



## **GMO Pepabo, Inc.**

Fiscal Year 2022 2nd Quarter Results Presentation

August 4, 2022

## Event Summary

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[Company Name]	GMO Pepabo, Inc.	
[Company ID]	3633-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Fiscal Year 2022 2nd Quarter Results Presentation	
[Fiscal Period]	FY2022 Q2	
[Date]	August 4, 2022	
[Number of Pages]	38	
[Time]	16:45 – 17:10 (Total: 25 minutes, Presentation: 16 minutes, Q&A: 9 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	2	
	Kentaro Sato	CEO and President
	Yoshito Igashima	Executive Director and CFO

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## Presentation

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**Moderator:** Thank you very much for joining the financial results briefing of GMO Pepabo, Inc. for Q2 of the fiscal year ending December 31, 2022. I would now like to introduce today's attendees. Kentaro Sato, CEO and President.

**Sato:** I'm Sato. Thank you for joining us.

**Moderator:** And Yoshito Igashima, Executive Director and CFO.

**Igashima:** Thank you for joining us.

**Moderator:** These two executives are joining us today. Sato will now provide an overview of our financial results. Sato, please.

**Sato:** I am Sato, the President. Thank you for taking time out of your busy schedule to join us today. We will begin our financial results briefing for Q2 of the fiscal year ending December 31, 2022.

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ホスティング事業が好調を維持するも  
フロー収益が伸び悩み

## 前年同期比で増収 減益

物販ECの成長が減速、今後の非物販ECへの取り組みが課題

- ホスティング事業と金融支援事業が堅調
- SUZURIのTVCM実施に伴い、プロモーション費用が増加  
一部アイテムの出荷が第3四半期に期ズレ、今後の拡販に注力

1

In Q2 of the fiscal year ending December 31, 2022, sales increased and profits decreased YoY. The hosting business was strong, but flow revenue from SUZURI and minne was sluggish. In addition, SUZURI has increased expenses due to enhanced promotion through TV commercials. In the current fiscal year, we feel that the growth of EC for goods has slowed down more than we expected, and from H2 of the fiscal year onward, we think that a review of our portfolio, including efforts in EC for non-goods, i.e. for services, is on the horizon.

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## AGENDA

- 2022年12月期2Q 決算概況 3 ページ
- 2022年12月期2Qの進捗と今後の施策 27 ページ

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Here is the agenda for this meeting. Please refer to the Company profile and other reference materials in the latter half of the document when you have time.

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新収益適用後の売上高は前年同期比 103.5%、  
営業利益はSUZURIのプロモーション強化により前年同期比 54.8%

(百万円)	適用前	新収益 適用後		増減額	前年同期比
	2021年12月期 (2Q累計)	2021年12月期 (2Q累計) ※	2022年12月期 (2Q累計)		
売上高	5,950	4,936	5,106	+170	103.5%
営業利益	459	453	248	△204	54.8%
営業利益率 (%)	7.7	9.2	4.9	—	—
経常利益	470	465	258	△206	55.6%
親会社株主に帰属する 四半期純利益	362	356	182	△173	51.3%

※「収益認識に関する会計基準」（企業会計基準第29号 2020年3月31日）等を第1四半期連結会計期間の期首から適用しており、2021年12月期に係る各数値については、当該会計基準等を遡って適用した後の未監査の数値となっております。

4

First, here is a summary of the financial results for Q2 of the fiscal year ending December 31, 2022. Consolidated results for Q2 are as shown.

Starting from this fiscal year, we've applied the new revenue recognition accounting standard, referred to hereafter as the new standard. Since the impact of this change on net sales is particularly big, the figures for the previous year are replaced by those obtained using the new standard.

Net sales for Q2 of FY2022 were JPY5.106 billion, or 103.5% of the sales from the same period last year. Operating profit was JPY248 million, 54.8% of last year's result for the same period. Ordinary profit and net profit are as shown.

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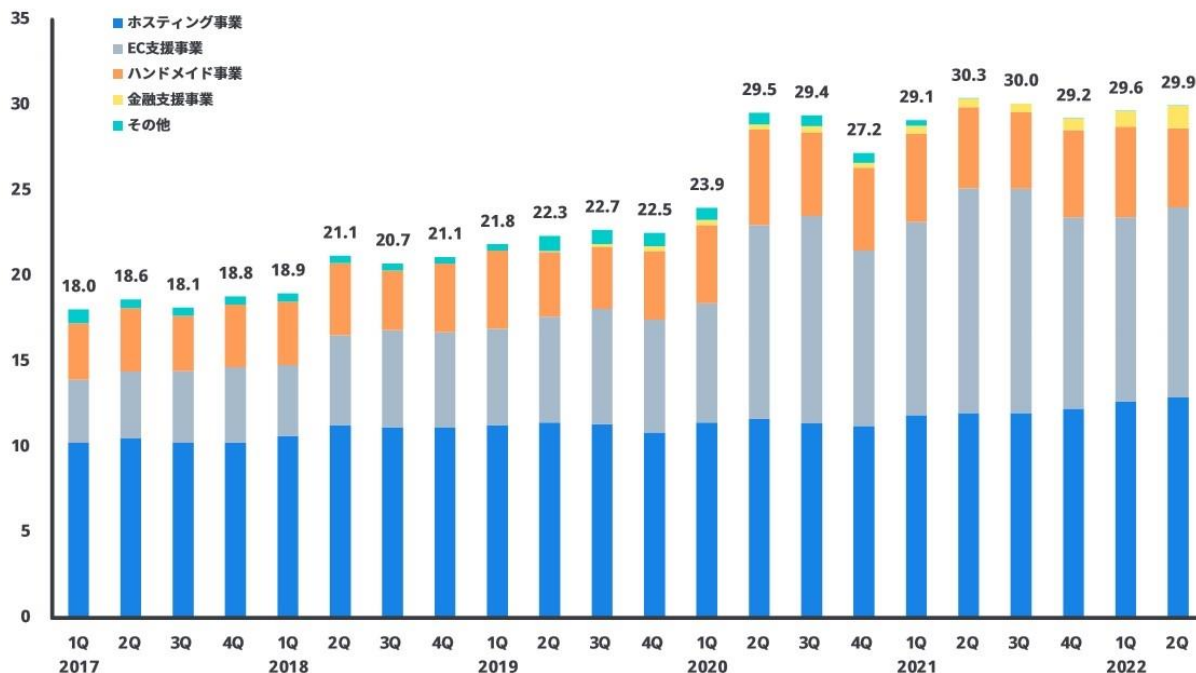
  
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## 四半期売上高推移 (収益認識基準等の適用前での比較)

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※売上高の長期推移については新収益適用前との比較が困難となることから、収益認識会計基準等の適用前での数値比較となります

(億円)



5

Quarterly sales figures for the year 2022 are indicated using the old standard to facilitate the understanding of the long-term trend.

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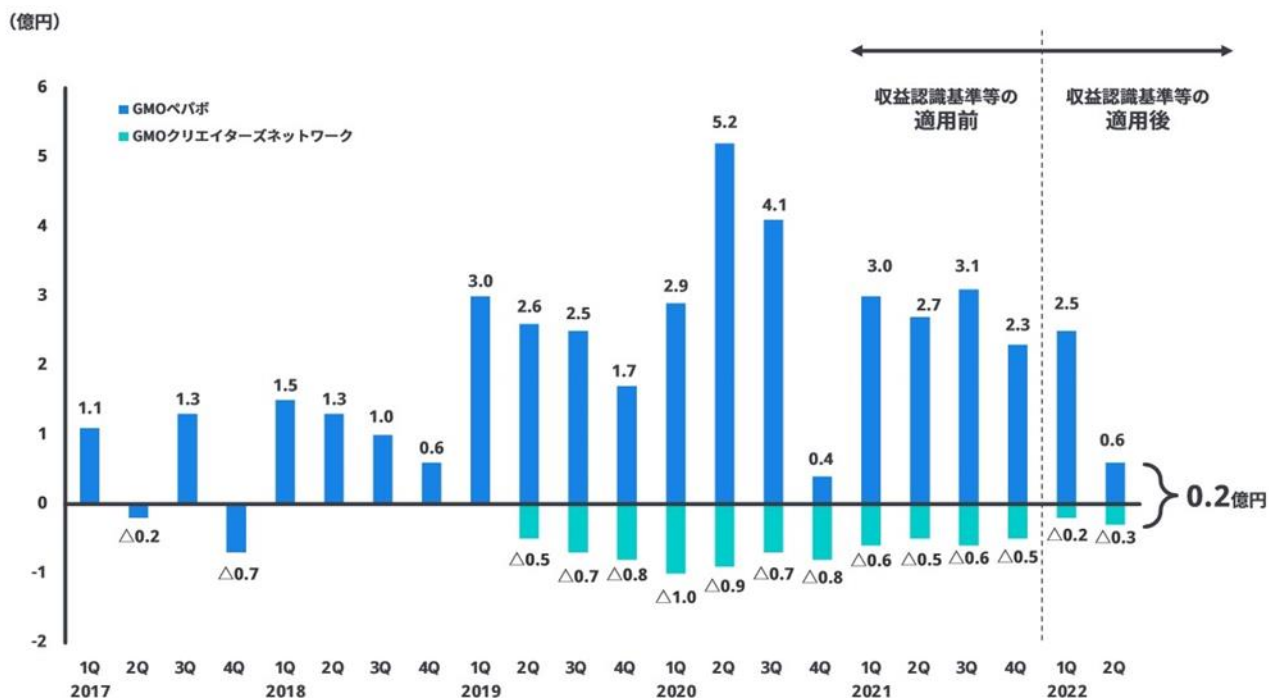
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## 四半期営業利益推移

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※営業利益の長期推移については影響が軽微であることから、2022年1Qより収益認識会計基準等の適用後の数値比較となります



6

Operating income figures for 2022 are stated after application of the new standard, since its impact on operating income is minor. Operating profit decreased YoY due to expenses incurred with the increased promotion of SUZURI.

