



Q1 FYE 12/22 Results Presentation - Q&A

The following is a summary of questions asked by attendees at the earnings presentation to investors held on May 12, 2022. The questions are answered by Founder & Group CEO Masatoshi Kumagai.

●Internet Infrastructure

[Q1] The profit of Infrastructure increased by 33%, which was impressive. Looking at the figures of listed group companies such as GMO-PG, GMO-GSHD, and GMO-PB, there may be other factors as well. What are the factors? Also, please comment on the sustainability of profits.

[A1] Breaking down the year-on-year increase of 1.58 billion yen, the profits of four listed group companies increased by about 1.1 billion yen.
Other than that, in addition to the growth of the group of companies that had been in the investment phase, the amount of common costs allocated to the company decreased. Profit growth is not due to cost reduction and is not temporary. The customer base is expanding and we believe profit growth is sustainable.

●Security

[Q2] You have said that Ierae will be consolidated in Q2. What is the impact on business performance?

[A2] Regarding the performance of Ierae alone, demand for cybersecurity is strong, and the external environment is favorable. However, the amortization of goodwill is about 200 million yen per quarter, so the investment will precede.

[Q3] You have said that you will "offer solutions to security challenges". In terms of sales, will the parent company lead the subsidiaries?

[A3] Of course, not only the subsidiaries but also the parent company will sell the products. We will provide security products that match the customer base of each group company as value-added services. For example, GMO Cybersecurity for Bank, a comprehensive package of measures for banks, will be sold through GMO-PG, which has a large number of transactions with financial institutions.

[Q4] Apart from offering solutions to security challenges, what are the qualitative synergies caused by the reorganization? Please tell us why you can acquire customers and the strengths of the group as a whole.

[A4] The meaning of the word "security" depends on customers and is ambiguous.
Until now, we have provided the No. 1 service in each area. We believe that organizing a subsegment "security" and broadening the scope will be advantageous in terms of marketing strategy and SEO.

●Cryptoassets

[Q5] Sales in the mining business decreased QoQ. What are the factors?

[A5] In addition to the temporary decline in the number of computers operating in the data center, profitability declined due to external factors such as crypto asset prices and global hash rates, resulting in a decline in sales. We have not disclosed the amount of profit but we can tell you that we are still in the black.

●Others

[Q6] Please tell us your thoughts on future M&A (target, scale).

[A6] If we think of the Infrastructure business as "a large piece of art composed of jigsaw puzzles," we describe Ierae as the "last piece."

GMO INTERNET

We call M&A "making friends". We will make decisions about making friends each time by looking at the balance sheet, especially the status of equity capital and goodwill. There are currently no specific projects for making friends.

- [Q7] Looking at the balance sheet, interest-bearing debt is increasing, and when combined with the recent expansion of profits, the company seems to be on the offensive. Please tell us your thoughts on future asset allocation.
- [A7] Regarding the investees, we do not have specific targets. Regarding both consolidated and non-consolidated balance sheets, we also believe that we are maintaining a solid financial position. We also manage the outlook on a weekly basis, which we believe is something that other listed companies are not doing.
- [Q8] What is the current situation regarding NFT?
- [A8] There are reports that the NFT transaction volume is currently declining. We consider that this is due to the decline in the price of crypto assets and is temporary. We still believe that NFT is a technology that changes society as an infrastructure that returns funds to artists for their creative activities, and are focusing on marketing Adam byGMO.