

Fiscal Year 2018 Third Quarter Results Presentation



STOCK CODE : 9449

Supplementary Materials

November 12, 2018

Significant Group Companies

139 Group Companies (113 consolidated, 19 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) *As of June 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

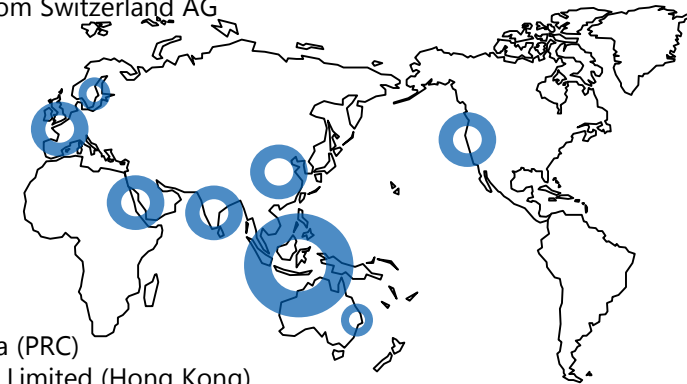
- GMO Venture Partners, Inc.

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
- (Switzerland)
- GMO-Z.com Switzerland AG



- (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 September

- 7/13 **GMO** PAYMENT GATEWAY GMO Payment Gateway, Tokyu, Bank of Yokohama and Japan Post Bank to develop Japan's first cash withdrawal service from ticket vending machines
- 7/17 **GMO** AOZORA NET BANK GMO Aozora Net Bank launches Internet banking business
- 7/27 **GMO** INTERNET Collaboration between Shibuya's IT firms and Shibuya-ku: CyberAgent, DeNA, mixi, and GMO Internet launched the SHIBUYA BIT VALLEY project, making Shibuya the global tech center in the field of IT
- 8/21 **GMO** INTERNET GMO Internet launched agency business of bank: Mediates the opening of yen-denominated ordinary savings accounts at GMO Aozora Net Bank
- 8/22 **GMO** PAYMENT GATEWAY GMO Payment Gateway and RACCOON launch on Saturday, September 1 "Paid Early Payment" that enables deposit of receivables within 2 business days: Improve the efficiency of the cash flow of mainly B2B E-commerce operators that use Paid
- 8/23 **GMO** REGISTRY The number of contracts for Tokyo's domain ".tokyo" surpassed 100,000, becoming the No. 1 regional TLD worldwide!
- 8/30 **GMO** PAYMENT GATEWAY GMO Payment Gateway's PG Multi-Payment Service has launched PAYSLE Payment that allows users to pay at convenience stores through a smartphone application: Improving the payment instruments available at convenience stores

Group News (2) 3 mths to September

- | | | |
|------|--|---|
| 9/6 |  PAYMENT GATEWAY | GMO Payment Gateway has partnered with Sompo Japan Nipponkoa Insurance: Launched "GMO B2B Early Payment," a service for businesses opting into the general commercial credit insurance |
| 9/7 |  AD MARKETING
 RESEARCH | In-feed ad network "AkaNe byGMO" launched AkaNe Brand Lift Package, which visualizes everything from the awareness of the brand to attitude change through the user's contact with advertisements |
| 9/10 |  SYSTEM CONSULTING | GMO System Consulting has launched GMO SigNeD, a multi-signature-based service that transfers and saves cryptocurrencies |
| 9/19 |  CLOUD | GMO CLOUD has formed capital and business alliance with Sojitz for connected-car-related businesses utilizing IoT solutions for automobiles |
| 9/26 |  INTERNET | GMO Internet launches ConoHa WING byGMO, Japan's fastest, high-performance rental server: Customers are able to use our own acceleration technology at fixed-monthly fees of a minimum of JPY 1,200, which is the lowest commission rate in Japan |
| 9/28 |  GlobalSign® | GlobalSign launches the world's fastest mining software "Cryptknocker byGMO": Applying our knowledge of encryption technology to enter the cryptocurrency business with the self-developed software |

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q4 FYE 9/2017 (3mths to Sep)	Q4 FYE 9/2019 (3mths to Sep)	Q4 FYE 9/2019 (12mths to Sep)	FYE 9/2020 Forecast (YoY)
Net Sales	5,691	7,925	26,417	31,850 (20.6%)
Operating Profit	704	1,360	6,550	8,300 (26.7%)
Net Profit	356	1,239	4,255	5,106 (20.0%)

*Adopting IFRS since FYE 9/2019. Previous year’s numbers are based on IFRS.

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 7177		
	Internet Finance & Cryptocurrency		
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	FYE 12/2018 Forecast (Progress)
Net Sales	6,959	8,882	—
Operating Profit	2,389	3,406	—
Ordinary Profit	2,317	3,561	—
Net Profit	2,024	2,286	—

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE 1st Section 3788			
	Internet Infrastructure (Hosting & Cloud, Security)			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	3,202	3,213	9,454	12,825 (73.7%)
Operating Profit	317	375	1,076	1,167 (92.3%)
Ordinary Profit	335	427	1,165	1,167 (99.8%)
Net Profit	296	301	826	700 (118.1%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 4784			
	Online Advertising & Media			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	7,738	8,426	25,222	33,600 (75.1%)
Operating Profit	54	28	308	600 (51.5%)
Ordinary Profit	53	68	363	615 (59.2%)
Net Profit	-14	20	177	200 (88.8%)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	JASDAQ Standard 3633			
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	1,716	2,073	6,089	8,150 (74.7%)
Operating Profit	124	109	398	430 (92.6%)
Ordinary Profit	134	151	457	480 (95.3%)
Net Profit	108	131	401	420 (95.6%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 3695			
	Online Advertising & Media			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	725	736	2,237	3,497 (64.0%)
Operating Profit	72	28	91	325 (28.3%)
Ordinary Profit	68	35	85	305 (28.2%)
Net Profit	40	28	66	207 (32.2%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 6026			
	Online Advertising & Media			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	729	753	2,057	2,829 (72.7%)
Operating Profit	32	5	-109	-100 (-)
Ordinary Profit	32	4	-115	-106 (-)
Net Profit	20	-70	-190	-185 (-)

*Compiled from each companies’ quarterly P/L statements

Listed Group Companies (3 mths to September)



(JPY millions)

Stock Code	TSE MOTHERS 6180			
	Online Advertising & Media			
	Q3 FYE 12/2017 (3mths to Sep)	Q3 FYE 12/2018 (3mths to Sep)	Q3 FYE 12/2018 (6mths to Jun)	FYE 12/2018 Forecast (Progress)
Net Sales	1,370	950	3,525	4,700 (75.0%)
Operating Profit	118	48	244	372 (65.7%)
Ordinary Profit	117	48	243	368 (66.1%)
Net Profit	76	34	168	252 (66.8%)

*Compiled from each companies’ quarterly P/L statements

Finance, Payment, and Cryptocurrency | Group relationship

NEW

Net Bank

GMO Aozora Net Bank

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

Domain, hosting & cloud, provider, cryptocurrency mining

GMO Internet (TSE1)

Cryptocurrency mining

GMO-Z.com Switzerland AG

Cryptocurrency mining

Infrastructure & Ecommerce

Rental server, hosting & cloud

GMO CLOUD (TSE1)

SSL server certificate

GMO GlobalSign

Domain registration, rental server, ecommerce

GMO Pepabo (JASDAQ)

Payment processing service

GMO Payment Gateway (TSE1)

Transaction lending

GMO Epsilon

Future payment

GMO Payment Service

Offline payment

GMO Financial Gate

Finance

Financial holdings company

GMO Financial HD (JASDAQ)

