



GMO GlobalSign Holdings K.K.

Q3 Financial Results Briefing for the Fiscal Year Ending December 2022

November 14, 2022

Event Summary

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[Participants]		
[Number of Speakers]	1	
	Mitsuru Aoyama	President, CEO, and Executive Officer

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Presentation

Moderator: It is now time to commence the briefing. Thank you very much for taking time out of your busy schedule today to attend the GMO GlobalSign Holdings K.K.'s financial results briefing. Today's briefing will be given by Mr. Mitsuru Aoyama, President & CEO and Executive Officer. After the briefing, there will be time for a question-and-answer session. Please use the Q&A at the bottom of the screen or the raise-your-hand button to ask questions.

We will now begin the briefing. President Aoyama, please begin.

Aoyama: I'm Aoyama. Thank you very much for attending our presentation today despite your busy schedule. I will get straight to the point, and start to report our financial results for Q3 of FY2022.

Here is today's agenda. I will first explain our business performance and then explain the status of each of our businesses.

Year on Year Increase in Revenues and Profits Despite Increase in Expenses Due to Expanded Investment in Seal Business

- Sales progressed steadily in the Digital Certificate and eSignature Segment, leading to increase in revenues and profits
- Advertising expenses increased due to strategic investment in GMO Sign

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This shows the highlights of the financial results.

For the results for Q3 of FY2022, expenses have increased significantly compared to the initial plan, mainly due to advertising expenses resulting from increased investment in GMO Sign.

On the other hand, the electronic authentication business continued to perform well from H1, resulting in higher revenues and profits than in the previous year.

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FY2022 Q3 Consolidated Sales and Profit

	FY2021	FY2022	YoY	FY2022 (Forecast)	Achievement Ratio
Unit : Million Yen					
Sales	10,237	11,853	+15.8%	15,187	78.1%
Operating Profit	674	1,008	+49.6%	1,524	66.2%
Ordinary Profit	720	1,170	+62.4%	1,521	76.9%
Profit Attributable to Owners of Parent	506	799	+57.8%	900	88.8%

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Here are the financial results for Q3.

Sales were JPY11.853 billion, operating profit was JPY1,008 million, and ordinary profit was JPY1,170 million, and a YoY increase in both sales and profit.

On the other hand, as I mentioned earlier, the increase in expenses due to strategic investments in GMO Sign was a factor in pushing down operating profit.

Although I will explain later, the use of GMO Sign performed well, and we expect to see even greater growth in the future.

This is an appropriate investment that will contribute to our future success, and we plan to continue to invest in GMO Sign for its further growth.

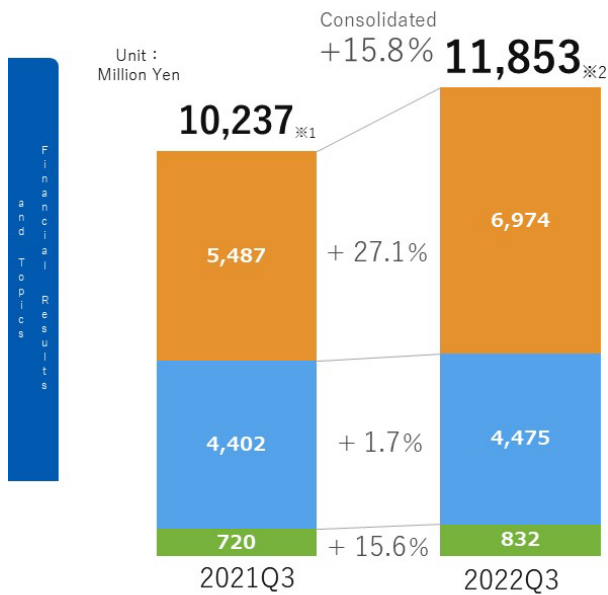
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FY2022 Q3 Consolidated Sales and Profit



Digital Certificate and eSignature Segment

- SSL sales have performed well in Asia
- Currency fluctuation has had a positive effect on the electronic authentication business

Cloud Infrastructure Segment

- Sales for CloudCREW have performed well
Year on year increase of +54% in revenues

DX Segment

- Sales of GMO Omise App have performed steadily

※1 Internal Transaction 373M
 ※2 Internal Transaction 428M

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I will explain sales by segment.

