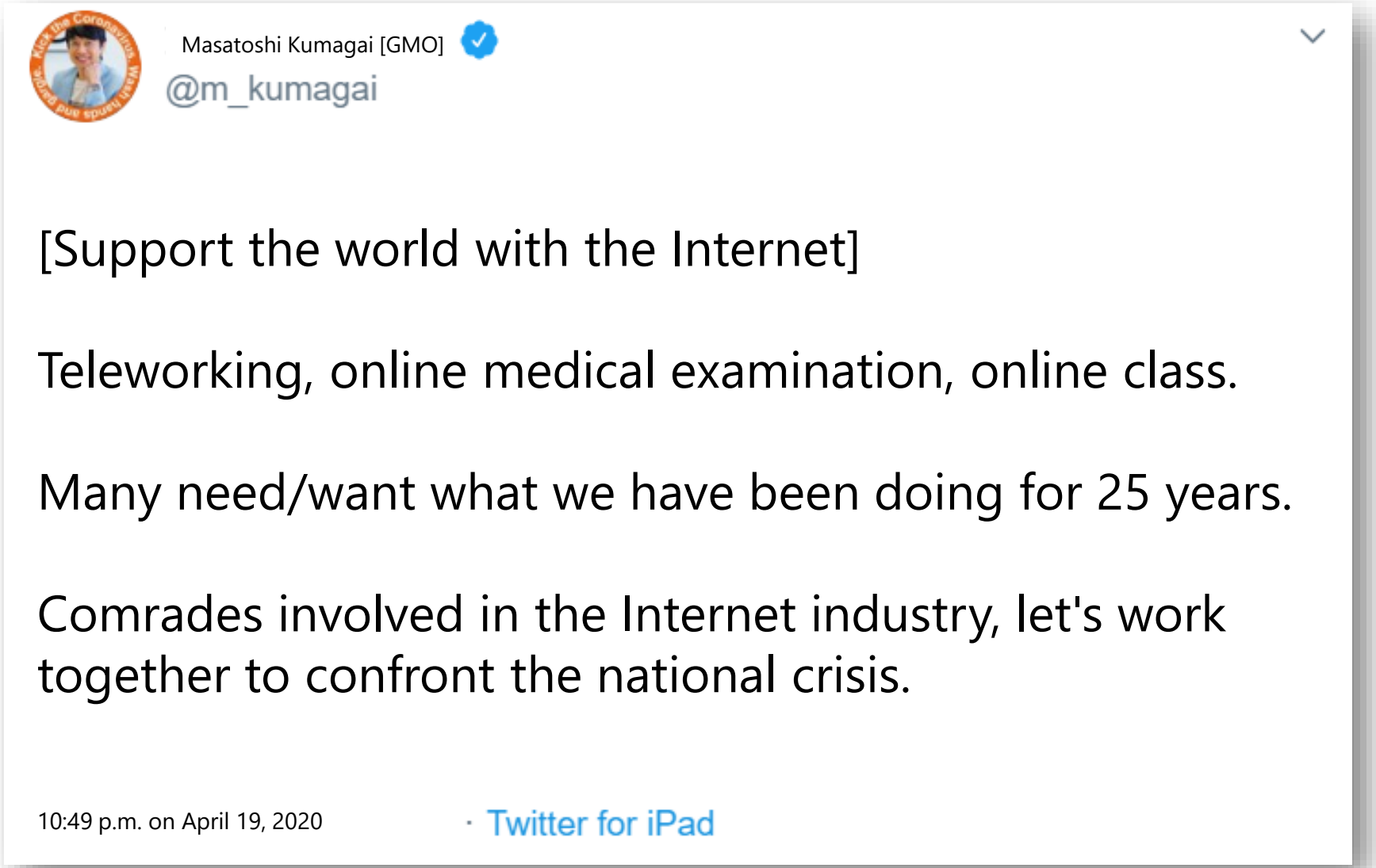
Fiscal Year 2020
First Quarter
Results Presentation

GMO INTERNET

STOCK CODE: 9449

May 12, 2020

Introduction



Introduction | Impact of COVID-19 on the business activities in Q1

	Evaluation	Positive	Negative
Internet Infrastructure		• **Change to new lifestyle** → Provider/hosting & cloud/security • **Consumption increased due to stay-at-home orders** → E-commerce solutions/payment	• **Focusing more on online sales than offline sales for major customers**
Online Ad & Media		• **Change to new lifestyle** → Ad	• **Ad's unit price declined** → Media
Internet Finance		• **Increasing volumes** • **Improving the awareness of CFD**	
Cryptoassets (Cryptocurrency)		• **Increasing volumes** → GMO Coin	• **Delay in establishing new mining facilities due to the lockdown** → Mining

1. Overview
2. Financial Results
3. Segment Report
    i) Group Overview
    ii) Internet Infrastructure
    iii) Online Advertising & Media
    iv) Internet Finance
    v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Overview | Executive Summary: Q1 FY2020

(JPY billions)	Q1'19 (Jan-Mar)	**Q1'20 (Jan-Mar)**	YoY Change	Change
Net Sales	46.8	**53.6**	**+6.83**	**+14.6%**
Operating Profit	5.00	**8.28**	**+3.28**	**+65.7%**
Ordinary Profit	4.88	**8.05**	**+3.16**	**+64.9%**
Net Profit	2.02	**2.25**	**+0.23**	**+11.4%**

Record high

Overview | Executive Summary: Q1 FY2020

Internet Infrastructure	Net sales	JPY **31.31B**	(Up **13.9**% YoY)	Growth in payment and provider
	OP	JPY **3.87B**	(Up **7.1**% YoY)	
Online Ad & Media	Net sales	JPY **12.33B**	(Up **2.1**% YoY)	- Online Ad saw steady growth - Media's performance continued to weaken
	OP	JPY **0.17B**	(Down **28.4**% YoY)	
Internet Finance	Net sales	JPY **9.15B**	(Up **43.1**% YoY)	- Both revenue and profit were up due to increase in trading volume - CFD contributed to earnings
	OP	JPY **3.39B**	(Up **131.0**% YoY)	
Cryptoassets (Cryptocurrency)	Net sales	JPY **1.43B**	(Up **10.9**% YoY)	- Exchange: performed favorably due to increase in transaction volume - Mining: still in the process of business restructuring
	OP	JPY **0.42B**	(Q1 FY2019: **-0.22B**)	

Record high

◎

△

Record high

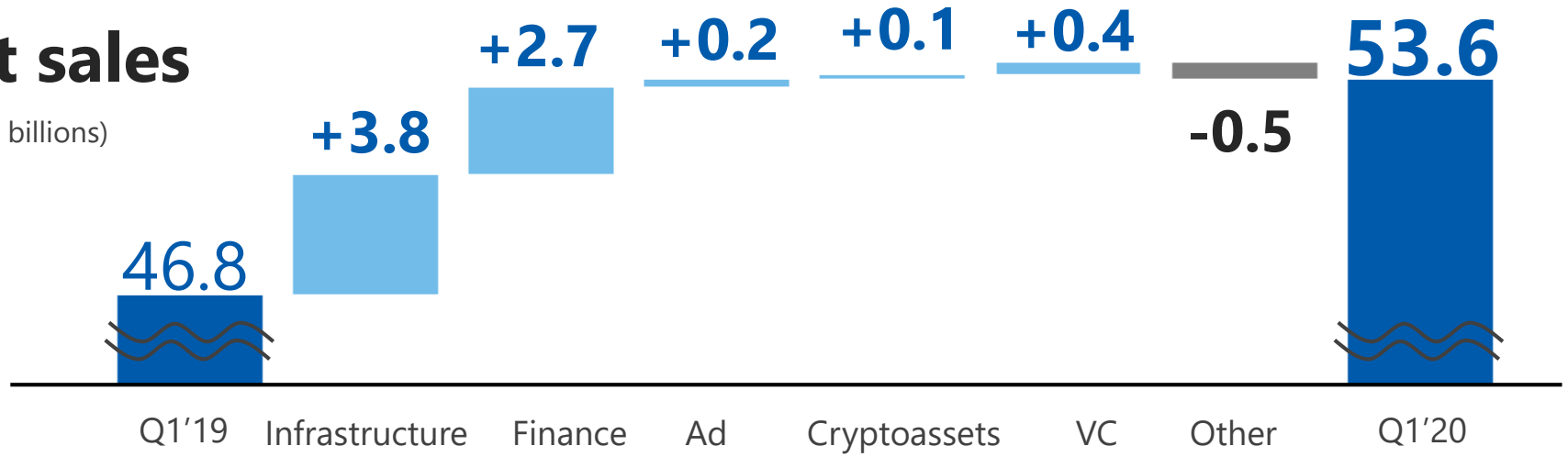
◎

△

Overview | Executive Summary: Q1 FY2020

Net sales

(JPY billions)

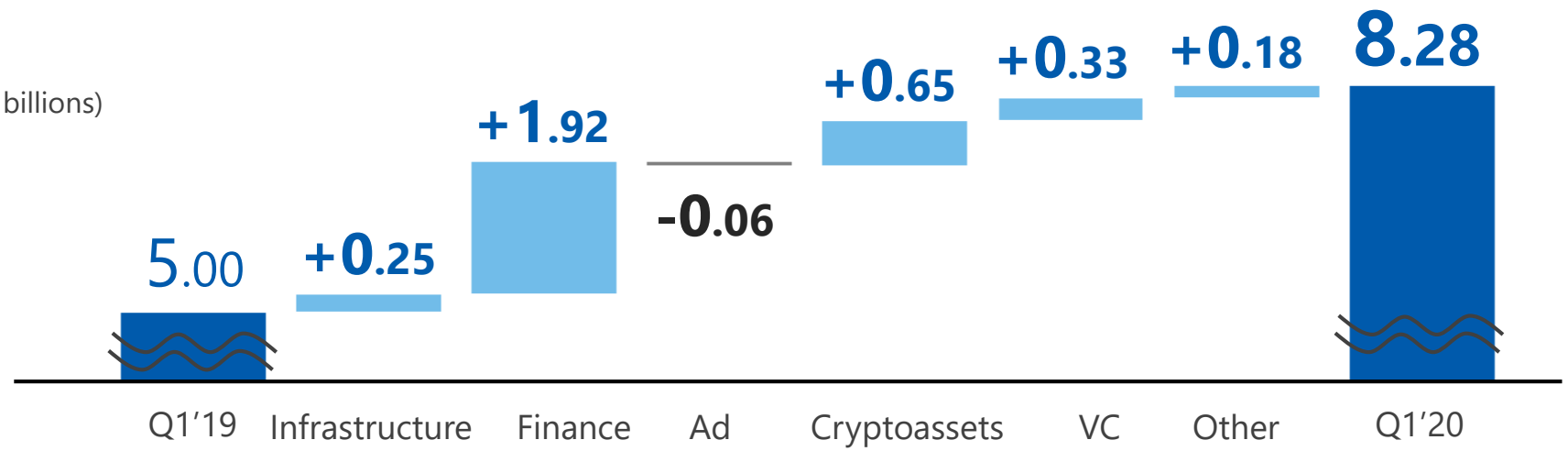


Revenue up

6.8B

OP

(JPY billions)



Profit up

3.28B

Overview | Shareholder Returns (Policy and Actual)

Policy

Total Shareholder Returns Ratio 50% = **Dividend Payout Ratio** Over 33% + **Share Buyback** 17%

Quarterly dividend

Net profit at end of fiscal year to form basis of buyback in **following year**

Dividend per share

(JPY)	Q1	Q2	Q3	Q4	Annual
FY2019	6.00	6.00	7.20	5.00	24.20
FY2020	**6.60**	-	-	-	-

Repurchase of Own Shares*1

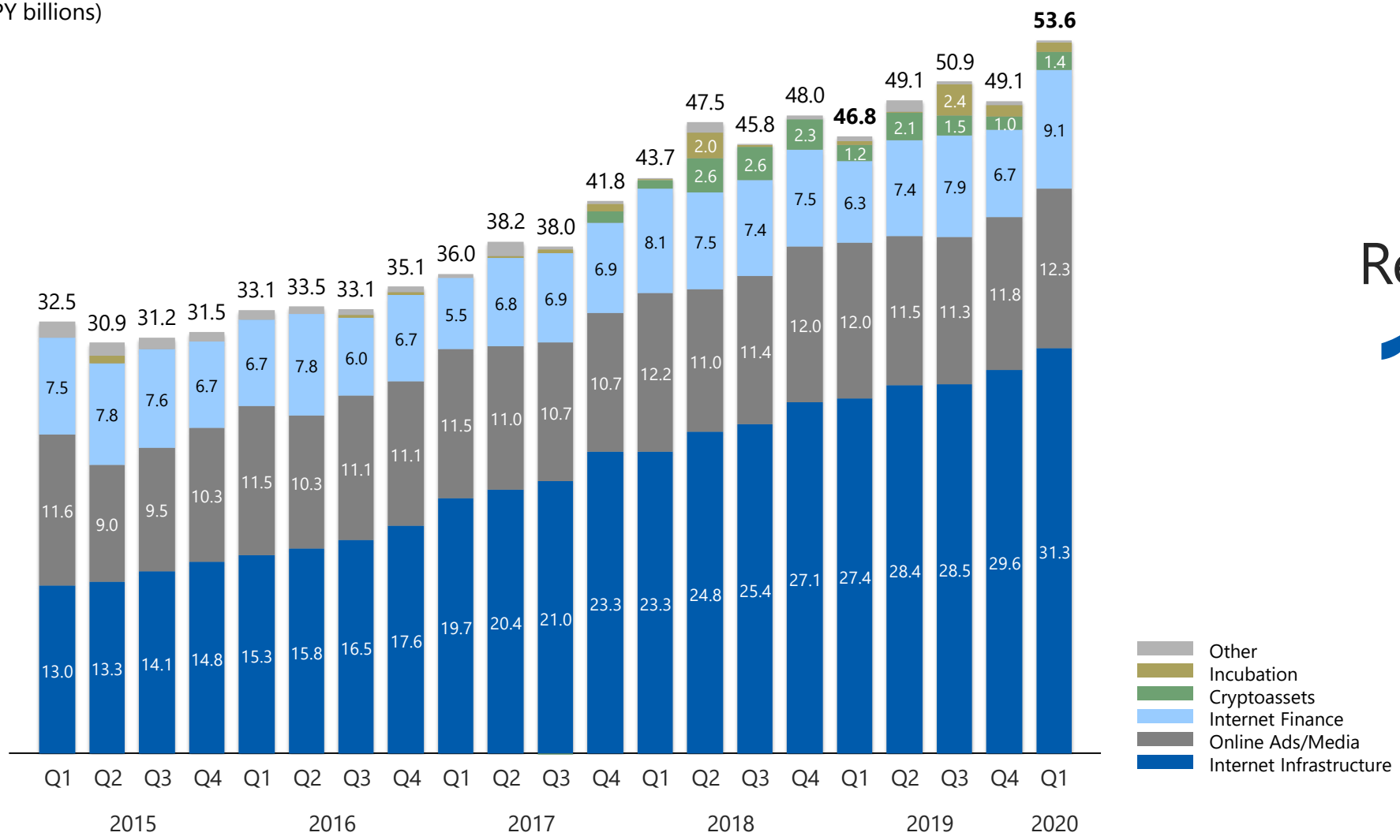
JPY **2.48B** worth of shares repurchased (total cost of share acquisition: up to JPY 15B)*2

*1 Repurchase resolved at the Board of Directors meeting held on February 12, 2020
*2 As of the end of April

1. Overview
2. Financial Results
3. Segment Report
    i) Group Overview
    ii) Internet Infrastructure
    iii) Online Advertising & Media
    iv) Internet Finance
    v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Financial Results | Net Sales by Segment

(JPY billions)



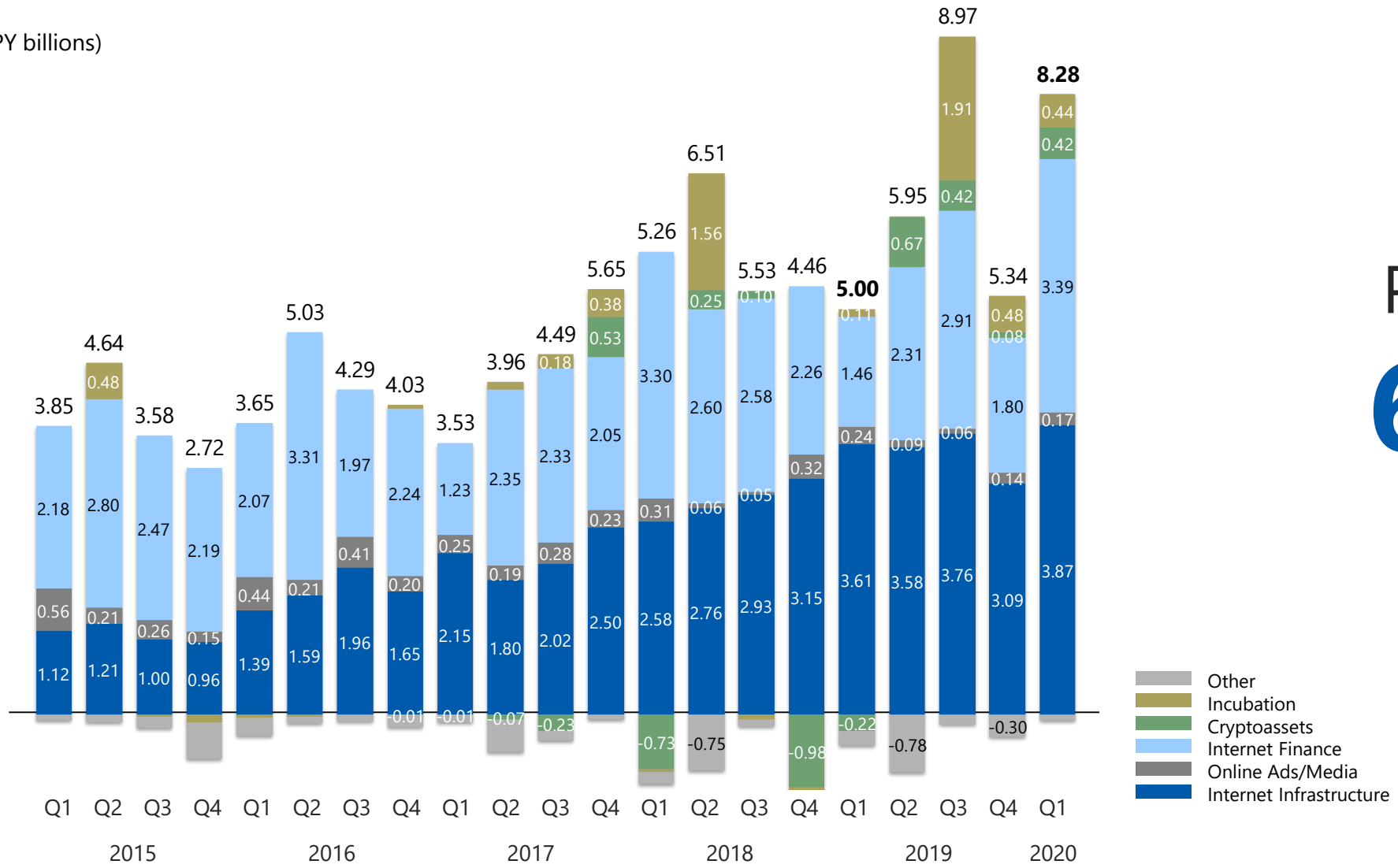
Revenue up

14.6%

YoY

Financial Results | Profit by Segment

(JPY billions)



Profit up

65.7%

YoY

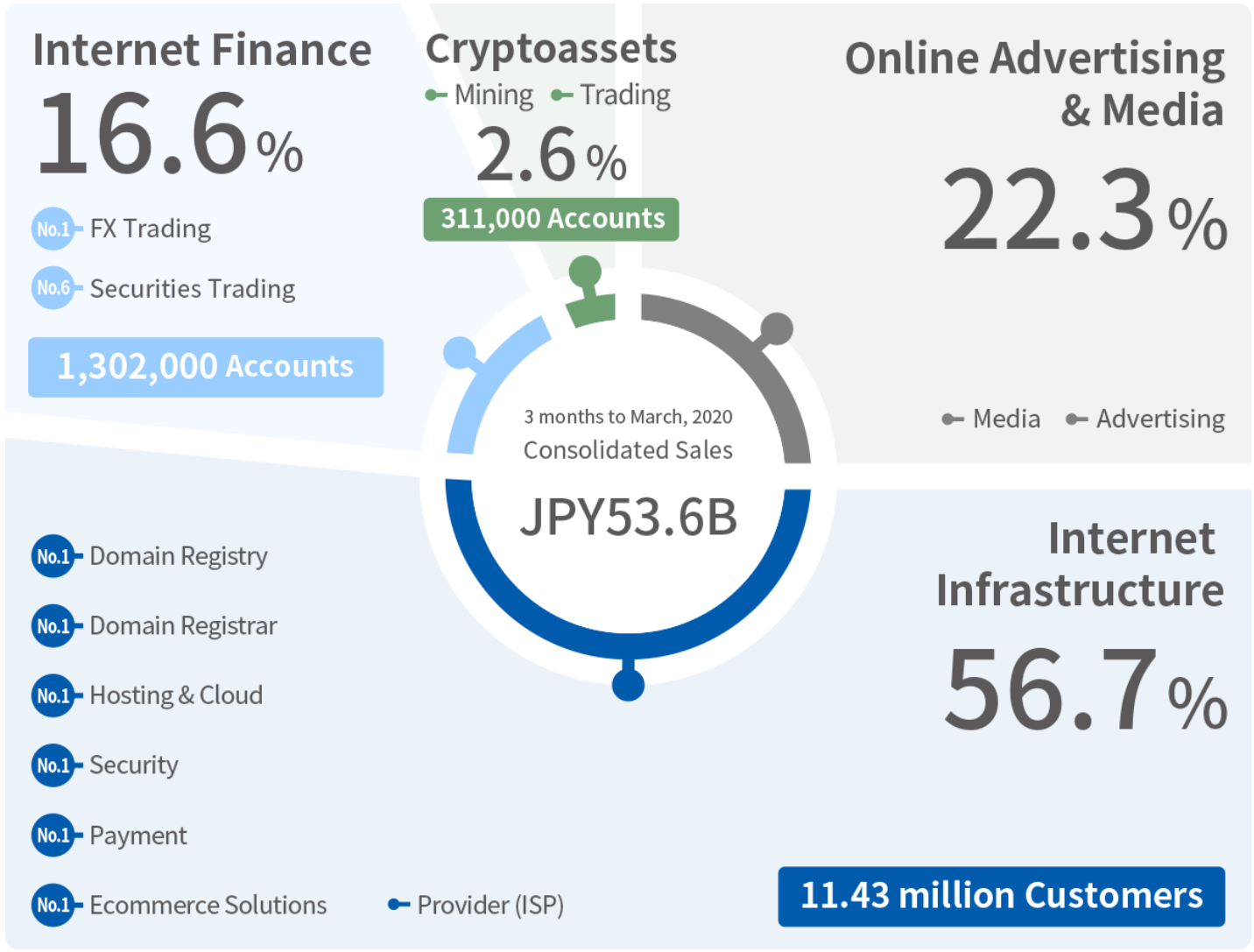
1. Overview
2. Financial Results
3. Segment Report
    - i) Group Overview
    - ii) Internet Infrastructure
    - iii) Online Advertising & Media
    - iv) Internet Finance
    - v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Group Overview | Listed Group Companies: Equity Share

Stock Code	Stock Name	Exchange	Market Cap[*1] (JPY billions)	% Ownership[*2]	Equity Share (JPY billions)
9449	GMO Internet	TSE 1	267.5		
3769	GMO Payment Gateway	TSE1	728.1	42.4%	308.7
7177	GMO Financial Holdings	TSE JQS	69.9	63.0%	44.0
3788	GMO CLOUD	TSE1	38.2	51.8%	19.8
3633	GMO Pepabo	TSE2	10.2	64.9%	6.6
4784	GMO AD Partners	TSE JQS	5.5	56.4%	3.1
6180	GMO Media	TSE MOTHERS	2.3	65.3%	1.5
3695	GMO Research	TSE MOTHERS	2.2	54.9%	1.2
6026	GMO TECH	TSE MOTHERS	1.8	54.1%	1.0
	Group Total		**1,126.1[*3]**		**386.1**

