



GMO Internet Group, Inc.

Q3 Financial Results Briefing for the Fiscal Year Ending December 2023

November 14, 2023

Event Summary

[Company Name]	GMO Internet Group, Inc.	
[Company ID]	9449-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q3 Financial Results Briefing for the Fiscal Year Ending December 2023	
[Fiscal Period]	FY2023 Q3	
[Date]	November 14, 2023	
[Number of Pages]	33	
[Time]	16:00 – 16:30 (Total: 30 minutes, Presentation: 30 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

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com



Presentation

Moderator: Hello, ladies and gentlemen. Thank you very much for taking time out of your busy schedules today to attend the GMO Internet Group Inc.'s Q3 financial results briefing.

I am pleased to announce the speakers for today's briefing. Masashi Yasuda, Executive Vice President and Group CFO, and Noriko Inagaki, Group Executive Officer and General Manager of Group Financial Department, are attending this briefing. Today, we will provide a presentation of the financial results followed by a Q&A session. 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. Thank you very much for your cooperation in advance. Now, Mr. Yasuda, Executive Vice President, will give a presentation.

Yasuda: My name is Yasuda, CFO of GMO Internet Group. Thank you for participating in the financial results briefing for Q3 of the fiscal year ending December 31, 2023. Since our fiscal year ends in December, I would like to report our financial results for the period from July to September. Thank you.

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

GMO

2

Today's agenda is as shown.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Overview | Executive Summary: Q3 FY2023 (Jul-Sep)

(JPY billions)	Q3'22 (Jul-Sep)	Q3'23 (Jul-Sep)	YoY Change	Change
Net Sales	57.5	62.5	+4.9	+8.5%
Operating Profit	7.0	9.4	+2.3	+33.9%
Ordinary Profit	8.9	9.7	+0.7	+8.4%
Net Profit	-1.6	3.2	+4.9	-

GMO

3

The first is the financial summary. As you can see from the figures, the financial results show an increase in both net sales and profit compared to the same period last year. Final profit was up significantly from the previous year, as an extraordinary loss on shares of an affiliated company was recorded.

Overview | Executive Summary: Q3 FY2023 (Jul-Sep)

Overview | Executive Summary | Quarterly Performance Summary (Jan-Sep)

					Evaluation	
					Q3	Q2
Internet Infrastructure	Net sales	JPY 42.4B	(Up 11.6% YoY)	<ul style="list-style-type: none">Collection of No. 1 servicesBalanced growth in all businesses		
	OP	JPY 6.1B	(Up 29.0% YoY)			
Online Ad & Media	Net sales	JPY 8.5B	(Down 3.4% YoY)	<ul style="list-style-type: none">Sales declined due to reactionary fall in certain industries and budget cuts by customersCost containment failed to compensate for the decline in gross profit		
	OP	JPY 0.4B	(Down 34.2% YoY)			
Internet Finance	Net sales	JPY 10.5B	(Up 5.4% YoY)	<ul style="list-style-type: none">FX: Despite the yen's steady fall, profitability measures succeededCFD: Steady growthOverseas: Thai Securities recorded a reversal of allowance for bad debts		
	OP	JPY 3.6B	(Up 34.3% YoY)			
Crypto assets	Net sales	JPY 0.9B	(Up 23.6% YoY)	<ul style="list-style-type: none">Unchanging mid-to long-term expectations but the market environment is weak		
	OP	JPY -0.5B	(JPY -0.8B in Q3'22)			

GMO

4

Next is a summary of each segment. The qualitative evaluation by management is shown on the right side, along with the Q2 evaluation. First, the internet infrastructure is marked as very good. Both net sales and profit increased. Taking advantage of our strength as the dominant number one service provider, each of our businesses is growing in a well-balanced manner.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

3

Online ad & media is marked as not good. Both sales and profit decreased. Although in-house media performed well, sales declined in advertising due to a reactionary fall in some industries and budget cuts by clients. In addition, cost containment failed to compensate for the decline in gross profit. Although profits are expected to decrease in the current fiscal year, a reversal from the V-shaped recovery until last year, the Company will promote measures to achieve renewed growth in the next fiscal year and beyond.

Internet finance is marked as good. Both net sales and profit increased. FX is marked as good. Although it was difficult to generate earnings due to the yen's steady fall, profitability measures since the previous Q4 succeeded. CFD is marked as good. Although trading volume was negative compared to the previous year, when commodity-related activity was brisk, profits remained strong, making it the second mainstay product after FX.

Overseas is average. Thai securities recorded a reversal of allowance for bad debts of approximately JPY500 million. We will continue to collect bad debts and compress the outstanding credit balance. Cryptoassets is marked as average. Net sales increased and the deficit narrowed. The number of accounts for the exchange business operated by GMO Coin has remained steady.

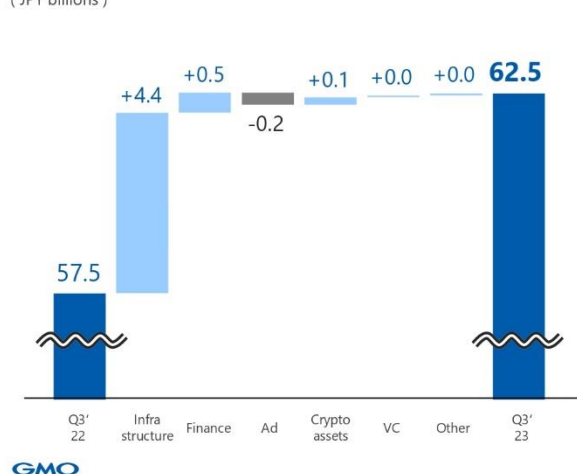
Meanwhile, the market environment showed signs of a turnaround, such as a rise in the bitcoin price, but trading volume remained at a low level in the industry as a whole. Despite these conditions, we have not changed our view that the cryptoassets market has potential for growth. We will build a system without hesitation so that we can make a profit when the time is right.

Overview | Executive Summary: Q3 FY2023 (Jul-Sep)

Net sales

Up **4.9B** YoY

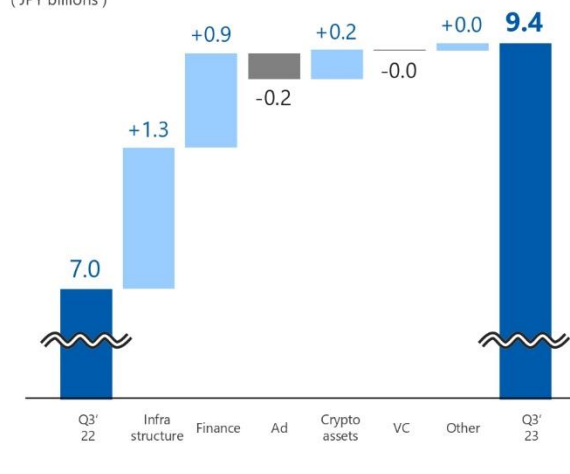
(JPY billions)



Operating Profit

Up **2.3B** YoY

(JPY billions)



Next is an analysis of YoY changes in net sales and profits by segment. Net sales are shown on the left and operating profit on the right. Although online ad & media remained weak, net sales and profits in internet infrastructure and finance contributed to a JPY4.9 billion increase in consolidated net sales and a JPY2.3 billion increase in consolidated operating profit.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Overview | Executive Summary: Q3 FY2023

Incubation business make a significant contribution in FY2022

(JPY billions)	Q3'22 (Jan-Sep)	Q3'23 (Jan-Sep)	YoY Change	Change	
Net Sales	183.1	192.5	+9.4	+5.1%	Record high
Operating Profit	38.0	30.0	-7.9	-20.8%	
Ordinary Profit	42.4	32.2	-10.1	-24.0%	
Net Profit	13.8	9.6	-4.2	-30.5%	

GMO

6

These figures are for the January to September total. As you can see, the figures show an increase in net sales and a decrease in profit compared to the same period last year. The JPY10.3 billion contribution to earnings from the incubation business in the previous year was the main reason.

Overview | Shareholder Returns (Policy)



GMO

7

Next, I would like to discuss shareholder returns. Our basic policy of a total shareholder returns ratio is 50%. Of this amount, more than 33% is allocated to dividends and the remaining 17% to share buyback.

