

## Fiscal Year 2024 Second Quarter (Interim) Consolidated Financial Results (Japanese GAAP)

August 8, 2024

Name of Listed Company: GMO Internet Group, Inc. Exchange Listing: Tokyo Stock Exchange  
 Stock Code: 9449 URL: <https://www.gmo.jp/en>  
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 Date of Semi-annual Securities Report Release: August 13, 2024  
 Start Date of Dividend Payout: September 18, 2024  
 Supplementary documents available pertaining to financial results: Yes  
 Financial results briefing: Yes (live stream only and Q&A session for institutional investors)

(all amounts rounded down to the nearest million yen)

### 1. Second Quarter (Interim) Financial Results in the Year Ending December 31, 2024 (01.01.2024 - 06.30.2024)

#### (1) Consolidated Operating Results (cumulative) (percentages shown represent year-on-year % change)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of the Parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended June 30, 2024	136,480	4.9	24,010	16.4	25,238	12.0	7,722	21.7
June 30, 2023	130,043	3.6	20,618	-33.4	22,536	-32.7	6,344	-59.1

(Note) Comprehensive Income: June 30, 2024: ¥22,500 million (21.6%), June 30, 2023: ¥18,497 million (-58.3%)

	Net Profit per Share	Net Profit per Share (Diluted)
Six months ended	¥	¥
June 30, 2024	72.74	71.96
June 30, 2023	59.47	58.80

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of	¥ millions	¥ millions	%
June 30, 2024	1,925,041	192,098	4.6
December 31, 2023	1,757,636	172,839	4.7

(Reference) Shareholders' Equity: June 30, 2024: ¥89,141 million, December 31, 2023: ¥82,541 million

### 2. Dividends

	Annual Dividends				
	End of Q1	End of Q2	End of Q3	End of Term	Total
	¥	¥	¥	¥	¥
Year Ended 12/2023	12.20	7.50	10.20	14.20	44.10
Year Ending 12/2024	17.20	6.90			
Year Ending 12/2024 (forecast)			—	—	—

### 3. Consolidated Results Forecast for the Year Ending December 31, 2024 (01.01.2024 – 12.31.2024)

As the Group's business "Internet Finance business," "Cryptoassets business" and "Incubation business" are affected by economic conditions, financial markets, cryptoassets and other market conditions, it is difficult to forecast business performance, and therefore we do not disclose consolidated business results and dividend forecast. GMO Financial Holdings Co., Ltd., our subsidiary, discloses sales indicators, such as foreign exchange transaction volume, stock brokerage trading value, CFD trading value, cryptoasset trading value and the number of customer accounts, and operating revenue on a monthly basis.

\*Notes

- (1) Significant changes in the scope of consolidation during the current interim period: Yes  
New: One company (Flatt Security Inc.)
- (2) Special accounting treatments used in preparation of the interim consolidated financial statements:  
None
- (3) Changes in accounting policy, changes in accounting estimates, restatements
1. Changes resulting from revisions to accounting standard, etc.: None
  2. Changes other than those specified above: None
  3. Changes in accounting estimates: None
  4. Restatements: None

(4) Number of Outstanding Shares (Common Shares)

1. Outstanding shares at end of period (including treasury stock)

As of June 30, 2024	109,176,555 shares
As of December 31, 2023	110,113,337 shares

2. Treasury shares at end of period

As of June 30, 2024	3,015,085 shares
As of December 31, 2023	3,951,867 shares

3. Average number of shares during the interim period

First six months of FYE 12/2024	106,161,470 shares
First six months of FYE 12/2023	106,682,977 shares

\*Second Quarter (Interim) Consolidated Financial Results are not subject to a review by independent auditors.

\*Note regarding the appropriate use of result forecasts and other items

Although the Company aims to pay dividends quarterly with a payout ratio of 33% to net income attributable to owners of the parent, because it is difficult to forecast business performance, the amount of dividend forecast is yet to be determined at this time. We will promptly disclose dividend forecast when it becomes available.

On August 8, 2024, we plan to stream a financial results briefing live. The presentation and explanation (voice) along with explanatory materials used on the day will be posted on our company website (<https://ir.gmo.jp/en/>) promptly after the meeting.

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## 1. Qualitative Information Related to Financial Results

### (1) Operating results

#### ◆ Overview of the Financial Results for the Six Months Ended June 30, 2024

(Unit: ¥millions)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change	% Change
Net Sales	130,043	136,480	6,437	4.9%
Operating Profit	20,618	24,010	3,391	16.4%
Ordinary Profit	22,536	25,238	2,701	12.0%
Profit Attributable to Owners of the Parent	6,344	7,722	1,378	21.7%

Under the corporate slogan “Internet for Everyone” GMO Internet Group has consistently focused resources on the service to provide internet and service infrastructure since its foundation in 1995. With the increased usage of the Internet, the volume of information available on the Internet and the volume of transactions conducted over the Internet have increased exponentially, which has opened new business opportunities for the Group one after another, and the Internet infrastructure business with the recurring business model has been leading revenue growth. Following the recent spread of COVID-19, the progress of Digital Transformation (DX) and the spread of online consumption have been becoming an irreversible trend, contributing to the increasing need for services provided by the Group and the further expansion of business opportunities for the Group.

