



GMO GlobalSign Holdings K.K.

Q1 Financial Results Briefing for the Fiscal Year Ending December 2022

May 12, 2022



Code : 3788

Q 1 2022 Financial Results Briefing Slides

Event Summary

[Company Name]	GMO GlobalSign Holdings K.K.	
[Company ID]	3788-QCODE	
[Event Language]	JPN	
[Event Type]	Earnings Announcement	
[Event Name]	Q1 Financial Results Briefing for the Fiscal Year Ending December 2022	
[Fiscal Period]	FY2022 Q1	
[Date]	May 12, 2022	
[Number of Pages]	25	
[Time]	17:00 – 17:29 (Total: 29 minutes, Presentation: 17 minutes, Q&A: 12 minutes)	
[Venue]	Webcast	
[Venue Size]		
[Participants]		
[Number of Speakers]	1	
	Mitsuru Aoyama	President & CEO

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Presentation

Moderator: Thank you all very much for taking time out of your busy schedules today to participate in 1Q financial results briefing for the fiscal year ending December 2022.

Today's briefing will be presented by Mr. Mitsuru Aoyama, President & CEO. After the briefing, there will be time for Q&A. The session is scheduled to end at 18:00.

We will now begin. President Aoyama, if you would be so kind as to begin.

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Aoyama: My name is Aoyama. Thank you very much for taking time out of your busy schedule to join us today. I would like to begin with our financial results for 1Q of 2022 immediately.

This will be the content of today's agenda. First, I will talk about our business performance, and then I will explain the status of each business, followed by our growth strategy.

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Year on Year Increase in Revenues and Profits

Progress made as planned with regard to year-long projections

- Sales performed well in the electronic authentication and seal businesses, leading to increase in revenues and profits
- We will continue to strategically invest in GMO Sign and aim for the No. 1 spot in the number of contracts set

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Firstly, the critical points regarding the settlement of accounts.

For 1Q of 2022, sales and profits have increased compared with the same period of the previous year due to solid sales in the electronic authentication and seal business.

FY2022 Q1 Consolidated Sales and Profit

	FY2021	FY2022	YoY	FY2022 (Forecast)	Achievement Ratio
Unit : Million Yen					
Sales	3,417	3,929	+15.0%	15,187	25.9%
Operating Profit	308	517	+68.2%	1,524	34.0%
Ordinary Profit	293	558	+90.0%	1,521	36.7%
Profit Attributable to Owners of Parent	229	403	+75.7%	900	44.8%

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Here are 1Q financial results. Net sales were JPY3,929 million, operating income was JPY517 million, and ordinary income was JPY558 million. Additionally, both sales and income were in line with our full-year forecast.

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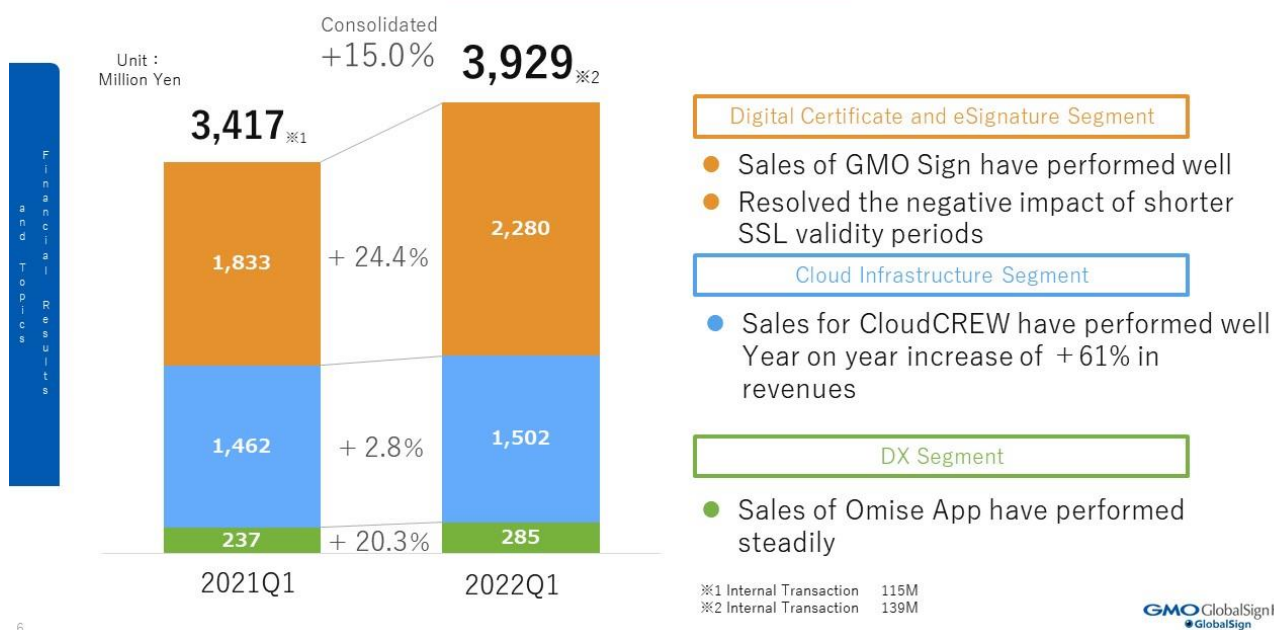
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This was mainly due to the fact that the impact of the shortened SSL server certificate expiration date in the electronic authentication and seal business was resolved after 1Q of the previous fiscal year and that sales of digital certificates to major customers were strong in Asia, particularly in China.

