



GMO GlobalSign Holdings K.K.

Q3 Financial Results Briefing for the Fiscal Year Ending December 2023

November 13, 2023

Event Summary

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

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Presentation

Aoyama: My name is Aoyama. Thank you very much for spending your time to join us today. I will get straight from the point and start to report our financial results for Q3 of FY2023.

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Here is the first agenda. I will first discuss our business results and then explain the status of each business.

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Strong Growth in Core Businesses

電子印鑑なら
GMOサイン

- Sales **1.50**times
- Number of contracts **1.82**times
- Number of transmissions **1.91**times

GMO トラスト・ログイン

- Sales **1.56**times
- Number of contracts **1.34**times
- Number of Paid IDs **1.64**times

- Consolidated net sales increased by 8.3% year on year
- Net sales in the Digital Certificate and eSignature Segment increased by 13.3% year on year
- Achievement ratio of the consolidated results forecast: net sales at 75.1% and ordinary profit at 61.7%

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First, here is the summary for Q3 of 2023.

Sales of GMO Sign and GMO Trust Login, our focus businesses, grew strongly over 50% YoY.

As a result, consolidated net sales increased by 8.3% YoY, sales of the electronic authentication and seals business increased by 13.3% YoY.

In addition, net sales and ordinary profit have progressed 75.1% and 61.7%, respectively, to the consolidated forecasts.

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FY2023 Q3 Consolidated Sales and Profit

	FY2022	FY2023	YoY	FY2023 (Forecast)	Achievem ent Ratio
Unit : Million Yen					
Sales	11,853	12,835	+ 8.3%	17,080	75.1%
Operating Profit	1,008	854	△15.3%	1,506	56.7%
Ordinary Profit	1,170	927	△20.7%	1,504	61.7%
ProfitAttribut able to Owners of Parent	799	578	△27.7%	886	65.3%



This slide shows the consolidated financial results for Q3.

Net sales were JPY12,835 million, operating profit was JPY854 million, and ordinary profit was JPY927 million.

For expenses in this fiscal year, we saw an increase in advertising expenses due to strategic investment in GMO Sign. In addition, personnel expenses increased mainly due to rising prices at GlobalSign's overseas offices and an increase in depreciation expenses. As a result, profits decreased YoY.

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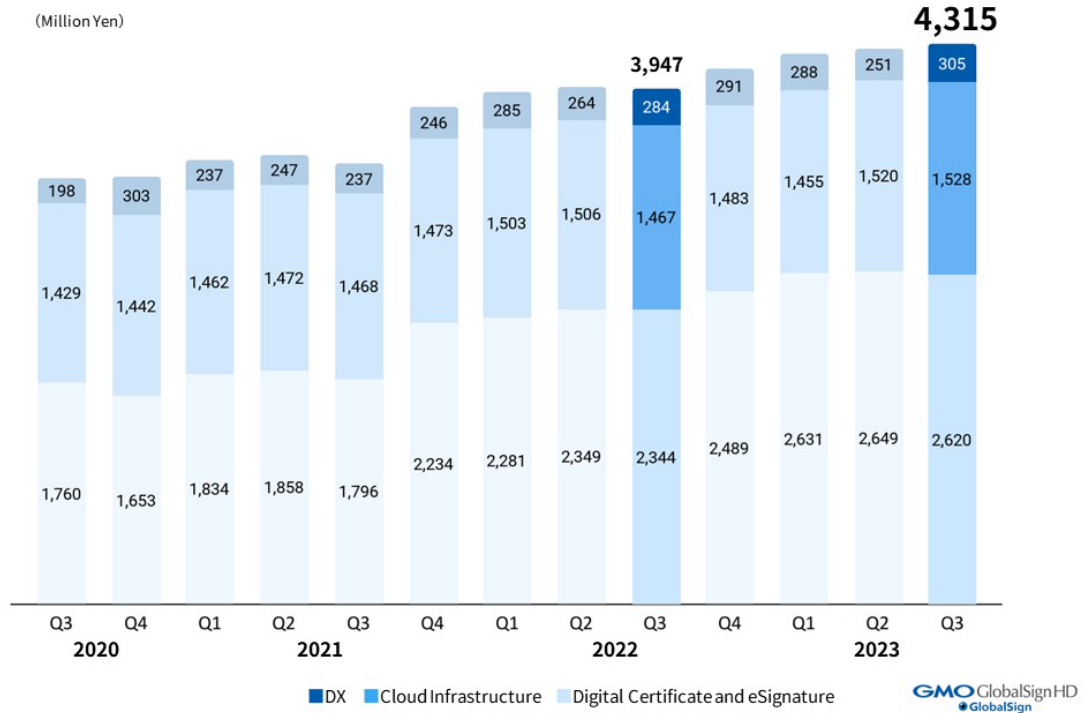
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Quarterly Trend in Net Sales

Increased net sales year on year due to continuous growth of GlobalSign and GMO Sign



Next, this is the quarterly trend of net sales.

