



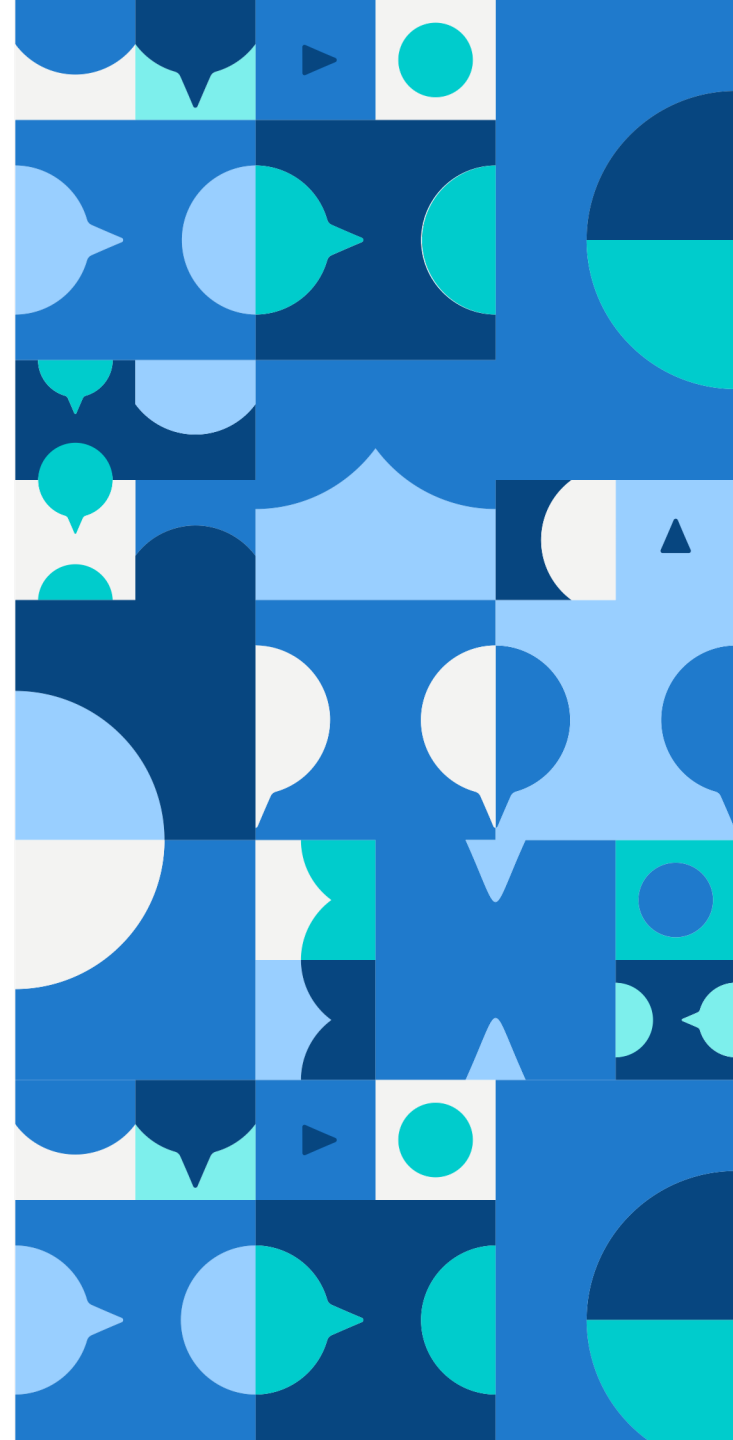
Fiscal Year 2021

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)

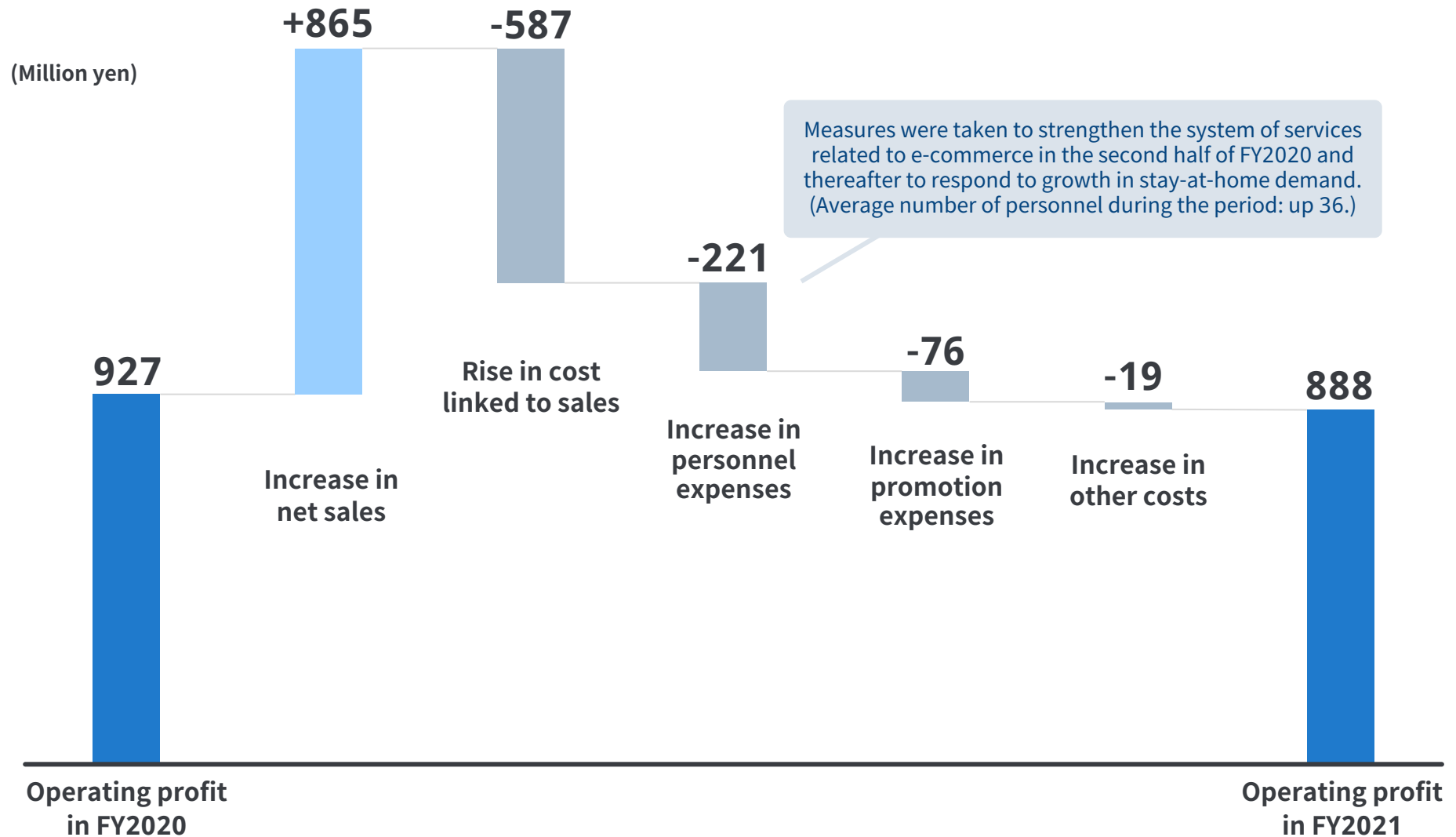
Net sales increased 7.9% year on year, hitting a record high.

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.

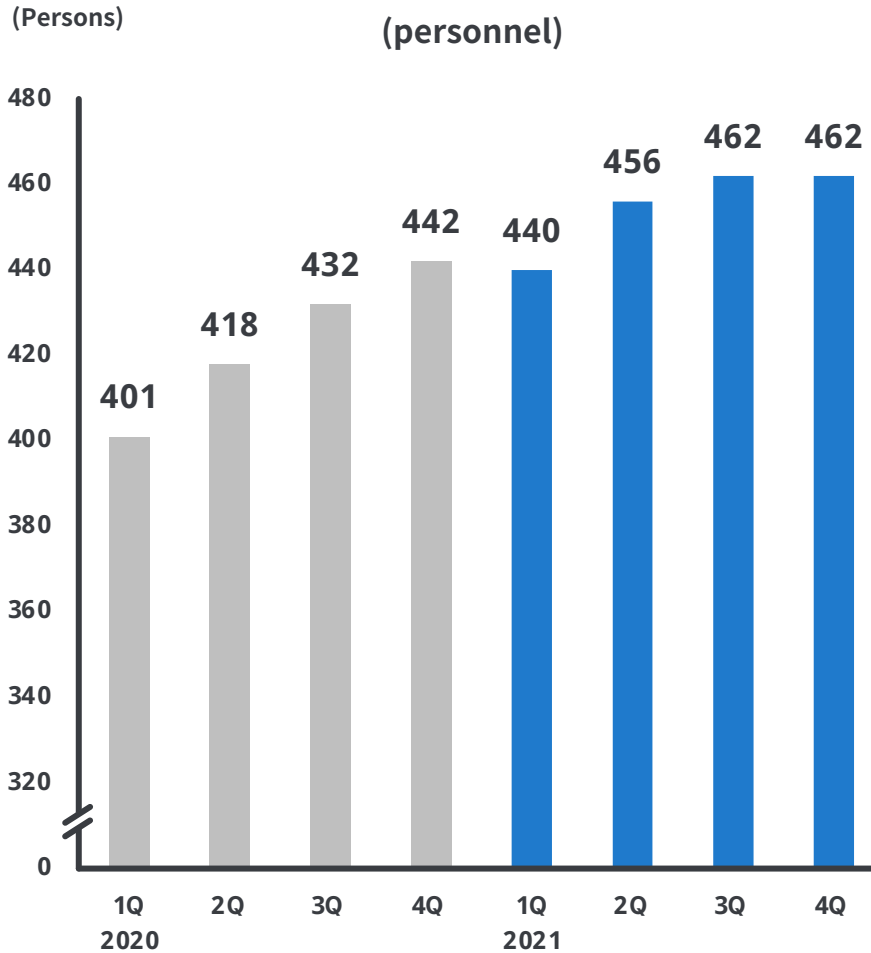
(Million yen)	FY2020	FY2021	Change	YoY
Net sales	11,014	11,879	+865	107.9%
Operating profit	927	888	-38	95.8%
Operating profit margin (%)	8.4	7.5	—	—
Ordinary profit	983	968	-15	98.4%
Profit attributable to owners of parent	829	715	-114	86.2%

Analysis of Change in Operating Profit

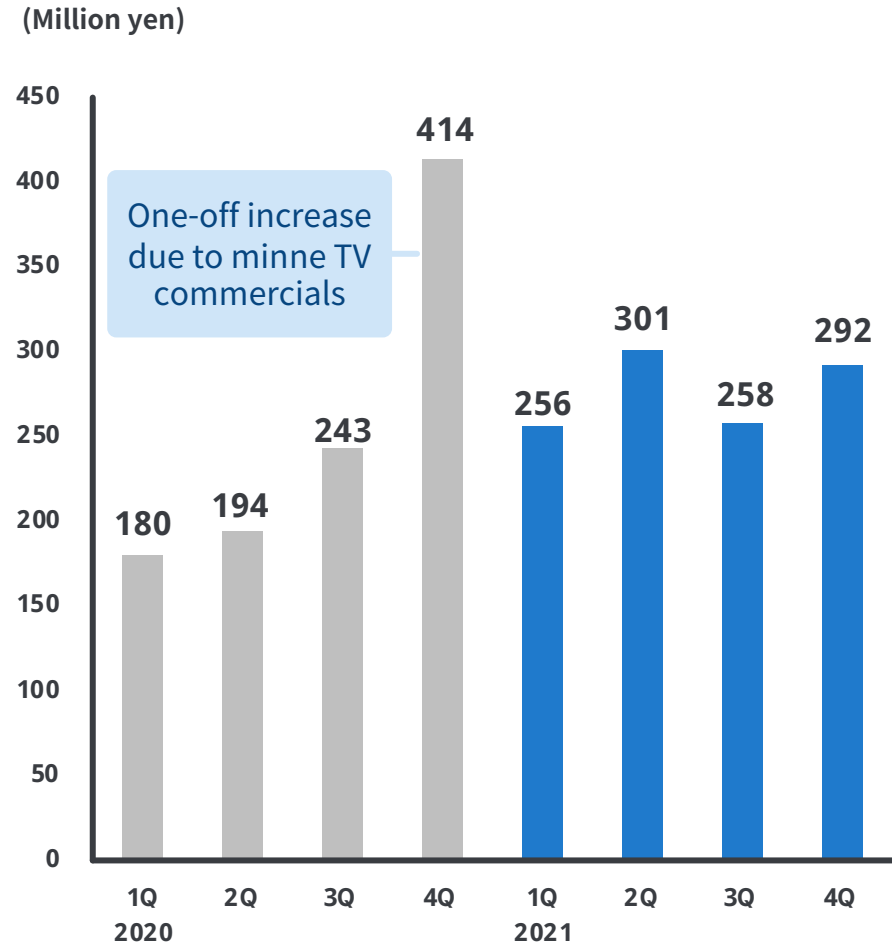


The number of personnel and promotion expenses increased as e-commerce services rose.

