

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2019  
(Based on IFRS)**

May 10, 2019

Company name: Digital Garage, Inc.  
 Stock exchange listing: Tokyo  
 Securities code: 4819 URL <https://www.garage.co.jp/>  
 Representative: Representative Director, Kaoru Hayashi  
 President Executive Officer and Group CEO  
 Member, Board of Directors, Senior  
 Inquiries: Executive Officer, in charge of the Corporate Strategy Division Makoto Soda TEL 03-6367-1111  
 Scheduled date of ordinary general meeting of shareholders: June 21, 2019  
 Scheduled date to file Securities Report: June 21, 2019  
 Scheduled date to commence dividend payments: June 24, 2019  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Revenue		Profit before tax		Profit		Profit attributable to owners of parent		Comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2019	35,687	39.9	13,424	60.3	9,790	54.5	9,771	52.4	9,515	49.4
Year ended March 31, 2018	25,503	-	8,376	-	6,337	-	6,412	-	6,368	-

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Year ended March 31, 2019	210.28	199.26	21.9	10.1	37.6
Year ended March 31, 2018	135.99	134.98	16.1	7.7	32.8

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2019	146,890	47,345	46,609	31.7	1,014.34
As of March 31, 2018	119,545	43,199	42,717	35.7	905.23

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2019	2,580	(2,397)	8,509	48,154
Year ended March 31, 2018	12,316	2,883	174	39,450

## 2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to equity attributable to owners of parent
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2018	–	0.00	–	24.00	24.00	1,133	17.6	2.8
Year ended March 31, 2019	–	0.00	–	28.00	28.00	1,287	13.3	2.9
Year ending March 31, 2020 (Forecast)	–	–	–	–	–		–	

(Note: Fiscal year ending March 31, 2020 forecast is to be determined.)

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

In the field of investment and incubation in domestic and overseas unlisted companies in the Incubation Technology Segment, it is difficult to reasonably estimate the fair value of securities held by Digital Garage Group at the end of the fiscal year. Therefore, Digital Garage, Inc. does not disclose consolidated financial forecasts.

## 4. Notes

### (1) Changes in significant subsidiaries during the year ended March 31, 2019

(changes in specified subsidiaries resulting in the change in scope of consolidation): –

### (2) Changes in accounting policies and changes in accounting estimates

Changes in accounting policies required by IFRS: –

Changes in accounting policies due to other reasons: –

Changes in accounting estimates: –

### (3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

As of March 31, 2019	47,341,600 shares	As of March 31, 2018	47,312,800 shares
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Number of treasury shares at end of period

As of March 31, 2019	1,391,452 shares	As of March 31, 2018	123,821 shares
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Average number of shares during period

Year ended March 31, 2019	46,465,122 shares	Year ended March 31, 2018	47,153,490 shares
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**Consolidated financial statements**  
**Consolidated statement of financial position**

(Millions of yen)

	IFRS Transition Date As of April 1, 2017	As of March 31, 2018	As of March 31, 2019
Assets			
Current assets			
Cash and cash equivalents	27,035	39,450	48,154
Trade and other receivables	18,634	21,330	23,254
Inventories	2	283	232
Operational investment securities	15,902	16,745	26,695
Other financial assets	14	442	451
Income taxes receivable	144	44	6
Other current assets	386	482	394
Total current assets	<u>62,117</u>	<u>78,776</u>	<u>99,186</u>
Non-current assets			
Property, plant and equipment	8,076	8,495	9,421
Goodwill	5,434	7,959	6,575
Intangible assets	1,812	2,104	2,575
Investment property	3,141	2,966	3,046
Investments accounted for using equity method	13,637	13,915	19,139
Other financial assets	5,006	5,010	6,662
Deferred tax assets	80	195	137
Other non-current assets	99	124	148
Total non-current assets	<u>37,286</u>	<u>40,769</u>	<u>47,704</u>
Total assets	<u><u>99,403</u></u>	<u><u>119,545</u></u>	<u><u>146,890</u></u>

