

Digital Garage, Inc.

FYE March 31, 2022 Financial Report



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

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Purpose & Slogan





<Purpose>

Designing “New Context” for a sustainable society with technology



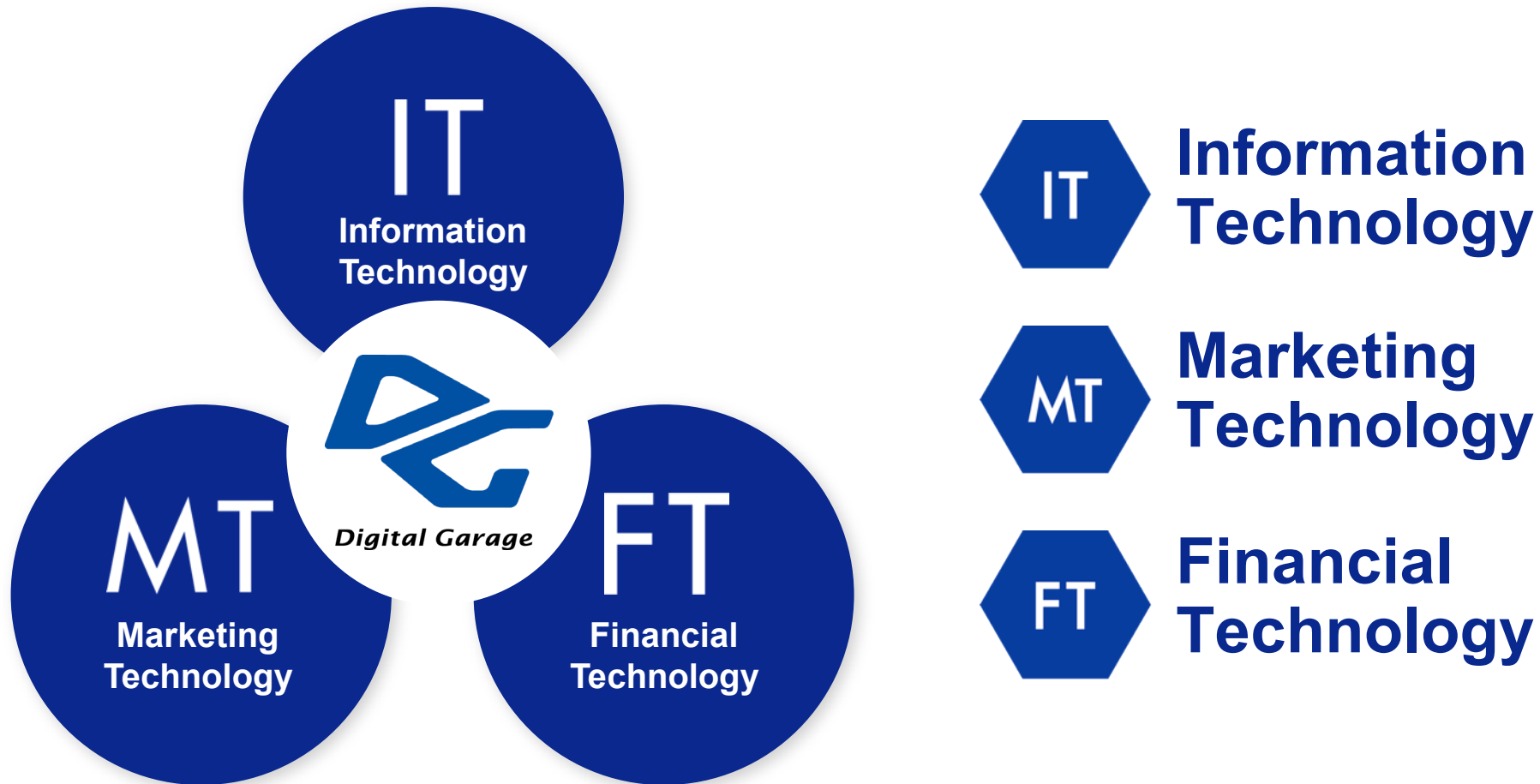
New Context Designer DG



Digital Garage

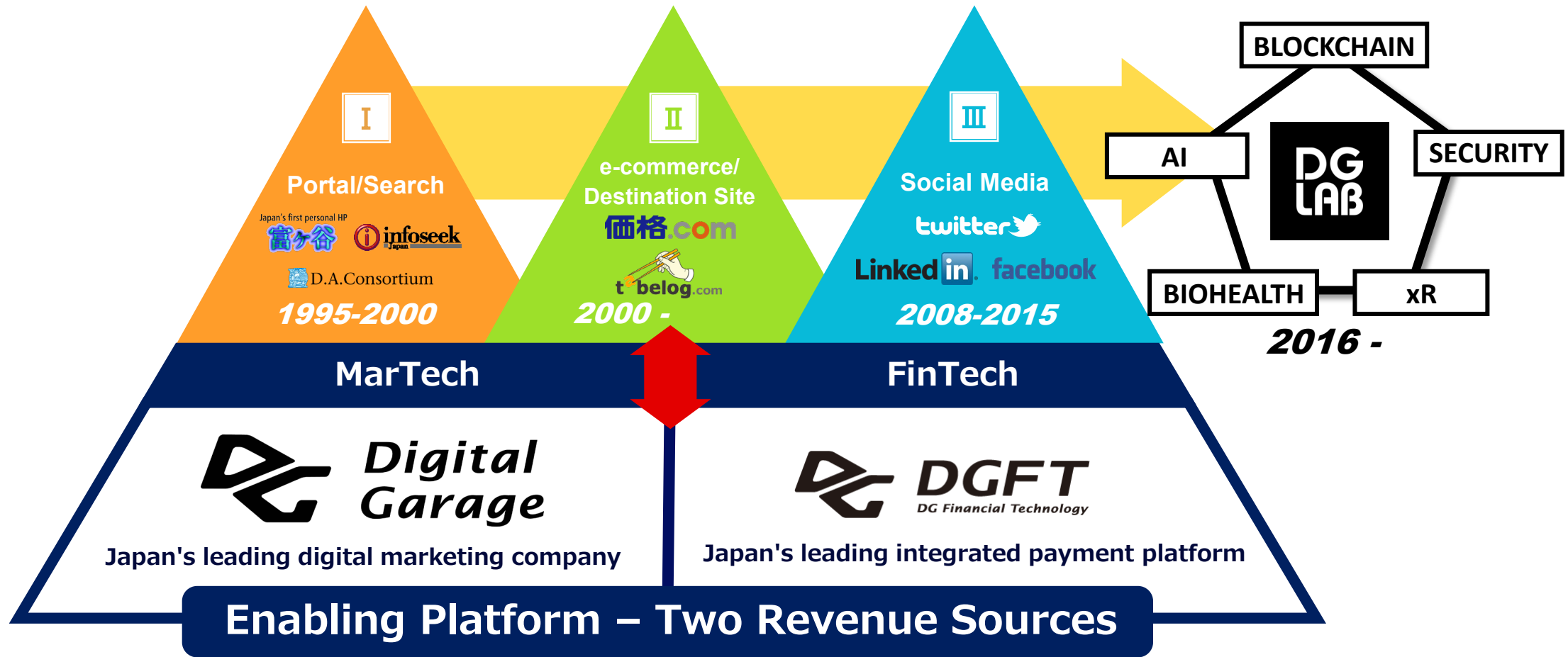


**Implementing a new business context in society
by making full use of the three technologies of IT / MT / FT**





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



Investment Highlights





Accelerate “DG FinTech Shift,” a Group Strategy to Integrate Data and Payment

FT strategic business

- Jun.2021 ● Strategic subsidiary Crypto Garage registered as Japan’s first B2B-only crypto asset exchange Service Provider
- Oct.2021 ● At the same time as a capital and business alliance with Nomura Holdings, Inc. , a business alliance with a group company in the custody business

DGFT

DG Financial Technology

- Sep.2021 Acquired India's financial system development company (DG FutureTech India) as a new financial base

FT strategic business

- Sep.2021 Started electronic contract centralized management service to support the real estate industry's digital transformation



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DGFT

DG Financial Technology

- Dec.2021 Capital and business alliance with Toshiba Tec Corporation, which had already collaborated to establish JV

DGFT

DG Financial Technology

- Feb.2022 Capital and business alliance with JCB Co., Ltd., a long-term leading partner in the payment business

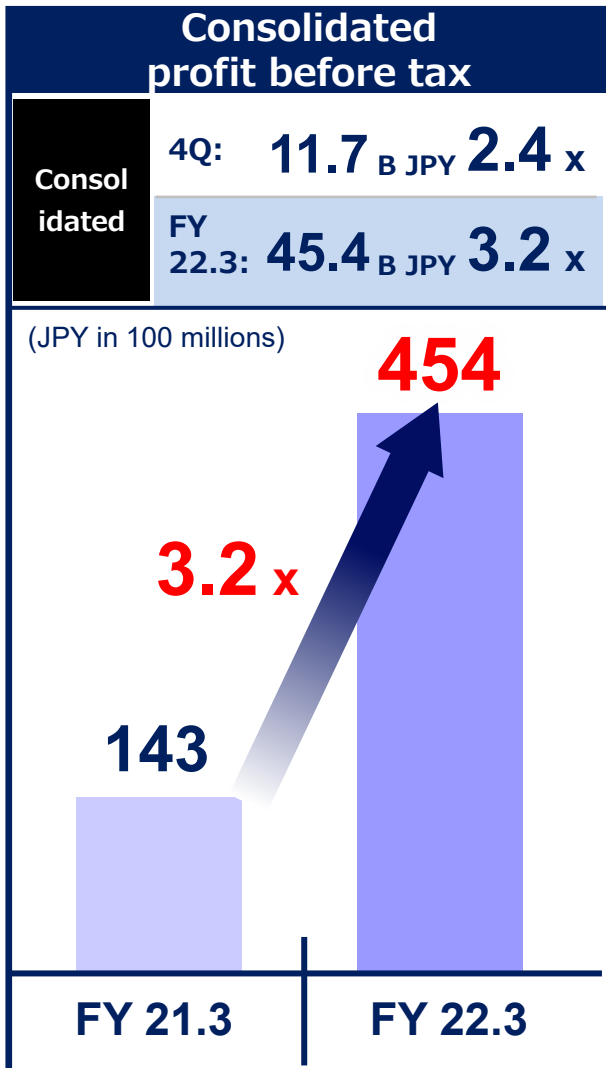
FT strategic business

- Mar.2022 Started business of online ordering service  **Pangaea Delivery** in collaboration with JCB Co., Ltd. / Toshiba Tec Corporation



Profit before tax for FY 22.3 increased by 3.2x YoY to 45.4 B JPY, significantly renewed record high profit

~ FT's profit for 4Q achieved a high growth with 21% increase, and IT's profit tripled to a record high ~



Profit before tax

FT	4Q: 1.1 B JPY +21 %
	FY 22.3: 4.5 B JPY +11 %
MT	4Q: 0.4 B JPY +43 %
	FY 22.3: 0.9 B JPY +20 %
IT	4Q: <u>11.1 B JPY</u> 3.3 x
	FY 22.3: <u>31.2 B JPY</u> 3.0 x
LTI	4Q: ▲0.6 B JPY -
	FY 22.3: 1.4 B JPY ▲48 %

Outlook and KPI by segments

FT	<ul style="list-style-type: none"> ✓ In addition to an increase in transaction volume due to the expansion of the EC market, domestic face-to-face settlements also grew strongly. Despite some reaction to COVID-19 demand, domestic travel related payments recovered to FY20.3 or higher levels prior to COVID-19, and public funds and eating out etc. continued to grow
	<ul style="list-style-type: none"> ■ Transaction volume 3,597.8 B JPY (YoY +18%) of which, face-to-face settlement 275.5 B JPY (YoY +65%) ■ Number of transactions 723 million (YoY +10%)
	<ul style="list-style-type: none"> ✓ Mainstay digital ads transaction volume was firm, mainly in financial-related, and in particular, digital ads for credit card increased. Finance-related CRM and app development also recovering according to Group FinTech Shift
MT	<ul style="list-style-type: none"> ■ Digital ads volume 30.2 B JPY (YoY +5%) of which, financial ads volume 17.7 B JPY (YoY +11%)
	<ul style="list-style-type: none"> ✓ Successful strategic investment in advanced FinTech/DX companies. Growth in fair value across Japan, the U.S. and Asia, particularly in the U.S. On April 11, the investee GoTo Group was listed on the Indonesian Stock Exchange
IT	<ul style="list-style-type: none"> ■ Investment / Sold 6.7 B JPY / 3.7 B JPY ■ Fair valuation 77.9 B JPY (from E of Mar. 2021 +65%)
	<ul style="list-style-type: none"> ✓ Kakaku.com : Tabelog reservations are on a recovery trend, and traffic from New Media & Solutions such as job boxes continues to be strong Crypto Garage : Final preparations for the start of commercial transactions by the end of June Academie Du Vin : Impairment was recorded due to restructuring
LTI	<ul style="list-style-type: none"> ■ Investment profit on equity method of Kakaku.com 2.9 B JPY (YoY +22%)

FY22.3 Consolidated P/L Summary (IFRS)



**Consolidated revenue in FY 22.3 increased by 1.8x YoY to 73.0 B JPY,
Profit before tax went up by 3.2x YoY to 45.4 B JPY**

~ Despite the strong performance of FT, revenue in recurring business flattened due to decline in CRM contracted developments in MT,
revenue in operational investment securities significantly increased ~

JPY in Millions	FY21.3				FY22.3				FY22.3		YonY (4Q)		FY 21.3		FY 22.3		YonY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	%	Amount	1Q-4Q	1Q-4Q	%	Amount				
Revenue	6,944	12,320	9,447	11,767	10,843	29,266	12,779	20,067	+70.5%	+8,300	40,478	72,955	+80.2%	+32,476				
Revenue in recurring business	6,148	6,301	6,138	6,357	6,004	6,068	6,226	6,532	+2.7%	+174	24,945	24,830	-0.5%	-115				
Revenue in operational investment securities	302	4,968	2,226	3,535	3,893	9,834	4,378	10,163	2.9 x	+6,628	11,031	28,269	2.6 x	+17,238				
Other income	193	207	214	1,335	326	223	202	202	-84.9%	-1,133	1,949	954	-51.1%	-995				
Finance income	1	0	17	40	18	11,382	513	1,247	30.9 x	+1,207	59	13,161	-	+13,102				
Share of profit of investments accounted for using equity method	300	843	853	499	600	1,758	1,461	1,923	3.9 x	+1,424	2,495	5,741	2.3 x	+3,246				
Expenses	6,539	6,689	6,123	6,811	5,969	6,715	6,526	8,352	+22.6%	+1,541	26,161	27,561	+5.4%	+1,400				
Cost of sales	2,764	2,829	2,459	2,645	2,531	2,617	2,662	2,703	+2.2%	+58	10,697	10,513	-1.7%	-183				
Selling, general and administrative expenses	3,453	3,588	3,400	4,095	3,304	3,831	3,696	3,988	-2.6%	-108	14,537	14,818	+1.9%	+281				
Other expenses	69	109	69	370	72	117	99	1,594	4.3 x	+1,224	617	1,881	3.0 x	+1,264				
Finance costs	252	163	195	-299	62	151	69	68	-	+367	311	349	+12.2%	+38				
Profit before tax	405	5,632	3,324	4,956	4,874	22,551	6,253	11,715	2.4 x	+6,759	14,317	45,393	3.2 x	+31,077				
Profit attributable to owners of parent	224	3,779	2,290	3,493	3,343	15,152	4,305	7,529	2.2 x	+4,036	9,786	30,330	3.1 x	+20,545				

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

Finance income includes fair value valuation gain on Blockstream Corporation Inc., investment securities held by Digital Garage, Inc.

FY22.3 Segment P/L Summary (IFRS)



**FT : Achieved record high profit as EC payments and face-to-face settlements performed favorably,
IT : Significant profit growth due to increase in fair value of investees**

~ MT : Financial sectors in the mainstay digital ads remained firm, LTI : Lower sales and profits due to the transfer of a subsidiary business in the previous fiscal year and impairment losses at a subsidiary in the current fiscal year ~

JPY in Millions	FY21.3				FY 22.3				FY 22.3		YonY (4Q)		FY 21.3	FY 22.3	YonY	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	%	Amount	1Q-4Q	1Q-4Q	%	Amount		
Revenue	6,944	12,320	9,447	11,767	10,843	29,266	12,779	20,067	+70.5%	+8,300	40,478	72,955	+80.2%	+32,476		
Financial Technology	2,340	2,409	2,525	2,392	2,516	2,675	2,814	2,757	+15.3%	+365	9,666	10,762	+11.3%	+1,096		
Marketing Technology	3,335	3,257	2,958	3,499	3,217	3,098	3,091	3,625	+3.6%	+126	13,049	13,031	-0.1%	-17		
Incubation Technology	389	5,269	2,225	3,599	4,015	12,214	5,008	11,549	3.2 x	+7,950	11,482	32,787	2.9 x	+21,305		
Long-term Incubation	801	1,305	1,646	2,179	1,034	993	1,402	1,139	-47.8%	-1,041	5,931	4,567	-23.0%	-1,364		
Others/Adjustments and Eliminations	79	81	94	97	61	10,286	465	996	10.2 x	+899	351	11,808	33.6 x	+11,456		
Profit before tax	405	5,632	3,324	4,956	4,874	22,551	6,253	11,715	2.4 x	+6,759	14,317	45,393	3.2 x	+31,077		
Financial Technology	1,018	1,083	1,141	875	1,108	1,120	1,264	1,057	+20.7%	+181	4,118	4,548	+10.5%	+431		
Marketing Technology	178	78	202	276	223	146	119	395	+43.0%	+119	735	883	+20.2%	+149		
Incubation Technology	72	4,916	1,861	3,415	3,636	11,886	4,593	11,100	3.3 x	+7,685	10,264	31,215	3.0 x	+20,951		
Long-term Incubation	120	485	843	1,205	599	536	849	-603	-	-1,808	2,653	1,380	-48.0%	-1,272		
Others/Adjustments and Eliminations	-983	-931	-724	-815	-692	8,862	-572	-233	-	+582	-3,452	7,366	-	+10,818		

NOTE) Revenue here shows revenue from external customers

FY22.3 Consolidated B/S Summary (IFRS)



JPY in Millions	End of FY21.3	End of FY22.3	Difference	Reason for change / Remarks
Current assets	113,548	147,642	+34,094	
Cash and cash equivalents	37,989	43,415	+5,427	
Trade and other receivables	26,574	24,462	-2,112	FT business-related items
Operational investment securities	47,170	77,950	+30,780	Increase in fair value of investee companies
Non-current assets	64,753	83,965	+19,212	
Property, plant and equipment	19,478	18,423	-1,055	
Intangible assets	4,000	4,194	+194	
Investments accounted for using equity method	22,446	27,808	+5,362	Equity in earnings of affiliates
Other financial assets	7,878	23,317	+15,439	Increase in fair value of investee companies
Total assets	178,301	231,607	+53,306	
Current liabilities	56,865	59,242	+2,377	
Borrowings	9,768	9,223	-545	Refinancing long-term loans payable within one year
Trade and other payables	39,911	43,900	+3,989	
Non-current liabilities	58,355	75,149	+16,794	
Bonds and borrowings	35,850	40,710	+4,860	
Other financial liabilities	12,168	10,683	-1,486	
Deferred tax liabilities	8,515	22,001	+13,486	Increase in estimated tax expense on unrealized gains on securities
Total liabilities	115,220	134,390	+19,171	
Total equity	63,082	97,217	+34,136	
Total equity attributable to owners of parent	62,134	95,738	+33,603	
Share capital	7,637	7,692	+55	
Capital surplus	4,566	6,147	+1,580	
Treasury shares	-4,915	-1,409	+3,506	Disposal of treasury stock
Other components of equity	2,062	2,273	+211	
Retained earnings	52,785	81,035	+28,250	Increased profit
Non-controlling interests	947	1,479	+532	
Total liabilities and equity	178,301	231,607	+53,306	

Segment Performance Review





I Financial Technology Segment

	Revenue	Profit before tax
FY 21.3	9,666 M JPY	4,118 M JPY
FY 22.3	10,762 M JPY	4,548 M JPY

▶ **DG Financial Technology, Inc.**

Japan's leading payment service provider



▶ **NaviPlus Co., Ltd.**

Subsidiary of DG Financial Technology, Inc. Offers website support tools including personalized recommendation engines



▶ **Scudetto Corporation**

Providing fraud detection / prevention solutions, marketing solutions, etc.



▶ **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

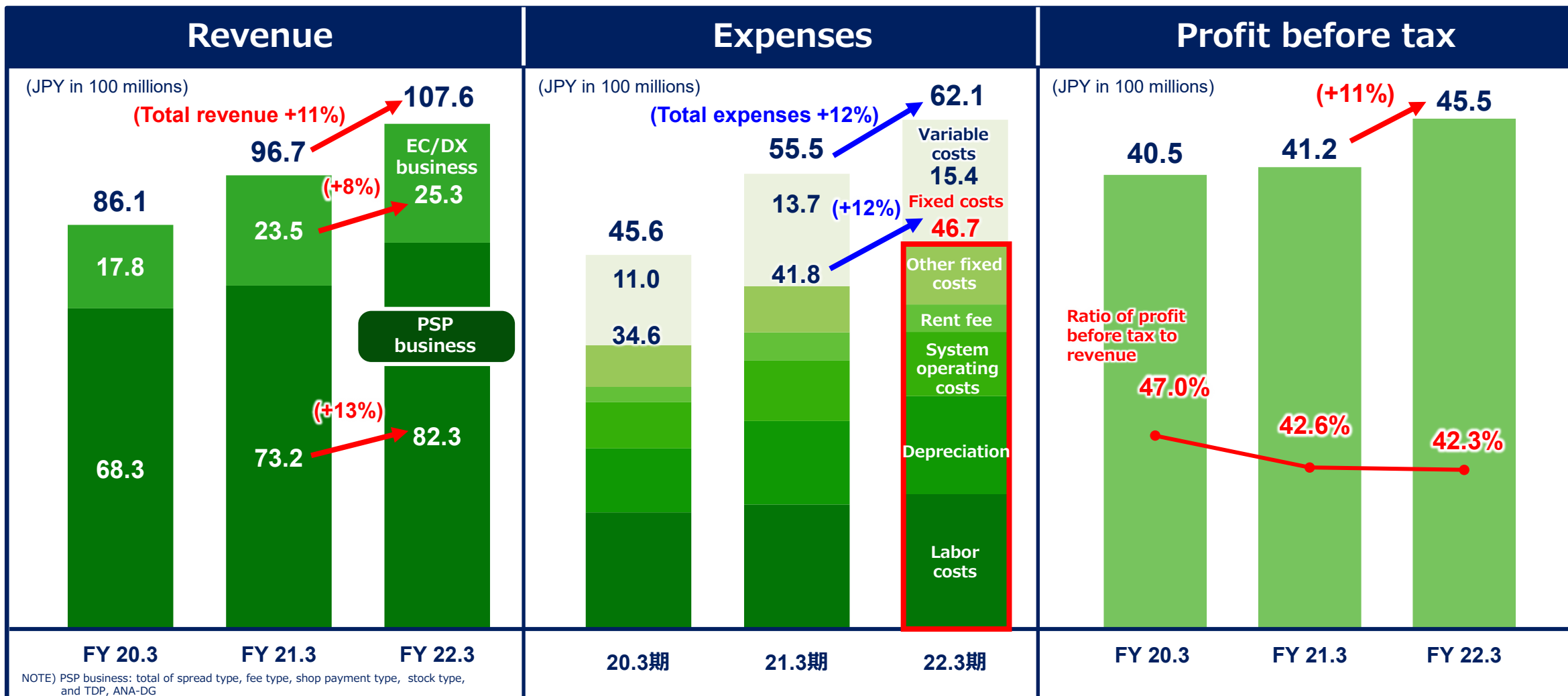


NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.



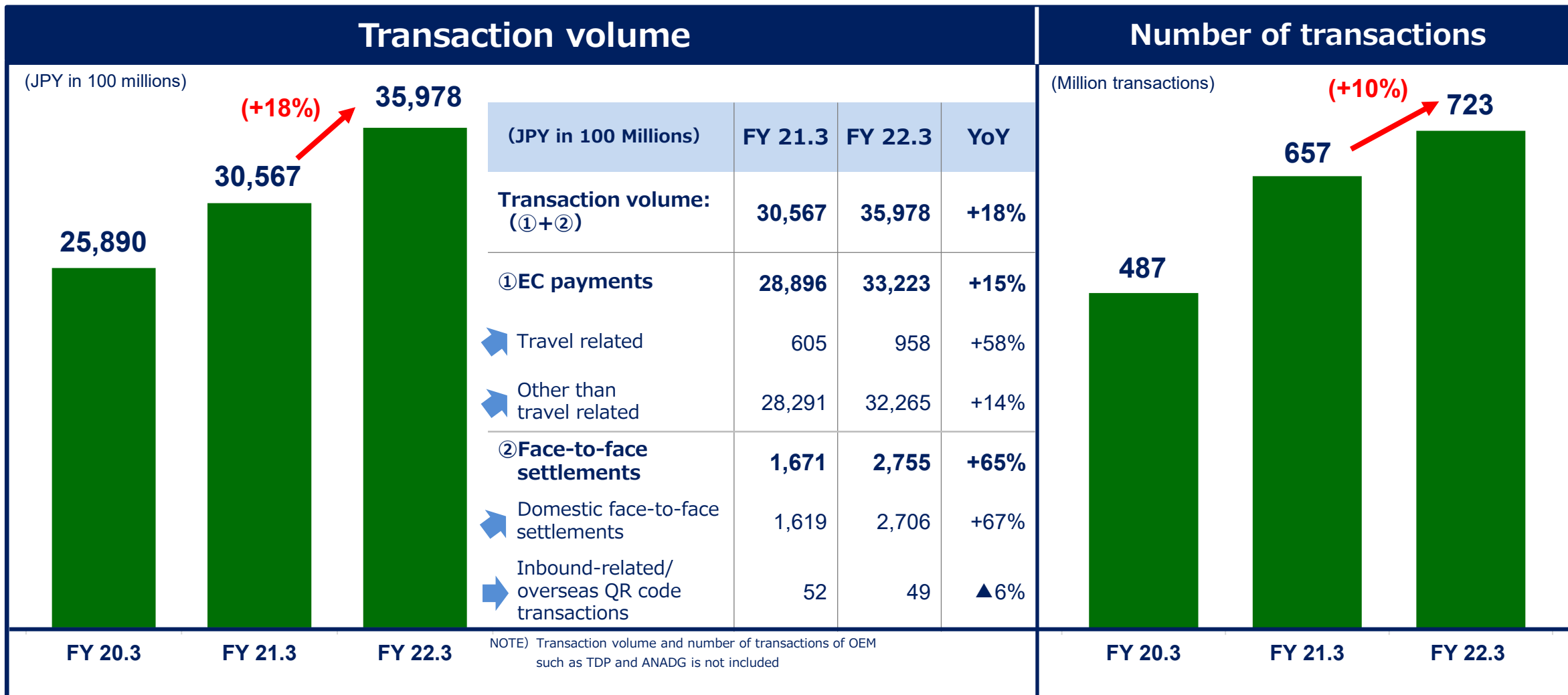
Total revenue grew by 11% YoY to 10.8 B JPY, mainstay PSP business revenue performed strongly

~ Profit before tax increased by 11% YoY to 4.5 B JPY, reached record high profit despite continued investment for stable system operation and expansion ~





Transaction volume increased by 18% YoY to 3.6 T JPY,
 Number of transactions went up by 10% YoY to 723 millions, continuing high growth
 ~ Transaction volume for EC payments grew by 15% YoY due to the recovery in travel related,
 Face-to-face settlements increased by 65% YoY as domestic settlements performed strongly ~

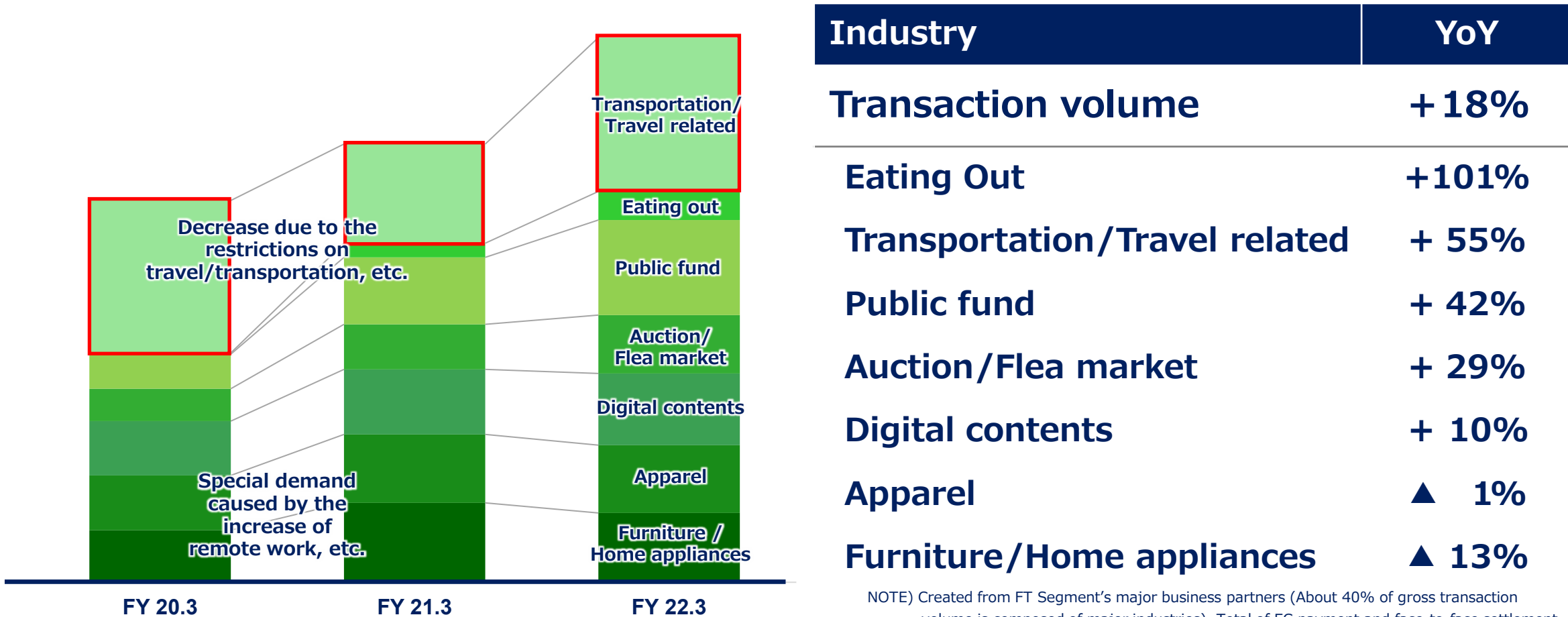




Mainstay transportation/travel related transaction volume rose 55% YoY, recovering to over the FY 20.3 level before COVID-19

Eating out and public fund also grew substantially, and furniture/ home appliances declined due to a reaction to special COVID-19 demand and the global chip shortage

Increase/decrease of transaction volume by major industry



NOTE) Created from FT Segment's major business partners (About 40% of gross transaction volume is composed of major industries). Total of EC payment and face-to-face settlement



Strategy by market size



POS Register

Medium to large scale Retail market



TD Payment Corporation

- JV with Toshiba Tec Corporation, the top share company in Japan providing multi-payment solution.
- Transaction volume grew by 52% YoY as introducing into major drugstores and supermarkets, etc. progressed



Tablet POS



Multi-Payment Terminal mPOS

Small to medium scale Retail market



ANA Digital Gate

- Provide OEM to Recruit Holdings Co., Ltd.
- Offer payment terminals and multi-payment solutions at ANA DG, a JV with ANA Group
- Transaction volume increased by 67% YoY



QR Code Scanning Panel Cloud Pay

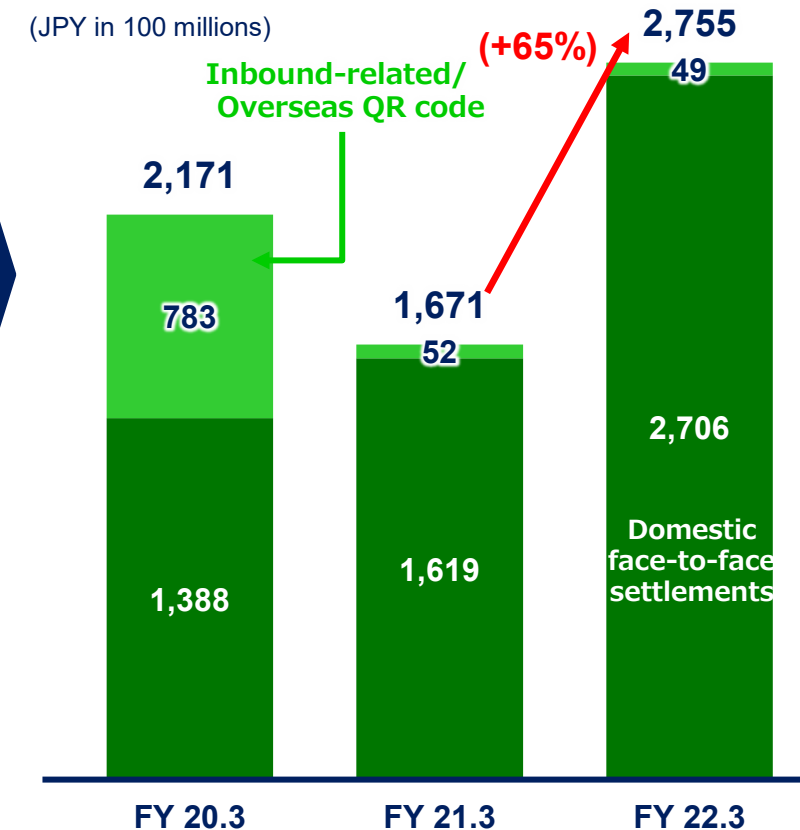
Small scale Retail market



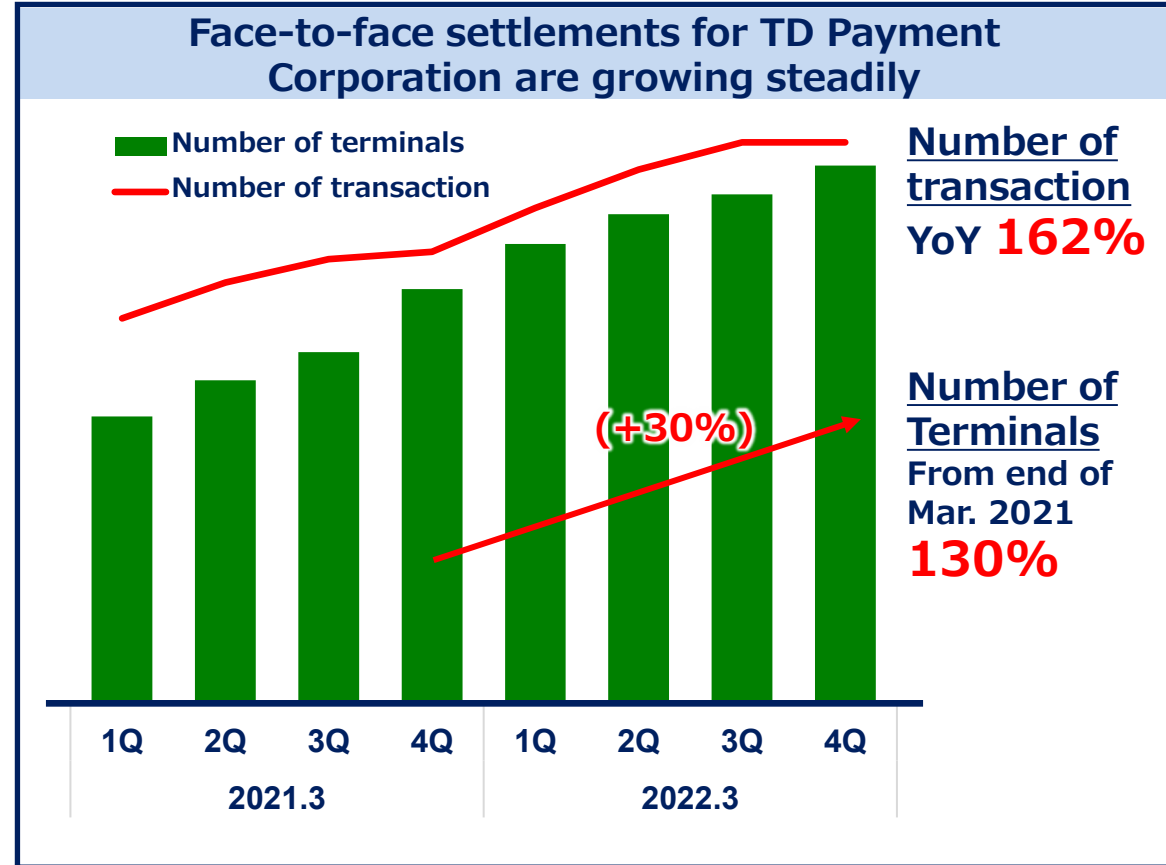
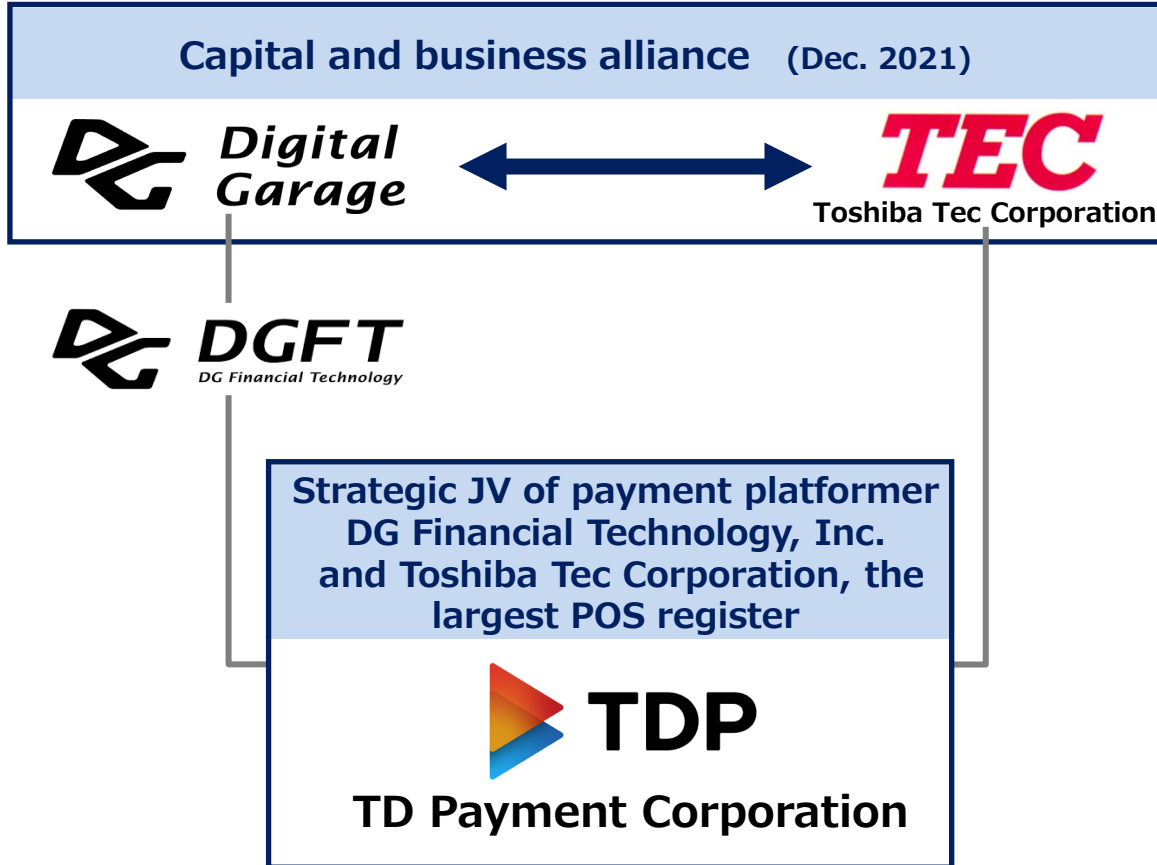
- Cloud Pay (Develop consortium-type multi-QR solutions that integrate various MPM-type payments into one QR code) is focusing on small stores
- Transaction volume grew by 79% YoY

Transaction volume of face-to-face settlement

Although the impact of COVID-19 remains in inbound-related/Overseas QR code transactions, total of face-to-face settlements grew significantly, up by 65% YoY



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



Promotion of diversified alliance business beyond payment business

- Our retail food delivery SaaS "Pangaea Delivery" will be collaborated with Toshiba Tec Corporation and JCB Co., Ltd.
- Started development of smartphone-type POS register application and retail sales promotion platform for member stores with Toshiba Tec Corporation

Progress of face-to-face settlement of FT segment including TD Payment Corporation

Transaction volume	927.2 B JPY	YoY +56%
Number of transaction	266 million	YoY +84%
Number of connected terminals	Over 320,000	YoY +35%

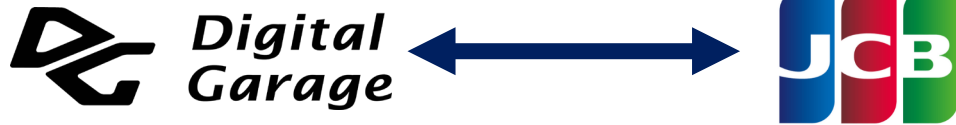
NOTE) Total of face-to-face settlement transaction volume and number of transaction in FT segment such as TD Payment Corporation, ANA Digital Gate, Inc. and QR code payment "Cloud Pay"



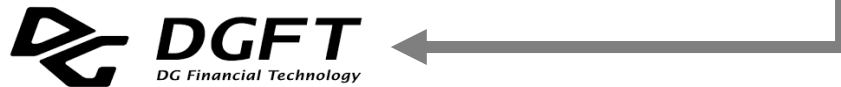
Capital and business alliance with JCB Co., Ltd., the only international card brand from Japan

Promote joint development of payment infrastructure business foundation and next-generation fintech business through fusion of management resources

Capital and business alliance (Feb. 2022)