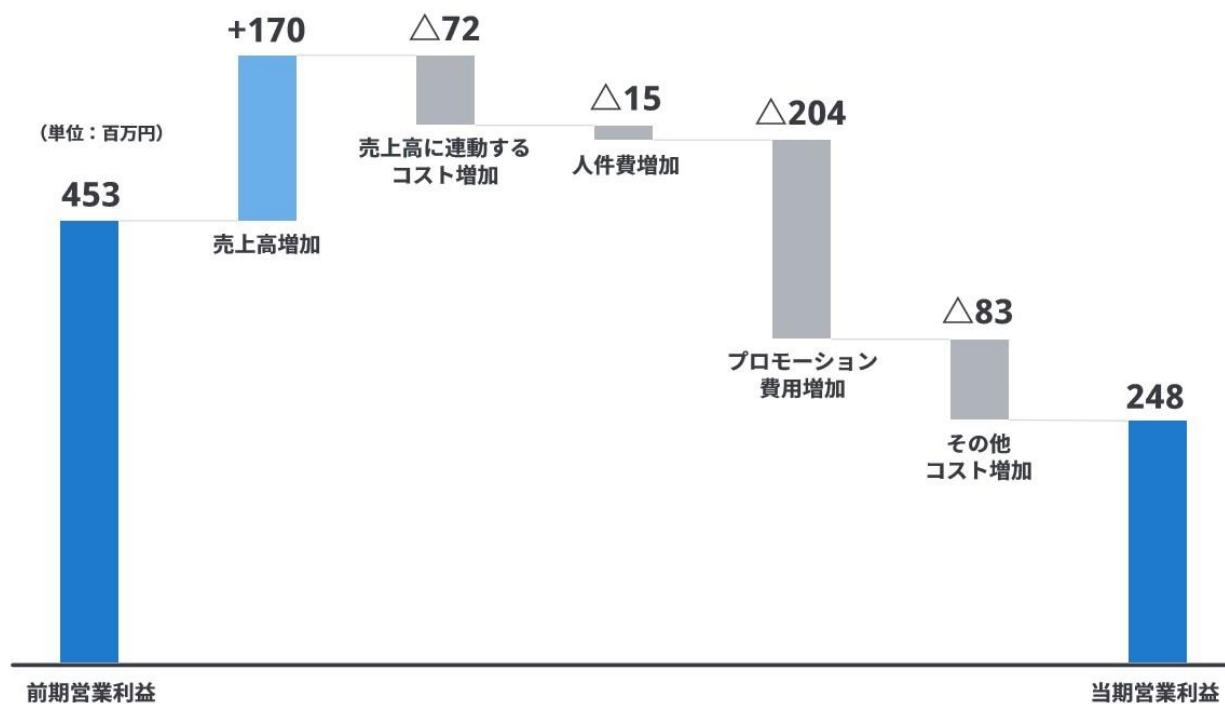
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An analysis of the evolution of operating profit shows that it went from JPY453 million in Q2 of last year to JPY248 million this quarter, a YoY decrease of JPY205 million. The increase in promotional expenses stands out particularly.

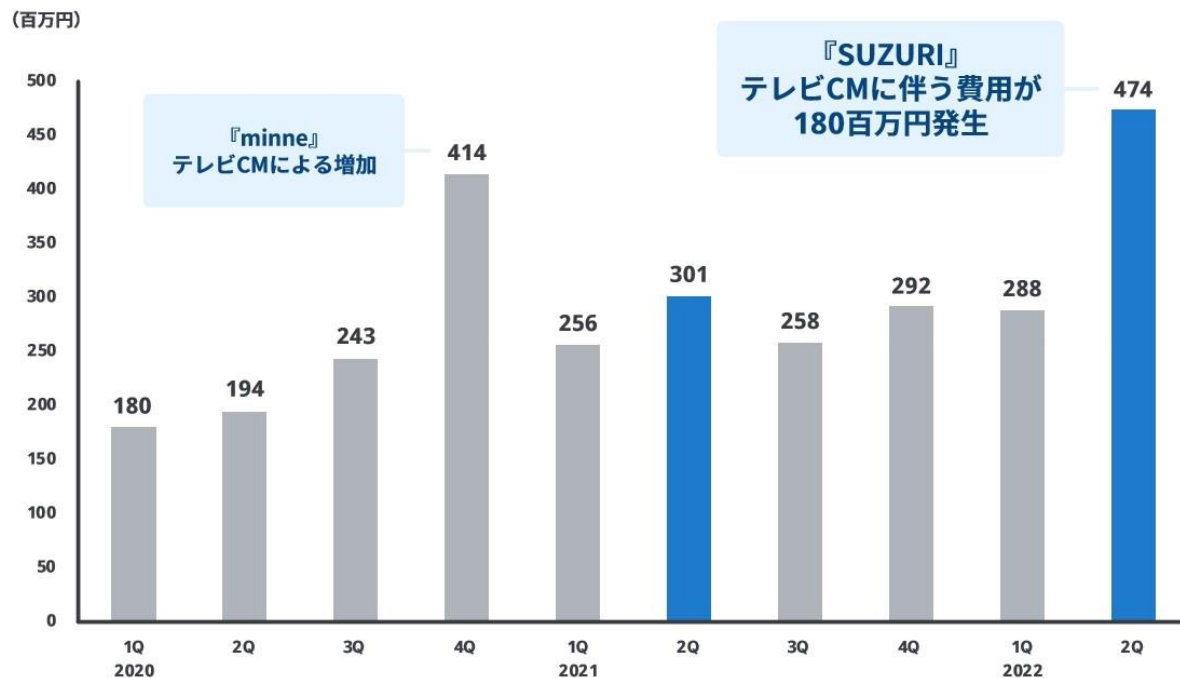
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SUZURI テレビCMの実施に伴いプロモーション費用が前年同期比で増加



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As for the breakdown of promotional expenses, expenses increased YoY due to the airing of TV commercials to coincide with SUZURI's T-shirt sale. The cost associated with these TV commercials is approximately JPY180 million.

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SUZURI Tシャツセールシーズンに合わせて（6/11～6/19）テレビCM 放映を  
関東・関西で実施、SNSでの言及数が増加



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Regarding the SUZURI promotion, TV commercials were aired in the Kanto and Kansai regions from June 11 to June 19, during the T-shirt sale. Over this period, we saw an increase in the number of mentions of SUZURI on social media, and 24,000 new users registered for SUZURI, resulting in a YoY increase in membership registrations. In Q3 and beyond, we will continue to focus on expanding sales by encouraging repeat purchases from these new members.

In addition, we received orders from many users for this T-shirt sale, but please note that some items have been delayed to Q3 of the year.

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上位プランの新規契約比率の増加や価格改定の効果により堅調に推移		
ホスティング	売上高：	2,520百万円（107.8%）
	営業利益：	851百万円（124.0%）
SUZURIのTVCM実施に伴う費用が増加、一部出荷が第3四半期に期ズレ		
EC支援	売上高：	1,506百万円（92.7%）
	営業利益：	254百万円（44.7%）
累計流通額が過去最高を更新。プロモーション等の費用が増加		
ハンドメイド	売上高：	859百万円（101.5%）
	営業利益：	67百万円（47.9%）
提携企業・請求書買取額が大幅に増加		
金融支援	売上高：	219百万円（234.5%）
	営業利益：	△15百万円（58百万円増）

※（ ）内は前年同期比

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10

These are our results by segment.

In the hosting business, the overall business remained strong due to an increase in the ratio of contracts for high-end plans and to the price revisions made in the previous fiscal year. In the e-commerce support business, there was an increase in expenses associated with TV commercials for SUZURI. In the handmade products business, quarterly distribution reached a record high, but promotion expenses increased. As for the financial support business, the amount of purchases of invoices increased and operating profit improved significantly from the previous year.

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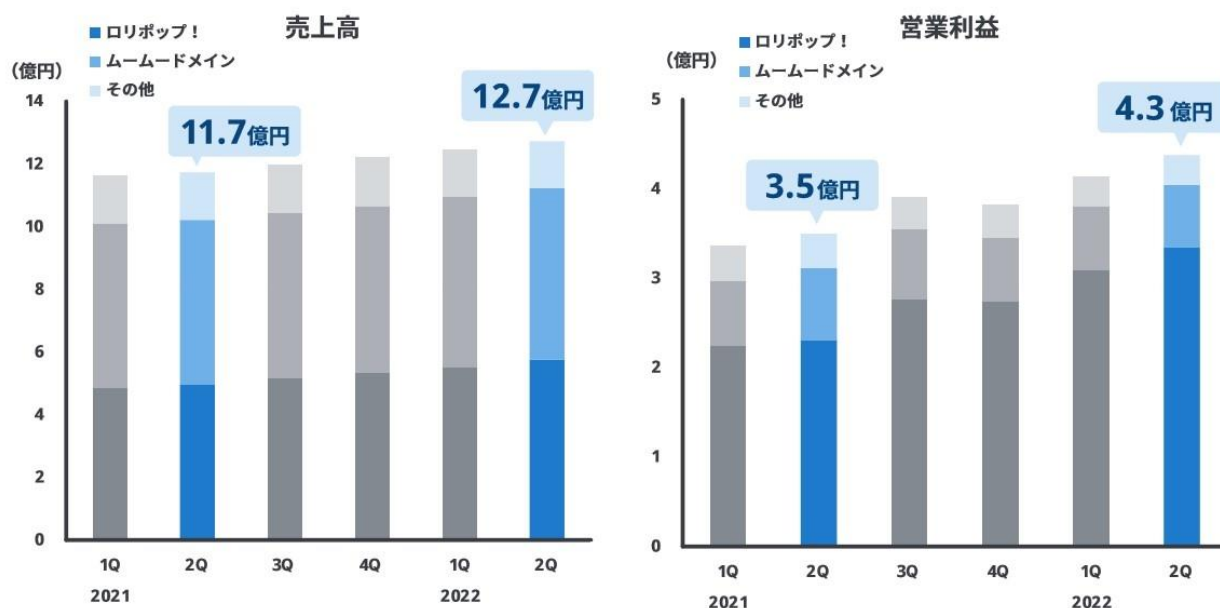
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累計期間

売上高： 2,520百万円 (前年同期比 107.8%)

営業利益： 851百万円 (前年同期比 124.0%)



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I will now focus on each segment. To facilitate comparisons by segment, we will continue to apply the new standard to the previous year's figures.

