

Theme:

Managed Hosting Services: Active Even in Recession

Security Services (Digital Authentication Services) have begun generating results, as a result of global business development

Presentation of Financial Results for the Fiscal Year 2009

February 12th, 2010

G M O HOSTING&SECURITY, INC.

(Mothers of the Tokyo Stock Exchange3788)



<http://www.gmo-hs.com/>

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Agenda

1. Summary and Conclusion
2. Financial Highlights
3. Business Overview
 - 3-1 Hosting Business
 - 3-2 Securities Business
4. Financial Forecast

1. Summary and Conclusion

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1. Summary and Conclusion

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Summary and Conclusion

Summary for FY2009

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Sales continued to increase. Profits and dividends rose due to cost cutting and positive profit in Securities Services.

Full-year consolidated results for FY2009

(Unit: million yen)	Jan-Dec 2008	Jan-Dec 2009	Percentage Change
Sales	7,187	7,594	+5.7%
Operating profit	804	1,141	+41.9%
Ordinary profit	787	1,159	+47.2%
Net profit	70	613	+769.2%
Net profit per share (yen)	606.60	5,270.52	-

Hosting Services
Sales 6,163 million yen
(Year on year: +2.4%)
Operating profit
1,084 million yen
(Year on year: -0.7%)

Security Services
Sales 1,377 million yen
(Year on year: +21.1%)
Operating profit 56 million yen
(Year on year: +338 million yen)

* The dividend forecast is revised upward from 1,750 yen to 1,850 yen based on the basic dividend policy of making the payout ratio 35% or more

Financial highlights for FY2009

-Hosting Services

1. Managed hosting service grew steadily (sales in the dedicated managed hosting service rose 16.5% year on year).
2. Shared hosting service was weak, but services were offered to growth areas (low-end market) in the fourth quarter.
3. The costs incurred for IT system investment and operation have been absorbed by continued cost improvements.

-Security Services

4. Positive operating profit was achieved in the full year. -281 million yen (in the previous year)→56 million yen, up 338 million yen
5. Geographical expansion proceeded. The number of resellers: 1,498(in the previous year)→2,004, up 506

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Summary and Conclusion

FY2010 Financial Forecast

1. Summary and Conclusion

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Strategic investments to increase the top line

■ FY2010 full year financial forecasts

(Unit: million yen)	FY2009	FY2010 (Forecast)	Percentage Change
Sales	7,594	8,423	+10.9%
Operating profit	1,141	1,263	+10.7%
Ordinary profit	1,159	1,263	+8.9%
Net profit	613	676	+10.2%
Net profit per share (yen)	5,270.52	5,807.06	-

Hosting Services
Sales 6,233 million yen
(Year on year: +1.1%)
Operating profit 1,152 million yen
(Year on year: +6.2%)

Security Services
Sales 1,669 million yen
(Year on year: +21.2%)
Operating profit 108 million yen
(Year on year: +92.9%)

■ Highlights for FY2010 financial forecast

-Hosting Services

1. Continuing growth in managed hosting service
2. Offering services to growth areas such as the low-end market and cloud to expand the customer base.

-Security Services

3. Advancing geographical expansion for further growth
Actively investing in human resources to respond to multiple languages and sales promotion to increase recognition.

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2. Financial Highlights

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Financial Highlights

Consolidated Statement of Income

1. Summary and Conclusion

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Positive operating profit in Security Services (GlobalSign) contributed to results

(Unit: million yen)	Fiscal year		Y o Y
	FY2008	FY2009	
Sales	7,187	7,594	+5.7%
Cost of Sales	3,069	3,014	-1.8%
Gross profit on sales	4,118	4,580	+11.2%
Sales, General & Administrative Expenses	3,313	3,438	+3.8%
Operating Profit	804	1,141	+41.9%
Ordinary Profit	787	1,159	+47.2%
Net Profit	70	613	+769.2%

【Dedicated / Managed Hosting Service】

1,935 million yen (FY2008 results)
2,254 million yen (FY2009 results) Year on year: +16.5%

【Shared Hosting Service】

2,337 million yen (FY2008 results)
2,278 million yen (FY2009 results)
Year on year: -59 million yen

59,076件 (FY2008 results)
58,083件 (FY2009 results) Year on year: -993

→Offering of services to growth areas (low-end market)
commenced in the fourth quarter of 2009

【Security Services】 * External sales

1,097 million yen (FY2008 results)
1,332 million yen (FY2009 results) Year on year: +21.5%

【Security Services】

-281 million yen (FY2008 results)
56 million yen (FY2009 results)
Year on year: +338 million yen

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Financial Highlights

Segment Information

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(Reference)

(Unit: million yen)	Sales			(Unit: million yen)	Operating profit		
	FY2008	FY2009	Y o Y		FY2008	FY2009	Y o Y
Hosting Services	6,017	6,163	+2.4%	Hosting Services	1,092	1084	-0.7%
Security Services	1,137	1,377	+21.1%	Security Services	-281	56	+338 million yen
Other Services	94	115	+21.3%	Other Services	-6	-4	-1 million yen
Intercompany transaction adjustment or all companies	-61	-61	—	Intercompany transaction adjustment or all companies	-0	4	—
Consolidated total	7,187	7,594	+5.7%	Consolidated total	804	1,141	+41.9%

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* Other Services include the following.

- Fast translation service (operation of a translator matching site)
- Web consulting service and office consulting service for Communication Telecom Inc. and CMT Inc. shares in which the Company acquired in November 2009 (results for one month are incorporated)

