



Fiscal Year 2024 Consolidated Financial Results (Japanese GAAP)

February 12, 2025

Name of Listed Company: GMO Internet, Inc.

Exchange Listing: Tokyo Stock Exchange

Stock Code: 4784

URL: <https://internet.gmo>

Representative: Tadashi Ito, President and CEO

Official Contact: Toshihiko Sugaya, Executive Officer

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Date of Annual General Meeting of Shareholders: March 19, 2025

Start Date of Dividend Payout: March 24, 2025

Date of Annual Securities Report Release: March 21, 2025

Preparation of Supplementary Documents Pertaining to Financial Results: Yes

Financial Results Briefing: Yes (For Institutional Investors and Analysts)

1. Consolidated Results for the Fiscal Year Ended December 31, 2024 (From January 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results (Percentages shown represent year-on-year % change)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
December 31, 2024	12,997	-12.8	139	—	151	-15.7	-4	—
December 31, 2023	14,903	-10.4	-25	—	180	-75.9	40	-89.8

(Note) Comprehensive Income: FY 2024 ¥32 million (—%) FY 2023 ¥-13 million (—%)

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Ratio of net profit to shareholders' equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	¥	¥	%	%	%
December 31, 2024	-0.30	—	-0.1	1.4	1.1
December 31, 2023	2.50	2.50	0.8	1.5	-0.2

(Reference) Earnings/loss on equity method investment: FY 2024 ¥2 million FY 2023 ¥-1 million

(Note) Diluted earnings per share for the fiscal year ended December 31, 2024 is not reported because, although dilutive shares exist, net loss per share is reported.

(2) Consolidated Financial Position

As of	Total assets	Net assets	Shareholders' equity ratio	Shareholders' equity per share
	¥ millions	¥ millions	%	¥
December 31, 2024	10,356	5,246	50.0	321.02
December 31, 2023	10,847	5,242	47.7	320.98

(Reference) Shareholders' equity: FY 2024 ¥5,176 million FY 2023 ¥5,174 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ millions	¥ millions	¥ millions	¥ millions
December 31, 2024	6	-144	-22	4,024
December 31, 2023	-912	-68	-177	4,185

2. Dividends

Fiscal year ended	Dividends per share					Total dividend	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	¥	¥	¥	¥	¥	¥ millions	%	%
December 31, 2023	0.00	0.00	0.00	1.30	1.30	20	52.0	0.4
December 31, 2024	0.00	0.00	0.00	6.90	6.90	111	—	2.1
Fiscal year ending December 31, 2025 (forecast)	—	—	—	—	18.20		100.0	

(Note) At the Board of Directors meeting held on February 12, 2025, the Company resolved to change its dividend policy. The new policy is applied to the dividend forecast for FY2025. For details, please see "1. Overview of Operating Results, etc., (4) Future outlook." Although only the dividend forecast for a full year is disclosed, dividends will be paid on a quarterly basis.

3. Consolidated Results Forecast for the Fiscal Year Ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of the parent		Basic earnings per share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	¥
First half	—	—	—	—	—	—	—	—	—
Full year	75,000	477.0	8,000	—	7,800	—	5,000	—	18.20

- (Notes) 1. The Company does not disclose consolidated results forecast for the first half. Please see “1. Overview of Operating Results, etc., (4) Future outlook” on page 5 of the attached documents for details.
2. At an extraordinary meeting of shareholders held on September 11, 2024, the Company succeeded the Internet Infrastructure Business and Online Advertising & Media Business from GMO Internet Group, Inc. through an absorption-type company split with January 1, 2025 as the effective date. In this connection, the Company allotted and delivered 257,941,328 shares of its common stock as consideration for the target businesses. Figures presented in “Consolidated Results Forecast for the Fiscal Year Ending December 31, 2025” above reflect the impacts. For details, please see “3. Consolidated Financial Statements and Major Notes, (5) Notes to consolidated financial statements, (Significant subsequent events) (Execution of Absorption-Type Company Split related to Significant Management Integration).

***Notes**

(1) Significant changes in scope of consolidation during the period: Yes

Exclusion: 1 (GMO AD Marketing Inc.)

(2) Changes in accounting policy, changes in accounting estimates, restatements

1. Changes resulting from revisions to accounting standards: No

2. Changes other than those specified above: No

3. Changes in accounting estimates: No

4. Restatements: No

(3) Number of outstanding shares (Common stock)

(Unit: shares)

1. Number of outstanding shares at end of period (including treasury stock)

Dec. 31, 2024	16,757,200	Dec. 31, 2023	16,757,200
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2. Number of treasury stock at end of period

Dec. 31, 2024	632,667	Dec. 31, 2023	635,867
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3. Average number of shares during period

FY2024	16,122,933	FY2023	16,112,542
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*Consolidated financial results are not subject to audit by independent auditors.

***Notes regarding the appropriate use of results forecast and other items**

The forward-looking statements included in this report, including results forecast, are based on the information currently available to the Company and certain assumptions deemed reasonable, and actual results may differ from the forecast due to a variety of factors. Please see "1. Overview of Operating Results, etc., (4) Future outlook" on page 5 of the attached documents for results forecast.

(How to obtain the supplementary documents pertaining to financial results)

The supplementary documents pertaining to financial results for the fiscal year ended December 31, 2024 will be made available on the Company's website on February 12, 2025.

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1. Overview of Operating Results, etc.

(1) Overview of operating results for the fiscal year ended December 31, 2024

On January 1, 2025, the Company succeeded the Internet Infrastructure business and the Online Advertising & Media business from GMO Internet Group, Inc. through an absorption-type company split and changed the company name to GMO Internet, Inc. For details, please refer to “Notice Regarding the Conclusion of an Absorption-Type Company Split Agreement with GMO Internet Group, Inc. in Connection with the Reorganization of the Internet Infrastructure Business of the GMO Internet Group” released on June 25, 2024.

In response to these circumstances, the Group’s business and organization will drastically change from the fiscal year ending December 31, 2025, but in this Financial Results for the fiscal year ended December 31, 2024, we report operating results and financial position of the Online advertising & Media business.

The Group operates the online advertising business with an aim to become the industry leader as a consolidated corporate group constituting the Online advertising & Media segment of the GMO Internet Group, Inc., our parent company, under its slogan “Internet for Everyone.”

In the online advertising market, which is our business domain, the market size has exceeded ¥3 trillion, with the advertising expenses in fiscal 2023 of ¥3,333.0 billion, up 7.8% year-on-year, surpassing advertising expenses of the four major mass media channels (research by DENTSU INC.). According to the survey of the Ministry of Internal Affairs and Communications (“MIC”) of Japan, the usage time of “Internet” was the longest across all age groups, and the percentage of the Internet users is continuing to rise. The time spent watching videos, posting contents and using social media has also been increasing, indicating that the Internet is playing an ever-increasing role in our daily lives (from “FY2022 Survey Report on Usage Time of Information and Communications Media and Information Behavior” by MIC).

In response to these trends, the online advertising market is seeing a diversification in the forms of advertising. In addition to traditional programmatic advertising, there are cases where video advertising is used to increase brand awareness, similar to mass advertising, and where online advertising is combined with off-line marketing activities, expanding the use of online advertising across various aspects of corporate marketing. In proportion to this trend, marketing service providers like the Group are increasingly required to offer marketing support along with related advanced knowledge and expertise that impacts advertisers’ overall business activities.

The Group expects that the sophistication and diversification of such marketing as well as the progress of AI and technology will continue in the future. Accordingly, we are conducting our business activities with an aim to further expand advertising billings in the market and maximize revenue through flexible strategies aligned with market trends.

In terms of business performance for the fiscal year ended December 31, 2024, amid continued uncertainty in the global economic environment, Japan, in particular, has seen a shift toward a more optimistic economic outlook due to the normalization of face-to-face economic activities. However, the “stay-at-home” demand which emerged in certain industries during the COVID-19 pandemic appeared to have subsided, and we experienced a more significant decline in advertising demand than we had anticipated with our customers in certain industries, resulting in a year-on-year decrease in advertising billings. In terms of expenses, we have been working to improve operational efficiency through various techniques and methods, including generative AI, and making progress in controlling recurring costs, but expenses related to the above-mentioned business reorganization amounting to ¥257 million resulted in a significant increase in selling, general and administrative expenses temporarily.

