

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on IFRS)

November 12, 2021

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: Managing Executive Officer, in charge of the Makoto Soda TEL 03-6367-1111
 Corporate Strategy Division
 Scheduled date to file Quarterly Securities Report: November 15, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

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	%
Six months ended September 30, 2021	40,109	108.2	27,425	354.3	18,409	374.0	18,496	362.0	18,013	234.4
Six months ended September 30, 2020	19,264	(1.7)	6,037	(17.6)	3,884	(25.9)	4,003	(24.1)	5,386	(23.4)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	401.21		362.60	
Six months ended September 30, 2020	86.96		79.55	

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2021	200,129	80,007	79,102	39.5
As of March 31, 2021	178,301	63,082	62,134	34.8

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	0.00	–	32.00	32.00
Year ending March 31, 2022	–	0.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	–	–

(Note 1. Revision to the forecast on financial results: No)

(Note 2. Fiscal year ending March 31, 2022 forecast is to be determined.)

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

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 six months ended September 30, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

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

Changes in accounting policies required by IFRS : No

Changes in accounting policies due to other reasons : No

Changes in accounting estimates : No

(3) Number of issued shares (ordinary shares)

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

As of September 30, 2021	47,470,800 shares	As of March 31, 2021	47,441,900 shares
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Number of treasury shares at end of period

As of September 30, 2021	1,340,460 shares	As of March 31, 2021	1,363,660 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2021	46,099,313 shares	Six months ended September 30, 2020	46,031,452 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and cash equivalents	37,989	40,605
Trade and other receivables	26,574	19,138
Inventories	264	300
Operational investment securities	47,170	61,493
Other financial assets	912	276
Income taxes receivable	21	-
Other current assets	618	734
Total current assets	113,548	122,545
Non-current assets		
Property, plant and equipment	19,478	19,545
Goodwill	7,689	7,934
Intangible assets	4,000	4,098
Investment property	2,924	2,927
Investments accounted for using equity method	22,446	24,470
Other financial assets	7,878	18,325
Deferred tax assets	60	43
Other non-current assets	278	241
Total non-current assets	64,753	77,583
Total assets	178,301	200,129

	(Millions of yen)	
	As of March 31, 2021	As of September 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	9,768	15,869
Trade and other payables	39,911	38,363
Other financial liabilities	1,712	1,712
Income taxes payable	1,328	779
Other current liabilities	4,146	3,120
Total current liabilities	56,865	59,843
Non-current liabilities		
Bonds and borrowings	35,850	30,936
Other financial liabilities	12,168	11,473
Retirement benefit liability	452	467
Provisions	485	483
Deferred tax liabilities	8,515	16,101
Other non-current liabilities	885	819
Total non-current liabilities	58,355	60,279
Total liabilities	115,220	120,122
Equity		
Share capital	7,637	7,675
Capital surplus	4,566	4,760
Treasury shares	(4,915)	(4,831)
Other components of equity	2,062	1,491
Retained earnings	52,785	70,007
Total equity attributable to owners of parent	62,134	79,102
Non-controlling interests	947	905
Total equity	63,082	80,007
Total liabilities and equity	178,301	200,129

Condensed quarterly consolidated statements of income

First six months of fiscal year

	(Millions of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Revenue		
Revenue in recurring business	12,449	12,073
Revenue in operational investment securities	5,270	13,728
Other income	400	549
Finance income	1	11,401
Share of profit of investments accounted for using equity method	1,143	2,358
Total	19,264	40,109
Expenses		
Cost of sales	5,593	5,148
Selling, general and administrative expenses	7,041	7,134
Other expenses	178	188
Finance costs	415	212
Total	13,228	12,683
Profit before tax	6,037	27,425
Income tax expense	2,153	9,017
Profit	3,884	18,409
Profit (loss) attributable to		
Owners of parent	4,003	18,496
Non-controlling interests	(119)	(87)
Earnings per share		
Basic earnings per share	86.96	401.21
Diluted earnings per share	79.55	362.60

Stand-alone 2nd quarter of fiscal year

(Millions of yen)

	2nd quarter ended September 30, 2020	2nd quarter ended September 30, 2021
Revenue		
Revenue in recurring business	6,301	6,068
Revenue in operational investment securities	4,968	9,834
Other income	207	223
Finance income	0	11,382
Share of profit of investments accounted for using equity method	843	1,758
Total	<u>12,320</u>	<u>29,266</u>
Expenses		
Cost of sales	2,829	2,617
Selling, general and administrative expenses	3,588	3,831
Other expenses	109	117
Finance costs	163	151
Total	<u>6,689</u>	<u>6,715</u>
Profit before tax	<u>5,632</u>	<u>22,551</u>
Income tax expense	1,902	7,453
Profit	<u>3,730</u>	<u>15,098</u>
Profit (loss) attributable to		
Owners of parent	3,779	15,152
Non-controlling interests	(50)	(54)
Earnings per share		
Basic earnings per share	82.08	328.60
Diluted earnings per share	74.56	296.52

