



DECENTRALIZED SMART ECOSYSTEMS



Pongaea

we are one

< 2020-2025 Mid-term Plan > **Designing our New Normal Context**

Digital Garage, Inc.

FYE March 31, 2021 Financial Report



Digital Garage

2021.5.13

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Purpose & Values





<Purpose>

Designing "New Context" for a sustainable society with technology

<Mission & Values>

Integrating Technology × ESG × Incubation with First Penguin Spirit, we continue to create sustainable "business context" from an earth-centric perspective

<Principle>

Think for yourself and question authority
- Timothy Leary



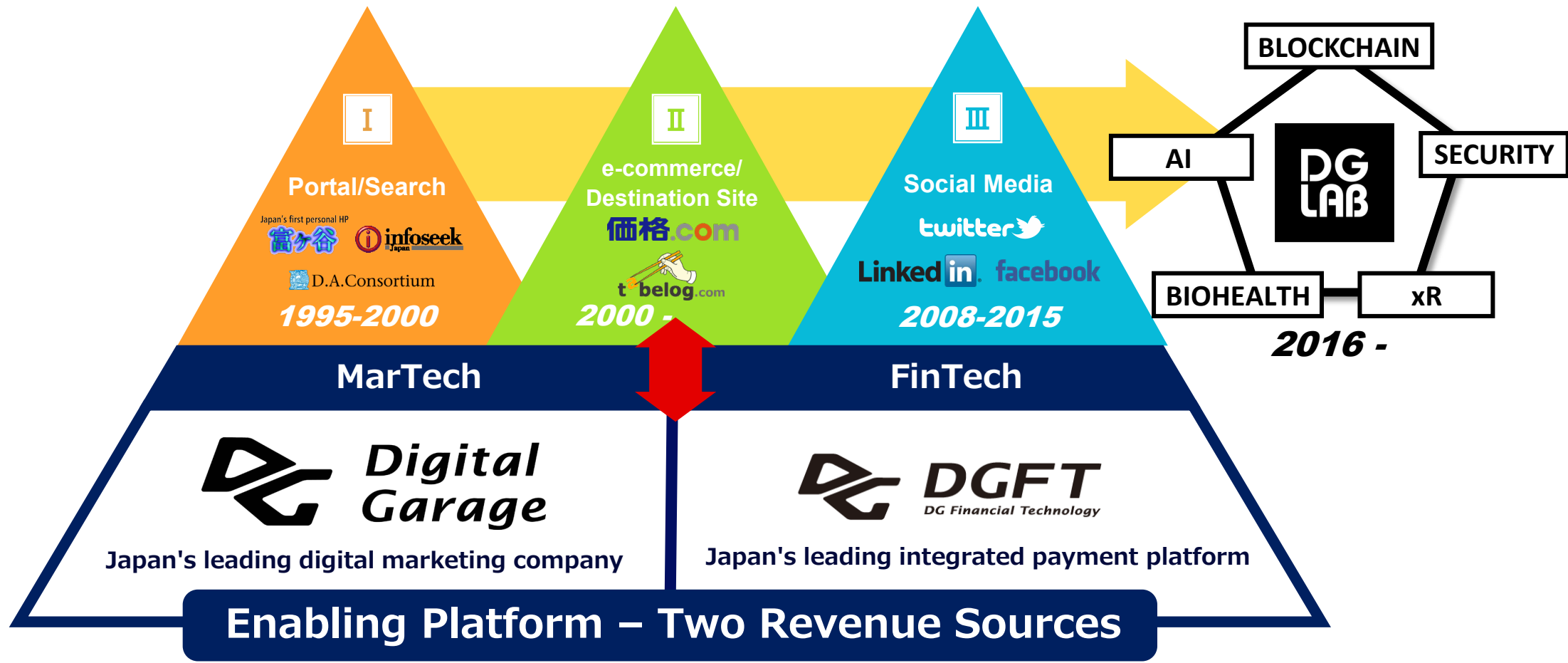
**Implementing a new business context in society
by making full use of the three technologies of IT / MT / FT**



-  **Information Technology**
-  **Marketing Technology**
-  **Financial Technology**



DG continues to incubate through its Enabling Platform since the early days of the Internet



Investment Highlights





Profit before tax (IFRS) for FY21.3 increased 43% YoY to 14.3 B JPY, renewed record high profit

~ FT renewed record high profit due to strong EC settlements, IT saw significant growth in fair value of investees ~

Consolidated Profit Before Tax

	FY 20.3	FY 21.3	(YoY)
Consolidated	10.0 B JPY	14.3 B JPY	+43 %

Profit Before Tax by Segments

FT	4.0 B JPY	4.1 B JPY	+2 %
MT	1.9 B JPY	0.7 B JPY	▲60 %
IT	3.6 B JPY	10.3 B JPY	2.9 X
LTI	4.7 B JPY	2.7 B JPY	▲44 %

Outlook and KPI by Segments

FT	<p>✓ Although Travel and inbound-related transaction significantly decreased, domestic QR code payments increased favorably, in addition to increase in transaction due to the expansion of the EC market. Growth in new payment transactions, such as mobile order pre-online payments for fast food stores</p> <ul style="list-style-type: none"> Transaction volume: 3,056.7 B JPY (YoY +18%) of which, face-to-face settlement: 167.1 B JPY (YoY ▲23%) Number of Transaction: 657 Million (YoY +35%)
MT	<p>✓ Volume of mainstay digital ads was strong, mainly in the financial and telecommunications sectors. On the other hand, restructuring costs of the subsidiary, which operates real estate advertising business, were recorded</p> <ul style="list-style-type: none"> Digital Ad volume: 28.9 B JPY (YoY +9%) Other volume (Next-generation user database business, etc.): 6.2 B JPY (YoY ▲9%)
IT	<p>✓ Promoting global DX in pandemic, strategic investments in DX advanced companies have led to a 29% YoY increase in fair value, and sold 3 companies through IPO in Japan and overseas listed investees, etc.</p> <ul style="list-style-type: none"> Investment / Sold: 4.5 B JPY / 4.0 B JPY Fair valuation: 47.2 B JPY (from E of Mar.2020 +29%)
LTI	<p>✓ "Tabelog" recovered in the second half, despite the impact of COVID-19 in the restaurant industry. Crypto Garage will go start full-fledged business in FY 22.3 after system-final confirmation</p> <ul style="list-style-type: none"> Investment profit on equity method of Kakaku.com: 2.4 B JPY (YoY ▲36%)

FY21.3 Consolidated P/L Summary (IFRS)



Consolidated revenues FY 21.3 (IFRS) increased 10% YoY to 40.5 B JPY, profit before tax increased 43% YoY to 14.3 B JPY

~ Share of profit of investments accounted for using equity method decreased, but both Revenue and profit before tax increased due to strong performance in FT and significant growth in revenue in operational investment securities ~

JPY in Millions	FY20.3					FY21.3					YoY	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	%	Amount
Revenue	8,217	11,379	9,078	8,262	36,936	6,944	12,320	9,447	11,767	40,478	+9.6%	+3,542
Revenue in recurring business	6,138	6,718	6,576	7,256	26,687	6,148	6,301	6,138	6,357	24,945	-6.5%	-1,742
Revenue in operational investment securities	459	3,332	968	-739	4,020	302	4,968	2,226	3,535	11,031	2.7 x	+7,011
Other income	817	422	301	877	2,416	193	207	214	1,335	1,949	-19.3%	-467
Finance income	1	16	28	48	93	1	0	17	40	59	-36.9%	-34
Share of profit of investments accounted for using equity method	803	891	1,205	821	3,720	300	843	853	499	2,495	-32.9%	-1,225
Expenses	5,999	6,271	6,016	8,643	26,929	6,539	6,689	6,123	6,811	26,161	-2.8%	-767
Cost of sales	2,740	2,976	2,853	3,467	12,036	2,764	2,829	2,459	2,645	10,697	-11.1%	-1,339
Selling, general and administrative expenses	2,951	3,138	3,121	4,813	14,022	3,453	3,588	3,400	4,095	14,537	+3.7%	+514
Other expenses	78	86	74	254	492	69	109	69	370	617	+25.5%	+125
Finance costs	230	71	-32	109	379	252	163	195	-299	311	-17.9%	-68
Profit before tax	2,218	5,108	3,062	-381	10,008	405	5,632	3,324	4,956	14,317	+43.1%	+4,309
Profit attributable to owners of parent	1,624	3,647	2,253	-105	7,420	224	3,779	2,290	3,493	9,786	+31.9%	+2,365

NOTE) The above Revenue, Expenses, and Profit before tax refer to the continuing operations excluding discontinued operations

FY21.3 Segment P/L Summary (IFRS)



Renewed record high profit both FT overcoming increase in fixed costs due to system investment etc.
and IT's significant growth in fair value of investees

~ MT posted a decline in profit due to the impact of COVID-19 and the recording of costs from business structure optimization measures, but recovered from a bottoming out of 2Q~

JPY in Millions	FY20.3					FY21.3					YonY	
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	%	Amount
Revenue	8,217	11,379	9,078	8,262	36,936	6,944	12,320	9,447	11,767	40,478	+9.6%	+3,542
Financial Technology	2,083	2,204	2,184	2,138	8,609	2,340	2,409	2,525	2,392	9,666	+12.3%	+1,056
Marketing Technology	3,376	3,984	3,705	4,311	15,375	3,335	3,257	2,958	3,499	13,049	-15.1%	-2,327
Incubation Technology	507	3,462	1,405	-506	4,868	389	5,269	2,225	3,599	11,482	2.4 x	+6,614
Long-term Incubation	2,232	1,696	1,744	2,257	7,929	801	1,305	1,646	2,179	5,931	-25.2%	-1,998
Others/Adjustments and Eliminations	19	33	39	63	155	79	81	94	97	351	2.3 x	+196
Profit before tax	2,218	5,108	3,062	-381	10,008	405	5,632	3,324	4,956	14,317	+43.1%	+4,309
Financial Technology	1,061	1,112	1,129	746	4,049	1,018	1,083	1,141	875	4,118	+1.7%	+69
Marketing Technology	327	676	512	336	1,853	178	78	202	276	735	-60.3%	-1,118
Incubation Technology	146	3,138	1,114	-835	3,563	72	4,916	1,861	3,415	10,264	2.9 x	+6,701
Long-term Incubation	1,493	932	890	1,385	4,701	120	485	843	1,205	2,653	-43.6%	-2,048
Others/Adjustments and Eliminations	-810	-751	-584	-2,013	-4,158	-983	-931	-724	-815	-3,452	-	+705

NOTE) Revenue here shows revenue from external customers. Segment revenue and profit before tax are before elimination of intersegment transaction and corporate revenue and expenses.

FY21.3 Consolidated B/S Summary (IFRS)



JPY in Millions	End of FY20.3	End of FY21.3	Difference	Reason for change / Remarks
Current assets	98,852	113,548	+14,696	
Cash and cash equivalents	32,702	37,989	+5,287	
Trade and other receivables	26,657	26,574	-83	FT business-related items
Operational investment securities	36,546	47,170	+10,624	Increase in fair value of investee companies
Non-current assets	63,444	64,753	+1,310	
Property, plant and equipment	21,367	19,478	-1,890	Decrease by depreciation
Investments accounted for using equity method	21,475	22,446	+972	Equity in earnings of affiliates
Other financial assets	6,319	7,878	+1,559	Increase due to mark-to-market valuation of listed shares
Total assets	162,296	178,301	+16,006	
Current liabilities	50,838	56,865	+6,027	
Borrowings	4,927	9,768	+4,840	Borrowing for operating funds and Transferred to long-term loans payable within one year
Trade and other payables	41,203	39,911	-1,292	
Non-current liabilities	58,663	58,355	-308	
Bonds and borrowings	38,247	35,850	-2,397	
Other financial liabilities	13,553	12,168	-1,385	
Deferred tax liabilities	5,426	8,515	+3,089	
Total liabilities	109,501	115,220	+5,719	
Total equity	52,795	63,082	+10,287	
Total equity attributable to owners of parent	52,033	62,134	+10,101	
Share capital	7,591	7,637	+46	
Capital surplus	4,409	4,566	+157	
Treasury shares	-5,012	-4,915	+96	
Other components of equity	324	2,062	+1,737	Increase due to mark-to-market valuation of listed shares
Retained earnings	44,721	52,785	+8,064	Increased profit
Non-controlling interests	762	947	+185	
Total liabilities and equity	162,296	178,301	+16,006	

Segment Performance Review





I Financial Technology Segment

	Revenue	Profit before tax
FY20.3	8,609 M JPY	4,049 M JPY
FY21.3	9,666 M JPY	4,118 M JPY

- ▶ **DG Financial Technology, Inc.**※
Japan's leading payment service provider



(formerly VeriTrans, Inc.  / econtext, Inc. )
※changed name in April 2021

- ▶ **NaviPlus Co., Ltd.**
Subsidiary of DG Financial Technology, Inc. Offers website support tools including personalized recommendation engines



- ▶ **TD Payment Corporation** (49% stake/equity method)
Offers multiple payment solutions for POS systems



- ▶ **ANA Digital Gate, Inc.** (49% stake/equity method)
Develops and offers the new payment solution by FinTech



- ▶ **SCORE Co., Ltd.** (49% stake/equity method)
Development of post-settlement payment business and various financial businesses utilizing settlement data



NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

FT Segment – Highlights (P/L)

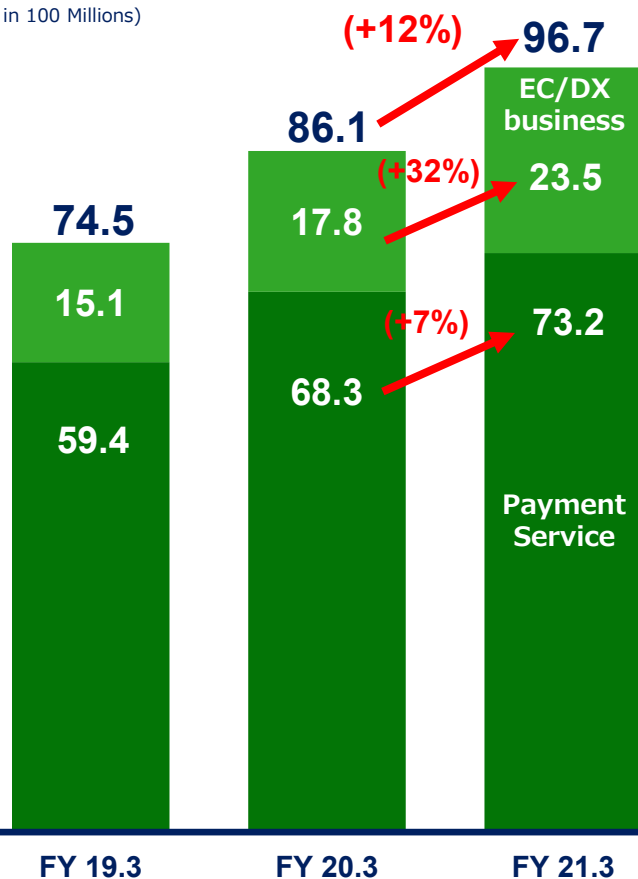


Revenues increased 12% YoY to 9.7 B JPY due to strong performance in both the Payment Service and EC/DX Business

~ Renewed record high profit by overcoming a significant decrease in travel and inbound-related payments and increased fixed costs ~

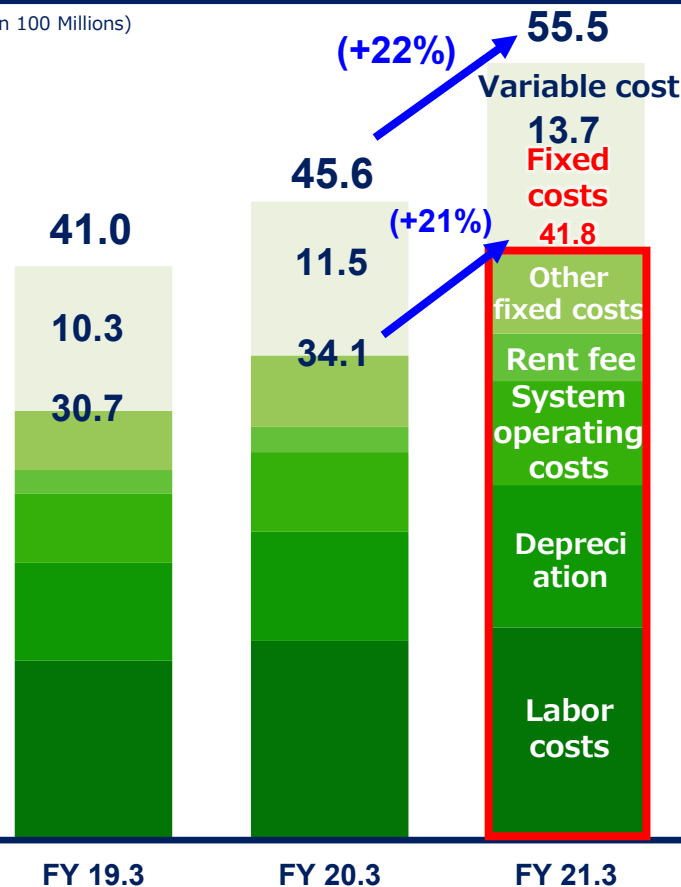
Revenue

(JPY in 100 Millions)



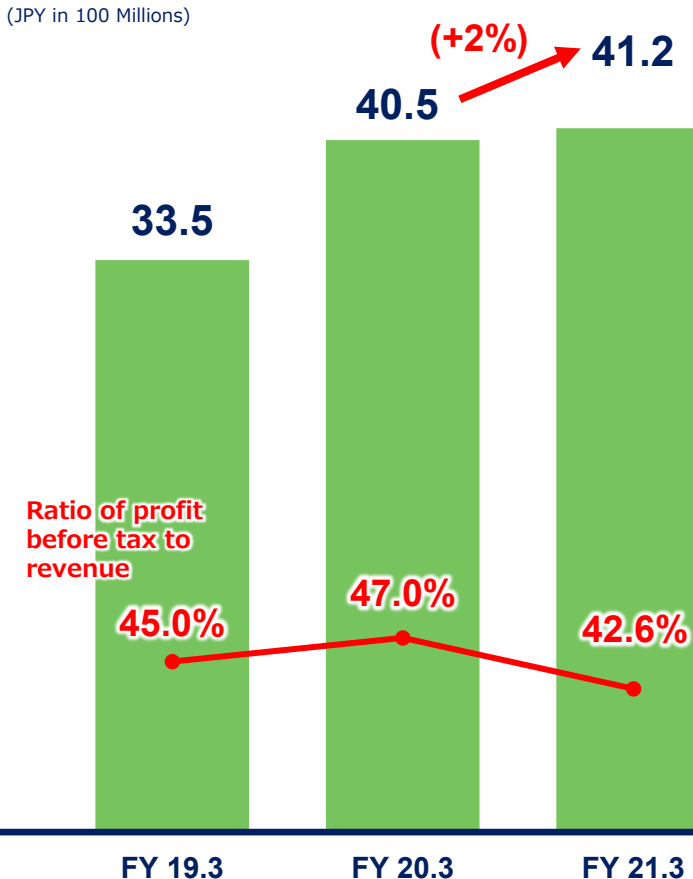
Expenses

(JPY in 100 Millions)



Profit Before Tax

(JPY in 100 Millions)



NOTE) Payment Service: Total of Spread type, Fee Type, Shop payment Type and three equity-method affiliates

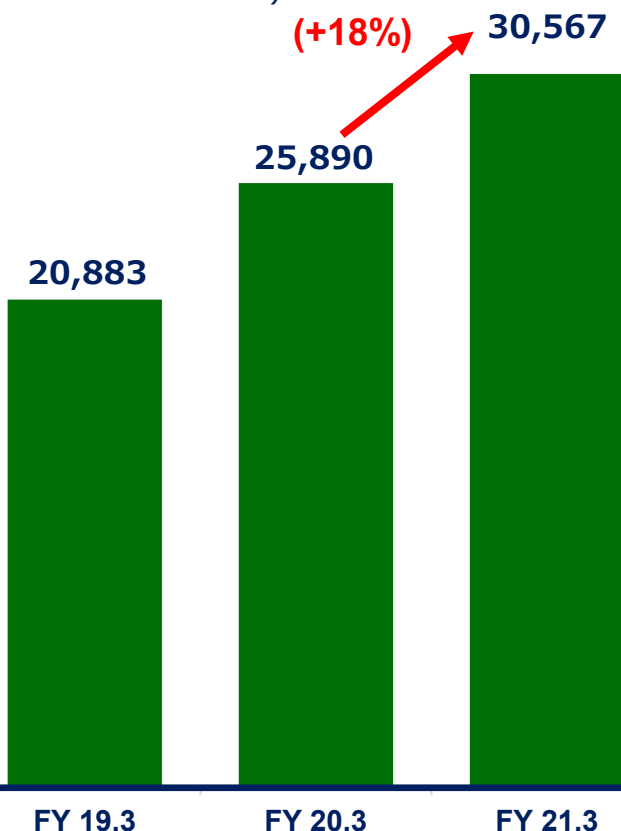


Transaction volume increased 18% YoY to 3.1 T JPY, and the number of transactions increased 35% YoY to 657 million, continuing high growth

~ Face-to-face settlement decreased 23% due to a significant decrease in inbound-related transaction, EC payments increased 22% although a decrease in travel-related transaction ~

Transaction Volume

(JPY in 100 Millions)

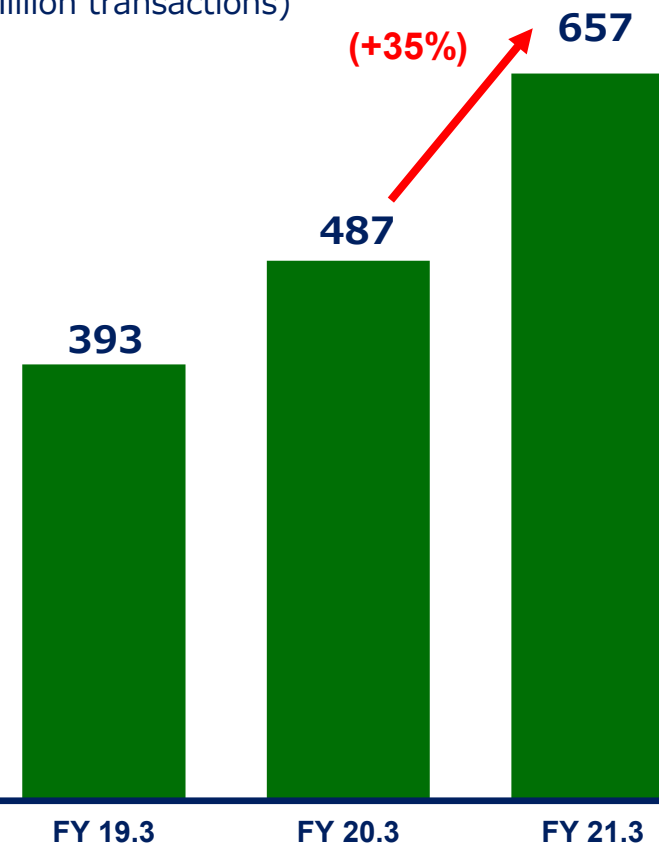


- Travel-related payments, which occupy for about 7% of transaction volume, decreased, but it was growth more than BtoC-EC market growth rate 15%
- Significant decrease in inbound-related transaction, but growth in domestic QR code payments

(JPY in 100 Millions)	FY 20.3	FY 21.3	YoY
Transaction Volume (①+②)	25,890	30,567	+18%
① EC payments	23,719	28,896	+22%
Travel related	1,799	605	▲ 66%
Other than travel related	21,920	28,291	+29%
② Face-to-face settlement	2,171	1,671	▲ 23%
Overseas QR code transaction	783	52	▲ 93%
Domestic QR code transaction	1,388	1,619	+17%

Number of Transaction








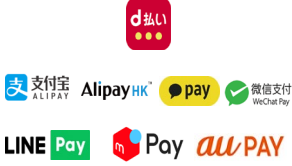
(Million transactions)

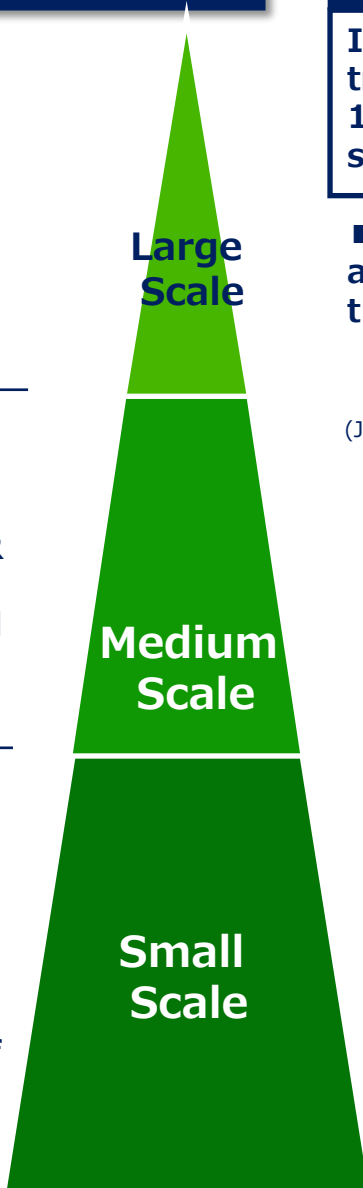


FY 19.3 FY 20.3 FY 21.3



Payment Methods that Match All Store Sizes

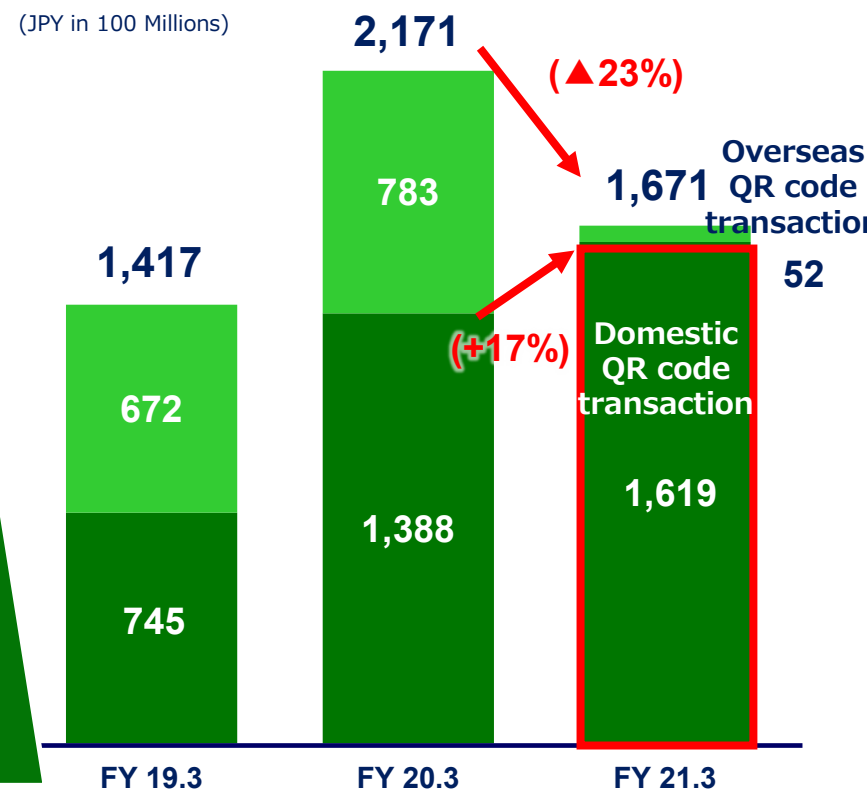
 <p>DGFT DG Financial Technology</p>  <p>POS Register</p>	<p>Direct</p> <hr/>  <p>TDP TD Payment Corporation</p>	<ul style="list-style-type: none"> JV with Toshiba Tec Corporation, the top share company in Japan providing multi-payment solution. Introduced at major drugstores and supermarkets, etc. and grew to 15,000 units
 <p>Tablet POS</p>  <p>Multi-Payment Terminal mPOS</p>	<p>OEM</p>	<ul style="list-style-type: none"> Providing multi-payment solutions (overseas QR code payments such as Alipay, WeChat Pay and domestic QR code payments including carrier-related payments and so on) for tablet POS such as Recruit Holdings Co., Ltd.
 <p>QR Code Scanning Panel Cloud Pay</p>	 <p>Cloud Pay</p> 	<ul style="list-style-type: none"> Cloud Pay (Develop consortium-type multi-QR solutions that integrate various MPM-type payments into one QR code) is focusing on small stores. Approximately 390,000 stores were introduced (as of the end of March 2021), Growing into the main player of QR code payment network



Transaction Volume of Face-to-face Settlement

Inbound-related/ Overseas QR Code transactions declined 93% YoY due to COVID-19, but domestic QR Code transactions grew strongly, up 17% YoY

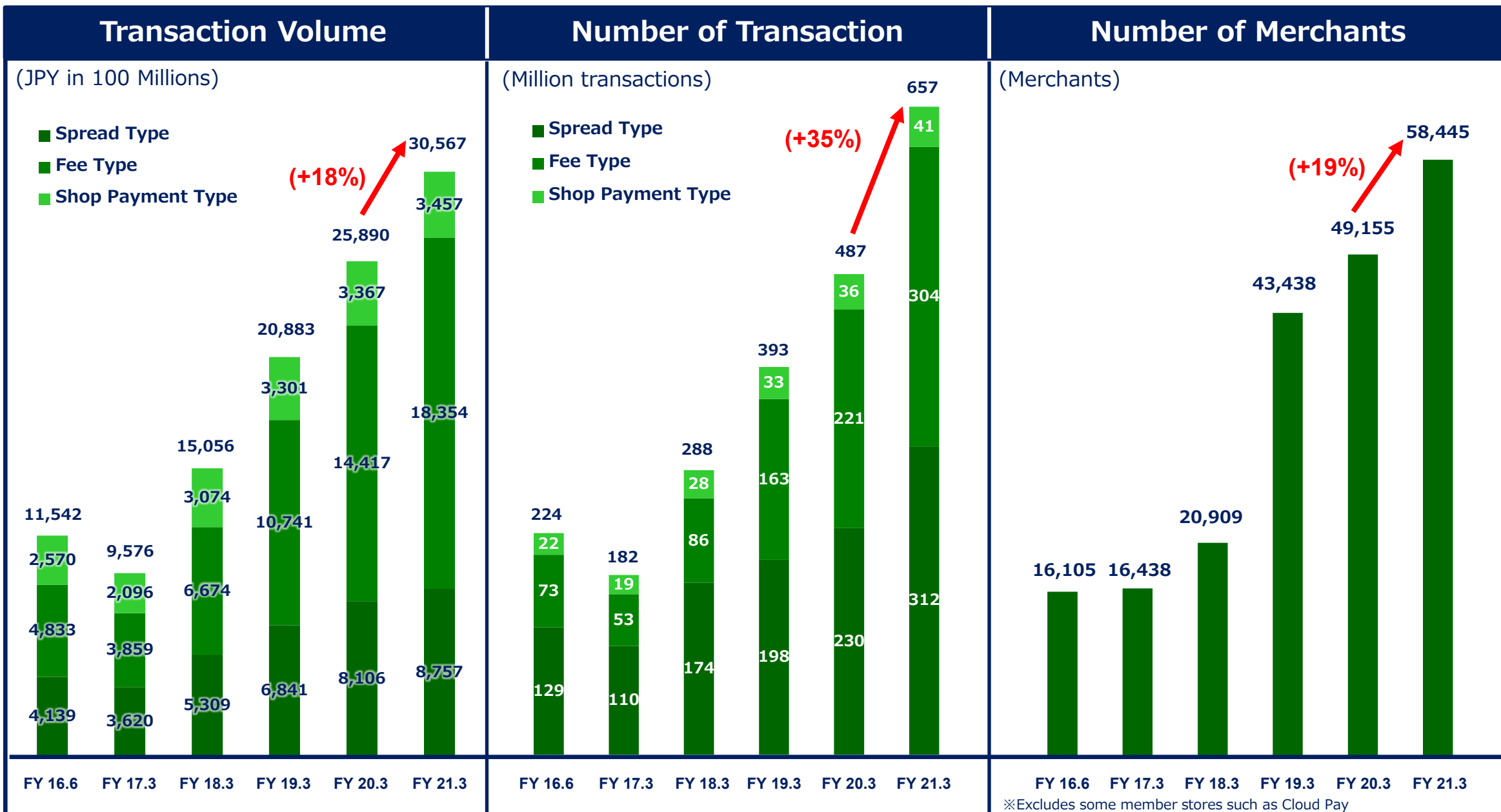
■ Expect face-to-face settlement to grow in after COVID-19 due to recovering overseas travelers and growth in cashless market



(Note) MPM (Merchant Presented Mode) : Method in which consumers scan QR codes displayed at stores with their smartphones to make payments



FT Segment – Transaction Volume / Number of Transaction / Number of Merchants



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

※Excludes some member stores such as Cloud Pay



II Marketing Technology Segment

	Revenue	Profit before tax
FY20.3	15,375 M JPY	1,853 M JPY
FY21.3	13,049 M JPY	735 M JPY

▶ Marketing Technology Company

Supports client's business through performance-based ads, Online to Offline strategy, web marketing, CRM marketing, and DX businesses



▶ DG Communications Co., Ltd.

