

Presentation of Financial Results for the 2007 Fiscal Year

GMO HOSTING & SECURITY, INC.
(Mothers of the Tokyo Stock Exchange: 3788)



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

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Agenda

1. Summary and Conclusion
2. Financial Highlights
3. Strategy
 - 3-1 Hosting Business
 - 3-2 Securities Business
 - 3-3 Other
4. Financial Forecast

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1. Summary and Conclusion

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Summary and Conclusion: Overview of Fiscal 2007

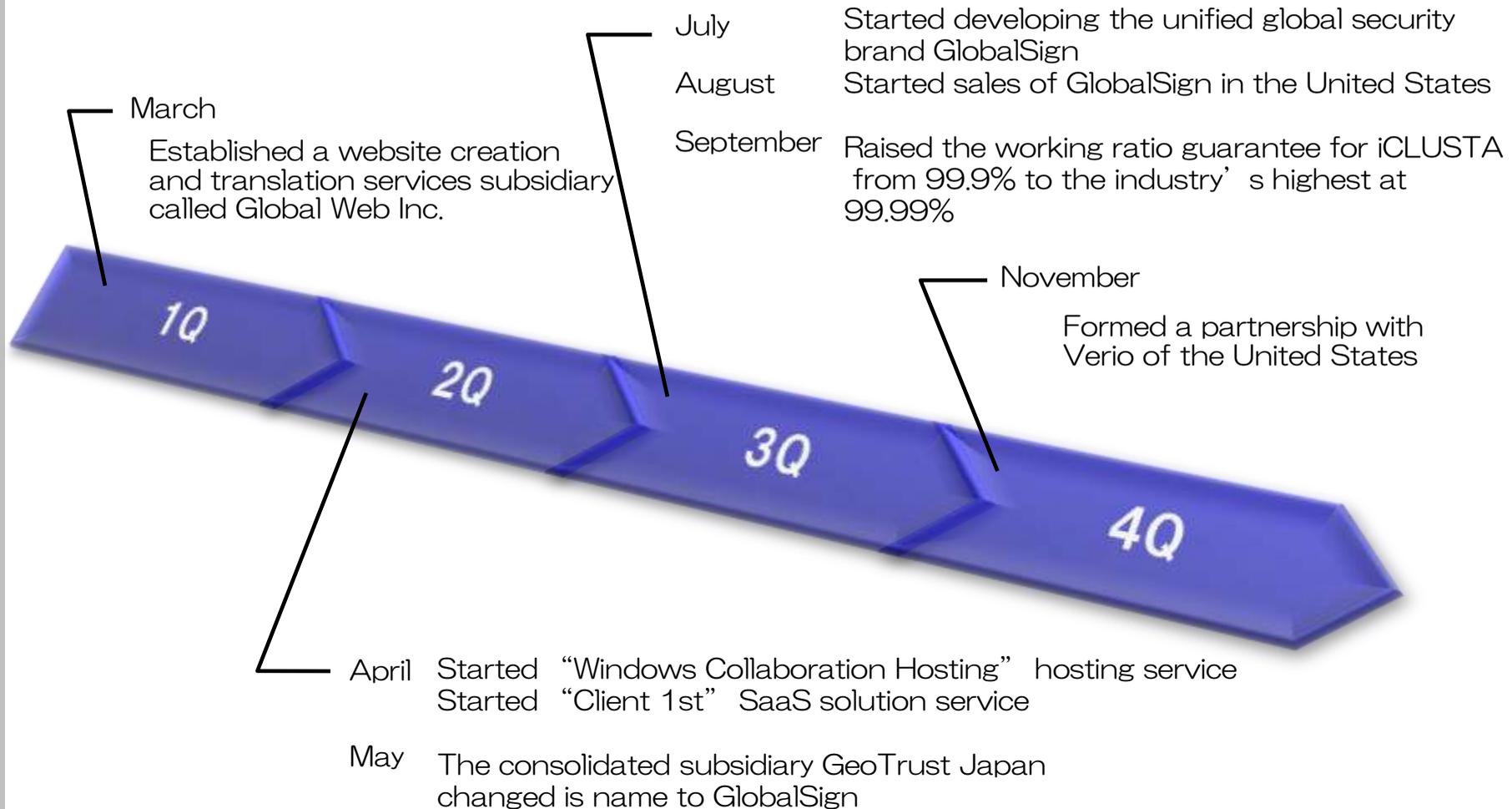
A year of organizational development and investment in anticipation of higher growth in fiscal 2008 and beyond

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Financial Highlights: Major Topics in Financial Results for Fiscal 2007

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A year of organizational development and investment in anticipation of higher growth in fiscal 2008 and beyond

The Sales amounts has grown Steadily

- The high-end web hosting service has grown steadily
- Buildup of sales from security services
- Profits reduced due to amortization expenses and anticipatory investments
- Total annual amortization expenses for new investment: 322 million yen (security and Windows collaboration Hosting)

Proactive investments made

- Securing human resources to develop the security business in the United States
- Invested 142 million in the certificate authority for securities business
- Amortization expenses for goodwill of 180 million yen and for software of 95 million yen accompanying the M&A of the previous year

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Financial Highlights: Profit and Loss Statement(Consolidated)

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Sales grown by +17.4%; profit declined with the anticipatory investment

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

	FY 2006	FY 2007	YoY (%)
Sales	5,744	6,742	17.4
Sales Cost	2,117	2,773	30.9
Gross Profit on Sales	3,627	3,969	9.4
Selling, General and Administrative Expenses	2,273	3,025	33.1
Operating profit	1,353	943	-30.3
Net profit	847	371	-56.2

Increase from the Previous Year (million yen)

Selling, General and Administrative Expenses :
 Advertising Costs +57
 Payroll +185
 Amortization of goodwill +156

Non-Operating Expense :
 Foreign Exchange Gain (2006) +80
 Foreign Exchange Loss (2007) -137

Income taxes :
 Income taxes -125

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Financial Highlights: Balance Sheets (Consolidated)

Maintaining sound financial status and preparing for next investments

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

	FY 2006	FY 2007	YoY (%)
Current Assets	3,447	3,244	56.2
Fixed Assets	2,344	2,530	43.8
Total Assets	5,792	5,775	100.0
Current Liabilities	2,234	2,043	35.4
Long-term Liabilities	120	70	1.2
Total Net Assets	3,438	3,661	63.4
Liabilities and Net Assets	5,792	5,775	100.0

Increase from the Previous Year (million yen)

Current Assets:		Current Liabilities:	
Cash Equivalents	-249	Short-term Loans	-200

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Financial Highlights: Cash Flow Statement (Consolidated)

Strong cash flows from the stock business are the basis for business expansion

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

	FY 2006	FY 2007	YoY
Cash Flows from Operating Activities	1,325	783	-542
Cash Flow from Investing Activities	-2,023	-693	1,329
Cash Flow from Financing Activities	168	-440	-608
Decrease in Cash and Cash Equivalents	-557	-249	307
Cash and Cash Equivalents at Ending of Year	2,594	2,345	-249

Increase from the Previous Year (million yen)

CF from Operating Activities :	CF from Investing Activities :	CF from Financing Activities :
Income Before Income Taxes -617	Payments for Purchase of Subsidiaries Stocks -97	Decrease in Short-term Loans -400
Depreciation/Amortization of goodwill +244		
Corporate Taxes Payable +264		

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Financial Highlights : FY2007 Segment Information

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A round of large-scale investments made; aiming at continuous growth in both sales and profits

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

Sales by Business Segment	FY 2006	FY 2007	YoY (%)
Hosting Business	5,136	5,742	11.8
Securities Business	583	974	66.8
Other	24	25	4.8
Consolidated total	5,744	6,742	17.4

Operating profit by business segment	FY 2006	FY 2007	YoY (%)
Hosting Business	1,221	1,165	-4.6
Securities Business	132	-211	-
Other	4	-20	-
Amortization of the consolidated adjustment account	-5	9	-
Consolidated total	1,353	943	-30.3

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Financial Highlights: Financial Results for Fiscal 2007 (Mid-Term Roadmap)

