GMO INTERNET

Summary of Q&A Session at Financial Results Briefing

for the Third Quarter of the Fiscal Year Ending December 31, 2025

This document summarizes the questions received from participants at the financial results briefing held on November 13, 2025. Responses were provided by GMO Internet President and CEO Ito. Please note that some questions and answers have been added or supplemented by the IR department.

【About Performance Progress】

【Q1】 Why is the increase in operating profit larger than the increase in sales?

【A1】 (Ito) One factor is the improvement in profit margins within the Internet Connection Business due to changes in the product mix.

Additionally, the GPU cloud business has been performing steadily and achieved monthly profitability, while the internet advertising business has also recovered profits through cost structure revisions. These significant movements near the break-even point are another factor contributing to the apparent larger increase in profits compared to sales.

【Q2】 Regarding the initial guidance, we are at 70% progress in Q3. Can we understand that if Q4 continues at this pace, the full-year target will be achieved?

【A2】 (Ito) Cumulative progress from Q1 to Q2 reached 40% of the full-year forecast (initial guidance), with Q3 adding 30% for a total of 70%. While Q1-Q2 faced challenges due to upfront investments in GMO GPU Cloud, Q3 saw GMO GPU Cloud achieve profitability on a monthly basis. We expect this to lead to revenue generation from Q4 onwards. Additionally, the Internet Advertising business, which underperformed in Q2, is progressing with its turnaround. Therefore, there is no change to the full-year forecast.

【About GMO GPU Cloud】

【Q3】 Regarding GPU Cloud, it achieved monthly profitability. Since revenue won't decrease unless there are cancellations, is it correct to understand that Q4 will show brighter profits? Please clarify when monthly profitability was achieved.

Also, are there any concerns for Q4, such as costs related to B300?

【A3】 (Ito) The utilization rate is expected to rise from Q3 to Q4, so your understanding is correct. However, while most customers are long-term users, we also have spot users, making utilization rate control a critical challenge. Monthly profitability was achieved in September 2025.

The launch of B300 is scheduled for the end of December, with costs primarily expected to be incurred from January 2026 onwards.

【Q4】 Regarding the competitive environment for GPU cloud services. KDDI and SoftBank have also begun offering GPU cloud server services. Has the competitive landscape changed?

Also, the IOWN initiative with NTT seems interesting. Do you have expectations for NTT as a GPU cloud customer, such as having them use your GPU cloud?

【A4】
(Ito) While the number of GPU cloud server providers has increased, our strategy of having companies with high engineering capabilities utilize our high-performance servers is currently working well. There are also differences in the needs and types of customers we serve, so at this stage, we do not see significant changes in the competitive environment. IOWN is a network-related initiative, but we consider it an important effort to address the diversifying needs of our customers going forward. We would certainly be pleased if NTT were to use our GPU services as a customer, but at this stage, we have no specific developments to report.

【Q5】 What is the average contract duration for your current customers? Can we assume most are over one year?

【A5】
(Ito) In practice, most customers have contracts lasting six months or longer, with many exceeding one year.

【Q6】 Regarding Sakana AI, please clarify the following points:

1. Were the use of Sakana AI and the launch of B300 included in this fiscal year's company plan?
2. If Sakana AI's traffic (computational load) increases in the future, does GMO GPU Cloud have sufficient capacity to handle it?
3. Will it contribute to sales in the medium term?

【A6】
(Ito) This fiscal year's company plan does not include specific customer names or the B300 investment.

Regarding GPU Cloud performance, after discussions with Sakana AI, we believe our current capabilities and future investment plans can meet their needs. We will maintain close communication going forward to ensure this.

In the medium term, we aim to support Sakana AI's growth through our GPU cloud, creating an environment where their growth, in turn, increases our GPU utilization.

【Q7】 Regarding the GPU cloud, has there been any change in the outlook for unit prices or profitability? Even if the industry environment is becoming more challenging, is it correct to understand that your company's unit prices and profitability have not declined?

【A7】 Due to discounts prioritizing utilization rates, unit prices have decreased slightly

(Ito) recently, but there are no major fluctuations. Regarding profitability, it has been growing each quarter. We recognize that even if unit prices decrease slightly, this can be covered within the range achievable through utilization rates.

【About Existing Business】

【Q8】 Regarding the internet advertising business, despite the challenging environment, Q3 saw a recovery, indicating that our early countermeasures were effective.

While it's still too early to be optimistic, can we consider Q2 the bottom in terms of profitability? Or should we remain cautious going forward?

【A8】
(Ito) We believe Q2 was the bottom. Since we've become able to control costs, the risk of falling into the red is low.

【Q9】 Is there potential for further organizational restructuring in the Internet Advertising business depending on future market conditions?

【A9】
(Ito) In the medium to long term, strengthening our recurring revenue products is a key challenge for the Internet Advertising and Media Business. Organizational changes to support this strengthening of recurring revenue products are possible. While this recent initiative involved transferring members from the Internet Advertising Business to the Internet Infrastructure Business, the reverse is also conceivable—for instance, reassigning members from the Internet Infrastructure Business with relevant expertise to the Internet Advertising Business to bolster recurring revenue products.