Provides solutions that make people's lives more comfortable, mainly through the real estate advertising business



▶ BI.Garage, Inc.

Develops and provides services incorporating contextual ads, data science, etc. Also expands media consortium business



▶ CyberBuzz, Inc. (20.34% stake/equity method)

Provides the social media marketing platform structured with influencers as its center part



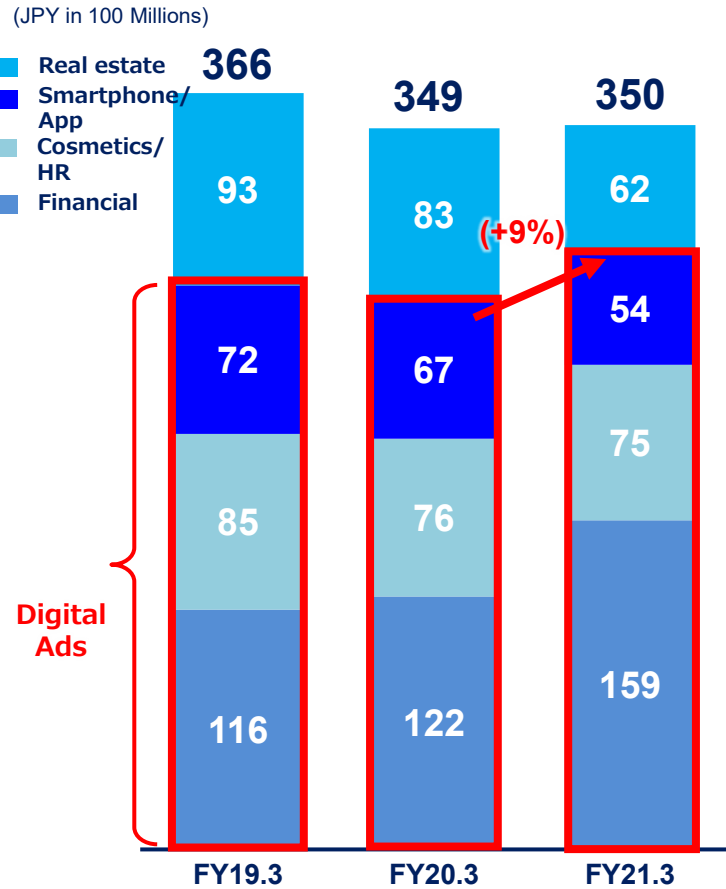
NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.



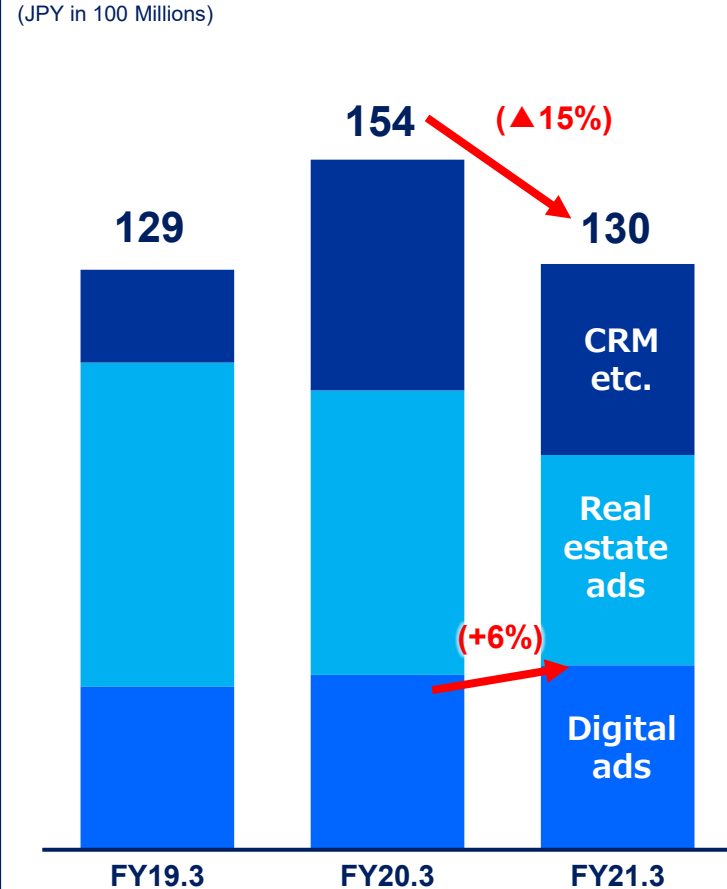
Mainstay Digital Ads advertisement volume was strong, mainly in finance, such as telecommunications carrier payments and credit cards

~ Expenses for business structure optimization and investment in new strategic businesses preceded, but profit before tax recovered after bottoming out in 2Q ~

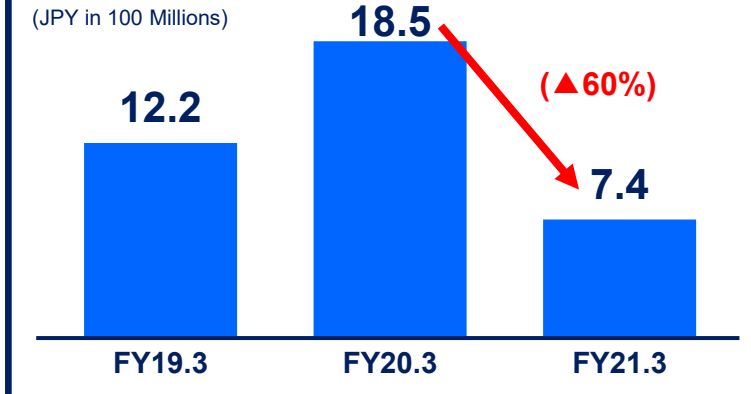
Advertisement Volume



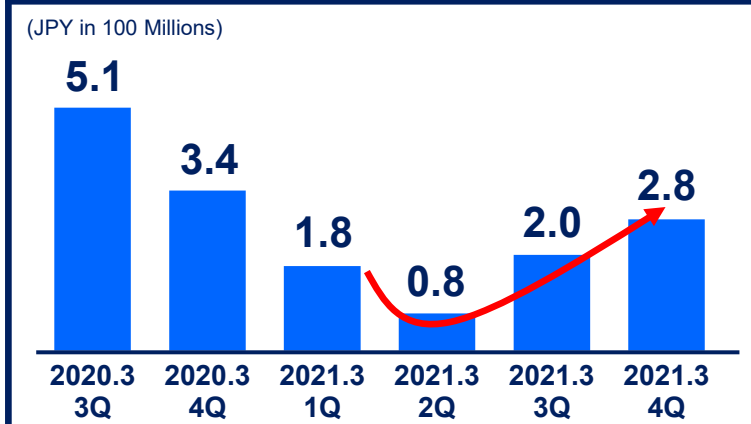
Revenue



Profit Before Tax



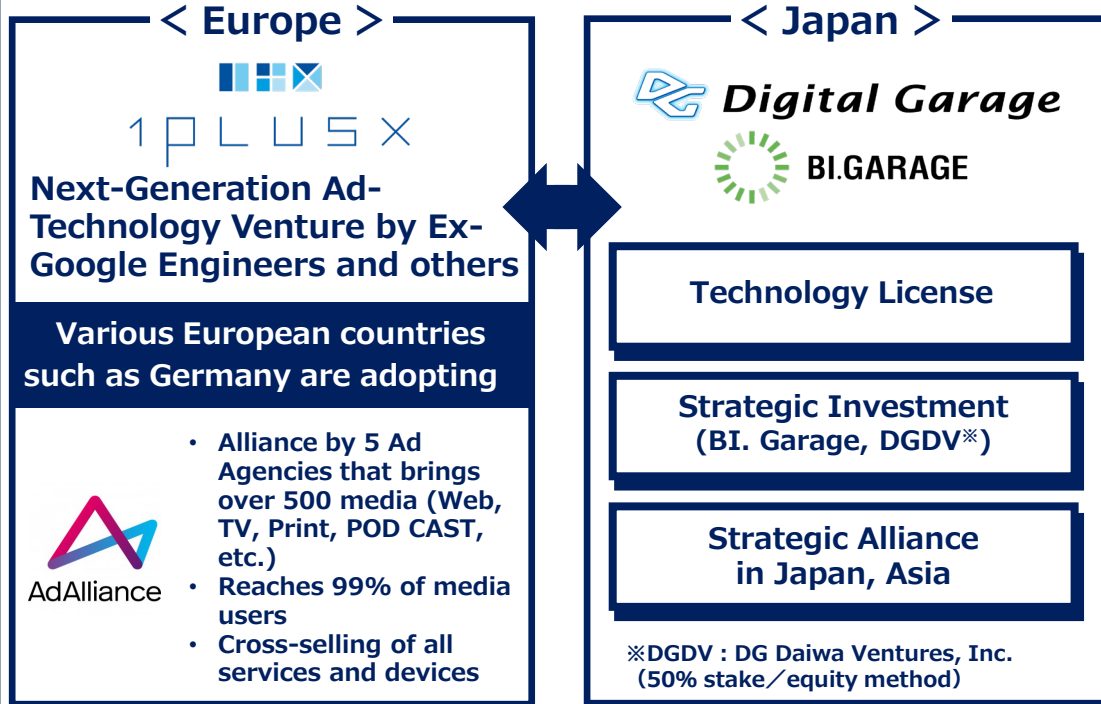
Quarterly Trend of Profit Before Tax





Contextual Ads in the Era of Post-Cookie

Capital and Business Alliance with a Global-Tech Company (1plusX)



- ✓ Competition against GAFAs emerges in terms of cultural preservation in each area
- ✓ Killer technology that satisfies both GDPR (General Data Protection Regulation - EU) and CCPA (California Consumer Privacy Act-US-CA)
- ✓ Expands to 28 major domestic media for the first step as partners of Japan and Asia

DX Solution in Real Estate

Entering Legal-Tech Field in Real Estate

- Automatically sorts and generates documents to seal a real-estate electronic contract
- Manages contract status online and centrally
- Rapid increase in demand in the market by the effect of COVID-19 and DX trend

不動産電子契約システム
Musubell[®]

- ✓ Target field is the DX trend of sales contracts in the massive real-estate market
 - ➔ New condominium market¹ (Number of units supplied: 59,000/year)
 - ➔ Sales brokerage market² (Number of transactions : 550,000/year)
 - ➔ Electronic Contract Service Market³ 2019: 6.8 B JPY → 2024: 26.4 B JPY (CAGR +31%)
- ✓ Launching to multiple major developers in sequence, following the introduction of Nomura Real Estate Development Co., Ltd.
- ✓ “Musubell for Brokerage” targeting Real-Estate sales brokerage market will be launched in June

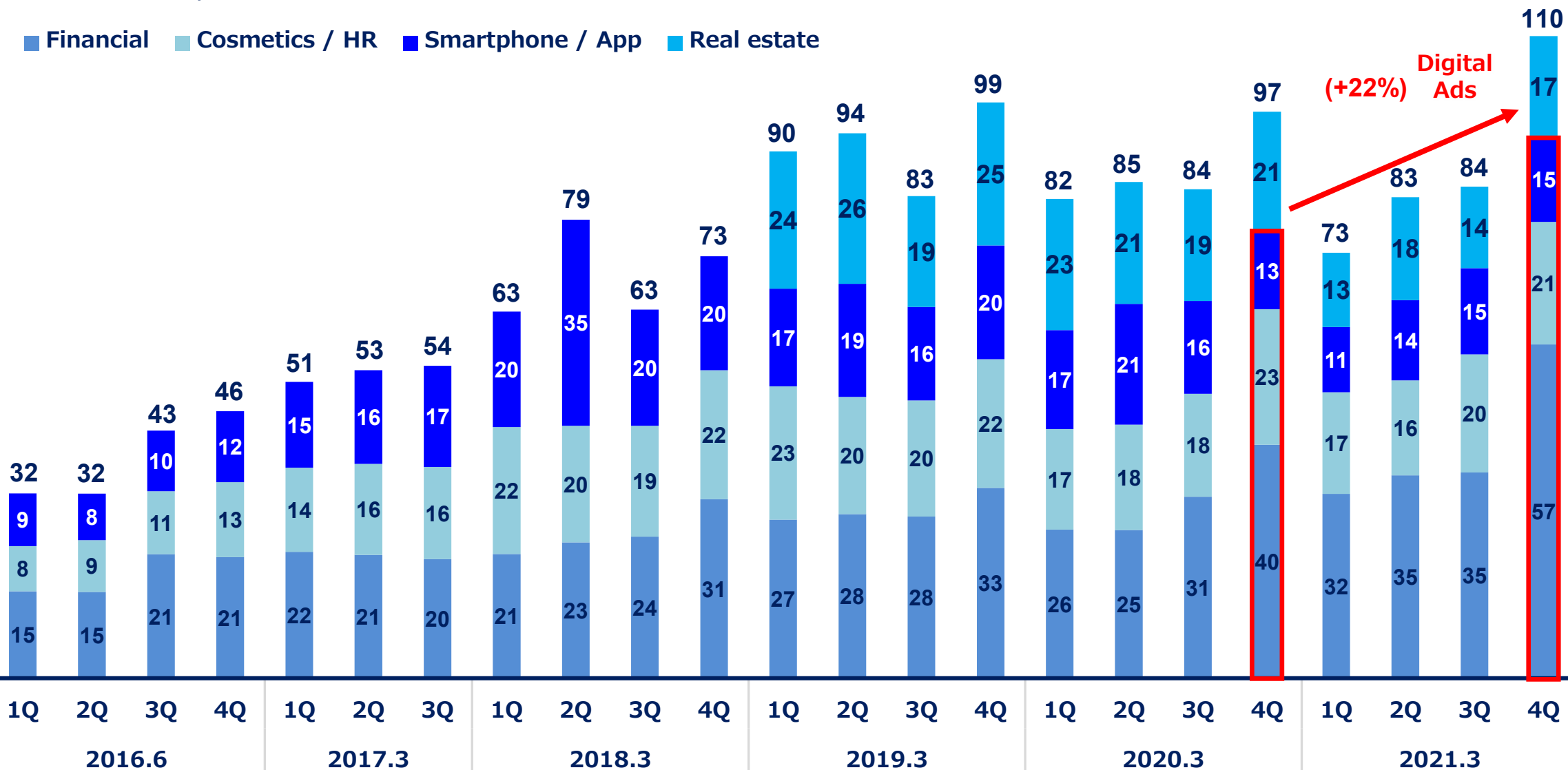
Ref. 1. Real Estate Economic Institute Co., LTD. “National Condominium Market Trends 2020” 2. Own research 3. Yano Research Institute Ltd. “Electronic Contract Service Market 2020”



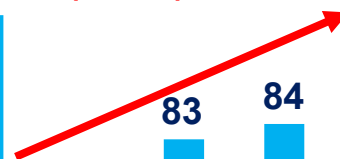
Transition of Quarterly Advertisement Volume

(JPY in 100 Millions)

Financial Cosmetics / HR Smartphone / App Real estate



Digital Ads (+22%)





III Incubation Technology Segment

	Revenue	Profit before tax
FY20.3	4,868 M JPY	3,563 M JPY
FY21.3	11,482 M JPY	10,264 M JPY

▶ DG Ventures Inc.

Invests in and incubates cutting-edge internet startups

Number of invested companies : 235

Fair Value End of March, 2021 : 39.3 B JPY



▶ Open Network Lab, Inc.

Seed Accelerator Program in progress in the 23rd term

Number of support companies (Accumulation) : Over 150

Funding Ratio : 58.2%



▶ DG Daiwa Ventures, Inc. (50% stake/equity method)

Manages DG Lab Fund to invest in startups with next-generation technologies

DG Lab Fund I : 6.8 B JPY

DG Lab Fund II : 12.5 B JPY



▶ Digital Garage US, Inc.

The US-based global strategy headquarters



NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

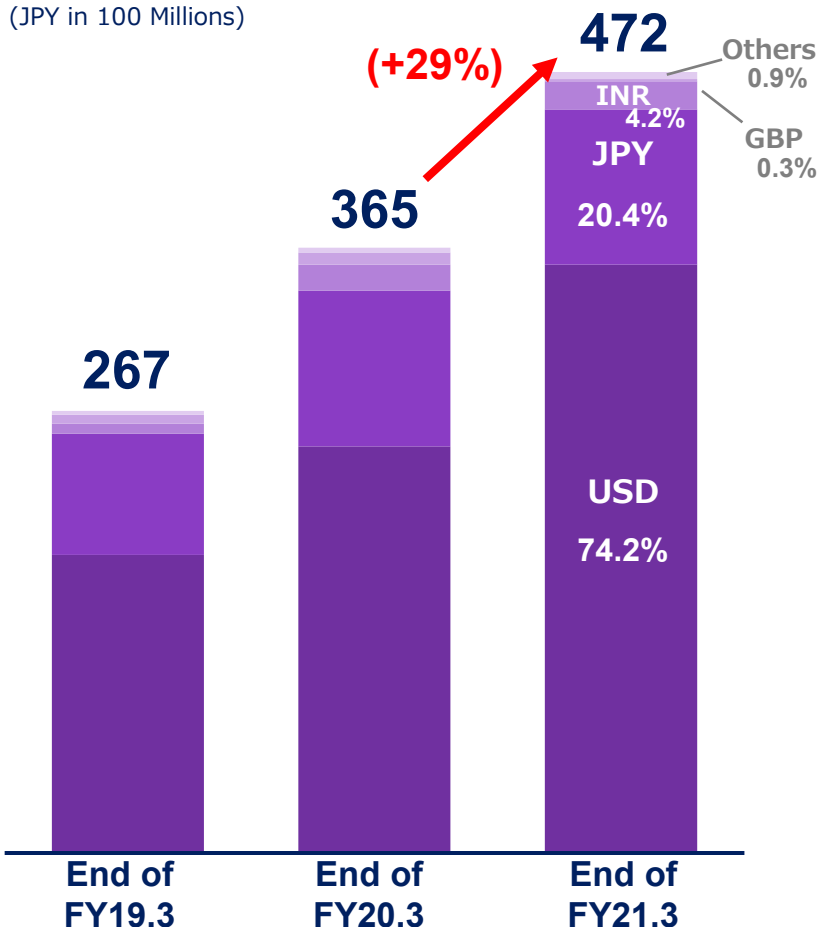


Carefully selected and invested in promising projects in North America, Asia, and Japan.
 Fair value increased 29% YoY to 47.2 B JPY from the end of the previous fiscal year

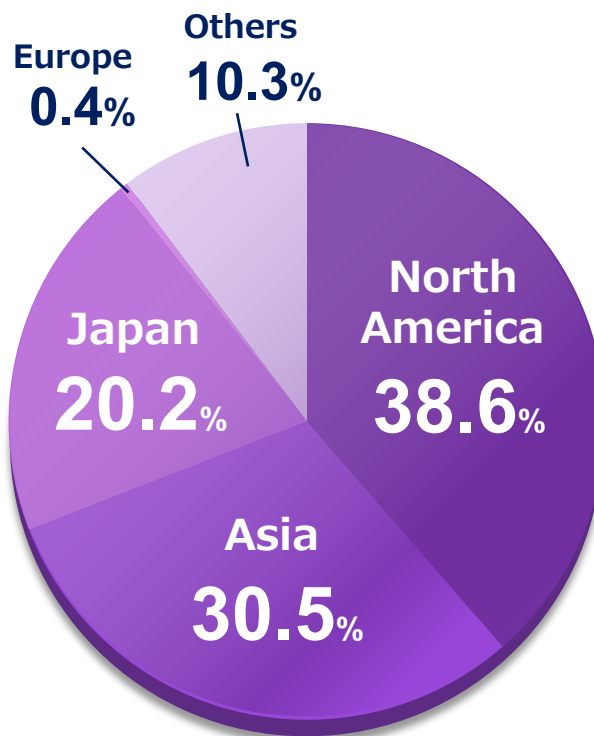
~ 2.7 B JPY Gain on sales of three domestic IPOs and foreign stocks ~

Operational Investment Securities (Ratio by Currencies)

(JPY in 100 Millions)



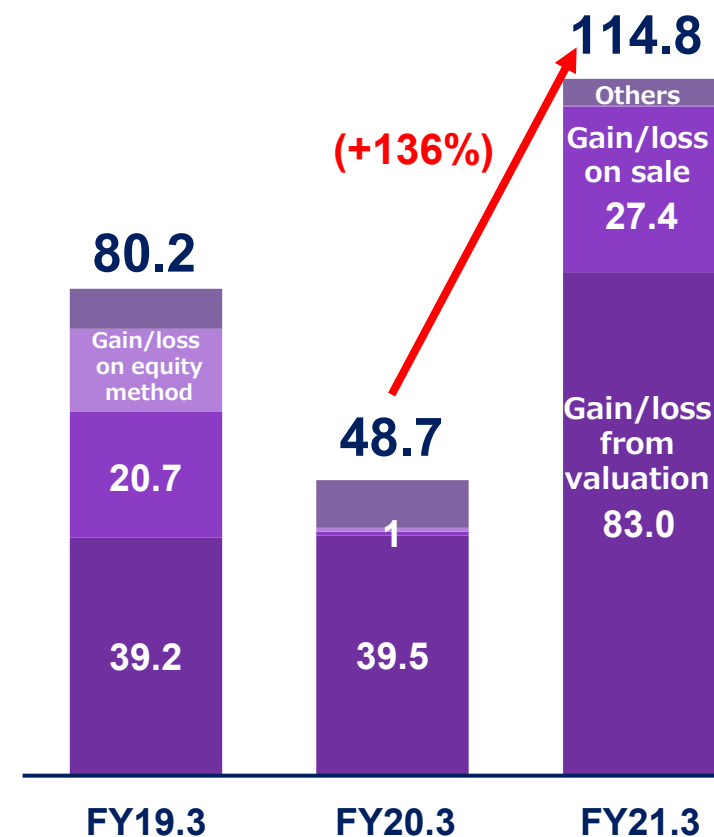
Portfolio by Regions



※The investees of DG Ventures, DK Gate, D2 Garage, econtext ASIA EC Fund

Revenue

(JPY in 100 Millions)





Growth in promising investments for DX in the era of COVID-19 in Japan, Asia, and North America. Listing and Exiting portfolio companies progress steadily

Japan

Implemented investments in IPO reserve groups of leading domestic companies

Idein

[Japan]



Idein Inc.

2.2% Stake

Realize faster in-depth learning inference on inexpensive general-purpose devices, develop edge AI platforms using such technologies, and provide services to developers and business companies that develop, introduce, and utilize AI/IoT systems

QD Laser ✓

[Japan]



QD LASER

Exited after listing

Develop and provide new semiconductor laser solutions in the telecommunications, industrial, medical, and consumer sectors as a pioneer in the commercialization of quantum dot laser technology

Psychic VR Lab

[Japan]



Psychic VR Lab

1.6% Stake

Provides STYLY, a VR creative platform that provides artists with a place to express space. Through that space, it is possible to share experiences that could not be achieved in reality into the Internet world

※The investees and Exit of DG Ventures, DK Gate, D2 Garage, econtext ASIA EC Fund, DG lab Fund

Asia

Investing in prominent companies such as Vietnam, India and Indonesia. Forming SPACs may be expected

Sen Do Technology

[Vietnam] **12.7% Stake**



Operates Sendo, a marketplace for C2C and B2C in Vietnam, and provides electronic wallet services

Droom Technology

[India] **3.2% Stake**



Operates Droom, India's largest automotive buying and selling online marketplace

NoBroker Technologies Solutions

[India] **1.8% Stake**



NOBROKER.COM™

Operates India's peer-to-peer property marketplace. Using this service, people can rent/buy houses online without brokers

Tokopedia

[Indonesia] **0.3% Stake**



Indonesia's largest online marketplace

North America

Invest in Unicorns and potential-Unicorns, mainly in DX/FinTech ThredUp and Coinbase listed on NASDAQ

MX Technologies

[US] **3.5% Stake**



Offers a PFM (personal financial management) tool for financial institutions in the US

ThredUp ✓

Listed on Nasdaq

[US] **0.6% Stake**



Secondhand Clothes. Firsthand Fun.

The world's largest fashion resale platform, inspiring a new generation to think secondhand first

indie Semiconductor

[US] **1.3% Stake**



Provides automotive semiconductors and software platforms

Coinbase ✓

Listed on Nasdaq

[US] **0.04% Stake**



The largest cryptocurrency exchange in the US. Provides various services to more than 100 countries

Blockstream

[US] **8.4% Stake**



Blockstream

Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications



Balance of Operating Investment Securities

(JPY in 100 Millions)





IV Long-term Incubation Segment

	Revenue	Profit before tax
FY20.3	7,929 M JPY	4,701 M JPY
FY21.3	5,931 M JPY	2,653 M JPY

▶ **Kakaku.com, Inc.** (20% stake/equity method)

Operates purchase support service Kakaku.com, restaurant review and restaurant service tabelog, and New Media and Solutions



▶ **Crypto Garage, Inc.**

Promoting development of advanced financial services utilizing blockchain technology and cryptography technology with Tokyo Tanshi Co., Ltd.