Let's start with the hosting business. Net sales were JPY2.52 million, or 107.8% of the previous year's level for the same period. Operating income was JPY851 million, or 124% of the previous year's level.

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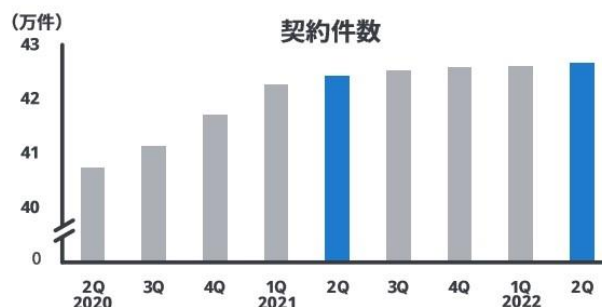
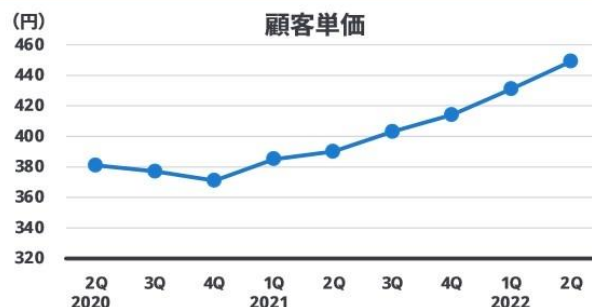
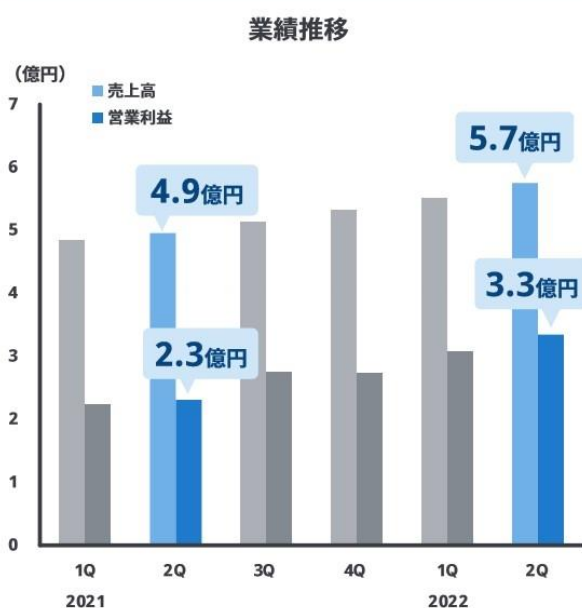
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累計期間

売上高：1,126百万円（前年同期比 114.9%）

営業利益：643百万円（前年同期比 141.4%）



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13

Rental server service Lollipop! posted net sales of JPY1.126 billion and an operating profit of JPY643 million. Both the number of contracts and the spending per customer have increased.

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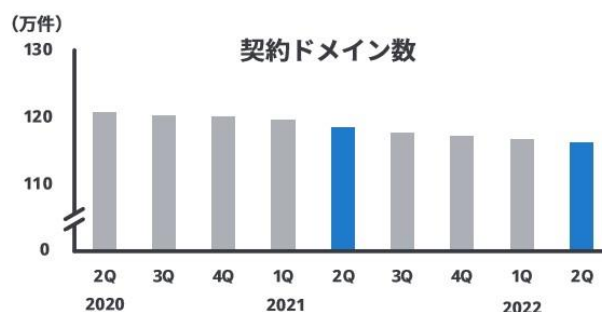
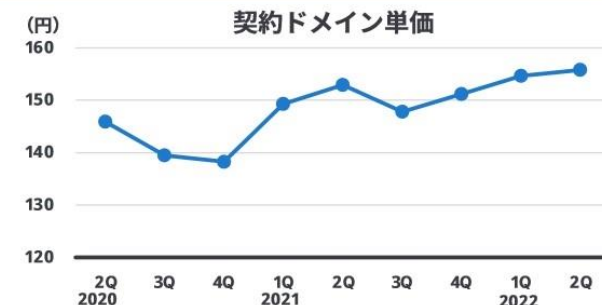
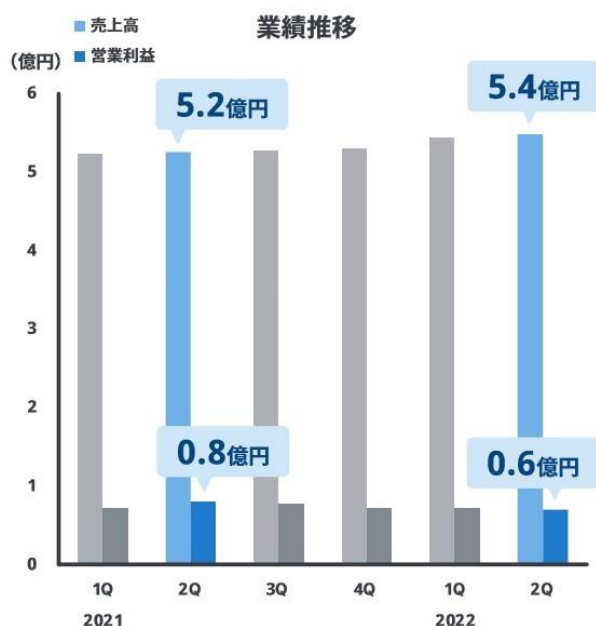
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累計期間

売上高：1,092百万円（前年同期比 104.2%）

営業利益：141百万円（前年同期比 92.8%）



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14

Next is our domain acquisition service, MuuMuu domain.

MuuMuu domain posted net sales of JPY1.092 billion and an operating profit of JPY141 million. Unit price at the time of contract renewal and domain renewal rate stayed at a high level, resulting in an increase in the average spending per customer. On the other hand, the cost of purchasing domains has increased due to the impact of foreign exchange rates.

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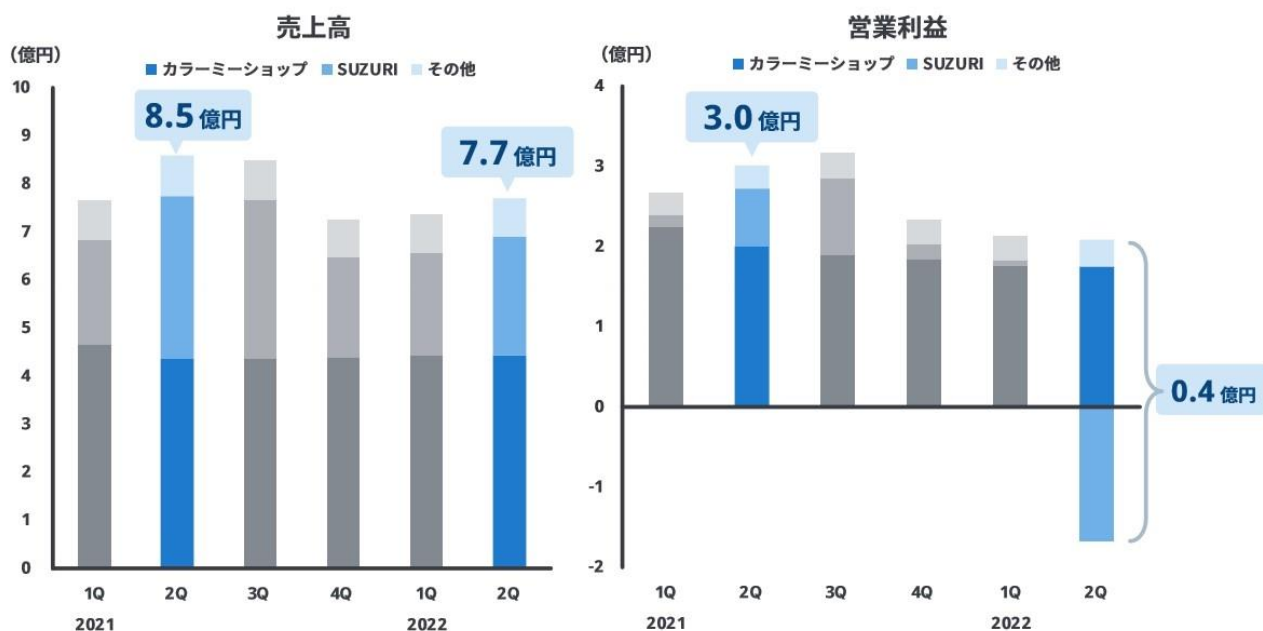
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累計期間 売上高： **1,506**百万円 (前年同期比 **92.7%**)  
 営業利益： **254**百万円 (前年同期比 **44.7%**)



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Next is the e-commerce support business.

Net sales reached JPY1.506 billion, or 92.7% of the previous year's level. Operating profit was JPY254 million, or 44.7% of the previous year's level. Operating profit decreased YoY due to higher promotion costs as a result of SUZURI's TV commercials.

