

Presentation of 3Q Financial Results for Fiscal Year 2007

November 22, 2007

GMO HOSTING & SECURITY, INC.
(TSE Mothers: 3788)



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

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Agenda

1. 3Q Financial Results for FY 2007
2. Full-Year Business Forecasts for FY 2007
3. Business Expansion
 - 3.1 Hosting Business
 - 3.2 Securities Business
 - 3.3 Other Business
4. Summary of Today's Presentation

1. 3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

3. Business Expansion

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1. 3Q Financial Results For FY 2007

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1.1 3Q Financial Results For FY2007 Summary

Qualitative issues between January and September, 2007

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

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4. Summary of Today's Presentation

■ Hosting Business

- » Service and sales expansion of VPS/Dedicated server hosting, high value added products
- » Development of new hosting service, "Windows Collaboration Hosting"
 - Investment of 220 million yen, Start paying off from April by 44 million yen per year
- » Transform shared hosting service "i-CLUSTA" server operating rate cooperative refund system
 - reached 99.99%, high standard in the industry

■ Securities Business (Sales representative of certificate authority → Become certificate authority)

- » Acquired certificate authority for "GlobalSign", starts development of the Company's brand
 - Investment of 1,800 million, Paying off goodwill by 180 million yen per year, software by 88 million yen per year
- » From July, switch to worldwide "GlobalSign", renew worldwide system
 - Investment of 140 million yen, Paying off by 28 million yen per year
- » Established U.S. affiliated company, promote enterprise sales

■ Other

- » Started electronic catalog service

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1.2 3Q Financial Results For FY2007 Summary

Radical increase in sales of securities business but fall in profit due to prior investment

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

3. Business Expansion

4. Summary of Today's Presentation

(Unit: million yen Amounts rounded down to the nearest one million yen)

	FY2006 (Results)	FY2006 January- September (Results)	FY2007 January- September (Results)	Compared to equivalent period of the previous fiscal year (%)	
Sales	5,744	4,147	5,034	+21.4	【Securities Business】 746 million yen (106.3% increase compared to equivalent period of the previous fiscal year)
Operating Profit	1,353	1,037	765	-26.3	Share in sales 14.8%
Net Profit	847	629	364	-42.1	【Securities Business】 ● Goodwill pay off 136 million yen ● Software pay off 70 million yen ● System investment pay off 7 million yen
Net Profit Per Share (unit: yen)	7,356	5,473	3,140	—	

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1.3 3Q Financial Results For FY2007 Sales

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

3. Business Expansion

4. Summary of Today's Presentation

Securities Business: Expansion, 106.3% increase compared to equivalent period of the previous fiscal year (January – September)

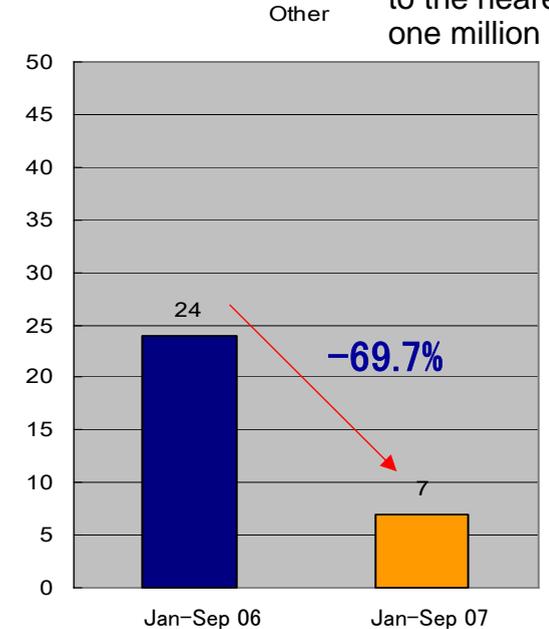
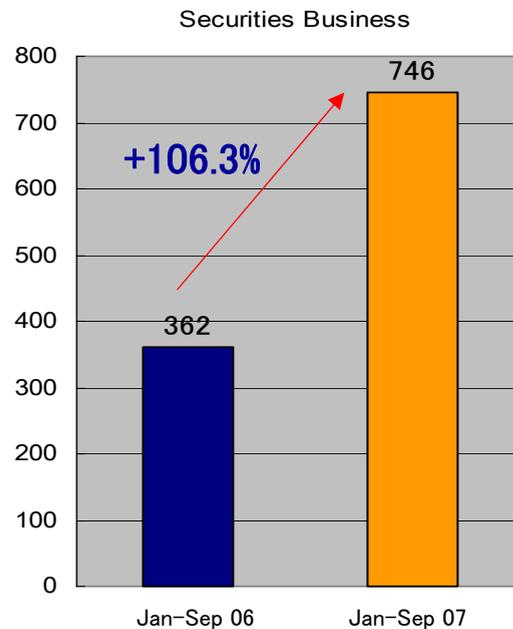
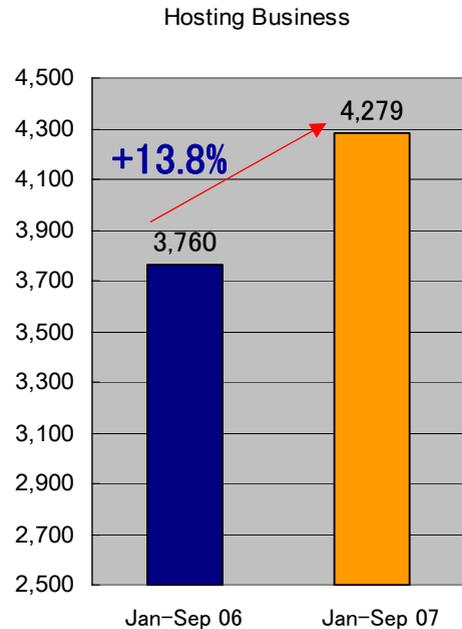
■ Consolidated total sales 5,034 million yen (21.4% increase compared to equivalent period of the previous fiscal year)

Hosting Business •• Good in high priced service
 VPS hosting 503 million yen (25.3% increase compared to equivalent period for the previous fiscal year)
 dedicated hosting 1,277 million yen (37.5% increase compared to equivalent period for the previous fiscal year)

Securities Business ••• Increase in sales share abroad
 U.K. Belgium, North America Sales 326 million yen

Other •••••••• Web site creation service 7 million yen

(Unit: million yen Amounts rounded down to the nearest one million yen)



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1.4 3Q Financial Results For FY2007 Operating Profit

