

FY2024 Q3

Financial Report

GMO GlobalSign Holdings K.K.

Ticker code (Prime: 3788)

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01.
FY2024 Q3
Financial Results Summary

FY2024 Q3 Financial Highlights

- Our key products are witnessing robust growth.
- While the sales of SSL server certificates have been sluggish because of temporary factors, they are now starting to exhibit signs of recovery.

電子印鑑なら
GMOサイン

GMO Sign

- Net sales **1.39** times
- Number of contracts **1.43** times
- Number of items sent **1.48** times

GMO トラスト・ログイン

GMO TrustLogin

- Net sales **1.42** times
- Number of contracts **1.24** times
- Number of paid IDs **1.30** times

- GMO Sign recently attained profitability in the latest month.
- Sales in the Digital Certificate and eSignature segment rose by 12.3% year over year.

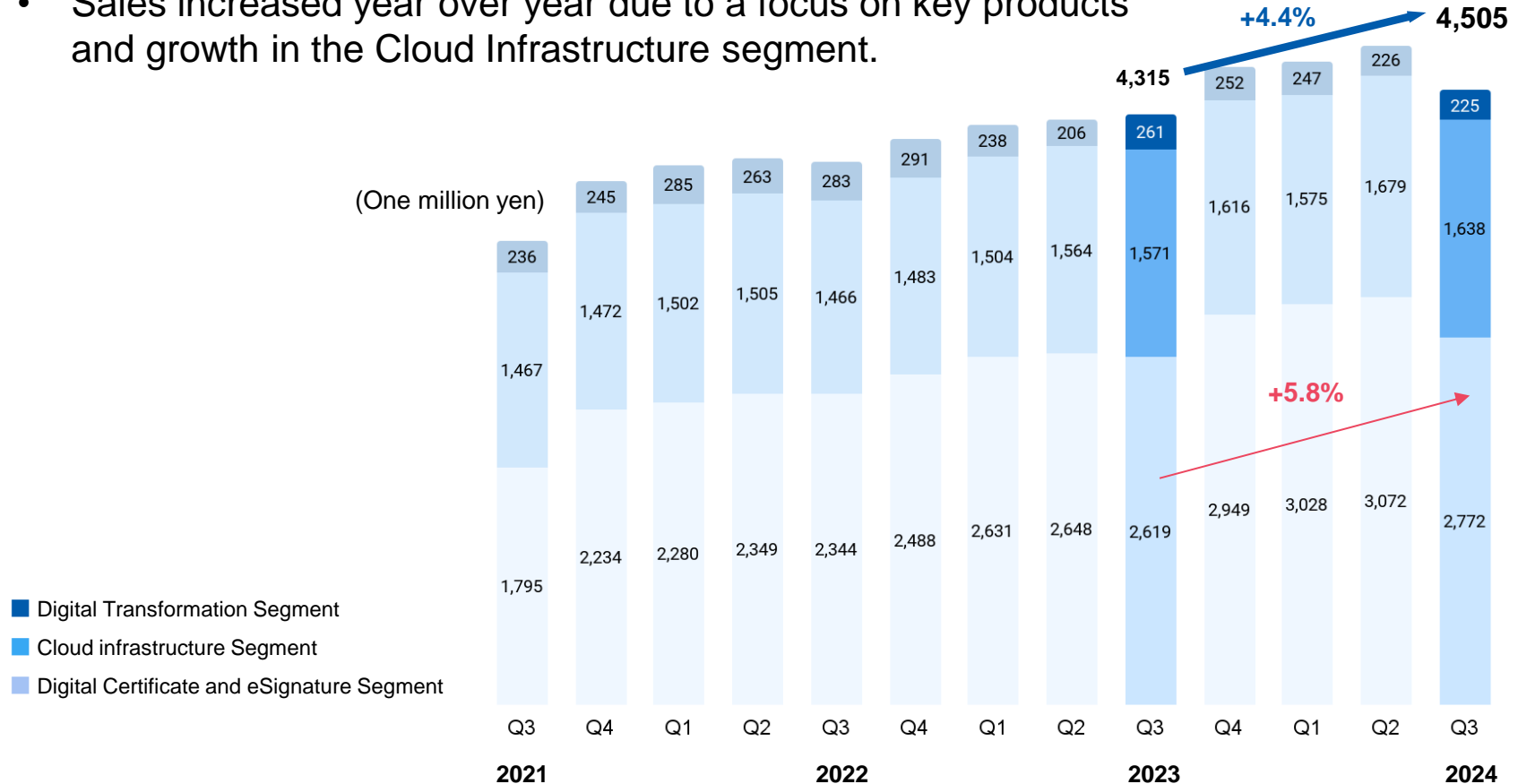
FY2024 Q3 Financial Summary: Comparison of Cumulative Results

- The decline in profits was mainly due to sluggish sales of SSL server certificates in China.
- Nonetheless, given the recent recovery trend in the order environment, the full-year performance forecast remains unchanged.

(One million yen)	FY2023 Q3	FY2024 Q3	YoY basis	Full-year forecast for	Achievement rate
Sales	12,835	14,071	+9.6%	19,250	73.1%
Operating Profit	854	815	- 4.5%	1,450	56.2%
Ordinary Profit	927	842	- 9.2%	1,387	60.8%
Net profit Attributable to Owners of the Parent	578	528	- 8.7%	840	62.9%
EBITDA	1,262	1,393	+10.3%	-	-

