2nd Quarter Fiscal Year 2015

Results Presentation

GMO INTERNET

STOCK CODE : 9449

July 30, 2015

1. Overview
2. Growth Strategy with Financial Segment
3. Q2 Financial Results
4. Segment Report
    i) Group Overview
    ii) Internet Infrastructure
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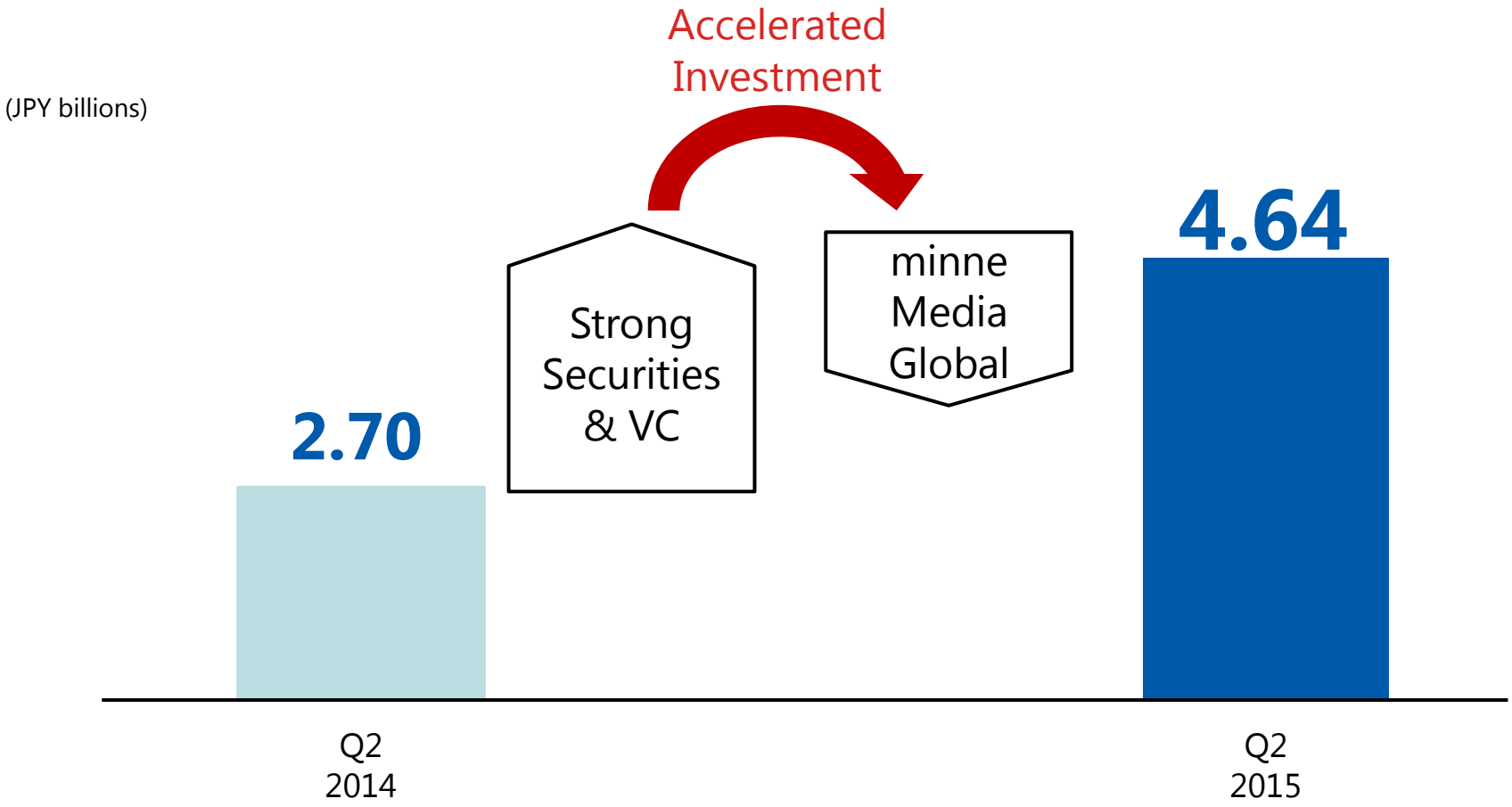
    iv) Online Advertising & Media
    v) Mobile Entertainment
5. Important Themes in 2015
6. Shareholder Returns

Executive Summary: Q2 FY2015 (4-6/2015)

Results

- Record high Operating Profit up **71.3**% YoY to JPY **4.64 billion**
- Strong results in Securities and Venture Capital enable accelerated strategic investment in Infrastructure and Media



Executive Summary: Q2 FY2015 (4-6/2015)

Segment Report

・Internet Infrastructure	Revenue up **16.6**% YoY Profit down **19.0**% YoY Aggressive investment in minne (300M)
・Internet Securities	Profit up **176**% YoY Global no. 1 in FX trading volume for 3 consecutive years
・Online Advertising & Media	Revenue up **10.2**% YoY Profit down **66.4**% YoY Accelerated investment in technology shift
・Mobile Entertainment	Costs controlled. Performance flat. Chain Heroes – new title developed completely in house - released end of July
・Incubation	JPY**490** million profit contribution from investment exit

Executive Summary: Forecast Revision/Shareholder Returns

Forecast Revision

- FY2015 net profit revised upward to **JPY9.0B** (+**2.5B**) following sale of shares in GMO CLICK HD

Shareholder Returns

- Dividend Increase

Dividend payout ratio policy: 33% of net profit
FY2015 dividend per share raised to JPY**26** (+JPY**5**)
Payout ratio in current fiscal year to reach **34.0**%.

- Enhanced Shareholder Returns Policy

In addition to **33**% dividend payout, new policy aims to use another **17**% of net profit to execute stock buybacks. Total shareholder return ratio is **50**%.

Strengthening strengths and Enhancing Weakness with No.1 Products

Internet Infrastructure	Strengthening Strengths In Japan: Brand Reinforcement Globally: Expansion into global markets
Internet Securities	Strengthening Strengths Expanding market share with technology-edge and cost leadership strategy
Online Ad & Media	Introducing No. 1 Products Focus on technology, proprietary product development
Mobile Entertainment	Introducing No. 1 Products Leveraging expertise with aim to produce hit title.

Q2 Financial Results

Significant profits, new record high

(JPY billions)	1-6/2014	1-6/2015	YoY Growth
Net Sales	52.45	**63.57**	**+21.2%**
Operating Profit	4.96	**8.49**	**+71.0%**
Ordinary Profit	4.93	**8.37**	**+69.6%**
Net Profit	2.72	**7.09**	**+160.6%**

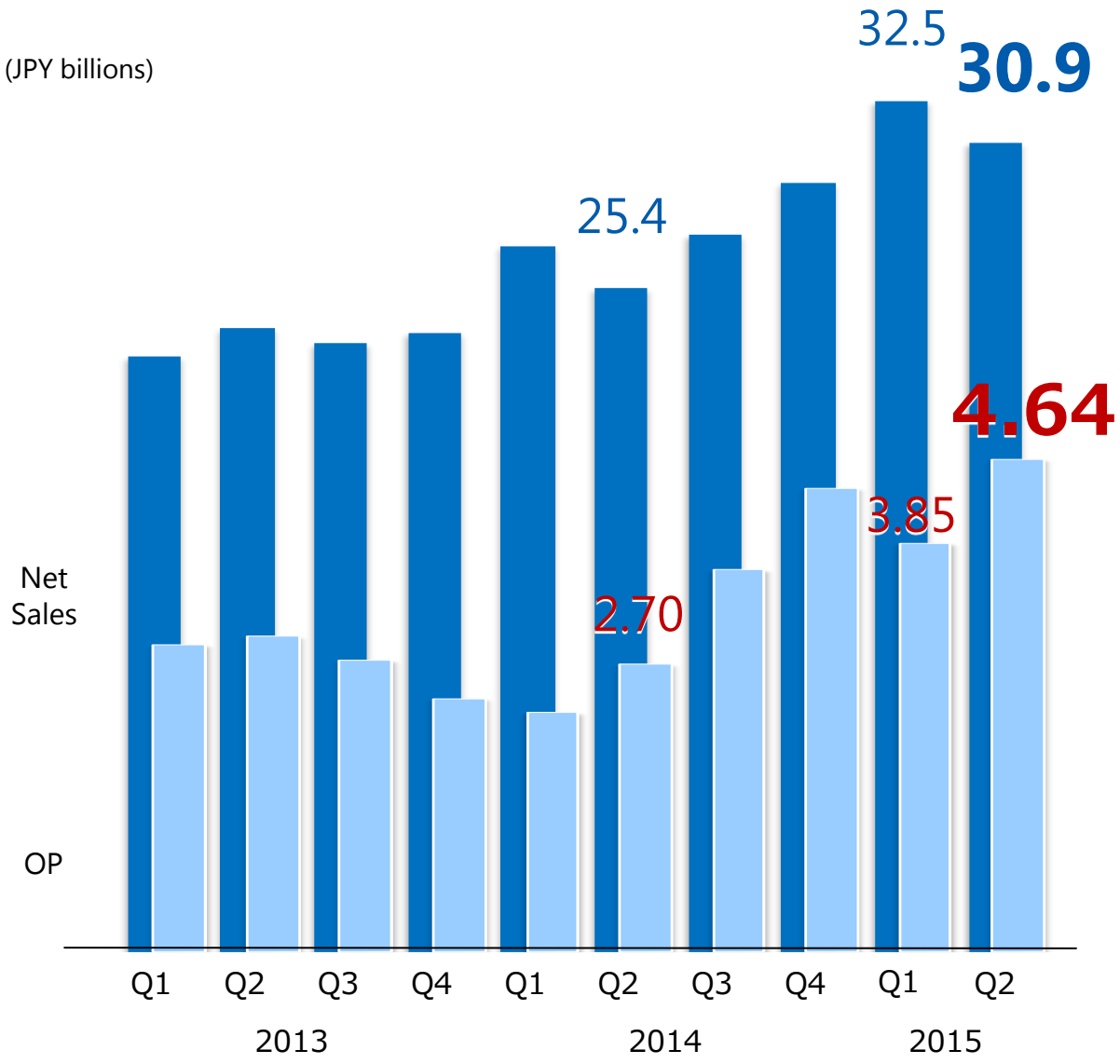
Progress toward Year End Forecasts

Strong progress in FY2015, upward revision of net profit

(JPY billions)	FY2015 Forecast	1-6/2015	Progress
Net Sales	121.0	**63.57**	52.5%
Operating Profit	14.3	**8.49**	59.4%
Ordinary Profit	14.3	**8.37**	58.5%
Net Profit	6.5	**7.09**	109.2%

