



IT/MT/FT × OPEN INNOVATION

Digital Garage, Inc.

2017 Financial Report and New Mid-term Plan

2017.5.12

 **Digital Garage**

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Mission & Business Model





As a

Context Company

Digital Garage creates innovative business *context* for the new Internet age and provides unique business solutions for new lifestyles, society, and industries by linking

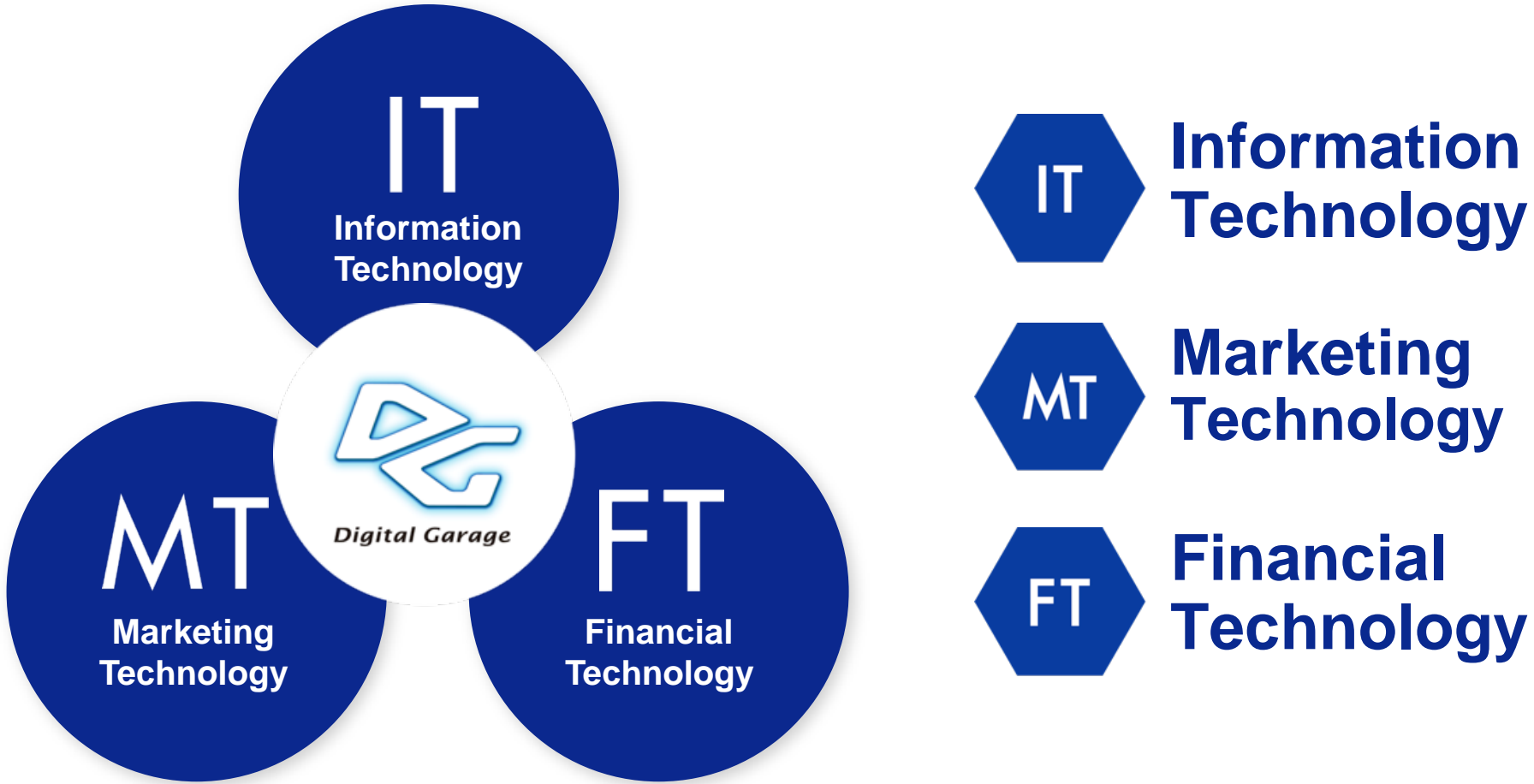
Real & Cyber

Local & International

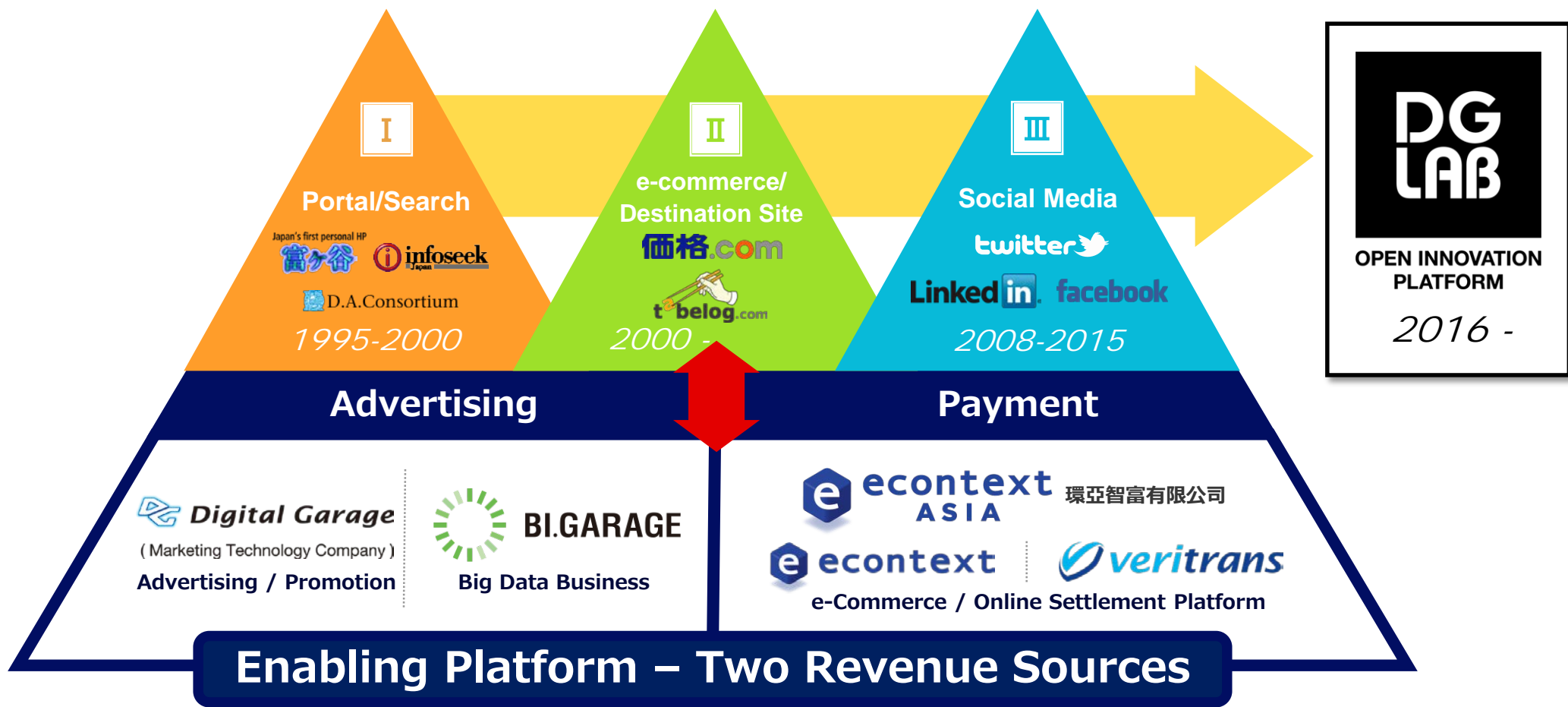
Marketing & Technology

Present & Future

Producing and incubating Internet businesses by optimizing our 3 core strengths: IT, MT, and FT



DG continues to incubate and develop unique Internet services through its Enabling Platform since the early days of the Internet



Investment Highlights



Income before income taxes 5.8 B JPY +28% YoY* for 3Q Cumulative FY17.3

~ Not achieved target by strategy shift in IT segment, rolling/rebuilding the Mid-term Plan ~

I

MT/FT(advertising/payment): Double digit growth in sale and profit, and expansion of revenue sources

- MT: Performance-based ads penetrates in all businesses includes financials and marked double digit growth. YoY Sales **+38% 20.4 B JPY**, income before taxes **+13% 1 B JPY**
- FT: Above-average significant growth in transaction which achieved **approx. 1 T JPY, YoY +16%**. Increased **Non-EC payment (food, real estate etc)**, launched preparations of **public fund payment**. Established a JV **"ANA Digital Gate"** with **ANA Group**

II

IT(investment in and incubation): Not achieved budget, while designing dynamic project as a core of DG Lab

- Shift to **long-term incubation** intend to mid-long term holding/ DG grouping. Reviewed portfolio originally to be sold and **booked impairment loss conservatively** as a result of rebuilding a new Mid-term Plan
- Launched **"DG Lab Fund"** for investment in next-gen startups and started investment to strategic area in domestic and global with **"DG Lab"**

III

Design the new Mid-term Plan aiming to technological innovation for year 2020

- **As the target of coming 3 years**, newly set **growth indicator and hurdle rate for investment**. Shareholder return and capital efficiency target will not be changed
- Drive forward the strategic investment and alliance focusing on **Blockchain, AI, VR/AR, Security, and Biotechnology**. Accelerate the growth of DG group with **"Open Incubation toward 2020"**

Note:* Compared FY17.3 3Q with FY16.6 3Q as follows due to change of fiscal term

Companies whose fiscal term was March ending prior to the change : FY16.6 3Q (Apr. – Dec.) vs FY17.3 3Q (Apr. – Mar.)

Companies which changed fiscal term to March ending : FY16.6 3Q (Jul. – Mar.) vs FY17.3 3Q (Jul. – Mar.)

