

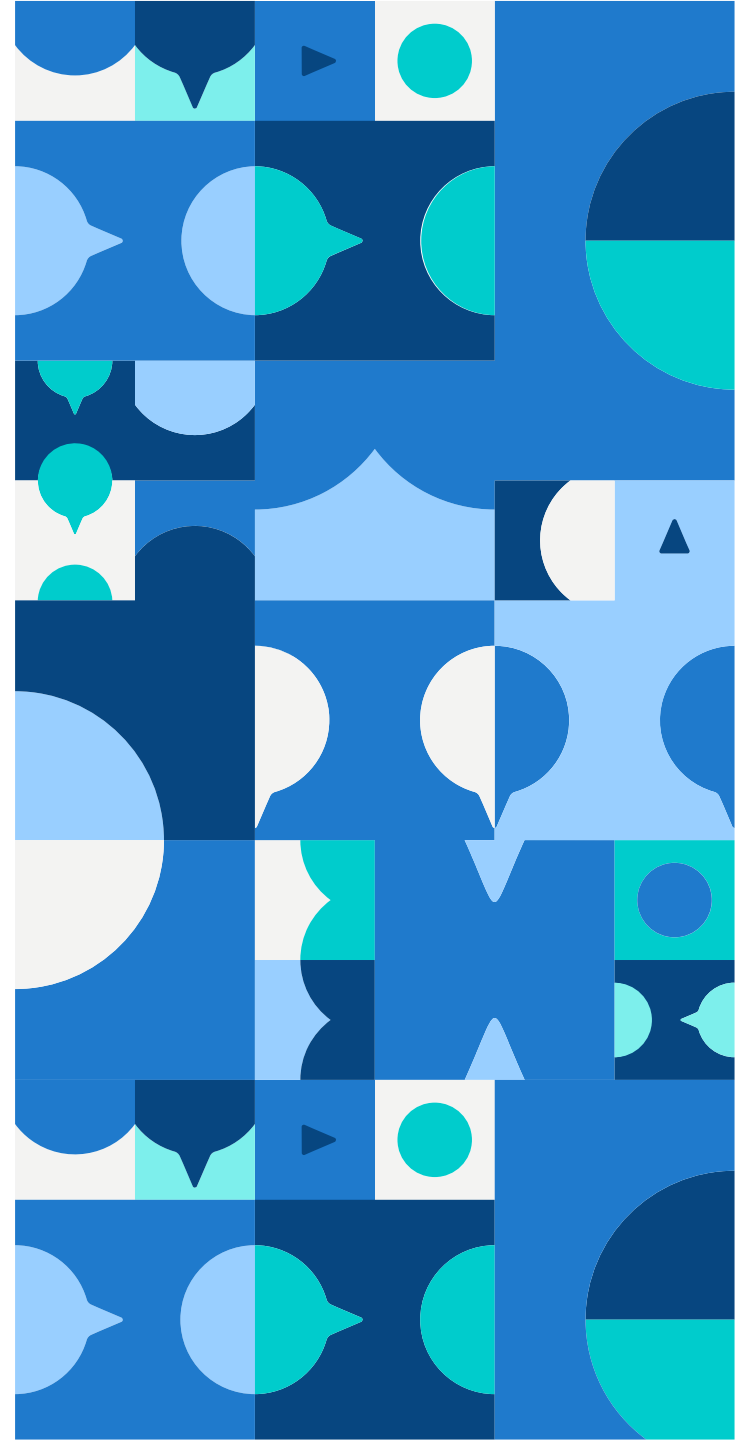


Fiscal Year 2021 3rd Quarter

Results Presentation

GMO Pepabo, Inc.

Stock code: 3633 (First Section of Tokyo Stock Exchange)



Sales rose and profit fell from a year ago,

reflecting the continued effects of declining stay-at-home demand.

- Recurring revenue services, Lolipop! and Color Me Shop, performed steadily.
- Profit fell due to increases in personnel expenses and promotion expenses, among other expenses.



AGENDA

- Summary of Results in Q3 FY2021 Page 3
- Progress in Q3 FY2021 and Outlook Page 26

Summary of Results in Q3 FY2021

Summary of Results

Net sales continued to grow, rising 8.0% year on year, but operating profit fell 26.9% year on year due to increases in promotion expenses and other expenses.

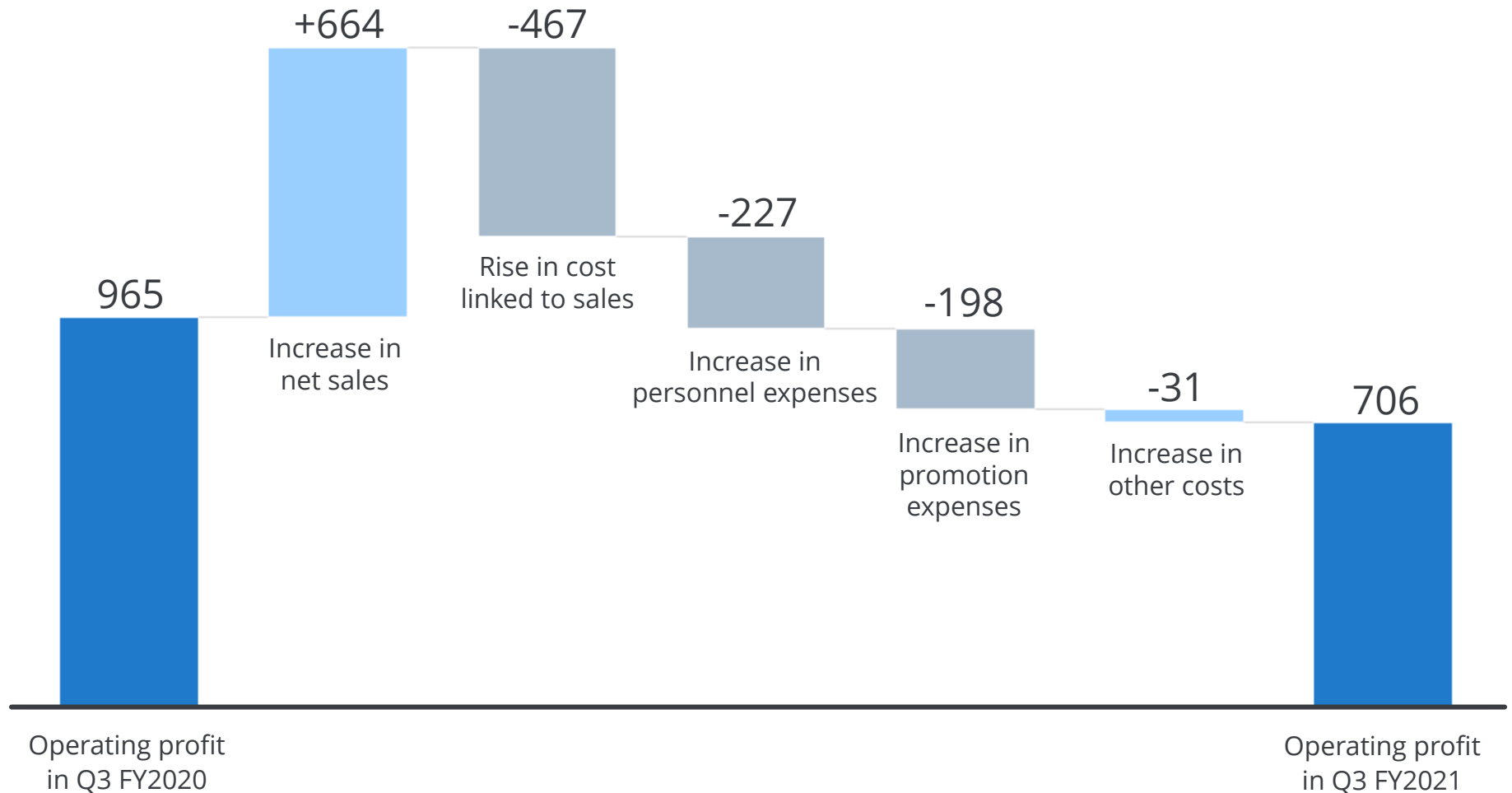
Profit attributable to owners of parent declined 14.9% year on year, reflecting the posting of a gain on sale of businesses.

(Million yen)	Q3 FY2021 (nine months)	Q3 FY2021 (nine months)	Change	YoY
Net sales	8,293	8,958	+664	108.0%
Operating profit	965	706	-259	73.1%
Operating profit margin (%)	11.6	7.9	—	—
Ordinary profit	1,021	739	-282	72.4%
Profit attributable to owners of parent	627	533	-93	85.1%

Analysis of Change in Operating Profit

Operating profit was 706 million yen, down 26.9% year on year, reflecting increases in personnel expenses and promotion expenses, among other expenses.

(Million yen)

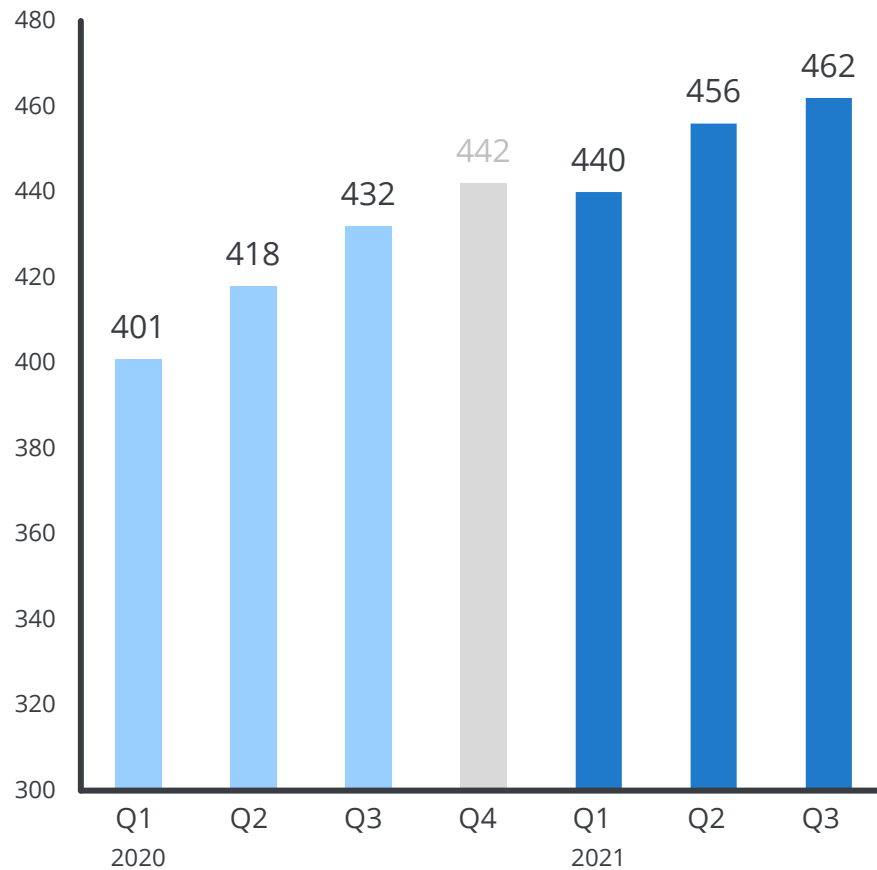


Analysis of Change in Operating Profit (in Detail)

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

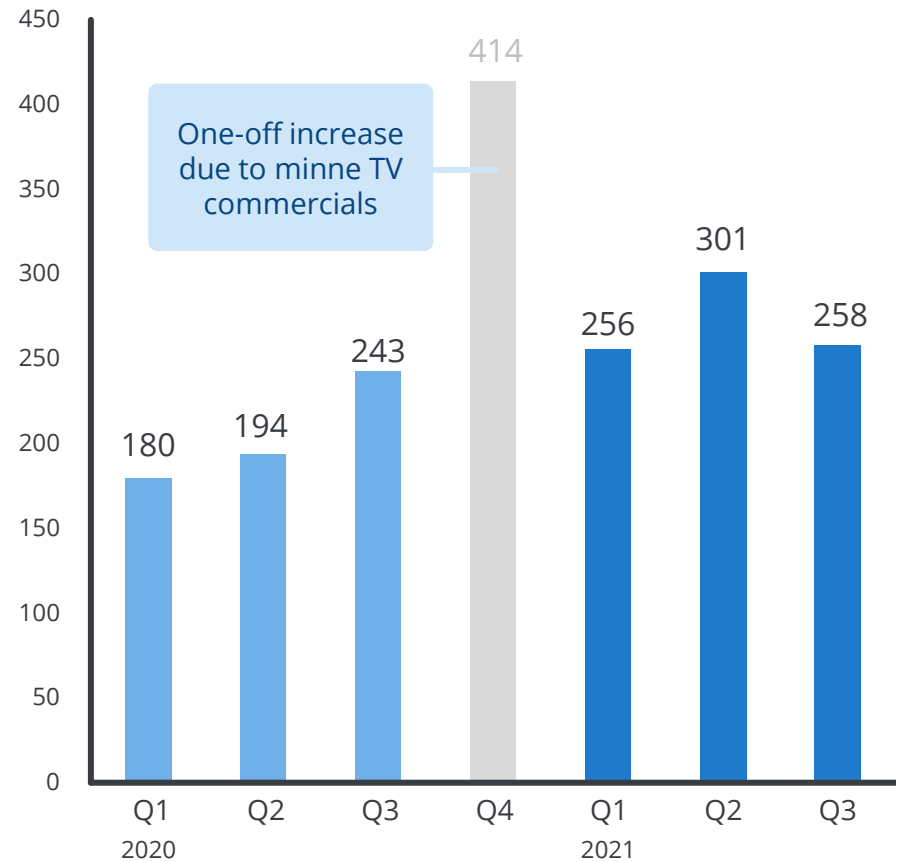
Trends in the number of partners
(personnel)

(Persons)