Quarterly Sales Trends

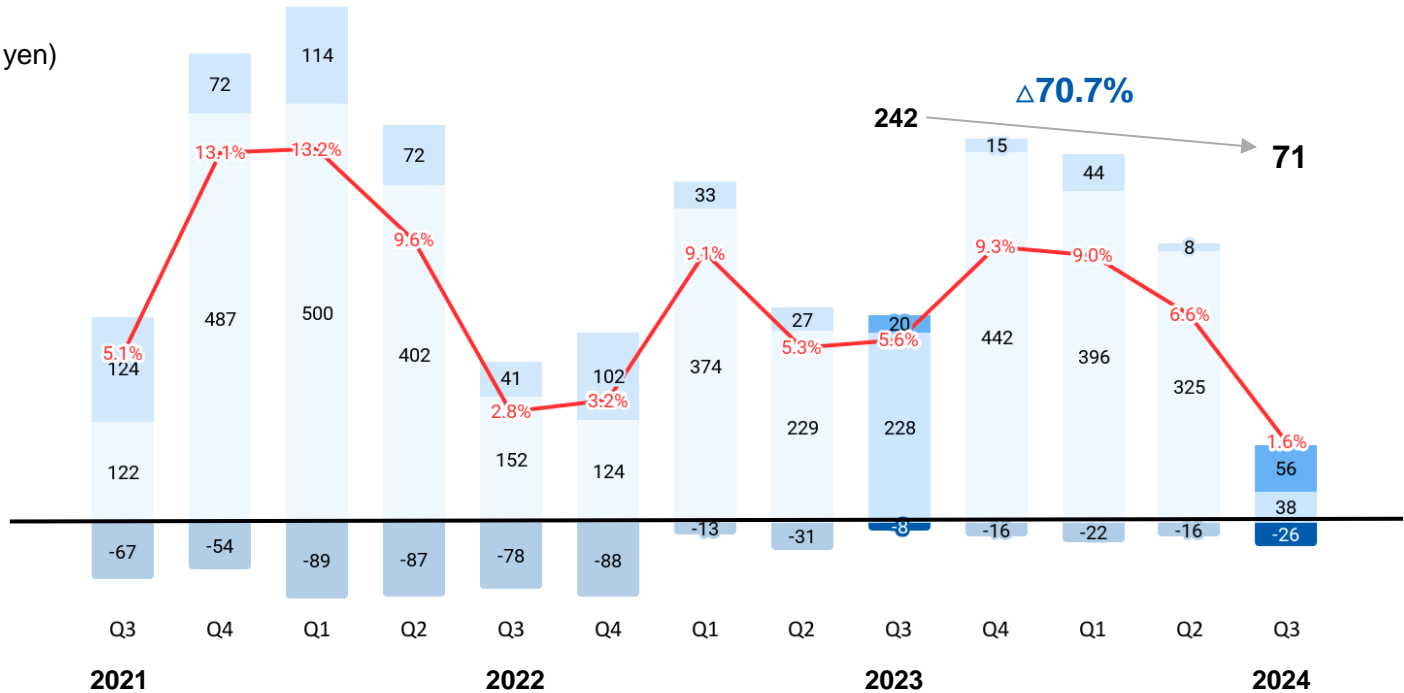
- Sales increased year over year due to a focus on key products and growth in the Cloud Infrastructure segment.



Quarterly Operating Profit Trends

- Sales decreased due to sluggish SSL server certificate sales, leading to a year-over-year decline in profits.

(One million yen)

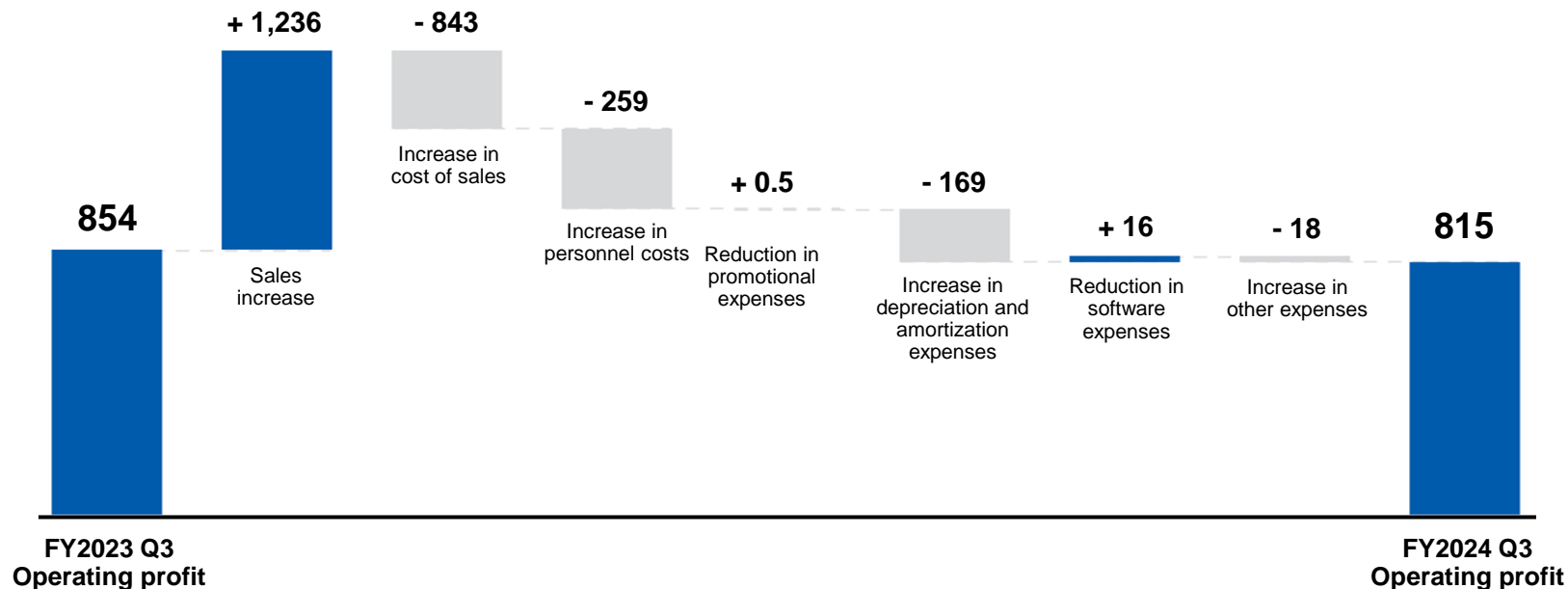


■ Digital Transformation Segment
 ■ Cloud infrastructure Segment
 ■ Digital Certificate and eSignature Segment
 ■ Operating profit margin

