

# **Fiscal Year 2018 First Quarter Results Presentation**



STOCK CODE : 9449

## **Supplementary Materials**

May 10, 2018

# Significant Group Companies

131 Group Companies (106 consolidated, 18 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) \*As of March 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. (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.

- 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 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 March

- |      |   |   |
|------|---|---|
| 1/22 |    | GMO Internet begins offering official versions of Z.com Cloud Blockchain that supports blockchain businesses  |
| 1/22 |    | GMO Internet's cryptocurrency mining business develops 12 nm FFC process technology for semiconductor chips: Progressing towards realizing a cutting-edge 7 nm process technology for mining chips  |
| 2/5  |    | GMO Click Securities' FX trading services have No.1 transaction volume worldwide in 2017 for the 6th consecutive year according to Finance Magnates' report   |
| 2/9  |    | GMO-PG selected "Great Place to Work" 2018: Awarded for third consecutive year for unique human resources development, welfare, and benefits  |
| 2/9  |   | GMO Internet opts to launch a cloud mining service: Information session for potential customers to be held in 9 cities  |
| 2/16 |  | GMO AD Marketing announces data integration between AkaNe byGMO, an ad network service specializing in the in-feed ad, and IM-DMP offered by Japan's DMP service giant Intimate Merger: Strengthening the customer acquisition for the content marketing by using the advertisement distribution with high accuracy |

## Group News (2) 3 mths to March

- |      |   |  |
|------|---|--|
| 2/23 |    | System of smartphone payment service linked to a bank account "Ginko Pay" to be provided to banks under Resona Group: Widely available at Yokohama, Fukuoka, and three Resona Banks  |
| 2/28 |    | GMO TECH develops GMO App Capsule Electronic Money that allows stores to easily create their digital money by leveraging blockchain tech: Customers will be able to charge and pay using the store applications, promoting an increase in customer retention |
| 3/6  |    | GMO GlobalSign's "Online ID Verification Service Supporting My Number": Realizing cloud ID verification service that can be adopted right away by customers, without the hassles of developing their own services  |
| 3/12 |    | GMO NIKKO is the first in the industry to develop a new service "Ad Verification" for affiliate ads utilizing the AI: Automatically realizing advertiser's brand safety for affiliate ads  |
| 3/13 |   | GMO's Electronic Contract Service "Agree" integrates with OPROARTS, a document framework, enabling seamless creation and management of documents on the customer management cloud, such as Salesforce  |
| 3/13 |  | GMO Pepabo's minne, Japan's leading handmade market, will support Google Pay: Customers can use Google Pay easily for Android devices  |

# Listed Group Companies (3 mths to March)

(JPY millions)



Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q2 FYE 9/2017 (3mths to Mar)	Q2 FYE 9/2018 (3mths to Mar)	Q2 FYE 9/2018 (6mths to Mar)	FYE 9/2018 Forecast (Progress)
Net Sales	5,202	6,459	12,558	26,107 (48.1%)
Operating Profit	914	1,675	3,269	6,475 (50.5%)
Net Profit	747	1,101	1,962	3,933 (49.9%)

\*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		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	5,580	8,346	—
Operating Profit	1,301	2,586	—
Ordinary Profit	1,306	2,573	—
Net Profit	871	1,781	—

\*Compiled from each companies’ quarterly P/L statements

# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	TSE 1st Section 3788		
	Internet Infrastructure (Hosting & Cloud, Security)		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	3,007	3,106	12,825 (24.2%)
Operating Profit	273	360	1,167 (30.9%)
Ordinary Profit	268	352	1,167 (30.2%)
Net Profit	186	231	700 (33.0%)

\*Compiled from each companies' quarterly P/L statements

# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	JASDAQ Standard 4784		
	Online Advertising & Media		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	8,517	9,021	33,600 (26.8%)
Operating Profit	209	141	600 (23.6%)
Ordinary Profit	205	137	615 (22.4%)
Net Profit	106	120	200 (60.0%)

\*Compiled from each companies’ quarterly P/L statements



# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	JASDAQ Standard 3633		
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	1,805	1,897	7,800 (24.3%)
Operating Profit	117	151	330 (46.1%)
Ordinary Profit	118	154	330 (46.8%)
Net Profit	117	141	259 (54.5%)

\*Compiled from each companies' quarterly P/L statements

# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	TSE MOTHERS 3695		
	Online Advertising & Media		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	834	773	3,497 (22.1%)
Operating Profit	143	55	325 (17.1%)
Ordinary Profit	131	39	305 (12.9%)
Net Profit	87	28	207 (13.9%)

\*Compiled from each companies’ quarterly P/L statements

# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	TSE MOTHERS 6026		
	Online Advertising & Media		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	673	630	2,900 (+21.7%)
Operating Profit	1	-74	110 (-)
Ordinary Profit	0	-75	110 (-)
Net Profit	-0	-80	65 (-)

\*Compiled from each companies’ quarterly P/L statements

# Listed Group Companies (3 mths to March)



(JPY millions)

Stock Code	TSE MOTHERS 6180		
	Online Advertising & Media		
	Q1 FYE 12/2017 (3mths to Mar)	Q1 FYE 12/2018 (3mths to Mar)	FYE 12/2018 Forecast (Progress)
Net Sales	1,247	1,394	4,700 (29.7%)
Operating Profit	151	158	372 (42.5%)
Ordinary Profit	150	157	368 (42.9%)
Net Profit	103	106	252 (42.2%)

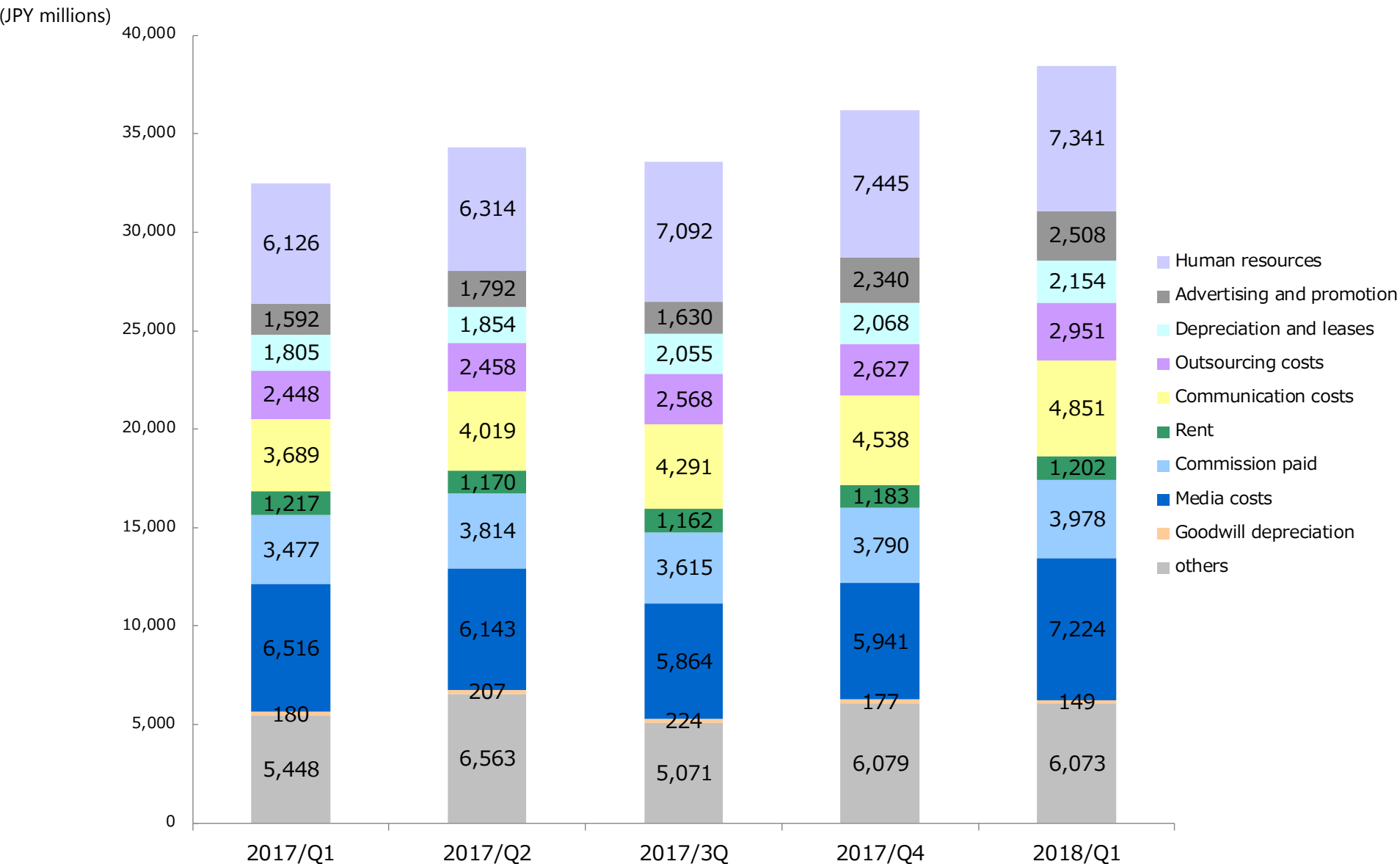
\*Compiled from each companies’ quarterly P/L statements

