

Company Name: GMO Internet Group, Inc.
(TSE Prime Market, Code: 9449)

Address: 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo, JAPAN

Representative: Masatoshi Kumagai, Founder, Chairman and Group CEO
Masashi Yasuda, Director, Executive Vice President and Group
CFO, Deputy to Group CEO, Head of Group Management
Division

Contact:

Telephone: +81 3 5456 2555

URL: <https://www.gmo.jp/en>

**Notice Regarding Transition to a Holding Company Structure and the Execution of
an Absorption-Type Company Split Agreement (Simplified Absorption-Type Company Split)
with GMO AD Partners Inc., a Consolidated Subsidiary**

GMO Internet Group, Inc. (the "Company") hereby announces that at today's Board of Directors meeting, it was resolved to transfer the Company's Internet Infrastructure (Domain business, cloud hosting business, access business) and Internet Advertising/Media Business (the "Target Businesses") to our consolidated subsidiary, GMO AD Partners Inc. (Stock Code: 4784, TSE Standard; "GMO-AP") through an absorption-type company split (the "Absorption Split").

Specifically, it was resolved to enter into an absorption split agreement (the "Absorption Split Agreement") to transfer the Target Businesses from our company to GMO-AP, and this agreement was signed as of today. Additionally, as a result of this Absorption Split, the Company will transition to a holding company structure.

1. Purpose of the transition to a holding company structure through the Absorption Split

The three objectives of the Company's transition to a holding company through the Absorption Split are as follows:

(1) Strengthening the System for the AI & Robotics Revolution

Our group, under the slogan "Becoming the No.1 Corporate Group Pioneering the Future with AI," is actively promoting the use of AI across the entire group quickly. We have established GMO AI & Robotics Corporation, anticipating significant progress in the development of robots highly compatible with AI. We are building a framework for the upcoming AI robotics revolution. *1

We believe that the transitioning to a holding company structure at this time will streamline the business flow and create smoother synergies.

(2) Sustainable growth and maximization of corporate value for GMO-AP

GMO-AP is the core company of the internet advertising and media business.

To respond to rapid changes and intensifying competition in the Internet advertising market, we aim to develop our business quickly by leveraging the strengths of both companies by integrating our Internet infrastructure business with GMO-AP's internet advertising and media business. We have determined that these actions will lead to the sustainable growth and maximization of corporate value for GMO-AP and the Company.

(3) Strengthening Group Management Functions

By transitioning to a holding company structure, we will further strengthen our system for achieving sustainable growth, by focusing group management functions and further enabling speedy management.

*¹ Disclosure dated June 18, 2024 "Notice Regarding Establishment of Subsidiary to Support the Introduction and Use of AI and Robotics "

2. Summary of the Absorption Split

(1) Schedule of the Absorption Split

Date of resolution of the Board of Directors' meeting to approve the Absorption Split Agreement (the Company)	25 June 2024.
Date of the Board of Directors' resolution to approve the Absorption Split Agreement (GMO-AP)	25 June 2024.
Date of signing of the Absorption Split Agreement	25 June 2024.
Date of resolution of the Extraordinary General Meeting of Shareholders to approve the Absorption Split Agreement (GMO-AP)	11 September 2024 (planned)
Effective date of the Absorption Split Agreement	1 January 2025 (planned)

(Note: As the Absorption Split falls under a simplified demerger as defined in Article 784(2) of the Companies Act, no general meeting of shareholders will be held in the Company to approve the Absorption Split.

(2) Method of the Absorption Split

The Target Businesses operated by the Company will be transferred to GMO-AP through an absorption-type demerger, with the Company as the demerged company and GMO-AP as the successor company.

(3) Contents of the allocation pertaining to the Absorption Split

GMO-AP will allot and deliver 257,941,328 shares of GMO-AP common stock to the Company as consideration for the subject business.

(4) Treatment of subscription rights and bonds with subscription rights in connection with the Absorption Split

Not applicable.

(5) Capital to be increased or decreased as a result of the Absorption Split

There will be no change in the capital of the Company or GMO-AP as a result of the Absorption Split.

(6) Rights and obligations to be assumed by the successor company

As a result of the Absorption Split, GMO-AP will succeed the rights and obligations that the Company has in respect of the Target Businesses as of the effective date, to the extent stipulated in the Absorption Split.

(7) Prospects for debt fulfillment

The prospects for debt fulfillment by GMO-AP and the Company have been determined to have no issues, after the Absorption Split

3. Basis of contents of the allocation pertaining to the Absorption Split, etc.

(1) Basis and reasons for the content of the allocation.

Our company and GMO-AP began considering the Absorption Split around April 2024. During this consideration, as detailed in "(4) Measures to Ensure Fairness " below, to ensure the fairness of the allocation in the Absorption Split, we selected Deloitte Tohmatsu Financial Advisory LLC ("Deloitte") as an independent valuation agency, Nishimura & Asahi (Gaikokuho Kyodo Jigyo) ("Nishimura & Asahi ") as a legal advisor, and SMBC Nikko Securities Inc. as a financial advisor.

The Company requested Deloitte to calculate the stock allocation ratio for the Absorption Split (the "Share Allotment Ratio"). Carefully considering the results from Deloitte, along with advice from our legal and financial advisors, we have comprehensively evaluated the financial status, asset conditions, and prospects of the Target Business and GMO-AP. Based on this thorough review, we have conducted extensive negotiations and discussions with GMO-AP.