Sales of GMO Sign have also been strong, and we will continue to invest aggressively in 2Q and beyond to grow the business.

FY2022 Q1 Consolidated Sales and Profit



Next, I will explain the consolidated sales by segment.

Electronic authentication and seal business sales increased 24.4% YoY to JPY2,280 million. In addition to the resolution of the impact of the shortened SSL expiration date, GMO Sign and GMO Trust Login sales were strong, resulting in an increase in revenue.

Sales in the cloud infrastructure business increased 2.8% YoY to JPY1,502 million. CloudCREW byGMO sales continue to grow with a 60% YoY increase to JPY276 million.

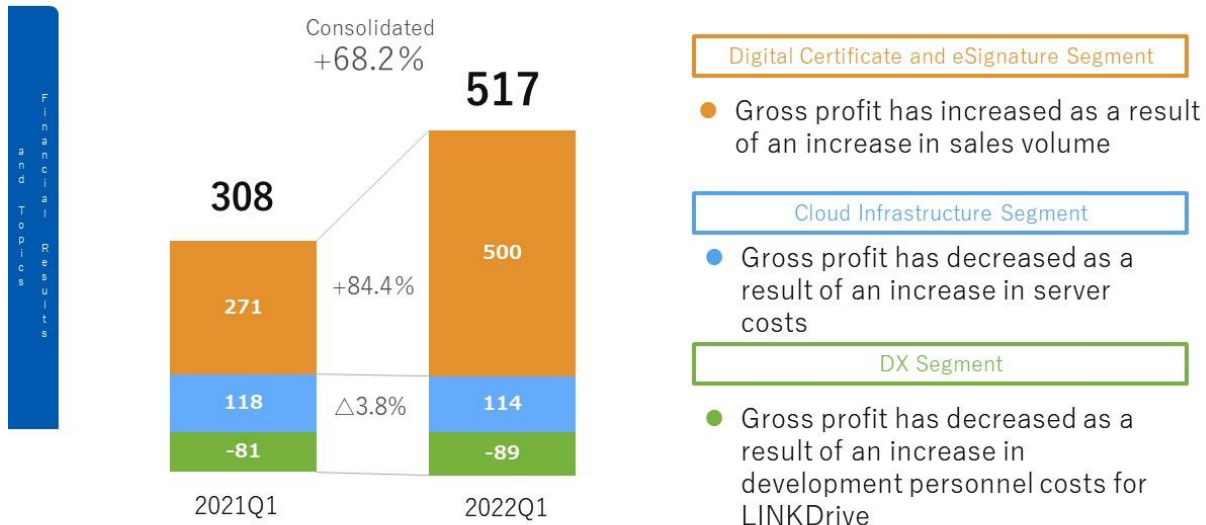
Sales in the DX business increased 20.3% YoY to JPY285 million. The increase in sales is mainly due to the sales growth of GMO Omise App and hakaru.ai.

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FY2022 Q1 Consolidated Sales and Profit



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Next, I will explain the operating income by segment.

Operating income in the electronic authentication and seal business increased 84.4% YoY to JPY0.5 billion, reflecting higher sales.

Operating income in the Cloud Infrastructure business decreased 3.8% YoY to JPY114 million. This decrease was due to an increase in server expenses.

In the DX business, operating income decreased by JPY8 million due to increased development expenses for LINKDrive byGMO.

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FY2022 Quarterly Comparison

Sales in the electronic authentication and seal businesses in the Asian region were good, resulting in an increase in revenues and profits compared to 4Q of the previous year

Unit : Million Yen	FY2021 1Q	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	QoQ
Sales	3,417	3,455	3,364	3,808	3,929	+3.2%
Operating Profit	308	195	171	497	517	+4.2%
Ordinary Profit	293	196	230	479	558	+16.5%
Profit Attributable to Owners of Parent	229	174	102	△ 23	403	—

Next, I would like to go through our quarterly business results. Both sales and income increased mainly due to strong sales in the electronic authentication and seal business.

