Fiscal Year 2021

Results Presentation

GMO Pepabo, Inc.
Stock code: 3633
(First Section of Tokyo Stock Exchange)
Businesses continued to grow due to record high sales, despite the effects of a declining stay-at-home demand.

- Net sales hit a record high.
- Profits fell, mainly reflecting increases in personnel expenses and promotion expenses.
- The restoration of profitability in the Financial Support business is projected in FY2022.
AGENDA

- Summary of Results in FY2021  Page 3
- FY2022 Financial Results Forecasts  Page 20
- Future Growth Strategy  Page 29
Summary of Results in FY2021
Summary of Results (Full-Year Results)

Net sales increased 7.9% year on year, hitting a record high. Operating profit fell 4.2% year on year partly due to a rise in personnel expenses. Profit attributable to owners of parent declined 13.8% due to the effects of the previous year's gain on the sale of investment securities, despite the posting of gain on sale of businesses.

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
<th>Change</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>11,014</td>
<td>11,879</td>
<td>+865</td>
<td>107.9%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>927</td>
<td>888</td>
<td>-38</td>
<td>95.8%</td>
</tr>
<tr>
<td>Operating profit margin (%)</td>
<td>8.4</td>
<td>7.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>983</td>
<td>968</td>
<td>-15</td>
<td>98.4%</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>829</td>
<td>715</td>
<td>-114</td>
<td>86.2%</td>
</tr>
</tbody>
</table>
Analysis of Change in Operating Profit

(Million yen)

Increase in net sales: +865
Rise in cost linked to sales: -587
Increase in personnel expenses: -221
Increase in promotion expenses: -76
Increase in other costs: -19

Operating profit in FY2020: 927
Operating profit in FY2021: 888

Measures were taken to strengthen the system of services related to e-commerce in the second half of FY2020 and thereafter to respond to growth in stay-at-home demand. (Average number of personnel during the period: up 36.)
Analysis of Change in Operating Profit (in Detail)

The number of personnel and promotion expenses increased as e-commerce services rose.

Trends in the number of partners (personnel)

Trends in promotion expenses

One-off increase due to minne TV commercials
## Results by Segment (FY2021 Full Year)

<table>
<thead>
<tr>
<th>Segment</th>
<th>The main services performed steadily.</th>
<th>Sales grew steadily, but operating profit fell short of the projection.</th>
<th>Sales and profit fell year on year due to a decline in stay-at-home demand.</th>
<th>The number of users and the amount of purchases of invoices increased. Operating profit improved significantly.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hosting</td>
<td>Net sales: 4,807 million yen (105.2%)</td>
<td>Net sales: 4,874 million yen (119.8%)</td>
<td>Net sales: 1,952 million yen (98.1%)</td>
<td>Net sales: 212 million yen (166.5%)</td>
</tr>
<tr>
<td></td>
<td>Operating profit: 1,474 million yen (108.3%)</td>
<td>Operating profit: 1,117 million yen (92.2%)</td>
<td>Operating profit: 225 million yen (99.4%)</td>
<td>Operating profit: -139 million yen (an increase of 159 million yen)</td>
</tr>
<tr>
<td>E-commerce Support</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Handmade Products</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Financial Support</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Note: The figures in parentheses are year-on-year changes.
Hosting business
Hosting business

FY2021

Net sales: 4,807 million yen (105.2% year on year)
Operating profit: 1,474 million yen (108.3% year on year)
Hosting business (Lolipop!)

FY2021

Net sales: 2,033 million yen (up 10.1% year on year)
Operating profit: 1,010 million yen (up 13.0% year on year)
Hosting business (MuuMuu domain)

| FY2021 | Net sales: 2,149 million yen (up 3.8% year on year) | Operating profit: 312 million yen (up 9.9% year on year) |

**Trends in results**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net sales (100 million yen)</th>
<th>Operating profit (100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>15</td>
<td>2</td>
</tr>
<tr>
<td>2018</td>
<td>20</td>
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<tr>
<td>2019</td>
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<td>10</td>
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<tr>
<td>2020</td>
<td>20</td>
<td>5</td>
</tr>
<tr>
<td>2021</td>
<td>25</td>
<td>10</td>
</tr>
</tbody>
</table>