▶ **Brainscan Technologies, Inc.**

MRI business for drivers



▶ **ACADEMIE DU VIN**

Operation of wine schools and development of community and e-commerce businesses utilizing digital technologies



NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

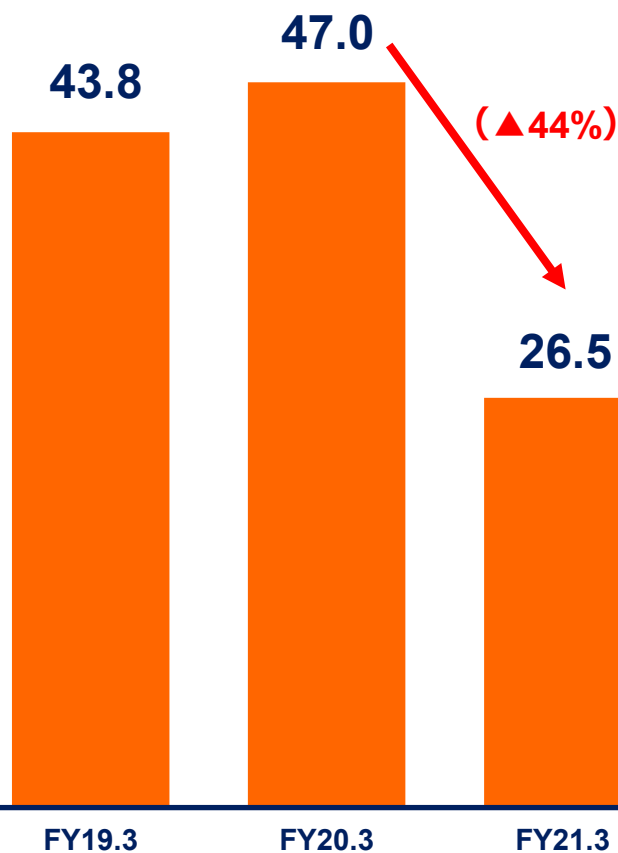


LTI segment's core business, Kakaku.com, declined due to COVID-19. Steady Progress in Strategic Businesses under Development

~ Kakaku.com's profits declined, mainly due to the impact of restaurant and travel-related businesses, but EC and job information websites remained firm. Crypto Assets and Digital Health going into operation ~

Profit Before Tax

(JPY in 100 Millions)

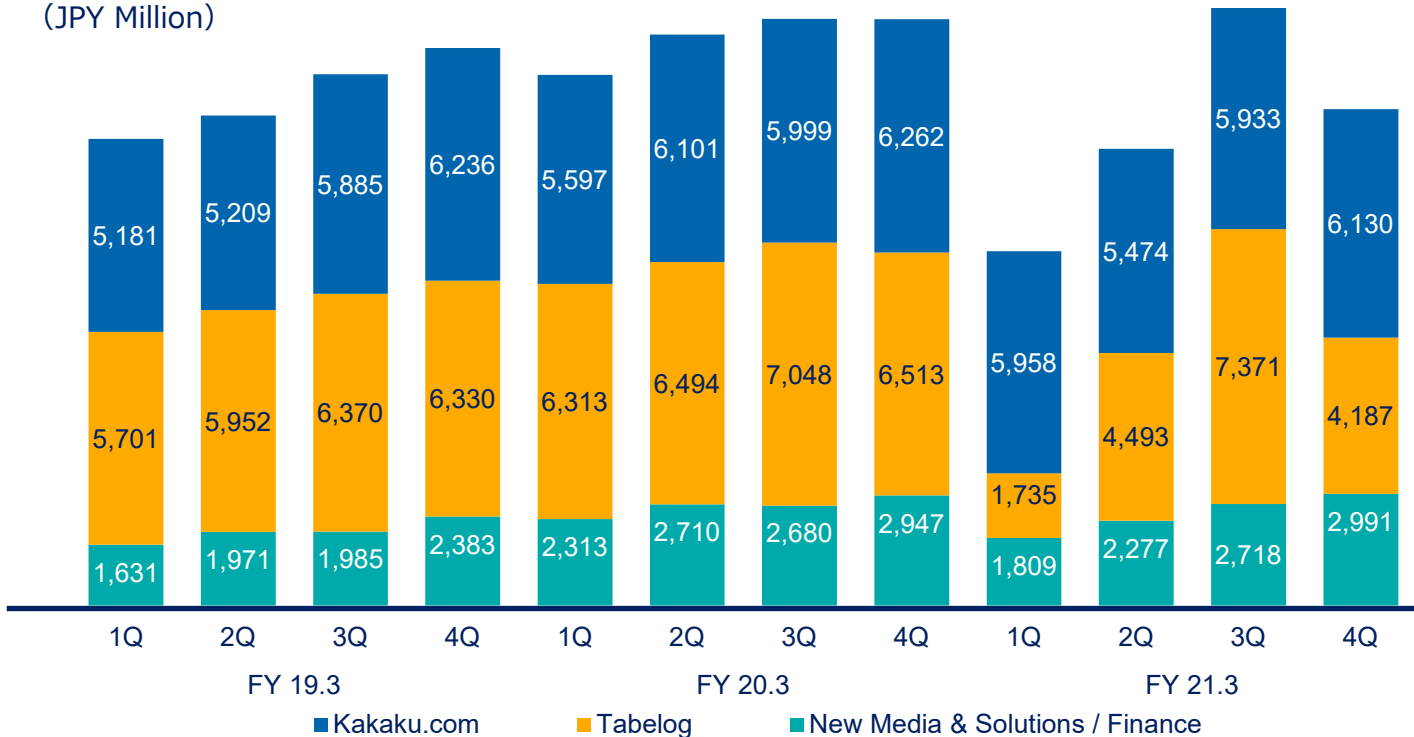


Business Progress of Kakaku.com, Inc.


[Quarterly Consolidated Revenue for Kakaku.com Group] Consolidated Revenue YoY ▲16.2%

(JPY Million)

Ref. kakaku.com, Inc. Results Briefing for FY 21.3







CRYPTO GARAGE

Crypto Garage


Prepared for full-scale operation in the first half of to build next-generation global financial infrastructures


- Bitcoin Inside Chain (Liquid Network), operated by DG investee Blockstream, has grown to 59 participants
- Blockstream’s Bitcoin Mining business is driving its core business

Full-fledged use by high-quality crypto asset operators in Japan and overseas will start, and full-fledged business started in the first half of FY22.3

Crypto Garage’s Business Model

- DvP payment services for inter-corporate transactions
- Demand for exchange coverage is expected to increase in line with the expansion of the scale of distribution





BRAINSCAN TECHNOLOGIES

Brainscan Technologies, Inc.

Under development of the service, which utilizes the big data and AI of the brain

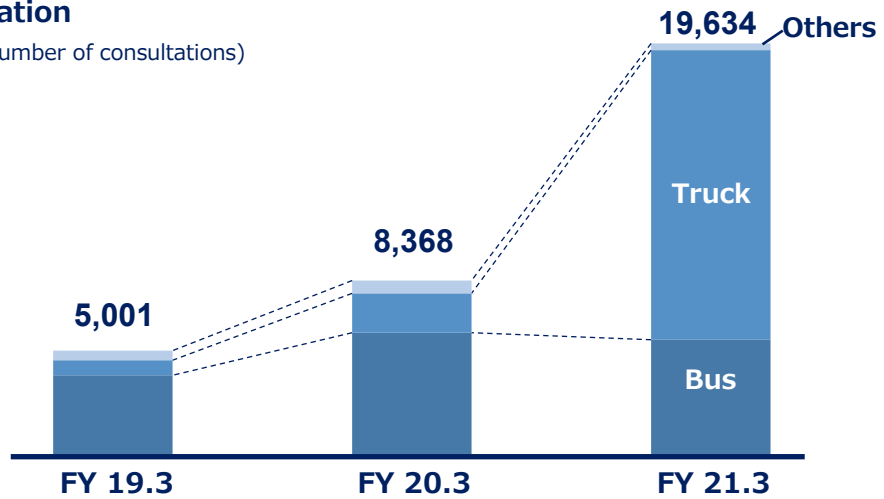
- The number of brain MRI medical examination consultations were about 20,000 (2.4x YoY), showing strong growth, achieved profitability throughout the year
- Promotion of new businesses based on analysis of brain MRI medical examination data

Aiming to Service Development and monetization by Platform of Health Care Data

The Number of Brain MRI Medical Examination Consultations

- The number of consultations in this term increased significantly due to consultations via the Truck Drivers Health Insurance Association

(The number of consultations)



Fiscal Year	Truck	Bus	Others	Total
FY 19.3	0	0	5,001	5,001
FY 20.3	0	0	8,368	8,368
FY 21.3	15,000	2,000	2,634	19,634

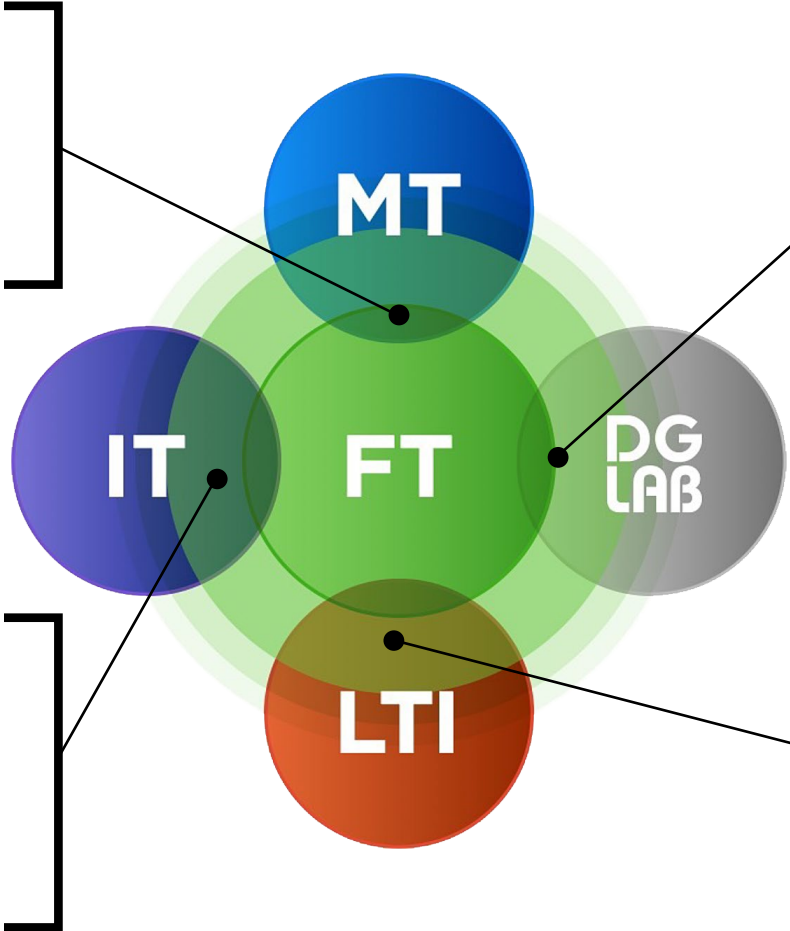
Outline of DG FinTech Shift





Shift from Gradual Federal Management to Recurring Management Centered on FT

FT × MT
• Marketing support for payment clients



FT × DG Lab
• Real Estate DX / Legal Tech Business
• Contextual ad / next-generation advertising business in the post-cookie era

FT × IT
• Settlement and marketing support for investees

FT × LTI
• Next-generation FinTech business

Full-Scale Launch of Group Strategy "DG FinTech Shift"



- ✓ Establishment in 1997
- ✓ Leading the Japanese EC payment market as a pioneer of EC payments, centered on credit card payments



- ✓ Establishment in 2000
- ✓ Providing payment services and remittance services, including convenience store payments and bank payments

April 1, 2021
Business Integration
Accelerating

"DG FinTech Shift"

1

- ✓ Synergies with each segment of the DG Group (MT, IT, LTI)
- ✓ Focusing on initiatives in the next-generation FinTech business

2

- ✓ Improved decision-making speed and operational efficiency
- ✓ Cost synergies such as system investment and reduction of operating costs



Achievement of Profit before tax of 10 B JPY in 2025

Appendix





Category 1	Category 2	Definition	Description	Profit Structure
Spread Type	PSP* Business *Payment Service Provider	<ul style="list-style-type: none"> ✓ Payment such as credit card payment, which are fees that are based on <u>the payment amount</u> 	<p>EC payments, face-to-face settlements, etc.</p> <p>Representative contract: stands in between merchants and credit card companies as a collection agency</p>	<p>Payment amount × take rate</p> <p>※ Take rate depends on the types of payments and merchants' products.</p>
Fee Type		<ul style="list-style-type: none"> ✓ Payment in which fees are paid according to <u>the number of transaction, mainly data processing etc.</u> 	<p>EC payments, face-to-face settlements, etc.</p> <p>Direct contract: Payment data processing</p>	<p>Number of transaction × unit price</p>
Shop Payment Type		<ul style="list-style-type: none"> ✓ Payment settlement by convenience store terminal 	<p>Payment for EC purchases, online tickets, etc. at convenience stores</p> <p>※Provides to domestic PSP competitors and merchants</p>	<p>Number of transaction × unit price</p>
Stock Type		<ul style="list-style-type: none"> ✓ Fixed income generated by fixed monthly amount such as monthly basic fee, OEM offer fee, and operation fee for payment system 	<p>Fixed monthly fee for the service by merchants, regardless of the payment method</p>	<p>Active merchants × fixed monthly amount</p>
EC/DX business	EC/DX Business	<ul style="list-style-type: none"> ✓ Revenues from fraud detection service, refund remittance service, payment peripheral businesses such as EC optimization services, and shares of profits of (three) investments accounted for using equity method 	<p>Revenues from investments accounted for using equity method and businesses other than payment services</p>	<ul style="list-style-type: none"> ✓ equity-method investment profits (ANA DG, TDP) ✓ Revenue of NaviPlus Co., Ltd. ✓ Revenue of fraud detection system, etc. ✓ CASH POST, post-settlement payments, equity-method investment profits (SCORE), etc.

Financial Results: Consolidated PL (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result
■ Continuing operations				
Revenue	25,503	35,687	36,936	40,478
Revenue in recurring business	18,141	22,713	26,687	24,945
Revenue in operational investment securities	1,007	6,090	4,020	11,031
Other income	2,111	1,933	2,416	1,949
Finance income	764	117	93	59
Share of profit of investments accounted for using equity method	3,481	4,835	3,720	2,495
Expenses	17,127	22,264	26,929	26,161
Cost of sales	7,187	10,401	12,036	10,697
Selling, general and administrative expenses	9,095	11,296	14,022	14,537
Other expenses	542	332	492	617
Finance costs	303	235	379	311
Profit before tax	8,376	13,424	10,008	14,317
Income tax expense	1,857	4,088	2,677	4,798
Profit from continuing operations	6,518	9,336	7,331	9,518
■ Discontinued operations				
Revenue	3,260	1,261	-	-
Expenses	3,403	1,655	-	-
Profit (loss) before tax	-143	-394	-	-
Income tax expense	38	-225	-	-
Loss (gain) on sales on discontinued operations	-	898	-	-
Income tax expense from sale of discontinued operations	-	275	-	-
Profit (loss) from discontinued operations	-181	454	-	-
Profit	6,337	9,790	7,331	9,518
Owners of parent	6,412	9,771	7,420	9,786
Non-controlling interests	-75	19	-89	-267



Financial Results: Consolidated PL by Segments (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result
Revenue	25,503	35,687	36,936	40,478
Financial Technology	5,929	7,447	8,609	9,666
Marketing Technology	9,939	12,922	15,375	13,049
Incubation Technology	2,553	8,022	4,868	11,482
Long-term Incubation	6,301	7,133	7,929	5,931
Others/Adjustments and Eliminations	781	164	155	351
Profit before tax	8,376	13,424	10,008	14,317
Financial Technology	2,809	3,349	4,049	4,118
Marketing Technology	1,856	1,215	1,853	735
Incubation Technology	1,321	6,889	3,563	10,264
Long-term Incubation	3,621	4,378	4,701	2,653
Others/Adjustments and Eliminations	-1,231	-2,408	-4,158	-3,452

NOTE) Segment revenue and profit before tax are before elimination of intersegment transaction and corporate revenue and expenses.



Digital Garage

Please note that the business forecasts and strategies covered in today's presentation are based on our current evaluation and future results may vary significantly depending on unforeseeable events or circumstances. This announcement is solely for the purpose of the investors relationship and is not for making any solicitation for investment in any securities. This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any securities of our consolidated subsidiaries have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements.



DECENTRALIZED SMART ECOSYSTEMS



Pongaea

we are one

< 2020-2025 Mid-term Plan > **Designing our New Normal Context**

Digital Garage, Inc.

**FYE March 31, 2021 Financial Report
~ Supplementary Explanatory Material ~**



Digital Garage

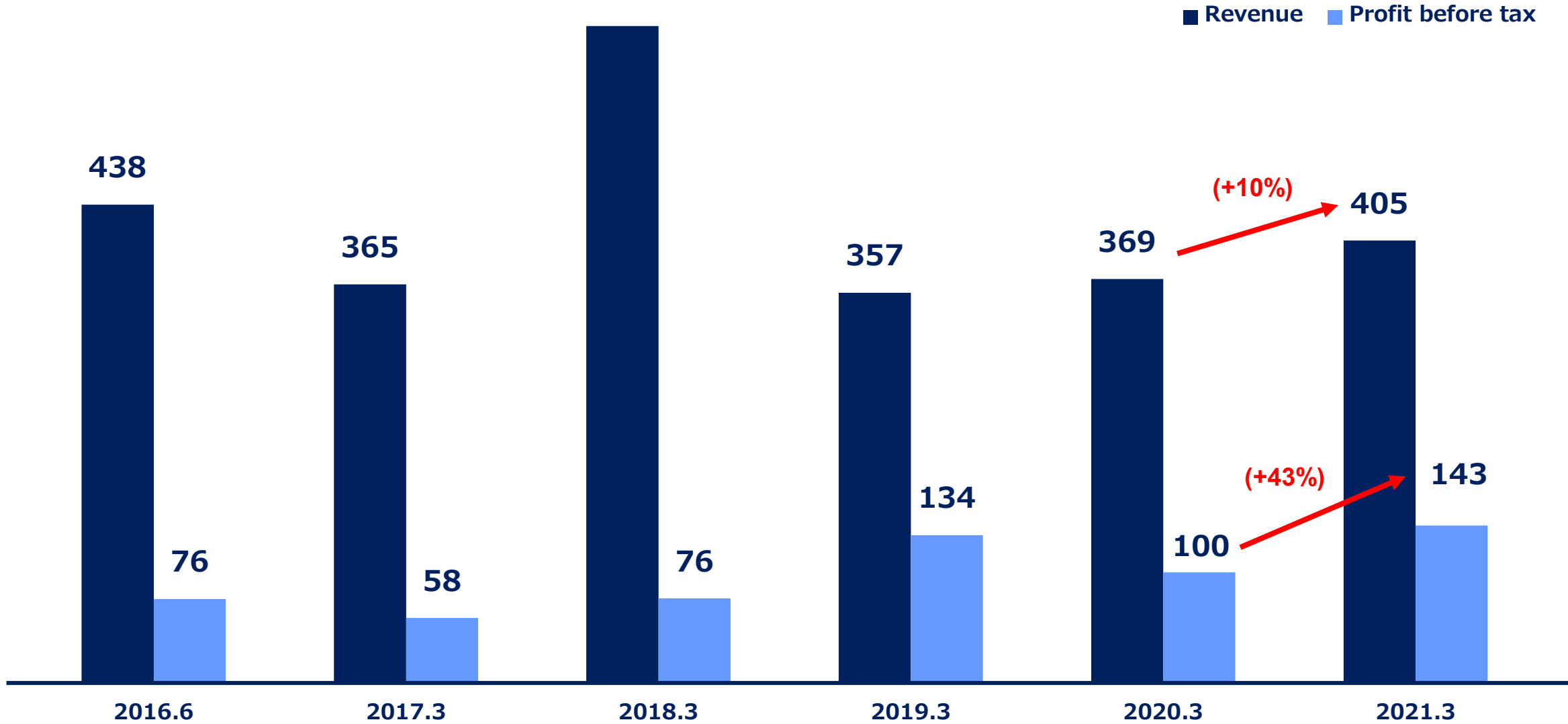
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Transition of Consolidated Revenue and Profit Before Tax

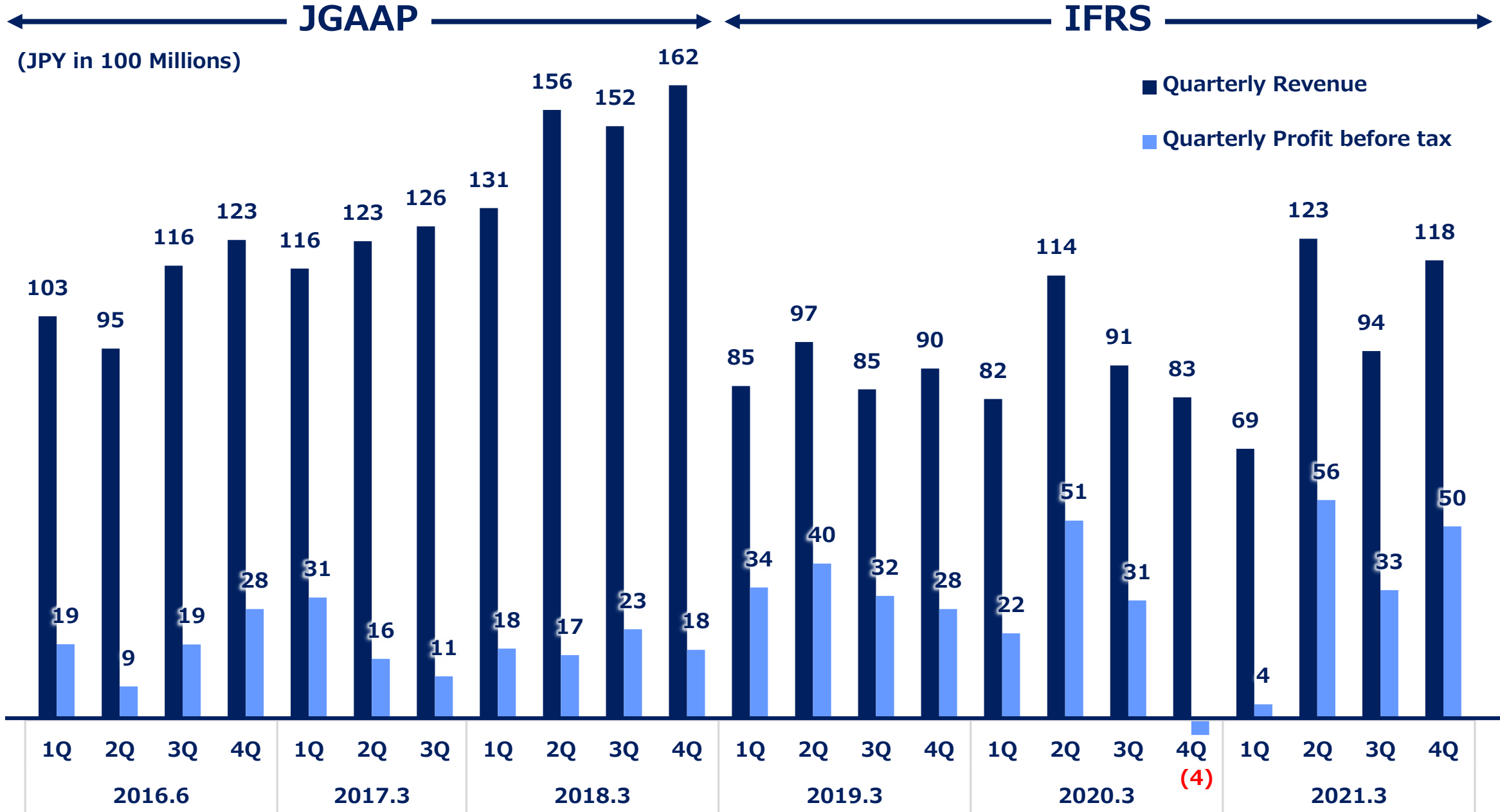


← JGAAP → ← IFRS →

(JPY in 100 Millions)



Transition of Quarterly Revenue and Profit Before Tax



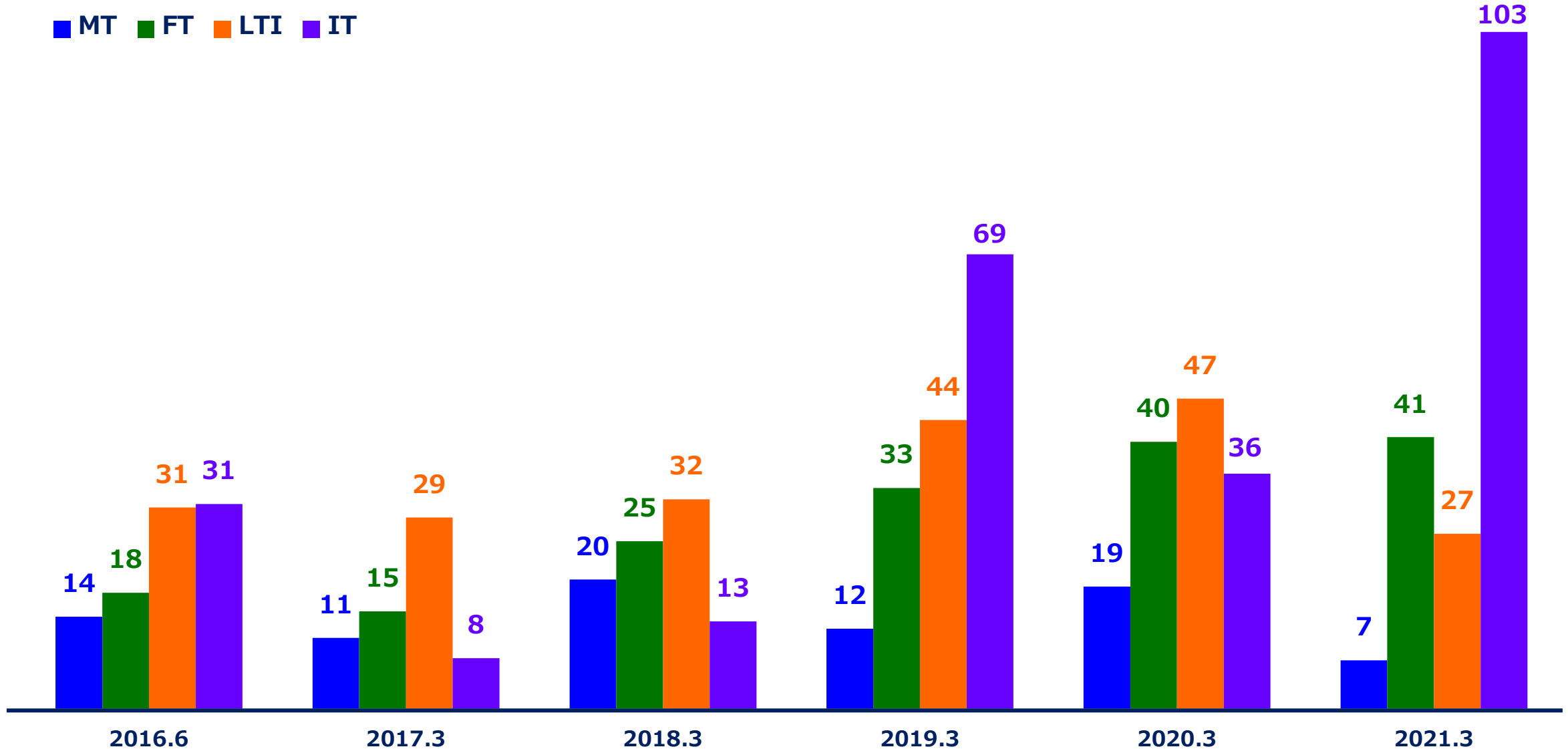
Profit Before Tax Transition by Segments



← JGAAP → ← IFRS →

(JPY in 100 Millions)

■ MT ■ FT ■ LTI ■ IT



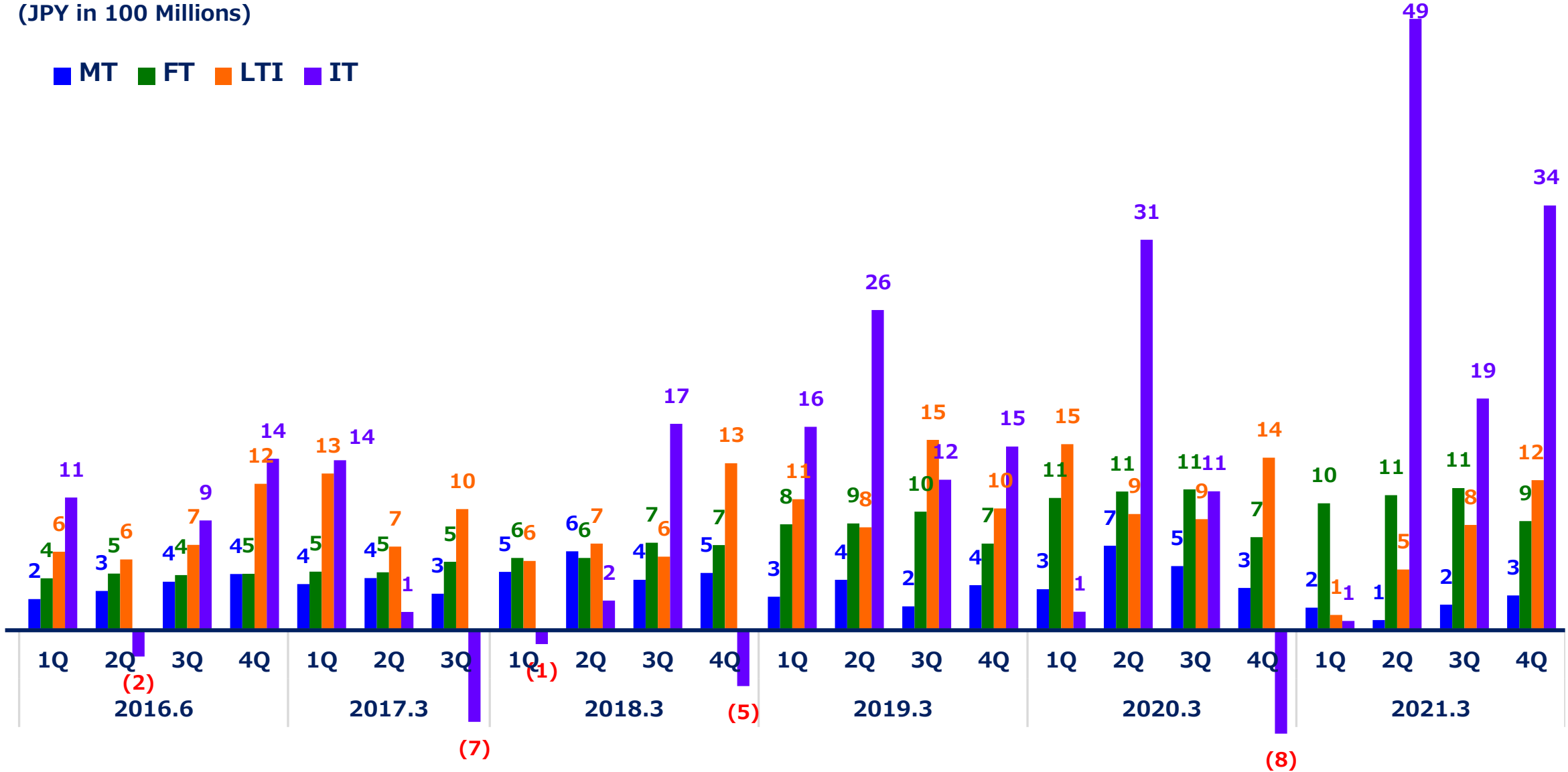
Transition of Quarterly Profit Before Tax by Segments



← JGAAP → ← IFRS →

(JPY in 100 Millions)

