

Fiscal Year ended December 31, 2024

FINANCIAL RESULTS PRESENTATION MATERIALS

GMO Pepabo, Inc.
Stock code: 3633 (TSE Standard Market)



Summary of Results in FY2024

- In 2024, net sales and operating profit increased year on year. In 2025, we expect that net sales and operating profit will increase again, and project that ordinary profit will increase in real terms when excluding one-time revenues.
- The target dividend payout ratio will be raised from at least 50% to at least 65%, with dividends expected to increase to 67.00 yen in 2025.

FY2024

- **FY2024 ended ahead of the forecast announced on November 6, and a dividend of 57.00 yen is planned, a 4-yen increase.**
- **Net sales increased thanks to strong performance driven by price revisions in the recurring revenue business and high unit price items accounting for a higher percentage of sales.**
- **Operating profit increased significantly due to reduced bad debt-related expenses in the Financial Support business and lower customer service costs from AI integration.**

FY2025

- **Net sales will increase 102.4% year on year to 11,180 million yen, with operating profit rising 107.2% year on year to 880 million yen**
- **We will work to expand revenue by gaining corporate users in the Domain and Rental Server (Hosting) Business ^{*1} and E-commerce Support Business.**
- **The target dividend payout ratio will be raised from at least 50% to at least 65%, with dividends expected to increase to 67.00 yen.**

Medium-Term Policy

- **We will aim for business growth with a combination of strategies: enhancing the recurring revenue base and expanding business domains.**
- **For FY2027, we will target net sales of 12,600 million yen and operating profit of 1,260 million yen.**
- **We will revise our dividend policy and shareholder benefit program, and strengthen direct shareholder return through dividends.**

*1: "Hosting Business" has been renamed to "Domain and Rental Server (Hosting) Business" to more clearly express its business activities. Only the name has changed. There are no changes segment classifications.

AGENDA

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Medium-Term Policy

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Medium-Term Policy: Reflecting on Results up to 2024

- We flexibly adapted to the changing environment surrounding our business activities, provided a wide range of services that support creative expression, and expanded our business domains.
- In 2024 we improved the operational efficiency of inquiry handling with the introduction of AI, and transferred 31 partners from customer service to other departments, where they are flourishing.

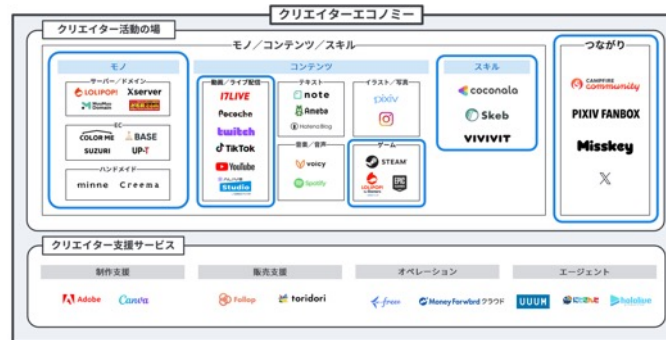
Providing services catering to user needs

Provided various services supporting creative expression including website and online store services



Expanding business by extending platforms for creator activities

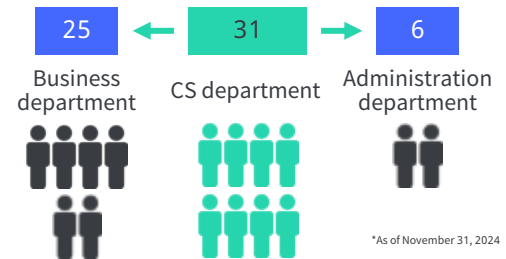
Supported the creator economy with a range of services from domain and rental servers (hosting) an e-commerce business domains to video, live streaming and video games.



Business streamlining through the use of AI

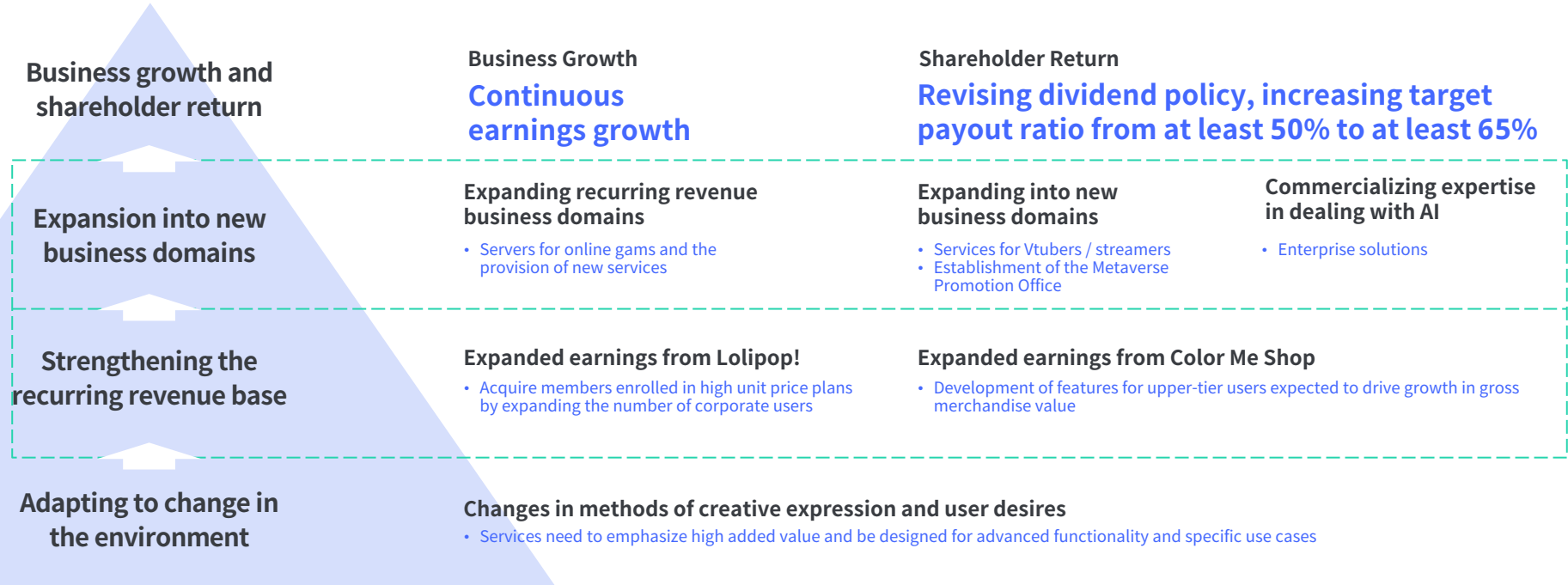
Initial handling of inquiries has been shifted to 100% AI, reducing customer handling times significantly. This has reduced the need to hire additional staff and optimized customer service departments.

31 partners underwent reskilling and are flourishing in their new assignments



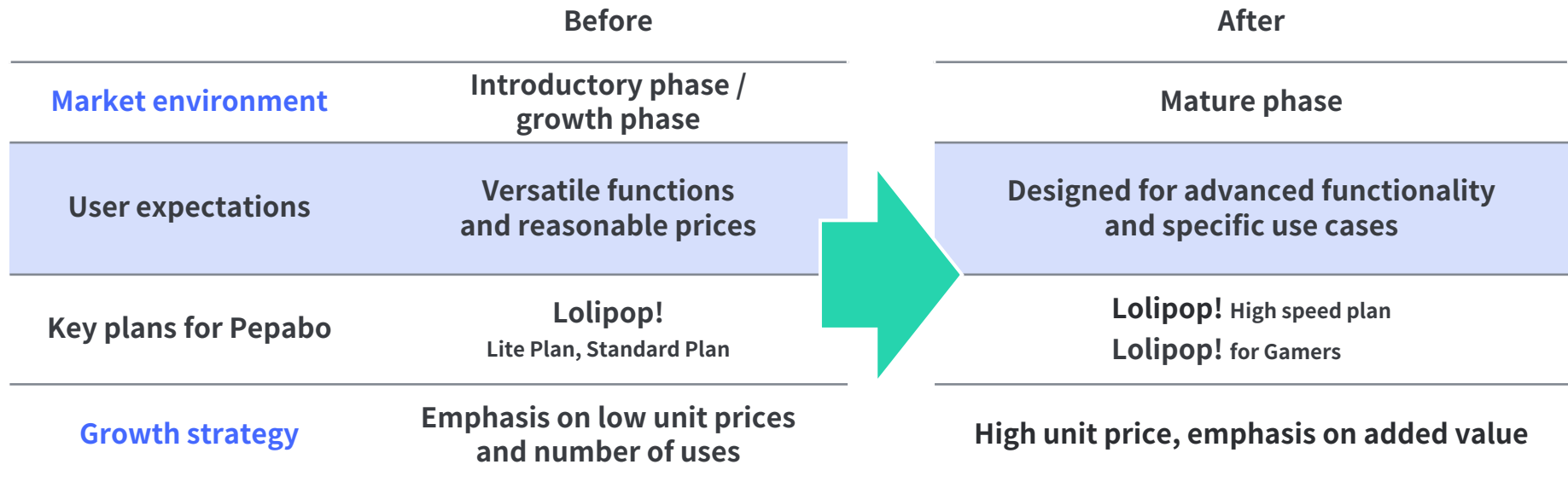
Medium-term Growth Scenario

- Achieve business growth by flexibly adapting to environmental changes and strengthening the stable earnings base
- Continue to achieve growth in operating profit in the medium-term, aiming to enhance corporate value



Medium-term Policy: Adapting to Environmental Changes

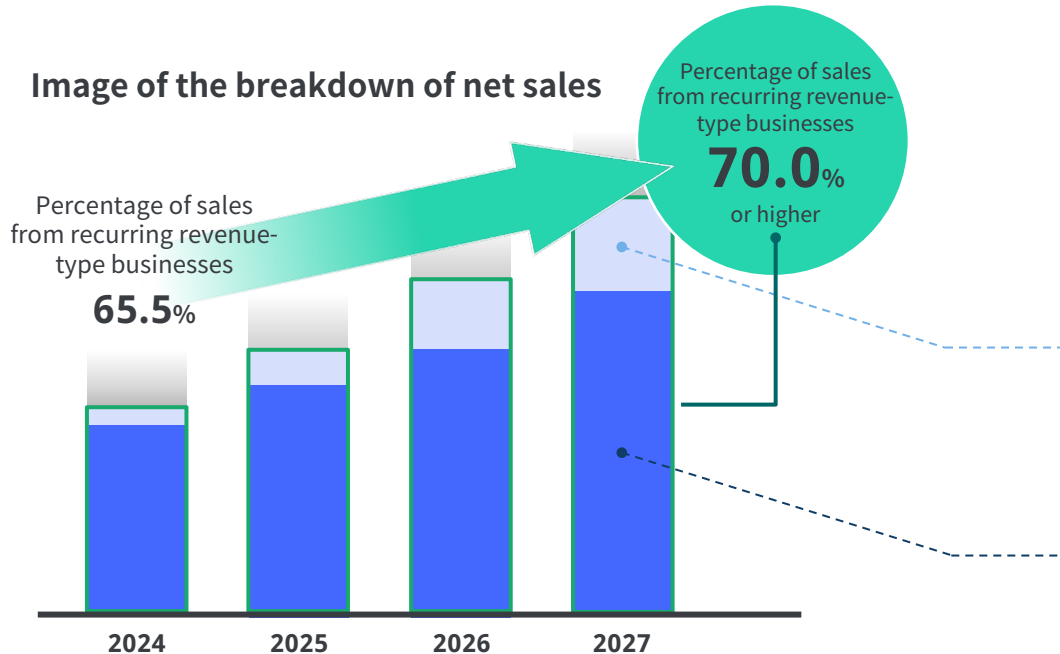
- With the widespread adoption of Internet infrastructure, we have grown our business to date by offering reasonably priced standard specs to many users. However, with user desires changing as the market matures, we need to expand our targets to adapt to a changing environment, and provide services that meet user experience expectations.



Medium-term Policy: Strengthening the Recurring Revenue Base and Expanding Business Domains

- We will raise recurring sales as a percentage of total sales to ensure stable and reliable growth.
- We will aim for medium-term growth by continually strengthen the recurring revenue base, including from existing services, while expanding our business domains.