FX trading, online securities trading

GMO CLICK Securities

FX trading

FX Prime byGMO

Cryptocurrency exchange

Cryptocurrency exchange, cryptocurrency FX

GMO Coin

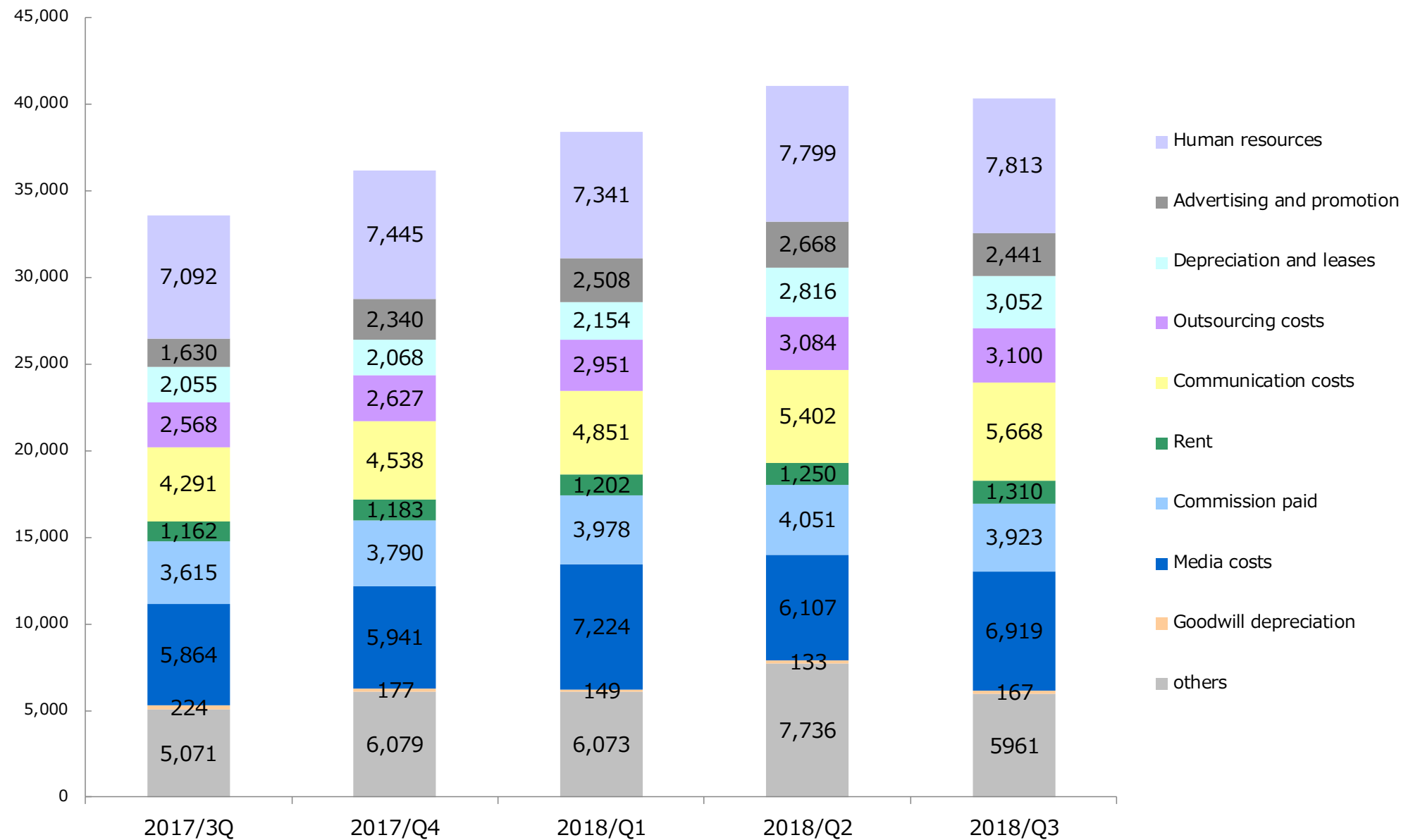
Revenue Breakdown by Segment

(JPY millions)

	2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3
◆Internet Infrastructure					
Internet provider	4,766	5,205	5,586	6,460	6,902
Domain	2,015	2,138	2,104	2,141	2,100
Cloud & hosting	3,494	3,511	3,527	3,519	3,614
Ecommerce solutions	2,167	2,448	2,379	2,510	2,620
Security	1,282	1,443	1,423	1,484	1,503
Payment	5,951	7,313	6,748	6,819	7,304
Other	1,401	1,304	1,619	1,887	1,418
Segment total	21,080	23,364	23,390	24,823	25,465
◆Online Advertising & Media					
Internet media	3,160	3,037	3,152	3,235	2,842
Online advertising	6,818	6,928	8,339	7,058	7,895
Internet research, other	736	822	774	718	728
Segment total	10,715	10,789	12,267	11,012	11,466
◆Internet Finance					
Segment total	6,960	6,973	8,151	7,560	7,493
◆Cryptocurrency					
Cryptocurrency exchange	(109)	869	192	1,420	1,369
Cryptocurrency mining	-	97	442	1,237	1,249
Segment total	(109)	966	635	2,657	2,619
◆Incubation					
Segment total	337	654	180	2,018	107
◆Other Businesses					
Segment total	256	222	139	851	142
Internal Transactions Adjustment	(1,172)	(1,125)	(1,059)	(1,358)	(1,400)
Consolidated Net Sales	38,068	41,847	43,705	47,564	45,894

Cost Composition (Consolidated)

(JPY millions)



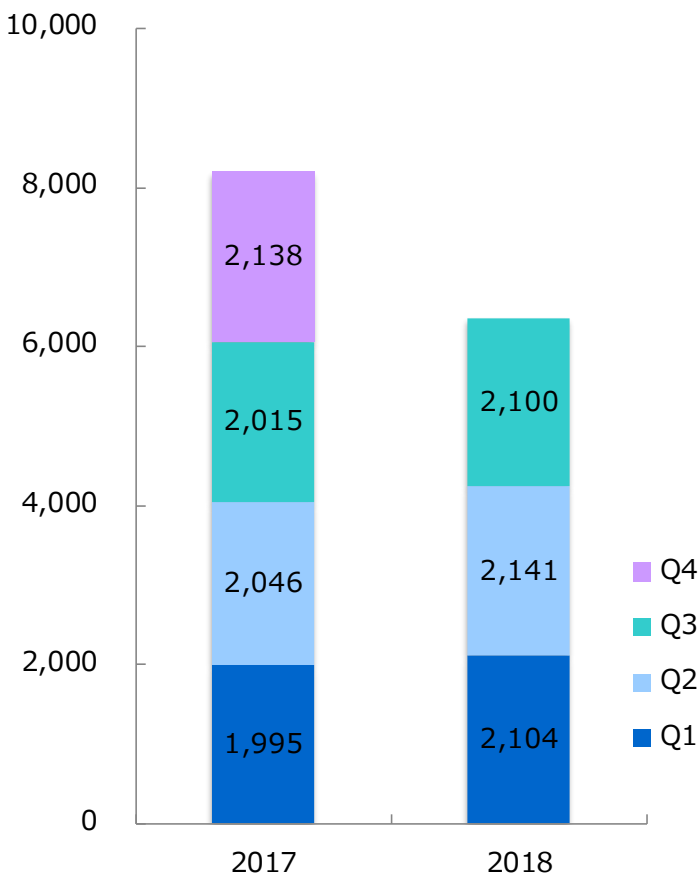
Internet Infrastructure | Domain Registration

Revenue

+4.2%

(3 mths to September)

(JPY millions)



