

Presentation of Financial Results for the Third Quarter of Fiscal Year 2011

Noember 17th, 2011
GMO CLOUD K.K.
(Mothers of the Tokyo Stock Exchange3788)

GMO CLOUD

<http://ir.gmocloud.com/>

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The contents of this document are based on generally recognized economic and social condition as well as assumption judged to be reasonable by GMO Internet Group as of November 17th, 2011. However, please note that they are subject to change without prior notice in the event of changes in the business environment or other unforeseen occurrences.

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1. Summary and Conclusion

Reasons for Revision of Financial Forecast 2011

[Reasons for revision of consolidated financial forecast for the current fiscal year]

◇ Hosting Services

- ✓ Cloud services were launched behind schedule.
 - Priority was given to enhancing services (in terms of performance, synchronization with release in the United States, etc.).
- ✓ Impairment losses were recorded for certain existing hosting services.
 - Losses as a result of intensifying market competition (27 million yen)

◇ Security Business

- ✓ The business of issuing certificates was temporarily suspended.
 - Business was resumed after claims of hacking to gain unauthorized access to certification authorities had been fully investigated and security had been increased.
- ✓ Overseas sales were reduced by sudden foreign exchange fluctuations.

◇ Solutions Business

- ✓ Performance was affected by the Great East Japan Earthquake.
 - The Sendai Office was affected by the disaster and closed for three weeks.

Details of Revision of Financial Forecast 2011

(Unit: million yen)	FY2010	FY2011 (Forecast announced February 8)	FY2011 (Forecast announced November 8)	YoY
Sales	8,333	9,791	9,002	+8.0%
Operating profit	1,064	1,156	733	-31.1%
Ordinary profit	1,069	1,150	805	-24.6%
Net profit	681	636	401	-41.1%
Net profit per share (yen)	5,859.72	5,485.43	3456.46	-41.0%

[Sales]

◇Hosting Services

6,733 million yen (YoY: +8.8%)

◇Security Services

1,822 million yen (YoY: +7.3%)

◇Solutions Services

588 million yen (YoY: +10.6%)

[Operating profit]

◇Hosting Services

549 million yen (YoY: -34.0%)

◇Security Services

181 million yen (YoY: -11.4%)

◇Solutions Services

-4 million yen (YoY: -580.0%)

Main Points of Fiscal Results for 3Q of FY2011

◇ Hosting Services

1. Cloud services were launched (Japan: April, the United States: June). → Global expansion
(See from p.18 onwards)
2. Recruit IaaS Partner agreement was signed in July. → Buoyant sales to enterprises
3. Hosting services (See page 24)
 - Shared: Sales and contracts increased on the strength of the appeal of low-end brands and the Group's absorption of Wadex Inc.
 - Dedicated and managed: Sales and contracts were firm.

◇ Security Services

1. Growth was achieved mainly in partner sales. (See page 27)
 - Sales down 0.8% year on year (due to foreign exchange rates) and the number of SSL server certificates up 24.3% year on year to 24,413.
2. Geographical expansion continued with a 36.5% year-on-year rise in resellers to 3,417. (See page 28)
3. Performance was affected by temporary suspension of certificate issuing business.

◇ Solutions Services

1. Results recovered from the impact of the Great East Japan Earthquake.
 - Sales up 10.6% and operating profit down 51.2% from the previous year
2. Fast translation services expanded steadily → Number of users 13,345 (up 35.3% from a year earlier)
(See page 31)
3. Services for smartphones and the electronic book distribution service achieved steady sales.

Business topics in January through October FY2011

■ Corporate topics

- ✓ Sep.: Stock selected as constituent of Tokyo Stock Exchange Mothers Core Index
- ✓ Oct.: Took part in Nippon Cloud Working Group
- ✓ Oct.: Improved shareholder special benefit plan

■ Focus on cloud services: Development of services at global level

- ✓ Apr.: Launched *IQ cloud* and *GMO Cloud Public*
- ✓ May: Participated as an exhibitor in Cloud Computing Expo
- ✓ Jun.: Launched *GMO Cloud* in the United States
- ✓ Jul.: Participated as an exhibitor in e-Book Expo
- ✓ Sep.: Launched fully volume-based rate plan for *GMO Cloud Public*
- ✓ Oct.: Launched *DaaS IQ cloud Desktop*

■ Global expansion: Worldwide expansion centered on security services

- ✓ Jan.: Launched a direct sales website for the German-speaking region
- ✓ May: Put into full-scale operation the Singapore Office of GlobalSign
- ✓ Aug.: Formed a business partnership with U.S.-based OnApp
- ✓ Aug.: Formed a business partnership with U.S.-based Parallels

■ Growth with sales to enterprises: An effective increase in sales personnel

- ✓ May: Signed a distribution agreement with KDDI Corp. (for Japan and Singapore)
- ✓ Jul.: Signed a Recruit IaaS partner agreement with Recruit Co., Ltd.

2. Financial Highlights

Consolidated Statement of Income

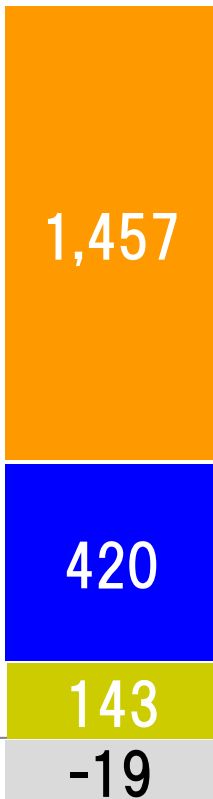
(Unit: million yen)	Fiscal Term			YoY	QoQ
	3Q of FY2010	2Q of FY2011	3Q of FY2011		
Sales	2,002	2,236	2,202	+10.0%	-1.5%
Cost of sales	803	929	953	+18.7%	+2.5%
Gross profit on sales	1,199	1,306	1,249	+4.1%	-4.4%
Selling, general & administrative expenses	960	1,139	1,136	+18.3%	-0.3%
Operating profit	238	167	113	-52.7%	-32.6%
Ordinary profit	230	190	137	-40.3%	-27.8%
Net profit	120	128	28	-76.7%	-78.2%

Segment Information

(Unit: million yen)	Sales		YoY	(Unit: million yen)	Operating profit		YoY
	3Q FY2010	3Q FY2011			3Q FY2010	3Q FY2011	
Hosting Services	1,457	1,658	+13.8%	Hosting Services	184	104	-43.2%
Security Services	420	417	-0.8%	Security Services	40	3	-91.0%
Solutions Services	143	159	+10.6%	Solutions Services	8	4	-51.2%
Intercompany transaction adjustment or all companies	-19	-32	-	Intercompany transaction adjustment or all companies	5	0	-
Consolidated total	2,002	2,202	+8.6%	Consolidated total	238	113	-52.6%

Consolidated Sales: Factors behind increase and decrease by segment (YoY)

2,002



2010/3Q

(Unit: million yen)

