

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on IFRS)

May 12, 2022

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
 Managing Executive Officer, in charge of the Makoto Soda
 Corporate Division TEL 03-6367-1111
 Inquiries: Makoto Soda
 Scheduled date of ordinary general meeting of shareholders: June 22, 2022
 Scheduled date to file Securities Report: June 22, 2022
 Scheduled date to commence dividend payments: June 23, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	72,955	80.2	45,393	217.1	30,149	216.7	30,330	209.9	29,733	163.5
Year ended March 31, 2021	40,478	9.6	14,317	43.1	9,518	29.8	9,786	31.9	11,284	77.8

	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, 2022	654.77	592.36	38.4	22.1	62.2
Year ended March 31, 2021	212.49	193.82	17.1	8.4	35.4

(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, 2022	231,607	97,217	95,738	41.3	2,033.00
As of March 31, 2021	178,301	63,082	62,134	34.8	1,348.45

(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, 2022	7,059	(7,978)	6,244	43,415
Year ended March 31, 2021	7,047	(864)	(914)	37,989

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, 2021	–	0.00	–	32.00	32.00	1,475	15.1	2.6
Year ended March 31, 2022	–	0.00	–	35.00	35.00	1,648	5.3	2.1
Year ending March 31, 2023 (Forecast)	–	–	–	–	–		–	

(Note 1. Fiscal year ending March 31, 2023 forecast is to be determined.)

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

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, 2022

(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 March 31, 2022	47,482,800 shares	As of March 31, 2021	47,441,900 shares
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Number of treasury shares at end of period

As of March 31, 2022	390,960 shares	As of March 31, 2021	1,363,660 shares
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Average number of shares during period

Year ended March 31, 2022	46,322,198 shares	Year ended March 31, 2021	46,051,295 shares
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Consolidated financial statements
Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and cash equivalents	37,989	43,415
Trade and other receivables	26,574	24,462
Inventories	264	347
Operational investment securities	47,170	77,950
Other financial assets	912	277
Income taxes receivable	21	88
Other current assets	618	1,103
Total current assets	113,548	147,642
Non-current assets		
Property, plant and equipment	19,478	18,423
Goodwill	7,689	6,804
Intangible assets	4,000	4,194
Investment property	2,924	3,171
Investments accounted for using equity method	22,446	27,808
Other financial assets	7,878	23,317
Deferred tax assets	60	17
Other non-current assets	278	231
Total non-current assets	64,753	83,965
Total assets	178,301	231,607

	(Millions of yen)	
	As of March 31, 2021	As of March 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	9,768	9,223
Trade and other payables	39,911	43,900
Other financial liabilities	1,712	1,666
Income taxes payable	1,328	394
Other current liabilities	4,146	4,059
Total current liabilities	56,865	59,242
Non-current liabilities		
Bonds and borrowings	35,850	40,710
Other financial liabilities	12,168	10,683
Retirement benefit liability	452	480
Provisions	485	480
Deferred tax liabilities	8,515	22,001
Other non-current liabilities	885	796
Total non-current liabilities	58,355	75,149
Total liabilities	115,220	134,390
Equity		
Share capital	7,637	7,692
Capital surplus	4,566	6,147
Treasury shares	(4,915)	(1,409)
Other components of equity	2,062	2,273
Retained earnings	52,785	81,035
Total equity attributable to owners of parent	62,134	95,738
Non-controlling interests	947	1,479
Total equity	63,082	97,217
Total liabilities and equity	178,301	231,607

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

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Revenue		
Revenue in recurring business	24,945	24,830
Revenue in operational investment securities	11,031	28,269
Other income	1,949	954
Finance income	59	13,161
Share of profit of investments accounted for using equity method	2,495	5,741
Total	40,478	72,955
Expenses		
Cost of sales	10,697	10,513
Selling, general and administrative expenses	14,537	14,818
Other expenses	617	1,881
Finance costs	311	349
Total	26,161	27,561
Profit before tax	14,317	45,393
Income tax expense	4,798	15,244
Profit	9,518	30,149
Profit (loss) attributable to		
Owners of parent	9,786	30,330
Non-controlling interests	(267)	(181)
Earnings per share		
Basic earnings per share	212.49	654.77
Diluted earnings per share	193.82	592.36

Consolidated statements of comprehensive income

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	9,518	30,149
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	1,670	(887)
Remeasurements of defined benefit plans	(7)	8
Share of other comprehensive income of investments accounted for using equity method	10	16
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	91	447
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Other comprehensive income, net of tax	1,766	(416)
Comprehensive income	11,284	29,733
Comprehensive income attributable to		
Owners of parent	11,550	29,911
Non-controlling interests	(266)	(178)