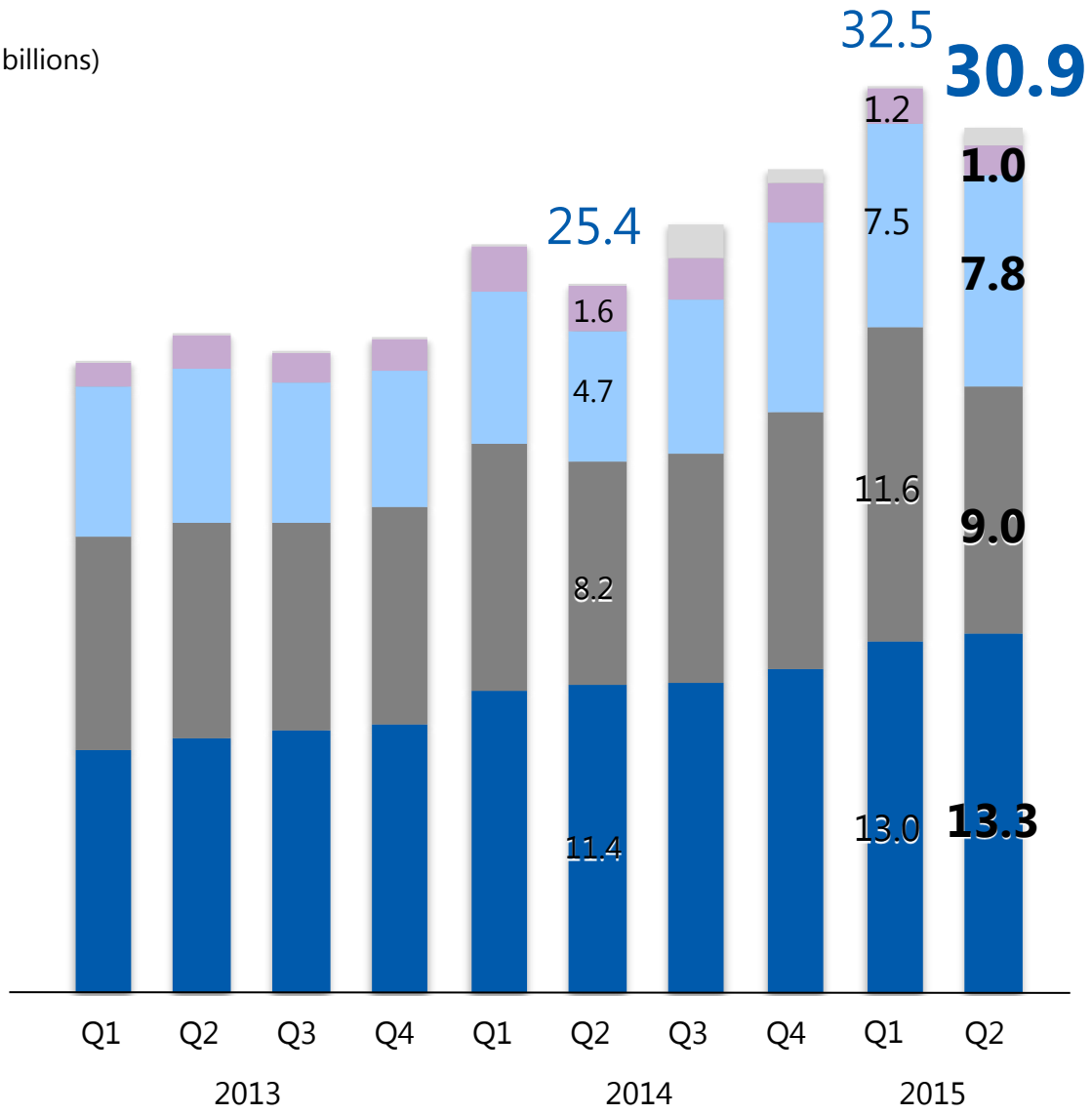
9B upward revision

Quarterly Earnings



Profit reaches record high

Net Sales by Segment



Revenue up

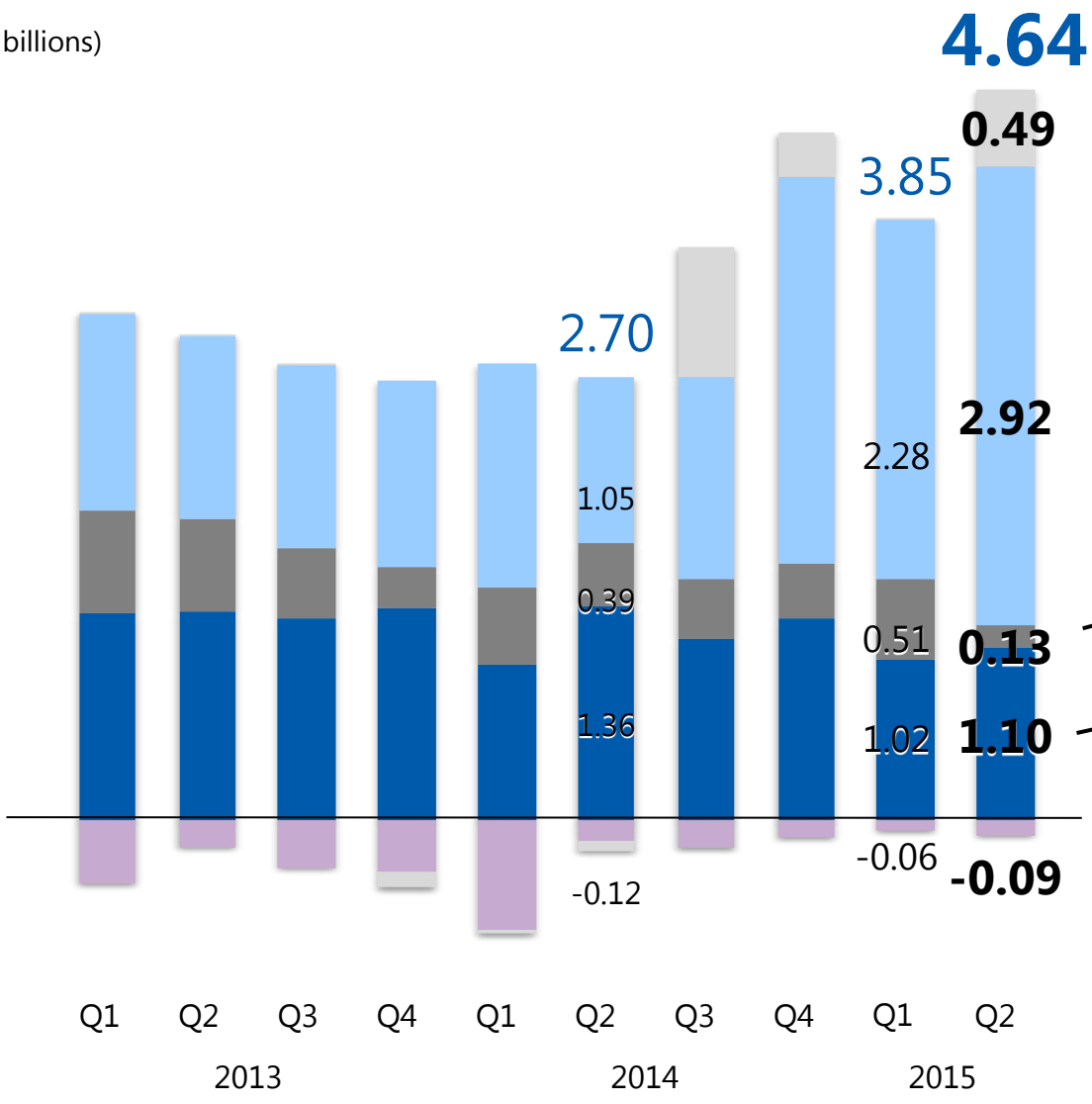
21.9%

2nd consecutive quarter over

JPY30B

Profit by Segment

(JPY billions)



Profit up

71.3% YoY

after strategic investment

Investment in technology shift

minne promotion
Global expansion

6/24　Off-Exchange Sale of Shares

Sale of Shares in GMO CLICK Holdings

GMO INTERNET

4.5% of holdings sold, improved liquidity

% Ownership	98.4% → **93.9%**
No. of Shareholders*1	**5x**
Average Trade Value*2	**8x**
Extraordinary Profit	**JPY 4.7B**

*1. Comparison of no. of shareholders at the end of 3/2015 and the end of 6/2015 (1,965 → 9,785)
*2. Comparison of 10 trading days before and after announcement of the sale (JPY21 million → JPY172 million)

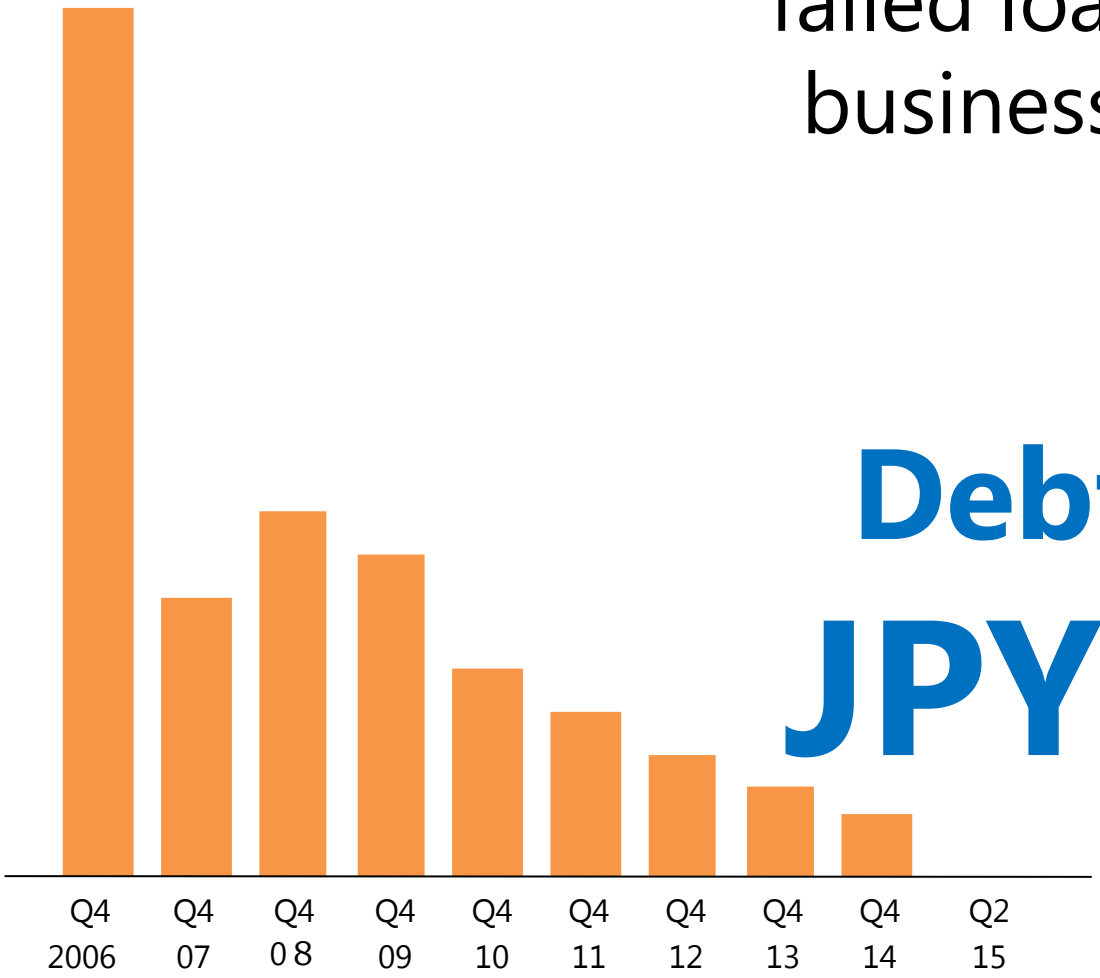
“Good Debt”