As a result, for the fiscal year ended December 31, 2024, the Group recorded net sales of ¥12,997 million (down 12.8% year-on-year), operating profit of ¥139 million (operating loss of ¥25 million for the fiscal year ended December 31, 2023), ordinary profit of ¥151 million (down 15.7% year-on-year) and loss attributable to owners of the parent of ¥4 million (profit attributable to owners of the parent of ¥40 million for the fiscal year ended December 31, 2023).

The Company has applied the “Accounting Standard for Revenue Recognition” since the fiscal year ended December 31, 2022, but in order to make the scale of the Group’s operation easily understood, net sales based on the previous accounting standard are referred to as “advertising billings” in the IR materials and presented as follows in conjunction with net sales for accounting purposes.

[Consolidated business results]

(Millions of yen)

	FY2023	FY2024	YoY change	
			Amount	%
Advertising billings	36,679	30,027	6,651	-18.1
Net sales	14,903	12,997	-1,906	-12.8
Operating profit (loss)	-25	139	165	—
Ordinary profit	180	151	-28	-15.7
Profit (loss) attributable to owners of the parent	40	-4	-45	—

Business results by segment are as follows. Only net sales for accounting purposes by segment are presented as it is difficult to present advertising billings by segment due to adjustments between segments. In addition, the Company changed the classification of reportable segments from January 1, 2024, and figures for the fiscal year ended December 31, 2023 under new segmentation are used for the year-on-year comparison below.

(1) Online advertising business

“Online advertising business” is engaged in overall online marketing including online advertising agency such as sale of advertising products and management and operation of advertisements offered as well as provision of “GMOSSP” with the largest connections in the industry and “ReeMo,” an ad servicing platform.

For the fiscal year ended December 31, 2024, advertising billings decreased from a year earlier due to advertising budget reduction and a decrease in the number of clients in certain industries because the “stay-at-home” demand which emerged during the COVID-19 pandemic subsided. On the other hand, steady growth of in-house product sales throughout the fiscal year ended December 31, 2024 and streamlining sales structure contributed to an increase in operating profit.

As a result, the Online advertising business recorded net sales of ¥11,570 million (down 15.8% year-on-year) and operating profit of ¥1,068 million (up 89.0% year-on-year).

(2) Internet media business

“Internet media business” is engaged primarily in online media operations including operation of our own web media and provision of associated tools, and our in-house developed internet media “michill by GMO” is included in this segment.

For the fiscal year ended December 31, 2024, the number of monthly users declined due to algorithm updates by search engines. Thanks to our efforts to compensate for this impact by strengthening the alliance with external media, net sales increased, but profit margin declined due to an increase in external procurement, resulting in an increase in net sales and a decrease in profit.

As a result, the Internet media business recorded net sales of ¥1,438 million (up 22.5% year-on-year) and operating profit of ¥151 million (down 30.5% year-on-year).

(2) Overview of financial position as of December 31, 2024

(Current assets)

As of December 31, 2024, the Group's current assets decreased ¥424 million from December 31, 2023 to ¥8,660 million (December 31, 2023: ¥9,084 million). Major factors included a decrease of ¥207 million in other current assets to ¥248 million (December 31, 2023: ¥455 million) and a decrease of ¥160 million in cash and deposits to ¥4,024 million (December 31, 2023: ¥4,185 million).

(Non-current assets)

As of December 31, 2024, non-current assets decreased ¥66 million from December 31, 2023 to ¥1,696 million (December 31, 2023: ¥1,762 million). Major factors included a decrease of ¥63 million in software to ¥190 million (December 31, 2023: ¥254 million), a decrease of ¥47 million in other intangible assets to ¥2 million (December 31, 2023: ¥50 million), and an increase of ¥43 million in investment securities to ¥673 million (December 31, 2023: ¥629 million).

As a result, total assets decreased ¥491 million from December 31, 2023 to ¥10,356 million (December 31, 2023: ¥10,847 million).

(Current liabilities)

As of December 31, 2024, current liabilities decreased ¥391 million from December 31, 2023 to ¥4,768 million (December 31, 2023: ¥5,160 million). Major factors included a decrease of ¥375 million in accounts payable to ¥3,314 million (December 31, 2023: ¥3,690 million), a decrease of ¥234 million in other current liabilities to ¥696 million (December 31, 2023: ¥930 million), and an increase of ¥130 million in income taxes payable to ¥154 million (December 31, 2023: ¥24 million).

(Non-current liabilities)

As of December 31, 2024, non-current liabilities decreased ¥104 million from December 31, 2023 to ¥340 million (December 31, 2023: ¥445 million). Major factors included a decrease of ¥97 million in other non-current liabilities to ¥186 million (December 31, 2023: ¥284 million) and a decrease of ¥3 million in deferred tax liabilities to ¥8 million (December 31, 2023: ¥12 million).

As a result, total liabilities decreased ¥496 million from December 31, 2023 to ¥5,109 million (December 31, 2023: ¥5,605 million).

(Net assets)

As of December 31, 2024, net assets increased ¥4 million from December 31, 2023 to ¥5,246 million (December 31, 2023: ¥5,242 million). Major factors included an increase of ¥25 million in valuation difference on available-for-sale securities and a decrease of ¥25 million in retained earnings (a decrease of ¥4 million resulting from recording loss attributable to owners of the parent and a decrease of ¥20 million due to dividend payments).

(3) Overview of cash flows for the fiscal year ended December 31, 2024

As of December 31, 2024, the Group's cash and cash equivalents ("cash") decreased ¥160 million from December 31, 2023 to ¥4,024 million.

(Cash flows from operating activities)

For the fiscal year ended December 31, 2024, net cash provided by operating activities was ¥6 million (net cash used of ¥912 million for the fiscal year ended December 31, 2023). Major inflow included income taxes refund of ¥226 million, depreciation of ¥151 million and profit before income taxes of ¥113 million. Major outflow included a decrease in trade payables of ¥376 million, a decrease in guarantee deposits received of ¥97 million and income taxes paid of ¥23 million.

(Cash flows from investing activities)

Net cash used in investing activities was ¥144 million (net cash used of ¥68 million for the fiscal year ended December 31, 2023). Major inflow included refund of deposits paid to subsidiaries and associates of ¥860 million and distributions from investment partnerships of ¥23 million. Major outflow included placement of deposits paid to subsidiaries and associates of ¥900 million and purchase of investment securities of ¥90 million.

Deposits paid to subsidiaries and associates relate to a cash management service (CMS) introduced for cash management of the entire GMO Internet Group.

(Cash flows from financing activities)

Net cash used in financing activities was ¥22 million (net cash used of ¥177 million for the fiscal year ended December 31, 2023). Major inflow included proceeds from exercise of stock acquisition rights of ¥1 million. Major outflow included dividends paid of ¥20 million.

(4) Future outlook

The Group's consolidated results forecast for the fiscal year ending December 31, 2025 is as follows.2025.

(Millions of yen)

	FY2024 Results	FY2025 Forecast	Y-on-Y change	
			Amount	%
Net sales	12,997	75,000	62,002	477.0
Operating profit	139	8,000	7,860	—
Ordinary profit	151	7,800	7,648	—
Profit (loss) attributable to owners of the parent	-4	5,000	5,004	—

On January 1, 2025, the Company succeeded the Internet Infrastructure business and Online Advertising & Media business from GMO Internet Group, Inc. through an absorption-type company split and changed the company name to GMO Internet, Inc.

As a result, in addition to the online advertising business, domains, cloud & rental server and Internet connection services are added to the Company's business.

For the fiscal year ending December 31, 2025, the Company will work to create synergies expected from the reorganization and enhance and streamline the organizational structure and also aim to achieve sustainable growth and improve corporate value under the four basic policies of (1) sustainable growth of the existing businesses, (2) creation of synergies between the Internet infrastructure and Online advertising businesses, (3) growth and investment in new businesses, and (4) business expansion through M&A.

Basic policy on profit sharing and dividends for the current and next fiscal years

The Group recognizes returning profits to our shareholders as one of our important management issues and our basic policy has been to achieve a consolidated payout ratio of 50% while comprehensively taking into account business results for each year, enhancement of our business structure and future business development.

From the fiscal year ending December 31, 2025, the Group will raise the target consolidated dividend payout ratio to 65% to further enhance returning of profits to our shareholders while maintaining stable financial foundation.

For the frequency of dividends, the Company's basic policy was to pay dividend annually with a general meeting of shareholders as a decision-making body. However, with an aim to implement capital policy speedily and flexibly and return profits to shareholders speedily, we will pay quarterly dividend with record dates of March 31, June 30, September 30 and December 31 every year from the fiscal year ending December 31, 2025.