Condensed quarterly consolidated statements of comprehensive income

First six months of fiscal year

	Six months ended September 30, 2020	(Millions of yen) Six months ended September 30, 2021
Profit	3,884	18,409
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	1,664	(407)
Share of other comprehensive income of investments accounted for using equity method	3	(9)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(165)	21
Share of other comprehensive income of investments accounted for using equity method	0	0
Other comprehensive income, net of tax	1,502	(395)
Comprehensive income	5,386	18,013
Comprehensive income attributable to		
Owners of parent	5,505	18,100
Non-controlling interests	(119)	(87)

Stand-alone 2nd quarter of fiscal year

	(Millions of yen)	
	2nd quarter endedSeptember 30, 2020	2nd quarter endedSeptember 30, 2021
Profit	3,730	15,098
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	301	(341)
Share of other comprehensive income of investments accounted for using equity method	(3)	(2)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(95)	22
Share of other comprehensive income of investments accounted for using equity method	0	0
Other comprehensive income, net of tax	203	(321)
Comprehensive income	3,932	14,777
Comprehensive income attributable to		
Owners of parent	3,982	14,831
Non-controlling interests	(50)	(54)

Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020)

(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	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	
Balance at April 1, 2020	7,591	4,409	(5,012)	(798)	1,125	(2)	324
Profit (loss)							–
Other comprehensive income				1,667	(165)		1,502
Comprehensive income	–	–	–	1,667	(165)	–	1,502
Issuance of new shares	28	28					–
Changes in ownership interest in subsidiaries		(3)					–
Dividends							–
Share-based payment transactions		137	97				–
Purchase of treasury shares			(0)				–
Other		(0)					–
Total	28	161	97	–	–	–	–
Balance at September 30, 2020	7,619	4,569	(4,915)	868	960	(2)	1,826

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2020	44,721	52,033	762	52,795
Profit (loss)	4,003	4,003	(119)	3,884
Other comprehensive income		1,502	1	1,502
Comprehensive income	4,003	5,505	(119)	5,386
Issuance of new shares		55		55
Changes in ownership interest in subsidiaries		(3)	396	393
Dividends	(1,749)	(1,749)		(1,749)
Share-based payment transactions		234		234
Purchase of treasury shares		(0)		(0)
Other		(0)		(0)
Total	(1,749)	(1,463)	396	(1,067)
Balance at September 30, 2020	46,975	56,075	1,039	57,114

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	
Balance at April 1, 2021	7,637	4,566	(4,915)	853	1,217	(7)	2,062
Profit (loss)							–
Other comprehensive income				(416)	21		(395)
Comprehensive income	–	–	–	(416)	21	–	(395)
Issuance of new shares	39	39					–
Changes in ownership interest in subsidiaries		0					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		163	84				–
Transfer from other components of equity to retained earnings				(175)			(175)
Other		(7)					–
Total	39	194	84	(175)	–	–	(175)
Balance at September 30, 2021	7,675	4,760	(4,831)	261	1,237	(7)	1,491

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2021	52,785	62,134	947	63,082
Profit (loss)	18,496	18,496	(87)	18,409
Other comprehensive income		(395)	0	(395)
Comprehensive income	18,496	18,100	(87)	18,013
Issuance of new shares		77		77
Changes in ownership interest in subsidiaries		0	(23)	(22)
Change in scope of consolidation		–	67	67
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		247		247
Transfer from other components of equity to retained earnings	175	–		–
Other	25	18		18
Total	(1,274)	(1,133)	44	(1,088)
Balance at September 30, 2021	70,007	79,102	905	80,007

Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before tax	6,037	27,425
Depreciation and amortization	1,788	1,778
Interest and dividend income	(1)	(1)
Interest expenses on borrowings and bonds	120	117
Share of loss (profit) of investments accounted for using equity method	(1,143)	(2,358)
Loss (gain) on investment securities	30	(11,325)
Decrease (increase) in trade and other receivables	7,677	7,352
Decrease (increase) in investment securities for sale	(4,226)	(14,318)
Decrease (increase) in inventories	24	(35)
Increase (decrease) in trade and other payables	(5,313)	(1,323)
Increase (decrease) in accrued consumption taxes	979	(649)
Other	1,157	387
Subtotal	7,129	7,049
Interest and dividends received	719	727
Interest paid	(38)	(35)
Income taxes refund (paid)	(49)	(1,563)
Net cash provided by (used in) operating activities	7,760	6,179
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,314)	(1,284)
Purchase of intangible assets	(789)	(619)
Purchase of investment securities	(1)	(2)
Proceeds from sale of investment securities	–	340
Payments for acquisition of subsidiaries	–	(301)
Purchase of investments accounted for using equity method	–	(538)
Proceeds from sale of investments accounted for using equity method	79	–
Other	99	109
Net cash provided by (used in) investing activities	(1,925)	(2,293)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,810	3,700
Proceeds from long-term borrowings	3,037	–
Repayments of long-term borrowings	(1,816)	(2,608)
Repayments of lease liabilities	(949)	(872)
Capital contribution from non-controlling interests	396	42
Dividends paid	(1,747)	(1,473)
Other	27	(86)
Net cash provided by (used in) financing activities	757	(1,298)
Effect of exchange rate changes on cash and cash equivalents	(35)	28
Net increase (decrease) in cash and cash equivalents	6,556	2,616
Cash and cash equivalents at beginning of period	32,702	37,989
Cash and cash equivalents	39,259	40,605