**Average price of domains under contract**

<table>
<thead>
<tr>
<th>Year</th>
<th>Price (Yen)</th>
</tr>
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<tbody>
<tr>
<td>2017</td>
<td>120</td>
</tr>
<tr>
<td>2018</td>
<td>130</td>
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<tr>
<td>2019</td>
<td>140</td>
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<tr>
<td>2020</td>
<td>150</td>
</tr>
<tr>
<td>2021</td>
<td>160</td>
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</tbody>
</table>

**Number of domains under contract**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number (10,000)</th>
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<tbody>
<tr>
<td>2017</td>
<td>100</td>
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<tr>
<td>2018</td>
<td>100</td>
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<tr>
<td>2019</td>
<td>100</td>
</tr>
<tr>
<td>2020</td>
<td>100</td>
</tr>
<tr>
<td>2021</td>
<td>100</td>
</tr>
</tbody>
</table>
E-commerce Support business
E-commerce Support business

FY2021

Net sales: 4,874 million yen (up 19.8% year on year)
Operating profit: 1,117 million yen (down 7.8% year on year)

(100 million yen)

Net sales

Operating profit

<table>
<thead>
<tr>
<th>Year</th>
<th>Color Me Shop</th>
<th>SUZURI</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>10</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>2018</td>
<td>15</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>2020</td>
<td>25</td>
<td>11</td>
<td>7</td>
</tr>
<tr>
<td>2021</td>
<td>30</td>
<td>13</td>
<td>8</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Color Me Shop</th>
<th>SUZURI</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>12</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>2018</td>
<td>14</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>2019</td>
<td>16</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>2020</td>
<td>18</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>2021</td>
<td>20</td>
<td>12</td>
<td>14</td>
</tr>
</tbody>
</table>
E-commerce Support business (Color Me Shop)

FY2021

Net sales: 1,794 million yen (up 11.0% year on year)
Operating profit: 794 million yen (down 4.4% year on year)

Note: The figures include those for the free plan, which was introduced in May 2021.
E-commerce Support business (SUZURI)

FY2021
Net sales: 2,747 million yen (up 32.2% year on year)
Operating profit: 200 million yen (down 26.2% year on year)

Trends in results

Gross merchandise value

Number of members

(100 million yen)
Handmade Products business
Handmade Products business (minne)

FY2021

Net sales: 1,952 million yen (down 1.9% year on year)
Operating profit: 225 million yen (down 0.6% year on year)

Trends in results

Average price of orders

Gross merchandise value

Note: Total prices (excluding taxes) (including the prices of options) of works delivered excluding merchandise delivery charges and cancellations.
Financial Support business
Financial Support business

FY2021

Net sales: **212 million yen** (up **66.5%** year on year)
Operating profit: **-139 million yen** (up **159 million yen** year on year)

**Trends in results**

Amount of purchases of invoices

Number of invoices purchased
FY2022
Financial Results Forecasts
# Full-Year Forecast

<table>
<thead>
<tr>
<th>(Million yen)</th>
<th>FY2021 Results (1)</th>
<th>FY2022 Forecasts (2)</th>
<th>Change (2)–(1)</th>
<th>(%) YoY (2)/(1)</th>
<th>FY2022 Forecasts (3)</th>
<th>Impact (3)–(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>11,879</td>
<td>13,674</td>
<td>+1,794</td>
<td>115.1</td>
<td>11,482</td>
<td>-2,192</td>
</tr>
<tr>
<td>Operating profit</td>
<td>888</td>
<td>1,135</td>
<td>+246</td>
<td>127.7</td>
<td>1,143</td>
<td>+8</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>968</td>
<td>1,148</td>
<td>+179</td>
<td>118.6</td>
<td>1,156</td>
<td>+8</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>715</td>
<td>779</td>
<td>+63</td>
<td>108.9</td>
<td>785</td>
<td>+5</td>
</tr>
<tr>
<td>EPS (yen)</td>
<td>135.22</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>147.92</td>
<td>—</td>
</tr>
<tr>
<td>Dividends per share (yen)</td>
<td>68.00</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>74.00</td>
<td>—</td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>50.3</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>50.0</td>
<td>—</td>
</tr>
</tbody>
</table>
Effects of the application of the Revenue Recognition Standard (Comparisons of sales before and after the application)

Net sales fell approximately 1.8 billion yen and 0.3 billion yen in the E-commerce Support business and Handmade Products business, respectively, reflecting the effect of the application of the Accounting Standard for Revenue Recognition.