Amidst such a business environment, (1) the Internet Infrastructure segment, a collective of No.1 services, showed steady growth mainly in Payment which continues to achieve strong performance thanks to the move towards a cashless society, along with the expansion of customer base mainly in Domain. (2) The Online Advertising & Media segment faced advertising budget reduction in certain industries in the advertising business, but the number of visitors through in-house products showed steady growth in the media business. (3) In the Internet Finance segment, OTC FX reported sluggish sales due to a decline in market volatility attributable to the yen’s steady fall. CFD reported sales increase due to an increase in volume of index trading in response to global stock market rally. Meanwhile, the recognition of allowance for doubtful debts of approximately ¥4.5 billion in the securities business in Thailand during the six months ended June 30, 2024 resulted in a decrease in profit. (4) The Cryptoassets segment reported profit as the cryptoasset market is back on a recovery track, which led to strong growth in the transaction volume.

As a result, for the six months ended June 30, 2024, the Group recorded net sales of ¥136,480 million (up 4.9% year-on-year), operating profit of ¥24,010 million (up 16.4% year-on-year), ordinary profit of ¥25,238 million (up 12.0% year-on-year) and net profit attributable to owners of the parent of ¥7,722 million (up 21.7% year-on-year).

Net Sales and Operating Profit by Segment for the Six Months Ended June 30, 2024

(Unit: ¥millions)

	Six months ended June 30, 2023	Six months ended June 30, 2024	Change	% Change
Internet Infrastructure				
Net Sales	84,709	90,696	5,986	7.1%
Operating Profit	13,001	18,665	5,663	43.6%
Online Advertising & Media				
Net Sales	17,339	17,210	-128	-0.7%
Operating Profit	1,026	1,310	284	27.7%
Internet Finance				
Net Sales	25,058	21,823	-3,234	-12.9%
Operating Profit	7,597	2,849	-4,747	-62.5%
Cryptoassets				
Net Sales	2,161	4,100	1,939	89.7%
Operating Profit	-823	1,339	2,162	—
Incubation				
Net Sales	651	1,004	352	54.0%
Operating Profit	112	139	27	24.7%
Other				
Net Sales	2,421	3,850	1,428	59.0%
Operating Profit	-215	-236	-20	—
Adjustment				
Net Sales	-2,297	-2,204	93	—
Operating Profit	-79	-57	22	—
Total				
Net Sales	130,043	136,480	6,437	4.9%
Operating Profit	20,618	24,010	3,391	16.4%

◆ Overview of Financial Results for the Three Months Ended June 30, 2024

(Unit: ¥millions)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	% Change
Net Sales	64,450	67,619	3,169	4.9%
Operating Profit	9,627	9,573	-53	-0.6%
Ordinary Profit	10,603	9,734	-868	-8.2%
Profit attributable to Owners of the Parent	2,412	2,203	-209	-8.7%

During the three months ended June 30, 2024, the Internet Infrastructure segment posted record-high quarterly net sales thanks to steady growth of Payment and contributions from large deals in GMOBRAND SECURITY. In the Online Advertising & Media segment, while the advertising business faced advertising budget reduction in certain industries, sales of in-house products expanded and the number of visitors through in-house products showed steady growth in the media business. The Internet Finance segment reported a decrease in profit due to a fall in profitability caused by a decline in volatility in the foreign exchange market and the recognition of allowance for doubtful debts of approximately ¥4.5 billion in the securities business in Thailand. The cryptoassets segment reported profit for the three months ended June 30, 2024 due to steady growth in the transaction volume.

Net Sales and Operating Profit by Segment for the Three Months Ended June 30, 2024

(Unit: ¥millions)

	Three months ended June 30, 2023	Three months ended June 30, 2024	Change	% Change
Internet Infrastructure				
Net Sales	42,548	45,655	3,106	7.3%
Operating Profit	6,007	9,449	3,441	57.3%
Online Advertising & Media				
Net Sales	8,435	8,250	-184	-2.2%
Operating Profit	358	563	205	57.3%
Internet Finance				
Net Sales	12,265	10,852	-1,412	-11.5%
Operating Profit	3,834	-676	-4,511	—
Cryptoassets				
Net Sales	958	1,784	825	86.1%
Operating Profit	-484	385	869	—
Incubation				
Net Sales	456	106	-349	-76.6%
Operating Profit	3	-300	-303	—
Other				
Net Sales	973	2,060	1,086	111.5%
Operating Profit	-92	173	266	—
Adjustment				
Net Sales	-1,187	-1,089	97	—
Operating Profit	0	-20	-21	—
Total				
Net Sales	64,450	67,619	3,169	4.9%
Operating Profit	9,627	9,573	-53	-0.6%

Segments results for the three months ended June 30, 2024 are as follows.