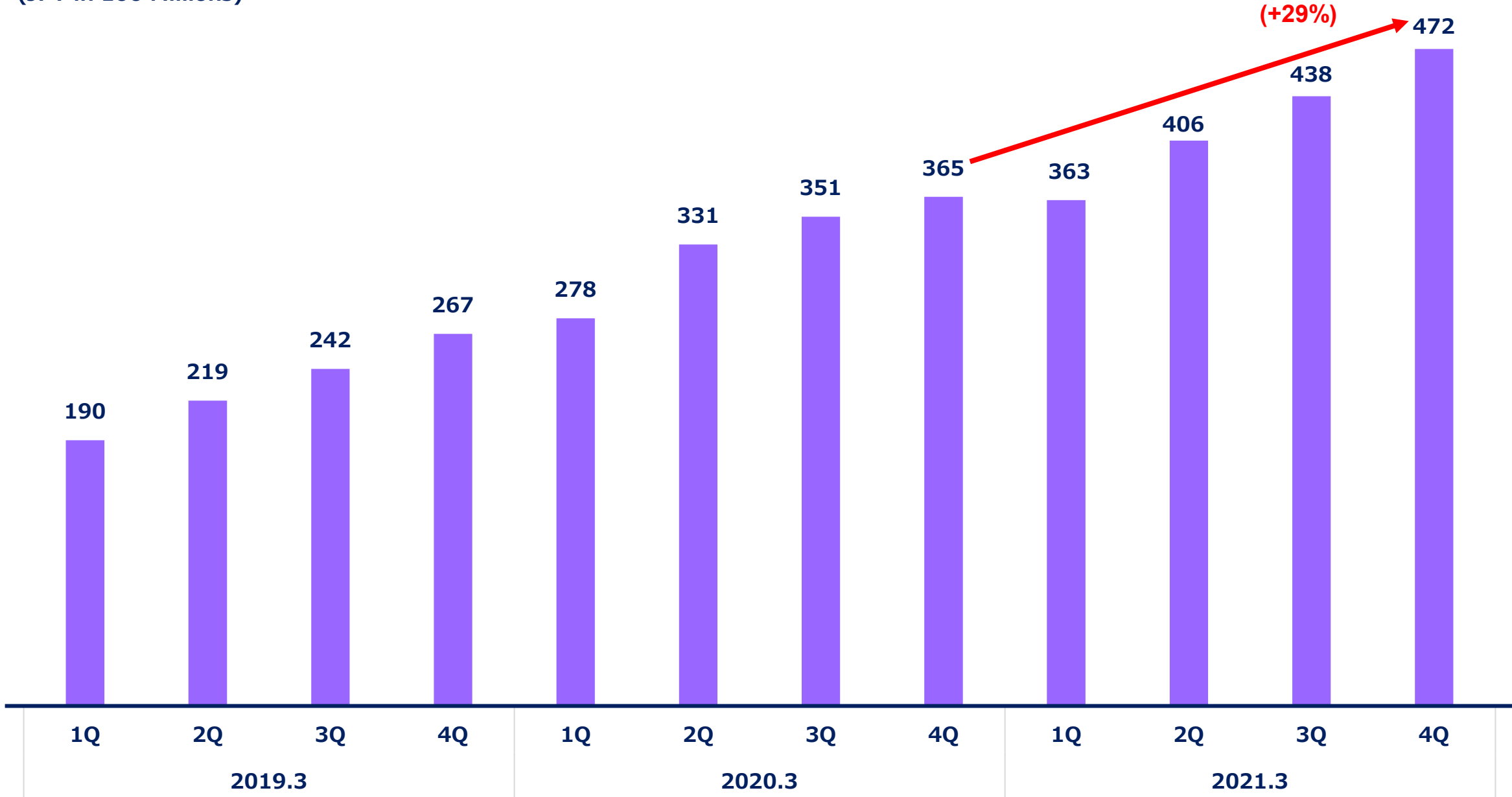
■ MT ■ FT ■ LTI ■ IT



Transition of Quarterly Balance of Operating Investment Securities



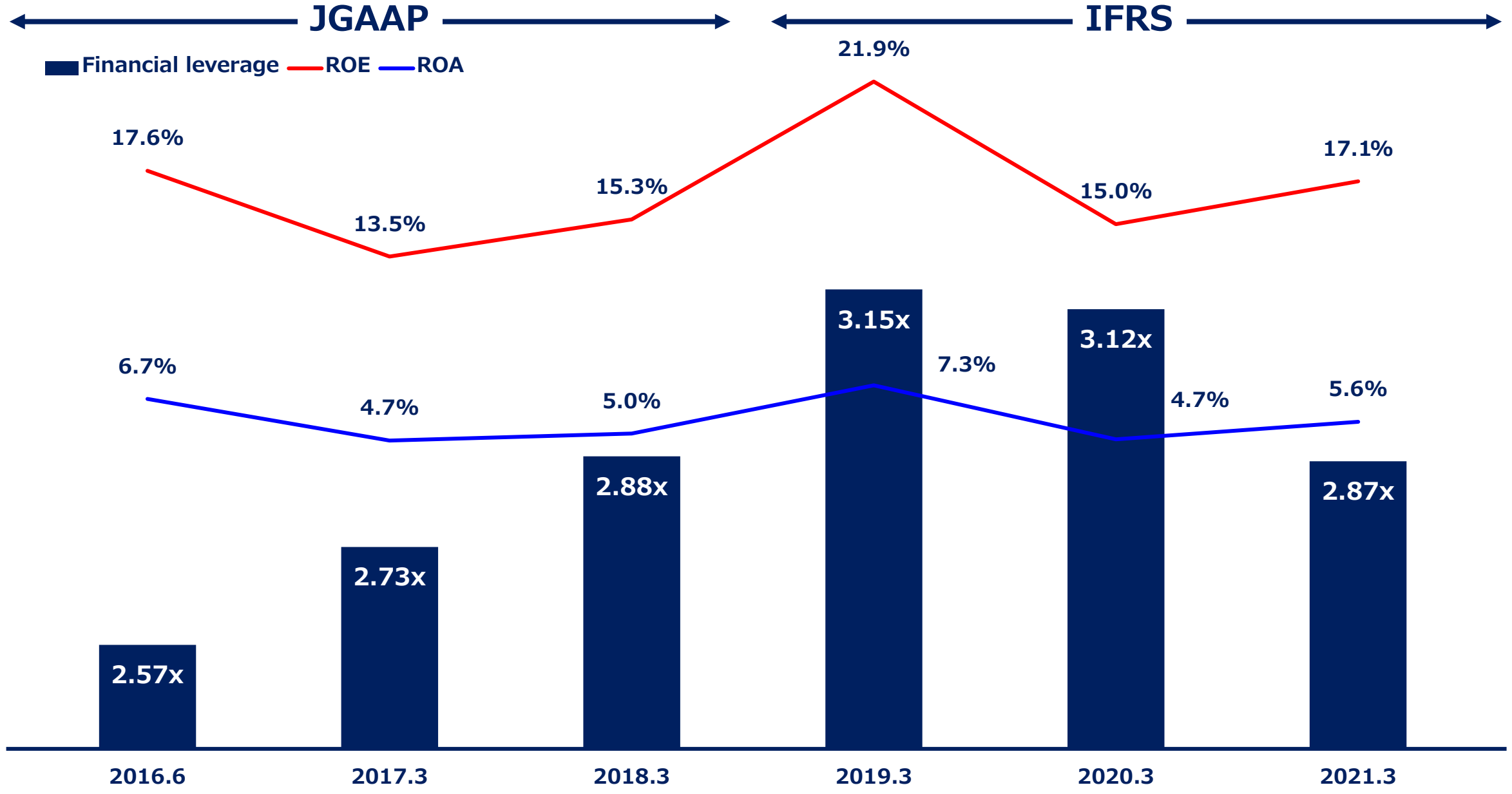
(JPY in 100 Millions)



(+29%)

472

ROE, ROA, Financial Leverage Transition



FT Segment





FT Segment – Revenue of PSP Business

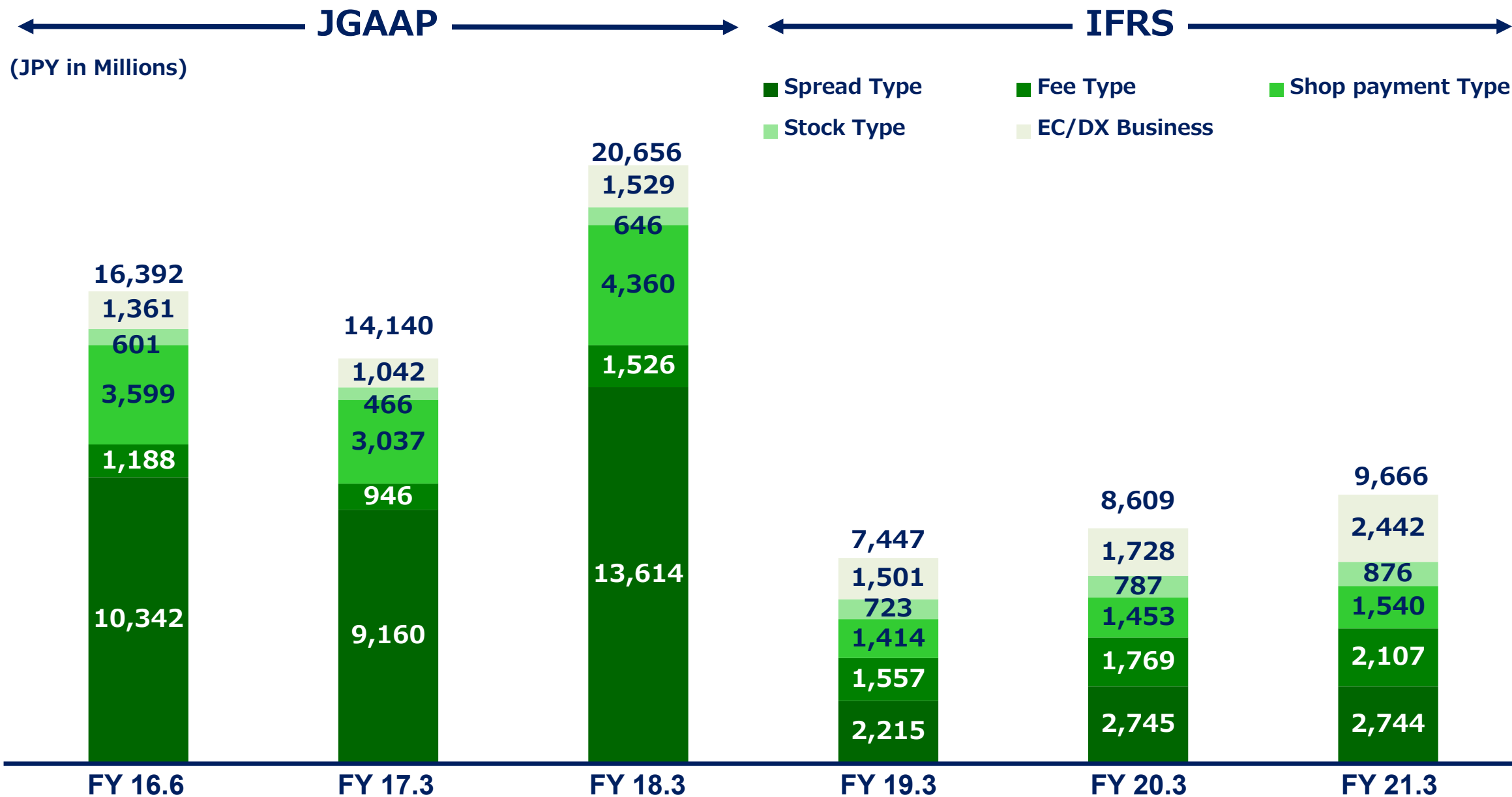
- In the Payment Service Provider (PSP), payments received by consumers through credit card companies and convenience stores, etc. are delivered to EC operators, etc., which are PSP's clients
- The net amount of fees received from clients less fees paid to Credit Card companies, etc. is recorded as revenue



<u>JGAAP</u>	Sales = Fees received from clients	Cost of sales = Fees paid to Credit Card Company etc.	Gross Profit = Fees received from clients – Fees paid to Credit Card Company etc.
<u>IFRS</u>	Revenue = Fees received from clients – Fees paid to Credit Card Company etc.		JGAAP Gross Profit ≡ IFRS Revenue



FT Segment - Transition of Revenue (Category 1)



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

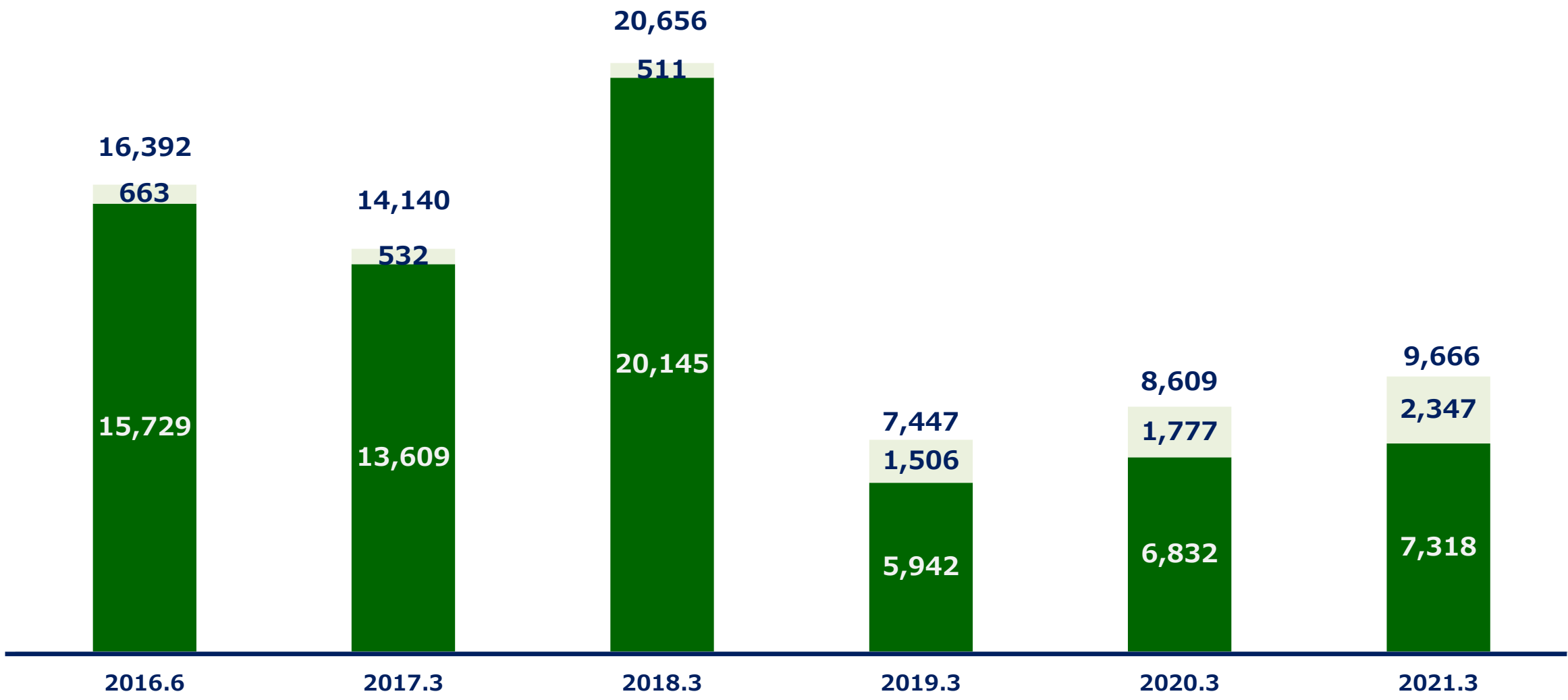
FT Segment - Transition of Revenue (Category 2)



← JGAAP → ← IFRS →

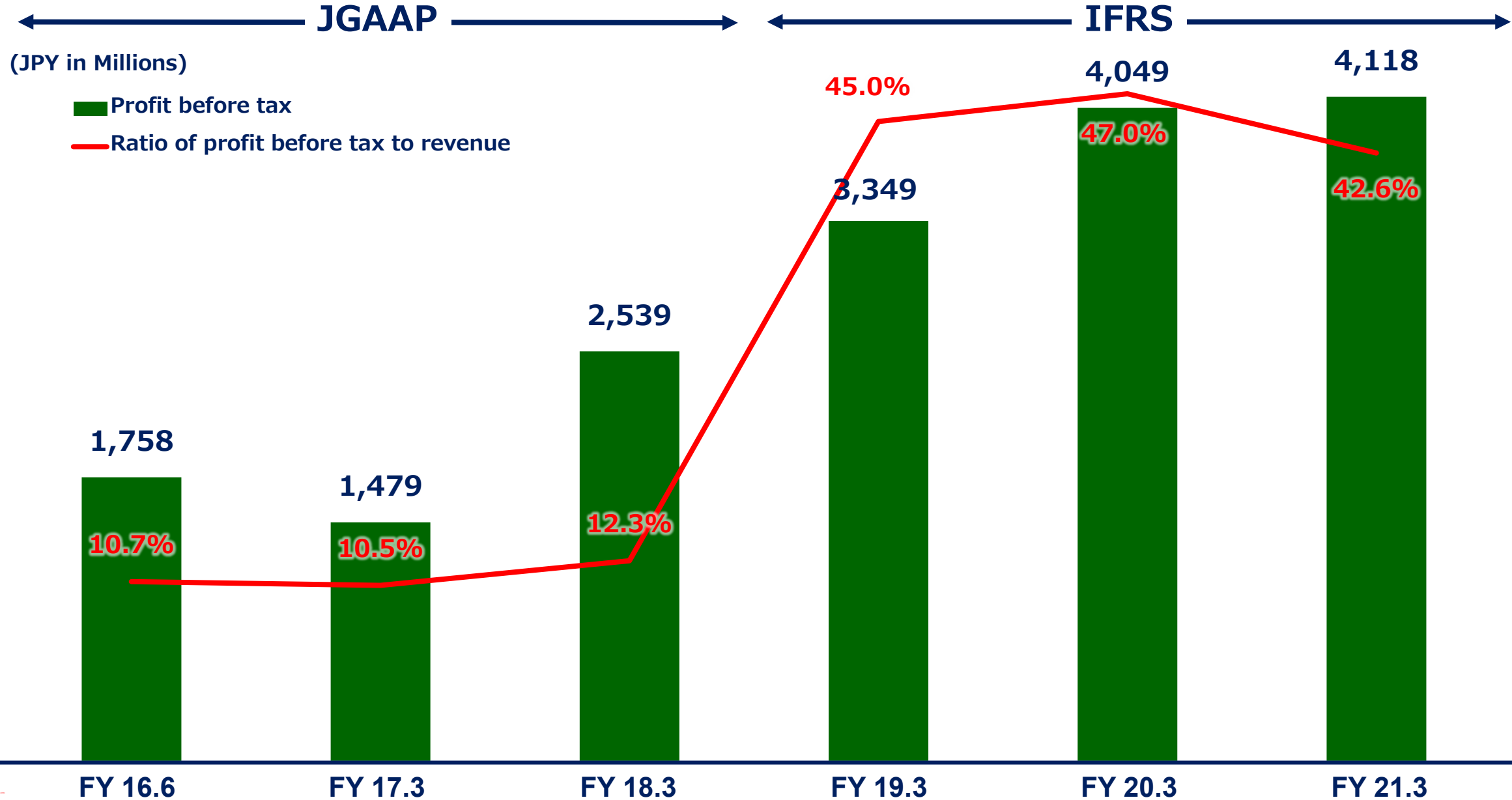
(JPY in Millions)

■ PSP Business ■ EC/DX Business



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

FT Segment - Transition of Profit Before Tax and Ratio of Profit Before Tax to Revenue



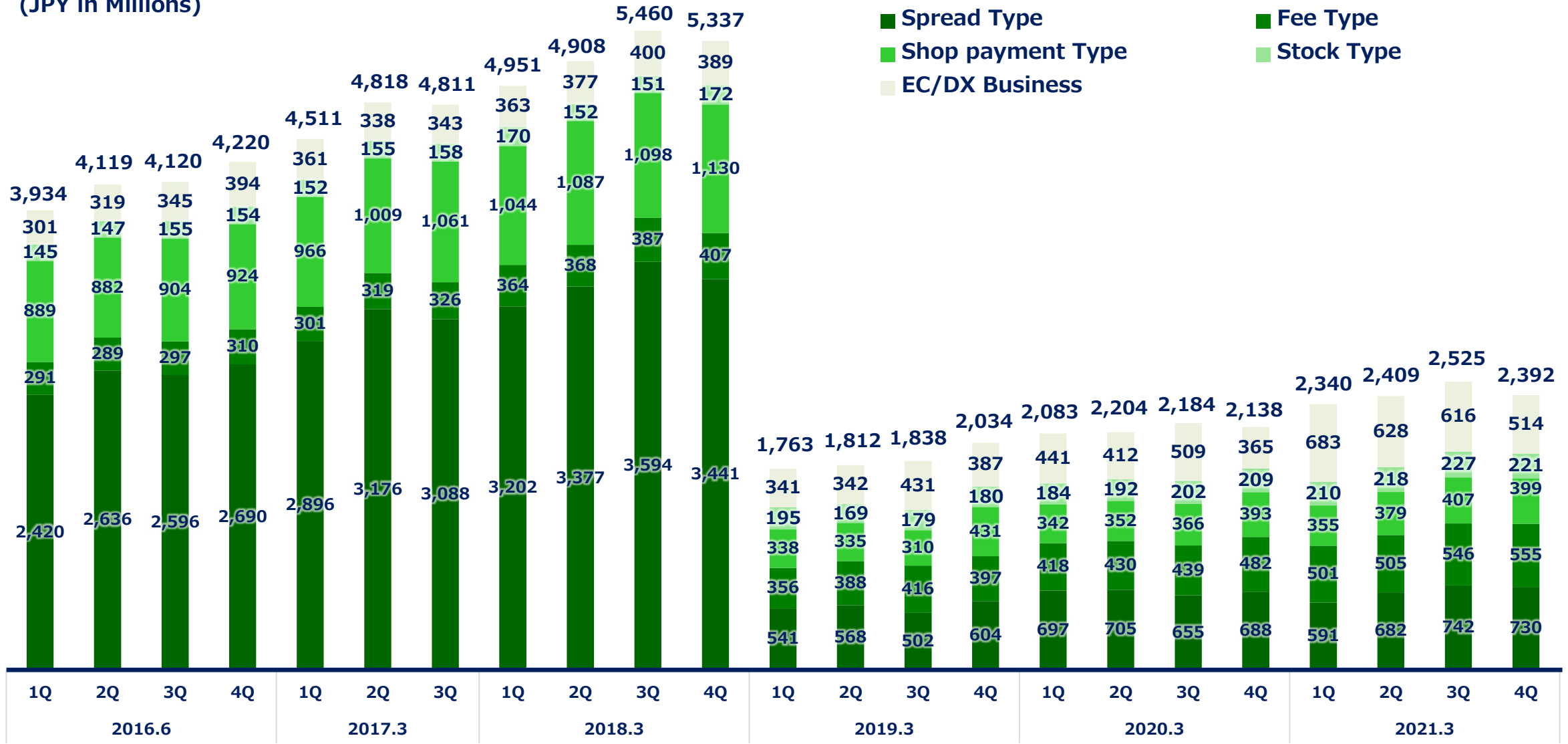
NOTE) Figures for the period FY 2016 to FY 2018 are calculated by subtracting the cost directly from sales, and taking sales as revenues. FY 2017 was the 9-month period, due to a change of the fiscal year end

FT Segment - Transition of Quarterly Revenue (Category 1)



← JGAAP → ← IFRS →

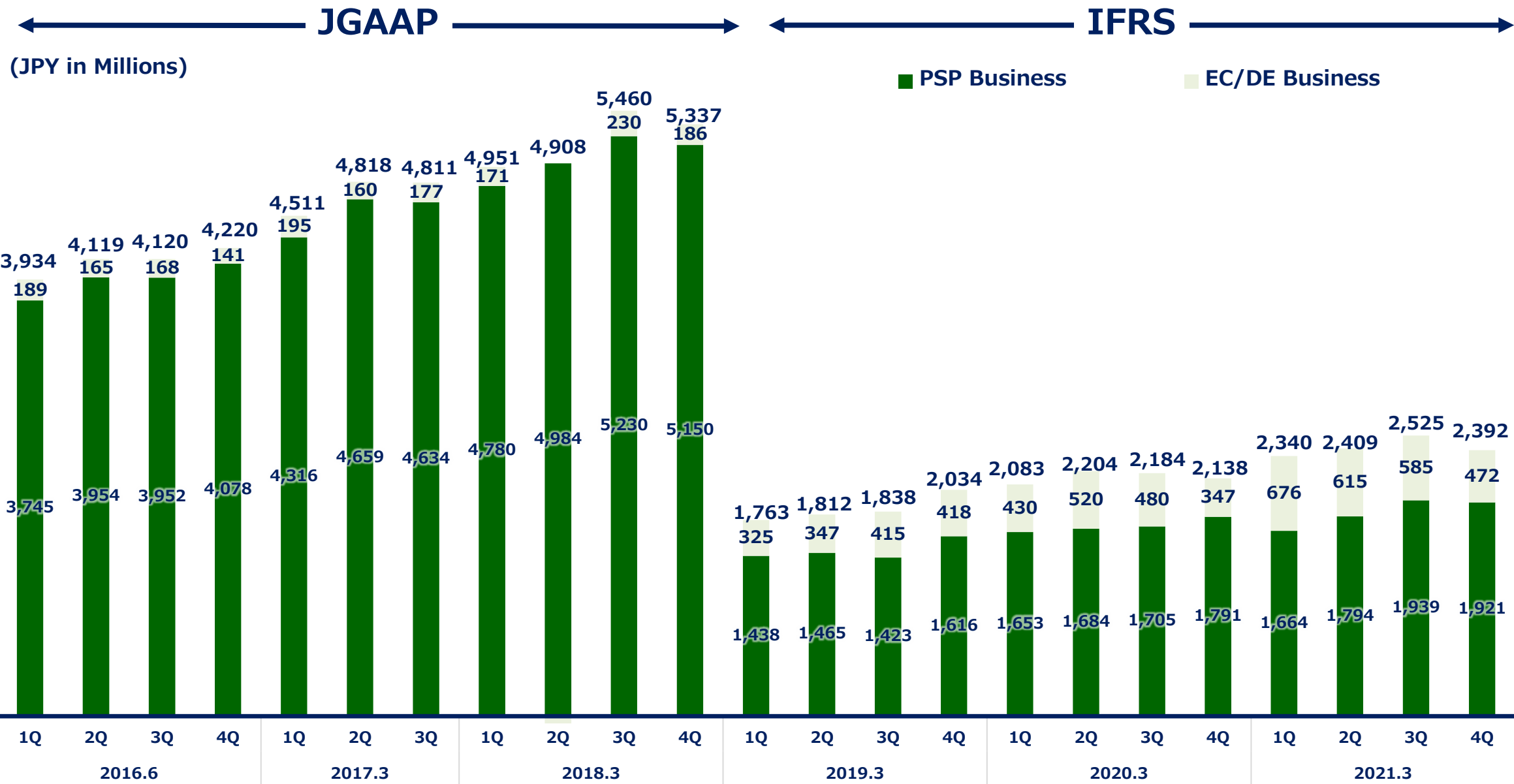
(JPY in Millions)



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end



FT Segment - Transition of Quarterly Revenue (Category 2)



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

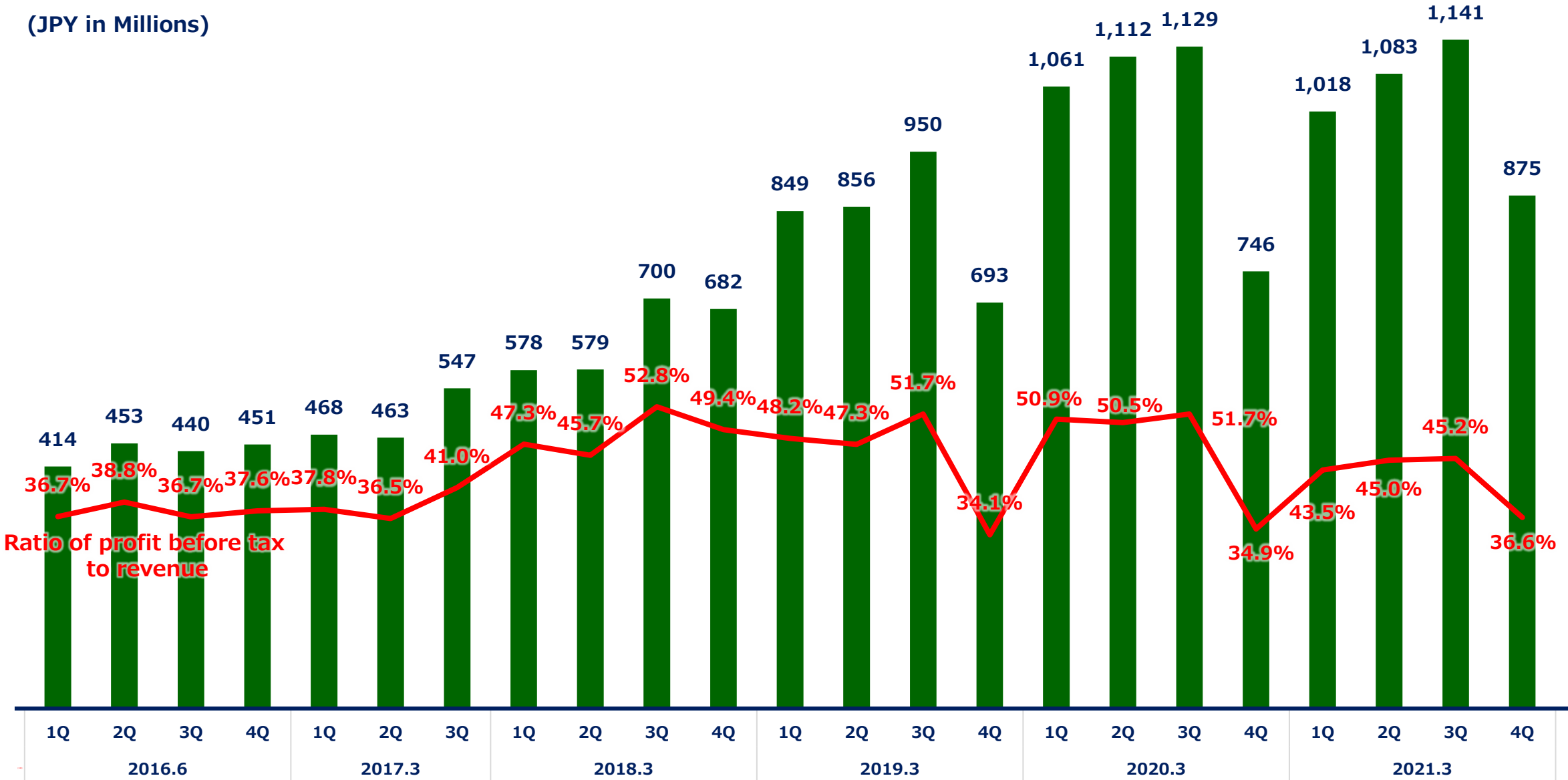
FT Segment - Transition of Quarterly Profit Before Tax and Ratio of Profit Before Tax to Revenue



JGAAP

IFRS

(JPY in Millions)



NOTE) Figures for the period FY 2016 to FY 2018 are calculated by subtracting the cost directly from sales, and taking sales as revenues. FY 2017 was the 9-month period, due to a change of the fiscal year end

