

March 25, 2020

Company Name: GMO Internet, Inc.
(TSE First Section, Code: 9449)
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Announcement of Approval of Listing of GMO Financial Gate, Inc. Shares

GMO Internet, Inc. (“GMO Internet”) announces that the listing of common stock of GMO Financial Gate, Inc. (“GMO-FG”), a consolidated subsidiary (second-tier subsidiary) of GMO Internet, on the Mothers (Tokyo Stock Exchange) was approved by Tokyo Stock Exchange, Inc. today as described below.

1. Listing of GMO Financial Gate, Inc.

(1) The positioning of GMO-FG in the GMO Internet Group

Starting with the launch of the provider service in 1995, GMO Internet Group has launched the Internet business under the corporate slogan “Internet for Everyone.” As of today, GMO Internet Group is growing into a business group that comprehensively develops Internet Infrastructure, Online Advertising & Media, Internet Finance, and Cryptocurrency businesses.

GMO Internet consolidated subsidiary GMO Payment Gateway, Inc. (“GMO-PG”), which operates payment and finance-related services, is the company at the core of the Payment business of the Internet Infrastructure segment. GMO-FG, a consolidated subsidiary and second-tier subsidiary of GMO-PG and GMO Internet, respectively, offers payment processing services for offline payment, such as credit card and debit card.

(2) Purpose of the listing

The business opportunities in the offline market in which GMO-FG operates is expanding significantly, thanks to the government’s move to tackle the issues of improving the security of cashless payments and to increase cashless penetration.

The listing of GMO-FG would not only raise their social recognition and credibility but also enhance the service and system development capability through the capital procured, thereby enabling GMO-FG’s

medium to long term sustainable business growth and its ability to fulfill vital roles and responsibilities as part of the offline payment infrastructure.

(3) The policy of ownership of GMO-FG shares

GMO-PG owns the shares in GMO-FG as described below.

According to GMO-PG, “The business opportunities for both GMO-PG and GMO-FG are expanding as the online and offline payment markets dynamically evolve and become increasingly integrated, driven by the rising penetration of cashless payments and digitalization.

As each corporate entity aims to grow their businesses in their respective addressable markets, GMO-PG will also endeavor to maximize group-wide synergies that not only contributes to the overall group’s growth but also to accelerate GMO-FG’s growth itself.

For this purpose, GMO-PG will maintain majority ownership of the common shares of GMO-FG after its listing, as GMO-PG believes that pursuing group-wide synergies to promote their business will be conducive to raising overall corporate value.

While GMO-FG is intended to remain as a consolidated subsidiary, their independent management will be honored and the support provided for the management to be self-reliant. Additionally, through the listing, GMO-PG expects to enhance the corporate value of GMO-FG through more direct engagements with various stakeholders.”

GMO Internet supports GMO-PG’s holding in GMO-FG.

2. Consolidated subsidiary (second-tier subsidiary)

(1) Company Name	GMO Financial Gate, Inc.
(2) Representative	Kentaro Sugiyama, President & CEO
(3) Address	1-14-6, Dogenzaka, Shibuya-ku, Tokyo
(4) Establishment	September 1999
(5) Capital	¥1,173.3 million (as of September 30, 2019)
(6) Business Description	Payment processing services for offline transactions including credit cards, debit cards, etc.

3. Summary of offering and new share issue

(1) Public offering of new shares	240,000 shares
(2) Underwritten offering	209,800 shares
(3) Offering via Overallotment option	67,400 shares (maximum)

4. Numbers and ownership ratio of shares of GMO-FG held by GMO Internet

- (1) Before listing 2,332,590 shares
(Ownership ratio: 64.8%, Total Shares Outstanding: 3,595,170 shares)
- (2) After listing and new shares issued 2,332,590 shares
(Ownership ratio: 60.8%, Estimated Total Shares Outstanding: 3,835,170 shares)

* GMO Internet owns GMO-FG indirectly via GMO-PG.

* The change in the ownership ratio is due to the dilution caused by issuing new shares for the purpose of listing.

* Estimated total shares outstanding does not include the shares offered via the overallotment option (maximum of 67,400 shares).

5. Our policy on the listing of subsidiaries on stock markets

As for the listing of subsidiaries on stock markets, 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-FG.

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.

As of now, there are no further plans to list our subsidiaries besides GMO-FG.

6. Future outlook

The impact of this listing on the consolidated business performance is insignificant as GMO-FG will remain a consolidated subsidiary (second-tier subsidiary) of GMO Internet after the listing of its common stock.