Group Financial Performance Review





FY17.3(Cumulative) Consolidated P/L Summary



YoY Sales grew* by 16%, Ordinary income decreased by 20%

~ Income before income taxes increased by 23%, although initial forecast was short by 18% ~

JPY in Millions	FY16.6	A	B		C (=B/A-1)		Act vs Fcst	
	Full Year Act	FY16.6 3Q Cumulative Act	FY17.3 (9 month)		YoY			
			Initial Forecast	Full Year Act	%	Amount	%	Amount
Net sales	43,763	31,474	37,500	36,451	+15.8	+4,976	-2.8	-1,048
Operating income	4,201	3,104		723	-76.7	-2,380		
Non-operating income	3,031	2,156		3,257	+51.1	+1,100		
Investment profit on equity method	2,406	1,687		2,539	+50.5	+851		
Foreign exchange gain	-	-		171	-	+171		
Non-operating expenses	1,040	678		292	-56.9	-386		
Foreign exchange loss	689	400		-	-	-400		
Ordinary income	6,193	4,582		3,688	-19.5	-893		
Extraordinary income	1,392	164		2,265	13.8 x	+2,101		
Gain on sales of investments in securities	-	-		1,829	-	+1,829		
Extraordinary loss	10	10		124	11.9 x	+113		
Impairment loss	-	-		104	-	+104		
Income before income taxes	7,574	4,735	7,100	5,829	+23.1	+1,093	-17.9	-1,270
Income taxes	2,385	1,412		1,525	+8.0	+112		
Net income attributable to owners of parent	5,165	3,307	5,300	4,299	+30.0	+991	-18.9	-1,000

Note:* Compared FY17.3 3Q with FY16.6 3Q as follows due to change of fiscal term

Companies whose fiscal term was March ending prior to the change : FY16.6 3Q (Apr. – Dec.) vs FY17.3 3Q (Apr. – Mar.)

Companies which changed fiscal term to March ending : FY16.6 3Q (Jul. – Mar.) vs FY17.3 3Q (Jul. – Mar.)



FY17.3(Cumulative) Consolidated Segment P/L Summary



Both MT and FT showed sustainable increase and maintained double digit growth in sales and profit

IT: Did not achieved forecast due to revising portfolio originally to be sold and booking of impairment loss of acquired stocks conservatively

JPY in Millions	FY16.6 Full Year Act	A FY16.6 3Q Cumulative Act	B		C (=B/A-1)		Act vs Fcst	
			FY17.3 (9 month)		YoY			
			Initial Forecast	Full Year Act	%	Amount	%	Amount
Net sales	43,763	31,474	37,500	36,451	+15.8	+4,976	-2.8	-1,048
IT Incubation Technology	6,343	4,421	6,500	1,817	-58.9	-2,604	-72.0	-4,682
MT Marketing Technology	21,028	14,880	17,500	20,494	+37.7	+5,613	+17.1	+2,994
FT Financial Technology	16,392	12,172	13,500	14,140	+16.2	+1,967	+4.7	+640
MI Media Incubation	-	-	-	-	-	-	-	-
Income before income taxes	7,574	4,735	7,100	5,829	+23.1	+1,093	-17.9	-1,270
IT Incubation Technology	3,105	1,728	2,500	588	-66.0	-1,139	-76.5	-1,911
MT Marketing Technology	1,396	947	1,100	1,074	+13.5	+127	-2.3	-25
FT Financial Technology	1,758	1,307	1,500	1,478	+13.1	+171	-1.4	-21
MI Media Incubation	3,052	1,878	2,900	3,087	+64.4	+1,209	+6.5	+187

Note: Income before income taxes per segment is based on figures prior to elimination or group deduction, etc



FY17.3(Cumulative) Income before income taxes analysis



JPY in Millions	FY17.3 (9 month)		Act vs Fcst Amount
	Initial Forecast	Full Year Act	
Income before income taxes	7,100	5,829	-1,270
IT	2,500	588	-1,911
MT	1,100	1,074	-25
FT	1,500	1,478	-21
MI	2,900	3,087	+187
HQ / Elimination	-900	-399	+500

- Incubation strategy with mid-long term view/
Review portfolio originally to be sold: -1.2 B JPY
- Booking of impairment loss conservatively by setting new Mid-term Plan : -0.7 B JPY
 - ➔ In addition to short term exit, aiming to attain business profit in mid-long term
 - ➔ see details in "New Mid-term Plan Digest"

- Investment profit on equity method did not achieve target amount
- Sales of stock of related companies : 0.38 B JPY

- Incubation effects by listing of internet infinity Inc.
Sales of investment account securities: 0.46 B JPY

- Foreign exchange gain: 0.16 B JPY

FY17.3 Consolidated B/S Summary



JPY in Million	FY16.6	FY17.3	Difference	Reason for change / Remarks
Current assets	48,324	59,624	+11,300	
Cash and deposits	15,703	23,029	+7,326	Increased new borrowings, Sales of stocks, etc
Receivables	13,946	15,422	+1,476	Expansion of FT business
Money held in trust	2,592	2,264	-328	
Operational investment securities	11,164	11,856	+692	New investment, Mark-to-market, etc
Fixed assets	29,011	32,070	+3,058	
Investment securities	14,844	18,366	+3,521	New investment, Increased investment profit on equity method, etc
Goodwill	5,765	5,411	-353	
Total assets	77,335	91,695	+14,359	
Current liabilities	30,187	38,815	+8,628	
Deposits	21,876	25,127	+3,251	Expansion of FT business
Short-term borrowing	3,200	6,937	+3,737	Transfer from Long-term borrowing, demand for working capital
Fixed liabilities	16,484	18,499	+2,015	
Long-term borrowing	15,370	17,207	+1,836	Increased borrowings for demand for working capital
Total liabilities	46,671	57,315	+10,643	
Net assets	30,664	34,379	+3,715	
Shareholders' equity	28,610	31,642	+3,032	
Common stock	7,435	7,437	+2	
Capital surplus	2,825	2,946	+121	
Retained earnings	18,419	21,309	+2,889	Increased net profit
Accumulated other comprehensive income	1,502	1,956	+454	
Unrealized gains on securities	138	641	+502	
Liabilities / Net assets	77,335	91,695	+14,359	

Forecasting sales 58.5 B JPY, income before taxes 8.0 B JPY, net income 5.5 B JPY

~ Plan to achieve the first record high net income in 9 years and YoY +20% rise in dividend ~

JPY in Millions		FY16.6	FY17.3	FY18.3
		Full Year Act.	9 month Full Year Act.	(Forecast)
Net sales		43,763	36,451	58,500
IT	Incubation Technology	6,343	1,817	6,000
MT	Marketing Technology	21,028	20,494	32,000
FT	Financial Technology	16,392	14,140	20,500
LTI	Long Term Incubation	-	-	-
Income before income taxes		7,574	5,829	8,000
IT	Incubation Technology	3,105	588	3,800
MT	Marketing Technology	1,396	1,074	1,750
FT	Financial Technology	1,758	1,478	2,300
LTI	Long Term Incubation	3,052	3,087	2,500
Net income attributable to owners of parent		5,165	4,299	5,500
Dividend		30 Yen	20 Yen	24 Yen
Per Share		(15 Yen) (15 Yen)	(20 Yen) (20 Yen)	(24 Yen) (24 Yen)

MI segment will be changed to LTI segment from FY18.3
See details in "New 3-Year Mid-term Plan Digest"

※ FY16.6 and FY17.3 of LTI are equal to the ones of MI.

Forecasting sales 58.5 B JPY, income before taxes 8.0 B JPY, net income 5.5 B JPY

~ Forecast compared to FY17.3 annualized rate: Sales YoY +21%, income before tax YoY +19% ~

JPY in Million	A		B		C (=B/A-1)	
	FY17.3 9 months (Full Year Act)	FY17.3 12 months conversion (Reference)	FY18.3 (Forecast)	YoY (12 months conversion) (Reference)		
Net sales	36,451	48,480	58,500	+21%		
IT Incubation Technology	1,817	2,416	6,000	2.5 x		
MT Marketing Technology	20,494	27,257	32,000	+17%		
FT Financial Technology	14,140	18,806	20,500	+9%		
LTI Long Term Incubation	-	-	-	-		
Income before income taxes	5,829	6,716	8,000	+19%		
IT Incubation Technology	588	782	3,800	4.9 x		
MT Marketing Technology	1,074	1,429	1,750	+22%		
FT Financial Technology	1,478	1,966	2,300	+17%		
LTI Long Term Incubation	3,087	3,068	2,500	-19%		
Net income attributable to owners of parent	4,299	4,709	5,500	+17%		

Note: Due to the change of segment structure, the above LTI FY17.3 is equal to MI.

For reference, FY17.3 figure is the annualized one. Kakaku.com, Inc.'s fiscal term is March ending prior to the change therefore not annualized.

Segment Performance Review



I Incubation Technology Segment

		Net Sales	Income Before Income Taxes
FY16.6	3Q(7-3) Actual	4,421 M JPY	1,728 M JPY
FY17.3	3Q(7-3) Actual	1,817 M JPY	588 M JPY
FY18.3	Forecast	6,000 M JPY	3,800 M JPY

▶ **DG Incubation, Inc.**

Invests in and incubates cutting-edge Internet startups



▶ **Open Network Lab, Inc.**

Provides support to Internet-business entrepreneurs with global visions



▶ **Digital Garage US, Inc.**

The US-based global strategy headquarters



▶ **DK Gate, Inc.** (66% stake)

Invests in and incubates next generation content with Kodansha globally



▶ **DG Technologies, Inc.** (80% stake)

Drives strategic technology development with DG Lab



▶ **DG Daiwa Ventures, Inc.** (50% stake/equity method)

Manages DG Lab Fund to invest in startups with next-generation technologies



▶ **Kodansha Advanced Media LLC** (19% stake/investment)

Marketing in digital distribution in US and English-speaking countries, film adaptation, event planning, etc

	FY 16.6	
	# of companies	Book Value (B Yen)
Equity	110	10.4
Domestic	32	1.8
Overseas	78	8.5
Fund	6	0.7
Total	116	11.1



	FY 17.3	
	# of companies	Book Value (B Yen)
	130	11.3
	42	1.9
	88	9.3
	6	0.7
	136	12.0

Note)
 DG Incubation's investment balance
 Mark-to-market as of quarter end for listed
 stocks. Equity includes convertible note
 Book value totals may not match details
 because of rounding down fractions

Major Portfolio

Blockstream [U.S. /Canada]

Develops sidechain technologies, parallel blockchains that are interoperable



Droom [India]

A leading online marketplace for new and second-hand automobiles in India



Wevr [U.S.]

