



Open Incubation toward 2020

Digital Garage, Inc.

2Q of FYE March 31, 2018 Financial Report

2017.11.10

 **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

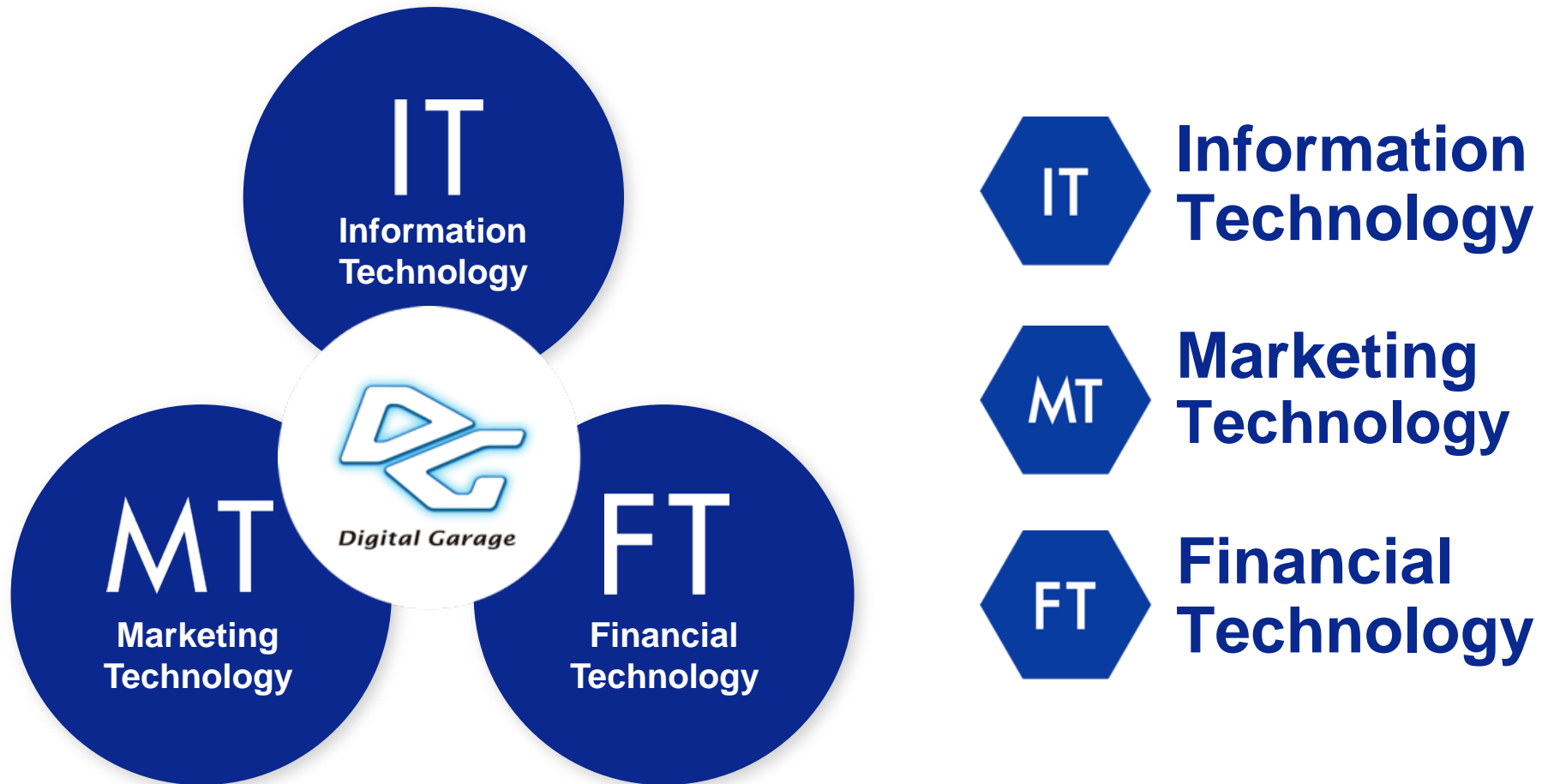
Real & Cyber

Local & International

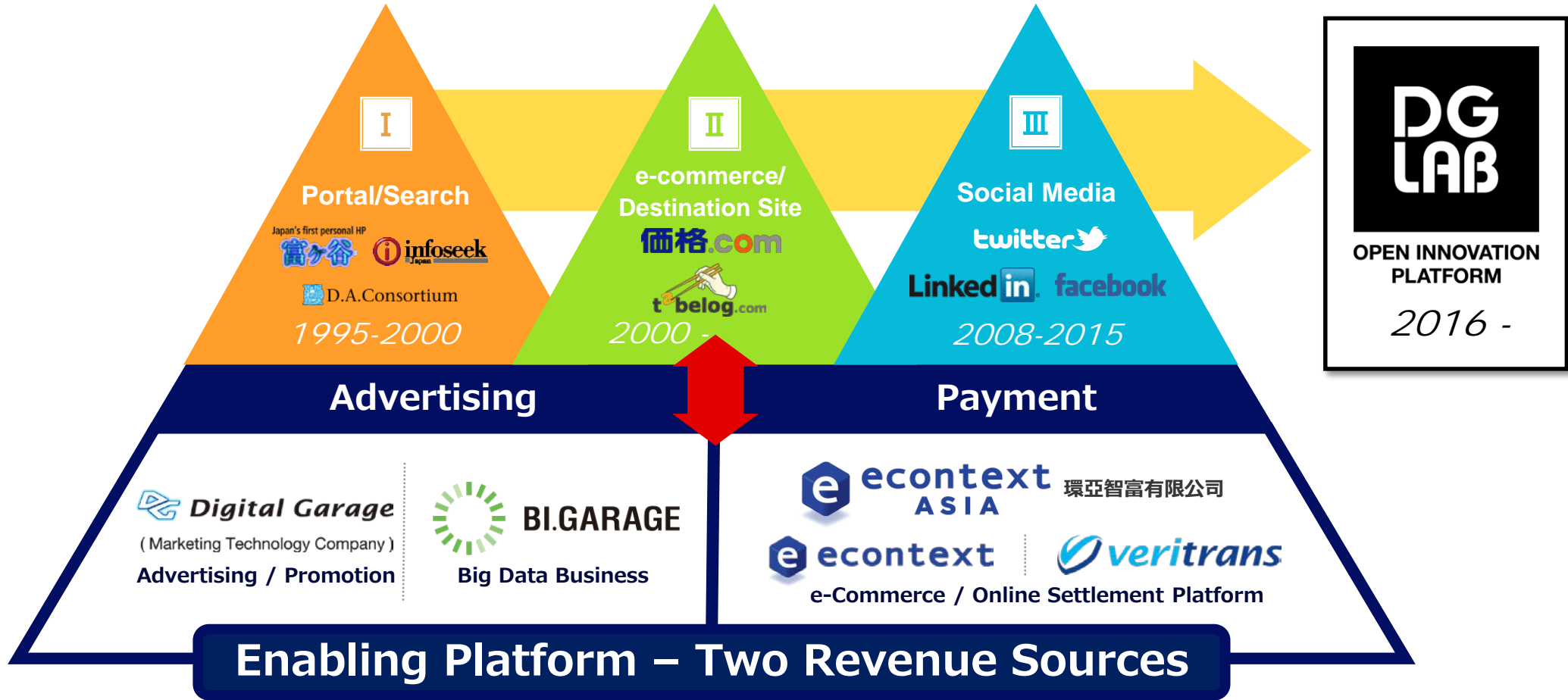
Marketing & Technology

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



FY18.3 2Q (cumulative):

Sales 28.7 B JPY, operating income 1.4 B JPY, and income before income taxes 3.4 B JPY

~ Strong MT/FT drove the performance.

Progress rate of FY18.3 forecast: Sales 49% and income before income taxes 44% ~

I **Consolidated result: YoY* sales grew by 21%, operating income grew by 56%, income before income taxes decreased by 26%**

- **Achieved record-high sales in 2Q (cumulative).** Both MT and FT achieved best results in sales and income before income taxes.
- Income before income taxes decreased 26% to 3.4 B JPY, due to investment profit on equity method by change of fiscal term last year and decline of foreign exchange gain and extraordinary income.

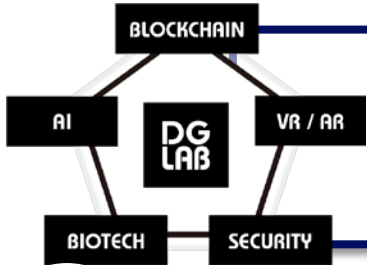
II **MT/FT: Continued strength of Internet ad/ Payment business, showed substantial increase in sales and profit**

- MT marked substantial increase in sales and profits. Sales achieved **17.2 B JPY, YoY +29%**, income before income taxes achieved **1.0 B JPY, YoY +40%**. Mainline performance-based ads have been strong, smartphone/app business and social ad business have grown rapidly.
- FT sales achieved **10.1 B JPY, YoY +9%**, and income before income taxes achieved **1.1 B JPY, YoY +24%**. Transaction volume **surpassed 700 B JPY** and continued growth exceeding EC market. Non-EC payment, a key business area, has increased especially face-to-face settlement, cryptocurrency exchange settlement, and person-to-person settlement

III **IT/LTI: Continuing active growth investment. Establish Mid-long term incubation structure of promising investment**

- IT invested All Turtles which nurtured startups of AI related. Strengthen incubation stream links with US, Japan, Europe and Asia, and establish the foundation of **"Open Network Lab" global expansion.**
- LTI decreased income before income taxes due to the change of fiscal term last year. **Acquired additional shares of DG Life Design, Inc.,** which develops life style supporting business, and making the company a **consolidated subsidiary.** Started mid-long term incubation on a full scale.
- DG Lab **developed "DG Lab DVEP"™ for unique cryptocurrency.** Offering it for digital regional currency and its experiment has already concluded.

Note:* Due to the change of fiscal term last year into nine months, the YoY comparisons here are between FY17.3 2Q (cumulative) and FY18.3 2Q (cumulative) for convenience.

