



Digital Garage, Inc.
Medium-term Plan

(FY2024.3 - FY2028.3)

2023.5.11



Generated by Midjourney



PURPOSE

**Designing “New Context” for a sustainable society
with technology**

<Corporate Slogan>

New Context Designer DG

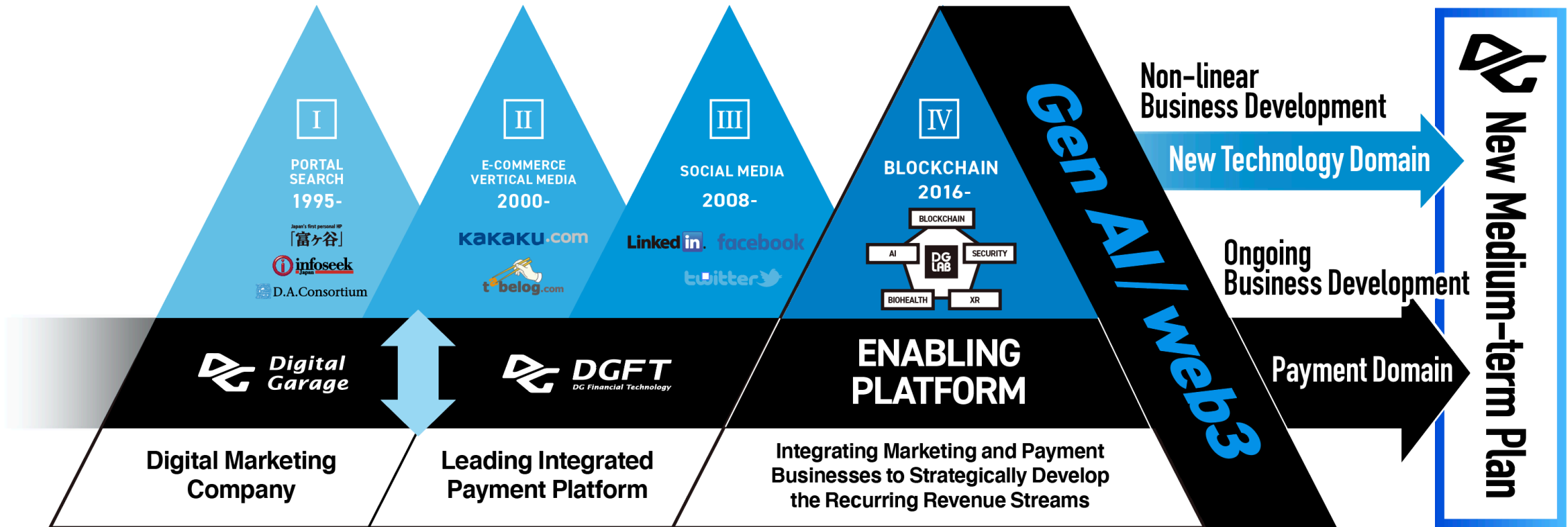
Since its establishment in 1995, DG has seen and embodied the transition of the IT/internet industry for 28 years. Today, the tsunami of new technologies such as **web3** (Blockchain) and **Next-generation AI** including Gen AI (Generative AI) will change the "IT business ecosystem" on an unprecedented scale.

