



## **GMO GlobalSign Holdings K.K.**

Financial Results Briefing for the Fiscal Year Ended December 2022

February 13, 2023

## Event Summary

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<b>[Company Name]</b>	GMO GlobalSign Holdings K.K.	
<b>[Company ID]</b>	3788-QCODE	
<b>[Event Language]</b>	JPN	
<b>[Event Type]</b>	Earnings Announcement	
<b>[Event Name]</b>	Financial Results Briefing for the Fiscal Year Ended December 2022	
<b>[Fiscal Period]</b>	FY2022 Annual	
<b>[Date]</b>	February 13, 2023	
<b>[Number of Pages]</b>	22	
<b>[Time]</b>	18:00 – 18:33 (Total: 33 minutes, Presentation: 13 minutes, Q&A: 20 minutes)	
<b>[Venue]</b>	Webcast	
<b>[Venue Size]</b>		
<b>[Participants]</b>		
<b>[Number of Speakers]</b>	1	
	Mitsuru Aoyama	President & CEO and Executive Officer

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## Presentation

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**Moderator:** Thank you very much for taking time out of your busy schedule today to participate in the financial results briefing for the full year 2022. Today's presentation will be given by Mitsuru Aoyama, President & CEO and Executive Officer. After the presentation, we will have time for a question-and-answer session.

We will now begin the presentation. President Aoyama, please.

**Aoyama:** I am Aoyama, President of GMO GlobalSign Holdings K.K. Thank you very much for joining our financial results briefing today.

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1. Q4 2022 Financial Results and Topics
2. Appendix
  1. Digital Certificate and eSignature Segment
  2. Cloud Infrastructure Segment
  3. DX Segment

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I will now report our financial results for the full year 2022. Here is today's agenda. I will start with our business performance and then explain the status of each business segment.

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# Year on Year Increase in Revenues and Decrease in Profits for the Entire Year Due to Expanded Investment in the Seal Business

- Increase in revenues due to steady growth in the Digital Certificate and eSignature Segment
- SG&A expenses increased due to strategic investment in GMO Sign, leading to a decrease in profits
- Selection and concentration in core businesses through the transfer of LINKDrive

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This page shows the highlights of the current financial statement.

For the full year of 2022, the firm growth in the electronic authentication and seals business drove the overall growth, resulting in a YoY increase in revenues.

On the other hand, operating profit fell below the previous fiscal year's level due to higher promotion and other SG&A expenses compared to the original plan, which was a result of continued strategic investment in GMO Sign. In addition, we sold the LINKDrive business of the car cloud business last December.

In the current fiscal year, we intend to expand our business by concentrating our resources on focus segments, particularly authentication services.

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## FY2022 Q4 Consolidated Sales and Profit

	FY2021	FY2022	YoY	FY2022 (Forecast)	Achievement Ratio
Unit : Million Yen					
Sales	14,046	<b>15,960</b>	+13.6%	15,187	<b>105.1%</b>
Operating Profit	1,171	<b>1,141</b>	△ 2.6%	1,524	<b>74.9%</b>
Ordinary Profit	1,199	<b>1,215</b>	+1.3%	1,521	<b>79.9%</b>
Profit Attributable to Owners of Parent	483	<b>846</b>	+75.1%	900	<b>94.1%</b>