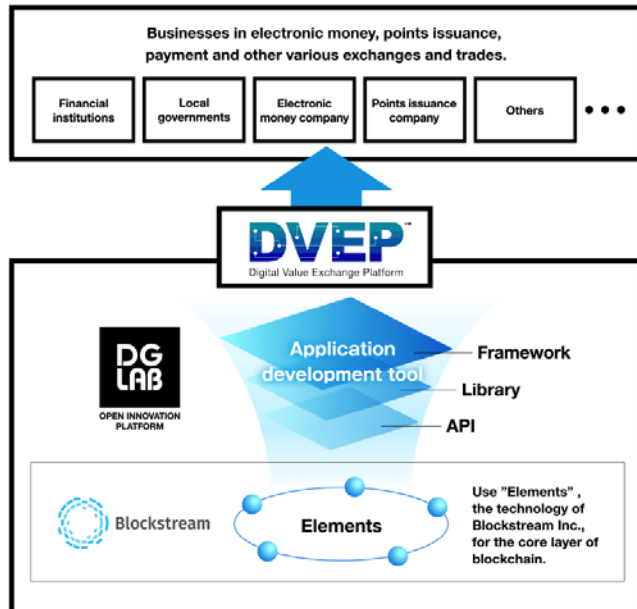


Driven by R&D and fund investment focusing on five key fields, fully start development of key technologies that can be the center of next-gen business. Accelerated commercialization such as implementing feasibility tests and business alliances.

BLOCKCHAIN

Developing all-purpose framework utilizing blockchain

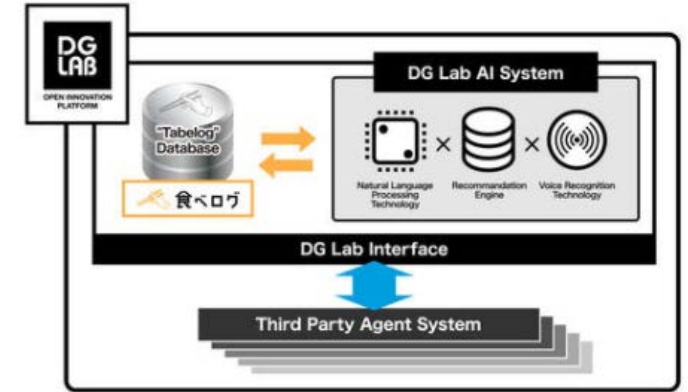
Technologically cooperated with Blockstream Corp, DG Lab developed all-purpose framework "DG Lab DVEP (Digital Value Exchange Platform)"™ for unique cryptocurrency through blockchain. Feasibility tests by using digital regional currency have already concluded.



AI

Developing service collaborating with data science

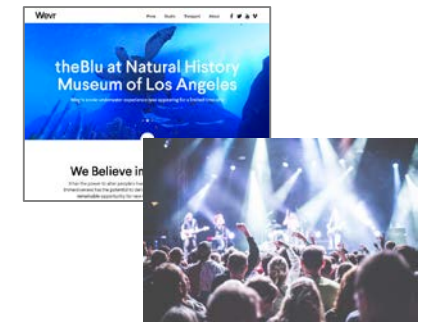
Created a prototype of restaurant search service using information from "Tabelog", a restaurant review site operated by Kakaku.com. Planning to offer as open platform.



VR/AR

Developing remote participation system for live performance

Developed remote participation system for live performance, cooperated with partner companies. Data analysis solution within VR contents are also planned to be developed.



Established Smart City Planning Office, designing regional revitalization collaborated with DG Lab Fund

Tokyo (Shibuya), Fukuoka, Sapporo Other areas are under consideration

Smart City Project for regional revitalization

Project area – in progress

“Sapporo AI Lab” launched

<http://www.city.sapporo.jp/somu/koho/hodo/201705/documents/sapporoailab.pdf>

(Japanese only)

※Developed by the Hokkaido Shimbun Press group and consortium (local bank, distribution, university, administration)

Fukuoka

FDC Launch Program

<http://www.garage.co.jp/en/pr/2017/09/20170921.html>

※Agreed with the Fukuoka Directive Council in Fukuoka City, named as a National Strategic Special Zone. Will develop with city, local banks, developer, and railroad companies.



DG Lab Advisor
Jun Murai
Keio University
Professor of Environment and Information Studies

2020 CREATIVE CITY SHIBUYA
INCUBATION CITY TOKYO
Tokyo (Shibuya)

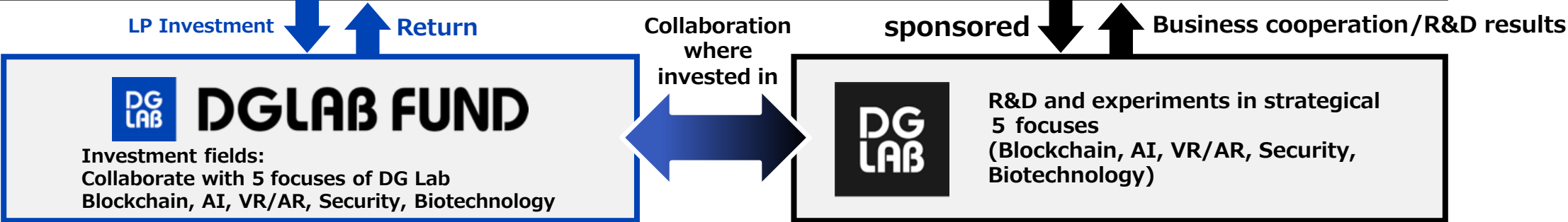


Other areas: under review





Investment in startups with next generation technologies in blockchain/ AI/ biotech area
 ~ DG Lab implements technological development cooperate with fund investors/ sponsored companies/ portfolio companies ~

Core partners  Digital Garage  kakaku.com  CREDIT SAISON CO.,LTD.

Sponsored companies and fund investors
 Sponsored companies (incl. plan): Bank, Securities, system developments, telecommunications etc
 Fund investors (incl. plan): IT, Bank, Securities, newspaper companies, construction, real estate firm etc



Investments examples

<p>Blockstream [U.S./Canada] BLOCKCHAIN</p> <p>Develops sidechain technologies, parallel blockchains that are interoperable</p> 	<p>Entrupy [U.S.] AI</p> <p>Provides image recognition technology for identification/authentication of fraudulent products for the C2C marketplace.</p> 	<p>TupacBio [U.S.] BIOTECH</p> <p>Develops software to design DNA. Automated design for barcode arrangement and creation of mutants is also possible</p> 	<p>The Sync Project [U.S.] BIOTECH</p> <p>Constructs a music database for musical therapy suited to various symptoms, and provides services by combining machine learning.</p> 
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Invested in Promising Global 14 Startups after fund establishment

Group Financial Performance Review



FY18.3 2Q (Cumulative) Consolidated P/L Summary

YoY* sales grew by 21% record high of 28.7B JPY, operating income grew by 56% of 1.4B JPY, income before income taxes decreased by 26% of 3.4B JPY

~ Income before income taxes decreased due to investment profit on equity method by change of fiscal term last year and decline of foreign exchange gain and extraordinary income. Progress rate 44% ~

JPY in Millions	A	FY18.3 1Q Act (4-6)	FY18.3 2Q Act (7-9)	B	YoY %	ref. C (=B/A)	
	FY17.3 2Q Act (Cum.) (7-12)			FY18.3 2Q Act (Cum.) (7-12)		FY18.3 Full Year Forecast	FY18.3 2Q Cum. Progress
Net sales	23,817	13,103	15,616	28,719	+20.6	58,500	49%
Operating income	906	464	952	1,416	+56.4		
Non-operating income	2,619	748	750	1,499	-42.8		
Investment profit on equity method	1,927	615	617	1,233	-36.0		
Foreign exchange gain	274	-	9	9	-96.5		
Non-operating expenses	210	101	135	237	+12.6		
Foreign exchange loss	-	9	-	-	-		
Ordinary income	3,315	1,111	1,567	2,678	-19.2		
Extraordinary income	1,400	719	133	852	-39.1		
Gain on sales of investments in securities	1,368	717	-	717	-47.6		
Income before income taxes	4,702	1,830	1,664	3,494	-25.7	8,000	44%
Income taxes	1,004	568	426	995	-0.9		
Net income attributable to owners of parent	3,693	1,267	1,223	2,490	-32.6	5,500	45%

Note: * YoY here means comparing FY17.3 2Q cumulative with FY18.3 2Q cumulative, due to the change of fiscal term last year.



FY18.3 2Q (Cumulative) Consolidated Segment P/L Summary



Both MT and FT showed substantial increase in sales and profit, and achieved record-high results

~ IT and LTI decreased extraordinary income and income before income taxes due to the change of fiscal term last year ~

JPY in Millions	A	B		ref. C (=B/A)			
	FY17.3 2Q Act (Cum.) (7-12)	FY18.3 1Q Act (4-6)	FY18.3 2Q Act (7-9)	FY18.3 2Q Act (Cum.) (4-9)	YoY %	FY18.3 Full Year Forecast	2Q (Cum.) Progress
Net sales	23,817	13,103	15,616	28,719	+20.6	58,500	49%
MT Marketing Technology	13,394	7,800	9,499	17,299	+29.2	32,000	54%
FT Financial Technology	9,329	4,951	5,208	10,159	+8.9	20,500	50%
IT Incubation Technology	1,070	337	901	1,239	+15.8	6,000	21%
LTI Long Term Incubation	23	14	6	20	-12.4	-	-
Income before income taxes	4,702	1,830	1,664	3,494	-25.7	8,000	44%
MT Marketing Technology	784	466	632	1,098	+40.0	1,750	63%
FT Financial Technology	931	578	579	1,157	+24.3	2,300	50%
IT Incubation Technology	1,507	-114	236	121	-91.9	3,800	3%
LTI Long Term Incubation	1,928	554	693	1,247	-35.3	2,500	50%

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

FY18.3 2Q Consolidated B/S Summary



JPY in Million	FY17.3	FY18.3 2Q	Difference	Reason for change / Remarks
Current assets	59,624	65,707	+6,082	
Cash and deposits	23,029	24,732	+1,702	Income by the sales of investment securities, new borrowings etc
Receivables	15,422	17,728	+2,306	Expansion of FT business
Money held in trust	2,264	3,342	+1,077	Expansion of FT business
Operational investment securities	11,856	13,021	+1,164	New investment, Mark-to-market, etc
Fixed assets	32,061	32,289	+227	
Investment securities	18,357	15,216	-3,141	Sales of investment securities, Transfer of investment securities of DG Life Design that has become a consolidated subsidiary to goodwill, Increased investment profit on equity method
Goodwill	5,411	8,160	+2,749	Consolidation of DG Life Design, Inc.
Total assets	91,686	97,997	+6,310	
Current liabilities	38,815	42,158	+3,343	
Deposits	25,127	26,004	+876	
Short-term borrowing	6,937	8,923	+1,986	Demands for working capital by expansion of FT business
Fixed liabilities	18,499	19,633	+1,133	
Long-term borrowing	17,207	18,614	+1,406	Short-term borrowings shifted to long-term as long-term interest rates get lowered
Total liabilities	57,315	61,792	+4,476	
Net assets	34,371	36,205	+1,833	
Shareholders' equity	31,633	33,418	+1,784	
Common stock	7,437	7,440	+3	
Capital surplus	2,946	3,153	+207	
Retained earnings	21,300	22,850	+1,549	Increased net profit
Accumulated other comprehensive income	1,956	1,797	-159	
Unrealized gains on securities	644	489	-154	
Liabilities / Net assets	91,686	97,997	+6,310	

