



GMO Internet Group, Inc.

Q1 Financial Results Briefing for the Fiscal Year Ending December 2023

May 11, 2023

Event Summary

[Company Name]	GMO Internet Group, Inc.	
[Company ID]	9449-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending December 2023	
[Fiscal Period]	FY2023 Q1	
[Date]	May 11, 2023	
[Number of Pages]	40	
[Time]	15:30 – 16:03 (Total: 33 minutes, Presentation: 33 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Masashi Yasuda	Director, Executive Vice President and Group CFO, Deputy to Group CEO
	Noriko Inagaki	Group Executive Officer, General Manager of Group Financial Department

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Presentation

Moderator: Hello, everyone. Thank you very much for participating in GMO Internet Group, Inc.'s Q1 financial results presentation today. I will introduce to you the attendees of today's presentation.

Today's presenters are Masashi Yasuda, Group Vice President, CFO, and Noriko Inagaki, Group Executive Officer, General Manager of Finance Department.

Today, they will provide an overview of the financial results, followed by a question-and-answer session. The meeting is scheduled to end at 16:30. Presentation materials regarding financial results are available on the Company's website. After the event, a link to the survey will be displayed, and we would appreciate it if you could answer it. We thank you for your understanding.

Our CFO, Yasuda, will now explain the results.

1. Overview
2. Group Overview
3. Segment Report
 - i) Internet Infrastructure
 - ii) Online Advertising & Media
 - iii) Internet Finance
 - iv) Cryptoassets
4. Topics



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Yasuda: My name is Yasuda, and I'm the CFO of GMO Internet Group. Thank you very much for participating in our presentation for Q1 financial results for the fiscal year ending December 31, 2023.

Since our fiscal year ends in December, I will explain our financial results for the period from January through March. I appreciate your attention.

First of all, here is today's agenda. Now I would like to get right into it.

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Overview | Executive Summary: Q1 FY2023

(JPY billions)	Q1'22 (Jan-Mar)	Q1'23 (Jan-Mar)	YoY Change	Change
Net Sales	56.0	65.5	+9.5	+17.0%
Operating Profit	11.1	10.9	-0.1	-1.2%
Ordinary Profit	12.0	11.9	-0.1	-1.4%
Net Profit	6.4	3.9	-2.4	-38.9%

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First, here is the summary of the financial results.

Sales were JPY65.5 billion, with operating profit of JPY10.9 billion, ordinary profit of JPY11.9 billion, and net profit of JPY3.9 billion. Compared to the same period of the previous year, sales increased but profit decreased.

Net sales grew significantly, with record highs in the infrastructure and finance segments. Profit, on the other hand, declined due to factors, such as additional provision for doubtful accounts in the securities business in Thailand.

The large decrease in net profit is a reactionary decline from the gains through the sale of investment securities in the previous year.

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Overview | Executive Summary: Q1 FY2023

					Evaluation
Internet Infrastructure	Record high Net sales	JPY 42.1B	(Up 21.3% YoY)	Services each hold top share in their respective markets	○○ → ●
	OP	JPY 6.9B	(Up 11.3% YoY)	Online and offline payment contributed to an increase in net sales	
Online Ad & Media	Net sales	JPY 8.9B	(Up 12.8% YoY)	In-house products and media grew as the market environment recovered	○ → ○ ×
	OP	JPY 0.6B	(Down 28.0% YoY)	Increase in headcount and temporary factors resulted in recognition of costs ahead of sales	
Internet Finance	Net sales	JPY 12.7B	(Up 18.5% YoY)	FX: Profitability further improved since FY2022	○○ → ○ ○ → ○ ×
	OP	JPY 3.7B	(Up 3.1% YoY)	CFD: Revenue hit a record high with continued favorable performance Overseas: Thailand's Internet Securities posted provision of allowance for doubtful accounts of JPY 1.5B	
Cryptoassets	Net sales	JPY 1.2B	(Down 41.7% YoY)	Unchanging mid-to long-term expectations but the market environment is "X"	△
	OP	JPY -0.3B	(JPY 0.1B in Q1 FY2022)		

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Next, here is a summary for each segment. The far right shows the qualitative evaluation by our management.

First, infrastructure segment is rated as double circle, very good. Both sales and profit increased, with record-high quarterly performance. This business embodies the Group's strengths, which are a collection of overwhelmingly number one services and a solid recurring revenue business model. In particular, sales growth has been strong, exceeding 20%. This was because the cybersecurity business, which joined the Group in Q2 of the previous year, enjoyed a big demand season in this quarter. Another driver was the acquisition of large deals in face-to-face payment services.

Advertising and media is rated as circle, good. Sales increased but profit decreased. Capturing the expansion of the advertising business, in-house products and media performed well, which boosted top line. On the other hand, there were upfront costs, including onetime expenses that were not initially anticipated, in addition to higher sales-related expenses due to increased subcontracting costs associated with expanded transactions and an increase in personnel due to the investment in human resources in the previous year.

Next, finance is rated as circle, good. Both sales and profit increased.

Sales reached a quarterly high. Here is a breakdown. FX is rated as circle, good. Profitability has been an issue, but the effects of profitability improvement measures taken since Q4 of the previous year are becoming evident. CFD is also rated as circle, good. Sales reached a record high. It has grown to become our second mainstay product after FX. Overseas business is rated as x, bad. As I mentioned earlier, we have decided to record an additional JPY1.5 billion in allowance for doubtful accounts in our securities business in Thailand. We will strengthen our risk management system and will diligently pursue collection, including filing lawsuits, seizure of collateral, and seizure of property.

Crypto assets business is rated as triangle, neither good nor bad. It recorded a decrease in revenue and loss. The number of accounts and shares of transactions in the exchange business by GMO Coin has remained steady. On the other hand, the market environment is sluggish and transaction volume has declined across the industry as a whole. The utilization rate of the mining business also remained low.

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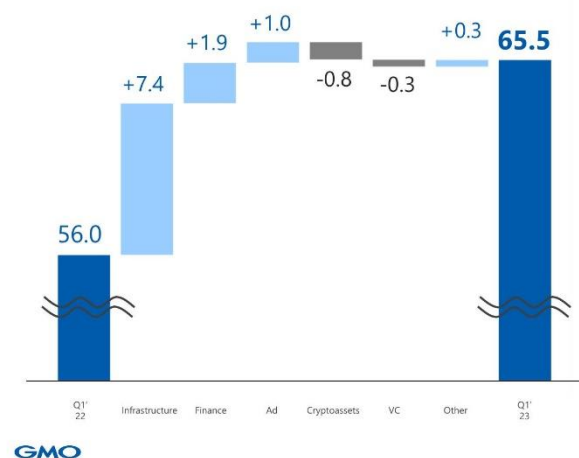
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Although conditions remain challenging, we haven't changed our view that the crypto asset market still has potential. We will continue to enhance our internal structure to generate profit when the time is right.

Overview | Executive Summary: Q1 FY2023

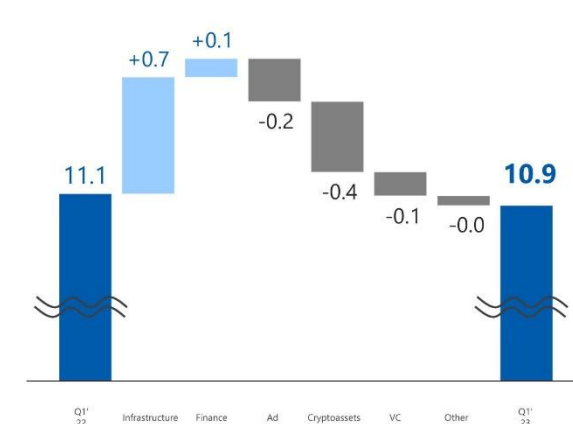
Net sales Up **9.5B** YoY

(JPY billions)



OP Down **0.1B** YoY

(JPY billions)



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Next, I will describe the analysis of changes in sales and profit for each segment.

Sales are shown on the left, and operating profit is shown on the right. Infrastructure business performed well, but the additional allowance for doubtful accounts in finance as well as the weak trend of crypto assets resulted in a JPY9.5 billion increase in consolidated revenues and a JPY0.1 billion decrease in consolidated earnings.

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Overview | Shareholder Returns (Policy)



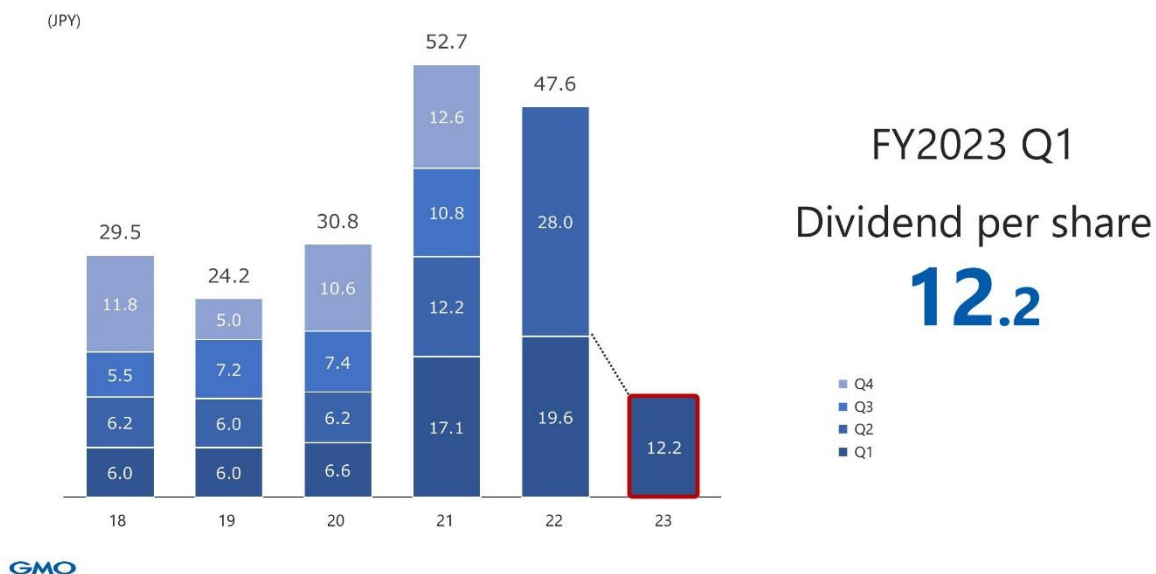
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Moving on to the shareholder returns.

