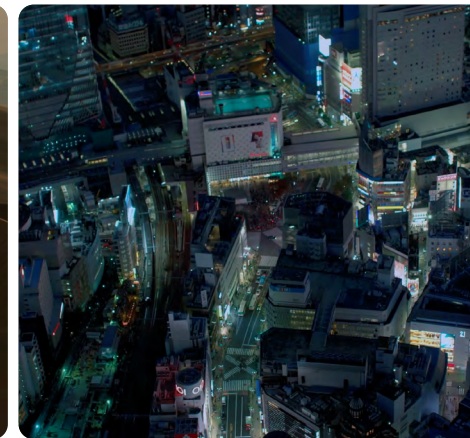
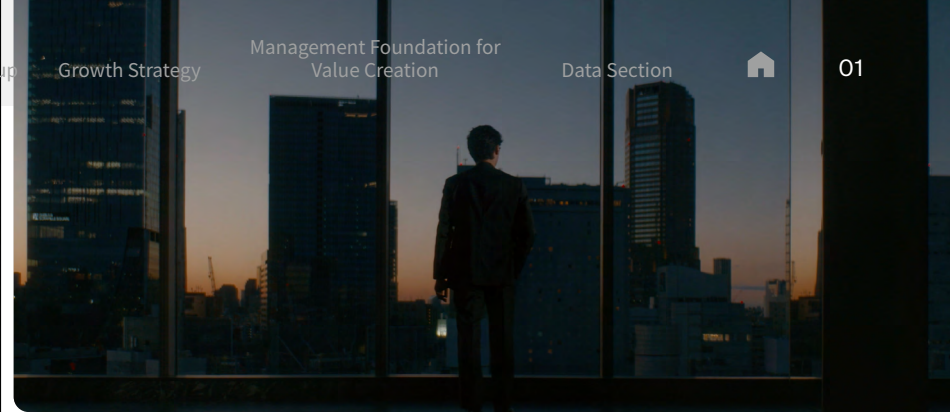




DG Integrated Report 2024

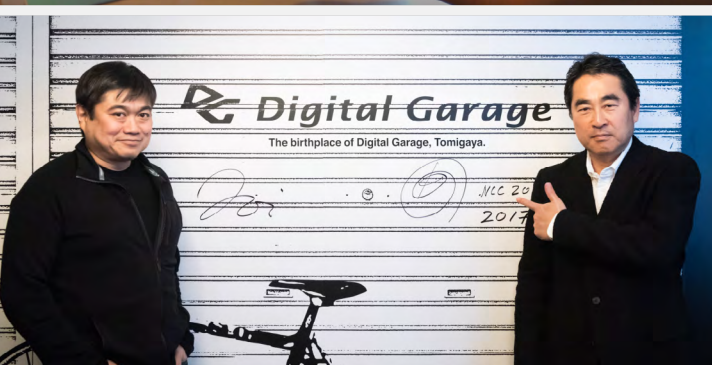
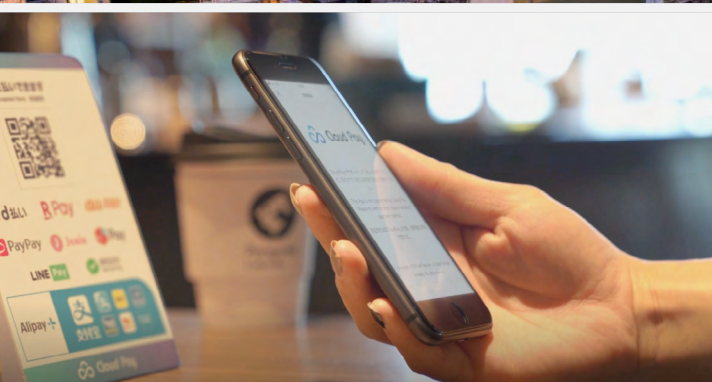


✧ Purpose

Designing “New Context” for a sustainable society with technology

In 1995, Digital Garage was founded with the goal of becoming a company that creates “context” for the internet age. A context is the environment or setting in which something exists. Today, it’s an important key word in marketing, linguistics, information engineering, artificial intelligence, and various other settings.

We will continue to create sustainable “context” by addressing how to further develop Internet context in both “real space” and ever expanding cyberspace, while simultaneously connecting Japan with global markets, marketing with technology, and the present with the future. We believe this contributes to society and creates a sustainable future.



✧ Value

First Penguin Spirit



Courageously stepping into uncharted business areas.

Penguins must catch fish in order to survive. However, there are many predators, such as killer whales and leopard seals, lurking in the treacherous sea where they. In the face of these dangers, there is always the first penguin that must courageously takes the plunge into these waters with courage in its search for food. Digital Garage Group values this “First Penguin Spirit,” which represents courage in the face of risks

and the strong will to plunge head in order to achieve the goal. This has been the Group’s credo since its establishment. This spirit is upheld by each and every Digital Garage employee in their day-to-day business activities, to become the pioneering “First Penguins” that deliver services that benefit and serve society.

✧ Principle

Think for Yourself and Question Authority

Think for Yourself and Question Authority

Since its founding in 1995, this quote has been a part of the corporate credo of Digital Garage, which has continuously grown alongside the development of the Internet industry in Japan. Consistently at the forefront of the Internet industry and introducing revolutionary change in society, from communications to financial transactions, our

employees continue to meet the demands of versatility to think beyond the constraints of convention. Digital Garage is what it is today because each and every person in the company is encouraged to stand by this motto.

Introduction

- 01 Purpose
- 02 Value & Principle
- 03 Table of Contents & Editorial Policy

Value Creation at DG Group

- 04 Message from the Group CEO
- 08 Context Timeline
- 11 Value Creation Process
 - 12 External Environment
 - 13 Management Resources
 - 14 Materiality

Growth Strategy

- 16 Message from the COO
- 18 Business Overview
- 19 Segment Overview and Performance
- 20 Message from the CBDO

- 21 Payment Platform Business
 - 22 Column: Terminal-free Payment Solutions
- 23 Peripheral Business Areas in Payment Services
- 24 B2B Payment Solutions
- 25 Industry-Specific Digital Transformation Solutions
- 26 Alliance Strategy
- 27 Strategic Alliance with Kakaku.com
- 28 Global Investment Incubation Segment
 - 30 Column: DG’s Startup Investment Strategy
- 31 Next-generation Technology and Innovation
- 32 Financial and Capital Strategy
 - 32 Cash Flow Allocation
 - 33 Shareholder Return Policy
 - 34 Dialogue with Shareholders and Other Stakeholders

Management Foundation for Value Creation

- 35 Sustainability Management
- 36 Discussion with Outside Directors
- 39 Social
 - 39 Human Resource Management Initiatives

- 40 Developing Future Leaders
- 41 Interview with Our CTOs
- 42 Creating a Framework for Diverse Talent to Thrive
- 43 Message from the CTrO
- 44 Respect for Human Rights and Social Engagement
- 45 Environment
 - 45 Climate Change Initiatives
- 46 Governance
 - 46 Corporate Governance
 - 49 Compliance, Risk Management and Information Security
 - 50 Board of Directors
 - 51 Skills Matrix
- 52 Special Cross Talk

Data Section

- 56 Consolidated Financial Data
- 57 Digital Garage Group
- 58 Corporate Profile and Stock Information

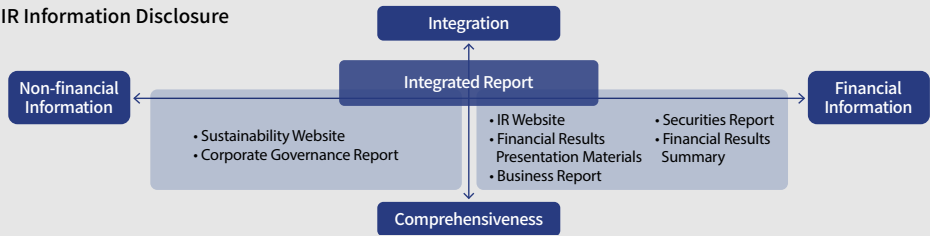
Editorial Policy

This report has been prepared as a communication tool that systematically presents both financial and non-financial information as a strategic narrative, with reference to the International Integrated Reporting Framework advocated by the IFRS Foundation and the proposed Guidance for Collaborative Value Creation by Japan’s Ministry of Economy, Trade and Industry. We will continue to enhance the content of this report to help our shareholders, investors, and broader stakeholder community deepen their understanding of our company.

Scope of Report

Digital Garage, Inc. and its group companies

IR Information Disclosure



Message from the Group CEO

Message from the Group CEO

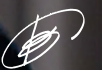
30 Years of Digital Garage's Journey and Its Future

Digital Garage will celebrate its 30th anniversary in August 2025. Reflecting on our journey, these past three decades have been characterized by our continuous commitment to implementing cutting-edge technologies into society since the early days of Internet. Our story began when I met co-founder Joi Ito during the early stages of the Internet, leading to the establishment of “Tomigaya,” Japan’s first personal homepage. We proceeded to develop robotic internet search services, pioneer e-commerce systems, introduce Japan’s first convenience store payment service, support Twitter’s (now X) entry into the Japanese market, and obtain the first regulatory sandbox certification for blockchain technology (demonstration system for new technologies). Throughout our history, we have consistently created innovative businesses leveraging Internet technology.



Kaoru Hayashi

Representative Director, President
Executive Officer and Group CEO





I have personally witnessed the rapid pace of technological evolution and its profound impact on transforming the business landscape within just a few years. Digital Garage was founded in 1995, the same year Windows 95 was released. This milestone catalyzed the adoption of personal computers and the widespread use of email communication.

Following the introduction of the iPhone, smartphones swiftly replaced conventional mobile phones to become ubiquitous personal devices, while social networking services, enhanced by mobile applications, have fundamentally influenced lifestyle patterns and value systems through their

real-time connectivity. Furthermore, artificial intelligence, which was previously confined to engineering applications, has only begun to gain widespread adoption in the past couple of years. This illustrates how technological advancement fundamentally transforms businesses and drives paradigm shifts in lifestyle and behavioral patterns, ultimately becoming integral to the infrastructure.

Our group has pioneered and launched numerous “first-in-Japan” payment-related services utilizing advanced technology. Today, our payment-related business has achieved a transaction volume exceeding 6 trillion yen and has

been designated as a critical infrastructure provider by the government. As Japan’s cashless payment ratio grew from 29.7% (86 trillion yen) in 2020 to 39.3% (127 trillion yen) in 2023*, and with the government’s target to achieve an 80% ratio in the future, the cashless payment market represents a significant growth opportunity. Payment data, which reflects consumer behavior patterns, presents substantial value for driving business growth, with business opportunities emerging across the entire payment process value chain. In this environment,

* Source: “FY2023 Survey of E-Commerce Market” by the Ministry of Economy, Trade and Industry

we continue to develop and expand various businesses that integrate payments, data, and technology, leveraging our core strengths in media, e-commerce platform development, payment fraud detection, and marketing solutions.

I. Strengthening Capital and Business Alliances with Strategic Partners

We have strengthened our capital and business alliance with Resona Holdings, which has one of the largest client bases in Japan, mainly SMEs, and formed a business alliance with au Financial Service of the KDDI Group, which develops unique businesses leveraging their diverse data assets. Through these alliances, we are establishing a new dimension of business ecosystem and creating successive businesses, building upon our accumulated assets in payment and marketing solutions.

II. Group Business in Strategic Sectors

We are promoting further business collaboration with Kakaku.com, Inc., which operates “Tabelog,” one of Japan’s largest restaurant review and booking portals. Through this collaboration and utilizing the DG Group’s payment solutions, we have initiated the full-scale rollout of “Inbound Reservation,” an online booking service for inbound tourists. We will continue to actively drive such collaborations within the DG Group to evolve our media and service businesses, responding to consumer needs and creating new value.

III. Discovery of Technology Seeds and Startup Incubation

Since our founding, we have maintained our “First Penguin Spirit,” demonstrating the courage and strong determination to be pioneers in taking on challenges, even in high-risk areas.

Message from the Group CEO

While not all ventures have succeeded, these experiences, including the setbacks, have become invaluable assets for our future growth. Currently, we are pursuing business opportunities in non-linear growth areas, particularly focusing on advanced technologies such as generative AI and energy-efficient AI solutions. In 2010, we established “Open Network Lab,” Japan’s first comprehensive seed accelerator program. Through collaboration with the “Earthshot Fund,” which focuses on ESG investments, we have supported nearly 200 startups to date, while achieving a remarkable track record of three companies successfully completing IPOs from their seed stage.

IV. Global Investment Incubation Network

We have established startup support facilities both domestically and internationally, including the incubation center “DG717” in San Francisco, conference hall “Dragon Gate” in Shibuya, and our London office. In 2023, we launched “Gen Lab,” a startup studio focusing on generative AI in San Francisco, further strengthening our unique “DG Global Incubation Stream” Through this network, we continue to invest in and nurture startups globally, fostering mutual growth through investment, support, and collaboration in cutting-edge technologies, which will lead to further business development opportunities.

As we mark this 30-year milestone, we are integrating these four elements while connecting our bases in Shibuya, San Francisco, and London, and are renewing our commitment to pioneering the next era with cutting-edge technology and innovative solutions.

Purpose and Sustainability Management

Since the dawn of the internet era, we have implemented technology as business solutions not merely for profit, but with the aim of benefiting and improving society. Contributing to a sustainable society through our business operations directly leads to our sustainable growth. We have recently formulated our sustainability policy based on our purpose: “Designing ‘New Context’ for a sustainable society with technology.” In fiscal year 2024, we established this as our fundamental approach to sustainability management.

In today’s world, where social challenges such as climate change and aging demographics due to declining birthrates are becoming more apparent, technology plays an increasingly critical role. We consider it essential for our business growth to contribute to a sustainable society through businesses and services that leverage technology to meet social needs. We are actively engaging in various new business initiatives that address social challenges. For example, our terminal-free payment service “CloudPay Neo,” which enables various payments simply by scanning QR codes with end users’ smartphones, eliminates greenhouse gas emissions from terminal manufacturing and serves as a backup payment solution during terminal failures, disasters, and/or power outages.

Our real estate DX platform “Musubell” not only streamlines and automates real estate operations but also contributes to paper waste reduction by enabling completely online real estate



Message from the Group CEO



contracts, eliminating the need for extensive physical records keeping. Through such technology-based services, we are making both direct and indirect contributions to resolving social challenges.

In developing businesses that contribute to a sustainable society, we are committed to establishing sound and transparent governance systems, respecting human rights, ensuring compliance with laws and regulations, and maintaining stable operation of our payment services, which are designated as a critical national infrastructure operator. We will continue to strengthen our foundation as a socially responsible business through proper management and operation.

**Human Resources with First Penguin Spirit:
Implementing Technology in Society**

While our group has consistently implemented cutting-edge technologies in society, each initiative has been unprecedented. Our “First Penguin Spirit” —a core value that encourages us to boldly venture into unknown territories regardless of potential risks, breaking free from conventional wisdom— becomes increasingly crucial as we utilize technologies such as AI. Furthermore, by recognizing, respecting, and integrating all forms of diversity within our organization—including age, gender, nationality, disabilities, values, and experiences—we foster new perspectives and innovative thinking. Recognizing the importance of continuously cultivating a culture and systems that respect diversity, we have established a Human

Resource Management Policy this fiscal year that outlines the mutual expectations between employees and the company.

To our shareholders and investors who support us, we will continue to maintain a base of stable long-term progressive dividends, while increasing dividends through new business creation and implementing special dividends and share buybacks. Furthermore, we will continuously strengthen

our risk management and control systems to maintain your confidence and support. The Group will continue to take on technological challenges and create services that contribute to a sustainable society. We ask for your continued guidance and support as we work to create medium- to long-term value for all our stakeholders.

Context Timeline

Context Timeline

'93-'94



• **Opened Japan’s First Personal Homepage “TOMIGAYA”**
In 1993, a dedicated internet line was installed at Joi Ito’s home, leading to the creation of “Tomigaya/TOMIGAYA,” Japan’s first personal homepage. In 1994, pre-merger Ecosys and From Garage Group began their collaboration.

1995



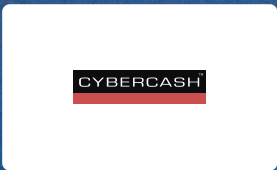
• **Digital Garage was Established**
On August 17, the company was founded as “Digital Garage,” retaining the word “garage” in its name to remember its entrepreneurial spirit that started in a garage. The company began with the mission of becoming “a company that creates ‘context’ for the internet age.”

1996



• **Established Japan’s First Advertising Consortium “DAC”**
Established through joint investment with Hakuodo Inc., Asatsu-DK Inc. (now ADK Holdings Inc.), Dai-ichi Kikaku Co., Ltd., Yomiko Advertising Inc., I&S Inc. (now I&S BBDO Inc.), and Tokuma Shoten Publishing Co., Ltd., marking full-scale entry into the internet advertising business.

1997



• **Established CyberCash (now DG Financial Technology)**
In 1997, when Japan’s internet users rapidly increased due to widespread PC adoption and infrastructure development, DG Financial Technology (DGFT, formerly VeriTrans) was established as the Japanese subsidiary of U.S. electronic payment service provider CyberCash, Inc.

Since its establishment, the DG Group has continued to provide advanced digital solutions, responding flexibly and quickly to changing eras and technologies. Our progress so far is a testimony to our boldness in confronting the unknown possibilities of digital. We will continue to play a leadership role in the ever-changing digital scene and design new contexts.

Internet Penetration Rate* and Payment Transaction Volume/Number	Events throughout the world
	1993 <ul style="list-style-type: none">• Commercial Use of the Internet in Japan Permitted, ISP Businesses Can Be Implemented• Version 1.0 of HTML submitted as Internet Draft
	1994 <ul style="list-style-type: none">• Robotic search site “Infoseek” launched
	1995 <ul style="list-style-type: none">• E-commerce site “Amazon.com” begins service• Windows 95 launched
	1996 <ul style="list-style-type: none">• Internet 1996 World Exposition held• Java programming language becomes widespread
1997 <ul style="list-style-type: none">Internet penetration rate in Japan: 9.2%	

* Source: White Paper on Information and Communications 2023

2000



• **ECONTEXT Established**

E-Context Corporation was established on May 19, 2000, as a joint venture between Digital Garage, Lawson, Inc., TIS Inc., and Mitsubishi Corporation. (January 2003: Became DG’s consolidated subsidiary; June 23, 2005: Listed on the Osaka Securities Exchange HERCULES Market)



• **Listed on the Stock Exchange**

While companies were aggressively investing in IT to become “21st century global companies,” and the government was supporting this as a national policy, the internet market was becoming increasingly selective. Under these circumstances, we listed our stock on the OTC market on December 14.

2002



• **Kakaku.com Becomes a Consolidated Subsidiary**

Began investing in and nurturing the business of Kakaku.com, Inc. Through our business development expertise, Kakaku.com, Inc. achieved its listing on the TSE Mothers market (at that time) in 2003 and launched the Tabelog business in 2005.

2008



• **Supported Twitter (now X) to Expand into the Japanese market**

We saw the future potential of Twitter and supported their expansion in Japan, by helping them spread, acquire users, and expand business in Japan through the development of a Japanese version of Twitter, in addition to operational support, and the introduction of banner advertising.

2010



• **Japan’s First Accelerator Program, Open Network Lab, Established**

While world-class startups were emerging in Silicon Valley, we launched Japan’s first accelerator program, Open Network Lab (Onlab), to create a foundation for developing new businesses through trial and error in Japan. Onlab has held more than 30 three-month programs and supported over 150 startup companies that aim to go global.

2013



• **Incubation Center “DG717” Established**

Actively accepting entrepreneurial participation from around the world, the company opened an incubation center, DG717, on Market Street in San Francisco, as a facility to support entrepreneurs connecting Japan and the U.S.

Internet Penetration Rate and Payment Transaction Volume/Number
2000
Internet penetration rate in Japan: 37.1%
2005
Internet penetration rate in Japan: 70.8%
2012
Transaction volume: 600 billion yen
Number of transactions: 130 million
2013
Transaction volume: 730 billion yen
Number of transactions: 150 million

Events throughout the world
2000
• Google launches Japanese-language search service
• “Amazon.co.jp” launches service in Japan
2008
• Apple launches App Store
• iPhone goes on sale in Japan
• Facebook and Twitter launch Japanese-language services
• Fiber-optic subscriptions surpass ADSL in Japan

2016



• Established ANA Digital Gate

Established ANA Digital Gate, Inc., a joint venture with ALL NIPPON AIRWAYS TRADING CO., LTD., to develop new fintech-based payment solution services.

2018



• Established TD Payment

Established TD Payment Corporation, a joint venture with Toshiba Tec Corporation, to provide multi-payment solutions for POS systems.

2021



• Established “Earthshot Fund” for ESG Startups

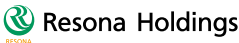
Established “Open Network Lab ESG Investment Limited Partnership Fund I” (commonly known as the Earthshot Fund), an investment fund focusing on promising domestic and international startups in the ESG sector.



Toshiba Tec Corporation

- VeriTrans changed its company name to DG Financial Technology, Inc.
- Formed a capital and business alliance with Toshiba Tec Corporation to promote cashless payments and digital transformation in the retail market.

2022



- Formed a capital and business alliance with JCB to strengthen payment business and co-create next-generation fintech services.
- Formed a capital and business alliance with Resona Holdings, establishing a joint startup investment fund in addition to developing next-generation fintech services.