Segment Performance Review



I Marketing Technology Segment

		Net Sales	Income Before Income Taxes
FY17.3	2Q(7-12) Actual	13,394 M JPY	784 M JPY
FY18.3	2Q(4-9) Actual	17,299 M JPY	1,098 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



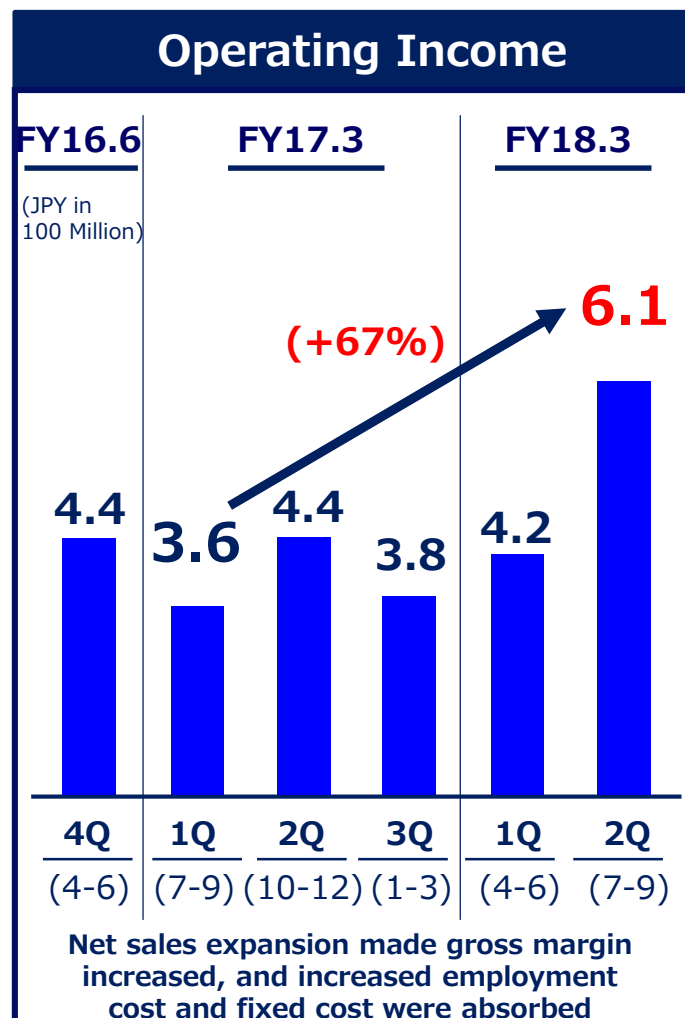
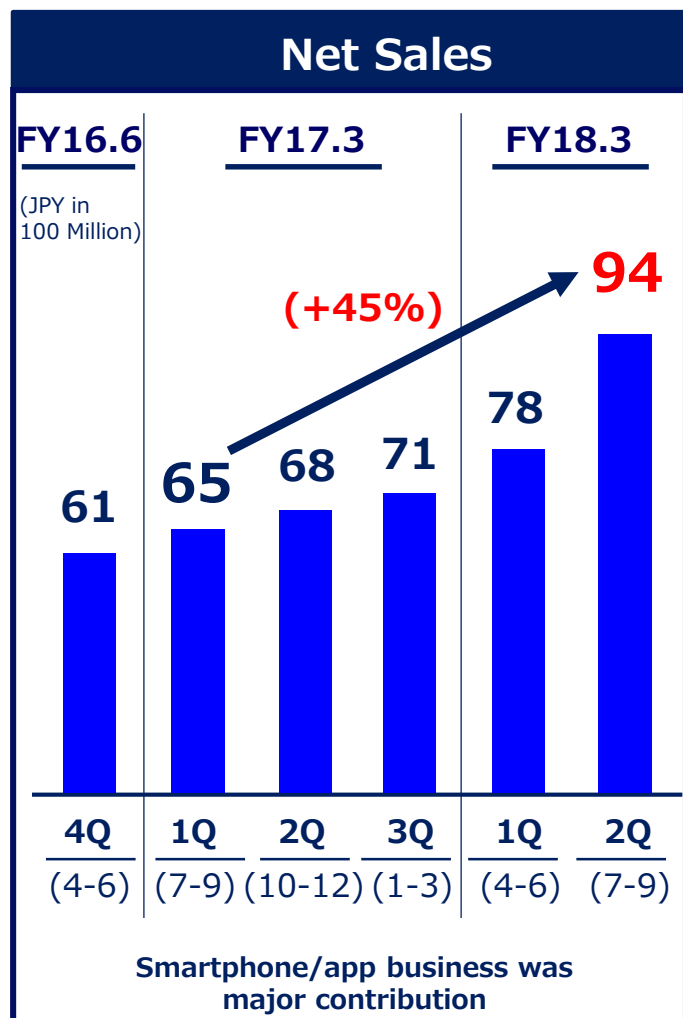
▶ NaviPlus Co., Ltd.

Offers website support tools including personalized recommendation engines



Substantial increase in net sales and profit: Net sales in 2Q marked 9.4 B JPY, +45% compared to 1Q FY17, operating income marked 0.6 B JPY, +67%

~ Operating margin which shows profitability increased to 42% ~



Operating Margin

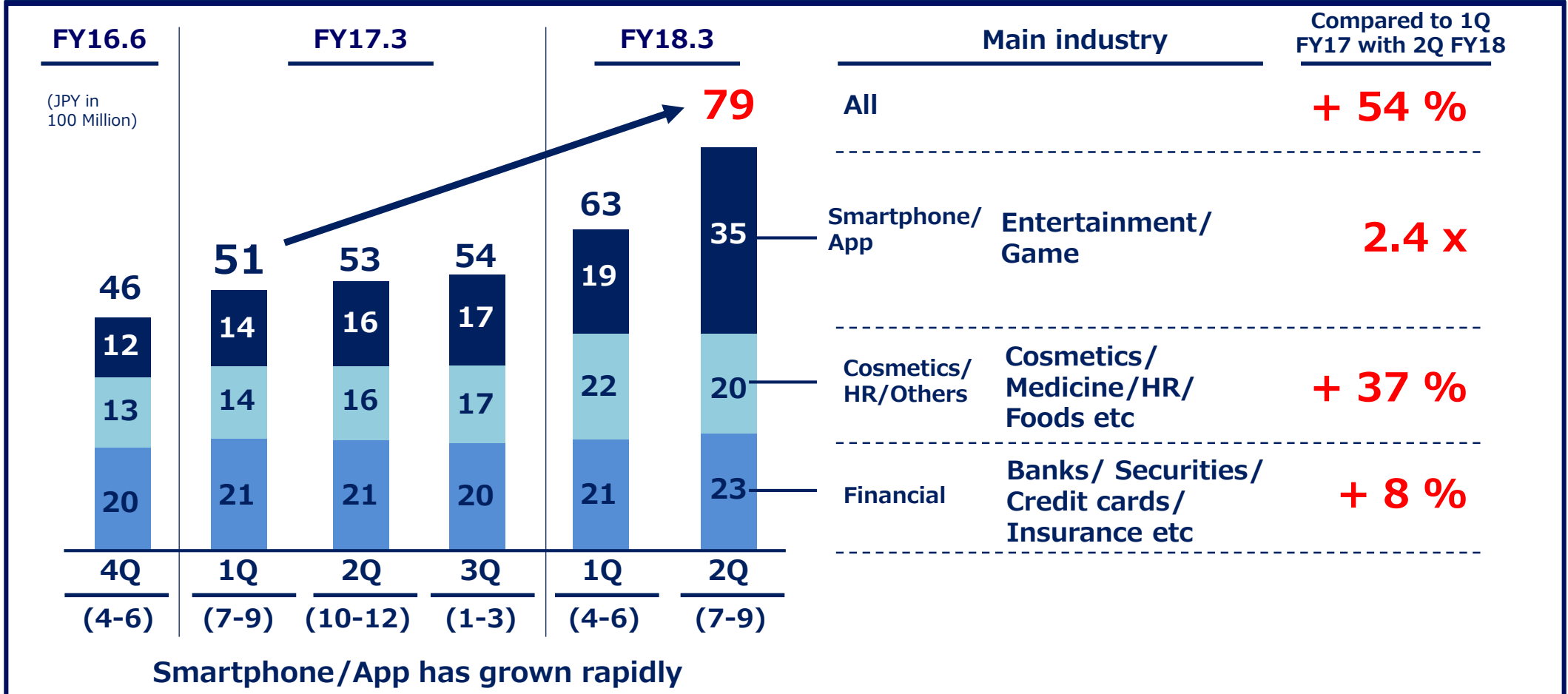
(JPY in 100 Million)

	FY17.3 1Q (7-9)	FY18.3 2Q (7-9)	YoY
Net sales	65.5	94.9	+ 45%
Gross profit (A)	10.6	14.5	+ 37%
Op. income (B)	3.6	6.1	+ 67%
Operating margin (B) (A)	34.7%	42.4%	+7.7 points

Sales of performance-based ads increased in all industries, smartphone/app business has grown rapidly

~ Sales of smartphone/ app business increased to 3.5B JPY, 2.4x compared to 1Q FY17 ~

