

Company Name: GMO Internet, Inc.  
(TSE First Section, Code: 9449)  
Address: 26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN  
Representative: Masatoshi Kumagai, Founder, Chairman and Group CEO  
Contact: Masashi Yasuda, Executive Vice President and CFO, Head of  
Group Management Division  
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## **Announcement of Approval to Change our Consolidated Subsidiary GMO Pepabo, Inc.'s Stock Market Listing to the Second Section of the Tokyo Stock Exchange**

Today we are pleased to announce that our consolidated subsidiary GMO Pepabo, Inc. has received approval from the Tokyo Stock Exchange to change the listing of its shares from the JASDAQ (Standard) market to the Second Section of the Tokyo Stock Exchange.

1. Changing the listing of GMO Pepabo's shares from the JASDAQ (Standard) market to the Second Section of the Tokyo Stock Exchange

(1) GMO Pepabo as a group company of the GMO Internet Group

GMO Internet ("the Company") and GMO Internet Group focus their business resources on the "place" for the Internet, and comprehensively develop Internet businesses under the corporate slogan "Internet for Everyone." Our business activity is about: enriching the Internet and making it more fun; creating new Internet culture and industry, smiles, and excitement; and striving towards contributing to society and the people.

GMO Pepabo's ultimate aim is "Using the Internet to deliver new possibilities" under its corporate philosophy of "Make it more playful." GMO Pepabo gives many communication tools for the individuals to express themselves through their creative activities and hobbies and has operated internet services for various needs, especially lower-end products for individuals, the self-employed, and small-sized businesses. GMO Pepabo is independently operated in the GMO Internet Group, and the Company is aware that GMO Pepabo does not correspond to the core business of the Company as it comprises only about 4.5% of the Company's consolidated net sales in Q3 FY2019.

(2) Purpose

GMO Pepabo aims to become the No.1 company in web hosting and e-commerce domains, creating an

environment where many individuals can experience the happiness that comes from expressing themselves and providing information through GMO Pepabo's services. GMO Pepabo believes that it is essential to expand to offer more services through ongoing investment in existing and new services, and is aware that gathering and retaining advanced partners are significant business challenges. To overcome these challenges, they believe that it is necessary to enhance the visibility and the public confidence in the organization and to gather advanced partners and boost their motivation, by changing the listing of their shares from the JASDAQ (Standard) market to the Second Section of the Tokyo Stock Exchange. We respect the decision made by GMO Pepabo and are pleased to announce today that it has received approval from the Tokyo Stock Exchange to change the listing of its shares from the JASDAQ (Standard) market to the Second Section of the Tokyo Stock Exchange.

### (3) GMO Internet's holding in GMO Pepabo

We will own the majority of the shares in GMO Pepabo as our consolidated subsidiary after they change the listing of their shares from the JASDAQ (Standard) market to the Second Section of the Tokyo Stock Exchange.

## 2. Our thoughts on the listing of subsidiaries on stock markets

As for the listing of subsidiaries on stock markets or changing the listing from one stock market to another, the Company believes that the decision-making shall be left to the group companies as each group company is independently operated. This is also the case for GMO Pepabo.

Under the Venture Spirit Declaration, which embodies the spirit in which the Company was founded, we believe "Companies should make members, shareholders, customers, and all stakeholders happy. Smiling faces are our barometer." On this assumption, we will maintain the listing of a given subsidiary on a stock market if we expect that the subsidiary can: enhance the visibility and the public confidence in the organization and gather advanced partners through the listing on the stock market; improve the group enterprise value by generating benefits as a result of bringing smiles to their customers through their No. 1 services; and properly return value to minority shareholders.

## 3. Overview of consolidated subsidiary

(1) Name	GMO Pepabo, Inc.
(2) Name & Title of Representative	Kentaro Sato, President and Chief Executive Officer
(3) Location	26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN
(4) Establishment	January 2003
(5) Capital	JPY 159,677,000 (as of September 30, 2019)
(6) Business Description	Web-hosting, e-commerce solution, handmade marketplace
(7) Number of Employees	408 (as of September 30, 2019)

4. Overview of the secondary offering and the issue of shares for subscription

Not applicable

5. Shareholdings

3,428,000 shares (63.1%) (including those held indirectly)

(Outstanding Shares: 5,434,600 shares)

6. Outlook

The impact of this change on the consolidated business performance for the year ending December 31, 2019, is insignificant.