Security

-3

Elimination

-13

+201
Hosting+16
Solutions

2,202



2011/3Q

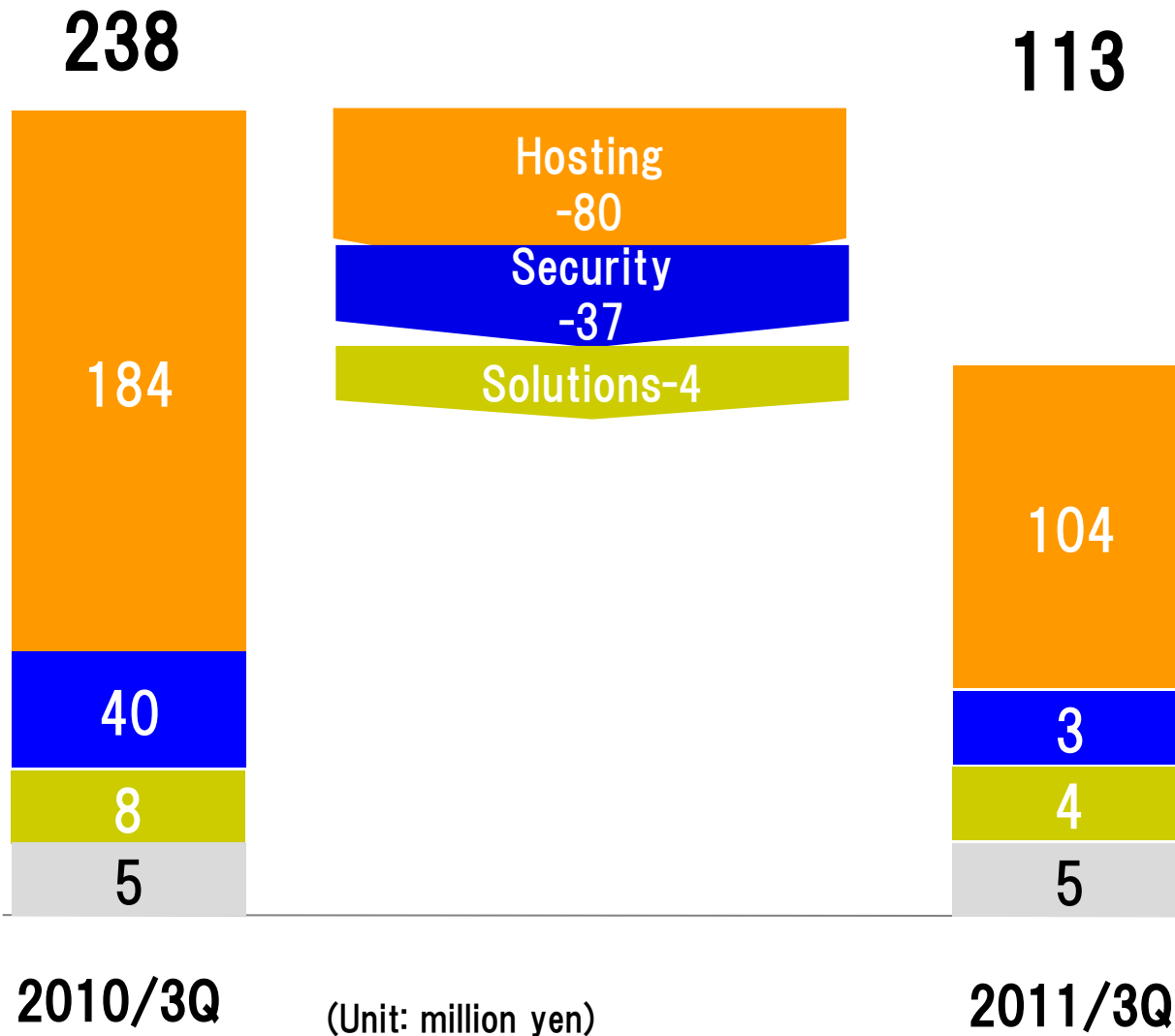
Hosting Services: 1,658 million yen (up 13.8% year on year, down 1.3% quarter on quarter)
 -> Launch of cloud services and integration of Wadax Inc. into the Group in the previous year

Security Services: 417 million yen (down 0.8% year on year, down 7.4% quarter on quarter)
 -> Temporary suspension of certificate issuing business and adverse effect of the foreign exchange market (i.e. yen appreciation)

Solutions Services: 159 million yen (up 10.6% year on year, up 10.6% quarter on quarter)
 -> Recovery from the impact of the Great East Japan Earthquake, Strong sales in mobile solutions and electronic book distribution

Consolidated Operating Profit: Factors behind increase and decrease by segment (YoY)

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Hosting Services: 104 million yen (down 43.2% year on year, down 12.3% quarter on quarter)
 -> Prior investment following the launch of cloud services (increase in advertising expenses and in sales personnel)

Security Services: 3 million yen (down 91.0% year on year, down 92.4% quarter on quarter)
 -> Temporary suspension of certificate issuing business and adverse effect of the foreign exchange market (i.e. yen appreciation)

Solutions Services: 4 million yen (down 51.2% year on year, down 8.1% quarter on quarter)

Consolidated Operating Profit: Factors behind the increase and decrease by item (YoY)

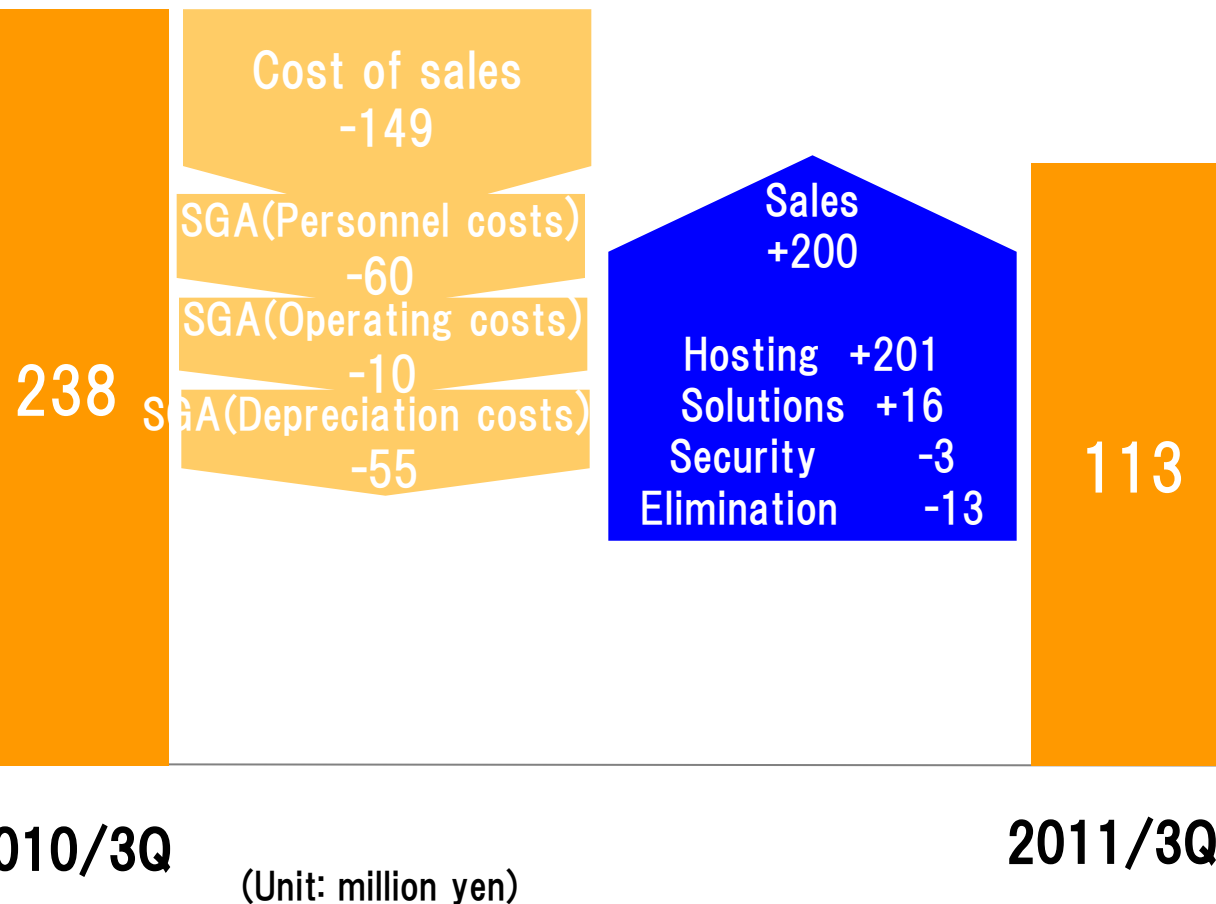
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* SGA includes goodwill amortization.

Cost of sales: 953 million yen (up 18.7% year on year, up 2.5% quarter on quarter)
 -> An increase due to the launch of cloud services and integration of Wadax Inc. into the Group in the previous year

SGA expenses: 1,136 million yen (up 18.3% year on year, down 0.3% quarter on quarter)
 -> Prior investment following the launch of cloud services (chiefly for increase in advertising and in sales personnel)

(Breakdown)
 Personnel costs: 563 million yen (up 5.7% quarter on quarter)
 Operating costs: 160 million yen (down 13.8% quarter on quarter)
 Depreciation costs: 105 million yen (down 1.5% quarter on quarter)
 Other expenses: 306 million yen (down 1.9% quarter on quarter)



Consolidated Balance Sheets

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Financial health was maintained.