Sales in the electronic authentication and signature business increased 27.1% YoY to JPY6,974 million.

In addition to the elimination of the impact of the shortened SSL expiration date, the increase in sales was due to continued strong SSL sales to major customers in Asia from H1 of the fiscal year, as well as the impact of foreign exchange fluctuations.

Sales in the cloud infrastructure business increased 1.7% YoY to JPY4,475 million.

While hosting service sales slowed, mainly because CloudCREW's sales have continued to grow steadily, with a 54% increase in sales over the previous year.

Sales of DX business was JPY832 million, up 15.6% YoY. The increase in sales of the GMO Omise application from H1 was also the main reason for this increase.

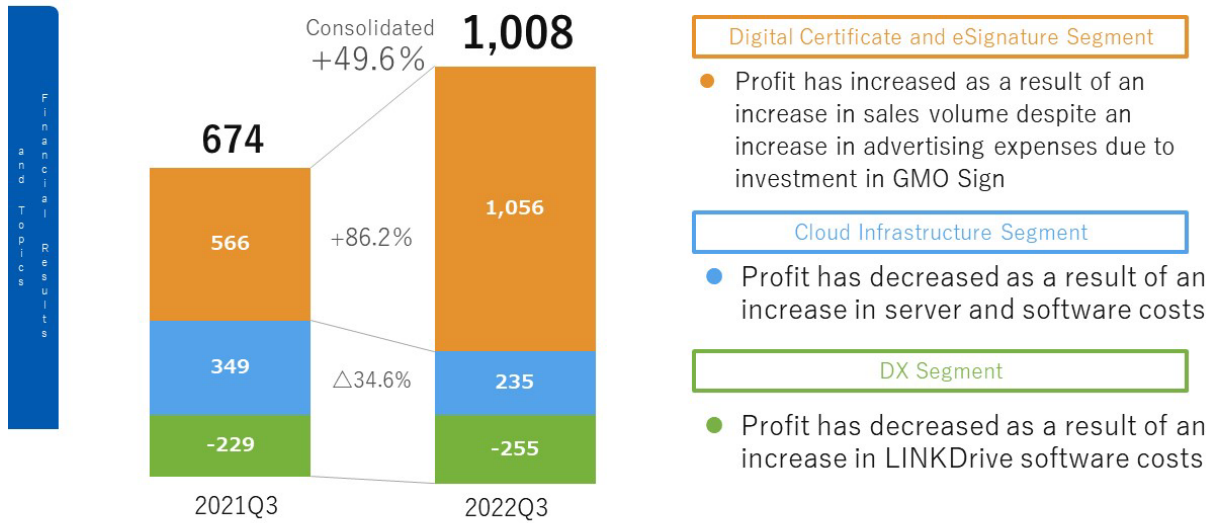
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FY2022 Q3 Consolidated Sales and Profit



Digital Certificate and eSignature Segment

- Profit has increased as a result of an increase in sales volume despite an increase in advertising expenses due to investment in GMO Sign

Cloud Infrastructure Segment

- Profit has decreased as a result of an increase in server and software costs

DX Segment

- Profit has decreased as a result of an increase in LINKDrive software costs

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I will explain operating profit by segment.

Operating income in the electronic authentication and signature business increased 86.2% YoY to JPY1,008 million with the increase in sales offsetting higher advertising expenses for GMO Sign.

Operating income in the cloud infrastructure business declined 34.6% YoY to JPY235 million.

This decrease was due to an increase in server costs and an increase in expenses for hiring to support CloudCREW's growth.

In the DX business, operating profit decreased by JPY26 million mainly due to an increase in software costs related to the development of LINKDrive, as well as higher personnel and advertising expenses.

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FY2022 Quarterly Comparison

- Sales have dropped slightly compared to 2Q
- Operating profit has decreased due to a strengthening of investments in the promotion of GMO Sign and strengthening of recruitment activities, etc.