Topics

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- GMO GlobalSign Holdings entered into a comprehensive business matching agreement with Mizuho Bank
- Ahead of the full lifting of the ban on electronic agreements with the revision to the Real Estate Brokerage Act, we began offering an industry specialized package called "Electronic Seal GMO Sign for Real Estate DX"



- GMO GlobalSign K.K. is cooperating with SKYCOM and CAM in the areas of electronic bills and e-seals.
- With a view to the practical application of the "Japanese version of e-seals," Teikoku Databank has begun using qualified e-seals issued by GMO GlobalSign K.K.
- GMO GlobalSign K.K. and DOCTORS partner. Began providing a medical electronic certificate and electronic authentication service called "Doctors DX Security."



- The name of the ID management and single sign on service for corporations "Trust Login by GMO" has been changed to "GMO Trust Login."



- GMO GlobalSign Holdings, CCC Marketing, and Tpoint Japan have entered into a basic agreement for a strategic business partnership in the area of mobility marketing.

I will now explain the business status of each segment.

To begin with, let me introduce our most recent topics. We have started a collaboration with PDF manufacturer SkyCom Corp. and cloud ERP vendor GLOBAL COMPANY CAM Co., Ltd. to support international signing, electronic invoicing, and the use of e-seals. Additionally, TEIKOKU DATABANK, Ltd. has started using our qualified e-Seal for practical application of the Japanese version of the e-Seal.

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Through these collaborations, we hope to accumulate specific operations and knowledge for the practical application of services utilizing e-Seal, which will be implemented in the development and provision of services.

In addition, GlobalSign has partnered with Doctors Inc., a company that provides online medical support, to furnish digital medical certificates and electronic authentication services. We will continue to expand the use of digital certificates not only for contracts and invoices but also in various other fields.

Other major topics will be explained in the explanation for each business.

Digital Certificate and eSignature Segment

		<p>Provide all signatures (witness type/contract party type) No.1 in Japan for number of companies adopting our e-contract service</p>
		<p>Domestic Certificate Authority operated in-house SSL market share: No. 1 in Japan, No. 3 worldwide</p>
		<p>No. 1 in Japan for number of companies adopting our single sign-on service</p>

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First, let's look at the electronic authentication and seal business. As you can see from the overview of our services in this segment, we are number one in Japan in terms of the number of companies that have adopted all of our services as well as in terms of market share.

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Number of User Companies

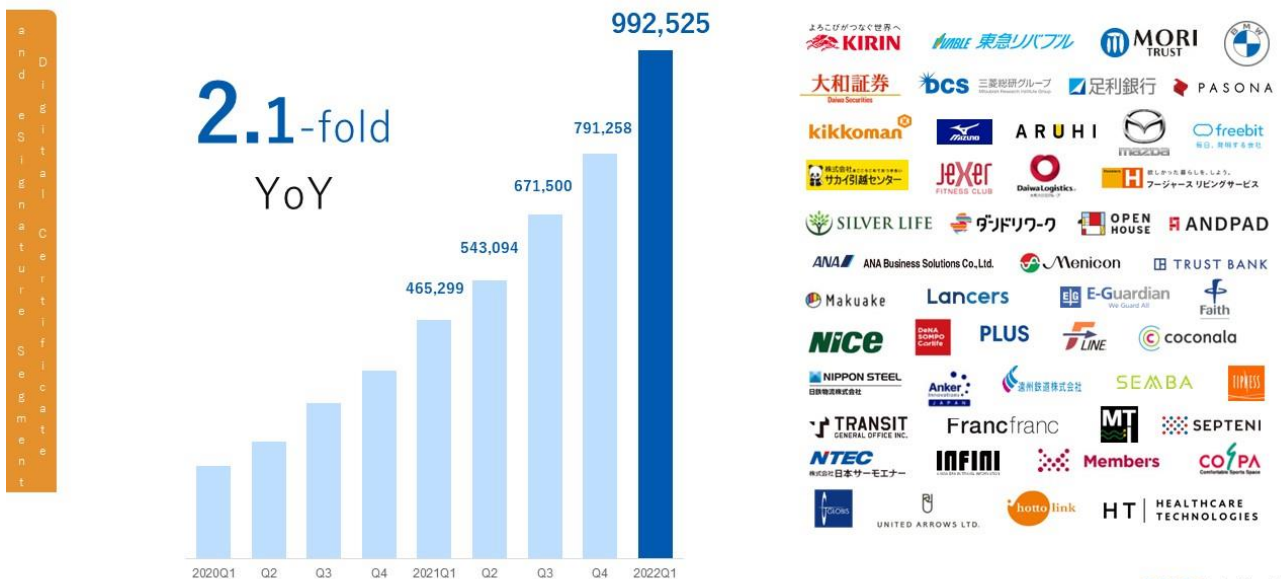


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The following is a look at the KPI trends for GMO Sign. In the current fiscal year, we have continued to strengthen marketing and expand linked services since the previous year.