Alliance partners since the start of the payment business

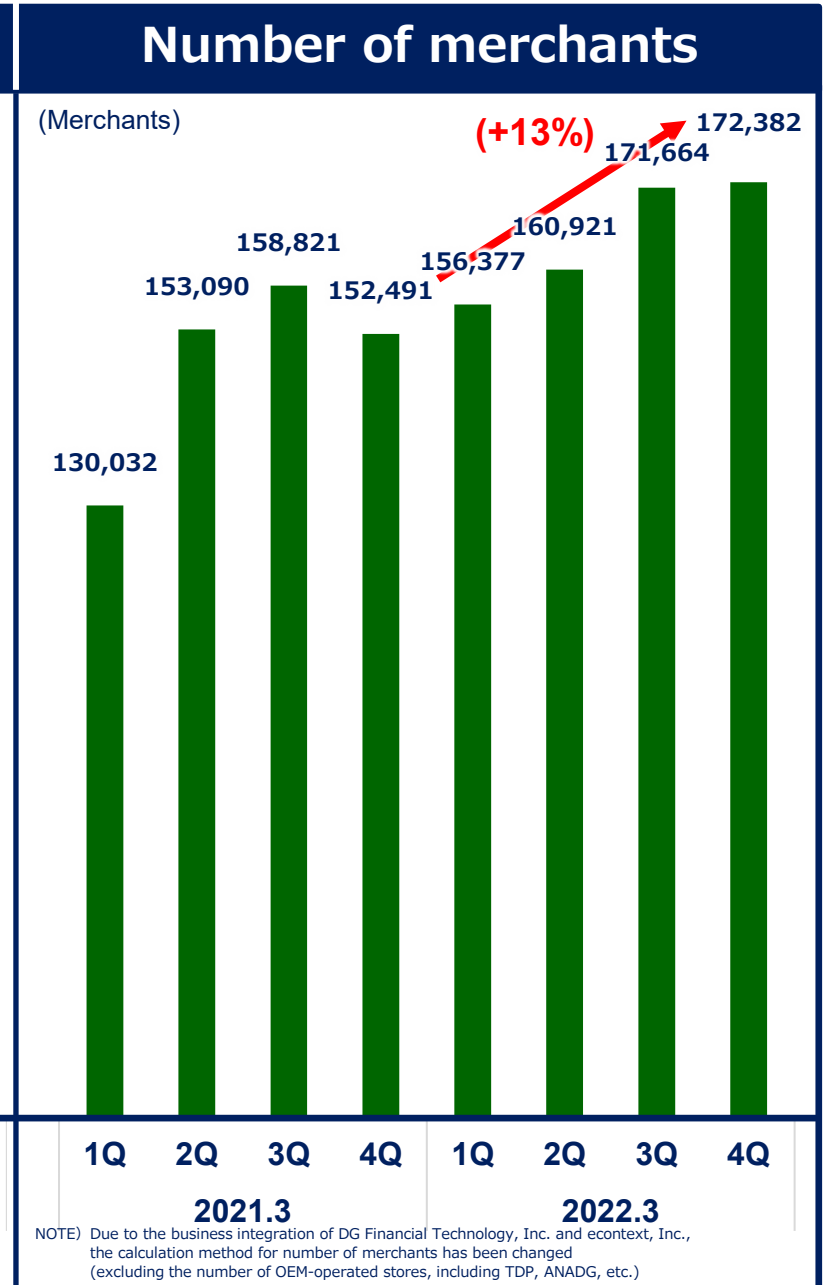
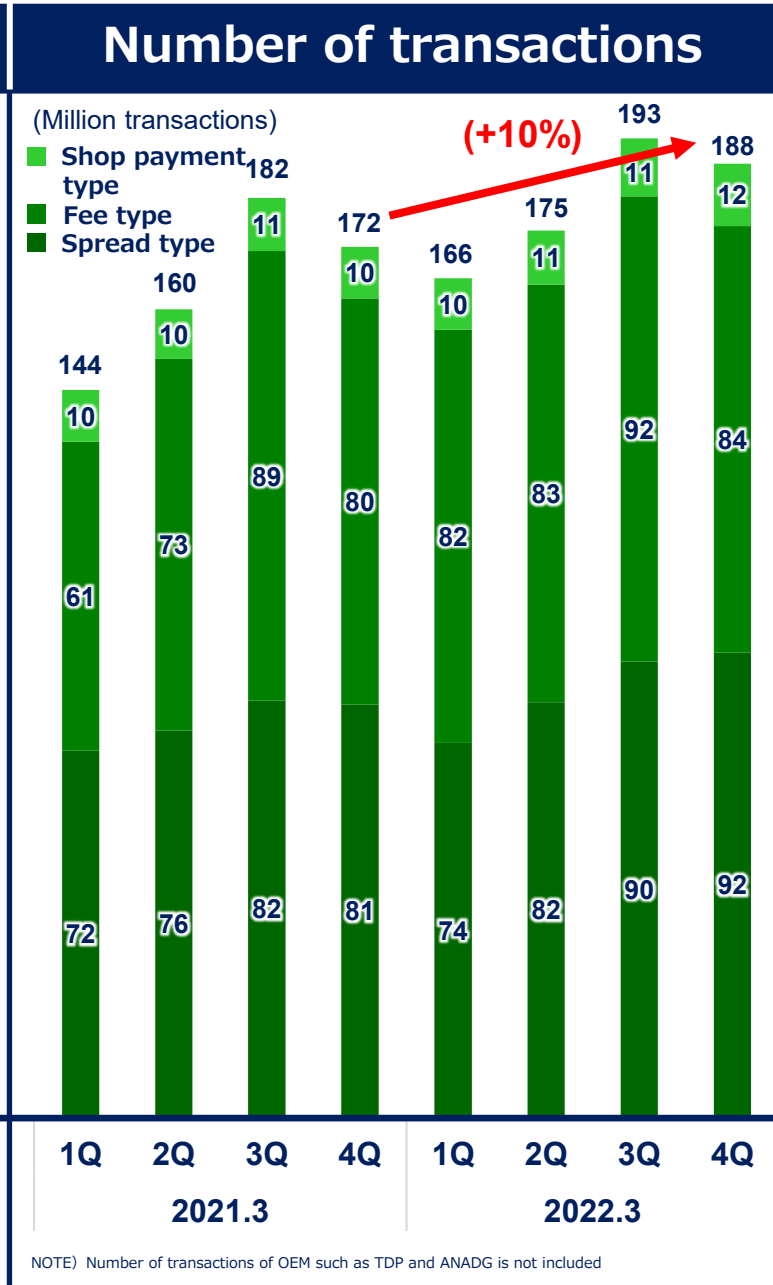
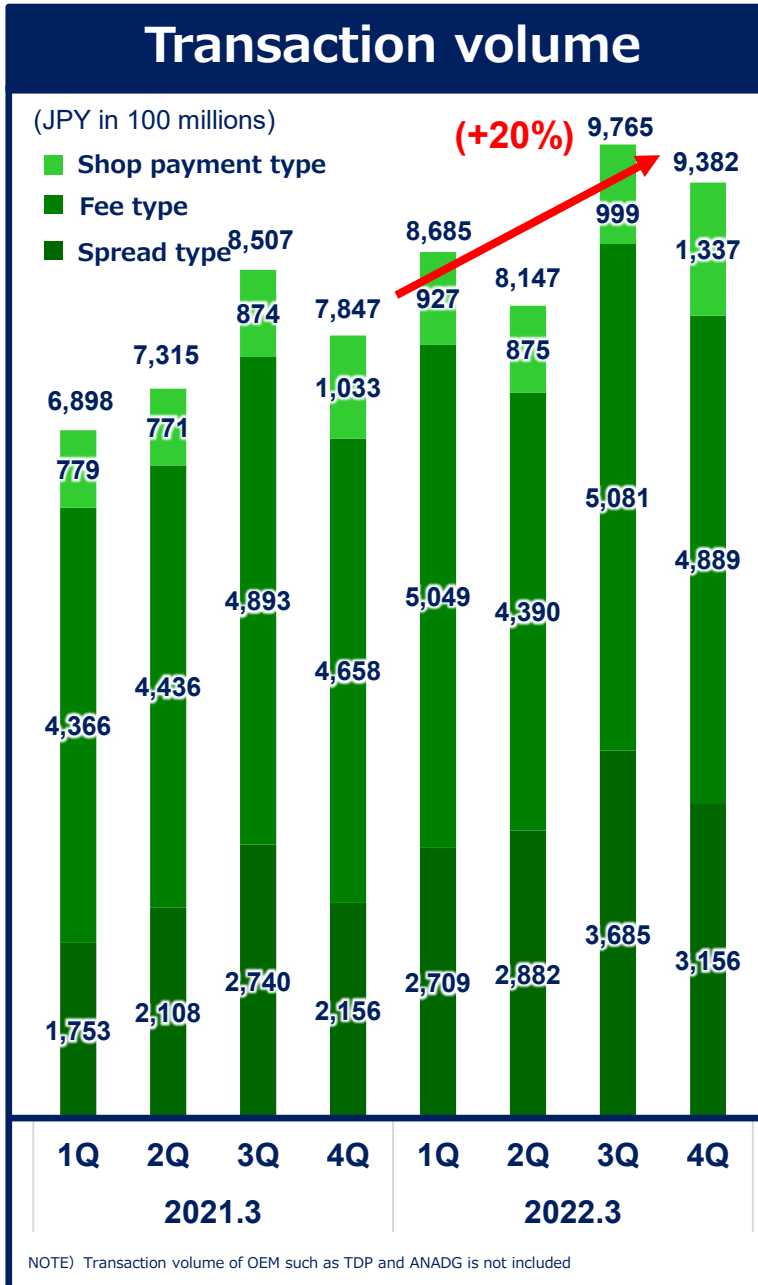


JCB brand used by 140 million people worldwide and DGFT's payment platform business

Comprehensive alliance beyond the payment business area
(Outline of the alliance)

- 1) Further expansion of the payment business through cooperation in payment infrastructure and acquiring merchants with cashless payments
- 2) Co-creation of new services for merchants and cardholders, including next-generation payment and Fintech marketing services
- 3) Collaborative development of marketing business, and new business development and services in R&D, utilizing both companies' development systems and customer bases.

➡ The project details will be announced separately as soon as finalized





II Marketing Technology Segment

	Revenue	Profit before tax
FY 21.3	13,049 M JPY	735 M JPY
FY 22.3	13,031 M JPY	883 M JPY

▶ Marketing Technology Company

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



▶ DG Communications Co., Ltd.

Develops real estate advertising business



▶ BI.Garage, Inc.

Contextual ads business and media consortium business



▶ CyberBuzz, Inc. (20% stake/equity method) Ticker : 7069

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.



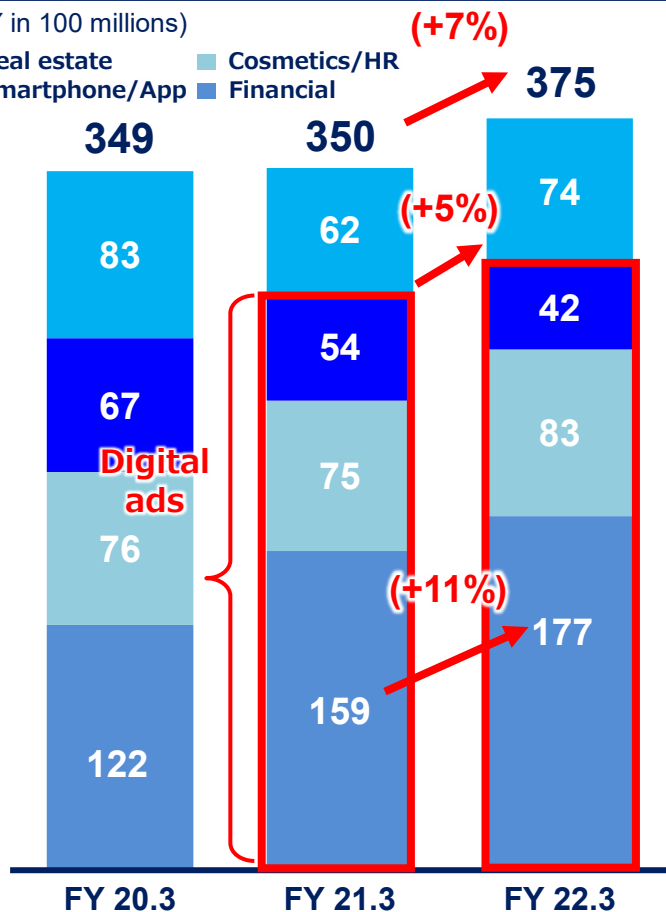
Advertisement volume for mainstay digital ads in FinTech related such as credit cards remained firm

~ Restructuring in business strategy and HR optimized for fintech shift ~

Advertisement volume

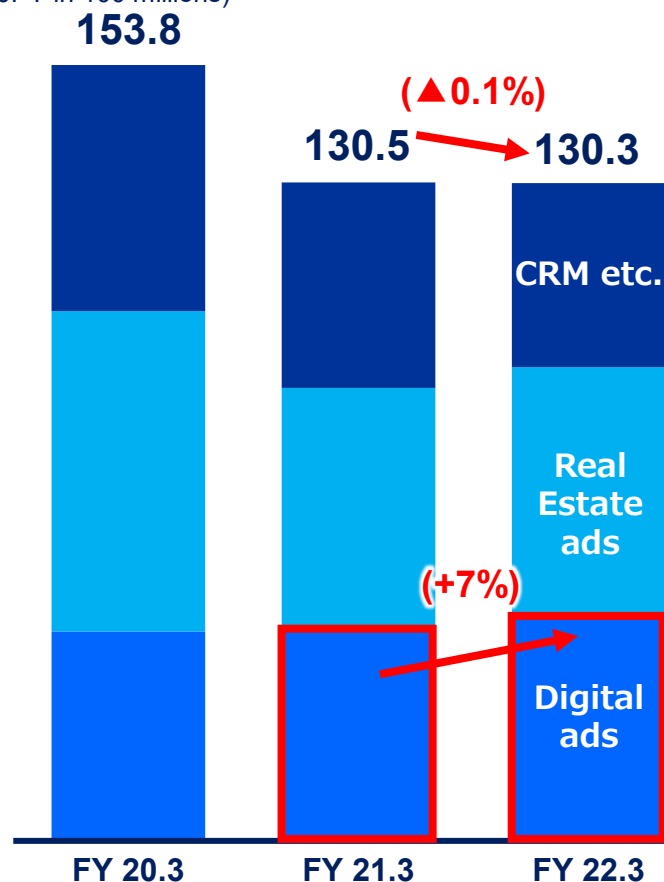
(JPY in 100 millions)

Real estate Cosmetics/HR
Smartphone/App Financial



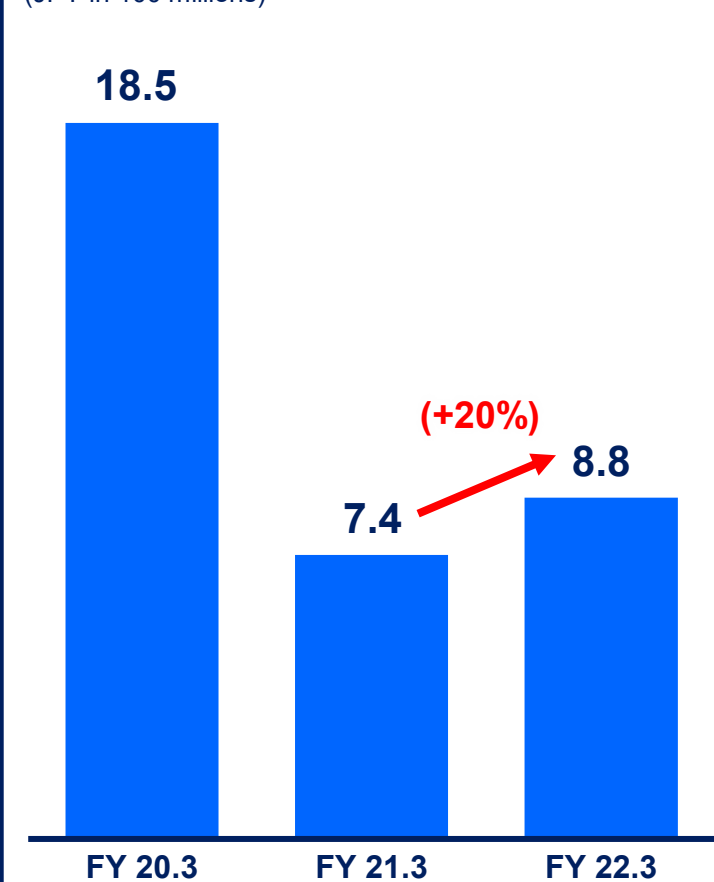
Revenue

(JPY in 100 millions)



Profit before tax

(JPY in 100 millions)



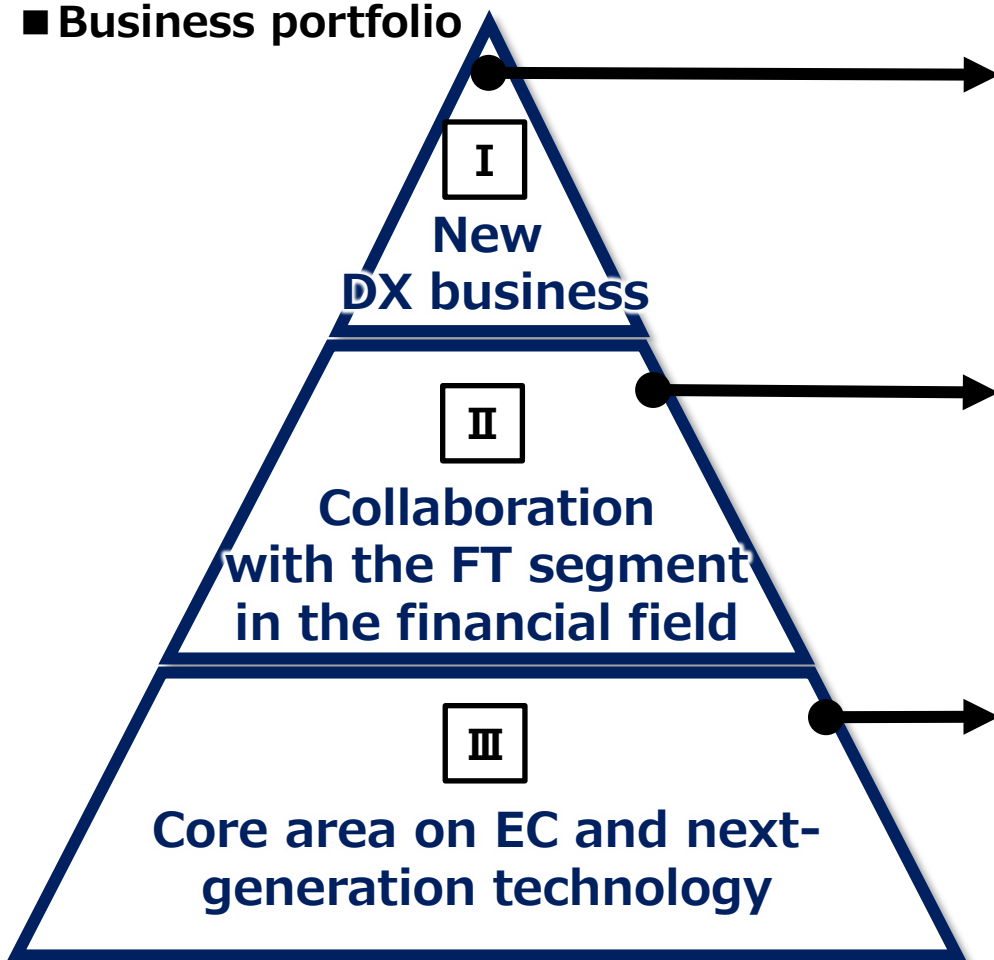


Segment concept

"Digital marketing agency" that resonates with the FT segment

~ Data-driven business of finance and EC, which are our core areas, and development of new DX recurring business ~

Business portfolio



I Development of new DX recurring business utilizing data

- ✓ Fully digitize real estate sales contracts and analyze data. Introduced by many major developers, with a view to financial cooperation such as mortgages
- ✓ Launched joint business contextual ads with 28 media companies
- ✓ Started development of sales promotion platform for retail stores centered on collaboration with Toshiba Tec Corporation



不動産電子契約システム
Musubell



BI.GARAGE

II Financial industry marketing business, which is one of our strengths

- ✓ Collaboration with credit card companies, which are also partners in the FT business, has exceeded 20 companies and continues to grow
- ✓ Successful transition of usage appeal, CRM, etc. by digital promotion of new member acquisition and data analysis

Digital ads (Financial) Advertisement volume (JPY in 100 millions)

Fiscal Year	Volume (JPY in 100 millions)
FY 20.3	122
FY 21.3	159
FY 22.3	177

CAGR20%

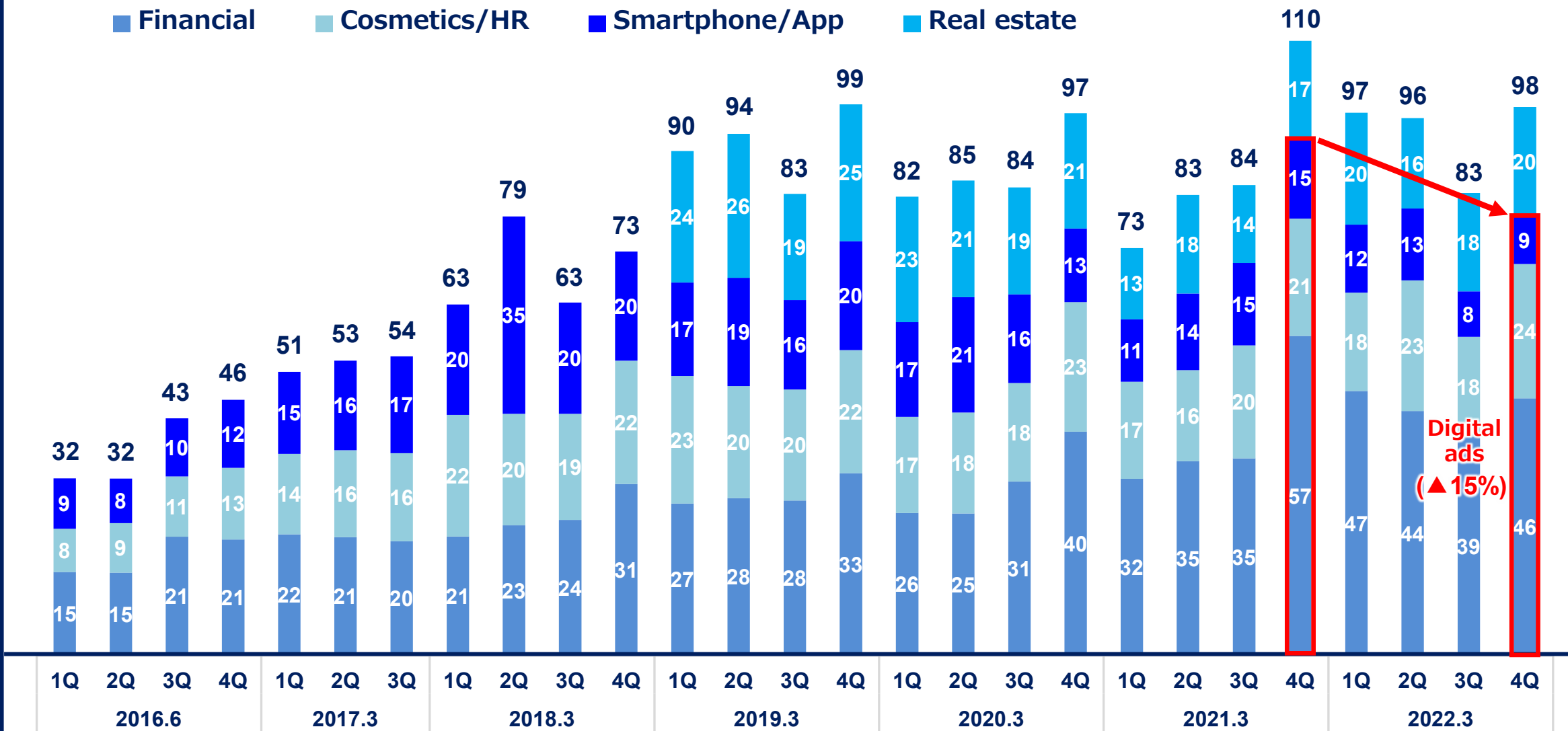
III E-commerce support marketing business and next-generation technology initiatives

- ✓ Digital marketing agency business that supports DX conversion of major clients
- ✓ Data-driven marketing activities in the post-cookie era
- ✓ Supporting group strategic technology business such as web3 from marketing



Transition of quarterly advertisement volume

(JPY in 100 millions)



(NOTE) FY 17.3 was the 9-month period, due to a change of the fiscal year end. Made DG Communications Co., Ltd. a consolidated subsidiary from FY 19.3



III Incubation Technology Segment

	Revenue	Profit before tax
FY 21.3	11,482 M JPY	10,264 M JPY
FY 22.3	32,787 M JPY	31,215 M JPY

▶ DG Ventures Inc.

Invests in and incubates cutting-edge internet startups

Number of invested companies : 248

Fair value end of Mar. 2022 : 72.2 B JPY



▶ Open Network Lab, Inc.

Seed Accelerator Program

Number of support companies (accumulation) : Over 150

Funding ratio : 58.2%



▶ DG Incubation, Inc.

Supports startups that challenge the world through incubation and fund management

Hamagin DG Innovation Fund : 3 B JPY

Open Network Lab & ESG I Investment Limited Partnership : Onboarding



▶ 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.

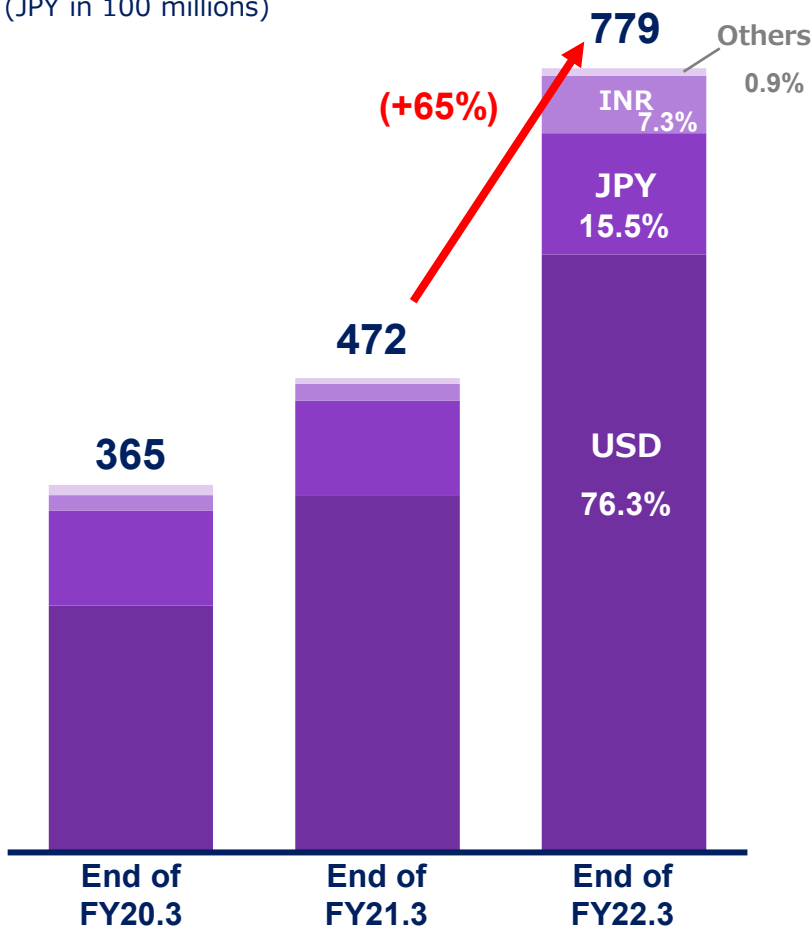


Continued strategic investments in prominent companies in North America, Asia, and Japan, fair value increased by 65% YoY to 77.9 B JPY

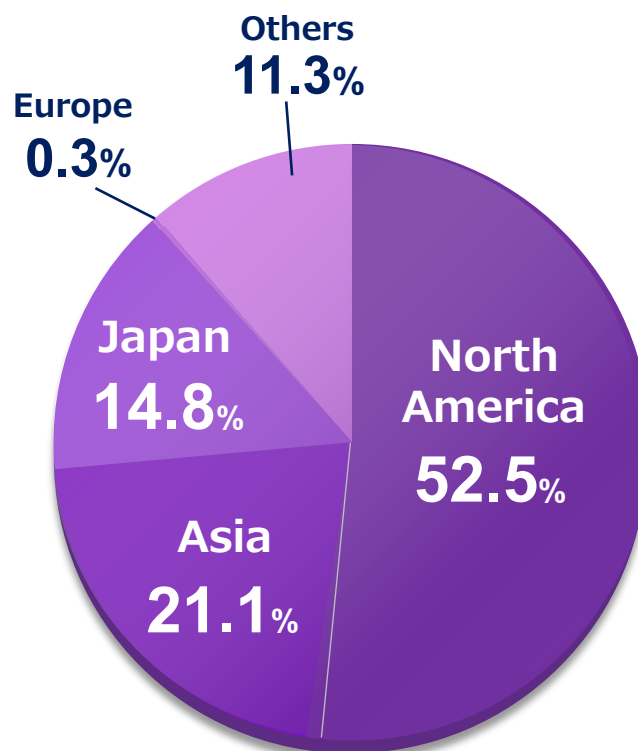
~ Blockstream Corporation Inc. and a medical venture company in India raised a large amount of funds ~

Operational investment securities (ratio by currencies)

(JPY in 100 millions)



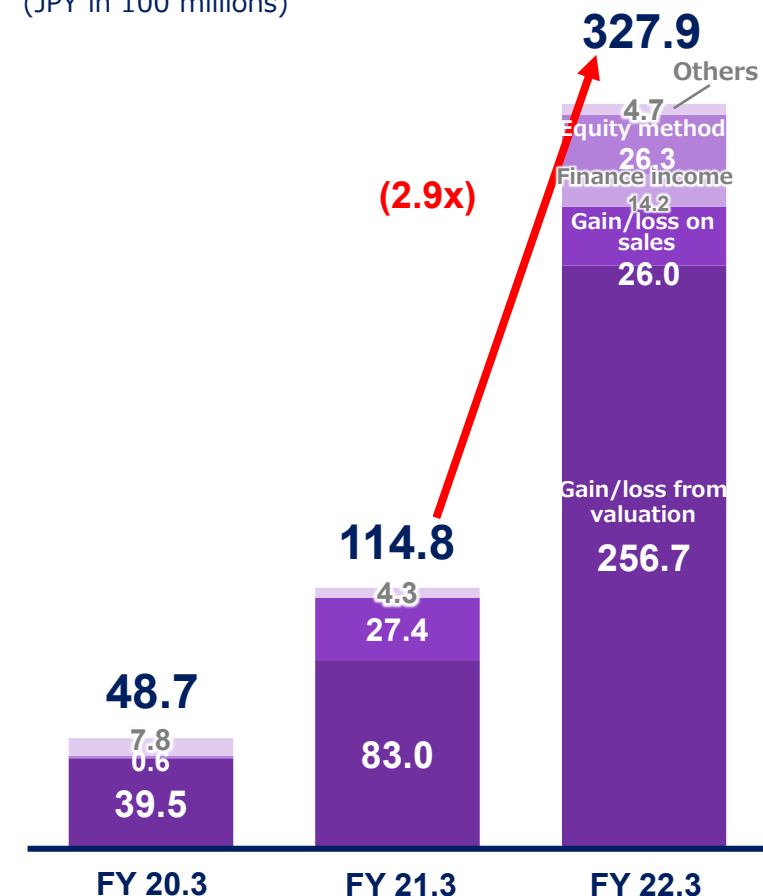
Portfolio by regions



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

Revenue

(JPY in 100 millions)

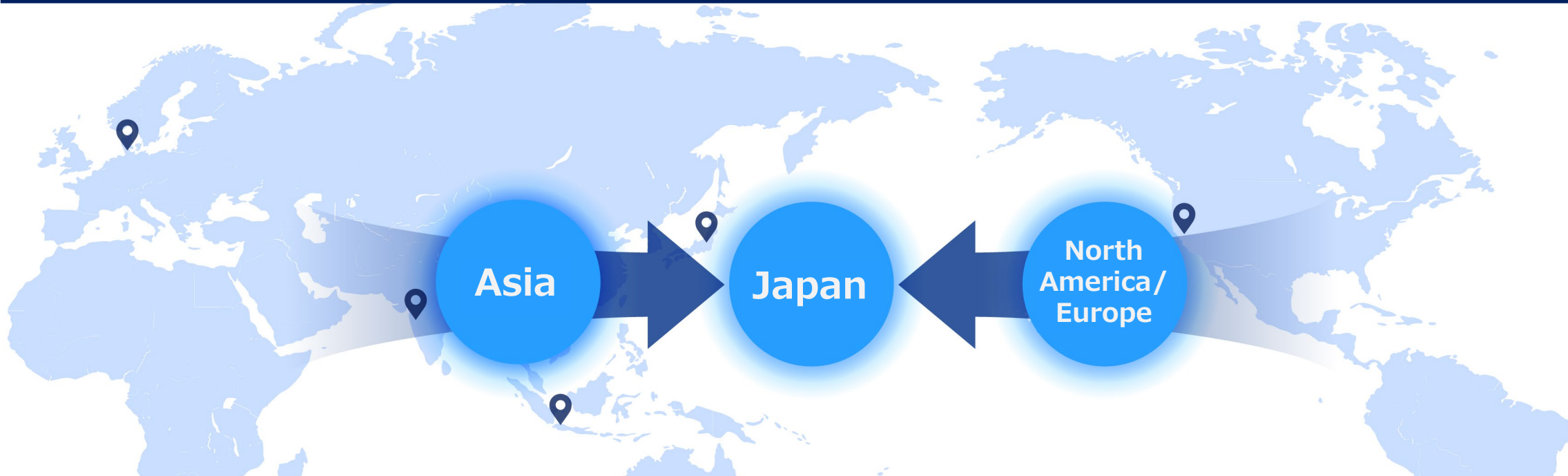




Achieving a fintech shift on both sides of global investment and group new FT business development

Considering COVID-19 and geopolitical risks,
we will further focus on the following three areas where investment results are steadily progressing

① **Asia** with remarkable market growth (India etc.) ② **Japan** (Collaboration with DG recurring business) ③ **North America/Europe** (Next-generation FinTech rise area)



Asia

In India and Indonesia, where rapid growth is expected against the backdrop of an abundant engineer base, the FinTech market is expanding due to the inflow of Western capital and the introduction of Western business models. Earn incubation results by investing in promising startups

Japan

Focused investment on fintech startups, which are expected to further accelerate the business by backing up and collaborating with the DG Group's payment, advertising, and media functions

North America/Europe

In the North American and European markets crowded with next-generation fintech startups, we will actively support Japanese market entry through investment by grasping the trend of web3 and aim for joint business



Investments in promising FinTech/DX companies in the era of COVID-19 in Asia, Japan and North America increased. Financing, listing and exiting progress steadily

Asia

Droom ✓ Applied for listing
[India] 2.0% stake

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


NoBroker Technologies Solutions 
[India] 1.4% stake
 Operates India's peer-to-peer property marketplace. Users can rent/buy houses online without brokers

Expedient Healthcare Marketing 
[India] 8.4% stake
 Operates medical web service "Healthians.com," which offers online booking for health checkup at clinics, related information from doctors/experts, etc.

Ralali 
[Indonesia] 4.0% stake
 Operates a BtoB marketplace for office appliances, etc.

GoTo Group ✓ Listed 
[Indonesia] 0.1% stake
 Indonesia's major transportation dispatch services Gojek and the largest online marketplace Tokopedia merged

Japan

AGE technologies 
[Japan] 12.4% stake
 A startup, participated in the 18th Open Network Lab Seed Accelerator Program, that aims to solve "inheritance procedure" issue with DX. Offers a service "Sozoku.com" that enables to go through the inheritance procedures 100% online

THIRD 
[Japan] 13.3% stake
 Providing cost reduction consulting services for construction, machinery, and electrical work, and AI-based real estate management platform "Kanri Roid"

Secual 
[Japan] 3.5% stake
 Provides planning, developing, manufacturing, sales, and other operating services of products related to smart security and smart town

GOYOH 
[Japan] 5.0% stake
 Develops and operates IT services for domestic and international real estates/commercial facilities/residential spaces. Also expands "EasyGo," a real estate tech service that improves real estate value by stakeholders' behavior modification toward ESG

North America / Europe

MX Technologies 
[US] 3.2% stake
 Offers a PFM (personal financial management) tool for financial institutions in the US

Helium Systems 
[US] 1.6% stake
 Operate IoT business through smart sensor devices that can be provided at low cost

Blockstream 
[US] 7.2% stake
 Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications
Blockstream Corporation Inc. announced its completion of raising 210 million dollars in a series B financing round in August 2021. The fund was led by a British investment fund Baillie Gifford and iFinex, an operator of cryptocurrency exchange 'Bitfinex' based in Hong Kong and Stablecoin 'USDT'. Valuation increased to 3.2 billion dollars.

* Equity ratio includes investment securities held by Digital Garage, Inc.

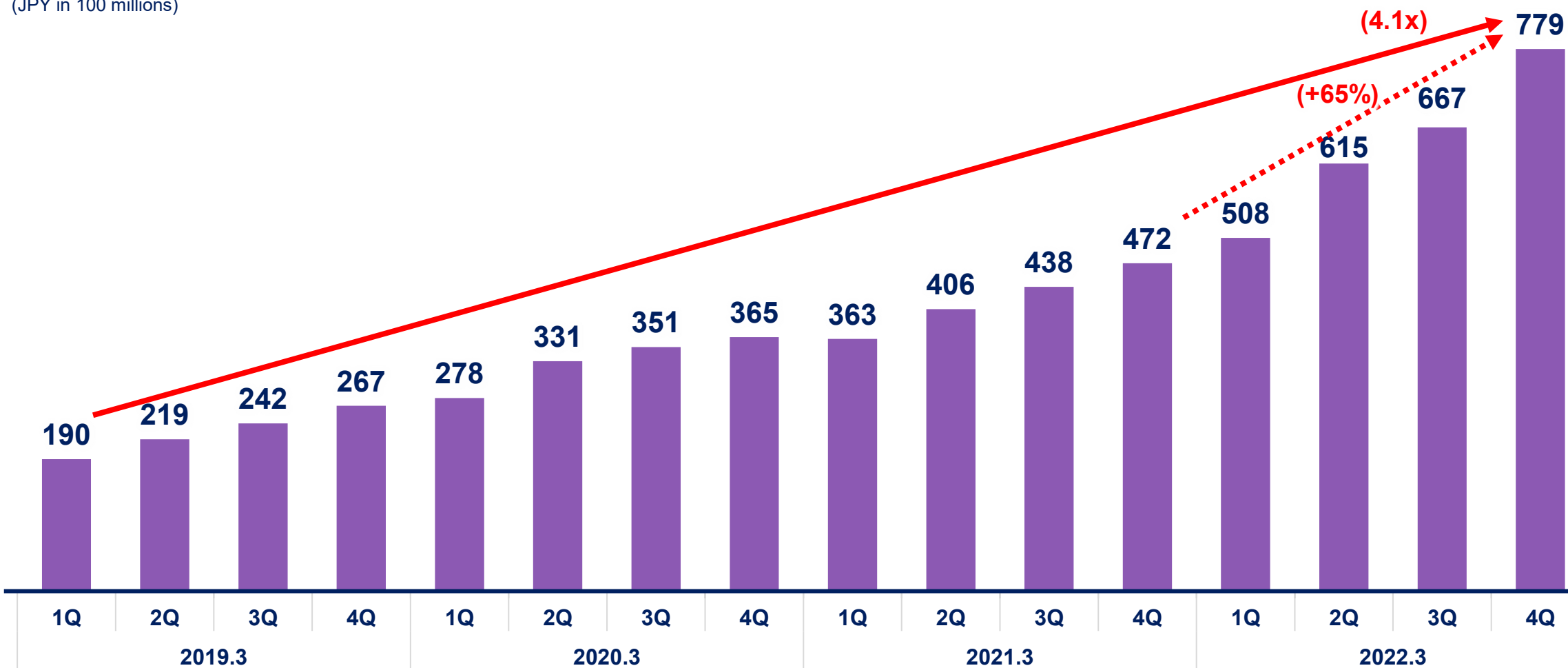
Pie Systems 
[Denmark] 11.6% stake
 Developer of mobile app that automatizes refund workflow for international VAT (Value-Added Tax) and bypasses airport kiosk



Operational investment securities increased by 4.1x to 77.9 B JPY
In 4 years since 1Q of FY 19.3, adopted IFRS

Balance of operating investment securities

(JPY in 100 millions)





IV Long-Term Incubation Segment

	Revenue	Profit before tax
FY 21.3	5,931 M JPY	2,653 M JPY
FY 22.3	4,567 M JPY	1,380 M JPY

- ▶ **Kakaku.com, Inc.** (20% stake/equity method) Ticker : 2371
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. and Nomura Holdings, Inc.

- ▶ **Brainscan Technologies, Inc.**
MRI business for drivers

- ▶ **Academie Du Vin Co., Ltd.**
Promotion of wine school operation business and wine sales business ·
Development of EC business

- ▶ **Welby Inc.** (19% stake/equity method) Ticker : 4438
Developing medical record business, disease solution business, and medical data research business

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

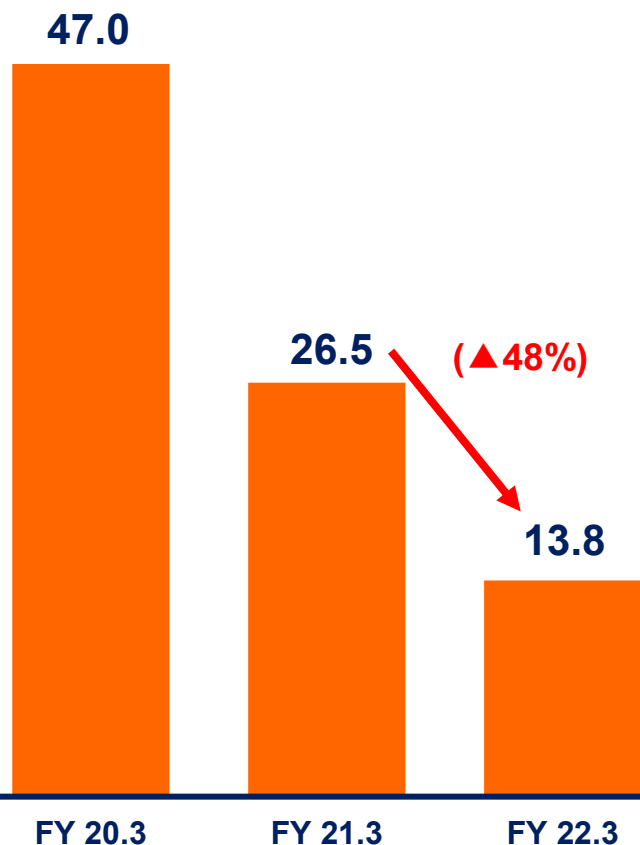


LTI segment's core business Kakaku.com is recovering from COVID-19 impact, traffics of EC and job offering websites performed firmly

~ Promoting medium-to long-term strategic businesses despite a decline in profits due to the transfer of a subsidiary business in the previous year and impairment of a subsidiary in the current fiscal year ~

Profit before tax

(JPY in 100 millions)

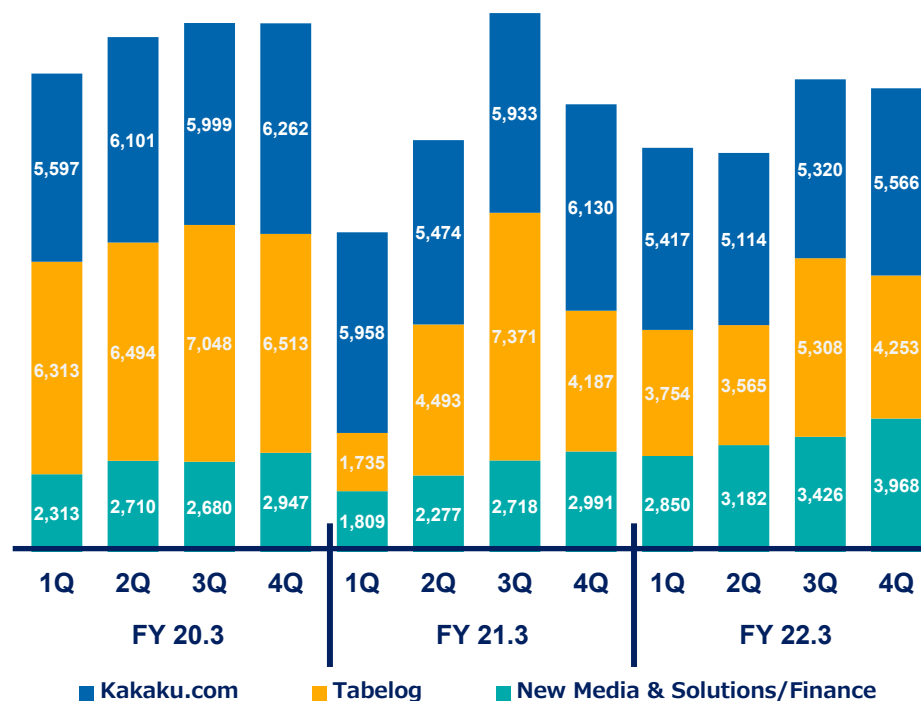


① Business progress of Kakaku.com, Inc.