1) Internet Infrastructure

The Internet Infrastructure segment provides basic and service infrastructure for customers operating business in an online environment. Domain, hosting & cloud, ecommerce solutions, payment and security - the five major businesses in this segment – are all developed and offered in-house and each holds top share in their respective markets in Japan. In addition, the segment includes consumer Internet provider services. The following is a breakdown of results in each of the businesses comprising this segment.

i. Domain

Positioned as a gateway to the Group's infrastructure segment, the domain business continues to grow its customer base with a low-pricing strategy mainly through the Company and GMO Pepabo. The number of domain registration and renewals during the three months ended June 30, 2024 was 2.16 million (up 23.6% year-on-year), the total number of domains under management as of June 30, 2024 was 10.01 million (up 32.1% year-on-year). As a result, net sales amounted to ¥2,590 million (up 8.5% year-on-year).

ii. Hosting & cloud

The hosting & cloud business responds to growing diversification of client needs through shared, dedicated, VPS and cloud-based offerings under a multi-brand strategy mainly through the Company, GMO GlobalSign Holdings and GMO Pepabo. Due to a sagging demand for certain retail server, the number of contracts as of June 30, 2024 was 1,114 thousand (down 0.1% year-on-year), and net sales were ¥5,348 million (up 5.9% year-on-year).

### iii. Ecommerce solutions

Ecommerce solutions are offered mainly by GMO Pepabo and GMO MAKESHOP and comprises EC platforms that provide platforms for online stores, *minne*, a C2C handmade market, *SUZURI*, an original merchandise production/sales service, and O2O support service. In EC platform, the number of paid stores as of June 30, 2024 decreased 6.4% year-on-year to 50 thousand, but the total transaction volume was ¥128.5 billion (up 8.1% year-on-year) due to a steady shift to high-price plans. For *minne*, on the other hand, the total transaction volume decreased by 12.7% year-on-year to ¥2.8 billion due to a continued decline in the circulation volume of low-priced products. As a result, net sales were ¥3,643 million (down 10.0% year-on-year).

### iv. Security

This business offers security services to provide secure and safe Internet for everyone, including cipher security such as SSL server certificates and *e-contract service GMO Sign* provided mainly through GMO GlobalSign Holdings, cybersecurity provided by GMO Cybersecurity by Ierae and Flatt Security, and brand security provided by GMO BRAND SECURITY. Net sales increased by 35.4% year-on-year to ¥4,839 million thanks to contribution from GMO BRAND SECURITY during the three months ended June 30, 2024.

### v. Payment

Payment services are mainly operated by GMO Payment Gateway and offer comprehensive payment-related service and finance-related services. In the payment-related services, online/recurring payments in the Ecommerce market showed strong growth, and the number of stores using a next-generation payment platform “*stera*” terminal showed favorable growth with the expansion of cashless payment market in the face-to-face transactions. As a result, the number of transactions and the transaction volume showed steady growth, and net sales increased to ¥17,840 million (up 9.4% year-on-year).

### vi. Provider

In this sub-segment, the Company offers Internet provider services for consumers. While the number of in-house fixed lines showed strong growth, the number of subscriptions at June 30, 2024 decreased to 2.24 million (down 1.2% year-on-year) due to a change in sales mix, and as a result, net sales were ¥10,150 million (down 0.4% year-on-year).

Overall, the Internet Infrastructure segment recorded net sales of ¥45,655 million (up 7.3% year-on-year) and operating profit of ¥9,449 million (up 57.3% year-on-year).

## 2) Online Advertising & Media

The Online Advertising & Media segment provides marketing solutions for online businesses. The following is a breakdown of results in each of the businesses comprising this segment.

### i. Online advertising

This sub-segment provides comprehensive Internet advertising services such as advertising agency and ad platform mainly through GMO AD Partners and GMO TECH. The advertising agency service faced advertising budget reduction in certain industries while sales of in-house products steadily increased. As a result, net sales amounted to ¥3,925 million (down 13.0% year-on-year).

### ii. Internet media

This sub-segment provides advertising space through operation of our own media and services mainly through GMO Media. The number of visitors through in-house products continued to show favorable growth. As a result, net sales amounted to ¥3,241 million (up 16.1% year-on-year).

Overall, net sales in the Online Advertising & Media segment increased to ¥8,250 million (down 2.2% year-on-year), and operating profit increased to ¥563 million (up 57.3% year-on-year).

### 3) Internet Finance

The Internet Finance segment provides online financial services for retail investors mainly through GMO Click Securities, a consolidated subsidiary of GMO Financial Holdings. As of June 30, 2024, the number of OTC FX accounts increased to 1,521 thousand (up 4.5% year-on-year) and the number of securities accounts increased to 530 thousand (up 2.8% year-on-year). OTC FX reported sluggish sales due to a decline in market volatility attributable to the yen's steady fall. CFD reported sales increase due to active movements in stock price indexes in response to global stock market rally.

Overall, the Internet Finance segment recorded net sales of ¥10,852 million (down 11.5% year-on-year) and operating loss of ¥676 million (operating profit of ¥3,834 million for the three months ended June 30, 2023) due to the recognition of allowance for doubtful debts of approximately ¥4.5 billion in the securities business in Thailand.