Support

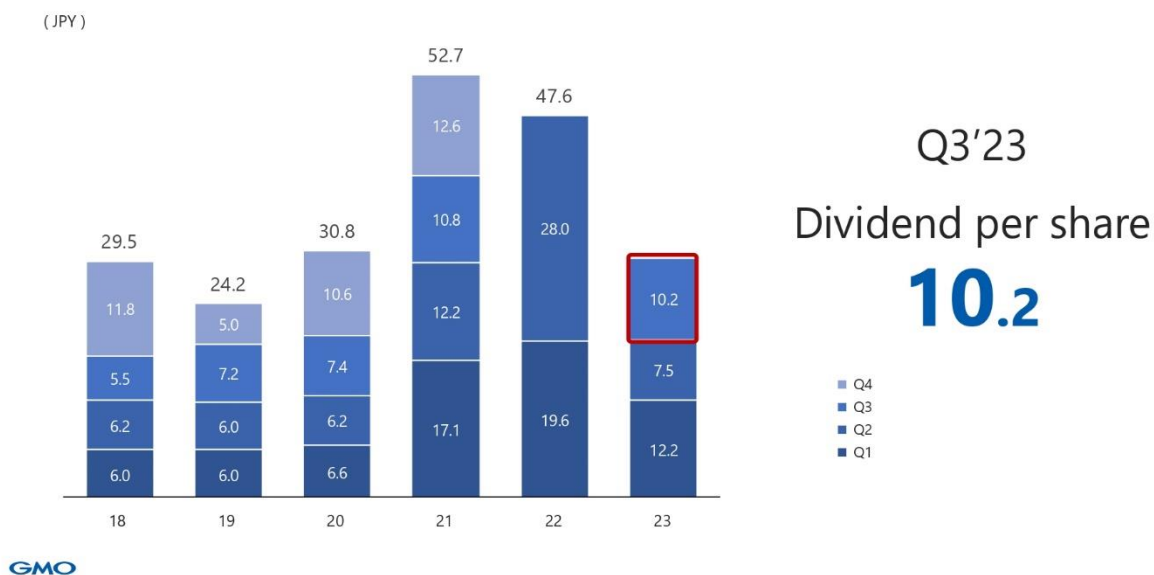
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

5

Overview | Shareholder Returns (Dividend per share)



8

Here is the dividend per share. Earnings and dividend forecasts for the current fiscal year are undisclosed. For this reason, dividends are announced quarterly. The dividend for Q3 is JPY10.2, while no dividend was paid in the same period of the previous year due to the net loss for the quarter.

Overview | Shareholder Returns (Share buyback)

Acquisitions for the current financial year have been completed *

	Actual results
Cost of share acquisition	JPY 1.50B
Number of shares to be acquired	563K shares

*Repurchase of own shares in accordance with Board resolution (23/2/13)

GMO

9

Finally, we report on the share buyback. As you can see, the buyback has been completed.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

6

Strengths

GMO

10

Now, before going into the details of our business performance, I would like to reiterate our group's strengths, as in the previous presentation. We have mainly two strengths.

Strengths (1)

Operations and development of our own technology

GMO

11

This is the first strength. Operations and development of our own technology. In order to keep winning in the fast-changing internet industry, we have a strong commitment to being as a number one service provider. For this reason, we believe that we must be a manufacturing company that creates and operates its own products.

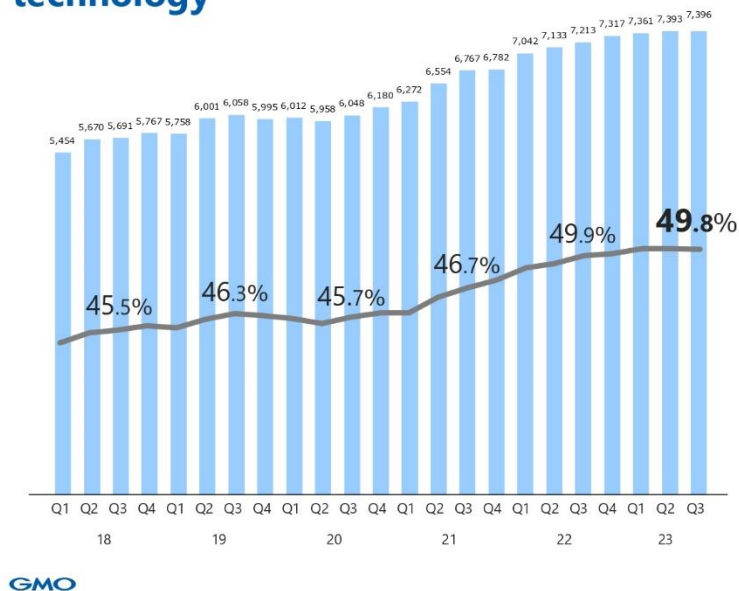
Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

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 301 as of the end of September 2023.

12

The most important people are the engineers, creators, and directors who are involved in manufacturing. We call our employees partners, and the number of partners at the end of September was just under 7,400. Of these, the percentage of those involved in manufacturing accounts for 49.8%.

The target for this manufacturing people ratio was set in 2011. The target value at that time was 50%. We first showed actual results to our investors in February 2014. The value at that time was 37.1%. Since the target of 50% was now in sight, we raised the target to 60% this February. The age of the internet means the age of sensitivity. We will continue to grow as a manufacturing company in order to increase the number of great creators and be known as GMO for UI/UX and creativity.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Strengths (2)

Solid recurring revenues

GMO

13

Our second strength is solid recurring revenues, which is the Group's earnings model.

Strengths (2) | Solid recurring revenue

Indispensable products that will not disappear and recurring revenue business model

GMO

14

We believe that the reason we were able to achieve net sales and profit growth for 14 consecutive fiscal years until last fiscal year is because we have been building up solid recurring revenues since our founding. We believe that this recurring revenue will not disappear as long as the internet continues to exist, and that it is an indispensable business model for recurring revenues.

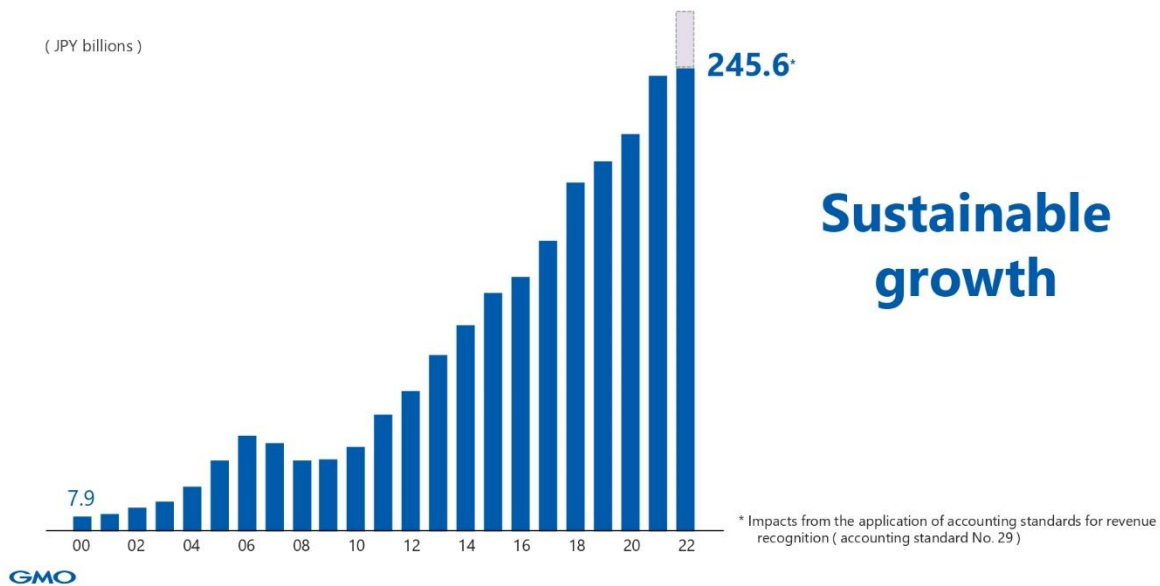
Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