“Bad Debt”

Loans and Credit Business Debt

29.3B

Interest-bearing debt from failed loans and credit business fully repaid



Debt

JPY0

* GMO Internet interest –bearing debt arising from the loans and credit business

Consolidated Profit and Loss

(JPY100 millions)	Q2 FY2014 (1-6/2014)	**Q2 FY2015 (1-6/2015)**	YoY
Net Sales	524.5	**635.7**	21.2%
Cost of Sales	248.7	**298.6**	20.1%
Gross Profit on Slaes	275.7	**337.0**	22.2%
SGA	226.1	**252.1**	11.5%
Operation Profit	49.6	**84.9**	71.0%
(OP Margin)	9.5%	**13.4%**	+3.9pt
Ordinary Proft	49.3	**83.7**	69.6%
Extraordinary Profit	10.0	**55.9**	457.2%
Extraordinary Loss	6.2	**10.3**	66.3%
Profit befire Tax	53.1	**129.3**	143.3%
Corporate Tax	18.1	**48.0**	165.1%
(Corporate Tax Rate)	34.1%	**37.2%**	+3.1pt
Minority Interests	7.7	**10.2**	31.9%
Net Profit	27.2	**70.9**	160.6%

Consolidated Balance Sheet

(JPY100 millions)	12/2014	**6/2015**	Change	GMO CLICKHD (6/2015)	Change
Current Assets	4,612	**5,337**	15.7%	4,574	14.5%
Cash & deposits	695	**807**	16.0%	252	-4.6%
Fix assets	221	**213**	-3.4%	35	-7.3%
Goodwill	39	**31**	-20.7%	0	-85.7%
Software	42	**45**	6.6%	14	14.7%
Investment securities	23	**26**	10.6%	2	144.3%
Total Assets	4,833	**5,550**	14.8%	4,609	14.3%
Liabilities	4,394	**5,009**	14.0%	4,392	14.5%
Interst-bearing debts	300	**299**	-0.1%	198	-1.6%
Net Assets	438	**540**	23.2%	216	9.6%
Minority Equity	146	**190**	30.5%	-	-100.0%
Sahreholders Equity	292	**349**	19.6%	216	14.8%
Earned Surplus	194	**252**	29.8%	187	15.7%
(Shareholders' Equity Ratio)	6.1%	**6.3%**	+0.2pt	4.7%	+0.0pt
Libilities/Net Assets Total	4,833	**5,550**	14.8%	4,609	14.3%

Market Cap / Equity Share in Listed Group Companies

Group Listed Companies – Equity Share

Stock Code	Stock Name	Exchange	Market Cap[*1] (JPY 100millions)	% Ownership[*2]	Equity Share (JPY 100millions)	Market Cap/Equity Share Ratio
9449	GMO Internet	TSE 1	2,186			
3769	GMO Payment Gateway	TSE1	1,622	51.6%	837	
7177	GMO CLICK Holdings	TSE JQS	1,112	93.9%	1,044	
3633	GMO Pepabo	TSE JQS	161	64.2%	10.3	
3788	GMO CLOUD	TSE 1	110	51.3%	56	
6026	GMO TECH	TSE MOTHERS	90	52.2%	47	
4784	GMO AD Partners	TSE JQS	82	54.8%	46	
3695	GMO Research	TSE MOTHERS	37	53.9%	19	
	Group Total		5,404[*3]		2,155	

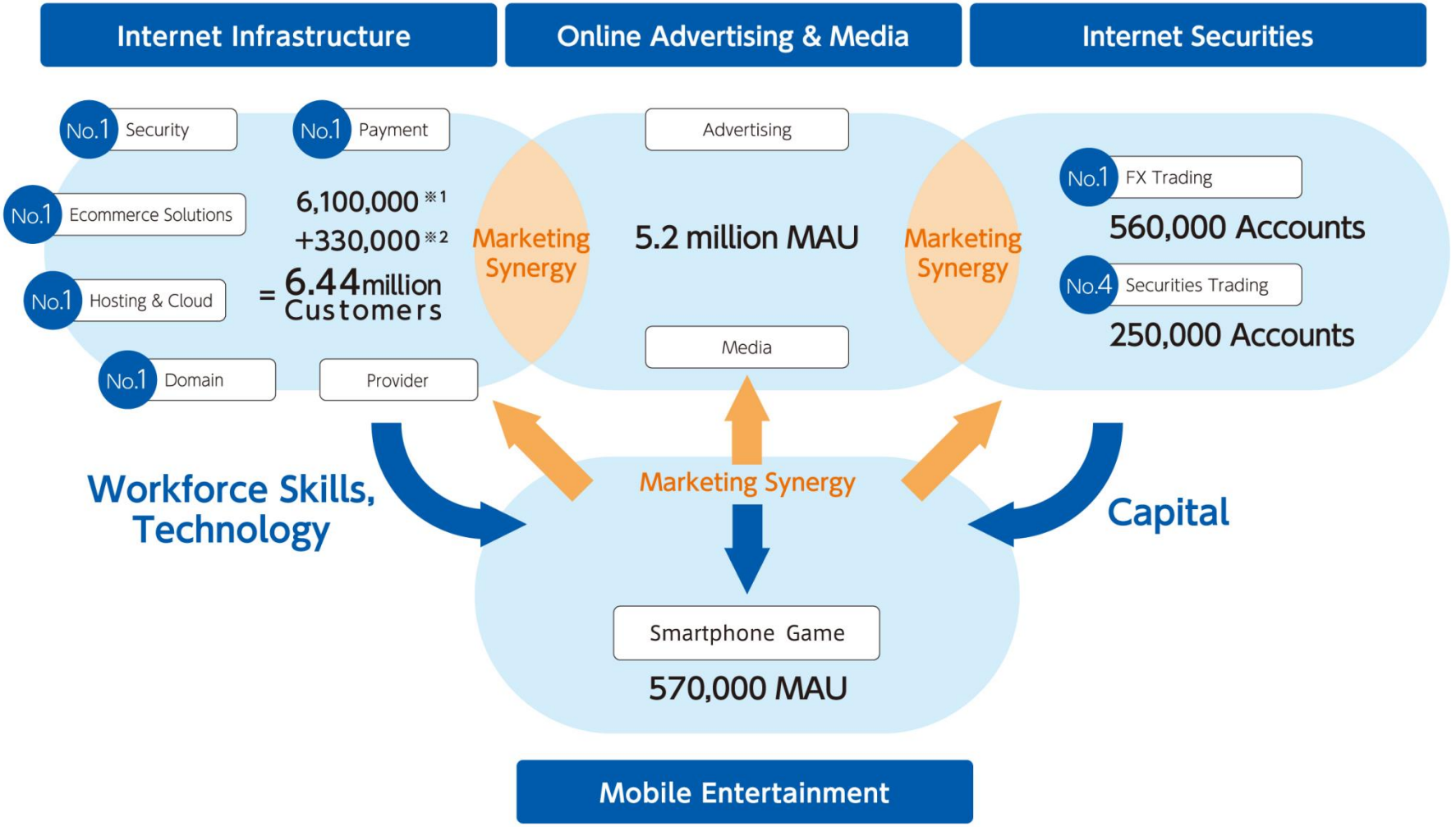
*1 Market value as of 7/29/2015
*2 Includes indirect holdings
*3 Calculated as the sum of the listed market cap values

Consolidated Cash Flow

(JPY 100 millions)	Q2 FY/2014 (1-6/2014)	**Q2/FY2015 (1-6/2015)**	GMO CLICK HD (1-6 /2015)
Operating Cash Flow	21.6	**58.8**	7.0
Investing Cash Flow	-19.9	**74.8**	29.9
Financing Cash Flow	-27.3	**10.4**	-15.1
Change in Cash and Equivalents	-26.1	**143.8**	22.4
Balance of Cash and Equivalents	503.2	**796.4**	243.6

Business Segments (Composition)

Market share growth accelerating across all segments



*1 Customer contracts in Internet Infrastructure (excluding Provider)
*2 Customer contracts in Provider sub-segment

Strengths - Technology

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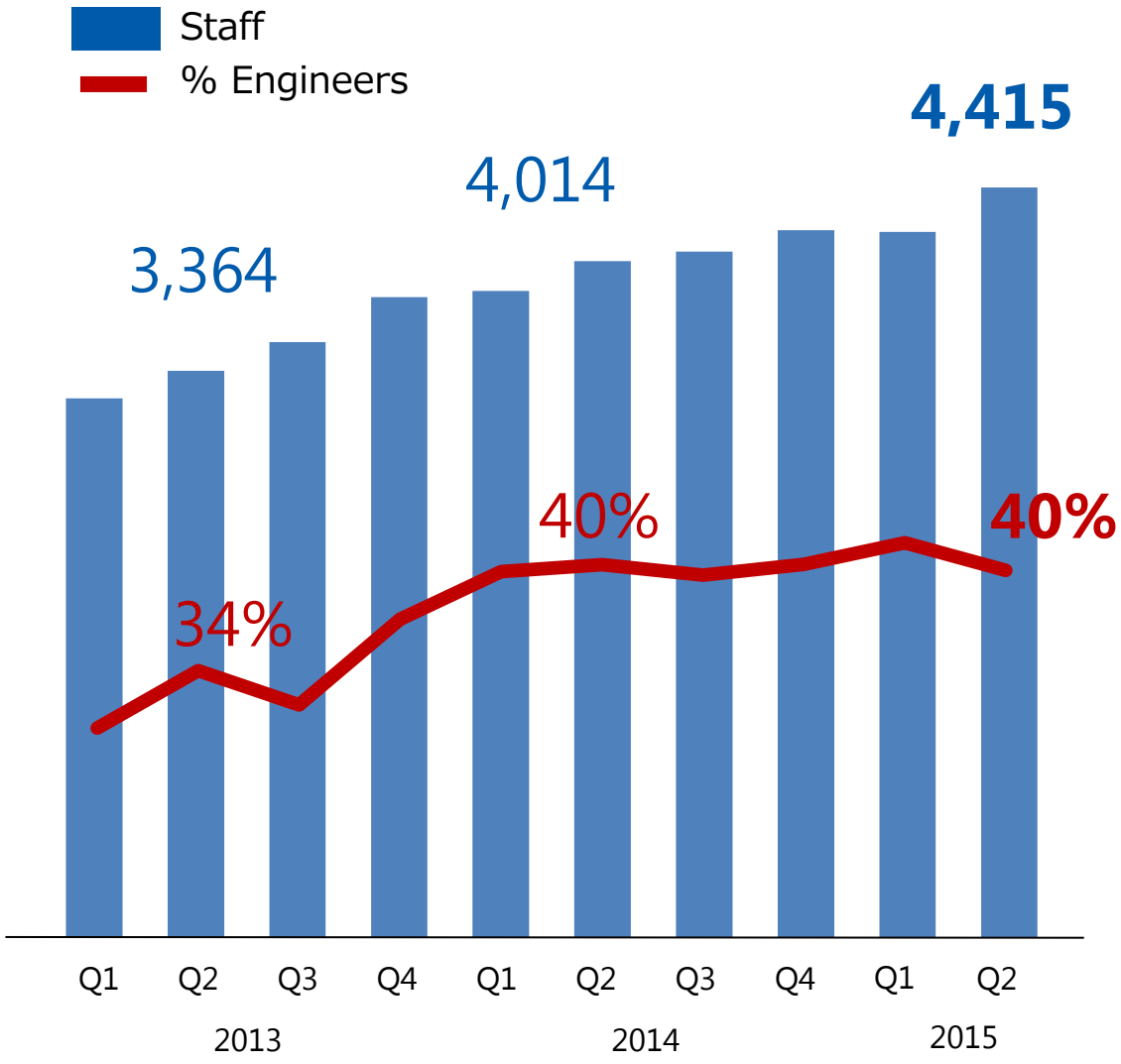
Goal: Workforce of over 50% engineers