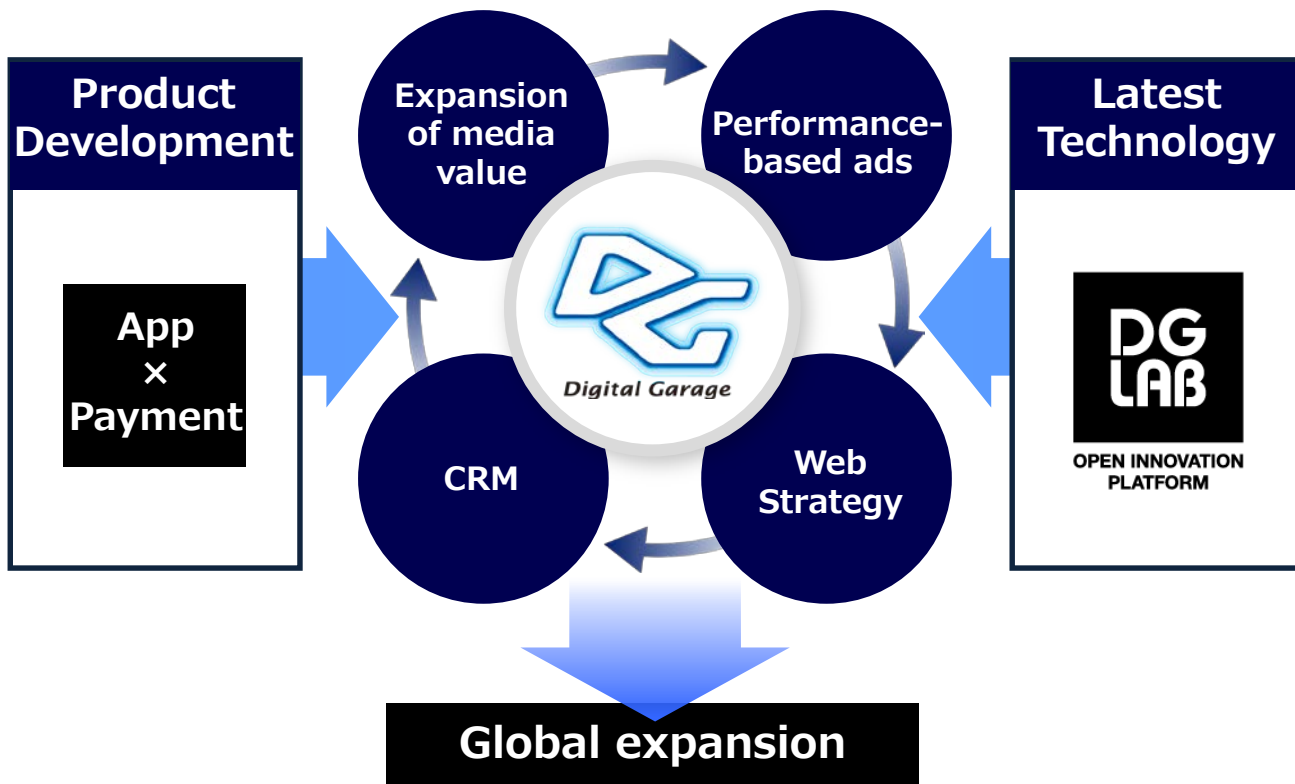
Net sales by industries (Performance-based ads)



Creating new products based on technologies and generate the value of client/ media

~ Supporting clients to expand overseas ~

Value creation for 5th generation of mobile communication system utilizing the latest technology



■ Main approaches

- Internet ads/ Promotion**
 - Further cultivation of performance-based ads
 - From consulting business to providing solutions for the clients

- Data Science**
 - Providing DMP to store the original data, and promoting advertising products
 - Strengthen the collaboration with Kakaku.com
 
 - Implement "Media Consortium" targeting to improve media value and brand value

- Global**
 - Joint development the official contents for Chinese visitors to Japan of Tencent. Supporting the inbound marketing.

 - Consulting clients to support their business to expand overseas

II Financial Technology Segment

		Net Sales	Income Before Income Taxes
FY17.3	2Q(7-12) Actual	9,329 M JPY	931 M JPY
FY18.3	2Q(4-9) Actual	10,159 M JPY	1,157 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

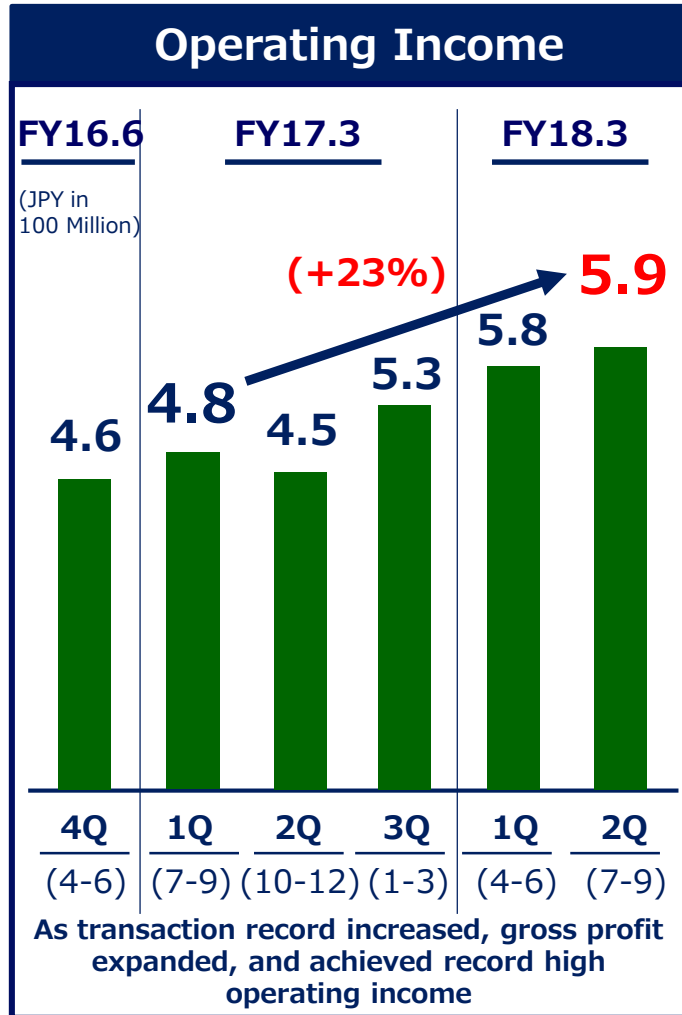
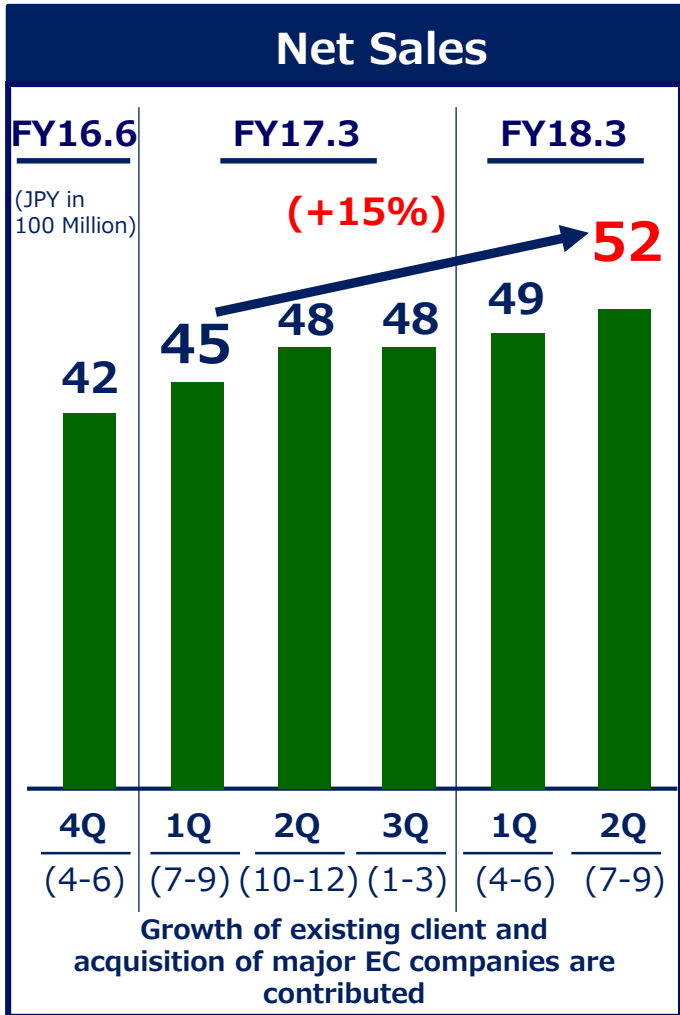
PT. Midtrans

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



Net sales in 2Q marked 5.2 B JPY, +15% compared to 1Q FY17, operating income marked 0.6 B JPY, +23%

