



## **GMO GlobalSign Holdings K.K.**

Q2 Financial Results Briefing for the Fiscal Year Ending December 2023

August 9, 2023

## Event Summary

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<b>[Company Name]</b>	August 9, 2023
<b>[Company ID]</b>	3788-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Earnings Announcement
<b>[Event Name]</b>	Q2 Financial Results Briefing for the Fiscal Year Ending December 2023
<b>[Fiscal Period]</b>	FY2023 Q2
<b>[Date]</b>	August 9, 2023
<b>[Number of Pages]</b>	24
<b>[Time]</b>	17:00 – 17:24 (Total: 24 minutes, Presentation: 16 minutes, Q&A: 8 minutes)
<b>[Venue]</b>	Webcast
<b>[Venue Size]</b>	
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	1 Mitsuru Aoyama                      President & CEO and Executive Officer

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## Presentation

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**Moderator:** Thank you very much for taking time out of your busy schedule today to attend GMO GlobalSign Holdings K.K.'s financial results briefing. Today's briefing will be given by Mitsuru Aoyama, President & CEO and Executive Officer. After all explanations are given, there will be time for a question-and-answer session.

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

**Aoyama:** I'm Aoyama from GMO GlobalSign Holdings. Thank you very much for spending your time to join us today. I will get straight to the point, and start to report our financial results for Q2 of FY2023.

## Strong Growth in Invested Areas



Sales up **1.58** times / Number of contracts up **2** times /  
Number of transmissions up **2** times

- Achievement ratio of the consolidated results forecast: net sales at 49.9% and ordinary profit at 45.2%
- Net sales in the Digital Certificate and eSignature segment increased by 14.0% year on year (consolidated +7.8%)
- Net sales of eSignature GMO Sign increased by 58.3% year on year
- Saw increase of approximately 550 million yen year on year on a consolidated basis due to strategic investment in GMO Sign and increase in personnel expenses at GlobalSign's overseas offices

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First, here is the situation in Q2 of 2023.

The growth of GMO Sign continues to grow steadily as we continue to invest aggressively in the company. GMO Sign has grown, doubling the number of contracts, doubling the number of transmissions, and increasing net sales by 1.6 times compared to the same period last year.

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## FY2023 Q2 Consolidated Sales and Profit

	FY2022	FY2023	YoY	FY2023 (Forecast)	Achievem ent Ratio
Unit : Million Yen					
Sales	7,906	<b>8,519</b>	+ 7.8%	17,080	<b>49.9%</b>
Operating Profit	899	<b>611</b>	△32.0%	1,506	<b>40.6%</b>
Ordinary Profit	985	<b>679</b>	△31.0%	1,504	<b>45.2%</b>
ProfitAttribut able to Owners of Parent	698	<b>410</b>	△41.1%	886	<b>46.4%</b>



As a result, net sales increased 7.8% YoY to JPY8,519 million, 49.9% ahead of the consolidated forecast. The electronic authentication and seals business increased by 14% YoY, while GMO Sign's sales grew steadily, up 58% YoY. The steady growth in sales resulted in a YoY increase in revenues.

Meanwhile, operating income fell by 32% to JPY611 million and ordinary income fell by 31% to JPY679 million. The progress rate of ordinary income is 45.2%.

This was due to a JPY550 million increase in SG&A expenses caused by two key factors: an increase in advertising expenses from strategic investments in GMO Sign; and a temporary increase in personnel expenses due to base increases and commissions from price hikes at GlobalSign's overseas offices, which resulted in a YoY decrease in revenues.

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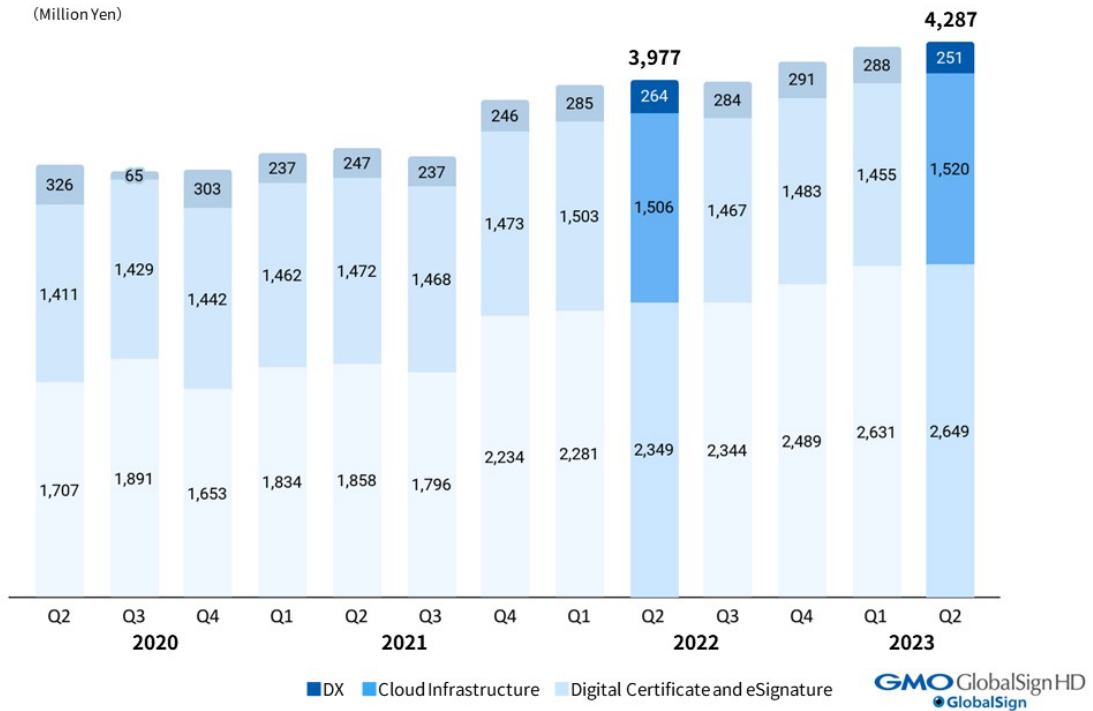
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# Quarterly Trend in Net Sales