*1 Market value as of 5/8/2020 *2 Includes indirect holdings (as of the end of March) *3 Calculated as the sum of the listed market cap values

Group Overview | Business Segments (Composition)



Solid revenue base

13.04M customers

(Infrastructure and Finance)

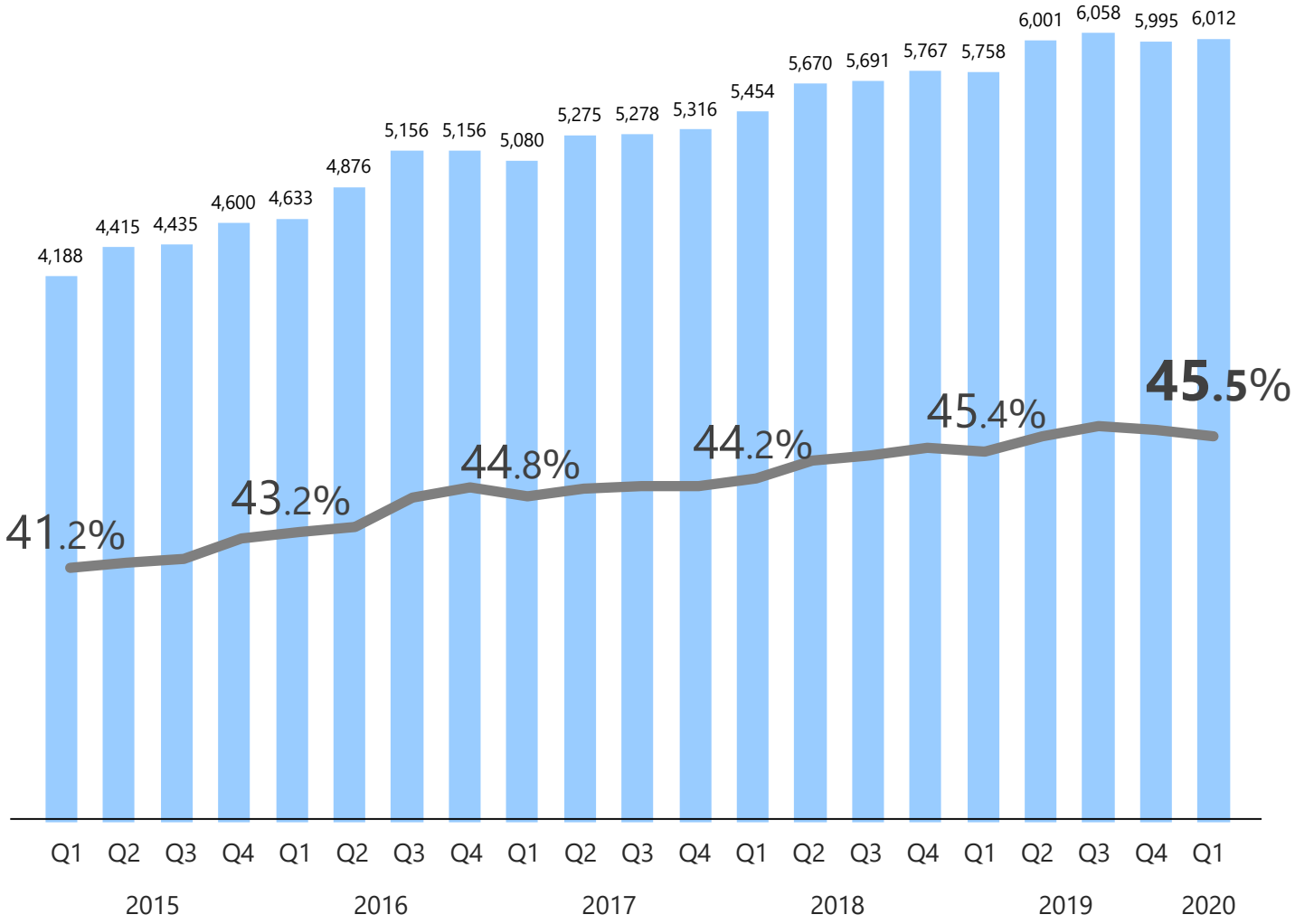
Up

1.26M

YoY

*Net sales ratio is calculated based on the numbers before cancelling inter-segment transactions. *13.04M is an aggregate number of customers (the actual number) in Infrastructure, Finance, and Cryptoassets segments.
*Regarding Internet Finance, the number of accounts does not include GMO Aozora Net Bank's accounts.

Group Overview | Strengths: Technology



Goal: Workforce of over **50%** engineers

1. Overview
2. Financial Results
3. Segment Report
    - i) Group Overview
    - ii) Internet Infrastructure
    - iii) Online Advertising & Media
    - iv) Internet Finance
    - v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Internet Infrastructure | Collection of No. 1 services

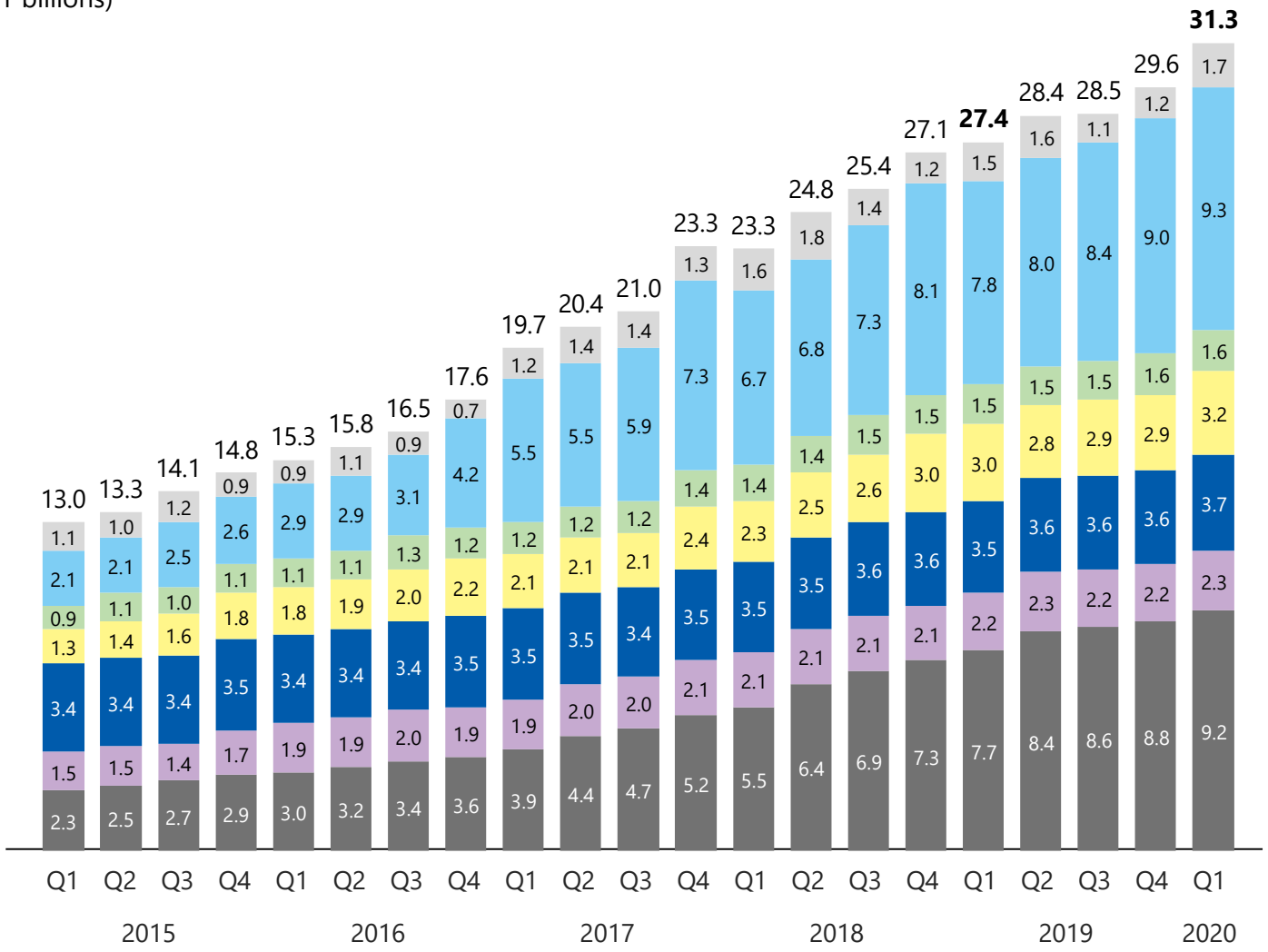
Strong No. 1	Domain Registry	GMO REGISTRY, GMO BrightsConsulting	Domestic market share at 87.4%*1
Strong No. 1	Domain Registrar	お名前.com, MuuMuu Domain, Value-domain by GMO	Domestic market share at 87.2%*2
No. 1	Hosting & Cloud	お名前.com レンタルサーバー, LOLIPOP!, GMOクラウド, GMOアプリクラウド, ConoHa by GMO, Value-server by GMO	Domestic market share at 56.4%*3
No. 1	ASP Cart	COLOR ME by GMOペパボ, MakeShop by GMO	69,821 paid stores
No. 1	Security	GlobalSign	Domestic market share at 50.5%*4
No. 1	Payment	GMO PAYMENT GATEWAY, GMO EPSILON	122,328 merchants
No. 1	Provider (ISP)	とくとくBB おとくなプロバイダー by GMO	No. 1*5 provider in terms of customer satisfaction

*1 Based on our own data *2 Based on ICANN data *3 Based on Webhosting.info data *4 Country code

*5 In 2019, Oricon announced that GMO TokuToku BB became the top-ranked provider in terms of customer satisfaction

Internet Infrastructure | Net Sales by Sub-Segment

(JPY billions)



Record high

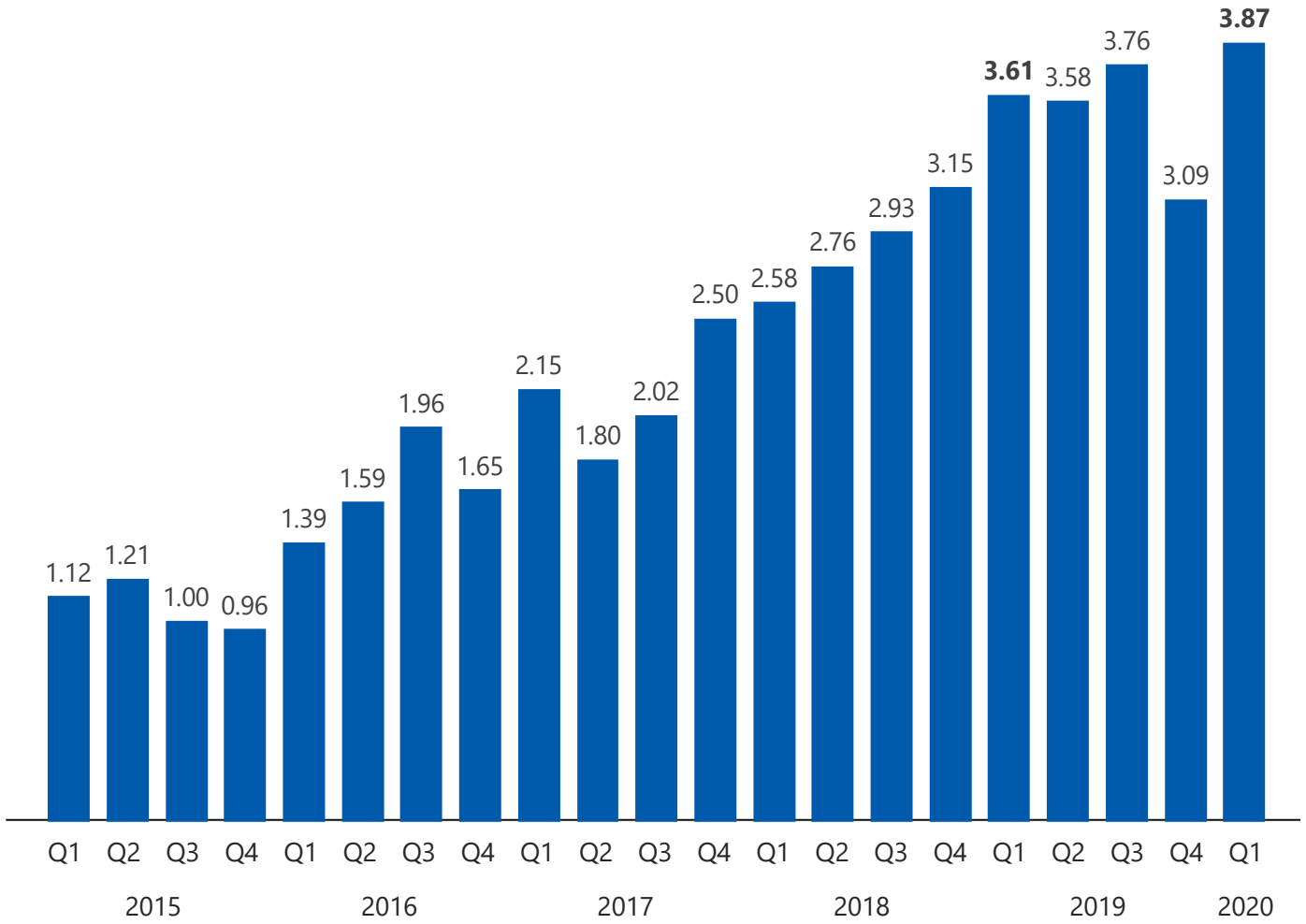
Revenue up

13.9%

YoY

Internet Infrastructure | Operating Profit

(JPY billions)



Record high

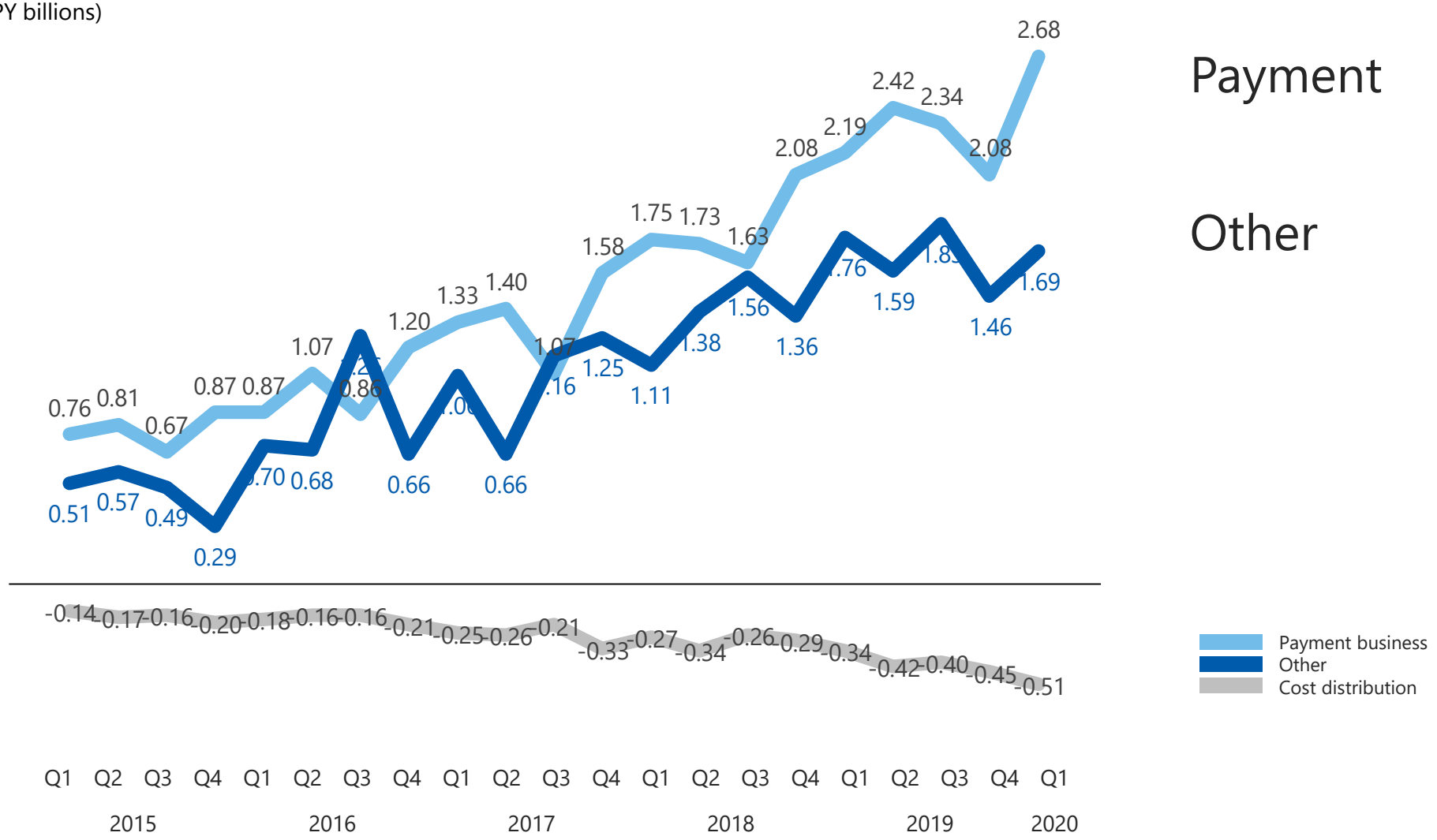
Profit up

7.1%

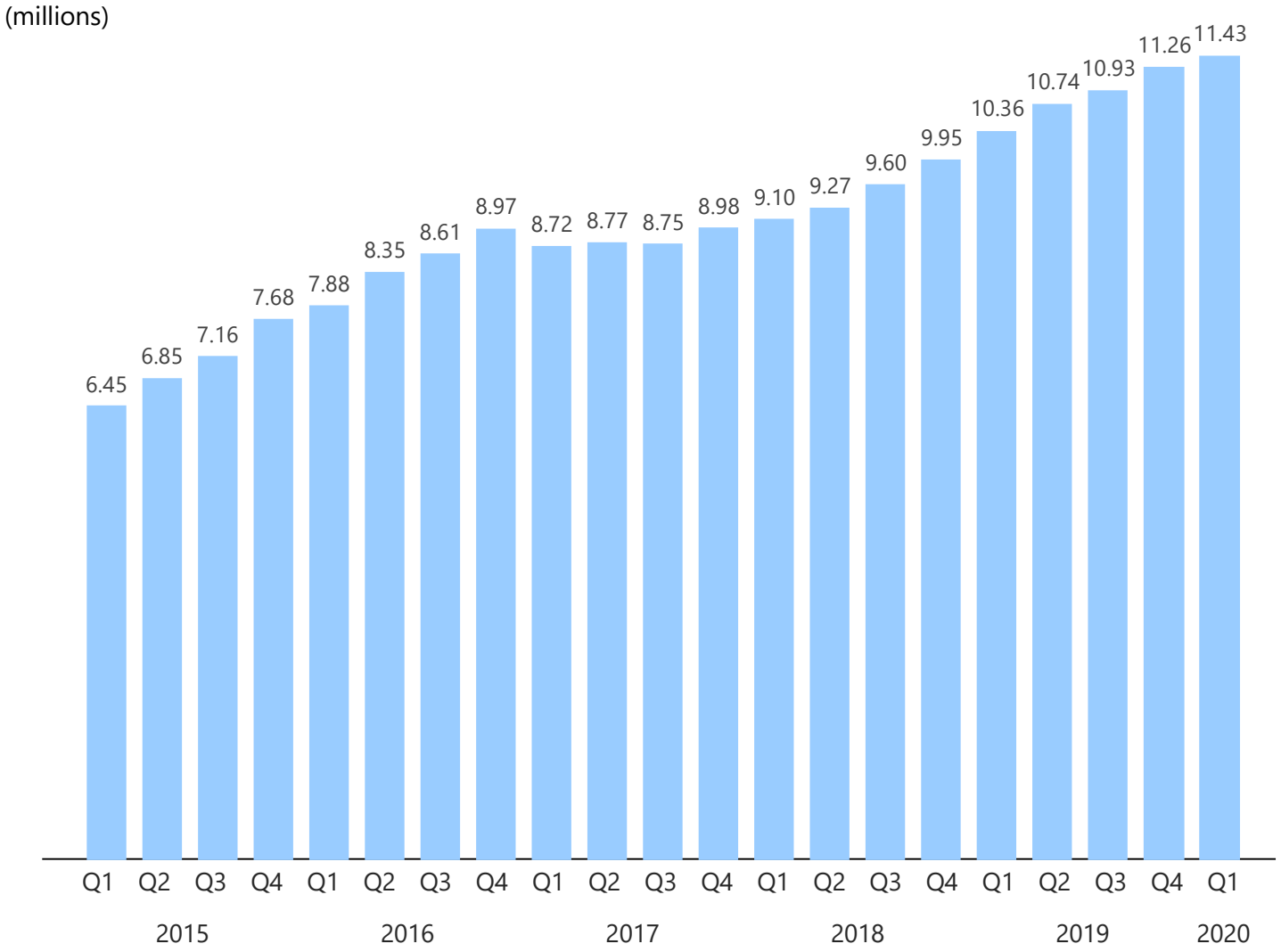
YoY

Internet Infrastructure | Breakdown of Operating Profit

(JPY billions)



Internet Infrastructure | Contracts



Solid revenue base

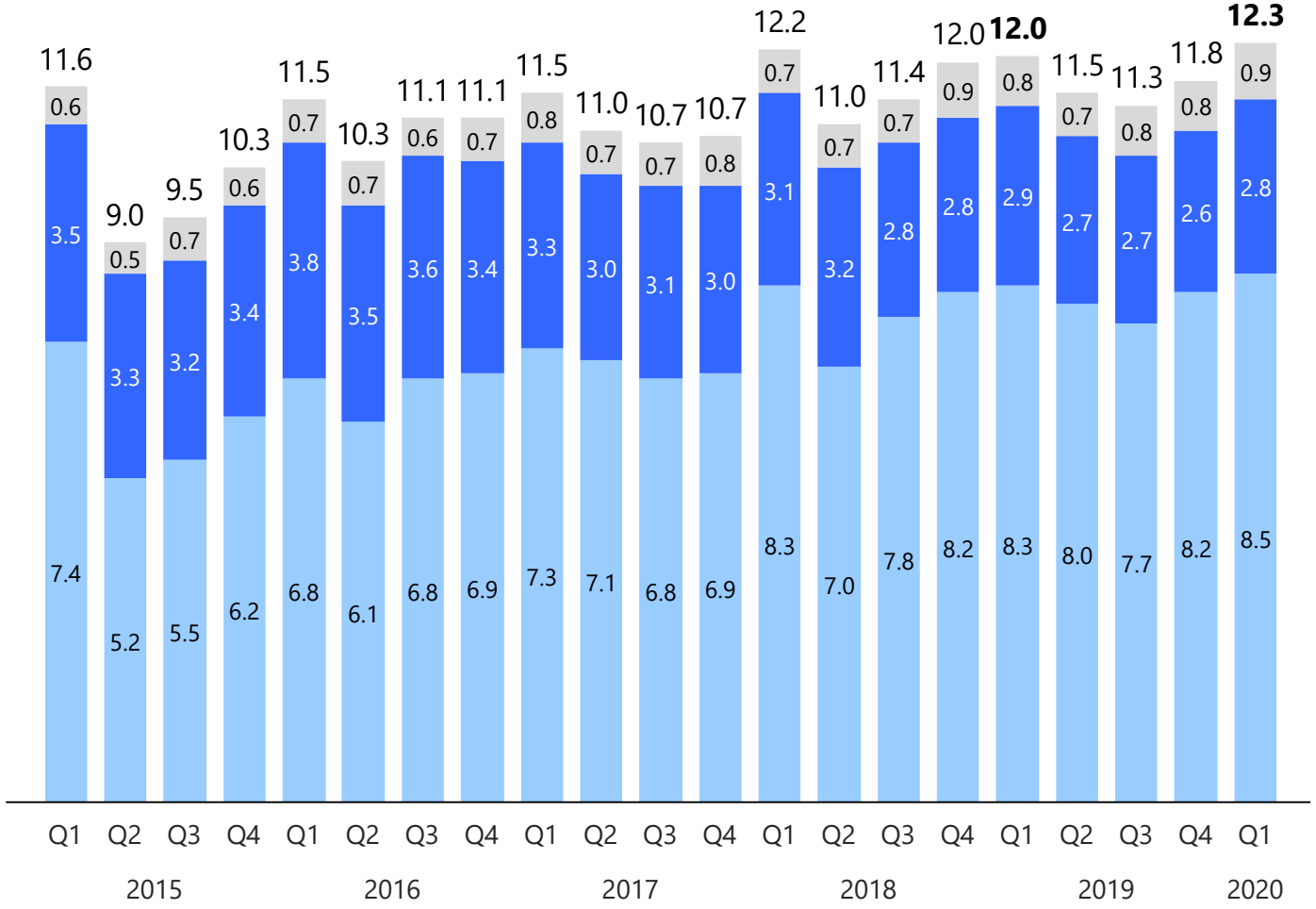
11.43M

customers

1. Overview
2. Financial Results
3. Segment Report
    - i) Group Overview
    - ii) Internet Infrastructure
    - iii) Online Advertising & Media
    - iv) Internet Finance
    - v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Online Advertising & Media | Net Sales