Fall in profit due to active prior investment for Securities Business

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

3. Business Expansion

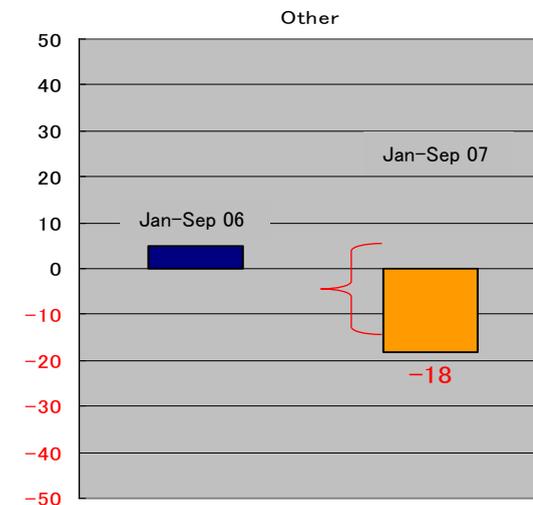
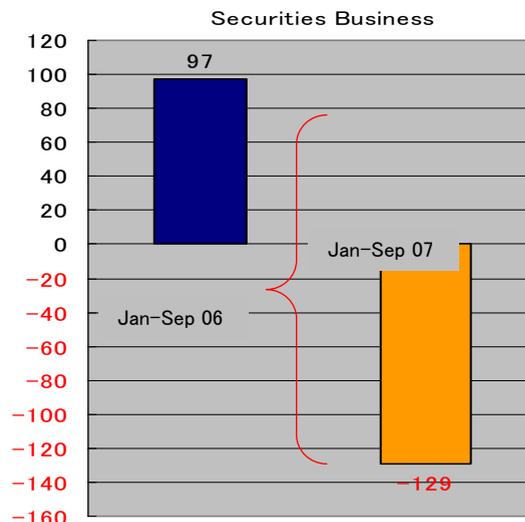
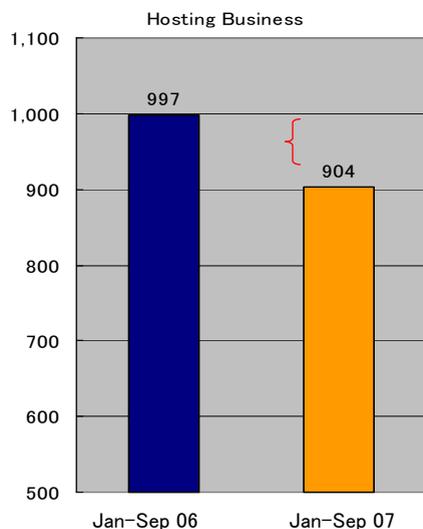
4. Summary of Today's Presentation

■ Consolidated total operating profit 765 million yen (26.3% decrease compared to equivalent period for the previous fiscal year)

Hosting Business • • Prior investment < Windows collaboration hosting prior investment 21 million yen >
 ※ Pay off 44 million yen per year

Securities Business • • Prior investment
 < Goodwill pay off on the occasion of certificate authority acquisition 136 million yen
 Software pay off 70 million yen System investment 7 million yen >
 ※ Goodwill pay off 180 million yen per year, Software pay off 88 million yen per year, System investment 28 million yen per year

Other • • • • • Slight decrease due to due too small fixed costs
 Sales promotion cost, personnel cost, etc.



(Unit: million yen Amounts rounded down to the nearest one million yen)

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1.5 FY2007 3Q Consolidated Balance Sheet

Maintain healthy financial characteristic

(Unit: million yen Amounts rounded down to the nearest one million yen)

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

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4. Summary of Today's Presentation

	September 30 FY 2006 (Reference)	FY2006	September 30 FY2007	Composition ratio
Current Assets	3,630	3,447	3,100	55.6
Fixed Assets	1,421	2,344	2,478	44.4
Total Assets	5,051	5,792	5,578	100.0
Current Liabilities	1,829	2,234	1,892	33.9
Long-term Liabilities	0	120	109	2.0
Total Net Assets	3,221	3,438	3,577	64.1
Total Liabilities And Net Assets	5,051	5,792	5,578	100.0

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September 30, FY2007 Advance Received 1,294 million yen (114 million yen increase compared to the previous fiscal year) Short-term loan (200 million yen minus compared to the previous fiscal year)

1.6 FY2007 3Q Consolidated Cash Flow Statement

1.3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

3. Business Expansion

4. Summary of Today's Presentation

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Acquisition of GlobalSign Ltd.

(Unit: million yen Amounts rounded down to the nearest one million yen)

	FY2006 Jan-Sep	FY2007 Jan-Sep	Increase and decrease compared to the previous fiscal year
Cash Flows From Operating Activities	865	596	-269
Cash Flow From Investing Activities	-1,033	-484	Corporate tax payment 288 million yen increase 548
Cash Flow From Financing Activities	-129	-436	-306
Increase (Decrease) In Cash And Cash Equivalents	-297	-310	-13
Final Balance of Cash and Cash Equivalents	2,853	2,283	-569

1. 3Q Financial Results For
FY2007

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For FY2007

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4. Summary of Today's
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2. Full-Year Business Forecasts for FY 2007

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2.1 FY2007 Adjustment of Consolidated Achievement Forecast Consolidated Profit and Loss Statement

1. 3Q Financial Results For FY2007

2. Full-Year Business Forecasts For FY2007

3. Business Expansion

4. Summary of Today's Presentation

Sales forecast after adjustment 6,714 million yen (16.8% increase compared to the previous year) Operating Profit 938 million yen

(Unit: million yen Amounts rounded down to the nearest one million yen)

	FY2006	FY2007 (Forecast before adjustment) A	FY2007 (Forecast after adjustment) B	Amount in change B-A	Percentage change % 【(B/A)-1】
Sales	5,744	8,252	6,714	-1,537	-18.6
Operating Profit	1,353	1,441	938	-502	-34.9
Ordinary Profit	1,438	1,451	938	-512	-35.3
Net Profit	847	721	442	-279	-38.7
Net Profit Per Share	¥7,356	¥6,203	¥3,803	—	—

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2.2 FY2007 Contents of consolidated achievement forecast adjustment

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2. Full-Year Business Forecasts For FY2007

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■ Other

Cause: Review of sales system

Future: Continue business

Pull sales using mail and Web

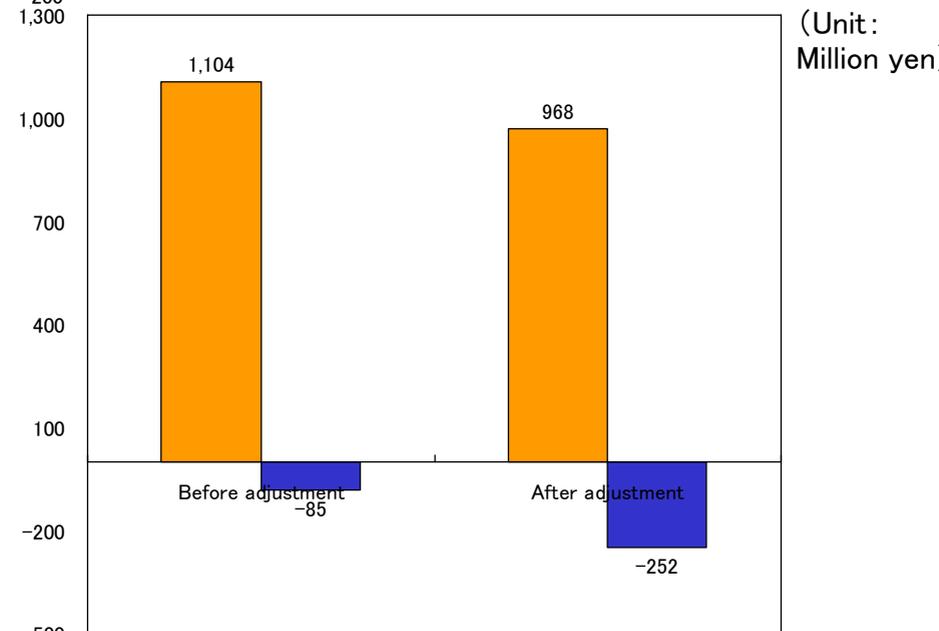
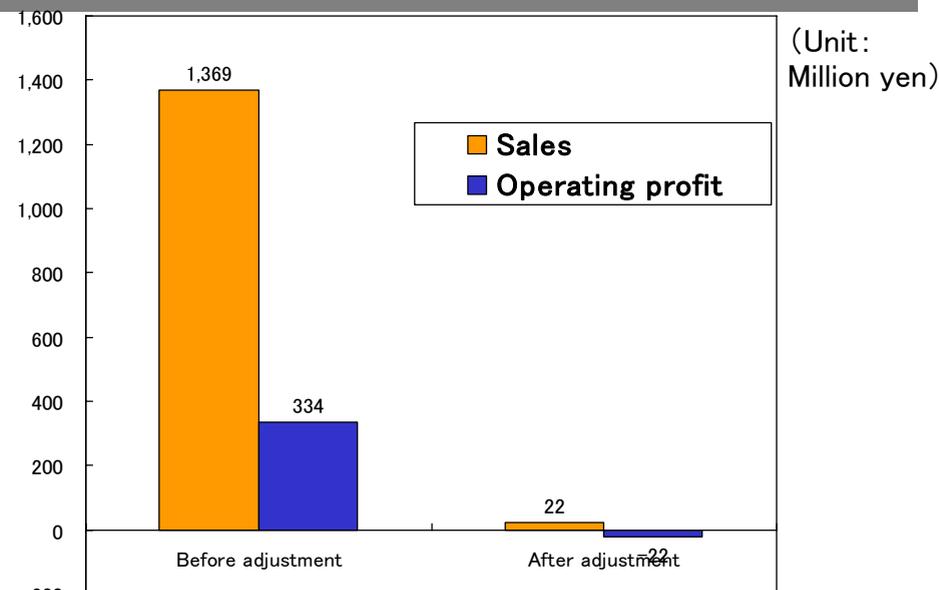
Figure: Sales 1,369 million yen → 22 million yen
(98% decrease in profit compared to the whole year forecast before adjustment)
Operating profit 334 million yen
→ -22 million yen