Net sales in Q3 of 2023 were JPY4,315 million, exceeding Q2 and setting a new record high for quarterly results. In addition, revenue increased YoY in all segments.

The electronic authentication and seals business grew 13% YoY due to growth in GMO Sign and other businesses. CloudCREW in the cloud infrastructure business as well as GMO Omise app in the DX business showed growth. As a result, revenue increased YoY.

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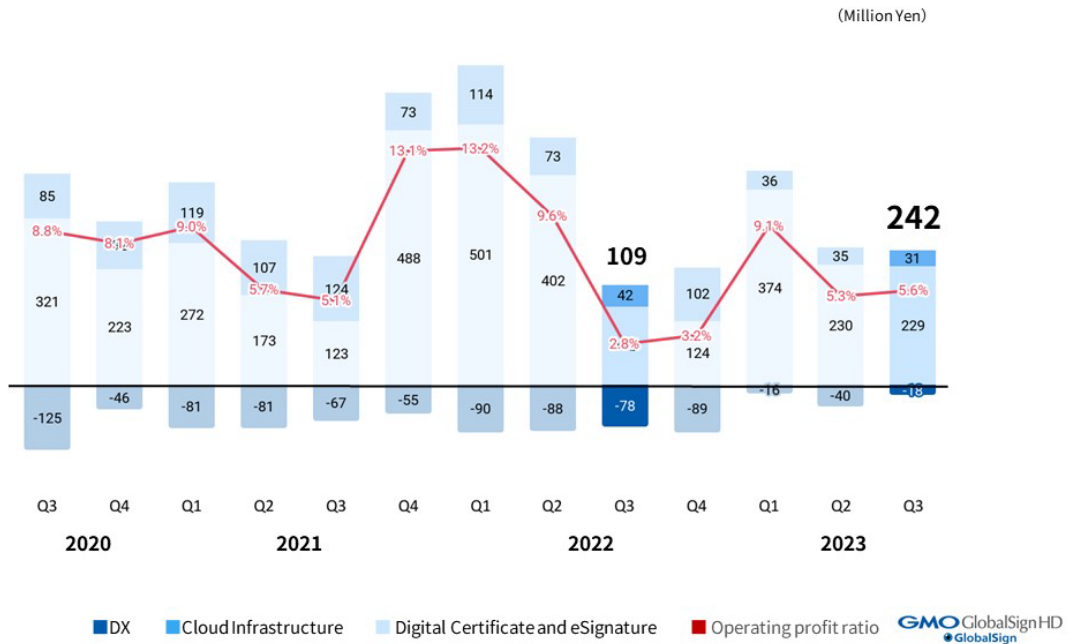
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Quarterly Trend in Operating Profit

Increased operating profit year on year due to sales growth and optimized advertisement expenses for GMO Sign, despite increase in personnel expenses and depreciation and amortization for GlobalSign as well as increase in server transfer costs in cloud infrastructure business



Next, this is the quarterly trend of operating profit.

Operating profit for Q3 was JPY242 million, up 120% YoY. Compared to the previous year, we have been able to control promotional expenses of GMO Sign at an appropriate level in the electronic authentication and seals business. In the DX business, sales growth and the transfer of vehicle remote diagnostic service led to a decrease in cost of sales. As a result, profit increased.