Analysis of Operating Profit

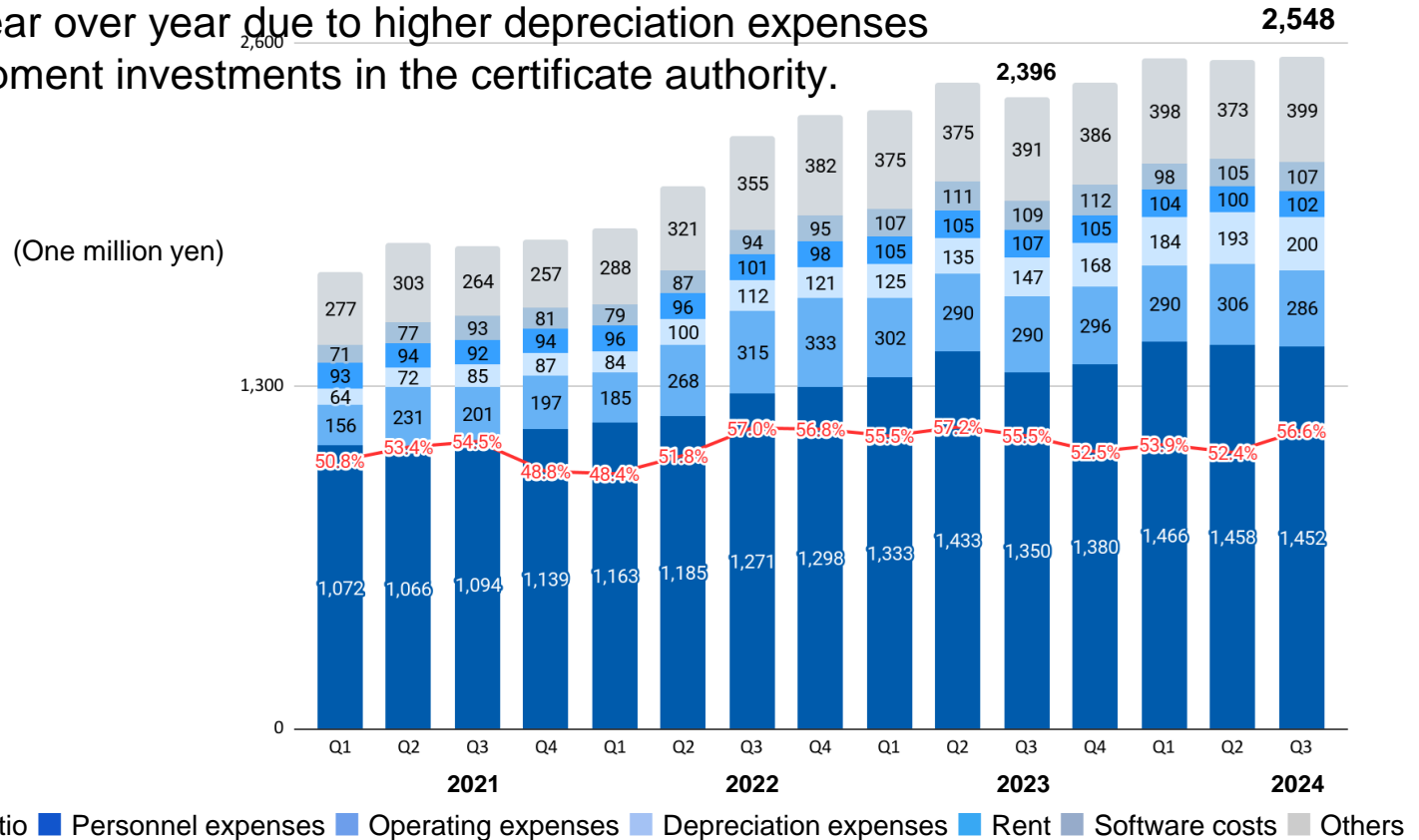
- The development of a new platform for the certificate authority led to increased cost of sales and depreciation expenses.

(One million yen)



Quarterly Trends in SG&A

- While advertising expenses were restrained, SG&A slightly increased year over year due to higher depreciation expenses from development investments in the certificate authority.

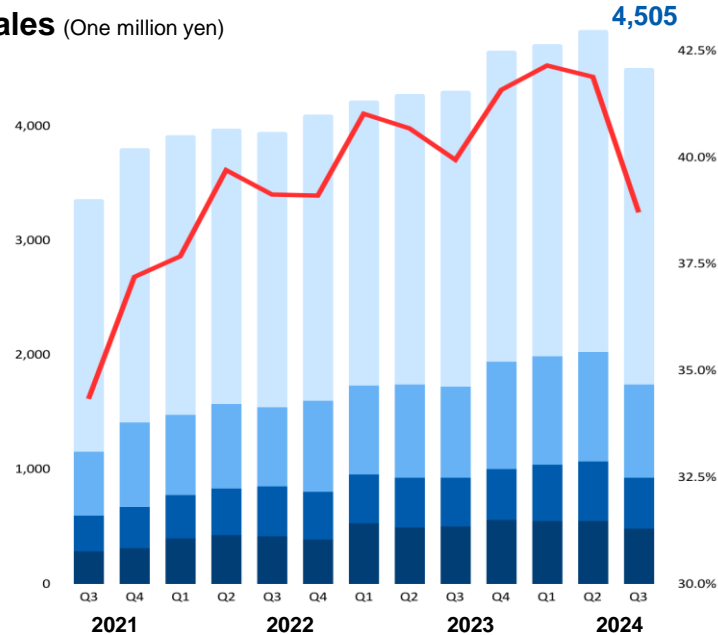


Consolidated Sales by Location and Total Employee Count

- The overseas sales ratio decreased mainly due to a drop in orders from major agencies in China.
- However, sales in our key business areas in Japan remain strong.

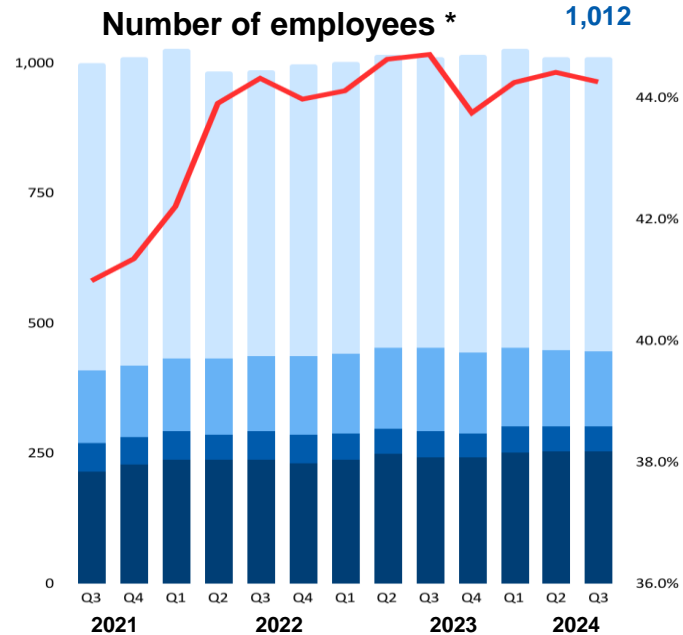
FY2024 Q3 overseas ratio 38.7% (1,745 million)

Sales (One million yen)



FY2024 Q3 overseas ratio 44.3% (448 people)