(JPY billions)



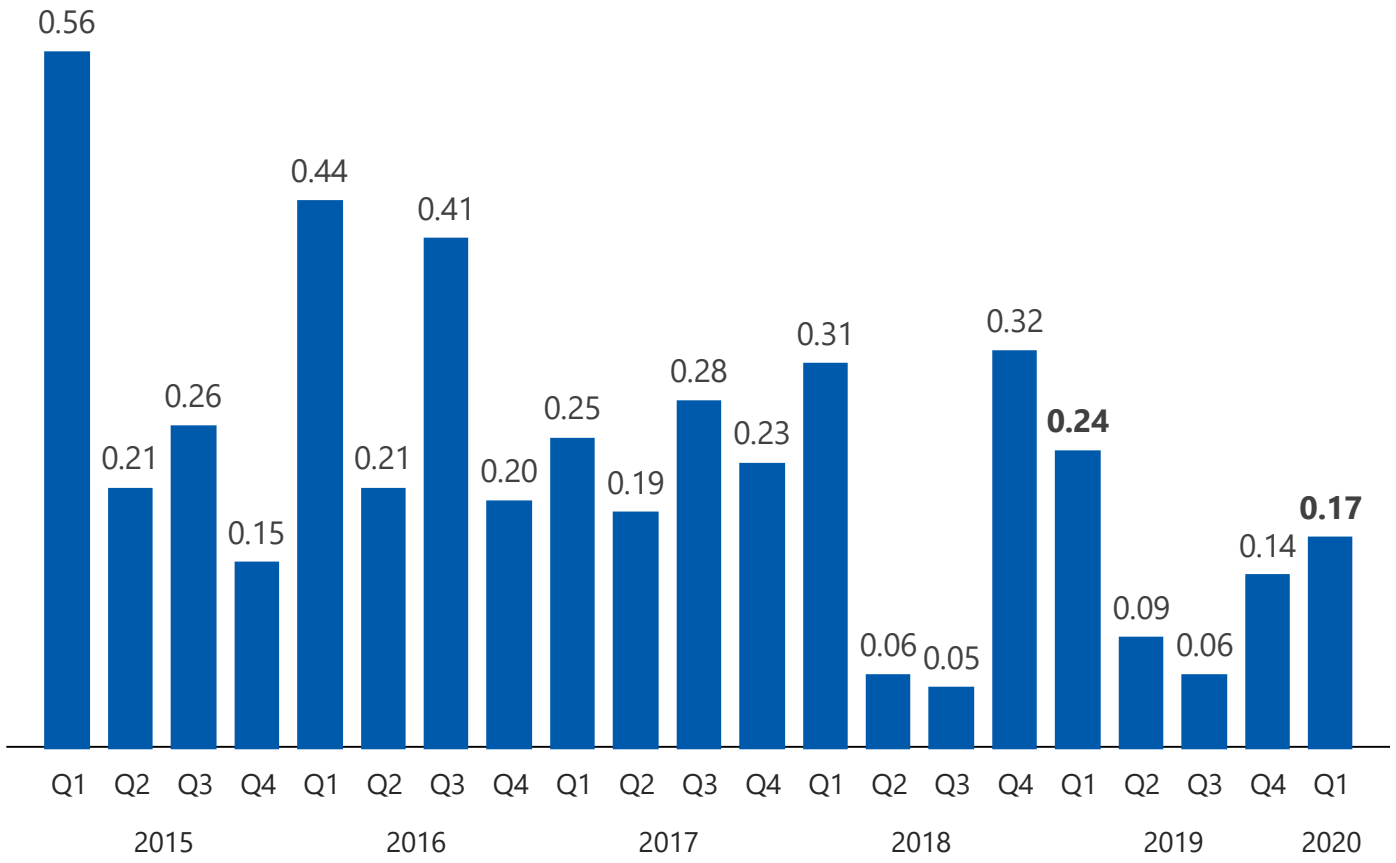
Revenue up

2.1%

YoY

Online Advertising & Media | Operating Profit

(JPY billions)



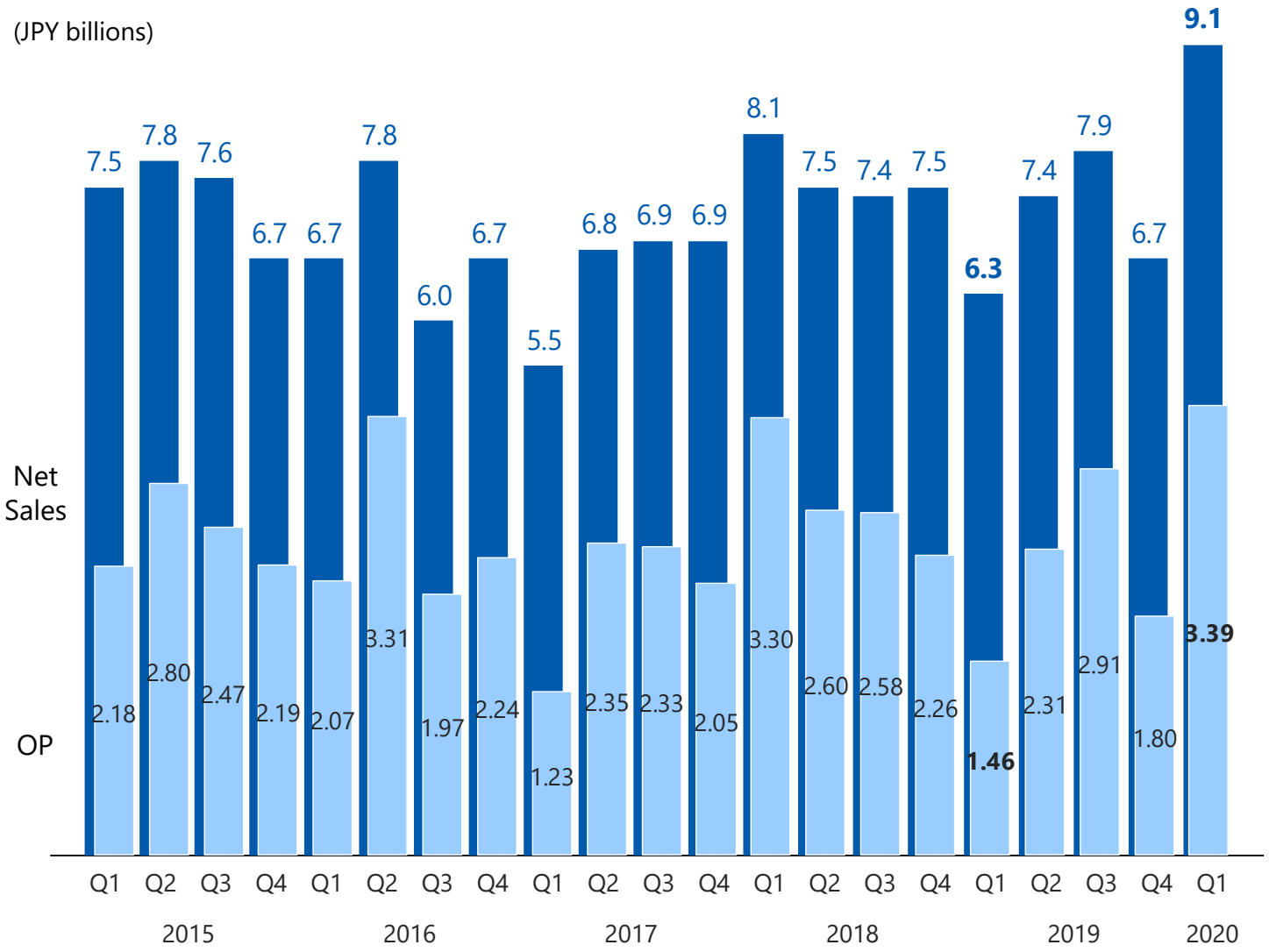
Profit down

28.4%

YoY

1. Overview
2. Financial Results
3. Segment Report
    - i) Group Overview
    - ii) Internet Infrastructure
    - iii) Online Advertising & Media
    - iv) Internet Finance
    - v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Internet Finance | Historical Performance by Quarter



Record high

Revenue up

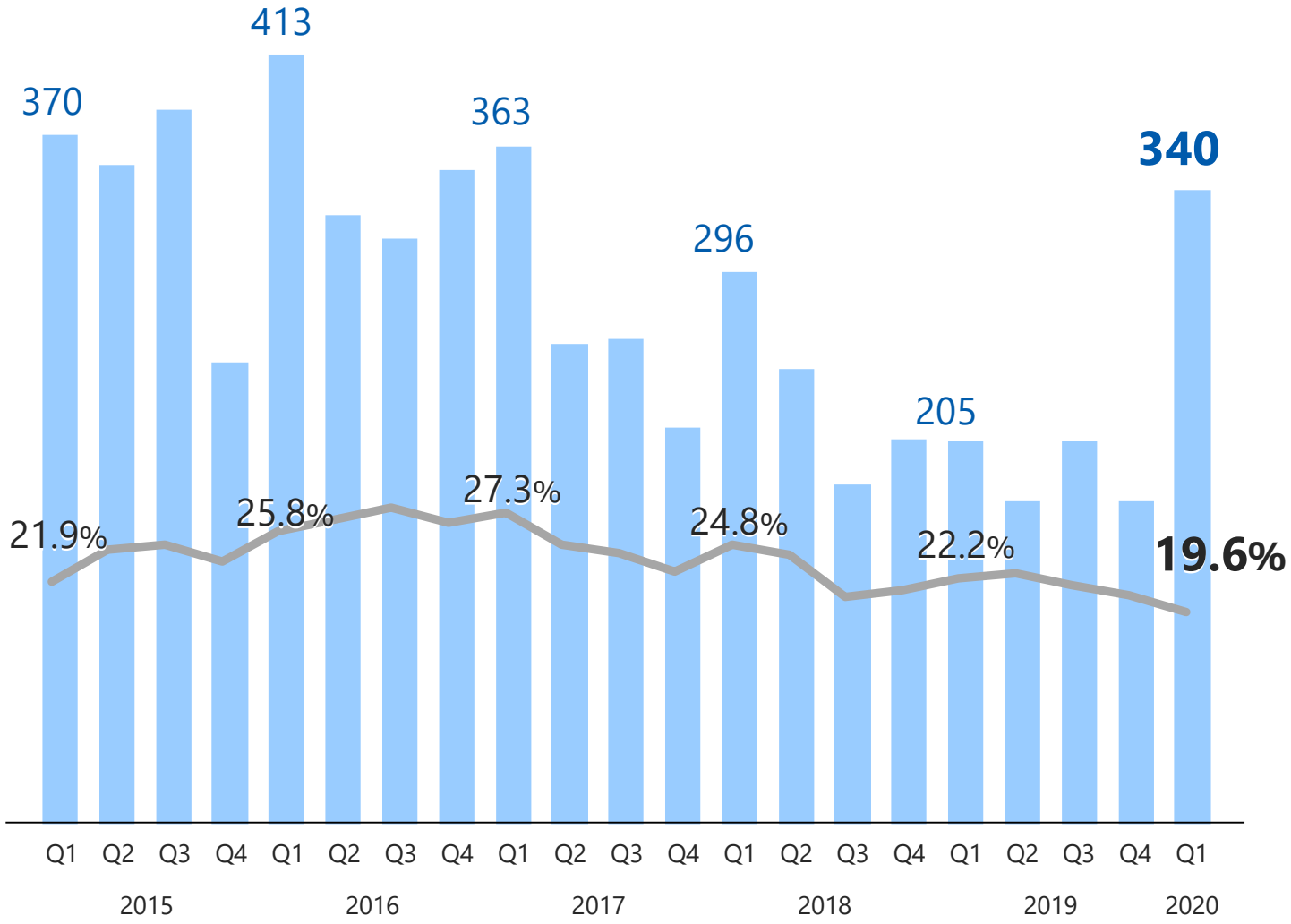
43.1%

Profit up

131.0%

YoY

Internet Finance | FX Trading Volume



Trading volume up

65.6%

YoY

Trading volume (JPY trillions)

Share

Prepared based on Results Presentation of GMO Financial HD for Q1 of FY2020 and “Monthly Statistical Bulletin on Over-The Counter Retail FX Margin Trading” published by the Financial Futures Association of Japan (FFAJ)

1. Overview
2. Financial Results
3. Segment Report
    - i) Group Overview
    - ii) Internet Infrastructure
    - iii) Online Advertising & Media
    - iv) Internet Finance
    - v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Finance, Payment, and Cryptoassets

Cryptoassets

Mining — bitcoin, BitcoinCash

Exchange — GMO Coin

Payment — GYEN

Securities/FX

GMO FINANCIAL HD

▲ 大和証券グループ本社 (Daiwa Securities Group Inc.,)

Share acquisition: JPY9.7B (9.37%)

GMO INTERNET GROUP

Payment

SMBC GMO PAYMENT

▲ JV established

SMBC 三井住友銀行 → GMO PAYMENT GATEWAY

(Sumitomo Mitsui Banking Corporation)

Investment: JPY3.86B (3.36%)

Net Bank

Launched on July 17, 2018

GMO あおぞらネット銀行

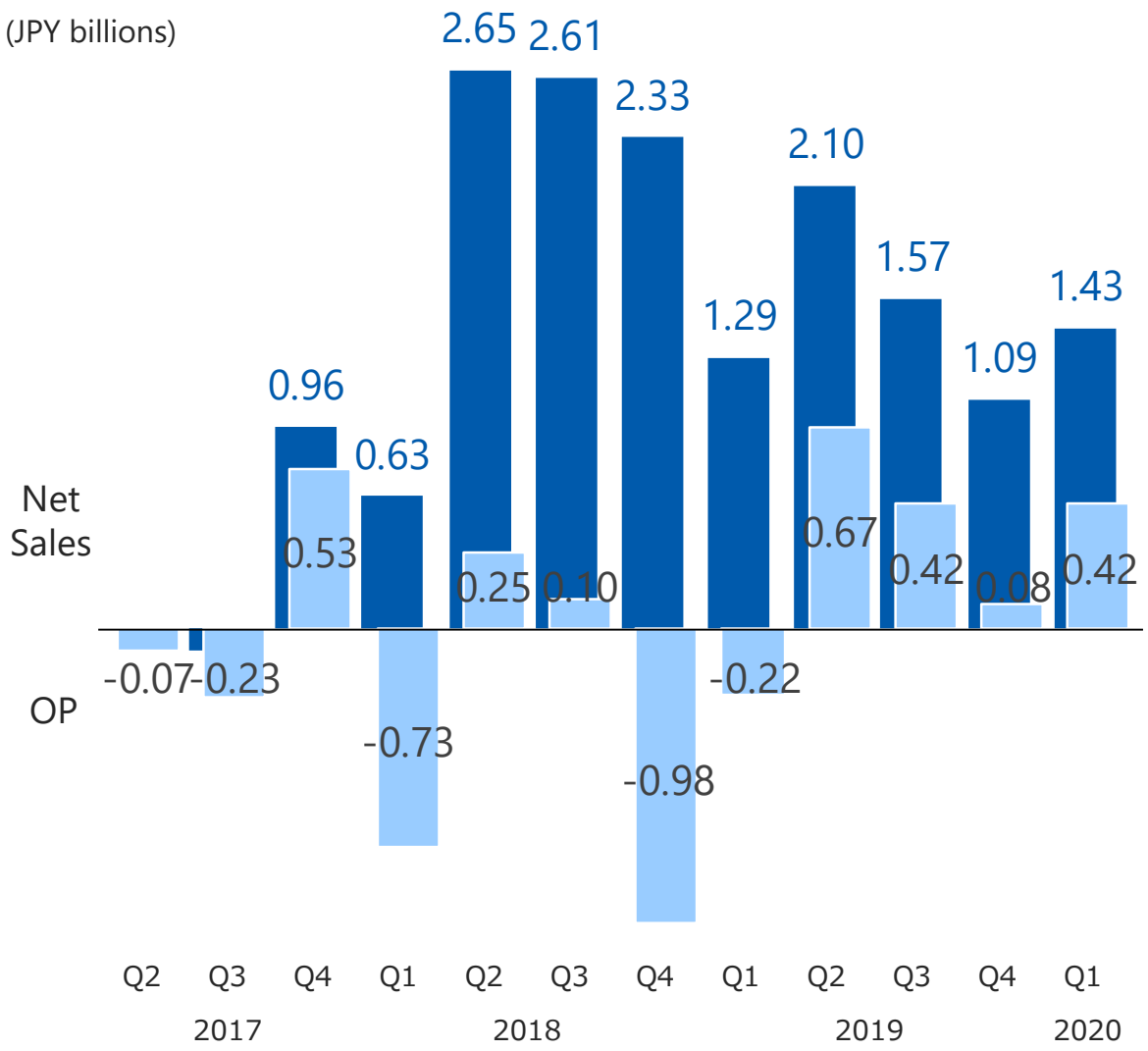
GMO Aozora Net Bank

AOZORA あおぞら銀行 (Aozora Bank) **(85.1%)**

GMO INTERNET GROUP **(14.9%*)**

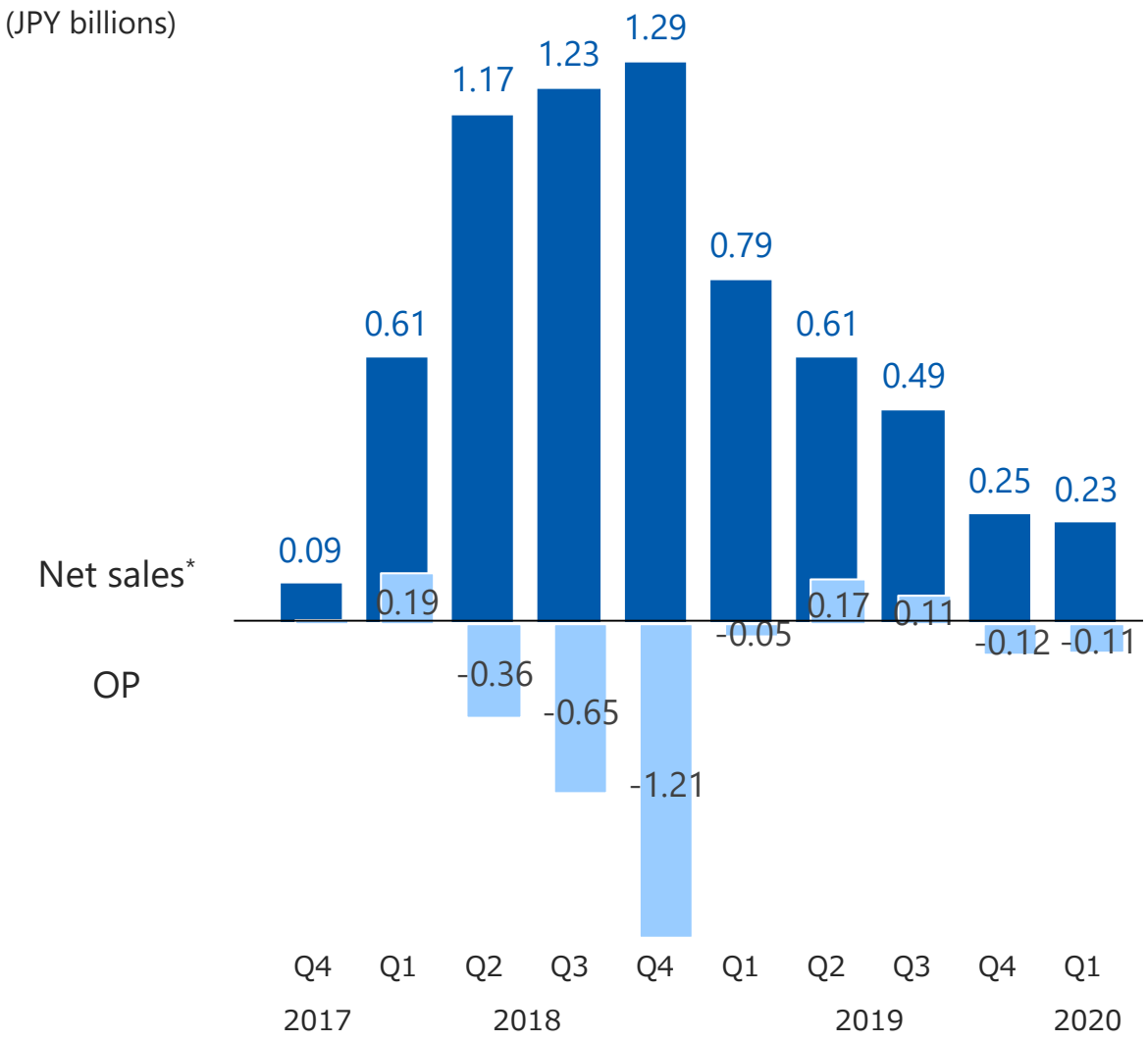
* Upon obtaining necessary authorization from the relevant authority to become a major shareholder of GMO Aozora Net Bank, the GMO group companies may increase the ratio of voting rights to 50%.

