

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

November 12, 2024

Name of Listed Company: GMO Internet Group, Inc. Exchange Listing: Tokyo Stock Exchange

Stock Code: 9449

URL: <https://www.gmo.jp/en>

Representative: Masatoshi Kumagai, Founder, Chairman and Group CEO

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Start Date of Dividend Payout: December 17, 2024

Supplementary documents available pertaining to financial results: Yes

Financial results briefing: Yes (live stream only and Q&amp;A session for institutional investors)

(all amounts rounded down to the nearest million yen)

### 1. Third Quarter Financial Results in the Year Ending December 31, 2024 (01.01.2024 - 09.30.2024)

#### (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	%
Nine months ended September 30, 2024	206,104	7.0	35,825	19.1	34,698	7.6	10,208	6.0
September 30, 2023	192,545	5.1	30,085	-20.8	32,244	-24.0	9,633	-30.5

(Note) Comprehensive Income: Nine months ended September 30, 2024: ¥20,089 million (-27.9%)

Nine months ended September 30, 2023: ¥27,877 million (-37.8%)

	Net Profit per Share	Net Profit per Share (Diluted)
Nine months ended September 30, 2024	¥ 96.28	¥ 95.09
September 30, 2023	90.42	89.72

#### (2) Consolidated Financial Condition

	Total Assets	Net Assets	Shareholders' Equity Ratio
As of September 30, 2024	¥ millions 1,874,730	¥ millions 184,899	% 4.5
December 31, 2023	1,757,636	172,839	4.7

(Reference) Shareholders' Equity: September 30, 2024: ¥83,551 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	7.70		
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 term: Yes  
New: 1 (Flatt Security Inc.)
- (2) Special accounting treatments used in preparation of the quarterly 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 period end (including treasury stock)

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

2. Treasury shares at end of period

As of September 30, 2024	4,440,246 shares
As of December 31, 2023	3,951,867 shares

3. Average number of shares during the period

First nine months of FYE 12/2024	106,021,431 shares
First nine months of FYE 12/2023	106,528,121 shares

- \* Review of the accompanying quarterly consolidated financial statements by independent auditors: No

\*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 November 12, 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. Overview of Operating Results, etc.

### (1) Overview of operating results for the quarter ended September 30, 2024

#### ◆ Overview of the financial results for the nine months ended September 30, 2024

(Unit: ¥millions)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change	% Change
Net Sales	192,545	206,104	13,559	7.0%
Operating Profit	30,085	35,825	5,740	19.1%
Ordinary Profit	32,244	34,698	2,454	7.6%
Profit Attributable to Owners of the Parent	9,633	10,208	575	6.0%

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, has enjoyed an expansion of customer base mainly in Domain and showed steady growth mainly in Payment with increased transactions on the back of the move towards a cashless society. (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 saw a significant increase in both transaction volume and sales thanks to an increase in exchange rate volatility, marking record high levels. CFD saw an increase in transaction volume thanks to the movements in commodity prices in response to the global situation and the favorable movements in stock indexes in response to global stock market rally. Meanwhile, allowance for doubtful debts of approximately ¥6.7 billion was recognized in the securities business in Thailand during the nine months ended September 30, 2024. (4) The Cryptoassets segment reported profit as the transaction volume in the cryptoasset market showed a solid growth.

As a result, for the nine months ended September 30, 2024, the Group recorded net sales of ¥206,104 million (up 7.0% year-on-year), operating profit of ¥35,825 million (up 19.1% year-on-year), ordinary profit of ¥34,698 million (up 7.6% year-on-year) and net profit attributable to owners of the parent of ¥10,208 million (up 6.0% year-on-year).

