



GMO GlobalSign Holdings K.K.

Q2 Financial Results Briefing for the Fiscal Year Ending December 2022

August 8, 2022

Event Summary

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

Presentation

Moderator: Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing for Q2 of the fiscal year ending December 2022.

Today's presentation will be given by Mitsuru Aoyama, President, and CEO. There will be time for questions and answers after the presentation. The end time is scheduled to be 18:00.

We will now begin. President Aoyama, please.

Aoyama: My name is Aoyama. Thank you very much for joining us today. We would like to report our financial results for Q2 of 2022.

Contents

1. Q2 2022 Financial Results and Topics
2. Appendix
 1. Digital Certificate and eSignature Segment
 2. Cloud Infrastructure Segment
 3. DX Segment

Here is today's agenda.

First, I will talk about our business performance, and then I will explain the status of each of our business segments.

Progress Made as Planned Year on Year Increase in Revenues and Profits

- Sales progressed well in the electronic authentication and seal businesses, leading to increase in revenues and profits
- Selling, general, and administrative (SG&A) expenses increased due to strategic investment in GMO Sign
- We will continue to strengthen our investment in GMO Sign aimed at further growth

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Here are the key points regarding our yearly performance. For Q2 2022, the electronic authentication and seal business continued to perform well, resulting in an increase in both sales and profit compared to the same period last year. On the other hand, SG&A expenses increased compared to Q1 due to strategic investments, such as the promotion of GMO Sign. In Q3 and beyond, we plan to continue to invest aggressively for the further growth of GMO Sign.

FY2022 Q2 Consolidated Sales and Profit

- Full-year results forecasts left unchanged in consideration of continued investment in GMO Sign

Financial Topics	FY2021	FY2022	YoY	FY2022 (Forecast)	Achievement Ratio
	Unit : Million Yen				
Sales	6,872	7,906	+15.0%	15,187	52.1%
Operating Profit	503	899	+78.6%	1,524	59.1%
Ordinary Profit	490	985	+100.9%	1,521	64.8%
Profit Attributable to Owners of Parent	403	698	+72.8%	900	76.9%

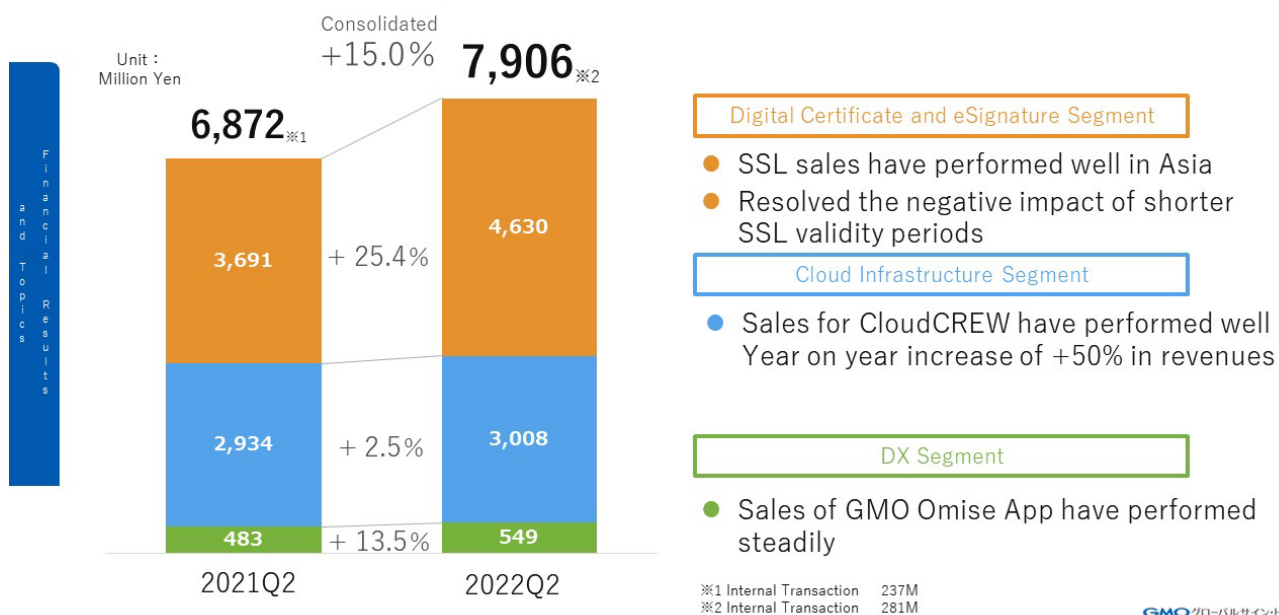
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Here are the results for Q2. Net sales were JPY7,906 million, operating income was JPY899 million, and ordinary income was JPY985 million. Both sales and income have significantly increased YoY, and progress toward the full-year forecast is on track.