Our basic policy is to achieve a total return ratio of 50%. Of which, at least 33% is to be allocated for dividends and the remaining 17% for share repurchases.

Overview | Shareholder Returns (dividend per share)



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This shows the trend of dividends per share. We will not disclose earnings and dividend forecasts for the current fiscal year as well. For this reason, dividend announcements will be made on a quarterly basis.

The dividend for Q1 will be JPY12.2.

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Strengths

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Before I go into the details of our quarterly results, I would like to reiterate our group's strengths. We have largely two strengths.

Strengths (1)

Operations and development of our own technology

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Here is the first one. Our commitment to in-house development and operation. We firmly believe that we must become a creative company that produces and operates its own products and services in order to survive and deliver the number one services in the fast-changing Internet market.

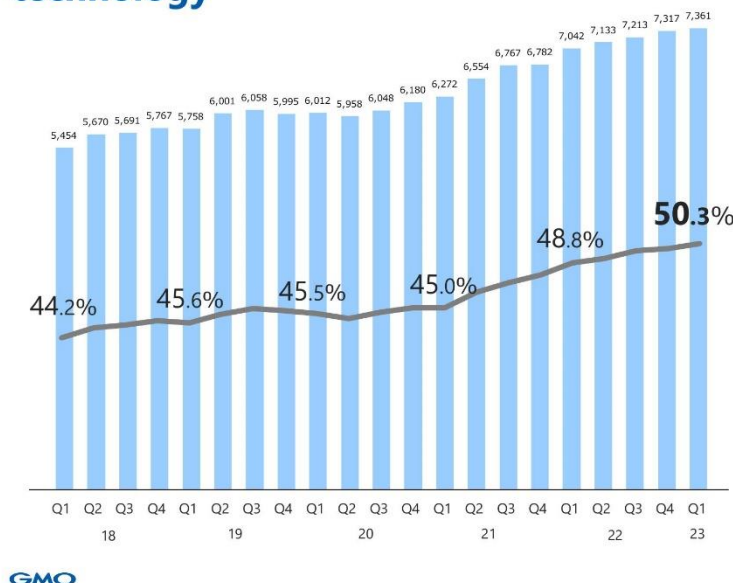
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Strengths (1) | Operations and development of our own technology



Goal: Workforce of over
60%
engineers & creators

* Not including partners of GMO Internet Group affiliates accounted for by the equity method (such as GMO Aozora Net Bank), which was 272 as of the end of March 2023.

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What will be important are the people involved in making things, such as engineers, creators, and directors.

At the end of March 2023, the number of our partners exceeds 7,300. Of which, 50.3% are those who are involved in production. The first time we set a goal for the producer ratio was in 2011. The target at that time was 50%.

This value was presented to investors in February 2014, when the ratio was 37.1%.

We got closer to the target of 50% in February of this year and raised it to 60%, and now, for the first time, we have exceeded our initial goal of 50%.

The age of the Internet is the age of sensitivity. We believe that we need to increase the number of great creators and become known that GMO Internet Group is a company of UI/UX and creativity. We will continue to grow as a company that produces things.

We also welcomed 58 new graduates as our partners in April. You may feel this is smaller than normal years, but this is because of the new policy we implemented from this fiscal year under the program of hiring the number one talent in the region with new graduate annual salary of JPY710 million by carefully selecting the best and brightest people. Together with our new colleagues, we hope to support the Internet in Japan.

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Strengths (2)

Solid recurring revenues

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Here is our second strength. This is our revenue model called "solid recurring revenues" in GMO Internet Group terms, which we have been communicating since Q2 of the previous year.

We believe that the reason we were able to increase sales and profits for 14 consecutive years until the last fiscal year is because we have been accumulating solid recurring revenue since our inception.

Strengths (2) | Solid recurring revenue

Indispensable products that will not disappear and recurring revenue business model

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It's the recurring revenue gained from products that will not disappear and remain a necessity as long as the Internet exists, with a recurring billing model.

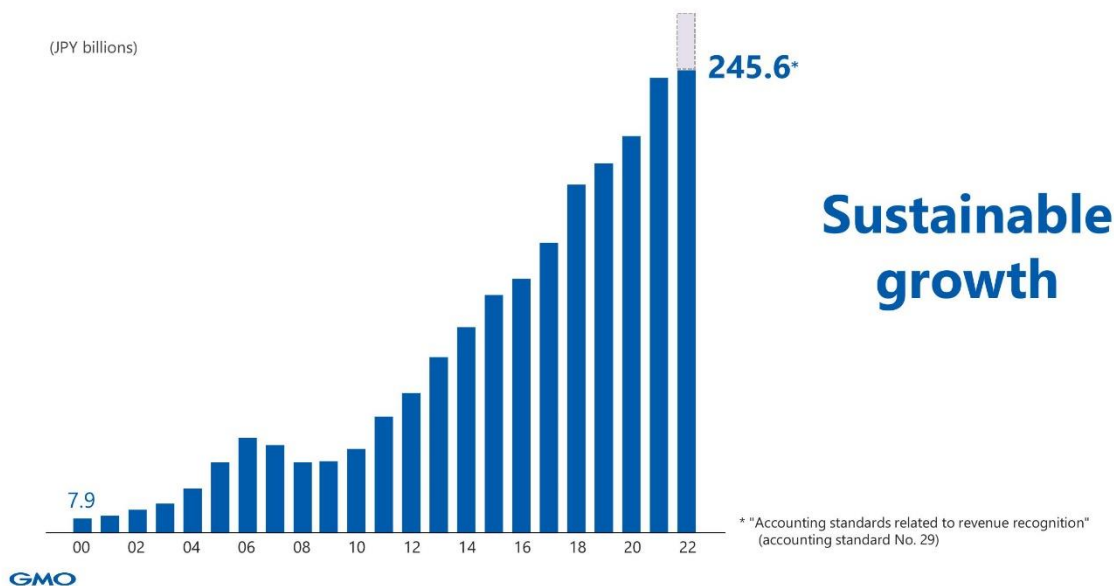
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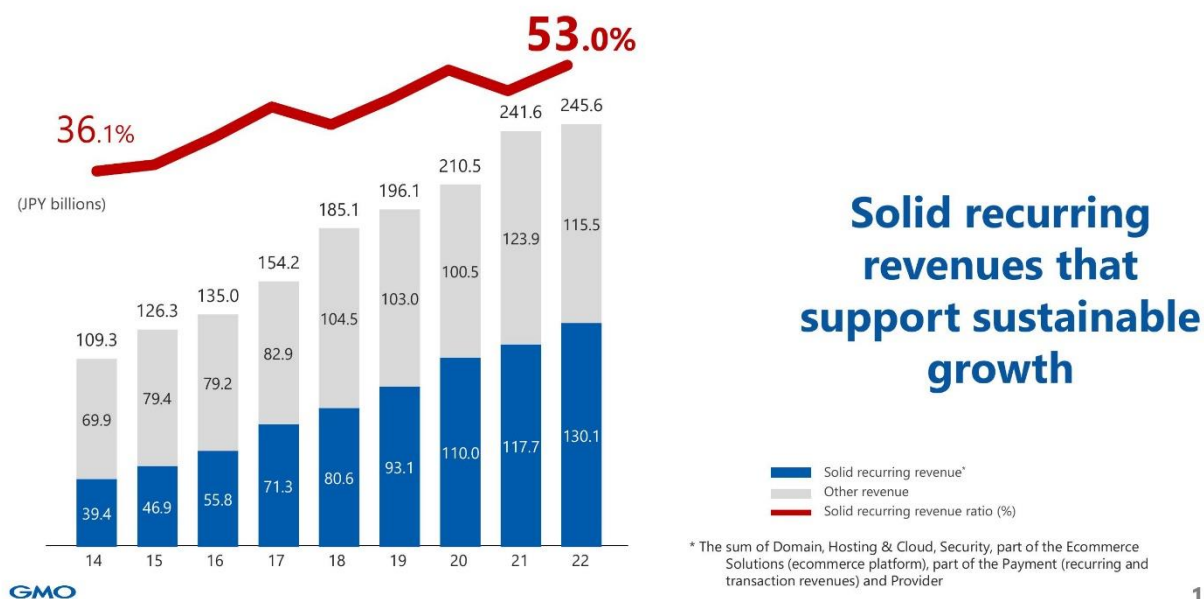
Strengths (2) | Consolidated net sales



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Here is a trend of consolidated sales. As you can see, we have achieved sustainable growth since our establishment.

Strengths (2) | Analysis of consolidated net sales



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Here is a breakdown of sales for solid recurring revenue and others. The red line represents solid recurring revenue in terms of percentage of sales.

Solid recurring revenue includes both recurring billable revenues in the infrastructure business and transactional revenues with a solid recurring revenue base similar to the recurring billing model. As you can see, solid recurring revenues are what support our sustained growth.

