

**Fiscal Year 2020  
Second Quarter  
Results Presentation**

**GMO** INTERNET

STOCK CODE: 9449





**August 11, 2020**

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: Q2 FY2020 (Apr-Jun)

(JPY billions)	Q2'19 (Apr-Jun)	Q2'20 (Apr-Jun)	YoY Change	Change
Net Sales	49.1	<b>52.8</b>	<b>+3.62</b>	<b>+7.4%</b>
Operating Profit	5.95	<b>8.13</b>	<b>+2.18</b>	<b>+36.6%</b>
Ordinary Profit	5.76	<b>7.96</b>	<b>+2.19</b>	<b>+38.1%</b>
Net Profit	2.01	<b>1.92</b>	<b>-0.08</b>	<b>-4.2%</b>

# Impact of COVID-19 on the business activities in Q2

	Evaluation	Positive	Negative
Internet Infrastructure		<ul style="list-style-type: none"> <li>• <b>Consumption increased due to stay-at-home orders</b> → E-commerce solutions/payment</li> <li>• <b>Change to new lifestyle</b> → Provider/hosting &amp; cloud/security</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Focusing more on online sales than offline sales for major customers</b></li> <li>• <b>Worsening market conditions. Impact of Subsidy Program for Sustaining Businesses.</b> → E-commerce solutions (FREENANCE)</li> </ul>
Online Ad & Media		<ul style="list-style-type: none"> <li>• <b>Acquisition of new advertisers, the impact of COVID-19 on which is small</b> → Ad</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Worsening ad market conditions</b> → Ad</li> <li>• <b>Ad's unit price declined</b> → Media</li> </ul>
Internet Finance		<ul style="list-style-type: none"> <li>• <b>Increase in CFD transaction</b></li> <li>• <b>Increasing volumes</b></li> </ul>	
Cryptoassets			<ul style="list-style-type: none"> <li>• <b>Delay in establishing new mining facilities due to the lockdown</b> → Mining</li> </ul>

# Approach to COVID-19: new workstyle byGMO

Management that responds flexibly to the ever-changing market environment and contributes to a social DX

## Thorough safety measures

- ✓ Working from home at the early stage (since Jan. 27)
- ✓ Original BCP system
- ✓ Active adoption of PCR test
- ✓ Mandatory contact confirmation application
- ✓ Publish BCP expertise







## Improve working environment

- ✓ Supplementing the cost of ICT utilization in teleworking
- ✓ Returning office expense to partners
- ✓ Supplementing the cost of online drinking party
- ✓ Online health consultation

## New workstyle

- ✓ Accelerating DX
- ✓ Abolishment of the seal impression by promoting electronic contracts
- ✓ Online event
- ✓ Online meeting rules
- ✓ Online recruitment

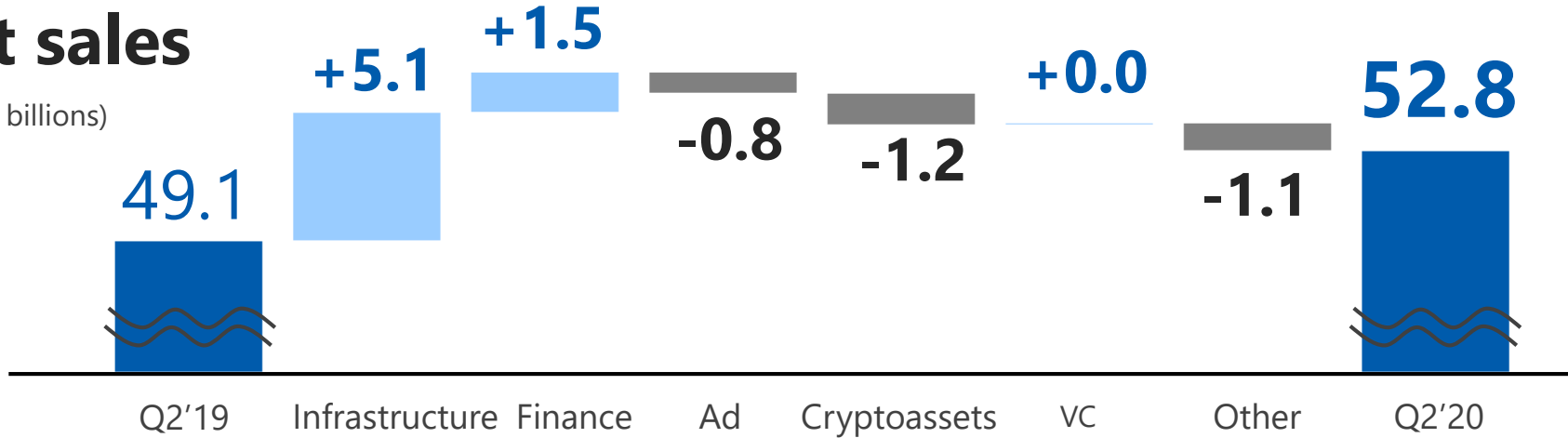
# Overview | Executive Summary: Q2 FY2020 (Apr-Jun)

Internet Infrastructure	Net sales OP	JPY <b>33.58B</b> (Up <b>18.1%</b> YoY)	JPY <b>4.67B</b> (Up <b>30.4%</b> YoY)	Profit was up significantly because of the growth in e-commerce, payment, and provider due to the consumption of goods and services by those who stayed at home	 
Online Ad & Media	Net sales OP	JPY <b>10.74B</b> (Down <b>7.2%</b> YoY)	JPY <b>-0.05B</b> (Q2 FY2019: <b>0.09B</b> )	COVID-19 led to the operating losses	
Internet Finance	Net sales OP	JPY <b>9.06B</b> (Up <b>21.3%</b> YoY)	JPY <b>3.81B</b> (Up <b>64.7%</b> YoY)	<ul style="list-style-type: none"> <li>- Profit was up significantly because of the growth in CFD</li> <li>- Regained its place as Japan's No. 1 FX provider</li> </ul>	 
Cryptoassets	Net sales OP	JPY <b>0.84B</b> (Down <b>59.7%</b> YoY)	JPY <b>-0.26B</b> (Q2 FY2019: <b>0.67B</b> )	<ul style="list-style-type: none"> <li>- Mining: finished restructuring in Q2</li> <li>- GMO Coin: struggling to improve the profitability</li> </ul>	

# Overview | Executive Summary: Q2 FY2020 (Apr-Jun)

## Net sales

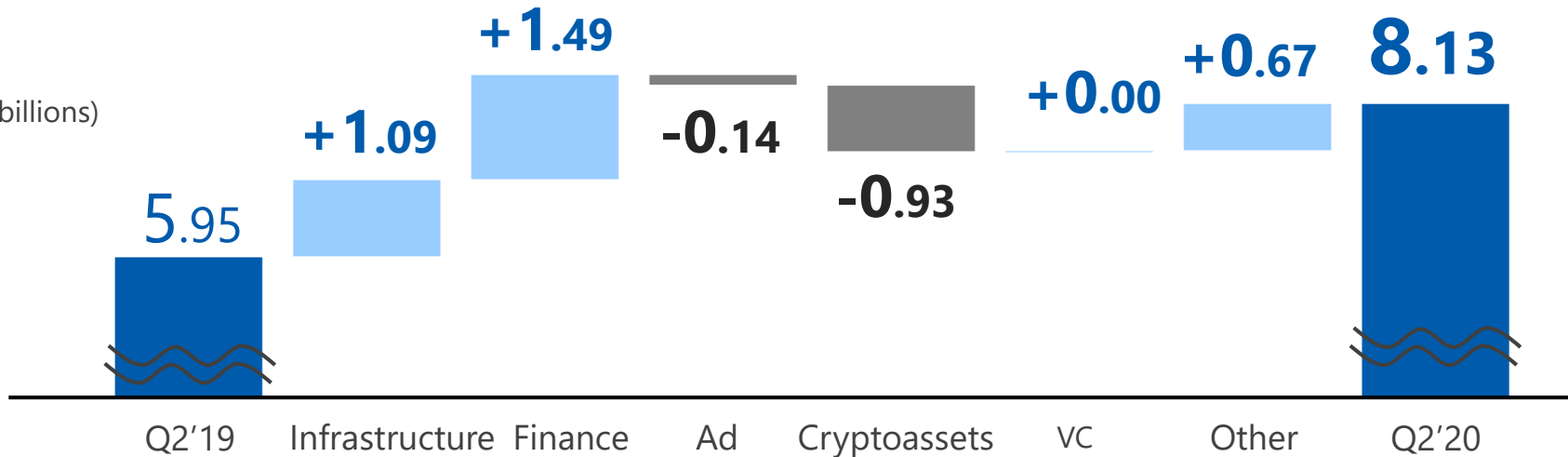
(JPY billions)



Revenue up  
**3.6B**

## OP

(JPY billions)



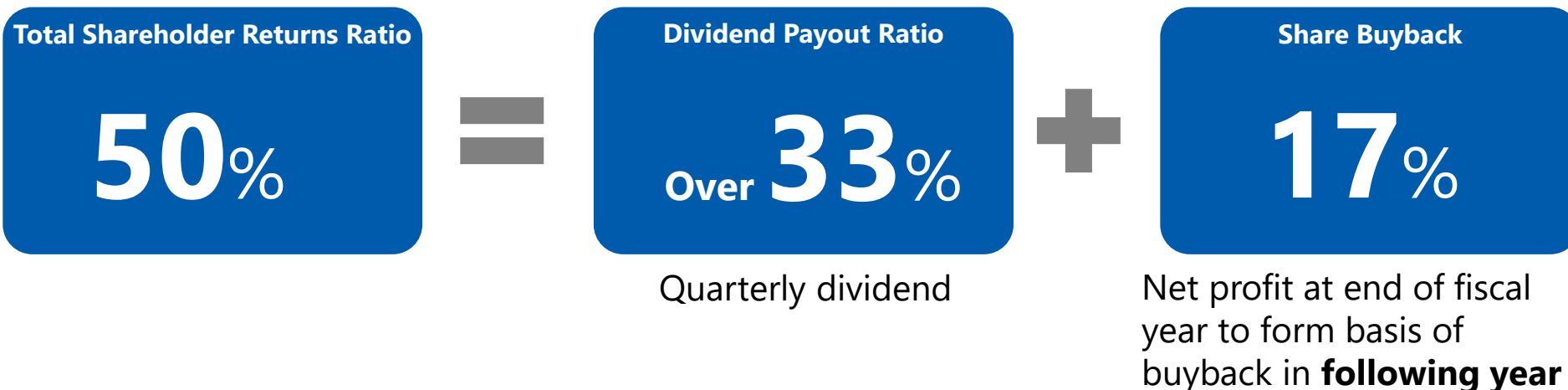
Profit up  
**2.18B**

# Overview | Executive Summary: Q2 FY2020

(JPY billions)	Q2'19 (Jan-Jun)	Q2'20 (Jan-Jun)	YoY Change	Change	
Net Sales	96.0	<b>106.5</b>	<b>+10.46</b>	<b>+10.9%</b>	Record high
Operating Profit	10.95	<b>16.42</b>	<b>+5.46</b>	<b>+49.9%</b>	Record high
Ordinary Profit	10.65	<b>16.01</b>	<b>+5.36</b>	<b>+50.4%</b>	Record high
Net Profit	4.03	<b>4.18</b>	<b>+0.14</b>	<b>+3.6%</b>	

# Overview | Shareholder Returns (Policy and Actual)

Policy



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	<b>6.60</b>	<b>6.20</b>	-	-	-

Repurchase of Own Shares<sup>\*1</sup>

JPY **9.34B** worth of shares repurchased (total cost of share acquisition: up to JPY 15B)<sup>\*2</sup>

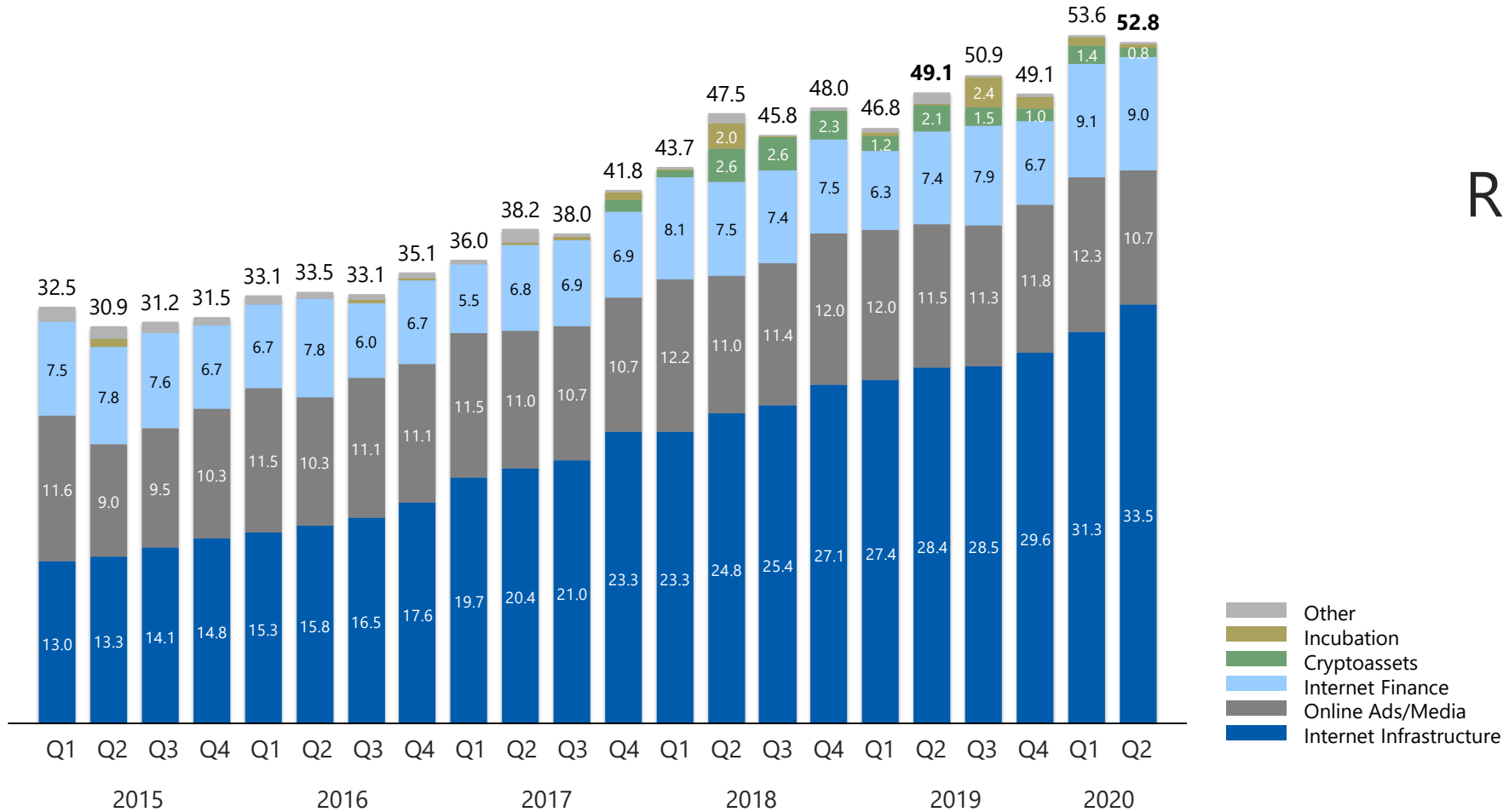
\*1 Repurchase resolved at the Board of Directors meeting held on February 12, 2020

\*2 As of the end of June

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# Financial Results | Net Sales by Segment

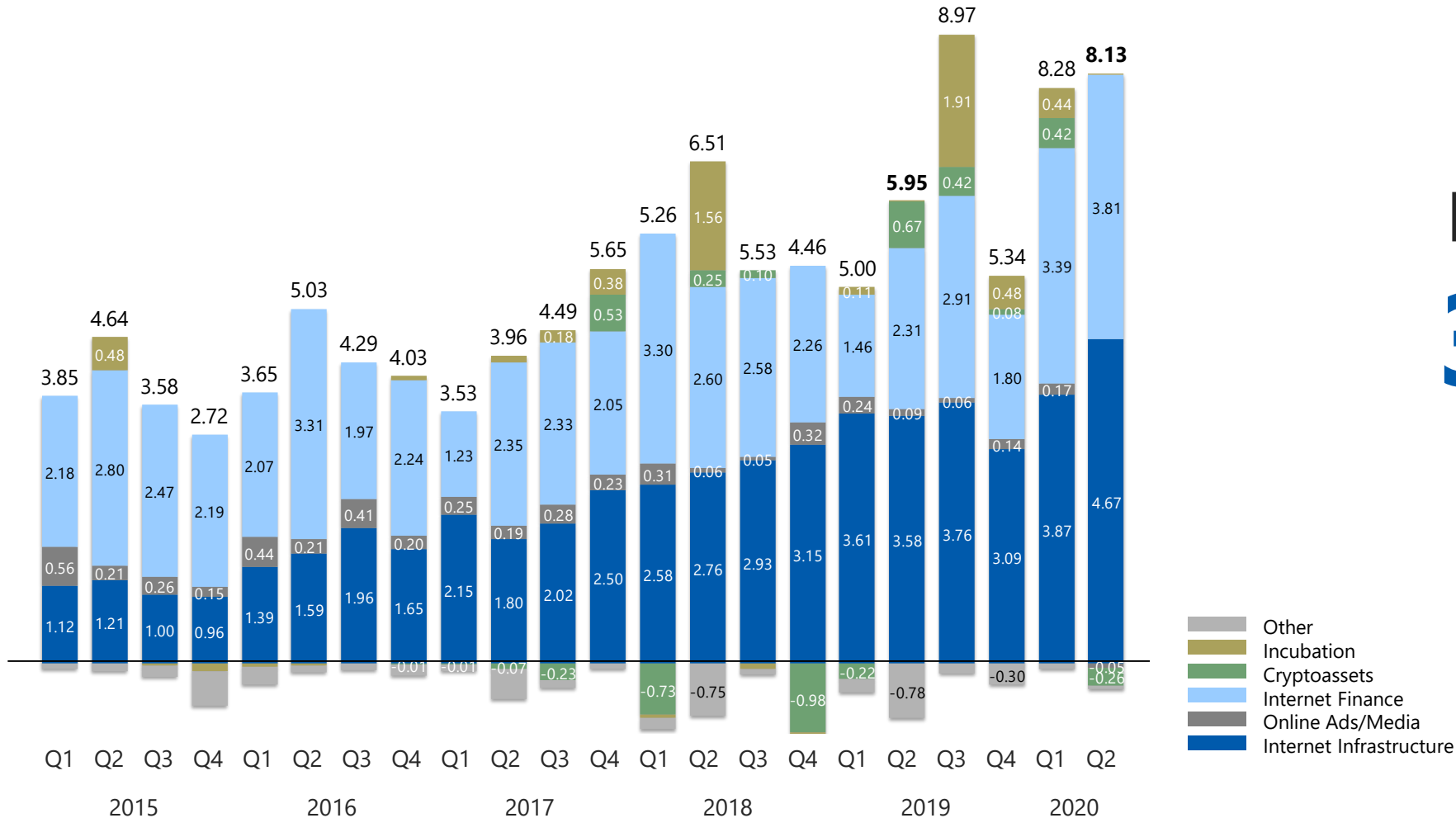
(JPY billions)



Revenue up  
**7.4%**  
YoY

# Financial Results | Profit by Segment

(JPY billions)



Profit up  
**36.6%**  
 YoY

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## Group Overview | Changing company name

**GMO** CLOUD



**GMO** GlobalSign HD

 **GlobalSign**

# GMO FINANCIAL GATE

**July 15, 2020**

**Listed on the Mothers  
(Tokyo Stock Exchange): 4051**



stera  
terminal

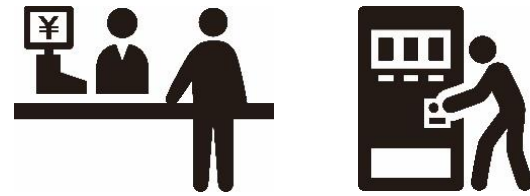


**Change the payments  
and society. Working  
toward No. 1 cashless  
platform.**

# GMO-FG | Business domain



GMO Financial Gate  
(Offline shop payment + IoT payment)



Payment terminal

Hand over (hold up) the physical card



GMO Payment Gateway  
(E-commerce payment)



E-commerce payment (terminals are basically unnecessary)

Input a credit card information in devices, such as PCs or smartphones

Payment method

# Group Overview | Listed Group Companies: Equity Share

Stock Code	Stock Name	Exchange	Market Cap <sup>*1</sup> (JPY billions)	% Ownership <sup>*2</sup>	Equity Share (JPY billions)
9449	GMO Internet	TSE 1	347.0		
3769	GMO Payment Gateway	TSE1	907.2	42.4%	384.6
3788	GMO CLOUD	TSE1	85.9	51.8%	44.5
7177	GMO Financial Holdings	TSE JQS	77.2	63.0%	48.6
<b>New</b> 4051	GMO Financial Gate	TSE MOTHERS	31.6	25.8% <sup>*3</sup>	8.1
3633	GMO Pepabo	TSE2	23.2	64.9%	15.0
4784	GMO AD Partners	TSE JQS	9.1	56.4%	5.1
6026	GMO TECH	TSE MOTHERS	4.0	54.1%	2.1
6180	GMO Media	TSE MOTHERS	3.1	66.3%	2.0
3695	GMO Research	TSE MOTHERS	2.7	54.9%	1.5
Group Total			<b>1,491.3<sup>*4</sup></b>		<b>511.9</b>

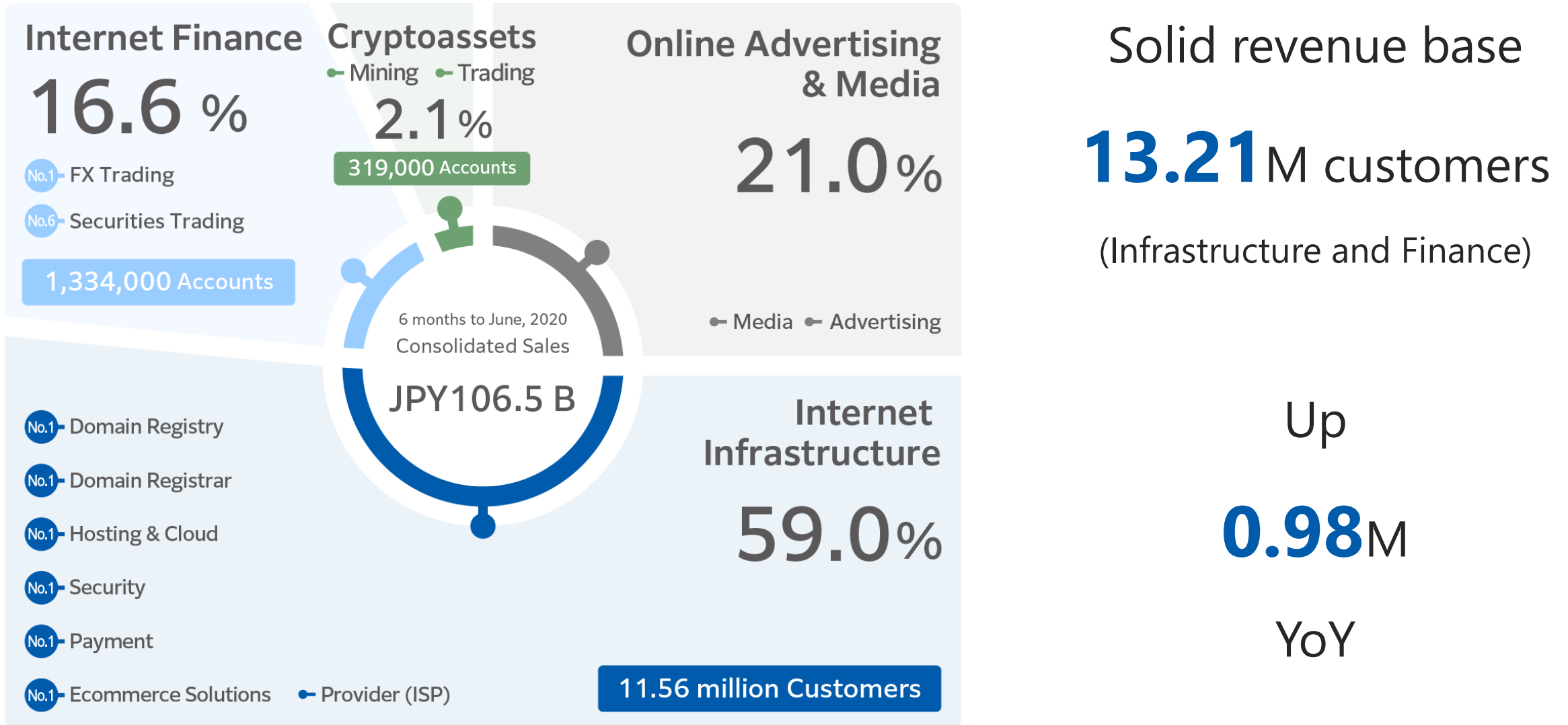
\*1 Market value as of 8/7/2020

\*2 Includes indirect holdings (as of the end of June)

\*3 GMO Internet owns 25.8% of GMO-FG indirectly through GMO-PG

\*4 Calculated as the sum of the listed market cap values

# Group Overview | Business Segments (Composition)

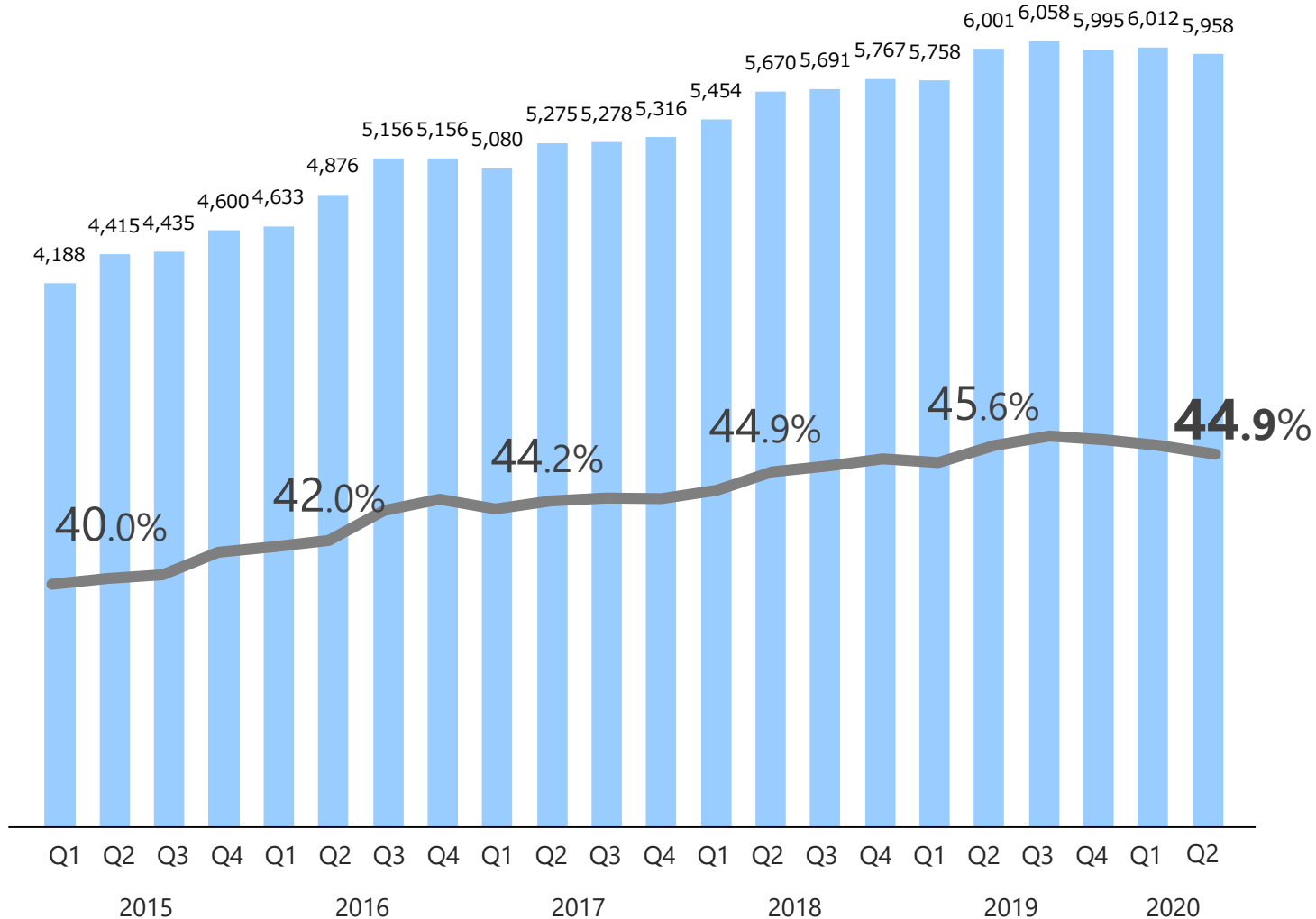


\*Net sales ratio is calculated based on the numbers before cancelling inter-segment transactions.