On the other hand, we plan to invest aggressively in GMO Sign's future growth from Q3 onward, including strengthening promotions and increasing personnel, so we have left our full-year forecasts unchanged.

FY2022 Q2 Consolidated Sales and Profit



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Next, I would like to explain our business results by segment.

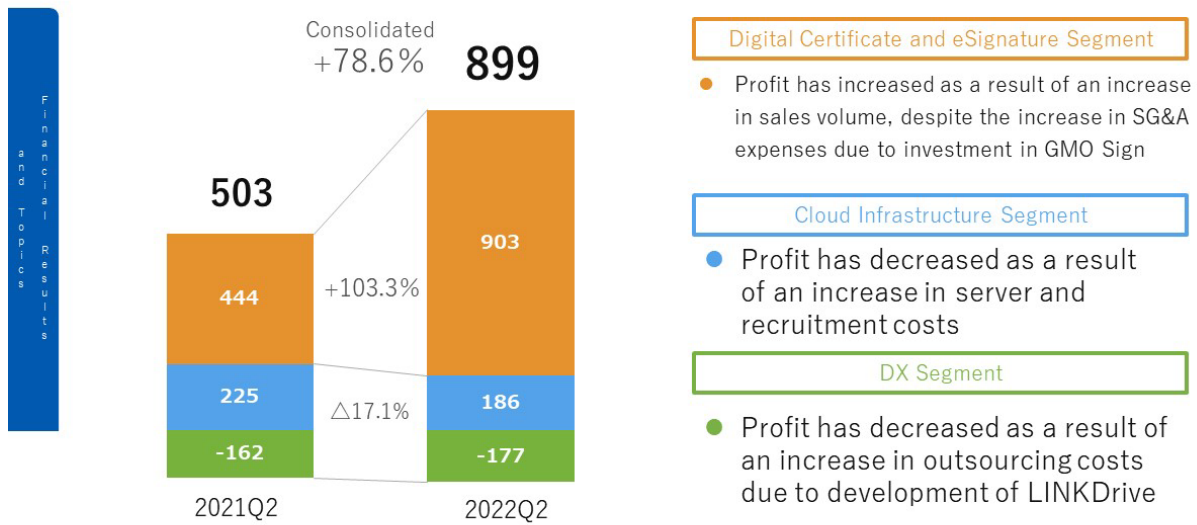
Sales in the electronic authentication and seal business increased 25.4% YoY to JPY4.63 billion.

In addition to the elimination of the impact of the shortened SSL expiration date, sales of digital certificates in Asia continued to grow steadily from Q1, resulting in an increase in revenue.

Sales in the cloud infrastructure business increased 2.5% YoY to JPY3,008 million. CloudCREW sales are growing steadily with a 50% increase in revenues over the previous year.

Sales in the DX business increased 13.5% YoY to JPY549 million. This was mainly due to increased sales of GMO Omise App and hakaru.ai.

FY2022 Q2 Consolidated Sales and Profit



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Let's now move on to operating income by segment.

Operating income in the electronic authentication and seal business increased 103.3% YoY to JPY903 million, with the increase in sales.

Operating income in the cloud infrastructure business declined 17.1% YoY to JPY186 million. This decrease was due to higher server costs and recruiting expenses.

In the DX business, operating income decreased by JPY15 million due to increased development costs for LINKDrive.