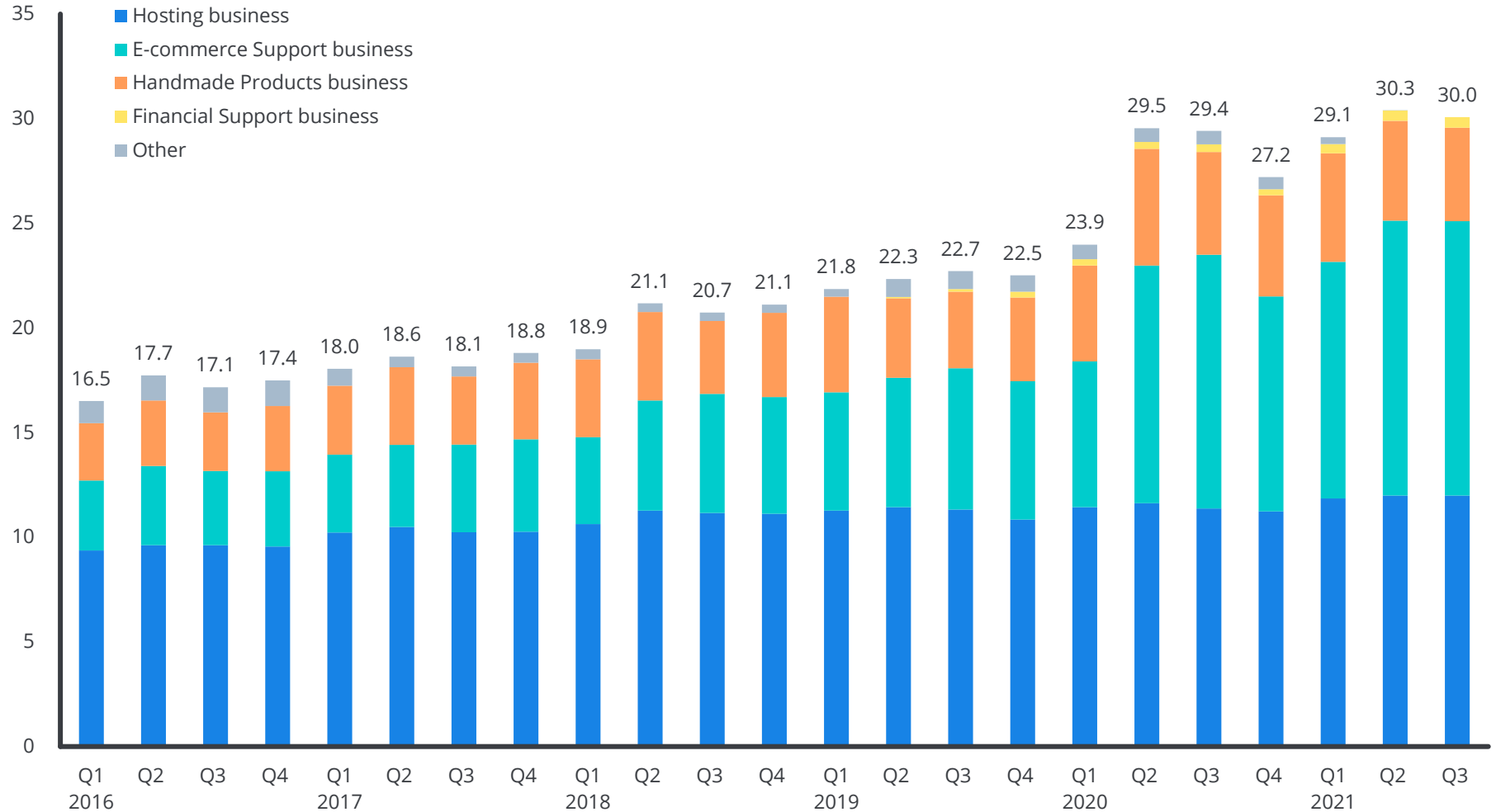
Trends in promotion expenses

(Million yen)



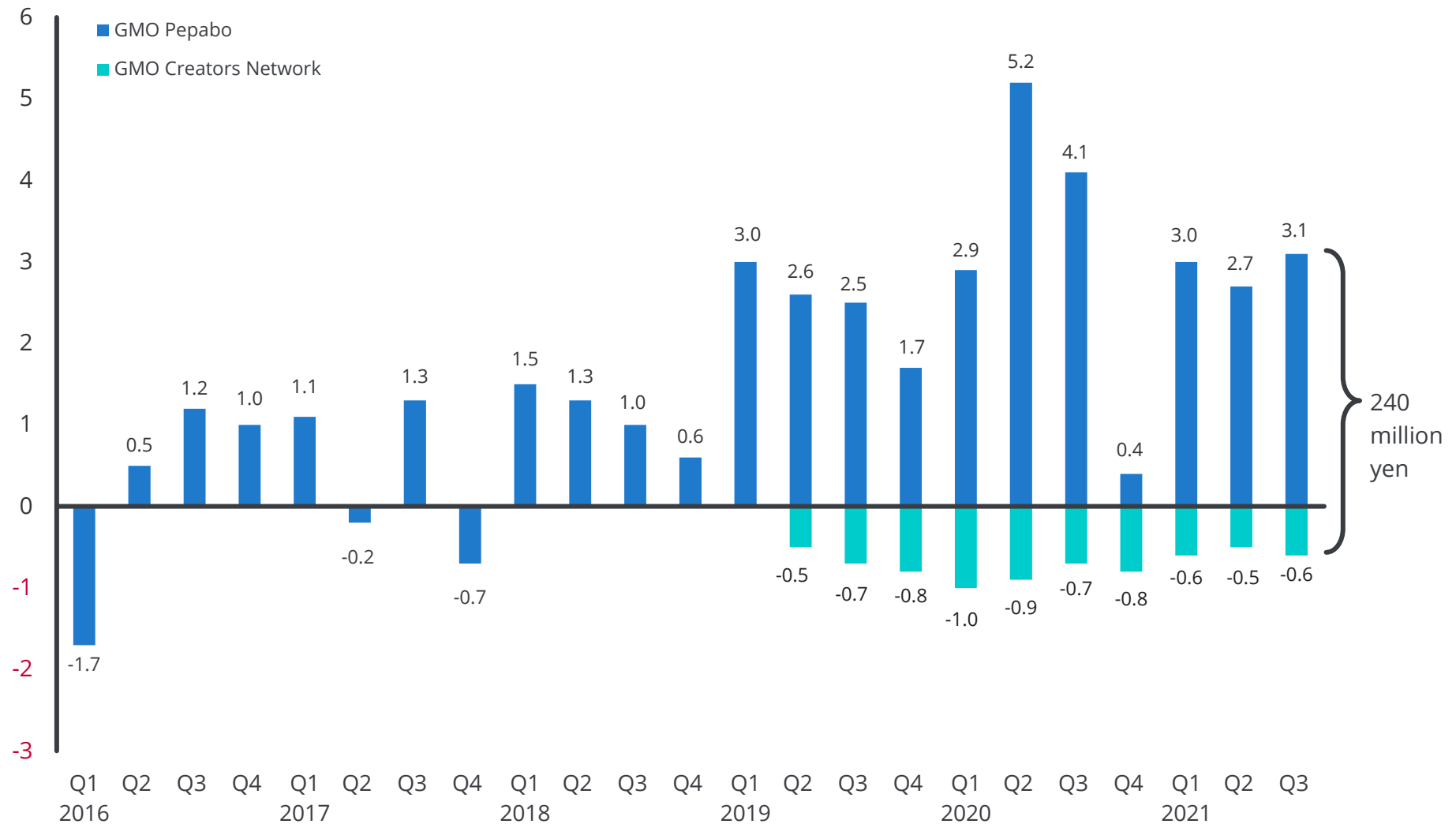
Changes in Quarterly Net Sales

(100 million yen)



Changes in Quarterly Operating Profit

(100 million yen)



Results by Segment (First Nine Months of 2021)

The main services performed steadily.

Hosting	Net sales:	3,583 million yen	(104.1 %)
	Operating profit:	1,088 million yen	(103.4 %)

Sales grew steadily, but sales at SUZURI fell short of expectations.

E-commerce Support	Net sales:	3,754 million yen	(123.4 %)
	Operating profit:	884 million yen	(89.5 %)

Sales and profit fell from a year ago due to a decline in stay-at-home demand.

Handmade Products	Net sales:	1,441 million yen	(95.7 %)
	Operating profit:	168 million yen	(56.0 %)

The number of users and the amount of purchases of invoices increased.
Operating profit improved significantly.

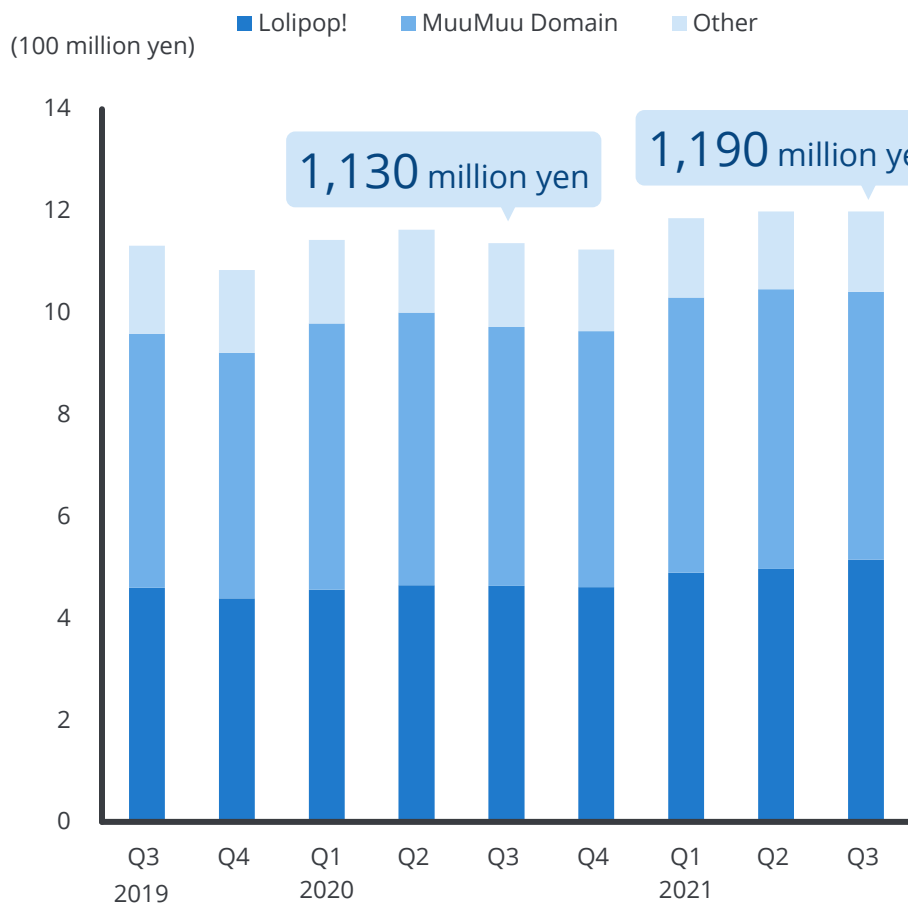
Financial Support	Net sales:	145 million yen	(145.9 %)
	Operating profit:	-113 million yen	(an increase of 116 million yen)

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

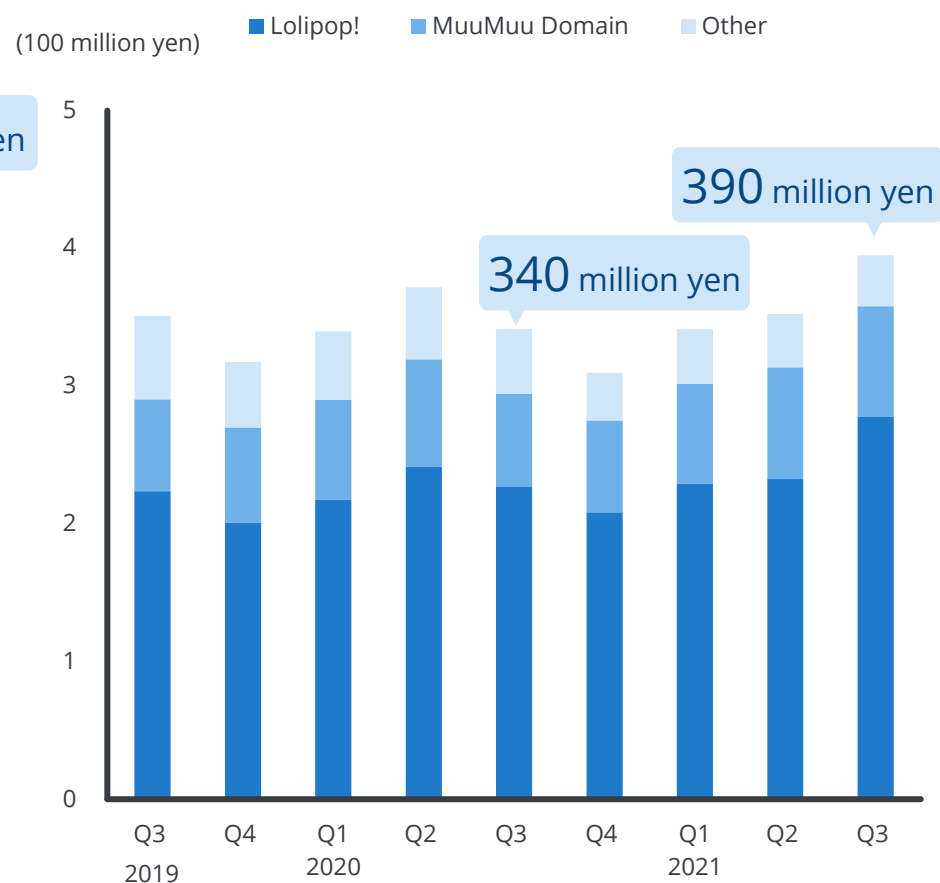
Hosting business

Nine months	Net sales:	3,583 million yen	(up 4.1% year on year)
	Operating profit:	1,088 million yen	(up 3.4% year on year)

Net sales



Operating profit



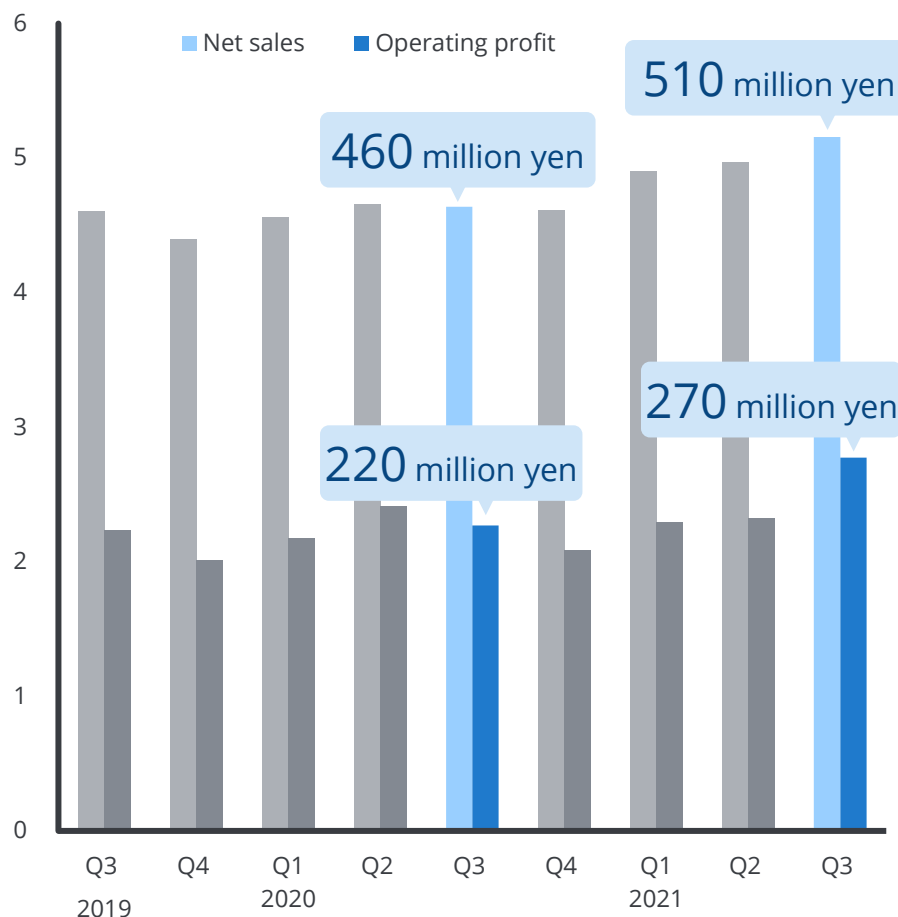
Nine months

Net sales: 1,502 million yen (up 8.4% year on year)