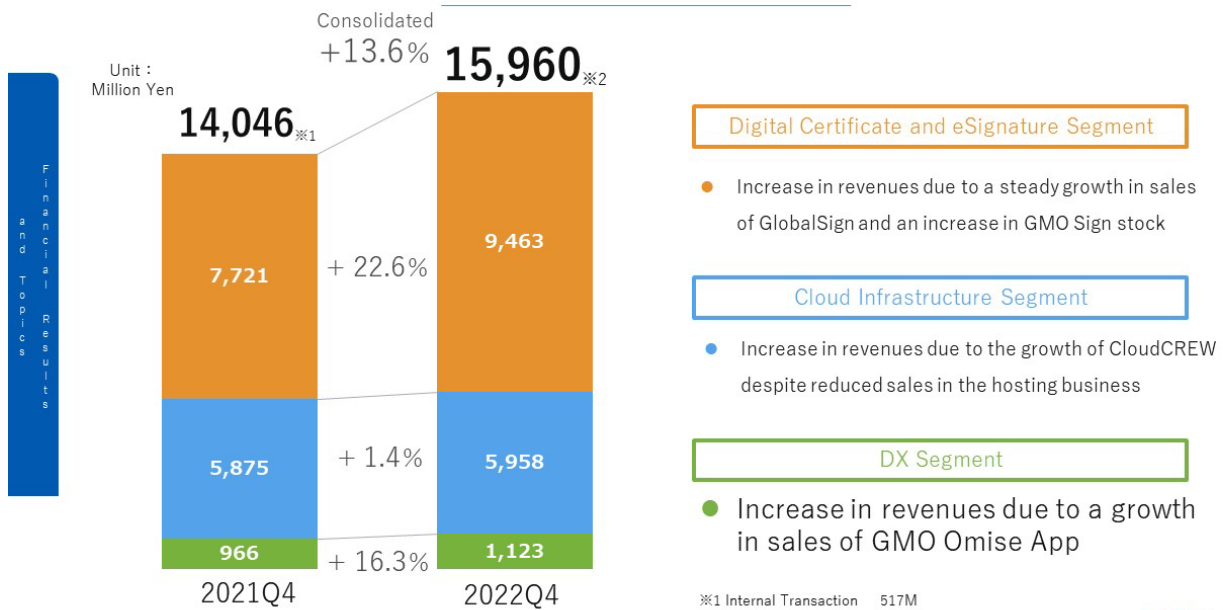
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Cumulative results for the full year were JPY15,960 million in sales and JPY1,141 million in operating profit, a 13.6% increase in sales and a 2.6% decrease in operating profit YoY.

While sales against target were achieved, operating profit fell short due to strategic investments in GMO Sign.

## FY2022 Q4 Consolidated Sales and Profit



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Next, I will explain sales by segment.

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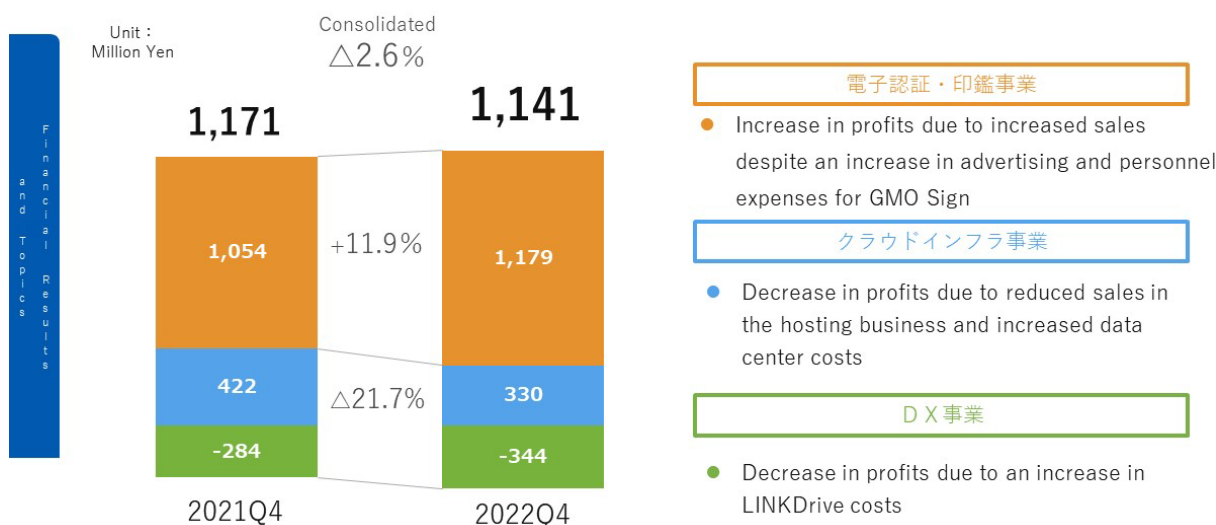
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Sales in the electronic authentication and seals business increased 22.6% YoY to JPY9,463 million. The increase was due to strong sales growth by GlobalSign, especially in China, and to the impact of foreign exchange rate fluctuations. In addition, sales of GMO Sign have been steadily building up.

Sales in the cloud infrastructure business increased 1.4% YoY to JPY4,475 million. The increase for the full year was due to steady growth in CloudCREW sales, which increased 53% YoY, despite a downward trend in hosting service sales.

Sales in the DX business increased 16.3% YoY to JPY1,123 million.