\*13.21M 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

Partners  
% Engineers

# Group Overview | Strengthen technology: tech conference



## GMO Developers Day

2020.7.28



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# Internet Infrastructure | Collection of No. 1 services

Strong  
No. 1

Domain Registry

GMO REGISTRY    GMO BrightsConsulting

Domestic market share at

**81.0%**<sup>\*1</sup>

Strong  
No. 1

Domain Registrar

Domestic market share at

**86.9%**<sup>\*2</sup>

No. 1

Hosting & Cloud

Domestic market share at

**56.4%**<sup>\*3</sup>

No. 1

ASP Cart

**69,853** paid stores

No. 1

Security



Domestic market share at

**50.5%**<sup>\*4</sup>

No. 1

Payment

GMO PAYMENT GATEWAY    GMO EPSILON

**129,404** merchants

No. 1

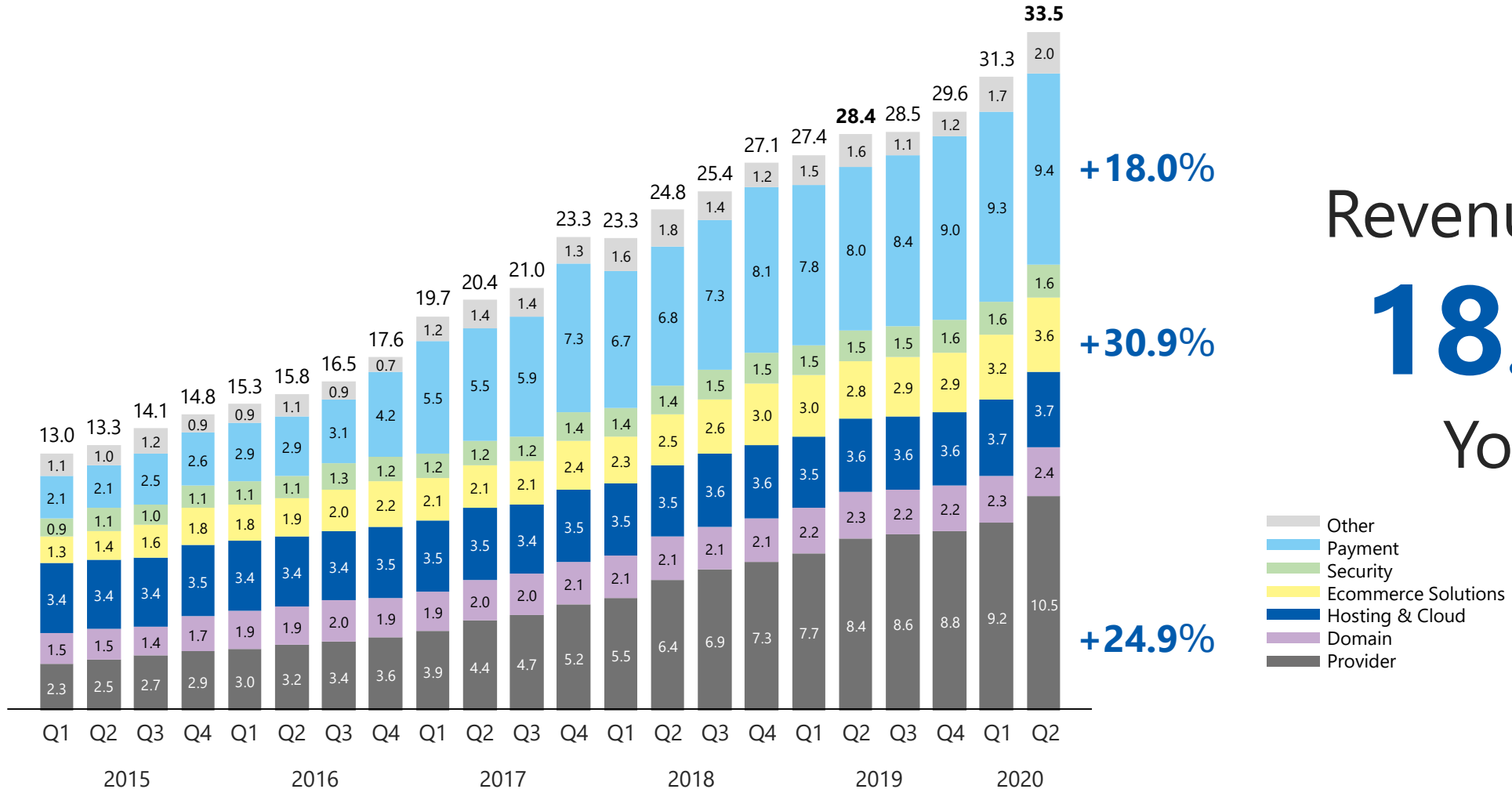
Provider (ISP)

  
おとくなプロバイダー  
by GMO

**No. 1**<sup>\*5</sup>  
provider in terms of customer satisfaction

# Internet Infrastructure | Net Sales by Sub-Segment

(JPY billions)

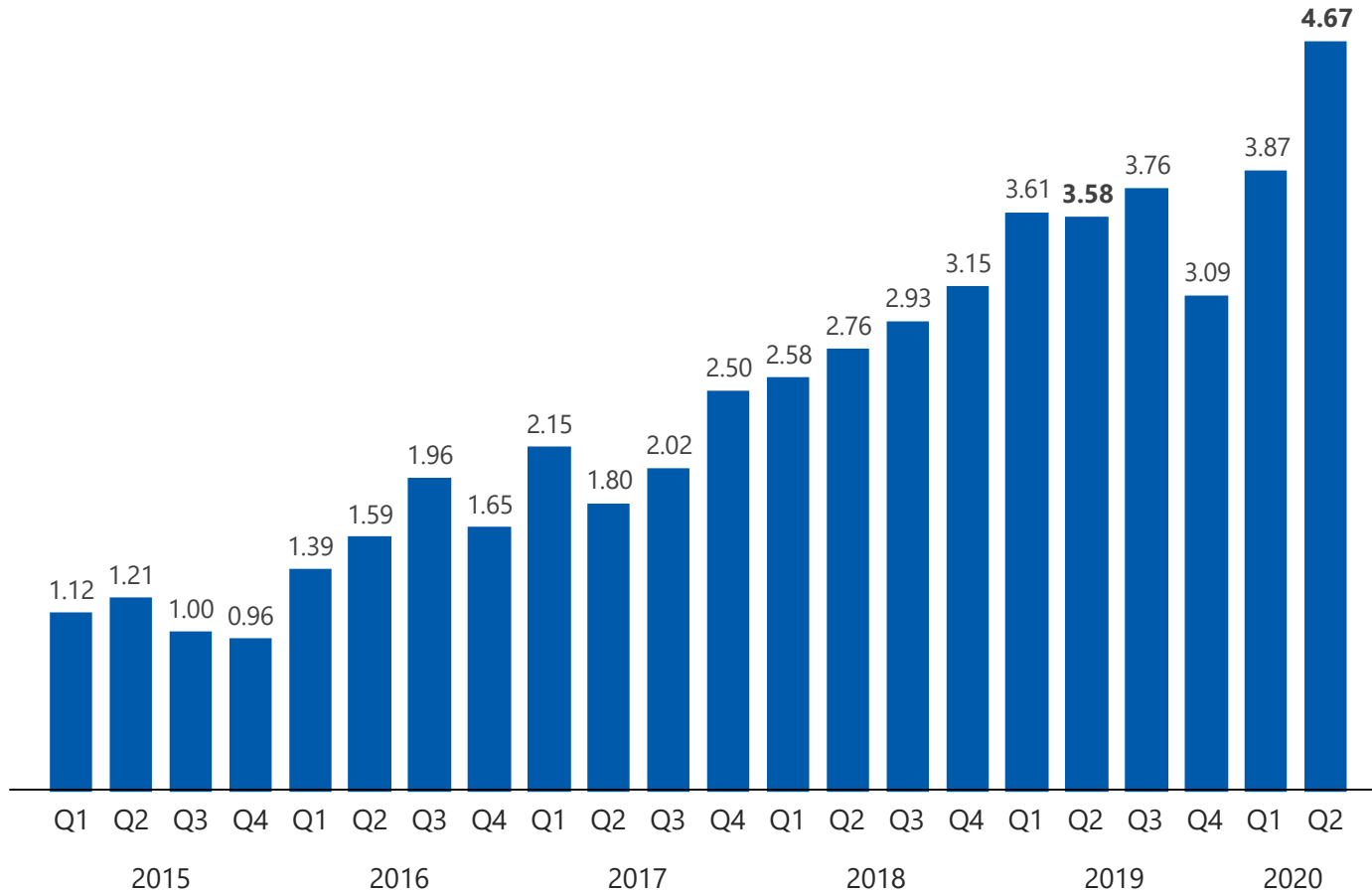


Record high

Revenue up  
**18.1%**  
YoY

# Internet Infrastructure | Operating Profit

(JPY billions)

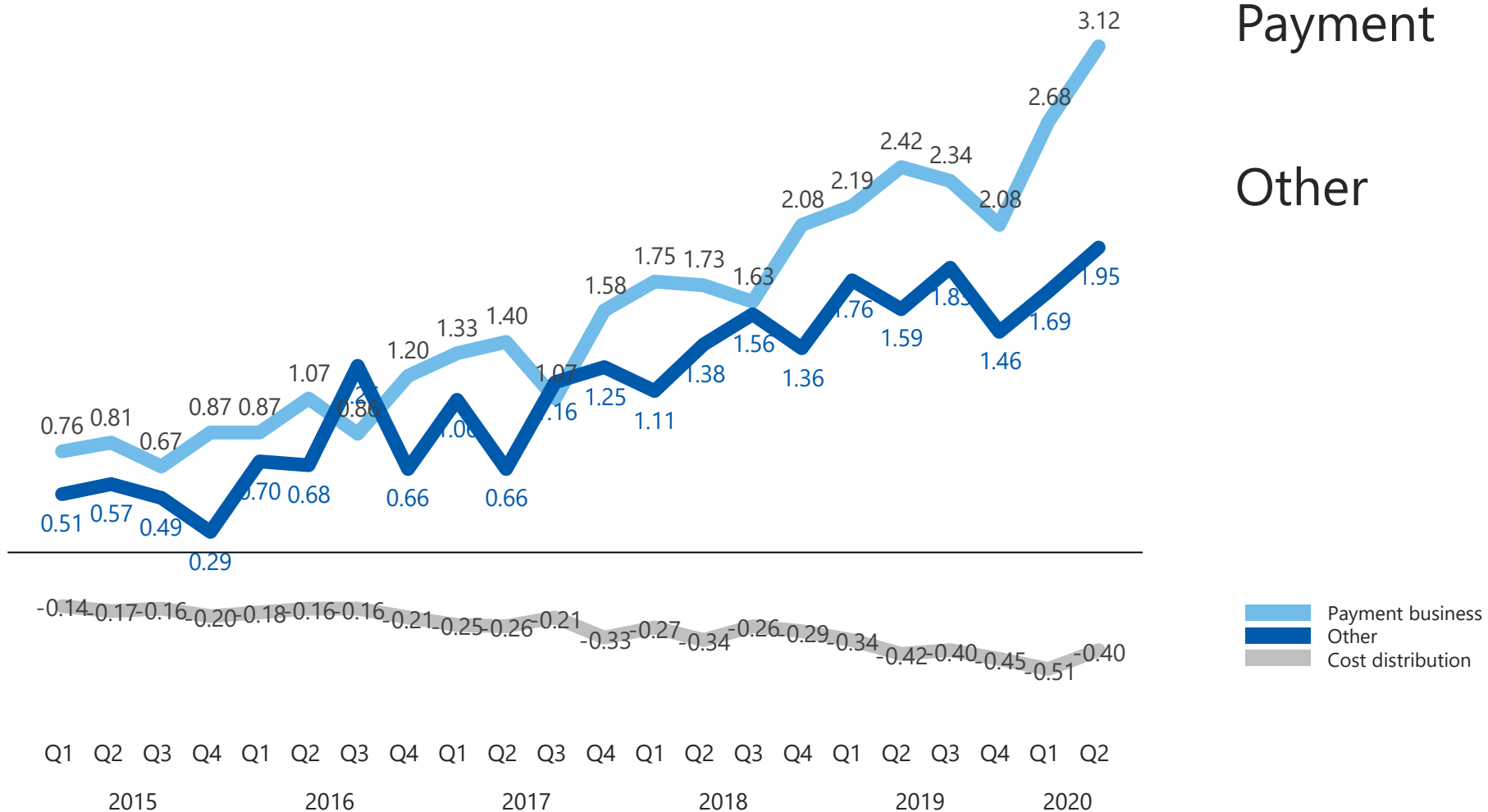


Record high

Profit up  
**30.4%**  
YoY

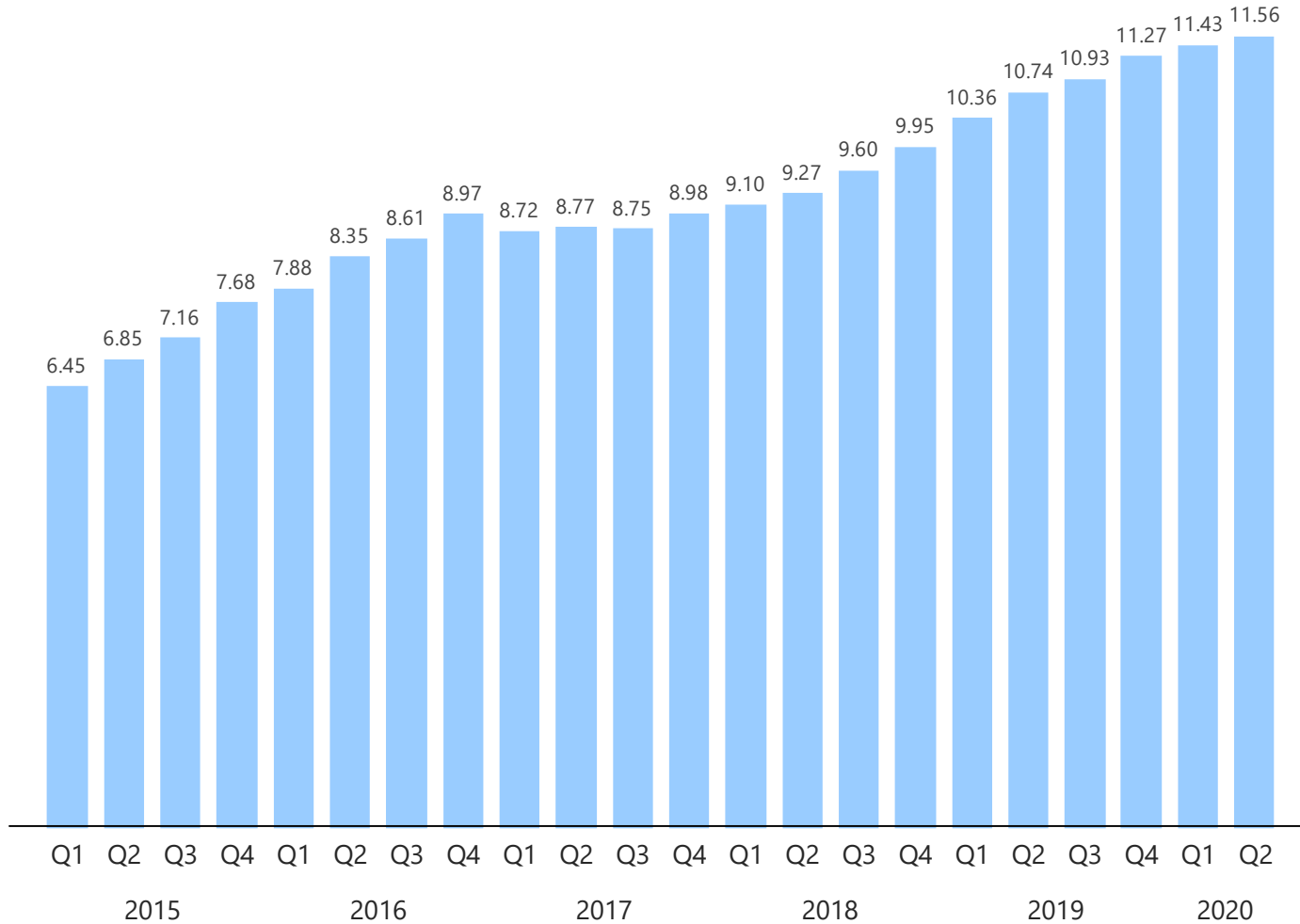
# Internet Infrastructure | Breakdown of Operating Profit

(JPY billions)



# Internet Infrastructure | Contracts

(millions)



Solid revenue base

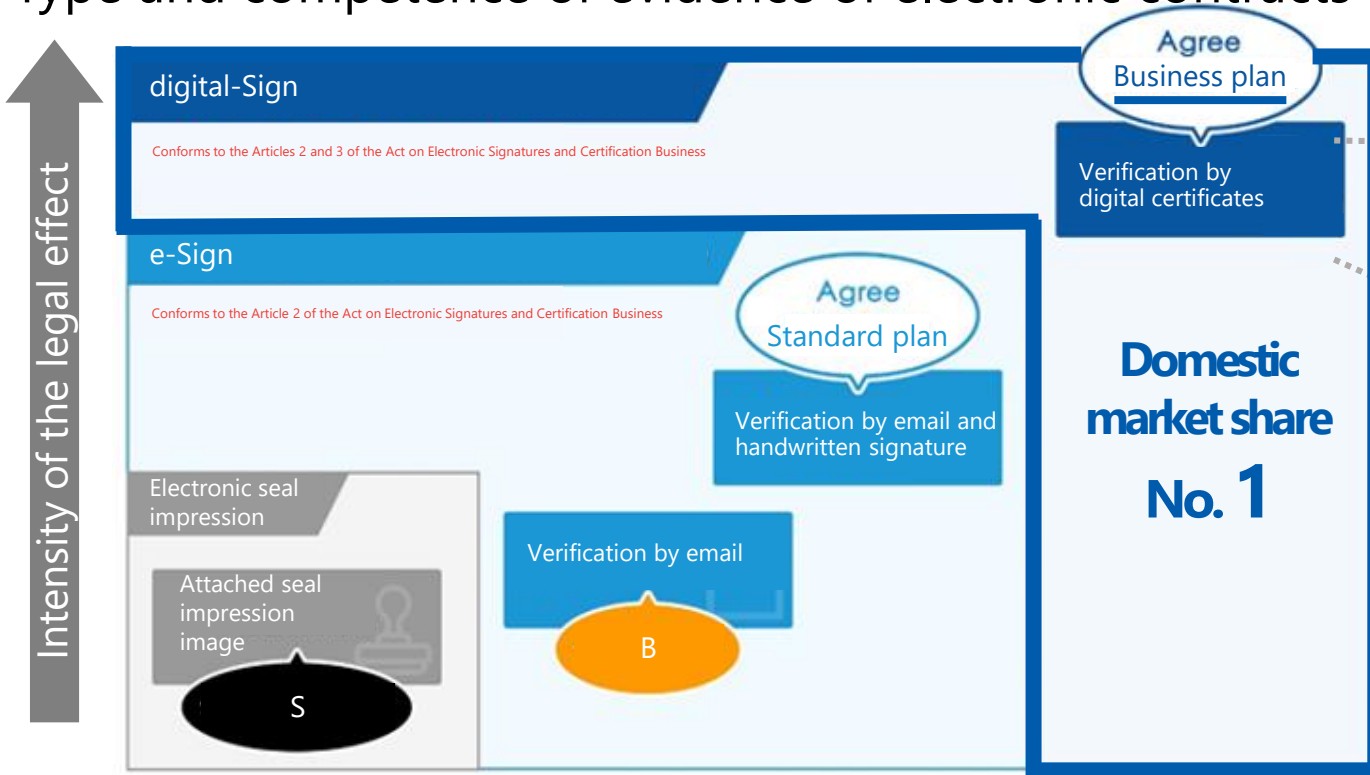
**11.56M**

customers

# Internet Infrastructure | GMO's e-contract service Agree

電子契約の電子署名・サインは  
**GMO** 電子印鑑 Agree

Type and competence of evidence of electronic contracts



No. 1 domestic market share.  
 Partnering with Certificate Authority.



## Seal of approval

Company documents

Request for approval, written estimate, written notice, etc.

## Contract seal

Contracts to be used internally and externally

Contract, order sheet, application, written pledge, written consent, etc.

## Registered seal

Contracts to be used internally and externally

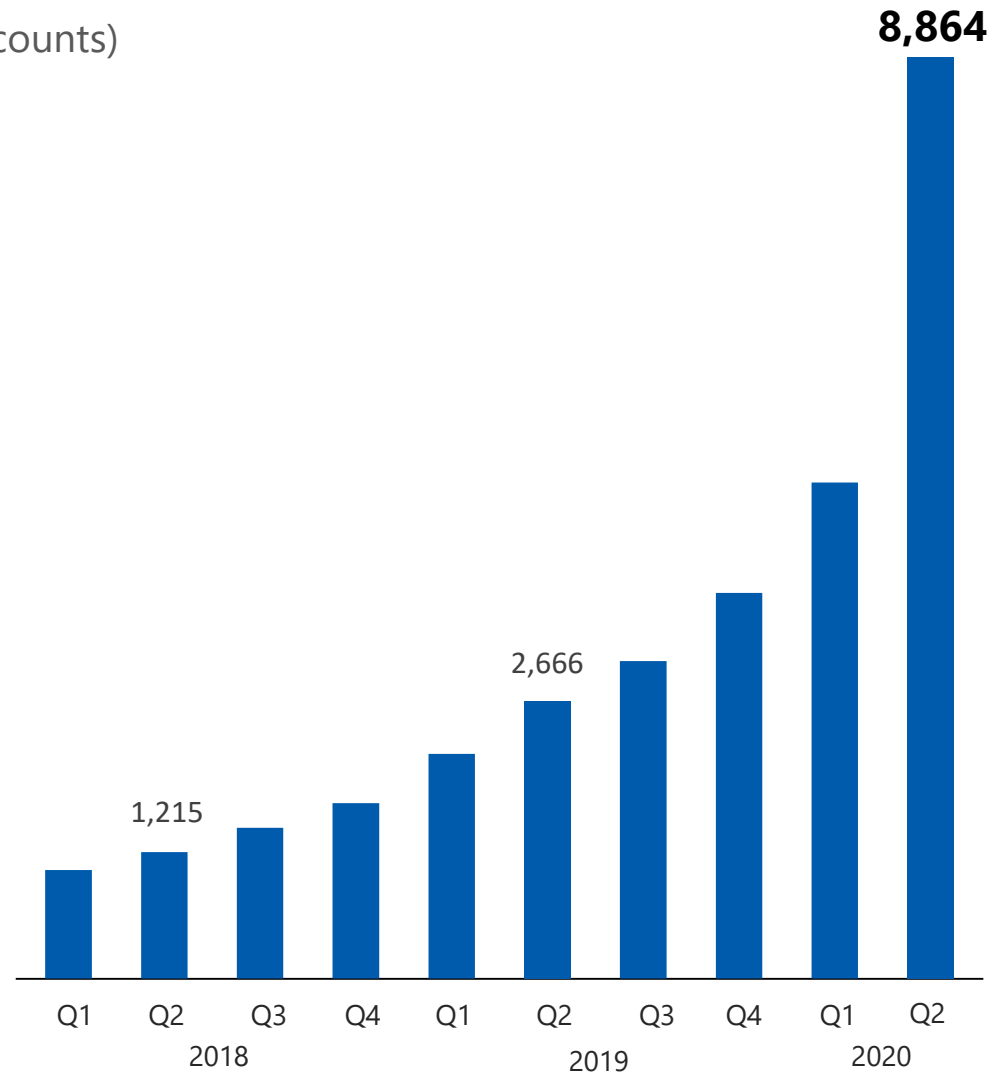
Contract, order sheet, application, written pledge, written consent, etc.

