



Code: 3788

**Q1 2021**

**Financial Results Briefing Slides**

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# 1. Q1 2021 Financial Results and Topics

Q1 2021

# progress on track

to meet the annual forecast

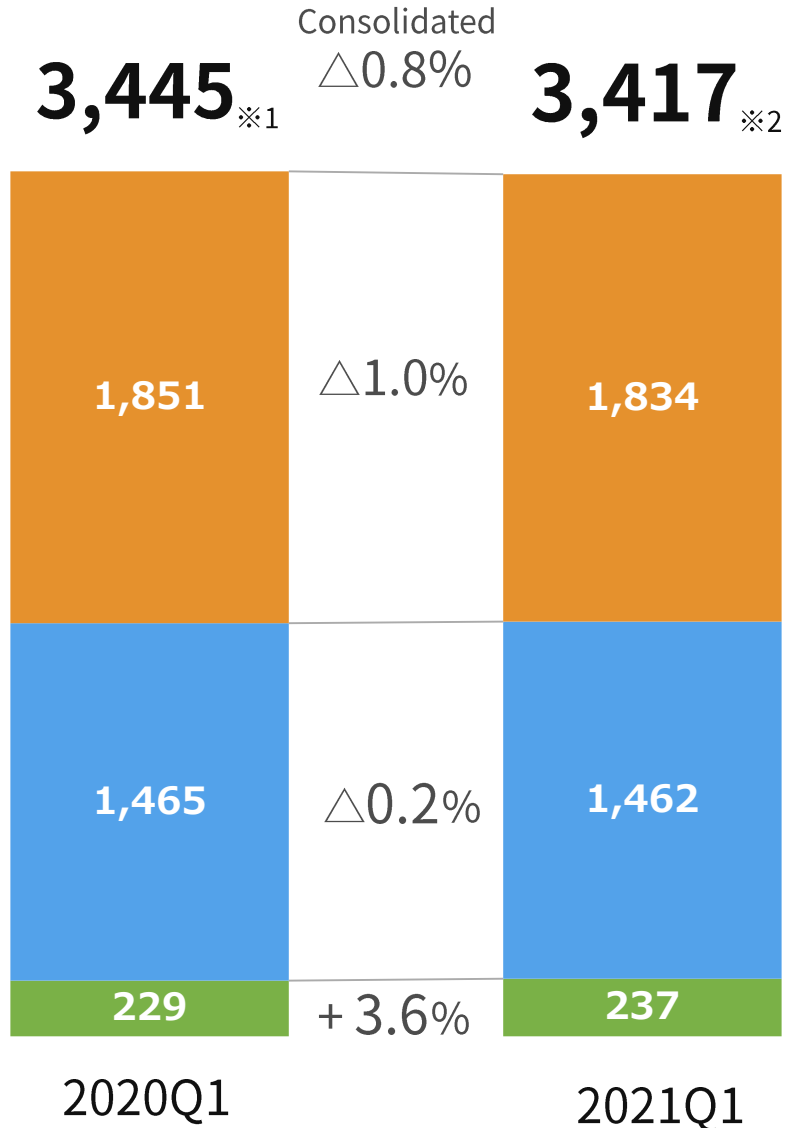
- Aggressive investment in “GMO Sign” and the shortened SSL validity period reduced sales and profit
- Strong progress in adoption of “GMO Sign” and “TrustLogin”
- Performance of the Digital Certificate and eSignature segment (SSL sales) and the Cloud Infrastructure/Digital Transformation segments remained steady

# FY2021 Q1 Consolidated Sales and Profit

	FY2020	<b>FY2021</b>	YoY	FY2021 (Forecast)	Achievement Ratio
Unit : Million Yen					
Sales	3,445	<b>3,417</b>	△0.8%	14,229	24.0%
Operating Profit	415	<b>308</b>	△25.9%	1,008	30.6%
Ordinary Profit	493	<b>293</b>	△40.4%	1,050	27.9%
Profit Attributable to Owners of Parent	359	<b>229</b>	△36.2%	775	29.5%

# FY2021 Q1 Consolidated Sales and Profit


Unit :  
Million Yen



## Digital Certificate and eSignature Segment

- Sales declined due to shortened SSL validity period, but orders remained strong

## Cloud Infrastructure Segment

- Although  **CloudCREW**<sub>byGMO</sub> sales increased (+51.6% over previous year), overall sales decreased due to the impact of product consolidation

## DX Segment

-  **LINKDrive**<sub>byGMO</sub> and  **photon** sales volume increased, resulting in increased overall sales

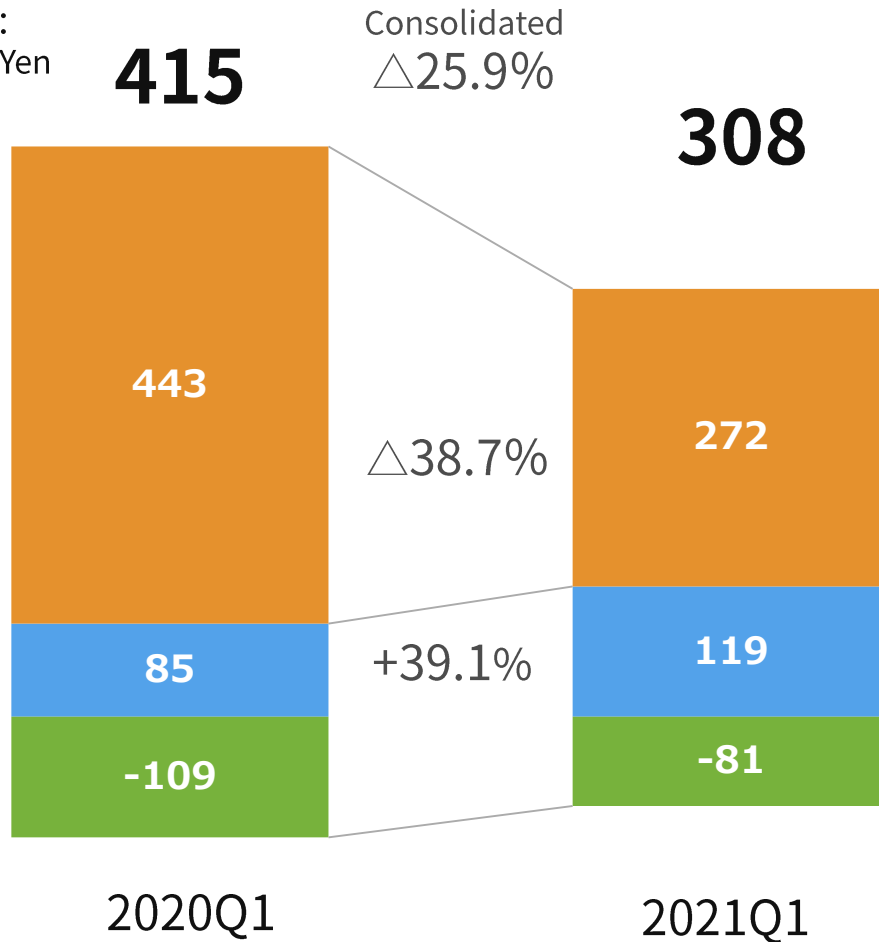
※1 1 Internal Transaction 100M

※2 1 Internal Transaction 115M

# FY2021 Q1 Consolidated Sales and Profit

Financial Results

Unit :  
Million Yen



## Digital Certificate and eSignature Segment

- Profits decreased due to greater strategic investment expenses (related to sales promotion and service development)