Image of the breakdown of net sales



Expansion into new business domains

We will expand the business domains in which our existing businesses operate, embark on new challenges to earn recurring revenue, provide plans with recurring revenue qualities even within non-recurring businesses, and earn recurring revenue through the provision of new services in areas other than our traditional fields of business, such as the streaming sector.

Strengthening the recurring revenue base

To achieve organic growth, we will offer functionality and plans that reflect customer needs, increase usage by corporate users, and gain subscribers for plans with high unit prices

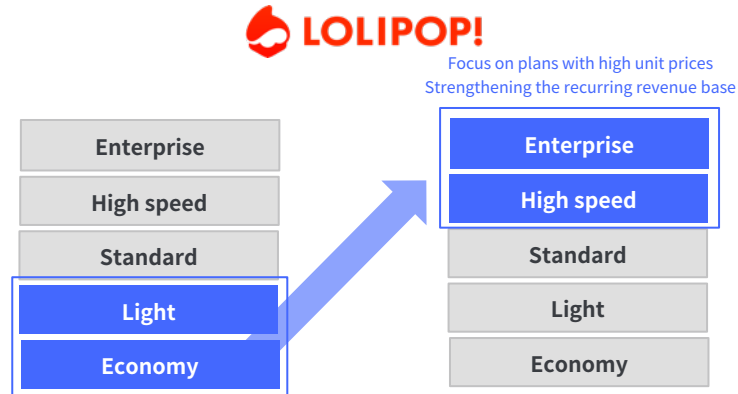
* The percentage of recurring revenue sales is calculated by dividing the recurring revenue sales by the total sales from Lolipop!, MuuMuu Domain, Color Me Shop and new services.

Medium-term Policy: Strengthening the Recurring Revenue Base

- We will aim to gain corporate users subscribed to plans with high unit prices on the Lolipop! and Color Me Shop services, and work to strengthen the recurring revenue base.

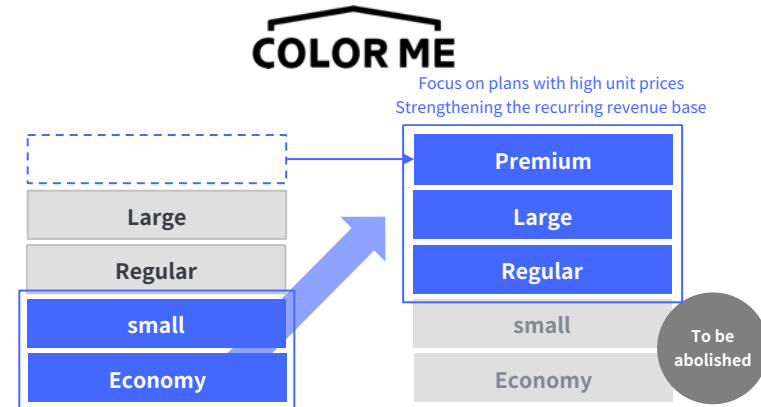
Expanded earnings from Lolipop!

We will gain subscribers for high unit price plans and accumulate recurring revenue by developing features designed for high-tier users expected to drive growth in gross merchandise value.



Expanding Color Me Shop revenue

We will accumulate recurring revenue by gaining corporate users subscribing to plans with high unit prices, and by providing high-functionality servers that match user needs and servers designed for specific use cases.



Medium-term Policy: Expanding Business Domains

- Even in the recurring revenue business domain, we will respond to user needs and market changes, working to develop new business domains.
- We will gain corporate users for GMO SOKURESU AI by stepping up sales efforts, and also aim to gain users in the streaming field with AliveStudio

Expanding recurring revenue business domains

Lolipop! for Gamers

Due to the rapid growth of the online game market, demand for high-performance services and servers for individuals has growth. We provide servers designed for online gaming to improve user experiences and seize market opportunities.



Launch of a New Service

In the Domain and Rental Server (Hosting) Business, we plan to launch a new service by the second quarter of FY2025.

Commercializing expertise in dealing with AI

GMO SOKURESU AI

AI has been introduced for inquiry handling to commercialize operational expertise. Automating customer support for companies with AI helps address the declining worker population, which has become a social issue.



Expanding into new business domains

Provision of services designed for VTubers and streamers

We have entered the fast-growing live streaming market and aim to gain users for the Alice Studio streaming screen design service which lowers barriers to entry for streamers and VTubers, enabling anyone to easily create videos and livestreams without specialized knowledge, technology or equipment.



Medium-term Policy: Expanding Business Domains

- The Metaverse Promotion Office was newly established as we aim to provide services in the metaverse space, which is expected to grow in the future.
- We have signed a partnership agreement with VRChat, and held a recruitment event that attracted 70 applicants, as part of our efforts to expand into new business domains.

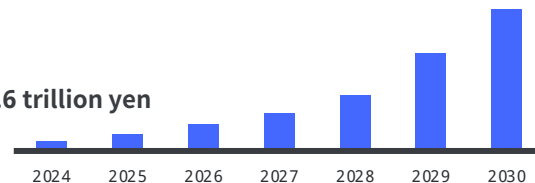
Establishment of the Metaverse Promotion Office

Developing untapped domains to create new synergies

We will search for new business challenges in virtual space and pioneer untapped areas to expand future creative markets.

Progress of the worldwide metaverse market (Predicted) **224 trillion yen**

8.6 trillion yen



* Estimates created by Pepabo based on Markets and Markets data.



Signing of partnership agreement with VRChat

We have signed a partnership agreement with VRChat, which provides a social VR platform enabling the creation and sharing of virtual worlds, avatars and interactive experiences. When the metaverse attracting growing attention, we aim to expand the creative possibilities in VR spaces and develop new expressions and economic spheres for creators.



Holding a recruitment event in the metaverse space

We held an event for "super-casual" 1-on-1 interviews with Japanese users in the metaverse space, and received applications from 70 people. By conducting recruitment activities in the metaverse space, we aim to develop a new culture through exchanges with younger people who are interested in the latest technologies and VR.

Medium-term Policy: Business Growth and Shareholder Return

- To enhance corporate value in the medium term, we will achieve continuous business growth and provide shareholder return.
- From the perspective of providing fair and equitable shareholder return, we revised our shareholder benefit program and dividend policy, raising our target dividend payout ratio from at least 50% to at least 65%.

Growth

Medium-term Business Growth

Ongoing Growth in Operating Profit

- Strengthening of the recurring revenue base
- Expanding business domains

Targets for the fiscal year ending December 31, 2027

**Net sales of 12,600 million yen,
operating profit of 1,260 million yen**

Return

Changes to Shareholder Return

From the perspective of providing fair and equitable shareholder return, we revised our shareholder benefit program and strengthened direct shareholder return through dividends.

Payout ratio

50% or higher



65% or higher

Shareholder benefits

Cashback for using Pepabo service usage points on GMO Click Securities

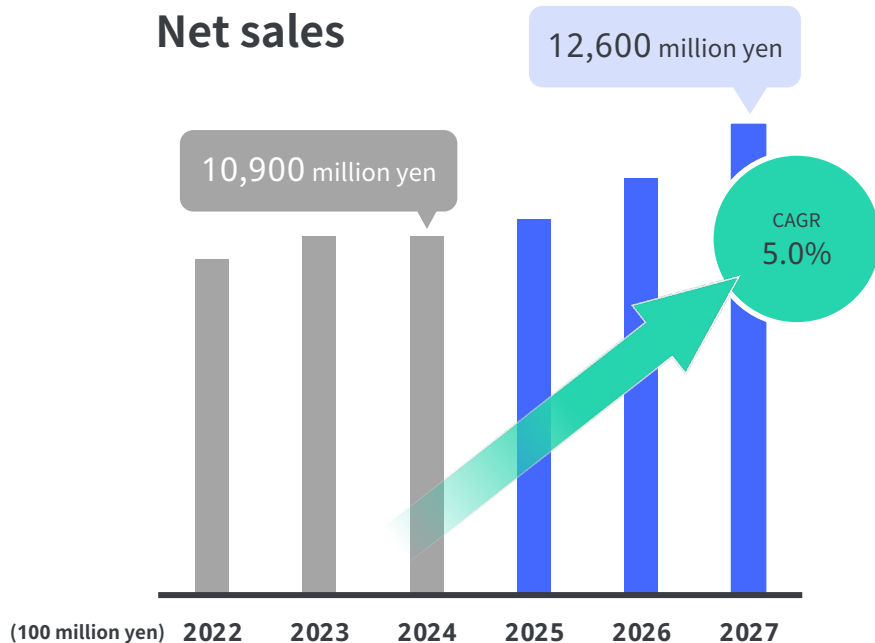


**GMO Click Securities cashback
(only purchase commission for GMO
Pepabo stock)**

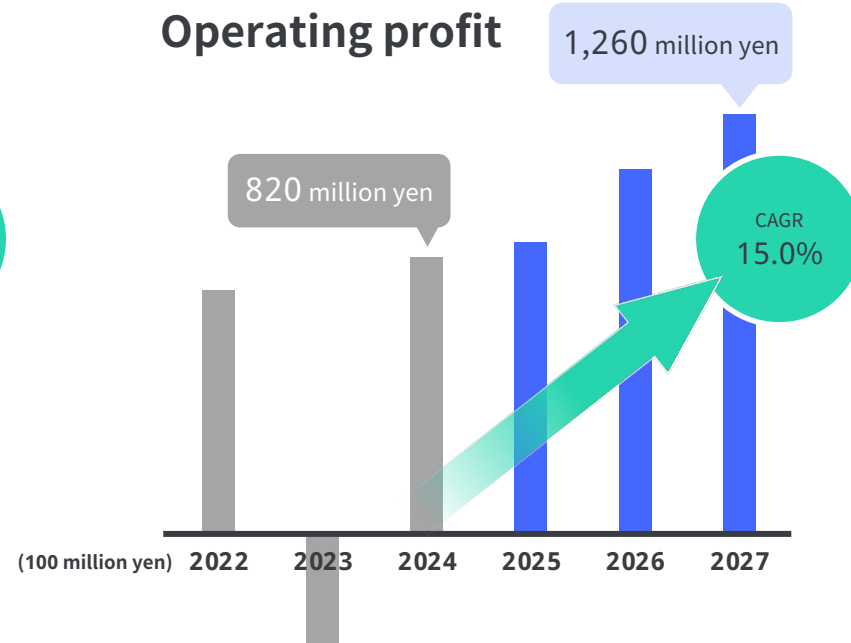
Consolidated Targets for Net Sales and Operating Profit from 2025 to 2027

- From 2025 to 2027 we will achieve business growth while aiming to enhance medium-term corporate value.
- We have set consolidated targets for 12,600 million yen in net sales (CAGR of 5.0%) and 1,260 million yen in operating profit (CAGR of 15.0%)

Net sales



Operating profit



Summary of Results in FY2024

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FY2024 Consolidated Results

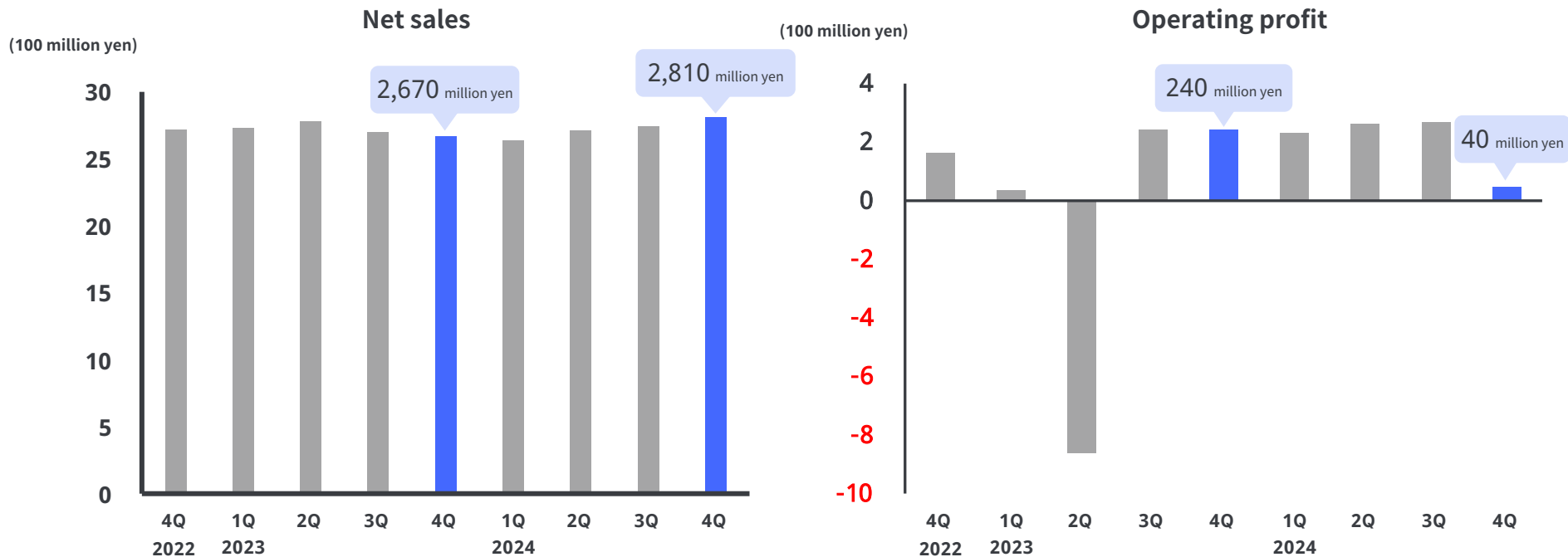
- FY2024 ended ahead of the forecast announced on November 6.
- Due to the recording of one-off non-operating income including equity method investment profits, the dividend per share is also expected to be raised 4 yen to 57.00 yen.