### 4) Cryptoassets

The Cryptoassets segment operates businesses pertaining to "mining," "exchange," and "payment" of cryptoassets. Performance of each business is as follows.

#### i. Cryptoassets mining

The Cryptoassets mining business runs mining centers. As mining centers are currently not in operation, no sales were recorded for the three months ended June 30, 2024 (¥169 million for the three months ended June 30, 2023). Downside risks to earnings are limited as the fixed cost is reduced.

#### ii. Cryptoassets exchange

This sub-segment is engaged primarily in spot trading and leveraged transactions of cryptoassets mainly through GMO Coin, a consolidated subsidiary of GMO Financial Holdings. The customer base expanded with the number of customer accounts as of June 30, 2024 increasing to 645 thousand (up 12.2% year-on-year), and the trading value also showed favorable growth due to improved market conditions. As a result, net sales increased to ¥1,743 million (up 121.0% year-on-year).

Overall, the Cryptoassets segment reported net sales of ¥1,784 million (up 86.1% year-on-year) and operating profit of ¥385 million (operating loss of ¥484 million for the three months ended June 30, 2023).

### 5) Incubation

This segment is engaged in investing in domestic and overseas internet related companies aimed at capital gains, supporting business expansion, and supporting corporate value improvement mainly through GMO Venture Partners. Net sales were ¥106 million (down 76.6% year-on-year), and operating loss was ¥300 million (operating profit of ¥3 million for the three months ended June 30, 2023) due to sales of investment securities held and the recognition of loss on valuation.

(Reference1) Changes in Operating Results and Financial Condition by Quarter

	(Unit: ¥millions)				
	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Net sales	64,450	62,501	66,097	68,861	67,619
Operating profit	9,627	9,466	12,386	14,436	9,573
Ordinary profit	10,603	9,707	13,703	15,503	9,734
Profit attributable to owners of the parent	2,412	3,288	4,558	5,519	2,203
Total assets	1,669,248	1,706,559	1,757,636	1,937,332	1,925,041
Shareholders' equity	79,369	81,804	82,541	86,688	89,141



(Reference2)

## Quarterly Results by Segment/Business

## I Net Sales by Segment

(Unit: ¥millions)

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Internet Infrastructure					
Provider (ISP)	10,191	10,020	9,998	9,995	10,150
Domain	2,388	2,470	2,534	2,594	2,590
Hosting & cloud	5,048	5,158	5,199	5,195	5,348
Ecommerce solutions	4,046	4,144	2,088	3,591	3,643
Security	3,573	3,955	6,024	4,474	4,839
Payment	16,302	15,876	17,541	18,061	17,840
Other	996	852	924	1,127	1,241
Total	42,548	42,478	44,311	45,041	45,655
Online Advertising & Media					
Online advertising	4,512	4,108	4,335	4,351	3,925
Internet media	2,792	3,272	3,105	3,262	3,241
Internet research & other	1,130	1,207	1,297	1,346	1,083
Total	8,435	8,587	8,738	8,959	8,250
Internet Finance					
Total	12,265	10,539	11,679	10,971	10,852
Cryptoassets					
Cryptoassets exchange	789	819	1,294	2,206	1,743
Cryptoassets mining	169	88	40	0	—
Cryptoassets payment	0	50	100	109	40
Total	958	958	1,434	2,315	1,784
Incubation					
Total	456	38	0	897	106
Sub total	64,664	62,602	66,165	68,185	66,649
Other	973	1,036	1,077	1,790	2,060
Adjustment	-1,187	-1,138	-1,144	-1,114	-1,089
Net Sales	64,450	62,501	66,097	68,861	67,619

## II Operating Profit by Segment

	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024
Internet Infrastructure	6,007	6,129	9,596	9,215	9,449
Online Advertising & Media	358	485	364	746	563
Internet Finance	3,834	3,605	2,553	3,526	-676
Cryptoassets	-484	-532	83	954	385
Incubation	3	-112	-140	440	-300
Sub total	9,719	9,576	12,457	14,882	9,421
Other	-92	-123	-58	-409	173
Adjustment	0	14	-12	-36	-20
Operating Profit	9,627	9,466	12,386	14,436	9,573

(Reference3)

