

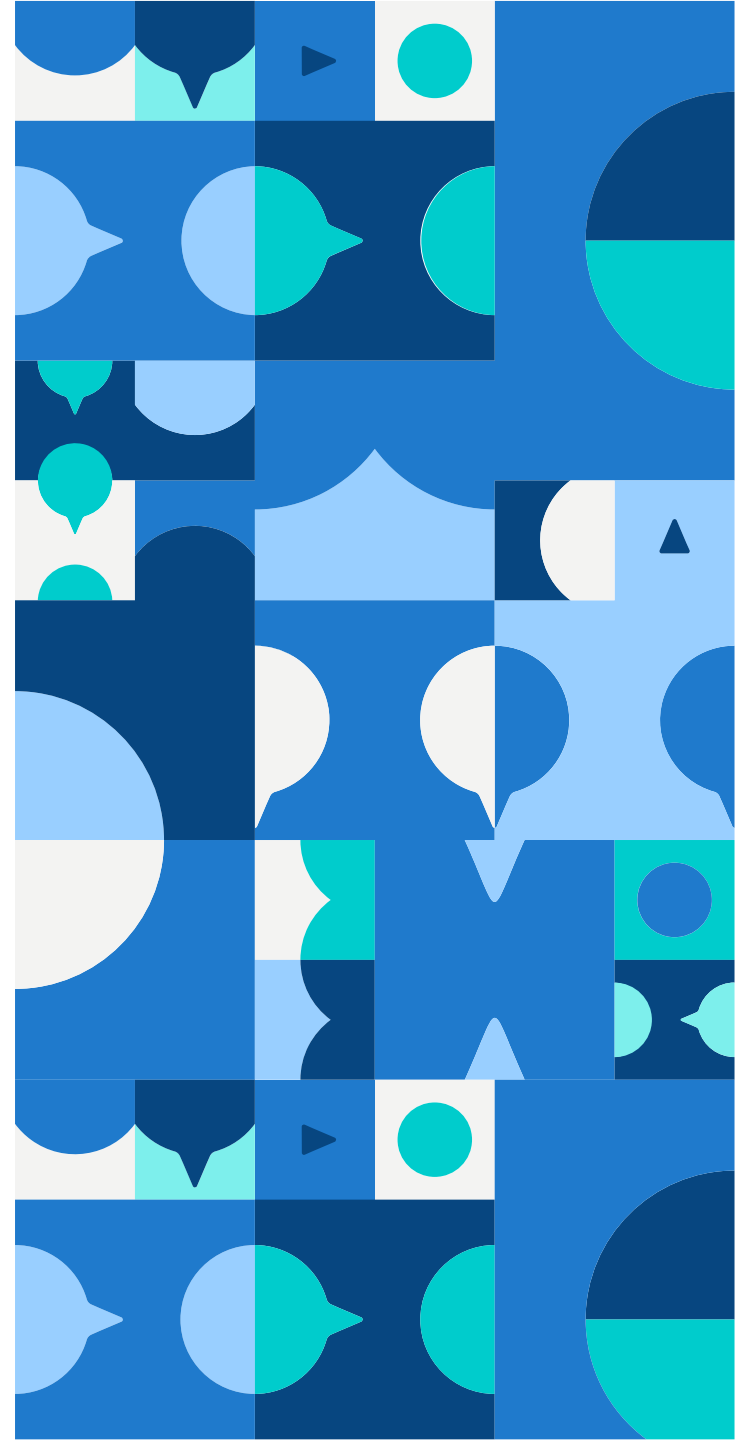


Fiscal Year 2022 Third Quarter

Results Presentation

GMO Pepabo, Inc.

Stock code: 3633 (TSE Prime Market)



The E-commerce Support business was sluggish while the Hosting business and the Financial Support business showed strength.

Net sales rose and profits fell year on year.

- The Hosting business was brisk and the Financial Support business achieved profitability.
- The gross merchandise value was poor in the SUZURI and minne services.
- The full-year consolidated financial results forecast was revised.

After changes in consumers' behaviors and the lifting of restrictions on outdoor activities, gross merchandise value in flow-type services was lower than forecast. In light of that, the financial results forecast was revised downwards.

The dividend forecast was changed to 50 yen per share, while remaining in conformity to the standard for a dividend payout ratio of at least 50%.

(Million yen)	FY2022 (Initial forecast)	FY2022 (Revised forecast)	Change (amount)	Change (%)
Net sales	11,482	10,499	-982	-8.6%
Operating profit	1,143	732	-411	-36.0%
Ordinary profit	1,156	760	-396	-34.3%
Profit attributable to owners of parent	785	522	-262	-33.5%
EPS (yen)	147.92	98.64	—	—
Dividends per share (yen)	74.00	50.00	—	—
Payout ratio (%)	50.0	50.7	—	—



AGENDA

- Summary of Results in Q3 FY2022

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- Progress in Results in FY2022 and Future Measures

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Summary of Results in Q3 FY2022

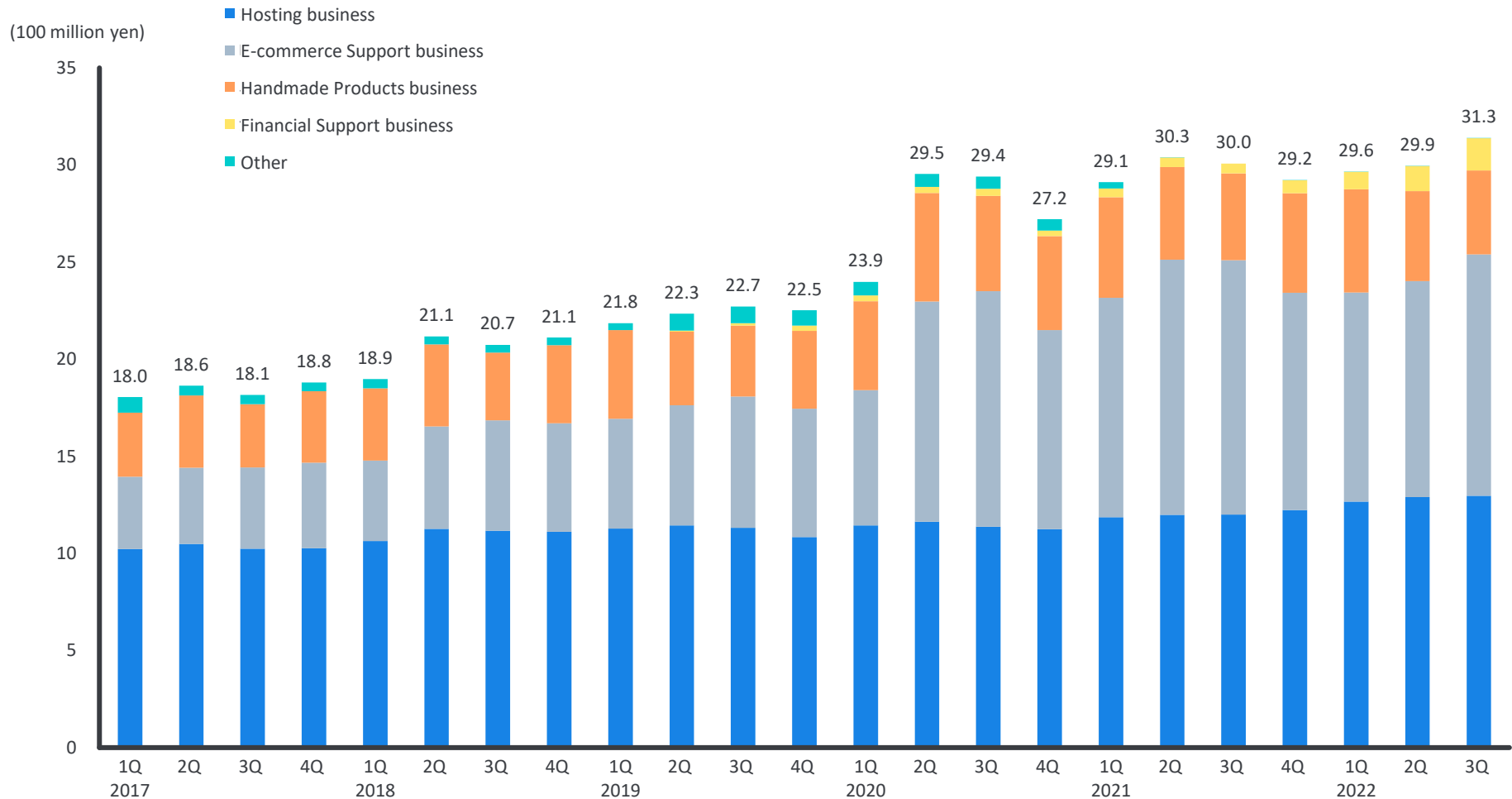
Net sales after the application of the new Accounting Standard for Revenue Recognition rose 5.3% year on year. Operating profit declined 18.3% year on year, reflecting increased promotions for SUZURI.

(Million yen)	Before application	After application of the new standard		Change (amount)	YoY
	FY2021 (Nine months)	FY2021 (Nine months)*	FY2022 (Nine months)		
Net sales	8,958	7,414	7,809	+395	105.3%
Operating profit	706	698	570	-127	81.7%
Operating profit margin (%)	7.9	9.4	7.3	—	—
Ordinary profit	739	731	599	-131	82.1%
Profit attributable to owners of parent	533	525	418	-106	79.7%

* The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), effective from beginning of the first quarter of the fiscal year and the figures for the year ended December 31, 2021 are unaudited figures after retrospective application of the standard and guidance.

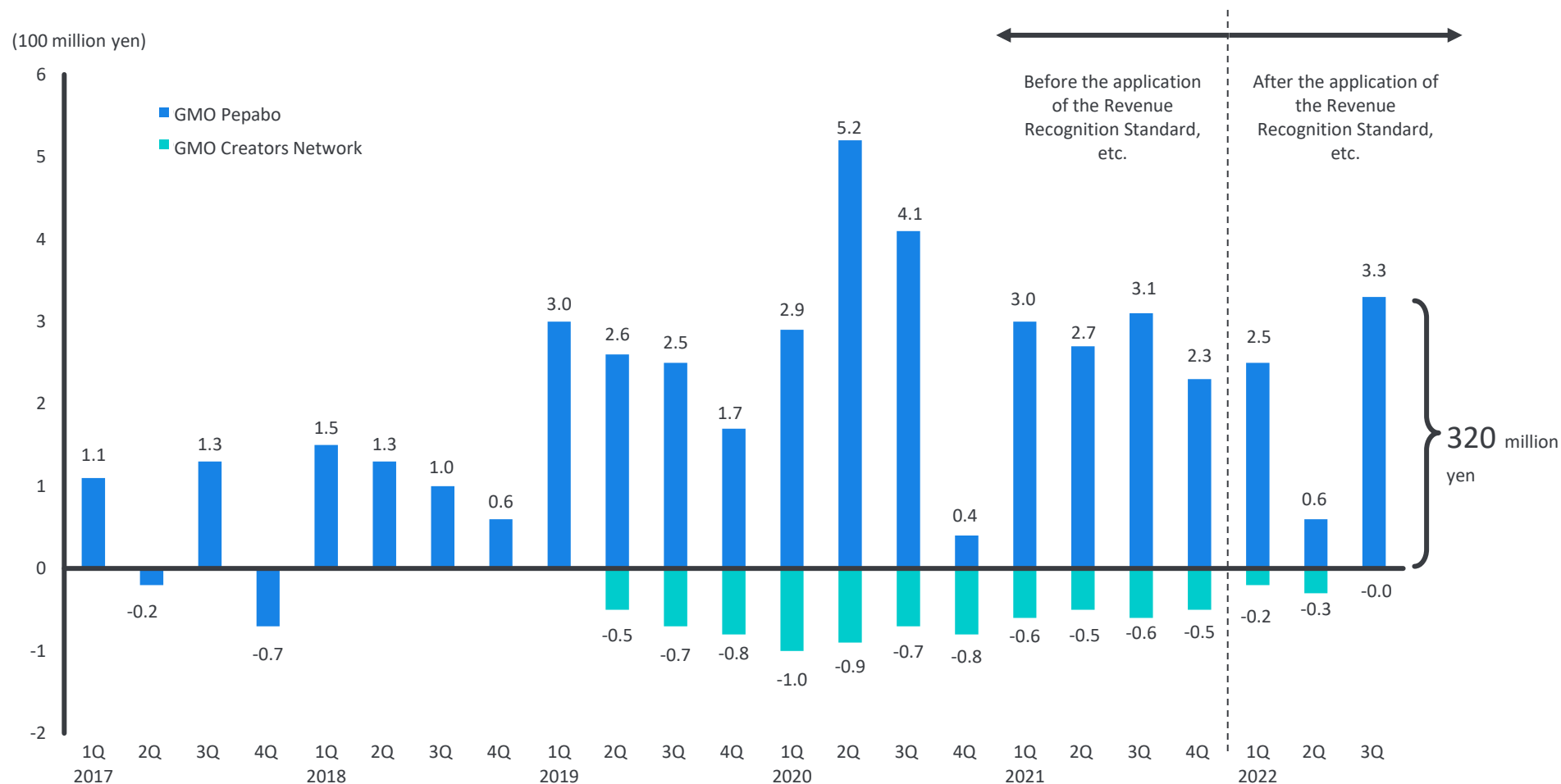
Changes in Quarterly Net Sales (Comparison of figures before application of the Accounting Standard for Revenue Recognition)

* For long-term changes in net sales, the comparisons are before application of the Accounting Standard for Revenue Recognition because it is difficult to compare figures after the application with ones before the application.



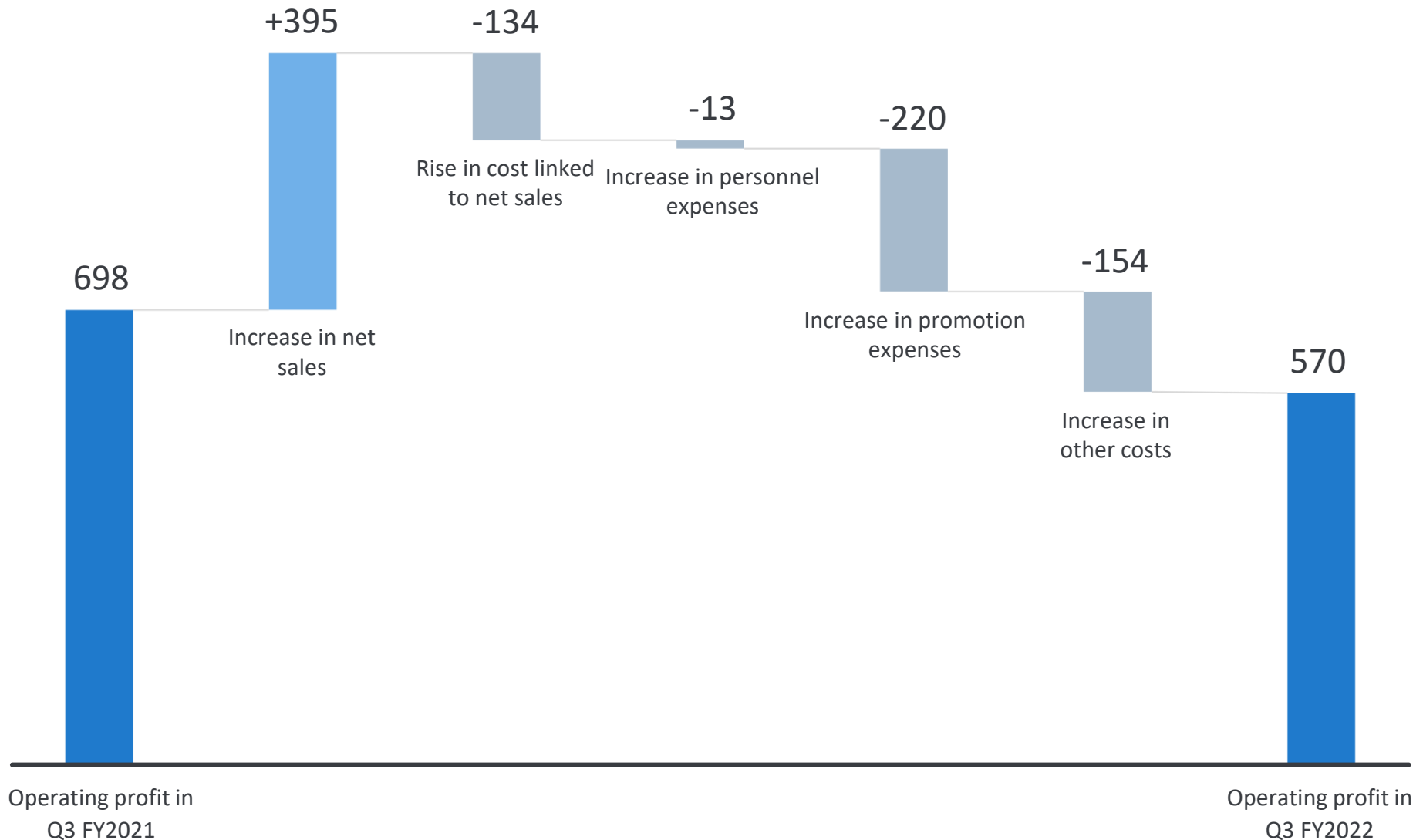
Changes in Quarterly Operating Profit

* Starting from Q1 2022, figures after the application of the Accounting Standard for Revenue Recognition are used for the comparison because the application has only a minor impact on changes in operating profit over the long term.