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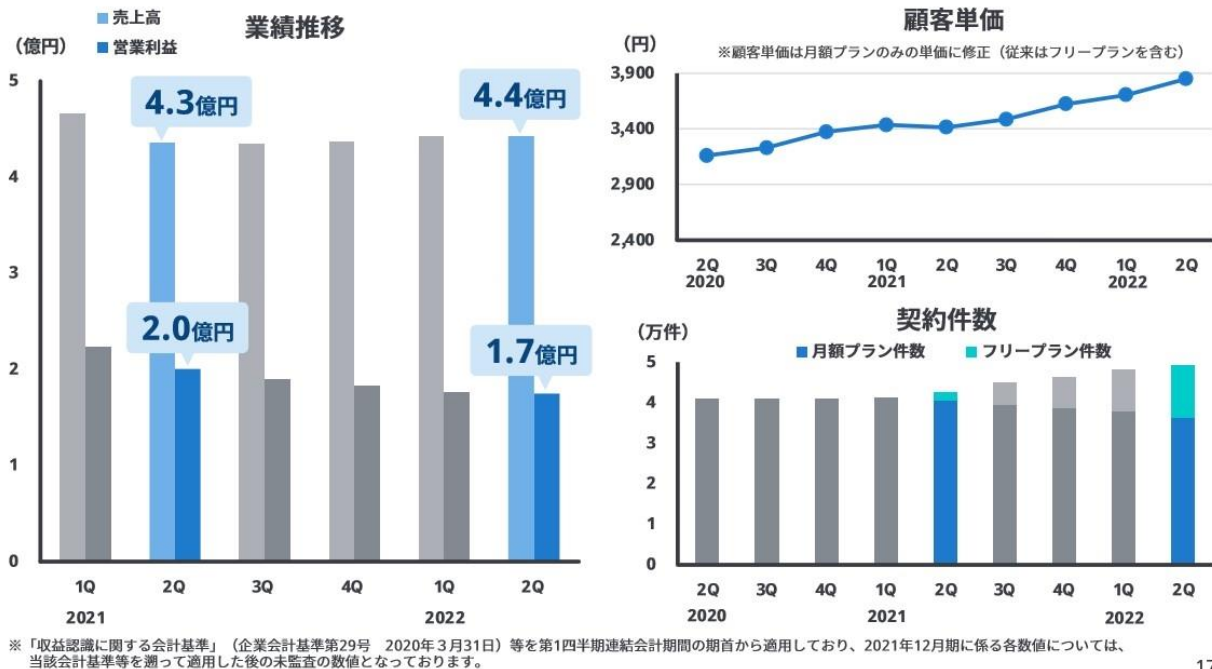
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累計期間	売上高：	884百万円（前年同期比 98.1%）
	営業利益：	351百万円（前年同期比 82.8%）



17

The online store creation service Color Me Shop posted net sales of JPY884 million and an operating profit of JPY351 million. Sales basically remained flat.

However, offline, we saw a decline in the operating profit due to the holding of the first Color Me Shop awards ceremony in three years, as well as higher operating expenses from infrastructure improvements. The overall number of contracts for Color Me Shop continued to increase with the introduction of the free plan. In addition, spending per customer increased following price revisions for monthly plans implemented in April.

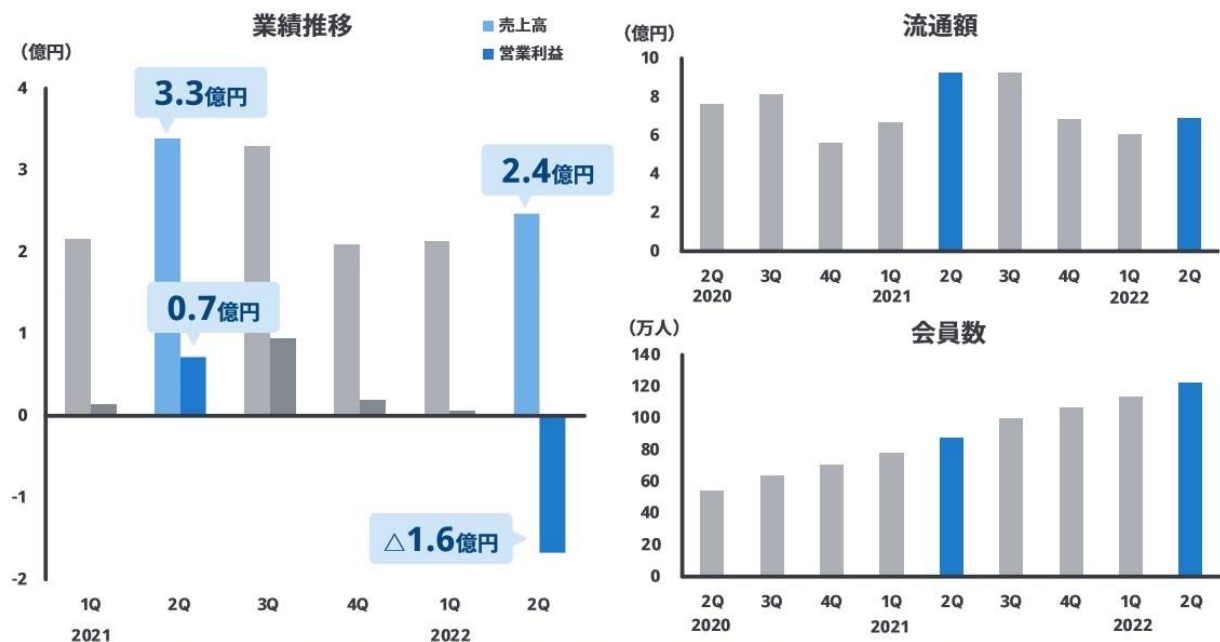
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累計期間 売上高: **460百万円** (前年同期比 **83.0%**)  
 営業利益: **△161百万円** (前年同期比 **239百万円減**)



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Next, there is SUZURI, a service to create and sell original goods.

SUZURI's net sales were JPY460 million, and the operating loss was JPY161 million. Net sales decreased YoY as gross merchandise value did not reach expectations. Profits were significantly impacted by the increase in promotional expenses due to the launch of TV commercials.

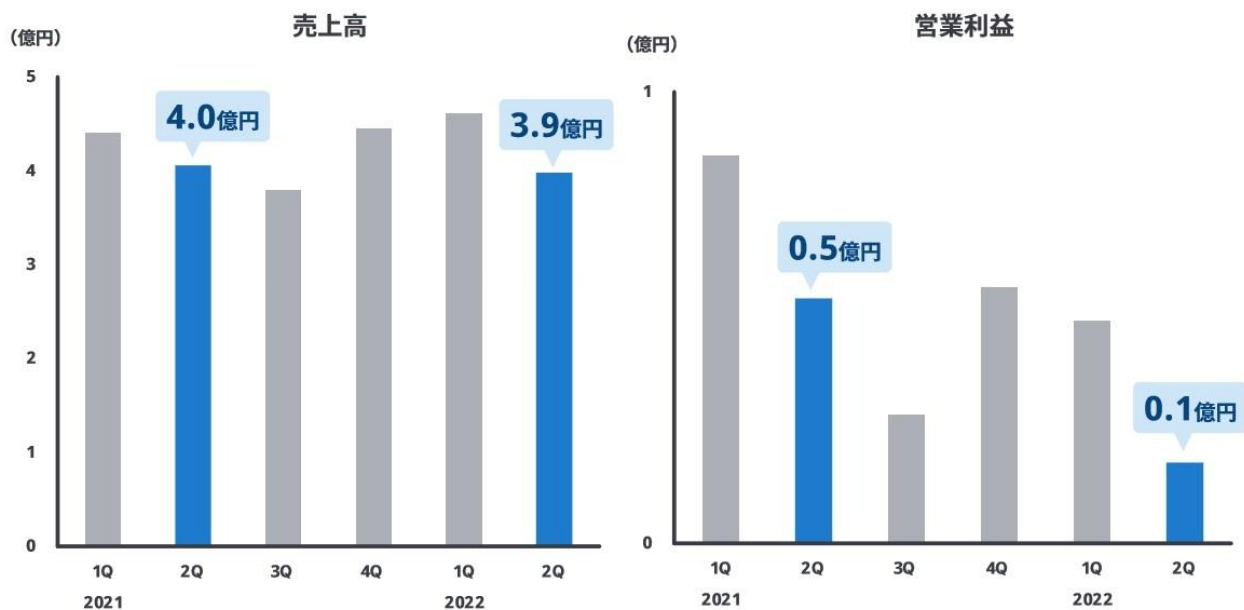
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累計期間	売上高：	859百万円 (前年同期比 101.5%)
	営業利益：	67百万円 (前年同期比 47.9%)



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20

Let's move on to the handmade products business with minne.

Sales of minne amounted to JPY859 million, or 101.5% of the previous year's level, and operating profit was JPY67 million, or 47.9% of the previous year's level. Promotional expenses increased due to a discount campaign to encourage purchases from users.