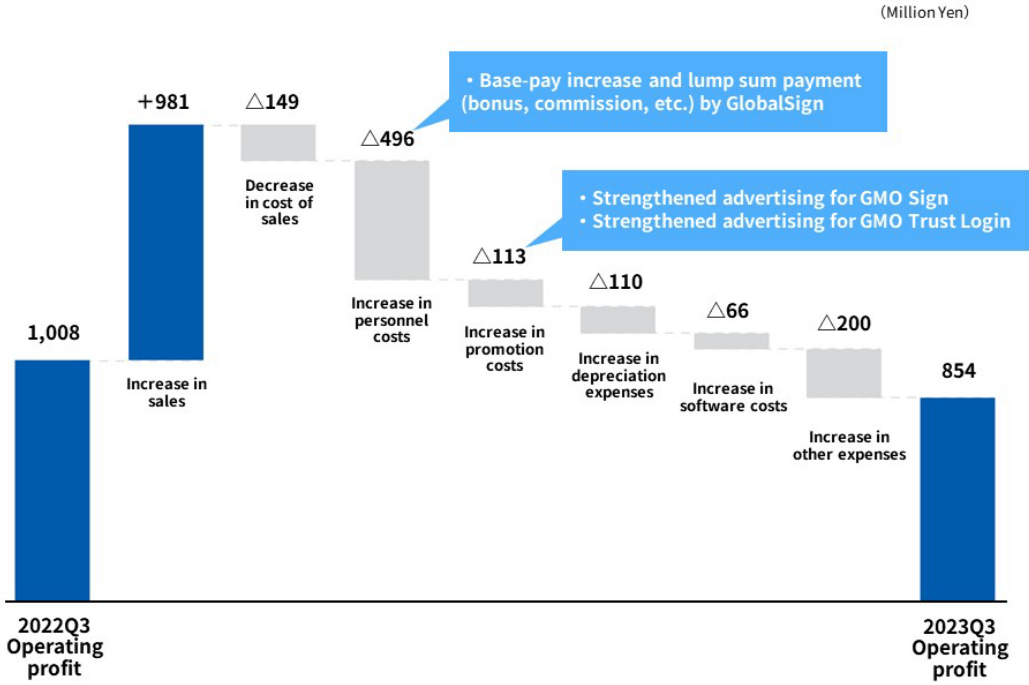
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Analysis of Fluctuations in Operating Profit



This is an analysis of changes in operating profit.

The current quarter was JPY854 million compared to JPY1,008 million in Q3 of the previous year, a decrease of JPY154 million.

Factors behind this include an increase in personnel expenses due to price hikes and a base-pay increase at overseas offices of GlobalSign and effects of exchange rates, an increase in amortization expenses due to the system development of certification authority, and an increase in promotion expenses due to strengthened web advertising of GMO Sign.

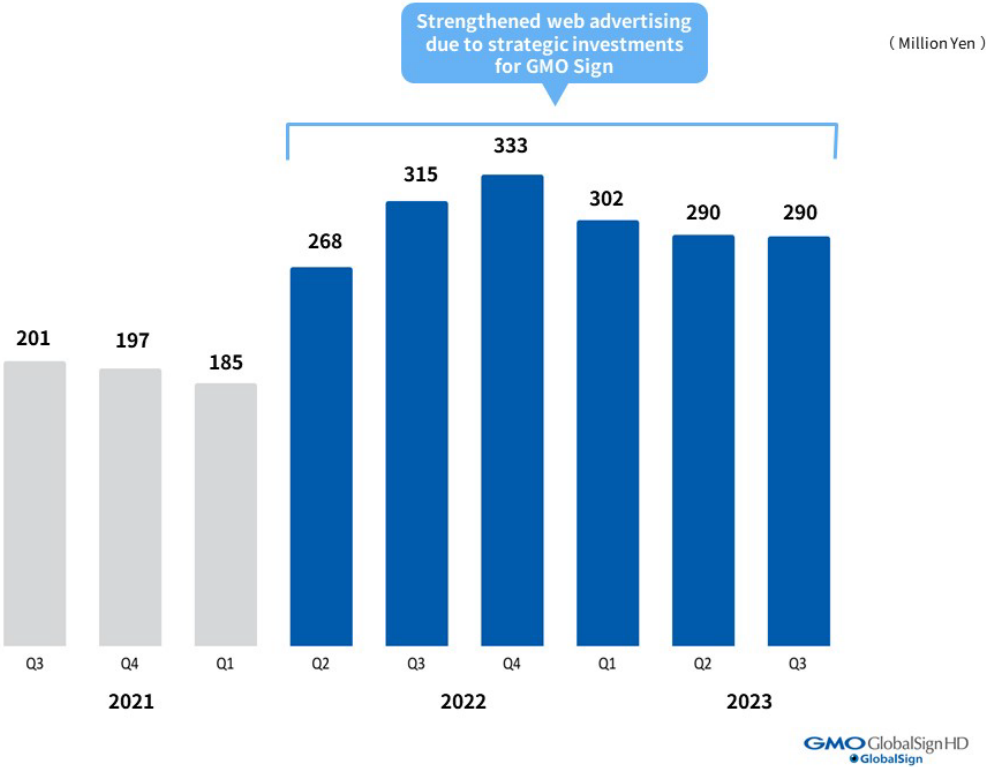
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Trends in promotion expenses



This slide shows the changes in quarterly promotional expenses.