## FY2022 Q4 Consolidated Sales and Profit



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I will move on to operating profit by segment.

Operating profit in the electronic authentication and seals business increased 11.9% YoY to JPY1,179 million, and despite higher investment costs in GMO Sign, this segment achieved an increase in profit due to sales growth.

Operating profit in the cloud infrastructure business declined 21.7% YoY to JPY330 million. This decrease was due to lower sales of hosting services and the impact of higher cost of sales, including data center expenses.

In the DX business, operating profit decreased by JPY60 million compared to the last fiscal year, mainly due to an increase in software costs for LINKDrive.

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## FY2022 Quarterly Comparison

- Sales and operating profit saw an increase in revenues and profits compared to Q3
- Ordinary profit saw a decrease in profits compared to Q3 due to the impact of currency fluctuation

Unit : Million Yen	FY2021 4Q	FY2022 1Q	FY2022 2Q	FY2022 3Q	<b>FY2022 4Q</b>	QoQ
<b>Sales</b>	3,808	3,929	3,977	3,947	<b>4,106</b>	+4.0%
<b>Operating Profit</b>	497	517	381	109	<b>132</b>	+20.4%
<b>Ordinary Profit</b>	479	558	426	184	<b>45</b>	△75.5%
<b>Profit Attributable to Owners of Parent</b>	△ 23	403	294	101	<b>47</b>	△53.3%

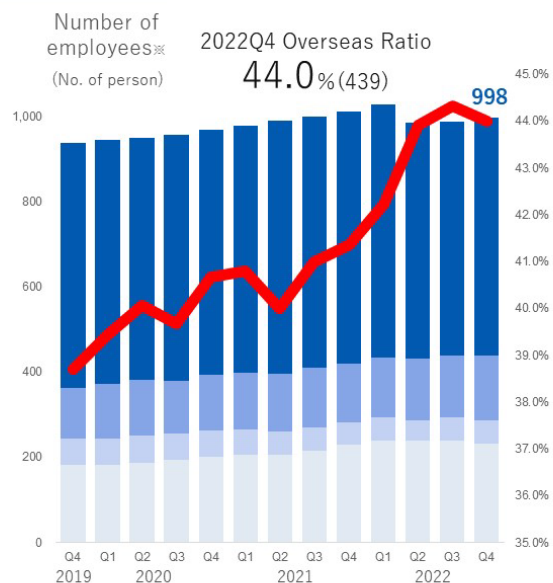
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Next is the quarterly performance trend.

Compared to Q3, both sales and operating profit increased. Ordinary profit decreased mainly due to the impact of exchange rate fluctuations.

## 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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This page shows the consolidated sales and the number of our partners, as we call our employees partners.

We will accelerate future growth by strengthening GlobalSign's overseas expansion and sales of electronic signature services mainly in North America and Europe.

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## FY2023 Annual Forecast

- Continuing strategic investment in GMO Sign aiming at medium to long-term business expansion
- Planning increase in revenues and profits due to growth in the Digital Certificate and eSignature Segment

Unit : Million Yen	FY2022 (Actual)	FY2023 (Forecast)	Forecast against Actual
<b>Sales</b>	15,960	<b>17,080</b>	+ 7.0%
<b>Operating Profit</b>	1,141	<b>1,506</b>	+ 32.0%
<b>Ordinary Profit</b>	1,215	<b>1,504</b>	+ 23.7%
<b>Profit to Owners of parent</b>	846	<b>886</b>	+ 4.6%
<b>Net Earnings per Share(Yen)</b>	41.98	<b>76.91</b>	-

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Next, I will explain the forecast for the current FY2023.

For the full year, we have set the target figures of JPY17,080 million in sales, JPY1,506 million in operating profit, and JPY1,504 million in ordinary profit. We will continue to invest aggressively to expand the business of GMO Sign over the medium to long term.

We plan to invest about the same amount in advertising expenses as we did in FY2022 in order to increase awareness of GMO Sign, but we plan to increase sales and profits through sales growth in these businesses.