Under this policy, we plan to pay ¥6.90 per share as the annual dividend for the fiscal year ended December 31, 2024. While we recorded loss attributable to owners of the parent of ¥4 million for the fiscal year ended December 31, 2024, the dividend amount was calculated with the dividend payout ratio of 50% to the initial forecast of earnings per share of ¥13.65 in consideration of a decrease in profit attributable to advisory costs related to the reorganization.

Under the above basic policy, for the fiscal year ending December 31, 2025, we plan to pay an annual dividend, including quarterly dividends, of ¥11.83 per share. In addition, we will pay a commemorative dividend of ¥6.37 per share, based on the dividend payout ratio of 35%, to express our appreciation to our shareholders in conjunction with the listing on the Prime Market of the Tokyo Stock Exchange. As a result, the total annual dividend for the fiscal year ending December 31, 2025 will be ¥18.20 per share.

2. Basic Policy Regarding Choice of Accounting Standards

The Group applies Japanese GAAP in consideration of comparability of the consolidated financial statements between periods and with other companies. Regarding the application of International Financial Reporting Standards (“IFRS”), we will take appropriate actions in consideration of domestic and international trends.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheet

(Unit: ¥thousands)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Assets		
Current assets		
Cash and deposits	4,185,083	4,024,538
Trade notes and accounts receivable	3,620,721	3,521,786
Deposits paid to subsidiaries and associates	860,000	900,000
Other	456,765	248,494
Allowance for doubtful debts	-37,832	-34,694
Total current assets	9,084,737	8,660,124
Non-current assets		
Property, plant and equipment		
Buildings (net)	233,507	216,589
Tools, furniture and fixtures (net)	55,372	49,895
Other	-	4,400
Total property, plant and equipment	288,879	270,885
Intangible assets		
Goodwill	25,666	16,866
Software	254,300	190,941
Other	50,888	2,991
Total intangible assets	330,855	210,800
Investments and other assets		
Investment securities	629,864	673,485
Deferred tax assets	128,031	161,899
Other	409,844	404,353
Allowance for doubtful debts	-24,507	-25,302
Total investments and other assets	1,143,231	1,214,436
Total non-current assets	1,762,967	1,696,121
Total assets	10,847,704	10,356,245

(Unit: ¥thousands)

	FY2023 (As of December 31, 2023)	FY2024 (As of December 31, 2024)
Liabilities		
Current liabilities		
Accounts payable	3,690,616	3,314,740
Other payables	324,559	343,081
Income taxes payable	24,502	154,680
Consumption tax payable	46,590	124,541
Allowance for bonuses	93,088	85,155
Allowance for bonuses to directors	5,298	6,566
Allowance for reward points	44,942	43,899
Other	930,569	696,191
Total current liabilities	5,160,169	4,768,858
Non-current liabilities		
Deferred tax liabilities	12,469	8,850
Asset retirement obligations	148,682	145,198
Other	284,344	186,644
Total non-current liabilities	445,496	340,694
Total liabilities	5,605,665	5,109,552
Net assets		
Shareholders' equity		
Capital stock	1,301,568	1,301,568
Capital surplus	2,149,494	2,150,246
Retained earnings	1,903,986	1,878,182
Treasury stock	-252,278	-251,008
Total shareholders' equity	5,102,770	5,078,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	71,916	97,421
Total accumulated other comprehensive income	71,916	97,421
Stock acquisition rights	31,863	26,109
Non-controlling interests	35,488	44,173
Total net assets	5,242,038	5,246,693
Total liabilities and net assets	10,847,704	10,356,245

(2) Consolidated statements of income and comprehensive income

Consolidated statement of income

(Unit: ¥thousands)

	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Net sales	14,903,840	12,997,730
Cost of sales	8,573,662	7,023,446
Gross profit	6,330,177	5,974,283
Selling, general and administrative expenses	6,355,663	5,834,440
Operating profit (loss)	-25,485	139,843
Non-operating income		
Interest income	4,499	6,151
Dividend income	5,685	341
Foreign exchange gain	54,608	526
Subsidy income	8,742	8,613
Gain on investments in partnerships	109,049	–
Share of profit of entities accounted for using equity method	–	2,859
Other	24,630	19,062
Total non-operating income	207,216	37,554
Non-operating expenses		
Loss on investments in partnerships	–	24,373
Share of loss of entities accounted for using equity method	1,290	–
Other	152	1,102
Total non-operating expenses	1,443	25,476
Ordinary profit	180,288	151,921
Extraordinary income		
Gain on reversal of stock acquisition rights	1,452	5,293
Total extraordinary income	1,452	5,293
Extraordinary loss		
Impairment loss	–	8,965
Loss on valuation of investment securities	–	34,977
Total extraordinary loss	–	43,942
Profit before income taxes	181,740	113,272
Income taxes - current	42,616	154,782
Income taxes - deferred	93,125	-48,743
Total income taxes	135,742	106,038
Profit	45,998	7,233
Profit attributable to non-controlling interests	5,654	12,078
Profit attributable to owners of the parent	40,343	-4,845

Consolidated statement of comprehensive income

	(Unit: ¥thousands)	
	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Profit	45,998	7,233
Other comprehensive income		
Valuation difference on available-for-sale securities	-59,225	25,504
Total other comprehensive income	-59,225	25,504
Comprehensive income	-13,227	32,737
Comprehensive income attributable to:		
Owners of the parent	-18,881	20,659
Non-controlling interests	5,654	12,078

(3) Consolidated statement of changes in net assets

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Unit: ¥thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	1,301,568	2,148,803	2,064,267	-280,566	5,234,073
Changes during the year					
Dividends			-200,625		-200,625
Profit attributable to owners of the parent			40,343		40,343
Disposal of treasury stock		690		28,288	28,978
Net changes in items other than shareholders' equity during the year					
Total changes during the year	-	690	-160,281	28,288	-131,302
Ending balance	1,301,568	2,149,494	1,903,986	-252,278	5,102,770

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Beginning balance	131,142	131,142	33,954	35,205	5,434,375
Changes during the year					
Dividends					-200,625
Profit attributable to owners of the parent					40,343
Disposal of treasury stock					28,978
Net changes in items other than shareholders' equity during the year	-59,225	-59,225	-2,090	282	-61,033
Total changes during the year	-59,225	-59,225	-2,090	282	-192,336
Ending balance	71,916	71,916	31,863	35,488	5,242,038

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Unit: ¥thousands)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Beginning balance	1,301,568	2,149,494	1,903,986	-252,278	5,102,770
Changes during the year					
Dividends			-20,958		-20,958
Loss attributable to owners of the parent			-4,845		-4,845
Disposal of treasury stock		752		1,269	2,022
Net changes in items other than shareholders' equity during the year					
Total changes during the year	-	752	-25,803	1,269	-23,781
Ending balance	1,301,568	2,150,246	1,878,182	-251,008	5,078,989

	Accumulated other comprehensive income		Stock acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income			
Beginning balance	71,916	71,916	31,863	35,488	5,242,038
Changes during the year					
Dividends					-20,958
Loss attributable to owners of the parent					-4,845
Disposal of treasury stock					2,022
Net changes in items other than shareholders' equity during the year	25,504	25,504	-5,754	8,685	28,435
Total changes during the year	25,504	25,504	-5,754	8,685	4,654
Ending balance	97,421	97,421	26,109	44,173	5,246,693

(4) Consolidated statement of cash flows

(Unit: ¥thousands)

	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	181,740	113,272
Depreciation	143,217	151,869
Impairment loss	–	8,965
Amortization of goodwill	8,800	8,800
Gain on reversal of stock acquisition rights	-1,452	-5,293
Gain or loss on investments in partnerships (- represents gain)	-109,049	24,373
Gain or loss on valuation of investment securities (- represents gain)	–	34,977
Share of profit or loss of entities accounted for using equity method (- represents profit)	1,290	-2,859
Interest and dividend income	-10,185	-6,493
Subsidy income	-8,742	-8,613
Changes in allowance for doubtful debts (- represents decrease)	1,189	-2,343
Changes in allowance for bonuses (- represents decrease)	-55,580	-7,932
Changes in allowance for bonuses to directors (- represents decrease)	-37,647	1,268
Changes in allowance for reward points (- represents decrease)	-6,408	-1,042
Changes in trade receivables (- represents increase)	390,204	-19,267
Changes in trade payables (- represents decrease)	-608,115	-376,521
Changes in consumption tax payable/refund receivable	-101,840	83,965
Changes in guarantee deposits received (- represents decrease)	13,384	-97,700
Other	-348,246	-110,637
Subtotal	-547,441	-211,213
Interest and dividends received	9,990	6,496
Subsidies received	8,742	8,613
Income taxes refunded	21,700	226,571
Income taxes paid	-405,463	-23,796
Cash flows from operating activities	-912,471	6,671