<table>
<thead>
<tr>
<th></th>
<th>FY2022</th>
<th>(million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>13,674</td>
<td></td>
</tr>
<tr>
<td>After</td>
<td>11,482</td>
<td></td>
</tr>
</tbody>
</table>

**E-commerce Support business -1,888 million yen**

The merchandise cost of the SUZURI in particular, such as purchase prices and expenses for outsourced processing, reflects changes made for recognition as net amounts. Certain sales related to commissions for payments and bank transfers, as well as freight costs, also reflect changes made for recognition as net amounts.

**Handmade Products business -314 million yen**

Certain sales related to commissions for payments and bank transfers, as well as freight costs, reflect changes made for recognition as net amounts with respect to the minne.

**Other +12 million yen**

Change from upfront processing at the time of the conclusion of contracts to processing based on proportionally divided monthly fees over the contract period mainly with respect to the Lolipop and MuuMuu Domain.
### Full-year results forecasts (by segment)

<table>
<thead>
<tr>
<th>[Net sales]</th>
<th>FY2021 Results (1)</th>
<th>FY2022 Forecasts (2)</th>
<th>Change (2)-(1)</th>
<th>(%) YoY (2)/(1)</th>
<th>FY2022 Forecasts (3)</th>
<th>Impact (3)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hosting</td>
<td>4,807</td>
<td>5,045</td>
<td>+237</td>
<td>104.9</td>
<td>5,059</td>
<td>+14</td>
</tr>
<tr>
<td>E-commerce Support</td>
<td>4,874</td>
<td>5,715</td>
<td>+841</td>
<td>117.3</td>
<td>3,826</td>
<td>-1,888</td>
</tr>
<tr>
<td>Handmade Products</td>
<td>1,952</td>
<td>2,356</td>
<td>+403</td>
<td>120.7</td>
<td>2,041</td>
<td>-314</td>
</tr>
<tr>
<td>Financial Support</td>
<td>212</td>
<td>552</td>
<td>+339</td>
<td>259.4</td>
<td>549</td>
<td>-2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>[Operating Profit]</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>FY2022 Forecasts (3)</th>
<th>Impact (3)-(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hosting</td>
<td>1,474</td>
<td>1,553</td>
<td>+78</td>
<td>105.3</td>
<td>1,561</td>
<td>+8</td>
</tr>
<tr>
<td>E-commerce Support</td>
<td>1,117</td>
<td>1,390</td>
<td>+272</td>
<td>124.4</td>
<td>1,390</td>
<td>0</td>
</tr>
<tr>
<td>Handmade Products</td>
<td>225</td>
<td>262</td>
<td>+37</td>
<td>116.5</td>
<td>262</td>
<td>0</td>
</tr>
<tr>
<td>Financial Support</td>
<td>-139</td>
<td>4</td>
<td>+144</td>
<td>—</td>
<td>4</td>
<td>0</td>
</tr>
</tbody>
</table>
## Main initiatives for FY2022 (by segment)

<table>
<thead>
<tr>
<th>Segment</th>
<th>Initiative</th>
<th>Target (KPI)</th>
</tr>
</thead>
</table>
| **Hosting**           | Lolipop!  
- Increasing the number of contracts by promoting the simultaneous use of domains and servers.  
- Raising spending per customer by increasing the number of contracts for high-end service plans.  
- Enhancing server functions (Provision of WordPress package and strengthening of options) | Number of contracts **0.43** million or higher                                  |
|                       | MuuMuu Domain  
- Acquiring new contracts through the implementation of sales campaign programs  
- Strengthening sales of secondary (used) domains                                                                 | Number of domains under contract **1.17** million or higher                    |
| **E-commerce Support**| Color Me Shop  
- Boosting the GMV by facilitating regional collaboration and strengthening categories such as food products.  
- Renovating the system to maintain operation when it is highly loaded and implement the revision of prices (announced on January 20).  
- Leveraging synergies in the GMO Internet Group and proposing changes in payment plans. | Change in GMV from FY2021 an increase of at least **11%**                     |
|                       | SUZURI  
- Increasing the rate of purchases through the introduction of ID-based payments and collaboration with YouTube.  
- Facilitating the participation of creators by additionally providing six items in a year.  
- Starting overseas development and implementing promotions, etc. | Change in GMV from FY2021 an increase of at least **27%**                     |
|                       | minne  
- Stepping up efforts to promote sales in growing categories and enhance video content, etc.  
- Developing new areas in addition to existing categories  
- Improving functions for searching and recommendation | Change in GMV from FY2021 an increase of at least **14%**                     |

Note: Initiatives for the Financial Support business are presented in subsequent pages
BtoC e-commerce market environment

The e-commerce market for product sales-oriented BtoC continued to grow at a compound annual growth rate (CAGR) of 11.1% during the period from 2015 through 2022, offsetting the impact of a decline in stay-at-home demand.

