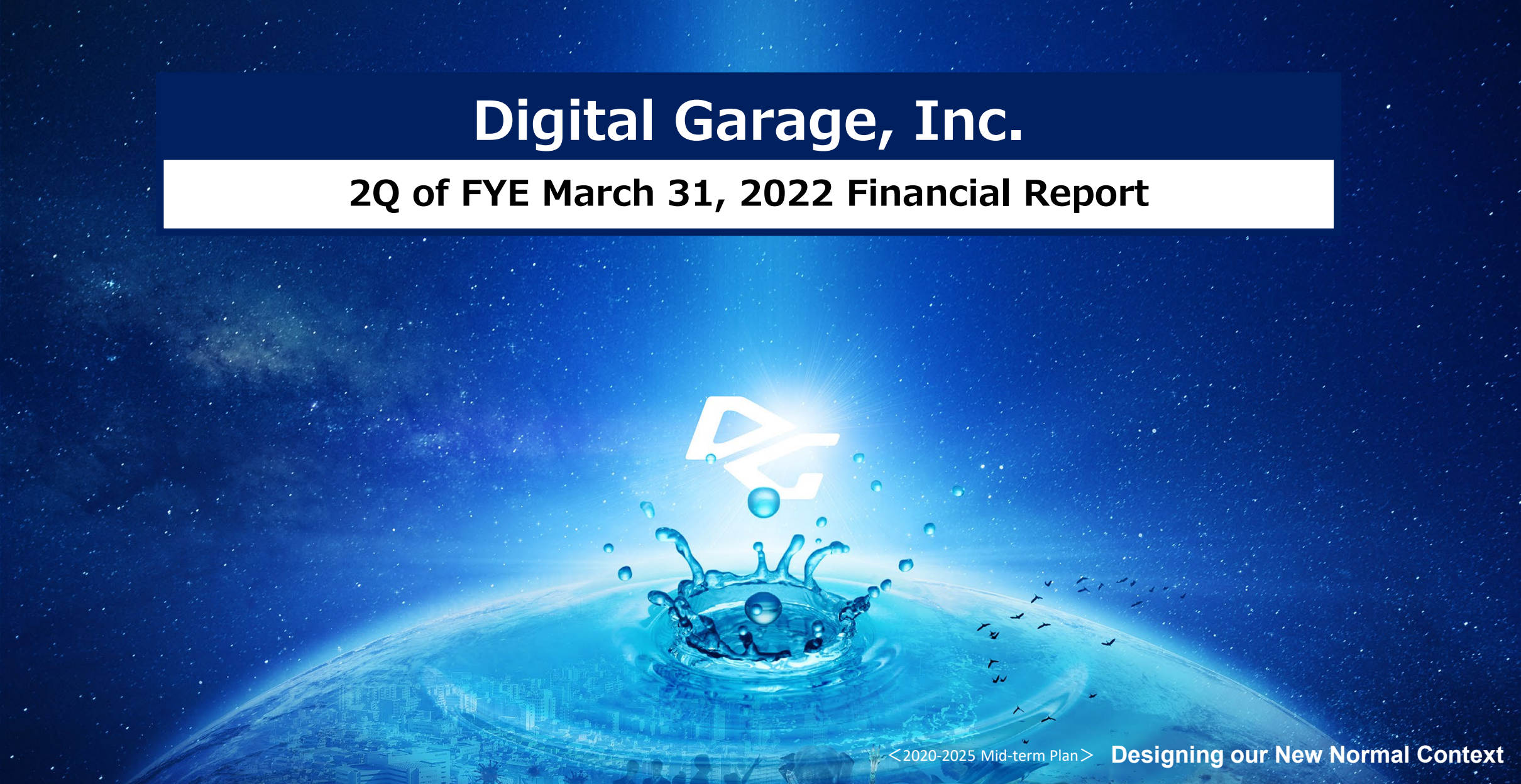


Digital Garage, Inc.

2Q of FYE March 31, 2022 Financial Report



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

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Purpose & Values





<Purpose>

Designing "New Context" for a sustainable society with technology

<Mission & Values>

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

<Principle>

Think for yourself and question authority
- Timothy Leary



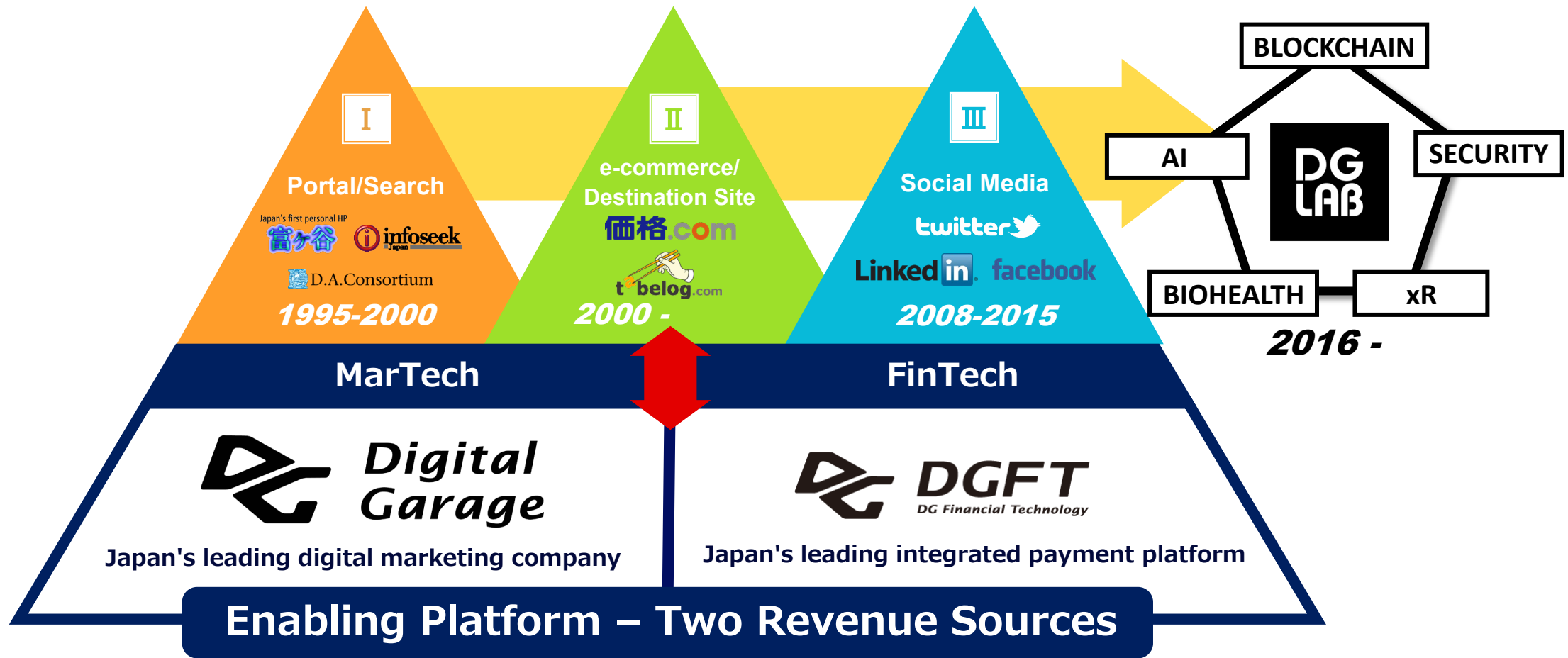
**Implementing a new business context in society
by making full use of the three technologies of IT / MT / FT**



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



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



Investment Highlights





Profit before tax for FY 22.3 2Q increased by 5x YoY to 27.4 B JPY, renewed record high profit

~ FT : Transaction volume/number of transactions increased steadily, resulting in higher sales and profits,
IT : The fair value of investees has expanded significantly ~

Transition of consolidated profit before tax

(JPY in 100 millions)

274

4.5x

60

FY21.3
1Q-2Q

FY22.3
1Q-2Q

Consolidated profit before tax

	FY22.3 1Q-2Q	(YoY)
Consolidated	27.4 B JPY	4.5x

Profit before tax by segments

FT	2.2 B JPY	+6%
MT	0.4 B JPY	+44%
IT	15.5 B JPY	3.1x
LTI	1.1 B JPY	+88%

Outlook and KPI by segments

✓ In addition to an increase in transaction volume due to the expansion of the EC market, face-to-face settlements increased favorably. Delivery and digital contents continued to grow, and domestic travel-related payments recovered, despite a partial reaction to special demand for COVID-19, such as CASH POST

Transaction volume	1,683.1 B JPY (YoY +18%)
of which, face-to-face settlement	116.5 B JPY (YoY +69%)
Number of transactions	341 million (YoY +12%)

✓ Mainstay digital ads transaction volume was strong, mainly in financial-related, and in particular, digital ads for credit card increased. Cost optimization in the previous fiscal year proved successful, resulting in a profit increase despite the decrease of CRM contracted developments, etc.

Digital ads volume	15.7 B JPY (YoY +26%)
of which, financial ads volume	9.1 B JPY (YoY +37%)

✓ Successful strategic investment in advanced FinTech/DX companies. Growth in fair value across Japan, the U.S. and Asia, particularly in the U.S. An investee Blockstream Corporation Inc., a promising startup in crypto asset field, completed a large-scale financing round

Investment / Sold	4.3 B JPY / 3.2 B JPY
Fair valuation	61.5 B JPY (from E of Mar. 2021 +30%)

✓ Crypto Garage: allocated a third-party share issuance to Nomura Holdings, Inc. and formed a capital and business alliance in Oct 2021
Kakaku.com: revenue decreased due to impact of the extension and redeclaration of state of emergency

Investment profit on equity method of Kakaku.com	1.2 B JPY (YoY +28%)
--	-----------------------------

FY22.3 2Q Consolidated P/L Summary (IFRS)



Consolidated revenue in FY22.3 2Q increased by 2x YoY to 40.1 B JPY,
profit before tax went up by 5x YoY to 27.4 B JPY

~ Despite the decrease in revenue in recurring business due to decline of CRM contracted developments in MT,
significant growth of revenue in operational investment securities led to increase in sales and profit ~

JPY in Millions	FY21.3				FY22.3	FY22.3	YoY (2Q)		FY 21.3	FY 22.3	YoY (1Q-2Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	%	Amount	1Q-2Q	1Q-2Q	%	Amount
Revenue	6,944	12,320	9,447	11,767	10,843	29,266	2.4 x	+16,946	19,264	40,109	2.1 x	+20,844
Revenue in recurring business	6,148	6,301	6,138	6,357	6,004	6,068	-3.7%	-233	12,449	12,073	-3.0%	-377
Revenue in operational investment securities	302	4,968	2,226	3,535	3,893	9,834	2.0 x	+4,866	5,270	13,728	2.6 x	+8,458
Other income	193	207	214	1,335	326	223	+7.6%	+16	400	549	+37.4%	+150
Finance income	1	0	17	40	18	11,382	-	+11,382	1	11,401	-	+11,399
Share of profit of investments accounted for using equity method	300	843	853	499	600	1,758	2.1 x	+914	1,143	2,358	2.1 x	+1,215
Expenses	6,539	6,689	6,123	6,811	5,969	6,715	+0.4%	+26	13,228	12,683	-4.1%	-544
Cost of sales	2,764	2,829	2,459	2,645	2,531	2,617	-7.5%	-212	5,593	5,148	-8.0%	-445
Selling, general and administrative expenses	3,453	3,588	3,400	4,095	3,304	3,831	+6.8%	+243	7,041	7,134	+1.3%	+93
Other expenses	69	109	69	370	72	117	+7.2%	+8	178	188	+5.9%	+11
Finance costs	252	163	195	-299	62	151	-7.5%	-12	415	212	-48.9%	-203
Profit before tax	405	5,632	3,324	4,956	4,874	22,551	4.0 x	+16,919	6,037	27,425	4.5 x	+21,388
Profit attributable to owners of parent	224	3,779	2,290	3,493	3,343	15,152	4.0 x	+11,373	4,003	18,496	4.6 x	+14,493

(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 2Q Segment P/L Summary (IFRS)



Achieved profit increases in all segments;
IT : Significant profit growth due to increase in fair value of investees
~ FT : Strong EC Payments and face-to-face settlements boosted sales and profits.
MT : Achieved profit increase as its mainstay digital ads remained strong ~

JPY in Millions	FY21.3				FY 22.3	FY 22.3	YonY (2Q)		FY 21.3	FY 22.3	YonY (1Q-2Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	%	Amount	1Q-2Q	1Q-2Q	%	Amount
Revenue	6,944	12,320	9,447	11,767	10,843	29,266	2.4 x	+16,946	19,264	40,109	2.1 x	+20,844
Financial Technology	2,340	2,409	2,525	2,392	2,516	2,675	+11.0%	+266	4,749	5,191	+9.3%	+442
Marketing Technology	3,335	3,257	2,958	3,499	3,217	3,098	-4.9%	-158	6,591	6,315	-4.2%	-276
Incubation Technology	389	5,269	2,225	3,599	4,015	12,214	2.3 x	+6,944	5,658	16,229	2.9 x	+10,571
Long-term Incubation	801	1,305	1,646	2,179	1,034	993	-23.9%	-311	2,105	2,027	-3.7%	-79
Others/Adjustments and Eliminations	79	81	94	97	61	10,286	126.5 x	+10,205	160	10,347	64.5 x	+10,187
Profit before tax	405	5,632	3,324	4,956	4,874	22,551	4.0 x	+16,919	6,037	27,425	4.5 x	+21,388
Financial Technology	1,018	1,083	1,141	875	1,108	1,120	+3.4%	+37	2,101	2,228	+6.0%	+127
Marketing Technology	178	78	202	276	223	146	+87.4%	+68	256	370	+44.2%	+113
Incubation Technology	72	4,916	1,861	3,415	3,636	11,886	2.4 x	+6,970	4,988	15,522	3.1 x	+10,535
Long-term Incubation	120	485	843	1,205	599	536	+10.5%	+51	605	1,134	+87.6%	+530
Others/Adjustments and Eliminations	-983	-931	-724	-815	-692	8,862	-	+9,793	-1,913	8,171	-	+10,084

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

FY22.3 2Q Consolidated B/S Summary (IFRS)



JPY in Millions	End of FY21.3	End of FY22.3 2Q	Difference	Reason for change / Remarks
Current assets	113,548	122,545	+8,997	
Cash and cash equivalents	37,989	40,605	+2,616	
Trade and other receivables	26,574	19,138	-7,436	FT business-related items
Operational investment securities	47,170	61,493	+14,323	Increase in fair value of investee companies
Non-current assets	64,753	77,583	+12,830	
Property, plant and equipment	19,478	19,545	+67	
Intangible assets	4,000	4,098	+99	
Investments accounted for using equity method	22,446	24,470	+2,023	Equity in earnings of affiliates
Other financial assets	7,878	18,325	+10,447	Increase in fair value of investee companies
Total assets	178,301	200,129	+21,827	
Current liabilities	56,865	59,843	+2,978	
Borrowings	9,768	15,869	+6,101	Transferred to long-term loans payable within one year FT business-related items
Trade and other payables	39,911	38,363	-1,548	
Non-current liabilities	58,355	60,279	+1,924	
Bonds and borrowings	35,850	30,936	-4,914	
Other financial liabilities	12,168	11,473	-696	
Deferred tax liabilities	8,515	16,101	+7,586	Increase in estimated tax expense on unrealized gains on securities
Total liabilities	115,220	120,122	+4,902	
Total equity	63,082	80,007	+16,925	
Total equity attributable to owners of parent	62,134	79,102	+16,968	
Share capital	7,637	7,675	+39	
Capital surplus	4,566	4,760	+194	
Treasury shares	-4,915	-4,831	+84	
Other components of equity	2,062	1,491	-571	Decrease due to mark-to-market valuation of listed shares
Retained earnings	52,785	70,007	+17,222	Increased profit
Non-controlling interests	947	905	-42	
Total liabilities and equity	178,301	200,129	+21,827	

Segment Performance Review





I Financial Technology Segment

	Revenue	Profit before tax
FY 21.3 1Q-2Q	4,749 M JPY	2,101 M JPY
FY 22.3 1Q-2Q	5,191 M JPY	2,228 M JPY

▶ **DG Financial Technology, Inc.**※

Japan's leading payment service provider



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

▶ **NaviPlus Co., Ltd.**

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



▶ **TD Payment Corporation** (49% stake/equity method)

Offers multiple payment solutions for POS systems



▶ **ANA Digital Gate, Inc.** (49% stake/equity method)

Develops and offers the new payment solution by FinTech



▶ **SCORE Co., Ltd.** (49% stake/equity method)

Development of post-settlement payment business and various financial businesses utilizing settlement data



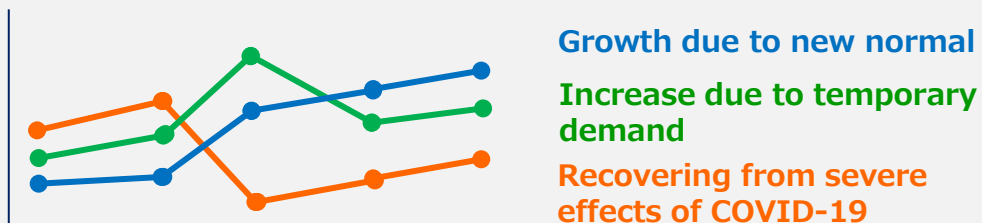
NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

Structure and elements of this review

- | | |
|---|--|
| I Financial Results Highlights | : Performance of FY22.3 2Q |
| II Analysis of the impact of COVID-19 | : Impact on our business performance and industry analysis |
| III Business progress in strategic areas | : Face-to-face settlement |
| IV System investment | : Introducing the latest database and BCP |

Overview - Impact of COVID-19

- ✓ Consumption of visitors to Japan, travel transportation and events, etc. has decreased significantly, and our clients have continued to be affected since FY20.3 4Q, but there is plenty of room for recovery in the future
- ✓ On the other hand, some services are growing due to temporary demand and the new normal of social life
- ✓ Mixed three impacts on revenue



Social demand for system enhancement

- Various industries rapidly advance into EC, so rapid increase in transactions
 - At the same time, there is an urgent need to deal with unauthorized use and security
- ✓ Focus on next-generation strategic system development for the purpose of DGFT's system efficiency and integration
 - ✓ To establish technology driven and critical social infrastructure
 - ✓ Speedy response to various payment methods
 - ✓ Further stabilization as social infrastructure and BCP
 - ✓ Supports large amount of data processing transactions



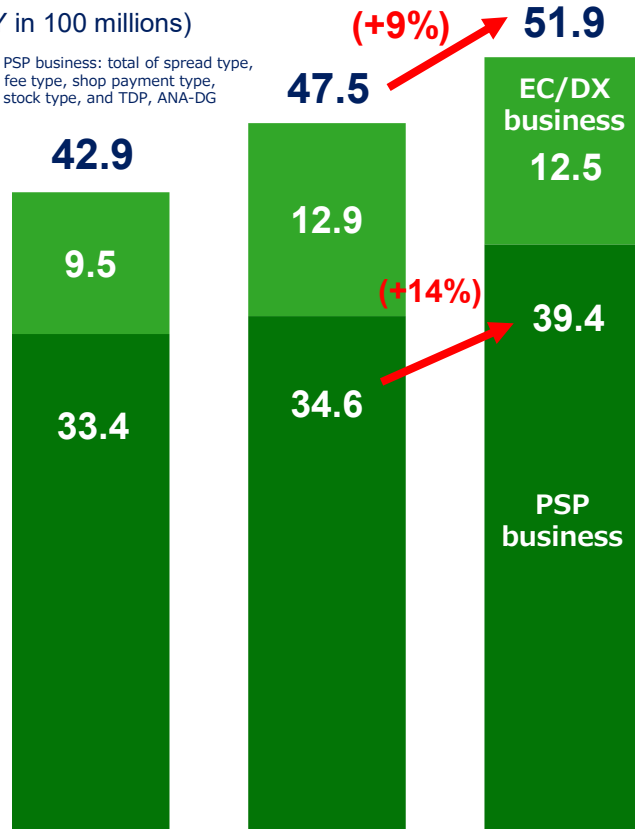
Revenue in the mainstay PSP business was strong, up by 14% YoY,
Total revenue went up by 9% YoY to 5.2 B JPY

~ Continued investment for stable system operation and expansion,
Profit before tax rose 6% to 2.2 B JPY ~

Revenue

(JPY in 100 millions)

NOTE) PSP business: total of spread type, fee type, shop payment type, stock type, and TDP, ANA-DG



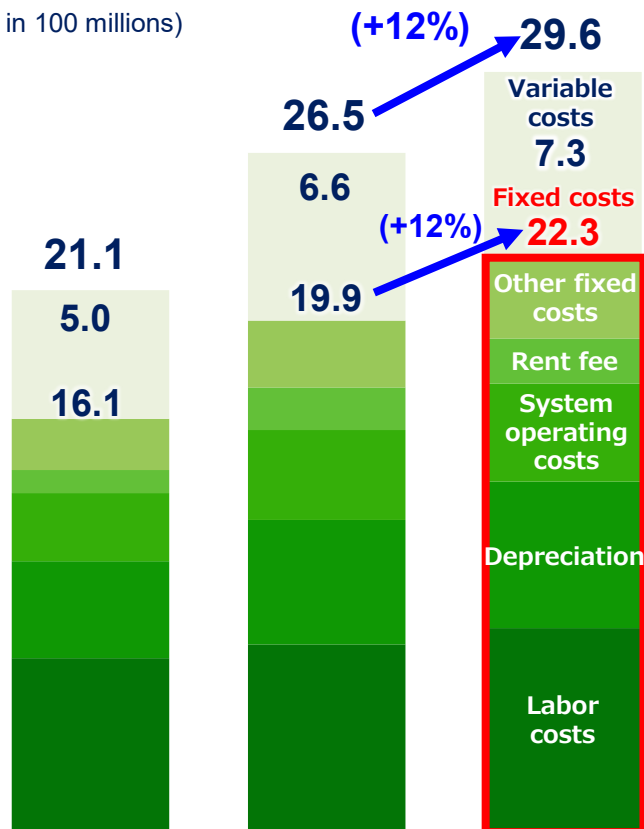
FY20.3
1Q-2Q

FY21.3
1Q-2Q

FY22.3
1Q-2Q

Expenses

(JPY in 100 millions)



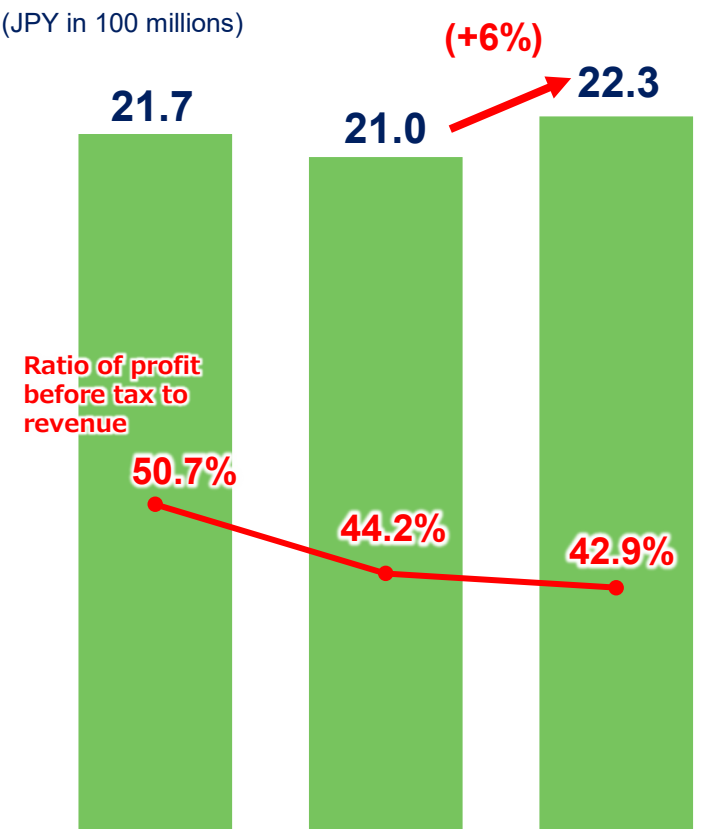
FY20.3
1Q-2Q

FY21.3
1Q-2Q

FY22.3
1Q-2Q

Profit before tax

(JPY in 100 millions)



FY20.3
1Q-2Q

FY21.3
1Q-2Q

FY22.3
1Q-2Q

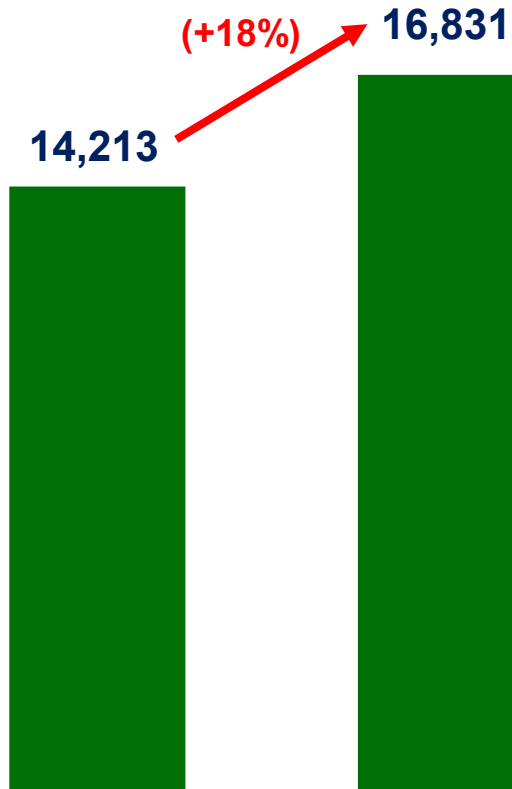


Transaction volume increased by 18% YoY to 1.7 T JPY, and the number of transactions increased by 12% YoY to 341 million, continuing high growth

~ EC payments rose 16% due to a recovery in travel-related transactions despite a partial reactionary decline in COVID-19 special demand, while face-to-face settlement was firm, up by 69% ~

Transaction volume

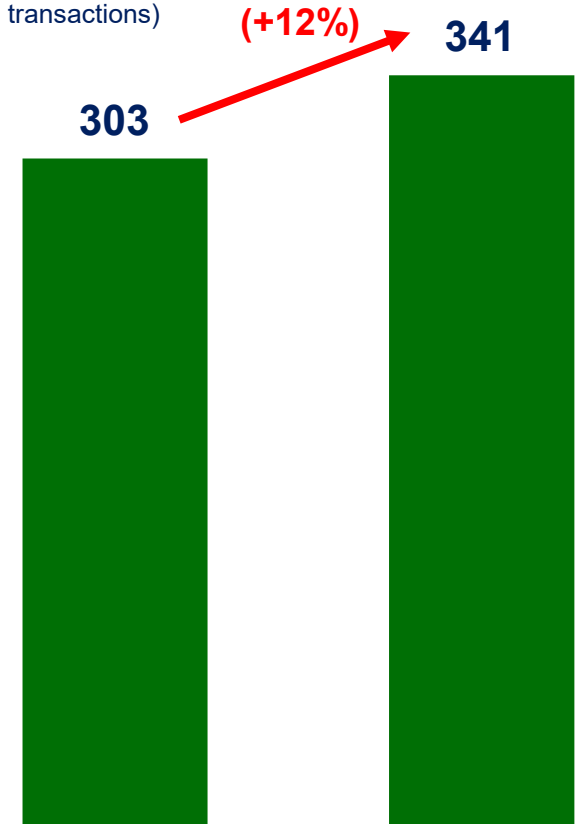
(JPY in 100 millions)



(JPY in 100 Millions)	FY21.3 1Q-2Q	FY22.3 1Q-2Q	YoY
Transaction volume: (①+②)	14,213	16,831	+18%
①EC payments	13,524	15,666	+16%
Travel related	247	396	+60%
Other than travel related	13,227	15,270	+15%
②Face-to-face settlements	689	1,165	+69%
Inbound-related/overseas QR code transactions	22	24	+11%
Domestic face-to-face settlements	667	1,141	+71%

Number of transactions

(Million transactions)



FY21.3 1Q-2Q

FY22.3 1Q-2Q

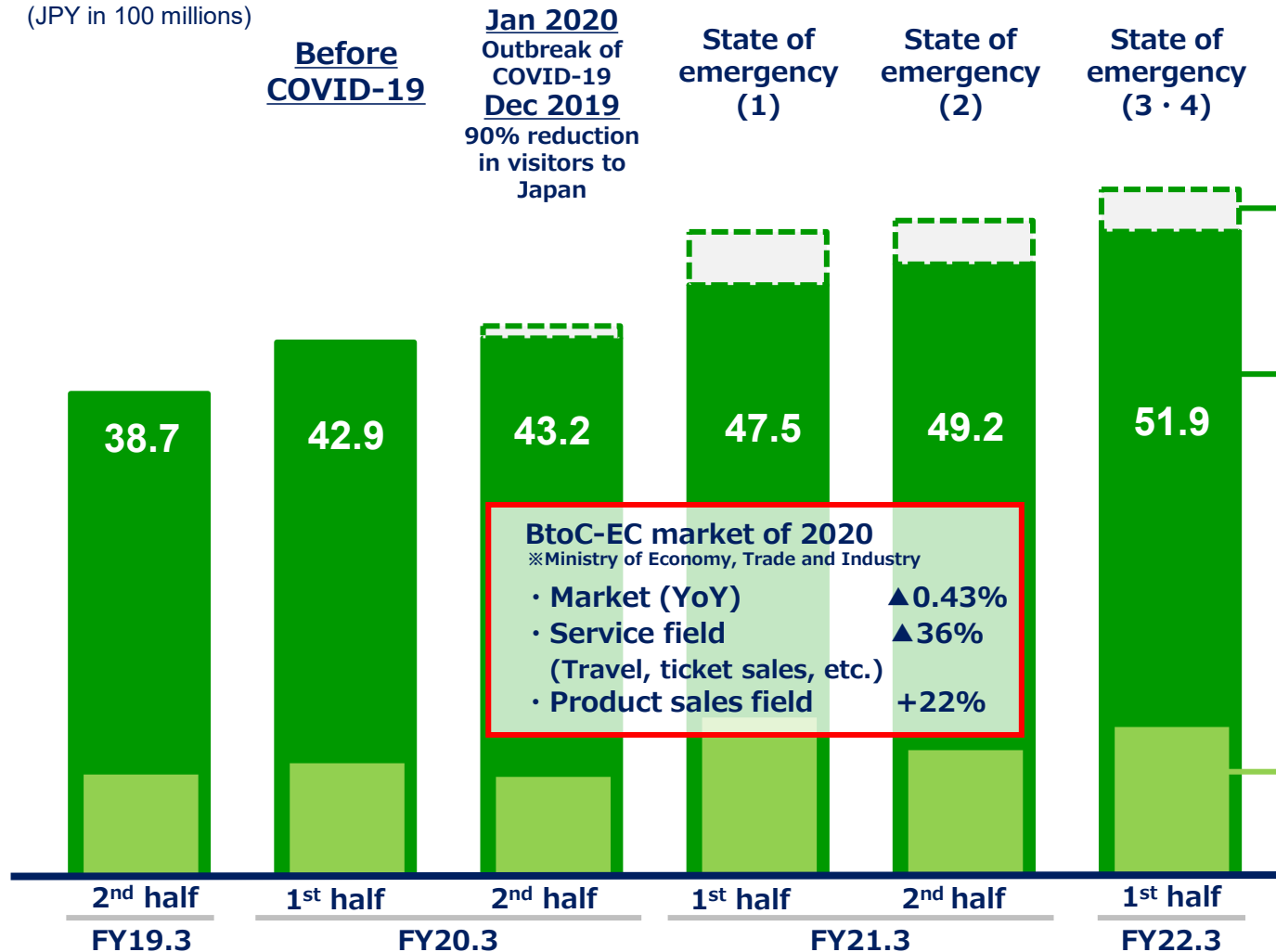
NOTE) Transaction volume and number of transactions of OEM such as TDP and ANADG are not included



COVID-19 affected industries and revenue impacts are clear and expected to recover

~ The main loss of revenue for visitors to Japan, travel transportation, etc. was 52% compared to the previous year, and there is a lot of room for recovery ~

(JPY in 100 millions)



Our client industry, whose profits have been declining due to the continued impact of COVID-19 (Mainly "Service field")

vs 1st half of FY20.3

Consumption by foreigners visiting Japan such as department stores	-95%
Travel/Transport/Hotel etc.	-49%
General face-to-face settlement such as eating and drinking	-34%
Events/Concerts	-7%

Our client industry, which is also focusing on and growing in COVID-19 (Excerpt)

vs 1st half of FY20.3

Takeout/Delivery	×170
Public money	× 14
Crypto Asset	+53%
Product sales EC like entertainment	+43%
Digital contents	+21%

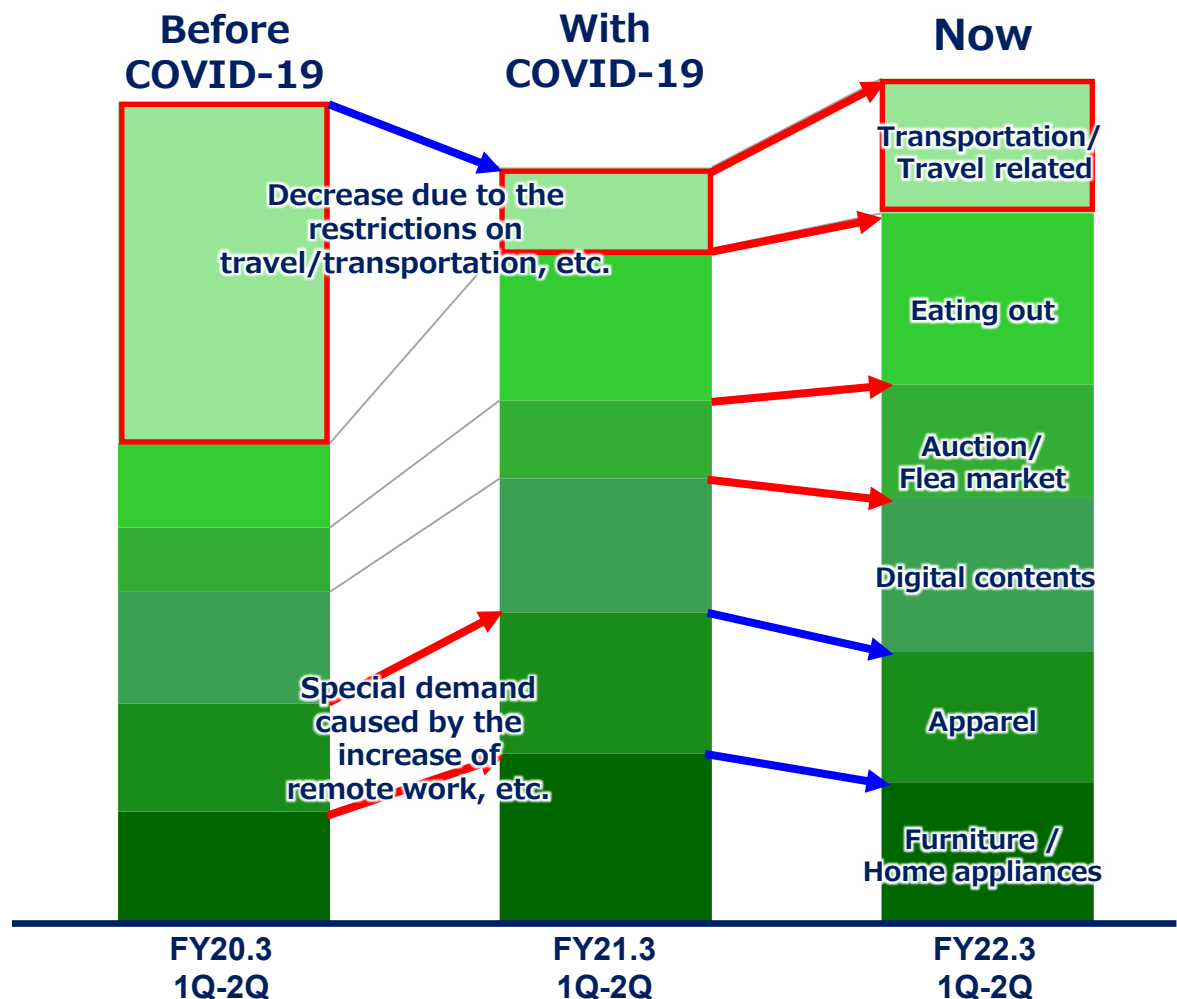
EC/DX business showed organic growth and some services were up by temporary demand during COVID-19

Under the state of emergency, the refund service (CASH POST) revenue rose due to the increase of travel and event cancellations in a transitional period. SaaS services such as recommendation engines for EC (158% compared to FY20.3) and fraud detection services (316% compared to FY20.3) increased, growing as a value-added product for payment services.



Although transportation/travel related industries recovered by +65% YoY, the result shows room for greater recovery to the level of Before COVID-19 (FY 20.3 2Q)

Increase/decrease of transaction volume by major industry



Industry	YoY
Transaction volume	+18%
Transportation/Travel related	+65%
Auction/Flea market	+44%
Digital contents	+15%
Eating out	+13%
Apparel	▲8%
Furniture/Home appliances	▲17%

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



Payment methods that match all store sizes



Medium to large scale Retail market

- JV with Toshiba Tec Corporation, the top share company in Japan providing multi-payment solution.
- Transaction volume grew by 59% YoY as introducing into major drugstores and supermarkets, etc. progressed



POS Register



TD Payment Corporation



Tablet POS

Small to medium scale Retail market

- Providing multi-payment solutions (overseas QR code payments such as Alipay, WeChat Pay and domestic QR code payments including carrier-related payments and so on) for tablet POS such as Recruit Holdings Co., Ltd.
- Introduction of our payments to a total of 240,000 terminals for medium and large-scale customers



Multi-Payment Terminal mPOS



ANA Digital Gate

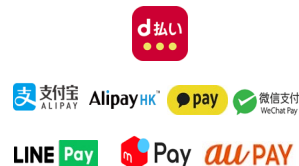


QR Code Scanning Panel Cloud Pay

Small scale Retail market



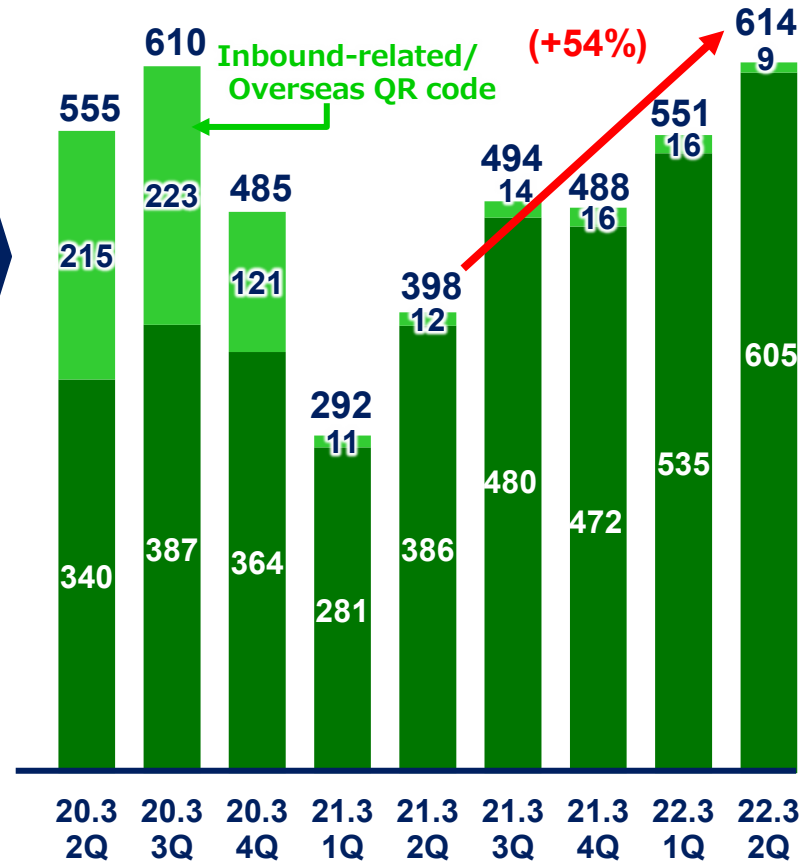
- Cloud Pay (Develop consortium-type multi-QR solutions that integrate various MPM-type payments into one QR code) is focusing on small stores
- Provided Cloud Pay as a payment method to expand cashless payment options for fees and usage charges at 43 Fukuoka City facilities in September 2021, in response to the growing trend toward cashless payments



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 settlement grew significantly, up 54% YoY

(JPY in 100 millions)



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



**Promote system investment and BCP
in anticipation of a rapid increase in payment data processing transactions**

~ To establish technology driven and critical social infrastructure ~

Latest technology

① High capacity · Stabilization · BCP

Introducing the latest database and BCP

- World's highest-level performance
- High availability and high expandability
- Robust security

- Non-disruptive system operation with bidirectional real-time replication / Redundant database of Active configuration
- Real-time transmission of data to a backup system



Implemented as a regular payment system using cutting-edge technology (adopted in highly public areas such as finance and transportation), which was introduced for the first time in Japan

Expansion of operation center

- Expanded bases in response to the increase and complexity of operations due to transaction expansion
- Thoroughly improve the reliability of the disaster recovery system
- Minimize 24/365 manned support by introducing technology RPA(Robotic Process Automation) etc.