All products developed, sold and supported in-house

No.1 in Customer Satisfaction

Segment Composition

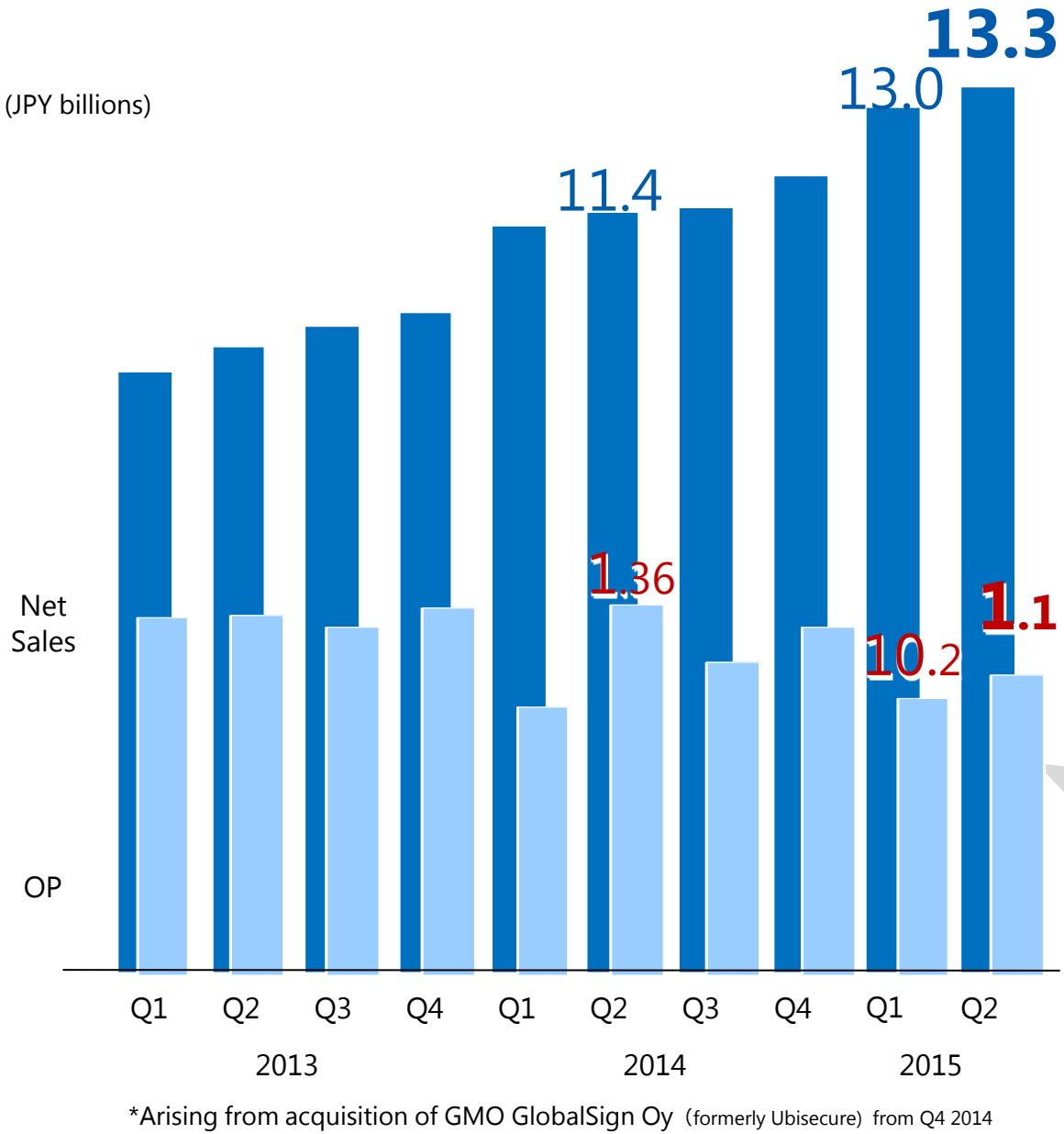
Number one across all infrastructure products

Strong No. 1	Domain	お名前.com / MyMyDomain by GMOペパボ / DigiRock,Inc.	Domestic gTLD market share at 91.5%*1
No. 1	Hosting & Cloud	お名前.com レンタルサーバー by GMO / LOLIPOP! RENTAL SERVER by GMOペパボ / GMO Cloud / ConoHa by GMO / GMO AppsCloud / CORESERVER.JP	Domestic market share at 55.6% *2
No. 1	Ecommerce	カラーミーショップ by GMOペパボ / MakeShop by GMO	86,000 stores (73,000 paid stores)
No.1	Security	GlobalSign GMO INTERNET GROUP	17.3% YoY increase in certificate issues
No. 1	Payment	GMO PAYMENT GATEWAY / GMO EPSILON	57,000 merchants

