

GMO INTERNET GROUP

GMO Internet Group, Inc.

FY2024 Q3 Financial Announcement

November 12, 2024

Event Summary

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[Participants]		
[Number of Speakers]	2	
	Masashi Yasuda	Director, Executive Vice President and Group CFO, Deputy to Group CEO
	Noriko Inagaki	Group Executive Officer, General Manager of Group Financial Department

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Presentation

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

We are pleased to announce the speakers for today's briefing. Masashi Yasuda, Executive Vice President and Group CFO, will speak in the first half. And Noriko Inagaki, Group Executive Officer and General Manager of Group Financial Department, will speak in the second half of the session.

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.

Now, Mr. Yasuda, Executive Vice President, will give a presentation.

1. Overview
2. Group Management Strategy
3. Segment Report
 - i)Group Overview
 - ii) Internet Infrastructure
 - iii) Online Advertising & Media
 - iv)Internet Finance
 - v) Cryptoassets
4. Transition to a holding company structure
5. Shareholder Returns

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Yasuda: My name is Yasuda, CFO of GMO Internet Group. Thank you for attending today's financial results briefing. Since our fiscal year ends in December, I would like to report our financial results for the period from July to September. Thank you for your cooperation. Today's agenda is as shown.

I will explain the overview and the group management strategy, then the segment report is from Ms. Inagaki, Group Executive Officer and General Manager of Group Financial Department. After that, I will again explain the transition to a holding company structure and shareholder returns.

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Overview

- ❑ Become a group that will continue to over the next century by thoroughly implementing long-term management, pursuing No.1 products and recurring revenue through operations and development of our own technology.
- ❑ In Q3, almost our companies achieved increasing in profits, resulting of independent management.
In the Infrastructure segment, non-payment businesses also increased in profit.
In Q4 ,Plan to invest overall and finalize all losses for Thai securities by year-end.
- ❑ In 2025, GMO IG is to change into a holding company to strengthen our group management ,creating a huge synergies by AI & Robotics and Cybersecurity businesses.

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Now, here is the overview of this briefing. I will explain these three points.

First, here is our approach to long-term corporate value enhancement. We are aiming at long-term management from a long-term perspective to achieve sustainable growth and, as a result, to achieve our 55-year plan, which is a super-long term management goal, in order to realize a corporate group that will last for 100 years. One of our goals is to grow operating profit by 15% or more each fiscal year.

Our companies are pursuing in-house development and recurring revenue to provide number one commercial products under the common value foundation, GMO-ism.

The second point is our current situation. In Q3, the results of our strength, independent management, were greatly manifested in our financial results.

In the infrastructure segment and other businesses, the settlement area of GMOPG continued to perform well as in the past, while the profit margin in the non-payment area also expanded.

On the other hand, as I mentioned at the outset, our goal is long-term sustainable growth. In Q4, each division plans to invest in growth for the next fiscal year and beyond. In addition, we will consider options to minimize future risks in the securities business in Thailand, including withdrawal from the business.

Finally, the third point, we will further strengthen group management. We will accelerate speedy management during the transition period to a holding company structure in January next year. In addition to the growth of existing businesses, we will maximize group synergies based on the AI & robotics and security businesses to further ensure sustainable growth.

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Overview | Executive Summary: Q3 FY2024

Infrastructure driven, Internet Finance business improved profitability.

Due to foreign exchange impact, both Ordinary Profit and Net Profit were decreased.

(JPY billions)	Q3'23 (Jul-Sep)	Q3'24 (Jul-Sep)	YoY Change	Change
Net Sales	62.5	69.6	+7.1	+11.4% Record high
Operating Profit	9.4	11.8	+2.3	+24.8%
Ordinary Profit	9.7	9.4	-0.2	-2.5%
Net Profit	3.2	2.4	-0.8	-24.4%



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This is followed by the consolidated results for Q3. The figures are as you can see.

Continued performance growth in infrastructure and substantially improved profitability in finance resulted in increased sales and profit results. Ordinary profit and below for this quarter were lower than the previous year due to the foreign exchange loss recorded by the impact of the US dollar to yen exchange rate.

Overview | Executive Summary: Q1-Q3 FY2024

Infrastructure business was favorable to absorb temporary costs in Finance business

(JPY billions)	Q3'23 (Jan-Sep)	Q3'24 (Jan-Sep)	YoY Change	Change
Net Sales	192.5	206.1	+13.5	+7.0%
Operating Profit	30.0	35.8	+5.7	+19.1%
Ordinary Profit	32.2	34.6	+2.4	+7.6%
Net Profit	9.6	10.2	+0.5	+6.0%



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These are the cumulative figures from January through September. The figures are as you can see. The financial results showed an increase in both sales and profit while absorbing the impact of provisions in Thai securities.

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Overview | Executive Summary: Q3 FY2024

					Evaluation	
					Q3	Q2
Internet Infrastructure	Net sales	JPY 46.3B	(Up 9.1% YoY)	<ul style="list-style-type: none"> Overwhelmingly No.1 services, both payments and non-payments well performed. Achieved record-breaking quarterly sales for four consecutive quarters. 	"✓✓"	"✓✓"
	OP	JPY 7.7B	(Up 27.2% YoY)			
Online Ad & Media	Net sales	JPY 8.0B	(Down 6.2% YoY)	<ul style="list-style-type: none"> Growth in high-margin our products and in-house Media. 	"✓"	"poor"
	OP	JPY 0.6B	(Up 29.5% YoY)			
Internet Finance	Net sales	JPY 12.6B	(Up 19.9% YoY)	<ul style="list-style-type: none"> FX : Favorable, due to increased Exchange volatility, cost efficiency in progress. CFD : Both transactions and revenues remained strong. Thai : Recorded ¥2.2 billion allowance for doubtful accounts at Thai securities business, and the service will be terminated. 	"poor"	"bad"
	OP	JPY 3.3B	(Down 8.2B)			
Cryptoassets	Net sales	JPY 1.5B	(Up 58.4% YoY)	<ul style="list-style-type: none"> Exchange business was good, and keeps profit for four consecutive quarters 	"✓"	"✓"
	OP	JPY 0.2B	(Up 0.7B in Q3'23)			

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This is followed by a summary of results by segment. A qualitative assessment by management is included on the far right, along with those from the previous quarter.

First, the infrastructure, which is marked as very good. Net sales reached a new quarterly high for the fourth consecutive quarter due to the accumulation of solid recurring revenues. Each business is performing well. In the previous fiscal year, the profit increase was over 27%, although the launch pad was higher due to a boost from transitory factors. We have realized the solid recurring revenue board brought about by the aggregation of the overwhelming number one service.

Next is online ad & media, which is marked as good. Sales decreased but profits increased. Net sales were negative due to weakness in the advertising agency business, which accounts for a large percentage of total sales. On the other hand, this segment also made progress in in-house development and operation, and efforts to generate recurring revenue, and profit increased due to growth in high-margin in-house products and in-house media.

And finance is marked as poor. Sales increased but profit decreased. Although the trading volume in FX, the mainstay product, expanded significantly, the Thai securities segment posted a decrease due to a reversal in the previous fiscal year and a provision in the current fiscal year. This would have been the highest profit level if not for the impact of the provisioning of securities in Thailand.

FX made progress in cost efficiency in addition to revenue growth, therefore, marked as very good. CFDs remained strong in terms of both transactions and revenues, therefore, marked as good. On the other hand, provision has occurred again in Thailand, which is marked as bad. For Thai securities, we have completed the announcement of the termination of margin trading service by the end of this year. We will consider our options, including withdrawal, to limit the impact on performance to this season only.

Next, cryptoassets is marked as good. The increase in revenue and return to profitability resulted in the recording of profit for four consecutive quarters. This was due to the booming crypto asset market and the expansion of transaction revenues in the exchange business. We have established a system that allows us to make profit without hesitation as long as there is a certain level of transaction volume.

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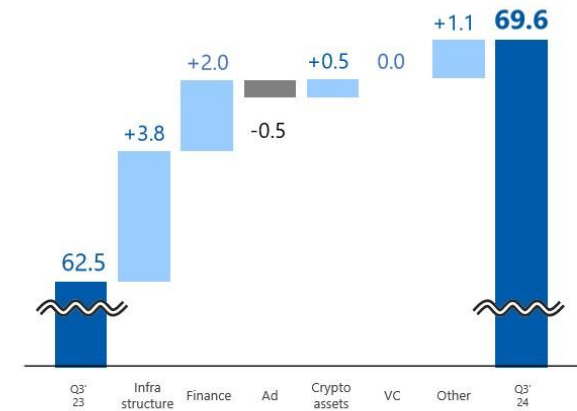
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Overview | Executive Summary: Q3 FY2024

Net sales

Up **7.1B** YoY

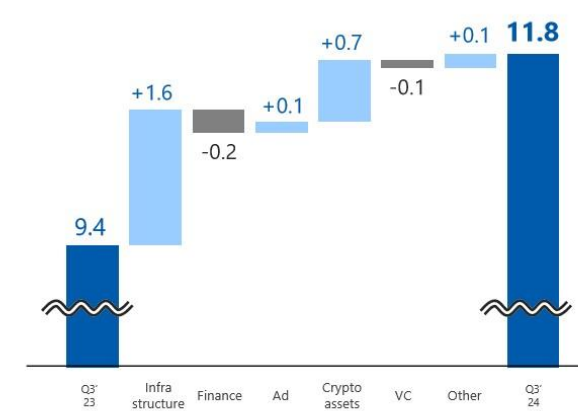
(JPY billions)



Operating Profit

Up **2.3B** YoY

(JPY billions)



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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.

