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)

<table>
<thead>
<tr>
<th></th>
<th>Q3 FY2021 (nine months)</th>
<th>Q3 FY2021 (nine months)</th>
<th>Change</th>
<th>YoY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>8,293</td>
<td>8,958</td>
<td>+664</td>
<td>108.0%</td>
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<tr>
<td>Operating profit</td>
<td>965</td>
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<td>-259</td>
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<td>Operating profit margin (%)</td>
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<td>Ordinary profit</td>
<td>1,021</td>
<td>739</td>
<td>-282</td>
<td>72.4%</td>
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<tr>
<td>Profit attributable to owners of parent</td>
<td>627</td>
<td>533</td>
<td>-93</td>
<td>85.1%</td>
</tr>
</tbody>
</table>
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)**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>401</td>
<td>440</td>
</tr>
<tr>
<td>Q2</td>
<td>418</td>
<td>456</td>
</tr>
<tr>
<td>Q3</td>
<td>432</td>
<td>462</td>
</tr>
</tbody>
</table>

**Trends in promotion expenses**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>180</td>
<td>256</td>
</tr>
<tr>
<td>Q2</td>
<td>194</td>
<td>256</td>
</tr>
<tr>
<td>Q3</td>
<td>243</td>
<td>301</td>
</tr>
<tr>
<td>Q4</td>
<td>414</td>
<td>258</td>
</tr>
</tbody>
</table>

One-off increase due to minne TV commercials
Changes in Quarterly Net Sales

(100 million yen)

- Hosting business
- E-commerce Support business
- Handmade Products business
- Financial Support business
- Other

Q1 2016: 16.5 (Hosting: 13.5, E-commerce: 1.0, Handmade: 1.0, Financial: 1.0)
Q2 2016: 17.7 (Hosting: 14.5, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2016: 17.1 (Hosting: 13.5, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q4 2016: 18.0 (Hosting: 14.5, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q1 2017: 18.6 (Hosting: 15.5, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2017: 18.9 (Hosting: 15.5, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q4 2017: 21.1 (Hosting: 17.6, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q1 2018: 20.7 (Hosting: 17.2, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2018: 21.8 (Hosting: 17.4, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q4 2018: 22.3 (Hosting: 17.9, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q1 2019: 22.7 (Hosting: 18.2, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q2 2019: 22.5 (Hosting: 18.1, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2019: 23.9 (Hosting: 19.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q4 2019: 29.5 (Hosting: 25.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q1 2020: 29.4 (Hosting: 26.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q2 2020: 27.2 (Hosting: 23.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2020: 29.1 (Hosting: 26.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q4 2020: 29.1 (Hosting: 25.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q1 2021: 30.3 (Hosting: 27.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q2 2021: 30.0 (Hosting: 26.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
Q3 2021: 30.0 (Hosting: 27.0, E-commerce: 2.0, Handmade: 1.0, Financial: 1.0)
## Results by Segment (First Nine Months of 2021)

### Hosting
- The main services performed steadily.
- Net sales: 3,583 million yen (104.1%)
- Operating profit: 1,088 million yen (103.4%)

### E-commerce Support
- Sales grew steadily, but sales at SUZURI fell short of expectations.
- Net sales: 3,754 million yen (123.4%)
- Operating profit: 884 million yen (89.5%)

### Handmade Products
- Sales and profit fell from a year ago due to a decline in stay-at-home demand.
- Net sales: 1,441 million yen (95.7%)
- Operating profit: 168 million yen (56.0%)

### Financial Support
- The number of users and the amount of purchases of invoices increased. Operating profit improved significantly.
- Net sales: 145 million yen (145.9%)
- Operating profit: -113 million yen (an increase of 116 million yen)

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

(100 million yen)

Lolipop!  MuuMuu Domain  Other

Q3 2019  Q4 2019  Q1 2020  Q2 2020  Q3 2020  Q4 2020  Q1 2021  Q2 2021  Q3 2021

1,130 million yen  1,190 million yen

Operating profit

(100 million yen)

Lolipop!  MuuMuu Domain  Other

Q3 2019  Q4 2019  Q1 2020  Q2 2020  Q3 2020  Q4 2020  Q1 2021  Q2 2021  Q3 2021

340 million yen  390 million yen
Hosting business (Lolipop!)