Financial Highlights

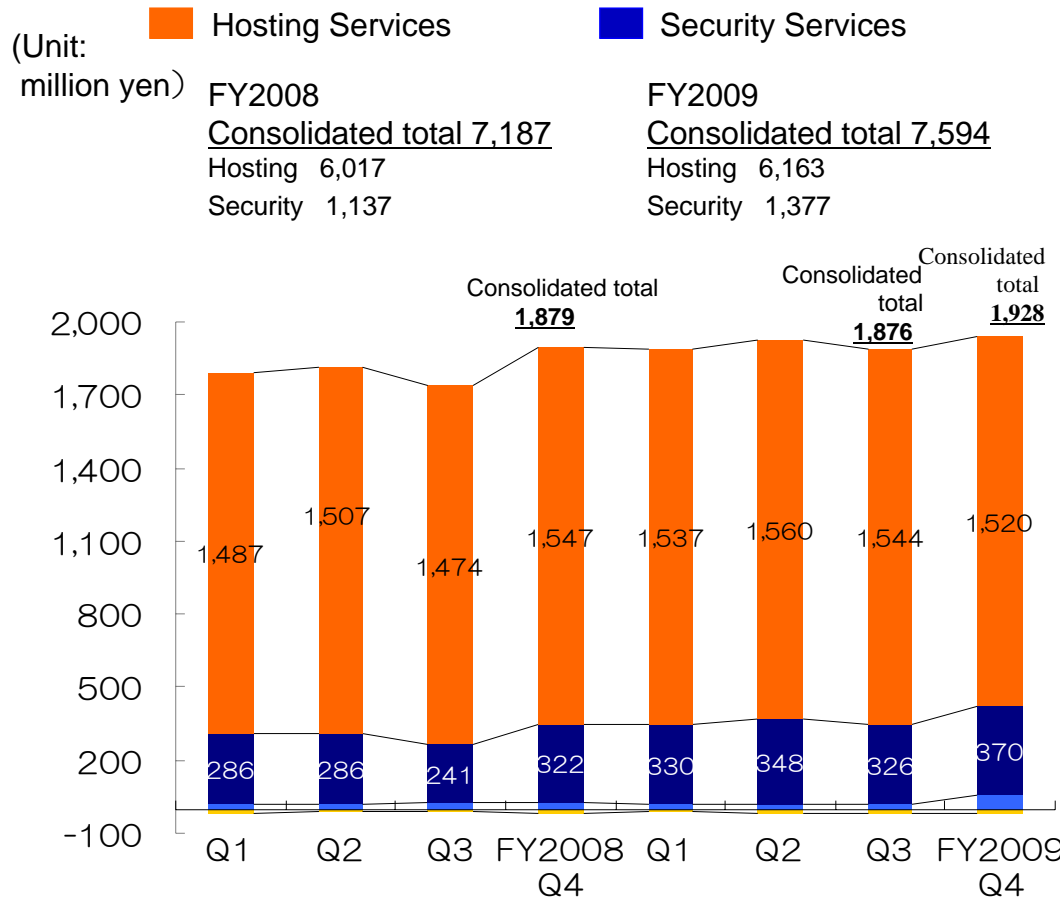
Sales According to Segment Quarterly Trend

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Hosting Services

6,163 million yen Year on year: +2.4%
 →Growth in managed hosting service
 Cancellation by major customers in OEM
 Launch of low-priced services in the fourth quarter

Security Services

1,377 million yen Year on year: +21.1%
 →Expansion in the United States and Europe

Other Services

115 million yen Year on year: +21.3%
 →Consolidation of two new subsidiaries since December

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Financial Highlights

Security Sales According to Currency

Expansion in the United States and Europe

1. Summary and Conclusion

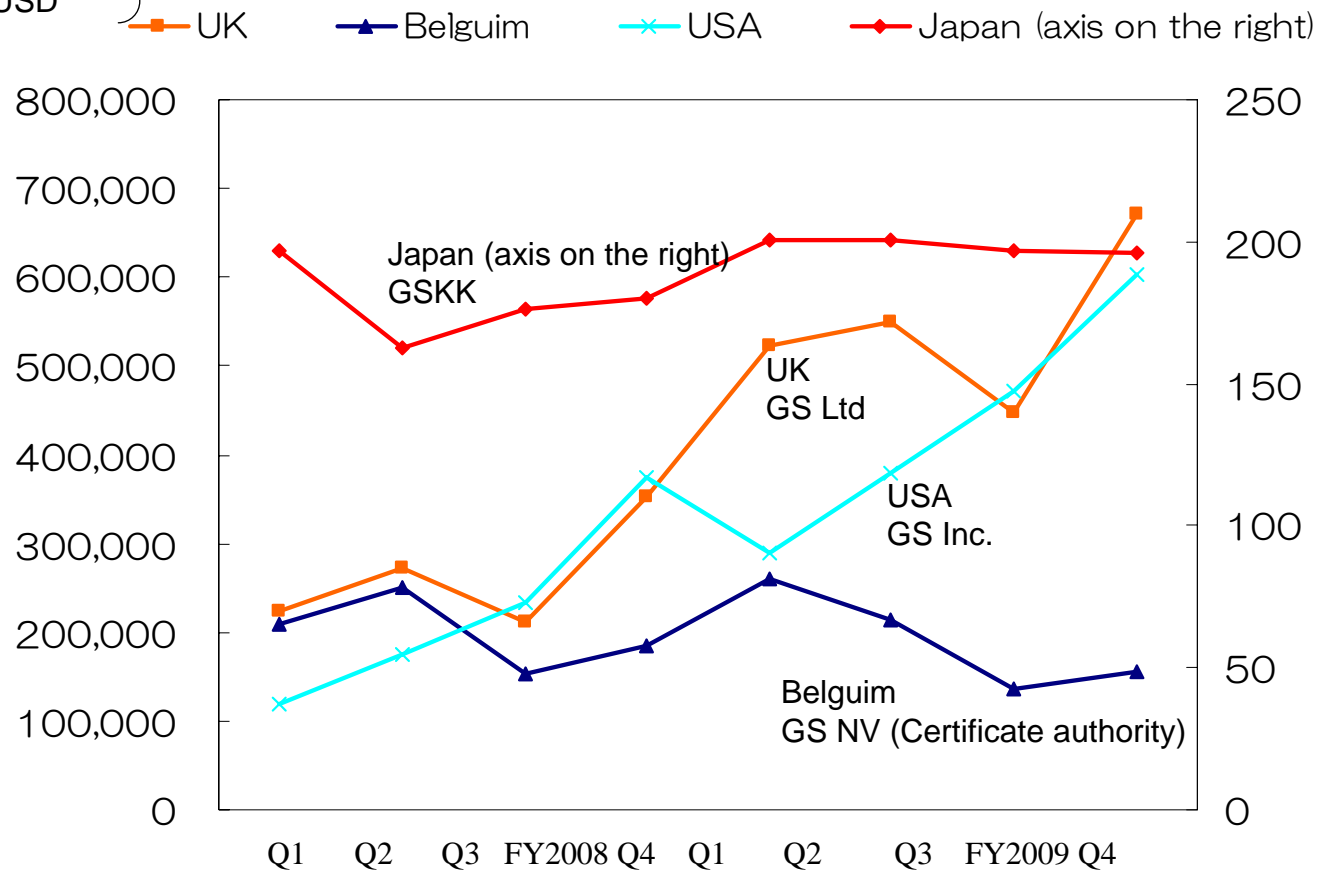
2. Financial Highlights

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(Unit: UK GBP
Belguim EUR
USA: USD)