As I have said before, there was an increase in infrastructure performance, an increase in finance revenue, and a turnaround in crypto assets, which absorbed one-time costs in the finance business, resulting in a JPY7.1 billion increase in consolidated sales and a JPY2.3 billion increase in consolidated profit.

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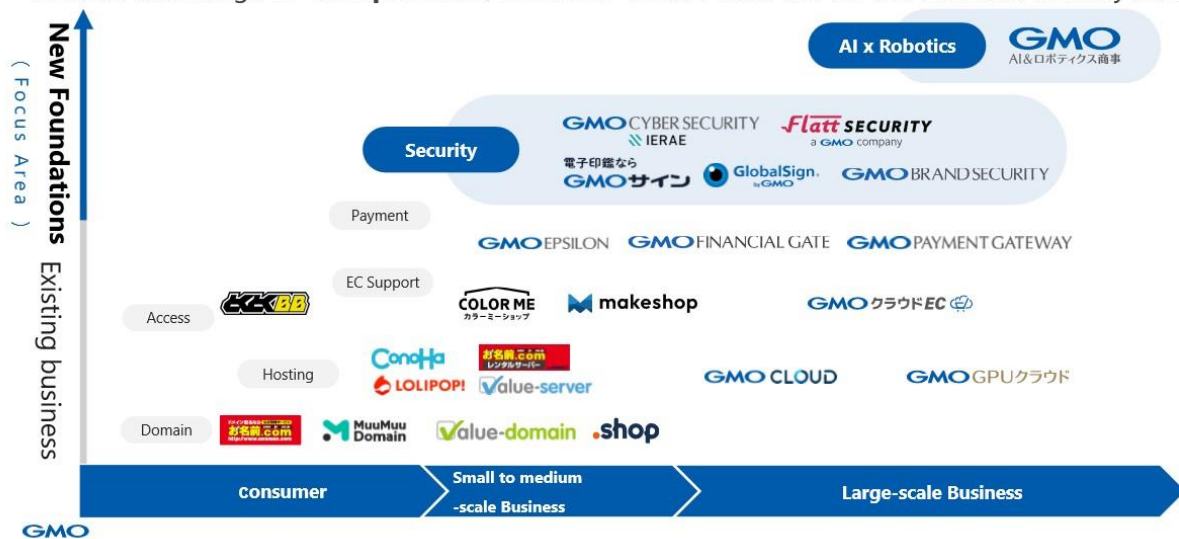
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Products in Internet infrastructure Expanding customer base and new areas of focus on

Provide wide range of "indispensable, essential" value. Focus on AI x Robotics and Security Business.



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Here is a mapping of the business development of our core infrastructure business.

Starting with the fundamental Internet businesses of access, domain, and cloud hosting, we have developed high-value-added services such as e-commerce platforms, security, and payment processing.

As the number one service, each has continued to provide value that will be "indispensable and essential" and has achieved sustainable growth through synergies among number one services.

One of the structural changes that has taken place over the past few years is the expansion of our customer base and the increase in its size. The impression is that the center of growth drivers has shifted to the upper right in this figure. We will continue to maximize group synergies around AI, robotics, and cyber security which is a growing global need.

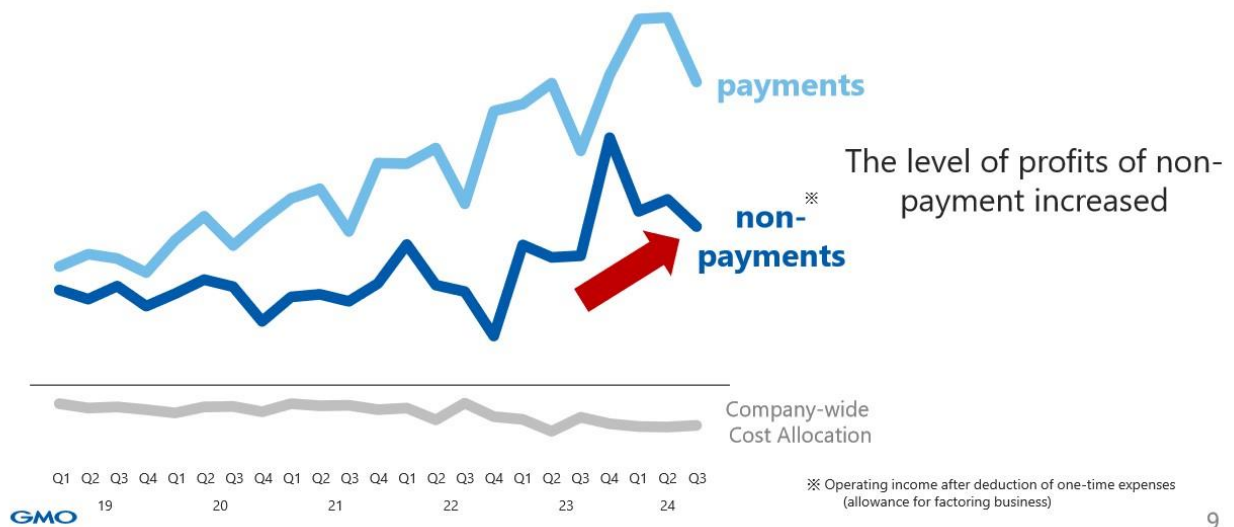
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Profit Trends in internet infrastructure| payments and non-payments



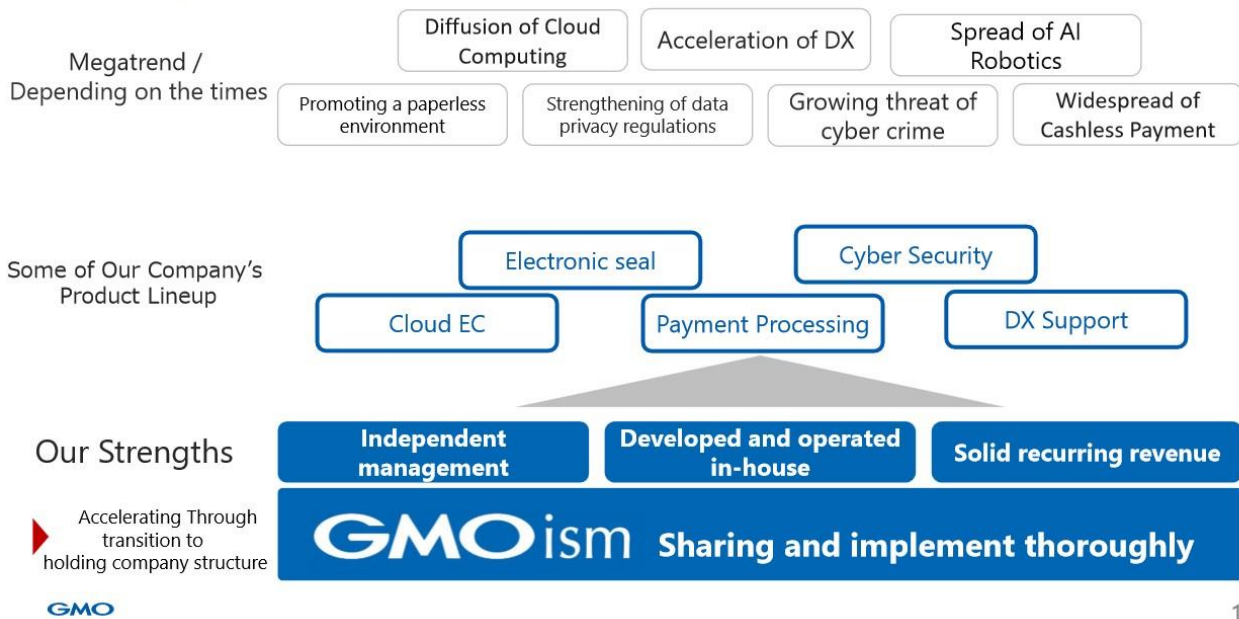
And here are the quarterly profits when divided into businesses other than [inaudible]. The growth of the payment business developed by GMO Payment Gateway, which is in pale blue, is continuing, but as you can see, the level of non-payment profits has also been rising since Q3 of last year, including a large contribution from the brand security business.

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Our response to social trends



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I will then explain the background of our Group's growth.