As a result, the number of companies that have adopted the system has steadily expanded, reaching 588,000 as of the end of March. As of this month in May, the number of companies has exceeded 630,000.

Number of Contract Transmissions



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The number of contracted transmissions was 992,000, a 2.1-fold increase over the same period last year and a 25.4% increase from the previous quarter. We are also moving forward with initiatives such as industry-specific optional plans and expect further growth.

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May 2022

**Adoption Confirmed
by Twelve Local Governments
and Organizations**

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In April, GMO Sign was introduced in Yokosuka City, Toyonaka City, and Inabe City, as well as on a trial basis in Gunma Prefecture. As a result, currently, a total of 12 municipalities and independent administrative agencies have confirmed their implementation of the system.

We will continue to push forward with the expansion of the implementation as an initiative for our long-term growth.

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- ✓ With a view to the lifting of the ban on e-contracts in real estate, we are releasing an industry specialized package

NEW *Electronic Seal GMO Sign for Real Estate DX*

- ✓ Promote the spread of electronic contract services utilizing Mizuho Bank's foundations



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As for the status of growth initiatives for GMO Sign, we have released an industry-specific package, Electronic Seal GMO Sign for Real Estate DX, in preparation for the complete digitization of real estate contracts that will take effect on May 18.

By standardizing in advance the functions necessary for real estate transactions, increasing convenience, and offering them at a low price, we intend to further increase the number of installations and the number of transmissions.

Furthermore, in March, we signed a comprehensive business matching agreement with Mizuho Bank, Ltd. Going forward, Mizuho Bank, Ltd. will actively introduce GMO Sign to its client base and provide support for its introduction, thereby increasing the number of companies to adopt the system and further promoting DX and paperless operations.

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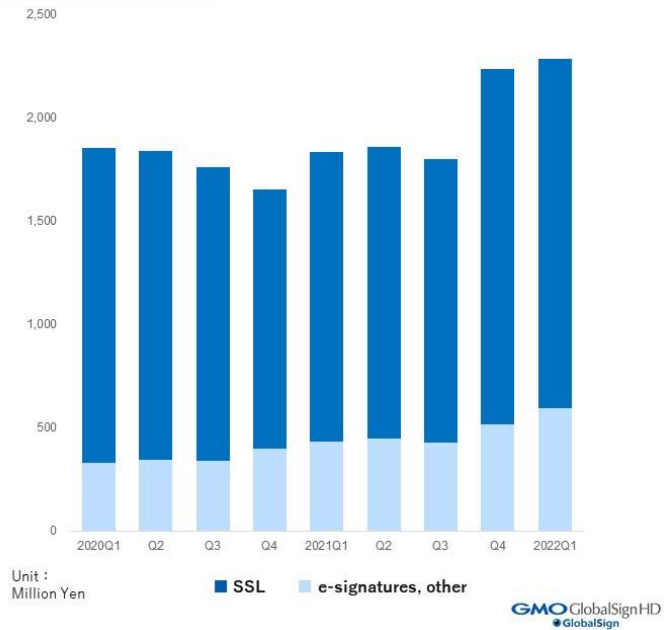
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In addition to Web authentication, expand business to devices and documents



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The following is a breakdown of GlobalSign's sales by product.

Sales growth had slowed in FY2021 due to the SSL expiration date change, but during that time, non-SSL sales such as electronic contract services, client certificates, and IDaaS grew steadily, and the use of digital certificates is expanding from SSL, which is an authentication for websites, to the larger market of devices such as PCs and electronic documents.

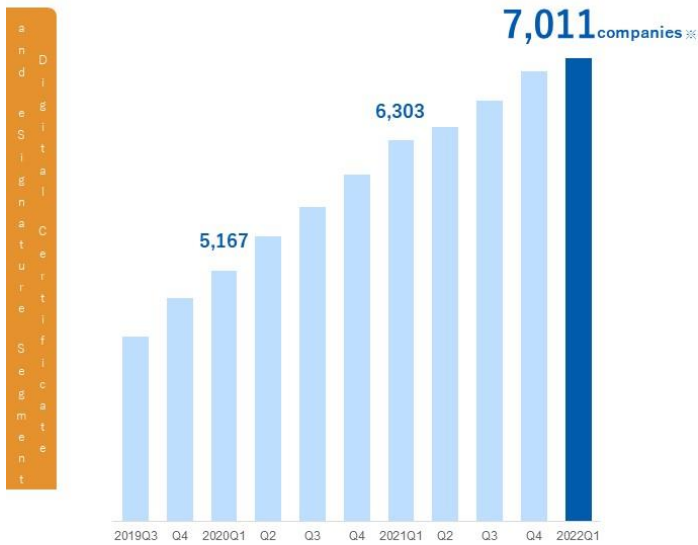
Regarding SSL, we will continue to pursue stable growth by expanding global operations and increasing sales to enterprises while working to achieve further growth in products other than SSL through aggressive investments in areas such as e-contracts and IDaaS.