Operating profit: 738 million yen (up 7.7% year on year)

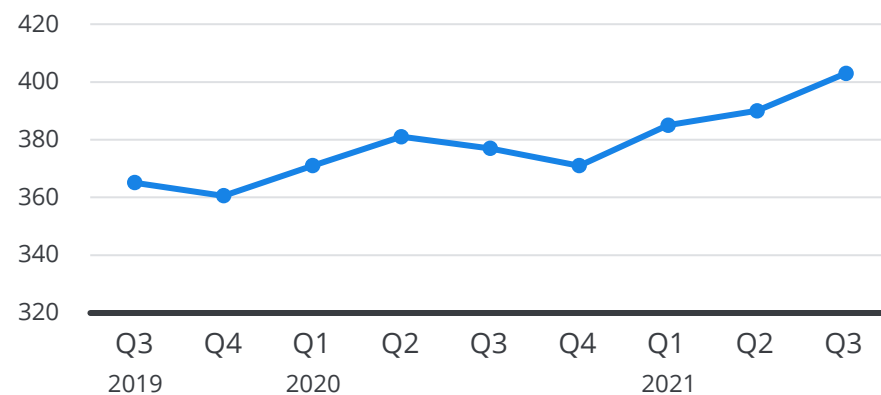
(100 million yen)

Trends in results



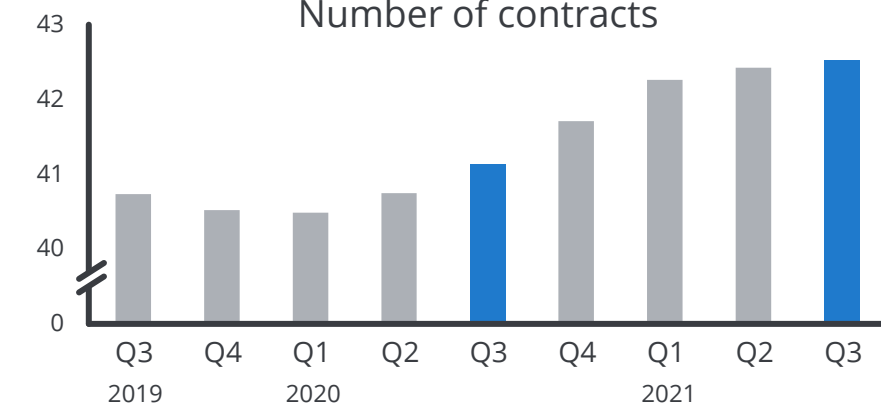
(Yen)

Spending per customer



(10,000)

Number of contracts



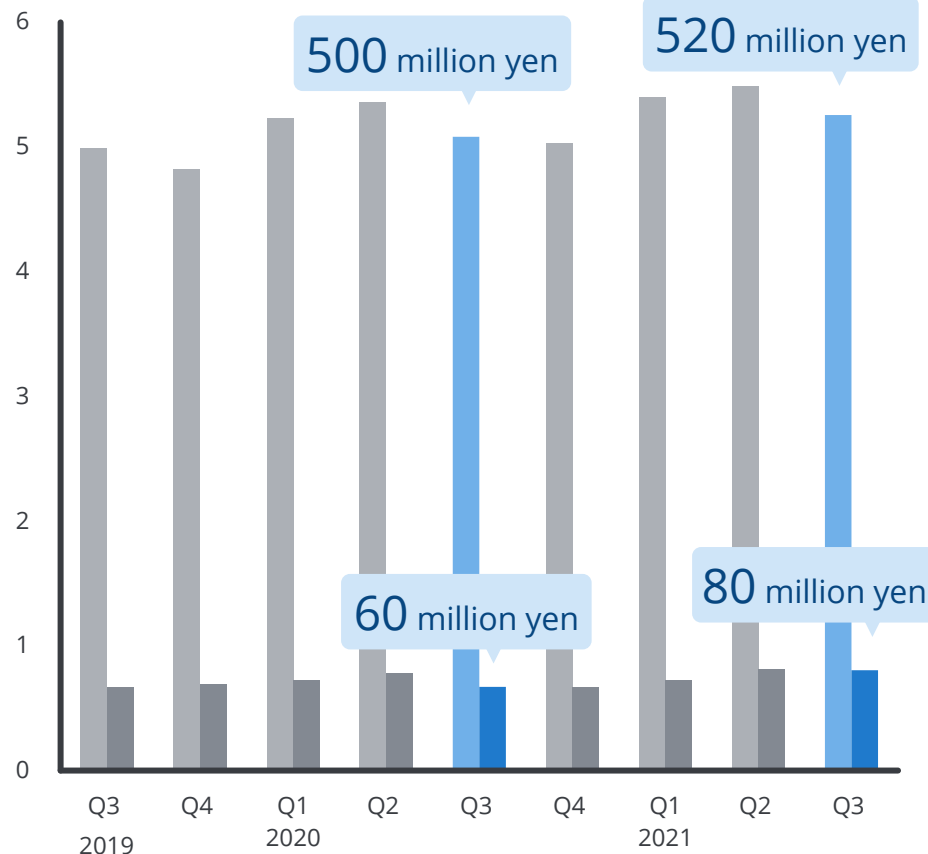
Nine months

Net sales:	1,614 million yen	(up 3.1% year on year)
Operating profit:	234 million yen	(up 7.7% year on year)

Trends in results

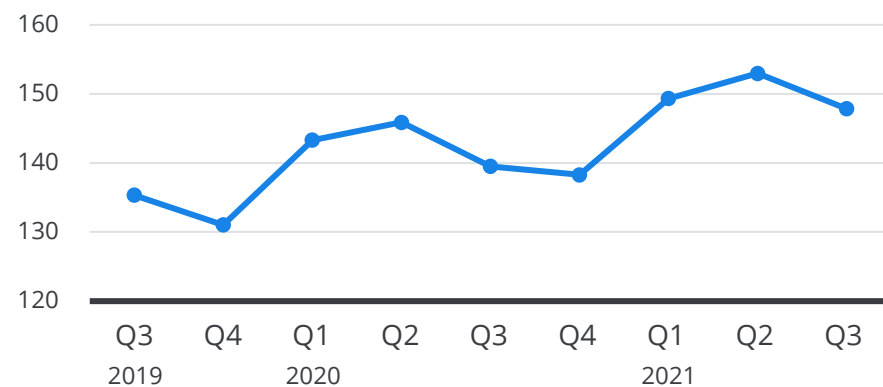
(100 million yen)

■ Net sales ■ Operating profit



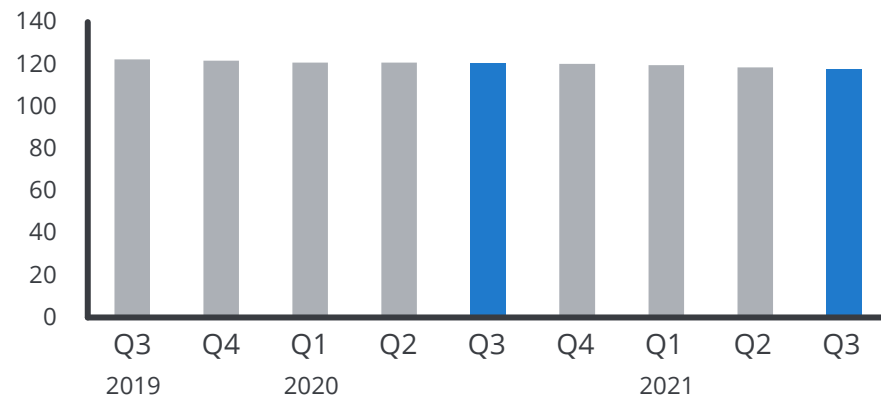
(Yen)

Average price of domains under contract



(10,000)

Number of domains under contract



E-commerce Support business

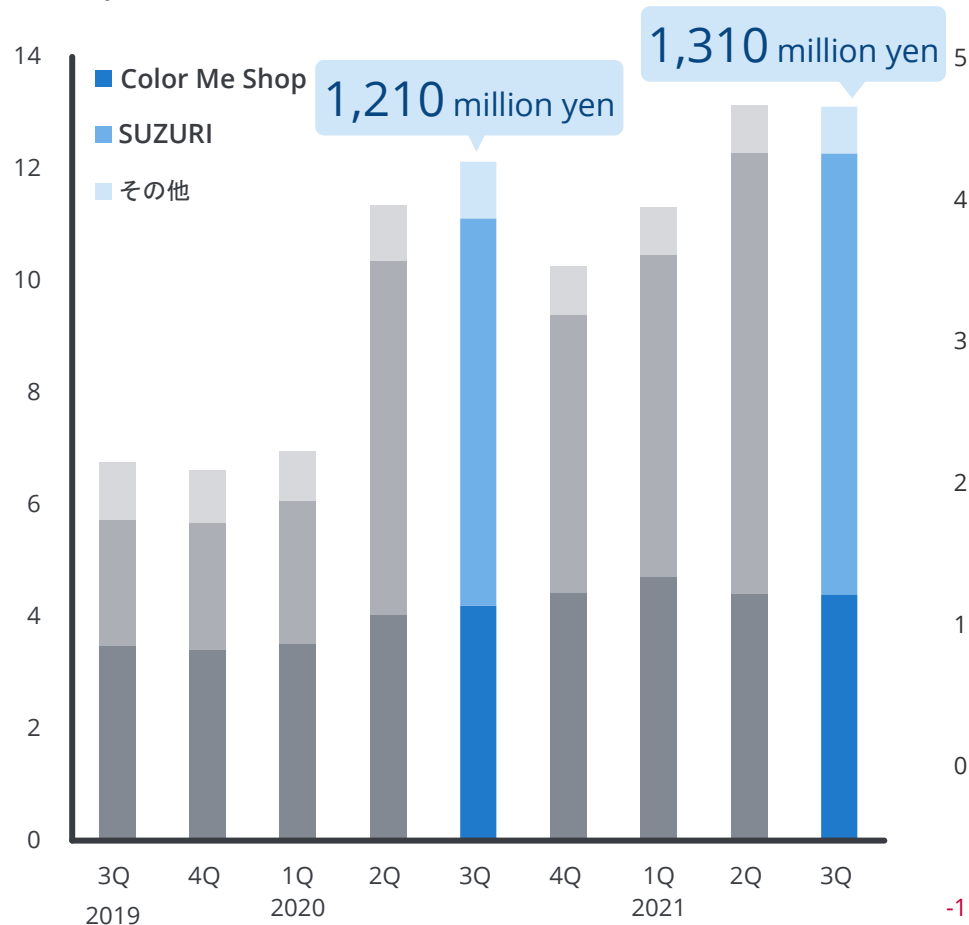
Nine months

Net sales: 3,754 million yen (up 23.4% year on year)

Operating profit: 884 million yen (down 10.5% year on year)

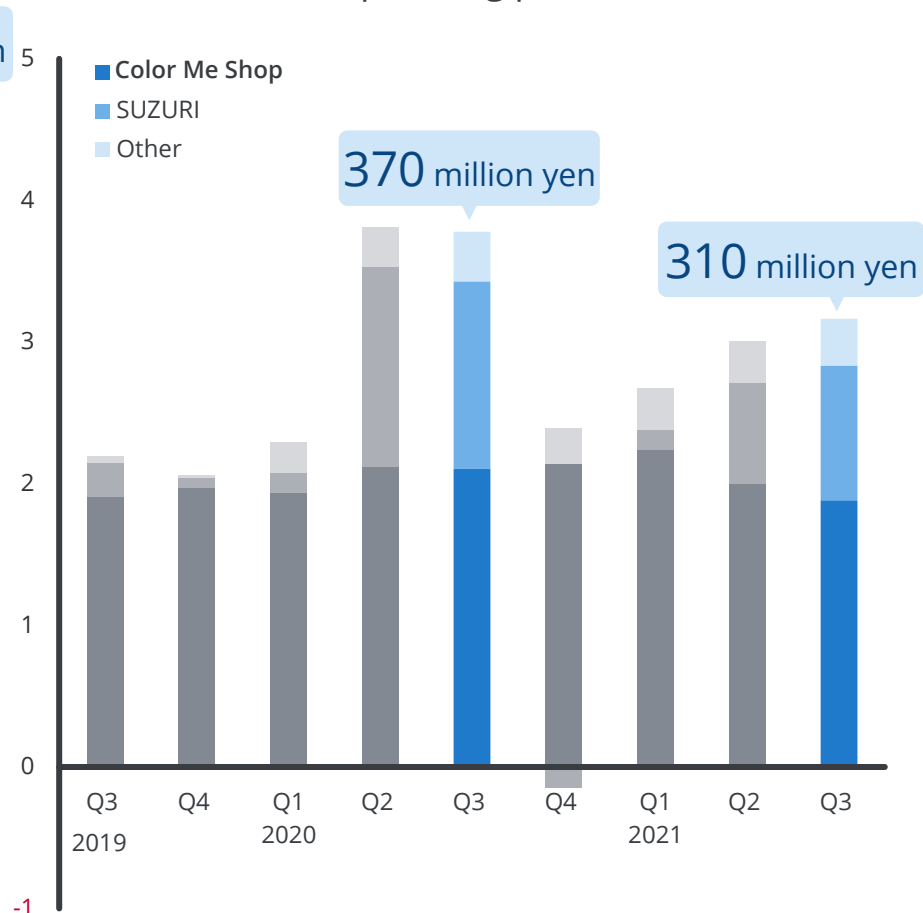
Net sales

(100 million yen)