(Unit: million yen)



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Financial Highlights Consolidated Cost of Sales

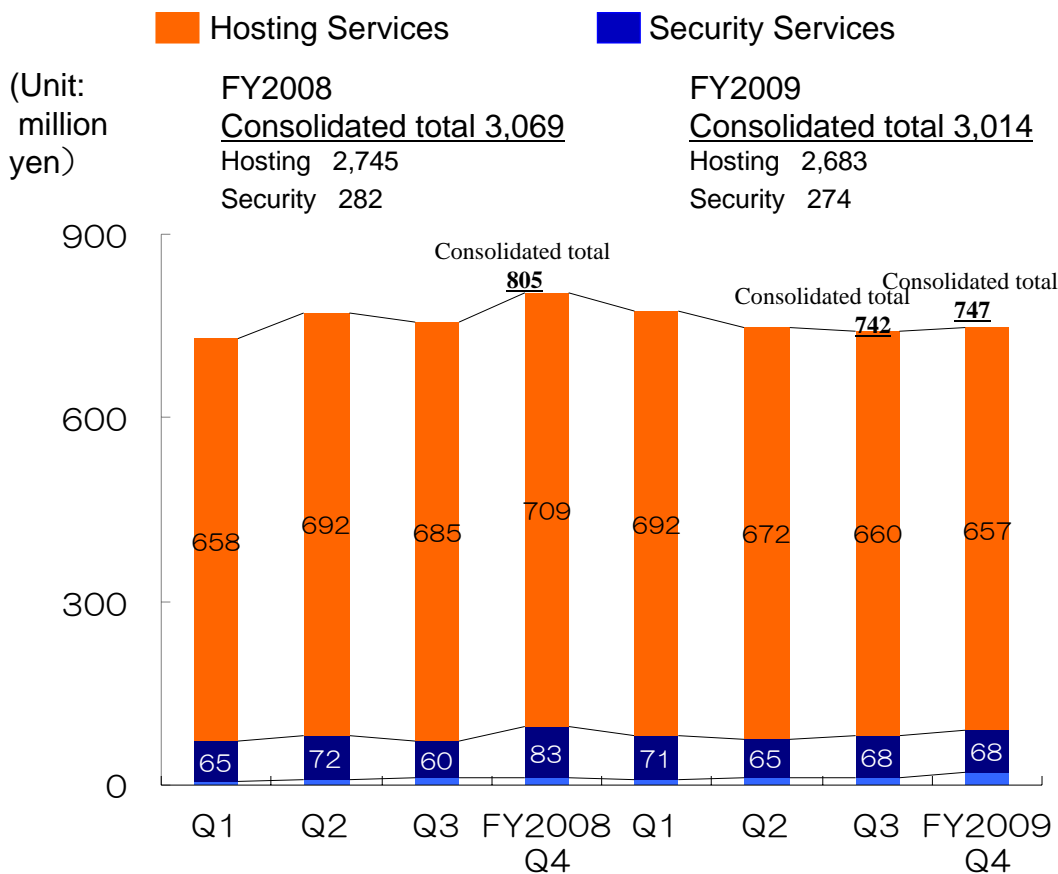
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Hosting Services

2,683 million yen Year on year: -2.3%
 → Improved efficiency by reviewing the inventory management of server racks

Security Services

274 million yen Year on year: -2.9%
 → Currency translation effect

Other Services

56 million yen Year on year: +37.5%
 → Consolidation of two new subsidiaries since December

Financial Highlights Consolidated Sales, General & Administrative Expenses

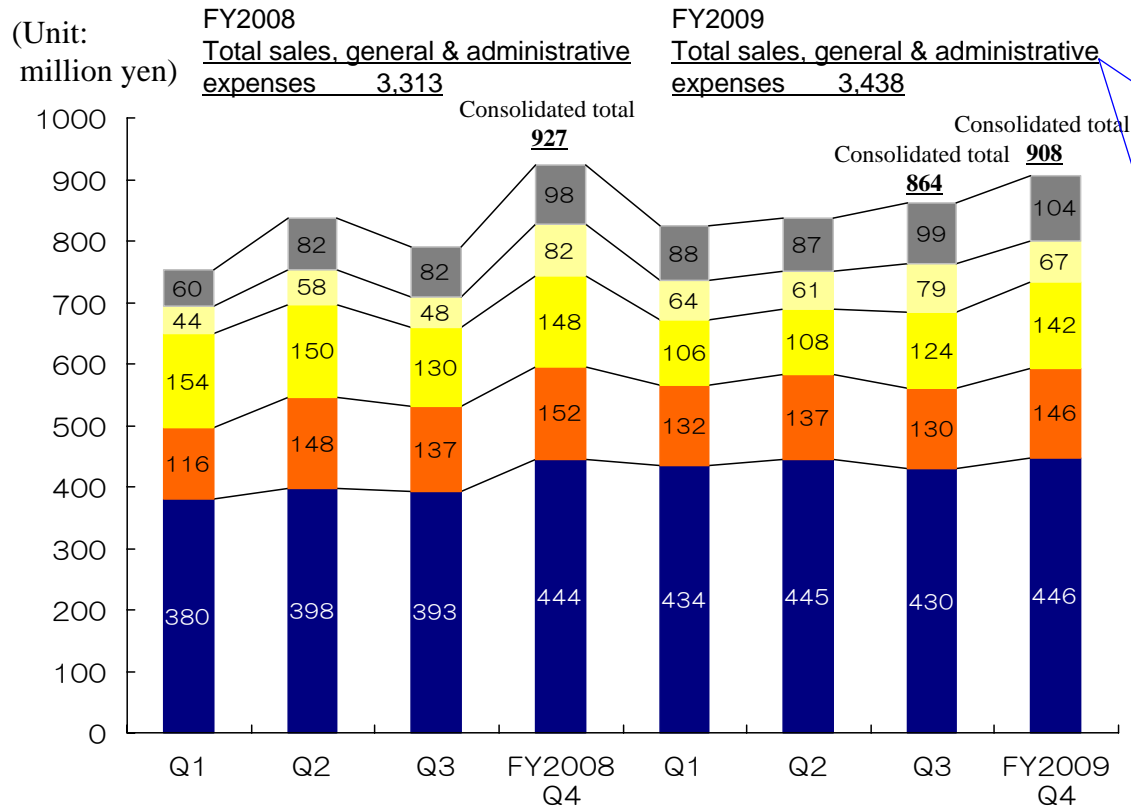
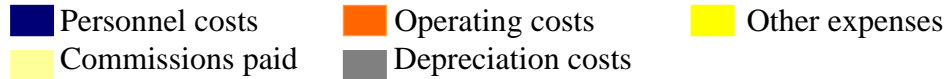
1. Summary and Conclusion

