

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, 2023 (Based on IFRS)

February 8, 2024

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
 Corporate Officer Deputy Head of Corporate Div.
 Inquiries: Hiroyuki Nozaki TEL 03-6367-1111
 Scheduled date to file Quarterly Securities Report: February 8, 2024
 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, 2023 (from April 1, 2023 to December 31, 2023)

(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, 2023	27,542	23.3	6,136	–	4,231	–	4,415	–	4,553	–
Nine months ended December 31, 2022	22,333	(57.8)	(11,858)	–	(8,093)	–	(7,931)	–	(8,520)	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	97.34	96.23
Nine months ended December 31, 2022	(168.30)	(168.30)

(Note) Due to the application of IAS 12, "Income Taxes" (revised in May 2021), the figures for the third quarter of the fiscal year ended March 31, 2023, have been retrospectively applied.

(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, 2023	234,923	80,624	78,361	33.4
As of March 31, 2023	216,275	81,972	80,030	37.0

(Note) Due to the application of IAS 12, "Income Taxes" (revised in May 2021), the figures for the fiscal year ended March 31, 2023, have been retrospectively applied.

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, 2023	–	0.00	–	37.00	37.00
Year ending March 31, 2024	–	0.00	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	–	–

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

The Company does not disclose its consolidated financial results forecast, because it is difficult to reasonably estimate the fair value of securities, which the Group holds through investments primarily in startup companies, at the end of the period.

The profit before tax for the Platform Solution segment, the Group's revenue base that integrates the payment business and marketing business, etc., is expected to increase by approximately 15% compared to the same period of the previous fiscal year.

* Notes

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023
(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:	Yes
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, 2023	47,617,700 shares	As of March 31, 2023	47,607,500 shares
-------------------------	-------------------	----------------------	-------------------

Number of treasury shares at end of period

As of December 31, 2023	2,739,371 shares	As of March 31, 2023	1,534,826 shares
-------------------------	------------------	----------------------	------------------

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

Nine months ended December 31, 2023	45,357,730 shares	Nine months ended December 31, 2022	47,127,770 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

* The quarterly financial results are not subject to quarterly review by a certified public accountant or auditing firm.

* Explanation of the appropriate use of financial results forecasts and other special notes
(Means of obtaining supplementary information on quarterly financial results)
Supplementary materials for quarterly financial results will be posted on the Company's website.

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

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
Assets		
Current assets		
Cash and cash equivalents	53,335	62,740
Trade and other receivables	20,765	24,911
Inventories	357	424
Operational investment securities	67,676	71,151
Other financial assets	281	277
Income taxes receivable	1,384	1,492
Other current assets	979	1,959
Total current assets	144,776	162,955
Non-current assets		
Property, plant and equipment	16,613	15,732
Goodwill	6,415	6,428
Intangible assets	4,548	5,217
Investment property	3,400	3,564
Investments accounted for using equity method	25,922	26,559
Other financial assets	14,245	14,017
Deferred tax assets	25	25
Other non-current assets	331	428
Total non-current assets	71,498	71,968
Total assets	216,275	234,923

	(Millions of yen)	
	As of March 31, 2023	As of December 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	38,745	29,755
Trade and other payables	48,877	56,540
Other financial liabilities	1,691	1,676
Income taxes payable	1,388	3
Other current liabilities	4,080	3,635
Total current liabilities	94,780	91,608
Non-current liabilities		
Bonds and borrowings	13,957	37,382
Other financial liabilities	9,127	7,861
Retirement benefit liability	477	461
Provisions	476	479
Deferred tax liabilities	14,717	15,864
Other non-current liabilities	767	644
Total non-current liabilities	39,522	62,691
Total liabilities	134,303	154,299
Equity		
Share capital	7,830	7,844
Capital surplus	6,229	6,380
Treasury shares	(6,293)	(11,156)
Other components of equity	1,650	1,322
Retained earnings	70,614	73,971
Total equity attributable to owners of parent	80,030	78,361
Non-controlling interests	1,942	2,263
Total equity	81,972	80,624
Total liabilities and equity	216,275	234,923