Counterfeit prevention

# Internet Infrastructure | GMO's e-contract service Agree

GMO 電子印鑑 Agree

(accounts)



Number of accounts up

**232.5%**

YoY



## Goodbye Seal Impression Campaign<sup>\*1</sup>

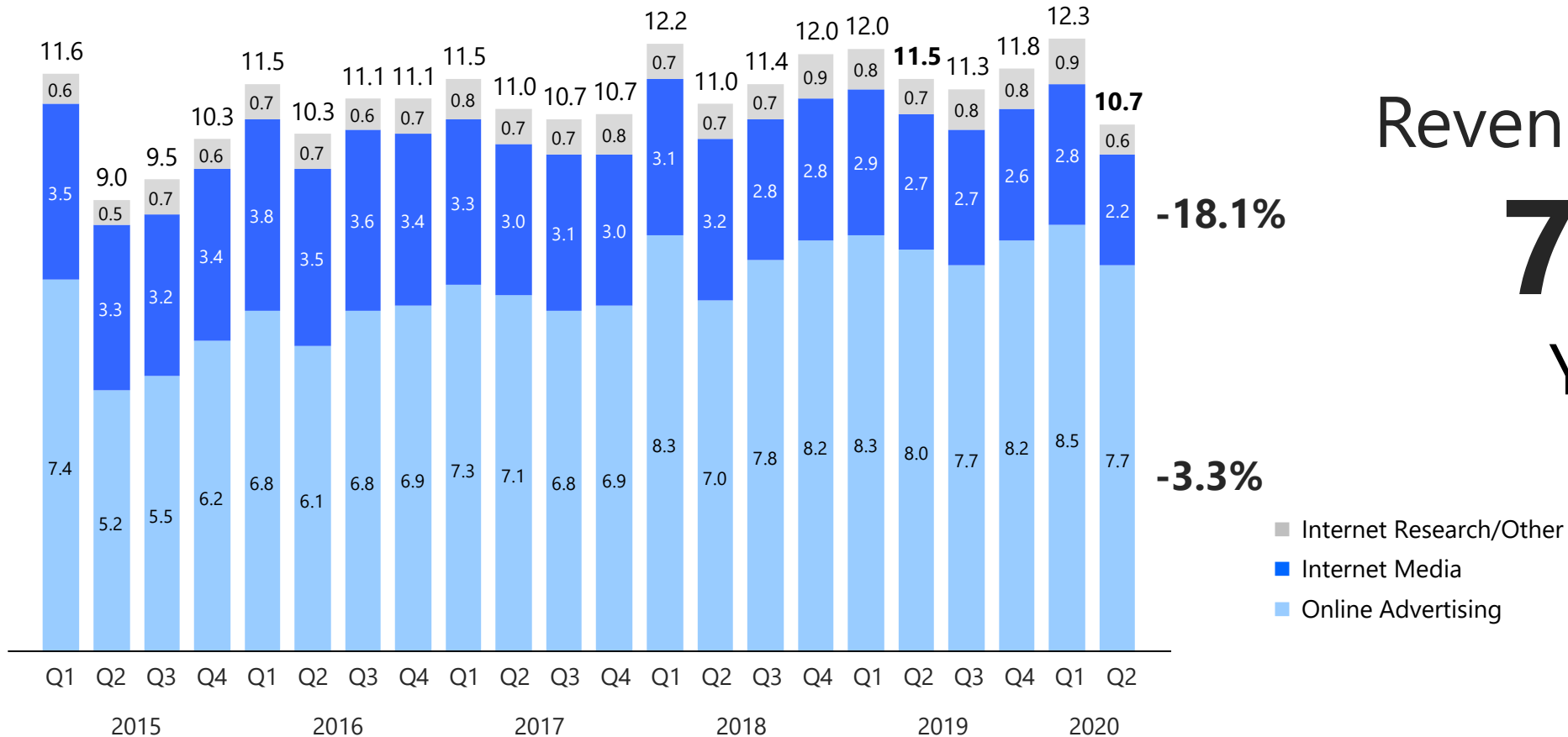
"Wasteful seal impression survey 2020" and providing services for free to participants for up to 2 years to discourage the use of seal impression in Japan

\*1: <https://www.gmo.jp/news/article/6832/>

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# Online Advertising & Media | Net Sales

(JPY billions)



Revenue down

**7.2%**

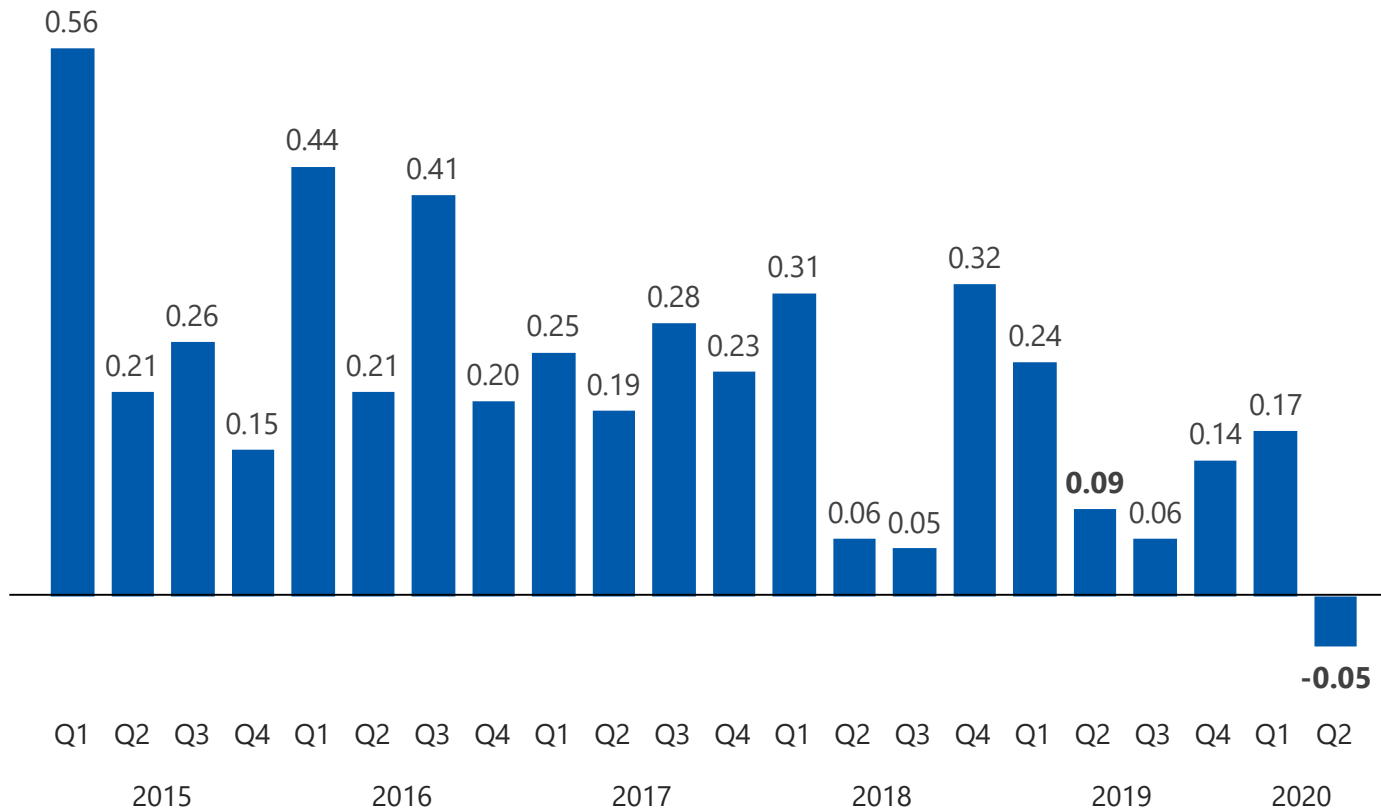
YoY

-18.1%

-3.3%

# Online Advertising & Media | Operating Profit

(JPY billions)



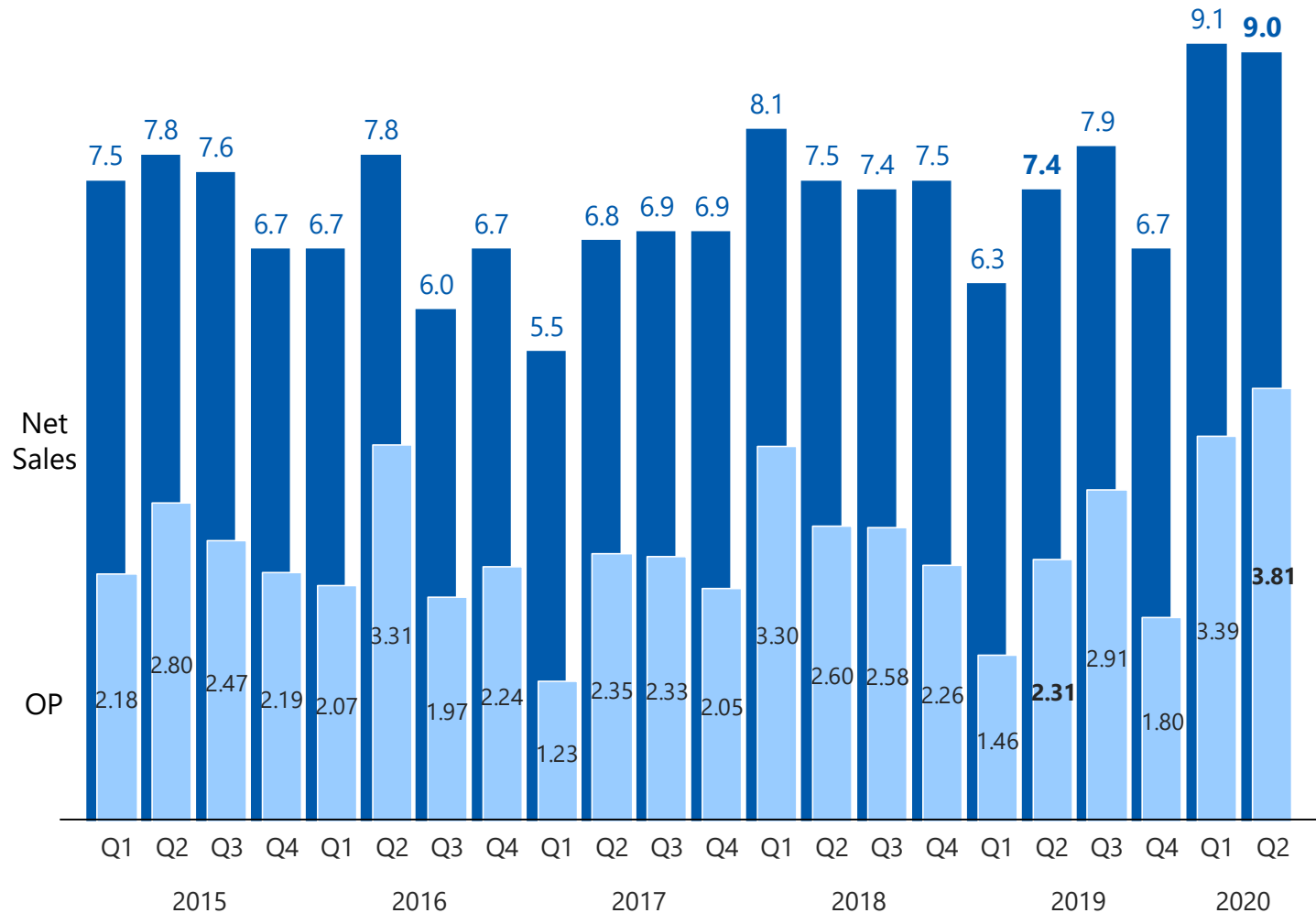
Operating loss

**0.05B**

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# Internet Finance | Historical Performance by Quarter

(JPY billions)



Record high

Revenue up

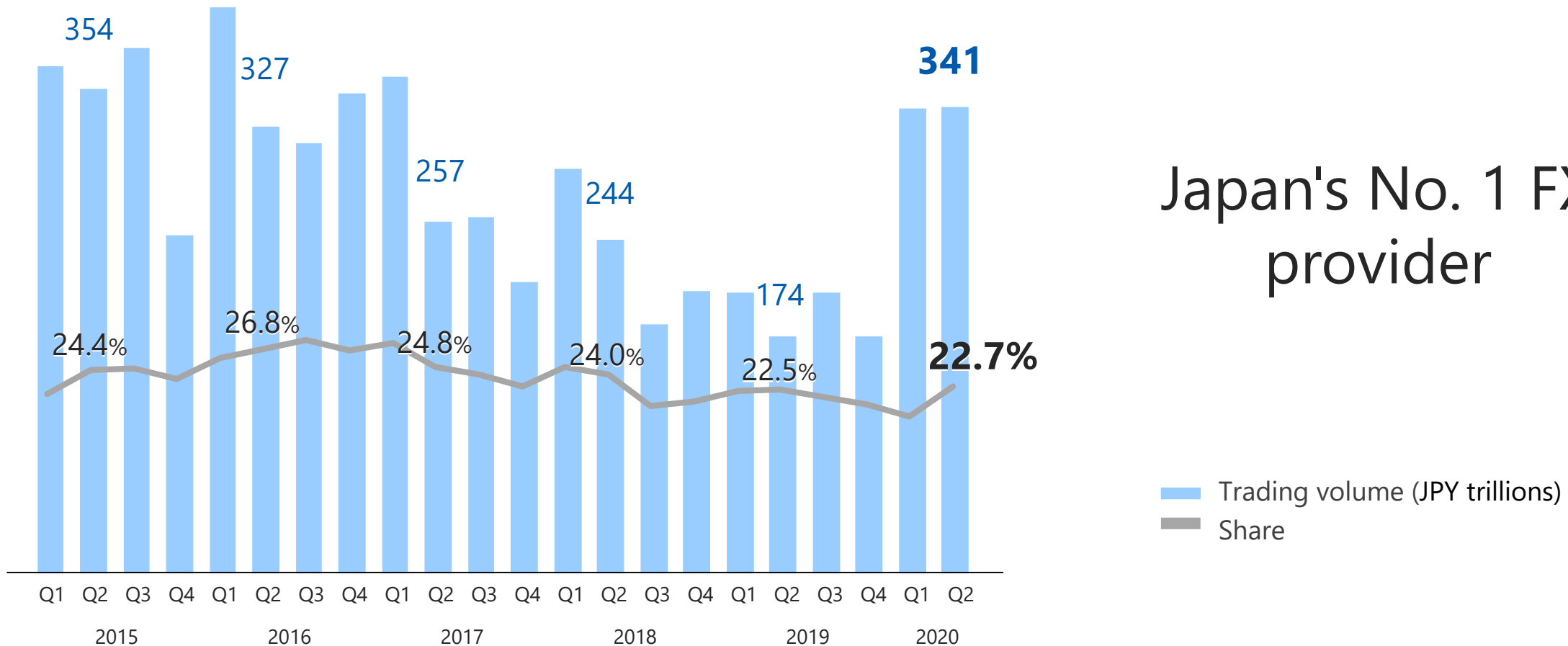
**21.3%**

Profit up

**64.7%**

YoY

# Internet Finance | FX Trading Volume



Japan's No. 1 FX provider

Trading volume (JPY trillions)  
Share

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# Finance, Payment, and Cryptoassets

**Mining** bitcoin BitcoinCash

**Exchange** **GMO Coin**

**Payment** **GYEN** **ZUSD**

**Cryptoassets** **GMO** INTERNET GROUP **Securities/FX**

**GMO FINANCIAL HD**

**大和証券グループ本社**  
Daiwa Securities Group Inc.  
 (Daiwa Securities Group Inc., )  
**Share acquisition: JPY9.7B (9.37%)**

**SMBC GMO PAYMENT**

**JV established**

**三井住友銀行** → **GMO PAYMENT GATEWAY**  
(Sumitomo Mitsui Banking Corporation)  
**Investment: JPY3.86B (3.36%)**

**Launched on July 17, 2018**

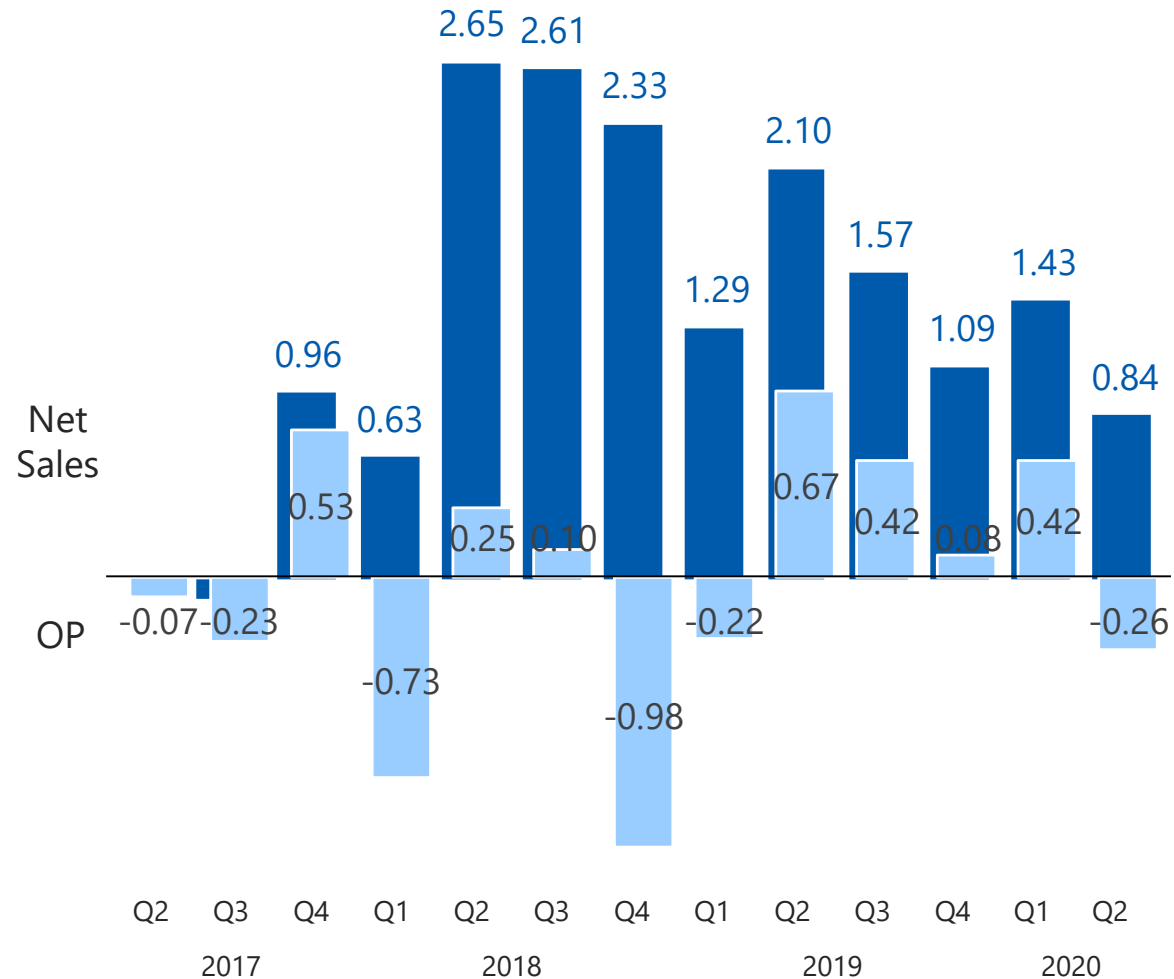
**GMO あおぞらネット銀行**  
GMO Aozora Net Bank

**あおぞら銀行** **GMO INTERNET GROUP**  
AOZORA (Aozora Bank)  
**(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%.

# Cryptoassets business | Historical performance by quarter

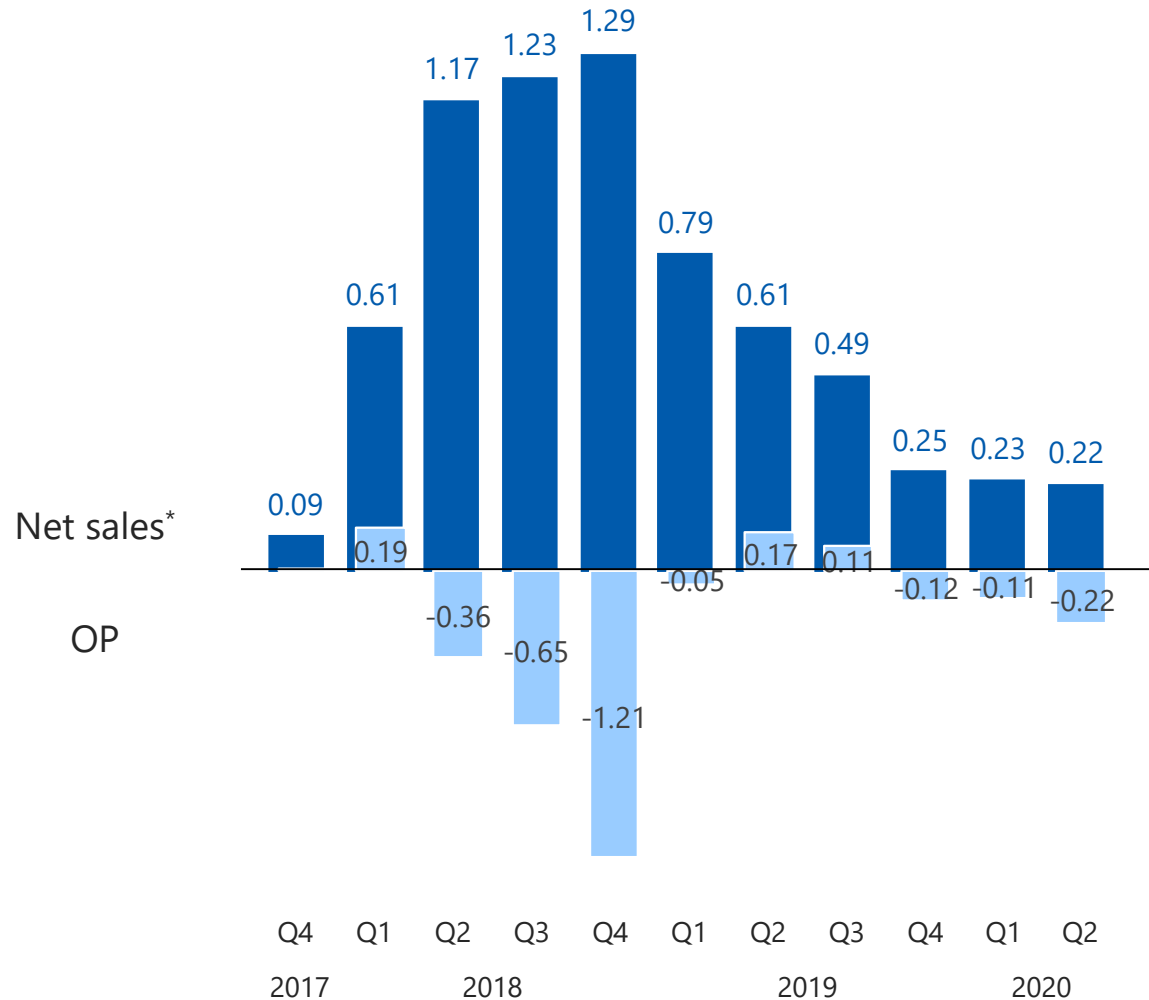
(JPY billions)



**Revenue and profit were down YoY and QoQ**

# Cryptoassets Mining business | Historical performance by quarter

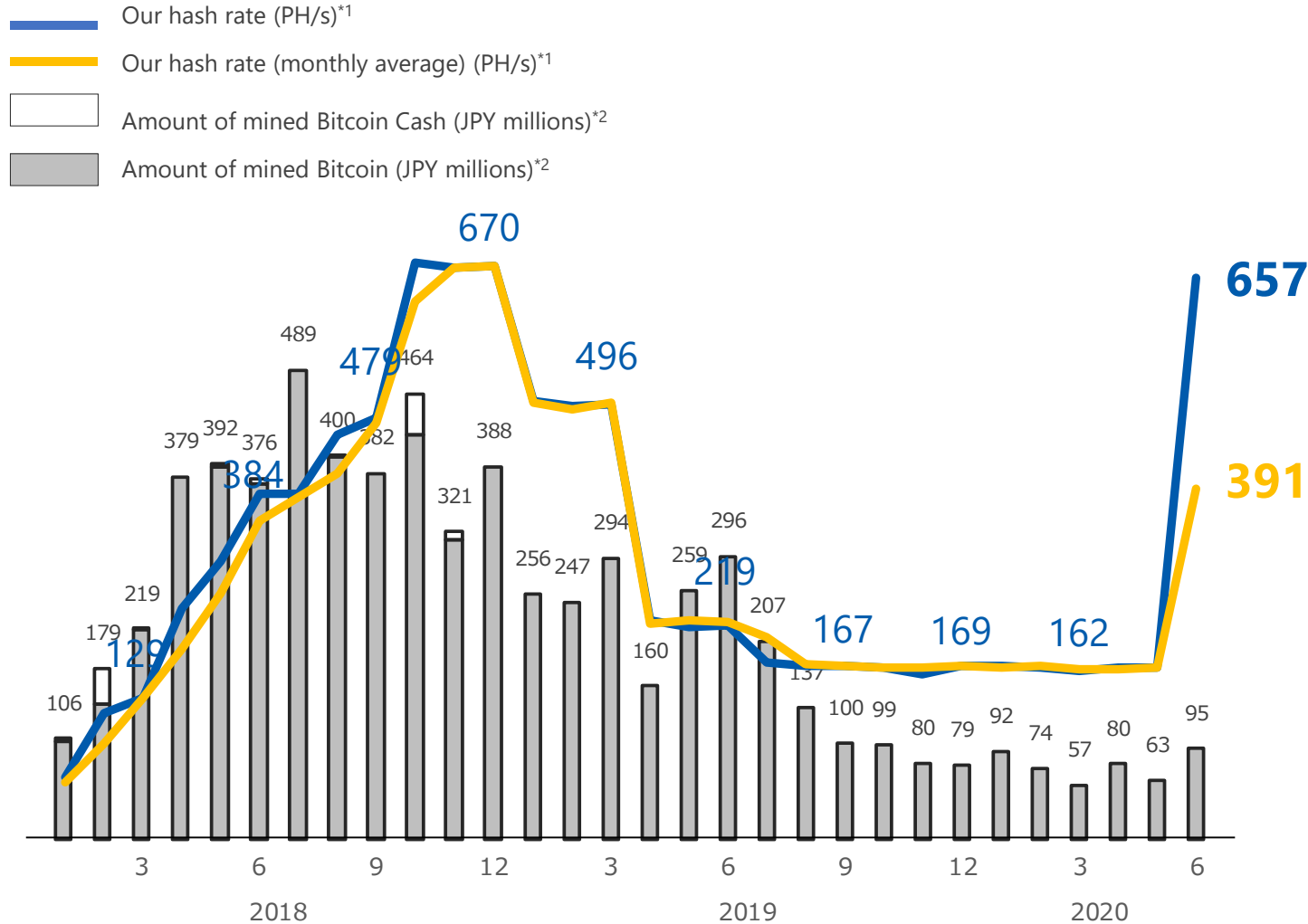
(JPY billions)



Operating our new mining centers since early June. Bitcoin halving leads to the fall in profitability.