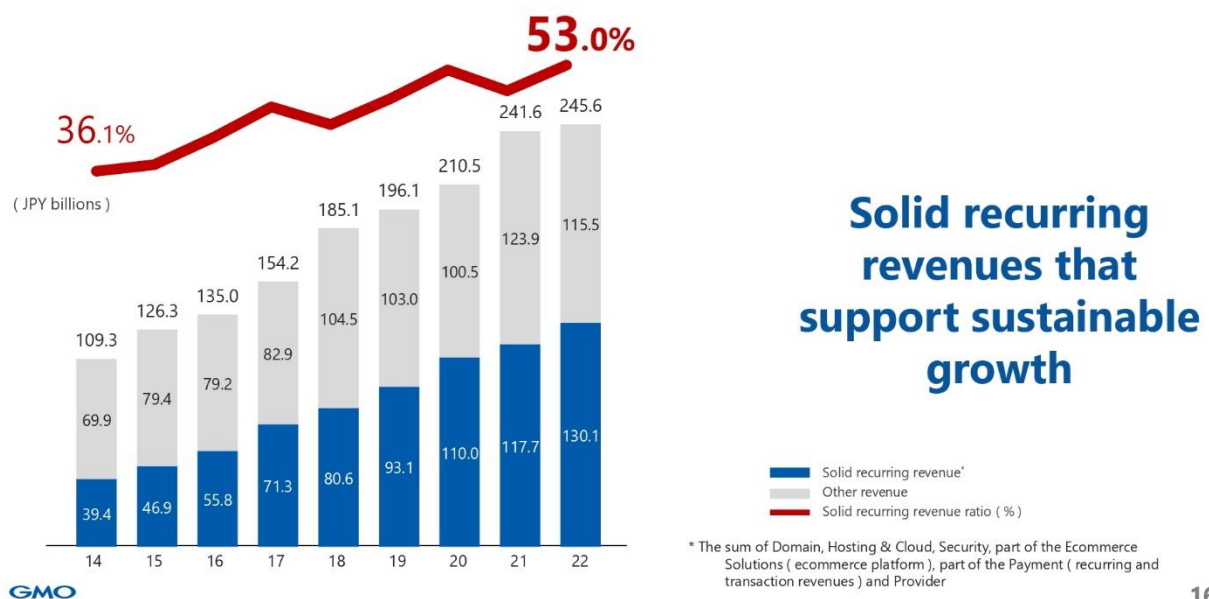
Strengths (2) | Consolidated net sales



15

Here are the consolidated net sales. As you can see, we have achieved sustainable growth since our establishment.

Strengths (2) | Analysis of consolidated net sales



16

Here is a breakdown of net sales into solid recurring revenues and the rest. The red line represents a solid recurring revenue ratio to consolidated net sales.

Solid revenues include both recurring revenues and near recurring transactional revenues in the internet infrastructure business. As you can see, solid recurring revenues are what support our sustained growth.

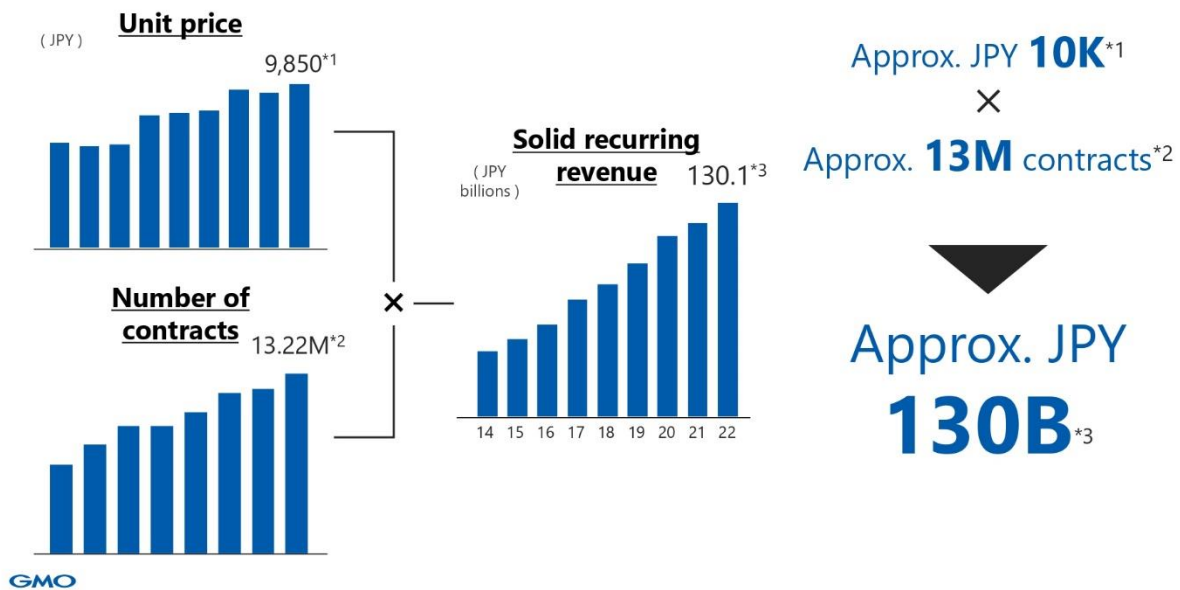
Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

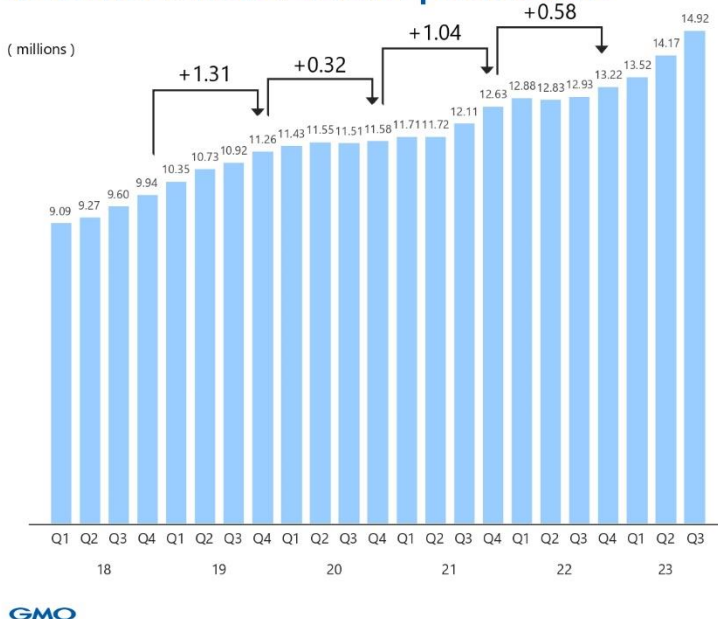
Strengths (2) | Analysis of solid recurring revenues



17

Here is a breakdown of solid recurring revenues into the unit price and the number of contracts. Both the unit price and the number of contracts continue to expand. Last year's solid recurring revenues of JPY130.1 billion was generated from approximately 13 million contracts multiplied by an annual unit price of approximately JPY10,000. The number of contracts currently grows by 10,000 new applications daily. As the volume of information and transactions on the internet continues to grow, we expect it to continue to expand as well.

Internet Infrastructure | Contracts



Solid revenue base
14.92M
 customers
 Increased approx.
0.81M/year

18

Here is the status of the number of internet infrastructure contracts. It can be paraphrased as a solid revenue base that supports solid recurring revenues. At the end of September, the total number stood at 14.92 million customers. The pace of increase is not uniform due to changes in the product mix, but past fiscal year end

Support

Japan 050.5212.7790
 Tollfree 0120.966.744

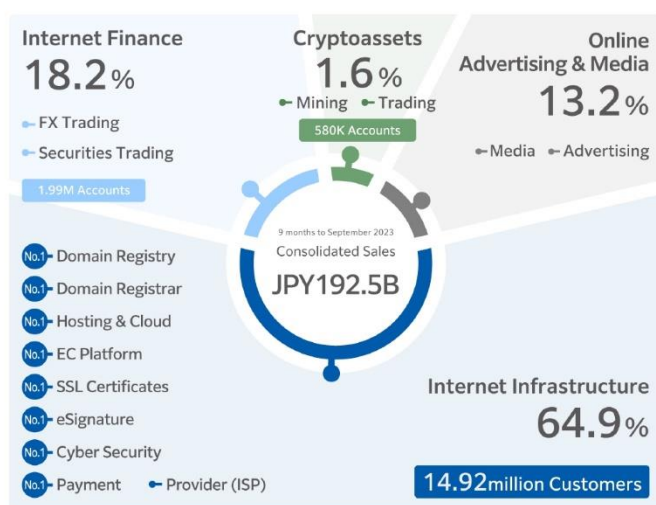
North America 1.800.674.8375
 Email Support support@scriptasia.com

SCRIPTS
 Asia's Meetings, Globally

figures indicate an approximate annual increase of 810,000 customers. Considering that the unit price is on the rise, it is estimated to be a little over JPY10,000, which, when multiplied, translates into annual sales of approximately JPY10 billion. Please look forward to updates.

Now, for the Group overview, Ms. Inagaki, Group Executive Officer and General Manager of Group Financial Department, will give a briefing.