Those are,

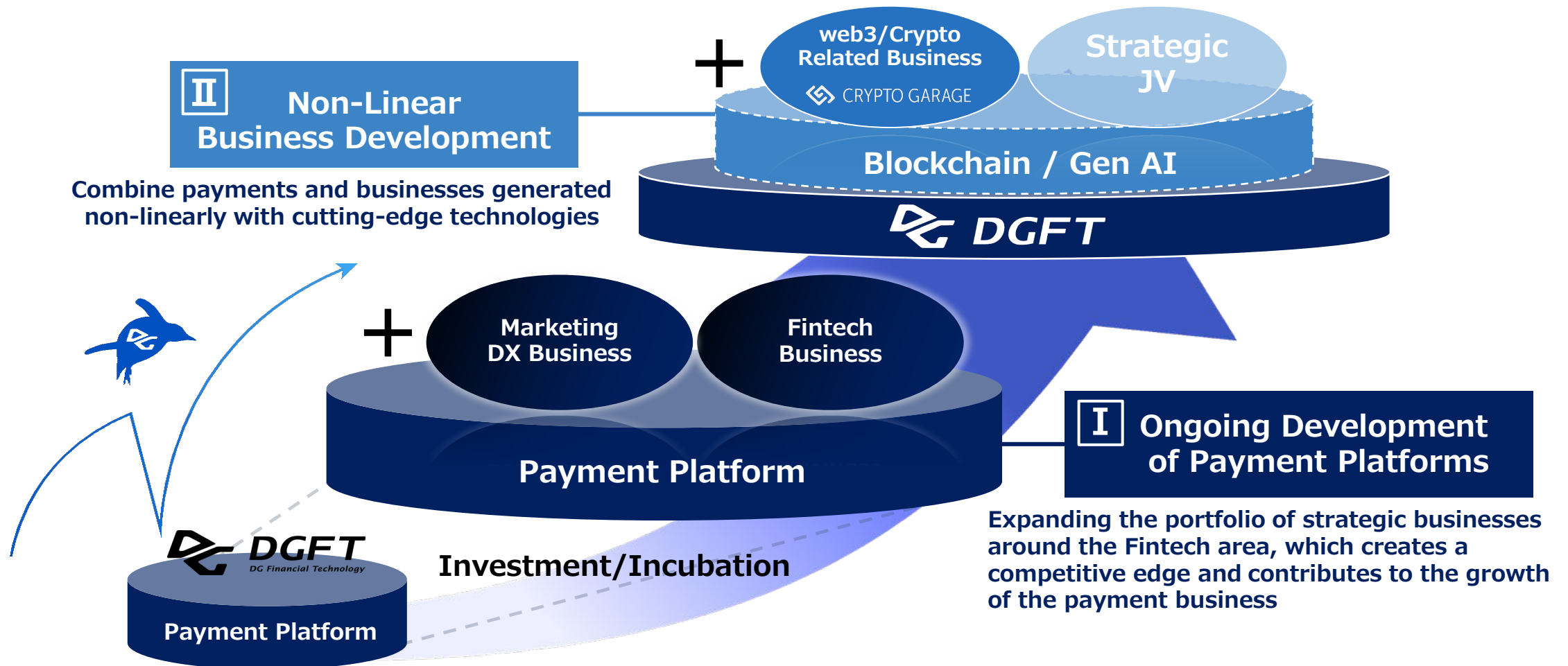
- ▶ The "advertising-centered business ecosystem" dominated by search engines will be partially or completely replaced by a **new business ecosystem of "chat-type search and image search"** using Gen AI as a gateway. This will also start the new era of AI concierges, which can be called "**Personal Agents**".
- ▶ Digital Transformation (DX) is accelerating globally, and payment platforms are evolving into a Payment Orchestration Platform with global payment functions. Japan, an economy that is behind in adopting cashless payments, is part of the transition. Integration of marketing and payments will begin with web3, and a "**new customer experience - a new engagement model**" will start based on blockchain and Metaverse.
- ▶ We are entering an era that social architecture will also need to change (require new contexts). Not only business but all areas of society will face **an unprecedented social transformation globally**. No one can predict the speed of this change.

During the next 5 years, DG will attempt to develop a new "IT business ecosystem", by following its purpose, "**Designing 'New Context' for a sustainable society with technology**".

Since its establishment in 1995, DG has been developing the latest internet business deploying cutting-edge technologies based on marketing and payment. Our next generation focus will be on Gen AI / web3, etc.



- I** Continue “DG FinTech Shift” strategy centered on our payment platform. Increase recurring revenue stream.
- II** Social implementation of Next-generation technologies / Develop non-linear businesses through Blockchain, Gen AI, etc.