Unit : Million Yen	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q	FY2022 3Q	QoQ
Sales	3,364	3,808	3,929	3,977	3,947	△0.8%
Operating Profit	171	497	517	381	109	△71.2%
Ordinary Profit	230	479	558	426	184	△56.7%
Profit Attributable to Owners of Parent	102	△23	403	294	101	△65.7%

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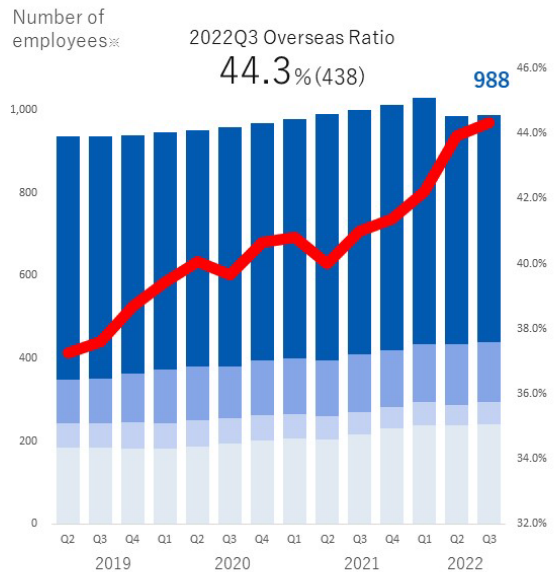
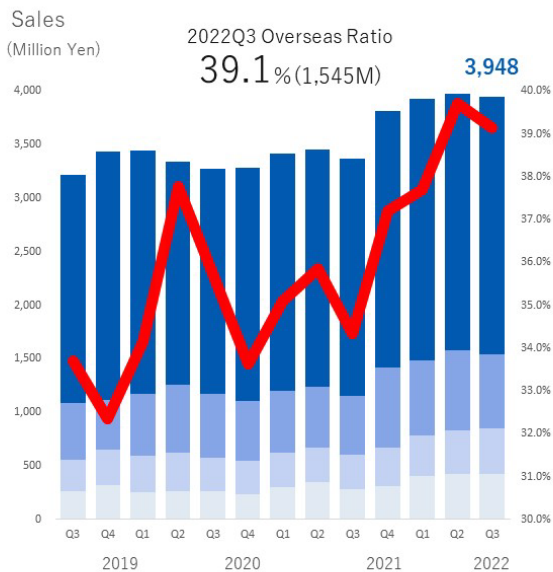
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This is a quarterly performance trend.

Compared to Q2, sales decreased slightly. This is due to seasonal factors at GlobalSign and slow progress in hosting services.

Operating profit decreased mainly due to an increase in advertising expenses, which was mainly the result of GMO Sign's increased investment.

By Region



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These are trends in consolidated sales and the number of all partners.

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Although there will be increases and decreases in the short term, the overseas ratio will continue to increase as the global expansion of SSL and the use of devices, personal authentication, and digital signature increases, especially in Europe and the USA.

Digital Certificate and eSignature Segment

電子印鑑なら GMOサイン	電子印鑑なら GMOサイン	Provide all signatures (witness type/contract party type) No.1 in Japan for number of companies adopting our e-contract service No.1 in Japan for number of contract transmissions	
		Domestic Certificate Authority operated in-house SSL market share: No. 1 in Japan, No. 3 worldwide	
	GMO トラスト・ログイン	No. 1 in Japan for number of companies adopting our single sign-on service	

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Next, I will explain each segment.

This is the electronic authentication and signature business. An overview of this segment's services is shown here.

As of the end of September, although GMO Sign is the number one service provider in Japan in all services, the number of contract transmissions of GMO Sign became the number one for the first time as of the end of September. Thus, it became the top in these two areas.