Cryptoassets business | Historical performance by quarter



Revenue and profit were up YoY and QoQ

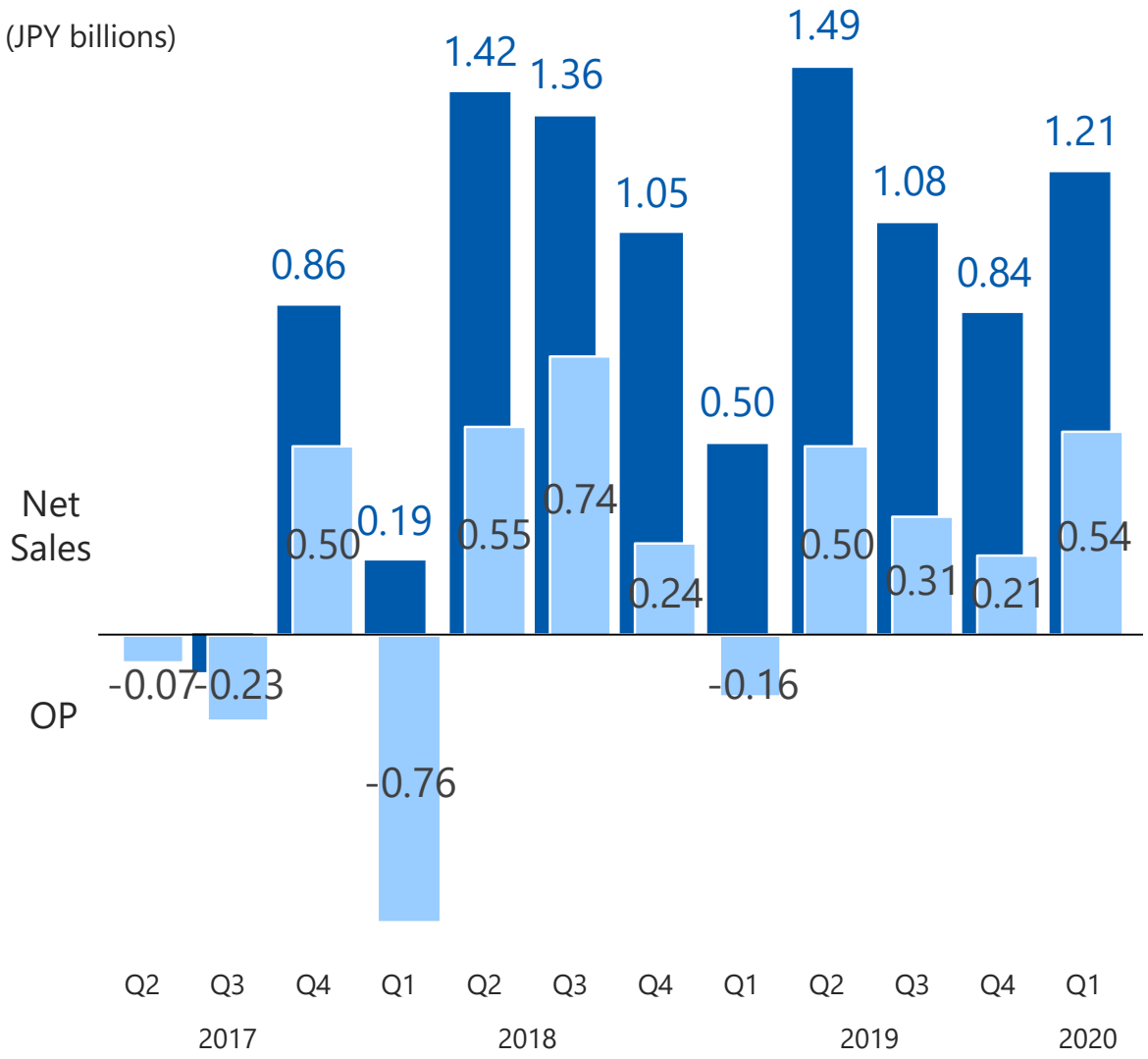
Cryptoassets Mining business | Historical performance by quarter



Relocation of mining centers: transition period

*Gross figure including revaluation gain (loss) of cryptoassets, which was -0.16B in Q1 FY2018, +0.06B in Q2 FY2018, +0.01B in Q3 FY2018, -0.01B in Q4 FY2018, -0.00B in Q1 FY2019, -0.00B in Q2 FY2019, -0.00B in Q3 FY2019, -0.00B in Q4 FY2019, and -0.00B in Q1 FY2020.

Cryptoassets Trading business | Historical performance by quarter



GMO Coin

Rise in trading volume

Revenue and profit were up QoQ

1. Overview
2. Financial Results
3. Segment Report
    i) Group Overview
    ii) Internet Infrastructure
    iii) Online Advertising & Media
    iv) Internet Finance
    v) Cryptoassets (Cryptocurrency)
4. GMO Aozora Net bank

Finance, Payment, and Cryptoassets

Cryptoassets

Mining — bitcoin, BitcoinCash

Exchange — GMO Coin

Payment — GYEN

Securities/FX

GMO FINANCIAL HD

▲ 大和証券グループ本社 (Daiwa Securities Group Inc.,)

Share acquisition: JPY9.7B (9.37%)

GMO INTERNET GROUP

Payment

SMBC GMO PAYMENT

▲ JV established

SMBC 三井住友銀行 → GMO PAYMENT GATEWAY

(Sumitomo Mitsui Banking Corporation)

Investment: JPY3.86B (3.36%)

Net Bank

Launched on July 17, 2018

GMO あおぞらネット銀行

GMO Aozora Net Bank

AOZORA あおぞら銀行 (Aozora Bank) — GMO INTERNET GROUP

(85.1%) — **(14.9%*)**

* Upon obtaining necessary authorization from the relevant authority to become a major shareholder of GMO Aozora Net Bank, the GMO group companies may increase the ratio of voting rights to 50%.

GMO AOZORA NET BANK

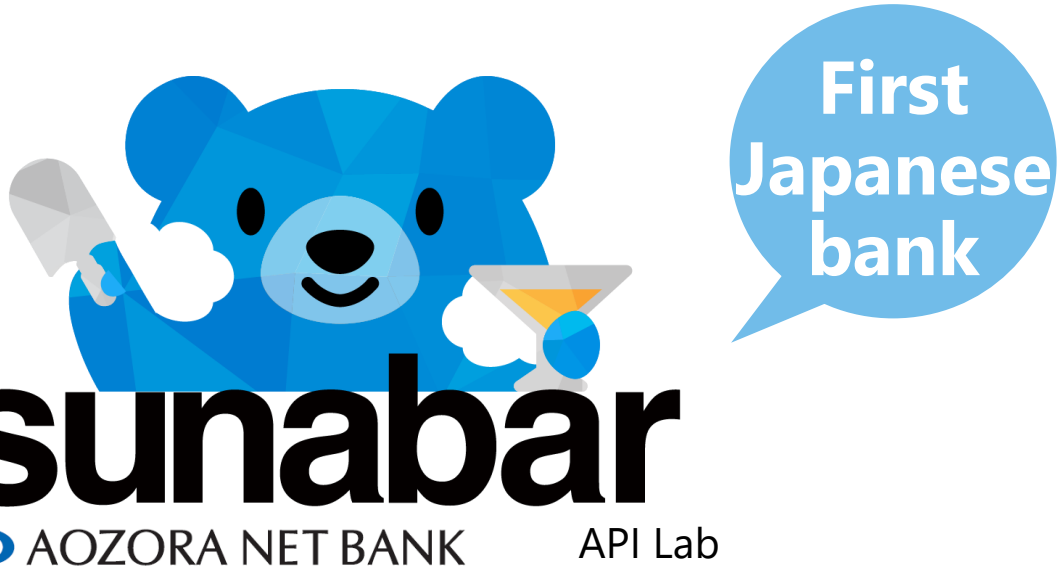
Become No. 1 in terms of the number of bank API connection

18 firms (Q4 '19) → **35 firms** (Q1 '20)

freee
zaim
Moneytree
Money Forward
Huobi
TRANS-GATEWAY
Coincheck
GMOコイン
QUEEN BEE CAPITAL
CAREER

Net Bank | Accelerating API connection

GMO AOZORA NET BANK



Opening up staging environment of API development for free

(from April 7, 2020)

SANDBOX
[Test environment of API]

×

BAR
[Community]

Conclusion | Future outlook

	Assumption	Outlook
Internet Infrastructure	• **Change in society due to new coronavirus** • **Promoting cashless penetration** • **Accelerating DX** • **".gmo,"the world's first dedicated domain for IoT**	• **Expect current trend to continue**
Online Ad & Media	• **Worsening external environment. Worst period.**	• **Improvement**
Internet Finance	• **Change in society due to new coronavirus** • **Market fluctuations**	• **Expect current trend to continue**
Cryptoassets (Cryptocurrency)	• **New mining facilities start operating in May** • **Complete withdrawal from Northern Europe in June** • **GYEN to be launched in June※**	• **Look forward to earnings in July and beyond**

※Aiming to launch in June subject to regulatory approval.　Correction | 2020/5/14 「launch in May → June」

Masatoshi Kumagai [GMO]

@m_kumagai

[Support the world with the Internet]

Teleworking, online medical examination, online class.

Many need/want what we have been doing for 25 years.

Comrades involved in the Internet industry, let's work together to confront the national crisis.

10:49 p.m. on April 19, 2020 · Twitter for iPad

Internet for Everyone

We are planning on making an earnings announcement for FY2020 Second Quarter after 3 pm on August 11, 2020.

This document includes projections based on expectations, premises and plans as of May 12, 2020. These projections may differ from actual results due to factors including changes in the global economy, competition, exchange rate fluctuations, market cap of cryptocurrency, 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.
Information contained in this document is provided for information purposes only and does not constitute solicitation of investors. Further, results forecasts and other forward-looking statements are based on premises that include risks and factors that are largely indeterminable. Please understand that actual results may differ significantly as a result of forces including economic conditions and market environment. No responsibility for any reason is accepted for damage sustained as a result of actions taken based on this information.

Appendix

Significant Group Companies

141 Group Companies (114 consolidated, 20 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) *As of March 2020

Internet Infrastructure

★ GMO Internet, Inc. (TSE:9449)
★ GMO Payment Gateway, Inc. (TSE:3769)
★ GMO CLOUD, Inc. (TSE:3788)
★ GMO Pepabo Inc. (TSE: 3633)
GMO Financial Gate, Inc.
GlobalSign K.K.
GMO CARS, Inc.
GMO MAKESHOP Co. Ltd.
GMO Commerce, Inc.
GMO Epsilon, Inc.
GMO Payment Services, Inc.
Global Card System,Inc.
GMO Data, Inc.
GMO Registry, Inc.
GMO System Consulting, Inc.
GMO Creators Network, Inc.
GMO Brights Consulting, Inc.
GMO TownWiFi, 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)

Cryptoassets

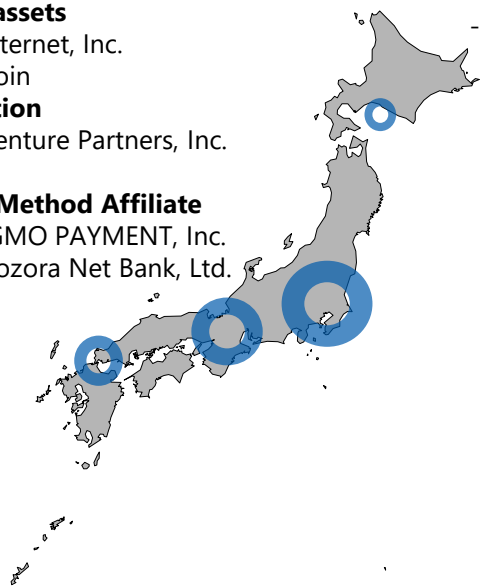
GMO Internet, Inc.
GMO Coin

Incubation

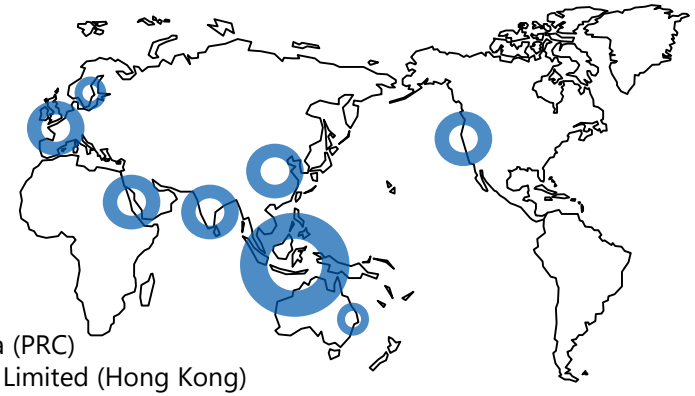
GMO Venture Partners, Inc.

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



(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)

Finance, Payment, and Cryptoassets | Group relationship

Net Bank

GMO Aozora Net Bank

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

Domain, hosting & cloud, provider, Cryptoassets mining

GMO Internet (TSE1)

Cryptoassets mining

Infrastructure & Ecommerce

Rental server, hosting & cloud

GMO CLOUD (TSE1)

(GMO Internet 51.8%)

SSL server certificate

GMO GlobalSign

Domain registration, rental server, ecommerce

GMO Pepabo (TSE2)

(GMO Internet 64.9%)

Content production

GMO Creators Network

Payment processing service

GMO Payment Gateway (TSE1)

(GMO Internet 42.4%)

Transaction lending

GMO Epsilon

Future payment

GMO Payment Service

Offline payment

GMO Financial Gate

Finance

Financial holdings company

GMO Financial HD (JASDAQ)

(GMO Internet 63.0%)

FX trading, online securities trading

GMO CLICK Securities

FX trading

FX Prime byGMO

Cryptoassets Trading

Cryptoassets exchange, Cryptoassets FX

GMO Coin

Consolidated Balance Sheet

(JPY millions)	End of 12/2019	**End of 3/2020**	Change	GMO Financial HD (End of 3/2020)	Change
Current Assets	811,083	**844,984**	33,901	618,744	20,598
Cash & Deposits	160,315	**207,319**	47,003	88,456	26,738
Fixed Assets	60,130	**57,510**	-2,619	8,010	-371
Goodwill	2,778	**2,605**	-173	407	-40
Software	6,836	**7,114**	277	1,743	-176
Investment Securities	9,881	**9,744**	-136	2,869	-173
Total Assets	871,214	**902,495**	31,281	626,754	20,226
Liabilities	768,944	**800,299**	31,354	588,096	19,371
Interest-bearing debts	155,645	**195,880**	40,235	115,136	19,177
Net Assets	102,269	**102,196**	-73	38,658	854
Non-controlling Minority Equity	48,405	**47,811**	-594	1,058	-87
Shareholders' Equity	53,784	**54,309**	524	37,600	942
Earned Surplus	19,474	**21,164**	1,690	35,650	1,621
(Shareholders' Equity Ratio)	6.2%	**6.0%**	-0.2pt	6.0%	0.0pt
Liabilities/Net Assets Total	871,214	**902,495**	31,281	626,754	20,226

Consolidated Profit and Loss

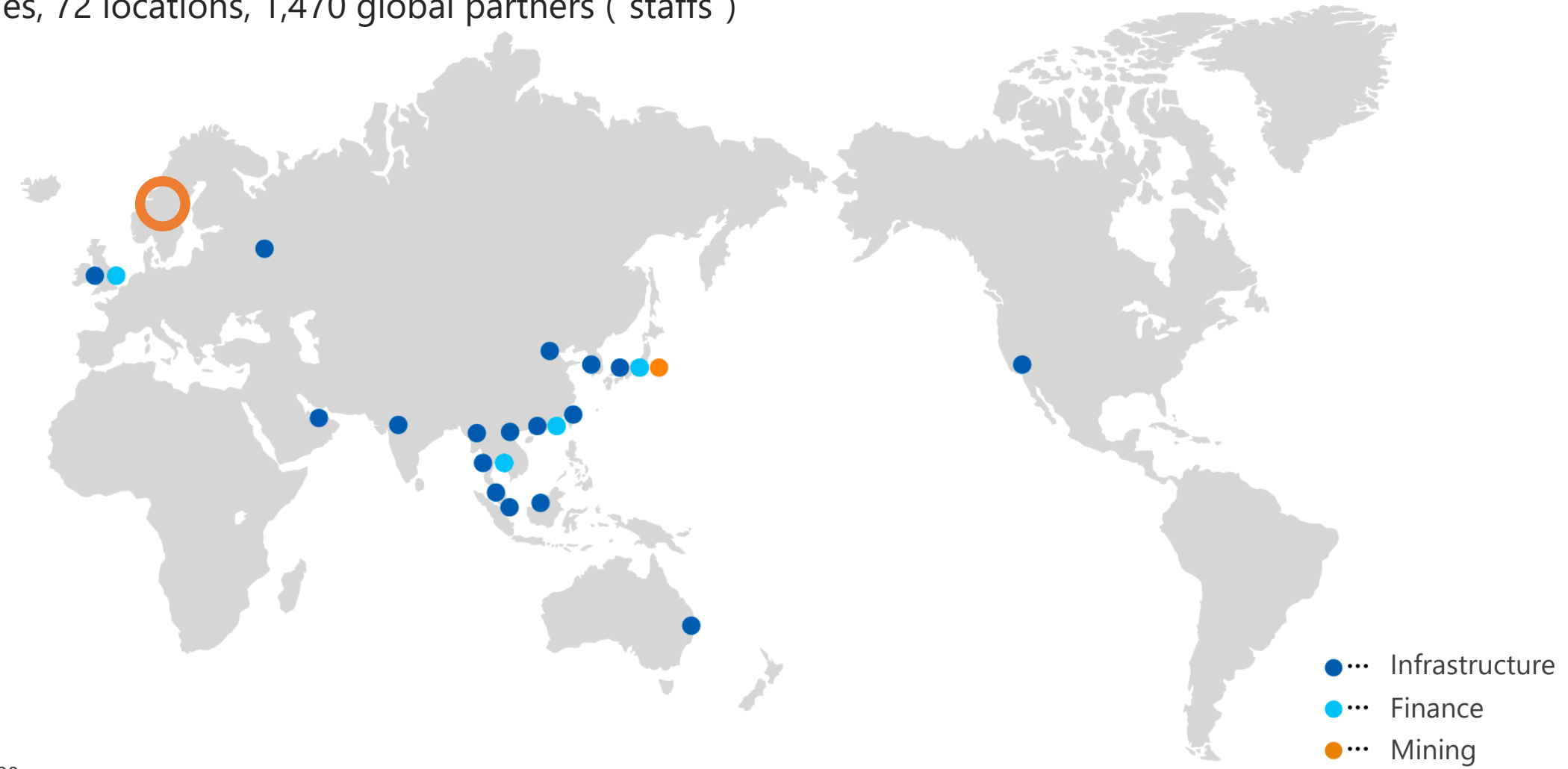
(JPY millions)	Q1'19 (1-3/2019)	**Q1'20 (1-3/2020)**	Change	supplementary information
Net Sales	46,863	**53,699**	14.6%	
Gross Profit on Sales	22,482	**27,377**	21.8%	
Operating Profit	5,000	**8,283**	65.7%	
（OP Margin）	10.7%	**15.4%**	+4.8pt	
Non Operating Profit and Loss	-114	**-226**	-	
Ordinary Profit	4,886	**8,056**	64.9%	
Extraordinary Profit or loss	276	**-371**	-	
Profit before Tax	5,163	**7,684**	48.8%	
Corporate Taxes etc.	1,724	**2,984**	73.1%	
non-controlling interests	1,414	**2,443**	72.8%	
Profit attributable to Owners of the Parent	2,024	**2,256**	11.4%	

Revenue Breakdown by Segment

(JPY millions)	2019/Q1	2019/Q2	2019/Q3	2019/Q4	2020/Q1
◆Internet Infrastructure					
Internet provider	7,744	8,429	8,603	8,841	9,248
Domain	2,234	2,380	2,204	2,255	2,394
Cloud & hosting	3,549	3,610	3,606	3,602	3,740
Ecommercd solutions	3,038	2,816	2,984	2,985	3,250
Security	1,580	1,563	1,543	1,655	1,647
Payment	7,838	8,027	8,418	9,042	9,303
Other	1,504	1,607	1,183	1,223	1,729
Segment total	27,489	28,434	28,544	29,607	31,313
◆Online Advertising & Media					
Internet media	2,934	2,746	2,729	2,666	2,840
Online advertising	8,341	8,064	7,779	8,285	8,587
Internet research, other	800	762	805	895	903
Segment total	12,076	11,573	11,315	11,847	12,331
◆Internet Finance					
Segment total	6,397	7,474	7,958	6,740	9,156
◆Cryptoassets					
Cryptoassets trading	507	1,494	1,085	842	1,210
Cryptoassets mining	786	613	487	254	224
Segment total	1,294	2,108	1,572	1,096	1,435
◆Incubation					
Segment total	328	147	2,483	951	739
◆Other Businesses					
Segment total	414	908	283	328	289
Internal Transactions Adjustment	(1,137)	(1,471)	(1,180)	(1,413)	(1,566)
Consolidated Net Sales	46,863	49,174	50,975	49,157	53,699

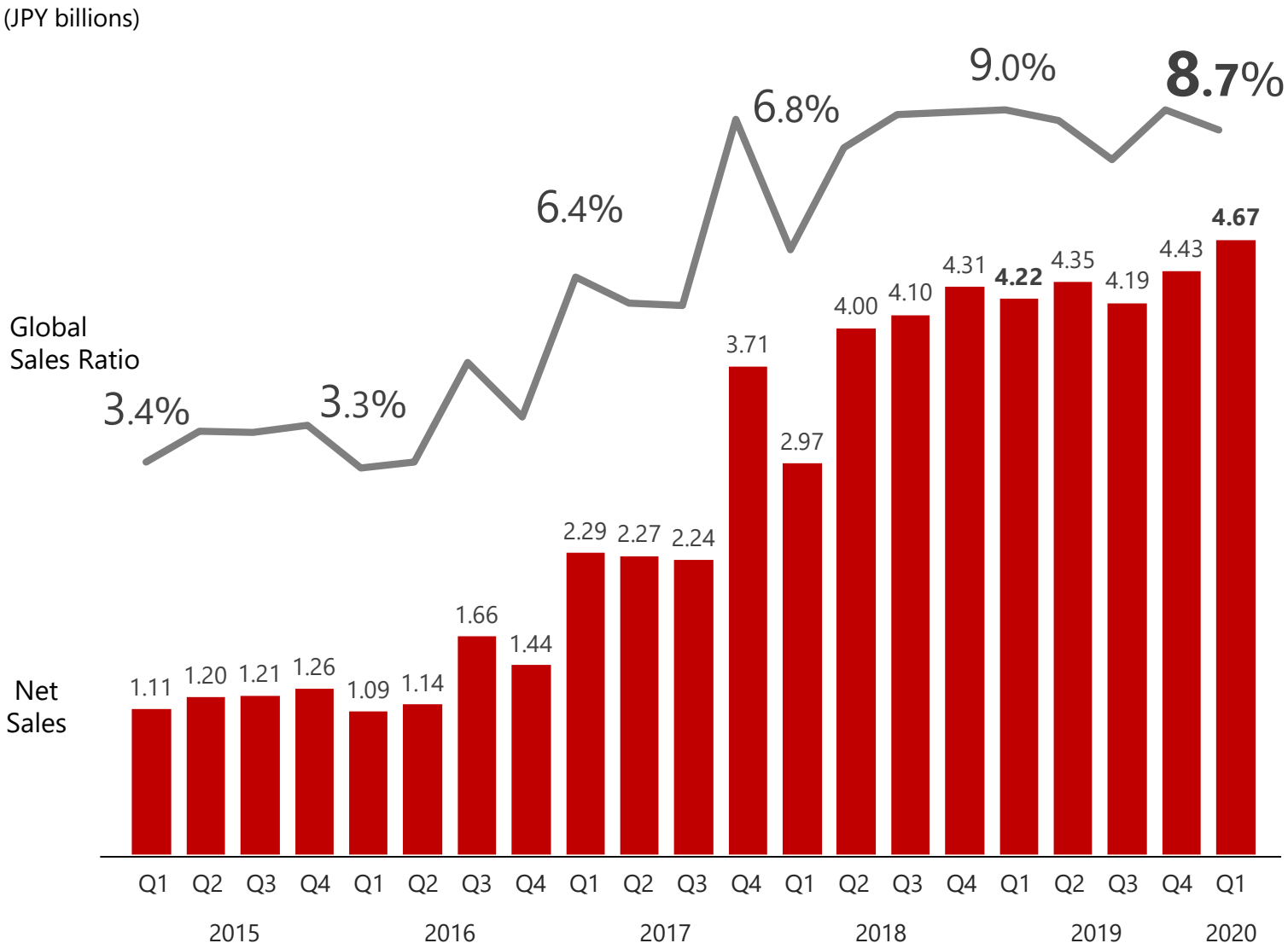
Global Operations | Locations

21 countries, 72 locations, 1,470 global partners (“staffs”)