2024



• Business Alliance with au Financial Service

Aiming to expand market share and improve industry positioning in the growing cashless market by developing a one-stop payment service through co-creative collaboration.

Internet Penetration Rate
and Payment Transaction
Volume/Number

2018

Transaction volume:

1.6 trillion yen

Number of transactions:

290 million

2021

Transaction volume:

3.8 trillion yen

Number of transactions:

660 million

2022

Transaction volume:

4.4 trillion yen

Number of transactions:

720 million

2024

Transaction volume:

6.2 trillion yen

Number of transactions:

1.18 billion

Events throughout
the world

2018

- Next-generation high-speed internet communication 5G technology advances

2020

- Contactless cashless payments become widespread due to COVID-19 pandemic
- Dentsu announces Japan’s internet advertising spending exceeds that of television

2021

- The concept of the virtual space “metaverse” gains attention, Facebook changes its name to “Meta”

2022

- Generative AI services such as “Midjourney” and “ChatGPT” emerge one after another



Value Creation Process

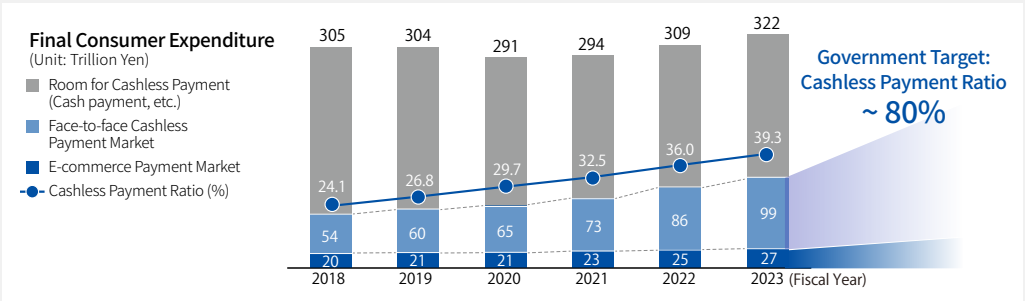


External Environment

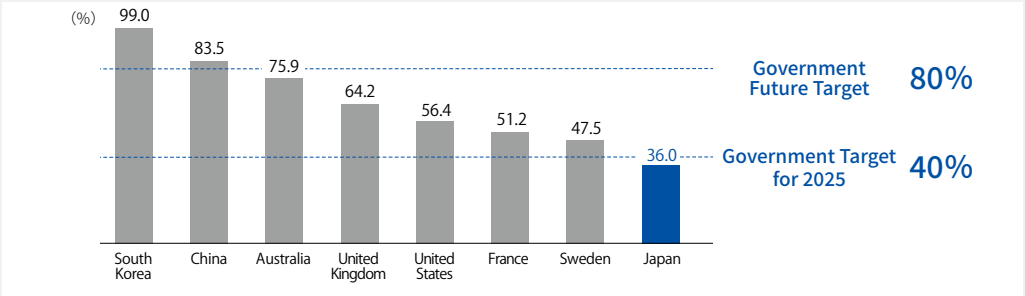
Cashless Payment Market

Japan’s B2C cashless payment ratio has progressed from 18.2% (54.6 trillion yen) in 2015 to 39.3% (126.7 trillion yen) in 2023, while our payment transaction volume has been growing at a pace exceeding the market growth rate. Japan’s cashless ratio remains relatively low compared to other major developed countries. With the Cabinet Office leading an initiative to raise this ratio to 80% in the future, this market is expected to maintain sustained high growth. Moreover, the payment market size for business-to-business (B2B) transactions is estimated to exceed 1,100 trillion yen, more than three times that of B2C. The DG Group offers numerous services in the B2B payment sector, including financial support for small and medium-sized enterprises, and as a comprehensive payment service provider, we support all types of payment scenarios.

Trends in B2C Cashless Payment Market Size^{*3}



Cashless Payment Ratio in Major Developed Countries (FY2022)^{*4}

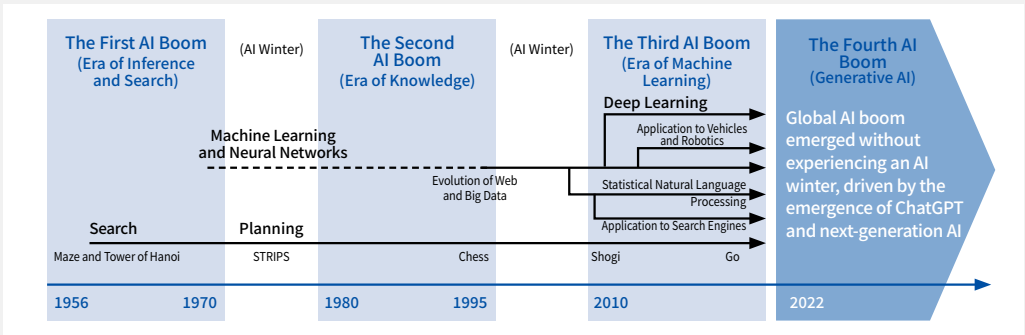


^{*1, 2} Partially estimated by the Company based on the “FY2023 Survey of E-Commerce Market” by the Ministry of Economy, Trade and Industry
^{*3} Estimated by the Company with reference to the “FY2023 Survey of E-Commerce Market” by METI and “National Accounts” (nominal) by the Cabinet Office
^{*4} “Cashless Payment Ratio in Major Countries (2022)” by Japan Cashless Council

AI Development and Startup Investment Market Trends

History of AI Development^{*5}

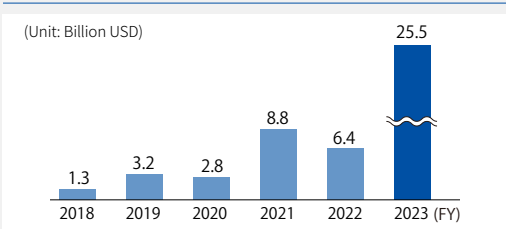
The history of AI dates back to the 1950s, and after three waves of technological innovation, social implementation has been rapidly advancing since around 2022.



Trends in Generative AI-Related Startups

Investment in generative AI-related startups surged to \$25.5 billion in 2023, with active support from venture capital firms. The DG Group has established “DG717”, a startup incubation center in downtown San Francisco, where AI and web3 startups from around the world gather, forming a tech community that brings together knowledge of cutting-edge technologies.

Trends in Investment Amount for Generative AI-Related Startups^{*7}



Scene from a Generative AI Hackathon

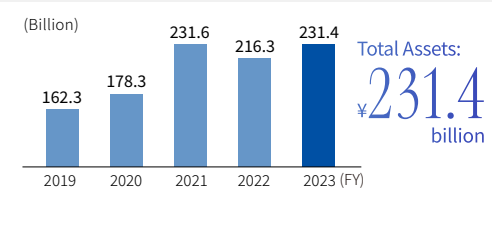
^{*5} Modified from “FY2024 White Paper on Information and Communications” by Ministry of Internal Affairs and Communications
^{*6, 7} Dealroom “Global Generative AI VC investment”
The above information is based on data obtained from Dealroom.co. The use and interpretation of such data, as well as the conclusions, advices application or implementation hereof are made by Digital Garage, Inc. and are our sole responsibility.



Management Resources

Financial Capital

We maintain a basic policy of securing funding that ensures both financial soundness and stability while maintaining adequate liquidity for sustainable business operations and expansion.



Manufacturing Capital

Since our founding, we have been developing innovative services at the forefront of technology. We continue to expand our development resources across the Group, particularly engineering talent, in order to create services that leverage emerging technologies.



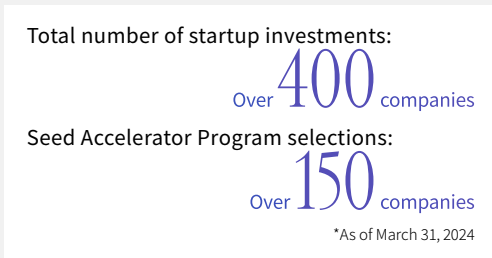
Social and Relationship Capital

The DG Group strives to create new social value through mutual co-creation, establishing partnerships across various business domains and providing investment and incubation support for startups.

Alliance Partners (Examples)

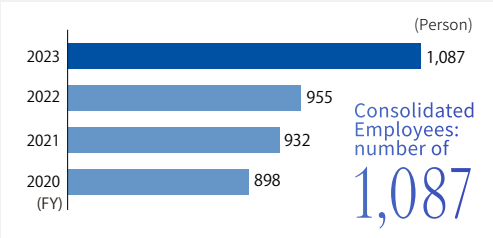


Startup Support



Human Capital

Our value creation is driven by talented individuals who embrace the principle of “Think for Yourself and Question Authority” and possess the “First Penguin Spirit” - the pioneering mindset to take on challenges without fear of risks.



Intellectual Capital

1. Information Accumulation through Startup Network

Our unique “DG Global Incubation Stream,” developed across North America, Japan, Asia, and Europe since our founding, provides access to promising startups and cutting-edge technologies worldwide, creating an unparalleled competitive advantage for our group.

2. Technology Development through In-house R&D Organizations

DG Lab

An organization dedicated to business creation and growth through the integration of cutting-edge technologies, responding to diverse market changes.



Digital Architecture Lab

Conducting research and development utilizing AI to address individual and social challenges, creating new value for life and business.



3. Knowledge gained through Social Implementation of Technology

Our group has consistently implemented services leveraging new technologies alongside the evolution of the internet. This extensive experience enables us to deliver solutions that precisely meet the diverse needs of industries and customers today.



Materiality

Identified Materiality Issues

Materiality of Digital Garage Group

Our group has identified materiality issues (priority challenges) that need to be addressed in promoting sustainability management. We will promote sustainability management focused on eight materiality issues across three areas: the business domain leveraging our group’s strengths in implementing technology and creating new value since our founding; the human capital domain as a source of growth; and the foundation domain that we must protect, maintain, and strengthen as a company responsible for critical infrastructure.



Priority Areas	Materiality	
Creating a sustainable ecosystem through technology and innovation	Exploring, pursuing, and innovating new technologies for a better future	Our group’s core strength lies in our continuous pursuit and implementation of new technologies while understanding their fundamental value to society. We will continue to explore new technologies without being constrained by existing systems and concepts.
	Creating a more prosperous society through the utilization and application of FinTech	The widespread use of FinTech in society, which is user friendly, will contribute not only to the economy but also to the realization of a prosperous society by stimulating the flow of funds, improving accessibility and inclusiveness, and reducing environmental impact.
	Contributing towards a more sustainable society through co-creation efforts with a variety of business partners and alliances	Our company will continue to work with various partners to create new businesses, believing that creating sustainable businesses together with startups and business partners in which we invest will contribute not only to the growth of our group’s business but also to the realization of a sustainable society.
Creating an environment in which all employees can thrive and play an active role	Creating and organizing a system in which an inclusive and diverse workforce can grow and thrive together	We will continue to promote initiatives for human capital as we respect the diversity of each and every employee, and we believe that creating a positive and rewarding work environment and system will help us meet the diverse needs and challenges of our society.
	The implementation of Human Capital Management initiatives that help to unlock a brighter future through the education and support for talent growth	We believe that fostering employees who are brave enough to take on the challenges of a changing social environment while leveraging their individual strengths will enable our employees to build independent careers and enrich their own lives. We also believe that this will lead to the growth of our group, and we will continue to develop employees who can proactively take on new challenges.
Cultivating trust in order to move forward hand-in-hand with society	Promoting responsible, transparent and compliant corporate activities	As a company active in society and the environment, we will promote our business activities with a commitment to sound and transparent governance, compliance with laws and regulations, and consideration for the local and global environment.
	Co-existing in harmony with society while respecting all human rights	We will respect the human rights of all people involved in our group and value chain, and strive to coexist in harmony with society.
	Supporting individuals and society through the operation of highly secure, private, trustworthy, and stable systems	As a group that operates businesses that serve as critical infrastructure for society, it is our responsibility to provide and operate safe and secure systems without interruption, and so we will continue to strive to improve the robustness and safety of our systems.



Materiality

Materiality Identification Process

Using international frameworks and various guidelines as a starting point for understanding social issues, the Group analyzed business opportunities and risks for the Group. Subsequently, we organized and identified key issues through dialogue with our stakeholders.



Promoting Effective Sustainability Management



Debbie Altomonte
Executive Officer in
Charge of Sustainability

We conducted interviews with 63 individuals, including internal and external directors, shareholders, local government representatives, and employees at various levels from recent hires to management, in order to identify social issues with reference to international frameworks. Based on this process, we identified eight materiality themes that will contribute to the sustainability of society while enabling our group’s sustainable growth.

“Exploring, pursuing and innovating new technologies for a better future,” which demonstrates our history of implementing technology and creating value in society since our founding, “Creating a more prosperous society through the utilization and application of FinTech,” representing our core FinTech business, and “Contributing towards a more sustainable society through co-creation efforts with a variety of business partners and alliances” these three materiality themes in the business domain, along with two materiality themes in human capital management and three in foundational areas, comprise our complete materiality framework. Our eight materiality topics consist of two materialities under the Human Resource field, three materialities under the foundation field, as well as three materialities under the business field, described as follows: “Exploring and innovating new technologies for a better future”, which demonstrates our groups history of implementing technology and creating value in society since our founding, “Creating a more prosperous society through the utilization and application of FinTech”, which represents our core FinTech business, and “Co-creating businesses that contribute to a sustainable society”, which highlights our desire to continue to create new business ventures along with a variety of startups, business partners and alliances.

Moving forward, we will establish and implement KPIs for each materiality theme to enhance the effectiveness of our materiality-related initiatives. The Group will further promote sustainability management to achieve sustainable growth together with our stakeholders.

Message from the COO

Growth Strategy and Digital Garage’s Unique Positioning



Keizo Odori
Director, Vice President Executive Officer and Group COO

Payment Business as a Strategic Growth Driver

Our group positions the payment business at the center of our growth strategy to enhance corporate value. Our annual payment transaction volume has grown from approximately ¥800 billion a decade ago to ¥6.2 trillion in the fiscal year ended March 2024. While capitalizing on the growth of Japan’s e-commerce market, we have expanded into offline payment markets for physical stores and B2B transaction settlements. Since launching our payment business in 1997, we have established strategic partnerships with numerous companies. With Japan’s cashless industry expected to maintain strong growth momentum, we are well-positioned to benefit from these favorable market conditions.

Our platform business, which provides multiple payment methods (credit cards, e-money, convenience store payments, QR code payments, etc.) through an integrated system, originated approximately 25 years ago as a

“payment processing business,” and several pioneering companies, including our company, continue to support this social infrastructure today.

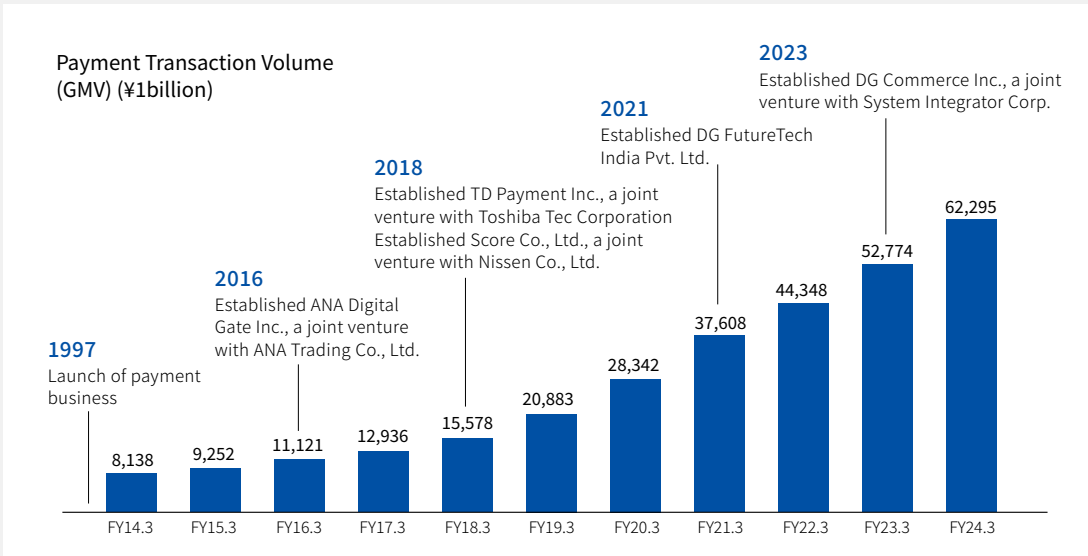
Leveraging our proprietary technology, we have established a robust business foundation built on a platform that ensures 24/7 systems operations and high-speed processing of sensitive, high-volume payment data. Through this platform, we have evolved into a comprehensive fintech player, supporting retail businesses with their working capital management and operational efficiency improvements.

Business Assets and Strategic Framework

Globally, numerous startups in fintech, generative AI, and other fields are emerging as unicorns, increasingly surpassing incumbent players and traditional business models. In an era where technology is rapidly transforming society, it has become extremely challenging for any company to achieve sustainable growth by relying solely on a single business line or existing operations. In today’s business environment, maintaining and combining multiple strategic business assets through a multi-layered approach is essential for sustainable growth. Our group integrates the following business assets as part of our strategic framework:

- 1. A stable payment platform business with a recurring revenue model as our long-term growth foundation
- 2. Proprietary marketing, fintech, and DX products enabling multi-layered revenue streams and competitive advantages
- 3. Media assets and user reach through our group company Kakaku.com
- 4. Access to cutting-edge technologies through our well-established startup investment business
- 5. R&D and commercialization in advanced technology fields such as generative AI and digital assets, driving non-linear growth

Our group categorizes these elements into three business segments, structuring our medium- to long-term management strategy by combining their respective strategies and synergies.



* Figures before 2016 are calculated assuming March fiscal year-end

Message from the COO

Key Components of the Medium-term Management Plan

In May 2023, we announced our five-year medium-term management plan. Taking into account the social changes brought about by COVID-19, we developed our strategic roadmap through extensive internal discussions and valuable input from external directors and market participants, including institutional investors. We thoroughly deliberated the following key areas:

- Reassessment of business domains and growth strategies
- Technological development capabilities
- Growth investments and allocation of management resources
- Financial discipline
- Consensus with capital markets, including shareholder returns and management metrics disclosure
- Sustainability initiatives
- Corporate governance framework

We have positioned the fintech domain, centered on our payment business with its recurring revenue model in growth markets, as our core business domain under the “DG FinTech Shift” strategy. This creates a structure where stable base revenue drives continuous improvement in shareholder returns through enhanced growth. The base revenue fundamentally covers working capital, growth investments, and progressive dividends, while we regularly monitor cash flow allocation and verify capital costs to maintain financial discipline.

Expanding Business Domains and Business Development Capabilities

We have been engaged in the payment business since before the term “fintech” became widespread, growing it to its current scale through strategic initiatives including an M&A transaction exceeding ¥10 billion in 2012. Payment systems, which handle consumer transactions, are an essential part of social infrastructure. While this business has high entry barriers due to its complex structure and sophisticated development requirements, we have fulfilled our role as one of the leading companies driving Japan’s cashless adoption and e-commerce growth.

However, our business scope has now expanded beyond conventional payment systems to encompass comprehensive consumer behavior solutions. To achieve further growth, we are implementing a multi-faceted approach that integrates new technologies, DX services, product marketing, and enhanced social convenience through data utilization. Continuous business development is essential to achieve multi-layered revenue streams and competitive advantages, directly contributing to basic business growth and enhanced shareholder returns. In developing our businesses and products, we emphasize expanding our in-house development capabilities to avoid vendor dependency and maximize cost and speed advantages. As part of our human capital management initiatives, we focus on recruiting and developing exceptional talent, particularly engineers, to strengthen our technological foundation.