## Net Sales and Operating Profit by Segment for the Nine Months Ended September 30, 2024

(Unit: ¥millions)

	Nine months ended September 30, 2023	Nine months ended September 30, 2024	Change	% Change
Internet Infrastructure				
Net Sales	127,188	137,027	9,839	7.7%
Operating Profit	19,131	26,459	7,327	38.3%
Online Advertising & Media				
Net Sales	25,926	25,265	-660	-2.5%
Operating Profit	1,511	1,939	427	28.3%
Internet Finance				
Net Sales	35,597	34,457	-1,139	-3.2%
Operating Profit	11,202	6,158	-5,043	-45.0%
Cryptoassets				
Net Sales	3,120	5,618	2,498	80.1%
Operating Profit	-1,355	1,565	2,921	—
Incubation				
Net Sales	690	1,046	356	51.7%
Operating Profit	-0	-74	-73	—
Other				
Net Sales	3,458	5,874	2,415	69.8%
Operating Profit	-338	-150	188	—
Adjustment				
Net Sales	-3,436	-3,186	249	—
Operating Profit	-65	-72	-7	—
Total				
Net Sales	192,545	206,104	13,559	7.0%
Operating Profit	30,085	35,825	5,740	19.1%

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

(Unit: ¥millions)

	Three months ended September 30, 2023	Three months ended September 30, 2024	Change	% Change
Net Sales	62,501	69,623	7,122	11.4%
Operating Profit	9,466	11,815	2,348	24.8%
Ordinary Profit	9,707	9,460	-246	-2.5%
Profit attributable to Owners of the Parent	3,288	2,485	-803	-24.4%

During the three months ended September 30, 2024, the Internet Infrastructure segment posted record-high quarterly net sales thanks to an expansion of in-house line service in Provider and steady growth of Payment. 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. In the Internet Finance segment, an increase in volatility in the foreign exchange market led to a record high level of transaction volume and sales, but recognition of allowance for doubtful debts of approximately ¥2.2 billion in the securities business in Thailand resulted in a decrease in profit. The cryptoassets segment reported profit for the three months ended September 30, 2024 due to steady growth in the transaction volume.

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

(Unit: ¥millions)

	Three months ended September 30, 2023	Three months ended September 30, 2024	Change	% Change
Internet Infrastructure				
Net Sales	42,478	46,331	3,852	9.1%
Operating Profit	6,129	7,794	1,664	27.2%
Online Advertising & Media				
Net Sales	8,587	8,055	-531	-6.2%
Operating Profit	485	628	143	29.5%
Internet Finance				
Net Sales	10,539	12,633	2,094	19.9%
Operating Profit	3,605	3,309	-296	-8.2%
Cryptoassets				
Net Sales	958	1,518	559	58.4%
Operating Profit	-532	226	758	—
Incubation				
Net Sales	38	42	4	11.2%
Operating Profit	-112	-213	-101	—
Other				
Net Sales	1,036	2,023	986	95.2%
Operating Profit	-123	85	209	—
Adjustment				
Net Sales	-1,138	-981	156	—
Operating Profit	14	-15	-29	—
Total				
Net Sales	62,501	69,623	7,122	11.4%
Operating Profit	9,466	11,815	2,348	24.8%

Segments results for the three months ended September 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 September 30, 2024 was 2.00 million (up 2.3% year-on-year), the total number of domains under management as of September 30, 2024 was 10.17 million (up 24.5% year-on-year). As a result, net sales amounted to ¥2,635 million (up 6.7% 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 September 30, 2024 decreased to 1,110 thousand (down 2.1% year-on-

year), but net sales were ¥5,302 million (up 2.8% year-on-year) thanks to favorable growth in higher-priced services for corporate customers.

#### 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 September 30, 2024 decreased 7.3% year-on-year to 48 thousand, but the total transaction volume was ¥124.2 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 7.6% year-on-year to ¥2.6 billion due to a continued decline in the circulation volume of low-priced products. As a result, net sales were ¥3,735 million (down 9.9% 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 brand security provided by GMO BRAND SECURITY. Net sales increased by 5.0% year-on-year to ¥4,154 million thanks to growing global demand for cybersecurity.

#### 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 spread of the use of a next-generation payment platform “*stera*” terminal with the expansion of cashless payment market in the face-to-face transactions led to favorable growth in transaction volume. As a result, the number of transactions and the transaction volume showed strong growth, and net sales increased to ¥19,324 million (up 21.7% 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 increased, the number of subscriptions at September 30, 2024 remained flat at 2.22 million (down 1.6% year-on-year) due to a change in sales mix, and as a result, net sales were ¥9,917 million (down 1.0% year-on-year).