Analysis of Change in Operating Profit

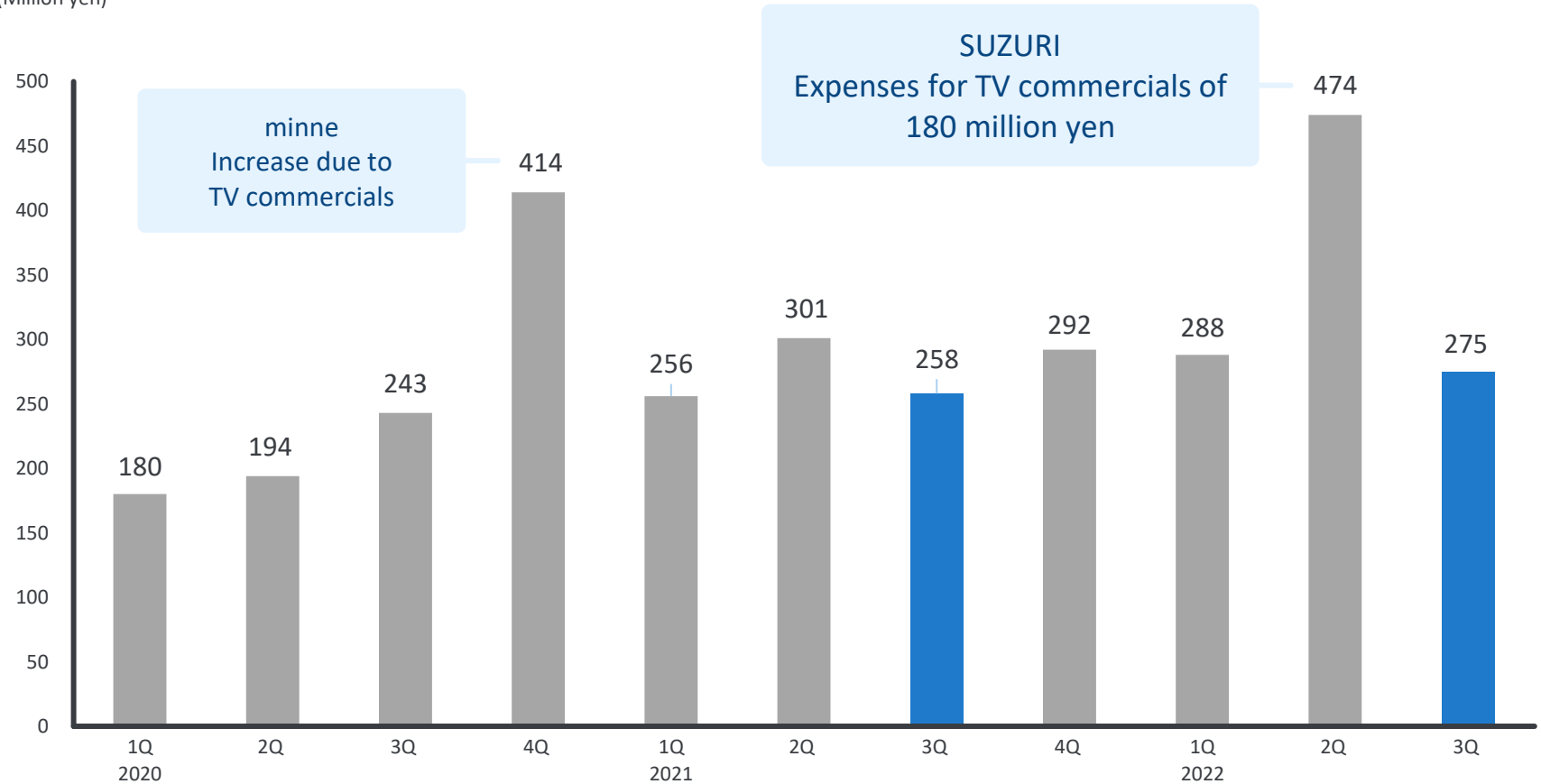
(Million yen)



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Promotion expenses for SUZURI were no longer incurred. The Q3 figure was almost the same as in the same period a year earlier.

(Million yen)



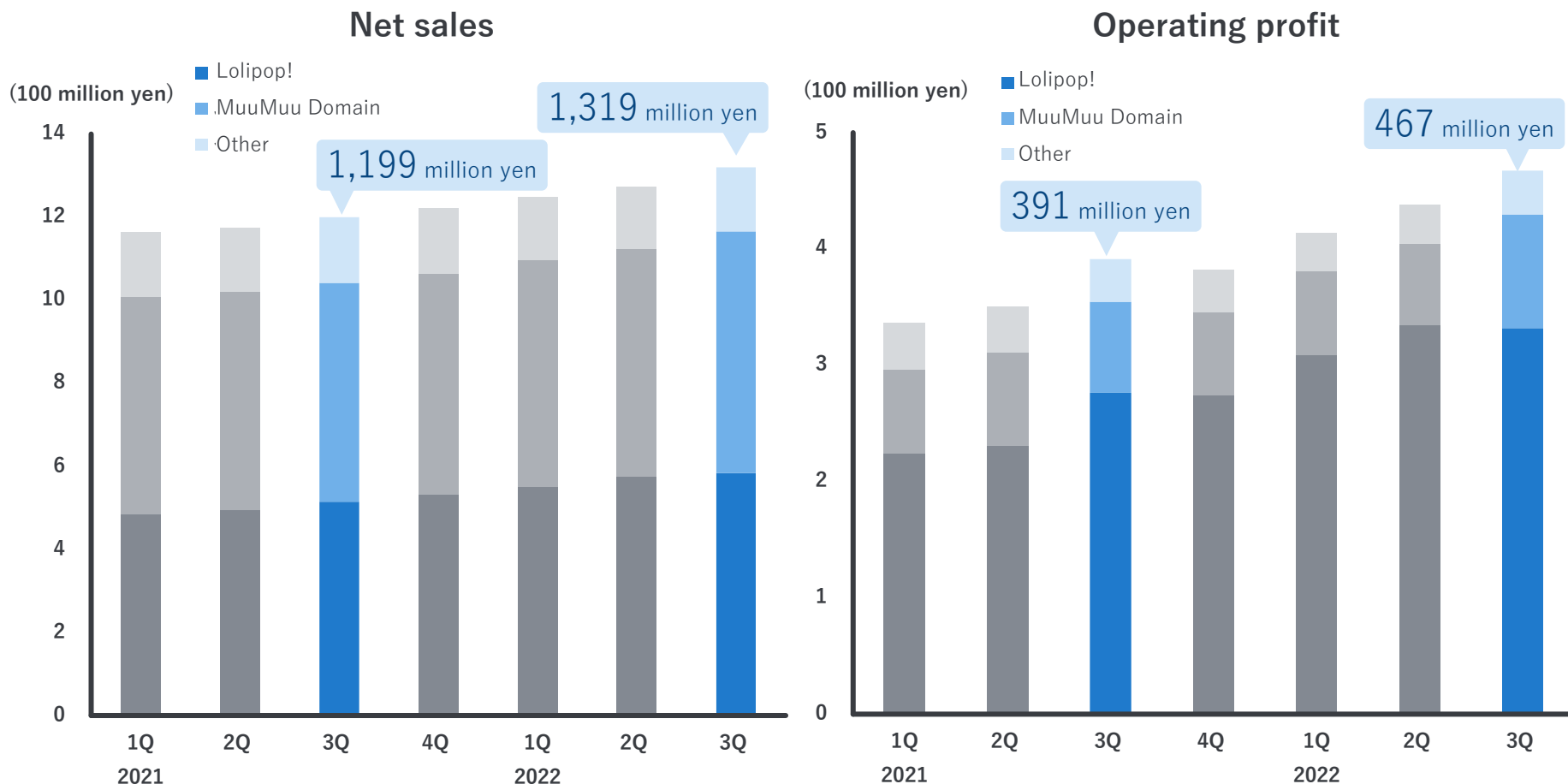
Hosting	Sales were strong, enjoying a positive effect of price revision and sales in the domain of high-priced services.		
	Net sales:	3,840	million yen (108.6 %)
	Operating profit:	1,318	million yen (122.4 %)
E-commerce Support	Color Me Shop results were flat year on year. SUZURI performance was poorer than forecasted.		
	Net sales:	2,347	million yen (94.9 %)
	Operating profit:	557	million yen (62.8 %)
Handmade Products	Changes in consumers' behaviors led to weakness in gross merchandise value. Promotion and other expenses grew.		
	Net sales:	1,233	million yen (100.6 %)
	Operating profit:	69	million yen (41.4 %)
Financial Support	As the amount of purchases of invoices continued to increase, a positive profit was attained.		
	Net sales:	386	million yen (267.7 %)
	Operating profit:	4	million yen (an increase of 117 million yen)

* The figures in parentheses are year-on-year changes.

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Hosting business

Nine months	Net sales:	3,840 million yen	(up 8.6% year on year)
	Operating profit:	1,318 million yen	(up 22.4% year on year)

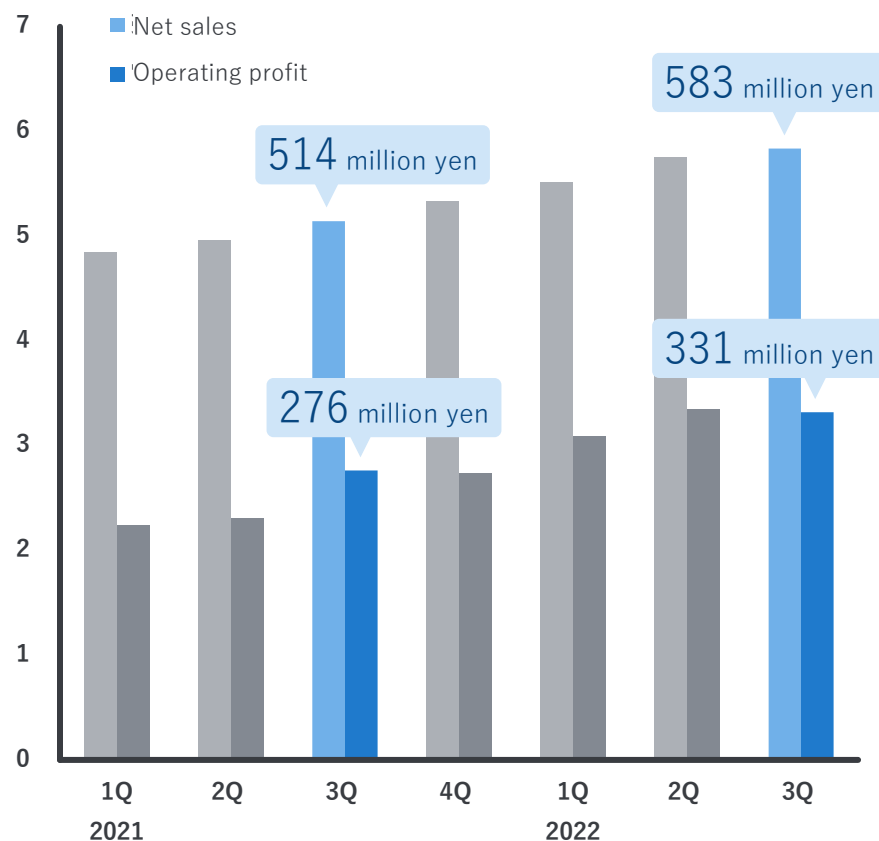


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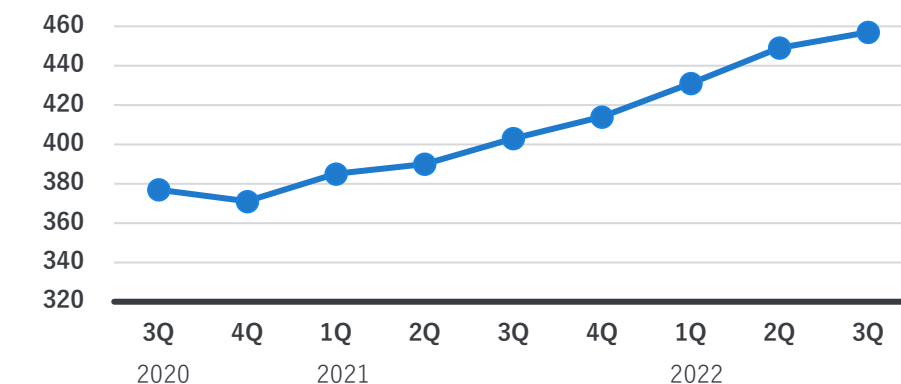
Nine months

Net sales:	1,710 million yen	(up 14.4% year on year)
Operating profit:	975 million yen	(up 33.4% year on year)

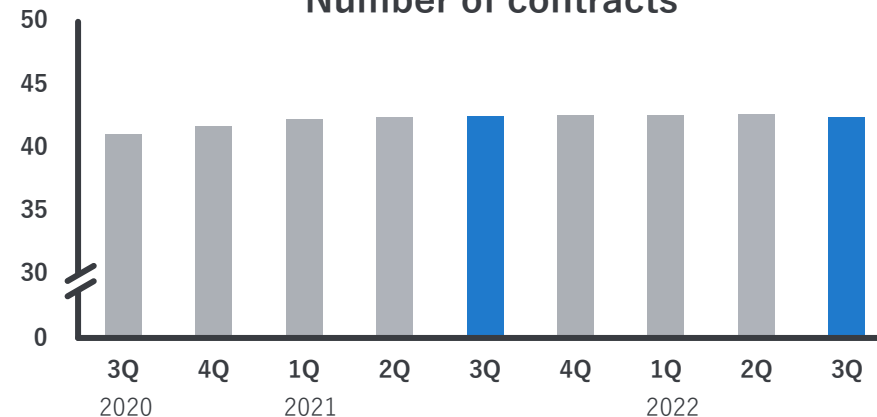
(100 million yen) Trends in results



(Yen) Spending per customer



(10,000) Number of contracts



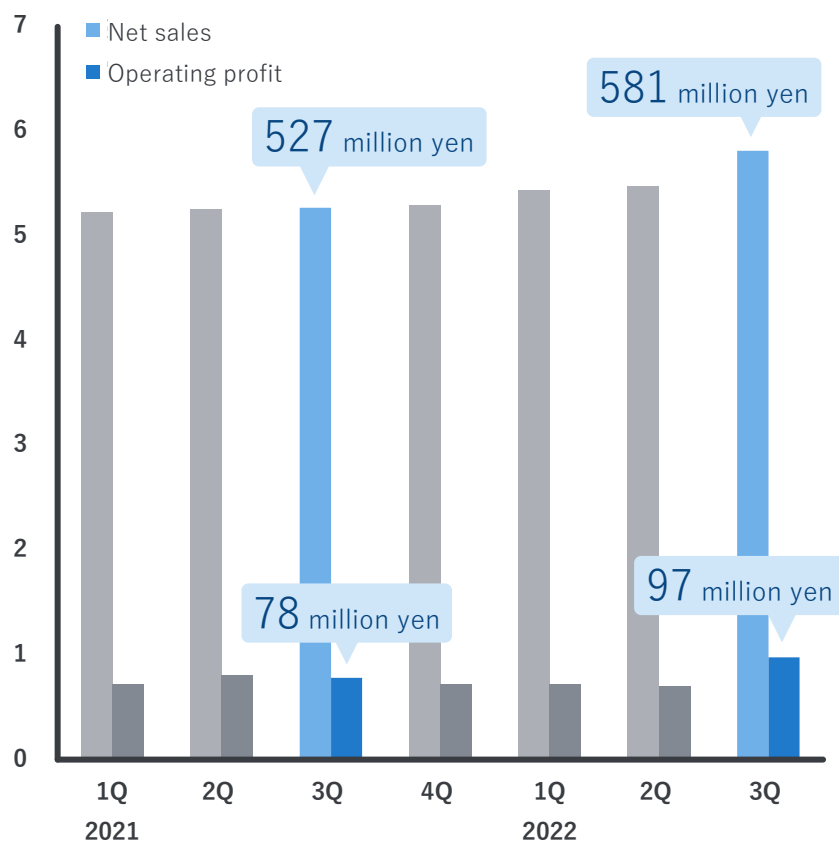
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Nine months

