

GMO INTERNET GROUP

Q2 FYE 12/24 Results Presentation - Q&A

The following is a summary of questions received from participants at the earnings presentation held on August 8, 2024. The questions are answered by GMO Internet Group CFO Masashi Yasuda and Group Executive Officer Inagaki. Some of the answers have been supplemented by the IR department.

●Internet Infrastructure

【Q1】 My impression is that following the 1Q, there is a strong YoY increase in profit growth in infrastructure. I understand that there were some transitory factors in the same period of the previous year, but which division made the largest contribution to the increase in profit? Also, what is your outlook for sustainability in the second half of the year?

【A1】
(Yasuda) The major trends seem to be driven by the solid recurring revenues base of each business in the infrastructure business, as well as our long-standing reputation as the "go-to" company for infrastructure business, which is a result of our years of achievement in this field.

●Shareholder Returns

【Q2】 What was the reason for the increase in the share repurchase limit in the second quarter?

【A2】
(Yasuda) There are two main reasons: the first is from a business standpoint, expressing management's confidence in the strong growth of the infrastructure business. The second is that we decided it was the right time to invest, based on market conditions.

●Transition to holding company structure

【Q3】 Please tell us what we should expect in terms of the scale of the GMO Internet Group's business division, which will be transferred through the absorption-type demerger.

【A3】
(Inagaki) The scale of actual results for FY2023 were 61.5 billion yen in sales and 6.1 billion yen in operating income. In the current fiscal year, the company continues to grow through the accumulation of solid recurring revenues from services such as domain, hosting, and access. Please note, however, that these are unaudited reference figures.

【Q4】 Please tell us about the background behind your choice of an absorption-type demerger to GMO Ad Partners for this reorganization.

【A4】
(Yasuda) We began our discussion by asking what formation we should take in the second half of the Internet Revolution in order to realize our ultra-long-term goal, the 55-year plan. First, there was the basis that GMO Internet Group, Inc. itself would be converted from a business holding company to a holding company. After that, we made a comprehensive judgment as to what form of business transfer, including business synergies and business structure, would be desirable to achieve sustainable growth in the future, and we selected this scheme.

【Q5】 For the newly organized GMO Internet Inc. to maintain its listing on the prime market, I believe share sales will be necessary. What are your current thoughts on the allocation of the proceeds from these potential share sales?

【A5】
(Yasuda) We need to achieve a 35% free float ratio by 2026. Common methods to accomplish this include capital increases, share sales, and equity-based M&A. As share sales will inevitably lead to an outflow of minority interests, we are considering fund utilization

GMO INTERNET GROUP

and capital policies that will enable growth commensurate with or exceeding this outflow. Our approach to growth will be comprehensive, encompassing both operational growth and EPS growth. We plan to share more specific details once we are in a position to provide accurate and complete information.

- Other

【Q6】

Please tell us about the lessons learned from the development of the crypto asset mining business and whether these lessons will live on in the development of the AI robotics business.

【A6】

(Yasuda)

One of the lessons learned from the crypto asset mining business is that it is necessary to properly manage the scale of risk-weighted assets while keeping an eye on the balance sheet to determine which areas need to be challenged. In the AI robotics business, on the other hand, we currently have no plans to develop the business with a huge investment risk. The key point of our profit model is to provide our own infrastructure and know-how in AI to our Japanese customers as they expand their business in the coming AI robotics revolution.