Revenue increased year on year due to continued growth of GlobalSign's overseas businesses and GMO Sign



I will now explain quarterly trends in net sales.

Q2 of 2023 saw sales reach JPY4,287 million, exceeding Q2 sales of the previous year and recording the highest quarterly performance.

The electronic authentication and seals business continued to grow with a 14% increase over the same period last year, and CloudCREW sales also grew. These factors resulted in increased revenues YoY.

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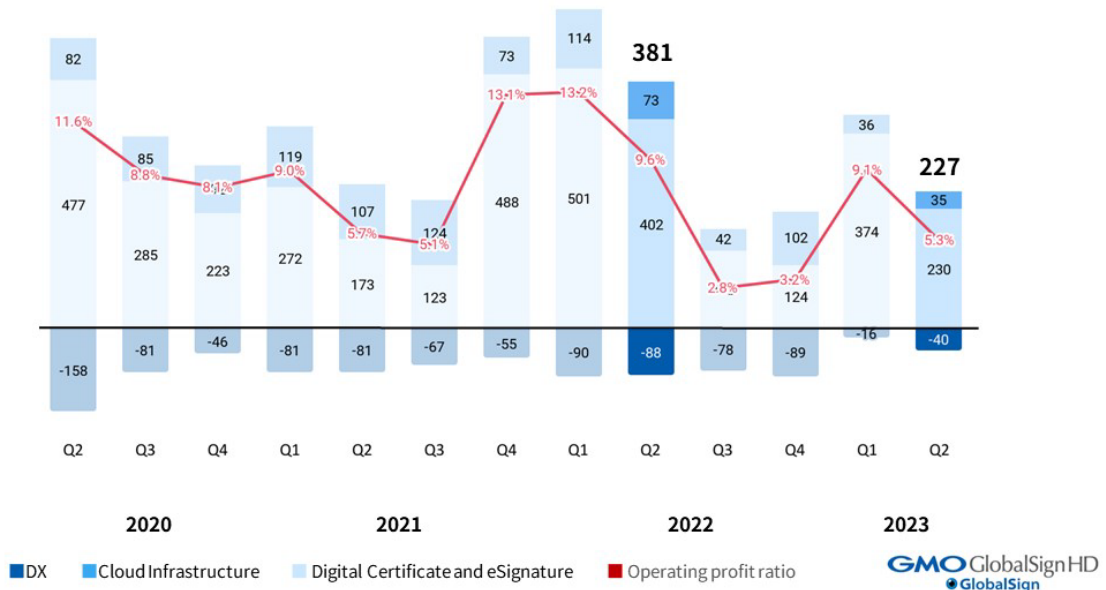
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# Quarterly Trend in Operating Profit

Advertising expenses increased due to strategic investment in GMO Sign and GlobalSign's personnel expenses increased temporarily

(Million Yen)



Next, this is the quarterly trend of operating profit.

Operating profit for Q2 was JPY227 million, down 40.3% from the same period last year. The effect of increased personnel expenses at GlobalSign's overseas locations pushed down the profits.