As a result, we have ultimately concluded that it is appropriate to proceed with this Absorption Split, with the allocation of 257,941,328 shares of GMO-AP stock (if GMO-AP 's stock value is 1, equivalent to an allocation ratio of 16.00) as described in "2. Summary of the Absorption Split," section "(3) Contents of the allocation pertaining to the Absorption Split."

As stated above, based on the valuation results from the independent valuation agency, along with advice from the legal and financial advisors, we have carefully negotiated and deliberated, comprehensively considering the financial status, asset conditions, and prospects of both the Target Businesses and GMO-AP. Consequently, both the Company and GMO-AP resolved at today's board of directors meeting to

enter into the Absorption Split Agreement, and we have officially concluded this agreement as of today.

(2) Matters Related to the Valuation

① Name of the Valuation Agency and Its Relationship with the Company and GMO-AP

Deloitte, our independent valuation agency, is not a related party to either the Company or GMO-AP and does not have any significant interests that should be disclosed regarding the Absorption Split.

② Summary of Valuation

Regarding the business value of the Target Businesses, they are businesses to be split off and do not have a market price, however there are multiple comparable listed companies, allowing for the inference of relative stock value through the Comparable Multiple Valuation Method. Therefore, Deloitte adopted the Comparable Multiple Valuation Method as the market approach for valuation. Additionally, to reflect the future business activities in the valuation, Deloitte adopted the Discounted Cash Flow method (the "DCF method") as the evaluation method for the income approach. Deloitte used these methods to calculations.

For the evaluation of GMO-AP common stock, which is listed on the Tokyo Stock Exchange Standard Market and has a market price, Deloitte used the Market Price Method. Therefore, Deloitte used the Comparable Multiple Valuation Method as the market approach for valuation, as there are multiple comparable listed companies, allowing for the inference of relative stock value through the Comparable Multiple Valuation Method. Additionally, to reflect the future business activities in the valuation, Deloitte adopted the DCF method as the evaluation method for the income approach. Deloitte used these methods to calculations.

Assuming the value of GMO-AP's common stock is set to 1, the results of Share Allotment Ratio calculation using each of the above evaluation methods are shown in the table below:

Approach	Evaluation Method		Share Allotment Ratio
	Target Businesses	GMO-AP	
Market Approach	the Comparable Multiple Valuation Method	the Market Price Method	14.8~22.5
Market Approach	the Comparable Multiple Valuation Method	the Comparable Multiple Valuation Method	9.0~16.0
Income Approach	DCF method	DCF method	11.3~16.2

For the market price method used to evaluate the value of GMO-AP's common stock, June 24, 2024, was set as the valuation date. The closing price on the valuation date on the Tokyo Stock Exchange

was used, along with the simple average of the closing prices for each trading day of 1-month, 3-month, and 6-month periods up to the valuation date.

Deloitte conducted its calculations based on the assumption that the financial forecasts provided by the Company and GMO-AP were reasonably prepared based on the best possible predictions and judgments of both management teams at this time. Deloitte does not assume responsibility for the accuracy, validity, or feasibility of these financial forecasts. Additionally, the business plans of the Target Businesses and GMO-AP, which were used as the basis for the DCF method evaluation by Deloitte, were anticipated to show significant fluctuations in profit and loss.

The business plan for the Target Businesses includes significant increase in profits expected for the fiscal year ending December 2025, compared to the previous year, driven by the steady outlook of existing businesses and the growth through monetization of the GPU Hosting Business. Additionally, GMO-AP 's business plan includes expected performance recovery (achieving a surplus in operating income and a significant increase in net income for the period) for the fiscal year ending December 2024 mainly due to the effects of streamlining the business offering system and controlling costs, etc.

Furthermore, Deloitte has utilized other information related to the Target Businesses and GMO-AP provided by the Company, as well as publicly available information, assuming that these details are accurate and complete. Deloitte has not independently verified the accuracy and completeness of this information.

Deloitte has not independently evaluated, appraised, or assessed any individual assets or liabilities (including contingent liabilities) of the Target Businesses and GMO-AP, nor has it requested evaluations or appraisals from any third-party institutions, including the evaluation and analysis of each individual asset and liability. The calculation of Share Allotment Ratio by Deloitte was based on information available as of the valuation date, June 24, 2024, as well as the economic, market, and other conditions on that date, and assumptions independently established by Deloitte. This calculation is based on the assumption that the content of this information is valid, accurate and complete.

Therefore, any changes in circumstances related to the calculation of Share Allotment Ratio or other conditions after the valuation date may affect Deloitte's valuation results. However, Deloitte is under no obligation to revise, amend, or supplement its valuation results.

Additionally, Deloitte's valuation results were submitted to the Company at our request solely to serve as a reference for the Company's Board of Directors in determining the Share Allotment Ratio. These valuation results do not represent an opinion by Deloitte on the fairness of the Share

Allotment Ratio.

(3) Likelihood of and reasons for delisting

Not applicable.

Although the Absorption Split is expected to reduce the ratio of tradable shares in GMO-AP, it is not intended to delist GMO-AP shares.

GMO-AP plans to continue its multilateral considerations and negotiations to improve the free float ratio. These include utilizing stock acquisition rights, facilitating the market sale of GMO-AP shares held by corporate shareholders, purchasing and canceling GMO-AP shares held by corporate shareholders, and enhancing trading volume through proactive investor relations (IR) activities.