Group Overview | Business Segments (Composition)



Solid revenue base +
financial customer base
17.50M customers

14.92million Customers 1.99M Accounts 580K Accounts

up **2.12M** YoY
(Infrastructure 1.19M + Finance 0.13M)

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



20

Inagaki: I am Inagaki, Group Executive Officer and General Manager of Group Financial Department of GMO Internet Group. Thank you. I will now give an overview of the Group.

The chart shows our business segments. The size of each component indicates its sales size. The total customer base, including the 14.92 million internet infrastructure contracts as the solid revenue base explained by Yasuda earlier, plus the number of FX, securities, and cryptoassets accounts, is 17.5 million.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Group Overview | Listed Group Companies: Equity Share

Stock Code	Company Name	Exchange	Market Cap ^{*1} (JPY billions)	% Ownership ^{*2}	Equity Share (JPY billions)
9449	GMO Internet Group	Prime	254.0		
3769	GMO Payment Gateway	Prime	585.5	40.7%	238.4
4051	GMO Financial Gate	Growth	87.2	23.4% ^{*3}	20.4
7177	GMO Financial Holdings	Standard	86.0	65.8%	56.6
3788	GMO GlobalSign HD	Prime	30.9	51.8%	16.0
3633	GMO Pepabo	Standard	6.7	59.5%	4.0
4784	GMO AD Partners	Standard	6.2	57.0%	3.5
6180	GMO Media	Growth	5.5	65.9%	3.6
3695	GMO Research	Growth	4.7	54.8%	2.5
6026	GMO TECH	Growth	4.3	54.1%	2.3
Group Total			1,071.5^{*4}		347.7

*1 Market value as of November 13, 2023

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

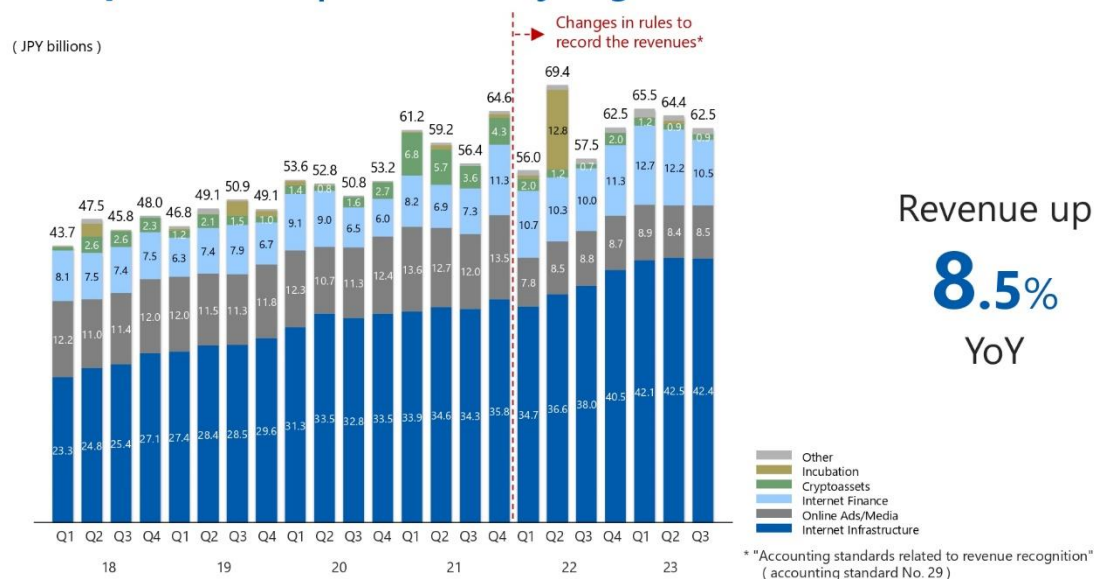
*3 GMO Internet Group owns 23.4% of GMO-FG indirectly through GMO-PG *4 Calculated as the sum of the listed market cap values



21

This is the market capitalization of our 10 listed group companies and their equity share. As you can see, the total market capitalization of the Group is over JPY1 trillion, and our equity share is now over JPY300 billion.

Group Overview | Net Sales by Segment



22

Here are the quarterly net sales by segment. Although there was a rule change for recording sales from the same period last year, the growth trend continues, led by internet infrastructure shown in dark blue at the bottom.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

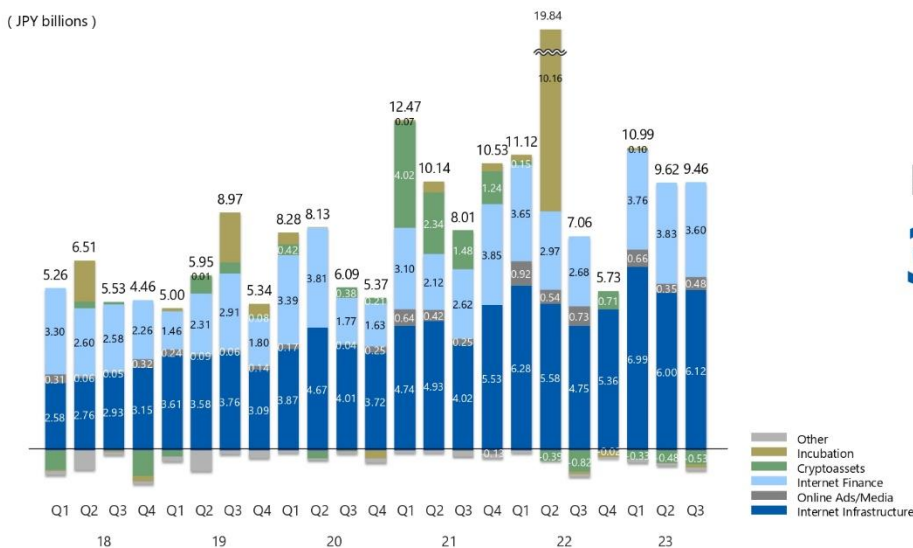
North America 1.800.674.8375
Email Support support@scriptasia.com



13

Group Overview | Profit by Segment

(JPY billions)



Profit up
33.9%
YoY

GMO

23

Next is the quarterly operating profit by segment. The way we see that sustainable growth comes from profitable financial businesses supported by solid recurring revenues in internet 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 81.7% *2
No. 1	Hosting & Cloud	お名前.com, LOLIPOPI, Conoha, GMO CLOUD, value-server	Domestic market share at 58.3% *3
No. 1	Ecommerce Platform	COLOR ME, makeshop	52k 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	1.66M accounts
No. 1	Cybersecurity	GMO CYBER SECURITY, IERA E	Number of white hat hackers No.1 *5
No. 1	Payment	GMO PAYMENT GATEWAY, GMO EPSILON	146k merchants *6
No. 1	Provider (ISP)	とくとくBB	No.1 *7 provider in terms of customer satisfaction

GMO

*1 Based on our own data *2 Based on ICANN data in Sep *3 Based on domaintools.com data *4 Country code based on Netcraft data
*5 Based on the Fermi estimate *6 From 23Q3, certain franchisees with a large number of shopkeepers are counted as one shop, regardless of the number of shopkeepers
*7 In 2020, Oricon announced that GMO Tokutoku BB became the top-ranked provider in terms of customer satisfaction

25

Next is Internet Infrastructure. Here is the business description of the internet infrastructure business. Domain registry, hosting & cloud, e-commerce platform, SSL security, eSignature, cybersecurity, payment, and provider are all a collection of number one services that will never disappear and are indispensable to the internet society.