(Million yen)

Item	FY2024 (Forecasts on November 6)	FY2024 (Results)	Difference	Comparison with revised forecast
Net sales	10,831	10,922	+91	100.8%
Operating profit	820	829	+9	101.1%
Ordinary profit	867	937	+70	108.1%
Profit attributable to owners of parent	554	591	+37	106.8%
Dividends per share (yen)	53.00	57.00	+4.00	107.5%

Trends in Consolidated Results (by Quarter)

- Quarterly net sales increased year over year thanks to strong performance driven by price revisions in the recurring revenue business and high unit price items accounting for a higher percentage of sales.
- Operating profit for the quarter was affected by promotional costs incurred for new services, etc.

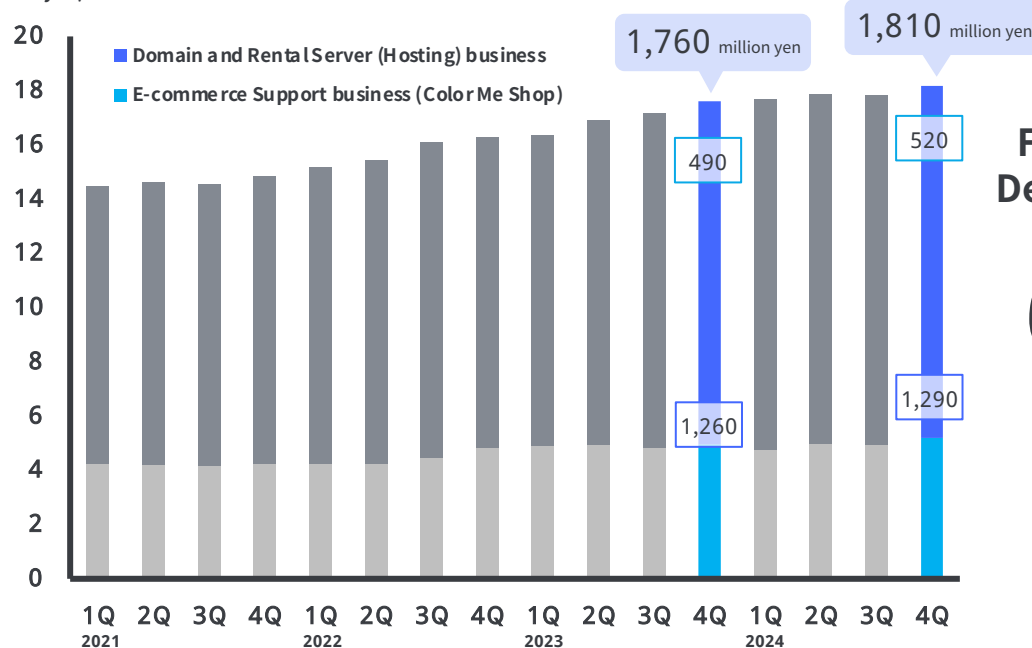


Net Sales (Recurring-Type Business)

- Net sales from recurring revenue business steadily grew 103.3% year over year.
- The year-on-year growth was attributable to the effects of price revisions and plans with higher unit prices accounting for a greater percentage of total sales

Trend in net sales of recurring revenue business

(100 million yen)



Fiscal year ended
December 31, 2023

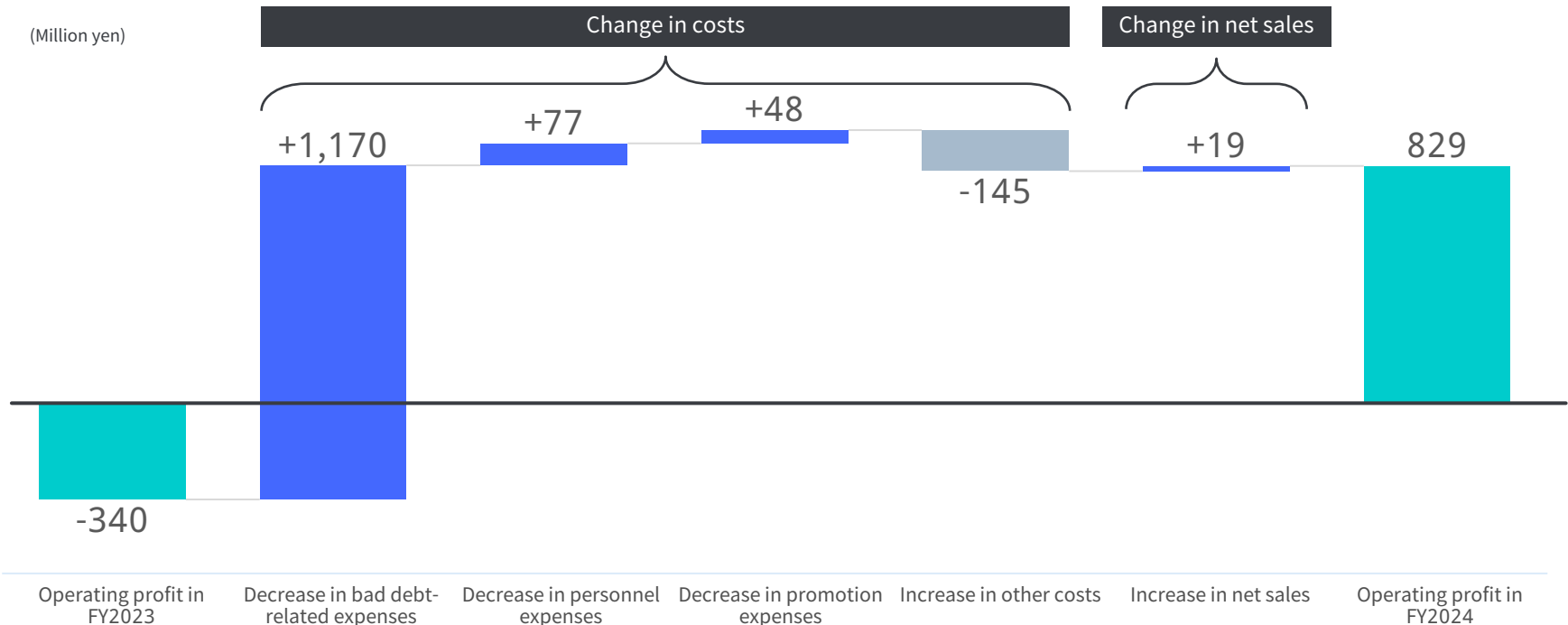
6,800
million yen

Fiscal year ended
December 31, 2024

7,150
million yen

Analysis of Change in Operating Profit (Full Year)

Despite increased costs such as outsourced processing expenses, bad debt-related expenses in the Financial Support business declined. In addition, personnel expenses were reduced due to AI utilization, and promotional costs were effectively managed. As a result, operating profit improved significantly year over year.



Results by Segment in FY2024

- Net sales declined due to stricter purchase criteria in the Financial Support business, and the non-recurring business was challenging. However, the Domain and Rental Server (Hosting) business performed strongly.
- Operating profit increased significantly due to reduced bad debt-related expenses in the Financial Support business and lower customer service costs from AI integration.

(Million yen)

Item	Segment	FY2023	FY2024	Difference	YoY
Net sales		10,903	10,922	+19	100.2%
	Domain and Rental Server (Hosting) business	5,758	6,096	+338	105.9%
	E-commerce Support business	2,997	2,965	-31	98.9%
	Handmade Products business	1,490	1,401	-88	94.1%
	Financial Support business	655	452	-202	69.1%
Operating profit		-340	829	+1,170	-
	Domain and Rental Server (Hosting) business	1,814	1,918	+104	105.7%
	E-commerce Support business	656	777	+121	118.5%
	Handmade Products business	21	62	+40	285.6%
	Financial Support business	-1,064	-43	+1,134	-

* Excluding head office costs, etc.

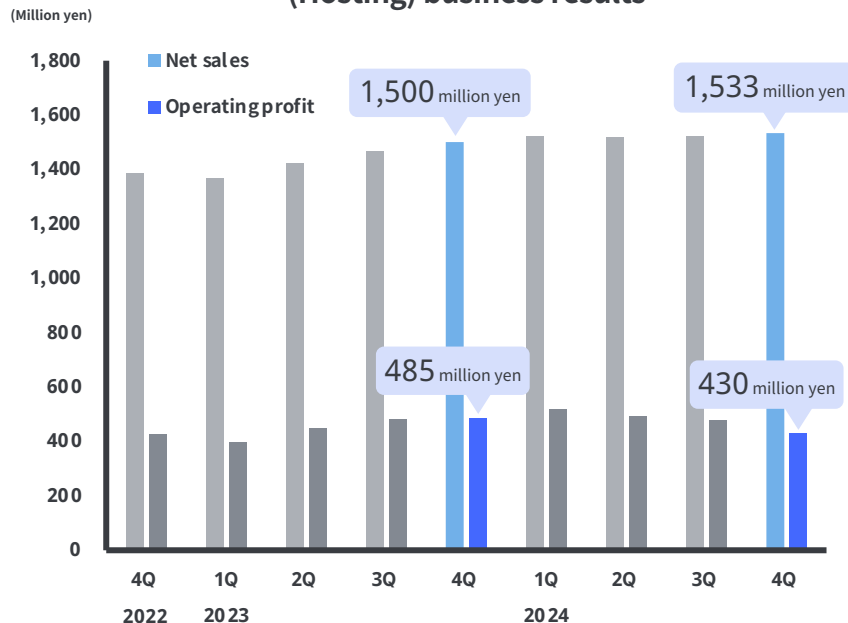
Detailed Results by Segment

CHAPTER

Domain and Rental Server (Hosting) Business

- Net sales and operating profit for the full year increased year over year, driven by the effects of price revisions and plans with a higher unit price accounting for a higher percentage of total sales.
- Operating profit increased thanks to reduced customer service costs from AI utilization.