# Revenue Breakdown by Segment

(JPY millions)

	2017/Q1	2017/Q2	2017/Q3	2017/Q4	2018/Q1
◆Internet Infrastructure					
Internet provider	3,968	4,455	4,766	5,205	5,586
Domain	1,995	2,046	2,015	2,138	2,104
Cloud & hosting	3,532	3,533	3,494	3,511	3,527
Ecommerce solutions	2,146	2,109	2,167	2,448	2,379
Security	1,281	1,291	1,282	1,443	1,423
Payment	5,534	5,590	5,951	7,313	6,748
Other	1,268	1,424	1,401	1,304	1,619
Segment total	19,727	20,452	21,080	23,364	23,390
◆Online Advertising & Media					
Internet media	3,379	3,056	3,160	3,037	3,152
Online advertising	7,373	7,160	6,818	6,928	8,339
Internet research, other	819	785	736	822	774
Segment total	11,572	11,001	10,715	10,789	12,267
◆Internet Finance					
Segment total	5,578	6,869	6,960	6,973	8,151
◆Cryptocurrency					
Cryptocurrency exchange	-	0	(109)	869	192
Cryptocurrency mining	-	-	-	97	442
Segment total	-	0	(109)	966	635
◆Incubation					
Segment total	70	253	337	654	180
◆Other Businesses					
Segment total	351	1,152	256	222	139
Internal Transactions Adjustment	(1,260)	(1,430)	(1,172)	(1,125)	(1,059)
Consolidated Net Sales	36,040	38,299	38,068	41,847	43,705

# Cost Composition (Consolidated)



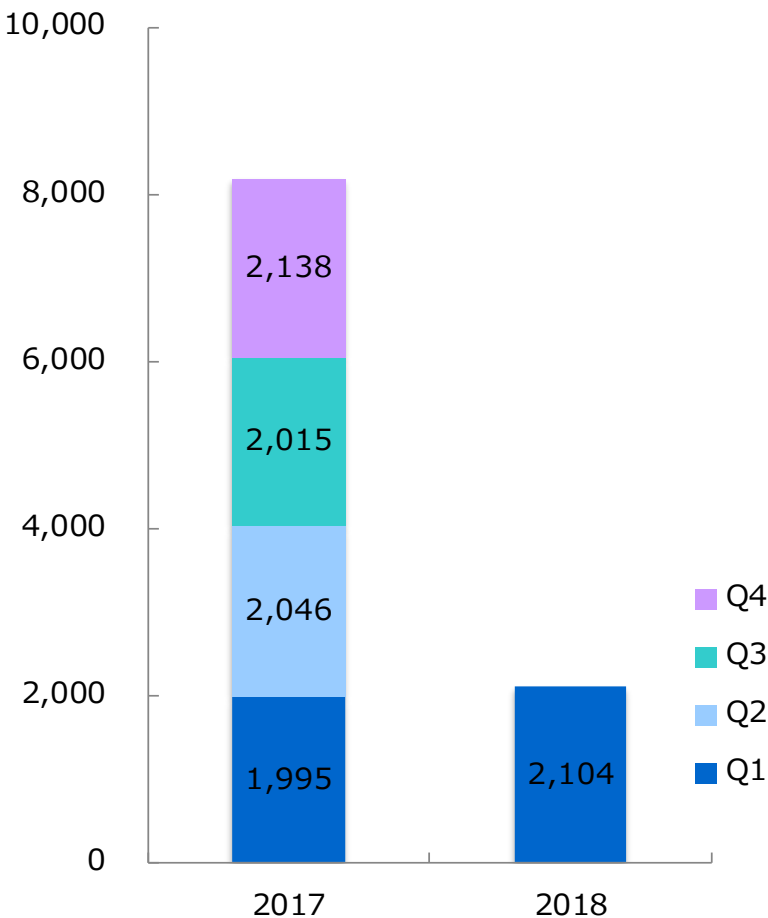
# Internet Infrastructure | Domain Registration

Revenue

+5.4%

(3 mths to March)

(JPY millions)