Number of employees *

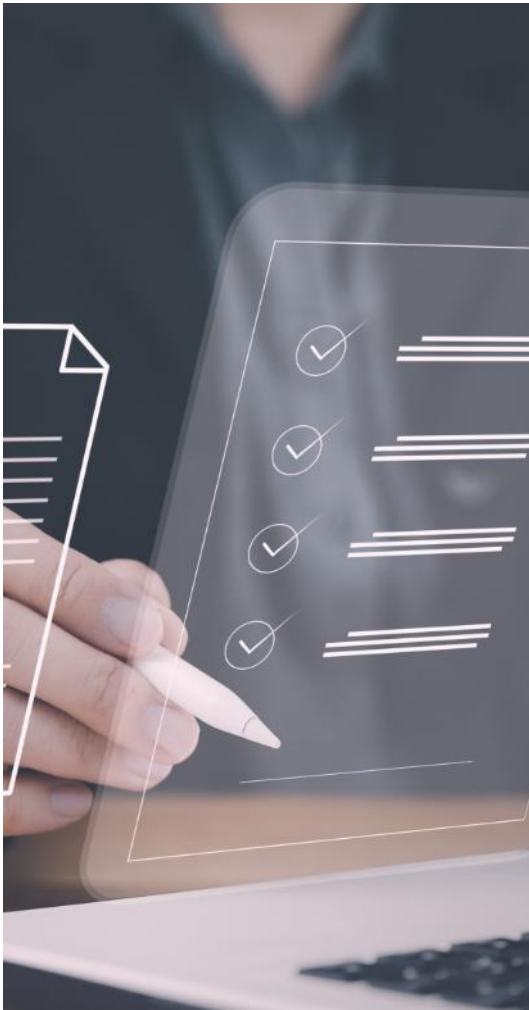


Japan Europe North America Asia and others Overseas ratio

* Number of employees for our company and 15 subsidiaries (including non-consolidated subsidiaries)



02.Business Overview



Secure your communications and transactions with electronic authentication.

Digital Certificate and eSignature Segment

A suite of services leveraging the technology and expertise of electronic certification authorities.



Operating an in-house electronic certification authority, which serves as an identity verification entity on the internet.

- **No.1 SSL share in Japan , No.3 in the world**



An electronic contract service that provides all required signatures.

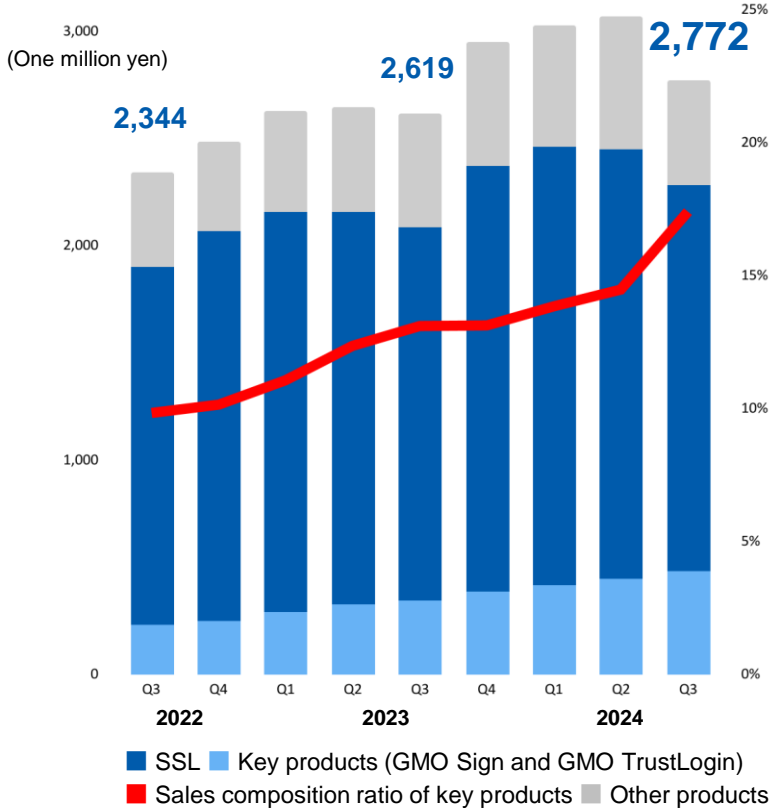
- **No.1 in Japan** Number of adopting companies
- **No.1 in Japan** Number of contract transmissions



Single sign-on service

- **No.1 in Japan** Number of adopting companies
- **No.1 in Japan** Number of partnered applications

Quarterly Sales Trends by Product



*Sales of client certificates, electronic contract services, etc.

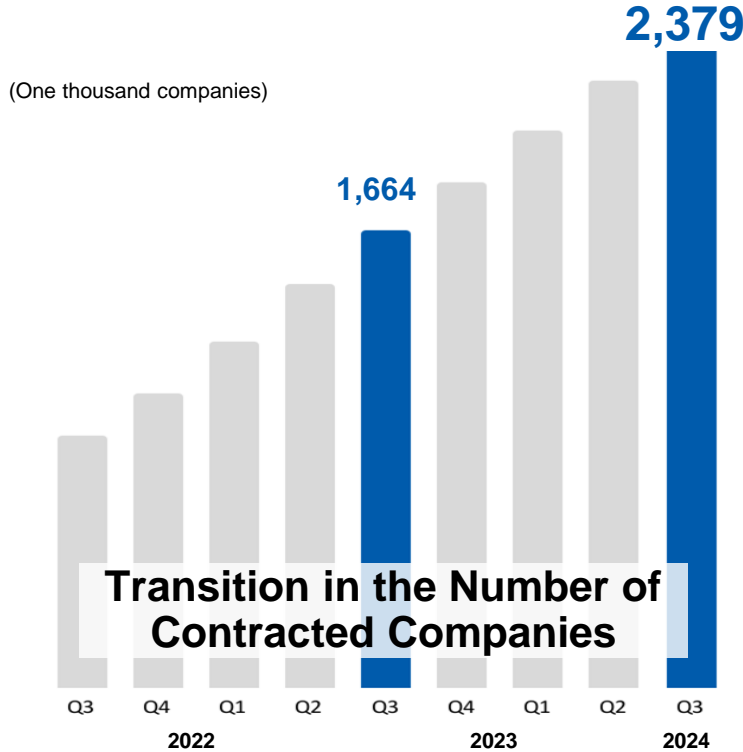
■ SSL server certificates (3.2% YoY increase)

- Sales in China were sluggish due to temporary factors.