Description of Businesses in Each Segment

Business Segment		Main Operations
Internet Infrastructure	Domain	<ul style="list-style-type: none"> <li>• Domain registry services including “.shop” and “.tokyo”</li> <li>• Domain registrations services: Onamae.com, MuuMuu Domain, and VALUE-DOMAIN</li> </ul>
	Hosting & cloud	<ul style="list-style-type: none"> <li>• Provision, operation, management, and maintenance of shared, VPS, dedicated and cloud-based web hosting services including Onamae.com Rental Server, ConoHa by GMO, Z. com Cloud, Cloud VPS by GMO, ALTUS by GMO, GMO Cloud Private, Lolipop!, heteml, and 30days Album</li> </ul>
	Ecommerce solutions	<ul style="list-style-type: none"> <li>• Operation of EC platform to set up net shop offered by Color me shop and MakeShop.</li> <li>• Operation of C2C handmade marketplace “minne”</li> <li>• Operation of production/sales service of original merchandise including SUZURI and canvath</li> <li>• Operation of ecommerce/O2O support services, etc.</li> <li>• Operation of OMAKASE, reservation management service for restaurants</li> <li>• Web design, operational support and system consulting service, etc.</li> </ul>
	Security	<ul style="list-style-type: none"> <li>• DomainSSL, OrganizationSSL, and other SSL certificates, code signing certificates, PDF document signing, client certificates and other digital certificate services</li> <li>• e-contract service “e-contract service GMO Sign”</li> <li>• Cybersecurity service including vulnerability assessment of web and smartphone applications, penetration test and security incident response</li> <li>• Brand security service including brand protection measures, detection and elimination of fake products, provision of trademark management system, and acquisition and management of domain name</li> </ul>
	Payment	<ul style="list-style-type: none"> <li>• PG Multi-Payment Service for mail order and ecommerce business, comprehensive payment processing services for public sector, and finance-related service including early payment service, transaction lending, Sokkyu by GMO and GMO payment after delivery</li> </ul>
	Provider	<ul style="list-style-type: none"> <li>• GMO TokuToku BB and other Internet provider services.</li> </ul>
Online Advertising & Media	Online advertising	<ul style="list-style-type: none"> <li>• Comprehensive online advertising service including listing, mobile and ad networks, reward advertising, affiliate advertising.</li> <li>• Advertising planning and production</li> </ul>
	Internet media	<ul style="list-style-type: none"> <li>• Operation of online media such as community site for teenage girls “prican,” programming educational portal “coeteko,” point site “Point Town,” game platform “gesoten,” joint purchase coupon site “Kumapon” and aesthetic medical ticket purchase site “KIREIPASS,” life information site for career women “michill” and ad distribution to own media</li> <li>• SEM Media: Sales of SEO.</li> </ul>
	Internet research & other	<ul style="list-style-type: none"> <li>• Provision of Internet research systems, management and operation of research panel including GMO Research Cloud Panel</li> </ul>
Internet Finance	Internet finance	<ul style="list-style-type: none"> <li>• Operation of online securities trading, FX trading, CFD trading, etc.</li> </ul>
Cryptoassets	Cryptoassets exchange	<ul style="list-style-type: none"> <li>• Spot trading and leveraged transactions of cryptoassets, etc.</li> </ul>
	Cryptoassets mining	<ul style="list-style-type: none"> <li>• Operation of mining centers</li> </ul>
	Cryptoassets payment	<ul style="list-style-type: none"> <li>• Issuance and redemption of stablecoin “GYEN” and “ZUSD”</li> </ul>
Incubation	Venture capital	<ul style="list-style-type: none"> <li>• Investment in private Internet startups</li> </ul>

## (2) Financial condition

### Assets, Liabilities and Net Assets

#### (Assets)

As of June 30, 2024, total assets increased ¥167,405 million from December 31, 2023 to ¥1,925,041 million. Major factors included an increase of ¥23,915 million in cash and deposits, an increase of ¥77,453 million in cryptoassets under custody, an increase of ¥16,751 million in tangible fixed assets, an increase of ¥26,344 million in investment securities, and an increase of ¥14,141 million in various assets due to fluctuations in customer assets in the Securities segment (deposits, margin transaction assets, loan secured by securities, short-term guarantee deposits, and variation margin paid).

#### (Liabilities)

As of June 30, 2024, total liabilities increased ¥148,145 million from December 31, 2023 to ¥1,732,943 million. Major factors included an increase of ¥58,693 million in debt, an increase of ¥77,453 million in deposits received for cryptoassets, an increase of ¥1,247 million in contract liabilities, and an increase of ¥10,722 million in various liabilities due to fluctuations in customer assets in the Securities segment (deposits received, margin transaction liability, guarantees received, variation margin received, and loans payable secured by securities).

#### (Net Assets)

As of June 30, 2024, total net assets increased ¥19,259 million from December 31, 2023 to ¥192,098 million. Major factors included an increase of ¥1,979 million in earned surplus (consisting of an increase from recording profit attributable to owners of the parent totaling ¥7,722 million, a decrease from dividend payments of ¥3,333 million, and a decrease from retirement of treasury stock of ¥2,410 million), a decrease of ¥2,410 million in treasury stock due to retirement, an increase of ¥3,162 million in foreign currency translation adjustments, and an increase of ¥12,655 million in non-controlling interests.

## (3) Consolidated results forecast and other forward-looking information

For the fiscal year ending December 31, 2024, the Group plans to increase both net sales and operating profit, mainly in Internet Infrastructure segment. Meanwhile, there are certain factors that cannot be reasonably predicted at this point, including: (1) fluctuation of cryptoasset prices and global hash rate trends in Cryptoassets business, (2) potential impact of economic situations and market conditions in Internet Finance segment, and (3) when and how much capital gains will be realized in Incubation segment. Accordingly, we do not disclose the consolidated results forecast for the fiscal year ending December 31, 2024.