[Quarterly Consolidated Revenue for Kakaku.com Group]

Consolidated revenue in FY22.3 YoY + 1.3%

(JPY in millions) Ref. Kakaku.com, Inc. Results Briefing for FY 22.3



② Business status of other subsidiaries, etc.

Crypto Garage

- ✓ Completed registration as a Crypto Asset Exchange Service Provider (Jun. 2021)
- ✓ Formed a capital alliance with Nomura Holdings, Inc. for joint development of a crypto asset business platform, including digital asset custody services (Oct. 2021)
- ✓ SETTLENET, crypto asset exchange infrastructure for transactions between crypto asset operators is expected to start

Welby

- ✓ Equity-method affiliate for the purpose of strengthening business in the digital health field and acquiring synergies with our group business
- ✓ To promote payment and digital marketing in the medical / healthcare field

Academie Du Vin

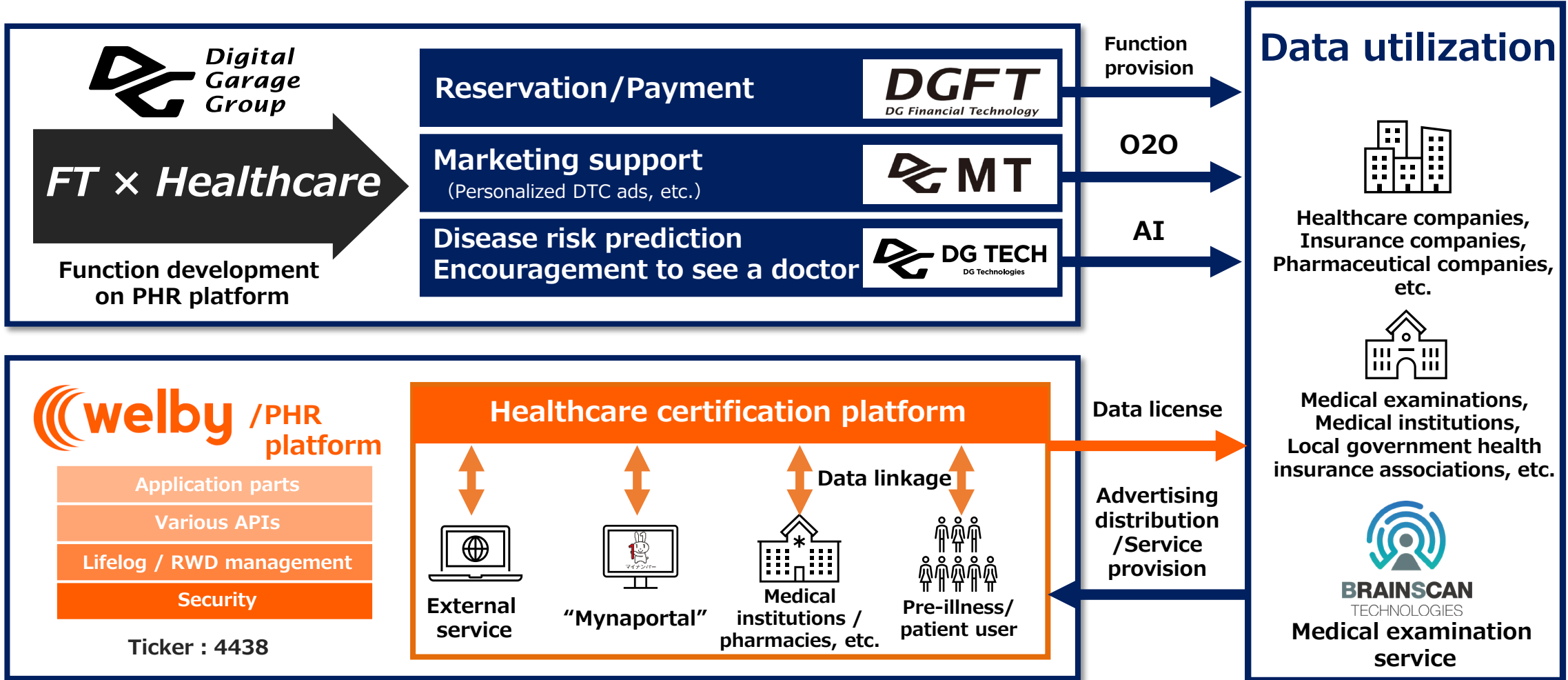
- ✓ Steady in the wine school, mainly in the online school business
- ✓ Implemented restructuring to strengthen community management and shift to DX promotion

※ U.S. subsidiary, New Context Services, Inc.'s business transfer was completed in FY21.3



Implemented a strategic alliance with Welby Inc., a leading company in the PHR (Personal Health Record) field, and dispatched a director as an equity-method affiliate

~ Accelerate the digital healthcare business utilizing the PHR platform by leveraging the synergies of the DG Group ~



Business policy for 2022





As we move to the prime market and the number of employees exceeds 1,000, we will not forget the founding spirit and set a slogan for growth in the next three years

Beyond 1000

DG FinTech Shift

FT

Promotion of next-generation fintech business through collaboration with each segment and strategic partners

MT

Evolved into a "Digital marketing agency" that resonates with FT Segment

IT

Ambidextrous for global investment and new FT business incubation

LTI

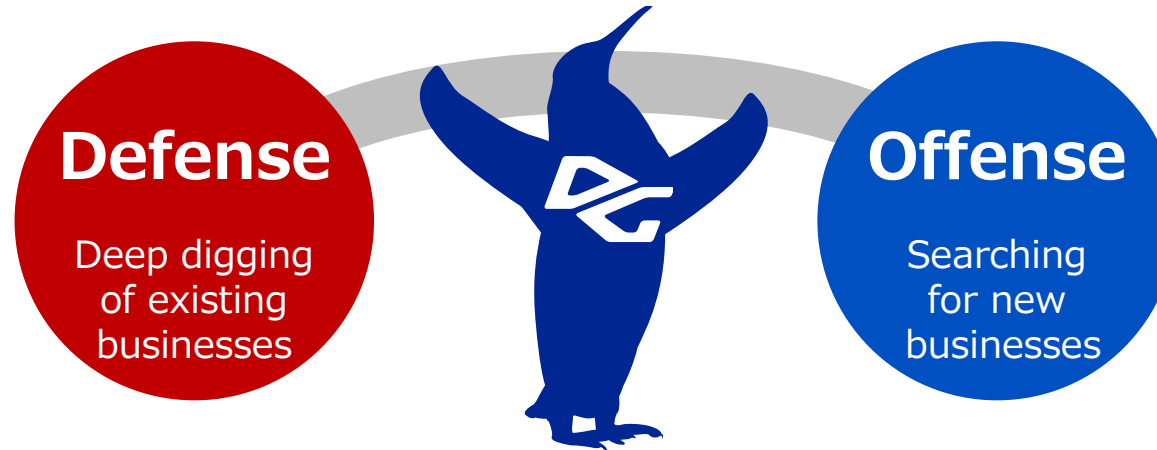
Create next-generation strategic businesses based on FT Segment





<Ambidexterity>

Establish both existing business (**Defense**) and new business (**Offense**) management and evolve and grow into a global IT company that represents Japan and Asia



<New Architect Design>

Designing a next-generation digital architect that captures the trends of web3, centered on Co-founder Joi Ito, who became Chief Architect
(Joi's Lab/web3 · Open Source)

<Purpose>

Designing "New Context" for a sustainable society with technology



Digital Garage

Supplementary Explanatory Material



Supplementary Explanatory Material

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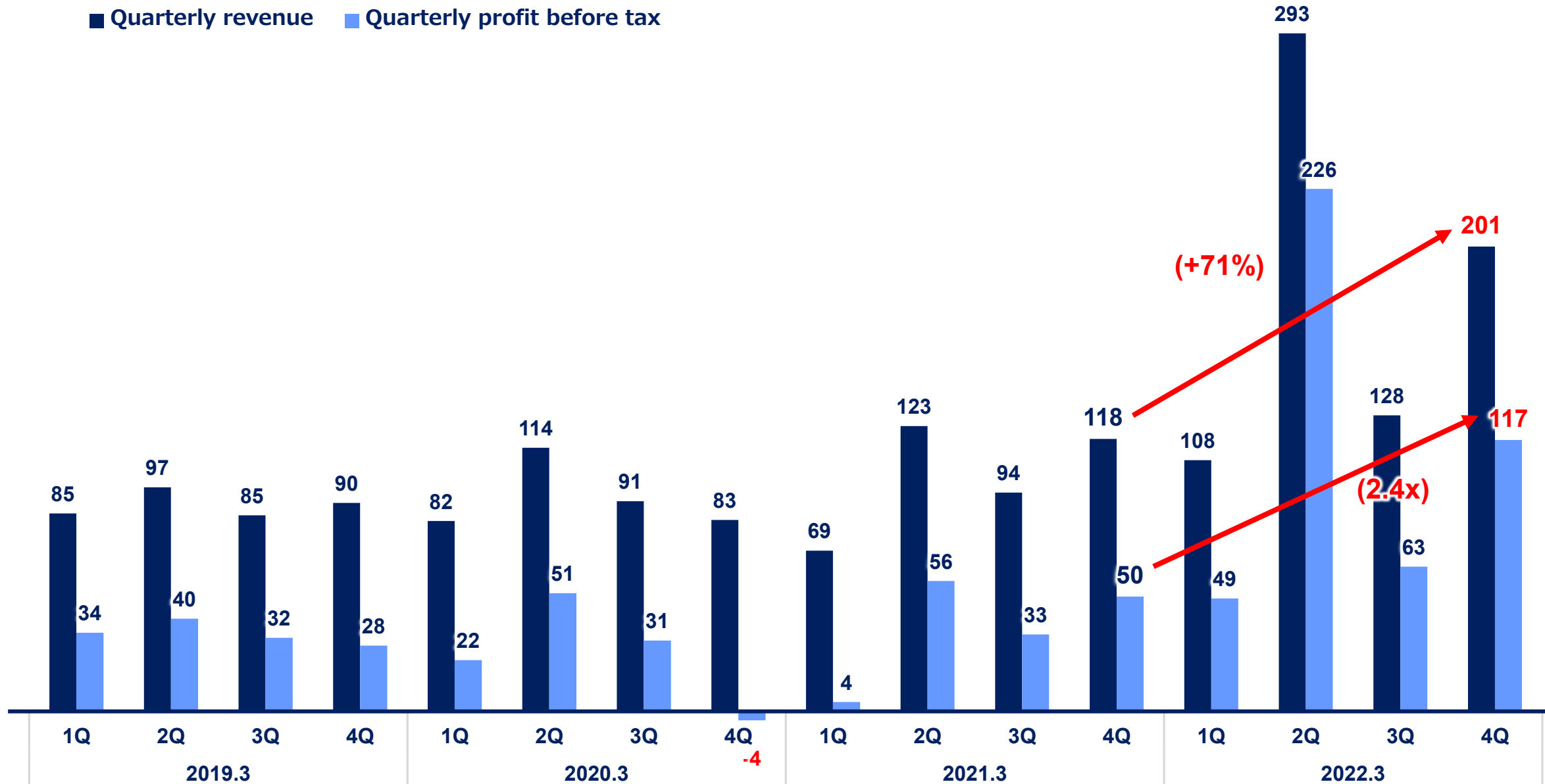
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Transition of Quarterly Business Results FY 2016.6 ~	99

Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



(+71%)

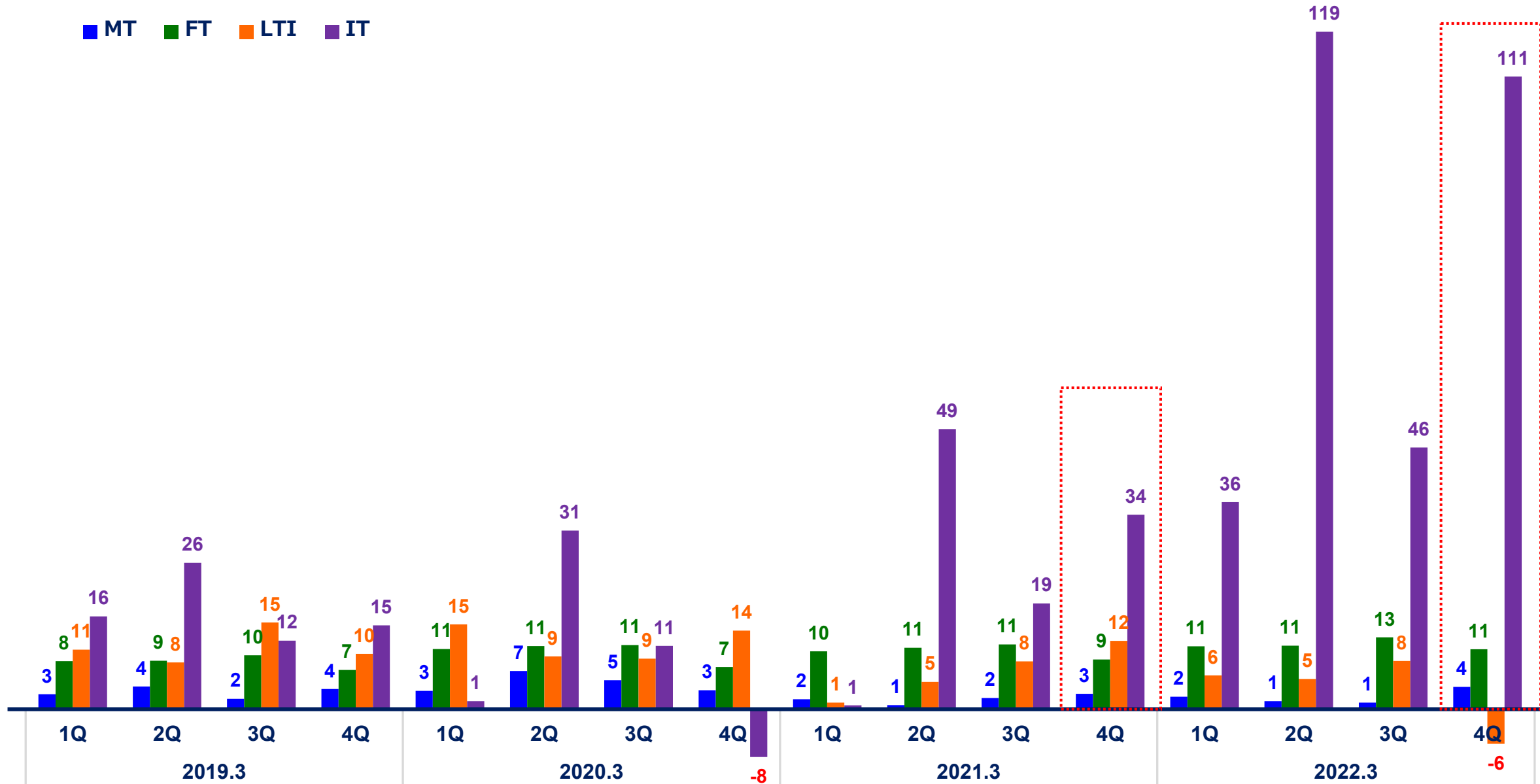
(2.4x)

Transition of Quarterly Profit Before Tax by Segments



(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



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

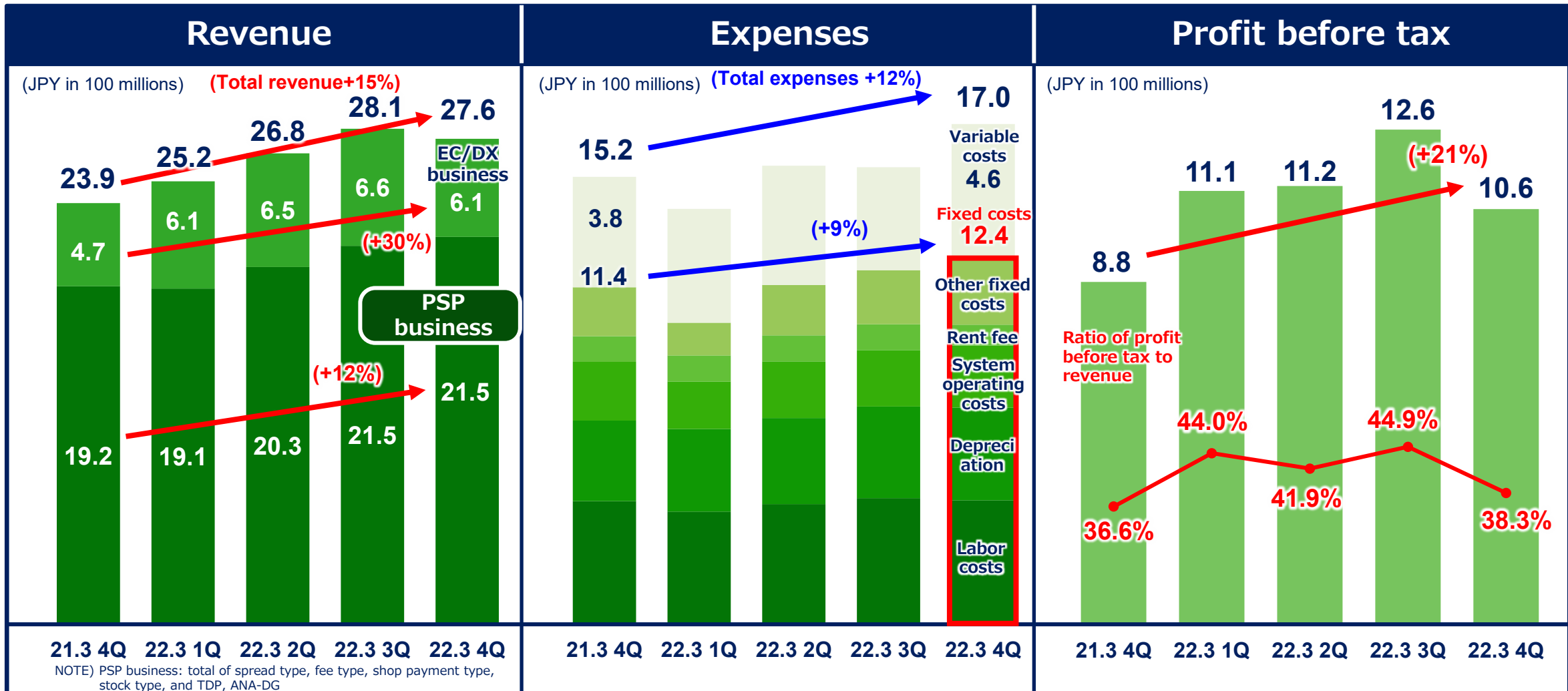


FT Segment – 4Q (Jan.-Mar.) Segment Highlights (P/L)



4Q (Jan.-Mar.) mainstay PSP business revenue increased favorably by 12% YoY,
Total revenue grew by 15% YoY to 2.8 B JPY

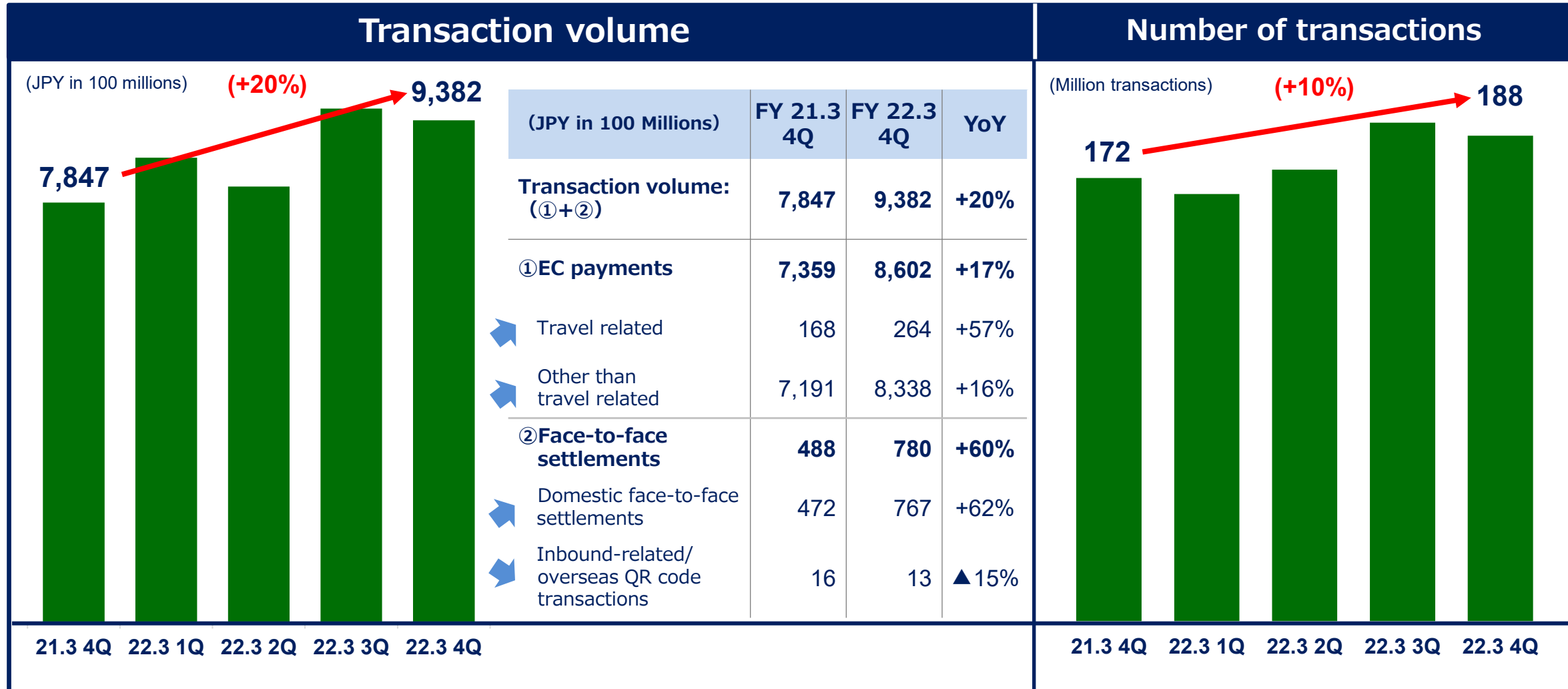
~ Profit before tax increased by 21% YoY to 1.1 B JPY,
despite continued investment for stable system operation and expansion ~





Transaction volume in 4Q (Jan.-Mar.) increased by 20% YoY to 938.2 B JPY,
Number of transactions went up by 10% YoY to 188 millions

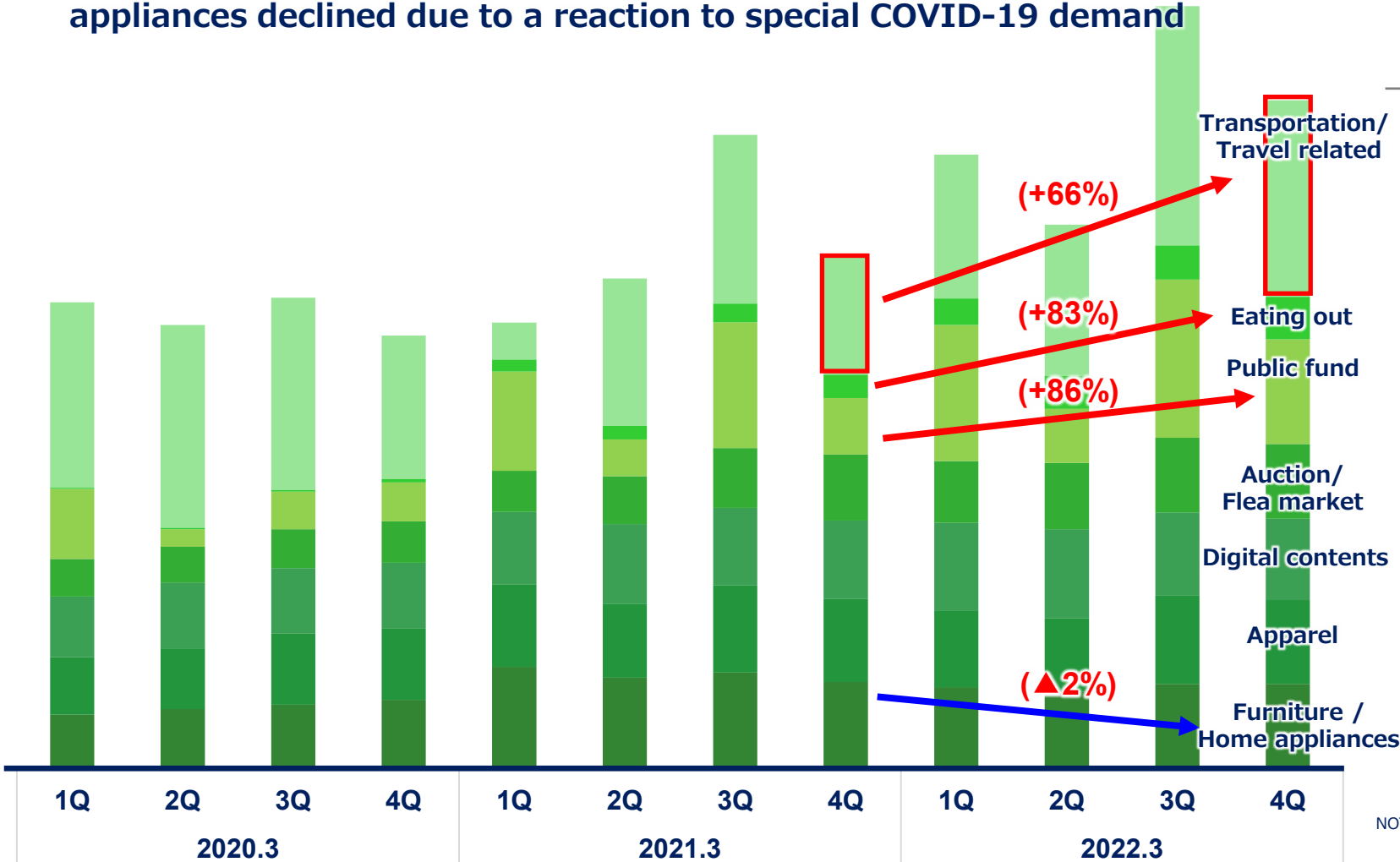
~ Transaction volume of EC payments grew by 17% YoY due to the recovery in travel related,
Face-to-face settlements increased by 60% YoY as domestic settlements performed strongly ~





Increase/decrease of transaction volume by major industry

- Mainstay transportation/travel related transaction volume rose 66% YoY, recovering to over the FY 20.3 level before COVID-19
- Eating out and public fund also grew substantially, and furniture/ home appliances declined due to a reaction to special COVID-19 demand



Industry	YoY
Transaction volume	+ 20%
Public fund	+86%
Eating out	+83%
Transportation/Travel related	+66%
Auction/Flea market	+13%
Digital contents	+ 4%
Apparel	+1%
Furniture/ Home appliances	▲ 2%

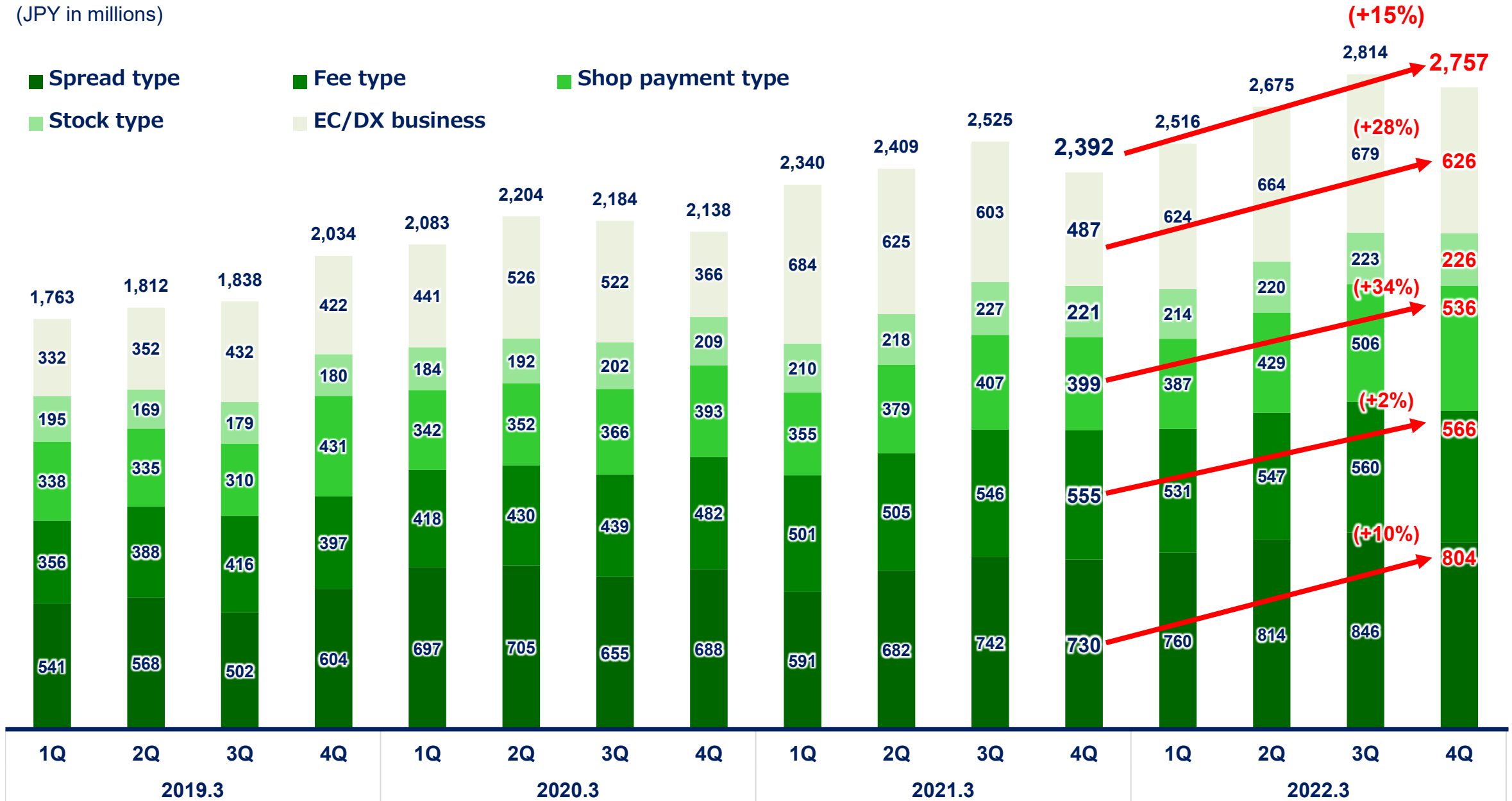
NOTE) Created from FT Segment's major business partners
 (About 40% of gross transaction volume is composed of major industries).
 Total of EC payment and face-to-face settlement

FT Segment - Transition of Quarterly Revenue (Category 1)



(JPY in millions)

- Spread type
- Fee type
- Shop payment type
- Stock type
- EC/DX business

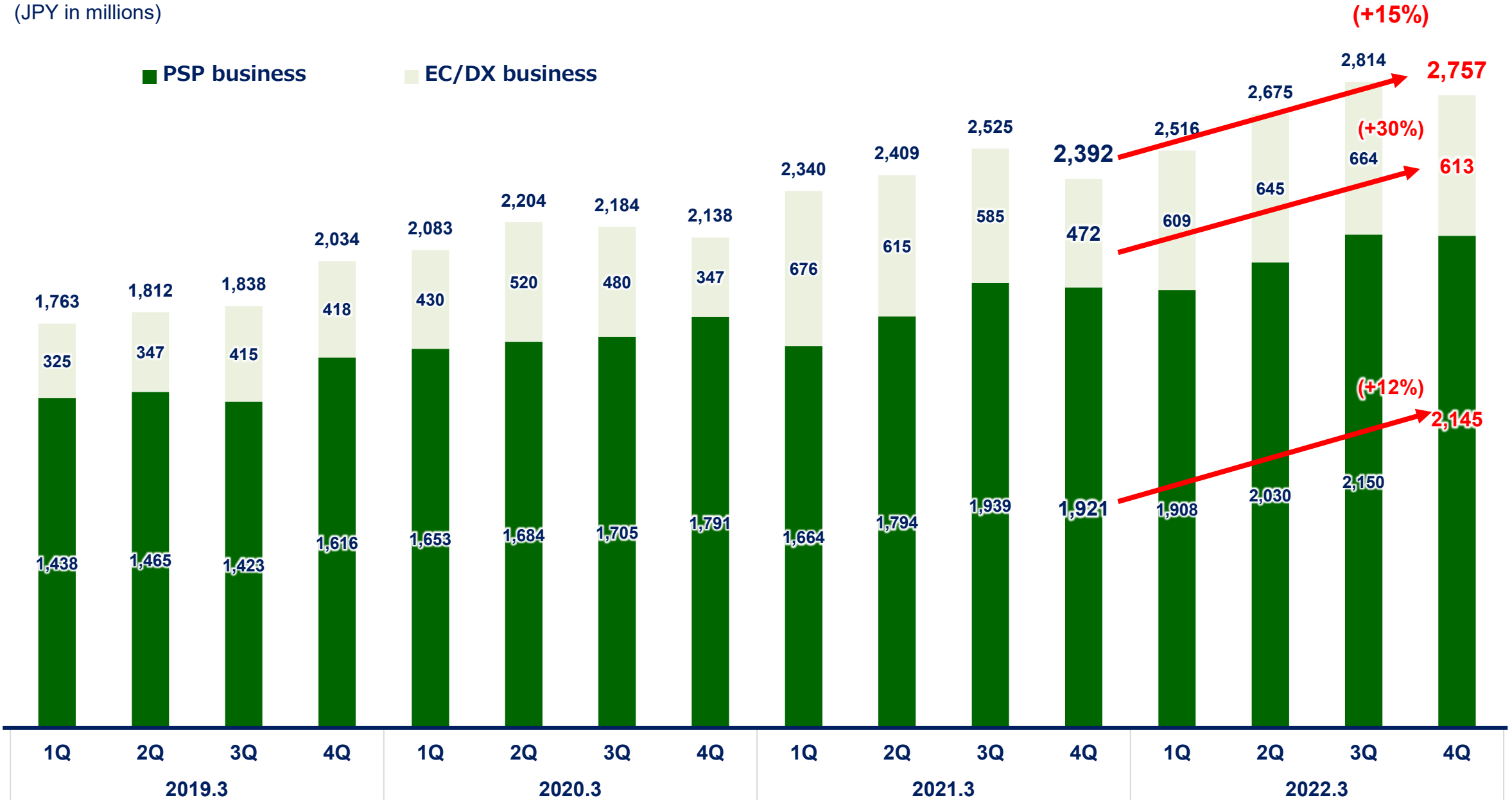


FT Segment - Transition of Quarterly Revenue (Category 2)



(JPY in millions)

■ PSP business ■ EC/DX business



(+15%)

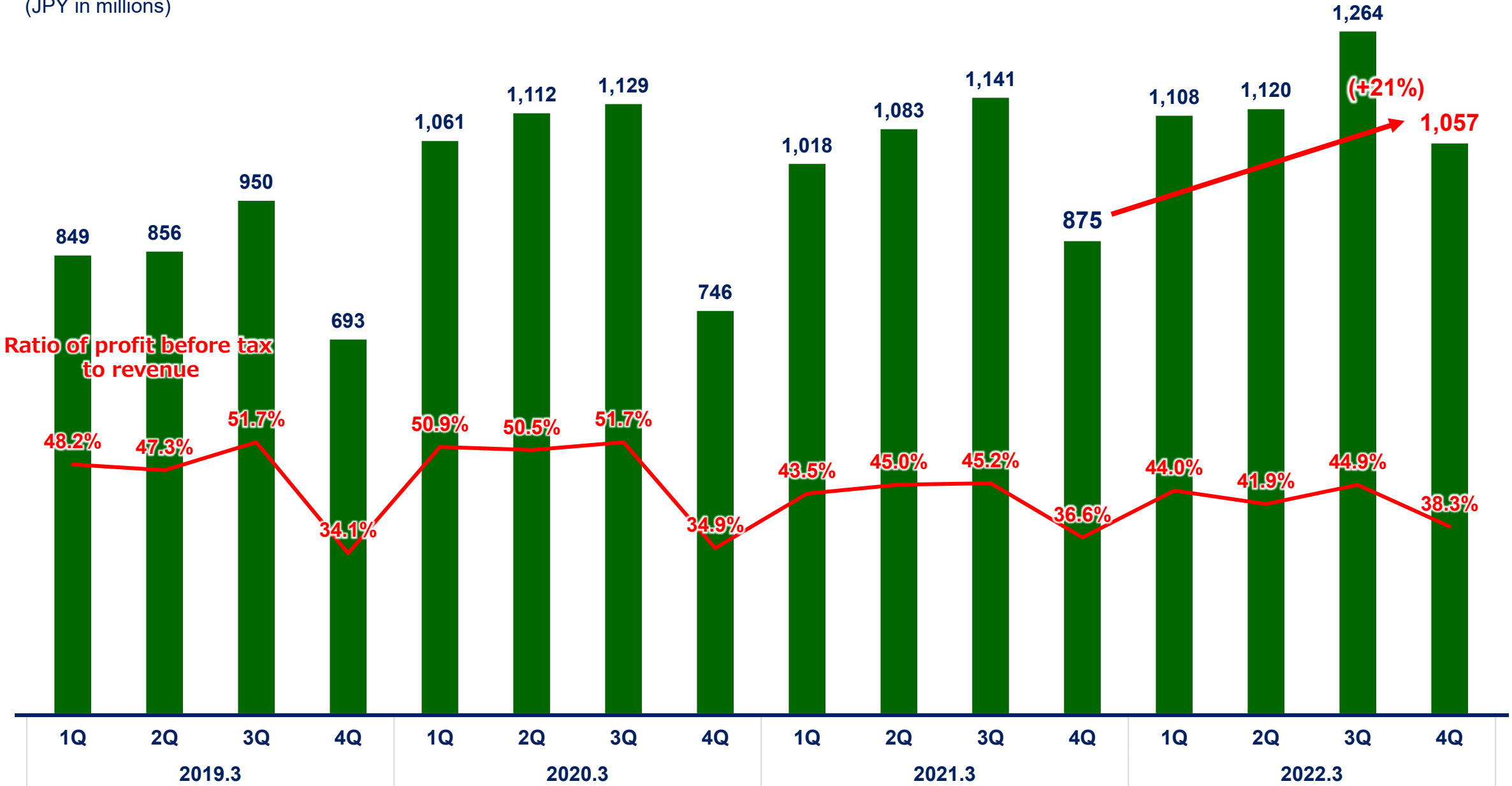
(+30%)

(+12%)

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



(JPY in millions)

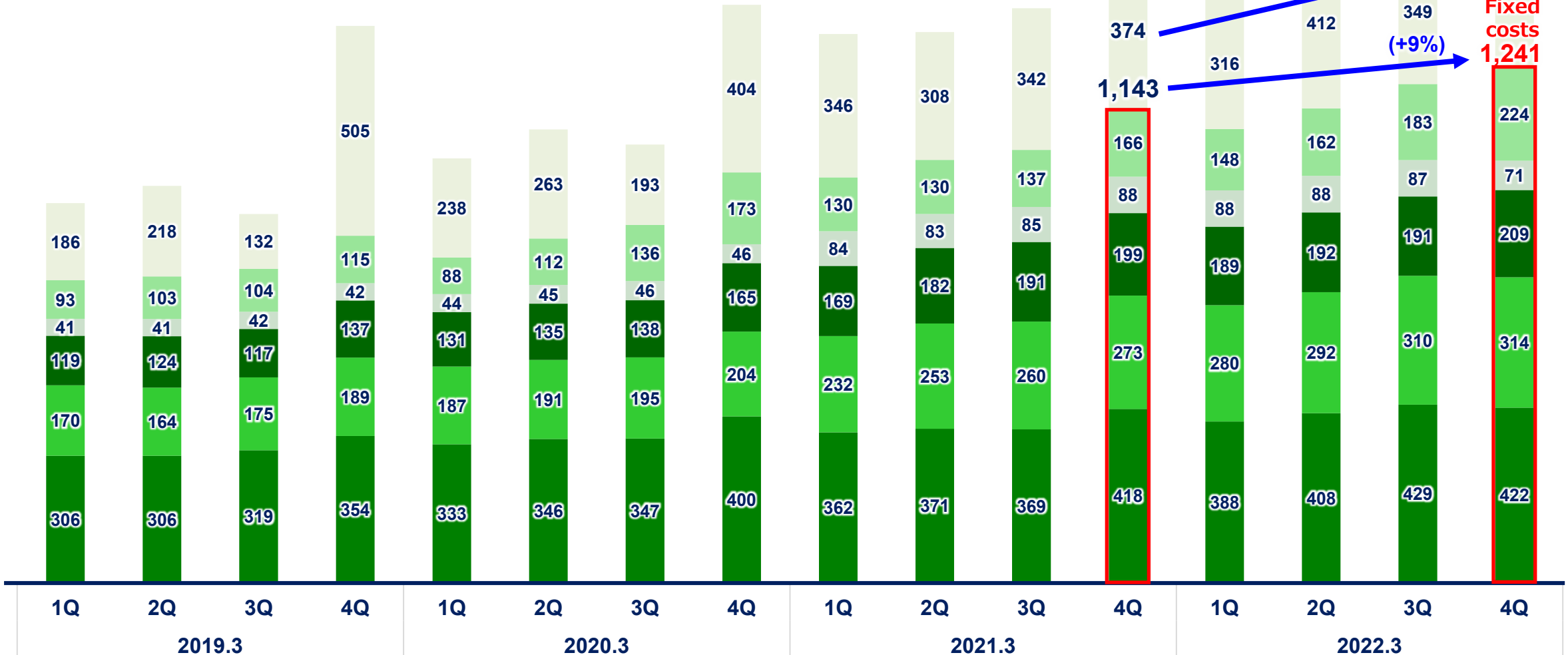


FT Segment - Transition of Quarterly Costs



(JPY in millions)