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Name changed
Toward a standard in DX security

GMO トラスト・ログイン



トラスト・ログイン
by GMO

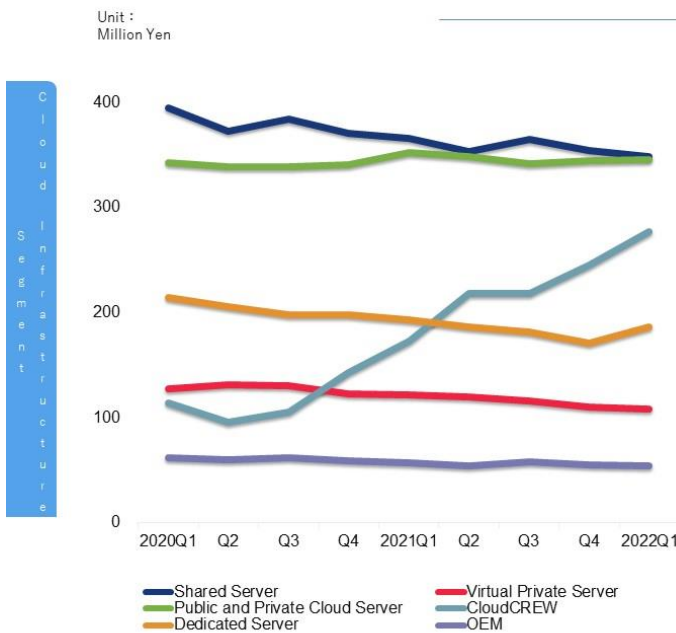
※ Number of enterprises using TrustLogin by GMO. One account per business operator (enterprise or individual). If multiple accounts are used, the duplicates are eliminated.

The last of the electronic authentication and seal business is Trust Login.

In the current fiscal year, we are continuing to strengthen measures and functions for store visits from the previous year. Thus orders are steadily increasing. In addition, we are promoting aggressive marketing efforts, and in the process, we have changed our name to GMO Trust Login.

By pushing the GMO brand even more to the forefront, we aim to expand sales further.

Product Sales



CloudCREW by GMO

Sales good due to expanded cloud demand
Aim for sustained growth with entry into Google Cloud

Continuing is the cloud infrastructure business.

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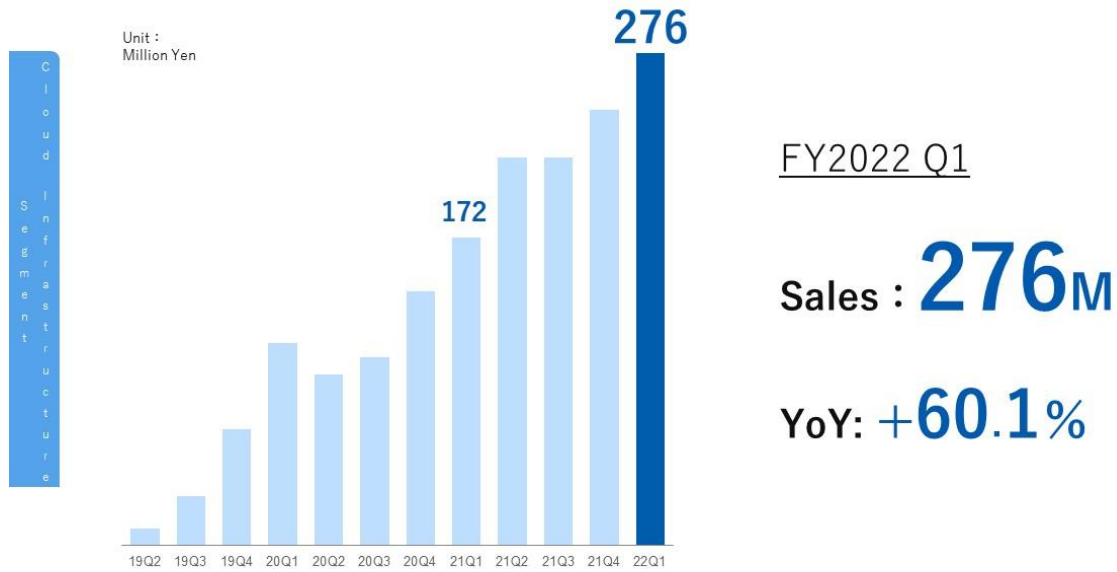
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Sales by product category. Sales of CloudCREW, on which we are focusing our efforts, continues to grow steadily.



