

Fiscal Year 2017 Third Quarter

Results Presentation



STOCK CODE: 9449


Supplementary Materials

November 6, 2017

133 Group Companies (106 consolidated, 19 non-consolidated, 4 equity method affiliates, 4 non-equity method affiliates)

(Osaka Sales Office)
GMO CLOUD,K.K
GMO Payment Gateway, Inc.
GMO Solution Partner, Inc.
GMO DigiRock, Inc.

GMO DIGITAL Lab, Inc.

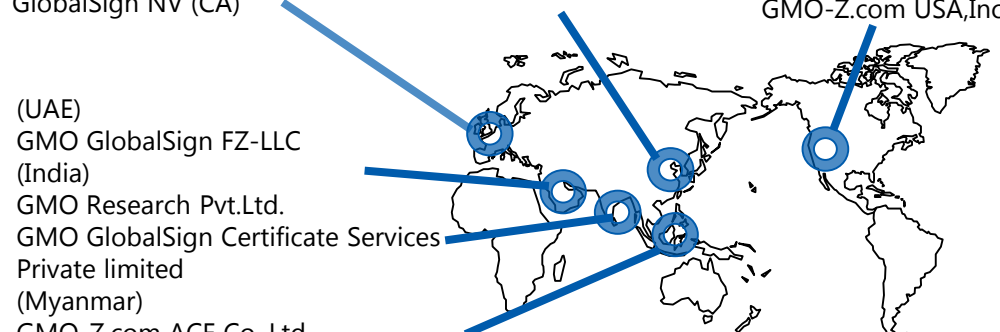


GMO CLOUD, Inc. (Shimonoseki Branch)
GMO Pepabo, Inc. (Fukuoka Branch)
GMO Internet, Inc. (Miyazaki Office)
GMO NIKKO, Inc. (Miyazaki Office)
GMO TECH, Inc. (Miyazaki Office)

(UK)
GMO-Z.com Trade UK LTD.
GMO GlobalSign Ltd.
(Belgium)
GlobalSign NV (CA)

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

(US)
GMO GlobalSign, Inc.
GMO-Z.com USA,Inc



(UAE)
GMO GlobalSign FZ-LLC
(India)
GMO Research Pvt.Ltd.
GMO GlobalSign Certificate Services Private limited
(Myanmar)
GMO-Z.com ACE Co. Ltd.
(Thailand)
GMO-Z.com NetDesign Holdings Co.,Ltd
(Vietnam)
GMO-Z.com Runsystem JSC
GMO-Z.com Vietnam Lab Center Co. Ltd.
(Philippines)
GMO GlobalSign Inc.

(Singapore)
GMO-Z.com Pte. Ltd.
GMO GlobalSign Pte. Ltd.
GMO PAYMENT GATEWAY Pte. Ltd.
(malaysia)
MACRO KIOSK BERHAD

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 Fast Translation, 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)

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)

Internet Finance

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

Incubation

GMO Venture Partners, Inc.

Mobile Entertainment







GMO Game Center, Inc.

GMO GamePot, Inc.

(and other companies) ★ Listed Company (total 9 companies)

(as of September 2017)

- | | | |
|------|----------------------------|--|
| 7/3 | GMO PAYMENT GATEWAY | GMO Payment Gateway provides platform system of "Smartphone payment services linked with bank accounts" to Bank of Fukuoka to expand the availability of cashless payment by direct debit through smartphone applications. |
| 7/13 | GMO MAKESHOP | GMO MAKESHOP's "MakeShop" has No.1 transaction volume in ASP online store industry for the 5th consecutive year and achieved JPY 144.1B in 2016, and growth of apparel category and customer acquisition through SNS drove MakeShop's transaction volume to a record high. |
| 7/20 | GMO INTERNET | GMO Internet launches GMO Blockchain Open Source Software Project, offering Medical Record Sharing System as the first initiative. |
| 7/26 | GMO CLOUD | GMO CLOUD launches IoT solutions for automobiles enabling automatic analysis and remote diagnosis of car condition through integrating automobiles with an application, the first of its kind in Japan. |
| 8/8 | GMO INTERNET | GMO Internet launches exchange builder system "Token Trader," the 2nd phase of GMO Blockchain Open Source Software Project. |
| 8/31 | GMO INTERNET | GMO Internet launches Region Token that issues and operates regional points, the 3rd Phase of GMO Blockchain Open Source Software Project. |

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|------|---|--|
| 9/7 |  | GMO Internet to enter Bitcoin mining business: Contributing to development of a "new borderless economic zone" through mining infrastructure of Bitcoins. |
| 9/13 |  | GMO Coin offers other types of cryptocurrencies in addition to Bitcoin: Offering five alt-currencies including Ethereum in 2017. |
| 9/15 |  | GMO Internet launches Resale Deterred Ticket that deters illegal resale and realizes paperless tickets: The 4th phase of GMO Blockchain Open Source Software. |
| 9/19 |  | GMO AD Marketing's content recommendation widget "TAXEL byGMO" integrates with video advertisement network "ULIZA Premium Video Network," increasing online media earnings through in-feed video advertisement distribution. |
| 9/27 |  | GMO NIKKO has launched a Next-Generation Ad Creative Lab, a professional organization integrating creative production with technologies: As the first initiative, GMO NIKKO has launched its new service that automatically generates advertisement designs. |
| 9/29 |  | GMO Coin is registered as cryptocurrency exchange business. |

GMO PAYMENT GATEWAY

(JPY millions)

Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q4 FYE 9/2016 (3mths to Sep)	Q4 FYE 9/2017 (3mths to Sep)	Q4 FYE 9/2017 (12mths to Sep)	FYE 9/2018 Forecast
Net Sales	3,293	6,086	21,794	27,283
Operating Profit	866	1,078	5,015	6,269
Ordinary Profit	839	986	4,739	6,033
Net Profit	1,101	1,434	2,948	3,635

*Compiled from each companies' quarterly P/L statements

GMO FINANCIAL HD

(JPY millions)

Stock Code	JASDAQ Standard 7177			
	Internet Finance			
	Q2 FYE 3/2017 (3mths to Sep)	Q2 FYE 12/2017 (3mths to Sep)	Q2 FYE 12/2017 (6 mths to Sep)	FYE 12/2017 Forecast
Net Sales	6,036	6,959	13,830	—
Operating Profit	2,031	2,389	4,825	—
Ordinary Profit	2,031	2,317	4,723	—
Net Profit	1,442	2,024	3,664	—

*Compiled from each companies' quarterly P/L statements

GMO CLOUD

(JPY millions)

Stock Code	TSE 1st Section 3788			
	Internet Infrastructure (Hosting & Cloud, Security)			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	3,202	3,019	9,033	12,000 (75.3%)
Operating Profit	317	248	725	950 (76.3%)
Ordinary Profit	335	253	754	950 (79.4%)
Net Profit	296	183	546	550 (99.3%)

*Compiled from each companies' quarterly P/L statements

GMOADPARTNERS

(JPY millions)

Stock Code	JASDAQ Standard 4784			
	Online Advertising & Media			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	7,738	7,703	24,289	34,000 (71.4%)
Operating Profit	54	137	441	550 (80.2%)
Ordinary Profit	53	143	453	560 (81.0%)
Net Profit	-14	39	-101	142 (-)

*Compiled from each companies' quarterly P/L statements

GMO PEPABO inc.

(JPY millions)

Stock Code	JASDAQ Standard 3633			
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	1,716	1,816	5,484	7,400 (74.1%)
Operating Profit	124	131	223	100 (223.2%)
Ordinary Profit	134	137	237	110 (215.7%)
Net Profit	108	116	215	100 (215.4%)

*Compiled from each companies' quarterly P/L statements

GMO RESEARCH

(JPY millions)

Stock Code	TSE MOTHERS 3695			
	Online Advertising & Media			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	725	744	2,372	3,490 (68.0%)
Operating Profit	72	61	267	325 (82.4%)
Ordinary Profit	68	65	262	305 (86.0%)
Net Profit	40	54	182	181 (100.9%)

*Compiled from each companies' quarterly P/L statements

GMO TECH

(JPY millions)

Stock Code	TSE MOTHERS 6026			
	Online Advertising & Media			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	729	836	2,086	3,000 (69.6%)
Operating Profit	32	50	63	110 (57.7%)
Ordinary Profit	32	51	64	108 (59.5%)
Net Profit	20	37	39	65 (60.5%)

*Compiled from each companies' quarterly P/L statements

GMO MEDIA

(JPY millions)

Stock Code	TSE MOTHERS 6180			
	Online Advertising & Media			
	Q3 FYE 12/2016 (3mths to Sep)	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2017 (9mths to Sep)	FYE 12/2017 Forecast (Progress)
Net Sales	1,370	1,044	3,249	5,000 (65.0%)
Operating Profit	118	84	296	510 (58.2%)
Ordinary Profit	117	84	294	505 (58.3%)
Net Profit	76	58	200	323 (62.0%)