Trends in EC-related services KPIs

The annual GMV for e-commerce-related services (Color Me Shop, SUZURI and minne) maintained growth with an increase of 5.6% year on year, and the number of sellers exceeded 1.4 million.
Topics for FY2022: Restoration of profitability in the Financial Support business

The restoration of profitability in the segment of Financial Support business is projected in FY2022 and efforts will be made to further improve profitability on a medium- to long-term basis.

### October 2018
Launch of the FREENANCE service

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**Conversion into a consolidated subsidiary of GMO Pepabo and investment**

**FY2022**
Achieving profitability in financial results

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**Net sales**

- 2018: 0
- 2019: -209
- 2020: -299
- 2021: -139
- 2022: 549

**Operating profit**

- 2018: -4
- 2019: 49
- 2020: 127
- 2021: 212
- 2022: 4

Note: Results for FY2018 and FY2019 are reference values including those before the consolidation of GMO Creators Network, Inc. into the Company.
Topics for FY2022: Main initiatives in the Financial Support business

Aiming to increase the amount of invoices purchased in FY2022 through initiatives such as the acquisition of new contracts for FaaS.

Amount of Purchases of Invoices

Acquisition of new contracts for FaaS

(Number of invoices purchased through corporate collaborations)

2021 (results)  5,476  →  2022 (plan)  9,394

Approximately 40% of invoices purchased

Main API suppliers (as of December 31, 2021)
- Lancers, Inc.
- GMO Makeshop Co. Ltd.
- en Japan Inc., etc.

Strengthening collaborations with major companies engaging in cloud sourcing and e-commerce businesses.
Future Growth Strategy
Operating profit target for FY2025

Growth in the Hosting business and E-commerce Support business

Growth and restoration of profitability in the business

Handmade Products business: Continuous investments in minne

Investment

Growth and restoration of profitability in the business

Financial Support business: Continuous investments in FREENANCE

Investment

Growth and restoration of profitability in the business

2025 Operating profit target
2.5 billion yen

<table>
<thead>
<tr>
<th>Year</th>
<th>Results (Results)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>-621</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2016</td>
<td>108</td>
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<tr>
<td>2017</td>
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<tr>
<td>2018</td>
<td>467</td>
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<tr>
<td>2019</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>2020</td>
<td>927</td>
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<tr>
<td>2021</td>
<td>888</td>
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<tr>
<td>2022</td>
<td>1,143</td>
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<td>2023</td>
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<td>2025</td>
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</tr>
</tbody>
</table>
Market perceptions

Hosting business
- Lolipop
- MuuMuu Domain

E-commerce Support business
- Color Me Shop
- SUZURI

Handmade Products business
- minne

Financial Support business/New businesses
- FREENANCE
- Other new businesses

Web area including website creation
- Server domains
- Support of businesses

Product sales-oriented area
- Food
- Digital content
- Household items
- Furniture
- Fashion closing

Other support areas
- Support for learning
- Support for freelancers
- Other new businesses
Conceptual image of achieving operating profit targets in a medium- to long-term

Improving the profitability of growth businesses such as the non-recurring-type business, including new services, while simultaneously facilitating the stable and steady growth of the recurring-type service.

![Graph showing expected growth in recurring and non-recurring services over years 2021 to 2025]

- **SUZURI**
  - minne
  - ColorMeShop Free Plan

- **Recurring-type services**
  - LOLIPOP!
  - MuuMuu Domain
  - COLOR ME

- **New services, etc.**
  - FREENANCE
Company-wide actions

The Company will implement a range of initiatives to not only facilitate business growth but also address management issues, with a view toward maintaining brand awareness and improving corporate value consistently.