Managed Cloud Service Sales



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CloudCREW non-consolidated sales increased 60.1% YoY to JPY276 million. CloudCREW has begun handling Google Cloud in addition to AWS this season and is strengthening its organizational structure, which includes increasing personnel, intending to achieve growth over the medium to long term.

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Acquire AWS migration competency



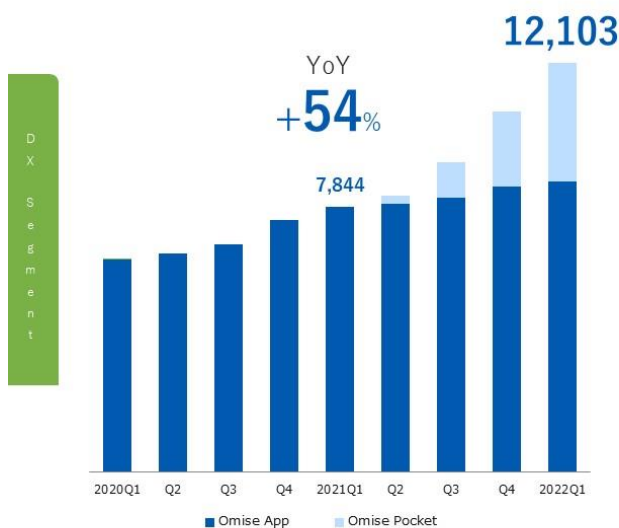
Only **14** companies domestically
 With a high degree of
 specialization and record of
 performance, accelerate
 implementation to major
 corporations

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Moreover, in March, we also received the AWS migration competency certification. This is a recognition of our advanced technical capabilities in tracking records, from consulting to operations, for migrating existing IT system environments to AWS; which of over 400 AWS partners in Japan, only 14 have been certified.

With this certification, we hope to aggressively acquire accounts for large-scale enterprise installation support.

Number of Shops Using App



Support regional revitalization and
 the streamlining of work

JTB-VCN
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モバイル商品券プラットフォーム
 by GMO

- バーチャルクレジットカードとデジタル商品券が連携
- 店舗への振込作業が不要
- 地域経済の活性化に貢献
- 導入時の開発不要

感動のそばに、いつも。 **JTB**
JBI JTB BUSINESS INNOVATORS

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Finally, I would like to explain about the DX business.

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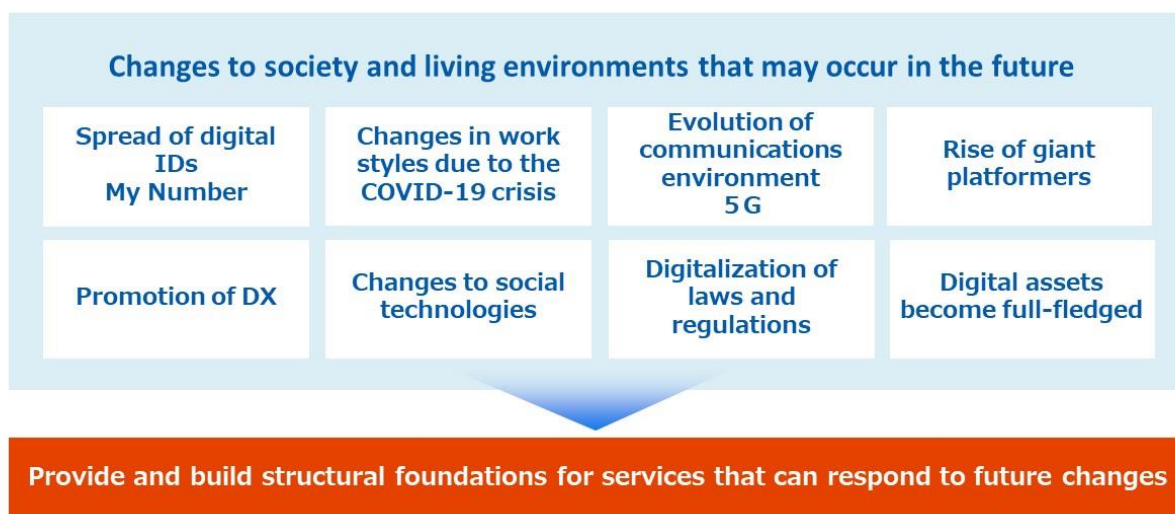
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The number of stores using the GMO Omise App has increased to 12,000 as a result of the increased use of Omise Pocket, a cooperative service.

In addition, the mobile gift certificate platform byGMO, which is a collaborative service, was linked to JTB's virtual credit card for corporate customers in March, and the needs of not only local governments but also companies are increasing.