## Cloud Infrastructure Segment

- Profits increased due to improved operational efficiency

## DX Segment

- Profits increased due to increased sales

# FY2021 Quarterly Comparison

- Sales increased in Cloud Infrastructure and Digital Transformation segments

Unit : Million Yen	FY2020 1 Q	FY2020 2 Q	FY2020 3 Q	FY2020 4 Q	<b>FY2021 1 Q</b>	QoQ
<b>Sales</b>	3,445	3,336	3,271	3,279	<b>3,417</b>	+4.2%
<b>Operating Profit</b>	415	396	277	267	<b>308</b>	+15.2%
<b>Ordinary Profit</b>	493	428	257	214	<b>293</b>	+37.3%
<b>Profit Attributable to Owners of Parent</b>	359	338	186	285	<b>229</b>	△19.5%



## 2. Business Overview

# Topics



- Launched dedicated smartphone app as the first step to popularize “GMO Sign for everyone”
- Sanjo City, Niigata Prefecture, was the first local government to introduce the e-contract service. Aiming to promote digitization by local governments and foster an environment conducive to e-contract use



- Launched joint pilot test with PRODRONE to strengthen the security of drone communications, with the aim of providing security technology in the next-generation mobility domain
- Acquired a Brazilian operating company to strengthen SSL sales in South America, accelerating global business expansion



- Achieved No. 1 position in Japan, with the greatest number of companies adopting our single sign-on service among such domestic services. Aiming to further expand the business in response to growing demand



- Released the “HondaGO RIDE” official app as a part of support for app development. Growing need for online sales support among enterprises

# Digital Certificate and eSignature Segment

# Digital Certificate and eSignature Segment

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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

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

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**No. 1** in Japan for number of companies  
adopting our single sign-on service

# Number of User Companies



Domestic market share

**No.1**

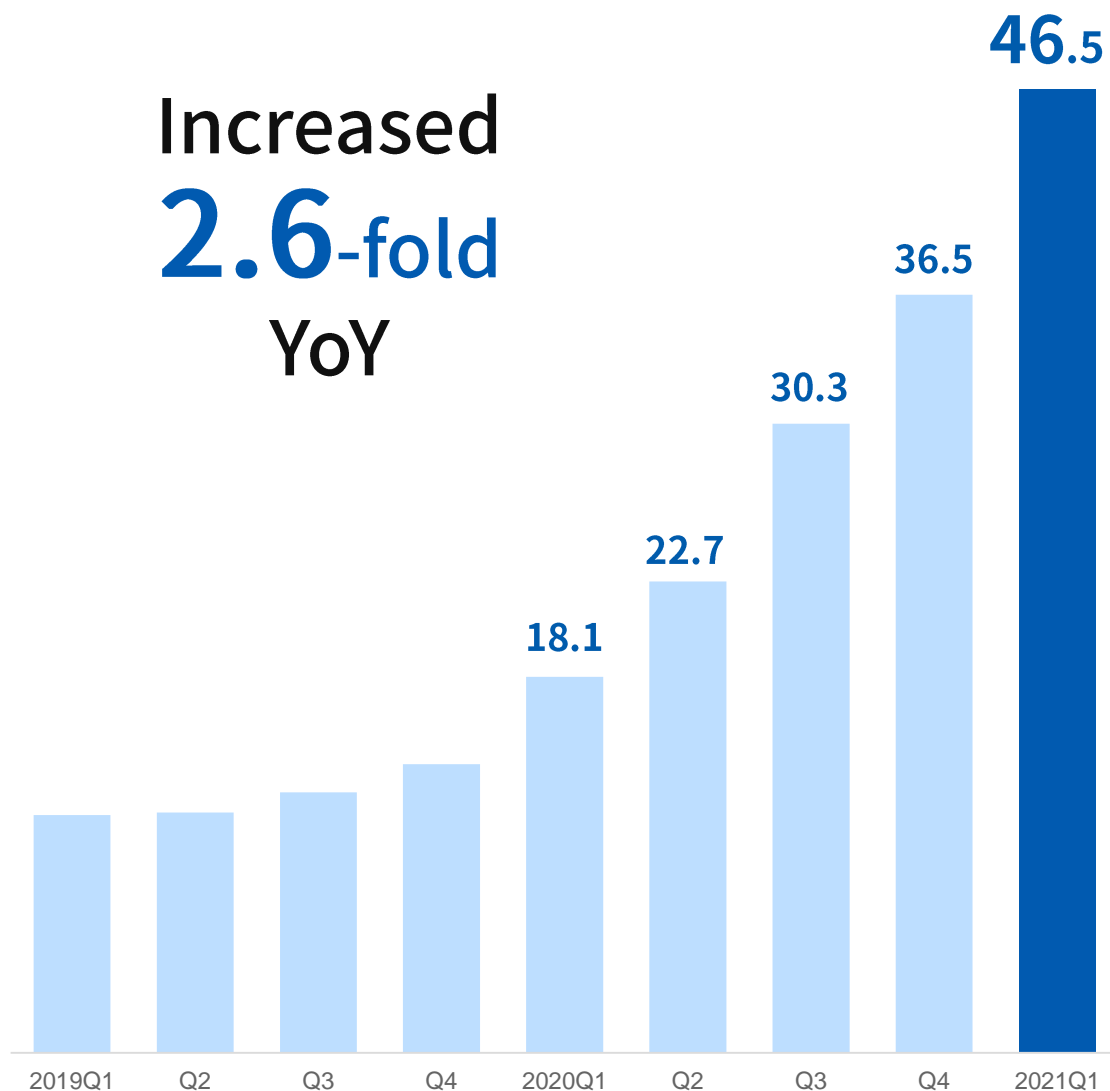
Increased  
**39-fold**  
YoY

Digital Certificate Segment and

# Number of Contract Transmissions

Digital Certificate Segment and

Increased  
**2.6-fold**  
YoY



## Company users (sample)



Toward an e-contract service that anyone can use “anytime, anywhere” with peace of mind

