

December 15, 2014

Company Name: GMO Internet, Inc.  
(TSE First Section, Code: 9449)  
Address: 26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN  
Representative: Masatoshi Kumagai, CEO and Representative Director  
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## Notice of Investment in new “Specified” Subsidiary and to Establish Culture Incubation Division

At a Board of Directors meeting convened today, GMO Internet Inc. resolved to invest capital in GMO Culture Incubation, Inc. at the same time establishing a new Cultural Incubation division. As a result the company becomes specified subsidiary and as such we announce the following details.

### 1. Objective of Capital Increase

Music consumption is increasingly shifting away from CDs and album downloads, and toward subscription-based content streaming services including music recorded at club and festival events. The shift has brought about the commercial success of Electronic Dance Music (EDM), a new phenomenon in dance music in which DJs are personalities who perform in front of tens of thousands of people at EDM events. The online music content market declined 3.9% in value over the past year and is now worth JPY1.56 trillion (\*1) globally. Conversely, the festival and event market grew to over JPY400 billion (\*2). At the same time, the growth of EDM is producing more DJ stars.

GMO Internet places importance on the promotion of culture and arts, and decided to establish the culture incubation division as a means to promote Japanese talent and culture on the global stage.

GMO Culture Incubation, Inc. was established on November 11, 2014. The company today announces a capital increase aimed at ramping up the new business. As a result, capital in the new company is greater than one tenth of the value of capital in GMO Internet, and as a result the new company is designated a “specified subsidiary”.

GMO Culture Incubation was established to support Japanese artists striving to achieve global success while at the same promoting one of our core aims, to make people happy and provide inspiration. The first initiative of the new Culture Incubation business will be in the EDM and dance music genre and will aim to promote Japanese DJs and artists globally.

\*1 : IFPI

\*2 : IMS Business Report 2014

## 2. Overview of Subsidiary (as of December 15, 2014)

(1) Company Name	GMO Culture Incubation, Inc.	
(2) Address	Cerulean Tower, 26-1 Sakuragaokacho, Shibuya-ku Tokyo, Japan	
(3) CEO	Yuki Yoshiyama	
(4) Business Description	Culture incubation	
(5) Capital	JPY100 million	
(6) Fiscal Year End	December 31	
(7) Date Established	November 11, 2014	
(8) Major Shareholders and Ownership Ratio	GMO Internet, Inc.	85.0% (before capital increase 100.0%)
	Yuki Yoshiyama	5.0% (before capital increase 0.0%)
	2 other individual investors	10.0% (before capital increase 0.0%)
(9) Relationship with GMO Internet, Inc.	Capital Relationship	See (8) above.
	Executive Relationship	1 member of the GMO Internet Board of Directors and 1 member of the Board of Auditors to serve concurrently on the Board of Directors
	Transactional Relationship	None

## 3. Effective Date

December 12, 2014

## 4. Outlook

The impact of this announcement on 2014 results forecasts is immaterial.

(Reference) Consolidated Results Forecast (published February 6, 2014)

	Consolidated Net Sales	Consolidated Operating Profit	Consolidated Ordinary Profit	Consolidated Net Profit
Current Forecast (FYE12/2014)	JPY 105,000 million	JPY 12,500 million	JPY 12,500 million	JPY 5,500 million
Previous Term Results (FYE12/2013)	JPY 93,704 million	JPY 11,000 million	JPY 10,941 million	JPY 5,244 million