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)

Trends in results

Net sales: (100 million yen)
Q3 2019: 460 million yen
Q4 2019: 510 million yen
Q1 2020: 220 million yen
Q2 2020: 270 million yen
Q3 2020: 510 million yen
Q4 2020: 460 million yen
Q1 2021: 510 million yen
Q2 2021: 460 million yen
Q3 2021: 510 million yen

Operating profit: (100 million yen)
Q3 2019: 220 million yen
Q4 2019: 270 million yen
Q1 2020: 510 million yen
Q2 2020: 460 million yen
Q3 2020: 510 million yen
Q4 2020: 460 million yen
Q1 2021: 510 million yen
Q2 2021: 460 million yen
Q3 2021: 510 million yen

Spending per customer

Q3 2019: 320 Yen
Q4 2019: 340 Yen
Q1 2020: 360 Yen
Q2 2020: 380 Yen
Q3 2020: 400 Yen
Q4 2020: 420 Yen
Q1 2021: 440 Yen
Q2 2021: 460 Yen
Q3 2021: 480 Yen

Number of contracts

Q3 2019: 12
Q4 2019: 13
Q1 2020: 11
Q2 2020: 10
Q3 2020: 12
Q4 2020: 13
Q1 2021: 11
Q2 2021: 12
Q3 2021: 13

Trends in results

Net sales
Q3 2019: 460 million yen
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Q1 2021: 440 Yen
Q2 2021: 460 Yen
Q3 2021: 480 Yen

Number of contracts

Q3 2019: 12
Q4 2019: 13
Q1 2020: 11
Q2 2020: 10
Q3 2020: 12
Q4 2020: 13
Q1 2021: 11
Q2 2021: 12
Q3 2021: 13
Hosting business (MuuMuu domain)

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

- Net sales: 500 million yen
- Operating profit: 520 million yen

Average price of domains under contract

Number of domains under contract

Net sales:
- 60 million yen in Q2 2020
- 80 million yen in Q2 2021

Operating profit:
- 500 million yen in Q4 2019
- 520 million yen in Q3 2020

Trends over Q3 2019 to Q3 2021
E-commerce Support business
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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Color Me Shop</th>
<th>SUZURI</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
<td>1,310</td>
<td></td>
<td></td>
<td>1,310</td>
</tr>
<tr>
<td>Q2 2021</td>
<td>1,210</td>
<td></td>
<td></td>
<td>1,210</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>1,210</td>
<td></td>
<td></td>
<td>1,210</td>
</tr>
</tbody>
</table>

Operating profit

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Color Me Shop</th>
<th>SUZURI</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2021</td>
<td>370</td>
<td></td>
<td></td>
<td>370</td>
</tr>
<tr>
<td>Q2 2021</td>
<td>310</td>
<td></td>
<td></td>
<td>310</td>
</tr>
<tr>
<td>Q3 2021</td>
<td>310</td>
<td></td>
<td></td>
<td>310</td>
</tr>
</tbody>
</table>
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)

Trends in results
- Net sales: 410 million yen (Q3 2021), 210 million yen (Q1 2020), 180 million yen (Q3 2020)
- Operating profit: 430 million yen (Q3 2021), 330 million yen (Q1 2020), 210 million yen (Q3 2020)

Spending per customer
- Decreasing trend from Q3 2019 to Q3 2021

Number of contracts
- Increasing trend from Q3 2020 to Q3 2021

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

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

Net sales: 690 million yen
Operating profit: 130 million yen
Gross merchandise value: 780 million yen
Number of members: 90 million yen

(100 million yen)

(10,000 persons)
Handmade Products business
Handmade Products business (minne)

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)

Net sales

(100 million yen)

Operating profit

(100 million yen)
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)
Financial Support business
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)
Trends in FREENANCE KPIs

Total amount of purchases of invoices

Number of users \(\times\) Number of invoices per user \(\times\) Average amount of purchases of invoices

Graphs showing trends over quarters from Q1 2019 to Q3 2021 for each metric.
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

<table>
<thead>
<tr>
<th>Segment</th>
<th>Forecast for FY2021</th>
<th>Results in Q3 FY2021</th>
<th>Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hosting</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales:</td>
<td>4,733</td>
<td>3,583</td>
<td>75.7%</td>
</tr>
<tr>
<td>Operating profit:</td>
<td>1,413</td>
<td>1,088</td>
<td>77.0%</td>
</tr>
<tr>
<td><strong>E-commerce Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales:</td>
<td>5,762</td>
<td>3,754</td>
<td>65.2%</td>
</tr>
<tr>
<td>Operating profit:</td>
<td>1,343</td>
<td>884</td>
<td>65.8%</td>
</tr>
<tr>
<td><strong>Handmade Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales:</td>
<td>2,498</td>
<td>1,441</td>
<td>57.7%</td>
</tr>
<tr>
<td>Operating profit:</td>
<td>428</td>
<td>168</td>
<td>39.4%</td>
</tr>
<tr>
<td><strong>Financial Support</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net sales:</td>
<td>199</td>
<td>145</td>
<td>72.9%</td>
</tr>
<tr>
<td>Operating profit:</td>
<td>-200</td>
<td>-113</td>
<td>-</td>
</tr>
</tbody>
</table>
Trends in EC-related services KPIs*

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### Trends in gross merchandise value

*Gross merchandise value*  
*Ratio of net sales to GMV*  

(100 million yen)

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### Trends in the number of sellers

*COLOR ME Shop*  
*SUZURI*  
*minne*

(10,000 persons)

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* EC-related services: Total of three services Color me Shop and SUZURI and minne
Progress in E-commerce Initiatives in 2021

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.