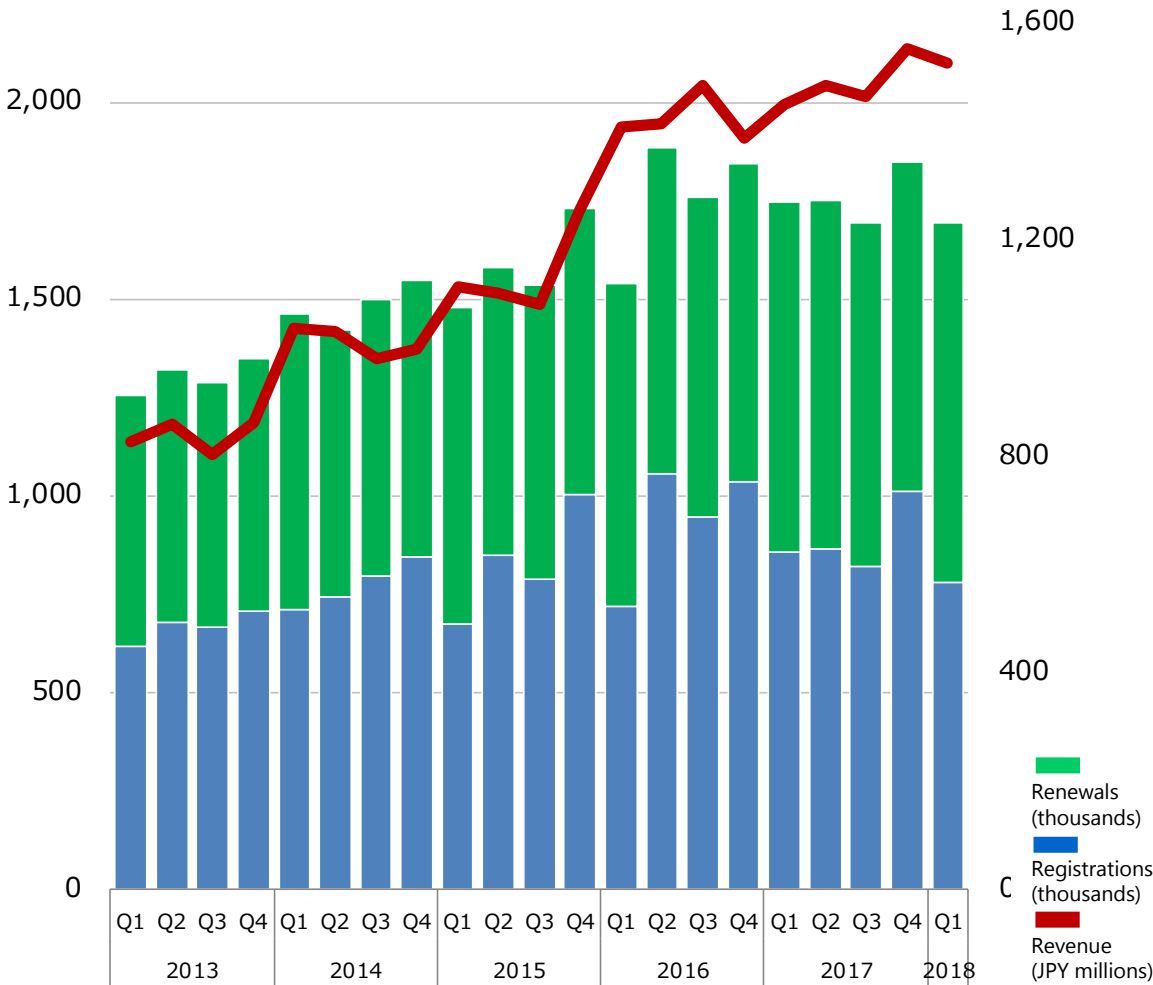
Registrations

-2.9%

(3 mths to March)

(JPY millions)

(thousands)



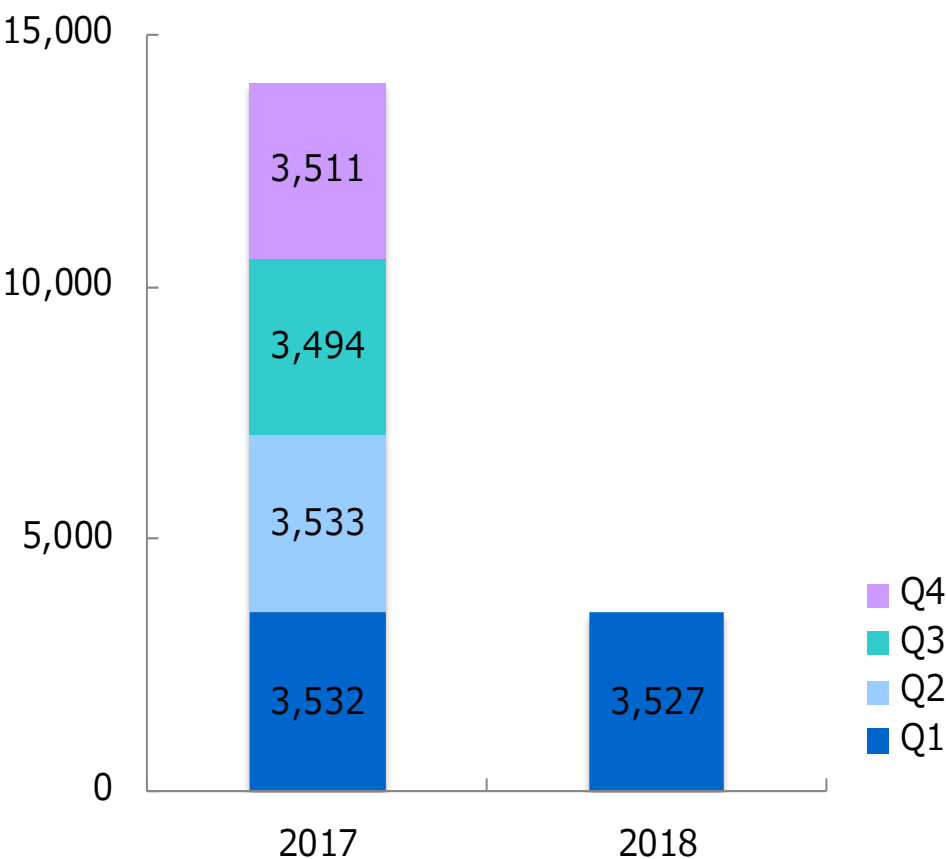
# Internet Infrastructure | Hosting & Cloud - KPIs

Revenue

-0.1%

(3 mths to March)

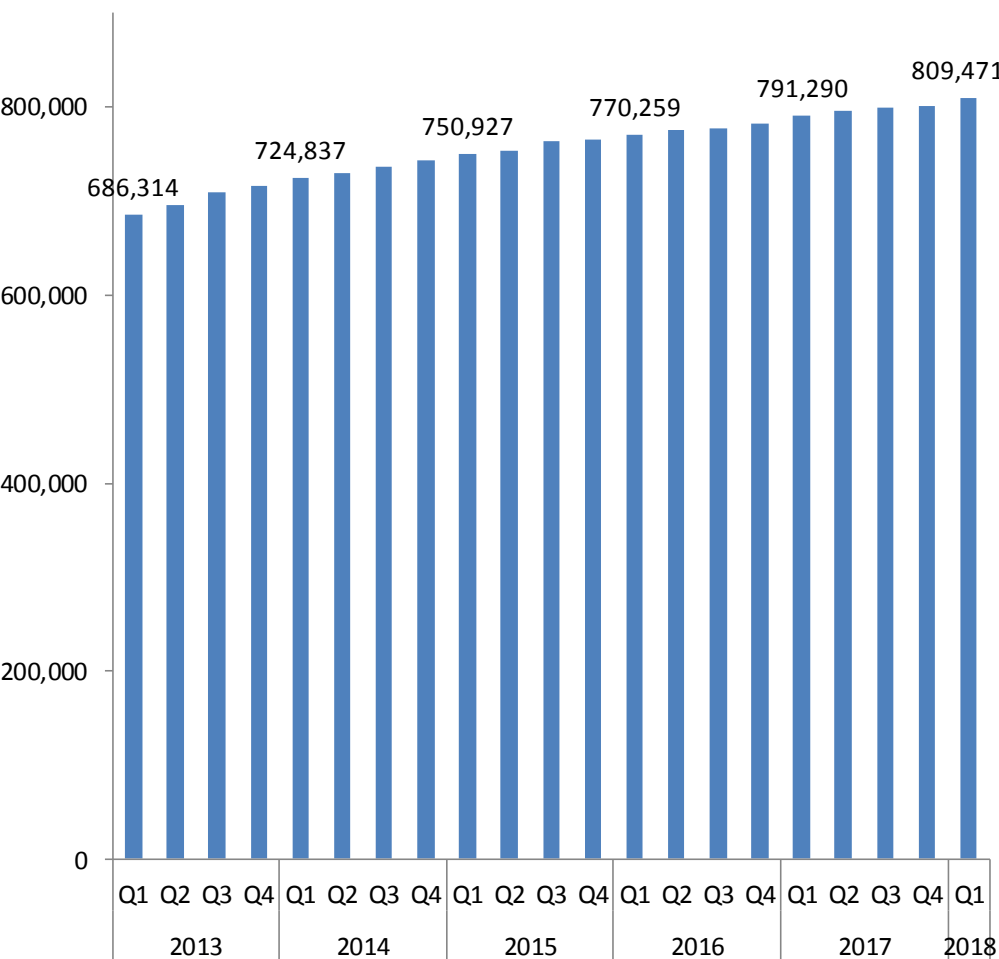
(JPY millions)