<table>
<thead>
<tr>
<th>Securing of excellent personnel</th>
<th>Research and development of technologies with an eye on business growth and the future</th>
<th>Initiatives for the achievement of ESG and SDGs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion of the &quot;No.1 Salary Project&quot;</td>
<td>&quot;Pepabo R&amp;D Institute,&quot; a research and development organization</td>
<td>Response to key sustainability challenges</td>
</tr>
</tbody>
</table>

Efforts will be made to improve productivity by facilitating remote work and improving operational efficiency. Then, by allocating profit generated through such efforts to secure people with highly professional skills or who are as competent as government officials or those working for large corporations, the Company will create an environment to increase the level of business strategies.

By introducing machine-based learning and natural language processing technologies in e-commerce-oriented services such as minne and SUZURI, the Company will aim to raise the rate of purchases, thereby increasing GMV.

Efforts will be made to strengthen engagement by responding to revisions to the governance code, enhancing ESG disclosures, preparing data for investors, renewing websites and enhancing English-based materials.
Questions and answers

(1) Click the **Raise Hand** button below the Zoom screen.
   Note: You can cancel your questions by clicking the Lower Hand button.

(2) The moderator will allow people to ask questions.
   If you are allowed to ask a question, **unmute** yourself.

(3) Please ask your question.
Reference Materials
## Consolidated Statement of Income (Full Year)

<table>
<thead>
<tr>
<th>(Million yen)</th>
<th>FY2020</th>
<th>FY2021</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>11,014</td>
<td>11,879</td>
<td>107.9%</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>4,532</td>
<td>5,174</td>
<td>113.6%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>6,481</td>
<td>6,732</td>
<td>103.9%</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>5,554</td>
<td>5,843</td>
<td>105.2%</td>
</tr>
<tr>
<td>Of SG&amp;A expenses, promotion cost*</td>
<td>1,033</td>
<td>1,109</td>
<td>107.4%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>927</td>
<td>888</td>
<td>95.8%</td>
</tr>
<tr>
<td>(Operating profit margin)</td>
<td>8.4%</td>
<td>7.5%</td>
<td>—</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>983</td>
<td>968</td>
<td>98.4%</td>
</tr>
<tr>
<td>Profit before income taxes</td>
<td>1,234</td>
<td>1,065</td>
<td>86.3%</td>
</tr>
<tr>
<td>Income taxes</td>
<td>404</td>
<td>349</td>
<td>86.5%</td>
</tr>
<tr>
<td>Profit attributable to owners of parent</td>
<td>829</td>
<td>715</td>
<td>86.2%</td>
</tr>
</tbody>
</table>

* Promotion cost is the sum of advertising expenses, promotion expenses, and provision for point card certificates.
Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>FY2020</th>
<th>FY2021</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td>6,648</td>
<td>6,943</td>
<td>+295</td>
</tr>
<tr>
<td>Cash and deposits*</td>
<td>3,622</td>
<td>3,620</td>
<td>-1</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>2,556</td>
<td>2,685</td>
<td>+129</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>1,562</td>
<td>1,926</td>
<td>+363</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>8,211</td>
<td>8,870</td>
<td>+658</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>5,640</td>
<td>5,694</td>
<td>+53</td>
</tr>
<tr>
<td>Accounts payable – other</td>
<td>2,110</td>
<td>2,142</td>
<td>+31</td>
</tr>
<tr>
<td>Advances received</td>
<td>1,993</td>
<td>2,219</td>
<td>+226</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>27</td>
<td>222</td>
<td>+195</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td>2,544</td>
<td>2,953</td>
<td>+408</td>
</tr>
<tr>
<td>Liabilities and net assets</td>
<td>8,211</td>
<td>8,870</td>
<td>+658</td>
</tr>
</tbody>
</table>

* Cash and deposits include deposits paid to subsidiaries and associates.
<table>
<thead>
<tr>
<th>(Million yen)</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>1,253</td>
<td>669</td>
</tr>
<tr>
<td>Investing cash flow</td>
<td>-5</td>
<td>-278</td>
</tr>
<tr>
<td>Financing cash flow</td>
<td>-78</td>
<td>-392</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents</td>
<td>1,168</td>
<td>-1</td>
</tr>
<tr>
<td>Balance of cash and cash equivalents</td>
<td>3,622</td>
<td>3,620</td>
</tr>
</tbody>
</table>
Company Profile
## Company Information