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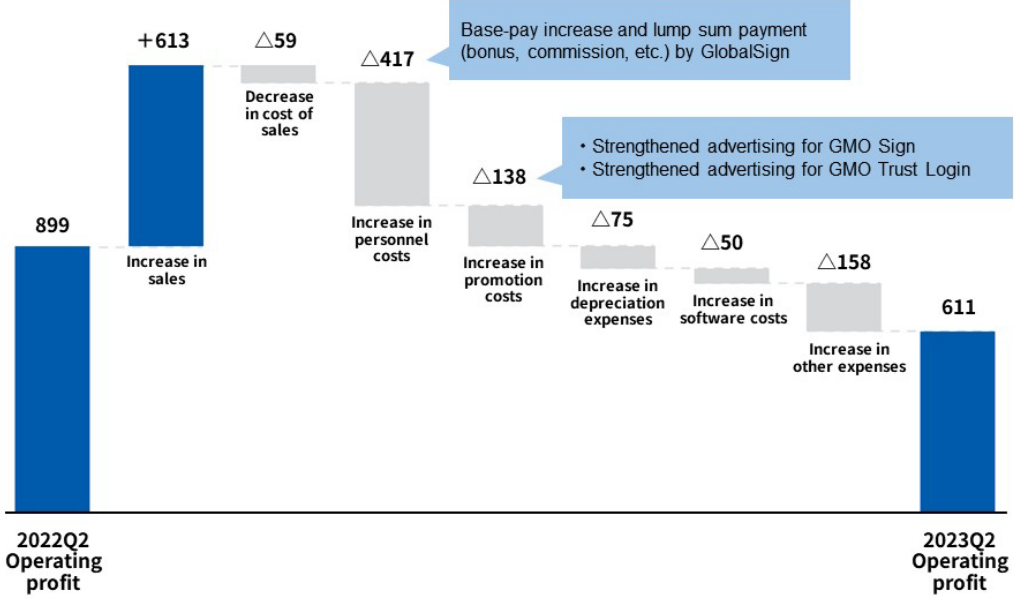
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# Analysis of Fluctuations in Operating Profit

(Million Yen)

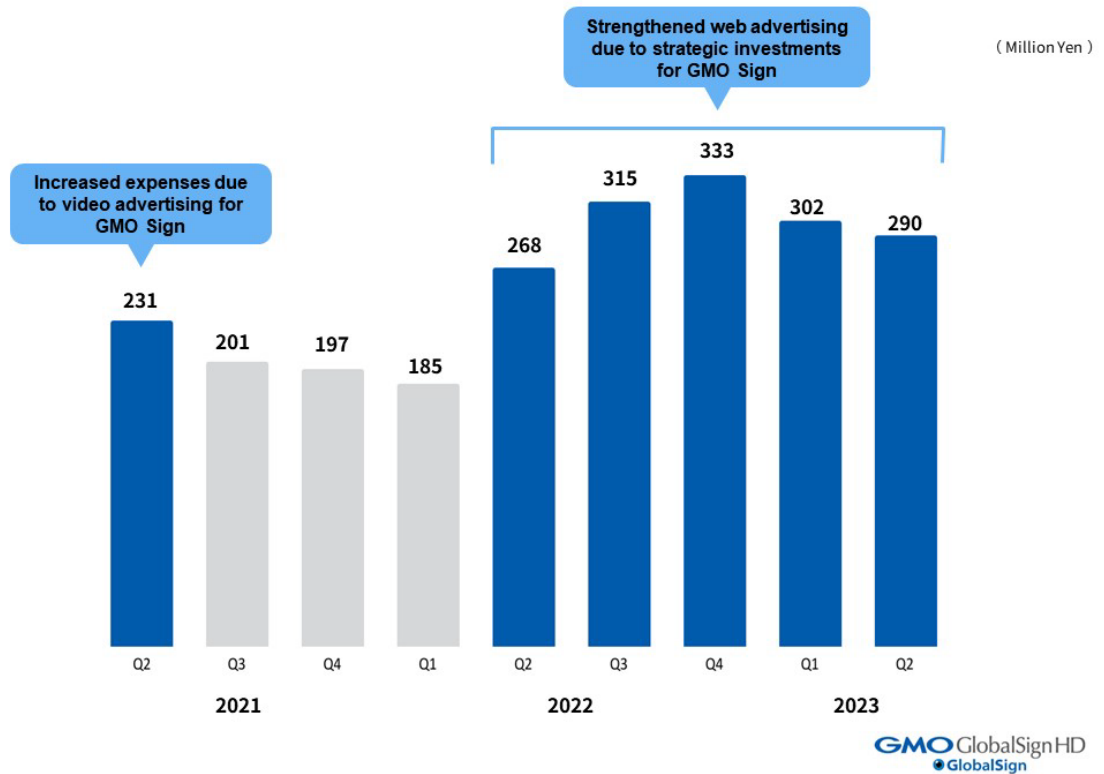


Next, an analysis of changes in operating profit.

The current quarter was JPY611 million compared to JPY899 million in Q2 of the previous year, a decrease of JPY288 million.

In addition to the personnel expenses for GlobalSign that I mentioned earlier, mainly due to the continued strengthening of GMO Sign’s Web advertising, promotional expenses have increased.

# Trends in promotion expenses



The changes in promotional expenses for the quarter are shown in the table on this slide.