Virtual reality community and VR media player for aspiring and professional creatives



Estimote [U.S.]

Provides small, wireless sensors and location technology to retailers



Welby [Japan]

Builds apps for patients with chronic malady, diabetes, cancers



Goodpatch [Japan]

Web development and consulting service firm



Monstar Lab [Japan]

Operates Sekai Lab, a global outsourcing platform that provides a network of over 10 k engineers in over 15 countries



Panair [Japan]

Provides "Odin", an automated electricity retail platform that uses cloud computing and artificial intelligence.



II Marketing Technology Segment

		Net Sales	Income Before Income Taxes
FY16.6	3Q(7-3) Actual	14,880 M JPY	947 M JPY
FY17.3	3Q(7-3) Actual	20,494 M JPY	1,074 M JPY
FY18.3	Forecast	32,000 M JPY	1,750 M JPY

▶ Marketing Technology Company

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



▶ Business Design Company

Offers consulting-based marketing



▶ BI.Garage, Inc.

Develops and provides ad products incorporating data science, social marketing, and cutting edge ad technology



▶ NaviPlus Co., Ltd.

Offers website support tools including personalized recommendation engines

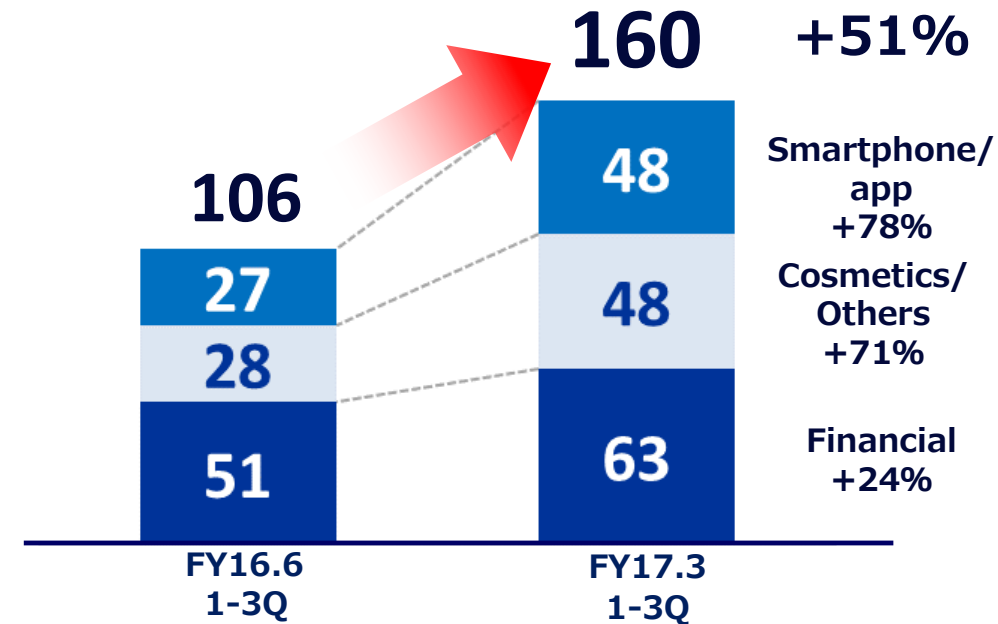


Net sales grew +38% YoY, operating income grew +25% YoY
 Performance-based ads grew by double digits penetrates in all businesses includes financials

(100 M Yen)

		FY16.6 1-3Q	FY17.3 1-3Q	YoY
Net sales		148.8	204.9	+38%
Gross profit	(A)	27.8	33.9	+22%
Op. income	(B)	9.5	11.9	+25%
Operating margin ※	(B) / (A)	34.2%	35.1%	+0.9 points

【Sales from Performance-based ads】
(100 M Yen)



※ Operating margin : Op. income ÷ Gross profit x100

III Financial Technology Segment

		Net Sales	Income Before Income Taxes
FY16.6	3Q(7-3) Actual	12,172 M JPY	1,307 M JPY
FY17.3	3Q(7-3) Actual	14,140 M JPY	1,478 M JPY
FY18.3	Forecast	20,500 M JPY	2,300 M JPY

▶ **econtext ASIA Ltd.**

Payment corporation to expand e-commerce platforms globally



▶ **econtext, Inc.**

Integrates online and offline business as the convenience store payment pioneer



▶ **VeriTrans Inc.**

Provides leading e-commerce payment solutions



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

Develops and offers the new payment solution by FinTech



- ▶ **PT MIDTRANS** (Veritrans Indonesia) (21.81% owned by econtext ASIA/Non-consolidated)
Indonesian JV

PT. Midtrans

- ▶ **Sendo Technology JSC** (12.89%/Investment)
On-line marketplace for C2C and B2C in Vietnam



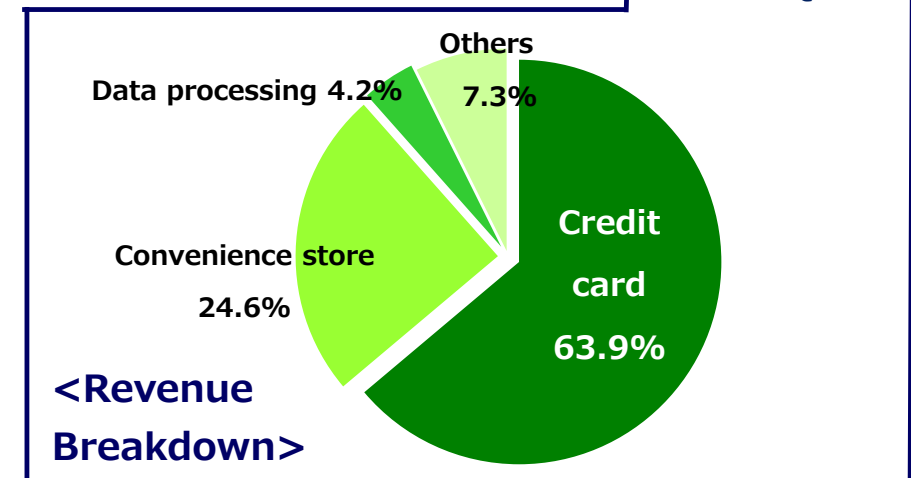
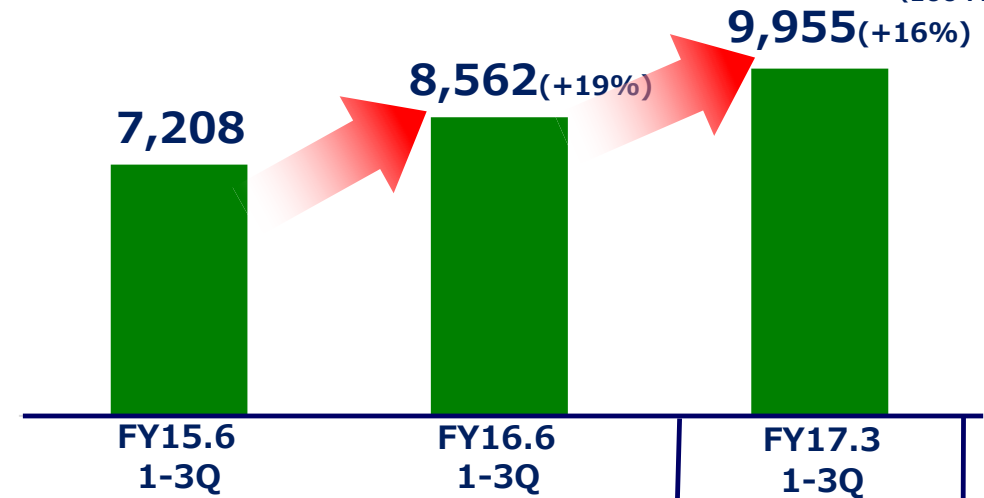
Transaction expanded to approx. 1 T JPY, grew +16% YoY
Operating income grew +12% YoY

【FT's Track Record】

(100 M Yen)	FY15.6 1-3Q	FY16.6 1-3Q	FY17.3 1-3Q	YoY
Transaction volume	7,208	8,562	9,955	+16%
Net sales	107.5	121.7	141.4	+16%
Op. income	9.8	13.2	14.8	+12%
Dep., Amortization of goodwill※	6.2	6.3	6.7	
Op. income before Dep., Amortization of goodwill	16.0	19.5	21.5	+10%
% to Net sales	14.9%	16.0%	15.2%	

※Dep., Amortization of goodwill=Depreciation + Depreciation of goodwill

【Transaction record and revenue breakdown】 (100 M Yen)



IV Media Incubation Segment

		Net Sales	Income Before Income Taxes
FY16.6	3Q(7-3) Actual	-	1,878 M JPY
FY17.3	3Q(7-3) Actual	-	3,087 M JPY
FY18.3	Forecast	-	2,500 M JPY

- ▶ **Kakaku.com, Inc.** (20%/Equity method affiliate)
Operates purchase support service, Kakaku.com and restaurant review and restaurant service, tabelog, etc.

kakaku.com

- ▶ **DK Media, Inc.** (50%/Equity method affiliate)
Internet media business utilizing fashion magazines by Kodansha



MI Segment Highlight (Change to LTI Segment from FY18.3)