Operating profit

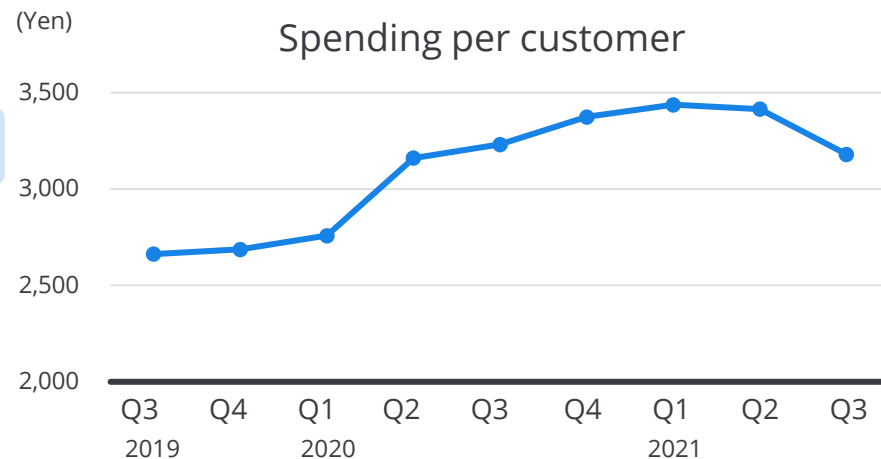
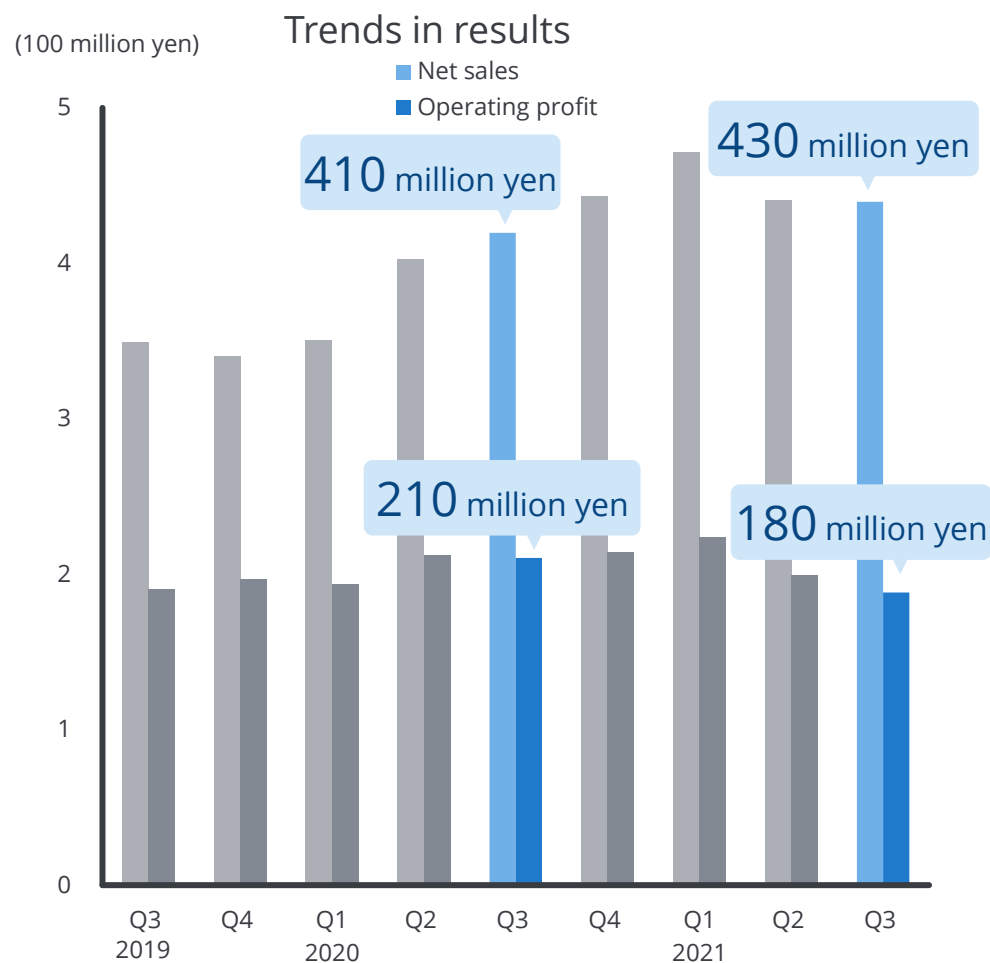
(100 million yen)



E-commerce Support business (Color Me Shop)

Nine months

Net sales:	1,351 million yen	(up 15.2% year on year)
Operating profit:	611 million yen	(down 0.8% year on year)



Note: The figures include those for the free plan, which was introduced in May 2021. 16

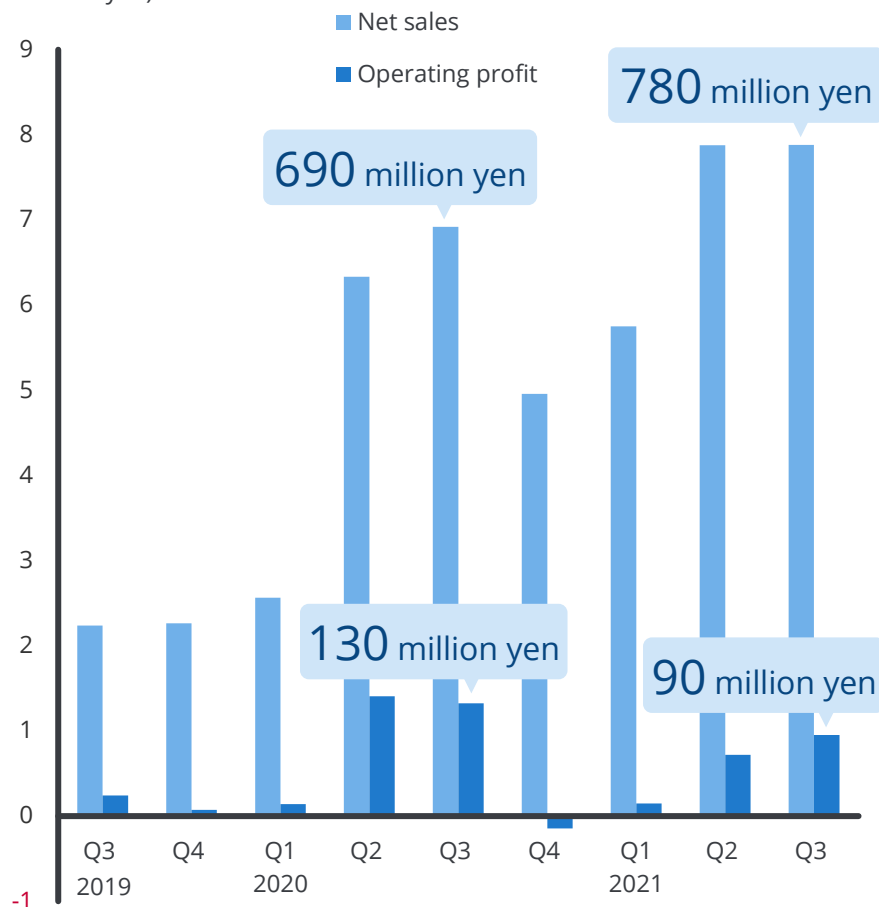
Nine months

Net sales: **2,150** million yen (up **36.0%** year on year)

Operating profit: **181** million yen (down **36.7%** year on year)

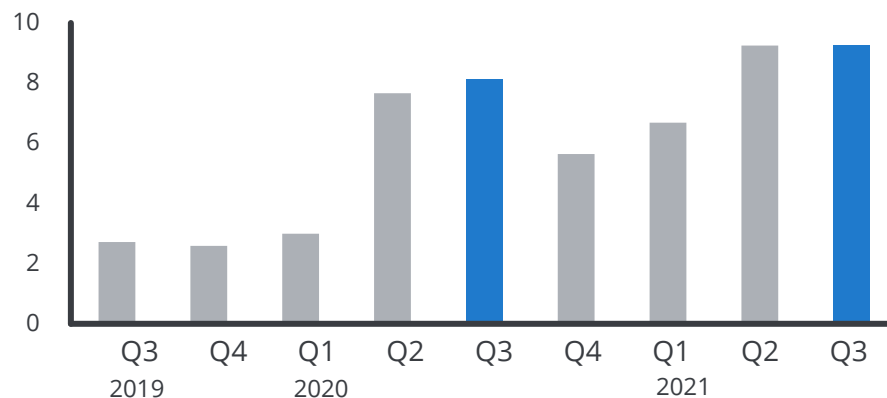
Trends in results

(100 million yen)



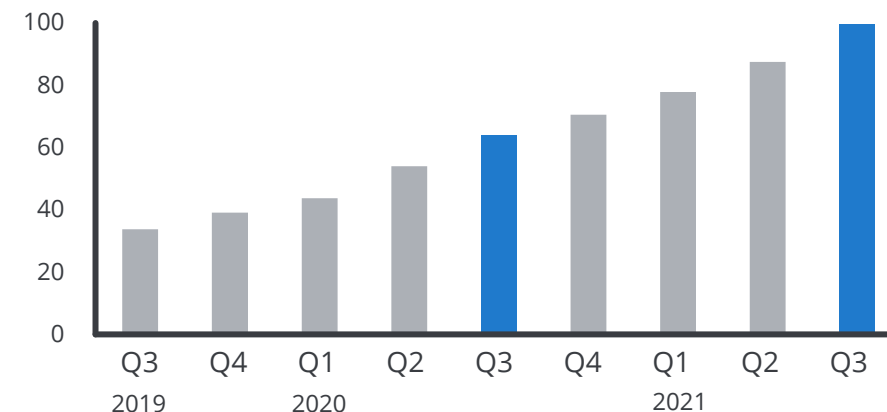
Gross merchandise value

(100 million yen)



Number of members

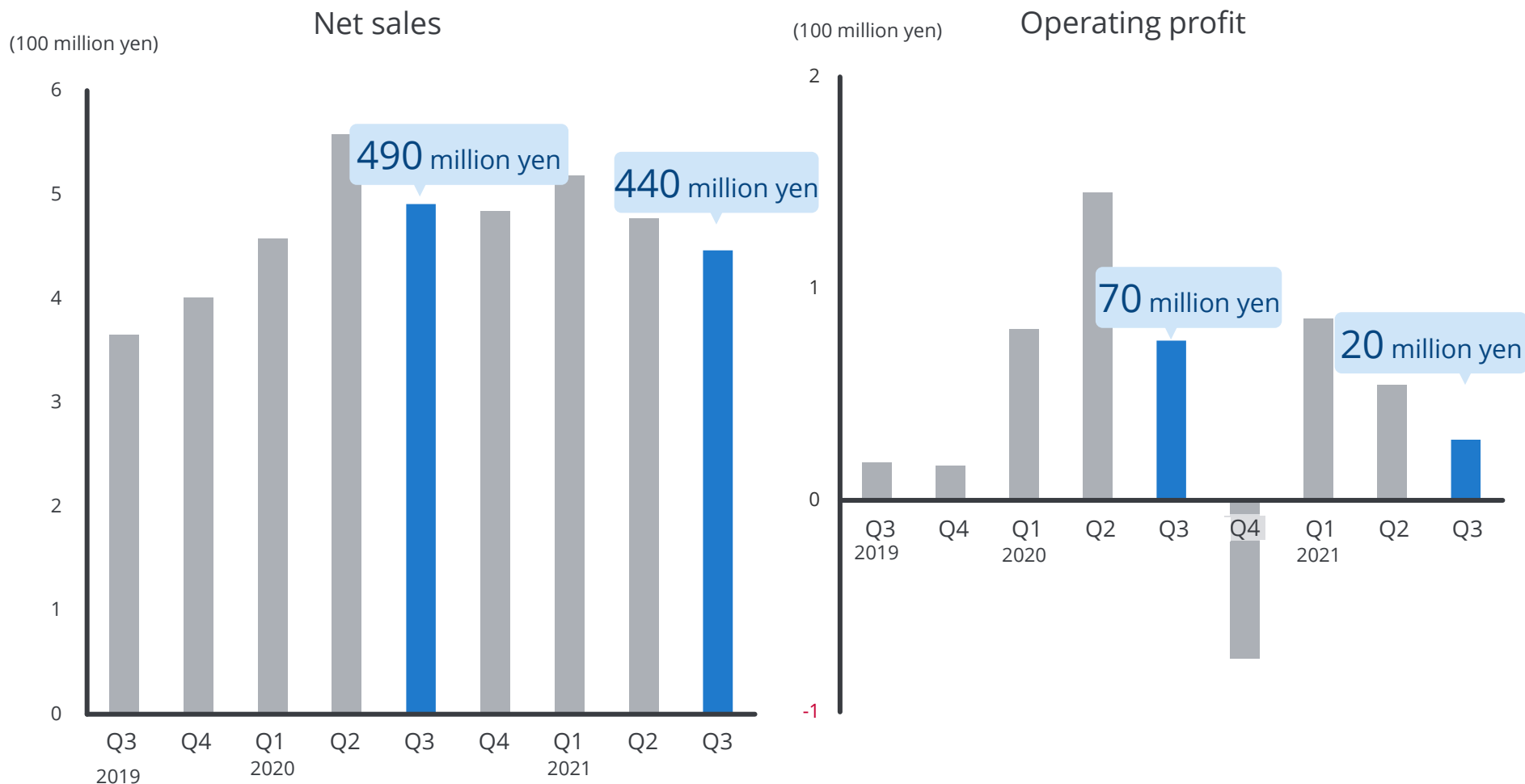
(10,000 persons)



Handmade Products business

Nine months

Net sales:	1,441 million yen	(down 4.3% year on year)
Operating profit:	168 million yen	(down 44.0% year on year)



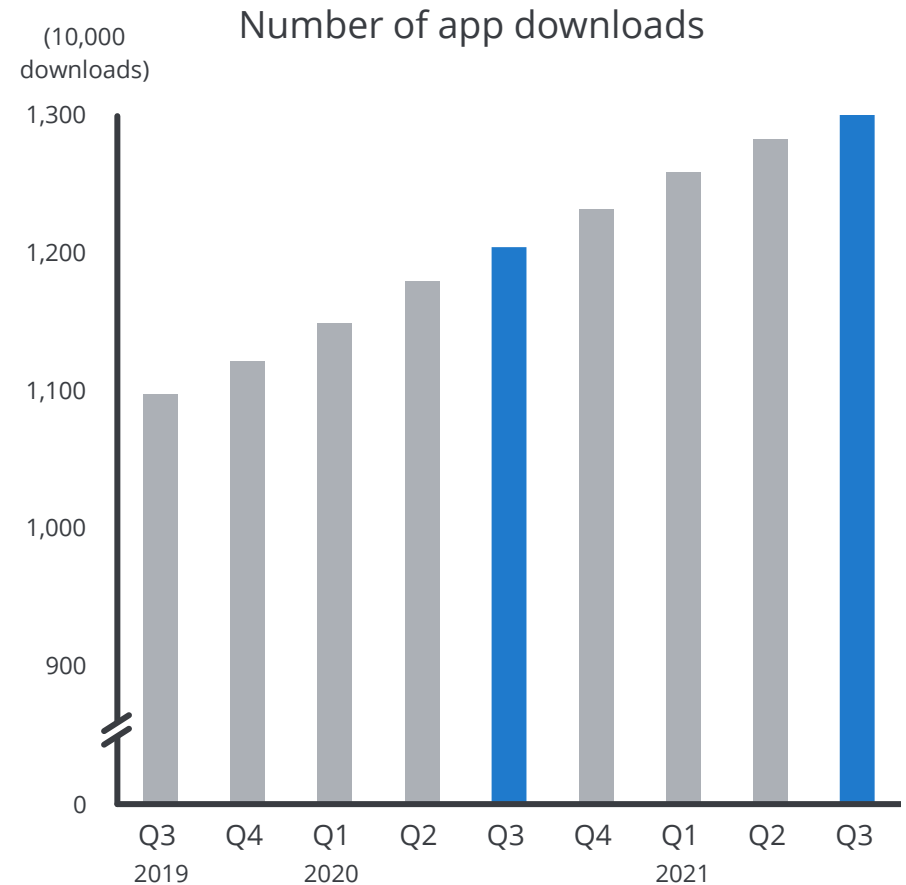
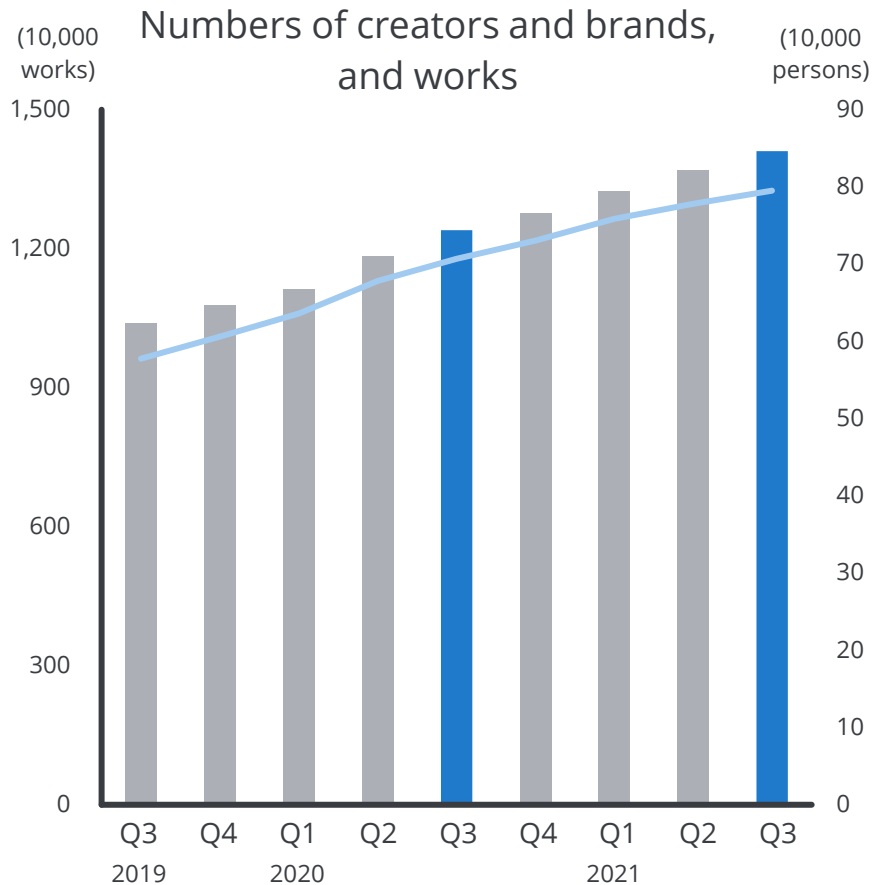
The Numbers of minne Creators, Works and App Downloads