Support

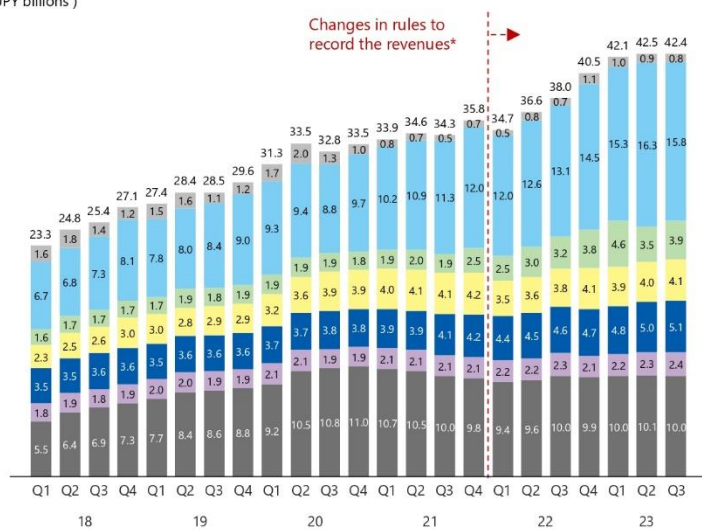
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Internet Infrastructure | Net Sales by Sub-Segment

(JPY billions)



Revenue up

11.6%

YoY



GMO

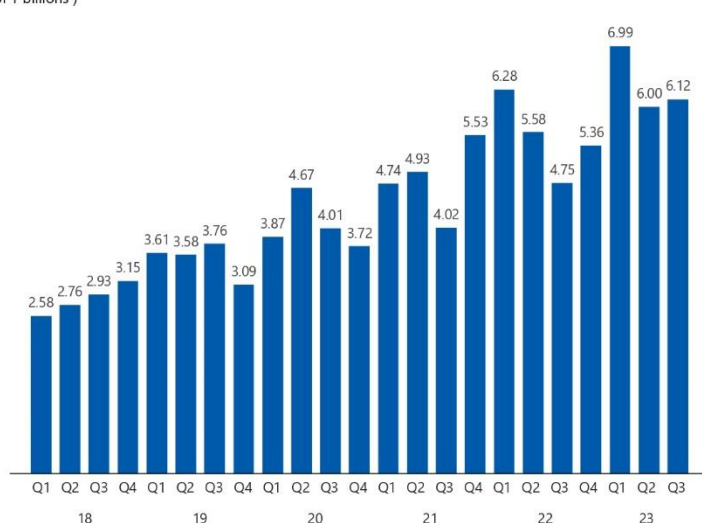
26

Here are the quarterly sales figures and their breakdown. Taking advantage of our strength as the dominant number one service provider, each of our businesses is growing in a well-balanced manner. This quarter also showed a strong 11% increase. The results were slightly negative from last quarter.

This is due to the contribution of large-volume transactions in the face-to-face payment sector shown in light blue operated by GMO Financial Gate. It does not represent a change in trend.

Internet Infrastructure | Operating Profit

(JPY billions)



Profit up

29.0%

YoY

GMO

27

Now to the quarterly operating profit figures. Each of our businesses has grown in a well-balanced manner, resulting in the figures you see here.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

Internet Infrastructure | Cryptosecurity



電子印鑑なら
GMOサイン

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

Number of contracts: **No.1**

GMO

28

I will now report on the progress of the cryptosecurity GMO Sign business, which is being operated group-wide as a strategic business. As we have indicated, we are number one not only in the number of e-contracts, but also in the number of contracts.

Internet Infrastructure | Number of e-contract accounts



First is the status of the number of e-contracts. Since the group-wide seal abolition campaign launched in May 2020 during COVID-19, the customer base has continued to expand through the so-called network effect and group synergies. Two mega banks have adopted our system and, as you can see, other major companies are also introducing our system. We believe that we are still in the market expansion phase.

Support

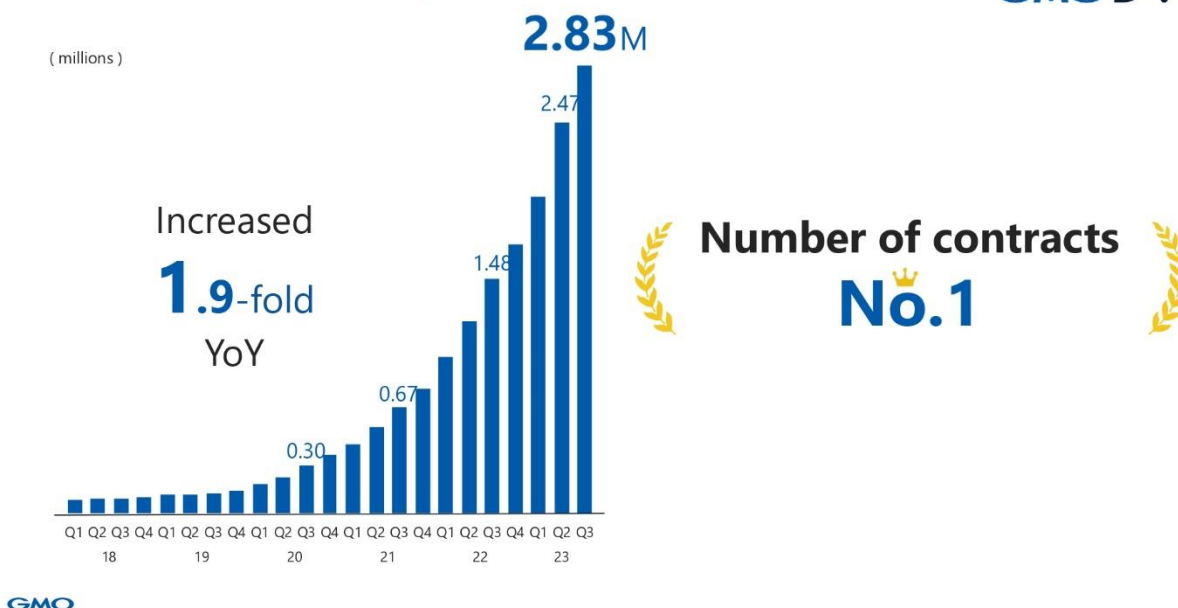
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

Internet Infrastructure | Number of contracts

電子印鑑なら
GMOサイン



30

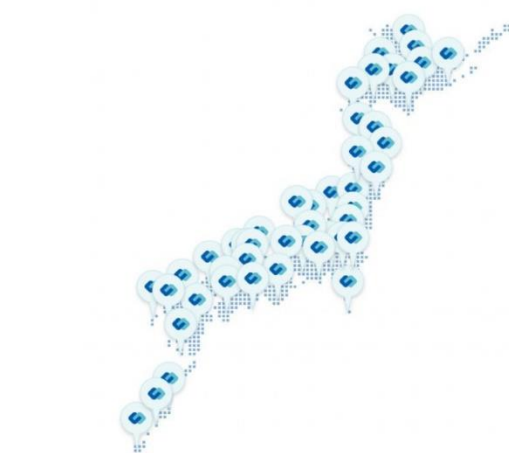
Next is the number of contracts. We view the number of contracts as the most important KPI that indicates high customer activity. Adoption by high-activity customers, such as real estate businesses, has steadily expanded, leading to sales growth.

Internet Infrastructure | Digital government

電子印鑑なら
GMOサイン

Adoption by **65** local governments was determined *

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



* Public bodies with paid contracts

GMO



Local governments introducing GMO Sign
(extract)

Tokyo	Kanagawa	Shizuoka	Gunma	Yamaguchi	Oita
Shibuya-ku, Tokyo		Adachi-ku, Tokyo		Fukuoka, Fukuoka Pref	
Toyota, Aichi Pref		Kawasaki, Kanagawa Pref		Yokosuka, Kanagawa Pref	
Chigasaki, Kanagawa Pref		Higashi-Osaka City, Osaka Pref		Toyonaka, Osaka Pref	
Hirakata, Osaka Pref		Shijonawate, Osaka Pref		Neyagawa, Osaka Pref	
Kadoma, Osaka Pref		Izumisano, Osaka Pref		Yao, Osaka Pref	
Sakai, Osaka Pref		Suita, Osaka Pref		Tondabayashi, Osaka Pref	
Minoh, Osaka Pref		Kishiwada, Osaka Pref		Ibaraki, Osaka Pref	
Izumi, Osaka Pref		Tatsuno, Hyogo Pref		Amami, Kagoshima Pref	
Inabe, Mie Pref		Sanjo, Niigata Pref		Sakai, Fukui Pref	
Shio, Hyogo Pref		Nagahama, Shiga Pref		Koriyama, Fukushima Pref	

31

Then there is the digital government initiative. We are promoting the introduction of GMO Sign electronic delivery by leveraging our status as a certificate authority. We are aiming to become number one in the local government market and have already been selected for installation in 65 public organizations. We aim to achieve the triple crown together with the number of e-contracts and the number of contracts, and we will aim for further growth.