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Philosophy</td>
<td>Make it more playful</td>
</tr>
<tr>
<td>Mission</td>
<td>Using the Internet to deliver new possibilities</td>
</tr>
<tr>
<td>Established</td>
<td>January 10, 2003</td>
</tr>
<tr>
<td>Share capital</td>
<td>262.22 million yen</td>
</tr>
<tr>
<td>Representative Director</td>
<td>Kentaro Sato</td>
</tr>
<tr>
<td>and CEO</td>
<td></td>
</tr>
<tr>
<td>Head office</td>
<td>Cerulean Tower, 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo</td>
</tr>
<tr>
<td>Branch</td>
<td>Tenjin Prime, 2-7-21 Tenjin, Chuo-ku, Fukuoka, Fukuoka Prefecture</td>
</tr>
<tr>
<td>Office</td>
<td>Dai-2 NT Building, 3-1 Uearatacho, Kagoshima, Kagoshima Prefecture</td>
</tr>
<tr>
<td>Subsidiaries</td>
<td>GMO Creators Network, Inc. \ GMO Pepabo Guardian, Inc.</td>
</tr>
<tr>
<td>Number of employees</td>
<td>462 (367 full-time employees, 95 temporary employees) (As of December 31, 2021)</td>
</tr>
</tbody>
</table>
Corporate Philosophy

Make it more playful

Creative activities on the Internet are changing and the range of them is expanding. In this environment, we want to continue to take on challenges to create more interesting things. That passion is implied in our corporate philosophy.

We can make innumerable things more interesting. We can create interesting services and plans. We can enable users to have interesting experiences. We can work out ways to enjoy our jobs.

We will create more interesting things and make our jobs more interesting. We will continue to evolve ourselves.
Using the Internet to deliver new possibilities

In less than 20 years since we were established in 2003, Internet technologies have seen innovative advances. The ways people express themselves online have also changed, and uses of the Internet have expanded.

One of our missions is to always explore the possibilities of the Internet and continue to provide services that stimulate the creativity of people who express themselves.

Another important mission is, we think, to enable people, companies, and other things to develop their potential and to create environments where everyone can actively participate in a wide range of fields.
History

November 2001  Starts to provide Lolipop!

January 2003  Established paperboy&co. Y.G. in Fukuoka.

March 2004  Becomes a consolidated subsidiary of GMO Internet, Inc.

May 2004  The head office moves to Tokyo.

February 2005  Starts Color Me Shop, which provides an online shop opening/creation service.

December 2008  Listed on JASDAQ (stock code: 3633)

January 2012  Starts minne, a handmade products market.

April 2014  Renamed GMO Pepabo, Inc.

April 2014  Starts SUZURI, which provides an original goods creation and sale service.

February 2019  Makes GMO Creators Network, Inc. a consolidated subsidiary.

December 2019  Listed on the Second Section of the Tokyo Stock Exchange

December 2020  Assigned to the First Section of the Tokyo Stock Exchange
Trends in the number of partners (employees)

Number of partners

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>13</td>
<td>42</td>
<td>68</td>
<td>86</td>
<td>104</td>
<td>120</td>
<td>129</td>
<td>152</td>
<td>181</td>
<td>225</td>
<td>233</td>
<td>240</td>
<td>278</td>
<td>311</td>
<td>328</td>
<td>350</td>
<td>402</td>
<td>442</td>
<td>462</td>
</tr>
</tbody>
</table>
Main Service in Hosting Business (i)

Lolipop!

One of Japan's largest rental server services

Usage fee: A monthly fee of 99 yen or more
Number of contracts: 0.42 million
Main users: Individuals and small and medium-sized corporations

(As of December 31, 2021)

Business model

Data center operator

Providing a data center

Providing a server

User

Usage fee

usage fee
MuuMuu Domain

Domain name acquisition agency

Usage fee: An annual fee of 66 yen or more
Number of contracts: 1.17 million
Main users: Individuals and small and medium-sized corporations

(As of December 31, 2021)
Main Service in E-commerce Support Business (i)

Color Me Shop

Creation of online shops

Usage fee: A monthly fee of 0 yen or more
Number of contracts: 46,000
Main users: Private stores, small and medium-sized stores

(As of December 31, 2021)