Number of creators and brands: **0.79** million people (up **12.5%** year on year)

Number of works: **14.10** million (up **13.8%** year on year)

Number of app downloads: **13.06** million (up **8.4%** year on year)

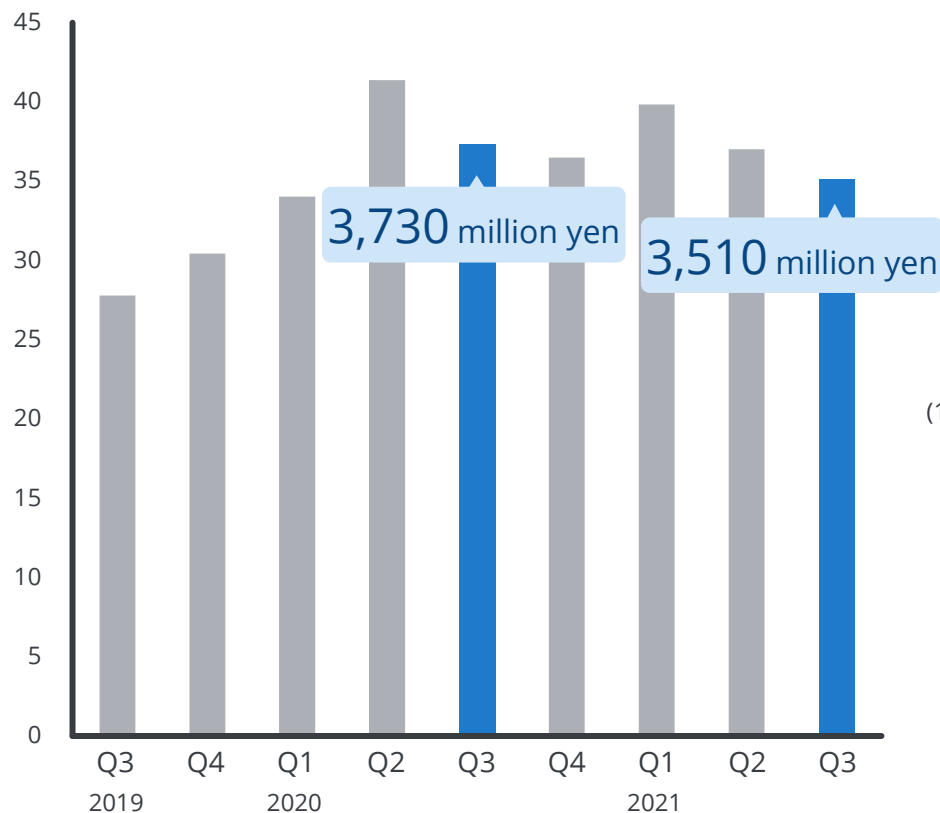


Gross Merchandise Value, Average Price of Orders, and Number of Orders (minne)

	Gross merchandise value:	11,190 million yen	(down 0.6% year on year)
Nine months	Average price of orders:	3,421 yen	(up 9.5% year on year)
	Number of orders:	3.477 million	(down 12.2% year on year)

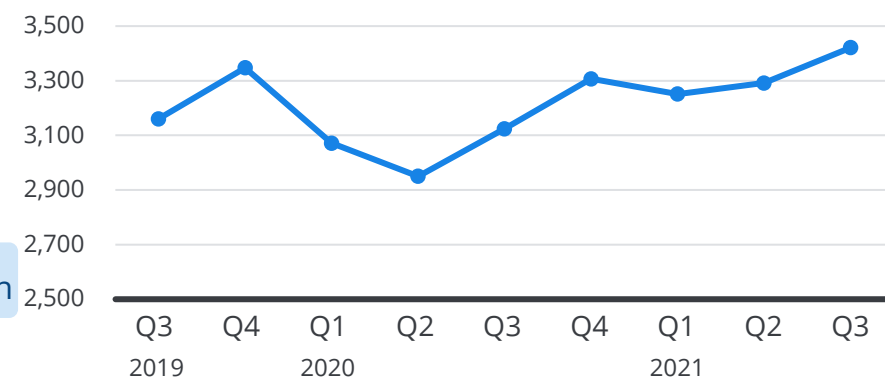
Gross merchandise value

(100 million yen)



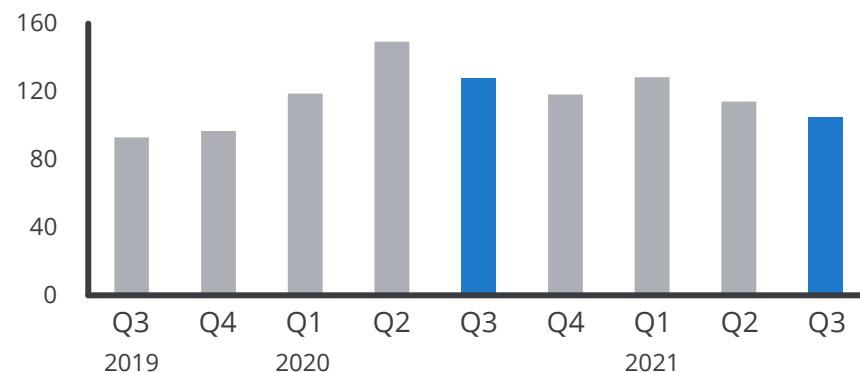
(Yen)

Average price of orders



(10,000)

Number of orders

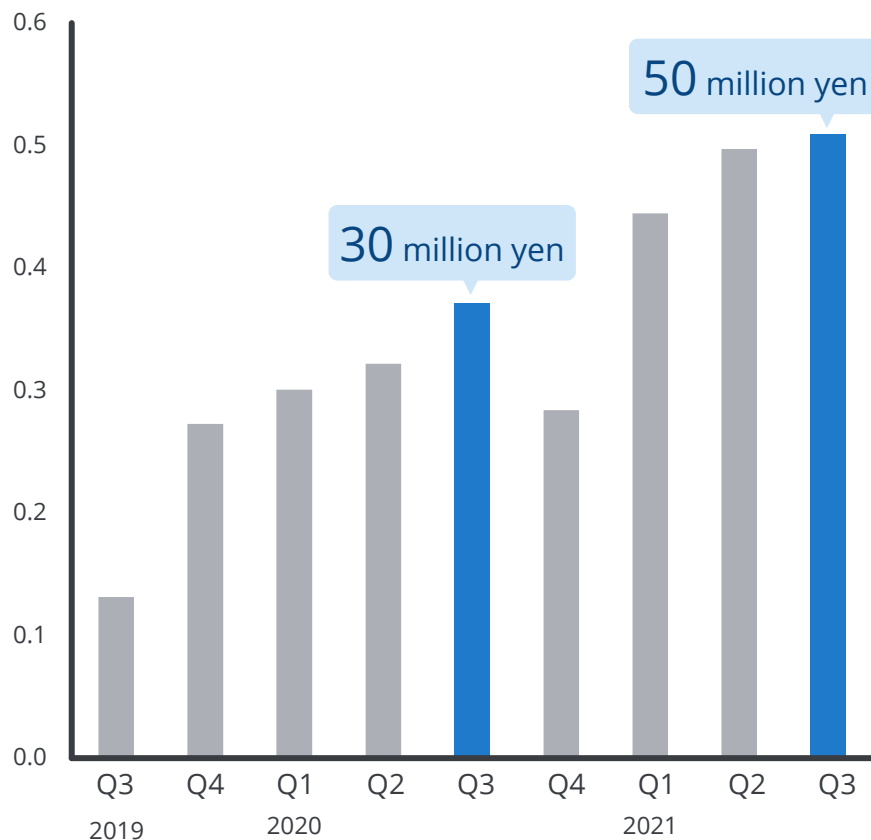


Financial Support business

Nine months	Net sales:	145 million yen	(up 45.9% year on year)
	Operating profit:	-113 million yen	(up 116 million yen year on year)

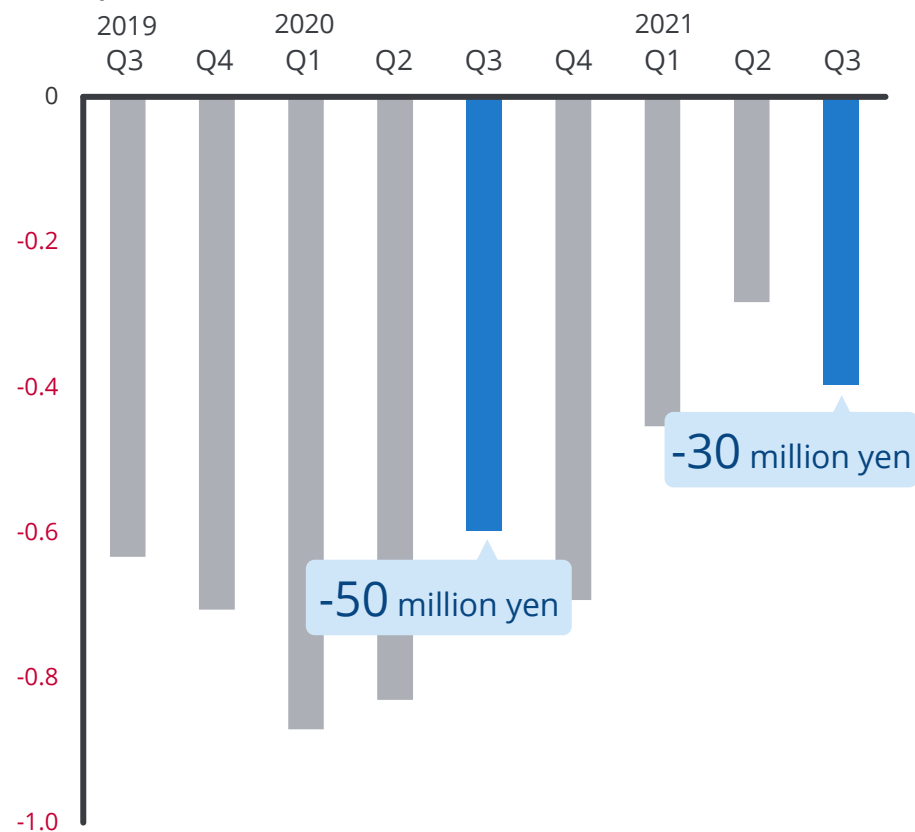
(100 million yen)

Net sales



(100 million yen)

Operating profit



Total amount of purchases of invoices

||

Number of users

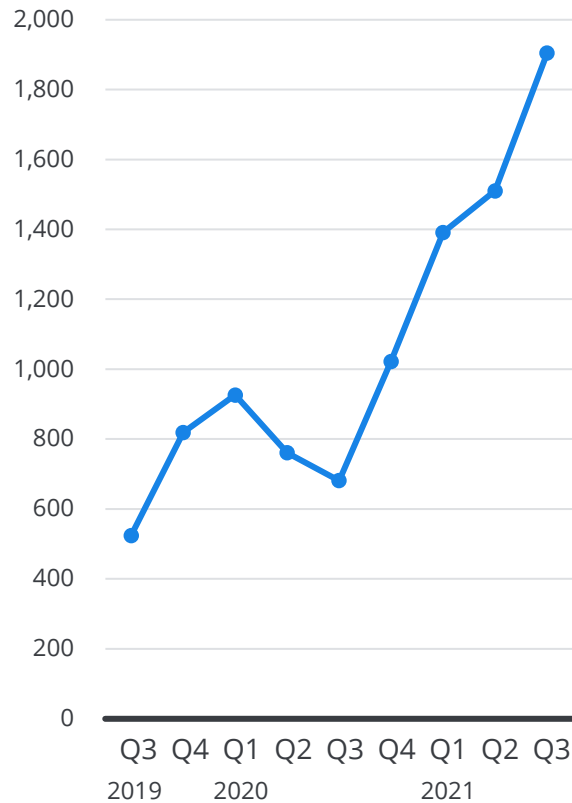
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Number of invoices per user

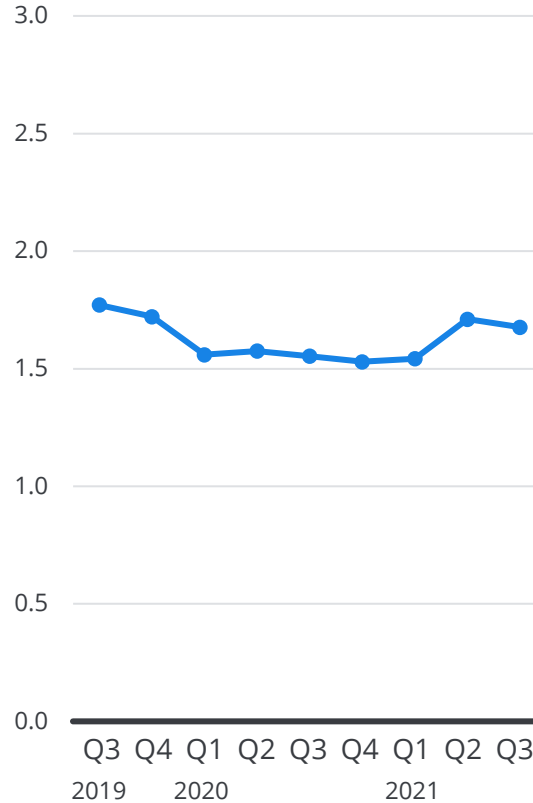
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Average amount of purchases of invoices