~ Operating margin which shows profitability increased to 42%, +2.7points ~



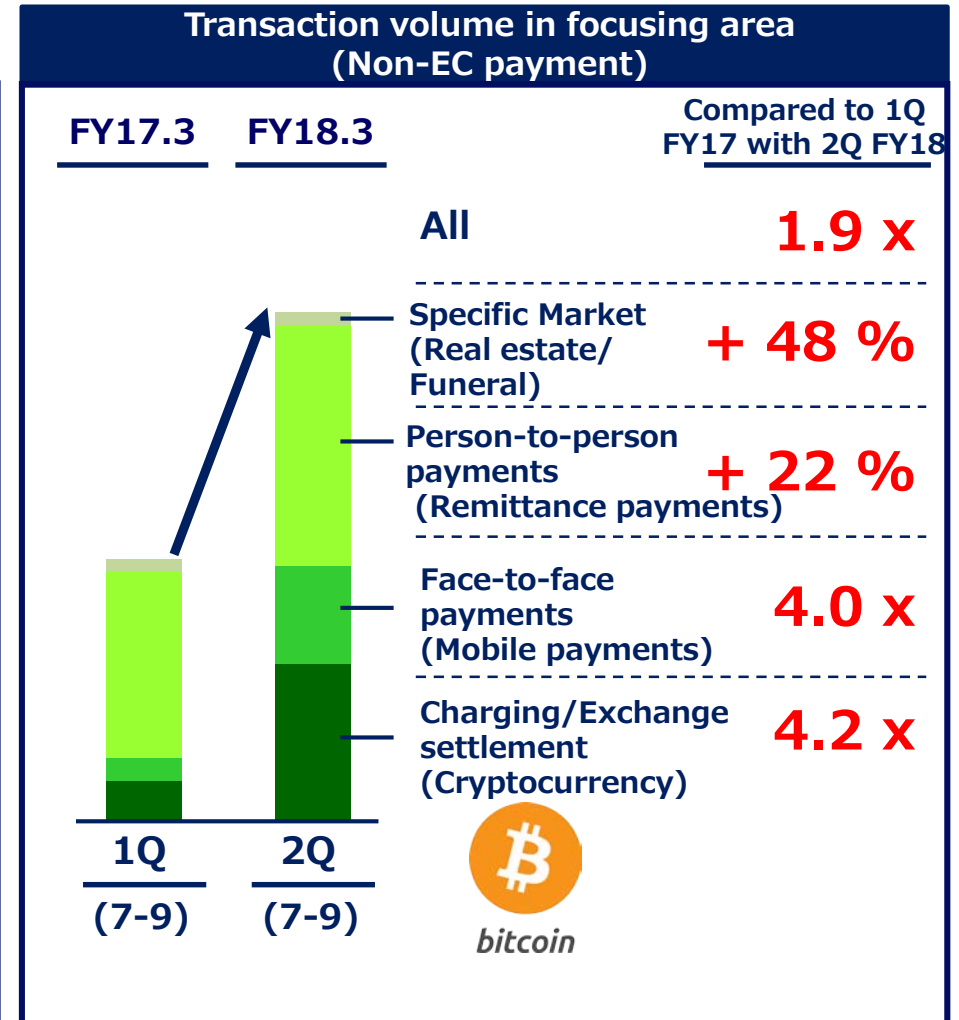
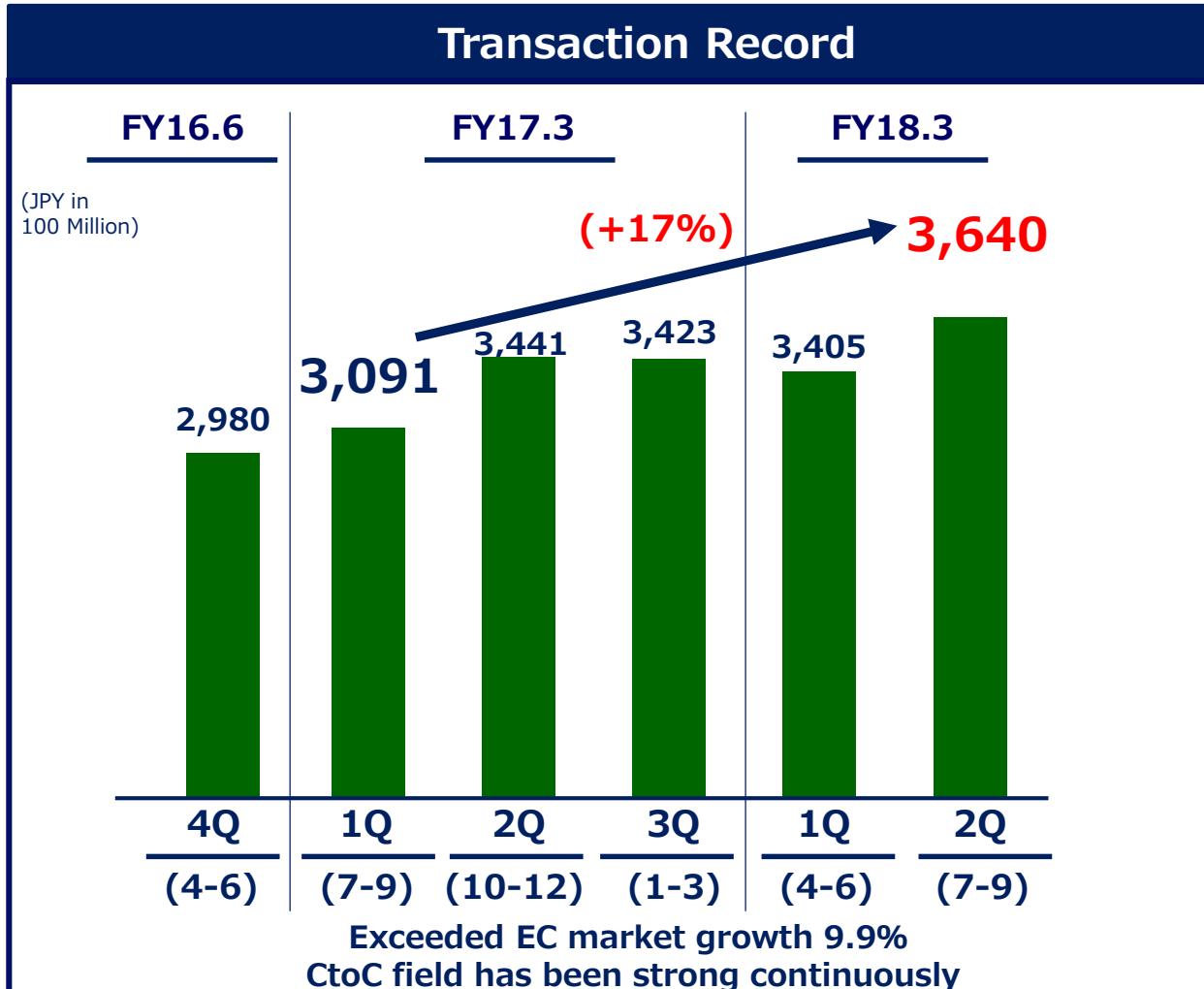
Operating Margin

(JPY in 100 Million)

	FY17.3 1Q (7-9)	FY18.3 2Q (7-9)	YoY
Net sales	45.1	52.0	+ 15%
Gross profit (A)	12.3	14.2	+ 15%
Op. income (B)	4.8	5.9	+ 23%
Operating margin (B)	39.3%	42.0%	+2.7 points
(A)			

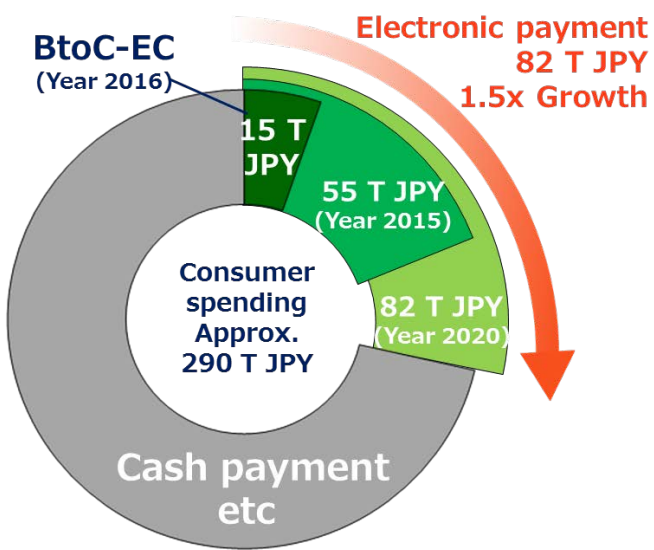
Operating margin improved by sales growth which exceeded the expenses of strengthen the system operation

Transaction marked approx. 360 B JPY, +17% compared to 1Q FY17, exceeded EC market growth
 ~ Face-to-face payments, cryptocurrency exchange settlement, and person-to-person payments have expanded rapidly in Non-EC payment, a focusing area ~



Developing the new growth area as a payment platformer in FinTech
 ~ Following Non-EC payment and face-to-face payment, launching public fund payment and utility fees payment ~

Market Environment



Theme in FT segment

- ✓ Cashless society
- ✓ Vitalizing the local economies
- ✓ Inbound
- ✓ Next generation payment (FinTech)

Growth Strategy

EC payment: Organic growth (10-15%)

I Non-EC payment/ Face-to-face payment

- Specific market (Real estate/ Restaurants/ Funeral etc)
- Barcode payment
- New area (public fund payment/ utility fees payment etc)

II Alliance

- Payment cooperation with business partners having large customer base
- New business with alliance

III Next generation payment

- Solution utilizing blockchain
- Experiments cooperating with DG Lab

Main approaches

✓ = New Approaches

- Payment for Real estate/ Restaurants/ Funeral etc
- ✓ ■ Barcode payment
- ✓ ■ Remittance service
- ✓ ■ Cryptocurrency exchange settlement
- ✓ ■ Undertaking the collection business by credit card of the National Pension Insurance



- Develop face-to-face payment of stores in airport shops cooperating with ANA group.
- Charge payment at convenience store



- ✓ ■ Correspond to "CloudSign Payment" based on smart contract



III Incubation Technology Segment

		Net Sales	Income Before Income Taxes
FY17.3	2Q(7-12) Actual	1,070 M JPY	1,507 M JPY
FY18.3	2Q(4-9) Actual	1,239 M JPY	121 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



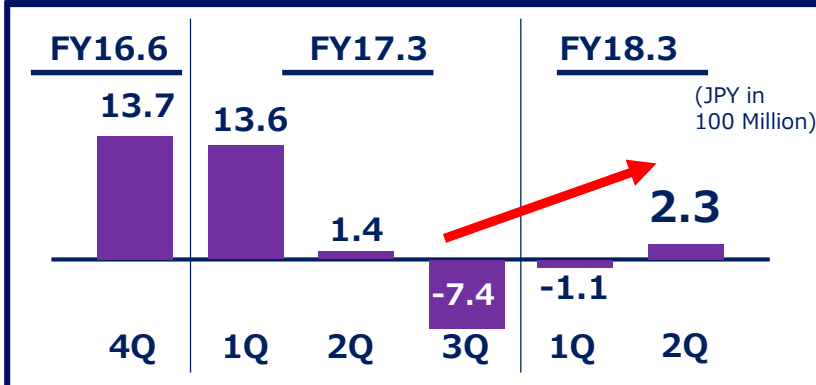
▶ **Kodansha Advanced Media LLC** (19% stake/investment)

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

A partial sale of shares hold, and income before income taxes turned positive for the first time in three quarters

~ Active investment has continued. New CIO has been appointed for strengthen investment activity in US/Asia ~

Income before income taxes



Book Value

	# of companies	Book Value
Equity	139	12.2 B JPY
Domestic	49	2.2 B JPY
Overseas	90	10.0 B JPY
Fund	11	0.8 B JPY
Total	150	13.1 B JPY

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

Welby [Japan]



Builds apps for patients with chronic malady, diabetes, cancers



Droom [India]

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



Goodpatch [Japan]

Web development and consulting service firm



Wevr [U.S.]

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



Monstar Lab [Japan]

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



PureTech Health [U.S.]