Since Q3 of the previous year, we have been strengthening promotion of GMO Sign. In the current fiscal year, the level of promotional expenses has been about the same since Q1.

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FY2023 3Q Quarterly Comparison by Segment

Sales				Operating Profit			
Unit: Million Yen	FY2022 (Actual)	FY2023 (Forecast)	Forecast against Actual	Unit: Million Yen	FY2022 (Actual)	FY2023 (Forecast)	Forecast against Actual
Digital Certificate & eSignature	6,974	7,899	+13.3%	Digital Certificate & eSignature	1,055	832	△21.1%
Cloud Infrastructure	4,475	4,502	+0.6%	Cloud Infrastructure	228	102	△55.2%
DX	832	844	+1.4%	DX	△255	△74	-
Internal Transaction	428	411	-	Internal Transaction	19	7	-
Total	11,853	12,835	+8.3%	Total	1,008	861	△15.3%

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Next are the results by segment.

In the electronic authentication and seals business, revenue increased due to sales growth of each product of GMO Sign, Trust Login, and SSL.

On the other hand, operating profit decreased due to higher personnel and amortization costs at GlobalSign and higher advertising expenses at GMO Sign, resulting in a decrease in profit.

In the cloud infrastructure business, revenue increased due to sales growth at CloudCREW, but profit decreased due to higher expenses resulting from data center relocation.

In the DX business, operating profit improved as revenue increased due to sales growth of the GMO Omise app and expenses decreased due to the transfer of vehicle remote diagnostic services, LINKDrive.

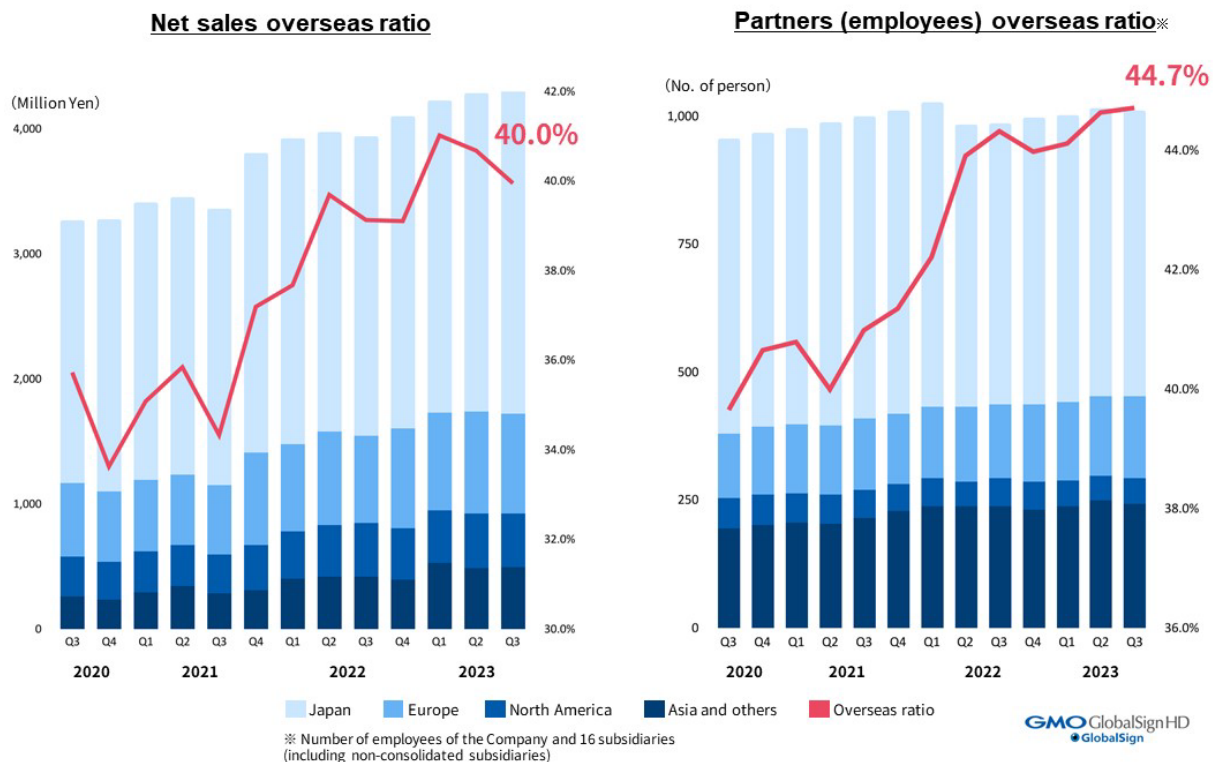
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By Region (FY2023 3Q Overseas Ratio)