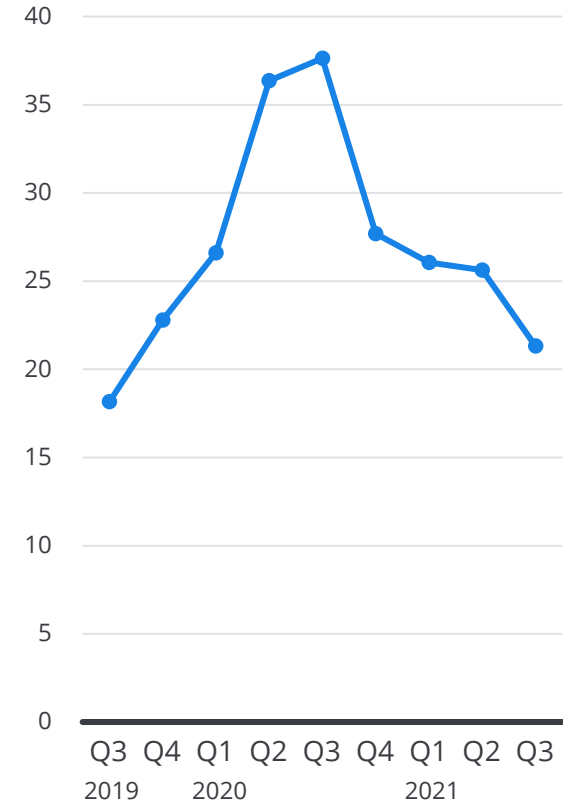
(Persons)



(Invoices)



(10,000 yen)

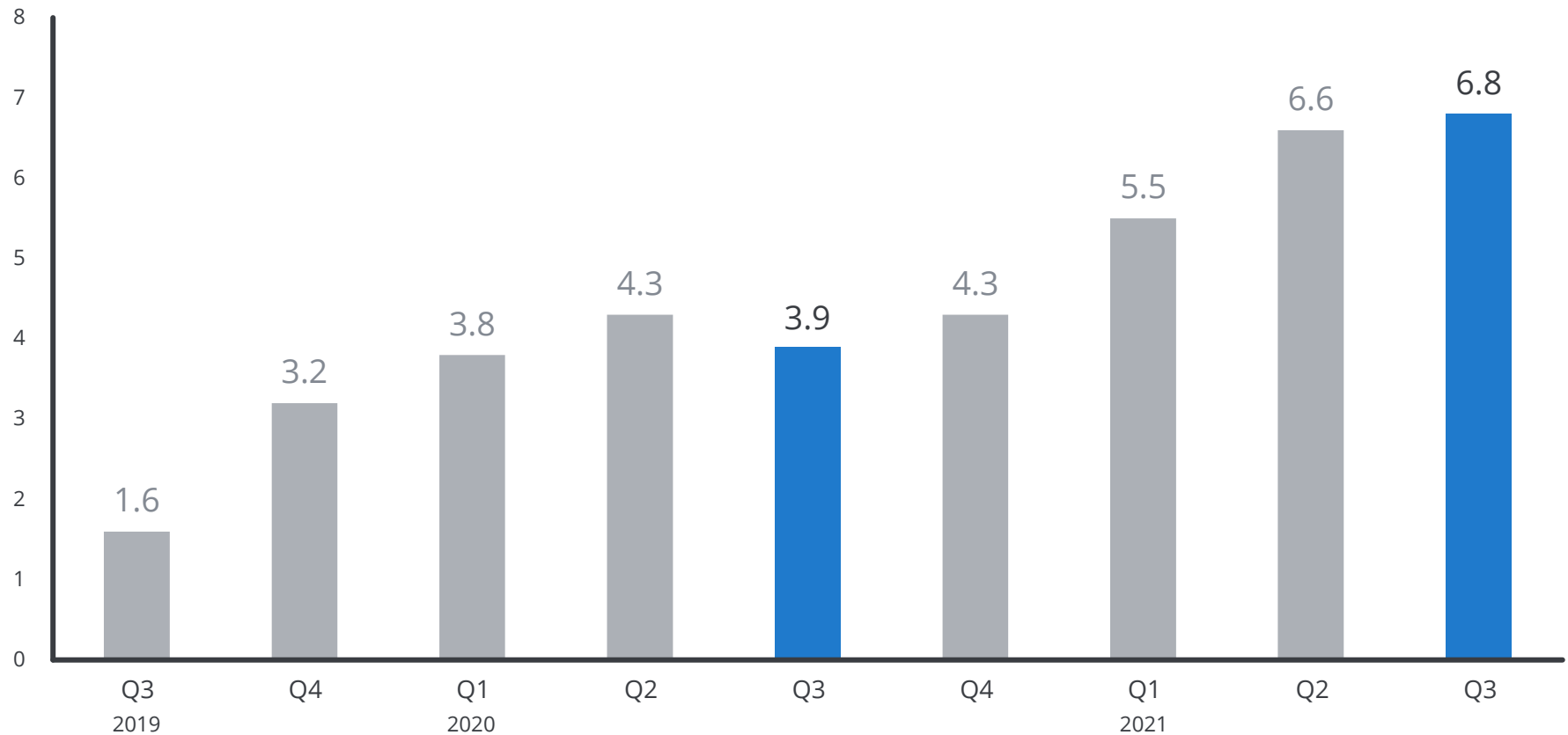


Trends in the Amount of Purchases of Invoices by FREENANCE

The number of users is on an upward trend. The amount of purchases of invoices hit a record high.

Amount of Purchases of Invoices

(100 million yen)

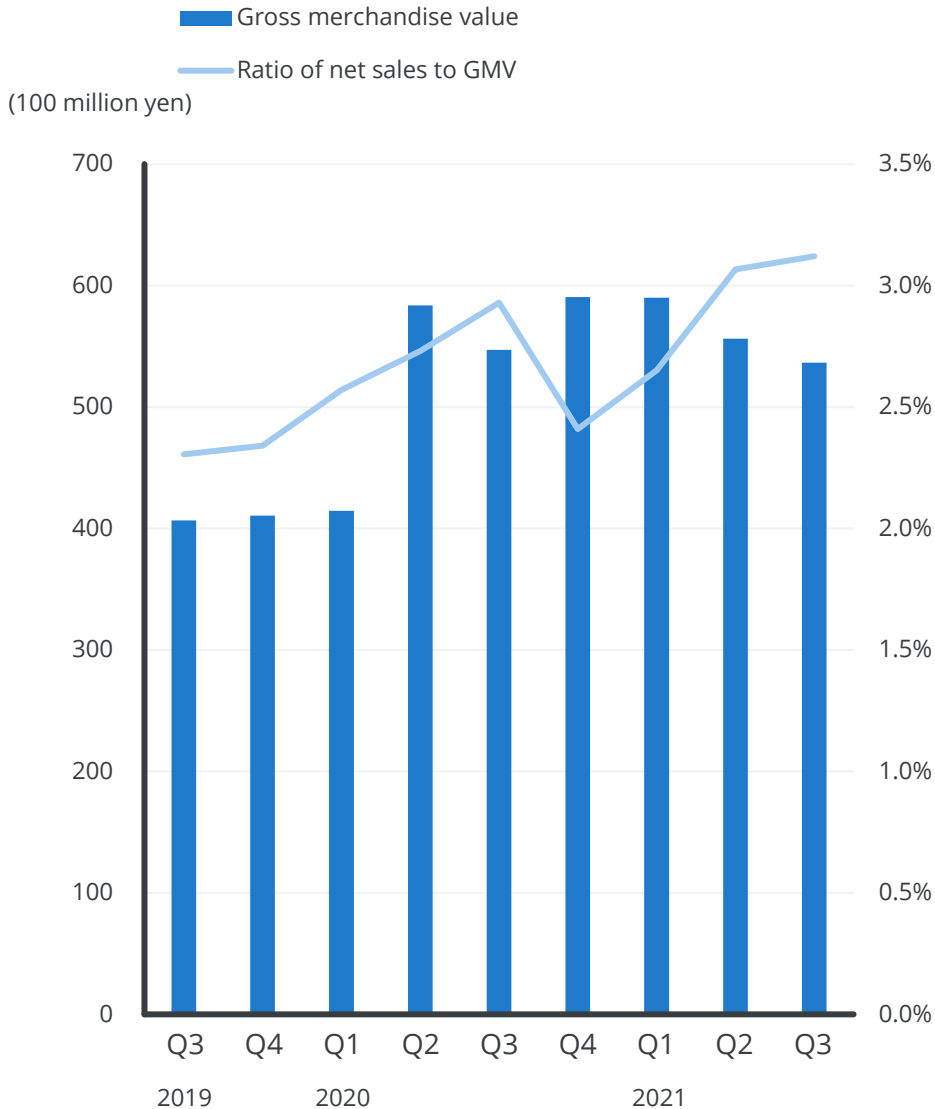


Progress in Q3 FY2021 and Outlook

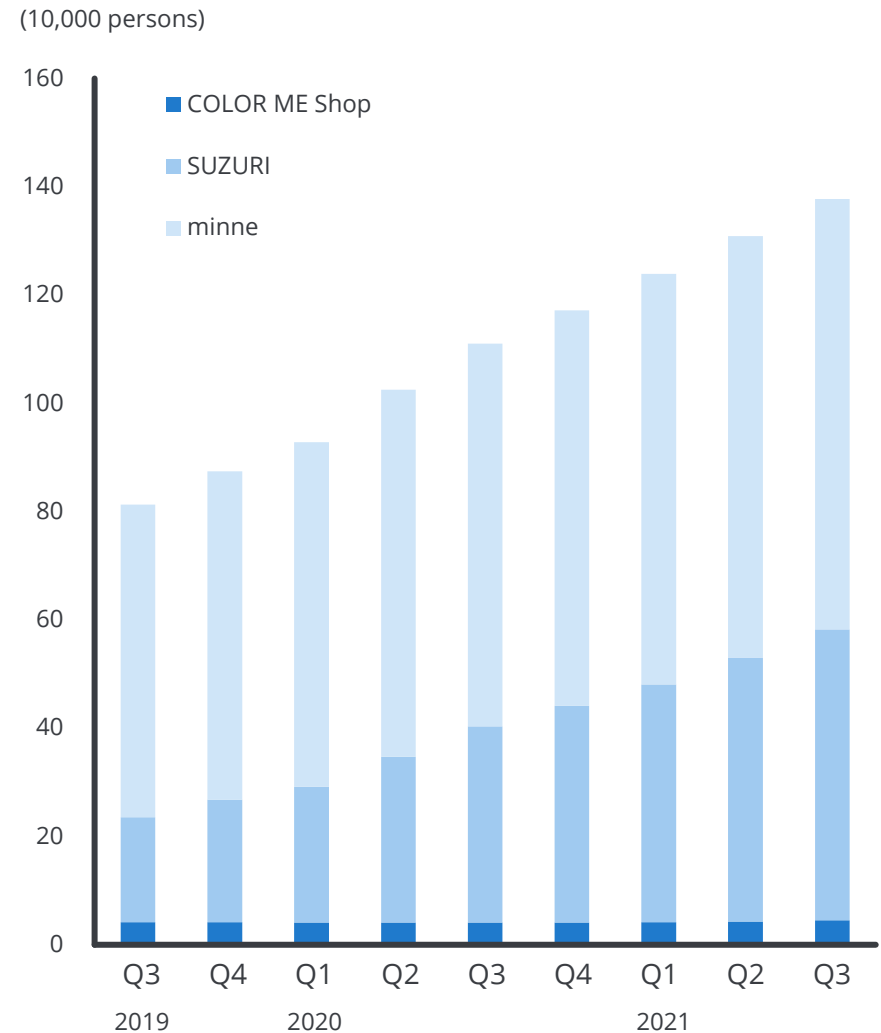
Progress in Results in FY2021 by Segment

(Million yen)		Forecast for FY2021	Results in Q3 FY2021	Progress
		The entire business made steady progress chiefly due to a rise in spending by customer, among other reasons.		
Hosting	Net sales:	4,733	3,583	75.7%
	Operating profit:	1,413	1,088	77.0%
		The recurring revenue business performed steadily. Results at SUZURI fell short of expectations.		
E-commerce Support	Net sales:	5,762	3,754	65.2%
	Operating profit:	1,343	884	65.8%
		Both sales and profit fell from a year ago due to a decline in stay-at-home demand.		
Handmade Products	Net sales:	2,498	1,441	57.7%
	Operating profit:	428	168	39.4%
		The amount of purchases of invoices expanded. The loss was reduced.		
Financial Support	Net sales:	199	145	72.9%
	Operating profit:	-200	-113	—

Trends in gross merchandise value



Trends in the number of sellers



* EC-related services: Total of three services Color me Shop and SUZURI and minne

Color Me Shop focuses on linkage with GMO Pepabo's services and cooperation with regional entities. SUZURI and minne will continue to strive to improve KPIs.

	Initiatives in Q3	Initiatives in Q4
Color Me Shop	<ul style="list-style-type: none"> Upgrading the free plan function Finding business partners through regional banks Holding seminars etc. for opening shops <p>→ The number of contracts exceeded 45,000.</p>	<ul style="list-style-type: none"> Strengthening linkages with the Company's services Strengthening cooperation with regional entities, introducing ID payment Improving the convenience of the free plan <p>→ Upgrading from the free plan started on October 14.</p>
SUZURI	<ul style="list-style-type: none"> Adding items (dry T-shirts) Extending the period of a T-shirt sale (15 days) Expanding sales via social media <p>→ Sales in August hit a record high for a single month.</p>	<ul style="list-style-type: none"> Adding items (backpacks, boa fleece clothing) Having a winter sale Holding events and running campaigns <p>→ The number of members reached a million on October 4.</p>
minne	<ul style="list-style-type: none"> Enhancing the function for searching for items Increasing the flow of goods via the Web and social media Holding special events <p>→ The number of buyers was on an upward trend in September.</p>	<ul style="list-style-type: none"> Planning alliances and starting business alliances Continuing to enhance the search function and increase the flow of goods via the Web Increasing means of payment <p>→ Sales on October 10 hit a record high for a single day.</p>



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

(Million yen)	Nine months of FY2020	Nine months of FY2021	YoY
Net sales	8,293	8,958	108.0%
Cost of sales	3,384	3,877	114.5%
Gross profit	4,908	5,081	103.5%
Selling, general and administrative expenses	3,942	4,374	111.0%
Of SG&A expenses, promotion cost*	618	817	132.0%
Operating profit	965	706	73.1%
(Operating profit margin)	11.6%	7.9%	—
Ordinary profit	1,021	739	72.4%
Profit before income taxes	1,008	836	82.9%
Income taxes	381	302	79.4%
Profit attributable to owners of parent	627	533	85.1%

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

Consolidated Balance Sheet

(Million yen)	FY2020	Nine months of FY2021	Change
Current assets	6,648	6,488	-159
Cash and deposits*	3,622	3,244	-378
Accounts receivable	2,556	2,745	+189
Non-current assets	1,562	1,866	+303
Total assets	8,211	8,355	+143
Current liabilities	5,640	5,357	-282
Accounts payable - other	2,110	1,895	-215
Advances received	1,993	2,156	+163
Non-current liabilities	27	213	+186
Net assets	2,544	2,784	+239
Liabilities and net assets	8,211	8,355	+143

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

Company Profile

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.

