

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

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Notice Regarding GMO Internet entering the cybersecurity business with Ierae Security, Inc., which has Japan's leading white hat hacker organization, a subsidiary

GMO Internet, Inc. Board of Directors has resolved at a meeting convened today to acquire a stake in Ierae Security, Inc. ("Ierae Security") to make it a subsidiary.

1. Reason for the stock acquisition

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 (which is a business at the core of the group), Online Advertising & Media, Internet Finance, Cryptoassets, and Incubation businesses.

Ierae Security operates cybersecurity services (e.g. a security vulnerability diagnosis service for web applications, smartphone applications, and IoT devices), and its ultimate aim is "society where nobody is victimized". The company has been established in February 2013 with white hat hackers who have the leading position in hacking contests (competing on security technology) in Japan and abroad and has Japan's leading white hat hacker organization to which 82 white hat hackers belong (as of December 2021). As cyber threats have become increasingly sophisticated, technological strengths of white hat hackers (who knows the methods of attackers well) that conduct security vulnerability diagnosis (from a perspective of attackers) have been recognized, and the consumer base (mainly the major enterprises and security vendors in Japan and abroad) is growing.

There could be synergies among: Ierae Security's cybersecurity-related technical capabilities; the customer base of GMO Internet Group's Internet Infrastructure business; and management expertise, technical capabilities, and brand image of GMO Internet Group. GMO Internet Group determined that these would lead to a mid- to long-term increase in corporate value of the two companies and decided to acquire the shares of Ierae Security. As a result, this will lead to the full-scale entry into the cybersecurity business, and we will further expand new businesses in the security segment in addition to digital certificate and eSignature business (digital certificate issuing service and e-contract service GMO Sign are the services at the core of this business).

GMO Internet Group will strive to develop new lower-end, premium quality security services by utilizing the two companies' technological strengths in the future. We will accelerate the efforts to nurture top engineers and white hat hackers that will play important roles in the next generation and further improve the technological capability by establishing Japan's leading GMO Cybersecurity Center inside our new office GMO TOWER (Yoga, Setagaya City, Tokyo) and exchanging and training professional partners within the Group.

Upon making Ierae Security a subsidiary, we intend to change the company name from Ierae Security to GMO Cybersecurity by Ierae, Inc. assuming the approval of proposals in the company's Ordinary General Meeting of Shareholders that will be held in March 2022.

- Logo



2. Overview of the new subsidiary

(1) Name	Ierae Security, Inc. (We intend to change the company name from Ierae Security to GMO Cybersecurity by Ierae, Inc. assuming the approval of proposals in the company's Ordinary General Meeting of Shareholders that will be held in March 2022.)		
(2) Location	Ebisu East Building 6F, 1-chōme-13-7 Hiroo, Shibuya ku, Tokyo, JAPAN		
(3) Name & Title of Representative	Makoto Makita, CEO		
(4) Business Description	Vulnerability diagnosis for web application and smartphone application, penetration test, illegal use (cheat) diagnosis, IoT vulnerability diagnosis, automobile vulnerability diagnosis, forensic investigation, CSIRT support, cloud security diagnosis, cloud security advisory		
(5) Capital	JPY 80 million		
(6) Establishment	February 2013		
(7) Major Shareholders and Ownership Ratio	Yuya Kuratomi		29.96%
	JIC Venture Growth Fund No.1 Investment Limited Partnership		9.35%
	musica Co., Ltd.		7.44%
	DIGITAL HOLDINGS, Inc.		6.94%
(8) Relationship with GMO Internet	Capital relations	Not applicable	
	Human relations	Not applicable	
	Business relations	Not applicable	
(9) Consolidated business performance and financial standing over the last three years (Millions of yen, except per share figures)			
Fiscal year-end	FYE12/2018	FYE12/2019	FYE12/2020
Net assets	3,129	2,357	2,553
Total assets	5,682	4,693	5,257
Net assets per share	1,687.89	1,298.98	1,308.77
Revenues from operations	2,370	3,671	4,115
Operating income	-424	-257	-610
Recurring income	-439	-280	-626
Net income	-498	-370	-1,472
Net profit per share	-268.82	-211.12	-754.89
Dividend per share	—	—	—

3. About the shareholders whose shares will be acquired

(1) Name	Yuya Kuratomi
(2) Location	Shibuya ku, Tokyo, JAPAN
(3) Relationship with GMO Internet	There are no capital, human, and business relations between GMO Internet and Yuya Kuratomi required to be referred to herein.

* Although shares are also acquired from sellers not stated above (investment funds, operating companies, investment companies, and other individuals), sellers whose shareholding ratios are less than 10% are omitted. There are no capital, human, and business relations between GMO Internet and such sellers required to be

referred to herein.

4. Number of shares to be acquired, amount of acquisition, and shareholdings before and after the acquisition

(1)	Shareholdings before the acquisition	0 shares (number of voting rights: 0) (ratio of voting rights: 0%)	
(2)	Number of shares to be acquired	1,108,638 shares (number of voting rights: 1,108,638)	
(3)	Amount of acquisition	Common stock of Ierae Security Estimated advisory costs, etc. Total (estimated amount)	JPY 9,202 million JPY 60 million JPY 9,262 million
(4)	Shareholdings after the acquisition	1,108,638 shares (number of voting rights: 1,108,638) (ratio of voting rights: 50.0%)	

* Cost of share acquisition is decided via discussions with sellers based on an assessed value that is determined by an independent third-party organization.

5. Schedule

(1)	Date of resolution by the Board of Directors	January 24, 2022
(2)	Contract execution	January 24, 2022
(3)	Date of closing	February 28, 2022

6. Future outlook

The transfer of the stock has no impact on consolidated earnings for the fiscal year 2021. Although the impact on the consolidated business performance for the year ending December 31, 2022, is expected to be insignificant, GMO Internet will promptly provide notice as soon as additional items to be disclosed have arisen.