

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on IFRS)

February 10, 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  
 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: February 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	52,888	84.2	33,679	259.8	22,640	271.3	22,801	262.3	22,210	191.5
Nine months ended December 31, 2020	28,711	0.1	9,361	(9.9)	6,098	(18.2)	6,293	(16.4)	7,620	(11.8)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2021	494.49		447.15	
Nine months ended December 31, 2020	136.67		124.90	

(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 December 31, 2021	221,933	84,944	83,521	37.6
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 nine months ended December 31, 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 December 31, 2021	47,474,400 shares	As of March 31, 2021	47,441,900 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at end of period

As of December 31, 2021	1,340,460 shares	As of March 31, 2021	1,363,660 shares
-------------------------	------------------	----------------------	------------------

Average number of shares during period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2021	46,110,155 shares	Nine months ended December 31, 2020	46,043,559 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

**Condensed quarterly consolidated financial statements**  
**Condensed quarterly consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and cash equivalents	37,989	52,132
Trade and other receivables	26,574	20,141
Inventories	264	268
Operational investment securities	47,170	66,699
Other financial assets	912	277
Income taxes receivable	21	4
Other current assets	618	1,089
Total current assets	113,548	140,611
Non-current assets		
Property, plant and equipment	19,478	19,097
Goodwill	7,689	7,940
Intangible assets	4,000	4,174
Investment property	2,924	2,994
Investments accounted for using equity method	22,446	25,026
Other financial assets	7,878	21,806
Deferred tax assets	60	33
Other non-current assets	278	252
Total non-current assets	64,753	81,321
Total assets	178,301	221,933

	(Millions of yen)	
	As of March 31, 2021	As of December 31, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	9,768	8,552
Trade and other payables	39,911	52,712
Other financial liabilities	1,712	1,696
Income taxes payable	1,328	196
Other current liabilities	4,146	3,334
Total current liabilities	56,865	66,489
Non-current liabilities		
Bonds and borrowings	35,850	40,155
Other financial liabilities	12,168	11,072
Retirement benefit liability	452	478
Provisions	485	484
Deferred tax liabilities	8,515	17,513
Other non-current liabilities	885	797
Total non-current liabilities	58,355	70,499
Total liabilities	115,220	136,989
Equity		
Share capital	7,637	7,681
Capital surplus	4,566	4,905
Treasury shares	(4,915)	(4,831)
Other components of equity	2,062	1,455
Retained earnings	52,785	74,312
Total equity attributable to owners of parent	62,134	83,521
Non-controlling interests	947	1,423
Total equity	63,082	84,944
Total liabilities and equity	178,301	221,933

## Condensed quarterly consolidated statements of income

First nine months of fiscal year

	Nine months ended December 31, 2020	(Millions of yen) Nine months ended December 31, 2021
Revenue		
Revenue in recurring business	18,587	18,298
Revenue in operational investment securities	7,496	18,106
Other income	614	752
Finance income	18	11,914
Share of profit of investments accounted for using equity method	1,996	3,819
Total	28,711	52,888
Expenses		
Cost of sales	8,052	7,811
Selling, general and administrative expenses	10,441	10,830
Other expenses	247	287
Finance costs	610	281
Total	19,351	19,209
Profit before tax	9,361	33,679
Income tax expense	3,263	11,038
Profit	6,098	22,640
Profit (loss) attributable to		
Owners of parent	6,293	22,801
Non-controlling interests	(195)	(161)
Earnings per share		
Basic earnings per share	136.67	494.49
Diluted earnings per share	124.90	447.15

Stand-alone 3rd quarter of fiscal year

	(Millions of yen)	
	3rd quarter endedDecember 31, 2020	3rd quarter endedDecember 31, 2021
Revenue		
Revenue in recurring business	6,138	6,226
Revenue in operational investment securities	2,226	4,378
Other income	214	202
Finance income	17	513
Share of profit of investments accounted for using equity method	853	1,461
Total	<u>9,447</u>	<u>12,779</u>
Expenses		
Cost of sales	2,459	2,662
Selling, general and administrative expenses	3,400	3,696
Other expenses	69	99
Finance costs	195	69
Total	<u>6,123</u>	<u>6,526</u>
Profit before tax	<u>3,324</u>	<u>6,253</u>
Income tax expense	<u>1,110</u>	<u>2,022</u>
Profit	<u><u>2,214</u></u>	<u><u>4,232</u></u>
Profit (loss) attributable to		
Owners of parent	2,290	4,305
Non-controlling interests	(75)	(74)
Earnings per share		
Basic earnings per share	49.70	93.33
Diluted earnings per share	45.35	84.62