② High functionality

Corresponding to "3-D Secure (※)" 2.0

- Ensuring fraud countermeasures and security by complying with the latest international standards for personal authentication

State-of-the-art PoC

- Completed demonstration experiment of "Apple Pay" and credit card touch (contactless) payment by NFC tag

※ An international credit card fraud countermeasure system operated by an organization consisting of Visa/Master Card/JCB/American Express/Discover/Union Pay



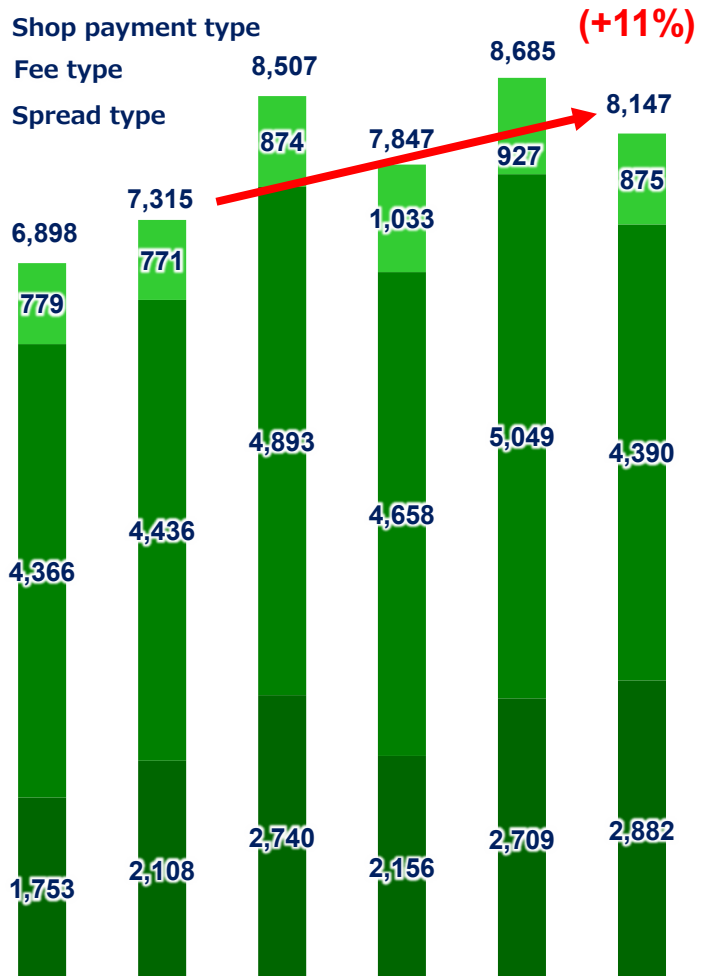
FT Segment – Transaction Volume / Number of Transactions / Number of Merchants



Transaction volume

(JPY in 100 millions)

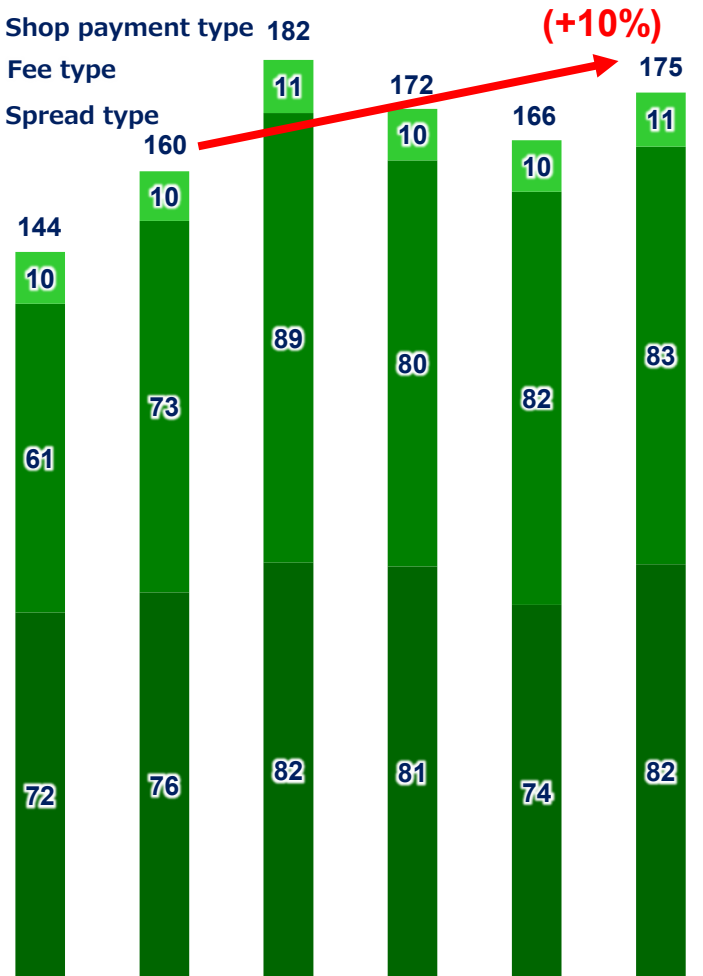
- Shop payment type
- Fee type
- Spread type



Number of transactions

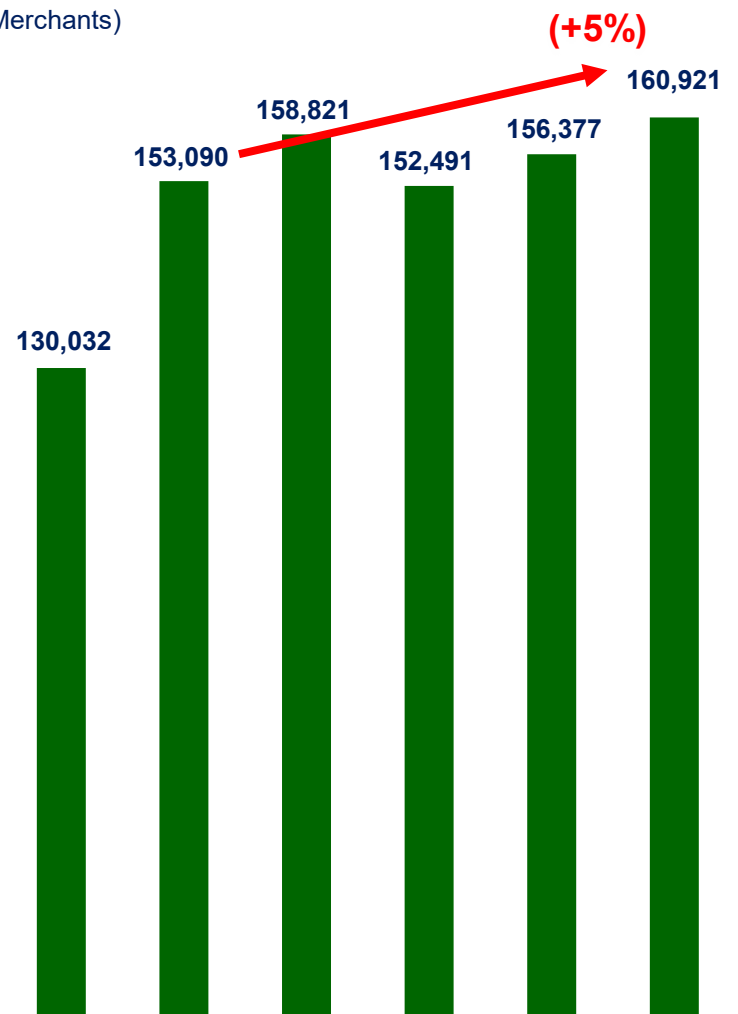
(Million transactions)

- Shop payment type
- Fee type
- Spread type



Number of merchants

(Merchants)



NOTE) Transaction volume of OEM such as TDP and ANADG are not included

NOTE) Number of transactions of OEM such as TDP and ANADG are not included

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 TDP, ANADG, etc.)



II Marketing Technology Segment

	Revenue	Profit before tax
FY 21.3 1Q-2Q	6,591 M JPY	256 M JPY
FY 22.3 1Q-2Q	6,315 M JPY	370 M JPY

▶ Marketing Technology Company

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



▶ DG Communications Co., Ltd.

Develops real estate advertising business



▶ BI.Garage, Inc.

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



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

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

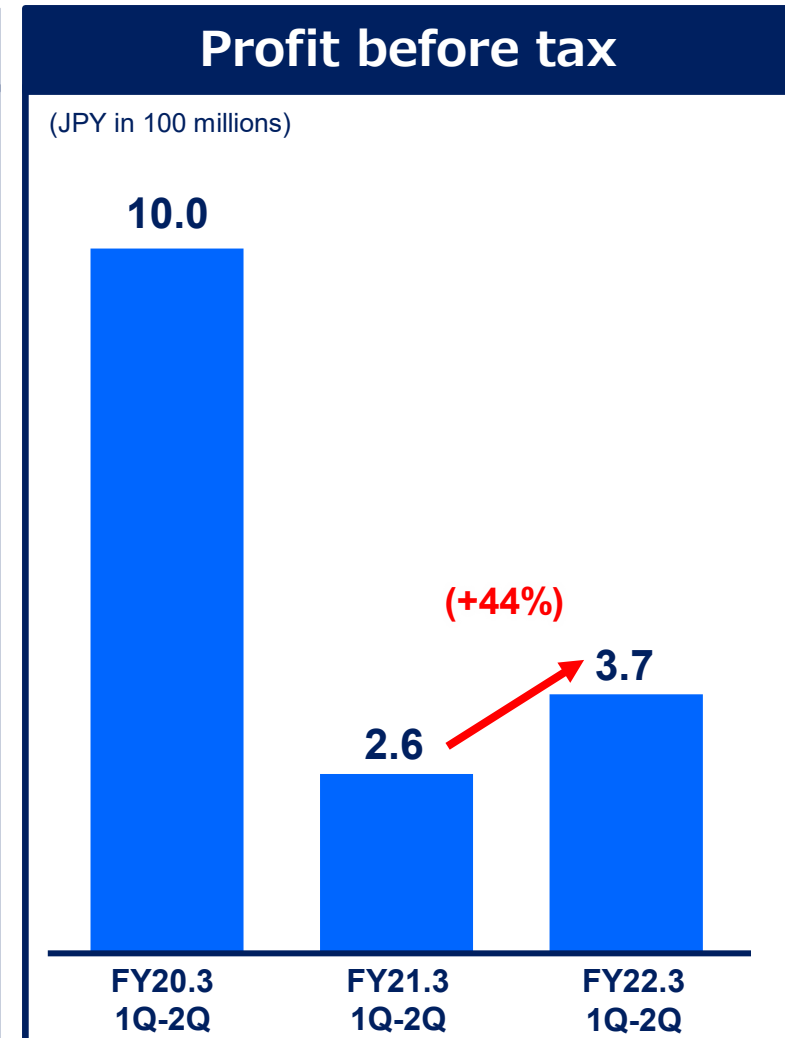
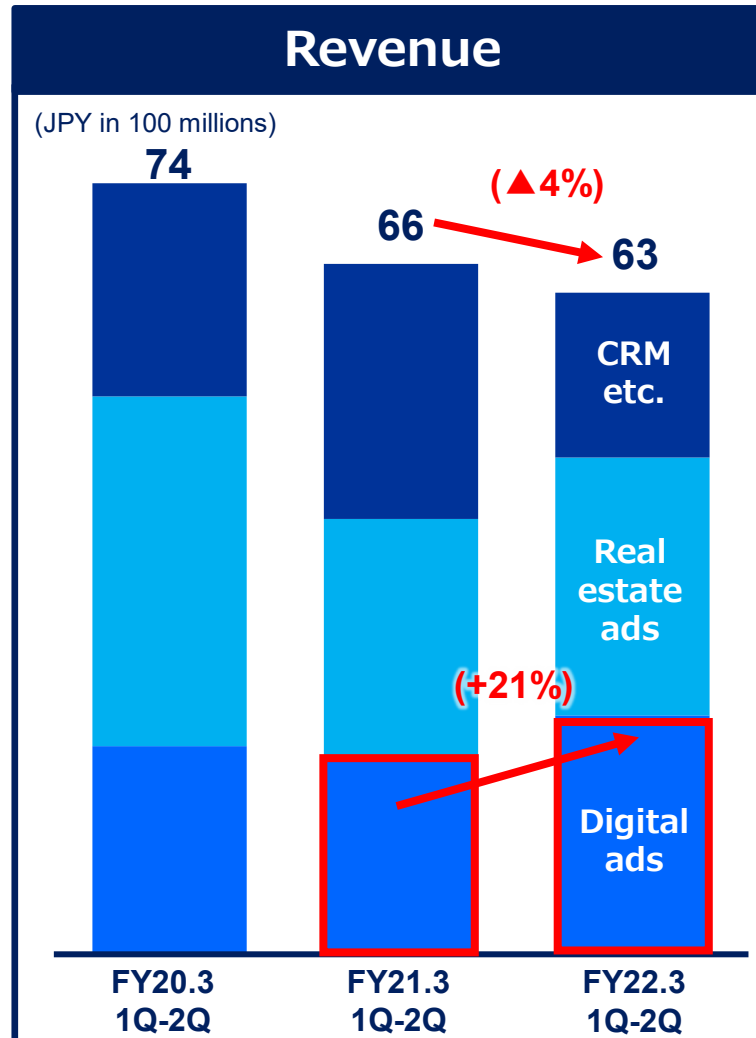
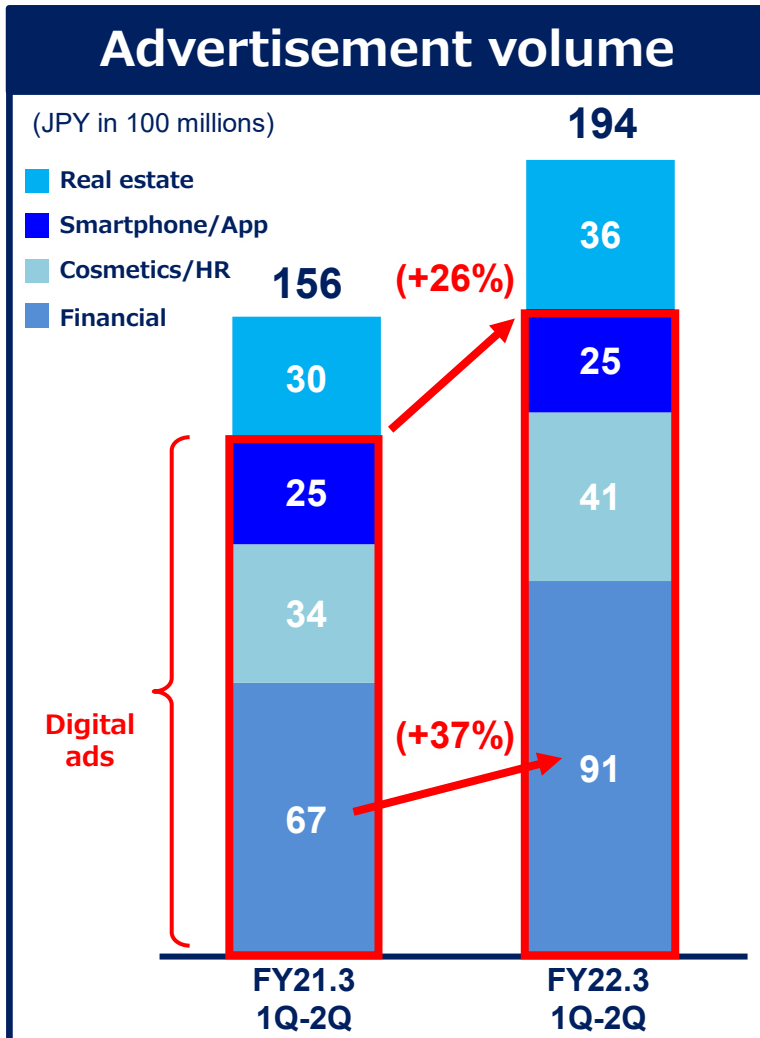


NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.



Advertisement volume for mainstay digital ads remained strong mainly in FinTech related, such as credit cards

~ Cost optimization in the previous fiscal year proved successful, resulting in a profit increase despite the decrease of CRM contracted developments, etc. and upfront investments for new businesses ~

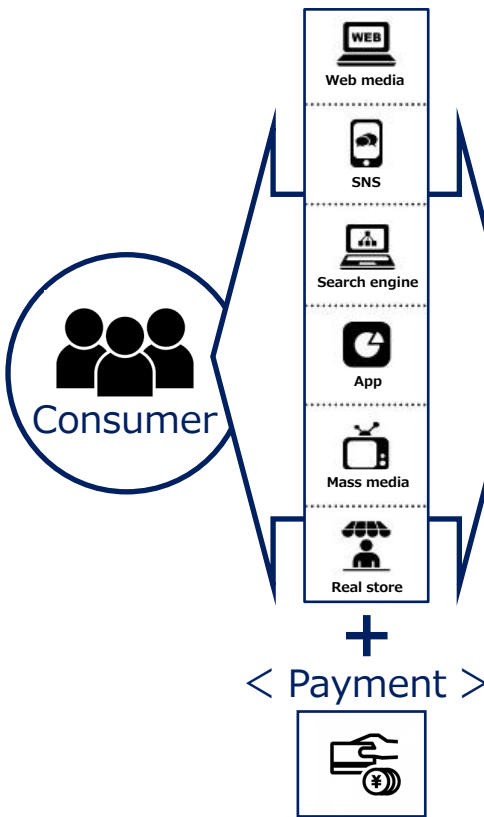


Evolving into a “Digital Marketing Agency” that resonate with FT Segment. Promote data-driven marketing that syncs with payment services in the following fields;

~ 【I】 UX/UI-centered field, and 【II】 creating new businesses utilizing data ~

Focused fields and targets

< Contact Point >



【I】 UX/UI-centered fields

- ✓ Expand CRM business to planning/operation of customer experience and customer engagement
- ✓ Promote services, which combine various contact points with consumers and embedded finance together, and planning of those services

【II】 Utilization of data

- ✓ Create and optimize new contact points with consumers by accumulating and utilizing behavioral/purchase/payment transaction data
- ✓ Utilize data organically by cooperating with existing segments

Measures and points

- ✓ Expansion of cookie-less ad products and development of platform businesses utilizing AI technology



- ✓ Reinforcement of business alliances with partners as a DG group for the utilization of advanced data

Ex. finance, retail distribution, EC/D2C, etc.

- ✓ Strategic reorganization of HR to support group strategy “FinTech Shift”

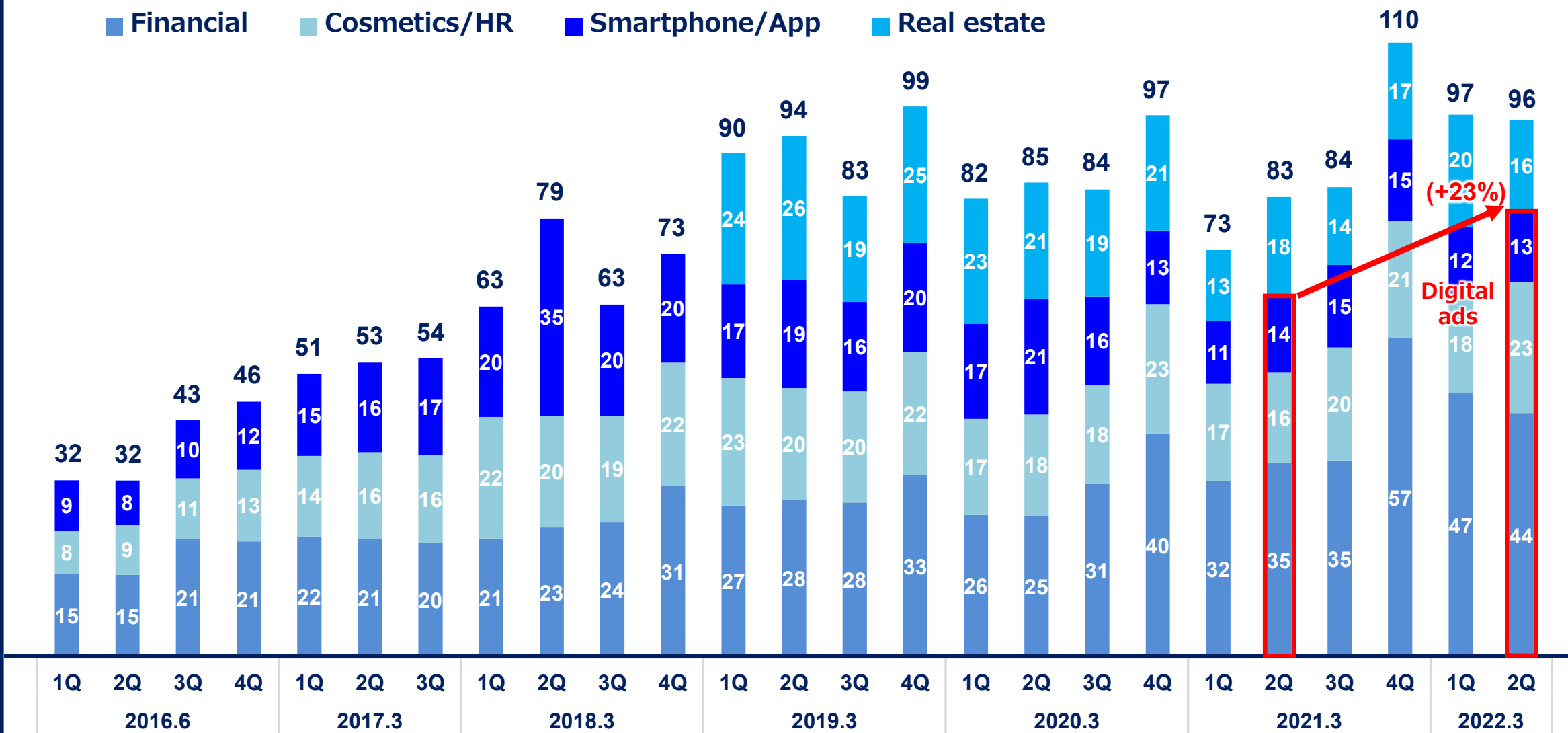
- ✓ Implementation of cutting-edge technologies crossing MT/FT segments and in collaboration with DG Lab



Transition of quarterly advertisement volume

(JPY in 100 millions)

Financial Cosmetics/HR Smartphone/App Real estate



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 1Q-2Q	5,658 M JPY	4,988 M JPY
FY 22.3 1Q-2Q	16,229 M JPY	15,522 M JPY

▶ **DG Ventures Inc.**

Invests in and incubates cutting-edge internet startups

Number of invested companies : 234

Fair value end of Sep. 2021 : 56.5 B JPY



▶ **Open Network Lab, Inc.**

Seed Accelerator Program in progress in the 23rd term

Number of support companies (accumulation) : Over 150

Funding ratio : 58.2%



▶ **DG 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.

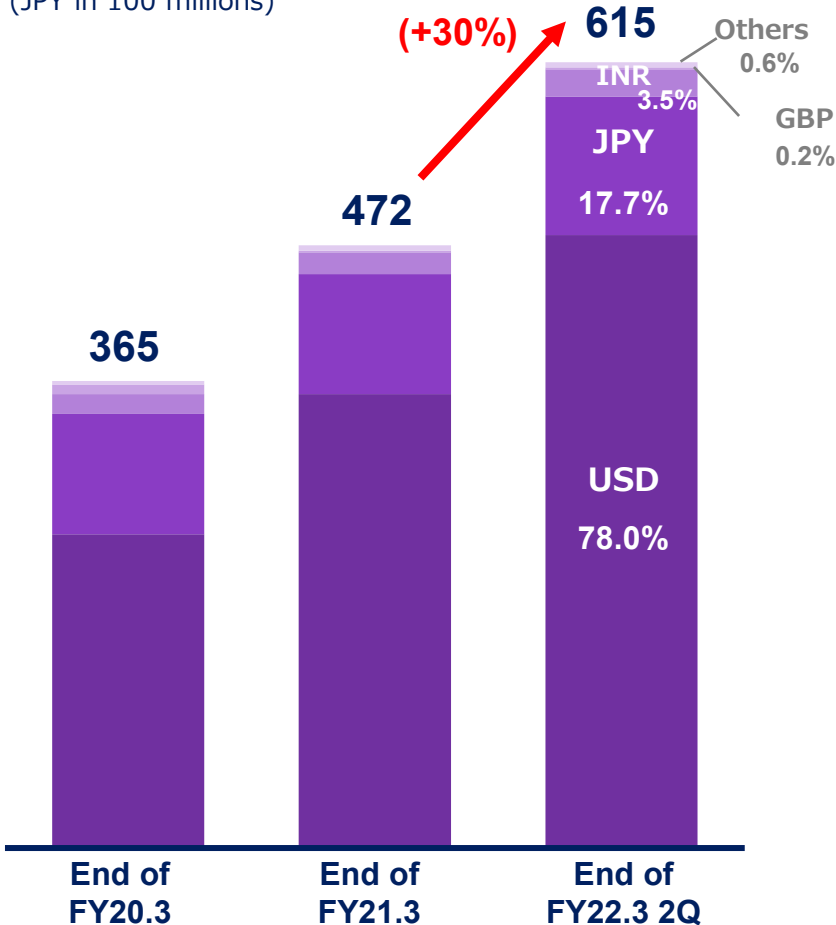


Continued strategic investments in prominent companies in North America, Asia, and Japan, fair value increased largely by 30% to 61.5 B JPY

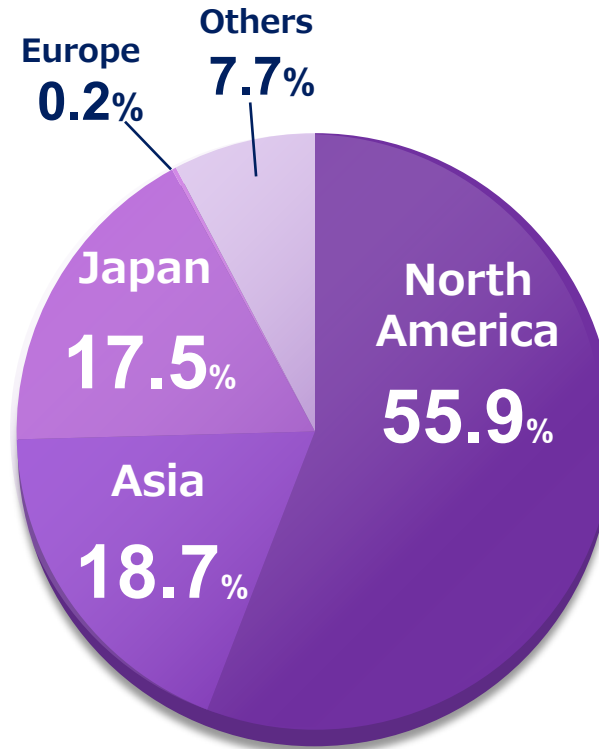
~ An investee Blockstream Corporation Inc., a promising startup in crypto asset field, completed a large-scale financing round ~

Operational investment securities (ratio by currencies)

(JPY in 100 millions)



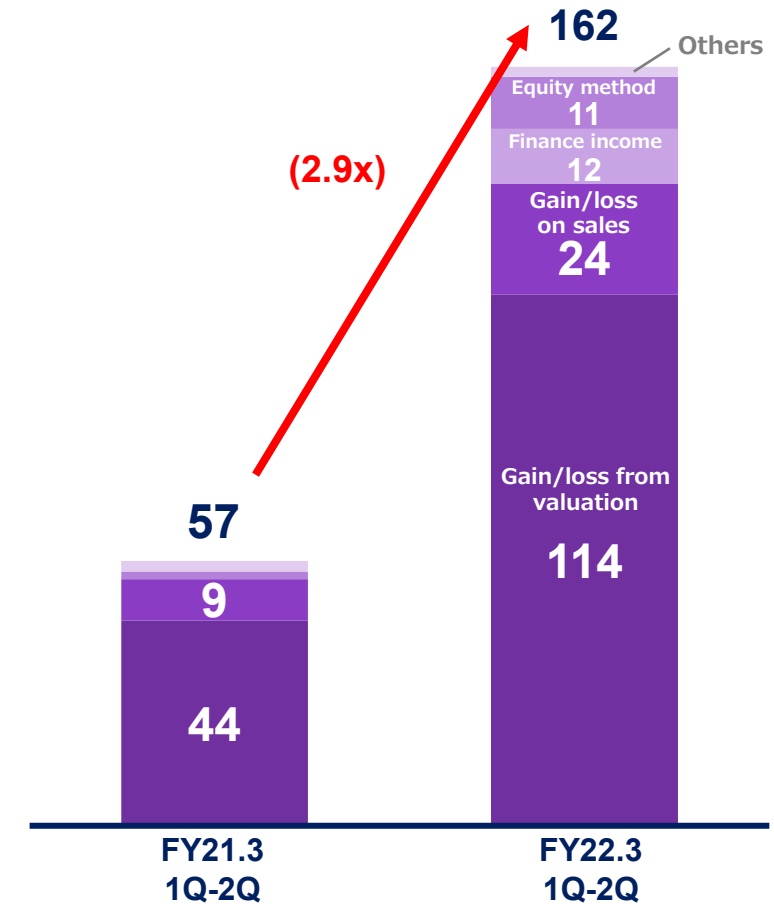
Portfolio by regions



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












Revenue

(JPY in 100 millions)





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

North America	Asia	Japan
<p>Invest in Unicorns and potential-Unicorns, mainly in DX/FinTech</p>	<p>Investing in prominent companies in Vietnam, India, Indonesia, etc. Forming SPACs may be expected</p>	<p>Implemented investments in IPO reserve groups of leading domestic companies</p>
<p>Coinbase  [US] Exited after listing The largest cryptocurrency exchange in the US. Provides various services to more than 100 countries</p>	<p>Droom  [India] 2.0% stake Operates Droom, India's largest automotive buying and selling online marketplace</p>	<p>OLTA  [Japan] Convertible bond Provides Japan's first 100% online factoring (bill-purchase) service "Cloud Factoring," using scoring model using AI for screening. Also offers ORM to banks through collaboration with partner companies</p>
<p>AirBnB  [US] Exited after listing Operates the US's largest peer-to-peer online marketplace for guest houses</p>	<p>NoBroker Technologies Solutions  [India] 1.8% stake Operates India's peer-to-peer property marketplace. Using this service, people can rent/buy houses online without brokers</p>	<p>AGE technologies  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</p>
<p>Warby Parker  [US] 0.01% stake An eyewear brand originated in New York</p>	<p>Ralali  [Indonesia] 3.9% stake Operates a BtoB marketplace for office appliances, etc.</p>	<p>i GRID SOLUTIONS  [Japan] 2.0% stake Provides a distributed onsite solar power generation, not dependent on FIT (feed-in tariff) of renewable energy, and a surplus power utilization service, in supply-demand adjustment model using AI, one-stop</p>
<p>Blockstream  [US] 7.2% stake Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications</p> <p>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.</p>	<p>GoTo Group  [Indonesia] 0.3% stake Indonesia's major transportation dispatch services Gojek and the largest online marketplace Tokopedia merged</p>	

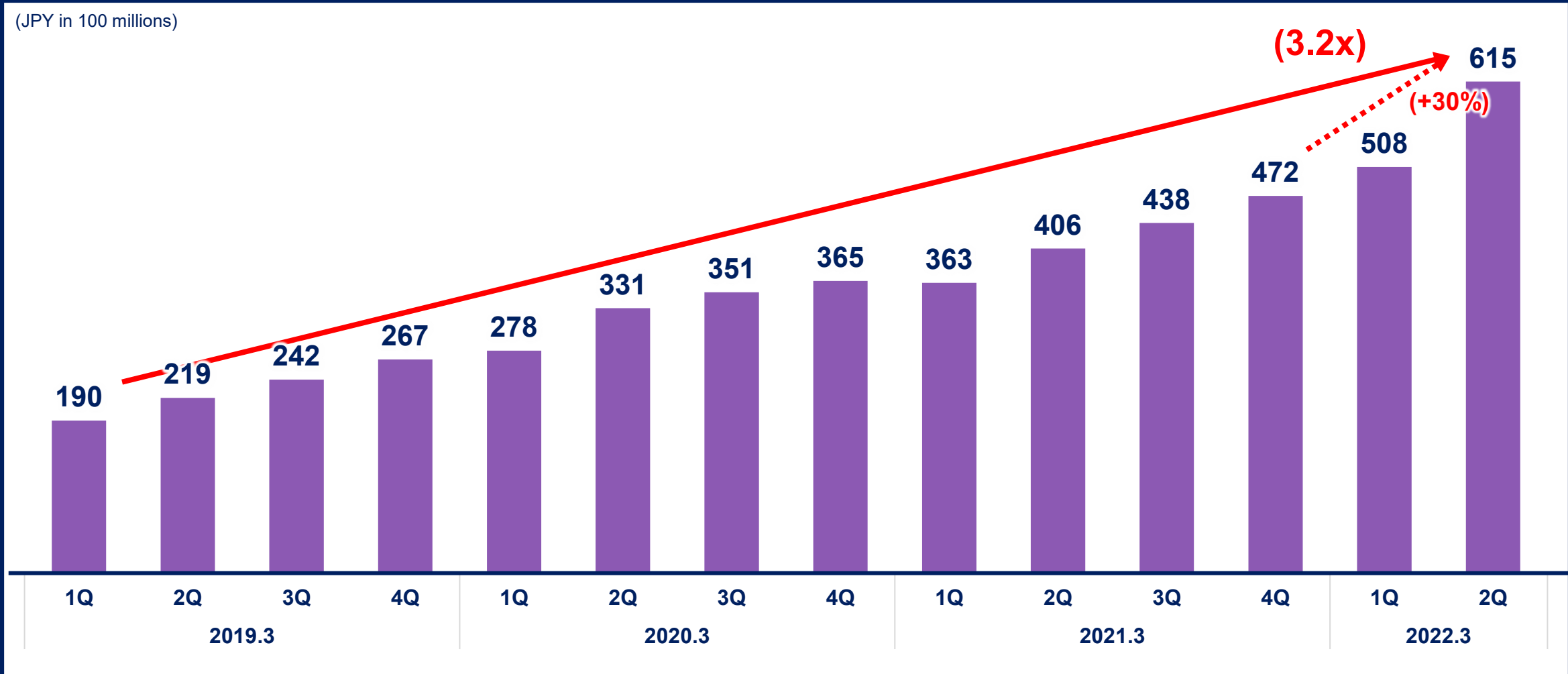
※The investees and Exit of DG Ventures, DK Gate, D2 Garage, econtext ASIA, econtext ASIA EC Fund, DG lab Fund



Operational investment securities increased by 3.2x to 61.5 B JPY
Since 1Q of FY 2019.3, a quarter adopted IFRS

Balance of operating investment securities

(JPY in 100 millions)





IV Long-Term Incubation Segment

	Revenue	Profit before tax
FY 21.3 1Q-2Q	2,105 M JPY	605 M JPY
FY 22.3 1Q-2Q	2,027 M JPY	1,134 M JPY

- ▶ **Kakaku.com, Inc.** (20% stake/equity method)
Operates purchase support service Kakaku.com, restaurant review and restaurant service tabelog, and New Media and Solutions



- ▶ **Crypto Garage, Inc.**
Promoting development of advanced financial services utilizing blockchain technology and cryptography technology with Tokyo Tanshi Co., Ltd.