FY2022 Quarterly Comparison

- Revenue has increased compared to Q1
- Profit has decreased due to cost investments that will contribute to the next phase of growth, such as promotion of GMO Sign and strengthening of recruitment

Unit : Million Yen	FY2021 2Q	FY2021 3Q	FY2021 4Q	FY2022 1Q	FY2022 2Q	QoQ
Sales	3,455	3,364	3,808	3,929	3,977	+1.2%
Operating Profit	195	171	497	517	381	△26.4%
Ordinary Profit	196	230	479	558	426	△23.6%
Profit Attributable to Owners of Parent	174	102	△ 23	403	294	△26.9%

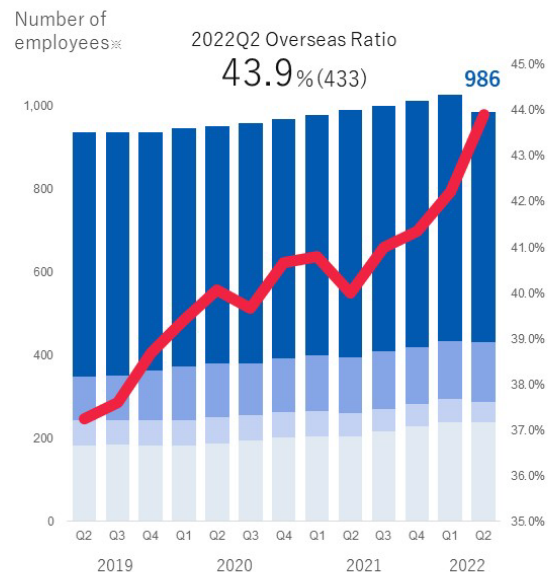
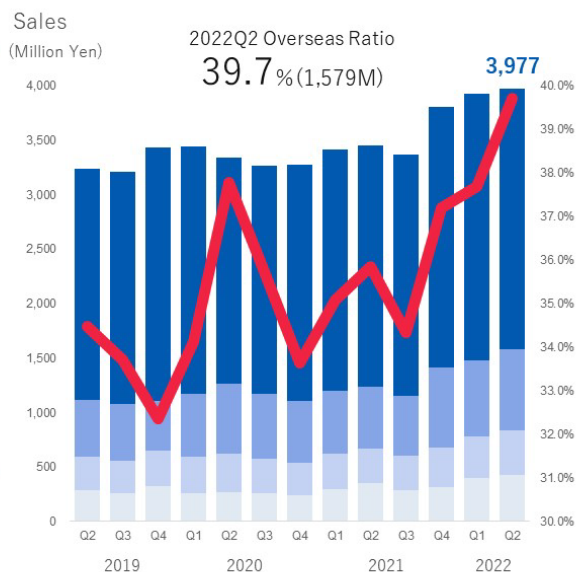
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Next, I'd like to explain our quarterly results.

Sales increased due to higher sales in the electronic authentication, and seal business, and the cloud infrastructure business. Operating income decreased mainly due to the increased investment in GMO Sign.

By Region



※ Number of employees of the Company and 16 subsidiaries (including non-consolidated subsidiaries)

■ Japan ■ Europe ■ North America ■ Asia and others ■ Overseas ratio

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Now, we are pleased to add to our report the sales and number of partners for each of our overseas offices.

The overseas ratio has been increasing due to the global expansion of SSI, and the expansion of applications of digital certificates, such as digital signatures and IoT.

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Topics



- Formed a business partnership with Recruit Co., Ltd. Providing full support for real estate transactions
- GMO Sign and GMO-Z.com jointly developed and began offering “Electronic Seal GMO Sign” services in Thai, Vietnamese, and Burmese
- In anticipation of growing telework, the town of Yuasa in Wakayama prefecture began demonstration experiments combining “Electronic Seal GMO Sign” and the GMO TrustLogin single sign-on service



- Formed a business partnership with Nexway Co., Ltd. and linked “GMO Face Authentication eKYC” and “Identity Verification BPO Service”

Let me now go more into detail for each segment. I will start with some recent topics.

GMO Sign has developed and launched Thai, Vietnamese, and Myanmar language versions. As a result, GMO Sign is now available in a total of eight languages. In Thailand, Vietnam, and Myanmar, GMO-Z.com is operating as GMO Sign, aiming to expand its use mainly by local companies.