Trends in the number of partners



Trends in promotion expenses



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

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

Hosting business

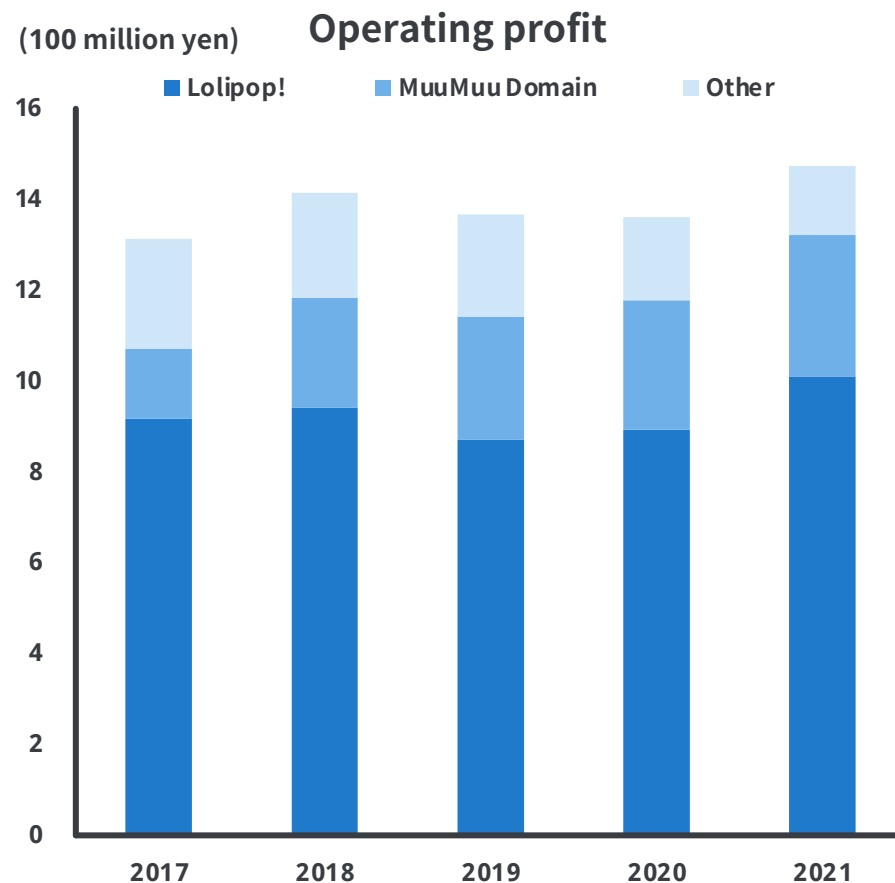
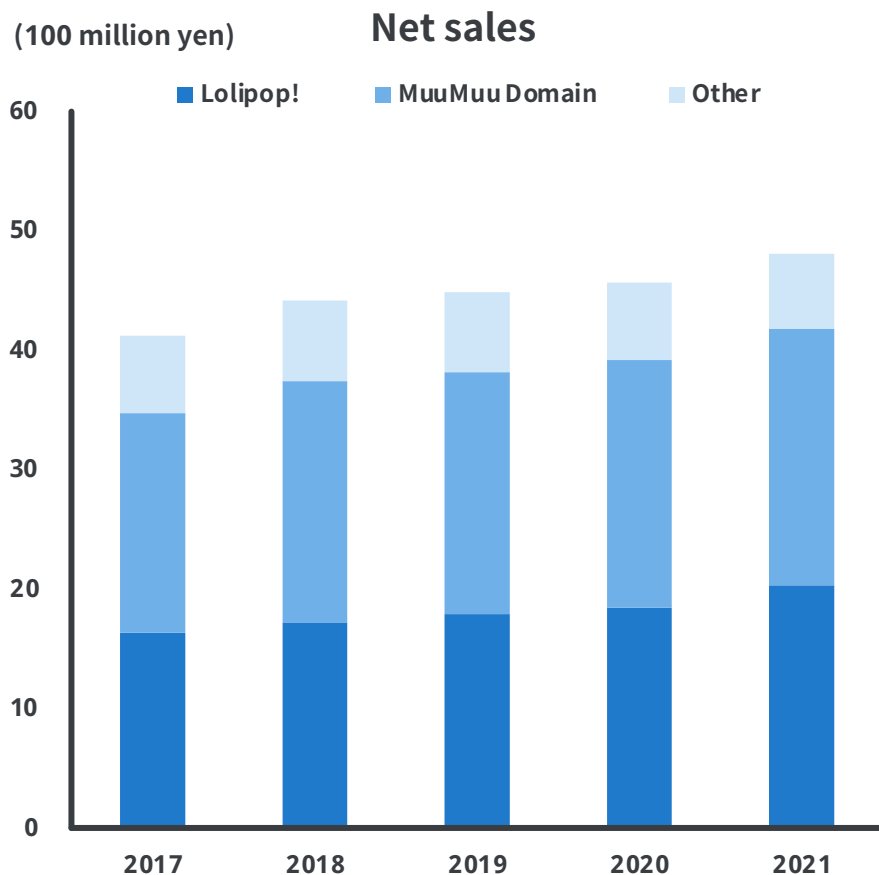
FY2021

Net sales:

4,807 million yen (**105.2%** year on year)

Operating profit:

1,474 million yen (**108.3%** year on year)

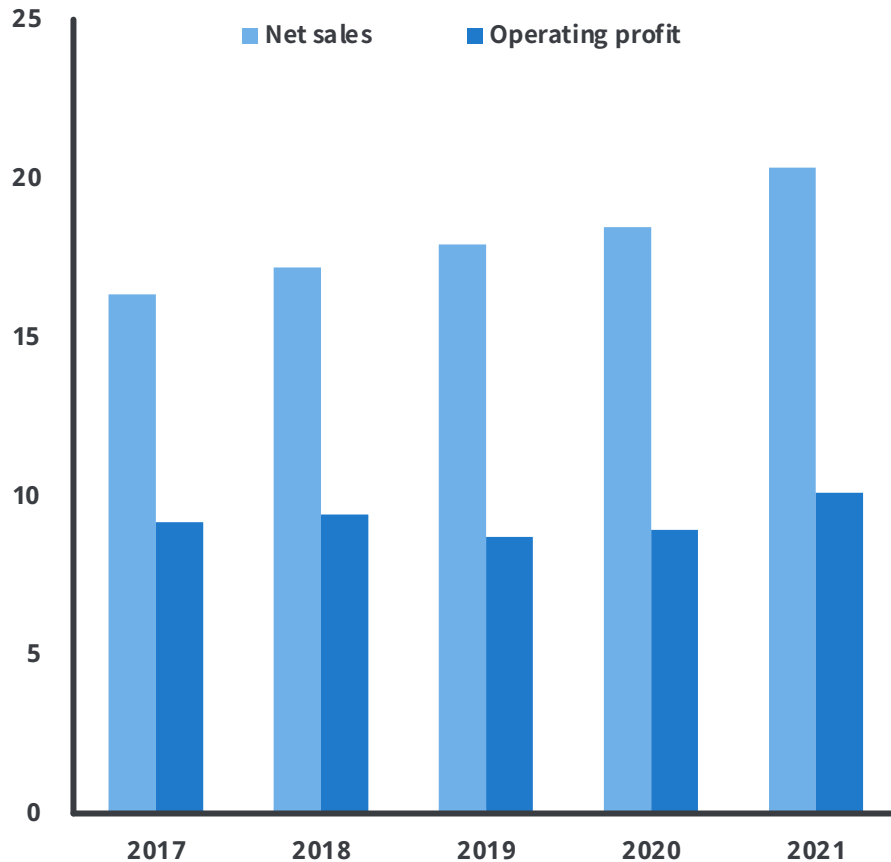


FY2021**Net sales: 2,033 million yen (up 10.1% year on year)****Operating profit: 1,010 million yen (up 13.0% year on year)**

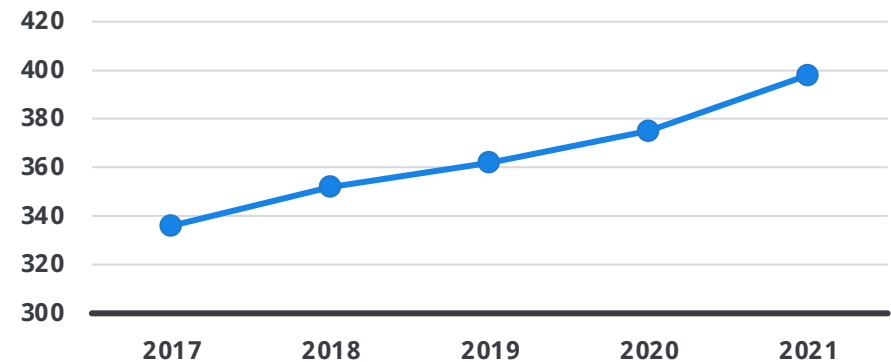
(100 million yen)

Trends in results

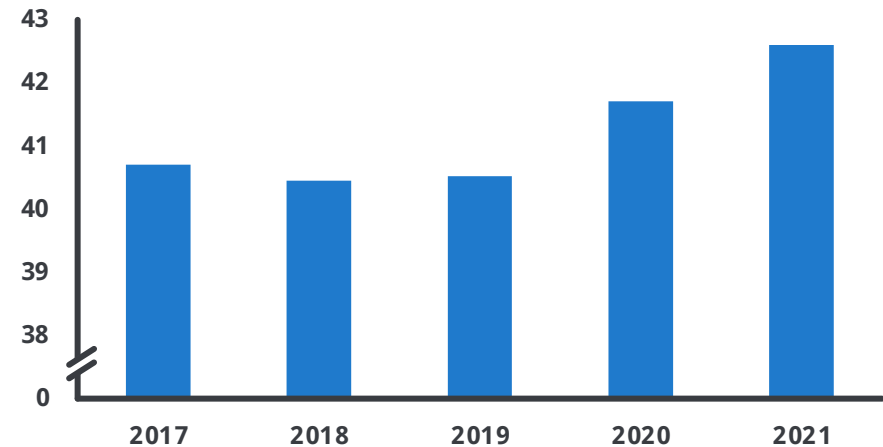
■ Net sales ■ Operating profit



(Yen)

Spending per customer

(10,000)

Number of contracts

FY2021

Net sales:

2,149 million yen (up **3.8%** year on year)

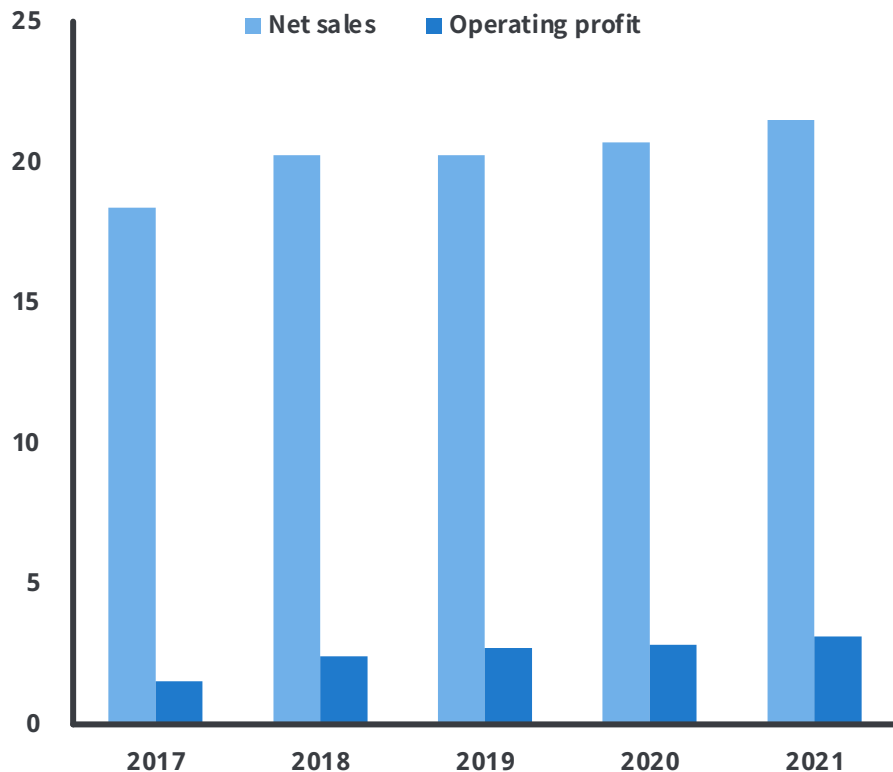
Operating profit:

312 million yen (up **9.9%** year on year)

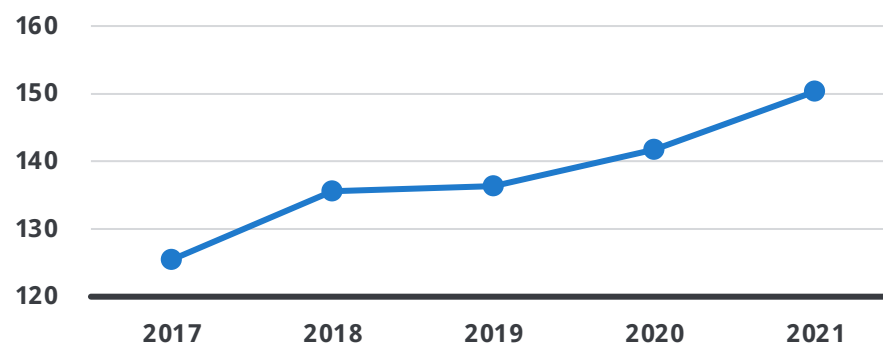
Trends in results

(100 million yen)