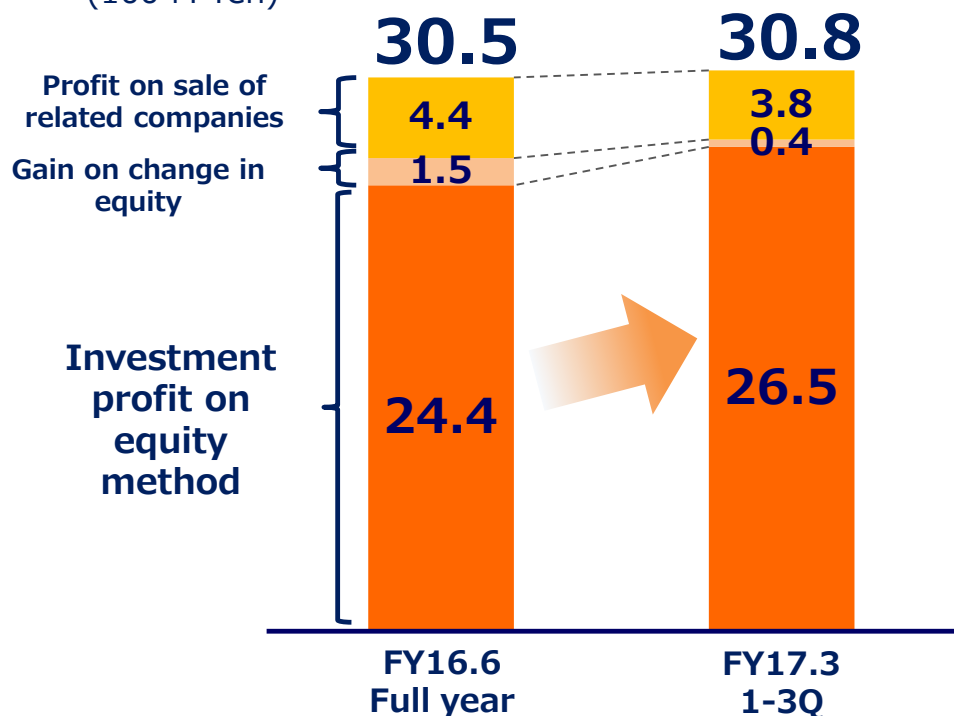


context company

Income before income taxes increased slightly due to decrease of extra ordinary income, while Kakaku showed stable growth

【Income before income taxes】

(100 M Yen)



Collaborating with Kakaku and driving media development

- Alliance with big players
- Invest/Develop in mid-long term
- Collaboration of DG Lab/ Lab Fund

Change to LTI Segment from FY18.3

(See New 3-year Mid-term Plan Digest)

※ Kakaku.com, Inc's fiscal term is March therefore amount of "FY17.3 1-3Q" above includes full year results of Kakaku.com, Inc. Because it covers large amount in MI segment, here we compared FY16.6 Full year with FY17.3 1-3Q.



Developing digital media with Kodansha by combining content from women's magazines with AI

~ Leverage high-quality of content held by publishers to create post curation media ~

< DK Media, JV with Kodansha >

< Overview of compilation media >



DK Media, Inc.

Internet media business using women's fashion magazines b Kodansha

Kodansha and DG have driven digital content business for global expansion of Japanese contents and new business incubations since capital and business alliance in 2015.

As a third initiative, we formed a JV, DK Media, Inc., to operate internet media that utilizes women's fashion magazines.

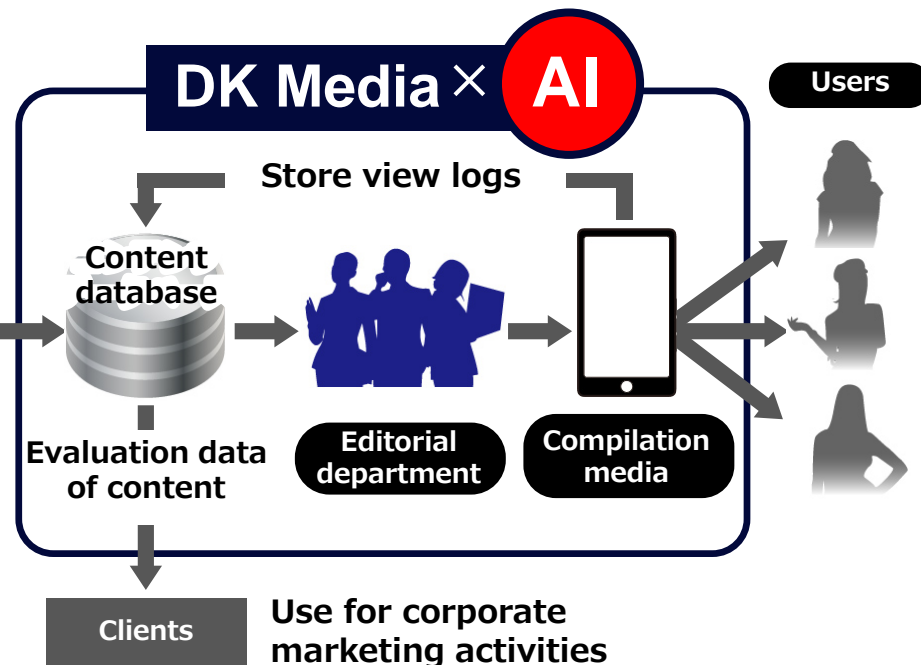


Content project (Publishers, etc.)

<Participating magazines >



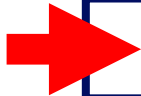
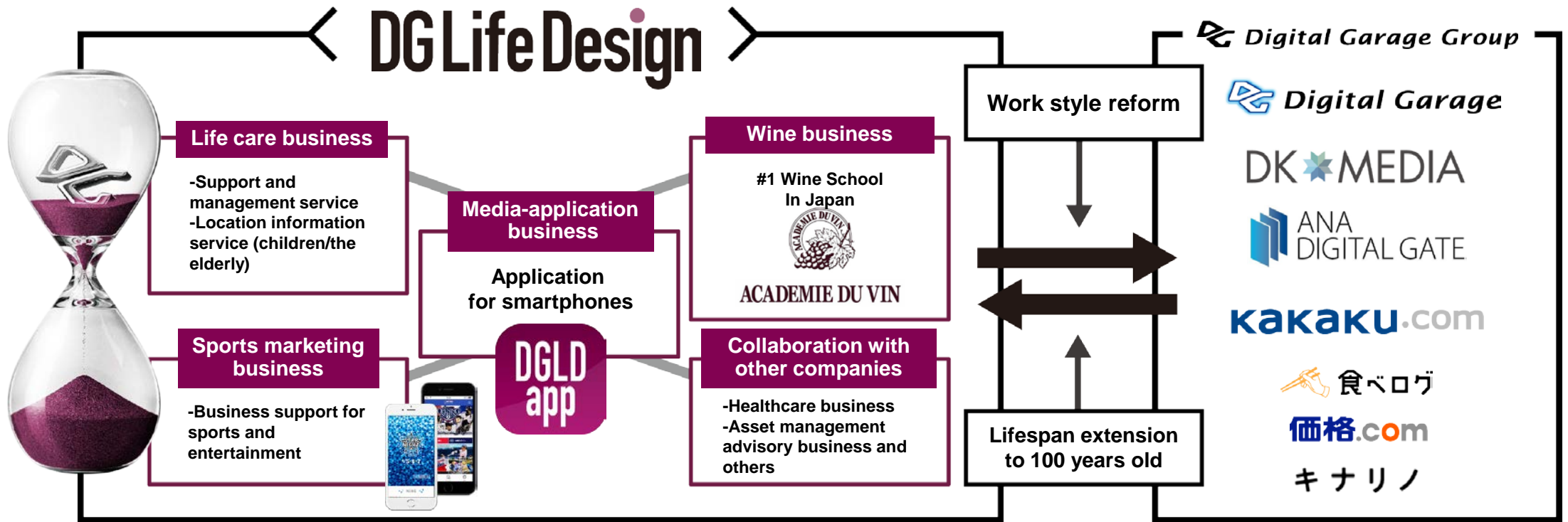
Provide content



Collaboration is expected to involve major publishing companies in the form of consortium (Details will be announced in June)

Launching DG Group's First Lifestyle Business for Exclusives

Long-Term Incubation First project of long-held investment



Business collaboration with strategic partners will be released on June

New 3-year Mid-term Plan Digest





DG Group 10 years track record (2007-2017)

	2007	→	2017		Growth Drivers
MT Ad volume	0.9 (B JPY)	→	23.0 (B JPY)	25 x	<ul style="list-style-type: none"> Performance based-ads and smartphone ads
FT Transactions	87.5 (B JPY)	→	1,327.5 (B JPY)	15 x	<ul style="list-style-type: none"> Two payment engines (econtext and VeriTrans)
IT Book Value	3.7 (B JPY)	→	12.0 (B JPY)	3.2 x	<ul style="list-style-type: none"> W wings investment network (Japan and Silicon Valley/Silicon Alley)

MT and FT show full year conversion (MT: Web advertisement) IT: Book value of DGI

Creation and Destruction

What technological innovation provides toward 2020

- Evolution of semiconductor (Moore's Law)
- High speeding up of mobile communication network (5G network)
- UI transformation triggered by devices such as smartphones (payment/ video/ AR/ second generation applications etc..)
- Commoditization of gene analysis/synthesis (beginning of explosive biotech era)



Users' lifestyle and industry structure will change drastically

Build a rolling mid-term plan after reviewing the current mid-term plan with the view of DG group

Open Incubation toward 2020

~ Moving to the 4th Phase of Incubation for 2020, the 25th Anniversary of DG ~

Collaborating with forward-looking companies from startups and big players,
connecting new businesses with technological innovation in contexts
and incubate a new Japan

< Six Actions to Achieve Open Incubation >

I ✓ Open platform R&D project
to lead the 4th industrial
revolution (DG Lab)



II ✓ Incubation of investments by the
strategy of long term holding (LTI)