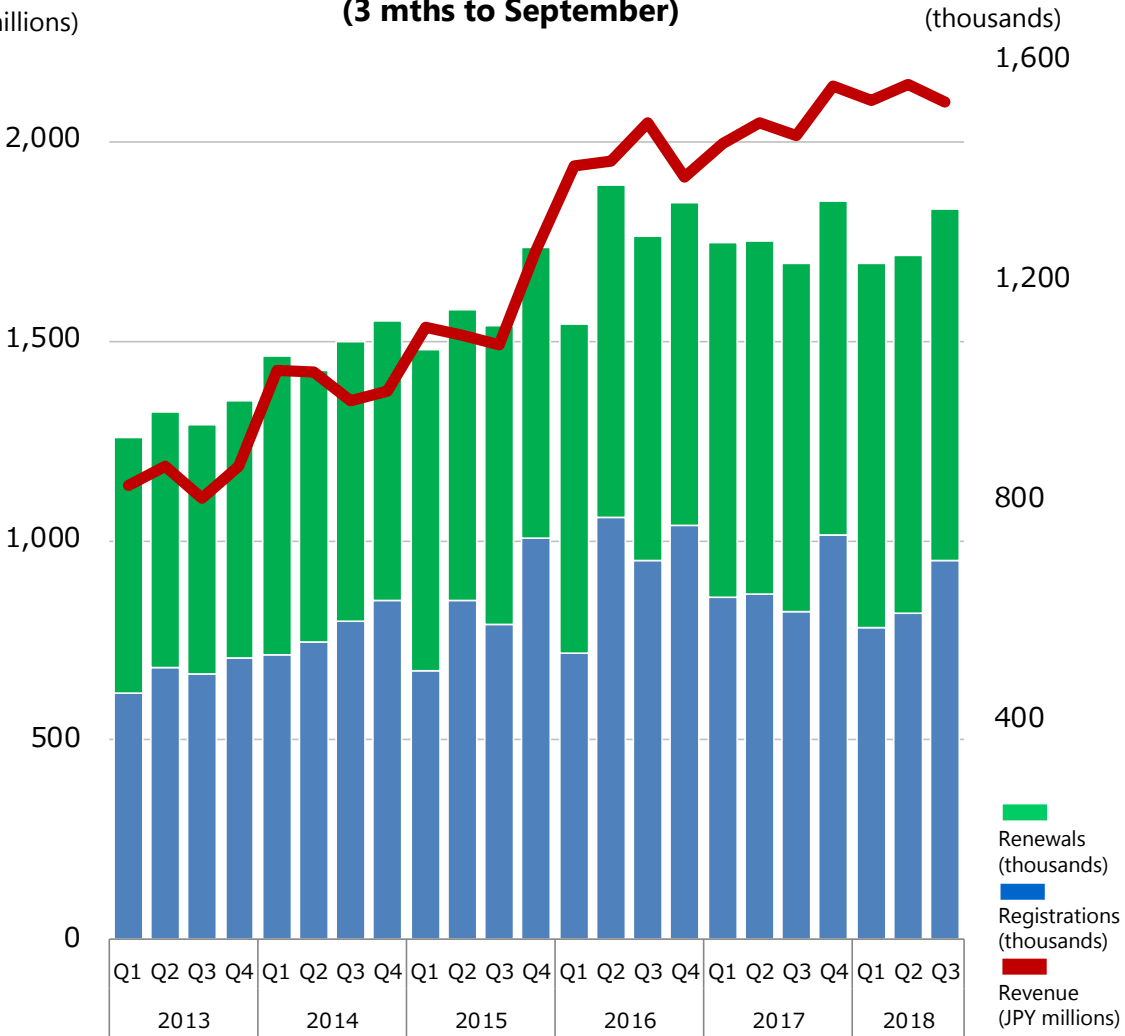
Registrations

+8.1%

(3 mths to September)

(JPY millions)

(thousands)



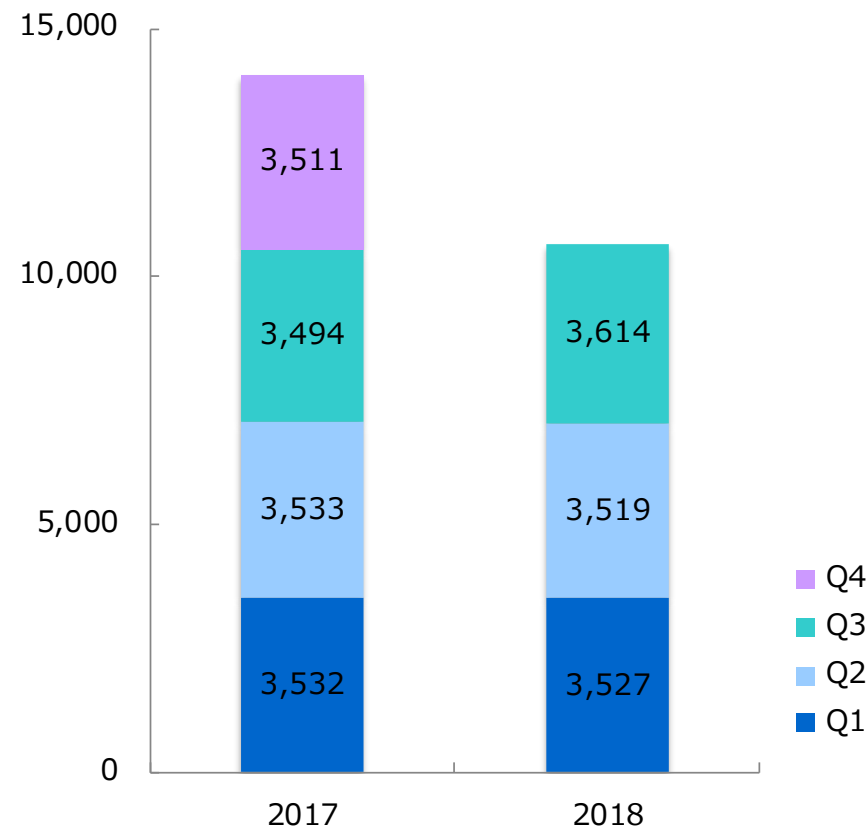
Internet Infrastructure | Hosting & Cloud - KPIs

Revenue

+3.4%

(3 mths to September)

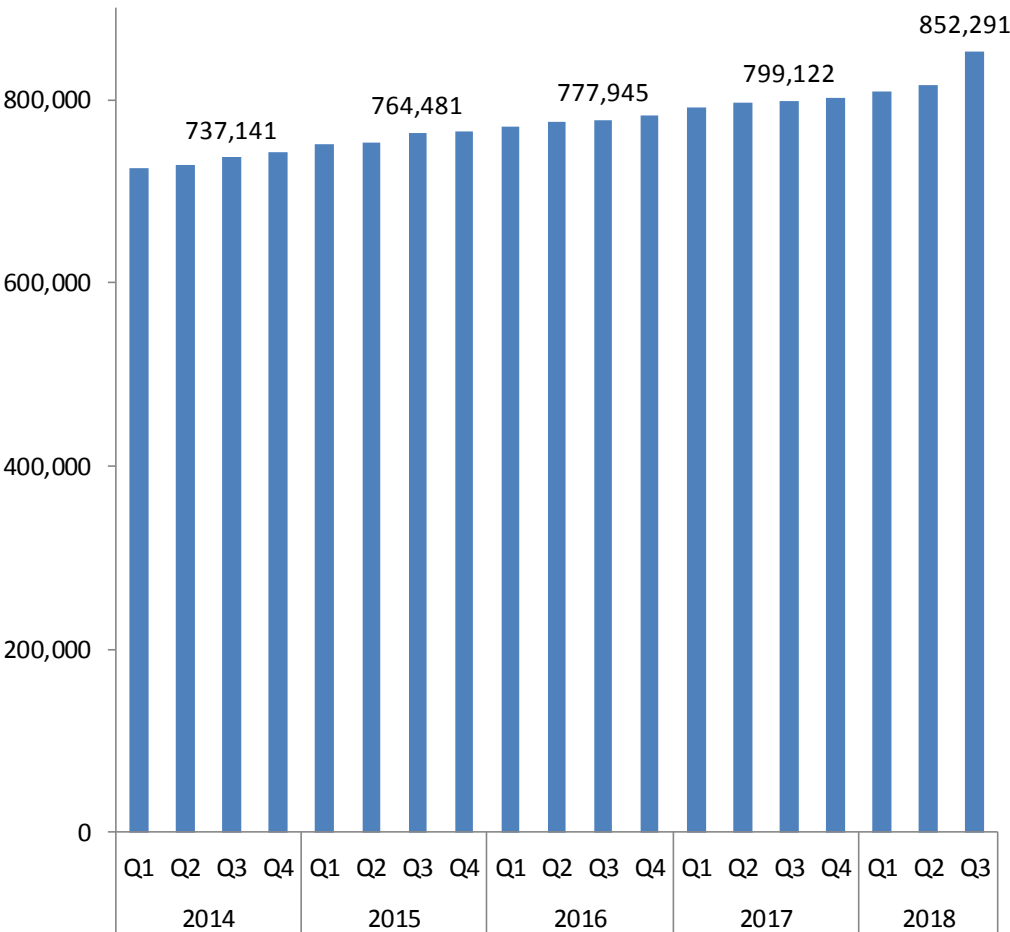
(JPY millions)



Contracts

+6.7%

(3 mths to September)