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From bottom to top



【Consolidated Sales, General & Administrative Expenses】
3,438 million yen Year on year: +3.8%

Main factors

【Personnel costs】
1,756 million yen Year on year: +8.7%
→ Increased personnel for sales of managed hosting
The number of personnel increased by 55 in December due to consolidation of new subsidiaries

【Commissions paid】
272 million yen Year on year: +16.0%
→ IT systems
Higher costs for J-SOX

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Financial Highlights Operating Profit According to Segment

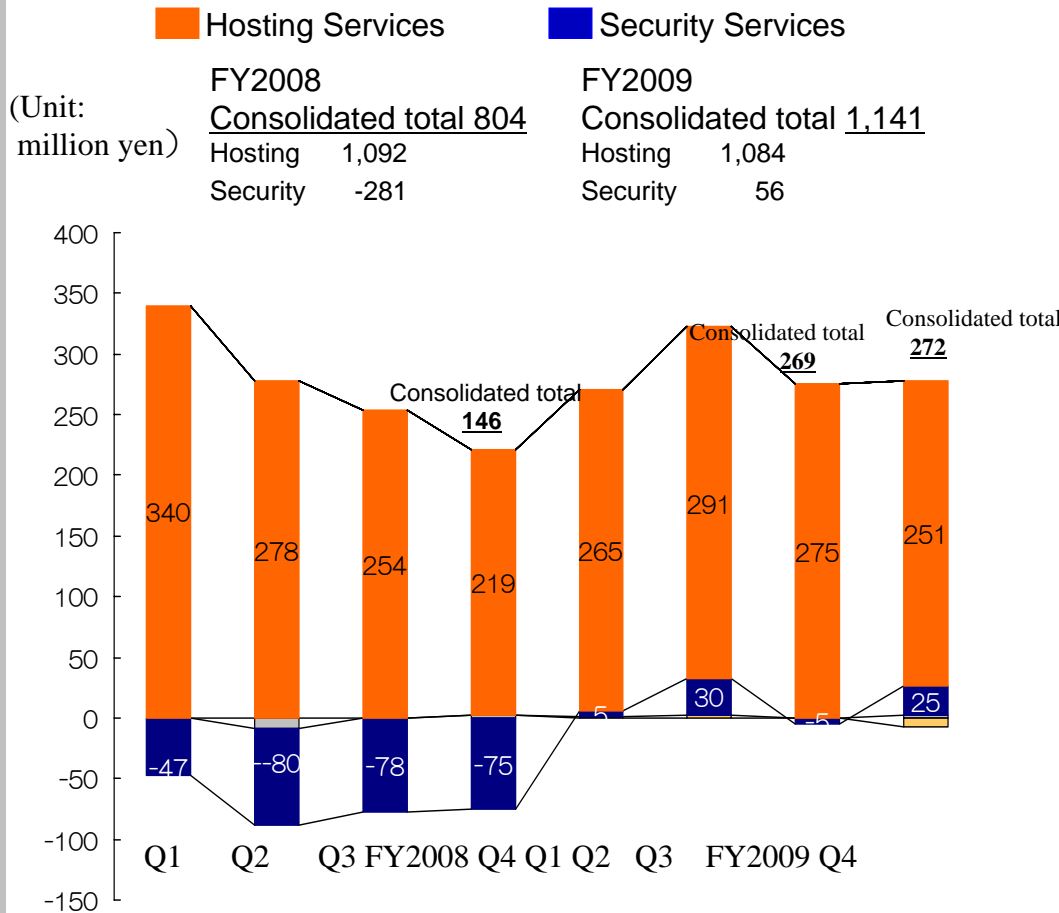
Positive operating profit in Security Services (GlobalSign)

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Hosting Services

1,084 million yen Year on year: -0.7%
 → Effect of lowering the unit price of services offered
 Steady growth in managed hosting services

Security Services

56 million yen
 Year on year: +338 million yen
 → Expansion in the United States and Europe

Other Services

-4 million yen Year on year: -1 million yen

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Financial Highlights

Consolidated Balance Sheets

Sound financial status

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(Unit: million yen)	FY2008	FY2009	(Unit: million yen)	FY2008	FY2009
Current assets	2,505	3,806	Current liabilities	1,912	2,253
Cash and deposits	1,642	2,650	Advance payment received	1,309	1,280
Accounts receivable	491	609	Other current liabilities	602	972
Other current assets	377	550	Fixed liabilities	46	26
Provision for doubtful debts	-5	-3	Total liabilities	1,958	2,279
Fixed assets	2,708	2,185	Shareholders' equity	3,318	3,746
Tangible fixed assets	266	220	Gaps in Appraisal, Conversions, etc. Foreign currency translation accounts	-82	-73
Intangible fixed assets	1,849	1,469	Minority equity	19	39
Of the above, software	796	808	Net assets	3,255	3,712
Of the above, goodwill	1,042	647	Liabilities, net assets total	5,213	5,992
Investments and other assets	592	497			
Total assets	5,213	5,992			

Steady rise in cash and deposits

Given an increase in corporate sales in managed hosting and security services.