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



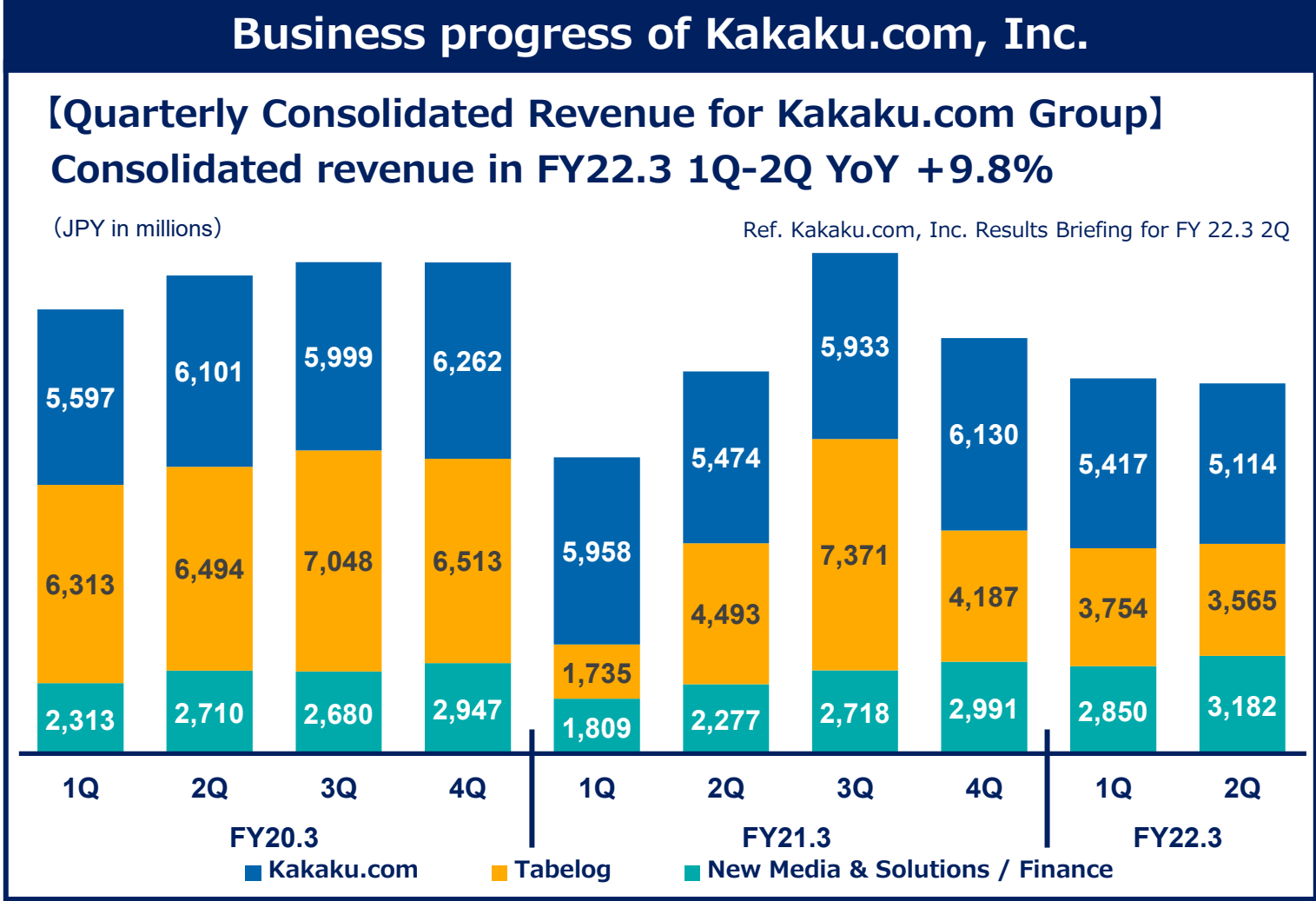
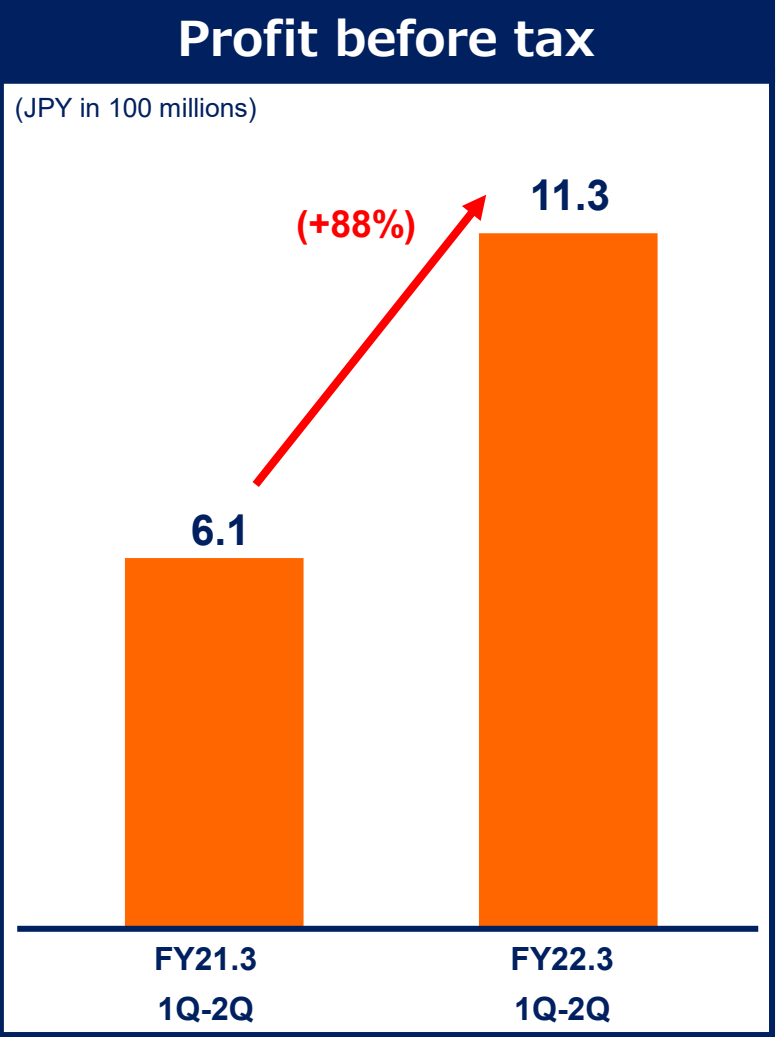
- ▶ **ACADEMIE DU VIN**
Operation of wine schools and development of community and e-commerce businesses utilizing digital technologies



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



LTI segment's core business, Kakaku.com, recovered from COVID-19 impact
 ~ Kakaku.com's profits were affected by COVID-19, but EC and job information websites remained firm ~





Crypto Garage Provides B2B crypto asset platforms

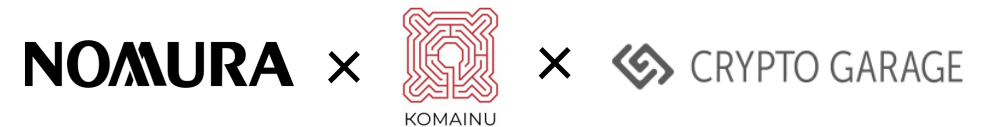
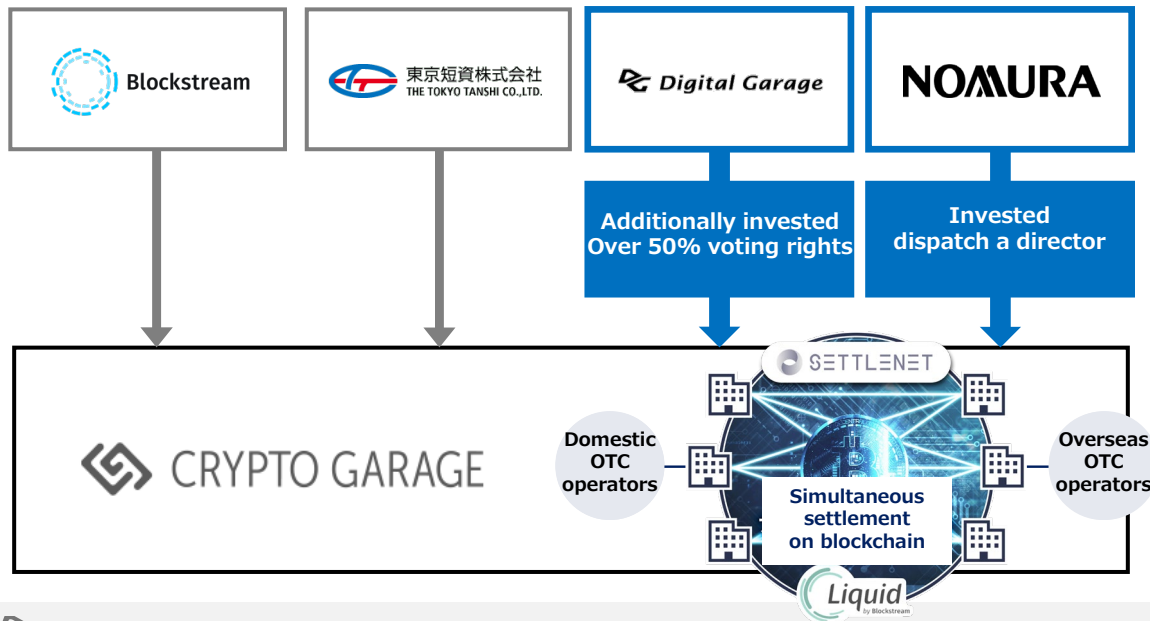
- (1) Completed registration as a Crypto Asset Exchange Service Provider (June 29, 2021)
- (2) Formed a capital alliance with Nomura Holdings, Inc. for joint development of a crypto asset business platform, including digital asset custody services

A third-party share issuance and full-scale operation of SETTLENET

- ◆ Raised funds from Nomura Holdings, Inc. (Nomura HD) and Digital Garage, Inc. through a third-party share issuance
- ◆ Full-scale operation of SETTLENET, crypto asset exchange infrastructure for transactions between crypt asset operators, is expected

Co-development of crypto asset business platform

- ◆ Agreed between Nomura HD, Komainu, and Crypto Garage to co-develop institutional digital asset custody services in Japan
- ◆ Aim to expand businesses for institutional investors with the blockchain technology from Crypto Garage and financial expertise and credits brought by Nomura HD



Formed a basic agreement on the co-development of crypto asset custody services

※Crypto asset custody: custody services for crypto asset holders.
Growing demand in the West, with institutional investors entering the crypto asset market



<Komainu>

Profile : Crypto asset custody service provider, an investee of Nomura HD
Headquarter : Jersey
Representative: Henson Orser (CEO)

Supplementary Explanatory Material



Supplementary Explanatory Material

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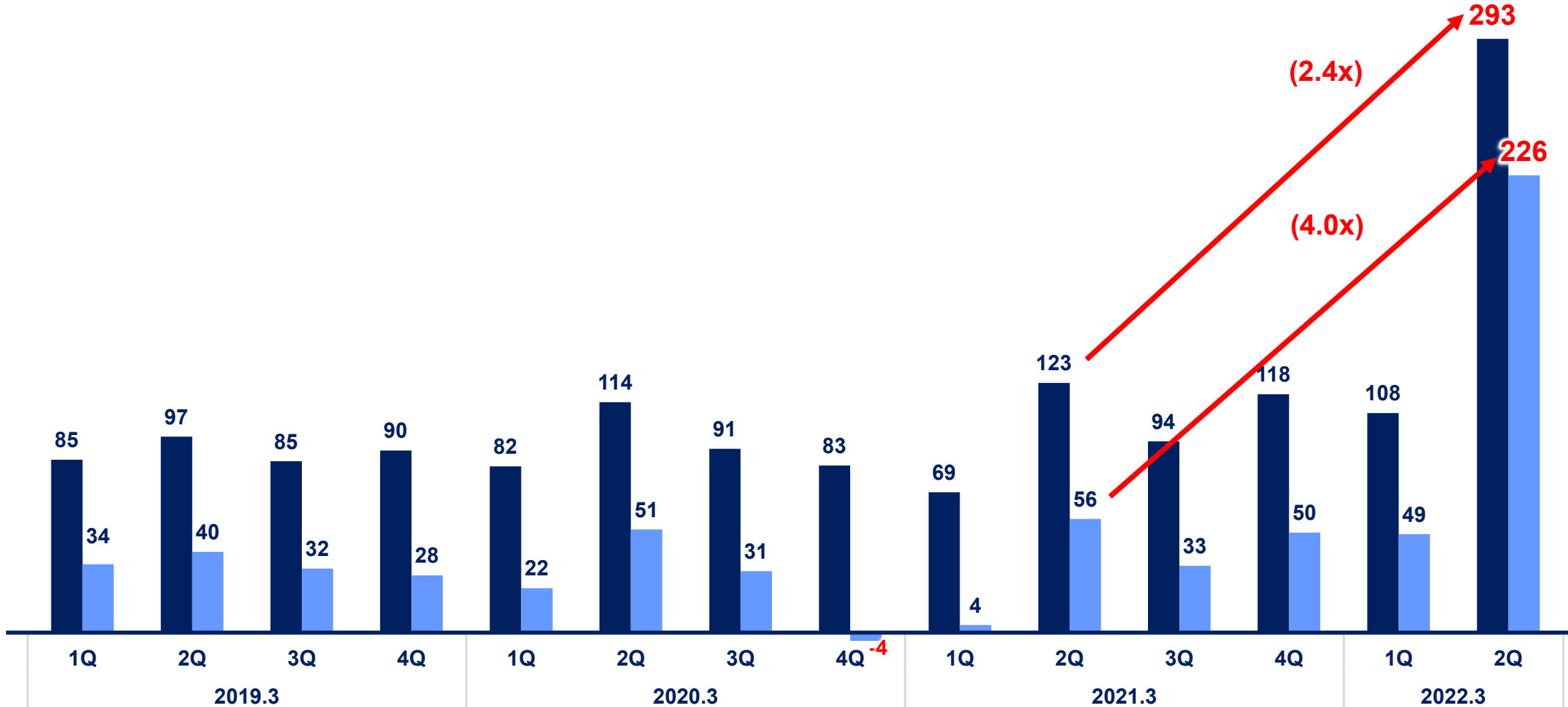
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Transition of Quarterly Business Results FY 2016.6 ~	93

Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax

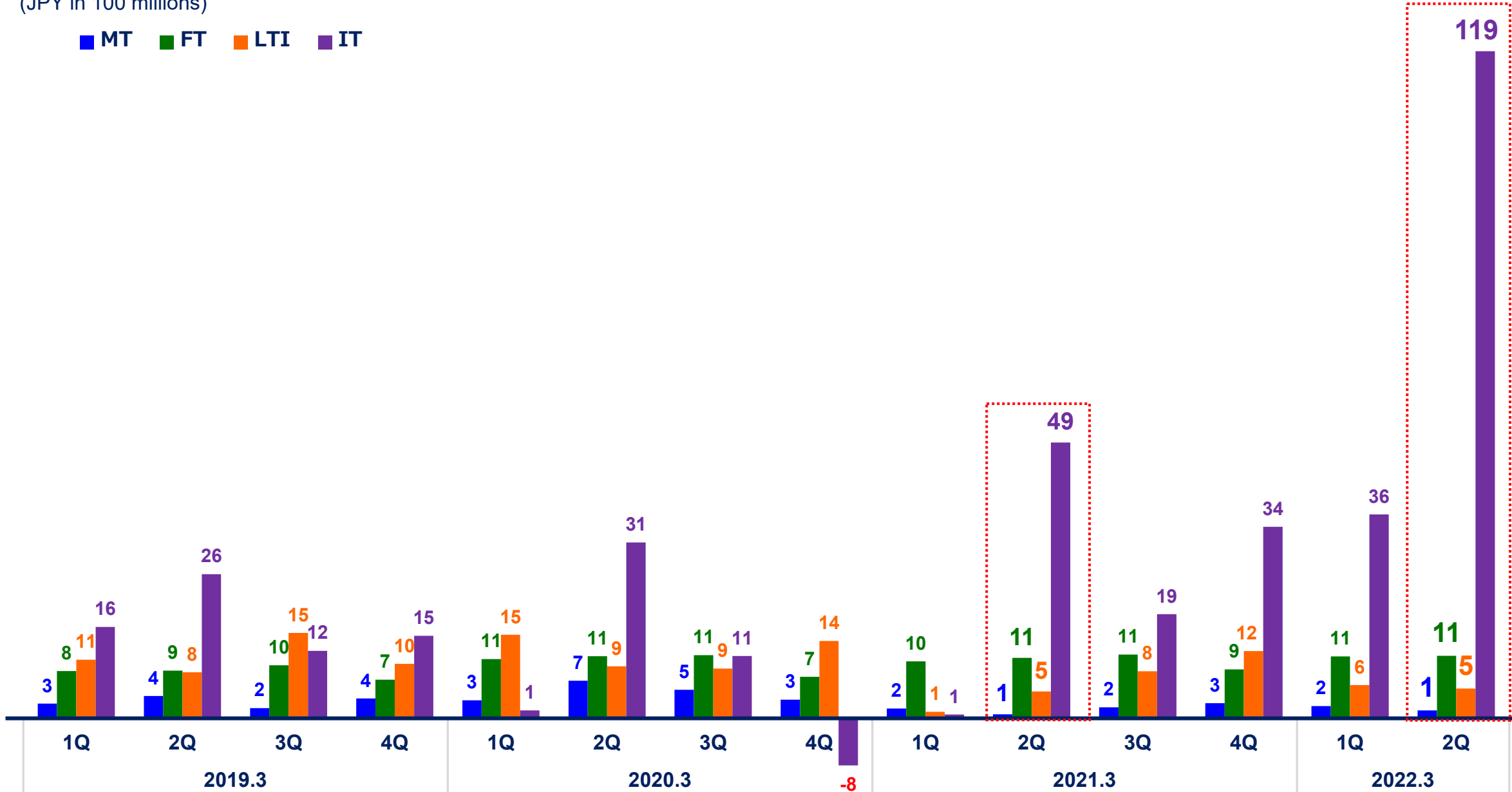


Transition of Quarterly Profit Before Tax by Segments



(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



JGAAP	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.
IFRS	Revenue = Fees received from clients - Fees paid to Credit Card Company etc.		JGAAP Gross Profit ≙ IFRS Revenue

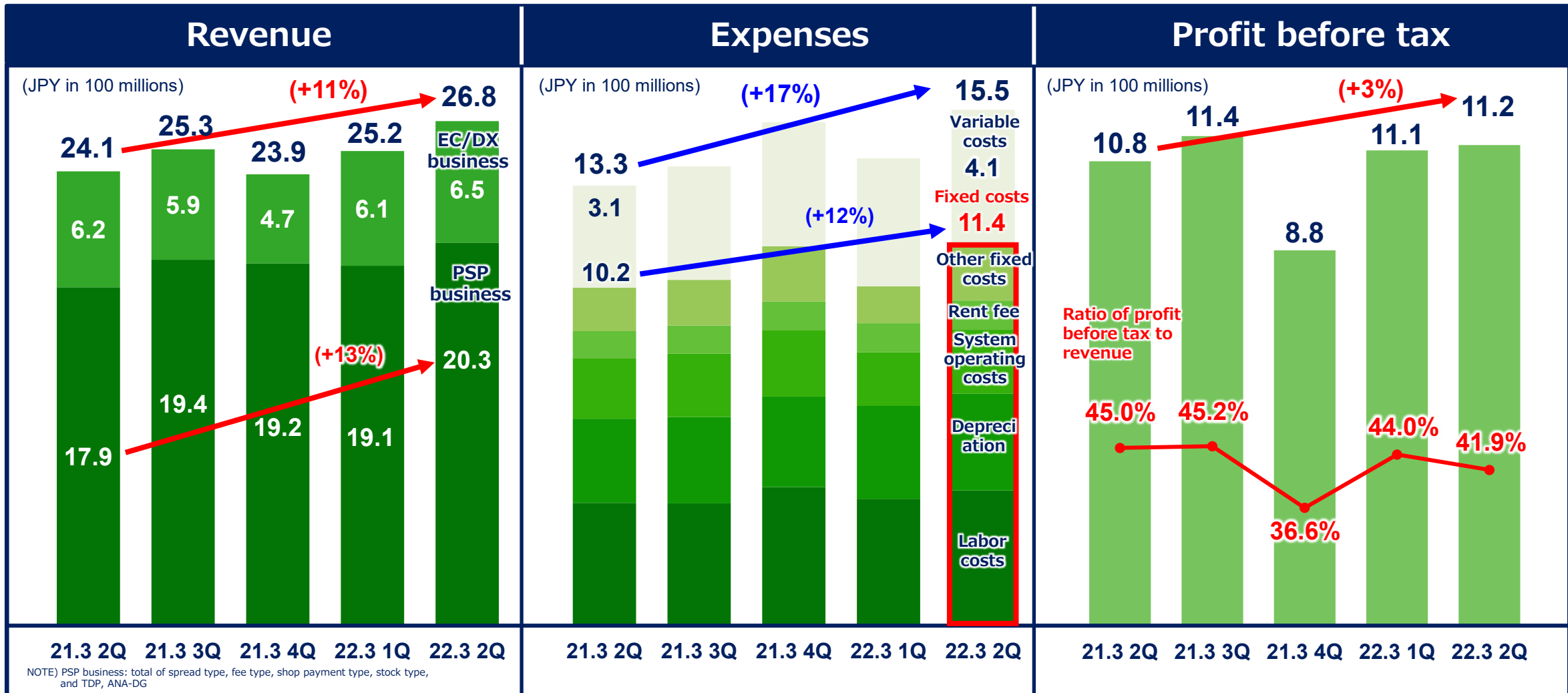


FT Segment – 2Q (Jul.-Sep.) Highlights (P/L)



Revenue in 2Q (Jul.-Sep.) grew by 11% to 2.7 B JPY with the increase of PSP business revenue by 13%

~ Made an advance investment for a stable operation, profit before tax went up by 3% to 1.1 B JPY ~



NOTE) PSP business: total of spread type, fee type, shop payment type, stock type, and TDP, ANA-DG

FT Segment – 2Q (Jul.-Sep.) Highlights (KPI)

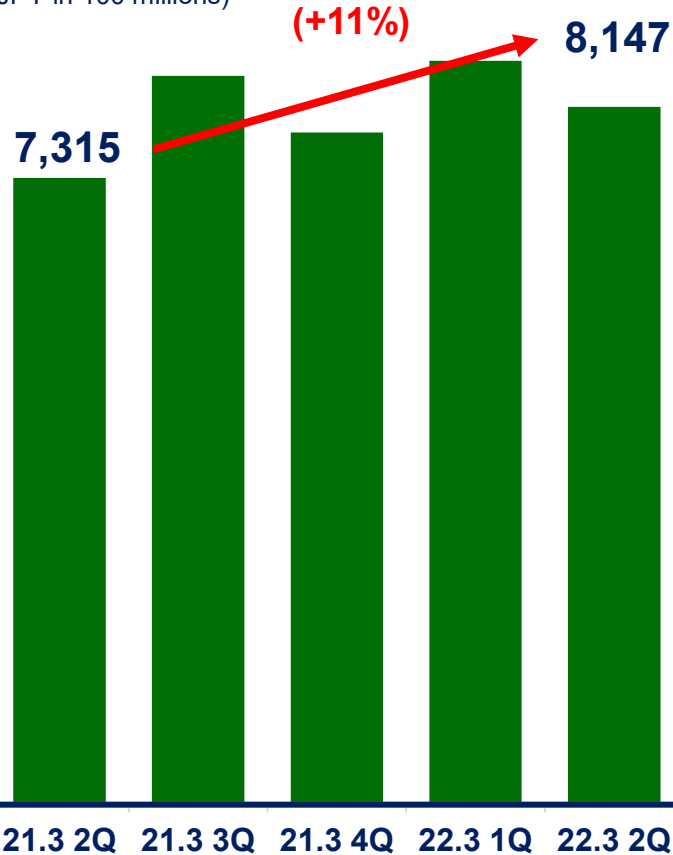


Transaction volume on 2Q (Jul.-Sep.) increased by 11% YoY to 0.8 T JPY,
Number of transactions grew by 10% YoY to 175 millions.

~ Transaction volume of EC payments went up by 9% due to the recovery in travel-related despite a partial reactionary decline in COVID-19 special demand. Face-to-face settlements increased by 54% as domestic QR code transactions grew steadily ~

Transaction volume

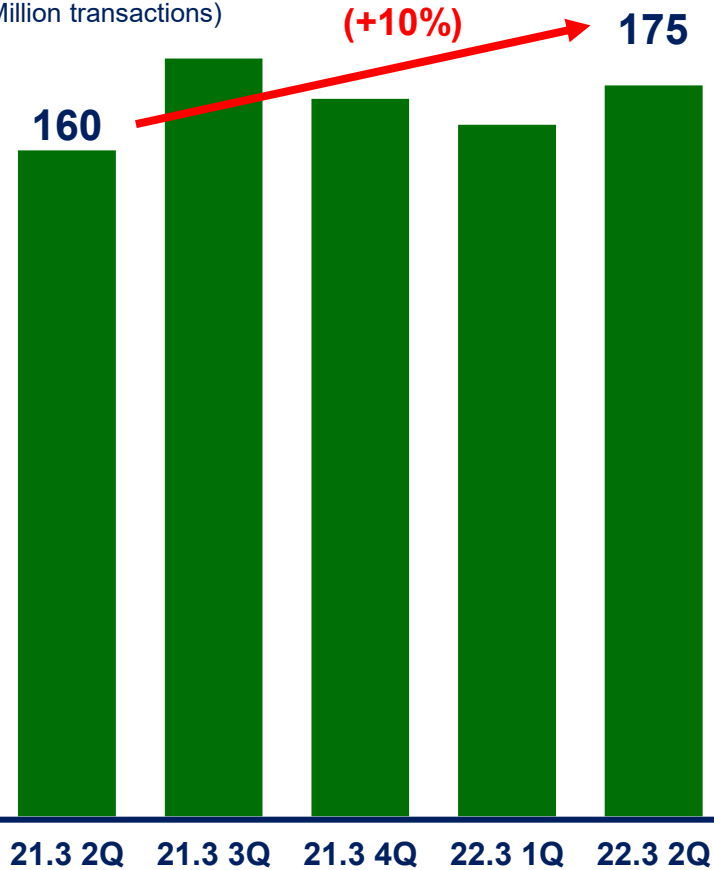
(JPY in 100 millions)



(JPY in 100 Millions)	FY21.3 2Q	FY22.3 2Q	YoY
Transaction volume: (①+②)	7,315	8,147	+11%
①EC payments	6,917	7,533	+9%
Travel related	184	218	+18%
Other than travel related	6,733	7,315	+9%
②Face-to-face settlements	398	614	+54%
Inbound-related/overseas QR code transactions	12	9	▲24%
Domestic face-to-face settlements	386	605	+57%

Number of transactions

(Million transactions)



21.3 2Q 21.3 3Q 21.3 4Q 22.3 1Q 22.3 2Q

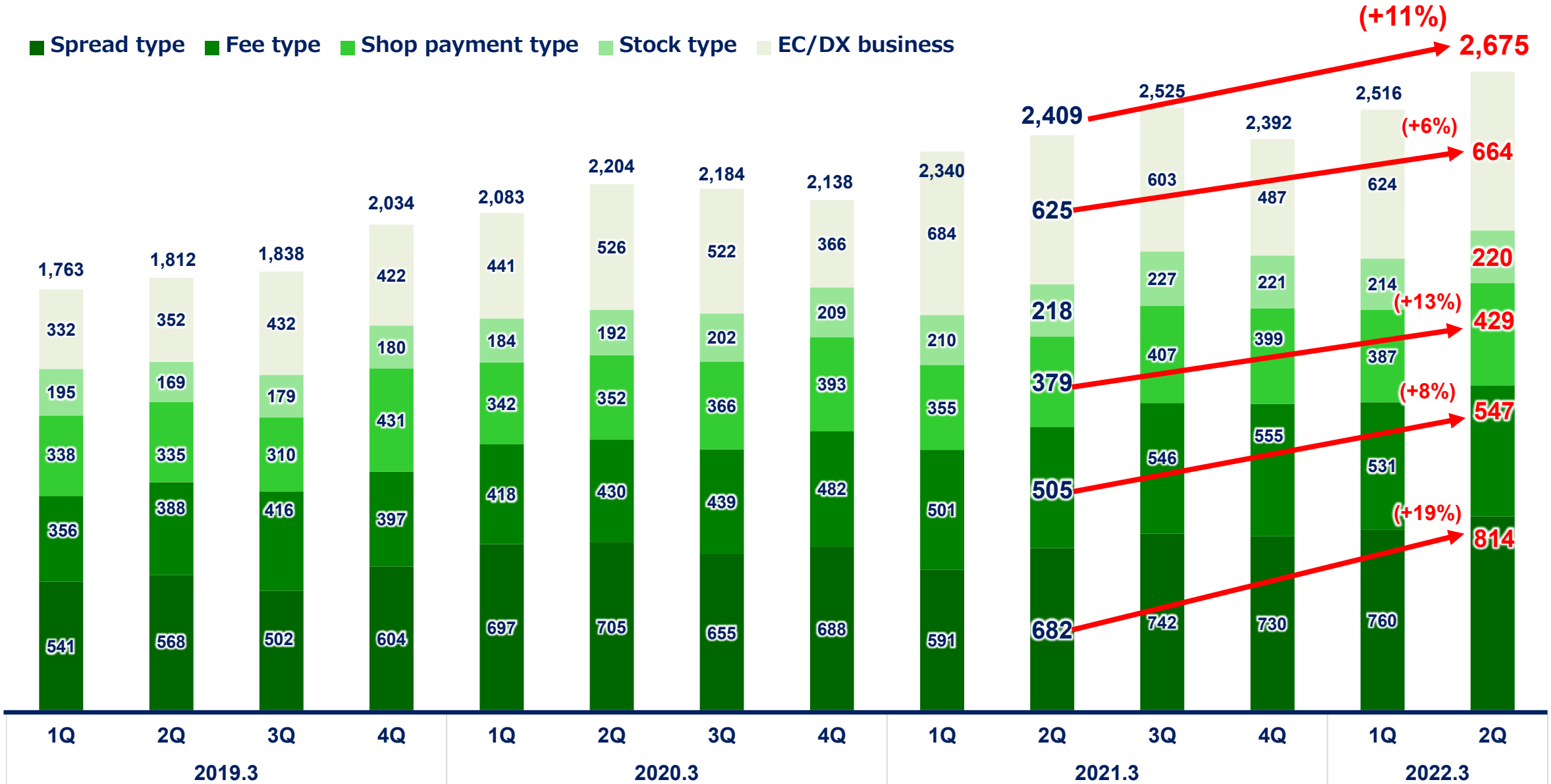
21.3 2Q 21.3 3Q 21.3 4Q 22.3 1Q 22.3 2Q

FT Segment - Transition of Quarterly Revenue (Category 1)



(JPY in millions)

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

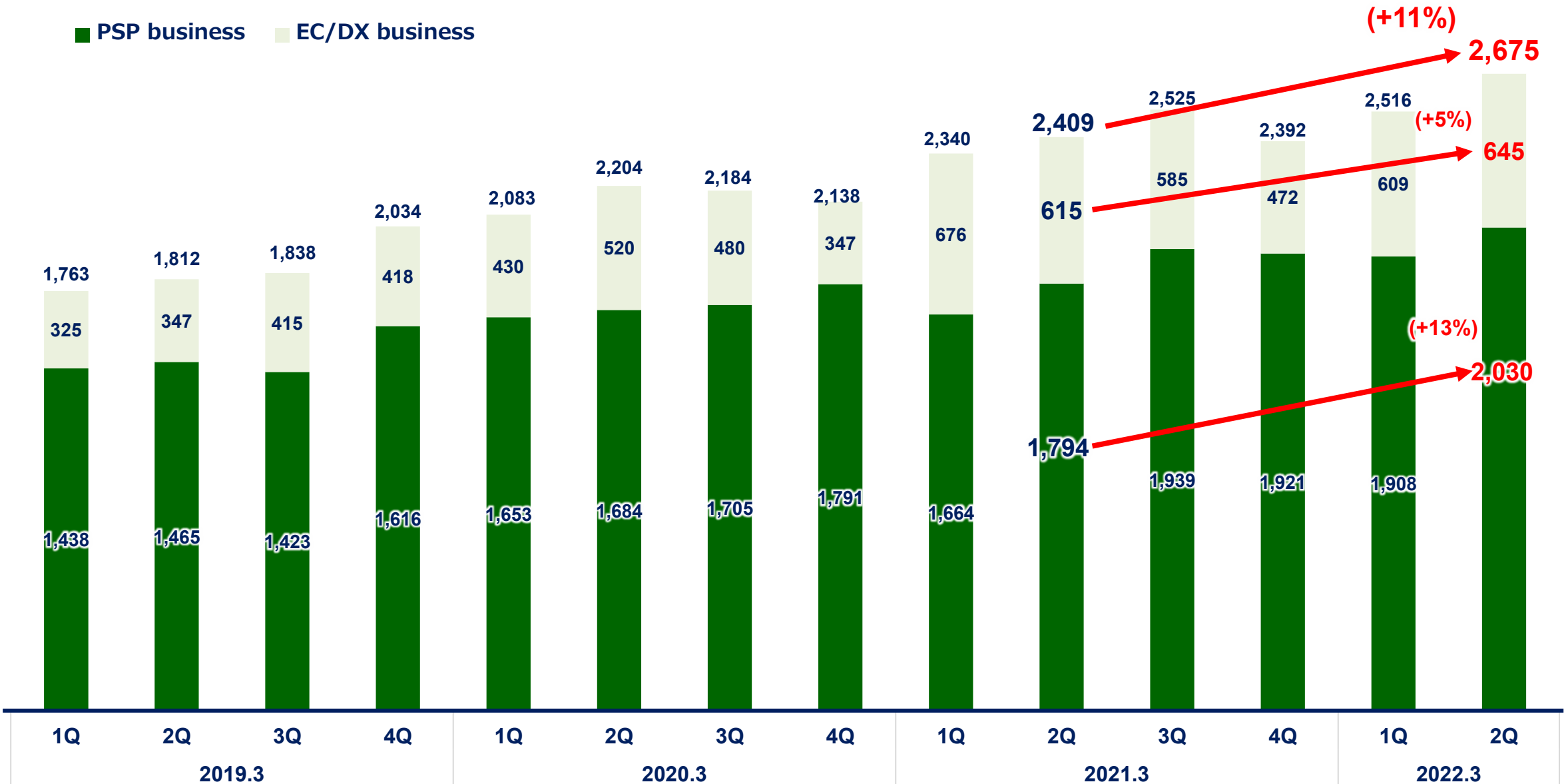


FT Segment - Transition of Quarterly Revenue (Category 2)



(JPY in millions)

■ PSP business ■ EC/DX business



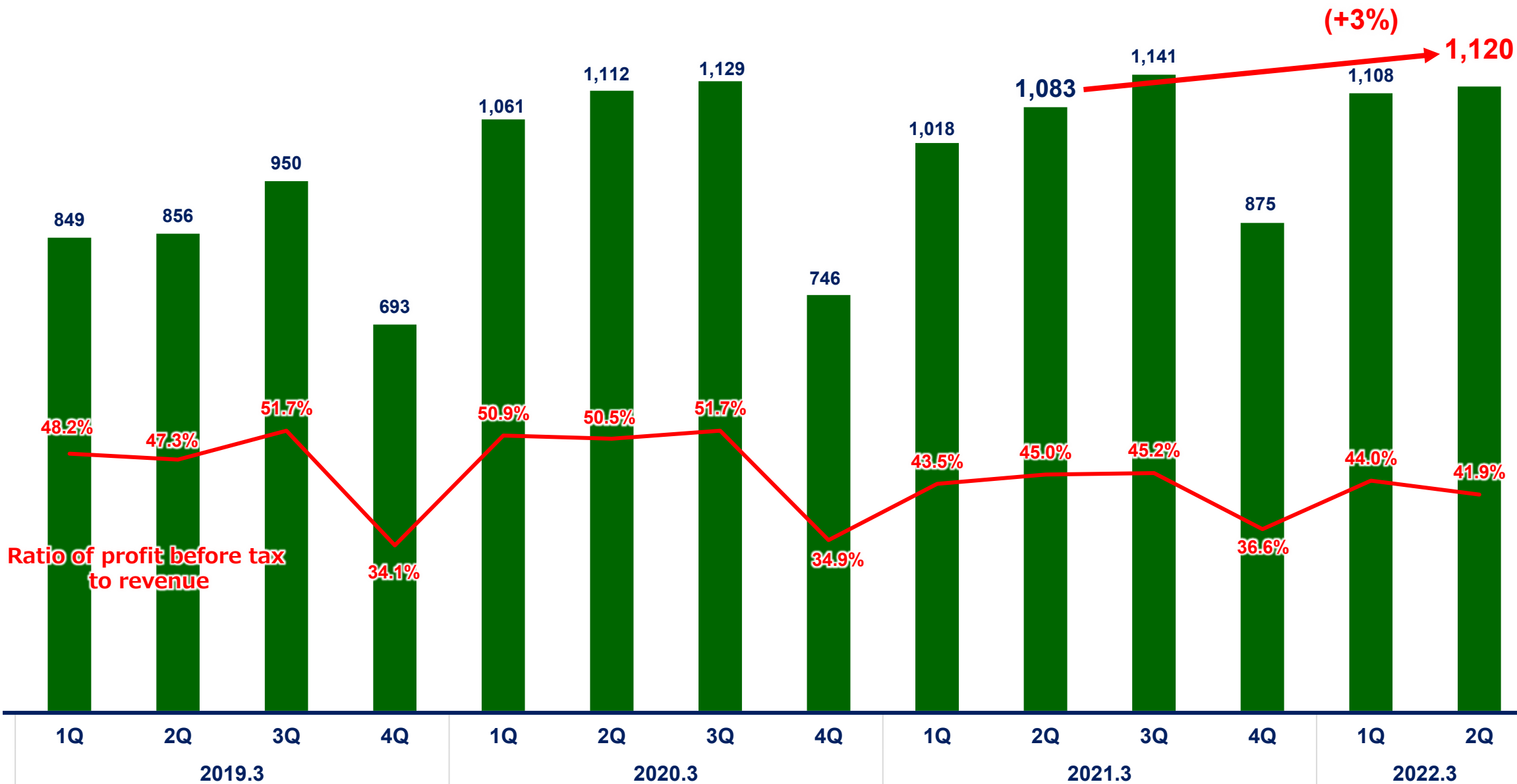
(+11%)

(+5%)

(+13%)



(JPY in millions)



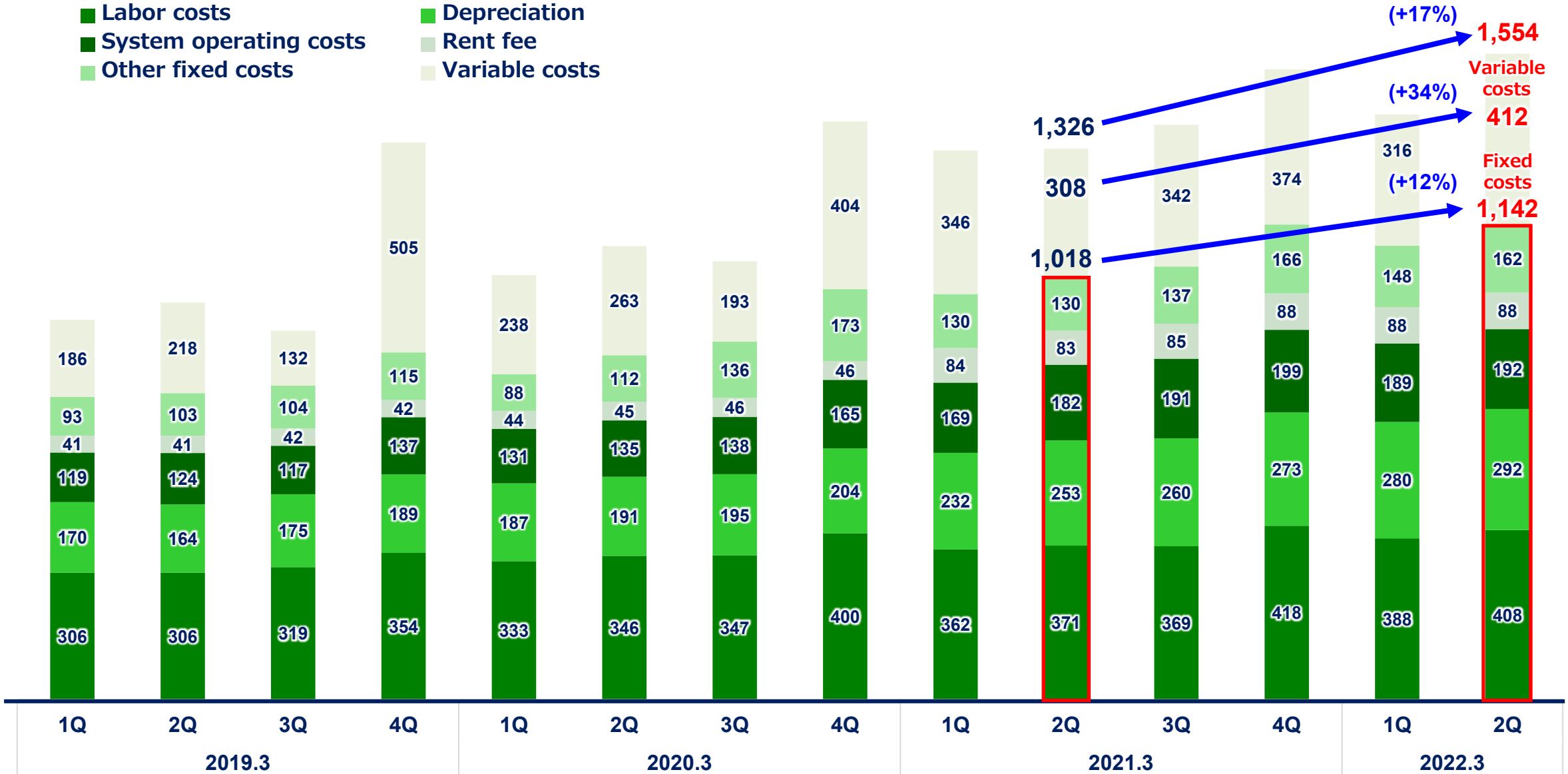
NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales, and taking sales as revenue

FT Segment - Transition of Quarterly Costs



(JPY in millions)

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



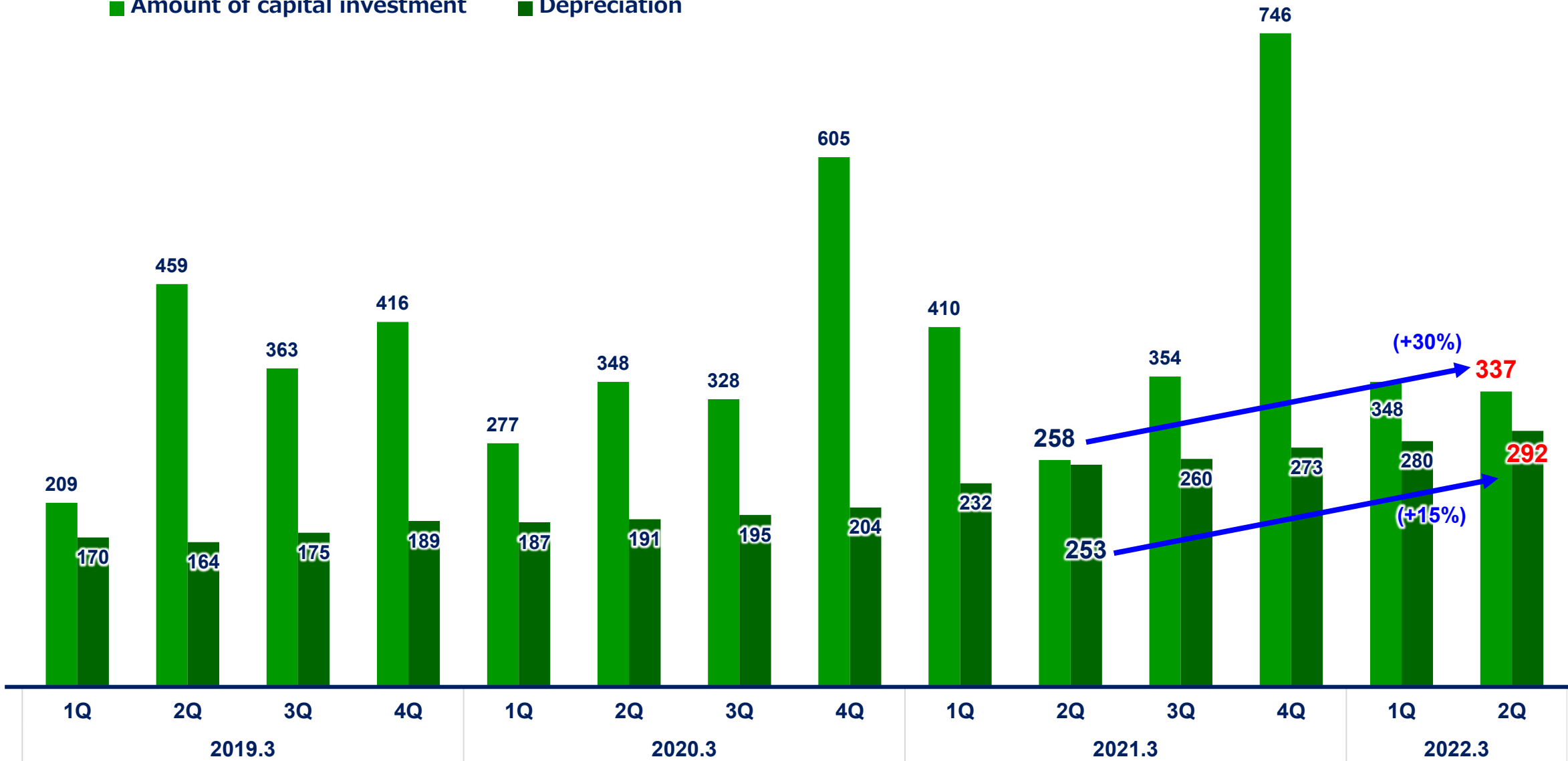
NOTE) The breakdown of FY 2022.3 1Q costs is altered from Financial Report released on August 13, 2021