*Compiled from each companies' quarterly P/L statements

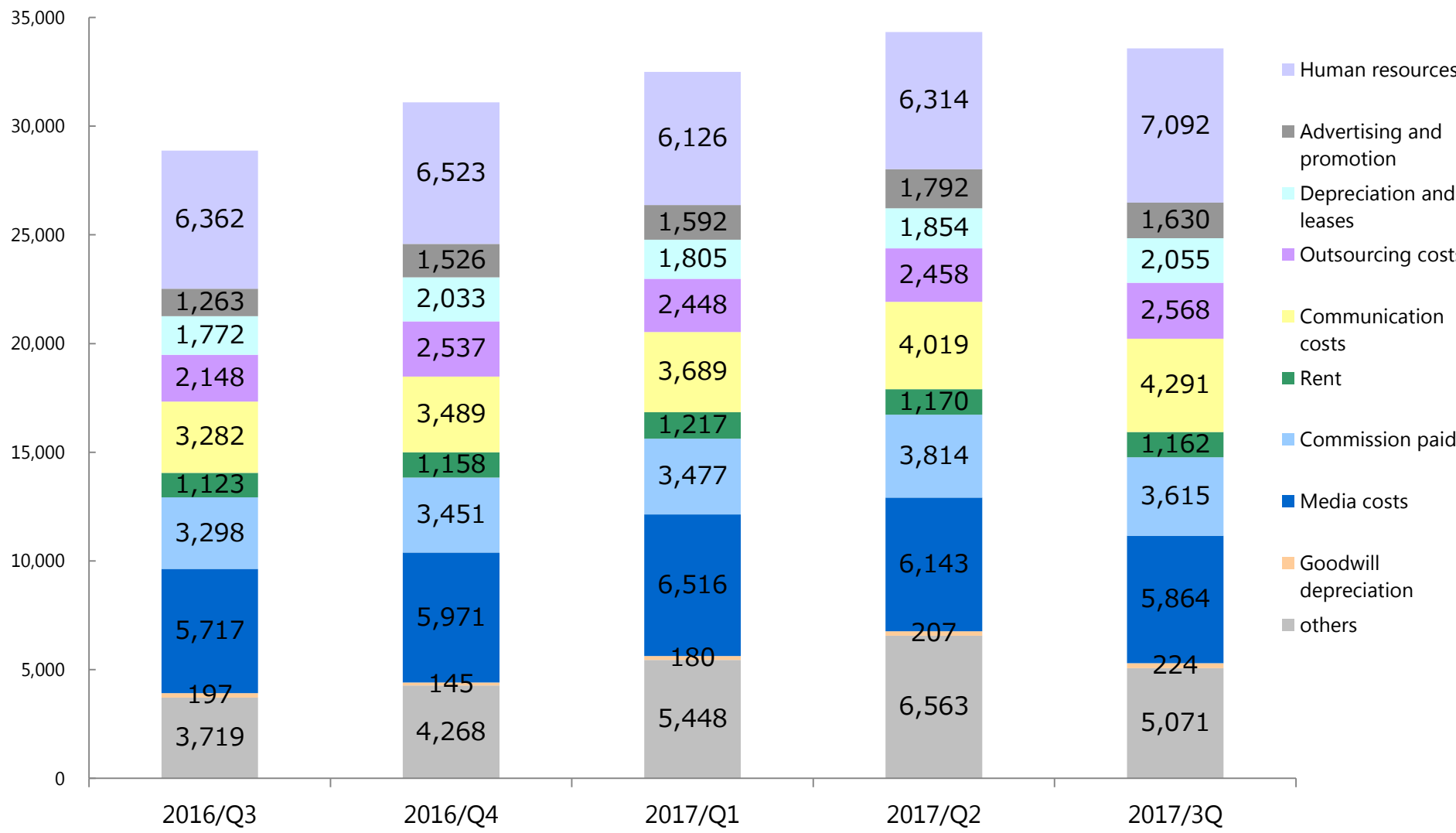
Revenue Breakdown by Segment

(JPY millions)

	Q3 2016	Q4 2016	2017/1Q	2017/2Q	2017/3Q
◆Internet Infrastructure					
Internet provider	3,497	3,653	3,968	4,455	4,766
Domain	2,045	1,910	1,995	2,046	2,015
Cloud & hosting	3,451	3,554	3,532	3,533	3,494
Ecommerce solutions	2,021	2,299	2,146	2,109	2,167
Security	1,378	1,255	1,281	1,291	1,282
Payment	3,184	4,243	5,534	5,590	5,951
Other	952	759	1,268	1,424	1,401
Segment total	16,531	17,677	19,727	20,452	21,080
◆Online Advertising & Media				0	0
Internet media	3,633	3,400	3,379	3,056	3,160
Online advertising	6,806	6,983	7,373	7,160	6,818
Internet research, other	695	798	819	785	736
Segment total	11,134	11,182	11,572	11,001	10,715
◆Internet Finance				0	0
Internet Finance	6,036	6,771	5,578	6,869	6,847
Segment total	6,036	6,771	5,578	6,869	6,847
◆Mobile Entertainment				0	0
Mobile Entertainment	472	403	299	232	204
Segment total	472	403	299	232	204
◆Incubation				0	0
Incubation	210	205	70	253	337
Segment total	210	205	70	253	337
◆Other Businesses				0	0
Other Businesses	51	59	52	919	52
Segment total	51	59	52	919	52
Internal Transactions Adjustment	(1,260)	(1,158)	(1,260)	(1,430)	(1,169)
Consolidated Net Sales	33,176	35,142	36,040	38,299	38,068

Cost Composition (Consolidated)

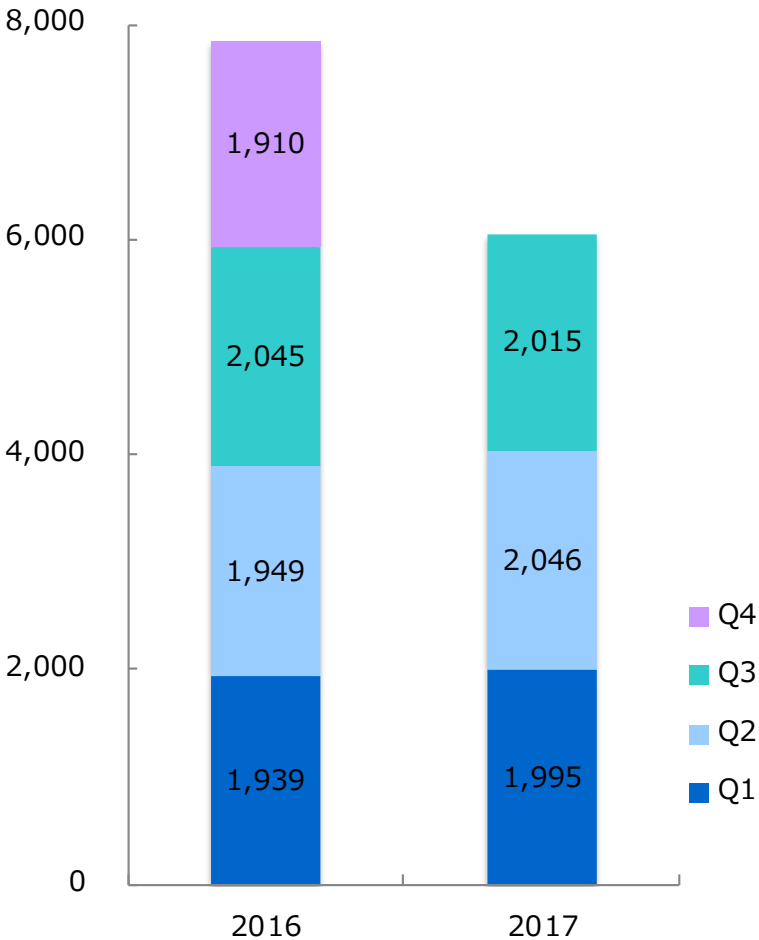
(JPY millions)



Revenue

-1.4%

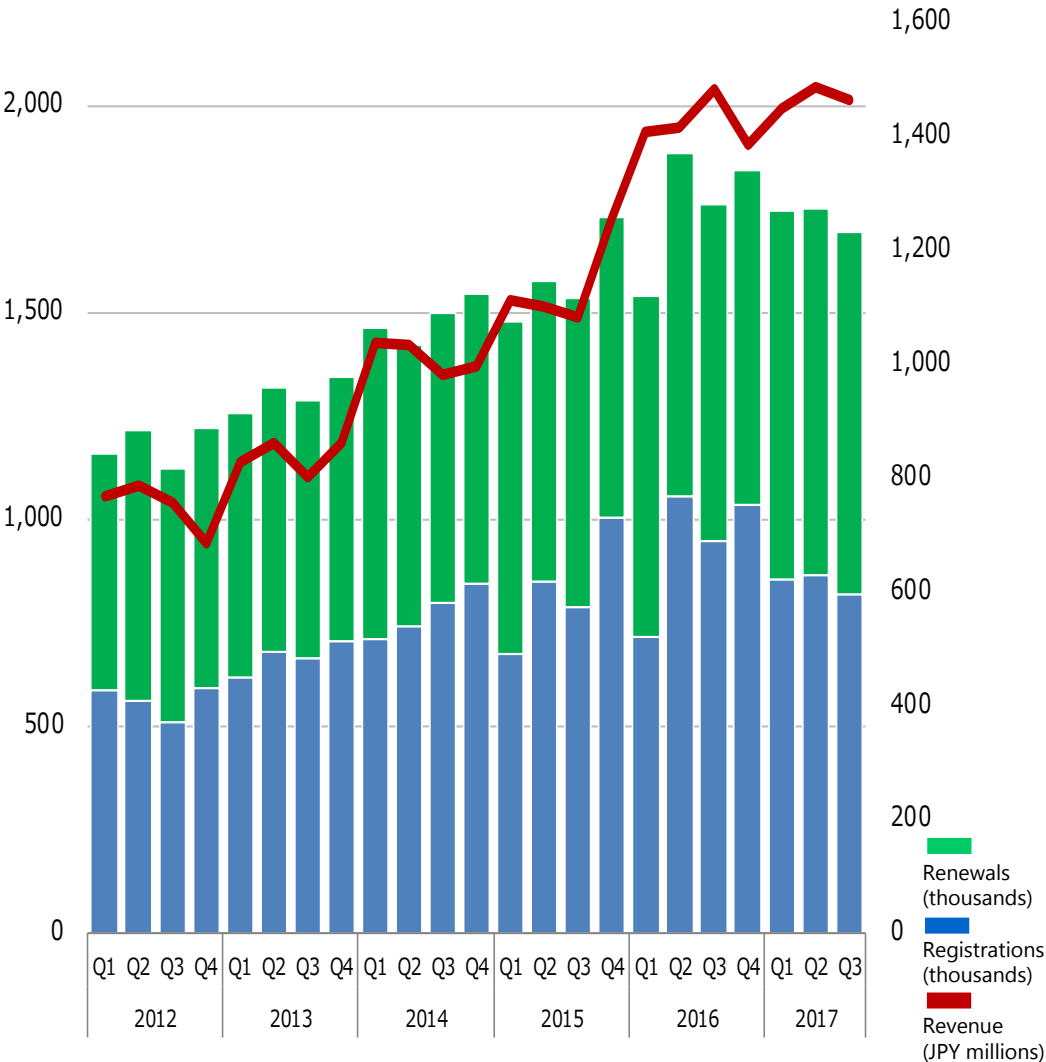
(JPY millions) (3 mths to September)