Support

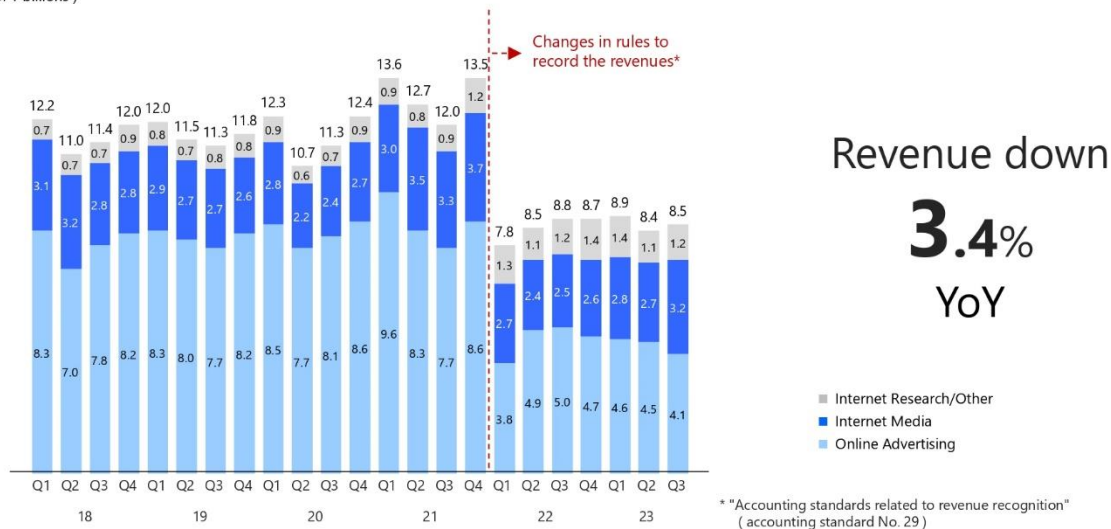
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Online Advertising & Media | Net Sales

(JPY billions)



GMO

33

Next is online ad & media. These are quarterly net sales and their breakdown. Internet media shown in dark blue performed well, especially in affiliate advertising, reflecting an increase in the number of PVs of its own media. While online advertising shown in light blue is seeing changes in advertising demand, some advertisers have seen an increase in demand as a result of the easing of activity restrictions by COVID-19, while others have seen their budgets tighten despite booming industries from stay-at-home demands changes very significantly, depending on the essence of advertisers' businesses. These changes in the business environment are showing a larger impact on the shrinking advertising budgets. In addition, a decline in unit prices of ad network advertising led to sluggish growth.

Support

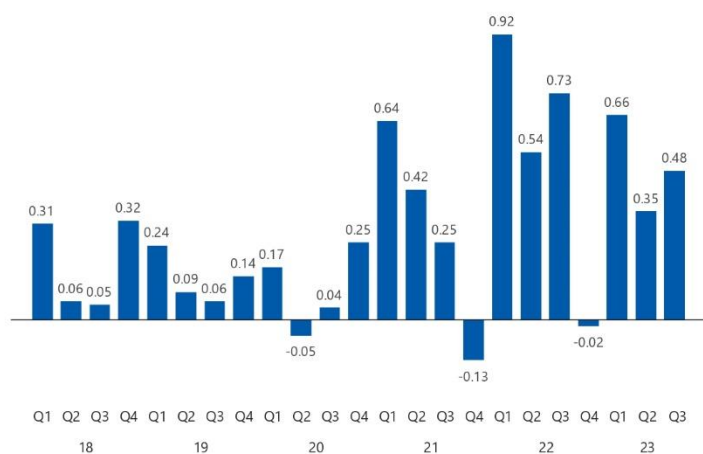
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Online Advertising & Media | Operating Profit

(JPY billions)



Profit down

34.2%

YoY

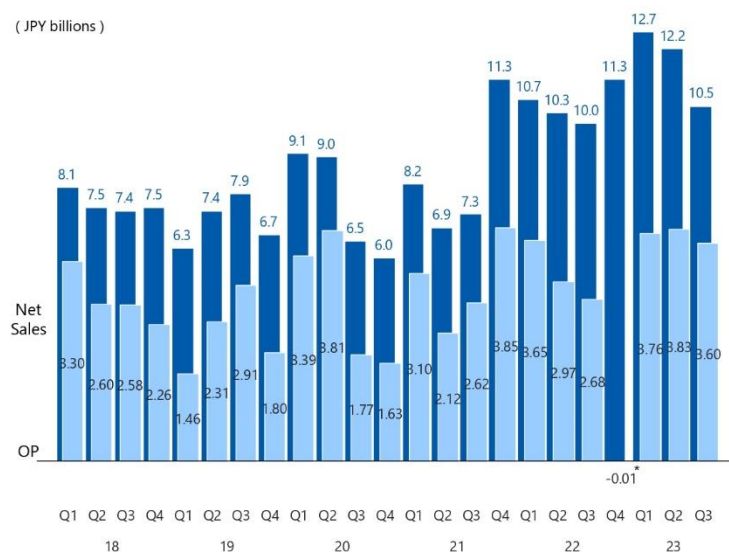
GMO

34

Here are the quarterly operating profit figures. As with net sales, in-house media performed well, but we were unable to compensate for the decline in gross profit in advertising through cost reduction. Although profits are expected to decline this fiscal year, a reversal from the V-shaped recovery until last year, GMO AD Partners is moving forward with measures aimed at renewed growth in the next fiscal year and beyond, including plans for organizational changes.

Internet Finance | Historical Performance by Quarter

(JPY billions)



Revenue up

5.4%

Profit up

34.3%

YoY

GMO

36

* Thailand's Internet Securities : the provision of allowance for doubtful accounts 3.5B (22Q4)

Next is internet finance. The quarterly results are as shown. Both net sales and profit increased on a YoY basis, as strengthened profitability measures since the end of last year continued to be successful.

Support

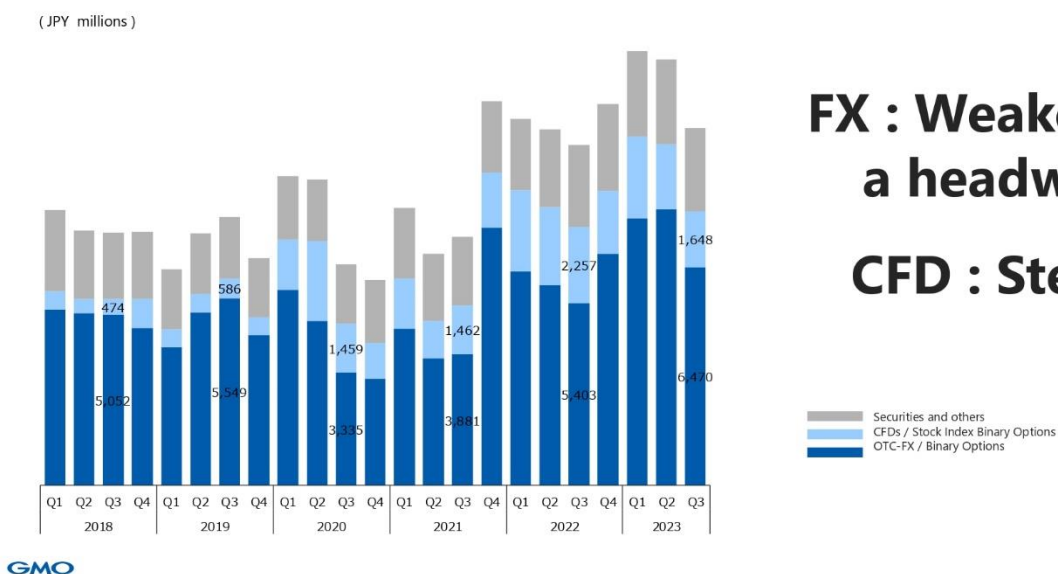
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

On the other hand, the yen's further depreciation and lower volatility in foreign exchange rates resulted in sluggish sales and profit growth compared to the previous quarter. With regard to profit, there was a reversal of approximately JPY500 million in the current quarter from the provision of allowance for doubtful accounts in Thailand's internet securities since Q4 of the previous year.

Internet Finance | Net sales by each product



37

Here are net sales by each product. Net sales of FX shown in dark blue decreased due to lower volatility in foreign exchange as a result of the yen's recent depreciation. In addition, CFDs shown in dark blue remained solid as the mainstay products, although trading volume in commodity-related indices was sluggish. We will continue to offer our expertise in derivatives trading, which is one of our strengths, to other companies and actively cross-sell products.