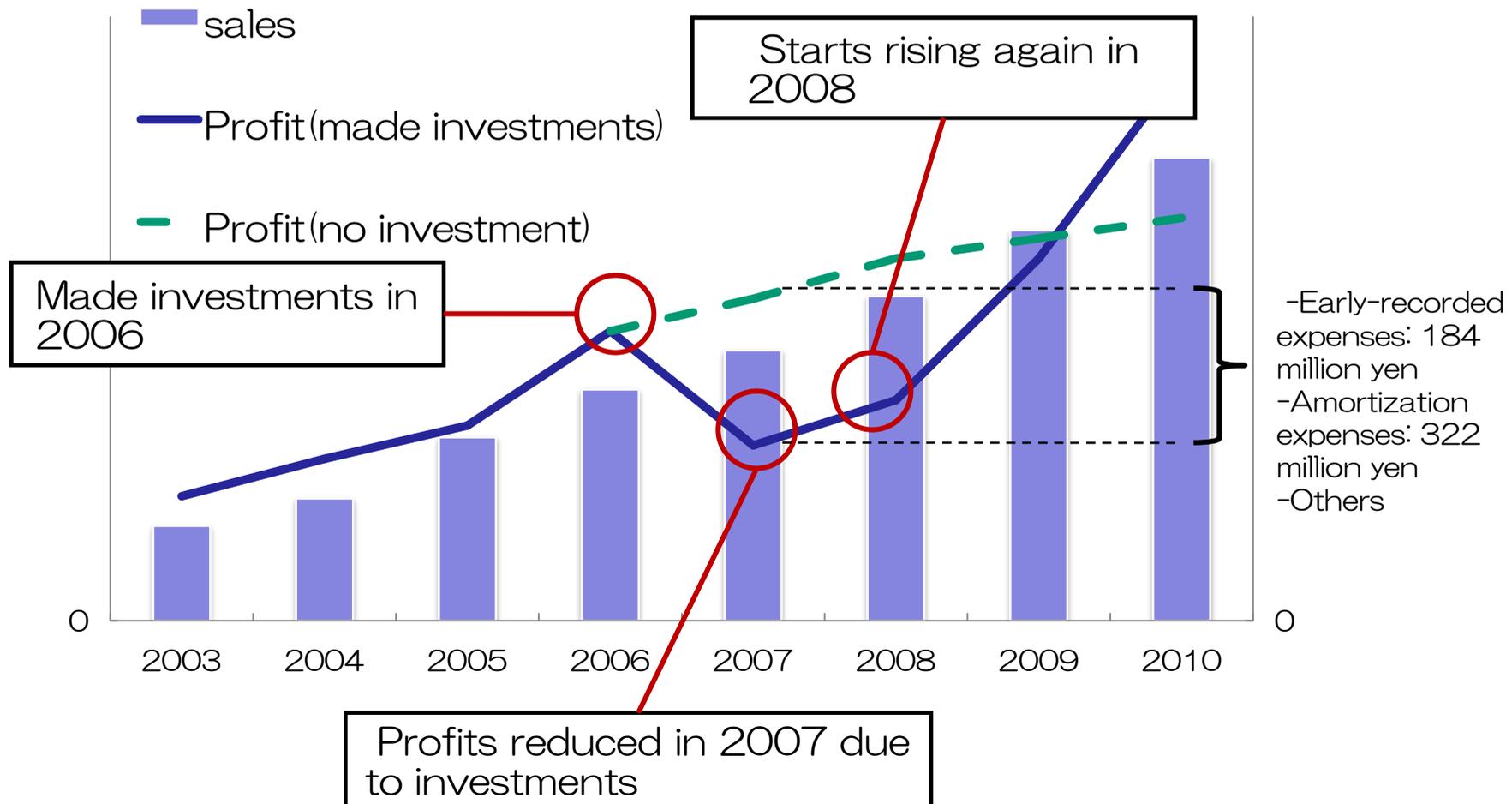
Starting investment recovery & growth acceleration this year

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3-1 Hosting Business

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Hosting Business: Summary

Cutting costs while investing in high value-added services

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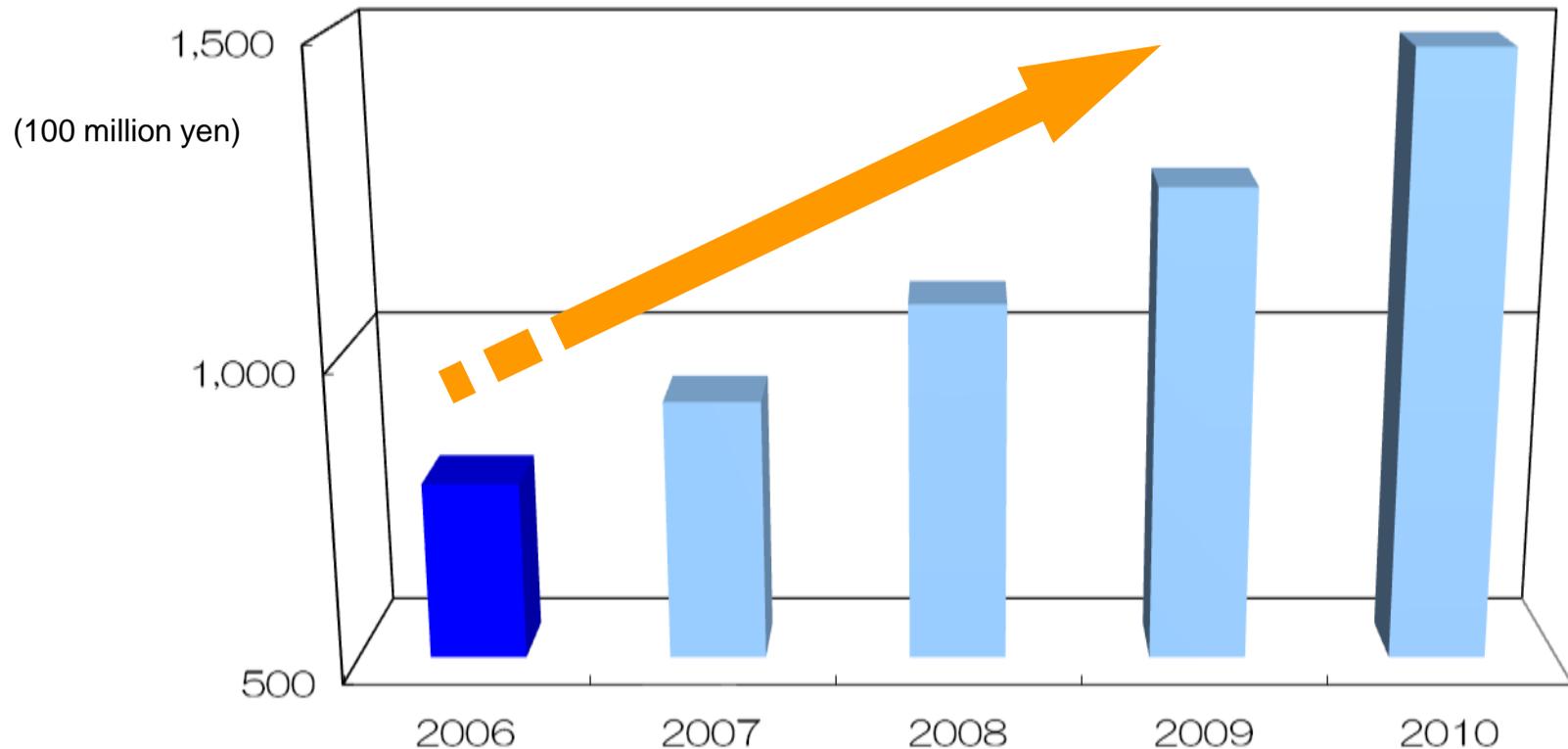
- ✓ Expansion of the market continues
- ✓ Large potential markets exist in the domestic market
- ✓ Major customer needs have shifted to high value-added services
- ✓ Issues to address include cost cutting and maximizing economies of scale

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Hosting Business : Growth of JPN Market (1)

Expansion of the market continues



Source: IDC Japan press release

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90% growth predicted from 2006 to 2010

Hosting Business : Growth of JPN Market (2)