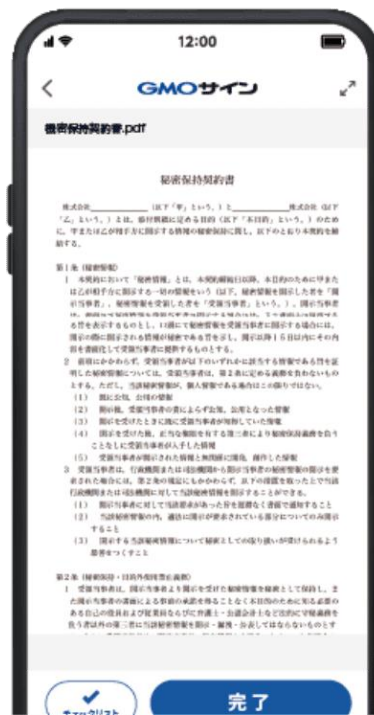
## May 12 Launch of official app



1. Tap notification



2. Confirm document



3. Finish signing in as few as 3 steps



Digital Certificate Segment and

## 50 local governments participating in pilot tests

※

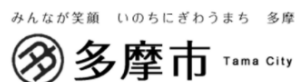
### Say good-bye to seals: Digitize 100M Project



First local government in Japan



Adoption by Sanjo City confirmed



三條市  
SANJO CITY



※ 50 local governments, including 20 local governments that already announced their participation, are participating in pilot tests using “GMO Sign for Administrative Reform through Digital Transformation” (May 14<sup>th</sup>, 2021)



# Main Measures for the Future

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## ✓ Release the “GMO Sign app”

Part 1: Signature, notification, archive search functions **5/12**

Part 2: Linkage with My Number Card **Summer (Planned)**

Part 3: Document upload/signature request sending function, workflow function **Fall (Planned)**

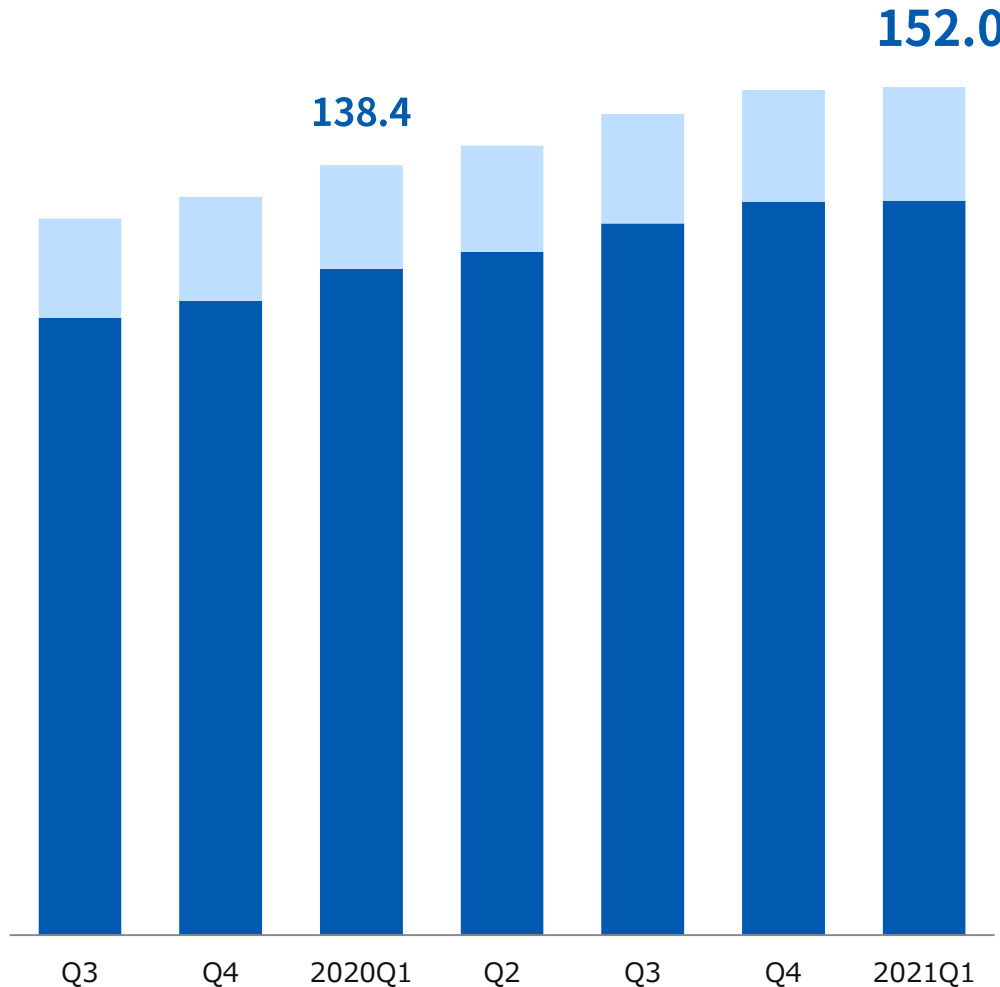
## ✓ Strengthen synergy with GMO Internet Group’s customer base

## ✓ Accelerate promotion enhancement by releasing PR videos

# Number of Valid SSL Certificates Issued\*

Unit: Ten thousand

■ Overseas    ■ Domestic



**Steady increase  
in number of  
customers adopting  
SSL certificates  
globally**

Digital Certificate Segment and

\* Number of valid certificates issued refers to the number of active electronic certificates that have not expired and are in use

# Accelerated business in South America by acquiring a Brazilian operating company Expanded global SSL sales (from 10 to 11 bases worldwide)

**No.1** SSL market share (Brazil) 68%

Promote acquisition of government projects  
from public institutions, etc.