It has been increasing due to the strengthening of GMO Sign’s promotions since Q2 of the previous fiscal year.

In Q2 of the current fiscal year, the level of promotional expenses was about the same as in Q1 of the current fiscal year.

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## FY2023 2Q Quarterly Comparison by Segment

Sales				Operating Profit			
Unit: Million Yen	FY2022 (Actual)	<b>FY2023 (Forecast)</b>	Forecast against Actual	Unit: Million Yen	FY2022 (Actual)	<b>FY2023 (Forecast)</b>	Forecast against Actual
Digital Certificate & eSignature	4,630	<b>5,279</b>	+ 14.0%	Digital Certificate & eSignature	903	<b>604</b>	△33.1%
Cloud Infrastructure	3,008	<b>2,974</b>	△1.1%	Cloud Infrastructure	186	<b>71</b>	△61.6%
D X	549	<b>539</b>	△1.7%	D X	△177	<b>△55</b>	-
Internal Transaction	281	<b>273</b>	-	Internal Transaction	13	<b>8</b>	-
<b>Total</b>	<b>7,906</b>	<b>8,519</b>	<b>+7.8%</b>	<b>Total</b>	<b>899</b>	<b>611</b>	<b>△32.0%</b>

GMO GlobalSign HD  
GlobalSign

Next are the results by segment.

In the electronic authentication and seals business, revenues increased due to steady sales of both SSL and Trust Login and GMO Sign.

In the cloud infrastructure business, revenues and profits declined due to a temporary increase in expenses resulting from the relocation of the data center.

In the DX business, although sales of the GMO Omise app are growing steadily, the vehicle remote diagnosis service and LINKDrive were transferred from the business, and this had a negative impact on revenues. On the other hand, expenses were significantly reduced and operating profit and loss improved.

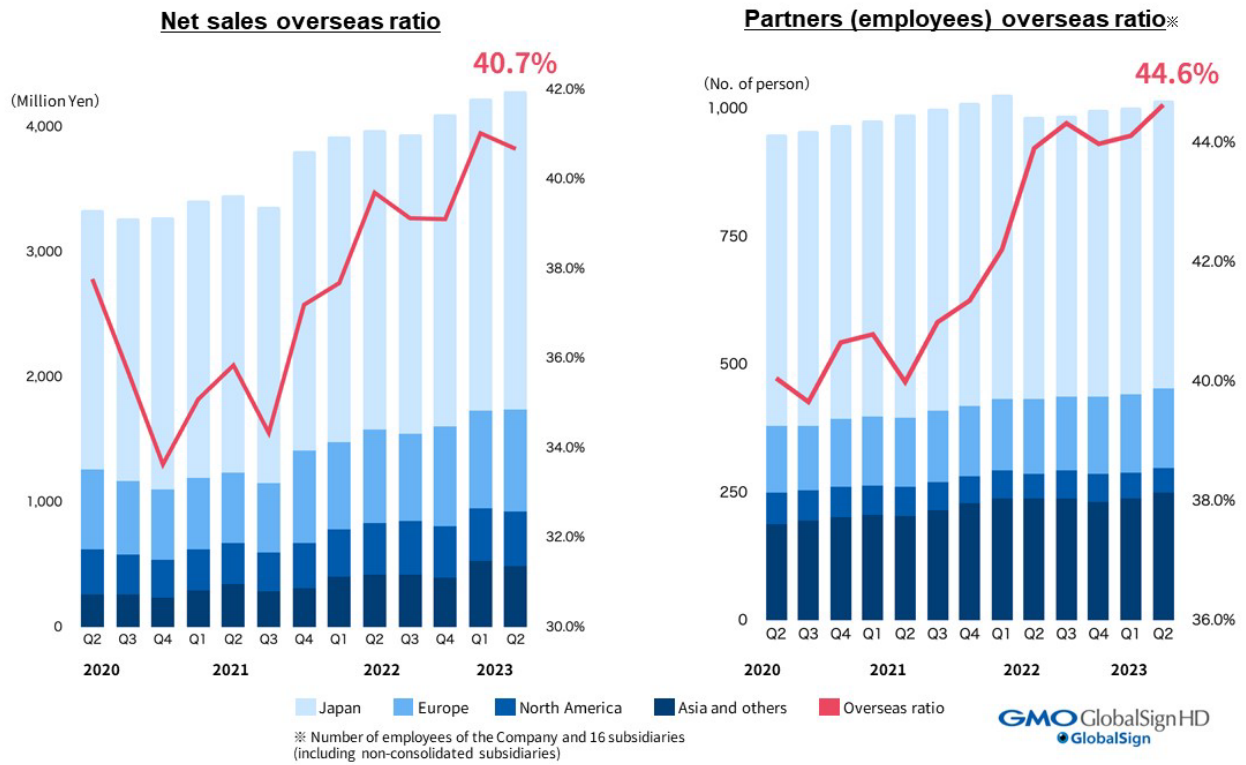
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## By Region (FY2023 2Q Overseas Ratio)



This is the ratio of overseas sales and partners by global location.