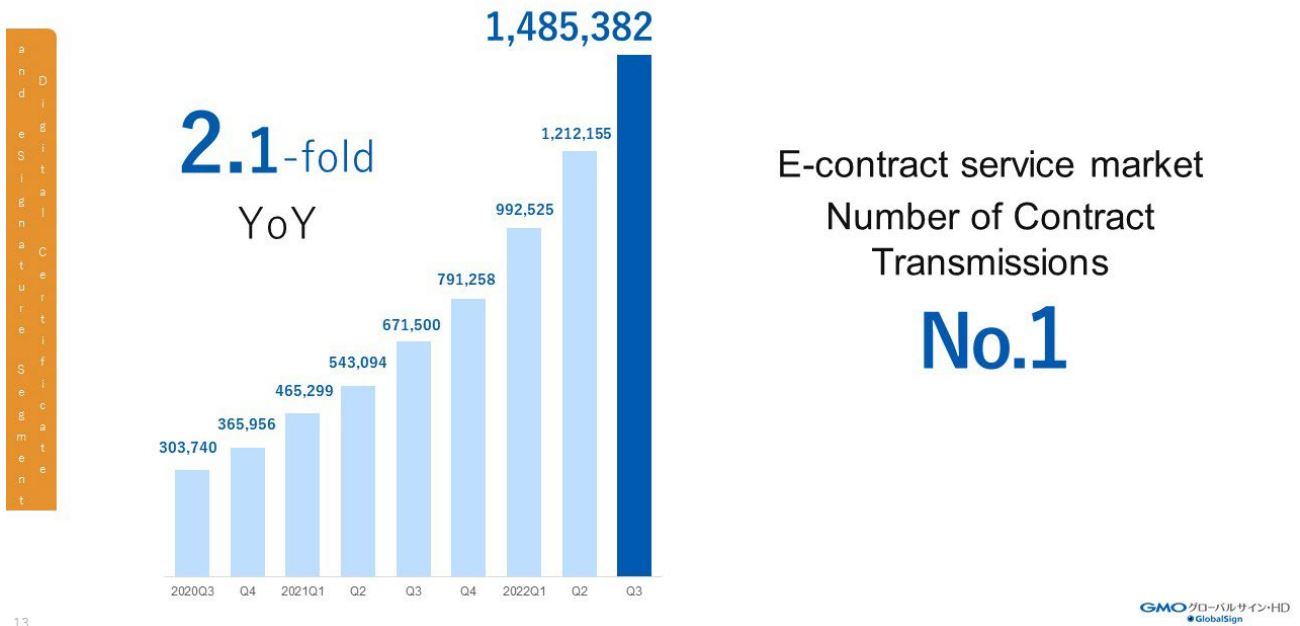
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Number of Contract Transmissions



This is a trend in the numbers of contract transmissions for GMO Sign.

This was 2.2 times that of the same period last year and up 22.5% from the previous quarter to 1,485,000 transmissions, making it number one in Japan not only in the number of companies that have adopted the service but also in the number of contract transmissions, or the number of transmissions actually being used.

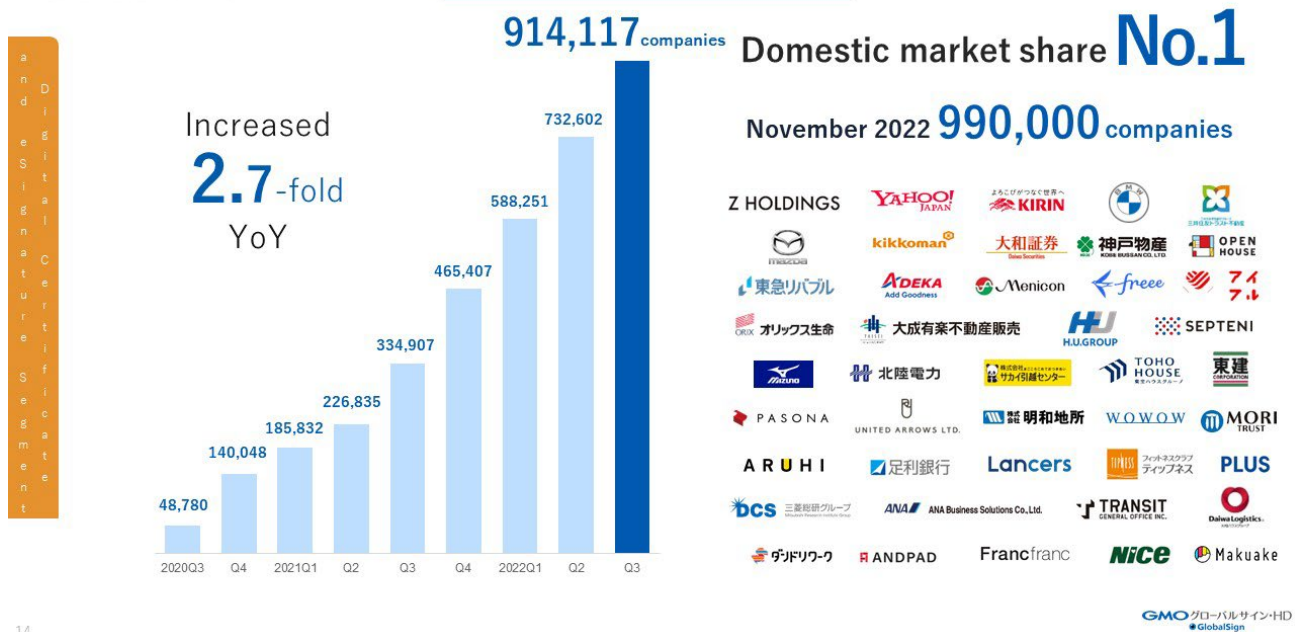
The increase is attributed to the steady growth in the number of transmissions by existing users, as well as to the steady increase in the number of transmissions in each channel, including signature engines. In addition, the number of new customers signing contracts has steadily increased, and we expect to continue to expand in the future.