*As of Mar. 2020

Global Operations | Global Net Sales

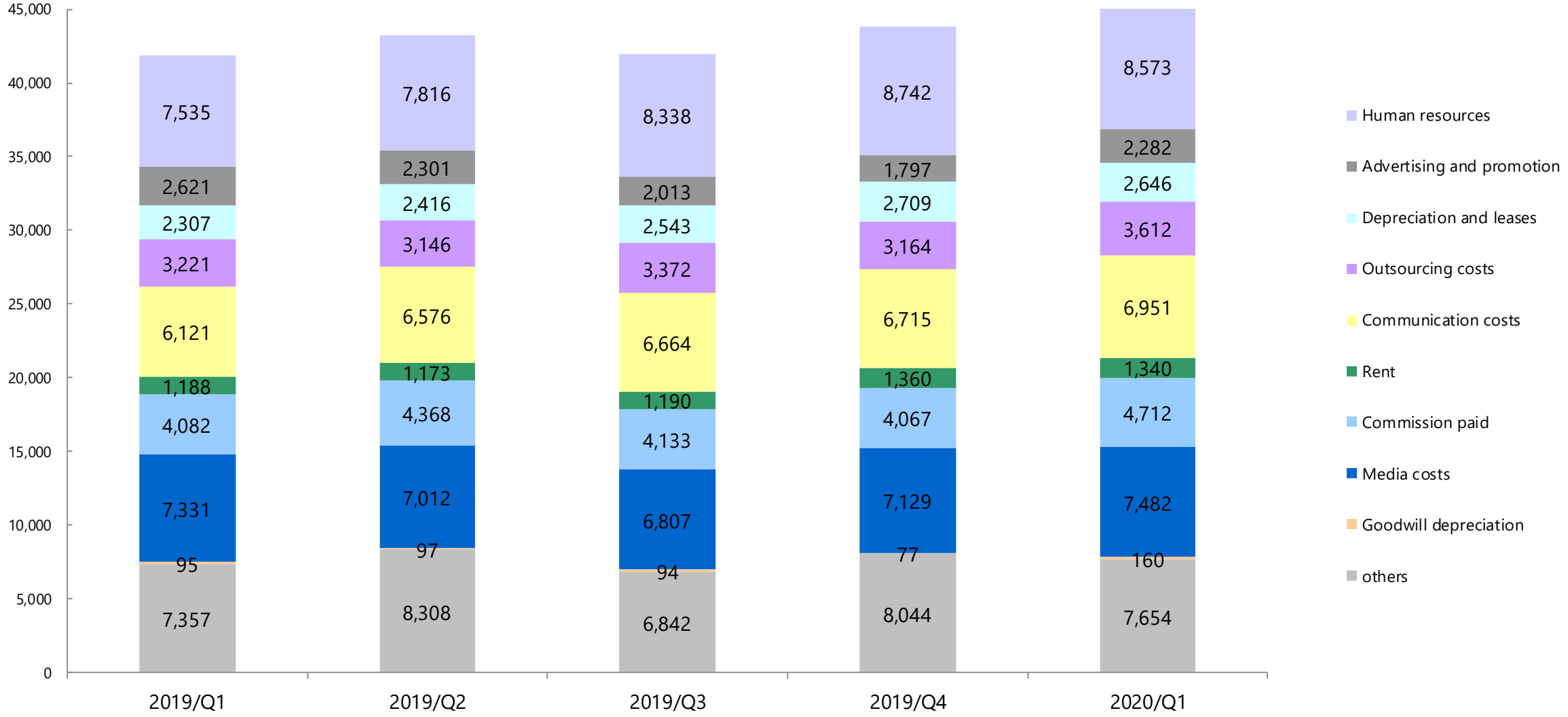


10.5%

YoY growth

Cost Composition (Consolidated)

(JPY millions)

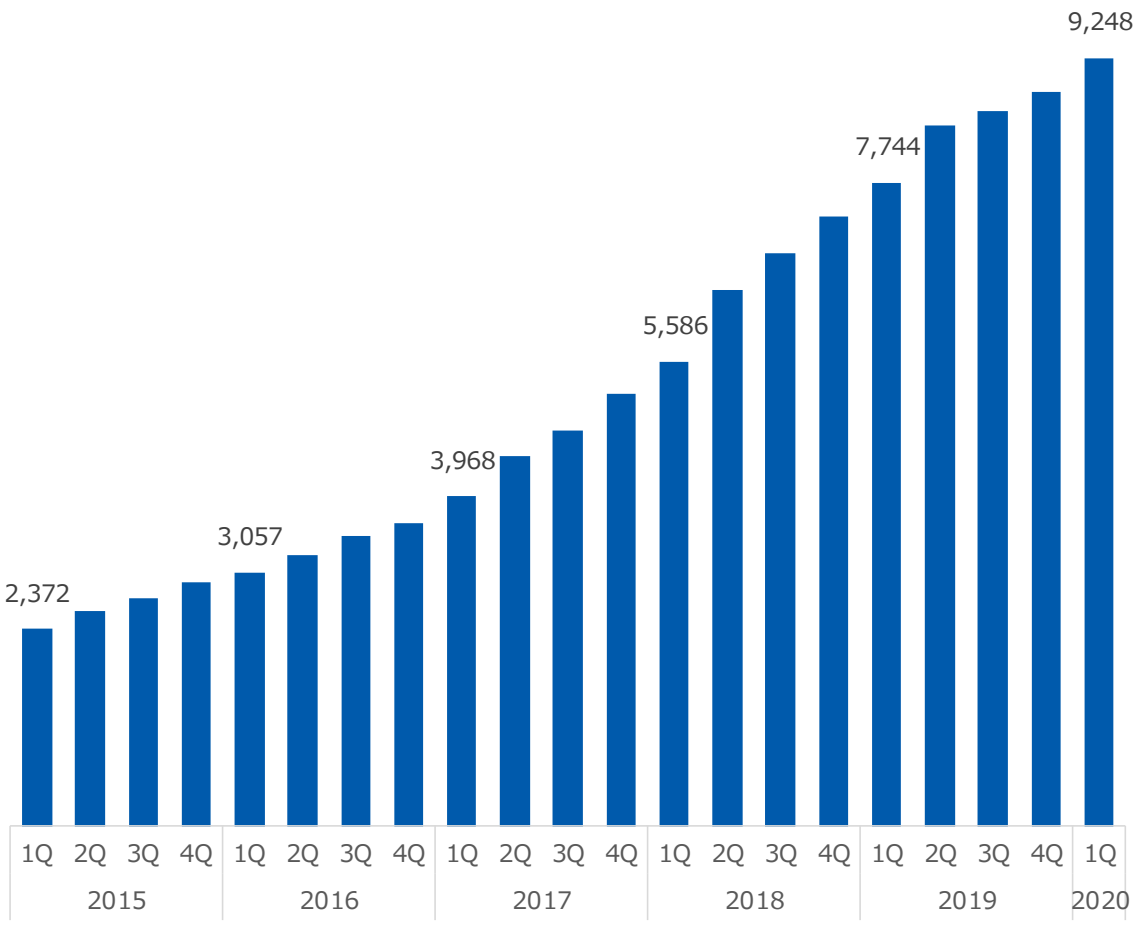


Internet Infrastructure

Internet Infrastructure | Provider - KPIs

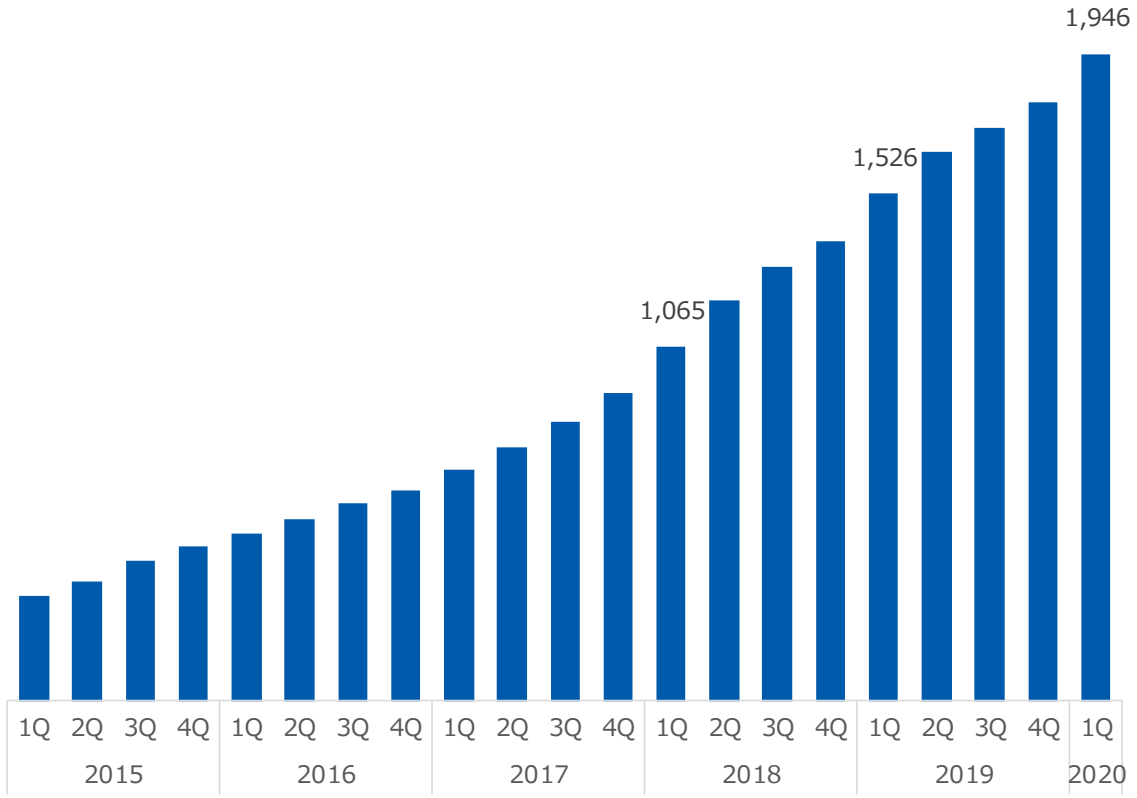
Revenue

(JPY millions)



Subscriptions

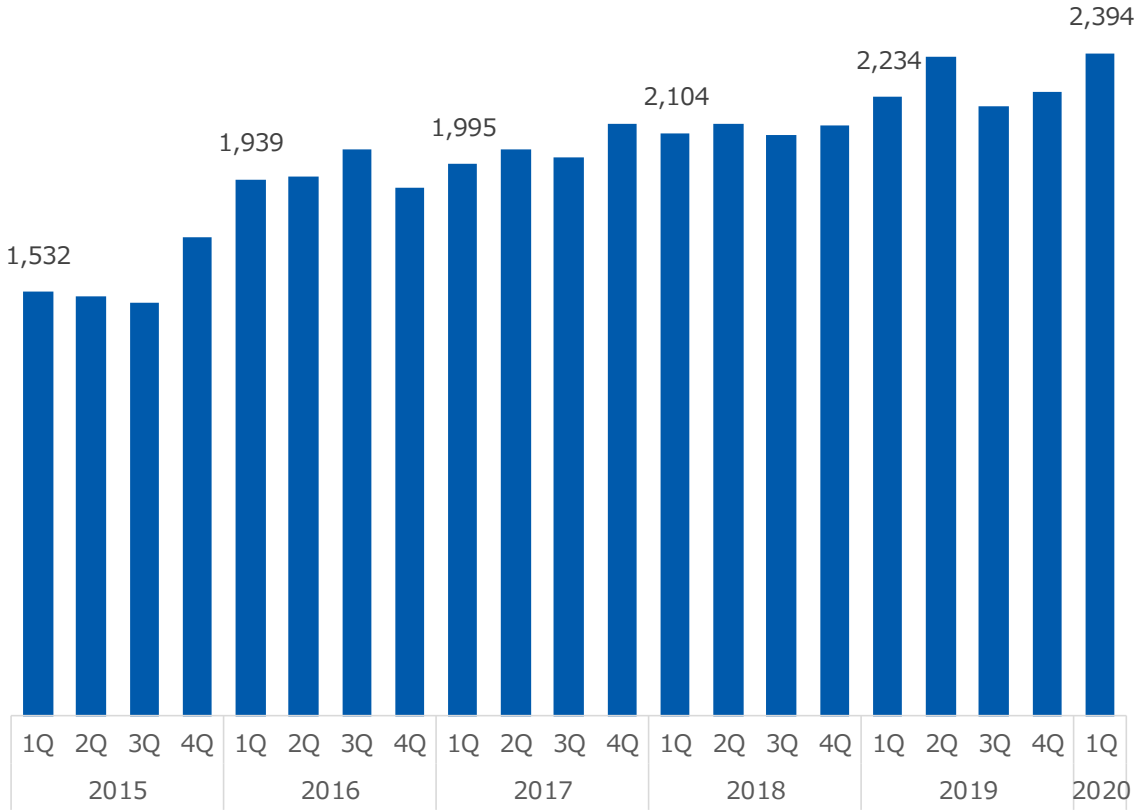
(thousands)



Internet Infrastructure | Domain Registration - KPIs

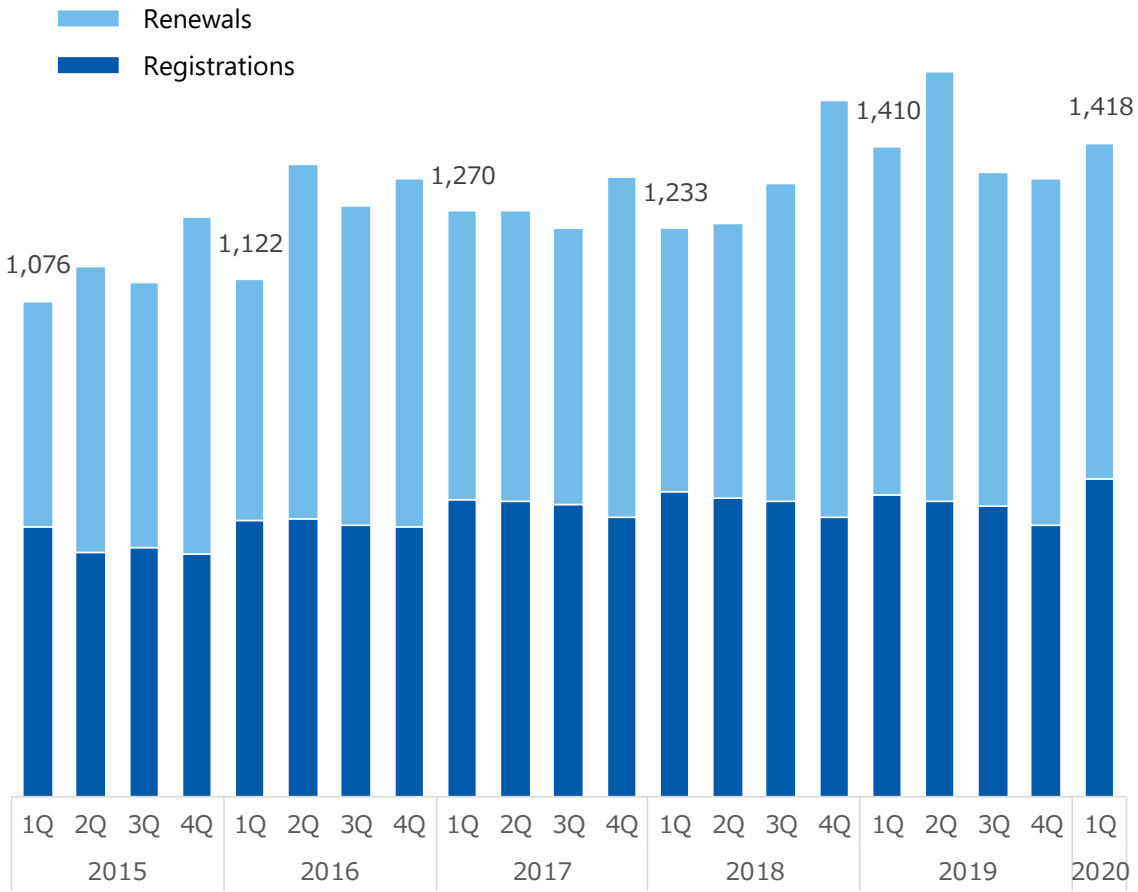
Revenue

(JPY millions)

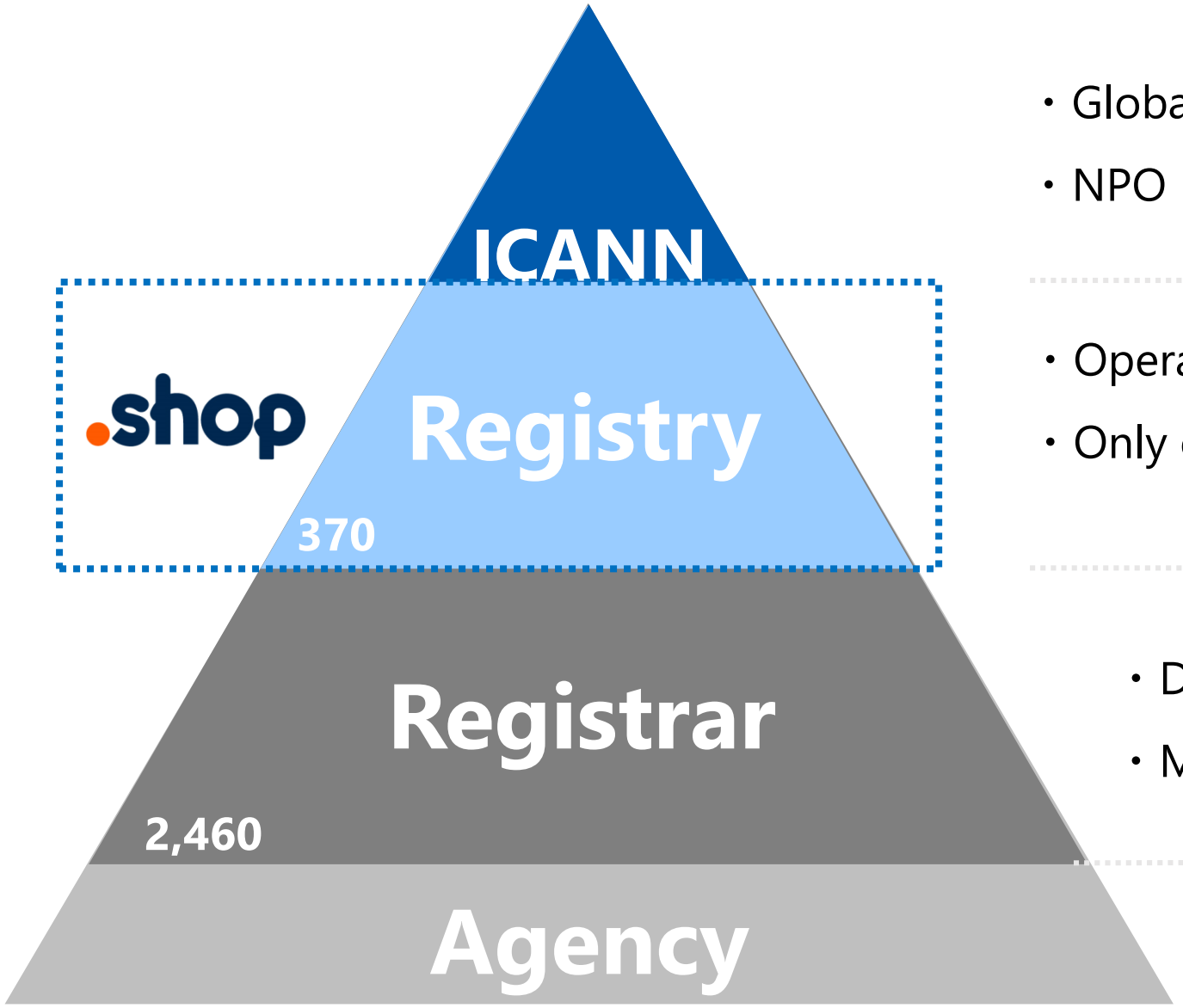


Registrations and renewals

(thousands)



Internet Infrastructure | Domains Industry Structure



- Global domain management
- NPO

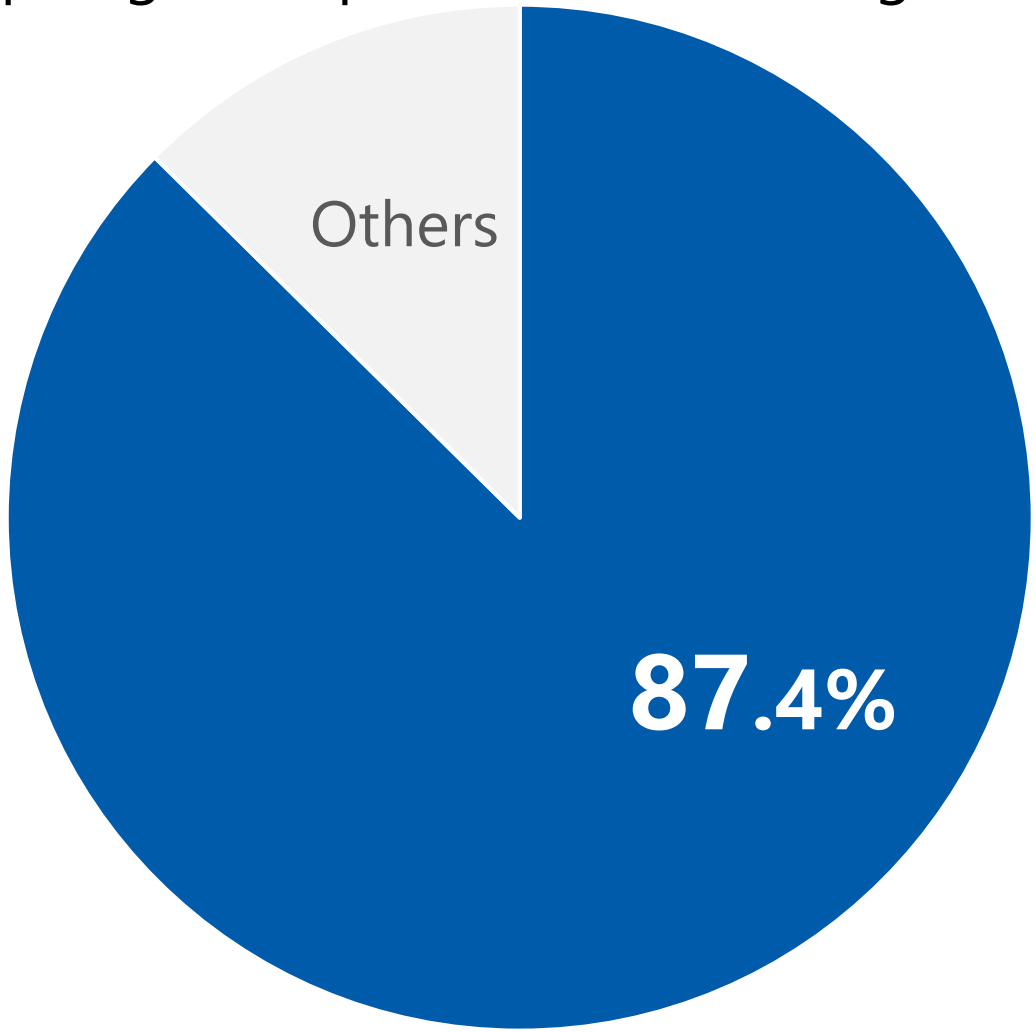
- Operators of .com, .net, etc.
- Only one operator per domain