	IFRS Transition Date As of April 1, 2017	As of March 31, 2018	(Millions of yen) As of March 31, 2019
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	6,937	4,623	2,211
Trade and other payables	26,038	39,407	45,799
Other financial liabilities	555	760	853
Income taxes payable	435	1,010	1,076
Other current liabilities	1,520	2,244	2,482
<b>Total current liabilities</b>	<b>35,486</b>	<b>48,044</b>	<b>52,420</b>
<b>Non-current liabilities</b>			
Bonds and borrowings	17,207	19,243	35,959
Other financial liabilities	5,089	5,244	5,430
Retirement benefit liability	–	544	565
Provisions	149	326	321
Deferred tax liabilities	2,723	2,754	4,744
Other non-current liabilities	216	191	106
<b>Total non-current liabilities</b>	<b>25,384</b>	<b>28,302</b>	<b>47,125</b>
<b>Total liabilities</b>	<b>60,870</b>	<b>76,346</b>	<b>99,545</b>
<b>Equity</b>			
Share capital	7,437	7,465	7,504
Capital surplus	3,524	3,748	4,235
Treasury shares	(51)	(26)	(5,026)
Other components of equity	1,789	1,575	1,303
Retained earnings	24,251	29,955	38,593
<b>Total equity attributable to owners of parent</b>	<b>36,951</b>	<b>42,717</b>	<b>46,609</b>
Non-controlling interests	1,583	483	736
<b>Total equity</b>	<b>38,534</b>	<b>43,199</b>	<b>47,345</b>
<b>Total liabilities and equity</b>	<b>99,403</b>	<b>119,545</b>	<b>146,890</b>

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Continuing operations		
Revenue in recurring business	18,141	22,713
Revenue in operational investment securities	1,007	6,090
Other income	2,111	1,933
Finance income	764	117
Share of profit of investments accounted for using equity method	3,481	4,835
<b>Total</b>	<b>25,503</b>	<b>35,687</b>
Cost of sales	7,187	10,401
Selling, general and administrative expenses	9,095	11,296
Other expenses	542	332
Finance costs	303	235
<b>Total</b>	<b>17,127</b>	<b>22,264</b>
Profit before tax	8,376	13,424
Income tax expense	1,857	4,088
Profit from continuing operations	6,518	9,336
Discontinued operations		
Revenue	3,260	1,261
Expenses	3,403	1,655
Profit (loss) before tax from discontinued operations	(143)	(394)
Income tax expense	38	(225)
Profit (loss) after tax from discontinued operations	(181)	(169)
Loss (gain) on sales on discontinued operations	–	898
Income tax expense from sale of discontinued operations	–	275
Profit (loss) from discontinued operations	(181)	454
<b>Profit</b>	<b>6,337</b>	<b>9,790</b>
Profit (loss) attributable to		
Owners of parent	6,412	9,771
Non-controlling interests	(75)	19
Earnings (loss) per share (Yen)		
Basic earnings (loss) per share		
Continuing operations	139.66	199.93
Discontinued operations	(3.68)	10.35
<b>Total</b>	<b>135.99</b>	<b>210.28</b>
Diluted earnings (loss) per share		
Continuing operations	138.63	189.51
Discontinued operations	(3.65)	9.75
<b>Total</b>	<b>134.98</b>	<b>199.26</b>

## Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	6,337	9,790
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	237	(439)
Remeasurements of defined benefit plans	0	(3)
Share of other comprehensive income of investments accounted for using equity method	28	8
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(234)	159
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Total other comprehensive income(loss)	31	(275)
Comprehensive income	6,368	9,515
Comprehensive income(loss) attributable to		
Owners of parent	6,432	9,499
Non-controlling interests	(64)	16

## Consolidated statement of changes in equity

(Millions of yen)

	Equity attributable to owners of parent						
	Share capital	Capital surplus	Treasury shares	Other components of equity			Total
				Financial assets measured at fair value through other comprehensive income	Foreign currency translation adjustments	Remeasurements of defined benefit plans	
Balance at April 1, 2017	7,437	3,524	(51)	484	1,306	–	1,789
Profit							–
Other comprehensive income				254	(234)	0	20
Comprehensive income	–	–	–	254	(234)	0	20
Issuance of new shares	28	28					–
Changes in ownership interest in subsidiaries		2					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		196					–
Forfeiture of share acquisition rights		3					–
Purchase of treasury shares			(0)				–
Disposal of treasury shares		68	25				–
Transfer from other components of equity to retained earnings				(234)			(234)
Other		(73)					–
Total	28	224	25	(234)	–	–	(234)
Balance at March 31, 2018	7,465	3,748	(26)	504	1,071	0	1,575
Profit							–
Other comprehensive income				(428)	159	(3)	(272)
Comprehensive income	–	–	–	(428)	159	(3)	(272)
Issuance of new shares	39	39					–
Changes in ownership interest in subsidiaries		(491)					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		231					–
Forfeiture of share acquisition rights		6					–
Purchase of treasury shares		(5)	(5,000)				–
Issue of convertible bonds		703					–
Transfer from other components of equity to retained earnings				(0)			(0)
Other		5					–
Total	39	487	(5,000)	(0)	–	–	(0)
Balance at March 31, 2019	7,504	4,235	(5,026)	75	1,231	(3)	1,303