■ Securities Business

Cause: Establishment of affiliated company in North America
Delay for starting service due to delay of system introduction
Influence of sales control in the first half year

Future: Complete switching to GlobalSign brand
Establish sales focused system
Complete system introduction
Recover sales monthly

Figure: Sales 1,104 million yen → 968 million yen
(12.3% decrease in profit compared to the whole year forecast before adjustment)
Operating profit -85 million yen
→ -252 million yen
(196% decrease in profit compared to the whole year forecast before adjustment)



2.3 FY2007 Consolidated Achievement Forecast after Adjustment Segment Sales

Securities Business, Estimate Over 50% Sales Growth

(Unit: million yen, Round amount less than a unit)

	FY2006 (Results) A	FY2007 (Forecast before adjustment)	FY2007 (Forecast after adjustment) B	Ration compared to the previous fiscal year (%) 【(B/A)-1】
Hosting Business	5,136	5,779	5,723	+11.4
Securities Business	583	1,104	968	+66.0
Other	24	1,369	22	-
Consolidated Total	5,744	8,252	6,714	+16.8

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2.4 FY2007 Consolidated Achievement after Adjustment Operating Profit

Securities Business, Establish office in North America, biggest market, Develop actively

(Unit: million yen, Round amount less than a unit)

	FY2006 A (Results)	FY2007 (Forecast before adjustment)	FY2007 (Forecast after adjustment) B	Ration compared to the previous fiscal year (%) 【(B/A)-1】
Hosting Business	1,221	1,194	1,212	-0.7
Securities Business	132	-85	-252	-
Other	4	334	-22	-
Deletion/ The Whole Company	-5	0	0	-
Consolidated Total	1,353	1,441	938	△30.6

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3.1 Hosting Business

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3.1 Summary

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2. Full-Year Business Forecast For 2007

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4. Summary of Today's Presentation

■ Market shows continuous two digit growth (in dedicated and managed segments) and has high potentiality to grow.

■ Major customers' needs shift to high value added service

→ Increase of customer's unit price per case

Jul-Sep, 06 3,159 yen Jul-Sep, 07 3,418 yen (including OEM provision)

→ Efforts for Managed Server Hosting Service

→ Prior investment in Windows Collaboration Hosting

■ Growth strategy for individual product

→ Making system that can shift from shared to VPS, and dedicated/managed

→ Shared : Increase in the number of contracts

Dedicated: Reduce the cost

■ Issues to be solved

→ Reduce the cost

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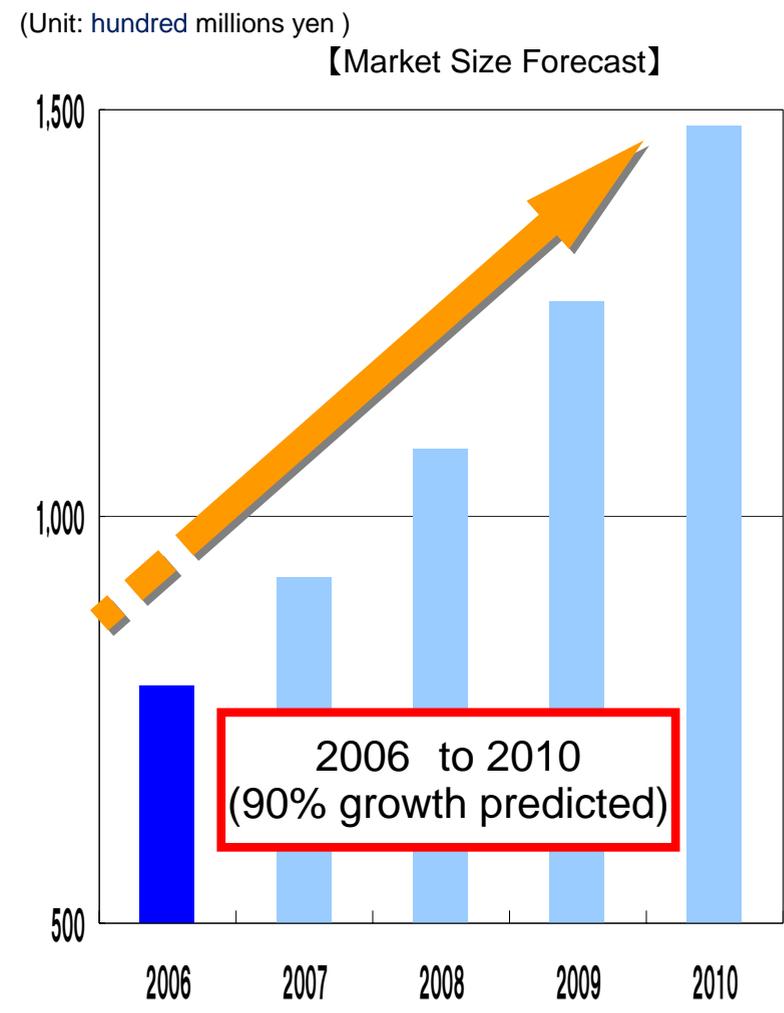
3.1 Market Size - Potential Market

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- 2. Full-Year Business Forecast For 2007
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- 4. Summary of Today's Presentation