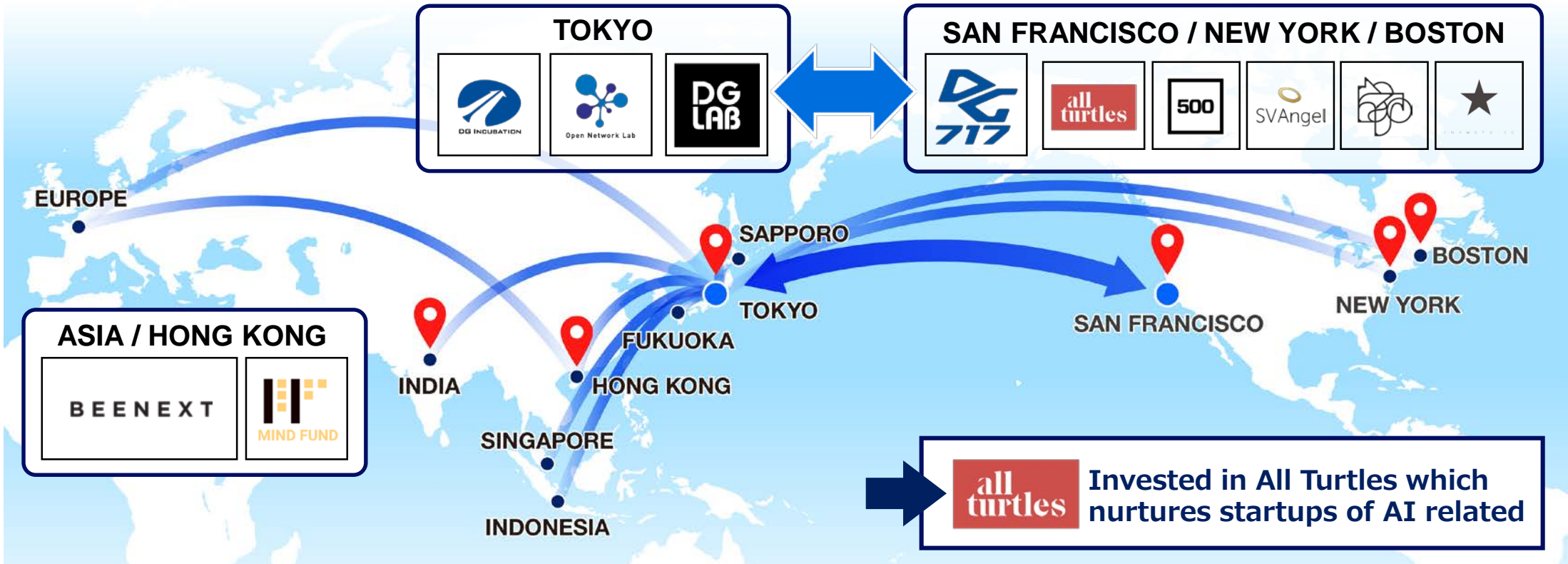
A US based company that focuses on incubation in advanced biotechnology field. Listed on LSE.



Panair [Japan]

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

Starting the global networking of AI/FinTech related
 ~ Developing cooperation globally of a seed accelerator "Open Network Lab" ~



- Approaches :**
- ✓ Closer cooperation of US, Japan, Europe and Asia, and supporting startups globally
 - ✓ Investing in All Turtles, and launched AI project linking Silicon Valley, Tokyo and Paris
 - ✓ Through the cooperation with DG Lab, technical alignment in AI, Fintech, AR/VR and strengthen development structure

IV Long-term Incubation Segment

		Net Sales	Income Before Income Taxes
FY17.3	2Q(7-12) Actual	23 M JPY	1,928 M JPY
FY18.3	2Q(4-9) Actual	20 M JPY	1,247 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.



- ▶ **DG Life Design, Inc.** (70%)
With its mission of providing "Valuable Life," expanding life care business, sports marketing business and wine school business.



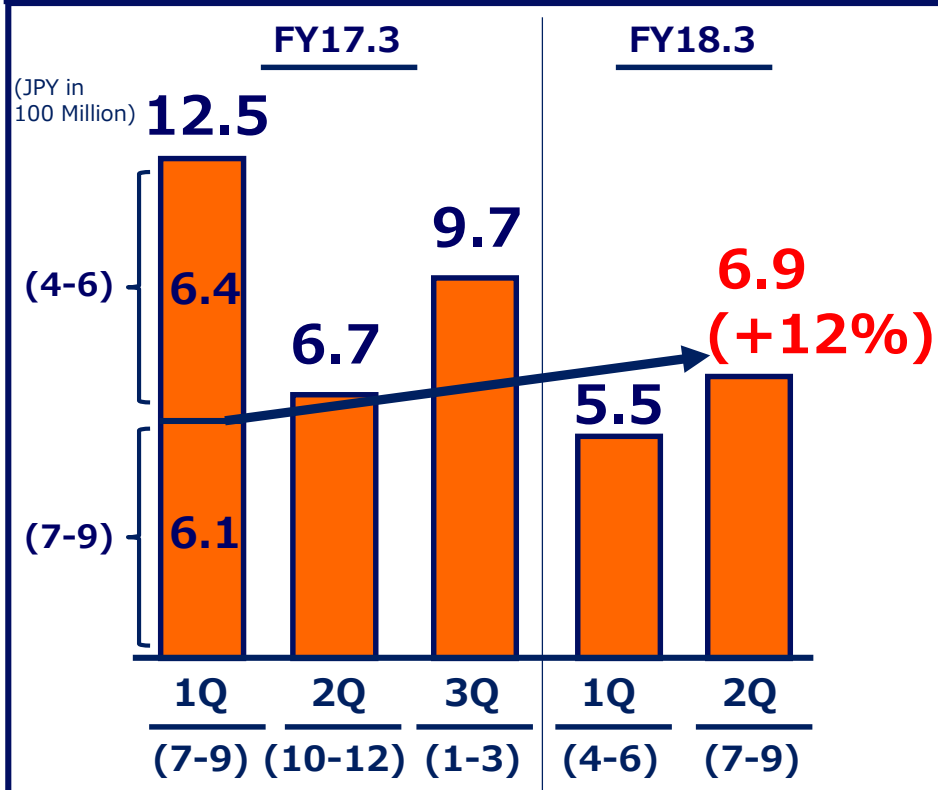
- ▶ **DK Media, Inc.** (50%/Equity method affiliate)
Internet media business utilizing fashion magazines by Kodansha



Income before income taxes decreased compared to 1Q FY17 due to fiscal term change, while +12% in real terms compared to 1Q (7-9) FY17

~ Investment profit on equity method of Kakaku remains robust ~

Income before income taxes



Note) FY17.3 1Q booked 6 months (Apr.-Sep.) of investment profit on equity method of Kakaku.com, Inc.

- Income before income taxes in 2Q was 0.69 B JPY, decreased 45% compared to 1Q FY17
- Special factors in 1Q FY17 0.6 B JPY
 - ✓ Due to change of fiscal term, investment profit on equity method of Kakaku.com, Inc. was booked for 6 months
 - ✓ 1Q FY17 1.2 B JPY → 2Q FY18 0.6 B JPY Decreased by 0.6 B JPY
- Excluded special factors, income before income taxes in 2Q was +12% compared to 1Q (7-9) FY17

DG Life Design, Inc. has become a consolidated subsidiary, and establish mid-long incubation structure

~ Next generation technological innovation cultivates the cross-functional business which will be next mainstay ~

LTI Strategy/ Business progress of other than kakaku.com, Inc.

- DG grouping of invested companies, JV establishment with alliance companies
- Incubation of new business, business expansion by collaboration with DG group
- Creation of long and sustainable business profit

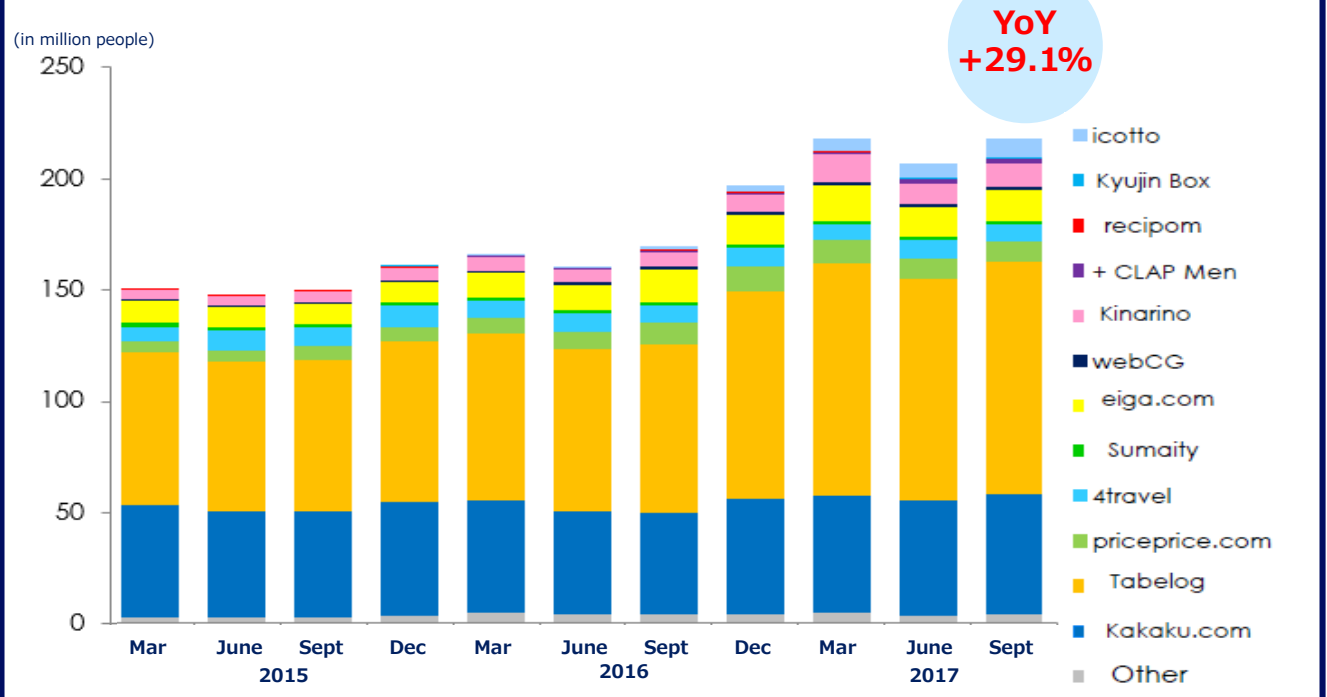


- **Lifestyle support business**
 - ✓ Acquired additional shares of DG Life Design, Inc. and making the company a consolidated subsidiary
 - ✓ Strengthen collaboration with DG group based on existing profitability model
- 

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- **Contents business (JV with Kodansha)**
 - ✓ Started compilation media "HOLICS"  combining good contents and AI technology

Business progress of Kakaku.com, Inc.