(Unit: ¥thousands)

	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Cash flows from investing activities		
Purchase of property, plant and equipment	-21,350	-9,449
Purchase of intangible assets	-127,672	-31,257
Purchase of investment securities	-66,300	-90,000
Proceeds from distributions from investment partnerships	143,999	23,789
Placement of deposits paid to subsidiaries and associates	-860,000	-900,000
Refund of deposits paid to subsidiaries and associates	860,000	860,000
Other	2,957	2,524
Cash flows from investing activities	-68,365	-144,393
Cash flows from financing activities		
Payment of dividends	-200,063	-20,991
Payment of dividends to non-controlling interests	-5,371	-3,393
Proceeds from exercise of stock acquisition rights	28,340	1,561
Cash flows from financing activities	-177,094	-22,822
Effect of exchange rate changes on cash and cash equivalents	-	-
Changes in cash and cash equivalents (- represents decrease)	-1,157,931	-160,544
Balance of cash and cash equivalents at beginning of year	5,343,014	4,185,083
Balance of cash and cash equivalents at end of year	4,185,083	4,024,538

(5) Notes to consolidated financial statements

(Notes regarding going concern assumption)

Not applicable.

(Note regarding significant changes in shareholders' equity)

Not applicable

(Changes in scope of consolidation or equity method application)

(1) Significant changes in scope of consolidation

GMO AD Marketing Inc., which was a consolidated subsidiary until December 31, 2023, was excluded from the scope of consolidation from the fiscal year ended December 31, 2024 as the company was dissolved through an absorption-type merger, with GMO NIKKO Inc., also a consolidated subsidiary, as the surviving company.

(2) Significant changes in equity method application

Not applicable.

(Changes in presentation method)

(Consolidated balance sheet)

"Inventories," which was separately presented under "Current assets" in the fiscal year ended December 31, 2023, is included in "Other" from the fiscal year ended December 31, 2024 as the amount became immaterial. The consolidated financial statements for the fiscal year ended December 31, 2023 were reclassified to reflect this change in presentation method.

As a result, "Inventories" of ¥1,149 thousand and "Other" of ¥455,616 thousand, which were presented under "Current assets" in the consolidated balance sheet as of December 31, 2023, are reclassified to "Other" of ¥456,765 thousand.

(Segment information, etc.)

(Segment information)

1. Overview of reportable segments

(1) Method to determine reportable segments

The Group's reportable segments are components of the Group for which separate financial information is available that are reviewed by the Board of Directors regularly to make decisions regarding the allocation of management resources and evaluate operating performance.

(2) Types of products and services of each reportable segment

"Online advertising business" mainly consists of online advertising agency business and web marketing business.

"Internet media business" mainly consists of development and operation of ad technology products and development and operation of media contents.

(3) Matters regarding changes in reportable segments

From the fiscal year ended December 31, 2024, reportable segments are changed from "Agency business" and "Media and ad technology business" to "Online advertising business" and "Internet media business." Segment information for the fiscal year ended December 31, 2023 is prepared under the new segmentation.

2. Calculation method of net sales, profit or loss, assets, liabilities and other items by reportable segment

Accounting policies applied to prepare the segment information are generally consistent with those applied to prepare the consolidated financial statements. The prices for inter-segment transactions and transfers are determined based on market prices.

The Group does not allocate assets to reportable segments.

3. Net sales, profit or loss, assets, liabilities and other items by reportable segment

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Unit: ¥thousands)

	Reportable segments			Adjustments (Note) 1	Consolidated financial statements (Note) 2
	Online advertising business	Internet media business	Total		
Net sales					
In-house-planned services	11,339,432	1,160,889	12,500,321	—	12,500,321
Agency services	2,403,519	—	2,403,519	—	2,403,519
Revenue from contracts with customers	13,742,951	1,160,889	14,903,840	—	14,903,840
Sales to unaffiliated customers	13,742,951	1,160,889	14,903,840	—	14,903,840
Inter-segment sales and transfers	2,475	13,500	15,976	-15,976	—
Total	13,745,427	1,174,389	14,919,817	-15,976	14,903,840
Segment profit	565,588	217,691	783,279	-808,764	-25,485
Other items					
Depreciation	96,307	8,695	105,003	—	105,003

(Notes) 1. Adjustment for Segment profit of ¥-808,764 thousand represents expenses related to operation of the holding company that are not attributable to reportable segments.

2. Segment profit is adjusted to operating profit presented on the consolidated statement of income.

3. Segment assets and liabilities are not disclosed as they are not allocated to reportable segments.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Unit: ¥thousands)

	Reportable segments			Adjustments (Note) 1	Consolidated financial statements (Note) 2
	Online advertising business	Internet media business	Total		
Net sales					
In-house-planned services	9,496,154	1,430,336	10,926,491	—	10,926,491
Agency services	2,071,238	—	2,071,238	—	2,071,238
Revenue from contracts with customers	11,567,393	1,430,336	12,997,730	—	12,997,730
Sales to unaffiliated customers	11,567,393	1,430,336	12,997,730	—	12,997,730
Inter-segment sales and transfers	3,534	8,356	11,891	-11,891	—
Total	11,570,928	1,438,693	13,009,621	-11,891	12,997,730
Segment profit	1,068,742	151,236	1,219,979	-1,080,136	139,843
Other items					
Depreciation	98,272	16,174	114,447	—	114,447

(Notes) 1. Adjustment for Segment profit of ¥-1,080,136 thousand represents expenses related to operation of the holding company that are not attributable to reportable segments.

2. Segment profit is adjusted to operating profit presented on the consolidated statement of income.

3. Segment assets and liabilities are not disclosed as they are not allocated to reportable segments.

[Information relating to impairment loss on non-current assets by reportable segment]

Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

Not applicable.

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Unit: ¥thousands)

	Reportable segments		Total
	Online advertising business	Internet media business	
Impairment loss	8,965	—	8,965

[Information regarding amortization and unamortized balance of goodwill by reportable segment]
 Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

(Unit: ¥thousands)

	Reportable segments		Total
	Online advertising business	Internet media business	
Amortization during the year	8,800	—	8,800
Balance at end of year	25,666	—	25,666

Fiscal year ended December 31, 2024 (January 1, 2024 to December 31, 2024)

(Unit: ¥thousands)

	Reportable segments		Total
	Online advertising business	Internet media business	
Amortization during the year	8,800	—	8,800
Balance at end of year	16,866	—	16,866

[Information regarding profit arising from negative goodwill by reportable segment]
 Fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

Not applicable.

Fiscal ended December 31, 2024 (January 1, 2024 to December 31, 2024)

Not applicable.

(Revenue recognition)

As stated in “Notes to consolidated financial statements (Segment information, etc.),” the Group changed its reportable segments from the fiscal year ended December 31, 2024. Following this change, the category used for disaggregation of revenue from contracts with customers was changed to the reportable segments after the change, and therefore the disaggregated revenue information is presented in “Notes to consolidated financial statements (Segment information, etc.)”

The disaggregated revenue information for the fiscal year ended December 31, 2023 is prepared based on the reportable segments after the change.

(Per share information)

(Unit: yen)

FY2023 (January 1, 2023 to December 31, 2023)		FY2024 (January 1, 2024 to December 31, 2024)	
Net assets per share	320.98	Net assets per share	321.02
Basic earnings per share	2.50	Basic earnings per share	-0.30
Diluted earnings per share	2.50	Diluted earnings per share	—

(Notes) 1. Diluted earnings per share is not presented because net loss per share is reported although dilutive shares exist.