The Company believes it is desirable for GMO-AP to remain a listed subsidiary operating independently. We will continue to carefully discuss and consider measures with GMO-AP to improve the free float ratio.

As of today, in the Absorption Split, we understand that GMO-AP is undergoing a substantial continuity examination by Japan Exchange Regulation, and Japan Exchange Regulation has informed us that it is expected that the substance of the continuity of the business will be judged to be in the business that GMO-AP will succeed from our company through the Absorption Split, rather than in GMO-AP.

As a result, the market classification of GMO-AP shares will be changed to the Tokyo Stock Exchange Prime Market. On the other hand, in order to continue to be listed on the Tokyo Stock Exchange Standard Market, it is necessary to undergo a listing review.

In response to this, GMO-AP has decided that if it is determined that there is no substantial continuity in GMO-AP itself in the Absorption Split, it will not seek an examination of changes to market classification in cases of merger, etc. with the Tokyo Stock Exchange Standard Market. Instead, GMO-AP will desire to remain listed on the Tokyo Stock Exchange Prime Market. GMO-AP had been aiming to be listed on the Tokyo Stock Exchange Prime Market since before, so they had already started initial studies on the various conditions required for listing on the Tokyo Stock Exchange Prime Market.

(4) Measures to Ensure Fairness

As the Company is the parent company holding 57.01% of GMO-AP's voting rights (including indirect holdings) as at 31 December 2023, the Absorption Split constitutes a transaction with a controlling shareholder, etc. in GMO-AP. Therefore, it was deemed necessary to ensure the fairness of the Absorption Split and the following measures have been implemented to ensure the fairness of the Absorption Split. Additionally, to ensure fairness, GMO-AP has considered the implementation of a condition for the approval of this Absorption Split Agreement at the shareholders' meeting, as required by the Companies

Act. This condition would not only require the statutory special resolution to be met but also require the approval of the majority of the voting rights of general shareholders present at the shareholders' meeting (excluding GMO-AP shareholders who share significant interests with our company). This condition is commonly referred to as the Majority of the Minority condition (the "MoM condition"). However, GMO-AP has decided not to set the MoM condition based on the following three points:

1. There is a strong risk that the MoM conditions will be abused to pursue the private interests of certain investors, making it difficult to maintain the listing (As stated in "(3) Likelihood of and reasons for delisting " above), which is a precondition for the Absorption Split. For example, when setting the terms of the MoM conditions, there may be requests that do not necessarily contribute to the improvement of GMO-AP's corporate value (for example, requests for a cash-based delisting instead of the Absorption Split), etc., made by investors who have taken advantage of the situation where a minority shareholding can block the Absorption Split and have bought up enough GMO-AP shares to block the Absorption Split.

2. Even if the MoM condition is set, it is unlikely that the function expected of the MoM condition, which is to confirm the opinions of general shareholders, will be significantly demonstrated. This is because, based on the shareholder composition of GMO-AP, the wishes of a small number of general shareholders of GMO-AP will effectively determine whether the Absorption Split will be carried out.

3. It is considered that sufficient consideration has been given to the interests of ordinary shareholders by taking the measures to ensure the fairness of the Absorption Split described below and the measures described in "(5) Measures to avoid conflicts of interest " below.

① Obtaining a calculation report from an independent valuation agency in the Company

To ensure the fairness of the allocation in the Absorption Split, the Company selected Deloitte, an independent valuation agency separate from both the Company and GMO-AP, to calculate Share Allotment Ratio in the Absorption Split. The Company received the stock allocation ratio calculation report on June 24, 2024. For a summary of this calculation report, please refer to "(2) Matters Related to the Valuation," section "② Summary of Valuation" above.

Please note that the Company have not obtained a Fairness Opinion from the independent valuation agency stating that the stock allocation ratio for the Absorption Split is financially fair to the shareholders of both the Company and GMO-AP.

② Obtaining Calculation Reports and Fairness Opinions from Independent Valuation Agencies by GMO-AP

It is understood that GMO-AP, to ensure the fairness of the allocation in this Absorption Split, appointed KPMG FAS Co., Ltd. ("KPMG") as an independent valuation agency, requested KPMG to calculate the stock allocation ratio and express an opinion (Fairness Opinion) on the reasonableness

of the stock allocation ratio, as a result of the calculation and obtained a stock allocation ratio calculation report and Fairness Opinion.

③ Advice from Independent Law Firms

The Company has appointed Nishimura & Asahi as our legal advisor for the Absorption Split and has received legal advice regarding various procedures, decision-making methods, and decision-making processes related to the Absorption Split. Nishimura & Asahi is not a related party to either the Company or GMO-AP and does not have any significant interests that should be disclosed in relation to the Absorption Split.

On the other hand, it is understood that GMO-AP has appointed Mori Hamada & Matsumoto as GMO-AP's legal advisor for the Absorption Split and has received legal advice regarding various procedures, decision-making methods, and decision-making processes related to the Absorption Split. It is understood Mori Hamada & Matsumoto is not a related party to either the Company or GMO-AP and does not have any significant interests that should be disclosed in relation to the Absorption Split.