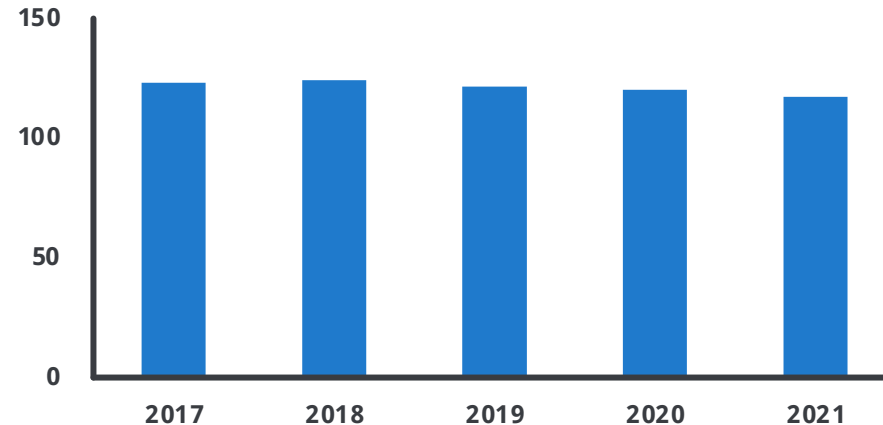
Net sales Operating profit



(Yen) Average price of domains under contract



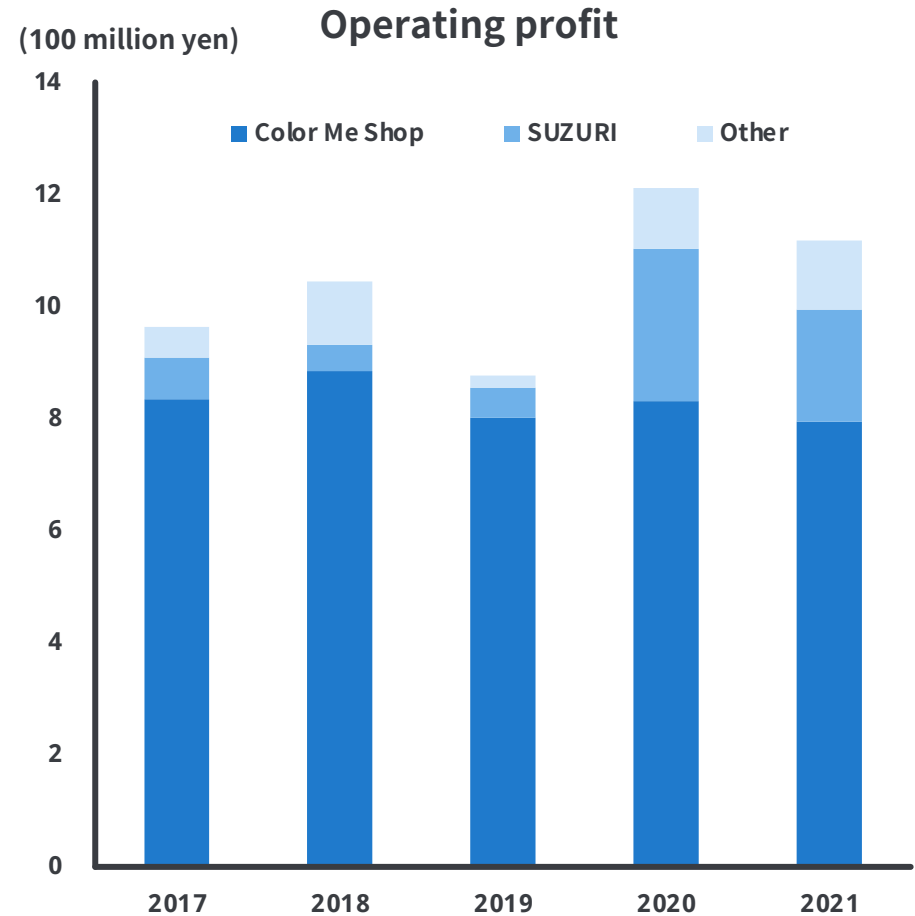
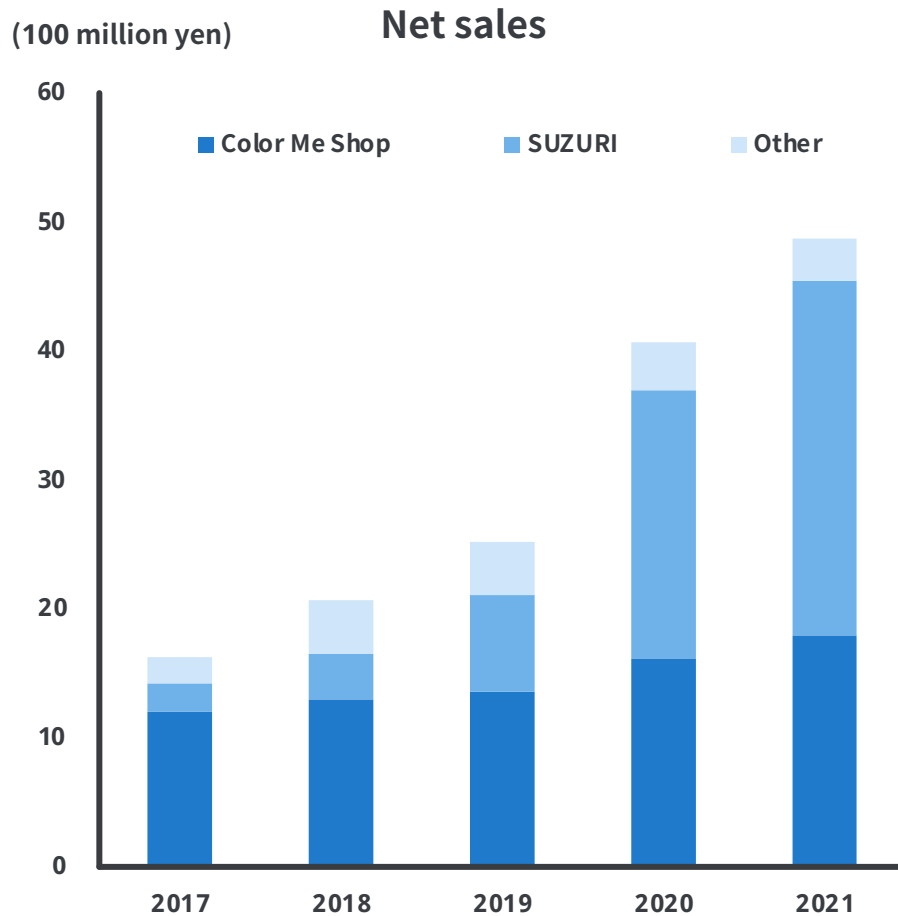
(10,000) Number of domains under contract



E-commerce Support business

FY2021

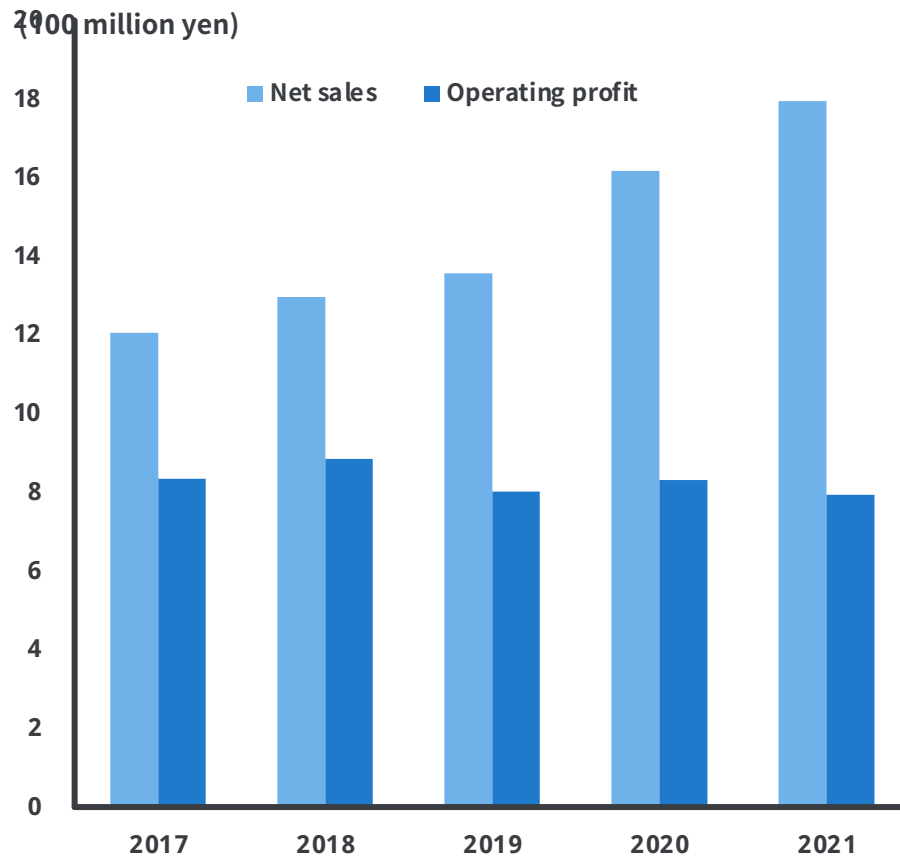
Net sales: **4,874** million yen (up **19.8%** year on year)
 Operating profit: **1,117** million yen (down **7.8%** year on year)



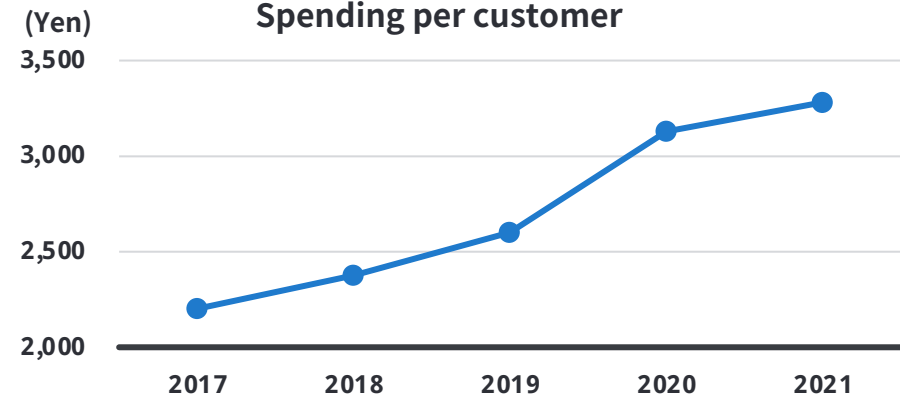
FY2021

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

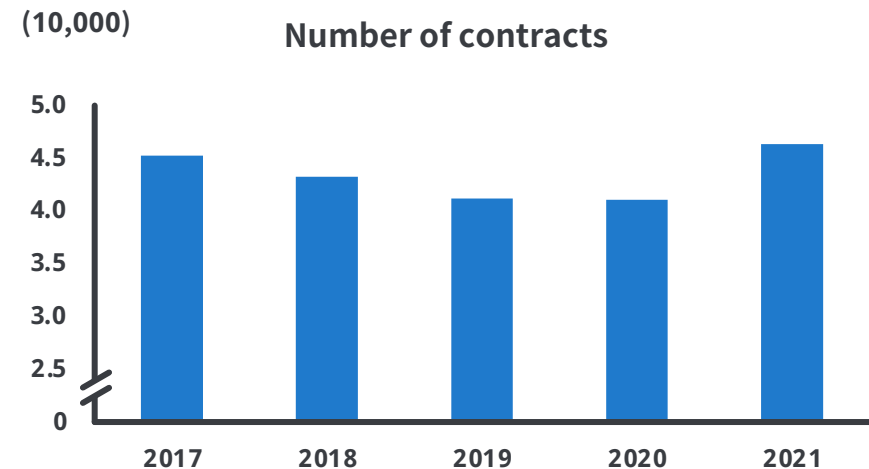
Trends in results



Spending per customer



Number of contracts



Note: The figures include those for the free plan, which was introduced in May 2021.

FY2021

Net sales:

2,747 million yen (up**32.2%** year on year)

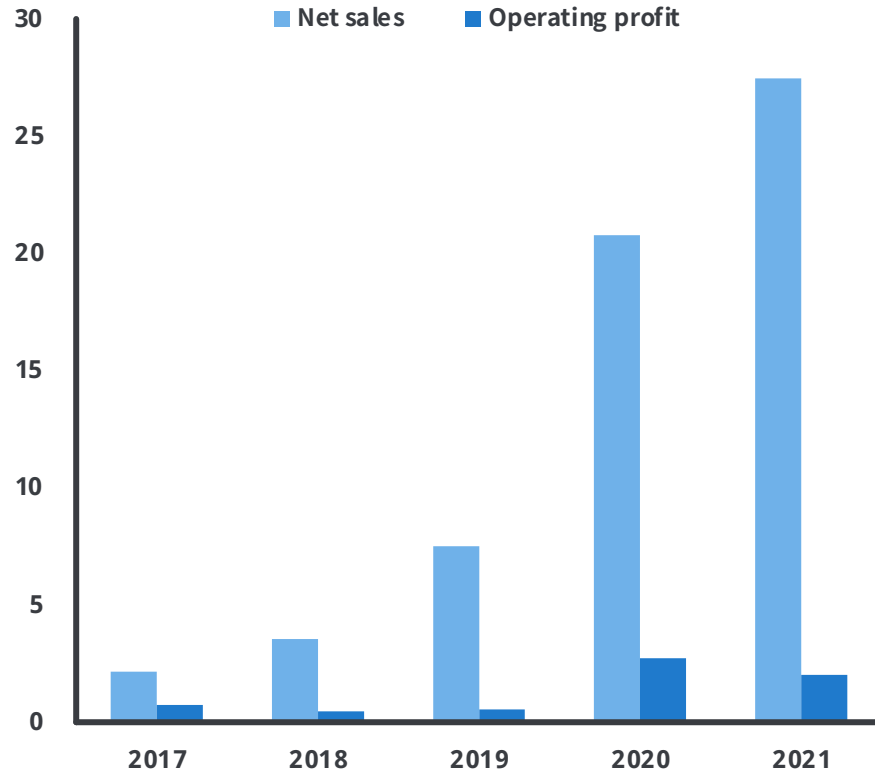
Operating profit:

200 million yen (down**26.2%** year on year)

Trends in results

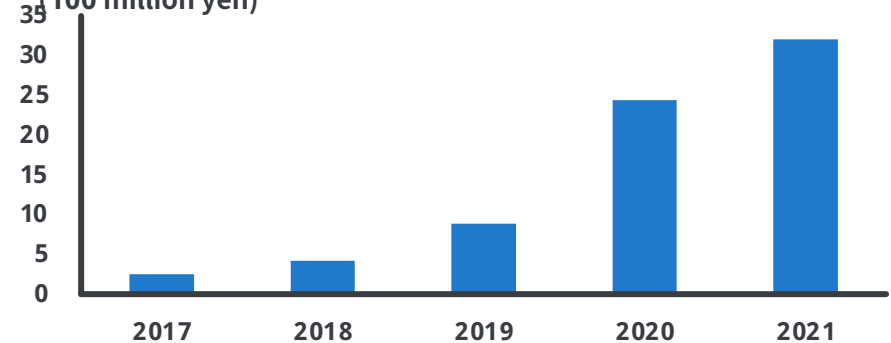
(100 million yen)