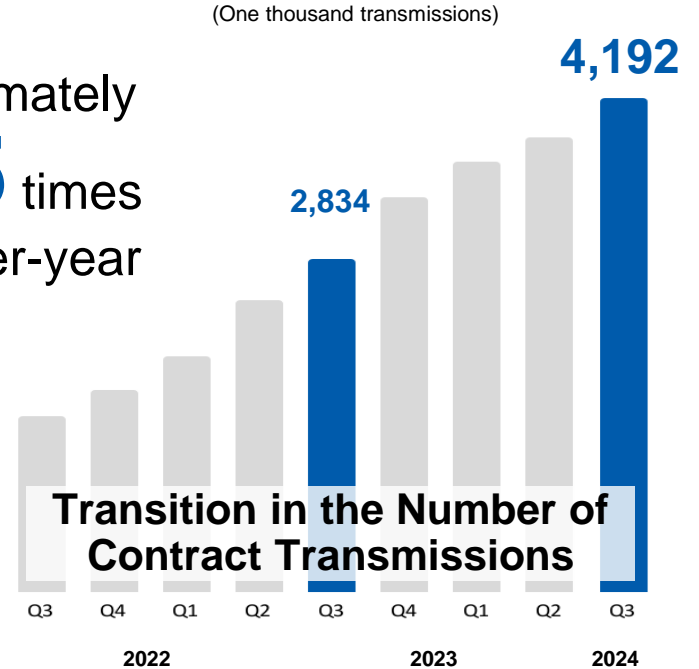
■ Key products

- GMO Sign (39.4% YoY increase)
Expanding implementation in the real estate industry and enhancing marketing initiatives led to an increase in new customers and sales growth.
- GMO TrustLogin (42.5% YoY increase)
The success of agency initiatives led to increased sales.

KPI Trends for GMO Sign



Approximately
1.45 times
year-over-year

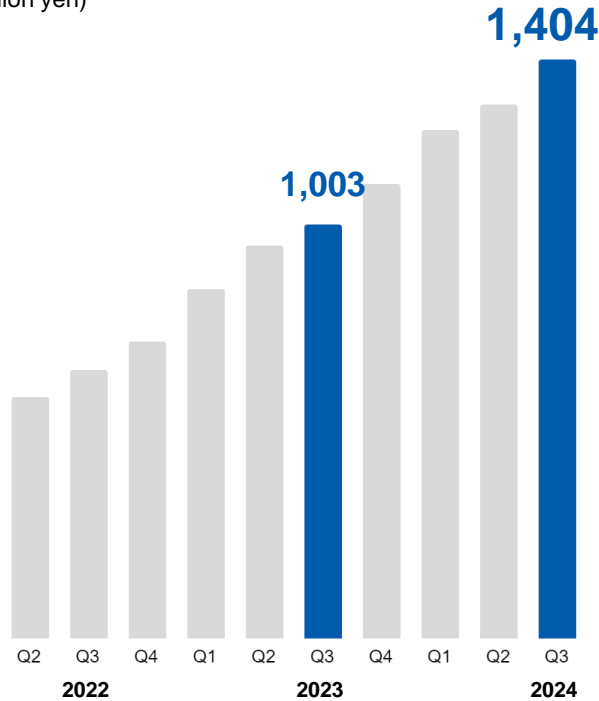


*1 Number of businesses (companies or individuals) using the electronic seal stamp GMO Sign (including OEM products). If multiple users within one operator use the service, it is counted as one. By the end of November 2023, the number of companies will exceed 3.5 million.

*2 Number of contracted companies with "GMO Sign electronic seal" accounts. One account per business (company or individual). If you use multiple accounts, duplicates will be eliminated.

Transition of ARR (Annual Recurring Revenue)

(One million yen)



New paid subscriptions continued to perform well, and implementation in financial institutions and other sectors also expanded.

Year-over-year basis

+ **40.0** %

*ARR (Annual Recurring Revenue): Refers to sales revenue recorded from continuous transactions over a period of one year. Annual recurring revenue. MRR (Monthly Recurring Revenue): Calculated by multiplying monthly recurring revenue by 12.

Contracted Companies (partial list)

 **MIZUHO** みずほ銀行

 **大和証券**
Daikoku Securities

 **MUFG** 三菱UFJ銀行

よろこびがつなく世界へ
 **KIRIN**

BMW GROUP
 

LINEヤフー

 **kikkoman**

 **Menicon**

 **東急リバブル**

 **ORIX** オリックス生命

 **MIZUNO**

 **TIPNESS** フィットネスクラブ
ティップネス

 **鹿島**
KAJIMA CORPORATION

 **ヤマト運輸**

Francfranc


UNITED ARROWS LTD.

 **HIS** 「心算る」を
解き放つ

 **PASONA**

 **毎日コムネット**

 **OPEN
HOUSE**

 **NEDO**

 **三井住友信託銀行グループ**
三井住友トラスト不動産

 **DAISO**
ダイソー

 **CURRY HOUSE**
CoCo 壱番屋

 **MISAWA** 住みかたまで生活のおつな
ミサワホーム

 **KEIO** 京王電鉄

 **CAINZ**

 **YAMADA HOMES**

 **YKK
AP**

 **H₂O**
RETAILING

We initiated a business partnership with Mizuho Bank.

We are supporting digital transformation (DX) initiatives for startups and other companies to strengthen customer acquisition.



Leveraging our strength in security, we are expanding implementation in financial institutions.

- **The Mortgage Corporation of Japan, Ltd.** switched from another company's electronic contract service to GMO Sign.
- They will utilize GMO Sign's two-factor authentication and employ electronic contracts **to finalize housing loan agreements, including Flat 35.**
- **By leveraging our strength in security,** we achieve a balance between safety and convenience.

We will promote digital transformation (DX) in local governments by further enhancing security.

- We recently obtained JIIMA certification. We are the only company in the industry to possess all the security certifications prioritized by local governments.

Security certification name	GMO-Sign
JIIMA Certification of Electronic Commerce Software for Statutory Requirements. NEW	○
SOC2 Type1 Audit report on security assessment at a specific point in time.	○
SOC2 Type2 Audit report on security assessments over a specific period.	○
ISMAP Security assessment system for government information systems.	○
Obtained responses regarding the gray zone elimination system in the revised Construction Business Act regulations of 2020.	○
LGWAN Compatible with dedicated closed networks for government use.	○

By strengthening security and collaboration, we aim to become No. 1 in the number of implementations within local governments.