(Unit: million yen)	2Q FY2011	3Q FY2011	(Unit: million yen)	2Q FY2011	3Q FY2011
Current assets	4,090	3,882	Current liabilities	2,640	2,457
Cash and deposits	3,037	2,853	Advance payment received	1,637	1,608
Accounts receivable	708	701	Other current liabilities	1,003	849
Other current assets	352	337	Fixed liabilities	250	284
Provision for doubtful debts	-7	-9	Total liabilities	2,891	2,741
Fixed assets	2,819	2,798	Shareholders' equity	4,202	4,230
Tangible fixed assets	429	538	Gaps in appraisals, conversions, etc.	-186	-293
Intangible fixed assets	1,834	1,717	Foreign current transaction accounts		
Of the above, software	663	644	Minority equity	1	1
Of the above, goodwill	1,155	1,058	Net assets	4,018	3,930
Investments and other assets	555	542	Liabilities, net assets total	6,910	6,680
Total assets	6,910	6,680			

Increase in net leased assets

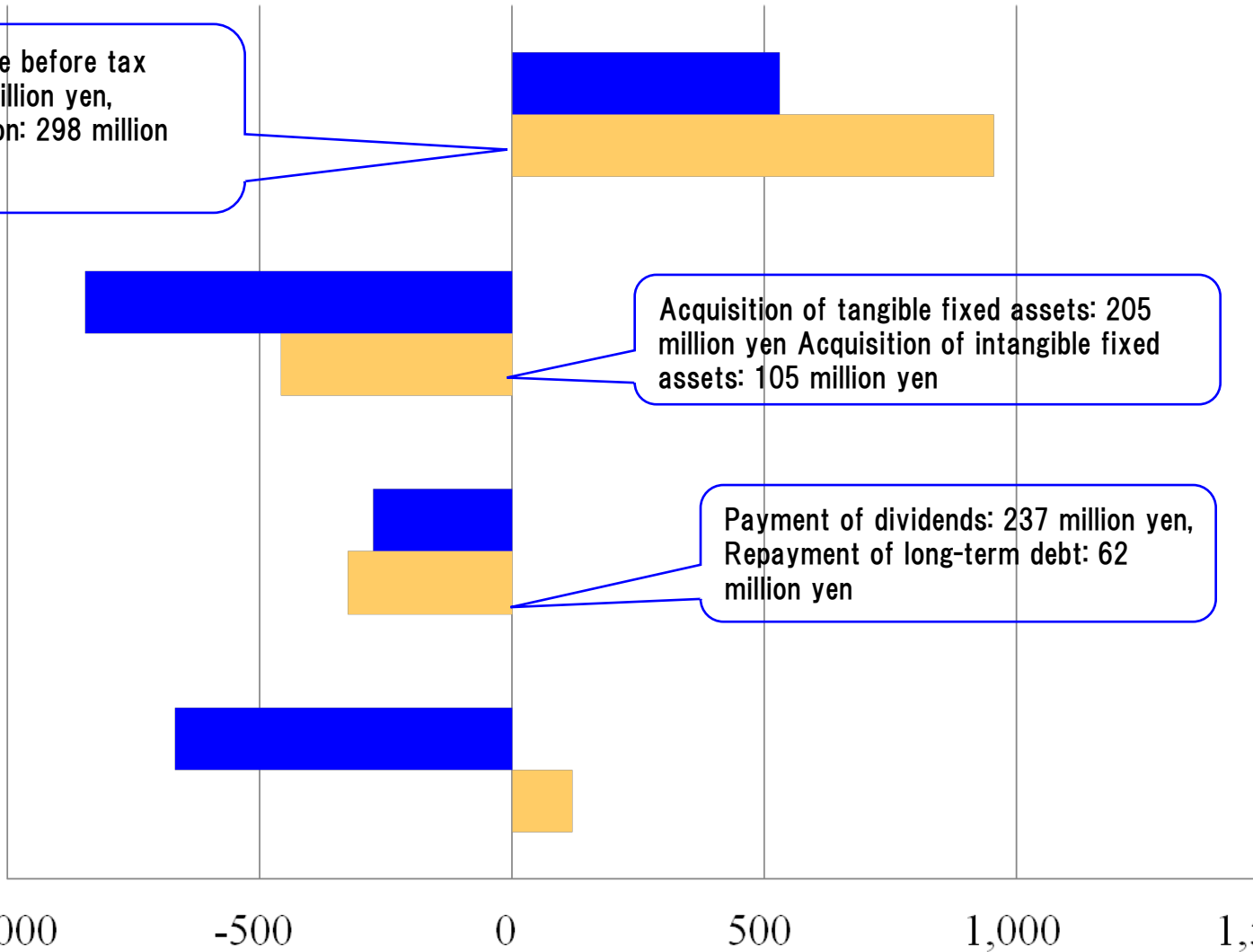
Decline following goodwill amortization

Backlog

Consolidated Cash Flow

■ 2010/1-3Q ■ 2011/1-3Q

Quarterly net income before tax adjustments: 635 million yen, Goodwill amortization: 298 million yen



Acquisition of tangible fixed assets: 205 million yen Acquisition of intangible fixed assets: 105 million yen

Payment of dividends: 237 million yen, Repayment of long-term debt: 62 million yen

Cash flow from operating activities

Cash flow from investing activities

Cash flow from financial activities

Change in cash and deposits

3. Business Overview

【Hosting Business】

[Hosting Services] Summary

◇ Cloud Services

- ✓ Full-scale entry into the fast-growing cloud services market was achieved
 - > The *IQ Cloud* and *GMO Cloud Public* services were launched in Japan in April and the *GMO Cloud* service was launched in the United States in June.
- ✓ Recruit IaaS partner agreement was signed in July.
 - > Positive effect of focusing on sales to enterprises
- ✓ *ZOO*, the volume-based rate plan for *GMO Cloud Public* was launched in September.

◇ Hosting Services

- ✓ Services continue to expand to low-end markets with growth potential.
 - > Low-end brands of Rocket Net and DOMAIN KING
 - > Reorganization of Wadax Inc. into a Group company

The *GMO Cloud Public* Public Cloud

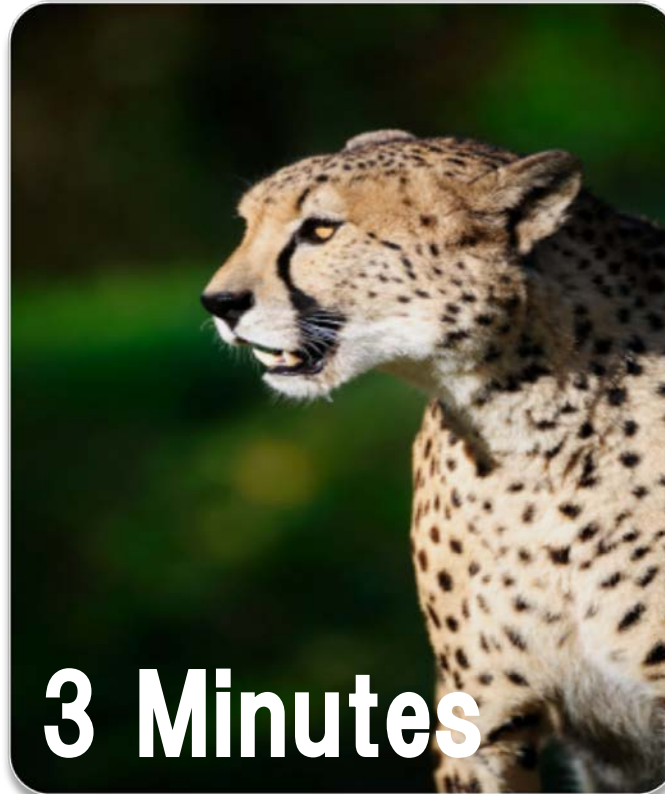
GMO CLOUD

GMOクラウド Public

Flexible

Quick

Low Cost



The *IQ Cloud* Virtual Private Cloud

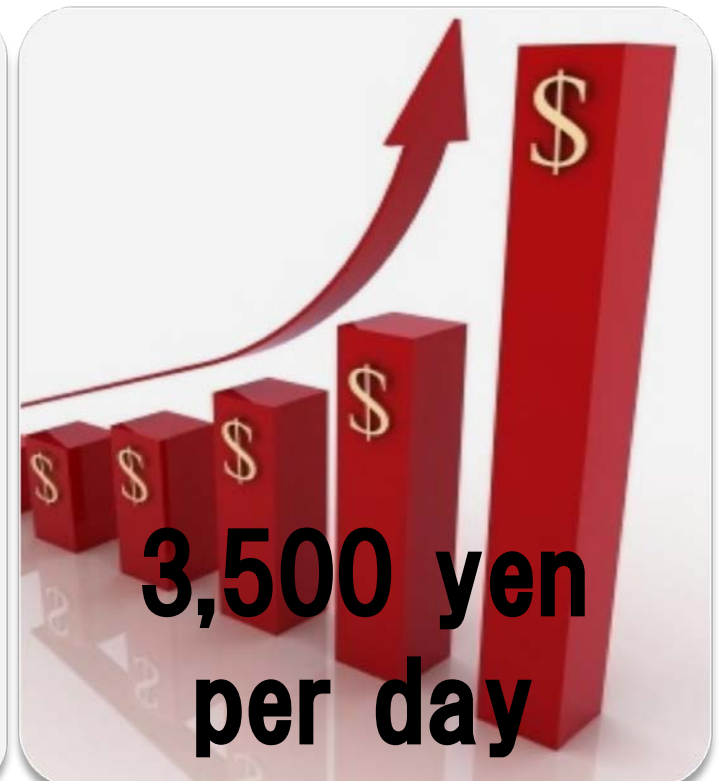
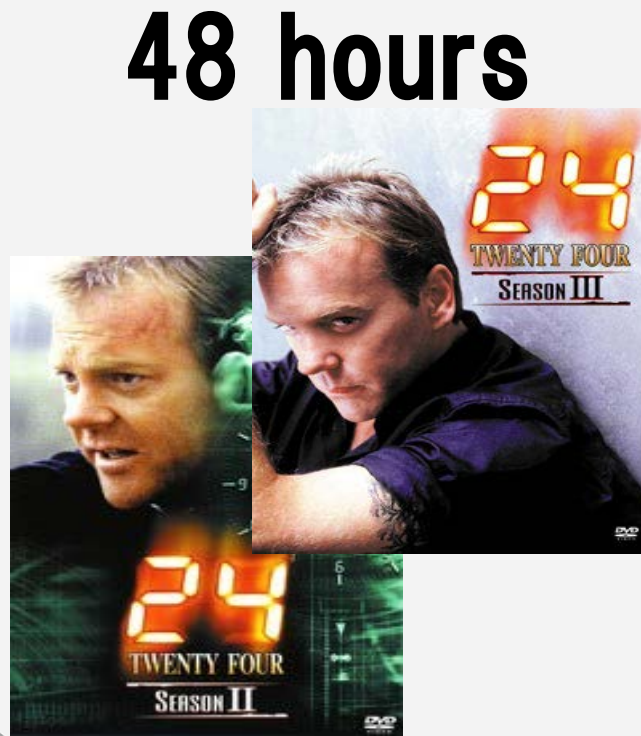
GMO CLOUD