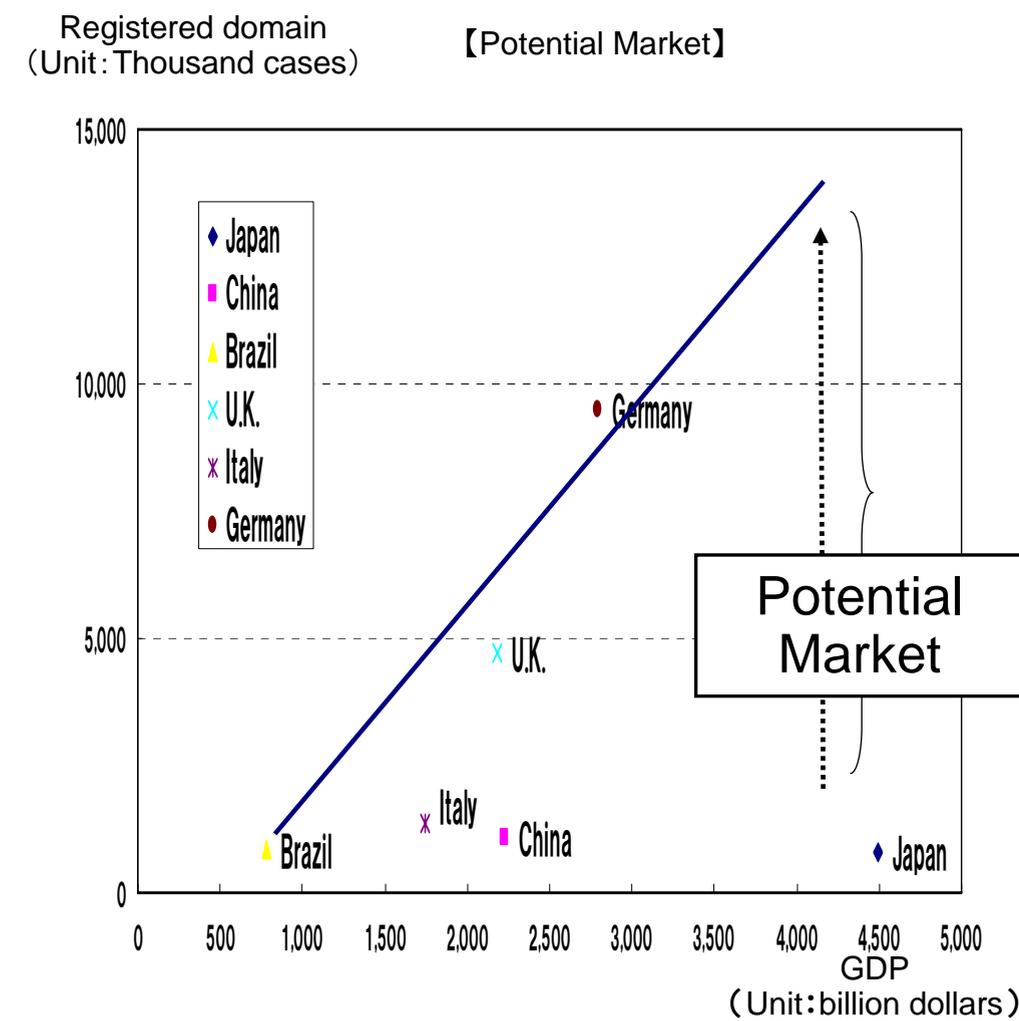
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Estimate +90% growth within four years. The Market still has potentiality to grow



Source: IDC Japan press release



Source: Japan Network Information Center

3.1 Diversified and Sophisticated Customers' Needs

Increase of needs for diversified hosting from existing Web hosting

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2. Full-Year Business Forecast For 2007

3. Business Expansion

4. Summary of Today's Presentation

Customers

- Lack of engineers caused by the "Year 2007 Problem"
- Difficulties in responding to complicated engineering innovations
- Increase in the costs of investment and maintenance
- IT governance led by the management and user division

GMO-HS's solutions

- Proposing IT for business reform
- Migration from existing systems
- Expansion of the scope of operation and maintenance

Accelerated outsourcing in the system division

GMO-HS's solutions meet a wide range of customer needs

Growing demand for the Company's services

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3.1 Growth Strategy for Individual Product

1. 3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

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4. Summary of Today's Presentation

Shared : Increase the number of contracts **Specialized**: Improve added value for each case

■ **Shared** 55,718 (7.2% increase compared to equivalent period for the previous fiscal year)

- Current customers : Maintain and improve quality
- Obtain new customers : Agency focused M&A, OEM

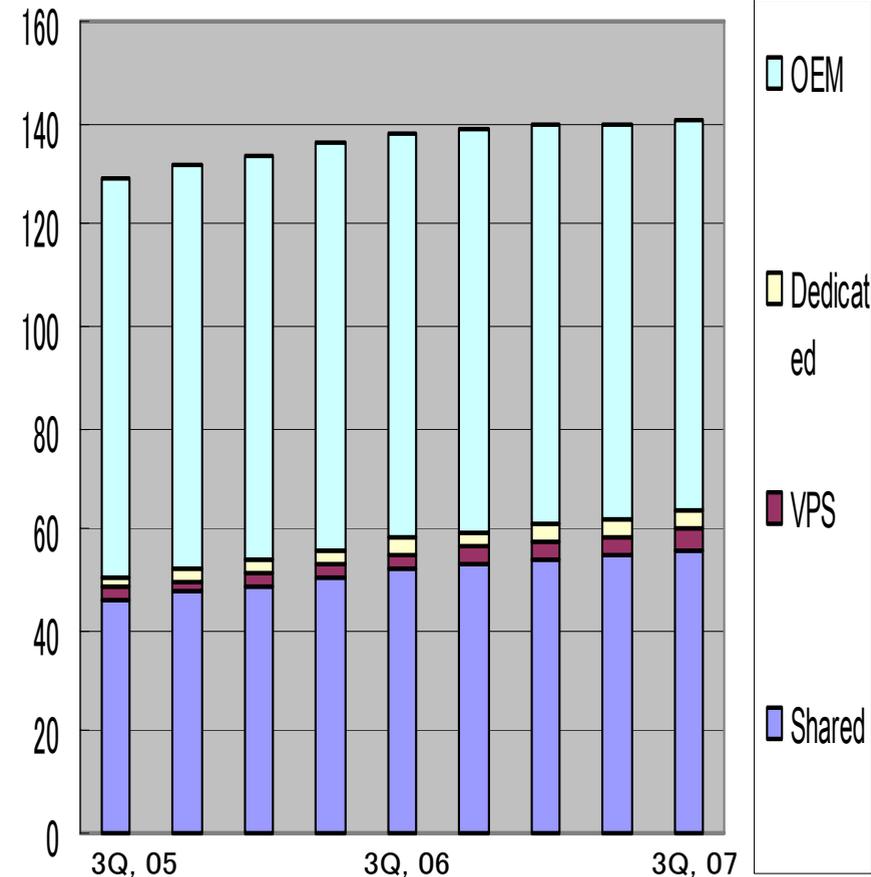
■ **Dedicated** 3,712 (29.1% increase compared to equivalent period for the previous fiscal year)

- Improve added value per case
- Reduce the costs
 - ✕ Exclude dedicated hosting by OEM Provision

■ **New efforts**
 Managed Hosting
 Windows Collaboration Hosting

→ Up-sell focused

(Unit: Thousand cases)



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The number of contracts		
2005.9	2006.9	2007.9
128,935	137,494	140,558