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Number of User Companies



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Here is a trend in the number of contract companies.

As of the end of September, the number of companies reached 914,000, 2.7 times that of the same period previous year.

Since June, the Company has implemented aggressive marketing and been strengthening customer success by reinforcing promotions and strengthening personnel. As a result of these efforts, the number of companies that have adopted the system has steadily increased. As of November, the number of companies has exceeded 990,000, and is certain to exceed one million by the end of the year.

I am also pleased to inform you that the number of companies using GMO Sign, including no contract companies, has exceeded 1.9 million.

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2022 Initiative

福岡市



三条市
SANJO CITY

GMO Sign to be introduced at **24** public organizations across Japan

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This is introduction of the system to local governments.

At the moment, 24 local governments nationwide have decided to introduce the system.

We will continue to actively promote the introduction of the system to local governments and expand the introduction of the system to local businesses, which will lead to further growth.

And this month, in November, the introduction of the system to Fukuoka City was decided. Fukuoka City is a municipality with a nonstop government and a strong commitment to DX. Together with Fukuoka City, we will continue to strongly support DX of local businesses.

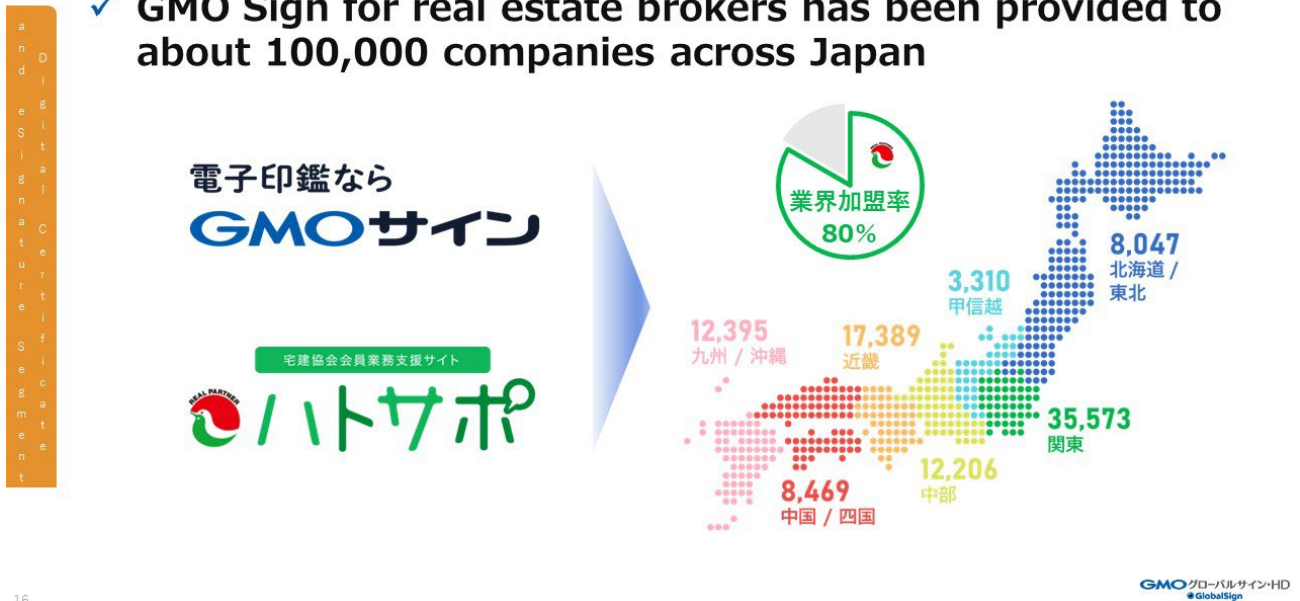
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2022 Initiative

- ✓ **GMO Sign for real estate brokers has been provided to about 100,000 companies across Japan**



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This shows GMO Sign's efforts to grow.