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



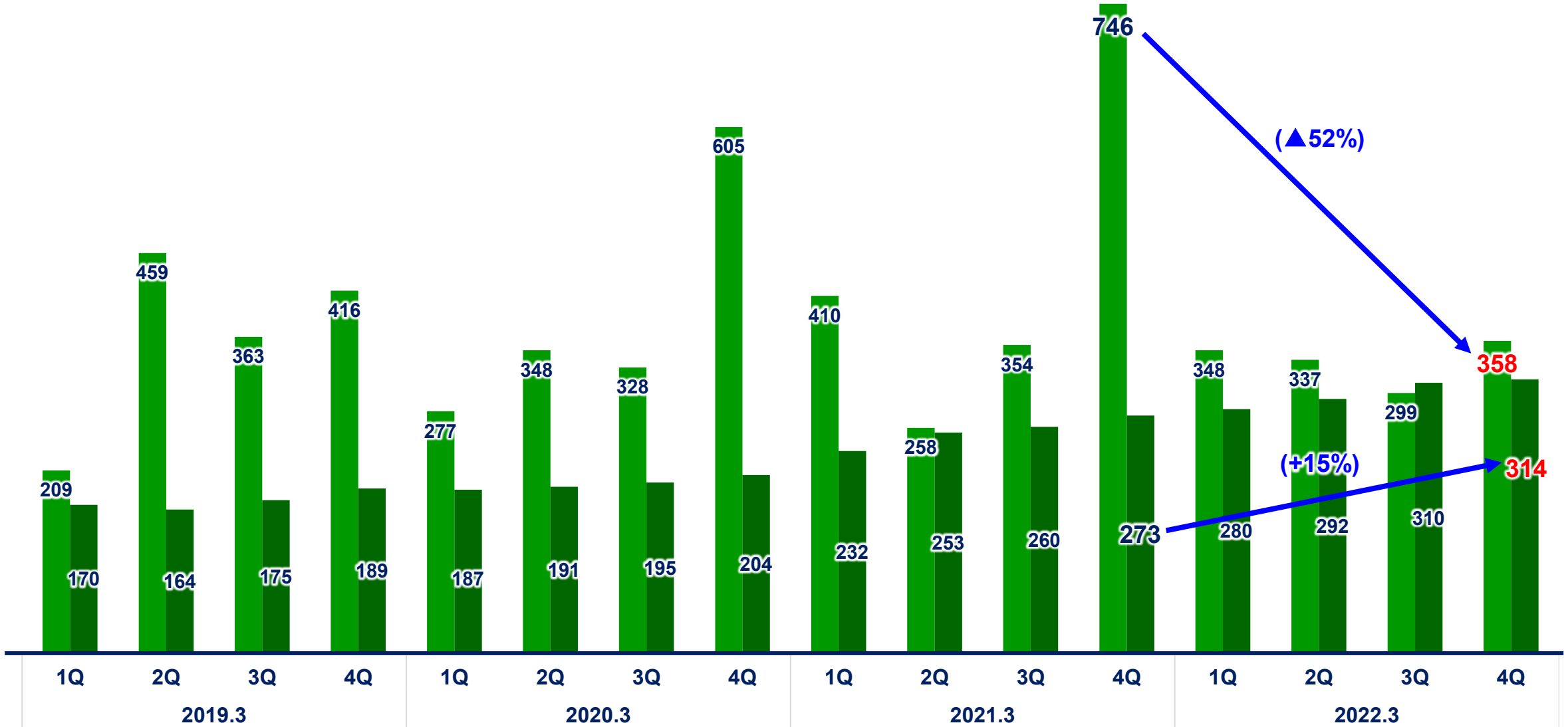
NOTE) The breakdown of FY 2022.3 1Q costs is altered from Financial Report released on August 13, 2021

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



(JPY in millions)

■ Amount of capital investment ■ Depreciation

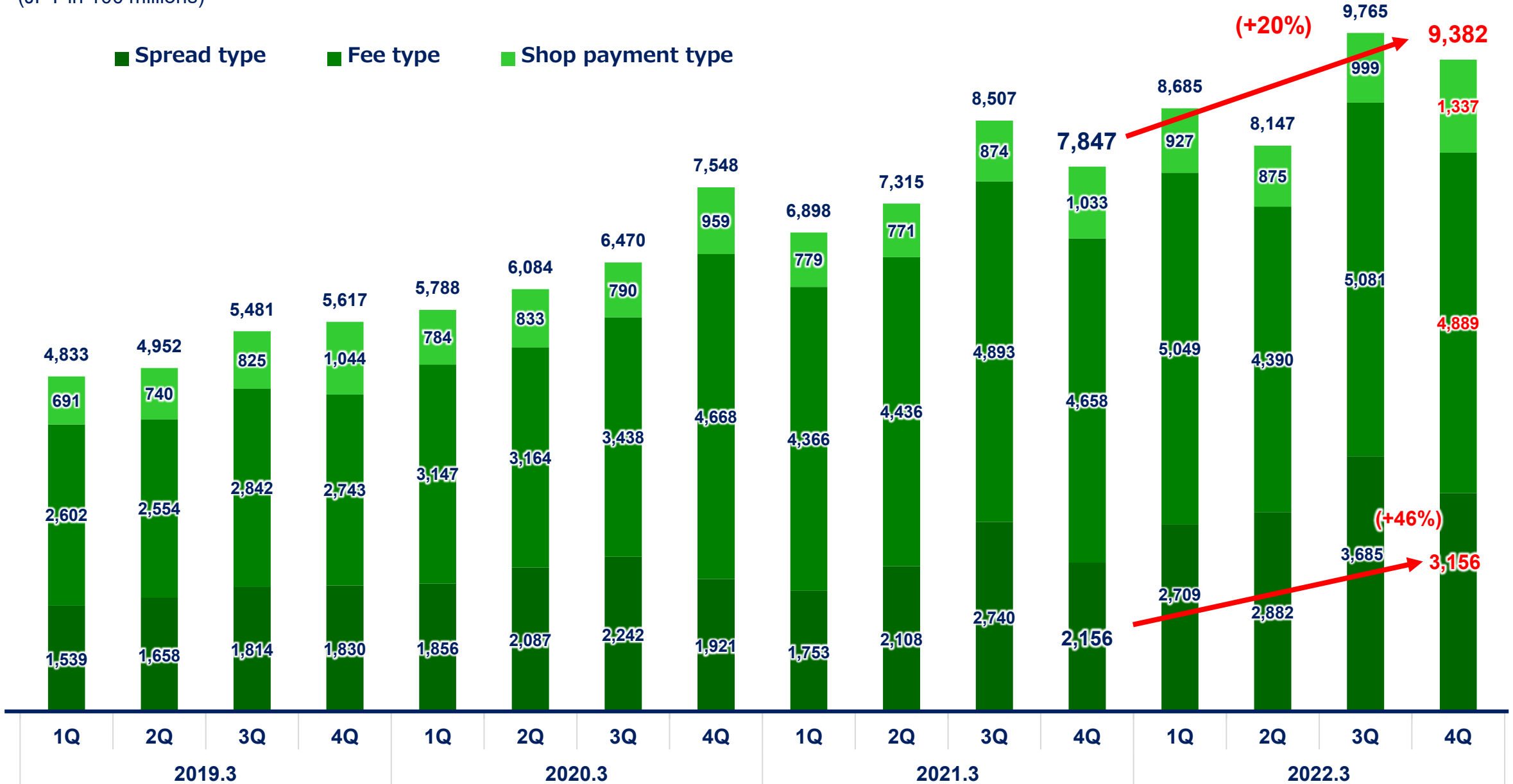


FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Spread type ■ Fee type ■ Shop payment type

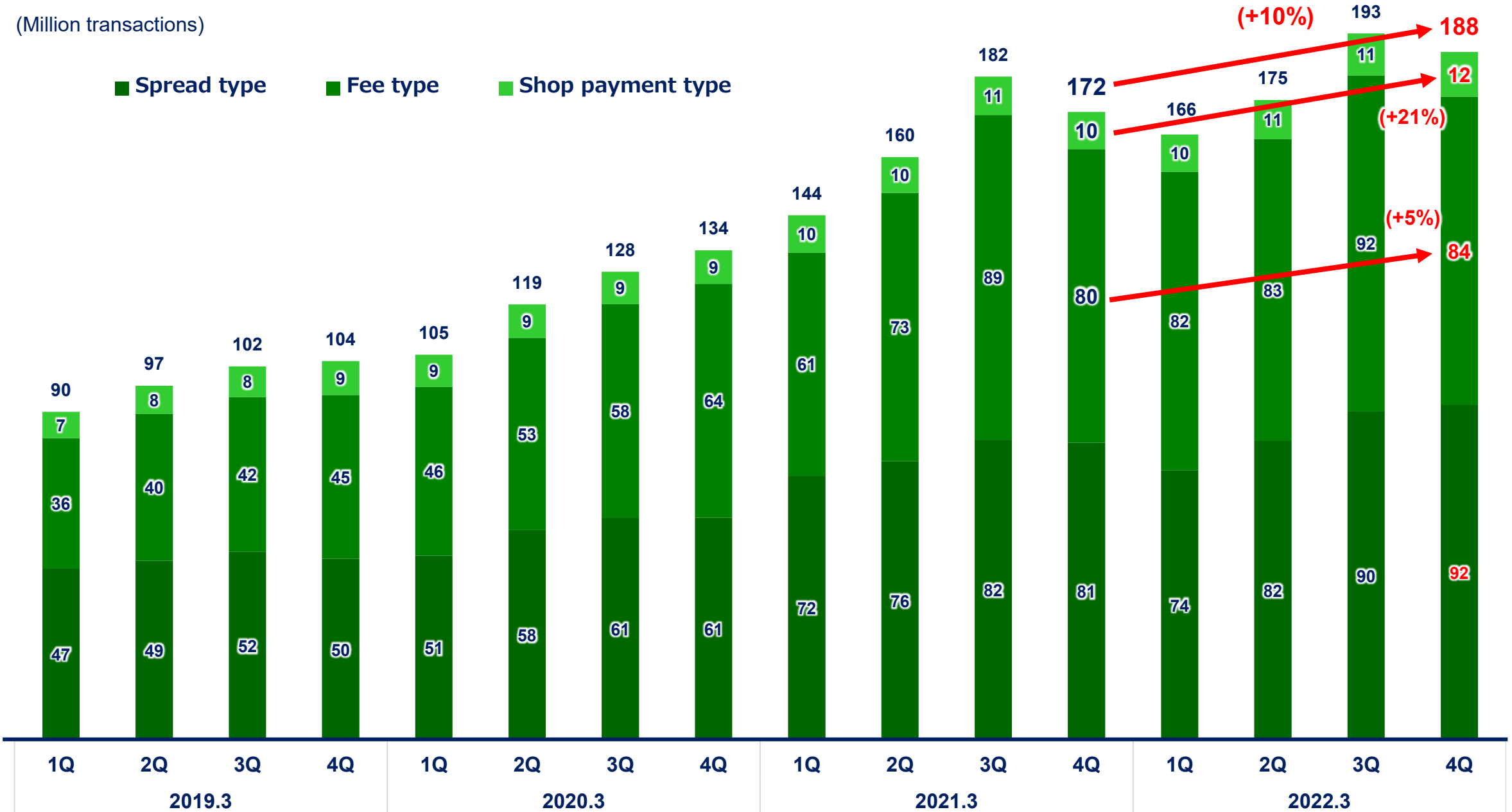


FT Segment - Transition of Quarterly Number of Transactions



(Million transactions)

■ Spread type
 ■ Fee type
 ■ Shop payment type

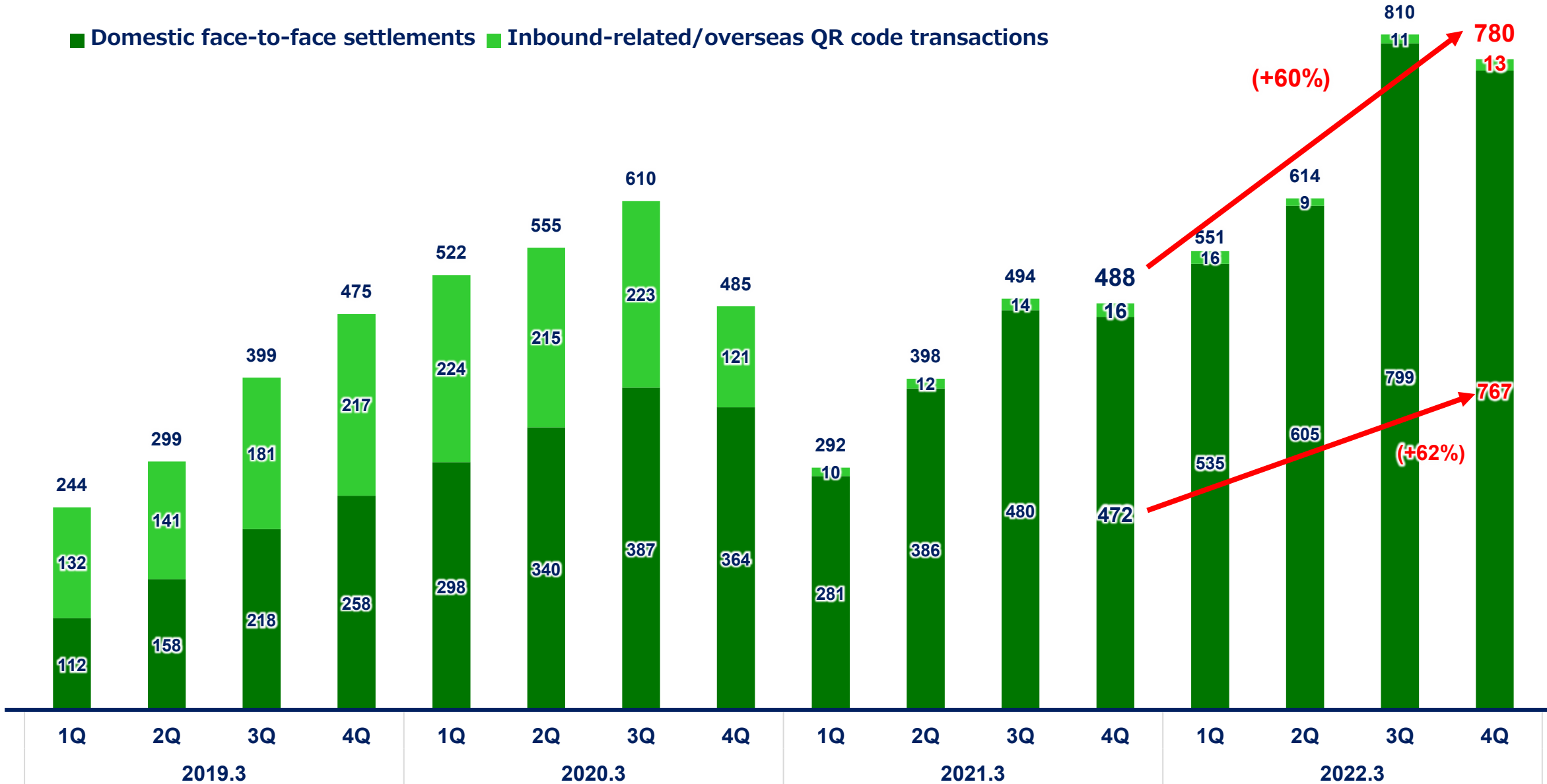


FT Segment - Transaction volume of face-to-face settlement



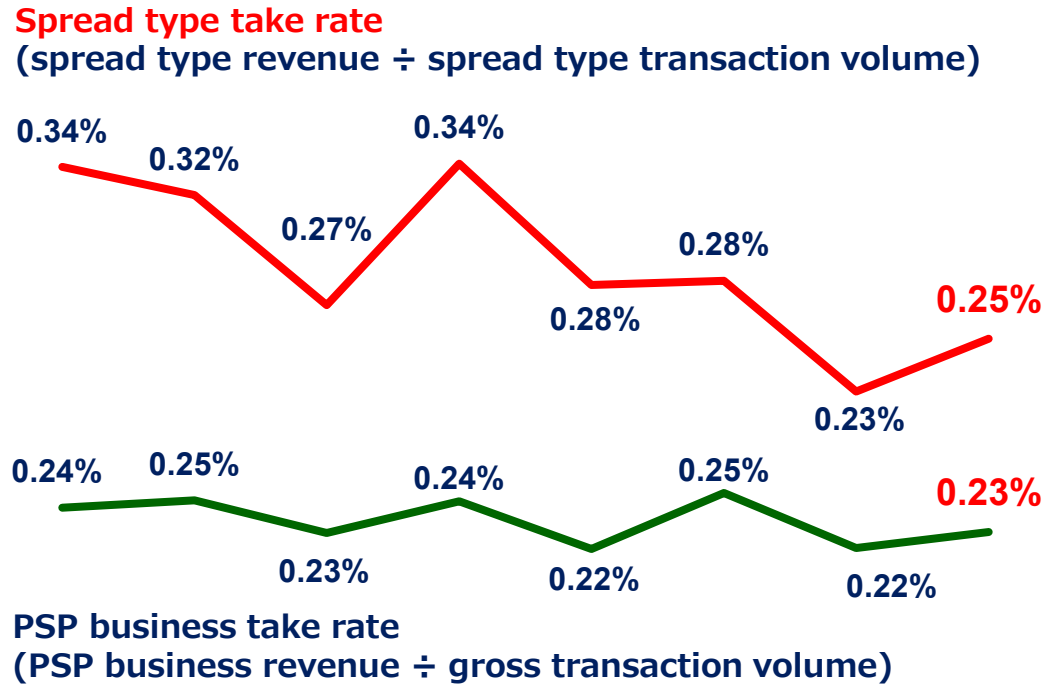
(JPY in 100 millions)

■ Domestic face-to-face settlements ■ Inbound-related/overseas QR code transactions



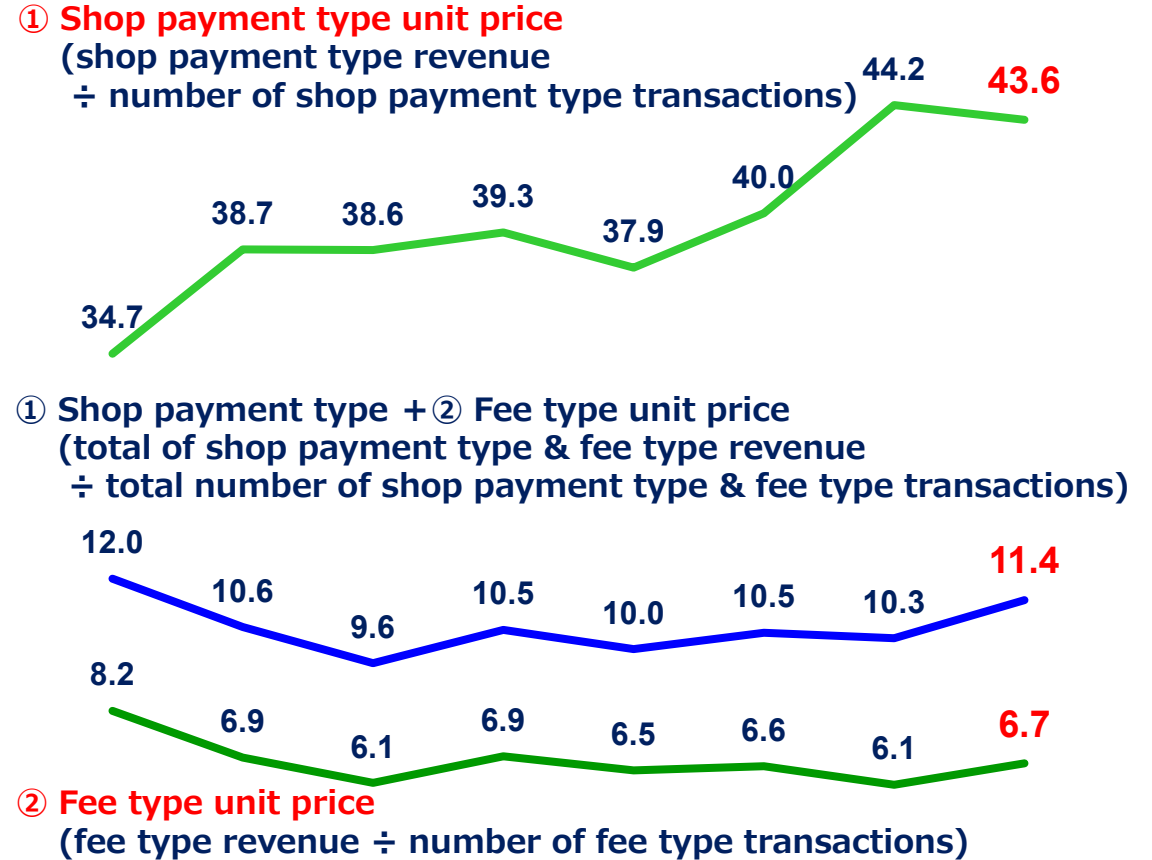


Take rate (spread type)



Unit price (fee type + shop payment type)

(JPY)



1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

2021.3

2022.3

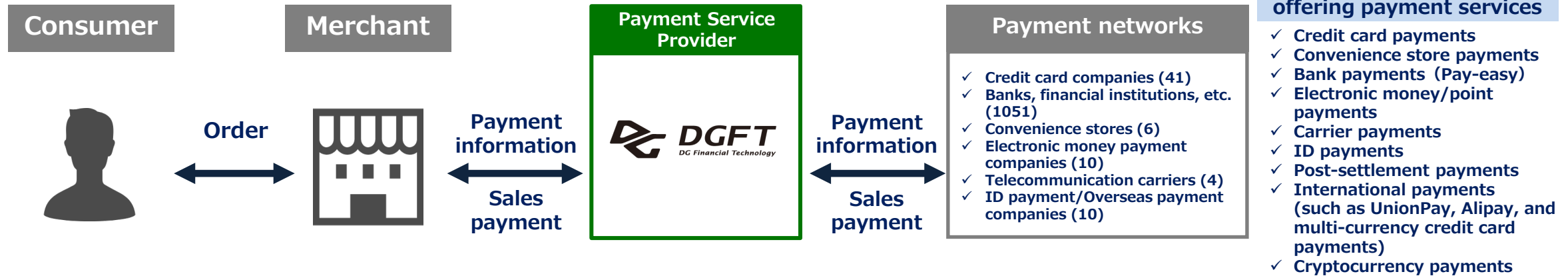
1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q

2021.3

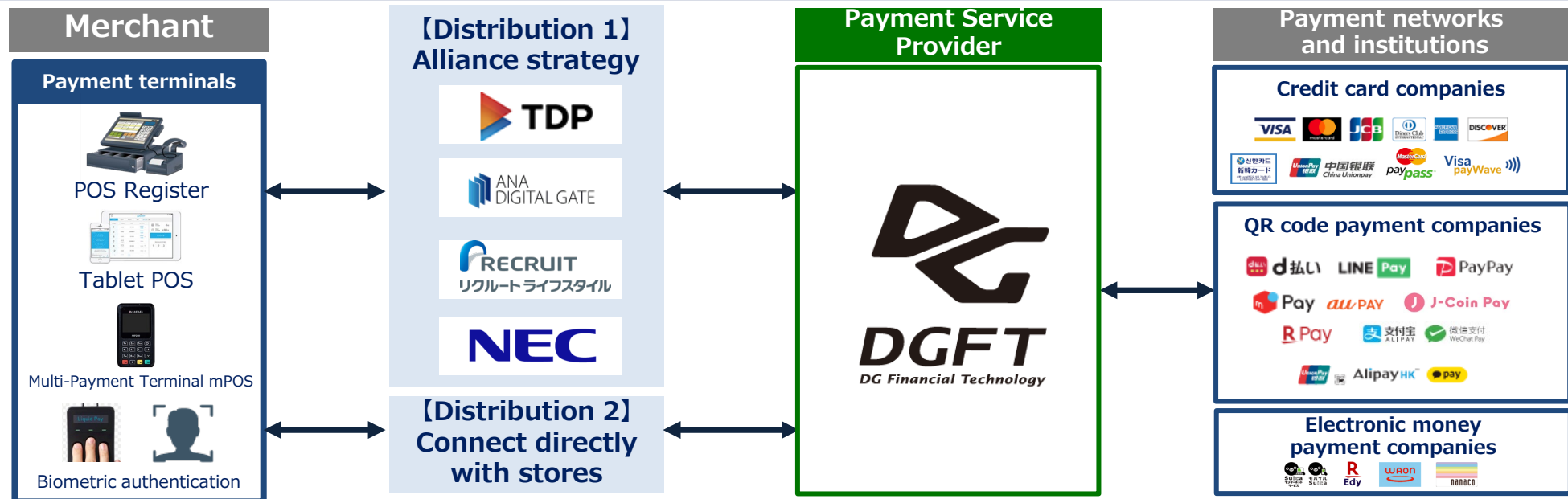
2022.3



Business model of EC payment



Business model of face-to-face settlement



FT Segment - About Two Types of Contracts

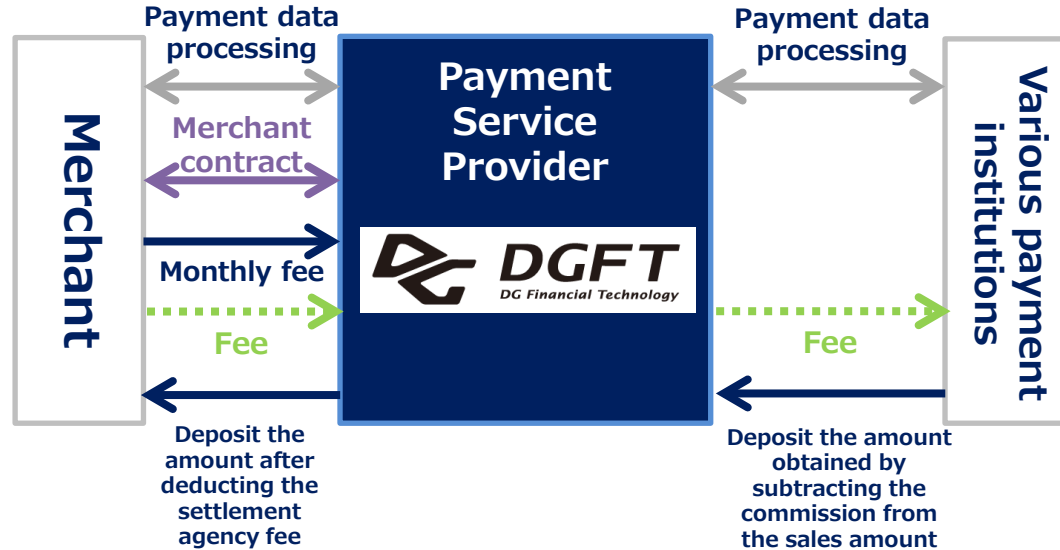


Storage agency type (representative contract) ⇒ Adopted by many EC companies

Classification

■ DGFT 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



Spread Type

Fee Type

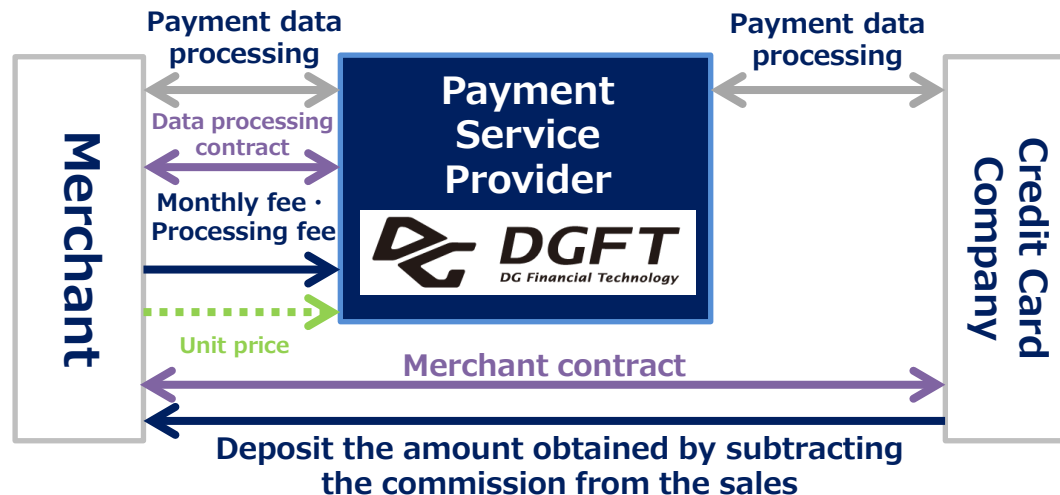
Stock Type

Payment data processing type (direct contract) ⇒ Adopted by major companies with large sales, mainly for card payments

Classification

■ 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



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.
	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.
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.
	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.

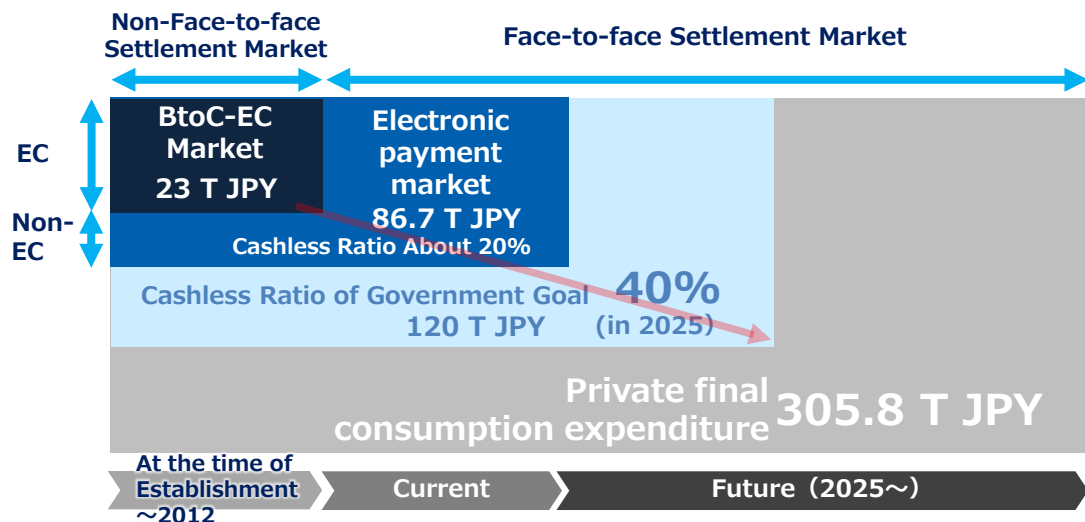


Category 1	Category 2	Definition	Description	Profit structure
Spread type	PSP* business *Payment Service Provider	✓ Payment such as credit card payment, which are fees that are based on <u>the payment amount</u>	EC payments, face-to-face settlements, etc. Representative contract: stands in between merchants 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 transactions</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 transactions × 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 transactions × 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	✓ Revenue 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	Revenue from investments accounted for using equity method and businesses other than payment services	✓ 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.

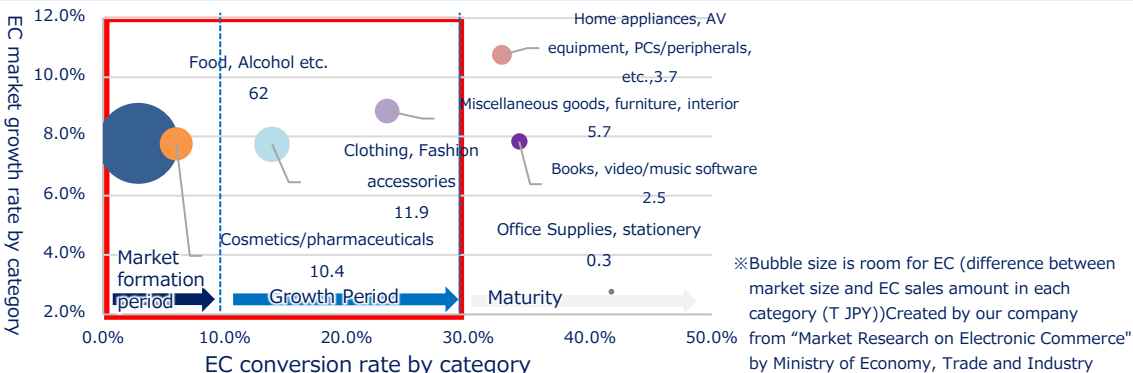


Target market size

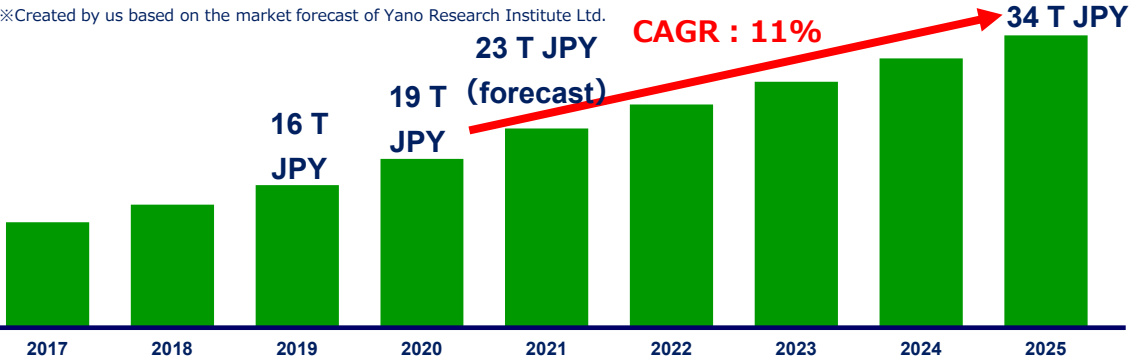
- Transaction volume for the FY 22.3 increased to **3.6 T JPY** in conjunction with the growth of the EC market. FT segment **holds 16% of BtoC-EC market**
- The ratio of electronic payments in the face-to-face settlement market increased due to the promotion of cashless transactions.
In 2025, about 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 22.3 exceeded 280 B JPY**
- The size of BtoB-EC market is 353 T JPY**



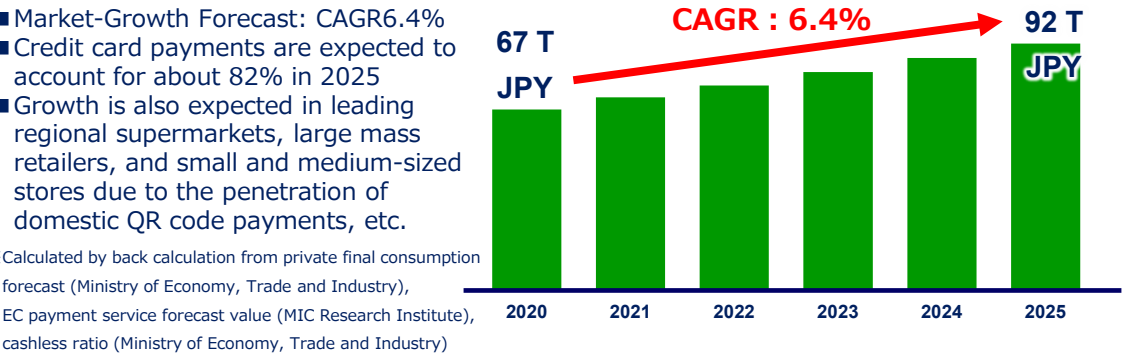
EC conversion rate and market growth rate by category in the product sales field



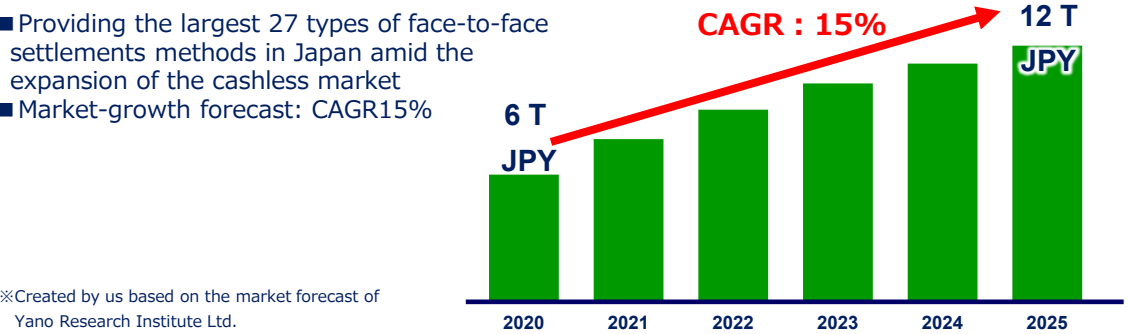
EC (online payment) service market size



Real (offline payment) market size



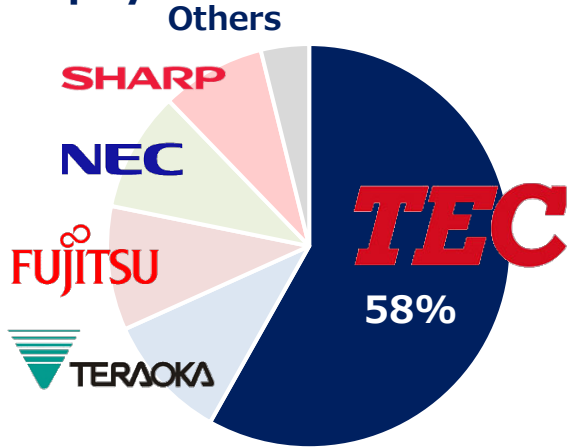
QR code payment market size





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

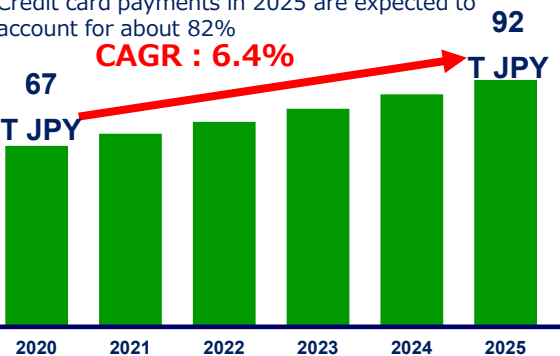


- ✓ Toshiba Tec Corporation has **greater than 50% of the market share of POS in Japan**
- ✓ Promotes expanding DGFT payment infrastructure toward merchants of Toshiba Tec’s POS systems (**About 10% at present**)
- ✓ Number of transactions through Toshiba Tec’s POS systems goes accordingly with its highest 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

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

Real (offline payment) market size

Credit card payments in 2025 are expected to account for about 82%



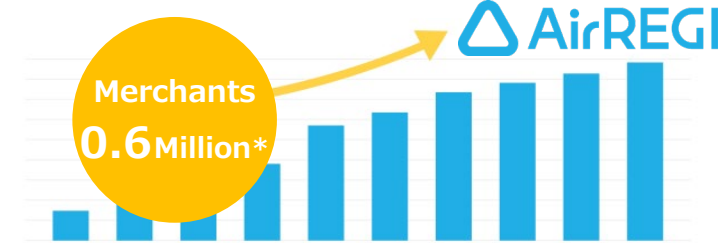
Alliance with Recruit Lifestyle

- ✓ 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



Tablet POS

*Number of AirREGI accounts as of the end of September 2021. Sited from the Recruit website



Providing multi-QR code payment service

- ✓ DG Group Launched the multi-QR code payment solution “Cloud Pay” in May 2019



- The number of introduced stores has exceeded 400,000 (as of the end of March 2022)
- Grew to be a leading player in QR code payment networks