1) Changed sampling method for OEM cases from 1Q, 07

3.1 Issues: Reduce the Costs

Crucial to control the costs for profit ratio increase

1. 3Q Financial Results For FY2007

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3. Business Expansion

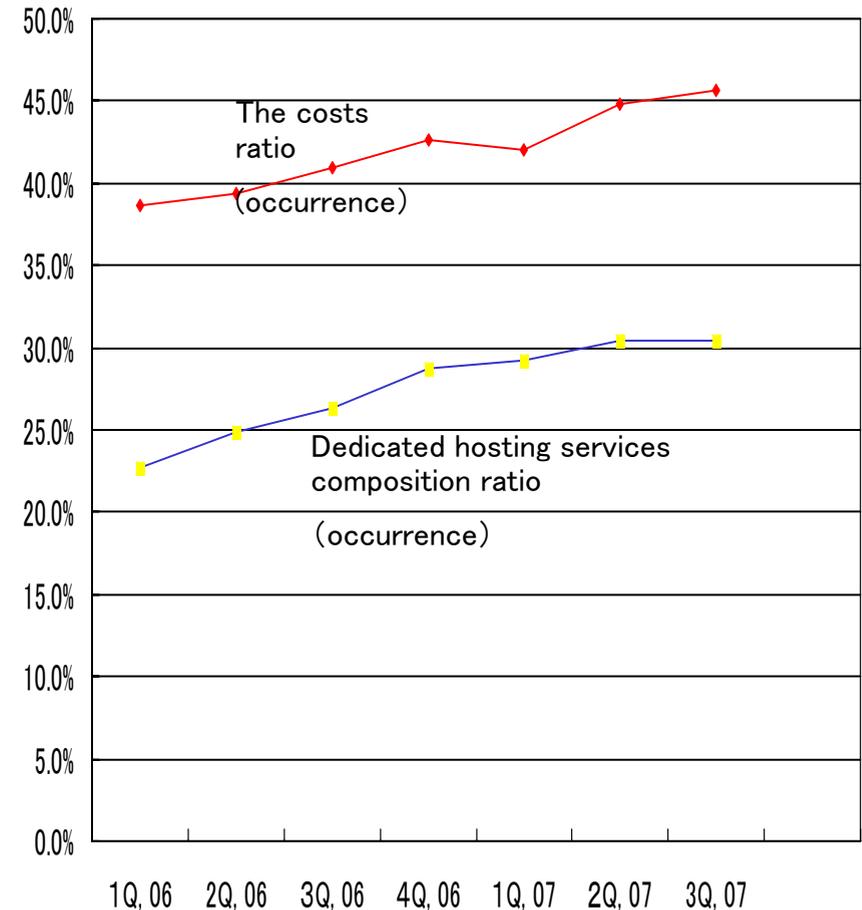
4. Summary of Today's Presentation

■ Cause for the costs ratio increase

- ① Increase of sales composition ratio of Dedicated hosting services
- ② Prior investment in new hosting

■ The costs ratio of hosting business

- Reduce up to a ceiling of this figure
- Improve added value of each case of Dedicated hosting services
- Review the costs for Dedicated hosting services



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3.2 Securities Business

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3.2 Introduction of “GlobalSign”

Full development of the Company’s brand “GlobalSign” worldwide

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3. Business Expansion

4. Summary of Today’s Presentation



Concept : Provide not only existing standardized service but also service localized for each country and company

History : Established as joint venture between the Belgium Government and the private company in 1996. More than 10 years of performance.

• • • What is the largest difference from dealing with existing products of “GeoTrust”?

Purchase and sales **agency** for certificates → **CA** holding company
Issued by CA

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3.2 Summary

1. 3Q Financial Results For FY2007

2. Full-Year Business Forecast For 2007

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4. Summary of Today's Presentation

■ Domestic market shows continuous two digit growth
Worldwide market opportunities

■ Base for world wide sales is almost fixed

Certificate issuing system and sales management system is now renewed, in order to create world wide sales channel of "GlobalSign" brand
In spite of sales decrease due to delay in cutover of certificate issuing system, recover trend after September

■ Enter the biggest North American market for electronic certification service

Aim to obtain notable market share after 2008

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3.2 Market Growth (Domestic)

Electronic certification service market that shows radical growth rate

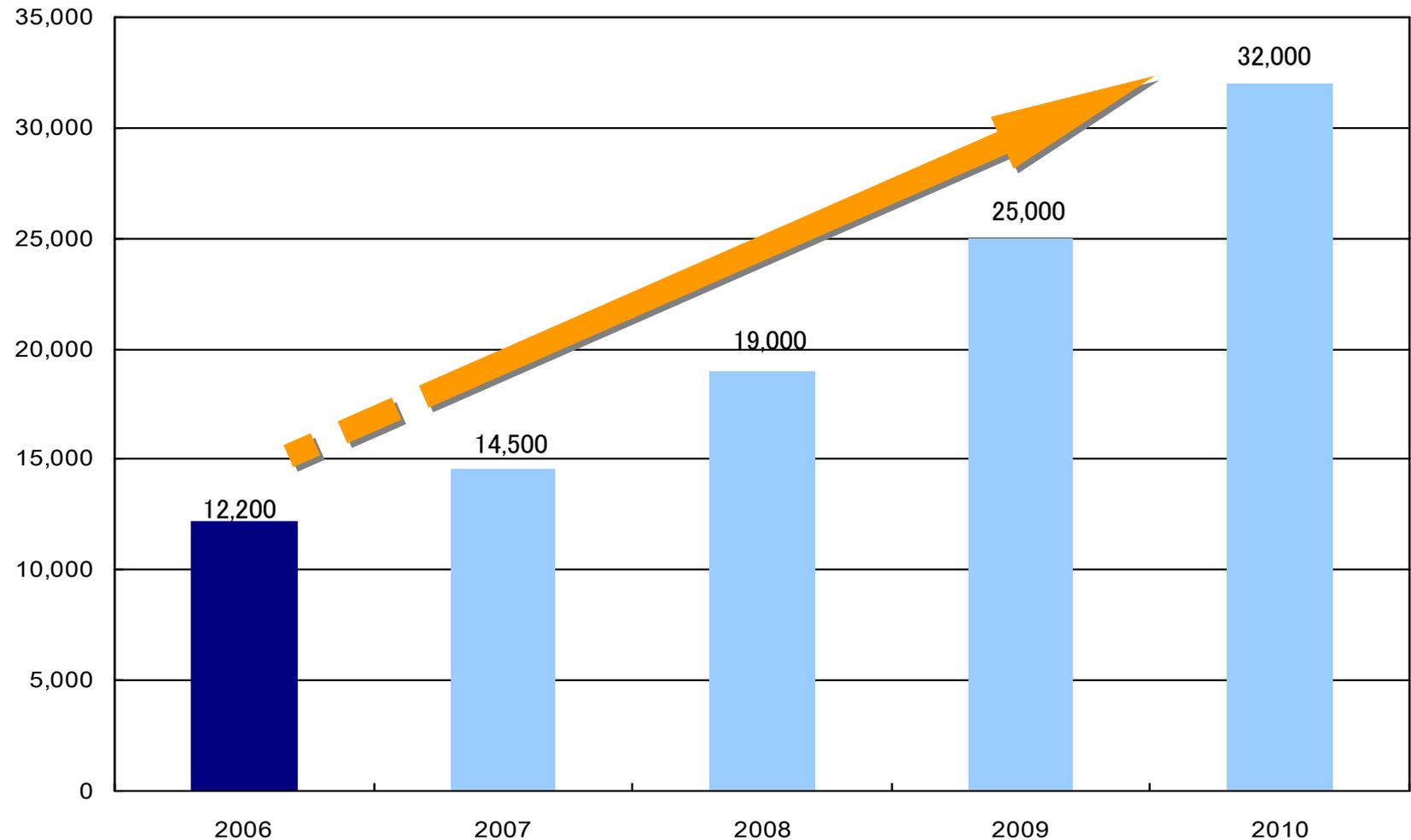
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(Unit: million yen)



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Source: Fuji Chimera Research Institute, Inc.