\*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, -0.00B in Q1 FY2020, and -0.00B in Q2 FY2020.

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



Finished restructuring in Q2. Expected to achieve positive figures in Q3.

\*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 mining | Data centers

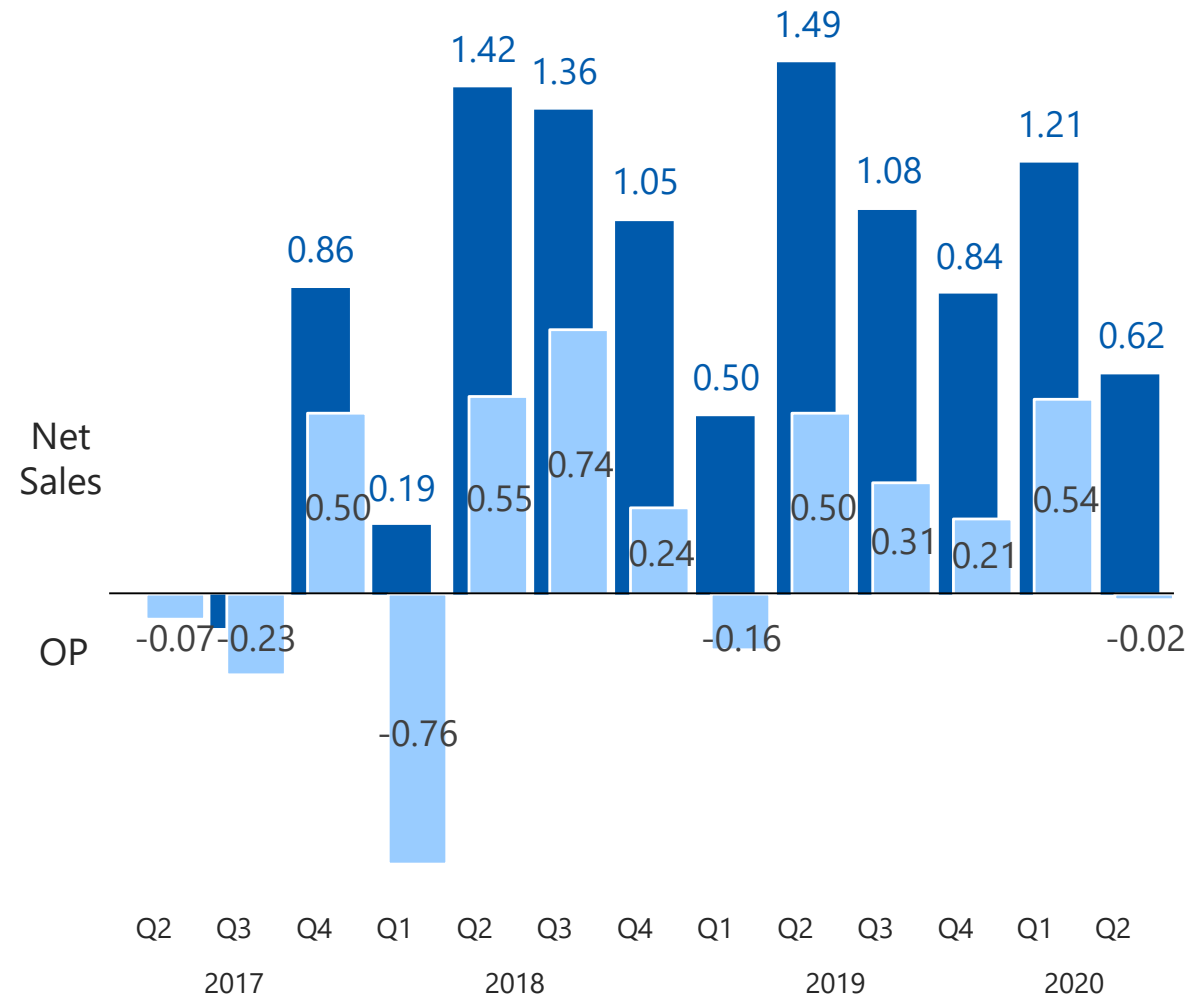


# Cryptoassets mining | Data centers



# Cryptoassets Trading business | Historical performance by quarter

(JPY billions)



Increase in costs of cover transactions, which led to the fall in profitability

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# Finance, Payment, and Cryptoassets

Mining

 **bitcoin**  BitcoinCash

Exchange

**GMO Coin**

Payment

**GYEN ZUSD**

Cryptoassets

**GMO**  
INTERNET GROUP

Securities/FX

**GMO FINANCIAL HD**

大和証券グループ本社

Daiwa Securities Group Inc.

(Daiwa Securities Group Inc., )

Share acquisition: JPY9.7B (9.37%)

Payment

 **SMBC GMO PAYMENT**

JV established

 三井住友銀行 → **GMO PAYMENT GATEWAY**

SMBC  
(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

 あおぞら銀行 **GMO INTERNET GROUP**

(Aozora Bank)

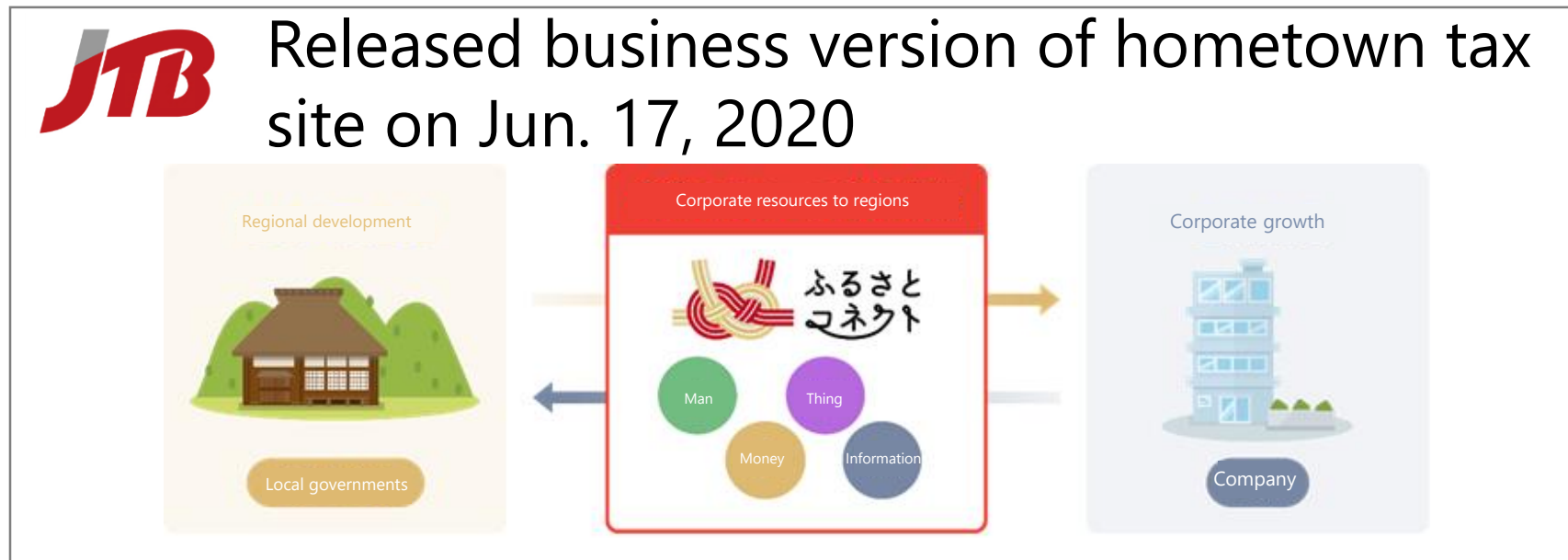
(85.1%)

(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%.

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

**35 firms** → **48 firms**  
(Q1 '20) (Q2 '20)



## Upfront payment for payroll

### GMO Aozora Prime

(Bank transfer fee subscription)

First  
Japanese  
bank

Fixed-monthly payments	<b>Free the first month of subscription, JPY 1,980 from the following month</b>
Bank transfer fee	<b>Flat fee of JPY 180 per transfer</b>

# Conclusion | Future outlook

- Difference between Q1 and Q2
- **Blue: Added**
- **Red: Modified**

	Assumption	Outlook
Internet Infrastructure	<ul style="list-style-type: none"> <li>• Change in society due to new coronavirus</li> <li>• Promoting cashless penetration</li> <li>• Accelerating DX</li> <li>• ".gmo," the world's first dedicated domain for IoT</li> </ul>	<ul style="list-style-type: none"> <li>• Expect current trend to continue</li> <li>• <b>Strengthen promotion of GMO's e-contract service Agree</b></li> <li>• <b>".gmo" advance registration starting within the year</b></li> <li>• <b>Experimental radio station for 5G starting within the year</b></li> </ul>
Online Ad & Media	<ul style="list-style-type: none"> <li>• Worsening external environment. Worst period.</li> </ul>	<ul style="list-style-type: none"> <li>• Improvement</li> <li>• <b>Review costs</b></li> <li>• <b>Review promotional program</b></li> </ul>
Internet Finance	<ul style="list-style-type: none"> <li>• Change in society due to new coronavirus</li> <li>• Market fluctuations</li> </ul>	<ul style="list-style-type: none"> <li>• Expect current trend to continue</li> <li>• <b>Strengthen in-house products</b></li> </ul>
Cryptoassets (Cryptocurrency)	<ul style="list-style-type: none"> <li>• New mining facilities start operating in May → <b>Completed</b></li> <li>• Complete withdrawal from Northern Europe in June → <b>Completed</b></li> <li>• GYEN to be launched in June</li> </ul>	<ul style="list-style-type: none"> <li>• Look forward to earnings in July and beyond</li> <li>• GYEN to be launched in <b>Q3</b></li> </ul>

**Internet for Everyone**

**GMO**

# GMO INTERNET

**We are planning on making an earnings announcement for FY2020 Third Quarter after 3 pm on November 11, 2020.**

This document includes projections based on expectations, premises and plans as of August 11, 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

129 Group Companies (102 consolidated, 20 non-consolidated, 4 equity method affiliates, 3 non-equity method affiliates) \*As of June 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. (Mothers: 4051)
- 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

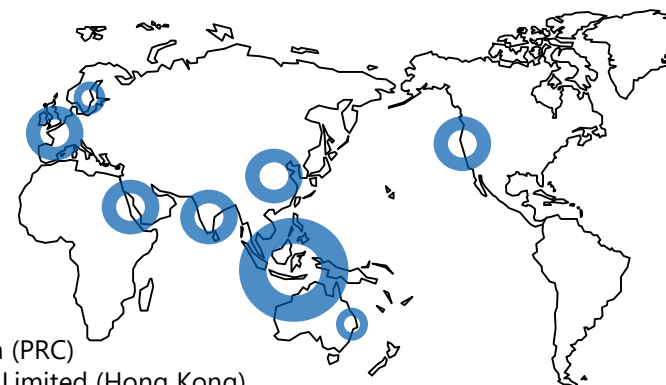
- GMO Venture Partners, Inc.

## 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.
- (Vietnam)
- GMO-Z.com Runsystem JSC; GMO-Z.com Vietnam Lab Center Co. Ltd.
- (Philippines)
- GMO GlobalSign Inc.

★ Listed Company  
(total 10 companies)

# Finance, Payment, and Cryptoassets | Group relationship

Domain, hosting & cloud, provider, Cryptoassets mining

**GMO Internet (TSE1)**

**Cryptoassets mining**

Net Bank

**GMO Aozora Net Bank**

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

## 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, finance

**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 (Mothers)**

(GMO Internet 25.8%)

## 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 6/2020	Change	GMO Financial HD (End of 6/2020)	Change
Current Assets	811,083	<b>879,344</b>	68,260	625,631	27,485
Cash & Deposits	160,315	<b>199,416</b>	39,101	50,610	-11,107
Fixed Assets	60,130	<b>62,451</b>	2,320	8,182	-199
Goodwill	2,778	<b>2,445</b>	-332	366	-81
Software	6,836	<b>7,620</b>	783	1,634	-285
Investment Securities	9,881	<b>10,929</b>	1,048	3,102	59
Total Assets	871,214	<b>941,795</b>	70,581	633,814	27,286
Liabilities	768,944	<b>844,446</b>	75,501	594,113	25,389
Interest-bearing debts	155,645	<b>180,226</b>	24,581	86,141	-9,817
Net Assets	102,269	<b>97,349</b>	-4,920	39,700	1,897
Non-controlling Minority Equity	48,405	<b>50,754</b>	2,348	1,209	63
Shareholders' Equity	53,784	<b>46,516</b>	-7,268	38,491	1,833
Earned Surplus	19,474	<b>22,342</b>	2,867	36,678	2,648
(Shareholders' Equity Ratio)	6.2%	<b>4.9%</b>	-1.2pt	6.1%	0.0pt
Liabilities/Net Assets Total	871,214	<b>941,795</b>	70,581	633,814	27,286

# Consolidated Profit and Loss

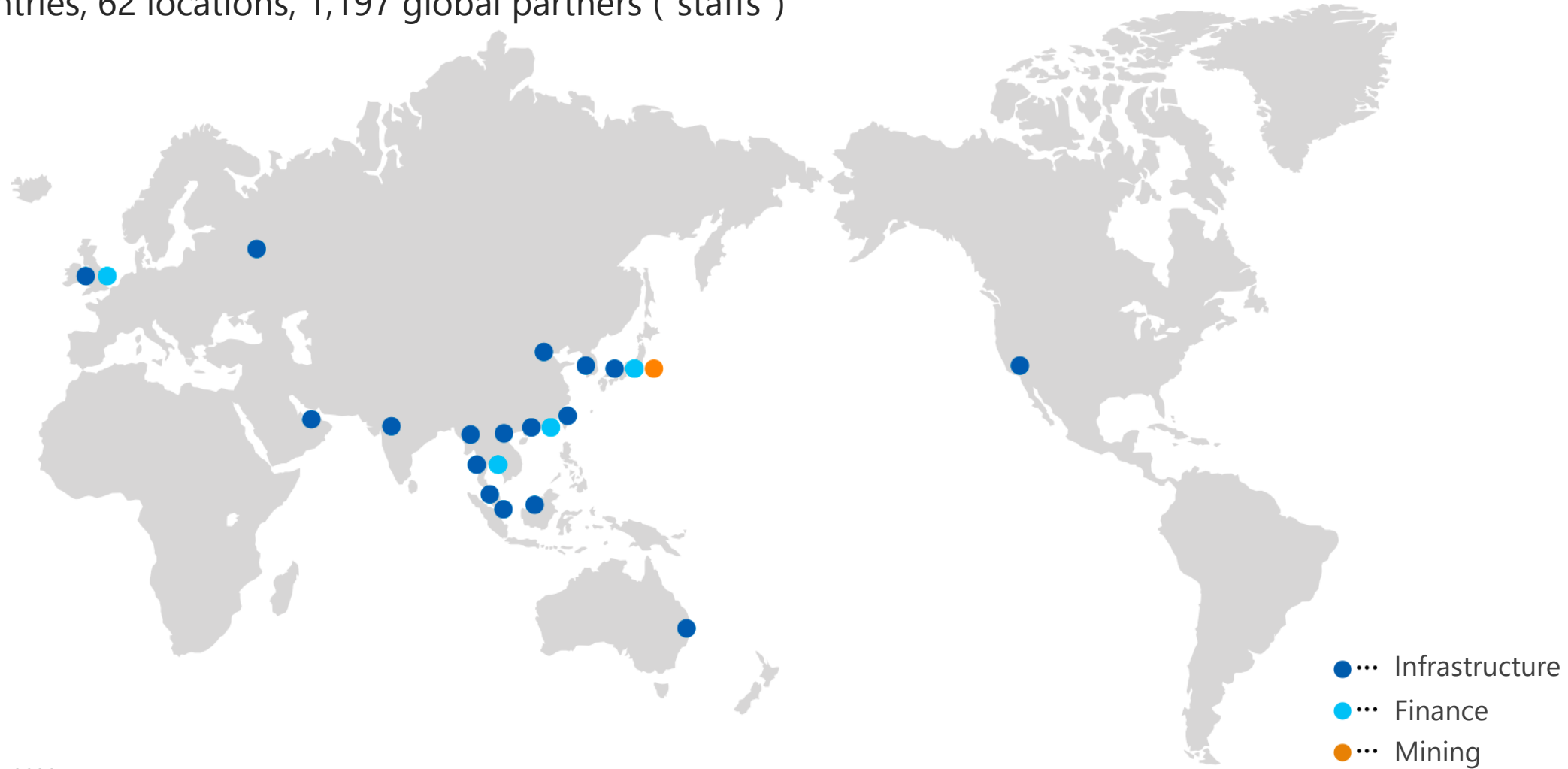
(JPY millions)	Q2'19 (1-6/2019)	Q2'20 (1-6/2020)	Change	supplementary information
Net Sales	96,038	<b>106,500</b>	10.9%	
Gross Profit on Sales	45,950	<b>54,528</b>	18.7%	
Operating Profit	10,957	<b>16,420</b>	49.9%	
(OP Margin)	11.4%	<b>15.4%</b>	+4.0pt	
Non Operating Profit and Loss	-304	<b>-401</b>	-	
Ordinary Profit	10,653	<b>16,019</b>	50.4%	
Extraordinary Profit or loss	465	<b>-814</b>	-	(Q2 '20) loss on sales of stocks of MacroKiosk: JPY 476 million
Profit before Tax	11,118	<b>15,205</b>	36.8%	
Corporate Taxes etc.	3,738	<b>5,821</b>	55.7%	
non-controlling interests	3,345	<b>5,202</b>	55.5%	
Profit attributable to Owners of the Parent	4,035	<b>4,181</b>	3.6%	

# Revenue Breakdown by Segment

(JPY millions)	2019/Q2	2019/Q3	2019/Q4	2020/Q1	2020/Q2
<b>◆Internet Infrastructure</b>					
Internet provider	8,429	8,603	8,841	9,248	10,524
Domain	2,380	2,204	2,255	2,394	2,427
Cloud & hosting	3,610	3,606	3,602	3,740	3,726
Ecommerce solutions	2,816	2,984	2,985	3,250	3,687
Security	1,563	1,543	1,655	1,647	1,651
Payment	8,027	8,418	9,042	9,303	9,471
Other	1,607	1,183	1,223	1,729	2,093
Segment total	28,434	28,544	29,607	31,313	33,582
<b>◆Online Advertising &amp; Media</b>					
Internet media	2,746	2,729	2,666	2,840	2,248
Online advertising	8,064	7,779	8,285	8,587	7,799
Internet research, other	762	805	895	903	694
Segment total	11,573	11,315	11,847	12,331	10,742
<b>◆Internet Finance</b>					
Segment total	7,474	7,958	6,740	9,156	9,067
<b>◆Cryptoassets</b>					
Cryptoassets trading	1,494	1,085	842	1,210	629
Cryptoassets mining	613	487	254	224	220
Segment total	2,108	1,572	1,096	1,435	849
<b>◆Incubation</b>					
Segment total	147	2,483	951	739	233
<b>◆Other Businesses</b>					
Segment total	908	283	328	289	255
Internal Transactions Adjustment	(1,471)	(1,180)	(1,413)	(1,566)	(1,930)
<b>Consolidated Net Sales</b>	<b>49,174</b>	<b>50,975</b>	<b>49,157</b>	<b>53,699</b>	<b>52,800</b>

# Global Operations | Locations

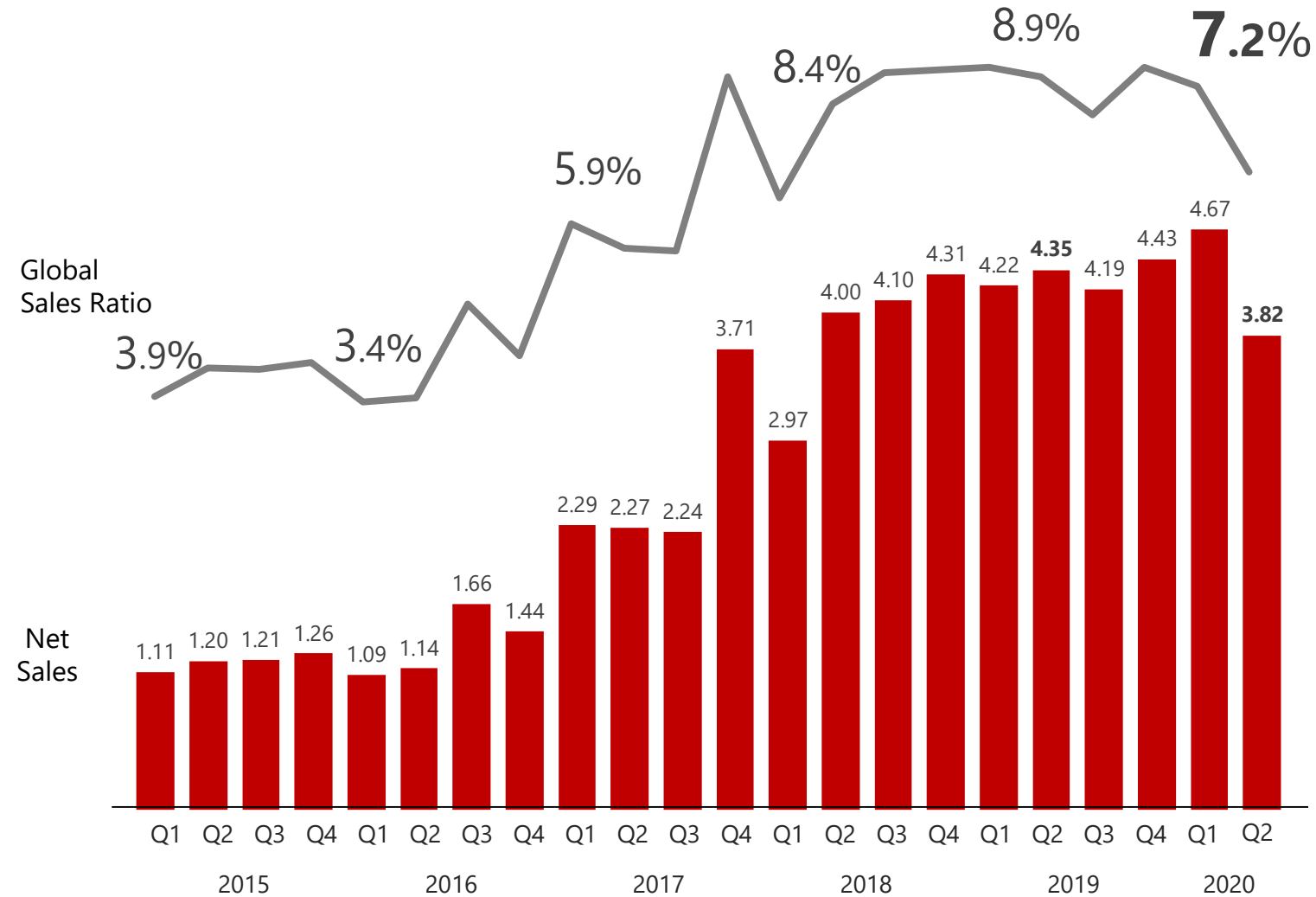
21 countries, 62 locations, 1,197 global partners ("staffs")