2. Calculation of basic and diluted earnings per share is based on the following:

	FY2023 (January 1, 2023 to December 31, 2023)	FY2024 (January 1, 2024 to December 31, 2024)
Earnings per share		
Profit (loss) attributable to owners of the parent (¥thousands)	40,343	-4,845
Amount not attributable to common shareholders (¥thousands)	—	—
Profit (loss) attributable to owners of the parent related to common stock (¥thousands)	40,343	-4,845
Average number of common stock during the period (shares)	16,112,542	16,122,933
Diluted earnings per share		
Adjustment to profit attributable to owners of the parent (¥thousands)	—	—
Increase in number of common stock (shares)	3,246	—
(Of which, stock acquisition rights (shares))	3,246	—
Dilutive shares not included in the calculation of diluted earnings per share because of their anti-dilutive effect	—	—

(Significant subsequent events)

(Execution of an absorption-type company split related to significant management integration)

At the Company's Board of Directors' meeting held on June 25, 2024, it was resolved to succeed the Internet Infrastructure business (Domain, Hosting & cloud and Provider) and Online Advertising & Media business (collectively, "Target Businesses") of our parent company GMO Internet Group, Inc. ("GMO-IG") ("Absorption Split") with an aim to further grow the Internet infrastructure business of the corporate group with GMO-IG at the core ("GMO Internet Group").

Specifically, the Company entered into an absorption-type company split agreement with GMO-IG, under which the Company would succeed the Target Businesses from GMO-IG ("Absorption Split Agreement"), and executed the Absorption Split on January 1, 2025.

In connection with the Absorption Split, the Company newly issued its common stock. As such issuance would cause the number of shares outstanding to increase and exceed the current number of authorized shares, we were required to raise the total number of authorized shares for the Absorption Split. Accordingly, we amended the Articles of Incorporation to increase the total number of authorized shares stipulated in Article 6 to 555,000,000 shares from 60,800,000 shares.

In addition, at the extraordinary general meeting of shareholders held on September 11, 2024 (the "Extraordinary Shareholders' Meeting"), it was approved to amend a part of the Articles of Incorporation, and the Company changed its name to GMO Internet, Inc.

1. Purpose of the Absorption Split

(1) Business environment surrounding the Company

Under the corporate slogan "Internet for Everyone," the GMO Internet Group has developed the online advertising & media, Internet finance, and cryptoassets businesses around the core of the Internet infrastructure business that GMO-IG launched in 1995. The consolidated corporate group, consisting of the Company and four consolidated subsidiaries, constitutes the Online Advertising & Media segment of the GMO Internet Group and provides internet services such as web marketing, web media and ad technology as a comprehensive net media and advertising service provider.

The online advertising market, in which the Company operates, is changing dramatically every day, with the form of advertising continuing to diversify in addition to programmatic advertising, the use of video advertising expanding, and further use of AI and technology expected.

In light of these changes in the business environment, the Company and GMO-IG have been carefully deliberating the future business development and corporate structure. In order for the GMO Internet Group to "become a group that will continue to grow over the next century" and for the Company's consolidated corporate group to increase its influence on the online advertising market and become a professional group that leads the industry, it is necessary, through the Absorption Split, to further strengthen cooperation as the GMO Internet Group, to develop the business with agility in response to changes in the business environment, and to further improve corporate value.

On top of that, the competition in the overall advertising industry is expected to intensify due to an increase in new entrants and leading companies' business development by leveraging their capital strength. Through enhanced cooperation as the GMO Internet Group, we will aim to create new market opportunities that go beyond the online advertising market, such as the development of new products using AI and new technologies.

As stated in "2. Summary of the Absorption Split, (3) Detail of the allocation pertaining to the Absorption Split" below, consideration of the Absorption Split is the Company's common stock. We believe that the Absorption Split will contribute to the improvement of our corporate value also from the viewpoint of securing soundness of our cash flows.

(2) Purpose of the Absorption Split

In the GMO Internet Group, the Target Businesses of GMO-IG and the Company's businesses have been integrated through the Absorption Split.

In order to achieve sustainable growth and maximization of corporate value of the Company and GMO-IG and the vision of the GMO Internet Group to "become a group that will continue to grow over the next century," it is essential to combine the No.1 product lineup and operational know-how in the Internet infrastructure business of the Target Businesses, including domain, hosting & cloud and provider, with the Company's track record in the online advertising and media business and know-how in the creative and ad technology fields, with the aim of developing a business which makes the most of the strengths of both companies.

In conjunction with the Absorption Split, we changed the company name to "GMO Internet, Inc." from "GMO AD Partners Inc." so as to use the "GMO Internet" brand that is widely recognized in Japan.

Specifically, we can expect a significant expansion in the reach of products and services of both GMO-IG and the

Company by mutually using the customer bases. In addition, by applying the Company's know-how in the online advertising and media business to GMO-IG's marketing activities, it will be possible to improve sales efficiency, customer satisfaction, and the efficiency of management resources. Also, by applying GMO-IG's operational know-how on stock products to the Company's business, we can also expect to accelerate the development of our own stock products and improve our competitiveness.

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 the Absorption Split Agreement	June 25, 2024
Date of public notice of the record date of the extraordinary general meeting of shareholders	June 25, 2024
Record date of the extraordinary general meeting of shareholders	July 10, 2024
Date of resolution of the extraordinary general meeting of shareholders to approve the Absorption Split Agreement	September 11, 2024
Effective date of the Absorption Split Agreement	January 1, 2025

(2) Method of the Absorption Split

The Target Businesses operated by GMO-IG were transferred to the Company through an absorption-type company split, with GMO-IG as the splitting company and the Company as the successor company.

(3) Detail of the allocation pertaining to the Absorption Split

The Company allotted and delivered 257,941,328 shares of the Company's common stock as consideration for the Target Businesses.

3. Overview of the parties to the Absorption Split

	The Splitting 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

4. Overview of the succeeded business

Business activities of the succeeded divisions

Internet Infrastructure business (Domain, Hosting & cloud and Provider) and Online Advertising & Media business of GMO-IG

5. Overview of items and amounts of assets and liabilities of the succeeded business

Details are currently under examination and yet to be determined.

6. Overview of the accounting treatment

The Absorption Split falls under a transaction under common control under the Accounting Standard for Business Combinations, and no goodwill (or negative goodwill) is expected to arise.

(Reduction in capital stock and capital reserve)

At the extraordinary general meeting of shareholders of the Company held on September 11, 2024, it was resolved to reduce capital stock and capital reserve, and the reduction was executed on January 1, 2025.

(1) Purpose of the reduction of capital stock and capital reserve

At the Company's Board of Directors' meeting held on June 25, 2024, it was resolved to succeed the Internet Infrastructure business (Domain, Hosting & cloud and Provider) and Online Advertising & Media business (collectively, "Target Businesses") of our parent company GMO Internet Group, Inc. ("GMO-IG") ("Absorption Split") with an aim to further grow the Internet infrastructure business of the corporate group with GMO-IG at the core ("GMO Internet Group"). The Absorption Split was executed on January 1, 2025.

In preparation for an increase in the number of outstanding shares and the business expansion associated with the Absorption Split and in order to ensure flexibility and agility of the future capital policy, we decided to reduce the amounts of capital stock and capital reserve ("Capital Reduction") on the condition that the Absorption Split takes effect.

(2) Outline of the reduction of capital stock and capital reserve

1) Amounts of capital stock and capital reserve to be reduced

Capital stock of ¥1,301,568,500 will be reduced by ¥801,568,500 to ¥500,000,000, and capital reserve of ¥2,056,344,836 will be reduced by ¥1,806,344,836 to ¥250,000,000.

2) Method of the reduction of capital stock and capital reserve

Pursuant to Article 447, Paragraph 1 and Article 448, Paragraph 1 of the Companies Act, the Company will reduce the amounts of capital stock and capital reserve as stated above and reclassify the reduced amounts to other capital surplus.

(3) Effective date of the reduction of capital stock and capital reserve

Date of resolution of the Board of Directors:	Tuesday, June 25, 2024
Date of the extraordinary general meeting of shareholders:	Wednesday, September 11, 2024
Date of public notice for objection by creditors:	Monday, November 18, 2024
Final date for objection by creditors:	Wednesday, December 18, 2024
Effective date:	Wednesday, January 1, 2025

(4) Other important matters

The Capital Reduction is a case of transfer in accounts, from capital stock and capital reserve to other capital surplus, in the net assets section of the balance sheet, which results in no change in the Company's net assets, and therefore does not affect the Company's business results.

(Absorption-type merger of a wholly-owned subsidiary)

At the Company's Board of Directors' meeting held on November 18, 2024, it was resolved to execute an absorption-type merger effective January 1, 2025 with its wholly-owned subsidiary GMO Solution Partner Inc. as the disappearing company, and the merger agreement was entered into on the same day. Based on the agreement, the Company absorbed GMO Solution Partner Inc. on January 1, 2025.