As the last topic of the quarterly financial summary, I will discuss consolidated sales and the number of all partners.

Compared to the previous quarter, the overseas ratio decreased due to growth in sales of domestic products such as GMO Sign, Trust Login, CloudCREW, and the Omise app.

The number of partners decreased in Japan, resulting in a slight increase in the overseas ratio.

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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



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



I will now explain the business of each segment.

Firstly, the electronic authentication and seals business.

This slide shows an overview of this segment's services. We are developing our services based on the strength of in-house electronic certification authority technology and know-how.

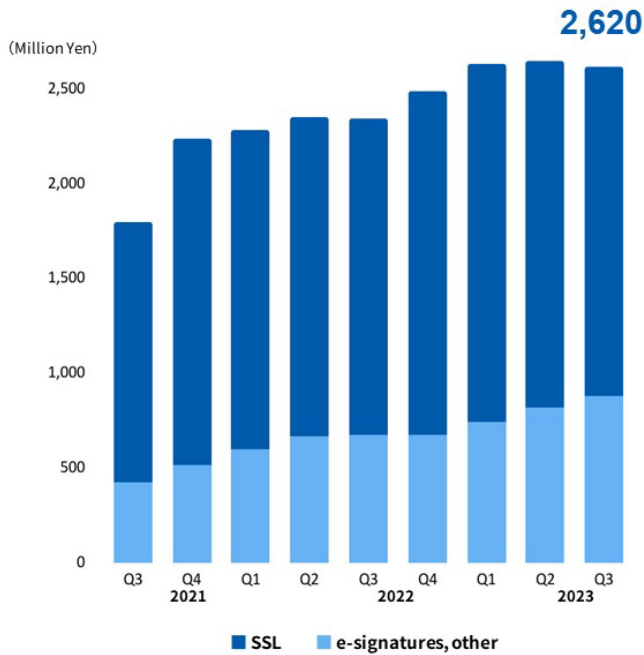
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Changes in Sales by Product



Strong growth in GMO Sign and GMO Trust Login

Sluggish growth of SSL due to U.S. and European economic factors, etc.

Firstly, here are the sales trends of the electronic authentication and seals business by product line.

In Q3, GMO Sign and GMO Trust Login continued to perform well in Japan, accounting for 33% of sales.

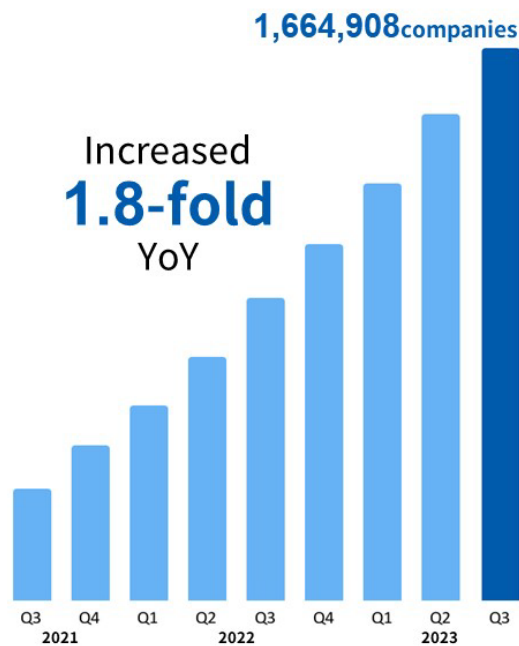
On the other hand, SSL was weak, mainly affected by the economic decline in North America.