Expand sales by strengthening direct sales  
and customer support

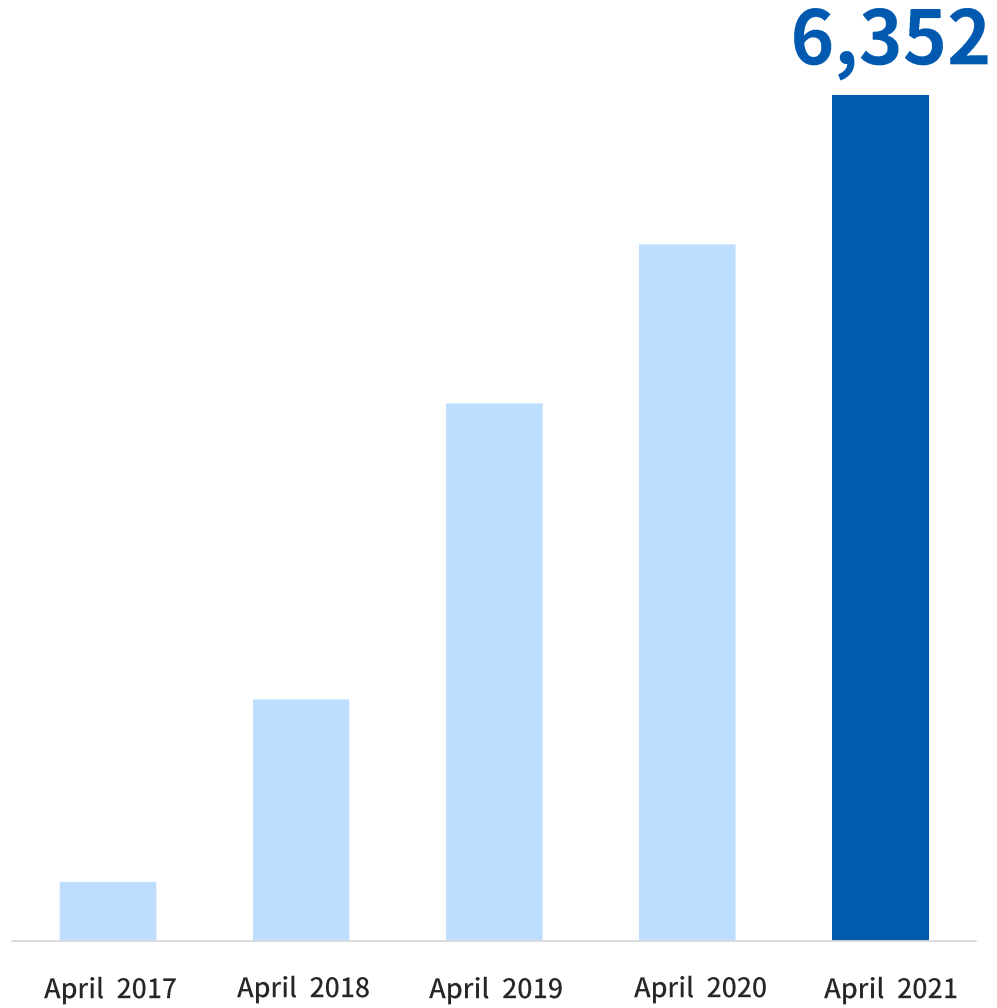
Expand profit by improving efficiency  
through local hiring and management

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- ✓ Accelerate sales to enterprises  
Focus on sales of ID management services, Digital Signature Services (DSS) to enterprises, not only SSL
- ✓ Strengthen sales promotion of key products through “One GlobalSign”  
Sell GMO Sign and TrustLogin, the Group’s key products, by the entire GlobalSign team

# Single Sign On service

Digital Center Segment and



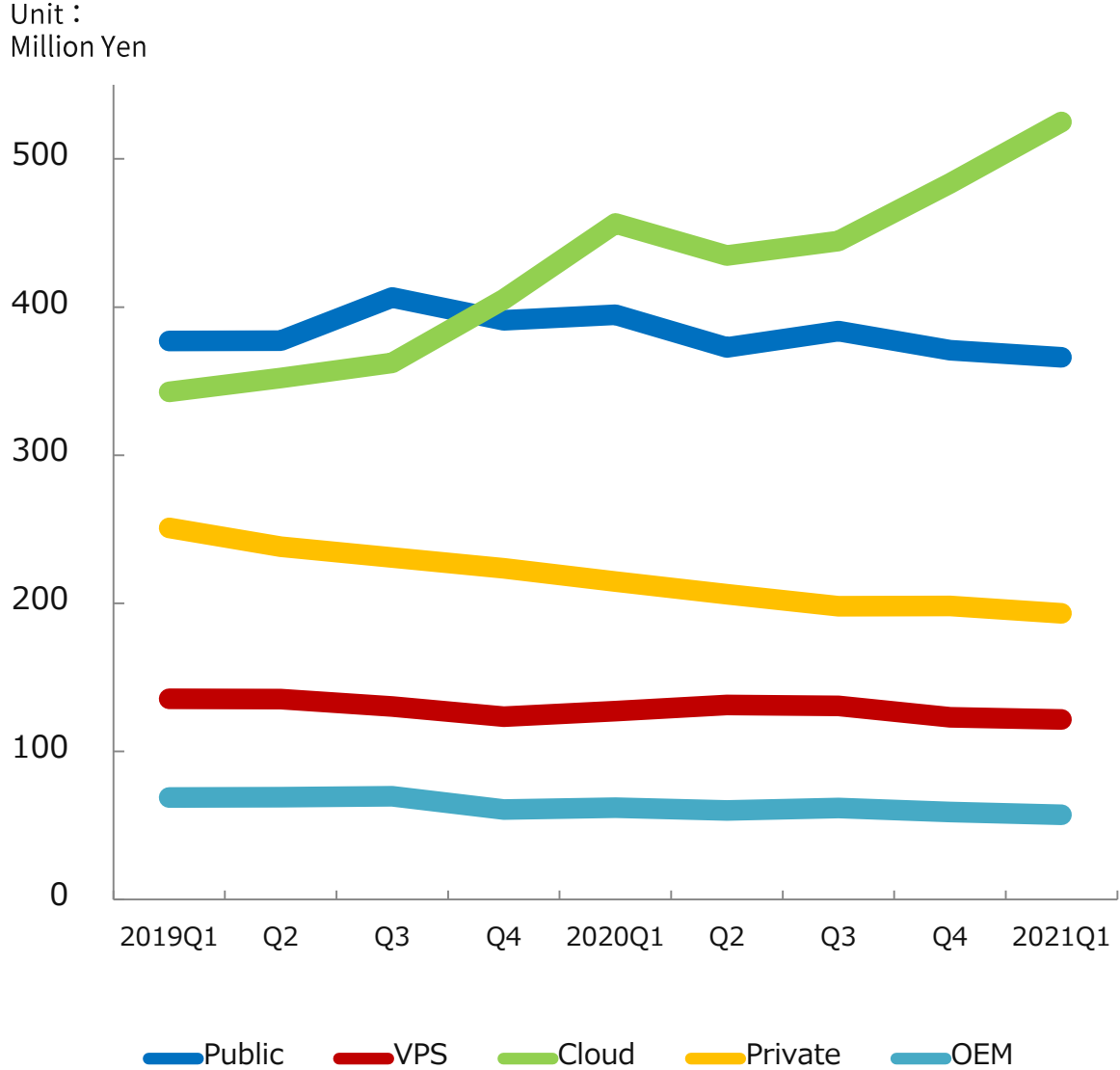
Domestic market share

No.1

- ✓ Strengthen services
  - Increase apps that support ID linkage (currently 5,906)
  - Enhance products, e.g. make password-free
- ✓ Strengthen sales
  - Expand sales resources (sales cooperation by SSL sales)
  - Expand partner sales  
(Pasona Panasonic, SOFTCREATE, NTT East,  
SAKURA KCS, RICOH JAPAN, OTSUKA CORPORATION)
  - OEM development