Contracts

+2.3%

(3 mths to March)





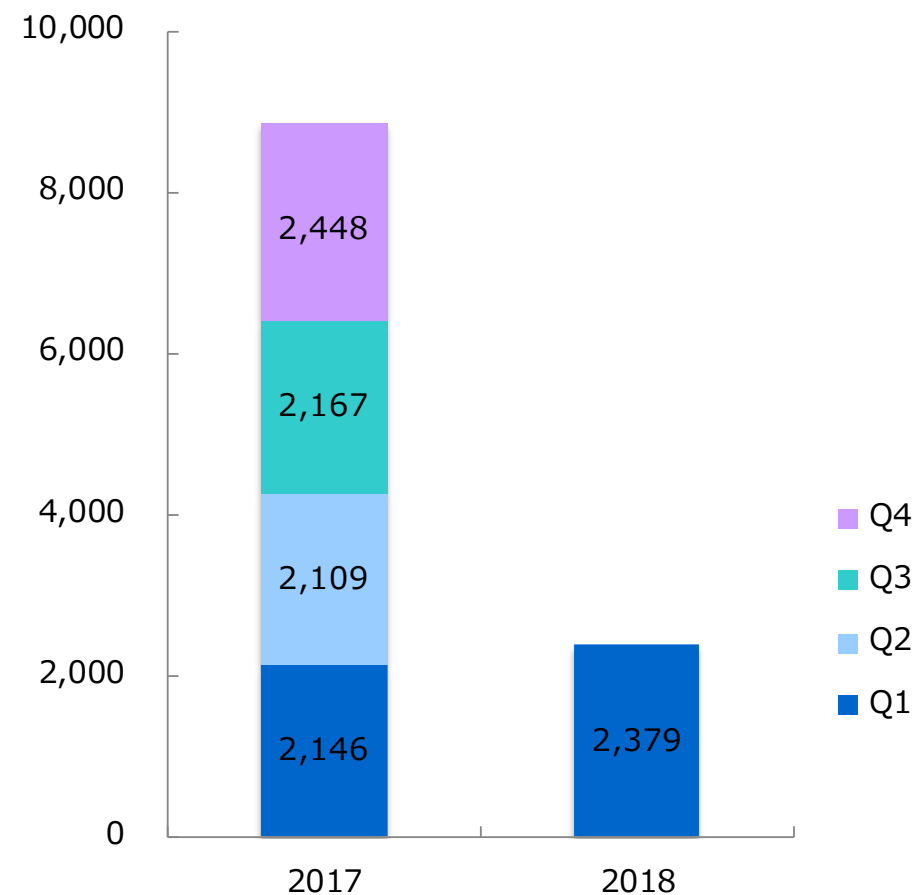
# Internet Infrastructure | Ecommerce Solutions - KPIs

Revenue

+10.9%

(3 mths to March)

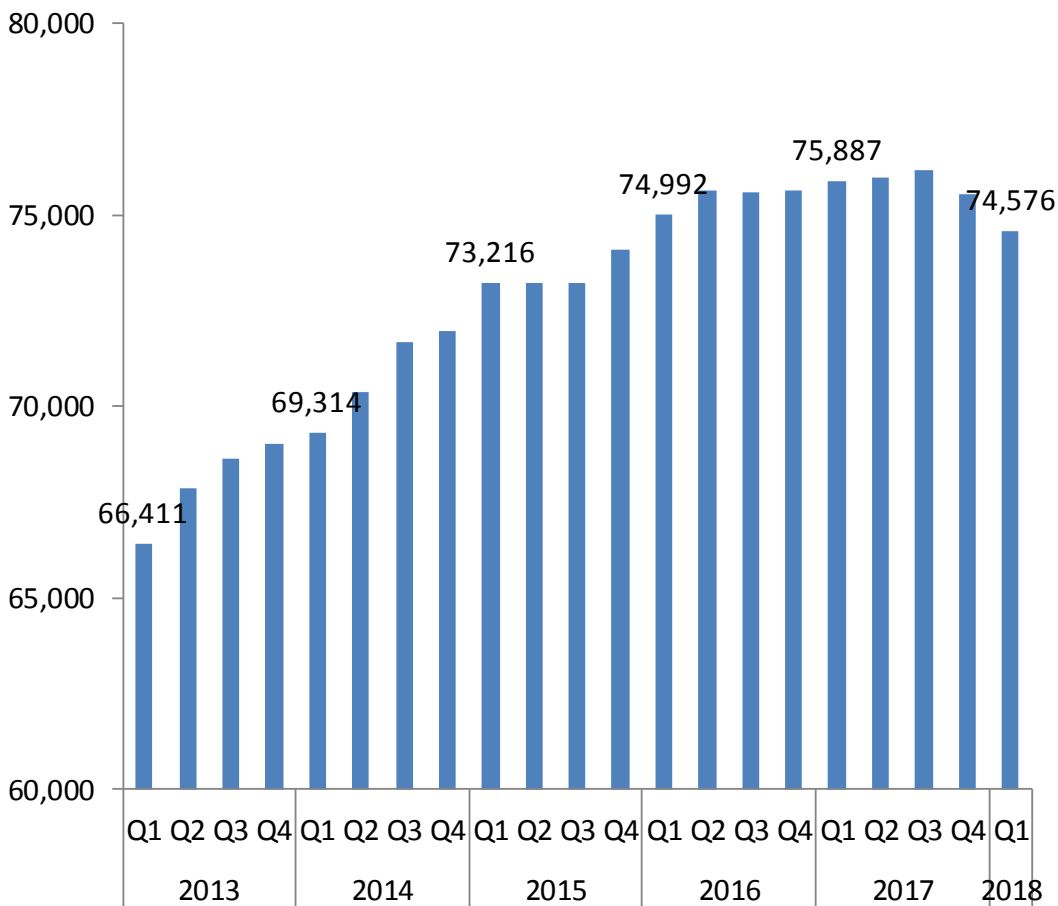
(JPY millions)