3.2 Market Growth (Global)

1. 3Q Financial Results For FY2007

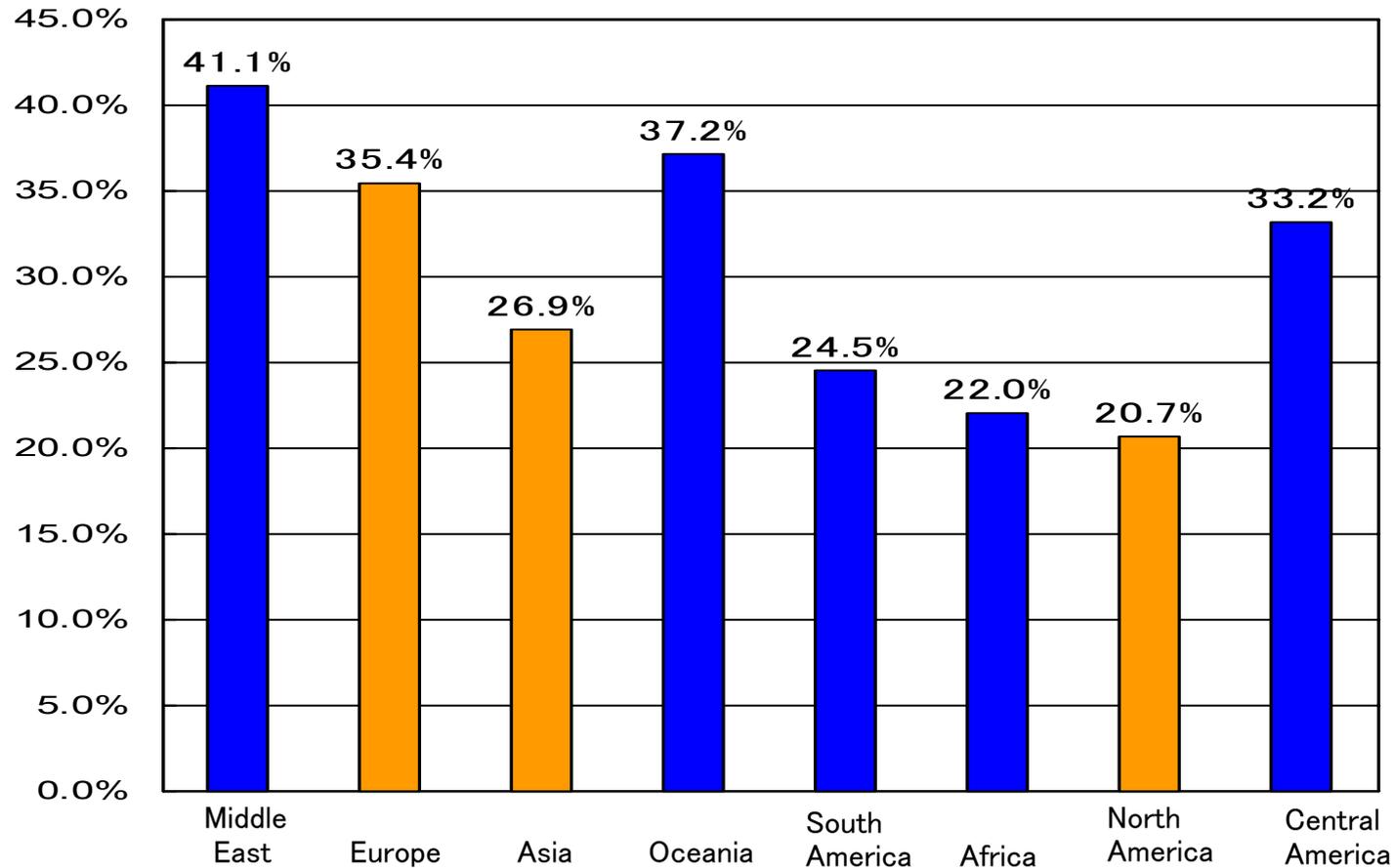
2. Full-Year Business Forecast For 2007

3. Business Expansion

4. Summary of Today's Presentation

Over 20% growth rate in Europe, Asia and North America

<Ratios of growth for server certificates issued by region>



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Source : Research by Netcraft and the Company's estimation, the end of Oct. 07

3.2 Performance of “GlobalSign”

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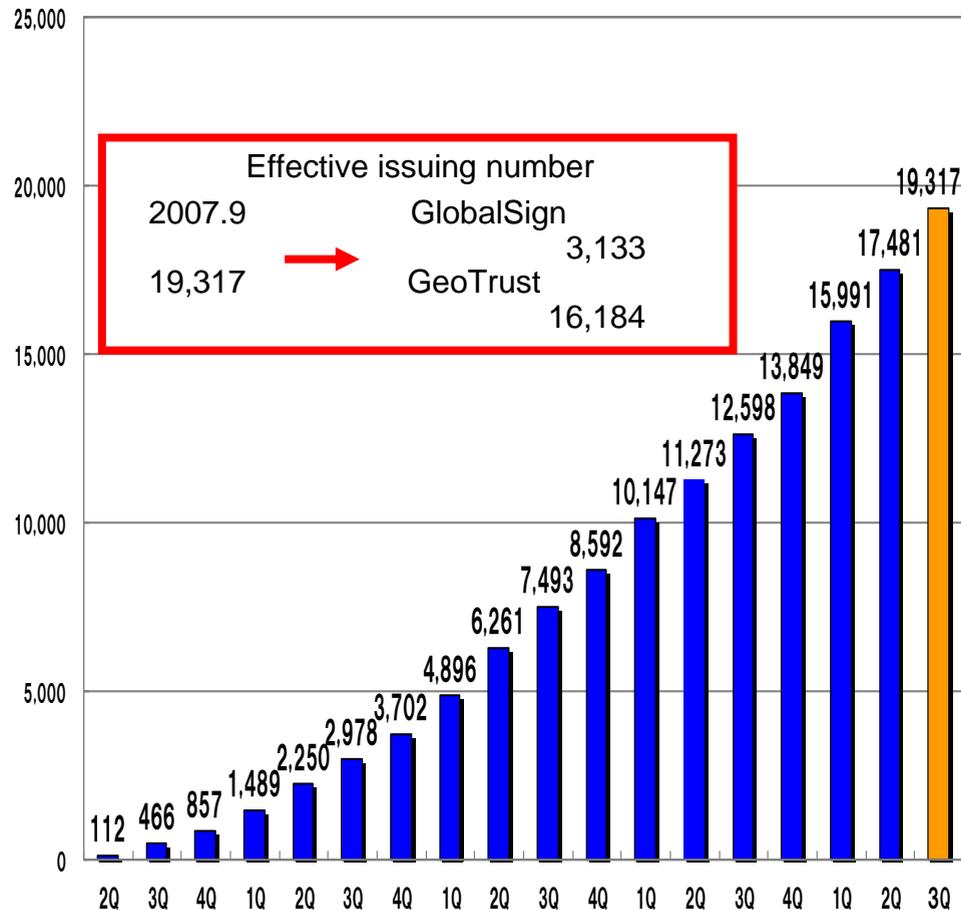
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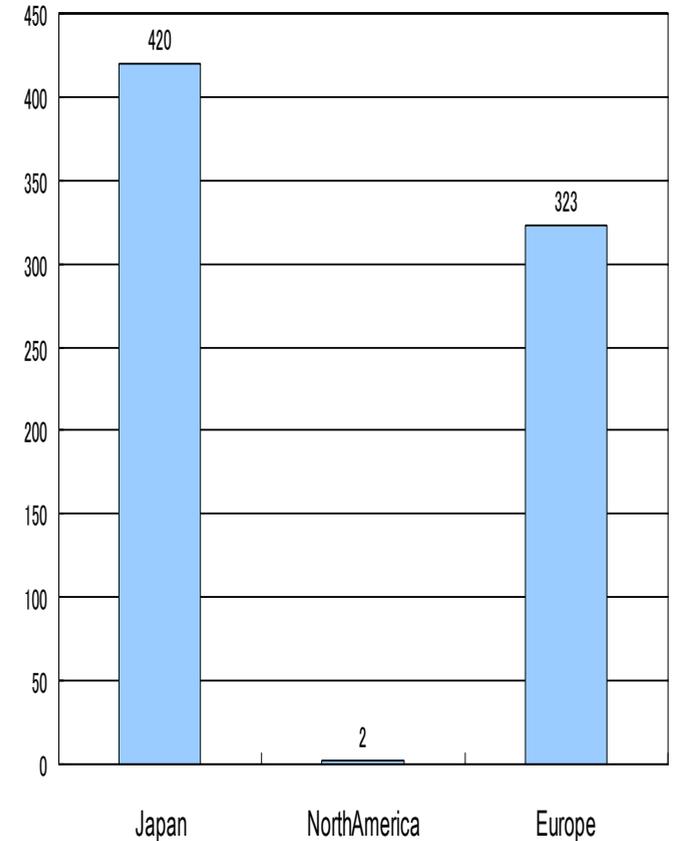