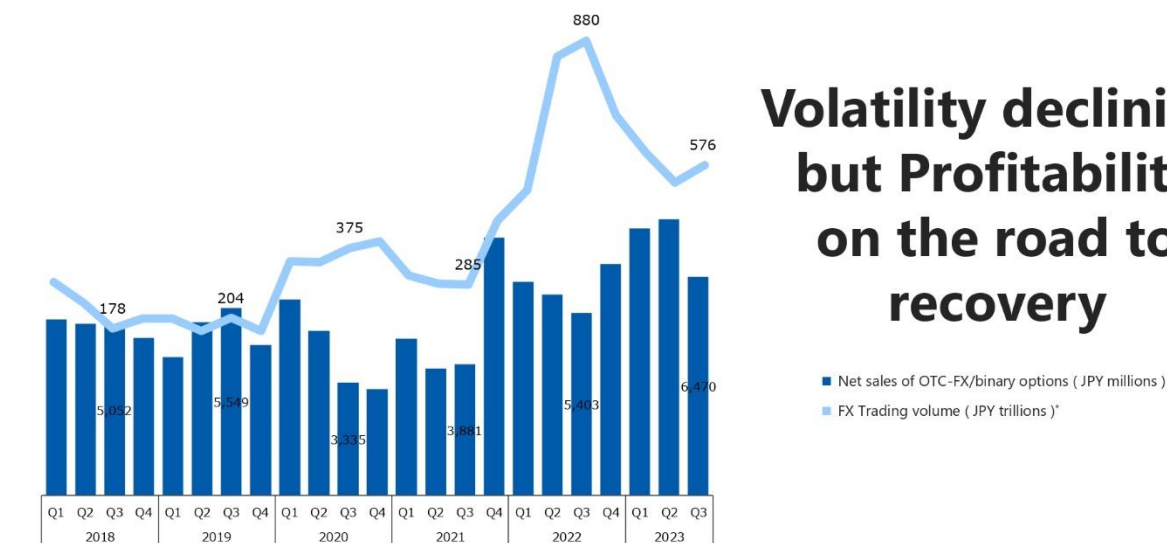
Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

Internet Finance | FX net sales and trading volume



**Volatility declining
but Profitability
on the road to
recovery**

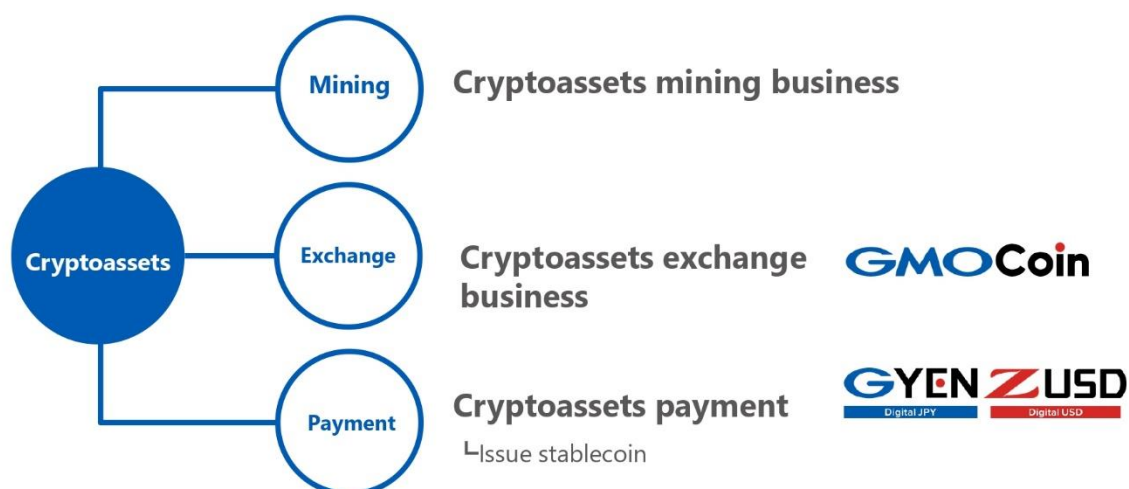
Prepared based on Results Presentation of GMO Financial HD and "Monthly Statistical Bulletin on Over-The Counter Retail FX Margin Trading" published by the Financial Futures Association of Japan (FFAJ)

* Aggregate of the trading volume of GMO CLICK Securities, FX PRIME by GMO (FX Prime by GMO merged with GMO Coin in September 2023), and GMO Gaika

38

This figure shows FX net sales and trading volume. The yen's steady fall during the quarter increased trading volume, but profitability declined due to lower volatility, resulting in a decrease in sales compared to the previous quarter. However, profitability is recovering on a YtoY basis due to strengthened profitability measures implemented since the end of last year.

Cryptoassets



GMO

40

Next is cryptoassets. Cryptoassets consist of these three businesses. Cryptoassets mining, cryptoassets exchange, and cryptoassets payment.

Support

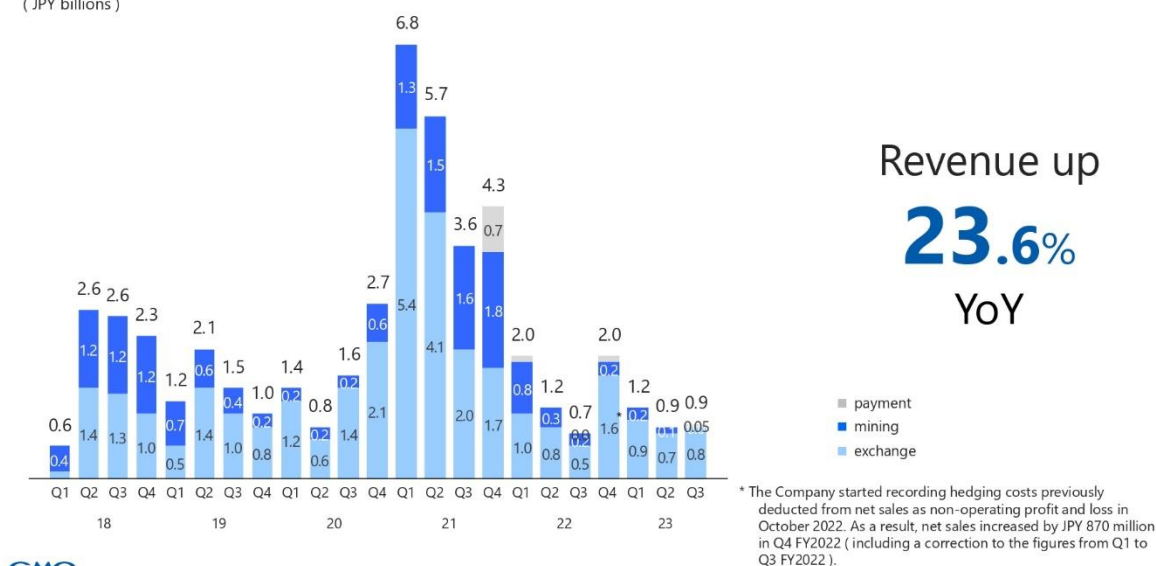
Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Cryptoassets | Net Sales

(JPY billions)



41

These are quarterly net sales and their breakdown. The exchange business was weak, and net sales were in line with the market. Meanwhile, the number of GMO Coin accounts is growing steadily, even as headwinds to the global cryptoassets market continue.

Here are the quarterly operating profit figures. Although the deficit narrowed from the previous year, losses continued to be recorded. Transaction volume itself continues to decline, making it difficult to generate profits. Under these circumstances, we are also controlling costs and working to minimize losses as much as possible.

Although the market environment is showing signs of reversal, such as a rise in the bitcoin price, we are continuing with internal measures without hesitation and building a system that can generate profits when the market becomes active again. That is all for the status of each business. Lastly, CFO Yasuda will discuss topics.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

SCRIPTS
Asia's Meetings, Globally

Safe and Secure Internet for Everyone

GMO

44

Yasuda: Lastly, let's look at topics. Today, I will talk about three things. First, I will talk about our efforts in the security sector. Safe and Secure Internet for Everyone. This is the slogan for the security business. We have been talking about cyber-attacks as a serious social issue and management risk, and the media has been reporting increasingly on the moves by domestic and foreign government agencies to strengthen countermeasures against cyber-attacks.

Our group has adopted this slogan in order to respond to the ever-accelerating need for security.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Security | Three areas

1. **Encryption** security



2. **Cyber** security



3. **Brand** security



GMO

45

Once again, I will introduce the three areas of our security business. First, encryption security, such as SSL using authentication technology. Cybersecurity by Japan's most powerful white-hat hacker organization. And brand security by domain and trademark professionals.



Japan's strongest white hat hacker organization

GMO

46

This is an update on GMO Cyber Security by IERAE, Japan's most powerful white-hat hacker organization, which joined our group last January.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com



Cybersecurity business | Service usage

GMO CYBER SECURITY
IERAE



47

First, here is service usage of our cybersecurity. This is GMO Cyber Security by IERAE, which has greatest strength and technical expertise. As you can see, companies in a wide range of industries and sectors, both domestic and international, use vulnerability assessments conducted by white-hat hackers who have an attacker's point of view. In addition, through group synergies, we are steadily expanding our business with banks.