Contracts

-1.7%

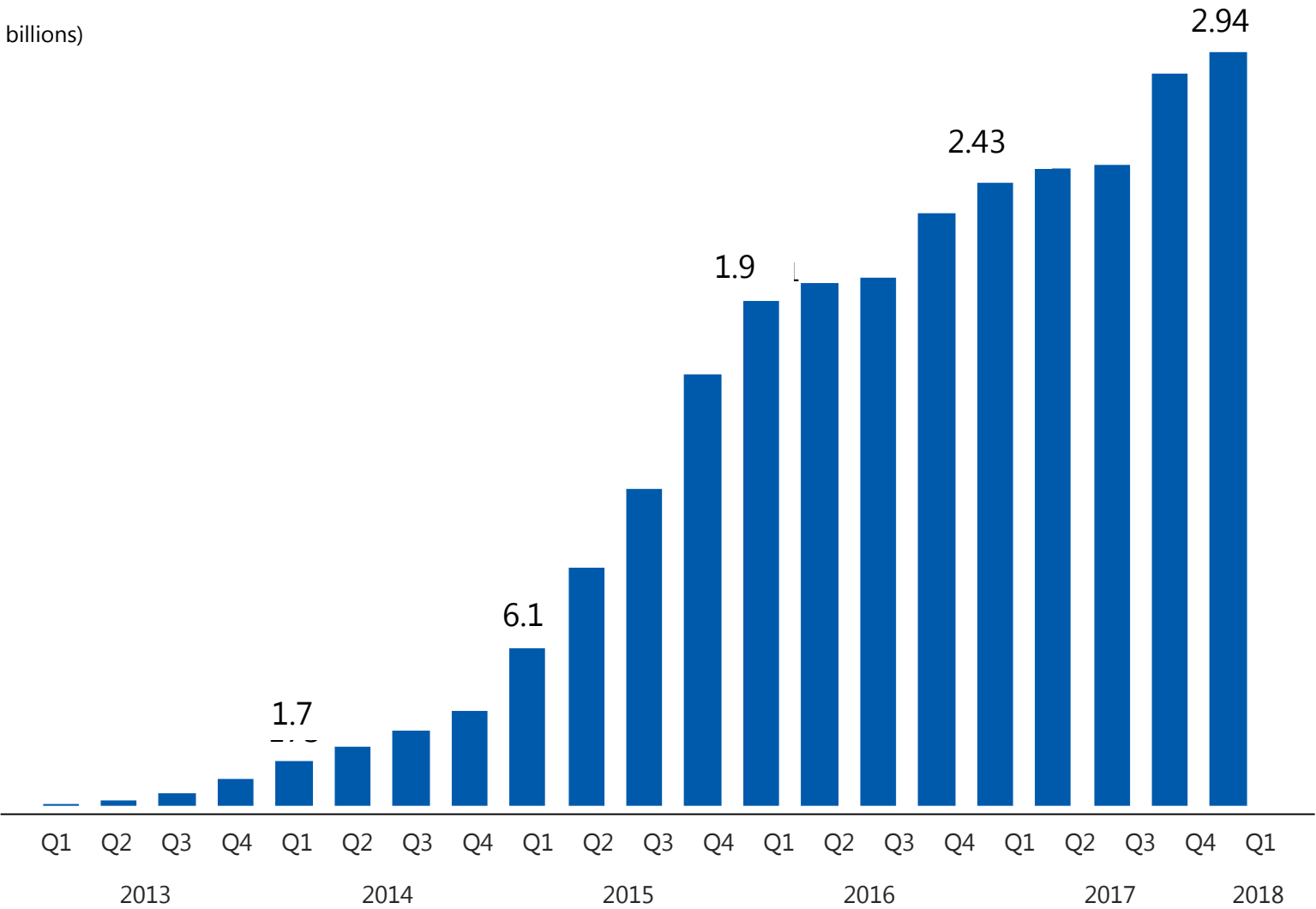
(3 mths to March)



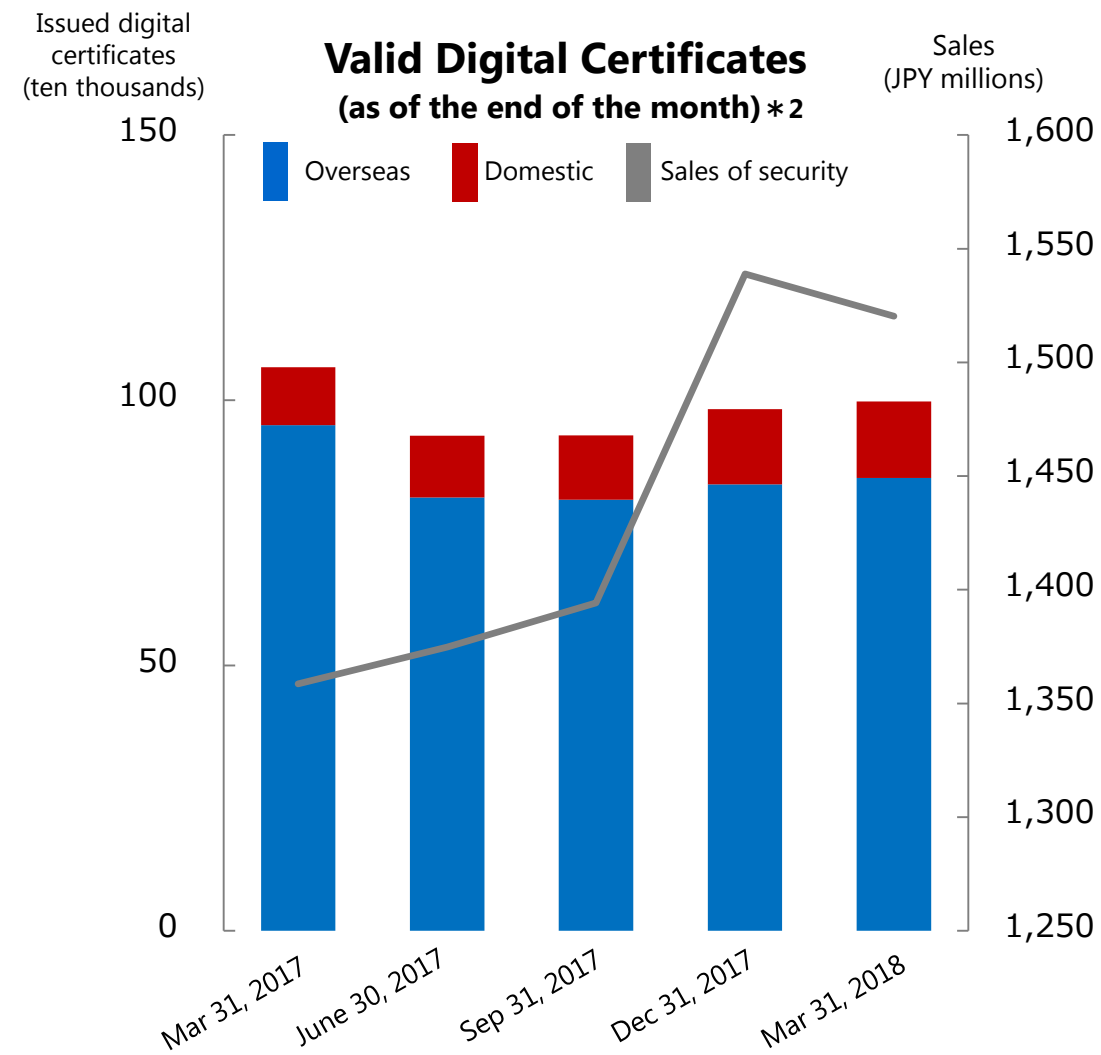
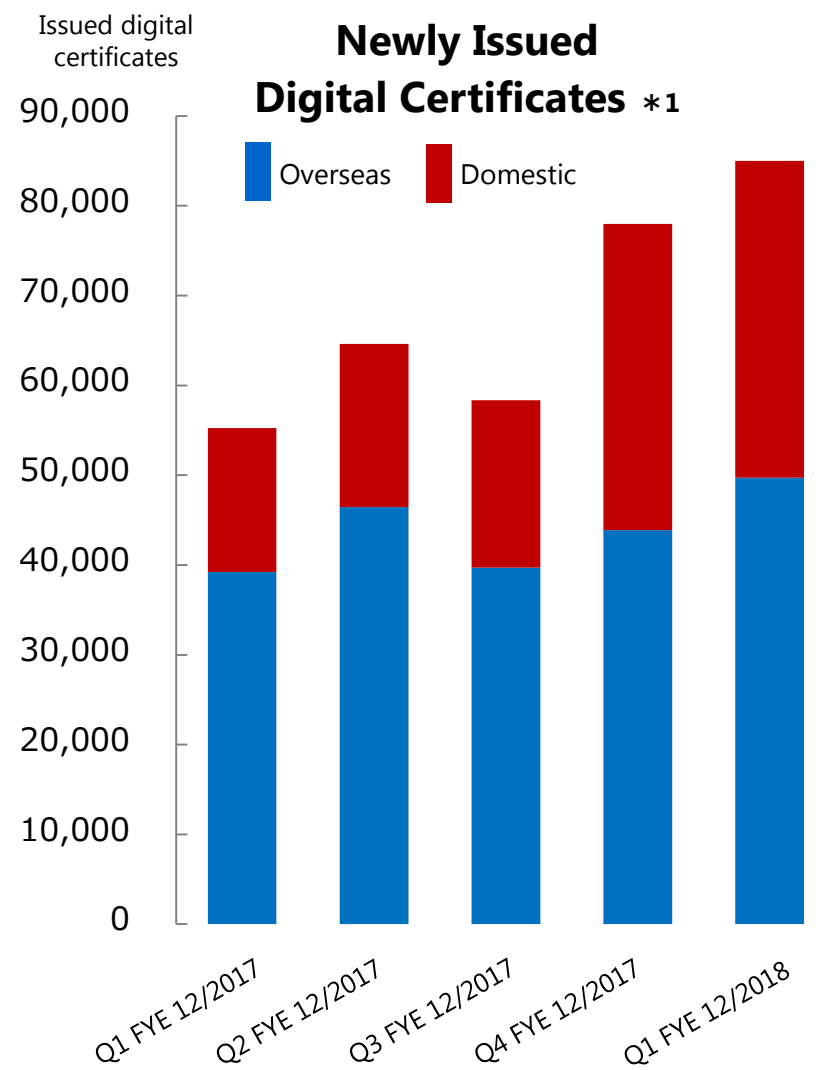
# Internet Infrastructure | Ecommerce solutions business minne :