Startup Ecosystem and Business Diversification

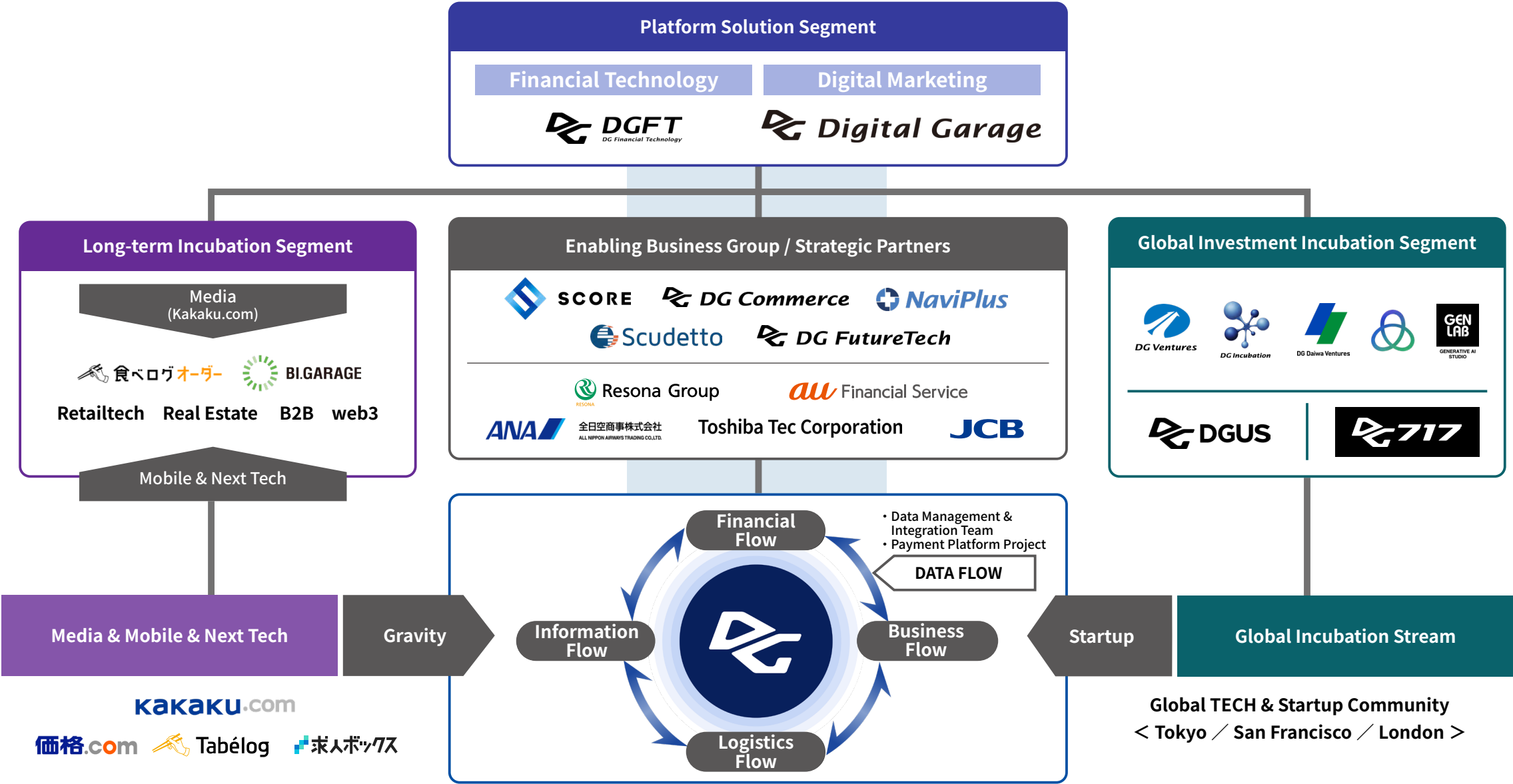
Our startup investment and incubation business, which has been a core competency since our founding, has demonstrated consistently strong performance and superior investment selection capabilities. However, under IFRS accounting standards, our quarterly fair value measurements of the investment portfolio significantly impact our consolidated financial results, creating volatility that we recognize as a key management challenge. Consequently, in our medium-term management plan, we have adopted a policy to strategically divest our investment securities portfolio.

Nevertheless, for sustainable business growth, it is essential to incorporate rapidly evolving technologies and services from external sources. Strategic partnerships with promising startups through investments and M&A opportunities remain critical elements for our growth strategy. Accordingly, we will continue our startup investments through external fund management, aiming to generate strategic business returns. Through co-investing with numerous corporate partners via our managed funds, we can simultaneously minimize the impact of volatility on consolidated earnings.

Our group has established a unique position in the market by combining multiple business assets since our inception. Leveraging our strengths in agile strategy execution, we will continue to achieve sustainable growth in an increasingly dynamic business environment while maintaining our commitment to socioeconomic development and stakeholder value creation.



Business Overview



Segment Overview and Performance

We operate our businesses through three distinct segments.

		Key Performance Indicators	Profit*
Platform Solution (PS)	<p>Our core business centered on one of Japan’s largest comprehensive payment platforms</p> <ul style="list-style-type: none">● Develops businesses based on a payment platform that provides comprehensive cashless payment solutions● Enhances payment-related services and e-commerce solutions to provide end-to-end value chain support● Drives sustainable growth in the fintech sector, including marketing and CRM solutions for financial institutions and credit card companies	<div><div>Payment</div><div>Transaction Volume: 6.2 trillion yen</div></div> <div><div>Payment</div><div>Number of Payment Locations: 1.08 million</div></div> <div><div>Marketing</div><div>Financial Sector Advertising Volume: 18.0 billion yen</div></div>	<div><div>Payment</div><div>Profit before Tax: 5.66 billion yen</div></div> <div><div>Marketing</div><div>Profit before Tax: 1.52 billion yen</div></div>
Long-term Incubation (LTI)	<p>Development and nurturing of strategic businesses that accelerate payment platform expansion and drive medium- to long-term growth</p> <ul style="list-style-type: none">● Develops and nurtures strategic businesses driving medium- to long-term growth through: SaaS solutions promoting industry DX, B2B financial/fintech services including inter-company payment solutions, and social implementation of emerging technologies such as crypto assets and Gen AI● Develops joint ventures with Kakaku.com in the restaurant, retail, and travel sectors	<div><div>Tabelog Contracted Restaurants:</div><div>77,000</div></div> <div><div>Kakaku.com Equity Method Profit:</div><div>3.7 billion yen</div></div>	<div><div>Profit before Tax:</div><div>1.44 billion yen</div></div>
Global Investment Incubation (GII)	<p>Investment, incubation and strategic collaboration with domestic and international startups focused on next-generation technologies</p> <ul style="list-style-type: none">● Leverages our unique global network built over 20+ years to invest in and nurture next-generation startups and manage investment funds● Promotes strategic partnerships with startups that have strong synergies with our group businesses, particularly in fintech	<div><div>Cumulative Number of Startups Supported through Seed Accelerator Program:</div><div>155</div></div> <div><div>Total Number of Investment Portfolio Companies:</div><div>Over 400</div></div>	<div><div>Profit before Tax:</div><div>1.37 billion yen</div></div>

*As of March 31, 2024

*Figures reflect retroactive adjustments made in Q1 FY2025 due to partial segment reclassification of marketing business

Message from the CBDO

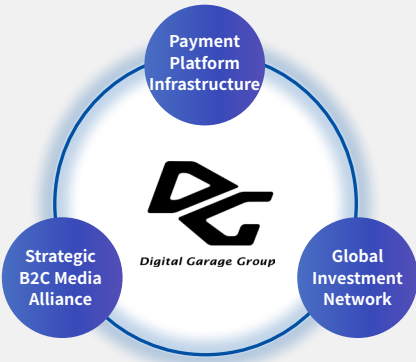
Strategic Business Expansion Through Digital Garage Group Assets

Masato Okuma
 Director, Senior Managing Executive Officer and CBDO
 Director, Kakaku.com, Inc.
 *CBDO: Chief Business Development Officer



Strategic Assets of Digital Garage Group

Our group’s strategic assets comprise our of “Payment Platform Infrastructure,” “B2C Media Alliance (with Kakaku.com, Inc.),” and “Global Advanced Technology Investment Network.” We are committed to expanding our group’s economic ecosystem by utilizing these core competencies. Our medium-term management plan specifically focuses on realizing strategic synergies through merchant payment support services, comprehensive marketing solutions, industry-specific SaaS offerings, and strategic collaboration with Kakaku.com.



Payment Solutions × Digital Transformation: Industry-Specific SaaS Solutions

While industry-specific SaaS solutions were traditionally perceived to have limited market potential, the integration of fintech capabilities presents significant opportunities for market expansion through enhanced revenue per user and optimized customer acquisition costs. This potential is particularly evident in Japan’s real estate and retail sectors, which present substantial market opportunities and considerable potential for operational efficiency enhancement through the strategic integration of fintech and industry-specific SaaS solutions. We are currently advancing the commercialization of innovative solutions including Musubell (Real Estate DX Platform) and Pangaea Delivery (Food Service and Retail Delivery SaaS Platform).

Strategic Business Portfolio Leveraging Kakaku.com’s Media Platform Strength

As a comprehensive digital media enterprise, Kakaku.com continues to expand its operations through three principal media platforms: Kakaku.com, Inc. (39 million monthly active users), Tabelog (93 million users), and Kyujin Box (10 million users). Notably, Tabelog has initiated integrated payment solutions for inbound tourism reservations and is advancing strategic partnerships with leading international Online Travel Agency (OTA) providers. With inbound tourism projected to reach 60 million visitors and generate a market value of 15 trillion yen by 2030, we have identified this as a significant strategic growth opportunity. Furthermore, we are actively pursuing fintech-driven growth initiatives in the travel and real estate sectors.

Beyond Payment Solutions: Strategic Startup Alliances and Advanced Technology Initiatives

Strategic Startup Alliances

Since our establishment in 1995, our group has actively cultivated a comprehensive global investment network through strategic startup investments. While pursuing investment returns, our primary focus is on creating synergistic value through integration with our core payment business. Through our strategic startup support initiatives, we aim to expand our group ecosystem and develop sophisticated data-driven businesses by leveraging our payment transaction analytics capabilities.

Advanced Technology Initiatives

As a strategic initiative in next-generation payment technologies, our group has been at the forefront of blockchain development since 2015. The establishment of Crypto Garage, Inc. in 2018 exemplifies our commitment to advancing blockchain technology and developing practical enterprise applications. In collaboration with established financial institutions, we continue to pioneer the development of next-generation payment infrastructure, including cryptocurrency payment solutions and digital asset custody services. The Digital Architecture Lab, led by our co-founder Joichi Ito, is conducting pioneering research in collaboration with MIT on a next-generation AI paradigm that is known as “probabilistic computing.” This initiative focuses on developing next-generation payment workflows that enhance efficiency and user experience for both merchants and consumers through sophisticated analysis of extensive payment transaction data.

Our corporate value of the Pioneer Spirit (known as “First Penguin Spirit” in Japan) embodies our commitment to bold technological innovation and our determination to develop businesses that address critical societal needs. We respectfully request our stakeholders’ continued support and understanding of our distinctive approach to value creation.

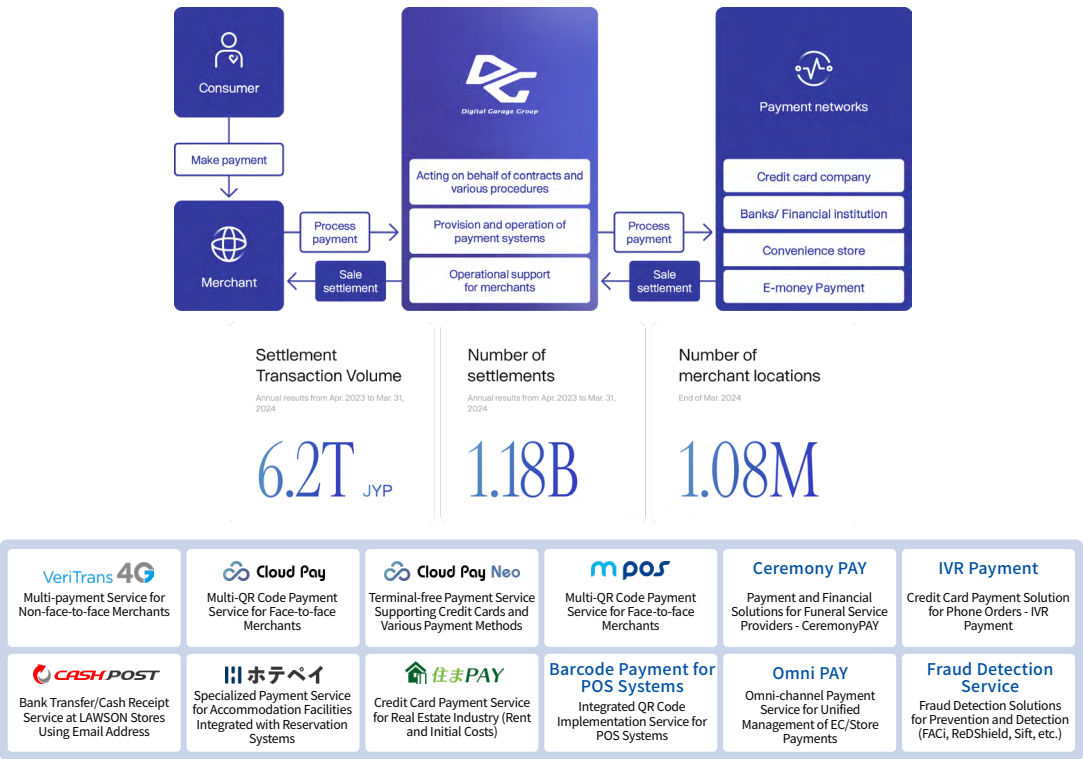


Payment Platform Business

Payment Platform Business

Payment Platform Business Model

We provide integrated payment solutions as our core business. Our services cater to a wide range of businesses, including enterprises, startups, small and medium-sized businesses, and global companies seeking to implement Japan-specific payment methods. We offer over 40 major payment solutions, ranging from credit card payments to convenience store payments. Additionally, we maintain specialized payment products tailored to specific industries and use cases to meet all payment needs of our merchants.

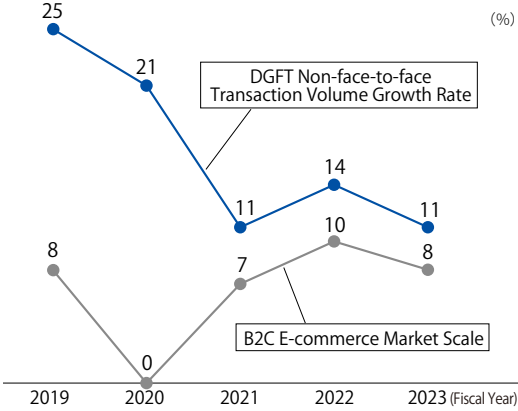


Achieving Transaction Volume Growth in an Increasingly Competitive Market

We focus on two key markets: the domestic e-commerce market and the domestic face-to-face payment market. While the domestic e-commerce market has matured with slowing growth rates, competition has intensified due to new foreign entrants. Despite these conditions, our transaction volume growth continues to outpace the overall market. This growth stems from both steady acquisition of new merchants and capturing the revenue growth of existing clients who have implemented our payment systems. Meanwhile, the domestic face-to-face payment market has reached a scale of 100 trillion yen with a cashless ratio of approximately 40%*, indicating significant progress in digitalization. By capturing this growth momentum, we achieved approximately 40% year-on-year growth in our face-to-face payment transaction volume.

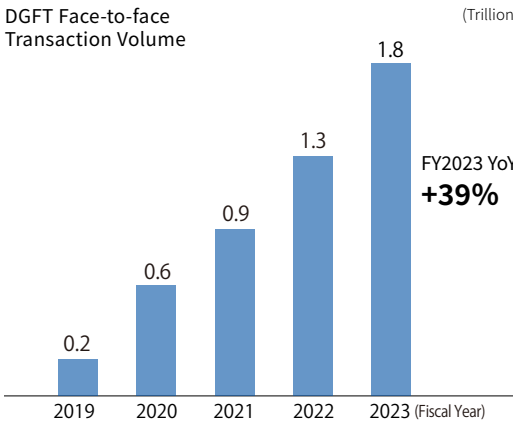
* Japan Cashless Promotion Association “Cashless Roadmap 2023”

E-commerce Market Scale and Our Transaction Volume Growth Rate Trends



* B2C E-commerce Market Size, “FY2023 Survey of E-Commerce Market Trends” by Ministry of Economy, Trade and Industry

Face-to-face Payment Transaction Volume



Secure and Highly Reliable Payment Infrastructure

DGFT’s payment infrastructure ensures redundancy through two geographically distributed high-performance data centers, providing robust disaster recovery and business continuity planning (BCP) capabilities. Our dual-location operational structure in Japan and India enables 24/7/365 monitoring of payment systems. Furthermore, through multi-layered redundancy and real-time bidirectional data synchronization, we maintain stable operations with zero downtime even in the event of system failure, processing industry-leading transaction volumes. Our system demonstrates one of the industry’s highest uptime rates with minimal downtime. DGFT’s payment infrastructure has obtained key certifications including PCI DSS, ISMS, and Privacy Mark, meeting the most rigorous security standards.

Column: Terminal-free Payment Solutions

“Terminal-free Payment”
- A Strategic Business Initiative Requiring No Initial Investment
～ Cloud Pay Neo ～

Hiroshi Shino
Director, Senior Executive Officer



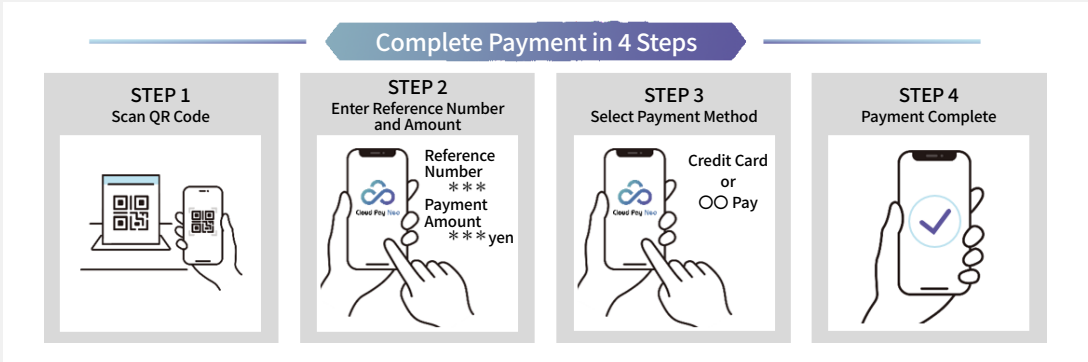
Expanding Cashless Payment Possibilities through Terminal-free Solutions

Terminal-free payment enables merchants to complete transactions without dedicated payment terminals. Cloud Pay Neo allows businesses to accept various cashless payment methods, including credit cards and PayPay, by simply implementing QR codes. In particular, this solution is being adopted by service-based businesses without physical locations, such as moving and repair services, and is attracting significant interest across various industries. Mr. Shino explains the factors driving this accelerated adoption:

“First is cost optimization. When a point of sale terminal malfunctions, the entire process from collection to replacement and installation requires significant time and labor resources. Moreover, costs increase substantially when providing terminals for multiple locations and staff members. Additionally, eliminating terminal-related issues is another key advantage. Even high-performance terminals can experience reading errors and power-related problems. Portable terminals also carry risks such as physical damage or battery depletion.”

Moreover, terminal-free payment offers enhanced security benefits for both merchants and consumers.

“Merchants can prevent unauthorized card data access by employees, while consumers benefit from reduced risk of card information theft since transactions are completed entirely on their own smartphones.”



“Terminal-free Payment” as Critical Infrastructure During Emergencies

Mr. Shino emphasizes that terminal-free payment systems can serve as vital infrastructure during emergencies such as natural disasters.

“Japan frequently experiences natural disasters. For instance, during the Great East Japan Earthquake, many stores were limited to cash-only transactions due to tsunami damage to electronic equipment. However, accessing cash became challenging as ATMs were also inoperable. Had terminal-free payment been widespread, consumers could have conducted transactions normally, provided their smartphones remained functional and network connectivity was available.”

Towards Realizing a “Terminal-free Society” for the Future

We also discussed the future prospects for this service.

“Our immediate focus is expanding Cloud Pay Neo’s corporate client base. While we have just initiated full-scale marketing activities, we are receiving numerous inquiries from businesses. We aim to facilitate seamless implementation by understanding and accommodating each company’s specific needs. Our ultimate goal is to make terminal-independent payment the standard and eliminate the need for payment terminals entirely.”

As diverse payment services continue to emerge, terminal-dependent payment systems will inevitably face limitations. From a sustainability perspective, continuously developing new terminals for each additional payment method imposes a significant environmental burden. There is growing anticipation about how our everyday transaction experiences will transform as terminal-free payments become mainstream in the foreseeable future.

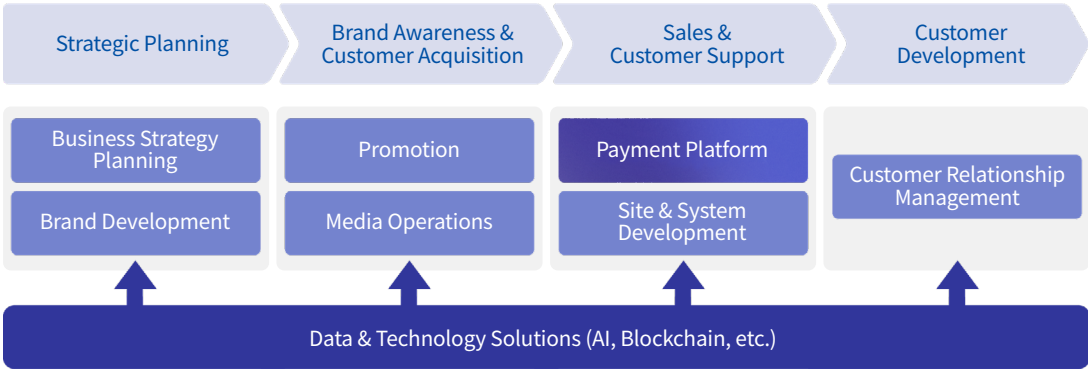


Peripheral Business Areas in Payment Services

Peripheral Business Areas in Payment Services

Strategic Enhancement of Peripheral Functions Centered on Payment and Data Infrastructure

Following the establishment of DG Commerce Inc. in December 2023, through the separation of System Integrator Corporation’s EC site construction division, our group strategy “DG FinTech Shift” has gained further momentum. We are now strengthening our capabilities to support comprehensive digital commerce by expanding functionalities beyond payment platforms into peripheral areas. By strategically focusing group resources on digital commerce and expanding our payment ecosystem, we aim to achieve further growth in payment revenue.