\*As of Jun. 2020

# Global Operations | Global Net Sales

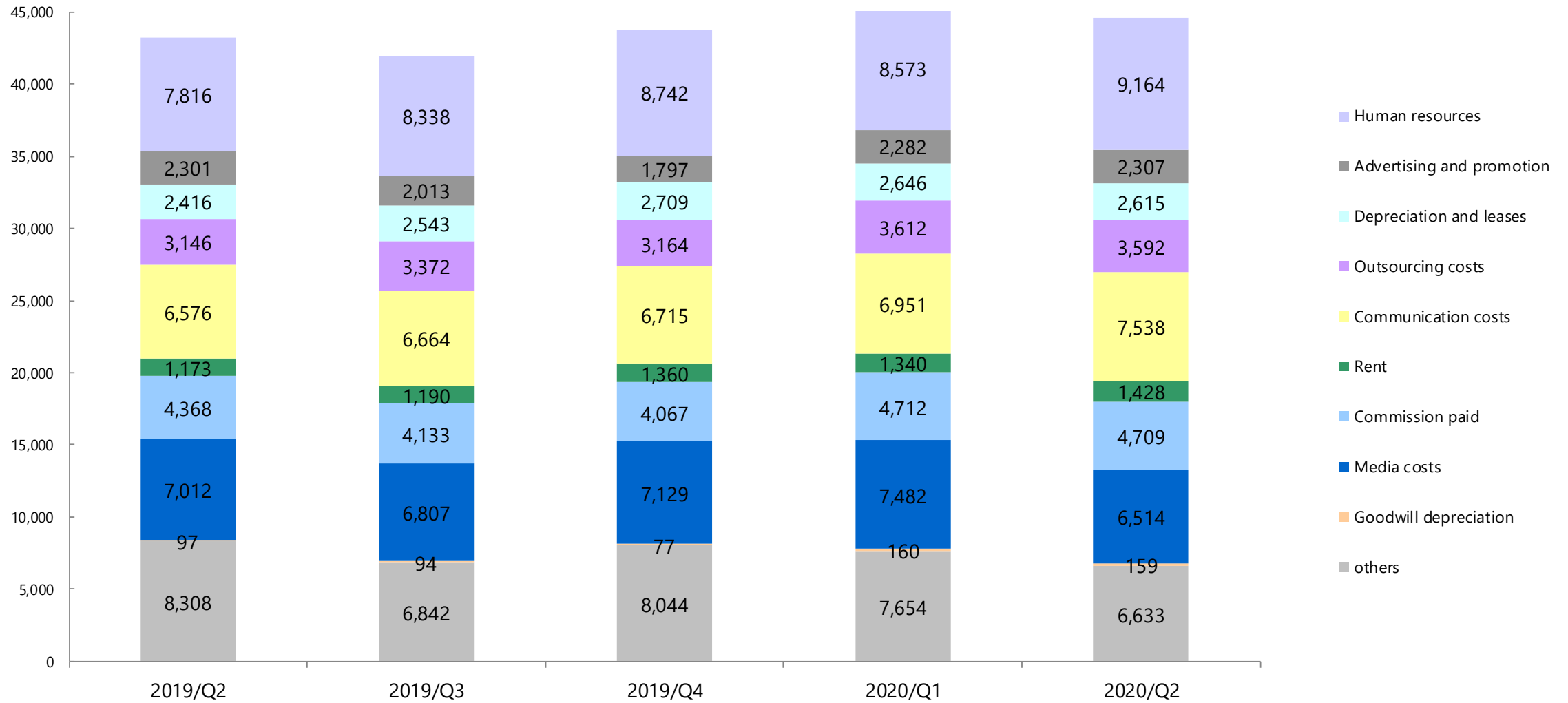
(JPY billions)



Down  
**12.2%**  
YoY

# Cost Composition (Consolidated)

(JPY millions)

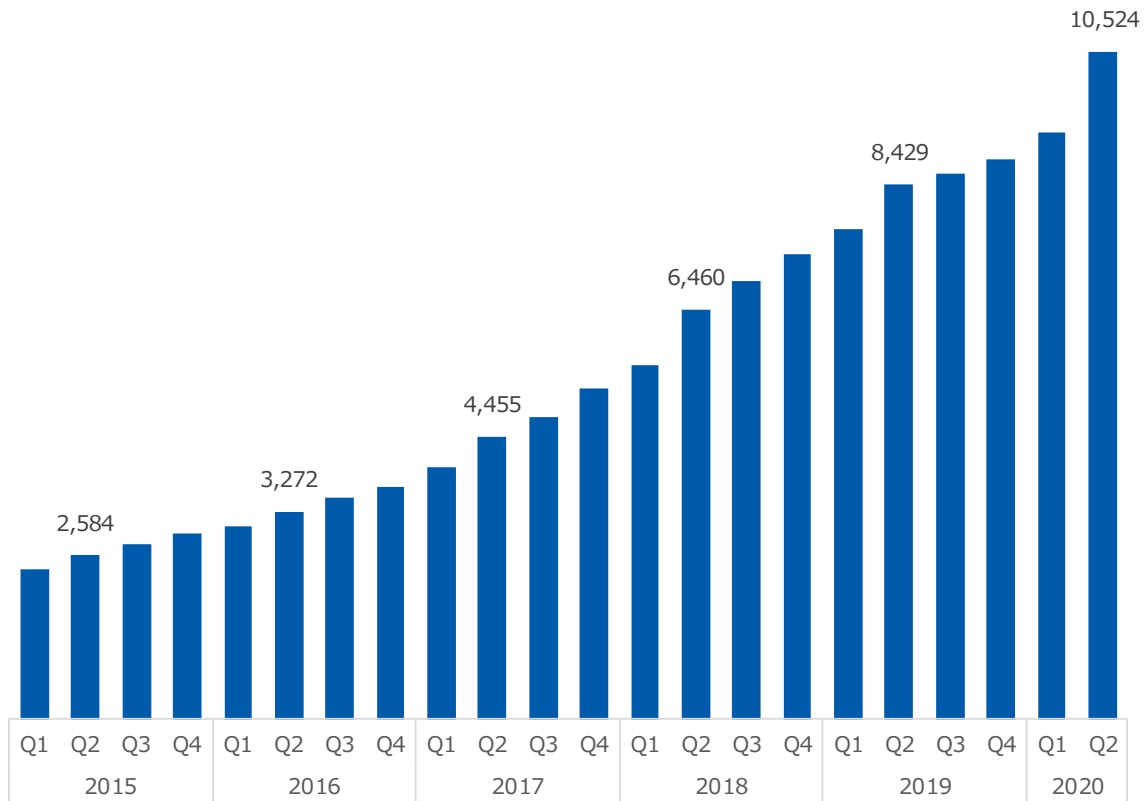


# Internet Infrastructure

# Internet Infrastructure | Provider - KPIs

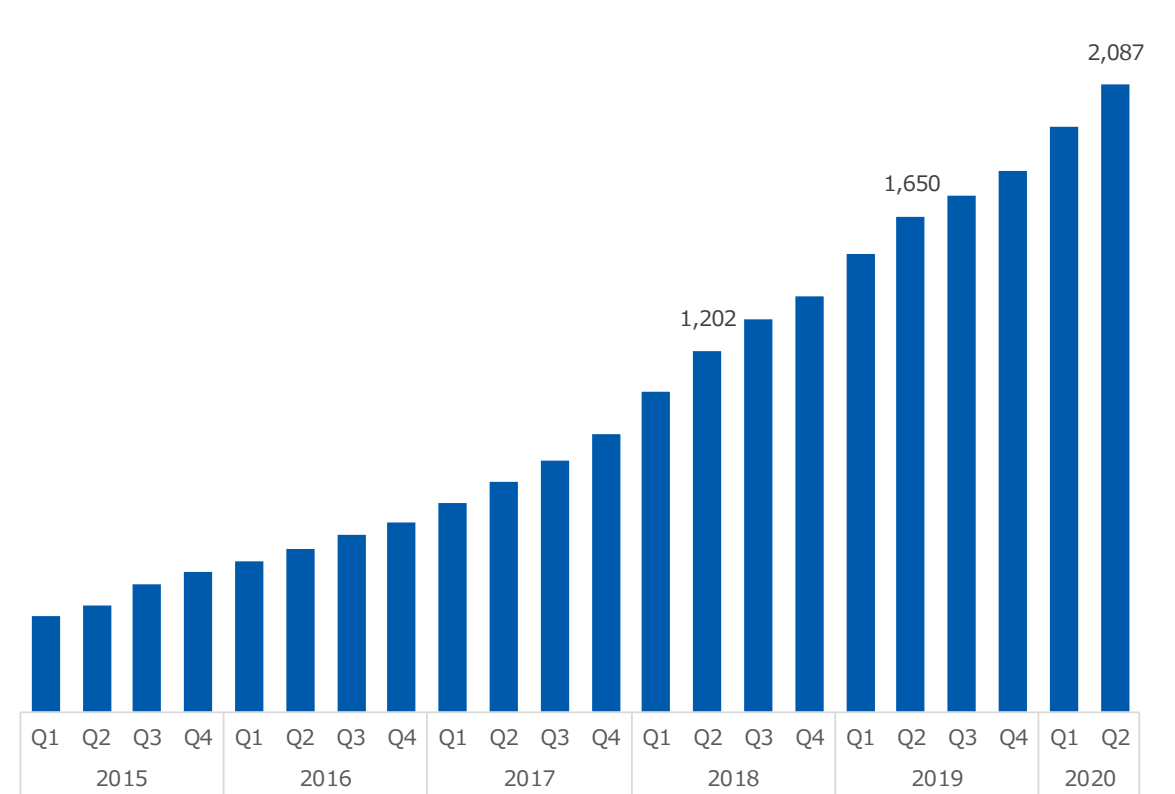
## Revenue

(JPY millions)



## Subscriptions

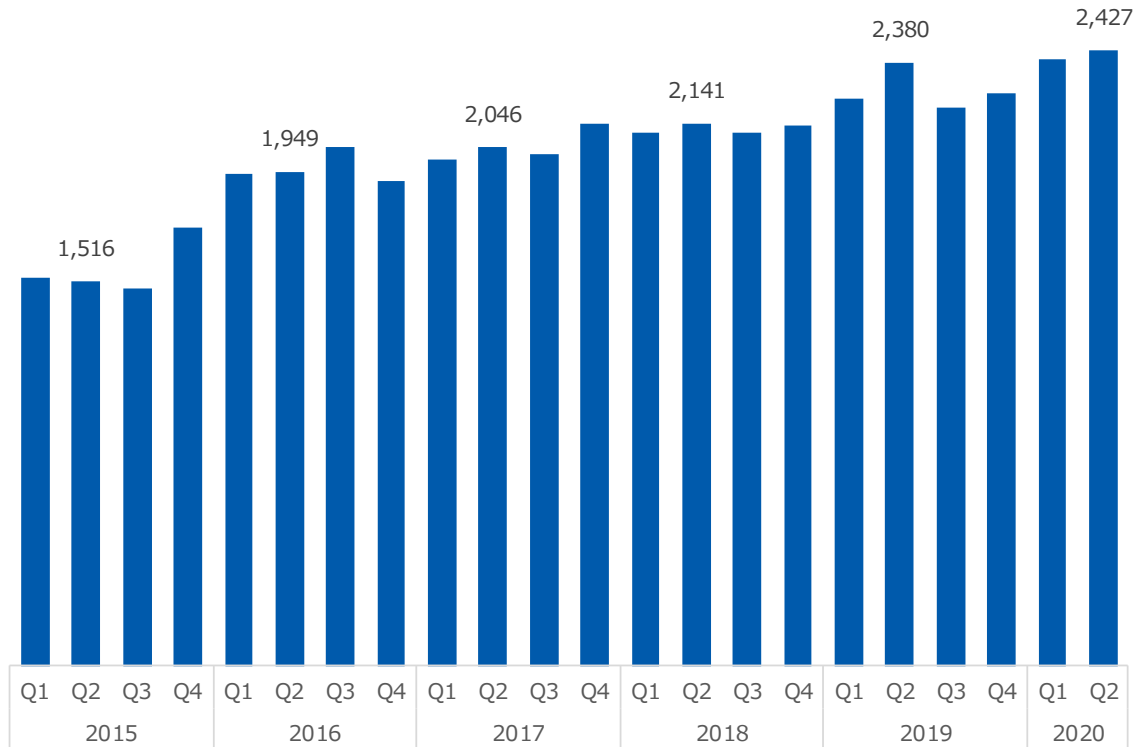
(thousands)



# Internet Infrastructure | Domain Registration - KPIs

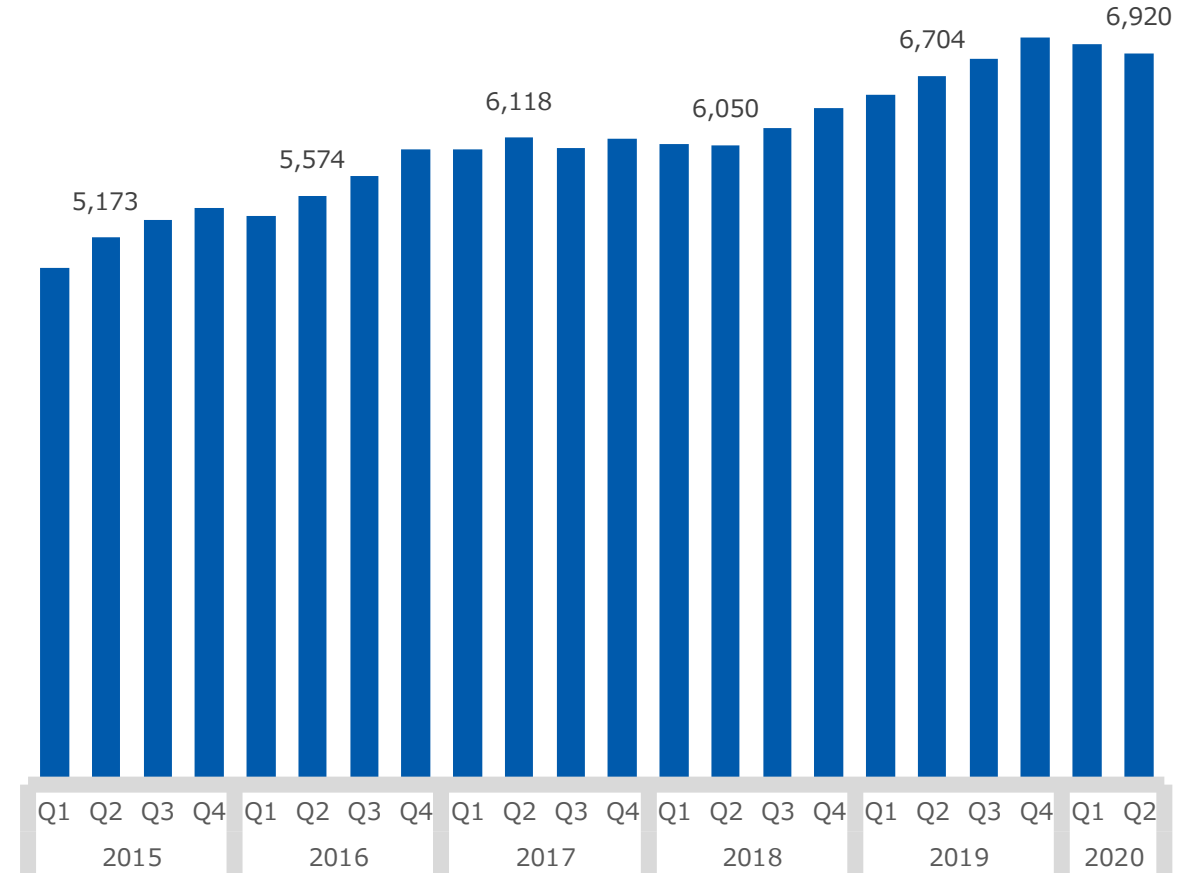
## Revenue

(JPY millions)

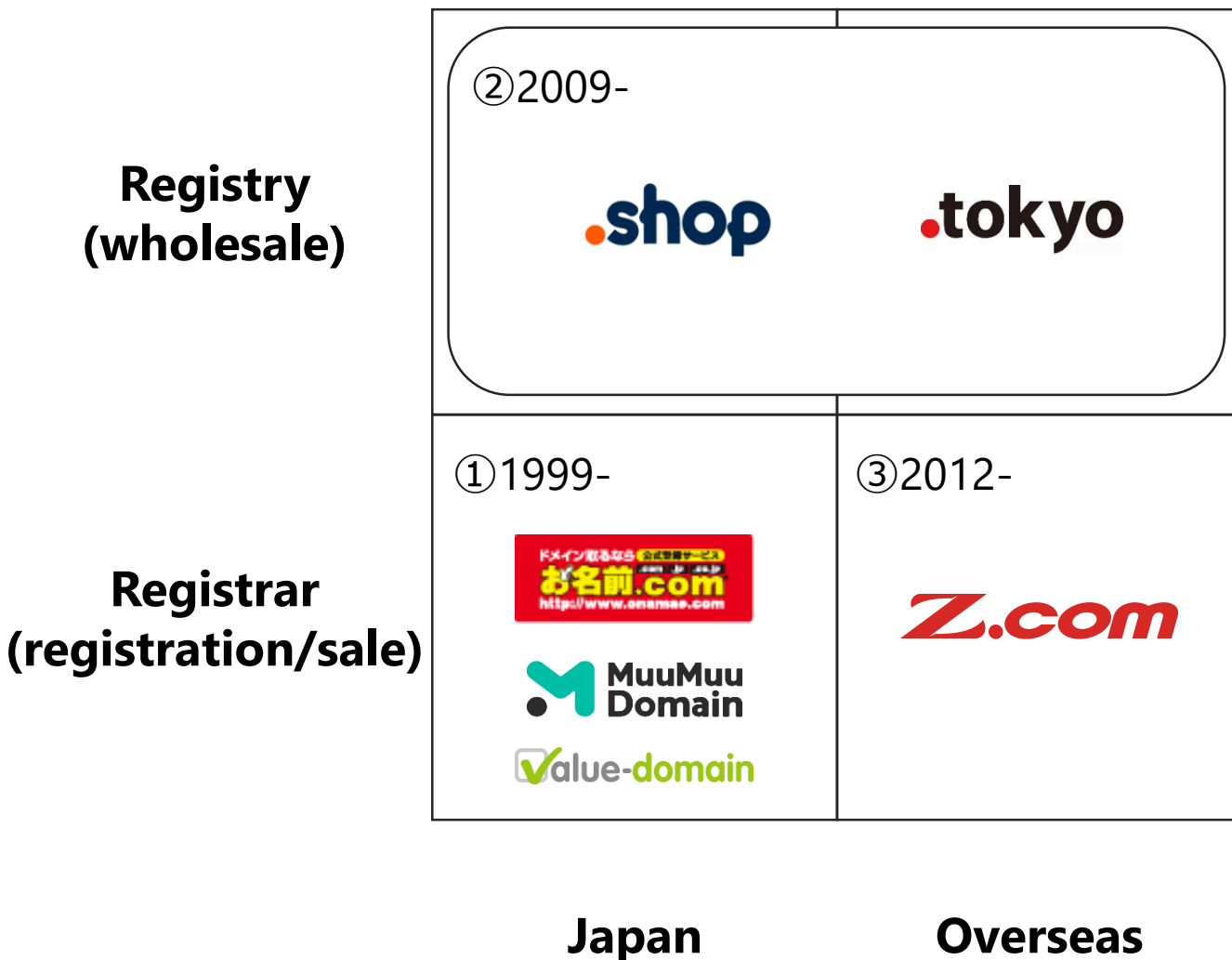


## Contracts

(thousands)

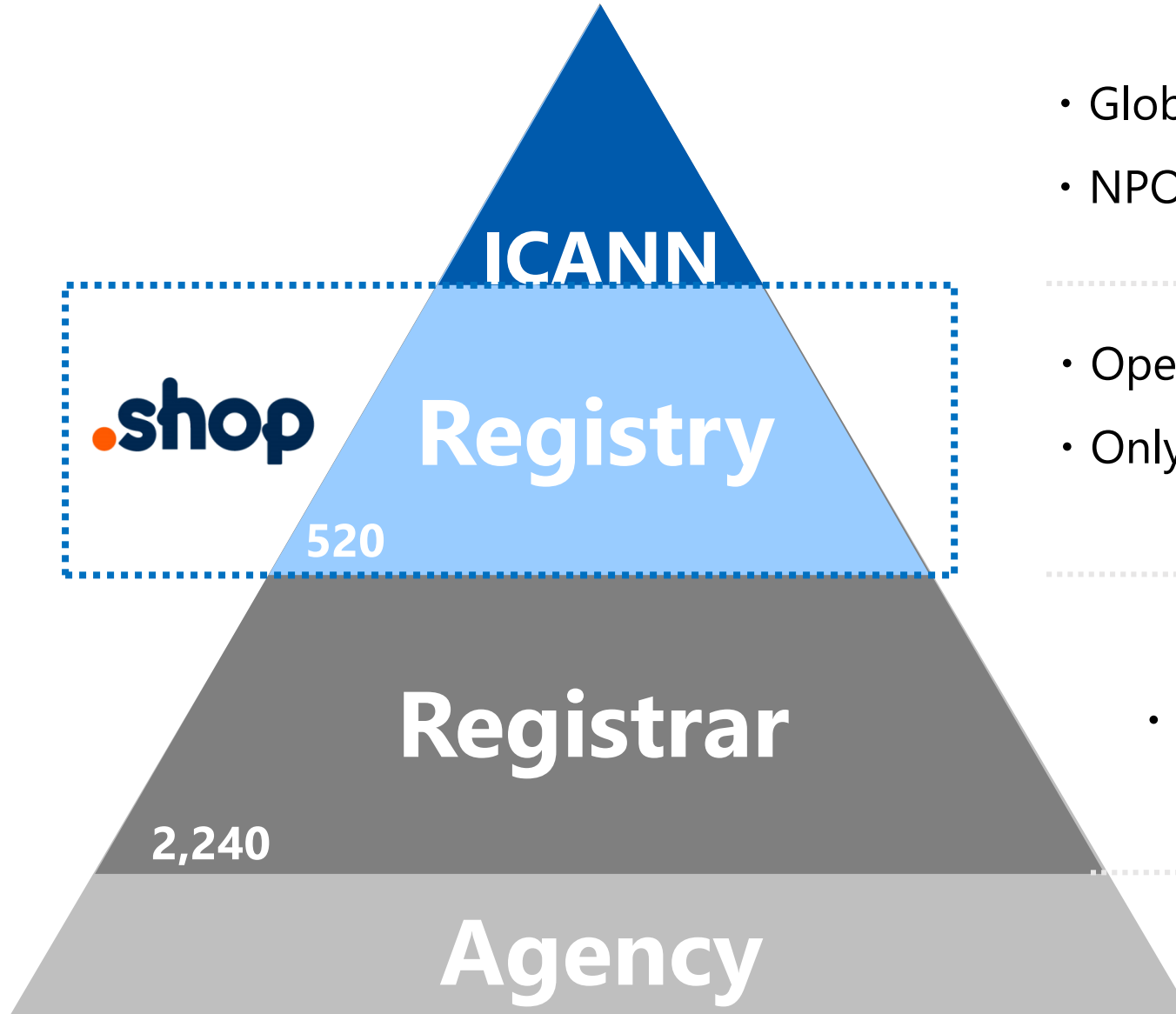


# Internet Infrastructure | Domain - New Businesses



- 99.4 Selected by ICANN as Asia's first registrar
- 99.9 Launched domain registrar business "Onamae.com"
- 04.3 paperboy&co. (currently, GMO Pepabo), which operates "MuuMuu Domain", becomes a consolidated subsidiary
- 09.7 Established GMO Domain Registry
- 11.7 DigiRock (currently, GMO DigiRock) that operates the "Value Domain" becomes a consolidated subsidiary
- 11.11 Received support from the Tokyo Metropolitan Government as a ".tokyo" management operator
- 12.4 Launched domain registration service "TENTEN.vn" for Vietnam
- 14.7 ".tokyo" general registration started
- 14.11 "Z.com" is selected as the unified brand in overseas strategy
- 16.1 ".shop" right bid at ICANN auction. The highest bid is USD 41.5 M, the highest in the world.
- 16.9 ".shop" general registration started

# Internet Infrastructure | Domains Industry Structure



- Global domain management

- NPO

- Operators of .com, .net, etc.