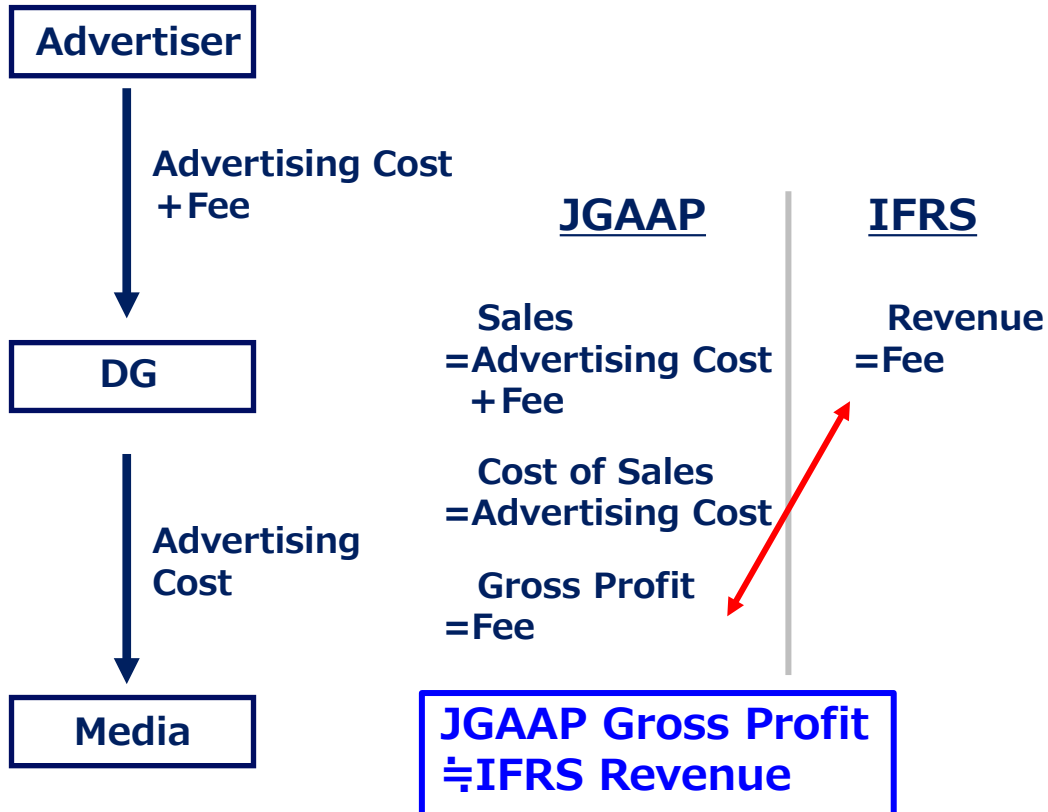
MT Segment





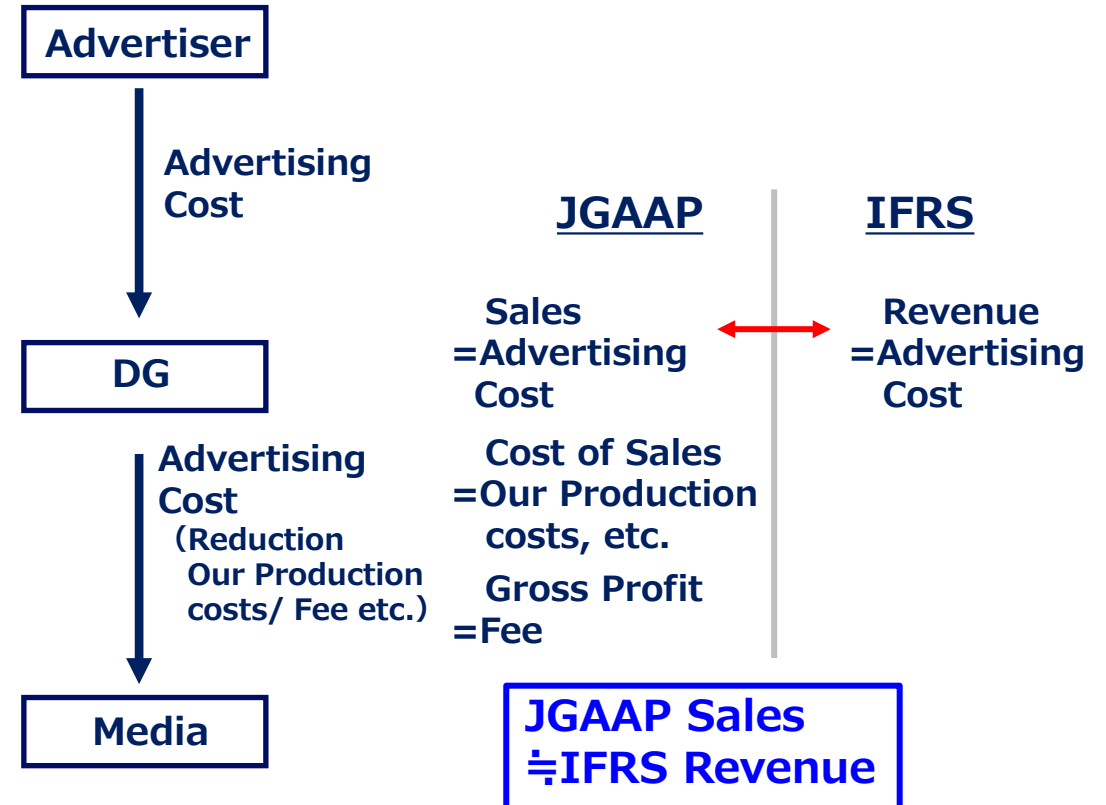
Revenue of digital ads

- 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 – 4Q (Jan.-Mar.) Segment Highlights



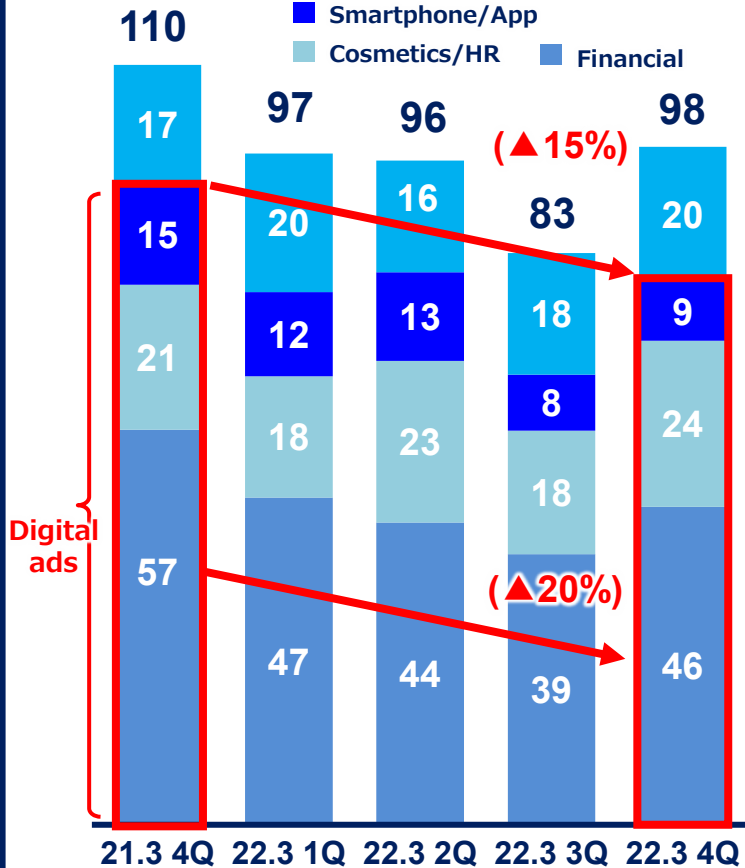
Advertisement volume for mainstay digital ads in FinTech related such as credit cards remained firm

~ Finance-related CRM and app development also recovering according to Group FinTech Shift ~

Advertisement volume

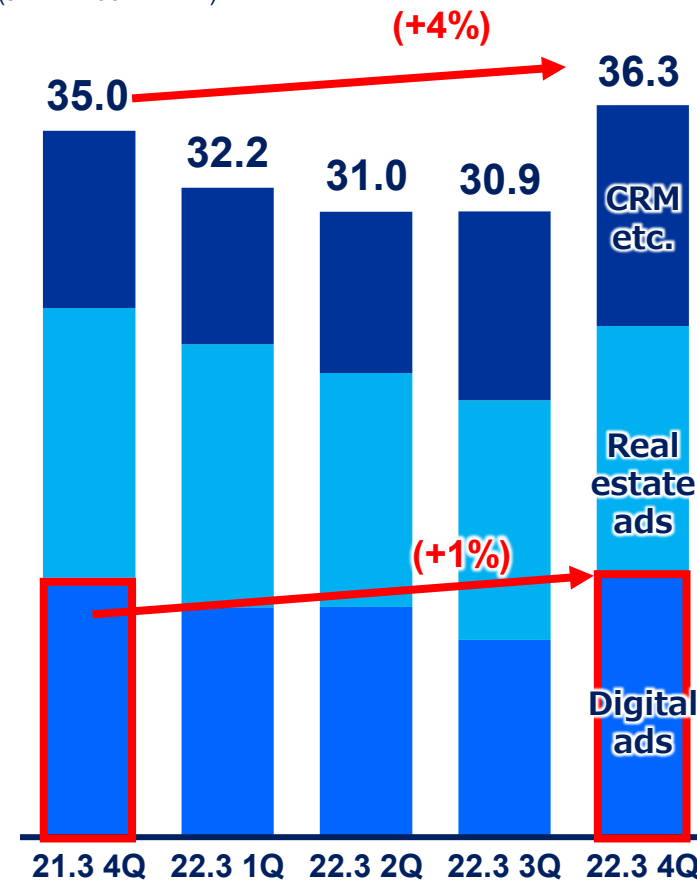
(JPY in 100 millions)

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



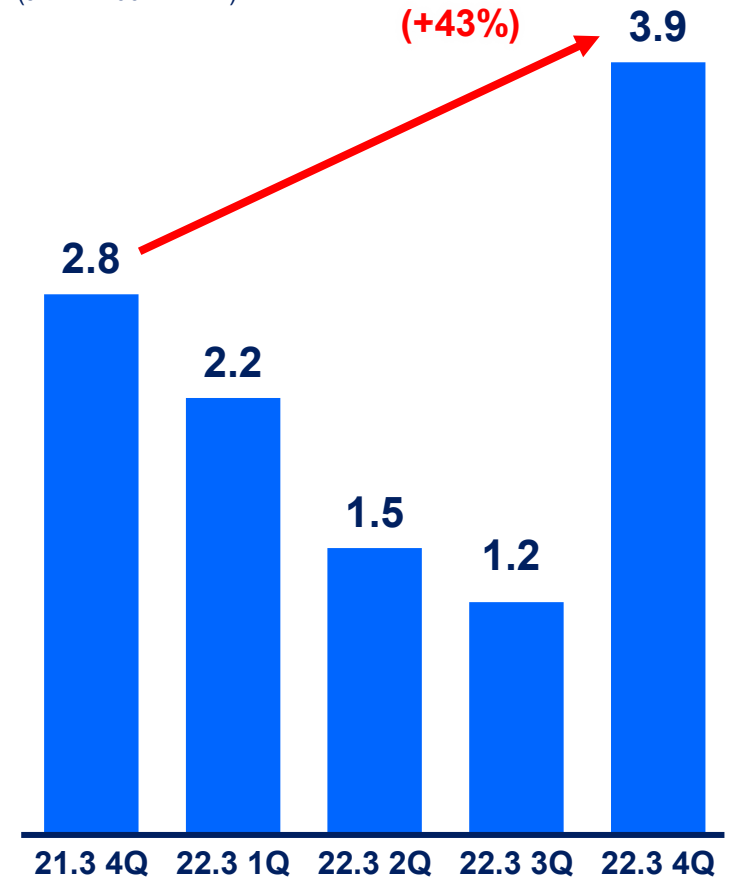
Revenue

(JPY in 100 millions)



Profit before tax

(JPY in 100 millions)

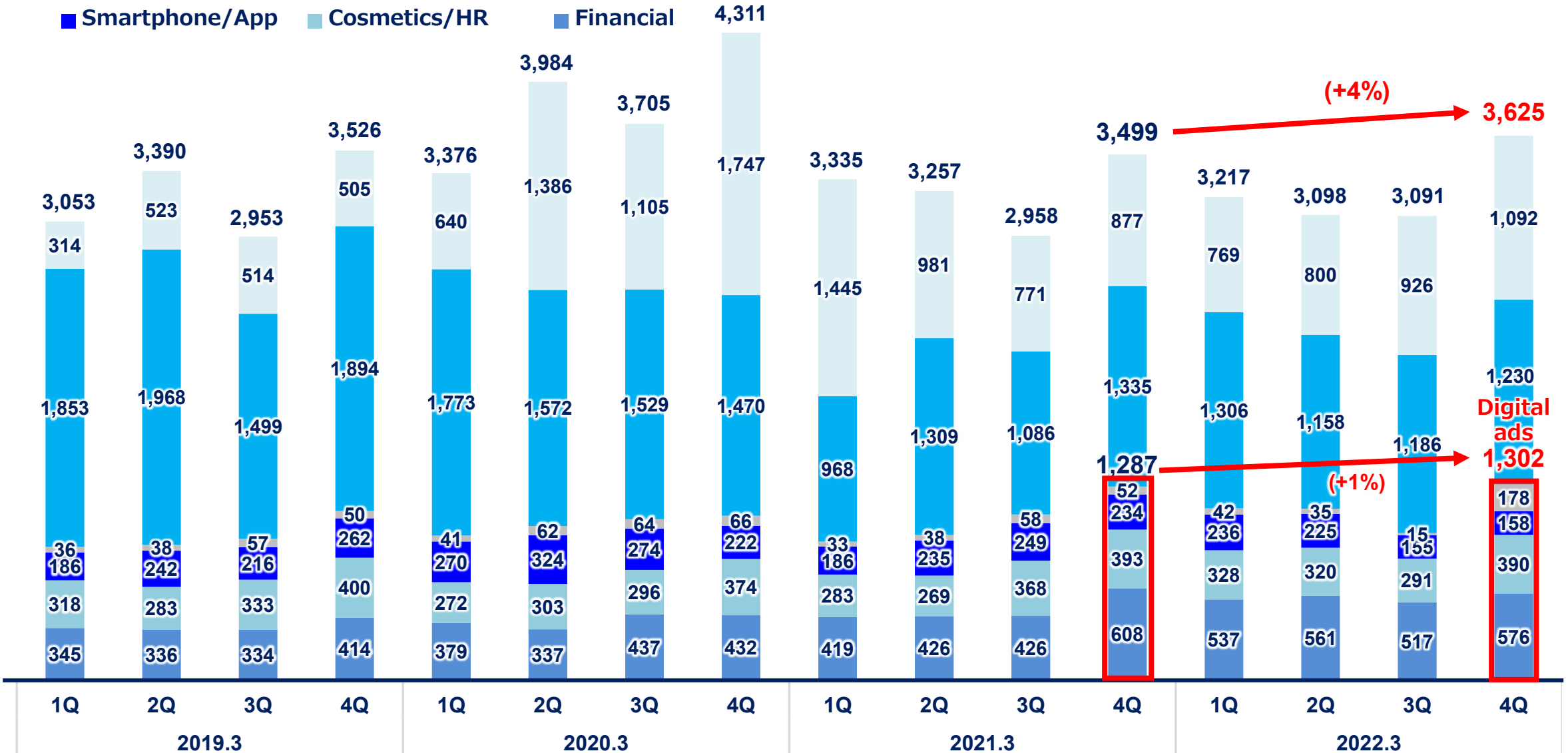


MT Segment - Transition of Quarterly Revenue



(JPY in millions)

- CRM etc.
- Real estate
- Other digital ads
- Smartphone/App
- Cosmetics/HR
- Financial

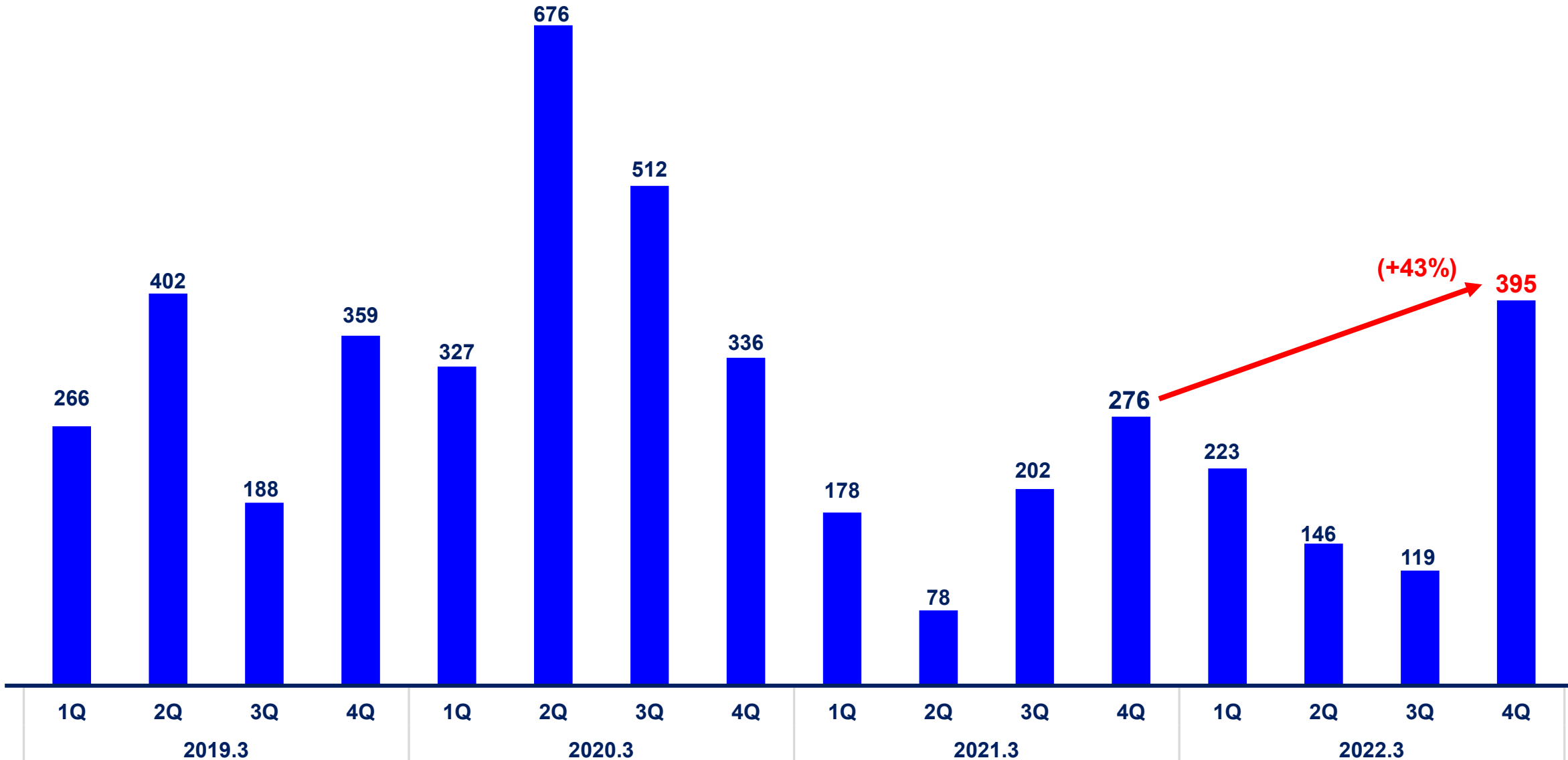


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

MT Segment - Transition of Quarterly Profit Before Tax



(JPY in millions)



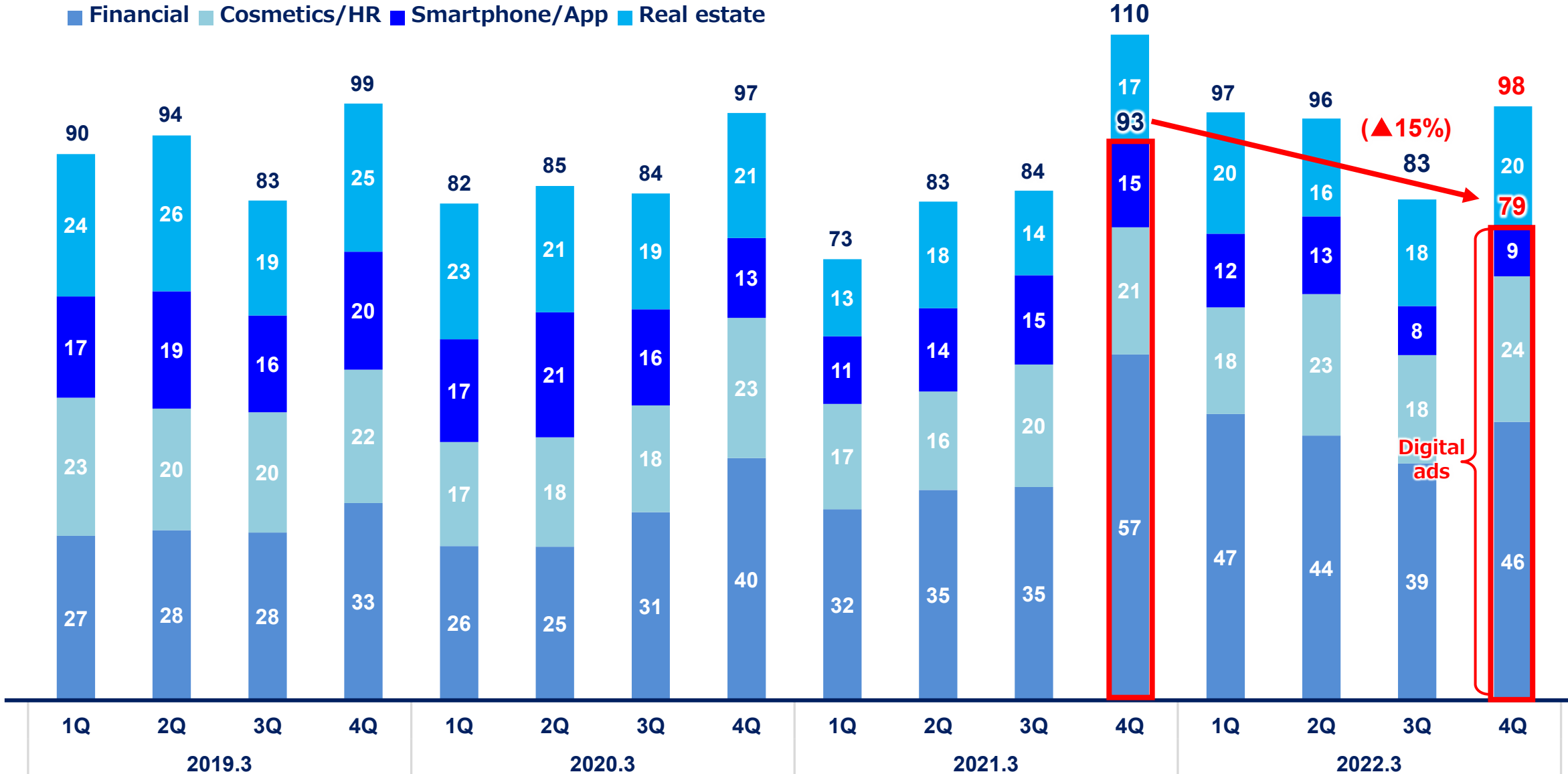
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

MT Segment - Transition of Quarterly Advertisement Volume



(JPY in 100 millions)

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

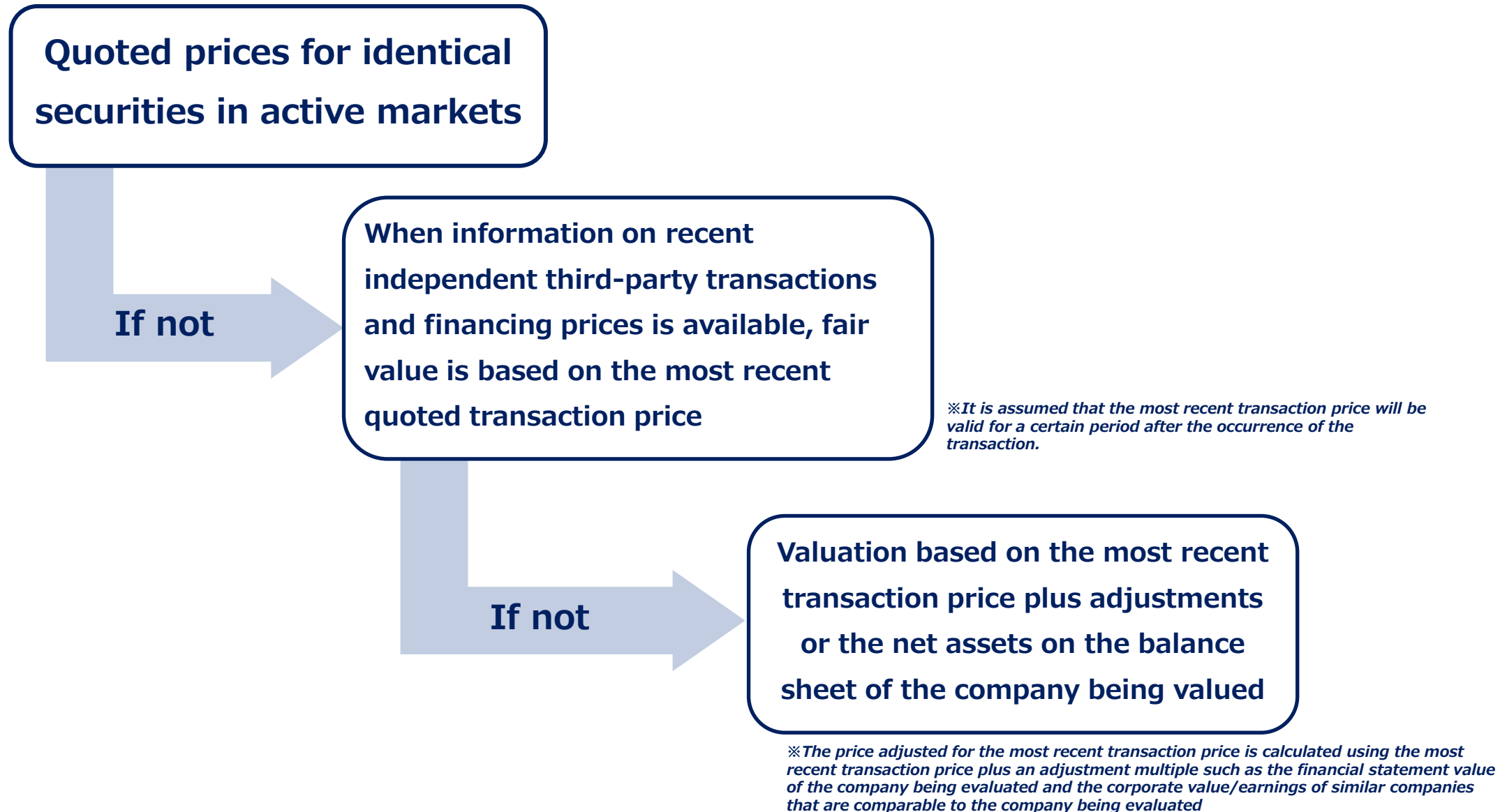


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

IT Segment



【Calculation method for fair value of operational investment securities】

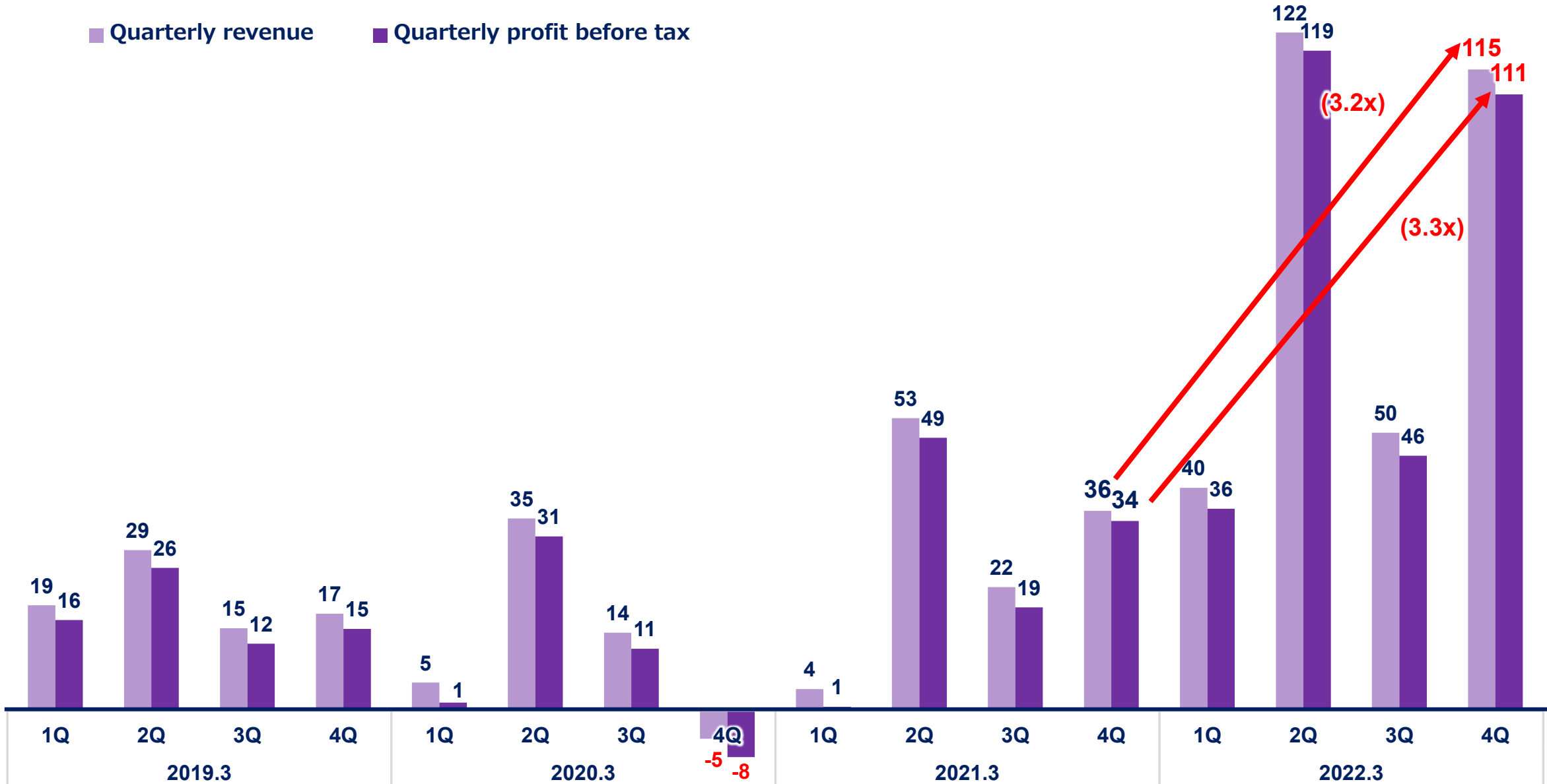


IT Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax





IT Segment -

Transition of Quarterly Operational Investment Securities and Number of Investees

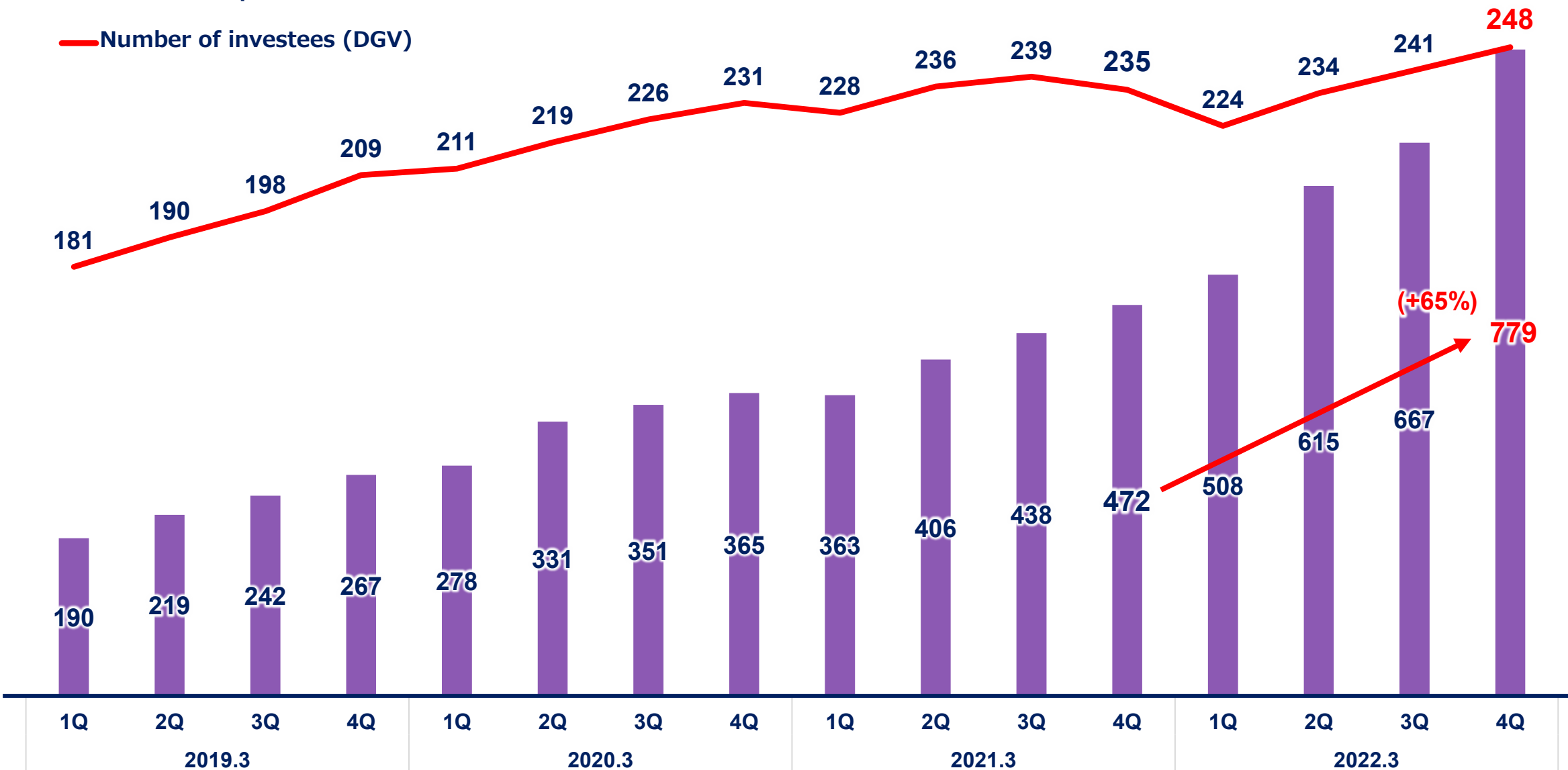


(JPY in 100 millions)

(Number of investees)

Balance of operational investment securities

Number of investees (DGV)



(+65%)

IT Segment - Operational Investment Securities' List of Top 10

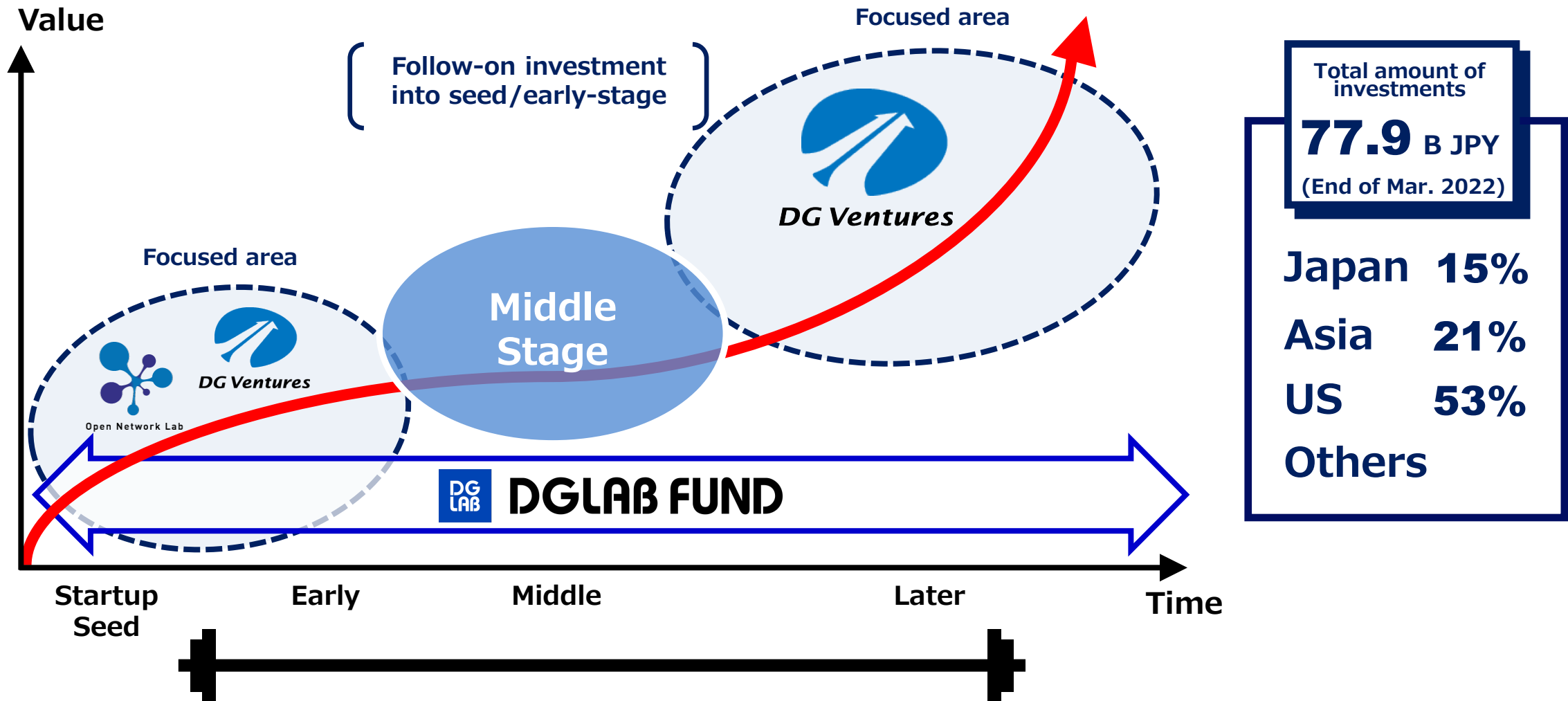


Investee	Overview	Region	Equity ratio	Fair value (JPY in 100 millions)
Blockstream	Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications	US	3.8%	150
MX Technologies	Offers a PFM (personal financial management) tool for financial institutions in the US	US	3.2%	74
GrubMarket	Grocery B2B and B2C e-commerce	US	1.8%	45
Sen Do Technology	Operates Sendo, a marketplace for C2C and B2C in Vietnam, and provides electronic wallet services	Vietnam	12.7%	41
Healthians	Provides online health check services such as online appointment, at-home blood sampling, and online results	India	8.4%	32
Droom	Operates Droom, India's largest automotive buying and selling online marketplace	India	2.0%	23
indie Semiconductor	Provides automotive semiconductors and software platforms	US	1.4%	19
Helium Systems	Operate IoT business through smart sensor devices that can be provided at low cost	US	1.6%	19
NoBroker Technologies Solutions	CtoC real estate marketplace that enables to complete a series of procedures (property search to contract exchange) online	India	1.4%	17
Playco Global	Provider of instant games that can be played directly on Facebook, LINE, etc. and game development platform	US	2.0%	13

NOTE) Equity ratio and fair value of an investee BlockStream Corporation Inc. do not include investment securities held by Digital Garage, Inc.



Based on a key strategy (Barbell strategy) in line with corporate growth and a global portfolio (Japan, Asia, and the U.S.)





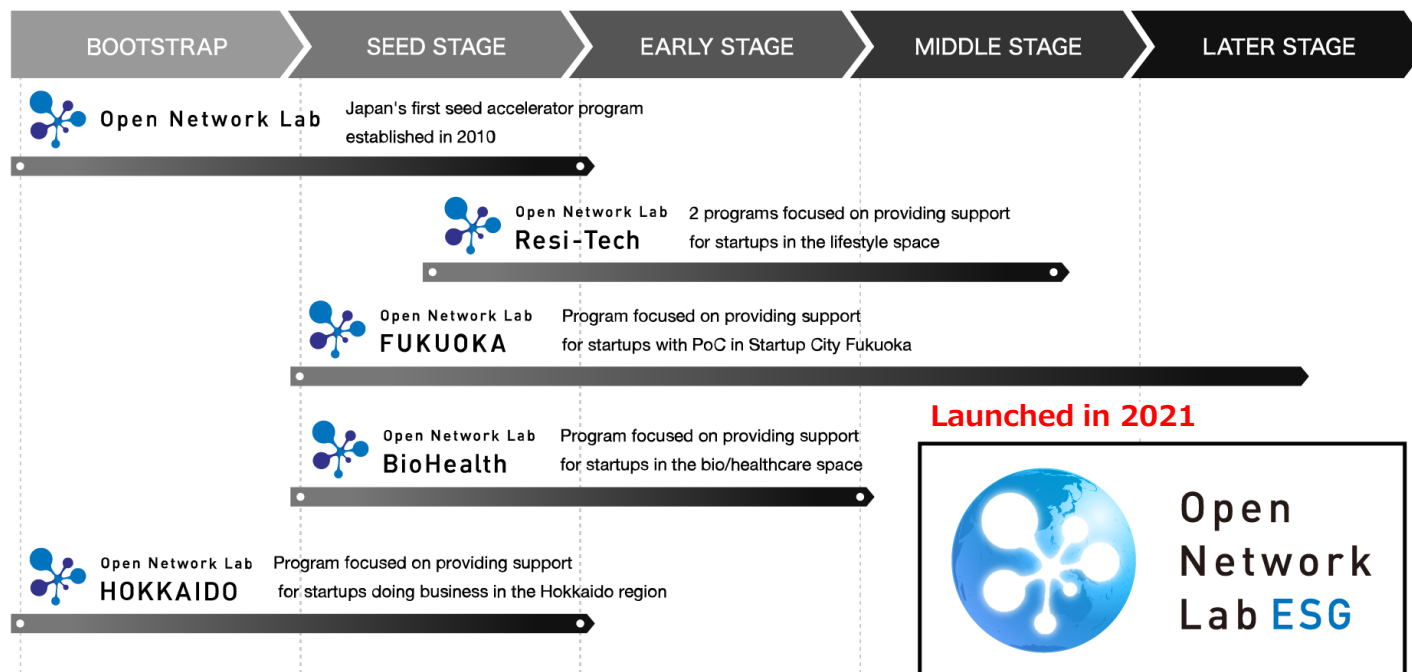
Established Open Network Lab & ESG I “Earthshot Fund” for Onlab participants and startups in the ESG field

~ Reinforce follow investments utilizing the fund and promote ESG investments ~

<Outline of this fund>

Fund name	Earthshot Fund (Name: “Open Network Lab & ESG I Investment Limited Partnership”)
Operator	DG Incubation, Inc.
Operation period	10 years
Application closed (expected)	End of September 2022
Investees	This fund will invest in promising startups in Japan and abroad—focusing on Onlab participants (including those that have applied and selected) and companies related to the ESG field—and provide follow investments to investees with high potential for growth.