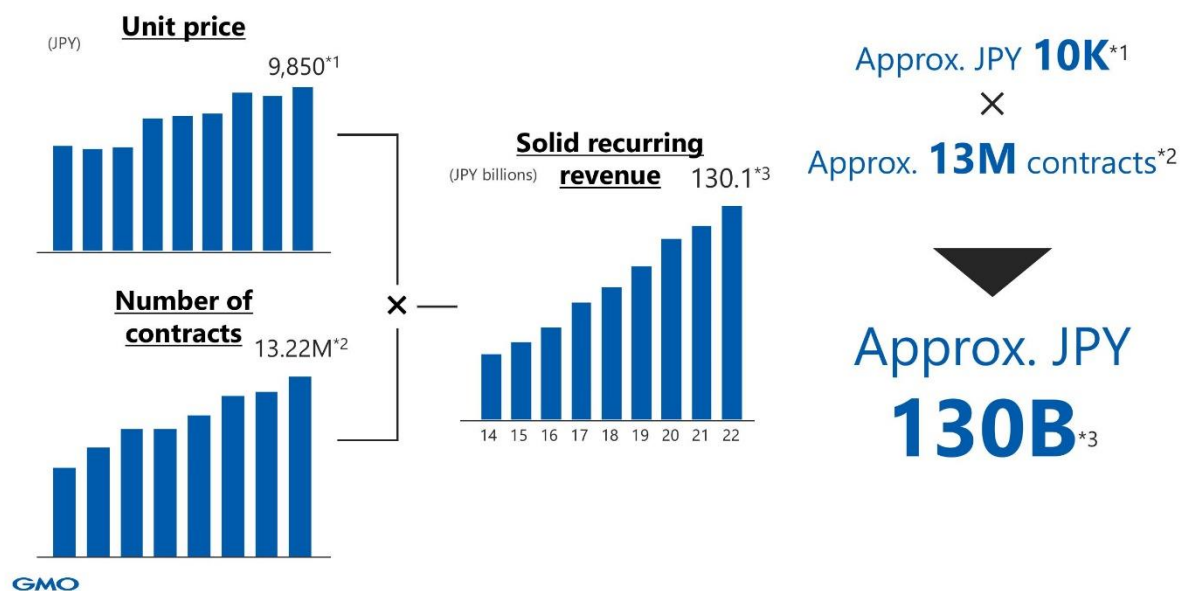
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Strengths (2) | Analysis of solid recurring revenues



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Here is the solid recurring revenue broken down into unit price and number of contracts. Both the unit price and the number of contracts continue to expand. Currently, solid recurring revenue of JPY130.1 billion is generated from a number of contracts of approximately 13 million multiplied by an annual unit price of approximately JPY10,000.

The number of contracts is still growing, with 10,000 new applications every day. As there are some cancellations, the net increase will be smaller, but we expect that it will continue growing as the volume of information and transactions on the Internet expands.

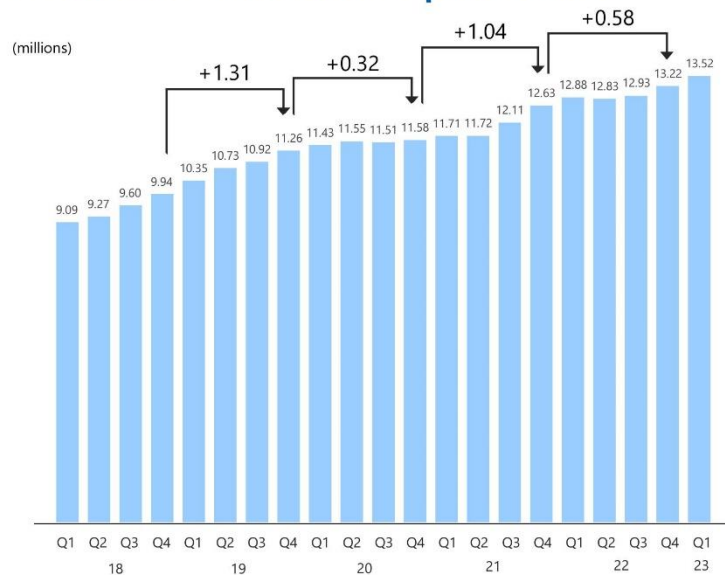
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Internet Infrastructure | Contracts



Solid revenue base

13.52M

customers

Increased approx.

0.81M/year

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Here is the status showing the number of infrastructure contracts.

It can be rephrased as the foundational base that supports our solid recurring revenues. At the end of March, the total number of contracts was 12.93 million. The historical figure shows an incremental growth of approximately 810,000 contracts per year.

Considering that the unit price is on the rise, it is slightly more than JPY10,000, which, when multiplied together, translates into annual sales of nearly JPY10 billion. Please stay tuned.

Next, we will explain our group overview. Ms. Inagaki, Group Executive Officer and General Manager of the Finance Department, will take this part.

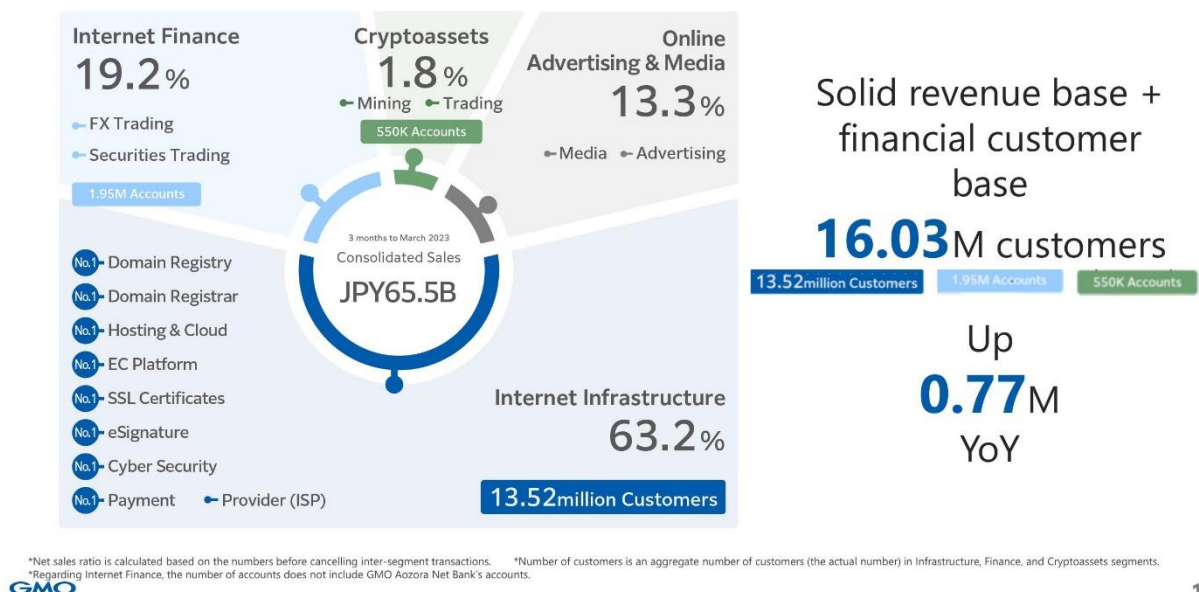
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Group Overview | Business Segments (Composition)



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Inagaki: My name is Inagaki, Group Executive Officer and General Manager of the Group Finance Department of GMO Internet Group. I will explain the overall business situation of our group. I appreciate your attention.

This is an overall picture of our business portfolio.

The size of each business area indicates the sales composition, the number of infrastructure contracts as the solid recurring revenue base was just explained by Yasuda, which is about 13.52 million. Along with that, FX, securities, and crypto asset all together represent a total customer base of 16.03 million.

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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 Group	Prime	295.4		
3769	GMO Payment Gateway	Prime	818.4	40.7%	333.2
4051	GMO Financial Gate	Growth	95.1	23.4% ^{*3}	22.2
7177	GMO Financial Holdings	Standard	77.6	65.2%	50.6
3788	GMO GlobalSign HD	Prime	48.3	51.8%	25.0
3633	GMO Pepabo	Prime	9.3	59.5%	5.5
4784	GMO AD Partners	Standard	7.2	57.0%	4.1
3695	GMO Research	Growth	5.1	54.8%	2.8
6180	GMO Media	Growth	4.0	66.0%	2.6
6026	GMO TECH	Growth	2.9	54.1%	1.5
Group Total			1,363.7^{*4}		448.0

*1 Market value as of May 10, 2023

*2 Includes indirect holdings (as of the end of March)

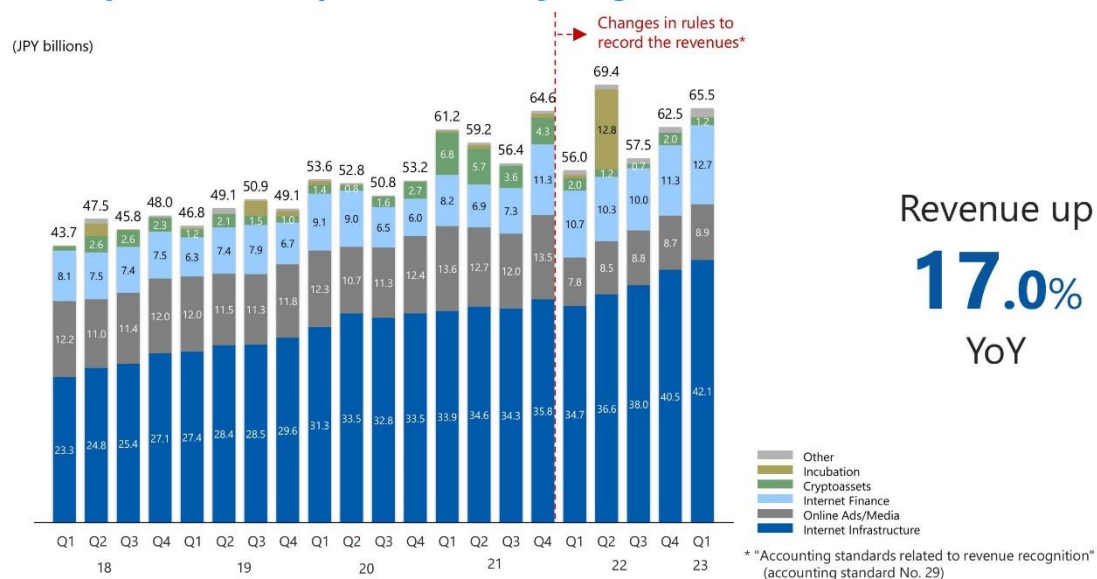
*3 GMO Internet Group owns 23.5% of GMO-FG indirectly through GMO-PG *4 Calculated as the sum of the listed market cap values



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This is the market capitalization of the 10 listed companies in the Group and our equity ownership share. As you can see, the total market capitalization of the Group is approximately JPY1.4 trillion, and our corresponding equity ownership is close to JPY450 billion.