(1) Outline of the business combination

(i) Name and business description of the merged company

Name of the merged company: GMO Solution Partner Inc.

Business description: Marketing and customer acquisition solutions for web sites

(ii) Date of the business combination

January 1, 2025

(iii) Legal form of the business combination

Absorption-type merger with the Company as the surviving company and GMO Solution Partner Inc. as the disappearing company

(iv) Company name after the business combination
GMO Internet, Inc.

(v) Other matters related to the outline of the transaction

The merger is part of the reorganization for organizational integration associated with an absorption-type company split agreement as stated in the “Notice Regarding the Conclusion of an Absorption-Type Company Split Agreement with GMO Internet Group, Inc. in Connection with the Reorganization of the Internet Infrastructure Business of the GMO Internet Group” released on June 25, 2024. GMO Solution Partner Inc. is engaged mainly in marketing and customer acquisition solutions for web sites, and a similar service is provided by a business of GMO Internet Group, Inc., which is the target of the absorption-type company split. Under such circumstances, the Company decided to absorb its wholly owned subsidiary GMO Solution Partner Inc. to consolidate management resources and improve operational efficiency.

(2) Allotment ratio by class of shares delivered as consideration for acquisition in the merger, the calculation method, and the number of shares to be delivered

There is no allotment of shares and other money as this merger is an absorption-type merger with the Company’s wholly-owned subsidiary.

(3) Outline of the accounting treatment

Pursuant to 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), the transaction will be accounted for as a transaction under common control.

(Issuance of 8th stock acquisition rights)

At the Company’s Board of Directors’ meeting held on January 6, 2025, it was resolved to issue stock acquisition rights as stock option to directors and employees of the Company and directors and employees of its subsidiaries pursuant to provisions of Articles 236, 238, and 240 of the Companies Act, and the Company granted the stock acquisition rights on January 31, 2025.

1. Total number of stock acquisition rights

12,744 units

The total number of shares to be granted upon exercise of the stock acquisition rights shall be 1,274,400 shares of the Company’s common stock. If the number of shares to be granted under the stock acquisition rights is adjusted pursuant to 3.(1) below, it shall be the number of shares obtained by multiplying the number of shares to be granted after adjustment by the number of the stock acquisition rights.

2. Payment of cash in exchange for stock acquisition rights

No cash payment is required in exchange for the stock acquisition rights.

3. Details of stock acquisition rights

(1) Class and number of shares subject to stock acquisition rights

The number of shares subject to each unit of the stock acquisition right (“Number of Shares to be Allotted”) shall be one hundred (100) shares of the Company’s common stock.

In the event the Company conducts a stock split (including allotment of the Company’s common stock without contribution; the same shall apply hereinafter) or stock consolidation after the allotment date of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted using the following formula. Such adjustments shall be made only to the number of shares subject to stock acquisition rights that have not yet been exercised at the time of the adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

$$\text{Number of shares to be granted after adjustment} = \text{Number of shares to be granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

In addition, in case of merger, company split, share exchange, share delivery or other events that compel the Number of Shares to be Allotted to be adjusted after the allotment date of the stock acquisition rights, the Number of Shares to be Allotted may be adjusted by the Company within the scope deemed reasonable.

(2) Amount or calculation method of assets to be contributed upon exercise of stock acquisition rights

The amount of assets to be contributed upon exercise of the stock acquisition rights shall be an amount obtained by multiplying the amount to be paid per share determined by the following method (“Exercise Price”) by the Number

of Shares to be Allotted.

The Exercise Price shall be the average closing price of the Company's common stock on all trading days (except days on which no trading is reported) on the Tokyo Stock Exchange in the month preceding the month in which the stock acquisition rights are allotted, multiplied by 1.05 (any fraction less than one yen shall be rounded up to one yen). However, in the case that the amount resulting from the calculation above is less than the closing price on the allotment date of the stock acquisition rights (or the closing price of the nearest trading day before the allotment date if no trading is reported), such closing price shall be the Exercise Price.

In the event the Company conducts a stock split or a stock consolidation after the allotment date of the stock acquisition rights, the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

In the event that the Company issues new shares or disposes of treasury stock of its common stock at below market price (except for issuance of new shares and disposal of treasury stock upon exercise of stock acquisition rights, or issuance of new shares and delivery of treasury stock associated with a merger, company split, share exchange and share delivery), the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of previously issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before new issuance}}}{\text{Number of previously issued shares} + \text{Number of newly issued shares}}$$

For the purpose of the calculation above, "Number of previously issued shares" shall be the total number of shares of the Company's common stock issued and outstanding less the number of shares of treasury stock, and in case of disposal of treasury stock of the Company's common stock, "Number of newly issued shares" shall be read as "Number of shares of treasury stock to be disposed of."

In addition, in case of a merger, company split, share exchange, share delivery or other events that compel the Exercise Price to be adjusted after the allotment date of the stock acquisition rights, the Exercise Price may be adjusted by the Company within the scope deemed reasonable.

(3) Period during which stock acquisition rights are exercisable

The period during which the stock acquisition rights are exercisable ("Exercise Period") is from January 31, 2027 to January 5, 2035 (in the event that the last date of the Exercise Period is a bank holiday, it will be the business day immediately preceding such date).

(4) Matters concerning capital stock and capital reserve to be increased

- 1) The amount of capital stock to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be one half (1/2) of the maximum amount of increase in capital stock, etc. to be calculated according to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fraction less than one yen arising from such calculation to be rounded up.
- 2) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by deducting the amount of capital stock to be increased stated in 1) above from the maximum amount of increase in capital stock, etc. set forth in 1) above.

(5) Restrictions on the acquisition of stock acquisition rights through transfer

Any acquisition of the stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.

(6) Conditions for exercise of stock acquisition rights

- 1) A holder of the stock acquisition rights must be a director (including a director who is an Audit and Supervisory Committee member), an executive officer, a statutory auditor or an employee of the Company or its subsidiaries or associates at the time of the exercise of the stock acquisition rights, except for the case of retirement due to the expiration of his/her term of office, mandatory retirement or other due reasons as determined by the Board of Directors.
- 2) An heir of a holder of the stock acquisition rights is not permitted to exercise the stock acquisition rights.
- 3) In the case that the exercise of the stock acquisition rights results in the total number of issued shares of the Company exceeding the total number of authorized shares of the Company at that time, then the stock

- acquisition rights may not be exercised.
- 4) Fraction less than one unit of a stock acquisition right may not be exercised.
 - 5) If a holder of the stock acquisition rights conducted illegal or improper performance of duties, was engaged in conducts that were detrimental to public trust of the Company or its subsidiaries and associates, or other acts deemed to constitute breach of trust against the Company or its subsidiaries and associates, or was deemed to have been engaged in any other conducts similar thereto, he/she may not exercise the unexercised stock acquisition rights.
 - 6) Subject to the satisfaction of other conditions set forth in 3. (6), holders of the stock acquisition rights may exercise a part or all of the rights granted according to the following classification. In the case that the number of units of exercisable stock acquisition rights are not integral multiple of one, the number of units may be obtained by rounding fractions less than one.
 - i. One third (1/3) of the units of the stock acquisition rights granted for one year from the day on which two years have passed from the day of the resolution to grant
 - ii. One third (1/3) of the units of the stock acquisition rights granted for one year from the expiration date of the period set forth in i. above
 - iii. One third (1/3) of the units of the stock acquisition rights granted for one year from the expiration date of the period set forth in ii. above
 - iv. All remaining units of the stock acquisition rights granted after the expiration date of the period set forth in iii. above
 - 7) If the Company does not achieve its operating profit target (consolidated operating profit in case the Company prepares the consolidated statement of income; the same shall apply in 7)) established for each fiscal year, holders of the stock acquisition rights may not exercise their stock acquisition rights in the year following the said year. In assessing the achievement of the above operating profit target, if the Board of Directors determines it inappropriate to use the actual profit posted in the Company's statement of income (consolidated statement of income in case the Company prepares the consolidated statement of income) due to changes in accounting standards applied or a merger or other events that may have significant effects on the Company's business results, the Company may exclude such impacts to the extent deemed reasonable to adjust the actual profit to be used for the assessment. In addition, in the case of material changes in concepts of items to be referenced because of the application of International Financial Reporting Standards or a change in an accounting period, the Board of Directors of the Company shall determine indicators to be referenced separately.
 - 8) Only when the Company's market capitalization (to be calculated based on the following formula) exceeds ¥200 billion on any day during the period up to the business day immediately preceding the last day of the Exercise Period (if the last day of the Exercise Period is the Company's non-business day, it will be the business day immediately preceding such date) after the allotment date of the stock acquisition rights, holders of the stock acquisition rights may exercise their stock acquisition rights from the date following the day on which the market capitalization first exceeded ¥200 billion, subject to the satisfaction of other conditions set forth in 3.(6).
Market capitalization = (total number of the Company's common stock issued and outstanding – Number of treasury stock of common stock held by the Company) × Closing price of the Company's common stock in regular transactions on the Tokyo Stock Exchange