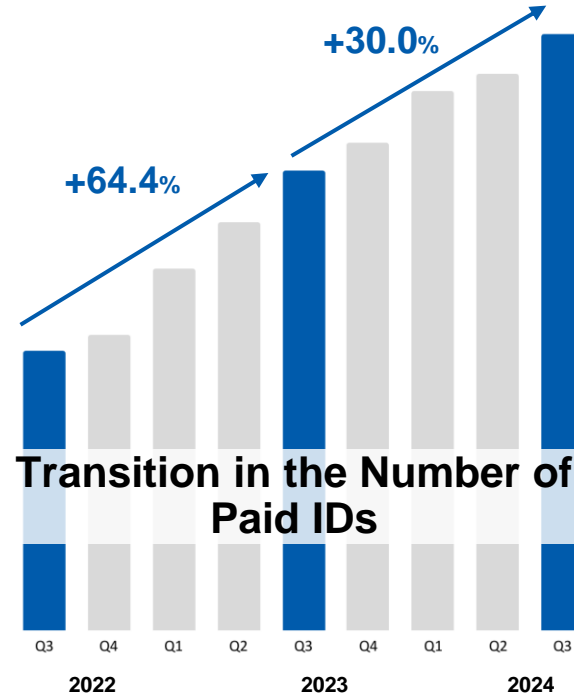
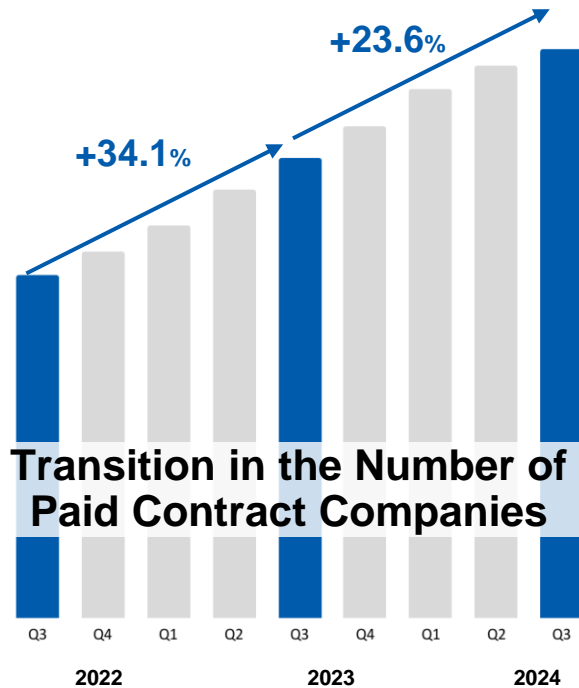


The implementation has been confirmed for 132 local governments.

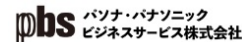
 Adopting local governments (partial list).

KPI Trends for GMO TrustLogin

Thanks to the high effectiveness of agency initiatives, sales increased by 43% compared to the same period last year.



Contracted Companies (partial list)





Providing a secure cloud infrastructure.

Cloud Infrastructure Segment

Quarterly Sales Trends by Product



Due to the impact of exchange rates, sales slightly decreased compared to the second quarter, but overall sales performance remains strong.

FY2024 Q3

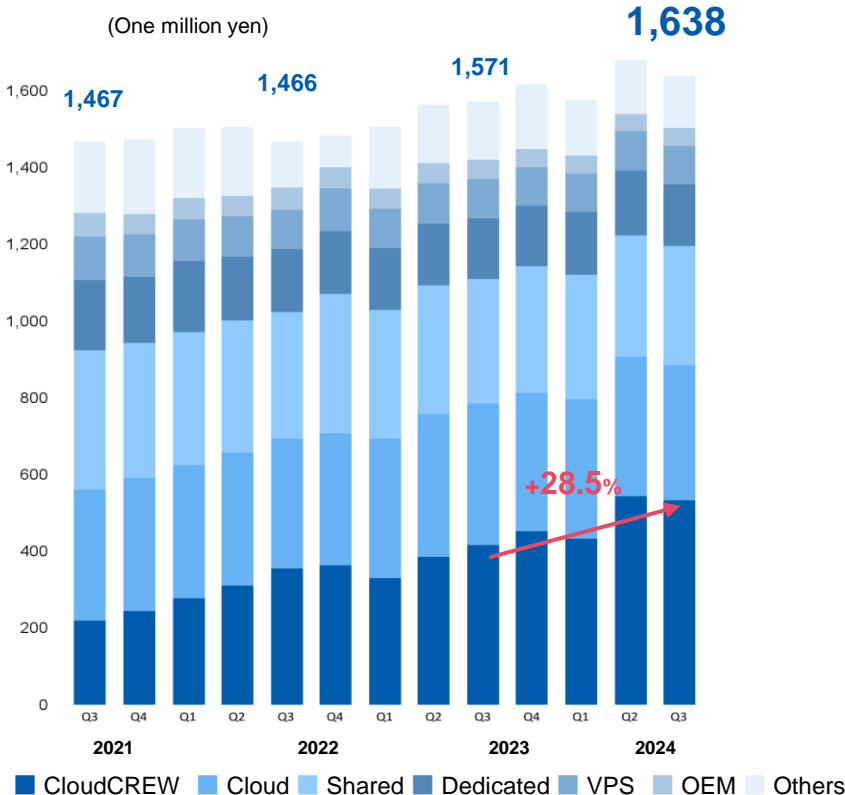
Net Sales:

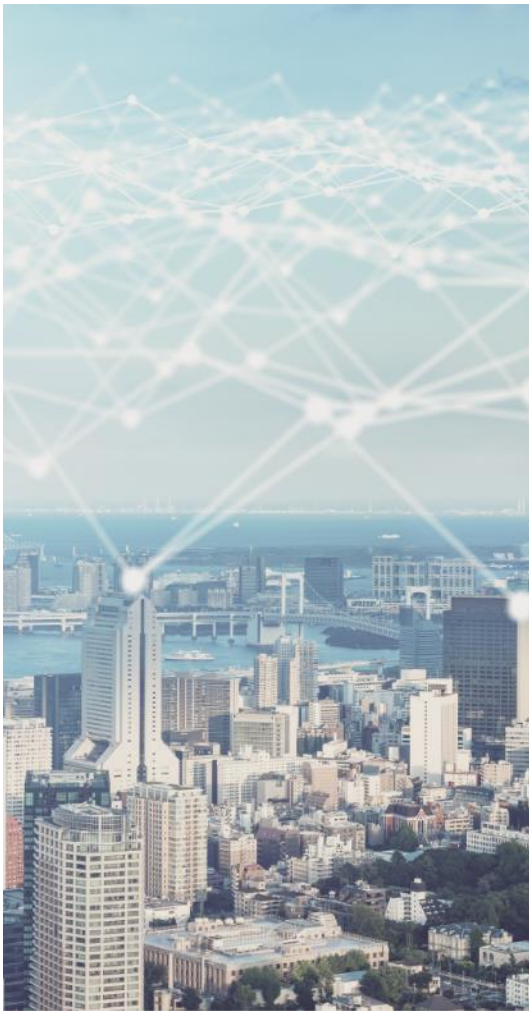
532 million yen

YoY comparison:

+ 28.5 %

Cumulative sales for FY24: 1,506 million yen (a year-on-year increase of 33.2%)

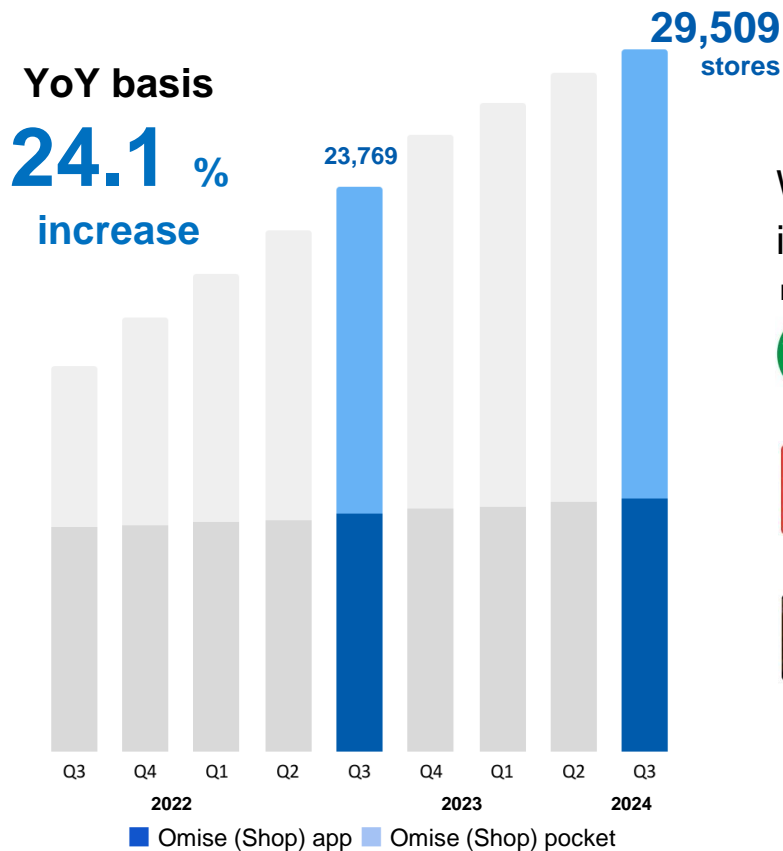




Supporting the resolution of corporate challenges.

Digital Transformation Segment

Trends in the Number of Adoptions



モバイル商品券 プラットフォーム by GMO

We aim for further growth by expanding implementation to private companies as well.

Local governments that have implemented (partial excerpt)



Takatsuki City,
Osaka Prefecture



Yoro Town,
Gifu Prefecture



Kodo Town,
Gifu Prefecture



Hiroshima City,
Hiroshima Prefecture



Gunjo City,
Gifu Prefecture



Goshiki Town,
Hyogo Prefecture



Sapporo City,
Hokkaido Prefecture



Ikeda Town,
Gifu Prefecture



Nagasaki City,
Nagasaki Prefecture



Yamaguchi City,
Yamaguchi Prefecture



Yamaguchi City,
Yamaguchi Prefecture



Yamaguchi City,
Yamaguchi Prefecture

Digitizing Meter Inspection Tasks Using AI-based Image Recognition

A business improvement service for meter reading and inspection that utilizes **AI** to ensure accurate readings and enable paperless operations.



ハカル エーアイ

 **hakarai.ai**
by **GMO**

大規模設備
投資が不要

データ入力が
ペーパーレスに

Web台帳へ
もれなく記録

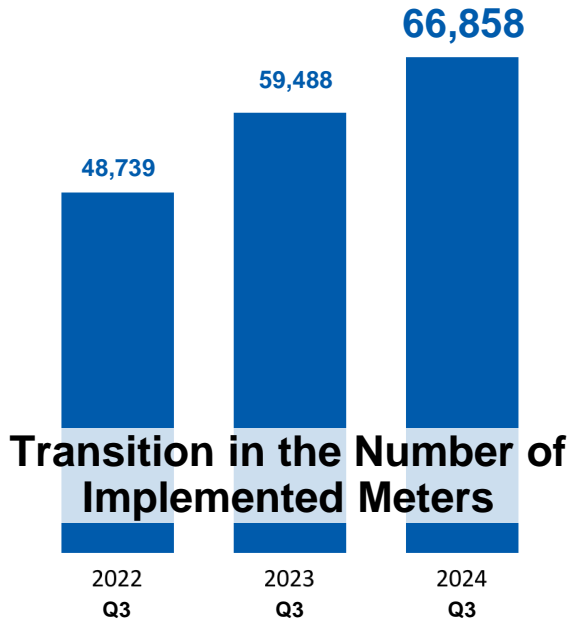
点検状況を
遠隔で
モニタリング

特許にメーター画像が入るよう
にしてください。

The advertisement features a hand holding a smartphone that displays a digital gauge reading, positioned next to a physical analog gauge. The background is a blurred industrial setting with other gauges.

Record of Introduction

We are expanding implementation primarily among major domestic manufacturers and building management companies by utilizing AI technology that does not require large-scale investment.



Contracted companies (partial list)



We aim to expand implementation through the integration of hakaru.ai with robots.

We exhibited at Japan Robot Week 2024, attracting approximately 5,680 visitors, primarily from the manufacturing industry, over the course of three days.



We will conduct a share buyback to improve capital efficiency and strengthen shareholder returns.

Total number of shares to be acquired

Up to 40,000 shares
0.35% of the total number of outstanding shares (excluding treasury shares)

Total acquisition amount of shares

Up to 100 million yen

Acquisition period

From November 13, 2024, to December 31, 2024

Moving forward, we will continue to aim for stable shareholder returns by comprehensively considering the business environment.