■ Net sales ■ Operating profit



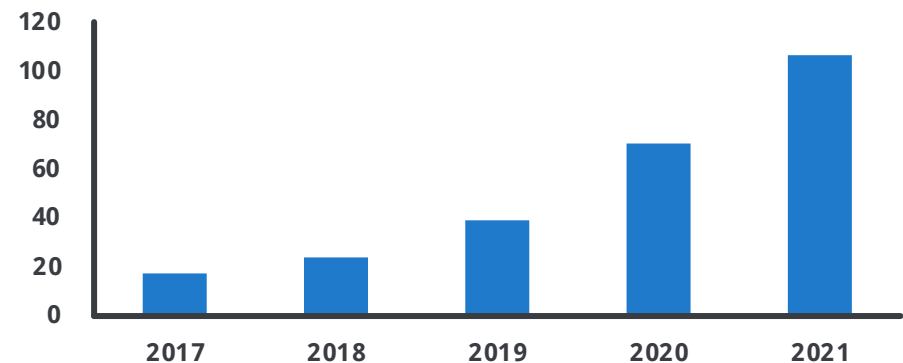
Gross merchandise value

(100 million yen)



Number of members

(10,000 persons)



Handmade Products business

FY2021

Net sales:

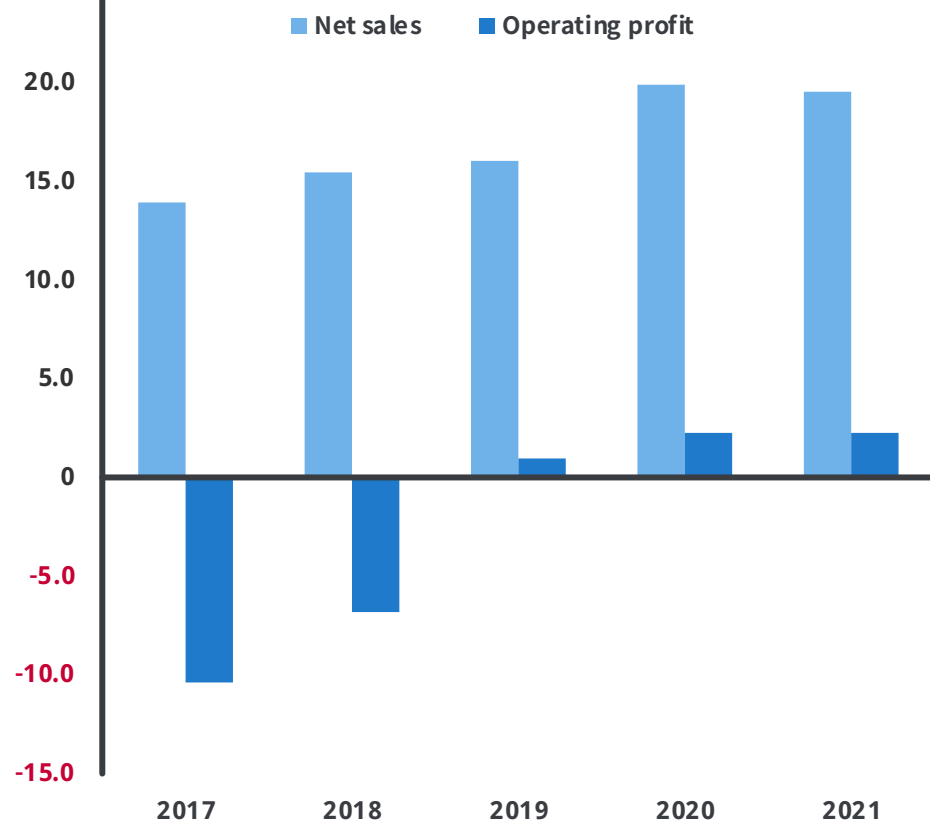
1,952 million yen (down **1.9%** year on year)

Operating profit:

225 million yen (down **0.6%** year on year)

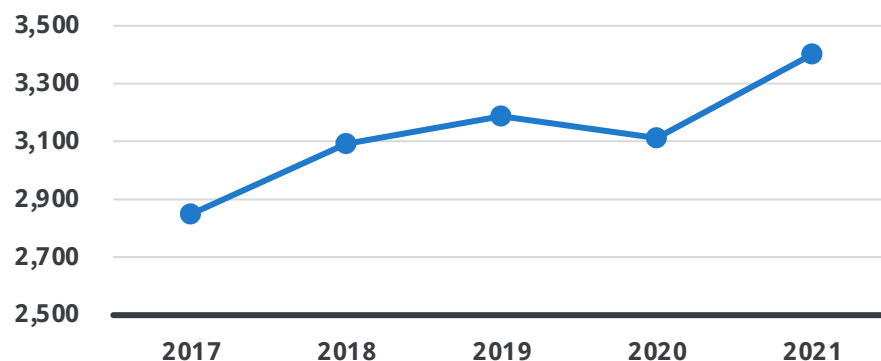
Trends in results

(100 million yen)



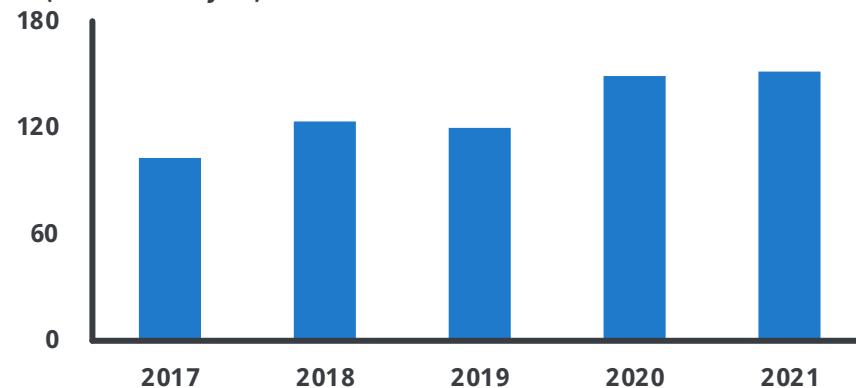
(Yen)

Average price of orders



Gross merchandise value

(100 million yen)

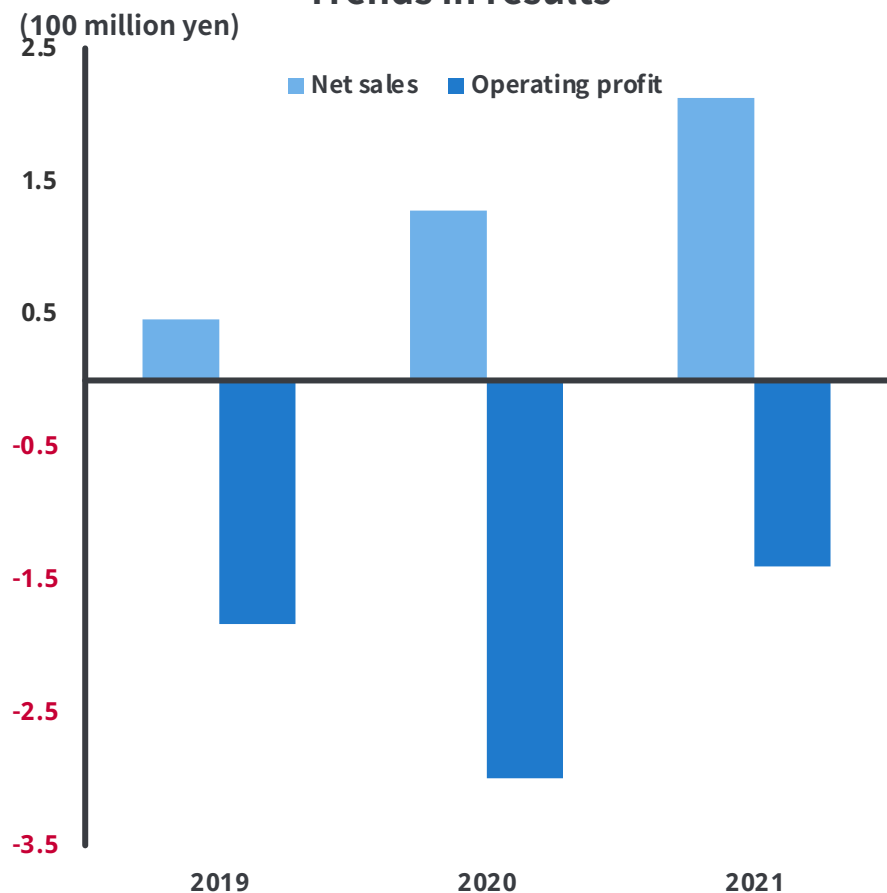


Note: Total prices (excluding taxes) (including the prices of options) of works delivered excluding merchandise delivery charges and cancellations. 17

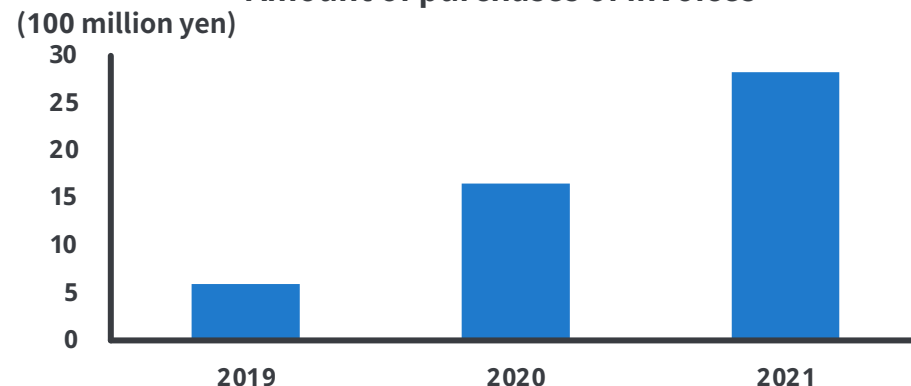
Financial Support business

FY2021 Net sales: **212 million yen (up 66.5% year on year)**
 Operating profit: **-139 million yen (up 159 million yen year on year)**

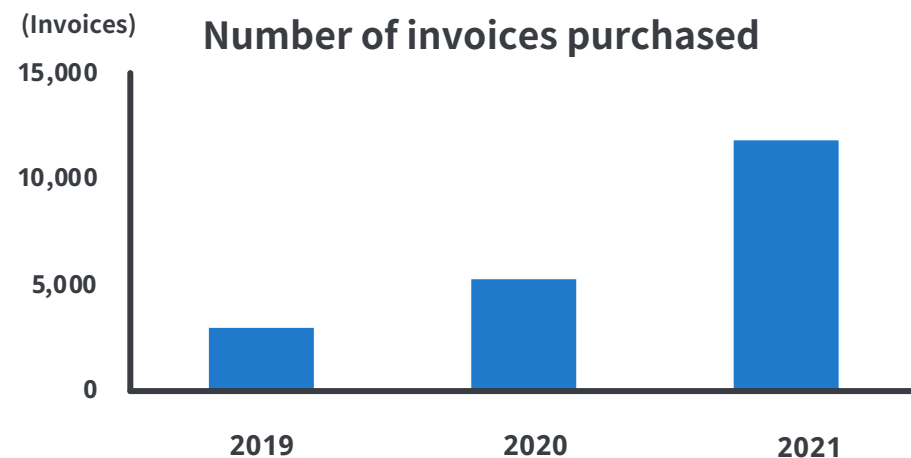
Trends in results



Amount of purchases of invoices



Number of invoices purchased



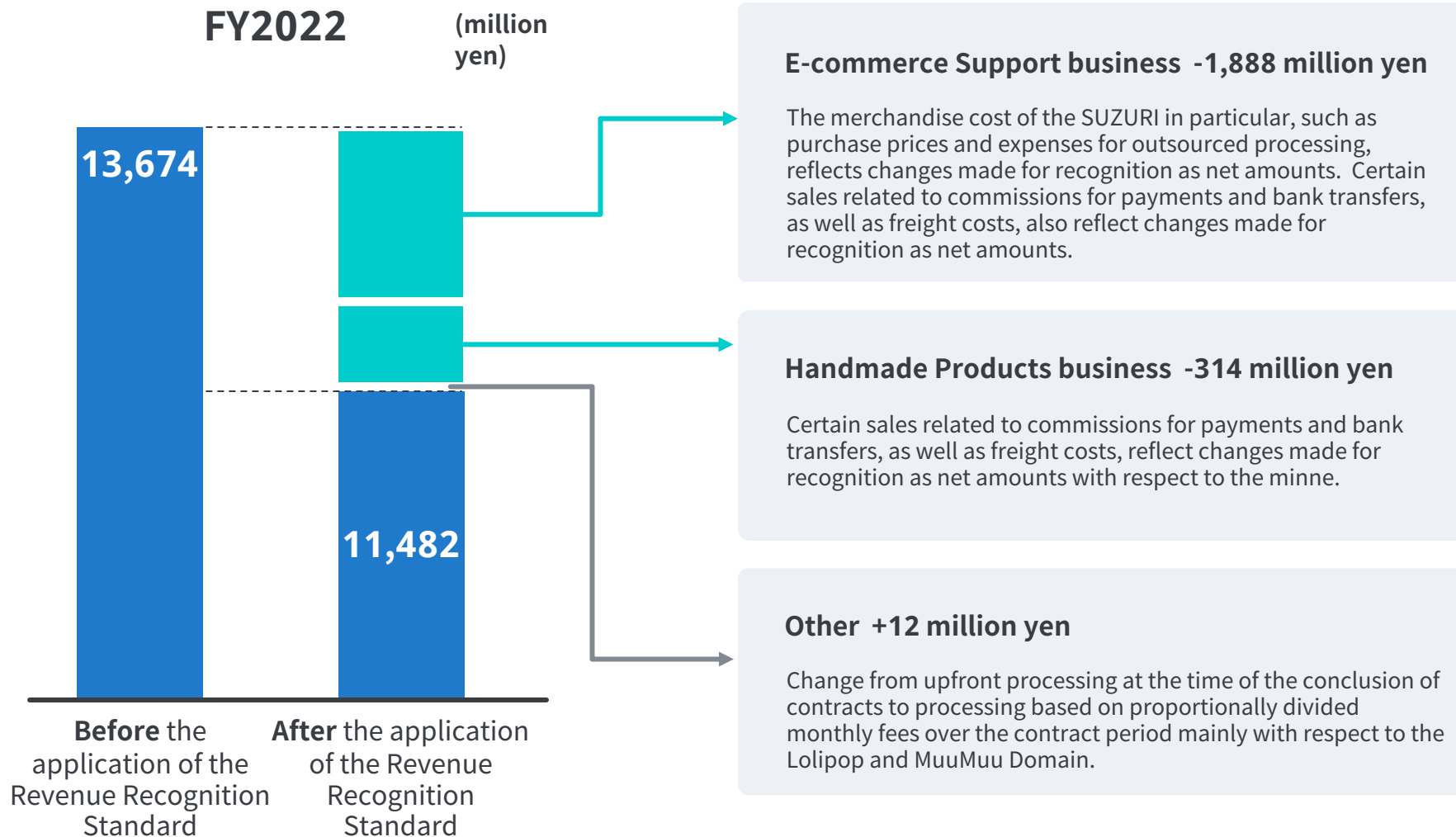
FY2022 Financial Results Forecasts

Full-Year Forecast

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

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.