Reliable

Flexible

Cost Effective



GMO Cloud Public : Case Study

GMO CLOUD

Business Needs

Company A

(Principal businesses)

- Operation of a website that provides information on action sports
- Operation of a store in ZOZOTOWN

Needs: Freedom from stressful updates while holding down costs

-> Result: An increase in website hits by 10% or more

- ▶ Growth of load on the website following an increasing in bloggers and articles
 - ▶ A higher webpage display speed at the time of accessing it
 - ▶ Freedom from stress in updating articles due to memory shortage
 - ▶ A resource allocation-type solution for cutting costs

Solution

Key Success Factor

- ▶ IaaS Cloud

- ▶ A high level of scalability

Makes it possible to start with a small scale and add resources on an hour-by-hour basis as needed.

- ▶ Cost optimization

Can always be operated at optimal cost, as the fees for the basic plan and for the resources used are payable afterwards.



GMOクラウド Public

IQ cloud: Case Study

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Business Needs

Company B

(Principal businesses)

- Digital content distribution
- Provision of platforms

Needs: Instant resource management and constant optimization of costs

-> System design matched with the maximum resources

- ▶ Providing service in a stable manner by instantly increasing and decreasing the scale according to fluctuations in resources
- ▶ Restraining high costs of the line, operation and maintenance for uninterrupted operation of large systems designed to meet peak demand

Solution

Key Success Factor

- ▶ IaaS Cloud

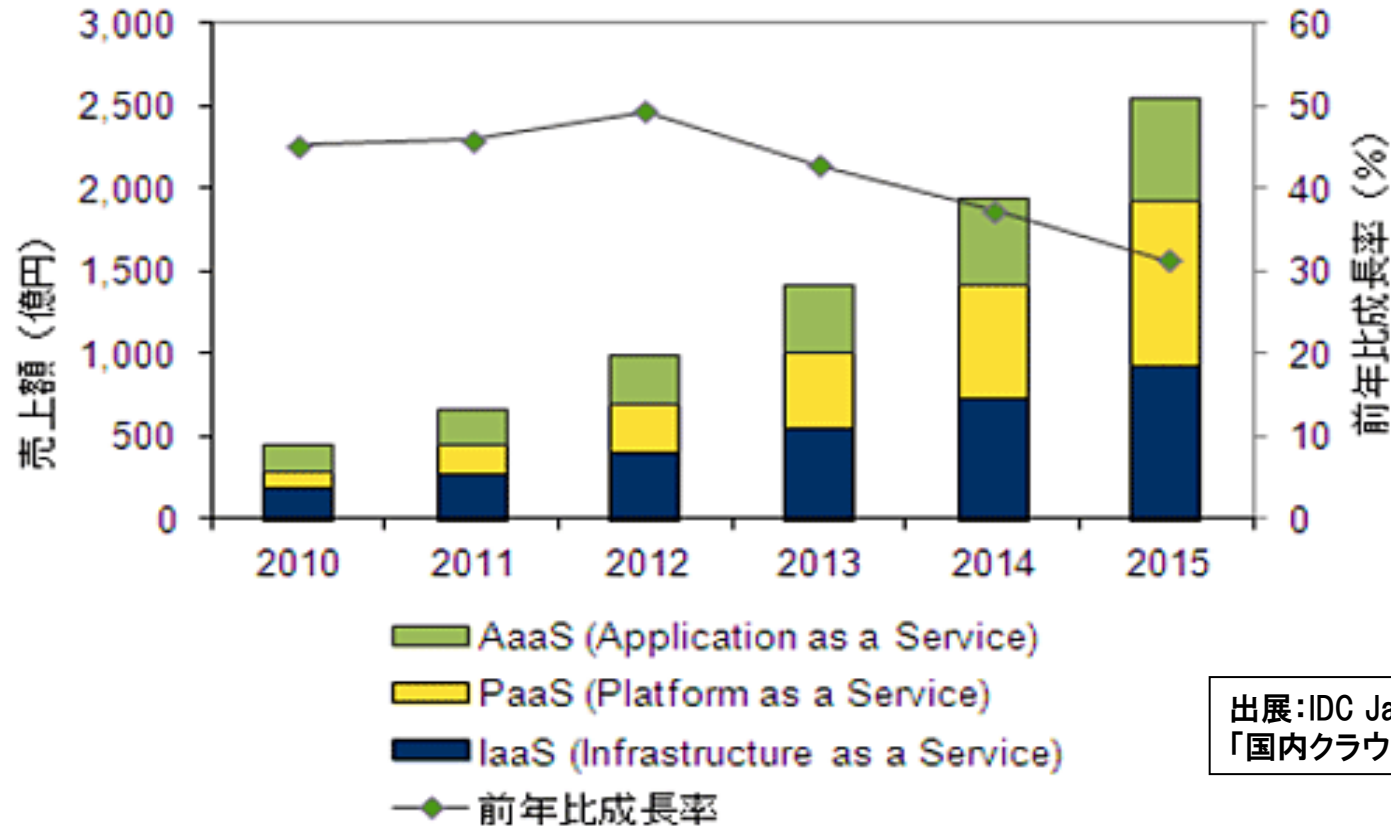


Redundant configuration with multiple systems Enhanced security provided

- ▶ 99.999% SLA and system reliability
 - A high level of reliability based on involvement in business
- ▶ A high level of flexibility
 - Flexibility in customization according to business to construct more secure systems
- ▶ Personnel strength of GMO Cloud
 - Sincere response and efforts by sales personnel