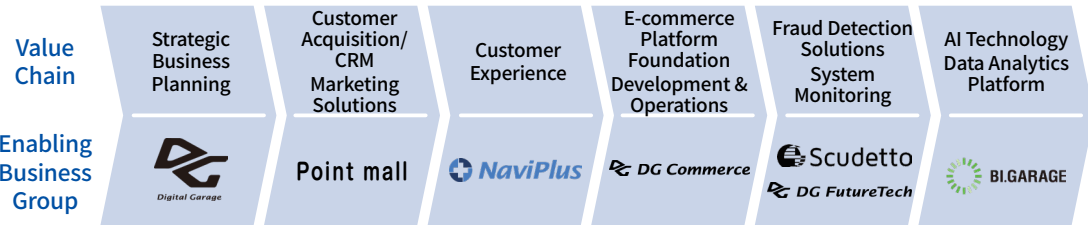


Data Analytics Initiatives

BI. Garage, Inc. offers contextual advertising that analyzes and leverages article context to identify user interests in cookie-less environments. Unlike traditional targeted advertising, we prioritize user ad receptivity to create premium advertising environments while developing a comprehensive data infrastructure that integrates payment and alliance data to provide actionable insights both internally and externally. Leveraging group synergies, we are advancing data-driven projects and sales activities to establish a recurring revenue model.

Comprehensive Technology Enhancement Supporting EC Business Growth

EC businesses require diverse solutions. Our group offers comprehensive services to meet these needs, including strategic planning for customer base expansion, marketing SaaS to enhance customer experience, development and operation of core EC systems, and fraud detection solutions. Additionally, we support EC business growth by centralizing data from various phases and leveraging insights derived from our AI-based analytics platform. By strengthening technology assets across the entire EC business supply chain, we aim to further solidify and strengthen our payment business foundation.



Acquisition of SCORE Co., Ltd. as a Wholly-owned Subsidiary to Enhance BNPL Services

BNPL (Buy Now Pay Later) services are gaining recognition as a key payment method, particularly among younger consumers without credit cards and middle-aged/elderly users who prioritize security in online transactions. To strengthen our position in the growing BNPL market, we acquired SCORE Co., Ltd. as a wholly-owned subsidiary on July 1, 2024. Since joining our group, we have focused on enhancing products through in-house system development and providing integrated services combined with our group’s various solutions. We are also exploring expansion into credit-based BNPL services and B2B deferred payment sectors, while leveraging maximum group synergies.



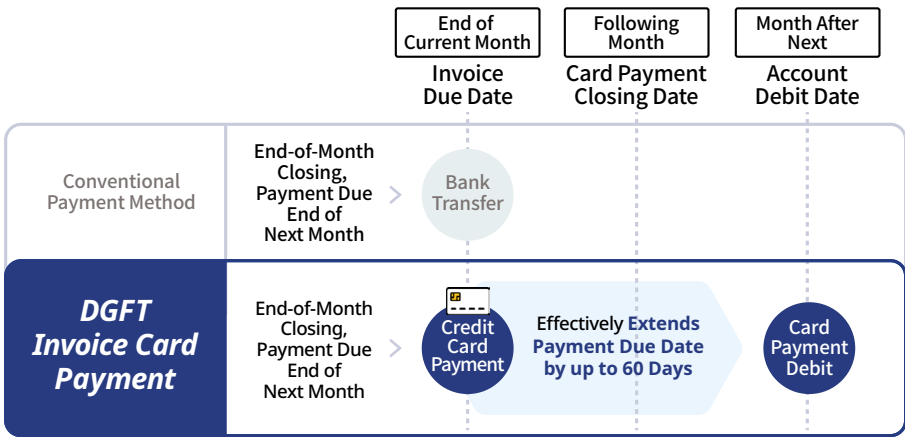
B2B Payment Solutions

B2B Payment Solutions

B2B Payment Service: DGFT Invoice Card Payment

“DGFT Invoice Card Payment” is a service that promotes digital transformation (DX) of billing and payment operations for small and medium-sized enterprises (SMEs). By switching invoice payments to credit card transactions, businesses can postpone payment due dates by up to 60 days.

The service is available even when business partners do not accept card payments, supporting SMEs’ financial management including seasonal cash shortages and urgent funding requirements. In addition to our proprietary services, we are expanding our service channels through partnerships with corporate card issuers and SaaS providers offering business solutions.



In Japan, approximately 90% of B2B transactions are conducted through bank transfers. Bank transfers present challenges such as credit screening, bad debt risks, and payment delays, resulting in time-consuming invoice processing. Payers face issues related to working capital and cash flow management. In the B2B payment market, valued at approximately 1,100 trillion yen*, there is growing demand for fintech services that seamlessly integrate cashless payments, digital transformation, and financial management solutions to address these

challenges. Through our B2B payment service “DGFT Invoice Card Payment,” our group provides stable credit card payment solutions. By leveraging our proprietary credit risk assessment model, factoring capabilities, and seamless integration with business efficiency SaaS services, we collaborate with banks, credit card companies, and SaaS providers to develop new payment infrastructure services.

* Estimated by our company based on “FY2023 E-Commerce Market Survey” by the Ministry of Economy, Trade and Industry

Partner Channels (Examples)



Online Lending for the Food Service Industry

We have developed an industry-specific data platform that collects and integrates public data from governments and other open data from the internet, along with “InsiteStream,” an AI model to analyze restaurant credit risk utilizing this data platform. In collaboration with Resona Holdings, we are conducting a short-term, small-lot online lending proof of concept (POC) targeting small and medium-sized restaurants in selected regions. Loans can be provided in as little as 5 business days after application confirmation, without requiring financial information or business plans. Through highly accurate credit assessment using time-series data, we aim to streamline credit operations for SMEs, contributing to financial market innovation and revitalization of the food service industry. This is Japan’s first loan screening business that uses only non-financial information, without using deposit/withdrawal information. We will further strengthen “InsiteStream” through data partnering with strategic partners and developing next-generation AI technology to solve issues in diverse domains and industries.

Online Lending Framework for the Food Service Industry



Industry-Specific Digital Transformation Solutions

Industry-Specific Digital Transformation Solutions

Overview of Industry-Specific Digital Transformation Solutions

Amid significant changes in societal and industrial structures, our group promotes the planning, development, and nurturing of strategic businesses for the next generation. We provide industry-specific digital transformation solutions to sectors that lag behind in digitalization and cashless payment adoption compared to other industries.

“Musubell” - DX Engagement Platform for Real Estate Transactions

“Musubell” is a DX service brand launched in 2020 that streamlines various real estate operations and enables secure transactions and efficient management. Through its UI design optimized for real estate operations at both property and transaction unit levels, it enables company-wide management of application statuses, contract statuses, and document verification. We continue to promote operational efficiency and cost reduction through digital transformation of real estate processes.

“Pangaea Delivery” - Integrated SaaS Platform for Restaurant and Retail Operations

Launched in 2022, “Pangaea Delivery” is a comprehensive service that integrates product management, order processing, and POS system connectivity for all online orders, supporting digital transformation in restaurants and retail stores.

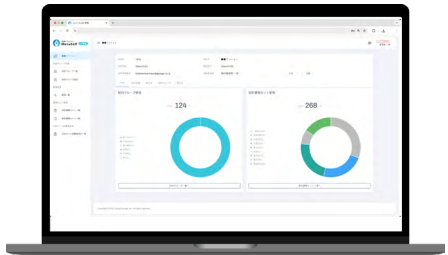
While these businesses increasingly adopt online ordering services, implementing multiple platforms increases operational burden through diverse processes and equipment requirements. Pangaea Delivery enables unified operation of all online order platforms through a single interface, eliminating the need for multiple system training and significantly reducing operational costs. Existing users of online ordering services can achieve revenue growth without increasing operational complexity.



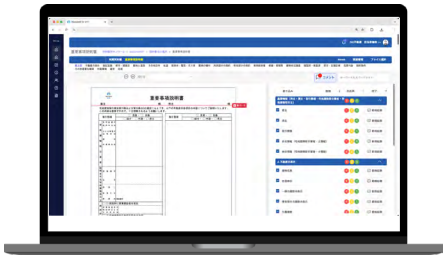
Launched in 2020 as the real estate industry’s premiere engagement platform, delivering enhanced operational efficiency and improved convenience for buyers and tenants.



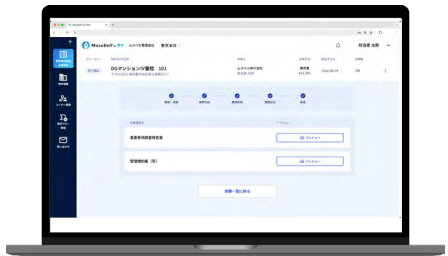
Musubell for New Condo: A DX platform launched in July 2020 for new condominium and detached house sales, enabling document digitization, automated contract generation, and electronic contract execution.



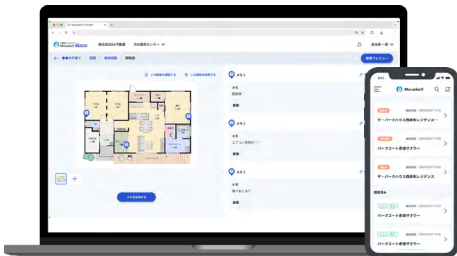
Musubell for Real Estate Agent: Launched in November 2021, specializing in digitizing real estate brokerage operations, enabling end-to-end transactions from contract creation to electronic signing.



Musubell for Management: A platform launched in April 2024 that enables DX promotion of condominium management operations involving interactions with multiple stakeholders.



Musubell for Property Survey: A service initiated in February 2023, enabling error-free real estate site inspections and government office surveys through mobile phone and PC-based report creation.



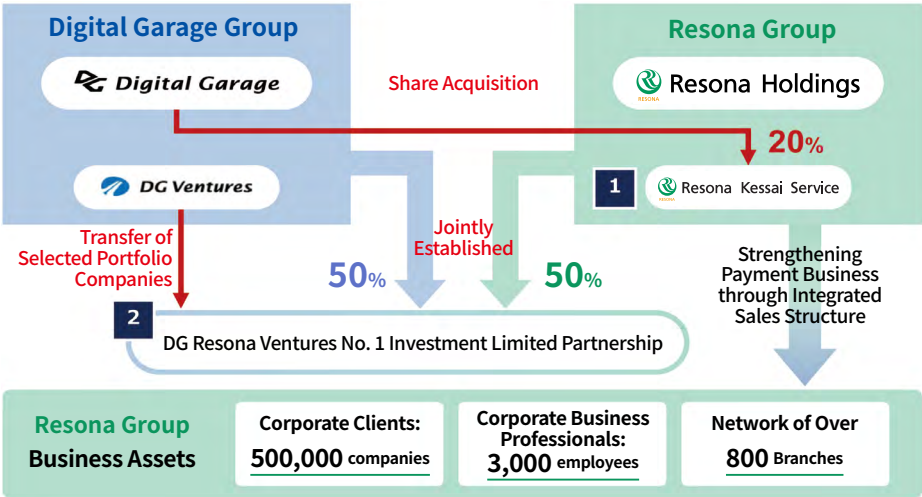
Alliance Strategy

Alliance Strategy

Strengthening Capital and Business Alliance with the Resona Group

We are fully implementing initiatives to strengthen our capital and business alliance with our strategic partner, the Resona Group.

- 1
- As of April 1, 2024, Resona Kessai Service Co., Ltd. (RKS) became an equity-method affiliate. RKS processes 50 million payment collection transactions annually and provides comprehensive financial solutions including factoring and credit guarantees. By promoting personnel exchange and implementing DGFT's advanced solutions, we will establish an integrated sales structure for payment services targeting the Resona Group's 500,000 corporate customers to strengthen both groups' payment businesses.
- 2
- We have established a jointly managed CVC fund "DG Resona Ventures Fund I Investment Limited Partnership (DGRV)" with a total commitment of 13 billion yen. The fund focuses on driving open innovation through startup investments, leveraging our extensive experience in supporting numerous startups.

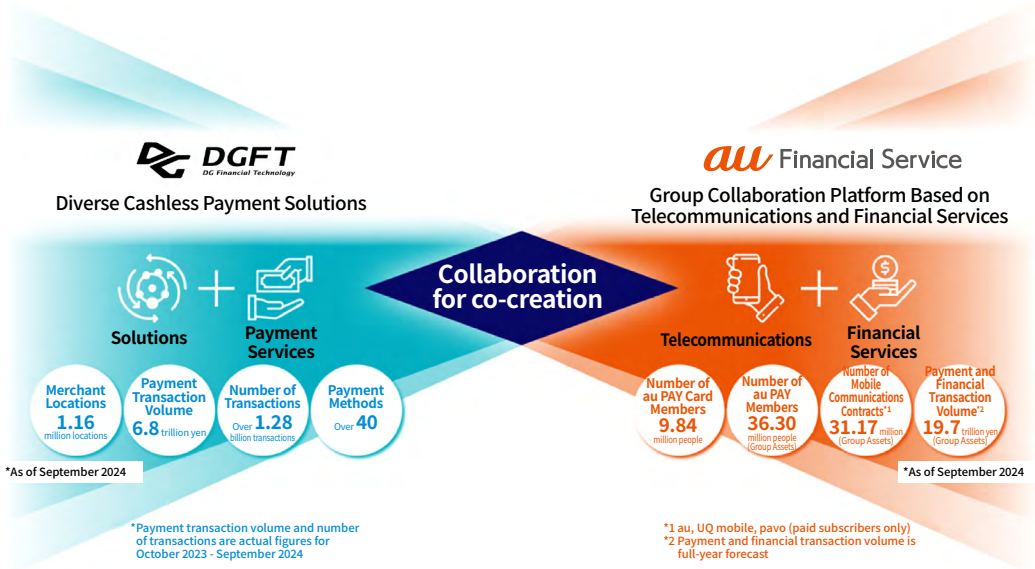


The DG Group is pursuing proactive alliance strategies to build partnerships with Japan's leading payment, financial, and retail businesses. These alliances aim to establish efficient sales structures for member merchants while jointly developing new services that address evolving merchant needs.

Business Alliance with KDDI Group's-au Financial Service

In May 2024, DGFT and au Financial Service Corporation signed a business alliance agreement to expand market share and enhance industry positioning in the growing cashless market.

We will jointly provide high-quality payment services across the extensive au economic sphere, which includes the KDDI Group's telecommunications and e-commerce businesses. Furthermore, we will promote collaborative development and deployment of new businesses by integrating both companies' management resources and expertise in the payment domain. As of September 2024, the au economic sphere encompasses 31.17 million mobile communications subscribers, payment and financial transaction volume of 19.7 trillion yen, and 9.84 million "au PAY Card" members. DGFT's payment business has achieved a transaction volume of 6.8 trillion yen, with 1.28 billion transactions across 1.16 million payment locations. Through this alliance, we aim to expand our market share and strengthen our competitive position in the growing cashless market.



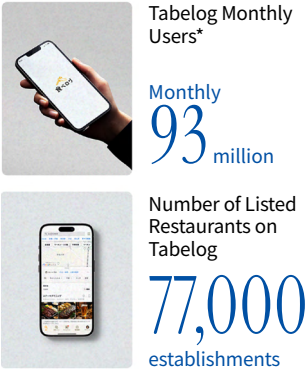
Strategic Alliance with Kakaku.com

Strategic Alliance with Kakaku.com

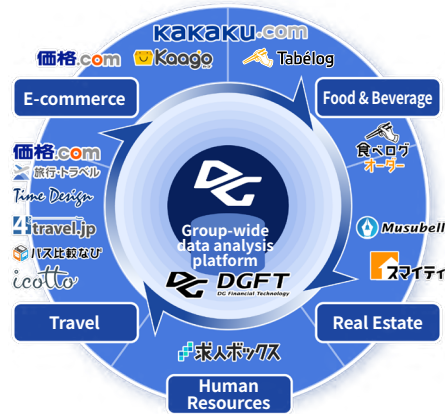
Co-creation with Kakaku.com as a Platform Service Provider

We invested in Kakaku.com in 2002. As our equity-method affiliate, Kakaku.com operates multiple platform services, including “Tabelog,” Japan’s leading restaurant discovery and reservation platform with over 93 million monthly users. We provide integrated payment processing and fintech solutions that complement Kakaku.com’s various platform services, including reservations and inventory management. By combining our payment infrastructure and industry-specific digital transformation solutions with Kakaku.com’s diverse service portfolio spanning shopping, dining, recruitment, real estate, and travel, we aim to create innovative services.

* Monthly users refers to browser-based visitor counts (note: some browsers and operating systems may count returning visitors as duplicate users after a certain period).



Strategic Partnership with Kakaku.com



- Group Business Integration:**
 DG and Kakaku.com have identified key strategic sectors (E-commerce, restaurant, travel, real estate, and human resources) to implement payment-centric business collaboration
- Enhancement of Data Infrastructure:**
 Development of integrated data infrastructure focused on strategic sectors is underway
- Data Partnership Initiatives:**
 Promoting joint service development and next-generation AI-based R&D activities through our Lab

Group Business Collaboration

Kakaku.com’s platforms, including “Kakaku.com” - a gateway to numerous e-commerce sites, and “icotto” - a comprehensive travel information and booking service, present significant opportunities for integration with our payment infrastructure. DG and Kakaku.com have identified five strategic sectors for platform integration: e-commerce, restaurant, travel, real estate, and human resources, with payment services as the core foundation. We anticipate market expansion through AI-powered automation of traditional operations, including marketing, sales, customer service, and financial processes that currently require manual intervention. By leveraging our combined expertise in payment processing and platform operations, we aim to address industry-specific challenges and create innovative solutions.

Tabelog’s Online Reservation Platform and Payment Solutions for International Visitors

In response to increasing international tourism, Tabelog launched its multilingual online reservation platform in June 2024, enabling overseas visitors to seamlessly discover and book Japanese restaurants. The platform features our integrated payment solutions, allowing users to make instant reservations while checking real-time availability and accessing multilingual restaurant information, photos, and reviews.

Through this international reservation platform, Tabelog aims to facilitate broader access to Japan’s diverse dining experiences for overseas visitors. While restaurants seek to capture inbound tourism demand, concerns about last-minute cancellations have historically limited online reservation acceptance. Our payment solutions address this challenge through a secure operational framework that mitigates cancellation risks, enabling restaurants to confidently embrace digital reservations.

Integration and Utilization of Digital Platform and Payment Data

Both companies are working to establish a comprehensive framework for long-term data accumulation and utilization, integrating digital platform and payment data. Engagement Gateway, Inc., our joint venture, is exploring new business opportunities through data utilization, focusing on implementing next-generation AI technologies and developing joint ventures with business partners, aiming to create innovative businesses that leverage both companies’ assets.

Global Investment Incubation Segment

Global Investment Incubation Segment

Business Model of Global Investment Incubation

Through our “DG Global Incubation Stream” developed since our founding across North America, Japan, Asia, and Europe, we reach out to promising startups and cutting-edge technologies worldwide. While discovering and nurturing cutting-edge technologies, we aim to maximize corporate value for both our group and startups by leveraging synergies with our group’s payment and marketing capabilities.

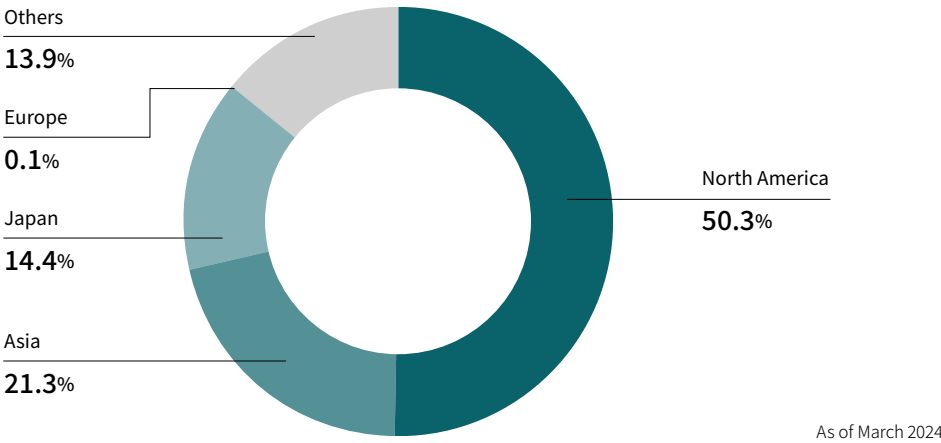


Global incubation is our core strength and we consider it essential for medium to long-term growth. As part of our incubation activities, we are shifting from traditional direct investments to fund-based investments. For direct investments, we are actively moving investments off-balance sheet while maintaining new direct investments at appropriate levels, implementing investment discipline to control future consolidated P/L fluctuations. For fund-based investments, we operate while meeting the needs of diverse stakeholders (including fund investors) while gathering information and incorporating feedback into our business operations.

We will enhance capital efficiency and strengthen co-creation with startups while controlling volatility in financial statements.



Investment Portfolio by Region



Global Investment Incubation Segment

Joint Operation of Corporate Venture Capital (CVC) Fund to Accelerate Fintech Business Growth

In 2024, we established “DG Resona Ventures Fund I Investment Limited Partnership (DGRV),” a 13 billion yen CVC fund, through investment with a newly established subsidiary of Resona Holdings, Inc. We have transferred a portion of the operational investment securities held by DG Ventures, Inc., our group’s investment subsidiary.