Since lifting the ban in May, real estate businesses have been gradually introducing GMO Sign, and as part of efforts to further promote its adoption, we began providing GMO Sign to National Federation of Real Estate Transaction Associations (NFRETA), the largest organization in the industry, from this November. From now on, NFRETA will be able to use GMO Sign at any time through their service website.

This will promote the use of electronic contracts and lead to further expansion of the number of uses.

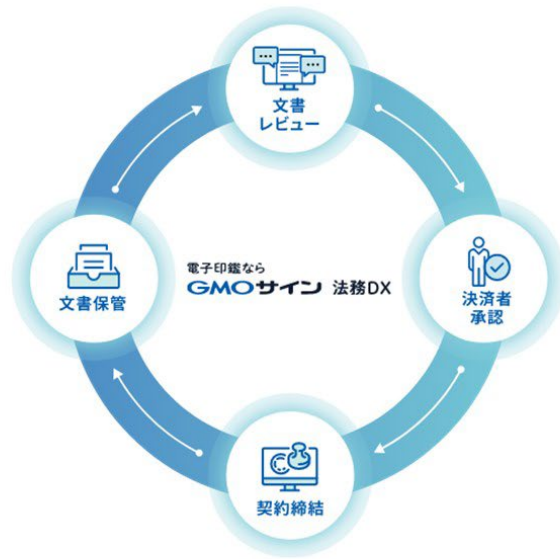
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Centralized management of all contracting operations



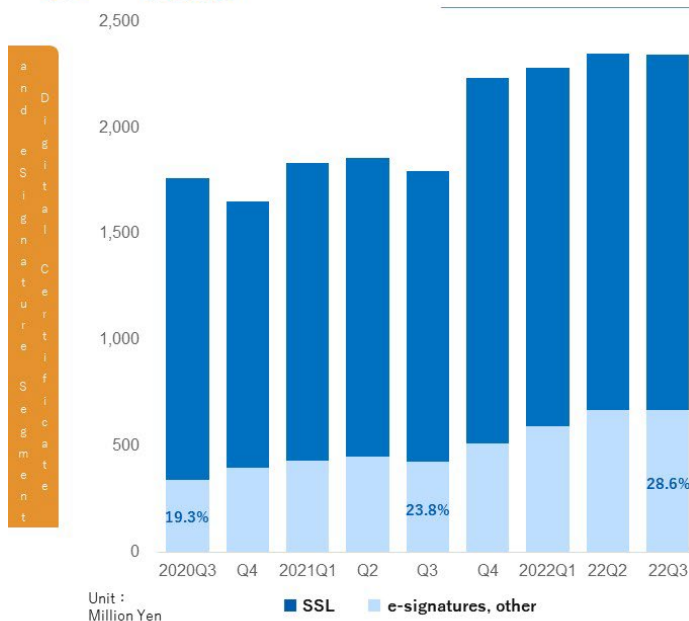
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GMO Sign has specialized in contracts, execution, and management to date, but from January next year, we will evolve the service into a contract lifecycle management service that can proceed from contract creation, review, execution, and management all in one step, and release it as GMO Sign Legal DX. This will enable legal departments that are now forced to manage multiple cloud tools to streamline their operations.

In addition, we expect further business expansion as the area of service provision will be expanded to all contracting processes.

Changes in Sales by Product



Global expansion in use of devices and e-documents

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This is sales trend of GlobalSign by product category.