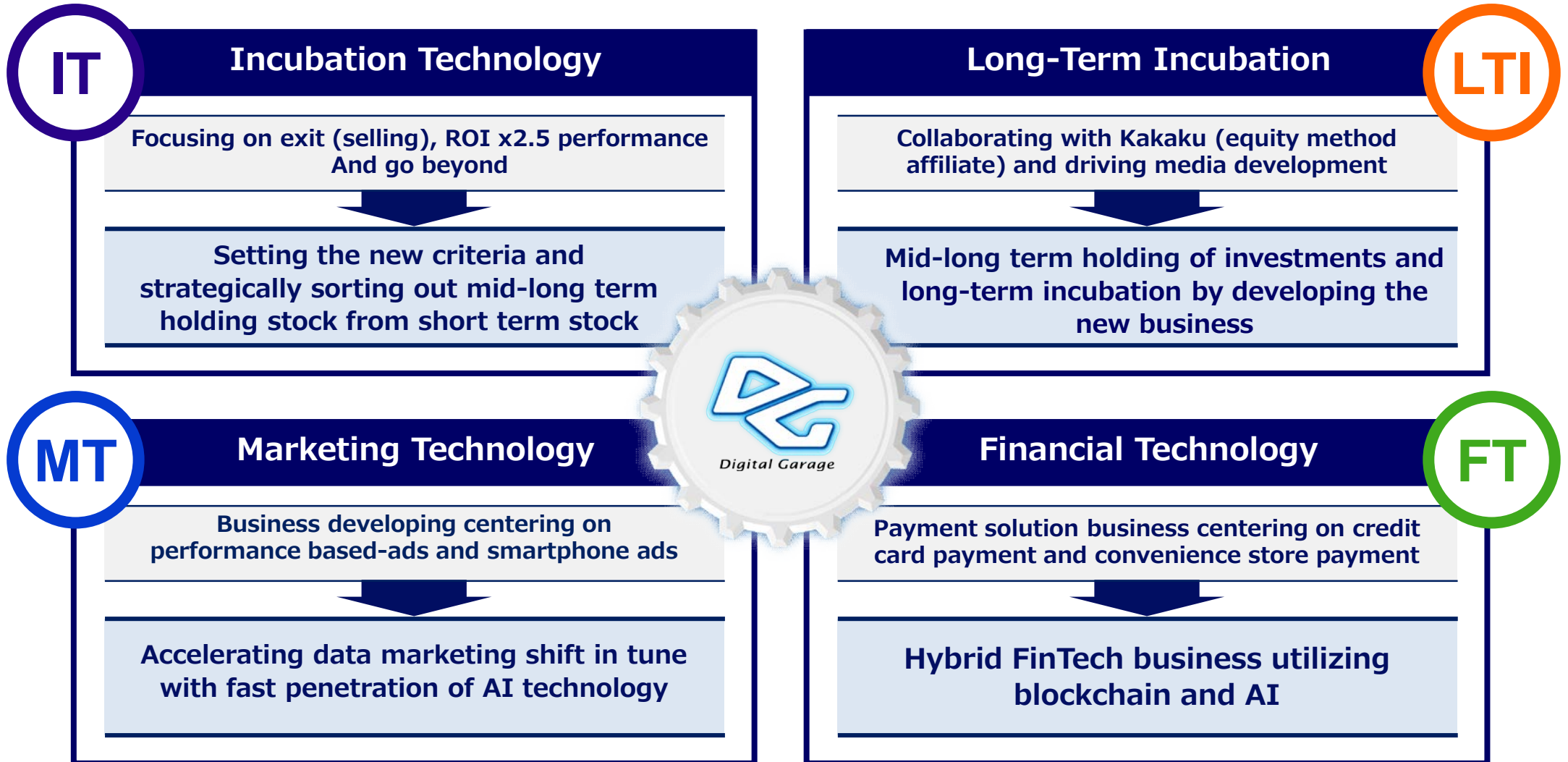
III ✓ Designing projects leading
financial reform by using
blockchain

IV ✓ Collaboration and JV with startups
in global and big players/research
institutes

V ✓ Design the futuristic city/boost the
local economy by using AI, VR/AR
and IoT

VI ✓ Establishing Japanese Biotech
Ecosystem utilizing computer
science

Optimizing segments due to the change of business environment



➔ **✓ Growth Indicators** (Income before income taxes CAGR)

	FY17.3 (Full year conversion)	CAGR (17.3 - 20.3)	
MT	1.4 (B JPY)	15 %	<ul style="list-style-type: none"> Accelerating data marketing shift in tune with fast penetration of AI technology
FT	1.9 (B JPY)	15 %	<ul style="list-style-type: none"> Hybrid FinTech business utilizing blockchain and AI

➔ **✓ Hurdle Rate for Investment** (ROI/Return on Investment)

IT LTI	2.5 x	<ul style="list-style-type: none"> Setting the new criteria and strategically sorting out mid-long term holding stock from short term stock Mid-long term holding of investments and long term incubation by developing the new business
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➔ **✓ Capital Efficiency**

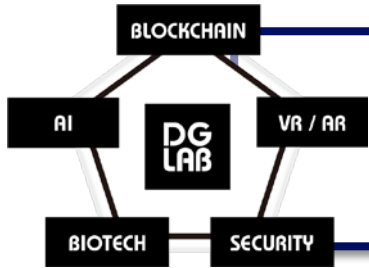
ROE	20 %
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➔ **✓ Shareholder Return**

Dividend payout ratio	20 %
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Appendix





Increased numbers of sponsors / participating companies in DG Lab on top of increased investment in fund. Driving R&D projects to create new business with next-gen open innovation platform

BLOCK CHAIN

Driving R&D project utilizing blockchain

Blockstream released demo program on the latest block chain platform on April 2017. Co-developing products such as community currency with Kakaku and Credit Saison Co.,Ltd. based on blockchain technology utilizing Blockstream technology.



VR/AR

Collaborating with studio works for high quality VR contents

Collaborating with Wevr, a company creates high quality VR contents. Will tie up with Japanese creators as well.



BIOTECH

Establishing foundation for Bio Incubation Center

Aiming for establishing eco system developing Bio related startups. Driving collaboration with Bio Incubation Center in US and startup developing companies.

SECURITY

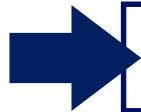
Aiming for new concept security technology

Studying development of new concept security technology for protecting data which increase significantly by smartphone and IoT

AI

Develop service collaborating with data science business

Planning to develop service and product based on the analysis by AI collaborating with various data by partner companies. Web action data by Kakaku and advertising data by Dentsu group will be utilized. AI related seminars will be held periodically.



DGLAB FUND

Started making an investment from Fund (AI / BIO related)



Interview experts involved in AI and reports large event of VR in overseas



- Interview Dr. Ishiguro of Osaka University, well-known researcher of android

【Interview Dr. Ishiguro】 (Japanese only) <http://media.dglab.com/2017/03/31-interview-ishiguro/>



- Game Developers Conference at San Francisco (Feb. 27-Mar.3 2017)

① New development process by VR technology and challenges of immersive design

<http://media.dglab.com/2017/04/11-event-gdc-01/>

② Contents after VR

<http://media.dglab.com/2017/04/14-event-gdc-02/>

③ Transition of VR/AR market and impacts on commerce

<http://media.dglab.com/2017/04/18-event-gdc-03/>



- Interview professor Takashi Ikegami of Tokyo University, well-known researcher of artificial life

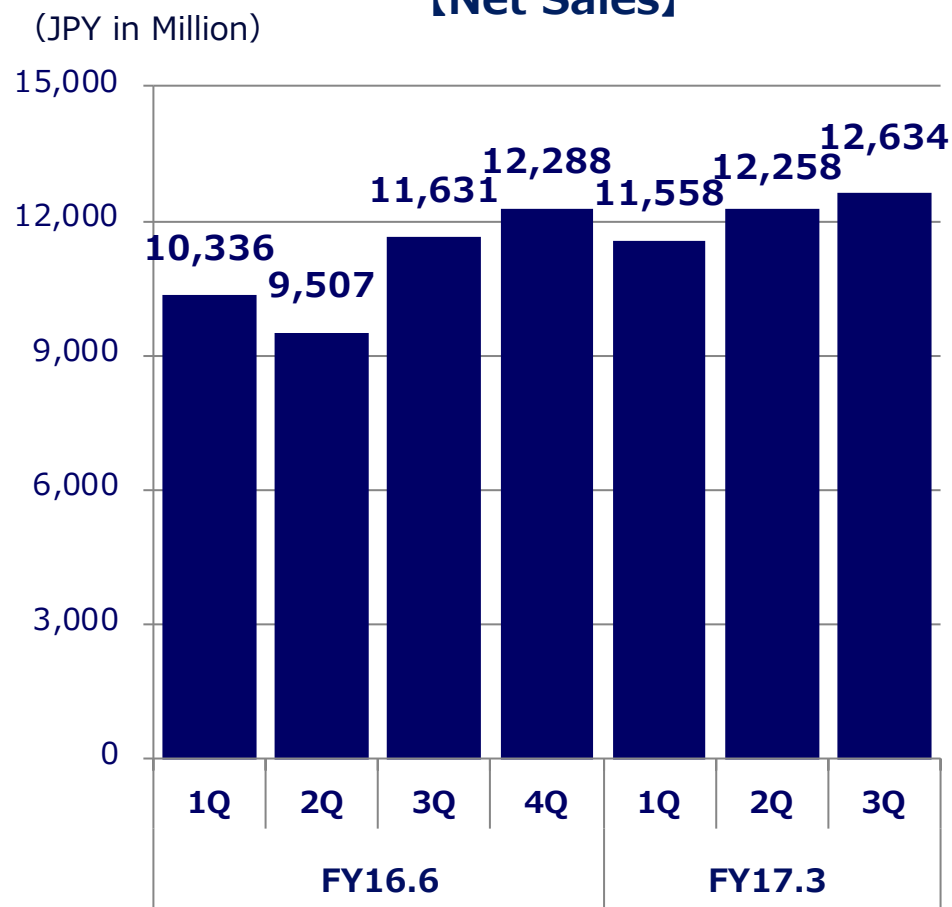
【Interview prof. Ikegami】 (Japanese only)