Overall, the Internet Infrastructure segment recorded net sales of ¥46,331 million (up 9.1% year-on-year) and operating profit of ¥7,794 million (up 27.2% 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 ¥3,546 million (down 13.7% 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 ¥3,335 million (up 1.9% year-on-year).

Overall, the Online Advertising & Media segment recorded net sales of ¥8,055 million (down 6.2% year-on-year) and operating profit of ¥628 million (up 29.5% 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 September 30, 2024, the number of OTC FX accounts increased to 1,534 thousand (up 4.0% year-on-year) and the number of securities accounts increased to 533 thousand (up 2.5% year-on-year). OTC FX saw strong growth in both transaction volume and sales due to an increase in market volatility. CFD saw sluggish growth in the transaction volume due to the lower-than-expected growth in the transaction volume of indexes and commodities trading affected by the movements in exchange rates.

Overall, the Internet Finance segment recorded net sales of ¥12,633 million (up 19.9% year-on-year), but operating profit decreased to ¥3,309 million (down 8.2% year-on-year) due to the recognition of allowance for doubtful debts of approximately ¥2.2 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 September 30, 2024 (¥88 million for the three months ended September 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 continued to expand with the number of customer accounts as of September 30, 2024 increasing to 660 thousand (up 12.6% year-on-year), and the trading value also showed favorable growth due to improved market conditions. As a result, net sales increased to ¥1,483 million (up 81.1% year-on-year).

Overall, the Cryptoassets segment reported net sales of ¥1,518 million (up 58.4% year-on-year) and operating profit of ¥226 million (operating loss of ¥532 million for the three months ended September 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 ¥42 million (up 11.2% year-on-year), and operating loss was ¥213 million (operating loss of ¥112 million for the three months ended September 30, 2023) due to sales of investment securities held and the recognition of loss on valuation.

(Reference 1) Changes in Operating Results and Financial Condition by Quarter

	(Unit: ¥millions)				
	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Net sales	62,501	66,097	68,861	67,619	69,623
Operating profit	9,466	12,386	14,436	9,573	11,815
Ordinary profit	9,707	13,703	15,503	9,734	9,460
Profit attributable to owners of the parent	3,288	4,558	5,519	2,203	2,485
Total assets	1,706,559	1,757,636	1,937,332	1,925,041	1,874,730
Shareholders' equity	81,804	82,541	86,688	89,141	83,551



(Reference 2)

## Quarterly Results by Segment/Business

## I Net Sales by Segment

(Unit: ¥millions)

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Internet Infrastructure					
Provider (ISP)	10,020	9,998	9,995	10,150	9,917
Domain	2,470	2,534	2,594	2,590	2,635
Hosting & cloud	5,158	5,199	5,195	5,348	5,302
Ecommerce solutions	4,144	2,088	3,591	3,643	3,735
Security	3,955	6,024	4,474	4,839	4,154
Payment	15,876	17,541	18,061	17,840	19,324
Other	852	924	1,127	1,241	1,261
Total	42,478	44,311	45,041	45,655	46,331
Online Advertising & Media					
Online advertising	4,108	4,335	4,351	3,925	3,546
Internet media	3,272	3,105	3,262	3,241	3,335
Internet research & other	1,207	1,297	1,346	1,083	1,173
Total	8,587	8,738	8,959	8,250	8,055
Internet Finance					
Total	10,539	11,679	10,971	10,852	12,633
Cryptoassets					
Cryptoassets exchange	819	1,294	2,206	1,743	1,483
Cryptoassets mining	88	40	0	—	—
Cryptoassets payment	50	100	109	40	34
Total	958	1,434	2,315	1,784	1,518
Incubation					
Total	38	0	897	106	42
Sub total	62,602	66,165	68,185	66,649	68,581
Other	1,036	1,077	1,790	2,060	2,023
Adjustment	-1,138	-1,144	-1,114	-1,089	-981
Net Sales	62,501	66,097	68,861	67,619	69,623

## II Operating Profit by Segment

	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024
Internet Infrastructure	6,129	9,596	9,215	9,449	7,794
Online Advertising & Media	485	364	746	563	628
Internet Finance	3,605	2,553	3,526	-676	3,309
Cryptoassets	-532	83	954	385	226
Incubation	-112	-140	440	-300	-213
Sub total	9,576	12,457	14,882	9,421	11,744
Other	-123	-58	-409	173	85
Adjustment	14	-12	-36	-20	-15
Operating Profit	9,466	12,386	14,436	9,573	11,815