Performance of “GlobalSign” in Europe and Japan is improving

■ SSL server certificate issuing number (domestic)



■ GlobalSign Sales (Jan-Sep) Results (Unit: million yen)



3.2 Established GlobalSign, Inc. in July

1. 3Q Financial Results For FY2007

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4. Summary of Today's Presentation

Enter the biggest North American market, Focus on enterprise sales and obtain share

Main scope of business

Sales to large scale user

Provide electronic certificate service to enterprise customers

Sales performance:

Signed a contract with large hosting company

Signed a contract with large automobile manufacture

Name of the company: GlobalSign, Inc.

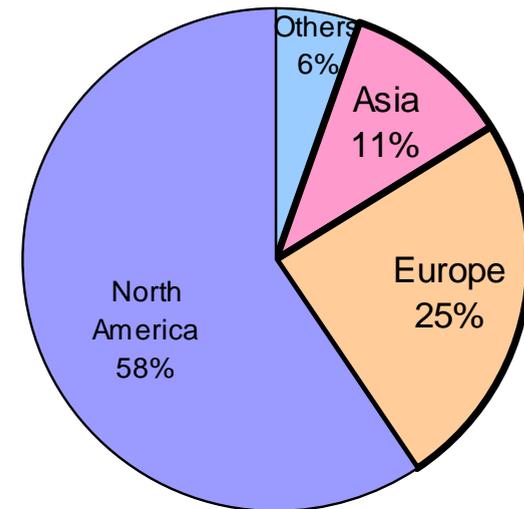
Name of CEO: Johan Sys

Address: Two International Drive, Suite 330
New Hampshire, USA

Shareholders: GlobalSign K.K 100%

Capital: US\$750,000

<Share of server certificates issued by region>



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Source: Research by Netcraft and the Company's estimation, the end of Oct. 07

3.2 World-wide Sales & Marketing

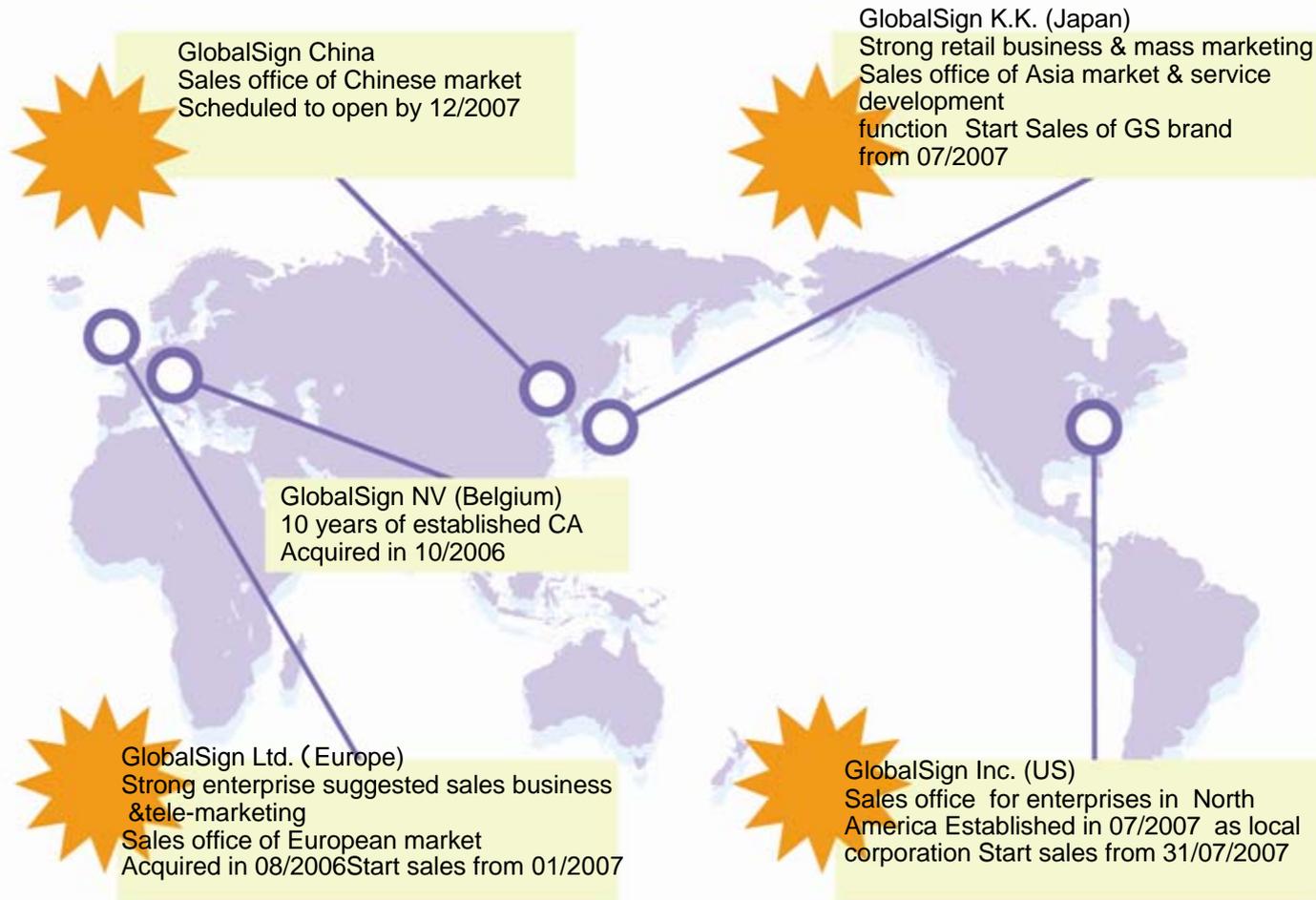
Establish an office and start sales in China as high potential market by 12/2007