In establishing DGRV, we focus on open innovation through startup investments - leveraging advanced technologies and business models through collaboration with startups to strengthen both companies’ businesses. Our group aims to make significant contributions based on our extensive experience supporting numerous startups.



Assets Under Management:

13 billion yen

Portfolio Companies:

5

Investment and Business Development in Startups with Next-Generation Technologies

Through DGDV Fund III operated by DG Daiwa Ventures, Inc. (DGDV), we invest in and nurture global startups possessing next-generation technologies. Since our establishment in 2016, we have supported early-stage entrepreneurs both domestically and internationally, producing four unicorn companies. We will continue to provide global startup support.



Assets Under Management:

Approx. 30 billion yen

Portfolio Companies:

114

Accelerator Program “Open Network Lab”

Open Network Lab (Onlab), established in 2010 as Japan’s first accelerator program, fosters globally active startups. We have supported over 150 seed-stage startups, with three companies achieving IPOs and producing unicorn companies.



Investment and Development in ESG-Focused Startups

Through Open Network Lab ESG I “Earthshot Fund,” we invest in startups addressing social and environmental challenges and support the enhancement of ESG management. The Earthshot Fund supports not only startups selected through the Open Network Lab program but also various startups focusing on ESG initiatives.



Assets Under Management:

Approx. 3 billion yen

Portfolio Companies:

45

Expanding Generative AI Globally from Silicon Valley’s “GenLab”

Through investment and business development in startups across various domains, we enhance portfolio company value and support their growth. Centered on our Silicon Valley hub “DG717” in San Francisco, we operate “GenLab,” an entrepreneur support program focused on generative AI and related technologies. We promote this initiative beyond Silicon Valley through a network connecting community leaders across Japan, the US, and Europe.



“Assets Under Management” and “Portfolio Companies” figures are as of March 2024

Co-creating Social Impact through DG’s Startup Investment Strategy

Katsuaki Usami
Corporate Officer,
Responsible for Global business
Supervision of Overall Open Network Lab,
Digital Garage, Inc.



Supporting the Growth Journey of Startups

Open Network Lab (Onlab), Japan’s first accelerator program established in 2010, provides comprehensive support to early-stage startups aiming for global growth. The program has achieved remarkable success, producing three IPO companies and multiple unicorns - an exceptional track record for an early-stage startup support program. Usami shares the following strategy:



“Over the past 15 years, Japan’s startup ecosystem has transformed significantly. Students who previously aimed for careers in government or large corporations now consider entrepreneurship as a viable option, and many VCs and major corporations are actively investing in startups. Looking ahead, startups need to create significant social impact through cutting-edge technologies and innovative business models, leveraging Japan’s strengths while pursuing global opportunities. Through our San Francisco hub DG717 and organizational development support, Onlab is strengthening its commitment to nurturing startups that can succeed in the global market.”

Pursuing Growth Through Advanced Technology

In the late 1990s, during the early days of Internet business, “time machine management” gained attention as a strategy to increase success rates by introducing proven overseas business models to the Japanese market through information arbitrage. However, with real-time global information flow, such gaps have narrowed significantly. Given this context, how will our group collaborate with overseas startups?

“The pace of technological advancement and business environment changes has accelerated dramatically,” says Usami. “Following application trends alone can lead to information overload. Due to regulatory differences between Japan and overseas markets, businesses cannot simply be imported through Japanese localization. We are focusing on deeper foundational layers: core technologies, infrastructure, and platforms.”

In our group’s growth strategy centered on the payment business, Japan’s cashless payment ratio remains at around 40%, relatively low among developed nations. Comparing major countries’ payment methods, while credit

cards dominate in the U.S., Europe shows a higher proportion of account-to-account payments including debit cards, resulting in distinctly different startup ecosystems.

“Payment methods vary by region due to different business practices, cultures, and regulations, which shapes startup trends accordingly. For example, the UK’s legalization of open banking in 2016 created new business opportunities through bank API utilization, particularly with neobanks leading the way. Recent discussions around ‘Open Banking 2.0’ are exploring broader financial industry data utilization, including insurance and asset management. Startups are emerging with advanced security solutions, fraud detection technologies, next-generation AI analytics, and blockchain applications. For the European market, we are monitoring these industry trends through our London office while seeking strategic business partners.”

Co-creating Business Success with Startups

Usami emphasizes that while our group offers various assets to support startup growth, our payment infrastructure and customer base are our most valuable assets.

“Our group’s payment platform serves over 1 million merchant locations with an annual transaction volume exceeding 6 trillion yen (as of 2024). Since startups often face challenges in customer acquisition and business scaling, we can accelerate their growth through our payment infrastructure and customer base while expanding our own business, creating a win-win relationship.”



Next-generation Technology and Innovation

Next-generation Technology and Innovation

Strategy for Implementing Next-generation Technologies and Co-creation with Business Partners and Startups

The DG Group is advancing research and development of technologies that will create a better society and future, such as next-generation AI and blockchain, while developing innovative products and services that will become new pillars of our business. To provide high-quality products and services, we are promoting the social implementation of technologies essential for building secure, safe, and stable systems with emphasis on privacy protection.

As this field is still emerging, we are collaborating with business partners to pursue business development while managing risks effectively. Recognizing the crucial role of startups, we are advancing collaborations alongside our investments. Our early market entry has proven successful, establishing us as a leading domestic authority in technological, legal, accounting, and tax expertise, enabling us to provide web3-related consulting and development services to multiple major corporations. As late entry becomes challenging once next-generation technology businesses become profitable, we will leverage our early adopter advantage to nurture these initiatives into growth businesses.

Initiatives in Next-generation AI

While there has been growing interest in the application of generative AI, such as OpenAI’s ChatGPT, we collaborated with Kakaku.com, Inc. to launch Japan’s first ChatGPT plugin for “Tabelog” in May 2023.

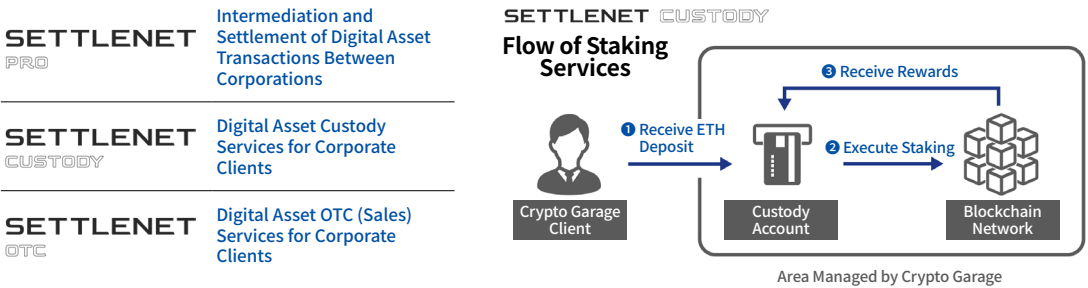
While generative AI shows great potential in enhancing human creativity and operational efficiency, it also faces challenges regarding misinformation generation and privacy protection. To address these challenges, the Digital Architecture Lab, led by co-founder Joi Ito, has been conducting joint research on “Probabilistic Computing,” an innovative artificial intelligence approach derived from MIT’s brain and cognitive science research. Based on these research findings, we have established a cross-industry consortium to enable secure sharing of collective intelligence and promote further advancement of generative AI applications.



Initiatives in Blockchain Technology

In September 2018, we established Crypto Garage, Inc. as a joint venture with The Tokyo Tanshi Co., Ltd. to conduct research and development and commercialization of blockchain financial services in the fintech field. In October 2021, we received investment from Nomura Holdings, Inc. and have been providing digital asset financial and payment services for institutional clients.

SETTLENET, developed by Crypto Garage, received the first certification in the blockchain and financial sectors under the regulatory sandbox system in January 2019. In March 2024, we expanded the functionality of our institutional digital asset custody service “SETTLENET CUSTODY” to include staking services. This service enables clients to earn rewards while securely holding their digital assets (Ethereum).



Furthermore, Crypto Garage offers blockchain backend services to remove various technical barriers that companies face when launching web3 businesses. “mahola wallet” is a private key management service for easily implementing custodial NFT wallet functionality* into NFT projects and companies’ existing services. This service enables private key management for project administrators and implementation of wallet functionality into company services. “mahola api” is a blockchain backend service that enables the construction and operation of NFT projects and web3 services without requiring awareness of the blockchain layer.

Going forward, we will continue to develop services utilizing blockchain and cryptographic technologies, aiming to expand into the digital asset market as a natural extension of our payment business.

* A functionality that enables third parties to safely manage and store NFTs on behalf of users and facilitate seamless NFT transactions and transfers



Financial and Capital Strategy

Cash Flow Allocation

As part of our strategic financial management framework centered on cash flow allocation, we are committed to optimizing the distribution of cash flows, balancing capital investment in existing businesses, growth investments focused on capital efficiency, proactive shareholder returns, and maintenance of financial soundness.

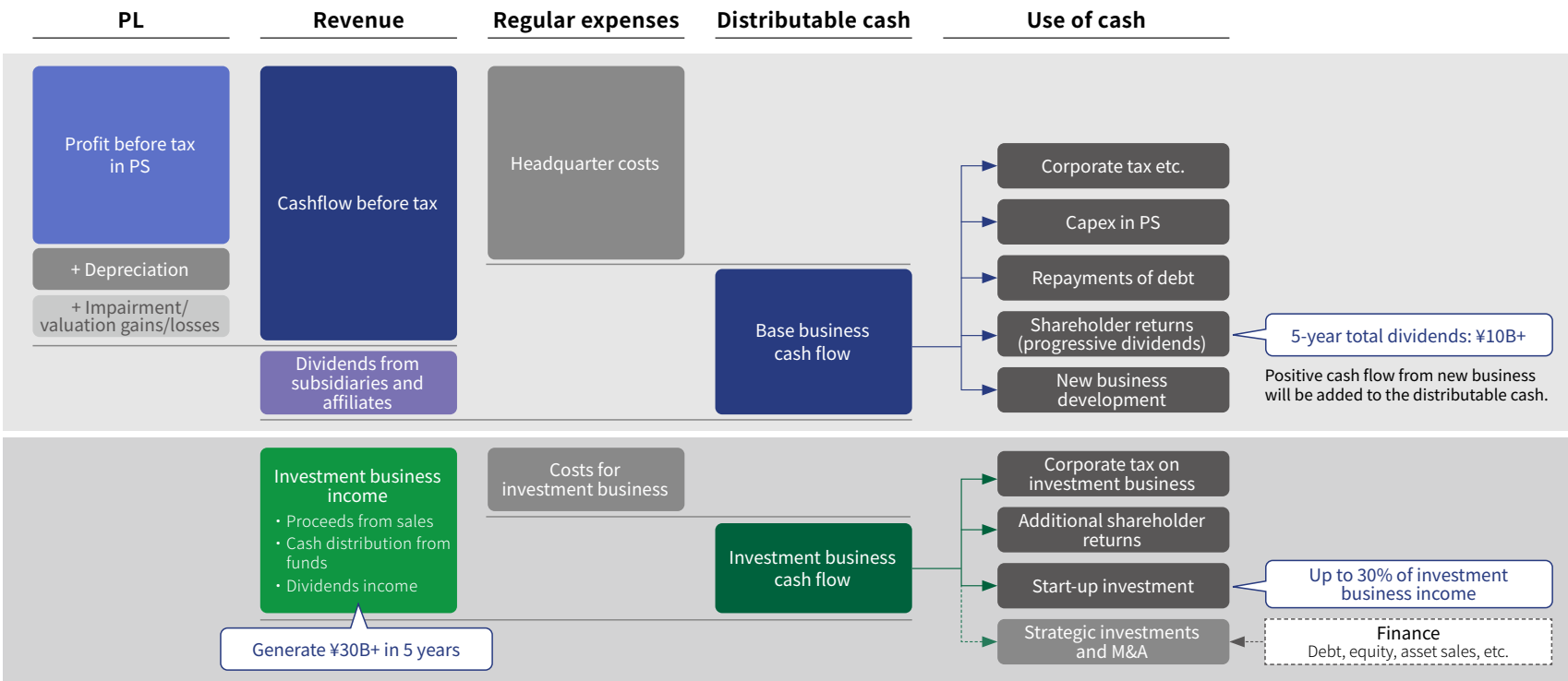
In our medium-term management plan commencing in the fiscal year ending March 2024, we have positioned our highly capital-efficient payment business as the Group’s foundation, while continuing essential growth investments in our payment systems while pursuing business development in new areas that are strategically integrated with our payment business, thereby striving to accelerate growth and enhance capital efficiency. Furthermore, we have established a dividend policy based on recurring operating cash flows, aiming to achieve sustainable shareholder returns and maximize corporate value through business growth.

In our group’s cash flow allocation framework, we manage cash flows by distinguishing between “base business cash flow” generated from our stable business foundation centered on the Platform Solutions segment, and “investment business cash flow” derived from our investment operations.

With sustained growth expected in the cash flow of our base business, primarily our payment business which serves as the Group’s revenue foundation, we intend to allocate these funds primarily to regular dividends, as well as for capital investments which include mission-critical systems for stable business operations, development of new businesses driving accelerated growth in payment operations, and initiatives aimed at maintaining financial soundness.

While investment business cash flow fluctuates annually depending on the timing of securities sales, we aim to generate investment business income exceeding 30 billion yen during the five-year period ending March 2028. We plan to utilize these proceeds for flexible additional shareholder returns, as well as for strategic investments and M&A opportunities.

Overview of Cash Flow Allocation



Financial Strategy

Shareholder Return Policy

We position shareholder returns as one of our key management priorities and have maintained stable dividend payments throughout our history. In our mid-term plan beginning in the fiscal year ended March 31, 2024, we have established a progressive dividend policy for ordinary dividends that aims to increase dividends annually in alignment with the sustainable growth of our base business cash flows, targeting total dividend payments of over ¥10B+ over the five-year period. Furthermore, we aim to enhance our dividend growth through accelerated profit growth driven by the monetization of new businesses.

In addition, we allocate a portion of our investment business income derived from our accumulated startup investments to flexible shareholder returns.

The actual shareholder returns are determined based on comprehensive consideration of our financial position, business performance trends, and future funding requirements.

	Return policy	Source of distribution
Stable dividend	Long-term stable dividends based on progressive dividend policy	Base business cashflow*
Accelerated dividend growth	Enhanced dividend growth through new business launches	
Additional returns	Special dividends and share buybacks based on investment exit progress	Investment exit proceeds / distributions

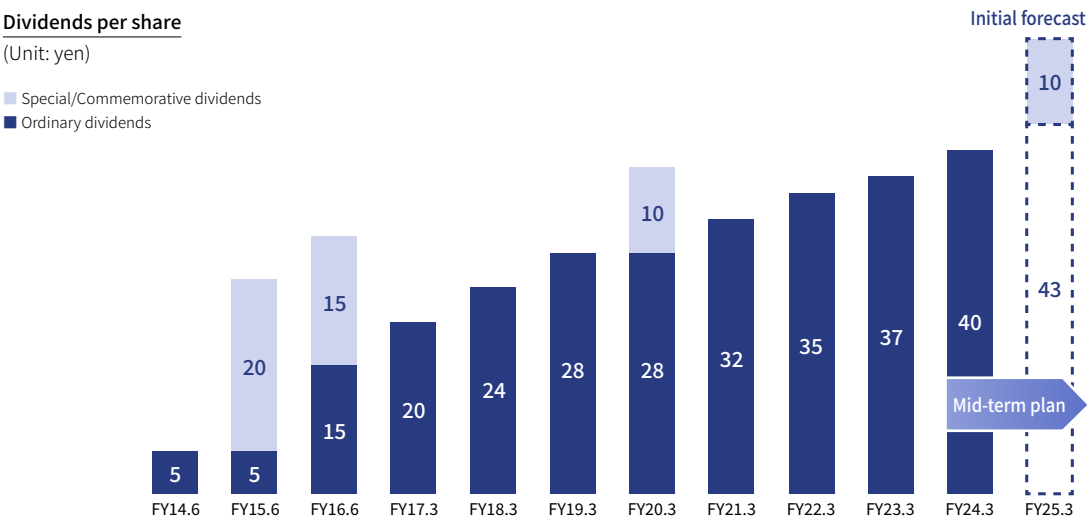
* Base business CF: Please refer to “Overview of Cash Flow Allocation” chart on P32.

Trends in Shareholder Returns

Dividends per share

(Unit: yen)

Special/Commemorative dividends
Ordinary dividends



Total dividends	¥100M	11.7	14.1	9.4	11.3	12.9	17.5	14.7	16.5	17.0	19.0	25.0
Share buyback	¥100M	-	-	-	-	50.0	-	-	-	50.0	50.0	40.0
Total shareholder return	¥100M	11.7	14.1	9.4	11.3	62.9	17.5	14.7	16.5	67.0	69.0	65.0
Dividend payout ratio to base business CF	%	-	-	-	-	29.1%	41.1%	32.8%	32.6%	28.7%	29.8%	-

Dividend Forecast for FY25.3

Based on our dividend policy, we have set the ordinary dividend for FY25.3 at 43 yen per share, an increase of 3 yen from the previous fiscal year. Additionally, we plan to distribute a special/commemorative dividend of 10 yen per share to celebrate our 30th anniversary, along with returns from expected investment exits at the beginning of the fiscal year.

As part of our proactive shareholder return initiatives, we announced a share buyback program of ¥4B through market purchases in June 2024 (completed as announced on August 29, 2024).

We will continue to strive to meet shareholder expectations by achieving further business growth while enhancing our long-term and sustainable shareholder returns.



Financial Strategy

Dialogue with Shareholders and Other Stakeholders

The DG Group actively pursues constructive dialogue with shareholders and investors while strengthening frameworks to facilitate such engagement, aiming to achieve sustainable and long-term enhancement of corporate value. The Vice President Executive Officer and Group COO, serving as the primary contact for investor relations, conducts individual meetings, small group sessions, and overseas roadshows.

Centered around our top management, the President Executive Officer and Group CEO, relevant departments including business and finance divisions regularly engage in information sharing and expert discussions to enhance disclosure information that forms the basis for constructive dialogue. The status of dialogue with capital market participants, including shareholders, investors, and securities analysts, is reported to the Board of Directors monthly. Feedback received through these dialogues is shared with internal and external directors and incorporated into improvements in management strategy and IR activities.

In April 2024, we welcomed a new Executive Officer and CIRO (Chief Investor Relations Officer) based in San Francisco. We will enhance dialogue with overseas investors and strengthen English-language information disclosure, while further bolstering communication with all stakeholders, including shareholders and investors, as we work toward increasing our corporate value.

For more detailed information about IR, please visit our website at:
<https://ir.garage.co.jp/en/>

Message from the CIRO

In April 2024, I assumed the position of Executive Officer and CIRO, and commenced global IR activities based in San Francisco, where our group’s incubation center is located.



Previously, I served as head of Japanese equities sales and corporate access at a major securities firm’s North American offices, connecting overseas investors with Japanese companies. Through over 20 years of deepening communication with both investors and companies, I have gained important insights. Investors expect companies to understand their needs, appropriately incorporate their opinions and ideas into management decisions, and actively disseminate information to the market to eliminate information asymmetry.

First, we aim to promote proactive IR activities by increasing opportunities for communication with both domestic and international investors, while strengthening our English-language information dissemination. Furthermore, we will carefully consider feedback received through meetings with investors and analysts, utilizing it to enhance our IR activities and management strategy, ultimately leading to increased corporate value.



Daniel Brandt
CIRO (Chief Investor Relations Officer)

Born in Tokyo. After graduating from a U.S. university, gained over 20 years of experience at a major securities firm, serving as head of Japanese equities sales and corporate access in New York and San Francisco, and other locations. Joined our company as CIRO in April 2024.

Sustainability Management

Sustainability Management

Sustainability Policy

Designing “New Context” for a sustainable society with technology

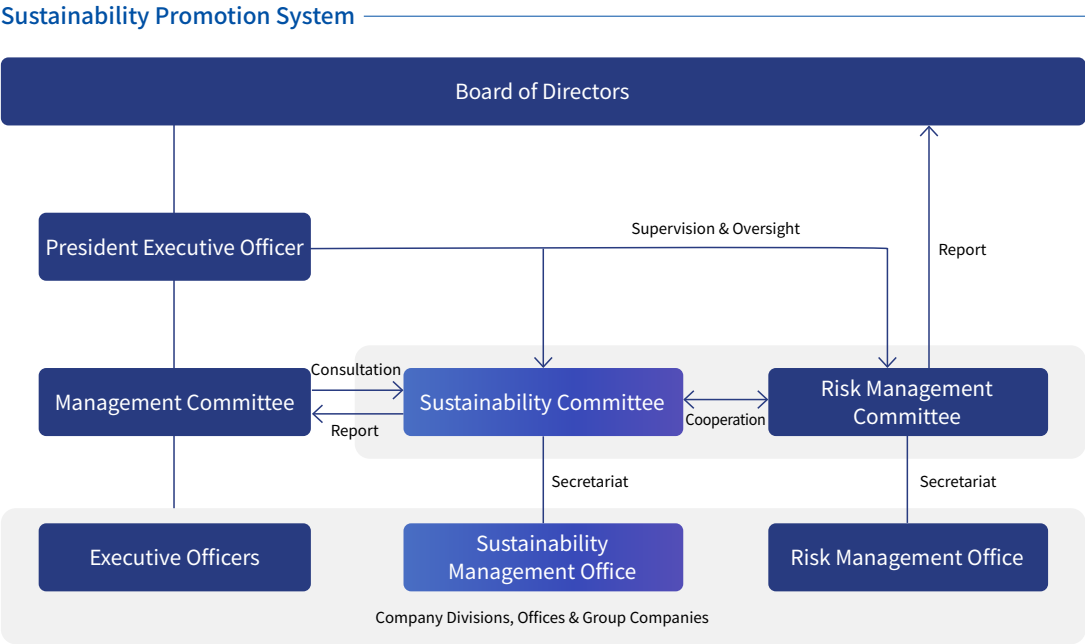
Digital Garage’s purpose is “Designing ‘New Context’ for a sustainable society with technology.” The Group’s sustainability policy is synonymous with and equal to the Group’s purpose, and is therefore perfectly aligned.