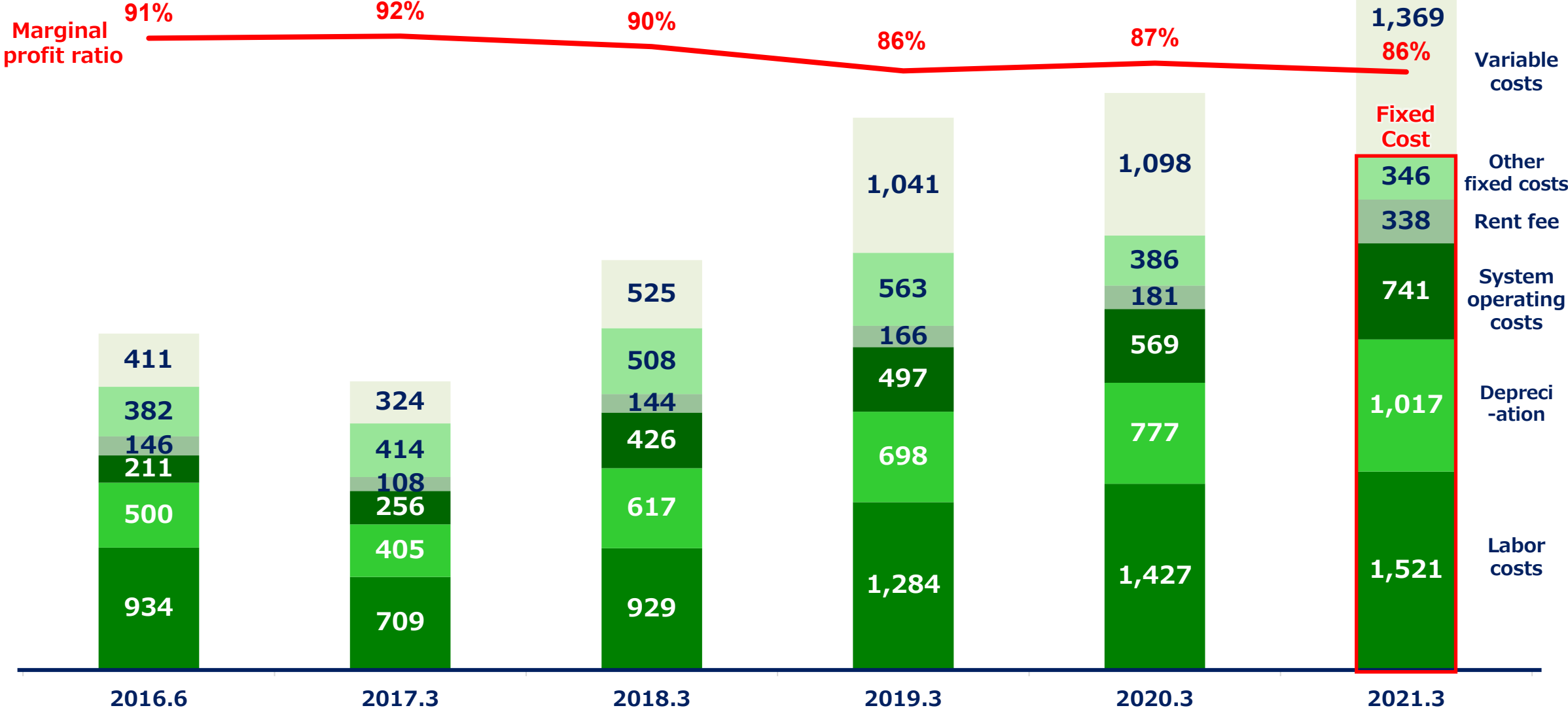
FT Segment - Transition of Costs and Marginal Profit Ratio



JGAAP

IFRS

(JPY in Millions)



NOTE) For the period FY 2016 to FY 2018, the marginal margin is calculated by deducting the cost directly from sales

FT Segment - Transition of Quarterly Costs



(JPY in Millions)

- Labor costs
- Depreciation
- System operating costs
- Rent fee
- Other fixed costs
- Variable costs



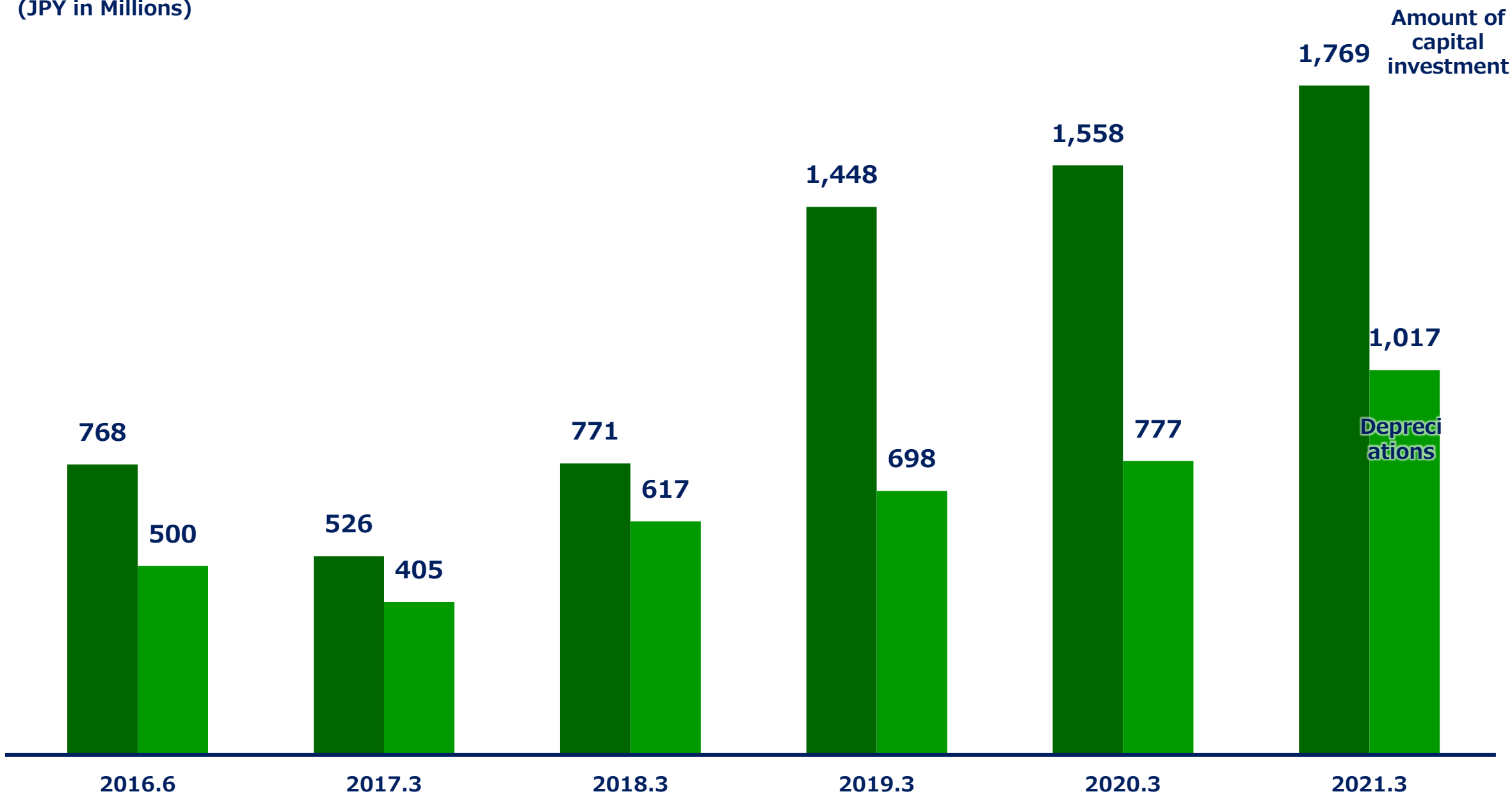
Fixed Cost



FT Segment - Transition of Amount of Capital Investment and Depreciations



(JPY in Millions)



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

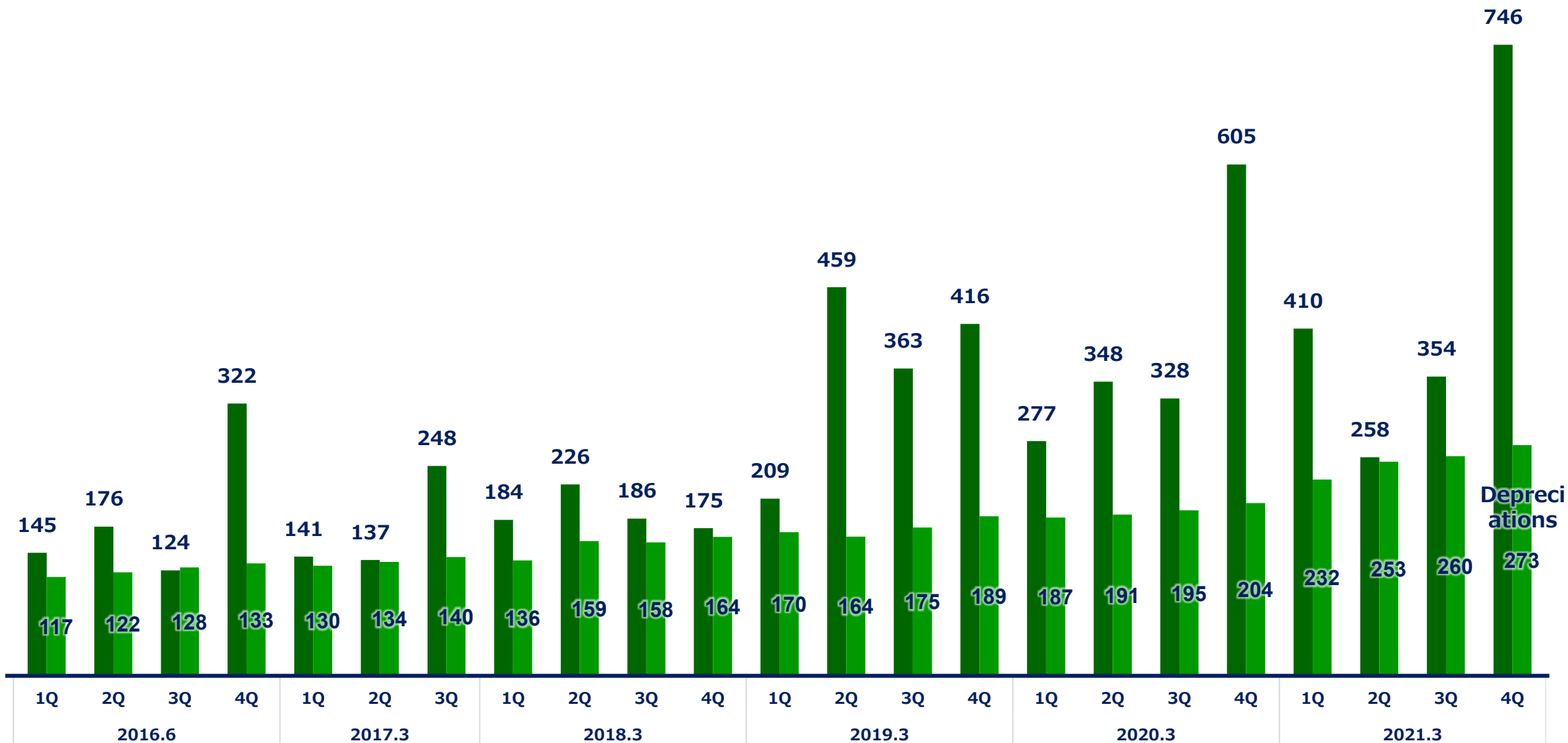


FT Segment - Transition of Quarterly Amount of Capital Investment and Depreciations



(JPY in Millions)

Amount of capital investment



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

FT Segment - Transaction Volume / Number of Transaction / Number of Merchants

Transaction Volume (JPY in 100 Millions)	Number of Transaction (Million transactions)	Number of Merchants (Merchants)																																																																																				
<p>Legend: Spread Type (Dark Green), Fee Type (Medium Green), Shop Payment Type (Light Green)</p> <table border="1"> <caption>Transaction Volume (JPY in 100 Millions)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Spread Type</th> <th>Fee Type</th> <th>Shop Payment Type</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>FY 16.6</td><td>4,139</td><td>4,833</td><td>2,570</td><td>11,542</td></tr> <tr><td>FY 17.3</td><td>3,620</td><td>3,859</td><td>2,096</td><td>9,576</td></tr> <tr><td>FY 18.3</td><td>5,309</td><td>6,674</td><td>3,074</td><td>15,056</td></tr> <tr><td>FY 19.3</td><td>6,841</td><td>10,741</td><td>3,301</td><td>20,883</td></tr> <tr><td>FY 20.3</td><td>8,106</td><td>14,417</td><td>3,367</td><td>25,890</td></tr> <tr><td>FY 21.3</td><td>8,757</td><td>18,354</td><td>3,457</td><td>30,567</td></tr> </tbody> </table>	Fiscal Year	Spread Type	Fee Type	Shop Payment Type	Total	FY 16.6	4,139	4,833	2,570	11,542	FY 17.3	3,620	3,859	2,096	9,576	FY 18.3	5,309	6,674	3,074	15,056	FY 19.3	6,841	10,741	3,301	20,883	FY 20.3	8,106	14,417	3,367	25,890	FY 21.3	8,757	18,354	3,457	30,567	<table border="1"> <caption>Number of Transaction (Million transactions)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Spread Type</th> <th>Fee Type</th> <th>Shop Payment Type</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>FY 16.6</td><td>129</td><td>73</td><td>22</td><td>224</td></tr> <tr><td>FY 17.3</td><td>110</td><td>53</td><td>19</td><td>182</td></tr> <tr><td>FY 18.3</td><td>174</td><td>86</td><td>28</td><td>288</td></tr> <tr><td>FY 19.3</td><td>198</td><td>163</td><td>33</td><td>393</td></tr> <tr><td>FY 20.3</td><td>230</td><td>221</td><td>36</td><td>487</td></tr> <tr><td>FY 21.3</td><td>312</td><td>304</td><td>41</td><td>657</td></tr> </tbody> </table>	Fiscal Year	Spread Type	Fee Type	Shop Payment Type	Total	FY 16.6	129	73	22	224	FY 17.3	110	53	19	182	FY 18.3	174	86	28	288	FY 19.3	198	163	33	393	FY 20.3	230	221	36	487	FY 21.3	312	304	41	657	<table border="1"> <caption>Number of Merchants (Merchants)</caption> <thead> <tr> <th>Fiscal Year</th> <th>Total</th> </tr> </thead> <tbody> <tr><td>FY 16.6</td><td>16,105</td></tr> <tr><td>FY 17.3</td><td>16,438</td></tr> <tr><td>FY 18.3</td><td>20,909</td></tr> <tr><td>FY 19.3</td><td>43,438</td></tr> <tr><td>FY 20.3</td><td>49,155</td></tr> <tr><td>FY 21.3</td><td>58,445</td></tr> </tbody> </table>	Fiscal Year	Total	FY 16.6	16,105	FY 17.3	16,438	FY 18.3	20,909	FY 19.3	43,438	FY 20.3	49,155	FY 21.3	58,445
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NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

Digital Garage Group

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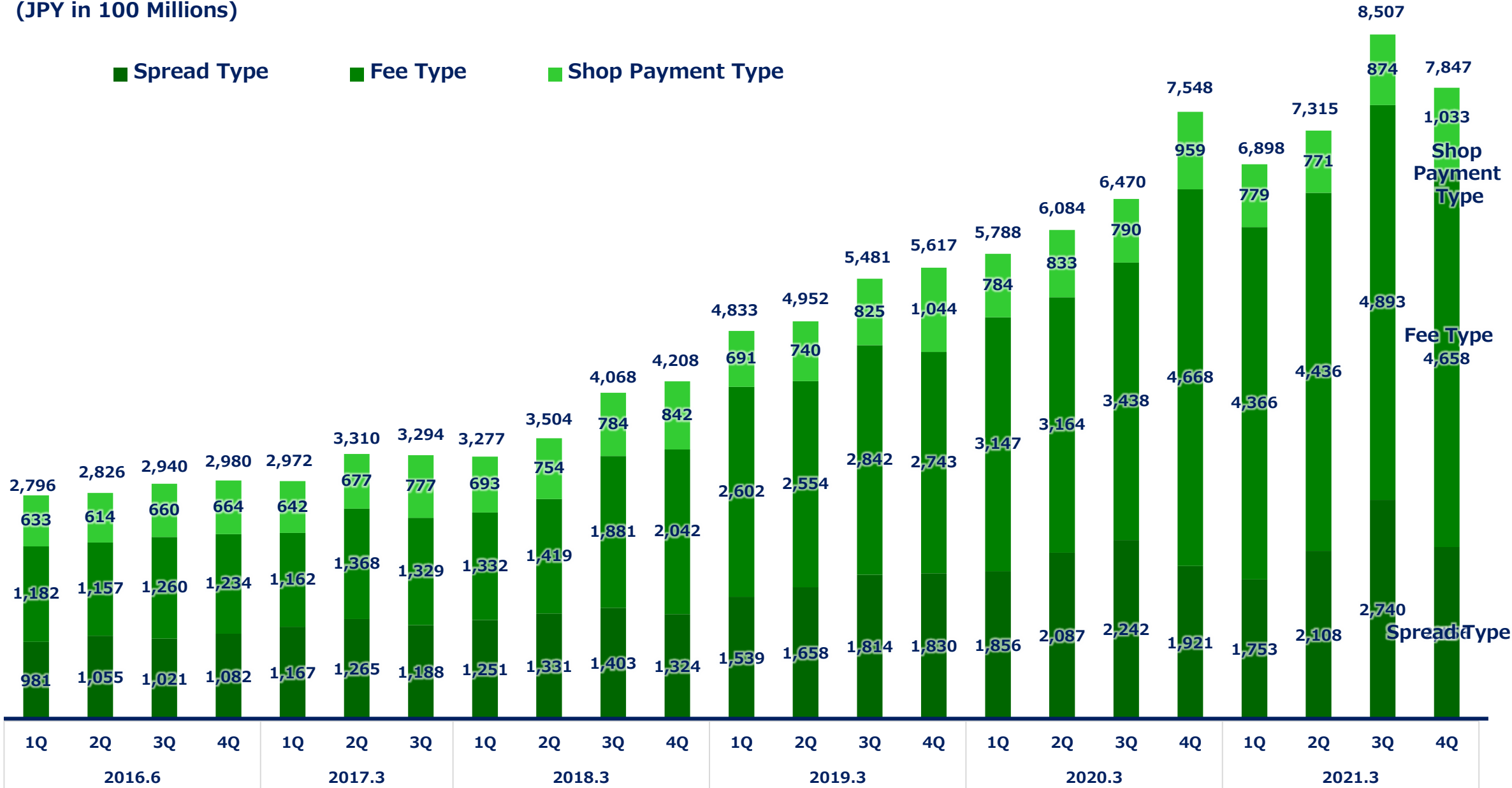
20

FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 Millions)

■ Spread Type ■ Fee Type ■ Shop Payment Type



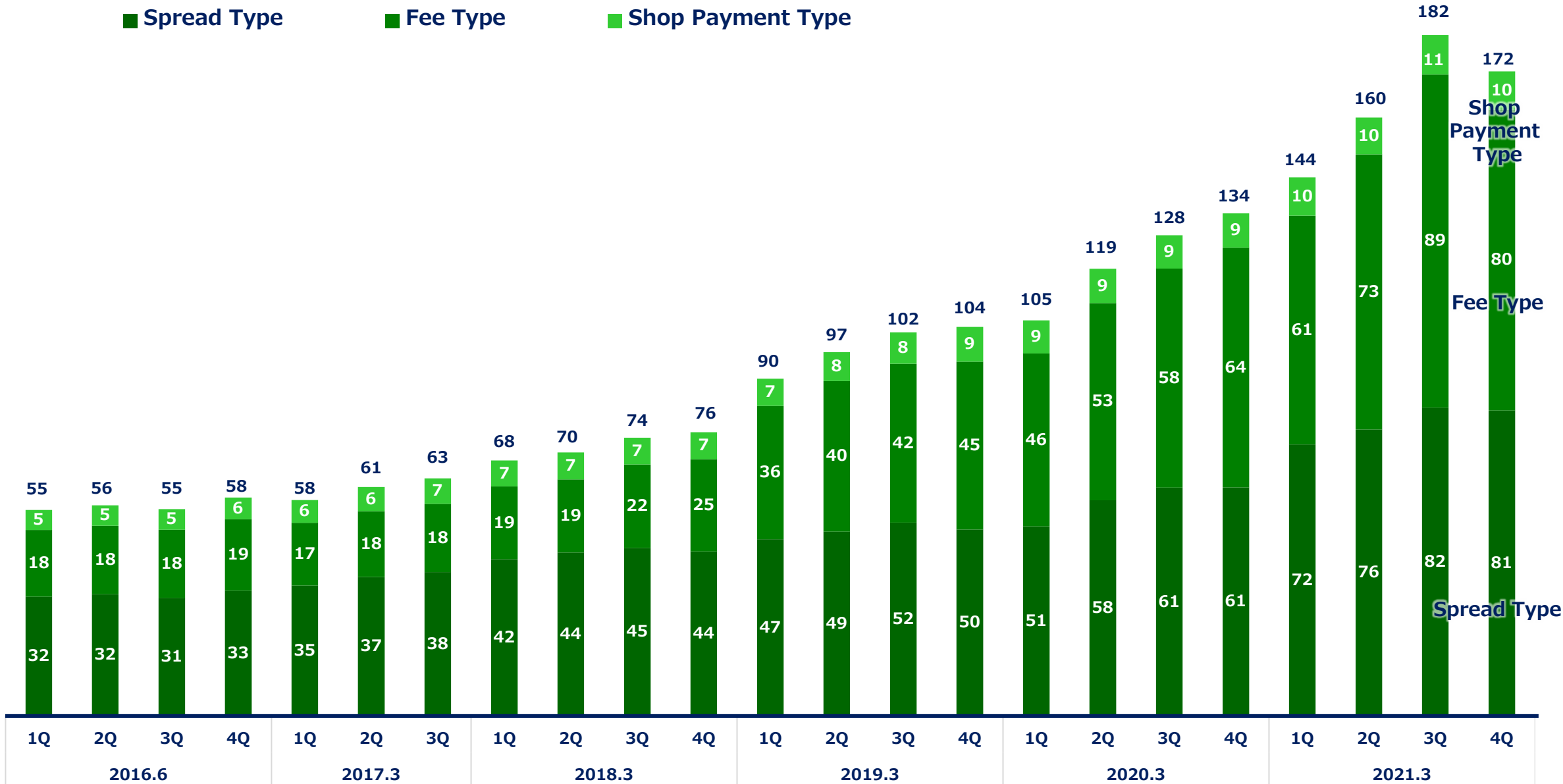
NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end

FT Segment - Transition of Quarterly Number of Transaction



(Million transactions)

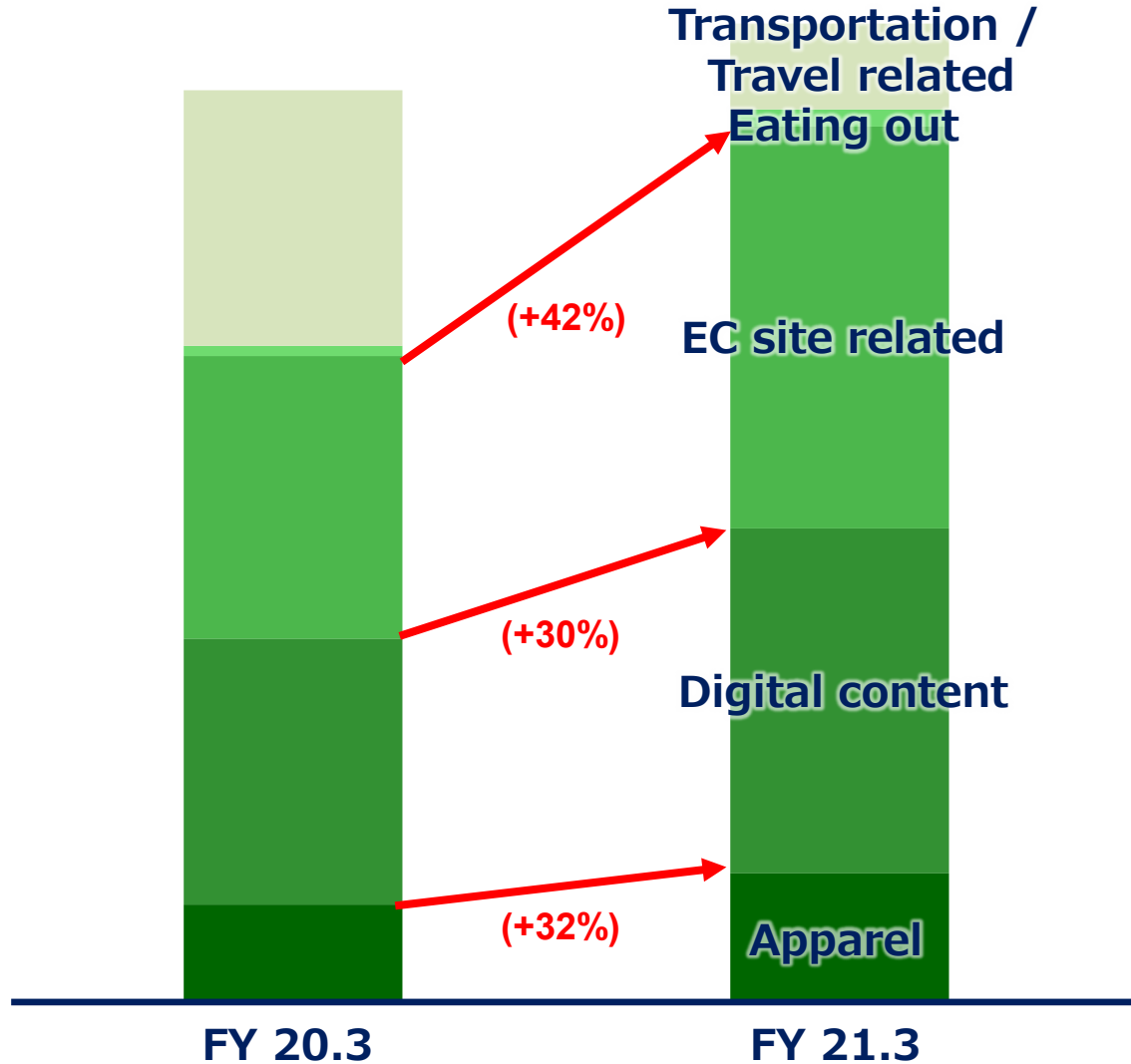
■ Spread Type ■ Fee Type ■ Shop Payment Type



NOTE) FY 2017 was the 9-month period, due to a change of the fiscal year end



Increase / Decrease Transaction Volume by Major Industry



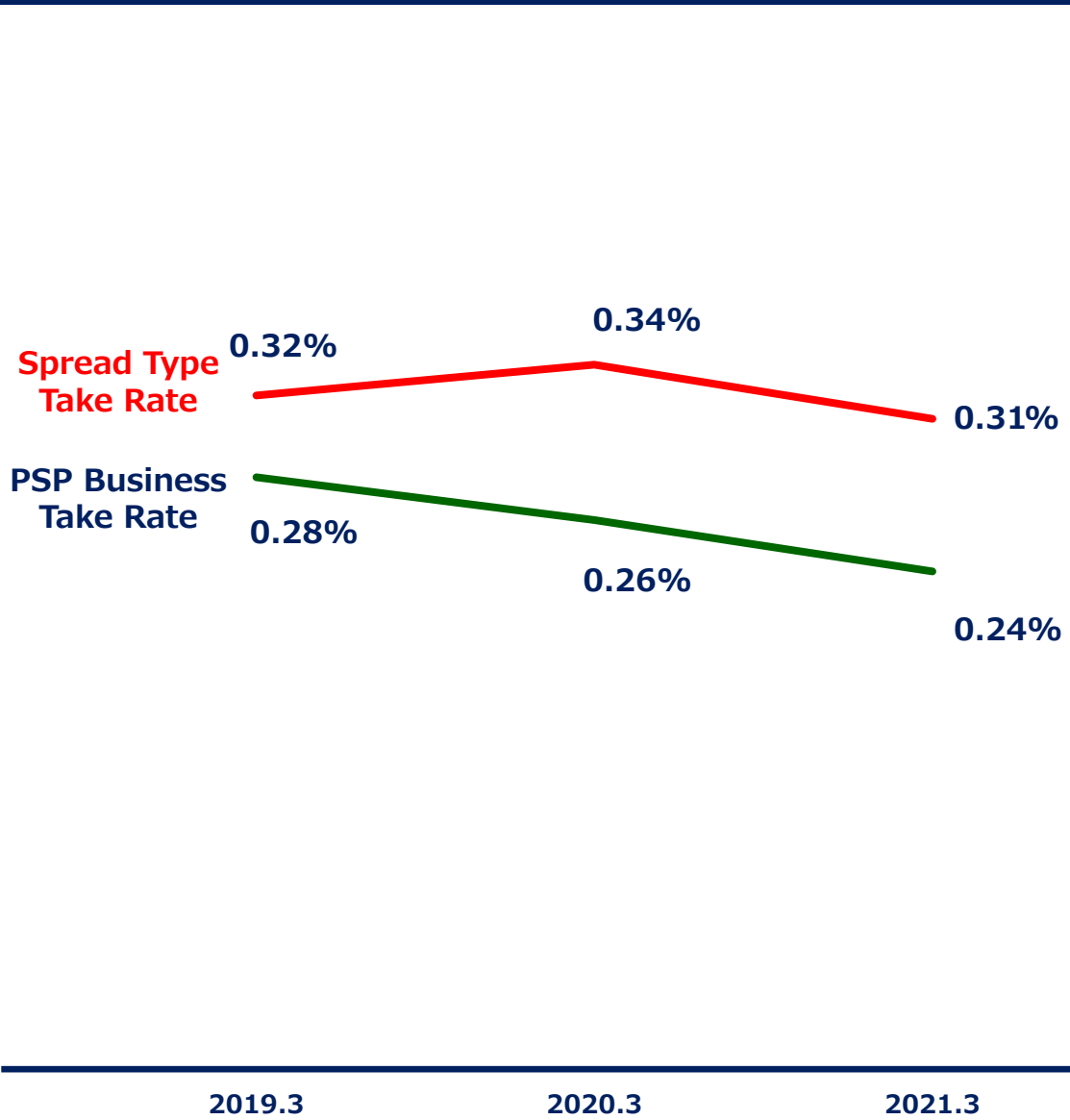
Industry	YoY
Transaction volume	+18%
Eating out	+70%
EC site related	+42%
Apparel	+32%
Digital content	+30%
Other industries	+22%
Transportation / Travel related	▲66%