Internet Infrastructure | Ecommerce Solutions - KPIs

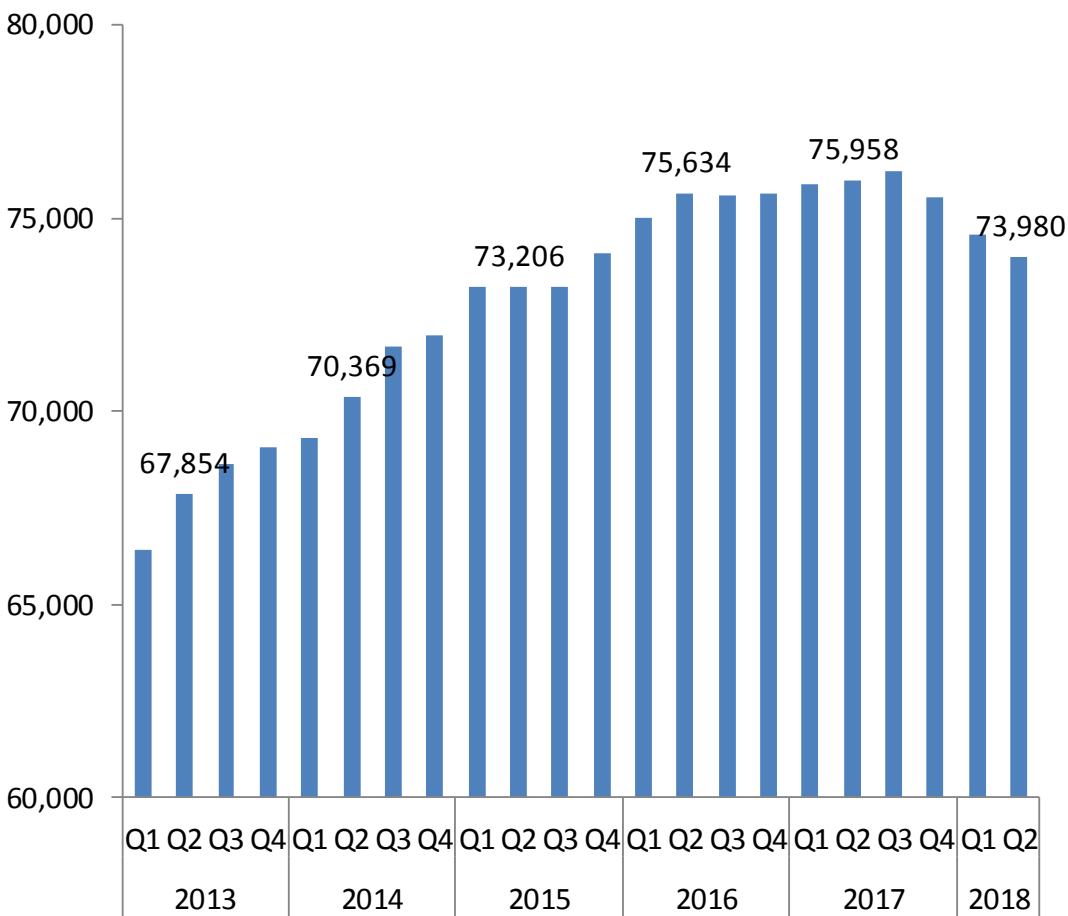
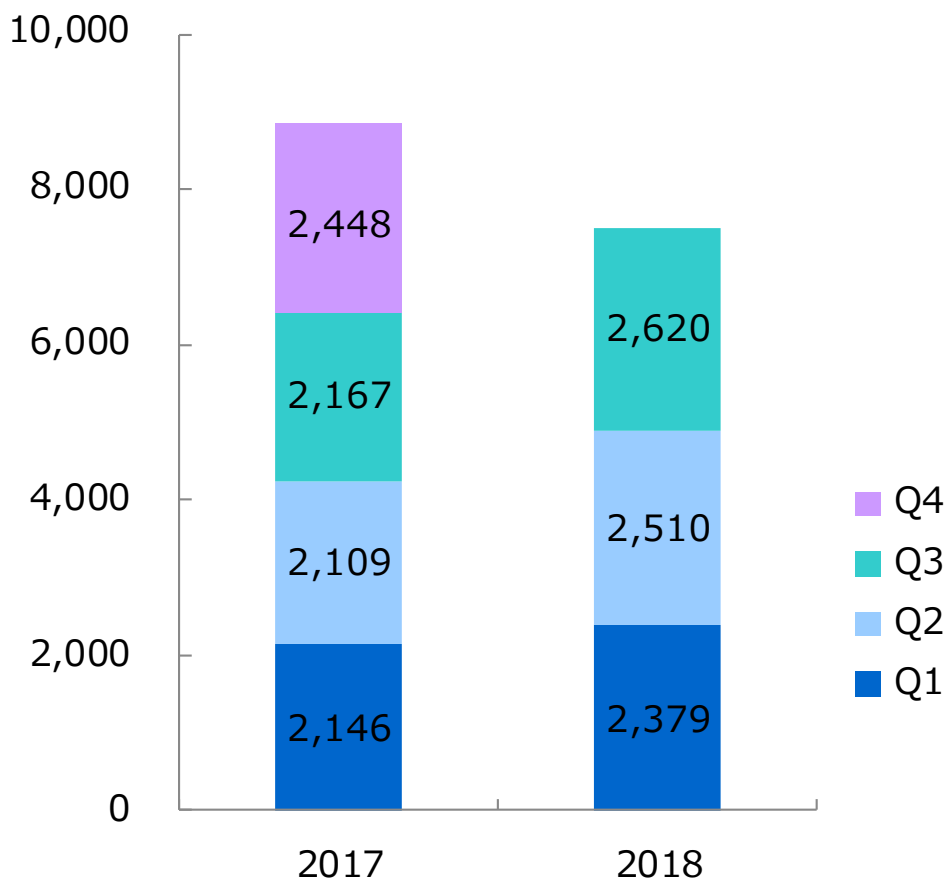
Revenue
+20.9%

(3 mths to September)

Contracts
-3.9%

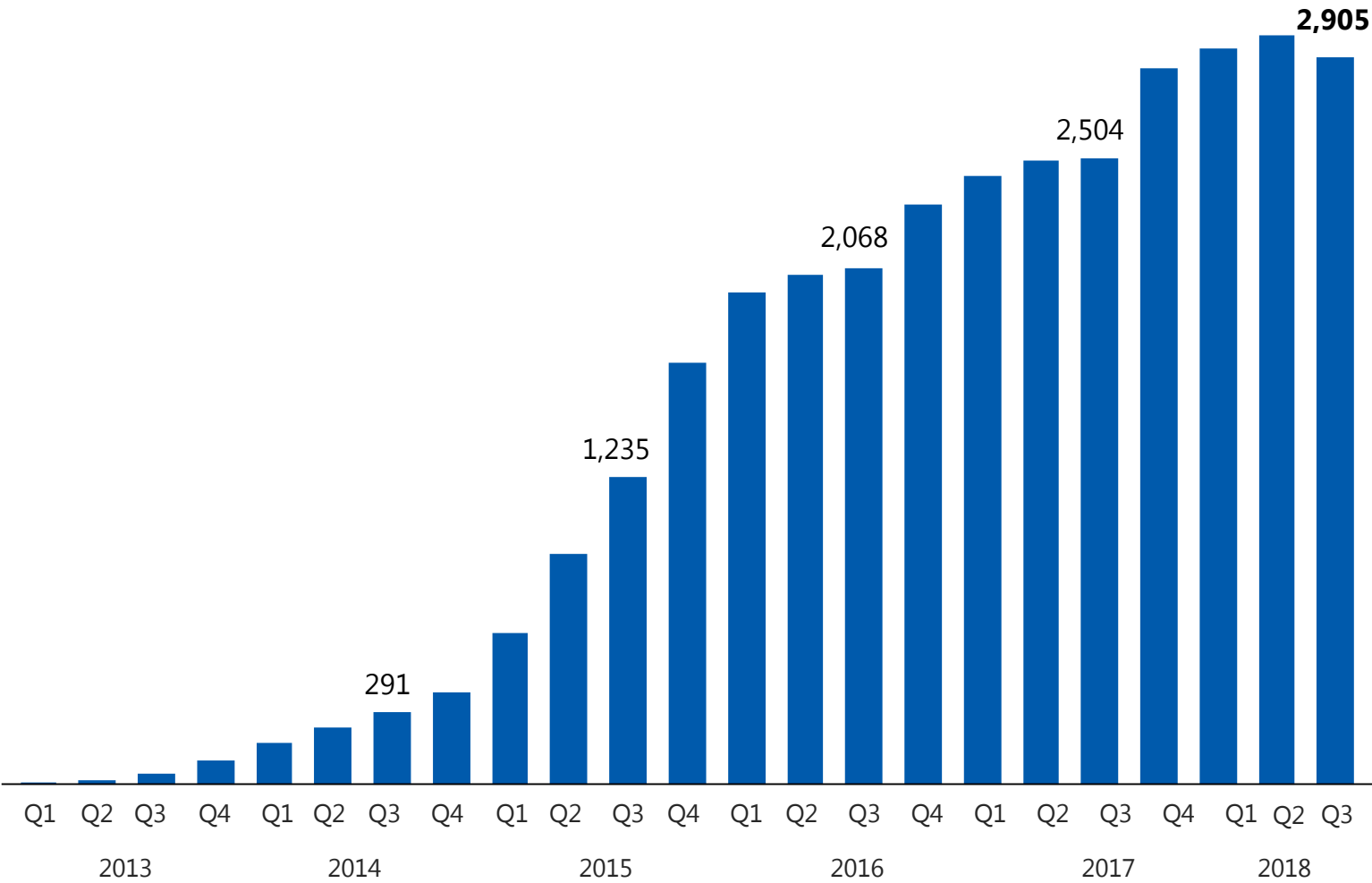
(3 mths to September)

(JPY millions)