Cybersecurity business | Achievements

GMO CYBER SECURITY
IERAE

Cyber Security Assessment More than 6,000 cases



※1: 2023 DEF CON 31 'Cloud Village CTF: 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)

GMO

48

The results are as shown. A new vulnerability research and study team has been established to participate in domestic and international security contests. In recent years, we have won the world's largest security contest and become number one in the world.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

SCRIPTS
Asia's Meetings, Globally

As the government, the National Police Agency, and the Ministry of Defense take full-scale countermeasures, IERAE is also assisting in the education and training of cyber units. We have also received a letter of appreciation for this technical support. We will continue to contribute to the realization of a safe and secure internet society in Japan and around the world.

Cybersecurity business | SaaS Products

GMO CYBER SECURITY
IERAE



Started of API collaboration with **14 million infrastructure** customers.

GMO

49

We provide services of these top engineers to more customers through the SaaS-based online cyber-attack diagnosis program. This online diagnosis program automatically checks for security holes on the website by entering the domain name and provides scoring results. Anyone can easily use the diagnosis program to check if the website is safe at a high security level.

This May, the Ministry of Economy, Trade and Industry released guidance for the introduction of ASM. ASM stands for attack surface management, and it is a technique that is gaining attention to protect one's IT assets from cyber-attacks. The online diagnosis tool will be categorized under this ASM.

At present, we have launched API collaboration with 14 million internet infrastructure customers. We will work to make the online diagnosis program the next indispensable service. Please look forward to this.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Efforts Towards Becoming No.1 Corporate Group in Utilizing AI

GMO

50

Next, our initiatives to become the number one corporate group in utilizing AI.

No.1 Corporate Group in Utilizing AI | 3 Themes

1. Time and cost savings
2. Improvement in the quality of existing services
3. Offering new services to the AI industry

GMO

51

GMO Internet Group is working with generative AI based on these three themes. The first is time and cost savings. Second, improvement in the quality of existing services. The third is offering new services to the AI industry. This means as a corporate group that provides internet infrastructure, we will offer new services to the AI industry for its development.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

No.1 Corporate Group in Utilizing AI | Improvement in the quality of existing services

Internet Infrastructure

GMO

Online Ad & Media

52

This one is about improving the quality of existing services. AI is being incorporated into internet infrastructure and online ad & media to enhance their functionality.

No.1 Corporate Group in Utilizing AI | Offering new services to the AI industry

Generative AI prompt portal 7 Nov Release

GMO

GPU server 15 Nov Release

53

Next, new services to the AI industry. GMO Internet Group is releasing a series of services that will serve as infrastructure to support the AI industry. To use an analogy, they are the jeans, shovels, and pickaxes of the gold rush age I would like to introduce two services here.

The first is called Oshiete. AI, or Teach me. AI, a generative AI prompt portal. This prompt portal can be described as an interacting technology with AI. The ability to use prompts is key in the AI age. Oshiete. AI

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com



offers free, easy access to high-quality prompts. We will provide new value to the AI industry by creating a place where people interested in AI can share their knowledge.

Then there is the GPU server, ConoHa VPS. As the movement accelerates toward generative AI, many businesses are working to develop a large language model that will serve as its foundation. Development requires a lot of computing resources, and there is a great attention to GPUs with high computing power.

ConoHa VPS is a cloud service equipped with NVIDIA's latest GPUs, based on the large-scale infrastructure technology and operational know-how accumulated over many years as a hosting provider in Japan, added by its procurement and sales capabilities. Through this service, we will contribute to the further development of the domestic AI market.

No.1 Corporate Group in Utilizing AI | Professor Yutaka Matsuo, University of Tokyo, appointed adviser

Invited an authority in the field of AI



Yutaka Matsuo

Professor, Graduate School of Engineering, the University of Tokyo
President, Japan Deep Learning Association (JDLA) (since 2017)
Member, Council of New Form of Capitalism Realization, Prime Minister's Office (since 2021)
Chairperson, AI Strategy Council, Cabinet Office (since 2023)

GMO

54

Now, let's look at the move to strengthen group-wide AI efforts. We are pleased to announce that Professor Yutaka Matsuo of the University of Tokyo has agreed to serve as our advisor. Professor Matsuo, who is an authority in the field of AI in Japan and has a deep knowledge of its application to business, will be appointed as an advisor to further strengthen the Group's AI-related initiatives.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

 **SCRIPTS**
Asia's Meetings, Globally

Efforts related to Sustainability

GMO

55

Finally, our commitment to sustainability. With "Internet for Everyone" as its corporate catchphrase, GMO Internet Group has consistently provided the indispensable service of internet service infrastructure that will never disappear since its establishment.

Sustainability | Materiality

Solving social issues through business

Challenge	Dedication to the No.1 Service. We are dedicated to providing the dominant No.1 service in the Internet industry by operating and developing our own technology.	 
Safety	Responsibility to protect our customers' smiles. We ensure a safe and secure Internet infrastructure to protect our customers' smiles.	 
Environment	Solving social issues through business activities. We strive to address pressing challenges that benefit the environment, society, and individuals.	

Strengthening the foundation of management

Human Talent	Cultivating a group that evolves together. An environment where every partner excels is key to creating the No.1 service.	 
Trust	Maximizing stakeholders' smiles. We aim to increase our fanbase through dialogue with everyone involved.	 
Governance	Foundation for Hundreds of Years. We are building a robust structure that will ensure our business group thrives for hundreds of years, prioritizing sustainable growth.	

GMO

56

We have identified six materialities through key ESG issues for GMO Internet Group and examined them from the perspectives of both stakeholders and the Company. While ESG-related disclosures tend to be described with cliché expressions, we have avoided such borrowed words but identified the materialities based on GMO-ism, which is the most important principle for GMO Internet Group.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptasia.com

 **SCRIPTS**
Asia's Meetings, Globally

30

The contents are as shown. Challenge means dedication to becoming the number one service provider to solve social issues through business. Safety means responsibility to protect our customers' smiles. Environment means solving social issues through business activities. And to strengthen the management foundation that supports these efforts, we need human talent, a group that takes on challenges and evolves together. Trust means maximizing stakeholders' smiles. Governance means foundation for a corporate group that lasts for hundreds of years. These are our materialities. Through our efforts to address these important issues, we will seek to contribute to the development of a sustainable society and to enhance our corporate value in a sustainable manner.

That concludes today's agenda. Thank you for watching.

Internet for Everyone



Internet for Everyone.

[END]

Document Notes

1. *Portions of the document where the audio is unclear are marked with [Inaudible].*
2. *Portions of the document where the audio is obscured by technical difficulty are marked with [TD].*
3. *Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.*
4. *This document has been translated by SCRIPTS Asia.*

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasias.com



Disclaimer

SCRIPTS Asia reserves the right to edit or modify, at its sole discretion and at any time, the contents of this document and any related materials, and in such case SCRIPTS Asia shall have no obligation to provide notification of such edits or modifications to any party. This event transcript is based on sources SCRIPTS Asia believes to be reliable, but the accuracy of this transcript is not guaranteed by us and this transcript does not purport to be a complete or error-free statement or summary of the available data. Accordingly, SCRIPTS Asia does not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information contained in this event transcript. This event transcript is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal.

In the public meetings and conference calls upon which SCRIPTS Asia's event transcripts are based, companies may make projections or other forward-looking statements regarding a variety of matters. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the applicable company's most recent public securities filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are accurate and reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the anticipated outcome described in any forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE PUBLIC MEETING OR CONFERENCE CALL. ALTHOUGH SCRIPTS ASIA ENDEAVORS TO PROVIDE ACCURATE TRANSCRIPTIONS, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE TRANSCRIPTIONS. IN NO WAY DOES SCRIPTS ASIA OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BY ANY PARTY BASED UPON ANY EVENT TRANSCRIPT OR OTHER CONTENT PROVIDED BY SCRIPTS ASIA. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S PUBLIC SECURITIES FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS. THIS EVENT TRANSCRIPT IS PROVIDED ON AN "AS IS" BASIS. SCRIPTS ASIA DISCLAIMS ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, AND ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT.

None of SCRIPTS Asia's content (including event transcript content) or any part thereof may be modified, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of SCRIPTS Asia. SCRIPTS Asia's content may not be used for any unlawful or unauthorized purposes.

The content of this document may be edited or revised by SCRIPTS Asia at any time without notice.

Copyright © 2023 SCRIPTS Asia K.K. ("SCRIPTS Asia"), except where explicitly indicated otherwise. All rights reserved.

Support

Japan 050.5212.7790
Tollfree 0120.966.744

North America 1.800.674.8375
Email Support support@scriptsasia.com