(5) Measures to avoid conflicts of interest

As detailed in "(4) Measures to Ensure Fairness" above, the Absorption Split constitutes a transaction with a controlling shareholder, etc. Given the potential for conflicts of interest between the Company and GMO-AP, it is understood the following measures (① to ③) were implemented by GMO-AP to avoid such conflicts. Additionally, the Company has implemented measure ④.

① Establishment of an Independent Special Committee and Obtaining a Report from the Special Committee by GMO-AP.

It is understood that prior to deliberating and resolving the advisability of the Absorption Split, GMO-AP's Board of Directors established a Special Committee (the "Special Committee") on April 15, 2020. It is understood that the Special Committee was set up to ensure prudence in the Company's decision-making with regard to the Absorption Split, to eliminate possibility of arbitrariness and conflicts of interest in the decision-making process of the GMO-AP Board of Directors regarding the Absorption Split, to guarantee fairness, and to confirm that the decision to proceed with executing the Absorption Split at GMO-AP's Board of Directors Meeting would not disadvantage GMO-AP's minority shareholders.

The Special Committee was consulted on the following matters: (a) the rationality of the purpose of the Absorption Split, (b) the appropriateness of the considerations and other terms and conditions with regard to the Absorption Split, (c) the fairness of the procedures with regard to the Absorption Split, and (d) whether the decision to execute the Absorption Split at GMO-AP's Board of Directors

Meeting could be deemed not to disadvantage GMO-AP's minority shareholders (the "Consultation Matters").

From the outset, GMO-AP selected three members for the Special Committee: Ms. Miyuki Iwahama, Mr. Tomoshige Sugino, and Mr. Takuya Ayukawa, and there has been no change in the Special Committee's membership. The Special Committee, through mutual election among the members, appointed Ms. Miyuki Iwahama as the chairman of the Special Committee. Additionally, it was decided that each member would receive a fixed amount of compensation for their duties, regardless of the content of their reports.

In addition, the Board of Directors of GMO-AP, in establishing the Special Committee, has resolved to grant the following authority to the Special Committee.

- I. In considering the Consultation Matters, the Special Committee may, if necessary, appoint its own independent financial or legal advisors (with the costs borne by GMO-AP) or designate or approve (including post-approval) GMO-AP's financial or legal advisors. Additionally, if the Special Committee confirms that there are no issues with the independence and expertise of GMO-AP's advisors, it may seek professional advice from them.
- II. Receive information reasonably necessary for the examination and judgment of the Absorption Split from GMO-AP's officers, employees, and advisors.
- III. Hearing necessary matters from GMO-AP's officers and employees, parties related to the Absorption Split (including the Company), and any other individuals deemed necessary by the Special Committee.
- IV. Substantially participating in the negotiation process of the Absorption Split between GMO-AP and the Company, which includes prior confirmation of policies with GMO-AP and its advisors, receiving timely reports on the status, expressing opinions at critical junctures, providing instructions or requests, and directly negotiating with the Company.
- V. Implementing any other matters deemed necessary by the Special Committee during the examination and judgment regarding the Absorption Split.

The Special Committee held a total of 11 meetings from April 25, 2024, to June 24, 2024 gathering information and conducted discussions as needed to carefully consider the Consultation Matters.

Specifically, the Special Committee approved to appoint Daiwa Securities Co. Ltd. (the "Daiwa Securities") as GMO-AP's financial advisor, KPMG as GMO-AP's independent valuation agency, and Mori Hamada & Matsumoto as GMO-AP's legal advisor after confirming that there were no issues with their independence and expertise.

Furthermore, regarding the internal review structure at GMO-AP as described in "② Establishing an Independent Internal Review Structure at GMO-AP," the Special Committee approved after confirming that there no problems from the perspectives of independence and fairness.

Furthermore, the Special Committee conducted hearings with the Company and GMO-AP regarding the purpose and reasons for the Absorption Split, as well as matters regarding the management policies following the implementation of the split.

Additionally, the Special Committee conducted hearings with GMO-AP regarding the results of the financial, legal, and business due diligence performed by GMO-AP on the Target Businesses. The Special Committee also held hearings on the business plans of GMO-AP and the Target Businesses, which KPMG used as a basis for its valuation. The committee unanimously confirmed the reasonableness of these plans.

In addition, the Special Committee was involved in the negotiation process of the Absorption Split between the Company and GMO-AP. This involvement included prior confirmation of the negotiation policies, receiving reports from GMO-AP on the progress and content of the negotiations, expressing opinions, and providing instructions or requests at critical stages.

Under the circumstances described above, the Special Committee carefully considered the Consultation Matters and submitted a report to GMO-AP's Board of Directors on June 24, 2024, stating that the Absorption Split would not disadvantage GMO-AP's minority shareholders.

It is understood that GMO-AP received this report from the Special Committee on June 24, 2024, and the main points of the report are as follows.

I. Content of the Report

- i. The committee judges that the purpose of the Absorption Split is reasonable.
- ii. The committee judges that the consideration and other terms and conditions of the Absorption Split are appropriate.
- iii. The committee believes that the procedures for the Absorption Split are fair.
- iv. The committee has determined that the decision to execute the Absorption Split at GMO-AP's Board of Directors Meeting could be deemed not to disadvantage GMO-AP's minority shareholders.

II. Reasons of the Report

i. Rationality of Absorption Split

The Special Committee has summarized the significance and purpose of the Absorption Split, as well as the specific details of the expected improvement in GMO-AP 's corporate

value due to the Absorption Split, as explained by GMO-AP.