## Condensed quarterly consolidated statements of comprehensive income

First nine months of fiscal year

	Nine months ended December 31, 2020	(Millions of yen) Nine months ended December 31, 2021
Profit	6,098	22,640
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	1,838	(564)
Share of other comprehensive income of investments accounted for using equity method	9	(14)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(324)	147
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Other comprehensive income, net of tax	1,522	(431)
Comprehensive income	7,620	22,210
Comprehensive income attributable to		
Owners of parent	7,814	22,369
Non-controlling interests	(194)	(160)

Stand-alone 3rd quarter of fiscal year

	(Millions of yen)	
	3rd quarter ended December 31, 2020	3rd quarter ended December 31, 2021
Profit	2,214	4,232
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	174	(157)
Share of other comprehensive income of investments accounted for using equity method	5	(4)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(160)	126
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Other comprehensive income, net of tax	20	(35)
Comprehensive income	2,234	4,196
Comprehensive income attributable to		
Owners of parent	2,309	4,269
Non-controlling interests	(75)	(73)



## Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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				1,846	(324)		1,522
Comprehensive income	–	–	–	1,846	(324)	–	1,522
Issuance of new shares	37	37					–
Changes in ownership interest in subsidiaries		(3)					–
Dividends							–
Share-based payment transactions		156	97				–
Purchase of treasury shares			(0)				–
Other		(0)					–
Total	37	190	97	–	–	–	–
Balance at December 31, 2020	7,628	4,599	(4,915)	1,048	801	(2)	1,846

(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)	6,293	6,293	(195)	6,098
Other comprehensive income		1,522	1	1,522
Comprehensive income	6,293	7,814	(194)	7,620
Issuance of new shares		74		74
Changes in ownership interest in subsidiaries		(3)	396	393
Dividends	(1,749)	(1,749)		(1,749)
Share-based payment transactions		253		253
Purchase of treasury shares		(0)		(0)
Other		(0)		(0)
Total	(1,749)	(1,425)	396	(1,029)
Balance at December 31, 2020	49,265	58,423	964	59,386

Nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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				(577)	146		(432)
Comprehensive income	–	–	–	(577)	146	–	(432)
Issuance of new shares	44	44					–
Changes in ownership interest in subsidiaries		170					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		188	84				–
Transfer from other components of equity to retained earnings				(175)			(175)
Other		(63)					–
Total	44	339	84	(175)	–	–	(175)
Balance at December 31, 2021	7,681	4,905	(4,831)	100	1,362	(7)	1,455

(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)	22,801	22,801	(161)	22,640
Other comprehensive income		(432)	1	(431)
Comprehensive income	22,801	22,369	(160)	22,210
Issuance of new shares		87		87
Changes in ownership interest in subsidiaries		170	569	739
Change in scope of consolidation		–	67	67
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		272		272
Transfer from other components of equity to retained earnings	175	–		–
Other	25	(38)		(38)
Total	(1,274)	(983)	636	(347)
Balance at December 31, 2021	74,312	83,521	1,423	84,944

## Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before tax	9,361	33,679
Depreciation and amortization	2,715	2,689
Interest and dividend income	(18)	(11)
Interest expenses on borrowings and bonds	179	179
Share of loss (profit) of investments accounted for using equity method	(1,996)	(3,819)
Loss (gain) on investment securities	49	(11,666)
Decrease (increase) in trade and other receivables	4,848	6,489
Decrease (increase) in investment securities for sale	(7,565)	(19,427)
Decrease (increase) in inventories	38	(4)
Increase (decrease) in trade and other payables	8,377	9,772
Increase (decrease) in accrued consumption taxes	1,322	(899)
Other	1,291	160
Subtotal	18,601	17,143
Interest and dividends received	1,450	1,453
Interest paid	(55)	(48)
Income taxes refund (paid)	(681)	(2,464)
Net cash provided by (used in) operating activities	19,314	16,082
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,414)	(1,467)
Purchase of intangible assets	(1,161)	(982)
Purchase of investment securities	(185)	(15)
Proceeds from sale of investment securities	–	340
Payments for acquisition of subsidiaries	–	(301)
Purchase of investments accounted for using equity method	(500)	(550)
Proceeds from sale of investments accounted for using equity method	79	–
Other	189	114
Net cash provided by (used in) investing activities	(2,992)	(2,861)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,732	2,680
Proceeds from long-term borrowings	3,026	10,100
Repayments of long-term borrowings	(1,939)	(9,864)
Repayments of lease liabilities	(1,407)	(1,307)
Capital contribution from non-controlling interests	396	806
Dividends paid	(1,748)	(1,474)
Other	39	(86)
Net cash provided by (used in) financing activities	100	856
Effect of exchange rate changes on cash and cash equivalents	(60)	66
Net increase (decrease) in cash and cash equivalents	16,362	14,144
Cash and cash equivalents at beginning of period	32,702	37,989
Cash and cash equivalents	49,065	52,132