- ✓ Take advantage of Onlab’s investment, support resources and expertise for seed and early-stage startups, as well as its startup network in the ESG field, to carry out investment activities



LTI Segment

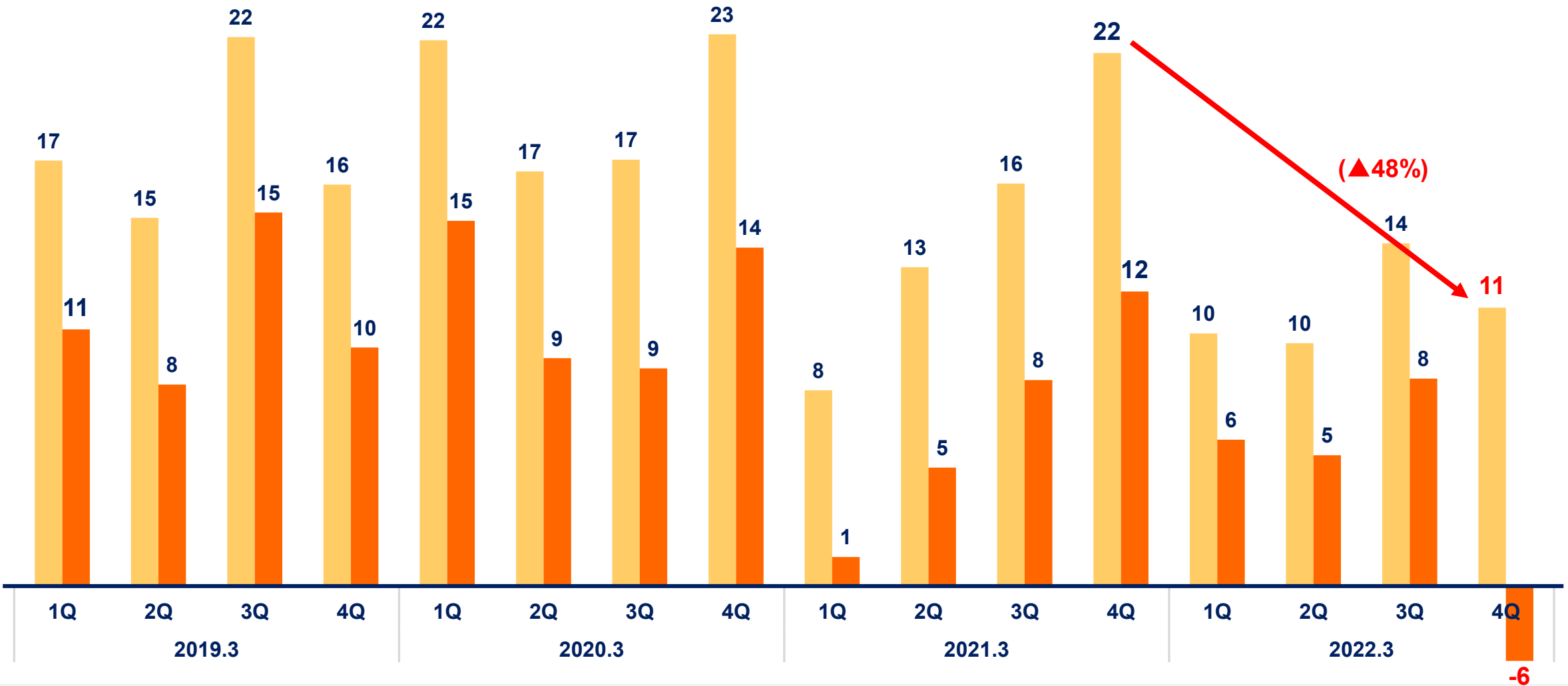


◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



(▲48%)

-6

Policy on Shareholder Returns



Transition of Business Cash Flow Before Income Taxes

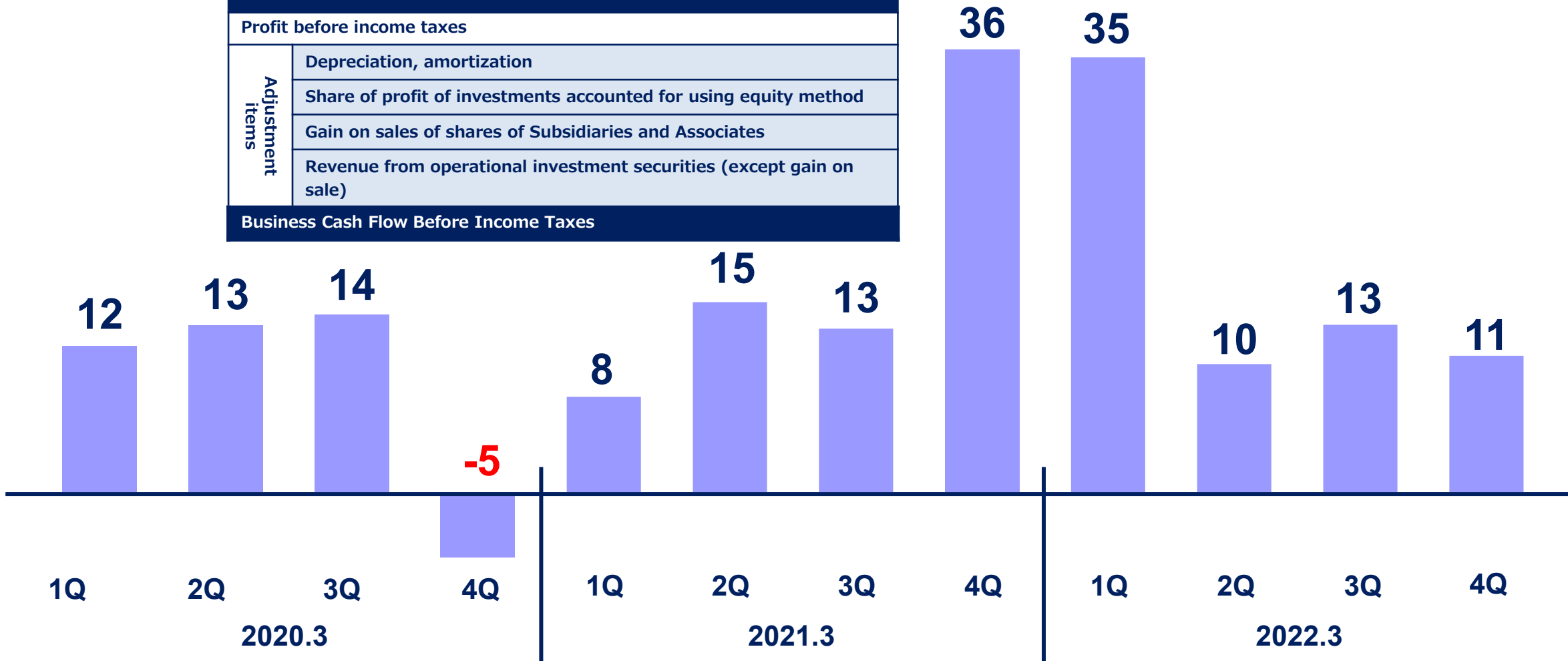


Define the cash flow based on the actual cash in/out flows from our business as
“Business Cash Flow Before Income Taxes”

~ Adjusting gains or losses of fair value from IT segment
 and non-cash profits such as equity in earnings of affiliates ~

(JPY in 100 millions)

< Method of calculation of Business Cash Flow Before Income Taxes >	
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 gain on sale)
Business Cash Flow Before Income Taxes	



NOTE) Gain on valuation of investment securities (financial income) is also adjusted on 2022.3 2Q



Return to shareholders through cash flow-conscious management, setting 20% dividend payout ratio to the business cash flow before income taxes as a target in the mid-term plan

Policy on shareholder returns

Aim to balance “promoting investments for business growth” that contributes to the improvement of corporate value and “securing the soundness of financial condition”, and work to “further better our performance on shareholder returns”

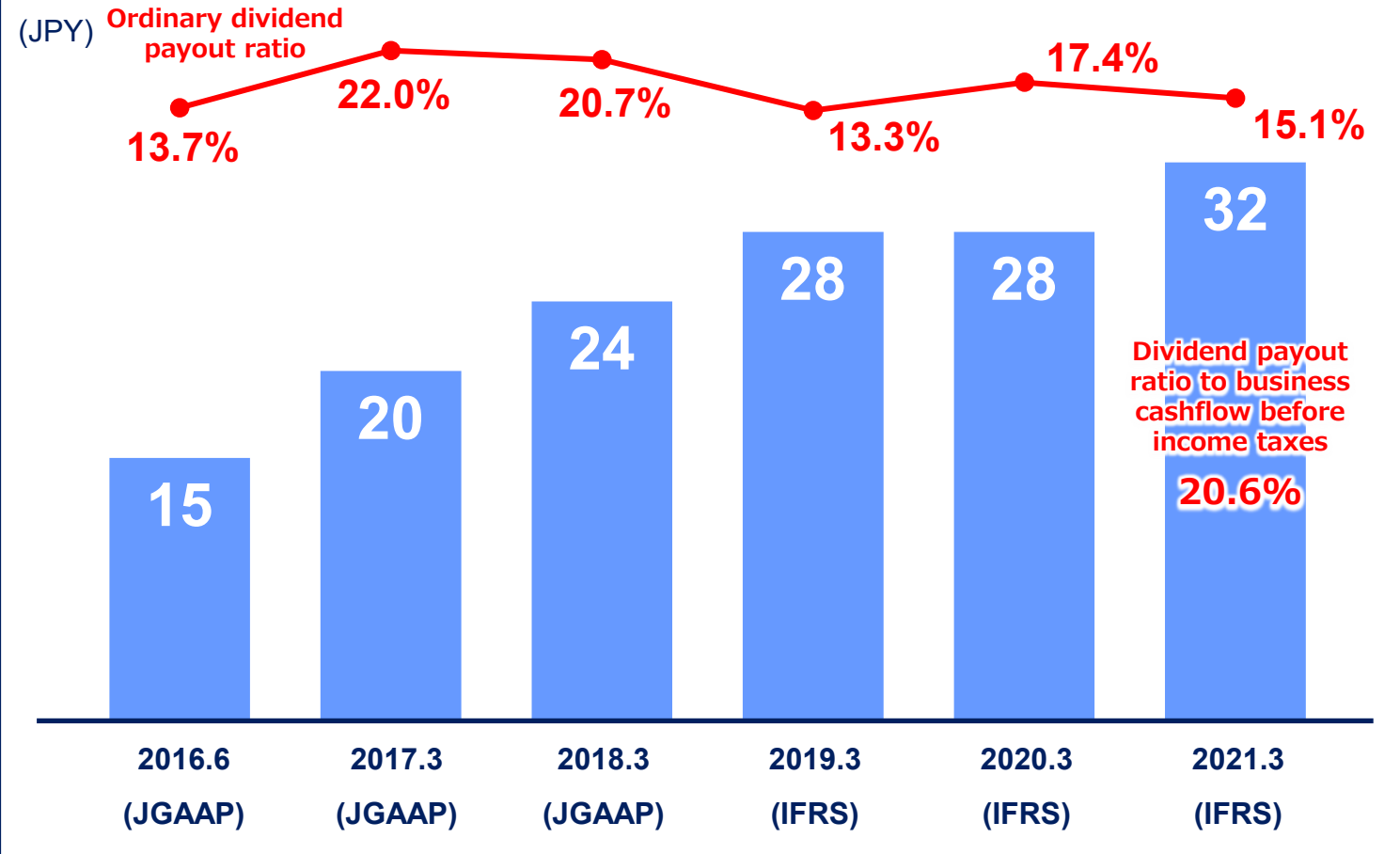
Dividend

- Return to shareholders through cash flow-conscious management by measuring the cash generation output of our group businesses
- Introduce “20% dividend payout ratio to the business cash flow before income taxes” as the new policy on shareholder returns

Buyback

- Define as a measure to improve capital efficiency
- Execute in an agile manner accordingly with the stock price level while taking business performance and financial condition into consideration

Transition of ordinary dividend and ordinary dividend payout ratio



Year-on-Year Results



Financial Results: Consolidated PL (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result	FY22.3 Result
■ Continuing operations					
Revenue	25,503	35,687	36,936	40,478	72,955
Revenue in recurring business	18,141	22,713	26,687	24,945	24,830
Revenue in operational investment securities	1,007	6,090	4,020	11,031	28,269
Other income	2,111	1,933	2,416	1,949	954
Finance income	764	117	93	59	13,161
Share of profit of investments accounted for using equity method	3,481	4,835	3,720	2,495	5,741
Expenses	17,127	22,264	26,929	26,161	27,561
Cost of sales	7,187	10,401	12,036	10,697	10,513
Selling, general and administrative expenses	9,095	11,296	14,022	14,537	14,818
Other expenses	542	332	492	617	1,881
Finance costs	303	235	379	311	349
Profit before tax	8,376	13,424	10,008	14,317	45,393
Income tax expense	1,857	4,088	2,677	4,798	15,244
Profit from continuing operations	6,518	9,336	7,331	9,518	30,149
■ 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	30,149
Owners of parent	6,412	9,771	7,420	9,786	30,330
Non-controlling interests	-75	19	-89	-267	-181

Financial Results: Consolidated PL by Segments (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result	FY22.3 Result
Revenue	25,503	35,687	36,936	40,478	72,955
Financial Technology	5,929	7,447	8,609	9,666	10,762
Marketing Technology	9,939	12,922	15,375	13,049	13,031
Incubation Technology	2,553	8,022	4,868	11,482	32,787
Long-term Incubation	6,301	7,133	7,929	5,931	4,567
Others/Adjustments and Eliminations	781	164	155	351	11,808
Profit before tax	8,376	13,424	10,008	14,317	45,393
Financial Technology	2,809	3,349	4,049	4,118	4,548
Marketing Technology	1,856	1,215	1,853	735	883
Incubation Technology	1,321	6,889	3,563	10,264	31,215
Long-term Incubation	3,621	4,378	4,701	2,653	1,380
Others/Adjustments and Eliminations	-1,231	-2,408	-4,158	-3,452	7,366

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

Transition of Consolidated Revenue and Profit Before Tax

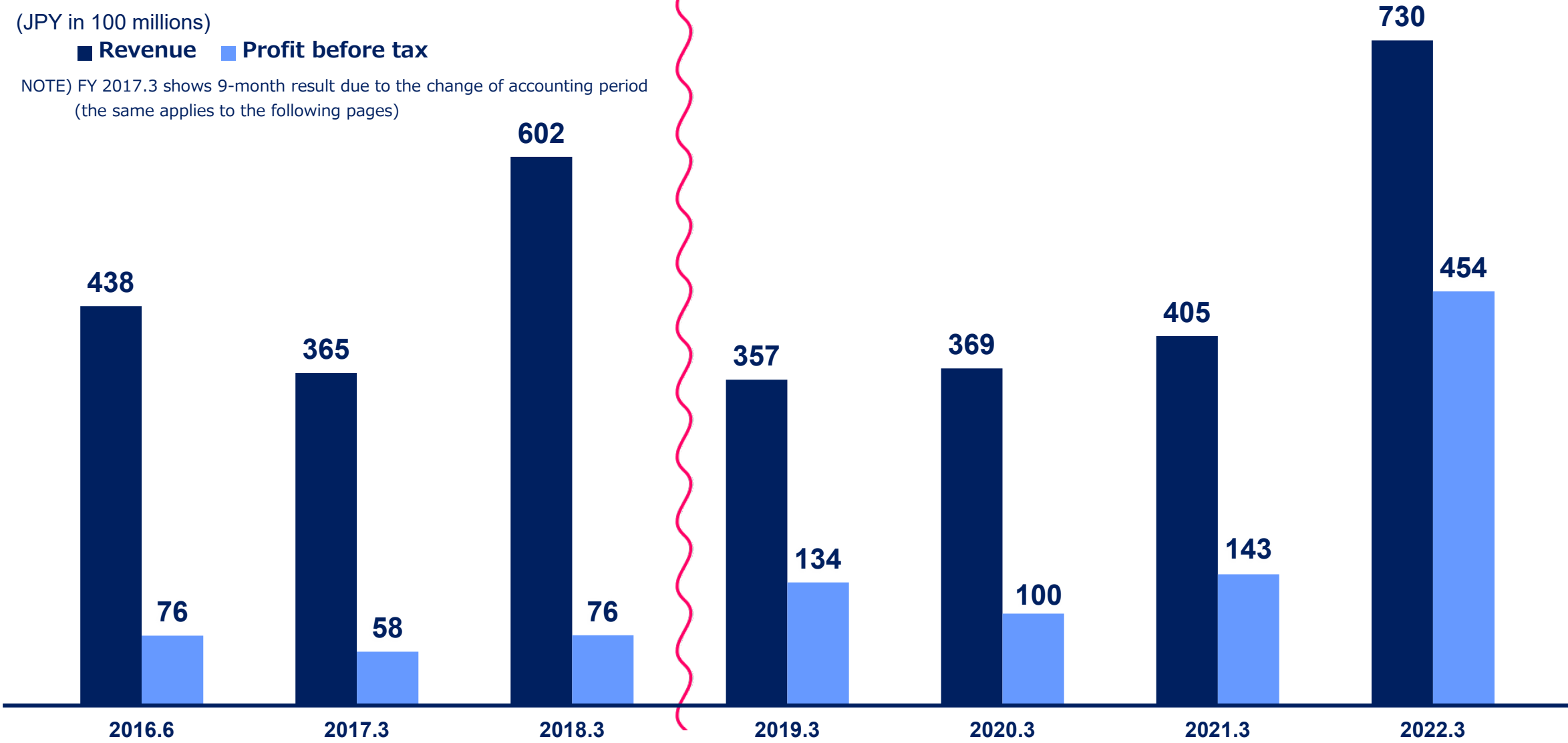


← JGAAP → ← IFRS →

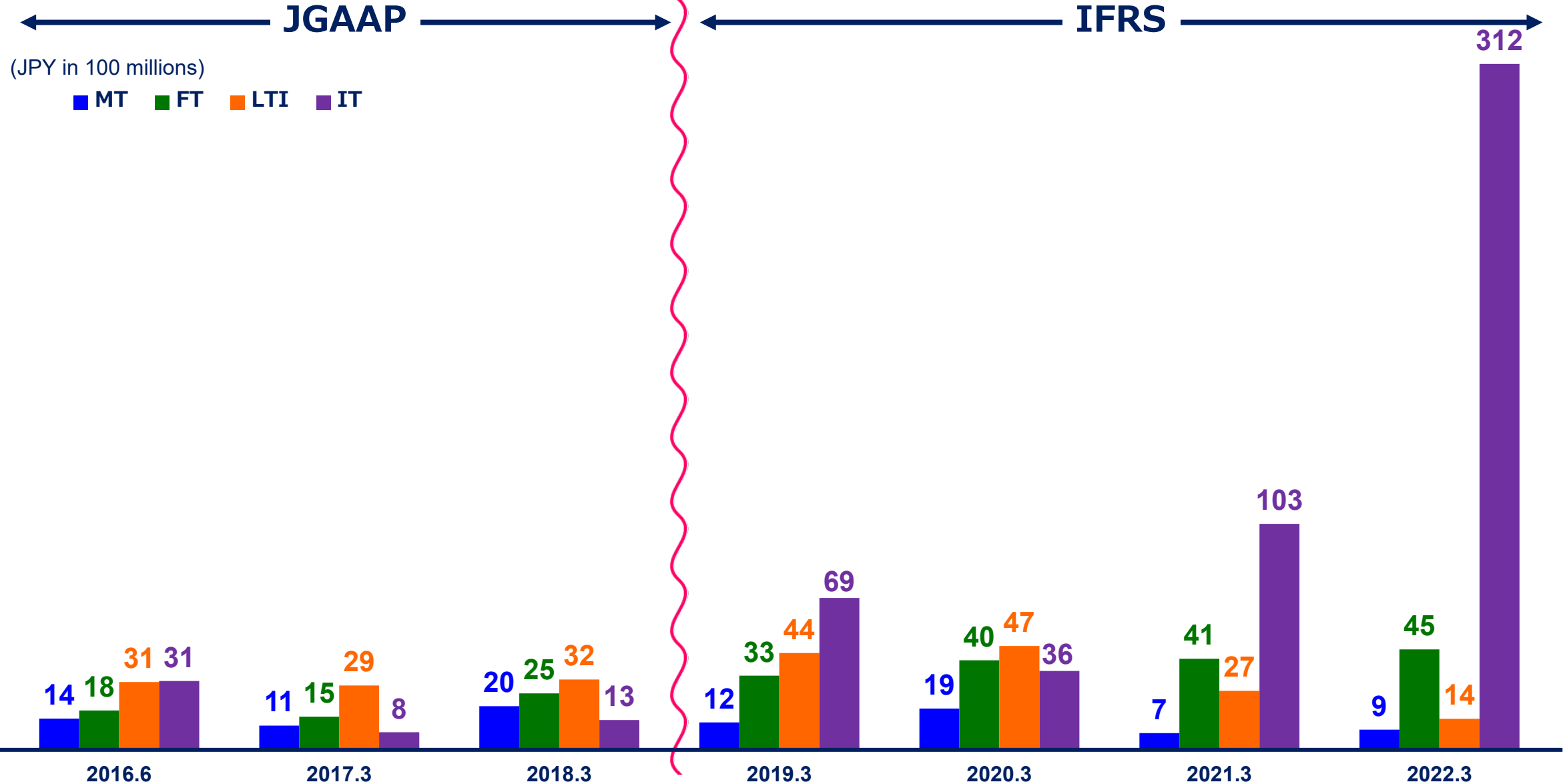
(JPY in 100 millions)

■ Revenue ■ Profit before tax

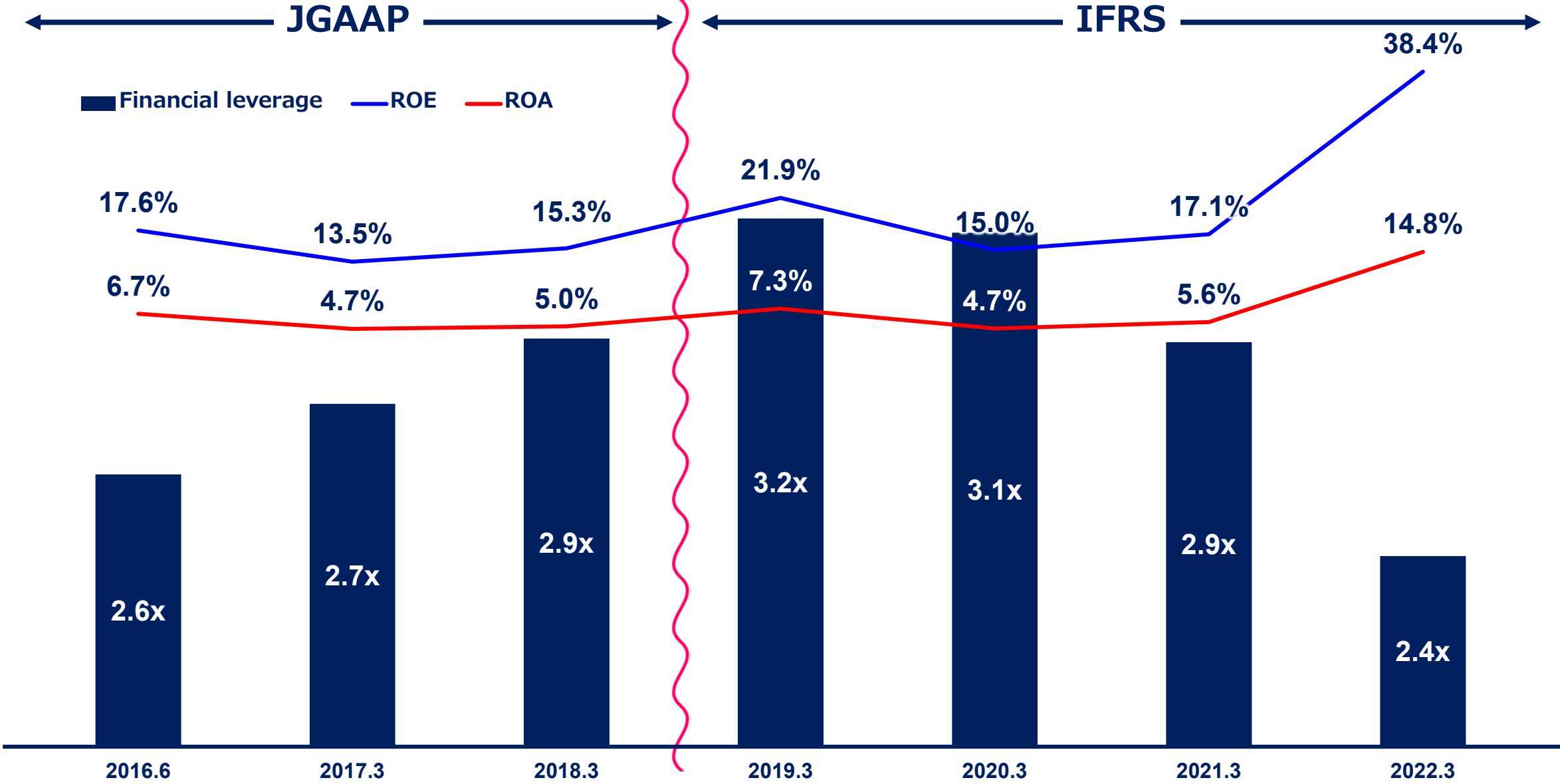
NOTE) FY 2017.3 shows 9-month result due to the change of accounting period (the same applies to the following pages)



Transition of Profit Before Tax by Segments



Transition of ROE, ROA, Financial Leverage



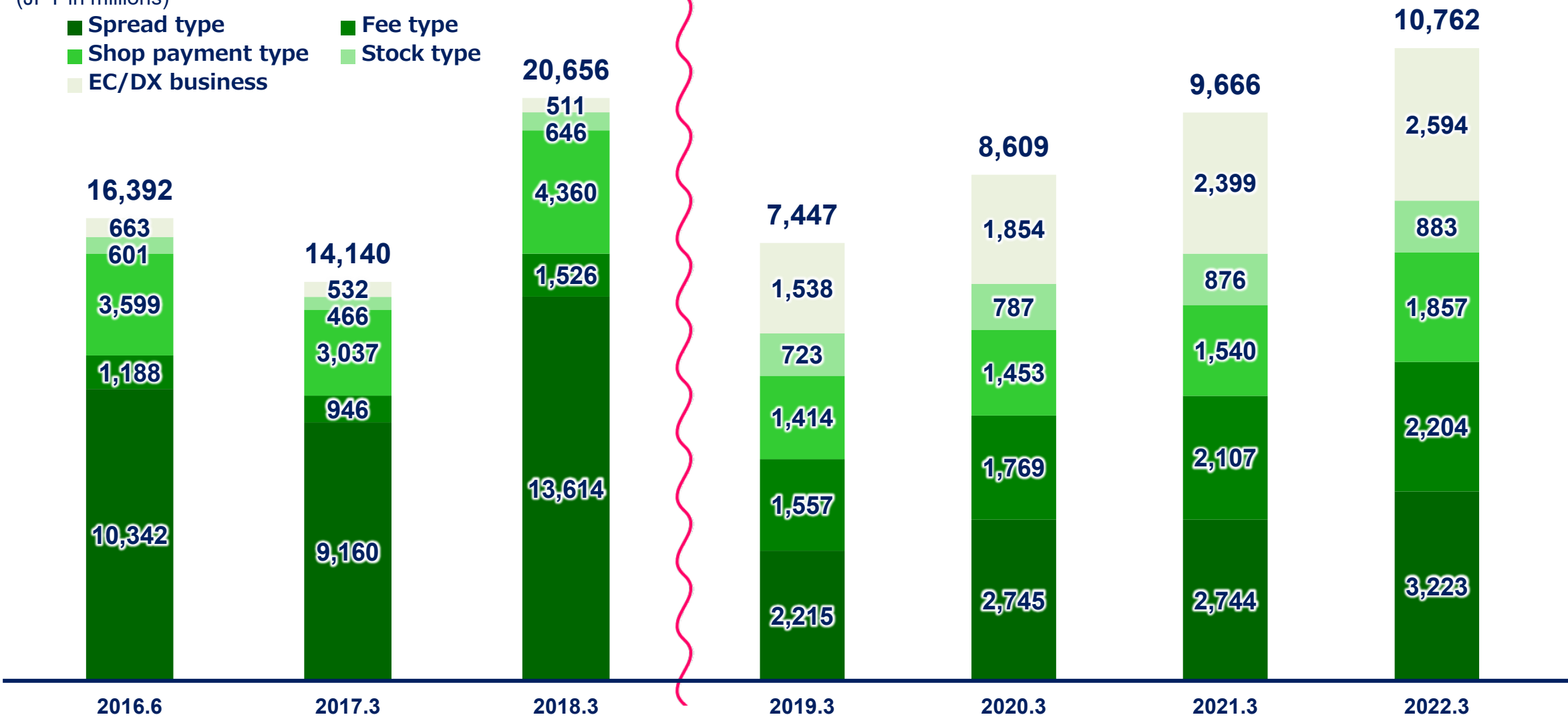
FT Segment - Transition of Revenue (Category 1)



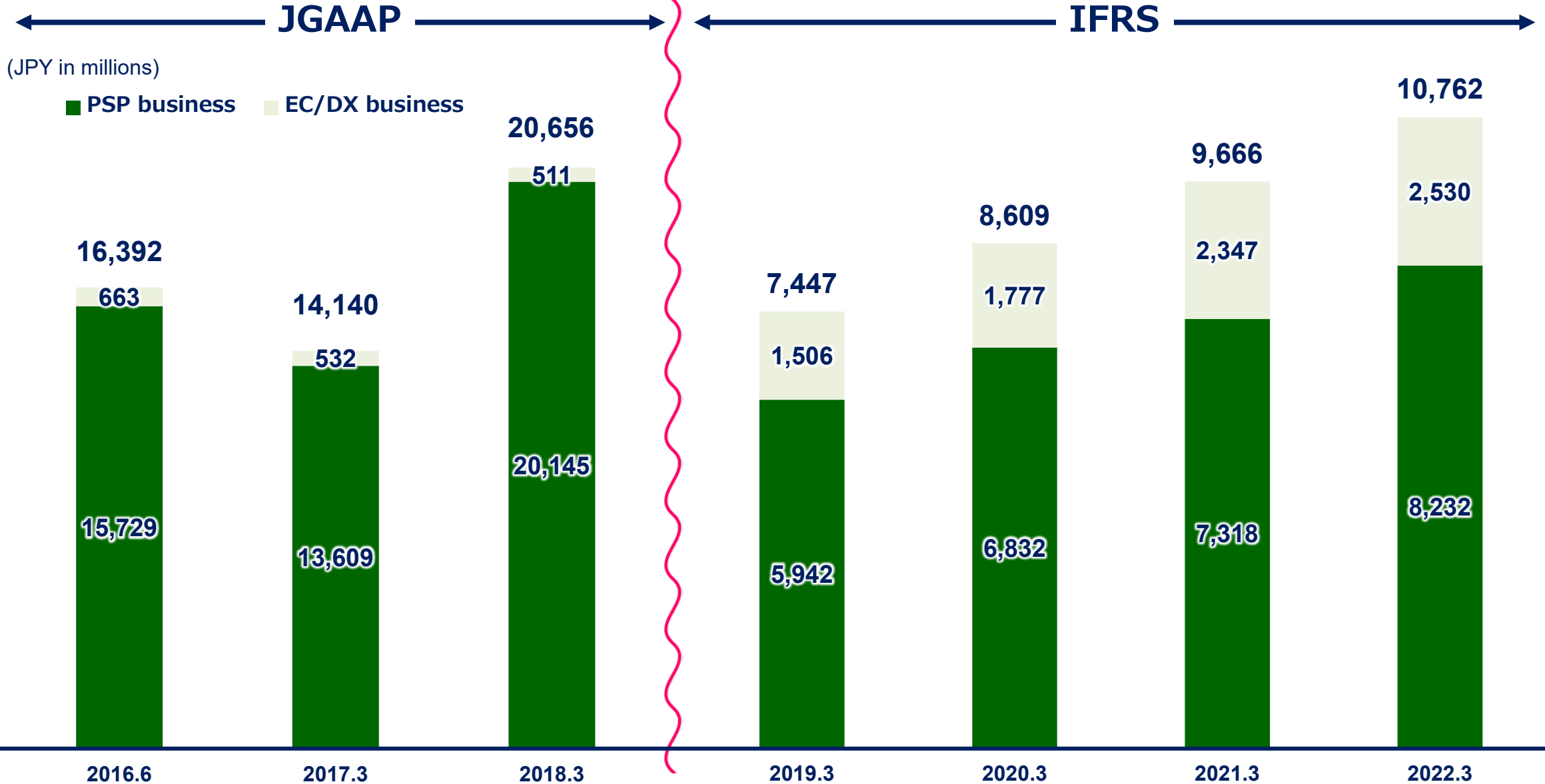
← JGAAP → ← IFRS →

(JPY in millions)

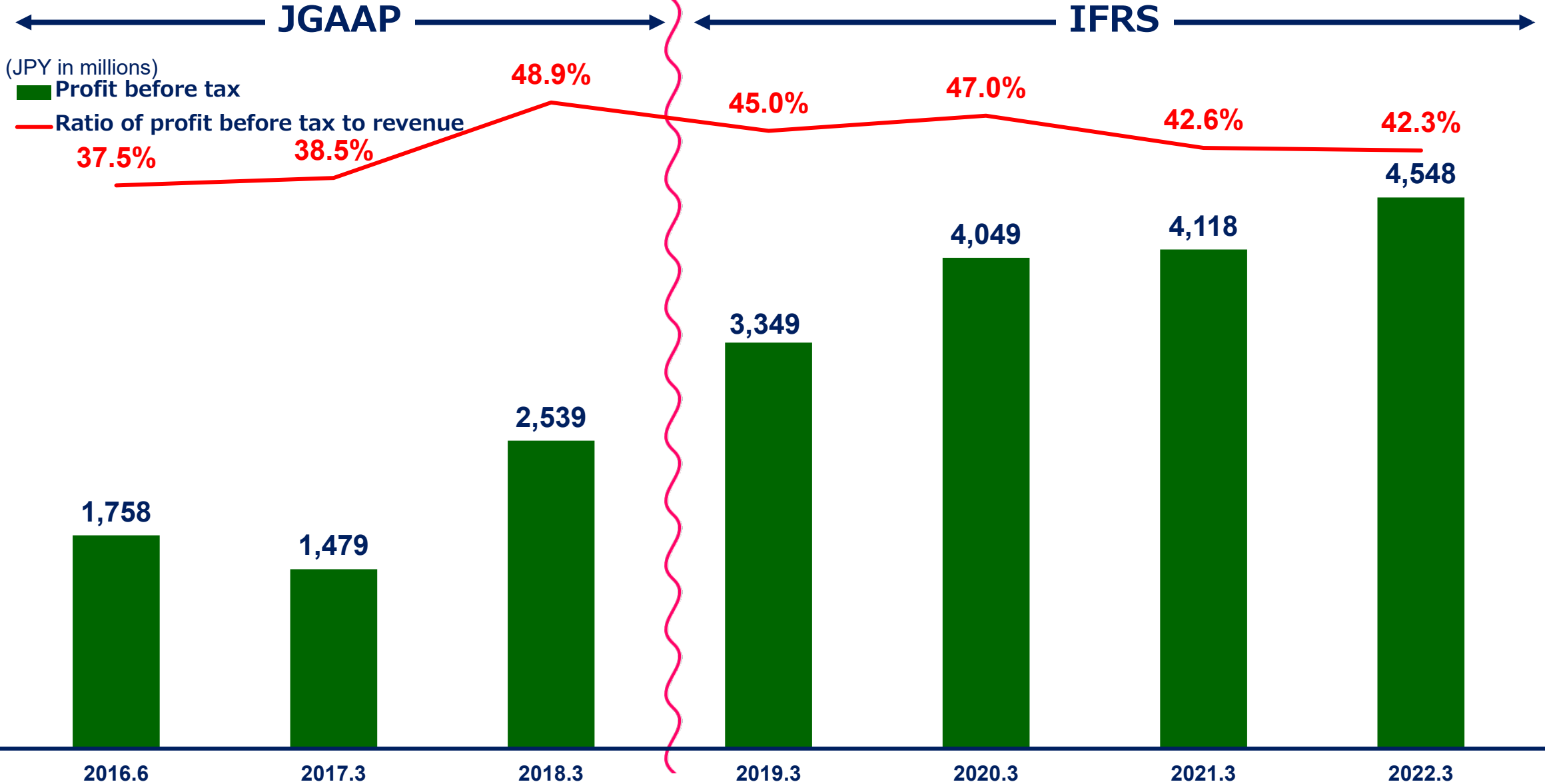
- Spread type
- Shop payment type
- EC/DX business
- Fee type
- Stock type



FT Segment - Transition of Revenue (Category 2)

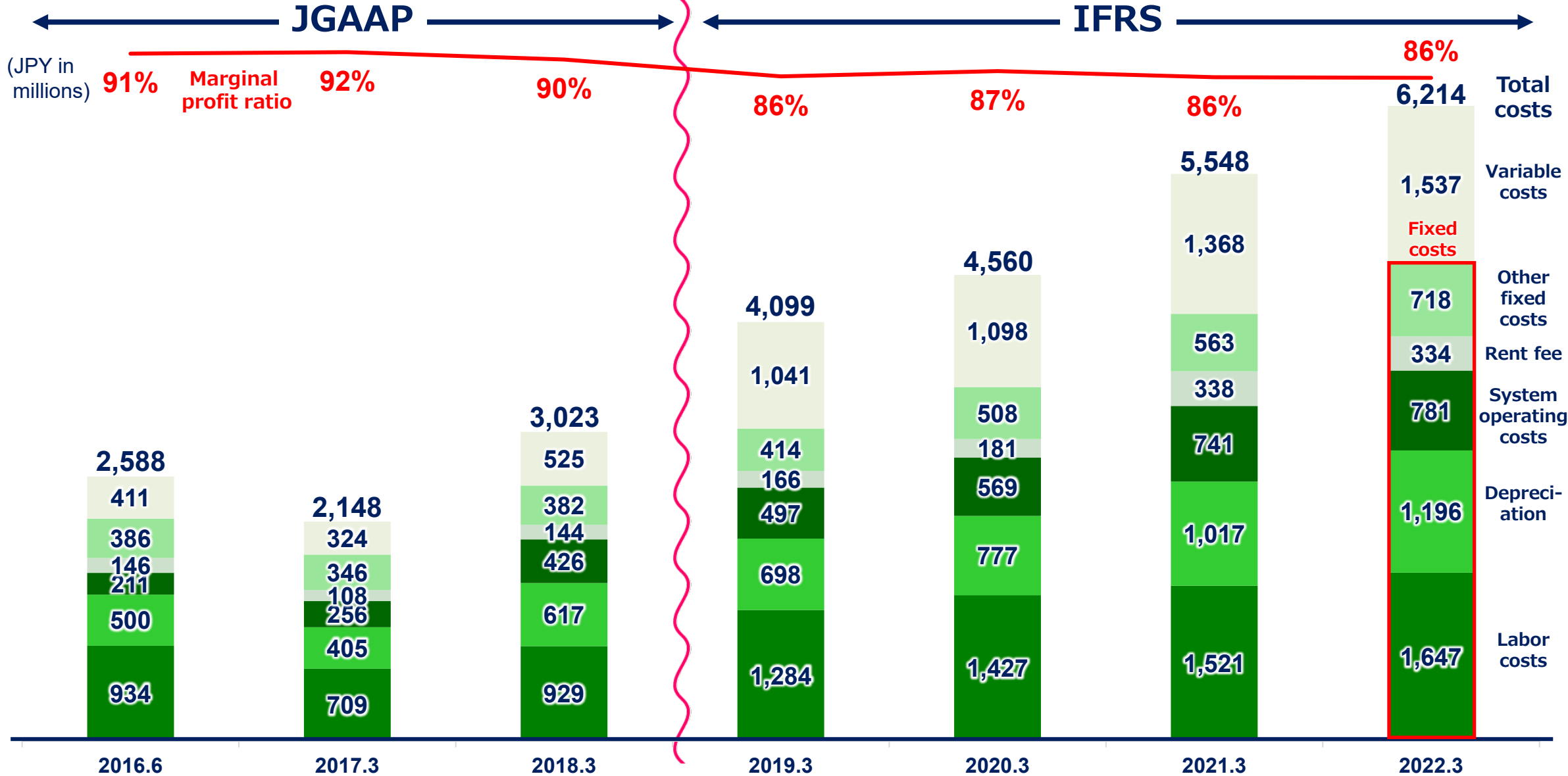


FT Segment - Transition of Profit Before Tax and Ratio of Profit Before Tax to Revenue



NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales and taking sales as revenue

FT Segment - Transition of Costs and Marginal Profit Ratio

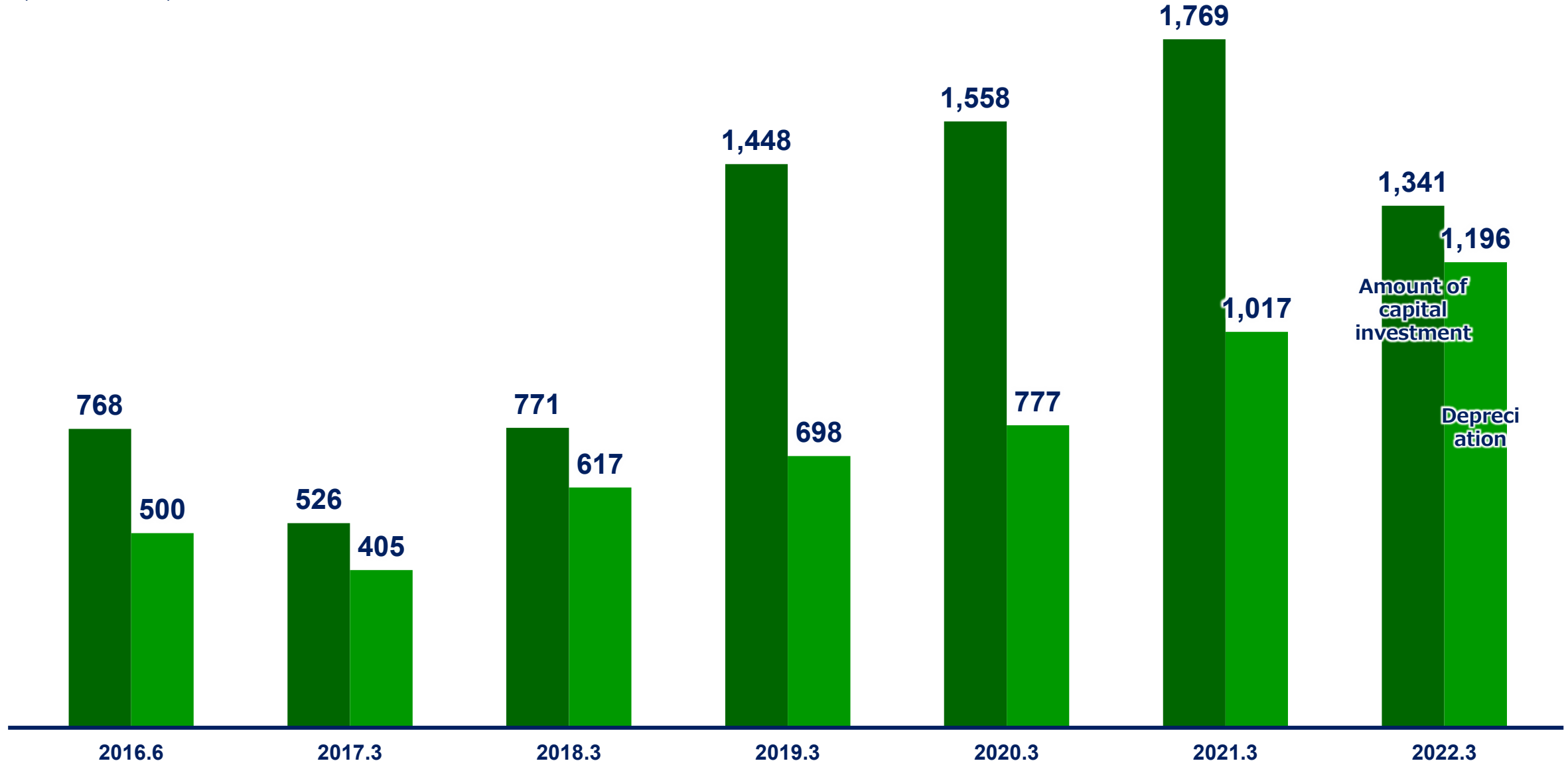


NOTE) From FY 2016.6 to FY 2018.3, the marginal profit ratio is calculated by deducting the cost directly from sales

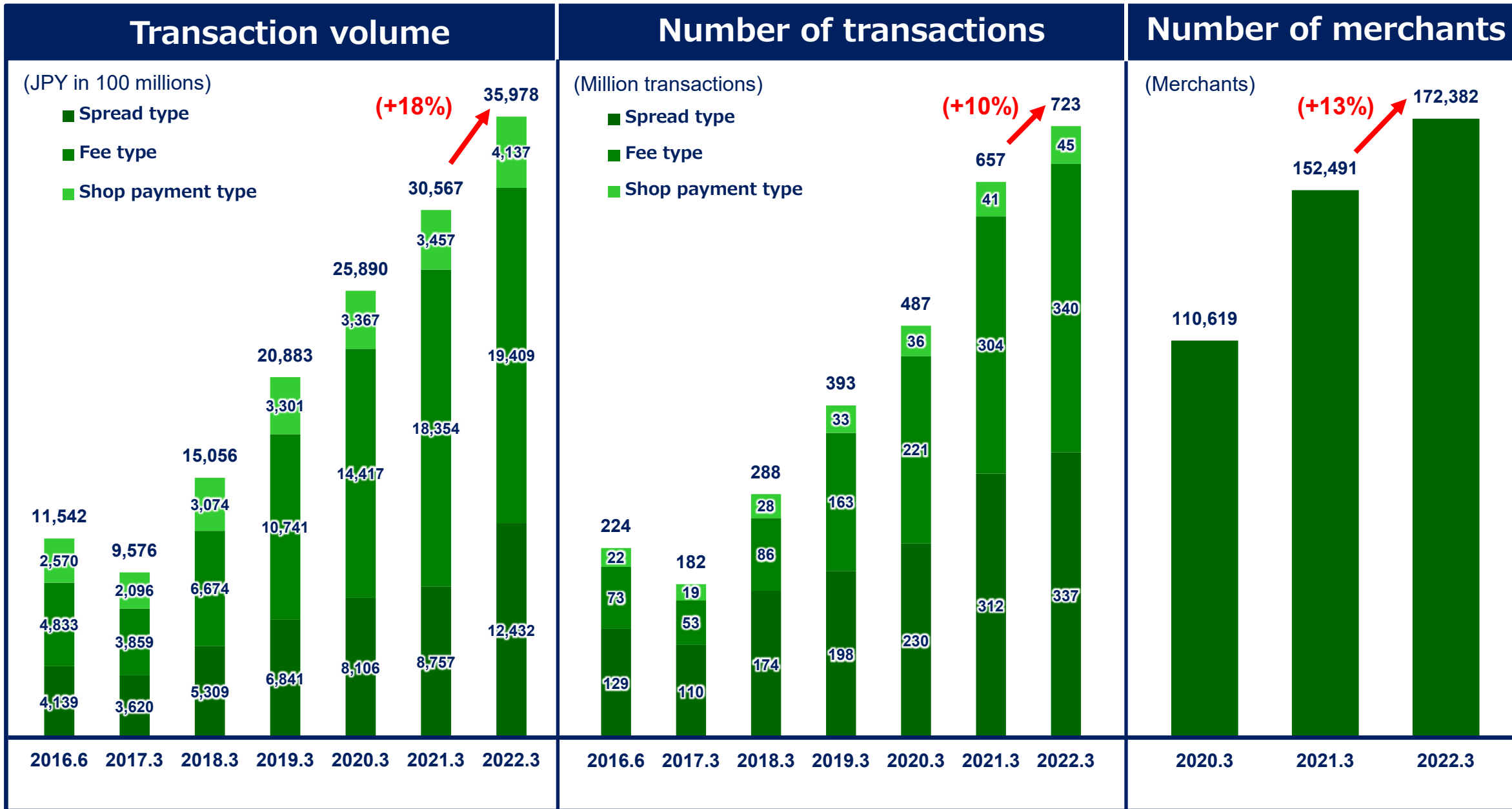
FT Segment - Transition of Amount of Capital Investment and Depreciations



(JPY in millions)



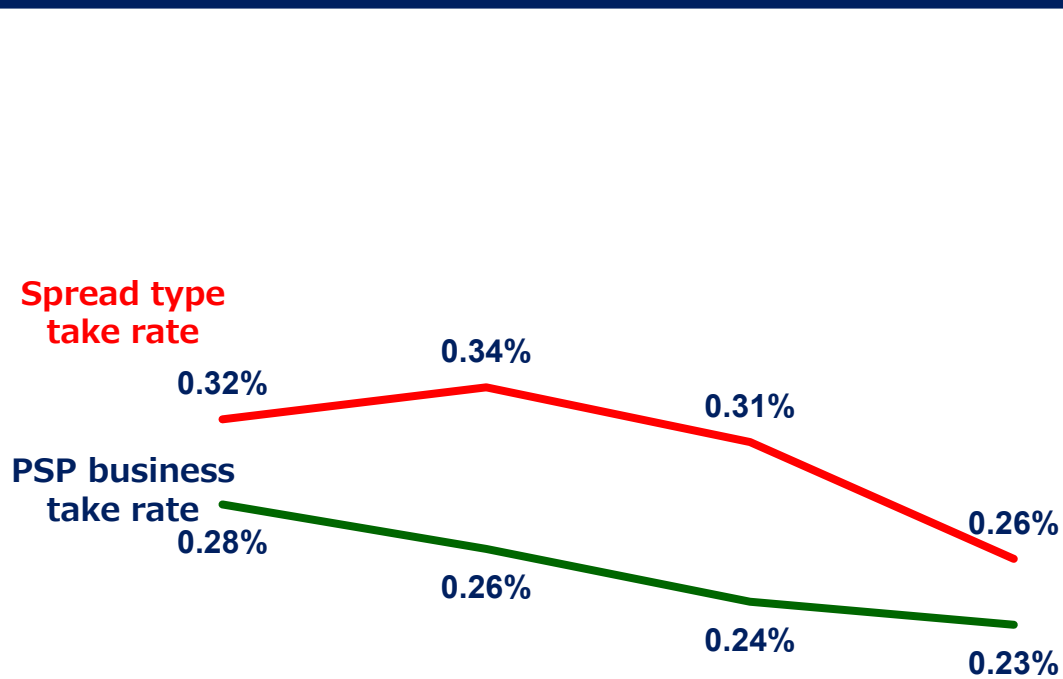
Amount of capital investment
Depreciation



NOTE) Due to the business integration of DG Financial Technology, Inc. and econtext, Inc., the calculation method for number of merchants has been changed (excluding the number of OEM-operated stores, including TDPs, ANADG, etc.)