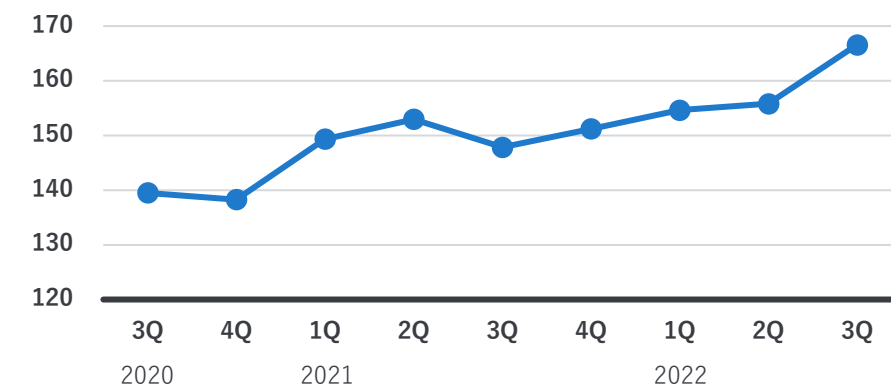
Net sales: 1,674 million yen (up 6.2% year on year)

Operating profit: 239 million yen (up 3.7% year on year)

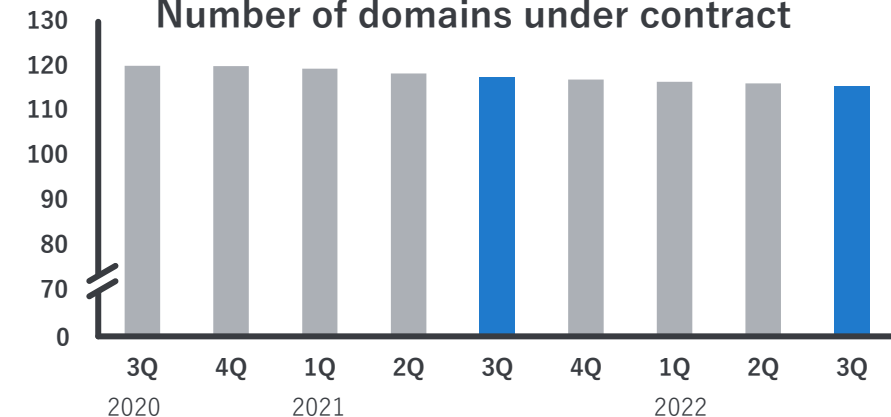
(100 million yen) Trends in results



(Yen) Average price of domains under contract



(10,000) Number of domains under contract



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E-commerce Support business

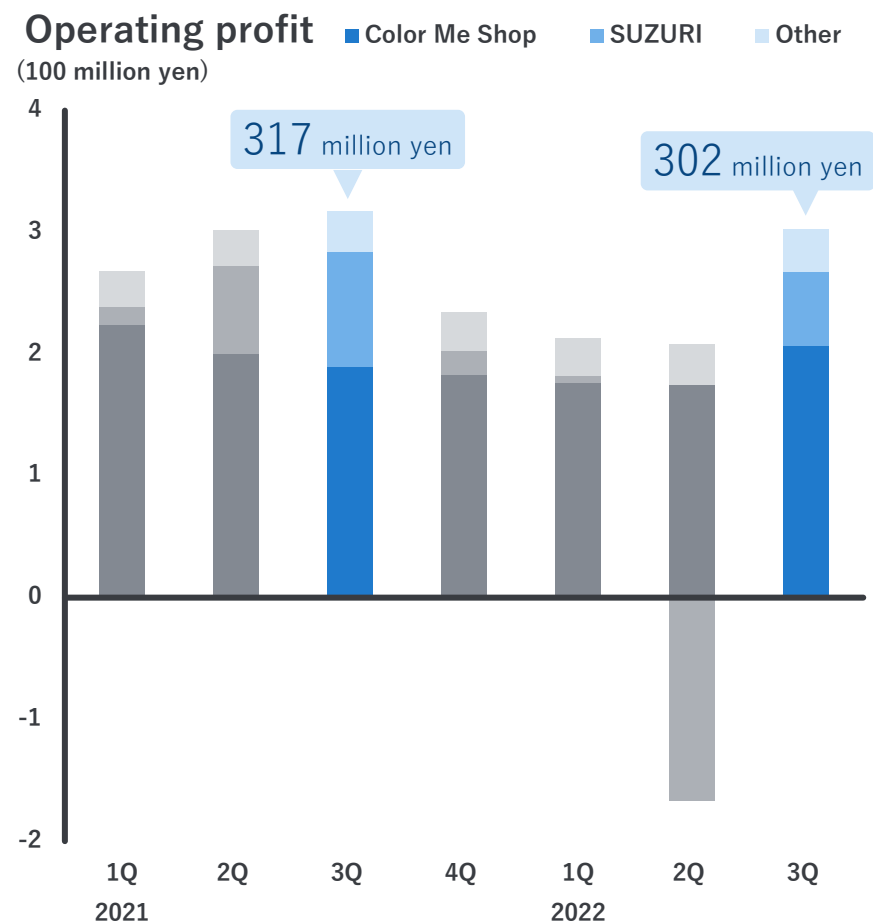
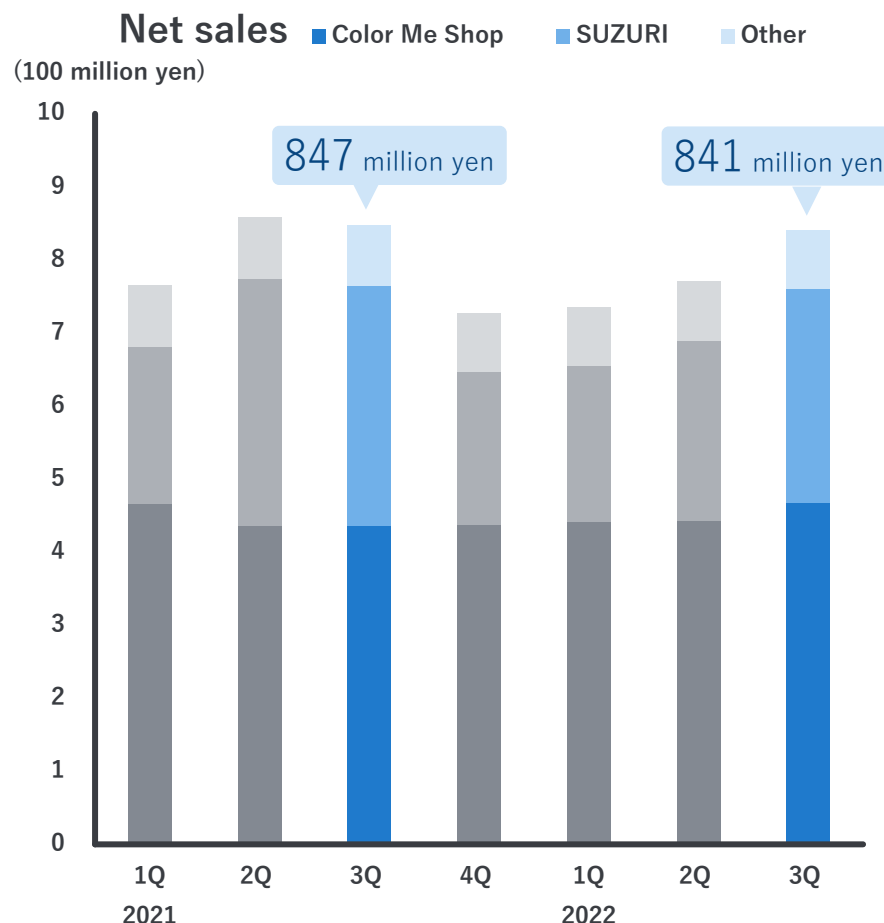
Nine months

Net sales:

2,347 million yen (down 5.1% year on year)

Operating profit:

557 million yen (down 37.2% year on year)



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Nine months

Net sales:

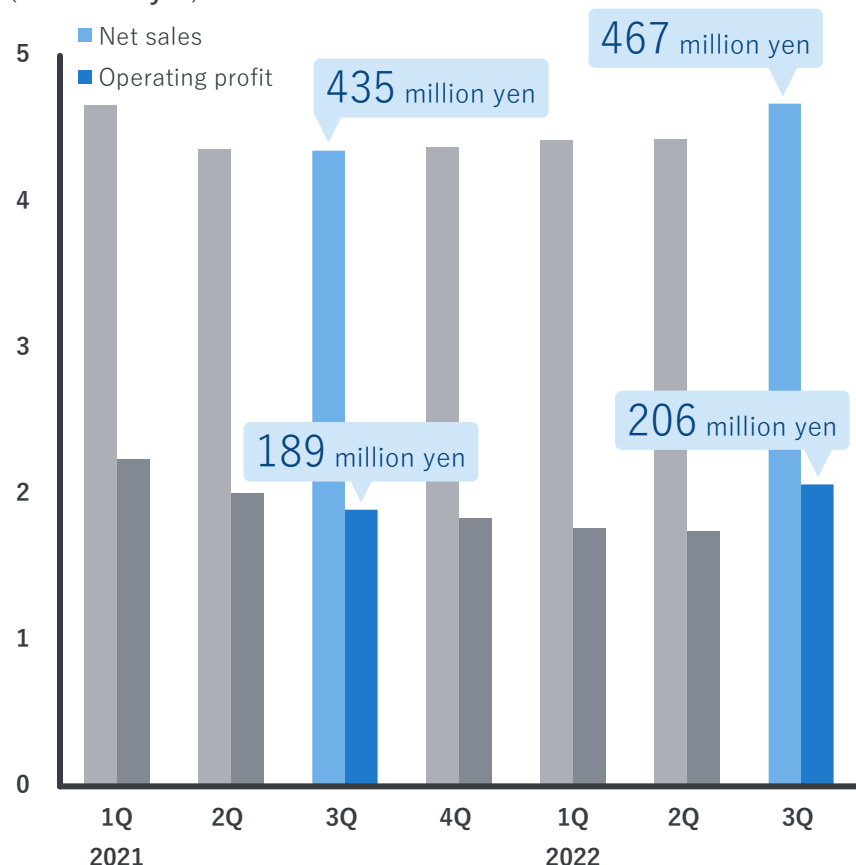
1,352 million yen (up 1.1% year on year)

Operating profit:

557 million yen (down 9.1% year on year)

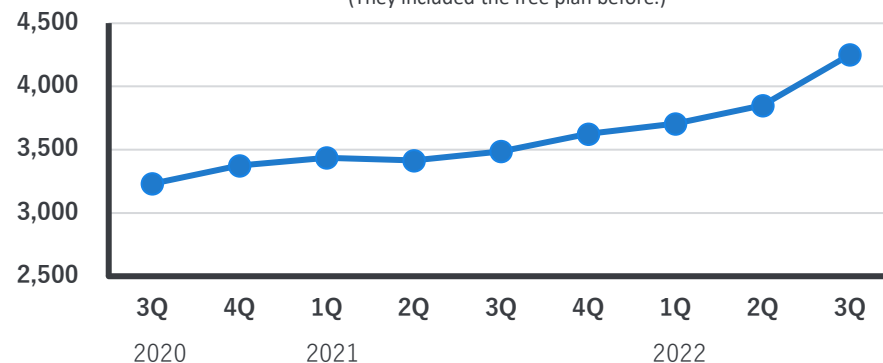
Trends in results

(100 million yen)



Spending per customer

(Yen) * Figures for spending per customer were corrected to ones for the monthly plan only. (They included the free plan before.)



Number of contracts

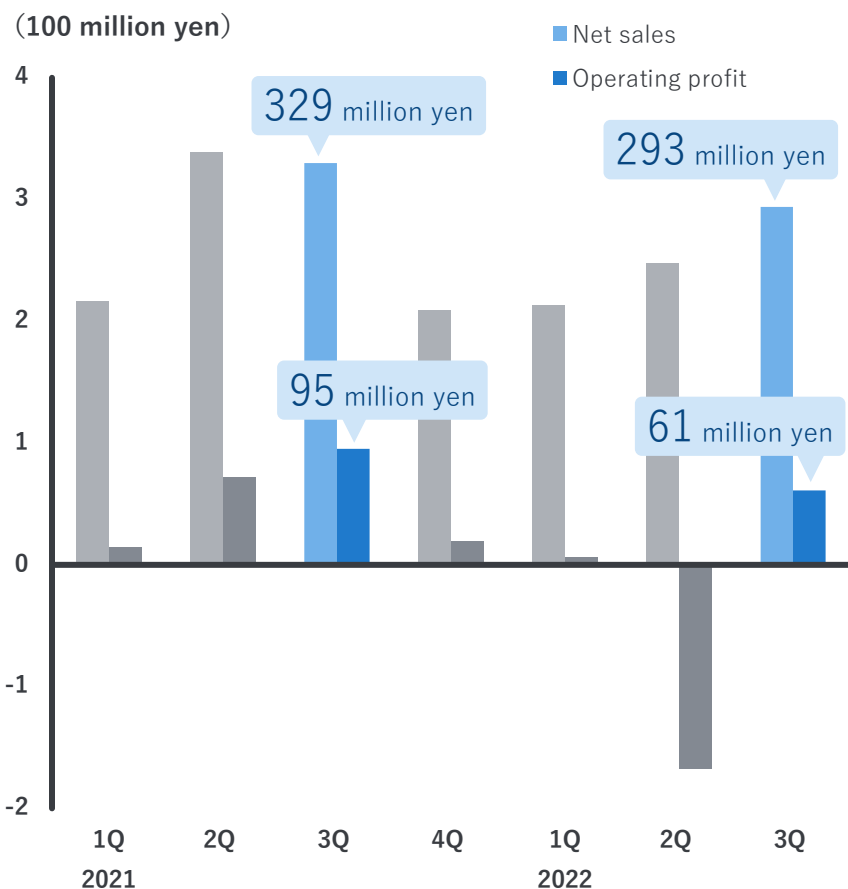


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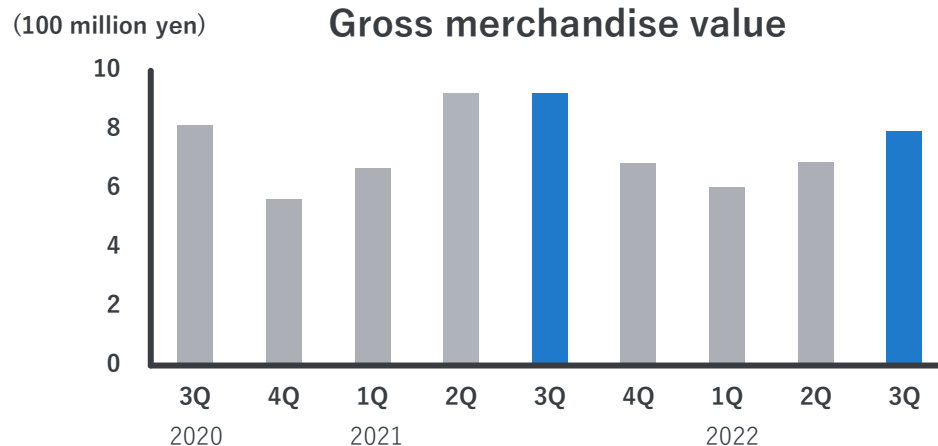
Nine months Net sales: **753** million yen (down **14.8%** year on year)

Operating profit: **-99** million yen (down **281** million yen year on year)

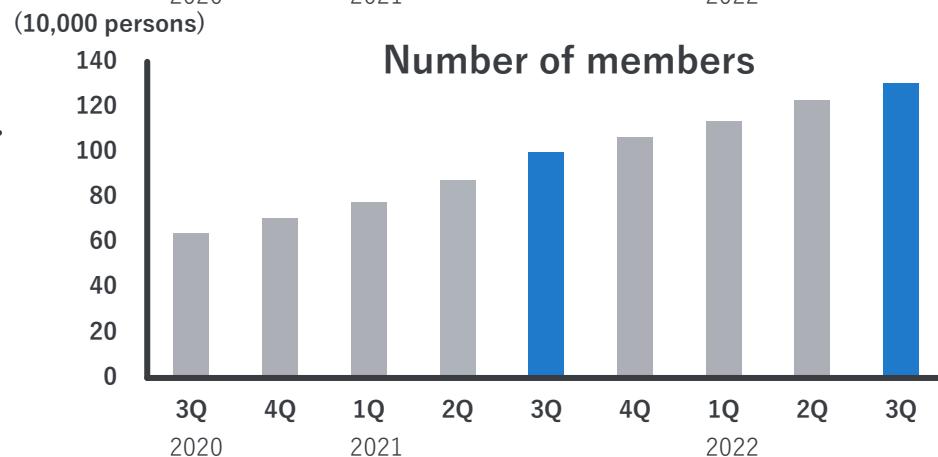
Trends in results



Gross merchandise value



Number of members



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Handmade Products business

Nine months

Net sales:

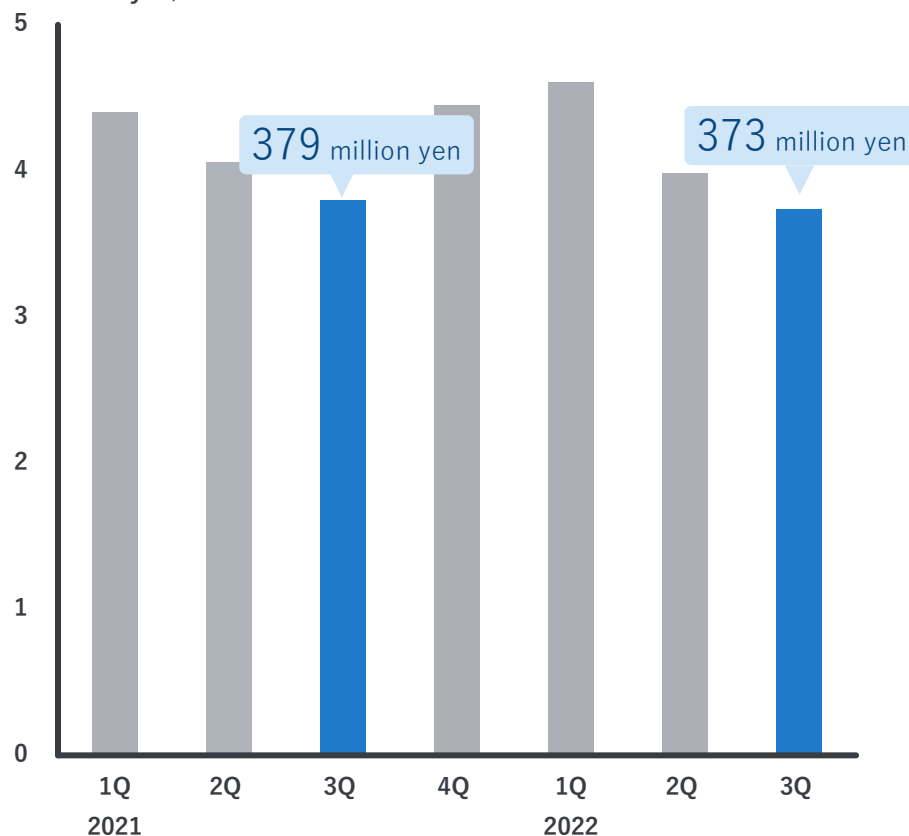
1,233 million yen (up 0.6% year on year)

Operating profit:

69 million yen (down 58.6% year on year)

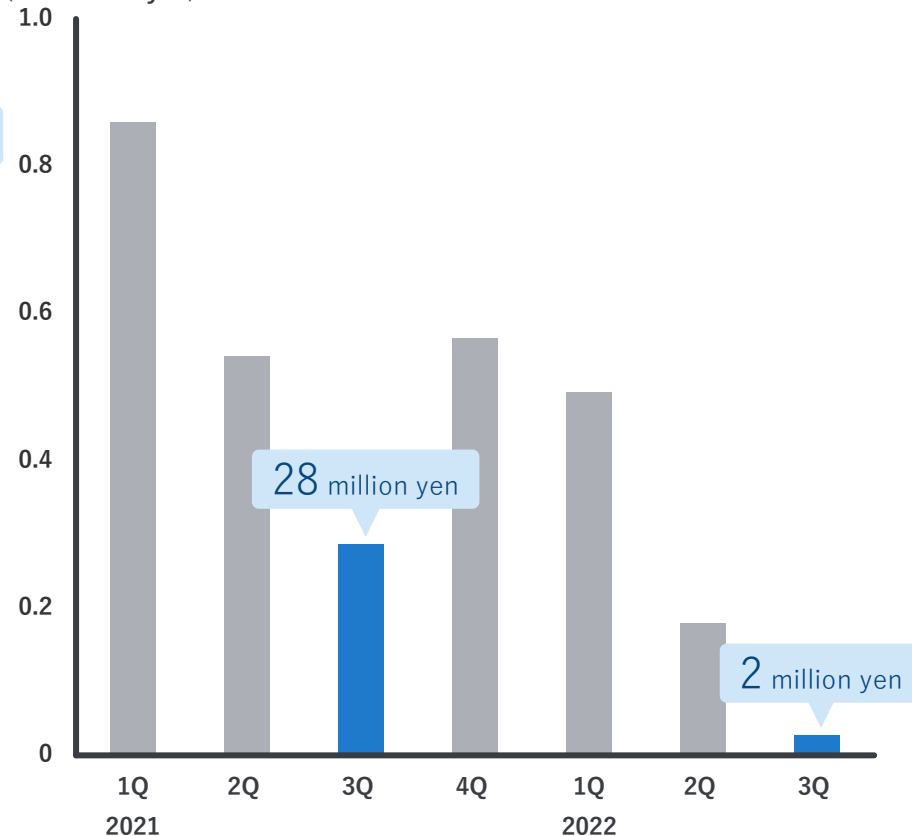
Net sales

(100 million yen)



Operating profit

(100 million yen)



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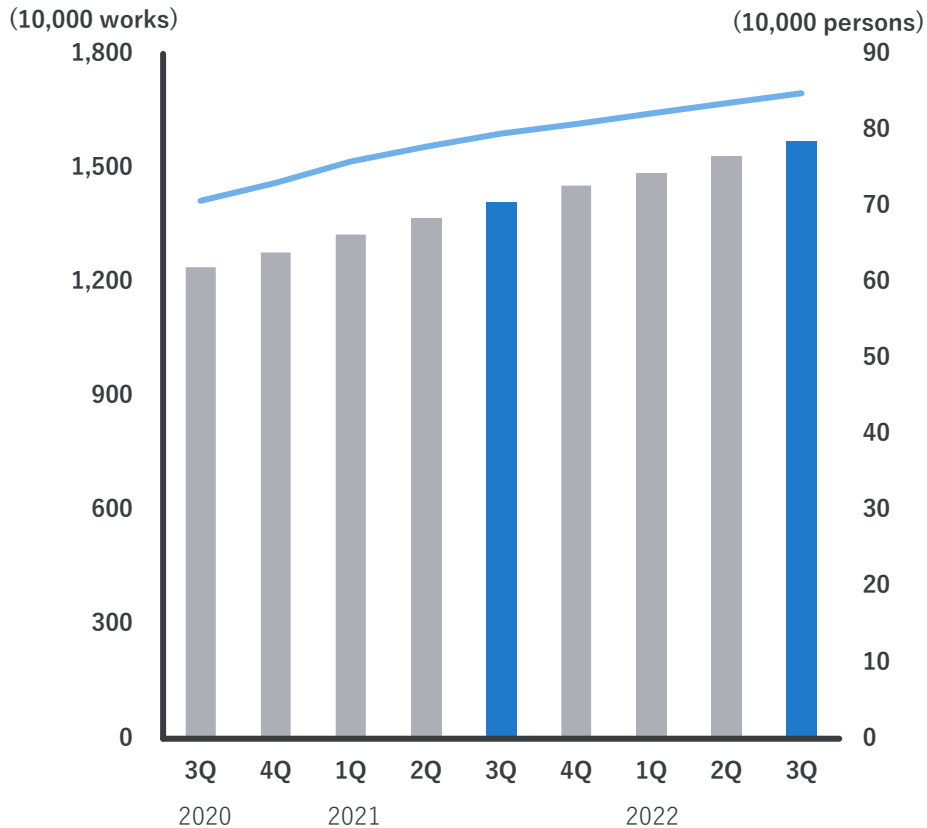


Number of creators and brands: **0.84** million people (up **6.7%** year on year)

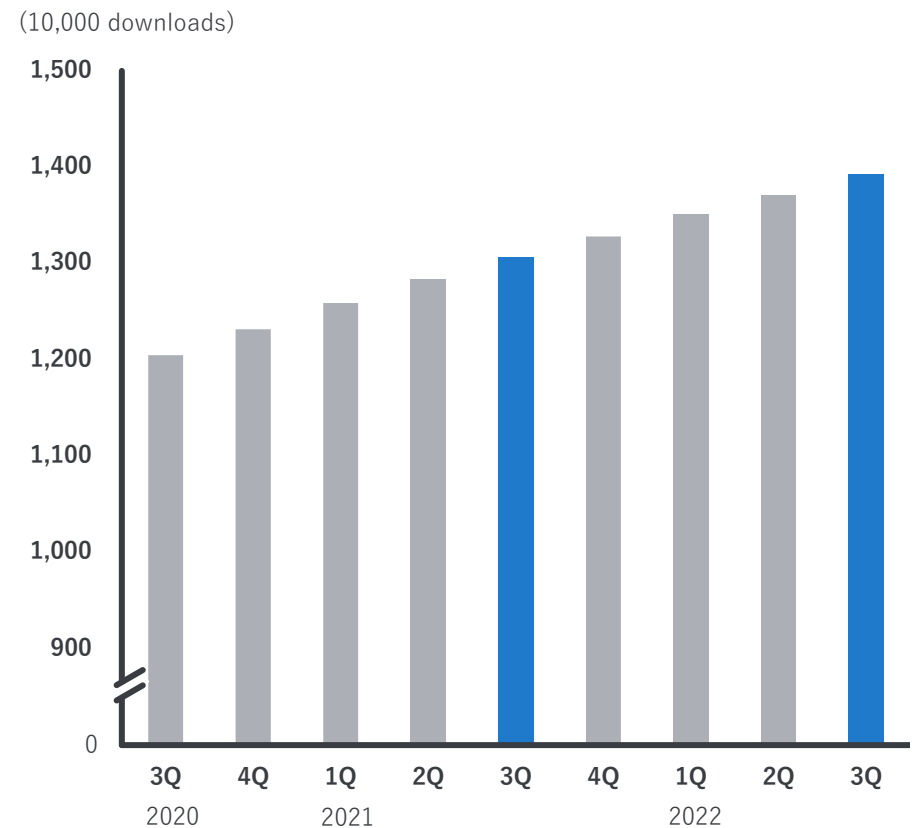
Number of works: **15.68** million (up **11.2%** year on year)

Number of app downloads: **13.92** million (up **6.6%** year on year)

Numbers of creators and brands, and works



Number of app downloads



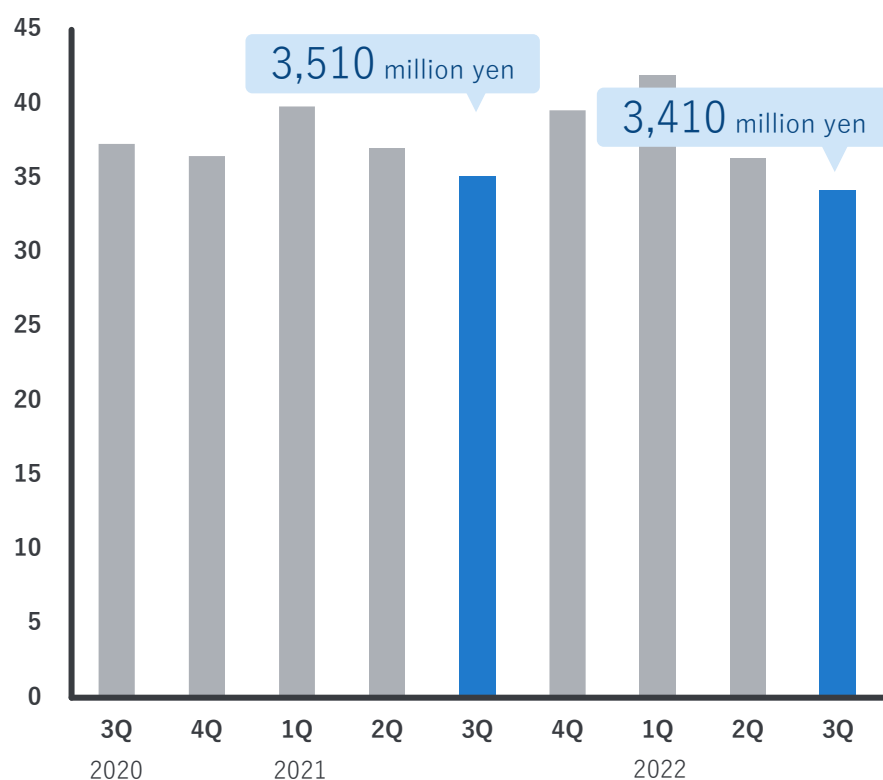
Gross merchandise value: **11,240** million yen (up 0.5% year on year)

Nine months Average price of orders: **3,743** yen (up 9.4% year on year)

Number of orders: **3.167** million (down 8.9% year on year)

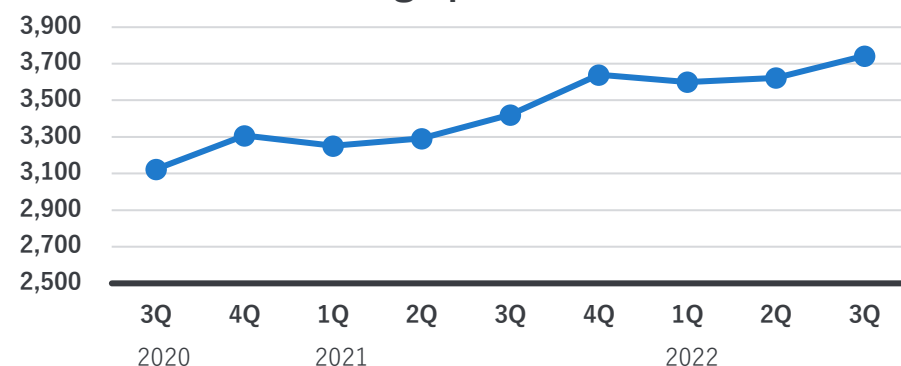
Gross merchandise value

(100 million yen)



(Yen)

Average price of orders



(10,000)

Number of orders



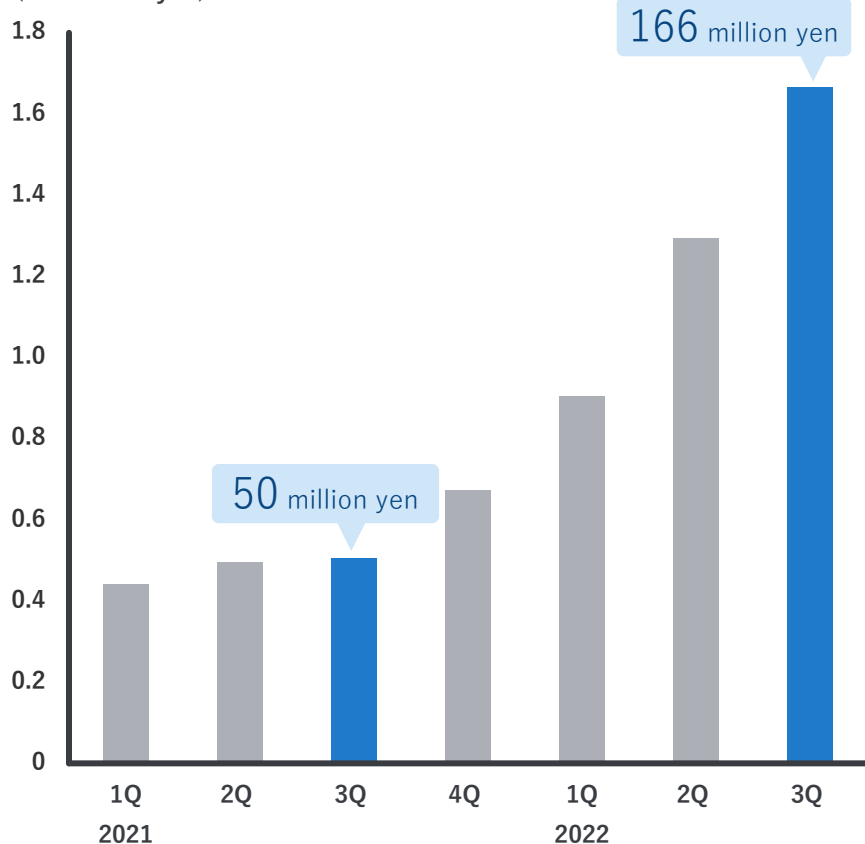
Financial Support business

Nine months Net sales: **386** million yen (up **167.7%** year on year)

Operating profit: **4** million yen (up **117** million yen year on year)

