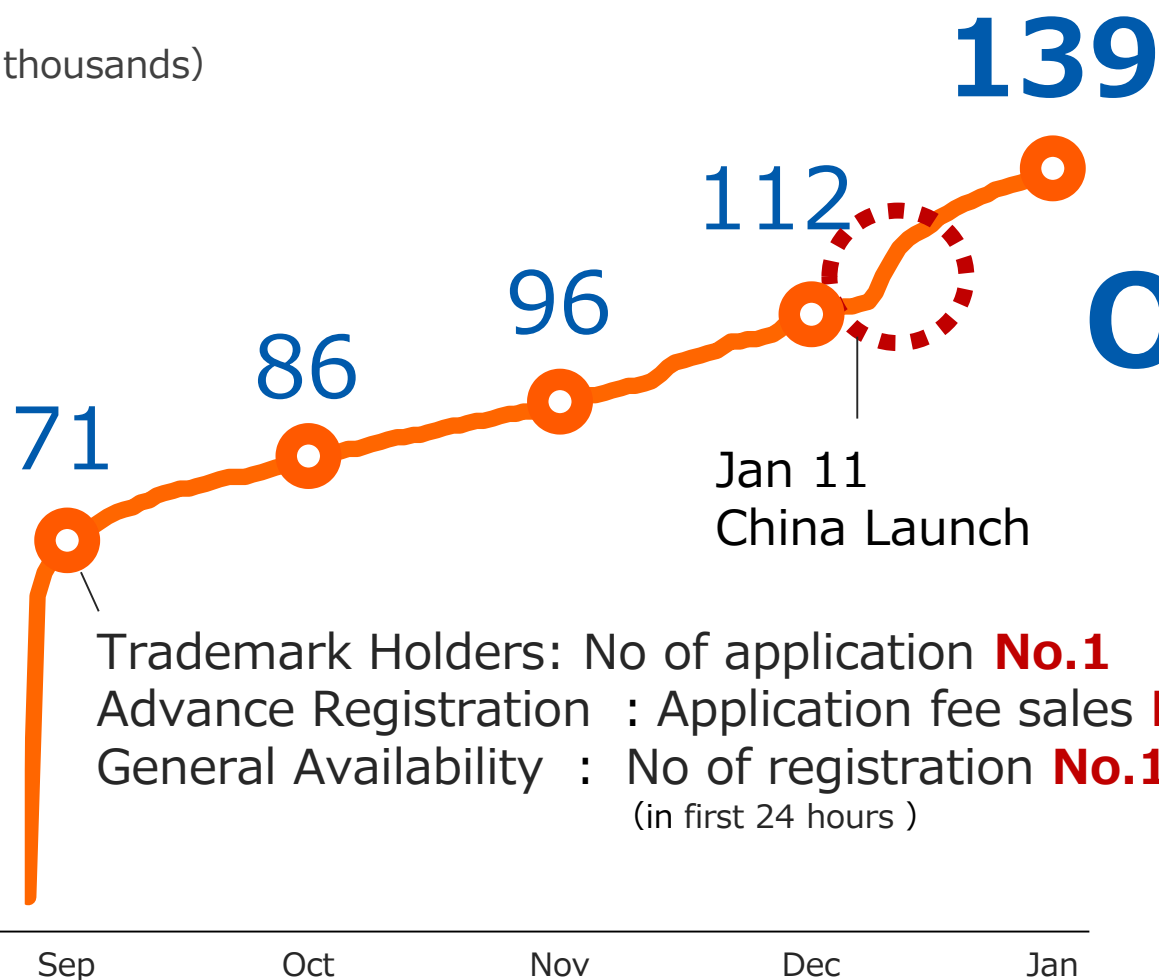


Strengthening Strengths

New gTLD .shop Progress Report

Broadening registrar sales channel, strengthening partnerships

(in thousands)



Over 139k

Since launch

Trademark Holders: No of application **No.1**

Advance Registration : Application fee sales **No.1**

General Availability : No of registration **No.1**

(in first 24 hours)