Business model

Sale (the Company)
Providing a system
System usage fee

Sale (shop owner)
Product
Paying the price

End user

User
(Shop owner)
Main Service in E-commerce Support Business (ii)

SUZURI

Creation and sale of original goods

Annual gross merchandise value: 3.2 billion yen (2021 result)
Number of creators: 0.56 million
Number of members: 1.06 million

(As of December 31, 2021)

Business model

1. Registering data (Creating an item)
2. Buying a work, paying the price
3. Placing an order
4. Sending the item
5. Payment of the creator’s revenue

* Revenue that the creator sets = Sales price of the work minus sales at the Company
Main Service in Handmade Products Business

minne
One of Japan's largest handmade products markets

Annual gross merchandise value: 15.15 billion yen (2021 result)
Number of creators and brands: 0.8 million
Number of works: 14.53 million
Number of app downloads: 13.28 million
(As of December 31, 2021)

Business model

1. Buying a work
Buyer → minne

2. Sending the work

3. Payment
minne → Creator

Commission fee (revenue)
Main Service in Financial Support Business

FREENANCE
Support sole proprietors' business activities by providing immediate payment (factoring) and liability insurance.

Minimum amount of invoice purchase: 10,000 yen, no upper limit
Commission rate: 3%-10% of invoice face value
Main services: Anshin Hoshou (safe compensation) (free of charge)
Immediate payment (commission rate is 3% minimum)
Income indemnity insurance, etc.

(As of December 31, 2021)

Business model

1. Sending the invoice
2. Request for invoice purchase
3. Immediate payment
4. Payment on due date

User (Freelancer) → Commission fee (revenue) → Business partner of freelancer
Business Development (from Recurring Revenue Business to Non-Recurring Business)

Based on stable, recurring revenue in the recurring revenue business, we are expanding the scale of services by making strategic investments in non-recurring revenue services, which are strongly expected to grow.

Investment

Stable revenue base
Recurring revenue business
Monthly subscription model

Expansion of the scale of services
Non-recurring revenue business
Investment in promotion
Developing new services
In addition to hosting, we have achieved growth in new core businesses, the E-commerce Support and Handmade Products businesses, and have established a portfolio-based management.
Sustainable Activities (ESG/SDGs)

We have determined three material sustainability issues and contribute to ESG management and the SDGs through business activities.

Under the corporate philosophy of "Make it more playful," we increase the output of humans through business activities and seek to enhance corporate value and solve social issues with every stakeholder to help achieve a sustainable society.

Consideration for the global environment and conservation of it through reduction of environmental impact

Support for people from all walks of life to increase human output

Strengthening governance for sound and transparent corporate management

Please find our sustainability activities and concrete efforts on the websites below.

- Sustainability at GMO Pepabo: https://pepabo.com/sustainability/
- Sustainability data: https://pepabo.com/sustainability/data/
Shareholder Return

## Dividends

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual dividends per share (yen)</td>
<td>65.00</td>
<td>81.00</td>
<td>68.00</td>
<td>74.00</td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>62.4</td>
<td>50.9</td>
<td>50.3</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Note: The stock split of which the effective date is April 1, 2019 is taken into consideration.

## Shareholder benefits

**Benefit 1**  
**Points and coupons** that can be used for services provided by the Company, etc.

- Holding one unit (100 shares)  
  Worth 1,500 yen
- Holding two units (200 shares) or more  
  Worth 3,000 yen

**Benefit 2**  
**Cashback** equivalent to a commission fee if a shareholder buys or sells certain securities at GMO CLICK securities

- Cashback on buying commission fees  
  (limited to purchases of shares in the Company)
- Cashback on trading commission fees
  - Holding one unit (100 shares)  
    1,500 yen maximum
  - Holding two units (200 shares) or more  
    3,000 yen maximum
Notes on the Use of This Material

- This material is intended to offer insight into our Company and is not for the purpose of soliciting investment.

- We have taken reasonable care to ensure the accuracy of this material. However, there are inherent uncertainties in forward-looking statements, and we do not guarantee them.

- We accept no liability for any effects or losses caused by relying on information in this material.

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Contact information

GMO Pepabo, Inc.

📞 03-5456-3021 (direct line to IR)

✉️ ir@pepabo.com

Corporate site

HTTPS://PEPABO.COM/

IR information

HTTPS://PEPABO.COM/IR/

Pepabo's official Twitter account

@PEPABO