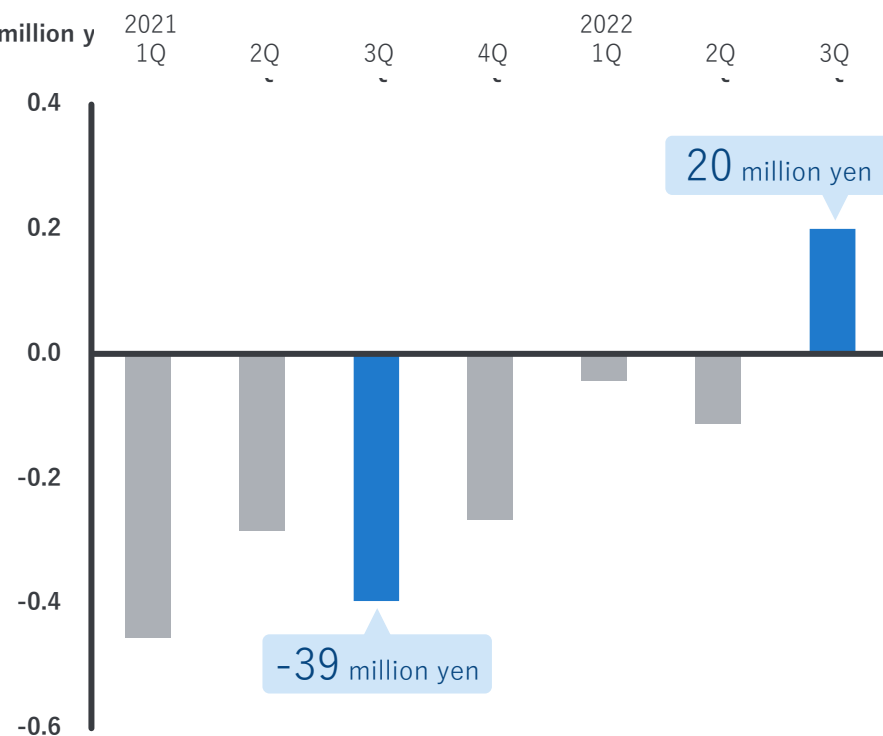
Net sales

(100 million yen)



Operating profit

(100 million yen)



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Total amount of purchases of invoices

||

Number of users

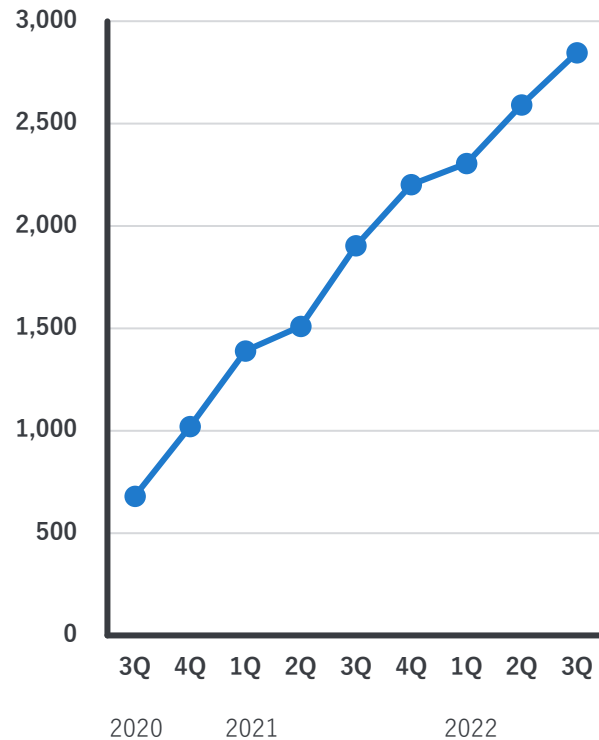
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Number of invoices per
user

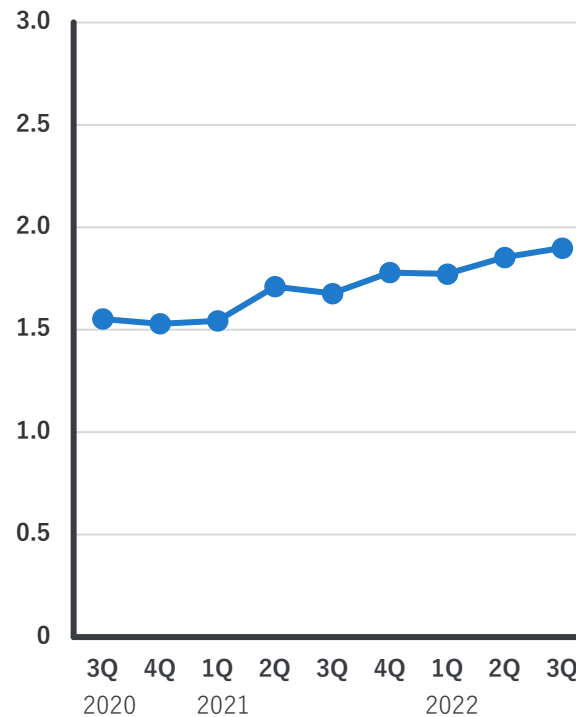
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Average amount of
purchases of invoices

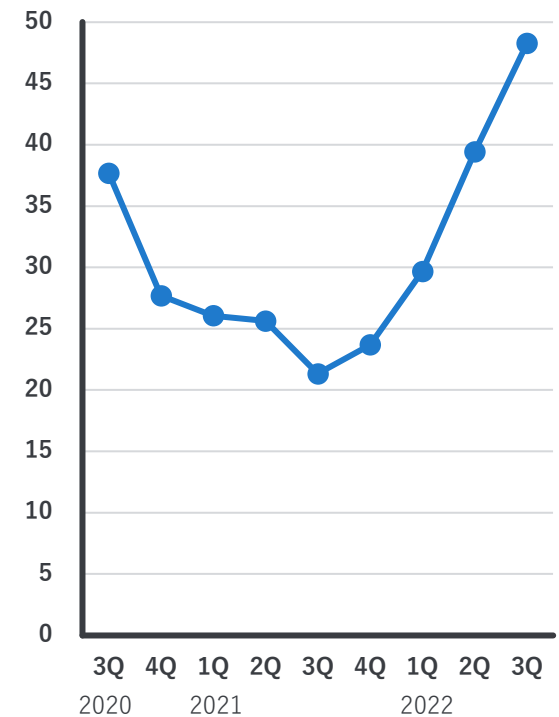
(Persons)



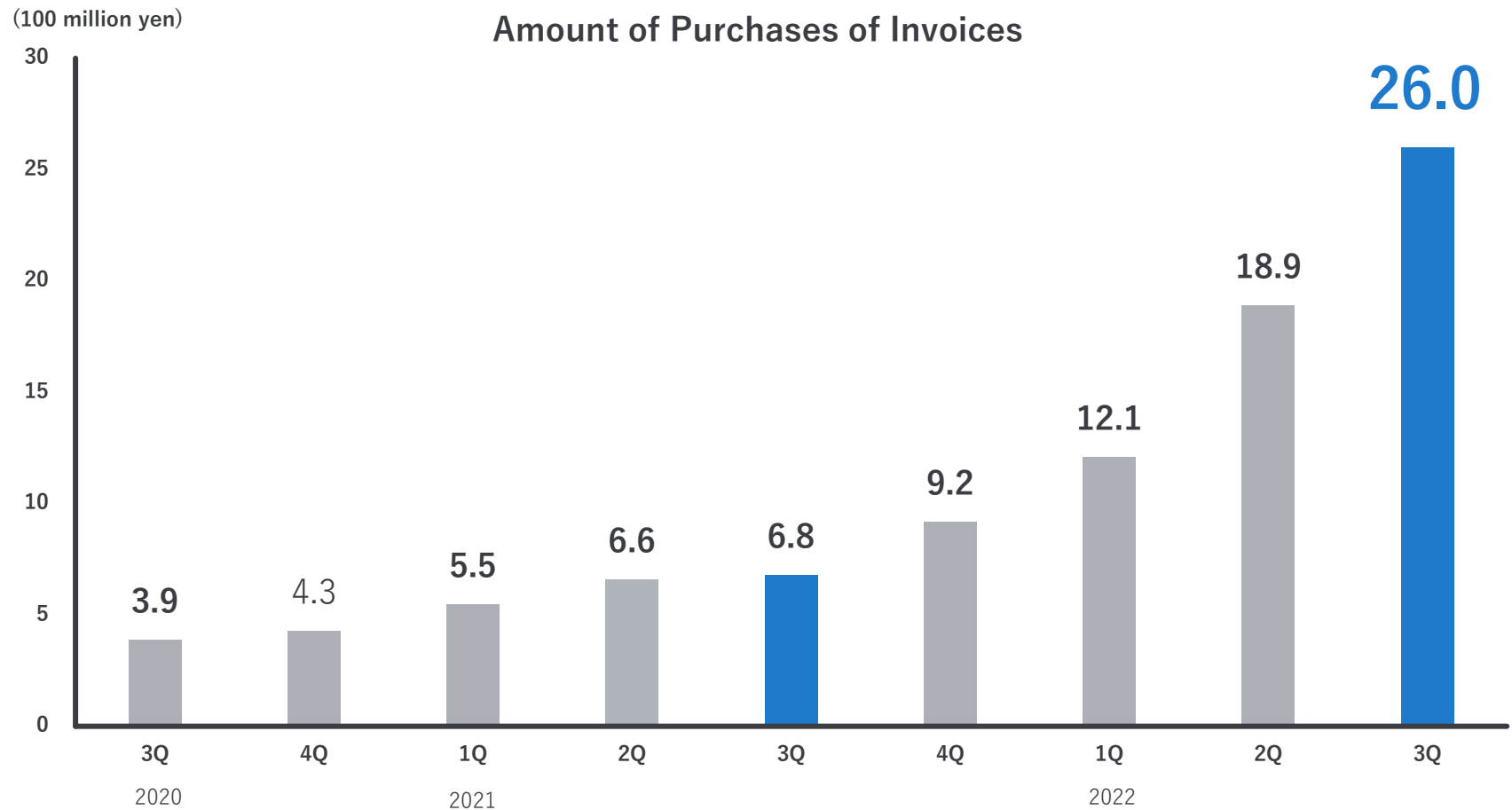
(Invoices)



(10,000 yen)



The number of users and the average amount of purchases of invoices were on an upward trend. The amount of purchases of invoices hit a record high.

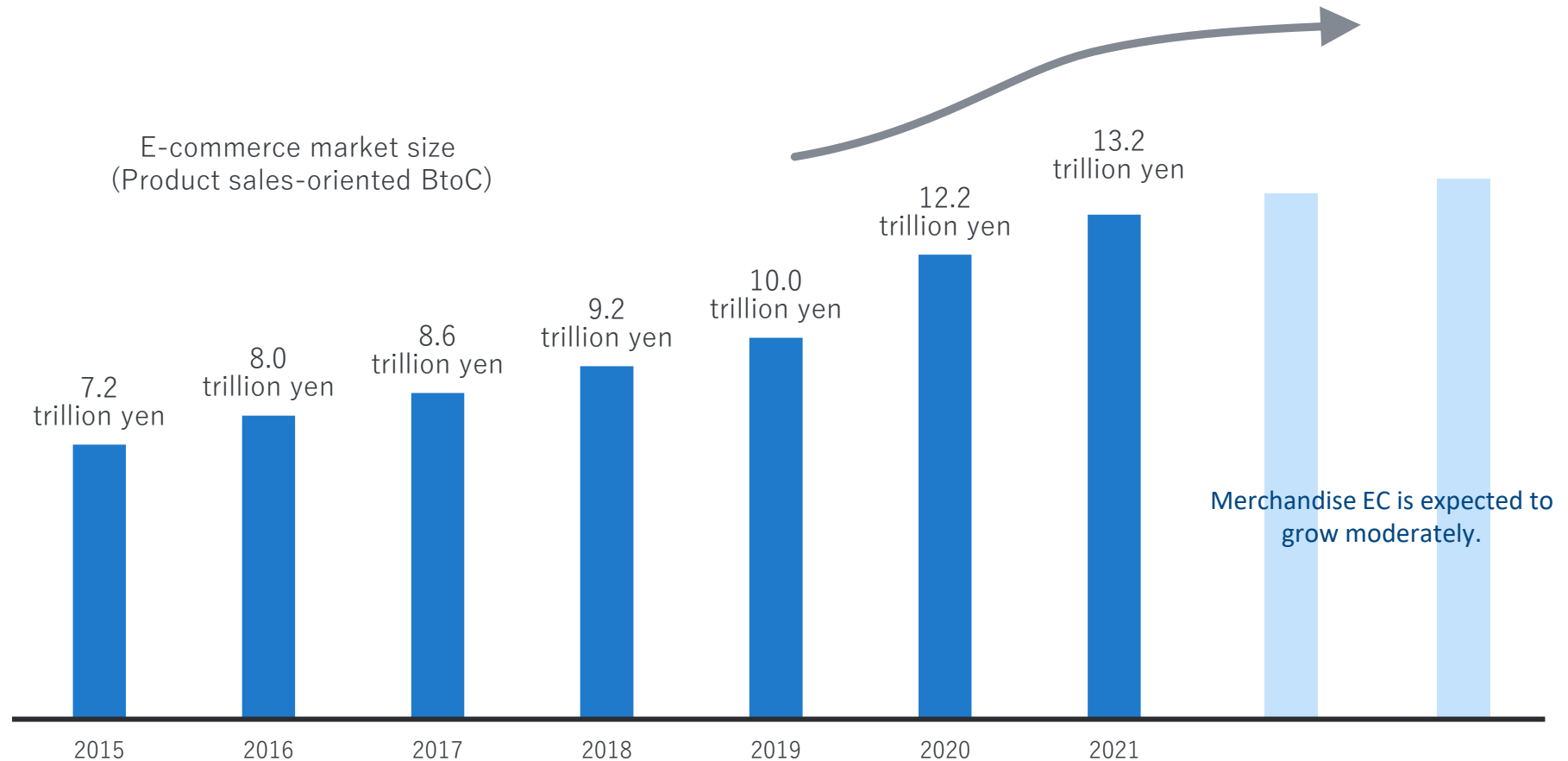


Results by Segment (First Nine Months of FY2022)

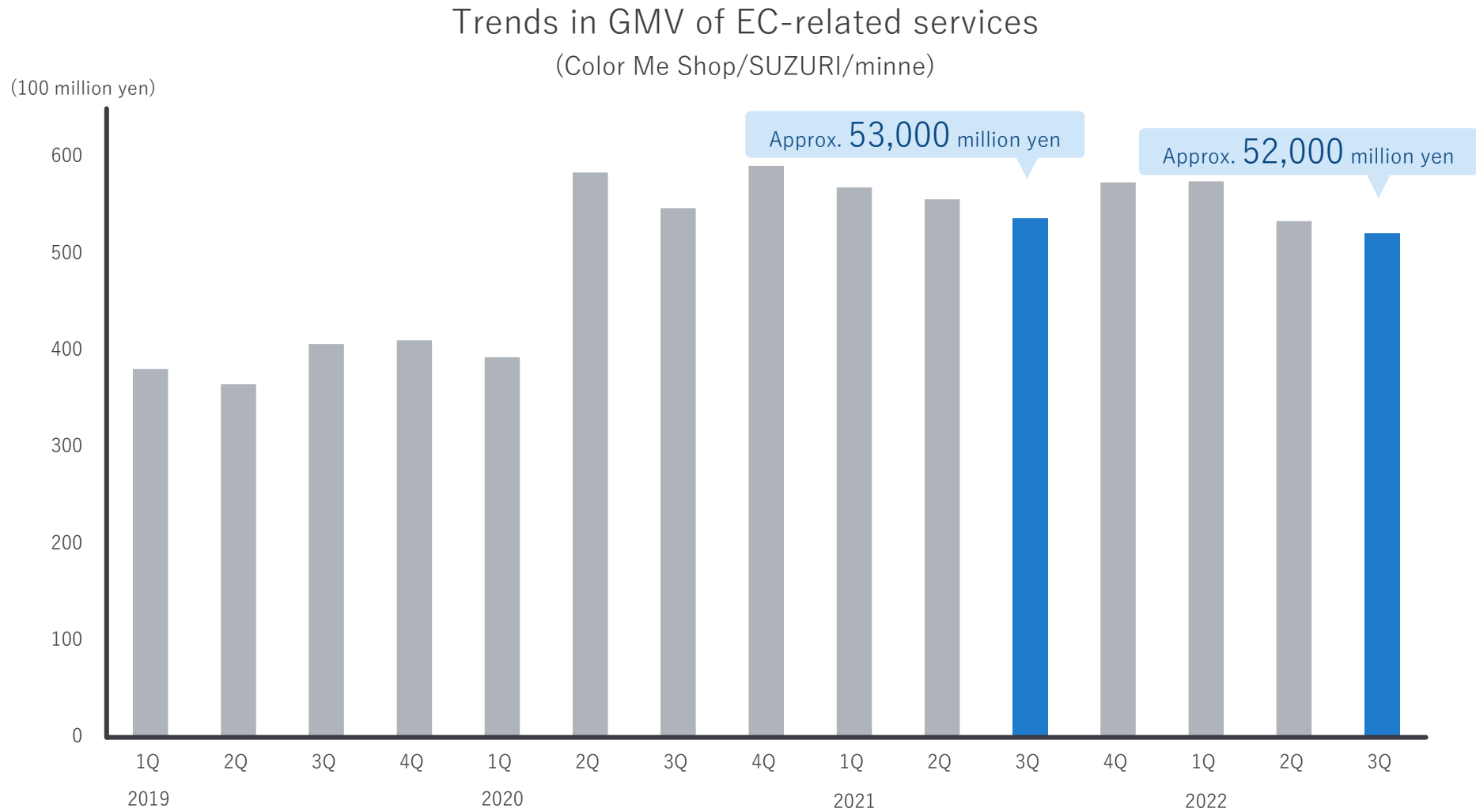
Progress in Results in FY2022 by Segment (Revised forecast)

		Initial forecast (2022 full-year)	Revised forecast (2022 full-year)	Change (%)
Hosting Buoyant results are expected after the positive effect of the price revision in the previous year.	Net sales	5,059 million yen	5,142 million yen	1.6 %
	Operating profit	1,561 million yen	1,712 million yen	9.7 %
E-commerce Support Results of Color Me Shop will stay flat year on year and SUZURI will see gross merchandise value lower than initially forecasted.	Net sales	3,826 million yen	3,120 million yen	-18.5 %
	Operating profit	1,390 million yen	817 million yen	-41.2 %
Handmade Products Gross merchandise value will be smaller than initially forecasted despite efforts to attract creators and to increase buyers.	Net sales	2,041 million yen	1,673 million yen	-18.0 %
	Operating profit	262 million yen	87 million yen	-66.8 %
Financial Support After a huge jump in amount of purchases of invoices, a positive profit figure will be marked for the first time.	Net sales	549 million yen	558 million yen	1.6 %
	Operating profit	4 million yen	4 million yen	12.0 %
Other (Head office cost, etc.) Head office cost will be cut, including a review of the recruitment plan.	Net sales	4 million yen	4 million yen	—
	Operating profit	-2,075 million yen	-1,889 million yen	—

The merchandise EC market is growing. Growth is expected to be moderate.