## Total transaction volume

(JPY billions)



FY18 annual transaction volume target of JPY 12.5B



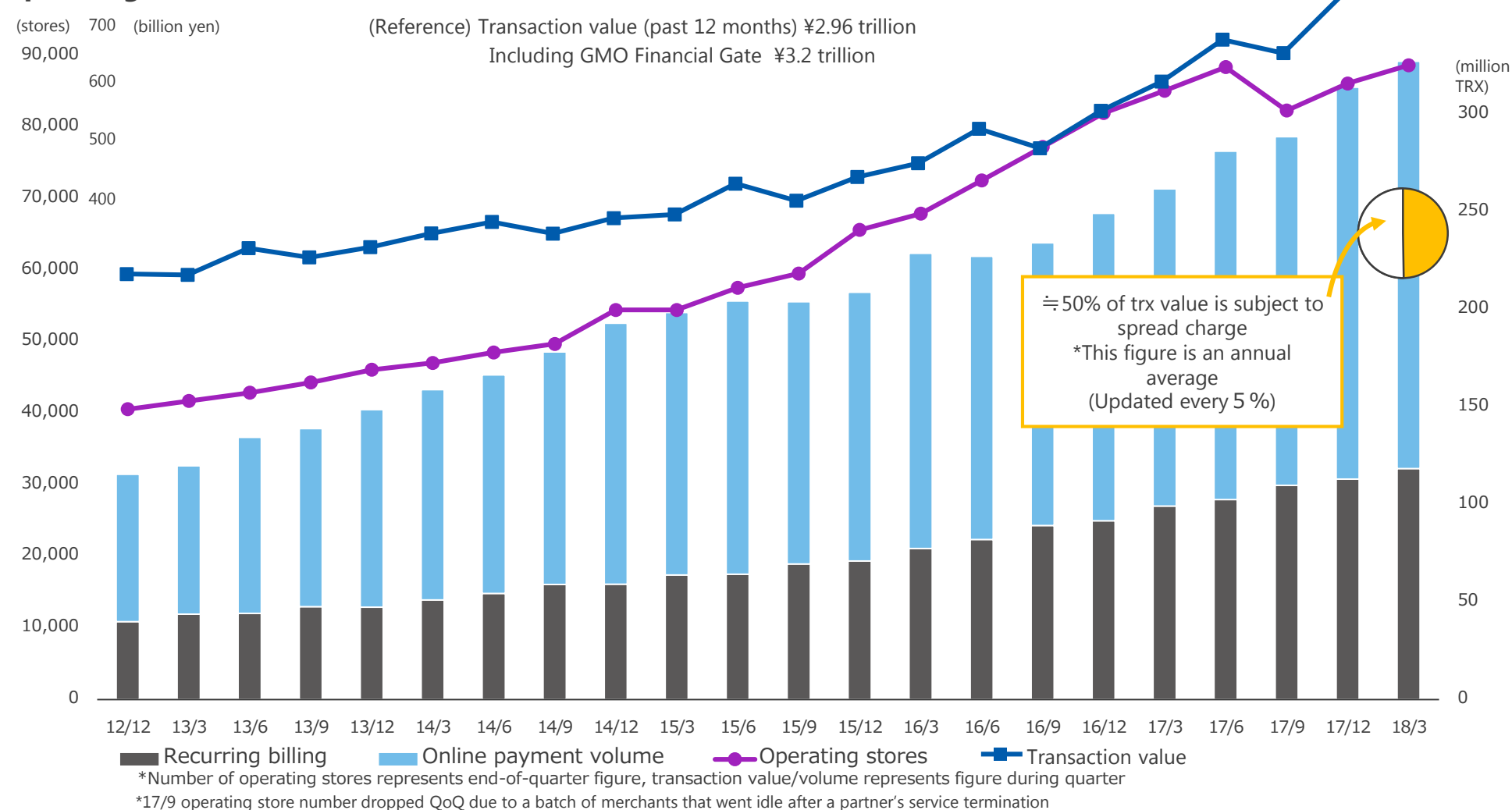
The Company created the above graphs based on GMO CLOUD's "Fiscal Year 2018 1st Quarter Results Presentation - Supplementary Materials."