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



(JPY in millions)

■ Amount of capital investment ■ Depreciation

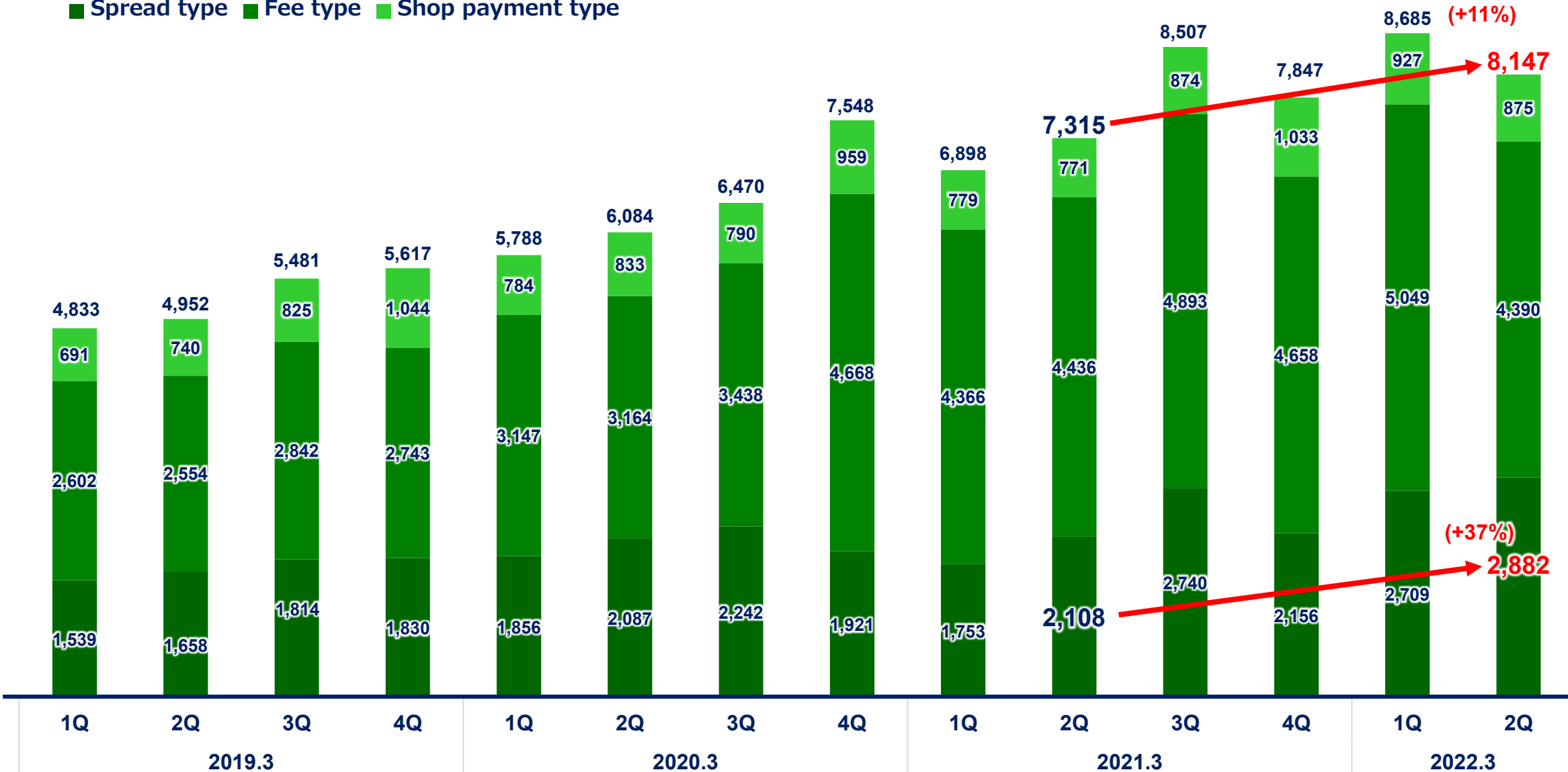


FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Spread type ■ Fee type ■ Shop payment type

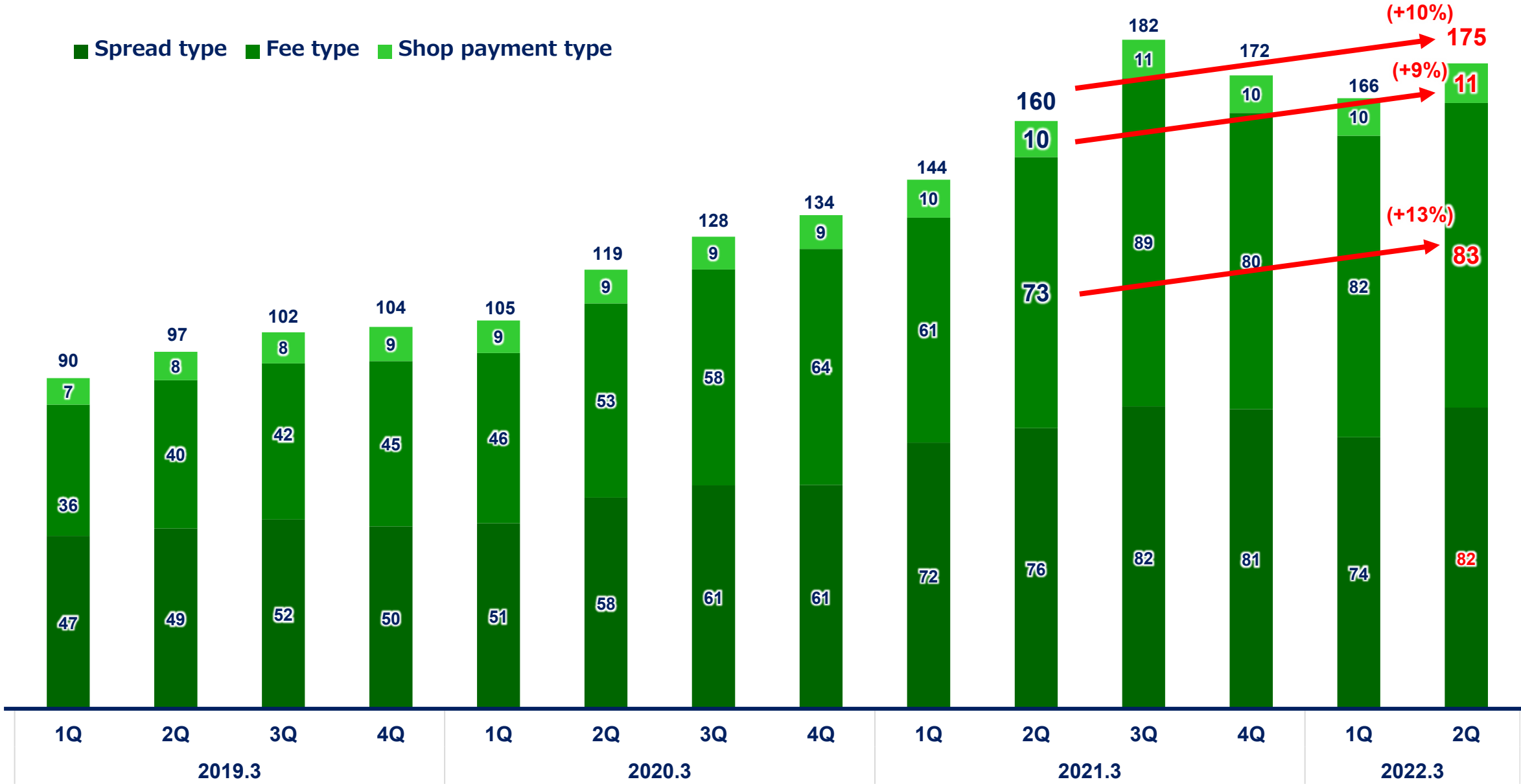


FT Segment - Transition of Quarterly Number of Transactions



(Million transactions)

■ Spread type ■ Fee type ■ Shop payment type

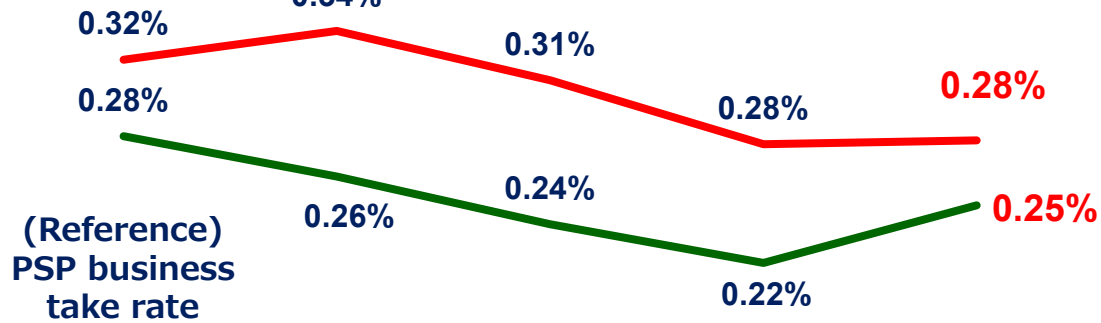


FT Segment - Transition of Take Rate and Unit Price



Take rate (spread type)

Spread type take rate



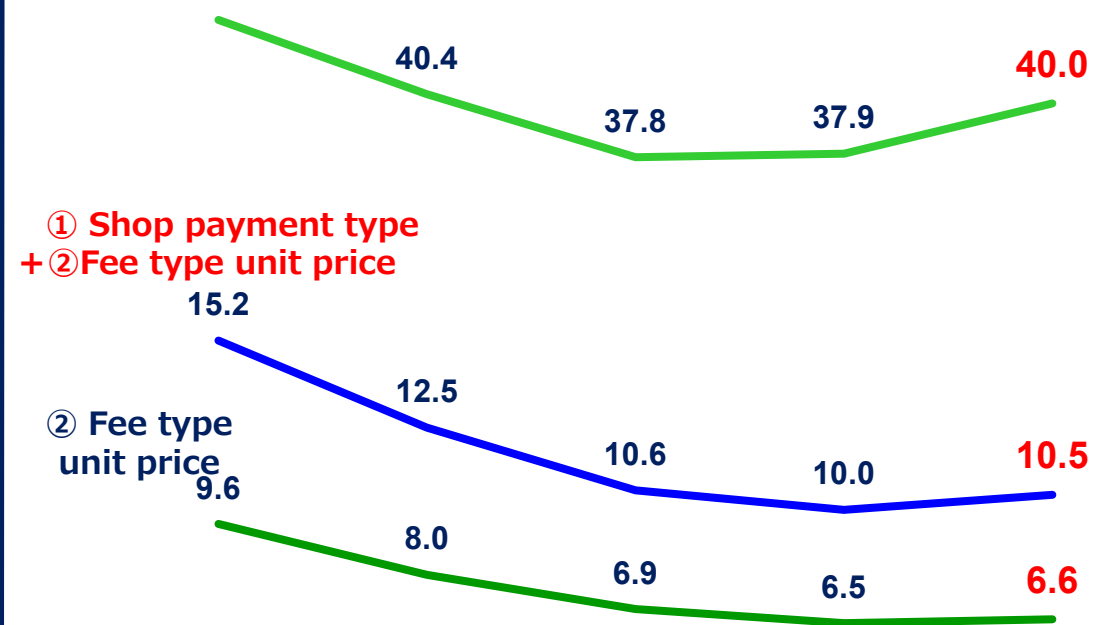
Unit price (fee type+shop payment type)

(JPY)

① Shop payment type unit price

① Shop payment type + ② Fee type unit price

② Fee type unit price



2019.3

2020.3

2021.3

2022.3 1Q

2022.3 2Q

2019.3

2020.3

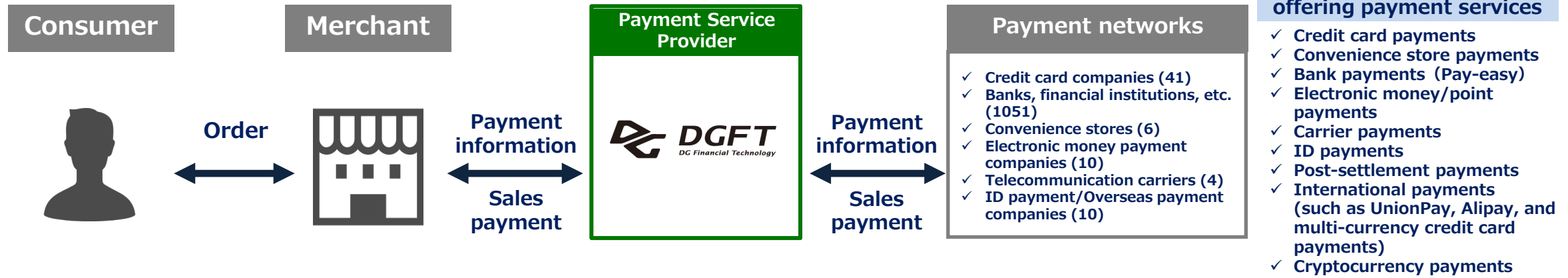
2021.3

2022.3 1Q

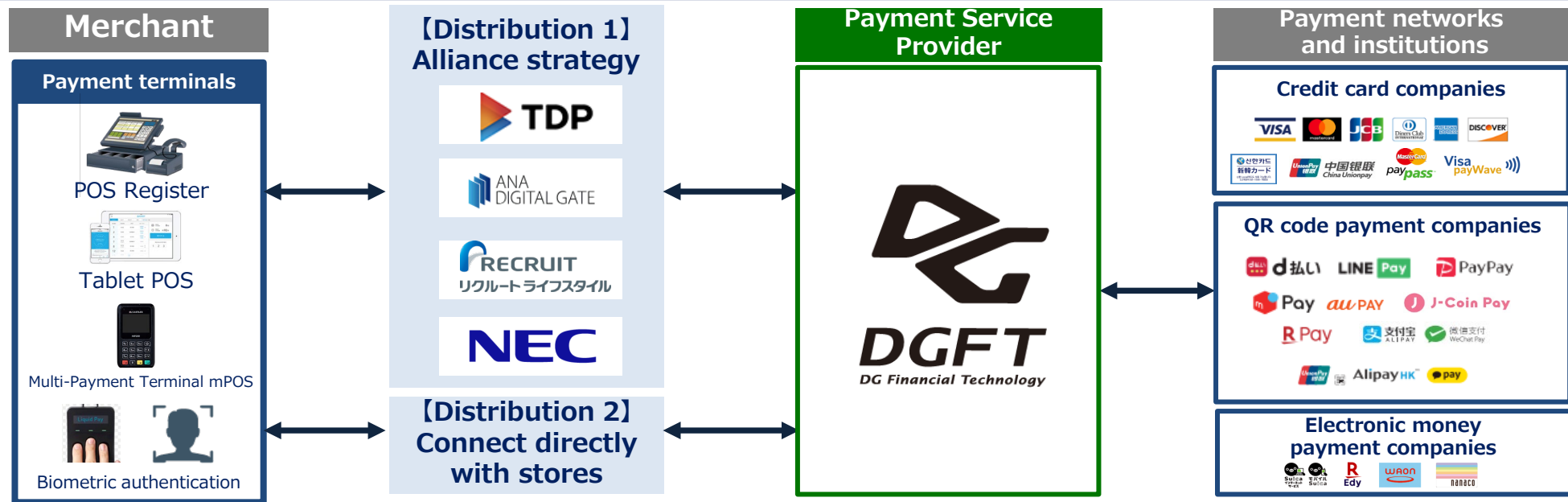
2022.3 2Q



Business model of EC payment



Business model of face-to-face settlement



❖ FT Segment - About Two Types of Contracts

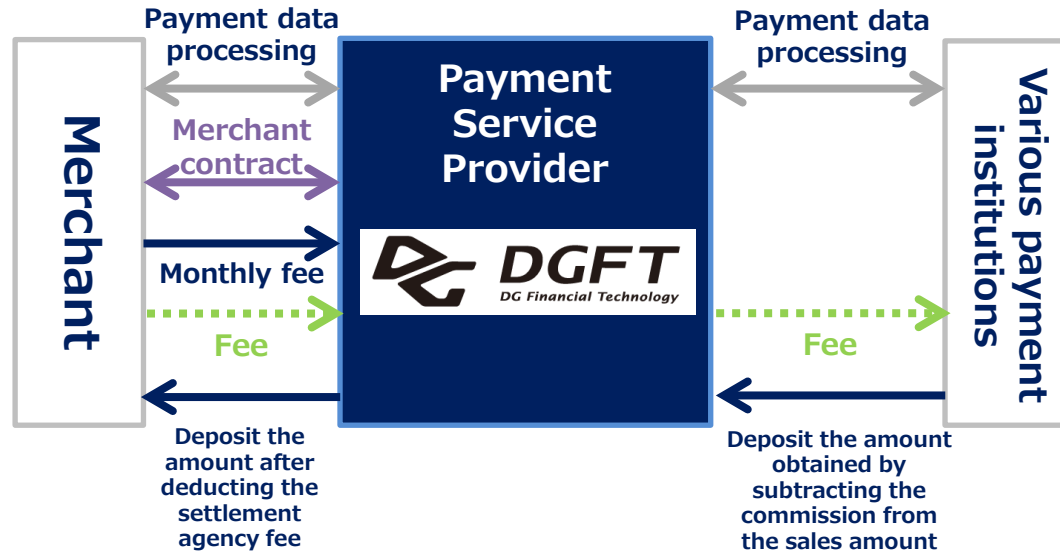


Storage agency type (representative contract) ⇒ Adopted by many EC companies

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

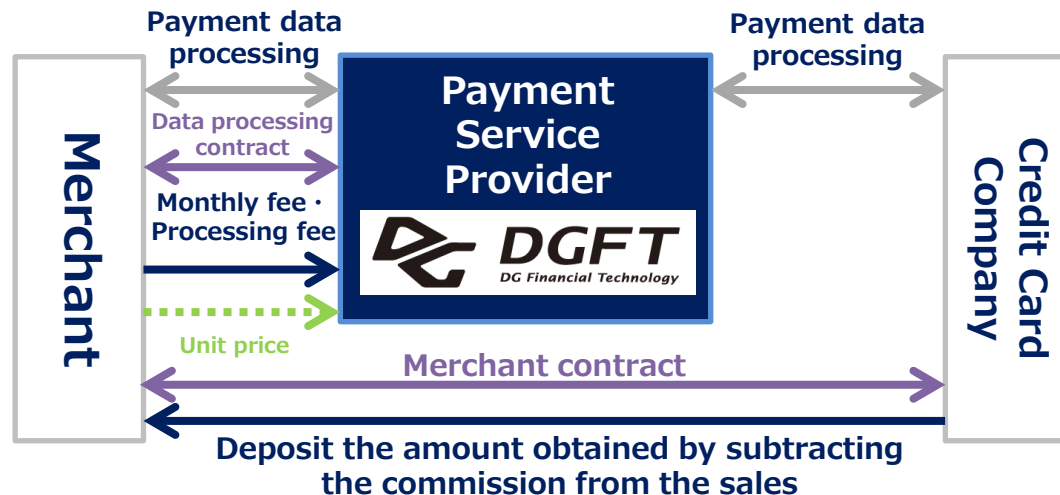
Stock Type

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.



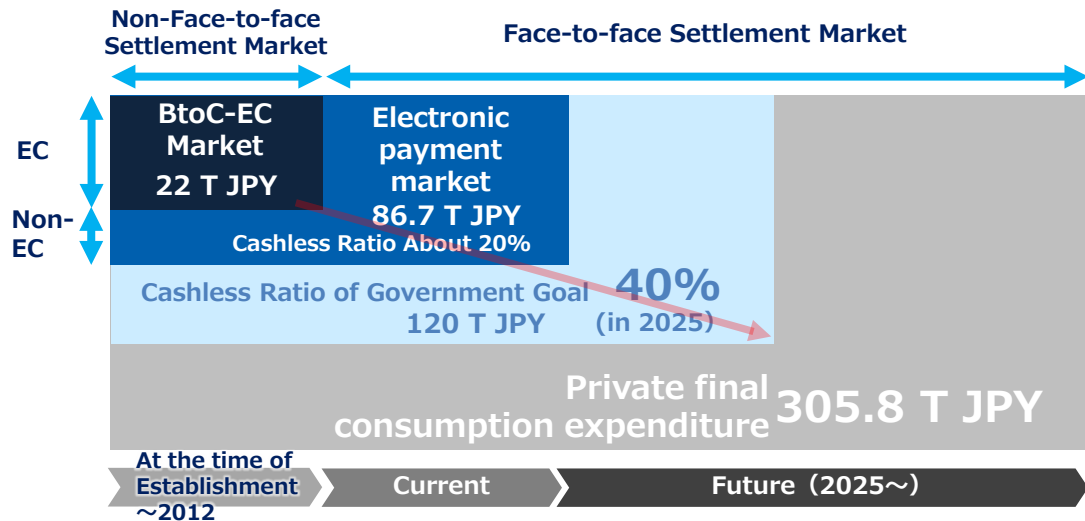
Category 1	Category 2	Definition	Description	Profit structure
Spread type	PSP* business *Payment Service Provider	✓ Payment such as credit card payment, which are fees that are based on <u>the payment amount</u>	EC payments, face-to-face settlements, etc. Representative contract: stands in between merchants 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.

FT Segment - Target Market Size

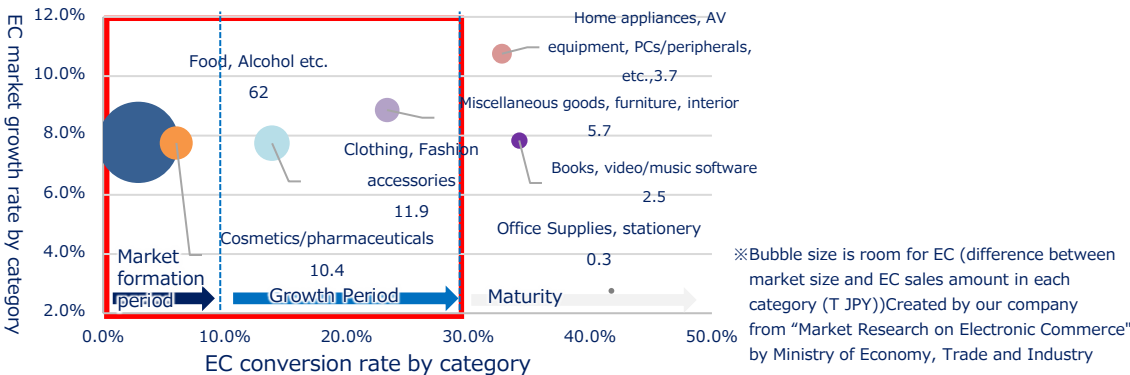


Target market size

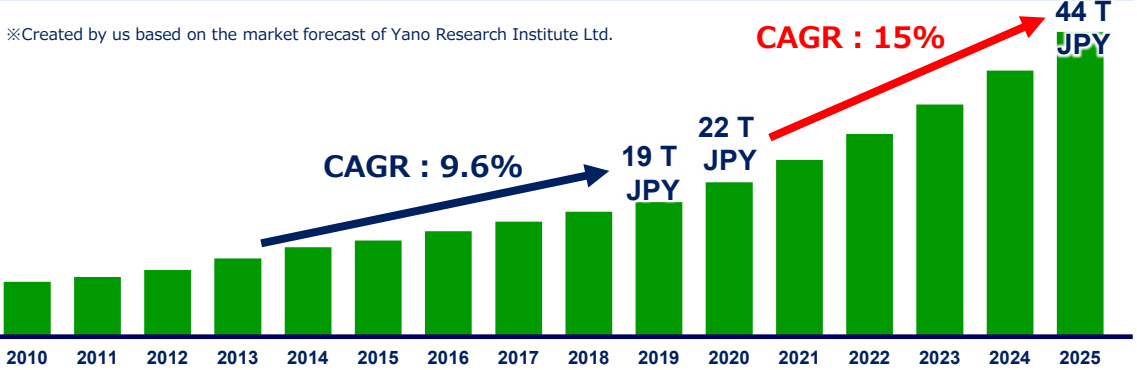
- Transaction volume for the 21.3 fiscal year increased to 3.1 T JPY in conjunction with the growth of the EC market. FT segment holds 14% of BtoC-EC market
- The ratio of electronic payments in the face-to-face settlement market increased due to the promotion of cashless transactions. In 2025, about 120 T JPY, or 40% of private final consumption expenditure, is expected to be cashless.
- Face-to-face settlements in the FT segment for FY 21.3 exceeded 170 B JPY
- The size of BtoB-EC market is 353 T JPY



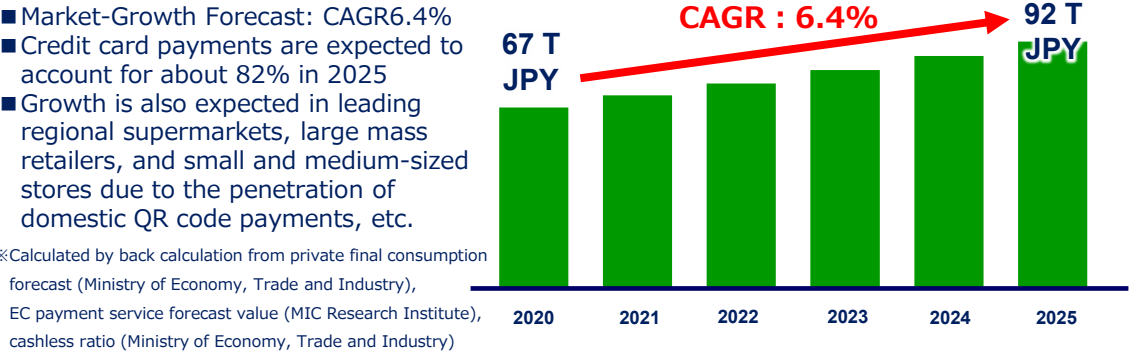
EC conversion rate and market growth rate by category in the product sales field



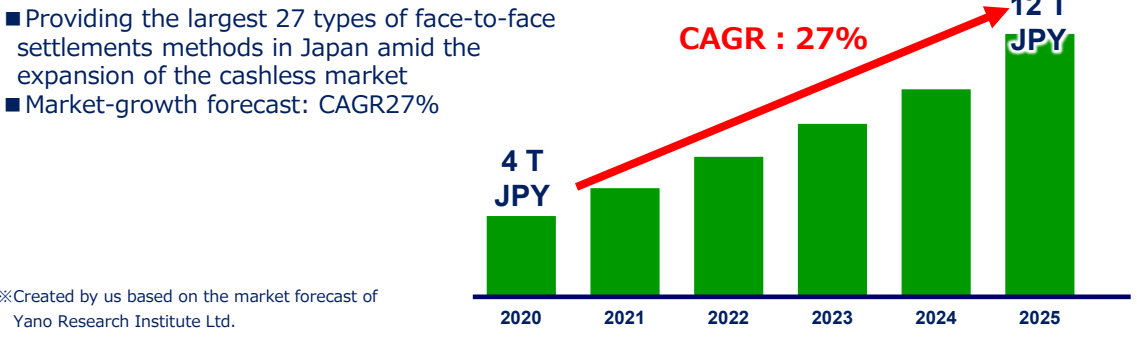
EC (online payment) service market size



Real (offline payment) market size



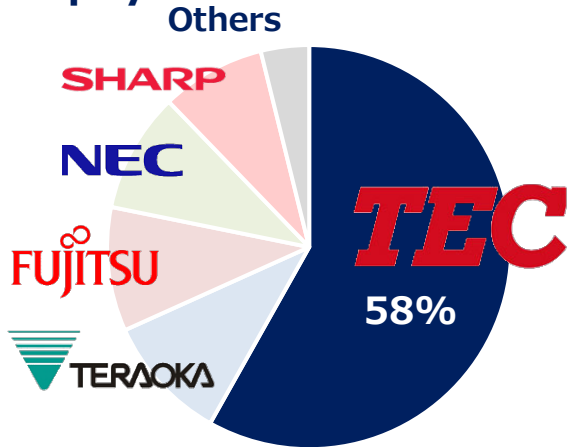
QR code payment market size





TD Payment Corporation

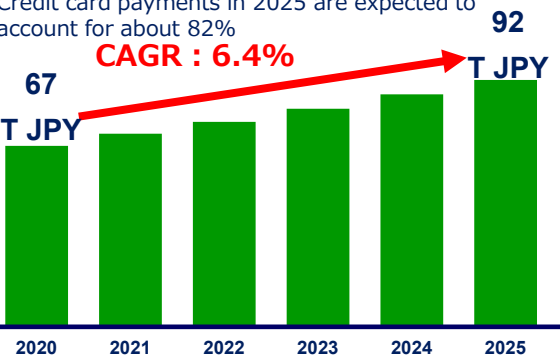
- ✓ Established “TD Payment” with Toshiba Tec Corporation, a top share company in Japan providing POS systems
- ✓ Expands large scale merchants through payment solutions linked to POS systems



- ✓ 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

Real (offline payment) market size

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



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

Alliance with Recruit Lifestyle

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



Tablet POS

*Number of AirREGI accounts in March 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



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

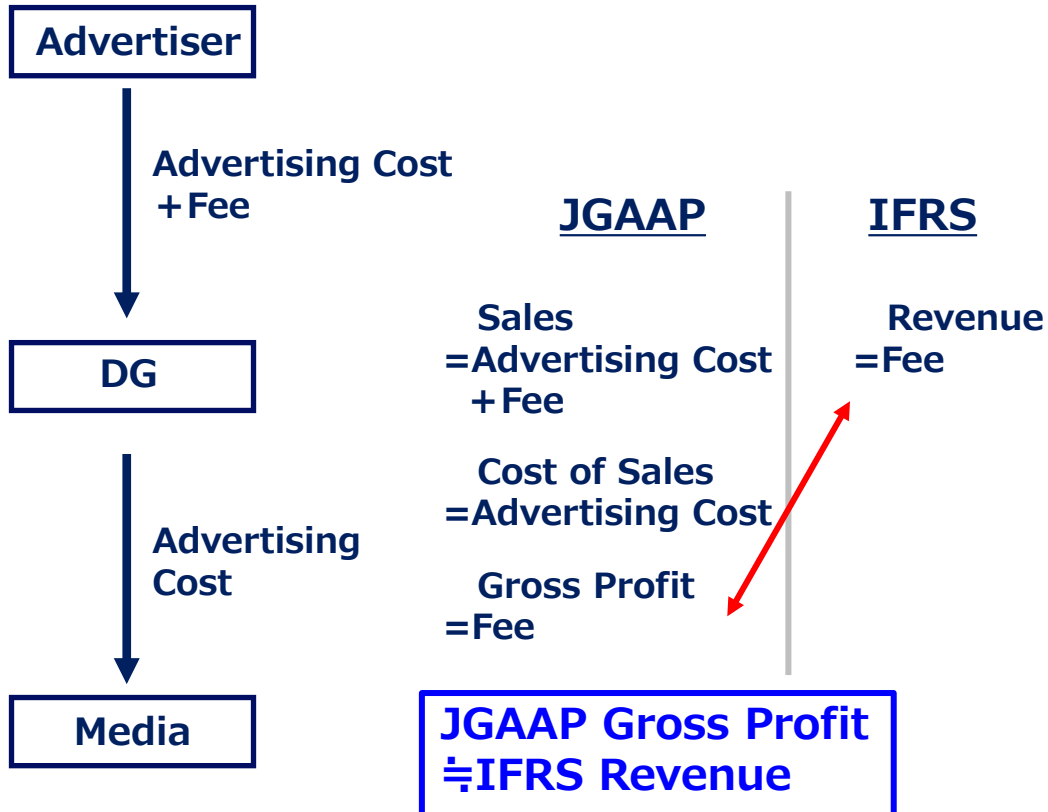
MT Segment





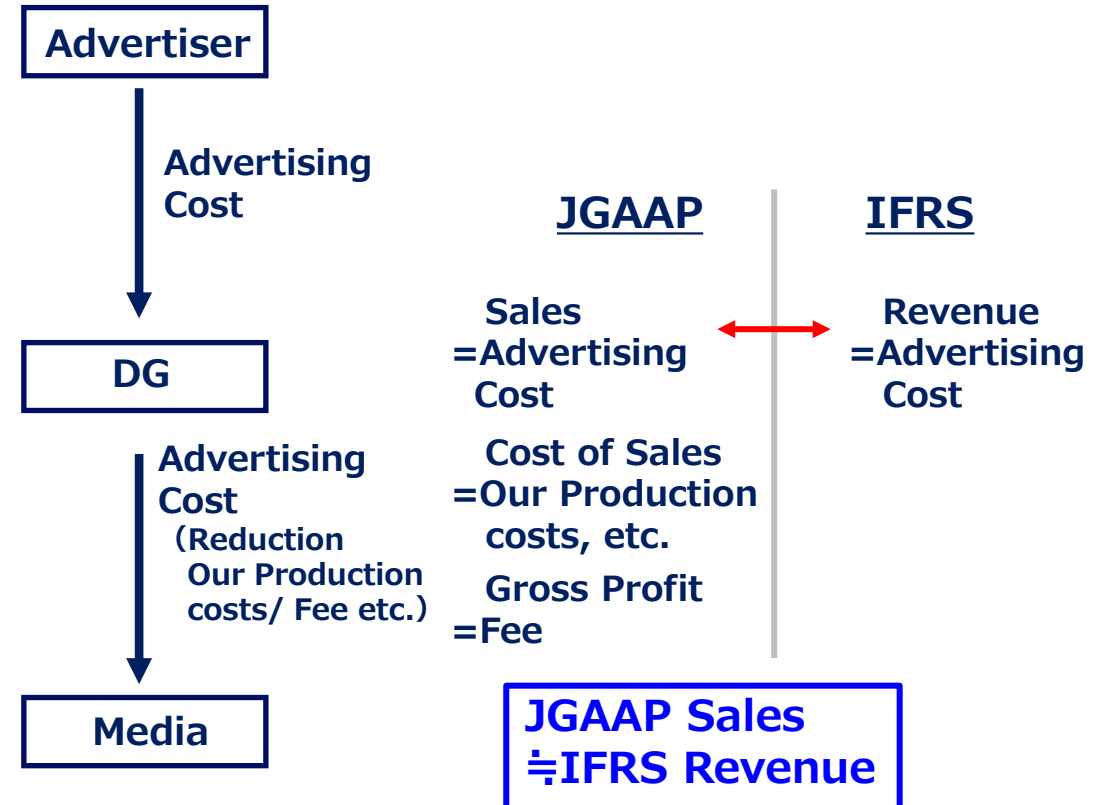
Revenue of digital ads

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



Revenue of real estate ads

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



MT Segment – 2Q (Jul.-Sep.) Highlights



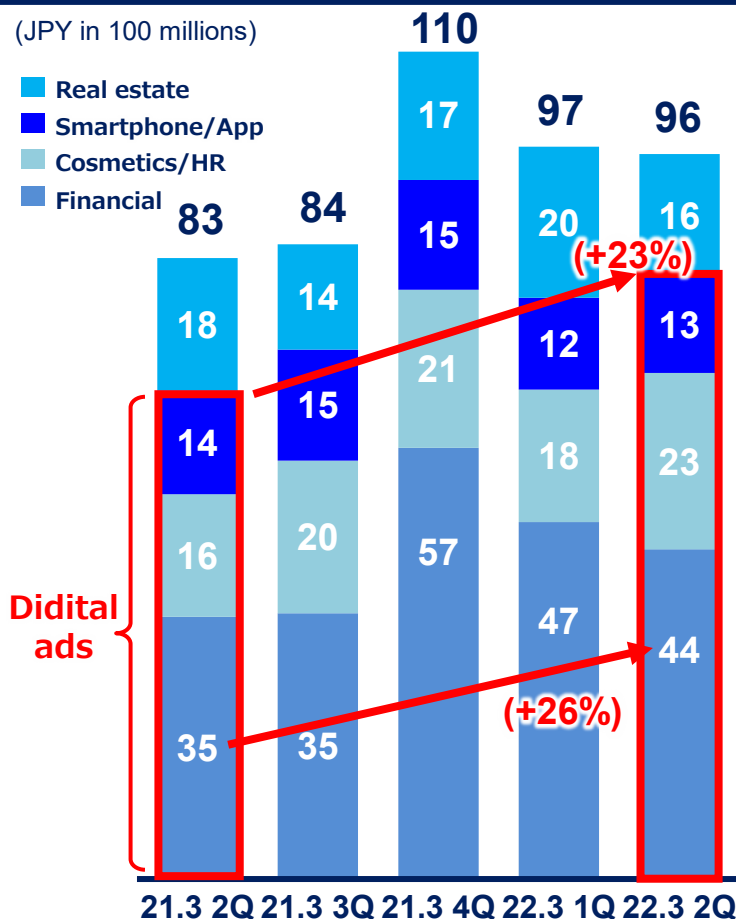
Advertisement volume for mainstay digital ads remained strong mainly in FinTech related, such as credit cards

~ Cost optimization in the previous fiscal year proved successful, resulting in a profit increase despite the decrease of CRM contracted developments, etc. and upfront investments for new businesses ~

Advertisement volume

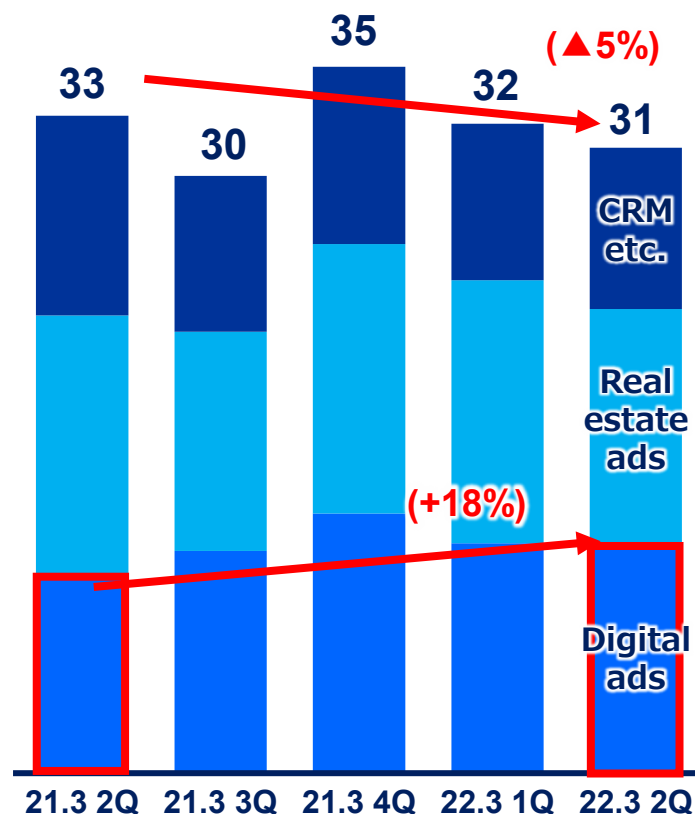
(JPY in 100 millions)