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Number of User Companies



Domestic market share **No.1**

Companies that have introduced GMOsign



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The next slide shows the trend of the GMO Sign subscribers.

As of the end of September, the number of companies reached 1.664 million, 1.8 times YoY. The acquisition of new paying companies continues to grow steadily.

In addition, since Q3, we have been working on measures to upgrade plans from free plans to paid plans. The number of applications for paid plans has been growing steadily, approximately 1.5 times YoY.

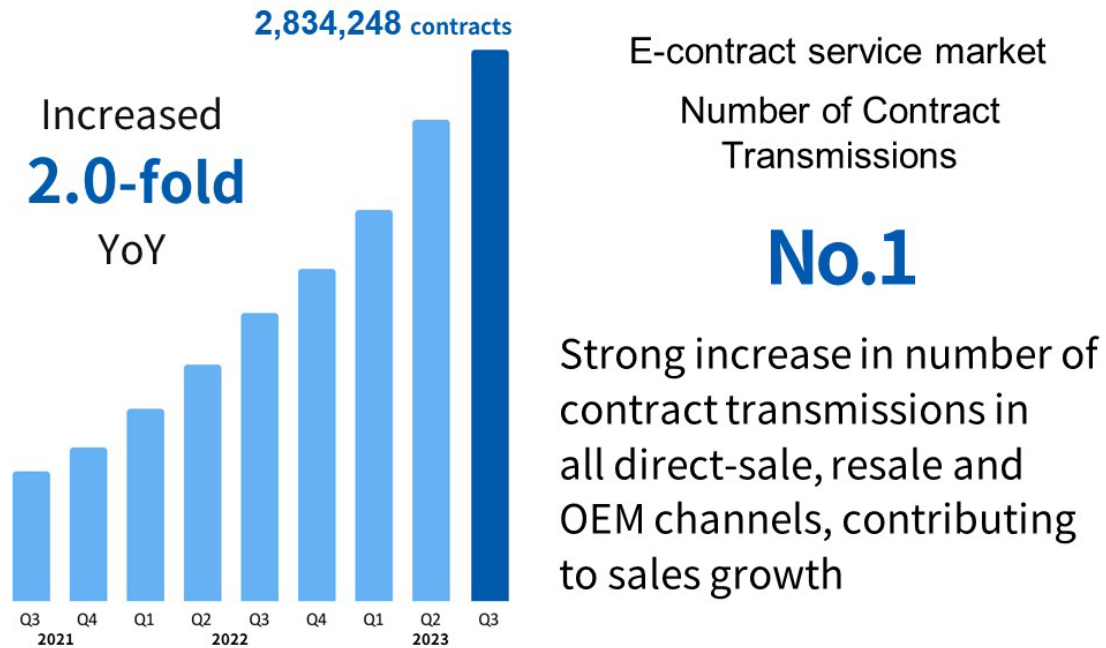
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Number of Contract Transmissions



※ 電子署名法が定める要件を満たす電子署名およびタイムスタンプが付された契約の送信件数 (2022年10月自社調べ・国内主要電子契約サービスを比較)

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Next slide shows the trend of the number of contract transmissions and the number of transmissions at GMO Sign.

The number of transmissions reached 2.834 million, 1.9 times YoY. The number steadily expanded in all channels, direct sales, resales, OEM, and signing agents.

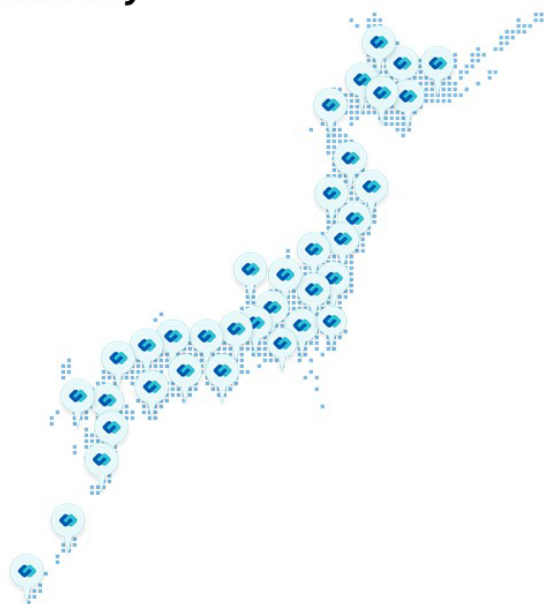
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For digital government, introduction of GMO Sign electronic delivery is promoted by leveraging our status as a certificate authority



※「電子印鑑GMOサイン」または「GMOサイン電子交付」を有償契約している公共団体

GMO Sign to be introduced at 65 public organizations

Local governments that have introduced GMOsign

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

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Next, the status of introduction to local governments.