Group Overview | Net Sales by Segment



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Here are the quarterly sales by segment.

Although the revenue recognition rules have changed since the same period last year, the growth trend continues, centered on the infrastructure shown on the bottom with dark blue.

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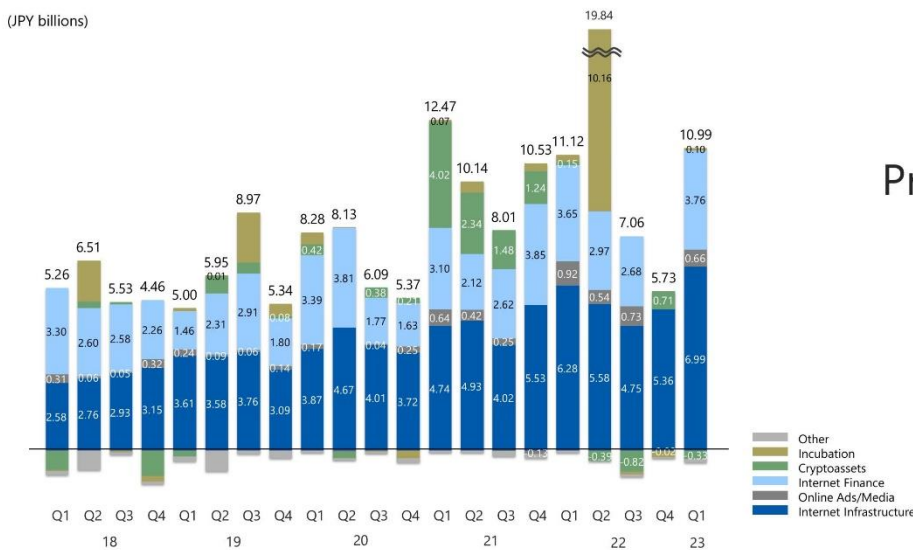
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Group Overview | Profit by Segment

(JPY billions)



Profit down

1.2%

YoY

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21

Here is the quarterly operating profit trend by segment. In the finance business, the additional provisioning in the Thailand securities business resulted in a decrease in profit compared to the previous year.

Despite the short-term volatility, our view of sustainable growth based on solid recurring revenues for infrastructure has not changed at all.

Internet Infrastructure | Collection of No. 1 services

Strong No. 1	Domain Registry	GMO REGISTRY	Domestic market share at 83.0% *1
Strong No. 1	Domain Registrar	お名前.com, MuuMuu Domain, Value-domain	Domestic market share at 81.5% *2
No. 1	Hosting & Cloud	お名前.com, LoliPop!, Conoha, GMO CLOUD, Value-server	Domestic market share at 57.2% *3
No. 1	ASP Cart	COLOR ME, makeshop	56k paid stores
No. 1	SSL Security	GlobalSign	Domestic market share at No. 1 *4
No. 1	eSignature	電子印鑑なら, GMOサイン	1.25M accounts
No. 1	Cybersecurity	GMO CYBER SECURITY, IERAE	Number of white hat hackers No. 1 *5
No. 1	Payment	GMO PAYMENT GATEWAY, GMO EPSILON	160k merchants *6
No. 1	Provider (ISP)	EXKBB	provider in terms of customer satisfaction No. 1 *7

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*1 Based on our own data *2 Based on ICANN data in Dec *3 Based on domaintools.com data *4 Country code based on Netcraft data
 *5 Based on the Fermi estimate *6 Figure excludes the number of stores related to major delivery services
 *7 In 2020, Oricon announced that GMO Tokutoku BB became the top-ranked provider in terms of customer satisfaction

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Now, I will explain the infrastructure business. Here is the business description. Domains, cloud hosting, e-commerce platforms, SSL server certificates, digital seals, cybersecurity, payments, and access are all a collection of number one services that will never disappear and are indispensable to the Internet society.

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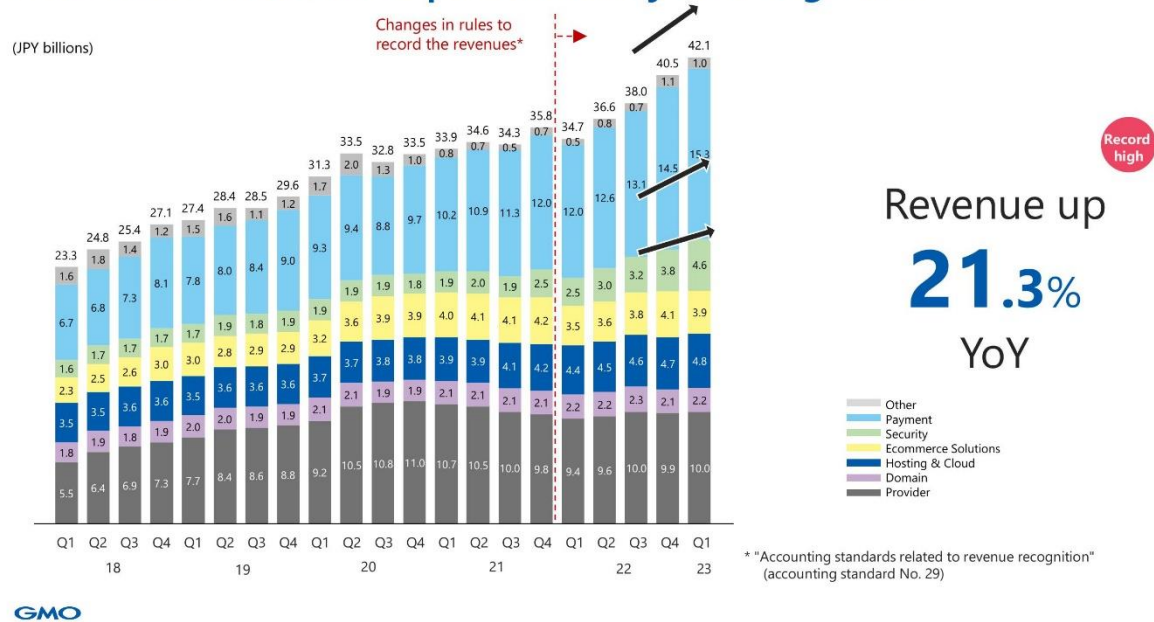
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Internet Infrastructure | Net Sales by Sub-Segment



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This is the trend of quarterly net sales and their breakdown.

As you can see, the quarterly results reached record high, and the overall rate of revenue growth in the segment has accelerated again. Under these trends, the growth rate of this quarter was particularly strong, with more than 21%.

There are two main factors. First one is the payment business highlighted with light blue. This was due to the acquisition of a large deal in the face-to-face payment by GMO financial gate and accelerated sales of stera terminals.

Next one is the security business highlighted with green. GMO Cyber Security by Ierae, which joined the Group since Q2 of the previous year, saw a large increase in sales thanks to a seasonal demand.

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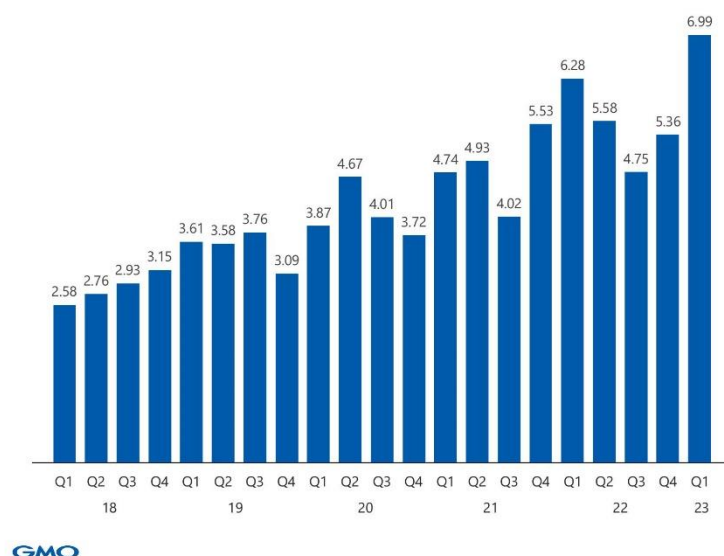
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Internet Infrastructure | Operating Profit

(JPY billions)



Record high

Profit up
11.3%
YoY

25

Here is the trend in the quarterly operating profit. Its performance reached an all-time high, with an accumulation of solid recurring revenues. Ierae also turned profitable in this quarter due to the seasonal demand.

Internet Infrastructure | Cryptosecurity

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Number of e-contract accounts: **No. 1**

Number of contracts: **No. 1**

Dual crown

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Now, I would like to report once again on the progress of our business in cryptographic security, GMO Sign, which we are developing groupwide as a strategic business.

As we have indicated, we are number one not only in the number of contracts but also in the number of transmissions.