## 2. Interim Consolidated Financial Statements and Major Notes

### (1) Interim consolidated balance sheet

	FYE 12/2023 (As of Dec 31, 2023)	First six months of FYE 12/2024 (As of June 30, 2024)
(Unit: ¥millions)		
<b>Assets</b>		
Current Assets		
Cash and deposits	393,452	417,368
Trade notes, accounts receivable and contract assets	38,133	36,310
Operational investment securities	13,260	14,331
Inventory	20,709	24,946
Cryptoassets under custody	156,511	233,965
Securities segment deposits	511,989	515,826
Securities segment margin transaction assets	127,497	132,309
Securities segment loan secured by securities	12,531	5,147
Securities segment short term guarantee deposits	70,719	74,240
Securities segment variation margin paid	98,051	107,405
Other	179,016	187,350
Allowance for doubtful debts	-7,616	-9,071
<b>Total Current Assets</b>	<b>1,614,257</b>	<b>1,740,130</b>
Fixed Assets		
Tangible fixed assets	46,836	63,588
Intangible fixed assets		
Goodwill	15,957	17,467
Software	15,367	15,874
Other	12,980	13,140
<b>Total intangible fixed assets</b>	<b>44,305</b>	<b>46,482</b>
Investments and other assets		
Investment securities	30,687	57,032
Deferred tax asset	3,872	3,352
Other	25,104	25,751
Allowance for doubtful debts	-7,427	-11,295
<b>Total investments and other assets</b>	<b>52,236</b>	<b>74,840</b>
<b>Total Fixed Assets</b>	<b>143,379</b>	<b>184,911</b>
<b>Total Assets</b>	<b>1,757,636</b>	<b>1,925,041</b>

(Unit: ¥millions)

	FYE 12/2023 (As of Dec 31, 2023)	First six months of FYE 12/2024 (As of June 30, 2024)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes and accounts payable	15,124	13,368
Short term debt	197,322	224,895
Current portion of bonds	10,200	226
Amount payable	52,083	45,576
Deposits received for cryptoassets	156,511	233,965
Securities segment deposits received	61,555	58,953
Securities segment margin transaction liability	31,816	29,958
Securities segment guarantees received	560,407	568,025
Securities segment variation margin received	11,677	22,670
Securities segment loans payable secured by securities	15,698	12,270
Accrued corporate tax, etc.	7,957	7,248
Allowance for bonuses	2,422	2,224
Allowance for bonuses to directors	526	440
Advance payment received	1,264	1,738
Contract liabilities	23,053	24,300
Deposits received	130,175	128,909
Other	29,217	39,138
<b>Total Current Liabilities</b>	<b>1,307,015</b>	<b>1,413,910</b>
<b>Fixed Liabilities</b>		
Bonds	100,500	111,475
Convertible bonds with equity warrants	20,550	20,440
Long term debt	144,996	176,116
Deferred tax liability	1,145	1,108
Other	9,647	8,945
<b>Total Fixed Liabilities</b>	<b>276,839</b>	<b>318,085</b>
<b>Statutory Reserve</b>		
Financial instruments transaction liability reserve	942	948
<b>Total Statutory Reserve</b>	<b>942</b>	<b>948</b>
<b>Total Liabilities</b>	<b>1,584,797</b>	<b>1,732,943</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	5,000	5,000
Capital surplus	31,866	31,889
Earned surplus	47,416	49,395
Treasury stock	-10,166	-7,756
<b>Total Shareholders' Equity</b>	<b>74,115</b>	<b>78,528</b>
<b>Accumulated Other Comprehensive Income</b>		
Other securities valuation differences	3,542	2,476
Deferred hedging profit/loss	-78	12
Foreign currency translation adjustments	4,962	8,124
<b>Total Accumulated Other Comprehensive Income</b>	<b>8,425</b>	<b>10,613</b>
Equity Warrants	55	59
Non-controlling Interests	90,242	102,897
<b>Total Net Assets</b>	<b>172,839</b>	<b>192,098</b>
<b>Total Liabilities and Net Assets</b>	<b>1,757,636</b>	<b>1,925,041</b>

## (2) Interim consolidated statements of income and comprehensive income

Interim consolidated statement of income  
For the six months ended June 30, 2023 and 2024

(Unit: ¥millions)

	First six months of FYE 12/2023 (Jan. to June 2023)	First six months of FYE 12/2024 (Jan. to June 2024)
Net Sales	130,043	136,480
Cost of Sales	54,300	54,999
Gross Profit on Sales	75,743	81,481
Sales, General & Administrative Expenses	55,124	57,470
Operating Profit	20,618	24,010
Non Operating Revenue		
Interest received	657	751
Dividends received	402	260
Foreign exchange gain	780	1,209
Gain on sale of investment securities	750	1,515
Gain on investments in partnership	450	473
Other	629	633
Total Non Operating Revenue	3,670	4,844
Non Operating Expenses		
Interest paid	826	1,364
Equity method investment losses	139	935
Bond issuance cost	305	86
Commission paid	259	897
Other	221	332
Total Non Operating Expenses	1,751	3,616
Ordinary Profit	22,536	25,238
Extraordinary Profit		
Gain on sale of investment securities	57	1,641
Reversal of financial instruments transaction liability reserve	3	—
Other	0	4
Total Extraordinary Profit	61	1,646
Extraordinary Loss		
Impairment loss	320	—
Loss on disposal of fixed assets	19	321
Loss on valuation of investment securities	892	176
Provision of financial instruments transaction liability reserve	—	5
Other	2	42
Total Extraordinary Loss	1,234	545
Net Profit before Adjustment for Tax, etc.	21,363	26,338
Corporate, Municipal and Enterprise Taxes	9,097	9,878
Corporate Tax etc. Adjustment	-483	632
Total Corporate Taxes, etc.	8,614	10,511
Net Profit	12,749	15,827
Profit attributable to Non-controlling Interests	6,404	8,104
Profit attributable to Owners of the Parent	6,344	7,722