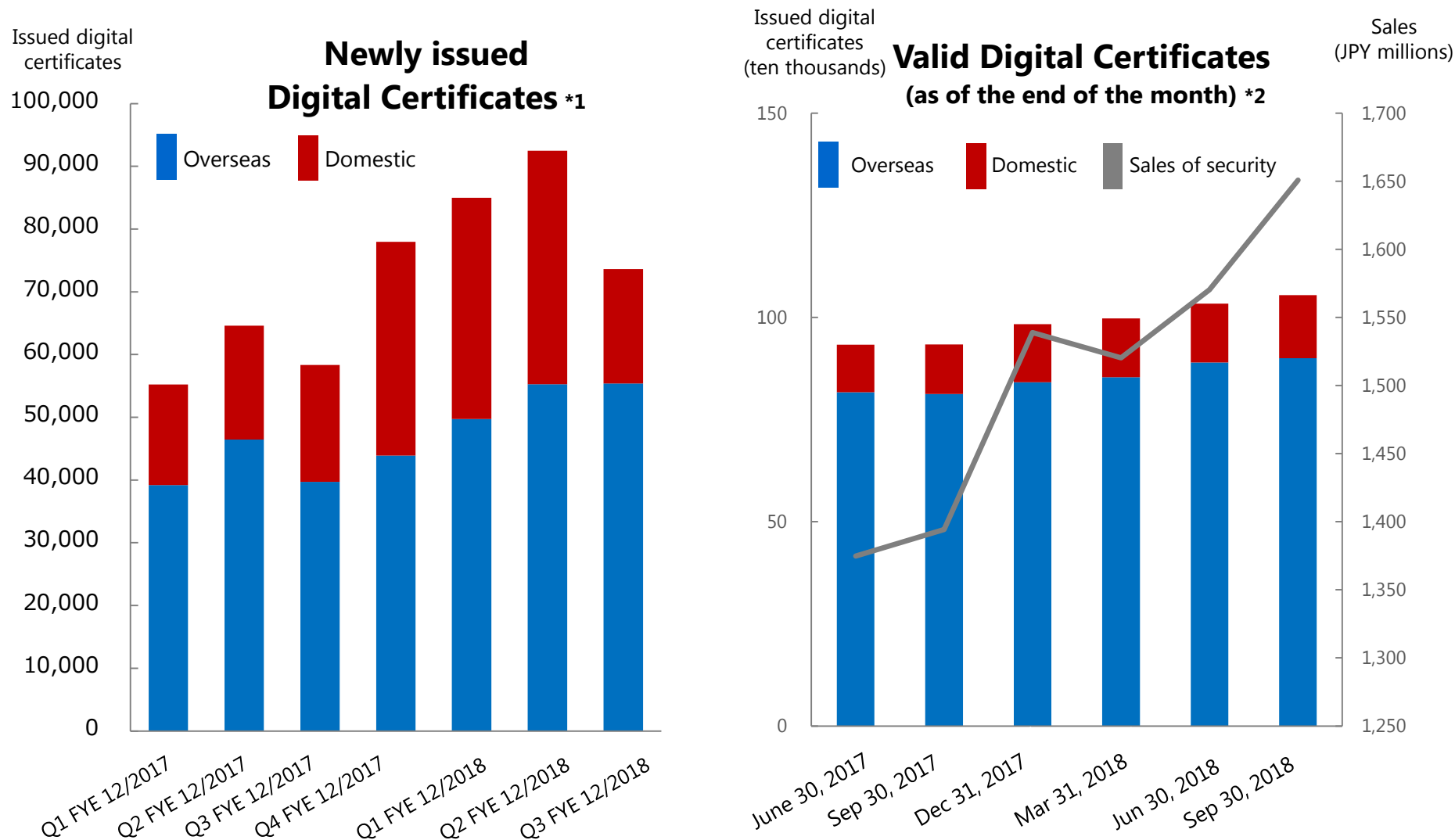


Internet Infrastructure | Ecommerce solutions business minne : Total transaction volume

(JPY millions)



FY18 annual transaction volume
target of JPY 12.5B

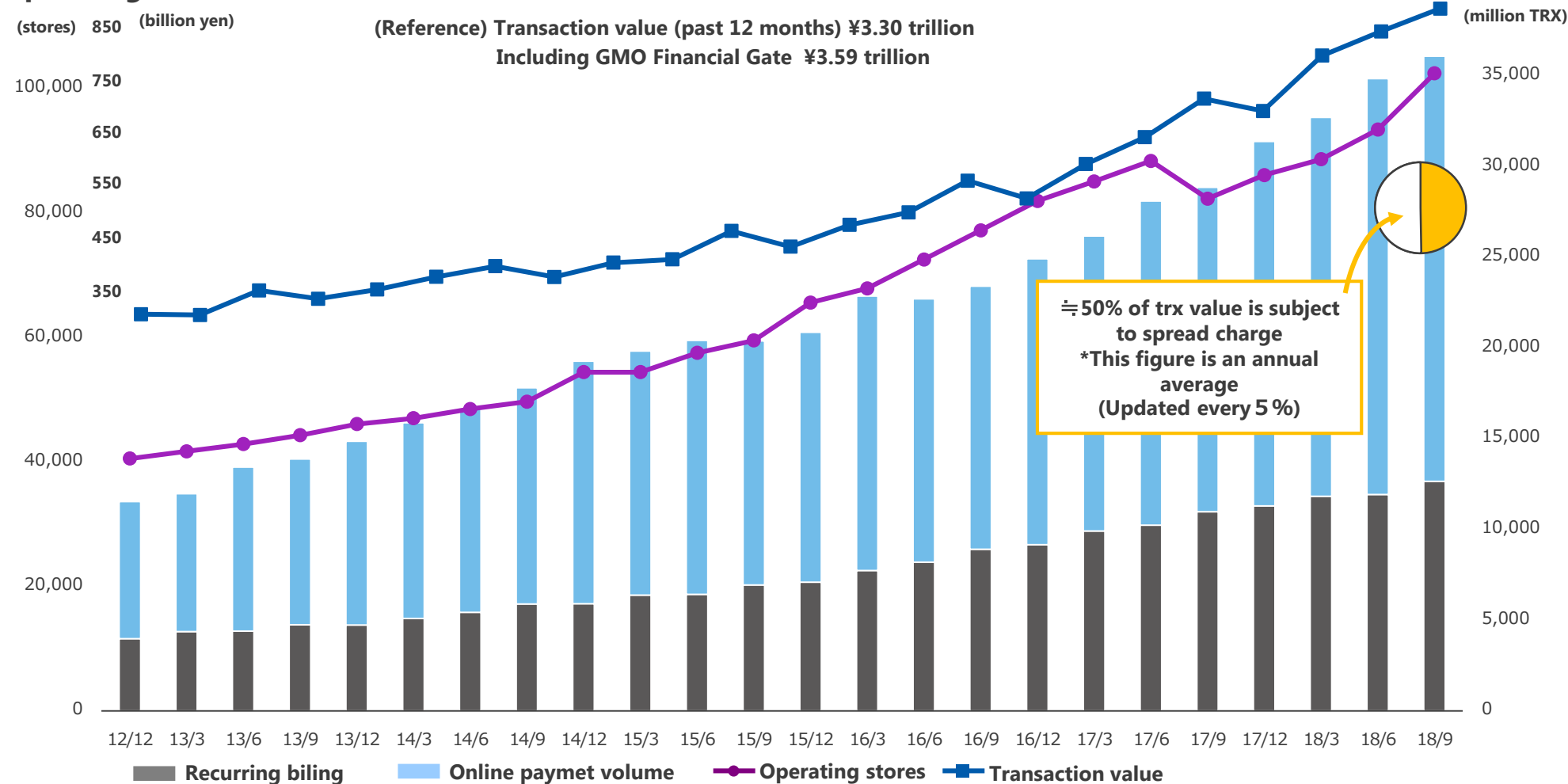


The Company created the above graphs based on GMO CLOUD's "Fiscal Year 2018 3rd Quarter Results Presentation - Supplementary Materials."

*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.