<http://media.dglab.com/2017/02/23-interview-ikegami-01/>

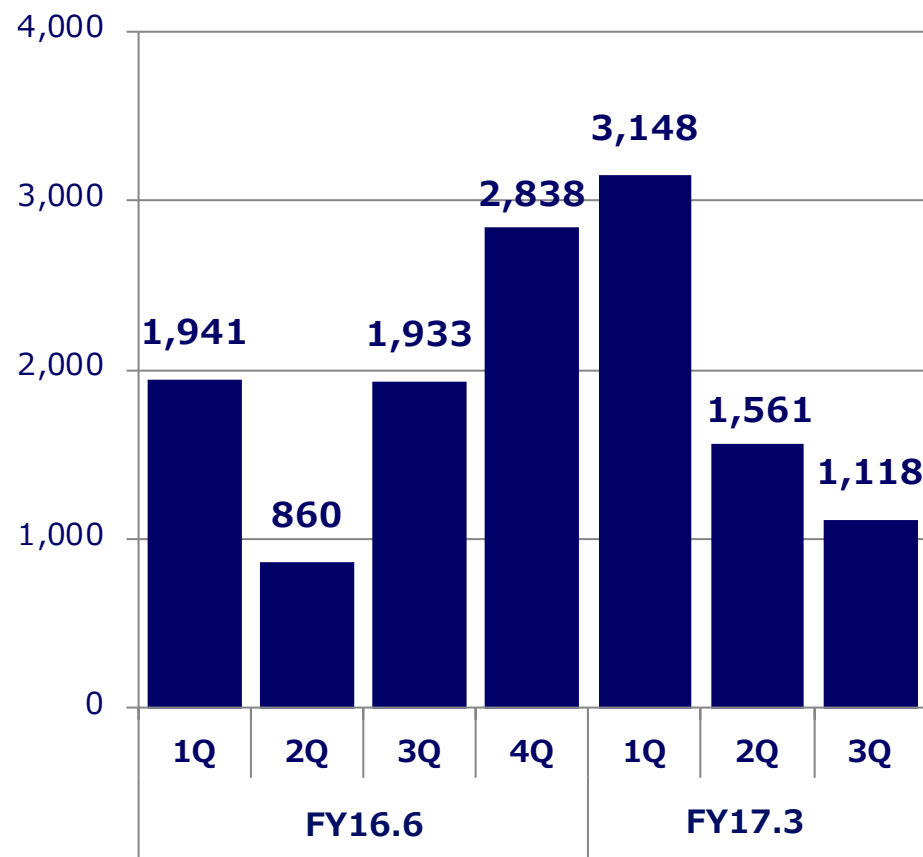


FY17.3 (1-3Q) Sales grew +16% in YoY, income before income taxes grew +23% in YoY to 5.8 B JPY
- IT has not achieved target, while MT and FT marked double digits growth -

【Net Sales】



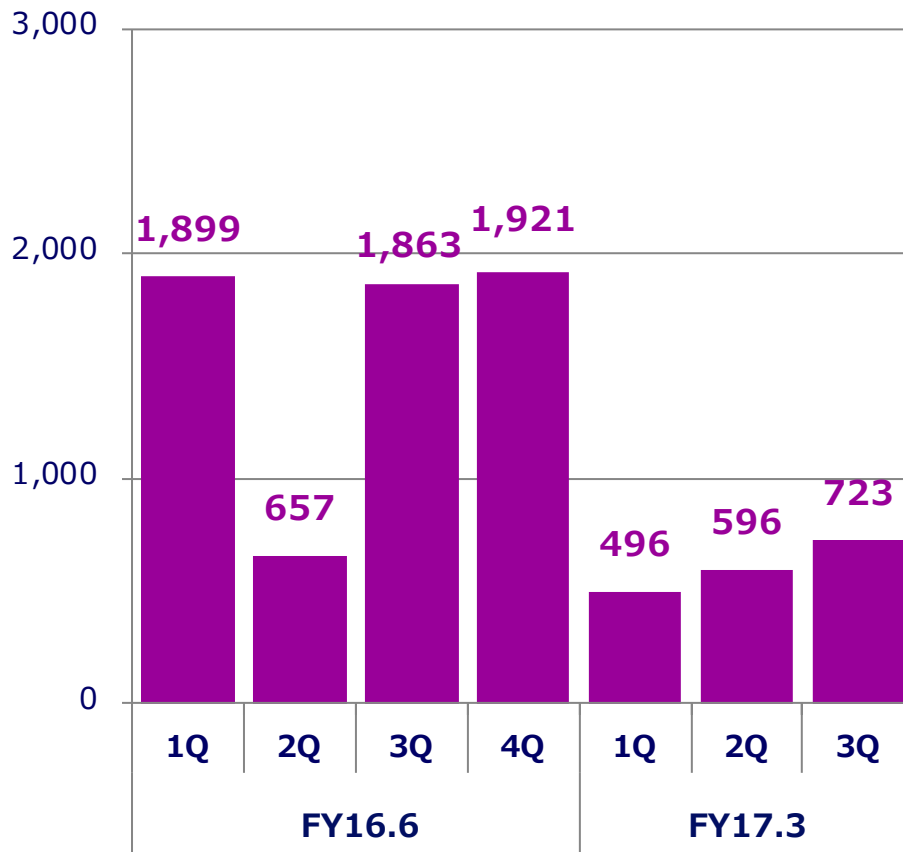
【Income Before Income Taxes】



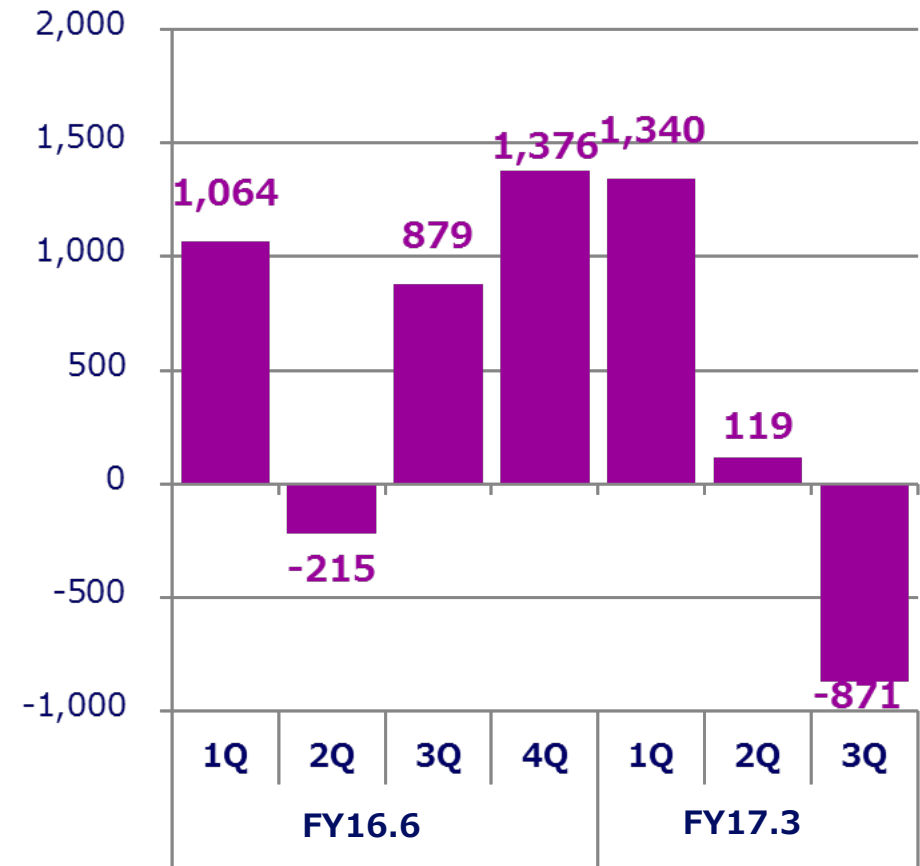
Achieved big exit in 1Q. Review of portfolio originally to be sold and booked impairment loss
 ~ Enhanced domestic and global portfolio. Investment balance reached about 12 B Yen ~

【Net Sales】

(JPY in Million)