The Group's three largest assets in Japan

< Resilient and scalable strategic design to respond to a period of rapid technological change >

Asset I

Internet Media Assets

"Kakaku.com"/"Tabelog" User

140 M User (mth.)

Contracted Restaurant on "Tabelog"

68 K Restaurant

Content Media Consortium

30 Co. **150** Media

Asset II

Payment Platform Affiliate Marketing

Transaction Volume

5.3 T JPY

Payment Locations

950 K Location

Affiliate AD Volume

26 B JPY

Total AD Volume

38 B JPY

Asset III

Global Investment Startups Incubation

Startups Invested in

400 Co. Over

Early Stage Investment Balance

70 B JPY

Onlab Selected Startup

145 Co.

Achieve further growth by combining the Group's three largest assets in Japan

<Largest Media Business>

Asset I

Internet
Media Assets

<Largest PSP/Affiliate Business>

Asset II

Payment Platform
Affiliate Marketing

<Largest Overseas Investment Business>

Asset III

Global Investment
Startups Incubation



Domestic
Internet Business

Global
Internet Business

Group Synergy × Platform Upgrade × Global Alliance

Achievement of the Medium-term Plan and social implementation of "NEW CONTEXT"

**Growth Rate of
Pre-tax Income** ※

5Y CAGR

20 % Over

※ Excluding investment business and equity method income from Kakaku.com

**Payment Transaction
Volume**

FY28.3 Target

15 T JPY Over

**Investment
Business Income**

5Y Total

30 B JPY Over

**Shareholder
Returns** ※

5Y Dividend

10 B JPY Over

※ In addition to the stable dividend described as above, will consider additional returns strategically based on business progress


Specific Initiatives

<Next-generation Technology / Gen AI · web3 · Fintech>

Develop Smart Commerce in the age of Gen AI and web3, through joint development of Fintech business and fusion of next-generation technologies, centering “Tabelog” and “Kakaku.com” as a core

 食ベログ 価格.com
“Kakaku.com” / “Tabelog” User :
140 M User (mth.)



 Digital Garage Group
Transaction Volume : 5.3 T JPY
Payment Locations : 950 K Over
R&D with DG Lab · DA Lab

<DG / Kakaku.com Group Deepening Strategic Alliances >

Partnership / Collaboration / JV with Japan’s largest vertical media

1) Digital Garage and Kakaku.com Decide to Jointly Develop Fintech Services for the Food Service Industry 3/30/23 Press Release

➔ Start invoice card payment following “Tabelog Order”. Continuous development of fintech business for restaurants

2) Agreed to Establish a Joint Venture Company for Next-generation Business Centered on “Kakaku.com” 5/10/23 Press Release

➔ To launch JV for “Smart E-Commerce business” with next-generation technology/password-less authentication and one-click payment
➔ In addition to travel / finance sectors, which DG is already active in payment services, add D2C and games / entertainment sectors to the next main focus

3) Development and Implementation of “Tabelog” Plugin by ChatGPT 5/8/23 Press Release

➔ Deploy new technology for the first time in Japan to the “Tabelog” service utilizing DG’s extensive knowledge and network