In addition, GMO Sign and GMO Trust Login have been combined in a demonstration experiment for the promotion of e-contracts and DX for local governments. This will make it possible to fully computerize contract work and build a secure Internet environment. Through this initiative, we intend to improve administrative services and actively promote the SDGs and other goals by reducing contract processing.

GlobalSign has linked GMO Facial Recognition eKYC with Nexway's Identity Confirmation BPO service to provide a one-stop service for the entire process of identity confirmation. Compared to other companies' services, we provide our service with small lots and low prices, making it possible for companies of various business sizes to use our secure identity verification service.

Other topics will be explained in the respective business sections.

Digital Certificate and eSignature Segment



Provide all signatures (witness type/contract party type)
No.1 in Japan for number of companies
 adopting our e-contract service



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



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

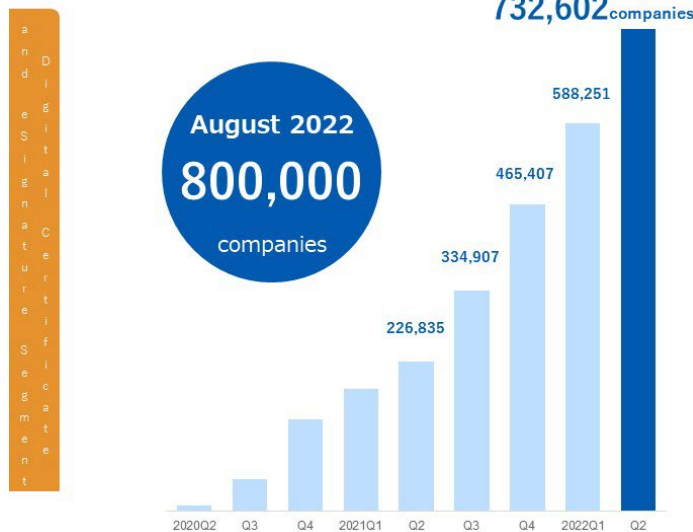
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The first, is the electronic authentication and seal business. An overview of this segment's services is shown below. We are number one in all services, and we aim to become even more overwhelmingly number one in Japan.



Number of User Companies



Domestic market
 share
No.1

Increased
2.7-fold
 YoY

Usage in the real estate industry accelerated
 Usage by major corporations increased steadily
 Number of user companies surpassed 1.4 million

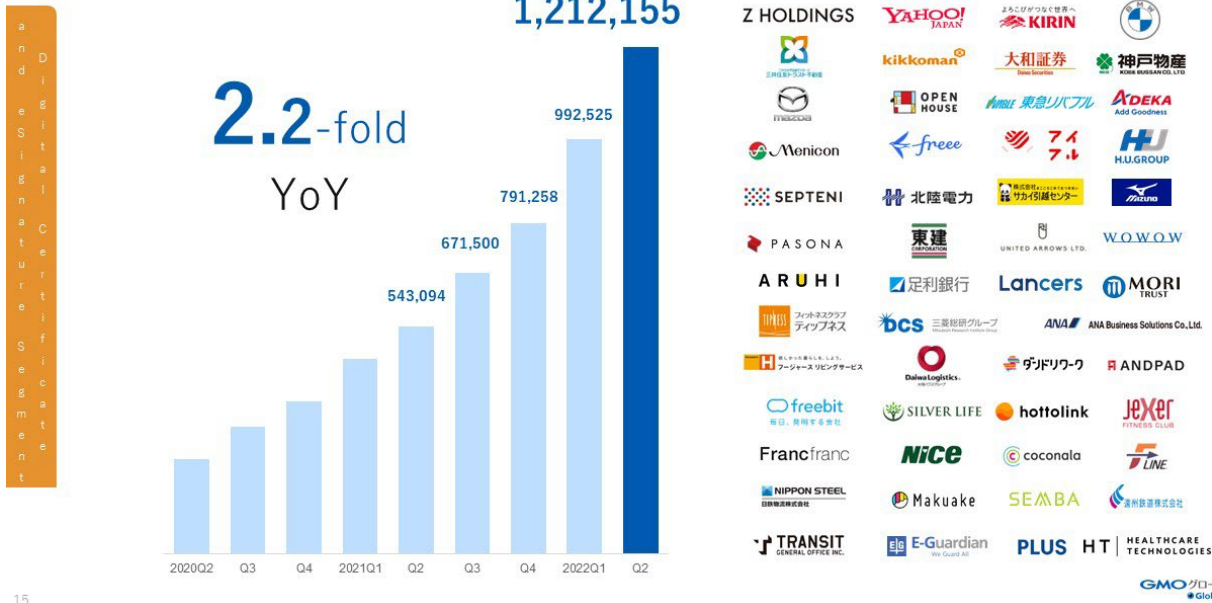
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I will introduce GMO Sign's KPI trends.