【Income Before Income Taxes】

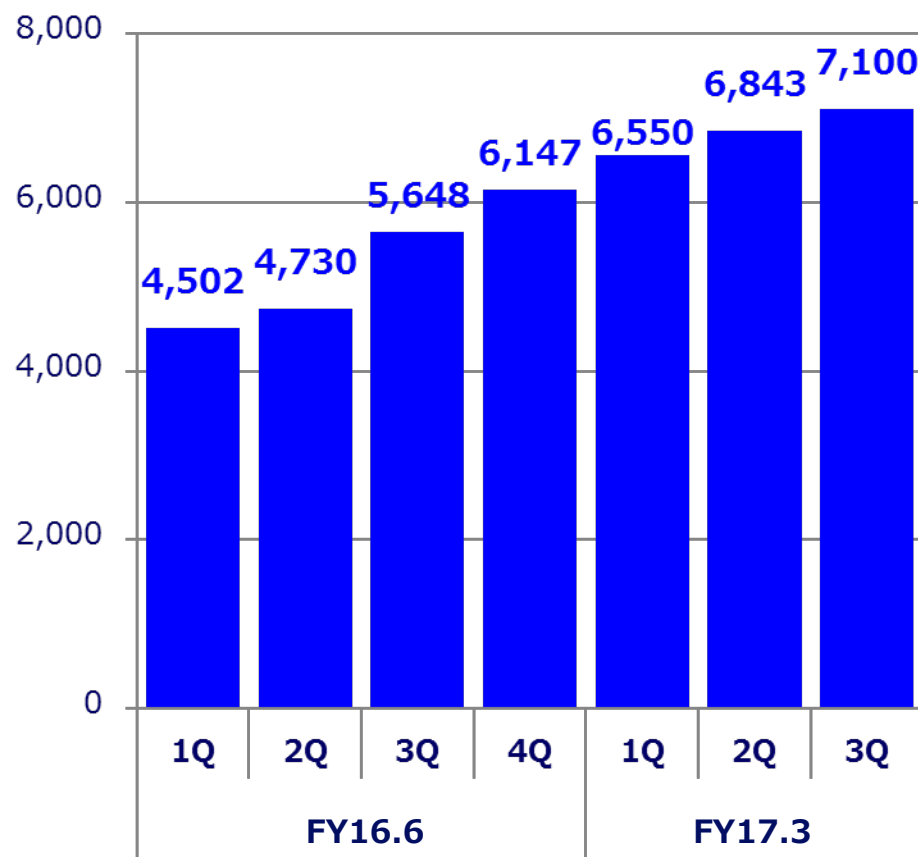


Achieved significant sales growth +38% YoY

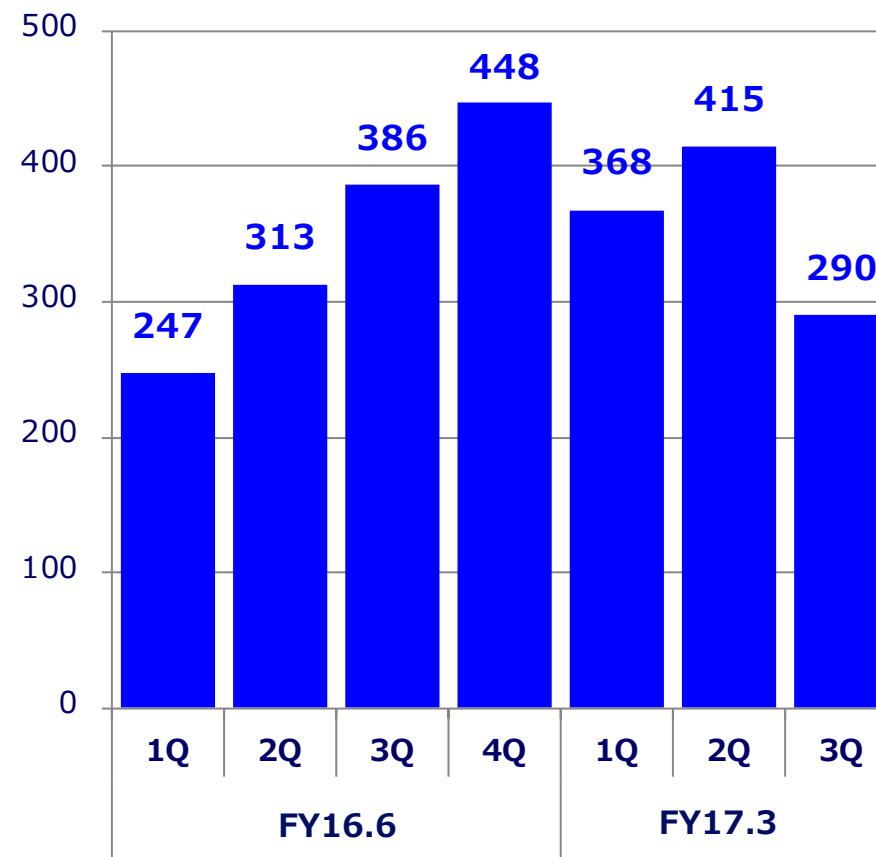
~ Growth gaining traction in performance-based ads. Data science business grew steadily ~

【Net Sales】

(JPY in Million)



【Income Before Income Taxes】

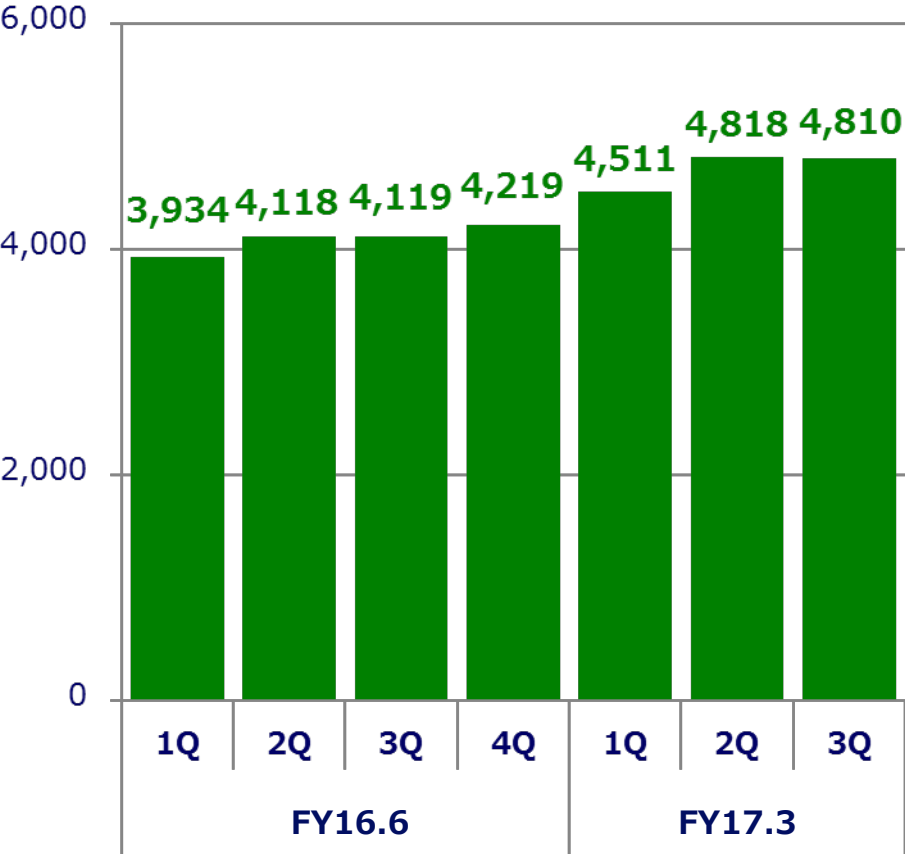


Achieved net sales +16% YoY with significant growth of transaction volume

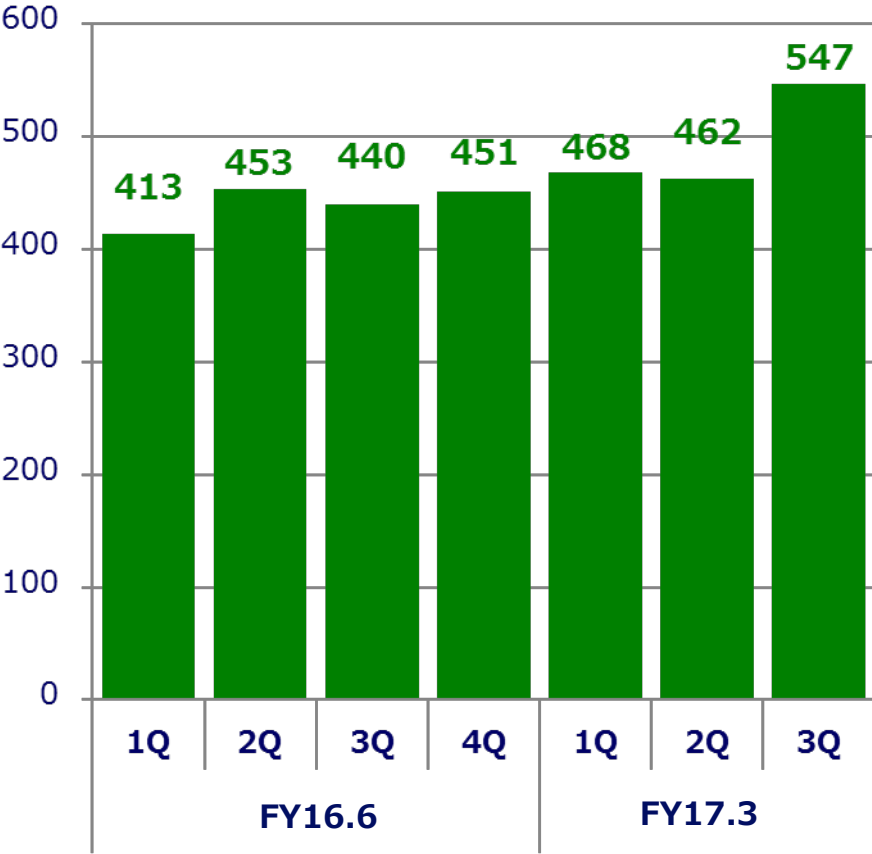
~ Payment grew in CtoC domain relating to event ticket selling in addition to growth of inbound payment ~

【Net Sales】

(JPY in Million)