NOTE) Created from FT Segment's major business partners. Total of EC payment and face-to-face payment

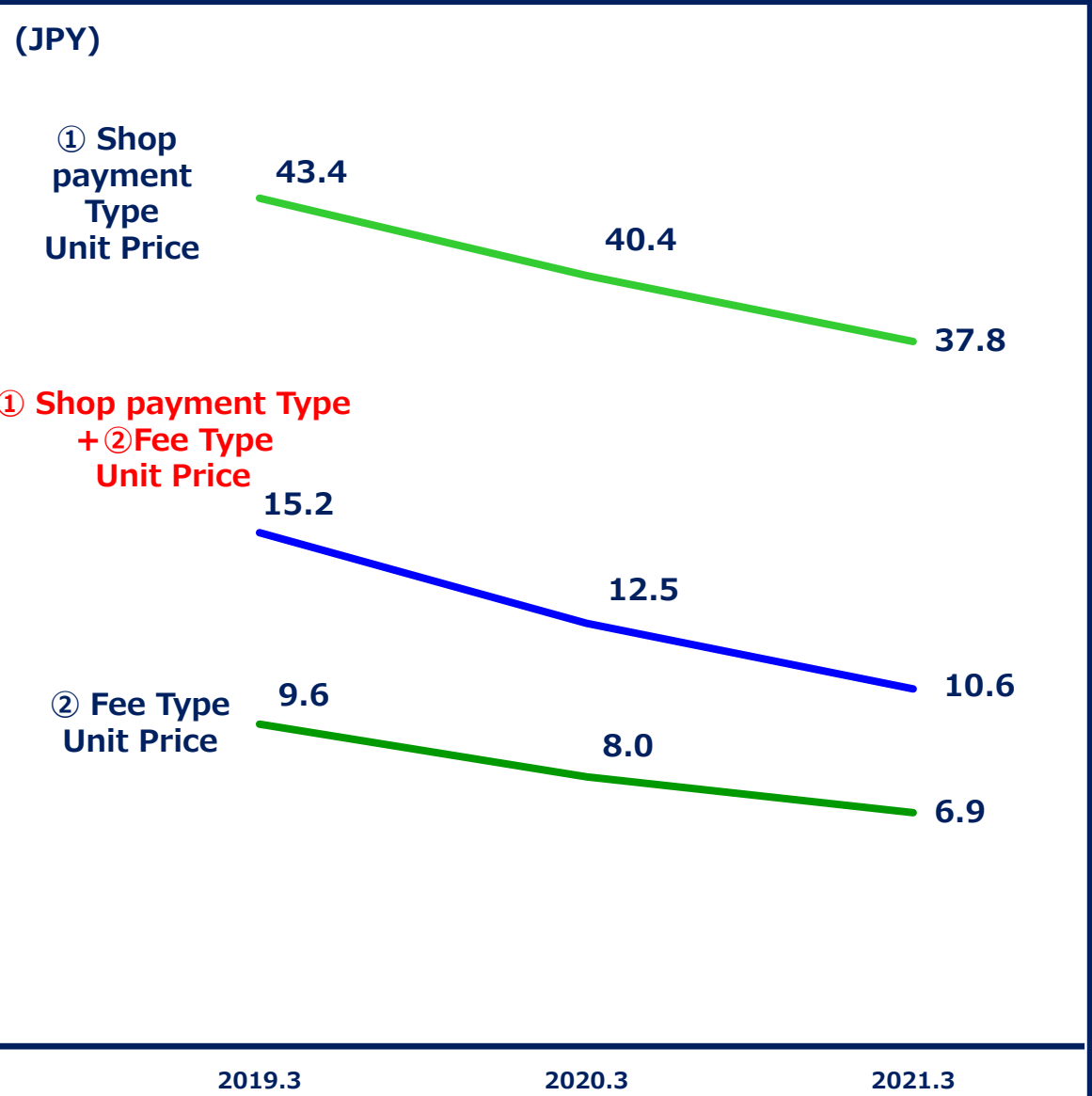
FT Segment - Transition of Take Rate and Unit Price



Take Rate (Spread Type)



Unit Price (Fee Type+Shop Payment Type)

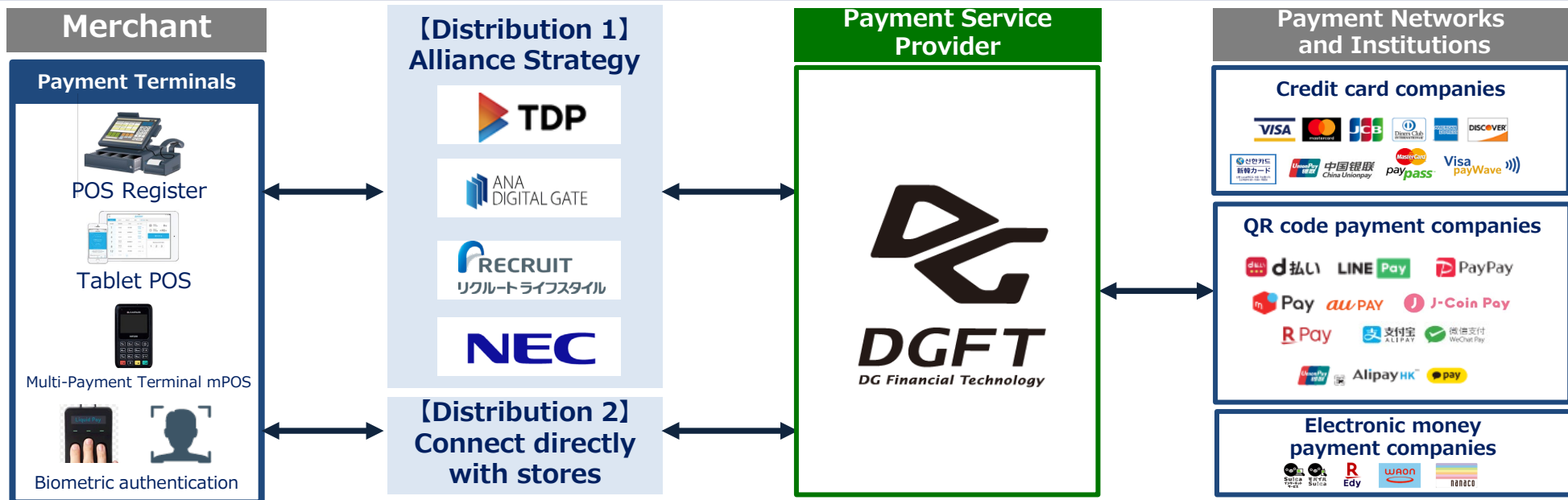




Business Model of EC Payment



Business Model of Face-to-face Settlement



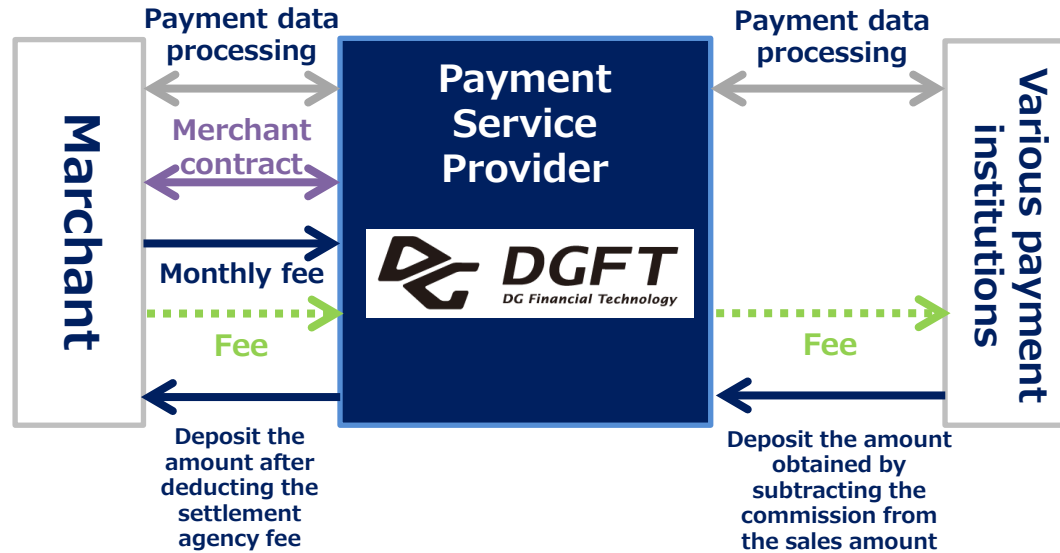
FT Segment - About Two Types of Contracts



Storage Agency Type (Representative Contract) ⇒ Adopted by many EC companies

Our company acts as a lump sum for contract procedures with various payment institutions and payment of sales amount.

- Collective agency for contract procedures with payment providers such as card companies and financial institutions
- Monthly sales are also paid in a lump sum from our company
- Efficient operations such as payment management and confirmation



Classification

Spread Type

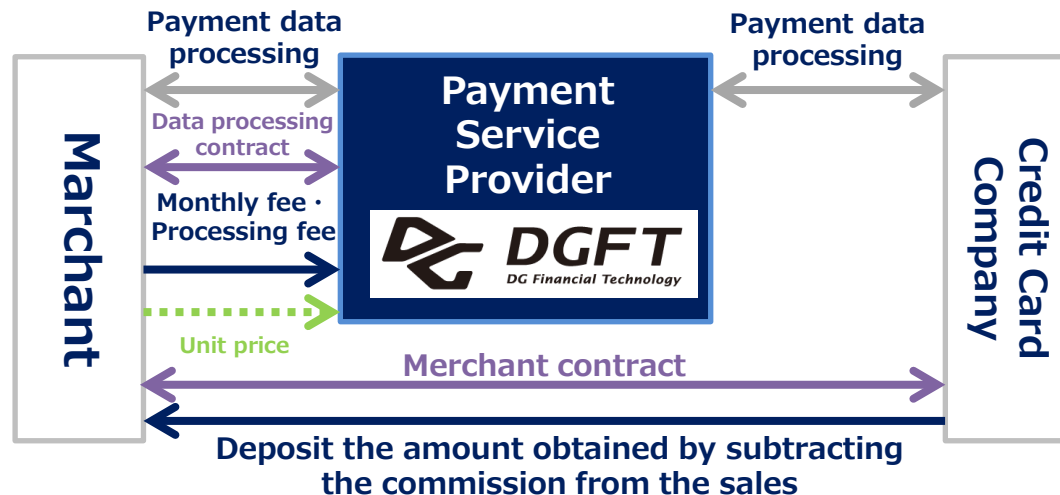
Fee Type

Stock Type

Payment Data Processing Type (Direct Contract) ⇒ Adopted by major companies with large sales, mainly for card payments

Automate credit card payment processing by introducing a payment system provided by PSP based on the member store contract with the card company concluded at the member store

- Provides a payment system to automate card payment processing
- Providing software and transaction management tools required for payment
- Support for software installation



Classification

Fee Type

Stock Type



Service Lineup

Type	Payment Service	Service Name	Overview
Non-Face-to-face	EC/Online payment	<ul style="list-style-type: none"> • VeriTrans4G • OmniPAY • SumaPAY • Ceremony PAY 	Online Payment solutions for various industries. (goods, digital contents such as games and videos, entertainment, public transportation, travel, public sector, and so on). ※Offers early payment option
	Post-settlement payment	<ul style="list-style-type: none"> • Veritrans Post-Payment • SCORE Payment Service 	Post-settlement payment service that consumers make a payment at convenience stores or post offices after receiving the purchase. Effectively used for online/EC product sales and services.
	Remittance solution	<ul style="list-style-type: none"> • CASH POST 	Payment remittance solution for BtoC use that enables bank transfer and receiving cash at convenience stores in the shortest time, with mail address only. Effective for EC product return, refunds for events and transportations, cashbacks, expense reports, and more.
	Telephone order service	<ul style="list-style-type: none"> • IVR Payment Solution 	Risk-limited credit card payment solution for telephone, fax, and other orders. Useful for TV/catalog orders and payments for travel agencies and insurance companies.
Face-to-face	POS payment service	<ul style="list-style-type: none"> • QR-code payment solution for POS • TD Payment 	Multi-payment solution for store POS system. Support merchants' efficient store management by providing the payment service which manages various payments (credit card, electronic money, domestic/national QR code payments, etc.) collectively
	Tablet POS/ dedicated terminals	<ul style="list-style-type: none"> • mPOS 	Multi-payment service that uses a specialized card reader device and apps on phones or tablets. Works for many payment services like credit cards and domestic/overseas QR code payments. Appropriate for pay-at-the-table situations, home-visits, and events due to its portable size.
	Multi-QR code payment	<ul style="list-style-type: none"> • Cloud Pay 	Multi-QR code payment service that requires single QR code only for the use of multiple domestic/overseas payments.
	Automatic fare adjustment machine	—	Bring various payment services, such as credit card payment, into store automatic fare adjustment machines. Used at restaurants, hotels, theaters, fitness clubs, golf parks, and others.
	Pre-order and mobile order services	—	Offers pre-order payment service that consumers complete purchase before arriving at stores. Achieves an efficient purchase with no waiting time by ordering and paying on smartphone apps.
	Biometric authentication payment	—	Provide biometric authentication payment services with partners that use iris and face verification, fingerprints, and other physical characteristics for identification of the payer.

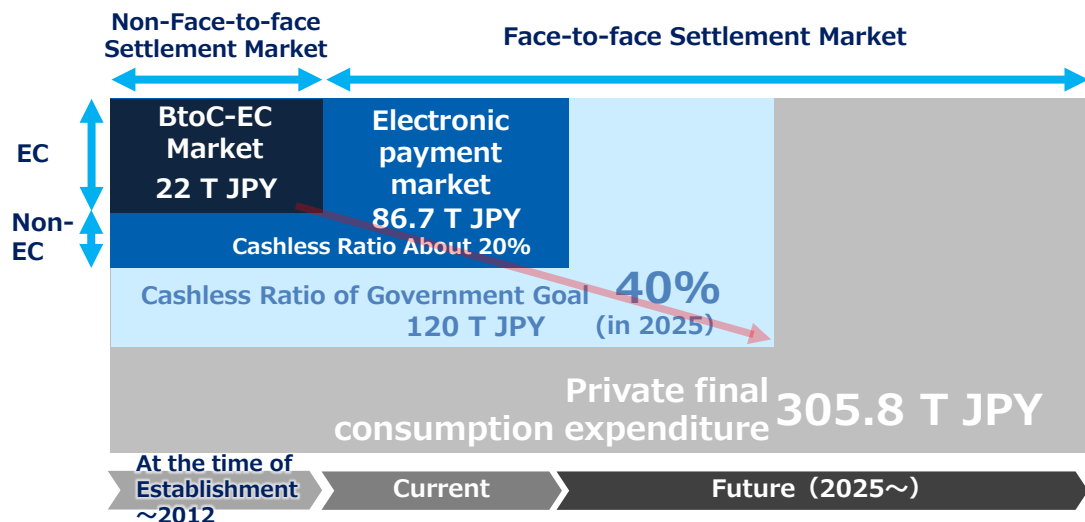


Category 1	Category 2	Definition	Description	Profit Structure
Spread Type	PSP* *Payment Service Provider	✓ Payment such as credit card payment, which are fees that are based on <u>the payment amount</u>	EC payments, face-to-face settlements, etc. Representative contract: stands in between merchants and credit card companies as a collection agency	Payment amount × take rate ※ Take rate depends on the types of payments and merchants' products.
Fee Type		✓ Payment in which fees are paid according to <u>the number of transaction</u> , mainly data processing etc.	EC payments, face-to-face settlements, etc. Direct contract: Provides software and transaction management systems for auto payment processing.	Number of transaction × unit price
Shop Payment Type		✓ Payment settlement by convenience store terminal	Payment for EC purchases, online tickets, etc. at convenience stores ※Provides to domestic PSP competitors and merchants	Number of transaction × unit price
Stock Type		✓ Fixed income generated by fixed monthly amount such as monthly basic fee, OEM offer fee, and operation fee for payment system	Fixed monthly fee for the service by merchants, regardless of the payment method	Active merchants × fixed monthly amount
EC/DX business		EC/DX Business	✓ Revenues from fraud detection service, refund remittance service, payment peripheral businesses such as EC optimization services, and shares of profits of (three) investments accounted for using equity method	Revenues from investments accounted for using equity method and businesses other than payment services
	✓ CASH POST, post-settlement payments, equity-method investment profits (SCORE), etc.			

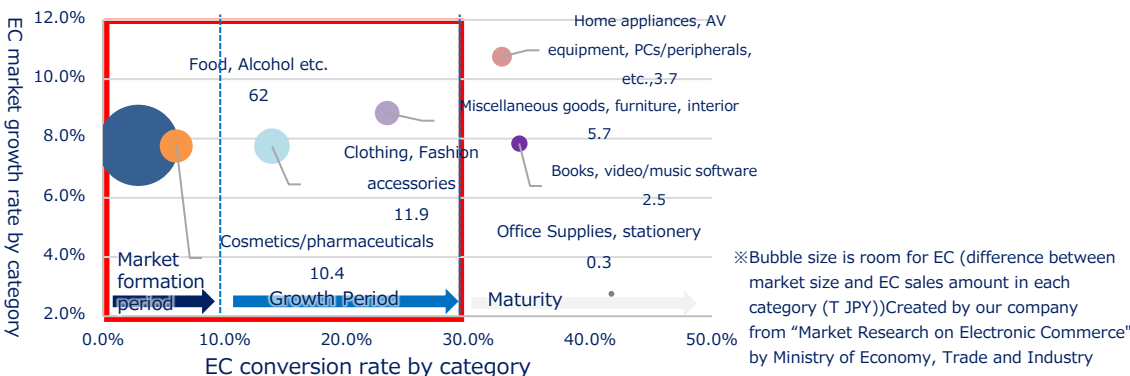


Target Market Size

- Transaction volume for the 21.3 fiscal year increased to 2.1 T JPY in conjunction with the growth of the EC market. FT segment holds 14% of BtoC-EC market
- The ratio of electronic payments in the face-to-face settlement market increased due to the promotion of cashless transactions. In 2025, about 120 T JPY, or 40% of private final consumption expenditure, is expected to be cashless.
- Face-to-face settlements in the FT segment for FY 21.3 exceeded 170 B JPY
- The size of BtoB-EC market is 353 T JPY

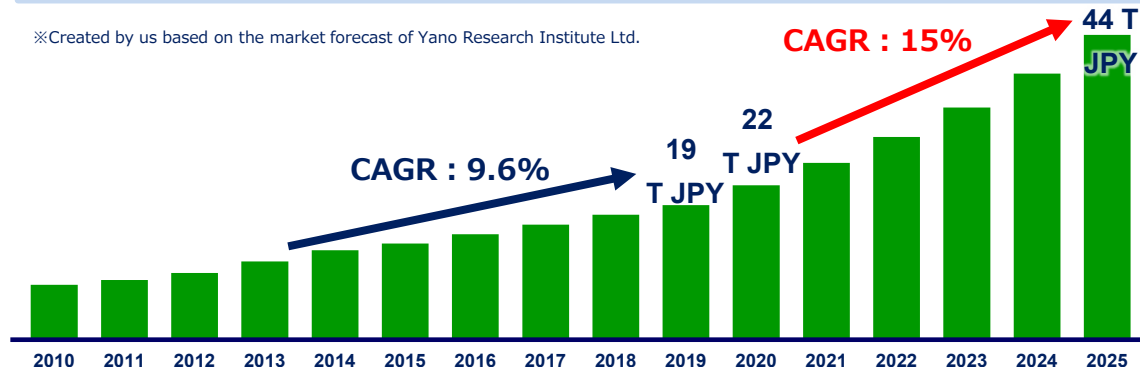


EC Conversion Rate and Market Growth Rate by Category in the Product Sales Field



EC (Online Payment) Service Market Size

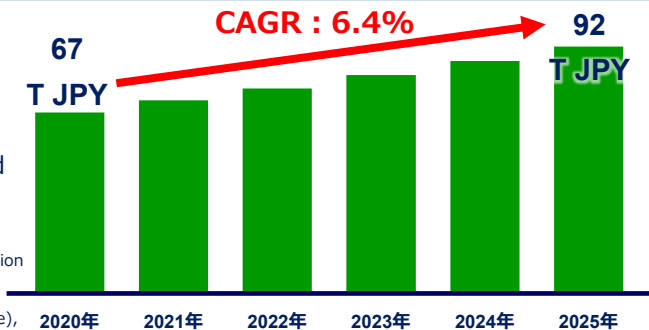
※Created by us based on the market forecast of Yano Research Institute Ltd.



Real (Offline Payment) Market Size

- Market-Growth Forecast: CAGR6.4%
- Credit card payments are expected to account for about 82% in 2025
- Growth is also expected in leading regional supermarkets, large mass retailers, and small and medium-sized stores due to the penetration of domestic QR code payments, etc.

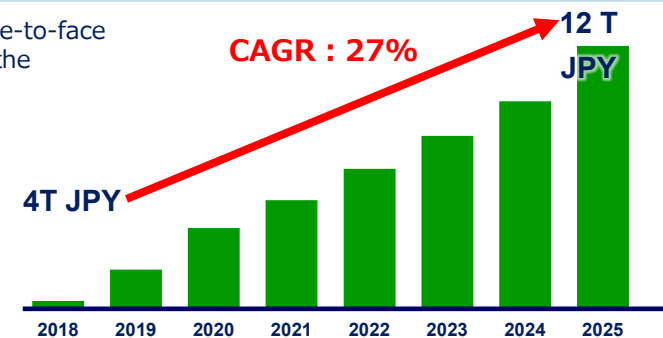
※Calculated by back calculation from private final consumption forecast (Ministry of Economy, Trade and Industry), EC payment service forecast value (MIC Research Institute), cashless ratio (Ministry of Economy, Trade and Industry)



QR Code Payment Market Size

- Providing the largest 27 types of face-to-face settlements methods in Japan amid the expansion of the cashless market
- Market-growth forecast: CARG27%

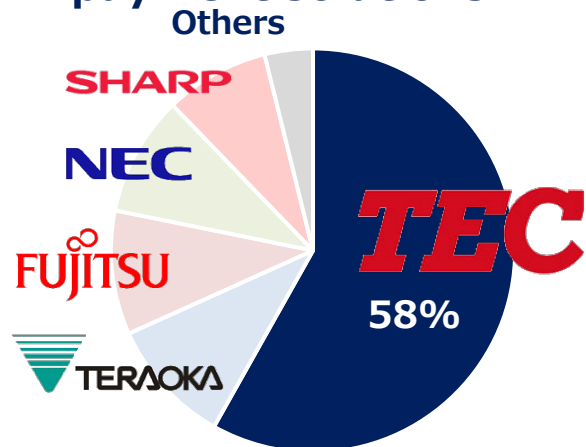
※Created by us based on the market forecast of Yano Research Institute Ltd.





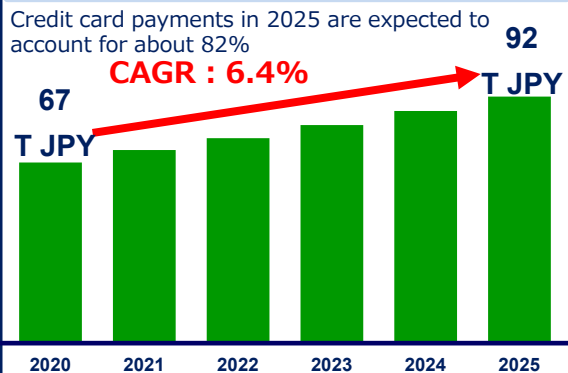
TD Payment Corporation

- ✓ Established “TD Payment” with Toshiba Tec Corporation, a top share company in Japan providing POS systems
- ✓ Expands large scale merchants through payment solutions linked to POS systems



- ✓ Toshiba Tec Corporation has **greater than 50% of the market share of POS in Japan**
- ✓ Promotes expanding DGFT payment infrastructure toward merchants of Toshiba Tec’s POS systems (**About 10% at present**)
- ✓ Number of transaction through Toshiba Tec’s POS systems goes accordingly with its highest domestic share
- ✓ The number of credit card payments is expected to exceed 18 billion* in 2025, and each strategy is being promoted to acquire a share of 10% or more

Real (offline payment) market size



*Calculated from the expected credit card transaction value with an average transaction value of approximately JPY 4,100

Alliance with Recruit Lifestyle

- ✓ Made an alliance with Recruit Lifestyle, a top share company in Japan providing tablet POS systems
- ✓ Expands shares of medium-scale companies by providing low-cost and easy multi-QR code payment service



Providing Multi-QR Code Payment Service

- ✓ DG Group Launched the multi-QR code payment solution “Cloud Pay” in May 2020

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Cloud Pay

- Achieved 390,000 merchants (in Mar. 2021) and grew to be a leading player in QR code payment networks

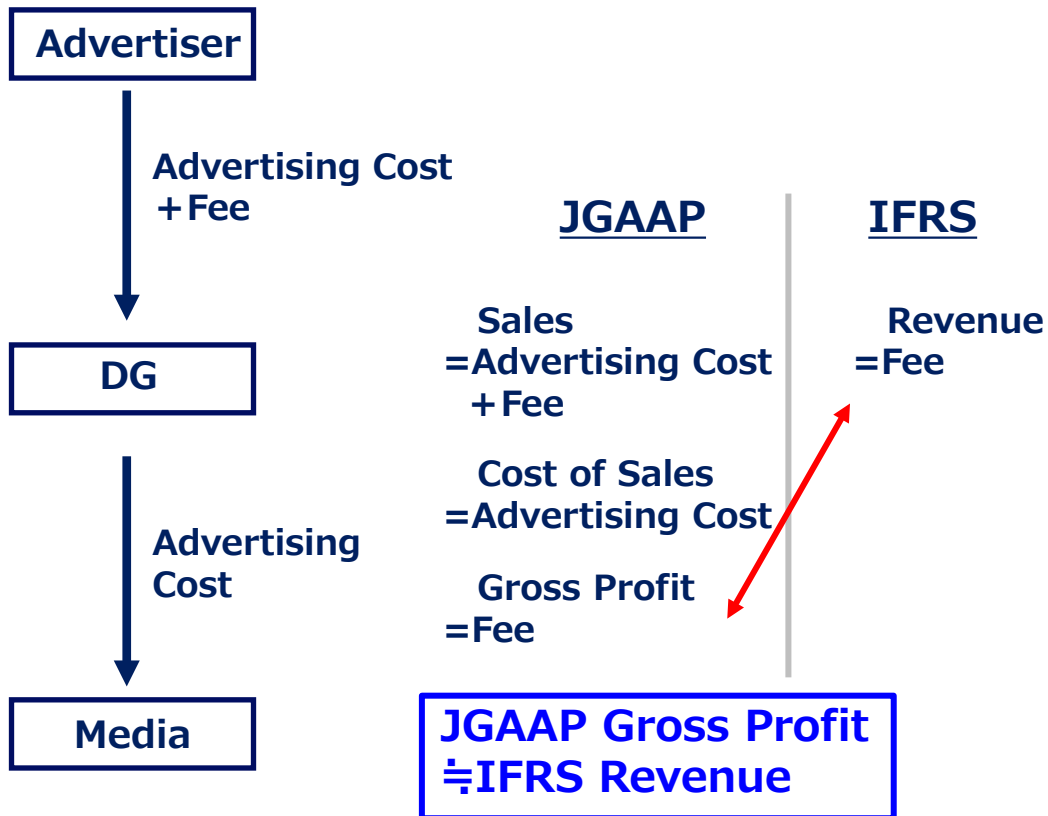
MT Segment





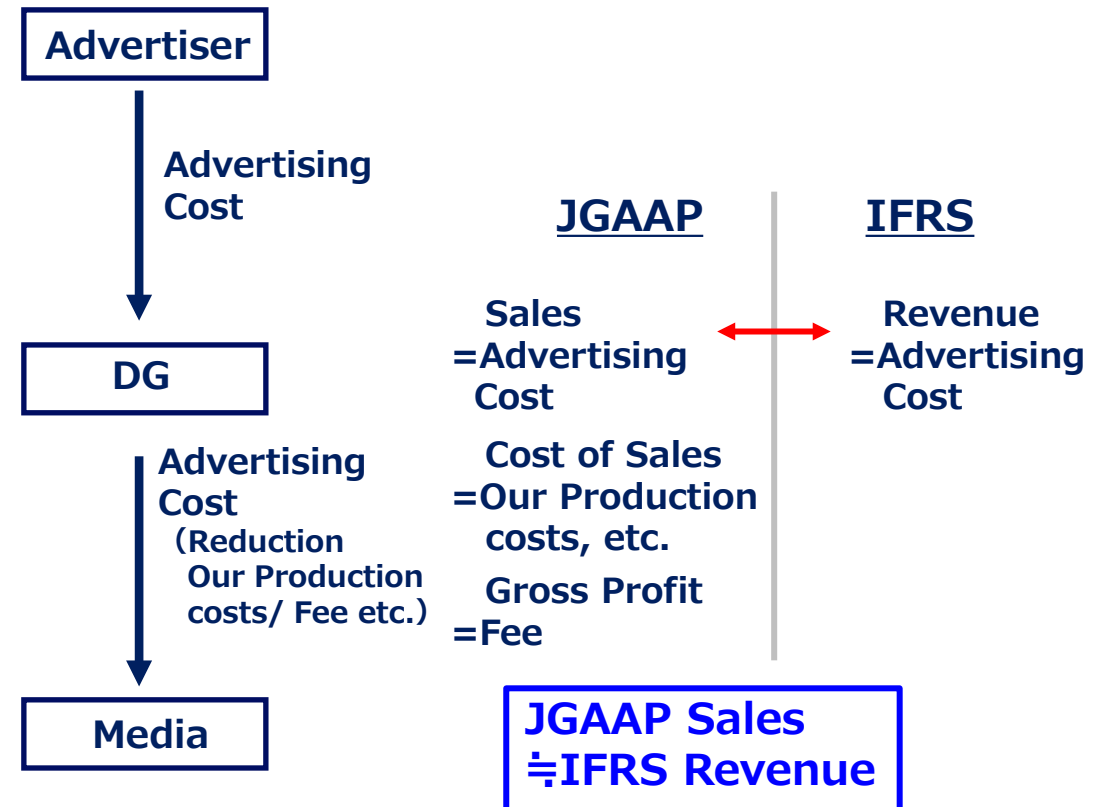
Revenue of Digital Ads

- The advertising business through Web marketing mainly plans and plans Internet advertising strategies for customers (advertisers), arranges the management of advertising, and measures and analyzes its effectiveness