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Backlog



Financial Highlights

Consolidated Cash Flow

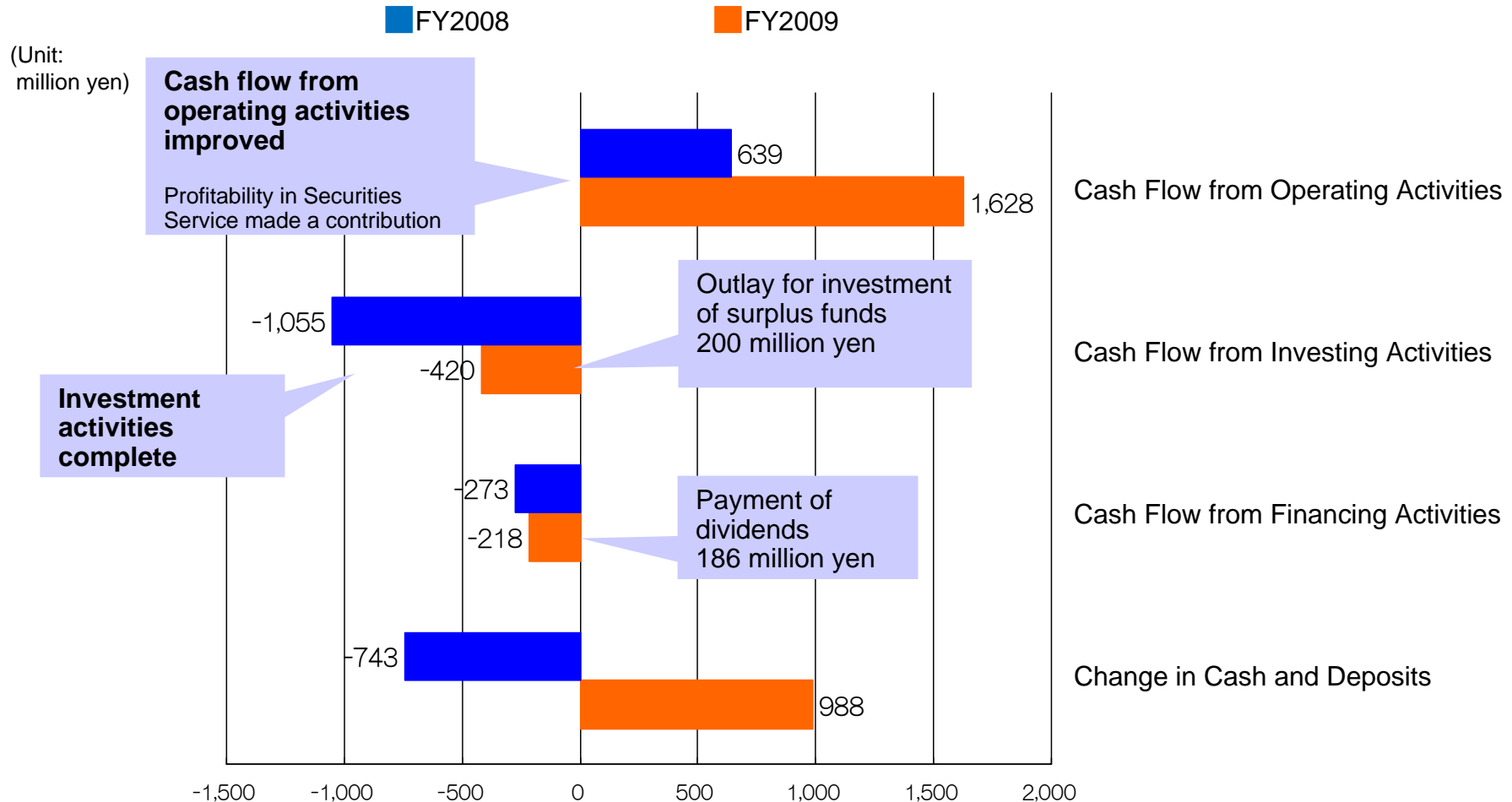
Cash flow from operating activities substantially improved

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1. Summary and Conclusion

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3. Business Overview

3-1 Hosting Business

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Hosting Business Summary

1. Summary and Conclusion

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3. Business Overview

4. Financial Forecast

While maintaining strength in managed hosting services, reach the low-end market and continue to expand the scale of the business.

Dedicated / Managed hosting service

The IT outsourcing services market has remained steady. Focusing investment on the managed hosting service, with high growth potential

Shared / VPS hosting service

The quality and added value of existing services improved. Costs declined following the review of business efficiency. The size of the business expanded by beginning to offer services to the low-end market with growth potential.

OEM

The number of contracts and sales declined because of cancellations by major customers. However, the impact on profits was minor.