- Domain registration sales
- Many registrar resellers

- Agency

Internet Infrastructure | Domains Registry Share

Japan gTLD Operation and Management Market Share



No.1

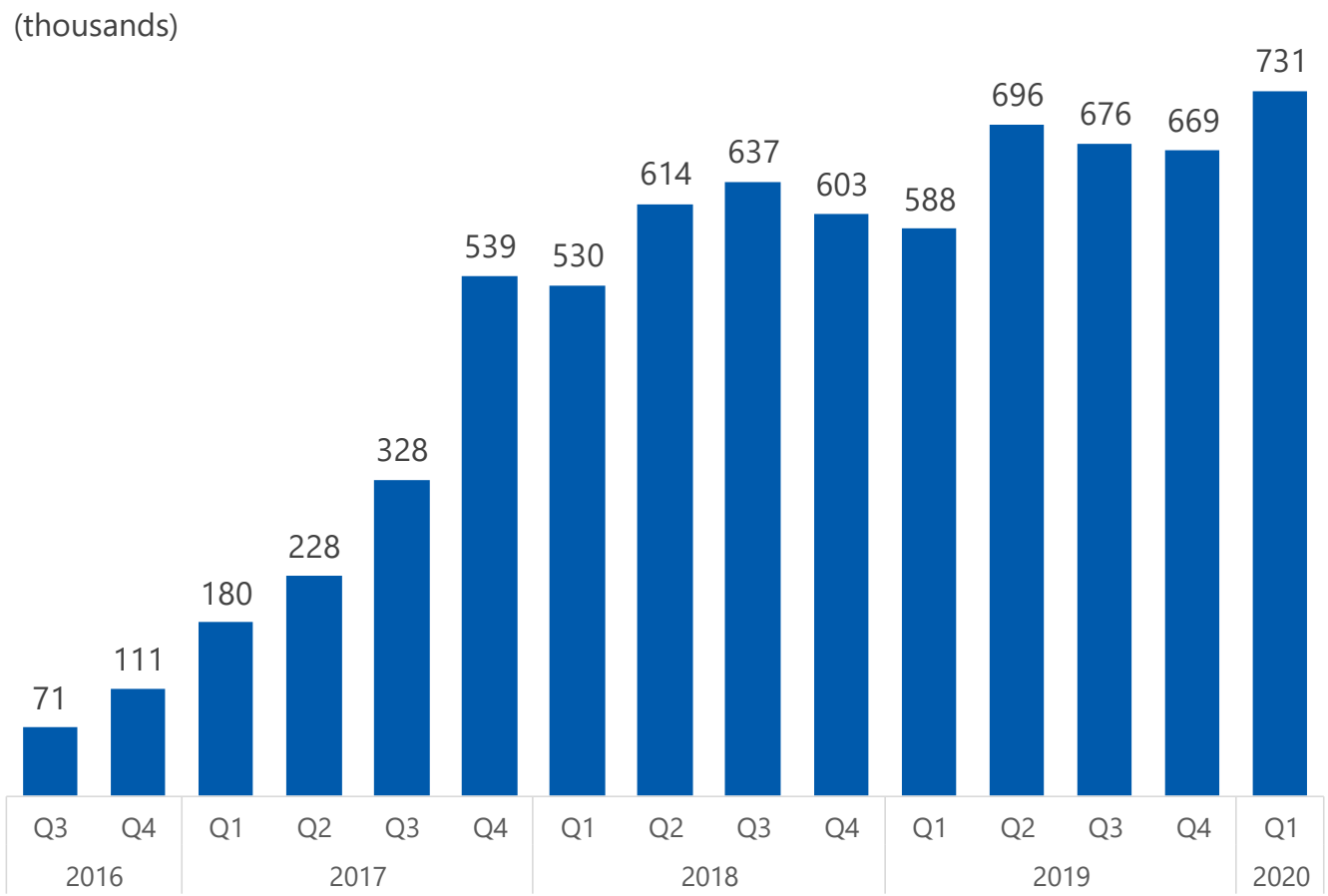
in Japan

87.4%

GMO REGISTRY
+
GMO BrightsConsulting

.shop .tokyo
.nagoya .yokohama
.canon .hitachi

Internet Infrastructure | ".shop": Registration progress



".shop" came in 9th place for the category of New gTLD*1

Renewal rate: **73.5%***2

New gTLD registration rankings

No. 1	.icu	6.68M
No. 2	.top	3.82M
No. 3	.xyz	3.19M
No. 4	.site	2.13M
No. 5	.online	1.55M
No. 6	.vip	1.39M
No. 7	.wang	1.39M
No. 8	.club	1.37M
No. 9	**.shop**	**0.75M**
No. 10	.live	0.70M

*1) Source: https://ntldstats.com/tld/ (as of April 30, 2020)
*2) Renewal rate for domains registered between September 2016 and February 2018 (2nd renewal)

Internet Infrastructure | Domains Global Registrars

1 GoDaddy

2 network solutions

3 tucows

4 enom

5 GMO INTERNET GROUP

6 PDR Public Domain Registry

7 WILD WEST DOMAINS

8 HEG

9 CSC

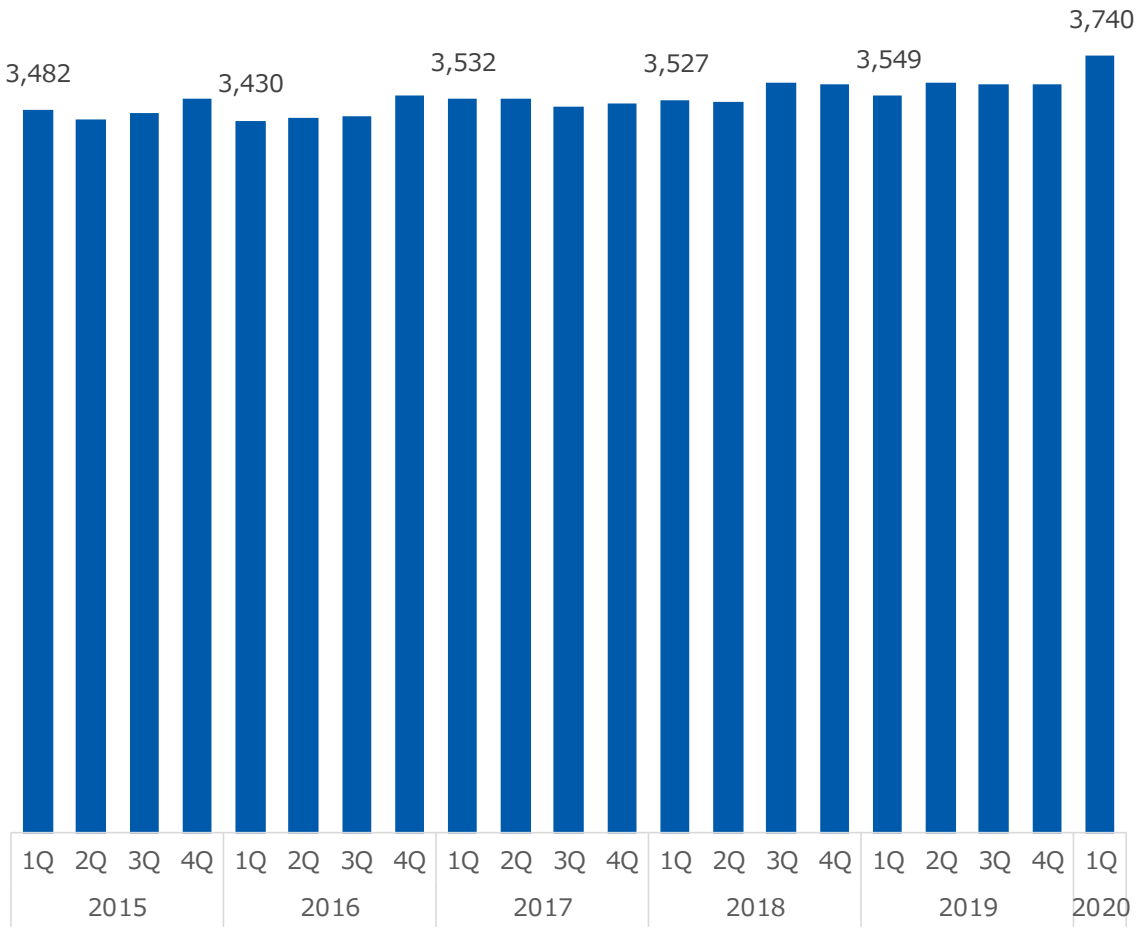
10 OVHcloud

Source: https://www.webhosting.info/domain-registrar-statistics (as of **April 2020**)

Internet Infrastructure | Hosting & Cloud - KPIs

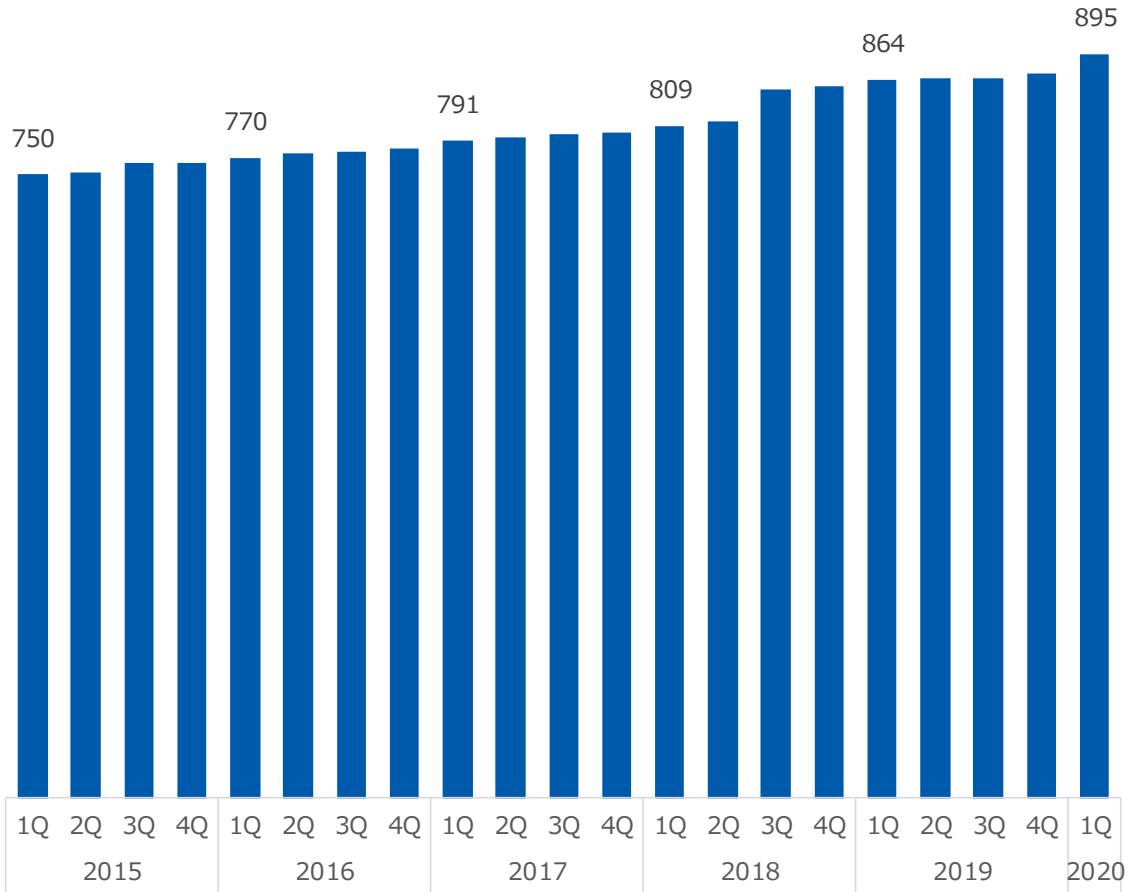
Revenue

(JPY millions)



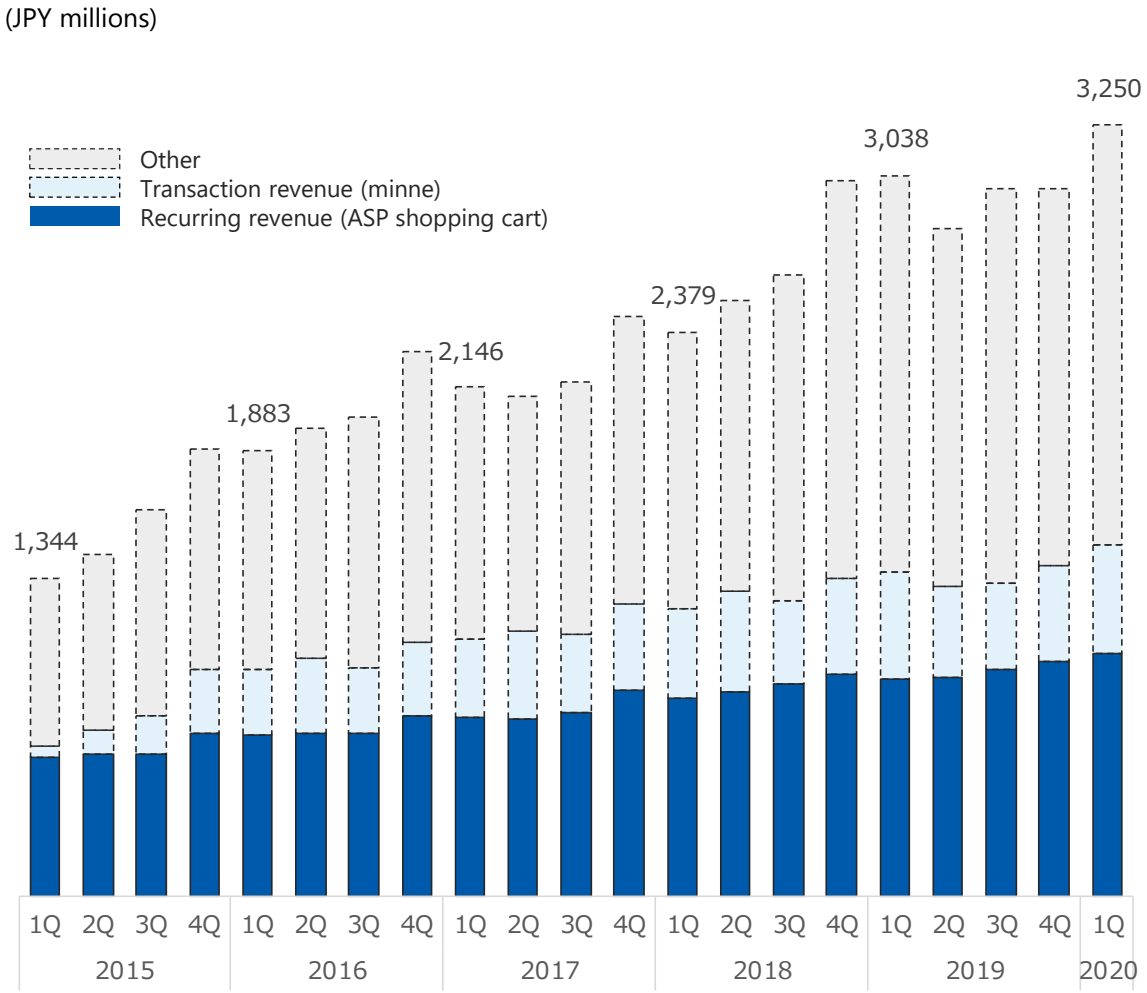
Contracts

(thousands)

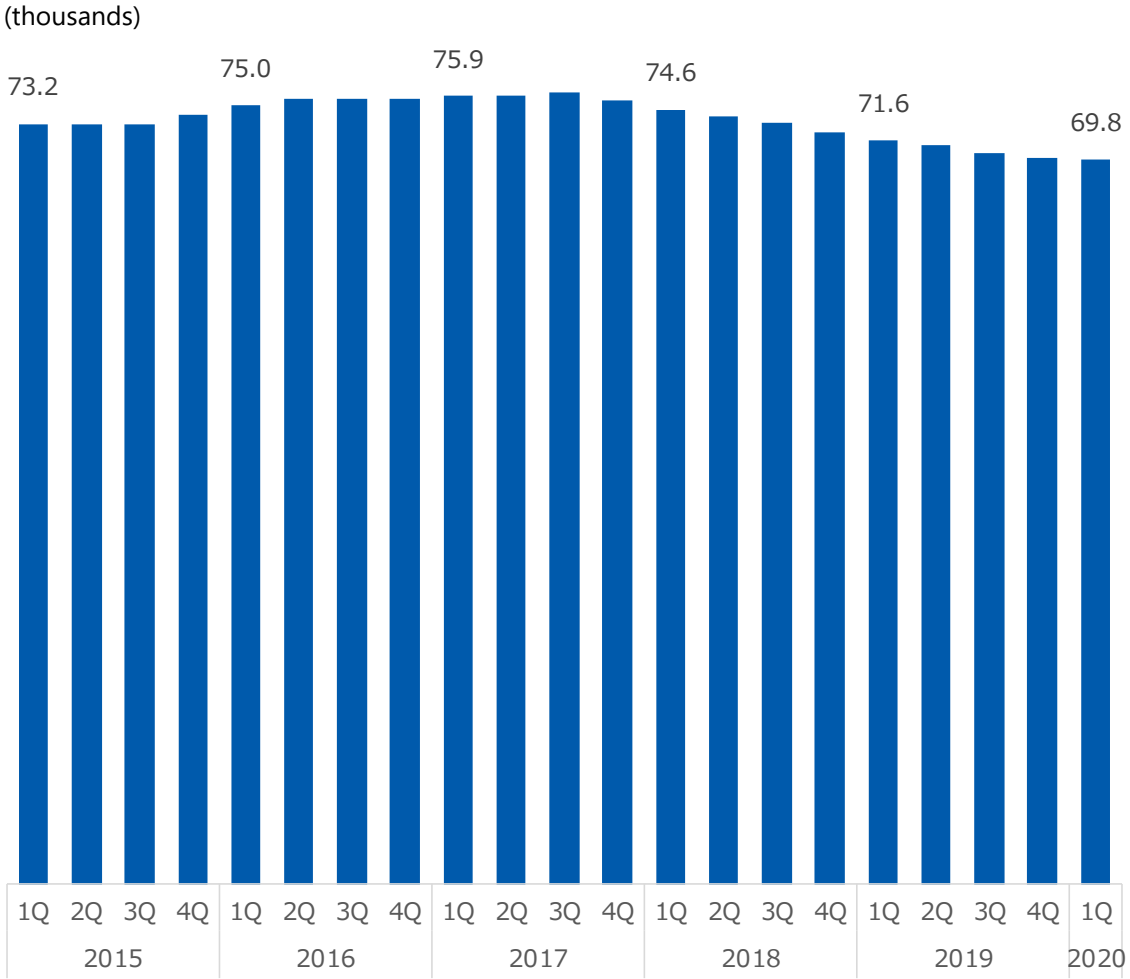


Internet Infrastructure | Ecommerce Solutions - KPIs

Revenue

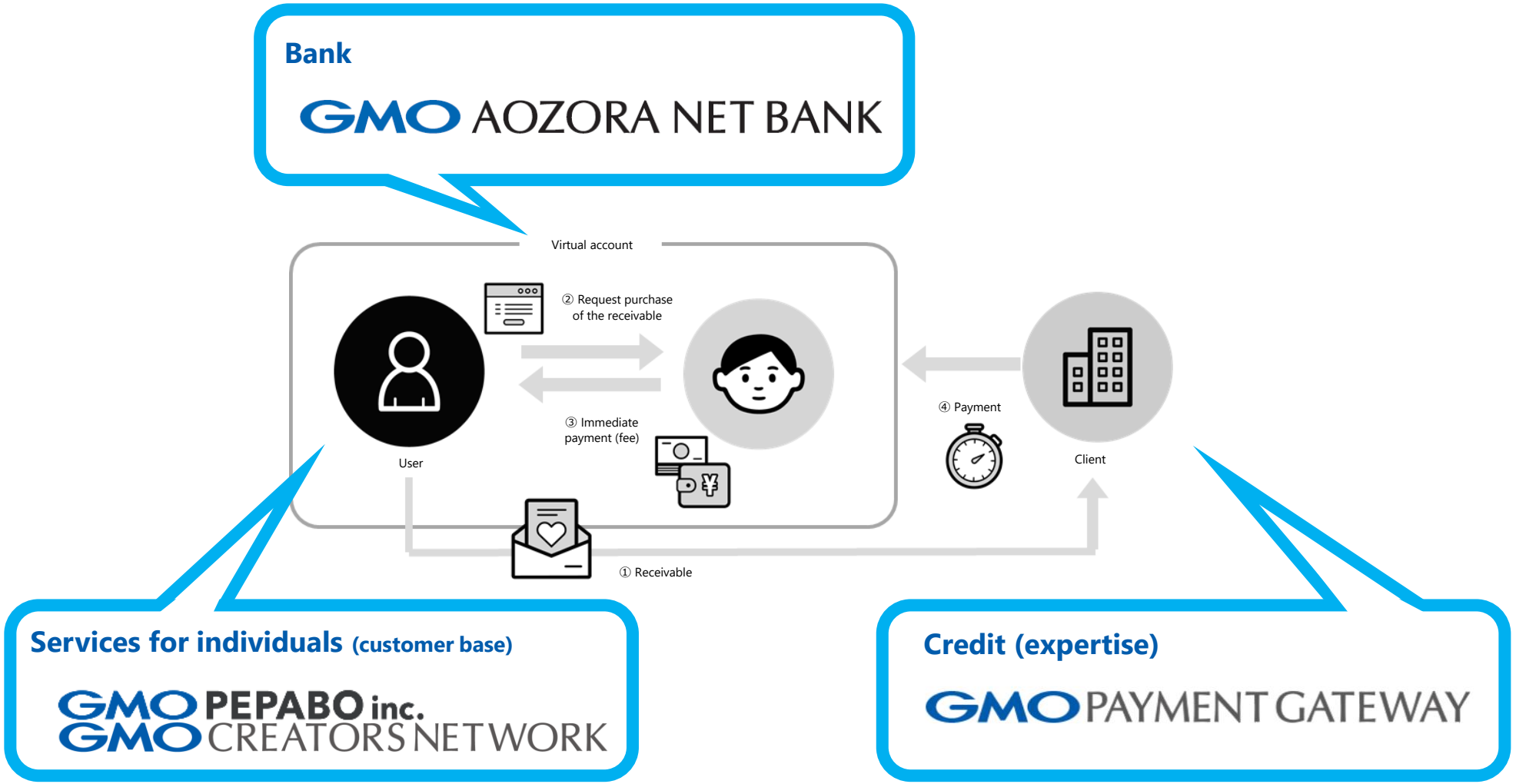


Contracts (ASP shopping cart)



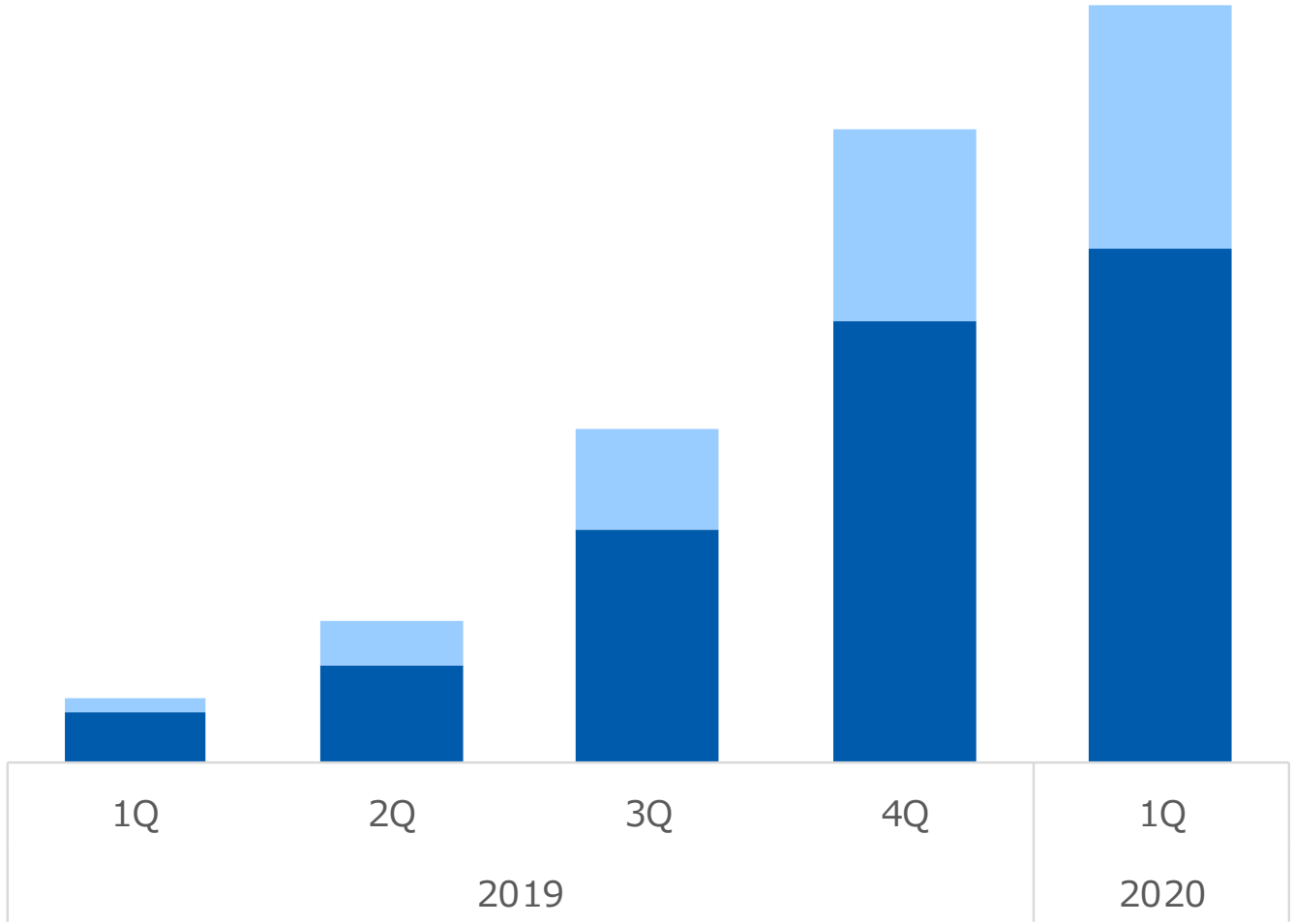
Internet Infrastructure | Ecommerce solutions business minne : Total transaction volume

Internet Infrastructure | Ecommerce solutions business FREENANCE : Business model



The Company created the above diagram based on GMO Pepabo's "Fiscal Year 2019 2nd Quarter Results Presentation" published on August 1, 2019.

