Q1 FYE 12/25 Results Presentation - Q&A

The following is a compilation of questions received from participants during the financial results briefing held on May 15, 2025. Responses were provided by CFO Yasuda of GMO Internet Group, Inc., Chujo of GMO GlobalSign, Inc., Makita of GMO Cybersecurity by Ierae, Inc., Ide of GMO Flatt Security, Inc., and Nakagawa of GMO BRAND SECURITY Inc. Some answers have been supplemented by the IR Department. Please note that after the first mention, company names will be abbreviated throughout this document.

●Consolidated Results

【Q1】 Do you plan to increase investment beyond the initial budget for this fiscal year? In addition to the additional investment in GMO Internet's (4784) GPU cloud, please comment on any capital or strategic investments planned in other segments.

【A1】 Regarding GMO Internet's (4784) GPU cloud, since its launch last November, it has been increasingly adopted as an AI development platform for robotics, autonomous-driving AI, and many other applications. In anticipation of further demand growth, we have decided to introduce additional computing resources. However, at this point, the Group as a whole does not have any specific plans for additional investments that would significantly impact our balance sheet.

●Internet Security

【Q2】 Within your cyber-security growth strategy, how do you intend to leverage intra-group synergies to accelerate revenue growth?

【A2】 GMO Internet Group has established a strong market share in domains and hosting. By adding cyber-security to these services, we aim to achieve growth through business synergies while protecting our customers. The increase in cyber-attacks and the government's move toward proactive cyber defence are tailwinds, so we will maximize group synergies to boost our business. Collaboration between the cyber-security unit and all other Group businesses is not yet complete; by deepening these connections, we see significant growth potential through product combinations. Going forward, in addition to private-sector companies, we aim to grow by leveraging our group collaboration to present proposals to government agencies such as the Ministry of Defence and the National Police Agency.

【Q3】 How did the wave of '.brand' new gTLD applications in 2012 affect your results? How does it differ from the current '.your-company' initiative?

【A3】 At that time we booked the initial consulting and ongoing management fees from the new-gTLD programme as recurring revenue. These revenues were recorded mainly by GMO BRAND SECURITY Inc. and GMO Registry, Inc., both within our Domain & Brand Security segment, and totalled low single-digit billions of yen annually.

Twelve years ago most companies acquired ".brand" domains chiefly for brand protection. Today, under our "Internet Security by GMO" project (Phase 3), we expect many companies to obtain ".your-company" domains for security purposes. Using these domains in customer-service emails can help prevent phishing and impersonation, so we believe the market opportunity is significantly larger than it was twelve years ago.

【Q4】 What are the approximate unit price and margin for the '.your-company' service?

【A4】 In terms of revenue structure, it involves acquisition agency and operational support for large enterprises, with initial fees of around 30 million yen and running costs of more than 2 million yen annually. The unit price is considerably higher, and the gross margin is also expected to be substantially higher. This structure differs significantly from ordinary domain registration businesses (which typically cost only a few hundred yen per domain and have low unit prices).

【Q5】 Please comment on the outlook for each company within the Security segment.

【A5】 GMO GlobalSign (Chūjō): Demand for SSL has been maturing, and we will continue to promote it methodically going forward. We have also added new products such as Verified Mark Certificates (VMC) that utilize certification authority technology, which will help increase our sales.

GMO Cybersecurity by Ierae (Makita): Traditionally, our business has been labor-intensive, centered around white-hat hackers. Since joining the group, we have placed greater emphasis on recurring revenue, targeting a 50% recurring revenue ratio. By combining our white-hat hackers' expertise and experience with AI, we are transitioning to a product-oriented business model and will pursue high growth rates.

GMO Flatt Security (Ide): Previously, our revenue structure increased in proportion to the number of white-hat hackers we employed. We have now released "Takumi," Japan's first security diagnosis AI agent. We believe this has the potential to serve as a substitute for security engineers. By expanding our product software, we aim to increase our recurring revenue ratio and achieve stable growth.

GMO Brand Security (Nakagawa): The intangible asset optimization solutions business that expanded two years ago has run its course and is showing a slight decline. With '.your-company' applications scheduled to begin next spring, we view this as an opportunity to grow our recurring revenue business and are focusing our efforts accordingly. We expect organic growth for our other anti-spoofing related services.

【Q6】 How do GMO Cybersecurity by Ierae and GMO Flatt Security differentiate themselves within your cyber-security business?

【A6】 While there are some similarities in the service content, they differ in their target customers. Ierae primarily serves security teams and IT departments, whereas Flatt's main customers are software product development organizations.

●Shareholder Returns

【Q7】 Some group companies have raised their dividend payout ratio to 65%. Is there a possibility that your company (9449) will also step up shareholder returns by raising the payout ratio or expanding share buy-backs?

【A7】 Each group company determines and decides its own shareholder return policy. Our company's basic policy is a total return ratio of 50% (with 33% allocated to dividends and 17% to share repurchases and cancellations). This year, however, we are making steady progress on our 10 billion yen share buyback program, which exceeds the 17% of the total return ratio. Regarding future shareholder returns, we would not exclude the possibility of taking actions outside our established rules or updating the rules themselves, depending on market conditions, business progress, relative market valuation, and investor feedback.