In recent years, as you can see, social trends have been changing at an accelerating pace, and new social issues have emerged along with these changes. In response to these changes, we have achieved steady growth by providing the number one service that solves our customers' issues.

The products listed here are just a few examples of those that are currently performing well, but the source of our ability to create highly competitive products lies in the strength of our Group, which is based on the thorough sharing of GMO-ism. The new holding company will further accelerate group management based on this GMO-ism.

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Our Strengths for Sustainable Growth

- 1. Independent management**
- 2. Operations and development of our own technology**
- 3. Solid recurring revenue**

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I would now like to explain our group management strategy. This will be about our strengths that support sustainable growth. As you can see, there are three. It is independent management, in-house development, operations and development of our own technology, and solid recurring revenue.

1. Independent management

Each group company pursues the No. 1 strategy under the “GMO-ism” and creates growth products.



As a result, our group with diversified risk management strategy.

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The first of our strengths is our independent management. The characteristic feature of our group management is speedy management with decentralized authority. Each group company is pursuing a number one strategy in its area of expertise under the GMO-ism and creating growth products. This system of independent management has resulted in the establishment of a strong, risk-distributed management base.

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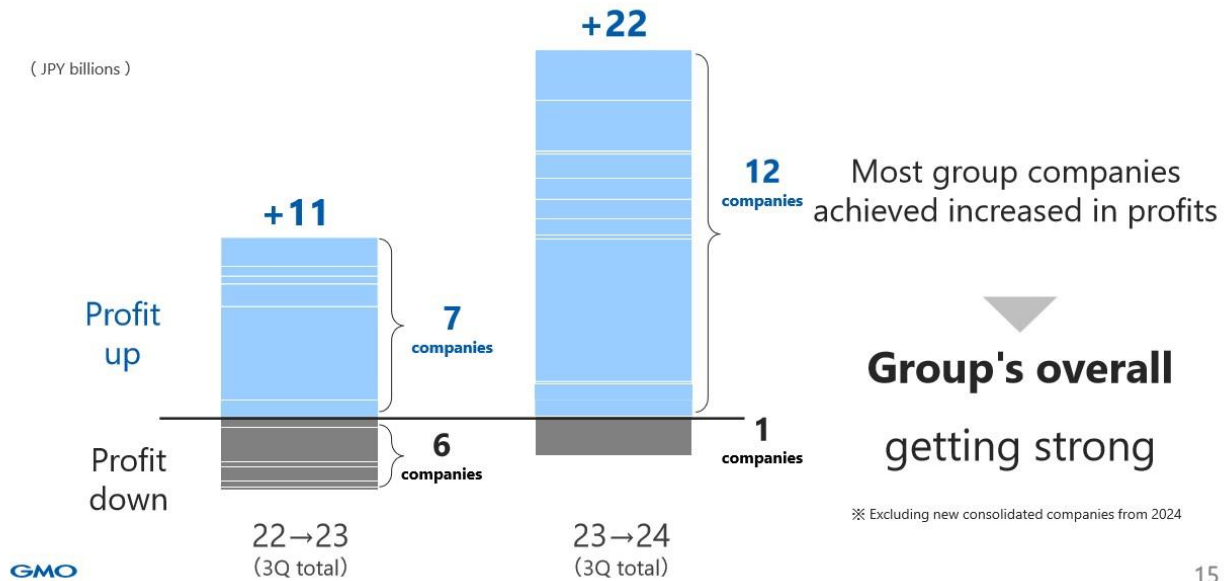
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1. Independent management

Infrastructure segment profit achievement by each group excluding payment*



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I spoke earlier about profit growth in the non-payment area in the infrastructure business, and this chart illustrates that specific situation.

In the FY2023 Q3 accumulation on the left, seven companies reported an increase in profit and six companies reported a decrease in profit, for an overall increase of JPY1.1 billion. In FY2024 Q3, the number of companies that increased profits increased to 12, with only one company that decreased profits, and the amount of increase doubled to JPY2.2 billion.

The one company with a decrease in profit was also the result of a large contribution in the previous year, and not due to a deterioration in business momentum. We believe that this change is evidence that not only a particular company, but the entire group as a whole, is making steady progress in independent management, and that the improvement of the Group's overall strength is indeed becoming clear.

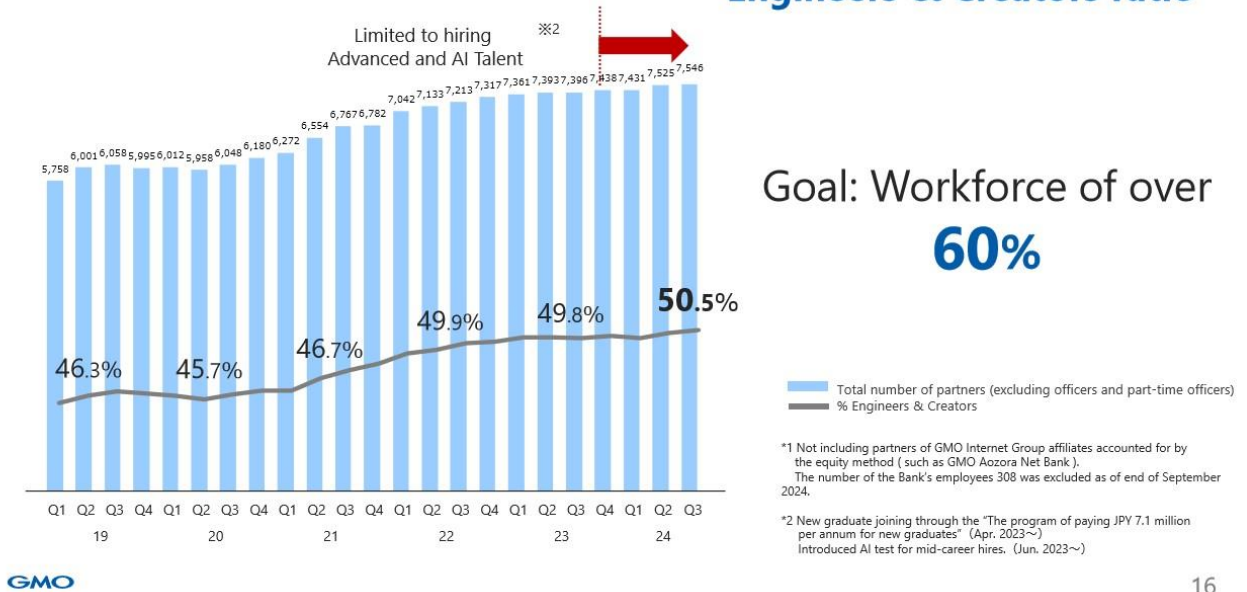
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2. Operations and development of our own technology Engineers & Creators ratio



The second of our strengths is our commitment to in-house development and operation. In order to continue to win in the fast-changing Internet industry, we consider our commitment to number one service to be an important issue to be addressed. To this end, we believe it is essential to continue to be a manufacturing company that creates and operates its own products.

And at the core of this manufacturing process are the people who make things, such as engineers, creators, and directors. The number of partners at the end of September, we call our employees partners, was over 7,500, of which the percentage of those who make things is over 50% and continues to rise.

Furthermore, since Q2 of last year, we have shifted to a policy of limiting our hiring to AI/advanced personnel. Of course, there is some natural attrition, but you can see that the increase in headcount has been controlled as a result.

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3. Solid recurring revenue

That means our core business policies,

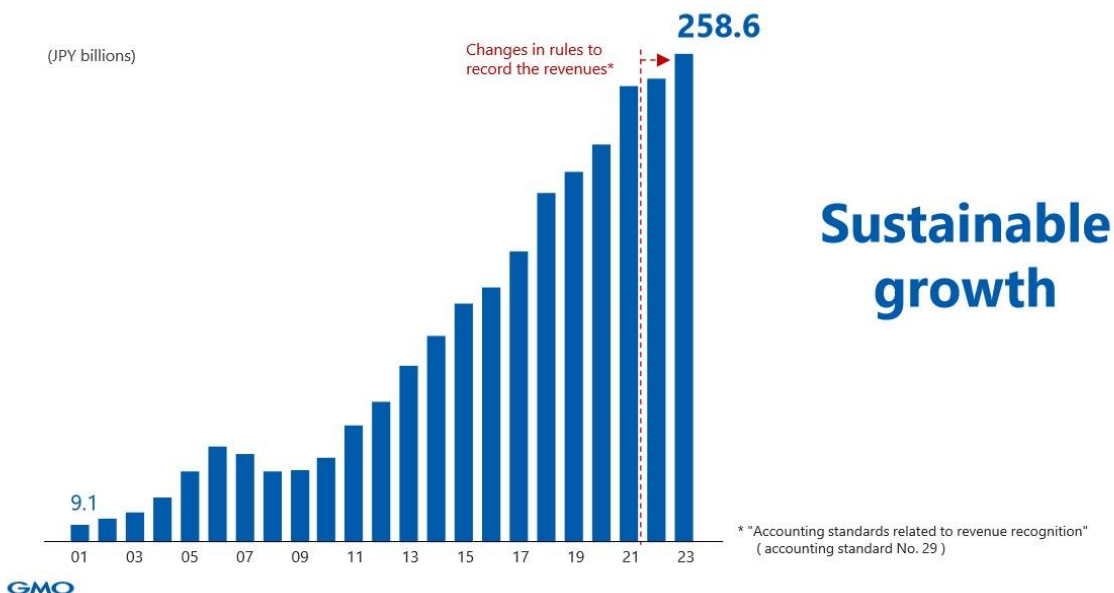
Indispensable products that will not disappear With recurring revenue business model

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And the third of our strengths, solid recurring revenue. This term is used to describe the Group's unique profit model. Since our founding, we have insisted on building a revenue base that will not disappear, that will not be lost, and that will come from a continuous billing product. As long as the Internet remains an integral part of the social infrastructure, solid recurring revenue will continue to support the Group's sustainable growth.