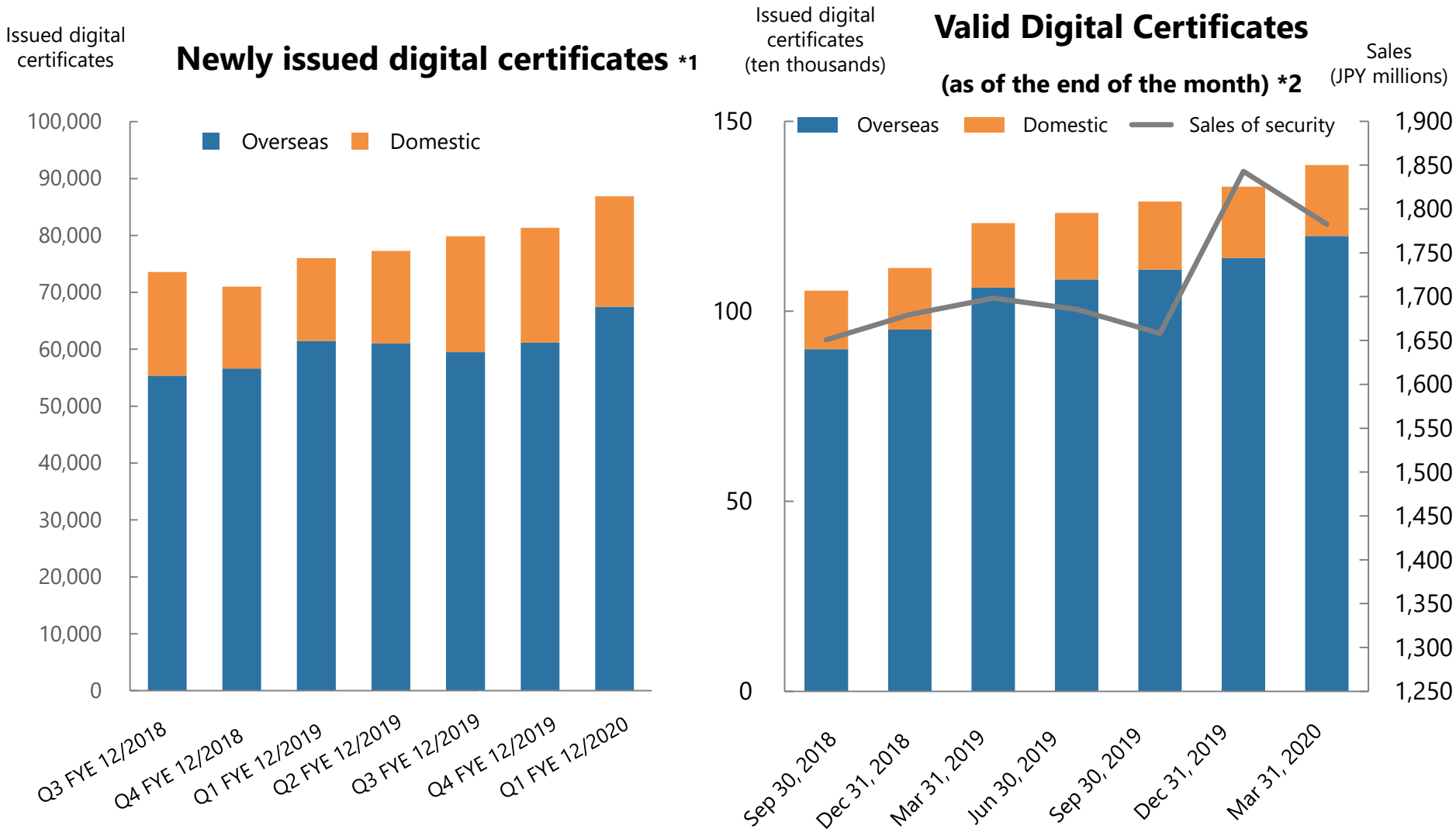
Internet Infrastructure | Ecommerce solutions business FREENANCE : Total value of purchased receivables



Consumer base is growing, mainly existing users

New user
Existing user

Internet Infrastructure | Security GlobalSign - KPIs

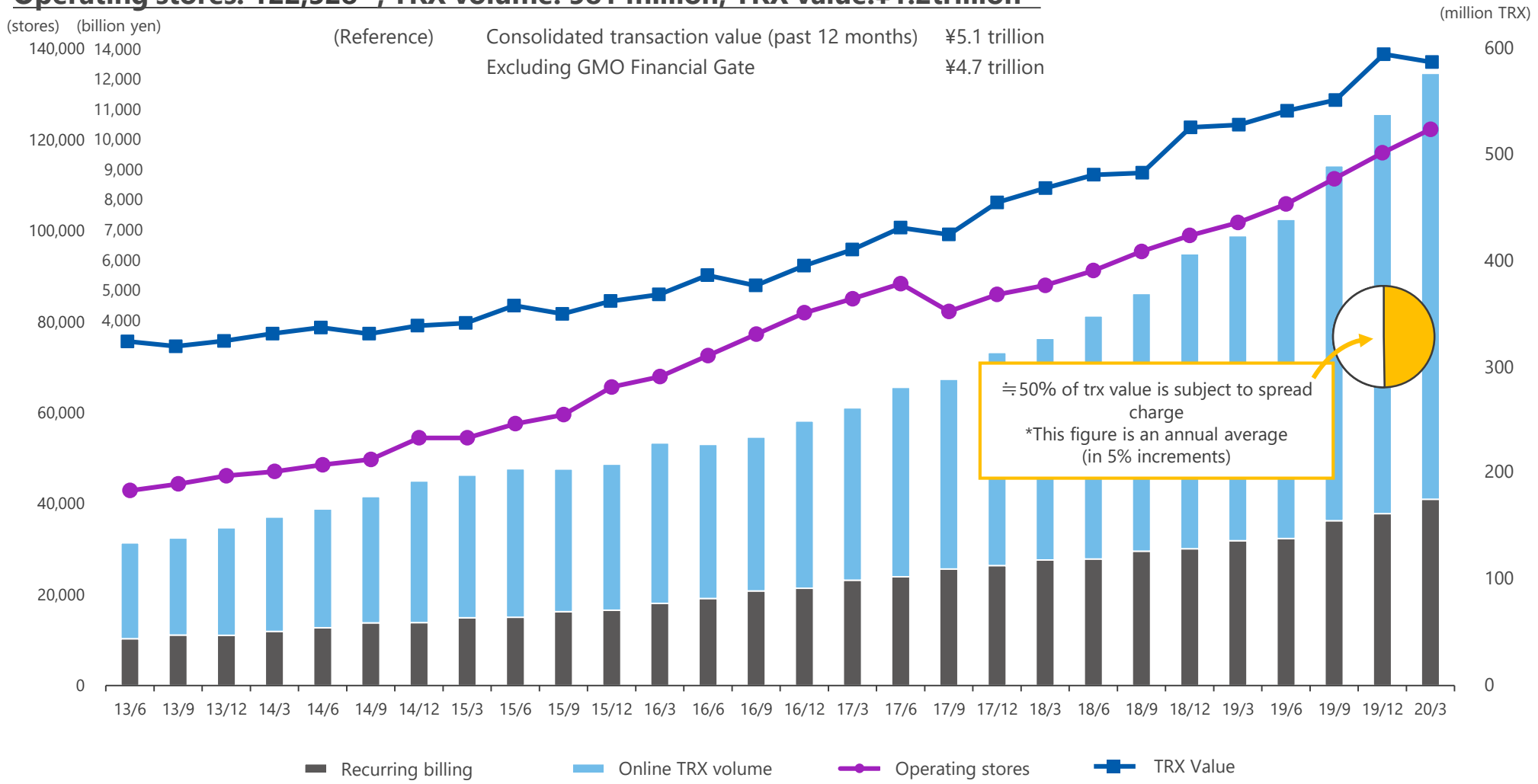


*1 Adjusted number of unlimited issuance contract and monthly high-volume issuance. *2 The number of valid digital certificates is the number of certificates that are actually used.

Internet Infrastructure | Payment Processing - KPIs

Annual GMO-PG group-wide TRX value reaches ¥5.1 trillion

Operating stores: 122,328[*1]; TRX volume: 581 million; TRX value:¥1.2trillion[*2]



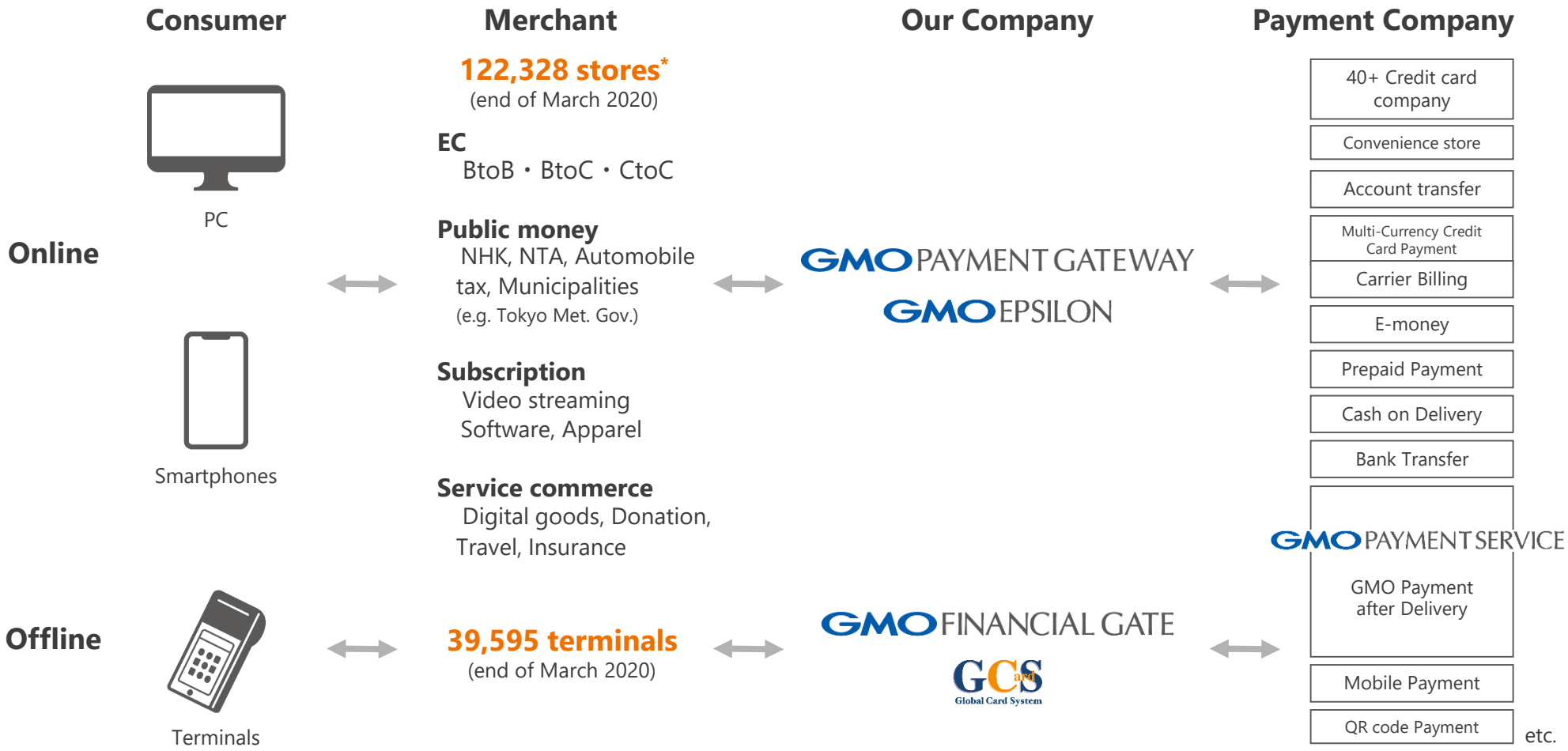
*1 Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 281,500 outlets by end-March 2020 (up 111.3% YoY)

*2 Number of operating stores represents end-of-quarter figure, transaction value/volume represents figures represent sum total for the quarter.

*GMO Payment Gateway's presentation materials

Internet Infrastructure | Payment Processing - Overview

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



* Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 281,500 outlets by end-March 2020

*GMO Payment Gateway's presentation materials

Internet Finance

Internet Finance | FX and securities: KPIs

FX

Trading Volume
(Jan-Mar, 2020)

JPY **340**tr

JPY 205tr YoY

Share of Trading Volume
(Jan-Mar, 2020)

19.6%

22.1% YoY

Customer Assets Balance
(As of March 31, 2020)

JPY **191.2**B

JPY 173.9B

Securities

Trading Volume
(Jan-Mar, 2020)

JPY **3.5**tr

JPY 2.9tr YoY

Share of Trading Volume
(Jan-Mar, 2020)

4.6%

4.8% YoY

Margin Transaction Balance
(As of March 31, 2020)

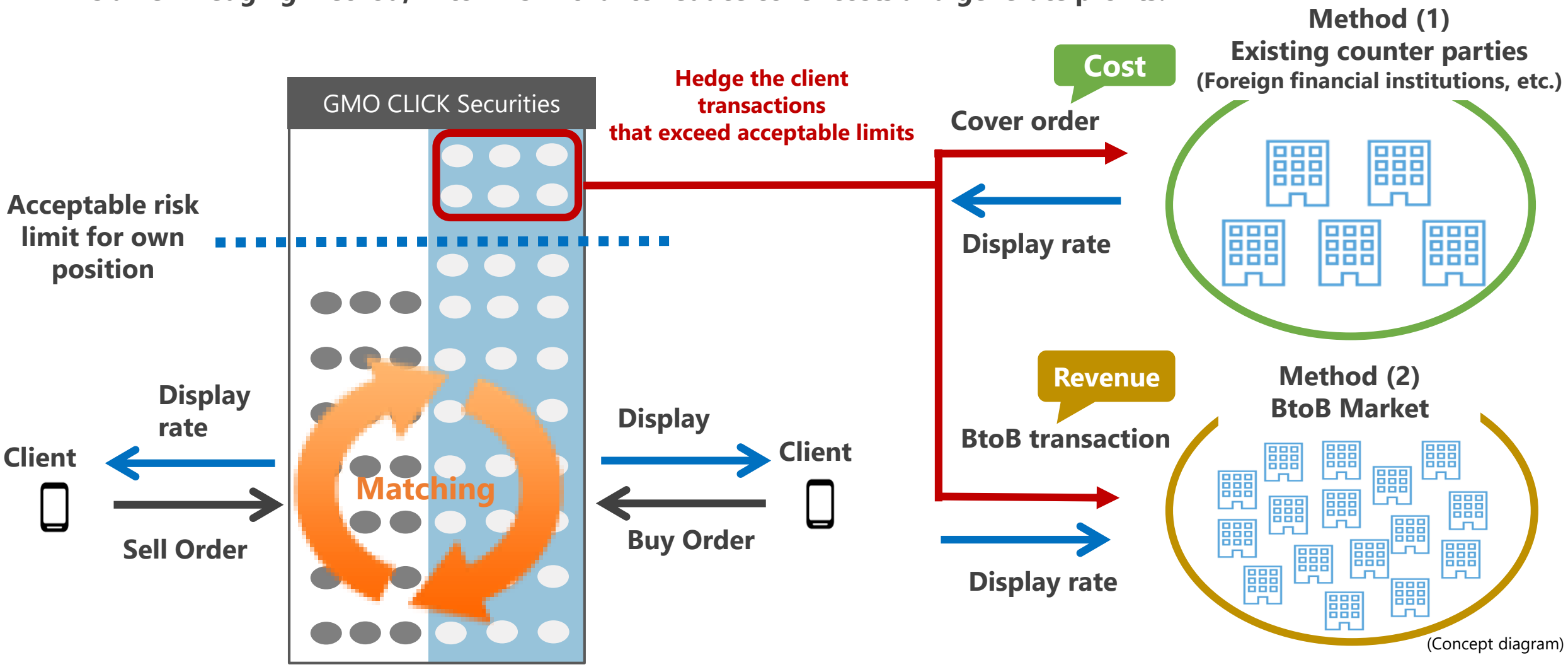
JPY **71.1**B

JPY 103.2B

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)

- Effective matching and thorough risk minimization with cover transactions executed with counter parties as soon as customer orders exceed acceptable risk position.
- As a new hedging method, “BtoB” is in trial to reduce cover costs and generate profits.

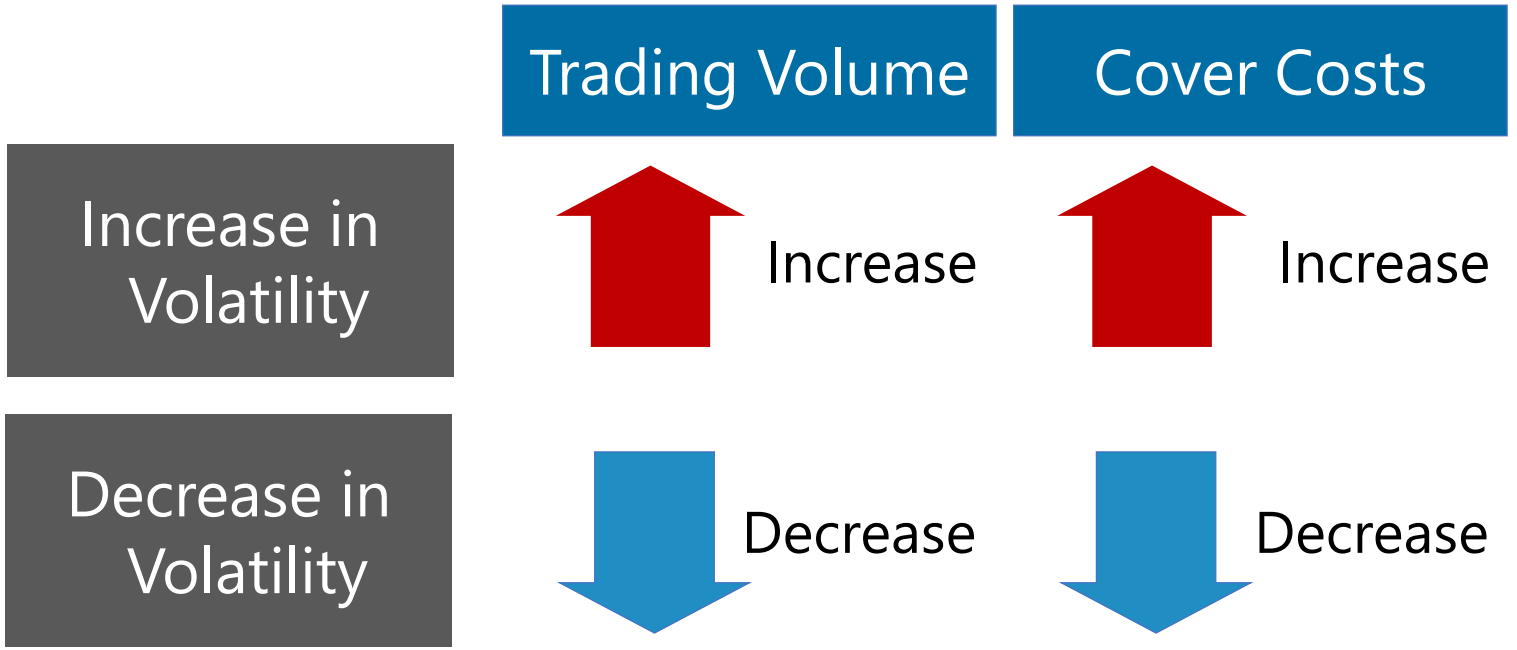


(Concept diagram)

Internet Finance | FX Volatility and Revenues

Revenue Structure

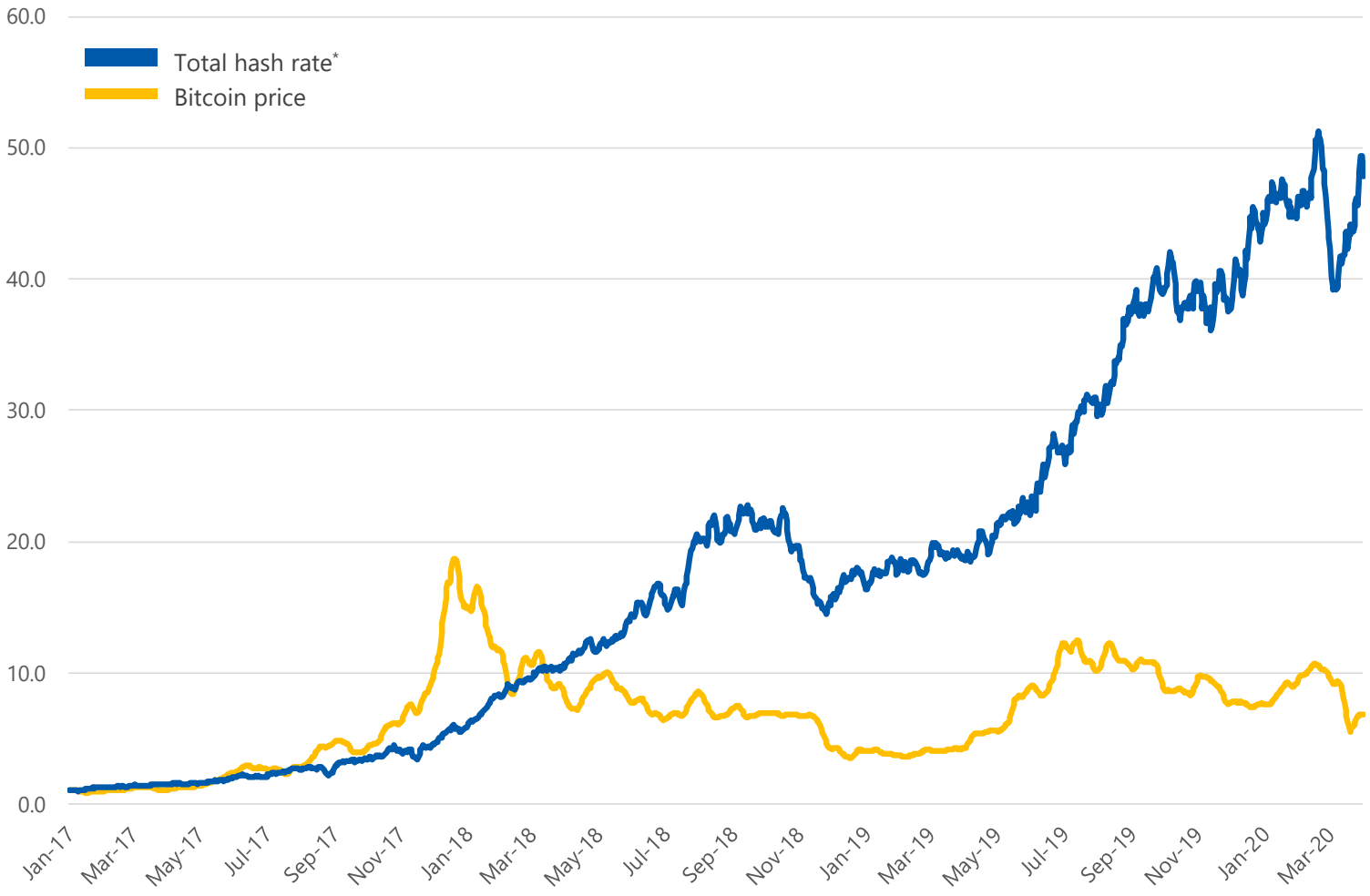
Customer Trades
(Customer spread x Trading volume) **−** Cover Trades **(Cover spread x Cover trades)**