Our Philosophy

In the digital field where major changes are frequently occurring, our group has always been committed to the Pioneer Spirit (known as the “First Penguin Spirit,” in Japanese), which is meant to encourage us to be the first to take on risky challenges with courage and strong determination. Our slogan, “Think for Yourself and Question Authority” also pushes us to be free, independent thinkers who are not bound by conventional wisdom but are able to think outside the box. With these founding principles, we have consistently pursued and implemented new technologies in society while capturing their essence.

Based on these corporate philosophies, as well as the powerful image of “Earthshot” (aka “Blue Marble”) in which the earth as seen from space amplifies a borderless world and underscores our interdependence as a species within a shared ecosystem, our group will continue to work towards solving the many problems that we face in realizing a more equitable and prosperous society for all. Sustainability initiatives are expected to become more important as we consider the evolution of technology and the values of global society in response to new and emerging societal issues. The DG Group will enhance its sustainability management by incorporating “Environment,” “Social,” and “Governance” perspectives.

Furthermore, in order to create a new and better society, we recognize the necessity and extreme importance in collaborating with a wide range of stakeholders, including our shareholders, customers, employees, investment, alliance and business partners, as well as local communities. Our group aims to contribute to the creation of an ecosystem for a sustainable society while further increasing our corporate value, and together with our stakeholders will continue to create new contexts for a better future.



The DG Group has established the Sustainability Committee and Sustainability Management Office, a management office of the Committee, to accelerate the initiatives of our sustainability management efforts. The President Executive Officer supervises the Sustainability Committee, chaired by the Head of the Corporate Division and along with members who are appropriately selected for accelerating the group-wide initiatives. The Sustainability Committee promotes materiality, manages progress, and responds to climate change matters, while regularly presenting and reporting to the Management Committee and the Board of Directors (meeting at least twice per year).

In addition, to strengthen its risk management structure, the Group has established a Risk Management Committee and a Risk Management Office which has a similar operational and reporting structure as previously described for the Sustainability Committee and Sustainability Management Office. The company has established a system to incorporate the decisions deliberated by the Management Committees and Board of Directors in formulating future business strategies, risk management and evaluations.

Discussion with Outside Directors

Supporting Digital Garage in Achieving its Purpose
as Outside Directors

Three outside directors convened to engage in a strategic dialogue regarding our corporate purpose, management direction, and governance framework.



Our Roles as Outside Directors Supporting the DG Group

Inoue: After working in space and telecommunications businesses at a general trading company, I gained experience in technology-focused venture investment in the United States. For the DG Group’s business, I provide opinions and suggestions based on my experience in macro-technology project management and expertise in telecommunications and IT. Additionally, as a practicing counselor, I believe I can contribute to AI business areas that require deep insights into humanity.

Makino: With my background as a certified public accountant, I worked in Australia for three years. Being able to view Japanese society objectively from abroad was a valuable experience. I have experience in business revitalization support for SMEs, financial due diligence, valuation services, and IPO support. Currently, I serve as an outside director for several companies, having always maintained a desire to help growing companies. The DG Group’s corporate value is increasing, and there is a demand for broad disclosure of its growth process, including non-financial information. I believe my experience can contribute to this.

Junji Inoue

Outside Director
(Audit and Supervisory Committee Member)

Former Executive Officer of Mitsubishi Corporation and Representative Director, President and Executive Officer of IT Frontier Corporation. Currently serves as Technical Advisor at the Remote Sensing Technology Center of Japan. Has extensive international business experience.

Hiromi Ozaki

Outside Director
(known as Sputniko!)

Former Assistant Professor at MIT Media Lab. Currently serves as Associate Professor in the Department of Design, Faculty of Fine Arts at Tokyo University of the Arts and Representative Director of Cradle Inc. Also active as an artist under the name Sputniko!. Has expertise and experience in art, design, technology, DE&I, and other fields.

Koji Makino

Outside Director
(Audit and Supervisory Committee Member)

After working at KPMG Minato Audit Corporation (currently KPMG AZSA LLC) and a consulting firm, established Koji Makino Certified Public Accountant Office. Currently serves as Representative of the office and BE1 Comprehensive Accounting Office Co., Ltd. Has extensive experience and expertise as a certified public accountant and consultant.

Ozaki: Although I was born and raised in Tokyo, I studied mathematics and computer science at a university in the UK, followed by design studies in graduate school. Later, I worked as an assistant professor at MIT Media Lab in the US, mentoring students, and now I am primarily active as an artist in Japan. Compared to other countries, Japan has a significantly large gender gap. While the DG Group has initiatives for promoting diversity through the Sustainability Committee activities, I provide recommendations based on my own experience and expertise.

Discussion with Outside Directors

The DG Group's Materiality Issues Identified for Realizing a Sustainable Society

Makino: In identifying materiality issues, all outside directors participated in the discussions, exchanging opinions based on our respective experiences and insights. As a result, we believe we have identified very clear and understandable materiality issues. The three areas of materiality are centered around the core concept of “Creating a sustainable ecosystem through technology and innovation,” which is extremely important for the DG Group, while highlighting “Creating an environment in which all employees can thrive and play an active role” which is focused “people” who implement this as a key area. Furthermore, we have listed materiality issues related to “Cultivating trust in order to move forward hand-in-hand with society” aimed at solving challenges in governance and social systems that form the foundation of management.

Ozaki: As mentioned earlier regarding input on diversity promotion, within the DG Group's materiality issues, there are very interesting challenges related to human resources and respect for human rights. The impact of the gender gap I mentioned earlier is considerable; despite Japan having many talented women, the environment is not yet properly established to enable them to fully demonstrate their capabilities. It is important to work toward correcting “structural discrimination” that pervades within companies so that diverse talent can thrive equally. The DG Group is making steady progress in diversity initiatives, with career-hired professionals accounting for over 90% of all employees and women comprising about 40% of the workforce. However, the number of women in management positions is still low and needs improvement. In terms of the DG Group's materiality issues, in addition to “Creating and organizing a system in which an inclusive and diverse workforce can grow and thrive together,” I would like to provide input to the company regarding “The implementation of Human Capital Management initiatives that help to unlock a brighter future through education and support for talent growth,” including the relationship between AI and human rights.



Inoue: As Ms. Ozaki mentioned, ensuring diversity is an important management issue. While companies need organizations that bring together diverse talent, advancing diversity may also lead to fragmented organizations. Ultimately, I believe we need the power of technology to connect organizations in some way. In the world of AI and web3, for example, blockchain technology might enable “just-right collaboration” within and between different communities. While it may take time, I believe we can realize a diverse society by creating new contexts through technology.

Corporate Governance as the Foundation of the DG Group's Management

Inoue: Common metrics for measuring the effectiveness of governance in the Board of Directors include the number of independent outside directors and female directors. While being mindful of these criteria, as the DG Group belongs to the rapidly changing IT sector, we believe it is important to continuously build a system that enables swift decision-making while anticipating future changes. On the defensive side, we need to carefully monitor new risks emerging with changing times, such as AI ethics, copyright issues, legal developments, and responses to increasingly sophisticated cyber attacks. From a governance perspective, we also believe it is important to proactively provide more appropriate information disclosure going forward.



Makino: The Board of Directors engages in free and frank exchange of opinions, with CEO Hayashi actively seeking diverse opinions from all directors regarding his vision for social change. Our board meetings are characterized by thorough discussions, including with outside directors, to determine and pursue our direction. As outside directors providing an oversight function to the Board of Directors, we take a multifaceted approach to ensuring the governance cycle functions effectively, leveraging our diverse backgrounds. While we see no major issues with the current composition and operation of the board from a governance perspective, we consider that succession planning for management talent is important from a long-term viewpoint.

Ozaki: Regarding sustainability management, I believe we have established a framework for full-scale promotion by setting up the Sustainability Committee and the Sustainability Management Office. From the perspective of long-term and sustainable corporate growth, sustainability management will be extremely important going forward. As outside directors maintaining an appropriate distance from the company and maintaining objectivity, we intend to provide opinions that help the company grow sustainably with society, considering broader social perspectives.

Discussion with Outside Directors

The DG Group's Strengths and Future Expectations

Makino: The core strength of the DG Group lies in its two co-founders. Specifically, CEO Hayashi's creativity, vision, and keen intuition cultivated from nurturing businesses since the internet's early days, and Director Ito's deep expertise in technology, gained from his experience as a leader at MIT Media Lab, which represents the pinnacle of global technology and academia. In Japan, the internet emerged in the 1980s, and its widespread adoption gave birth to various innovative businesses. Since its establishment in 1995, the DG Group has attracted many talented professionals and developed businesses that capture internet trends.

Ozaki: As Mr. Makino mentioned, the two co-founders have played crucial roles. During the internet's early days in the 1990s, the company consistently created cutting-edge businesses, utilizing the most advanced technologies of the time, such as developing websites and launching Japan's first robotic search service. Cutting-edge technology sometimes brings about major transformations in society and markets that can be described as "table-turning" changes. To connect these transformations into business opportunities, it is crucial to maintain keen awareness and understanding of what is happening in society and markets, and discern which technologies will lead to transformation. CEO Hayashi and Director Ito not only possess such keen awareness but also have the ability to transform technologies into businesses and implement them in society. Furthermore, they have built an organization that attracts talent with high sensitivity to cutting-edge technology who share our company's purpose, and enables agile decision-making that leverages this talent.

Inoue: It is indeed important to understand societal and technological trends. Throughout my involvement in the technology field, I have continuously contemplated the relationship between science/technology and humanity. Starting with our two co-founders, the DG Group has many professionals who deeply understand the affinity and relationship between "digital" and "art." Here, "art" ultimately means contemplating "what it means to be human." As our world becomes increasingly digital, I believe the importance of art – that is, contemplating humanity – becomes even more crucial.



Our company's purpose is to "Designing 'New Context' for a sustainable society with technology." One of the DG Group's attractions is that we are an organization capable of facilitating discussions that connect digital and art for designing this "New Context." As outside directors, we feel that the board of directors operates in a way that accepts our various perspectives, allowing us to provide opinions from our respective expertise that help maintain this true "Digital Garage-ness."

Ozaki: As Mr. Inoue pointed out, the relationship between digital and art is incredibly important in implementing "New Context" in society. With my background in mathematics, computer science, and design from the UK, I believe my approach of questioning technology's future through design is unique to me, and I provide opinions accordingly. Modern technologies like AI and web3 have the power to significantly transform society, including potential new risk factors. I want to continue providing input to the company regarding potential new work styles, threats, and risks that may arise from implementing these technologies in society.

Makino: Rather than pursuing short-term profits, the DG Group's officers and employees take a long-term perspective, deeply discussing and envisioning business from a broader viewpoint, including ethical considerations, on how to implement new technologies as socially beneficial businesses. I believe that businesses born from this value of "providing value to society" are the source of the DG Group's sustainable growth and important from a risk management perspective. As an outside director, I find it very encouraging that such discussions are actively held among management, that new talent who share these values are joining, and that the Group is taking serious action to change the future. I myself feel stimulated when participating in these discussions.

Inoue: While it might sound grandiose, the DG Group has people who try to observe humanity's movements from a global perspective. For instance, we have officers and employees who seriously discuss topics like what technologies could help eliminate war, one of humanity's most tragic experiences. While the DG Group is still developing in terms of business scale, I believe it has the potential to make a significant social impact by taking on the ambitious business of implementing "New Context" in society.

Since market valuation reflects a company's future value, as outside directors, we want to support the DG Group's growth to achieve high market recognition.

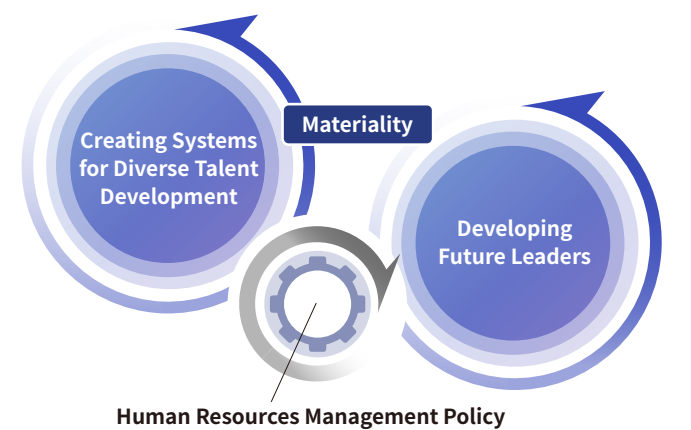
Social - Human Resource Management Initiatives

Human Resource Management Initiatives

Our Approach to Human Resources

The Group considers our employees to be an invaluable asset that is essential to the success and growth of our business. We believe that good talent development directly drives business growth, which in turn leads to the success of our core business. In pursuit of our purpose, we believe that it is important for employees with various backgrounds to work together, as well as to strengthen the relationship between our employees and the company. We established a “Human Resources Management Policy” in 2023 that describes what we as a company promise to our employees in addition to what we as a company expect from our employees. Based on this policy, we will continue to promote organizational and human resource development that will help us to realize our ideals as an organization.

Materiality and Human Resources Management Policy



Human Resources Management Policy



An organization that continuously innovates businesses generating new societal value and delivers that value through cutting-edge technology

Our group strives to nurture employees who can continue to evolve and embody our business through the creativity, expertise and innovation of new ideas and technologies. Under a new personnel system implemented from FY2024, the employees can choose between two career paths: Management or Expert. This creates an environment for career advancement regardless of one’s role as a manager or as an expert contributor.

An organization where diverse talents converge and maximize their unique strengths

Our group continues to recruit talent based on their abilities and expertise, regardless of factors such as gender, nationality, ethnicity, religion, age or work experience in order to support our rapidly changing and diverse business. Our group aims to foster a diverse work culture by hiring employees who can offer different skill sets, perspectives, values, and talents. Our group has established various educational and training programs for all employees that can provide continued learning opportunities for personal growth.

An organization that embodies our culture and pursues excellence through collaborative teamwork

With the ‘First Penguin Spirit’ serving as one of the Group’s values, the Group has encouraged our employees to create their own future by being the first to take on risky challenges with courage and strong determination. The Group is implementing career training in which employees are encouraged to think about their own careers from a Will/Can/Must perspective, with the aim of strengthening career autonomy among employees.

An organization that harmonizes challenge and engagement, founded on psychological safety and trust

We utilize remote work and flextime systems to create an environment where employees can choose a work style balance that suits their individual needs and lifestyles. In order to better achieve QOL (Quality of Life) through work, the company manages working hours using an attendance management system, while monitoring and taking measures using data collected from 360-degree surveys as well as employee engagement surveys. We continue to create optimal conditions for a healthy work environment for the individual employee and the collective through unique cross-group communication initiatives that strengthen relationships among employees and between employees and the company.

Social - Developing Future Leaders

Developing Future Leaders

Employee Development and Educational Opportunities

The Group has established various educational and training programs for all employees that provide continued learning opportunities for skill development and new capability acquisition. This is in addition to basic training for all employees on purpose awareness, privacy, and internet security. We implement career training in which employees are encouraged to think about their own careers from a Will/Can/Must perspective, with the aim of strengthening career autonomy among employees. For personnel evaluators, we provide training that supports the career autonomy of team members. We will continue to develop and incorporate new programs.

Employee Development Programs

			Initial Training upon joining DG	Member Level	Management Level	Executive Officer Level
Training Programs	HR Department Programs	Mandatory	New Graduate Orientation		Basic Management Skills Enhancement (e-Learning) (Selected Participants)	Executive Alignment Training (Mandatory)
			ISMS & Compliance Insider Trading Prevention	Compliance & Security Training		
		Elective	Business Overview Employee Networking (Mid-career Hires)	Harassment & Mental Health Training		
				One-on-One Training		
	Others		Career Workshop			
			DG Campus			
	Conducted by Business Divisions		Theme-based Skill Training by Business Area			
Training Investment per Employee						
¥49,869		March 2022	147%	¥73,421		March 2023
¥80,067		March 2024	109%			

Systems Supporting Career and Skill Development

CareerShift

“CareerShift” is a system that allows employees to participate in projects or transfer to different businesses beyond departmental boundaries. When applying, the employees are not required to receive preliminary consultations or approvals within the departments or with their superiors and can proactively improve their skills and build their careers by challenging new missions.

One-on-One Meetings

Regular one-on-one meetings between employees and supervisors are conducted several times a month for 30 to 60 minutes, providing a forum for discussing career development, work styles, personal concerns, and progress toward goals.

Mentoring System

A system where senior employees mentor and support the growth of new graduates. Multiple senior employees serve as mentors, helping new graduates resolve concerns and realize their potential while building networks beyond their assigned departments.

DG Campus

A cross-organizational initiative that conducts internal seminars, study sessions, and workshops to support human resource development and career formation across departments.



DG Campus

Social - Interview with Our CTOs

Leading the Digital Future:
A Culture of Technology and Innovation

Interview

Two CTOs Discuss Building an Organization that
Drives InnovationHuman Resource Development and “Work Engagement”
in Technology Organizations

Den: The distinctive characteristic of our group’s organization lies in our “culture of continuous pursuit of technology.” As new technologies like blockchain and generative AI emerge one after another, we never conclude that something is “impossible for us to achieve.” Rather, we focus on how to implement these new technologies in society. In such an environment, engineers never get bored.

Akao: Indeed. We are deeply committed to implementing technology in society. However, our thinking starts from the premise that “technology is just technology.” What’s crucial is systematizing it into a service and developing it into a practical “tool” that can be actually used. Particularly with payment services, as a critical social infrastructure operator, we must ensure 24/7 operation, 365 days a year, without any interruption. While executing sophisticated measures to maintain this, seeing our creations being actively used in various stores gives us a great sense of fulfillment.

Kohei Akao

Director, CTO, Executive Officer &
SEVP Head of Technology Division,
DG Financial Technology, Inc.



Tomohide Den

Corporate Officer and CTO,
Head of DG Technology Division,
Digital Garage, Inc.



About Our Organizational Culture and Work Environment

Akao: We have a very open atmosphere with a deeply rooted belief in providing better solutions for society. Remote work has become well-established, and we have a free corporate culture where everyone can reflect their ideas in their work. However, this is only possible because everyone maintains a high level of professionalism. Our members enjoy discussing technology and possess an engineering perspective that allows them to structure and solve problems.

Den: We have adopted remote work and promote flexible working styles. We particularly focus on ensuring psychological safety within teams. Our technical teams regularly hold study sessions on various technological themes. Furthermore, the Technology Division supports not only technical development but also book purchases, training participation, and qualification acquisition related to marketing and business.

About Human Resource Development and Ideal Talent Profile

Akao: Our group seeks individuals who are passionate about solving fundamental challenges through information technology. Specifically, we look for people who not only can implement solutions but also possess an engineering perspective and can engage in team discussions about optimal technology choices. We believe that bringing together such individuals leads to the creation of better services.

Den: We value talent who have broad interests in technology, possess the spirit to take on new challenges, and have the capability to bring

them to fruition. Moreover, we seek individuals who can share their knowledge with the team and grow together. Such talent supports our technical team’s mission of “continuously delivering new services to society.”

Future Prospects

Akao: As we move towards a cashless society, we aim to create a more convenient world. This requires not only technological capabilities but also human talent who can correctly understand and appropriately implement these technologies. We will continue to strive towards this goal together with like-minded colleagues who share our high aspirations.

Den: We aim to contribute to society by continuously creating innovative services that utilize new technologies. To achieve this, we will enhance our systems that support project initiatives and continue building an organization that maximizes each individual’s potential.



Social - Creating a Framework for Diverse Talent to Thrive

Creating a Framework for Diverse Talent to Thrive

Diversity & Inclusion

Since our establishment, the Group has implemented talent acquisition based on abilities and expertise, regardless of factors such as gender, nationality, or work experience. The proportion of mid-career hires comprises 92.0% of our total recruitment.

One of the Group’s key diversity challenges is promoting women’s advancement. While women represent 37.9% of our workforce, the percentage of women in management positions remains at 16.5%. We will continue to actively promote women’s advancement by improving workplace environments and developing support systems, while implementing various initiatives for all employees, including the promotion of paternity leave.

Group Performance and Targets

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2028
	Actual	Actual	Target
Number of Employees (Consolidated)	955	1,087	1,500
Engagement Index (Total Engagement)	3.8	3.8	4.0
Percentage of Women in Management Positions	17.2%	16.5%	30.0%
Male Employees’ Parental Leave Usage Rate	16.7%	28.6%	80.0%

Working Environment Support Systems

We have established systems that enable employees to work autonomously, allowing diverse members to leverage their talents and build long-term careers.