Condensed quarterly consolidated statements of income

First nine months of fiscal year

	Nine months ended December 31, 2022	(Millions of yen) Nine months ended December 31, 2023
Revenue		
Revenue in recurring business	18,508	19,226
Revenue in operational investment securities	–	3,990
Other income	3,291	863
Finance income	391	697
Share of profit of investments accounted for using equity method	143	2,765
Total	22,333	27,542
Expenses		
Cost of sales	7,539	7,812
Loss in operational investment securities	6,009	–
Selling, general and administrative expenses	11,861	13,140
Other expenses	263	263
Finance costs	8,520	191
Total	34,191	21,406
Profit (loss) before tax	(11,858)	6,136
Income tax expense	(3,765)	1,904
Profit (loss)	(8,093)	4,231
Profit (loss) attributable to		
Owners of parent	(7,931)	4,415
Non-controlling interests	(162)	(184)
Earnings (loss) per share		
Basic earnings (loss) per share	(168.30)	97.34
Diluted earnings (loss) per share	(168.30)	96.23

Stand-alone 3rd quarter of fiscal year

	(Millions of yen)	
	3rd quarter ended December 31, 2022	3rd quarter ended December 31, 2023
Revenue		
Revenue in recurring business	6,362	6,436
Revenue in operational investment securities	(233)	(1,718)
Other income	2,955	234
Finance income	(650)	(674)
Share of profit of investments accounted for using equity method	(665)	894
Total	<u>7,769</u>	<u>5,171</u>
Expenses		
Cost of sales	2,421	2,591
Loss in operational investment securities	6,009	–
Selling, general and administrative expenses	3,992	4,569
Other expenses	96	88
Finance costs	468	53
Total	<u>12,986</u>	<u>7,302</u>
Profit (loss) before tax	<u>(5,216)</u>	<u>(2,130)</u>
Income tax expense	<u>(1,537)</u>	<u>(883)</u>
Profit (loss)	<u>(3,679)</u>	<u>(1,248)</u>
Profit (loss) attributable to		
Owners of parent	(3,607)	(1,202)
Non-controlling interests	(73)	(46)
Earnings (loss) per share		
Basic earnings (loss) per share	(76.70)	(26.79)
Diluted earnings (loss) per share	(76.70)	(26.79)

Condensed quarterly consolidated statements of comprehensive income

First nine months of fiscal year

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit (loss)	(8,093)	4,231
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	(885)	(41)
Share of other comprehensive income of investments accounted for using equity method	17	5
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	441	357
Share of other comprehensive income of investments accounted for using equity method	0	0
Other comprehensive income, net of tax	(427)	322
Comprehensive income	(8,520)	4,553
Comprehensive income attributable to		
Owners of parent	(8,359)	4,734
Non-controlling interests	(161)	(181)

Stand-alone 3rd quarter of fiscal year

	(Millions of yen)	
	3rd quarter ended December 31, 2022	3rd quarter ended December 31, 2023
Profit (loss)	(3,679)	(1,248)
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	(57)	260
Share of other comprehensive income of investments accounted for using equity method	(5)	(3)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(497)	(288)
Share of other comprehensive income of investments accounted for using equity method	0	(1)
Other comprehensive income, net of tax	(559)	(32)
Comprehensive income	(4,238)	(1,280)
Comprehensive income attributable to		
Owners of parent	(4,160)	(1,230)
Non-controlling interests	(79)	(50)

Condensed quarterly consolidated statement of changes in equity

Nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(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, 2022	7,692	6,147	(1,409)	613	1,660	0	2,273
Cumulative effect of accounting change							–
Restated balance	7,692	6,147	(1,409)	613	1,660	0	2,273
Profit (loss)							–
Other comprehensive income				(868)	441		(428)
Comprehensive income	–	–	–	(868)	441	–	(428)
Issuance of new shares	133	133					–
Changes in ownership interest in subsidiaries		13					–
Dividends							–
Share-based payment transactions		(37)	116				–
Purchase of treasury shares		(12)	(4,884)				–
Transfer from other components of equity to retained earnings				(397)			(397)
Other		(14)					–
Total	133	83	(4,767)	(397)	–	–	(397)
Balance at December 31, 2022	7,825	6,230	(6,177)	(653)	2,101	0	1,448