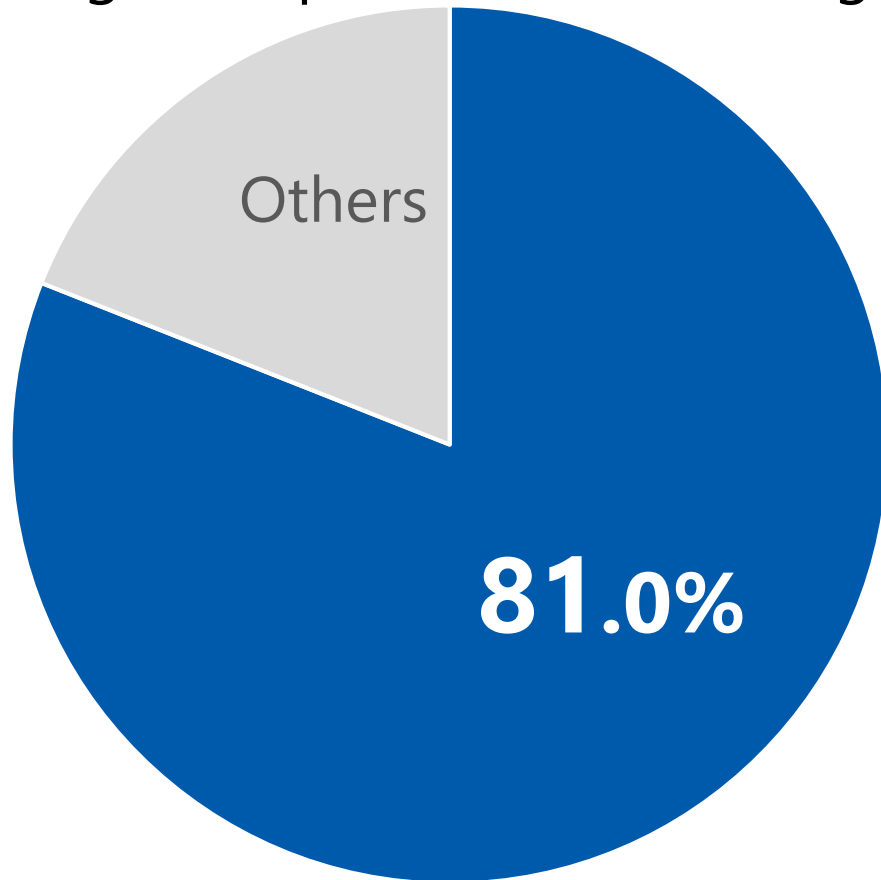
- Only one operator per domain

- Domain registration sales

- Agency

# Internet Infrastructure | Domains Registry Share

Japan gTLD Operation and Management Market Share



**No.1**  
**in Japan**  
**81.0%**

**GMO** REGISTRY

+

**GMO** BrightsConsulting

**.shop**

**.tokyo**

**.nagoya**

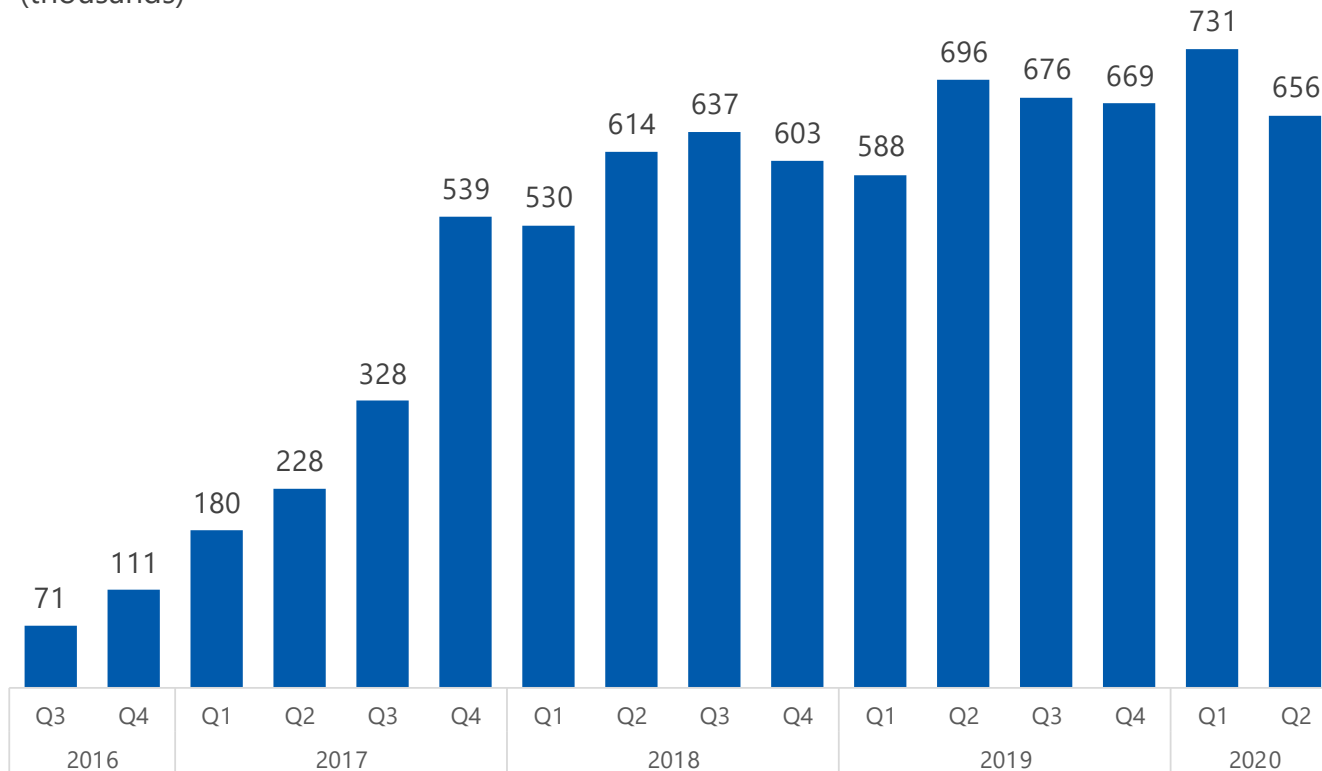
**.yokohama**

**.canon**

**.hitachi**

# Internet Infrastructure | “.shop”: Registration progress

(thousands)



“.shop” came in 9th place for the category of New gTLD\*<sup>1</sup>

Renewal rate: **72.9%**\*<sup>2</sup>


## New gTLD registration rankings

No. 1	.icu	6.38M
No. 2	.top	3.58M
No. 3	.xyz	3.30M
No. 4	.site	2.05M
No. 5	.online	1.70M
No. 6	.club	1.41M
No. 7	.wang	1.38M
No. 8	.vip	1.29M
<b>No. 9</b>	<b>.shop</b>	<b>0.70M</b>
No. 10	.app	0.69M

\*1) Source: <https://ntldstats.com/tld/> (as of July 31, 2020)

\*2) Renewal rate for domains registered between September 2016 and May 2018 (2nd renewal)

# Internet Infrastructure | Domains Global Registrars

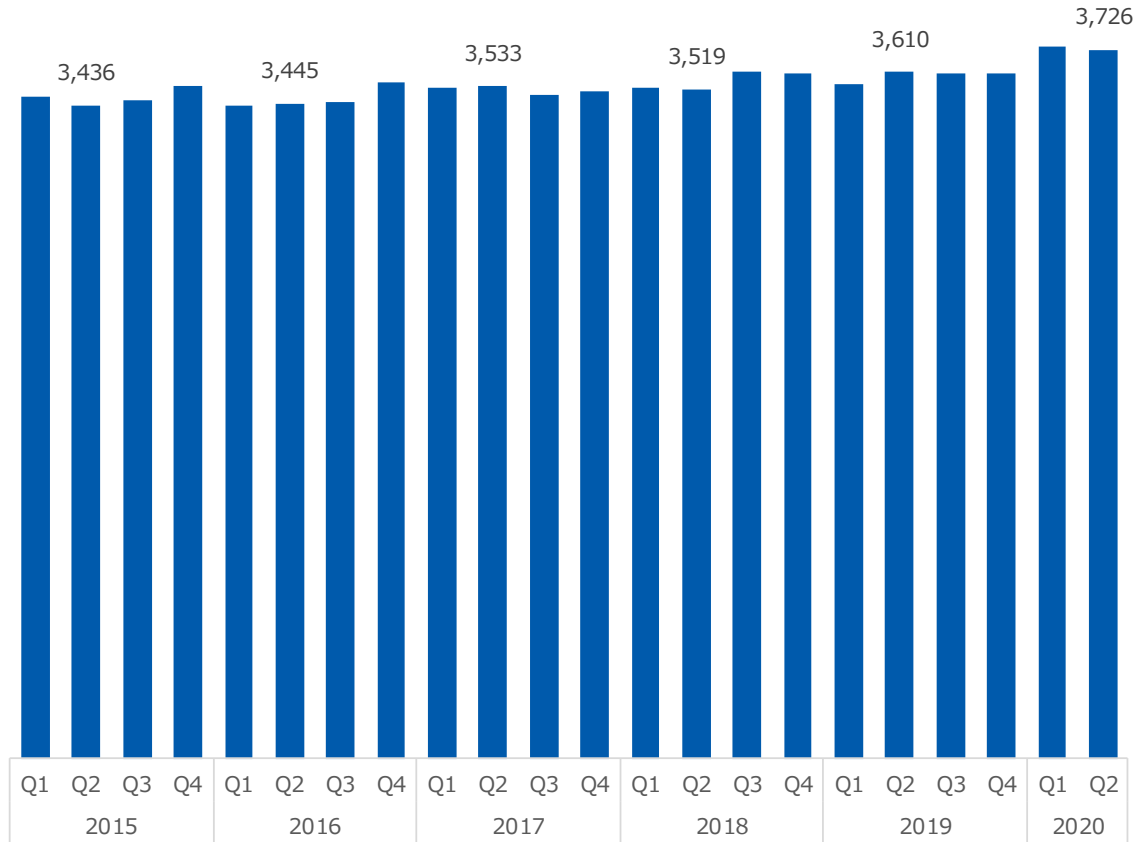
-  1
-  2
-  3
-  4
-  5
-  6
-  7
-  8
-  9
-  10

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

# Internet Infrastructure | Hosting & Cloud - KPIs

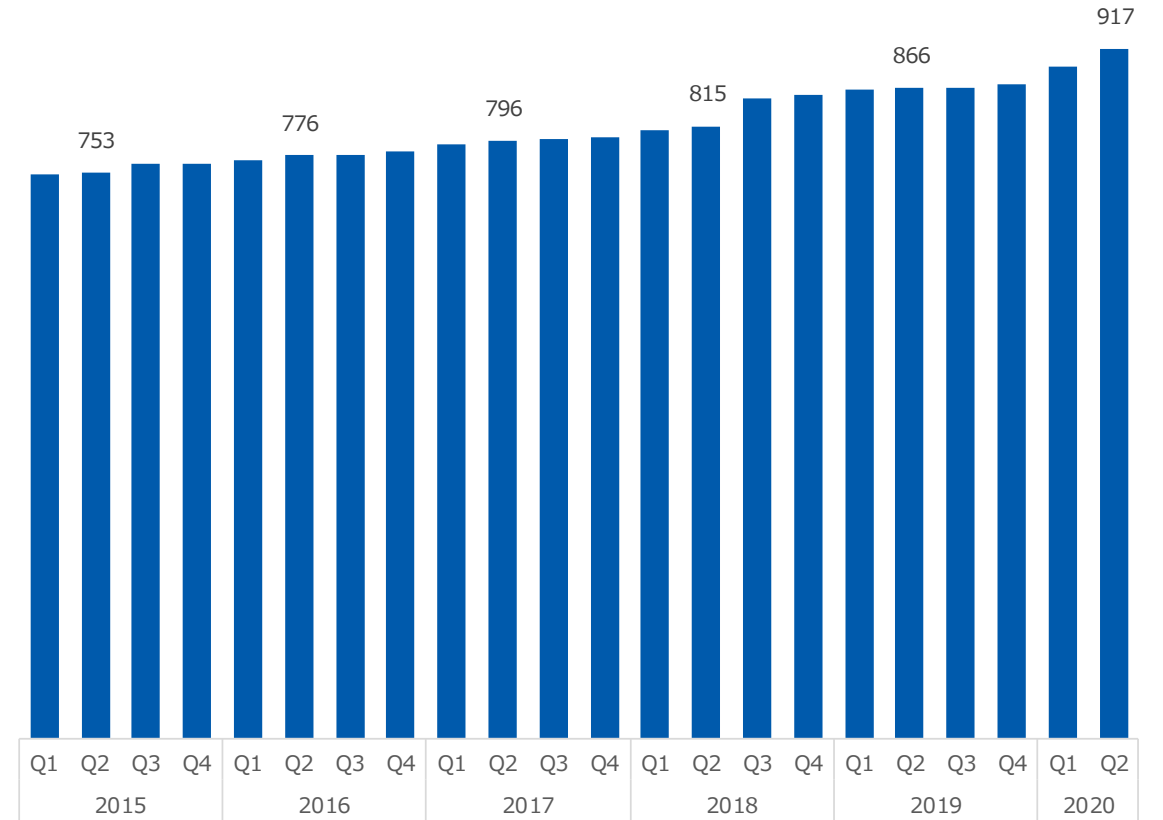
## Revenue

(JPY millions)



## Contracts

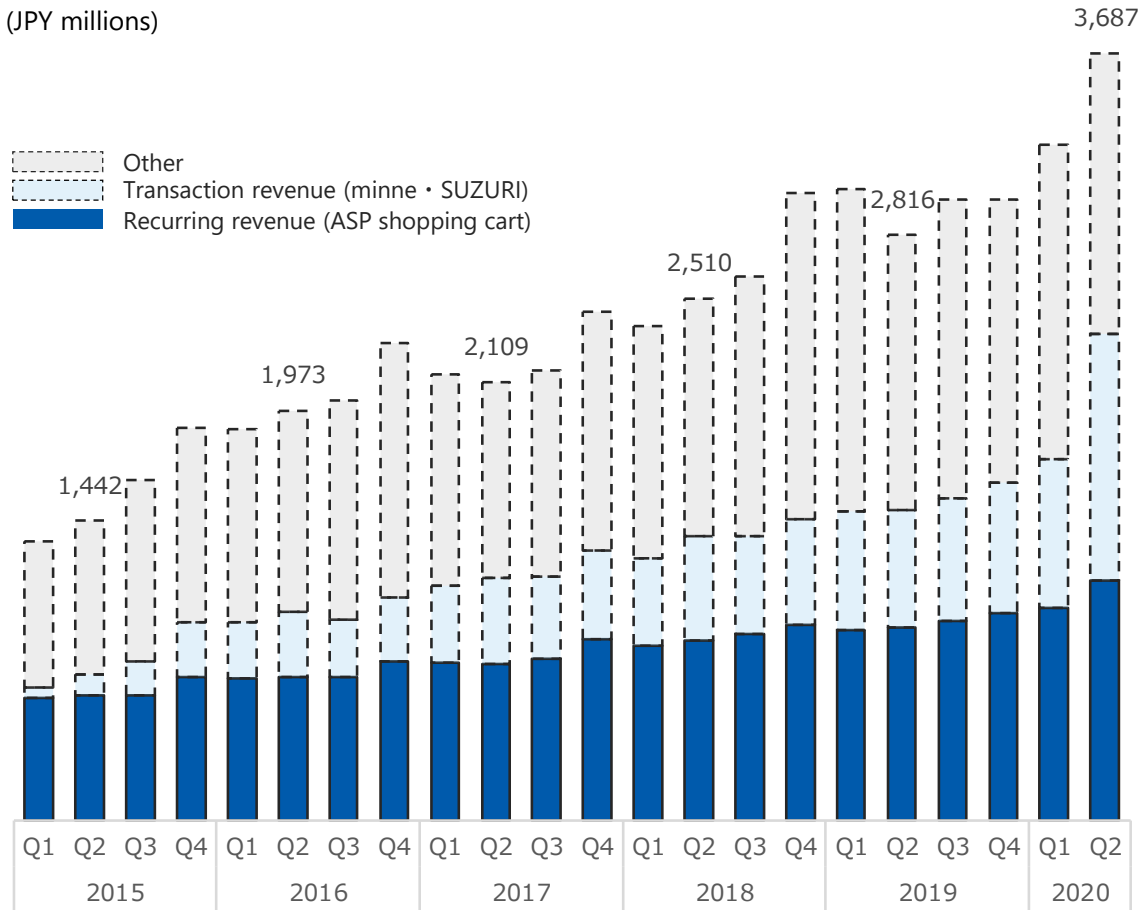
(thousands)



# Internet Infrastructure | Ecommerce Solutions - KPIs

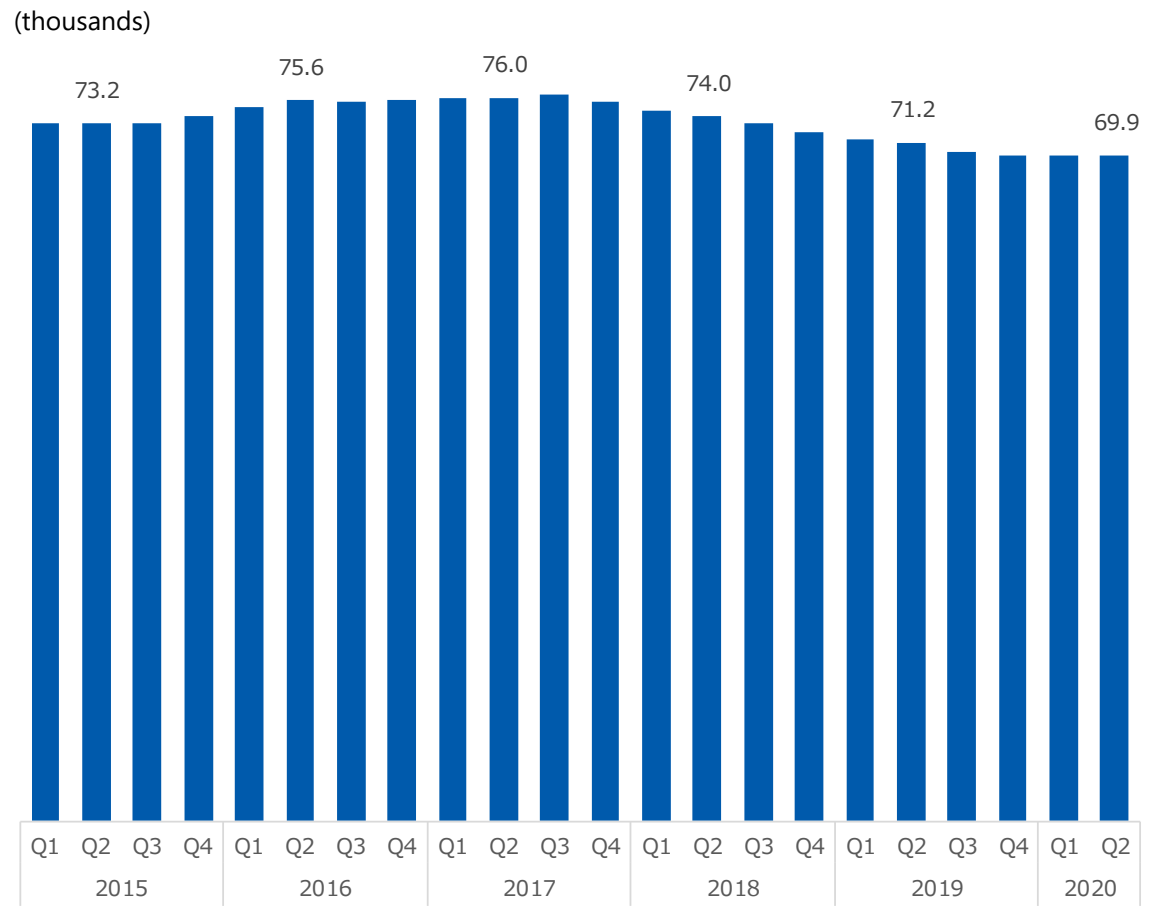
## Revenue

(JPY millions)

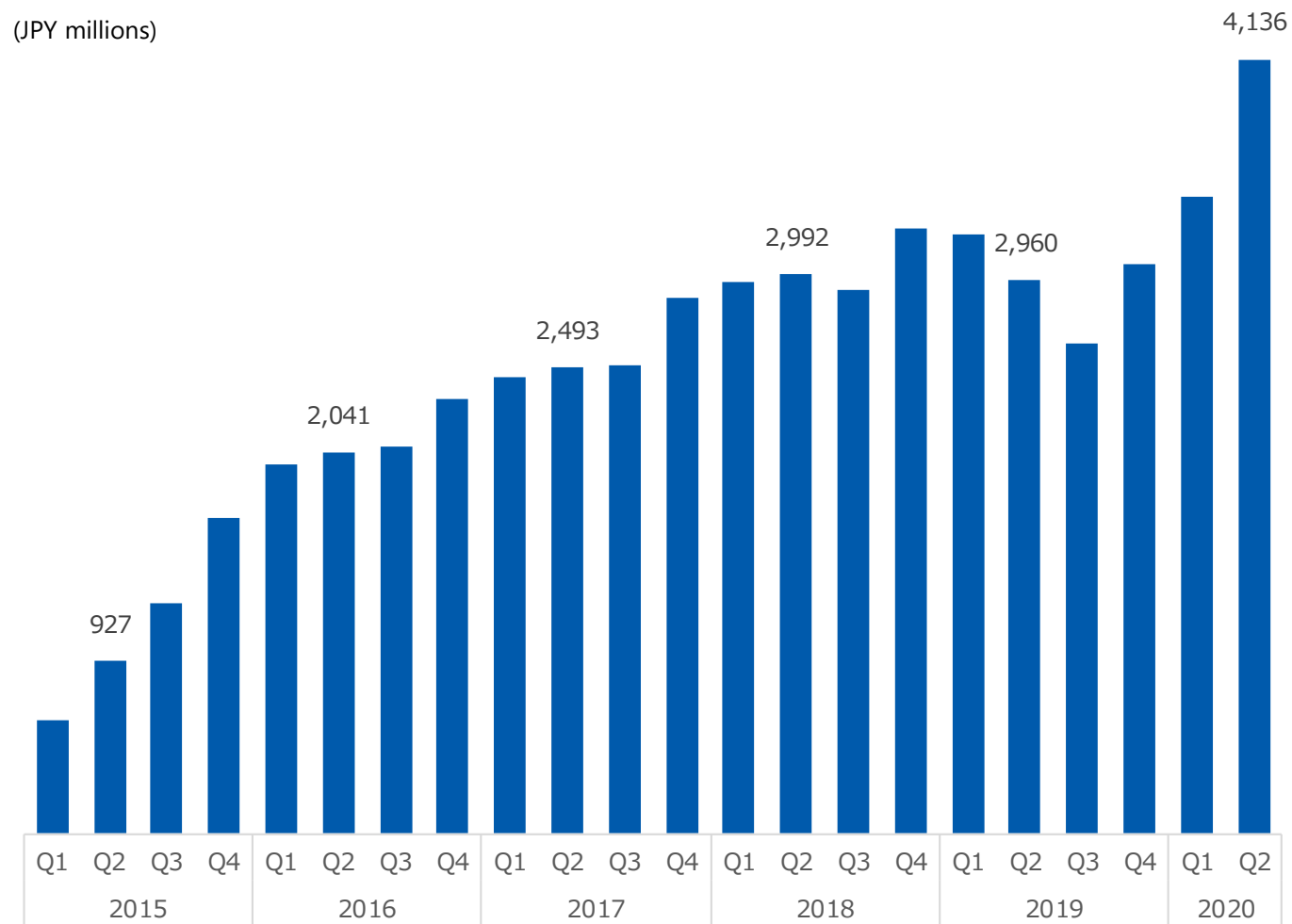


## Contracts (ASP shopping cart)

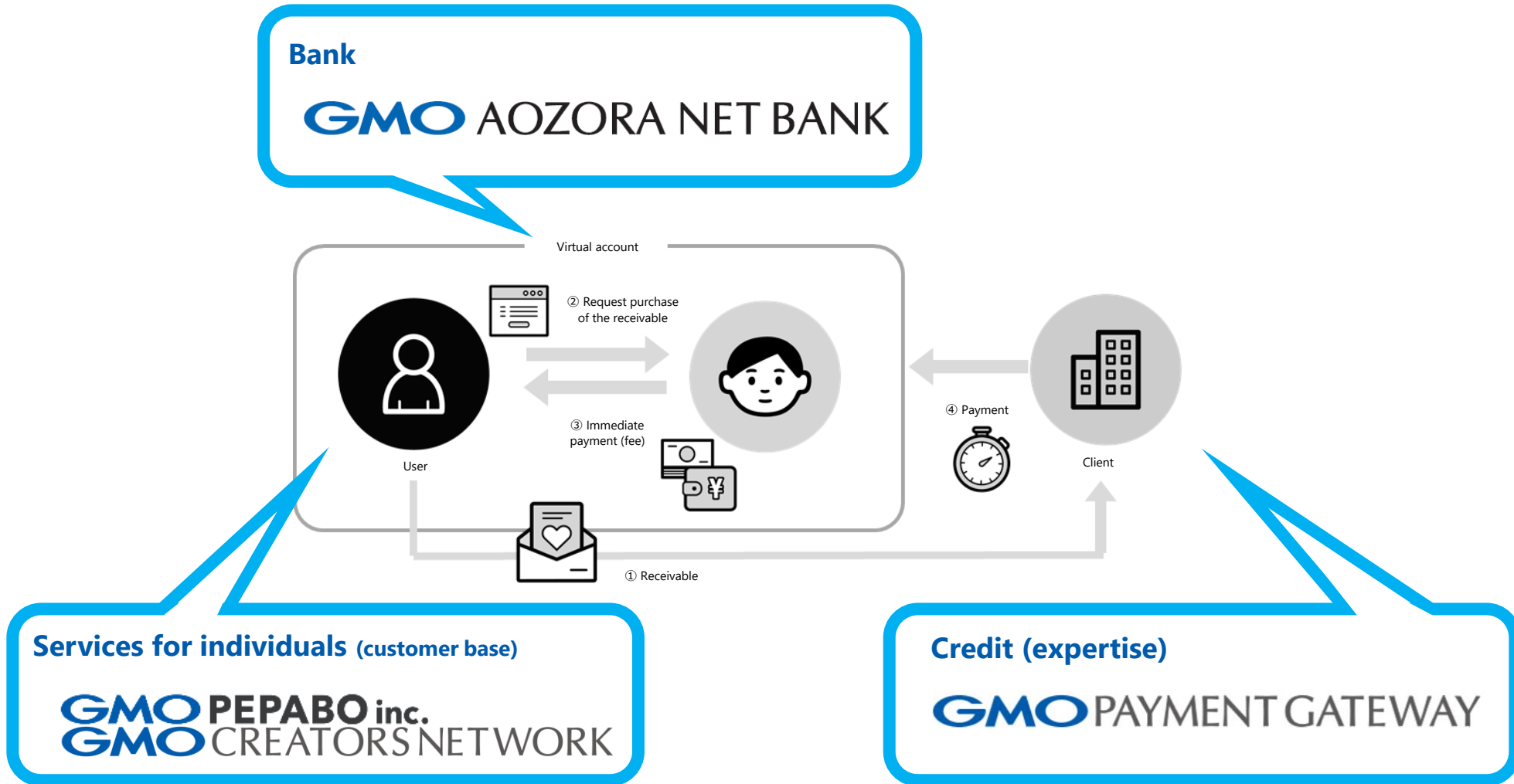
(thousands)