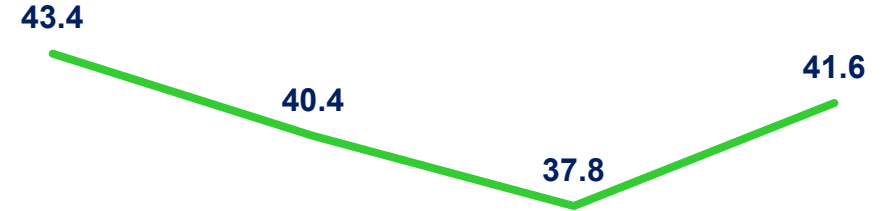
Take rate (spread type)



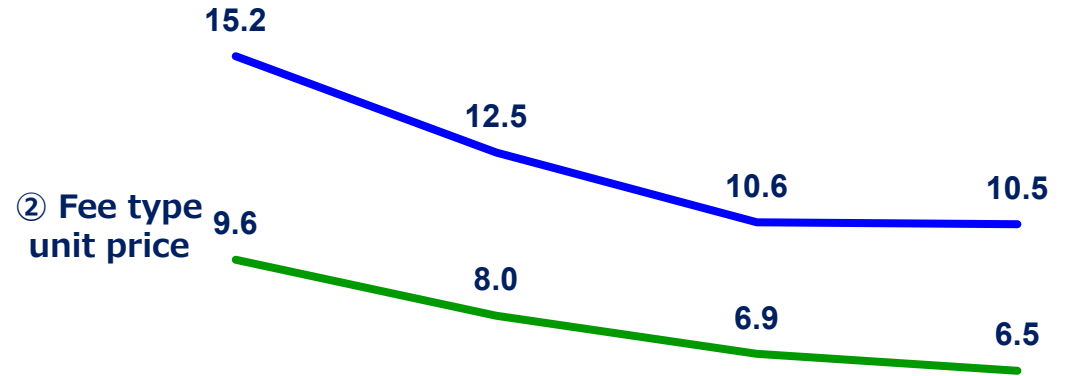
Unit price (fee type+shop payment type)

(JPY)

① Shop payment type Unit Price



① Shop payment type + ② Fee type unit price



2019.3

2020.3

2021.3

2022.3

2019.3

2020.3

2021.3

2022.3

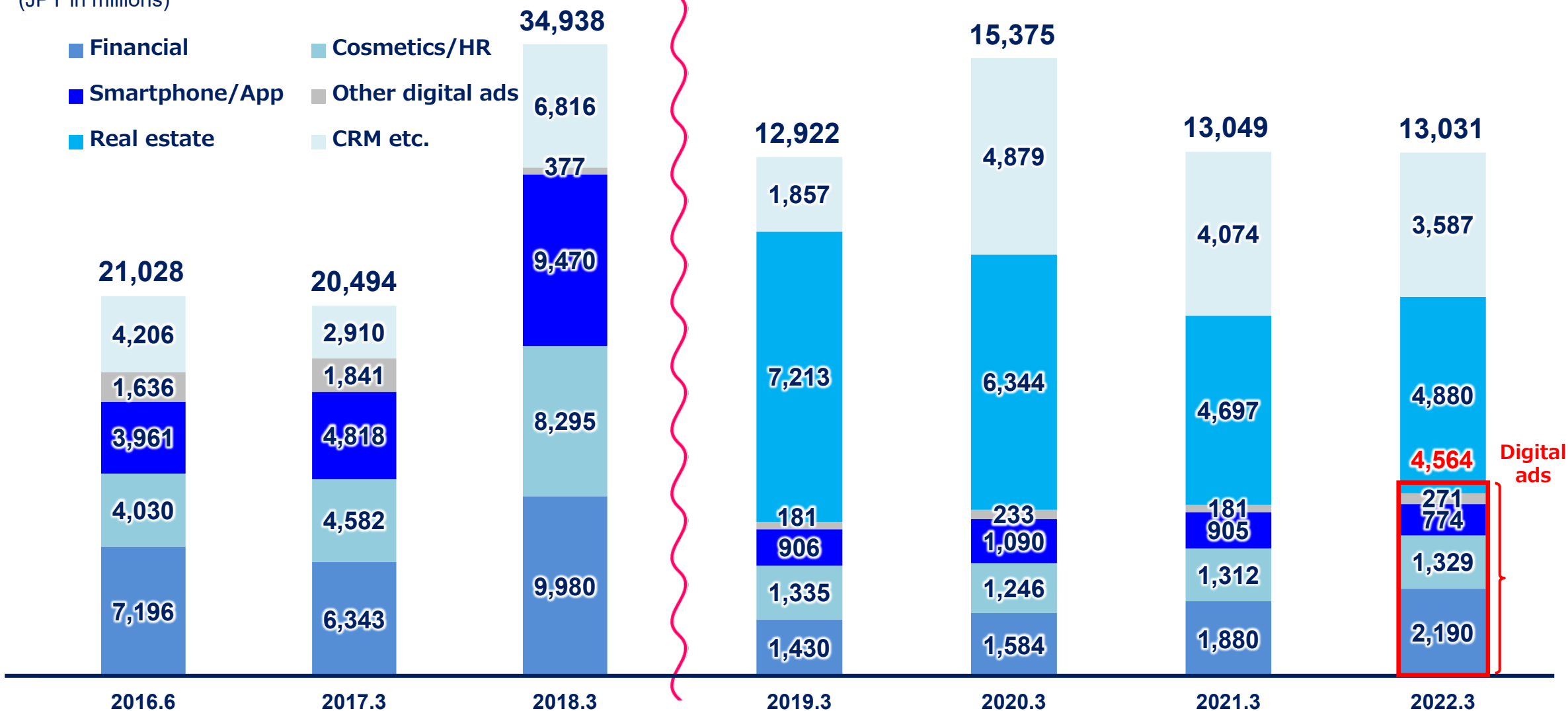
MT Segment - Transition of Revenue



← JGAAP → ← IFRS →

(JPY in millions)

- Financial
- Smartphone/App
- Real estate
- Cosmetics/HR
- Other digital ads
- CRM etc.



Digital ads

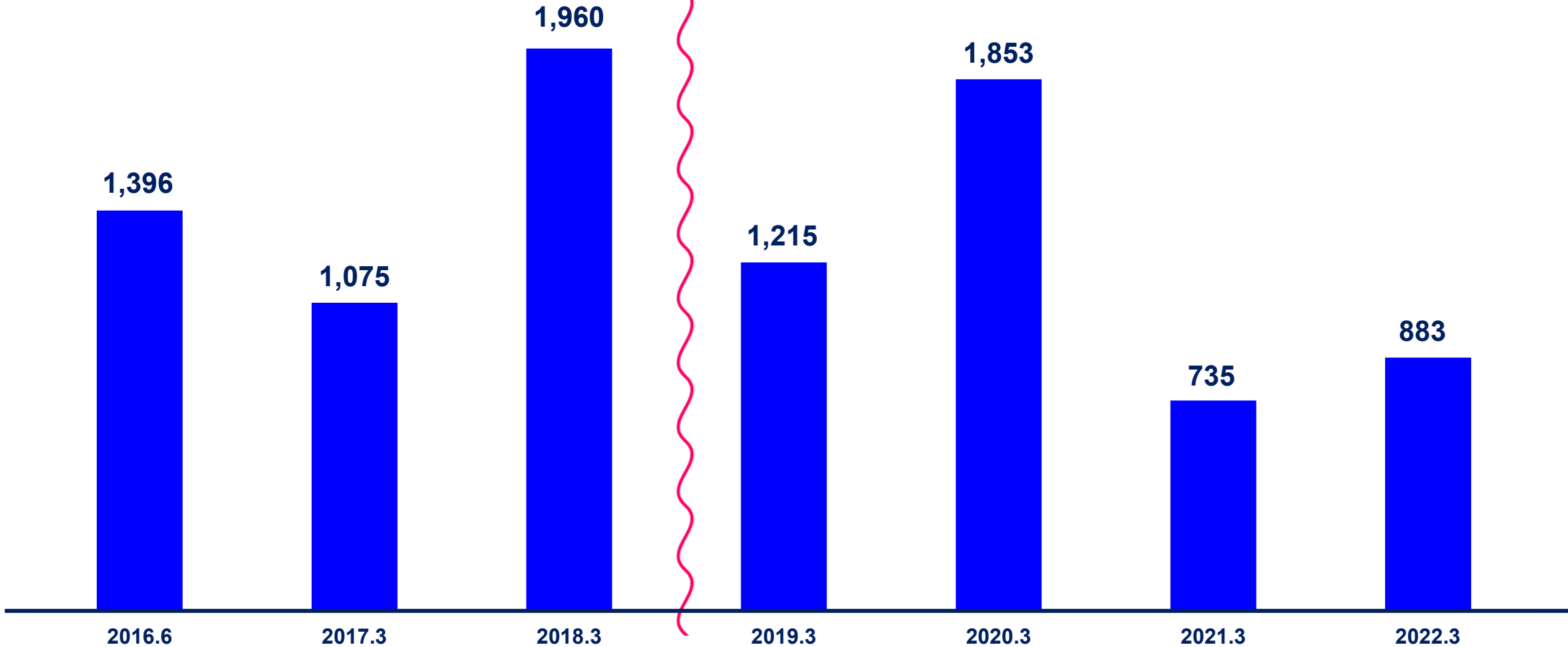
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

❖ MT Segment - Transition of Profit Before Tax



← JGAAP → ← IFRS →

(JPY in millions)

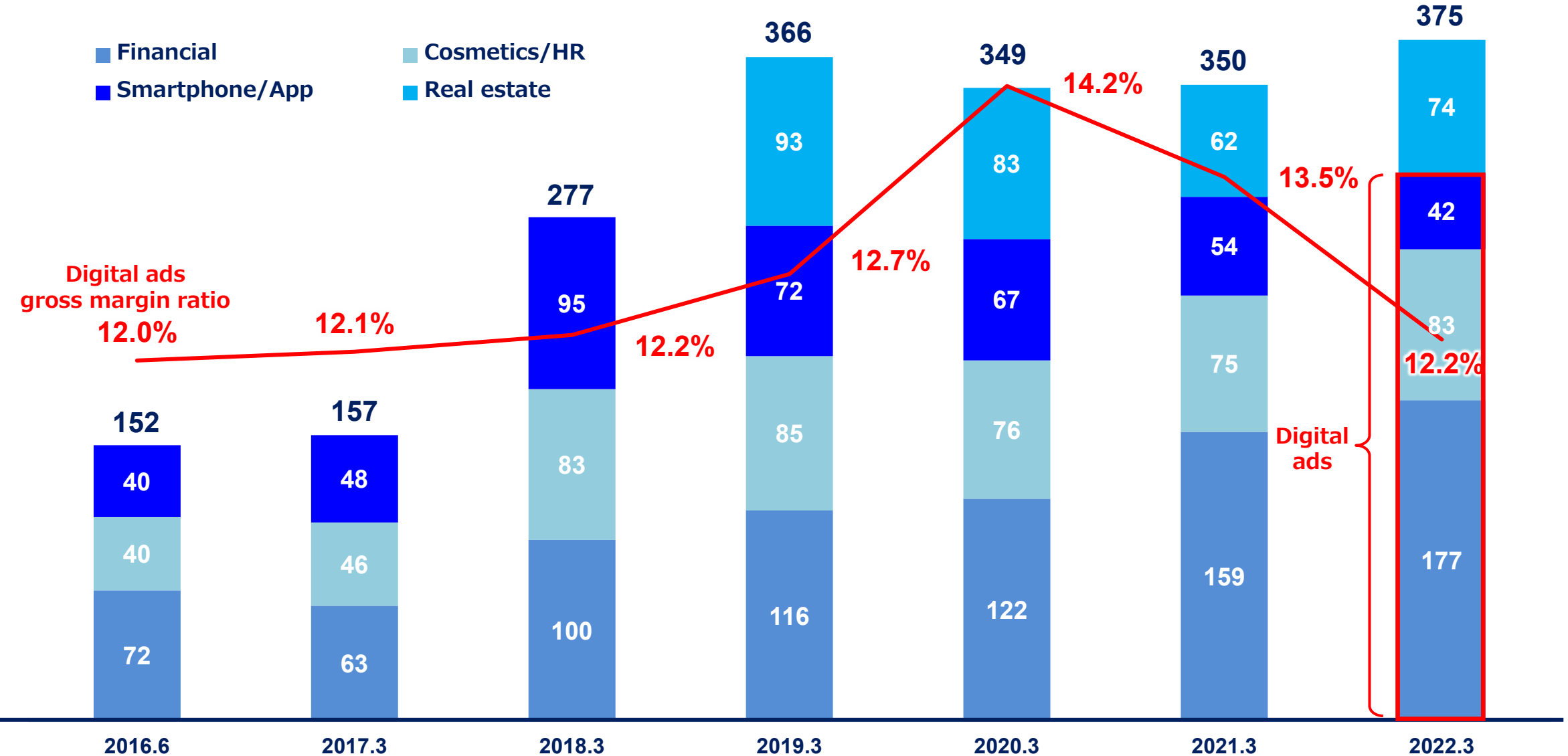


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

MT Segment - Transition of Advertisement Volume

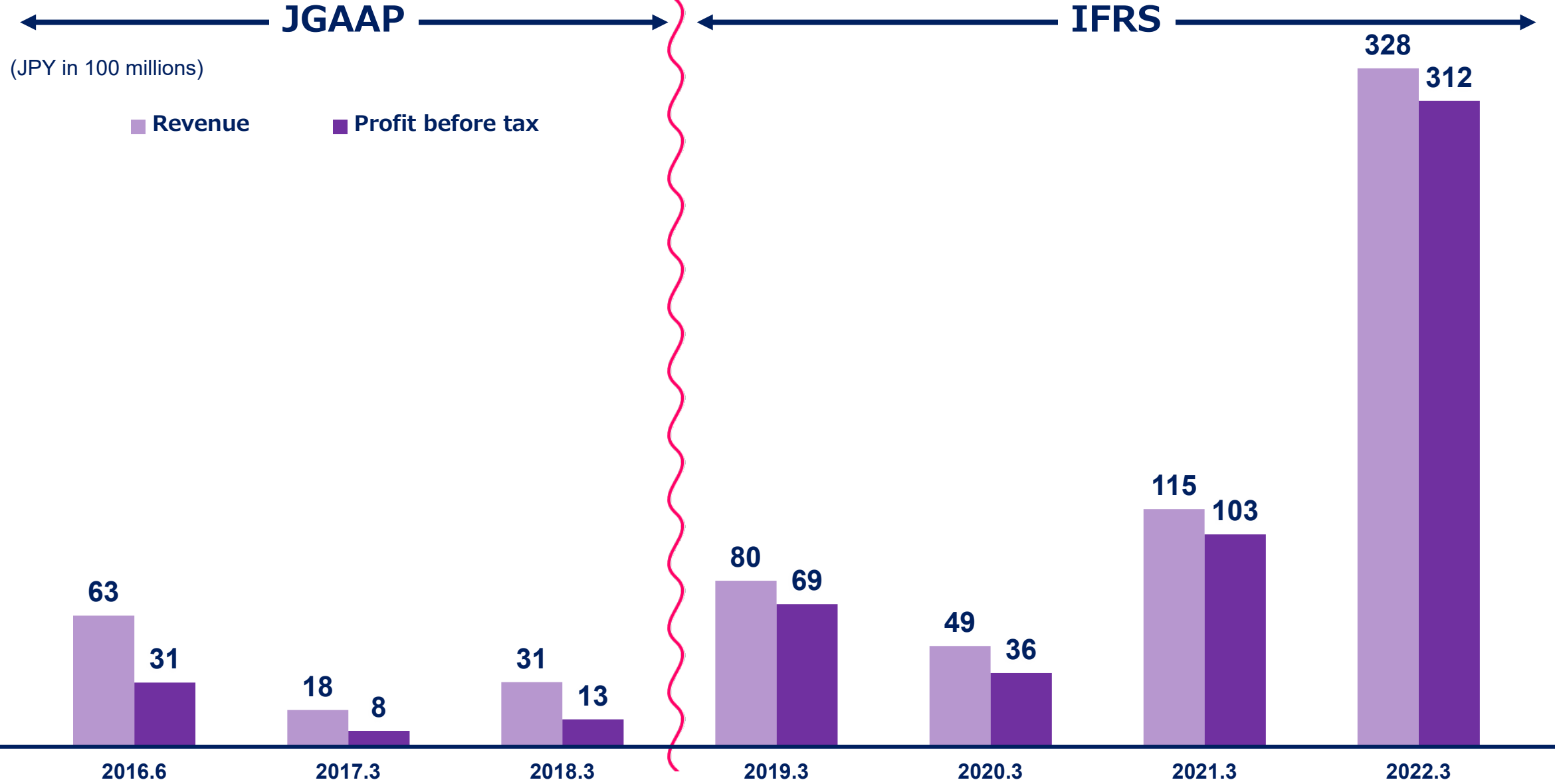


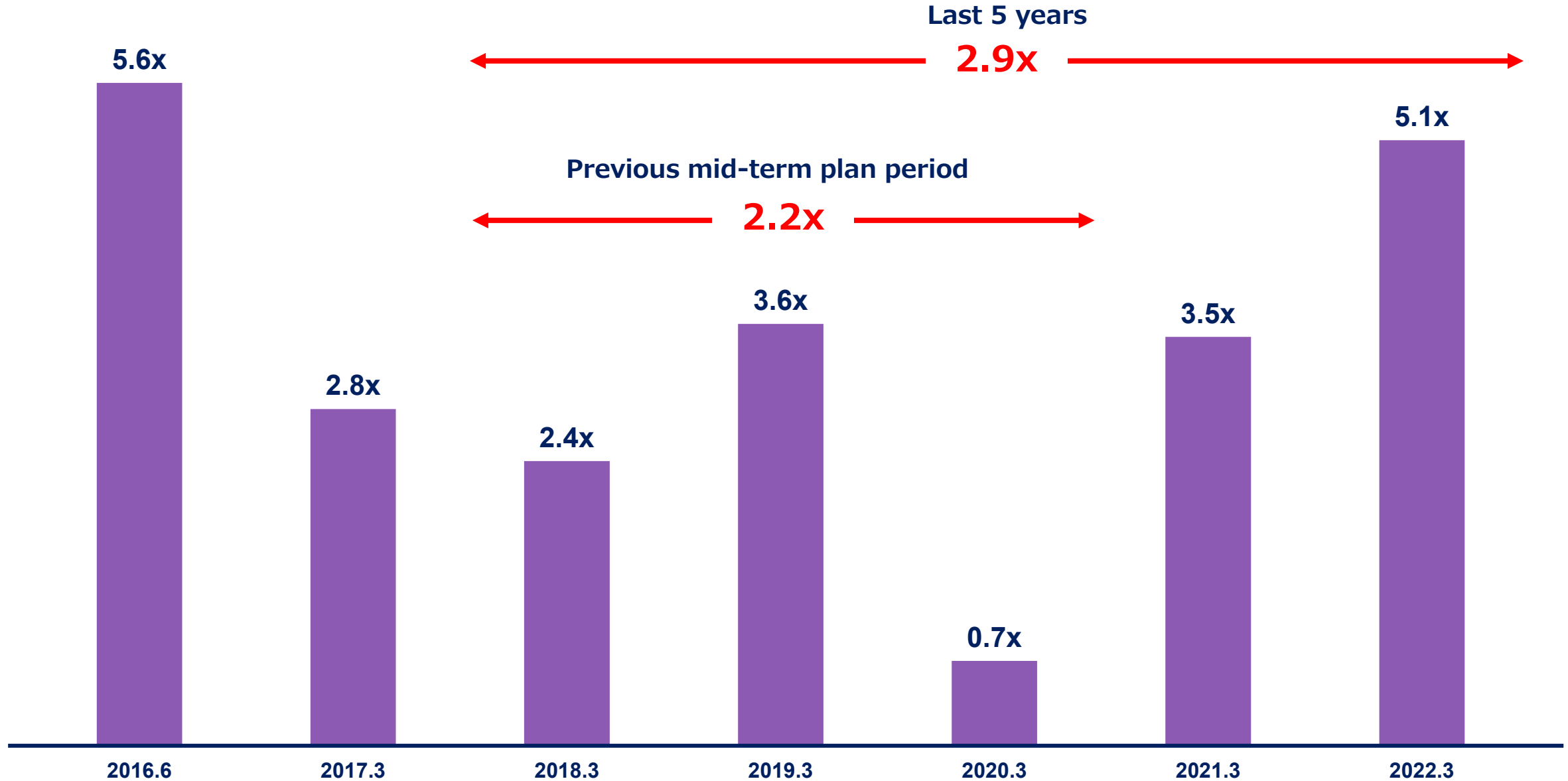
(JPY in 100 millions)



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

IT Segment - Transition of Revenue and Profit Before Tax





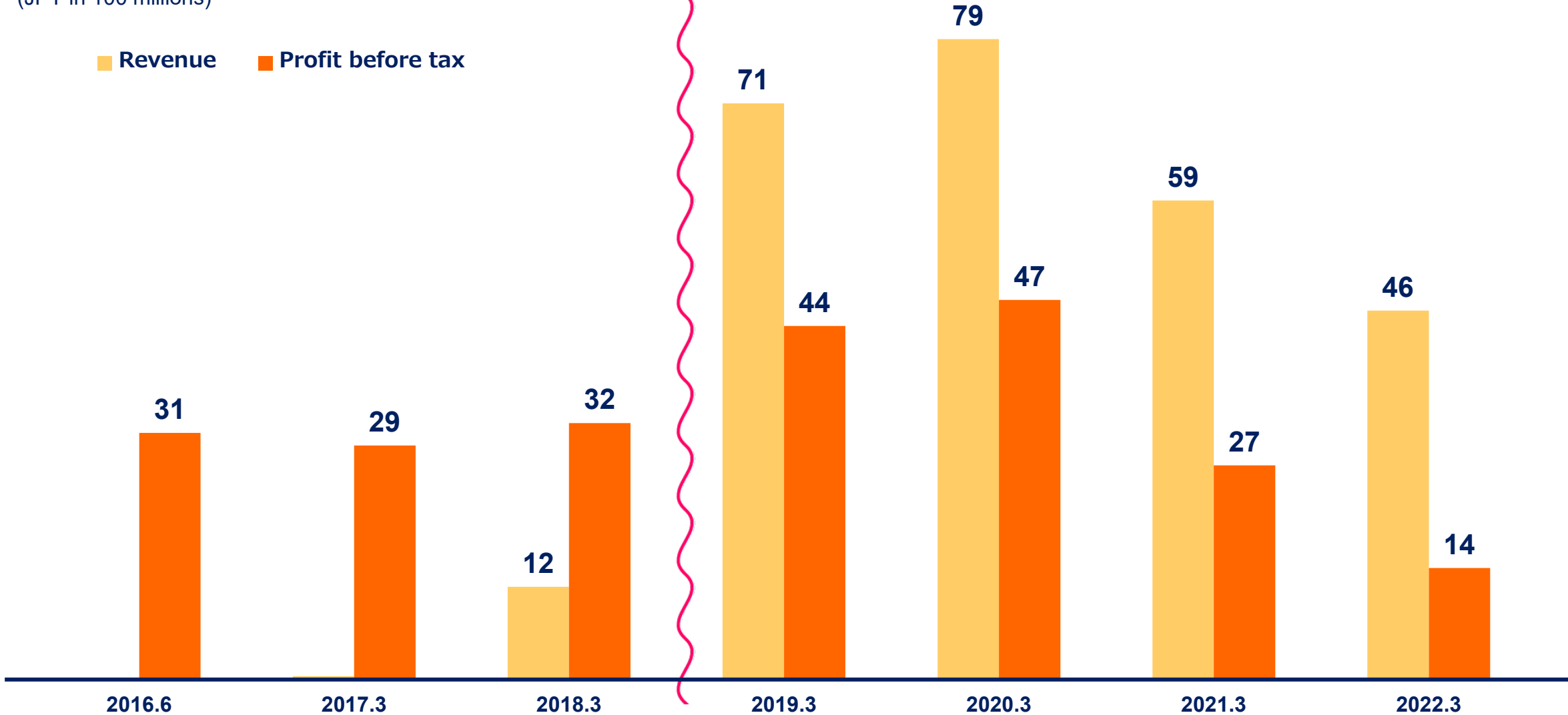
❖ LTI Segment - Transition of Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 millions)

■ Revenue ■ Profit before tax



Transition of Quarterly Business Results FY 2016.6 ~



Transition of Consolidated Quarterly Revenue and Profit Before Tax

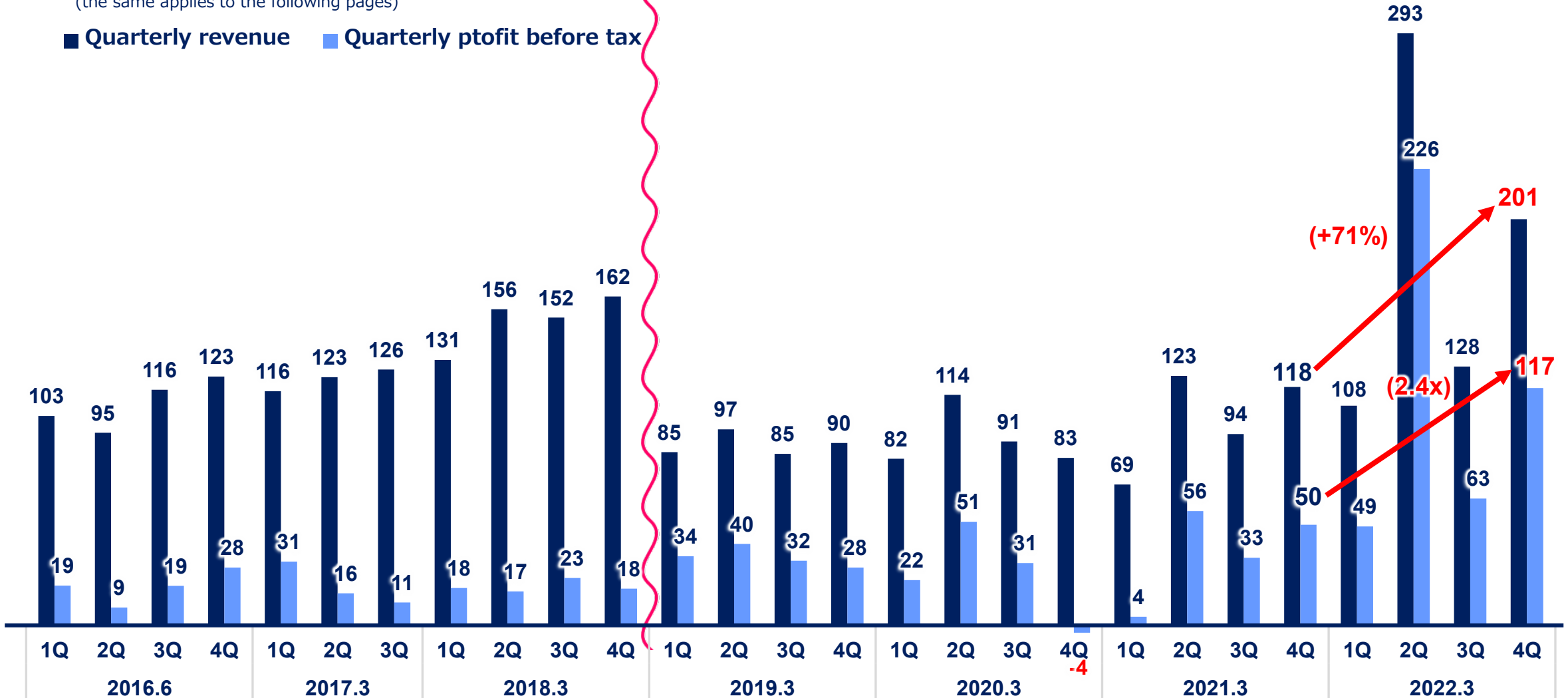


← JGAAP → ← IFRS →

(JPY in 100 millions)

NOTE) FY 2017.3 shows 9-month result due to the change of accounting period (the same applies to the following pages)

■ Quarterly revenue ■ Quarterly ptofit before tax



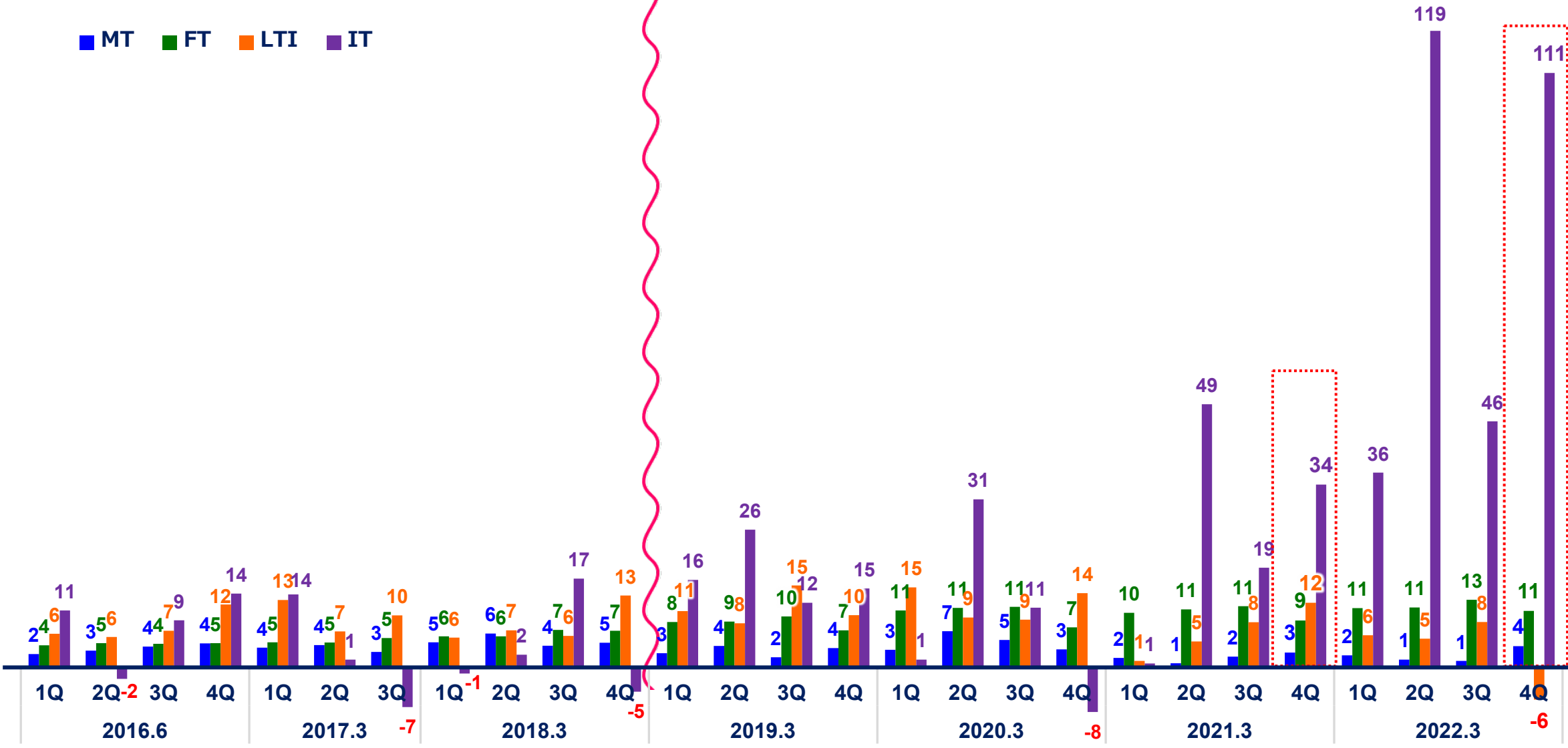
Transition of Quarterly Profit Before Tax by Segments



← JGAAP → ← IFRS →

(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



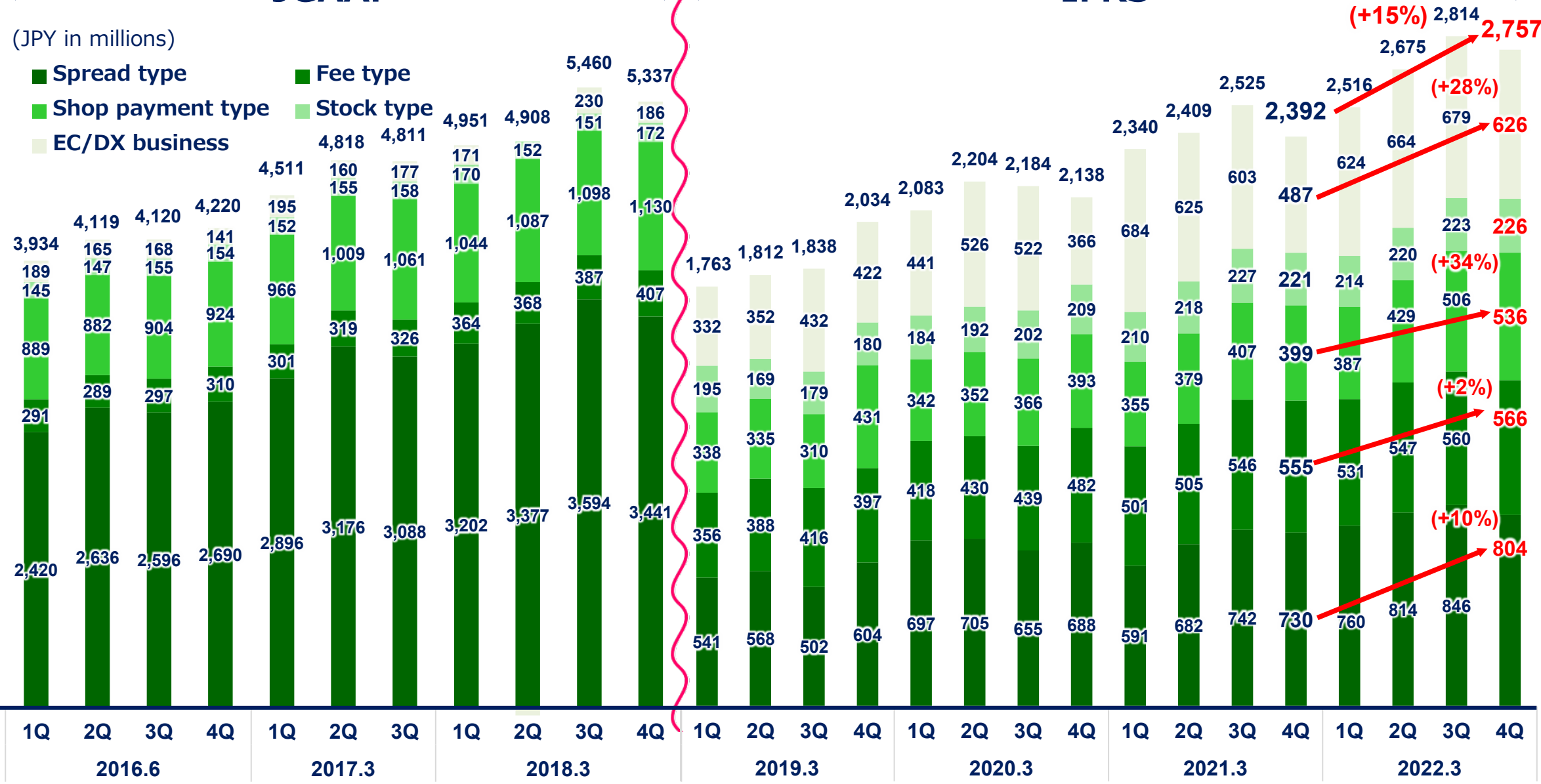
FT Segment - Transition of Quarterly Revenue (Category 1)



← JGAAP → IFRS →

(JPY in millions)