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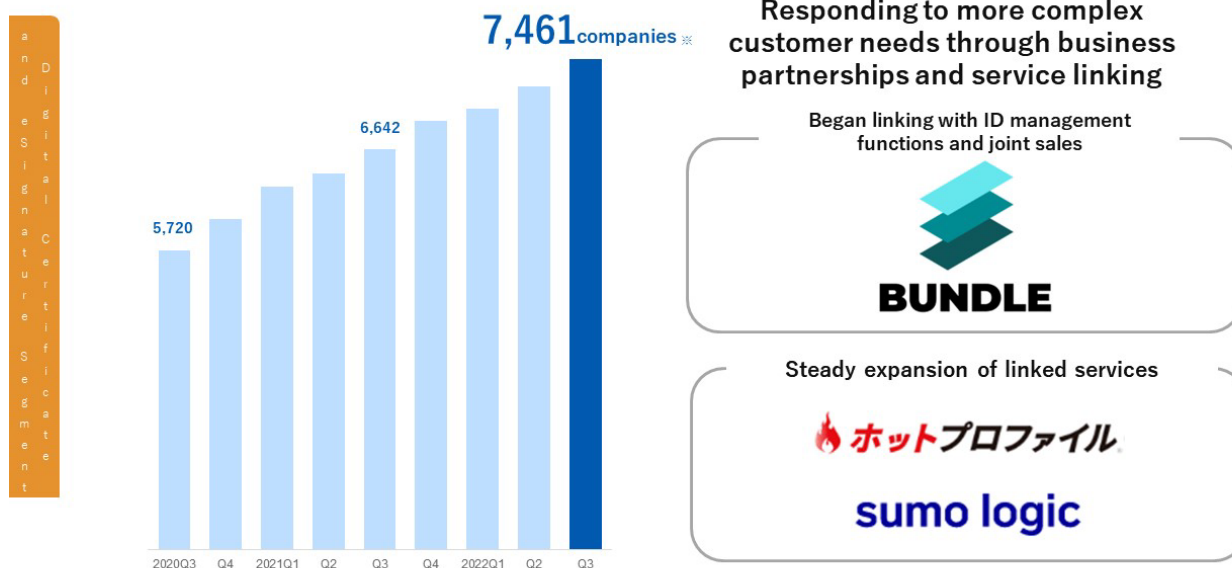
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In Q3, sales remained flat, partly due to seasonal factors, but orders for digital signature services and electronic authentication for devices remained steady, especially in Europe and the USA. We are also continuing our efforts to expand the global expansion of SSL.

We will continue to aim for sustainable growth through further growth of digital signature services and global expansion of SSL.

GMO トラスト・ログイン

Single Sign On service



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

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

In the present period, we have continued to strengthen our functions since H1. In particular, the collaboration with the ID management function is highly demanded by customers, and this will contribute to future sales expansion.

Trust Login has always been strong in terms of pricing and easy-to-understand UI, and we intend to further strengthen our sales capabilities by strengthening external collaboration.

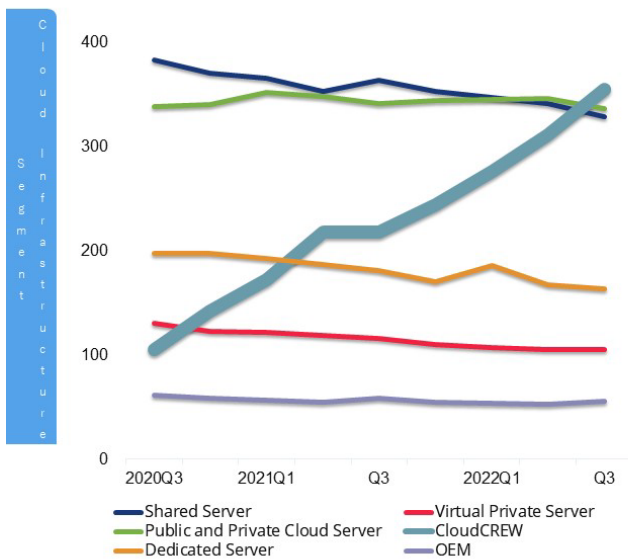
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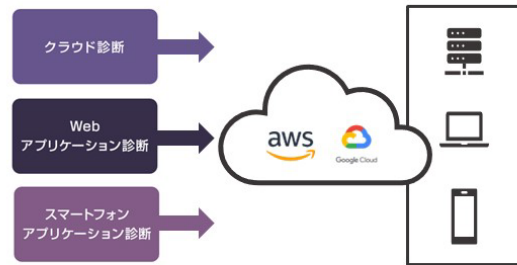
Product Sales



Promoting the introduction of CloudCREW at large corporations to strengthen cloud security

CloudCREW by GMO

GMO CYBER SECURITY IERAE



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Next is cloud infrastructure business. First, please see sales by product category.