Annual transaction value reaches ¥3.6 trillion

Operating stores: 102,484; Transaction: ¥870 billion (value), 369 million (volume)

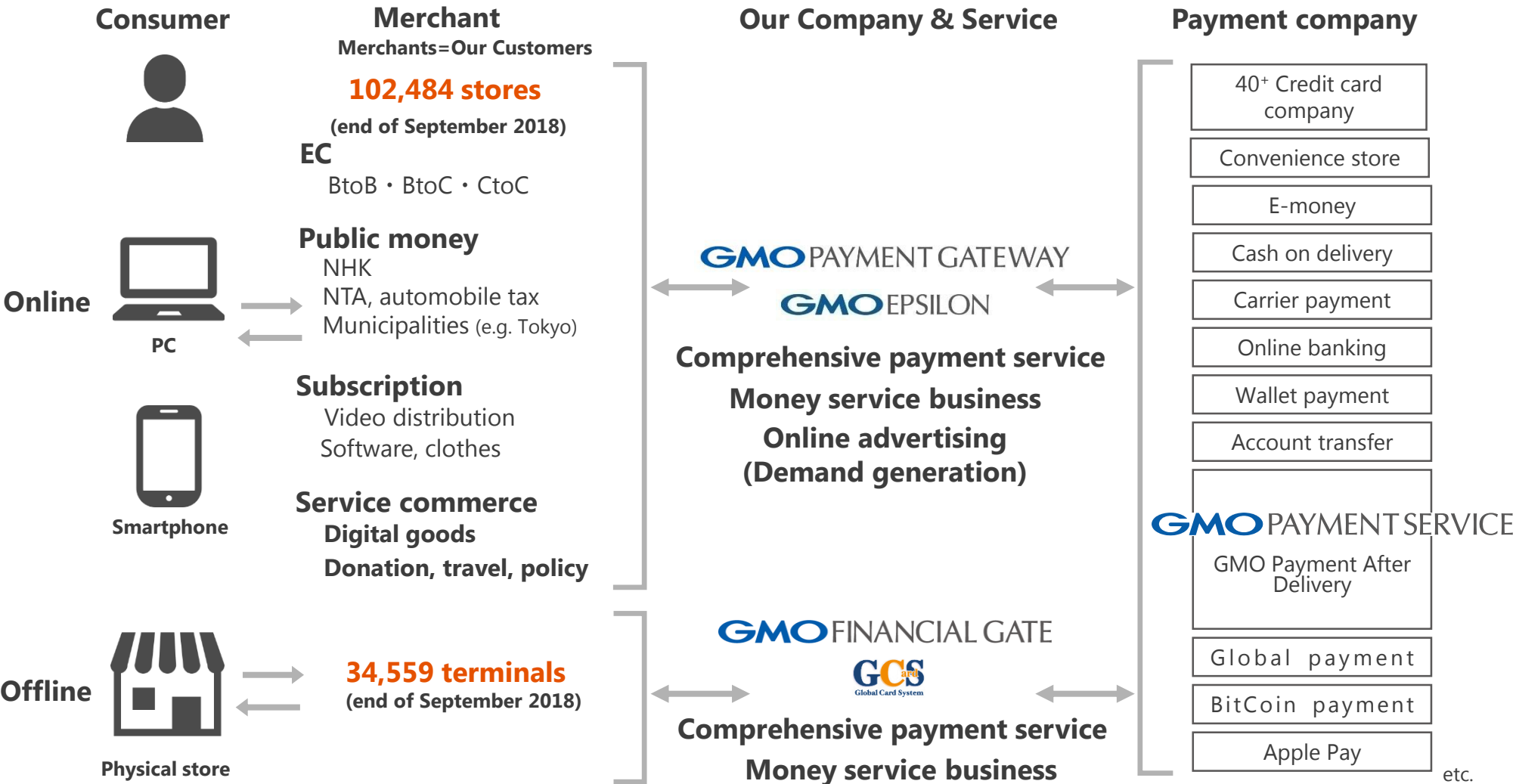


*17/9 operating store number dropped QoQ due to a batch of merchants that went idle after a partner's service termination

*Based on GMO-PG data.

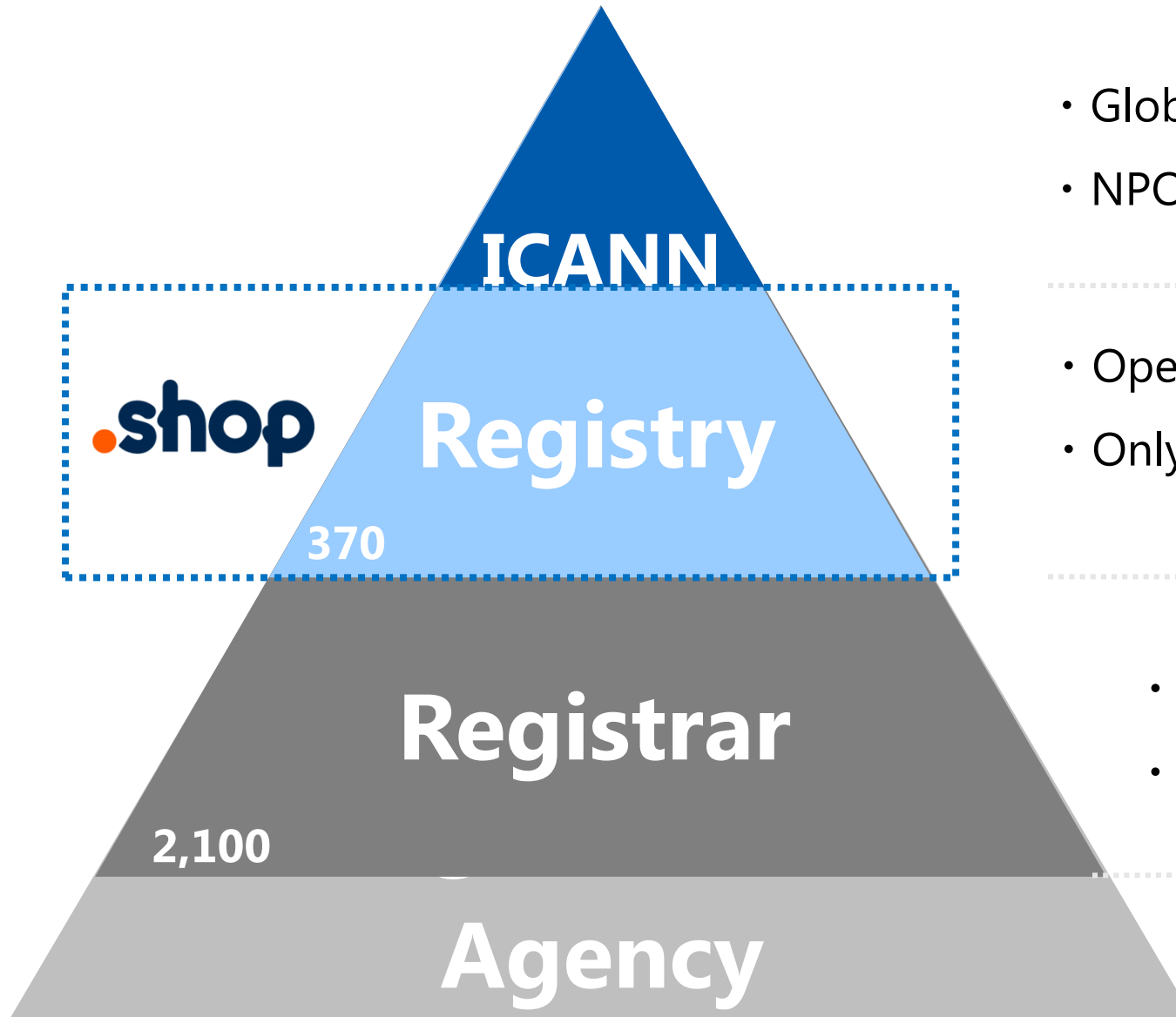
Internet Infrastructure | Payment Processing - Overview

Connecting merchants and payment companies on contract, payment data and money flow