Registrations

-3.8%

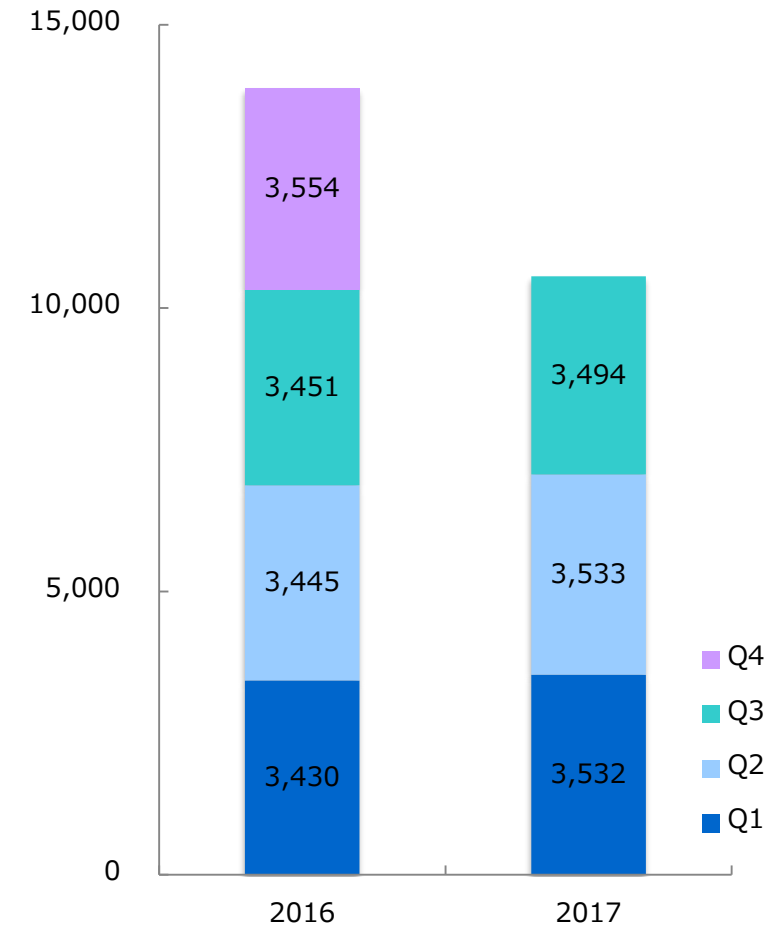
(JPY millions) (3 mths to September) (thousands)



Revenue
+1.2%

(3 mths to September)

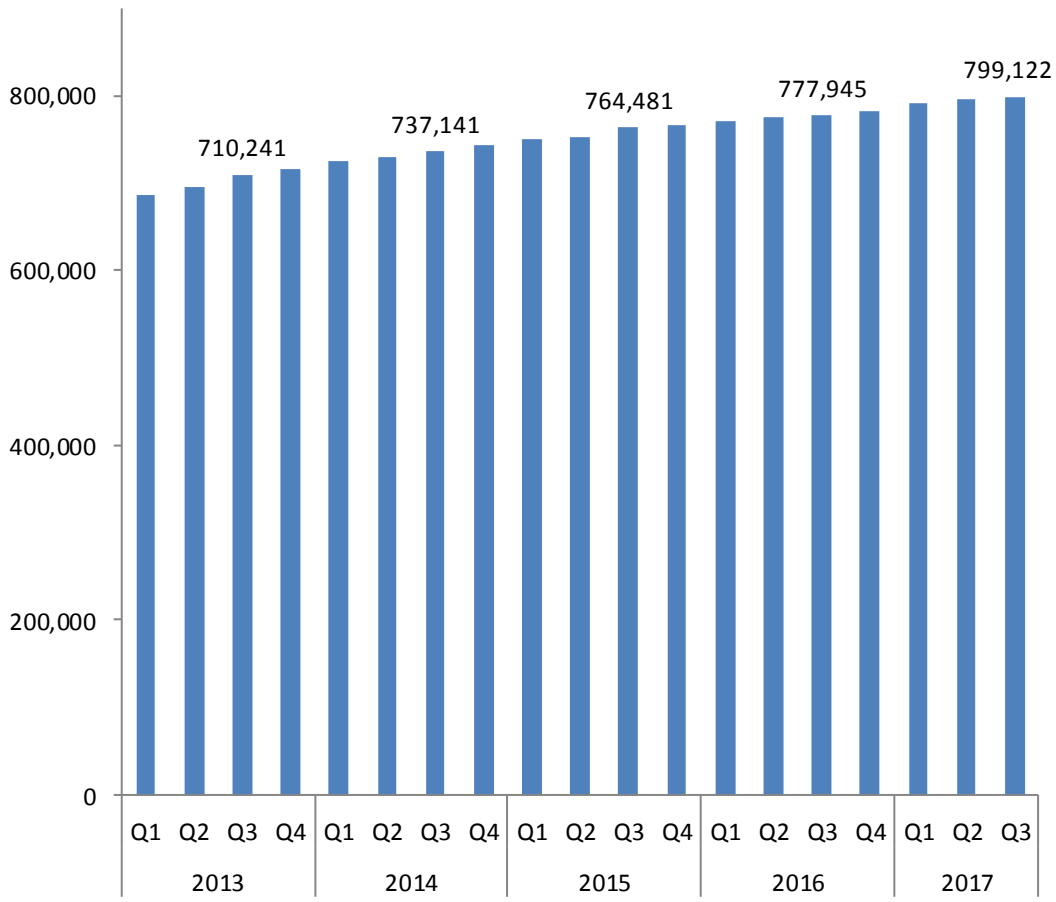
(JPY millions)



Contracts
+2.7%

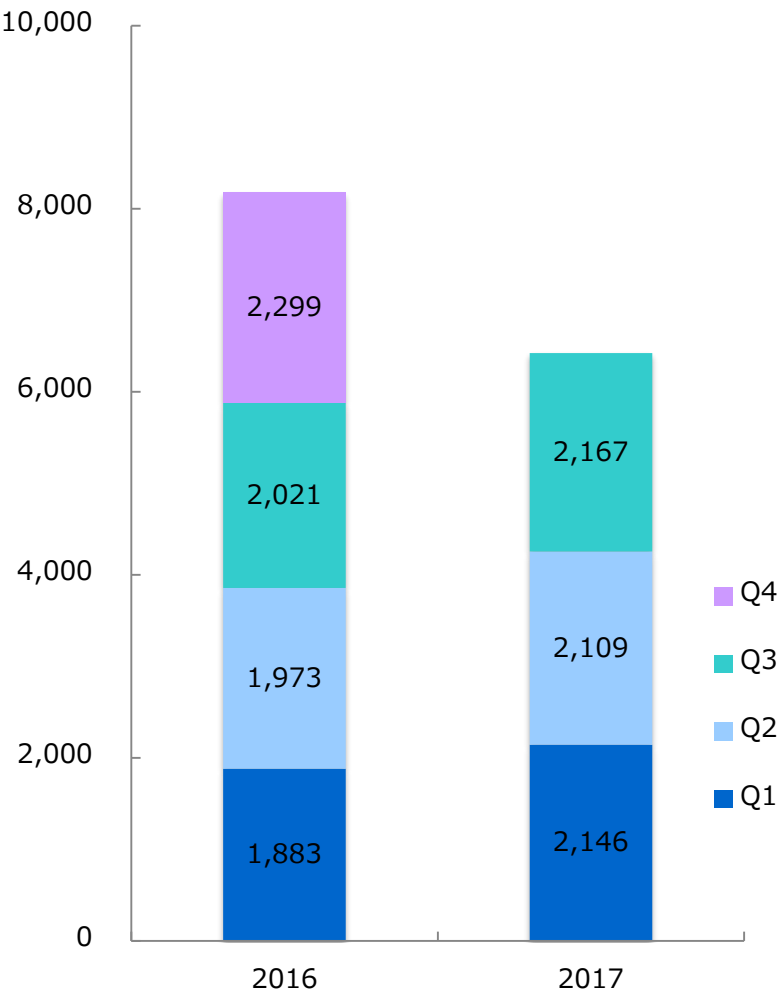
(3 mths to September)

(thousands)



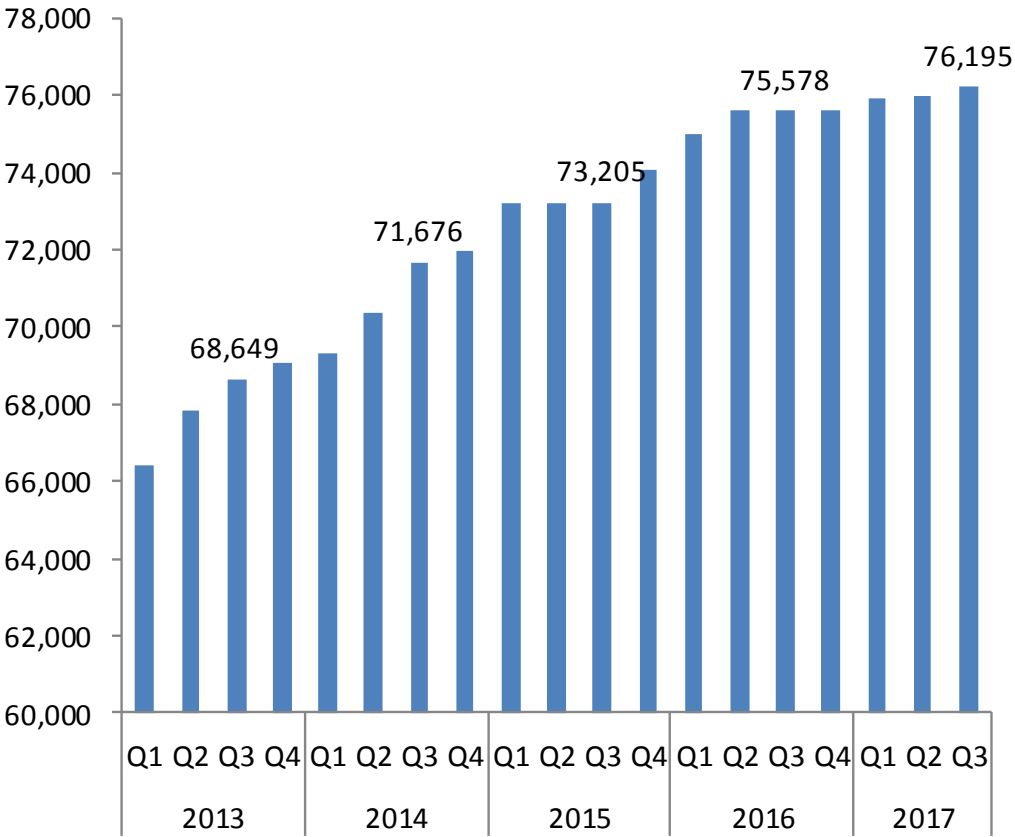
Revenue
+7.3%



(JPY millions) (3 mths to September)