# Internet Infrastructure | Ecommerce solutions business minne : Total transaction volume



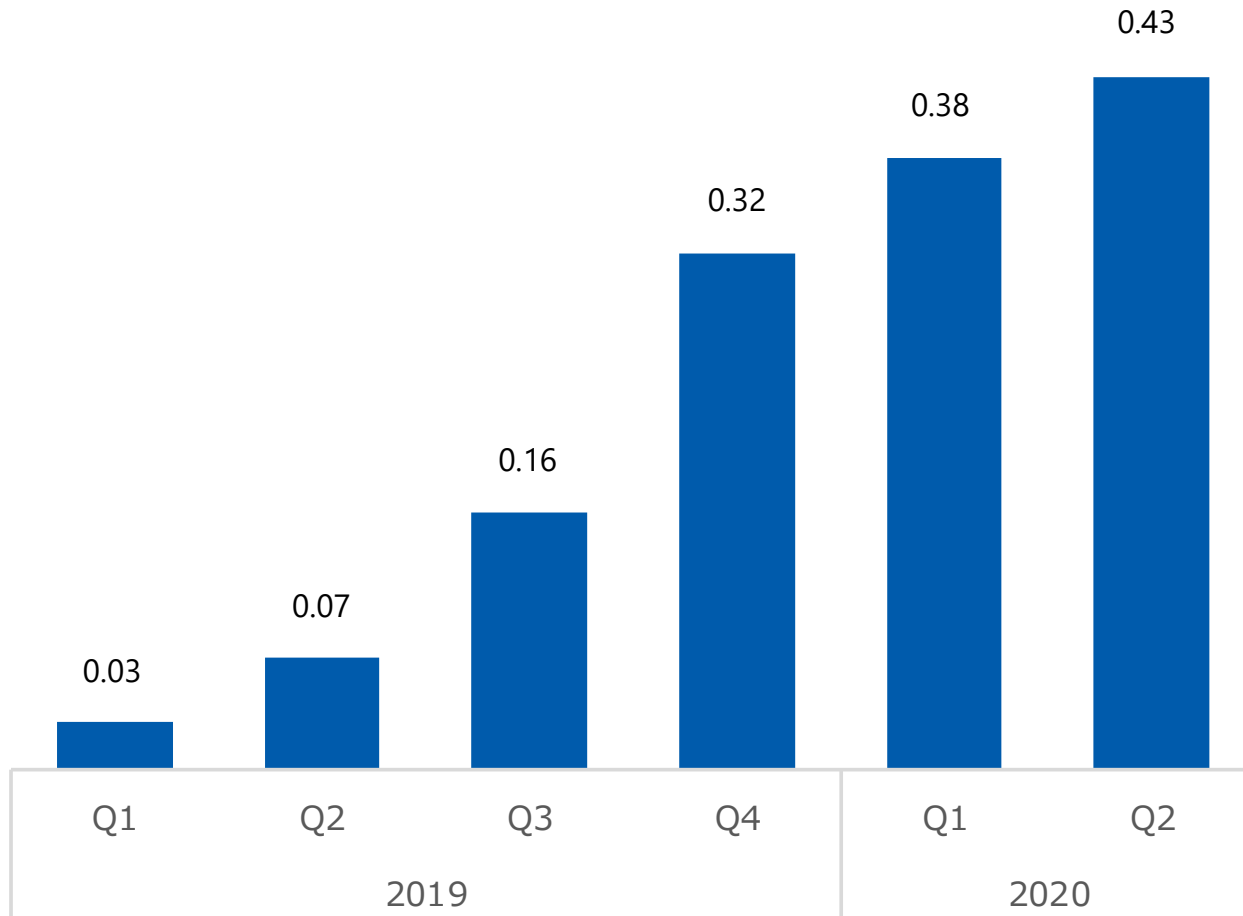
# Internet Infrastructure | Ecommerce solutions business FRE<sup>e</sup>NANCE : Business model



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

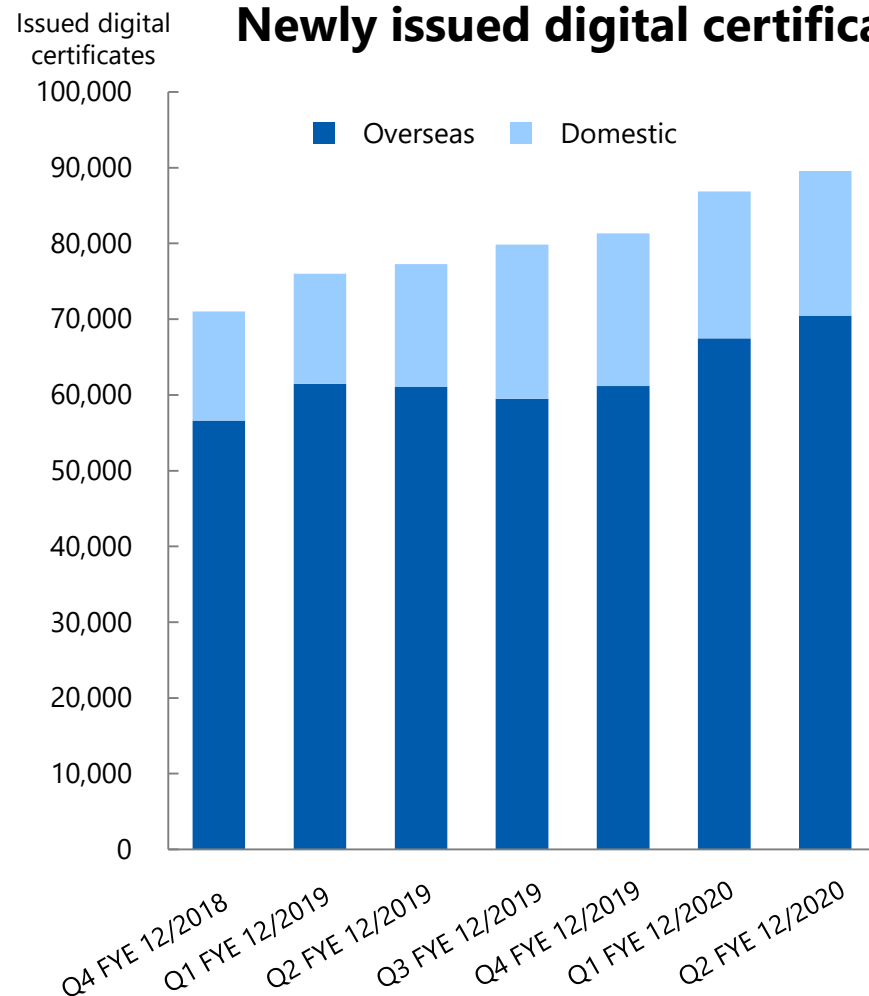
(JPY billions)



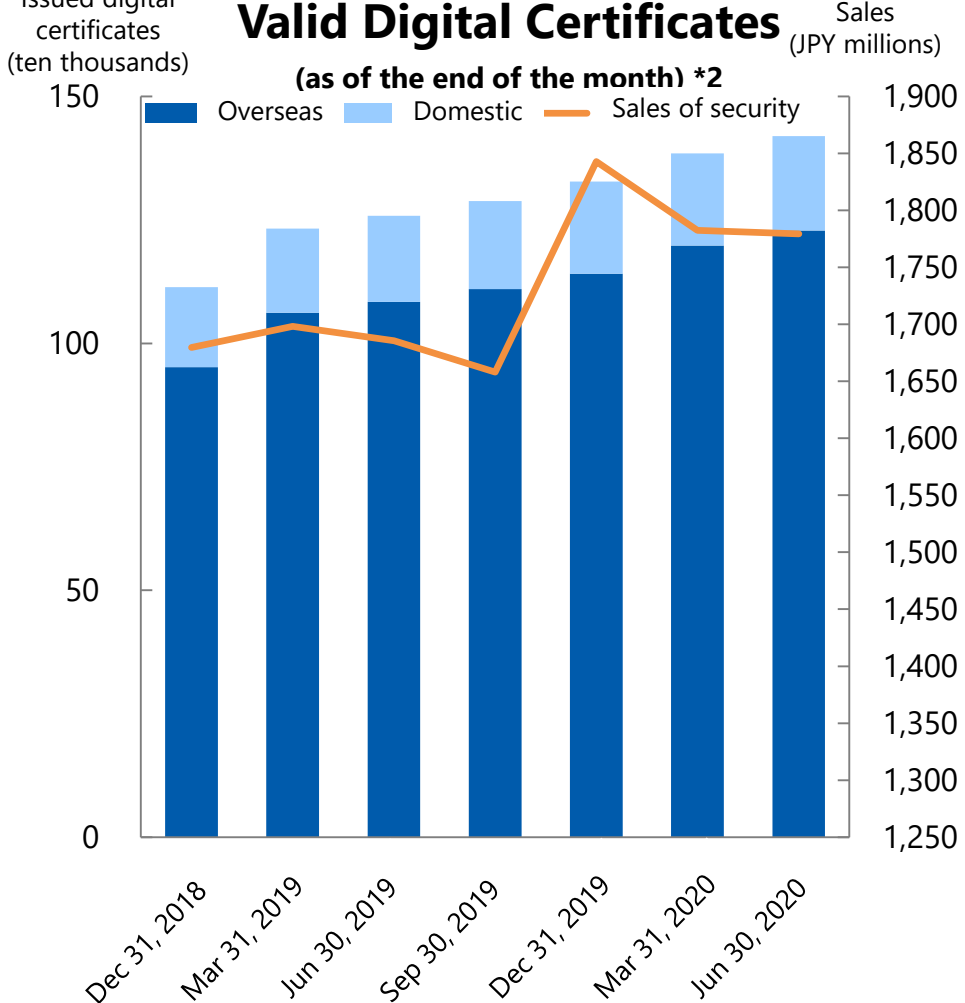
Increase slowed down,  
affected by COVID-19

## Strong results in sales for major customers in Japan, Europe, and the USA

**Newly issued digital certificates \*1**



**Valid Digital Certificates** (as of the end of the month) \*2

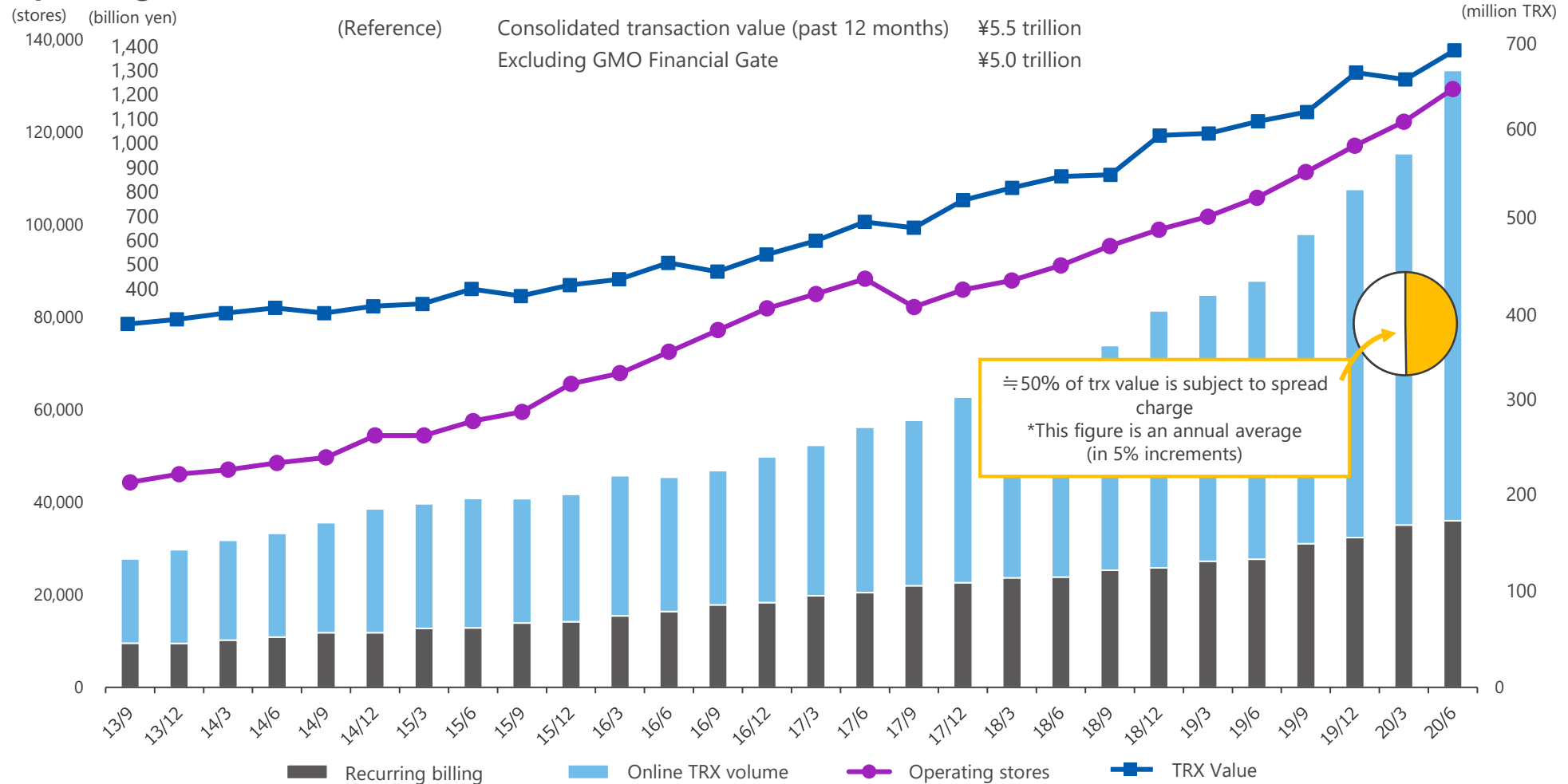


\*1 Adjusted number of unlimited issuance contract and monthly high-volume issuance. \*2 The number of valid digital certificates is the number of certificates that are actually used.

# Internet Infrastructure | Payment Processing - KPIs

## Annual GMO-PG group-wide TRX value reaches ¥5.5 trillion

Operating stores: 129,404\*1; TRX volume: 672 million; TRX value: ¥1.3trillion\*2

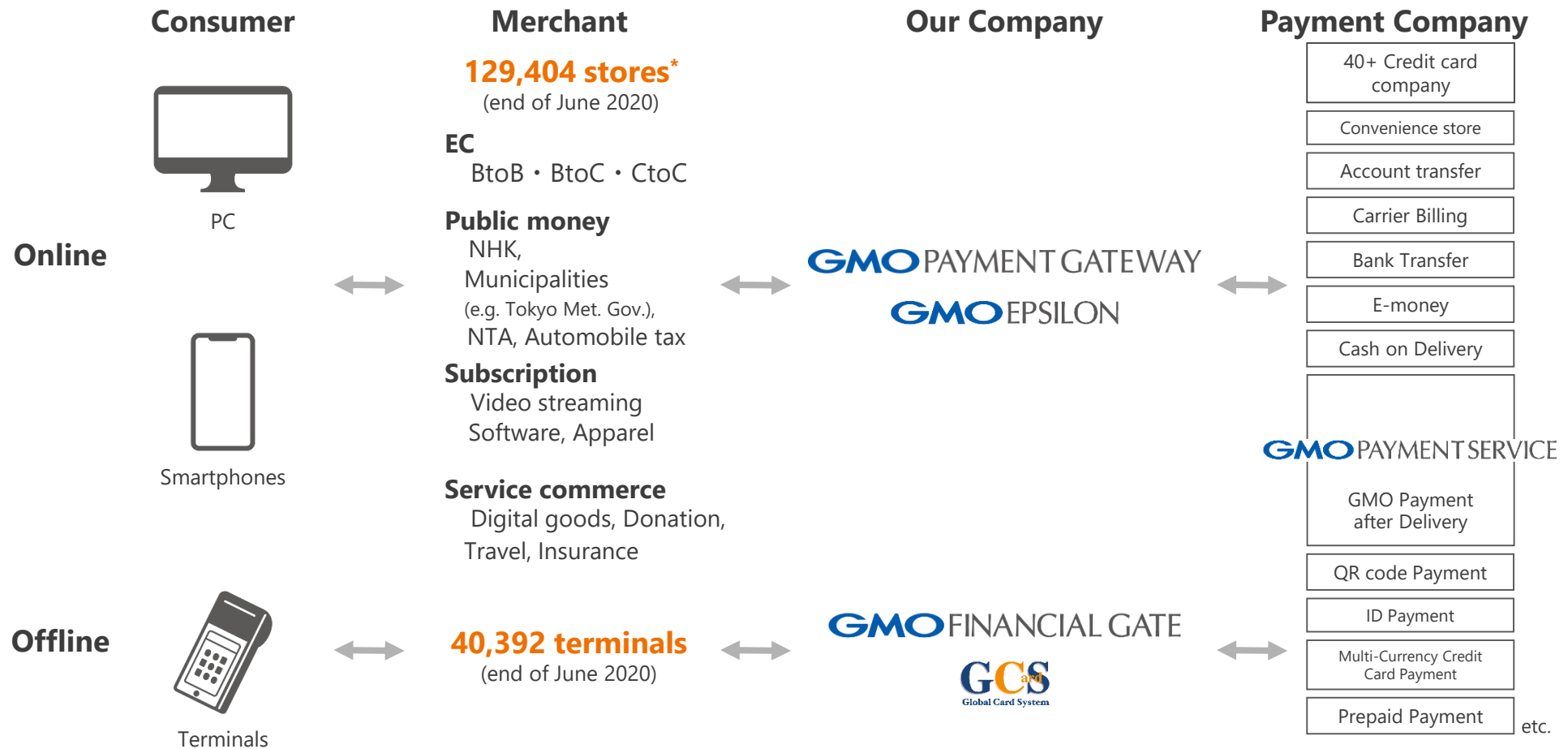


\*1 Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 305,004 outlets by end-June 2020 (up 65.3% YoY)

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

# Internet Infrastructure | Payment Processing - Overview

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



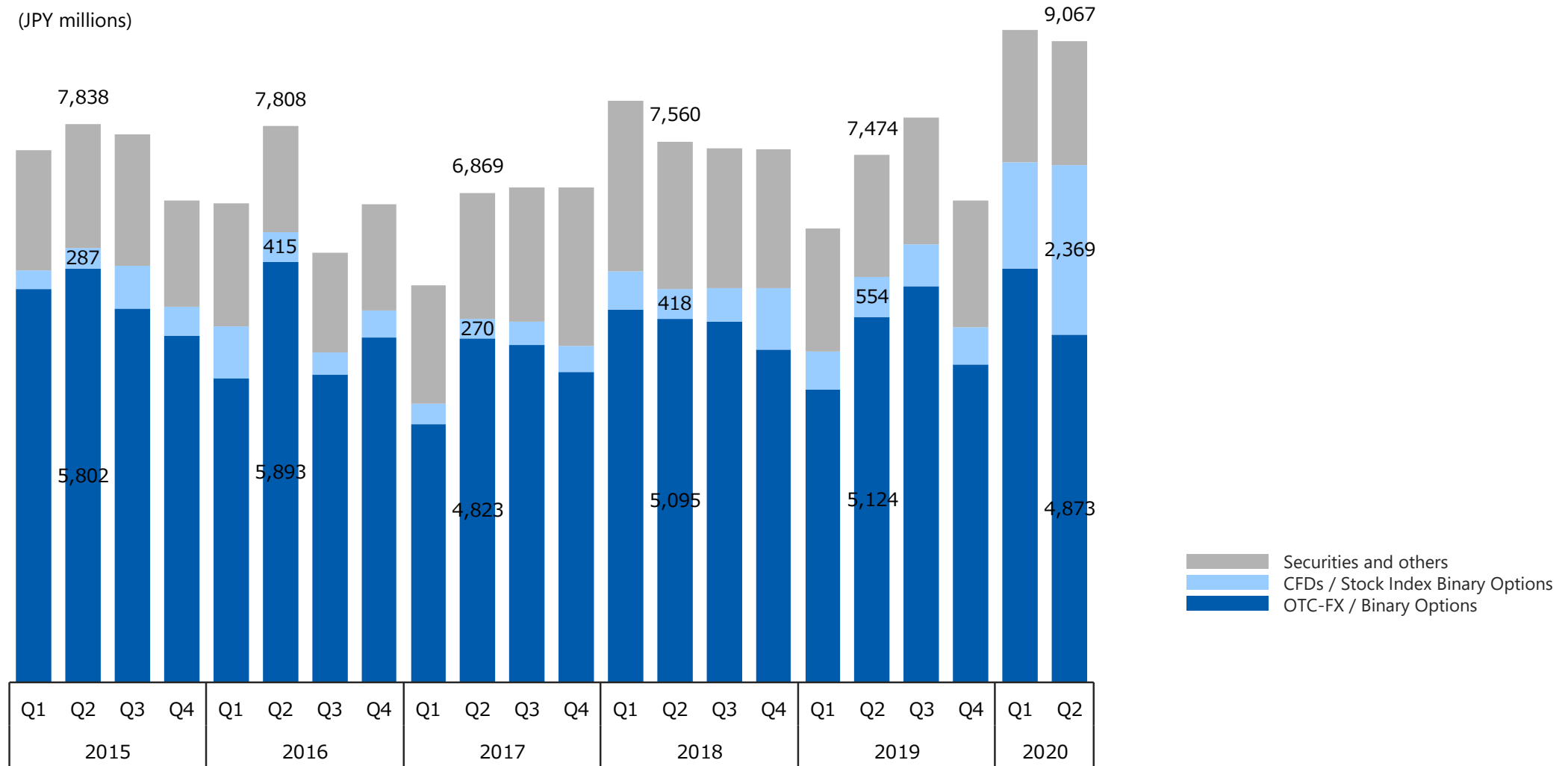
\* Excluding a significant one-off increase in operating stores from a specific merchant. If included, the total number of operating stores would reach 305,004 outlets by end-June 2020

\*GMO Payment Gateway's presentation materials

# Internet Finance

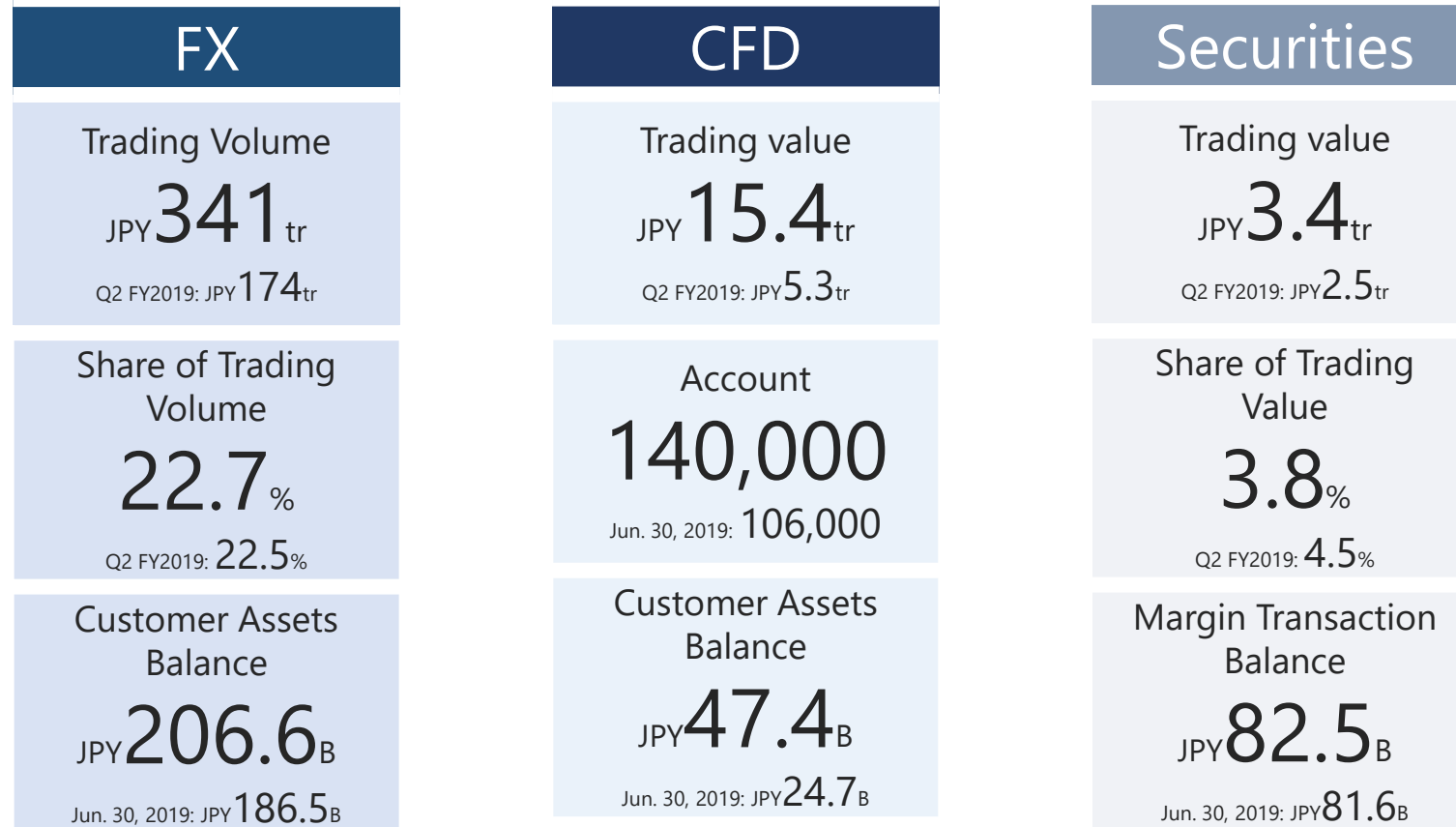
# Internet Finance | Net sales by product

(JPY millions)



\* Prepared based on Results Presentation of GMO-FH

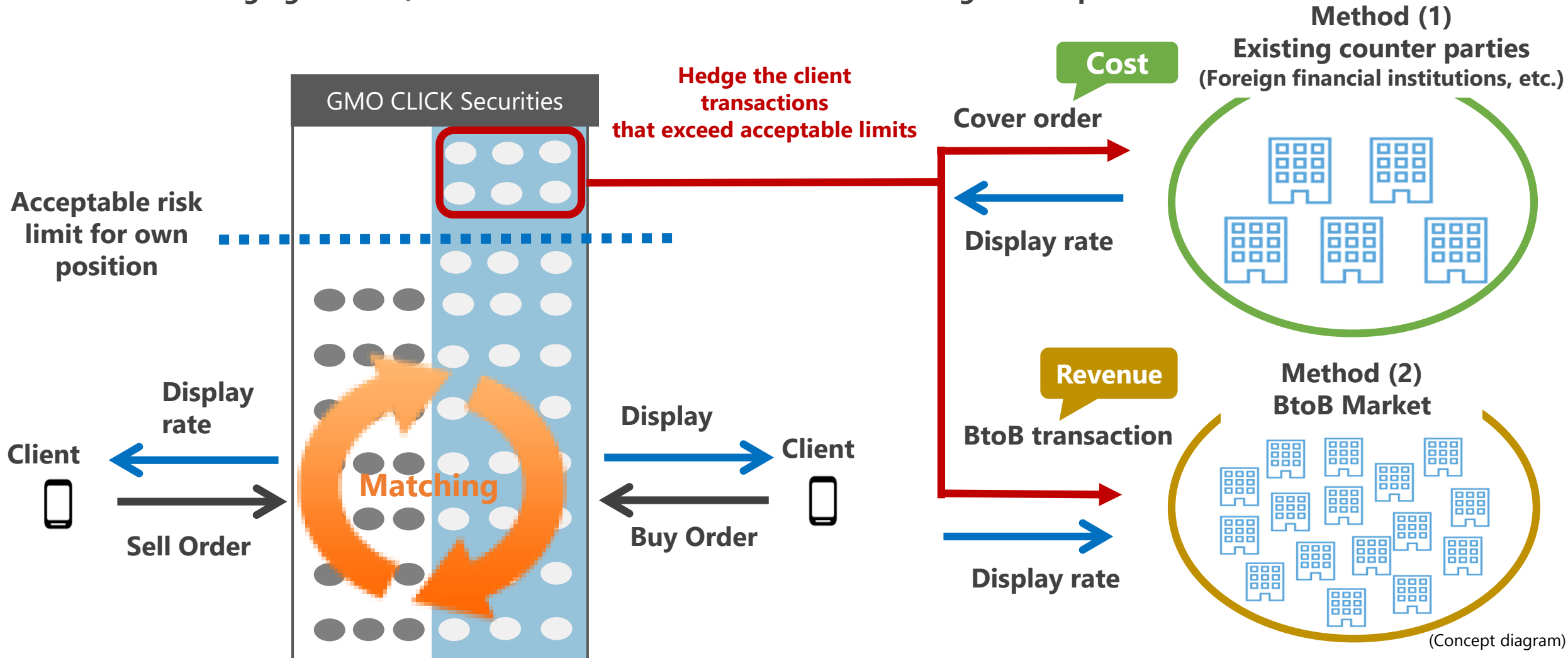
# Internet Finance | FX, CFD, and Securities: KPIs



The share of trading volume for FX and securities are prepared based on Futures Association of Japan and Japan Exchange Group publication data. Securities and CFD data are the numbers of GMO CLICK Securities.