During the period under review, the Company aggressively strengthened its marketing and customer service efforts, as well as its linked services and expansion. As a result, the number of companies grew steadily. As of August, the number of cases has exceeded 800,000.

Number of Contract Transmissions



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In addition, May real estate [inaudible], resulting in 1,212,000 contracted transmissions, 2.2 times the number of transmissions in the same period last year, a 22.1% increase from the previous quarter. In addition to the expansion of the number of transmissions by existing users, we believe that the number of new users is steadily growing and will continue to grow further in the future.

2022 Initiative

August 2022 Adoption Confirmed by 18 Local Governments and Organizations

Logos include: 群馬県, 横須賀市 (Yokosuka City), 茅ヶ崎市 (CHIGASAKI CITY), 豊中市 (Toyonaka City), 奄美市, いなべ市 (Inabe City), NEDO (New Energy and Industrial Technology Development Organization).

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Then there is the status of digital government. By July, several municipalities, including Amami City in Kagoshima Prefecture, have decided to introduce the system, and Shizuoka Prefecture has decided to introduce the system on a trial basis.

As a result, the system has been introduced to seven municipalities and independent administrative agencies. We will continue to push forward with the expansion of introductions as part of our efforts for long-term growth.

- ✓ **Work together with industry leaders to pioneer electronic real estate contracts**



- ✓ **Further simplify the contract process through contract life cycle automation**
Centralized management from contract creation to execution and management



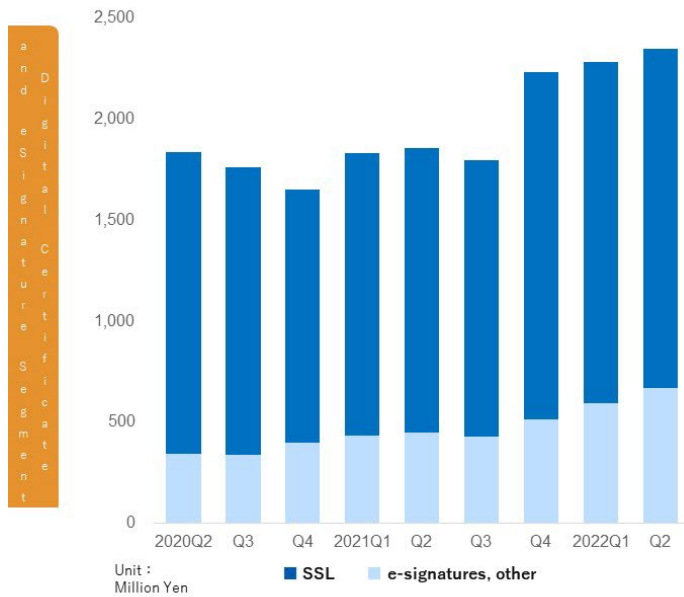
Regarding the status of GMO Sign's efforts for growth, the need for electronic real estate contracts, which were lifted in May, is currently very high.

In response to this situation, we formed a business alliance with Recruit, which provides the real estate information website SUUMO. In the future, we will provide GMO Signs to real estate operators through SUUMO to further expand our business.

In July, we decided to form a business alliance with ContractS. By partnering with ContractS, which has the largest market share in Japan for contract creation and review, and GMO Sign, which handles electronic contracts and contract management, the entire contract lifecycle can be automated and centrally managed.

Through this, we intend to expand our business into peripheral areas, outside of electronic contracts.