We will accelerate product renewal and expand sales by strengthening sales to major customers in the current fiscal year.

Surrounding Environment



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Finally, I would like to explain our medium-term business strategy, which we have formulated as our growth strategy.

First, let me explain about the environment surrounding our company. Various social and living environment changes are happening as we had anticipated, including the penetration of digital IDs through My Number Cards and other means, changes in the way we work under COVID-19, changes in the communication environment with the introduction of 5G, and the digitization of laws and regulations.

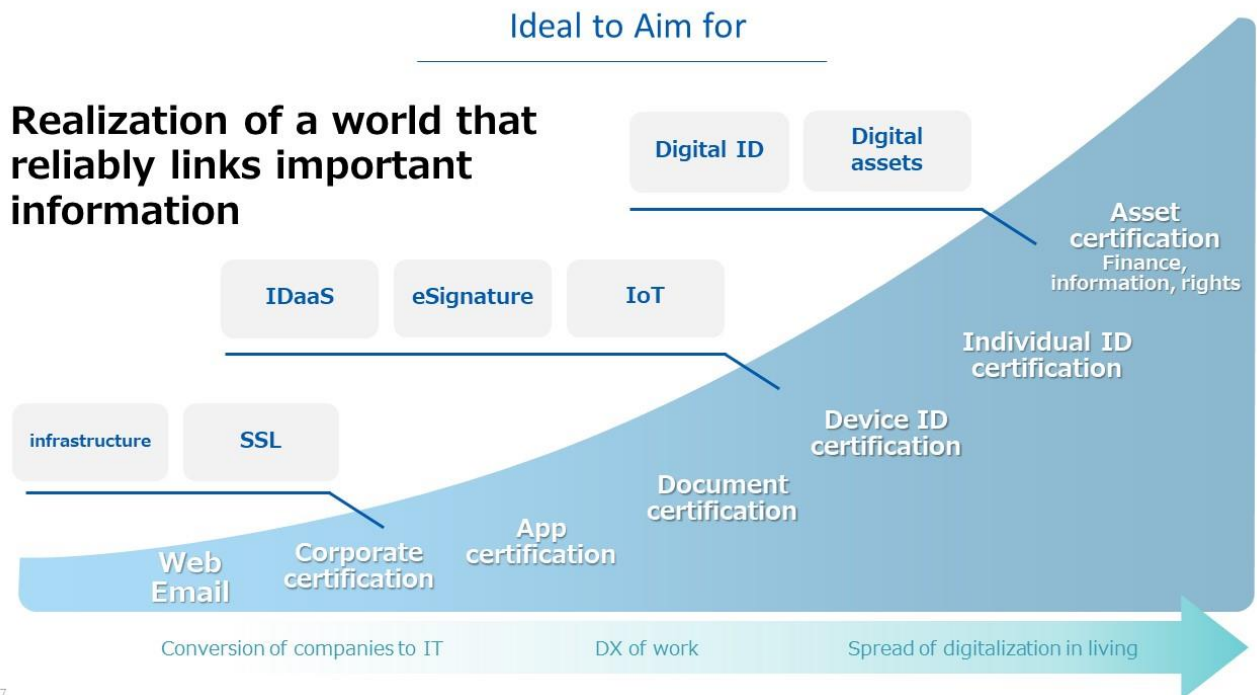
On the other hand, the speed and direction of change have sometimes been far beyond our expectations due to unexpected events such as the spread of COVID-19 and Russia's invasion of Ukraine. We will continue to need more and more services and a financial base that can respond to these future changes.

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So what kind of services will we create in what areas? Since our inception, we have been doing business in a framework tied to companies, with the internet and authentication as our primary focus. These start from rental servers, cloud hosting, and SSL as the main services.

On top, supported by market changes and business growth, we are expanding our business to replace devices, documents, and other items or things that can be used for work. IoT-related services, such as GMO Sign, and GMO Omise App, are typical examples.

In the future, with the spread of the My Number Card, blockchain, NFT, etc., this service will further evolve into a service that is tied to people's lives.

We will achieve sustainable growth by strengthening our business structure and infrastructure to grasp the accelerating changes in society, provide services that can respond to such changes, and evolve into an indispensable company that reliably connects essential information in all aspects of the enterprise, work, and daily lives.