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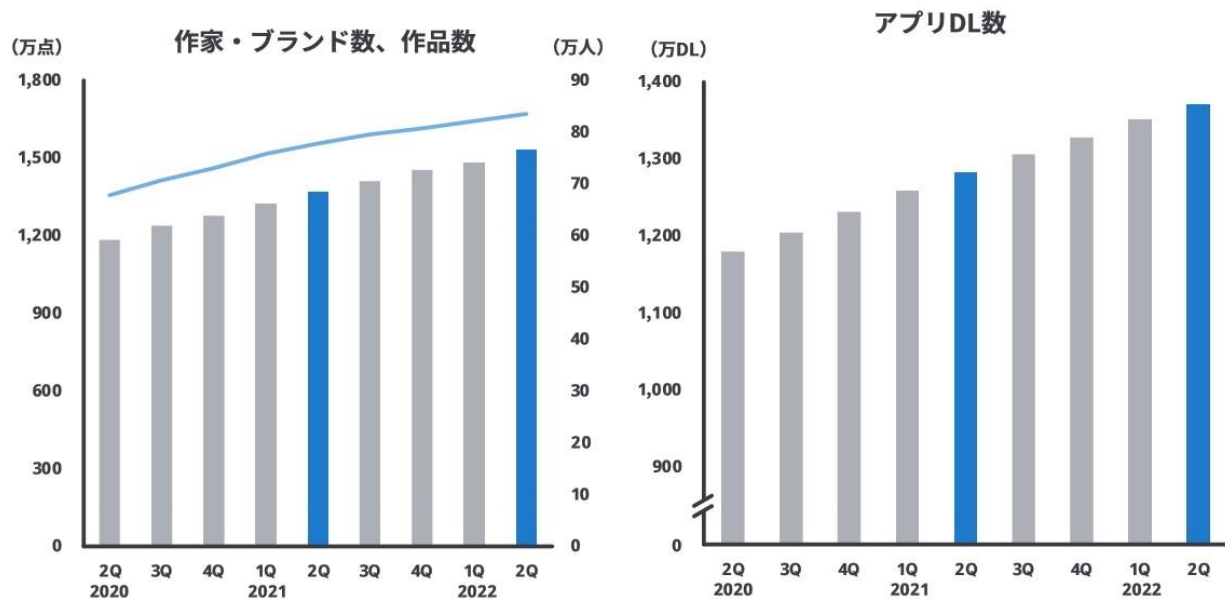
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作家・ブランド数 : **83万人** (前年同期比 **107.4%**)  
 作品数 : **1,531万点** (前年同期比 **111.8%**)  
 アプリDL数 : **1,371万DL** (前年同期比 **106.9%**)



21

As for minne's KPIs, the number of creators and brands reached 830,000, the number of works reached 15.31 million, and the number of app downloads is now 13.71 million.

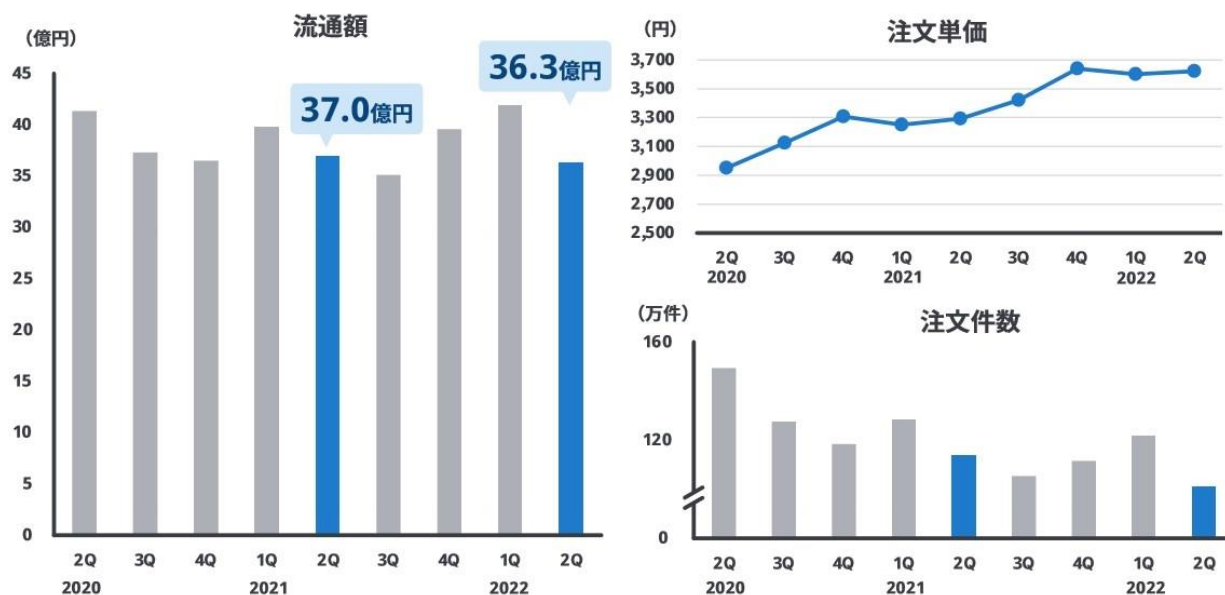
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累計期間	流通額：	78.2億円	(前年同期比 101.9%)
	注文単価：	3,622 円	(前年同期比 110.1%)
	注文件数：	222.9万件	(前年同期比 92.0%)



※商品の配送料、キャンセル分は除く発送済みの作品価格（オプション価格含む）の合計（税抜）

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In Q2, gross merchandise value was affected by changes in consumer behavior and decreased YoY to JPY3.63 billion. Nonetheless, due to a strong Q1, the cumulative gross merchandise value for Q2 reached a record high of JPY7.82 billion.

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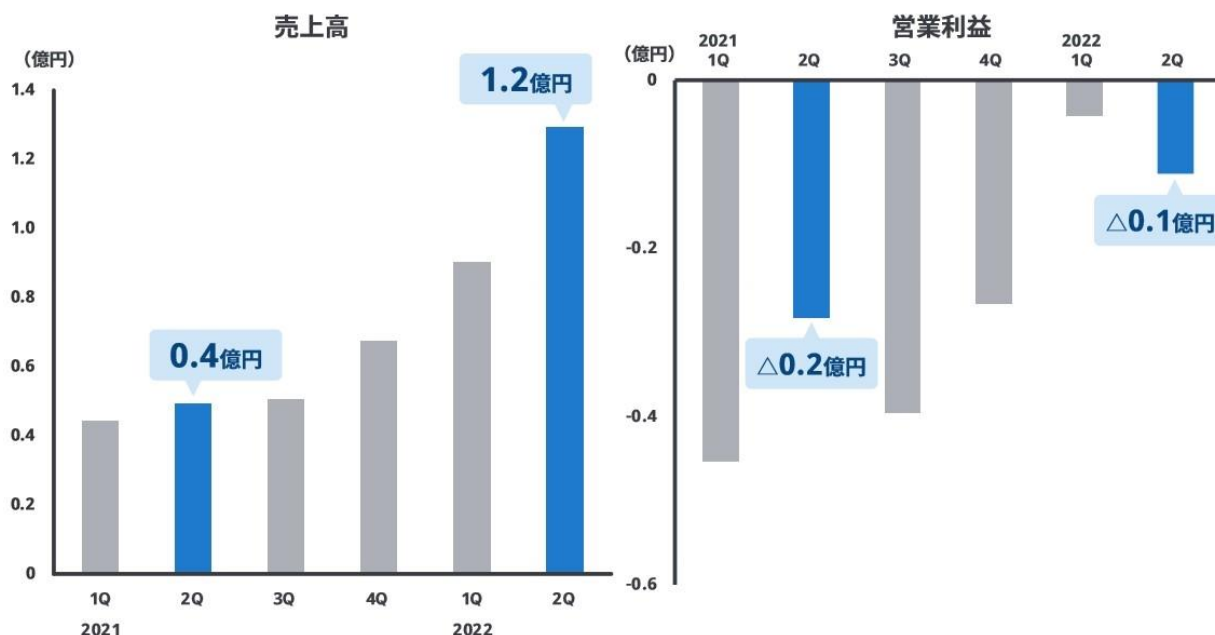
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累計期間

売上高： **219**百万円 (前年同期比 **234.5%**)  
 営業利益： **△15**百万円 (前年同期比 **58**百万円増)



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24

Next is the financial support business.

Net sales grew significantly to reach JPY219 million, 234.5% of the previous year's result. Operating loss was JPY15 million, a YoY improvement of JPY58 million.

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## 請求書買取総額

II

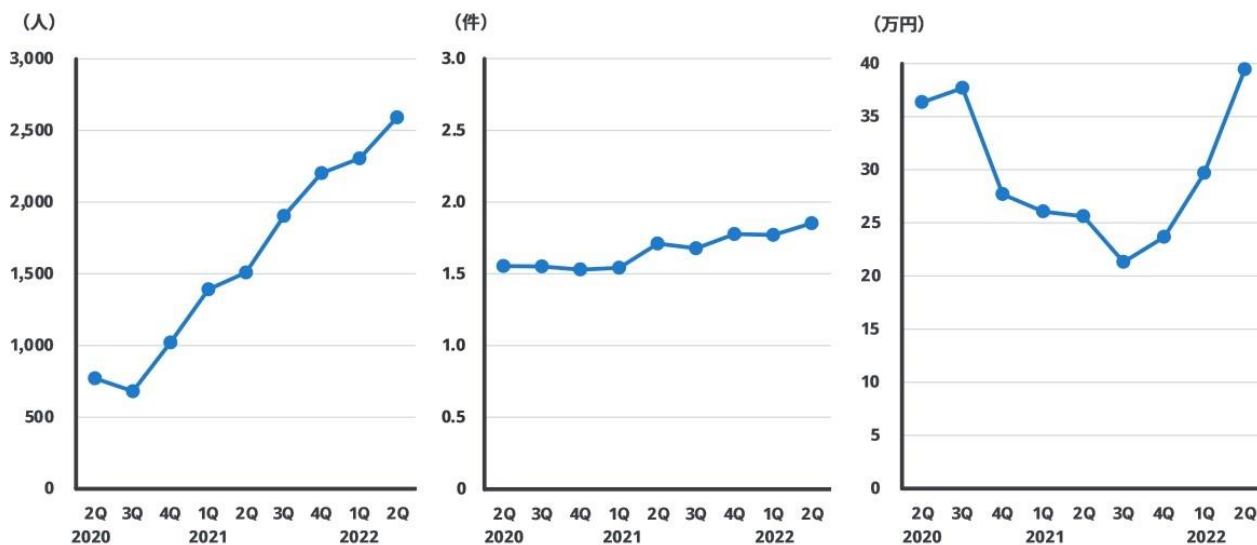
利用者数

×

一人あたり利用件数

×

平均買取単価



25

Regarding FREENANCE's KPI, the number of corporate partnerships is increasing, and the number of users is growing steadily accordingly. The average amount of purchases of invoices has also increased, due to an increase in the number of transactions with existing partners with high prices per order, and a rise in credit, which resulted in an increase in credit lines for our partners.