Compared to the previous quarter, the sales in Japan, including GMO Sign, Trust Login, and CloudCREW, grew, while the overseas ratio declined slightly.

The number of partners rose due to increased personnel in the US and Europe.

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## Overview of Digital Certificate and eSignature Segment services

Services utilizing the technology and expertise of a digital certificate authority



Domestic Certificate Authority operated in-house  
SSL market share: No. 1 in Japan, No. 3 worldwide

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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 companies  
adopting our single sign-on service



Now, let me explain the situation for each segment.

First is the electronic authentication and seals business.

You can see an overview of this segment's services in the slide. We are developing our services based on the strength of our own electronic authentication technology and know-how.

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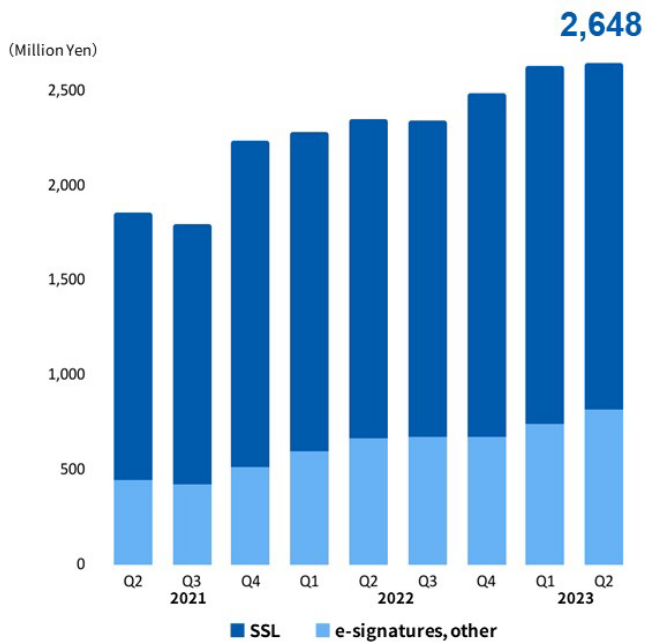
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## Changes in Sales by Product



**Sales of GMO Sign and GMO Trust Login increased steadily**

First, here are the sales trends for the electronic authentication and seals business by product line.

In Q2, the use of electronic signature services expanded steadily overseas.

In Japan, GMO Sign and GMO Trust Login grew steadily, accounting for 30% of non-SSL sales.

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# Number of User Companies



## Domestic market share **No.1**

Companies that have introduced GMOsign



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GlobalSign

The following slide shows the number of companies signing up for the service by GMO Sign.

As of the end of June 2023, the number of companies had doubled YoY to 1,467,000.

The Company is stepping up promotions, and as a result, the number of blue-chip companies acquired via the web is steadily increasing.

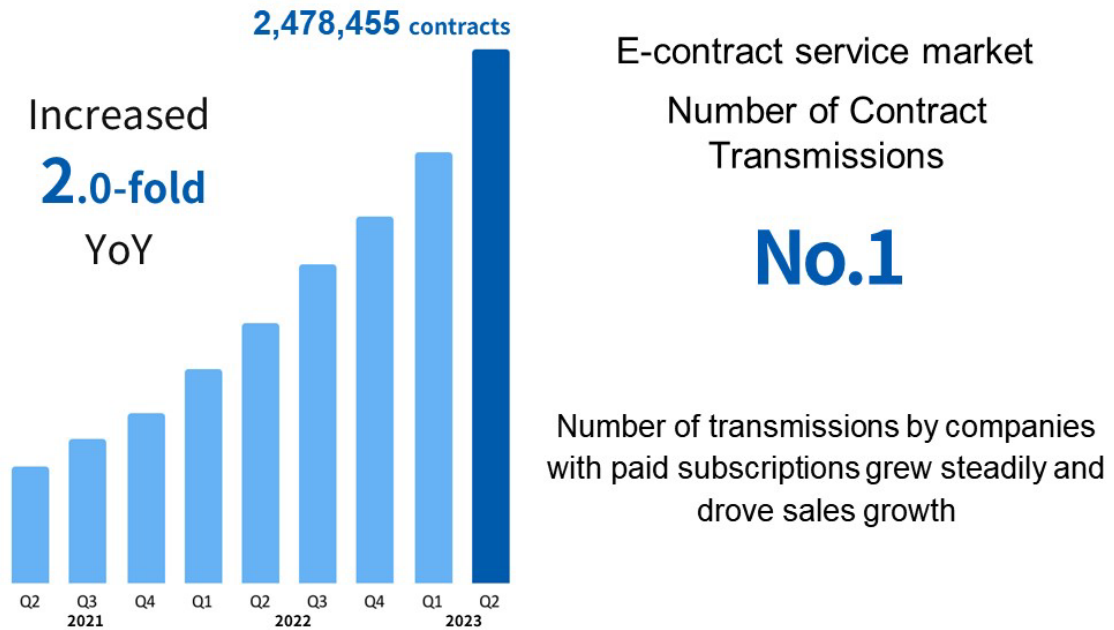
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## Number of Contract Transmissions



This is a trend in the number of contracted transmissions with GMO Sign.