Full-year results forecasts (by segment)

	Before application of Revenue Recognition Standard				After application	
(Million yen)	FY2021 Results (1)	FY2022 Forecasts (2)	Change (2)-(1)	(%) YoY (2)/(1)	FY2022 Forecasts (3)	Impact (3)-(2)
[Net sales]						
Hosting	4,807	5,045	+237	104.9	5,059	+14
E-commerce Support	4,874	5,715	+841	117.3	3,826	-1,888
Handmade Products	1,952	2,356	+403	120.7	2,041	-314
Financial Support	212	552	+339	259.4	549	-2
[Operating Profit]						
Hosting	1,474	1,553	+78	105.3	1,561	+8
E-commerce Support	1,117	1,390	+272	124.4	1,390	0
Handmade Products	225	262	+37	116.5	262	0
Financial Support	-139	4	+144	—	4	0

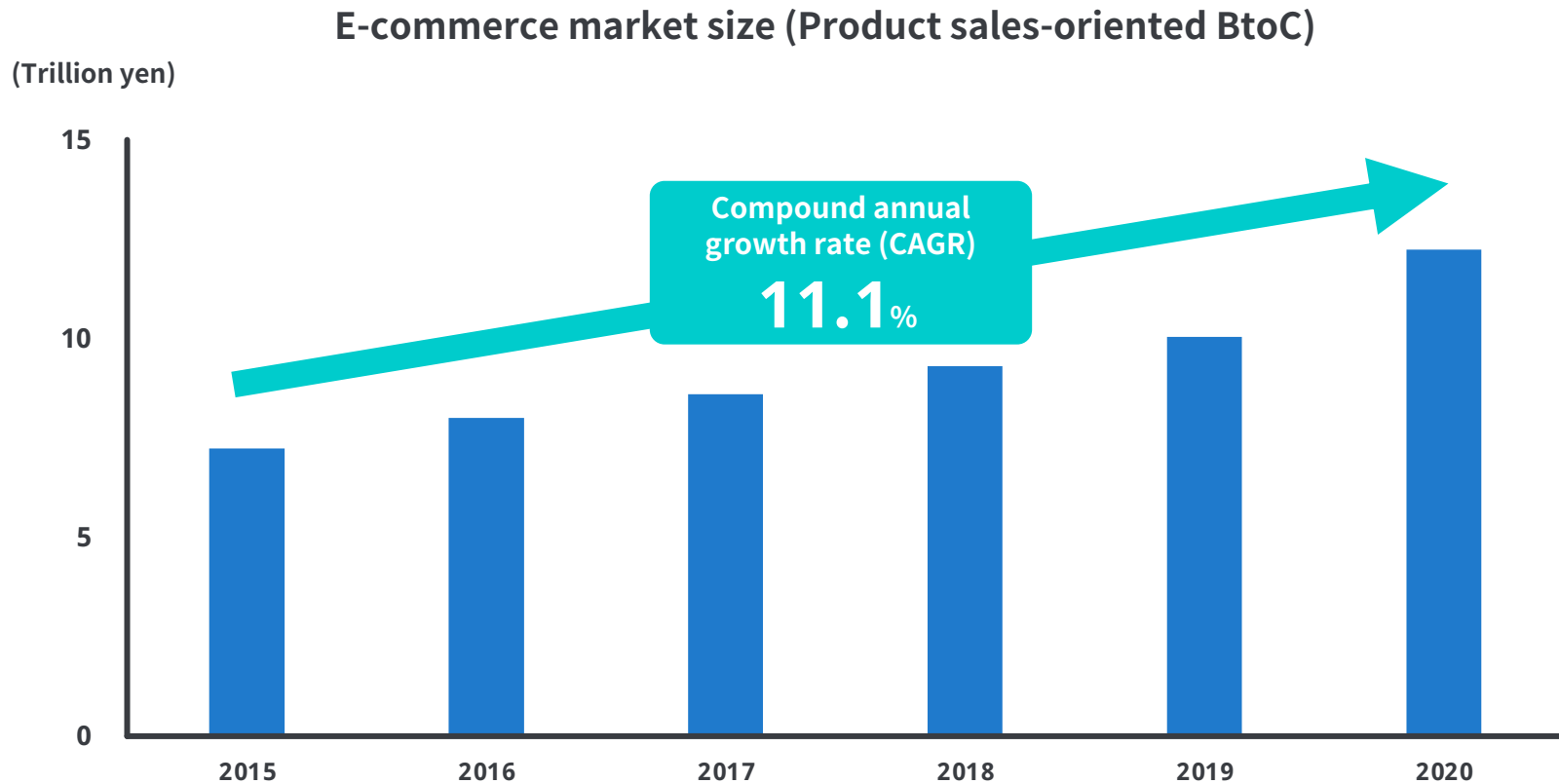
Main initiatives for FY2022 (by segment)

Target (KPI)

Hosting	Lolipop!	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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%
Handmade Products	minne	<ul style="list-style-type: none"> 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

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.

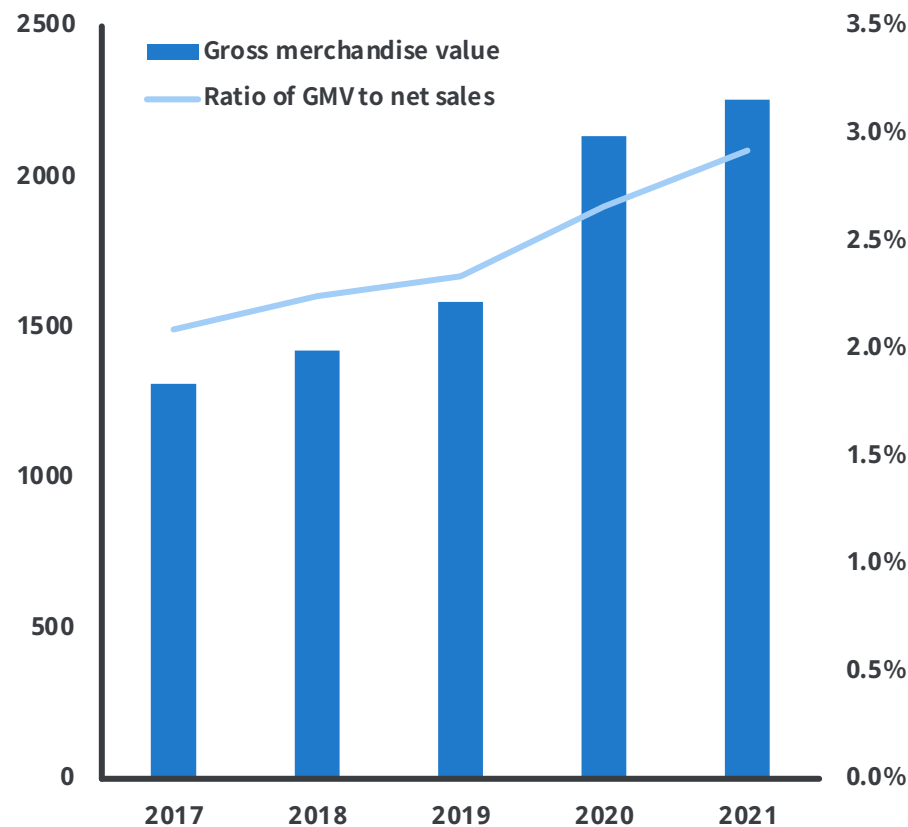


Source: Ministry of Economy, Trade and Industry, FY2019 Global Economy Survey for Formulating an Integrated Domestic and External Economic Growth Strategy (E-Commerce Market Survey)

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.

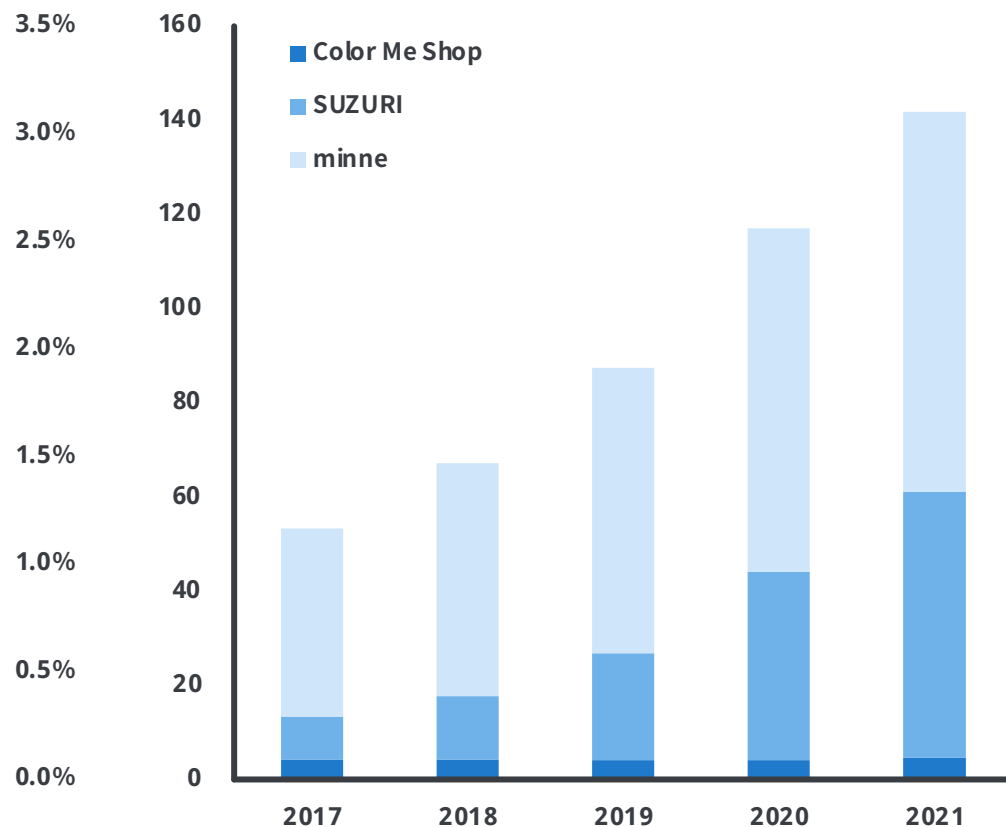
Trends in gross merchandise value

(100 million yen)



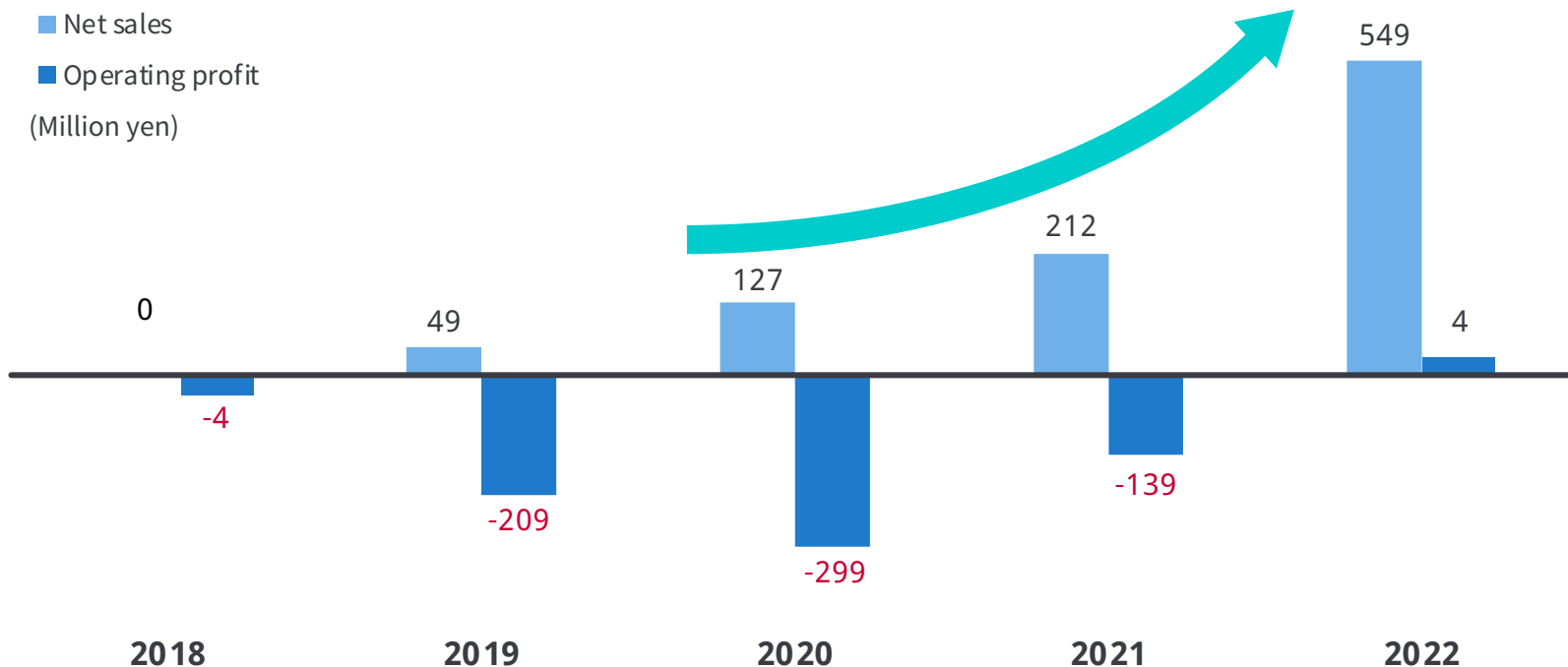
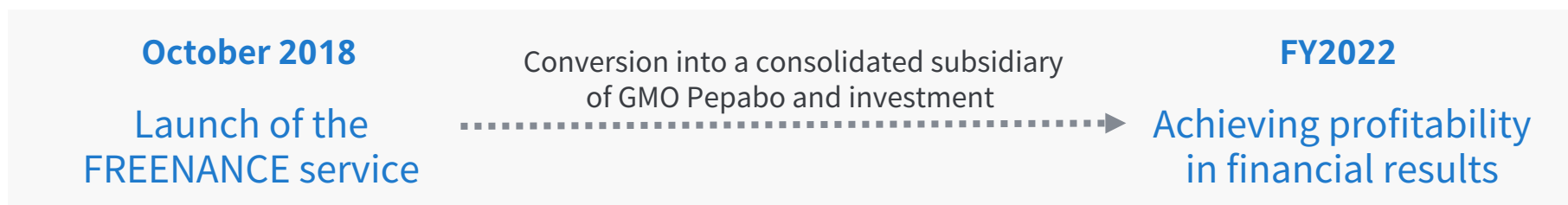
Trends in the number of sellers

(10,000 persons)



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.