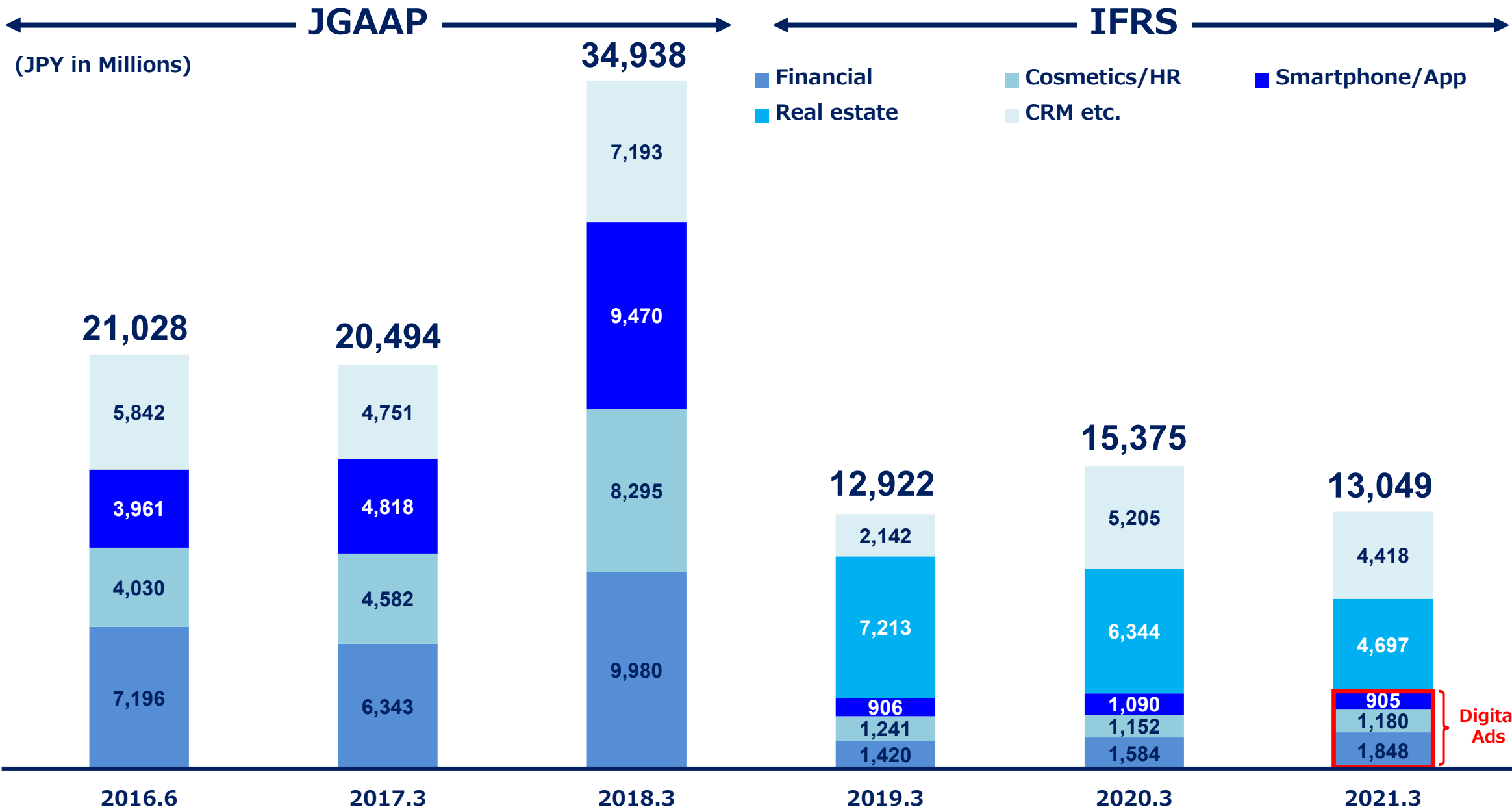


Revenue of Real Estate Ads

- In the Real Estate Advertising Business, centered on real estate, in response to requests from clients for the production of real estate advertising and other products, the Company produces advertising in accordance with the specifications desired by clients



MT Segment - Transition of Revenue



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

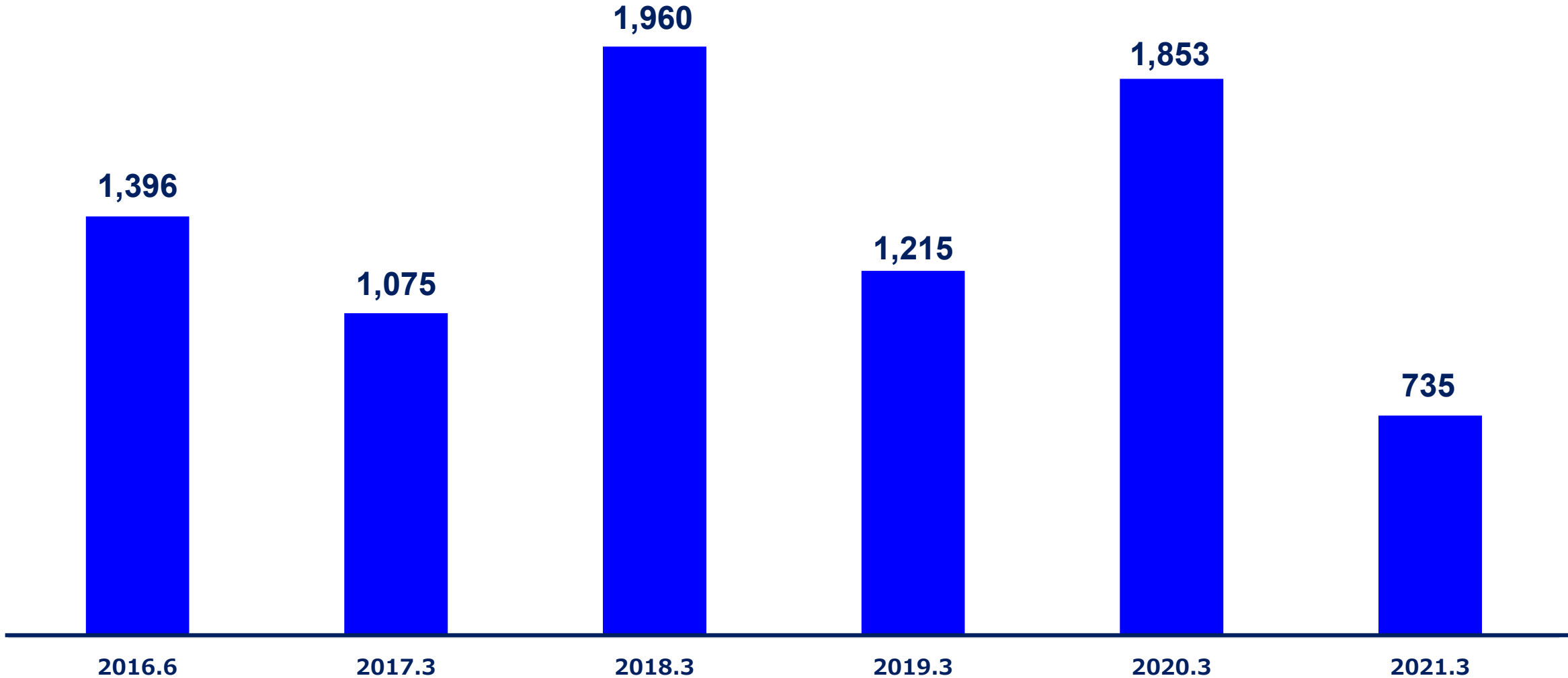
Digital Ads

❖ MT Segment - Transition of Profit Before Tax



← JGAAP → ← IFRS →

(JPY in Millions)



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

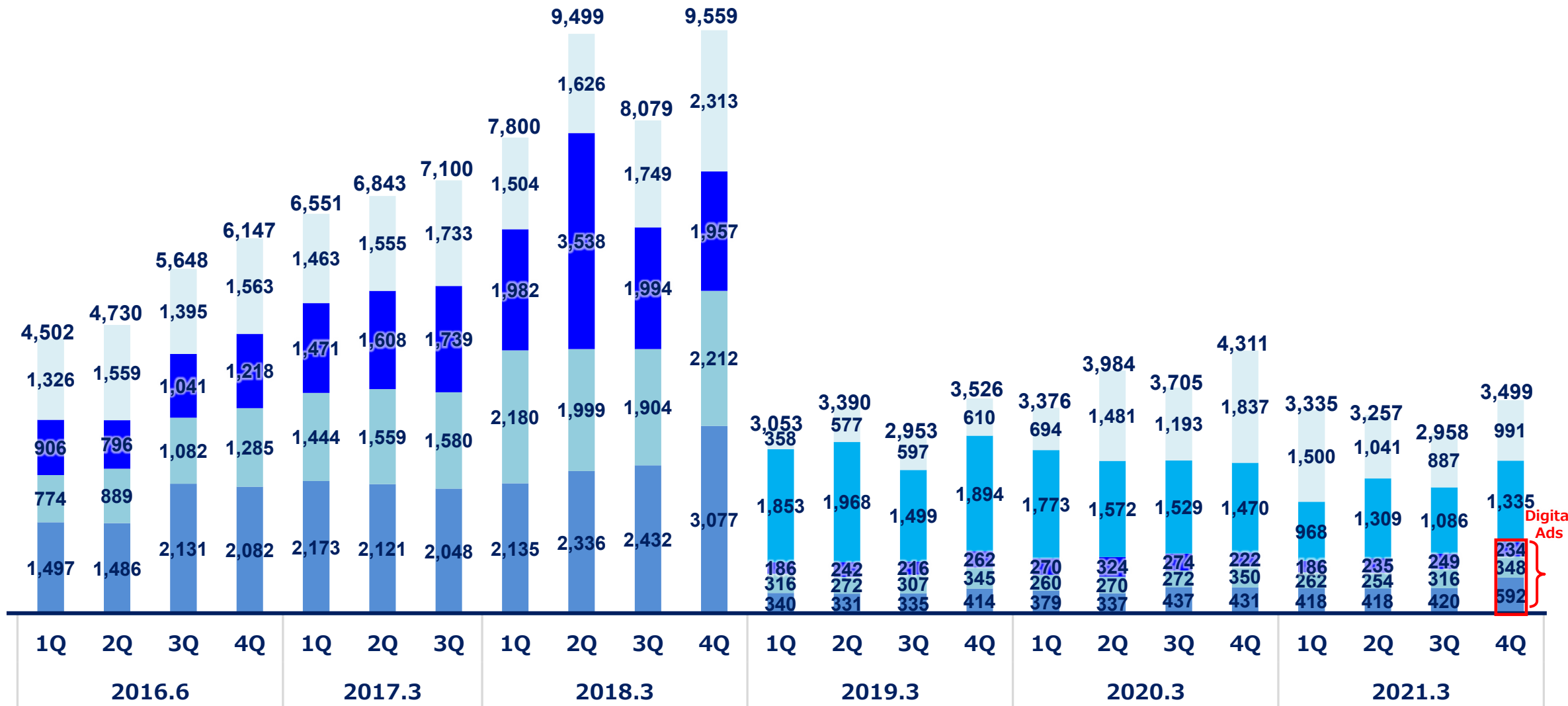
MT Segment - Transition of Quarterly Revenue



← JGAAP → ← IFRS →

(JPY in Millions)

■ Financial
■ Real estate
■ Cosmetics/HR
■ CRM etc.
■ Smartphone/App



Digital Ads

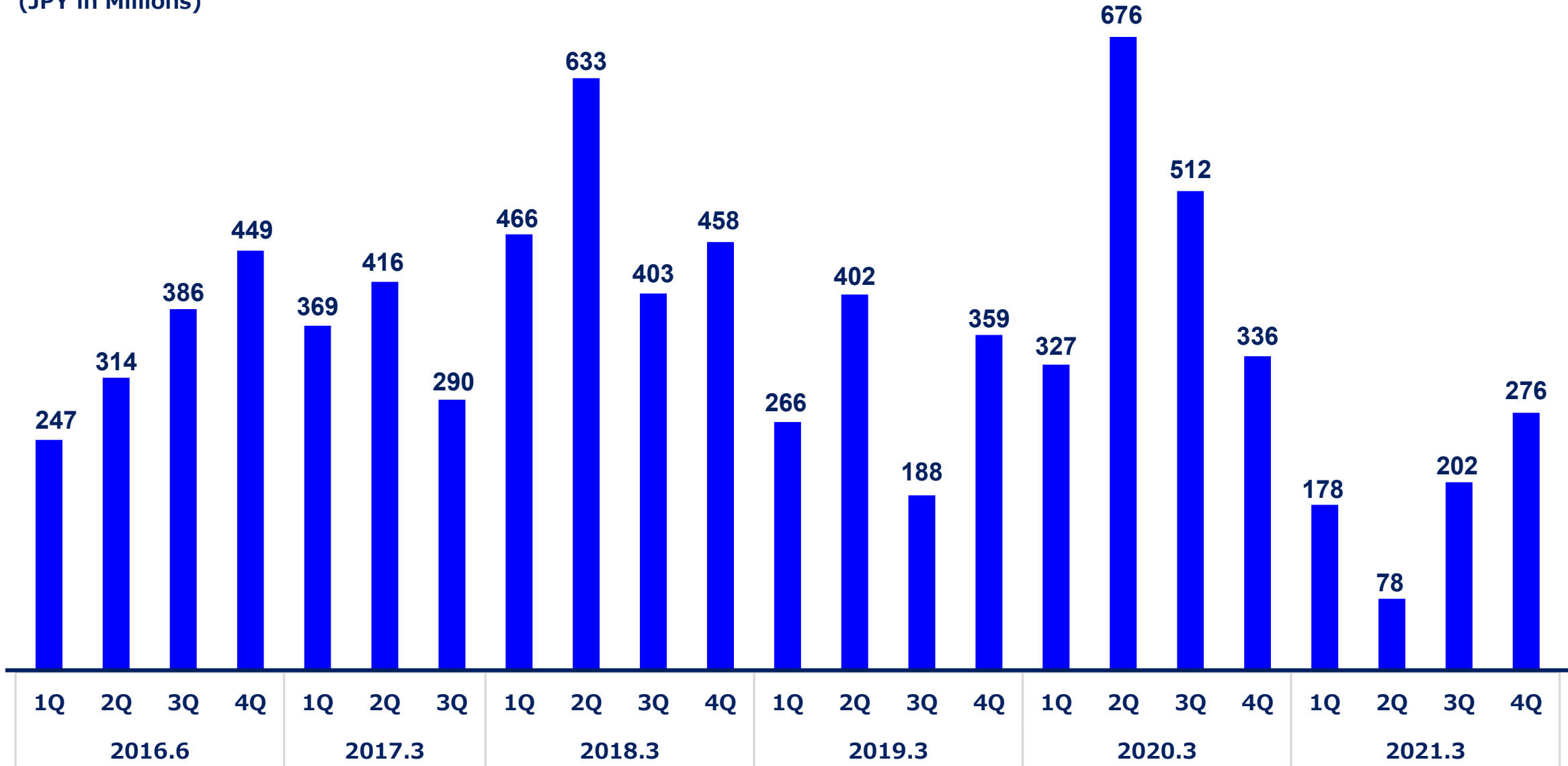
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

MT Segment - Transition of Quarterly Profit Before Tax



← JGAAP → ← IFRS →

(JPY in Millions)



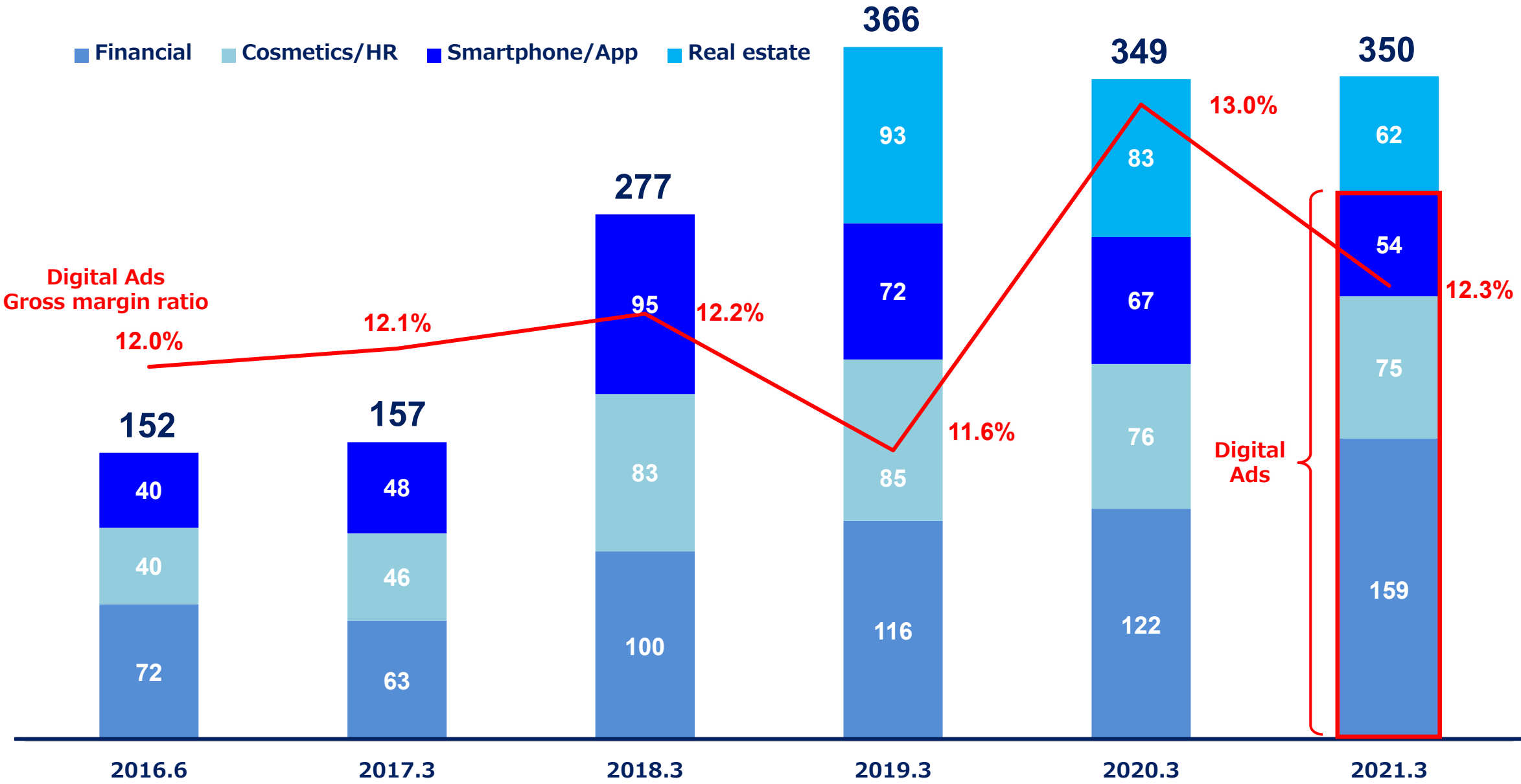
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

MT Segment - Transition of Advertisement Volume



(JPY in 100 Millions)

■ Financial ■ Cosmetics/HR ■ Smartphone/App ■ Real estate



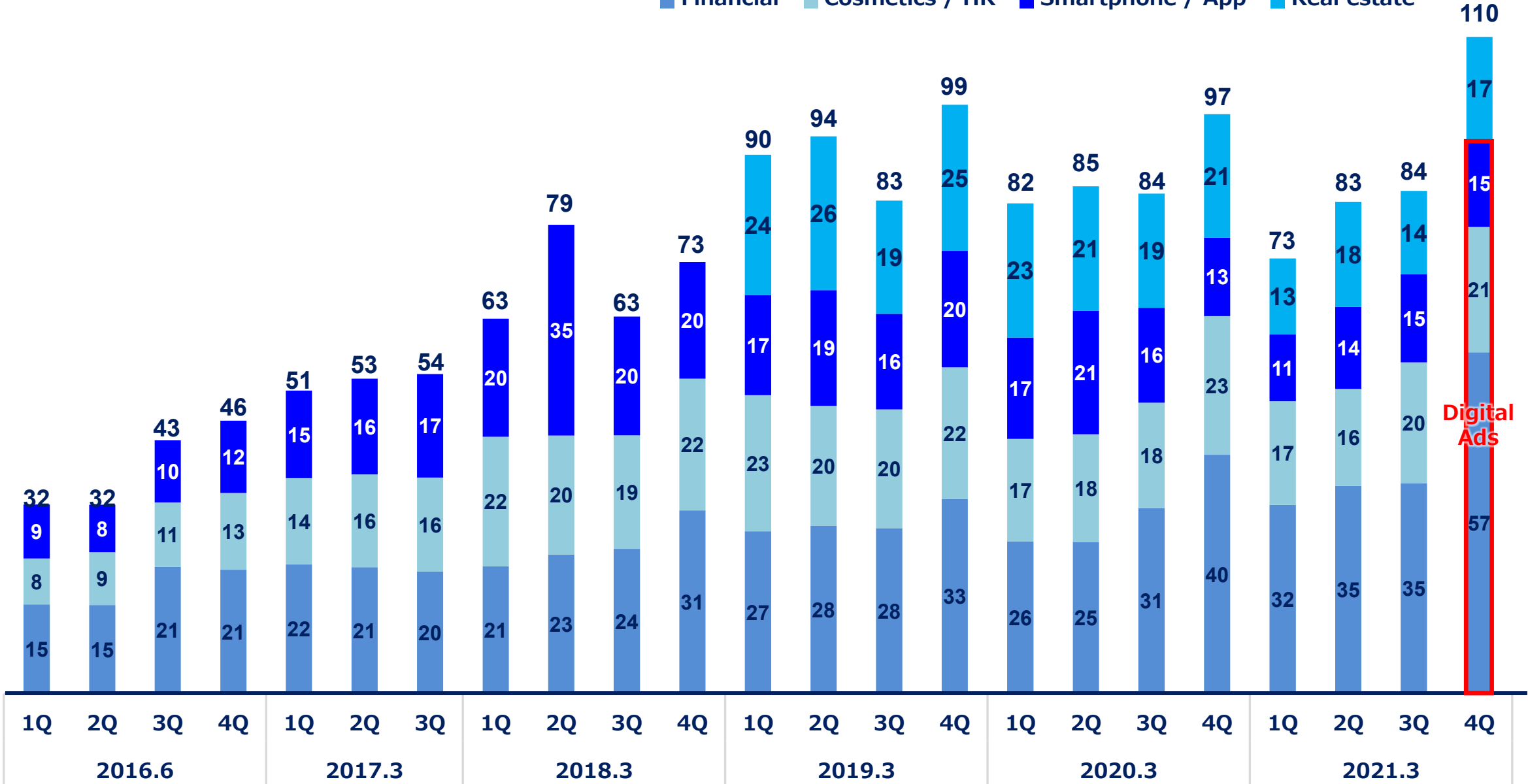
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

MT Segment - Transition of Quarterly Advertisement Volume



(JPY in 100 Millions)

■ Financial ■ Cosmetics / HR ■ Smartphone / App ■ Real estate



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY2019

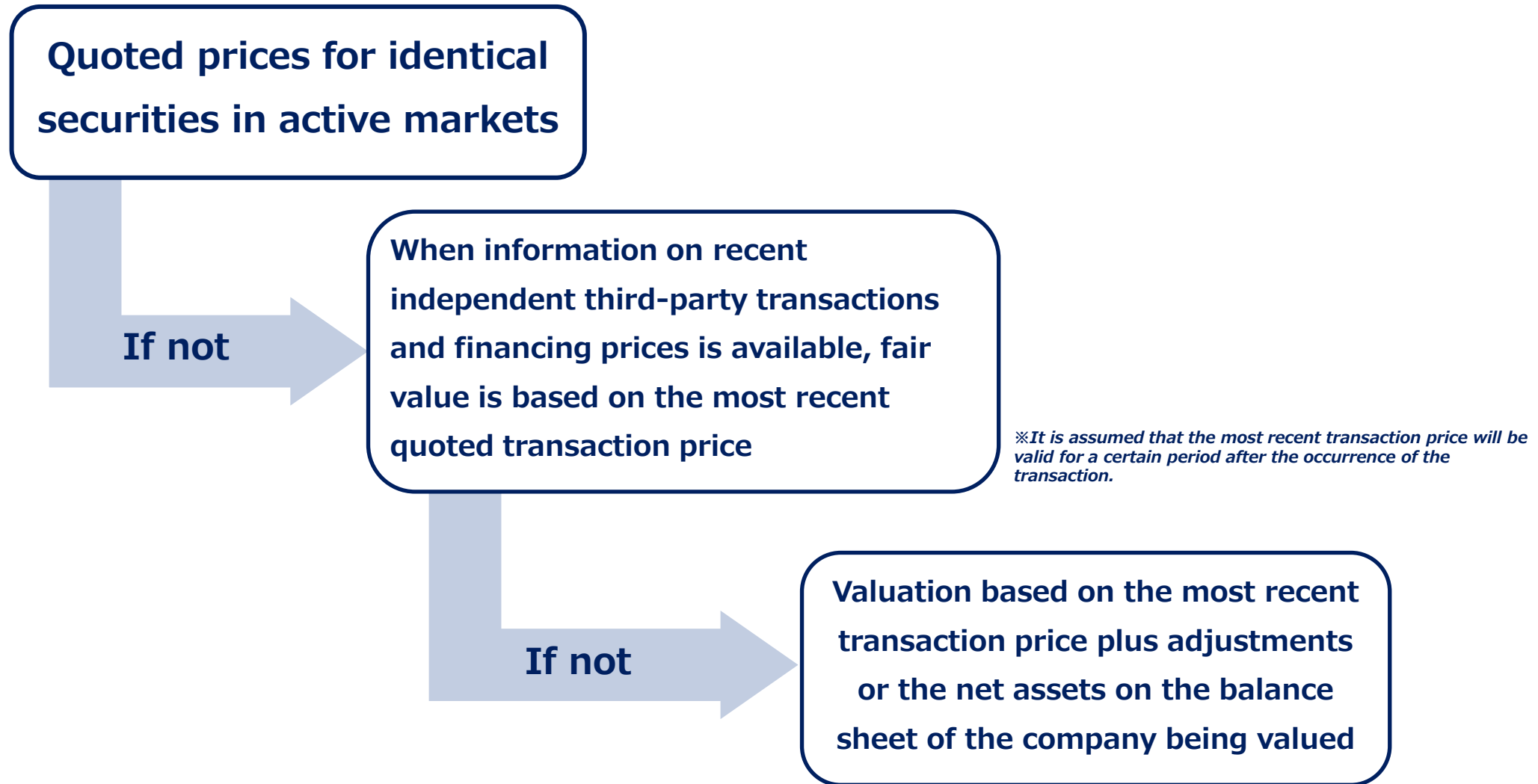
Digital Ads

IT Segment





【Calculation method for fair value of operational investment securities】



※The price adjusted for the most recent transaction price is calculated using the most recent transaction price plus an adjustment multiple such as the financial statement value of the company being evaluated and the corporate value/earnings of similar companies that are comparable to the company being evaluated

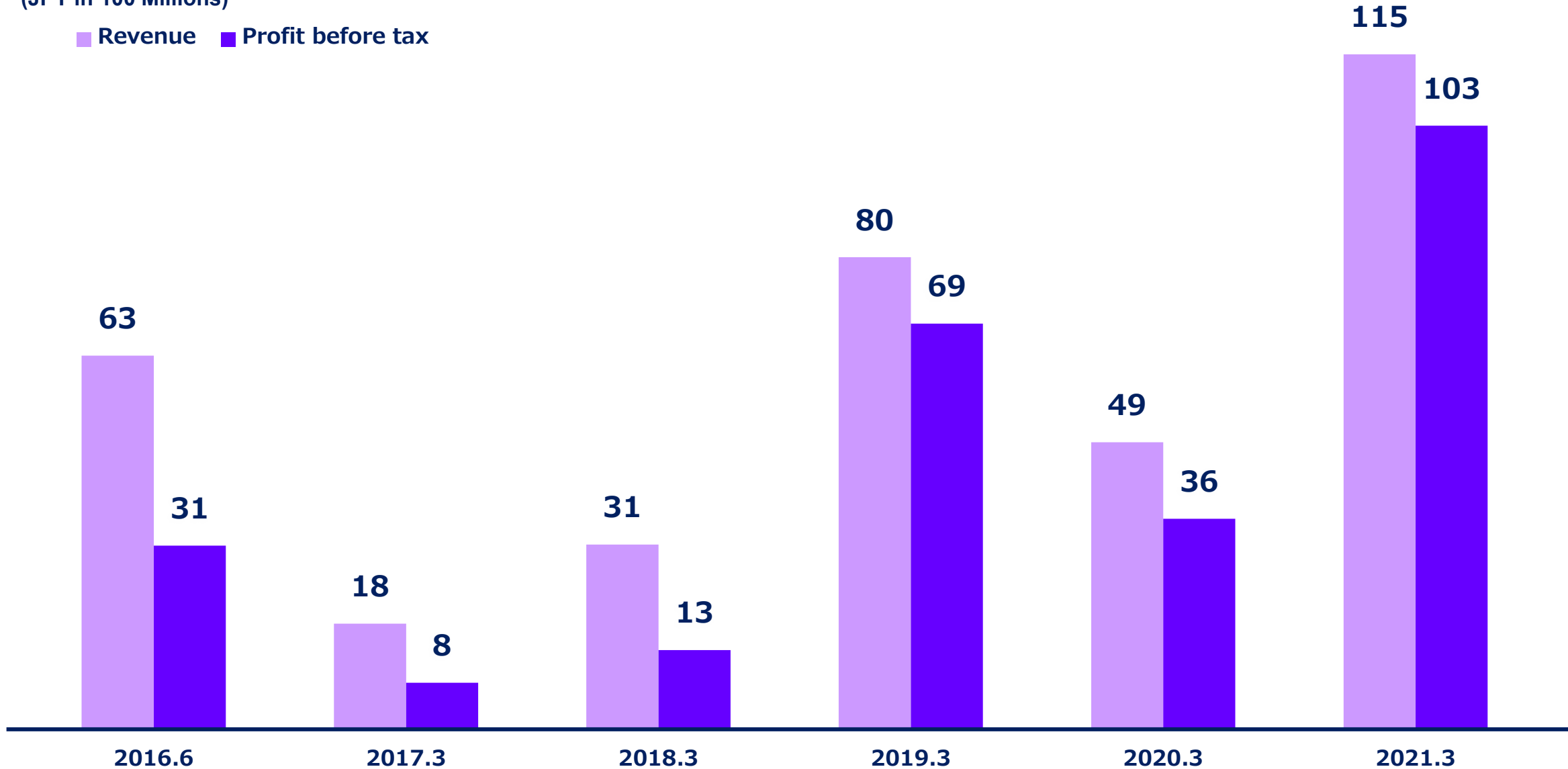
IT Segment - Transition of Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 Millions)