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2022	81,035	95,738	1,479	97,217
Cumulative effect of accounting change	(120)	(120)	(0)	(120)
Restated balance	80,916	95,618	1,479	97,097
Profit (loss)	(7,931)	(7,931)	(162)	(8,093)
Other comprehensive income		(428)	0	(427)
Comprehensive income	(7,931)	(8,359)	(161)	(8,520)
Issuance of new shares		265		265
Changes in ownership interest in subsidiaries		13	752	765
Dividends	(1,648)	(1,648)		(1,648)
Share-based payment transactions		79		79
Purchase of treasury shares		(4,896)		(4,896)
Transfer from other components of equity to retained earnings	397	–		–
Other		(14)		(14)
Total	(1,251)	(6,200)	752	(5,448)
Balance at December 31, 2022	71,733	81,059	2,070	83,129

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent						Total
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				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, 2023	7,830	6,229	(6,293)	(469)	2,111	8	1,650
Profit (loss)							–
Other comprehensive income				(36)	355		319
Comprehensive income	–	–	–	(36)	355	–	319
Issuance of new shares	14	14					–
Changes in ownership interest in subsidiaries		(3)					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		193	137				–
Purchase of treasury shares		(57)	(5,000)				–
Transfer from other components of equity to retained earnings				(647)			(647)
Other		4					–
Total	14	150	(4,863)	(647)	–	–	(647)
Balance at December 31, 2023	7,844	6,380	(11,156)	(1,152)	2,466	8	1,322

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2023	70,614	80,030	1,942	81,972
Profit (loss)	4,415	4,415	(184)	4,231
Other comprehensive income		319	3	322
Comprehensive income	4,415	4,734	(181)	4,553
Issuance of new shares		28		28
Changes in ownership interest in subsidiaries		(3)	453	450
Change in scope of consolidation		–	49	49
Dividends	(1,705)	(1,705)		(1,705)
Share-based payment transactions		330		330
Purchase of treasury shares		(5,057)		(5,057)
Transfer from other components of equity to retained earnings	647	–		–
Other		4		4
Total	(1,058)	(6,403)	502	(5,901)
Balance at December 31, 2023	73,971	78,361	2,263	80,624

Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	(11,858)	6,136
Depreciation and amortization	2,716	2,794
Interest and dividend income	(53)	(48)
Interest expenses on borrowings and bonds	202	181
Share of loss (profit) of investments accounted for using equity method	(143)	(2,765)
Loss (gain) on investment securities	8,308	(268)
Loss (gain) on sales of shares of subsidiaries and associates	(2,720)	(1)
Decrease (increase) in trade and other receivables	4,752	(4,389)
Decrease (increase) in investment securities for sale	6,119	(3,888)
Decrease (increase) in inventories	(54)	(67)
Increase (decrease) in trade and other payables	18,299	7,546
Increase (decrease) in accrued consumption taxes	(167)	187
Other	(395)	(1,177)
Subtotal	25,004	4,240
Interest and dividends received	1,501	1,548
Interest paid	(76)	(108)
Income taxes refund (paid)	(1,767)	(1,585)
Net cash provided by (used in) operating activities	24,661	4,096
Cash flows from investing activities		
Purchase of property, plant and equipment	(300)	(581)
Purchase of intangible assets	(1,221)	(1,548)
Purchase of investment securities	(3)	(302)
Proceeds from sale of investment securities	846	1,644
Proceeds from dividend of investment partnership	61	793
Payments for acquisition of subsidiaries	-	(1,000)
Purchase of investments accounted for using equity method	(538)	(501)
Proceeds from sale of investments accounted for using equity method	3,337	58
Other	(35)	(21)
Net cash provided by (used in) investing activities	2,148	(1,458)

	(Millions of yen)	
	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	6,560	15,640
Proceeds from long-term borrowings	1,100	26,100
Repayments of long-term borrowings	(1,921)	(2,459)
Redemption of bonds	–	(25,000)
Repayments of lease liabilities	(1,300)	(1,286)
Capital contribution from non-controlling interests	765	499
Purchase of treasury shares	(4,896)	(5,076)
Dividends paid	(1,647)	(1,703)
Other	16	7
Net cash provided by (used in) financing activities	(1,323)	6,722
Effect of exchange rate changes on cash and cash equivalents	4	46
Net increase (decrease) in cash and cash equivalents	25,490	9,406
Cash and cash equivalents at beginning of period	43,415	53,335
Cash and cash equivalents	68,906	62,740