Contracts
+0.8%

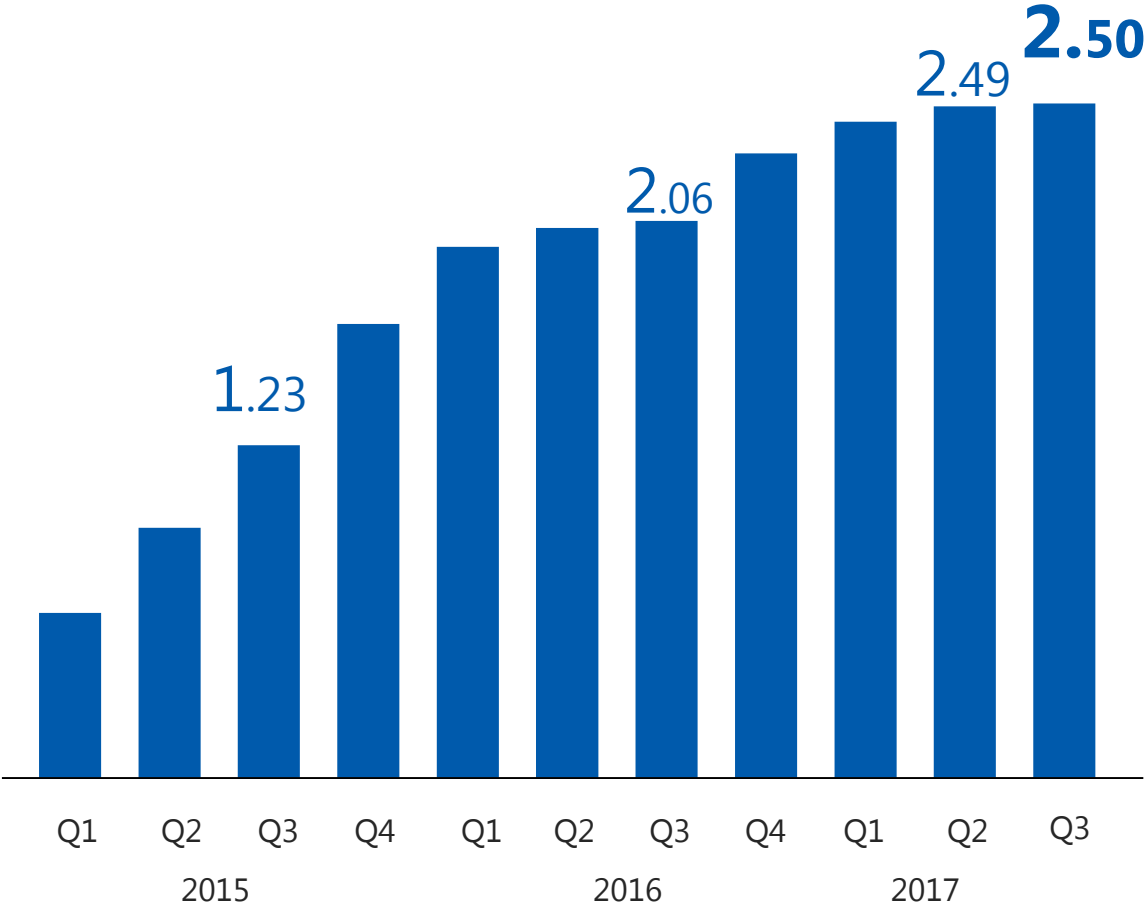
(thousands) (3 mths to September)



			Total
Stores (Paid)	60,000	16,000	76,000
Transaction Volume (Quarterly)	JPY30.2B	JPY35.9B	JPY66.2B

(As of September 2017)

(JPY billions)

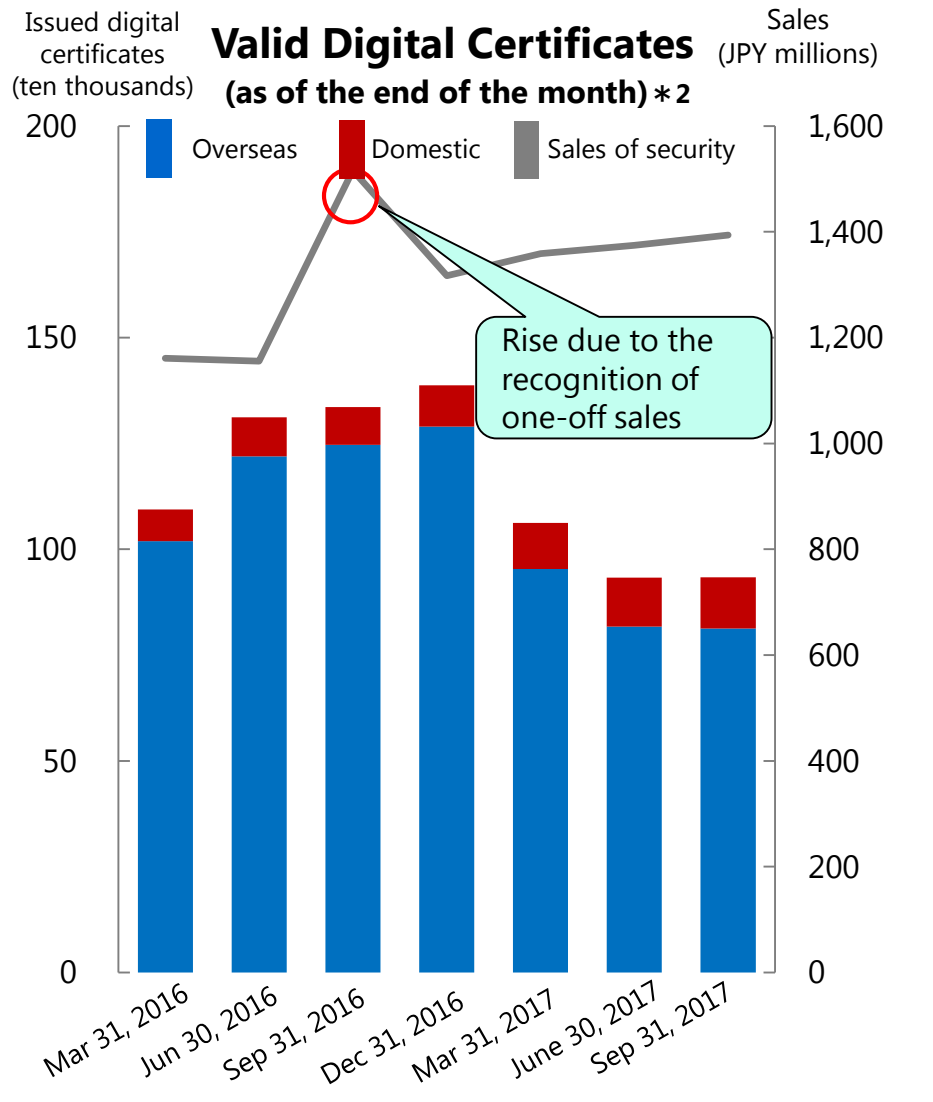
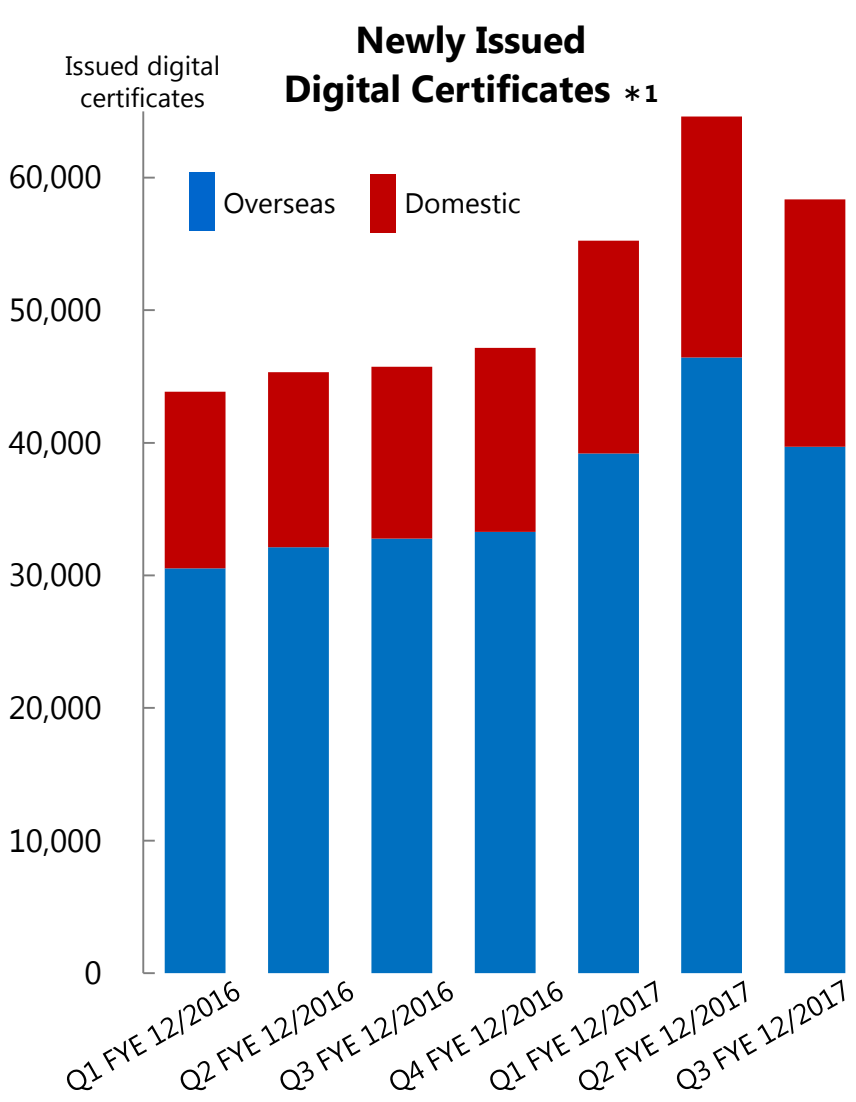