\*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 | Payment Processing - KPIs

## Annual transaction value reaches ¥3.2 trillion

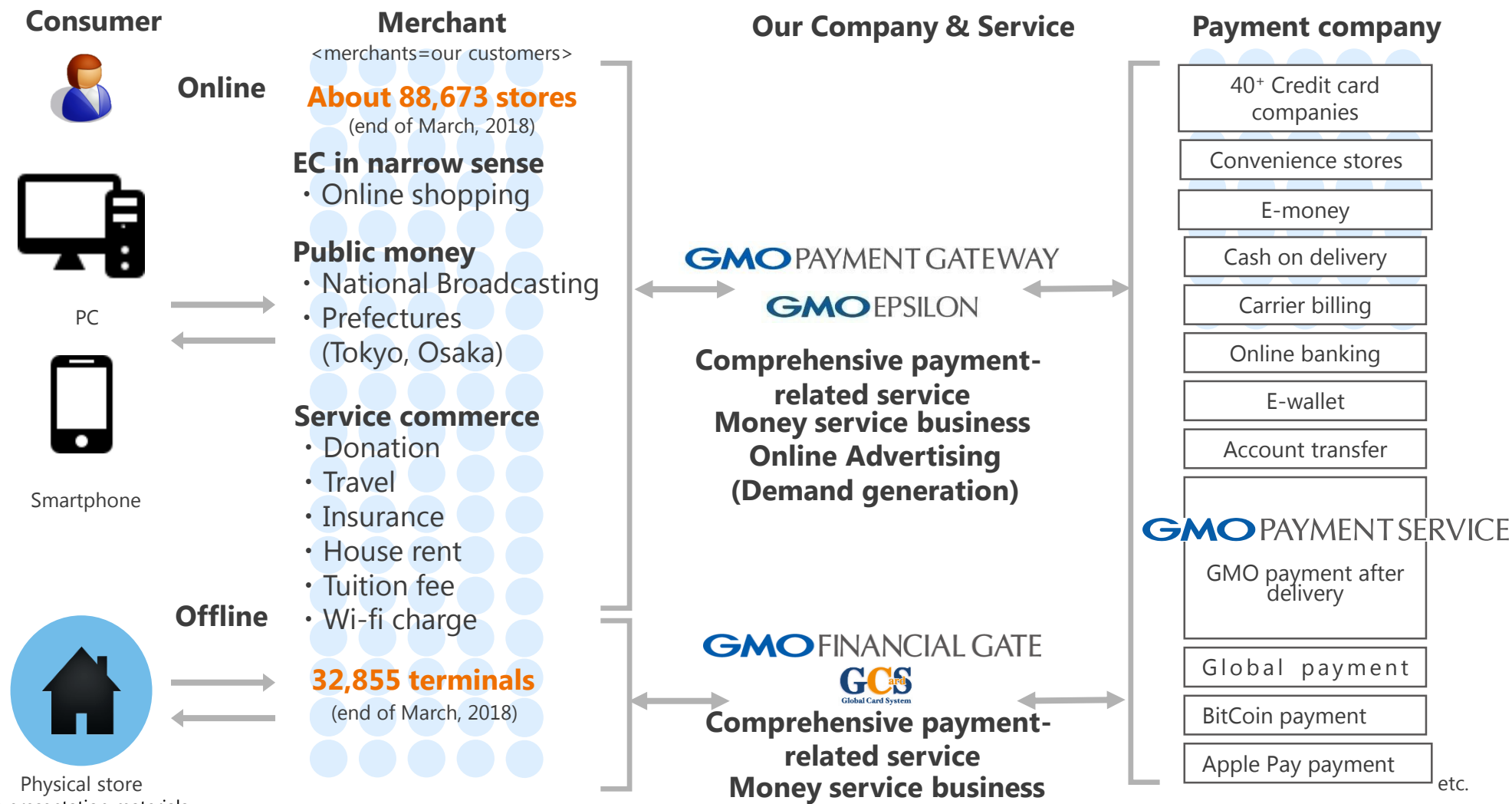
Operating stores: 88,673; Transaction: ¥820 billion (value), 327 million (volume)



\*Based on GMO-PG data.

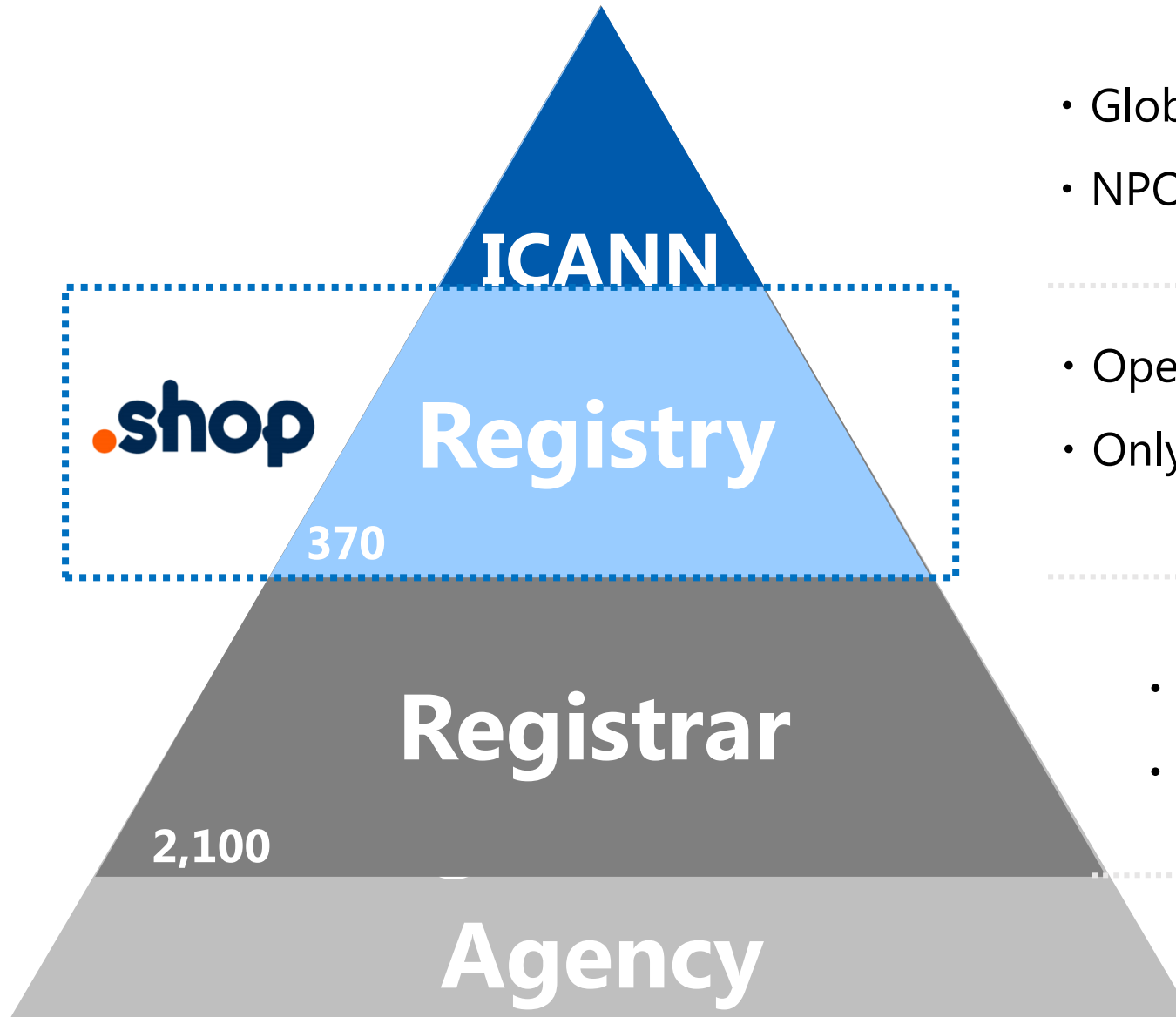
# Internet Infrastructure | Payment Processing - Overview

