

The following is a summary of questions received from participants at the financial results meeting held on February 12, 2025, and answered by Mr. Ito, President and Chief Executive Officer of GMO Internet. Some questions and answers have been added or supplemented by the IR department.

## **Business Performance**

Q1                   What is the operating income of the segment you are taking over from GMO Internet Group (Securities Code: 9449) for the fiscal year ending December 31, 2024? Also, could you please provide us with the factors behind the increase in profit by segment, as well as an image of the growth rate of the domain and rental server business and the Internet access business?

A1  
(ITO)               The figures for operating income of the successor division have not been audited, so we have not provided operating income figures in our materials, but I hope you can imagine it as 15% YoY growth. I would like to discuss the correct figures after the audit in the first quarter of 2025.

The most promising factor for profit increase is GMO GPU Cloud, but since it is a new business, we are not in a position to explain with certainty at what specific timing sales and profits will increase. However, we believe that it will contribute to profit growth because of the positive response from customers. In the existing Internet infrastructure business, we have established a solid recurring revenue model, and we believe that sales and profits will steadily increase.

As for the Internet advertising and media business, we are ready to rebuild and prepare for new challenges by last year, which I believe will make a positive contribution.

As for the future growth of the Internet access business, we do not think that the situation will continue to grow rapidly, since Internet lines are basically being connected all over Japan. On the other hand, products are changing rapidly, from dial-up to fiber optic lines, 10 gigabit fiber optic lines, and so on.

However, while the total number of businesses requiring domain names and servers will not change, the breakdown of companies will change due to new start-ups, retirements, and other factors. However, the total number of businesses that need domain names and servers will remain the same, but the breakdown of companies will change due to new start-ups and retirements.

## **GMO GPU Cloud**

- Q2                    You mentioned that the 800 GPUs in the GMO GPU Cloud will be at 100% capacity. If so, do you have any advantage such as priority in supplying chips from NVIDIA?
- A2  
(ITO)                Additional investments are being considered. The market will continue to grow, and we intend to make additional investments as needed. However, since this is an industry that is rapidly changing in terms of chip performance and other factors, we would like to keep an eye on the market and our customers, and consider investments as appropriate.  
As for the priority of supply, we do not have such an agreement, but we are aware that we have a close relationship with them, and we would be happy to discuss this with them depending on the situation.
- Q3                    (I understand that you intend to make an additional investment (in GMO GPU Cloud), but what about the remaining subsidy from METI? Even without the subsidy, do you intend to make an additional investment?  
Also, if additional investment is made without subsidies, I assume that the cost will go up, but can we assume that a certain level of margin will still be maintained in that case?
- A3  
(ITO)                The subsidy we have received is from the previous investment of 10 billion yen, so we do not have any more at present. Even if we do not receive subsidies, we are willing to make additional investments to meet customer demand. We have sensed a growing need in meeting with our customers, and we believe that the need will continue to increase in the future. Of course, we would be grateful if we could receive subsidies, but we would be willing to make additional investments even if there are no subsidies.  
We believe that margins can be secured and that we have created a product with extremely high price/performance ratio, and we are confident that we can compete in this price range and performance, although the competitive environment is expected to intensify in the future.
- Q4                    What do you think about the prospects for demand for GPU clouds, given the technological innovation that has occurred with the advent of DeepSeek?
- A4  
(ITO)                Regarding DeepSeek, I believe that great technological innovation is taking place, and I see new services evolving every month as I work with AI on a daily basis. However, as mentioned earlier in the survey results (Note: Outlook of the AI market for the fiscal year ending December 31, 2024, on pages 19-20), the

development of AI or the AI industry has just begun, and as was the case in the age of the Internet, the major trend, with its twists and turns, is that the We expect the same thing to happen to AI in the next 10 to 20 years, and we believe that companies and individuals will continue to utilize AI in the future, so we expect that the appearance of DeepSeek will bring about a change in demand for GPU cloud computing. We believe that the demand for GPU cloud will not change with the advent of DeepSeek.

### **Forecasts for the fiscal year ending December 31, 2025**

Q5 How conservative is your forecast for operating income of 8 billion yen? What are the possible risk factors?

A5 (ITO) At this point, we are not being too hard or strong, and our forecast is right in the middle of the pack. In terms of risk factors, our business model is based on solid recurring revenue, so we do not expect a significant decrease in revenue, and we believe that we will be able to secure profits as a base. On the other hand, the market environment for the Internet advertising and media business is changing, and we believe it is necessary to improve the business, so we are considering new tools and consulting services. We believe that there is both room for growth and risk here, but since the amount is not that large compared to the overall amount, we do not think the impact will be so great.

M&A related

Q6 In your M&A policy, you mentioned "reorganization within the group." From that perspective, how do you view other companies within the group?

A6 (ITO) We would like to increase our share of the existing business, so we are willing to consider this if there is demand within the group to do it together, provided that there are benefits and intentions on both sides. If there is a background such as having stock-type products and synergies in the customer base, I think we could consider it.

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