Total GMV of three services (Color Me Shop, SUZURI, and minne) remained flat.



Gross Merchandise Value in Color Me Shop and minne by Category (Ratio to Year-Earlier Level)

Gross merchandise value for first nine months stayed unchanged on the whole from the same period a year earlier. Growth categories among others will be strengthened with a view to business growth.

COLOR ME

YoY
98.2 %

Ratio of gross merchandise value to year-earlier level by category

Food 112.6 %

Sports and outdoors 109.9 %

Fashion 104.4 %

Household items 91.0 %

Hobby-related items 84.0 %

⋮

minne

YoY
100.4 %

Ratio of gross merchandise value to year-earlier level by category

Fashion 110.5 %

Furniture and household items 105.1 %

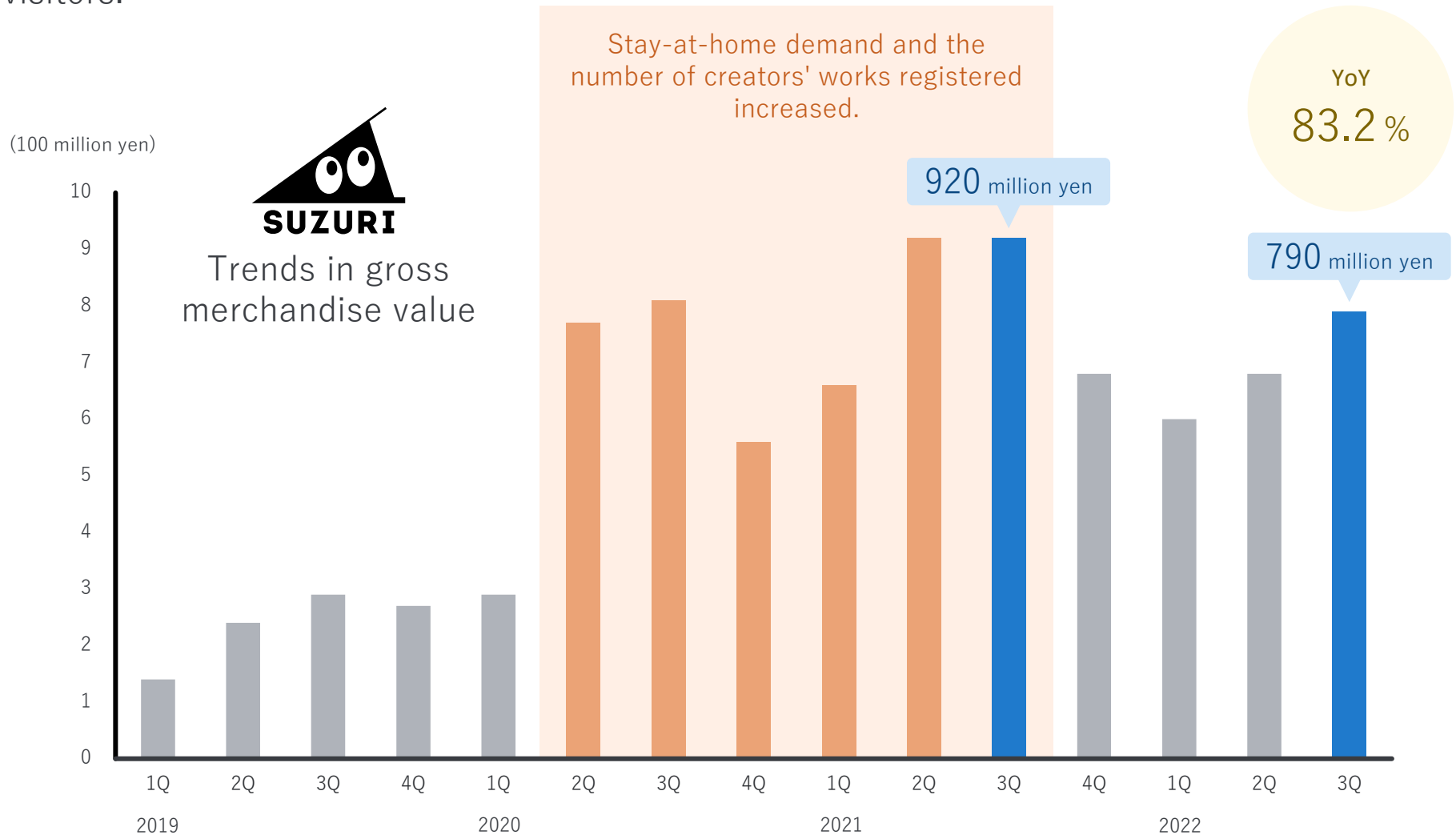
Food 101.2 %

Bags, wallets, purses and small articles 99.2 %

Tableware and kitchen items 96.8 %

⋮

Under the pandemic, stay-at-home demand and the number of creators' works registered increased, but currently gross merchandise value is slowing.
Items were added to stimulate registrations of works and ads were placed for winning new visitors.

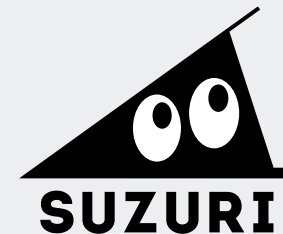


Provide non-merchandise e-commerce services, such as handling of digital content

minne

Registration and sales of digital content commenced for broadening activities and delights of handcraft

(Teaching materials, digital materials, etc.)



Expand into new digital domains, instead of physical ones, for providing enhanced user experience

(Sales of digital data)



Put into full operation in the next fiscal year

Offer services and functions that support cross-border e-commerce for capturing demand for operations to overseas users

COLOR ME

- Offer a cross-border e-commerce support app, Buyee Connect for Color Me Shop, for free
- Collaborate with WorldShoppingBIZ and support overseas expansion
- Hold cross-border e-commerce seminars for operators starting overseas sales

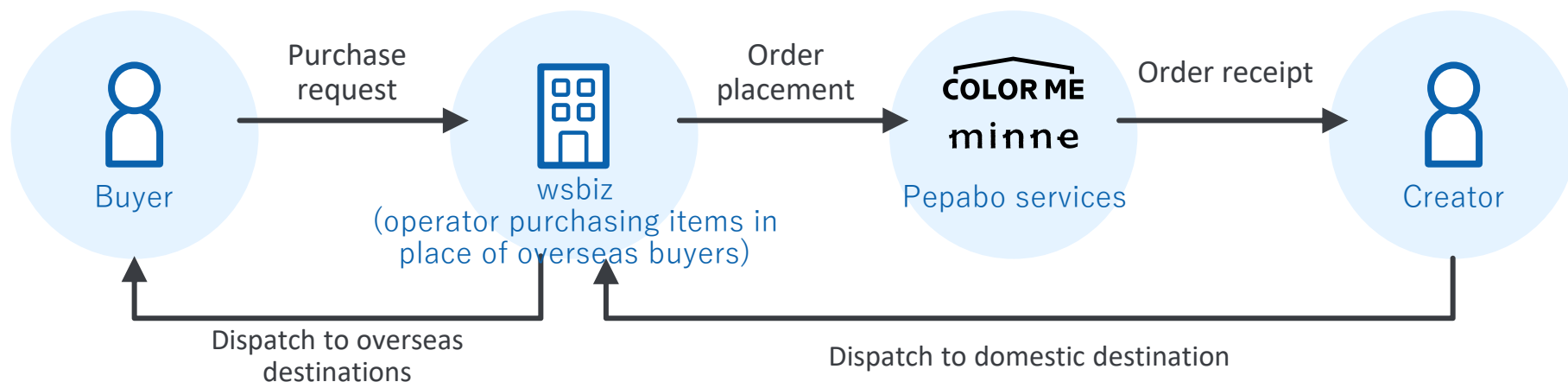
minne

- Collaboration with the cross-border e-commerce site of Neokyo started this past July
- Collaborate with WorldShoppingBIZ and respond to overseas orders
- Display works pages in multiple languages



Collaborate with WorldShoppingBIZ, which purchases items upon contract from overseas users

Schematic of collaboration with WorldShoppingBIZ



Provide support and strengthen functions matched with stores with top-ranked monthly sales for the purpose of creating more earning opportunities in Color Me Shop

Estimated gross merchandise value in e-commerce cart service: Approx. 2 trillion yen*

Large-scale operators with high monthly sales
Gain top-ranked stores with high monthly sales and provide different kinds of support to create more earning opportunities

**Approx.
1 trillion yen**

Large operators and small- and medium companies running multiple stores
Strengthen the food category, provide support matched with development of stores such as launch of cross-border services and shift them to a higher-level plan (Large Plan)

**Approx.
500 billion yen**

Small- and medium-sized enterprises and equivalents
Offer a plan with plenty of functions such as regional revitalization, collaboration with regional banks, and wider options that facilitates operation (Regular Plan)

**Approx.
300 billion yen**

Individuals, self-employed workers and side businesses
Introduce a free plan to gain e-commerce beginners

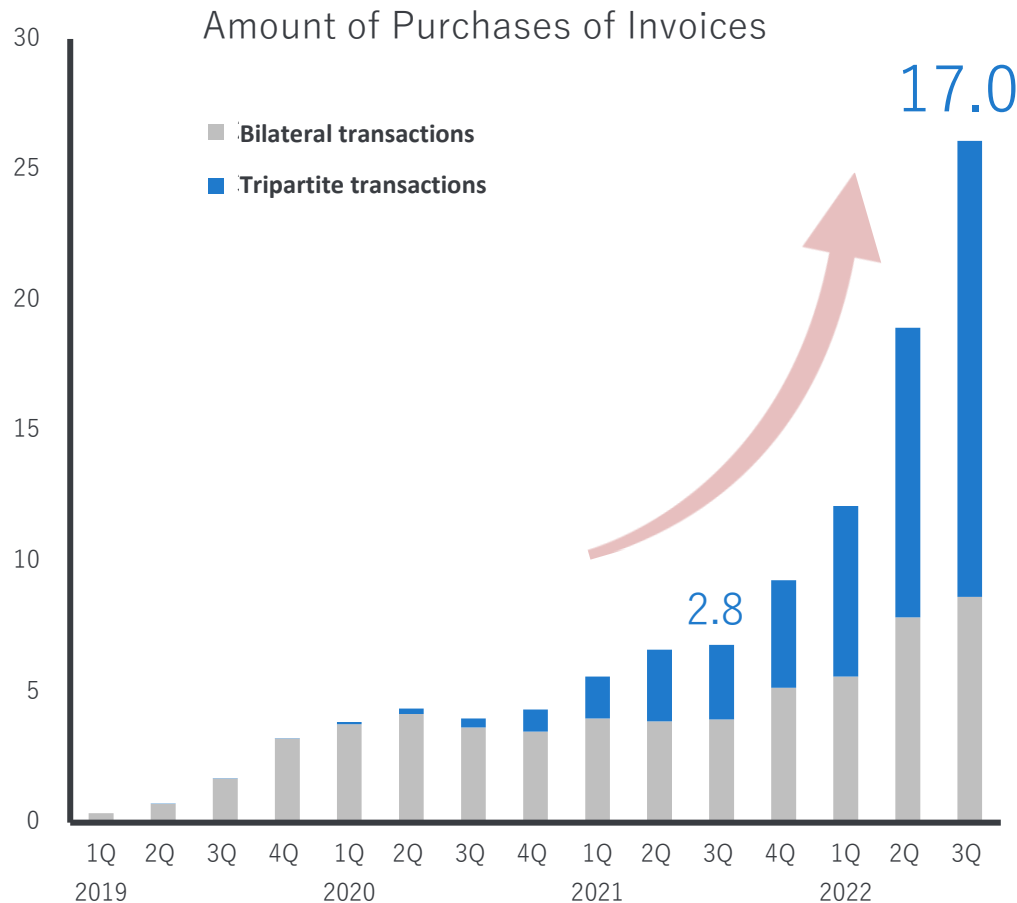
**Approx.
200 billion yen**

* Estimated by GMO Pepabo from financial results materials of e-commerce cart service operators (2021)

Expansion of inter-corporate collaboration increased the amount of purchases of invoices based on tripartite transactions.

A positive profit was attained as of Q3.

(100 million yen)



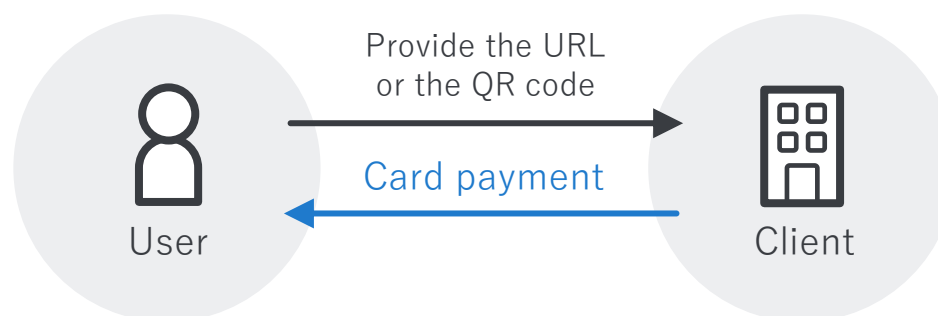
Attain
profitability

as of Q3 of 2023

Q3 FY2022
Year-on-year **growth** in
tripartite transactions of
611.0% achieved

FREENANCE Card Payment, which enables card payment for compensation to businesses and fee-based plans launched on Wednesday, October 19, 2022

FREENANCE card payment FREENANCE members have only to display a URL or a QR code used in invoices and email messages for giving their clients a card payment option for payment to them.