<table>
<thead>
<tr>
<th>Initiatives in Q3</th>
<th>Initiatives in Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Color Me Shop</strong></td>
<td><strong>Initiatives in Q4</strong></td>
</tr>
<tr>
<td>• Upgrading the free plan function</td>
<td>• Strengthening linkages with the Company’s services</td>
</tr>
<tr>
<td>• Finding business partners through regional banks</td>
<td>• Strengthening cooperation with regional entities, introducing ID payment</td>
</tr>
<tr>
<td>• Holding seminars etc. for opening shops</td>
<td>• Improving the convenience of the free plan</td>
</tr>
<tr>
<td>→ The number of contracts exceeded 45,000.</td>
<td>→ Upgrading from the free plan started on October 14.</td>
</tr>
<tr>
<td><strong>SUZURI</strong></td>
<td><strong>Initiatives in Q4</strong></td>
</tr>
<tr>
<td>• Adding items (dry T-shirts)</td>
<td>• Adding items (backpacks, boa fleece clothing)</td>
</tr>
<tr>
<td>• Extending the period of a T-shirt sale (15 days)</td>
<td>• Having a winter sale</td>
</tr>
<tr>
<td>• Expanding sales via social media</td>
<td>• Holding events and running campaigns</td>
</tr>
<tr>
<td>→ Sales in August hit a record high for a single month.</td>
<td>→ The number of members reached a million on October 4.</td>
</tr>
<tr>
<td><strong>minne</strong></td>
<td><strong>Initiatives in Q4</strong></td>
</tr>
<tr>
<td>• Enhancing the function for searching for items</td>
<td>• Planning alliances and starting business alliances</td>
</tr>
<tr>
<td>• Increasing the flow of goods via the Web and social media</td>
<td>• Continuing to enhance the search function and increase the flow of goods via the Web</td>
</tr>
<tr>
<td>• Holding special events</td>
<td>• Increasing means of payment</td>
</tr>
<tr>
<td>→ The number of buyers was on an upward trend in September.</td>
<td>→ Sales on October 10 hit a record high for a single day.</td>
</tr>
</tbody>
</table>
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

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

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

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

* Cash and deposits include deposits paid to subsidiaries and associates.
Company Profile
Corporate Philosophy

Make it more playful

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

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

We will create more interesting things and make our jobs more interesting. We will continue to evolve ourselves.
Mission

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.
Company Information

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 (consolidated)  462 (368 full-time employees, 94 temporary employees) (As of September 30, 2021)
History

- **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 market.
- **2014 April**: Renamed GMO Pepabo, Inc.
- **April**: Starts SUZURI, which provides an 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)

Number of partners

- 2003: 13
- 2004: 42
- 2005: 68
- 2006: 86
- 2007: 104
- 2008: 120
- 2009: 129
- 2010: 152
- 2011: 181
- 2012: 225
- 2013: 233
- 2014: 240
- 2015: 278
- 2016: 311
- 2017: 328
- 2018: 350
- 2019: 402
- 2020: 442
- 2021 Q1: 462
Main Service in Hosting Business (i)

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)
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)
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

Sale (the Company)

Providing a system

System usage fee

Sale (shop owner)

Product

Paying the price

User (Shop owner)

End user
Main Service in E-commerce Support Business (ii)

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

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

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

minne

One of Japan's largest handmade products markets

Annual gross merchandise value: 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

1. Buying a work
2. Sending the work
3. Payment

Commission fee (revenue)
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 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.
Feature (Portfolio Management)

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.

Financial Support 1.1%
Handmade Products 18.1%
E-commerce Support 37.0%
Hosting 41.5%

(100 million yen)
Sustainable Activities (ESG/SDGs)

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

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

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

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

Strengthening governance for sound and transparent corporate management

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

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

## Dividends

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021 (Forecast)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual dividends per share (yen)</td>
<td>52.50</td>
<td>65.00</td>
<td>81.00</td>
<td>81.00</td>
</tr>
<tr>
<td>Payout ratio (%)</td>
<td>59.2</td>
<td>62.4</td>
<td>50.9</td>
<td>53.8</td>
</tr>
</tbody>
</table>

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

## Shareholder benefits

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

- Holding one unit (100 shares) 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
Notes on the Use of This Material

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

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

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

• 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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