Trend in Domain and Rental Server (Hosting) business results



Net sales	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
Domain and Rental Server (Hosting) business		5,758	6,096	+338	105.9%
Lolipop! (Rental Servers)		2,503	2,572	+69	102.8%
MuuMuu Domain		2,348	2,604	+256	110.9%
Other		907	919	+12	101.4%

Operating profit	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
Domain and Rental Server (Hosting) business		1,814	1,918	+104	105.7%
Lolipop! (Rental Servers)		1,332	1,400	+67	105.1%
MuuMuu Domain		303	443	+140	146.2%
Other		178	74	-104	41.6%

Net sales

- Effects of Lolipop! price revisions and higher rate of high unit price subscriptions
- MuuMuu Domain saw ongoing effects from the introduction of service maintenance adjustment expenses

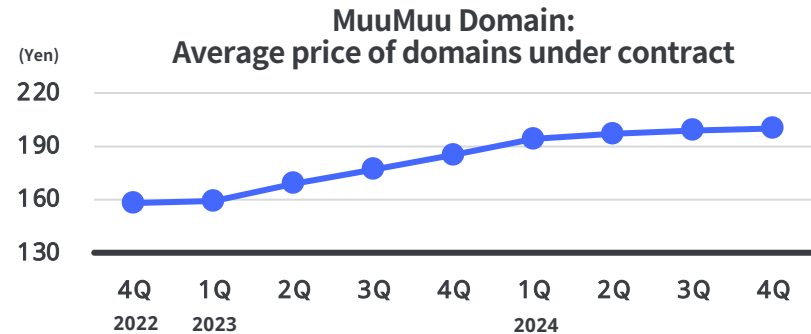
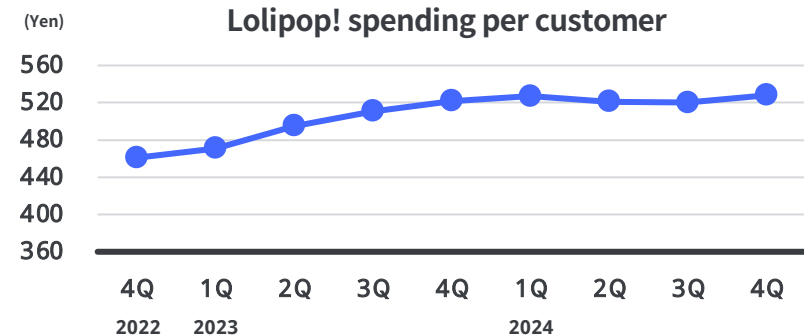
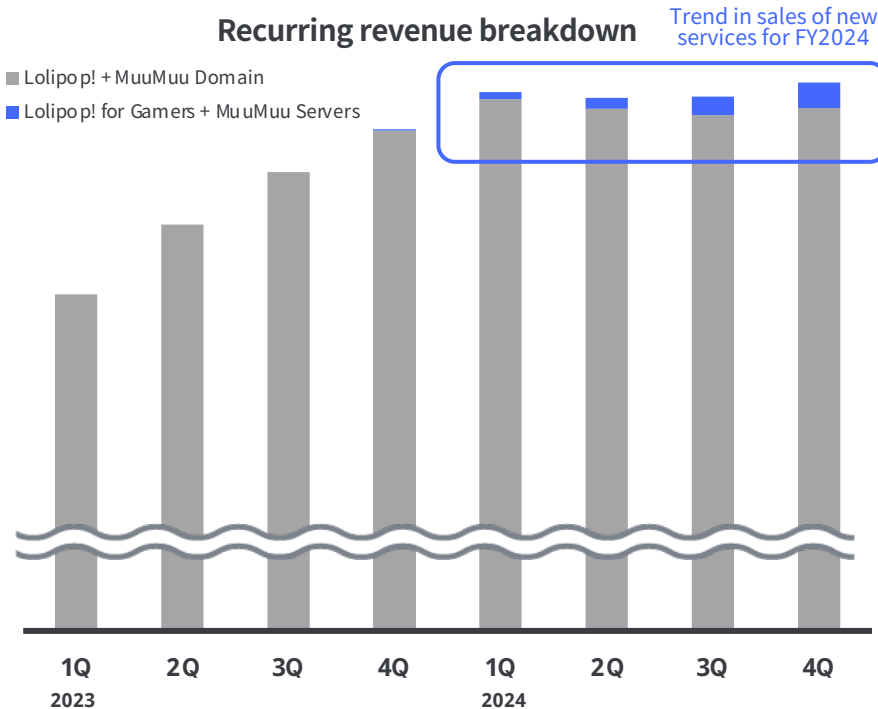
Operating profit

- Operating profit increased, benefitting from higher sales for both Lolipop! and MuuMuu Domain, along with reduced customer service costs.
- In the Other category, development costs were incurred for Lolipop! for Gamers.

* "Other" includes results of Lolipop! for Gamers and Heteml.

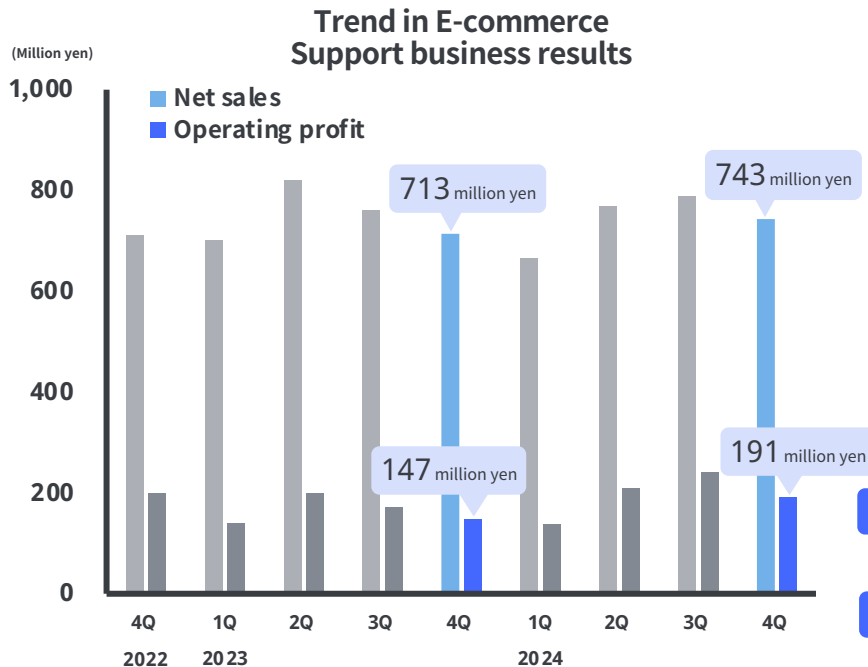
Trend in Domain and Rental Server (Hosting) Business KPIs, Server Sales

- Recurring revenue remained stable, with contributions from Lolipop! for Gamers and MuuMuu Server.
- Spending per customer increased due to price revisions and a higher ratio of subscriptions to high unit price plans



E-commerce Support Business

- Color Me Shop achieved the year-on-year growth of sales, benefiting from production outsourcing sales supported by IT subsidies. However, overall net sales in the E-commerce Support business declined due to a drop in SUZURI's gross merchandise value.
- Operating profit increased as AI utilization across services reduced customer service costs.



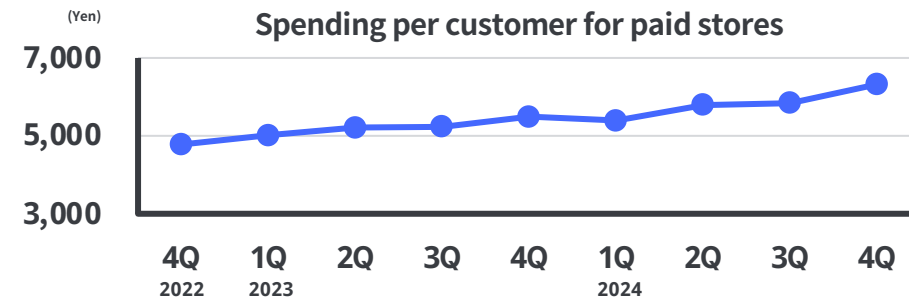
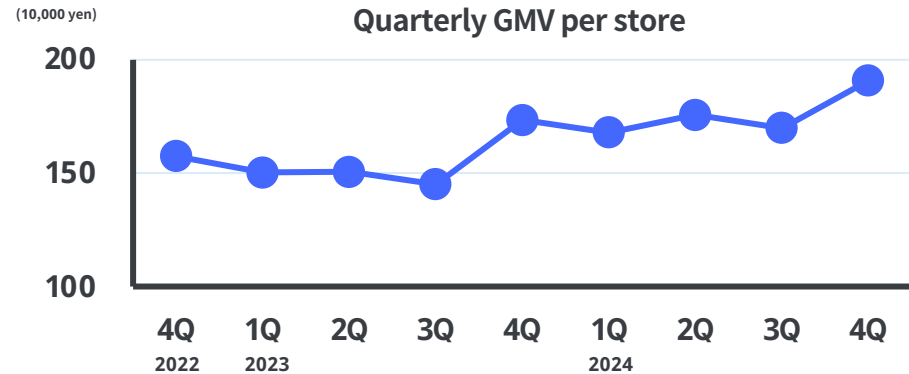
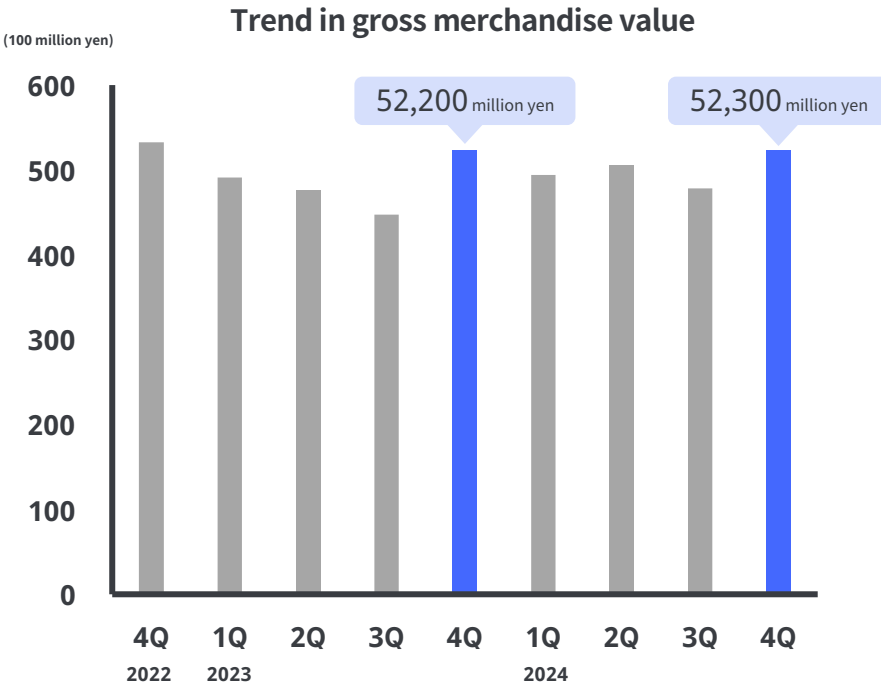
Net sales	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
E-commerce Support business		2,997	2,965	-31	98.9%
Color Me Shop		2,067	2,149	+81	104.0%
SUZURI		918	816	-101	88.9%

Operating profit	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
E-commerce Support business		656	777	+121	118.5%
Color Me Shop		654	772	+118	118.2%
SUZURI		51	43	-8	83.7%

- Net sales**
- Fourth quarter Color Me Shop net sales increased, benefitting from the effects of price revisions
 - SUZURI experienced a decline in sales due to lower gross merchandise value.
- Operating profit**
- Color Me Shop achieved the growth of profit by using AI to reduce customer service costs.
 - Despite efforts to control costs, SUZURI's profit declined due to lower gross merchandise value.

Trend in E-commerce Support Business KPIs (Color Me Shop)

- Gross merchandise value showed signs of bottoming out in 2024 and began to rise, ending up 103.3% year on year.
- Quarterly gross merchandise value per store trended upward, with spending per customer at paid stores also rising, driving strong performance.



Trend in E-commerce Support Business KPIs (SUZURI)

- Gross merchandise value in 2024 declined year over year.
- We provided features to expand our business domains, including creators engaged in video and live streaming, and commissions.



2024 Measures



SUZURI Commissions

Against the backdrop of an expanding sharing economy market, we provided features enabling creators to offer illustrations for fees, creating a new avenue for creators to flourish.