Sales of CloudCREW have been steady and increasing.

In September, we started a business alliance with GMO Cyber Security by Ierae, a cyber security company, in the area of cloud security. We will promote the introduction of cloud vulnerability assessment mainly to major companies as a gateway to cloud vulnerability assessment.

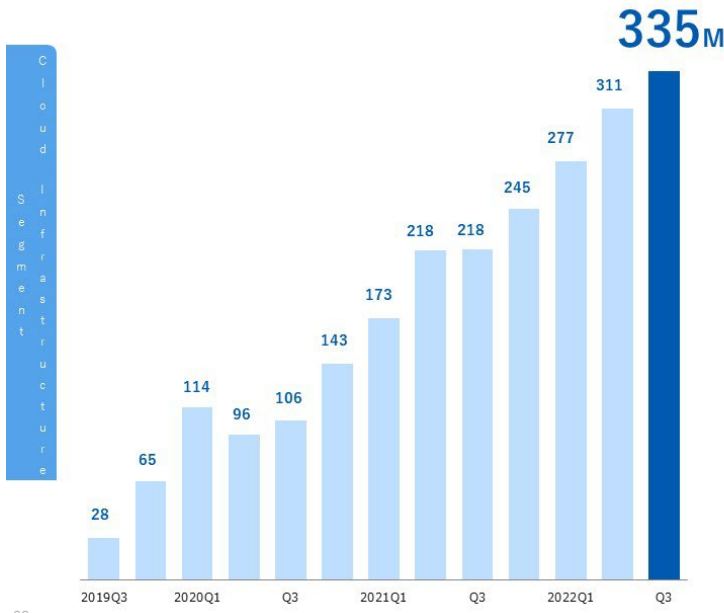
Recently, security measures have become increasingly important due to the increase in damage from cyber-attacks and the spread of teleworking. CloudCREW aims to further expand its business by taking advantage of its strength in the security field, which is not available from competitors.

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FY2022 Q3 Consolidated

Sales : **923**百万円

YoY: **+54.0%**

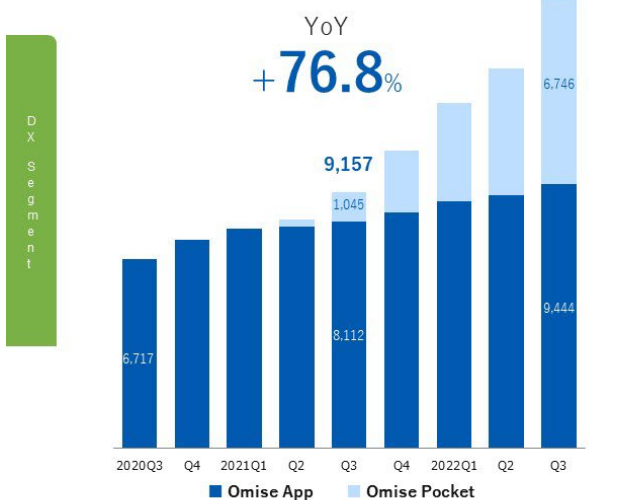


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This is a sales trend of CloudCREW on a stand-alone basis.

The total of the first nine months was JPY923 million, up 54% YoY. As the use of cloud computing has continued to expand in light of labor shortages and operational efficiency, we will continue to grow by capturing demand.

Number of Shops Using App **16,190**



Promoted DX at stores by group synergy

-Linking MakeShop byGMO with Smaregi-



Added dashboard function

-Enables the effect of sales promotions to be measured easily-



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Last, let me explain the DX business.

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The number of stores using GMO Omise App totaled 16,400, as the number of stores using Omise Pocket continued to grow.

Recently, we have collaborated with GMO MakeShop to release a collaborative service and added a dashboard function to visualize the sales promotion effects of the application. This new feature is highly demanded by our customers, and we expect to expand its introduction in the future to the small- and medium-sized business customers that Omise App targets.

This concludes my explanation.

We have included more detailed figures and explanations of our services in the handout, so please take a look at that as well.

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 for your attention.

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