At present, 65 public organizations have decided to introduce our product nationwide. Most recently, Kanagawa and Shizuoka Prefectures have decided to introduce our product.

Currently, we are promoting the expansion of use at local governments nationwide by strengthening our agency measures. We are advancing the introduction of our product, GMO Sign electronic issuance by taking advantage of our strength in in-house certification authority and development ability. Through these efforts, we aim to become the number one provider to local governments and achieve sales growth by increasing the number of introductions.

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2023 Initiative

Adoption by the Mizuho Group has been determined

Promotes DX in the financial industry by further strengthening partnerships

MIZUHO みずほフィナンシャルグループ

MIZUHO みずほ銀行 **MIZUHO** みずほ信託銀行

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In October this year, Mizuho Financial Group decided the introduction of the product. Going forward, we will work on the more introductions to each group company of Mizuho Financial Group. Our company and Mizuho Bank have entered into a comprehensive business matching agreement since March 2022, and we have been supporting the implementation of DX.

Through further strong partnerships, we will expand the number of companies using our product and further promote the implementation of DX and paperless operations.

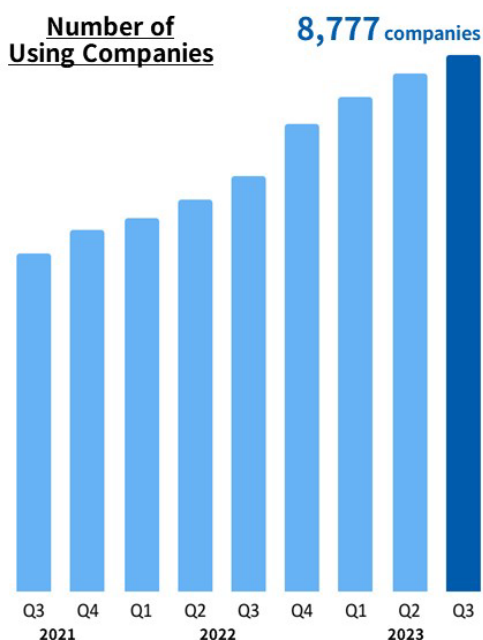
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Single Sign On service



Topic

Centrally manageable apps with GMO Trust Login exceed 7,000 in number

Number of linked apps
No.1 in Japan



As the last topic of the electronic authentication and seal business, I would like to explain the status of Trust Login.

In the current year, we have been working on continuous functional development, including enhancement of linkage functions, and in October, we became the number one company in Japan in terms of the number of linked apps.

In addition, as of October, we have surpassed our competitors to become the number one in Japan in the field of linked apps that implement SAML authentication, which does not use any ID passwords. Sales also expanded steadily, up 56% YoY.

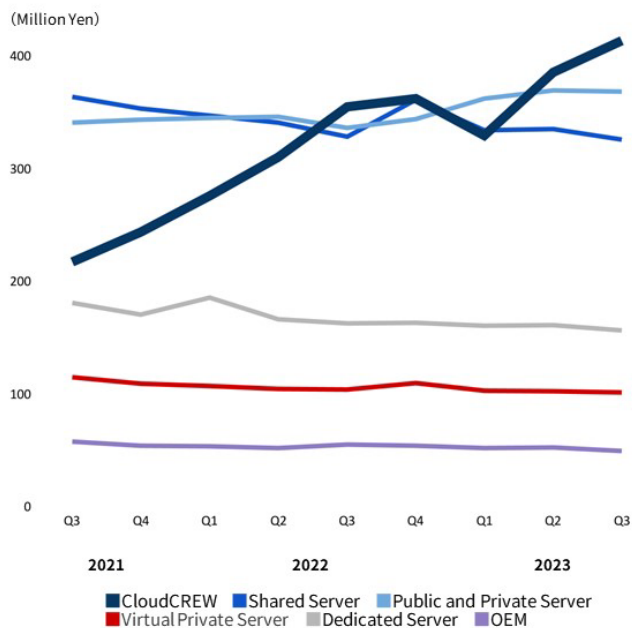
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Product Sales



Topic

Acquired AWS MSP program certification, currently granted only to 19 companies* in Japan

Introduction expanded to major companies by leveraging our high technical expertise and achievements



Next, the cloud infrastructure business. Firstly, I will explain sales by product line.