*1 Based on our own data

*2 Webhosting.info

Historical Performance by Quarter



Revenue up **16.6%**

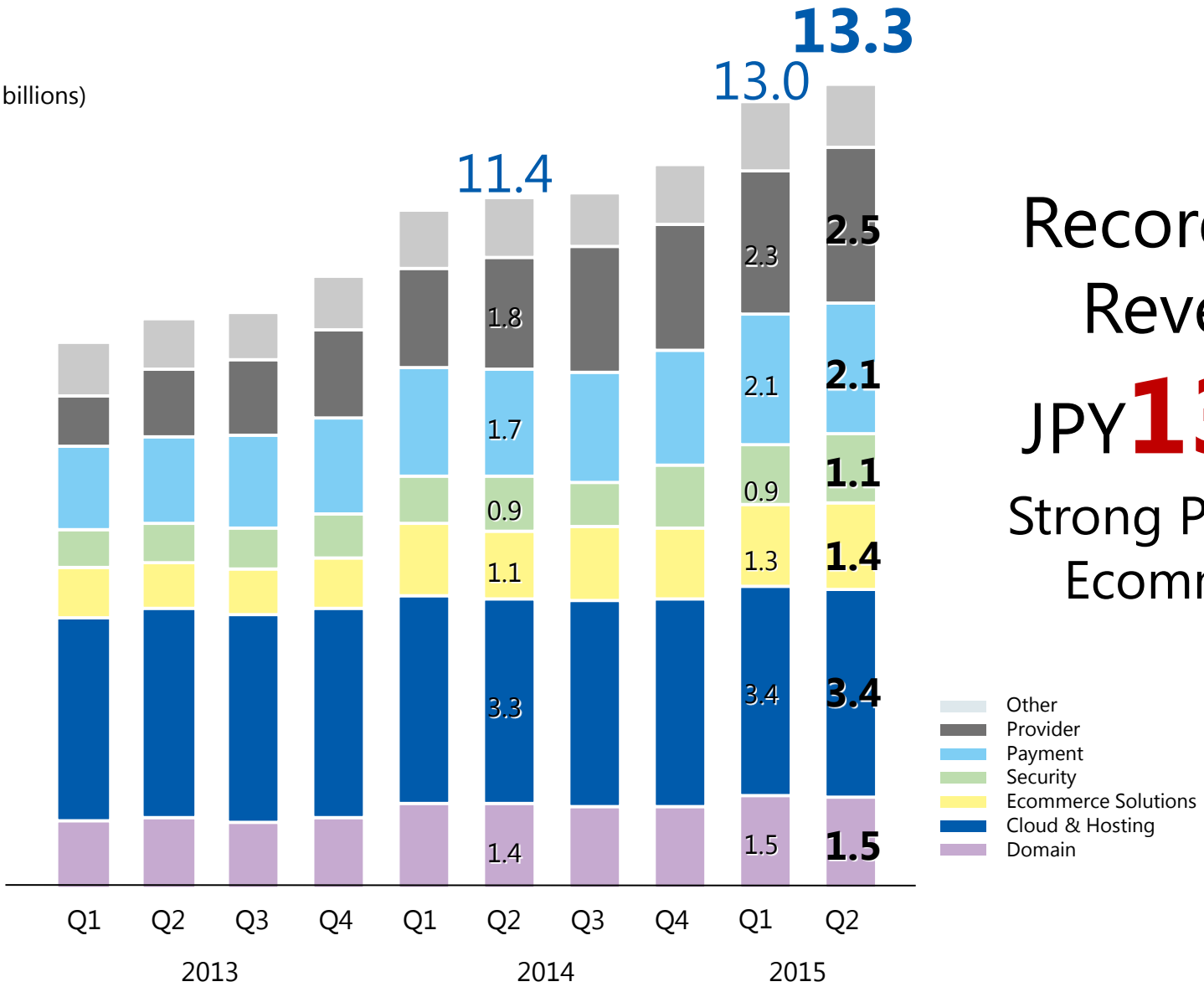
Profit down **19.0%**

YoY

minne promotion	**300M**
Goodwill amortization (non-Japan)*	**70M**

*Arising from acquisition of GMO GlobalSign Oy (formerly Ubisecure) from Q4 2014

Net Sales by Sub Segment

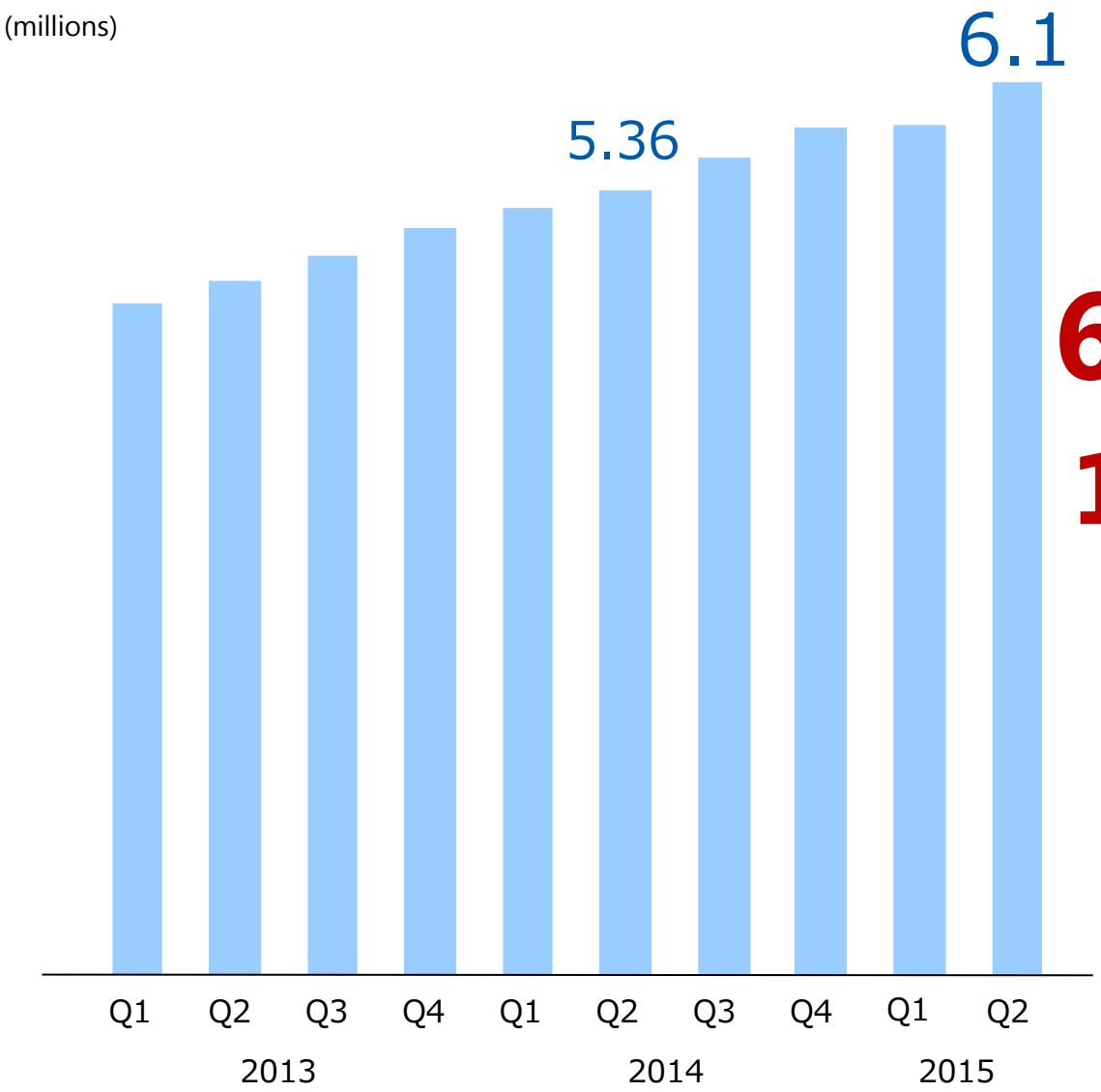


Record High Revenue

JPY13.3B

Strong Payment, Ecommerce

Internet Infrastructure Contracts



6.1M contracts

13.7% YoY growth

*Excludes Provider contracts (approx. 330,000 contracts)

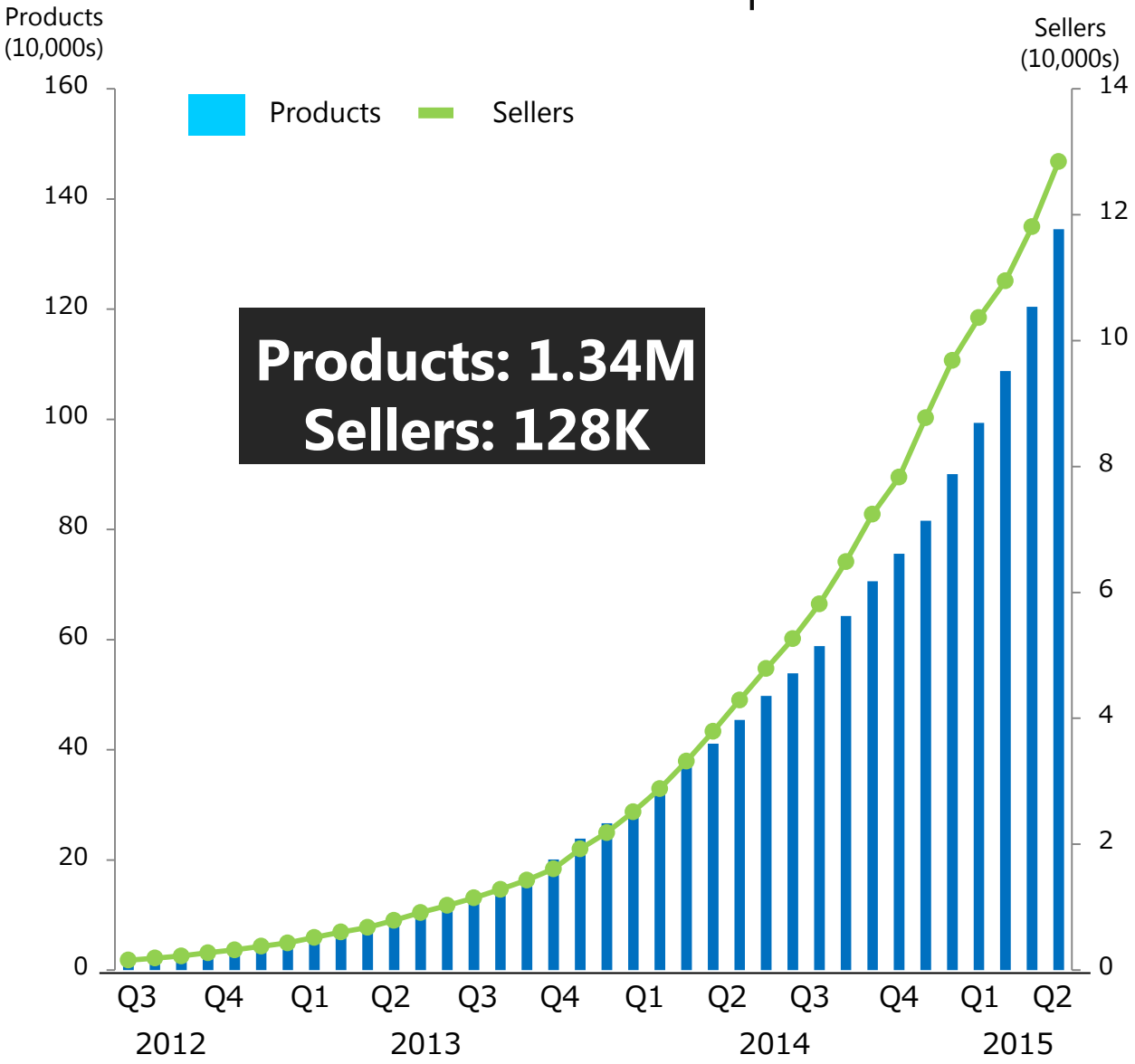
Strategic Investment: C2C Handmade Market (minne)

Rapid growth in KPI

- Sellers: 128,000 — Japan No1
- Products: 1.34M — Japan No1
- App downloads: 2.33M — YoY 16.4x
- Transactions: JPY920M/Q — YoY 4x

Strategic Investment: C2C Handmade Market (minne)

Growth in number of sellers and products



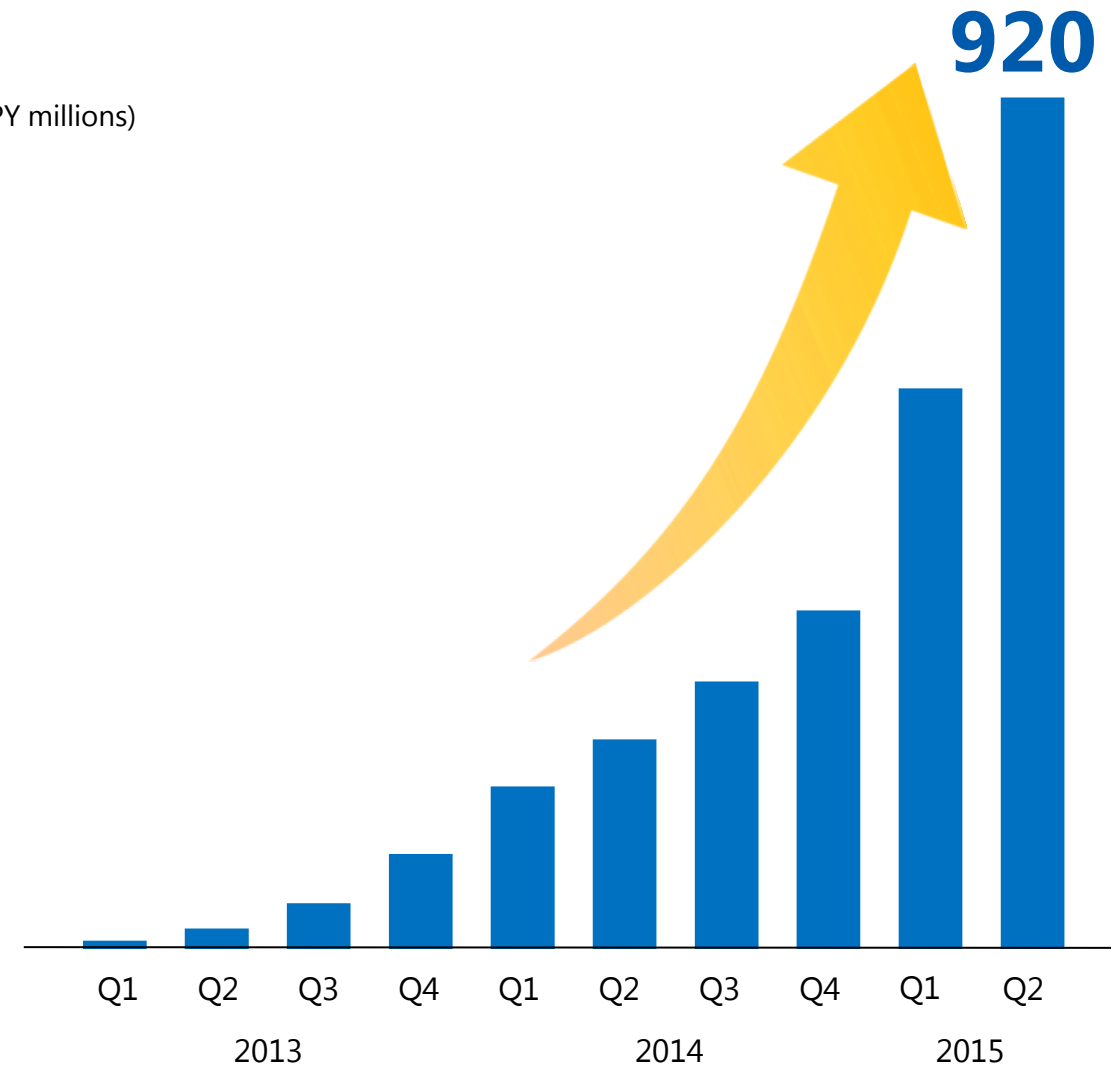
Products: 1.34M
Sellers: 128K

No. 1 in Japan

Sellers and Products

Strategic Investment: C2C Handmade Market (minne)