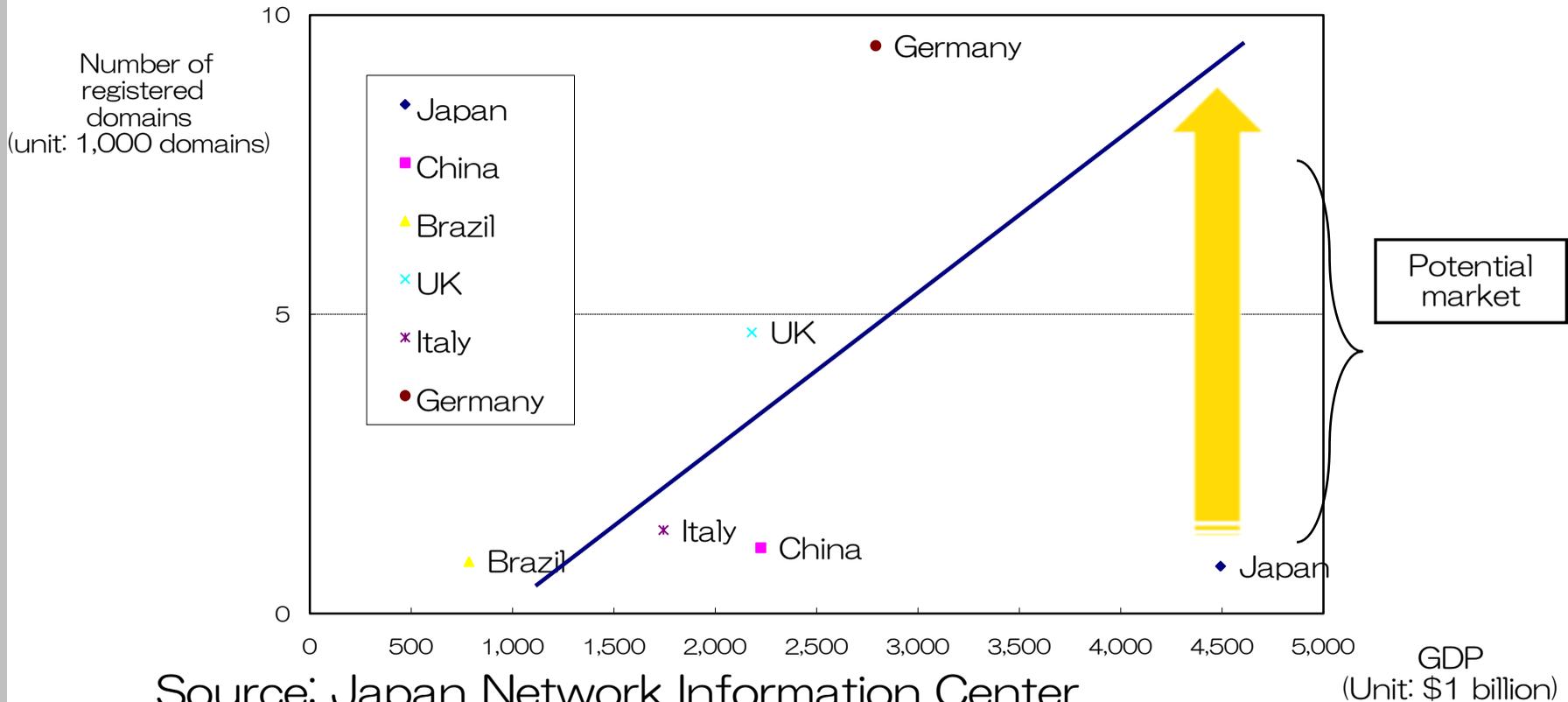
The domestic market has excellent potential for growth

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➔ The IT penetration rate is still low in Japan given the size of its economy, so there are still exists many potential markets

Hosting Business: Number of Customers and Sales by Service

Sales have grown steadily with the rise in customer numbers and an increase in high-end products

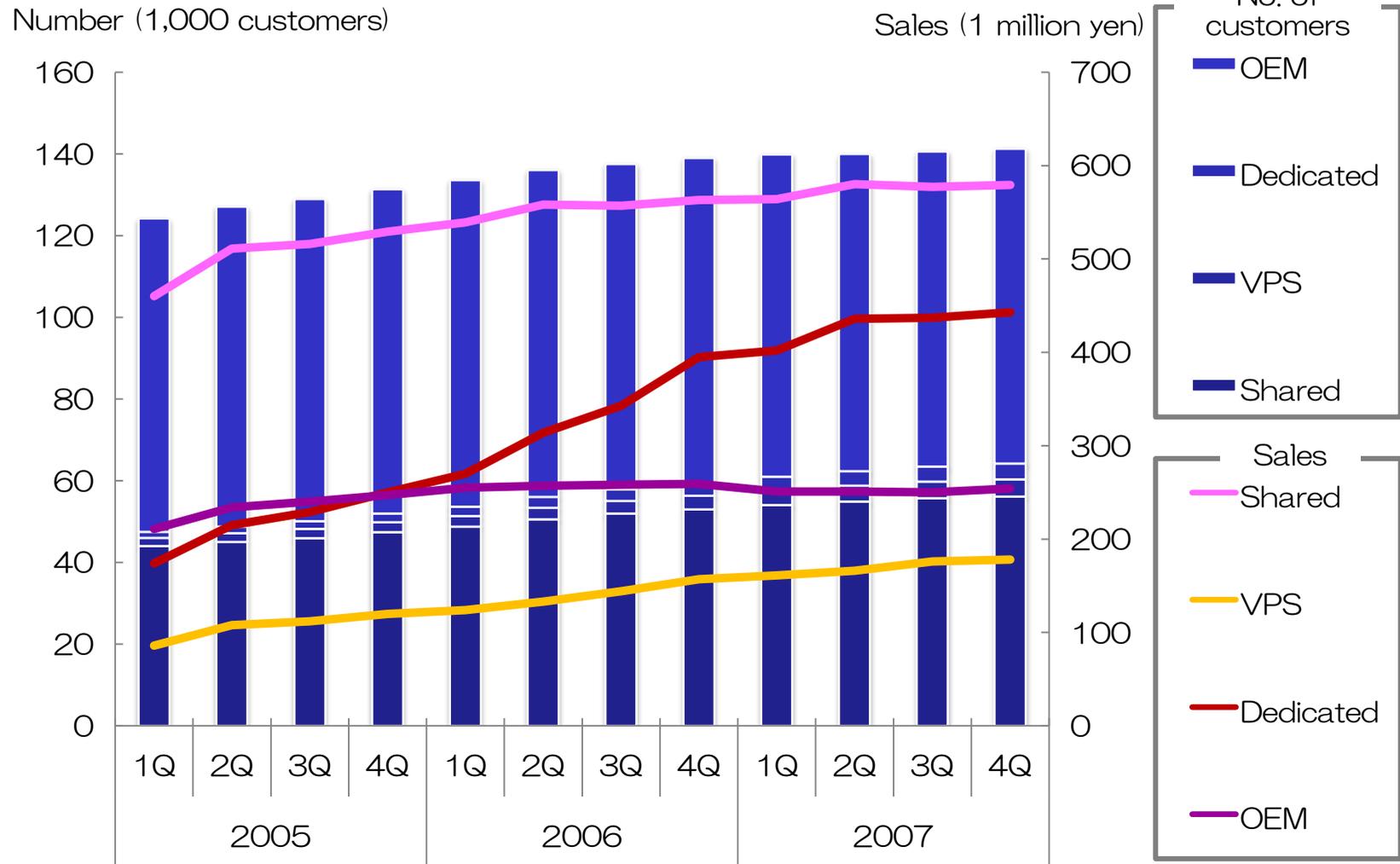
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Hosting Business : Average Price Increases