(Concept diagram)

Cryptoassets (Cryptocurrency)

Cryptoassets mining | Bitcoin macro data

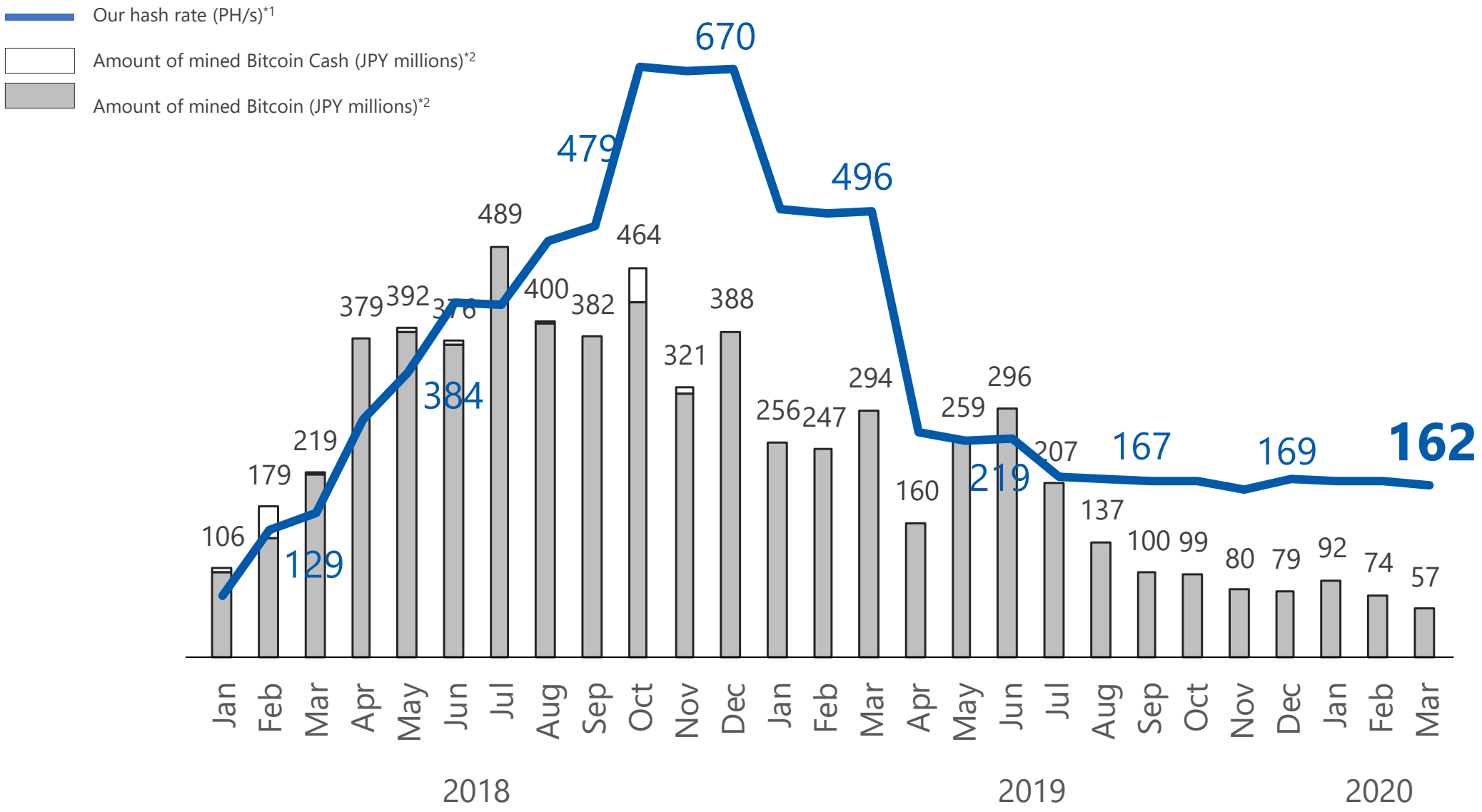


92,900 PH/s

USD 6,405

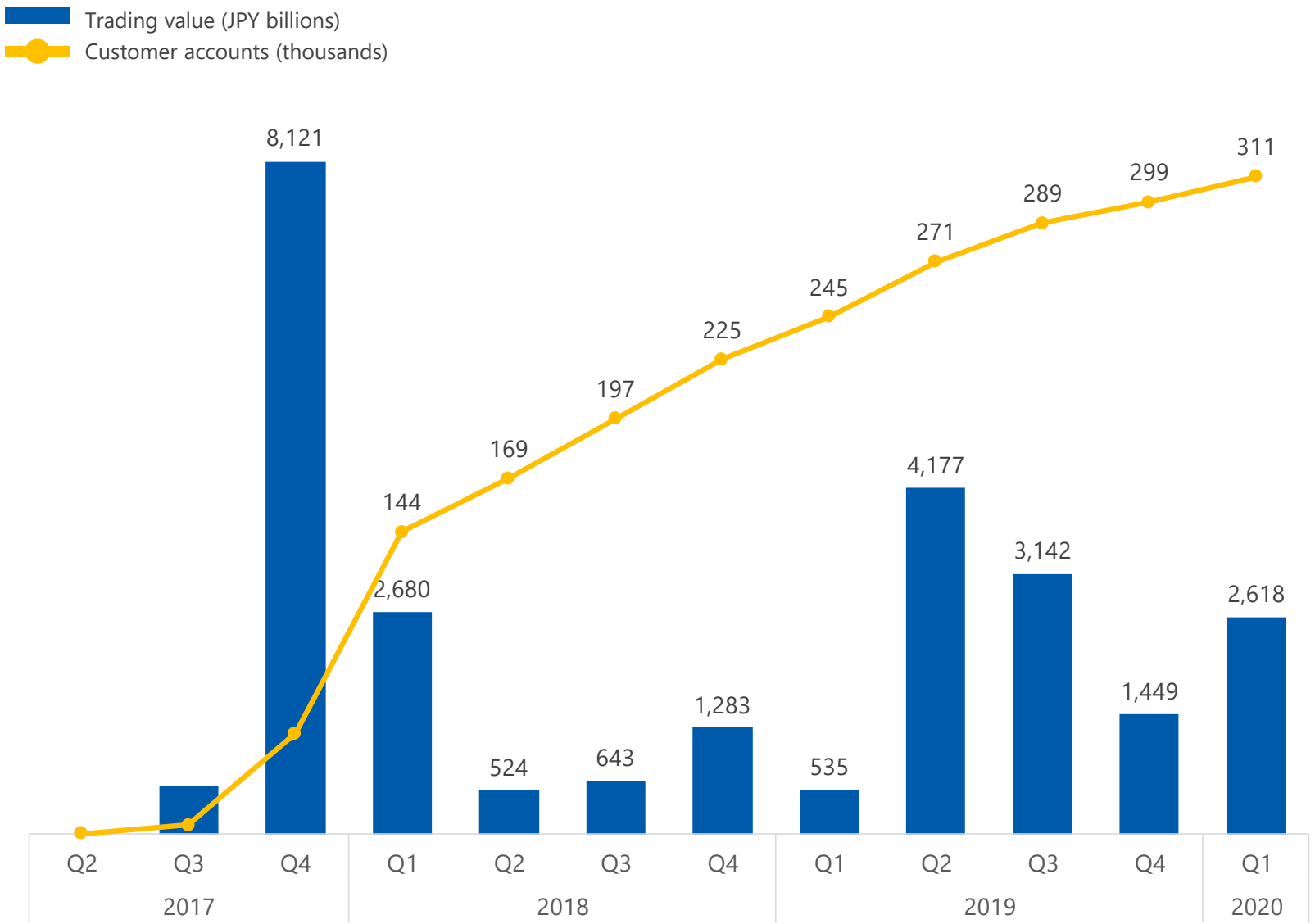
* Total hash rate and Bitcoin price are graphed assuming their values at the start of 2017 are 1. Source: https://www.blockchain.com

Cryptoassets mining | Our hash rate and the amount of mined Bitcoin



*1 GMO Internet's mining abilities
*2 Reference value based on amount of mined Bitcoin and Bitcoin Cash and the rate as of the end of each month (i.e. not the precise mining revenue)

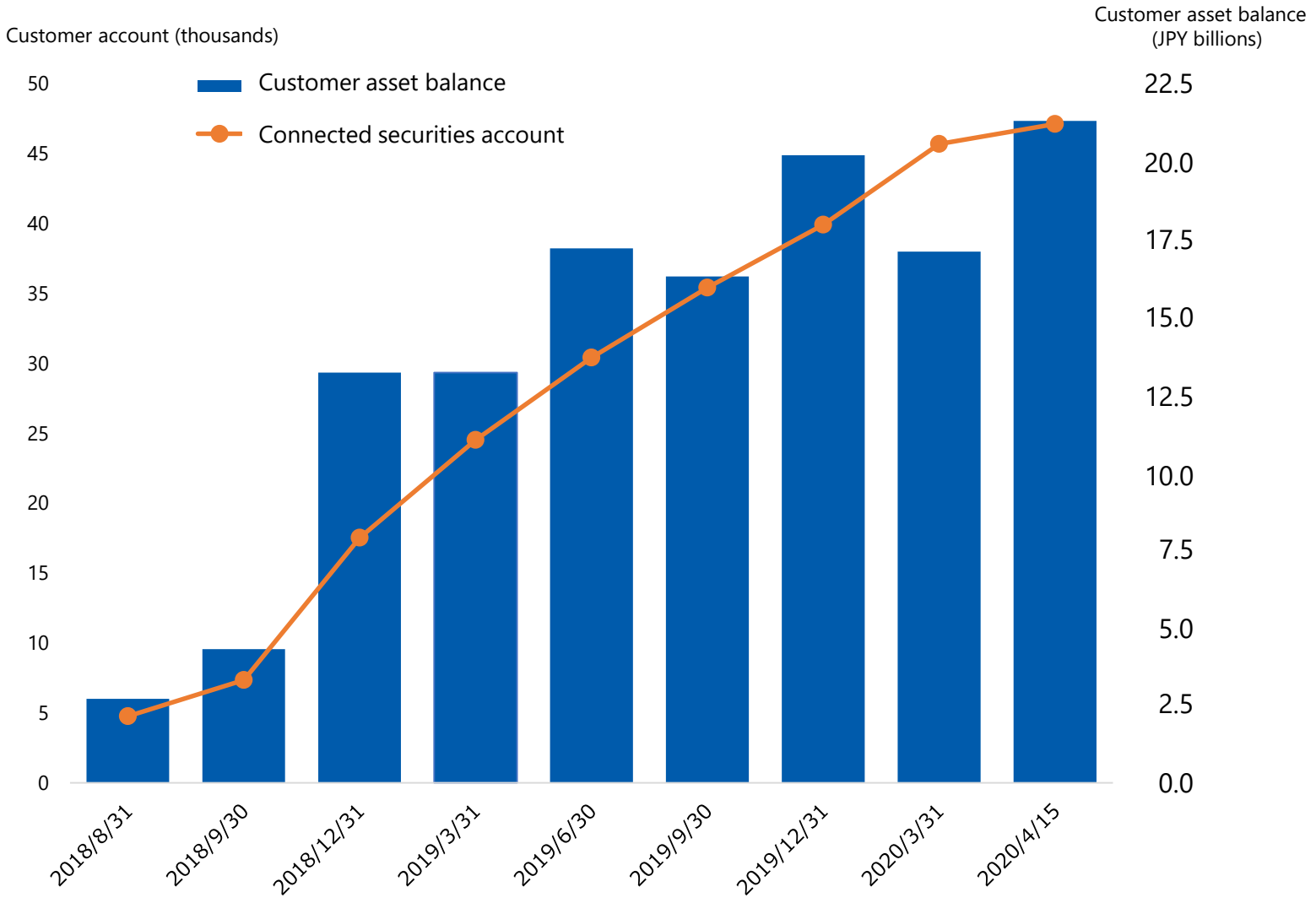
Cryptoassets Trading | Trading value and customer accounts



Customer accounts are growing steadily

GMO Aozora Net Bank

Net Bank | Connected securities account GMOCLICK SECURITIES × GMO AOZORA NET BANK



Connected securities account and customer asset balance are growing steadily

GMO AOZORA NET BANK

Customer first at any time to become the

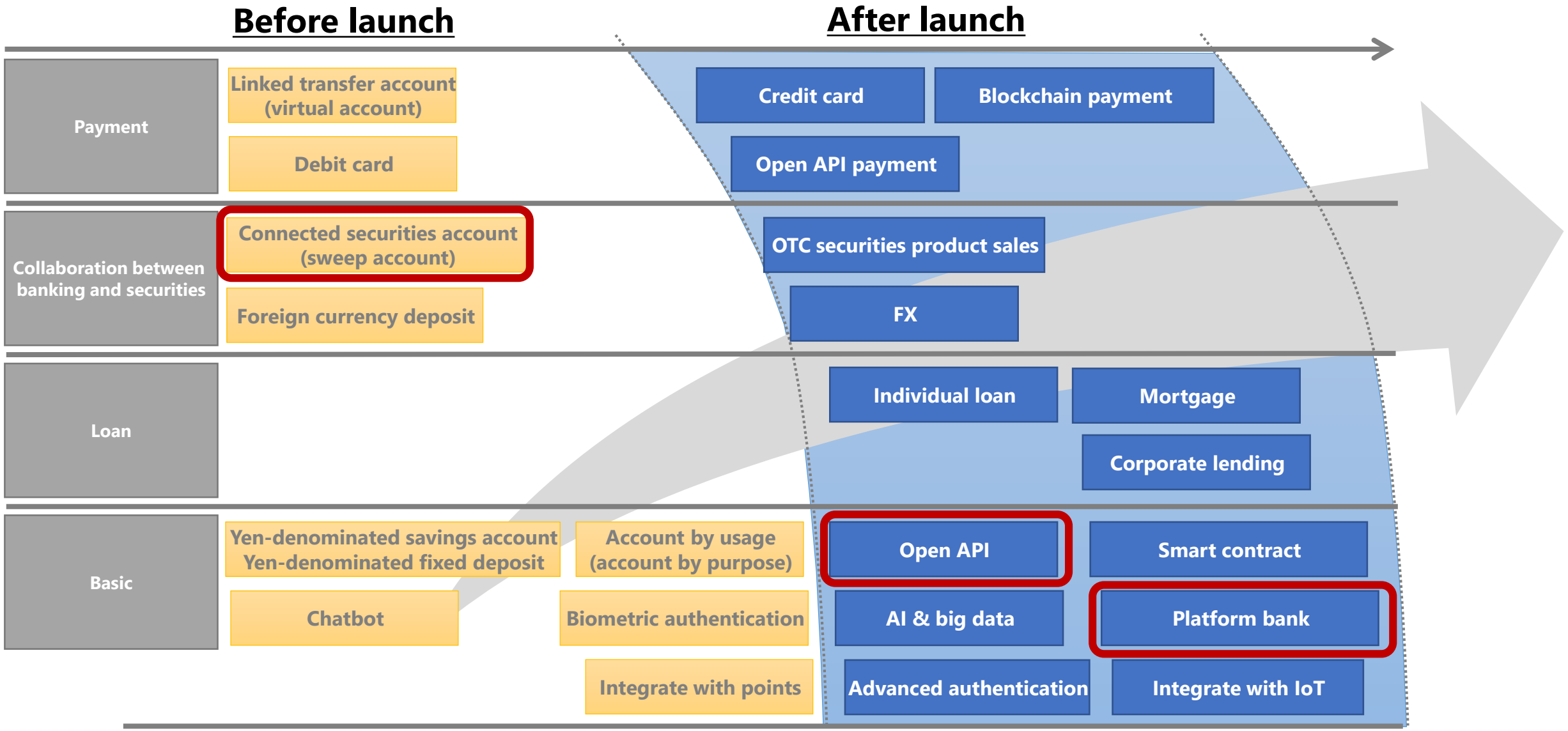
No.1 technology bank

Our objective is a differentiation with existing banks by utilizing technology, offering customers 5 values.

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

Net Bank | Roadmap

GMO AOZORA NET BANK



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

Other

Group News (1) 3 mths to March

1/20	GMO Mobility Cloud	GMO Mobility Cloud has launched OBD Ⅱ Connector, which automatically detects and notifies traffic accident, the first of its kind in Japan: Automobiles become IoT enabled packed with multiple features, such as LTE communication and sensors
1/21	GMO NIKKO	GMO NIKKO implemented call tracking features in GMO MARS AFFILIATE, increasing opportunities for advertisers to gain new clients by measuring achievements through phone calls
1/22	GMO PAYMENT GATEWAY	GMO Payment Gateway will add "ATM Collection" to the methods of receiving refunds or remittances: Receive at Seven Bank ATM refunds or remittances for e-commerce or online services
1/27	GMO CLOUD GlobalSign	GMO's Electronic Contract Service "Agree" launched the API integration with Kima Room! Connect, promoting the electronic contract service through the seamless integration of property companies and surrounding companies
1/30	GMO PAYMENT GATEWAY	GMO-PG and Infomart have launched a service "Electronic Invoice Early Payment" that helps B2B businesses improve their cash flow through the upfront payment of accounts receivables with one click: Supports small business management by offering a high-speed fund procurement method
2/4	GMO MAKESHOP	Being the first in the ASP online store industry to integrate LINE Shopping with Item Post, a customer acquisition tool of MakeShop byGMO: Runs campaign (no monthly cost)
2/6	GMO MEDIA くまポン	GMO Kumapon was merged into GMO Media: Support O2O marketing by strengthening partnerships and applying both companies' knowledge of the operation of services

Group News (2) 3 mths to March

2/13	GlobalSign	GMO GlobalSign has launched trust service, which conforms to the EU's eIDAS and PSD2, mainly in Europe: Supporting international e-commerce and electronic contract between companies within Japan and those within the EU
2/27	GMO PAYMENT GATEWAY	GMO Payment Gateway's "GMO B2B Early Payment," a fast liquidity service for merchant's receivables, is purchasing receivables when billing and signing contracts: Supports fund procurement through the upfront payment of receivables
2/27	GMO DigiRock	GMO DigiRock's domain registration and hosting service "VALUE-DOMAIN" launches its identity verification service "Value-Auth byGMO": Enabling identity verification via SMS or e-mail at a low price
3/6	GMO INTERNET	GMO Internet's Onamae.com launched Domain Monitoring, enabling customers to easily protect their brands
3/16	GMO PlayAd GMO RESEARCH	GMO PlayAd and GMO Research launch PlayAds byGMO, a video verification tool, supporting video content design for business marketing
3/16	GMO PEPABO inc.	GMO Pepabo held an online event "minne Handmade Market 2020": Special sales and live streaming
3/24	GMO AOZORA NET BANK	GMO Aozora Net Bank's "Developers Portal for Bank APIs" won Award for Excellence in financial institution category of a financial innovation award "JFIA2020"

Listed Group Companies (3 mths to March)

GMO PAYMENT GATEWAY

(JPY millions)

Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q2 FYE 9/2019 (3mths to Mar)	Q2 FYE 9/2020 (3mths to Mar)	Q2 FYE 9/2020 (6mths to Mar)	FYE 9/2020 Forecast (Progress)
Net Sales	7,769	9,356	18,386	36,618 (50.2%)
Operating Profit	2,181	2,623	4,704	10,376 (45.3%)
Net Profit	1,499	1,679	3,408	6,110 (55.8%)

*Adopting IFRS since FYE 9/2018.

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO CLOUD

(JPY millions)

Stock Code	TSE 1st Section 3788		
	Internet Infrastructure (Hosting & Cloud, Security)		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	3,222	3,445	13,691 (25.2%)
Operating Profit	395	415	1,542 (27.0%)
Ordinary Profit	396	493	1,570 (31.4%)
Net Profit	326	359	1,132 (31.8%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO PEPABO inc.

(JPY millions)

Stock Code	TSE 2nd Section 3633 Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	2,185	2,398	9,600 (25.0%)
Operating Profit	300	194	829 (23.5%)
Ordinary Profit	308	240	837 (28.7%)
Net Profit	245	128	542 (23.8%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO FINANCIAL HD

(JPY millions)

Stock Code	JASDAQ Standard 7177		
	Internet Finance & Cryptoassets		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast
Net Sales	6,905	10,365	—
Operating Profit	1,348	4,048	—
Ordinary Profit	1,314	3,820	—
Net Profit	617	2,344	—

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO ADPARTNERS

(JPY millions)

Stock Code	JASDAQ Standard 4784		
	Online Advertising & Media		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	8,886	9,141	36,000 (25.4%)
Operating Profit	114	191	280 (68.4%)
Ordinary Profit	128	352	320 (110.2%)
Net Profit	94	260	200 (130.5%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO TECH

(JPY millions)

Stock Code	TSE MOTHERS 6026		
	Online Advertising & Media		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	710	776	3,100 (25.1%)
Operating Profit	14	30	50 (61.0%)
Ordinary Profit	12	31	50 (62.1%)
Net Profit	115	25	20 (127.5%)

*Compiled from each companies' quarterly P/L statements

Listed Group Companies (3 mths to March)

GMO MEDIA

(JPY millions)

Stock Code	TSE MOTHERS 6180		
	Online Advertising & Media		
	Q1 FYE 12/2019*1 (3mths to Mar)	Q1 FYE 12/2020*2 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	1,134	948	5,700 (16.6%)
Operating Profit	68	-6	-600 (-)
Ordinary Profit	68	-6	-600 (-)
Net Profit	46	-6	-600 (-)

*Compiled from each companies' quarterly P/L statements

*1 Non-consolidated basis *2 Consolidated basis

Listed Group Companies (3 mths to March)

GMO RESEARCH

(JPY millions)

Stock Code	TSE MOTHERS 3695		
	Online Advertising & Media		
	Q1 FYE 12/2019 (3mths to Mar)	Q1 FYE 12/2020 (3mths to Mar)	FYE 12/2020 Forecast (Progress)
Net Sales	807	915	3,630 (25.2%)
Operating Profit	57	58	240 (24.2%)
Ordinary Profit	56	47	220 (21.8%)
Net Profit	40	31	152 (20.4%)

*Compiled from each companies' quarterly P/L statements

Internet for Everyone