(Reference 3)

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) Overview of financial condition as of September 30, 2024  
Assets, Liabilities and Net Assets

(Assets)

As of September 30, 2024, total assets increased ¥117,093 million from December 31, 2023 to ¥1,874,730 million. Major factors included an increase of ¥52,551 million in cash and deposits, an increase of ¥60,062 million in cryptoassets under custody, an increase of ¥23,175 million in tangible fixed assets, an increase of ¥28,071 million in investment securities, and a decrease of ¥51,155 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 September 30, 2024, total liabilities increased ¥105,033 million from December 31, 2023 to ¥1,689,830 million. Major factors included an increase of ¥43,593 million in debt, an increase of ¥10,898 million in bonds, an increase of ¥60,062 million in deposits received for cryptoassets, an increase of ¥6,651 million in deposits received, and a decrease of ¥19,218 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 September 30, 2024, total net assets increased ¥12,060 million from December 31, 2023 to ¥184,899 million. Major factors included an increase of ¥3,732 million in earned surplus (consisting of an increase from recording profit attributable to owners of the parent totaling ¥10,208 million, a decrease from dividend payments of ¥4,065 million, and a decrease from retirement of treasury stock of ¥2,410 million), an increase of ¥999 million in treasury stock due to acquisition and retirement, a decrease of ¥2,578 million in other securities valuation differences, and an increase of ¥11,040 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. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheet

	FYE 12/2023 (As of Dec 31, 2023)	(Unit: ¥millions) First nine months of FYE 12/2024 (As of September 30, 2024)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	393,452	446,004
Trade notes, accounts receivable and contract assets	38,133	36,921
Operational investment securities	13,260	13,895
Inventory	20,709	26,012
Cryptoassets under custody	156,511	216,573
Securities segment deposits	511,989	473,360
Securities segment margin transaction assets	127,497	105,332
Securities segment loan secured by securities	12,531	11,078
Securities segment short term guarantee deposits	70,719	72,249
Securities segment variation margin paid	98,051	107,612
Other	179,016	175,268
Allowance for doubtful debts	-7,616	-7,013
<b>Total Current Assets</b>	<b>1,614,257</b>	<b>1,677,295</b>
<b>Fixed Assets</b>		
<b>Tangible fixed assets</b>	<b>46,836</b>	<b>70,012</b>
<b>Intangible fixed assets</b>		
Goodwill	15,957	16,925
Software	15,367	17,143
Other	12,980	11,835
<b>Total intangible fixed assets</b>	<b>44,305</b>	<b>45,903</b>
<b>Investments and other assets</b>		
Investment securities	30,687	58,759
Deferred tax asset	3,872	4,847
Other	25,104	33,492
Allowance for doubtful debts	-7,427	-15,580
<b>Total investments and other assets</b>	<b>52,236</b>	<b>81,518</b>
<b>Total Fixed Assets</b>	<b>143,379</b>	<b>197,435</b>
<b>Total Assets</b>	<b>1,757,636</b>	<b>1,874,730</b>

(Unit: ¥millions)