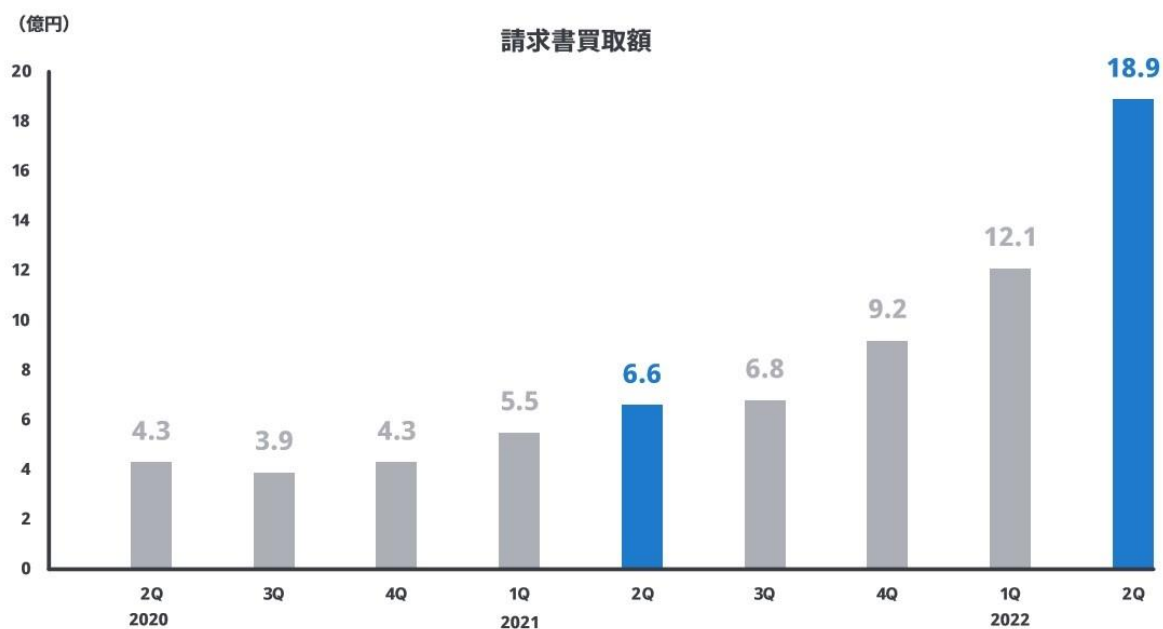
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利用者数は増加傾向にあり、請求書買取額も過去最高を更新



26

The amount of purchases of invoices in the quarter also increased, with JPY1.89 billion purchased in Q2 of FY2022, almost triple the amount purchased in the same period of the previous year. This concludes my explanation for each segment.

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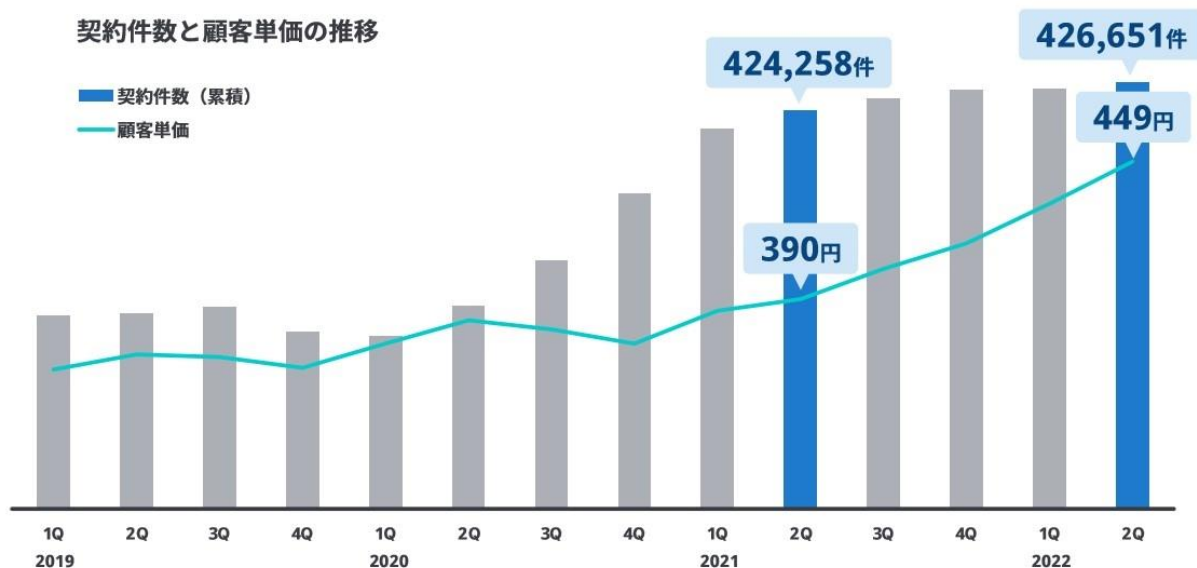
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ドメイン連携や更新率向上の施策効果により契約件数は若干の増加  
前年に実施した価格改定の効果を受け顧客単価は上昇傾向が継続



28

Next, I will explain the progress of our business performance for Q2 of the fiscal year ending December 31, 2022, and our future measures. Let's start with the hosting business.

Driving the strong performance of the hosting business, Lollipop! has seen a continuous increase in spending per customer, mainly due to the effect of price revisions implemented in the previous fiscal year. Simultaneous contracts with MuuMuu Domain and the introduction of the blog monetization and side business start pack also contributed to the increase in the number of contracts.

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ストック収益が中心の「ロリポップ!」「カラーミーショップ」はサービス品質向上やカスタマーサービスの継続的な取り組みにより、解約率は中長期的で改善

ロリポップ!の解約件数と解約率の推移



カラーミーショップの解約件数と解約率の推移



29

Stock revenue is the main source of revenue for Lollipop! and Color Me Shop, and their churn rates are improving in the medium to long term. We view positively the fact that churn rates have been lowered over the long term without being greatly affected by economic fluctuations, thanks to continuous efforts to improve customer service and the quality of the service itself. We hope to continue to control the churn rate in the future.

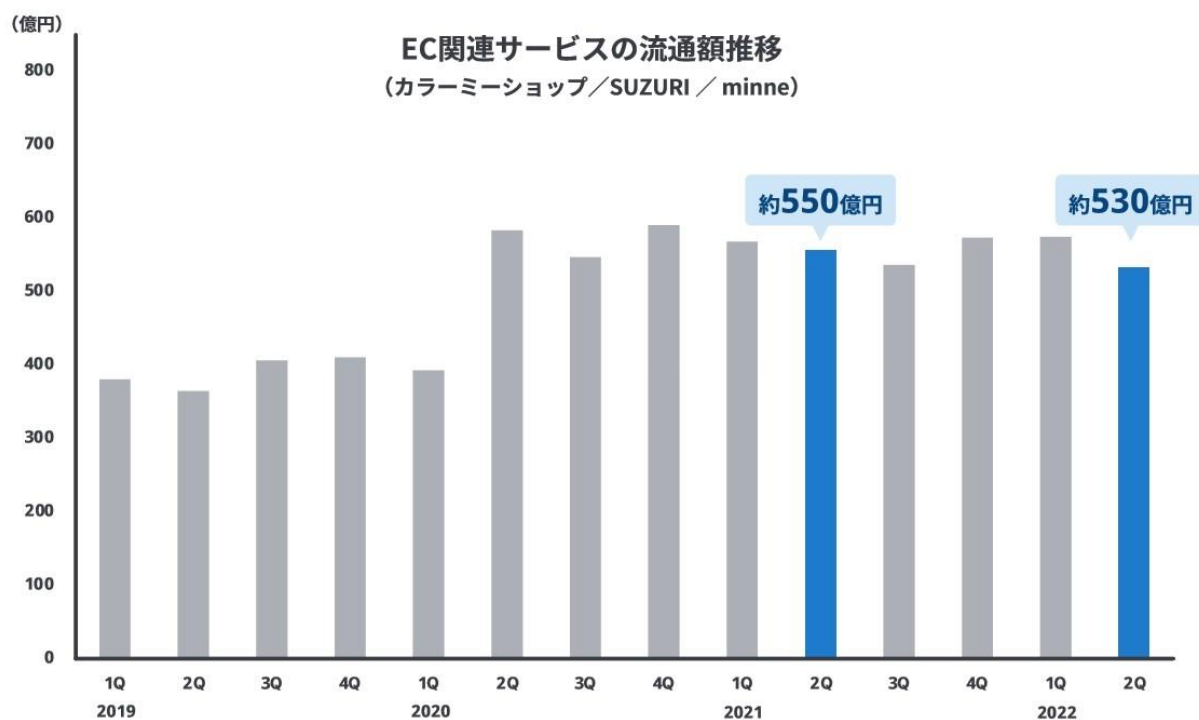
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## カラーミーショップ、SUZURI、minne 3サービスの合計流通額は横ばい



30

Next, EC-related services.

The total gross merchandise value of the three services, Color Me Shop, SUZURI, and minne, remained flat YoY. As other companies have already disclosed, we believe that the reason for the decline in the overall sales of our Color Me Shop is that gross merchandise value at existing stores is shrinking in line with changes in consumer behavior.