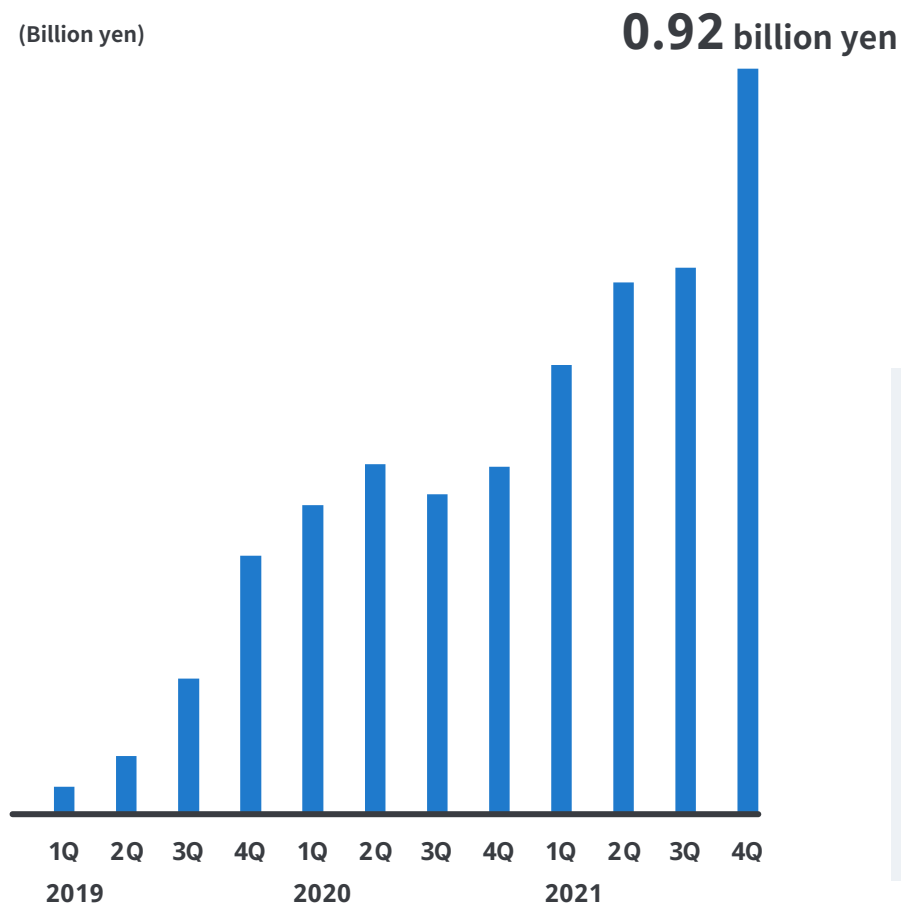


Note: Results for FY2018 and FY2019 are reference values including those before the consolidation of GMO Creators Network, Inc. into the Company.

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

(Billion yen)



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

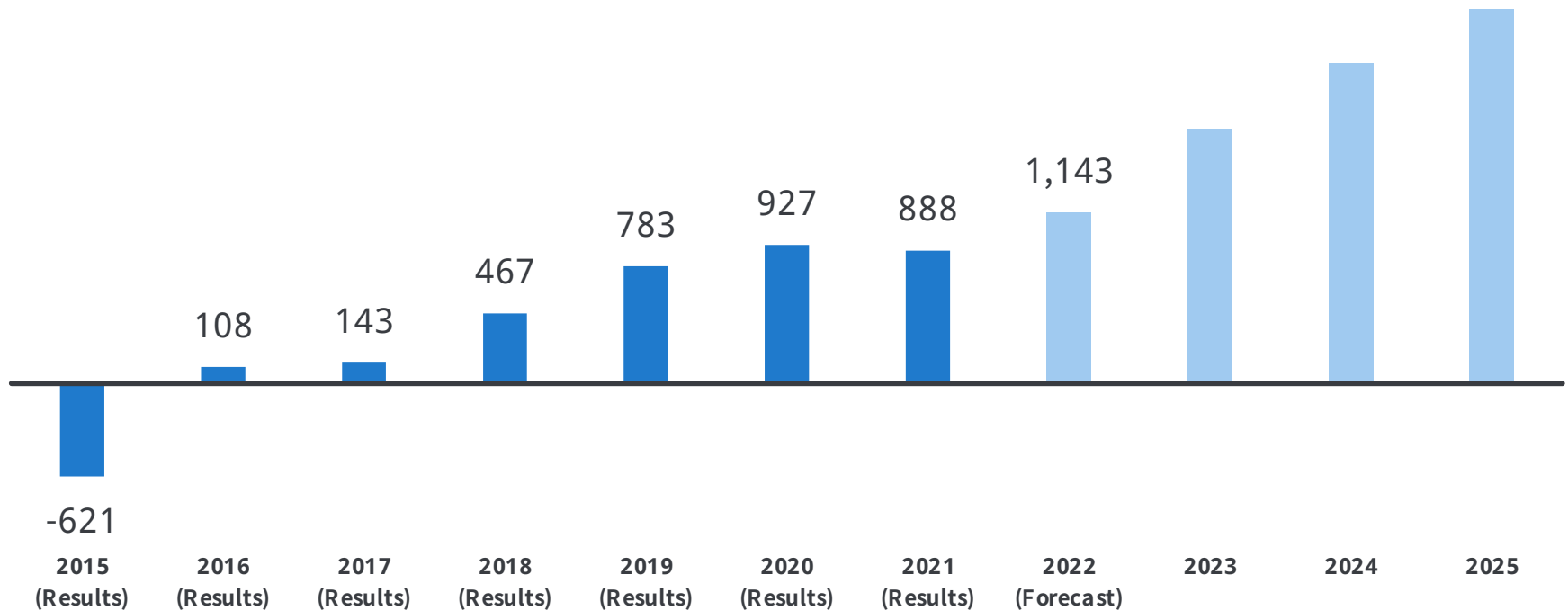
Growth and restoration of profitability in the business

Financial Support business:
Continuous investments in FREENANCE

Investment

Growth and restoration of profitability in the business

2025
Operating profit
target
**2.5 billion
yen**



Hosting business

Lolipop

MuuMuu Domain

E-commerce Support business

Color Me Shop

SUZURI

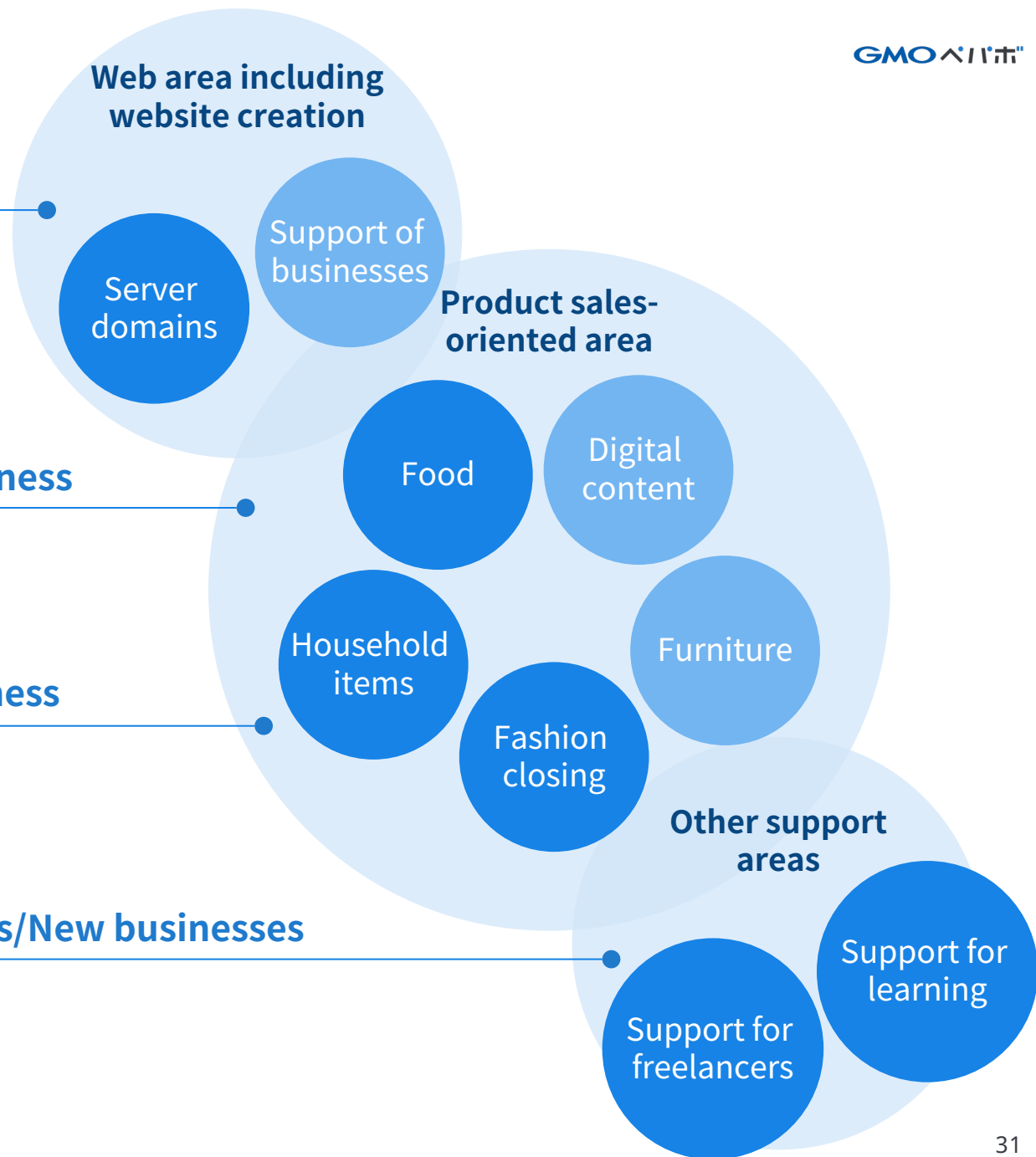
Handmade Products business

minne

Financial Support business/New businesses

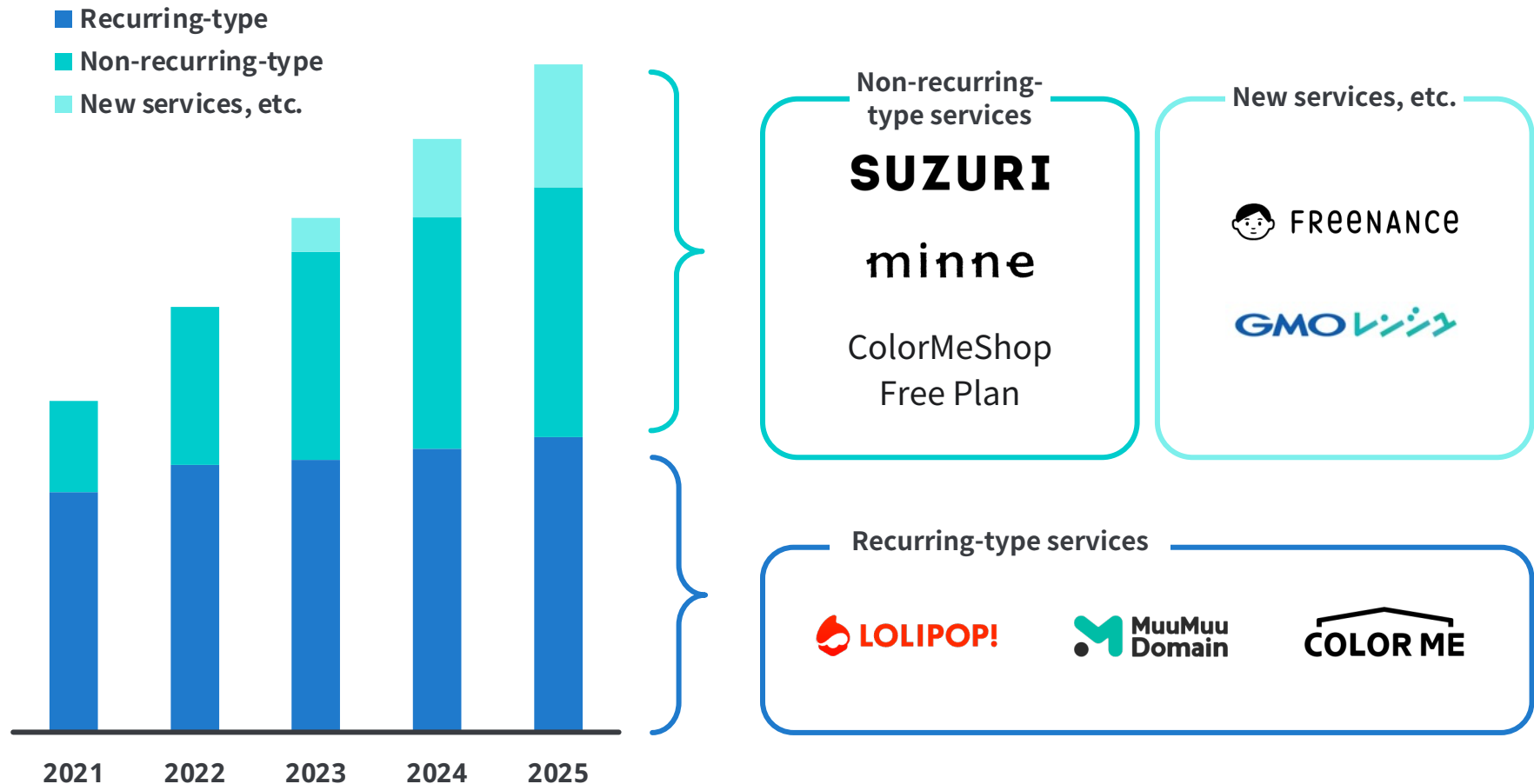
FREENANCE

Other new businesses



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.