	FYE 12/2023 (As of Dec 31, 2023)	First nine months of FYE 12/2024 (As of September 30, 2024)
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Trade notes and accounts payable	15,124	14,882
Short term debt	197,322	204,716
Current portion of bonds	10,200	226
Amount payable	52,083	50,218
Deposits received for cryptoassets	156,511	216,573
Securities segment deposits received	61,555	57,631
Securities segment margin transaction liability	31,816	35,815
Securities segment guarantees received	560,407	538,026
Securities segment variation margin received	11,677	10,560
Securities segment loans payable secured by securities	15,698	19,904
Accrued corporate tax, etc.	7,957	7,463
Allowance for bonuses	2,422	3,634
Allowance for bonuses to directors	526	911
Advance payment received	1,264	1,539
Contract liabilities	23,053	23,570
Deposits received	130,175	136,827
Other	29,217	33,557
<b>Total Current Liabilities</b>	<b>1,307,015</b>	<b>1,356,057</b>
<b>Fixed Liabilities</b>		
Bonds	100,500	121,372
Convertible bonds with equity warrants	20,550	20,385
Long term debt	144,996	181,195
Deferred tax liability	1,145	1,154
Other	9,647	8,733
<b>Total Fixed Liabilities</b>	<b>276,839</b>	<b>332,840</b>
<b>Statutory Reserve</b>		
Financial instruments transaction liability reserve	942	932
<b>Total Statutory Reserve</b>	<b>942</b>	<b>932</b>
<b>Total Liabilities</b>	<b>1,584,797</b>	<b>1,689,830</b>
<b>Net Assets</b>		
<b>Shareholders' Equity</b>		
Capital stock	5,000	5,000
Capital surplus	31,866	31,894
Earned surplus	47,416	51,148
Treasury stock	-10,166	-11,165
<b>Total Shareholders' Equity</b>	<b>74,115</b>	<b>76,877</b>
<b>Accumulated Other Comprehensive Income</b>		
Other securities valuation differences	3,542	963
Deferred hedging profit/loss	-78	37
Foreign currency translation adjustments	4,962	5,672
<b>Total Accumulated Other Comprehensive Income</b>	<b>8,425</b>	<b>6,673</b>
Equity Warrants	55	65
Non-controlling Interests	90,242	101,282
<b>Total Net Assets</b>	<b>172,839</b>	<b>184,899</b>
<b>Total Liabilities and Net Assets</b>	<b>1,757,636</b>	<b>1,874,730</b>

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

Quarterly consolidated statement of income  
 First nine months ended September 30, 2023 and 2024

(Unit: ¥millions)

	First nine months of FYE 12/2023 (Jan. to Sep. 2023)	First nine months of FYE 12/2024 (Jan. to Sep. 2024)
Net Sales	192,545	206,104
Cost of Sales	80,703	82,610
Gross Profit on Sales	111,842	123,494
Sales, General & Administrative Expenses	81,756	87,669
Operating Profit	30,085	35,825
Non Operating Revenue		
Interest received	1,032	1,137
Dividends received	874	352
Foreign exchange gain	1,155	9
Gain on sale of investment securities	1,029	1,580
Gain on investments in partnership	462	393
Other	771	723
Total Non Operating Revenue	5,325	4,197
Non Operating Expenses		
Interest paid	1,332	2,155
Equity method investment losses	753	1,463
Bond issuance cost	305	135
Commission paid	421	1,169
Other	353	399
Total Non Operating Expenses	3,166	5,324
Ordinary Profit	32,244	34,698
Extraordinary Profit		
Gain on sale of investment securities	69	1,641
Reversal of financial instruments transaction liability reserve	5	10
Other	1	5
Total Extraordinary Profit	76	1,657
Extraordinary Loss		
Impairment loss	329	—
Loss on disposal of fixed assets	152	335
Loss on valuation of investment securities	650	—
Other	4	58
Total Extraordinary Loss	1,136	394
Net Profit before Adjustment for Tax, etc.	31,184	35,962
Corporate, Municipal and Enterprise Taxes	13,203	14,627
Corporate Tax etc. Adjustment	-904	-248
Total Corporate Taxes, etc.	12,298	14,378
Net Profit	18,885	21,583
Profit attributable to Non-controlling Interests	9,252	11,374
Profit attributable to Owners of the Parent	9,633	10,208

Quarterly consolidated statement of comprehensive income  
 First nine months ended September 30, 2023 and 2024

(Unit: ¥millions)

	First nine months of FYE 12/2023 (Jan. to Sep. 2023)	First nine months of FYE 12/2024 (Jan. to Sep. 2024)
Net Profit	18,885	21,583
Other Comprehensive Income		
Other securities valuation differences	2,870	-2,950
Deferred hedging profit/loss	-155	171
Foreign currency translation adjustments	6,236	1,344
Share of other comprehensive income of associates accounted for using equity method	41	-59
Total other comprehensive income	8,992	-1,494
Comprehensive Income	27,877	20,089
(Breakdown)		
Comprehensive income attributable to owners of the parent	14,556	8,456
Comprehensive income attributable to non-controlling interests	13,321	11,633