*GMO Payment Gateway's presentation materials

Internet Infrastructure | Domains Industry Structure



- Global domain management
- NPO

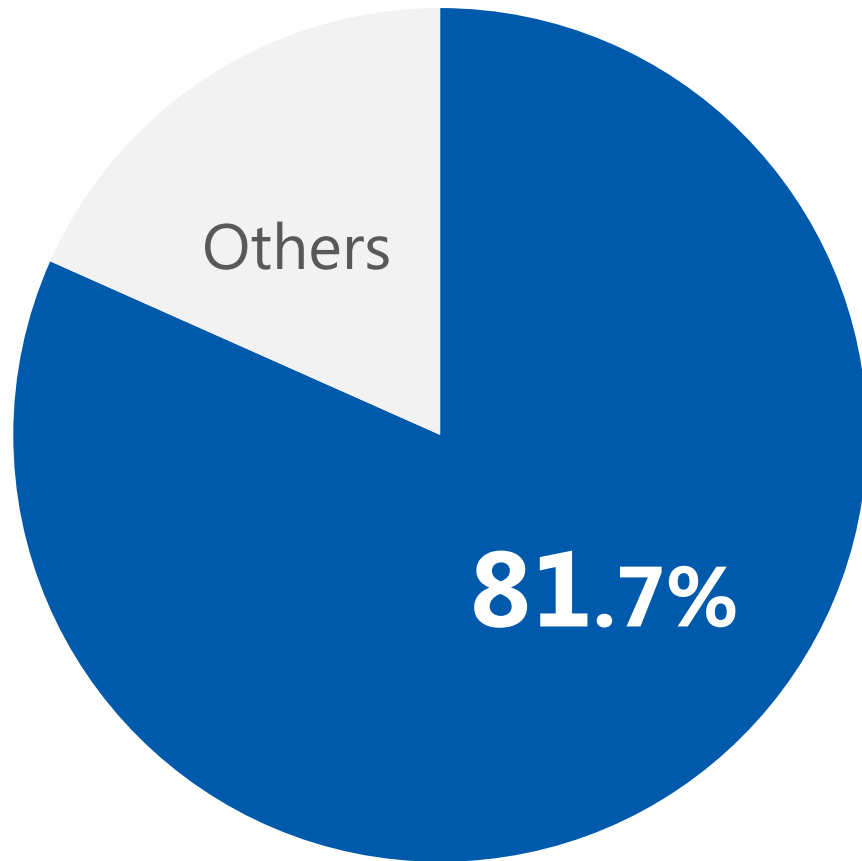
- Operators of .com, .net, etc.
- Only one operator per domain

- Domain registration sales
- Many registrar resellers

- Agency

Internet Infrastructure | Domains Registry Share

Japan gTLD Operation and Management Market Share



No.1
in Japan
81.7%

GMO REGISTRY

+

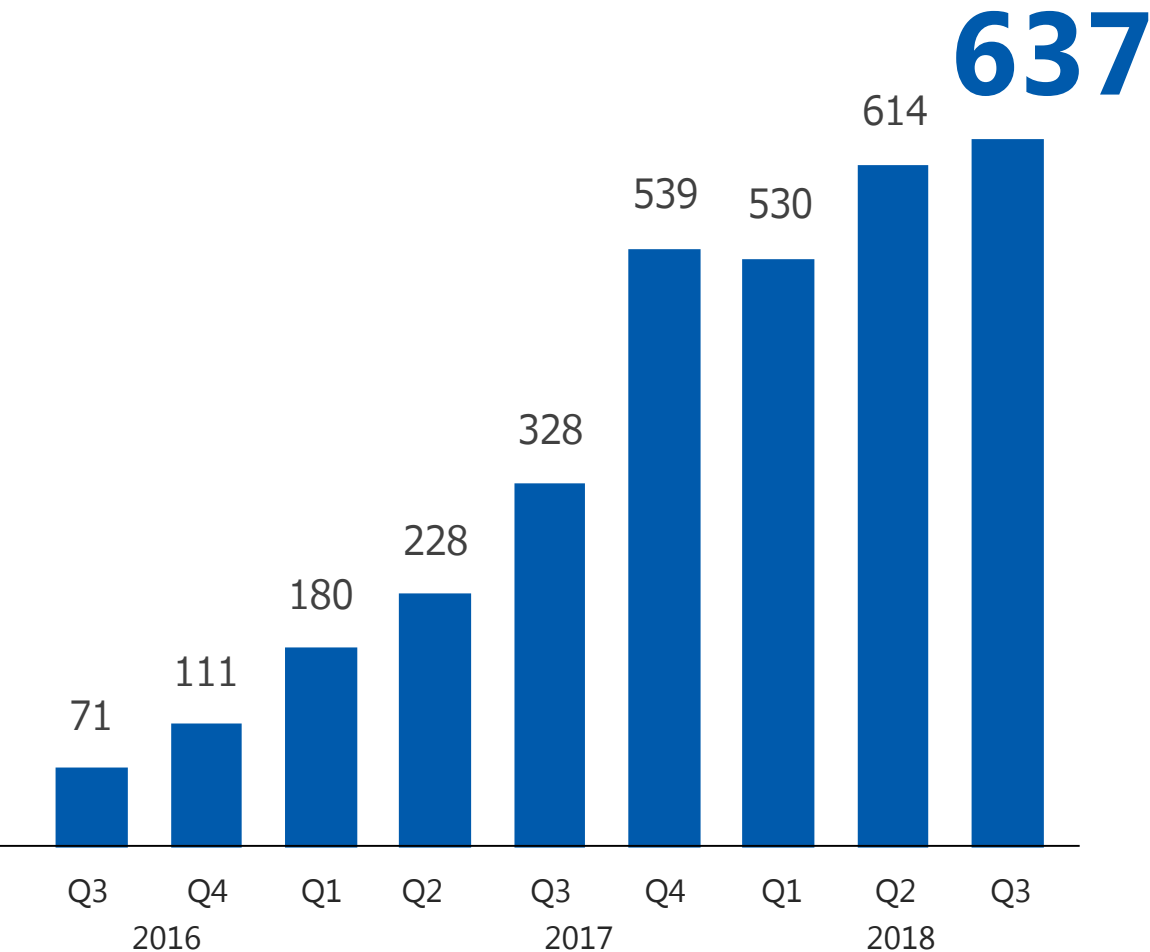
GMO BrightsConsulting

.shop
.nagoya
.canon

.tokyo
.yokohama
.hitachi

Internet Infrastructure | “.shop”: Registration progress

(thousands)



*1) Source: <https://ntldstats.com/tld/> (as of October 30, 2018)

*2) Average renewal rate (January-August 2018) for domains registered between September 2016 and August 2017

Over **630K** since launch











“.shop” came in 8th place for the category of New gTLD*¹

Renewal rate: **46.2%***²

New gTLD registration rankings

No. 1	.top	3.78M
No. 2	.xyz	2.28M
No. 3	.loan	2.24M
No. 4	.club	1.56M
No. 5	.online	1.01M
No. 6	.vip	0.84M
No. 7	.site	0.74M
No. 8	.ltd	0.72M
No. 9	.shop	0.68M
No. 10	.work	0.56M

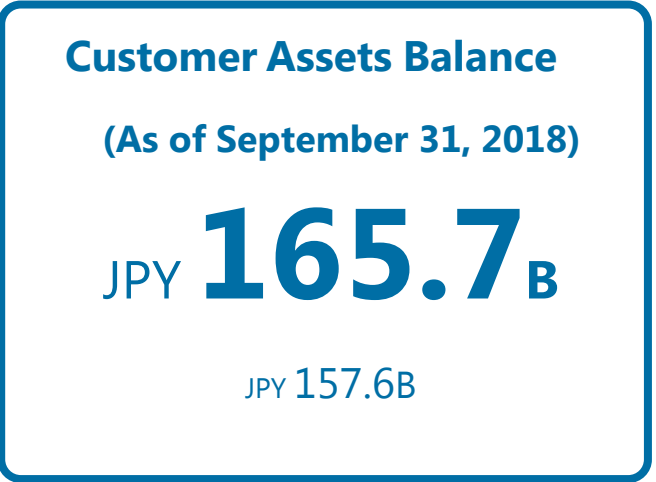
Internet Infrastructure | Domains Global Registrars

1		6	
2		7	
3		8	
4		9	
5		10	

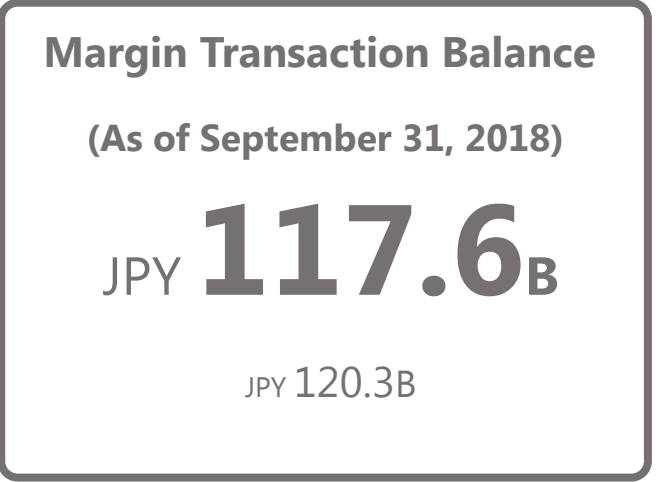
Source: <http://webhosting.info/domain-names/registrars> (as of **October 2018**)