Sep

Oct

Nov

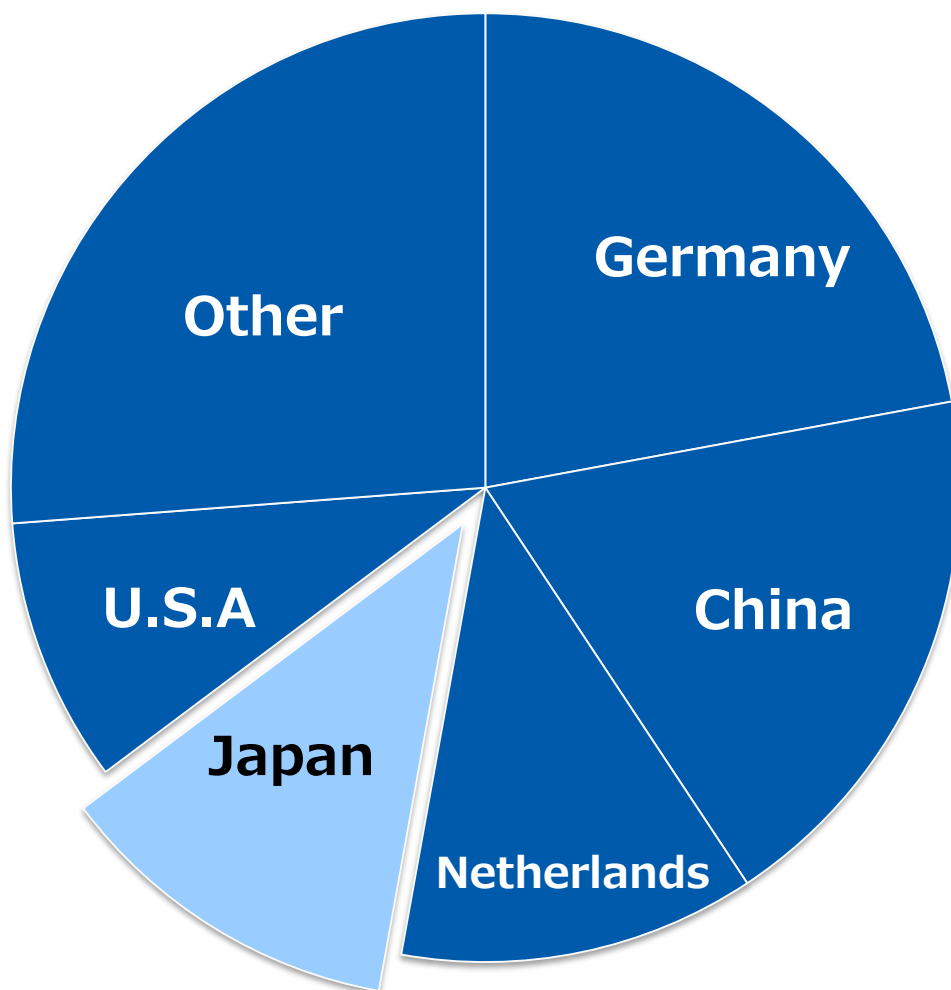
Dec

Jan

2016

2017

Registration market share by country (as of 1/2017)



Global Registration
Ratio

88%

One of few global
products originating
in Japan

※Based on our own data

Developing the unique product, .shop

FY16	Market launch phase Strong start for most popular new domain Global campaigns being launched to raise awareness
FY17	Initial investment phase Aiming to maximize mid-to-long term revenue by reinvesting profits Renewal rates after September are key Determine next strategy
FY18~	Profit phase Further grow registrations with aggressive pricing on new registrations Maximize registration volume to maximize recurring profit