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 Sakuragaokacho, Shibuya-ku, Tokyo


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

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

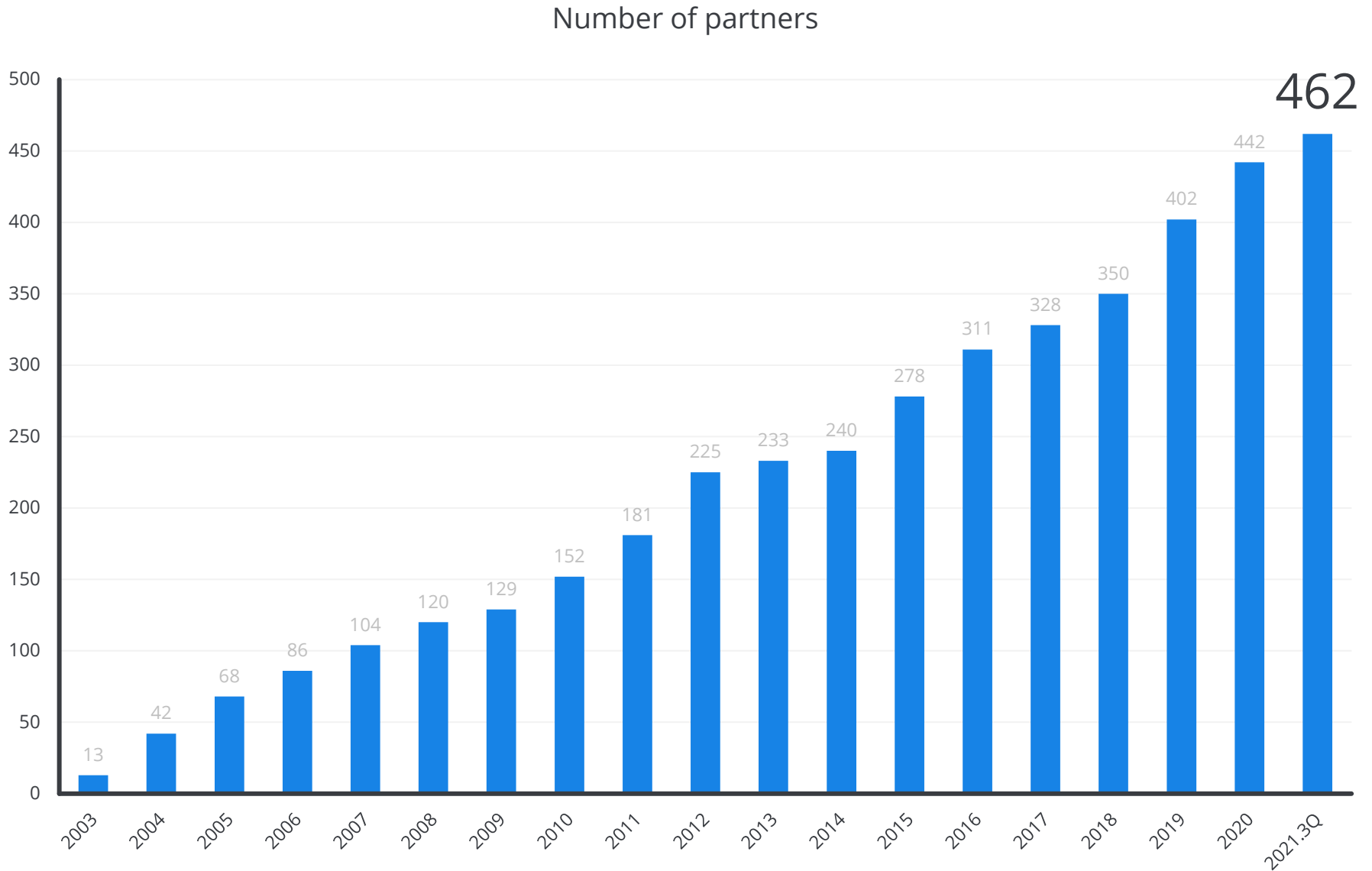
Subsidiaries GMO Creators Network, Inc.
GMO Pepabo Guardian, Inc.

Number of employees 462 (368 full-time employees, 94 temporary employees)
(consolidated)

(As of September 30, 2021)

- 
- 2001 November ● Starts to provide Lolipop!
 - 2003 January ● Established paperboy&co. Y.G. in Fukuoka.
 - 2004 March ● Becomes a consolidated subsidiary of GMO Internet, Inc.
 - May ● The head office moves to Tokyo.
 - 2005 February ● Starts Color Me Shop, which provides an online shop opening/creation service.
 - 2008 December ● Listed on JASDAQ (stock code: 3633)
 - 2012 January ● Starts minne, a handmade products maret.
 - 2014 April ● Renamed GMO Pepabo, Inc.
 - April ● Starts SUZURI, which provides a original goods creation and sale service.
 - 2019 February ● Makes GMO Creators Network, Inc. a consolidated subsidiary.
 - December ● Listed on the Second Section of the Tokyo Stock Exchange
 - 2020 December ● Assigned to the First Section of the Tokyo Stock Exchange

Trends in the number of partners (employees)



Lolipop!

One of Japan's largest rental server services

Usage fee: A monthly fee of 110 yen or more

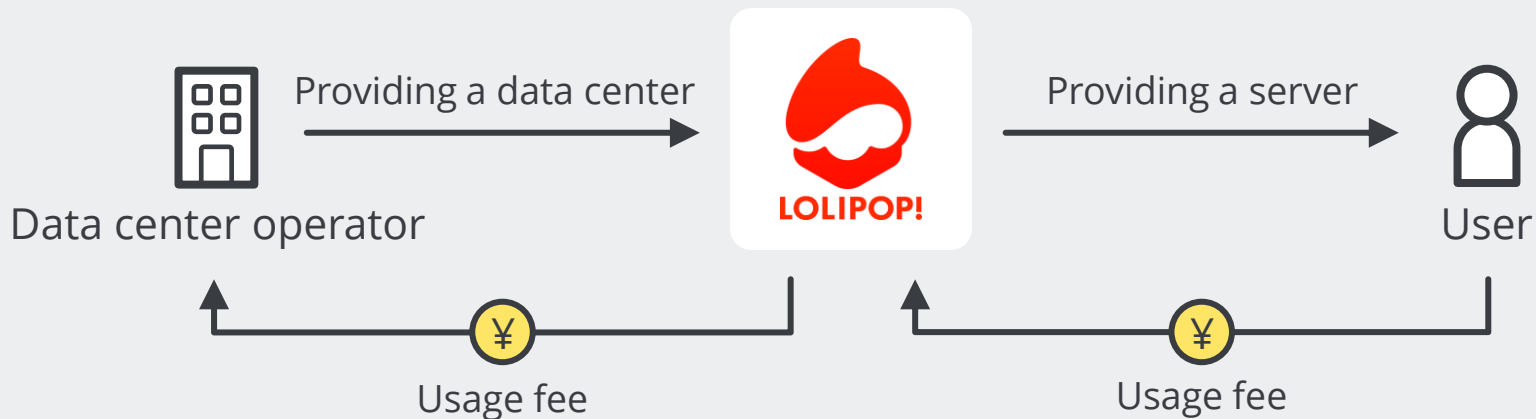
Number of contracts: 0.42 million

Main users: Individuals and small and medium-sized corporations

(As of September 30, 2021)



Business model



MuuMuu Domain

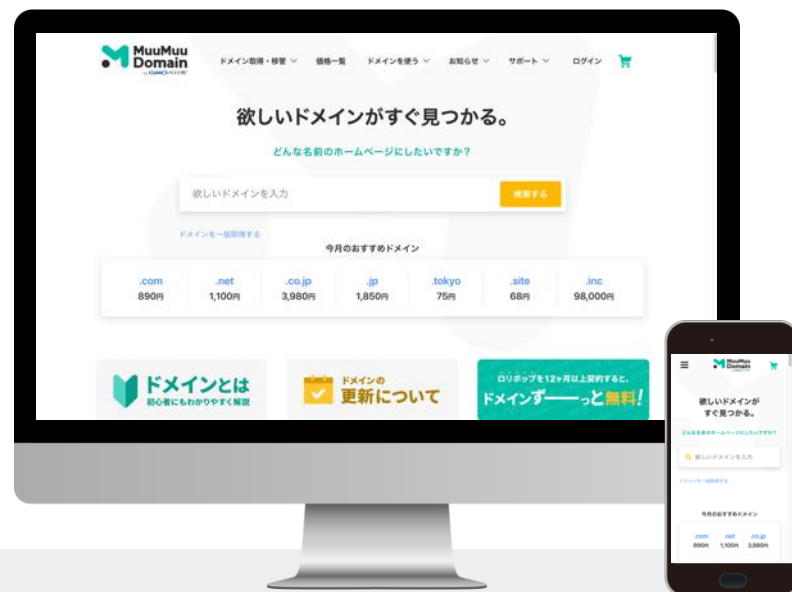
Domain name acquisition agency

Usage fee: An annual fee of 66 yen or more

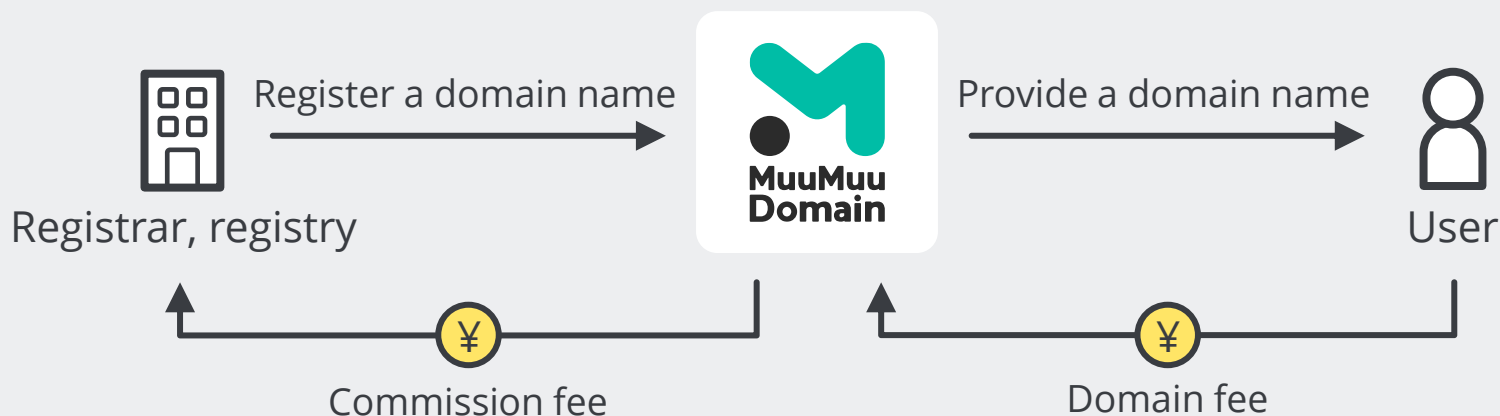
Number of contracts: 1.17 million

Main users: Individuals and small and medium-sized corporations

(As of September 30, 2021)



Business model



Color Me Shop

Creation of online shops

Usage fee: A monthly fee of 0 yen or more

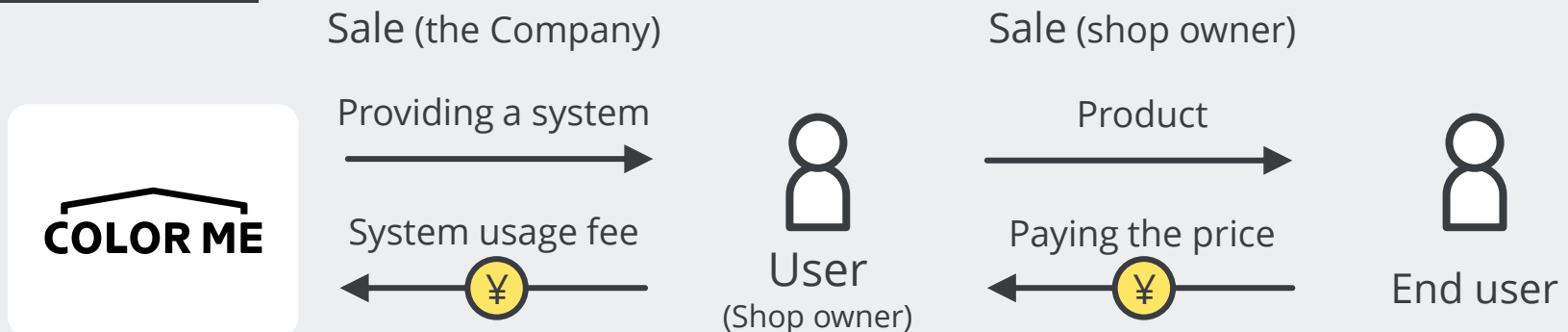
Number of contracts: 0.45 million

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

(As of September 30, 2021)



Business model



SUZURI

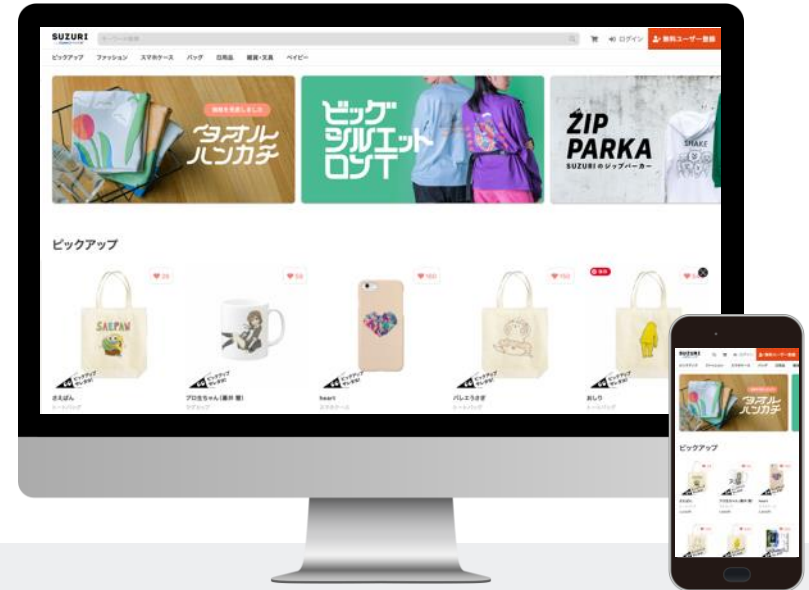
Creation and sale of original goods

Annual gross merchandise value: 2.44 billion yen (2020 result)

