GMO INTERNET GROUP

Q2 FYE 12/25 Results Presentation - Q&A

The following is a compilation of questions received from participants during the financial results briefing held on August 12, 2025. Responses were provided by Yasuda CFO of GMO Internet Group, Inc., Ito CEO of GMO Internet, Inc., Chujo Executive Officer of GMO GlobalSign, Inc., and Okoshi COO of GMO Cybersecurity by Ierae, 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】 I feel that this fiscal year has been relatively lenient, and I understand that you are making "forward-looking investments" starting with the security business. I believe your company internally targets a 15% increase in operating income. Could you please share your current thinking on the extent of "forward-looking investments," such as GPU investments and security business investments?

【A1】 Investments include those on the balance sheet (BS) and those on the profit and loss statement (PL). At this point, the scale of investment is manageable within each business, and there are no specific plans for large-scale PL investments that would significantly impact our consolidated results. (Yasuda)

【Q2】 With operating income reaching approximately 30 billion yen for the first half, it seems that 60 billion yen for the full fiscal year is now in sight. What are the potential factors that could cause fluctuations in profit for the second half? If possible, please comment on any segments that you perceive as risks.

【A2】 While there are variations in business progress across different areas, we recognize that the overall momentum is strong. Potential fluctuation factors include the seasonal fluctuations that occur every Q3, and how we view the volatility of the Financial business and Crypto Assets business. If I were to mention anything else, it would be the soft trend in flow-based products/services within the Ad & Media business. We are also proceeding with organizational restructuring in this regard, so we believe countermeasures are in place. (Yasuda)

●Internet Infrastructure

【Q3】 Regarding GMO Internet (4784), I'm concerned about the supply and demand for your GPU cloud business, given that competitor Sakura Internet's financial results show low utilization rates for H200 and other GPUs. Please share your outlook and thoughts on this.

【A3】 The generative AI market is in its early stages, and we anticipate short-term fluctuations. However, we are confident that the demand for infrastructure for generative AI will undoubtedly grow in the mid-to-long term, and we aim to grow the industry together with Sakura Internet. Regarding capital investment, our policy is not to make large-scale investments all at once but to continuously update our products through dialogue with customers and stakeholders. The decision to switch from H200 to B300 this time was also made after considering the industry situation. It is still an emerging market with various uncertainties, but we intend to continue challenging ourselves in this area. (Ito)

【Q4】 Is intensified price competition leading to a decrease in unit prices for H100 and H200? Also, could you comment on customer contract lengths?

【A4】 In the H100 and a portion of the H200 segments, we feel that overall market prices

are declining, partly due to Sakura Internet's price reductions. Our company aims to sell by emphasizing cost-effectiveness in terms of performance, so we want customers who fully recognize our performance to purchase our products. Regarding contract lengths, it varies by customer. While we cannot disclose specific details, for large-scale customers, they generally commit for a certain period. (Ito)

●Internet Security

【Q5】 Regarding the Q2 segment performance, while sales have shown strong growth, there was an operating loss of approximately 47 million yen. Could you comment on the background of this loss and your outlook on the security business's profitability for the full fiscal year?

【A5】 For the Brand Security business, the presence or absence of large-scale flow projects creates volatility in performance. While there was some contribution this fiscal year, it was at a lower level compared to the previous year. For the full-year performance, we expect a similar level of profit contribution. Next, in the Crypto Security business, overseas orders for SSL underperformed this fiscal year. A major factor was a significant decrease in orders from a large Chinese client, Tencent. However, negotiations with this client are ongoing, and other large clients in China are showing strong order growth, so the decrease is tending to narrow. We plan to catch up by year-end. In the Cyber Security business, revenue significantly increased due to higher average unit prices and an increase in the number of projects. However, the operating profit was impacted because talent is the foundation, leading to accelerated recruitment, and aggressive investment in product development. We consider these necessary investments for realizing 'a safe and secure future for all,' and we are steadily progressing towards mid- to long-term revenue growth. （Yasuda, Chujo , Okoshi）

【Q6】 I believe investments in personnel costs and product development in the cyber-security business are continuously increasing. From a profit perspective, can we expect an improvement in profitability in the second half of the year, or is this still an investment phase, aiming for profit recovery in the next fiscal year or beyond? Could you provide an image of the timeline?

【A6】 Regarding product development, it naturally takes time, so we consider it a driver for performance expansion towards next fiscal year and beyond, rather than this current fiscal year. However, for this fiscal year, we expect diagnostic-related sales to further expand towards the second half, which should allow us to catch up on the invested costs. (Okoshi)

【Q7】 Regarding sales growth in the security business, is there an inflection point that could significantly boost growth? For example, could you provide any hints, such as a product roadmap or what specific conditions would trigger such growth?

【A7】 As for the social background, we strongly feel the increasing demand for security services. Internally, we need to recruit and educate security talent, which we aim to achieve by increasing our presence within the security industry through various initiatives under the 'Internet Security by GMO' project. We also believe that business and operational efficiency will be highly effective. Specifically, by productizing stock revenue streams, which are currently heavily reliant on human effort (like white-hat hackers' diagnosis), we aim for a significant boost. (Yasuda, Okoshi)

●Other

【Q8】 Regarding the liquidity of GMO Internet (4784), could you comment on your assessment and future outlook concerning the share disposal on July 29, aimed at meeting the listing maintenance criteria?

【A8】 For GMO Internet (4784), we consider maintaining our listing on the Prime Market to be extremely important. We conducted this sale based on a policy of proceeding with strict compliance with laws and regulations, while ensuring that there would be no negative impact on share price formation. Regarding the specific methods and timing for meeting the listing maintenance criteria, we cannot provide details. However, we reiterate our commitment to achieving this while paying the utmost attention to share price formation. (Yasuda)