We Change Experience with IT





Reference materials

Consolidated Balance Sheet

Unit: million yen	End of December 2023	End of September 2024	Increase/decrease rate
Current assets	10,063	10,948	8.70%
(Cash and Deposits)	6,655	7,687	15.50%
(Trade accounts receivable)	2,337	2,444	4.60%
Non-current assets	5,630	5,866	4.20%
(Software)	3,610	3,911	8.30%
(Investment securities)	275	294	6.90%
Total assets	15,693	16,834	7.30%
Liabilities	7,028	7,896	12.40%
(Advances by customers)	1,648	1,783	8.20%
(Borrowings and Lease liabilities)	1,606	2,129	32.60%
Net assets	8,665	9,351	7.90%
(Shareholders' equity)	7,337	7,422	1.70%
(Other comprehensive income)	1,300	1,495	15.00%
(Non-controlling interests)	27	20	-24.20%
Total liabilities and net assets	15,693	16,834	7.30%

Consolidated Income Statement

Unit: million yen	End of December 2023	End of September 2024	Increase/decrease rate
Sales	12,835	14,071	9.60%
Cost of Sales	4,783	5,626	17.60%
Gross profit	8,052	8,444	4.90%
Selling, general and administrative expenses	7,198	7,629	5.80%
(Personnel expenses)	4,117	4,377	6.30%
(Advertising expense)	883	882	- 0.1%
(Depreciation expense)	408	577	41.50%
Operating income	854	815	- 4.5%
(Operating income margin)	0	0	-
Ordinary income	927	842	- 9.2%
Income before income taxes	940	807	- 14.1%
Income taxes - deferred	347	275	- 20.8%
Net Income Attributable to Owners of the Parent	578	528	- 8.7%

Full-Year Performance Forecast for 2024

We aim to achieve growth across all business segments, primarily through the accumulation of recurring revenue in our key business areas.

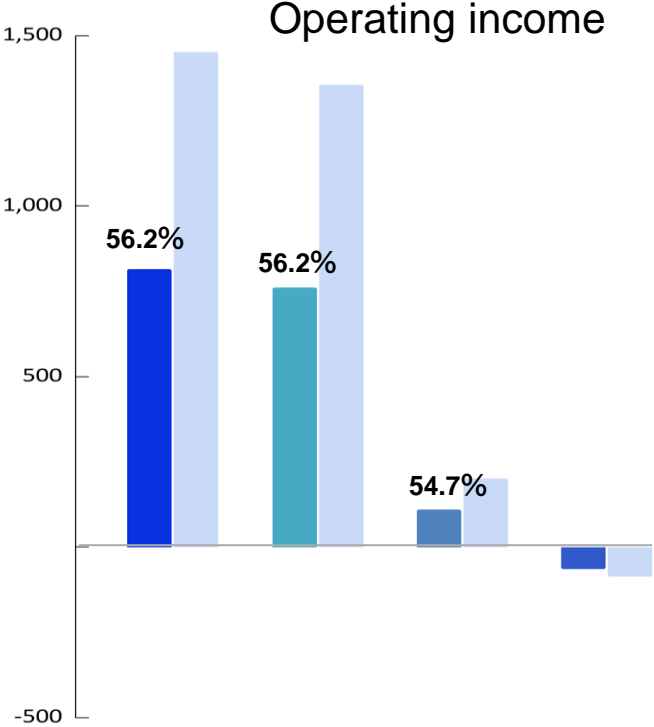
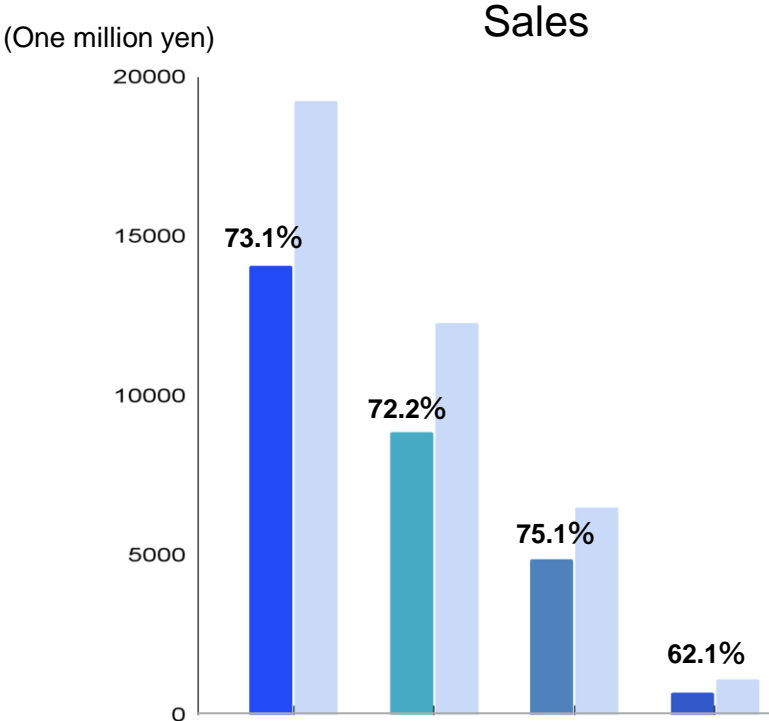
Unit: million yen	FY2023 (Actual)	FY2024 (Forecast)	Increase/decrease rate
Sales	17,499	19,250	10.00%
Operating income	1,289	1,450	12.50%
Ordinary income	1,316	1,387	5.40%
Net Income Attributable to Owners of the Parent	739	840	13.60%
Earnings per share(in yen)	64	73	-

Full-Year Performance Forecast for 2024 (for Each Business Segment)

Through the selection and concentration of business, Network Engine has shifted its segment from the Digital Transformation Segment to the Cloud Infrastructure Segment. We aim to optimize costs through streamlining efforts driven by business synergies.

Sales				Operating income		
Unit: million yen	FY2023 (Actual)	FY2024 (Forecast)	Increase/decrease rate	FY2023 (Actual)	FY2024 (Forecast)	Increase/decrease rate
Digital Certificate and eSignature Segment	10,849	12,288	13.3%	1,275	1,354	6.1%
Cloud Infrastructure Segment	6,066	6,511	7.3%	120	201	66.9%
Digital Transformation Segment	1,148	1,126	- 2.0%	- 92	- 88	-
Corporate/Consolidation	- 564	- 675	-	- 14	- 17	-
Consolidated	17,499	19,250	10.0%	1,289	1,450	12.5%

Comparison of Forecasts by Business Segment (Q3 FY2024)



■ Consolidated
 ■ Digital Certificate and eSignature Segment
 ■ Cloud infrastructure Segment
 ■ Digital Transformation Segment
 ■ Full-year forecast

- The content of this document is based on the economic, social, and other conditions generally recognized at the time of preparation, and on certain assumptions deemed reasonable by the company. However, it is subject to change without notice due to changes in the business environment and other factors.
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