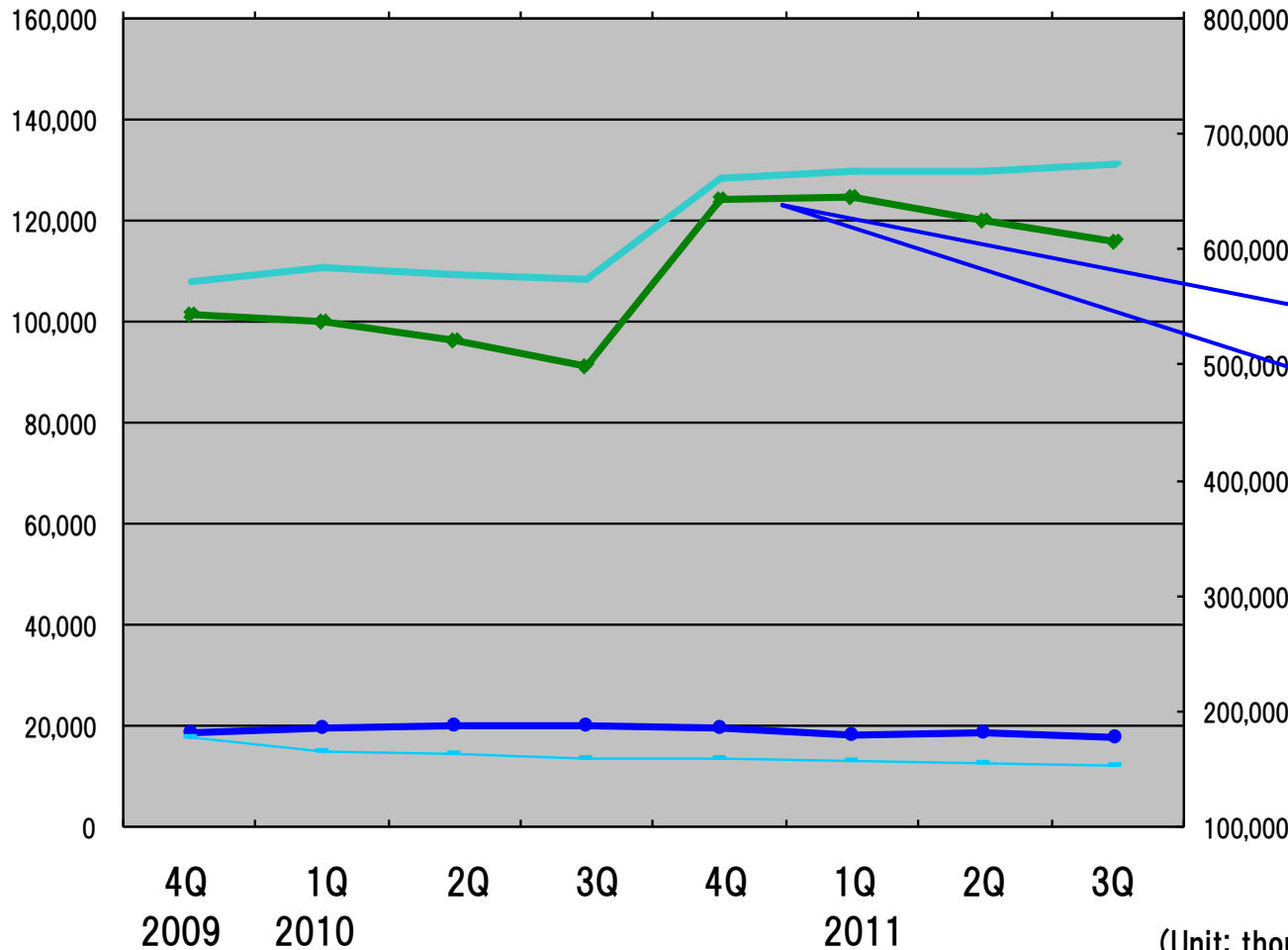
(参考)クラウド市場概要

国内クラウドサービス市場 セグメント別売上額予測(2010年～2015年)



- ✓2011年の国内クラウドサービス市場は、前年比45.9%増の662億円規模となる見込み
- ✓2015年には、2010年比5.6倍の2,550億円になると予測

[Hosting Services] Sales and Number of Contracts by Product



Impacts of reorganization of Wadax Inc. into a Group company:
 Sales of 267 million yen
 24,000 contracts

(Unit: contracts)

(Unit: thousand yen)

* Numbers of shared service contracts that are 50,000 or more are shown.

3. Business Overview

【 Security Business】

[Security Services] Summary

◇ Geographical expansion

- ✓ Sales in overseas bases (in the UK and US) expanded steadily.
- ✓ Expansion to neighboring countries (in Europe, the Americas and Southeast Asia) proceeded steadily.
- ✓ The Singapore Office commenced full-scale operation.

◇ Expanding sales channels

- ✓ Strategic partnerships were formed with OnApp and Parallels in August. → Expansion of sales channels in the United States
- ✓ A business partnership was formed with Digi Lock in August. → Expansion of sales channels in Japan and the United States

◇ Providing convenient products

- ✓ Launched Japan's first page authentication product for authenticating certificates in August.
→ Aimed at easing the burden on partners and at promoting electronic certificates.

[Security Services] Summary

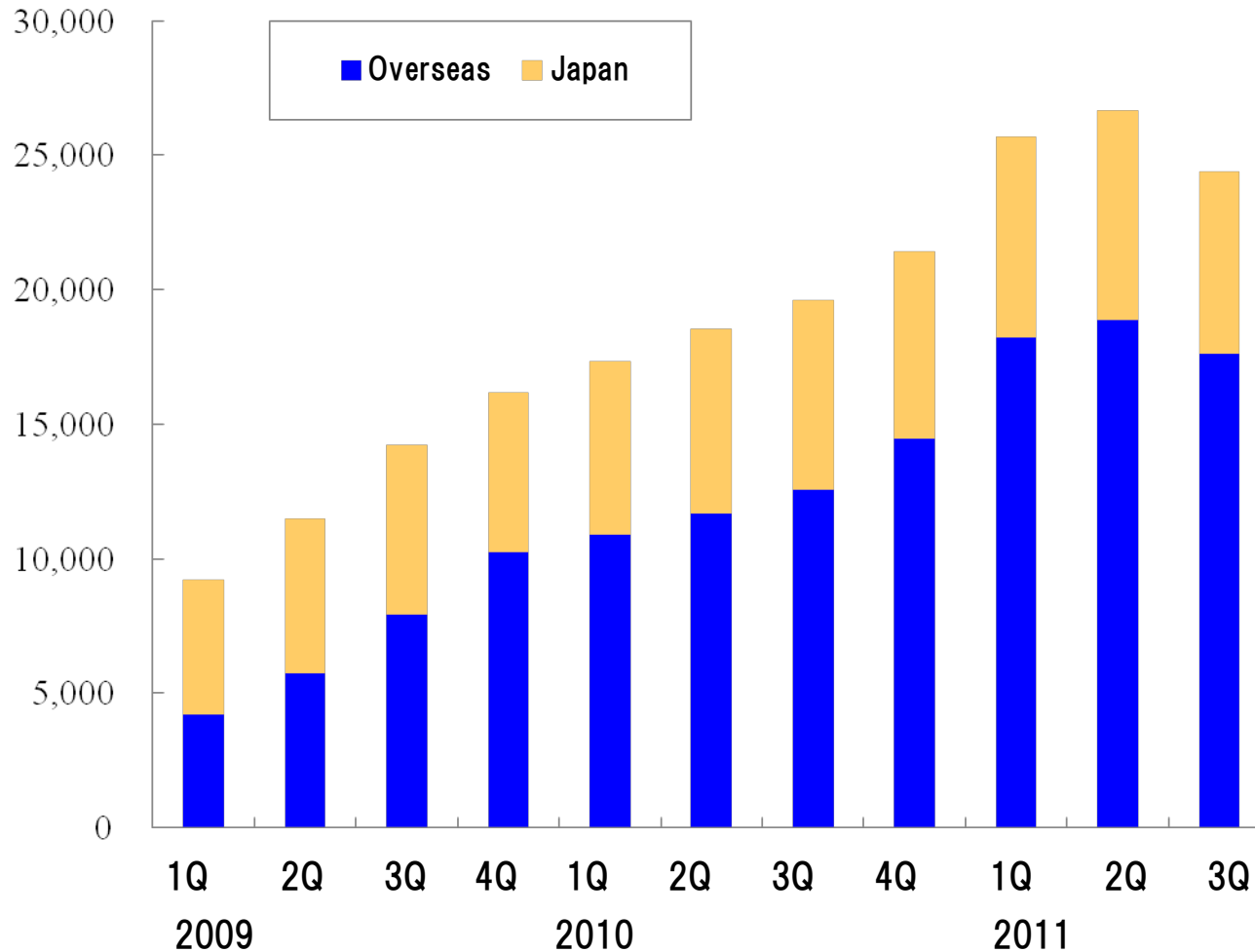
◇ Certificate issuing business was temporarily suspended.

- ✓ Claims of hacking to gain unauthorized access to certification authorities were fully investigated in September. → Business was resumed after security had been increased.

◇ Challenge

- ✓ Enhancement of operational efficiency in response to a rapid growth in number of electronic certificates sold

[Security Services] Number of SSL Server Certificates Issued



Decline as a result of the temporary suspension of a certificate issuing business