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



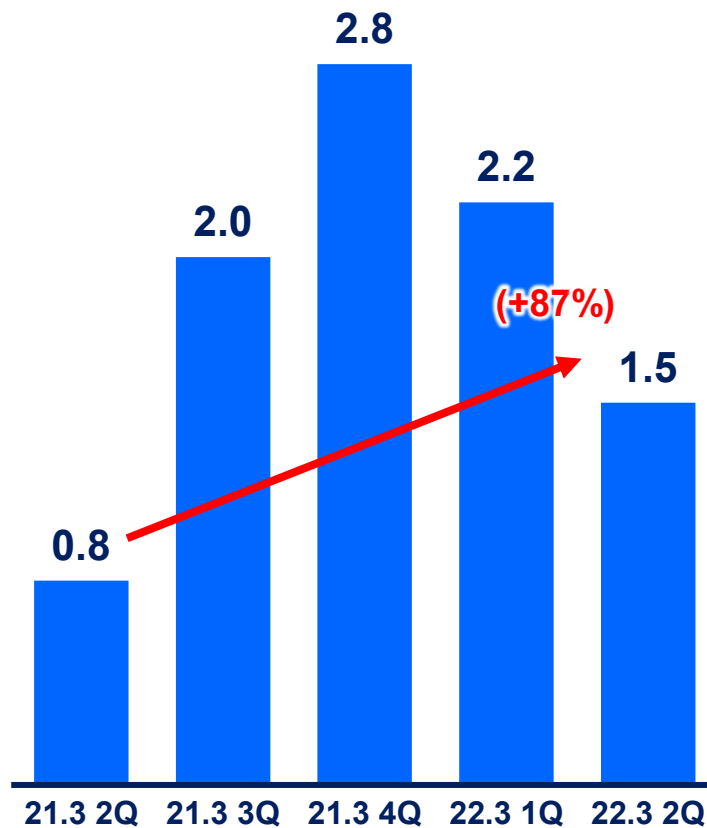
Revenue

(JPY in 100 millions)



Profit before tax

(JPY in 100 millions)

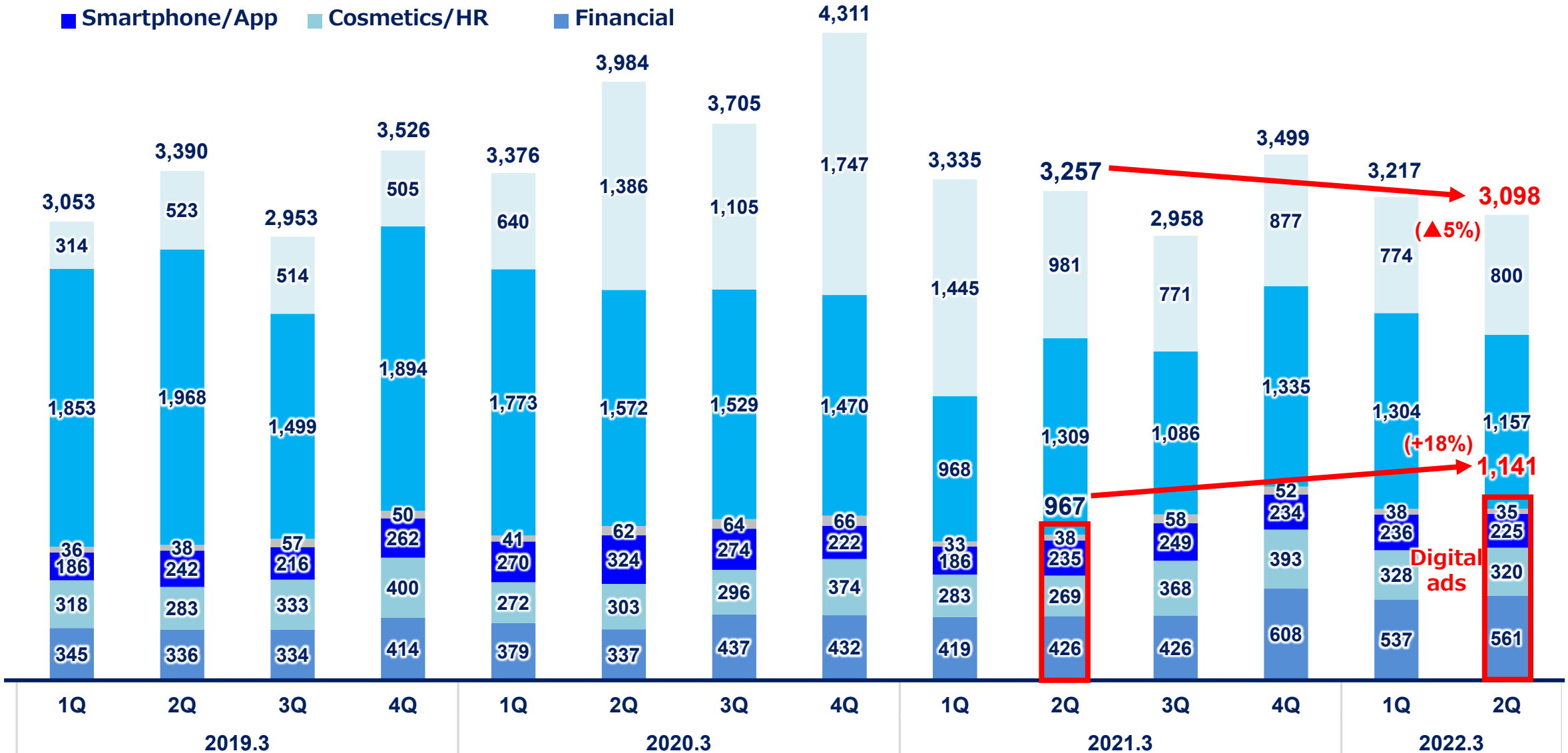


MT Segment - Transition of Quarterly Revenue



(JPY in millions)

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

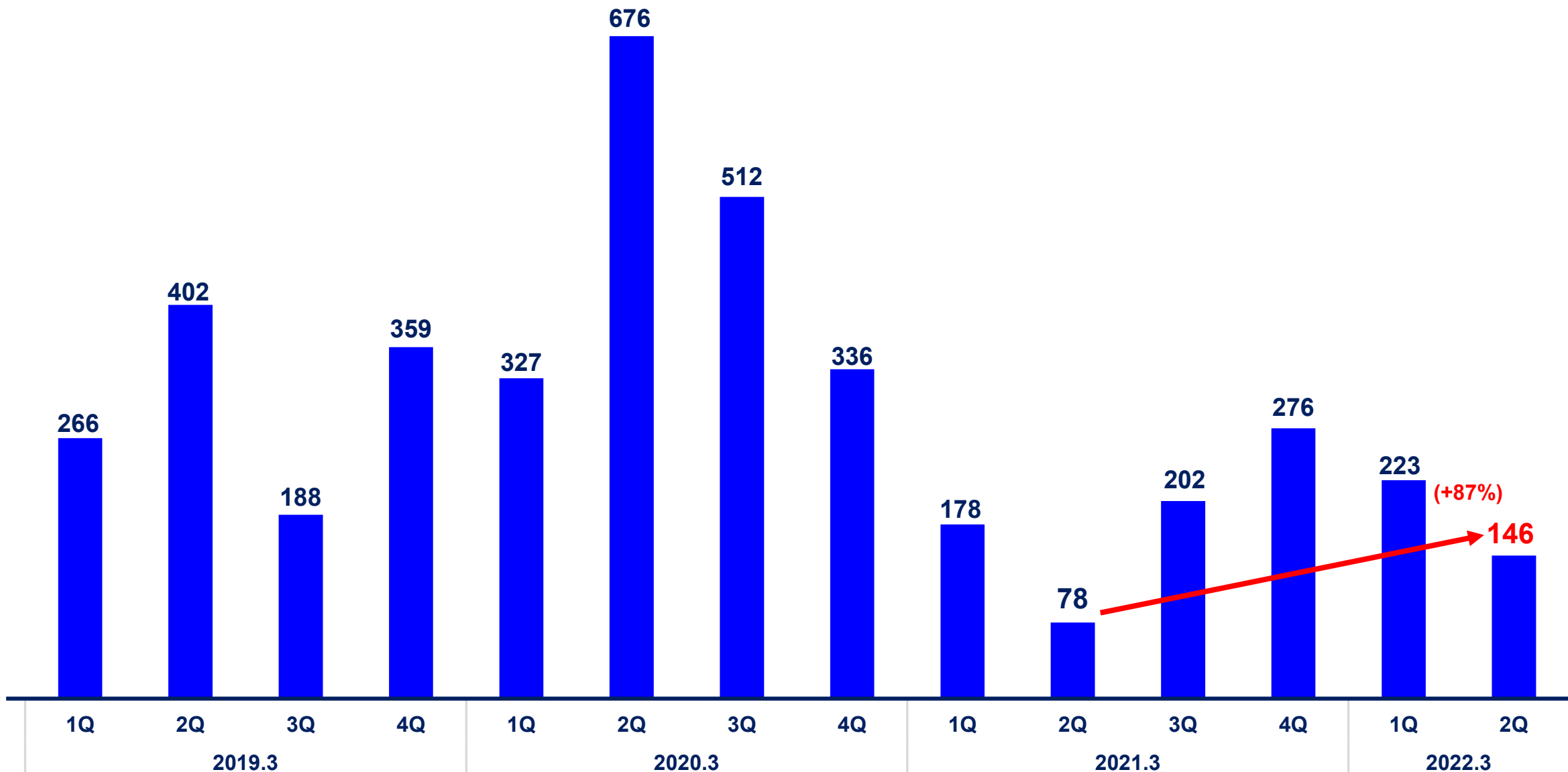


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

MT Segment - Transition of Quarterly Profit Before Tax



(JPY in millions)



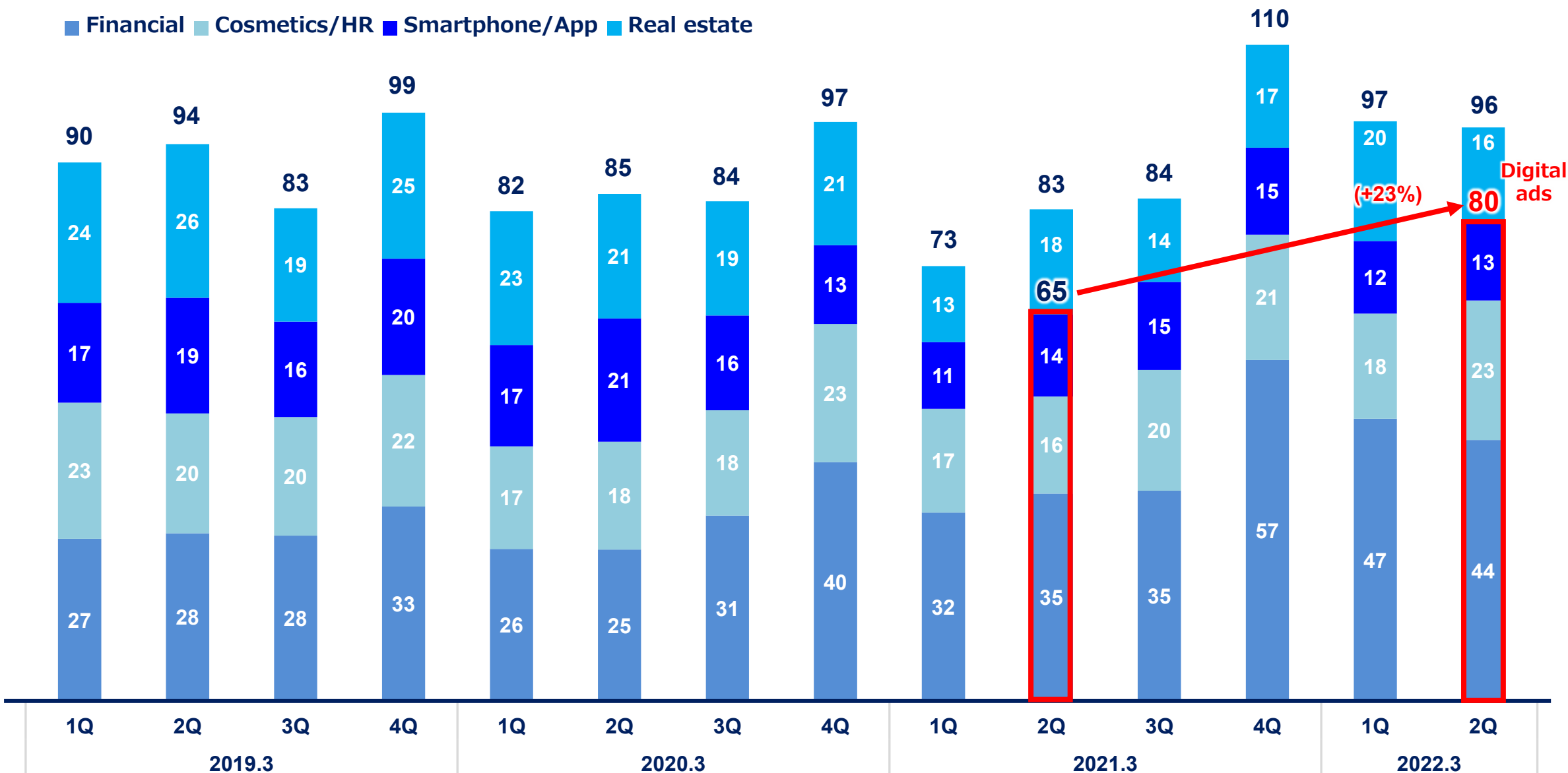
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

MT Segment - Transition of Quarterly Advertisement Volume



(JPY in 100 millions)

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



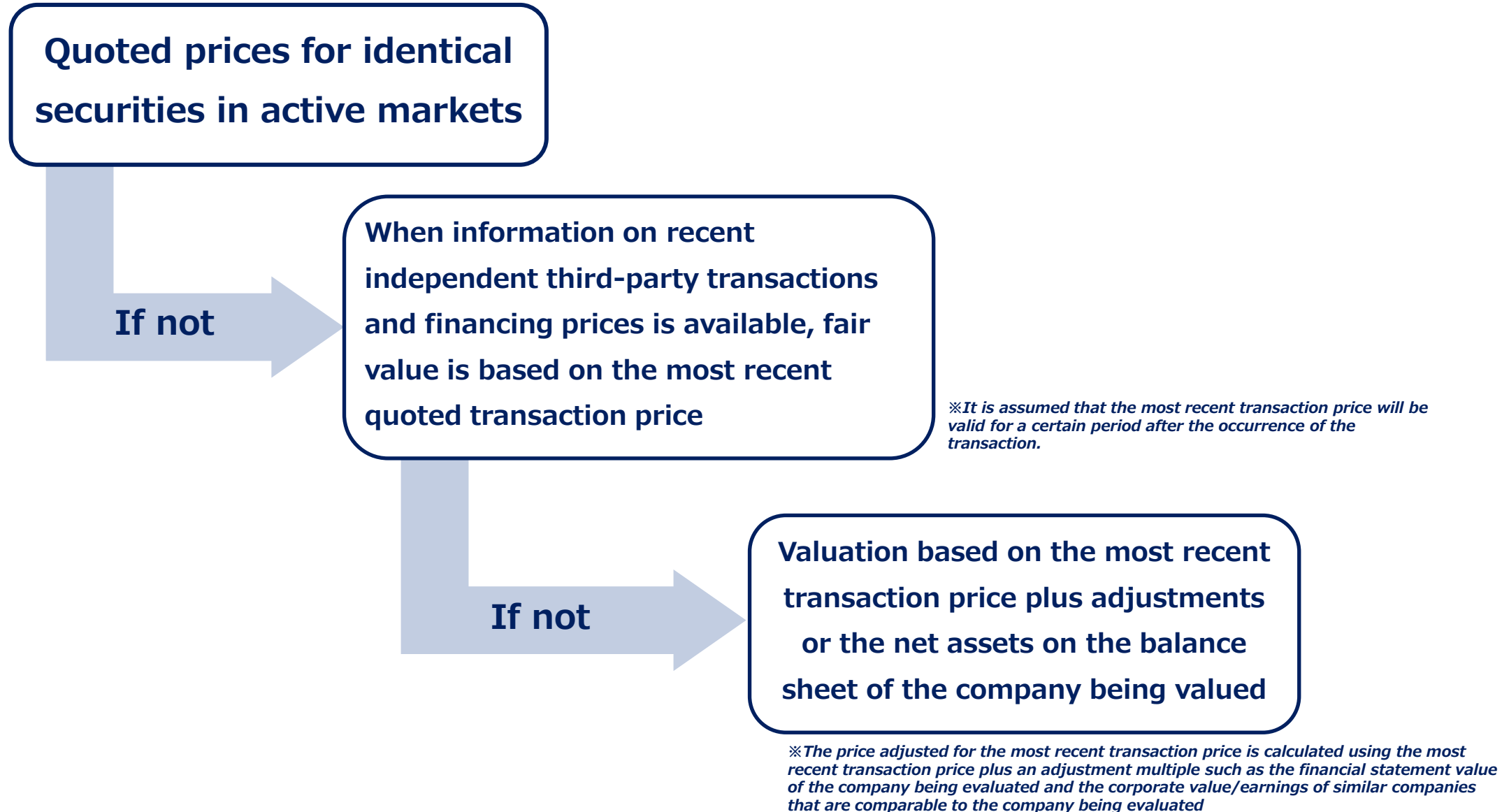
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

IT Segment





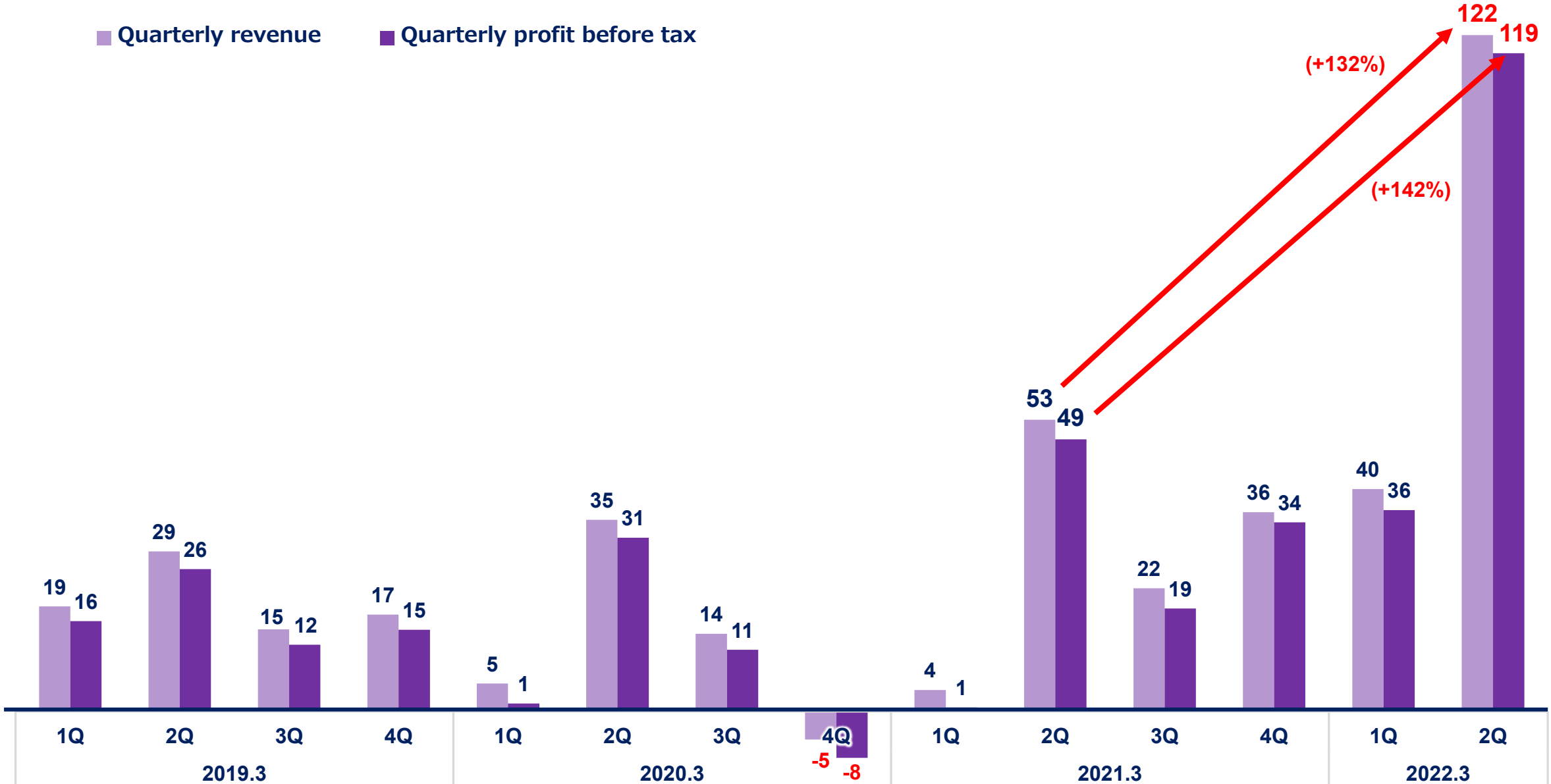
【Calculation method for fair value of operational investment securities】



IT Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)





IT Segment -

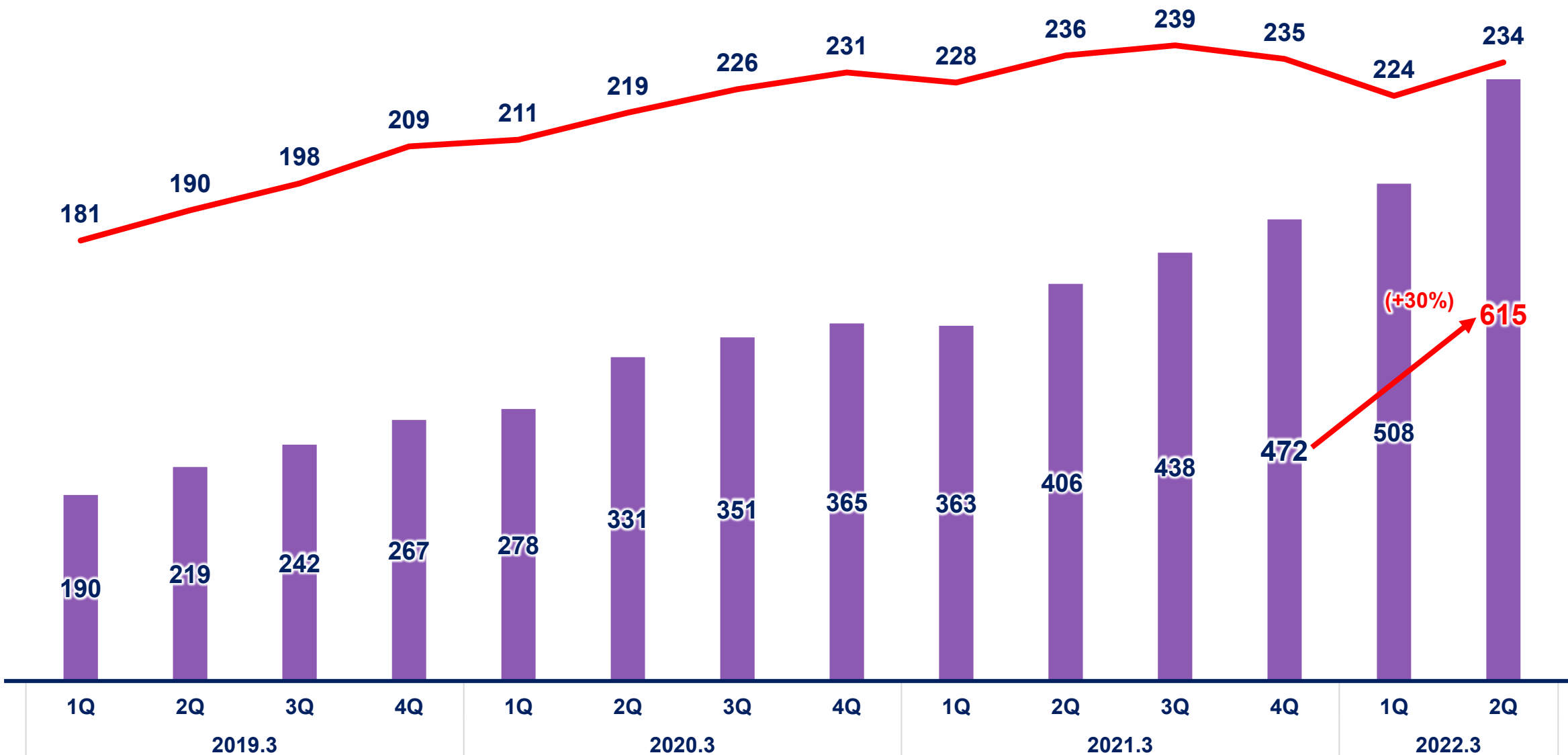
Transition of Quarterly Operational Investment Securities and Number of Investees



(JPY in 100 millions)

(Number of investees)

■ Balance of operational investment securities
— Number of investees



IT Segment - Operational Investment Securities' List of Top 10

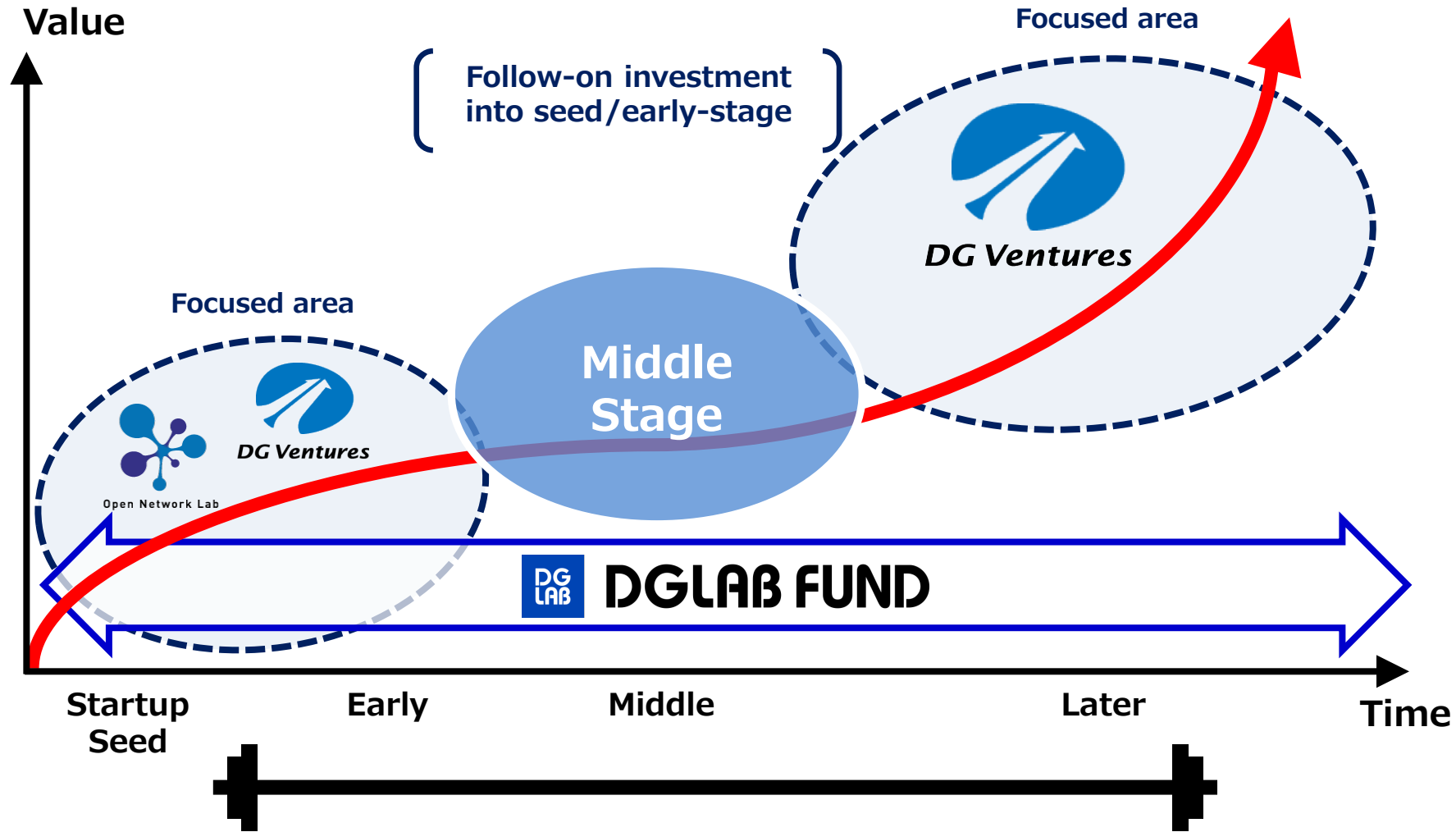


Investee	Overview	Region	Equity ratio	Fair value (JPY in 100 millions)
Blockstream	Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications	US	3.8%	137
MX Technologies	Offers a PFM (personal financial management) tool for financial institutions in the US	US	3.2%	68
Sen Do Technology	Operates Sendo, a marketplace for C2C and B2C in Vietnam, and provides electronic wallet services	Vietnam	12.7%	37
indie Semiconductor	Provides automotive semiconductors and software platforms	US	1.4%	27
Droom	Operates Droom, India's largest automotive buying and selling online marketplace	India	2.0%	21
Grubmarket	Grocery B2B and B2C e-commerce	US	1.8%	19
ThredUp	The largest fashion resale platform in the US	US	0.6%	14
Playco Global	Provider of instant games that can be played directly on Facebook, LINE, etc. and game development platform	US	2.0%	12
Repro	Provides quantitative and qualitative analysis tools on SDK for app service providers	Japan	4.6%	8
PeaTix	Planning/operation of Peatix, an online ticketing service	US	8.4%	8

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.)



Total amount of investments	
61.5 B JPY	
(End of Sep. 2021)	
Japan	18%
Asia	19%
US	56%
Others	



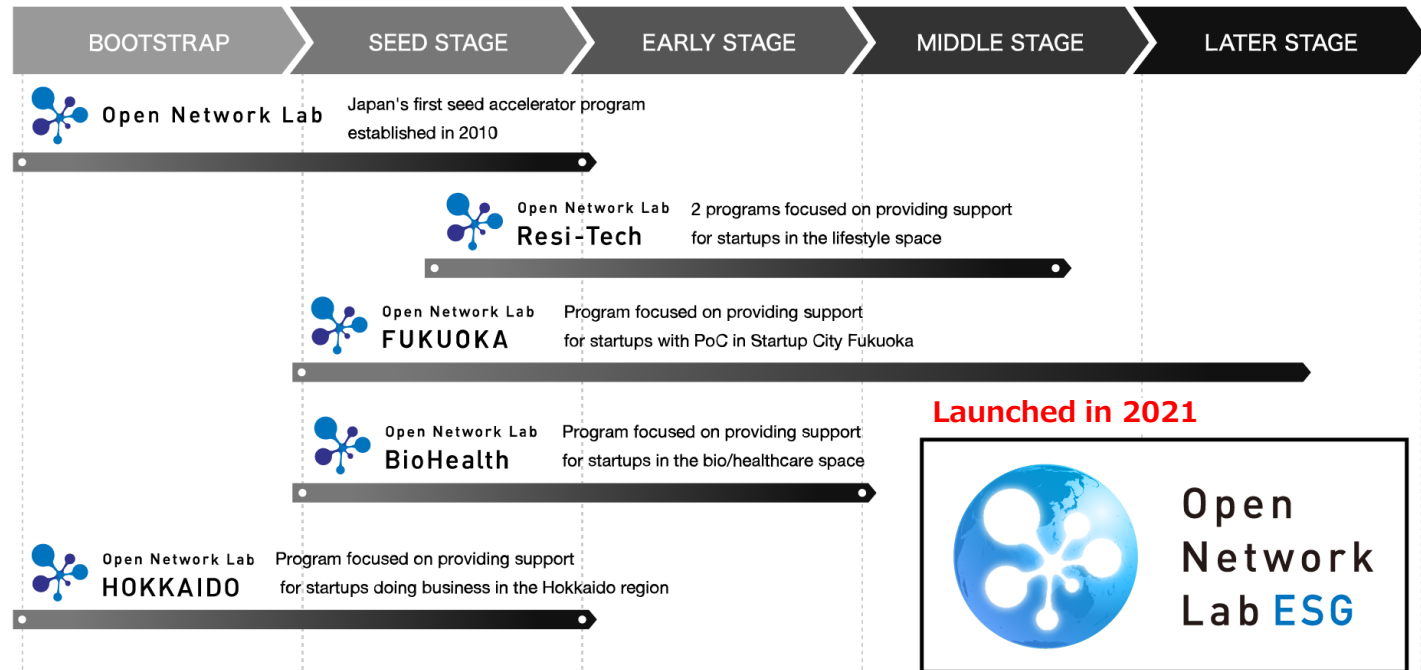
Established Open Network Lab & ESG I “Earthshot Fund” for Onlab participants and startups in the ESG field

~ 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 December 2021
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

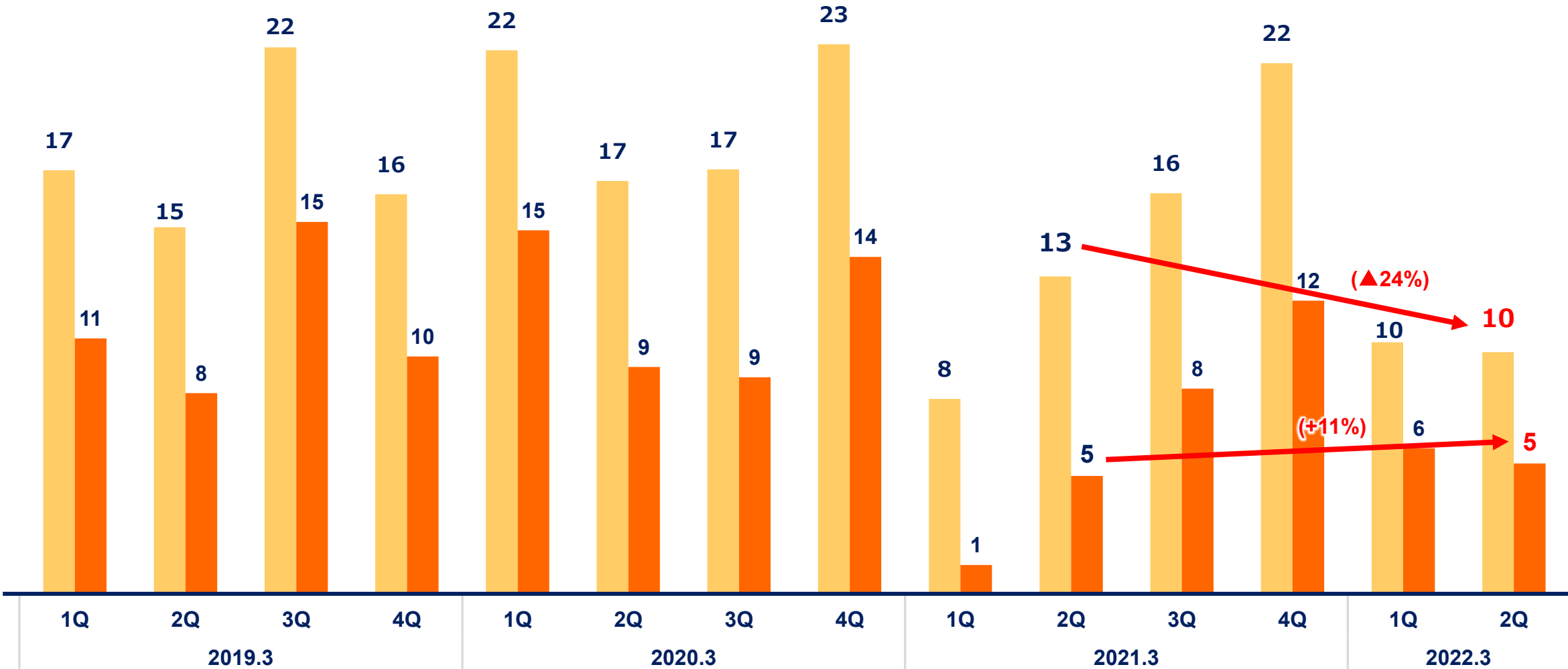


◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



Policy on Shareholder Returns



Transition of Business Cash Flow Before Income Taxes

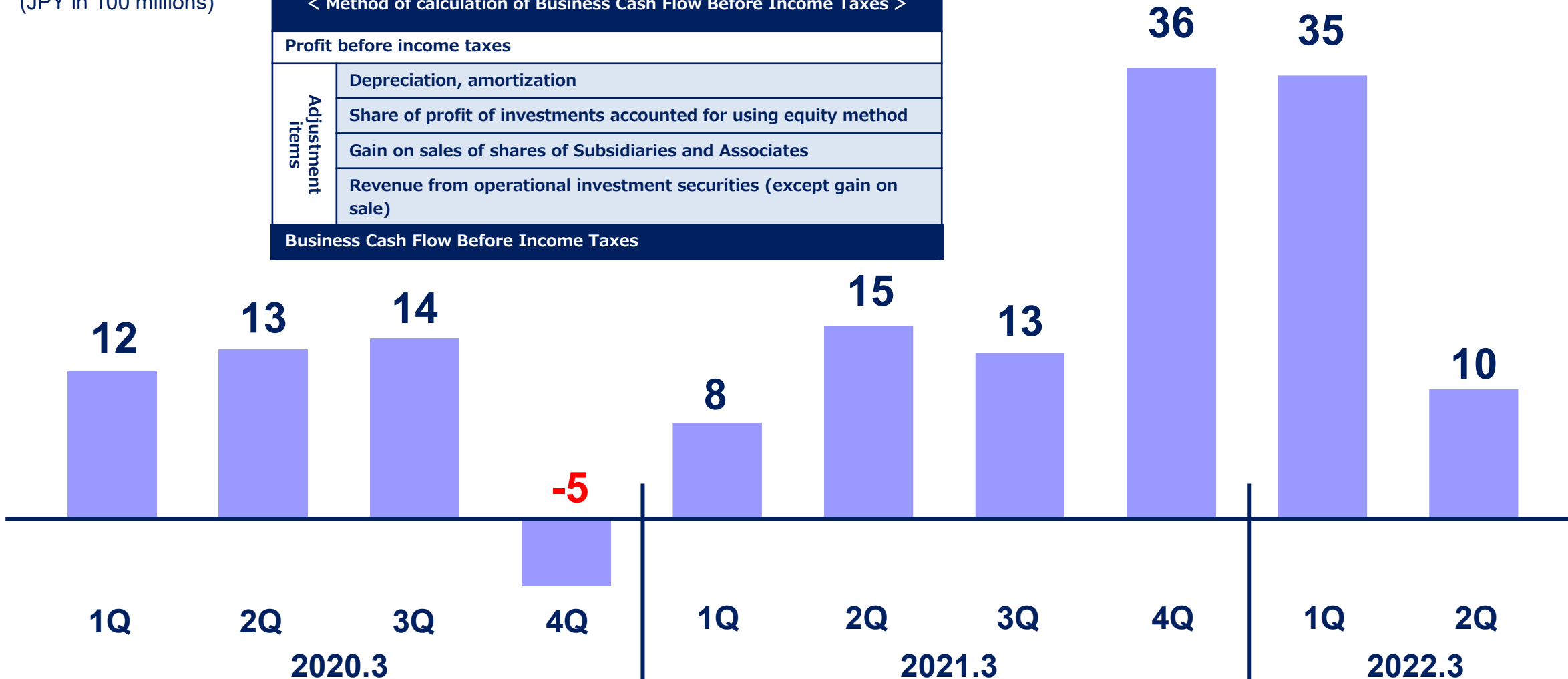


Define the cash flow based on the actual cash in/out flows from our business as
“Business Cash Flow Before Income Taxes”

~ 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”