# Internet Finance | FX Business Model (Matching)

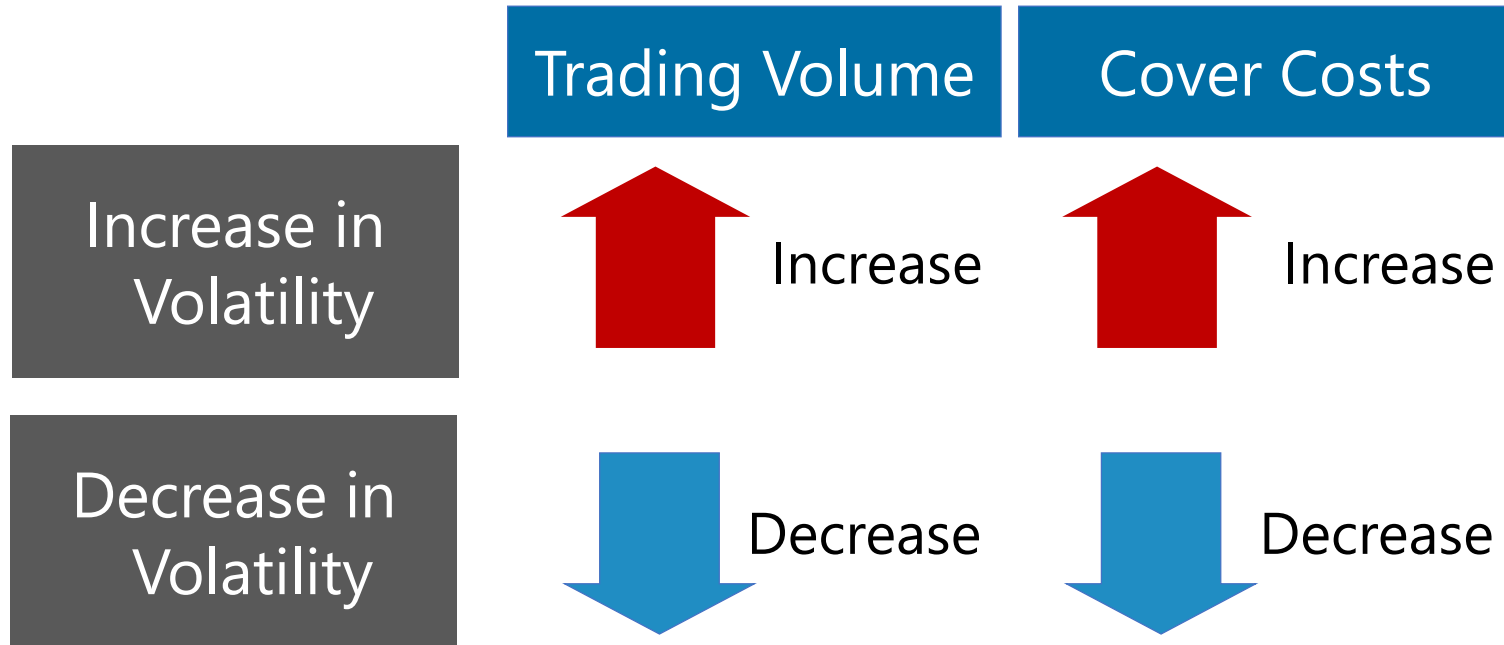
- Effective matching and thorough risk minimization with cover transactions executed with counter parties as soon as customer orders exceed acceptable risk position.
- As a new hedging method, "BtoB" is in trial to reduce cover costs and generate profits.



# Internet Finance | FX Volatility and Revenues

Revenue  
Structure

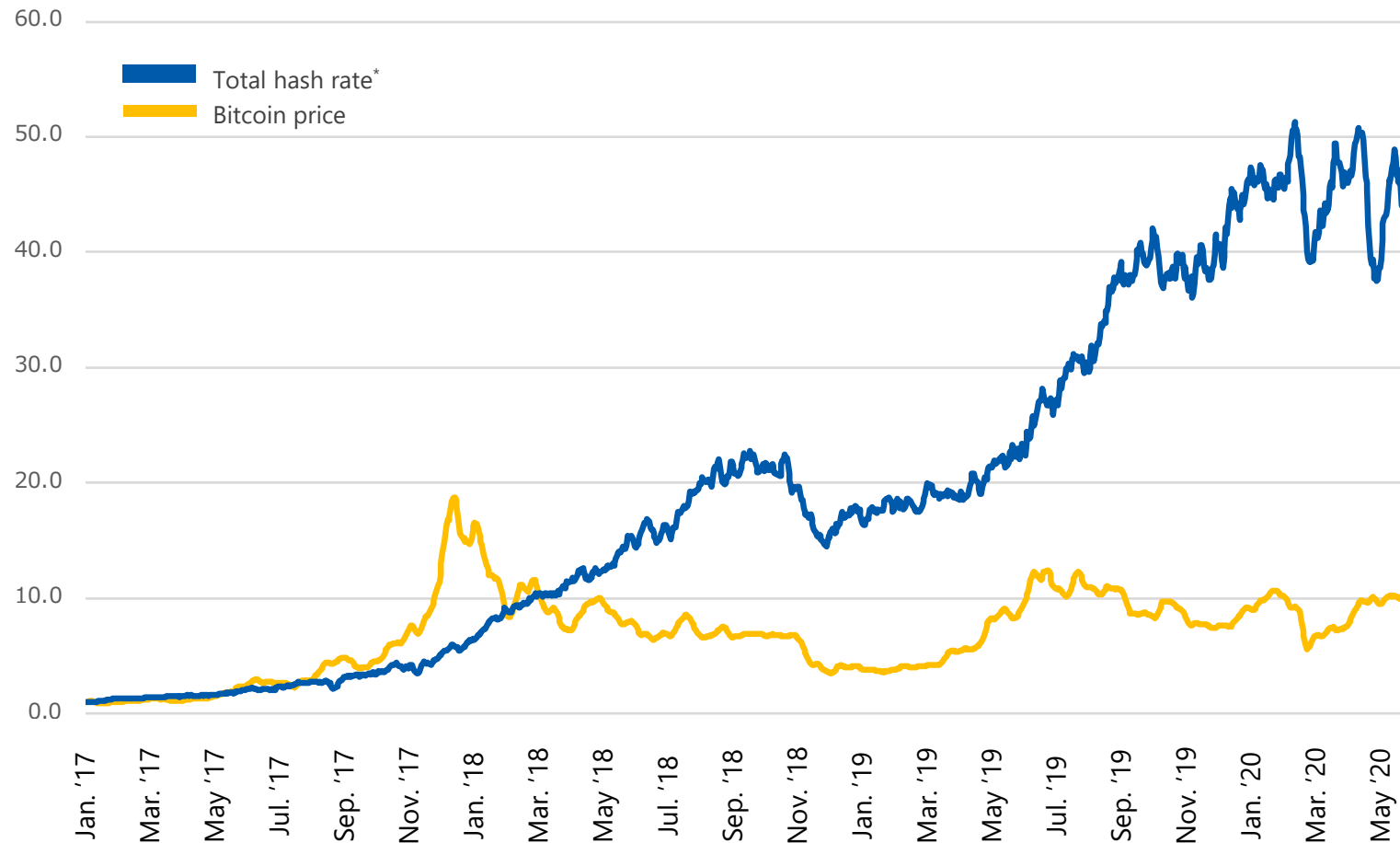
$$\text{Customer Trades} \quad \text{Cover Trades}$$
$$(\text{Customer spread} \times \text{Trading volume}) - (\text{Cover spread} \times \text{Cover trades})$$



(Concept diagram)

# Cryptoassets

# Cryptoassets mining | Bitcoin macro data



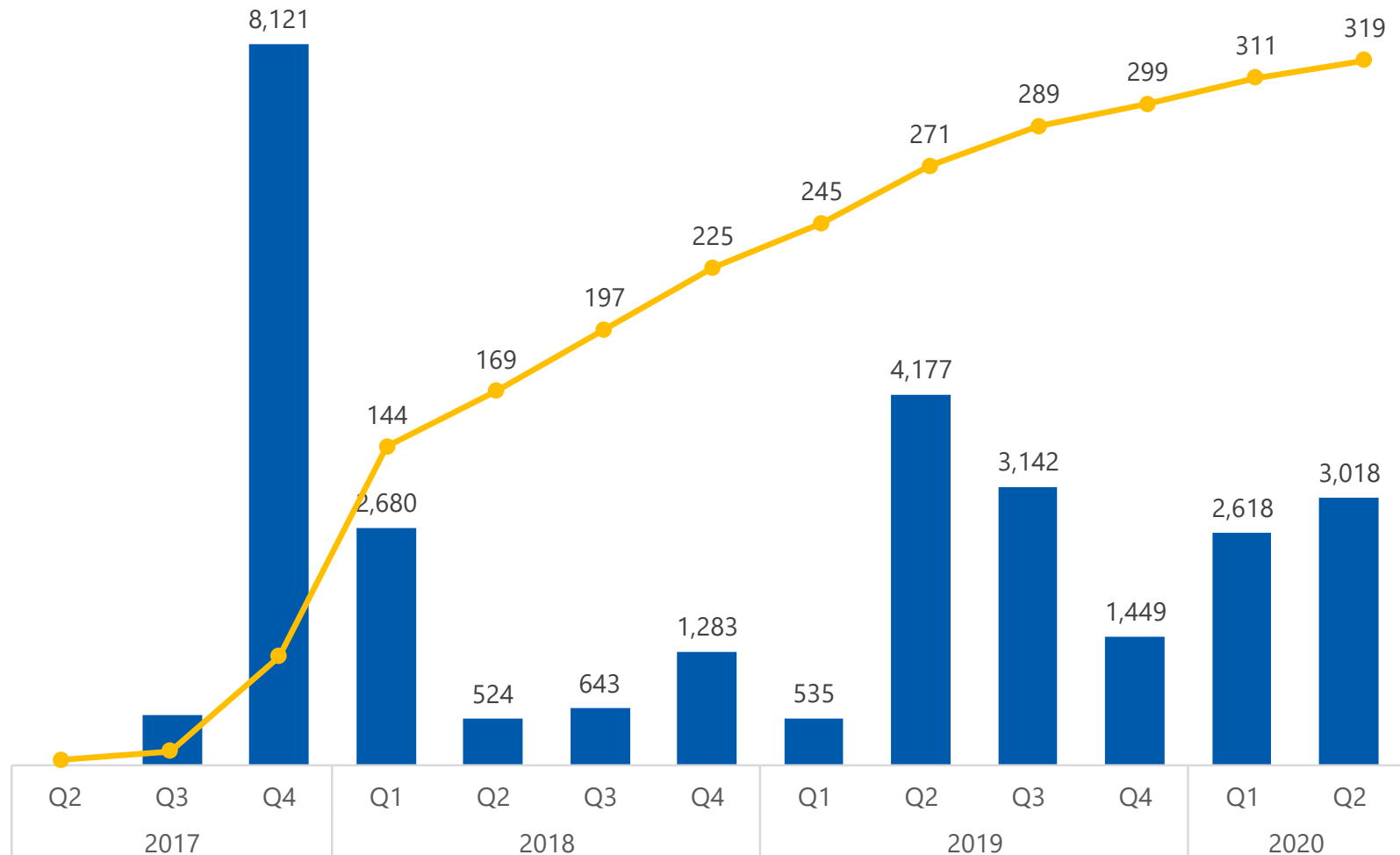
**115,344PH/s**

**USD 9,185**

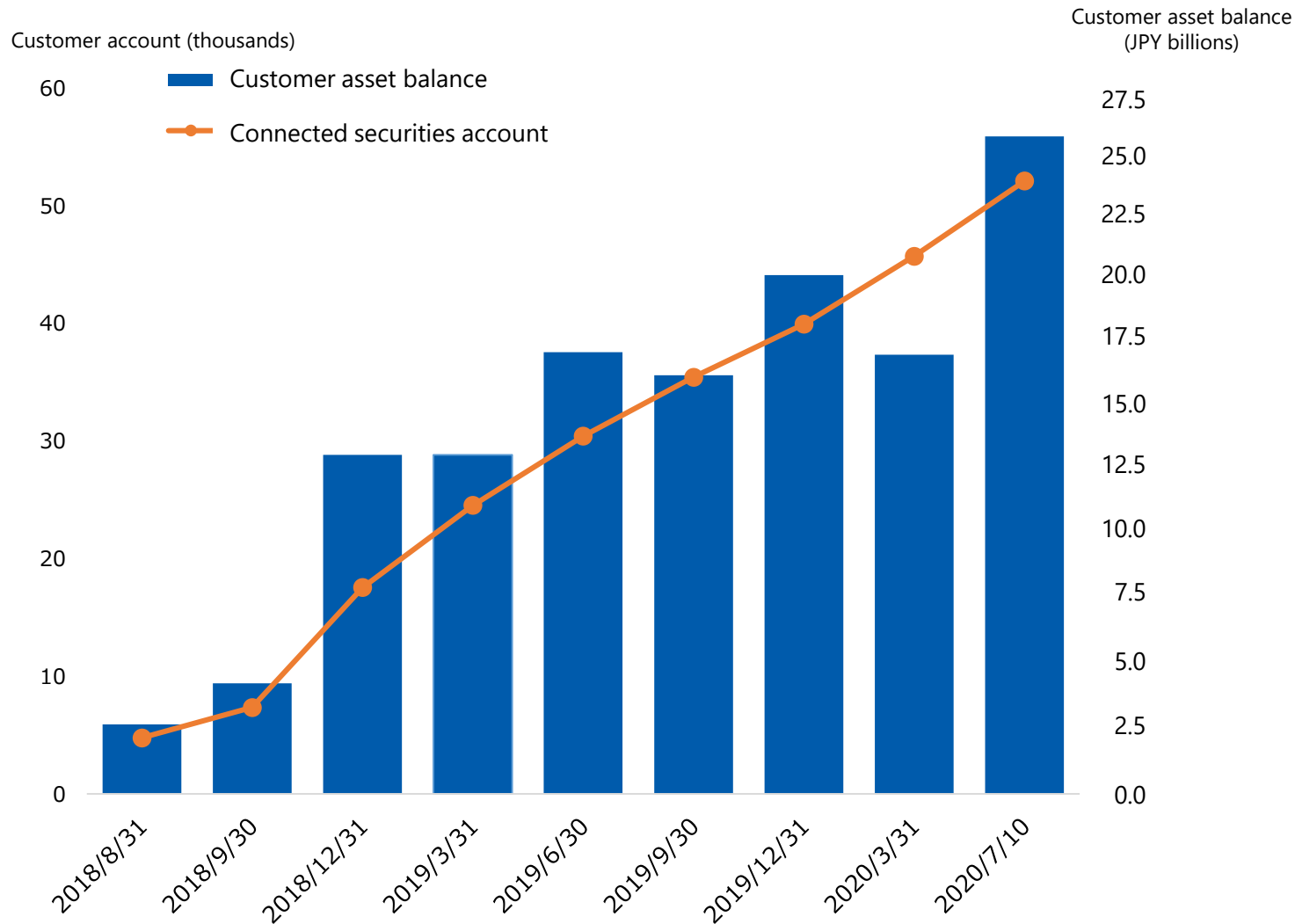
\* Total hash rate and Bitcoin price are graphed assuming their values at the start of 2017 are 1. Source: <https://www.blockchain.com>

# Cryptoassets Trading | Trading value and customer accounts

■ Trading value (JPY billions)  
● Customer accounts (thousands)



**GMO Aozora Net Bank**



Connected securities account and customer asset balance are growing steadily

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

**Other**

## Group News (1) 3 mths to June

- 4/1  **GMO** EPSILON  
GMO Epsilon has launched financing service for the users of "NETSEA," a B2B wholesale mall: develops financing services utilizing brand names of platforms and shopping carts
- 4/1  **GMO** CLOUD  
GMO's Electronic Contract Service "Agree" offered by GMO Cloud launches the option that allows customers to bill and pay (payment) at the time of contract execution: flexibly from contract to bill in every business situation
- 4/2  **GlobalSign**<sup>®</sup>  
GMO GlobalSign partners with Infineon and launches IoT device registration solutions for Microsoft's Azure IoT Hub: solutions that protect and simplify the registration of IoT devices on which semiconductor chips with electronic certificates are installed
- 4/7  **GMO** AOZORA NET BANK  
GMO Aozora Net Bank will launch its API Lab "sunabar" to challenge itself in new ways in the field of bank APIs: first Japanese bank to open up staging environment of API development for free
- 4/9  **GlobalSign**<sup>®</sup>  
GMO GlobalSign's electronic signature solutions "Digital Signing Suite": the number of signatures exceeds one million per month globally!
- 4/10  **GMO** INTERNET  
GMO Internet returns office expense saved by working from home to all partners: executed two measures to support working from home
- 4/21  **GMO** INTERNET  
GMO Internet launches a new business invention project GMO Edison: looking for partners' new ideas and business plans
- 4/30  **GlobalSign**<sup>®</sup>  
GMO GlobalSign and DocuSign have signed a technology partnership: electronic signature through Digital Signing Service via the DocuSign Agreement Cloud

## Group News (2) 3 mths to June

4/30  TownWiFi  
 AD MARKETING

GMO Internet's free WiFi automatic connection application "Town WiFi byGMO" offers restaurant delivery and takeout customer acquisition support for free

5/7  Medical Reservations Technology

GMO Medical Reservations Technology's Medical Kakumei byGMO, a reservation management system specializing in the area of medicine, helps avoid three conditions that facilitate the transmission of infectious diseases at waiting rooms of medical institutions: offers certain features, such as online reservations and calls, for free until April 30, 2021

5/14  MEDIA

GMO Media's "Coeteco byGMO" has launched Online Information Session & Trial Session Reservation Function for programming classes: available for free until the end of July 2020

5/14  CLOUD

GMO Cloud helps improve the efficiency of the businesses of corporate legal affairs, integrating GMO's e-contract service Agree with LegalForce in August 2020: enabling seamless creation, review, execution, and management of contract agreement

5/20  PEPABO inc.

GMO Pepabo's online store solution Color Me Shop!: an approximately 1.7-fold increase in transaction volume and the number of new applications doubled year-on-year in April 2020 because of the increased demand for e-commerce mainly due to the consumption of goods and services by those who stay at home


6/17  CLOUD  
 GlobalSign®

Electronic signature of GMO's e-contract service Agree has now become available on the online application of commercial and legal entity registries: the Ministry of Justice specified GlobalSign's digital certificates

6/18  TownWiFi

GMO Town WiFi develops SNS PEACE byGMO that hides on its own the libelous and slanderous messages on SNS: offered to Twitter users in mid-July 2020

## Group News (3) 3 mths to June: Covid-19

- 4/13 **GMO** RESEARCH  
GMO Research is opening up "ASIA Cloud Panel" for free and looking for projects studying for the purpose of preventing the contagion of COVID-19
- 4/20 **GMO** INTERNET  
GMO Internet offers GPU Cloud byGMO, a GPU server, for free until the end of 2020 to projects researching for the purpose of preventing the contagion of COVID-19 or developing the treatment
- 4/24 **GMO** SYSTEM CONSULTING  
GMO System Consulting helps e-commerce business operators affected by COVID-19: EC site for half the initial licensing fee
- 4/30 **GMO PEPABO inc.**  
GMO Pepabo has released a website that supports businesses making use of the Internet to prevent the contagion of COVID-19
- 5/1 くまポン   
GMO Kumapon supports sales of food and beverage businesses affected by COVID-19 as part of the project "Helping each other with delicious foods:" post the products on a website and sell them at no cost
- 5/21 **GMO** INTERNET  
GMO Internet has formed capital and business alliance with Lancers, and launched one-stop support, from domain registration to producing and operating the contents of websites: supporting the expansion of online customer acquisition of businesses affected by COVID-19
- 5/28 **GMO** TownWiFi  
**GMO** AD MARKETING  
GMO Internet's free WiFi automatic connection application "Town WiFi byGMO" has begun initiatives for the purpose of preventing the contagion of COVID-19, partnering with administrative organs
- 6/15 **GMO** CREATORS NETWORK  
FREEMANCE byGMO offers OEM to Denada that supports primary industry producers in Kyushu with IT: helps producers of fishing or agriculture industry affected by COVID-19
- 6/16 **GMO** RESEARCH  
GMO Research helps online projects studying operators considering to change the nature of the business or new service development, with a view to "With-Corona"

# Listed Group Companies (3 mths to June)

## GMO PAYMENT GATEWAY

(JPY millions)

Stock Code	TSE 1st Section 3769			
	Internet Infrastructure (Payment)			
	Q3 FYE 9/2019 (3mths to Jun)	Q3 FYE 9/2020 (3mths to Jun)	Q3 FYE 9/2020 (9mths to Jun)	FYE 9/2020 Forecast (Progress)
Net Sales	6,661	8,623	24,118	31,418 (76.8%)
Operating Profit	2,568	3,090	7,778	10,376 (75.0%)
Net Profit	1,674	2,342	5,750	6,110 (94.1%)

\*Adopting IFRS since FYE 9/2018.

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

# Listed Group Companies (3 mths to June)



(JPY millions)

Stock Code	TSE 1st Section 3788			
	Internet Infrastructure (Hosting & Cloud, Security)			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	3,239	3,336	6,781	13,691 (49.5%)
Operating Profit	351	396	812	1,542 (52.7%)
Ordinary Profit	357	428	922	1,570 (58.7%)
Net Profit	306	338	698	1,132 (61.7%)

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

# Listed Group Companies (3 mths to June)

## GMO PEPABO inc.

(JPY millions)

Stock Code	TSE 2nd Section 3633			
	Internet Infrastructure (Domain, Hosting & Cloud, Ecommerce Solutions)			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	2,234	2,954	5,352	9,600 (55.8%)
Operating Profit	205	429	623	829 (75.2%)
Ordinary Profit	212	425	665	837 (79.5%)
Net Profit	155	265	394	542 (72.8%)

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

## Listed Group Companies (3 mths to June)

# GMO FINANCIAL GATE

(JPY millions)

Stock Code	TSE MOTHERS 4051			
	Internet Infrastructure (Payment)			
	Q3 FYE 9/2019 (3mths to Jun)	Q3 FYE 9/2020 (3mths to Jun)	Q3 FYE 9/2020 (9mths to Jun)	FYE 9/2020 Forecast (Progress)
Net Sales	-	784	2,834	3,600 (78.7%)
Operating Profit	-	70	416	450 (92.5%)
Ordinary Profit	-	64	400	426 (93.9%)
Net Profit	-	41	238	253 (94.4%)

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

## Listed Group Companies (3 mths to June)



(JPY millions)

Stock Code	JASDAQ Standard 7177			
	Internet Finance & Cryptoassets			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast
Net Sales	8,965	9,699	20,064	—
Operating Profit	2,936	3,815	7,863	—
Ordinary Profit	2,875	3,838	7,658	—
Net Profit	1,888	2,435	4,779	—

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

# Listed Group Companies (3 mths to June)

## GMO AD PARTNERS

(JPY millions)

Stock Code	JASDAQ Standard 4784			
	Online Advertising & Media			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	8,603	8,005	17,146	36,000 (47.6%)
Operating Profit	134	50	242	280 (86.5%)
Ordinary Profit	148	68	420	432 (97.4%)
Net Profit	103	57	318	300 (106.0%)

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

# Listed Group Companies (3 mths to June)



(JPY millions)

Stock Code	TSE MOTHERS 6026			
	Online Advertising & Media			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	611	579	1,356	3,100 (43.8%)
Operating Profit	3	-30	0	50 (0.4%)
Ordinary Profit	16	-26	4	50 (9.1%)
Net Profit	10	-22	2	20 (14.7%)

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

# Listed Group Companies (3 mths to June)



(JPY millions)

Stock Code	TSE MOTHERS 6180			
	Online Advertising & Media			
	Q2 FYE 12/2019* <sup>1</sup> (3mths to Jun)	Q2 FYE 12/2020* <sup>2</sup> (3mths to Jun)	Q2 FYE 12/2020* <sup>2</sup> (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	1,046	1,238	2,187	5,700 (38.4%)
Operating Profit	-9	-81	-88	-600 (-)
Ordinary Profit	-9	-81	-88	-600 (-)
Net Profit	-8	-70	-77	-600 (-)

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

\*1 Non-consolidated basis      \*2 Consolidated basis

# Listed Group Companies (3 mths to June)

## GMO RESEARCH

(JPY millions)

Stock Code	TSE MOTHERS 3695			
	Online Advertising & Media			
	Q2 FYE 12/2019 (3mths to Jun)	Q2 FYE 12/2020 (3mths to Jun)	Q2 FYE 12/2020 (6mths to Jun)	FYE 12/2020 Forecast (Progress)
Net Sales	767	696	1,612	3,630 (44.4%)
Operating Profit	0	-24	33	240 (13.8%)
Ordinary Profit	-16	-31	16	220 (7.3%)
Net Profit	-12	-17	13	152 (9.2%)

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

**Internet for Everyone**

**GMO**