3Q of 2011

Japan: 6,775 certificates

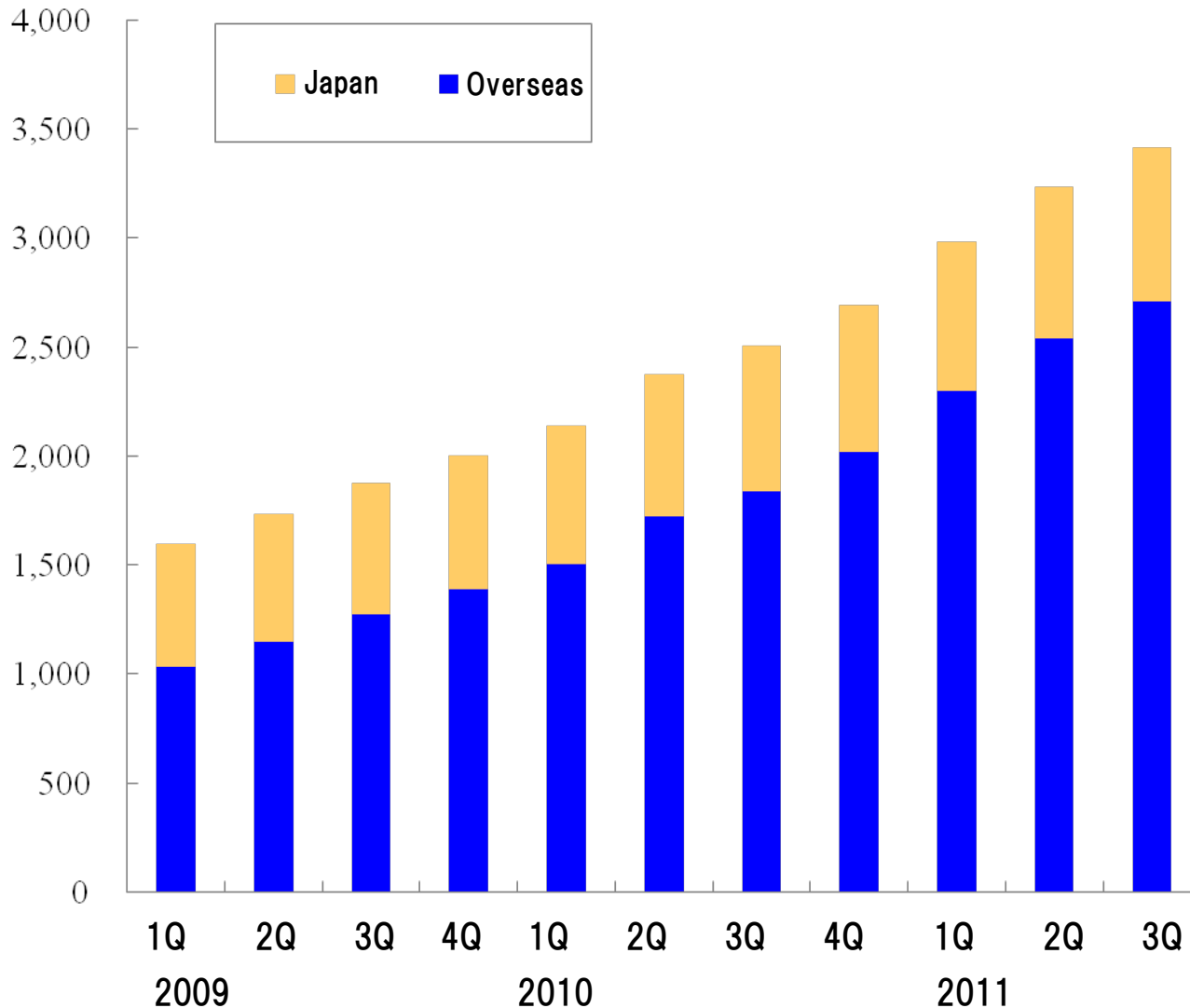
Overseas: 17,638 certificates

Total: 24,413 certificates

- Up 24.3% year on year
- Down 8.5% quarter on quarter

(Unit: certificates)

[Security Services] Number of Resellers



The resellers network is broadening across the globe.

3Q of 2011

Japan: 707 companies

Overseas: 2,710 companies





Total: 3,417 companies

- Up 36.5% year on year
- Up 5.7% quarter on quarter

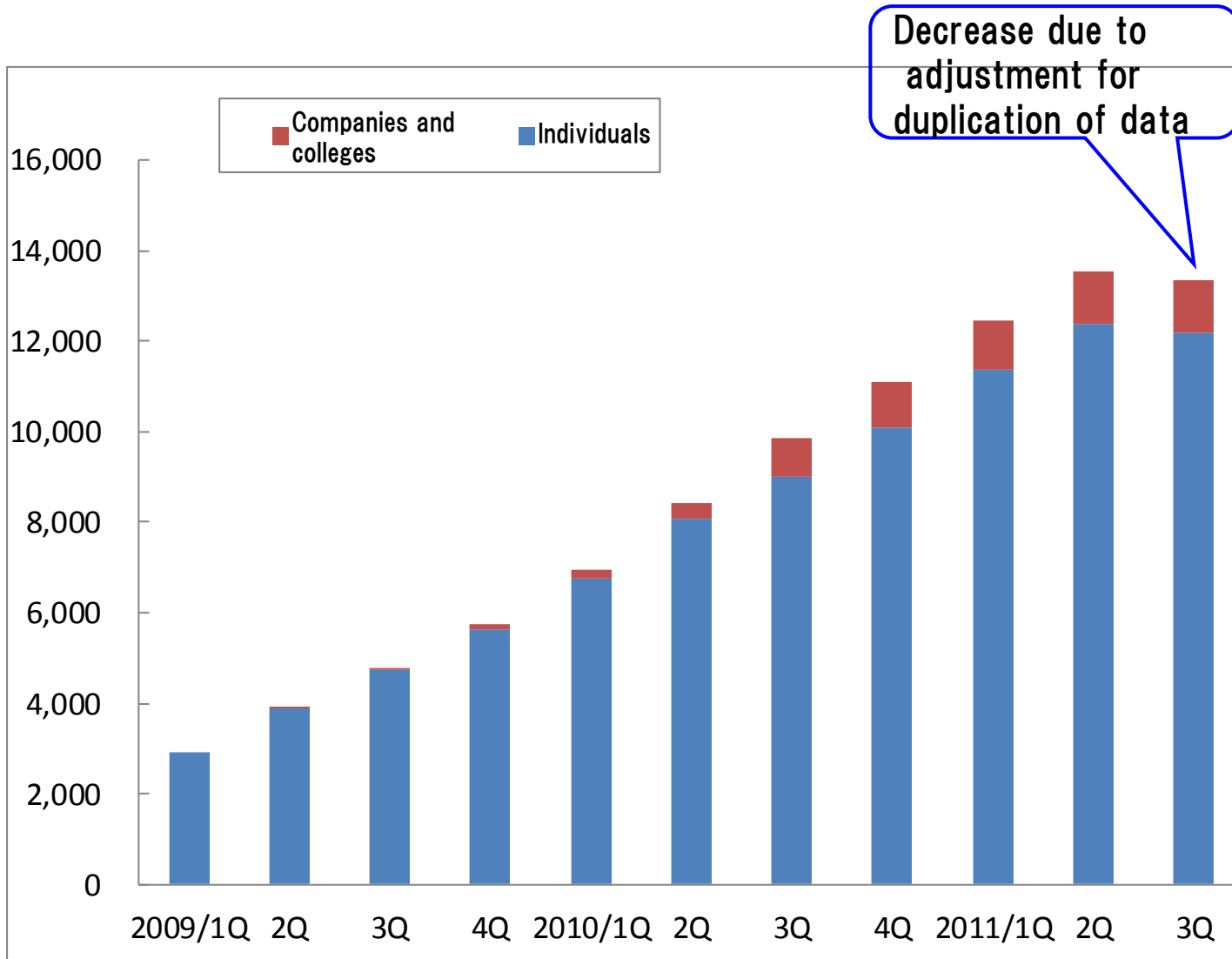
3. Business Overview

【 Solutions Business】

[Solutions Services] Summary

	(1) Aiming to be the leader in the region	(2) SaaS
Companies	COMMUNICATION TELECOM Inc.	GMO CLOUD K.K. GMO Fast Translation, INC.
Brands (Services)	 Website production support	 Electronic book distribution solution  Translation service
	 Support for web production companies	
	Support for corporate introduction of information technology	
	Support for corporate office optimization	

[Solutions Services] Fast Translation Service



- ✓ Alliance with portal sites
- ✓ Increases in name recognition

Number of members as of 3Q of 2011

Individuals: 12,193

Companies and colleges: 1,152

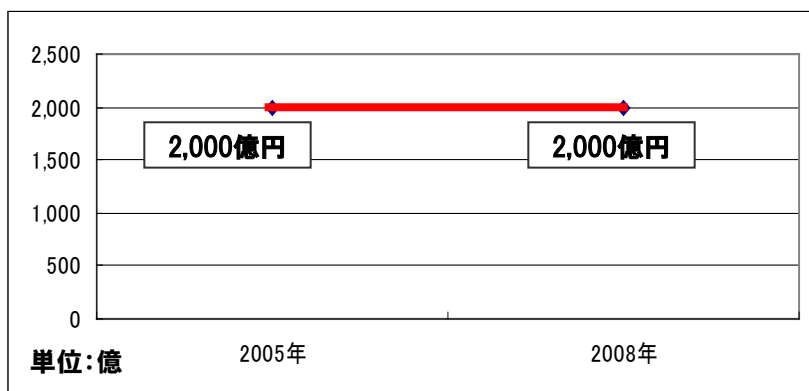
Total: 13,345

- Up 35.3% year on year
- Down 1.6% quarter on quarter

(参考)翻訳市場規模

日本翻訳連盟が2008年に発表した『第3回翻訳白書』では国内の翻訳市場規模は推定2,000億円、ここ数年で大きな成長率は見えない。一方、調査会社のCommon Sense Advisoryが発表した世界の言語サービス市場は2008年で142.5億ドル、2013年には250億ドルに到達と予測。単純に比較しても、成長率の高いBRICsを中心とした諸外国は確実に産業が成長していることが伺える。