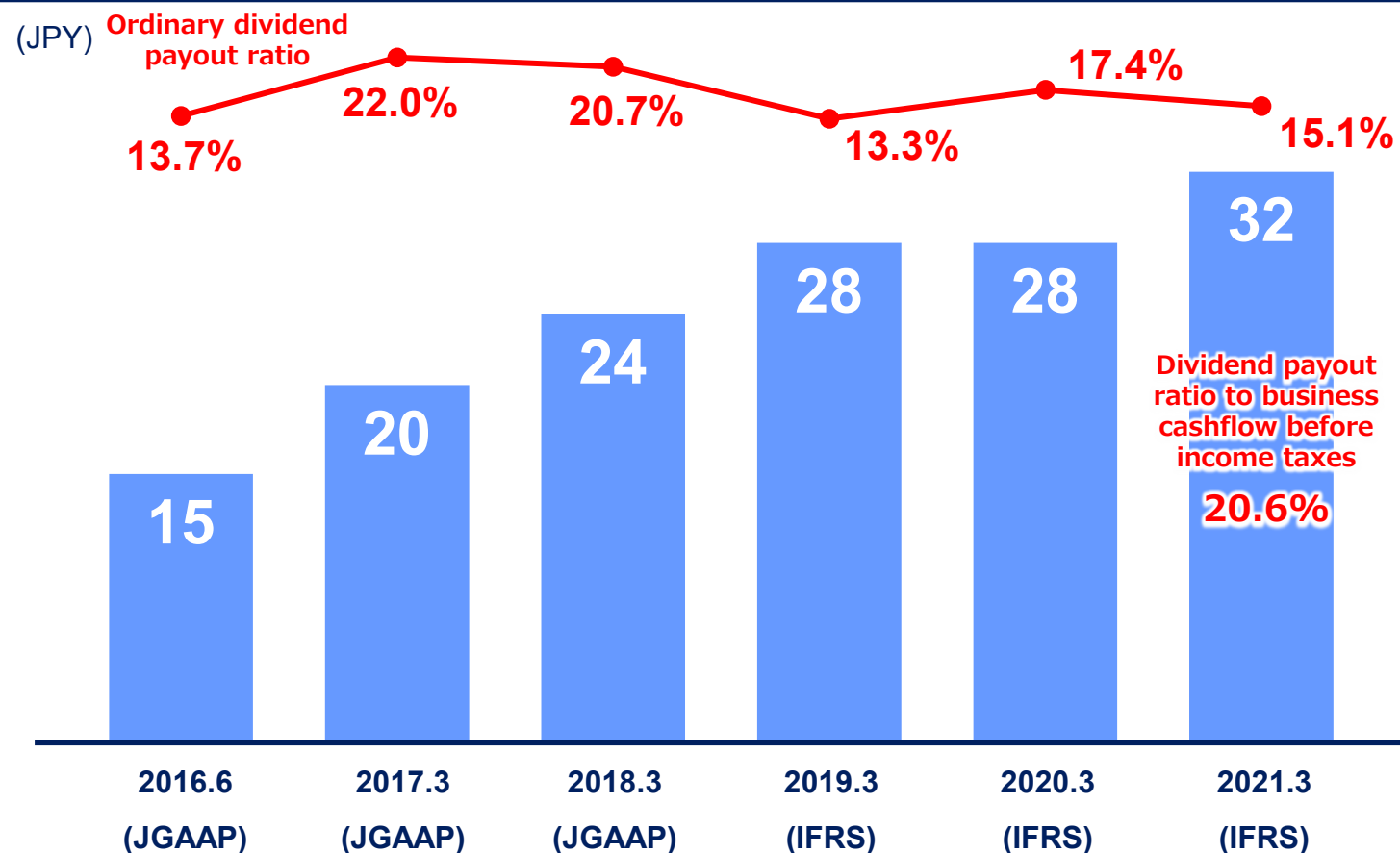
Dividend

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



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

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

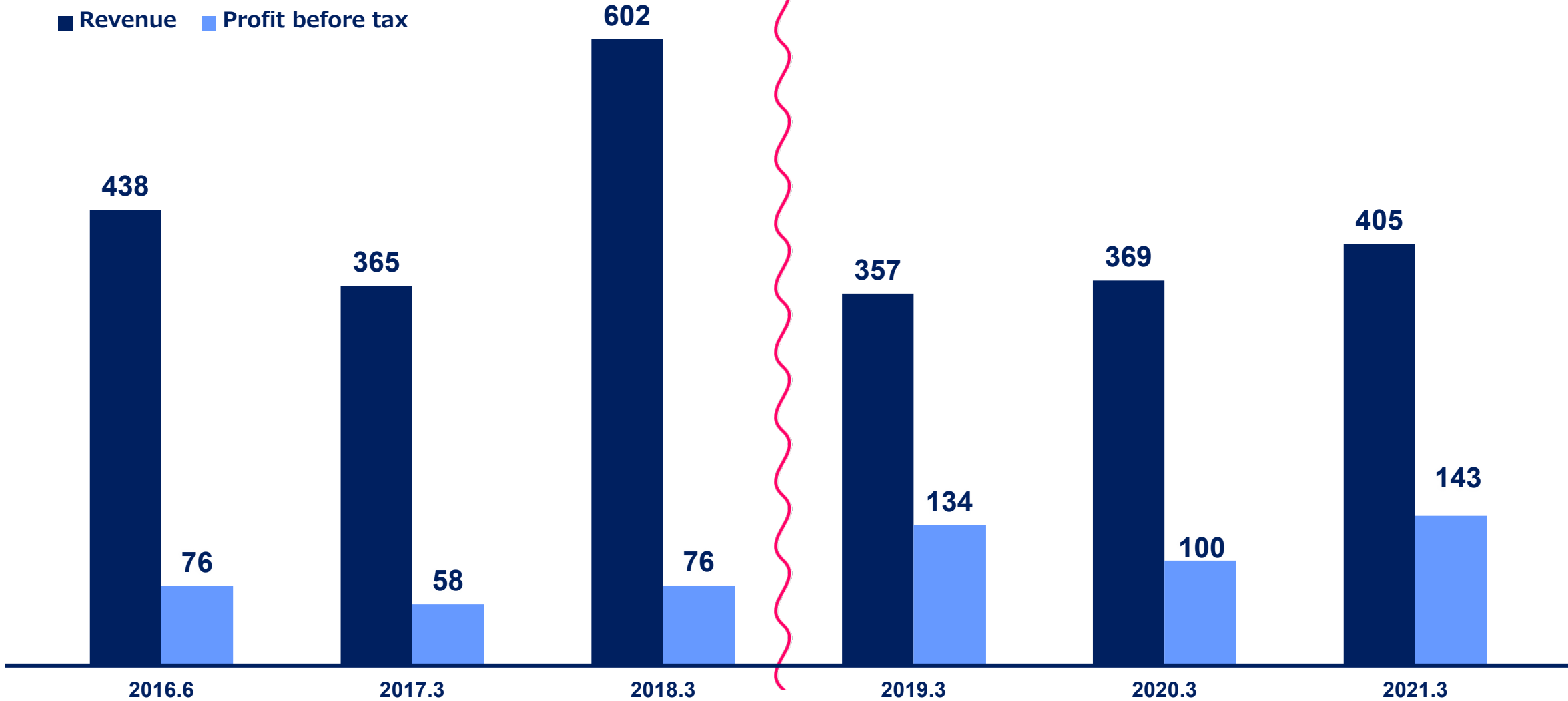
Transition of Consolidated Revenue and Profit Before Tax



← JGAAP → IFRS →

(JPY in 100 millions)

■ Revenue ■ Profit before tax



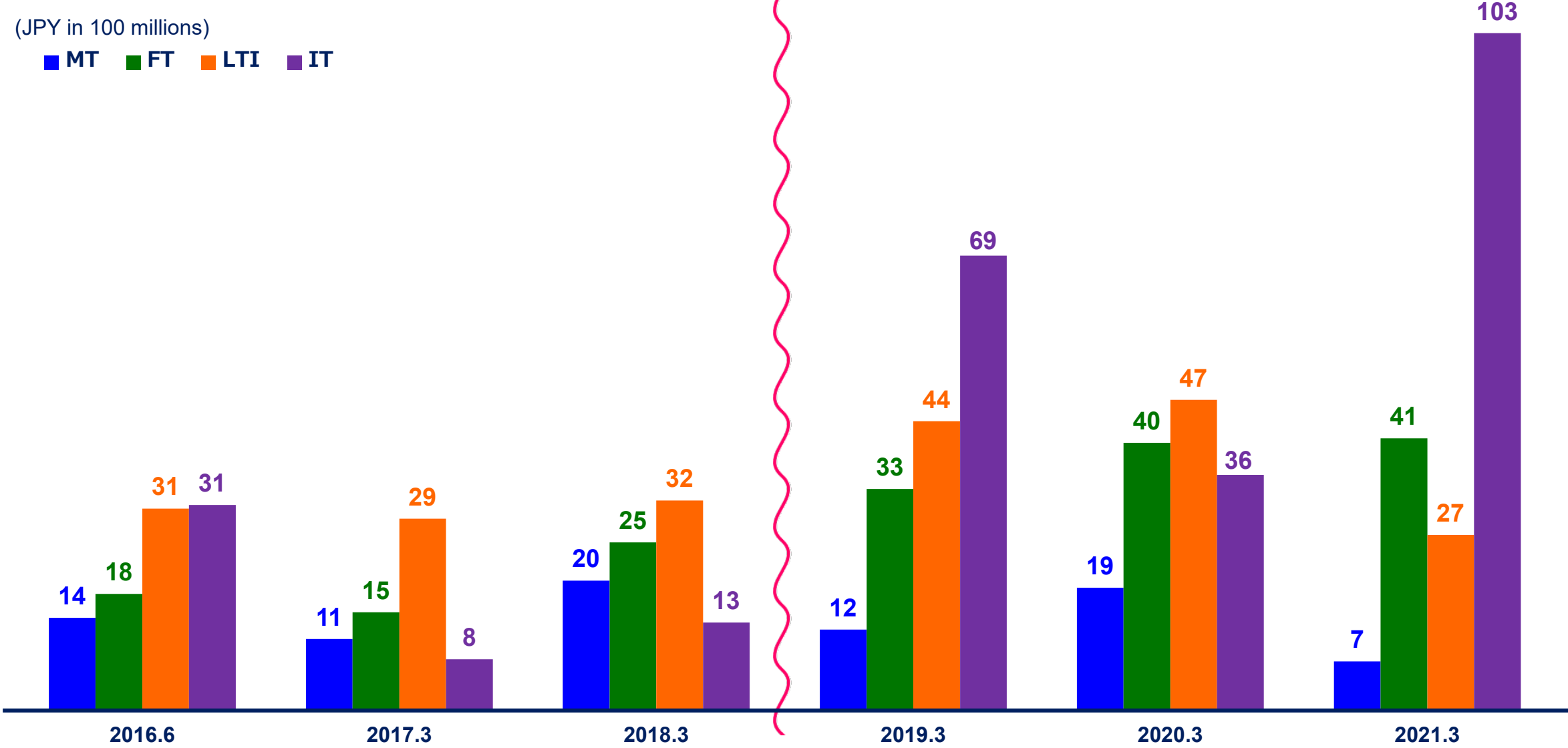
Transition of Profit Before Tax by Segments



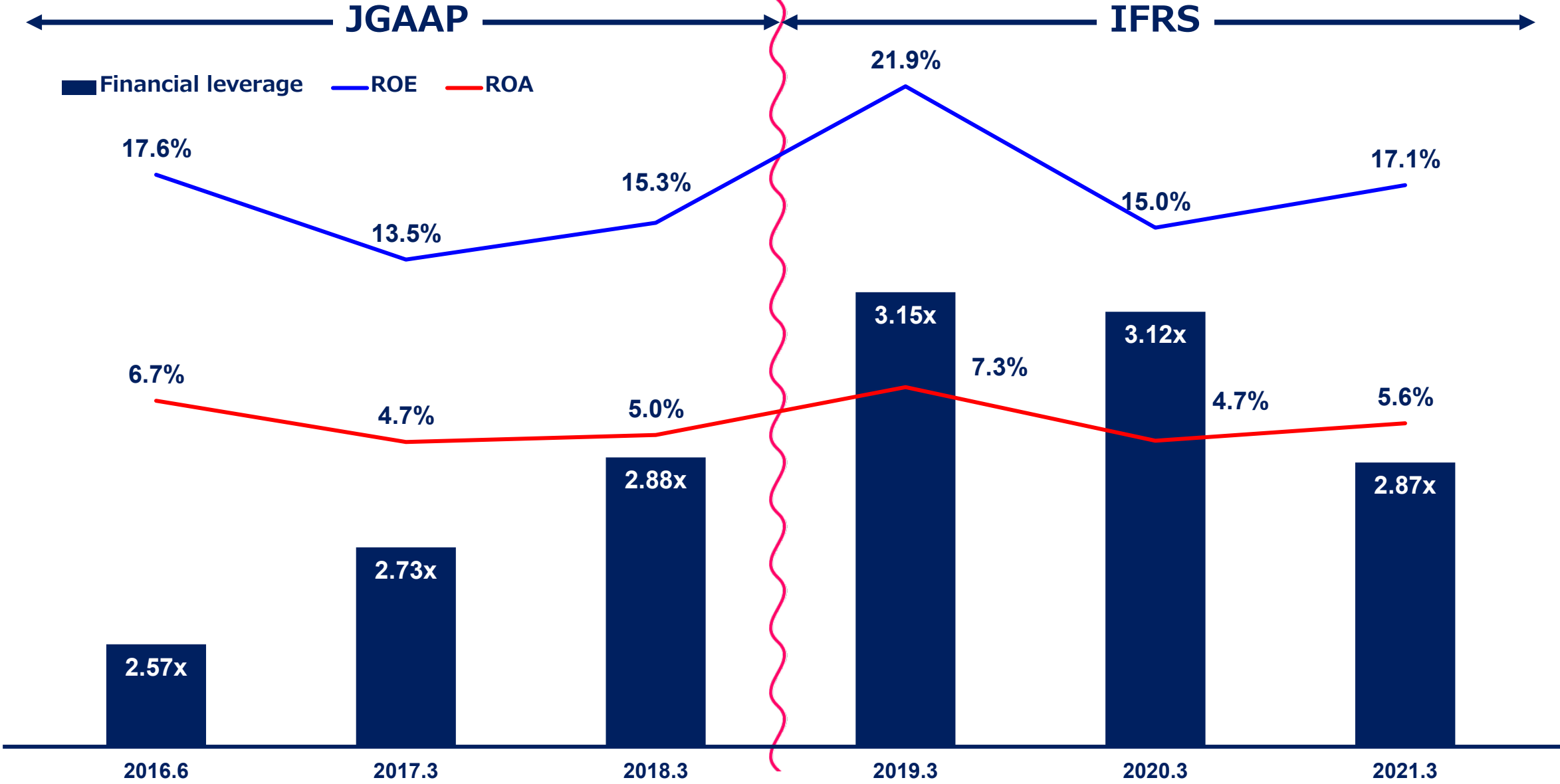
← JGAAP → | → IFRS →

(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



Transition of ROE, ROA, Financial Leverage



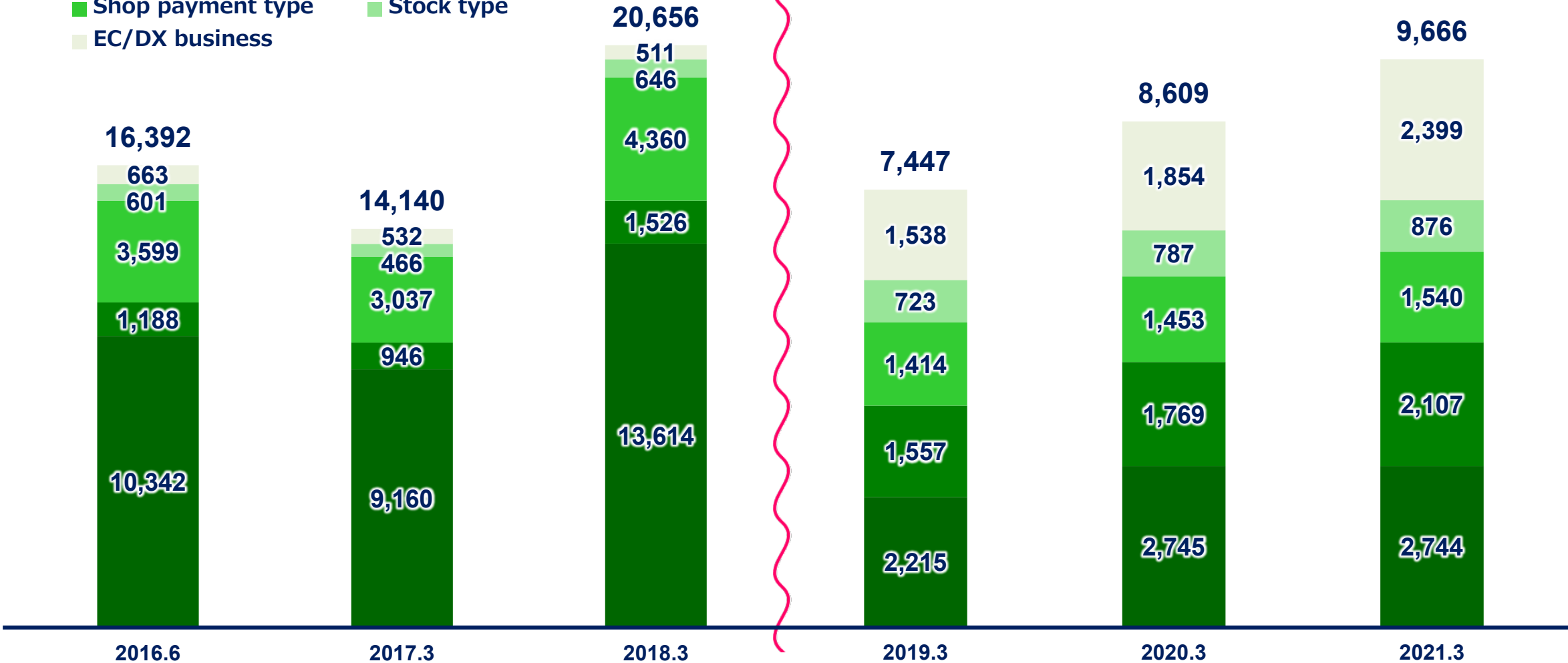
FT Segment - Transition of Revenue (Category 1)



← JGAAP → | → IFRS →

(JPY in millions)

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



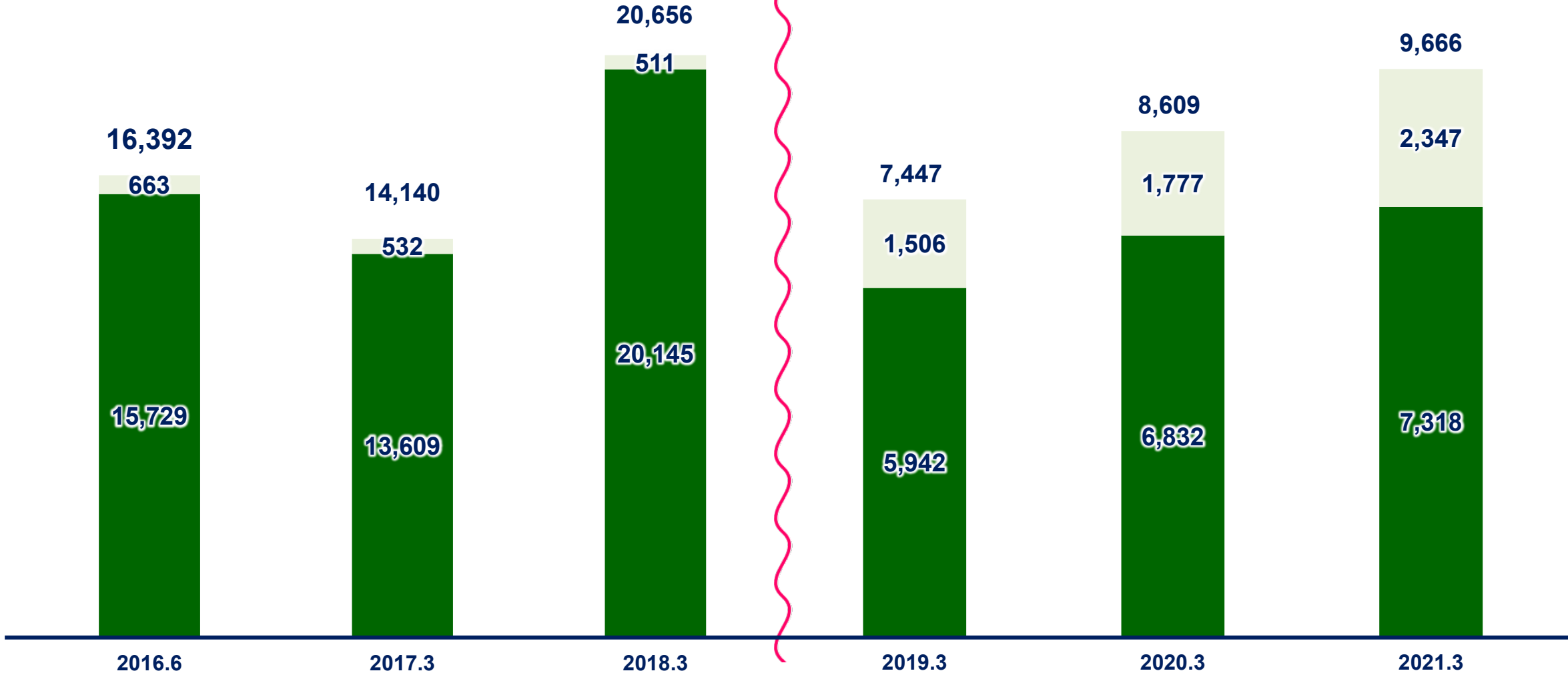
FT Segment - Transition of Revenue (Category 2)



← JGAAP → | → IFRS →

(JPY in millions)

■ PSP business ■ EC/DX business





FT Segment -

Transition of Profit Before Tax and Ratio of Profit Before Tax to Revenue

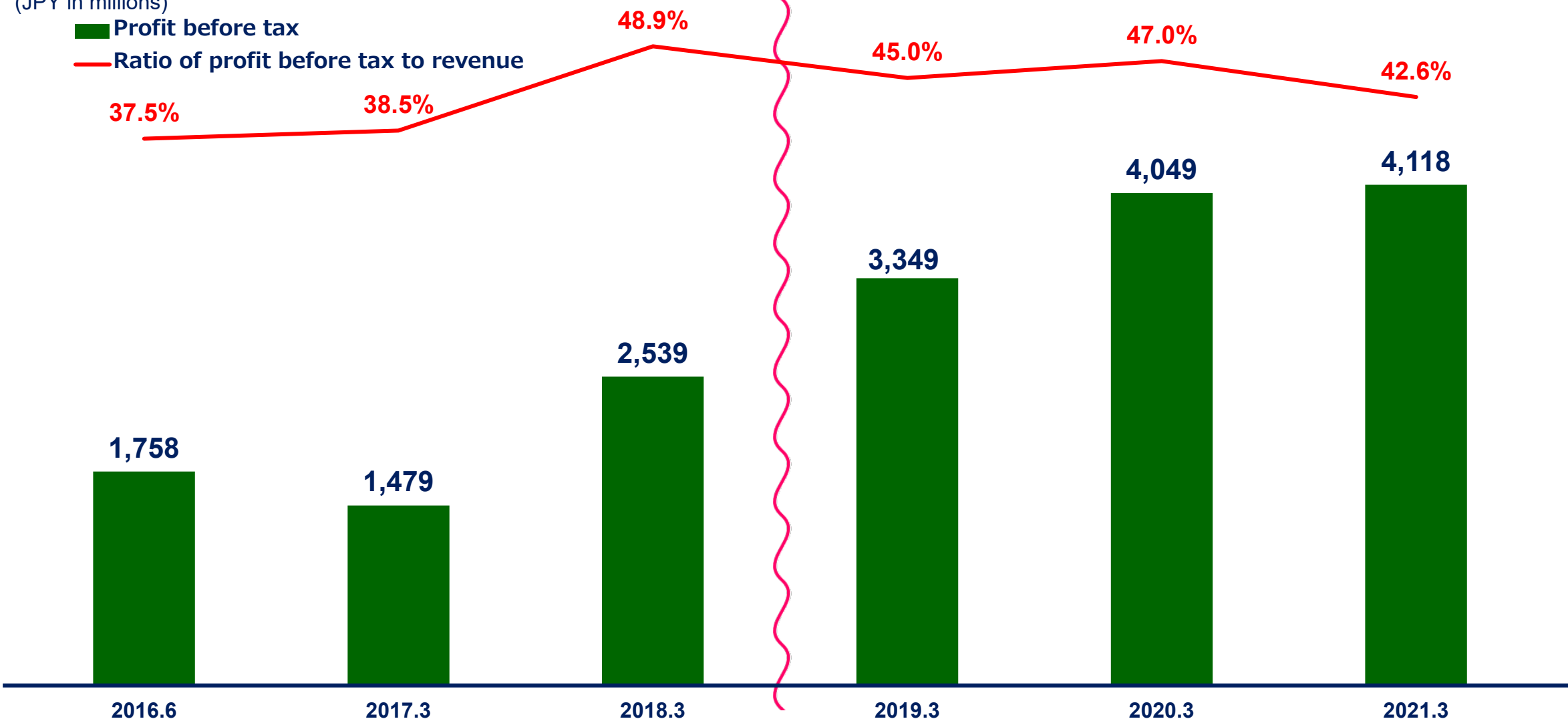


← JGAAP | IFRS →

(JPY in millions)

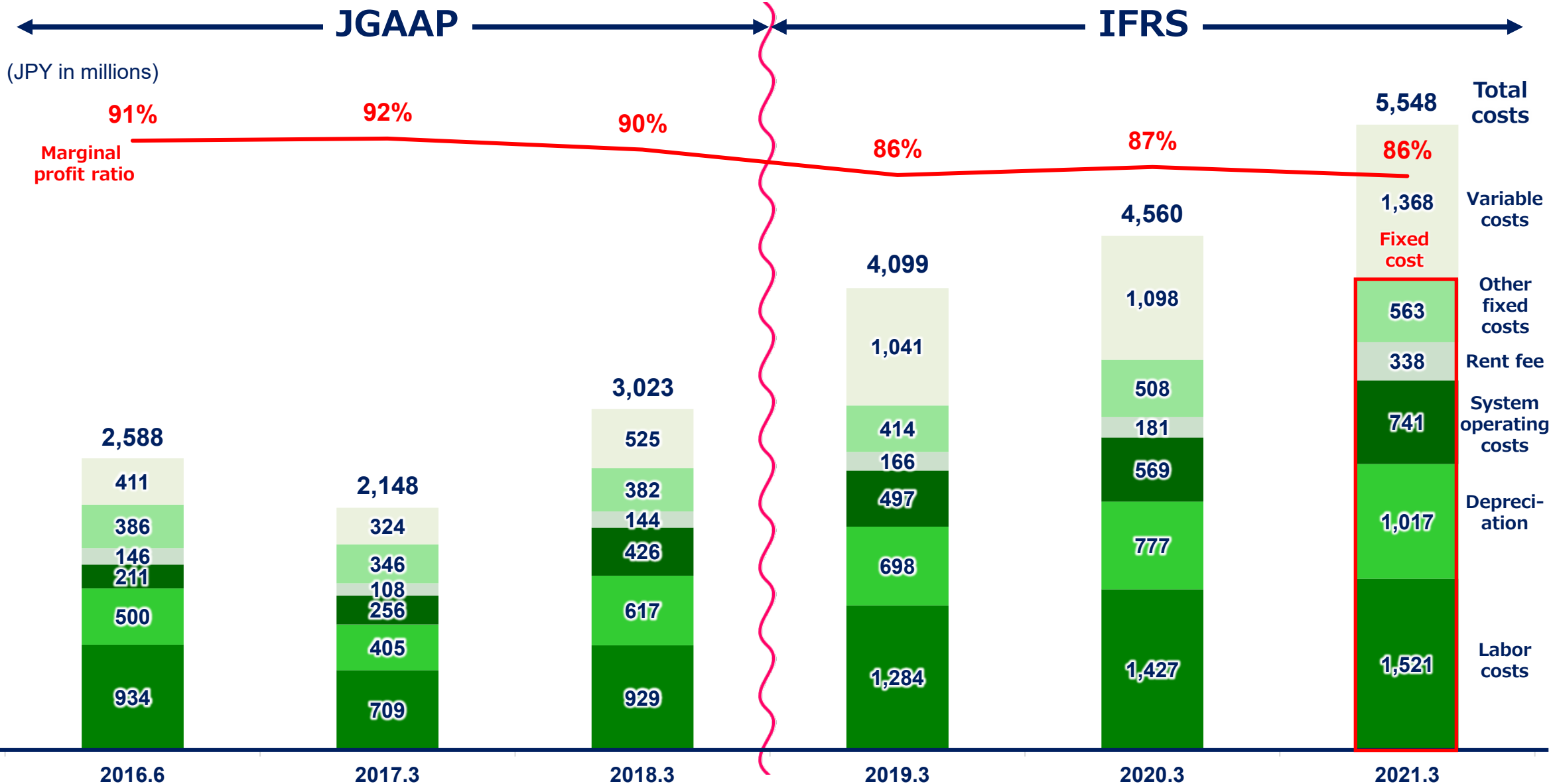
■ Profit before tax

— 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. FY 2017.3 shows 9-month result due to the change of accounting period

FT Segment - Transition of Costs and Marginal Profit Ratio

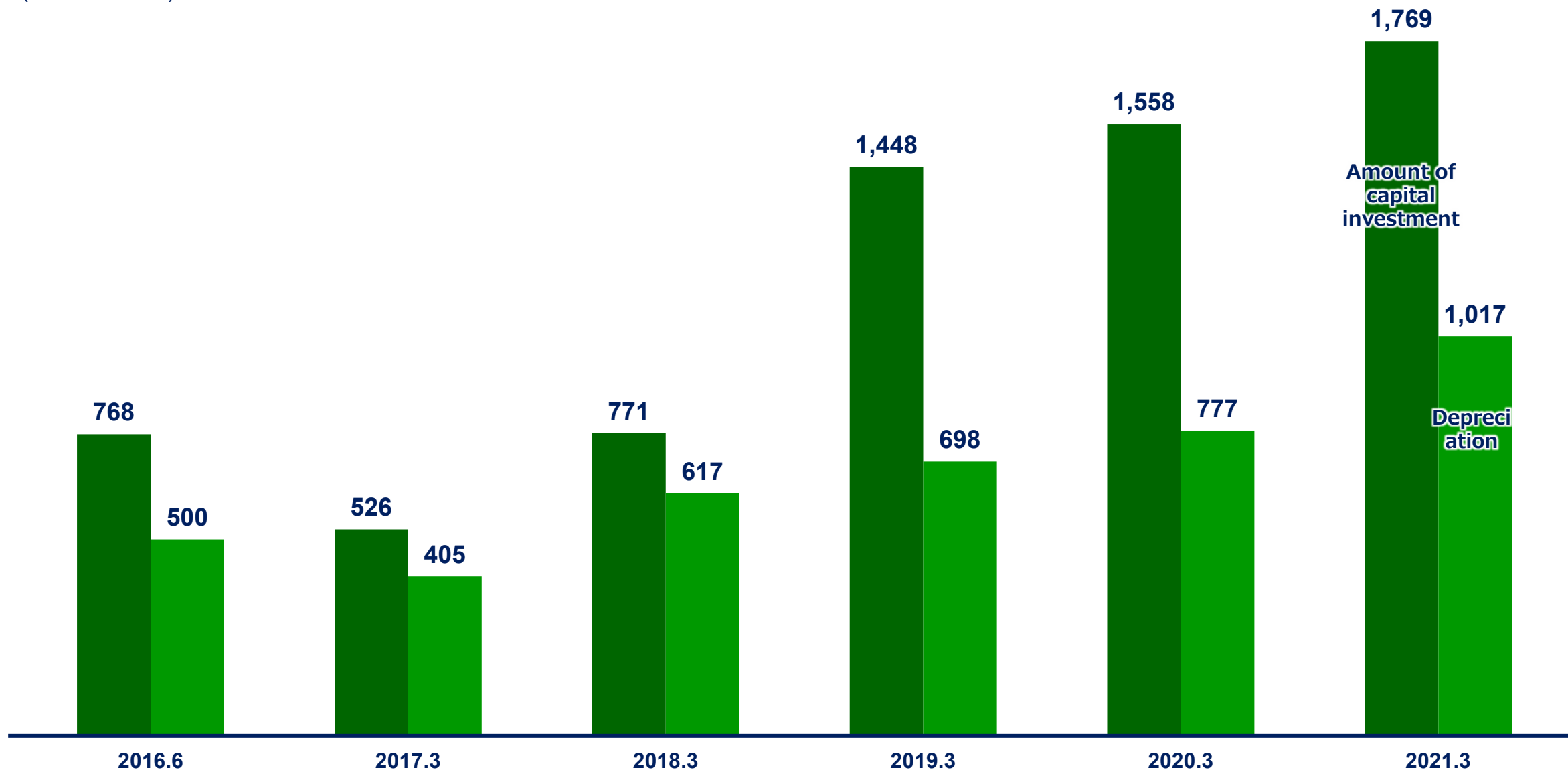


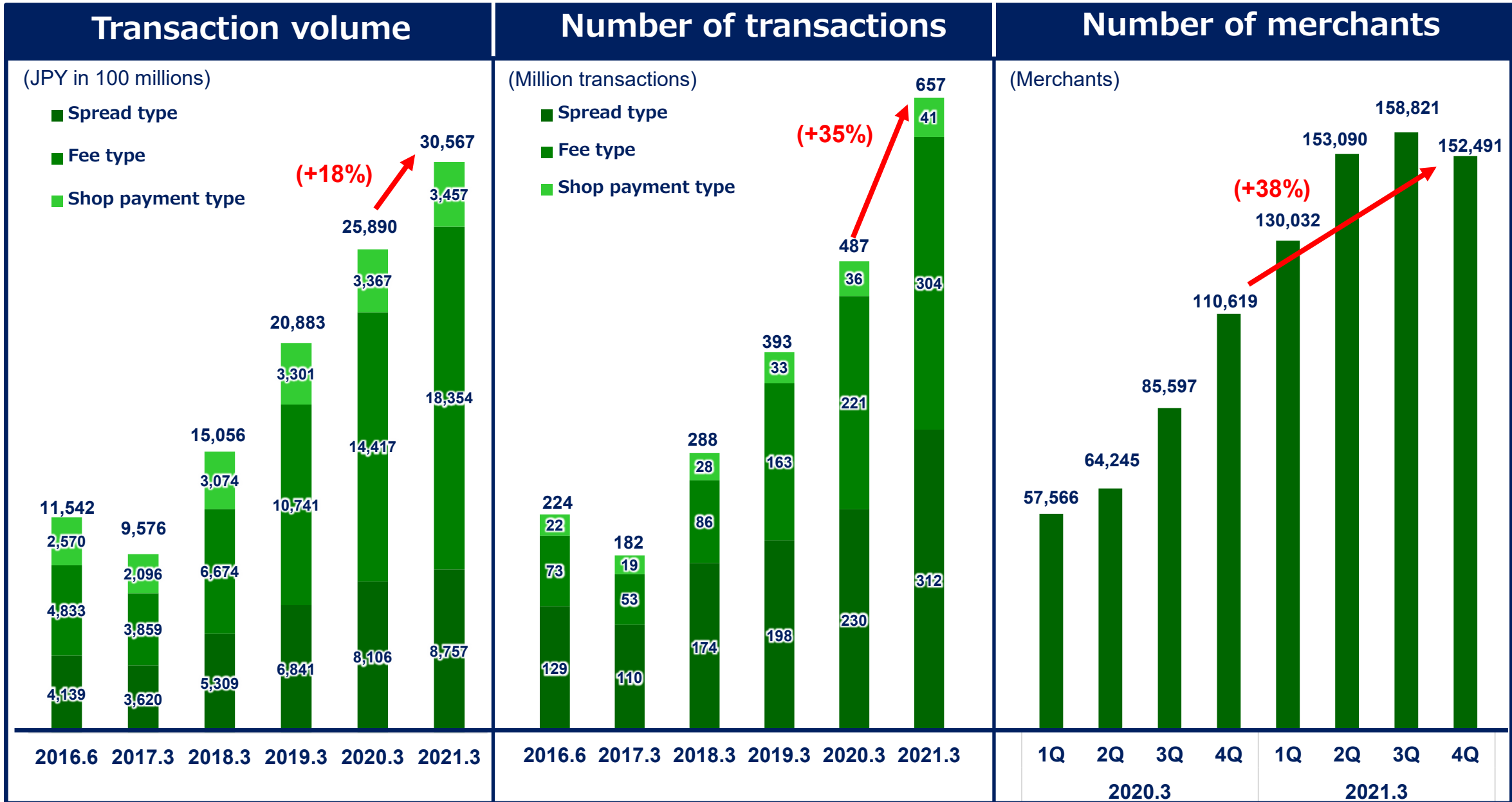
NOTE) From FY 2016.6 to FY 2018.3, the marginal profit ratio is calculated by deducting the cost directly from sales

FT Segment - Transition of Amount of Capital Investment and Depreciations



(JPY in millions)

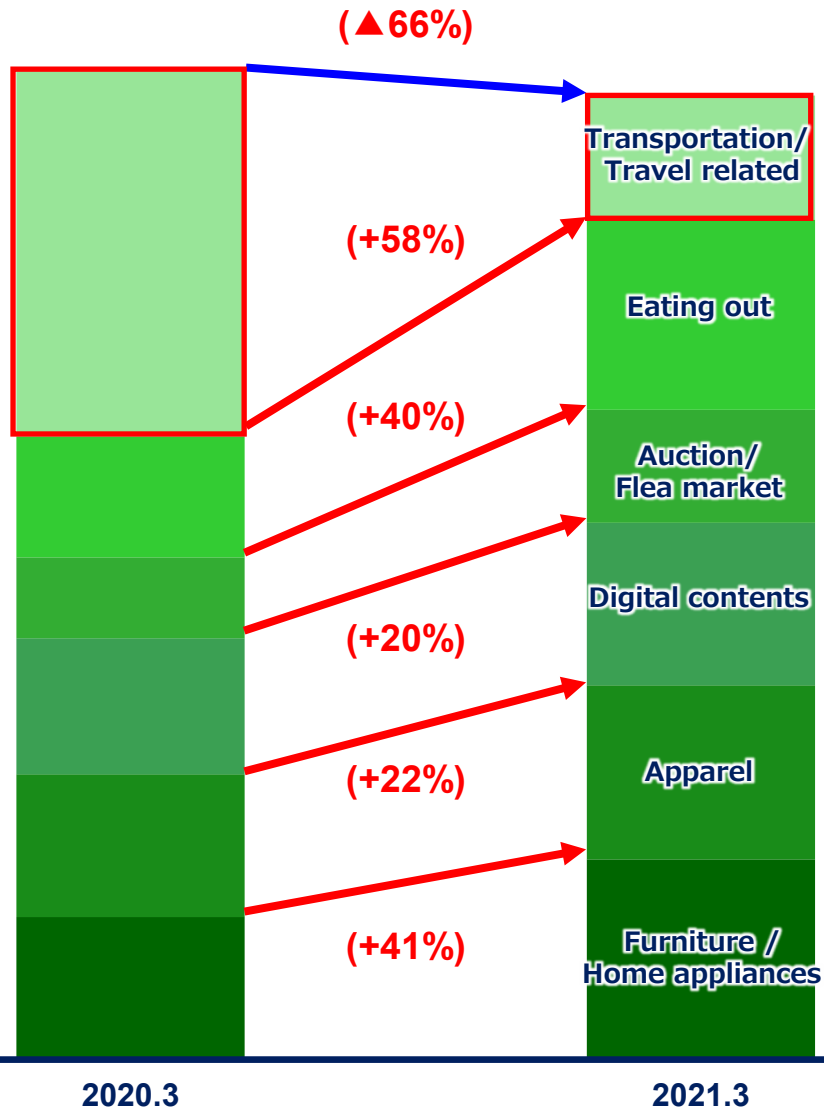




(NOTE) Due to the business integration of DG Financial Technology, Inc. and econtext, Inc., the calculation method for number of merchants has been changed (excluding the number of OEM-operated stores, including TDPs, ANADG, etc.)