Consolidated Net Sales



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

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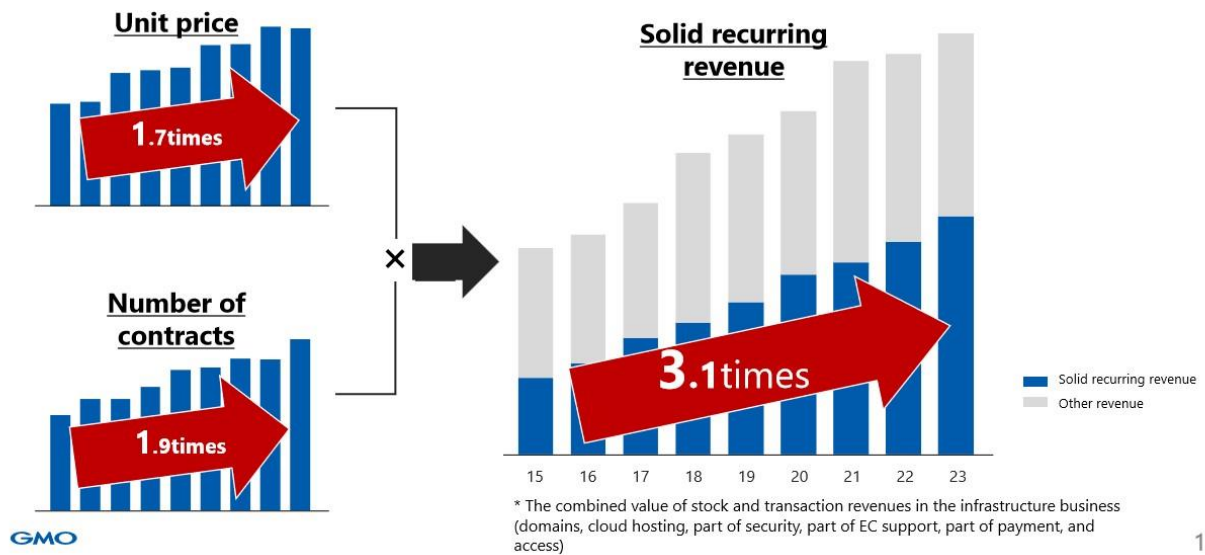
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3. Solid recurring revenues

Both unit price and number of contracts increased, leading to expansion.



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And here is a graph that breaks down the growth factors for solid recurring revenues.

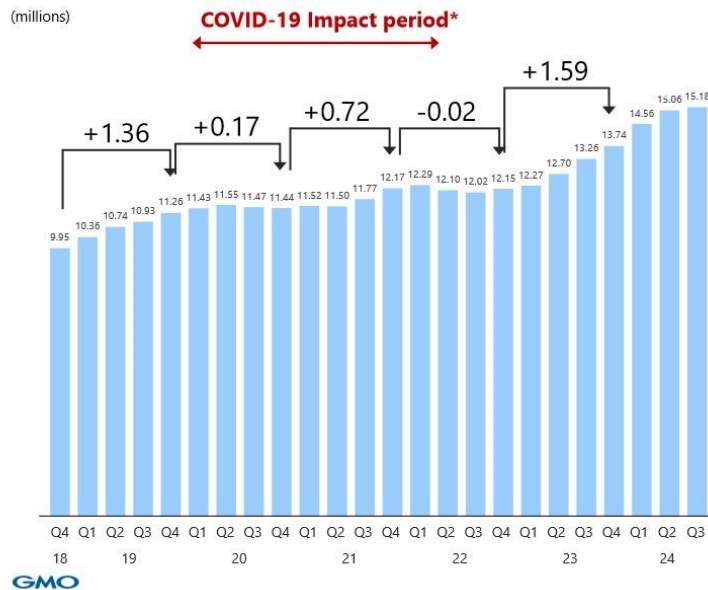
As the graph on the left shows, we have achieved steady growth on both fronts, with the unit price increasing 1.7 times and the number of contracts increasing 1.9 times. The expansion of our customer base and the increase in its size we discussed earlier have contributed to the increase in the unit price. As a result, solid recurring revenues grew 3.1 times from 2015 to 2023, steadily building a sustainable revenue base.

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Internet Infrastructure | Contracts



Solid recurring revenues base
15.18M
 customers
 Increased contracts
1.92M
 YoY

*The period of declaration of a state of emergency and application of priority measures to prevent the spread

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Here is the number of contracts in the infrastructure business. It is what we call a solid revenue base. The number of domain customers, in particular, has recently expanded to 15.18 million, up 1.92 million from the previous year due to the expansion of domain customers. We believe this growth trend represents continued support from society for our services. We look forward to continued steady growth.

After this, Ms. Inagaki, Group Executive Officer and General Manager of Group Finance Department, will give a presentation.

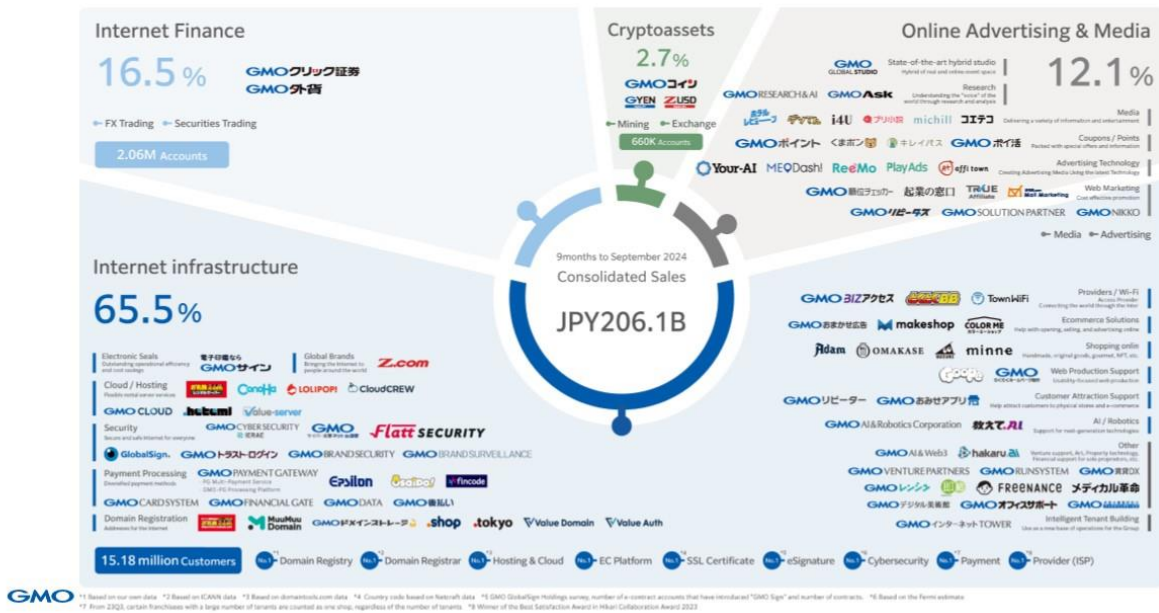
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Group of businesses with a customer base of 17.91 million



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Inagaki: My name is Inagaki, Group Executive Officer and General Manager of Group Finance Department at GMO Internet Group. Thank you for your cooperation. I will explain the situation by segment.

Here is the group overview. Here is the Group's main product lineup. As Yasuda explained earlier, all of our products are developed and operated in-house. Of these products and services, the combined customer base for infrastructure, finance, and cryptoassets exceeds 17.91 million.