4. Allotment date of stock acquisition rights

January 31, 2025

5. Matters concerning acquisition of stock acquisition rights

- (1) The Company may acquire all of the stock acquisition rights without consideration on the day separately prescribed by the Board of Directors of the Company in case approval is obtained for one of the following proposals at a general meeting of shareholders of the Company (or it is resolved at the Board of Directors of the Company if approval of the general meeting of shareholders is not required): a merger agreement in which the Company will become a disappearing company, a split agreement or plan in which the Company will become a split company, or a share exchange agreement, a share delivery plan or a share transfer plan in which the Company will become a wholly-owned subsidiary.
- (2) In case that holders of the stock acquisition rights become unable to exercise their stock acquisition rights in accordance with provisions set forth in 3.(6) above before they exercises their rights, the Company may acquire such stock acquisition rights without consideration on the day separately prescribed by the Board of Directors of the Company.

6. Treatment of stock acquisition rights upon reorganization

In case that the Company conducts a merger (limited to the case where the Company is to be extinguished as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, "Reorganization"), stock acquisition rights of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8, of the Companies Act ("Reorganized Company") shall be delivered, in each of the above cases, to holders of the stock acquisition rights on the effective date of the Reorganization according to the conditions described below, provided that the delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (1) Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of stock acquisition rights as the number of the stock acquisition rights held by holders of the stock acquisition rights shall be delivered.
- (2) Class of shares of the Reorganized Company subject to stock acquisition rights
Common stock of the Reorganized Company
- (3) Number of shares of the Reorganized Company subject to stock acquisition rights
Shall be determined in accordance with 3.(1) above in consideration of conditions for the Reorganization.
- (4) Amount of assets to be contributed upon exercise of stock acquisition rights
The amount of assets to be contributed upon exercise of stock acquisition rights to be granted shall be an amount obtained by multiplying the exercise price after reorganization, which is obtained by adjusting the exercise price determined in 3.(2) above, by the number of shares of the Reorganized Company subject to the said stock acquisition rights to be determined in accordance with 6.(3) above, in consideration of conditions for the Reorganization, etc.
- (5) Period during which stock acquisition rights are exercisable
Shall be from the first day of the Exercise Period stipulated in 3.(3) above or the effective date of the Reorganization, whichever is later, to the last day of the Exercise Period stipulated in 3.(3) above.
- (6) Matters concerning capital stock and capital reserve to be increased when shares are issued upon exercise of stock acquisition rights
Shall be determined in accordance with 3.(4) above
- (7) Restrictions on acquisition of stock acquisition rights through transfer
Any acquisition of stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.
- (8) Other conditions for the exercise of stock acquisition rights
Shall be determined in accordance with 3.(6) above.
- (9) Reasons and conditions for acquisition of stock acquisition rights
Shall be determined in accordance with 5. above
- (10) Other conditions shall be determined based on the conditions of the Reorganized Company.

7. Matters concerning certificates for stock acquisition rights

The Company shall not issue certificates for the stock acquisition rights.

8. Due date for application

January 20, 2025

9. Persons eligible to allotment of stock acquisition rights and the number of stock acquisition rights to be allotted

2 Directors of the Company:	636 units
7 Executive officers of the Company:	1,260 units
580 Employees of the Company:	8,698 units
5 Executive officers of wholly-owned subsidiaries of the Company:	250 units
79 Employees of wholly-owned subsidiaries of the Company:	1,900 units

(Issuance of 9th stock acquisition rights)

At the Company's Board of Directors' meeting held on January 6, 2025, it was resolved to issue stock acquisition rights as stock option to directors and employees of the Company's subsidiaries pursuant to provisions of Articles 236, 238, and 240 of the Companies Act, and the Company granted the stock acquisition rights on January 31, 2025.

1. Total number of stock acquisition rights

130 units

The total number of shares to be granted upon exercise of the stock acquisition rights shall be 13,000 shares of the Company's common stock. If the number of shares to be granted under the stock acquisition rights is adjusted pursuant to 3.(1) below, it shall be the number of shares obtained by multiplying the number of shares to be granted after adjustment by the number of the stock acquisition rights.

2. Payment of cash in exchange for stock acquisition rights

No cash payment is required in exchange for the stock acquisition rights.

3. Details of stock acquisition rights

(1) Class and number of shares subject to stock acquisition rights

The number of shares subject to each unit of the stock acquisition right ("Number of Shares to be Allotted") shall be one hundred (100) shares of the Company's common stock.

In the event the Company conducts a stock split (including allotment of the Company's common stock without contribution; the same shall apply hereinafter) or stock consolidation after the allotment date of the stock acquisition rights, the Number of Shares to be Allotted shall be adjusted using the following formula. Such adjustments shall be made only to the number of shares subject to stock acquisition rights that have not yet been exercised at the time of the adjustment, and any fraction less than one share arising from the adjustment shall be rounded down.

$$\text{Number of shares to be granted after adjustment} = \text{Number of shares to be granted before adjustment} \times \text{Ratio of stock split or stock consolidation}$$

In addition, in case of merger, company split, share exchange, share delivery or other events that compel the Number of Shares to be Allotted to be adjusted after the allotment date of the stock acquisition rights, the Number of Shares to be Allotted may be adjusted by the Company within the scope deemed reasonable.

(2) Amount or calculation method of assets to be contributed upon exercise of stock acquisition rights

The assets to be contributed upon exercise of the stock acquisition rights shall be an amount obtained by multiplying the amount to be paid per share determined by the following method ("Exercise Price") by the Number of Shares to be Allotted.

The Exercise Price shall be the average closing price of the Company's common stock on all trading days (except days on which no trading is reported) on the Tokyo Stock Exchange in the month preceding the month in which the stock acquisition rights are allotted, multiplied by 1.05 (any fraction less than one yen shall be rounded up to one yen). However, in the case that the amount resulting from the calculation above is less than the closing price on the allotment date of the stock acquisition rights (or the closing price of the nearest trading day before the allotment date if no trading is reported), such closing price shall be the Exercise Price.

In the event the Company conducts a stock split or a stock consolidation after the allotment date of the stock acquisition rights, the Exercise Price shall be adjusted using the following formula, and any fraction less than one yen shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

In the event that the Company issues new shares or disposes of treasury stock of its common stock at below market price (except for issuance of new shares and disposal of treasury stock upon exercise of stock acquisition rights, or issuance of new shares and delivery of treasury stock associated with a merger, company split, share exchange and share delivery), the Exercise Price shall be adjusted according to the following formula, and any fraction less than one yen shall be rounded up.

$$\text{Exercise Price after adjustment} = \text{Exercise Price before adjustment} \times \frac{\text{Number of previously issued shares} + \frac{\text{Number of newly issued shares} \times \text{Amount paid per share}}{\text{Market price per share before new issuance}}}{\text{Number of previously issued shares} + \text{Number of newly issued shares}}$$

For the purpose of the calculation above, "Number of previously issued shares" shall be the total number of shares of the Company's common stock issued and outstanding less the number of shares of treasury stock, and in case of disposal of treasury stock of the Company's common stock, "Number of newly issued shares" shall be read as "Number of shares of treasury stock to be disposed of."

In addition, in case of a merger, company split, share exchange, share delivery or other events that compel the Exercise Price to be adjusted after the allotment date of the stock acquisition rights, the Exercise Price may be adjusted by the Company within the scope deemed reasonable.

(3) Period during which stock acquisition rights are exercisable

The period during which the stock acquisition rights are exercisable ("Exercise Period") is from January 31, 2027 to January 5, 2035 (in the event that the last date of the Exercise Period is a bank holiday, it will be the business day immediately preceding such date).

(4) Matters concerning capital stock and capital reserve to be increased

1) The amount of capital stock to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be one half (1/2) of the maximum amount of increase in capital stock, etc. to be calculated according to Article 17, Paragraph 1 of the Corporate Accounting Regulations, with any fraction less than one yen arising from such calculation to be rounded up.