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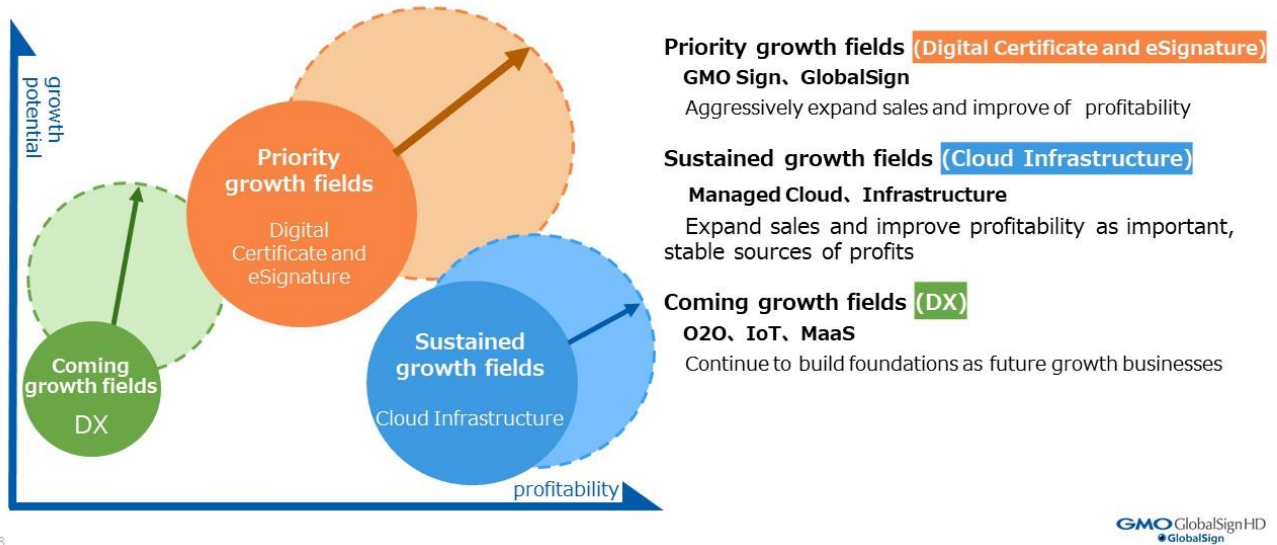
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Business Portfolio for Enhancing Corporate Value

Priority investment in people and things to achieve sustained growth



In order to achieve such sustainable growth in corporate value, I will explain our business portfolio.

Our portfolio is categorized into three business areas: Key Growth Area, Sustained Growth Area, and Next Growth Area.

The key growth area includes the electronic authentication and seal business. It is an engine for increasing corporate value due to its high growth potential and profitability.

The sustainable growth area is the cloud infrastructure business. The cloud infrastructure business, which we have been servicing for many years, is one of our most important and stable sources of revenue.

The next growth area includes the Omise App and LINKDrive, which we expect to be our future growth business. At present, profitability is low but similar to how the electronic authentication and seal business was born here, and we intend to develop this area as a source of high growth and future earnings.

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Six Priority Strategies



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We then defined six strategies to achieve long-term growth.

Strategy 1 is to concentrate management resources on the key growth areas of electronic seal and electronic authentication. This will make GMO Sign the number one service by far. Furthermore, we will accelerate growth by strengthening the global expansion of GlobalSign.

The second strategy is to further expand the cloud infrastructure business under the sustainable growth area. The revenue generated from this business will enable us to invest in the electronic seal business and other new businesses. We will ensure the growth of CloudCREW byGMO, which has been growing significantly over the past few years and review the products of the posting infrastructure that has supported us for many years to ensure stable profitability and strengthen it into a sustainable growth business.

Strategy 3 is to work on the DX business, which is under the next growth area. We are currently engaged in a variety of businesses in this segment, and of these, GMO Omise App, which has the highest growth potential, will be developed into a future earnings pillar like GMO Sign.

The other part of strategy 3 is to develop new business areas. Recently, the issue of privacy has been raised by giant enterprises such as GAFA, which have complete knowledge of personal activities. To solve this issue, new services such as smart contracts and financial-related services using distributed-based Web3.0 technology are emerging in Europe and the United States.

Although Japan currently faces problems such as delays in legislation and restrictions in the regulatory system, we can imagine that the world will become more familiar to us in the future, so we will continue research and development areas in which we can participate in essential decentralized technologies such as blockchain and create several new services by 2026.

The fourth strategy will be to strengthen the system infrastructure by transforming the profit structure, which we will improve operations by continuing the measures to improve operational efficiency that the entire GMO Internet Group is undertaking.

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In addition to these four strategies to increase our economic value, we will implement two measures to increase our social value, namely, strengthening our corporate culture by developing systems and environments to foster technical-type human resources, as well as strengthening the working environment and social, environmental initiatives through our business activities, in order to grow into an indispensable company. We are committed to becoming an indispensable company by implementing measures to enhance these two social values.

That is all for my explanation. Please kindly refer to the materials for more detailed descriptions of numerical values and service contents.

C h a n g e t h i n g s w i t h I T



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We will continue to change the world through IT, and we look forward to your continued support of GMO GlobalSign Holdings K.K. Thank you very much for your attention.

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