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Hosting Business

Sales and number of contracts by product

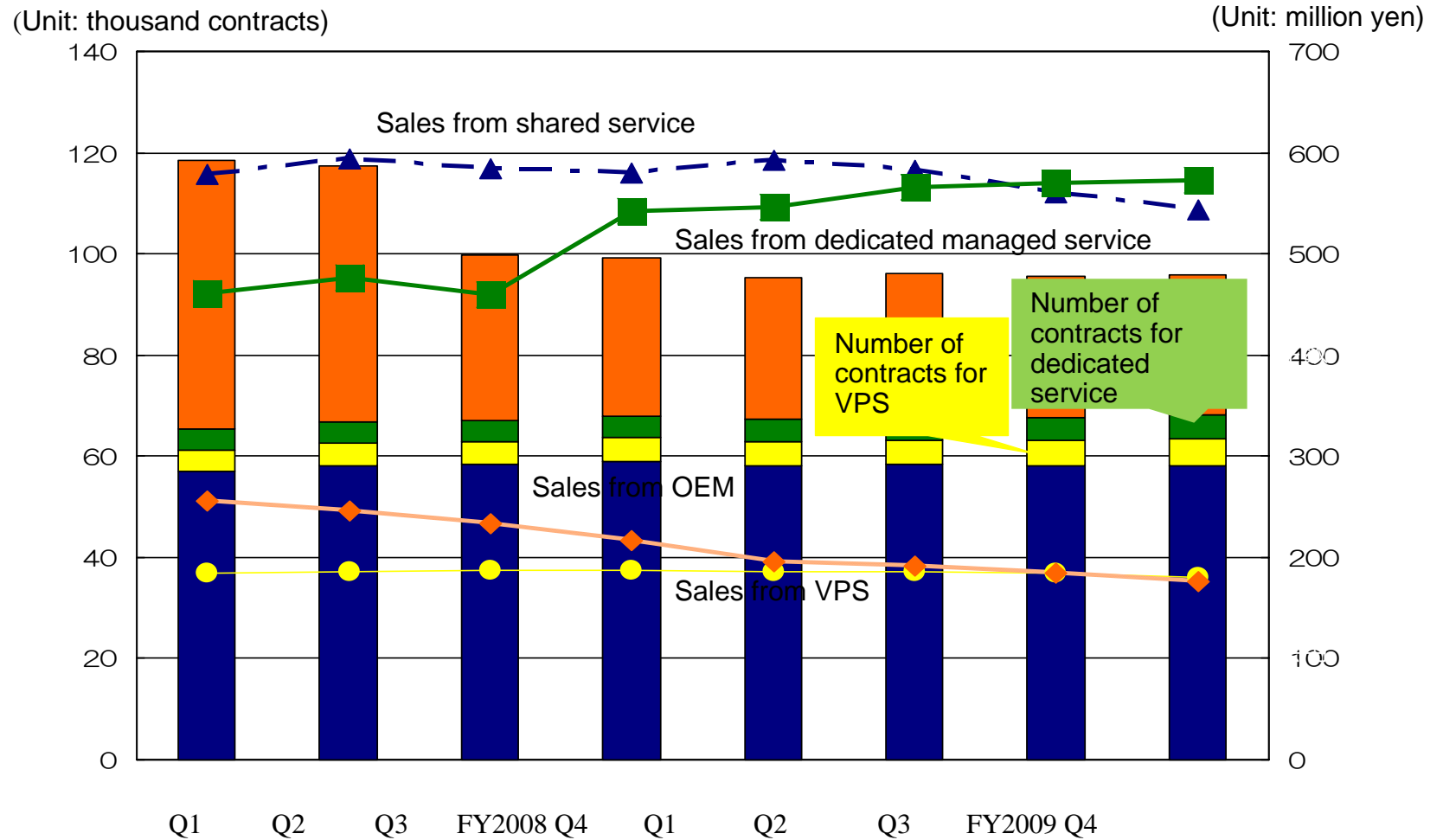
Number of contracts is rising

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Hosting Business Bolstering Services to the Low-End Market

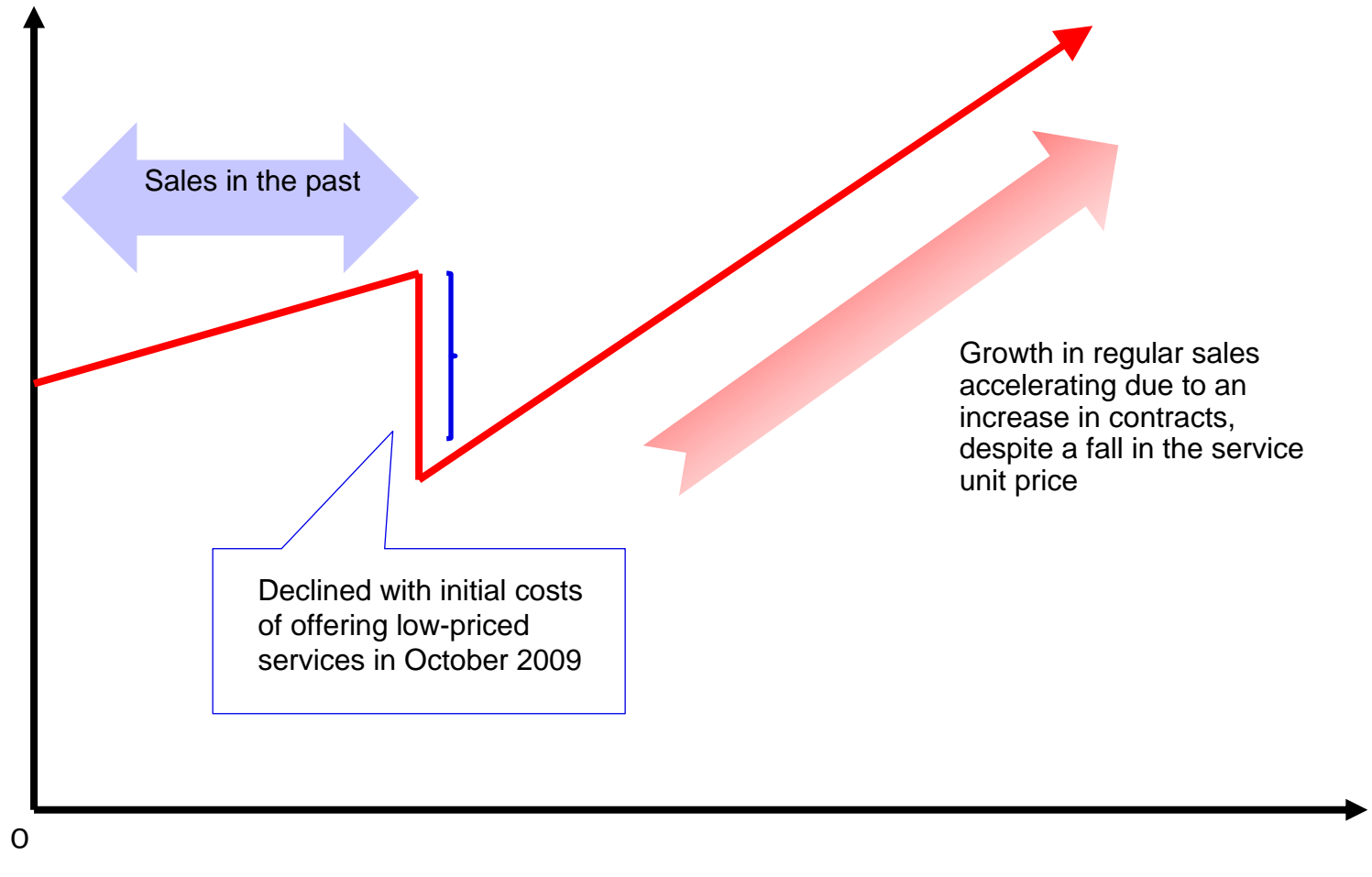
Growth accelerating despite temporary dips in sales and profits

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3. Business Overview

3-2 Securities Business

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Securities Business Summary

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Working positively towards increasing global market share

□ Positive operating profit achieved in the Jan-Dec period (full year)

Operating profit 56 million yen (year on year: +338 million yen)

□ Expanding sales channels

-Introduction into resellers and large companies

The number of resellers continues to increase. 1,498(2008)→2,004(2009)

North Europe: Partnership with a major local ISP.