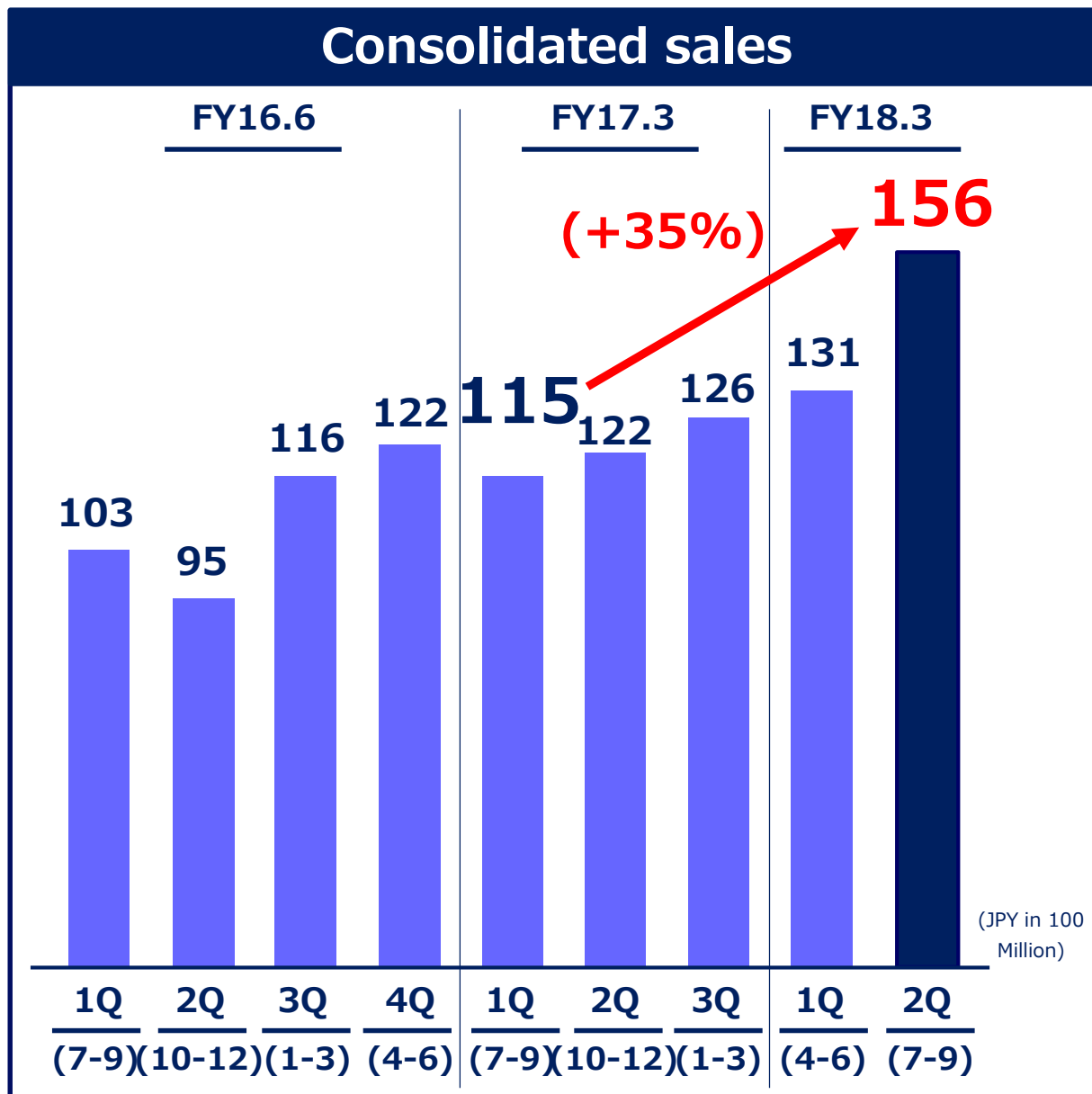
【Total Accumulated Traffic for Kakaku.com Group】
 Monthly traffic for all sites of Kakaku.com has increased to 220.00 million, up 29.1% yoy (September 2017)



Ref. Kakaku.com, Inc. Results Briefing for 2Q FY2018/3

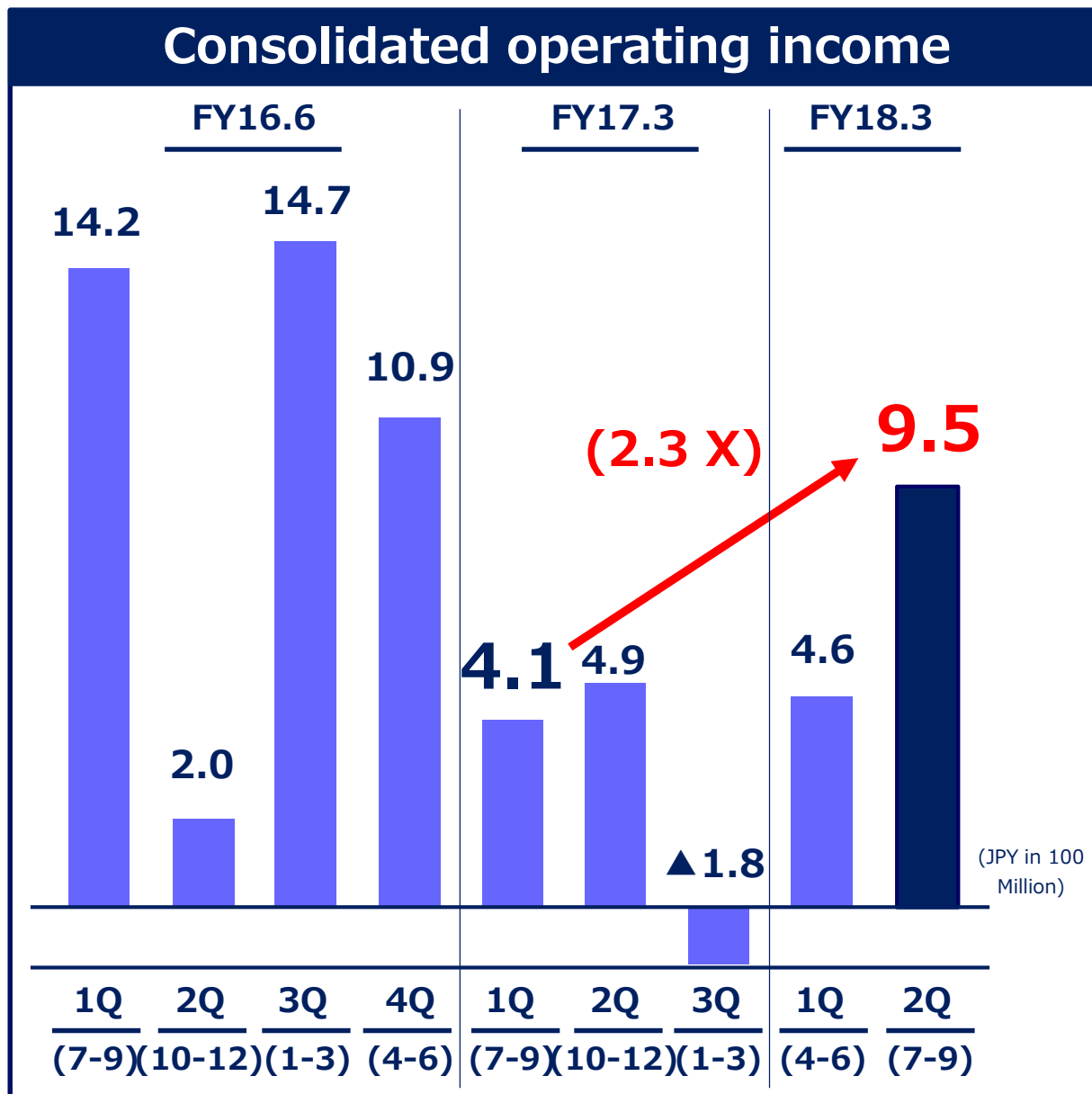
Appendix





As reference, comparisons showed here are between 2Q (7-9) FY18.3 and 1Q (7-9) FY17.3 in real terms which is the same period of last year