3D Goods Creation Tool

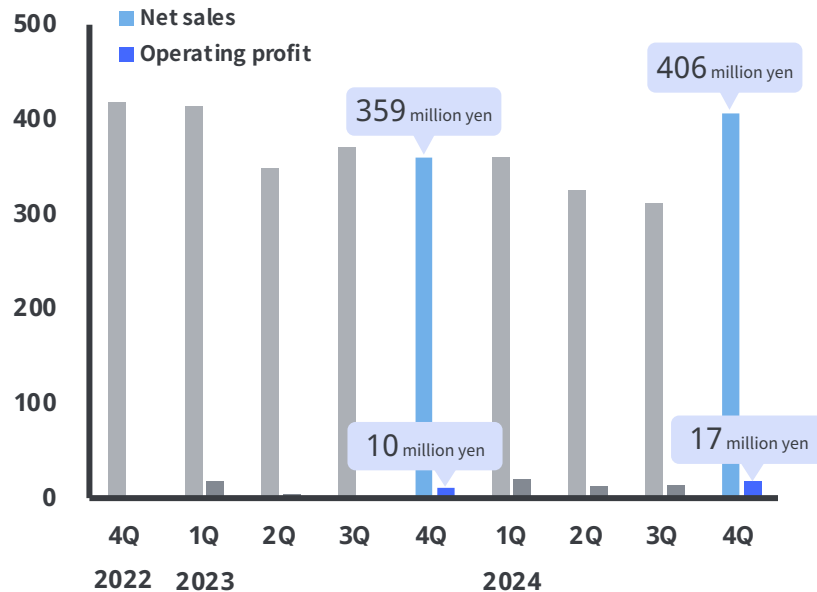
Against the backdrop of an expanding metaverse market driven by the spread of VR equipment, we have launched a feature that enables users to create and sell 3D models and goods without requiring expert knowledge or skill.

Handmade Products Business

- Net sales for the full year declined due to a year-on-year drop in gross merchandise value.
- The operating profit margin improved and profit increased due to the implementation of minne ads, which supports the promotional activities of creators.

Trend in Handmade Products business results

(Million yen)



Net sales	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
Handmade Products business					
minne		1,490	1,401	-88	94.1%

Operating profit

Handmade Products business					
minne		21	62	+40	285.6%

Net sales

- Net sales for the fourth quarter increased, reflecting increased gross merchandise value over the Christmas shopping season and the running of markets for handmade products.

Operating profit

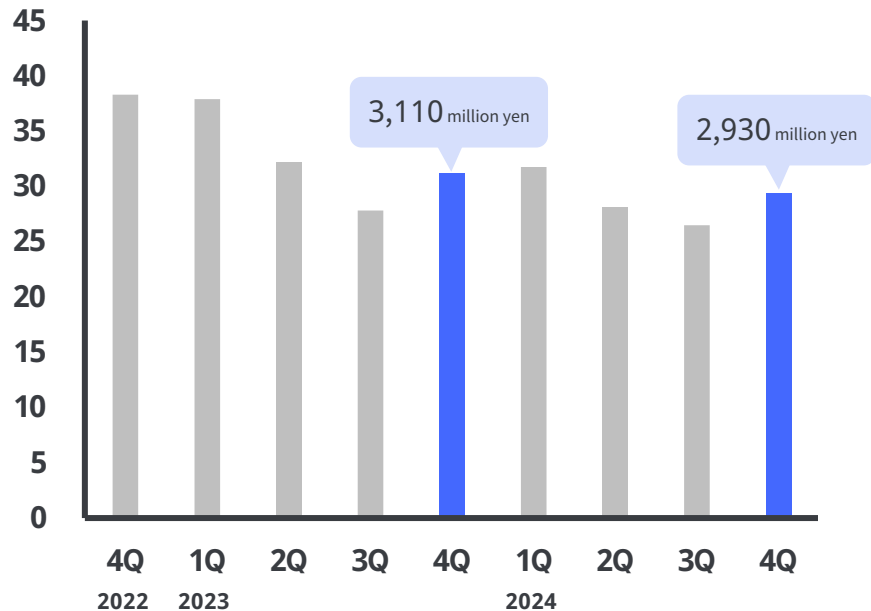
- Profit increased in the fourth quarter thanks to improved profit margin from implementation of minne ads, which supports the promotional activities of artists.

Handmade Products Business

- Feature enhancements were launched for minne PLUS, which supports the promotional and marketing activities of artists and brands, leading to growing recognition
- Hosting Handmade Market 2024, Japan's largest handmade product market, at Saitama Super Arena

(100 million yen)

Trend in gross merchandise value



2024 Measures



Subscription-type plan

Increasing the functionality of minne PLUS (product registration, messaging, and fee discounts), along with campaigns to increase awareness



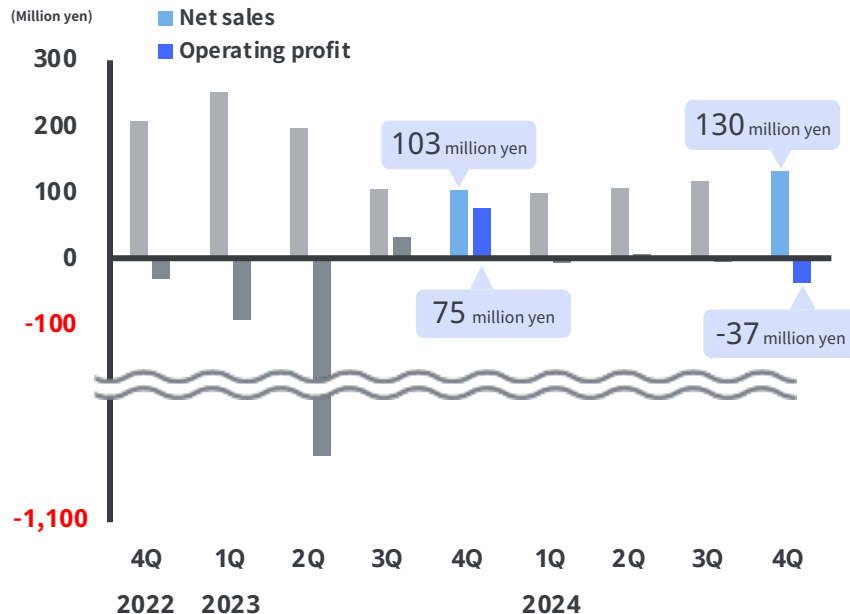
Handmade Market 2024

Hosting Handmade Market 2024, Japan's largest handmade product market, at Saitama Super Arena on November 30 and December 1, 2024

Financial Support Business

- Sales declined year on year, reflecting a decrease in the amount of purchases of invoices due to stricter invoice purchasing criteria.
- As a result of efforts to collect receivables, bad debt-related expenses for overdue receivables declined significantly

Trend in Financial Support business results



Net sales	(Million yen)	2023 full-year	2024 full-year	Difference	YoY
Financial Support business					
FREENANCE		655	452	-202	69.1%

Operating profit

Financial Support business					
FREENANCE		-1,064	-43	+1,021	-

Net sales

- Sales expanded, reflecting reduced business risks, stable business performance and advertising investments made in the fourth quarter.

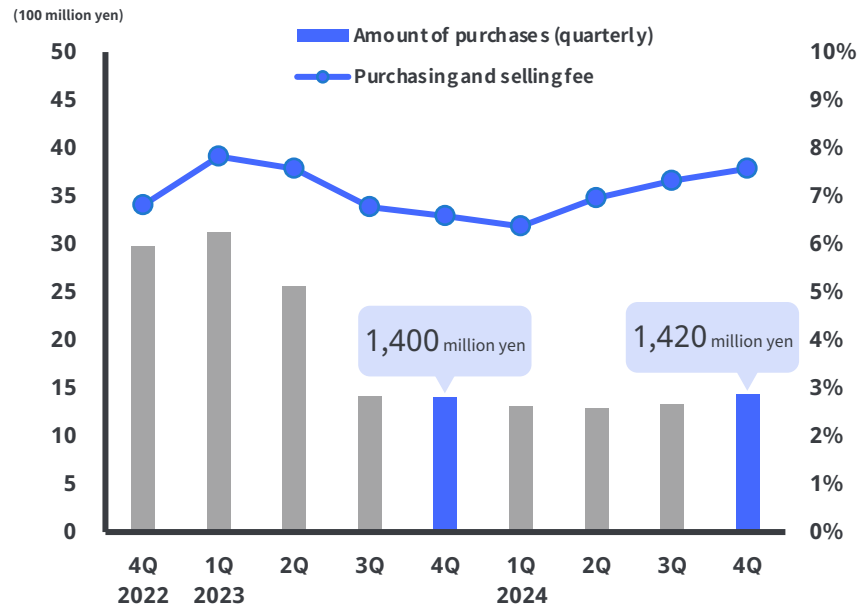
Operating profit

- Due to the running of promotions for 2025, an extraordinary loss was recorded in the fourth quarter.
Collection of receivables declined compared with the previous quarter when large-scale efforts to collect receivables were implemented.

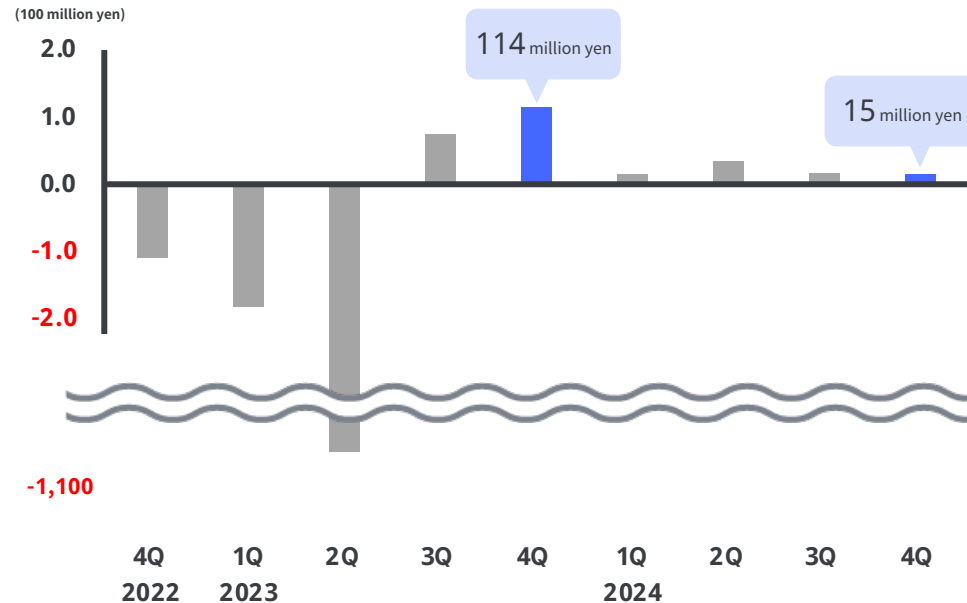
Trend in Financial Support Business KPIs

- The amount of purchases of invoices remained at a low level due to stricter screening criteria introduced from Q3 of FY2023.
- Compared with the same period in the previous year, the figure remained steady despite the scale of receivables collections decreasing.

Trend in amount of purchases of invoices



Impacts of bad debt-related expenses on operating profit



FY2025 Financial Results Forecasts

CHAPTER

FY2025 Consolidated Results Forecast

- We project increases in both net sales and operating profit. Net sales are expected to increase 102.4% year on year to 11,180 million yen, while operating profit is expected to rise 107.2% year on year to 880 million yen.
- Ordinary profit is also forecast to increase in real terms when excluding one-time non-operating revenues, and dividends are expected to increase to 67.00 yen per share.

(Million yen)

Item	FY2024 (Results)	FY2025 (Forecast)	Difference	YoY
Net sales	10,922	11,184	+261	102.4%
Operating profit	829	888	+59	107.2%
Ordinary profit	937	860	-76	91.8%
Profit attributable to owners of parent	591	536	-55	90.7%
EPS (yen)	112.12	101.64	-10.48	90.7%
Dividends per share (yen)	57.00	67.00	+10.00	117.5%
Payout ratio (%)	50.8	65.9	—	—

* One-time non-operating revenues: non-operating revenues such as equity method investment profits

Forecast Results by Segment in FY2025

- Net sales are projected to rise due to the effects of price revisions and higher rates of high unit price plans in the recurring revenue business.
- Operating income is also expected to increase, driven by sales growth and improvements from cost reductions in customer services due to the use of AI.