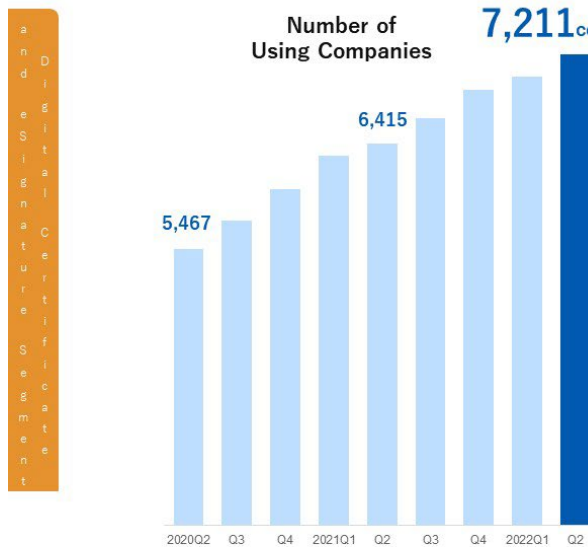
Changes in Sales by Product



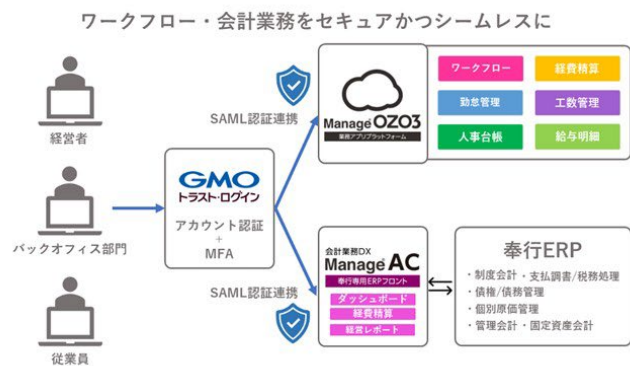
Use of certification for e-documents has increased

The following is a breakdown of GlobalSign's sales by product. In Q2, non-SSL sales grew steadily. The use of electronic contracting services and electronic signature services, such as DSS, is steadily expanding. We will continue to focus on expanding the global deployment of SSL and further growth of e-signature services.

Single Sign On service



Advanced strengthening of external partnerships and partner strategy

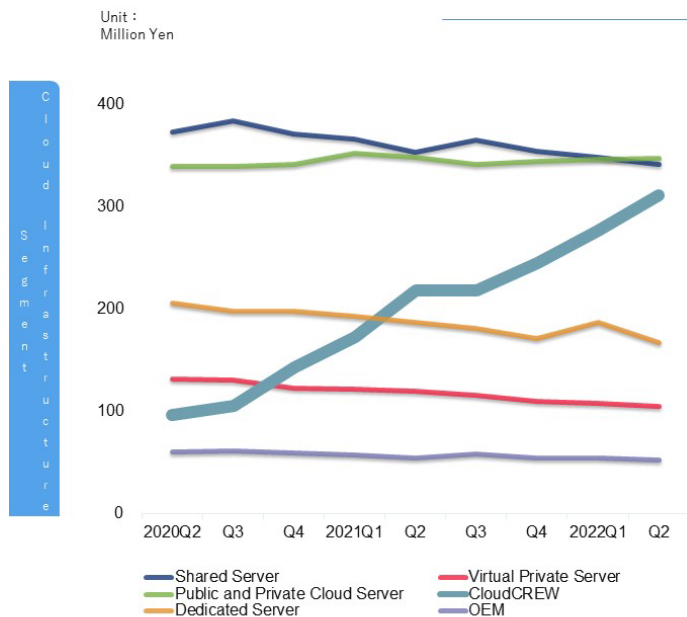


※ Number of enterprises using TrustLogin by GMO. One account per business operator (enterprise or individual). If multiple accounts are used, the duplicates are eliminated.

The last of the electronic authentication and seal business is Trust Login. In the current fiscal year, the Company is strengthening its functions and external offering measures. In terms of functionality, we are strengthening external linkages, such as with school and office-related cloud services.

In addition, we have been promoting the policy of outsourcing, and Marubeni Network Solutions started handling this service in June. Both deliveries and sales have been steady, and we will continue to focus on growth.