# Cloud Infrastructure Segment

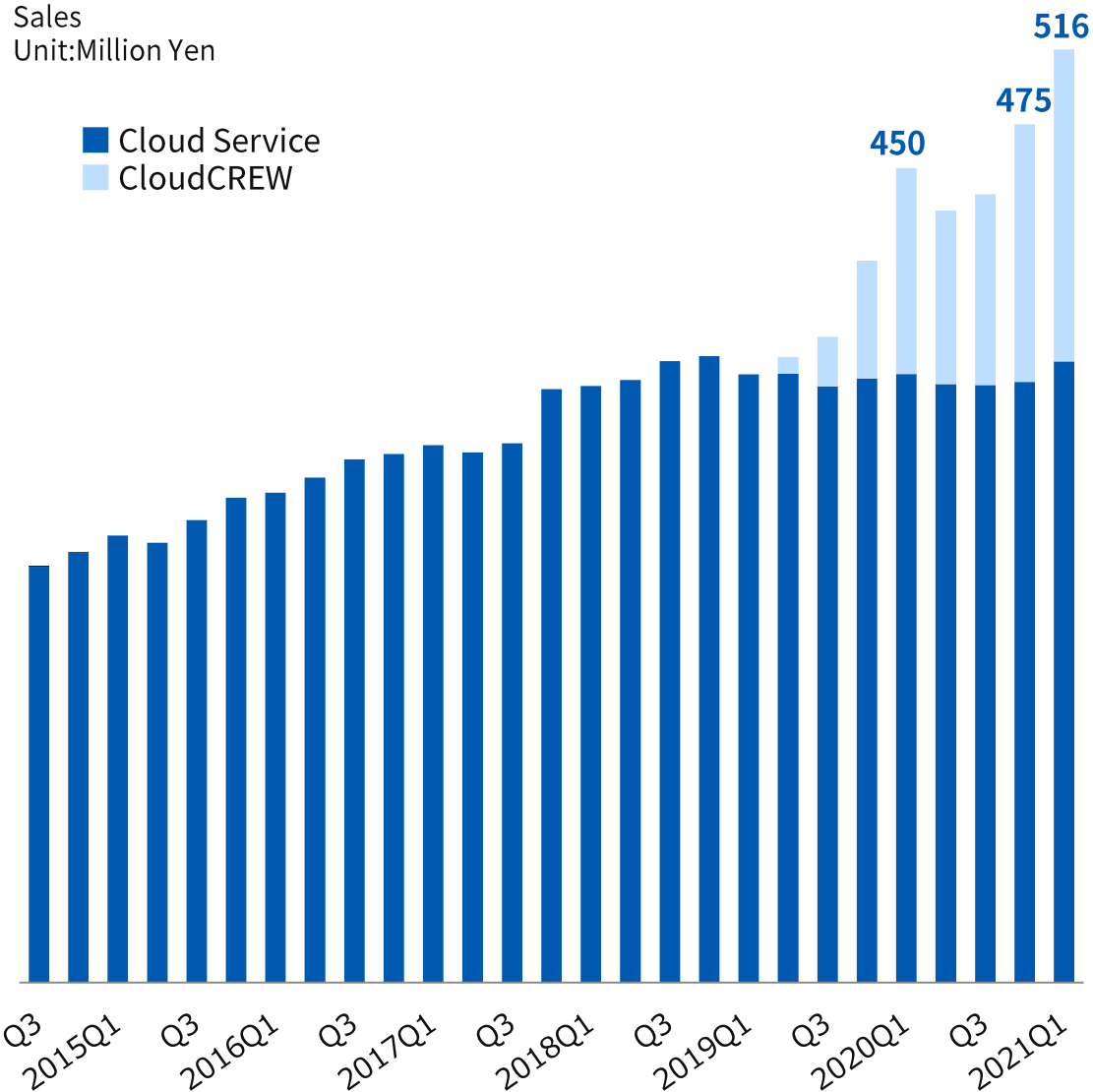
# Product Sales



# Continuous sales growth

Cloud Infrastructure Segment





FY2021 Q1

Sales : **516M**

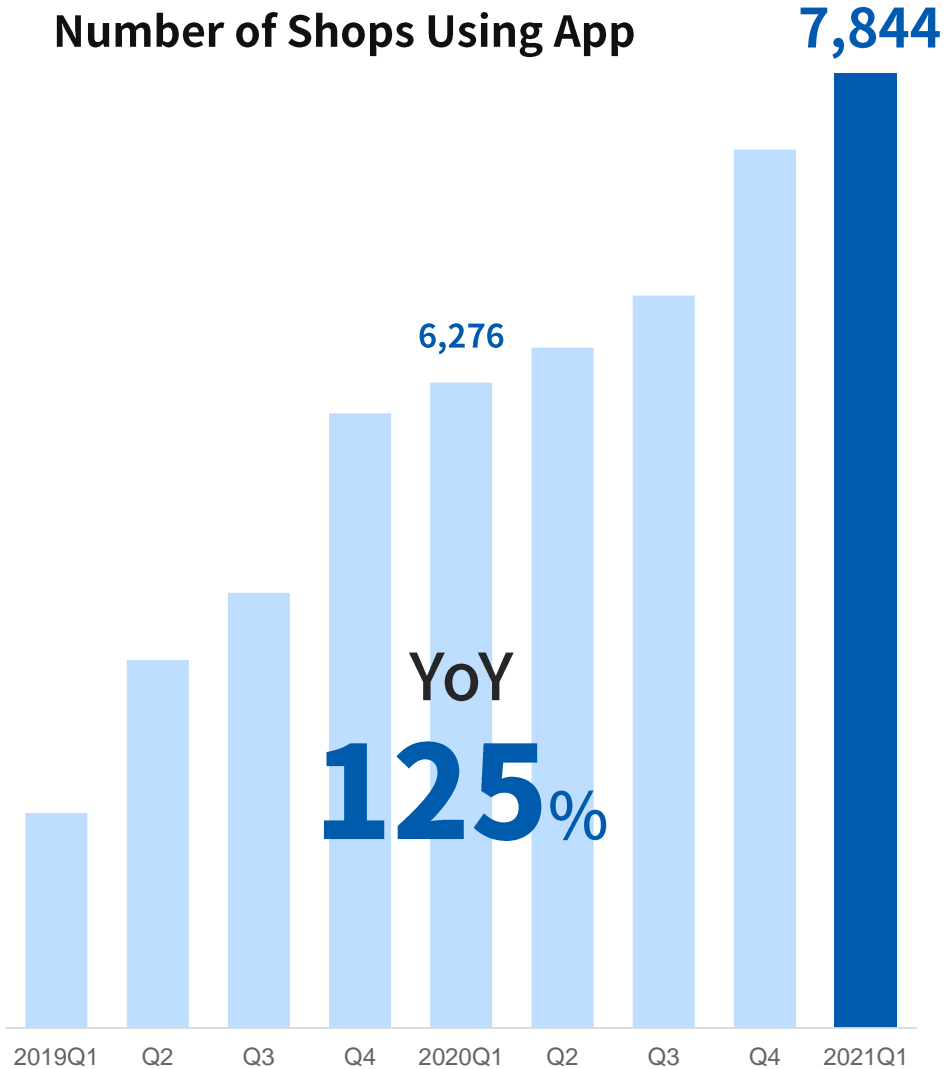
(CloudCREW : 172M)