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

I For the nine months ended September 30, 2023 (01.01.2023-09.30.2023)

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	126,114	23,955	35,579	3,120	690	189,459	3,085	—	192,545
Intersegment transactions or transfer	1,073	1,970	18	—	—	3,062	373	-3,436	—
Total	127,188	25,926	35,597	3,120	690	192,522	3,458	-3,436	192,545
Segment Profit/Loss	19,131	1,511	11,202	-1,355	-0	30,490	-338	-65	30,085

\*Notes

- i. "Other" represents real estate leasing and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-65 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 nine months ended September 30, 2024, the Internet Finance segment recognized impairment loss on fixed assets of ¥329 million.



II For the nine months ended September 30, 2024 (01.01.2024-09.30.2024)

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	135,658	23,937	34,439	5,618	1,046	200,701	5,403	—	206,104
Intersegment transactions or transfer	1,368	1,328	17	—	—	2,715	470	-3,186	—
Total	137,027	25,265	34,457	5,618	1,046	203,416	5,874	-3,186	206,104
Segment Profit/Loss	26,459	1,939	6,158	1,565	-74	36,049	-150	-72	35,825

\*Notes

- i. "Other" represents real estate leasing and other businesses not included in reportable segments.
- ii. Segment profit/loss adjustment (¥-72 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 nine months ended September 30, 2024 was ¥1,627 million.

(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. Also pursuant to the resolutions at the Board of Directors meeting held on February 13, 2024 and August 8, 2024, the Company acquired 1,425,100 shares of treasury stock for ¥3,409 million.

As a result, earned surplus and treasury stock as of September 30, 2024 were ¥51,148 million and ¥11,165 million, respectively.

(Notes regarding a going concern assumption)

Not applicable.

(Notes regarding significant changes in the scope of consolidation during the nine months ended September 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.

(Notes regarding quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows for the nine months ended September 30, 2024 is not prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the nine months ended September 30, 2023 and 2024 is as follows:

	(Unit: ¥millions)	
	First nine months of FYE 12/2023 (Jan. to Sep. 2023)	First nine months of FYE 12/2024 (Jan. to Sep. 2024)
Depreciation	8,606	9,536
Amortization of goodwill	1,466	1,555

(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

The 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).

(Business combination, etc.)

For the nine months ended September 30, 2024 (01.01.2024-09.30.2024)

Business combination through acquisition

The Company resolved at its Board of Directors meeting held on February 13, 2024 to acquire shares in Flatt Security Inc. from its existing shareholders through a subscription to a third-party allotment of new shares and make the company a consolidated subsidiary, and entered into a share transfer agreement and a share subscription agreement on the same day. Based on the resolution, the company's shares were acquired on February 29, 2024.

(1) Overview of the business combination

(i) Name and business description of the acquiree

Name of the acquiree: Flatt Security Inc.

Business description: Cyber security related service

(ii) Main reason for the business combination

We have determined to make Flatt Security Inc. our subsidiary on the grounds that we can anticipate strong synergies with the Group's customer base by welcoming the company, a group of highly talented security engineers with strong product development capabilities and a wealth of knowledge and expertise in product security regardless of industry, to the Group.

(iii) Date of the business combination

February 29, 2024 (deemed acquisition date: March 31, 2024)

(iv) Legal form of the business combination

Acquisition of shares for cash consideration

(v) Name of the entity after the business combination

Flatt Security Inc.

(vi) Ratio of voting rights acquired

66.6%

(vii) Background for determining the acquiree

The Company acquired shares of Flatt Security Inc. for cash consideration.

(2) Period of the acquiree's operating results included in the quarterly consolidated statement of income for the nine months ended September 30, 2024

From April 1, 2024 to September 30, 2024

(3) Acquisition costs of the acquiree and details of consideration by type

Consideration of acquisition	Cash	¥2,332 million
Acquisition costs		¥2,332 million

(4) Amount of goodwill, basis for recognition, and amortization method and period

(i) Amount of goodwill recognized

¥1,627 million

(ii) Basis for recognition

Goodwill represents excess earning power expected from future business development.

(iii) Amortization method and period

On a straight-line basis over 10 years

(Significant subsequent event)

Not applicable.