Internet Finance | FX and securities: KPIs

FX



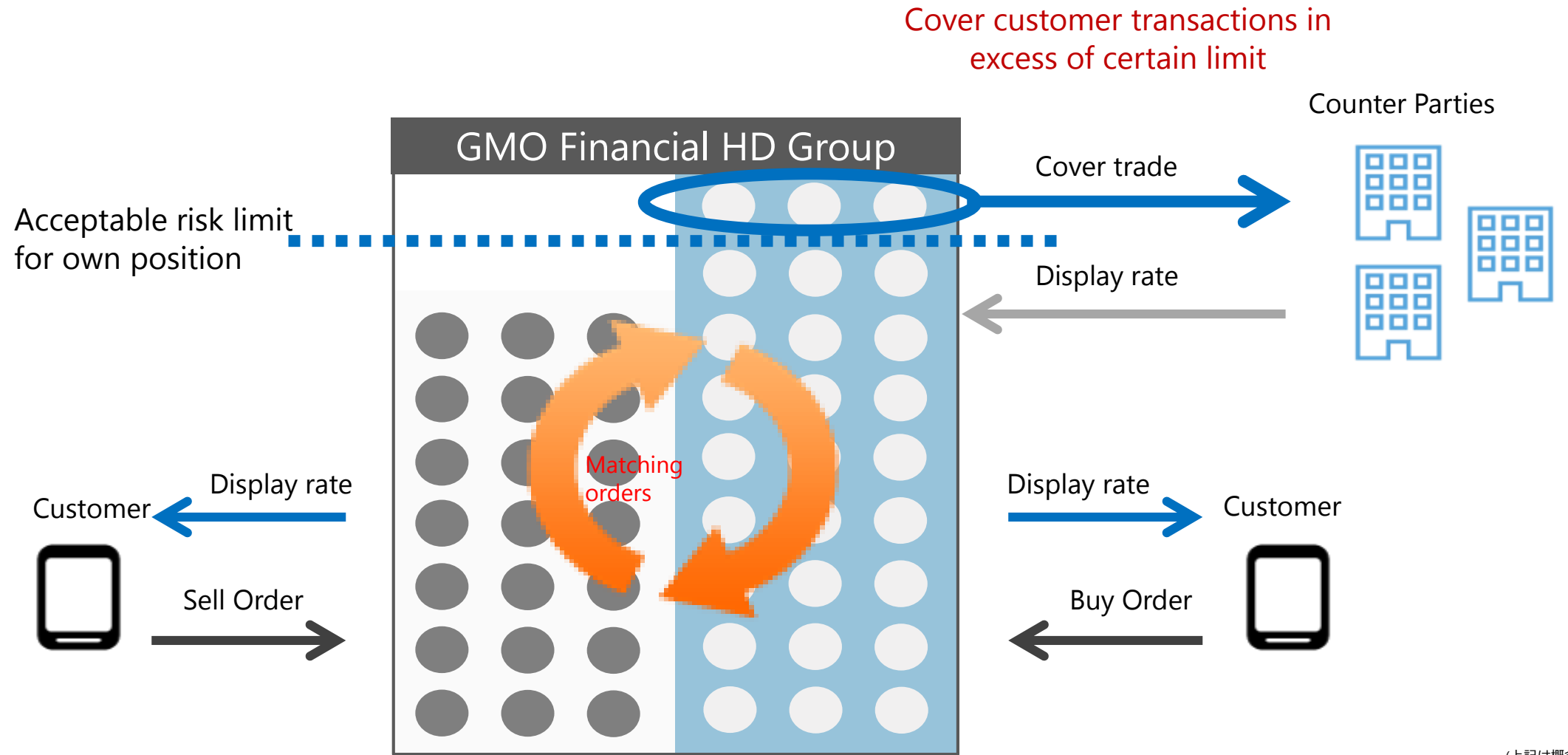
Securities



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

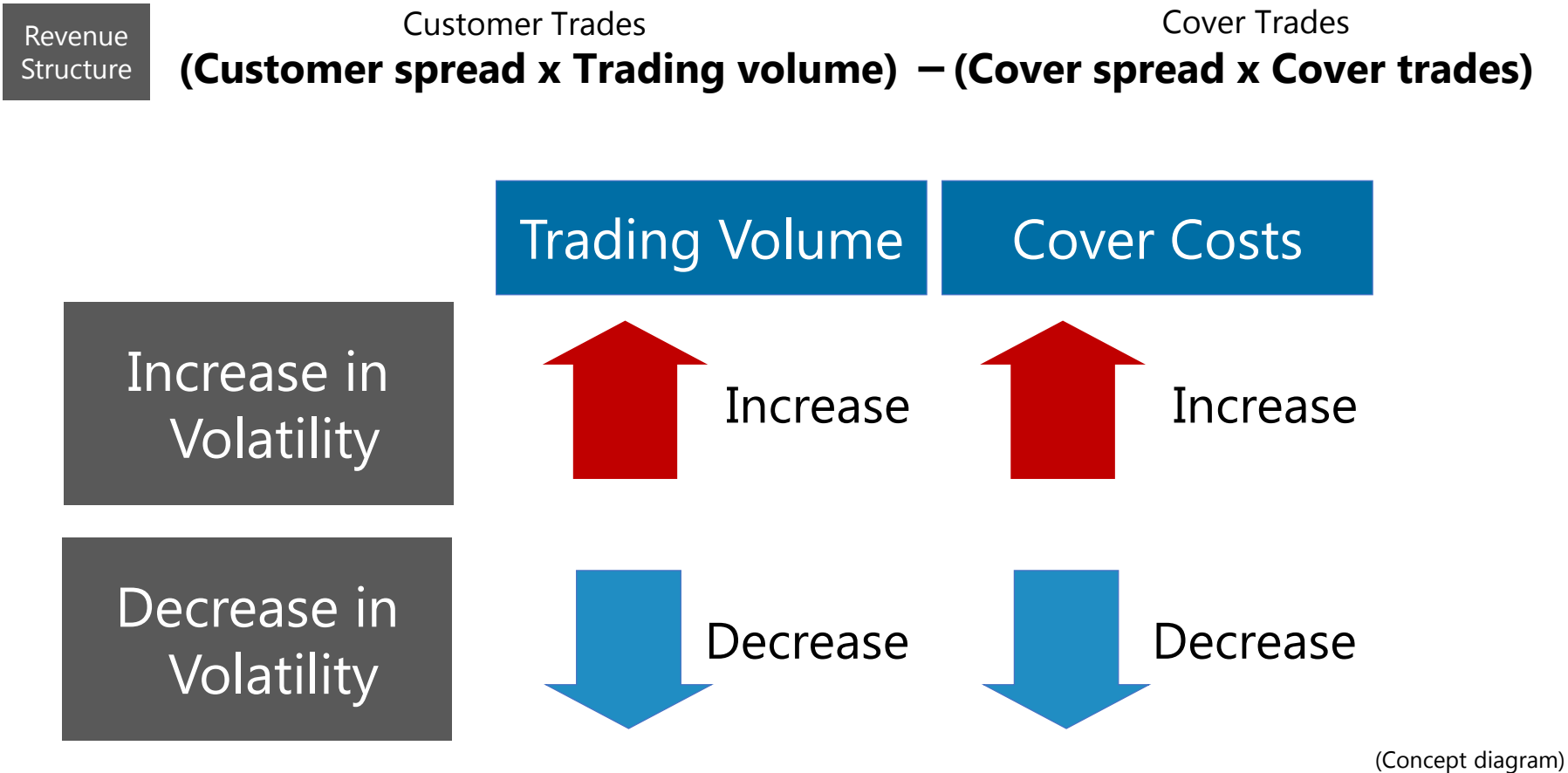
Internet Finance | FX Business Model (Matching)

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 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.
SHA256	SHA256 is an encryption algorithm used in Bitcoin and Bitcoin Cash. Encrypted data basically cannot be decrypted, so the probability that the hackers will attack vulnerabilities in the algorithm will be astronomical ($1/2^{256}$). For Bitcoins, using SHA256 is mainstream as it can be implemented easily and also due to the computation rate and safety.

Cryptocurrency Terminology (2)

ASIC	ASIC is an abbreviation of the application-specific integrated circuit, the so-called IC chips. At the initial stages of the development of a Bitcoin, mining using a central processing unit and graphics processing unit generally was mainstream. However, in recent years, Bitcoin mining utilizes an ASIC that is designed to be used in the mining process. ASIC can mine Bitcoin and Bitcoin Cash.
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.
7 nm mining chip	7 nm (1/7 billion m) refers to the width of the integrated circuit. Cryptocurrency mining requires mining machines in which 7 nm mining chips are implemented, enabling computation. The narrower the integrated circuit, the better the electrical efficiency, enabling highly sophisticated and intensive computation.
Daisy chain connection	Usually, multiple mining machines will need to be connected to network equipment. Multiple mining machines can be connected to one network port by utilizing the daisy chain feature to build up a cluster of virtual mining hardware, thereby decreasing the number of physical cable connections to the network equipment, leading to the reduction in the network equipment cost.

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 **6 values**.



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