YoY: **+14.6%**

- ✓ Further expand recurring revenue sales
  - Strengthen managed cloud sales (monitoring, outsourced operation, building)
  - Establish a system aimed at expanding the recurring revenue model
- ✓ Accelerate promotions
  - Accelerate promotions with upgrade to AWS Advanced Consulting Partner

# DX Segment

Number of Shops Using App



## Expand adoption by major customers

Adopted by Honda Motorcycle Japan's official app, "HondaGO RIDE"

**HondaGO**  
HONDA

すべてのライダーのための  
バイクライフアプリ

あなたとバイクをつなぐ

**HondaGO RIDE**

App Store からダウンロード  
Google Play で手に入れよう

MEMBER'S CARD  
HondaGO  
1,819 P  
ポイント有効期限 20XX年8月19日

BIKE LOG TOURING  
NEWS MY BIKE

※パッケージ通信料はお客様のご負担となります。  
Apple及びAppleロゴは米国の他の国で登録されたApple Inc.の商標です。  
App StoreはApple Inc.のサービスマークです。  
Google PlayおよびGoogle PlayロゴはGoogle LLCの商標です。

DX Segment

- ✓ Expand functions
  - Shift to no-code development platform
  - Expand developer personnel
- ✓ Capture demand for digital transformation
  - Strengthen acquisition of large-scale projects
- ✓ Strengthen alliances
  - LINE Mini app, GMO Payment Gateway (stera, government-issued “premium vouchers”), GMO MakeShop

# Reference Materials

# Summary of Consolidated Income Statement

Unit : Million Yen	FY2020Q1	FY2021Q1	Ratio
Net Sales	3,445	<b>3,417</b>	△0.8%
Cost of Sales	1,381	<b>1,373</b>	△0.6%
Gross Profit	2,064	<b>2,043</b>	△1.0%
Selling, General and Administrative Expenses	1,648	<b>1,735</b>	+5.3%
(Marketing Expenses)	115	<b>156</b>	+35.7%
(Depreciation)	31	<b>64</b>	+102.0%
Operating Income	415	<b>308</b>	△25.9%
(Operating Income Ratio)	12.1%	<b>9.0%</b>	—
Ordinary Income	493	<b>293</b>	△40.4%
Income before income taxes	493	<b>293</b>	△40.4%
Income taxes expense	131	<b>83</b>	△36.5%
Profit Attributable to Owners of Parent	359	<b>229</b>	△36.2%

# Summary of Consolidated Balance Sheet

Unit : Million Yen	2020 Dec.	2021 Dec.	Ratio
Current Assets	7,390	<b>7,247</b>	△1.9%
(Cash and Deposits)	4,670	<b>4,743</b>	+1.6%
(Account Receivable)	1,399	<b>1,527</b>	+9.2%
Fix Assets	3,672	<b>3,923</b>	+6.8%
(Software)	1,659	<b>1,842</b>	+11.0%
(Investment Securities)	586	<b>615</b>	+4.9%
Amount of Assets	11,063	<b>11,170</b>	+1.0%
Liabilities	3,774	<b>4,010</b>	+6.2%
(Advances by customers)	1,725	<b>1,831</b>	+6.1%
(Debt+Lease)	524	<b>539</b>	+2.8%
Net Assets	7,288	<b>7,160</b>	△1.8%
(Shareholders' Equity)	6,826	<b>6,471</b>	△5.2%
(AOCI)	168	<b>414</b>	+145.4%
(Non-Controlling interest)	293	<b>275</b>	△6.1%
Liabilities + Net Assets	11,063	<b>11,170</b>	+1.0%



# FY2021 Annual Forecast

- Further accelerate investment in GMO Sign to gain No. 1 dominant market share. Increase sales and reduce profit.
- August 2021 marks one year since shortening the SSL validity period. Eliminate negative impact on sales beyond August.

Unit : Million Yen	FY2020 (Actual)	FY2021 (Forecast)	Forecast against Actual
<b>Sales</b>	13,332	<b>14,229</b>	+ 6.7%
<b>Operating Profit</b>	1,357	<b>1,008</b>	△ 25.7%
<b>Ordinary Profit</b>	1,394	<b>1,050</b>	△ 24.7%
<b>Profit to Owners of parent</b>	1,170	<b>775</b>	△ 33.8%
<b>Net Earnings per Share(Yen)</b>	101.62	<b>67.28</b>	-

# FY2021 Annual Forecast (Segment)

## Sales

Unit: Million Yen	FY2020 (Actual)	<b>FY2021 (Forecast)</b>	Forecast against Actual
Digital Certificate & eSignature	7,102	<b>7,545</b>	+6.2%
Cloud Infrastructure	5,748	<b>5,748</b>	+0.0%
D X	922	<b>1,384</b>	+50.1%
Internal Transaction	△440	△ <b>448</b>	—
<b>Total</b>	13,332	<b>14,229</b>	+6.7%

## Operating Profit

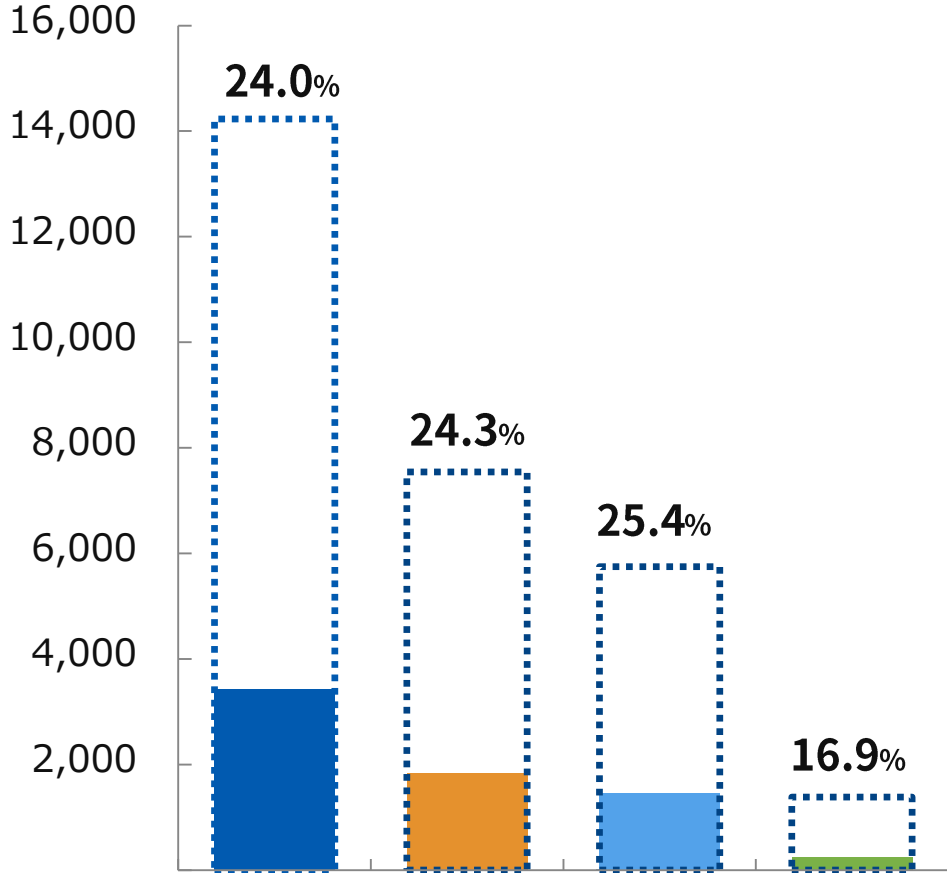
Unit: Million Yen	FY2020 (Actual)	<b>FY2021 (Forecast)</b>	Forecast against Actual
Digital Certificate & eSignature	1,420	<b>1,109</b>	△21.9%
Cloud Infrastructure	344	<b>344</b>	+0.0%
D X	△396	△ <b>446</b>	—
Internal Transaction	△11	<b>+1</b>	—
<b>Total</b>	1,357	<b>1,008</b>	△25.7%