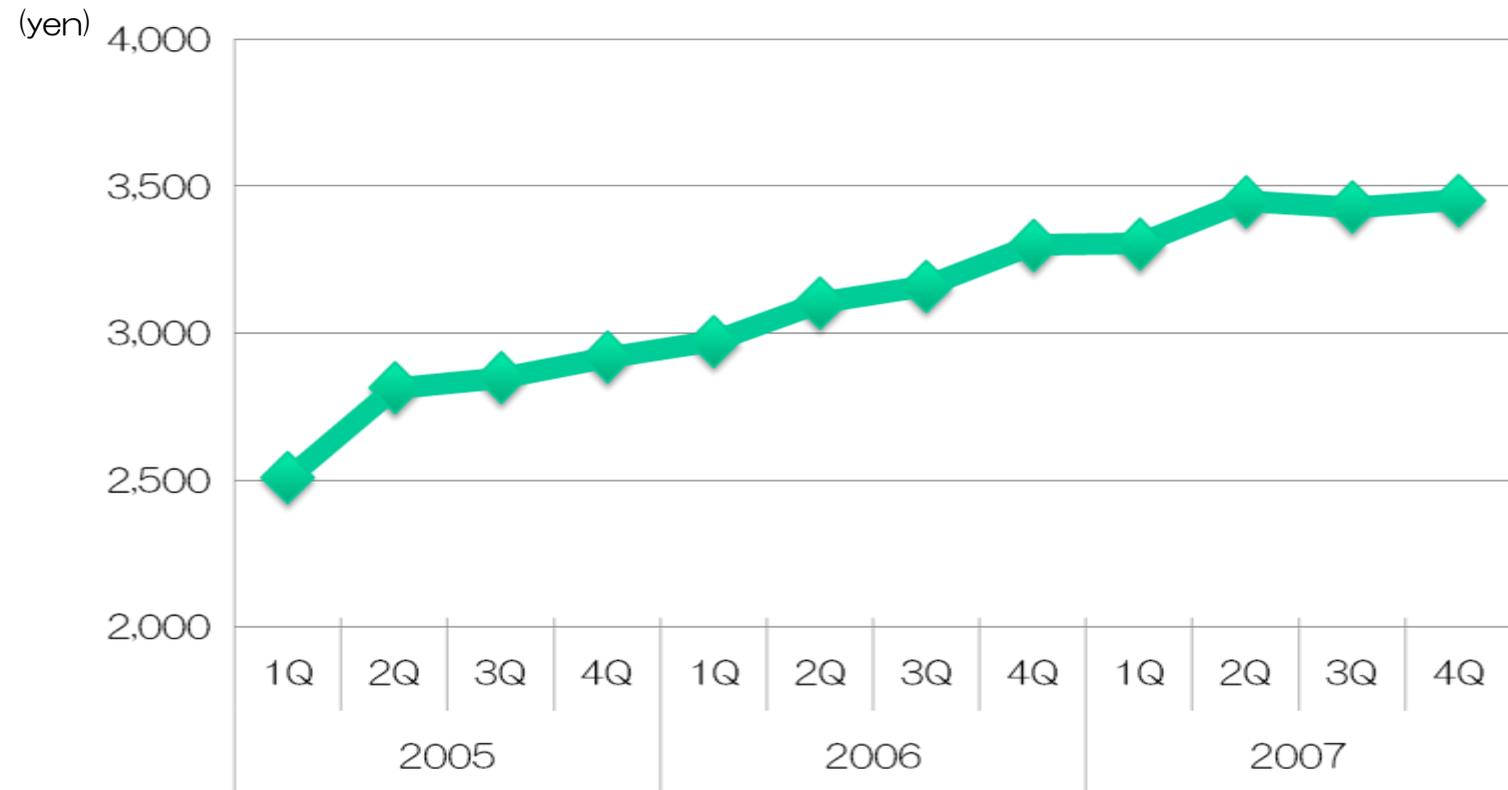
Major needs shifted to high value-added products

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Unit customer spending rose with an increase in high-end services
Rising about 1,000 yen compared with three years ago (+37%)

Hosting Business: Service Strategy

Developing high value-added products by leveraging our strengths

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Managed Hosting Service

- Services of even higher added value are offered by contracting tasks from server configuration to operation

Windows Collaboration Hosting

- This is the starting year for Smart Phone when major carriers announce new models; needs are to be grasped, especially at midsize or larger corporations
- Developing sales channels by agency contracts, etc.

VPS/Dedicated Hosting Service

- The number of contracts increased, boosted by market growth
- Dealing also with needs for upgrading from shared services

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Hosting Business: Market Growth Forecasts

Our advantages enhanced further through the growth of high added-value services market

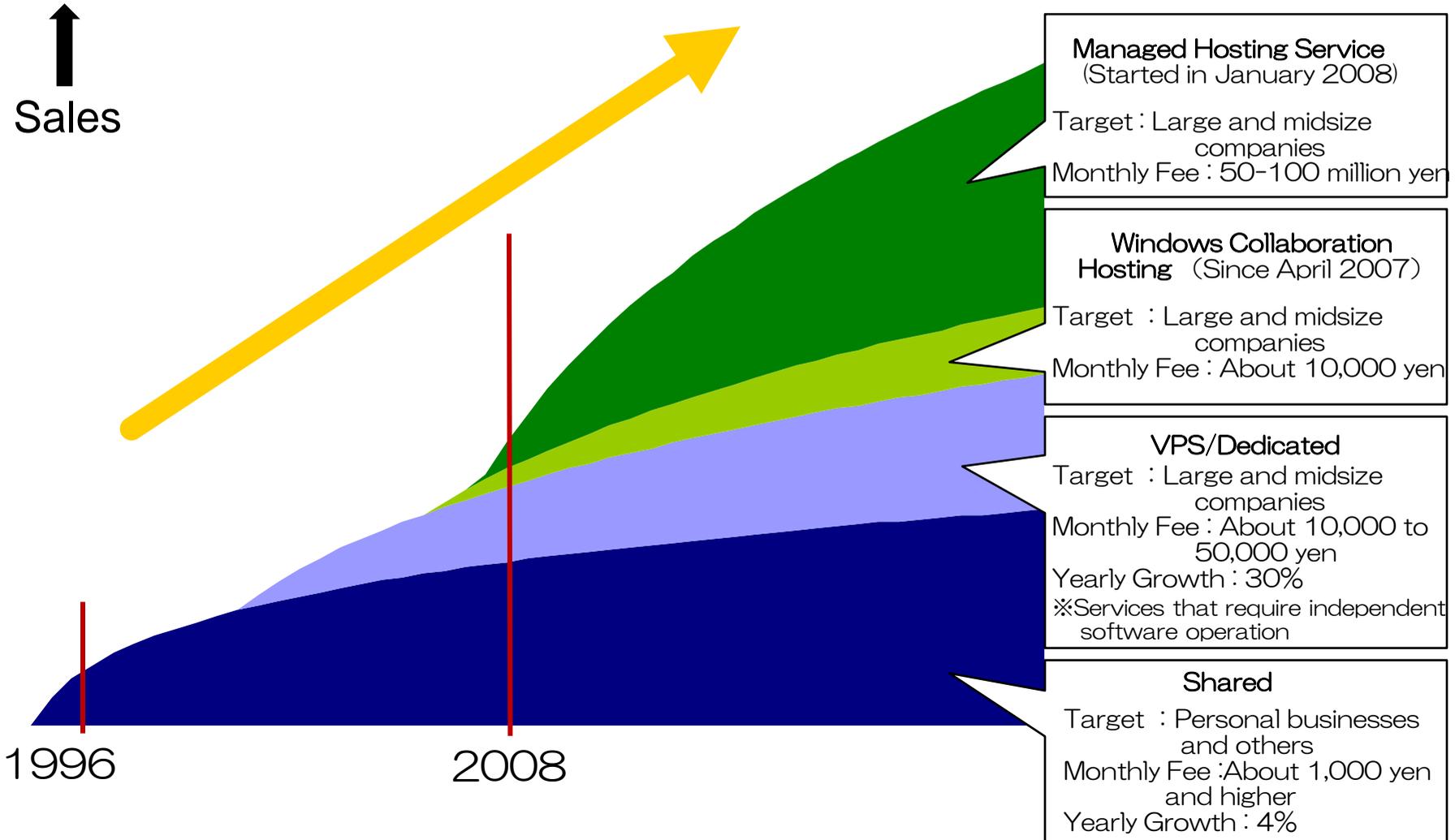
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↑
Sales



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Hosting Business: Future Strategies

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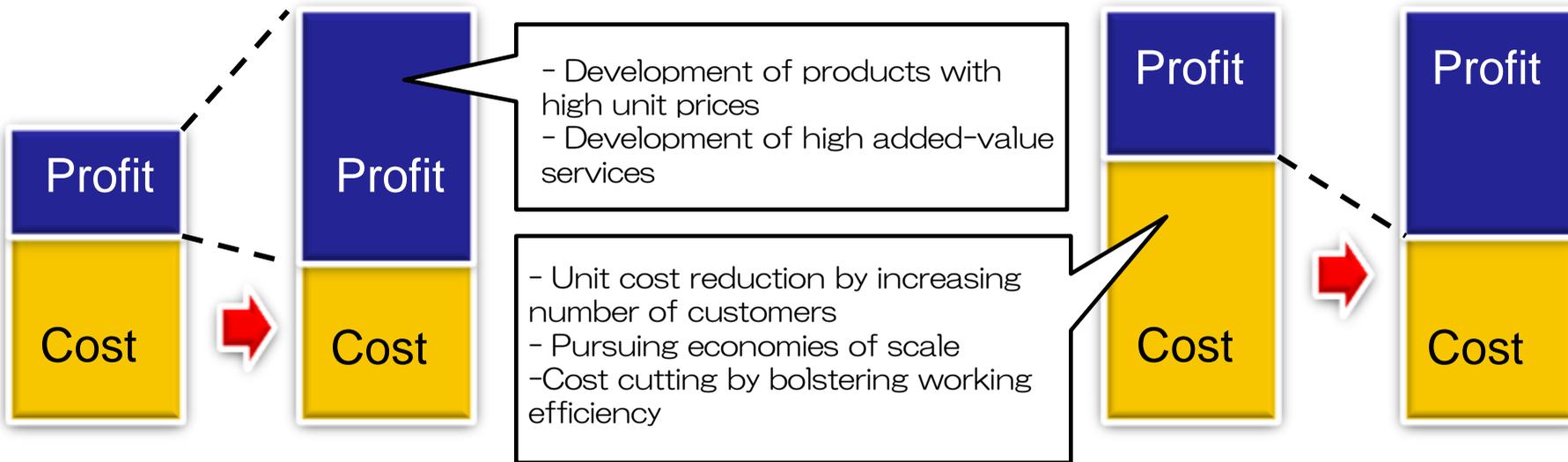
3. Strategy