The summary is as follows:

- GMO-IG (GMO Internet Group, Inc.) Group, with its corporate catchphrase "Internet for Everyone", has developed its Internet advertising and media business, Internet financial services business, and cryptocurrency business around the core of the Internet infrastructure business that GMO-IG launched in 1995.

The GMO-AP consolidated corporate group (a corporate group consisting of GMO-AP and four consolidated subsidiaries) comprises the Internet advertising and media segment of the GMO-IG Group, and provides internet services such as web marketing, web media, and ad technology as a comprehensive internet media and advertising business. The internet advertising market is changing dramatically every day, with the form of advertising continuing to diversify, the use of video advertising expanding, and further use of AI and technology expected.

- In light of these changes in the business environment, in order for the GMO-AP consolidated corporate group to increase its influence on the Internet advertising market and become a professional group that leads the industry, it is necessary to strengthen cooperation as the GMO-IG Group and aim to further improve corporate value. In addition, it is necessary to aim to create new market opportunities that go beyond the Internet advertising market, such as the development of new products that utilize AI and new technologies.
- In this context, GMO-IG Group has decided to implement the Absorption Split with the aim of developing a business which makes the most of the strengths of both companies by combining GMO-IG, which has the No.1 product lineup and operational know-how in the Internet infrastructure business, with GMO-AP, which has a track record in the Internet advertising and media business and know-how in the creative and ad technology fields.
- The implementation of the Absorption Split is expected to significantly expand the reach of both companies' products and services by allowing them to mutually utilize the customer bases of GMO-IG and GMO-AP. In addition, by applying GMO-AP 's know-how in the Internet advertising and media business to GMO-IG's marketing activities, it will be possible to improve sales efficiency, customer satisfaction, and the efficiency of management resources. In addition, by applying the operational know-how of GMO-IG 's stock products to GMO-AP 's business, it is also expected to accelerate the development of GMO-AP's stock products and improve their competitiveness.

Based on the above, the Special Committee carefully deliberated and discussed, and concluded that the execution of the Absorption Split would contribute to the

improvement of the corporate value and shareholder value of GMO-AP, and that there was nothing unreasonable about GMO-AP's judgment, and that the significance and purpose of this Absorption Split were legitimate.

ii. Reasonableness of Consideration and Other Transaction Terms

a. Calculation by the independent valuation agency

- The share allotment Ratio for the Absorption Split is within the valuation range of the calculation results using the DCF method and the Comparable Multiple Valuation Method in the share allotment Ratio calculation report obtained from KPMG.
- After receiving a detailed explanation from KPMG regarding the calculation methods used in the DCF method and the Comparable Multiple Valuation Method, this special committee discussed and examined the selection of valuation methods, the selection of comparable companies, and the calculation of share value. As a result, no unreasonable points were found.

In addition, the Special Committee questioned and discussed with GMO-AP the details of the business plan of GMO-AP, which forms the basis for the above calculations, as well as the important assumptions and the circumstances surrounding its creation. As a result, no unreasonable points were found. KPMG also reviewed the business plan of the target business, which is the basis for the calculations above, by holding multiple question and answer sessions with GMO-IG, and adopted the business plan provided by GMO-IG as the premise for the analysis of the business value of the target business.

b. Obtaining a fairness opinion

In addition, GMO-AP has received a fairness opinion from KPMG stating that the Share Allotment Ratio is fair value (fair value) for all of GMO-AP's general shareholders, based on the results of the analysis of the value of the Target Business based on the financial forecasts of the Target Business and the results of the analysis of the share value based on GMO-AP's financial forecasts.

c. Volume of issuance and scale of dilution of shares

After careful deliberation and consideration by the special committee, no unreasonable points were found in GMO-AP's explanation and review results that the number of shares issued and the scale of dilution in this Absorption Split are reasonable.

d. Prospects for maintaining listing

In light of the measures that could be taken to ensure that the ratio of circulating

shares is met after the Absorption Split and the feasibility of these measures, there were no unreasonable points in GMO-AP's analysis that it would be reasonable for GMO-AP to maintain the listing of its shares after the Absorption Split.

e. Reasonableness of other transaction terms

With regard to the Absorption Split Agreement, the preconditions for GMO-AP's performance of its obligations, GMO-IG's representations and warranties, covenants (including those related to handling the stand-alone issue), indemnification obligations, and other items that are generally agreed upon in similar transactions from the perspective of protecting the interests of the successor company have been agreed upon with GMO-IG, and there are no provisions that are particularly overly favorable to GMO-IG.

iii. Fairness of the Process

- GMO-AP established a Special Committee consisting of three independent outside directors and audit committee members of GMO-AP, who are recognized as being independent of GMO-IG and the success or failure of the Absorption Split. In considering the advisory matters, the Special Committee carefully examined the matter by collecting information and holding discussions as necessary. In the process, the Special Committee confirmed the policy in advance regarding the consultations and negotiations between GMO-AP and GMO-IG regarding the Absorption Split, and received reports from GMO-AP on the progress and details of the negotiations at each stage. The Special Committee then provided opinions, instructions and requests at important junctures, and otherwise participated in the negotiation process. In this way, it is recognized that sincere negotiations were conducted after ensuring that reasonable efforts were made to ensure that the Transaction was conducted on terms as favorable as possible to the general shareholders under the involvement of the Special Committee.
- GMO-AP received financial advice from Daiwa Securities, GMO-AP's financial advisor independent of GMO-AP and GMO-IG, including advice on the number of shares to be allotted in the Absorption Split and negotiation policy with GMO-IG and also obtained a share allotment ratio calculation report and a fairness opinion from KPMG, GMO-AP's independent valuation agency independent of GMO-AP and GMO-IG.
- GMO-AP has established a system within GMO-AP to conduct the examination, negotiation and decision-making regarding the Absorption Split, from an independent standpoint from GMO-IG. Specifically, officers and employees who do not concurrently hold positions at GMO-IG and are recognized as independent from GMO-IG have been selected as officers and employees to conduct the examination, negotiation and decision-making regarding the Absorption Split.