Increase/decrease of transaction volume by major industry

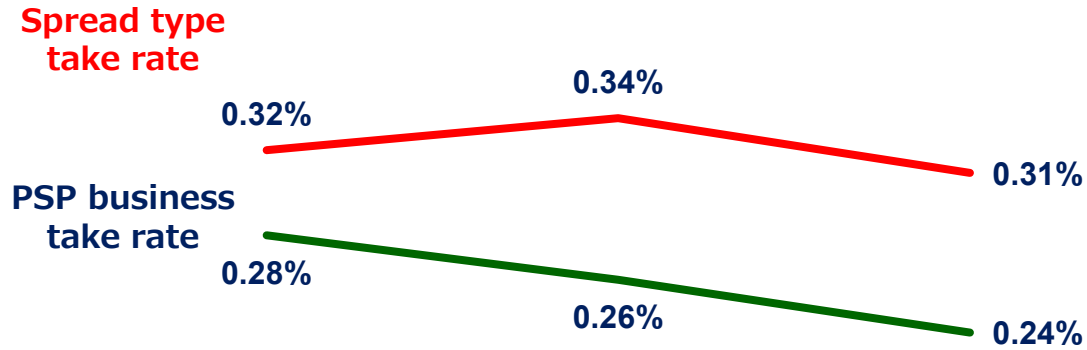


Industry	YoY
Transaction volume	+ 18%
Eating out	+58%
Furniture/ Home appliances	+41%
Auction/ Flea market	+40%
Apparel	+22%
Digital contents	+ 20%
Transportation / Travel related	▲ 66%

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



Take rate (spread type)

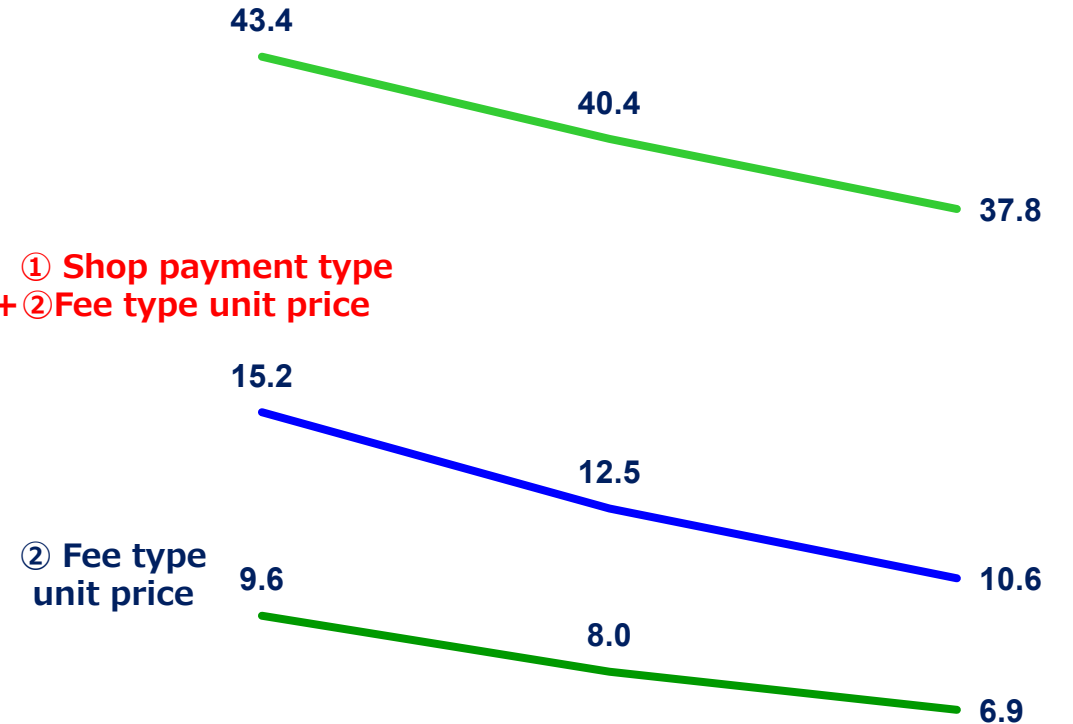


Unit price (fee type+shop payment type)

(JPY)

① Shop payment type Unit Price

① Shop payment type + ② Fee type unit price



2019.3

2020.3

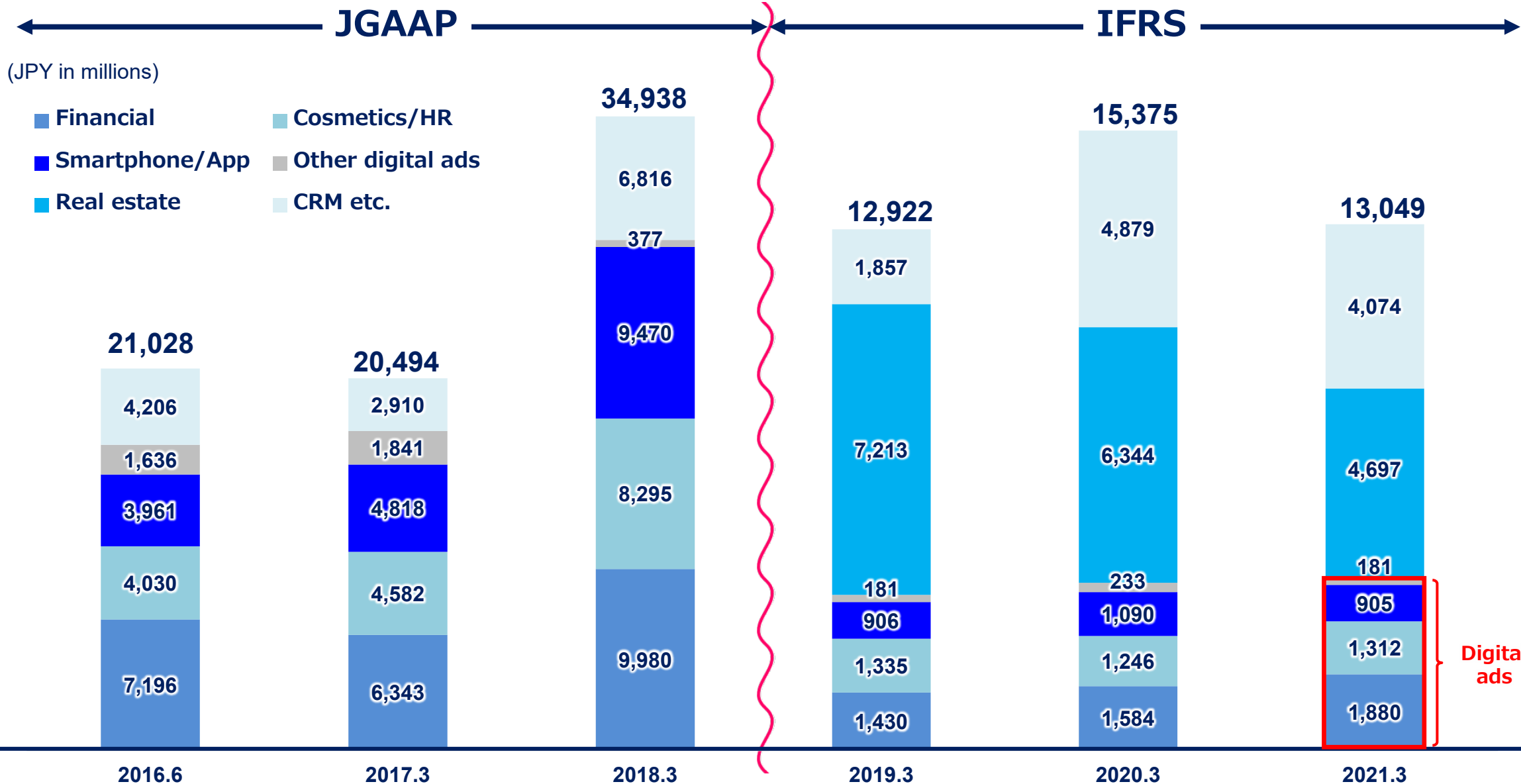
2021.3

2019.3

2020.3

2021.3

MT Segment - Transition of Revenue



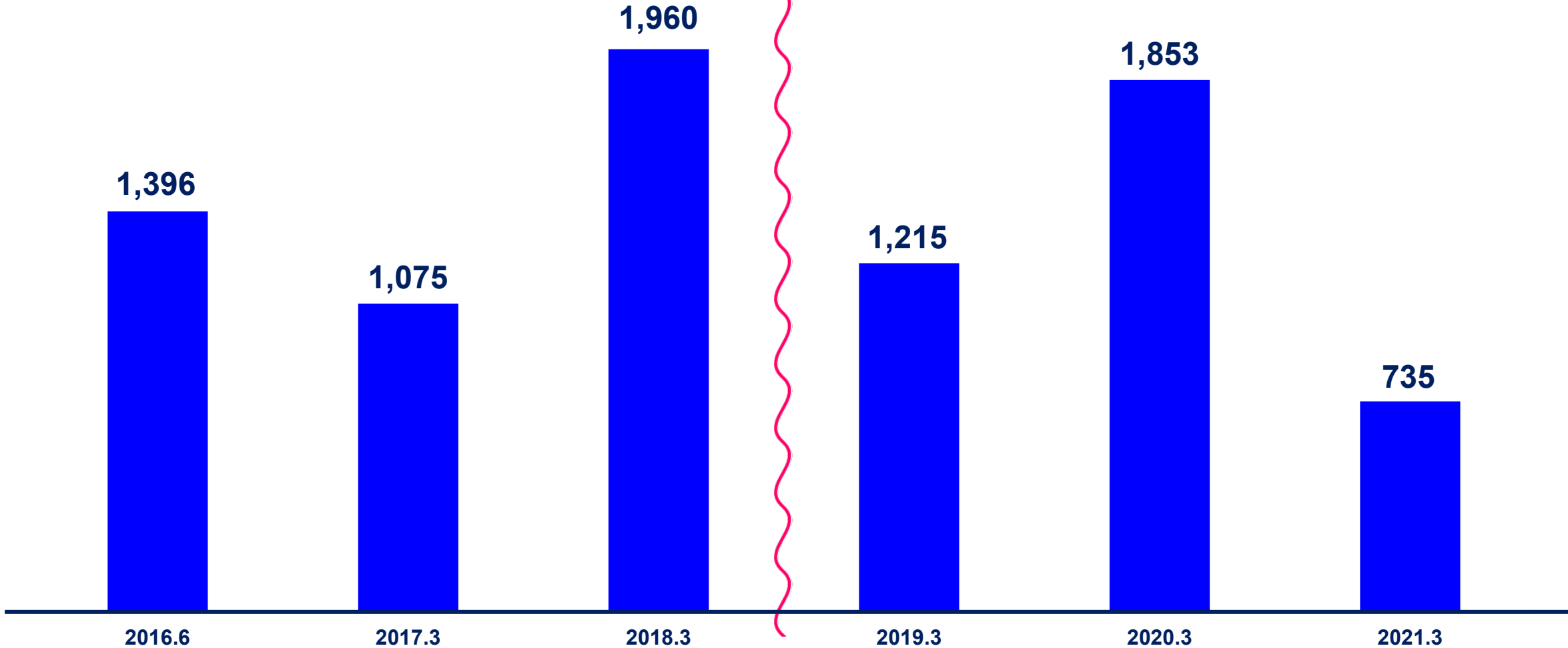
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

❖ MT Segment - Transition of Profit Before Tax



← JGAAP | IFRS →

(JPY in millions)

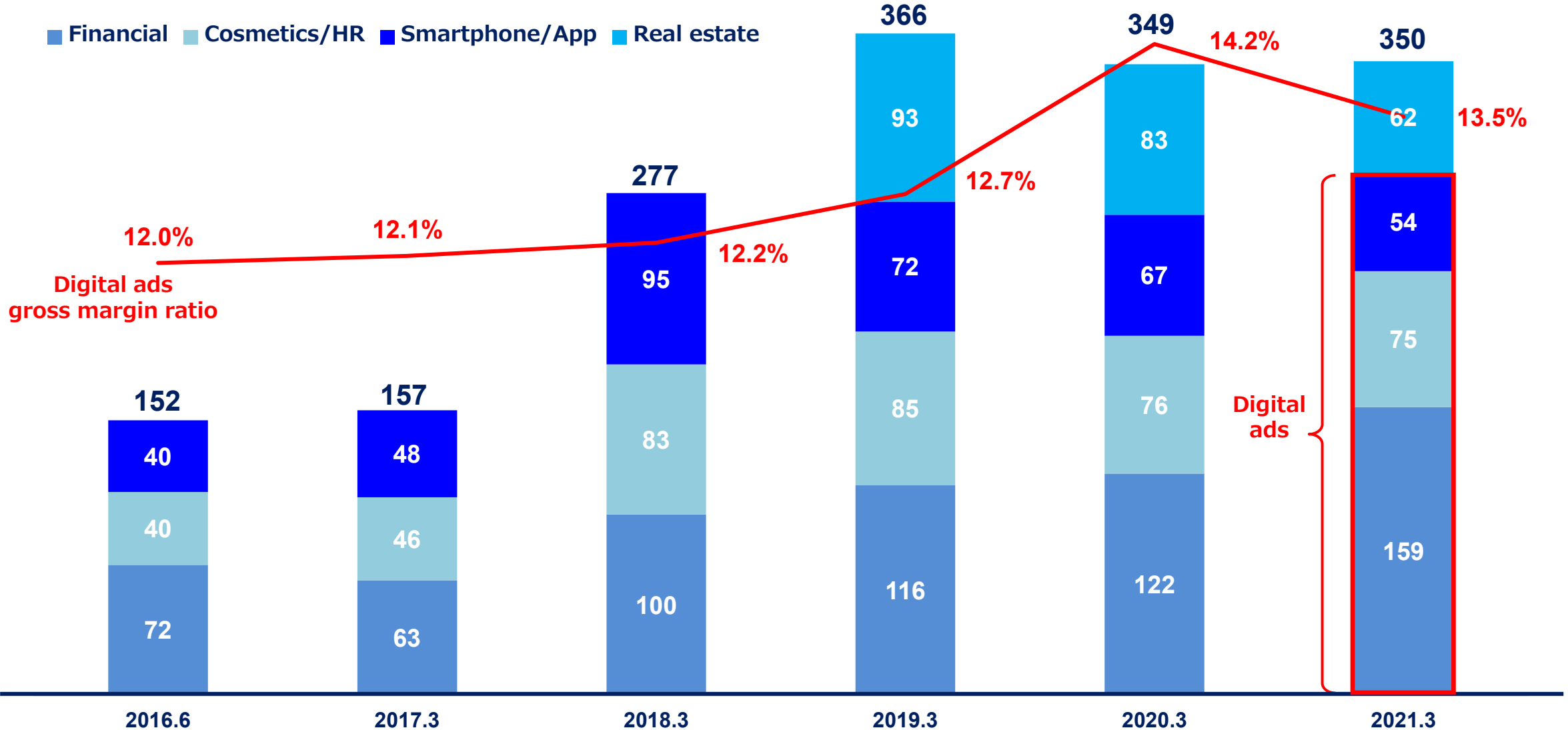


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

MT Segment - Transition of Advertisement Volume

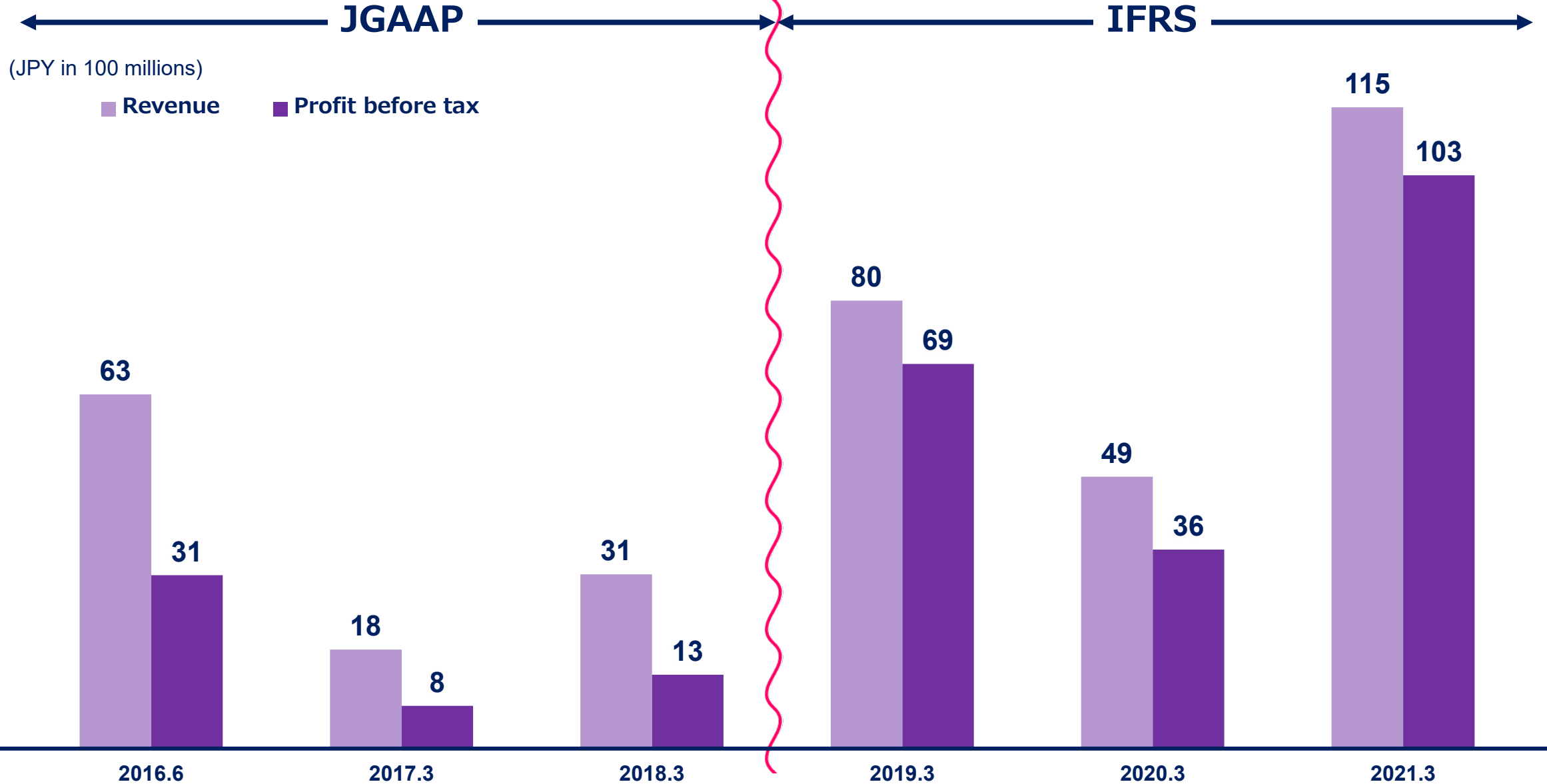


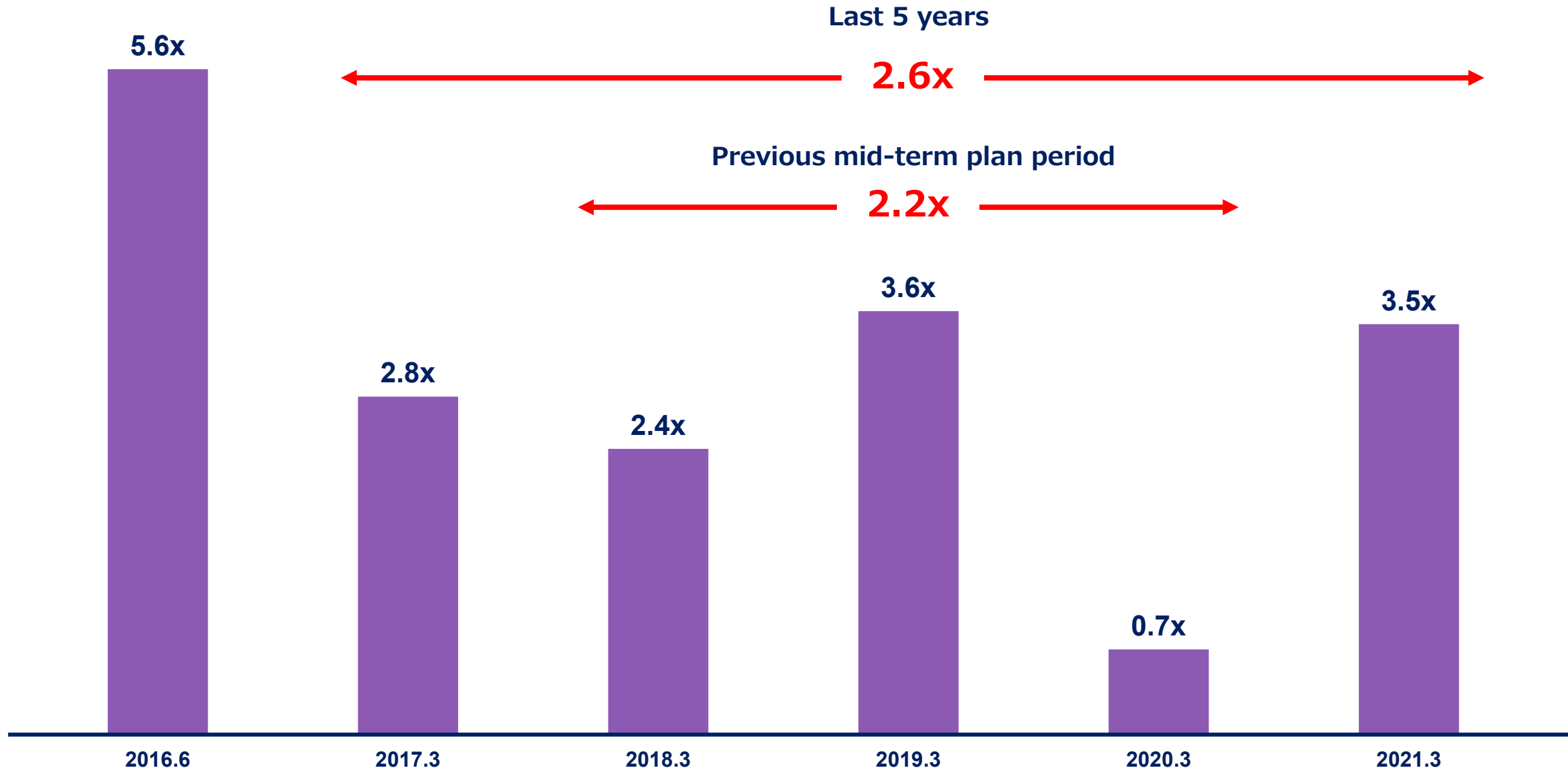
(JPY in 100 millions)



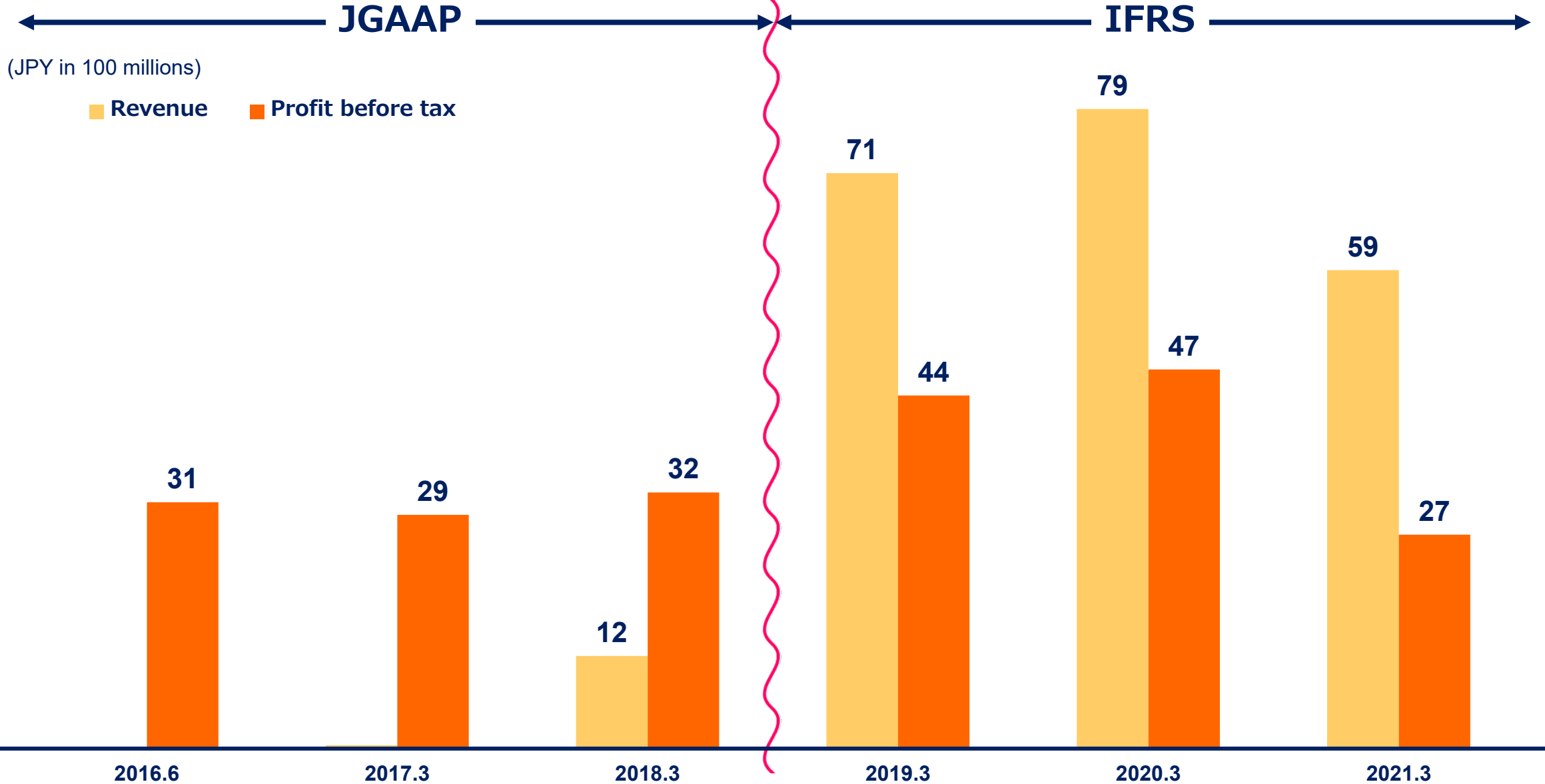
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

IT Segment - Transition of Revenue and Profit Before Tax





❖ LTI Segment - Transition of Revenue and Profit Before Tax



Transition of Quarterly Business Results FY 2016.6 ~



Transition of Consolidated Quarterly Revenue and Profit Before Tax



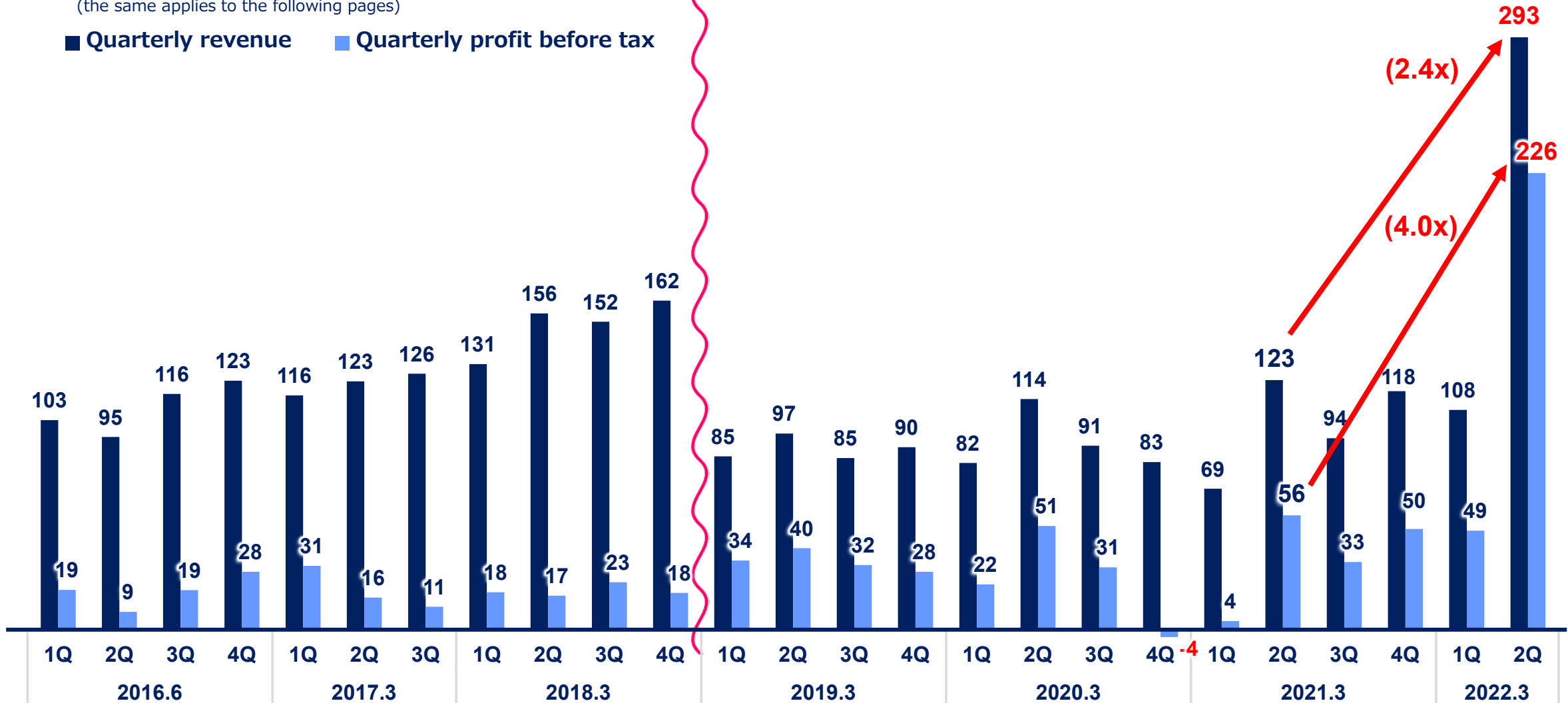
JGAAP

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 profit before tax



(2.4x)

(4.0x)

293

226

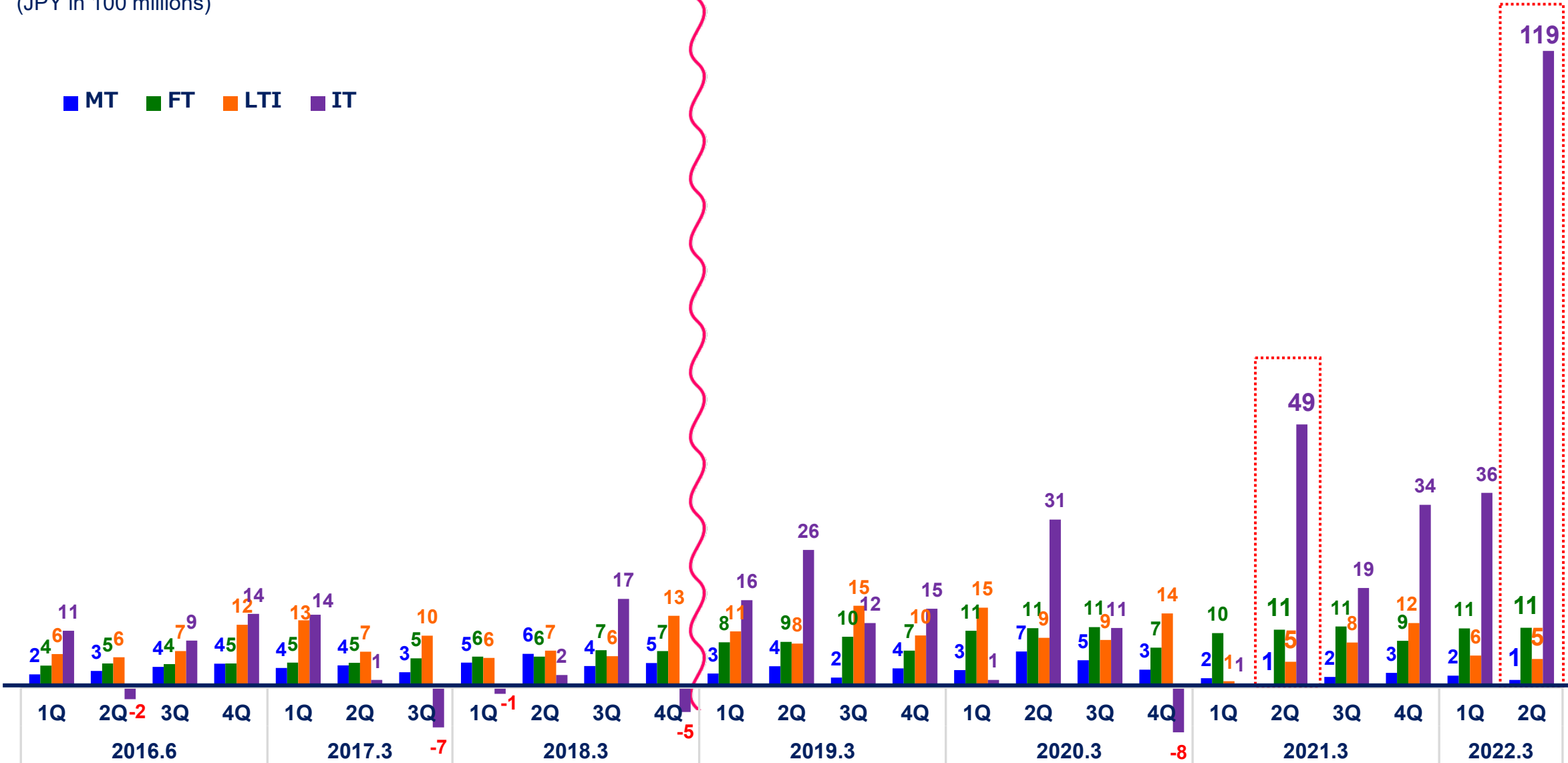
Transition of Quarterly Profit Before Tax by Segments



← JGAAP → IFRS →

(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



FT Segment - Transition of Quarterly Revenue (Category 1)

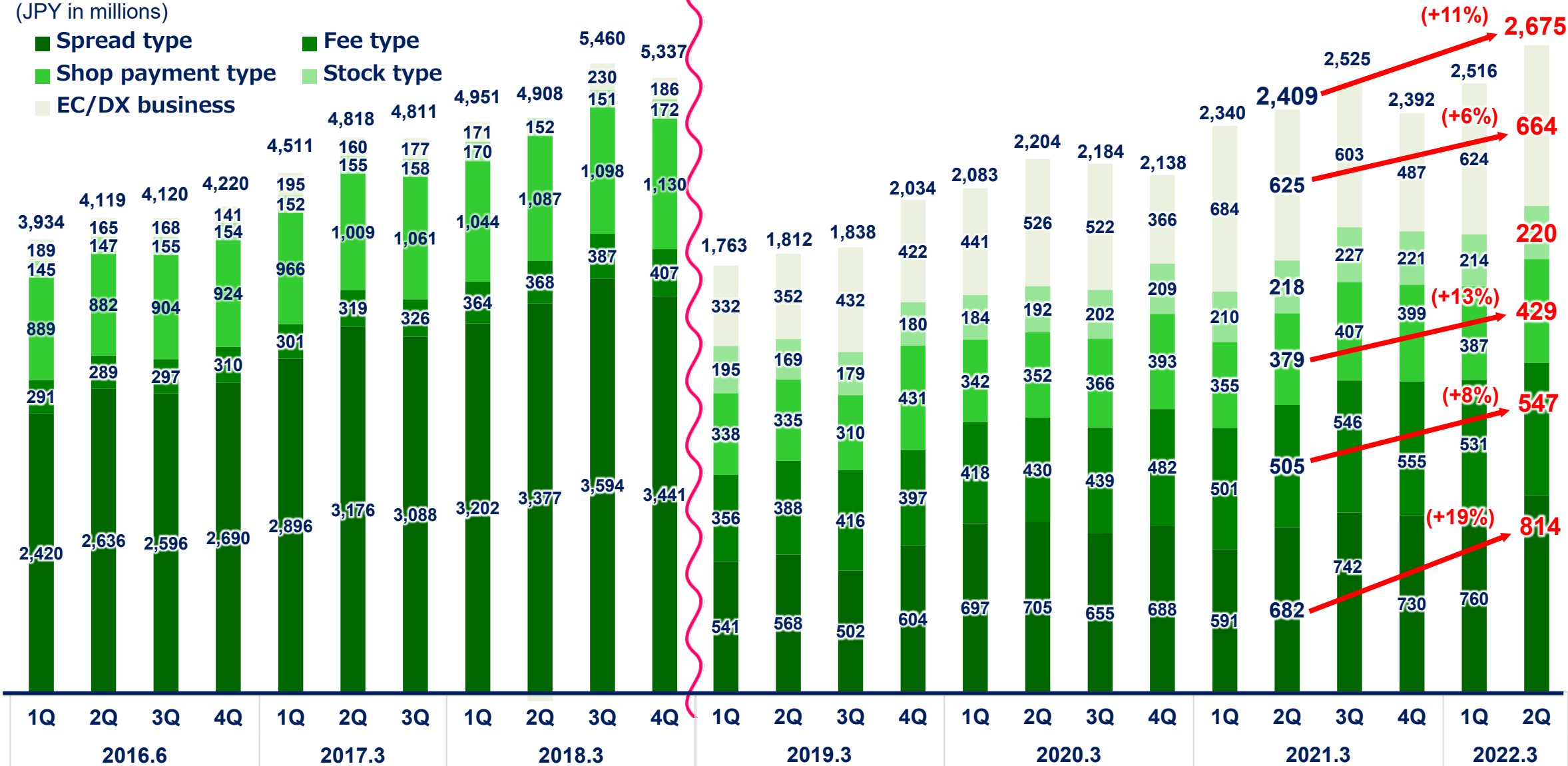


JGAAP

IFRS

(JPY in millions)

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



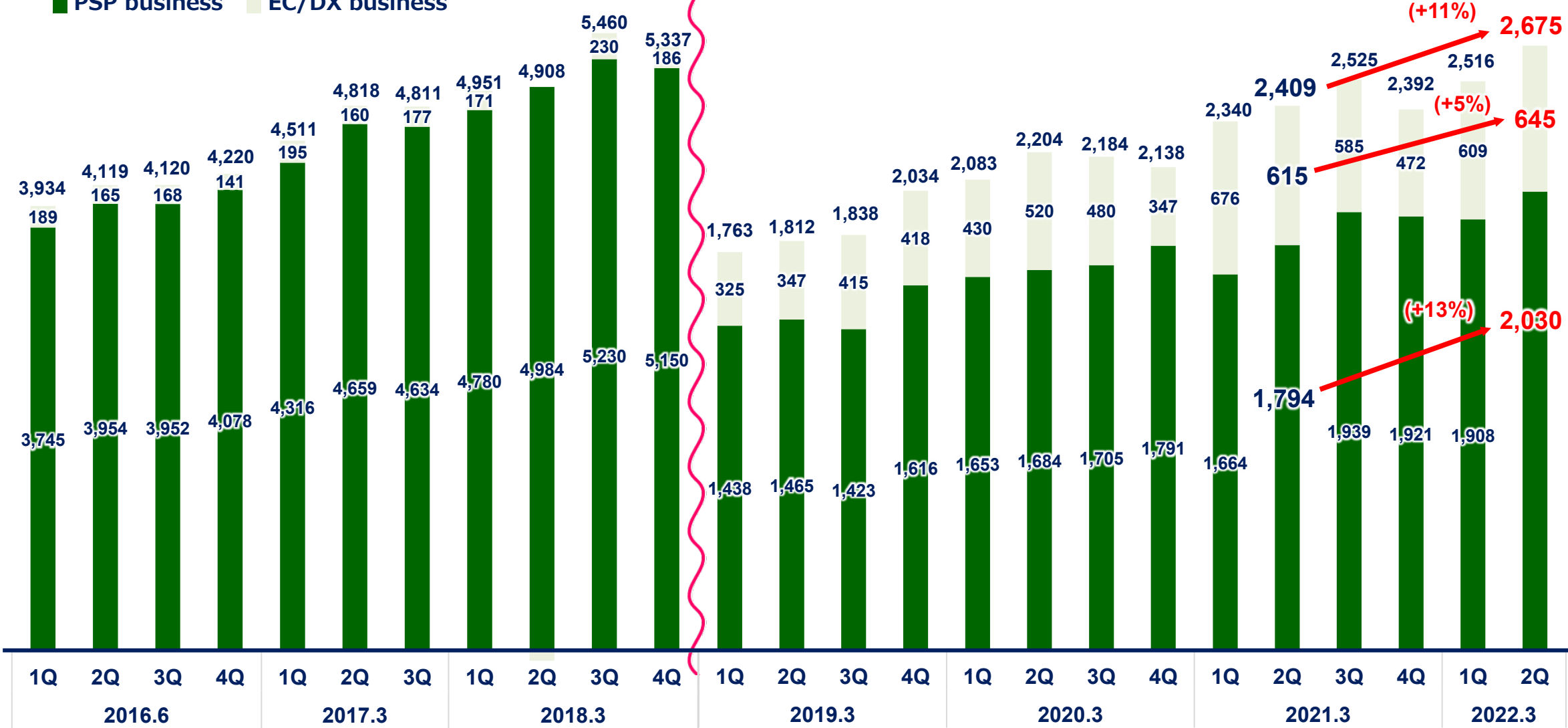
FT Segment - Transition of Quarterly Revenue (Category 2)