## FY2023 Annual Forecast (Segment)

- The Cloud Infrastructure Segment will see a decrease in profits due to appropriating data center relocation costs resulting from enhancing BCP measures

Sales				Operating Profit			
Unit: Million Yen	FY2021 (Actual)	FY2022 (Forecast)	Forecast against Actual	Unit: Million Yen	FY2021 (Actual)	FY2022 (Forecast)	Forecast against Actual
Digital Certificate & eSignature	9,463	<b>10,440</b>	+10.3%	Digital Certificate & eSignature	1,179	<b>1,491</b>	+26.5%
Cloud Infrastructure	5,958	<b>6,037</b>	+1.3%	Cloud Infrastructure	330	<b>197</b>	△40.3%
DX	1,123	<b>1,125</b>	+0.2%	DX	△344	<b>△167</b>	-
Internal Transaction	△584	<b>△522</b>	-	Internal Transaction	△24	<b>△15</b>	-
<b>Total</b>	15,960	<b>17,080</b>	+7.0%	<b>Total</b>	1,141	<b>1,506</b>	+32.0%

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I would like to discuss the forecast by segment.

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Both sales and profits will grow as the electronic authentication and seal business will drive the overall business.

In the cloud infrastructure business, we expect further sales growth of CloudCREW, but increased expenses are projected due to the relocation of the data center, which will lead to a planned decrease in profit for the current fiscal year.

In addition, the DX business sold its car cloud business at the end of last year, and will concentrate its resources on priority areas to expand its business, with a focus on the GMO Omise app.

## Digital Certificate and eSignature Segment

		Provide all signatures (witness type/contract party type) <b>No.1</b> in Japan for number of companies adopting our e-contract service
		Domestic Certificate Authority operated in-house SSL market share: <b>No. 1</b> in Japan, No. 3 worldwide
		<b>No. 1</b> in Japan for number of companies adopting our single sign-on service

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I will now explain the data for each segment. The first is the electronic authentication and seals business. An overview of this segment's services is shown here.

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First, please take a look at the trend of the GMO Sign subscribers.

As of the end of December, the number of companies grew very significantly, 2.3 times YoY, resulting in 1,073,545 companies.

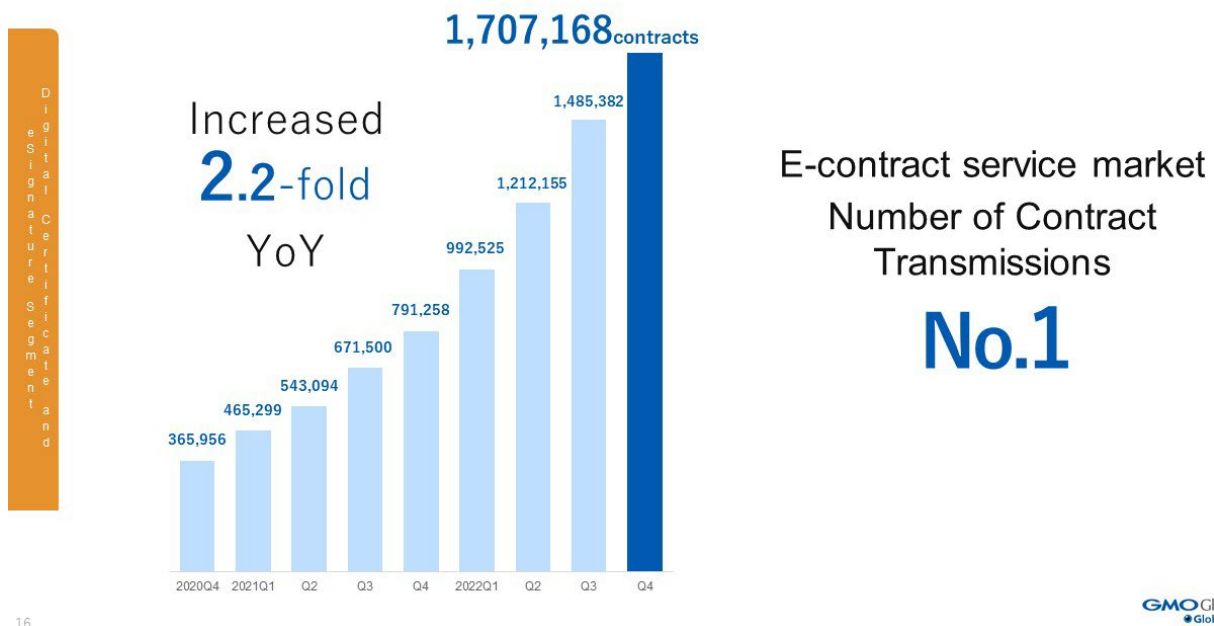
Now, if you look at the right side, you will see a line of logos of companies, especially large companies that have given us permission to publish their logos. Due to the fact that these large companies have been using our services for quite some time now and that we receive more than 50,000 applications each month, the number of contract transmissions has significantly grown.