Transaction Volume



Up
51% QoQ

Strategic Investment: C2C Handmade Market (minne) News

minne studio space

Over 2 million app downloads

Hosting & participating in offline events

Strategic Investment: C2C Handmade Market (minne) News

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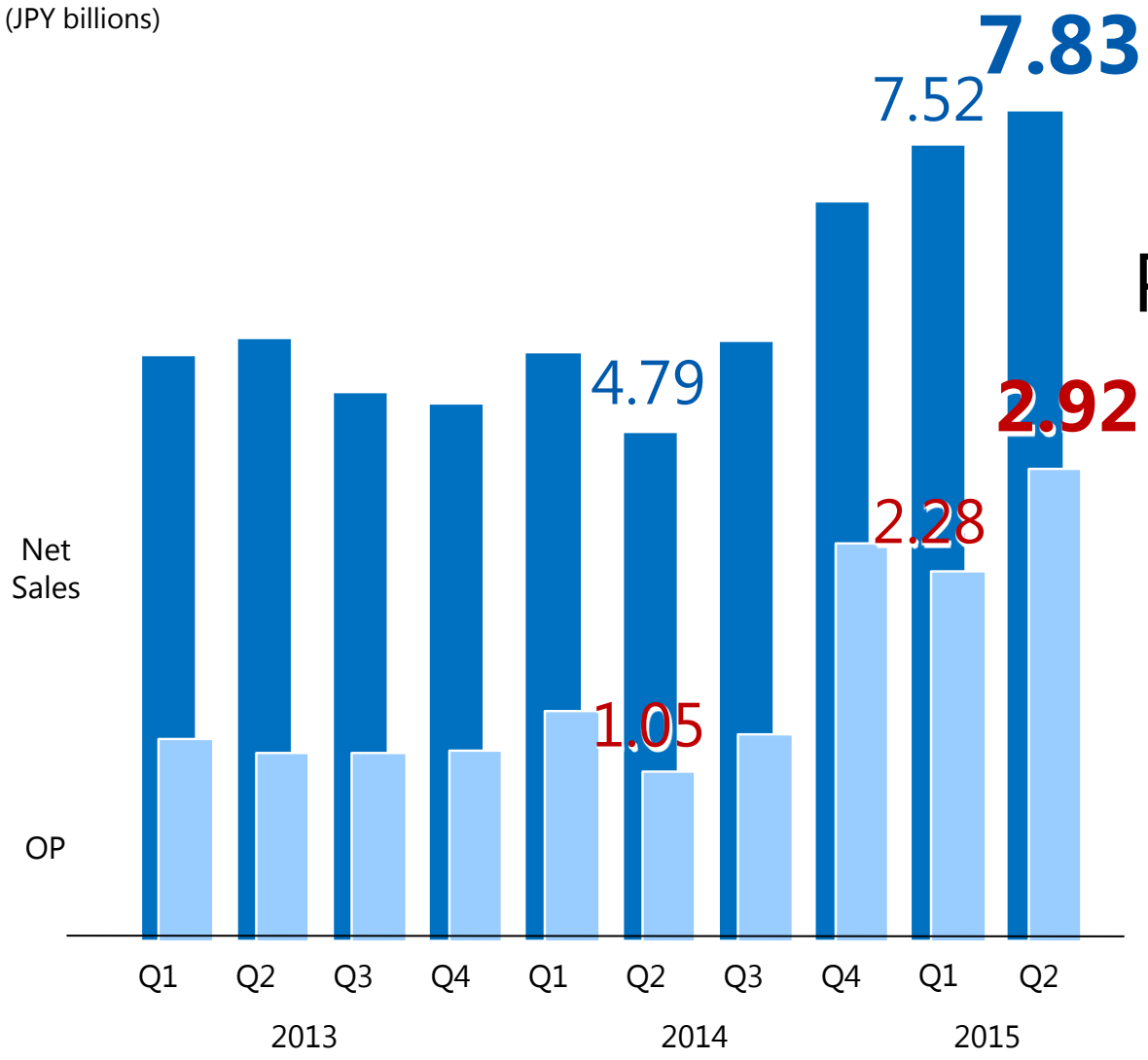
tetote

No. 3 in Japan in Products

OC Island joins Group Market Share by Products Reaches Approx. **60%***

* As of end of June 2015. Comparison of no. of products sold on Japan's 4 largest C2C online handmade markets based on figures disclosed by the respective operators. Data complied GMO Pepabo.

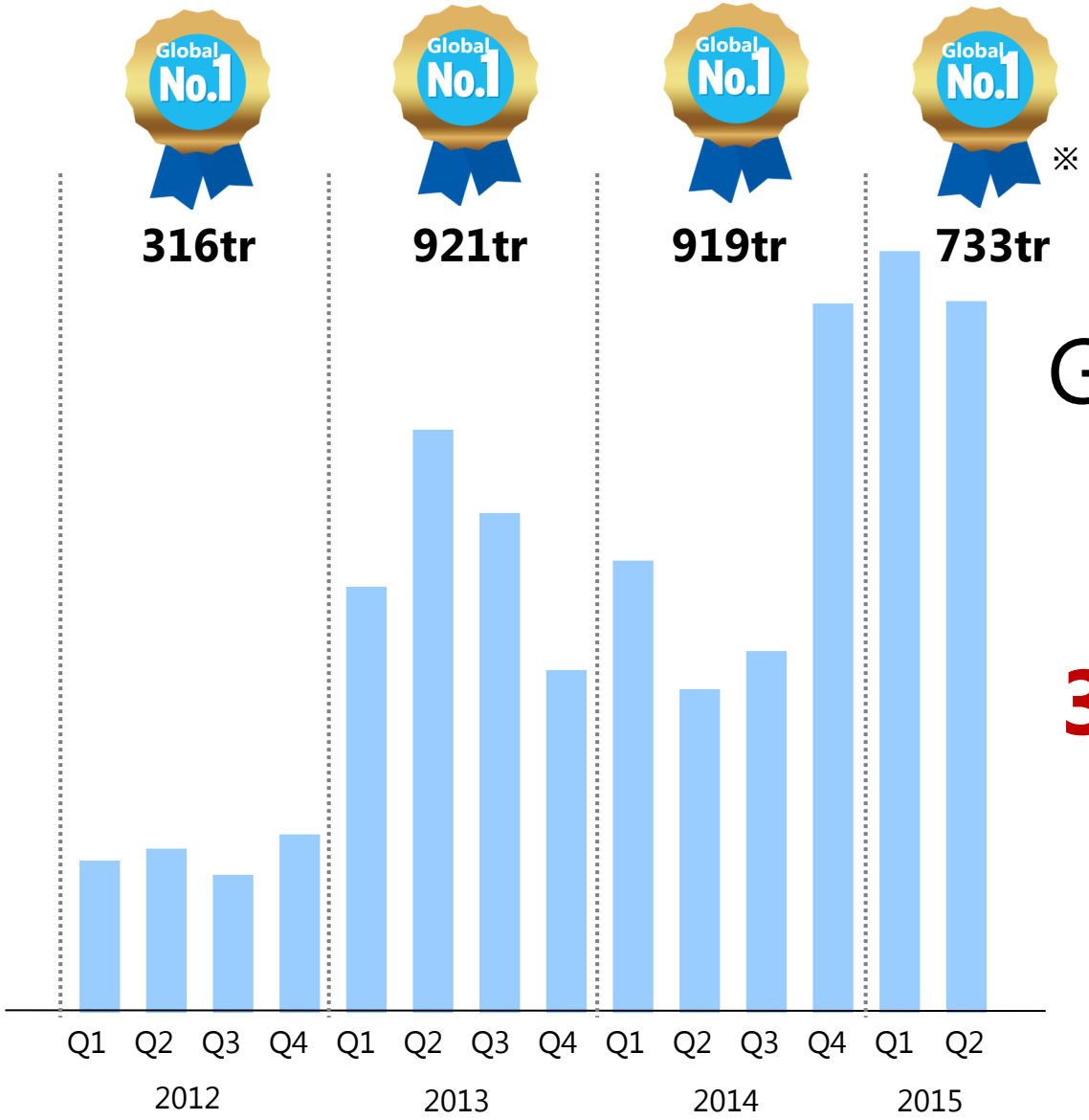
Historical Performance by Quarter



Profit up **176%** YoY

Record High

FX Trading Volume



Global **No.1** in FX Trading Volume for **3** Consecutive Years

FX trading volume compiled by GMO Internet based on data provided by GMO CLICK Securities
* Forex Magnate global FX market report H1 2015)