← JGAAP → | → IFRS →

(JPY in millions)

■ PSP business ■ EC/DX business





FT Segment -

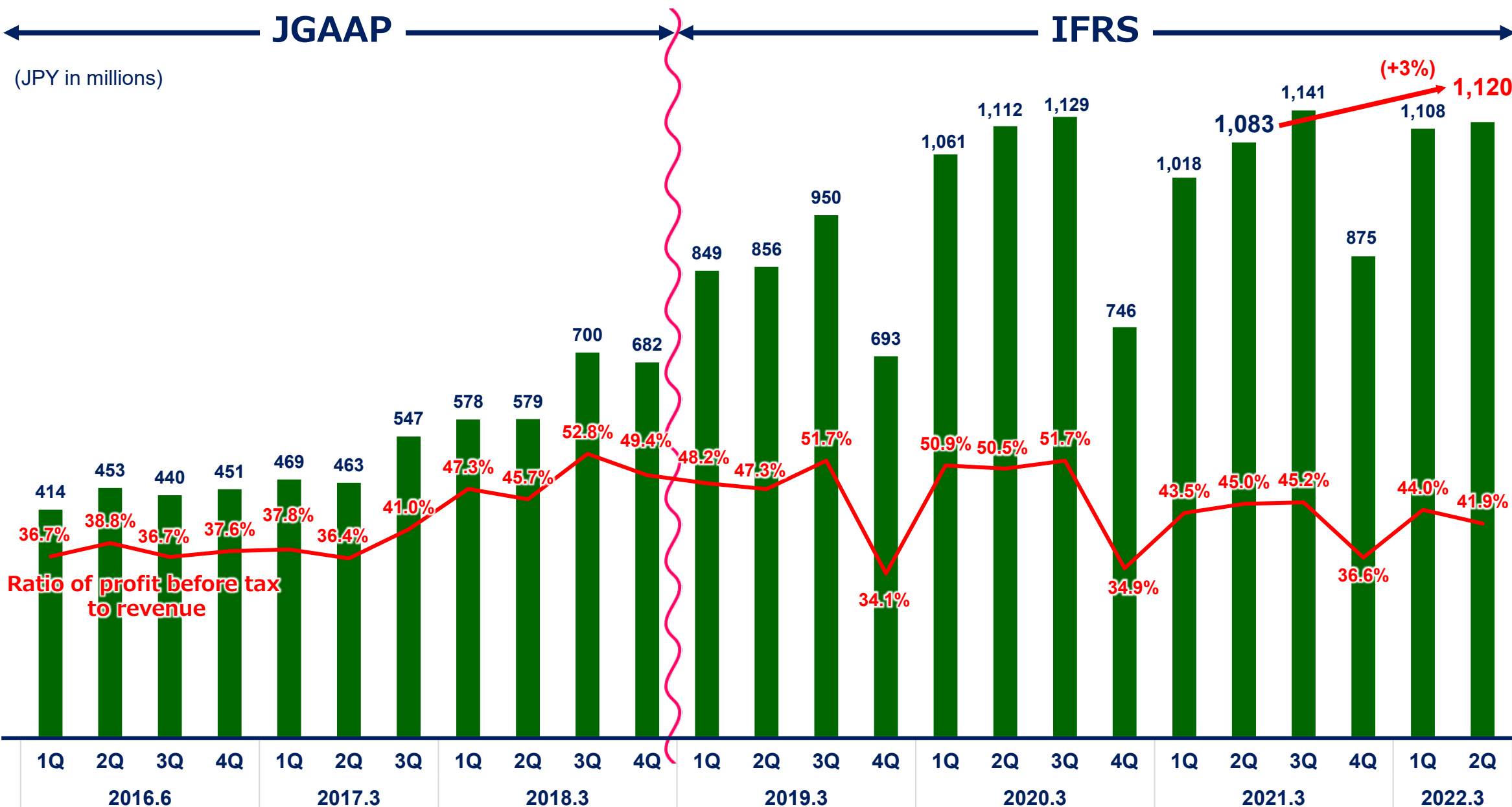
Transition of Quarterly Profit Before Tax and Ratio of Profit Before Tax to Revenue



JGAAP

IFRS

(JPY in millions)



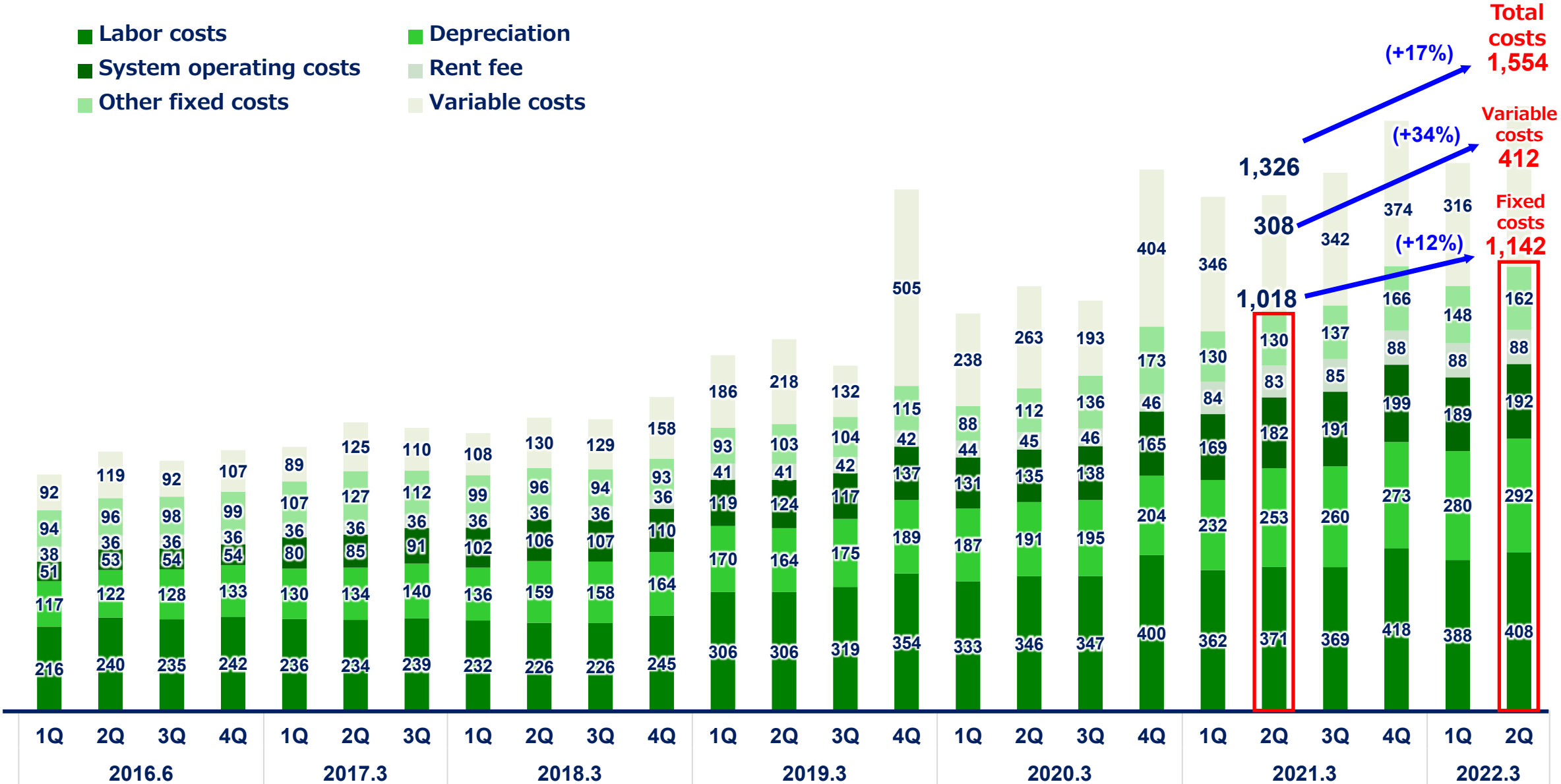
NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales, and taking sales as revenue

FT Segment - Transition of Quarterly Costs



(JPY in millions)

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

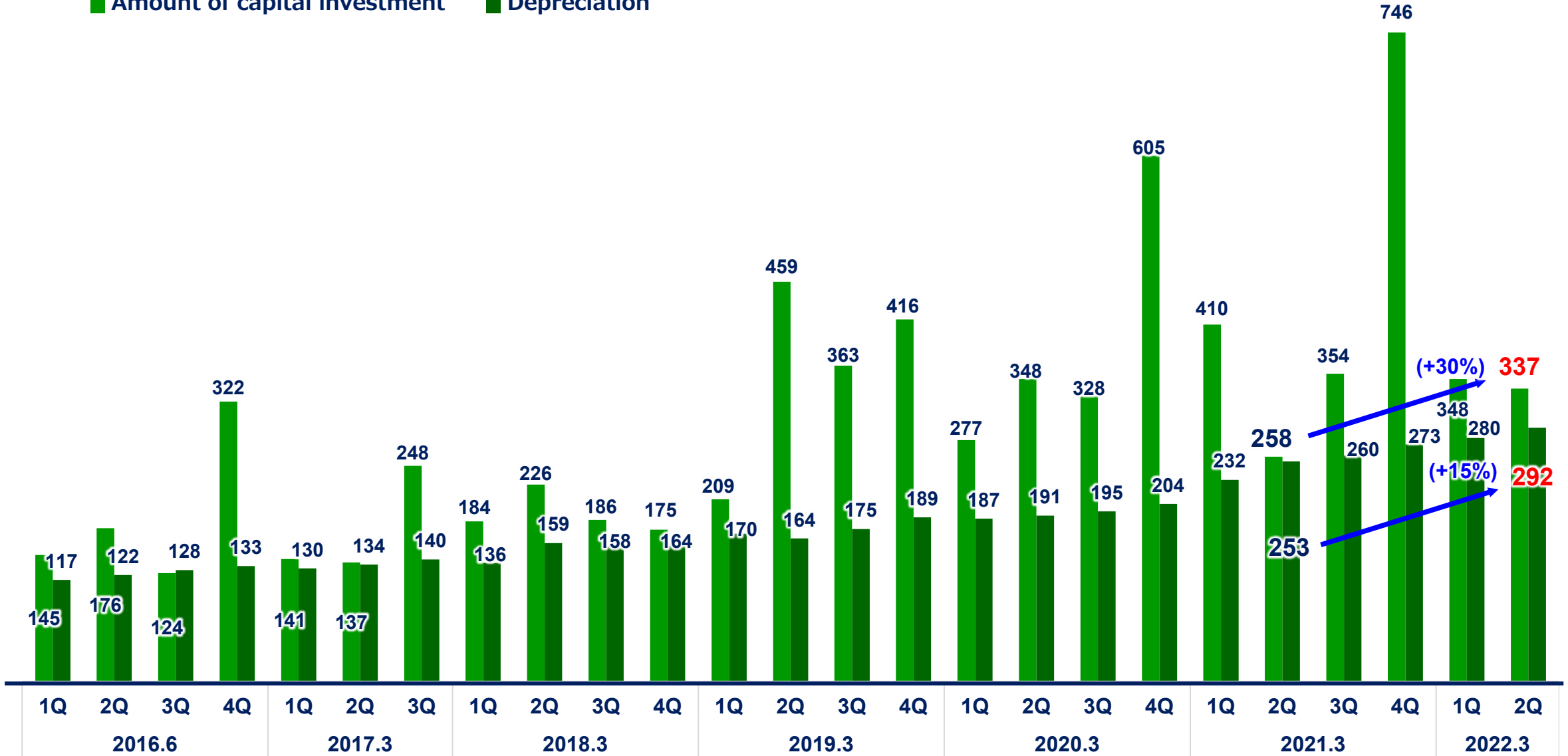


FT Segment - Transition of Quarterly Amount of Capital Investment and Depreciation



(JPY in millions)

■ Amount of capital investment ■ Depreciation

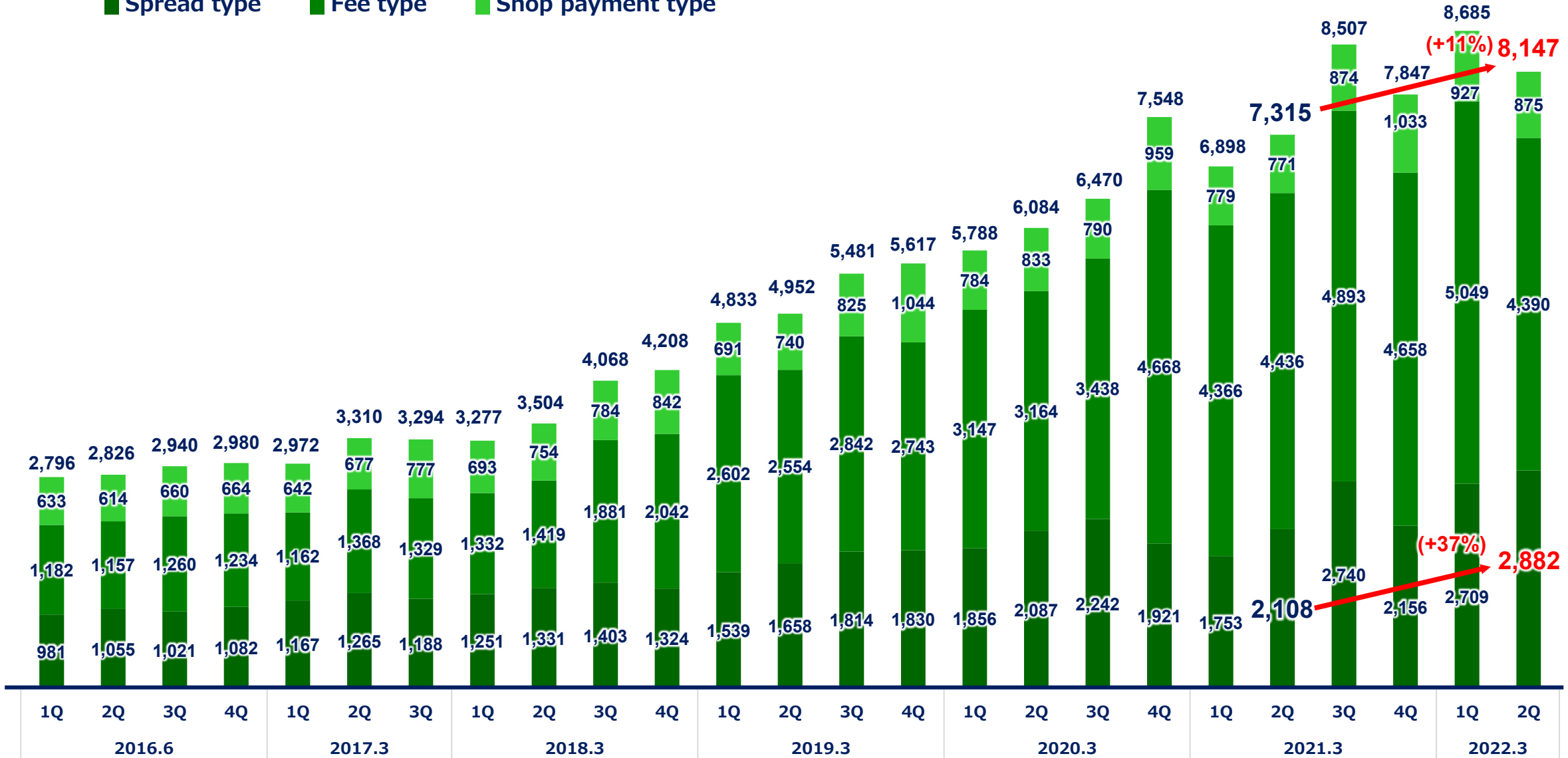


FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Spread type ■ Fee type ■ Shop payment type

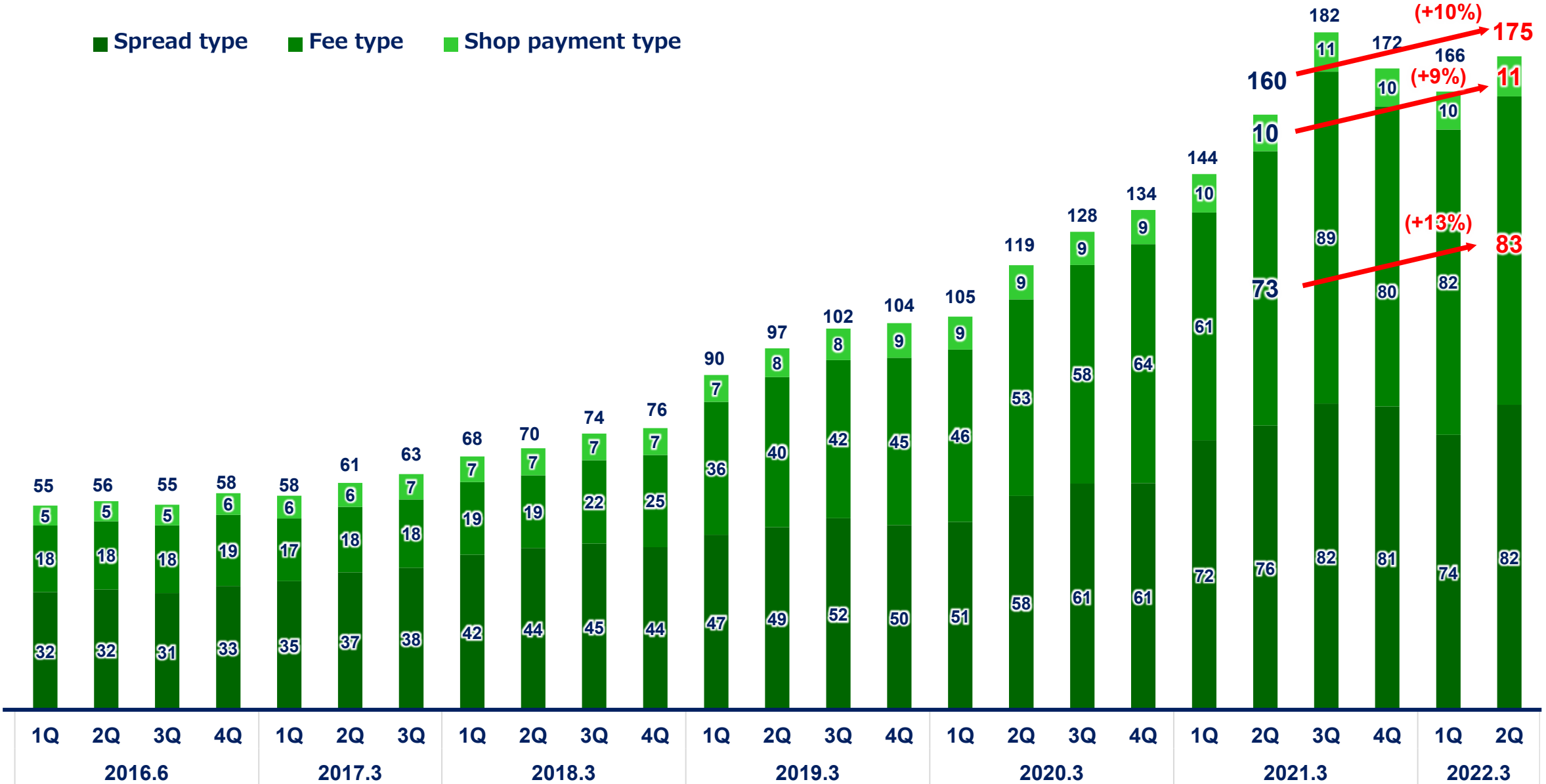


FT Segment - Transition of Quarterly Number of Transactions



(Million transactions)

■ Spread type ■ Fee type ■ Shop payment type



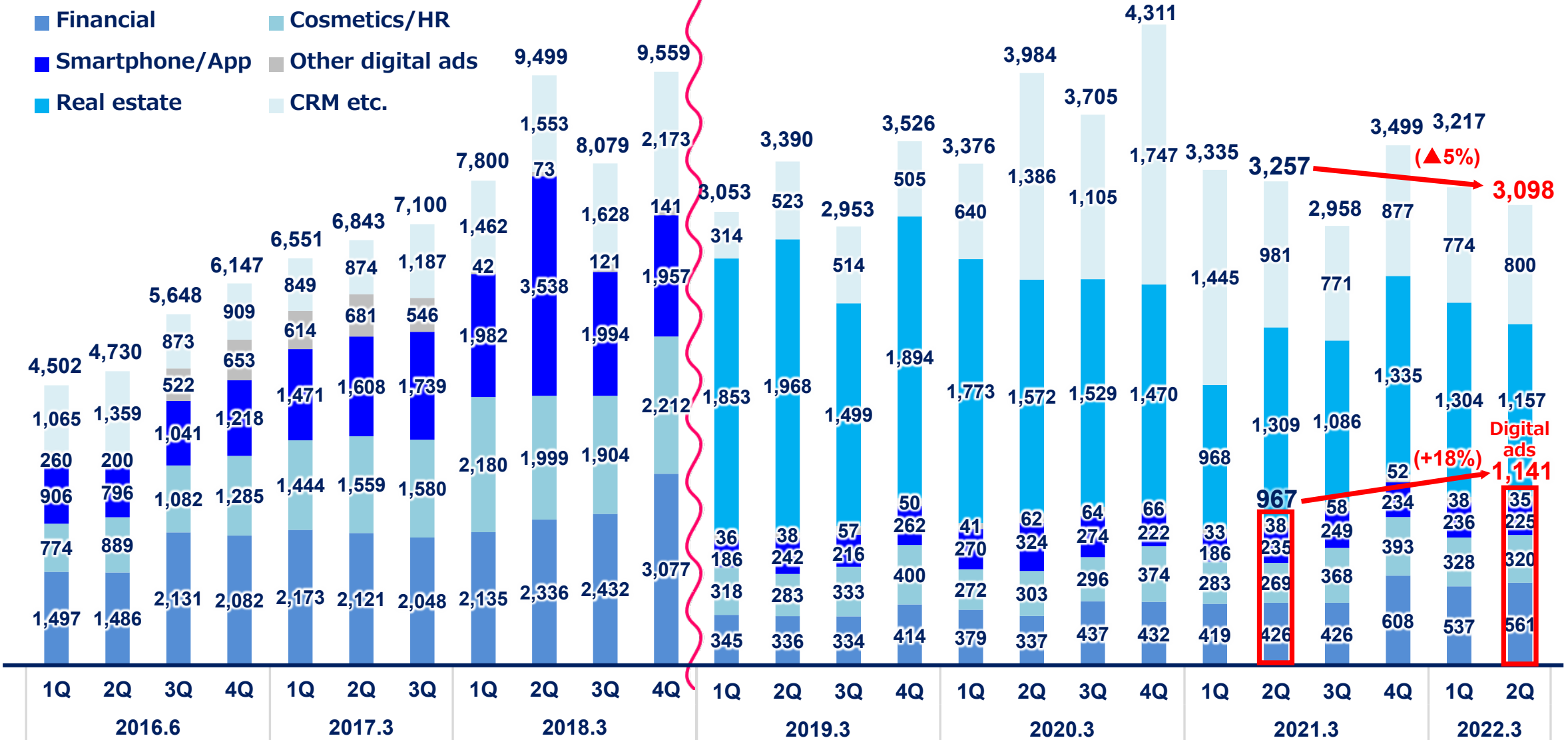
MT Segment - Transition of Quarterly Revenue



← JGAAP → IFRS →

(JPY in millions)

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



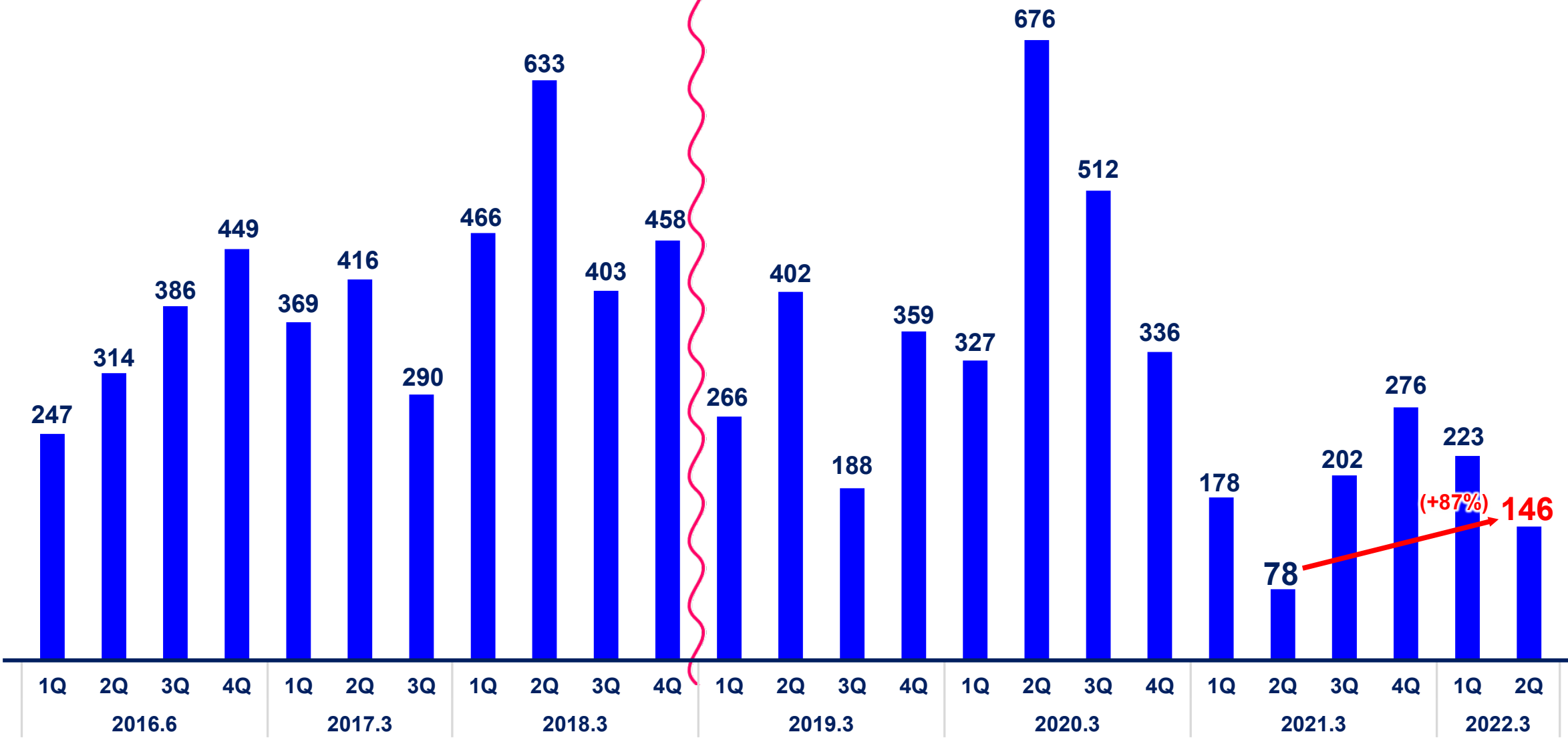
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

MT Segment - Transition of Quarterly Profit Before Tax



← JGAAP → | ← IFRS →

(JPY in millions)



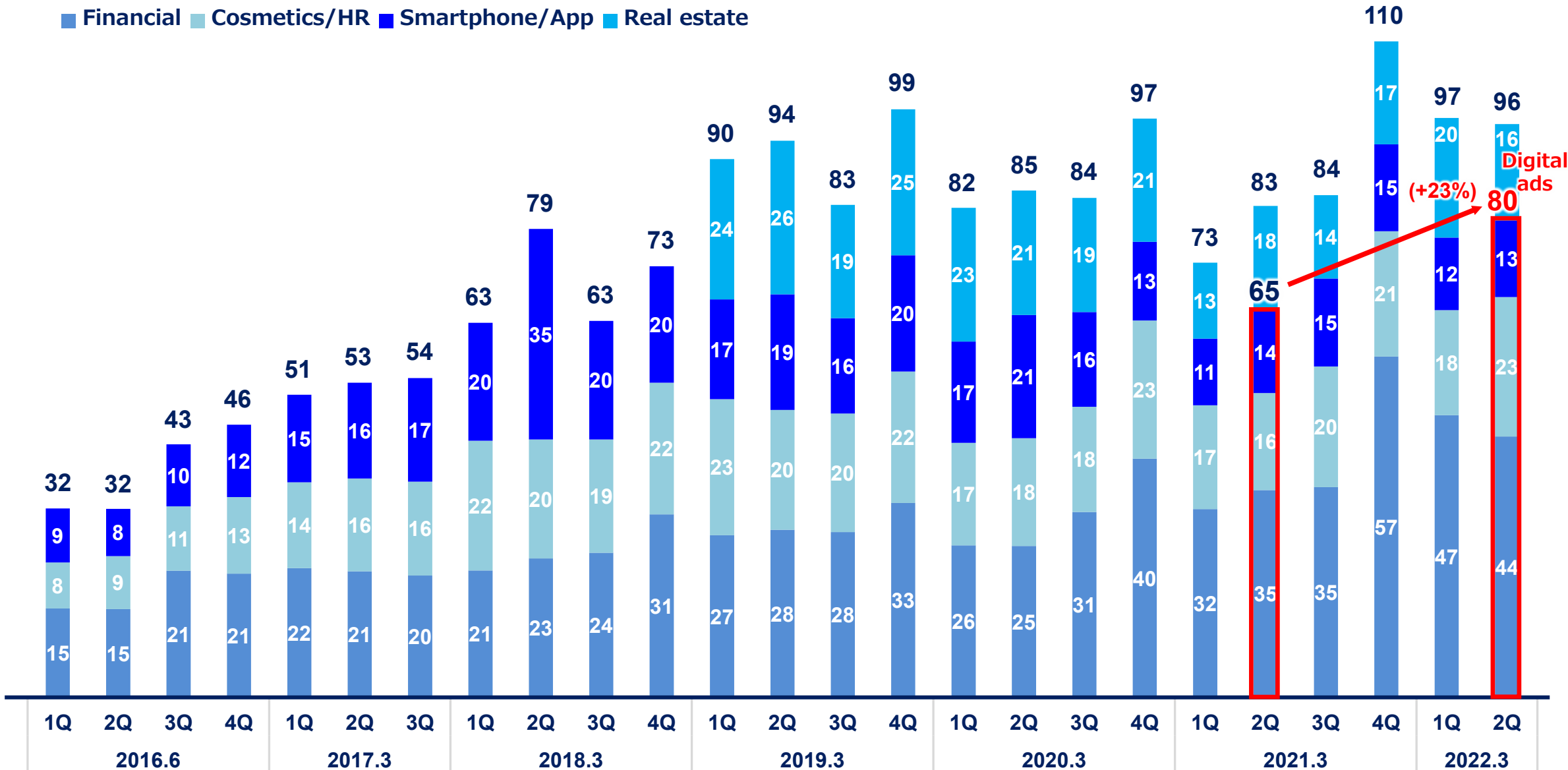
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

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

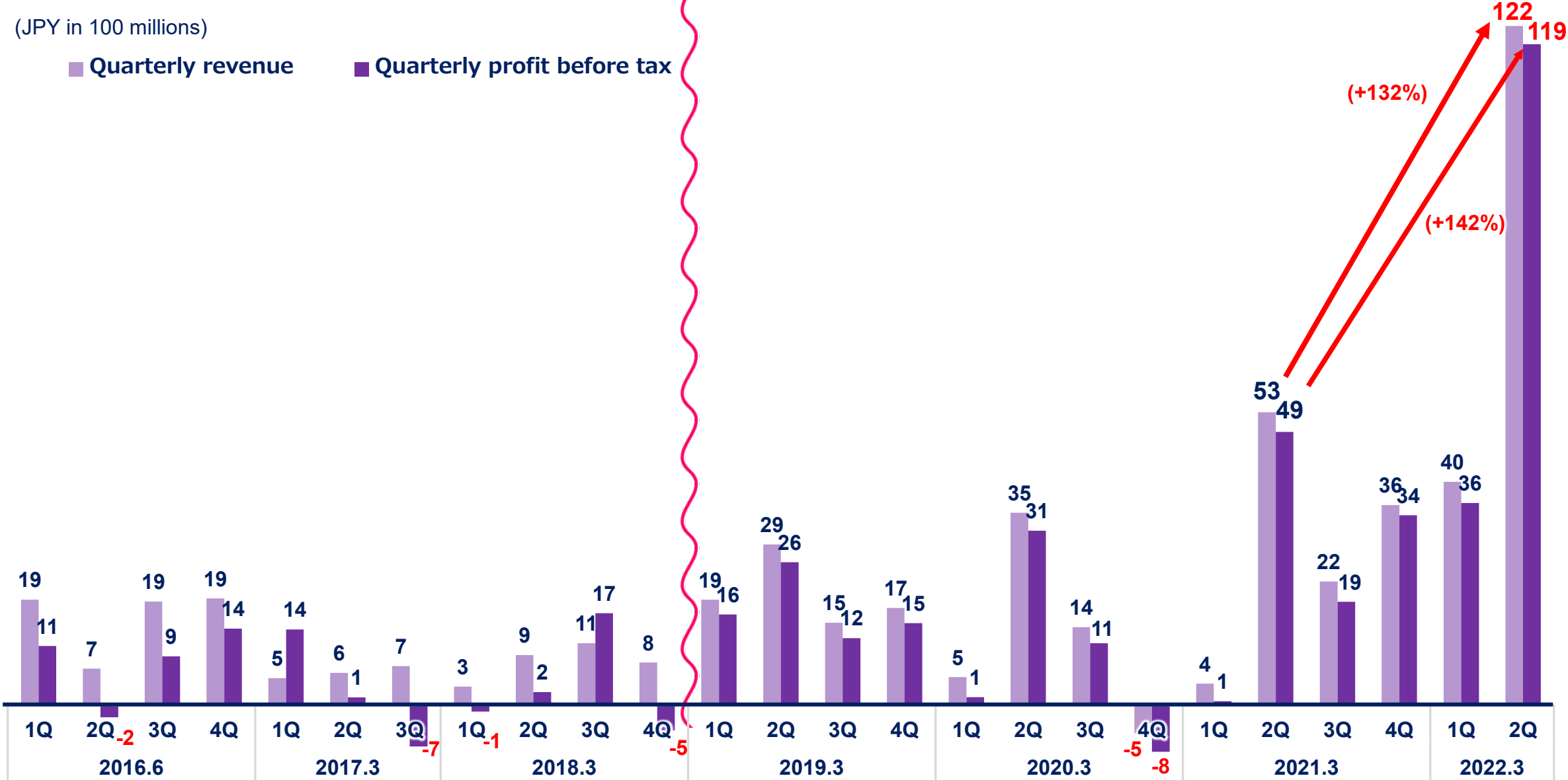
IT Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → | ← IFRS →

(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



(+132%)

(+142%)

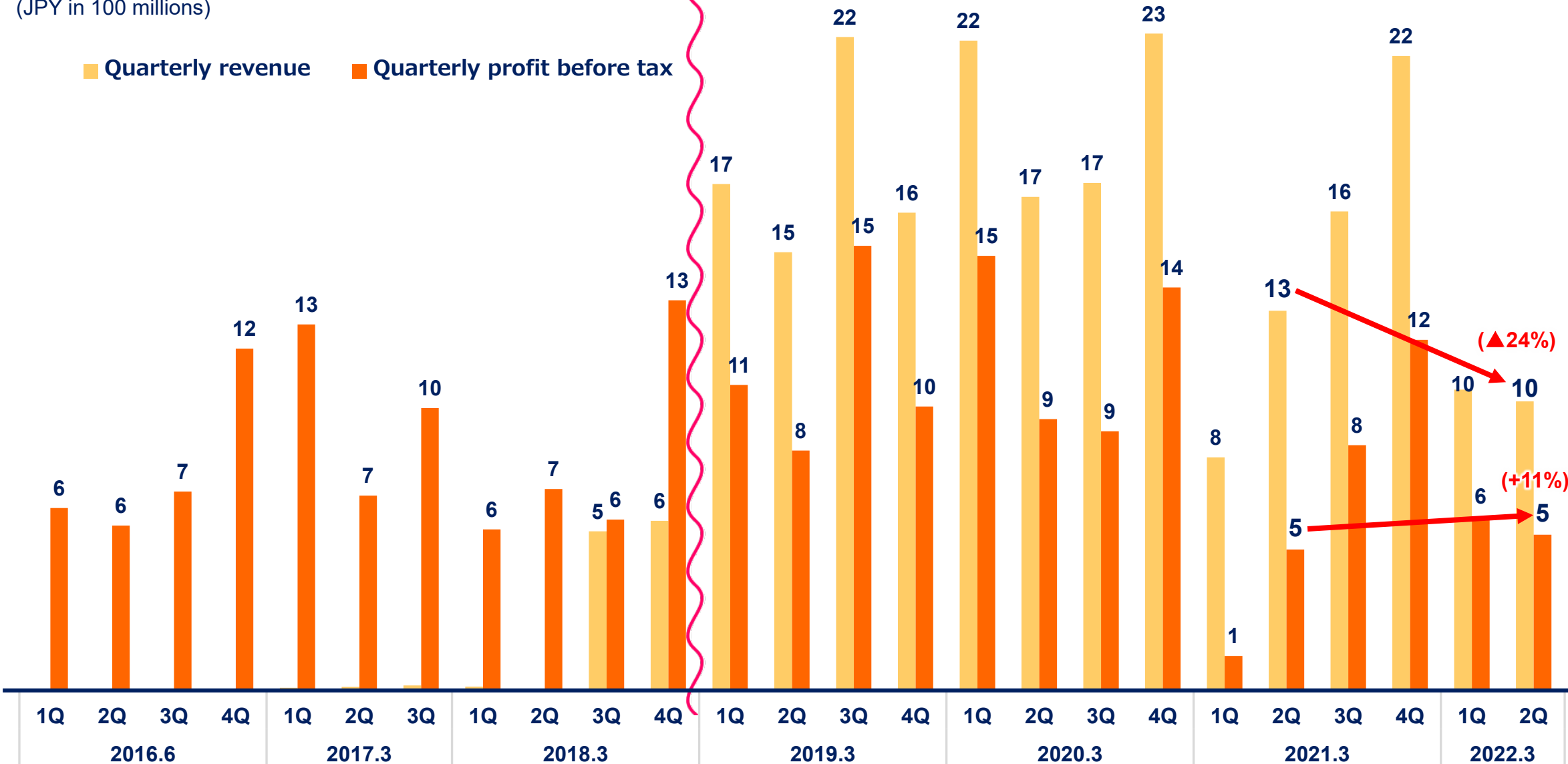
◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax

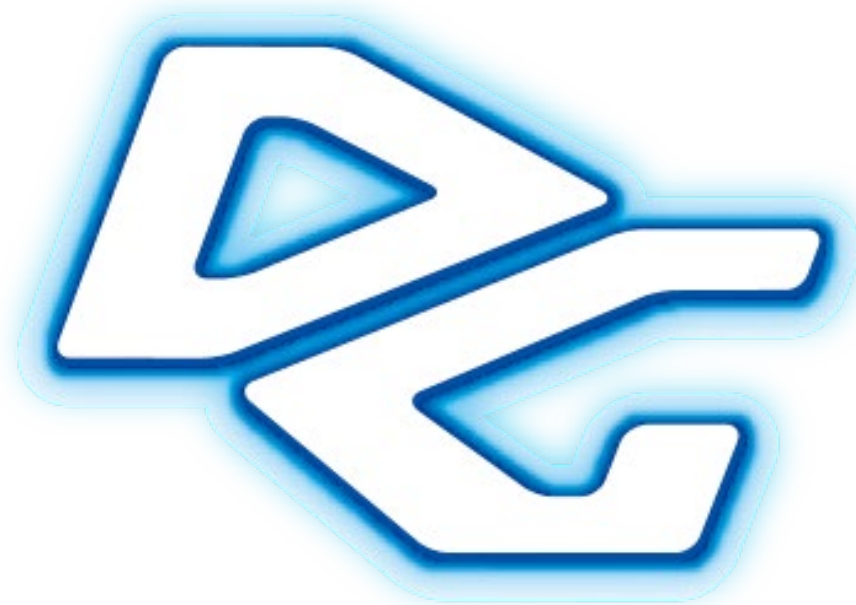


← JGAAP | IFRS →

(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax





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.