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Corporate values enhanced further by total cost reduction and brand power improvement

High-end products
= higher added value

Low-end products
= cost savings



- Further increase in number of contracts
- Starting Managed Hosting Service (1Q and onwards)

- Obtaining new OEM
- Executing M&A (1Q)



- Brand power enhancement
- Corporate value enhancement

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3-2 Securities Business

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Securities Business: Summary

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Completed the development organization of major business bases; preparing for the further expansion of sales channels

- ✓ The domestic market has sustained its rapid growth
- ✓ Established a company in February 2008:
completed the establishment of major bases
- ✓ The US company has grown steadily with large-scale contracts and expanded sales channels
- ✓ Aiming at a further expansion in sales channels and more intensive internal control

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Securities Business : Growth of JPN Market

1. Summary and Conclusion

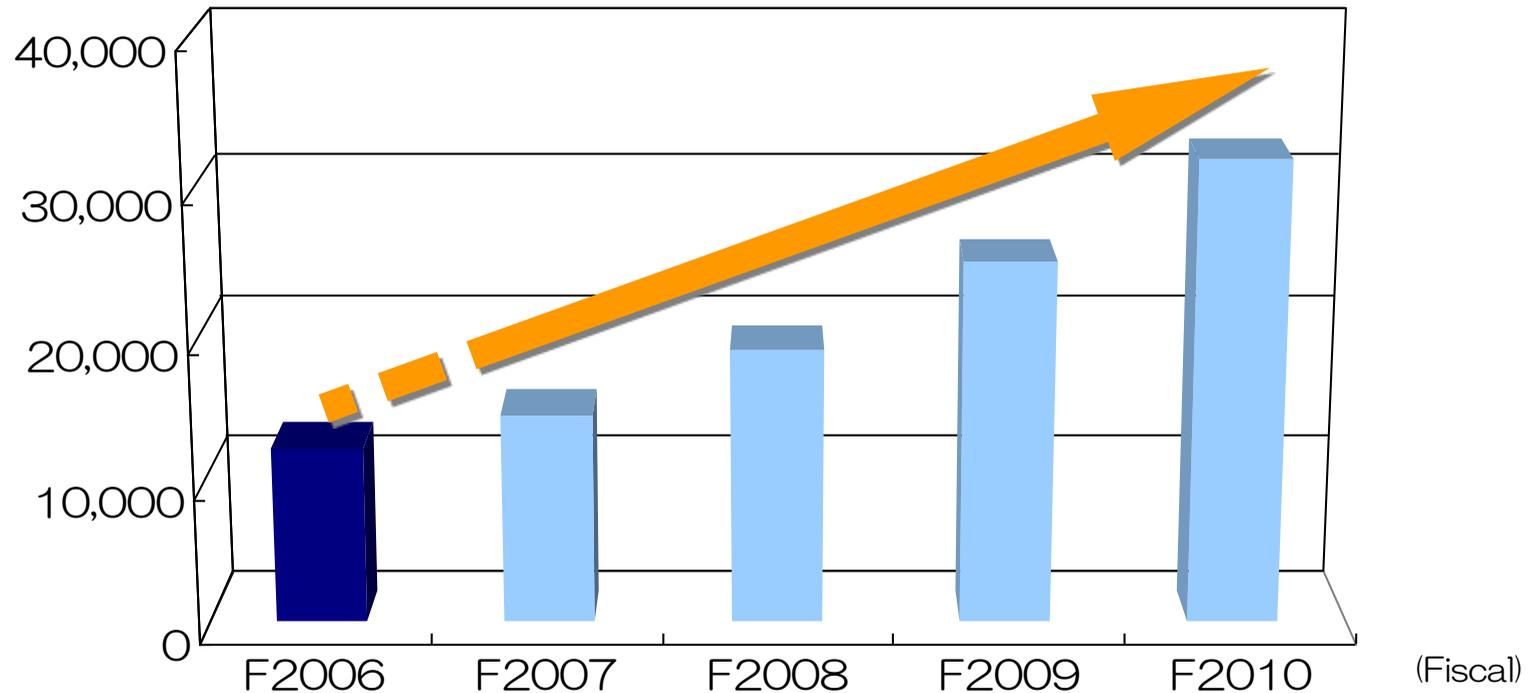
2. Financial Highlights

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A market growing at a fast clip of 27%

(Unit: million yen)



(Source: Fuji Chimera Research Institute)

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Market opportunities are great in Japan alone; growth may accelerate further with the enactment of e-document laws, J-SOX and other laws, as well as through IE7 dissemination

Securities Business : Growth of World Market

1. Summary and Conclusion

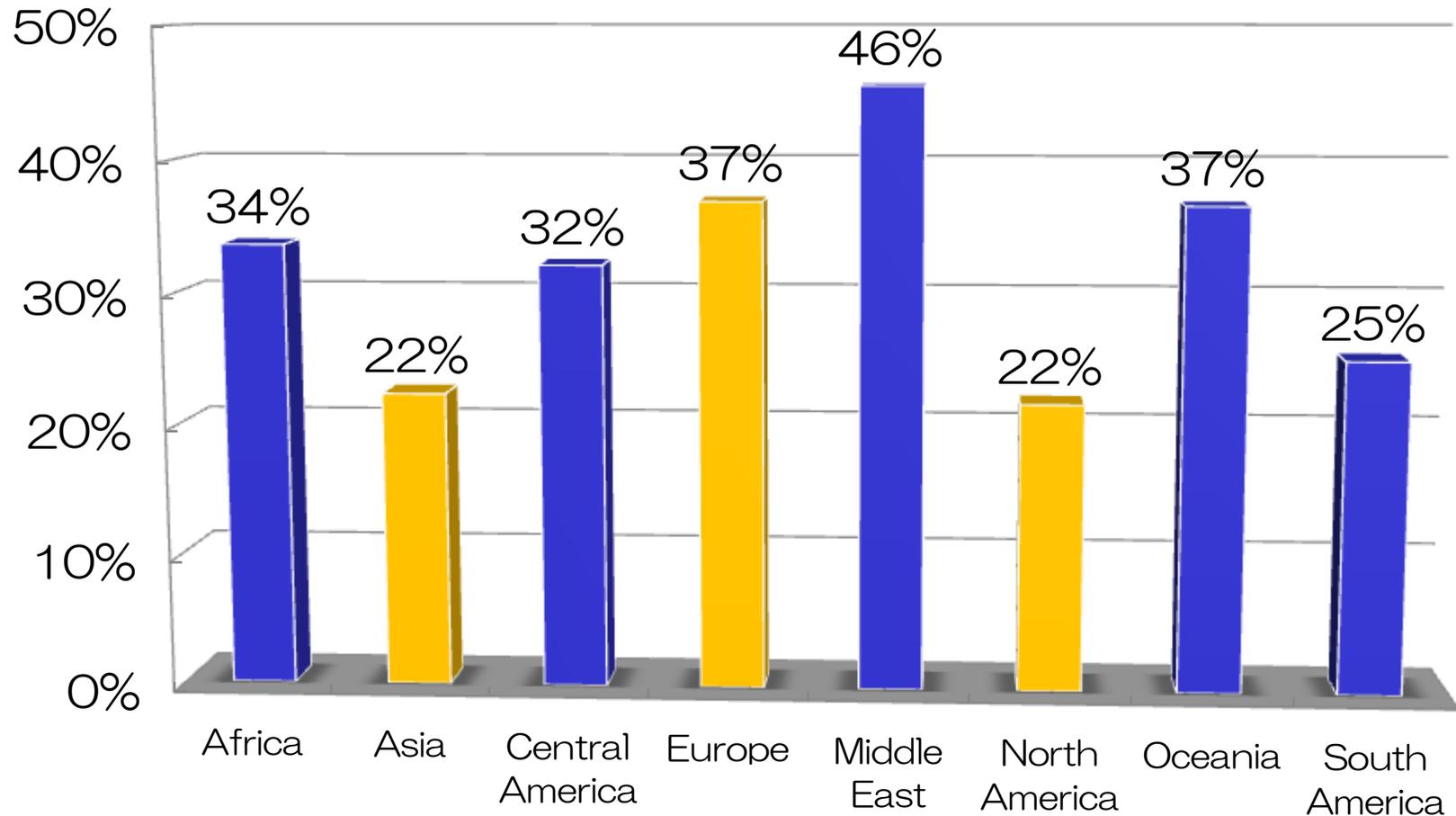
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Growth rate tops 20% in all regions