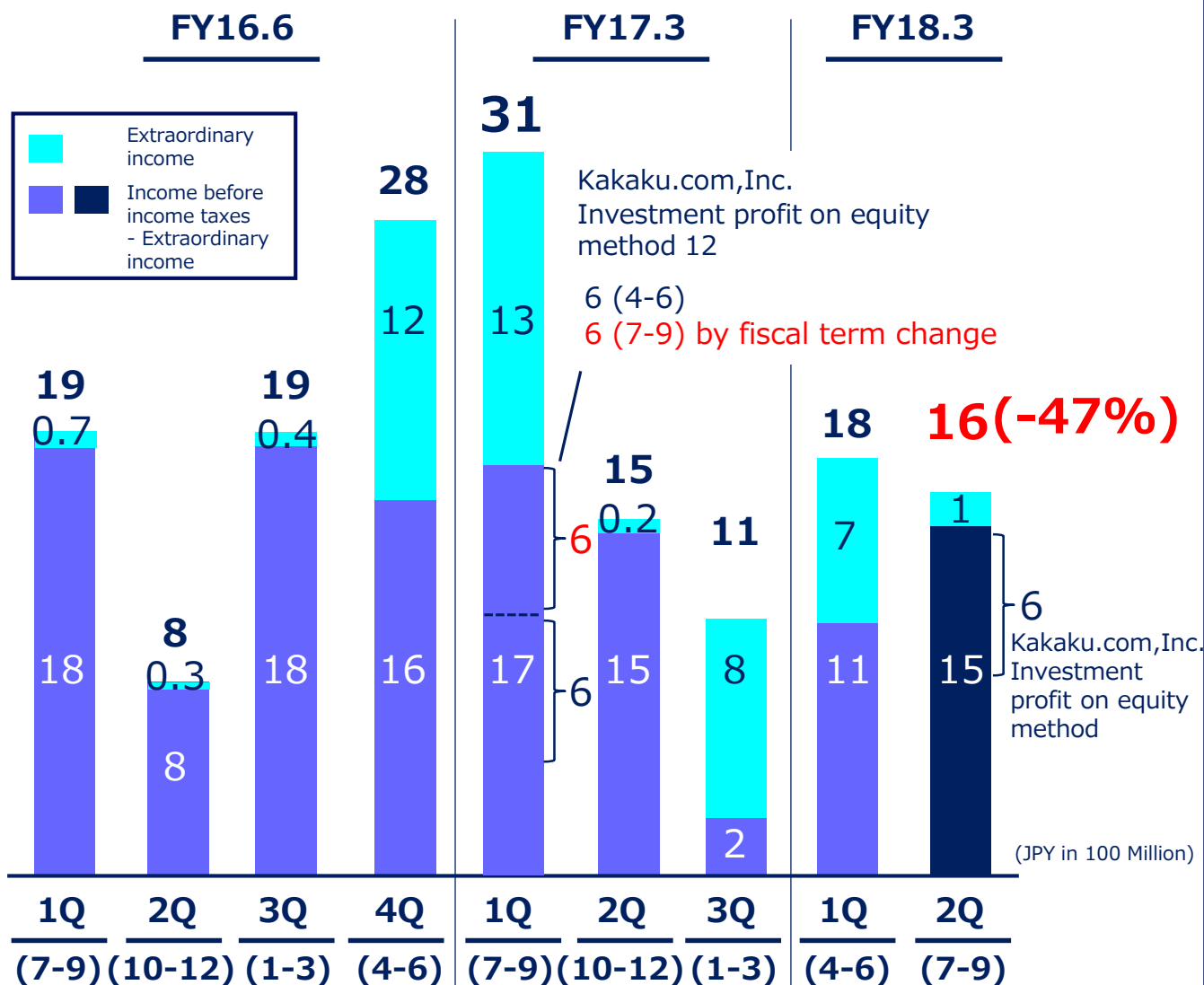
- 2Q sales marked 15.6 B JPY, record-high results in quarterly, up 35% compared to 1Q FY17.
- Achieved 4-quarters consecutive increase in sales
- Both MT and FT segments sustained high growth and it drove the consolidated sales growth



- 2Q operating income marked 0.95 B JPY, 2.3 times bigger than 1Q FY17
- 2Q operating income ratio marked 6.1%, up 2.5 points compared to 1Q FY17 of 3.6%, then improved profitability
⇒ Achieve the good balance of high growth potential and improvement of profitability
- Achieved 2-quarters consecutive increase in operating income, after hitting the lowest in 3Q FY17



Consolidated income before income taxes



- 2Q income before income taxes marked 1.6 B JPY, decreased 47% compared to 1Q FY17

- Special factors in 1Q FY17 2.0 B JPY

- ✓ Due to change of fiscal term, investment profit on equity method of Kakaku.com, Inc. was booked for 6 months
1Q FY17 1.2 B JPY → 2Q FY18 0.6 B JPY
Decreased by 0.6 B JPY
- ✓ Booked extraordinary income 1.38 B JPY

- Excluded special factors, income before income taxes in 2Q was up 37% compared to 1Q FY17

	FY17.3	FY18.3	Compared to 1Q FY17
	1Q (7-9)	2Q (7-9)	
Kakaku Investment profit on equity method	12.6	6.4	
(4-6)	6.2		
(7-9)	6.4	6.4	
Extraordinary income	13.8	1.3	
Income before income taxes	31.3	16.6	- 47%
Special factors (Extraordinary income and 1Q FY17 Kakaku irregular settlements of account)	20.2	1.3	
Income before income taxes - special factors	11.1	15.3	+37%



Financial results: Consolidated Profit and Loss



JPY in Millions	FY14.6 (Full Year Act)	FY15.6 (Full Year Act)	FY16.6 (Full Year Act)	FY17.3 (Full Year Act) 9 month	FY18.3 (Full Year FCST)
Net sales	33,751	38,087	43,763	36,451	58,500
Operating income	2,608	4,809	4,201	723	
Non-operating income	2,307	3,736	3,031	3,246	
Investment profit on equity method	1,741	2,080	2,406	2,528	
Foreign exchange gain	143	1,090	-	171	
Non-operating expenses	472	936	1,040	292	
Foreign exchange loss	-	-	689	-	
Ordinary income	4,442	7,610	6,193	3,678	
Extraordinary income	630	2,463	1,392	2,265	
Gain on sales of investments in securities	220	68	-	1,829	
Gain on sales of shares of sub. and associates	-	-	521	386	
Gain on change in equity	374	2,363	157	47	
Gain on transfer of business	26	23	706	-	
Extraordinary loss	38	824	10	124	
Impairment loss	0	657	-	104	
Income before income taxes	5,035	9,248	7,574	5,819	8,000
Income taxes	1,887	3,855	2,385	1,525	
Net income attributable to owners of parent	2,847	5,081	5,165	4,289	5,500

Note: Kakaku.com.Inc. is affiliated company for using the equity method, and started to apply IFRS from FY18.3. The figures on FY17.3 has been applied retrospectively.



Financial results: Consolidated Profit and Loss by segments

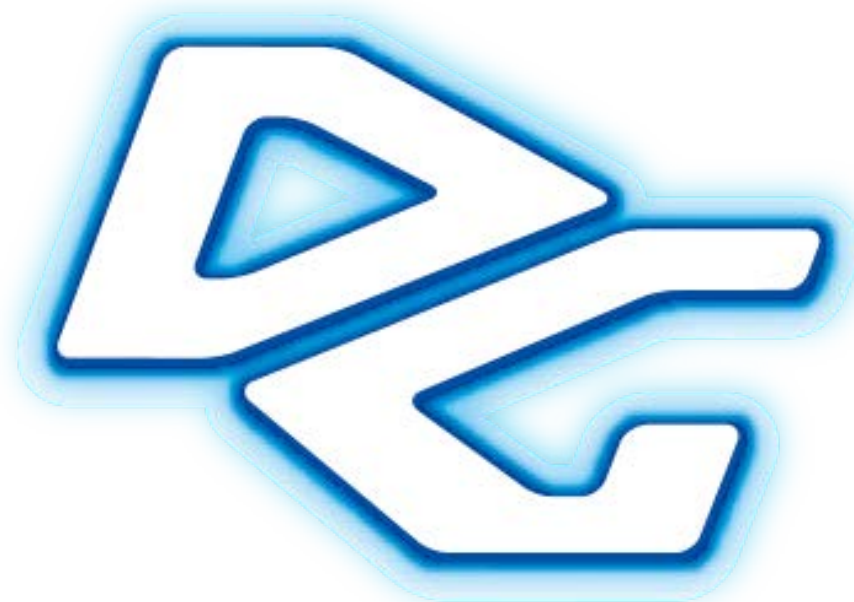


JPY in Millions		FY14.6 (Full Year Act)	FY15.6 (Full Year Act)	FY16.6 (Full Year Act)	FY17.3 (Full Year Act) 9 month	FY18.3 (Full Year FCST)
Net sales		33,751	38,087	43,763	36,451	58,500
MT	Marketing Technology	14,822	16,064	21,028	20,494	32,000
FT	Financial Technology	13,454	14,568	16,392	14,140	20,500
IT	Incubation Technology	5,475	7,454	6,343	1,775	6,000
LTI*	Long Term Incubation	-	-	-	41	-
Income before income taxes		5,035	9,248	7,574	5,819	8,000
MT	Marketing Technology	874	1,061	1,396	1,074	1,750
FT	Financial Technology	1,496	1,335	1,758	1,478	2,300
IT	Incubation Technology	1,595	2,804	3,105	766	3,800
LTI*	Long Term Incubation	1,776	4,477	3,052	2,899	2,500

Note: Income before income taxes per segment is based on figures prior to elimination or group deduction, etc
MI segment has been changed to LTI segment from FY18.3, by aiming to generate sustainable business profit in mid-long term.
Some businesses in IT segment have transferred to LTI, therefore figures on FY17.3 updated with the current category.



Date	Logo	Title
2017.10.30	Digital Garage	Digital Garage Appoints Brian Yeh as Chief Investment Officer of DG Incubation to Strengthen North American and Asian Investment Businesses
2017.10.26	Veritrans	VeriTrans to Provide Ministry of Health, Labour and Welfare with Credit Card Payment Service to the National Pension Fund
2017.10.10		DG Lab Developed All-Purpose Framework "DG Lab DVEP" TM for Unique Cryptocurrency through Blockchain's Bitcoin
2017.10.3	DGLAB FUND	DG Lab Fund Invested in Skydisc, a Cloud Service Using AI/IoT as the Fukuoka City's Startup Support Program's First Project
2017.10.2	Digital Garage	Digital Garage and Tencent to Co-develop "QQ Odekake Japan", Mobile QQ's Contents for Japan-bound Chinese Tourists
2017.9.29		DG Lab to Host THE NEW CONTEXT CONFERENCE 2017 SAN FRANCISCO
2017.9.21	Digital Garage	Digital Garage Begins Support for Startups in Fukuoka Region in Cooperation with the Fukuoka Directive Council
2017.9.8	DGLAB FUND	DG Lab Fund Invested in 12 Start-ups with Next-Generation Technology in Fields such as Blockchain, AI, and Biotech
2017.8.31	Digital Garage	Collaboration Partners Selected for TOYOTA NEXT, the Open Innovation Program Supported by Digital Garage
2017.8.29	Digital Garage	Digital Garage Hosted "Digital Garage First Penguin Award 2017", which Honors Leaders who Creatively Challenge The World
2017.6.20		DG Lab to Unveil Open Platform for Interactive Agent Technology that Uses Artificial Intelligence
2017.6.1		Digital Garage to Invest in AI Technology Startup Studio All Turtles and Support their Business Development in Japan.
2017.5.31	Digital Garage	THE NEW CONTEXT CONFERENCE 2017 TOKYO on July 25-26 The Event will Focus on Biotechnology and Blockchain
2017.5.12	Digital Garage	Digital Garage officially launches lifestyle service for wealthy consumers Business integration with two subsidiaries leads to development of DG Life Design business
2017.4.5		Blockstream Launches New Confidential Assets Feature for Enterprise Blockchain Customers (Press Release of Blocksteam)



Digital Garage

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