Listed Group Companies: Market Cap and Equity Share

Stock Code	Company Name	Exchange	Market Cap ^{*1} (JPY billions)	% Ownership ^{*2}	Equity Share (JPY billions)
9449	GMO Internet Group	Prime	292.9		
3769	GMO Payment Gateway	Prime	677.5	40.7%	275.8
7177	GMO Financial Holdings	Standard	81.8	65.8%	53.8
4051	GMO Financial Gate	Growth	64.9	23.2% ^{*3}	15.0
3788	GMO GlobalSign HD	Prime	34.8	51.8%	18.0
3633	GMO Pepabo	Standard	8.0	59.5%	4.7
4784	GMO AD Partners	Standard	7.2	57.0%	4.1
6026	GMO TECH	Growth	6.8	54.1%	3.7
6180	GMO Media	Growth	6.4	64.9%	4.1
3695	GMO Research & AI	Growth	4.1	54.8%	2.2
Group Total			1,184.8^{*4}		38.19

*1 Market value as of November 11, 2024

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

*3 Indirect holdings through GMO Payment Gateway.

*4 Calculated as the sum of the listed market cap values



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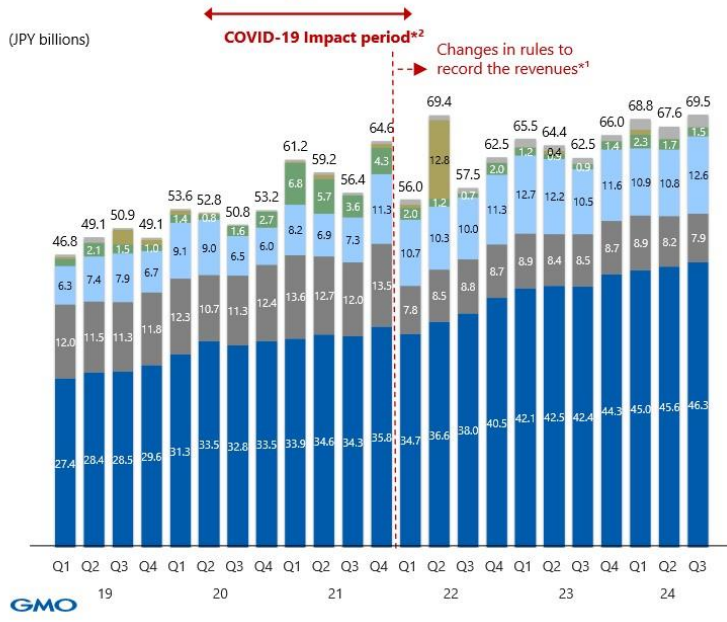
This is the market capitalization of our 10 listed group companies and their equity share. As you can see, the total market capitalization of the Group is about JPY1.2 trillion, and our equity share is JPY380 billion.

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Net Sales by Segment



Revenue up

11.4%

YoY

Sustainable growth of infrastructure business.

Expansion of transaction volume in the financial business.

Here are the quarterly net sales by segment for the business results explained at the beginning of this briefing. The bottom, the dark blue Internet infrastructure, has been growing steadily and consists mostly of solid recurring revenues that are highly sustainable and predictable. The light blue finance also enjoyed a tailwind in the market, expanding transaction volume and significantly increasing sales.

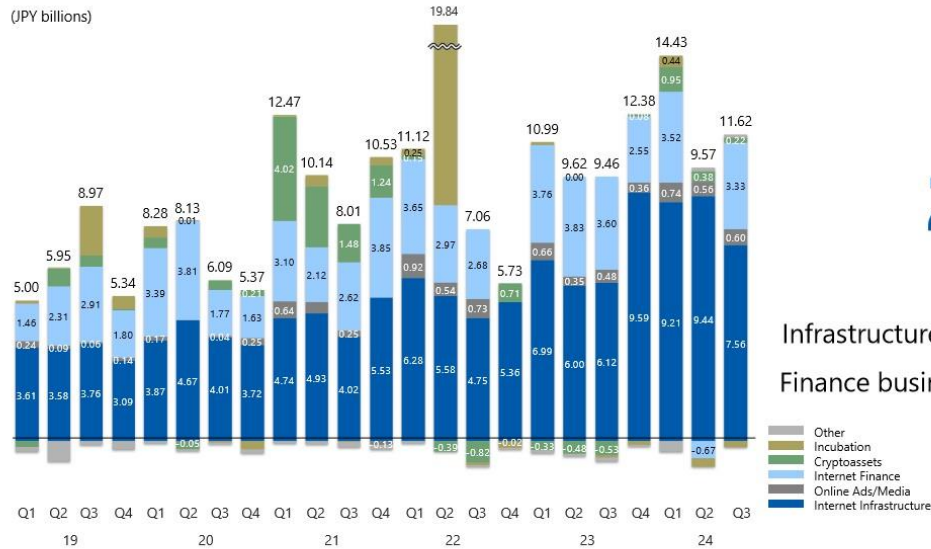
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Profit by Segment



Profit up
24.8%
YoY

Infrastructure business performed well.
Finance business improved profitability.

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The quarterly trend of operating profit by segment is as shown. We continue to see sustainable growth in our finance business, which is highly profitable in light blue, based on the dark blue of infrastructure solid recurring revenues.

Although there is an annual increase in labor costs in the infrastructure segment at this time of year due to the fiscal year end, the profit trend remains strong. In addition, there was a provision of approximately JPY2.2 billion for Thai securities during the quarter, but excluding this effect, profitability improved significantly in real terms.

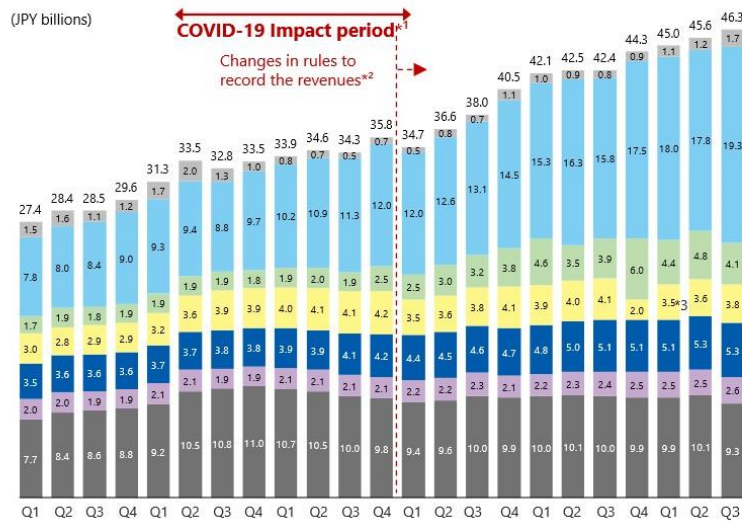
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Internet Infrastructure | Net Sales by Sub-Segment



Revenue up

Record high

9.1%

YoY

Growth in payments.
Accumulation of Solid recurring revenues .

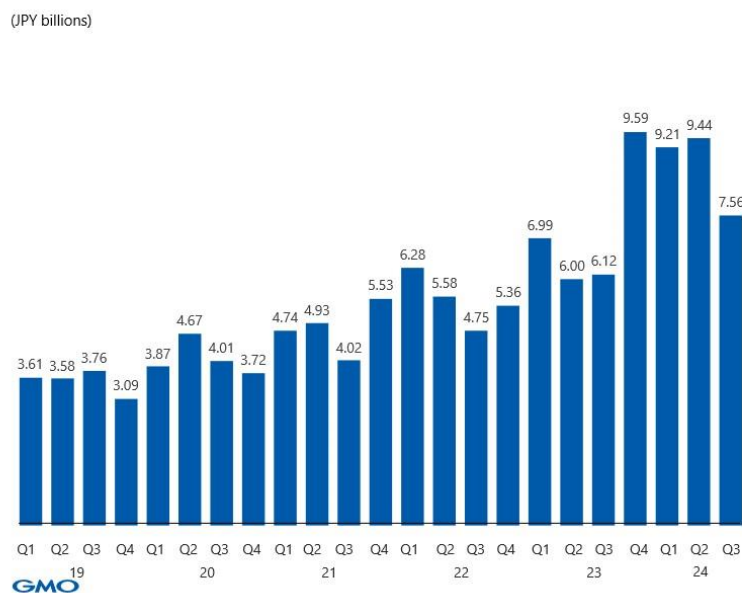
Other
Payment
Security
Ecommerce Solutions
Hosting & Cloud
Domain
Provider

*1 The period of declaration of a state of emergency and application of priority measures to prevent the spread
*2 "Accounting standards related to revenue recognition" (accounting standard No. 29)
*3 The effect of applying the net amount treatment, approximately -2.0 billion yen, is taken into account in Q4'23.

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Next is Internet infrastructure. Here are the quarterly sales figures and their breakdown. This was a 9.1% increase YoY, marking the fourth consecutive quarter of record performance. In addition to the strong growth of the payment business, sales have been steadily increasing due to the success of the monthly/yearly recurring billing business model, which is the solid recurring of each infrastructure company, including a group of unlisted companies.

Internet Infrastructure | Operating Profit



Profit up

27.2%

YoY

In Q3, profits increased due to the accumulation of Solid recurring revenues without large project.

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Now to the quarterly operating profit figures. With a 27.2% increase over the previous year, each company has been able to accumulate solid profits.