■ Revenue ■ Profit before tax



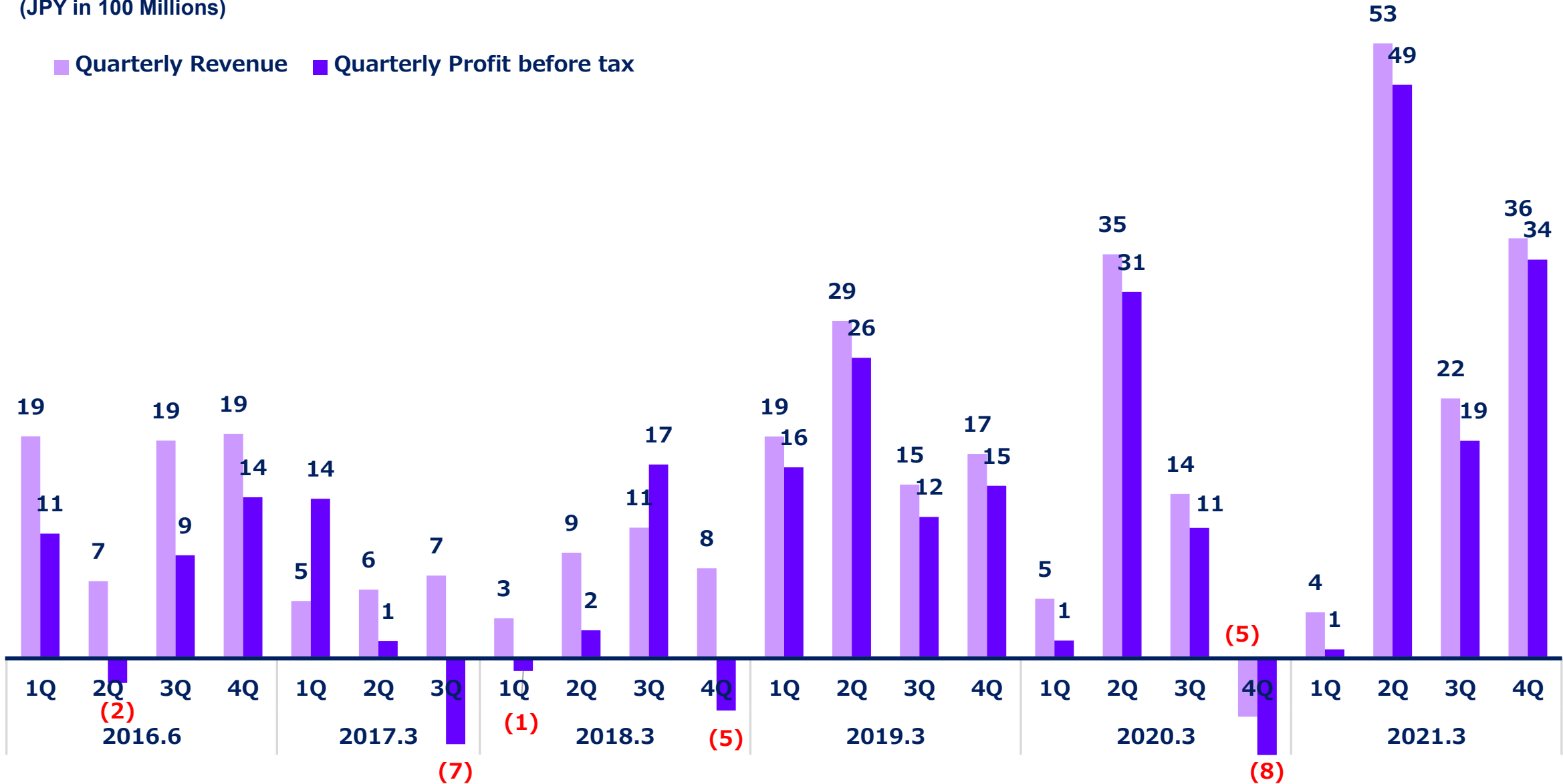
IT Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 Millions)

■ Quarterly Revenue ■ Quarterly Profit before tax





IT Segment – Transition of Quarterly Operational Investment Securities and Number of Investees

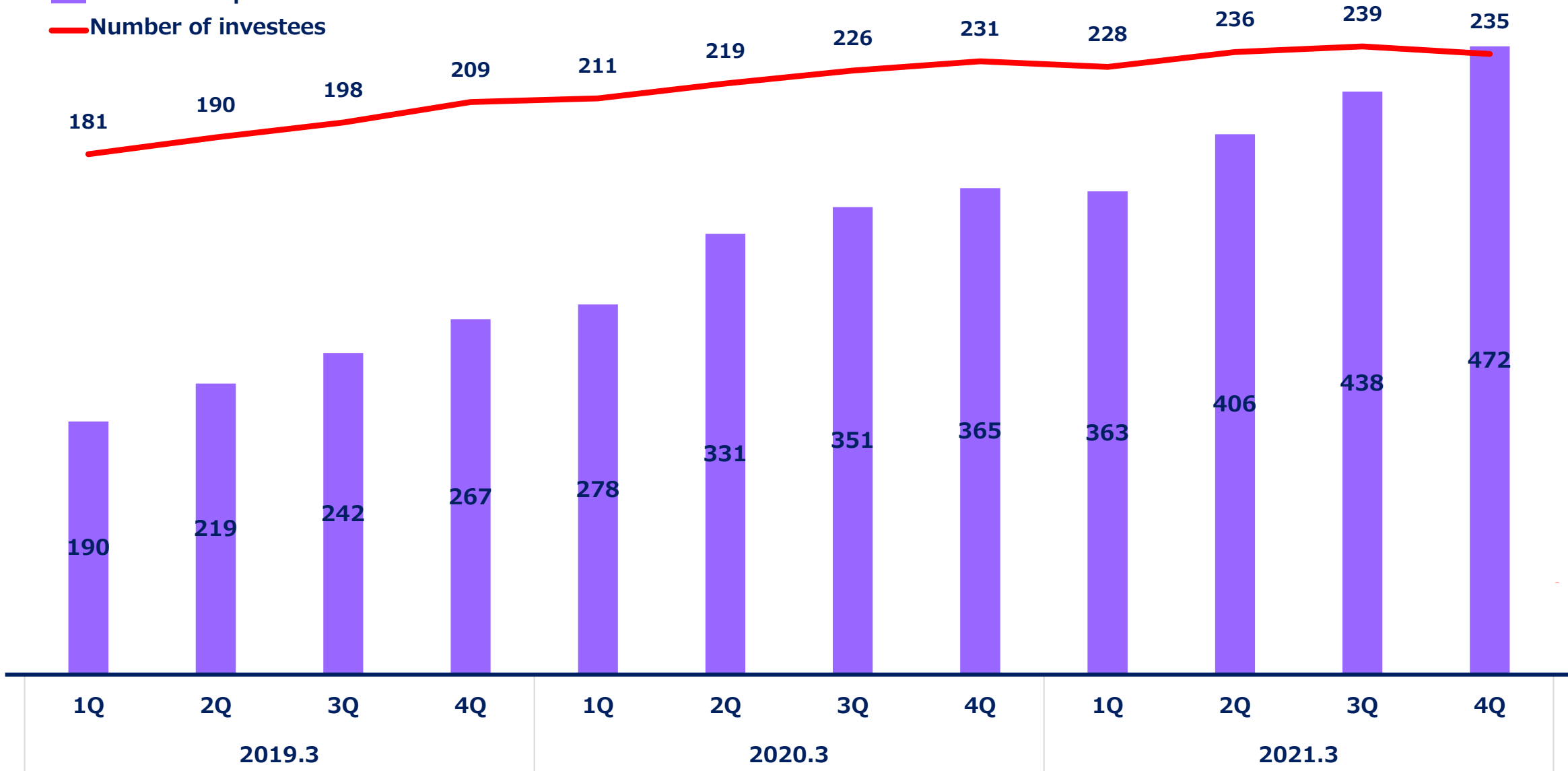


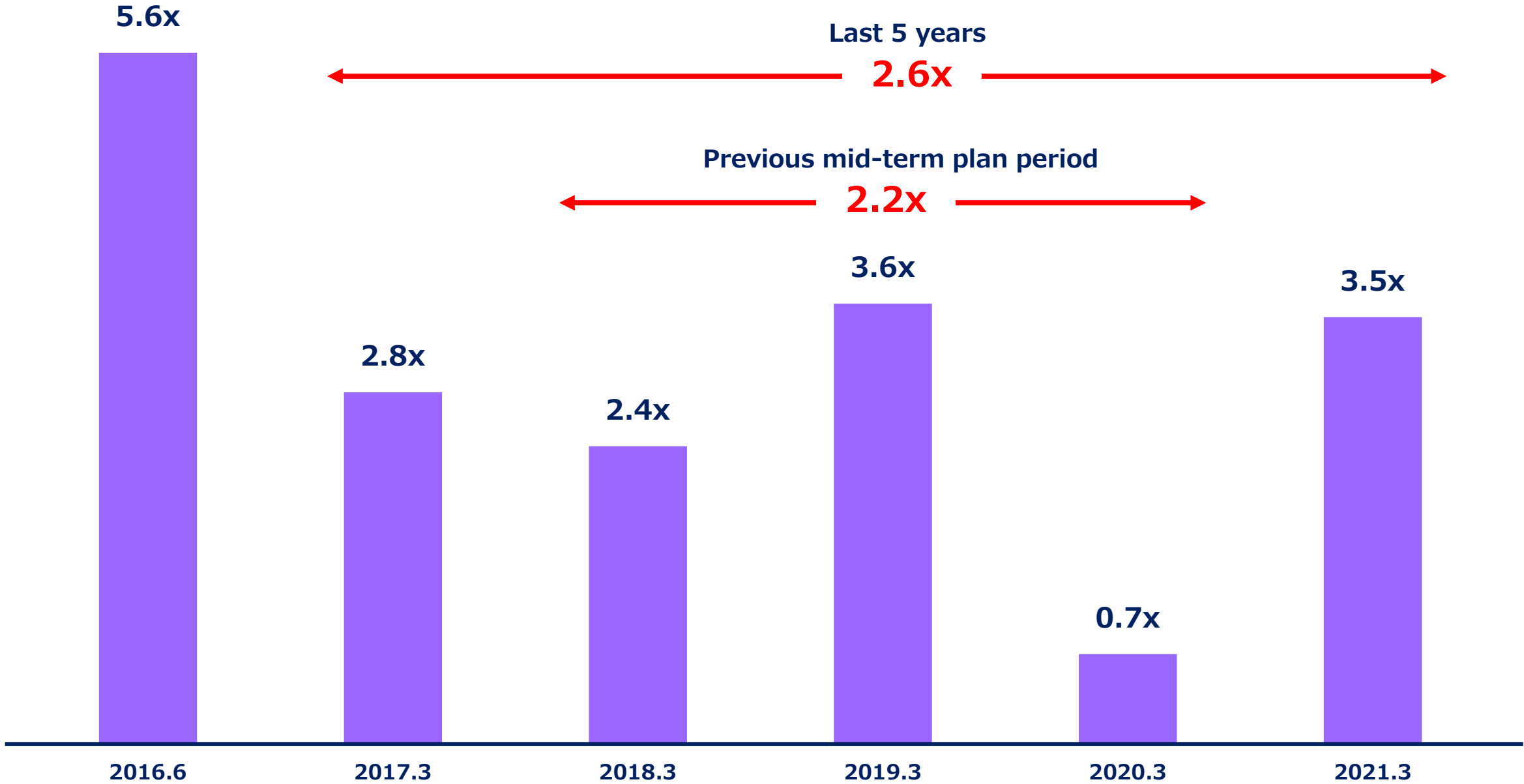
(JPY in 100 Millions)

(Number of investees)

Balance of Operational investment securities

Number of investees





IT Segment - Operational Investment Securities' List of Top 10

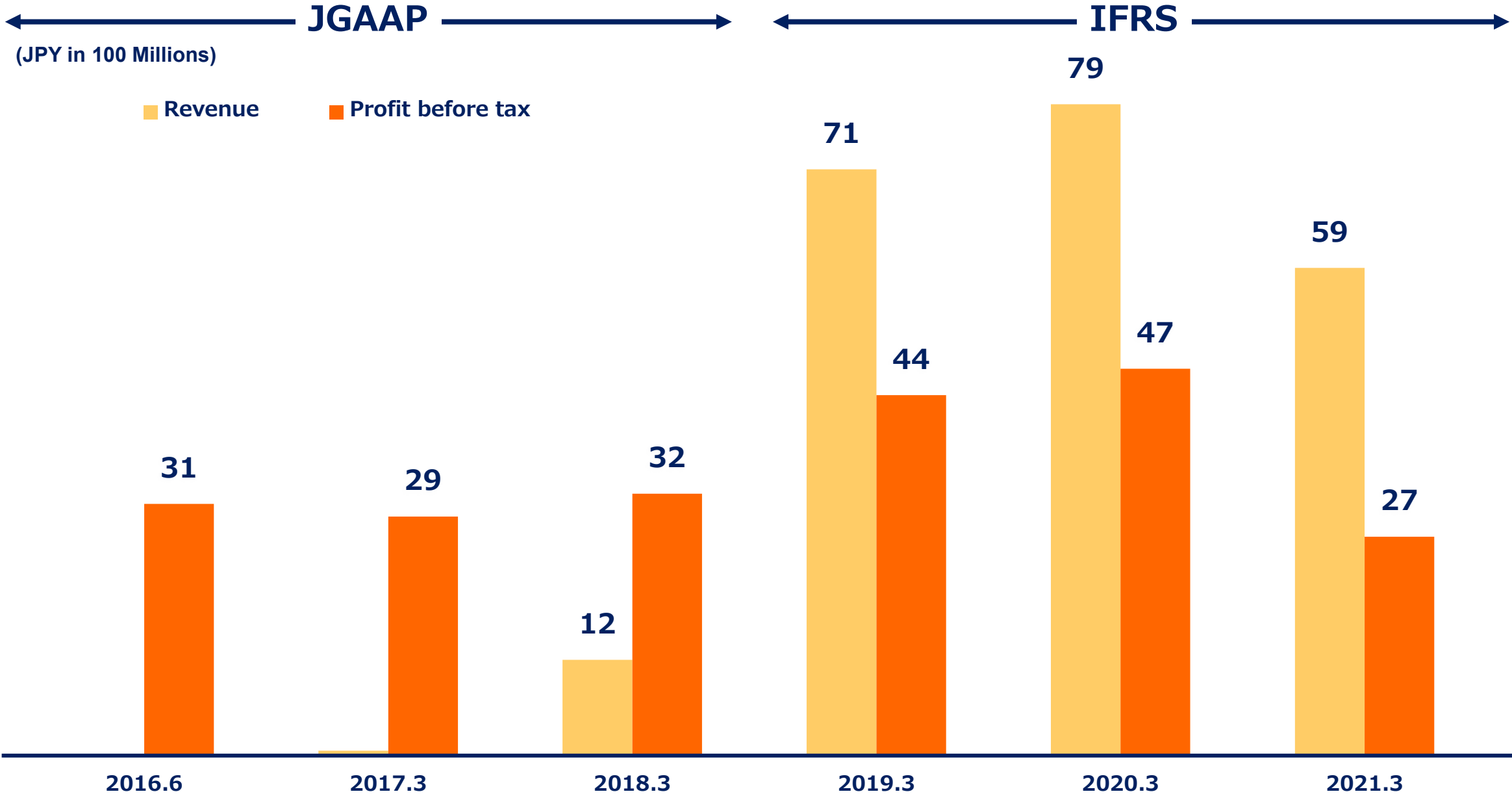


Investee	Overview	Area	Equity Ratio	Fair Value (JPY in 100 Millions)
Sen Do Technology	Operates Sendo, a marketplace for C2C and B2C in Vietnam, and provides electronic wallet services	Vietnam	12.7%	74
MX Technologies	Offers a PFM (personal financial management) tool for financial institutions in the US	US	3.5%	67
Playco Global	Provider of a mobile application intended to offer a HTML5 game development platform	US	2.0%	23
Droom Technology	Operates Droom, India's largest automotive buying and selling online marketplace	India	3.2%	20
ThredUp	The world's largest fashion resale platform, inspiring a new generation to think secondhand first. Specializing in women's and children's clothing	US	0.6%	15
SV Angel III	Bandwidth cloud solution that allows PCs and mobile devices that have OpenGarden installed to share their Internet lines	US	36.2%	10
BlockStream	Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications	US	8.4%	10
Grubmarket	Grocery B2B and B2C e-commerce	US	1.9%	8
Repro	Provide quantitative and qualitative analysis tools on SDK for app service providers	Japan	5.9%	8
PeaTix	Planning/operation of Peatix, an online ticketing service	US	9.0%	8

LTI Segment



❖ LTI Segment - Transition of Revenue and Profit Before Tax



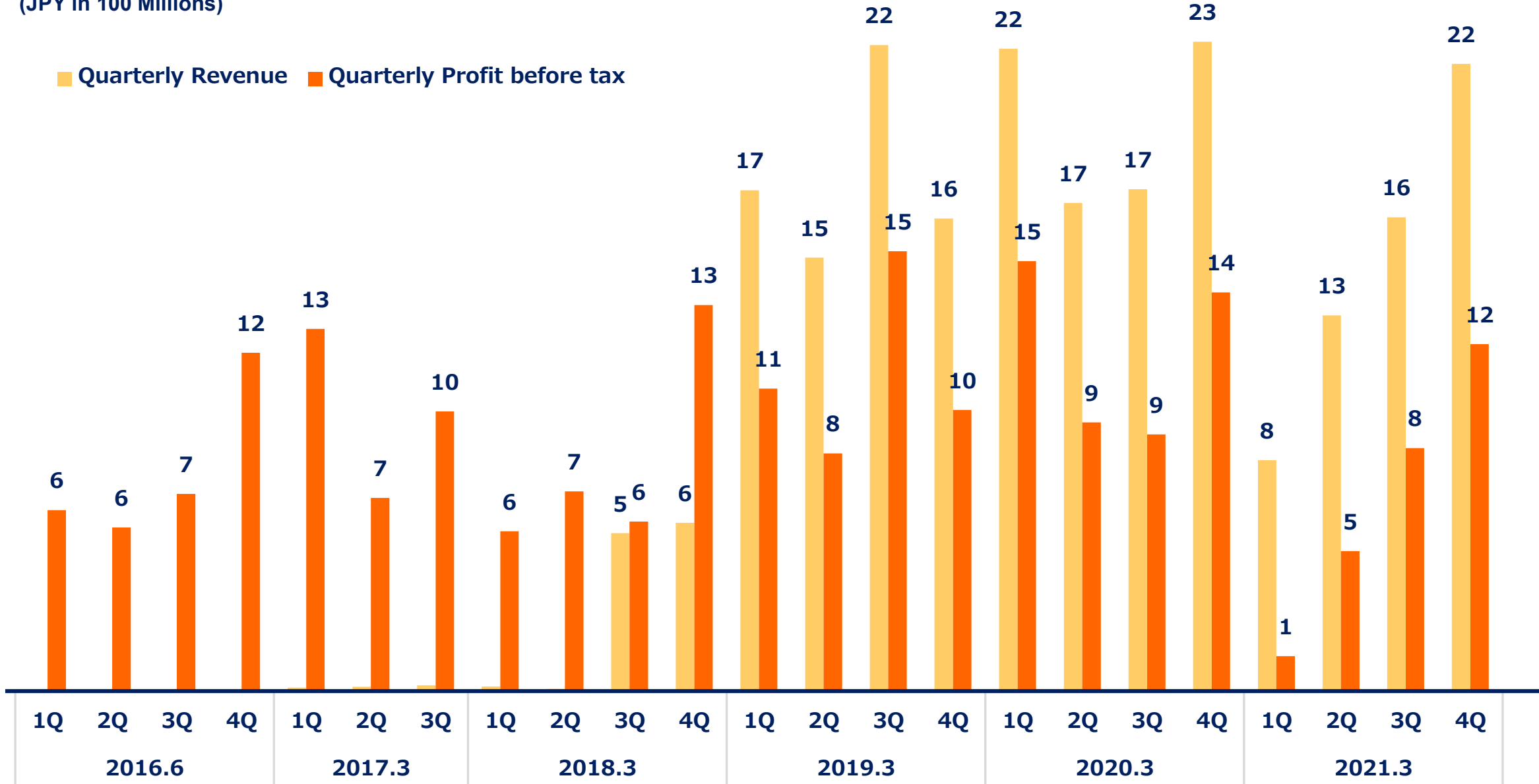
❖ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 Millions)

■ Quarterly Revenue ■ Quarterly Profit before tax



ESG in DG Group



<Mid-Term Plan >

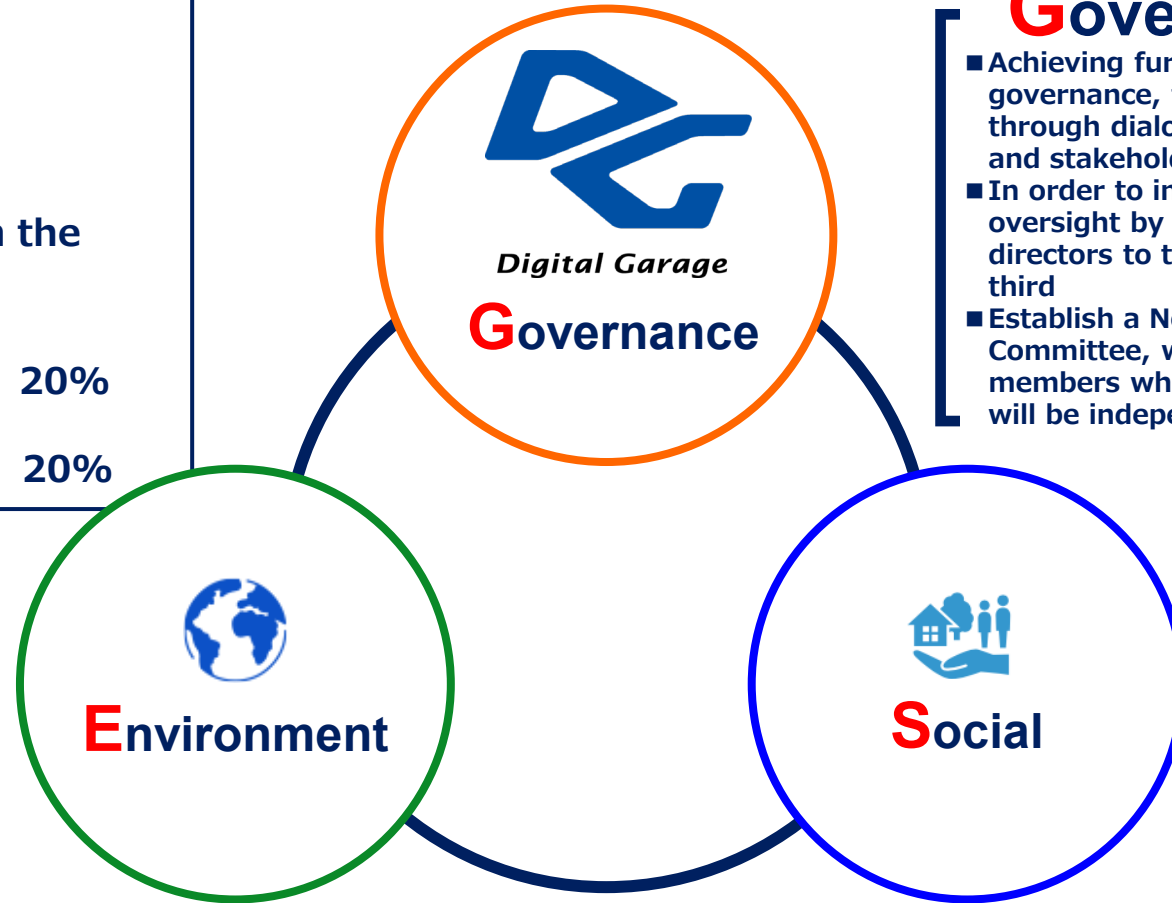
■ Growth Indicators

FT	CAGR : 20%
MT	CAGR : 20%
LTI	CAGR : 15%

■ Investment Indicators in the Incubation Business

IT	ROI : 2.5x
-----------	------------

- Capital Efficiency ROE > 20%
- Shareholder Return Dividend payout ratio : 20%



Governance

- Achieving further strengthening of corporate governance, further enhancement of corporate value through dialogue and collaboration with shareholders and stakeholders, and strengthening of governance
- In order to increase the effectiveness of management oversight by the Board of Directors, the ratio of outside directors to the Board of Directors will be at least one-third
- Establish a Nomination and Remuneration Advisory Committee, which will consist of at least three members who are directors and a majority of whom will be independent outside directors

<SDGs>

3 GOOD HEALTH AND WELL-BEING	5 GENDER EQUALITY	8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Environment · Social

- Established Onlab · ESG Fund (ESG Incubation)
- “ESG/SDGs” and relevant contextual media

- Participation in “the Data-Driven Decarbon Urban Development Implemented” by the Ministry of the Environment
- Fostering and supporting social entrepreneurs ex)PIRIKA
- Sponsorship and support for the Tohoku Youth Orchestra

Appendix





Digital Garage

Purpose

New Context Designer DG

- Designing New Context For A Sustainable Society -

Management capital [Input]

[FY 21.3]

<Input Resources>

Amount of Capital Investment*

2.3B JPY

Number of Employees

892

Amount of DGV Investment

4.5B JPY

Number of Group Companies

31

<Financial Basis>

Consolidated Total Assets

178.3B JPY

Balance of Operating Investment Securities

47.2B JPY

Equity Ratio

35%

Financial Leverage

2.9x

*NOTE: Total of tangible assets and intangible assets

Contribute to the development of sustainable society through creating new businesses

FT

MT

IT

LTI

[FY 21.3]

Transaction Volume

3.1T JPY

Number of Transaction

657 Millions

Advertisement Volume

35.0B JPY

Marketing Support

About **130B JPY**

Balance of Operating Investment Securities

47.2B JPY

Number of Investees

235

Share of Profit of Investments (Kakaku.com) Accounted for Using Equity Method

2.4B JPY

[Output]

Revenue

40.5B JPY

Profit Before Tax

14.3B JPY

ROE

17.1%

Total Propensity to Reduce

15.1%

Dividend

32 JPY

*Actual of FY 21.3

[Outcome]

Practices of Mid-Term Plan and ESG Management



- ✓ Provide significant payment infrastructure 24/365
- ✓ Establish OnLab ESG Fund
- ✓ "ESG/SDGs" and related media
- ✓ Accelerate municipalities' ESG programs and DX-support projects



Growth Indicators (Profit Before Tax CAGR)

	FY 20.3	CAGR (20.3 - 25.3)	
FT	4.0 B JPY	20 %	↑
MT	1.9 B JPY	20 %	↑
LTI	4.7 B JPY	15 %	↑

- Contributing to society as a government-specified operator of "Critical infrastructure", and supporting digital businesses utilizing cutting-edge technologies
- Further growth of digital ads to leading DX companies, and development of brand ads from developing DX companies into a second pillar
- In addition to Kakaku.com, create strategic businesses in Japan and overseas

Investment Indicators in the Incubation Business

	FY 20.3	FY 25.3	
IT	ROI 2.2 x	▶ 2.5 x	↑

- Investment and return at a level that achieves the investment hurdle rate

Capital Efficiency

ROE 20%

Aim for cost of shareholders' equity of 8% or more

Shareholder Return

Dividend payout ratio to Business cash flow before income taxes

20 %

※Cost of shareholders' equity calculated by us



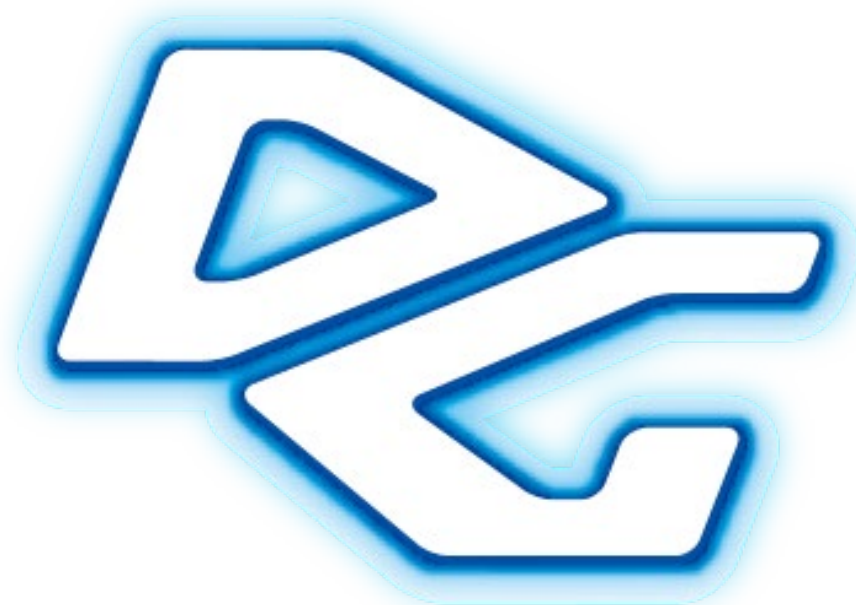
Redefine the method based on the actual cash in/out flows from our business as “Business cash flow before income taxes”

< Method of calculation of Business cash flow before income taxes >

【Previous Method】	
Cash flows from operating activities	
Adjustment items	Changes in working capital
	The amount with deduction gains and losses on fair value valuation from increase in investment securities for sale
	Income taxes
	Repayments of lease obligations
Business cash flow before income taxes	



【New Method】	
Profit before income taxes	
Adjustment items	Depreciation, Amortization
	Share of profit of investments accounted for using equity method
	Gain on sales of shares of subsidiaries and associates
	Revenue from operational investment securities (except capital gains)
Business cash flow before income taxes	



Digital Garage

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