	(Millions of yen)			
	Equity attributable to owners of parent		Non-controlling	Total
	Retained earnings	Total	interests	
Balance at April 1, 2017	24,251	36,951	1,583	38,534
Profit	6,412	6,412	(75)	6,337
Other comprehensive income		20	11	31
Comprehensive income	6,412	6,432	(64)	6,368
Issuance of new shares		55		55
Changes in ownership interest in subsidiaries		2	1,784	1,786
Change in scope of consolidation		–	(2,820)	(2,820)
Dividends	(942)	(942)		(942)
Share-based payment transactions		196		196
Forfeiture of share acquisition rights		3		3
Purchase of treasury shares		(0)		(0)
Disposal of treasury shares		93		93
Transfer from other components of equity to retained earnings	234	–		–
Other		(73)		(73)
Total	(708)	(666)	(1,037)	(1,703)
Balance at March 31, 2018	29,955	42,717	483	43,199
Profit	9,771	9,771	19	9,790
Other comprehensive income		(272)	(3)	(275)
Comprehensive income	9,771	9,499	16	9,515
Issuance of new shares		77		77
Changes in ownership interest in subsidiaries		(491)	937	446
Change in scope of consolidation		–	(638)	(638)
Dividends	(1,133)	(1,133)	(61)	(1,194)
Share-based payment transactions		231		231
Forfeiture of share acquisition rights		6		6
Purchase of treasury shares		(5,005)		(5,005)
Issue of convertible bonds		703		703
Transfer from other components of equity to retained earnings	0	–		–
Other		5		5
Total	(1,132)	(5,607)	238	(5,369)
Balance at March 31, 2019	38,593	46,609	736	47,345



## Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before tax	8,376	13,424
Depreciation and amortization	1,696	1,952
Impairment loss	230	36
Interest and dividend income	(6)	(23)
Interest expenses	138	141
Share of loss (profit) of investments accounted for using equity method	(3,481)	(4,835)
Loss (gain) on sales of shares of subsidiaries and associates	(1,467)	(1,152)
Decrease (increase) in trade and other receivables	91	(3,459)
Decrease (increase) in investment securities for sale	(3,065)	(10,085)
Decrease (increase) in inventories	38	(50)
Increase (decrease) in trade and other payables	10,301	6,719
Other	(488)	255
Subtotal	12,362	2,923
Interest and dividends received	1,146	1,312
Interest paid	(147)	(150)
Income taxes refund (paid)	(1,073)	(1,694)
Net cash provided by (used in) operating activities from discontinued operations	29	189
Net cash provided by (used in) operating activities	12,316	2,580
Cash flows from investing activities		
Purchase of property, plant and equipment	(290)	(1,265)
Purchase of intangible assets	(852)	(1,213)
Purchase of investment securities	(1,191)	(2,587)
Proceeds from sale of investment securities	2,941	949
Payments for acquisition of subsidiaries	(406)	–
Proceeds from acquisition of subsidiaries	1,196	–
Proceeds from sale of subsidiaries	–	1,072
Purchase of investments accounted for using equity method	–	(1,388)
Proceeds from sale of investments accounted for using equity method	1,763	2,033
Payments for leasehold deposits and guarantee deposits	(363)	(50)
Other	113	84
Net cash provided by (used in) investing activities from discontinued operations	(29)	(34)
Net cash provided by (used in) investing activities	2,883	(2,397)

	(Millions of yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,165)	(109)
Proceeds from long-term borrowings	5,683	–
Repayments of long-term borrowings	(5,007)	(9,836)
Proceeds from issuance of bonds with share acquisition rights	–	25,161
Repayments of lease obligations	(693)	(867)
Capital contribution from non-controlling interests	3,184	422
Payments for acquisition of interests in subsidiaries from non-controlling interests	–	(137)
Proceeds from sale of interests in subsidiaries to non-controlling interests	–	28
Payments for purchase of treasury shares	(0)	(5,005)
Dividends paid	(943)	(1,073)
Other	102	(14)
Net cash provided by (used in) financing activities from discontinued operations	13	(60)
Net cash provided by (used in) financing activities	174	8,509
Effect of exchange rate changes on cash and cash equivalents	(104)	12
Net increase (decrease) in cash and cash equivalents	15,269	8,704
Cash and cash equivalents at beginning of period	27,035	39,450
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(2,854)	–
Cash and cash equivalents at end of period	39,450	48,154