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Safe and Secure Internet for Everyone

Now is about the security business, which we will be strengthening in the infrastructure segment. In order to respond to the strong interest in and threats to security that have been growing worldwide in recent years, and to meet those needs, the Group has adopted the slogan "safe and secure internet for everyone" for its security business.

Security | Three areas

1. Encryption security



2. Cyber security



3. Brand security



The security business consists of three areas. The first area is encryption security covering SSL and other cryptographic security using authentication technology deployed by GlobalSign. Next is cyber security by the world's most powerful group of white hackers, developed by GMO CYBER SECURITY IERAE, a group joined in 2022. Lastly, brand security by domain trademark professionals.

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Internet Infrastructure | Cyber security achievements GMO CYBER SECURITY IERAE



Vulnerability Assessment・

Penetration test

Total results **Over 9,800 cases**



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Of these, our performance in cyber security is as shown. We have established a new vulnerability research team and participate in national and international security contests. We have recently achieved the number one position in the world's most prestigious security contest for two consecutive years. We will continue to contribute to the realization of a safe and secure Internet society in Japan and around the world.

Internet Infrastructure | Cloud service for generative AI

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The service will be available in late November 2024

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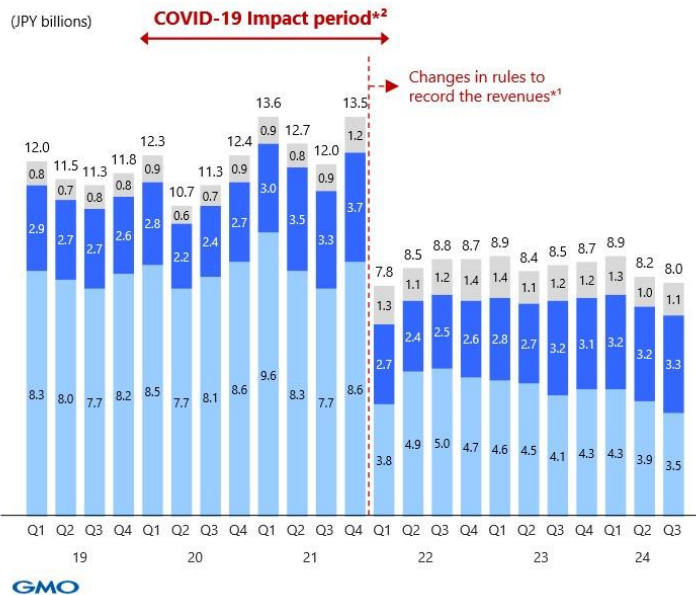
In addition, GMOGPU Cloud, a cloud service for generative AI, will soon be available. To contribute to the development of Japan's AI industry, we will provide high-performance computing resources and develop an environment essential for AI development and machine learning. Please stay tuned.

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Online Advertising & Media | Net Sales



Revenue down

6.2%
YoY

■ Internet Research/Other
■ Internet Media
■ Online Advertising

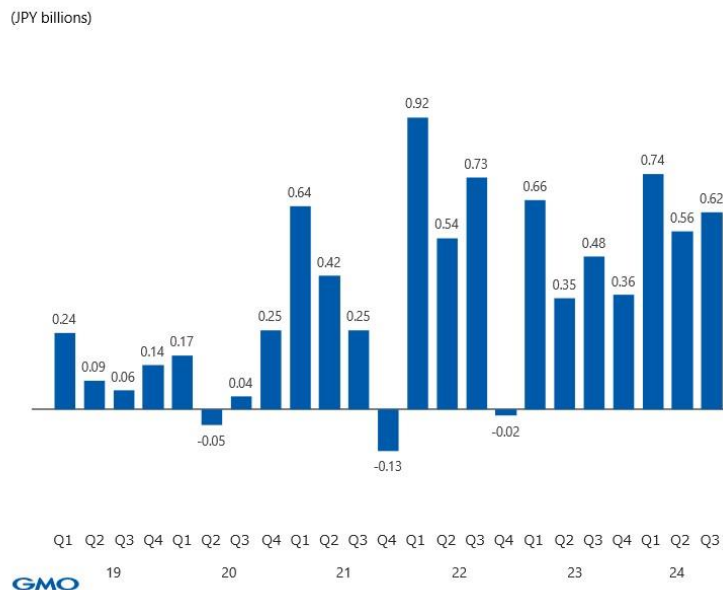
*¹ "Accounting standards related to revenue recognition" (accounting standard No. 29)

*² The period of declaration of a state of emergency and application of priority measures to prevent the spread

33

Next, we discuss the online advertising & media segment. Net sales decreased 6.2% from the previous year. In-house products developed by GMO Media and GMO TECH performed well, but the advertising agency business remained weak due to the continued trend of shrinking advertising budgets in some industries.

Online Advertising & Media | Operating Profit



Profit up
29.5%
YoY

**Growth in high margin
our products**

34

Now to the quarterly operating profit figures. Own commercial products with high profit margins and stock [inaudible].

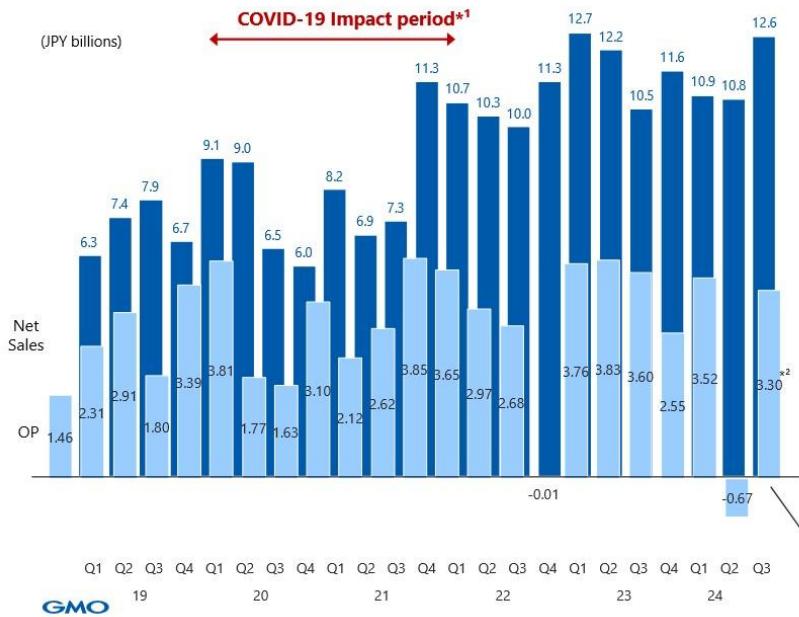
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Internet Finance | Historical Performance by quarter



Revenue up
19.9% YoY

Although profitability improved,
the impact of provisions in
Thailand,
Profit down

8.2% YoY

*¹The period of declaration of a state of emergency and application of priority measures to prevent the spread

*² Finance: Thailand's Internet Securities posted the provision of allowance for doubtful accounts of JPY 22B

35

Next is the Internet finance business. Quarterly results are as shown. Volatile movements in the foreign exchange market contributed to the increase in trading volume and sales.

As for profit, the allowance for doubtful accounts in Thai securities was about JPY2.2 billion, resulting in a decrease in profits and [inaudible] effect, and real profitability has improved.

We have decided to terminate our securities business in Thailand by the end of this year, effectively withdrawing from the business, and are taking various measures to increase profits in the next fiscal year and beyond.

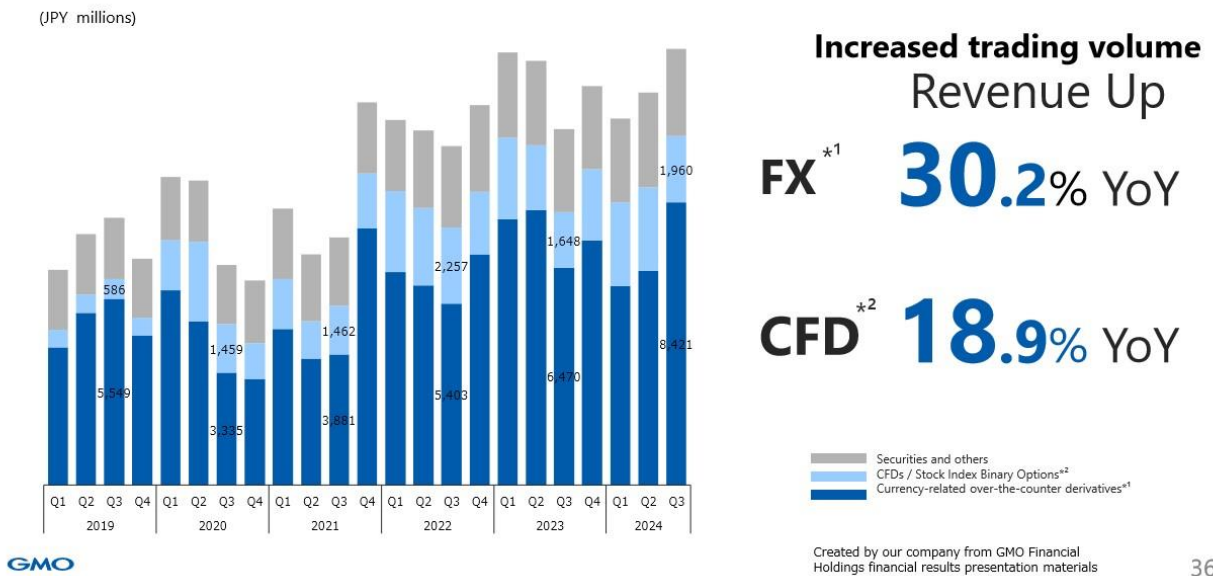
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Internet Finance | Net sales by each product



36

Here are the sales by product. Dark blue FX posted record sales as exchange rates remained brisk. Sales of the light blue CFDs increased due to buoyant global stock markets.