- GMO-AP received legal advice from Mori Hamada & Matsumoto, GMO-AP's legal advisor independent of GMO-AP and GMO-IG, which was approved by this special committee, including advice on the measures to be taken to ensure the fairness of the procedures for the Absorption Split, the various procedures for the Absorption Split, and the method and process of GMO-AP's decision-making regarding the Absorption Split.
- At GMO-AP, of the 11 directors, 7 directors excluding Director Sugaya, Director Iwahama (Audit and other committee member), Director Sugino (Audit and other committee member) and Director Ayukawa (Audit and other committee member) have a special interest in or the potential for a special interest in the Absorption Split, so from the perspective of avoiding conflicts of interest, they did not participate in the deliberations or resolutions regarding the Absorption Split at GMO-AP, did not participate in the deliberations or resolutions of the Board of Directors of GMO-AP regarding the Absorption Split, and did not participate in the consultations and negotiations regarding the Absorption Split from the standpoint of GMO-AP (however, the seven directors who did not participate in the relevant resolutions, namely, Directors Sugaya, Iwahama, Sugino, and Ayukawa, may not have a special interest in the matter as defined in the Companies Act may not have been met, and in order to ensure that a valid resolution is made that meets the quorum requirements of the Companies Act, a new resolution was made by the six directors, including Director Horiuchi and Director Inaba (Audit and other committee member) (however, with regard to the determination of the amount of remuneration for each member of the Special Committee, a resolution was made by the six directors, with Director Hashiguchi replacing the relevant committee member).
- With regards to the Absorption Split, sufficient information is scheduled to be disclosed to help GMO-AP's general shareholders make judgments about the appropriateness of the transaction terms, etc.
- As a measure to ensure the fairness of the Absorption Split, GMO-AP has decided not to set any MoM conditions when implementing the resolution of the general shareholders' meeting regarding the approval of the Absorption Split Agreement, for the reasons stated in "(4) Measures to Ensure Fairness" above. However, there are no unreasonable points in GMO-AP's analysis, and the Special Committee has no objections.

In light of the above, the procedures for the Absorption Split can be said to be fair.

iv. Fairness of the Process

In light of the above items i to iii, as a result of careful deliberation and consideration by this special committee, the purpose of the Absorption Split is deemed reasonable, the

terms and conditions of the transaction are deemed appropriate, and the fairness of the procedures is also recognized. Therefore, this Special Committee has come to the conclusion that the decision by the GMO-AP board of directors regarding the Absorption Split is not disadvantageous to GMO-AP's minority shareholders.

② Establishing an Independent Internal Review Structure at GMO-AP

It is understood that GMO-AP has established an internal structure to conduct the examination, negotiation, and decision-making processes related to the Absorption Split, in terms of independence from the Company. This structure includes the scope and duties of the GMO-AP officers and employees involved in examination, negotiation and decision-making regarding the Absorption Split.

Specifically, GMO-AP has designated officers and employees who do not hold concurrent positions at the Company and who are recognized as independent from the Company to be involved in the examination, negotiation, and decision-making regarding the Absorption Split. The Special Committee has approved this structure, confirming that there are no issues from an independence perspective.

③ Approval of all directors (including directors who are audit and other committee members) who have no vested interest in GMO-AP.

Out of GMO-AP's 11 directors, seven—Mr. Makoto Hashiguchi, Mr. Masatoshi Kumagai, Mr. Toshiaki Horiuchi, Mr. Masashi Yasuda, Mr. Katsumi Arisawa, Mr. Minoru Saito, and Mr. Kanji Inaba—are currently also officers, employees, or advisors of our company.

To avoid the impact of structural conflicts of interest in the Absorption Split, the proposal at today's GMO-AP board meeting was deliberated and unanimously resolved to be executed the Absorption Split by the four directors, excluding the seven listed above.: Mr. Toshihiko Sugaya, Ms. Miyuki Iwahama, Mr. Tomoshige Sugino, and Mr. Takuya Ayukawa.

In order to ensure a quorum, the decision was discussed and unanimous resolved on again by six directors, including Mr. Toshiaki Horiuchi and Mr. Kanji Inaba, who are considered to have a relatively low risk of a conflict of interest, of the seven directors listed above.

④ Approval of all directors (including directors who are audit and other committee members) at the Company who have no vested interest in the Company.

Out of the Company's nine directors, two—Mr. Masatoshi Kumagai and Mr. Masashi Yasuda—are currently also officers of GMO-AP, and Mr. Hiroyuki Nishiyama was formerly both the Representative Director and Chairman of the Board of Magclick Inc. (now GMO-AP), and Mr. Tadashi Ito is scheduled to be appointed as a director of GMO-AP on January 1, 2025, subject to the effectiveness of the

Absorption Split.