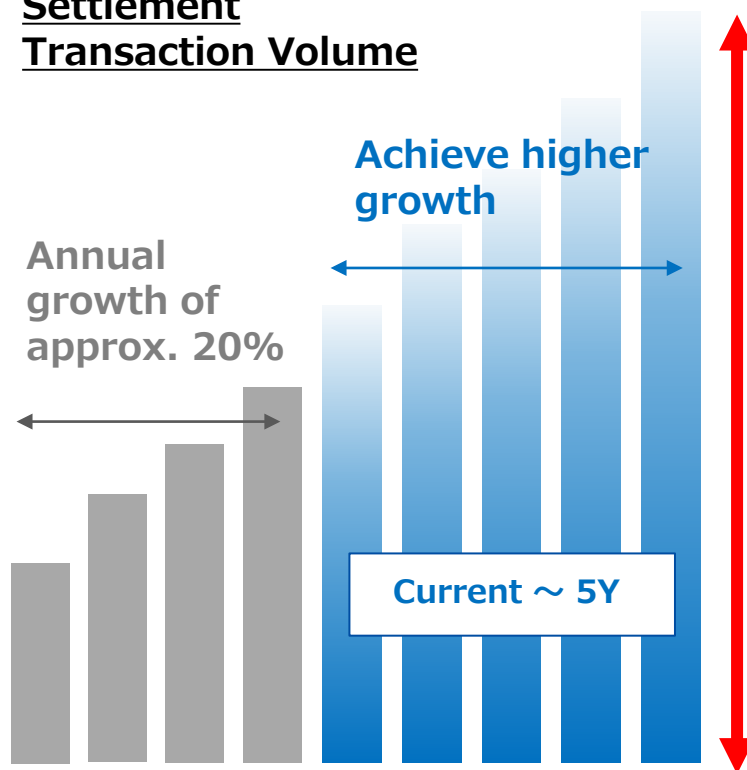
Focus on food, travel, and E-Commerce industries where DG Group can leverage its strengths.
 Aim to achieve ~10% of the 15 T JPY target for payment transaction volume in 5 years.

| | Current and New Initiatives | Business Domain | Details |
|-----|---|--|--|
| I | Current Initiatives | Payments | Travel business as core, currently considering "Tabelog" and other |
| | | Marketing | No. 1 agent for affiliate marketing services |
| | | Incubation | Partnering with Open Network Lab (145 startups selected in 14 years) |
| | | R&D | R&D of new technologies in DG Lab and DA Lab (✓ ChatGPT and web3) |
| II | New Initiatives ① (Current Media Traffic x Payment Platform) | Tabelog | ✓ B2C "Tabelog Order" (Payments at restaurants) |
| | | | B2C "Tabelog Yoyaku" (Pre-payment) (Multilingual inbound payment using ChatGPT) |
| | | | ✓ B2B Invoice card payment service |
| | | | "Tabelog Shiire" (ordering system for restaurants) |
| III | New Initiatives ② (Areas Utilizing New Technology) | Smart E-Commerce (Frictionless Commerce) Business Using New Technologies | |
