

The following is a summary of questions asked by attendees at the earnings presentation to investors held on November 12, 2019. The questions are answered by Founder & Group CEO Masatoshi Kumagai.

### ●Internet Infrastructure

【Q1】 Why is the profit of the Infrastructure segment improving? What are your thoughts on the advance investment? Please explain whether the profitability will further improve in the future.

【A1】 All products in this segment are number one in their respective markets, and the economies of scale are producing good results for each product. Furthermore, synergies among the products are also producing good results, and the overall profitability is improving. Each service is introducing improved services, which is within the scope of reinvestment, and we are currently not considering big investment that will change the structure of the Infrastructure segment. As a result, we believe the profitability of this segment will continue to increase in the future.

### ●Online Advertising & Media

【Q2】 Online Advertising & Media segment is aiming for a "V-shaped recovery" but a slight increase seems more realistic based on the recent trend. What are your thoughts?

【A2】 As you have pointed out, it is difficult for the Online Advertising & Media segment to achieve a "V-shaped recovery" but this is unacceptable. If you look at the overall segment, there are both strong and weak businesses. For example, the advertising business' in-house ad tech product AkaNe is growing despite a downward trend in the media business. Under such situation, we continue to enhance in-house products. Media business will focus on enhancing in-house media, and advertising business will encourage our customers to use our in-house media, along with the products of Google, Apple, Facebook, and Amazon (GAFA).

### ●Internet Finance

【Q3】 You have mentioned that you will reduce dollar-yen spreads. Is this temporary (e.g. a campaign)?

【A3】 No, this is not temporary. We have reduced the spread from JPY 0.003 to JPY 0.002, aiming to further increase our market share.

### ●Cryptocurrency

【Q4】 Regarding the cryptocurrency mining business, you have mentioned that the "hash rate is expected to bottom out in Q4 and increase at the beginning of 2020." Please explain how much the hash rate is expected to increase and the future outlook.

【A4】 The hash rate is expected to bottom out in Q4 FY2019 and increase to the previous level in Q1 FY2020, making a recovery. In Q2 FY2020, the amount of mined Bitcoin will halve (i.e. the half-life), so the profitability will also halve. Therefore, we believe the cost competitiveness will be more significant in the future. We believe we have a cost advantage as we have secured an inexpensive power supply. If our competitors stop operating their data centers that are loss-making, our market share and therefore our profitability will increase.

# GMO INTERNET

【Q5】 Regarding the stablecoin, will Facebook's LIBRA and the involvement of the People's Bank of China in digital currency affect the GMO Internet's plan to issue GYEN?

【Q5】 We are still planning to issue the stablecoin by the end of 2019 as announced in FY2018. The schedule for issuing the stablecoin is yet to be determined but we are taking the necessary steps.

●Other

【Q6】 How much does it cost to move into SHIBUYA FUKURAS and to hold the Massive Tech Conference?

【A6】 Regarding SHIBUYA FUKURAS and double rent, extraordinary loss in Q4 is expected to be JPY 200-300 million. The annual rent is expected to increase by JPY 800-900 million. The Tech Conference is expected to incur marketing cost but this is within our expectation range.