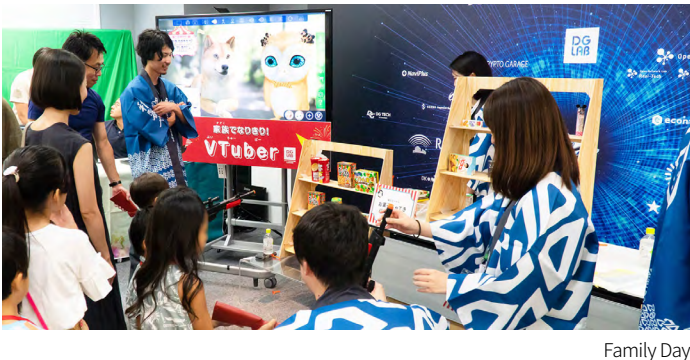
Flextime Work System	Employees can independently determine their start and end times, allowing them to manage their schedules for activities such as childcare drop-offs and medical appointments.
Remote Work	Employees can choose between remote work or office attendance based on their individual work duties and lifestyle needs. Remote work has been widely adopted throughout the company, with employees averaging approximately three office days per week.
Learning and Communication Spaces	Beyond traditional office spaces, we provide various venues such as lounges, café & bar areas, and training facilities to foster psychological safety through enhanced understanding of company operations and communication among team members.



Childcare Support Systems

To support our employees’ long-term engagement, we have established systems that enable them to find optimal work styles for each life stage and develop their careers from a long-term perspective.

Reduced Working Hours	A system that enables employees to reduce working hours to support those with family responsibilities, such as childcare or nursing care, as well as those returning from parental leave.
Childcare Support	Through participation in the Cabinet Office’s “Company-led Babysitter Dispatch Project,” we provide babysitting discount vouchers to interested employees, offering subsidies of up to 4,400 yen per use per child.
Family Day	In recognition of the importance of our employees’ families, we host an annual “Family Day” featuring workplace visits for children. We also organize family-oriented events such as “Public Viewing” sessions utilizing company facilities.



Social - Message from the CTrO

Pioneering Technology Business Through Diversity

Lisa Katayama

Corporate Officer
CTrO
Chief Transformation Officer

Born in Tokyo. Graduated from Tufts University and Columbia Graduate School in the United States. Worked as a journalist at The New York Times and other media outlets, engaged in NPO activities, and then joined MIT (Massachusetts Institute of Technology). After working at consulting firms specializing in organizational transformation for companies such as Starbucks and Nike, joined our company as CTrO in April 2024. Currently raising two children aged one and four.



Fostering Organizational Culture and Innovation

Innovation is fundamental to our group’s business operations, and cultivating a mindset that supports this is essential. I was appointed as CTrO (Chief Transformation Officer) in April 2024 with the mission of transforming our corporate culture. Having previously led organizational transformation initiatives at U.S. consulting firms, including Starbucks’ cultural restructuring project and Google’s innovation mindset program, I intend to leverage this experience to accelerate innovation across our group.

The key to innovation lies in building cross-organizational relationships and fostering a culture that facilitates the active flow and sharing of ideas. By aligning with our founding values of “First Penguin Spirit” and “Think for Yourself and Question Authority,” and harmonizing individual purpose with organizational purpose, we enhance personnel motivation and engagement, thereby contributing to overall organizational productivity. While specific initiatives are under consideration, recognizing that our organization is built on human capital, we aim to create an environment where each individual can contribute ideas for new businesses and process improvements, thereby supporting sustainable growth.



Transforming Corporate Culture to Promote Diversity and Women’s Advancement

Incorporating women’s perspectives, who represent half of the market, is now an essential corporate imperative. Diversity encompasses not only gender but also age, physical and mental capabilities, ethnicity, experience, and values. Systems and services that accommodate diverse individuals ultimately enhance convenience and accessibility for all stakeholders.

As a working parent of children aged one and four, I have personally encountered various challenges in childcare and childbirth. While male participation in childcare is increasing, certain biases persist in parenting concepts. By creating an environment that promotes equal participation in childcare regardless of gender, we can facilitate women’s career advancement while enriching fathers’ roles in families, ultimately fostering a more balanced society. This reflects my vision for positive change.

In advancing diversity, creating a workplace where everyone can work authentically is paramount. Beyond setting numerical targets, we must cultivate an inclusive culture that develops female leadership models and supports career transitions after parental leave. This requires both top-down and bottom-up initiatives. We believe true transformation occurs when more voices are heard and embraced throughout the organization.



The Strategic Importance of Technology and Diversity

As we advance into the AI era, business development demands a focus on humanity and empathy. The convergence of talent from diverse backgrounds enables the fusion of various perspectives, catalyzing innovation and new ideas. Diversity is fundamental to ideation, as products and services reflecting diverse values resonate with a broader customer base and contribute to societal improvement. This represents a crucial step toward achieving sustainable social implementation. For our company, which commercializes advanced technologies, these elements are key to enhancing our competitive advantage. We remain committed to unlocking the value of diversity and fostering an empathy-based culture.

Social - Respect for Human Rights and Social Engagement

Respect for Human Rights and Social Engagement

Respect for Human Rights

The Group upholds respect for individual human rights and uniqueness in our Code of Conduct, and we are committed to respecting the human rights of all stakeholders, including our strategic partners, employees, and members of our local communities. Furthermore, we have identified “coexistence with society based on respect for human rights” as one of our material issues, recognizing that respect for human rights is both a critical management priority and an essential corporate social responsibility.

Going forward, we will establish human rights policies and implement initiatives including training programs to enhance understanding of human rights and prevent human rights violations. The Group remains committed to respecting the human rights of all stakeholders.

Social Engagement

Regional Contribution through Establishment and Expansion of Development Centers

In 2021, we established the “DG Technology Division” with a mission to develop new businesses and implement cutting-edge technologies, working in collaboration with all business divisions across the Group to handle system development and operations. As one of our development centers, we established an office in Sapporo, Hokkaido, contributing to local job creation through our business activities.

In July 2024, FEELIST Inc. (now DG Feelist, Inc.) joined the DG Group. They are an engineering group that has been developing web system applications and smartphone applications through nearshore operations and had been commissioned development at six locations nationwide, including Sapporo. The company prioritizes engineer-friendly work environments at each location, promotes communication among employees, strengthens the development of young and inexperienced talent, and maintains a corporate culture with high retention rates. Through their participation, we will continue to promote local employment and contribute to developing the next generation of talent.

Regional Contribution through Startup Support (Open Network Lab)

Through our seed accelerator program “Open Network Lab,” which we have been operating since 2010, we utilize our nationwide network to identify and support promising startups across Japan.

<div>Tottori Prefecture</div> <div></div> <div>GACCI</div> <div>Construction Industry DX</div>	<div>Ishikawa Prefecture</div> <div></div> <div>ovice</div> <div>Business Metaverse</div>	<div>Hiroshima Prefecture</div> <div></div> <div>ANIPOS</div> <div>Pet Insurance DX</div>	<div>Aichi Prefecture</div> <div></div> <div>eitoss</div> <div>CO₂ Reduction Support for Manufacturing Industry</div>
<div>Kumamoto Prefecture</div> <div></div> <div>Tooon</div> <div>Labor Management DX for Freelancers</div>	<div>Miyazaki Prefecture</div> <div></div> <div>ATOMica</div> <div>Coworking Space Operations</div>	<div>Shimane Prefecture</div> <div></div> <div>ERISA</div> <div>Brain Image Analysis</div>	<div>Okinawa Prefecture</div> <div></div> <div>ALPACA.LAB</div> <div>Driving Service DX</div>

*Selected examples of promising startups headquartered outside Tokyo:

Regional Contribution through Sapporo Innovation Fund

The Group (DG Incubation, Inc.) supports regional revitalization through the Sapporo Innovation Fund Investment Limited Partnership. This fund is the first public-private partnership regional fund among designated cities specializing in life sciences, and focusing investments in promising healthcare startups to contribute to medical advancement and the creation of a more healthful society. Please refer [here](#) for details including our portfolio.

Regional Contribution through Music

The “Tohoku Youth Orchestra” is a restoration assistance project established in 2013 by musician Ryuichi Sakamoto, comprising a mixed orchestra of elementary school to university students from the disaster-affected areas of Iwate, Miyagi, and Fukushima prefectures following the Great East Japan Earthquake. It is positioned as a growth opportunity where children can learn about the world through guidance from and performances with excellent musicians, as well as through interactions with many different people. Our company provided support not only through sponsorship but also through creative collaboration.





Environment

Climate Change Initiatives

Information Disclosure Based on the Recommendations of TCFD
(Task Force on Climate-related Financial Disclosures)

The Group endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2022 and has been disclosing information in accordance with the TCFD framework.

Governance

The Group reports policies, progress, and initiatives regarding sustainability, including responses to climate change, to the Executive Management Committee and the Board of Directors through the Sustainability Committee, which is headed by the President CEO. The Board of Directors oversees the Group’s sustainability initiatives, including its response to climate change.

Strategy

Based on the scenario analysis methodology recommended by TCFD, we have analyzed the future changes in society and their impact on our group through 2050 according to two scenarios: the 1.5/2°C scenario, in which progress is made in the transformation toward decarbonization, and the 4°C scenario, in which climate change measures are not implemented, and have identified the main opportunities and risks posed to our business in both scenarios.

Perception of Opportunities	Payment business: Increased demand for cashless and paperless payment services with low environmental impact	
	Marketing business: Increased demand for advertising to environmentally conscious consumers using the latest technology	
	Investment business: Expanding investment in startup companies that promote decarbonization through the "Earthshot Fund"	
Perception of Risks	Transition risks	Increased power costs in data centers and offices due to the introduction of carbon pricing
		Increased costs of installing energy-efficient equipment, etc., if the government sets higher energy efficiency targets
	Physical risks	If data centers or office buildings are affected by disasters, the destruction of structures and reduced functionality due to communication disruptions will affect business activities, resulting in reduced revenue and increased repair costs If chronic temperature rises continue, the Group will see increased operating costs for offices, data centers, etc.

Risk Management

The Group regularly evaluates and identifies climate change related risks that it should be aware of based on the TCFD recommendations. The Sustainability Management Office and the Risk Management Office work together to identify and manage these risks.

Metrics and Targets

The Group is committed to achieving carbon neutrality across the entire value chain by fiscal year 2050. As an interim target, we have set a goal to reduce our Scope 1 and 2 greenhouse gas (GHG) emissions by 50% by fiscal year 2030, compared to fiscal year 2021 (ending in March 2022). We will continue to promote energy-saving initiatives and the adoption of renewable energy, aiming to further reduce our GHG emissions.

Greenhouse gas (GHG) emissions in the Group

Category		Unit	March 2022	March 2023	March 2024
Scope 1		t-CO ₂	29	30	26
Scope 2	Market-based	t-CO ₂	1,179	1,167	852
	Location-based	t-CO ₂	1,225	1,186	1,231
Scope 3*		t-CO ₂	10,676	9,883	10,622

* Extracted from the following categories: Category 1: Purchased goods and services, Category 2: Capital goods, Category 3: Fuel and energy-related activities (not included in Scope 1 or 2), Category 5: Waste generated in operations, Category 6: Business travel, Category 7: Employee commuting

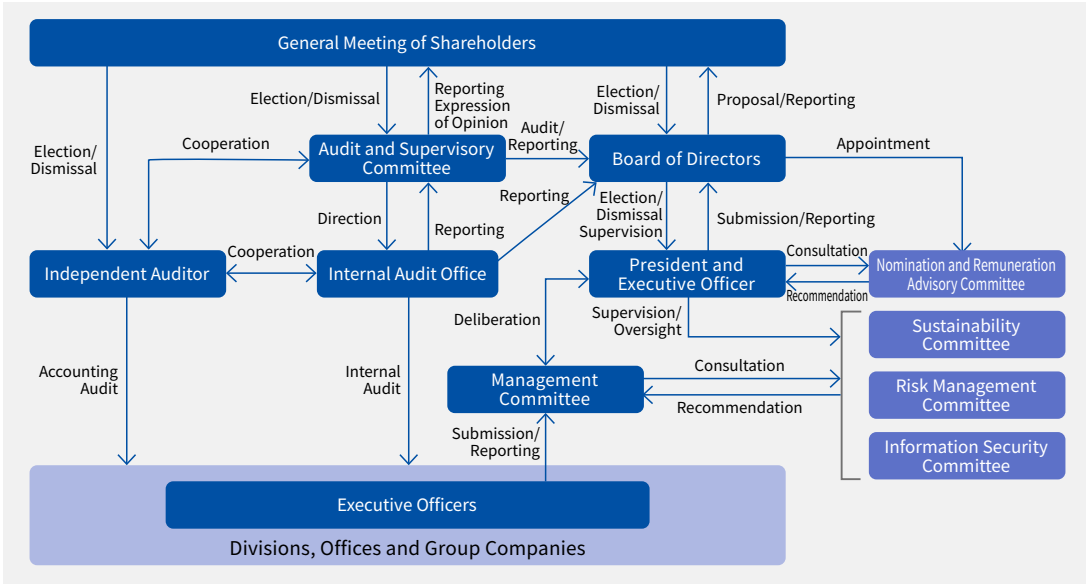
Governance

Corporate Governance

Corporate Governance Structure

We position the enhancement of corporate governance as one of our key management priorities. We have adopted the structure of a company with an Audit and Supervisory Committee as our institutional design under the Companies Act. To enhance the effectiveness of management supervision by the Board of Directors, we are further strengthening corporate governance by maintaining the ratio of outside directors on the Board at one-third or higher.

The Board of Directors makes important management decisions and supervises the execution of duties by directors, while the Audit and Supervisory Committee audits the execution of duties by directors. Additionally, to ensure swift decision-making in business execution, we hold weekly Management Committee meetings composed of directors and executive officers appointed by the President CEO.



Board of Directors

The Board of Directors is responsible for making important management decisions regarding business strategies and plans, creating an environment that supports appropriate risk-taking by directors and other personnel, and providing highly effective supervision of the directors’ execution of duties. Furthermore, outside directors utilize their extensive management experience and broad expertise to monitor management from an objective standpoint.

Audit and Supervisory Committee

The Committee consists of four directors (including three independent outside directors). In principle, the Committee meets monthly following regular Board meetings. Committee members attend important meetings including Board meetings to express their opinions, thereby working to enhance the effectiveness of corporate governance.

Management Committee

The Management Committee consists of the President CEO, as well as directors and executive officers appointed by the President, and meets weekly in principle. The Committee aims to enhance corporate value by confirming day-to-day business operations and expediting decision-making processes.

Nomination and Remuneration Advisory Committee

The Committee is established as a voluntary advisory body to the Board of Directors, aimed at strengthening the independence and objectivity of Board functions regarding director nominations and remuneration, thereby further enhancing corporate governance. It consists of two independent outside directors and one internal director, with an independent outside director serving as the chairperson. Based on consultations with the President CEO, the Committee deliberates and makes recommendations on the appointment of directors and remuneration for directors (excluding Audit and Supervisory Committee members).

Sustainability Committee

The Committee promotes and monitors progress on sustainability policies and materiality initiatives while identifying and evaluating sustainability-related risks and opportunities.

Risk Management Committee

The Committee strengthens group-wide risk management systems and establishes and implements cycles for anticipating potential risks, assessing risks, developing risk management flows, and monitoring.

Information Security Committee

Established based on the “Basic Information Security Policy,” the Committee develops crisis management systems including emergency contact networks and business continuity plans.

Governance

Board of Directors and Directors

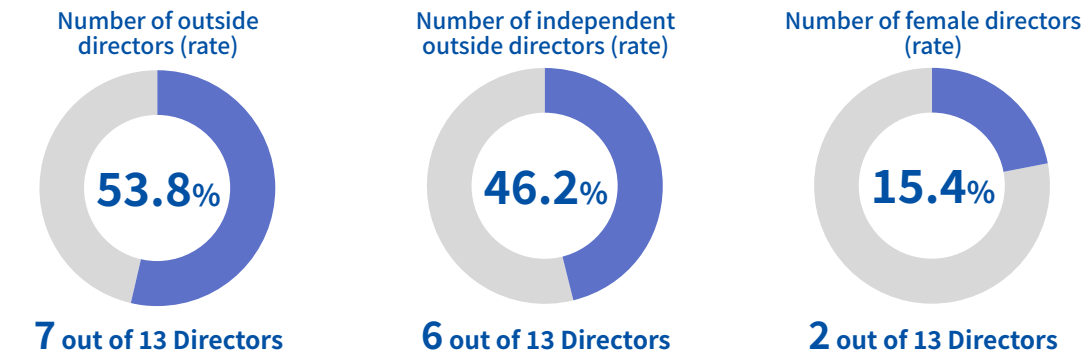
Election and Dismissal of Directors

Directors (excluding members of the Audit & Supervisory Committee and outside directors) must be of excellent character and insight and must have knowledge and experience to carry out the company’s management accurately, fairly and efficiently. Similarly, candidates for Independent Outside Directors must possess excellent character and insight, with the ability to provide advice on general management based on their expertise and appropriately reflect the opinions of minority shareholders and other stakeholders to the Board from an independent perspective. The President CEO shall draft nominations based on these criteria and submit them to the Advisory Committee on Nomination and Remuneration of Directors, which consists of a majority of Independent Outside Directors. The Board of Directors makes final decisions on candidate proposals based on the Committee’s recommendations.

Candidates for Directors who are Audit & Supervisory Committee Members must be of excellent character and insight, along with knowledge and experience to conduct audits of Directors’ execution of duties accurately, fairly, and efficiently. The President CEO drafts nominations and submits them to the Advisory Committee on Nomination and Remuneration of Directors. The Board of Directors makes final decisions on candidate proposals based on the Committee’s recommendations, after obtaining consent from the Audit & Supervisory Committee.

Dismissal of Directors

If circumstances arise that require the dismissal of a Director, such as a serious violation of laws, regulations, or the Articles of Incorporation in the execution of duties, significant lack of qualifications, or other dismissal criteria stipulated in the Rules of the Board of Directors, the Board of Directors shall determine whether to submit a proposal for dismissal to the General Meeting of Shareholders.



Composition of the Board of Directors

In order to effectively fulfill the roles and responsibilities of the Board of Directors, we strive to ensure that the Board has a well-balanced composition of knowledge, experience, and capabilities as a whole. Recognizing that diverse perspectives, including those of women and foreign nationals, contribute to business promotion and supervision of management, we strive to ensure Board diversity through measures such as appointing female Directors and individuals with international business experience.

Independence Criteria for Outside Directors

The company’s outside directors shall be elected from among persons who have no conflict of interest with the company and who do not have a conflict of interest with general shareholders, referring to the requirements of the Companies Act and the criteria for determining independence established by the Tokyo Stock Exchange, while noting that they are expected to play an objective and appropriate supervisory or auditing role based on their own knowledge and experience.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors shall annually analyze and evaluate its effectiveness as a whole through an external organization, based on self-evaluations by each Director. This evaluation covers aspects such as Board composition and operation, deliberation content, roles and responsibilities, the roles and responsibilities of the Advisory Committee on Nomination and Remuneration of Directors, and compliance with the Corporate Governance Code.

The effectiveness evaluation conducted by an external organization for the fiscal year ending March 2024 confirmed that the Board’s effectiveness is adequately ensured. In particular, improvements were noted compared to the previous year in areas such as the promotion of sustainability management and strengthening of risk management systems through the establishment of the Risk Management Committee.

Moving forward, we will continue to enhance the Board’s effectiveness by deepening discussions on developing next-generation talent to drive our group’s medium- to long-term corporate value, formulating succession plans, and strengthening monitoring functions.

Governance

Executive Remuneration System

Policy for Determining Executive Remuneration

The Board of Directors has resolved the policy for determining individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members). This policy has been formulated based on practical implementation of director remuneration to date. The amount and content of remuneration for Directors who are Audit and Supervisory Committee Members shall be determined through consultation among the Audit and Supervisory Committee Members within the total amount resolved at the General Meeting of Shareholders.

Amount of Executive Remuneration

As a basic policy for individual director remuneration, a certain proportion is set as stock-based remuneration to strengthen the correlation between remuneration and the company’s stock price. The system is designed to align directors’ interests with those of shareholders by sharing both the benefits of stock price increases and the risks of price decreases, thereby enhancing motivation to contribute to medium- to long-term performance improvement and corporate value enhancement.

In determining executive remuneration, the President CEO drafts proposals within the total amount resolved at the General Meeting of Shareholders, taking into consideration current period performance and external objective data. These proposals are submitted to the Nomination and Remuneration Advisory Committee, and final decisions are made based on the Committee’s recommendations.

Director remuneration is determined within the remuneration framework approved at the 21st Annual General Meeting of Shareholders held on September 29, 2016.

Director Remuneration Limits Approved at the General Meeting of Shareholders

		Monetary Remuneration	Stock Options (SO)	Restricted Stock (RS)
Directors (excluding Audit and Supervisory Committee Members)	Directors (including Outside Directors)	Within 500 million yen	Within 250 million yen	Within 100 million yen
	Outside Directors	Within 50 million yen of the above amount	—	—
Directors who are Audit and Supervisory Committee Members		Within 100 million yen	—	—

Ratio of Basic Remuneration and Non-monetary Remuneration for Directors
(excluding Outside Directors and Directors who are Audit and Supervisory Committee Members)

The ratio of basic remuneration to stock-based remuneration is generally set at 60% for basic remuneration and 40% for stock-based remuneration (consisting of 30% for Stock Options [SO] and 10% for Restricted Stock [RS]).