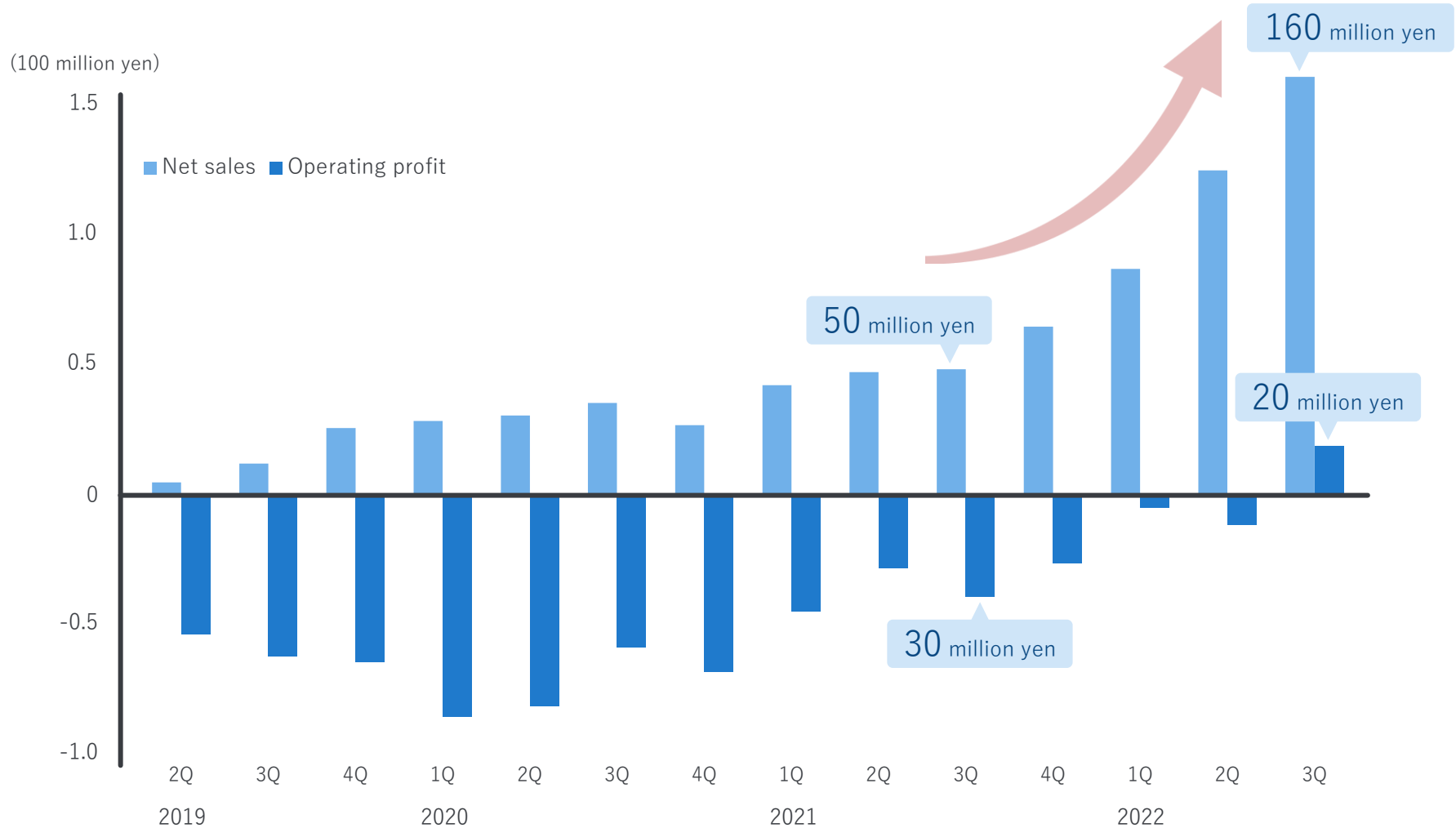
Introduce fee-based plans

	Free plan	Regular plan	Premium plan
Monthly fee*	0 yen	590 yen	1,200 yen
Liability insurance	Covering up to 50 million yen	Covering up to 50 million yen and errors and omissions cover of up to 5 million yen	
Long-term disability cover	Subject to several conditions	Immediately available	
Virtual office	Separate application required	Separate application required	With light plan
Card payment (commission fee rate)	4.43%	3.93%	3.43%

* Annual charges: 5,800 yen (i.e. 490 yen per month) for the regular plan and 11,760 yen (i.e. 980 yen per month) for the premium plan

Net sales grew in line with expansion of the amount of purchases of invoices and profitability was reached.

With the end of the demand slump under the pandemic, the business is moving to a growth phase.





GMO Pepabo, Inc.

Stock code: 3633



Questions and answers

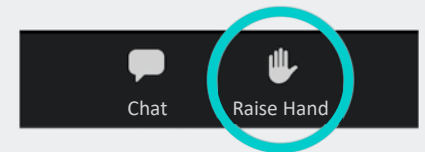
- (1) Click the Raise Hand button below the Zoom screen.

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 (Q3)

(Million yen)	FY2021 Q3*	FY2022 Q3	YoY
Net sales	7,414	7,809	105.3%
Cost of sales	2,788	3,291	118.0%
Gross profit	4,625	4,518	97.7%
Selling, general and administrative expenses	3,927	3,947	100.5%
Of SG&A expenses, promotion cost*	817	1,037	127.0%
Operating profit	698	570	81.7%
(Operating profit margin)	9.4%	7.3%	—
Ordinary profit	731	599	82.1%
Profit before income taxes	828	610	73.7%
Profit attributable to owners of parent	525	418	79.7%

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

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Consolidated Balance Sheet

(Million yen)	FY2021	FY2022 Q3	Change
Current assets	6,943	8,597	+1,653
Cash and deposits*	3,620	3,320	-300
Accounts receivable	2,685	2,507	-178
Non-current assets	1,926	2,093	-166
Total assets	8,870	10,690	+1,820
Current liabilities	5,694	7,761	+2,067
Accounts payable – other	2,142	1,929	-213
Advances received	2,219	3,891	+1,671
Non-current liabilities	222	302	+79
Net assets	2,953	2,626	-327
Liabilities and net assets	8,870	10,690	+1,820

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

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 465 (372 full-time employees, 93 temporary employees)
(consolidated)

(As of September 30, 2022)

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

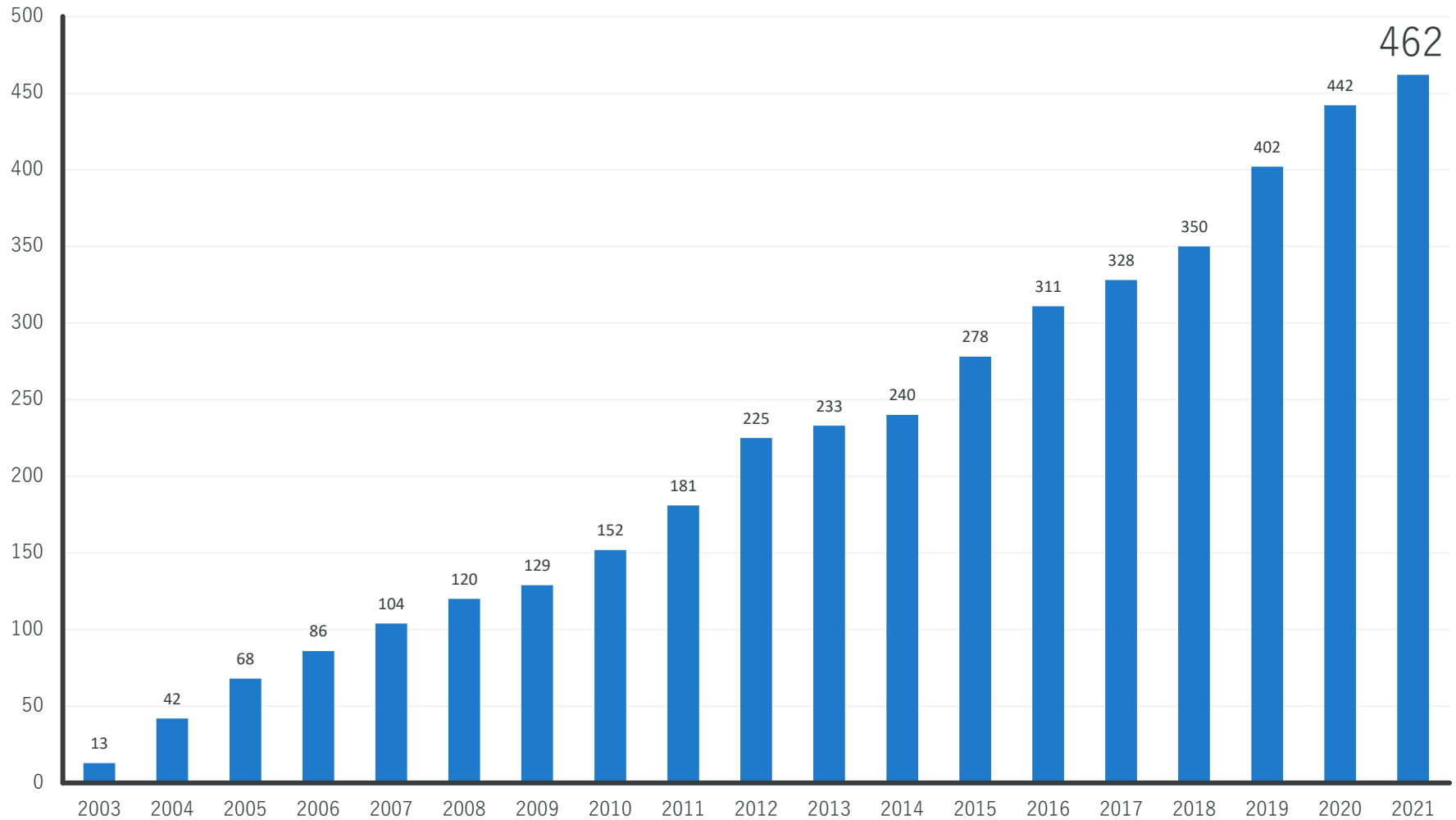
In less than 20 years since we were established in 2003, Internet technologies have seen innovative advances. The ways people express themselves online have also changed, and uses of the Internet have expanded.

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
 - April 2022 Assigned to the Section of the Tokyo Prime Market

Number of partners



Lolipop!

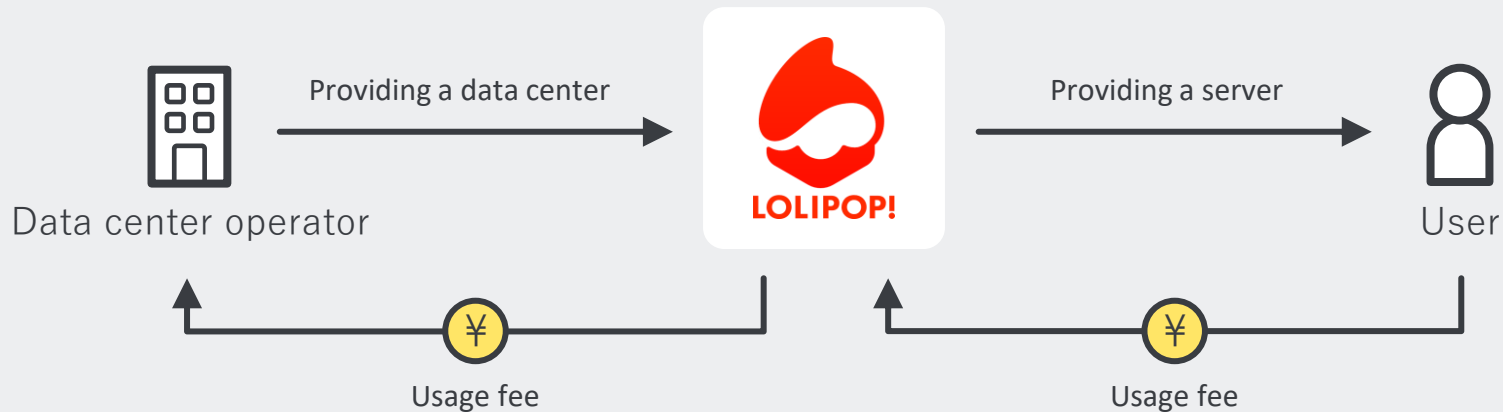
One of Japan's largest rental server services

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 September 30, 2022)



Business model

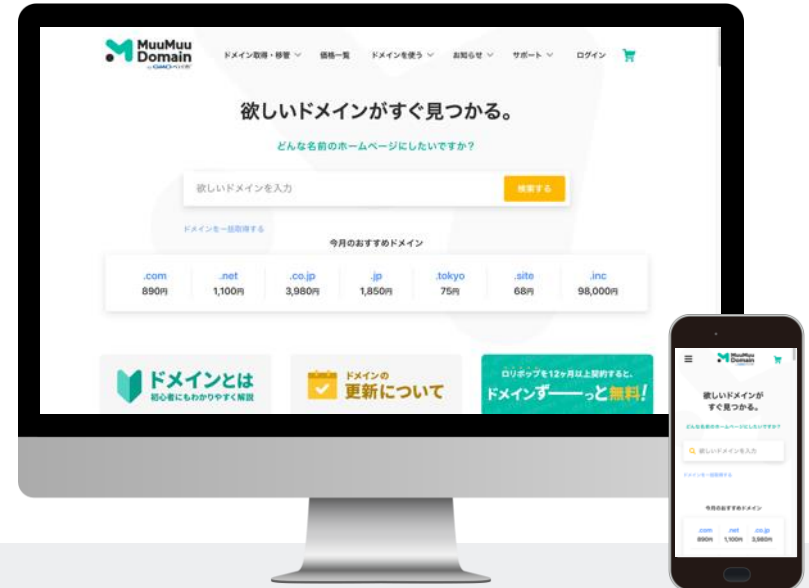


MuuMuu Domain

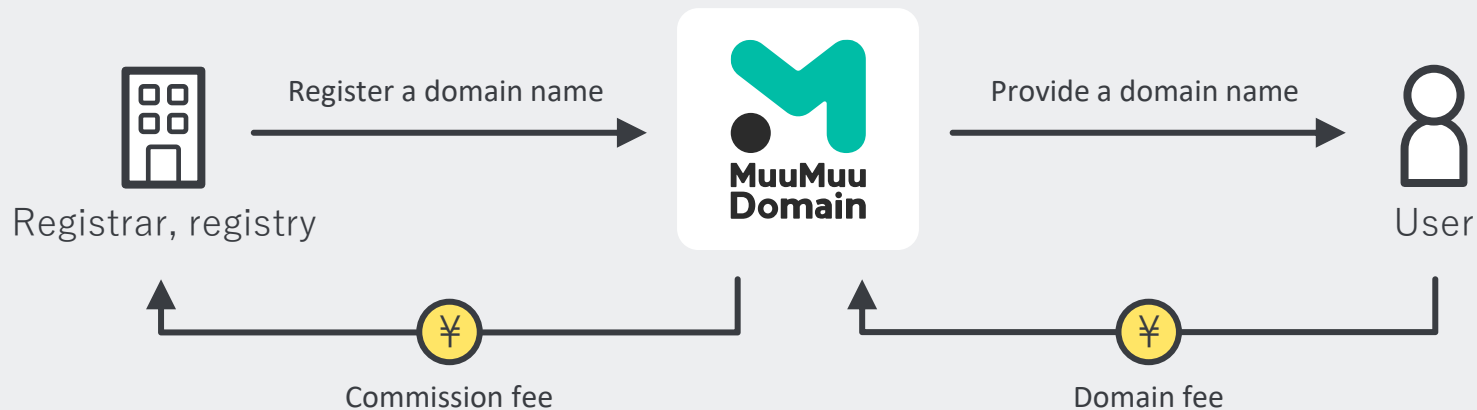
Domain name acquisition agency

- Usage fee: An annual fee of 53 yen or more
- Number of contracts: 1.15 million
- Main users: Individuals and small and medium-sized corporations

(As of September 30, 2022)



Business model



Color Me Shop

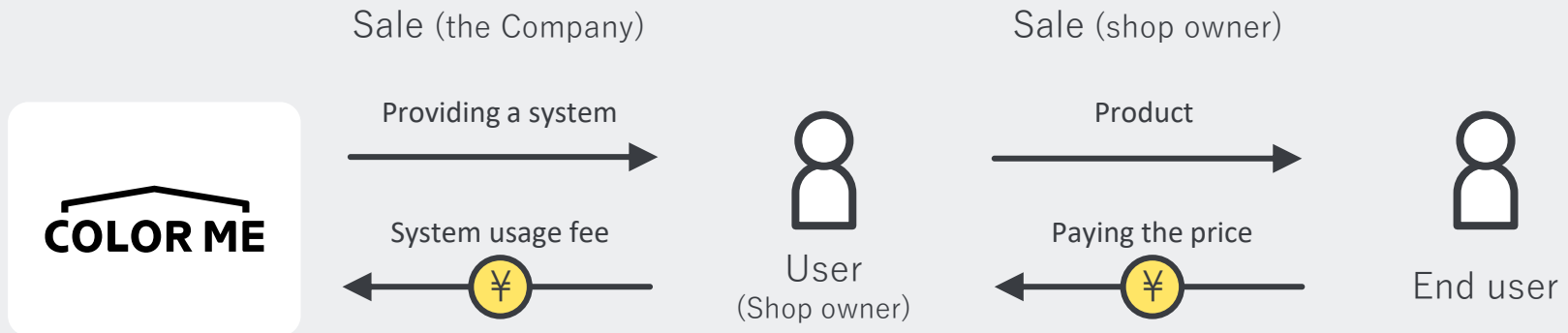
Creation of online shops

Usage fee:	A monthly fee of 0 yen or more
Number of contracts:	50,000
Main users:	Private stores, small and medium-sized stores

(As of September 30, 2022)