21.1%
YoY Growth

Strong results in minne's transaction volume due to 1) the enhancement of the sales of materials and 2) campaigns

	minne	tetote	Creema	iichi
Sellers	370,000	40,000	100,000	20,000
Products	6.39M	1.32M	4.00M	560,000
DL	8.24M	—	—	—
Operator	GMO Pepabo		Creema	Pinkoi Japan
Item Limit	None	None	None	500
Monthly Fee	free	free	free	free
Commission (ex. Tax)	10%	12%	8-14%	20%
Buyer Costs	None	Processing fee for payments under JPY1,500	None	None
Launched	1/2012	6/2011	6/2010	7/2011
App	iOS 10/2012 Android 11/2013	—	iOS 11/2014 Android 1/2015	iOS 5/2015

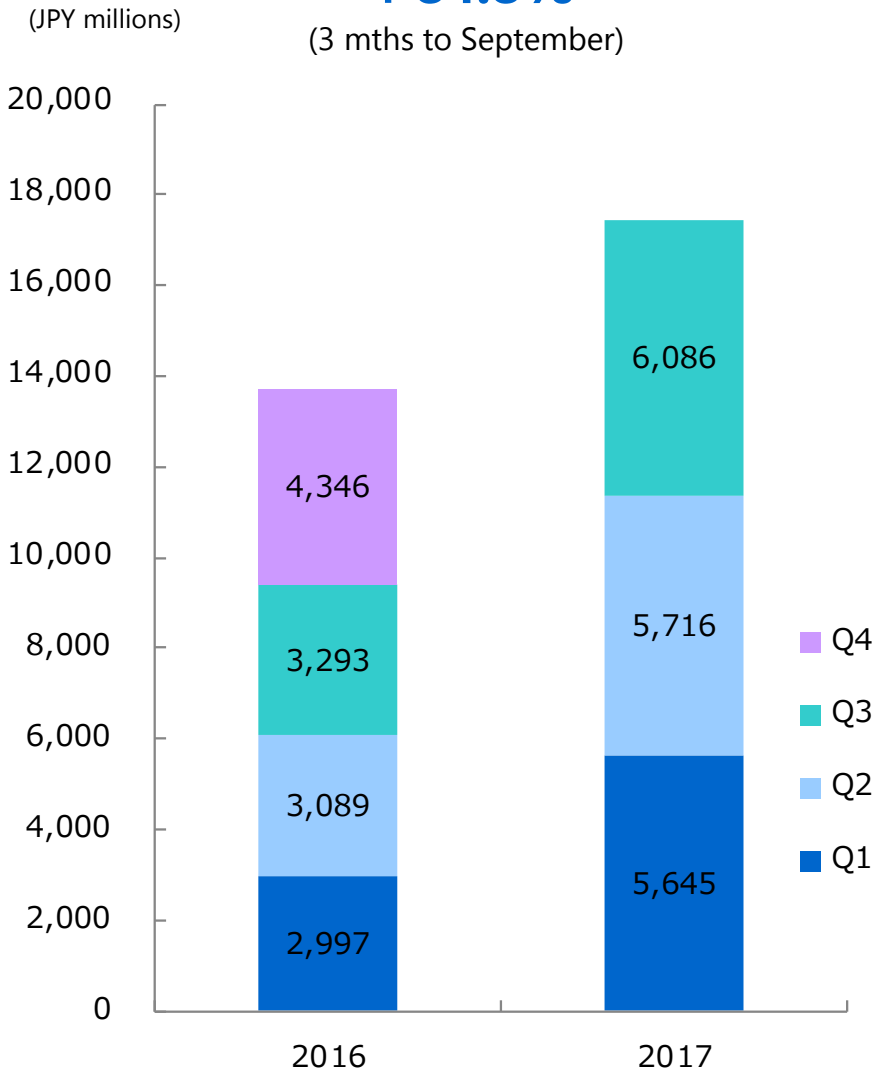
*Compiled by GMO Pepabo (as of 9/2017)



Revenue

+ 84.8%

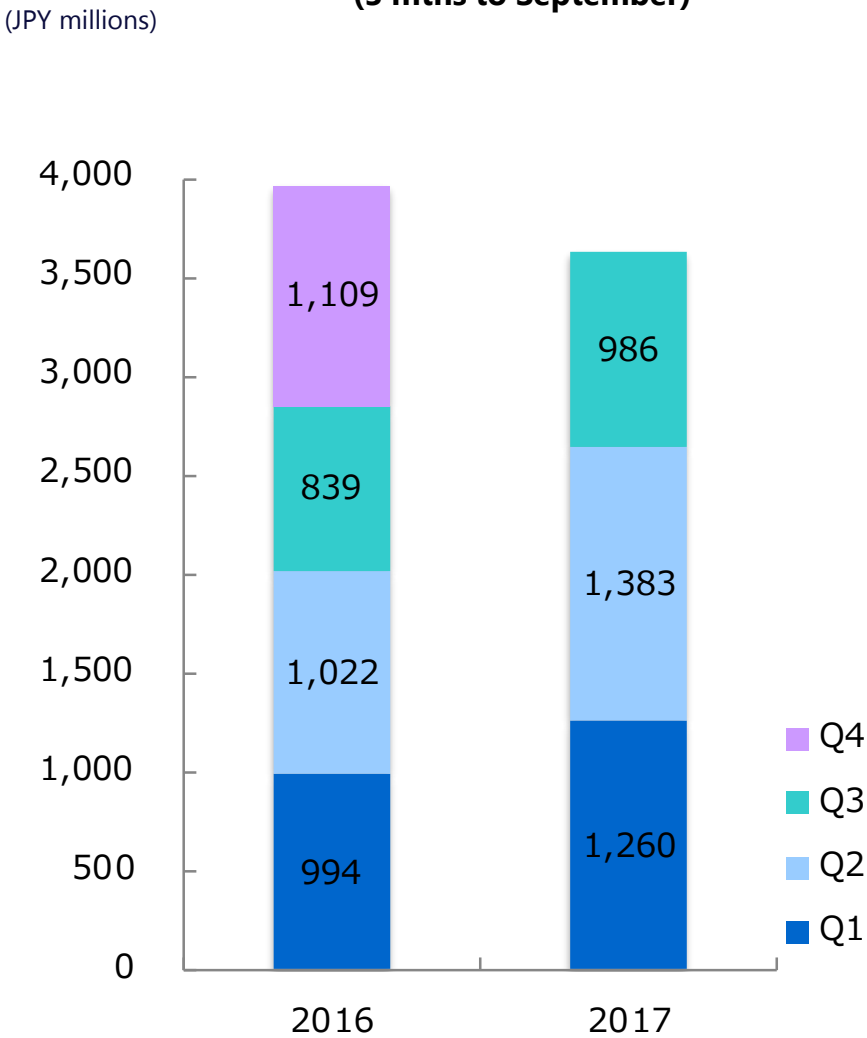
(3 mths to September)



Ordinary Profit

+ 17.5%

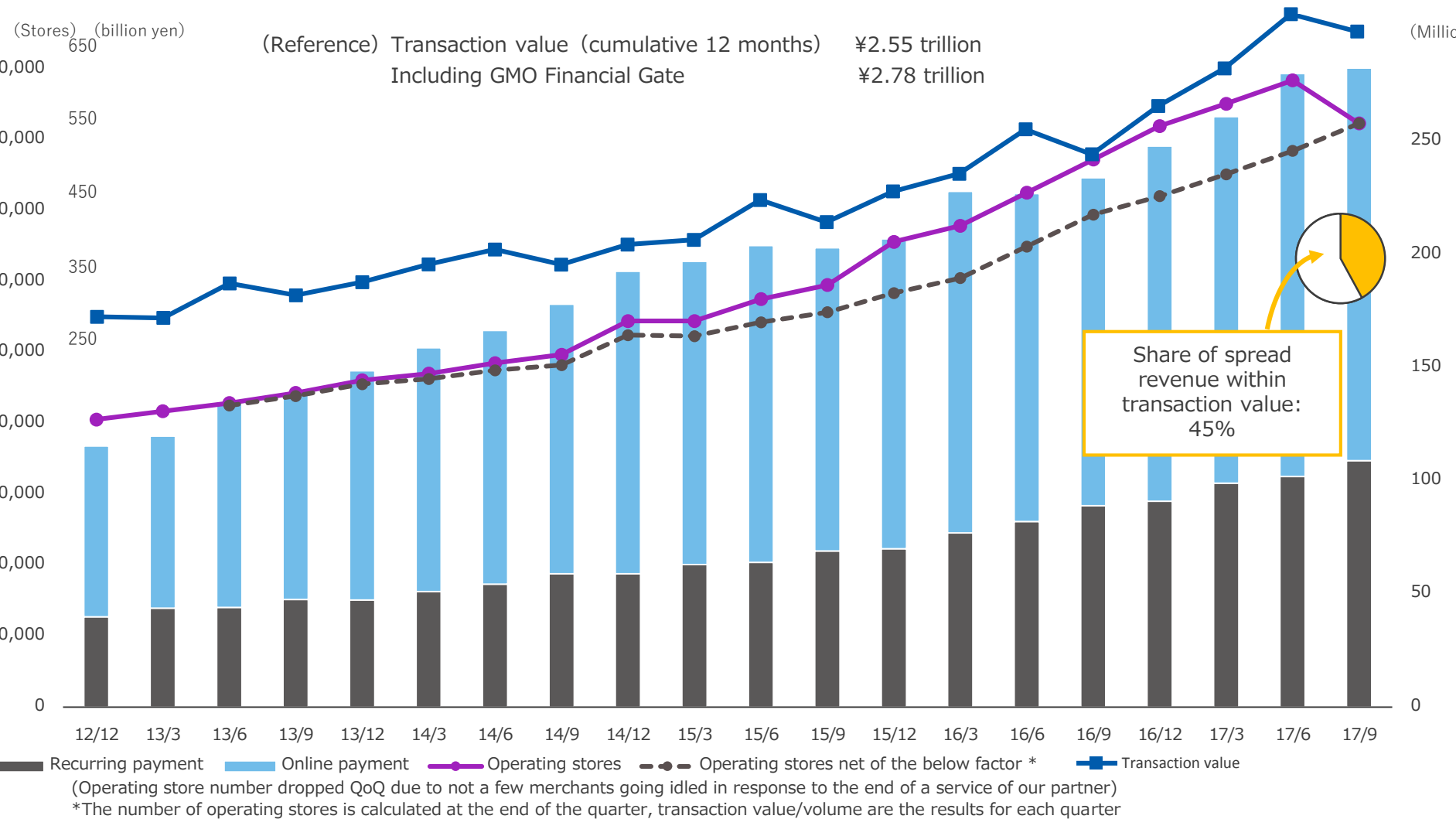
(3 mths to September)