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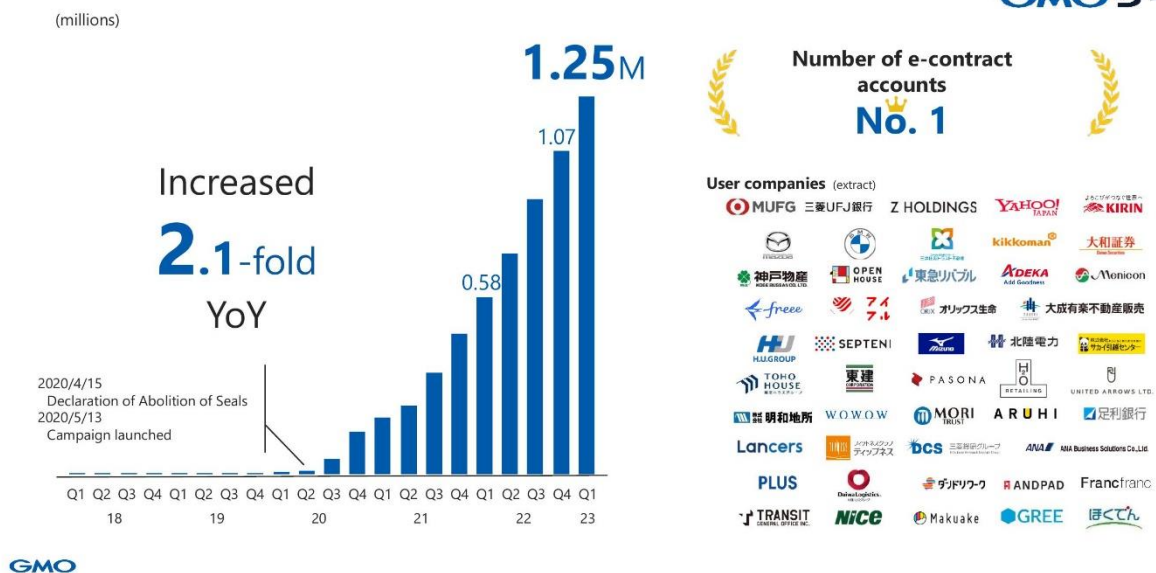
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Internet Infrastructure | Number of e-contract accounts

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First, I will explain the status concerning the number of contracts. Since the groupwide "Sayonara Inkan" campaign efforts initiated in June 2020 during the COVID-19 pandemic, the customer base has continued to expand due to the so-called network effect and the synergistic effects of the Group. By the end of March, the number of user companies expanded to 1.25 million.

As you can see, the adoption by major companies is progressing steadily. This past April, we entered into a business alliance with Mitsubishi UFJ Bank. We are running a campaign for customers who have opened a new web-based corporate account with Mitsubishi UFJ Bank to offer GMO Sign with special benefit.

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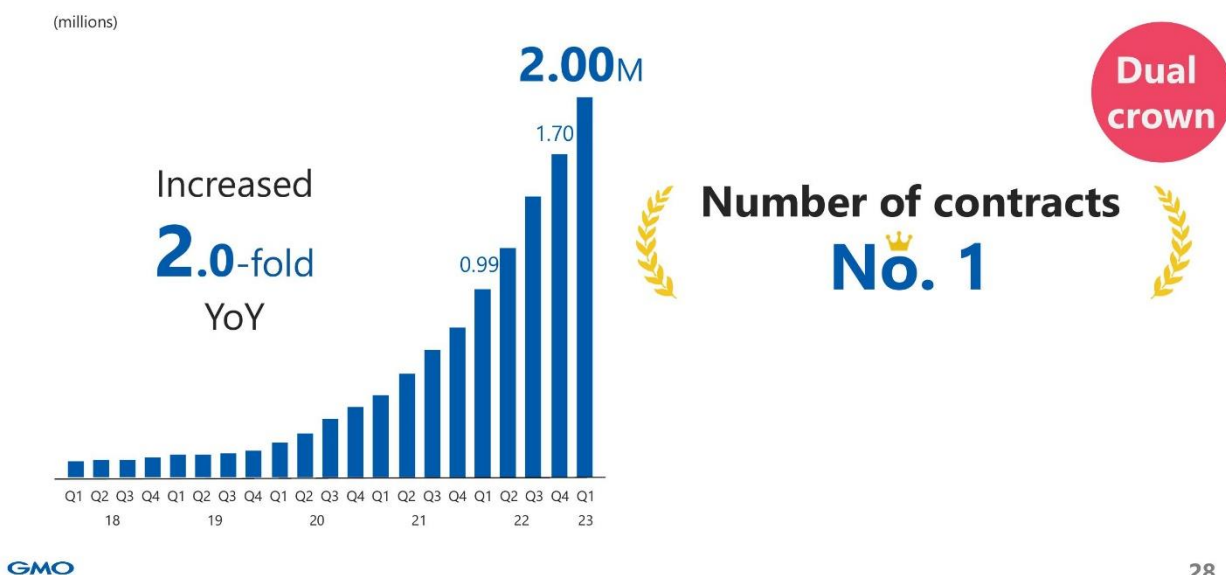
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Internet Infrastructure | Number of contracts

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Next is the number of transmissions. We view the number of transmissions as the most important KPI that indicates the intensity of customer activities. As you can see, it is expanding steadily, and together with the number of contracts, we have achieved a double crown.

Internet Infrastructure | Digital government

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Adoption by **34** local governments was determined ^{※1}

**Become No. 1 in terms of the
number of local governments
introducing GMO Sign.
Aim at triple crown.**



Local governments introducing GMO Sign (extract)

Tokyo*2 Yamaguchi	Kanagawa Oita	Gunma Saga
Shibuya-ku, Tokyo	Fukuoka City, Fukuoka Pref.	Toyota City, Aichi Pref.
Kawasaki City, Kanagawa Pref.	Yokosuka City, Kanagawa Pref.	Chigasaki City, Kanagawa Pref.
Hadano City, Kanagawa Pref.	Sakado City, Saitama Pref.	Tatsuno City, Hyogo Pref.
Higashi Osaka City, Osaka Pref.	Toyonaka City, Osaka Pref.	Sanjo City, Niitaga Pref.
Amami City, Kagoshima Pref.	Inabe City, Mie Pref.	Nagahama City, Shiga Pref.
Sakai City, Fukui Pref.	Shiso City, Hyogo Pref.	

*1: Including local governments at an experimental stage such as trials.

*2: Business Chance Navi managed by Tokyo Metropolitan Small and Medium Enterprise Support Center introduced GMO Sign.

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As for GMO Sign, we are also strengthening our efforts in digital government initiative.

It is already confirmed to be adopted by more than 30 public organizations, and we aim to be the number one in the local government market. We aim to achieve the triple crown, together with the number of contracts and the number of transmissions, leading to further growth.

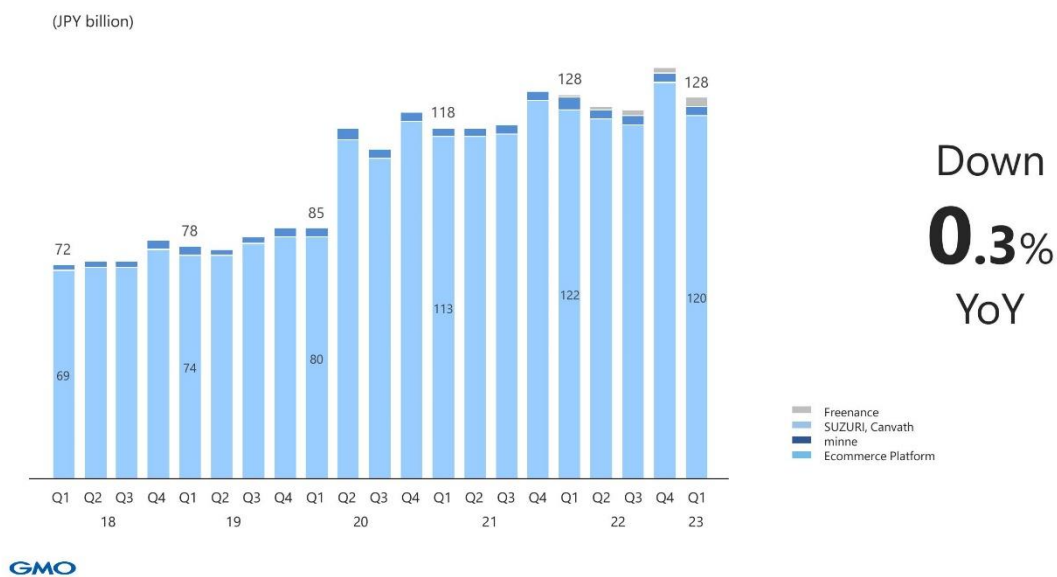
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Internet Infrastructure | Ecommerce Solutions: transaction volume



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Here is the overall transaction volume of the e-commerce support business.

It consists of e-commerce platforms deployed through COLOR ME SHOP and MakeShop, and services, such as minne, SUZURI, and FREENANCE.

In the EC for merchandise sales, the industry as a whole has seen a reactionary decline after stay-at-home consumption demand, and although the Group's high-priced MakeShop business remained strong, overall sales remained weak.

However, in terms of our view of the EC market, the size of the transaction volume itself is larger than the pre-COVID-19 period. We believe that this is an area where growth can be expected in the future, although there will be a temporary reactionary decline due to changes in consumption trends resulting from the subsiding impact of COVID-19.

Approximately 40% of this transaction volume was generated using GMO Payment Gateway's payment service, which we believe indicates the strong synergy between our EC platform and payment business.

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Internet Infrastructure | Price Increase

Implemented cost increase in response to an increase in costs due to rise in electricity charges, weak yen, semiconductor shortages, etc.

- ▶ **No impact on customer retention rate and the number of new applications**
- ▶ Gradual impact on financial results due to proration over the contract term

Net sales	Price revision ratio	Schedule
Domain	Around 10-20% ※	Applies to procedures and billed amount on February 1, 2023, and beyond
Hosting & Cloud	10% ※	
EC Platform (MakeShop, etc.)	10%	Applies to procedures and billed amount on April 1, 2023, and beyond

 * We will review costs based on the market conditions once a month or once every three months and explain to customers using our services about the change, if any.

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Finally, I will discuss price revisions and their impact.

GMO Internet Group's motto is to provide the number one service in all specifications and prices.

However, with the recent surge in electricity prices, the ongoing depreciation of the yen, and the global shortage of semiconductors, it has become difficult to absorb this impact through cost reductions and other internal efforts alone. Therefore, we have decided to revise the prices according to the details as shown here.

The service maintenance adjustment fee will be a kind of surcharge, rather than a permanent price increase and will be reviewed according to market trends.