| | | Establishment of JV | Expansion to E-Commerce businesses, with stores on "Kakaku.com" as the first users Expansion and development to BI.Garage (Media Consortium) is in view |

✓ Initiated Projects

Upgrade platform and expand the trade area of payment transaction volume utilizing the group's assets of ① media assets (largest in Japan) and ③ global investments

Settlement Transaction Volume



Accelerate Growth through Further Updates of Payment Systems

- Stability and redundancy of the payment platform utilizing Oracle's database with real-time bi-directional replication utilizing Oracle's
- Strengthen and expand offshore (India) / near-shore engineering resources
- Real-time display and visualization of merchant business data
- Completed system integration of two DG group payment companies. Started integration of payment platform with Toshiba TEC. DG will continue to function as a key player in the reorganization of the industry

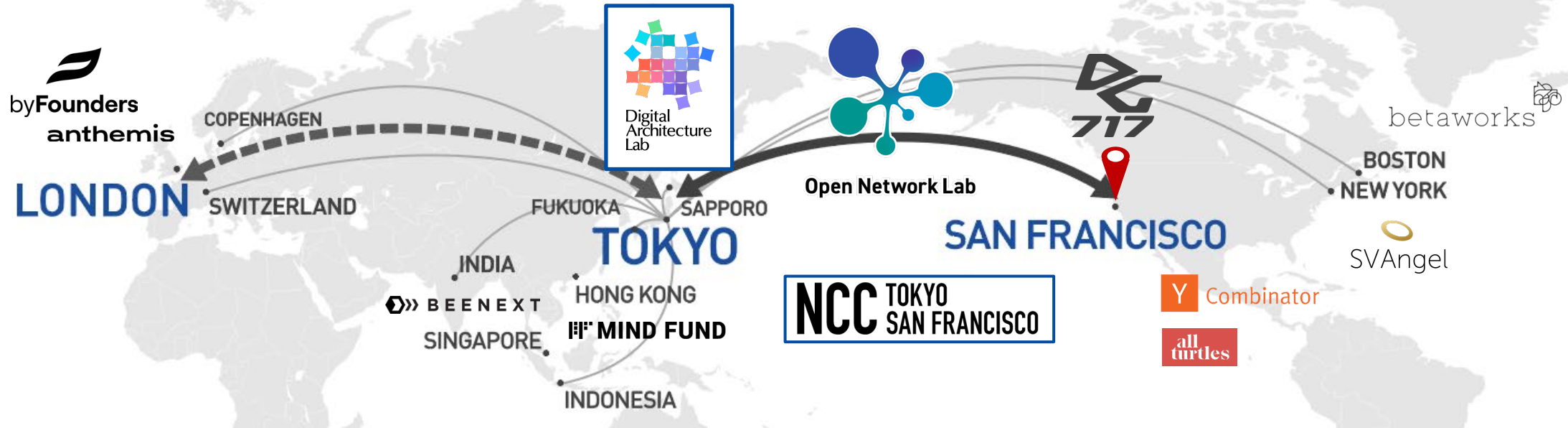
Further Acceleration of B2B Domain and Promotion through Global Expansion and Alliances