【Income Before Income Taxes】

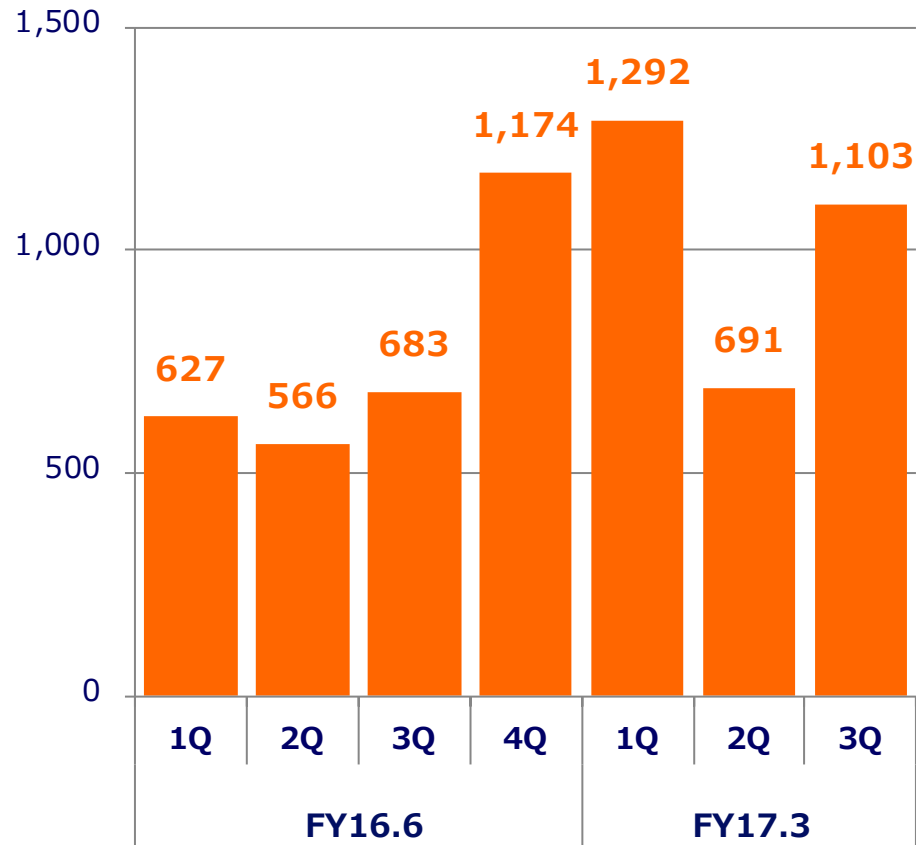


Income before income taxes increased slightly due to decrease of extra ordinary income, while investment profit on equity method of Kakaku showed stable growth

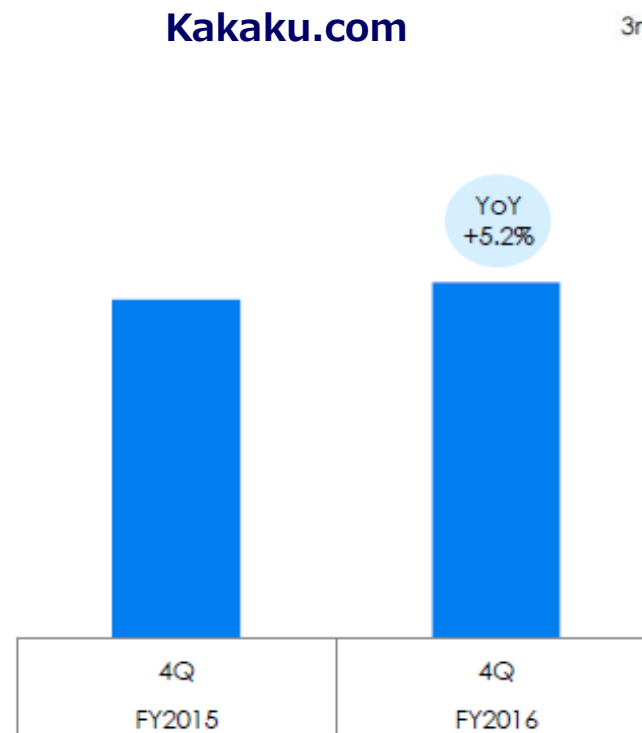
~ Launching incubation business with media as a core ~

【Net Sales】

(JPY in Million)

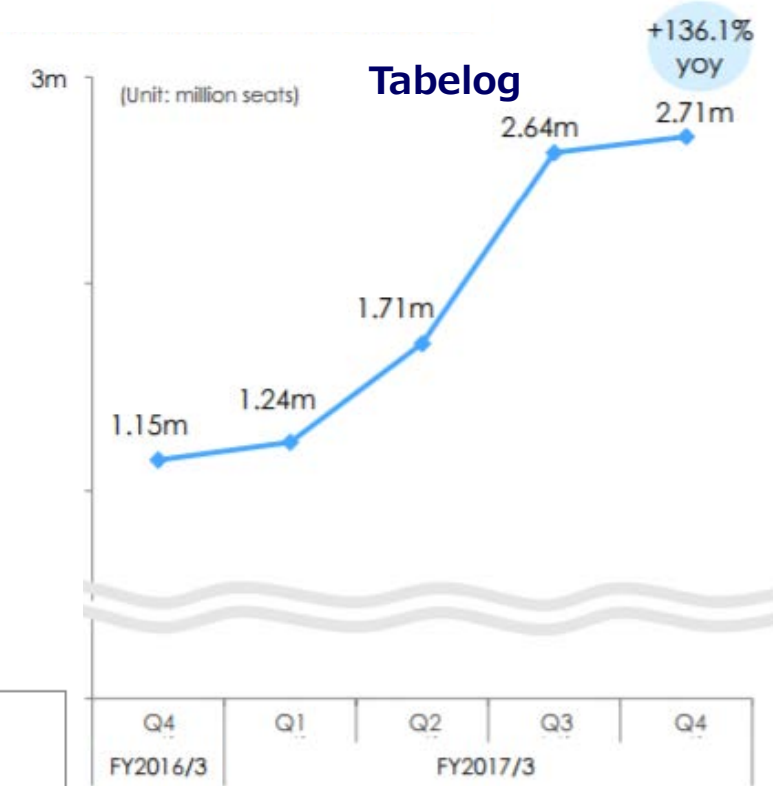


【GMS growth for consumables】



Ref. Kakaku.com, Inc. Results Briefing for FY2017/3

【Number of online reservations】



Quarterly Profit and Loss (Consolidated)



JPY in Million	FY16.6				FY17.3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	10,336	9,507	11,631	12,288	11,558	12,258	12,634
Operating income	1,425	201	1,477	1,097	412	493	-182
Ordinary income	1,863	831	1,887	1,610	1,781	1,541	365
Income before income taxes	1,941	860	1,933	2,838	3,148	1,561	1,118
Net income attributable to owners of parent	1,196	599	1,510	1,857	2,689	1,011	597













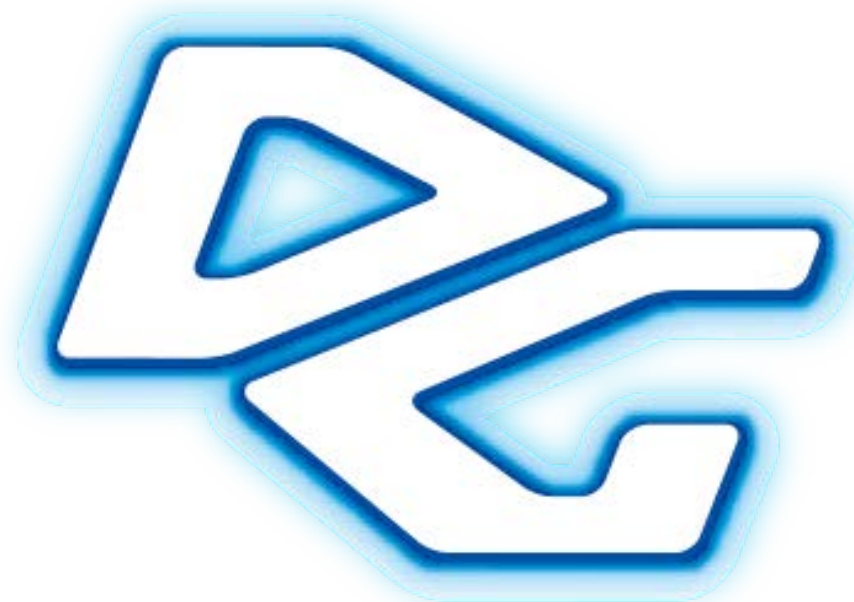
Quarterly Segment Profit and Loss (Consolidated)



JPY in Million	FY16.6				FY17.3		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Net sales	10,336	9,507	11,631	12,288	11,558	12,258	12,634
IT Incubation Technology	1,899	657	1,863	1,921	496	596	723
MT Marketing Technology	4,502	4,730	5,648	6,147	6,550	6,843	7,100
FT Financial Technology	3,934	4,118	4,119	4,219	4,511	4,818	4,810
MI Media Incubation	-	-	-	-	-	-	-
Income before income taxes	1,941	860	1,933	2,838	3,148	1,561	1,118
IT Incubation Technology	1,064	-215	879	1,376	1,340	119	-871
MT Marketing Technology	247	313	386	448	368	415	290
FT Financial Technology	413	453	440	451	468	462	547
MI Media Incubation	627	566	683	1,174	1,292	691	1,103

Note: Income before income taxes per segment is based on figures prior to elimination or group deduction, etc

Date		Title
2017.4.5	 Digital Garage	Blockstream Launches New Confidential Assets Feature for Enterprise Blockchain Customers (Press Release of Blockstream)
2017.2.3	 Digital Garage	Digital Garage to jointly develop next-generation platform technology with leading blockchain technology company, Blockstream
2017.1.19	 Digital Garage	Japan's first preferred point service for cross-border EC malls aimed at members of "HAPPY GO", Taiwan's largest multi-store loyalty program, is launched
2017.1.12	 DG INCUBATION	Digital Garage Invests in Mind Fund, a Hong Kong Based Startup Studio and Investor
2016.12.7	 Digital Garage	Digital Garage collaborates with Toyota to build the future's mobility society support for operation of the open innovation program TOYOTA NEXT
2016.10.19	 Digital Garage	Digital Garage and DG Lab will host THE NEW CONTEXT CONFERENCE 2016 SAN FRANCISCO
2016.9.20	 veritrans	Apple Pay Coming to VeriTrans
2016.8.24	 Digital Garage	Digital Garage and TIS to Establish Strategic Technological Development Company DG Technologies to Develop FinTech-related Business
2016.7.22	 Digital Garage	Digital Garage and Daiwa Securities Group establish "DG Lab Fund," a fund directed towards startups that specialize in next generation technology
2016.7.4	 Digital Garage	Digital Garage, Kakaku.com, and Credit Saison establish open innovation-based R&D organization "DG Lab"



Digital Garage

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