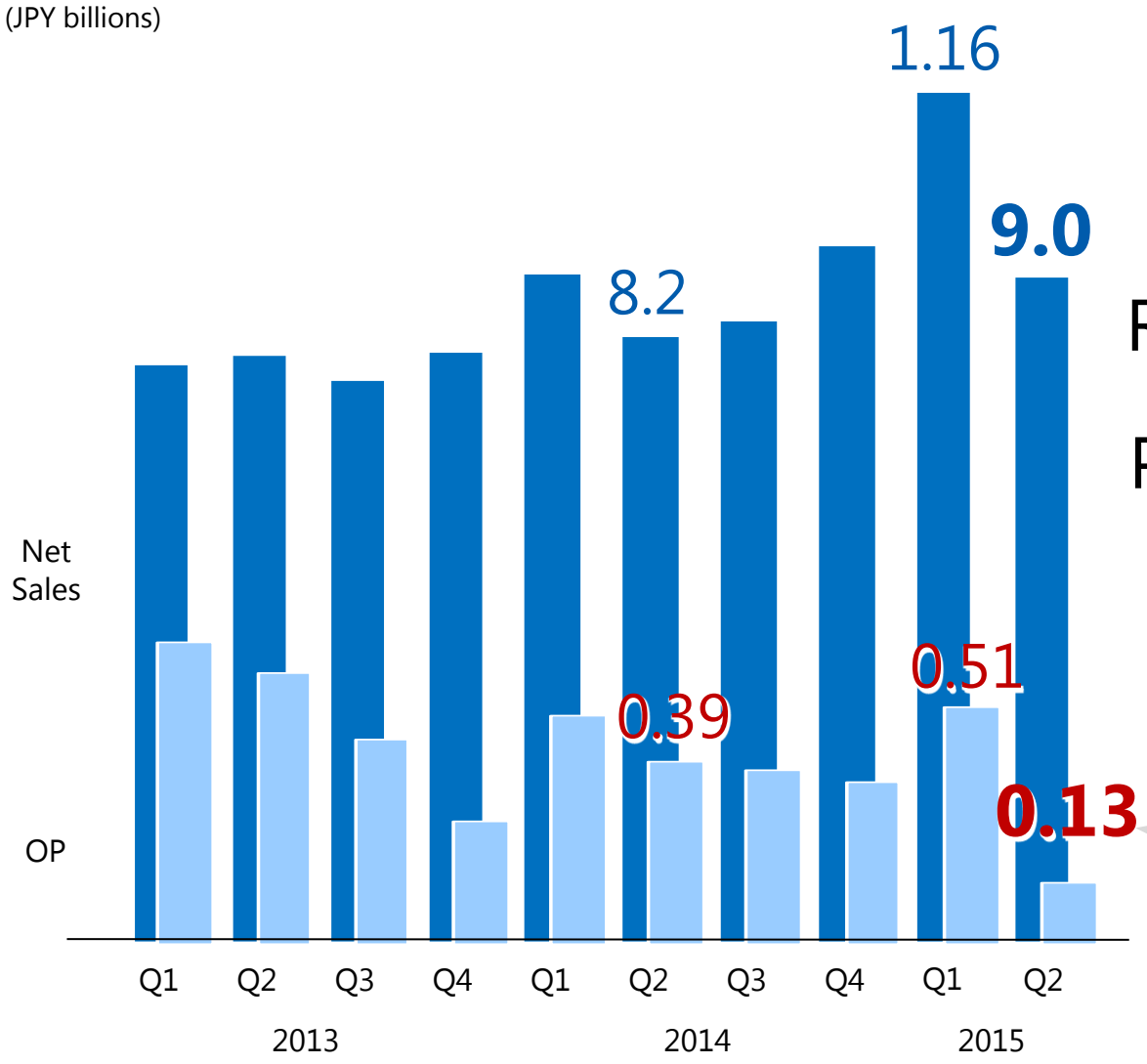
Enhancing Brand in Japan Market

GMOクリック証券は、競泳日本代表チームのオフィシャルパートナーとしてアスリート、
彼らを支えるスタッフ、サポーター、そして挑戦し続けるすべての人々の情熱と感動をサポートしていきます。

GMOクリック証券

Enhancing Brand in Japan Market

Historical Performance by Quarter



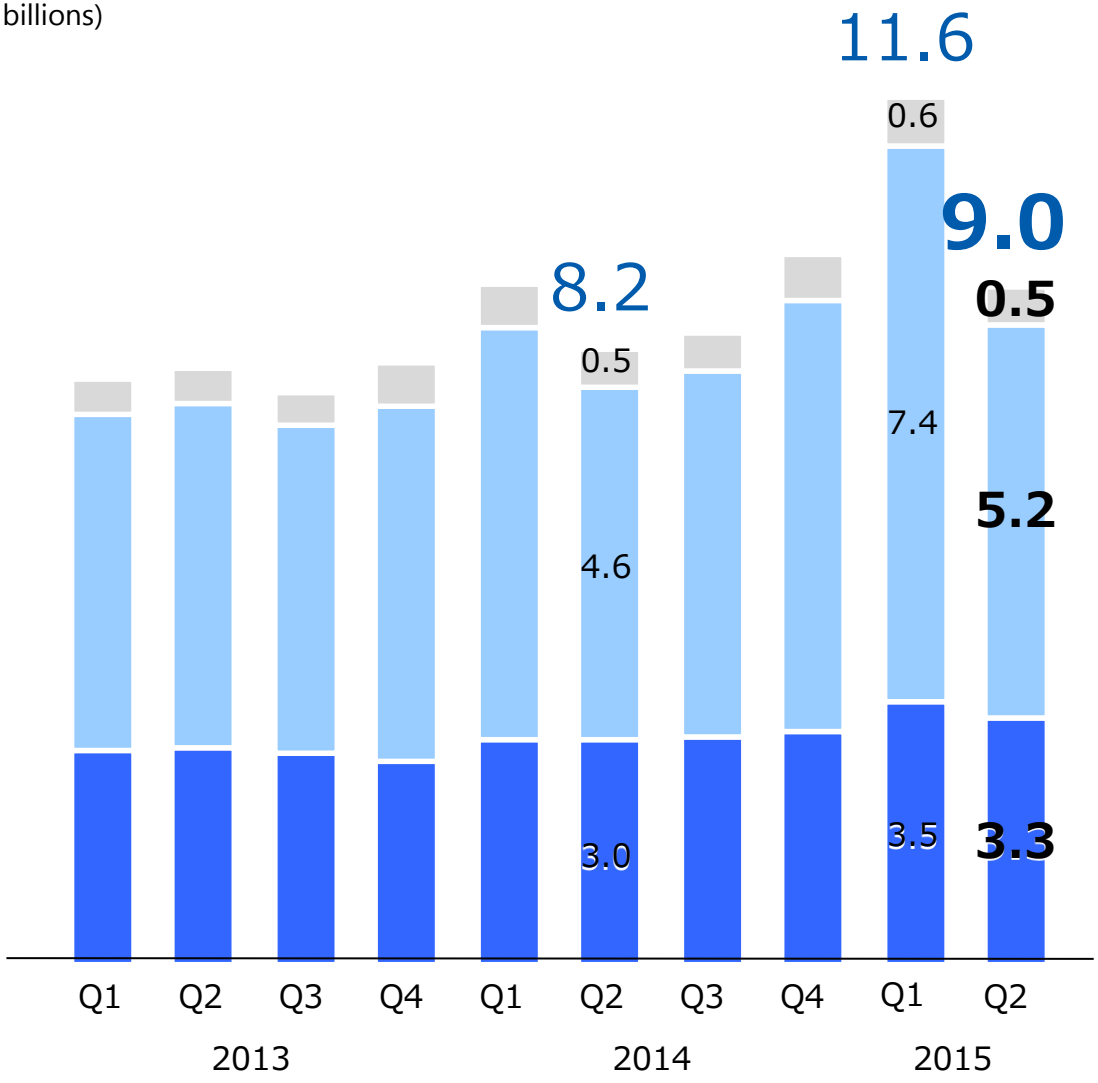
Revenue up **10.2%**

Profit down **66.4%**

Technology Shift: HR Investment **JPY80M**

Net Sales

(JPY billions)



Retraction after Peak Season

Enhancing In-house Products

Online Advertising and Media Companies

GMO INTERNET

GMO ADPARTNERS

Technology shift continues
Ad cloud joins group enhancing in-house product development

GMO TECH

GMO Tech's own smartphone based product SmaAD sees strong performance in social advertising

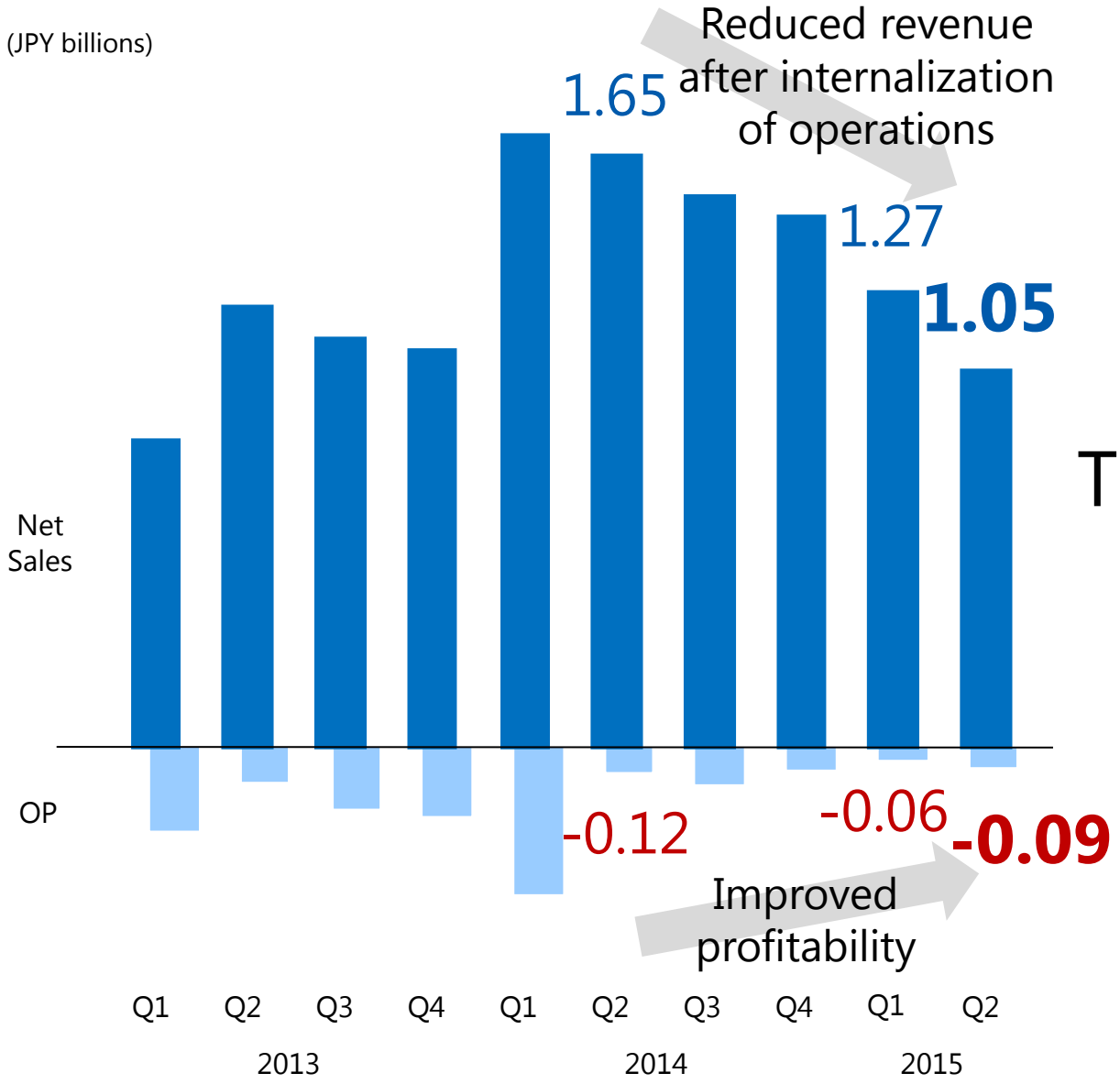
GMO RESEARCH

Global performance exceeds expectations while local competition is intense

GMO MEDIA

Smartphone app downloads from within Japan and globally reach 43 million
Ad revenues strong