- Strengthen development of B2B market where cashless payment is rapidly increasing
- Deepening alliances with global payment companies / Strengthen Global Payment Orchestration
(Develop multi-currency, multi-payment, and cross-border E-Commerce markets)

< Strengthen and Expand Global Incubation Stream >

Keep evolving the unique deal sources developed since DG's founding in North America and Japan, Asia, and Europe

- Capture next-generation startups from leading VC networks (SV Angel, etc.), an inner circle in Silicon Valley, and "Open Network Lab" to incorporate them into the recurring business
- Followed by DG Lab, DA Lab, led by Chief Architect Joi Ito, will function as a strategic R&D arm engaging with next generation technologies such as AI and web3.
- Networking with key members of the global internet community at NCC, hosted by the founders



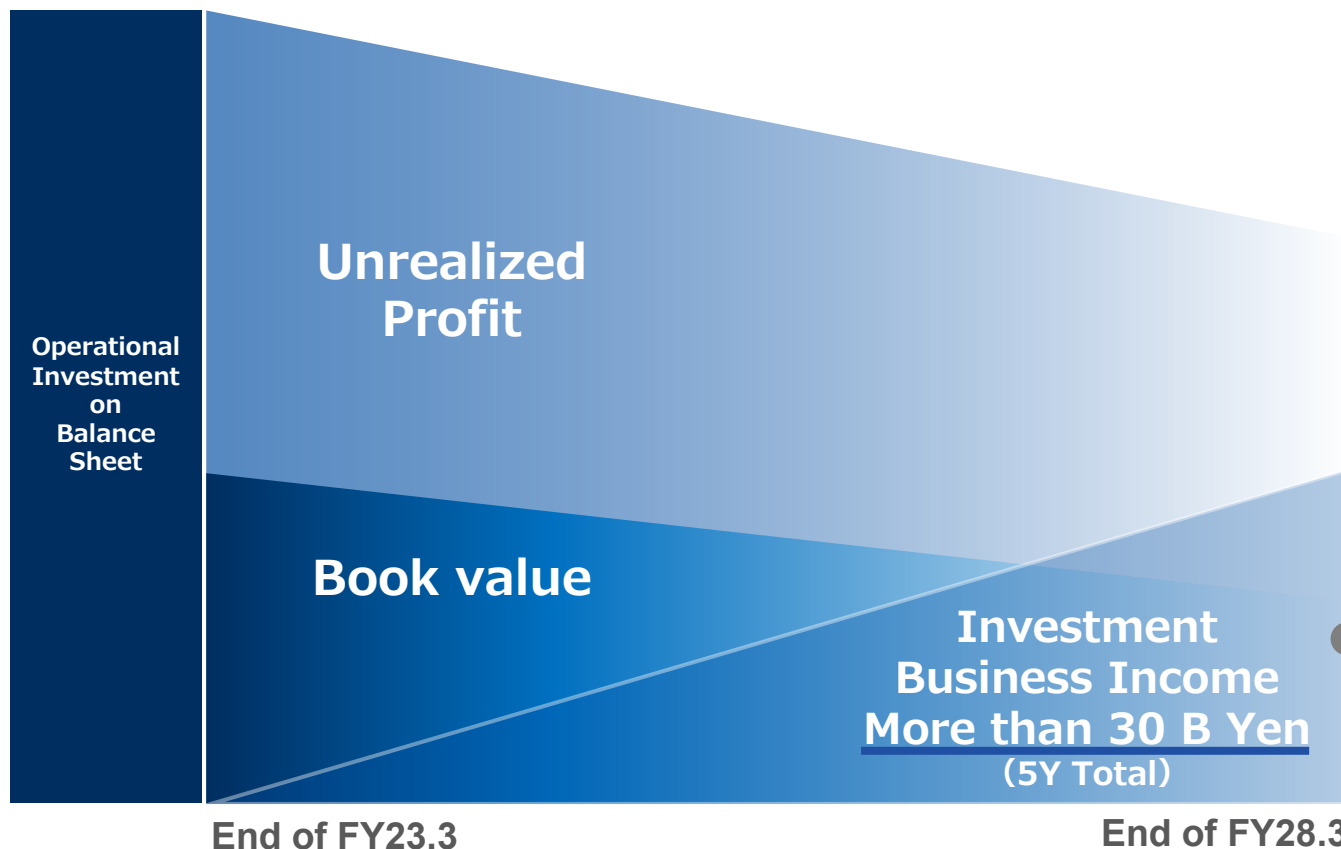
<Origination>, <Incubation>, and <Implementation> of new technologies on a global scale