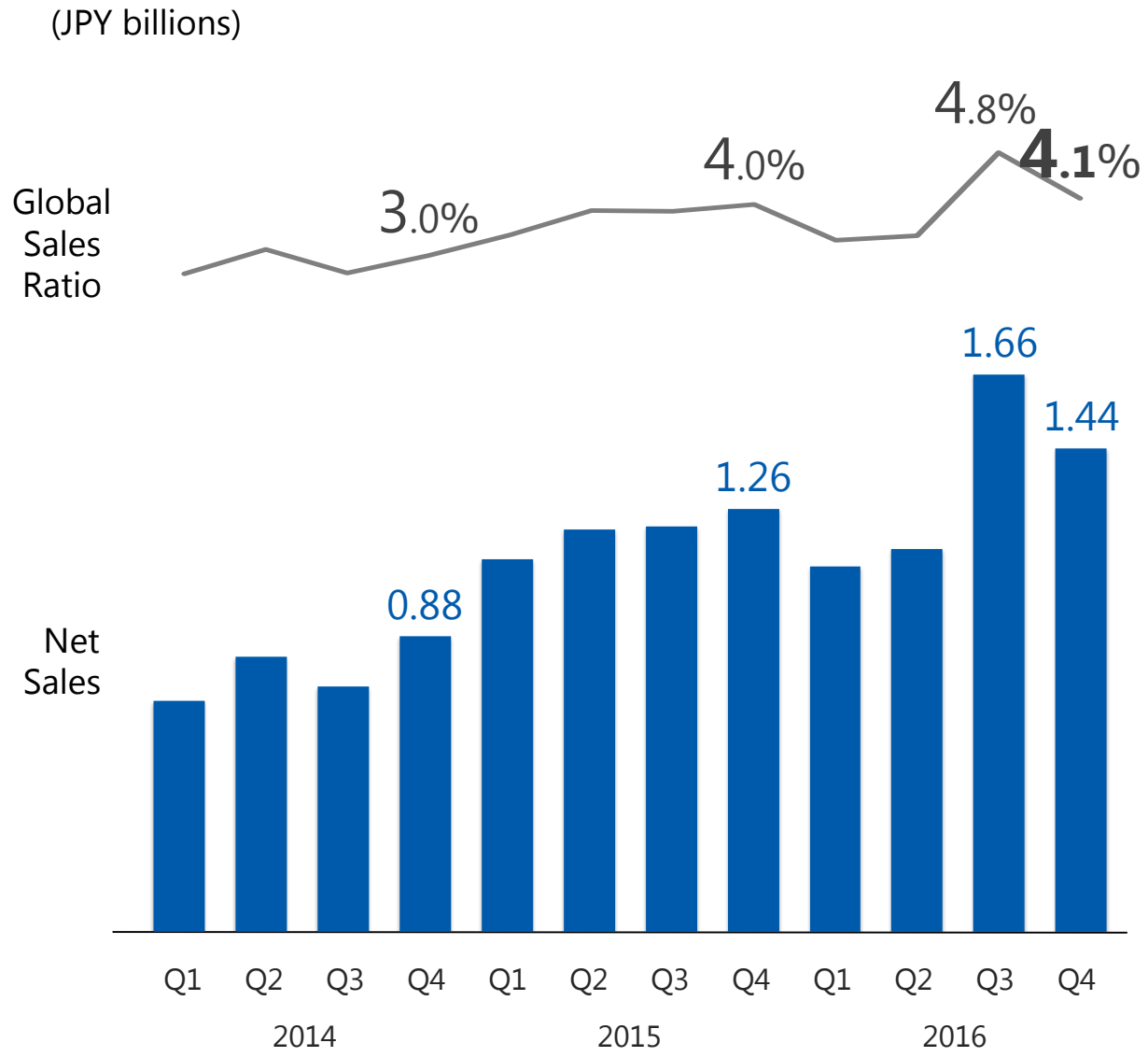
Strengthening Strengths **Bringing Number 1 Products to the Global Market**

- Infrastructure
- FX



As of 12/2016

Global Growth: Global Net Sales



UP14.8%
YoY

Two-pronged development of global strategy with both wholesale and retail brands

Wholesale

The logo for Shop, featuring a blue dot followed by the word "shop" in a bold, dark blue, lowercase sans-serif font.

The logo for GlobalSign, featuring a blue circular icon with a white dot inside, followed by the word "GlobalSign" in a blue sans-serif font with a registered trademark symbol.

Retail

The logo for Z.com, featuring the word "Z.com" in a bold, red, italicized sans-serif font.

(Infrastructure/FX)

Internet for Everyone

GMO

GMO INTERNET

This document includes projections based on expectations, premises and plans as of February 6, 2017. 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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