In terms of customer response, we have not seen any particular impact on retention rates or new applications.

As for the impact on business performance, since both sales and expenses will be divided proportionally over the period, the effect will gradually become apparent and the impact on business performance is expected to be negligible.

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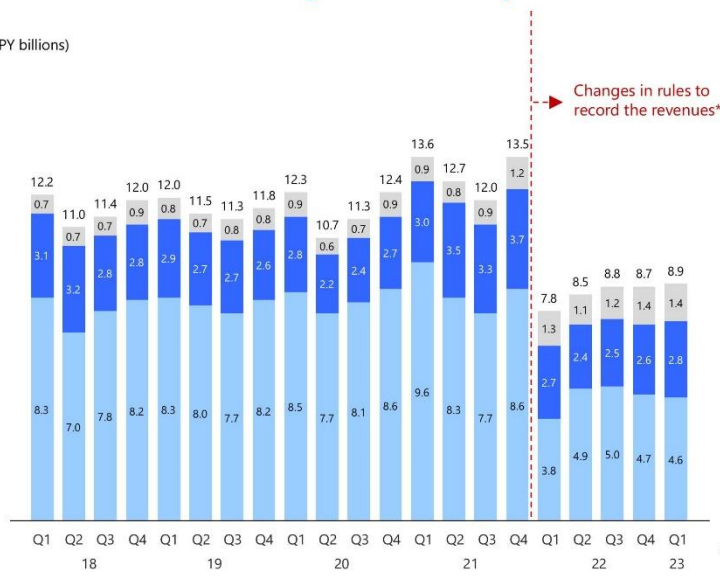
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Online Advertising & Media | Net Sales

(JPY billions)



Revenue up
12.8%
YoY

■ Internet Research/Other
■ Internet Media
■ Online Advertising

* "Accounting standards related to revenue recognition" (accounting standard No. 29)

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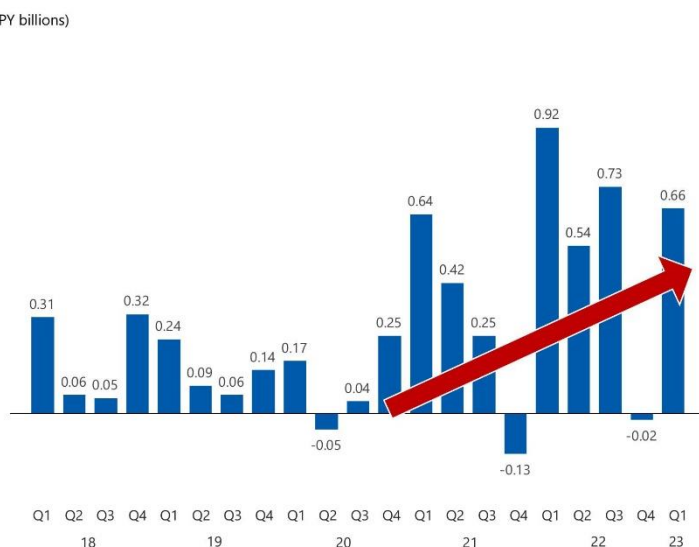
33

I will now explain the advertising and media business.

Here is the trend of quarterly net sales and their breakdown. Online advertising continued to trend favorably as we captured the recovering demand for advertising and expanded the handling of our own products. Media business also continued to see strong growth in the number of PVs of own media.

Online Advertising & Media | Operating Profit

(JPY billions)



Profit down
28.0%
YoY

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Here is the trend in the quarterly operating profit.

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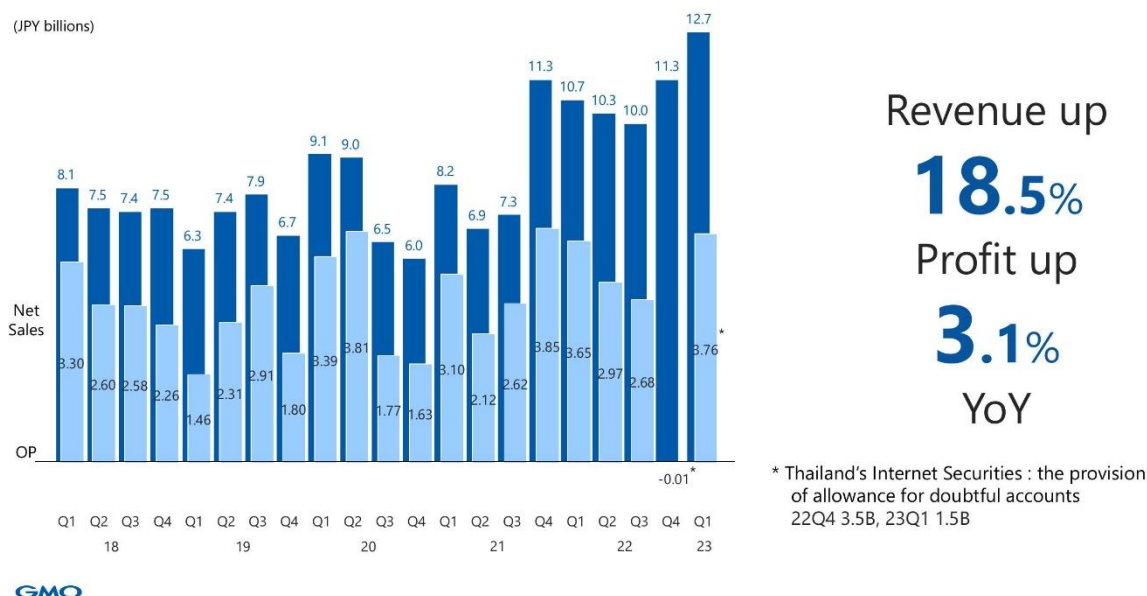
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As you can see, the V-shaped recovery trend continues after bottoming out in 2022. The trend of expanding our high-margin products, such as own media and research platforms, continues.

On the other hand, the increase in outsourcing expenses due to increased transactions and higher sales-related expenses with headcount growth as part of an investment in human resources in the previous year, as well as onetime increase in advertising distribution expenses, resulted in a YoY decrease in profit.

Internet Finance | Historical Performance by Quarter



36

Moving on to finance.

Quarterly performance trends are as shown. In Q1, sales reached a quarterly high as a result of active FX trading and improved profitability due to enhanced internal initiatives.

Profit increased by 3.1% YoY, despite a provision of JPY1.5 billion in the Thailand securities business, as in Q4 of the previous year.

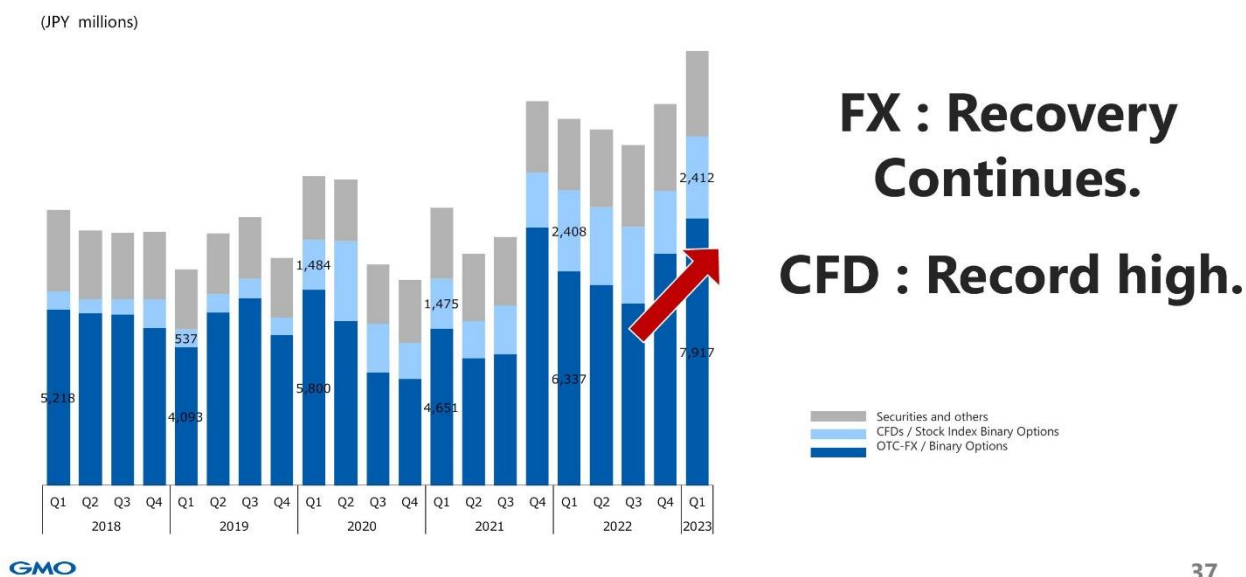
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Internet Finance | Net sales by each product



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Here are the net sales trends by product. Profitability improved in FX, dark blue, surpassing Q4 of 2021, which was brisk during the pandemic.

CFD, light blue, also posted record sales on the back of brisk trading in commodity-related indices.

On April 17, Gaika ex byGMO, Inc. also started offering CFD trading.

We will aggressively cross-sell by offering derivatives trading, which is one of our strengths, at each of our companies.