Establish European Base in addition to Silicon Valley ↔ Tokyo Network. Launch Startup Studio

- Sell shares in which the Company has direct investments and earn investment EXIT income (proceeds from sales, etc.)
- Invest in new opportunities selectively. For investments aiming for financial returns, invest from managed funds. Investments on the balance sheet is planned to decrease.
- Clarify use of funds for investment EXIT income. Decide strategically on investment in business growth opportunities and additional shareholder returns.

5Y Picture of Direct Investment and Income from Sales

70 B JPY

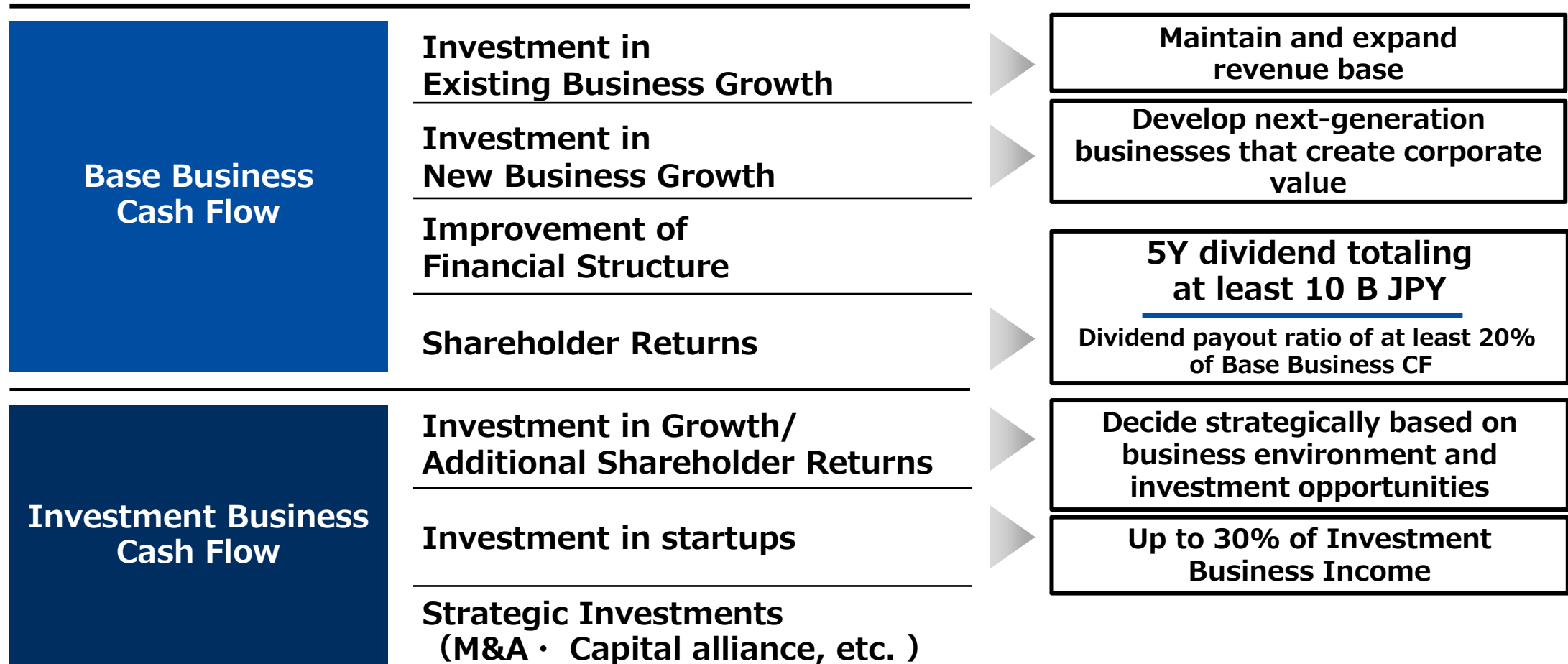


Usage of Investment EXIT Cash Flow



- Separate allocation resources into CF from Base Business CF*1, which is generated on a recurring basis, and CF from Investment Business CF*2, which is highly volatile.
- Stable shareholder returns through Base Business CF. Decision of usage of Investment Business CF will be decided strategically.

Cash Allocation



※1 Basic Business CF : Pre-tax income from operations that generate recurring profit+Depreciation Cost+Dividends from affiliates – Headquarters cost – Transient Profit+ Transient Loss

※2 Investment Business CF : Investment income (proceeds from sales, fund distributions, etc.) – Investment business operating costs (SG&A, income taxes, etc.)



Aim to develop a sustainable society on a large scale, by supporting ESG management of portfolio companies and investing in ESG startups.

Support sustainable growth of portfolio startups

Launched in 2010, Onlab, Japan's first seed accelerator program, has supported over 140 startups to date. DG is running programs to strengthen ESG management, which is now a global standard. for its portfolio companies that will be active globally in the future. DG continues to contribute to building a sustainable society on a large scale.

スタートアップ起業家の為のESG経営の知識向上
ESG経営を導入するきっかけ作りになる

スタートアップ起業家のための

ESG経営講座



Onlab ESG

Investment in ESG-related startups

Invest in startups through Open Network Lab & ESG I “Earthshot Fund” with themes related to major social, technological, and environmental changes occurring on a global scale.

< Selected Related Investments >

LUUP



EOBY

ES
GOYOH
Sustainable Real Estate Technologies



ODD FUTURE



AGE technologies

WTT

WAAK^o

komham

Establishment of Sustainability Committee

New committees and specialized departments to be established to further promote sustainability management

DG Group's Main Priorities

Effective Utilization of human capital
Improvement of working environment

Information security
Privacy protection

Building an ecosystem with startups

Current Corporate Governance Structure

Audit and Supervisory Committee

Transitioned to a company with an audit committee system in September 2016 to strengthen the audit and supervisory functions of the Board of Directors.