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## GMO Sign Number of Contract Transmissions



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Then, this shows the growth in the number of transmissions.

The number of transmissions in Q4 was 1,707,168, 2.2 times YoY, and here too, the Company continues to be number one in Japan in terms of both subscribers and contract transmissions.

We have been much intensifying our promotions. In order to further increase the number of subscribers and the number of contract transmissions, we are strengthening customer success and introduction support. Moreover, by developing industry-specific plans, including real estate DX, we have accumulated new orders, mainly from major companies.

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Digital Signature Segment and

GMO Sign to be introduced at 30 public organizations



Aiming for a triple achievement by becoming **No.1** in the number of local governments using GMO Sign

Local governments that have introduced GMOsign

Tokyo Prefecture	Gunma Prefecture	Yamaguchi Prefecture	Oita Prefecture
Fukuoka City, Fukuoka Prefecture	Toyota City, Aichi Prefecture	Kawasaki City, Kanagawa Prefecture	
Yokosuka City, Kanagawa Prefecture	Higashiosaka City, Osaka Prefecture	Toyonaka City, Osaka Prefecture	
Chigasaki City, Kanagawa Prefecture	Tatsuno City, Hyogo Prefecture	Amami City, Kagoshima Prefecture	
Inabe City, Mie Prefecture	Sanjo City, Niigata Prefecture	Sakai City, Fukui Prefecture	
Shiso City, Hyogo Prefecture	Nagahama City, Shiga Prefecture		



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Next is the status of introduction of the system to local governments.

At present, 30 public organizations have decided to introduce our system nationwide. In the current fiscal year, we will continue to aggressively promote the introduction of the system to local governments as a matter of priority. We will strengthen our partner reforms and enhance our capabilities to become number one in implementation for local governments.

Digital Signature Segment and

Expand the number of contracted companies with paid subscriptions through the promotion of specialized DX

**Audit Trail Management DX**

Manages quality control documentation for the pharmaceutical, medical device, and food industries in one place

品質マネジメントシステム  
GxPの管理文書を電子化



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I am then pleased to introduce a new industry-specific service that we have recently released.

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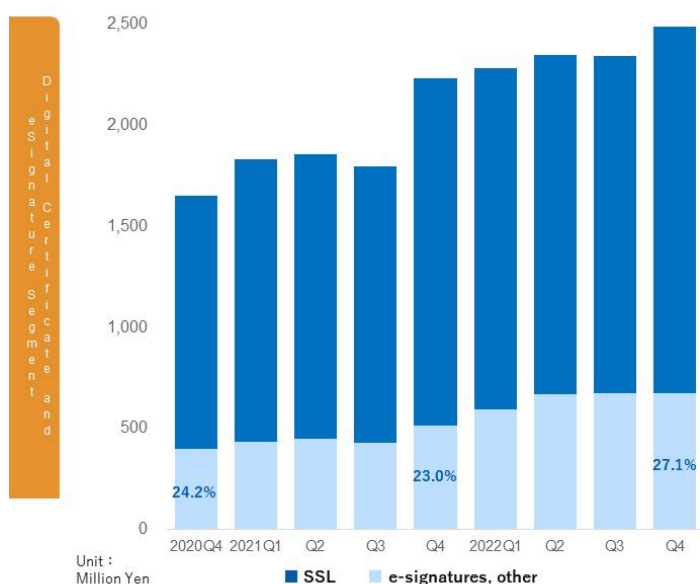
This is a service called Trail Management DX. In the development process for pharmaceuticals and other products, a large amount of paper documents is generated for quality control, and strict control of these documents is required. Therefore, we believe that this is an area where there is a great deal of room for DX to improve operational efficiency.

The Ministry of Health, Labour and Welfare has already issued a notice that when digitizing documents related to pharmaceuticals, medical devices, cosmetics, etc., these documents should carry electronic signatures. In the US, where digitization has been progressing, standards for digitization and electronic signatures are clearly defined in the Code of Federal Regulations.

Our Trail Management DX complies with this US code and is fully satisfactory to companies using it both in Japan and overseas. The Company aims to expand sales to these industries, mainly by leveraging GlobalSign's global customer base, and to increase the number of paying subscribers.