Business model

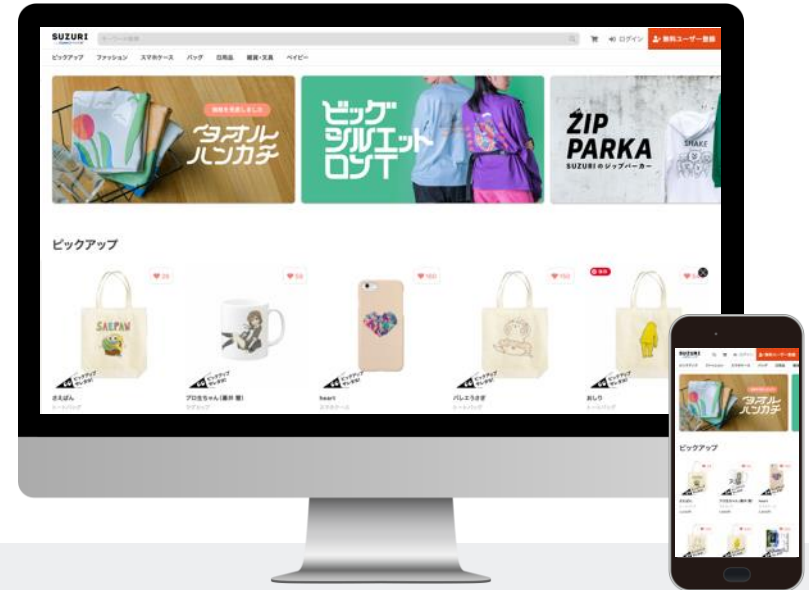


SUZURI

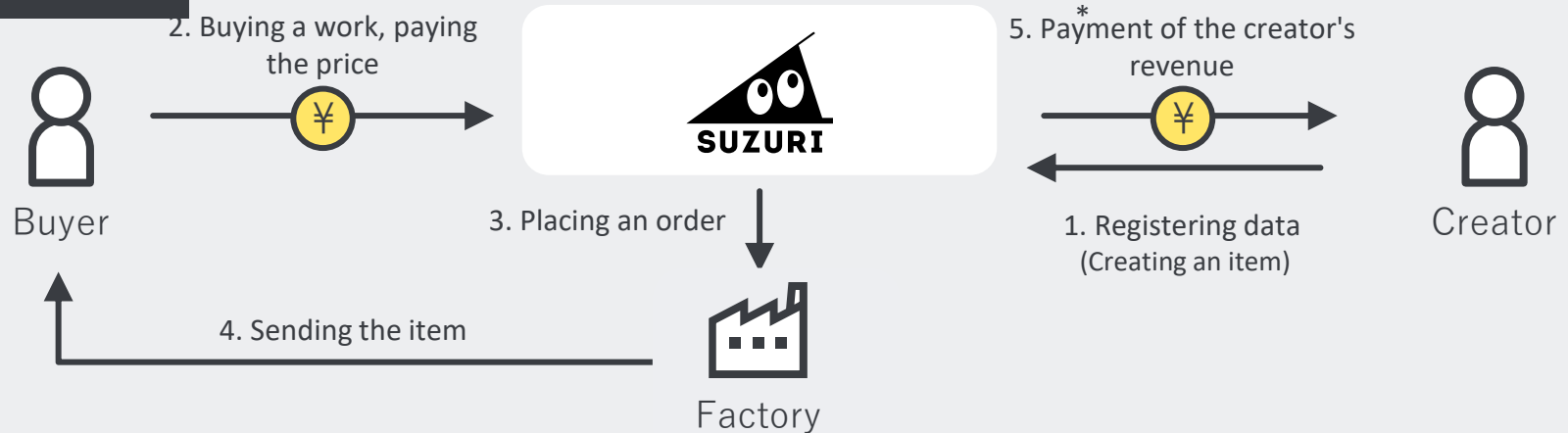
Creation and sale of original goods

Annual gross merchandise value:	3.2 billion yen (2021 result)
Number of creators:	0.65 million
Number of members:	1.30 million

(As of September 30, 2022)



Business model



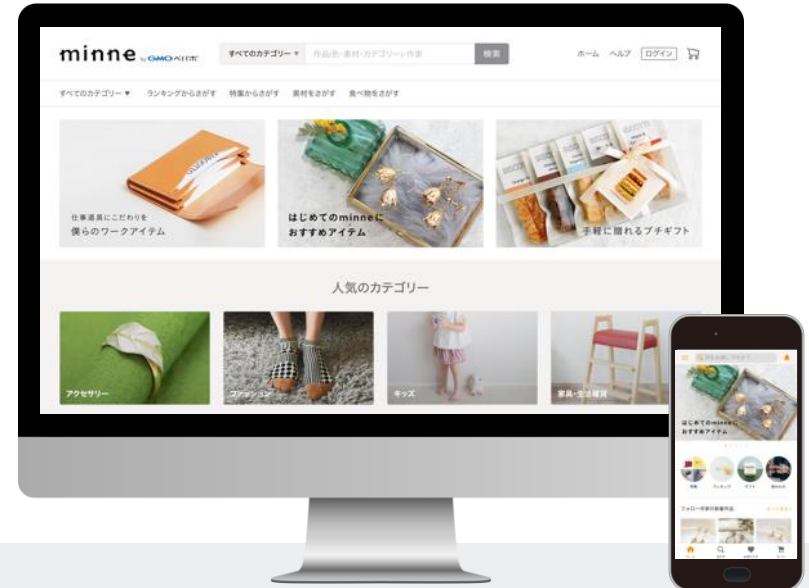
* Revenue that the creator sets = Sales price of the work minus sales at the Company

minne

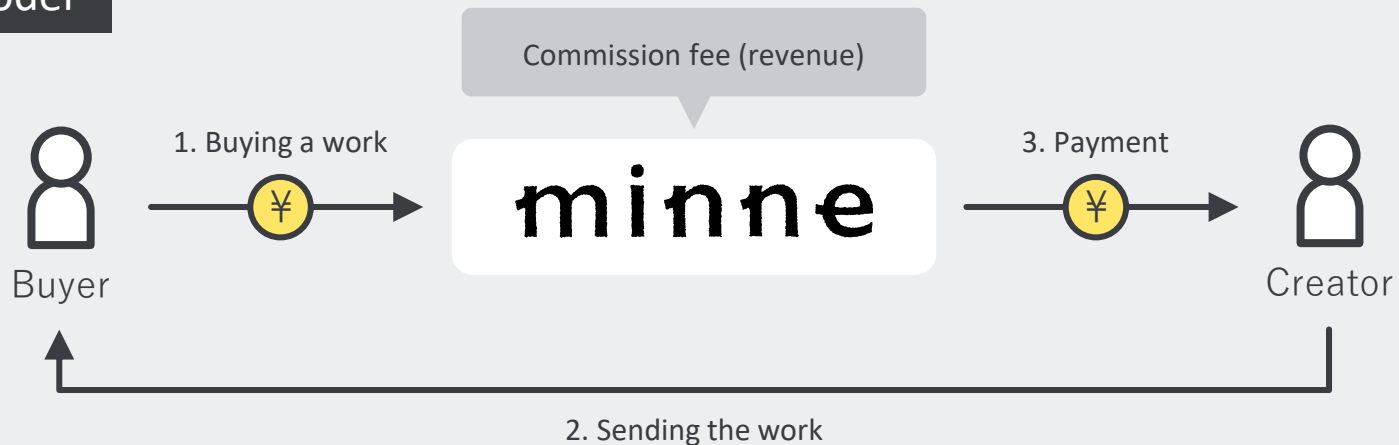
One of Japan's largest
handmade products markets

Annual gross merchandise value:	15.15 billion yen (2021 result)
Number of creators and brands:	0.84 million
Number of works:	15.68 million
Number of app downloads:	13.92 million

(As of September 30, 2022)



Business model



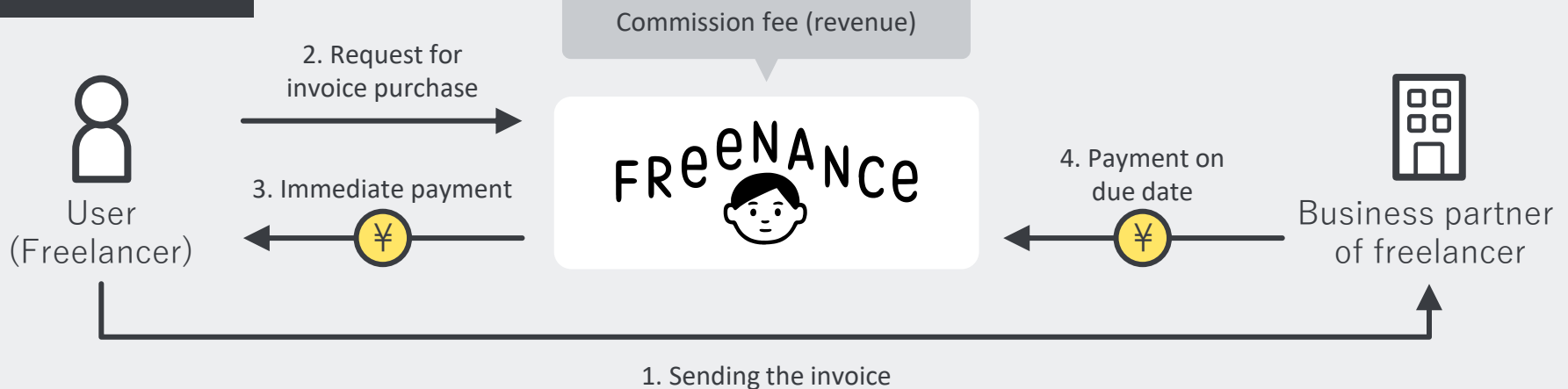
FREENANCE

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:	Immediate payment / GMO Freelance factoring / insurance, etc.
Amount of purchases of invoices (As of September 30, 2022)	10.72billion yen (2019/1Q~2022/3Q)

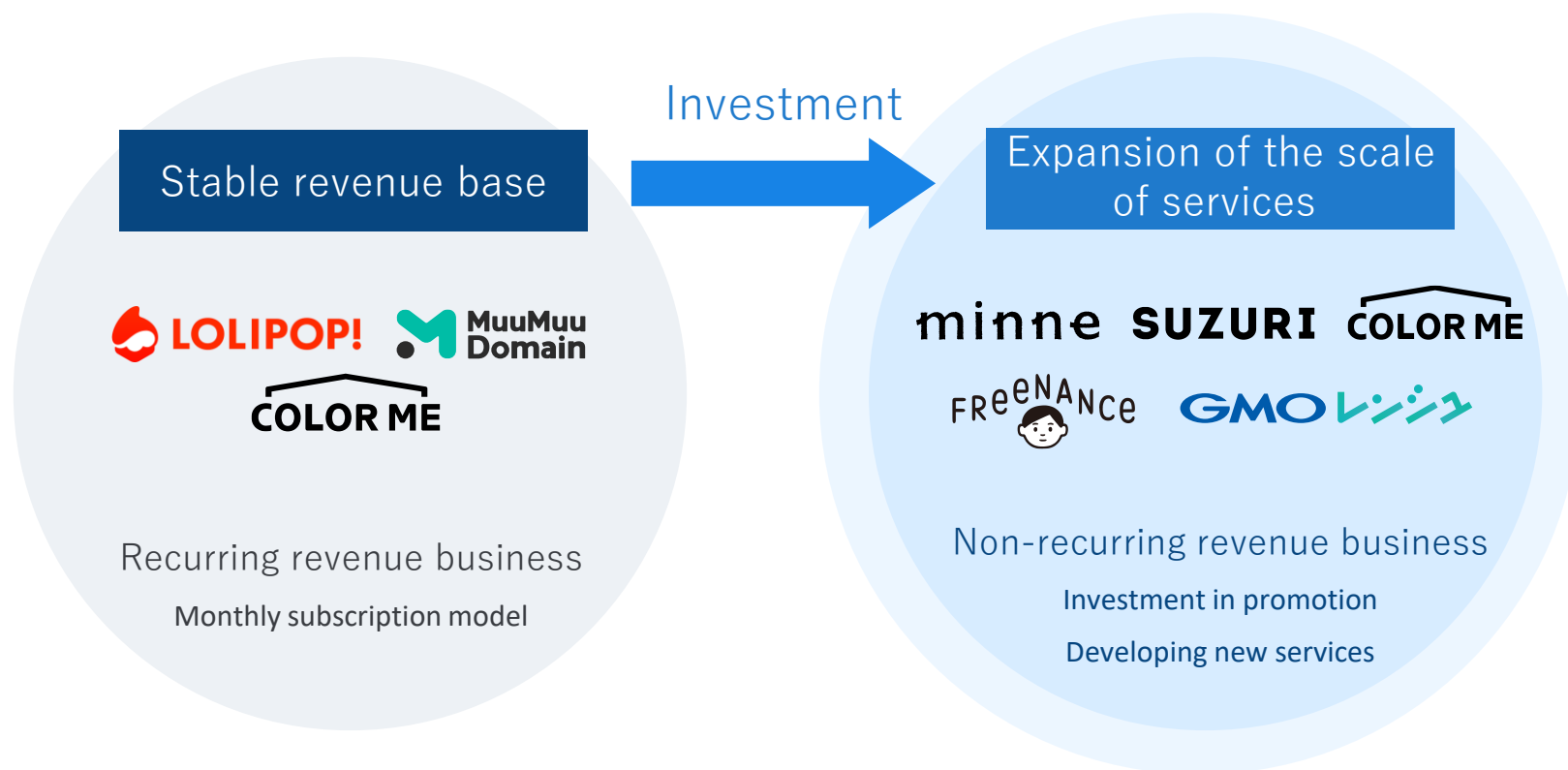


Business model



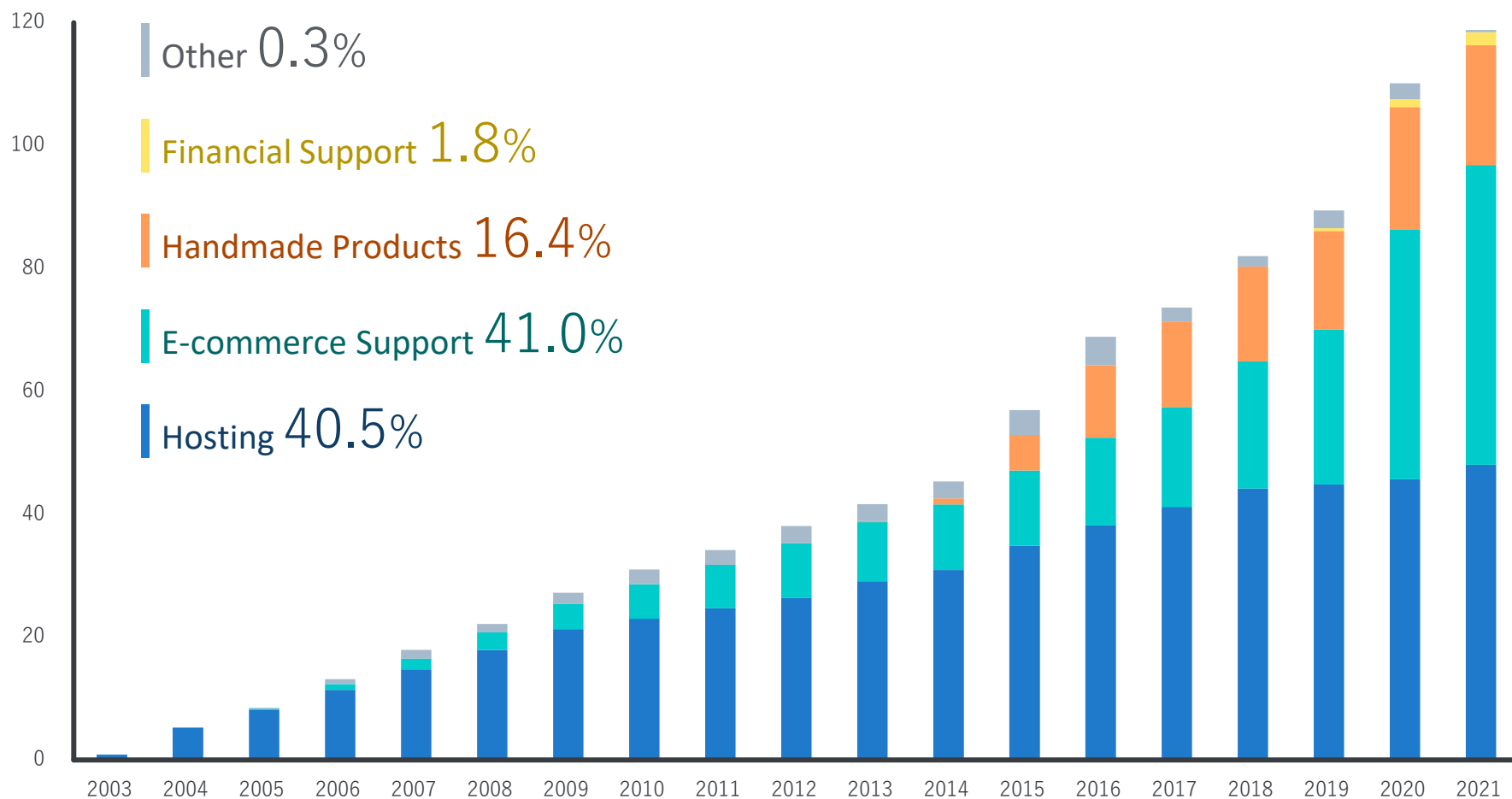
(from Recurring Revenue Business to Non-Recurring Business)

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	50.00
Payout ratio (%)	62.4	50.9	50.3	50.7

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 fabricate or change it without permission, regardless of method or purpose.

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 **ir@pepabo.com**



Corporate site

<https://pepabo.com/>



IR information

<https://pepabo.com/ir/>



Pepabo's official Twitter account
@pepabo