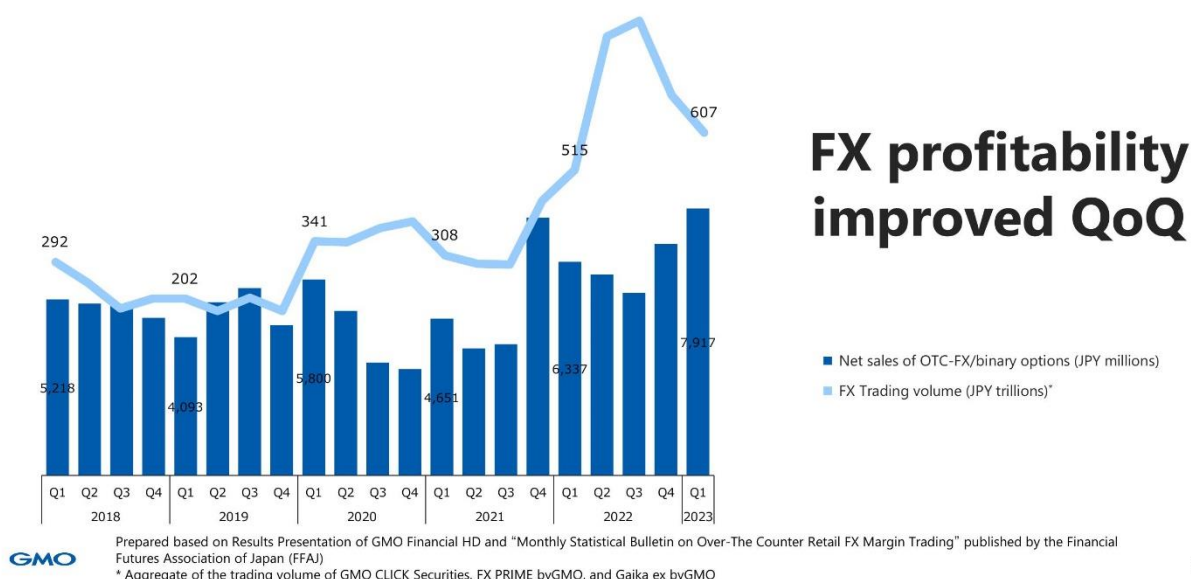
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Internet Finance | FX net sales and trading volume



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Here is a graph showing the relationship between sales and trading volume in the FX business.

While transaction volume increased sharply last year due to the ongoing depreciation of the yen, sales declined. However, since Q4 of last year, profitability has improved despite the decline in transaction volume due to the strengthening of profit improvement measures.

As a result, our current share of transactions is declining, but we are working on each measure based on the concept of building up our market share from the ground-up by refining our products.

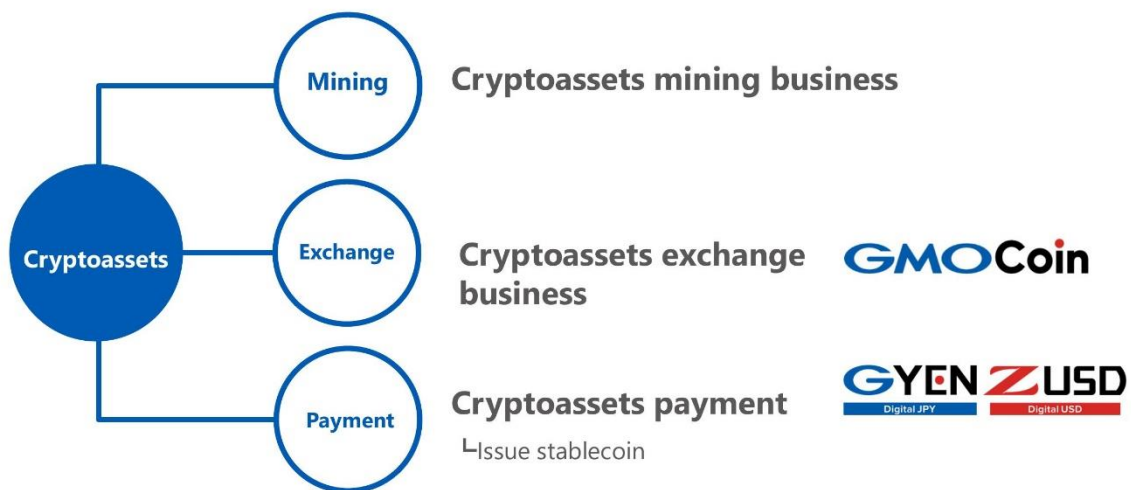
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Cryptoassets business

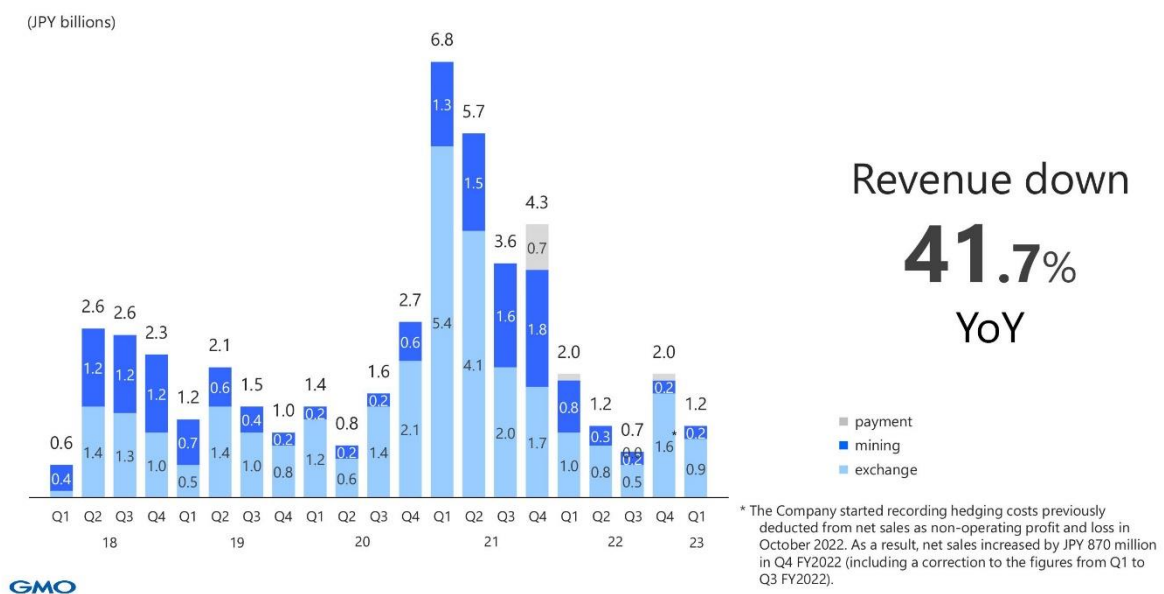


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I will now explain the crypto asset business. It consists of three types of businesses shown here, mining, exchange, and payment.

Cryptoassets business | Net Sales



41

Here is the trend of quarterly net sales and their breakdown. In the exchange business, sales declined in line with a significant YoY drop in trading value amid a weak market environment.

Despite global headwinds, the number of accounts remained steady as we worked to add new issues and acquire new customers.

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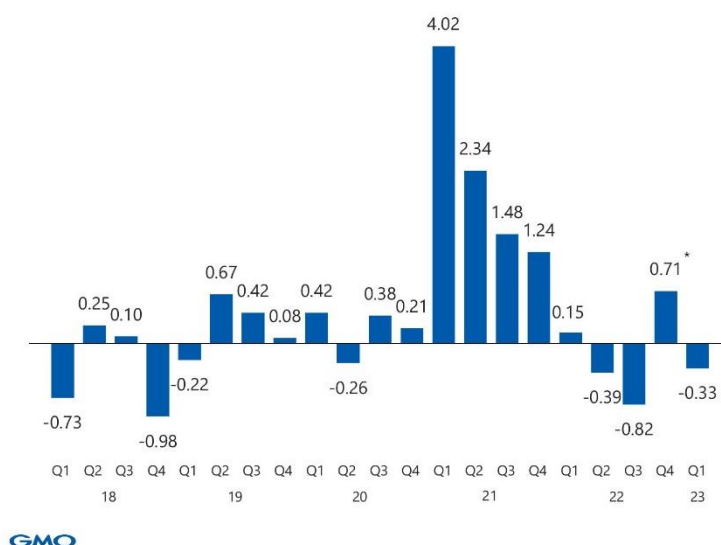
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Cryptoassets business | Operating Profit

(JPY billions)



Operating loss
JPY **0.33B**

* The Company started recording hedging costs previously deducted from net sales as non-operating profit and loss in October 2022. As a result, net sales increased by JPY 870 million in Q4 FY2022 (including a correction to the figures from Q1 to Q3 FY2022).

42

This is the quarterly operating profit trend.

Losses continued to be incurred in this segment as a result of the decline in sales. Crypto asset transaction volume continues to decline, making it difficult to generate profits.

In consideration of this situation, we will continue to manage our marketing investments in a controlled manner. We will continue to take internal measures in a persistent manner, so that we will be able to build a profitable structure when the market becomes active again.

This concludes my part on the status of each business. CFO Yasuda will explain the last part of the agenda, topics.

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Safe and Secure Internet for Everyone

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Yasuda: I will now explain the last part of the agenda, which is topics.

First, I would like to talk about our efforts in the area of security.

"Safe and secure Internet for everyone," we talked about cyberattacks becoming an urgent social issue and management risk at our last financial results briefing. In order to meet the ever-accelerating need for security in the future due to the progress of digital transformation and online connectivity, we have adopted this as our slogan for our security business and will contribute to the realization of a safe national society.

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Security | Three areas

1. **Crypto**security



2. **Cyber**security



3. **Brand** security



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Our security business consists of three pillars. First, cryptographic security, such as SSL using authentication technology, second, cybersecurity by Japan's most powerful white hacker group, and the third one is brand security by domain trademark professionals.



Japan's strongest white hat hacker organization

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Today, I will talk about the update of GMO Cyber Security by Ierae, the most powerful white hacker group in Japan, which joined the Group last January.

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Cybersecurity business | Service usage

GMO CYBER SECURITY
IERAE



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First, here is a list of customers who adopted our cybersecurity service. GMO Cyber Security by Ierae's greatest strength is its technology. As you can see, companies in a wide range of industries and sectors, both domestic and international, use vulnerability assessments conducted by white hackers who have an attacker's point of view.