Ratios of growth for server certificates issued by region



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(Source : netcraft and Research by the Company)

Securities Business: Further Acceleration in Growth

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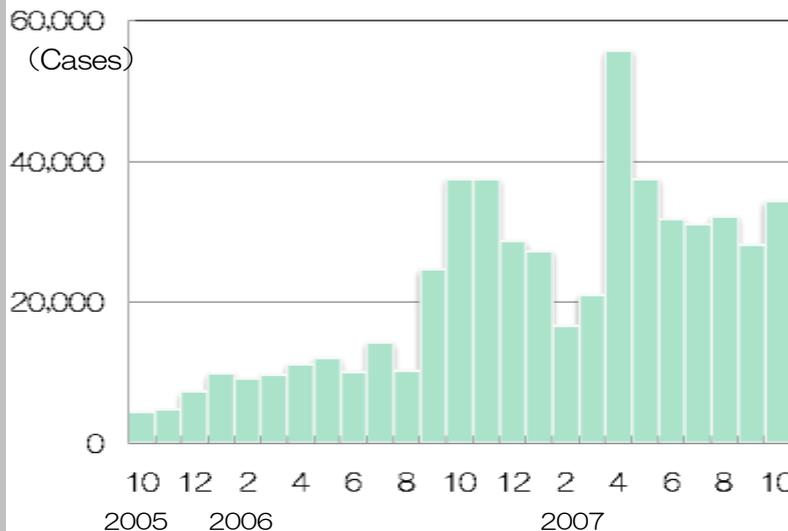
Numerous market opportunities to accelerate growth

① Stricter requirement for the display of IE7 when certificates are not available



*When a website with an unacceptable server certificate is accessed, IE7 displays a warning message
 *Microsoft starts distributing IE7 to XP users on February 13 through automatic upgrades

② Number of phishing websites surged



Source : Anti-Phishing Working Group
 (<http://www.antiphishing.org/>)



Market growth offers further potentials for growth

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Securities Business : Corporate History

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"Domestic Reseller" changes into "World-wide CA"

2003	April	GeoTrust Japan, Inc. (100% Subsidiary of GMO-HS) was established as reseller of GeoTrust, Inc.
2006	May	VeriSign, Inc. acquired GeoTrust, Inc.
	August	GMO-HS acquired GeoTrust Europe, #1 reseller of SSL in EU
2007	October	GMO-HS acquired GlobalSign, a credible and well established CA and SSL provider
	January	Start selling "GlobalSign" brand SSL services in UK
	July	Start selling "GlobalSign" brand SSL services world-wide
2008	August	US branch starts business
	February	China branch starts business

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Securities Business : World-wide Sales & Marketing

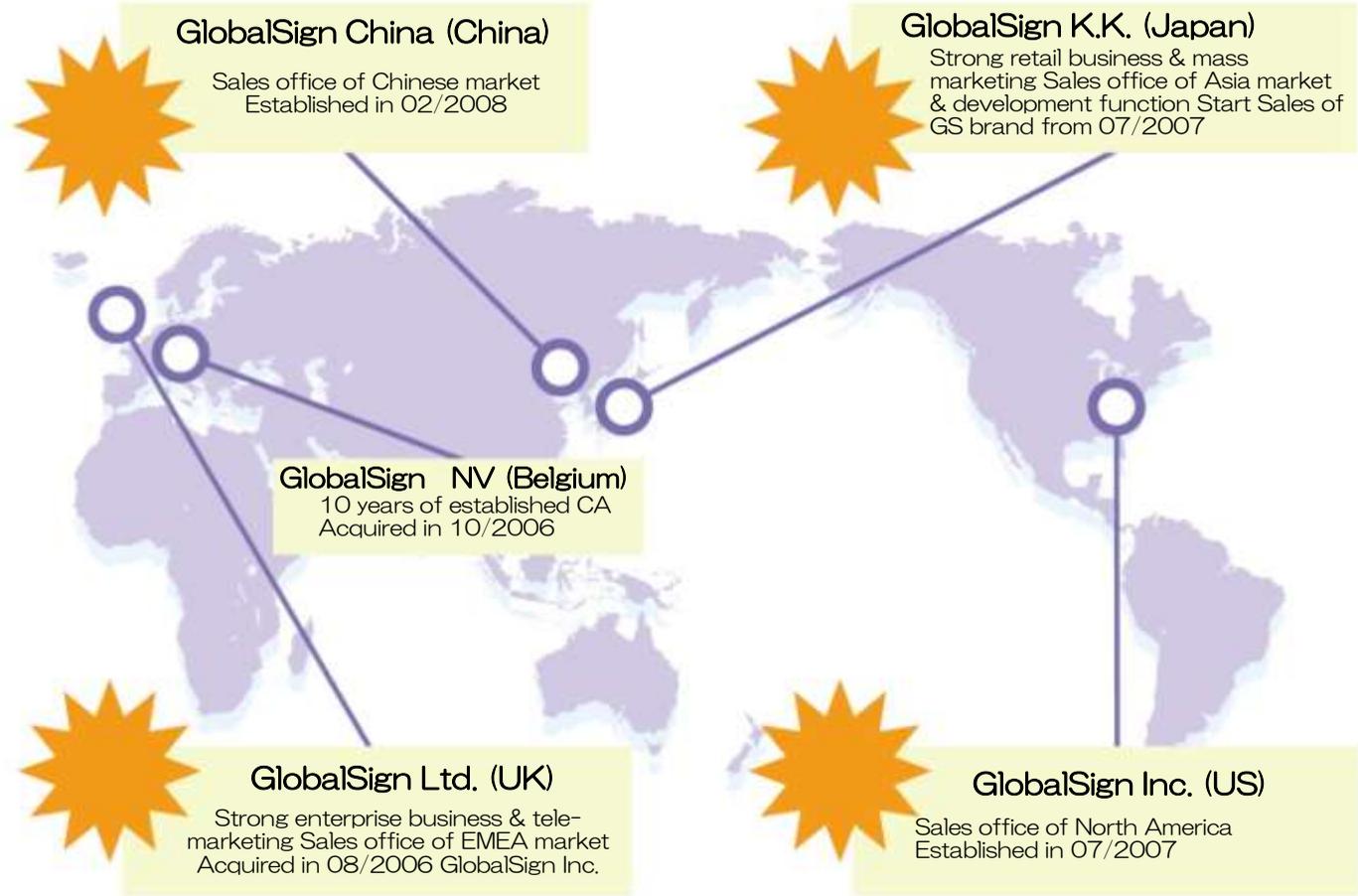
Completed worldwide business base rollout; starting efforts to increase market share on a global scale

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Securities Business: Number of Certificates Issued