To avoid the impact of structural conflicts of interest in the Absorption Split, the proposal at the board meeting of the Company held today was deliberated and unanimously resolved to be executed the Absorption Split by the five directors, excluding the four listed above: Mr. Issei Ainoura, Mr. Hideyuki Matsui, Mr. Keigo Ogura, Mr. Takashi Gunjikake and Mr. Kaname Masuda.

4. Overview of the parties to the Absorption Split

	The Demerged Company	The Successor Company
(1) Name	GMO Internet Group, Inc.	GMO AD Partners Inc.
(2) Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
(3) Name and Title of Representative	Masatoshi Kumagai, Founder, Chairman and Group CEO	Makoto Hashiguchi Representative Director, President and CEO
(4) Business Description	Internet Infrastructure Online Advertising and Media Internet Finance Cryptoassets Incubation	Comprehensive online Advertising and Media
(5) Capital	5,000 million yen	1,301 million yen
(6) Establishment	May 24, 1991	September 8, 1999
(7) Issued Shares (as of December 31, 2023)	110,113,337 shares	16,757,200 shares
(8) Fiscal Year-End	December 31	December 31
(9) Number of Employees	7,431 people (Consolidated) (as of December 31, 2023)	563 people (Consolidated) (as of December 31, 2023)
(10) Major trading partners	General customers and businesses	General customers and businesses
(11) Main Banks	GMO Aozora Net Bank Aozora Bank Sumitomo Mitsui Banking Mizuho Bank MUFG Bank Sumitomo Mitsui Trust Bank	GMO Aozora Net Bank MUFG Bank Sumitomo Mitsui Banking Sumitomo Mitsui Trust Bank Mizuho Bank
(12) Major Shareholders and Ownership Ratios (as of December 31, 2023)	Kumagai Masatoshi Office Inc. 33.64% The Master Trust Bank of Japan, Ltd. (Trust Account) 11.72% Masatoshi Kumagai 8.47% THE BANK OF NEW YORK MELLON 140051 5.59% Custody Bank of Japan, Ltd. (Trust Account) 4.37%	GMO AD Holdings Inc. 47.34% NetIRD Inc. 14.37% GMO Internet Group, Inc. 9.66% CARTA HOLDINGS, INC. 2.48% Mitsuru Fujishima 1.44% Officer Stock Ownership Association of GMO-AP 1.01% Employee Stock Ownership

	CEP LUX-ORBIS SICAV 2.14%	Association of GMO-AP 0.99%
	THE BANK OF NEW YORK 133612 1.74%	Matsumoto Eiji 0.73%
	GOVERNMENT OF NORWAY 1.61%	Takano Shinichi 0.50%
	BNYM AS AGT/CLTS10PERCENT 1.58%	Matsui Terutaka 0.31%
	NORTHERN TRUST CO. (AVFC) RE	
	FIDELITY FUNDS 1.26%	

(13) Relationship between the parties

Capital Relationship	As of December 31, 2023, the Company owns 1,557,200 shares of common stock of GMO-AP, which is equivalent to 9.66% of the total issued common shares (16,757,200 shares) minus treasury shares (635,867 shares). Additionally, our subsidiary, GMO AD Holdings Inc., owns 7,632,000 shares of our common stock of GMO-AP, which is equivalent to 47.34% of the total issued common shares (16,757,200 shares) minus treasury shares (635,867 shares) as of December 31, 2023.
Personnel Relationship	Out of GMO-AP's 11 directors (including four directors who are audit and supervisory committee members), seven hold concurrent positions at our company.
Business Relationship	The Company places advertisements and provides media for GMO-AP.
Related party relationship	GMO-AP is a consolidated subsidiary of the Company, and both the Company and GMO-AP are classified as a related party.

(14) Operating results and financial positions for the last three years

Fiscal year ended	The Company (Consolidated)			GMO-AP (Consolidated)		
	FY2021 (Dec)	FY2022 (Dec)	FY2023 (Dec)	FY2021 (Dec)	FY2022 (Dec)	FY2023 (Dec)
Consolidated net assets	140,402	154,688	172,839	5,206	5,434	5,242
Consolidated total assets	1,418,936	1,542,740	1,757,636	11,631	12,423	10,847
Consolidated net assets per share (Yen)	670.99	676.28	777.50	325.76	334.28	320.98
Consolidated net sales	241,612	245,696	258,643	34,524	16,629	14,903
Consolidated operating profit	41,097	43,746	42,471	487	710	△25
Consolidated ordinary profit	43,393	46,025	45,947	542	746	180
Profit attributable to owners of parent	17,527	13,209	14,191	328	395	40
Consolidated earnings per share (Yen)	159.69	123.21	133.33	20.52	24.98	2.50

(Millions of yen, unless otherwise noted)

5. Overview of the business division to be split off

(1) Business activities of the division to be split off

Internet Infrastructure Business (Domain Business, Cloud Hosting Business, Access Business) and Online Advertising and Media Business

(2) Operating results for the division to be split (FY2023 (Dec))

	The Target Business(a)	The Company's non-consolidated results (b)	Ratio (a/b)
Net Sales	61,527 million yen	65,161 million yen	94.4%

(Note) The above amounts are internal management figures calculated based on certain assumptions and are unaudited reference values.