(Million yen)

Item	Segment	FY2024 (Results)	FY2025 (Forecast)	Difference	YoY
Net sales		10,922	11,184	+261	102.4%
	Domain and Rental Server (Hosting) business	6,096	6,238	+141	102.3%
	E-commerce Support business	2,965	3,052	+87	102.9%
	Handmade Products business	1,401	1,380	-21	98.5%
	Financial Support business	452	501	+48	110.6%
Operating profit		829	888	+59	107.2%
	Domain and Rental Server (Hosting) business	1,918	2,069	+150	107.9%
	E-commerce Support business	777	895	+118	115.2%
	Handmade Products business	62	51	-10	83.1%
	Financial Support business	-43	-32	+11	-

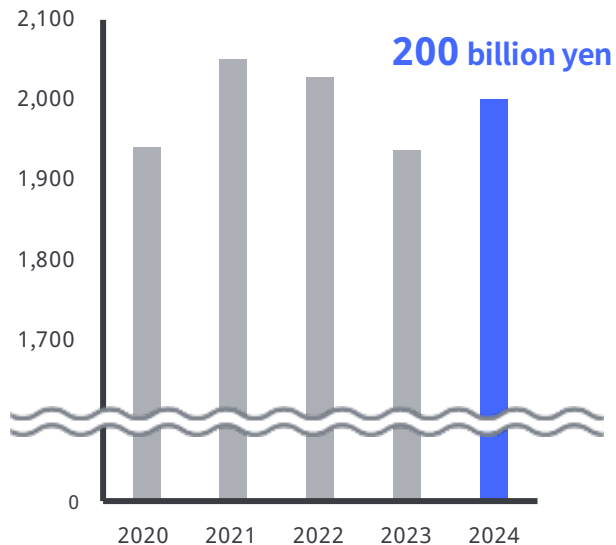
* Excluding head office costs, etc.

Key Points of the Results Forecast for FY2025

- We aim to further strengthen the revenue base in the recurring revenue business.
- We will implement initiatives to increase ARPU in the Domain and Rental Server (Hosting) business and Color Me Shop under the E-commerce Support business.

Total gross merchandise value for Color Me Shop

(100 million yen)



Domain and Rental Server (Hosting) business

Assumptions: User expectations have shifted toward high-functionality and designs for specific use cases

- We will aim to gain corporate users by providing fixed-price website design plans for Lolipop!, focus on earning subscriptions for MuuMuu Server, and gain new users in Lolipop! for Gamers by improving the functionality of Minecraft, which is popular with users. We also have plans to launch a new service in Q2 FY2025.

E-commerce Support business (Color Me Shop)

Assumptions: The market environment has shown signs of bottoming out, and gross merchandise value in 2024 grew 103.3% year over year.

- For Color Me Shop, we will strengthen sales aimed at premium plans and develop features designed for top-tier users expected to drive growth in gross merchandise value. We also aim to expand gross merchandise value by providing support to help the top-ranked stores expand their store sales.

The logo for GMO Pepabo, Inc. features the letters "GMO" in a bold, blue, sans-serif font. To the right of "GMO" is the Japanese name "ペパボ" (Pepabo) in a stylized, black, sans-serif font. The characters "ペ" and "パ" have blue dots above them, and the character "ボ" has a blue double-stroke mark on its right side. The entire logo is enclosed in a thin, light blue dashed-line border.

GMO Pepabo, Inc.
Stock Code : 3633



Questions and answers

How to use Zoom

- 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

CHAPTER

Consolidated Statement of Income (Full Year)

(Million yen)	FY2023	FY2024	YoY
Net sales	10,903	10,922	100.2%
Cost of sales	4,972	5,144	103.5%
Gross profit	5,931	5,778	97.4%
Selling, general and administrative expenses	6,272	4,949	78.9%
Of SG&A expenses, promotion cost*	1,066	1,017	95.4%
Operating profit	△340	829	—
(Operating profit margin)	—	7.6%	—
Ordinary profit	△246	937	—
Profit before income taxes	△395	937	—
Profit attributable to owners of parent	△628	591	—

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

Consolidated Balance Sheet

(Million yen)	FY2023	FY2024	Change
Current assets	8,568	9,252	+ 683
Cash and deposits*	4,360	4,917	+ 556
Accounts receivable	2,185	2,332	+ 146
Accounts receivable - other	1,620	1,521	△ 99
Non-current assets	2,306	2,166	△ 140
Total assets	10,874	11,418	+ 543
Current liabilities	7,913	8,169	+ 256
Accounts payable – other	1,860	1,930	+ 69
Advances received	4,292	4,386	+ 94
Non-current liabilities	1,150	859	△ 290
Net assets	1,811	2,389	+ 577
Liabilities and net assets	10,874	11,418	+ 543

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

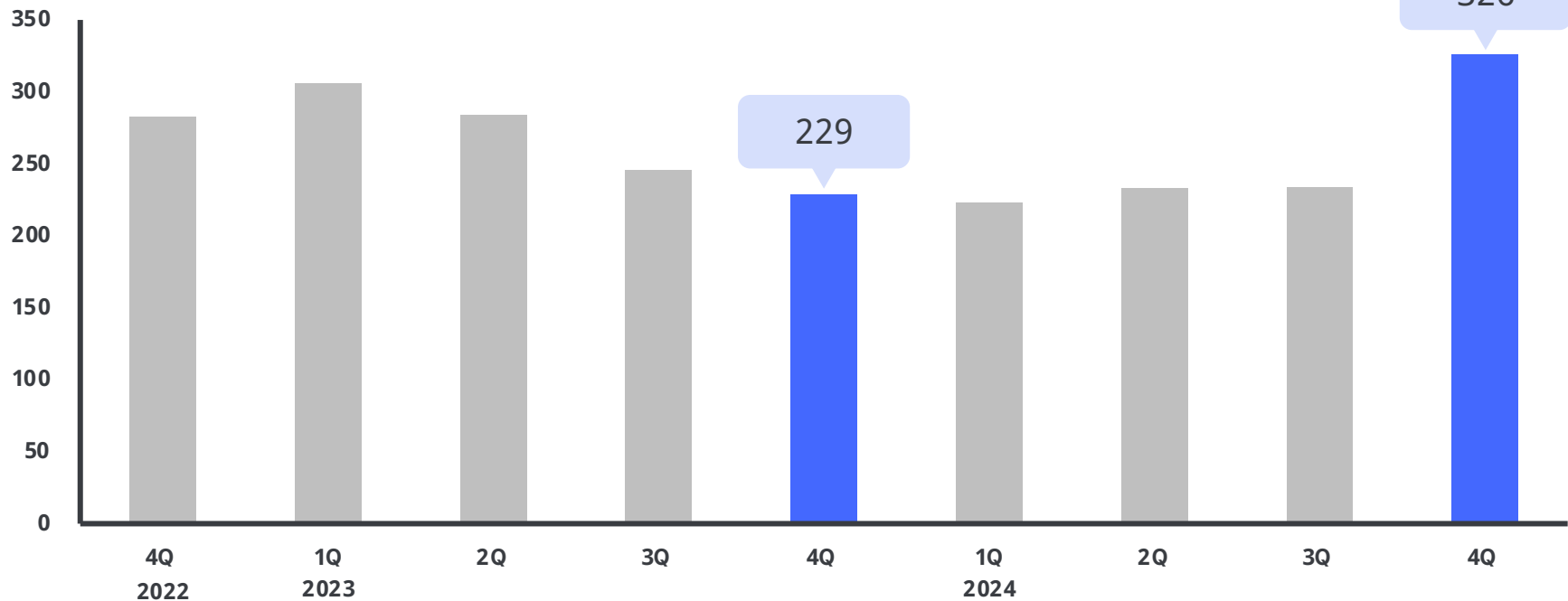
Statement of Cash Flows

(Million yen)	FY2023	FY2024
Operating cash flow	1,779	1,210
Investing cash flow	△325	△292
Financing cash flow	△702	△361
Increase (decrease) in cash and cash equivalents	750	556
Balance of cash and cash equivalents	4,360	4,917

※ Includes deposits from affiliated companies.

Analysis of Change in Operating Profit (in Detail)

(Million yen)



Company Profile

CHAPTER

Company Information

Company Name	GMO Pepabo, Inc.
Established	January 10, 2003
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.
Stock exchange	Tokyo Stock Exchange (Standard Market) (stock code:3633)
Share capital	262.22 million yen
Number of employees (consolidated)	407 (343 full-time employees, 67 temporary employees) (As December 31, 2024)



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

Increase the output of humanity

We harness the power of the Internet and technology to lower the barriers to information sharing, amplifying all kinds of outputs globally.

By continuing to create products that encourage the output of humanity, we at GMO Pepabo have incorporated the resolve to evolve and expand together with our users into our mission.

Our Corporate Philosophy, Mission and Supporters of Output

GMO パイポ

- With our corporate philosophy of "make it more playful," we believe in lowering the barriers to creative expression to increase output.
- As of 2024, the number of people enjoying support in output through the use of our services has grown to 8.54 million.

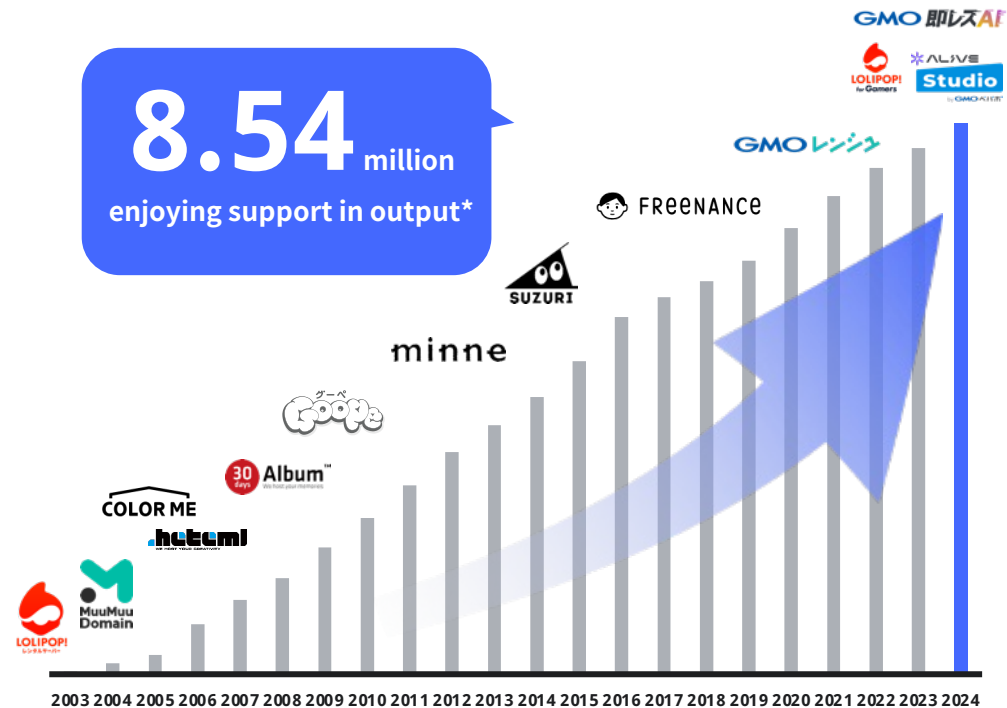
Management Philosophy

Make it more playful

Our philosophy is to create interesting services, have users enjoy fun experiences, and find innovative ways to enjoy work. We will continue the challenge of making things more playful. This is the sentiment implied in our corporate philosophy.