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.

Securing of excellent personnel



Promotion of the "No.1 Salary Project"

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.

Research and development of technologies with an eye on business growth and the future



"Pepabo R&D Institute," a research and development organization

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.

Initiatives for the achievement of ESG and SDGs



Response to key sustainability challenges

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.



GMO Pepabo, Inc.
Stock code: 3633



Questions and answers

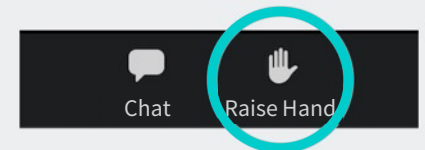
- (1) Click the **Raise Hand** button below the Zoom screen.

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)

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

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

Consolidated Balance Sheet

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

* Cash and deposits include deposits paid to subsidiaries and associates.

Statement of Cash Flows

(Million yen)	FY2020	FY2021
Operating cash flow	1,253	669
Investing cash flow	-5	-278
Financing cash flow	-78	-392
Increase (decrease) in cash and cash equivalents	1,168	-1
Balance of cash and cash equivalents	3,622	3,620

Company Profile

Corporate Philosophy Make it more playful

Mission Using the Internet to deliver new possibilities

Established January 10, 2003

Share capital 262.22 million yen

Representative Director
and CEO Kentaro Sato

Head office Cerulean Tower, 26-1 Sakuragaoka-cho, Shibuya-ku, Tokyo

Branch Tenjin Prime, 2-7-21 Tenjin, Chuo-ku, Fukuoka, Fukuoka Prefecture

Office Dai-2 NT Building 3-1 Uearatacho, Kagoshima, Kagoshima Prefecture

Subsidiaries GMO Creators Network, Inc.
GMO Pepabo Guardian, Inc.

Number of employees 462 (367 full-time employees, 95 temporary employees)
(consolidated)

(As of December 31, 2021)

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.

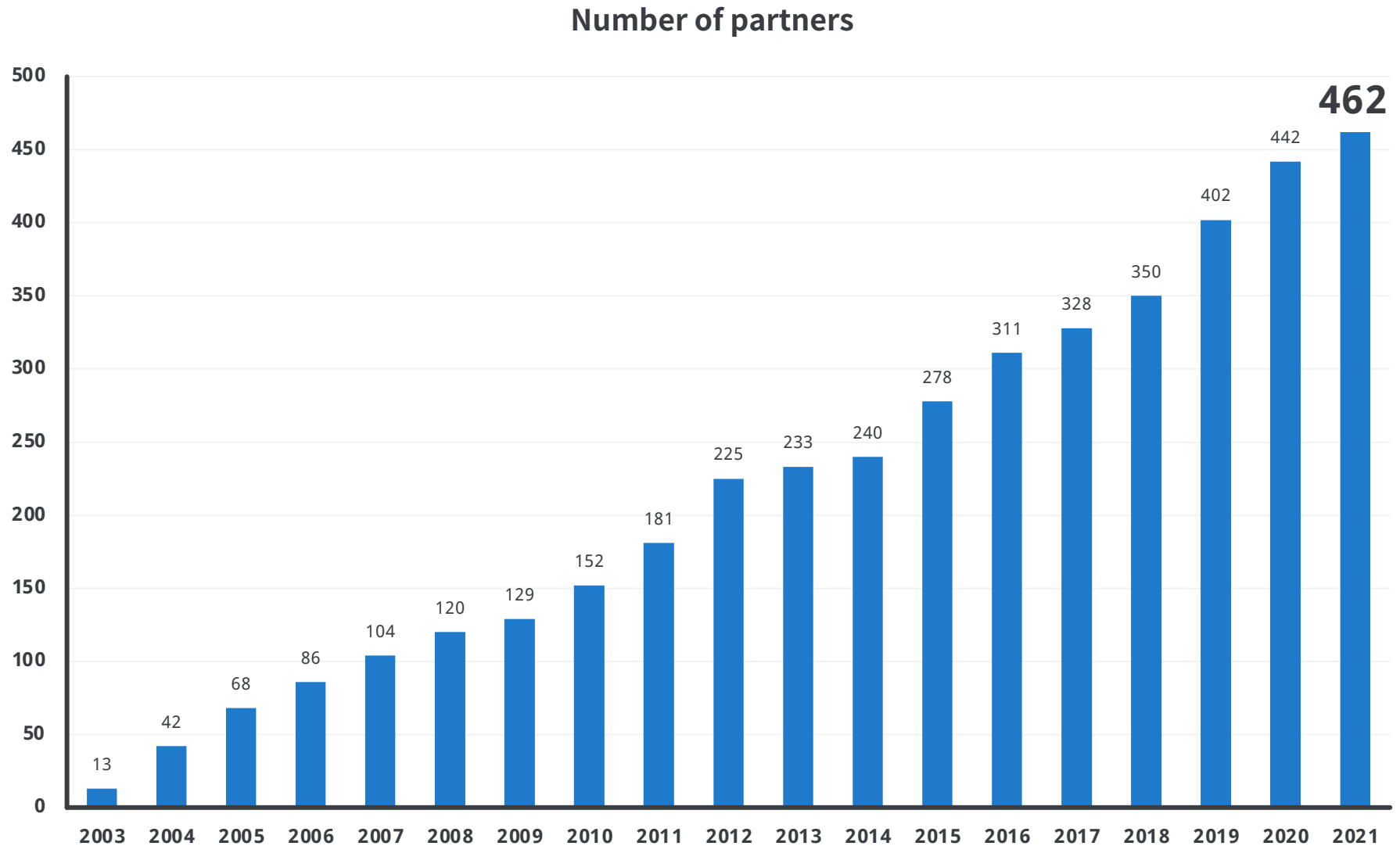
Using the Internet to deliver new possibilities

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.

- 
- 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



Lolipop!

One of Japan's largest rental server services

Usage fee: A monthly fee of 99 yen or more

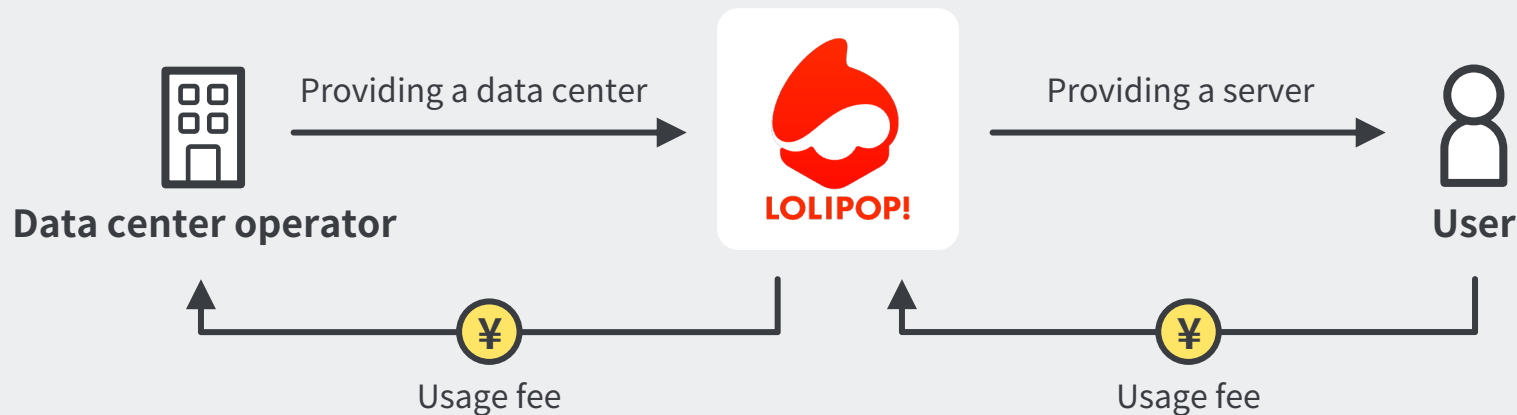
Number of contracts: 0.42 million

Main users: Individuals and small and medium-sized corporations

(As of December 31, 2021)



Business model



MuuMuu Domain

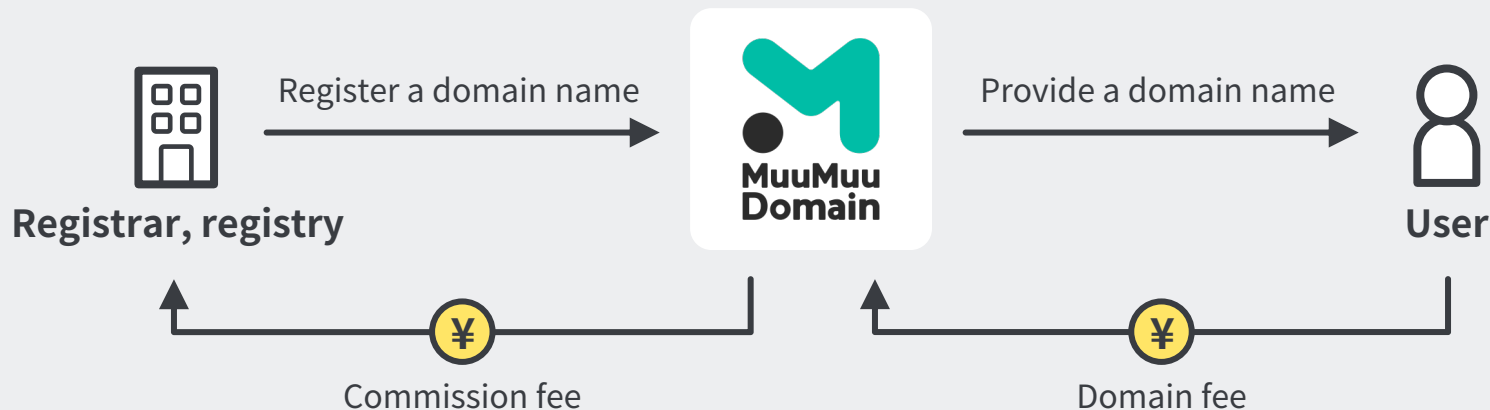
Domain name acquisition agency

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)



Business model



Color Me Shop

Creation of online shops

Usage fee: A monthly fee of 0 yen or more

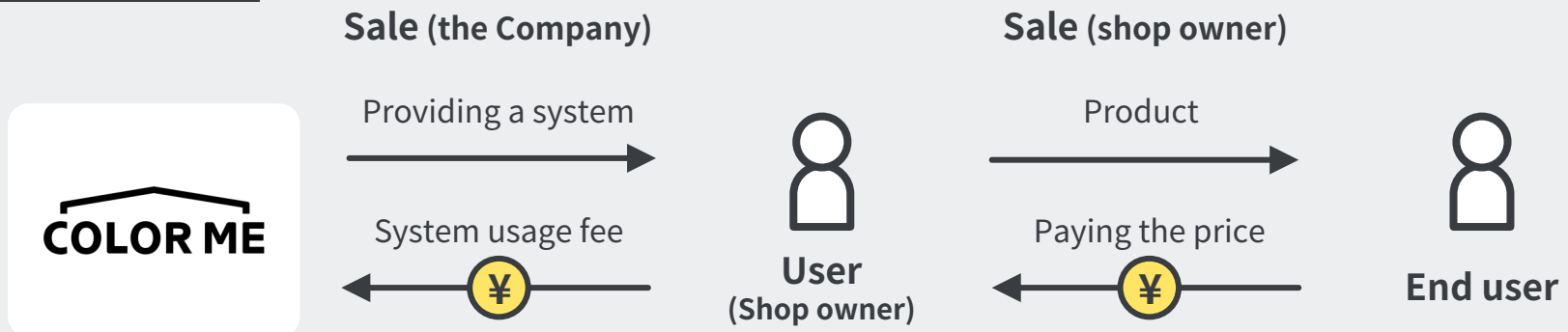
Number of contracts: 46,000

Main users: Private stores, small and medium-sized stores

(As of December 31, 2021)



Business model



SUZURI

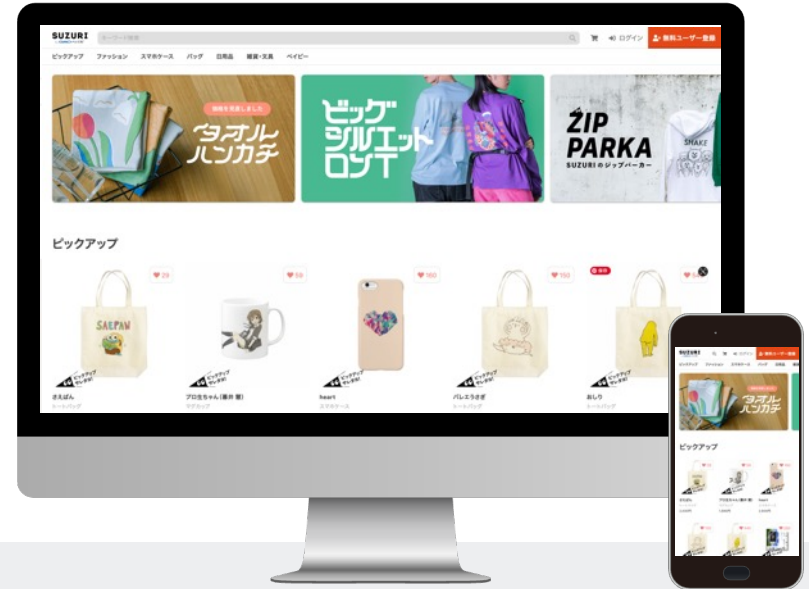
Creation and sale of original goods

Annual gross merchandise value: 3.2 billion yen (2021 result)