# FY2021 Q1 Annual Budgets and Results

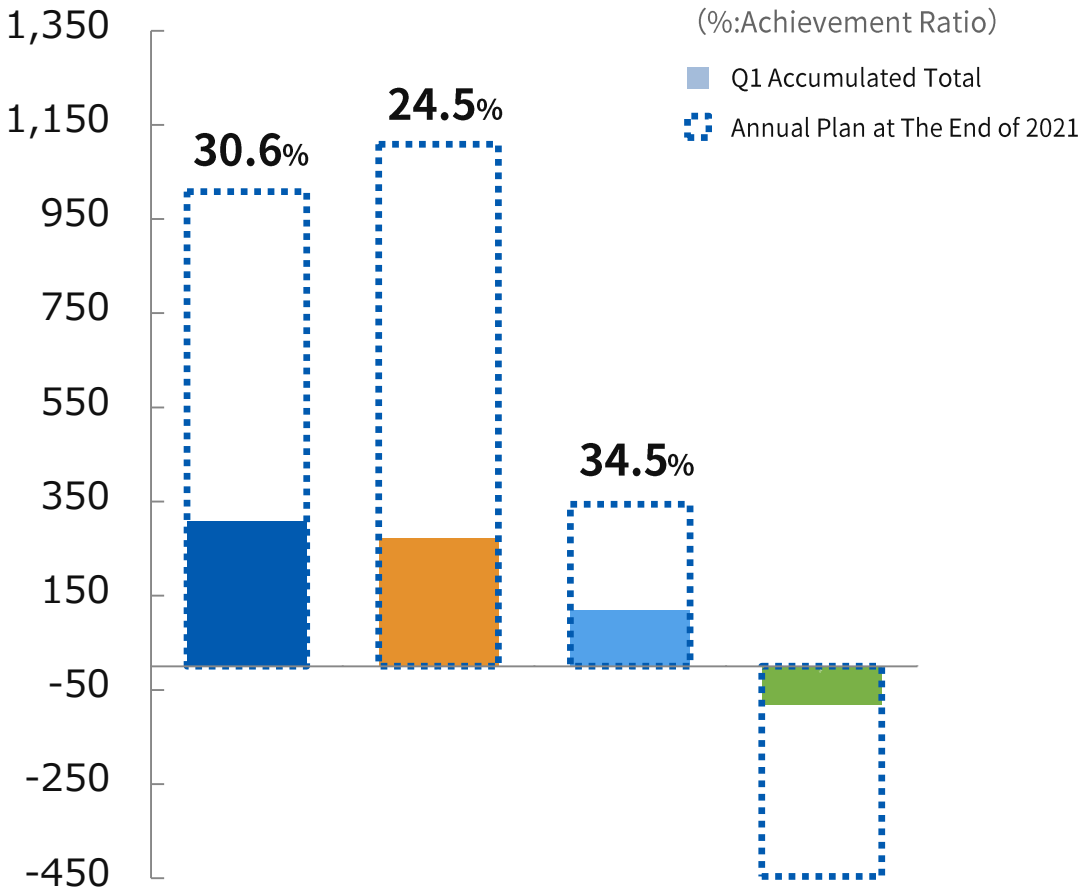
Reference Materials

Unit : Million Yen

## Sales



## Operating Profit



■ Total  
 ■ Digital Certificate & eSignature  
 ■ Cloud Infrastructure  
 ■ DX

# Corporate Profile

# Corporate Profile

Name	GMO GlobalSign Holdings K.K.
Securities Code	3788 (Tokyo Stock exchange, the 1st section)
Establish	May, 1997
Business	Total internet service
Business Segment	<ul style="list-style-type: none"><li>• Digital Certificate and eSignature (SSL Certificates, Electronic contract Service, Code Signing, PDF Signing etc.)</li><li>• Cloud Infrastructure</li><li>• DX (IoT Solution, Smartphone App and Web page production, Network Gaming Engine, Vehicle Remote Diagnosis)</li></ul>
Parent Company	GMO Internet, Inc. (9449) ownership ratio 51.8% * Joined to GMO Internet Group from May, 2001
Subsidiaries	16 Consolidated (Japan 7, Overseas 7) Non-consolidated 2(Overseas 2) (The end of March, 2021)
Employees	Consolidated 972 (The end of March, 2021)

# GMO GlobalSign HD K.K. Business Segment

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To Sustain Secure Internet Communication

## Digital Certificate and eSignature Segment

Defend Internet Communication by Electronic Verification system  
Defend User's ID and Password by ID Management system

## Cloud Infrastructure Segment

Provide Secure Cloud infrastructure

To Make Enterprise's Cloud Utilization Convenient

## DX Segment

- IoT Solutions
- Online to Offline App
- Gaming Network Engine
- Vehicle Remote Diagnosis

# Replace conventional “paper + seal” contracts with cloud-based contract services to sign contracts via “electronic document + eSignature”

## Major advantages of GMO Sign

**Fast**

Streamline contract work

**Reduced costs**

Cut postage/archiving costs & no stamp duty required

**Secure**

Strengthen compliance; Equivalent to a real seal in court (admissible as evidence)

## Paper contracts vs. GMO Sign

	Paper contract	GMO Sign
Format	Paper document	Electronic data (PDF)
Sign	Seal or signature	eSignature
Send	Post / Hand-carry	Internet
Archive	Bookshelf	Server
Stamp duty	Levied	Not levied
Court-admissible	Yes	Yes