近年の日本の市場規模



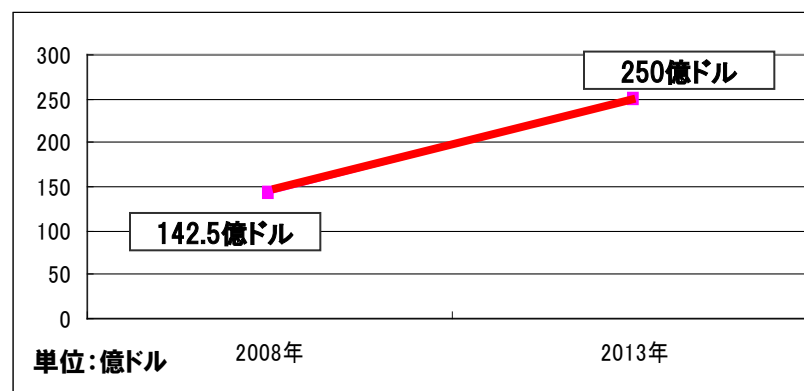
現状

株式会社翻訳センターが業界のリーディングとなっており、2011年通期の業績予測は売上53億円。市場シェアは約2.5%。

今後の対策・新しいニーズ

2015年から人口が減少し、2050年には1億人を切ると言われている国内統計の中で、海外に活路を求めるSME(中小企業)が増える。SMEの新規顧客に対し、簡単で分かりやすい翻訳サービスを提供できるかが、大きなポイントとなる。(例: ネット戦略、料金体系等)

近年の世界の市場規模(予測)



現状

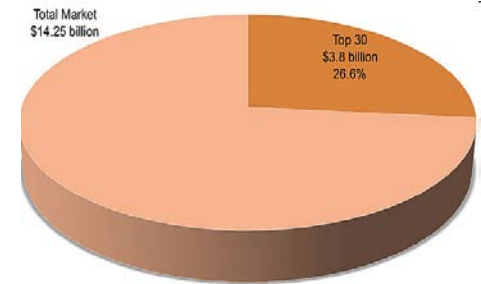
BRICsをはじめとする新興国は高い経済成長力や人口増加を背景に益々、市場規模が拡大、言語サービス市場の成長率は2008年から向こう5年で10.8%の成長と予測。

今後の対策・新しいニーズ

2013年には250億ドルの市場規模になると予測が出ている。中国語や中近東付近の言語、ポルトガル語等のニーズが拡大し、早期に仕掛けた企業が市場シェアを高められる。

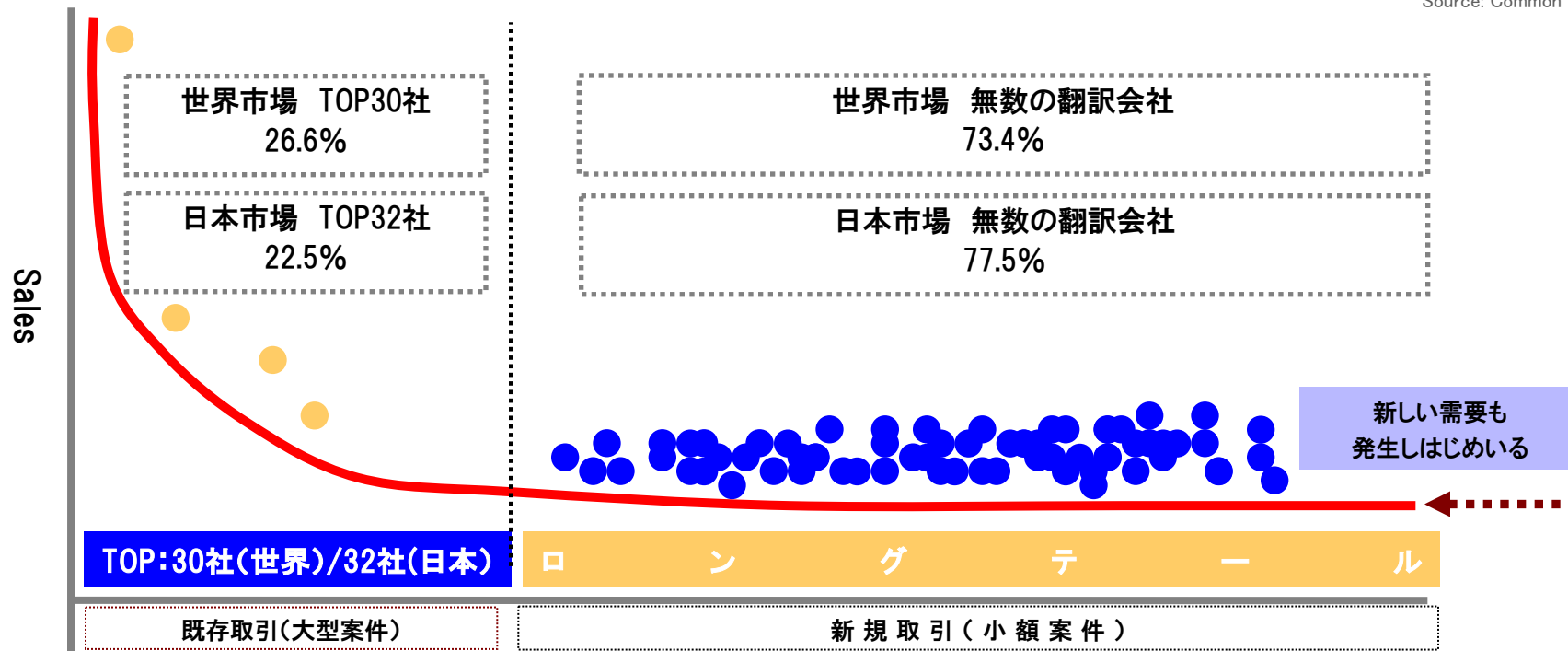
(参考)世界と日本の翻訳市場における現状

2009年に調査会社Common Sense Advisoryが発表した言語サービスの市場規模は180億ドル。トップ大手30社が占める売上は26.6%となり、残りの73.4%は無数の企業によるロングテールという構図になっている。一方、2008年3月に日本翻訳連盟が発表した日本の市場規模は、推定2,000億円。大手32社が占める売上は、22.5%となり、残りの77.5%は、世界の市場規模と同じような無数の企業によるロングテール構図になっている。