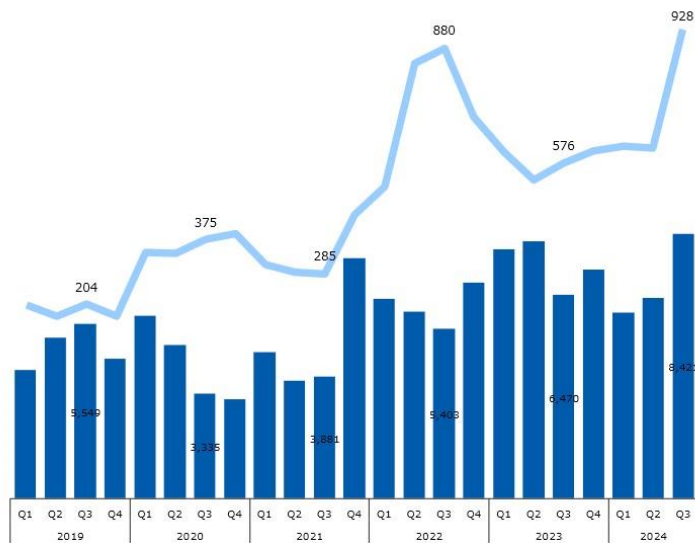
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Internet Finance | FX net sales and trading volume



Favorable, due to increased
Exchange volatility
Cost efficiency in progress.

■ Net sales of OTC-FX/binary options (JPY millions)
■ FX Trading volume (JPY trillions)*



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, GMO Coin, and GMO Gaika

The graph shows the relationship between sales and trading volume in the FX business. Until FY2022, there was an inverse correlation between the increase in trading volume and the decrease in sales volume. This was due to the large volume of transactions by large customers at the time, which was deteriorating the Company's profitability.

In order to improve the situation, we started to limit the daily transaction volume for some of our large customers in FY2022 Q4. Through such efforts, we have gradually succeeded in improving sales and profitability, and this time, with a further tailwind from the market, we have achieved a record high.

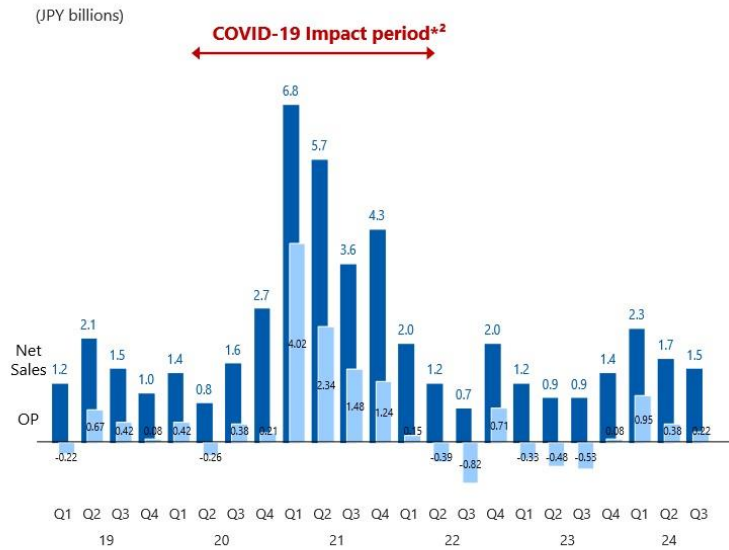
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Cryptoassets business | Historical Performance by Quarter



Revenue up

58.4%

YoY

Profit up

JPY 0.7B

YoY

* The period of declaration of a state of emergency and application of priority measures to prevent the spread

GMO

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Finally, the cryptoassets business. Quarterly results are as shown. Since Q4 of last year, the exchange business developed by GMO Coin has returned to a recovery trend in the market, partly due to topics related to crypto assets. The increase in transaction volume resulted in a profit for the fourth consecutive quarter.

We will continue to expand our customer base and work on various measures while continuing to operate in a nonchalant manner.

That is all from me. Yasuda will again speak about the holding structure. Thank you very much.

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Purpose

**Become a group
that thrives over hundreds of years.**

Strong organization to realize sustainable growth.

GMO

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Yasuda: I am Yasuda again. I will now explain the transition to a holding company structure.

First, let me explain the purpose of the transition to a holding company structure. In its ESG disclosure for the last fiscal year, the Group set "a corporate group that thrives over hundreds of years" as a key governance issue.

We have been searching for the optimal organizational structure to continue winning and sustainably create value in the rapidly changing domain of the Internet industry. This transition to a holding company structure is the first step toward building a solid management foundation to achieve this very goal.

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Transition to a holding company structure

- **Focus on group management functions, with responsible for optimizing business portfolio and building a foundation for powerful group synergies.**
- **Delegate authorities to each group company to accelerate their growth.**

GMO

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Now, let me explain what kind of changes we intend to make as a result of the transition to a holding company structure.

The Company will be positioned as a pure holding company and will specialize in group management functions. Specifically, this role is responsible for optimizing the business portfolio and serving as the foundation for creating group synergies.

We will also further strengthen our independent management, which I mentioned earlier as one of our strengths. By delegating authorities to each group company, we will achieve more agile decision-making and accelerate their growth speed.

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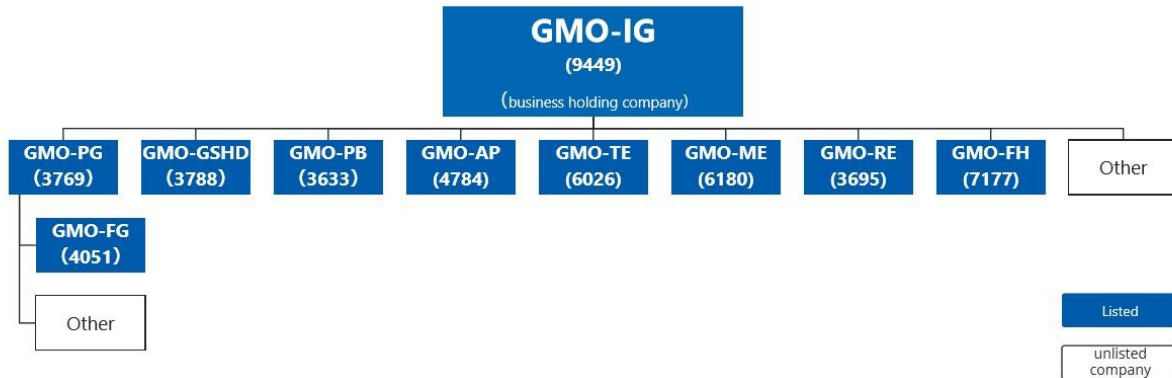
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Group Structure | At present

Under the structure, each company operates themselves independently, leveraging their unique strengths and expertise.



GMO

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Let me explain the current group structure here.

As a holding company, GMO Internet Group conducts its own business and has major group companies as shown below. Each company operates autonomously in the areas in which it excels, and this reorganization will be implemented between GMO AD Partners, one of these companies.

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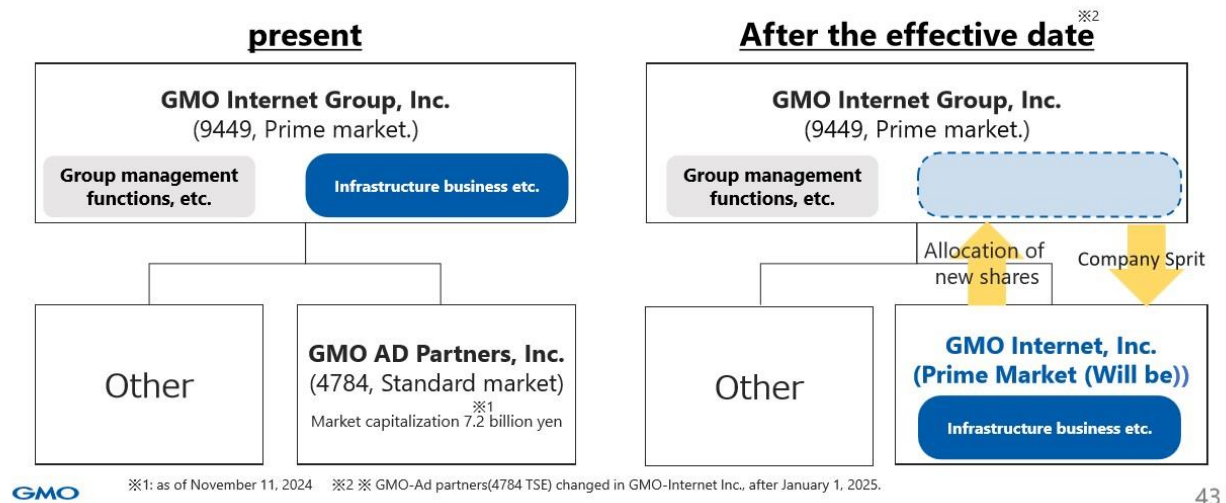
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Internet-group restructuring | scheme

Transferring the core business to GMO-AP.