1. Summary and Conclusion

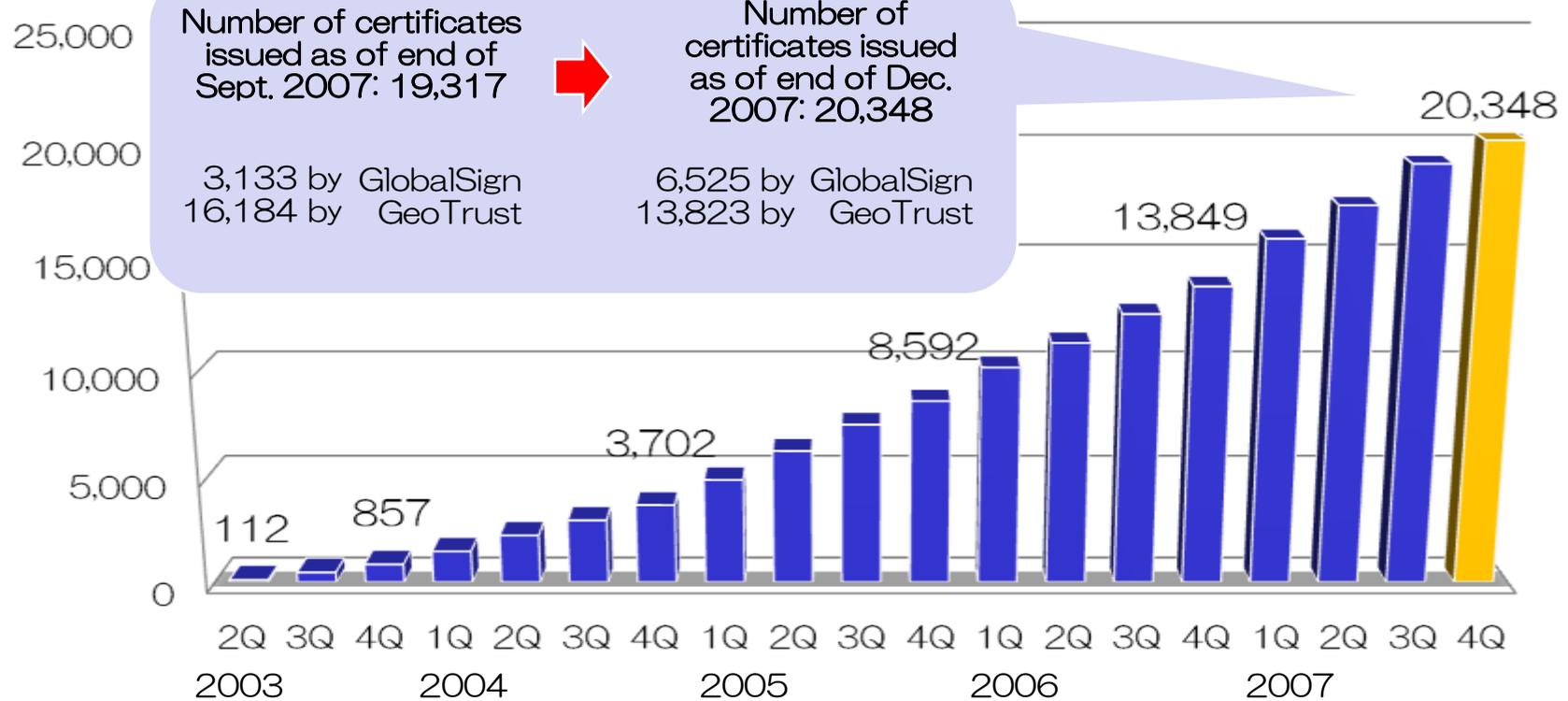
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Number of certificates issued increased 47% year-on-year; 5% quarter-on-quarter

Unit: certificates



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Domestic outcomes remained steady; brand switching from GeoTrust to GlobalSign also accelerated



Securities Business: Overseas Business

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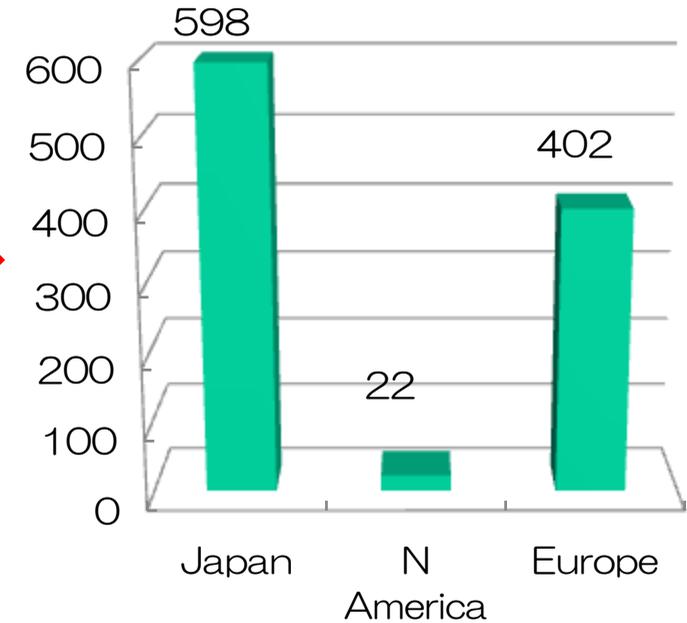
Overseas sales growth accelerated

Growth rate in sales by segment
(local currency-base)

	1-3Q	1-4Q	Growth rate
Japan (million yen)	420	598	30.4%
US (1,000 US\$)	24	198	713.1%
UK (1,000 British Pounds)	511	692	35.4%
Belgium (1,000 Euro)	1,245	1,469	18.0%
Tptal (*) (million yen)	786	1,024	30.3%

*..Value before

Sales by segment
(unit: 1 million yen) 1-4Q



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Overseas outcomes have also grown, along with domestic outcomes. If the effects of foreign exchanges were not considered, the growth rate would have improved.

Securities Business: Service Development

Getting hold on potential customers by tying up hosting users and the SSL certificate

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- 2007 July: Start selling the ObjectSign™, the certificate for encryption
- October: Start selling EV SSL server certificate
- November: Formed partnership with Verio of the United States
- 2008 January: Started offering Skip Application Service
Oname.com x GlobalSign SSL server certificate service
- February: Started offering One-Click SSL API(*)

(*) ...Patent pending



- Securing global sales channels
- Ally hosting/domain services and SSL certificate to expand channels to cover potential needs

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Securities Business: Service Development (Illustration)

Great opportunities for growth with Blue Ocean, which has excellent synergy with the web hosting business

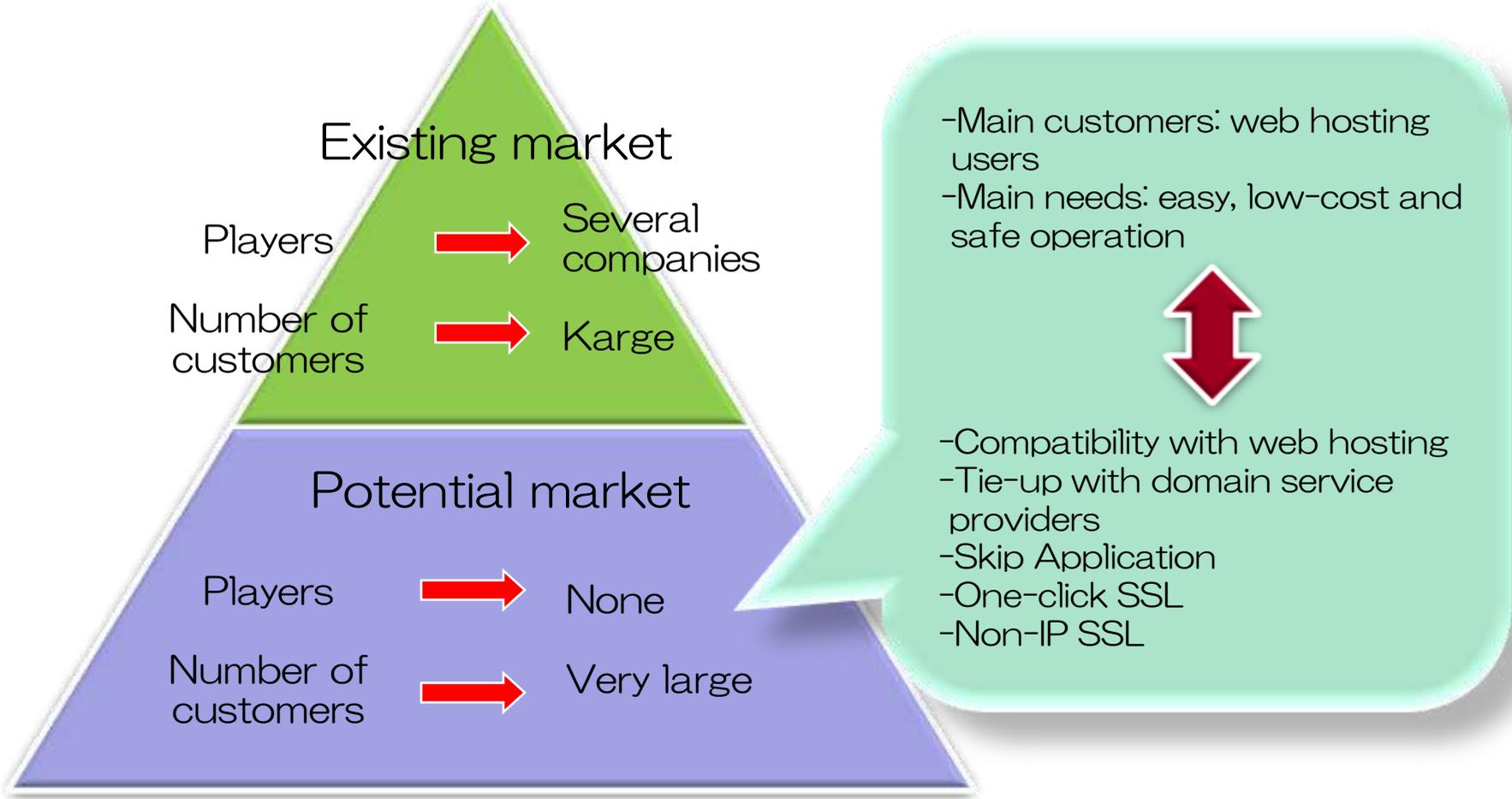
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We have great opportunities for growth