Mission

Increase the output of humanity



* Number of persons who have enjoyed support including other services and services that were transferred in the past

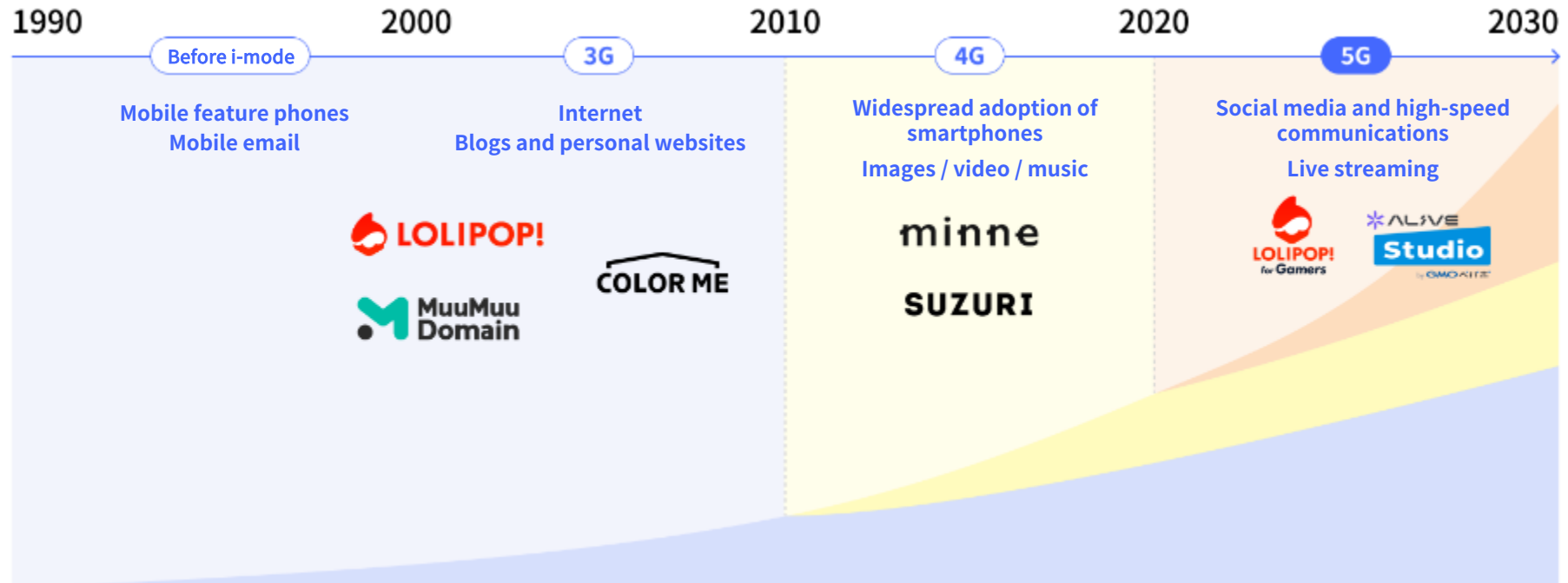
History

- November 2001 ● Starts to provide Lollipop!
- 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
- April 2022 ● Starts GMO Renshu, which provides liaison and collection service for teams and classrooms.
- October 2023 ● Assigned to the Section of the Tokyo Standard Market.
- March 2024 ● Starts "GMO SOKURESU AI" which provides an inquiry response support service with AI
- October 2024 ● Starts "Alive Studio" which provides a screen creation service for streamers and VTubers



Changes in Output Culture and Our History

- As trends have evolved, creative expression and the forms it takes have shifted. From text-based interactions through personal websites and blogs to the spread of e-commerce, and the transition to social media and live streaming, we have developed our services to align with these trends.



Business Segments and Core Services

Pepabo provides a wide array of web-based services and smartphone apps to support creative expression.

The services are classified into the following segments.

Domain and Rental Server
(Hosting) business



E-commerce Support
business



Handmade Products
business

minne

Other

GMO 即レスAF

GMO レンタ



Financial Support
business



Domain and Rental Service (Hosting) Business: Lolipop!

GMOペパボ!

One of Japan's largest rental server services



**Immediately and always usable.
Achieve your goals.**

The service provides high-performance servers at a low cost, designed for people who "want to achieve their goals" such as designing a website or creating email addresses. The service supports people using technology over the Internet for creative expression.

Usage fee	A monthly fee of 99 yen or more
Main users	Individuals and small and medium-sized corporations
Number of contracts	400,000

* As of December 31, 2024

* Billing plans and detailed monthly amounts (four plans):

Economy — 99 yen or more, Light — 264 yen or more, Standard — 495 yen or more, High-speed — 550 yen or more, Enterprise — 2,200 yen or more



Domain and Rental Server (Hosting) Business: MuuMuu Domain

GMO パパポ

Domain name acquisition agency



The entryway for all self-expression over the Internet

The service allows users to acquire and manage the domain name they want from over 400 different domain options. The service supports the business activities and creative expression of people who want to create their own original website or online store.

Usage fee	An annual fee of 0 yen or more
Main users	Individuals and small and medium-sized corporations
Number of contracts	1,050,000

* As of December 31, 2024

* Separate service maintenance and adjustment fees are charged in addition to usage fees.



E-commerce Support Business (Color Me Shop)

One of Japan's largest e-commerce site design services



Supporting everyone doing business and expanding the diversity of e-commerce

From people looking to start up a business to those already involved with a growing business, the service lets anyone build an e-commerce site that can grow, regardless of product or business size. With extensive functionality and comprehensive support, the service supports people doing business.

Usage fee	Free/ Regular/Large/Premium
Main users	Private stores, small and medium-sized stores
Number of contracts	50,000

* As of December 31, 2024

* Details of billing plans (four plans): Free — 0 yen or more, Regular — 4,950 yen or more, Large — 9,595 yen or more, Premium — 39,600 yen or more



E-commerce Support Business (SUZURI)

GMOペパボ

Creation and sale of original goods

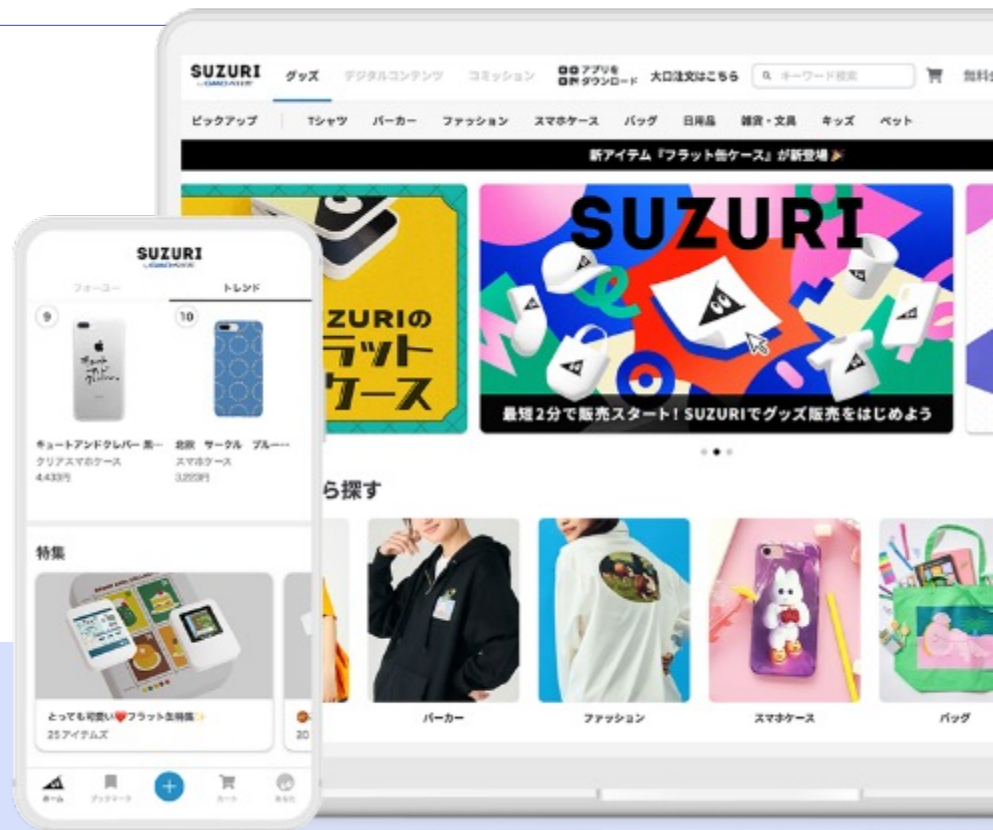
SUZURI

Making creating things easy for everyone, and delivering those creations to many people

This service allows people to easily create and sell everything from illustrations or photos they have created, to high-quality original such as T-shirts, smartphone cases and coffee mugs. The service helps unleash the expressive potential of creators.

Annual gross merchandise value	2.0 billion yen (2024 result)
Number of creators	880,000 people
Number of members	2.01 million people

* As of December 31, 2024



Handmade Products Business (minne)

GMO パパポ

One of Japan's largest handmade products markets

minne

Expanding the possibilities of craftsmanship and creating a world where everyone can be creative

Minne is a marketplace for handmade goods that connects the buyers and sellers of handmade goods. The service helps expand the possibilities of craftsmanship activities for artists and brands as a "comprehensive craftsmanship platform."

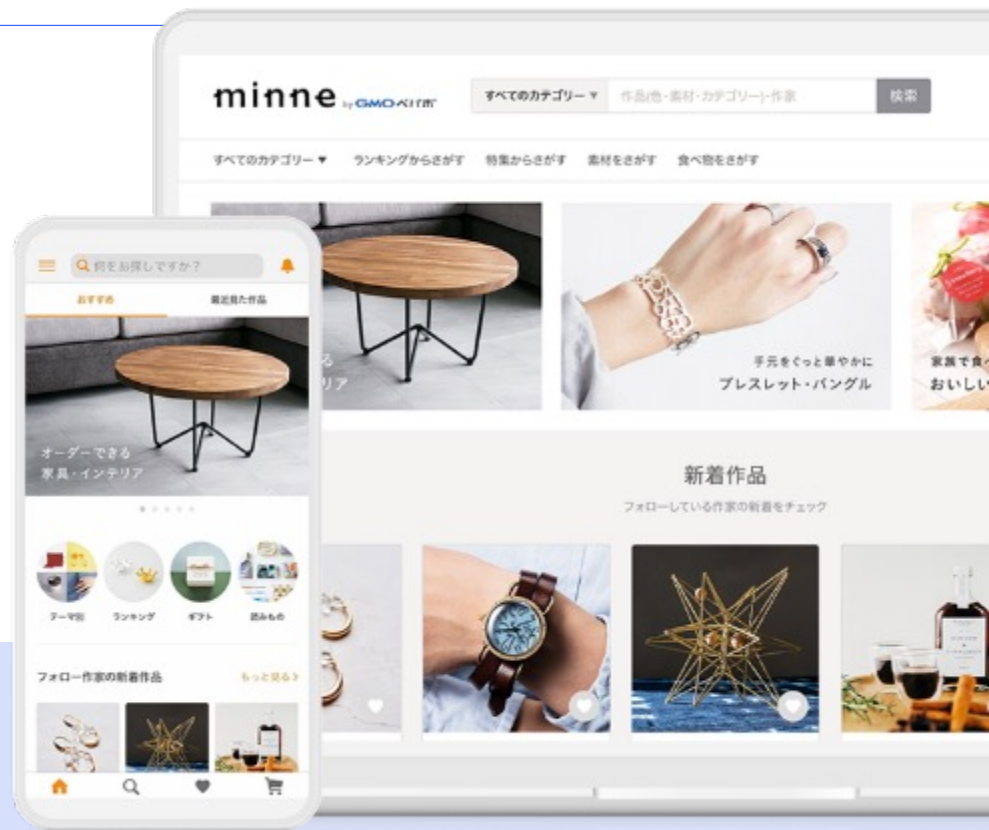
Annual gross merchandise value 11.5 billion yen (2024 result)

Number of creators and brands 930,000 people

Number of works 17.71 million

Number of app downloads 15.29 million

* As of December 31, 2024



Financial Support Business(FREENANCE)