In addition to “business signature type” eSignatures with email authentication, “contract party type” eSignatures that use a Certificate Authority and are equivalent to using a real seal are provided as a standard feature



※ One digital certificate provided for free per year



# The only Japan-based Certificate Authority operating worldwide, providing digital certificates for all types of internet services

Years in  
operation

24

Many years of  
operation experience

Companies  
worldwide

5

Certificate  
Authority with a  
global market  
share

PC browser  
usage

99.8%



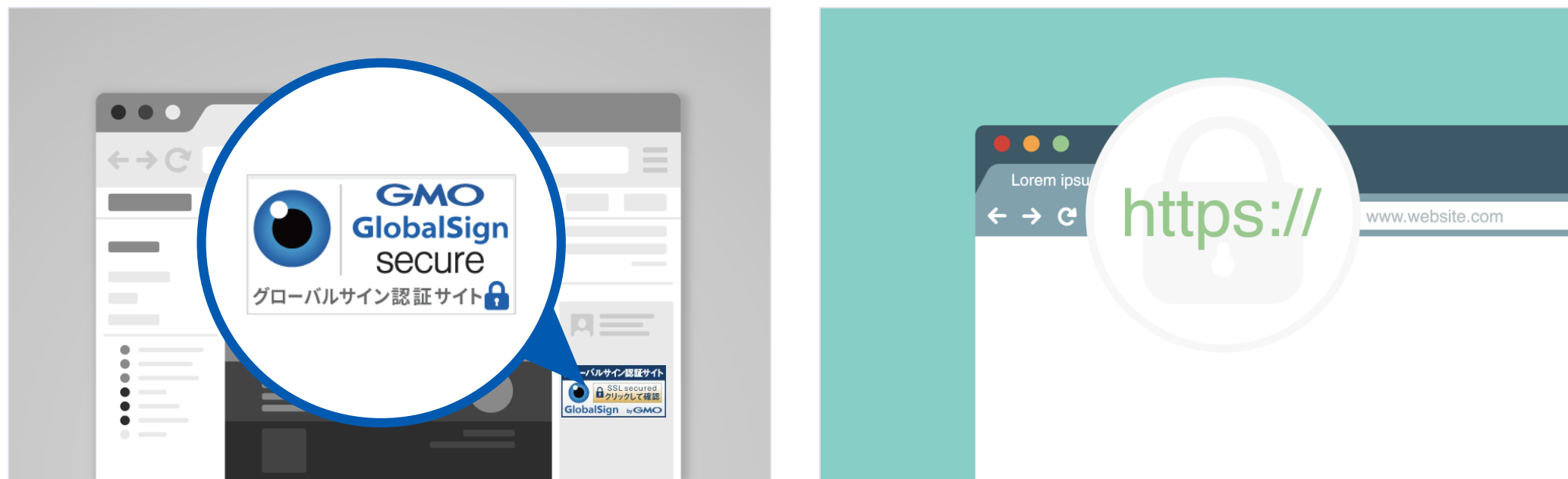
eSignatures  
per month

2million

Also used by  
DocuSign (USA)



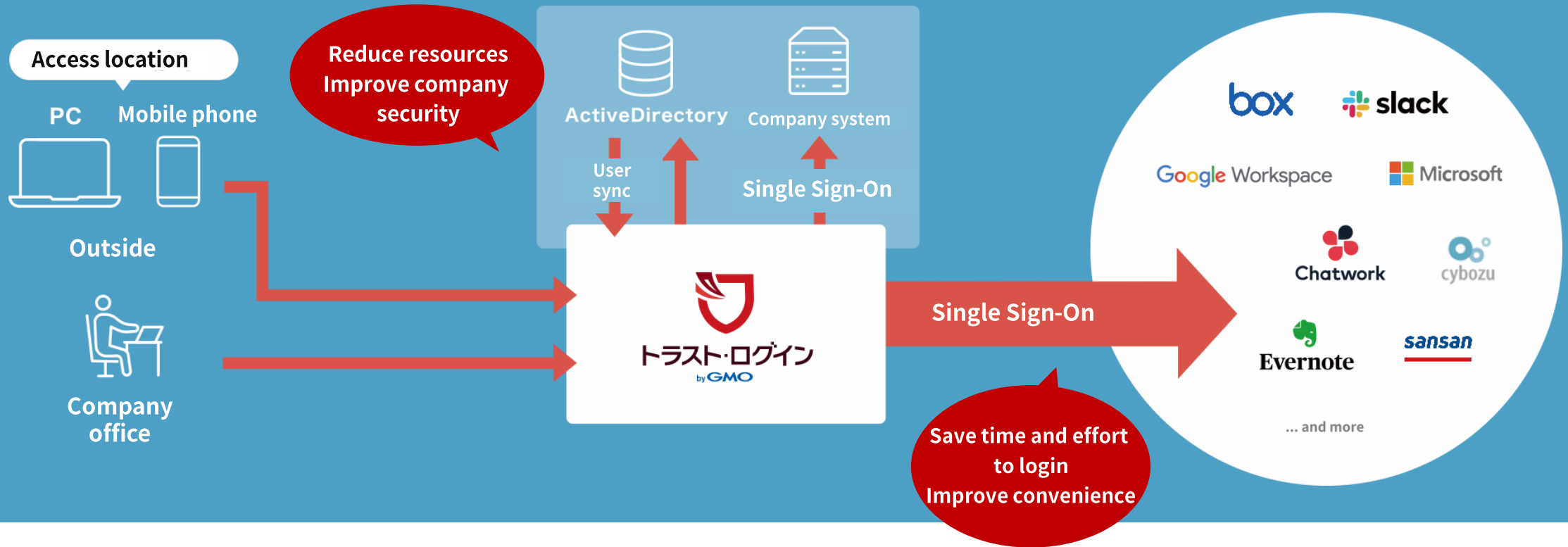
# A Certificate Authority is an organization that certifies identities on the internet



Adopted by companies and organizations around the world, including government-related agencies and major companies

## Centralized management of IDs/passwords for multiple cloud-based services Also provides all-in-one information leak protection, including access controls

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Company users (sample)



# Provide support for cloud system building & operation

AWS Billing & Assessment Support

## Cloud Assessment

- AWS Reseller



Cloud monitoring/outsourced operation/building

## Managed Cloud

- Cloud Integration (CI)
- MSP (monitoring/operation)
- Provide solutions

- 3 Strengths -

- 1. Customer support** managed in-house
- 2. Customer base** from in-house services
- 3. Operational know-how** based on 24 years of experience

# Provide proprietary apps to various enterprises and brands

“Digitize” sales promotion methods to reduce marketing costs and achieve personalized customer communication



Efficiently promote return visits



Attract customers during the off-season



Digitize sales promotion methods



Centralize information scattered across the web and social media



Achieve contactless communication



Effectively utilize customer data



Promote digital transformation of stores



Increase opportunities for customer contact