*Based on GMO Payment Gateway, Inc. data

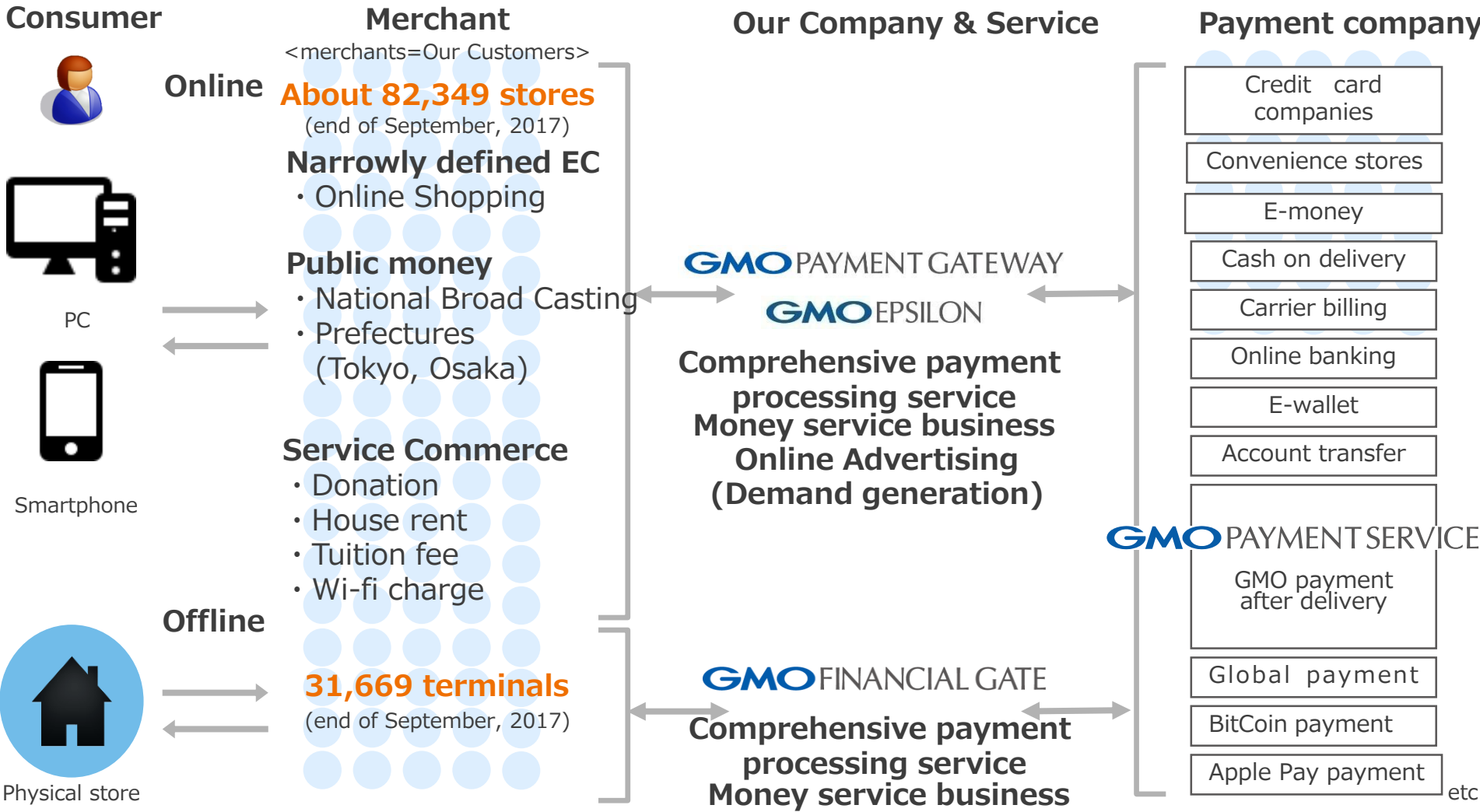
Annual transaction value reaches ¥2.5 trillion

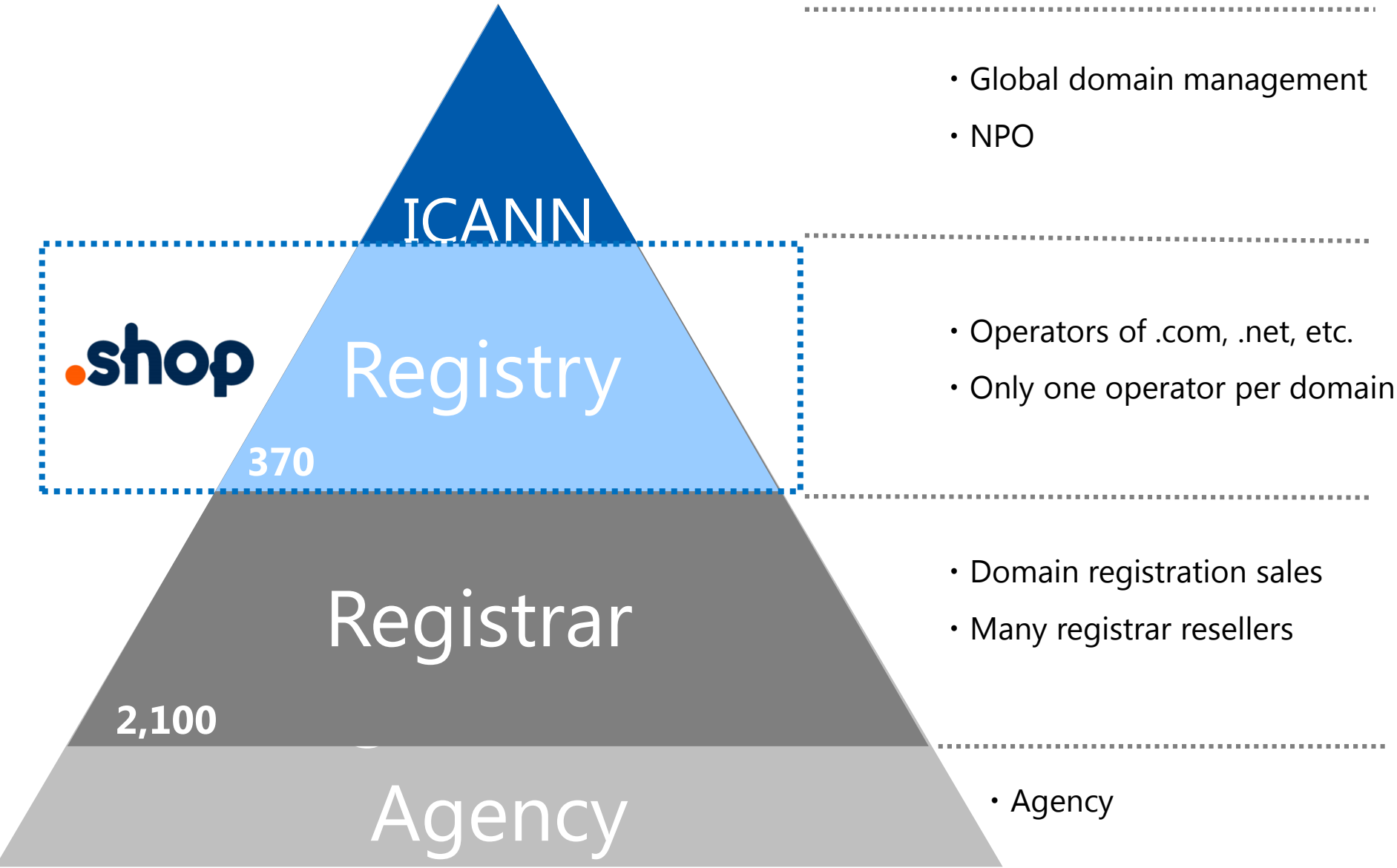
Operating stores: 82,349; Transaction value ¥670 billion; Transaction volume 288 million



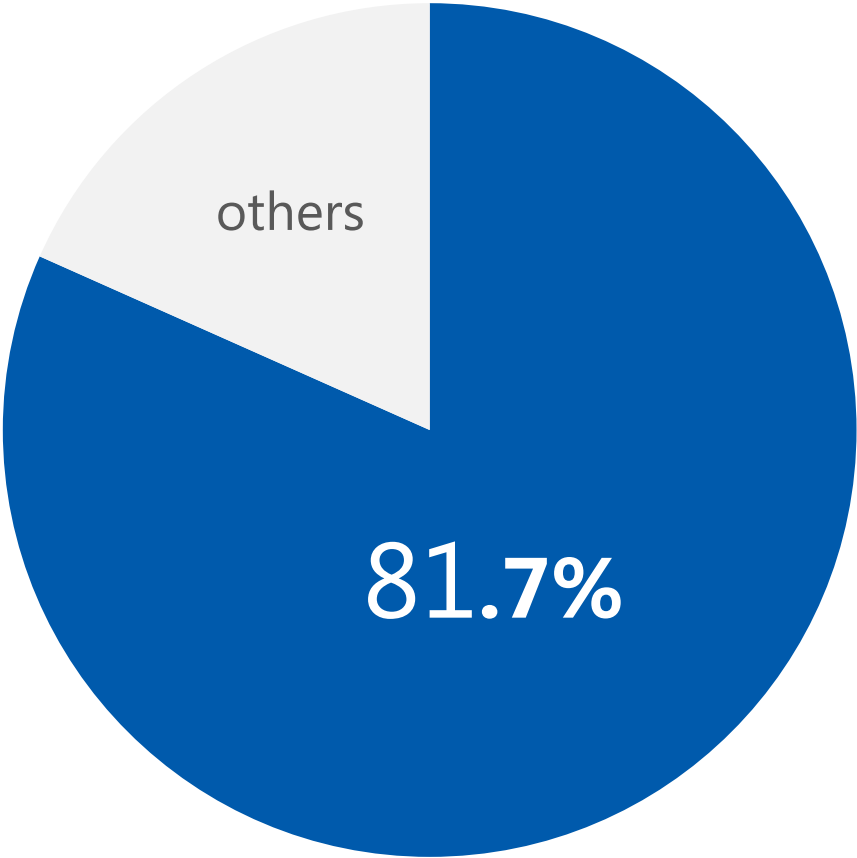
Payment Processing - Overview

We connect merchants and payment companies in contracts, payment information and money transactions