Securities Business: Future Business Development

Consolidate defense while maintaining an aggressive posture

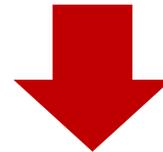
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- Increasing Sales 50% annually
- Proactive advancement into overseas markets
- Establishing internal control and management systems (including overseas subsidiaries)



Solidifying both defensive and aggressive measures for the world's first IT companies from Japan

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Securities Business: Profit and Loss Structure

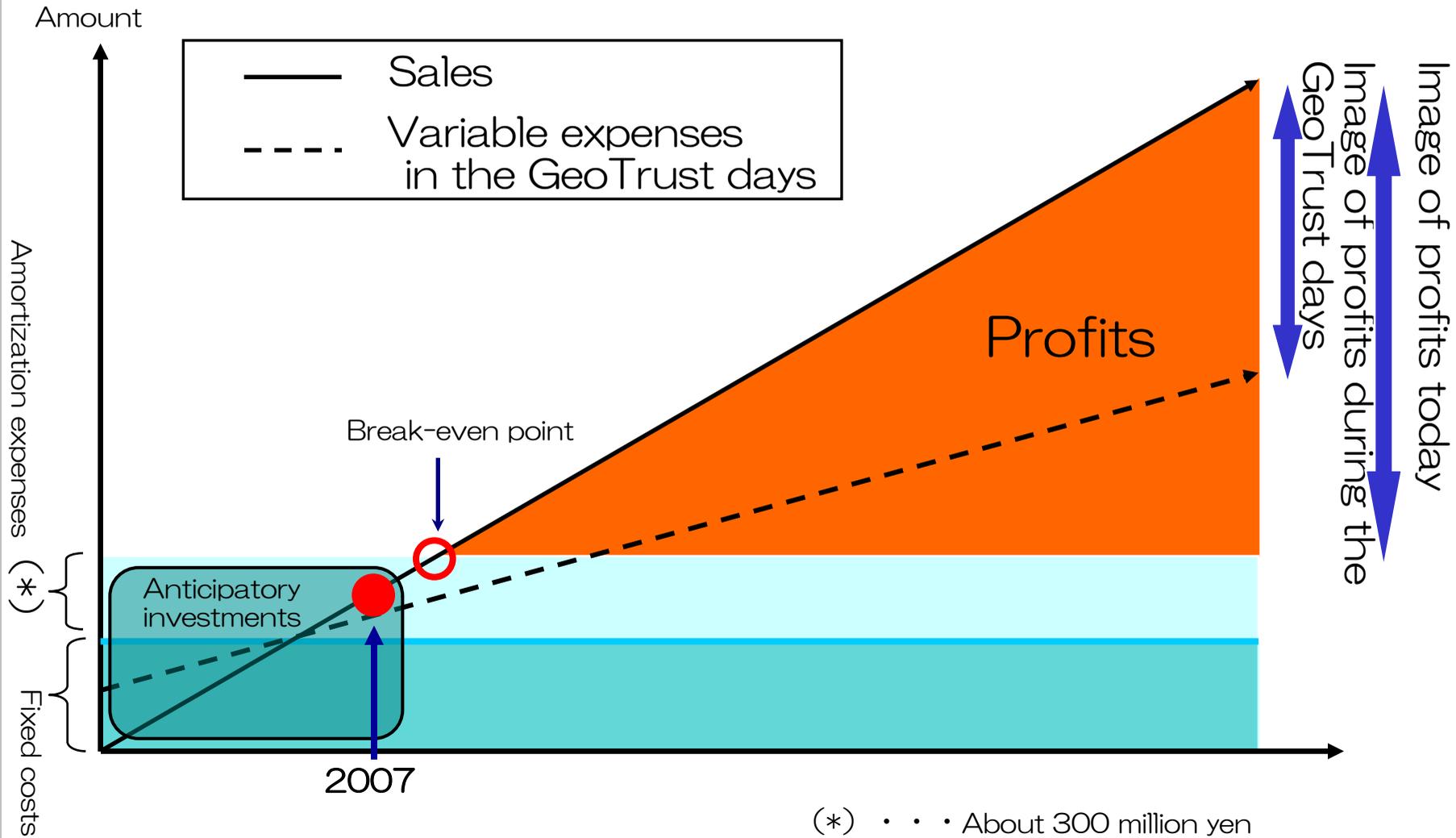
High medium-term profit ratio achieved

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3-3 other

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Other

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Making proposals on potential customer needs and developing new advertising products

Basic policies :

- ① Offer high-grade websites at reasonable prices

Make proposals on potential needs; synergies are expected with both the web hosting and security businesses

- ② Development of electronic brochure services

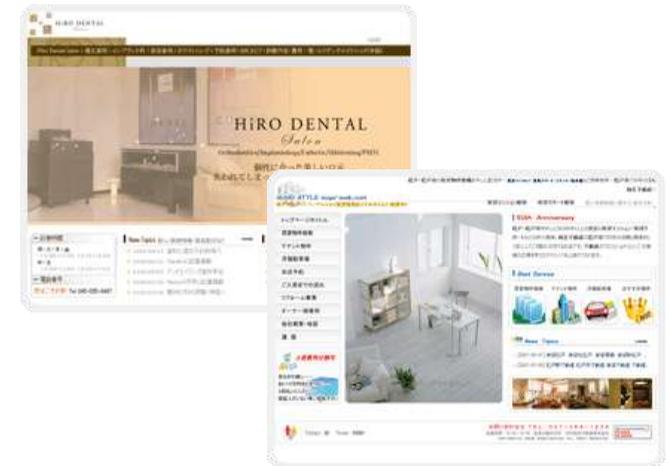
Promoting a shift from existing paper media to new advertisement products

- ③ Development of quick translation services

High synergy with web content; offering advantages in delivery speed and cost as well

- ④ Sales and production systems of low costs

The monthly balance moved into the black; and the contribution to profits and maximization of synergy are pursued going forward



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Financial Forecast : Full-Year Business Forecasts for FY 2008

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Sales increased with the investment recovery last year; investments will continue, and full-scale profits will result from next year and onwards

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

	FY 2007	FY 2008 (forecast)	YoY (%)
Sales	6,742	8,062	19.6
Operating profit	943	1,096	16.2
Net profit	371	530	43.0

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Set to rise by responding to next-generation needs for Hosting Business and expanding global shares for the Securities Business



Financial Forecast : FY2008 Segment Information

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Increase in profits expected for each business segment while investments continue

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

Sales by Business Segment	FY 2007	FY 2008 (forecast)	YoY (%)	Ref.: before
Web hosting service	5,742	6,330	10.2	6,342
Security service	974	1,580	62.2	1,624
Other service	25	151	604.0	151
Consolidated total	6,742	8,062	19.6	8,117

Operating profit by business segment	FY 2007	FY 2008 (forecast)	YoY (%)
Web hosting service	1,165	1,155	-0.9
Security service	-211	-70	-
Other service	-20	11	-
Amortization of the consolidated adjustment account	9	-	-
Consolidated total	943	1,096	16.2

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Summary of Today's Presentation

From start-up year to consolidation year for the next phase of growth

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- ✓ The second stage is underway for the web hosting business; aiming to achieve further growth and cash-flow maximization with improved high-end products and cost reductions
- ✓ Completed business base development for the security business; aiming to obtain larger shares and growth on a global scale
- ✓ Offering high returns to shareholders, by maintaining a stable cash flow and sound financial status

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