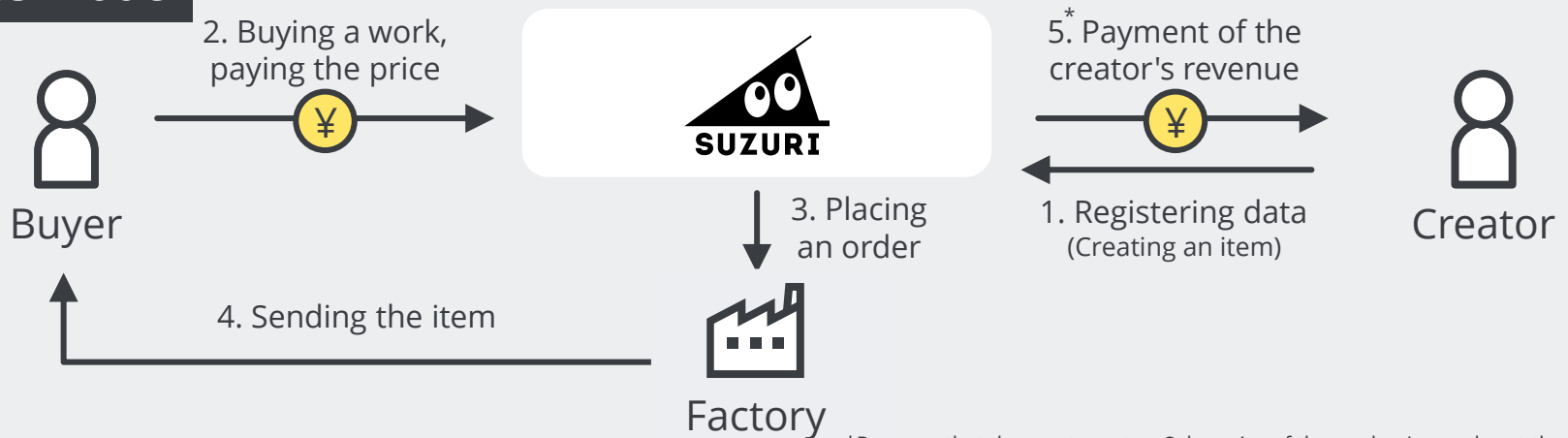
Number of creators: 0.53 million

Number of members: 0.99 million

(As of September 30, 2021)



Business model



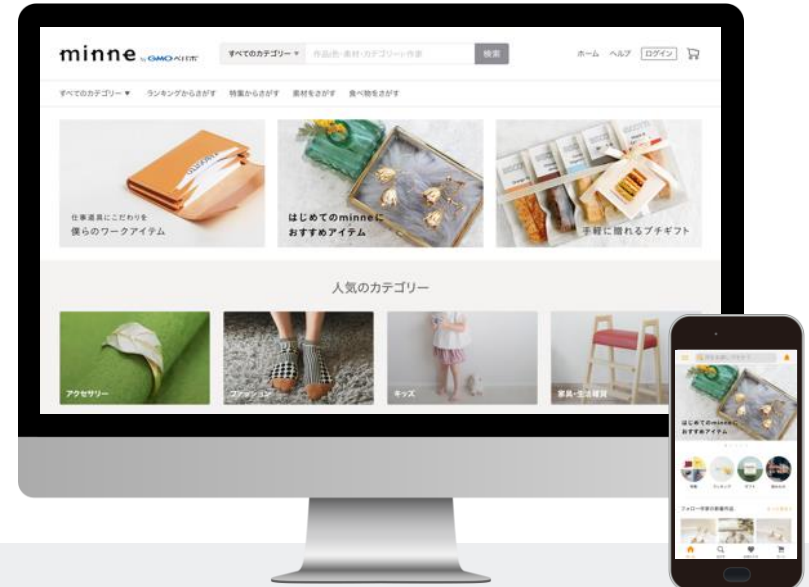
*Revenue that the creator sets = Sales price of the work minus sales at the Company

minne

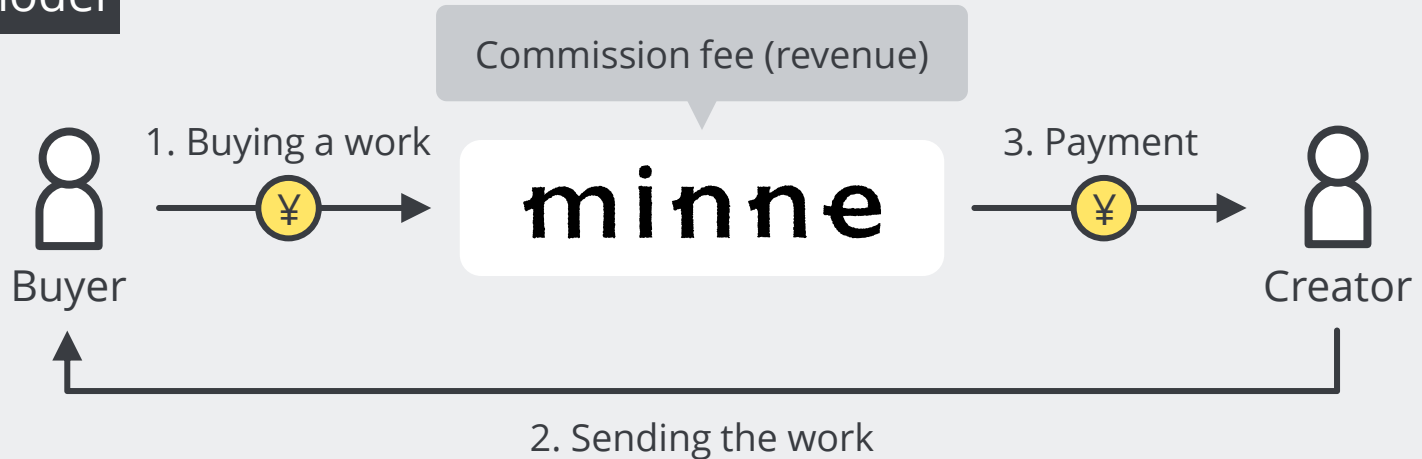
One of Japan's largest handmade products markets

Annual gross merchandise value: 14.91 billion yen (2020 result)
Number of creators and brands: 0.79 million people
Number of works: 14.10 million
Number of app downloads: 13.06 million downloads

(As of September 30, 2021)



Business model



FREENANCE

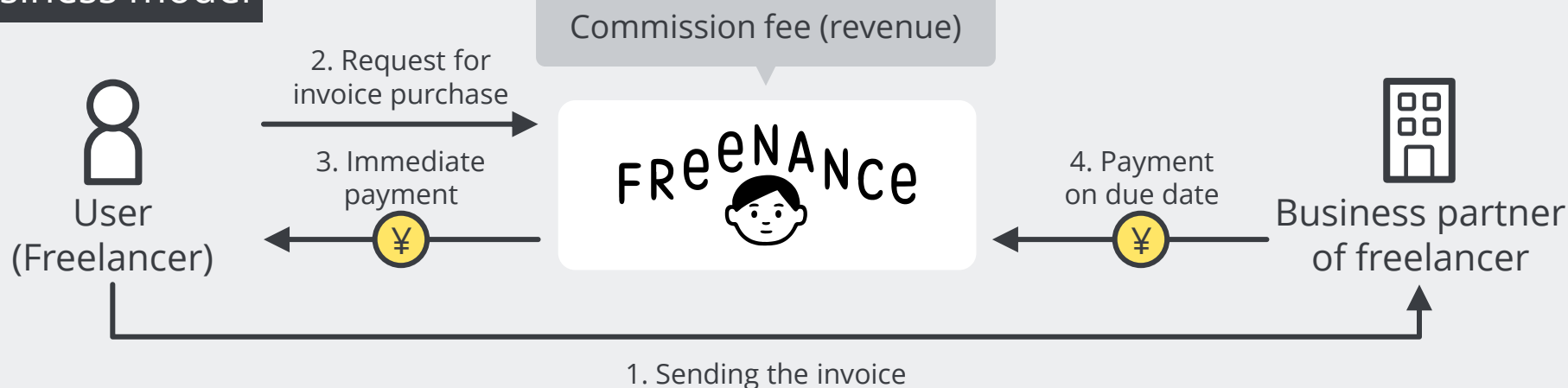
Support sole proprietors' business activities by providing immediate payment (factoring) and liability insurance.

- 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 September 30, 2021)

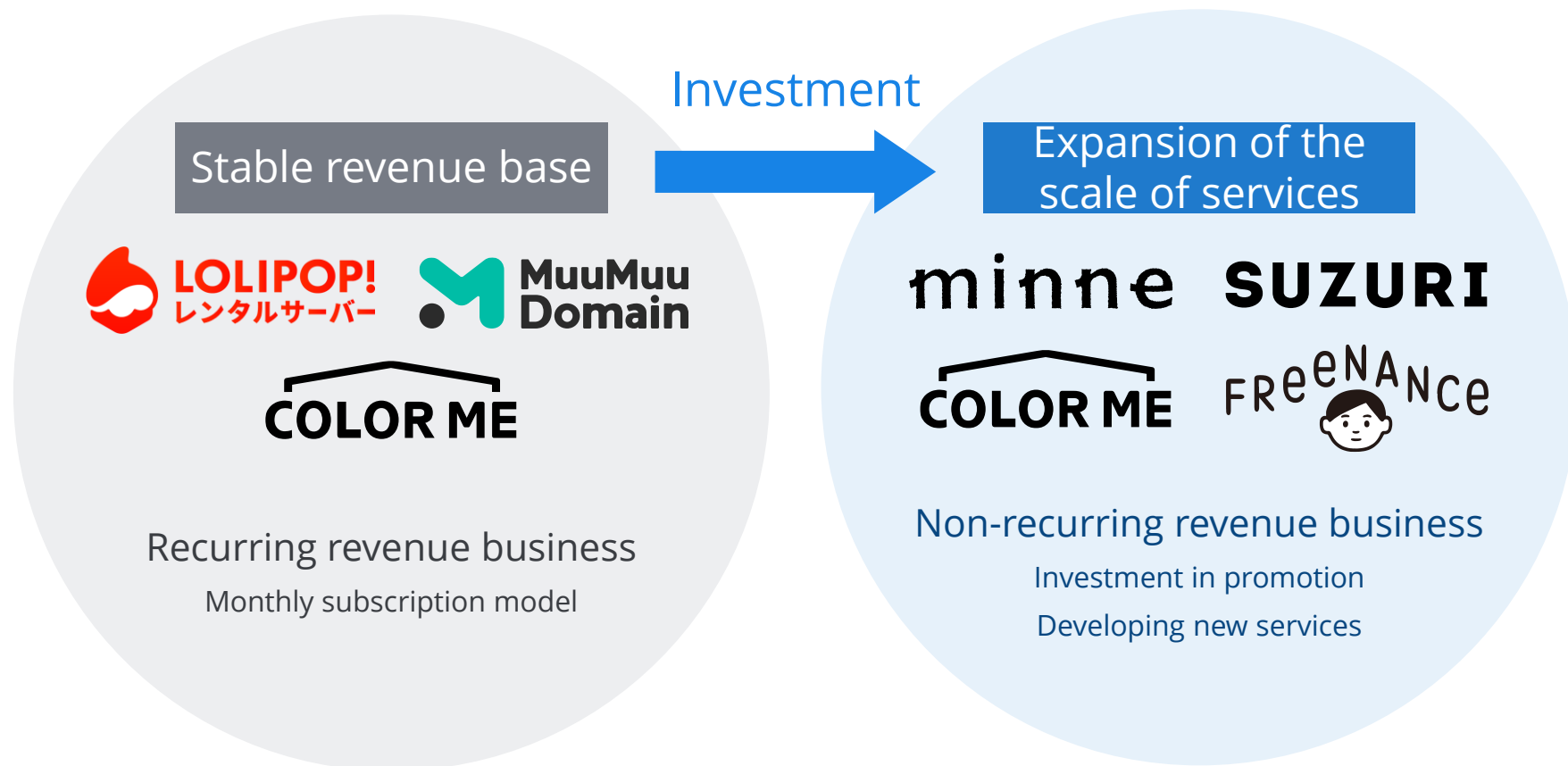


Business model



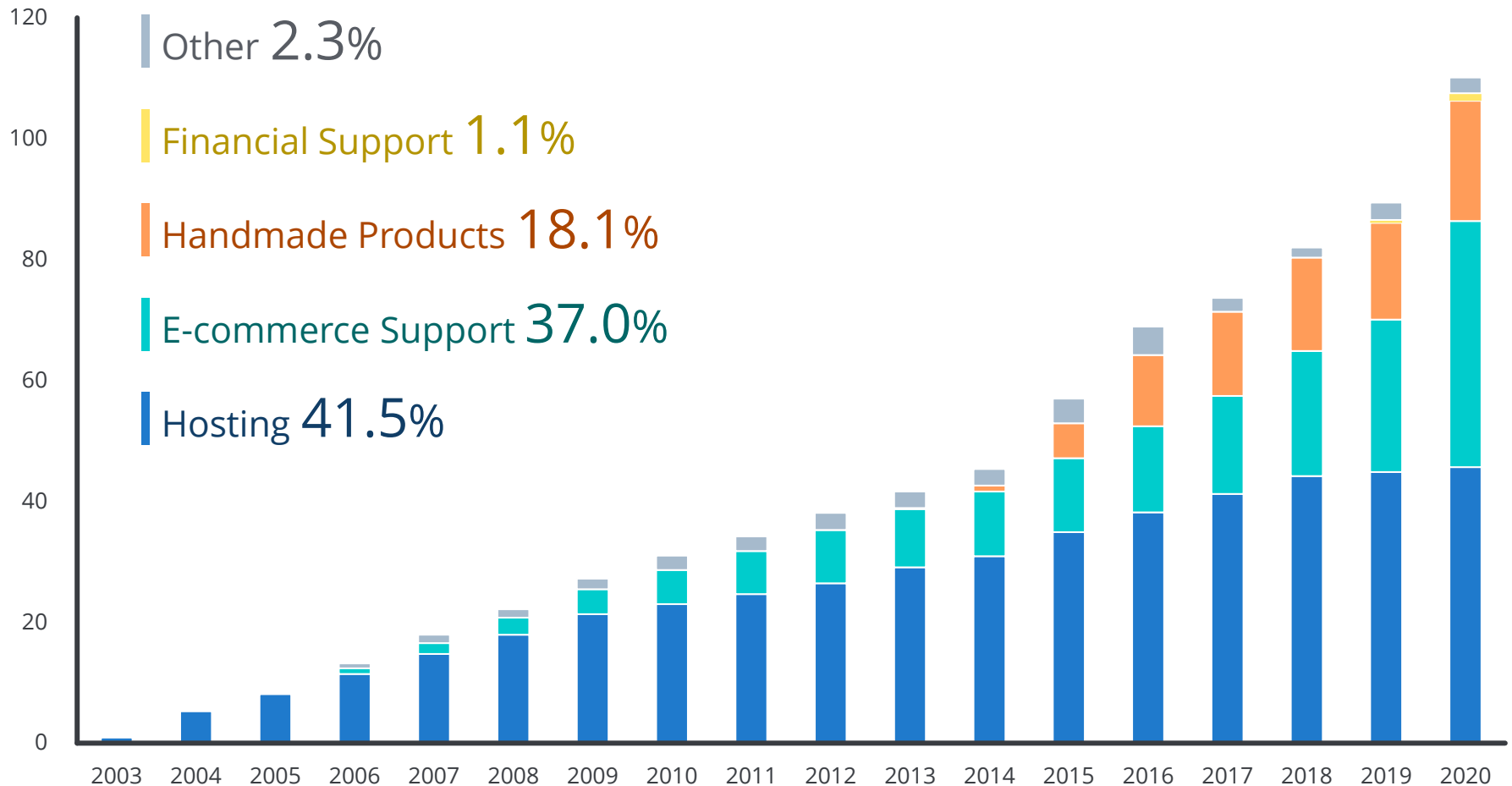
Business Development (from Recurring Revenue Business to Non-Recurring Business)

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



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

	2018	2019	2020	2021 (Forecast)
Annual dividends per share (yen)	52.50	65.00	81.00	81.00
Payout ratio (%)	59.2	62.4	50.9	53.8

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) or more 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) or more 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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