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Let me explain in detail about the restructuring scheme with GMO AD Partners.

First, GMO AD Partners will take over the infrastructure and other businesses currently operated by the Company. In exchange, the Company will subscribe for new shares to be issued by GMO AD Partners.

This reorganization is solely between the Company and GMO AD Partners, and there will be no changes to the other unlisted group companies. As a result, the Company will shift from an operating holding company to a pure holding company and will specialize in the group management function I mentioned earlier.

GMO AD Partners will change its trade name to GMO Internet and list on the Prime Market on January 1, 2025, the effective date.

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※ New GMO Internet, Inc. | Business Overview and Main Services

As a cornerstone of the group, businesses that have been established for 28 years will be transferred to GMOI for further growth.



※ After January 1, 2025

The following is an overview of the business and main services of the new GMO Internet, which was renamed from GMO AD Partners.

The so-called ancestral business of access, domain, and cloud hosting, which has been the cornerstone of the Group for 28 years, will be succeeded for further growth. We will aim for growth in both Internet infrastructure and media.

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New GMO Internet, Inc. | FY2023 Financial Highlights

This merger greatly expands the scope of our businesses.

	Infrastructure Business (Succession from GMO-IG)	Online Ad & Media (GMO-AP)
Net Sales	JPY 61.5B ※2	14.9B
Operating Profit	JPY 6.1B ※2	▲0.02B

※ As of January 1, 2025 ※2 Pro-forma PL, not audited

GMO

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The scale of the new GMO Internet's business, as you can see, is as shown

Although these are reference figures based on the results for the fiscal year ended December 31, 2023, the integration of the two businesses will result in combined sales of more than JPY76 billion, greatly expanding the business base. In particular, the infrastructure business is the most important driver of profit growth in the non-payment area, as explained earlier.

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New GMO Internet, Inc. | synthesis effect

Infrastructure business
(Succession from GMO-IG)

Online Ad & Media
(GMO-AP)



**To attract customers
more strongly**

※ After January 1, 2025

GMO

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I will now briefly explain the synergies from the integration of the two businesses.

The infrastructure business of the new GMO Internet has the number one stock product group of access, domain, and cloud hosting, and its customer acquisition is mainly through the Web. This integration will allow GMO AD Partners to directly utilize its Web marketing know-how to attract customers for these products. We expect extremely strong synergies in attracting customers.

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Future Plans

GMO Internet Group (9449)	<ul style="list-style-type: none"> To achieve 55-years plan, which is super long-term goal, we will optimize business portfolio and building a foundation for powerful group synergies.
GMO Internet, Inc. (4784) [※]	<ul style="list-style-type: none"> Synergy creation by leveraging existing businesses. Launch of GPU Cloud Services as a new business initiative.

※ After January 1, 2025



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Finally, I would like to summarize the future development of our company and the new GMO Internet, Inc.

First of all, we will change our position from a business holding company to a pure holding company and will play a fundamental role in optimizing our business portfolio and creating group synergies in order to realize sustainable growth and, as a result, achieve our super-long term plan, the 55-year plan.

Meanwhile, the new GMO Internet, in addition to the integration synergies in the existing businesses of infrastructure and advertising media, will launch GPU Cloud Services as a new business and accelerate its development as a new growth driver. Please stay tuned.

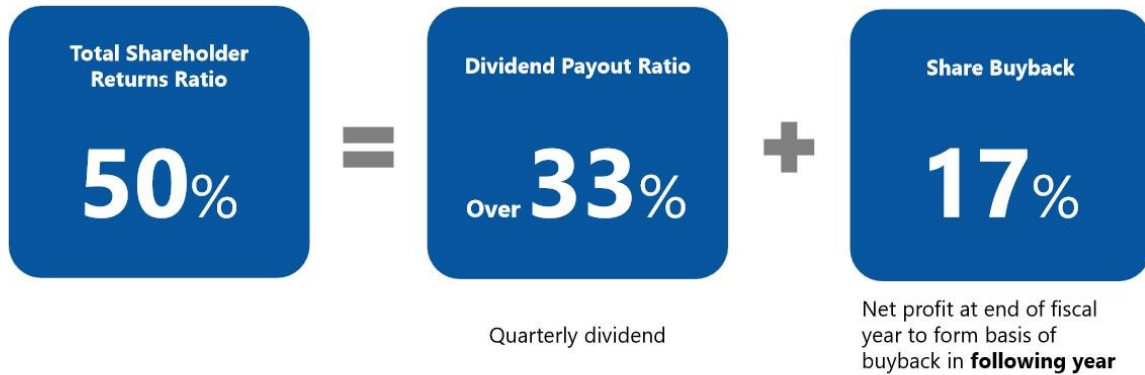
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Shareholder Returns | Policy)

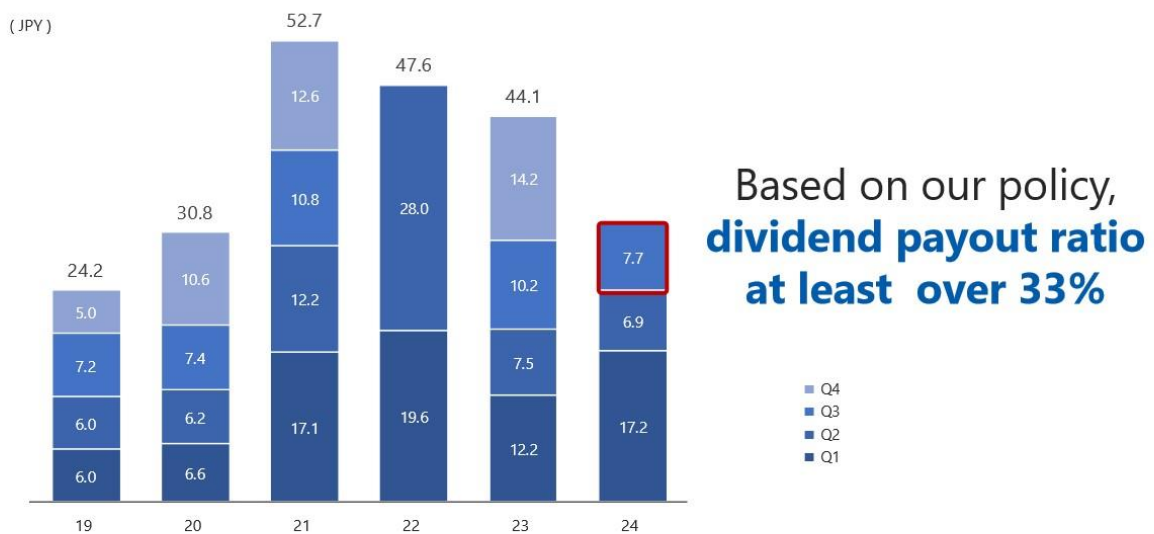


GMO

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Finally, I would like to discuss shareholder returns. Our basic policy is a total shareholders return ratio of 50%. The breakdown is 33% for dividends and the remaining 17% for amortization of share repurchases.

Shareholder Returns | Dividend per share)



GMO

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Here is the dividend per share. Earnings and dividend forecasts for the current fiscal year are undisclosed.

This is due to the volatility of the finance business, crypto asset business and other businesses, which makes it difficult to forecast earnings. For this reason, dividends are also announced quarterly. The dividend will be JPY7.7.

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Shareholder Returns | repurchasing treasury stock • Retirement

Progress smoothly

	Plan	Progress (As of the end of October)
Total cost of share acquisition	JPY 5.0B(max.) *	JPY 3.64B
Total number of shares to be acquired	2.9M * shares (max.)	1.51M

*Plans to retire all treasury shares acquired during the purchase period : 14th Feb FY2024 to 7th Feb FY2025

GMO

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Finally, I would like to discuss the progress of the treasury share acquisition. The expansion of the treasury share acquisition quota was announced in conjunction with the announcement of the financial results for Q2. As you can see, we are making steady progress toward the planned total acquisition price of JPY5 billion.

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

[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.
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