Historical Performance by Quarter



Chain Heroes
In-House Game
Title Release in Q3

New title Chain Heroes developed completely in-house

Over

80,000

pre-registrations

Launched
7/24

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Strengthening Strengths

Developments in Finance and Payment

Finance and Payment – Group Positioning

Finance

×

Technology

×

Innovation

= GMO INTERNET GROUP

Finance and Payment – Group Strengths

GMO INTERNET

GMO PAYMENT GATEWAY

Trading Volume
JPY1.5 trillion *1

in Payment

GMO CLICK | HD HOLDINGS

FX Trading Volume
JPY919 trillion*2

Globally for
3 Years

Technology, Track Record in Finance and Payment

*1) According to materials published by GMO Payment Gateway
*1) According to materials published by GMO CLICK Securities (1-12/2014)

Finance and Payment – Alliance Strategy

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Major Financial Institutions × GMO INTERNET GROUP

Alliance Strategy

Finance and Payment – Alliance Strategy

GMO Payment Gateway and Sumitomo Mitsui Banking Corporation form capital and business partnership

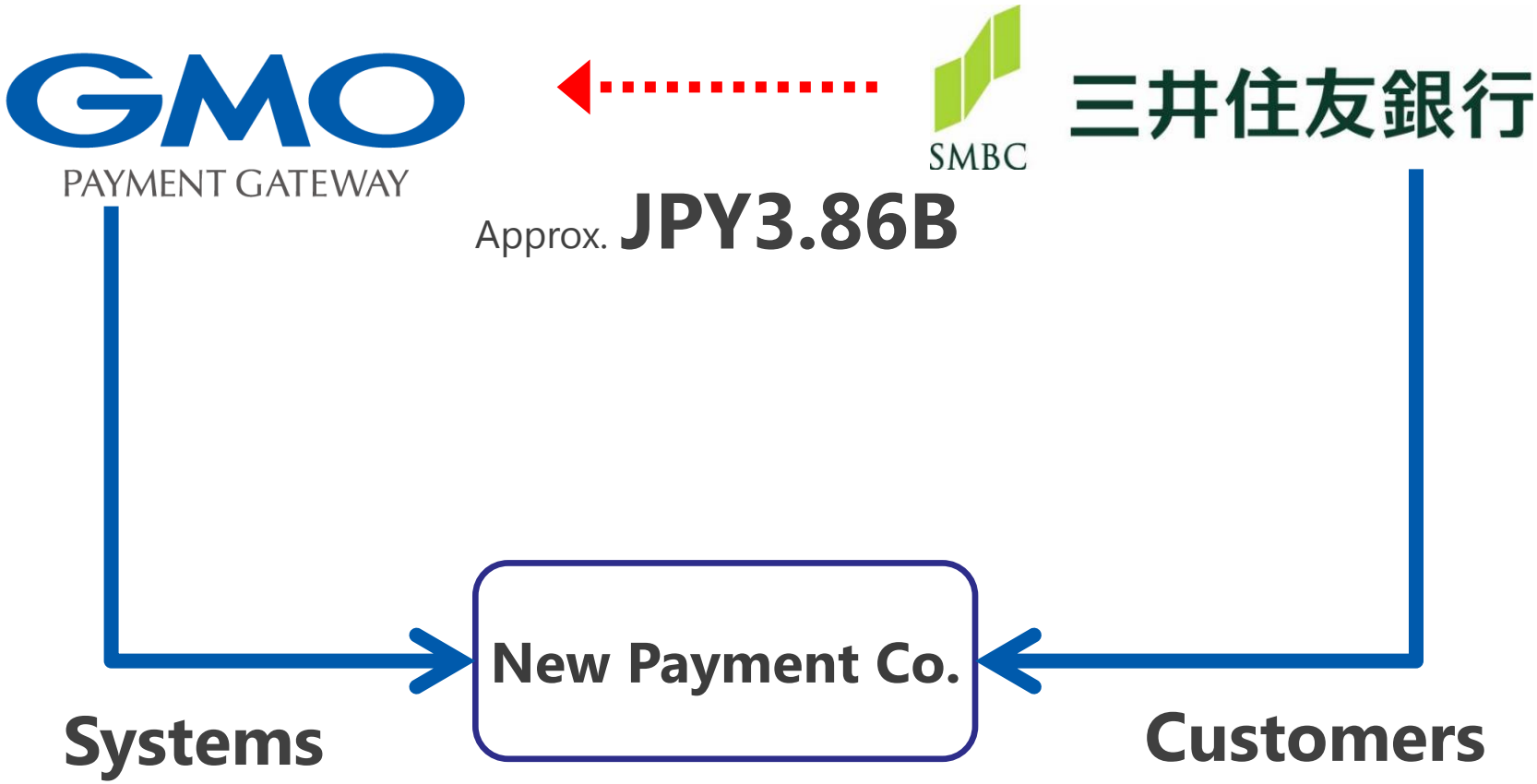
GMO PAYMENT GATEWAY

SMBC 三井住友銀行

Objective: To be Overwhelmingly No.1 in Payment

Finance and Payment – Alliance Strategy

New payment company established - open for business this year



GMO Internet and Aozora Bank in talks to establish online bank

Next generation online banking

Finance and Payment – Group Strengths

Infrastructure Contracts	**6.1M**
Ecommerce Stores	**73,000**
Payment Contracts	**57,000**
Securities/FX Accounts	**820,000**

Strong Customer Base

*As of June 2015
Corporate contracts, ecommerce stores, payment contracts
Securities accounts: GMO CLICK Securities FX accounts: GMO CLICK Securities/FX Prime by GMO

Finance and Payment – Growth Story

GMO INTERNET

Online banking to be center of growth

Strengthening Strengths

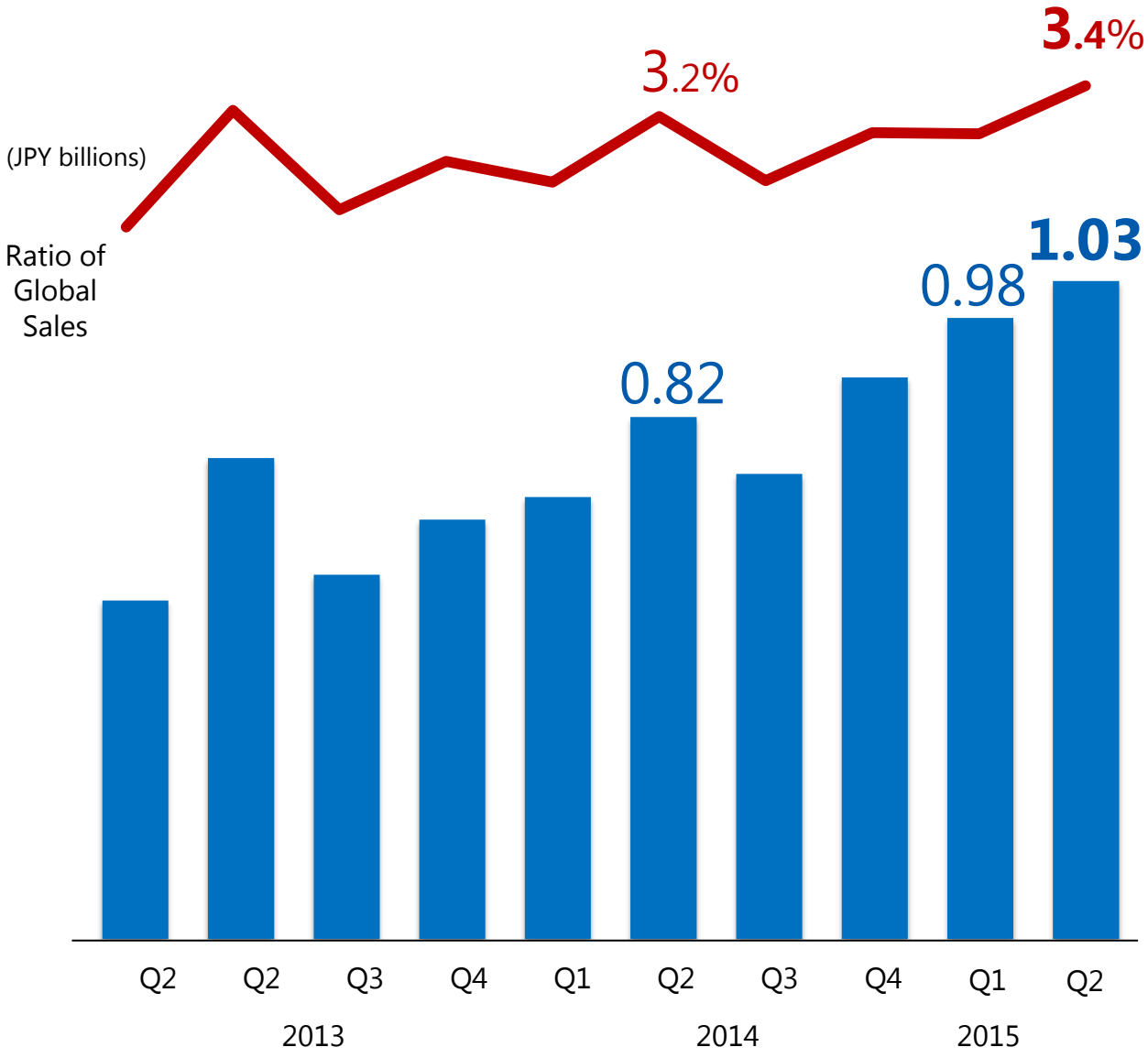
Bringing our Number 1 Products to the Global Market

Global Growth

17 countries, 40 locations, 695 global staff

*As of 6/2015

Global Growth: Global Net Sales



Global Net Sales up **26.1%**

Global Net Sales Ratio **3.0%**

Basic Shareholder Returns Policy

Prior to Revision

Dividend Payout Ratio: **33%**

After Revision

Total Shareholder Return Ratio: **50**%

- Dividend Payout Ratio*: **33**%
- Share Buyback: **17**%

＊Taking into consideration overall business performance, financial condition and stock price, the remainder of the 50% of consolidated net profits after paying out dividends will be used to execute share buybacks.

Reason for Revision

During its exit from the loans and credit business, GMO Internet executed a capital increases throughout 2006 and 2007. The company issued new shares* in an effort to strengthen capital, and believes that a share buyback of those shares would be an appropriate means to return profits to shareholders. The new total shareholder return ratio sets out the company objective to buy back shares over the long term.

(38 million shares: 32.6% of outstanding shares)

Effective Date

from FY2016

Further details to be announced with the Q4 2015 earnings announcement.

Dividend Policy

- FY2015 net profit, dividends revised upward
- Dividend per share raised **JPY5** to **JPY26**
- Dividend payout ratio in current term reaches **34%**

(JPY)	Q1	Q2	Q3	Q4	Total
2014	4	4	4	5	17
2015 (forecast)	6	5	5 +2	5 +2	21+5

Up Up

Including JPY2 Commemorative Dividend

Internet for Everyone

GMO INTERNET

This document includes projections based on expectations, premises and plans as of July 30, 2015. These projections may differ from actual results due to factors including changes in the global economy, competition, exchange rate fluctuations, natural disasters and other unforeseeable events. Some of the figures given, such as market share are based on our own calculations. These figures may differ from research agency figures.
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