GMOペパボ

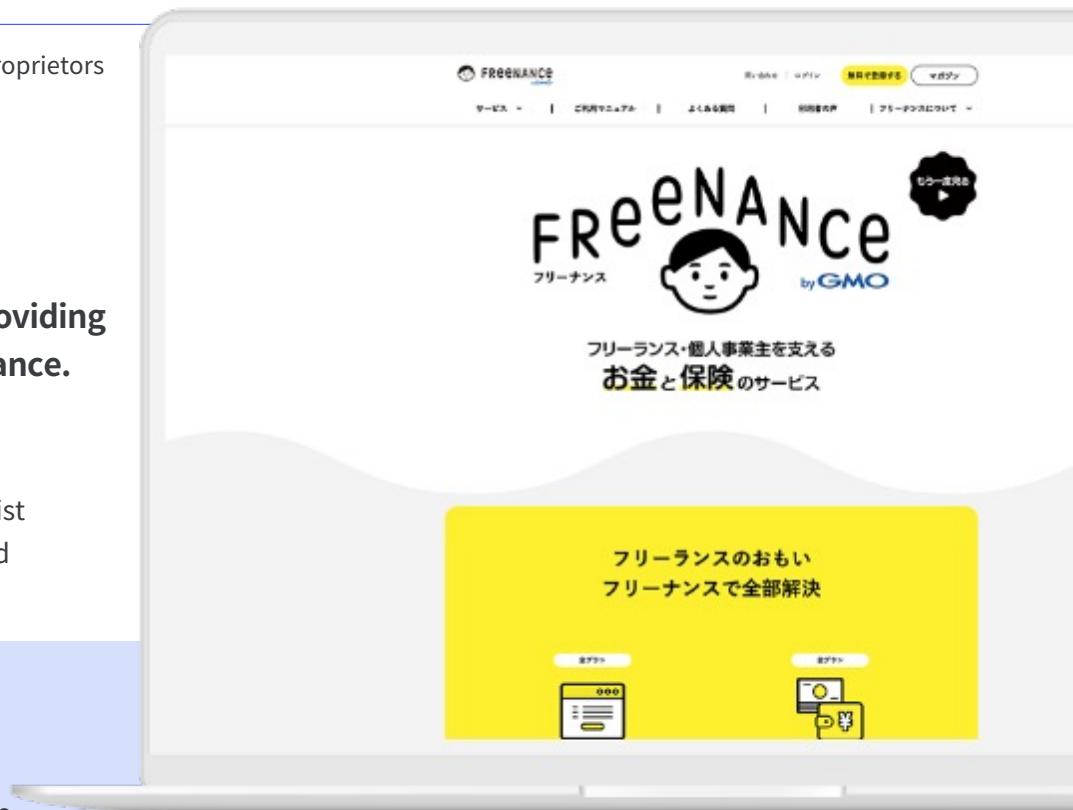
Financial and insurance services supporting freelancers and sole proprietors



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

Creating a more rewarding future for freelance work. FREENANCE provides financial and insurance support to freelancers and sole proprietors, enabling those with specialist skills to work for themselves with confidence and energy, and concentrate on their work.

Minimum amount of invoice purchase	10,000 yen or more
Commission rate	3%-10% of invoice face value
Main services	Same-day payment, GMO Freelance Factoring, insurance, etc.
Total amount of purchases of invoices	5.3 billion yen (2024 result) * As of December 31, 2024



New Business: GMO SOKURESU AI

GMOペパボ[®]

AI-powered inquiry support service

GMO 即レスAI

Using AI to streamline corporate inquiry support and address social challenges

The service provides end-to-end support from AI chatbot implementation to operation, enabling businesses to streamline inquiry handling with AI. This will create a future that addresses the declining worker population, a social issue that Japan faces.

Usage fee

Pricing: Available upon request

Main users

Small and medium-sized corporations



* As of December 31, 2024

New Business: Alive Studio

A screen creation service for streamers and VTubers



Lower the barriers for streamers and VTubers
Create a future in which anyone can easily create video or stream

As creators' forms of expression diversify to include video, live streaming, and VTubers, Alive Studio offers a service that enables anyone to engage in video and live streaming without any specialized knowledge, skills, or equipment being required.

Usage fee	A monthly fee of 980 yen or more
Main users	Individuals

* As of December 31, 2024



Sustainable Activities (ESG/SDGs)

- Identify three key issues (materiality) in sustainability
- Solve social issues and enhance corporate value 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
- Sustainability data

<https://pepabo.com/sustainability/>
<https://pepabo.com/sustainability/data/>

Sustainability (ESG) Activities through Services

COLOR ME



Support for Kagoshima and other provincial regions

Collaboration with local governments in Color Me Shop and organization of online shop seminars for local retailers

Launch of an SDGs award

Honoring shops selling sustainability-conscious products in the Color Me Shop Award 2023

minne



Special features on environmental works

Showcasing on the website sustainable handmade works created in consideration of the global environment and resources

Setup of the minne College

Founding a business school with a focus on manufacturing to widen the range of re-skilling and skill sharing

Shareholder Return

On February 5, 2025, we announced changes to our dividend policy and shareholder benefit program. Please check our IR page for details.

Dividends

	2022	2023	2024(Forecast)	2025(Forecast)
Annual dividends per share (yen)	50.00	0.00	57.00	67.00
Payout ratio (%)	51.9	—	50.8	65.9

Shareholder benefits

*Continuous shareholding conditions will be applied to shareholder benefits from the end of June 2024 onward (see corporate website for details)

*Preferential benefits will be offered to shareholders who have continuously held at least one unit of shares for six months or more under the same shareholder number.

Benefit
Details

Cashback equivalent to a commission fee
if a shareholder buys certain securities at GMO CLICK securities

- Cashback on purchase commission fees (limited to our company's stock).

Value Creation Model and Expanding Output

Entities that want to create output

- Users
- Companies

[Requirements for creative expression]

- Want to create a website
- Want to operate an online shop
- Want to sell original goods
- Want to sell handmade goods
- Want to run an educational class
- Want to solve customer support issues
- Want to livestream



[Corporate Philosophy]
Make it more playful

[Mission]
Increase the output of humanity



Our Capital

<p>Human Capital</p> <p>A corporate culture that encourages output. A diverse talent pool with engineering and design skills</p>	<p>Intellectual Capital</p> <p>Technical research at the Pepabo R&D Institute</p>	<p>Financial Capital</p> <p>Stable earnings from recurring revenue business and a robust financial base</p>
<p>Natural Capital</p> <p>Reducing environmental impact by lowering barriers for creative expression</p>	<p>Social and Relationship Capital</p> <p>Engagement with stakeholders An economic sphere for creators and fans</p>	

Support creative expression with services that eliminate the barriers to producing output

Domain and Rental Servers (Hosting)



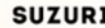
E-commerce site building (E-commerce shop)



Sales of handmade goods



Creation and sale of original goods



Support for freelancers



Education support



Customer service support



Support for live streaming



Address key ESG and SDG issues and provide value to society

E (Environment)

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

S (Society)

Support people around the world and increase the output of humanity

G (Governance)

Strengthening of governance
Sound and transparent management

Expanding the economic sphere producing creators and users

Make society more interesting!

Not only broaden the scope of creative expression, but promote the economic activities of creators to generate value in output

FY24 Full Year_Results_Presentation_DataSheet

Business Results by Segment/Service (Quarterly) *1

(Million yen)

		FY23				FY24			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consolidated	Net Sales*2	2,735	2,788	2,701	2,677	2,647	2,718	2,740	2,816
		1,369	1,422	1,466	1,500	1,522	1,518	1,522	1,533
Domain and Rental Servers (Hosting)	Lolipop	594	621	638	648	650	641	637	642
	MuuMuu Domain	553	577	598	618	644	650	653	656
	Other*3	222	224	230	234	228	227	232	235
		700	821	761	713	665	767	788	743
E-commerce Support business	Color Me Shop	511	536	494	524	504	546	542	556
	SUZURI	184	280	264	188	161	221	246	186
	Other*3	5	5	3	0	0	0	0	0
Handmade Products business	minne	413	347	370	359	359	325	311	406
Financial Support business	FREENANCE	251	196	104	103	99	106	116	130
		FY23				FY24			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Consolidated	Operating Profit*2*4	36	-861	243	241	234	262	285	47
		398	448	481	485	519	492	476	430
Domain and Rental Servers (Hosting)	Lolipop	307	327	351	346	354	353	356	336
	MuuMuu Domain	45	77	89	91	109	116	111	106
	Other*3	46	44	41	48	56	23	9	-12
		139	198	171	147	137	208	240	191
E-commerce Support business	Color Me Shop	184	172	137	159	174	208	189	199
	SUZURI	-36	40	47	0	-27	9	60	0
	Other*3	-9	-14	-13	-12	-10	-9	-9	-8
Handmade Products business	minne	17	4	-11	10	19	12	13	17
Financial Support business	FREENANCE	-93	-1,078	32	75	-6	6	-5	-37

*For details, please refer to "Fiscal Year 2024 4th Quarter Data sheet" on our IR page.

*1 Quarterly are rounded down to the million yen *2 Excluding sales and operating profit of others (office expenses, etc.) *3 Figures subtracted from business totals

*4 Starting from Q3 2024, with the organizational changes effective August 1, 2024, the Customer Service Divisions, previously grouped under 'Adjustment,' have been reallocated to each of the Hosting, E-commerce Support, and Handmade segments. For the purposes of comparison and analysis, results for the cumulative period of Q3 2024 are presented based on this updated segmentation.

Quarterly KPI (Excerpt from Data Sheet)

KPI by Segment/Service (as of end of quarter)

			FY23				FY24			
			Q1 3/31	Q2 6/30	Q3 9/30	Q4 12/31	Q1 3/31	Q2 6/30	Q3 9/30	Q4 12/31
Domain and Rental Servers (Hosting)	Lolipop	Number of contracts (Numbers)	419,605	417,710	415,394	412,781	410,474	409,327	407,470	405,185
	MuuMuu Domain	Number of contracts (Numbers)	1,139,334	1,125,732	1,114,075	1,102,604	1,085,334	1,076,138	1,063,083	1,055,194
E-commerce Support business	Color Me Shop	Number of contracts (Numbers)	50,537	50,337	50,264	50,379	50,320	50,388	50,352	50,006
	SUZURI	Number of creators (ten thousands users)	69	72	75	77	80	83	86	88
		Number of members (ten thousands users)	141	149	156	163	172	184	194	201
Handmade Products business	minne	Number of products (ten thousands items)	1,625	1,656	1,687	1,710	1,729	1,749	1,766	1,771
		Number of creators (ten thousands users)	87	88	89	90	91	91	92	93
		Number of app downloads (ten thousands DLs)	1,428	1,442	1,454	1,473	1,492	1,504	1,517	1,529

KPI by Segment/Service (Quarterly)

			FY23				FY24			
			Q1 3/31	Q2 6/30	Q3 9/30	Q4 12/31	Q1 3/31	Q2 6/30	Q3 9/30	Q4 12/31
Domain and Rental Servers (Hosting)	Lolipop	Spending per customer(yen)	471	495	511	522	527	521	520	527
	Color Me Shop	Spending per customer(yen)*1	5,014	5,213	5,233	5,492	5,391	5,791	5,844	6,341
E-commerce Support business	SUZURI	Gross merchandise value (100 million yen)	5.2	7.5	6.4	5.1	4.3	5.5	6.1	4.8
		Gross merchandise value (100 million yen)	37.8	32.1	27.7	31.1	31.7	28.0	26.5	29.3
Handmade Products business	minne	Number of orders (ten thousands orders)	102.2	83.6	73.3	77.4	81.6	69.8	65.2	69.8
		Average price of orders(yen)	3,823	3,888	3,901	4,071	4,051	4,117	4,231	4,255
		Amount of Purchases of Invoices (100 million yen)	31.2	25.5	14.1	14.0	13.0	12.8	13.3	14.2
Financial Support business	FREENANCE	Number of invoices(Invoices)	6,006	6,204	5,146	5,076	4,733	5,255	5,647	5,806
		Average invoice purchase (Thousand yen)	519	412	275	276	275	244	235	246
		Number of users(users)	3,298	3,459	3,246	3,110	2,919	3,157	3,438	3,565

※For details, please refer to "Fiscal Year 2024 4th Quarter Data sheet" on our IR page.

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

Contact information

GMO Pepabo, Inc.

Please use GMO Pepabo AI Chat

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



Corporate site
<https://pepabo.com/>



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



Pepabo's official X account
[@pepabo](#)