We connect merchant and payment company in contract, payment information and money flow



\*GMO Payment Gateway's presentation materials

# Internet Infrastructure | Domains Industry Structure



- Global domain management
- NPO

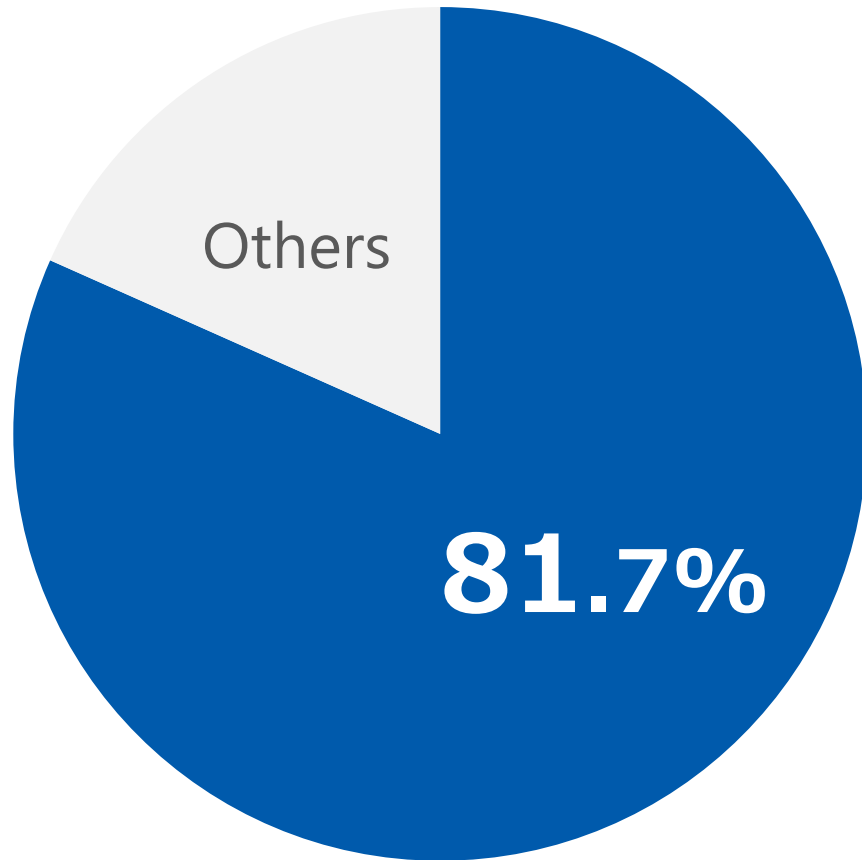
- Operators of .com, .net, etc.
- Only one operator per domain

- 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** Brights Consulting

**.shop**  
**.nagoya**  
**.canon**

**.tokyo**  
**.yokohama**  
**.hitachi**

# Internet Infrastructure | Domains Global Registrars



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



# Internet Finance | FX and securities: KPIs

## FX

### Trading Volume

(Jan-Mar, 2018)

JPY **296**tr

JPY 363tr YoY

### Share of Trading Volume

(Jan-Mar, 2018)

**24.8**%

27.3% YoY

### Customer Assets Balance

(As of March 31, 2018)

JPY **167.3**B

JPY 138.4B

## Securities

### Trading Volume

(Jan-Mar, 2018)

JPY **5.6**tr

JPY 5.1tr YoY

### Share of Trading Volume

(Jan-Mar, 2018)

**6.4**%

7.7% YoY

### Margin Transaction Balance

(As of March 31, 2018)

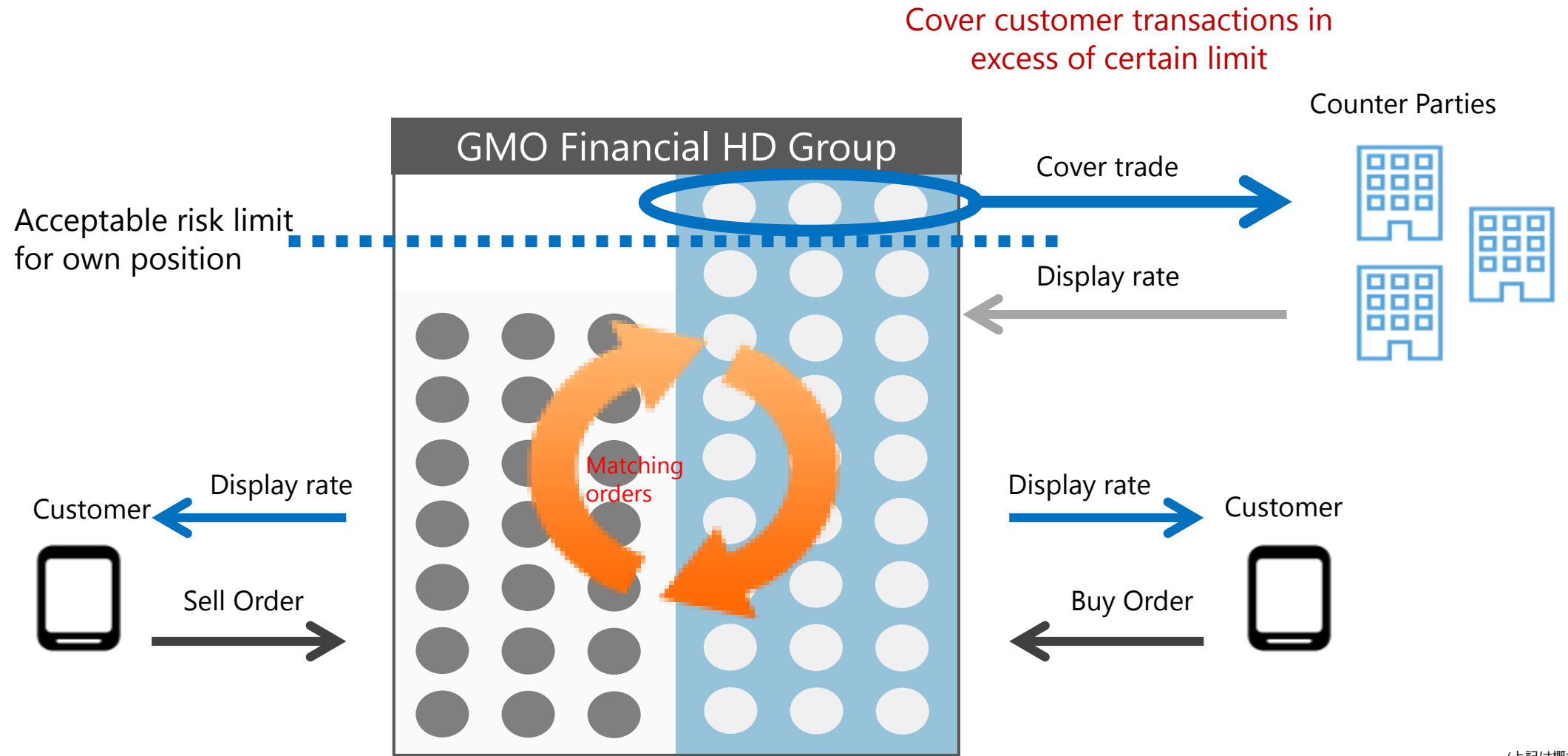
JPY **125.7**B

JPY 117.5B

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