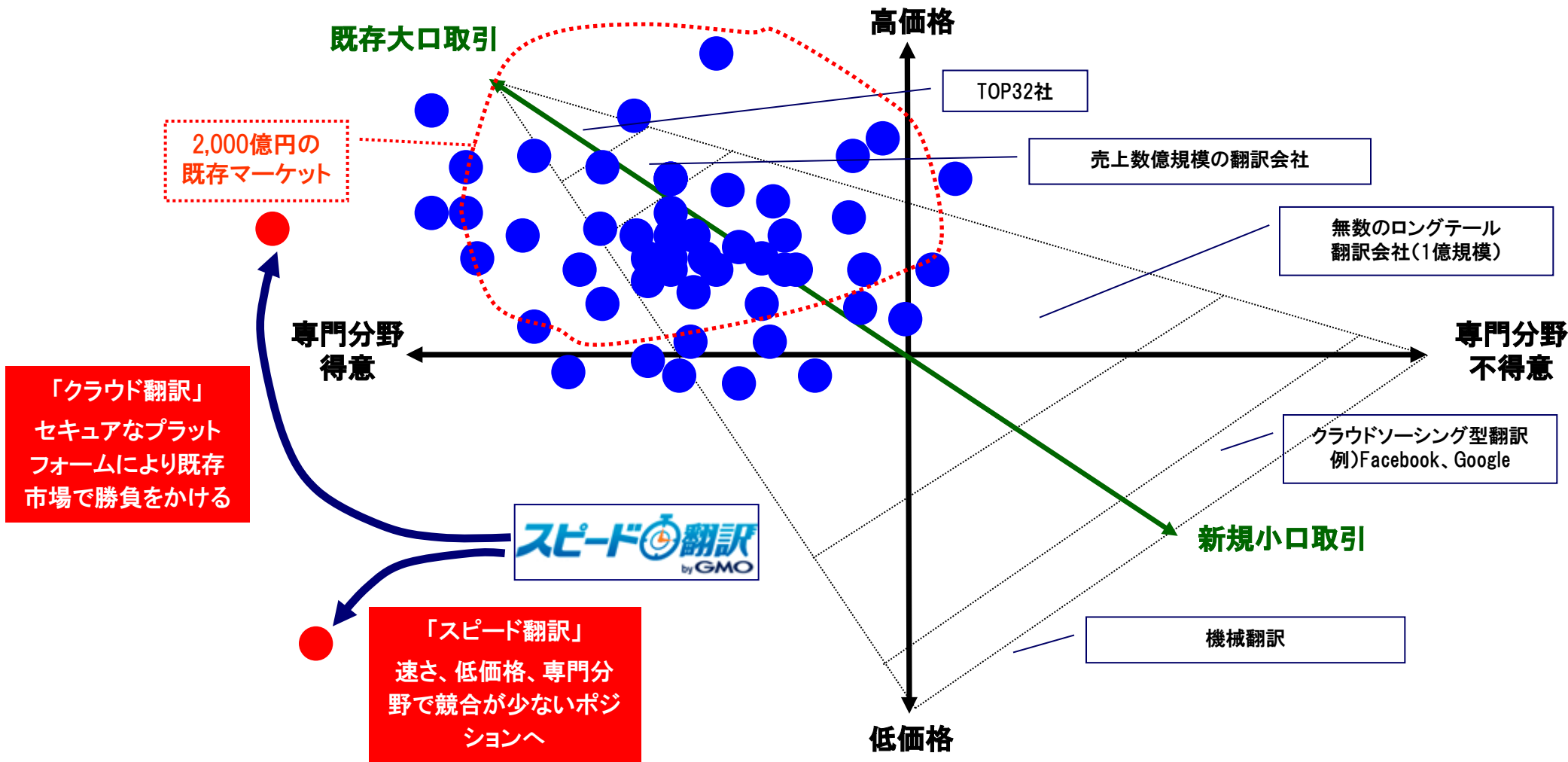


Top 30 Aggregate Revenue for 2008 as a Percentage of Total Language Services Market Size in U.S. Dollars
Source: Common Sense Advisory, Inc.

日本/世界の市場規模の構図



(参考)スピード翻訳の市場ポジションと方向性



[Solutions Services] Services for Smartphones

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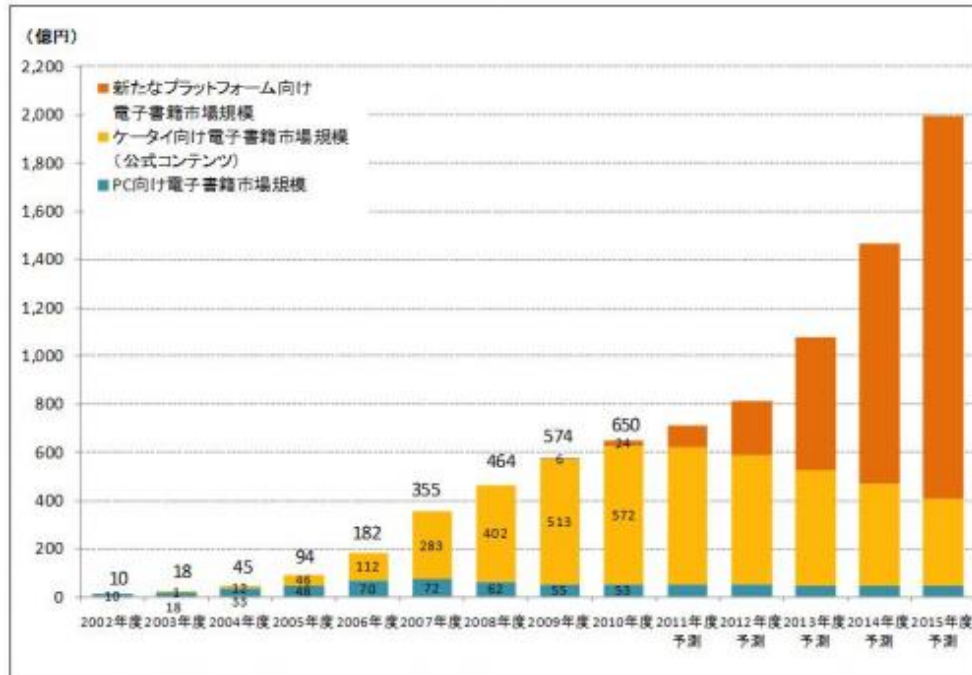
Electronic book distribution solution
(Smartphone-ready)



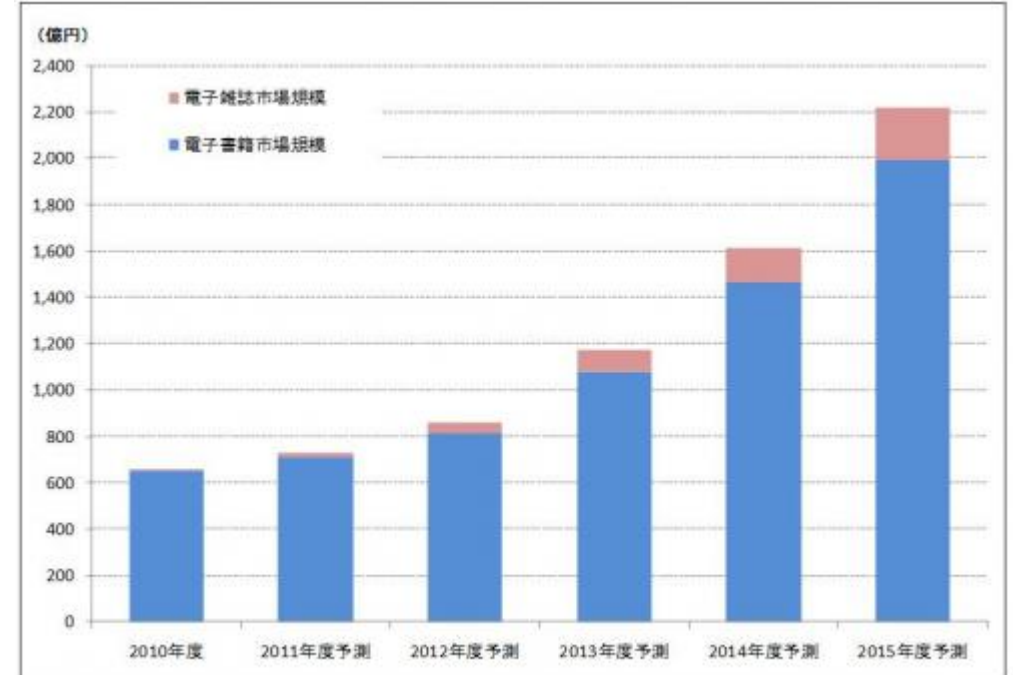
Strong sales of cell-phone websites
(Smartphone-ready)

(参考)国内電子書籍市場規模

電子書籍の市場規模の推移と予測(2002年度～2015年度)



電子出版の市場規模の予測(2010年度～2015年度)



出展:インプレスR&D
「電子書籍に関する市場規模」

- ✓日本の2010年度の市場規模は650億円と推計(前年比13.2%増)
- ✓携帯電話向け電子書籍が市場の牽引役
⇒2010年度は572億円(前年度比11.5%増)で、電子書籍市場の88%を寡占
- ✓PC向け電子書籍は53億円(前年比ほぼ横ばい)
- ✓2015年には2,000億円に達する見込み
⇒2011年度以降は、ケータイ向け市場の他に新たなプラットフォーム向け市場が急速に立ち上がると予測

4. Financial Forecast 2011

Financial Forecast: Qualitative Information

Segment	Hosting Services	Security Services	Solutions Services
Cloud Services	<ul style="list-style-type: none"> - Launch of cloud services (Japan, United States) - Participation as an exhibitor in Cloud Computing Expo 	<p>Electronic certificates that can be used at the same time on multiple systems</p> <p>-> Services for cloud</p>	<ul style="list-style-type: none"> - SaaS (Web, Mobile, electronic book distribution) - Participation as an exhibitor in e-Book Expo
Global Expansion	<p>Launch of a public cloud service for the U.S. market</p>	<ul style="list-style-type: none"> - Partnership with overseas partners (OnApp and Parallels) - Full-scale operation of the Singapore Office - Launch of direct sales websites for Europe 	<p>Globalization of the fast translation service</p>
Sales for Enterprises	<ul style="list-style-type: none"> - Increase in sales personnel - Acquisition of major enterprise customers 	<ul style="list-style-type: none"> - A distribution agreement with KDDI Corp. (for Japan and Singapore) - Business alliance with DigiRock 	<p>Locally-based sales activities</p>

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[Sales]

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◇ Security Services

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[Operating profit]

◇ Hosting Services

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◇ Solutions Services

-4 million yen (YoY: -580.0%)

Financial Forecast: Segment Information

(Unit: million yen)	Sales			(Unit: million yen)	Operating profit		
	FY2010	FY2011 (Forecast)	YoY		FY2010	FY2011 (Forecast)	YoY
Hosting Services	6,184	6,733	+8.8%	Hosting Services	835	549	-34.0%
Security Services	1,697	1,822	+7.3%	Security Services	204	181	-11.4%
Solutions Services	531	588	+10.6%	Solutions Services	0	-4	-580%
Intercompany transaction adjustment or all companies	-79	-141	—	Intercompany transaction adjustment or all companies	24	7	—
Consolidated total	8,333	9,002	-8.1%	Consolidated total	1,064	733	-36.5%

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