Japan gTLD Operation and Management Market Share



No.1
in Japan
81.7%

GMO REGISTRY
+
GMO Brights Consulting

- .shop

.nagoya

.canon
- .tokyo

.yokohama

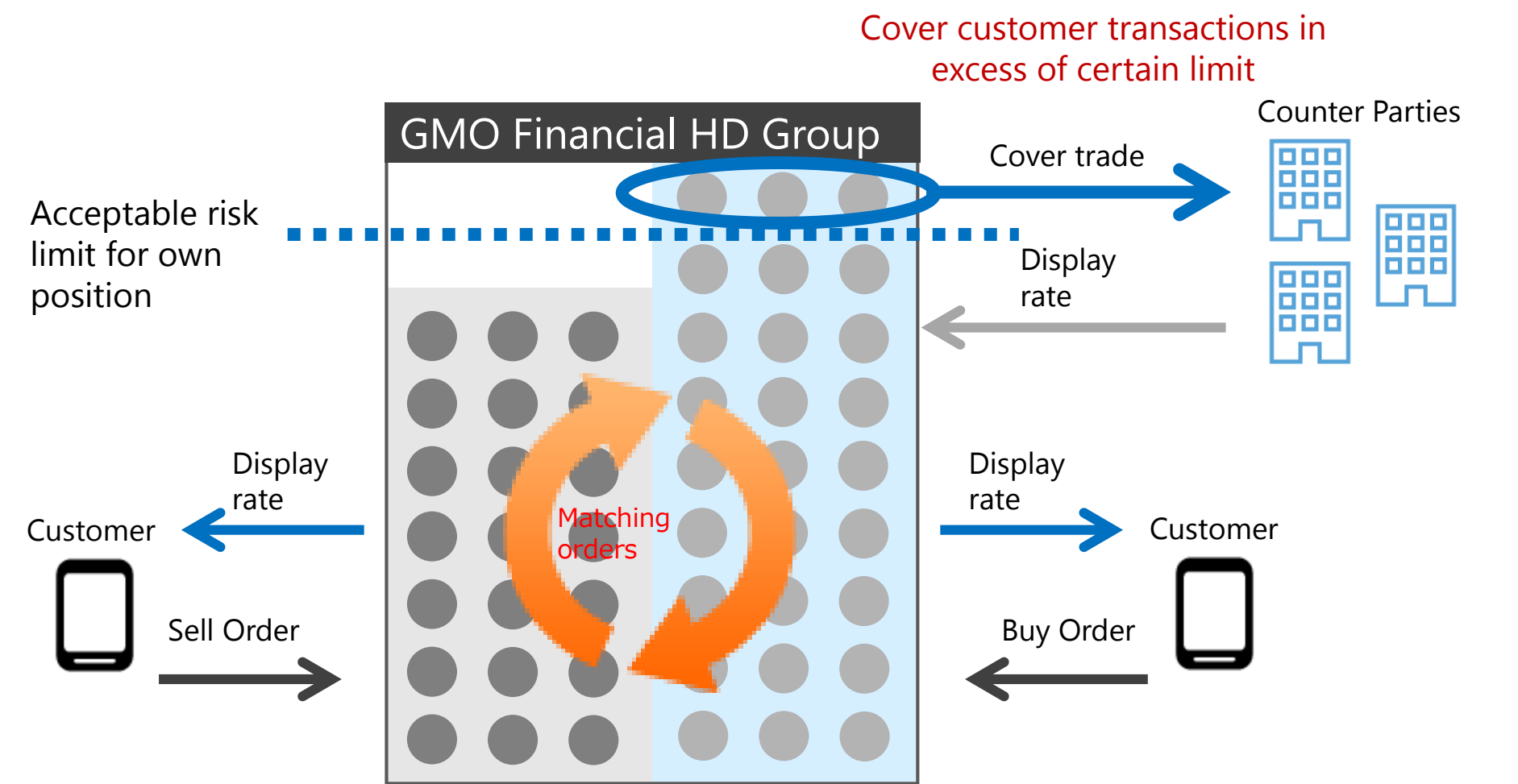
.hitachi

Global top 10 registrars

- | | | | |
|---|---|----|---|
| 1 |  | 6 |  |
| 2 |  | 7 |  |
| 3 |  | 8 |  |
| 4 |  | 9 |  |
| 5 |  | 10 |  |

Source: <http://webhosting.info/domain-names/registrars> (as of September 2017)

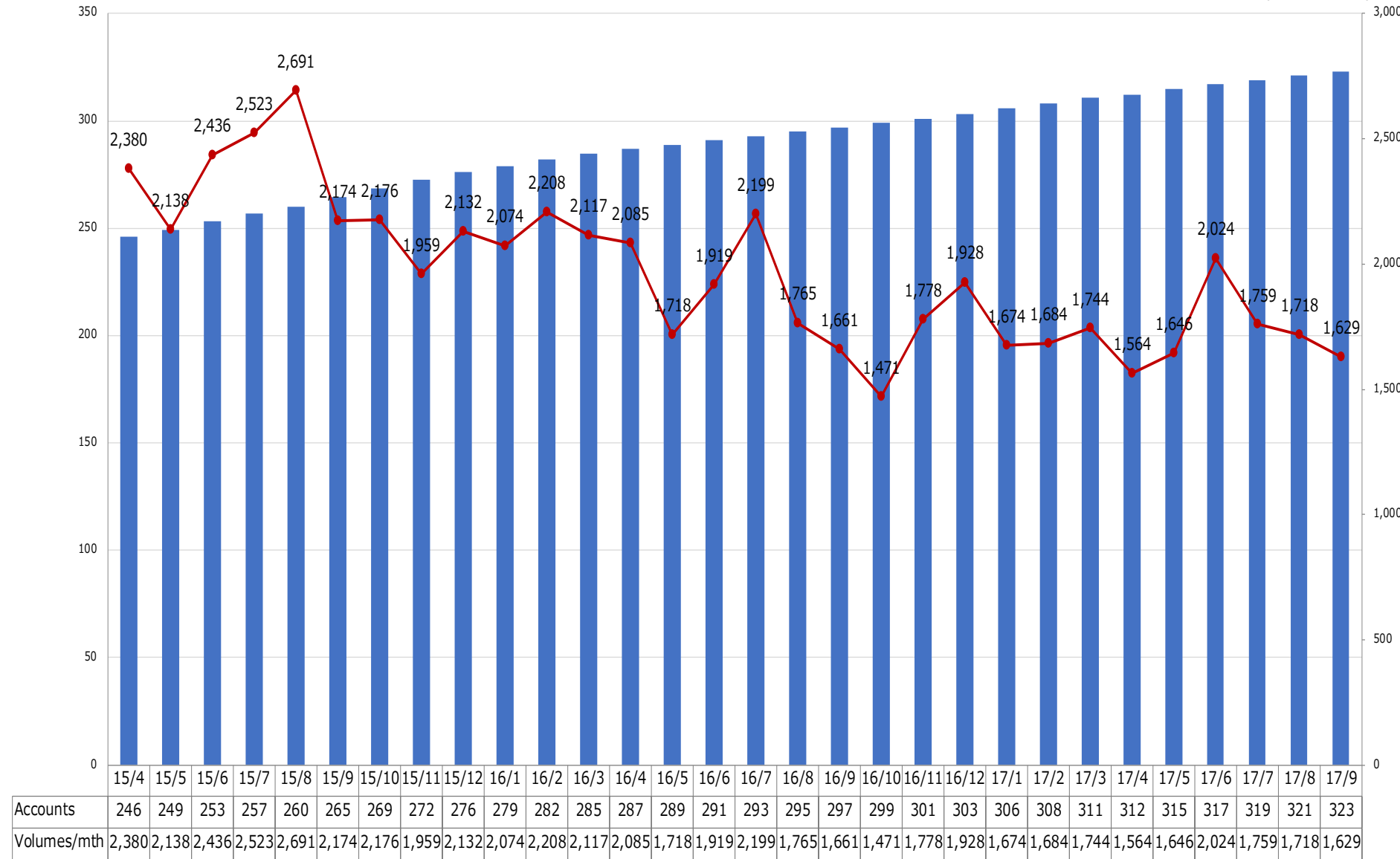
Risk Minimization. Cover transactions executed with counter parties as soon as customer orders exceed acceptable risk position



*from GMO Financial HD FYE3/2016 Financial Results Presentation

No. of Accounts
(thousands)