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3.2 Income Structure

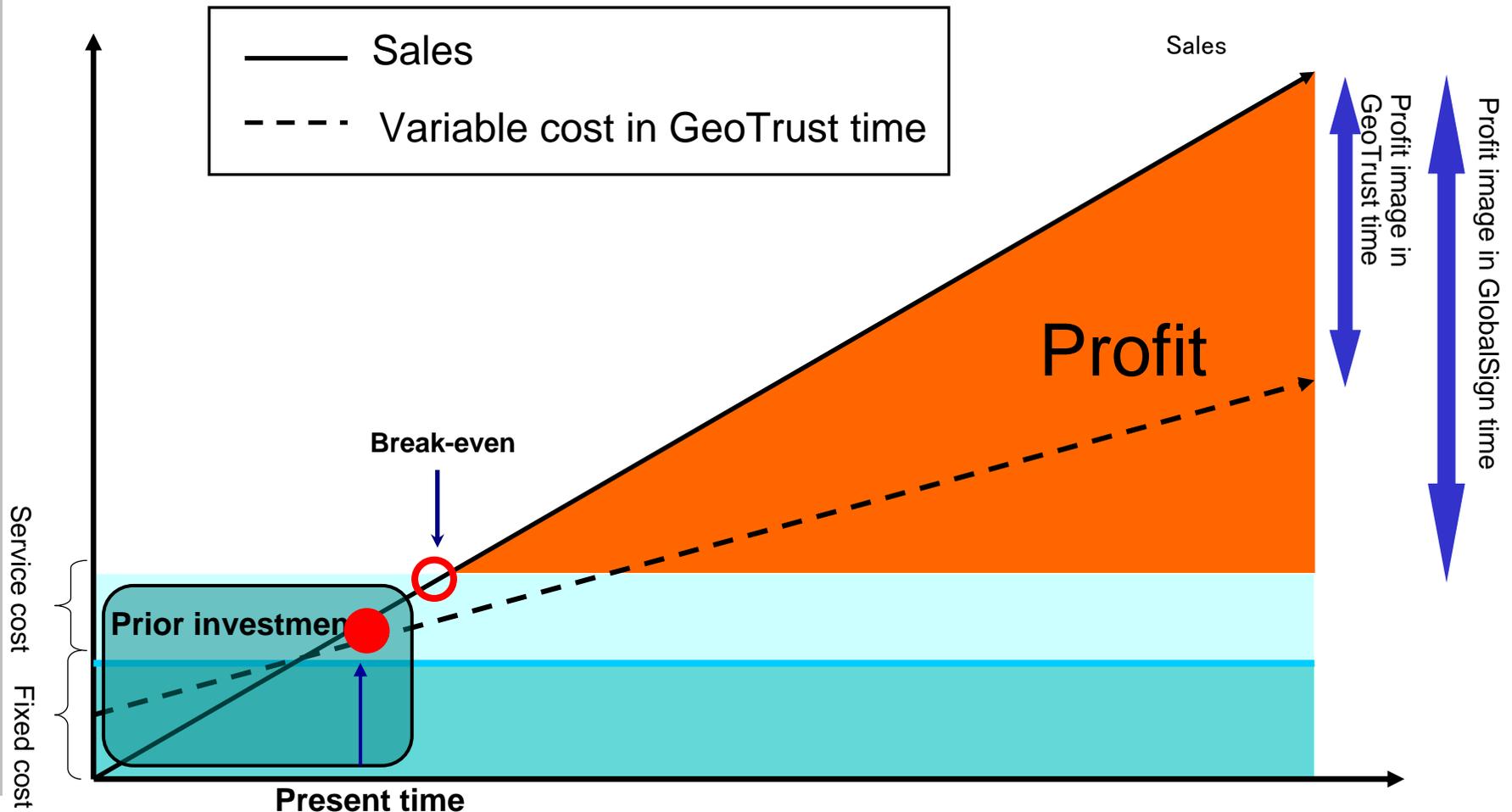
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Profit increases at an accelerated pace after break-even point compared to the time of purchasing and sales



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3.3 Other Business

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3.3 Other

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Clarify potential customers' needs, provide value-added service for current customers

WEB site creation

Better HP proposal to medium and small companies



Hiro Dental Clinic, Ltd.



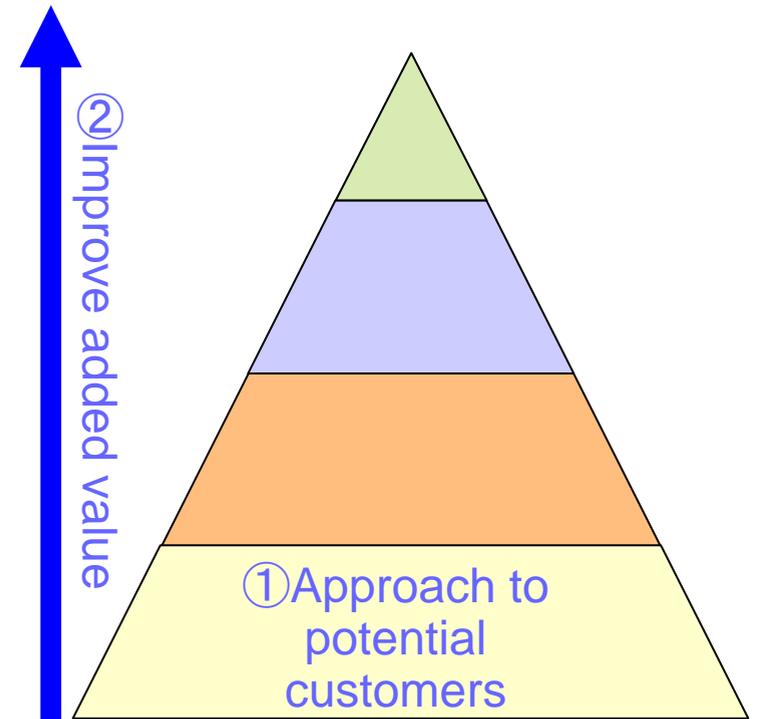
Sogo Real Estate, Ltd.

Electronic Catalog Business

Electronic catalog that can effectively approach for company PR (including IR) and recruitment



【Strategy】
 No large scale promotion/marketing
 Continue "pull sales" approach



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4.1 Full-Year Business Forecasts for FY 2007

FY 2007 is a period to create foundation of future business expansion

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4. Summary of Today's Presentation

(Unit: million yen)

	2007 Jan-Sep (Results) A	B-A	2007 Full year (Forecast after adjustment) B
Sales	5,034	1,680	6,714
Operating Profit	765	173	938
Net profit	364	78	442
Net profit per share	¥3,140	-	¥3,803

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4.2 Summary of Today's Presentation

1. 3Q Financial Results For FY2007

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4. Summary of Today's Presentation

■ Hosting Business

- » Provide high value-added service and increase customer's unit price per share
- » Control the cost and reduce the costs

■ Securities Business

- » Switch to worldwide "GlobalSign" from July. Renew worldwide system.
Recover trend in Sep. in spite of 3Q sales fall due to delay of system introduction
- » Establish U.S. affiliated company. Promote enterprise sales.
- » Schedule to establish an office in China (Shanghai) by the end of 2007
- » Estimate 50% annual growth from next season

■ Other

- » Continue business with no big scale or radical service expansion
Increase direct and agency sales by pull sales with the Company's resource
- » Clarify potential customers' needs in HP creation, electronic catalog, and translation business and meet customers' diversified needs as one of customers' added value.

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Thank you for your attention.