2) The amount of capital reserve to be increased due to the issuance of shares upon exercise of the stock acquisition rights shall be the amount obtained by deducting the amount of capital stock to be increased stated in 1) above from the maximum amount of increase in capital stock, etc. set forth in 1) above.

(5) Restrictions on the acquisition of stock acquisition rights through transfer

Any acquisition of the stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Company.

(6) Conditions for exercise of stock acquisition rights

1) A holder of the stock acquisition rights must be a director (including a director who is an Audit and Supervisory Committee member), an executive officer, a statutory auditor or an employee of the Company or its subsidiaries or associates at the time of the exercise of the stock acquisition rights, except for the case of retirement due to the expiration of his/her term of office, mandatory retirement or other due reasons as determined by the Board of Directors.

2) An heir of a holder of the stock acquisition rights is not permitted to exercise the stock acquisition rights.

3) In the case that the exercise of the stock acquisition rights results in the total number of issued shares of the Company exceeding the total number of authorized shares of the Company at that time, then the stock acquisition rights may not be exercised.

4) Fraction less than one unit of a stock acquisition right may not be exercised.

5) If a holder of the stock acquisition rights conducted illegal or improper performance of duties, was engaged in conducts that were detrimental to public trust of the Company or its subsidiaries and associates, or other acts deemed to constitute breach of trust against the Company or its subsidiaries and associates, or was deemed to have been engaged in any other conducts similar thereto, he/she may not exercise the unexercised stock acquisition rights.

6) Subject to the satisfaction of other conditions set forth in 3. (6), holders of the stock acquisition rights may exercise a part or all of the rights granted according to the following classification. In the case that the number of units of exercisable stock acquisition rights are not integral multiple of one, the number of units may be obtained by rounding fractions less than one.

i. One third (1/3) of the units of the stock acquisition rights granted for one year from the day on which two years have passed from the day of the resolution to grant

ii. One third (1/3) of the units of the stock acquisition rights granted for one year from the expiration date of the period set forth in i. above

iii. One third (1/3) of the units of the stock acquisition rights granted for one year from the expiration date of the period set forth in ii. above

iv. All remaining units of the stock acquisition rights granted after the expiration date of the period set forth in iii. above

7) If the Company does not achieve its operating profit target (consolidated operating profit in case the Company prepares the consolidated statement of income; the same shall apply in 7)) established for each fiscal year, holders of the stock acquisition rights may not exercise their stock acquisition rights in the year following the said year. In assessing the achievement of the above operating profit target, if the Board of Directors determines it inappropriate to use the actual profit posted in the Company's statement of income (consolidated statement of income in case the Company prepares the consolidated statement of income) due to changes in accounting standards applied or a merger or other events that may have significant effects on the Company's business results, the Company may exclude such impacts to the extent deemed reasonable to adjust the actual profit to

be used for the assessment. In addition, in the case of material changes in concepts of items to be referenced because of the application of International Financial Reporting Standards or a change in an accounting period, the Board of Directors of the Company shall determine indicators to be referenced separately.

- 8) Only when the Company's market capitalization (to be calculated based on the following formula) exceeds ¥200 billion on any day during the period up to the business day immediately preceding the last day of the Exercise Period (if the last day of the Exercise Period is the Company's non-business day, it will be the business day immediately preceding such date) after the allotment date of the stock acquisition rights, holders of the stock acquisition rights may exercise their stock acquisition rights from the date following the day on which the market capitalization first exceeded ¥200 billion, subject to the satisfaction of other conditions set forth in 3.(6).

Market capitalization = (total number of the Company's common stock issued and outstanding – Number of treasury stock of common stock held by the Company) × Closing price of the Company's common stock in regular transactions on the Tokyo Stock Exchange

4. Allotment date of stock acquisition rights

January 31, 2025

5. Matters concerning acquisition of stock acquisition rights

- (1) The Company may acquire all of the stock acquisition rights without consideration on the day separately prescribed by the Board of Directors of the Company in case approval is obtained for one of the following proposals at a general meeting of shareholders of the Company (or it is resolved at the Board of Directors of the Company if approval of the general meeting of shareholders is not required): a merger agreement in which the Company will become a disappearing company, a split agreement or plan in which the Company will become a split company, or a share exchange agreement, a share delivery plan or a share transfer plan in which the Company will become a wholly-owned subsidiary.
- (2) In case that holders of the stock acquisition rights become unable to exercise their stock acquisition rights in accordance with provisions set forth in 3.(6) above before they exercise their rights, the Company may acquire such stock acquisition rights without consideration on the day separately prescribed by the Board of Directors of the Company.

6. Treatment of stock acquisition rights upon reorganization

In case that the Company conducts a merger (limited to the case where the Company is to be extinguished as a result of the merger), an absorption-type company split, an incorporation-type company split, a share exchange or a share transfer (collectively, "Reorganization"), stock acquisition rights of the companies listed in (a) to (e) of Article 236, Paragraph 1, Item 8, of the Companies Act ("Reorganized Company") shall be delivered, in each of the above cases, to holders of the stock acquisition rights on the effective date of the Reorganization according to the conditions described below, provided that the delivery of stock acquisition rights of the Reorganized Company in accordance with the following conditions is stipulated in an absorption-type merger agreement, a consolidation-type merger agreement, an absorption-type company split agreement, an incorporation-type company split plan, a share exchange agreement or a share transfer plan.

- (1) Number of stock acquisition rights of the Reorganized Company to be delivered
The same number of stock acquisition rights as the number of the stock acquisition rights held by holders of the stock acquisition rights shall be delivered.
- (2) Class of shares of the Reorganized Company subject to stock acquisition rights
Common stock of the Reorganized Company
- (3) Number of shares of the Reorganized Company subject to stock acquisition rights
Shall be determined in accordance with 3.(1) above in consideration of conditions for the Reorganization.
- (4) Amount of assets to be contributed upon exercise of stock acquisition rights
The amount of assets to be contributed upon exercise of stock acquisition rights to be granted shall be an amount obtained by multiplying the exercise price after reorganization, which is obtained by adjusting the exercise price determined in 3.(2) above, by the number of shares of the Reorganized Company subject to the said stock acquisition rights to be determined in accordance with 6.(3) above, in consideration of conditions for the Reorganization, etc.
- (5) Period during which stock acquisition rights are exercisable
Shall be from the first day of the Exercise Period stipulated in 3.(3) above or the effective date of the Reorganization, whichever is later, to the last day of the Exercise Period stipulated in 3.(3) above.
- (6) Matters concerning capital stock and capital reserve to be increased when shares are issued upon exercise of stock acquisition rights
Shall be determined in accordance with 3.(4) above

- (7) Restrictions on acquisition of stock acquisition rights through transfer
Any acquisition of stock acquisition rights through transfer shall require approval by resolution of the Board of Directors of the Reorganized Company.
- (8) Other conditions for the exercise of stock acquisition rights
Shall be determined in accordance with 3.(6) above.
- (9) Reasons and conditions for acquisition of stock acquisition rights
Shall be determined in accordance with 5. above
- (10) Other conditions shall be determined based on the conditions of the Reorganized Company.

7. Matters concerning certificates for stock acquisition rights
The Company shall not issue certificates for the stock acquisition rights.

8. Due date for application
January 20, 2025

9. Persons eligible to allotment of stock acquisition rights and the number of stock acquisition rights to be allotted

1 Director of the Company's subsidiary:	30 units
4 Employees of the Company's subsidiary:	100 units

(Changes in reportable segments)

The Company resolved at its Board of Directors meeting held on February 12, 2025 to change the reportable segments from the fiscal year ending December 31, 2025.

(1) Reasons for changing segments

On January 1, 2025, the Company succeeded the Internet Infrastructure business and Online Advertising & Media business of GMO Internet Group, Inc. through an absorption-type company split and also changed the company name to GMO Internet, Inc. As a result of these changes, the Company's key businesses will drastically change, and therefore we decided to review our business segments that are regularly examined by the Board of Directors to allocate management resources and evaluate business results.

(2) Outline of changes in segments

"Online advertising business" and "Internet media business" will be integrated into "Online advertising & Media business" and "Internet infrastructure business" will be newly added.

(3) Impacts of changes in segments

We are currently calculating net sales, profit or loss, assets and other items for the fiscal year ended December 31, 2024 under the new segmentation.