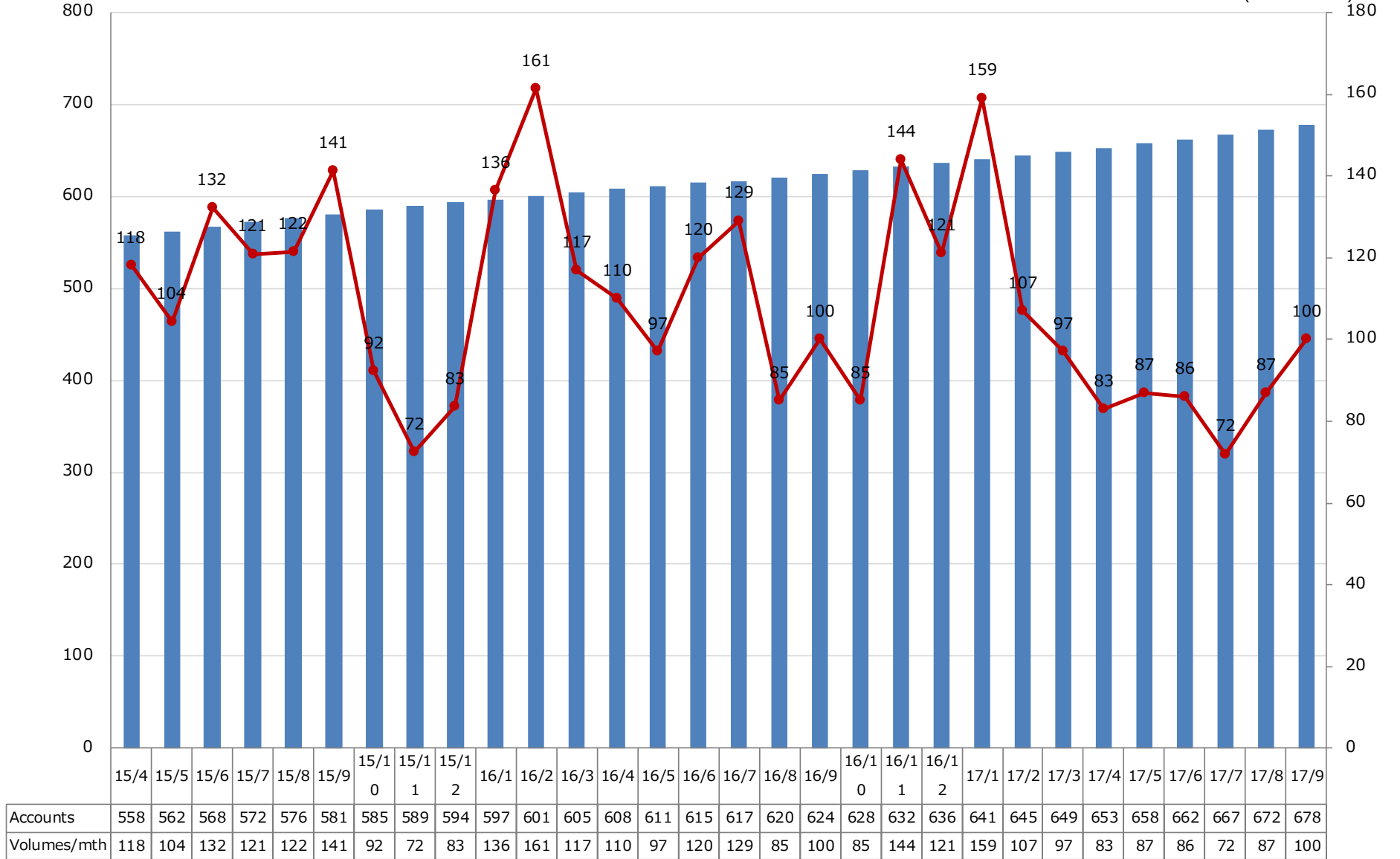
Trading Volume
(JPY billions)



*Compiled based on GMO Financial HD Data

No. of Accounts
(thousands)

Trading Volume
(JPY trillions)



*Compiled based on GMO Financial HD Data

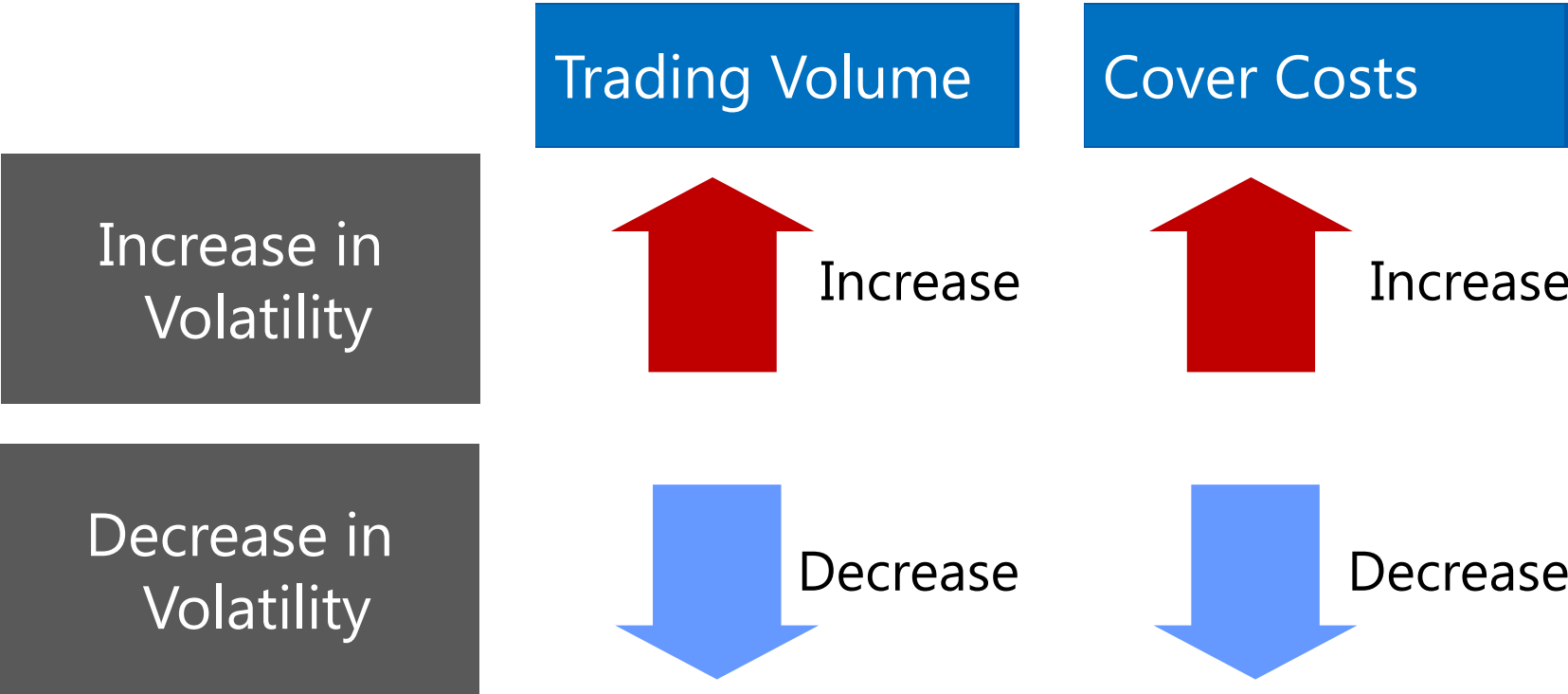
Accounts (CLICKandFXPrime) Volume (CLICKandPrime)

Revenue
Structure

Customer Trades

Cover Trades

(Customer spread x Trading volume) – (Cover spread x Cover trades)



(Concept diagram)

*From GMO Financial HD FYE 3/2017 Financial Results Presentation

Domain Terminology (1)

1. Domains

Domain/Domain Name	A domain name is a string of letters that identifies a computer on the Internet in accordance with a set of rules. Although it is often referred to as an Internet "address," in fact only an IP address can enable access to a computer on the Internet. More accurately speaking, a domain is a string of letters that enables addresses on the Internet to be easily located. Each domain name is associated with an IP address, and this relationship is managed on the name server (DNS server).
Top Level Domain	Domain names have a hierarchical structure. For example, in the domain www.gmo-registry.com, ".com" on the far right is the top-level domain. To the left of top level domain, separated by a dot, is the second level domain (SLD), and next to that is the third level domain (3LD). Top level domains are managed by a registry, and second level domains are managed by a registrar under contract with the registry.

2. Domain Structure

IP Address	An IP address is a numerical identification assigned to computers on the Internet in accordance with Internet Protocol. Eg. 123.456.12.3 All computers connected to the Internet have an IP address.
DNS	Domain Name System The network that handles domain names and IP addresses. When a user accesses a web site, their local name server queries DNS servers to determine the IP address of the domain name. DNS returns the IP address allowing the user to view the web server at that address.
DNS Server	A server that supports the operation of DNS, also known as a name server. DNS servers are used to translate a hostname or domain name to its corresponding IP address.
Root Server	The root server is a DNS server that operates the DNS root zone at the top level of the DNS hierarchy. When a new domain is registered or a domain name server is changed, it is first recognized as valid by the root server. There are currently 13 root server networks worldwide, including Japan, that balance server load and reduce risk.

3. Types of Domains

ccTLD	Country code Top Level Domain Eg. .jp (Japan), .us (US), .uk (UK) Top level domains based on two letter ISO 3166-1 country codes. There are approximately 250 ccTLDs used to identify countries including .jp (Japan), .us (US), .cn (China), .uk (UK) and .be (Belgium).
gTLD	generic Top Level Domain Eg. .com, .net, .org etc. Before the establishment of ICANN there were 8 gTLDs. Today there are over 1,000.
Premium Domain	Short, memorable, generic terms that have high value as marketing and branding tools and are traded around the world at premium prices.

Domain Terminology (2)

4. Domain Industry Structure

ICANN	Internet Corporation for Assigned Names and Numbers is a US based not for profit organization responsible for managing the assignment of domain names and IP addresses. ICANN also holds the authority to designate official domain registrars. ICANN holds international conferences three times a year, in between it also hosts workshops and other events.
Registry	An organization that maintains a central database of domain names data for a particular domain. Different domains are managed by different registries. Registries are required to maintain neutrality and guarantee equal access to the Shared Registry System (SRS) for all registrars. GMO Registry is the registry for .shop, .tokyo and other domains.
Registrar	ICANN accredited registrars can directly register domain data into registry databases under contract with the relevant registry. While there is only one registry for each top-level domain, multiple registrars exist to promote competitive pricing and service. Onamae.com is one of 18 ICANN accredited registrars in Japan.

5. New Domains

New gTLD	The new gTLD program was opened in 2012 to allow for the expansion of new Top Level Domains and to promote diversity and competition in the domain industry. Some of the TLDs introduced as a result of the new gTLD program include GeoTLDs .tokyo, .yokohama, brand TLDs such as .canon, .hitachi and generic TLDs such as .shop and .eco.
Brand TLD	A type of new gTLD. A brand name or corporate name TLD in which all the registrations belong to the brand. The TLD is closed to the general public. It is a branding tool that also promotes consumer trust.

6. TLD Launch Schedule

Sunrise Period	An application period ahead of the official launch open exclusively to trademark holders.
Early Access Period (EAP)	An advance registration phase open to all during which a one-time early access fee is charged at the time of registration. This fee reduces over the course of the EAP.
General Availability	After the completion of the Sunrise period and any other launch periods (such as EAP), when registrations are open to all at the standard registration fee.

7. Other

Registration/Renewal Fee	A Domain registration fee is charged at the time the domain name is created. Each year after, a renewal fee is charged. This fee varies between registrars and domains.
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