Cybersecurity business | Achievements

GMO CYBER SECURITY
IERAE

Cyber Security Assessment More than 6,000 cases



※1:Car Hacking Village at DEFCON26 in 2018: World No.1 ※2:Practical CAN Bus hacking CTF in 2017: No.1 in Japan ※3:Based on our survey
※4:Received the Cybersecurity Encouragement Prize of the Minister for Internal Affairs and Communications (March 16, 2023)
※5:Received a letter of appreciation from the Metropolitan Police Department (January 30, 2023)

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Here is the track record. These are the achievements so far.

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In addition to being number one in domestic and international contests, we are also assisting cybersecurity education and training for the government, National Police Agency, and Ministry of Defense, as they implement full-scale cybersecurity measures.

We have received letters of appreciation for our technical support.

Cybersecurity business | New service



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And Ierae has launched a new service. The name of the service is GMO Cyber Attack Net de Diagnosis. It is a SaaS-type product that automatically checks the security holes in the website when you enter the domain name and provides a scoring of the results. Anyone can easily check the safety of a site with a high level of security.

The monthly fee is JPY980, but the service is free until the end of December this year.

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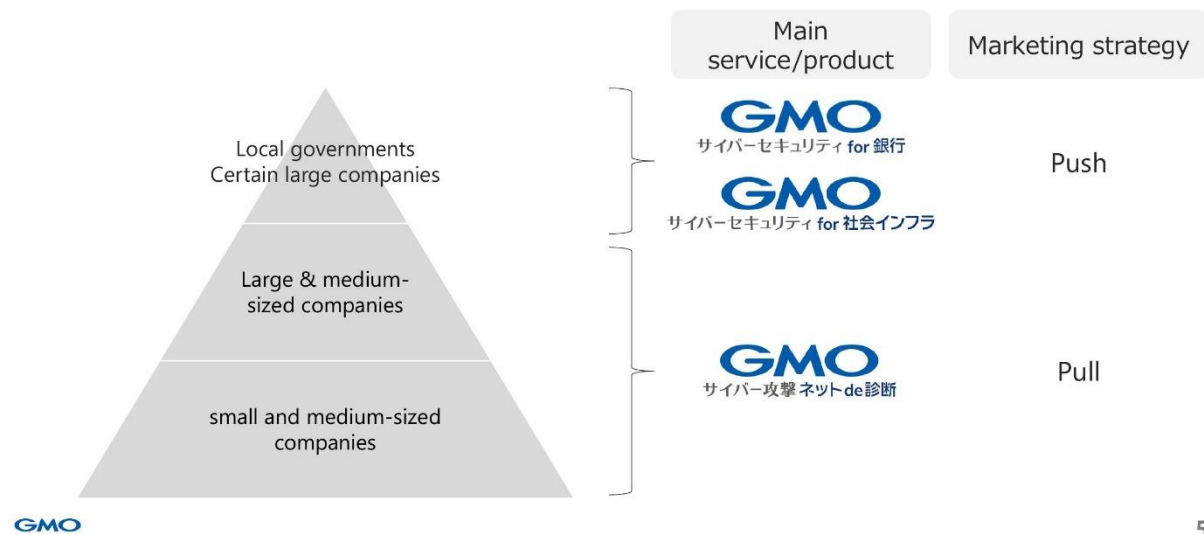
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Cybersecurity business | Synergy

Use the customer base of 13.52 million



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Now, our infrastructure's 13.52 million customer base is of various sizes, and we are thinking about cross-selling/cross-using Ierae's services and products according to each customer segment.

For large enterprise customers, GMO Cyber Security for Banks, which specializes in industry and sectors, this service is intended for banks, or GMO Cyber Security for Social Infrastructure, this service is designed for companies that are responsible for social infrastructure.

We are developing this type of project-based service with a push-type sales approach.

For SMEs to large/midsize companies, we are planning to develop this GMO Cyber Attack Net de Diagnosis, a SaaS-type product that incorporates the knowledge of white hackers, in a so-called pull-type sales approach.

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Cybersecurity business | Mid- to long-term growth

GMO CYBER SECURITY
IERAE

Expand the business scale by using the customer base and introducing SaaS products



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Here is a view of the medium- to long-term growth of the cybersecurity business.

Ierae's existing business and industry sector-specific services are project-based, so the business will scale according to the number of white hatters.

We have had strong inquiries for this service, and we continue to recruit and train white hackers, so we expect steady growth in the future. What is needed to further scale the business is, again, a SaaS-type product.

We will scale up our business through synergy between our number one services by promoting cross-selling and cross-use with our infrastructure customer base, starting with this Net de Diagnosis.


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About AI | CEO Kumagai's tweets (Feb-Mar)



熊谷正寿【GMO】 @m_kumagai · 2月17日

I personally am making great use of it. The whole group will be using it in the future as well.


How will Japanese companies use ChatGPT? DOCOMO "banned", Rakuten "exploring", LINE "in-house development"...14 companies surveyed (BUSINESS INSIDER JAPAN)



熊谷正寿【GMO】 @m_kumagai · 2月26日


The use of new technologies, such as ChatGPT, will determine the future of companies and individuals

Success should not be limited



熊谷正寿【GMO】 @m_kumagai · 3月10日

To actively promote the use of ChatGPT, we will hold the "ChatGPT Business Application Contest" with a total prize money of 10 million yen.



熊谷正寿【GMO】 @m_kumagai · 3月29日

There are many theories about the first year of AI, but the first year of AI in terms of its penetration into people's lives is definitely this year.


Past industrial revolutions lasted 55 years on average.

The Internet Revolution, which began in 1995, is now in its 28th year; if we compare it to a 24-hour period, it is just noon. AI will be the star of the afternoon.

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About AI | CEO Kumagai's tweets (Apr-May)



熊谷正寿【GMO】 @m_kumagai · 4月9日

OpenAI released ChatGPT API on March 1, followed by plug-in support on March 23.

March 2023 will be a historic turning point for the IT industry.




熊谷正寿【GMO】 @m_kumagai · 4月10日

AI is capable and useful to many people.

On the other hand, AI changes its answers depending on the ability of the person who uses it.

I thought AI would reduce inequality and make people smile. However, I realized the opposite.


From now on, the gap between people and companies who can use it well and those who can't will increase.



熊谷正寿【GMO】 @m_kumagai · 4月19日


It is important to proactively incorporate AI into management.

However, if it does not lead to improved productivity and cost reductions, it will be completely meaningless.




熊谷正寿【GMO】 @m_kumagai · 5月1日

I have known the Internet for 30 years. I have been running an internet company for 28 years. I feel that this industry has changed the most in the last 3 months.



熊谷正寿【GMO】 @m_kumagai · 5月1日

Compared to what we have seen over the past 30 years with the proliferation of the Internet, the expansion of web and search services, the emergence of smartphones, and social networking, the current pace of development and proliferation related to AI is incomparably more ferocious.




熊谷正寿【GMO】 @m_kumagai · 5月6日

There is an argument that AI will take jobs.

In past industrial revolutions, there were indeed fewer jobs for horse-drawn carriages. On the other hand, railroad jobs were created.

New technologies will create new jobs while eliminating some



熊谷正寿【GMO】 @m_kumagai · 5月6日

AI will spread faster than anyone can imagine.

As a result, society, work, and life will change rapidly.

This much is certain.

If you don't respond to AI, your company and human resources are sure to be out of fashion.

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Here is the second topic. Finally, I would like to briefly touch upon how we are responding to AI.

Since OpenAI released a prototype version of ChatGPT last November, services using generative AI have spread rapidly. For example, efficiency and accuracy have improved in various areas, including automated customer support, machine translation, speech recognition, synthesis, and text generation.

As you may know, it is evolving at an overwhelmingly rapid pace, with more than 100 million users in just two months.

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Here are some of the tweets by our CEO Kumagai on ChatGPT. These are just some of his remarks, but we have highlighted a few key points.

Since February of this year, there are an increasing number of these types of tweets. Also, although not mentioned here, Kumagai himself experienced AI-related services and shared them within the Group.

In March, he has decided to host ChatGPT business application contest, and the most important thing is about the speed. Please look at the upper right corner. He tweeted as follows, "I have known the Internet for 30 years and have been running an Internet company for 28 years. I feel that this industry has changed the most in the last three months." Please look at the tweet in the middle of the left column, which is particularly important. It says, "I thought AI would reduce inequality and make people smile, but I realized the opposite. From now on, the gap between people and companies who can use it well and those who can't will increase." This is his tweet.

In other words, you can see that his view of AI is changing.

from Anticipation to Alarm

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This means, simply put, that there is a shift from anticipation to alarm.

AI has problems, such as fake news and ethical issues, cybersecurity, et cetera. It is a new field, so of course, there are many challenges. Even so, our thinking is that there is no other option but to embrace AI.

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Our approach to ChatGPT

Proactive use to improve operational efficiency and introduction to services

Division	Description	Timing
 INTERNET GROUP (All entities)	Started using ChatGPT in operations	March 2023
 パート	Started marketing support function in 3 EC-related services	March 2023
 TECH	Launched AI research project "GMO TECH PROTINUS"	March 2023
 ADPARTNERS	Started offering auto message generation feature to LINE official account management tool "TRUE Connect byGMO" and AI chat feature "michill AI Concierge (β version)"	April 2023

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In terms of how we approach AI/ChatGPT as a group, we think that the speed of evolution is 100 times faster with the advent of AI compared to a technology dog year, which is seven times of normal speed.

In other words, a month's delay is equivalent with 100 months' delay. We have made it known throughout the Company that speed is of vital importance.

In March, our group started using ChatGPT for business operations and decided to hold a ChatGPT business application contest. As a result of these promotions, we have already begun to offer AI-based capabilities in the services shown here.

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No. 1 AI Application Group

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GMO Internet Group will actively incorporate AI into its management under the slogan of "Become the No.1 AI-application corporate group."

In the age of AI, we will continue to provide our customers with the number one services by improving productivity and reducing costs. Please stay tuned.

That is all the explanation for today. Thank you very much for your participation.

Internet for Everyone

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Internet for everyone.

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