The number of transmissions doubled from the same period last year to 2,478,000.

In addition to an increase in the number of transmissions from existing direct sales customers, the number of OEM transmissions and the use of the signature engine have expanded. As a result, metered sales grew steadily.

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# Digital Government

Used by Japan's hometown tax payment management system

Number of services provided to local governments totals

**1,120**

GMO Sign to be introduced at **60** public organizations



Local governments that have introduced GMOsign

Tokyo Prefecture	Gunma Prefecture	Yamaguchi Prefecture	Oita Prefecture
Sibuya Ward, Tokyo Prefecture		Adachi Ward, Tokyo Prefecture	Fukuoka City, Fukuoka Prefecture
Toyota City, Aichi Prefecture		Kawasaki City, Kanagawa Prefecture	Yokosuka City, Kanagawa Prefecture
Higashiosaka City, Osaka Prefecture		Toyonaka City, Osaka Prefecture	Chigasaki City, Kanagawa Prefecture
Tatsuno City, Hyogo Prefecture		Amami City, Kagoshima Prefecture	Inabe City, Mie Prefecture
Sanjo City, Niigata Prefecture		Sakai City, Fukui Prefecture	Shiso City, Hyogo Prefecture
Nagahama City, Shiga Prefecture		Hadano City, Kanagawa Prefecture	Sakado City, Saitama Prefecture
Hirakata City, Osaka Prefecture		Shijonawate City, Osaka Prefecture	Neyagawa City, Osaka Prefecture

GMO GlobalSignHD  
GlobalSign 18

Next is the status of the introduction of the system to local governments.

At present, 60 public organizations nationwide have decided to introduce the system. In addition, GMO Sign has been adopted as a standard function of the Furusato (hometown) tax payment system introduced in municipalities nationwide, bringing the total number of municipalities served by GMO Sign to 1,120.

We will continue to aggressively promote the introduction of our products to local governments and aim to become number one in terms of the number of local government installations by strengthening our sales to local governments nationwide through the implementation of agency measures and by leveraging our strength in development.

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## 2023 Initiative

### Began offering **GMO Sign E-notification** for national and local governments

Safely digitizes notifications previously issued by paper



By replacing the conventional official seal, which is stamped by the head of the municipality, with an electronic certificate issued by the governor or municipality, the GMO SIGN electronic delivery system enables paperless and municipal DX with a high level of security.

The Digital Agency also strongly recommends that the issuer's proof of origin and other assurances be provided for electronic delivery. We can meet these requirements by utilizing the function of party-type digital signatures with our certification authority, making our service both secure and convenient.

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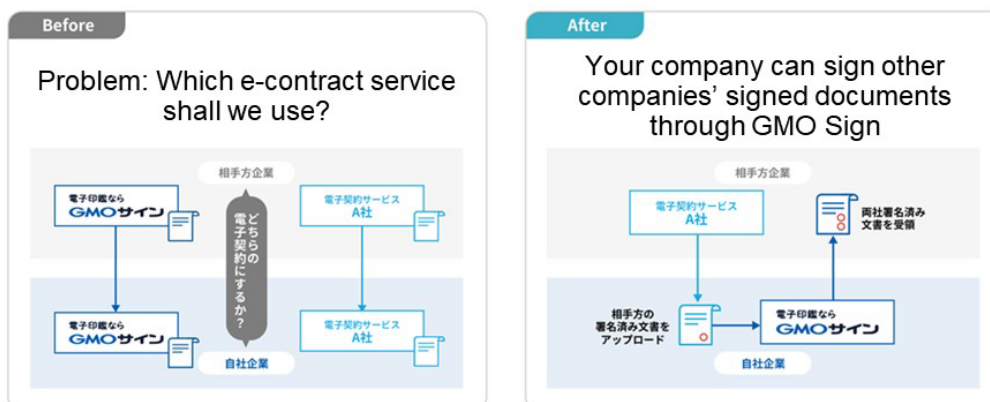




## 2023 Initiative

### Began offering the industry's first signature compatibility feature

Documents signed through other e-contract services can be centrally managed together



In July, we released the industry's first signature compatibility feature. This allows a company to centrally manage everything from signatures to documentation with GMO Sign, even if the other party is using a different electronic contract service than the company.

Let's say, for example, company A normally uses GMO Sign, but another company asks for a signature on another X company's electronic contract.

