



Q1 FYE 12/2018 Results Presentation – Q&A

The following is a summary of questions asked by attendees at the earnings presentation to investors held on May 10, 2018. The questions are answered by Founder & Group CEO Masatoshi Kumagai, CFO Masashi Yasuda.

● Cryptocurrency Mining Business

- 【Q1】** Have you finished the production of your next generation V1 chip? Please explain the differences between the V1 and V2 chips.
- 【A1】** The tapeout for our V1 chip was ready last December, and we are currently in the production phase. The V2 chip has a tapeout planned for the end of May and will have a higher level of performance. We'll make improvements based off the 12nmFFC and V1 chips, but we cannot disclose the specs yet.
- 【Q2】** You're releasing the V2 chip at the same time you begin your cloud mining service, but won't that pit these products against each other?
- 【A2】** We plan to sell both the V1 and V2 chips to the public. A small amount of V1 chips will be up for sale, and in addition we'll sell V2 chips as we see the need to. So, it won't end up being a battle between the two. On the buying side, we believe there will be a demand from miners around the world who want to change out their old machines for new ones. Such change requires a high level of technological expertise, and those without the space or skills will opt for cloud mining, meaning the two products will function separately from each other.
- 【Q3】** If the performance level of the V1 and V2 chips is different, how are you planning on presenting these variances?
- 【A3】** The price of mining machines fluctuates based on supply and demand. Other companies' products prices change every month. Our hash rate will be fixed, but the price of the machines will likely change monthly.

GMO INTERNET

- 【Q4】 The release schedule for the Cryptocurrency Mining Business (pg. 49) seems like you're going to be tight timewise for product mass production, but do you have any general concerns?
- 【A4】 We have two right now. The first is the risk of no one signing up for our cloud mining service after it gets launched. The second is that for our in-house machines, even if we can produce the chips fast enough, we might not have our servers ready to go yet. More specifically, we run the risk of not being able to begin operations on time if we can't get the power framework and additional parts required for assembly in time.
- 【Q5】 If you compare the overall market hash rate on page 37 to your company's hash rate on page 47, it makes for a very sharp curve. The share size is important, but how would you describe your dominance of the market?
- 【A5】 Large companies do have the advantage. However, even if they have the funds to get mining machines, as the value of Bitcoin, etc. could jump at any time, they may actually not be able to get ahold of machines. And even if they did secure enough machines, the winners will ultimately be those who are able to secure enough energy and engineers who can properly run operations. We believe that we satisfy many of the above conditions.
- 【Q6】 The cloud mining service is set to start in June, but will you be using the V1 chip here? Or do you plan on using the V2 chip?
- 【A6】 Cloud mining providers do not typically publish details on what machines they are using. That's because the customers care more about how the hash rate and pricing level out. Therefore, we do not intend to disclose those details either.

GMO INTERNET

【Q7】 For the hash rate forecast, if you only make a small amount of V1 chips, is it fair to say the major upward trend will only be until September?

【A7】 Our goal of 3,000 PH/s will not change, but there could be minor deviations based on the state of our machine development and production, power supply and acquisition of facilities.

● Finance Business

【Q9】 Is the Cryptocurrency Exchange Business part of the Finance Business? Based on your extensive analysis of data, how much of the increase in profit does it account for?

【A9】 There have been some changes, and GMO Coin, which was previously part of the Finance Segment, has been added as a subsegment under the Cryptocurrency Segment. The Finance Segment is made up of FX and securities, so they've seen a high level of profit. It's hard to pull out a specific data set from the overall analysis, but if you look at the FX transaction volume on page 29, you can see that the market is settling down. Please think of the growth in net sales and operating profit on page 28 as the results of fine tuning based on our large data analysis.