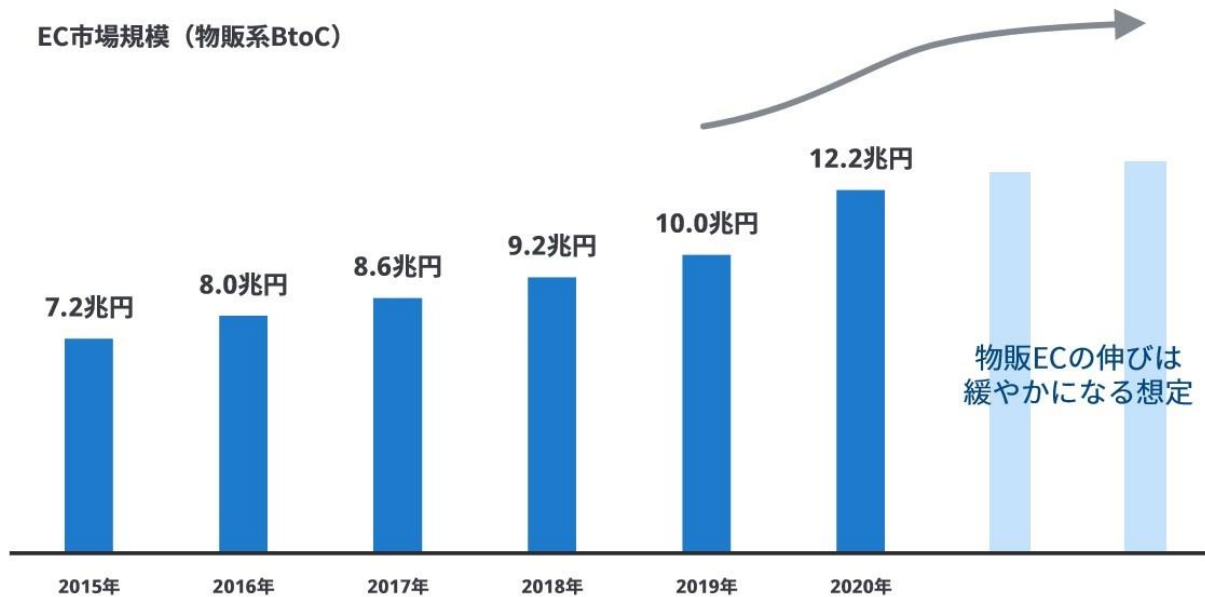
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物販ECの市場は成長しているものの、市場成長は緩やかになることが想定される



※出典：経済産業省「令和3年度 産業経済研究委託事業（電子商取引に関する市場調査）」

31

According to the data from the METI EC market survey presented here, the EC market for the sale of goods grew significantly in 2020 with the coronavirus crisis, but growth is expected to slow down after 2021.

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市場環境の変化に合わせ、物販ECのみならず非物販ECへの展開が課題



32

Our EC-related services are mainly focused on the sale of goods, and are easily impacted by individual consumer behavior. While continuing to provide EC for the sale of goods, we will promote initiatives regarding EC for the sale of services. Creating a business structure impermeable to changes in market conditions is considered a challenge for EC-related services.

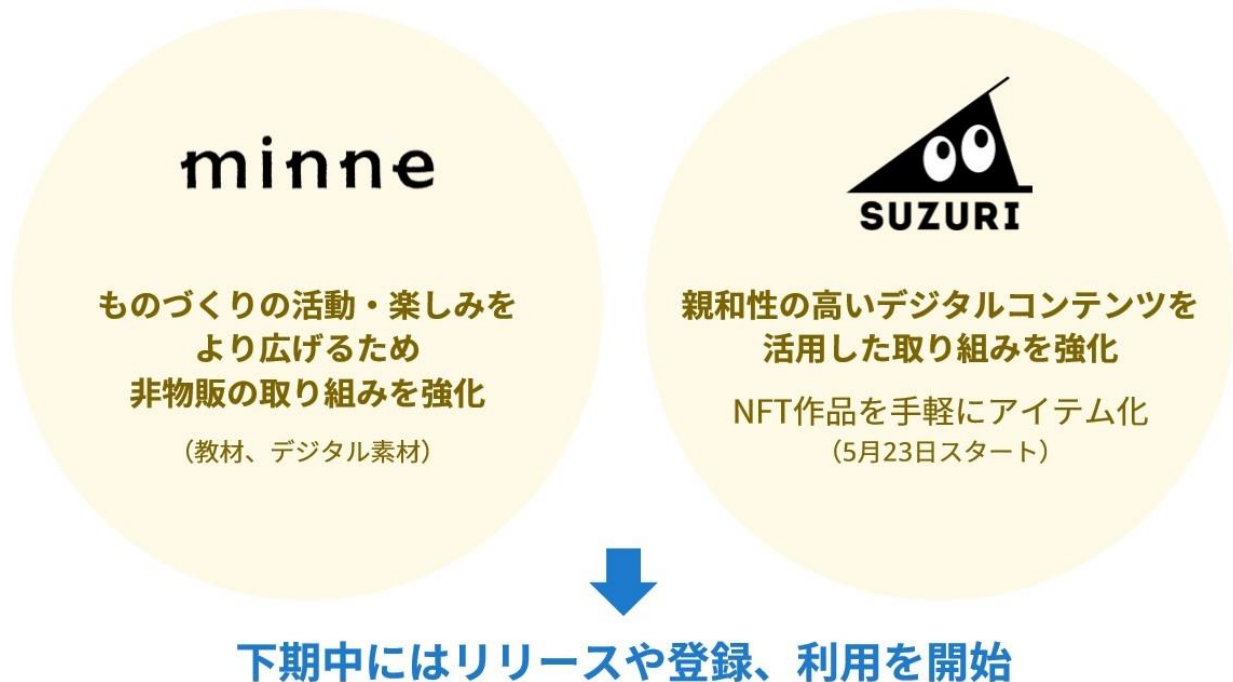
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Web3やデジタルコンテンツなど展開、非物販ECの取り組みを強化



33

Therefore, we are taking steps to address this issue in each of our services. On minne, it will be easy for registered creators to sell teaching materials for handmade goods and digital materials. We also intend to promote sales of digital content with SUZURI.

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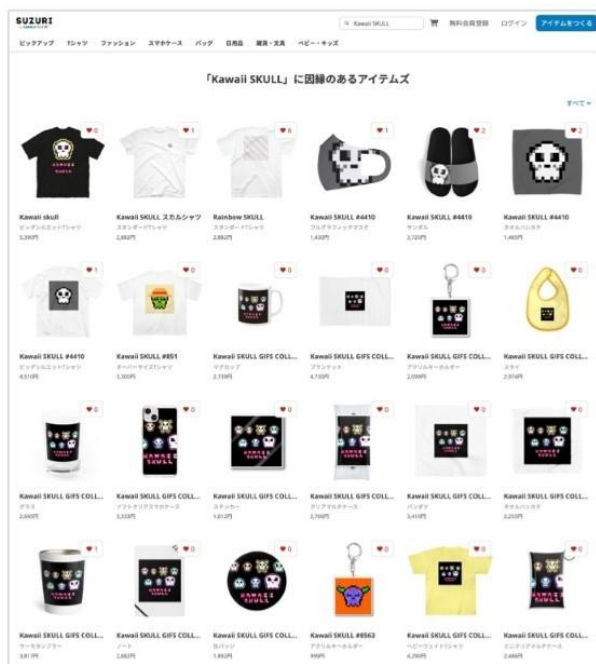
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## 5月23日よりSUZURIにおいて、NFTコンテンツ製作者、許諾を受けた保有者がオリジナルグッズの作成と販売ができる機能をリリース

NFT作品のファンがSUZURI上で自由にグッズを制作、販売が可能に



### NFTオリジナルグッズ販売の流れ

#### 1. SUZURIへログイン

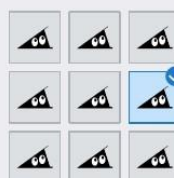


#### 2. グッズをつくる (MetaMaskと接続)

NFTの画像を使う



#### 3. 画像を選択



#### 4. 販売開始



34

We have also launched initiatives in Web3. Since May 23, it is possible to create and sell items originating from NFT content. This function is intended for the creators of NFT works, or owners who have received permission from the creators, to own real physical items. We are considering giving the proceeds from the sale of items back to the creators themselves in the future.

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35

With FREENANCE, in the financial support business, we have now surpassed 100 corporate collaborations. We are expanding our business horizontally to many industries, including Lancers, which is expanding its business for freelancers, and we are widening our scope for corporate partners.