Brazil: Partnership with a major local hosting service provider

Launch of the Public Route Certificate Service, which adds trust in GlobalSign to private certificate authorities

-Geographical expansion

Oceania: Service provided for the e-apostille program run by the New Zealand government

Southeast Asia: A business and capital partnership with a Vietnamese governmental certificate authority

Opening of a direct sales site in France

□ Product improvement (Seeking customer convenience)

Collaboration with Seiko Precision Inc. in time stamps and digital signatures

An easy update feature added to substantially reduce the login, certificate selection, and other processes necessary to the update

Securities Business

Number of Certificates Issued

A growing number of certificates issued overseas

1. Summary and Conclusion

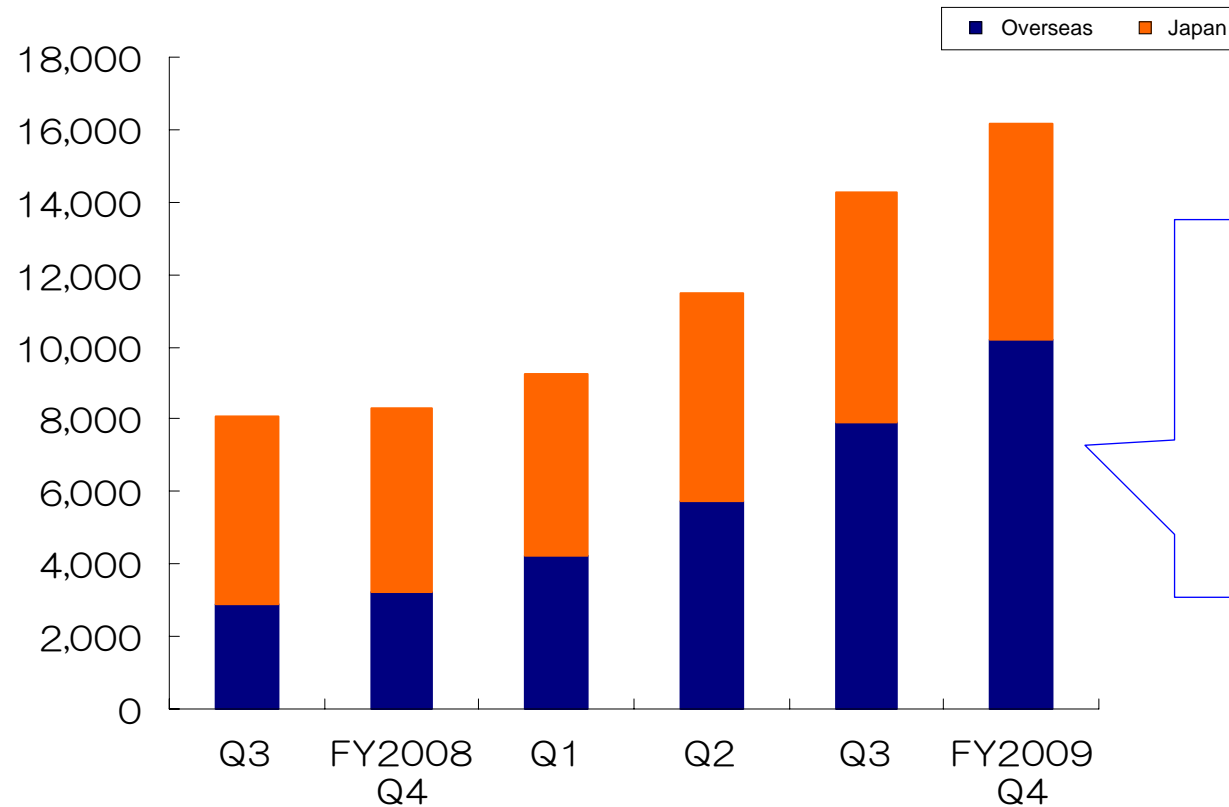
2. Highlights

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4. Financial Forecast

SSL server certificates (on an issue basis)

(Unit: certificates)



Constant growth overseas

Oct-Dec 2009

Japan : 5,946

Overseas : 10,223

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Securities Business

Number of Resellers

Continuing to recruit resellers: 2,004 companies in total

1. Summary and Conclusion

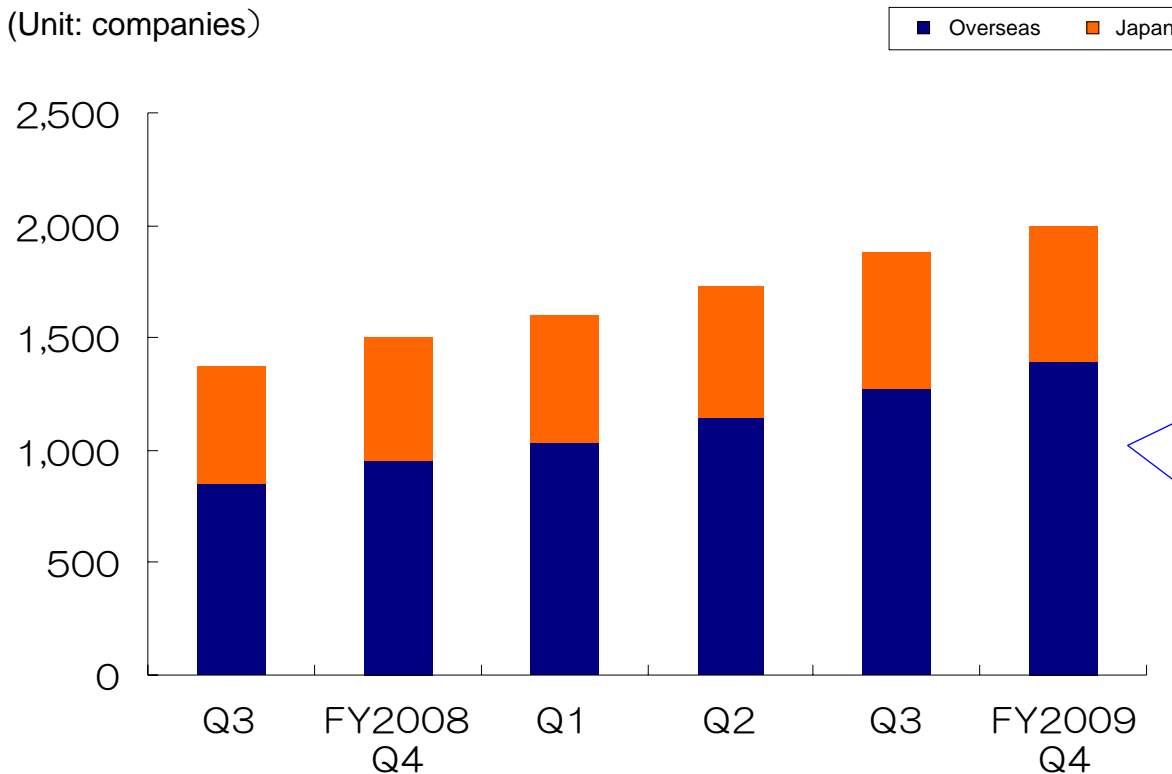
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Number of Resellers