Interim consolidated statement of comprehensive income  
For the six months ended June 30, 2023 and 2024

(Unit: ¥millions)

	First six months of FYE 12/2023 (Jan. to June 2023)	First six months of FYE 12/2024 (Jan. to June 2024)
Net Profit	12,749	15,827
Other Comprehensive Income		
Other securities valuation differences	981	-501
Deferred hedging profit/loss	-307	148
Foreign currency translation adjustments	4,975	7,092
Share of other comprehensive income of associates accounted for using equity method	98	-65
Total other comprehensive income	5,748	6,673
Comprehensive Income	18,497	22,500
(Breakdown)		
Comprehensive income attributable to owners of the parent	8,995	9,910
Comprehensive income attributable to non-controlling interests	9,502	12,590

(3) Notes regarding the interim consolidated financial statements  
(Segment Information, etc.)

【Segment information】

I For the six months ended June 30, 2023 (01.01.2023-06.30.2023)

1. Information relating to net sales and profit or loss by reportable segment

(Unit: ¥millions)

	Reportable Segment						Other (*i)	Adjustment (*ii)	Consolidated P/L (*iii)
	Internet Infrastructure	Online Ad & Media	Internet Finance	Cryptoassets	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	84,007	15,986	25,044	2,161	651	127,851	2,192	—	130,043
Intersegment transactions or transfer	702	1,352	13	—	—	2,068	229	-2,297	—
Total	84,709	17,339	25,058	2,161	651	129,919	2,421	-2,297	130,043
Segment Profit/Loss	13,001	1,026	7,597	-823	112	20,914	-215	-79	20,618

\*Notes

- i. “Other” represents real estate leasing and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-79 million) is an elimination of intersegment transactions.
- iii. Segment profit/loss is based on operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets or goodwill, etc. by reportable segment

(Significant impairment loss on fixed assets)

For the six months ended June 30, 2023, the Internet Finance segment recognized impairment loss on fixed assets of ¥320 million.

II For the six months ended June 30, 2024 (01.01.2024-06.30.2024)

1. Information relating to net sales and profit or loss by reportable segment

(Unit: ¥millions)

	Reportable Segment						Other (*i)	Adjustment (*ii)	Consolidated P/L (*iii)
	Internet Infrastructure	Online Ad & Media	Internet Finance	Cryptoassets	Incubation	Total			
Net Sales									
Sales to unaffiliated customers	89,801	16,227	21,811	4,100	1,004	132,944	3,536	—	136,480
Intersegment transactions or transfer	894	983	12	—	—	1,890	314	-2,204	—
Total	90,696	17,210	21,823	4,100	1,004	134,834	3,850	-2,204	136,480
Segment Profit/Loss	18,665	1,310	2,849	1,339	139	24,304	-236	-57	24,010

\*Notes

- i. “Other” represents real estate leasing and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-57 million) is an elimination of intersegment transactions.
- iii. Segment profit/loss is based on operating profit in the quarterly consolidated statement of income.

2. Information on impairment losses on fixed assets or goodwill, etc. by reportable segment

(Significant change in goodwill)

The Internet Infrastructure segment acquired shares of Flatt Security Inc. and included the company in the scope of consolidation, which resulted in the recognition of goodwill. The resulting increase in goodwill during the six months ended June 30, 2024 was ¥1,627 million.



(Notes regarding a going concern assumption)

Not applicable.

(Notes regarding changes impacting shareholders' equity)

Pursuant to the resolution at the Board of Directors meeting held on February 13, 2024, the Company retired 936,782 shares of treasury stock, which resulted in decreases in earned surplus and treasury stock of ¥2,410 million, respectively.

As a result, earned surplus and treasury stock as of June 30, 2024 were ¥49,395 million and ¥7,756 million, respectively.

(Notes regarding significant changes in the scope of consolidation during the six months ended June 30, 2024)

We acquired shares of Flatt Security Inc. and included it in the scope of consolidation from the six months ended June 30, 2024.

(Additional information)

(Transition to a holding company structure through a company split)

The Company resolved at its Board of Directors meeting held on June 25, 2024 to transfer its Internet Infrastructure business (Domain, Hosting & cloud, and Provider) and Online Advertising & Media business ("Target Businesses") to its consolidated subsidiary GMO AD Partners Inc. ("GMO-AP") through an absorption-type company split ("Absorption Split"), and an absorption split agreement was signed on the same day.