- Spread type
- Shop payment type
- EC/DX business
- Fee type
- Stock type



(+15%) 2,814

(+28%) 2,757

(+34%) 626

(+2%) 566

(+10%) 804

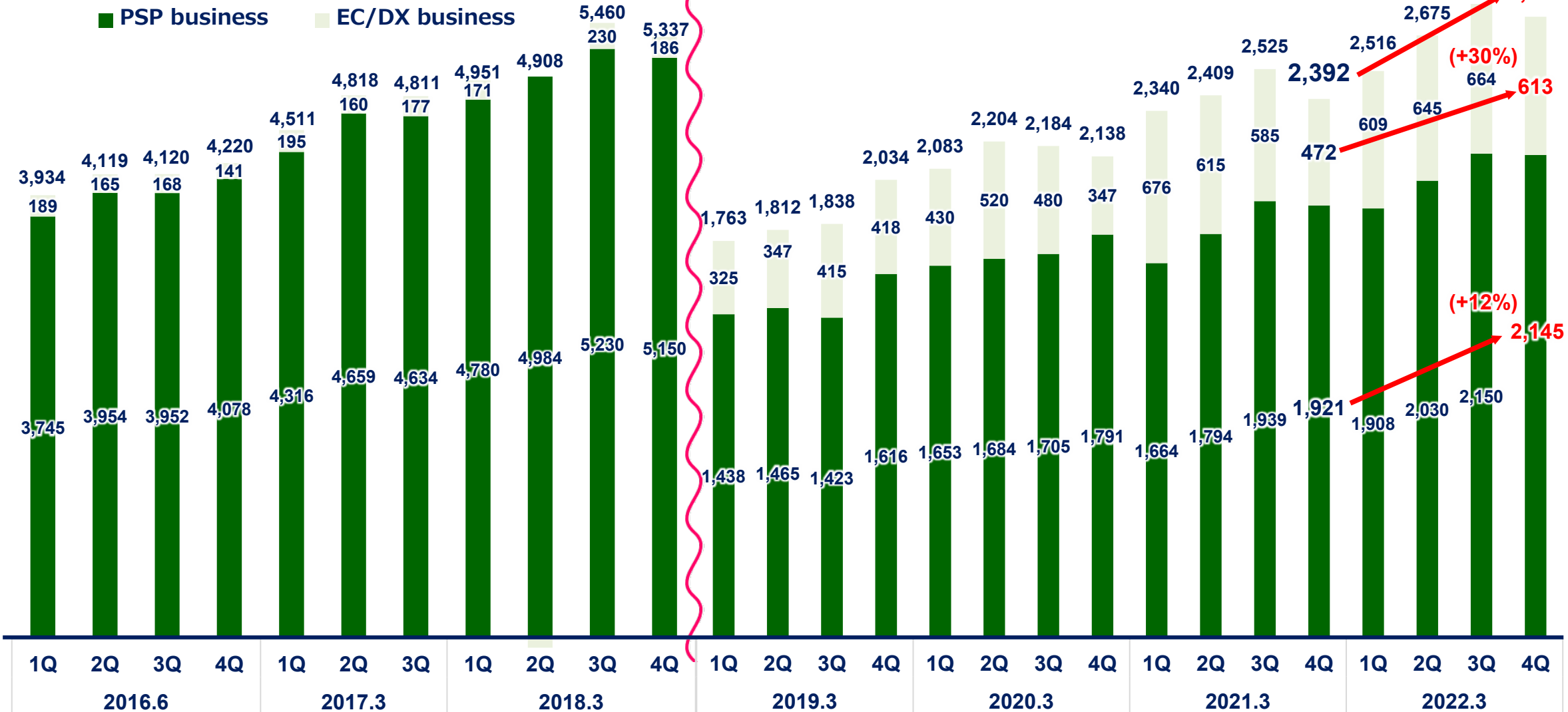
FT Segment - Transition of Quarterly Revenue (Category 2)



JGAAP

IFRS

(JPY in millions)

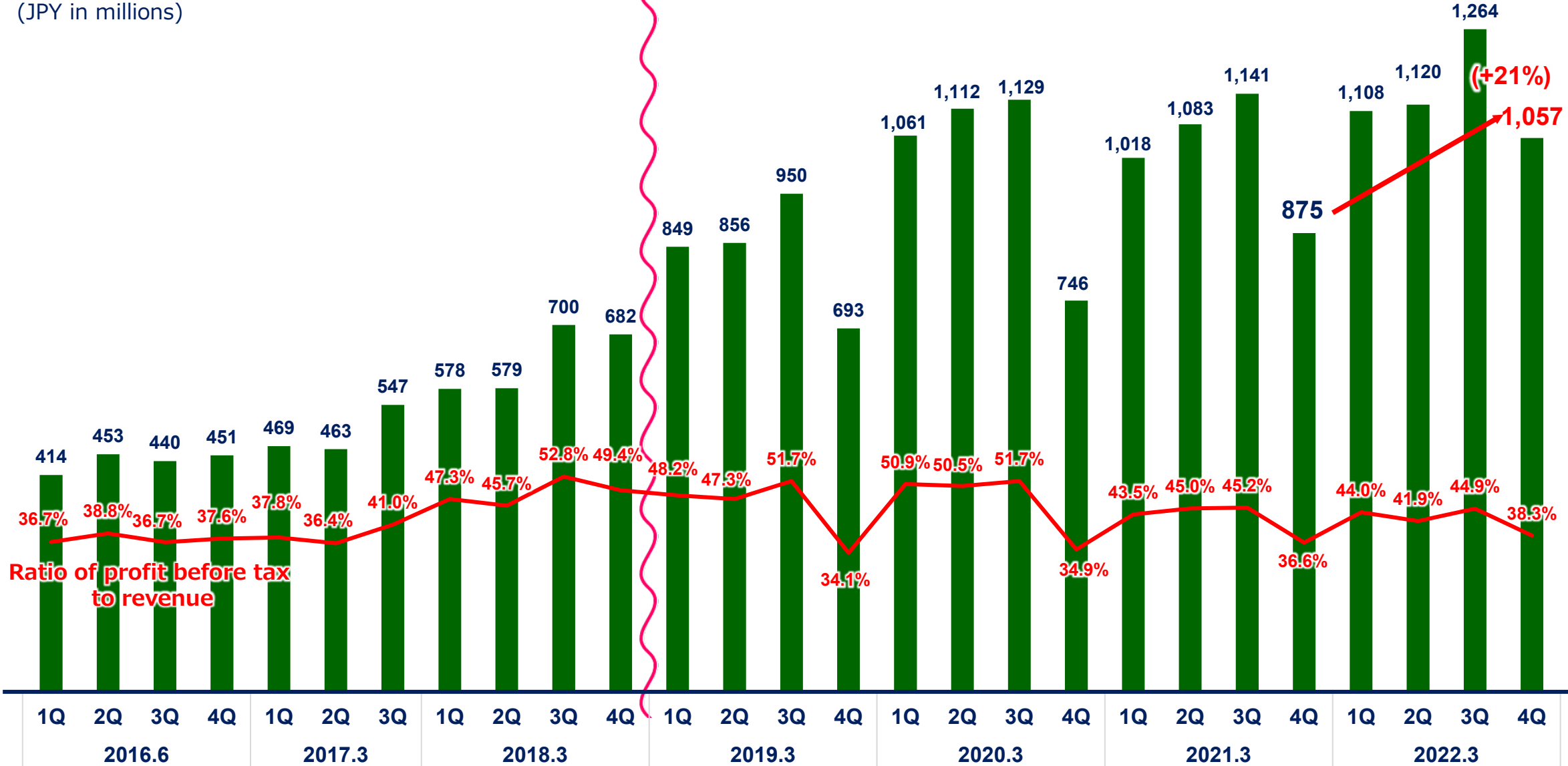


FT Segment - Transition of Quarterly Profit Before Tax and Ratio of Profit Before Tax to Revenue



← JGAAP → ← IFRS →

(JPY in millions)



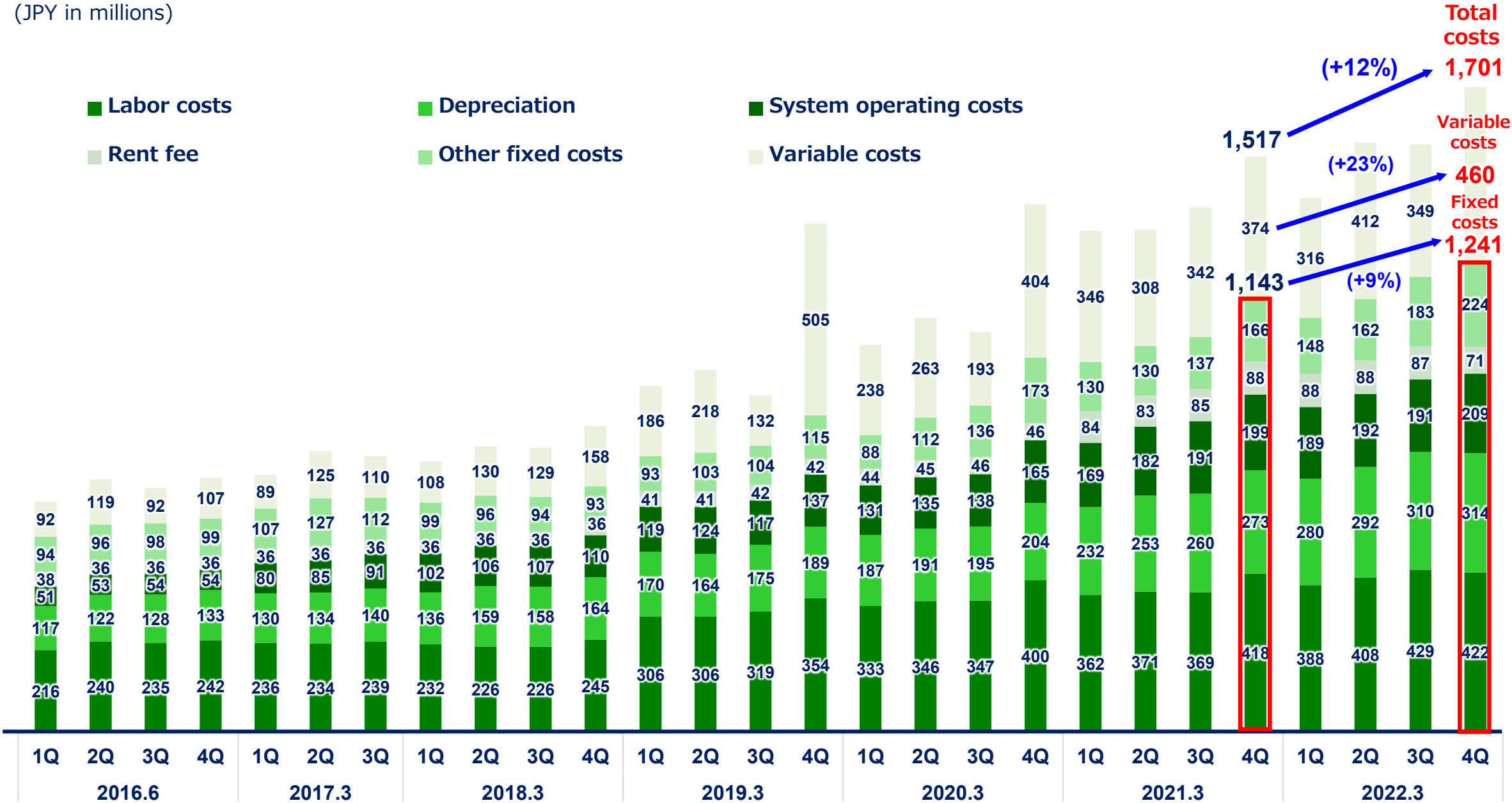
NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales, and taking sales as revenue

FT Segment - Transition of Quarterly Costs



(JPY in millions)

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



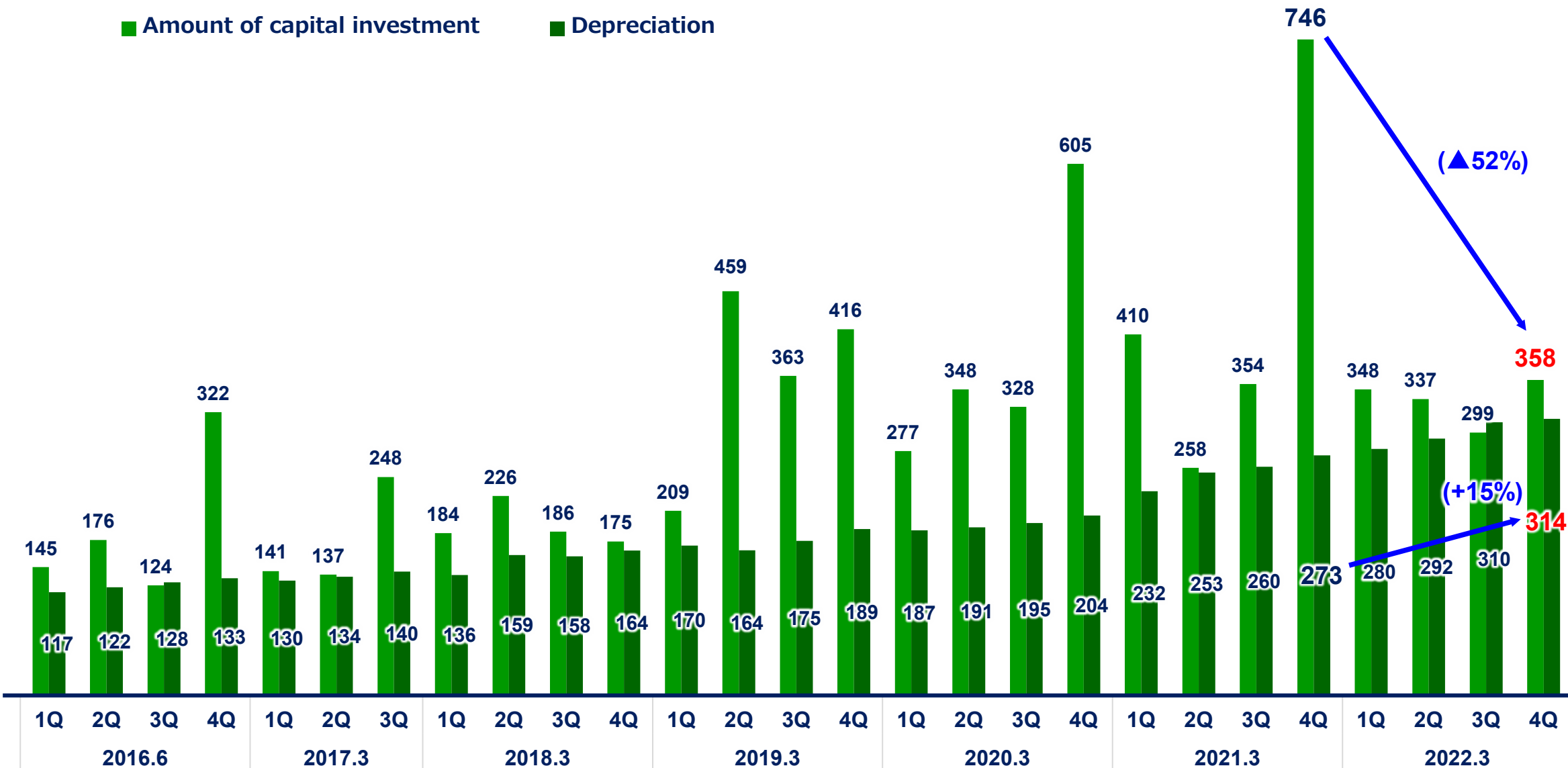


FT Segment - Transition of Quarterly Amount of Capital Investment and Depreciation



(JPY in millions)

■ Amount of capital investment ■ Depreciation

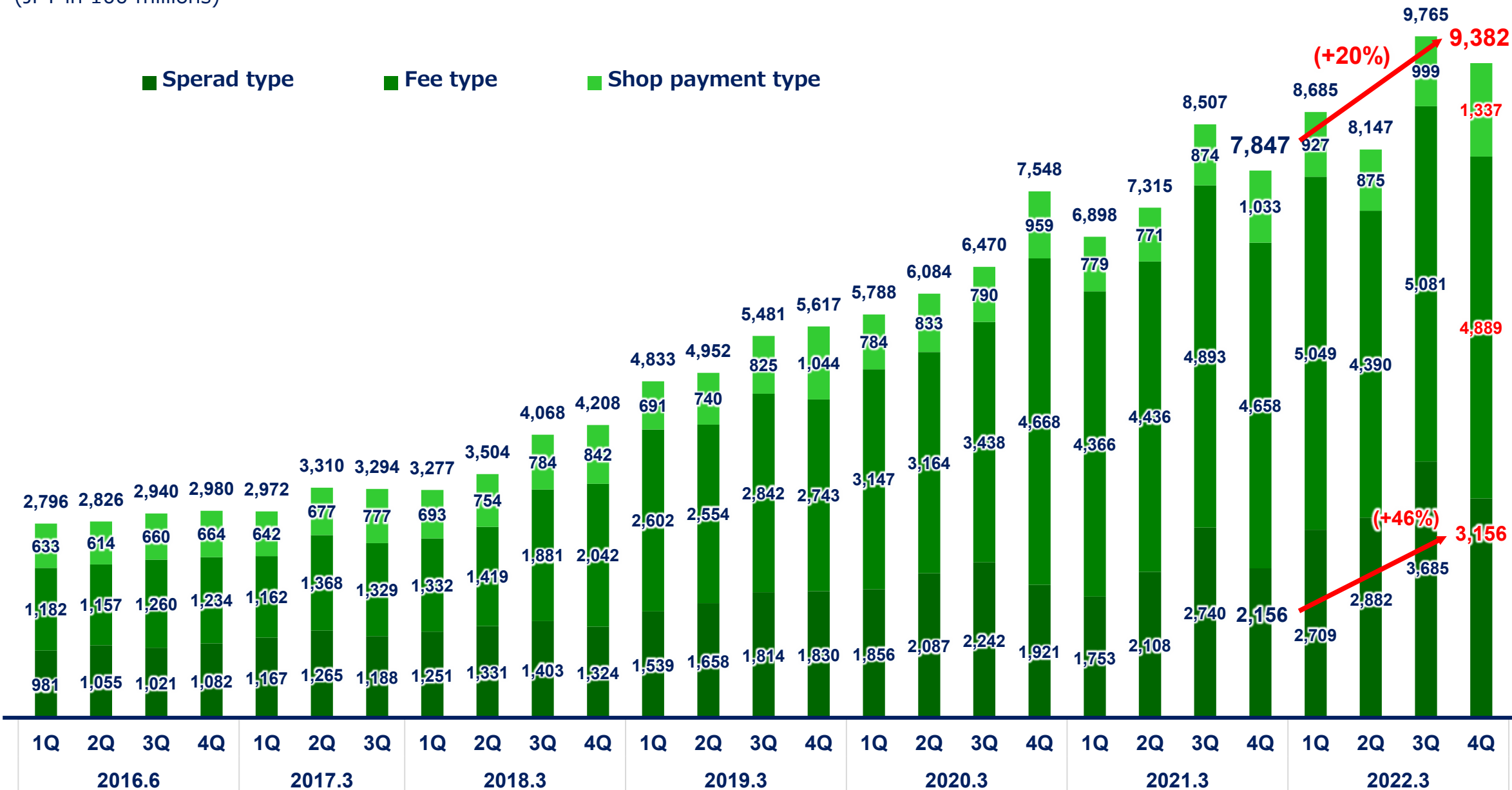


FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Sperad type ■ Fee type ■ Shop payment type

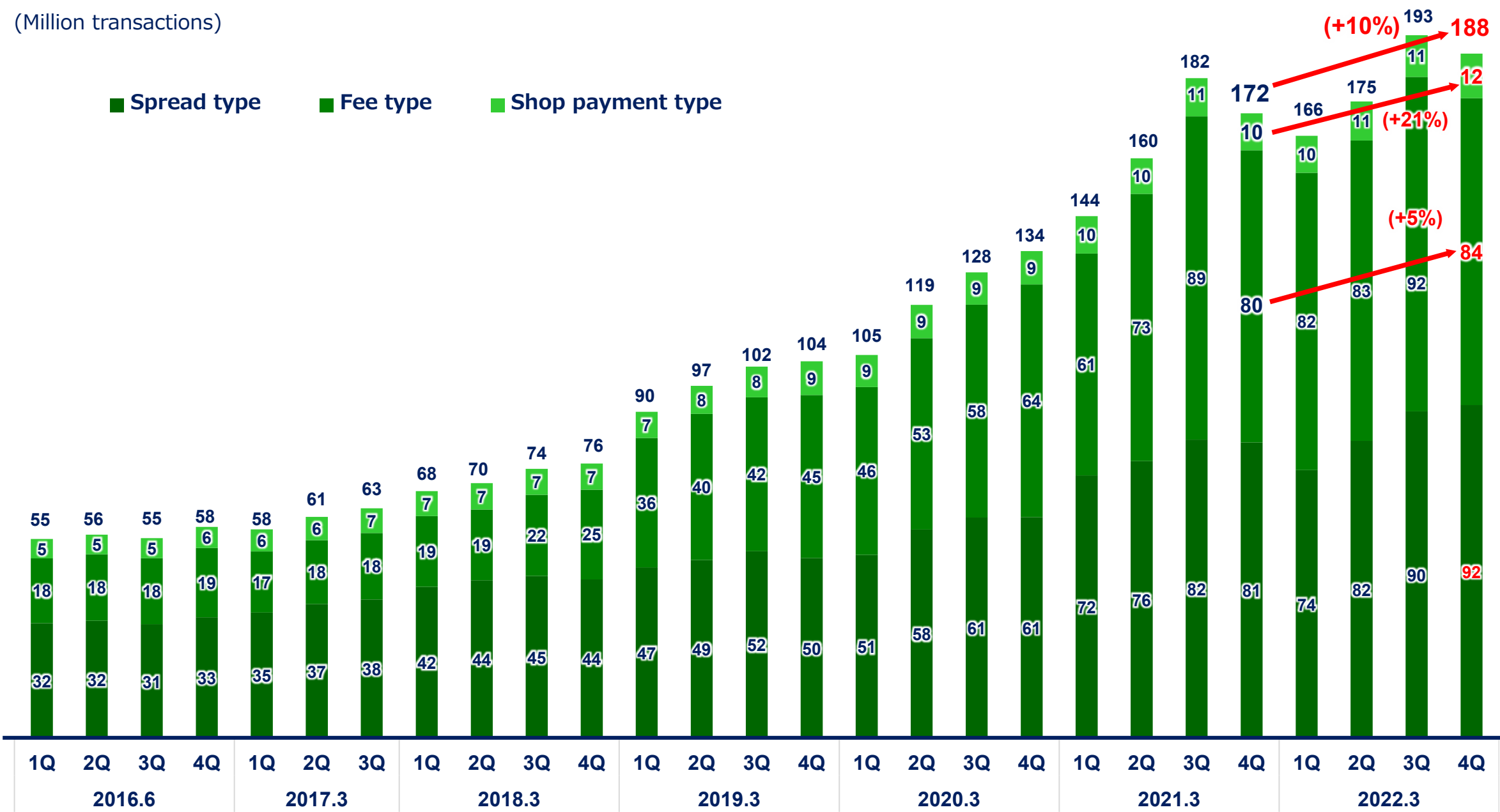


FT Segment - Transition of Quarterly Number of Transactions



(Million transactions)

■ Spread type
 ■ Fee type
 ■ Shop payment type



(+10%) 193 → 188

(+21%)

(+5%)

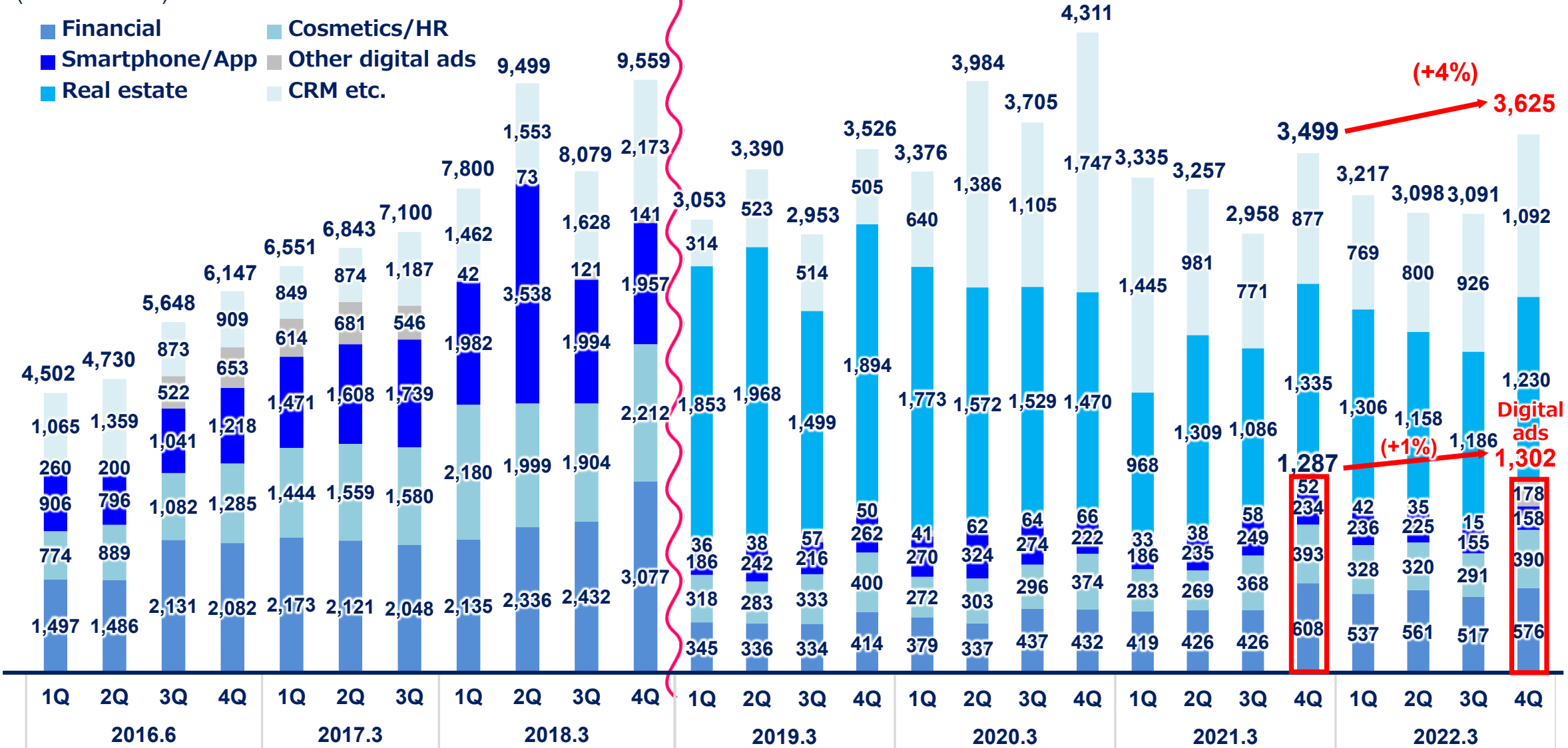
MT Segment - Transition of Quarterly Revenue



← JGAAP → ← IFRS →

(JPY in millions)

- Financial
- Smartphone/App
- Real estate
- Cosmetics/HR
- Other digital ads
- CRM etc.



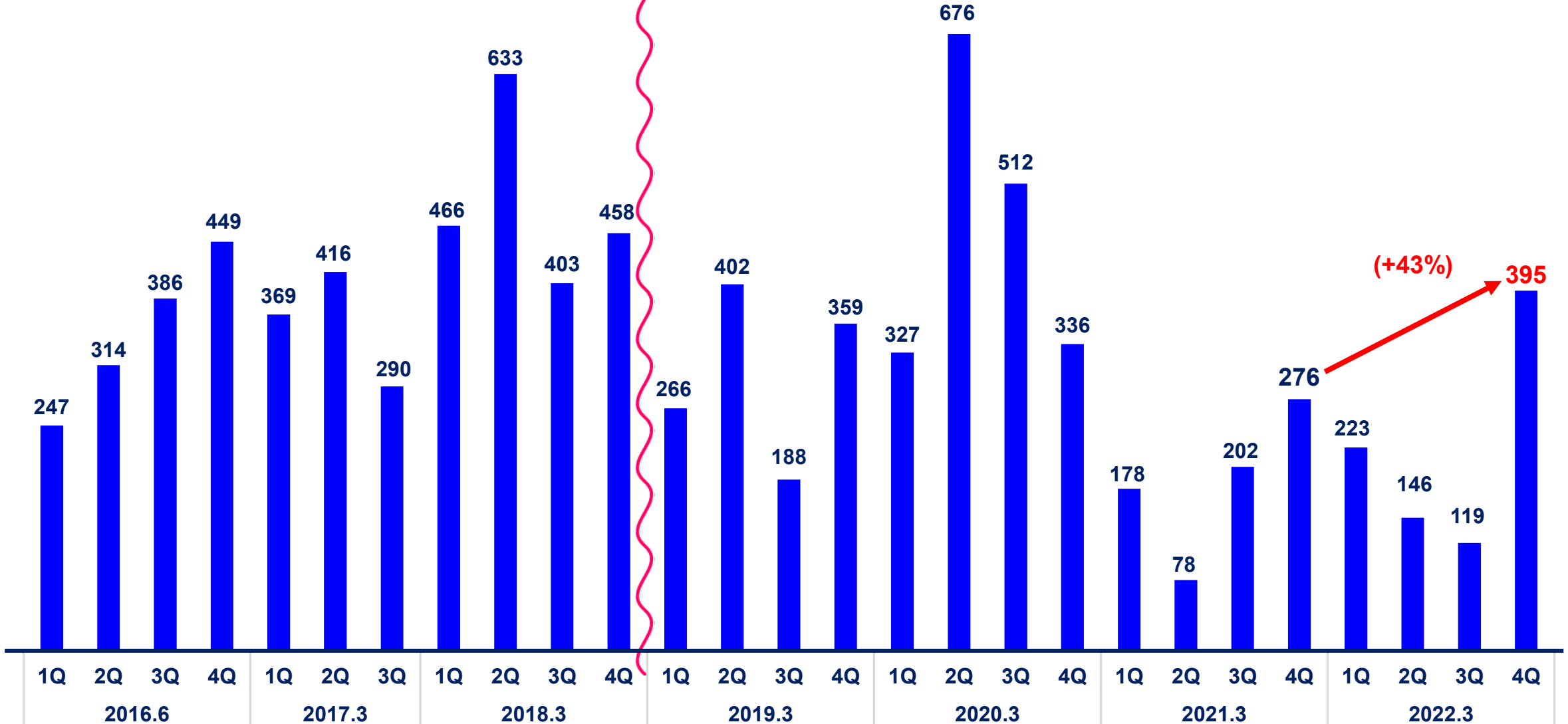
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

MT Segment - Transition of Quarterly Profit Before Tax



← JGAAP → ← IFRS →

(JPY in millions)

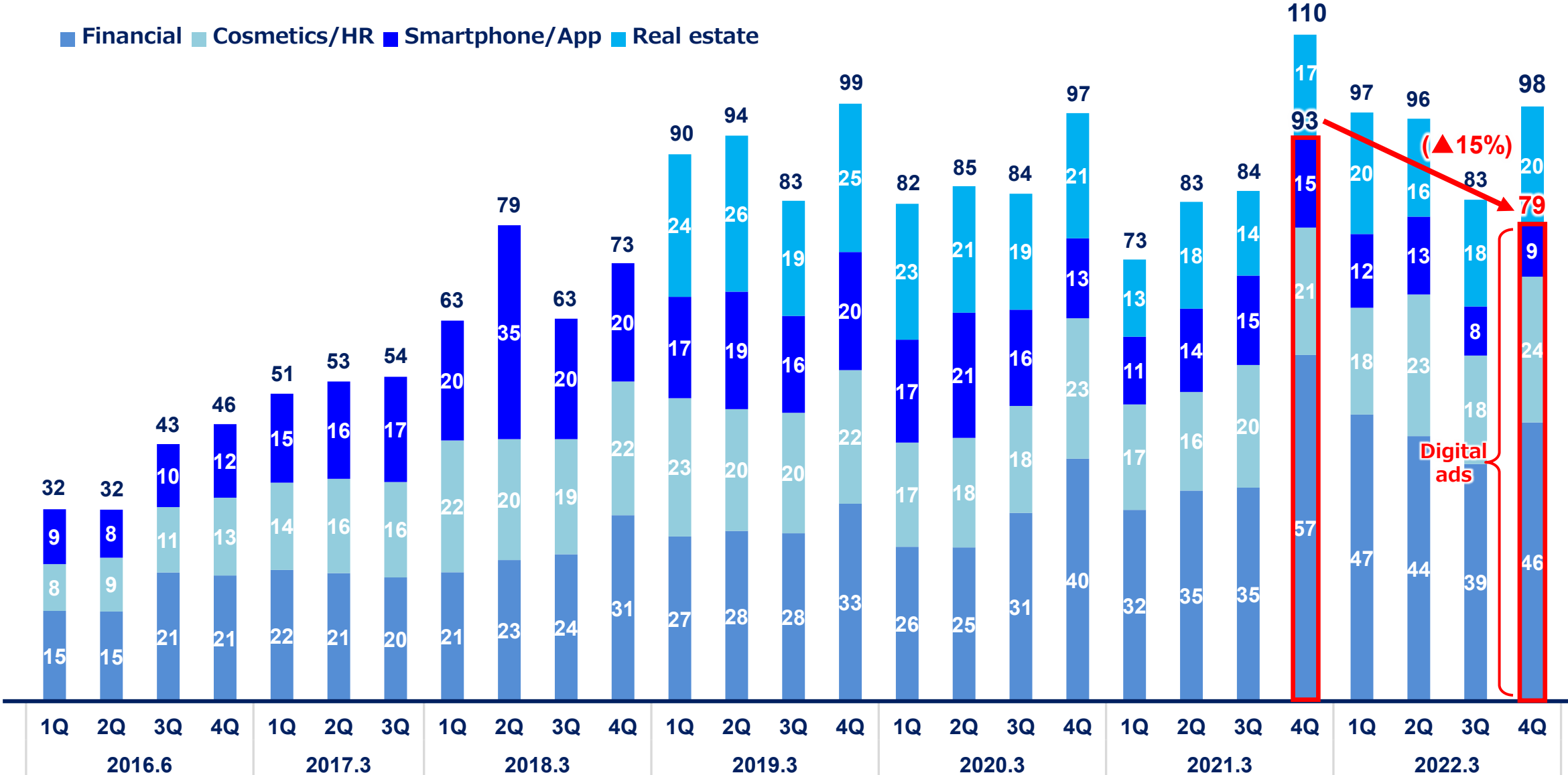


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

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 FY 2019.3

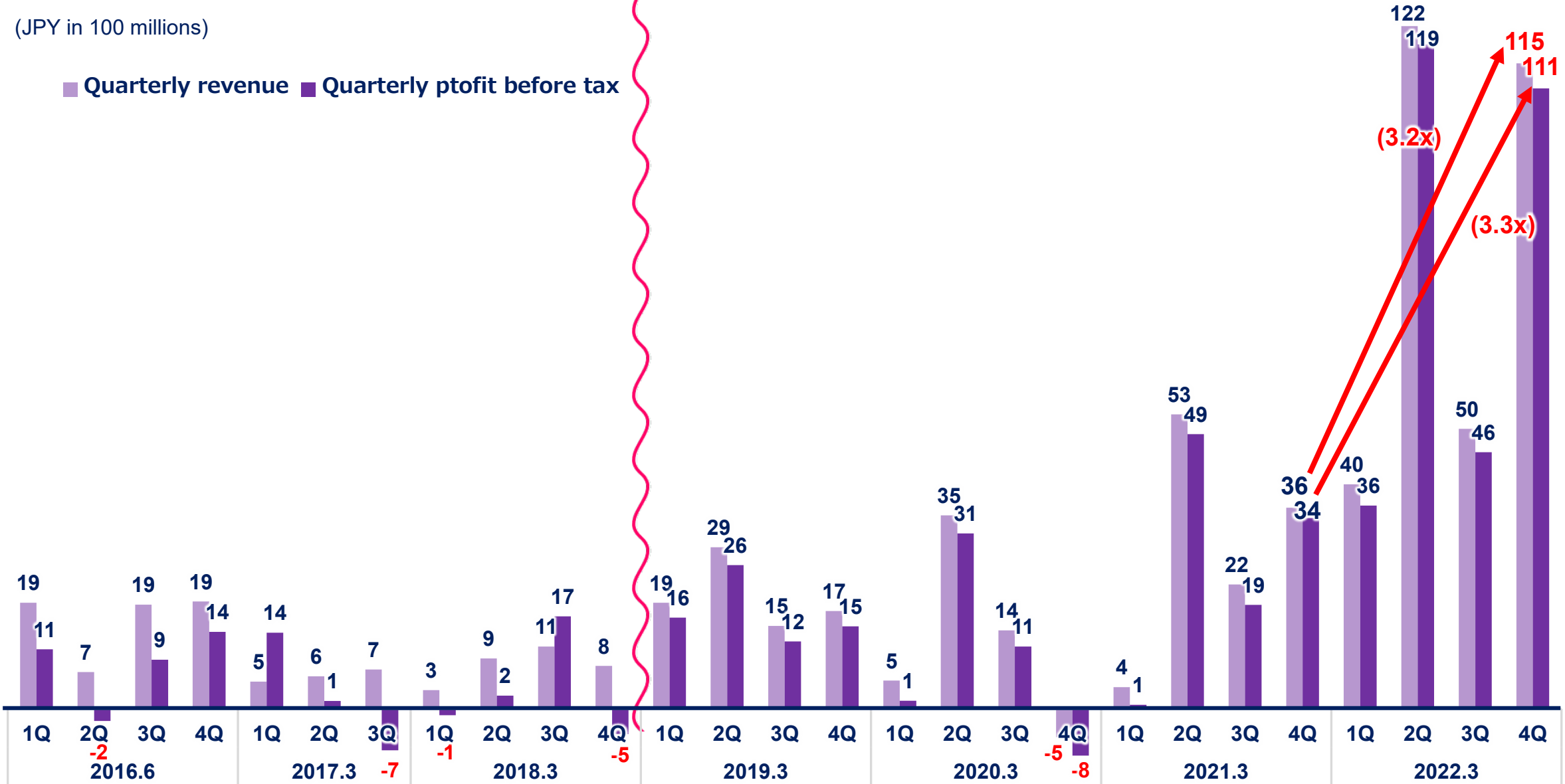
IT Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly ptofit before tax



(3.2x)

(3.3x)

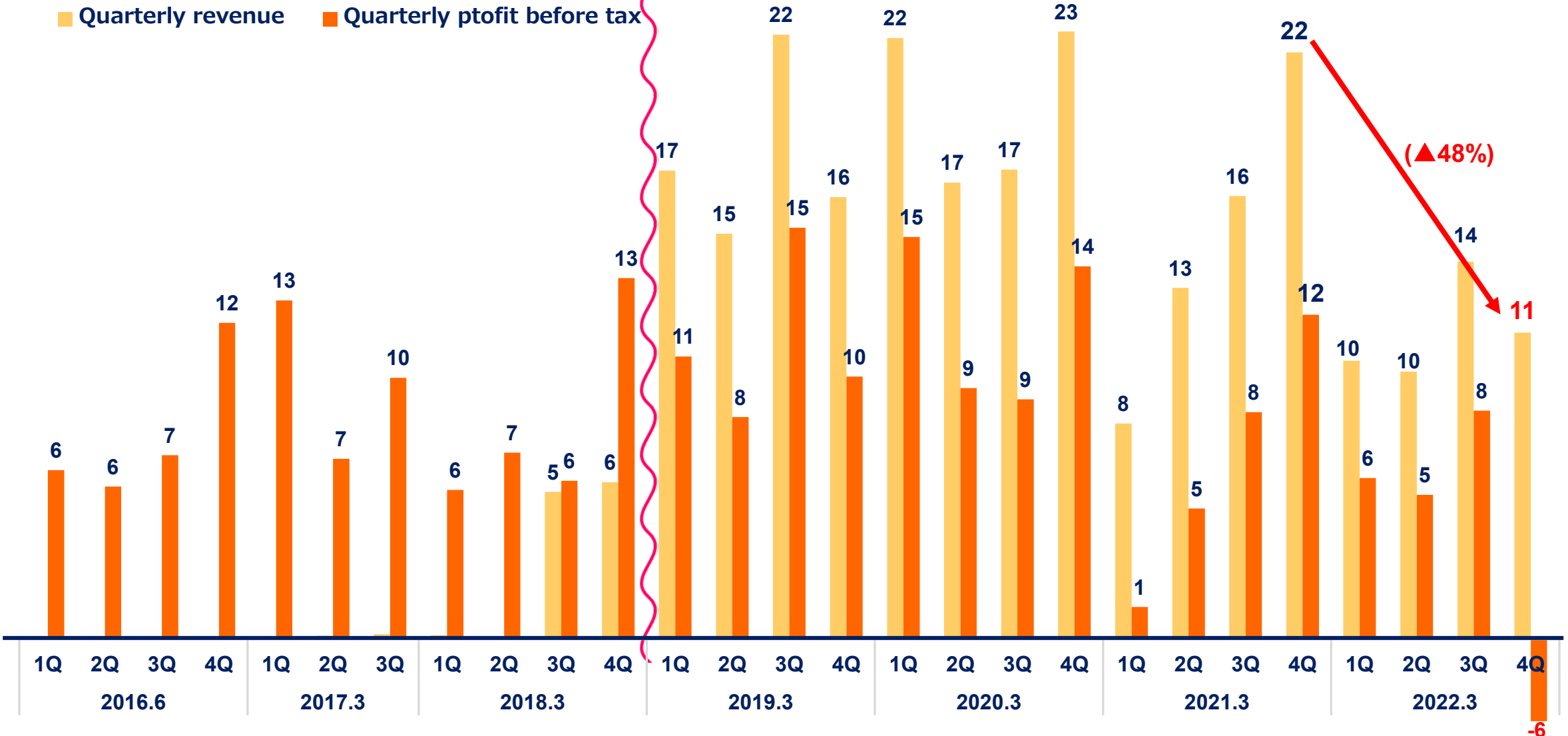
◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → ← IFRS →

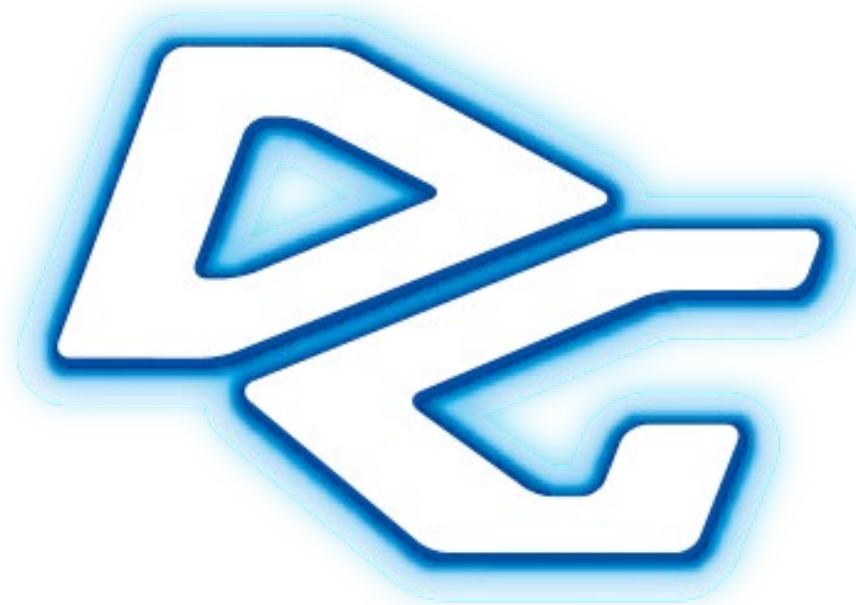
(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly ptofit before tax



(▲48%)

-6



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.