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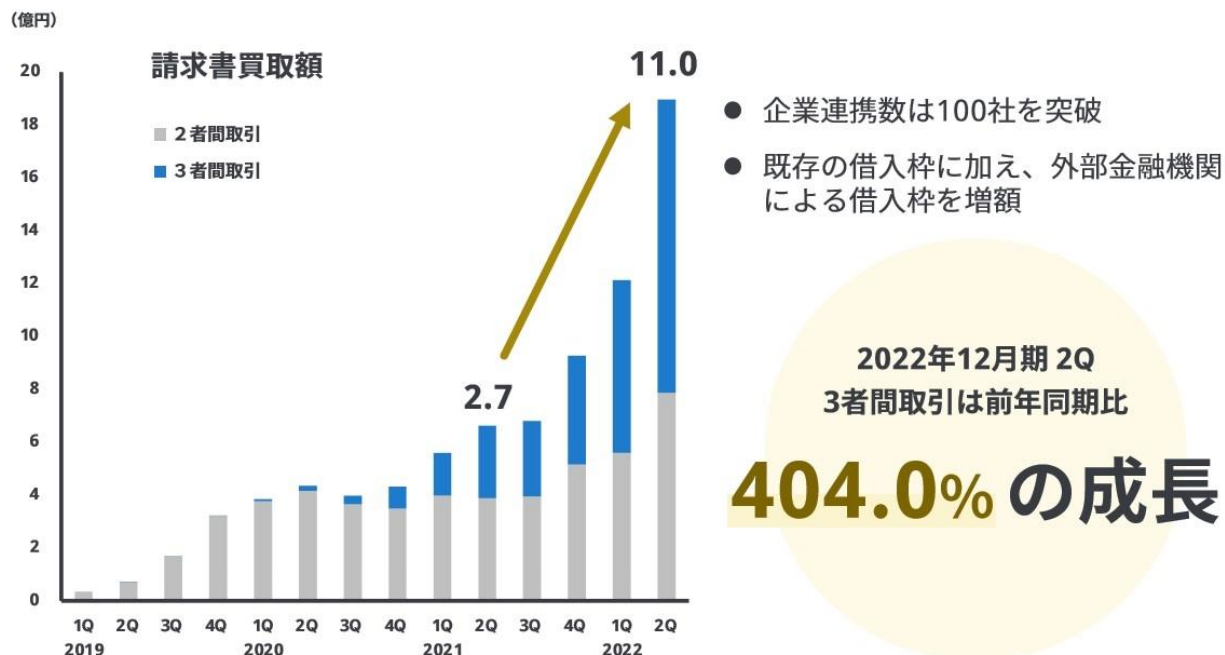
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企業連携の拡大により、3者間取引による請求書買取額が急激に増加、  
資金需要に対応するための資金調達を実施



36

In Q2, we continued to see an upward trend in the amount of purchases of invoices involving tripartite factoring transactions, growing by 404% YoY. In addition to the current borrowing facilities, we are increasing borrowing facilities through external financial institutions to meet the rapidly growing demand for funds. We will continue to aim for business growth in H2 of the fiscal year and beyond.

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## セグメント別 通期の業績進捗

GMOペパボ

		2022年通期業績予想	2022年2Q累計実績	進捗率
	<b>前年に実施した価格改定の効果により、顧客単価の上昇が継続</b>			
ホスティング	売上高：	5,059 百万円	2,520 百万円	49.8 %
	営業利益：	1,561 百万円	851 百万円	54.5 %
	<b>SUZURIの一部アイテムの出荷を第3四半期に計上、今後の拡販に注力</b>			
EC支援	売上高：	3,826 百万円	1,506 百万円	39.4 %
	営業利益：	1,390 百万円	254 百万円	18.3 %
	<b>上期の流通額は過去最高を更新。作家誘致と購入者の拡大を目指す</b>			
ハンドメイド	売上高：	2,041 百万円	859 百万円	42.1 %
	営業利益：	262 百万円	67 百万円	25.6 %
	<b>連携企業が拡大していることから、請求書買取が大幅に増加</b>			
金融支援	売上高：	549 百万円	219 百万円	40.0 %
	営業利益：	4 百万円	△15 百万円	—
	<b>採用計画の見直しなどの本社費の抑制に取り組む</b>			
その他 (本社費等)	売上高：	4 百万円	0 百万円	—
	営業利益：	△2,075 百万円	△909 百万円	—

37

The progress of each segment toward the full-year forecast is shown in this table.

We view the hosting business and financial support business as generally progressing well, but are seeing some struggles in EC-related services, so we will work to catch up on profits by reviewing our hiring plans and otherwise curbing head office expenses.

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## ホスティング事業



下期も価格改定の効果による単価上昇が継続  
契約件数の増加による収益拡大を図る

### アクション

- ブログ収益化・副業スタートパックの拡販
- オプションとのクロスセル強化
- ドメインとの連携強化や同時登録キャンペーン

## EC支援事業



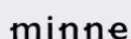
カラーミーショップは、継続的な食品カテゴリーの強化や  
オプション販売の強化を実施

SUZURIは、アイテム追加やCMで獲得した  
新規会員のリピート購入施策による拡販に注力

### アクション

- 食品カテゴリー強化や決済代行会社の乗換促進
- アプリやテンプレ販売などのオプション強化
- アイテムの追加とリピート購入施策の実施

## ハンドメイド事業

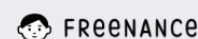


上期の流通額は過去最高を更新、今後も作家登  
録数と購入者を増やし流通額の拡大を目指す

### アクション

- 越境EC商品購入代行サービス「Neokyo」との連携  
による海外販路拡大
- 夏の特別販促企画の実施
- 非物販の取り組みを開始

## 金融支援事業



企業連携により3者間取引が急拡大し  
好調に推移、連携先企業の強化等に注力

### アクション

- 連携企業強化による請求書買取額の拡大
- ゲストファクタリングのプロモーション強化
- 保険やその他領域の強化

38

As for measures to be taken in H2 for each segment, in the hosting business, price revisions are still impactful, and we aim to further expand earnings by increasing the number of contracts. In the EC support business, we will strengthen the food category in Color Me Shop, and focus on acquiring customers in regional areas. SUZURI will add new items, but also implement a repeat purchase policy for new members.

In the handmade products business, we will continuously increase the number of creators and buyers by multiplying initiatives, such as summer sales promotions, the reinforcement of services sales, and the promotion of cross-border support. Financial support will pursue measures in line with the expansion of tripartite factoring transactions. We also plan to expand the use of bipartite transactions and take on the challenge of developing new businesses, such as insurance to support freelance activities.

That is all from me. Thank you for your attention.

**Moderator:** Thank you.

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## Question & Answer

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**Moderator [M]:** We will now move on to the question-and-answer session. First, from Daiwa Securities, Mr. Tokunaga, please.

**Tokunaga [Q]:** This is Tokunaga from Daiwa Securities. Thank you for giving me the opportunity to ask questions. I have three of them, please answer after each one.

First, since you have left the corporate plan unchanged, I assume you plan to double your operating profit in H2 of this year compared to the same period of the previous year. In that case, please explain whether the planned increase in profit in H2 of the year is due to the reduction in SG&A costs you mentioned earlier, or whether there are other factors that will increase profit in each business segment. That is my first question.

**Sato [A]:** Thank you for your question. First of all, in terms of the increase in profits from H1 of the fiscal year, there will be no promotion costs for SUZURI. By that I mean we will not have commercials, so we already save roughly JPY200 million from H1 on promotion alone.

As you mentioned in your question, there are several areas where we can make adjustments, especially in head office costs, so we will work on those first. In addition, the recurring revenue model (the hosting business and Color Me Shop ) is doing well is doing well, and the profitability of FREENANCE is also rising considerably. This will contribute to the increase in profit.

As for SUZURI, although there are still some uncertainties, we are considering increasing the number of repeat customers in the areas where we have gained new users following the launch of TV commercials. If we are successful with these initiatives, we will be able to recover this investment. Therefore, in addition to the current cost containment measures, some additional costs could go down and, without being too conservative, we haven't yet factored them in.

At this point in time, there is still some potential for cost increases, which is why we are leaving the plan as is.

**Tokunaga [Q]:** Thank you very much.

My second question is you mentioned that H2 of the year looks like it will be profitable for FREENANCE. If that is the case, how much of the growth during the quarter that ended was organic and how much was the result of strategic investment? This could help provide a representation of the expected increased profits for H2 of the year.

**Sato [Q]:** Are you talking about FREENANCE here? Or the whole company?

**Tokunaga [Q]:** Please tell us about FREENANCE first.

**Sato [M]:** Understood.

**Igashima [A]:** Thank you for your question. With respect to FREENANCE, we are seeing an increase in repeat business as well as in new business, so we are looking to increase profits in H2 of the year.

Currently, we are not considering any large-scale investments, so sales and profits are basically progressing as planned. Does that answer your question?

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**Tokunaga [Q]:** Thank you very much.

In addition, I believe that average spending per user has been rising recently. Can we assume that this upward trend will continue in H2 of the year? Or would you rather not push average spending further, since it has gone up quite a bit in Q2?

**Igashima [A]:** Well, we're not particularly thinking of intentionally controlling the rise of average spending. Basically, it will increase as usage increases, and we believe it will grow organically.

**Tokunaga [Q]:** Thank you very much.

Lastly, regarding EC support, I believe that minne's progress in particular was considerably more difficult than its competitors'. Moreover, looking at the explanatory materials, it seems that we can expect a little more in Q3 for SUZURI, as some sales will be recorded later. So, how would you evaluate the current performance, and what kind of GMV should we expect for H2 of the year? My question is particularly focused on minne and SUZURI. That's all from me.

**Sato [A]:** Okay. Well, regarding minne, GMV usually declines in the summer and increases toward the end of the year, so I don't think the situation will change much in Q3 compared to Q1 and Q2.

As for SUZURI, there is some time lag and we are also having a T-shirt sale right now, so we have to wait for the results. However, I feel like the performance will be in line with Q2, and there shouldn't be any significant growth compared to the same period of the previous year. With the progress keeping in line with Q2 results, we are still looking at a difficult situation for EC as a whole. That's all from me.

**Tokunaga [M]:** Thank you. That's all from me. Thank you for your answers.

**Moderator [M]:** Thank you.

There are still a few minutes left, but since there are no more questions, we will conclude the question-and-answer session.

This concludes the online financial results briefing for GMO Pepabo, Inc. for Q2 of the fiscal year ending December 31, 2022. There will be a questionnaire after the briefing, so please answer it if you don't mind. Thank you very much for your attention today.

**Sato [M]:** Thank you very much.

[END]

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### **Document Notes**

1. Portions of the document where the audio is unclear are marked with [inaudible].
2. Portions of the document where the audio is obscured by technical difficulty are marked with [TD].
3. Speaker speech is classified based on whether it [Q] asks a question to the Company, [A] provides an answer from the Company, or [M] neither asks nor answers a question.
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