### Changes in Sales by Product



**SSL sales increased in Europe and Asia**



The next page shows a breakdown of GlobalSign's sales by product category.

In Q4, SSL sales grew significantly in Europe and China. We expect that demand for not only SSL but also electronic signature services and other services will expand in Europe in the future, and we will aim for further sales growth and sustainable business expansion through global development.

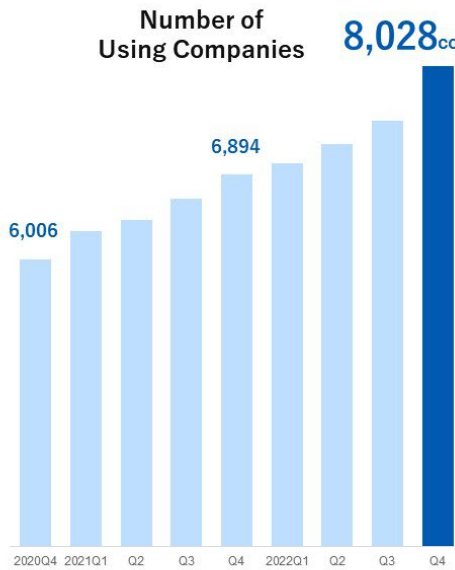
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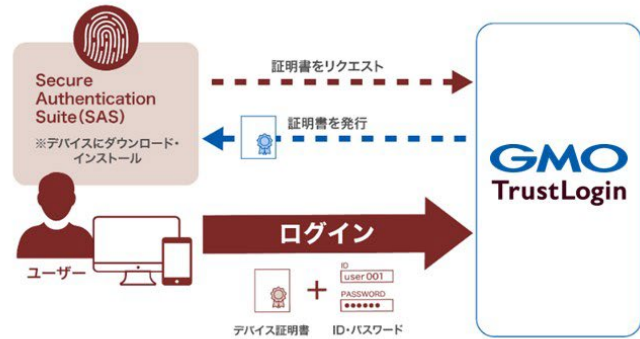
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Digital Signature and Certificate



Released function to restrict devices



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

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

During the period under review, it worked to enhance functions and strengthen security measures. With the addition of the device restriction feature, the functional gap with our competitors has been filled to a large extent.

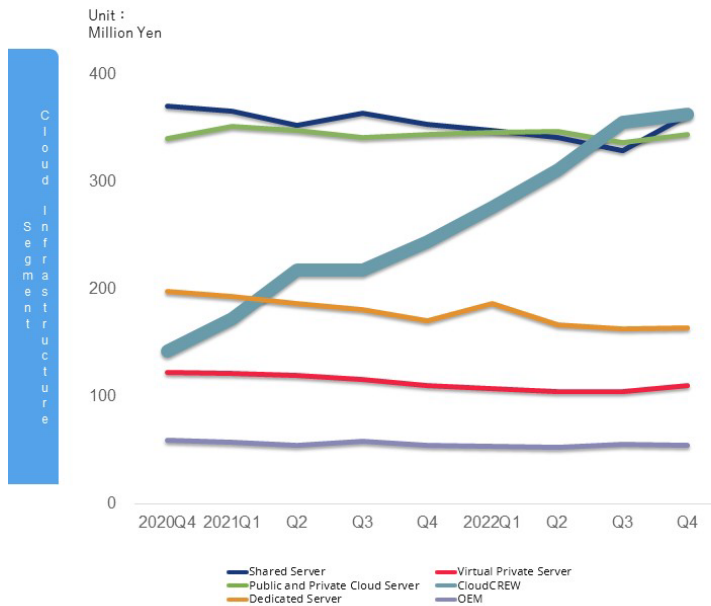
In the current fiscal year, it will enhance its recognition and attract new customers through more aggressive marketing activities, while leveraging its strengths in terms of pricing and linked services.

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## Product Sales



Leveraged our strengths in the security sector to promote service enhancement

- ✓ Began offering AWS Managed Security Enhanced 24/7 security monitoring and operations
- ✓ Revised service contents and enhanced security measures



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Next is the cloud infrastructure business. This page shows sales by product category.

Sales of CloudCREW continue to be strong and increasing. Since last year, we have been developing security support services through business alliances such as GMO Cyber Security by Ierae. In the current fiscal year, we will launch AWS Managed Security and strengthen security measures for banking services.