Until now, it was not possible to sign and seal a contract without using company X's system, but by using GMO Sign, we can import the signatures of electronic contracts sent by company X on its own platform into GMO Sign, and then affix our signatures on them.

In addition, all contracts and various agreements can be centrally managed, making centralized management highly secure and convenient.

We believe that this feature will make it very convenient for customers in terms of price, functionality, and convenience, as they will no longer have to select services according to their business partners.

We will continue to expand our business by taking advantage of the price advantage and high reliability of having a certification authority, as well as the speedy development of functions through our advanced development.

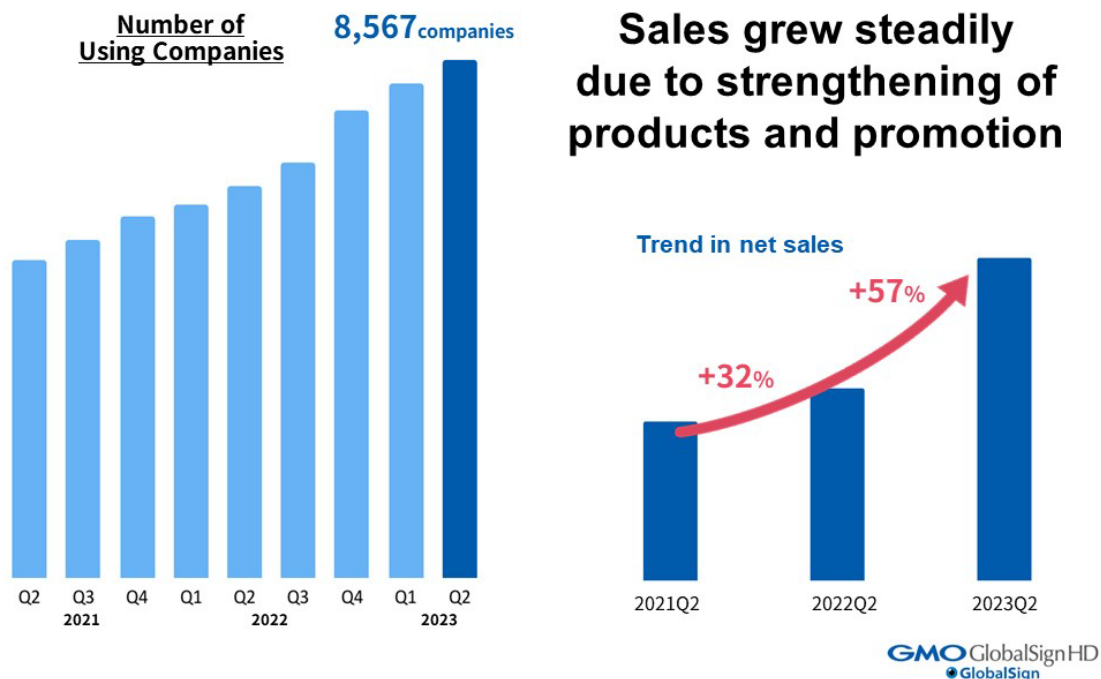
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## Single Sign On service



Next, as for the single sign-on service, we provide it through a service called Trust Login.

In the period under review, sales grew steadily and the volume of sales increased by 57% from the same period of the previous year, thanks to enhanced web advertising in addition to enhanced linkage functions.

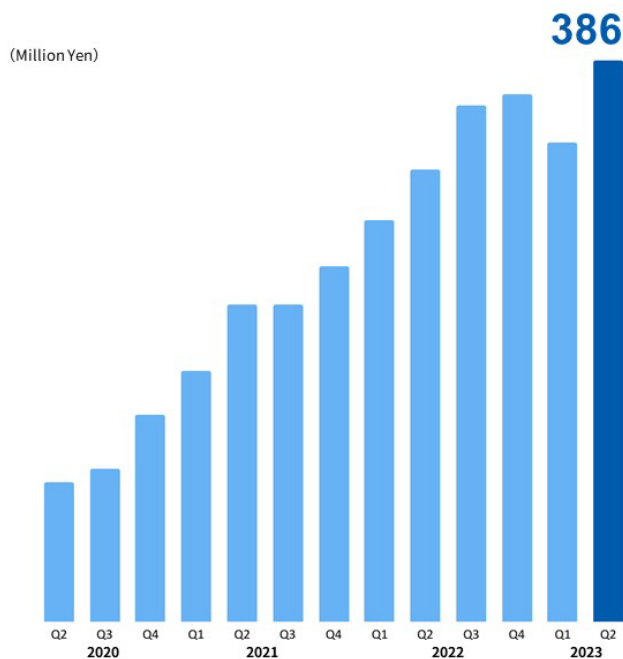
Going forward, we aim to further expand sales by strengthening cooperation with sales partners, which has been our challenge.