(3) Items and book values of assets and liabilities to be split (as of December 31, 2023)

Assets		Liabilities	
Item	Book Value	Item	Book Value
Current Assets	16,821 million yen	Current Liabilities	17,744 million yen
Non-Current Assets	9,585 million yen	Non-Current Liabilities	3,827 million yen
Total	26,406 million yen	Total	21,571 million yen

(Note) The above amounts are internal management figures calculated based on certain assumptions and are unaudited reference values.

The above amounts are based on the balance sheet as of December 31, 2023, and differ from the actual amounts to be split (which will be adjusted for any increases or decreases up to the effective date of the Absorption Split).

6. Status after the Absorption Split

(1) The Demerged Company

(1)	Trade Name	GMO Internet Group, Inc.
(2)	Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
(3)	Name and Title of Representative	Masatoshi Kumagai, Founder, Chairman and Group CEO
(4)	Business Description	Management of group companies, etc. Cryptoassets
(5)	Capital	5,000 million yen
(6)	Fiscal Year-End	December 31
(7)	Net assets	Undecided at this time
(8)	Total assets	Undecided at this time

(2) The Successor Company

(1)	Trade Name	GMO Internet Group, Inc. (planned) * ¹
(2)	Location	26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo
(3)	Name and Title of Representative	Representative Director, President, and CEO Tadashi Ito * ²
(4)	Business Description	Comprehensive online Advertising and Media Internet Infrastructure
(5)	Capital	500 million yen * ³
(6)	Fiscal Year-End	December 31
(7)	Net assets	Undecided at this time
(8)	Total assets	Undecided at this time

*¹ At the extraordinary general meeting of shareholders of GMO-AP scheduled for September 11, 2024, (the "Extraordinary General Meeting"), it is planned to submit a proposal to change the trade name of GMO-AP to GMO Internet, Inc. on the condition that the Absorption Split becomes effective.

*² At the Extraordinary General Meeting, a proposal is to be submitted to appoint GMO-AP's directors, subject to the effectiveness of the Absorption Split.

*³ At the Extraordinary General Meeting, it is also planned to submit a proposal to reduce the amount of GMO-AP's capital to 500 million yen, conditional on the effectiveness of the Absorption Split.

7. Overview of accounting treatments

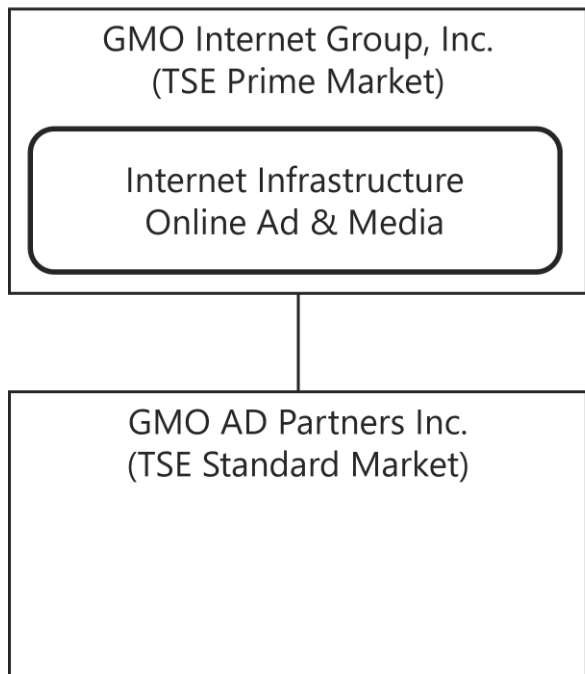
The Absorption Split qualifies as a transaction under common control transactions on Accounting Standard for Business Combinations, and no goodwill (or negative goodwill) is expected to arise.

8. Future outlook

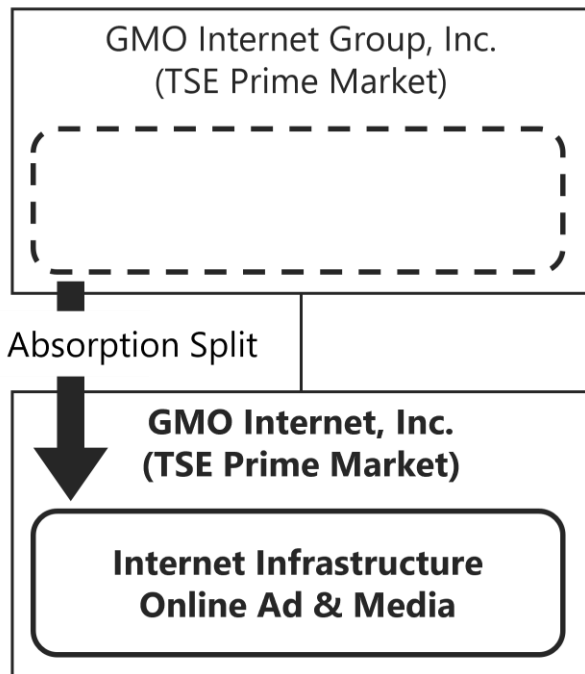
Regarding the consolidated results of the Company in the fiscal year ending December 2024, the Company considers that this has limited impact of the Absorption Split. The Company shall also immediately disclose any further important information which has come to light.

(Reference) Image of the Absorption Split

Present



Jun 1, 2025 (Effective date)



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.