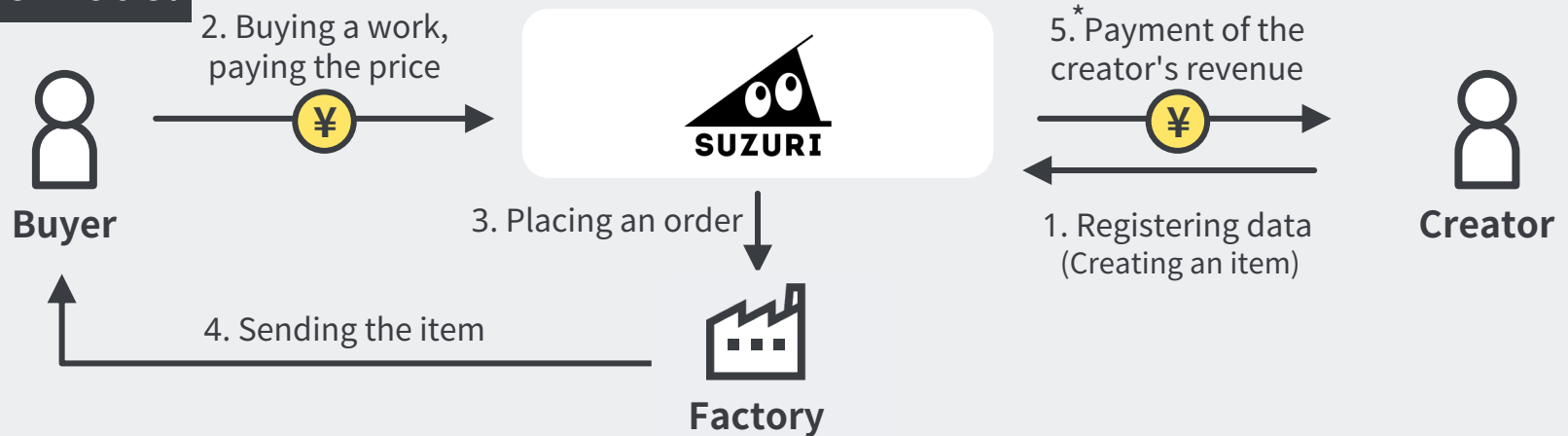
Number of creators: 0.56 million

Number of members: 1.06 million

(As of December 31, 2021)



Business model



* Revenue that the creator sets = Sales price of the work minus sales at the Company

minne

One of Japan's largest
handmade products markets

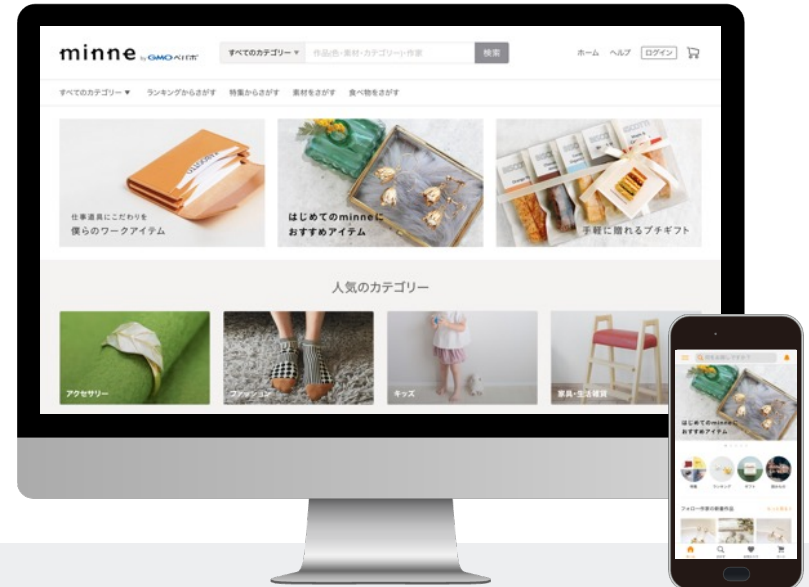
Annual gross merchandise value: 15.15 billion yen (2021 result)

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



FREENANCE

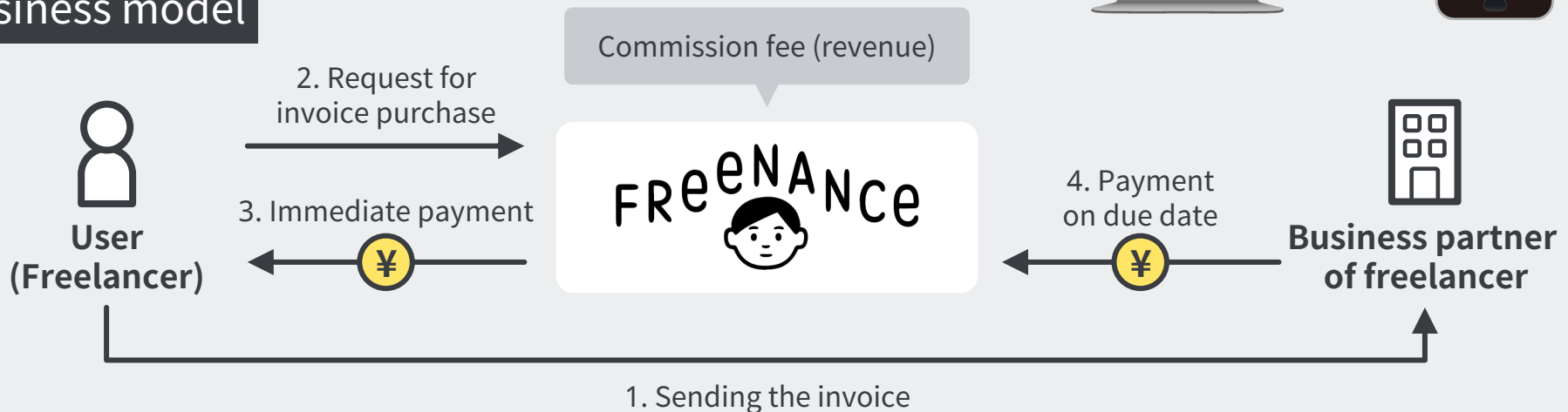
Support sole proprietors' business activities by providing immediate payment (factoring) and liability insurance.

- 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)

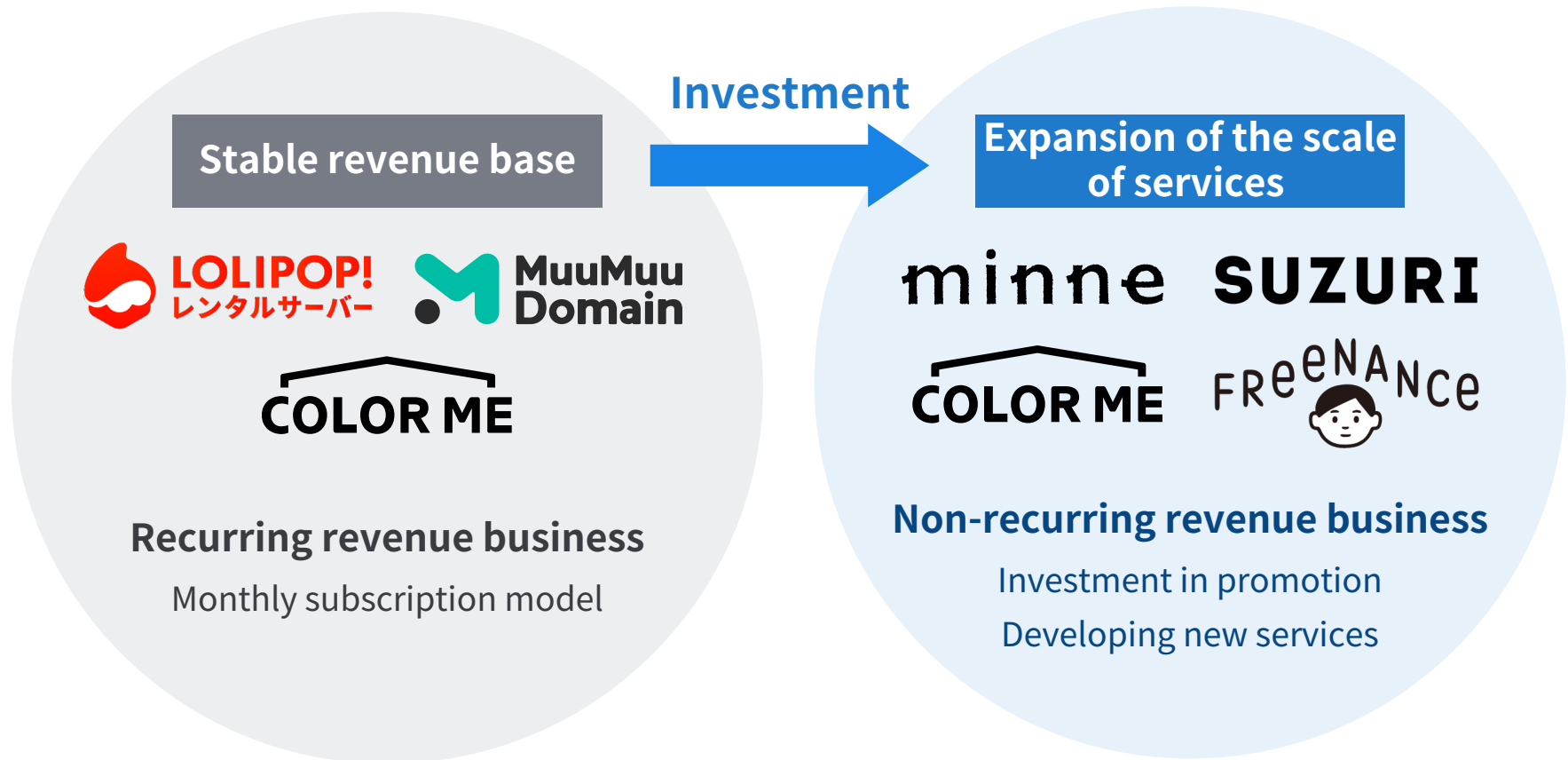


Business model



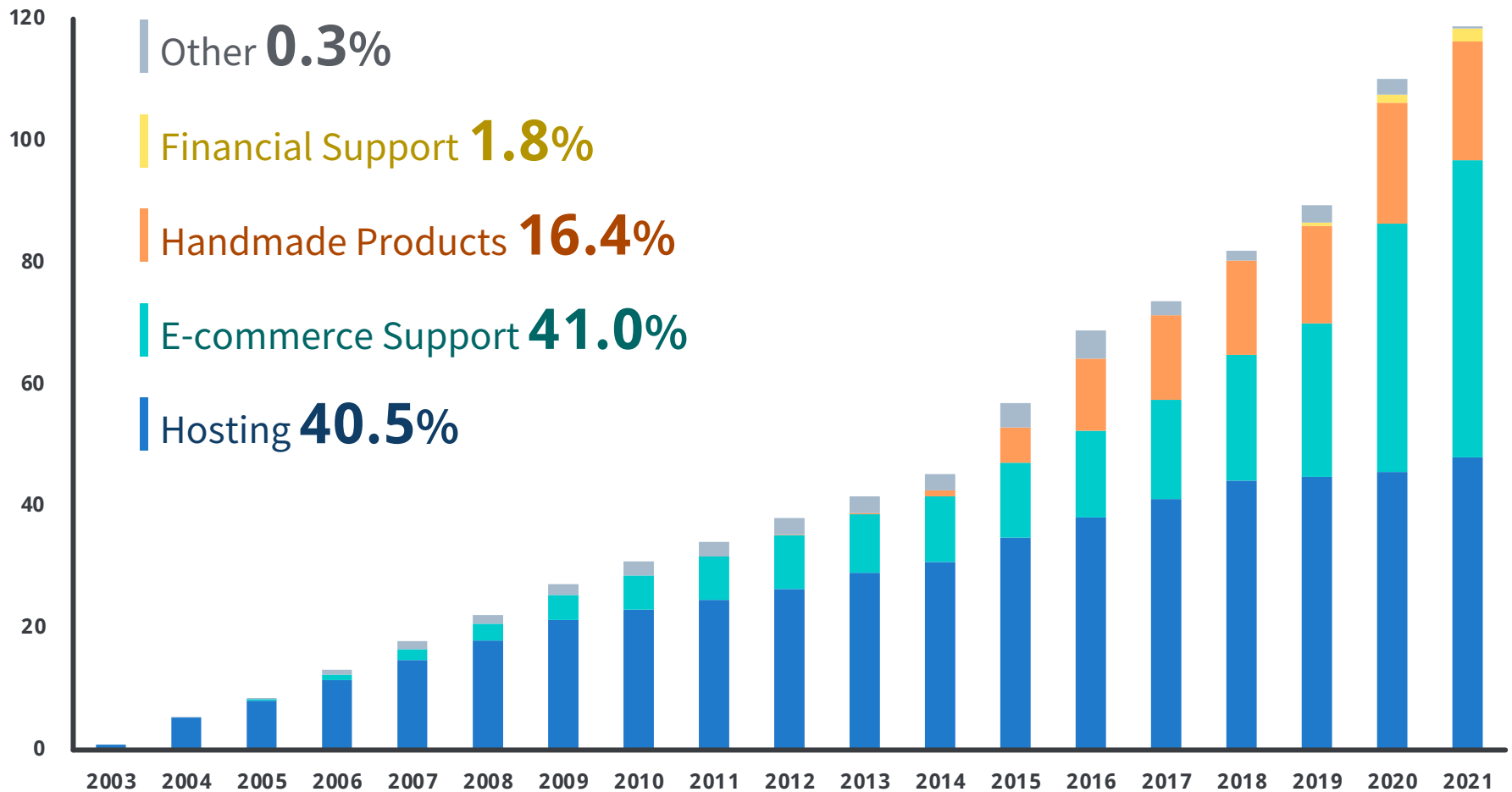
(from Recurring Revenue Business to Non-Recurring Business)

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.



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.

(100 million yen)



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/>

Dividends

	2019	2020	2021	2022 (Forecast)
Annual dividends per share (yen)	65.00	81.00	68.00	74.00
Payout ratio (%)	62.4	50.9	50.3	50.0

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


- 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.
- We own all rights to this material. We ask you not to copy or reprint it without permission, regardless of method or purpose.


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