CloudCREW and the private cloud service have performed well. CloudCREW is working to be a premier service partner, the top-tier partner of AWS and Amazon Web Services, and as part of this effort, CloudCREW was certified under the AWS Managed Service Provider Program in October.

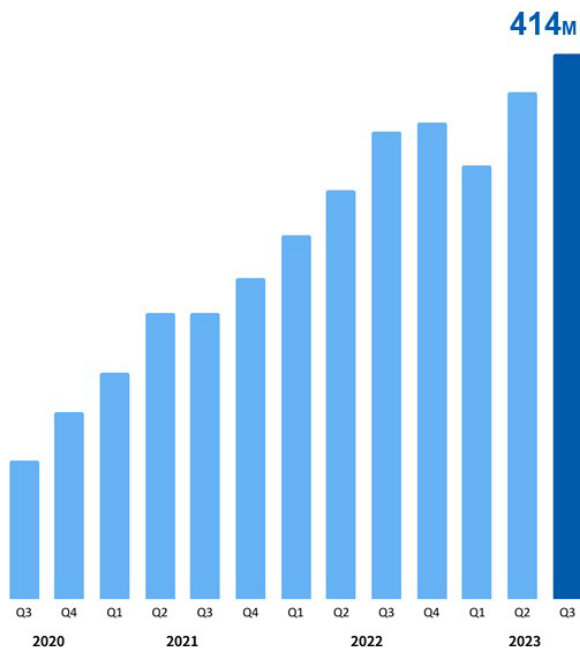
This is because CloudCREW's solid track record, technical capabilities, and business soundness are evaluated to meet the high standards set by AWS. Only 19 partners of more than 700 AWS partners in Japan have been certified. We intend to continuously strengthen our organizational capabilities and promote business expansion.

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Managed Cloud Service Sales



FY2023 Consolidated

Sales : **1,130M**

YoY : **+19.8%**



This slide shows the quarterly sales trend of CloudCREW on a non-consolidated basis.

Sales for Q3 totaled JPY414 million, a 17% increase YoY, and continued to grow steadily. Cumulative sales through Q3 increased 19.8% YoY to JPY1,130 million.

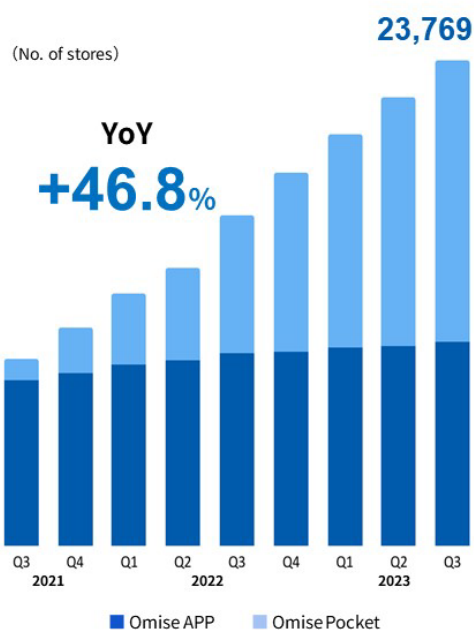
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Web solution O2O



Topic

Digitization of credit cards by group synergy

GMO DIGITAL Lab GMO PAYMENT GATEWAY

Orico Code 決済

Cardless digital transaction service

アプリで申込み → カード番号発行 → すぐに買い物

Orico credit card member stores
The service to be launched at **800,000 stores nationwide**

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Finally, I would like to explain the DX business.

As of the end of September, the total number of stores using the GMO Omise app, together with the cooperative service, Omise Pocket, reached 23,700 stores. In October, the number of stores using the GMO Omise app alone surpassed 10,000, showing steady growth.

Orders for collaborative services, on which we focus, have expanded favorably.

Most recently, we have developed a credit card digital payment service in collaboration with GMO Payment Gateway, Inc.

This service enables an application to be reviewed via the app and a card number is issued immediately. The service has been utilized very much since the first month of its release. We will continuously enhance our competitive advantage and expand our business by combining GMO DIGITAL Lab's platform technology with the Payment Gateway's payment service.

That is all from me.

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Change things with IT



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

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