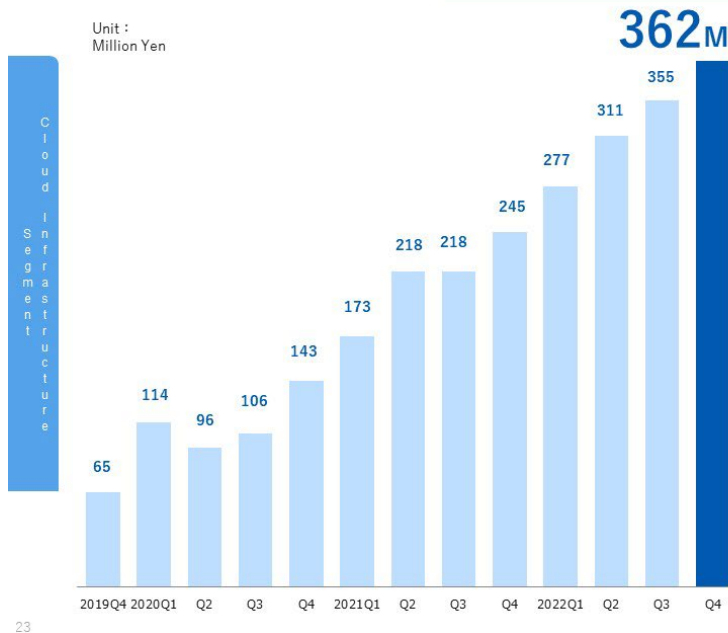
In the future, as there are numerous cloud service businesses and cloud service providers, we will strive to further expand our business by highlighting our strength in solving security issues.

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FY2022 Consolidated

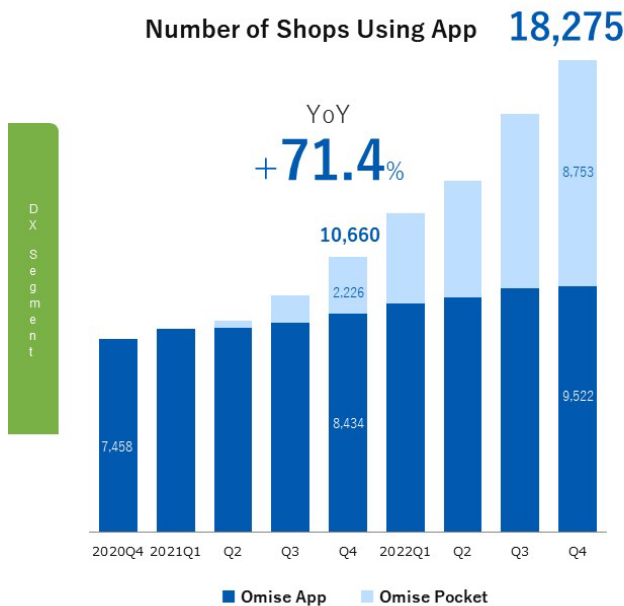
Sales : **1,305**百万円

YoY : **+53.1%**



On a non-consolidated basis, sales of CloudCREW increased 53.1% YoY to JPY1,305 million for the cumulative full-year period. Orders continue to grow steadily and will continue to grow steadily.

The increase or decrease in sales due to foreign exchange effects is also linked to the increase or decrease in purchase amount, so there is no impact on the profit margin.



モバイル商品券プラットフォーム by GMO

Linking with the Individual Number Card and linking with bank accounts via eKYC implemented with the aim of horizontal expansion across local governments nationwide

Digitization of premium gift certificates issued by local governments



Lastly, I would like to explain the DX business.

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The number of stores using the GMO Omise app totaled 18,275, as the number of stores using Omise Pocket continued to grow. Recently, sales of the mobile gift certificate platform, which digitizes local governments' regional gift certificates in collaboration with GMO Payment Gateway, Inc., have been favorable, and repeat orders from existing customers have been strong.

In the future, we plan to utilize our past know-how to implement linkage with the My Number Card and bank account linkage using eKYC, and will accelerate the introduction of the system to local governments nationwide and companies engaged in regional revitalization.

That is all from me.

We have attached more detailed figures and explanations of our services to the handout, so please take a look at that as well.

Change things with IT



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Change things with IT. We look forward to your continued support for GMO GlobalSign.

Thank you for your attention.

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