As a result of the Absorption Split, the Company will transition to a holding company structure.

#### 1. Purpose of the transition to a holding company structure through the Absorption Split

##### (1) Strengthening the System for the AI & Robotics Revolution

Our Group, under the slogan "Becoming the No. 1 Corporate Group Pioneering the Future with AI," is actively promoting the use of AI across the entire group quickly. We have established GMO AI & Robotics Corporation, anticipating significant progress in the development of robots highly compatible with AI. We are building a framework for the upcoming AI robotics revolution.

We believe that the transitioning to a holding company structure at this time will streamline the business flow and create smoother synergies.

##### (2) Sustainable growth and maximization of corporate value for GMO-AP

GMO-AP is the core company of the internet advertising and media business. To respond to rapid changes and intensifying competition in the Internet advertising market, we aim to develop our business quickly by leveraging the strengths of both companies by integrating our Internet infrastructure business with GMO-AP's internet advertising and media business. We have determined that these actions will lead to the sustainable growth and maximization of corporate value for GMO-AP and the Company.

##### (3) Strengthening group management functions

By transitioning to a holding company structure, we will further strengthen our system for achieving sustainable growth, by focusing group management functions and further enabling speedy management.

#### 2. Summary of the Absorption Split

##### (1) Schedule of the Absorption Split

Date of resolution of the Board of Directors meeting to approve the Absorption Split Agreement	June 25, 2024
Date of signing of the Absorption Split Agreement	June 25, 2024
Effective date of the Absorption Split	January 1, 2025 (planned)

(Note) As the Absorption Split falls under a simplified demerger as defined in Article 784, Paragraph 2 of the Companies Act, a general meeting of shareholders will not be held by the Company for the approval of the Absorption Split.

(2) Method of the Absorption Split

The Target Businesses operated by the Company will be transferred to GMO-AP through an absorption-type demerger, with the Company as the demerged company and GMO-AP as the successor company.

(3) Detail of the allotment pertaining to the Absorption Split

GMO-AP will allot and deliver 257,941,328 shares of GMO-AP's common stock to the Company as consideration for the Target Businesses.

3. Overview of the parties to the Absorption Split

	The Demerged Company	The Successor Company
(1) Name	GMO Internet Group, Inc	GMO AD Partners Inc.
(2) Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
(3) Name and Title of Representative	Masatoshi Kumagai, Founder, Chairman and Group CEO	Makoto Hashiguchi Representative Director, President and CEO
(4) Business Description	Internet Infrastructure Online Advertising & Media Internet Finance Cryptoassets Incubation	Comprehensive online Advertising and Media
(5) Capital	¥5,000 million	¥1,301 million
(6) Operating results and financial condition for the most recent fiscal year	FY 2023 (Consolidated)	FY2023 (Consolidated)
Net assets	¥172,839 million	¥5,242 million
Total assets	¥1,757,636 million	¥10,847 million
Net assets per share	¥777.50	¥320.98
Net sales	¥258,643 million	¥14,903 million
Operating profit (loss)	¥42,471 million	¥-25 million
Ordinary profit	¥45,947 million	¥180 million
Profit attributable to owners of the parent	¥14,191 million	¥40 million
Earnings per share	¥133.33	¥2.50
Dividend per share	¥44.10	¥1.30

4. Overview of the business division to be split off

Business activities of the division to be split off

Internet Infrastructure business (Domain, Hosting & cloud, Provider) and Online Advertising & Media business

5. Overview of accounting treatments

We plan to account for the Absorption Split as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, January 16, 2019) and the "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, January 16, 2019).

(Significant subsequent event)

(Expansion of Acquisition Limit)

The Board of Directors of GMO Internet Group, Inc. (“GMO”) at its meeting held on August 8, 2024, resolved that GMO will expand the acquisition limit for its own shares, although GMO had resolved at its meeting held on February 13, 2024 that GMO would repurchase its own shares pursuant to Article of 459-1 of the Japanese Companies Act and the company’s articles of incorporation.

(1) Reason for Change

To improve shareholder returns and capital efficiency

(2) Description of change

	Present (The resolution at the Board of Directors' meeting on February 13, 2024)	Proposed articles
(i) Class of shares to be acquired	Shares of common stock	Shares of common stock
(ii) Total number of shares to be acquired	<u>1.10</u> million shares (maximum)	<u>2.90</u> million shares (maximum)
(iii) Total amount of repurchase price	<u>Up to 2,410 million yen</u>	<u>Up to 5,000 million yen</u>
(iv) Acquisition period	From February 14, 2024 to February 7, 2025	From February 14, 2024 to February 7, 2025
(v) Acquisition method	Market purchases through the Tokyo Stock Exchange	Market purchases through the Tokyo Stock Exchange

(Reference)

(1) Total own shares repurchased in accordance with the resolution at the Board of Directors' meeting on February 13, 2024 (as of August 8, 2024)

(i) Total number of shares repurchased: zero

(ii) Total amount of repurchase price: zero