Nomination and Compensation Advisory Committee

A voluntary advisory committee composed of a majority of independent outside directors

Ratio of independent outside directors

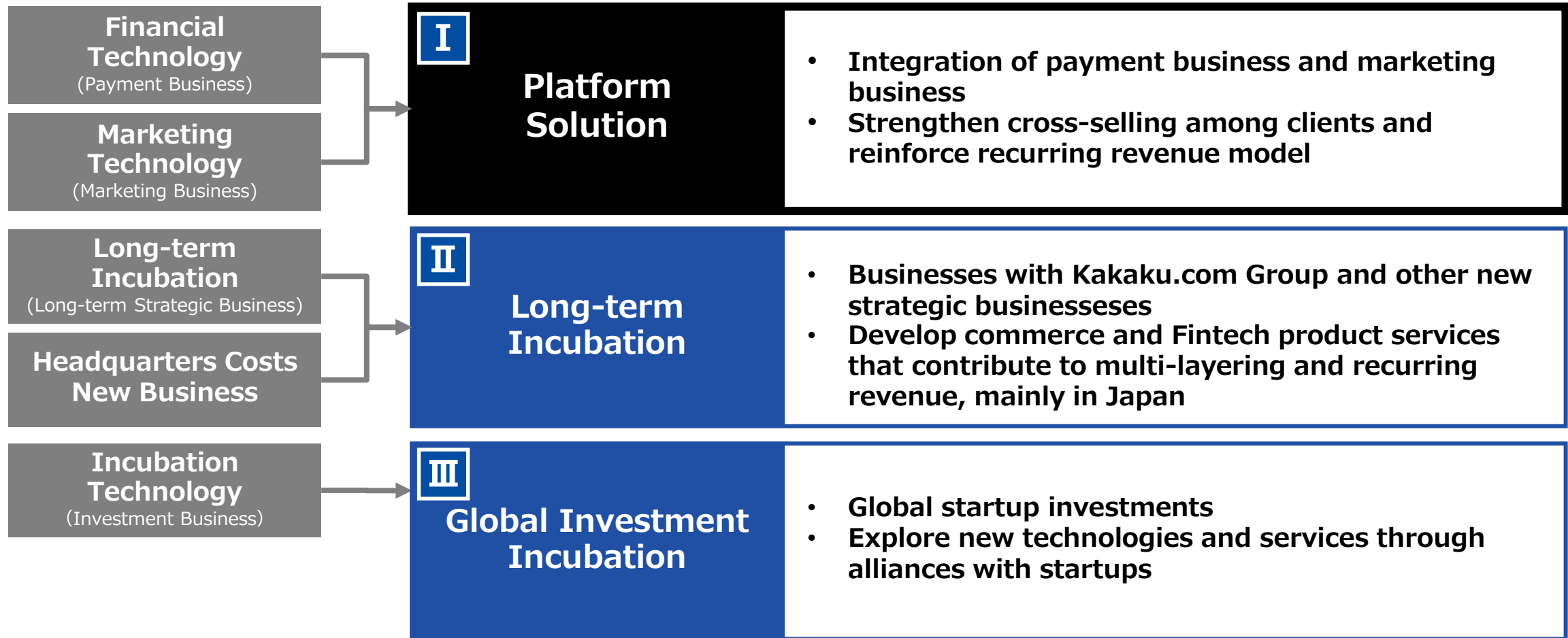
The ratio of independent outside directors on the Board of Directors has increased to 46% to reflect the opinions of minority shareholders (38% at the General Meeting of Shareholders in June 2021.)

Diversity

Ensure diversity of the Board of Directors by having members with diverse backgrounds. In addition to members with experiences that contribute to the Company's business and top management experience at corporations, knowledge of advanced technologies, accounting and legal expertise, and international business experience.

Business Environment and Challenges

- In a competitive business environment with technology evolving rapidly, growth is not possible with each business areas operating separately
- Integration of our diverse business assets is essential for growth



Platform Solutions Segment, aims to generate competitive advantages and recurring type revenues by integrating data/marketing and DX services, in addition to its solid growth in the payment business. Aim over 15% YoY increase in income before tax.

Segment Income Before Tax Forecast

| | FY23.3 | FY24.3 | Increase (Amount) | Increase (Ratio) |
|--------------------------|-----------|-----------|----------------------|---------------------|
| (Unit : Billion JPY) | | | | |
| Platform Solution | 64 | 74 | +10 | +15% Over |

 *Digital Garage*



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