Product Sales

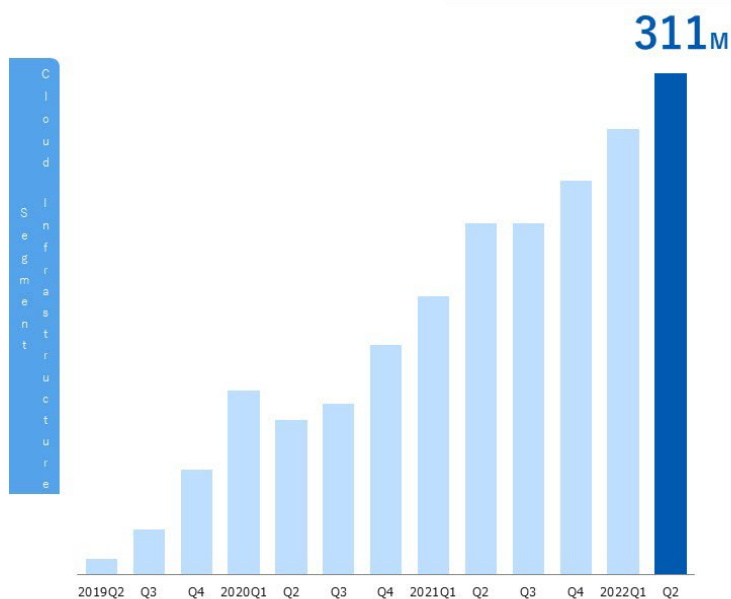


Sales good due to expanded cloud demand
 Aim for sustained growth with entry into Google Cloud

Next is the cloud infrastructure business. This is the trend of revenue. Sales of CloudCREW have been steady as companies steadily address the demand for cloud computing.



Managed Cloud Service Sales

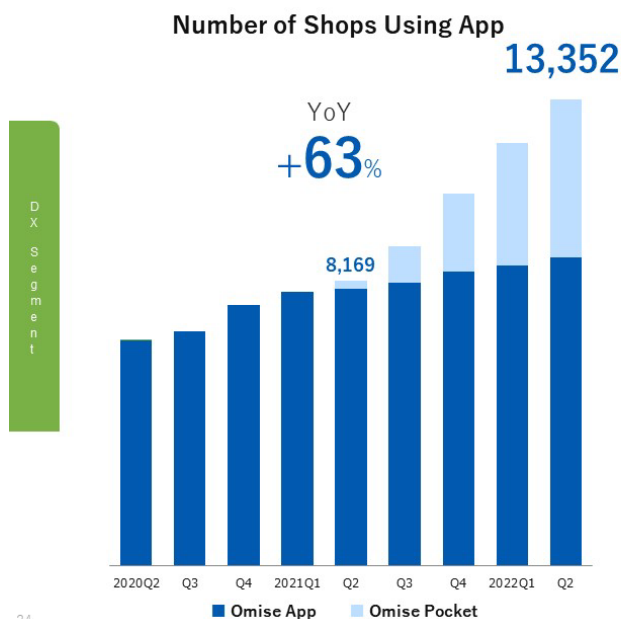


FY2022 Q2 Consolidated

Sales : **587M**

YoY: **+50.4%**

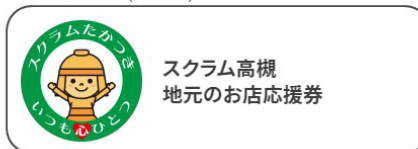
CloudCREW non-consolidated sales through Q2 totaled JPY587 million, up 50.4% from the same period last year. In May, we started a new out-sourcing program, and we will continue to expand our business further.



Number of local governments using app increased through collaboration

モバイル商品券プラットフォーム by GMO

Takatsuki (Osaka)



Sapporo (Hokkaido)



Finally, I would like to explain the DX business.

The number of stores using the GMO Omise App reached 13,300 as the introduction of Omise Pocket, a cooperative service continued to grow.

In addition, the mobile gift certificate platform by GMO, a collaborative service, is receiving requests for a second version from municipalities that have already adopted the service. Many local governments and companies involved in regional development have adopted the system, and we expect further business expansion in the future.

That's all from me.

The handout includes more detailed figures and explanations of our services, so please take a look at that as well.

We will continue to change the world through IT, and we look forward to your continued support of GMO GlobalSign Holdings K.K.

Thank you very much.