(Unit: companies)



The network of resellers is broadening across the globe.

Y2009

Japan : 613 companies
Overseas : 1,391 companies

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Securities Business

Change in Quarterly Results

Positive operating profit achieved in the Jan-Dec period

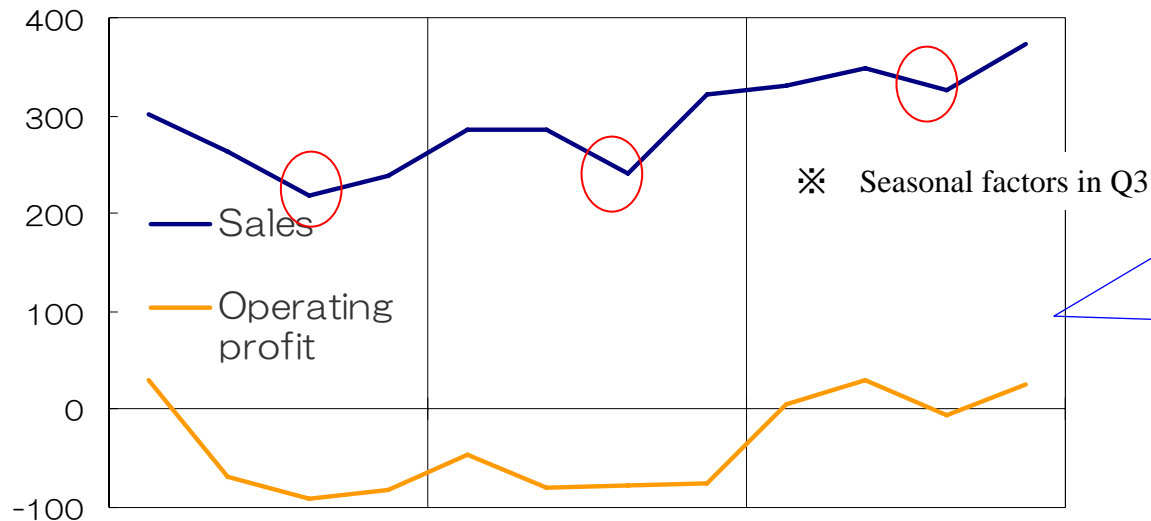
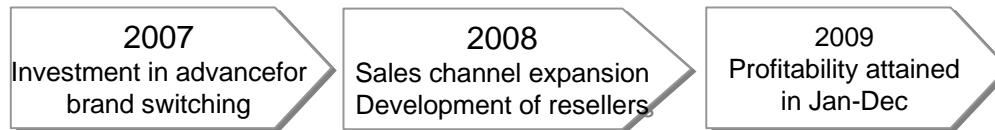
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Quarterly changes in sales and operating profit



Full-year profit achieved 56 million yen

-281 million yen (FY2008 results)
Year on year: +338 million yen

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Note) Changed to yearly average rate from year-end rate since Q4 of 2008
 Changed to figures including transactions among segments.

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4. Financial Forecast

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Financial Forecast

FY2010 Financial Forecast

Strategic investments to increase the top line

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(Unit: million yen)	FY2009	FY2010 (Forecast)	Percentage Change
Sales	7,594	8,423	+10.9%
Operating profit	1,141	1,263	+10.7%
Ordinary profit	1,159	1,263	+8.9%
Net profit	613	676	+10.2%
Net profit per share (yen)	5,270.52	5,807.06	-

■ Sales

【Hosting Business】

6,233 million yen Year on year: +1.1%

→Growth in managed hosting service
Offering and refining services to
growth areas (cloud, low-end market)

【Securities Business】

1,669 million yen Year on year: +21.2%

→Advancing geographical expansion

【Solutions Business】

577 million yen Year on year: +402.2%

→IT support for small companies, such as
consulting on website building

■ Operating profit

【Hosting Business】

1,152 million yen Year on year: +6.2%

【Securities Business】

108 million yen Year on year: +92.9%

→Strategic investment in human resources
to respond to multiple languages and
advertising and sales promotion

【Solutions Business】

0 million yen Year on year: +4 million yen

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Financial Forecast

Segment Information

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(Reference)

(Unit: million)	Sales		Y o Y	(Unit: million)	Operating profit		Y o Y
	FY2009	FY2010 Forecast			FY2009 Results	FY2010 Forecast	
Hosting Services	6,163	6,233	+1.1%	Hosting Services	1,084	1,152	+6.2%
Security Services	1,377	1,669	+21.2%	Security Services	56	108	+92.9%
Other Services(*)	115	577	+402.2%	Other Services(*)	-4	0	—
Intercompany transaction adjustment or all companies	-61	-56	—	Intercompany transaction adjustment or all companies	4	3	—
Consolidated total	7,594	8,423	+10.9%	Consolidated total	1,141	1,263	+10.7%

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* From FY2010, the segment name of Other Services has been changed to Solution Services.



Financial Forecast Summary

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Aiming for further growth with strategic investments

□ Hosting Services

Bolstering the managed hosting service

Strengthening services for the low-end market, where the expansion of the customer base is likely

Launching a cloud service, which has growth potential

□ Security Services

Continuing to strengthen overseas resellers

Expanding sales bases (Singapore, France)

□ Other Services (Solutions Business)

Enhancing IT support services for small companies, such as a consulting service for website building, which is expected to create synergies with Hosting Services through Communication Telecom Inc, a new subsidiary

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