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# Managed Cloud Service Sales



FY2023 Consolidated

Sales : **716M**

YoY : **+21.8%**



Next is the cloud infrastructure business.

First, here are the quarterly sales figures of CloudCREW alone. Sales for Q2 totaled JPY386 million, up 24% from the same period last year. The cumulative total through Q2 was JPY716 million, up 21% from the same period last year.

In Q1, due to the weak yen and other factors, some of our customers left us to join other domestic services, such as cloud services provided by other domestic companies and domestic data centers. These issues have settled down and the Company is now smoothly returning to its original growth path.

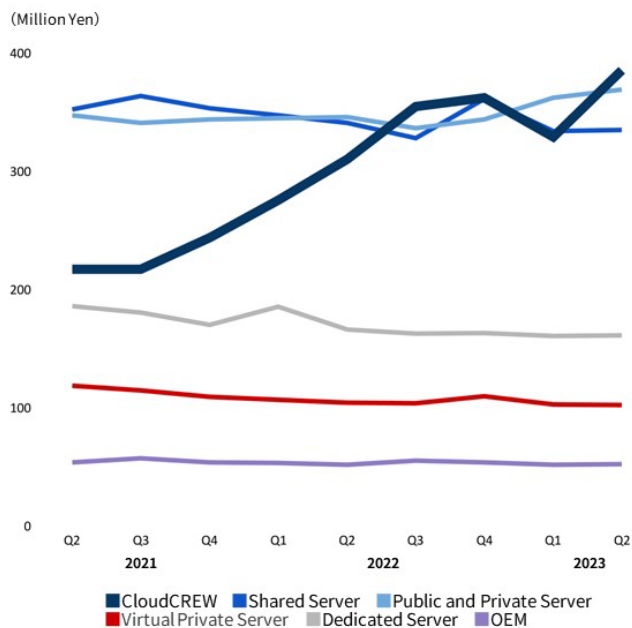
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## Product Sales



**Began offering the post-payment option, a billing agency service, by group synergy**

**Expand its implementation by startup companies and future growth companies**



The next section shows sales by product line.

Although released in August, we have started to offer a deferred payment option for CloudCREW customers in cooperation with GMO Payment Gateway, Inc.

This will allow customers to defer payment of their bill for up to six months after the fact. DX promotion has become a must for companies, and securing cash flow is one of the challenges, especially for startups. By offering the deferred payment option, we hope to expand the introduction of this service to growing companies in the future.

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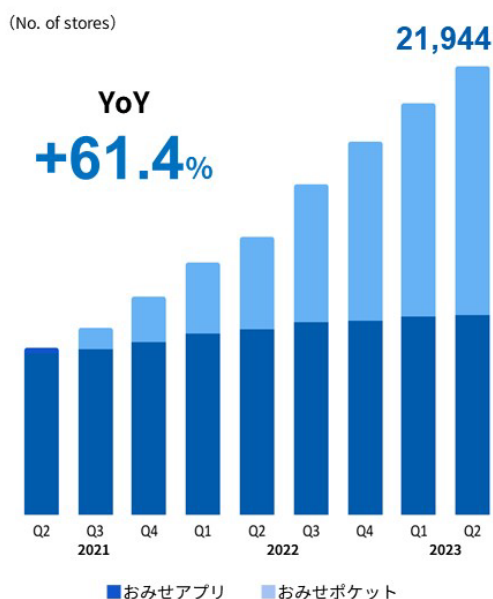
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## Web solution O2O

### Number of Shops Using App



### モバイル商品券 プラットフォーム by GMO

Steadily expanded implementation by local governments due to strengthening of products and group synergy

Pay-easy compatible



Can top up and give approval without a smartphone



Introduction Achievements in Local Governments

JTB/JTB Business Innovators

TOYOTA Finance

Kyoto City,  
Kyoto Prefecture

Hiroshima City,  
Hiroshima Prefecture

Yamaguchi City,  
Yamaguchi Prefecture

Sapporo City,  
Hokkaido Prefecture

Yoro Town,  
Gifu Prefecture

Ikeda City,  
Gifu Prefecture

GMO GlobalSign HD  
GlobalSign

Last, let me explain the DX business.

The number of stores using the GMO Omise app totaled 21,900, thanks to the continued steady expansion of the introduction of Omise Pocket, a cooperative service.

In addition, the collaborative service with GMO Payment Gateway, Inc. and the enhanced functionality of the mobile gift certificate platform have resulted in steady growth in both new installations and additional orders from local governments. We will continue to expand our business by focusing on cooperative services with the Omise app.

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.

As I mentioned at the beginning of this presentation, the current situation is that GMO Sign is growing steadily and we continue to invest aggressively to expand the use of our services by a large number of customers. We will also continue to expand our growth in the global market with e-authentication as our main focus.

“We change things with IT.” We look forward to having your continued support for GMO GlobalSign Holdings K.K. Thank you for your attention.

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