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	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				1,678	92	(5)	1,765
Comprehensive income	–	–	–	1,678	92	(5)	1,765
Issuance of new shares	46	46					–
Changes in ownership interest in subsidiaries		(66)					–
Dividends							–
Share-based payment transactions		178	97				–
Purchase of treasury shares			(1)				–
Transfer from other components of equity to retained earnings				(27)			(27)
Other		(0)					–
Total	46	157	96	(27)	–	–	(27)
Balance at March 31, 2021	7,637	4,566	(4,915)	853	1,217	(7)	2,062
Profit (loss)							–
Other comprehensive income				(871)	443	8	(420)
Comprehensive income	–	–	–	(871)	443	8	(420)
Issuance of new shares	55	55					–
Changes in ownership interest in subsidiaries		171					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		211	84				–
Disposal of treasury shares		1,206	3,422				–
Transfer from other components of equity to retained earnings				631			631
Other		(63)					–
Total	55	1,580	3,506	631	–	–	631
Balance at March 31, 2022	7,692	6,147	(1,409)	613	1,660	0	2,273

(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)	9,786	9,786	(267)	9,518
Other comprehensive income		1,765	1	1,766
Comprehensive income	9,786	11,550	(266)	11,284
Issuance of new shares		91		91
Changes in ownership interest in subsidiaries		(66)	452	386
Dividends	(1,749)	(1,749)		(1,749)
Share-based payment transactions		275		275
Purchase of treasury shares		(1)		(1)
Transfer from other components of equity to retained earnings	27	–		–
Other		(0)		(0)
Total	(1,721)	(1,449)	452	(997)
Balance at March 31, 2021	52,785	62,134	947	63,082
Profit (loss)	30,330	30,330	(181)	30,149
Other comprehensive income		(420)	4	(416)
Comprehensive income	30,330	29,911	(178)	29,733
Issuance of new shares		111		111
Changes in ownership interest in subsidiaries		171	643	814
Change in scope of consolidation		–	67	67
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		295		295
Disposal of treasury shares		4,629		4,629
Transfer from other components of equity to retained earnings	(631)	–		–
Other	25	(38)		(38)
Total	(2,081)	3,693	710	4,403
Balance at March 31, 2022	81,035	95,738	1,479	97,217

Consolidated statements of cash flows

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before tax	14,317	45,393
Depreciation and amortization	3,637	3,620
Impairment losses	231	1,372
Interest and dividend income	(19)	(12)
Interest expenses on borrowings and bonds	238	242
Share of loss (profit) of investments accounted for using equity method	(2,495)	(5,741)
Loss (gain) on investment securities	(39)	(12,581)
Loss (gain) on sales of shares of subsidiaries and associates	(1)	–
Loss (gain) on transfer of business	(1,103)	–
Decrease (increase) in trade and other receivables	22	2,383
Decrease (increase) in investment securities for sale	(10,527)	(30,444)
Decrease (increase) in inventories	54	(82)
Increase (decrease) in trade and other payables	(521)	4,170
Increase (decrease) in accrued consumption taxes	1,422	(534)
Other	1,136	356
Subtotal	6,352	8,142
Interest and dividends received	1,450	1,453
Interest paid	(74)	(71)
Income taxes refund (paid)	(681)	(2,465)
Net cash provided by (used in) operating activities	7,047	7,059
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,501)	(1,501)
Purchase of intangible assets	(1,706)	(1,354)
Purchase of investment securities	(186)	(4,794)
Proceeds from sale of investment securities	1,865	340
Payments for acquisition of subsidiaries	–	(301)
Purchase of investments accounted for using equity method	(513)	(563)
Proceeds from sale of investments accounted for using equity method	80	–
Proceeds from sale of businesses	541	–
Other	555	193
Net cash provided by (used in) investing activities	(864)	(7,978)

	(Millions of yen)	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,002	2,650
Proceeds from long-term borrowings	3,526	11,700
Repayments of long-term borrowings	(3,270)	(10,330)
Repayments of lease liabilities	(1,861)	(1,738)
Capital contribution from non-controlling interests	417	881
Proceeds from disposition of treasury shares	–	4,629
Dividends paid	(1,748)	(1,474)
Other	19	(74)
Net cash provided by (used in) financing activities	(914)	6,244
Effect of exchange rate changes on cash and cash equivalents	17	102
Net increase (decrease) in cash and cash equivalents	5,286	5,427
Cash and cash equivalents at beginning of period	32,702	37,989
Cash and cash equivalents at end of period	37,989	43,415