Determination of Individual Director Remuneration

(1) Basic Remuneration

The policy for determining basic remuneration (excluding non-monetary remuneration) is as follows:

1. The total amount of basic remuneration shall be resolved at the General Meeting of Shareholders and determined within that limit.
2. Directors’ basic remuneration shall be monetary remuneration, with the amount determined within the scope of remuneration amounts and composition established for each director’s position grade.

(2) Non-monetary Remuneration

The policy for determining non-monetary remuneration (hereinafter referred to as “stock-based remuneration”) is as follows:

1. Stock-based remuneration consists of (i) monetary claims equivalent to the payment amount of stock acquisition rights with an exercise price of one yen per share (hereinafter referred to as “SO”) and (ii) monetary claims equivalent to the payment amount of restricted stock (hereinafter referred to as “RS”). Directors shall acquire stock acquisition rights or restricted stock by offsetting these monetary claims against their respective payment amounts for said stock acquisition rights or restricted stock. The total amounts of both SO and RS shall be resolved at the General Meeting of Shareholders, and the Board of Directors shall determine the remuneration amount and structure for each director’s position grade, with final determinations made within these parameters.
2. Individual SO remuneration shall be calculated by multiplying the fair value per stock acquisition right (determined based on factors such as the stock price on the grant date and exercise price) by the total number of stock acquisition rights allocated.
3. Individual RS remuneration shall be calculated by multiplying the number of RS shares allocated by the payment amount per share, as determined by the Board of Directors. This payment amount shall be based on the closing price of the company’s common stock on the Tokyo Stock Exchange on the business day preceding the Board resolution for RS grants (or the closing price of the most recent trading day if no trades occur on that day), ensuring the amount is not particularly advantageous to the directors receiving the RS.
4. RS shares shall be subject to transfer restrictions for a period determined by the Board of Directors, ranging from one to five years, during which directors shall not transfer, establish security interests in, or otherwise dispose of the RS shares.

Governance

Compliance, Risk Management and Information Security

Basic Policy on Compliance and Risk Management

Officers and executives of our group are required to act with integrity based on ethical standards and values expected as corporate members of society. We are committed to compliance-based management to ensure appropriate responses to all applicable laws, regulations, industry practices, codes of conduct, and other requirements. We have established and implemented a risk management system and cycle to address and respond to new threats.

Promotion of Compliance Program

The Group has established a Compliance Program outlining standards for individual business conduct with integrity and efficiency based on our shared ethical values, while maintaining harmony with civil society. The Head of the Corporate Division oversees the Group’s comprehensive compliance initiatives, and Corporate Division personnel conduct education and awareness programs for the Group’s officers and executives. The Head of the Corporate Division audits and verifies the Group’s compliance status by business segment and reports to the President Executive Officer as necessary.

Risk Management

As part of strengthening our risk management structure, we have established the Risk Management Committee and the Risk Management Office as its secretariat. We have strengthened our company-wide risk management system and established a cycle of risk identification, assessment, management flow development, and monitoring, with meetings held at least twice annually.

Furthermore, we maintain mutual cooperation with the Sustainability Committee to incorporate insights into our management strategy and risk management/assessment framework. The President Executive Officer serves as the highest authority for both committees, with the Head of the Corporate Division serving as the chairperson. The committees include outside directors with relevant expertise, and are composed of qualified individuals to promote group-wide initiatives. Please refer to the ‘Sustainability Promotion System’ (P35) for details regarding our organizational structure.

Information Security Initiatives

Operational Structure for Information Security

The Group has appointed a Chief Information Security Officer (CISO) to manage security across the entire DG Group. The Group operates in different business segments and faces different security risks. Therefore, each company implements the necessary security measures and obtains certification from an external third-party organization.

Initiatives for Stable Operation of Payment Systems

The Group’s payment business is designated as a critical infrastructure company by the government. We aim for system operation with no downtime (excluding maintenance) through redundant database configurations with real-time replication between geographically dispersed data centers, while implementing thorough disaster recovery and Business Continuity Planning (BCP) measures through distributed operational bases and enhanced organizational structure. This approach includes not only sustainability considerations but also risk management aspects, establishing advanced security environments and management systems to provide a secure framework that allows EC merchants to use payment services without storing credit card information.

Third Party Certification for Information Security

The Group has obtained certification from various third-party organizations regarding information security, person identification, etc.



The Group and our subsidiaries have received certification as a group for ISO/IEC 27001:2013, an international standard for information security management systems (ISMS), and JIS Q 27001:2014, a Japanese standard.



The Group has received PrivacyMark certification for our personal information protection management system complying with JIS Q 15001.



DG Financial Technology Inc., which operates our payment business, is fully compliant with PCI DSS Version 4.0, the latest version of the Payment Card Industry Data Security Standard established by five international credit card brands, to ensure secure and reliable payment services for our customers and merchants.

Governance

Board of Directors (As of June 21, 2024)



Kaoru Hayashi
Representative Director, President
Executive Officer and Group CEO



Joi Ito
Director, Senior Managing Executive Officer
and Chief Architect, Co-Founder



Keizo Odori
Director, Vice President Executive Officer
and Group COO



Masahito Okuma
Director, Senior Managing Executive Officer
and CBDO*



Hiroshi Shino
Director, Senior Executive Officer



Hiromi Ozaki
Outside Director



Mitsushi Nishida
Outside Director



Hironobu Moriyama
Outside Director



Masako Ikeda
Outside Director



Yasuyuki Rokuyata
Director, Audit and Supervisory Committee
Chairperson



Junji Inoue
Outside Director, Audit and Supervisory
Committee Member



Koji Makino
Outside Director, Audit and Supervisory
Committee Member



Shuma Uchino
Outside Director, Audit and Supervisory
Committee Member

* CBDO: Chief Business Development Officer

For profiles of the Board of Directors and Corporate Officers, please visit “Board of Directors” on our website.
<https://www.garage.co.jp/en/company/directors/>

Governance

Skills Matrix

Name	Position	Business Development Related to Our Company Operations	Corporate Management Experience	FinTech & Payment Business Expertise	Global Business Experience	Finance & Accounting	Legal & Compliance	Corporate Governance & Risk Management	Human Resources, Organization & Diversity
Kaoru Hayashi	Representative Director, President Executive Officer and Group CEO	○	○	○	○			○	
Keizo Odori	Director, Vice President Executive Officer and Group COO	○	○	○		○		○	
Masahito Okuma	Director, Senior Executive Officer and CBDO	○	○	○	○				
Joi Ito	Director, Senior Executive Officer, Chief Architect and Co-founder	○		○	○				○
Hiroshi Shino	Director and Senior Executive Officer	○	○	○					
Hiromi Ozaki	Independent Outside Director	○			○				○
Mitsushi Nishida	Outside Director	○	○	○					
Hironobu Moriyama	Independent Outside Director		○			○		○	
Masako Ikeda	Independent Outside Director						○	○	○
Yasuyuki Rokuyata	Director (Audit and Supervisory Committee Chairperson)	○	○				○	○	
Junji Inoue	Independent Outside Director (Audit and Supervisory Committee Member)		○	○	○				
Koji Makino	Independent Outside Director (Audit and Supervisory Committee Member)					○	○	○	
Shuma Uchino	Independent Outside Director (Audit and Supervisory Committee Member)		○			○		○	

Board and Committee Meeting Attendance (Fiscal Year Ended March 31, 2024)

Board of Directors	Audit and Supervisory Committee	Nomination and Remuneration Advisory Committee
100%	—	100%
100%	—	—
100%	—	—
100%	—	—
100%	—	—
—	—	—
—	—	—
—	—	—
100%	100%	—
100%	100%	100%
100%	100%	100%
100%	100%	—

*The expertise and experience indicated by checkmarks do not represent all qualifications of each Director.
*Mr. Mitsushi Nishida, Mr. Hironobu Moriyama, and Ms. Masako Ikeda were newly appointed at the Annual General Meeting of Shareholders held in June 2024; therefore, their attendance rates for FY2024 are indicated as “-”.
*The Nomination and Remuneration Advisory Committee comprises of three members: Mr. Kaoru Hayashi (Representative Director), Mr. Junji Inoue (Independent Outside Director), and Mr. Koji Makino (Independent Outside Director).



A Dialogue with Two Co-Founders The Future of Digital Garage

Special Cross Talk

Special Cross Talk

Joi Ito

Director & Senior Executive Officer,
Chief Architect, Co-Founder

Kaoru Hayashi

Representative Director &
President Executive Officer, Group CEO

Since its establishment in 1995, Digital Garage has consistently led the way in pioneering “Japan’s first” projects while staying at the forefront of internet innovation.

Digital Garage’s business model of quickly identifying and capitalizing on internet business trends has been driven by co-founders Kaoru Hayashi and Joi Ito (hereinafter “JOI”) working in close partnership. The two founders discuss the latest technology and the future of Digital Garage.

Business Creation through Fintech

Hayashi: I’ve always thought that JOI has an exceptional talent for spotting the next wave of technology, like a navigator on a ship identifying promising opportunities on the horizon. With JOI’s expertise, our company’s strength lies in exploring cutting-edge technologies and creating new businesses.

JOI: In the internet business, I believe the key is timing - neither too early nor too late - and the speed of decision-making, areas in which I think Hayashi excels. Regarding recent developments, I find our “DG FinTech Shift” strategy particularly noteworthy. Could you explain again how we arrived at this strategy?



Hayashi: Initially, the payment business was just one component of our group's operations. However, with societal trends, it evolved to achieve 15-20% annual growth rates, with transaction volumes reaching 5-6 trillion yen. We were designated as a critical infrastructure operator by the government, making stable system operation increasingly vital. At this juncture, we decided to strategically shift our core business to the fintech sector, leveraging our group's strengths in data utilization to create new services and business opportunities. While maintaining fintech as our core focus, we aim to develop future fintech services for the next 5-10 years by effectively integrating our established media and investment businesses, thereby advancing digital transformation.

JOI: The new payment services have become quite comprehensive.

Hayashi: For example, our unified QR code payment solution "Cloud Pay" (<https://www.cloud-pay.jp/mpm/s/>) represents one of Japan's largest payment platforms, offering bundled QR payment services. DG Financial Technology (DGFT) holds the patent rights

for this technology (Patent No. 7303664). Cloud Pay covers multiple major QR code payment brands, enabling access to approximately 200 million user accounts. This service is expected to significantly expand the reach of cashless payments in Japan.

Furthermore, the surge in inbound tourism has heightened the importance of cashless payments in Japan. Through intra-group collaboration, our group company Kakaku.com has implemented an "Inbound Reservation" service on Tabelog. DGFT's payment solutions address unique inbound challenges such as last-minute changes and "no shows."

JOI: What's your outlook on the data science aspects of payment services?

Hayashi: Payment data utilization will advance dramatically. Like western payment providers, we view payment data utilization as a key strategic priority. Through AI integration, we anticipate not only automated payment operations but also revenue growth through personalized financial services that combine payment data with open data while protecting personal information.

For developing these integrated payment and data services, we believe open data partnerships beyond individual companies are crucial. Specifically, we envision data collaboration with leading Japanese enterprises including POS system providers, telecommunications companies, financial institutions specializing

in SMEs, major card companies, airlines, logistics companies, and numerous e-commerce players directly providing payment services. Building on these partnerships and utilizing one of Japan's premier data platforms, we aim to lead the next generation of Japanese internet business.

Just as Google and Amazon emerged stronger after the first dot-com bubble, we believe companies that can truly harness data will make significant advances after the AI bubble.

Leveraging Generative AI

Hayashi: As the IT business ecosystem undergoes unprecedented transformation, what's your perspective on Generative AI?

JOI: While Large Language Models (LLM) and image generation AI within Generative AI require extensive computational resources and neural networks, substantial investment and energy are being directed here. I believe there's still significant growth potential in this field.

Hayashi: Japan needs to both effectively utilize Generative AI while developing other technologies. The IT industry often sees explosive booms that can disappear just as quickly. However, what survives these cycles proves to be genuine and continues to grow.

JOI: While everyone is focused on LLMs, I believe we'll need structured approaches like Probabilistic Computing (Prob Comp).

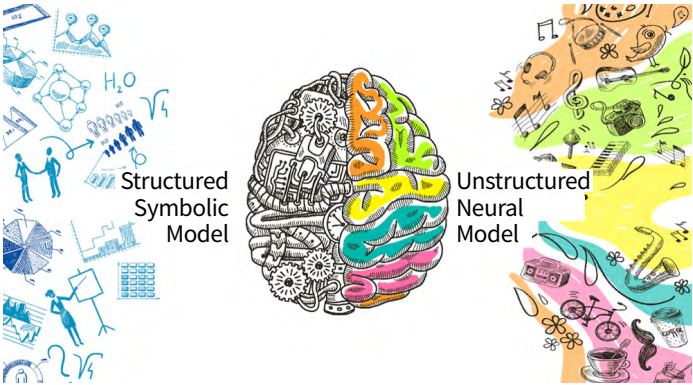
While LLMs require high-capacity CPUs and GPUs, emerging structural symbolic models will provide statistically-based solutions - similar to how predictive kanji conversion works from kana input.

Hayashi: What do you consider crucial for effectively implementing Generative AI in business?

JOI: Structured AI is well-suited for tasks like data cleansing and automated data modeling.

Using “neuro-symbolic systems” that connect LLMs with structural symbolic models, we can create reliable natural language interfaces for AI. Like the right and left brain, we need to balance unstructured neural models with structured symbolic models.

JOI: Probabilistic Computing emerged not from engineering but from MIT’s brain and cognitive science research. This origin is precisely why the technology exhibits brain-like efficiency in energy



consumption and transparent decision-making processes. These characteristics of controllability and explainability ensure both safety and social value.

Hayashi: While we have supported Probabilistic Computing research through our Digital Architecture Lab (DA Lab), we are now advancing plans for a cross-industry consortium. Our objective is to enhance collective intelligence sharing while ensuring secure implementation. By integrating data from various sectors including payments, logistics, and telecommunications, we envision developing a uniquely Japanese next-generation AI platform.

Future Talent Requirements

Hayashi: What are your perspectives on Japan’s professional talent landscape?

JOI: Japan currently faces a critical shortage of technical professionals. Increasing both the number and status of engineers is paramount. As our company continues to grow, we need not only science and engineering talent but also humanities/liberal arts professionals who understand technology.



Hayashi: Indeed. Regarding emerging talent, do you observe significant differences between U.S. and Japanese students? Japan’s educational philosophy emphasizes consideration for others, homogeneity, and equality - these principles have shaped our current landscape, for better or worse.

JOI: While not unique to Japan, Japan’s educational system has traditionally emphasized standardization and developing professionals who excel at executing instructions. However, in the era of AI and robotics, mere task execution can be handled by machines. What’s becoming increasingly critical is human innovation - the ability to envision and achieve objectives through intrinsic motivation and creative thinking.

Regarding AI, many express concerns about potential safety issues - specifically, the possibility of AI surpassing human control. Consider the concept of ‘Omotenashi’ (Japanese hospitality), which involves proactive anticipation rather than reactive response. This reflects an Eastern philosophy where humans exist as part of nature, integrated with their environment, embodying moral and philosophical principles. We believe these philosophical foundations

should be incorporated into AI development.

Hayashi: I strongly agree. Since our founding, we have embraced the “First Penguin Spirit” - encouraging professionals to take bold initiatives in pioneering new ventures. In this age of AI and robotics, human ingenuity becomes increasingly vital, and we need professionals who can navigate uncharted territories with innovation and courage.

Creating Social Impact through Japanese Business Innovation

Hayashi: The Japanese inherently possess unique insular characteristics - prioritizing social and collective good - qualities increasingly valued globally. It's crucial to effectively communicate these Japanese cultural values both internationally and to those visiting Japan.

JOI: In today's world, purely capitalistic thinking alone may not create an ideal society. Conveying Japanese cultural values through discussions of Japanese culture, aesthetics, and Asian Buddhism - though somewhat abstract - is vital for reinvigorating Japan.

Concepts like mutual accommodation and co-creation are increasingly essential.

Hayashi: Our theme this year, “DG THINKING 2024 Being, Thinking, Doing,” which incorporates Zen philosophy, provides

guidance not only for business operations but also for shaping the future and determining how we should live. Just as Steve Jobs found inspiration in Zen, today's era requires not just technological advancement but also philosophical contemplation about human existence and purpose.

JOI: One of our missions is to meaningfully integrate Zen principles with contemporary technology and AI in a business context.

Hayashi: I strongly agree. As our planet faces environmental challenges while technology continues to advance, we need time and space to contemplate our path forward. Only humans can fix what humans have created.

While we've been implementing technology as business solutions since the internet's early days, it's now more crucial than ever to leverage cutting-edge technology to create positive social impact - which I believe also presents significant business opportunities.

As one such initiative, we're collaborating with Shibuya Ward to develop a Shibuya version of “South by Southwest (SXSW)” - a festival connecting technology, environmental sustainability, and social contribution through music. We aim to carry forward Ryuichi



Sakamoto's legacy by partnering with his ongoing activities and passing them on to the next generation.

Consolidated Financial Data

Consolidated Statement of Income

	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Revenue	35,687	36,936	40,478	72,955	30,070	37,853
Year-on-Year Change	-	+3.5%	+9.6%	+80.2%	(58.8)%	+25.9%
Revenue from Recurring Business	22,713	26,687	24,945	24,830	25,128	26,620
Revenue from Operational Investment Securities	6,090	4,020	11,031	28,269	-	4,758
Other Revenue	1,933	2,416	1,949	954	3,518	1,079
Finance Income	117	93	59	13,161	499	1,740
Share of Profit of Investments Accounted for Using the Equity Method	4,835	3,720	2,495	5,741	925	3,657
Expenses	22,264	26,929	26,161	27,561	43,952	31,555
Year-on-Year Change	-	+21.0%	(2.8)%	+5.4%	+59.5%	(28.2)%
Cost of Sales	10,401	12,036	10,697	10,513	10,094	10,676
Loss on Operational Investment Securities	-	-	-	-	7,926	-
Selling, General and Administrative Expenses	11,296	14,022	14,537	14,818	16,175	17,861
Other Expenses	332	492	617	1,881	1,190	2,773
Finance Costs	235	379	311	349	8,567	245
Profit before Tax	13,424	10,008	14,317	45,393	(13,881)	6,298
Year-on-Year Change	-	(25.4)%	+43.1%	+217.1%	(130.6)%	-
Income Tax Expense	4,088	2,677	4,798	15,244	(4,566)	747
Profit for the Year	9,790	7,331	9,518	30,149	(9,315)	5,551
Profit Attributable to Owners of Parent Company	9,771	7,420	9,786	30,330	(9,051)	5,806
Year-on-Year Change	-	(24.1)%	+31.9%	+209.9%	(129.8)%	-

(Millions of yen, rounded)

Consolidated Statement of Cash Flows

	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Cash Flows from Operating Activities	2,580	(12,322)	7,047	7,059	13,473	(11,032)
Cash Flows from Investing Activities	(2,397)	(5,473)	(864)	(7,978)	1,628	(8,763)
Cash Flows from Financing Activities	8,509	2,363	(914)	6,244	(5,214)	15,931
Effect of Exchange Rate Changes on Cash and Cash Equivalents	12	(20)	17	102	33	100
Net Increase/Decrease in Cash and Cash Equivalents	8,704	(15,452)	5,286	5,427	9,919	(3,764)
Cash and Cash Equivalents at Beginning of Period	39,450	48,154	32,702	37,989	43,415	53,335
Cash and Cash Equivalents at End of Period	48,154	32,702	37,989	43,415	53,335	49,571

(Millions of yen, rounded)

For non-financial information (sustainability data), please refer to: <https://www.garage.co.jp/en/sustainability/data/>

Consolidated Statement of Financial Position

■ Assets	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Current Assets	99,186	98,852	113,548	147,642	144,776	152,094
Cash and Cash Equivalents	48,154	32,702	37,989	43,415	53,335	49,571
Trade and Other Receivables	23,254	26,657	26,574	24,462	20,765	30,154
Operational Investment Securities	26,695	36,546	47,170	77,950	67,676	69,569
Other Current Assets	1,083	2,946	1,815	1,815	3,001	2,801
Non-current Assets	47,704	63,444	64,753	83,965	71,498	79,337
Property, Plant and Equipment	9,421	21,367	19,478	18,423	16,613	14,990
Goodwill	6,575	7,689	7,689	6,804	6,415	6,964
Intangible Assets	2,575	3,496	4,000	4,194	4,548	5,625
Investments Accounted for Using the Equity Method	19,139	21,475	22,446	27,808	25,922	33,965
Other Financial Assets	6,662	6,319	7,878	23,317	14,245	14,974
Other Non-current Assets	3,331	3,097	3,262	3,419	3,756	2,819
Total Assets	146,890	162,296	178,301	231,607	216,275	231,431
■ Liabilities	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Current Liabilities	52,420	50,838	56,865	59,242	94,780	104,401
Bonds and Borrowings	2,211	4,927	9,768	9,223	38,745	55,706
Trade and Other Payables	45,799	41,203	39,911	43,900	48,877	42,568
Other Current Liabilities	4,411	4,707	7,186	6,119	7,158	6,126
Non-current Liabilities	47,125	58,663	58,355	75,149	39,522	34,892
Bonds and Borrowings	35,959	38,247	35,850	40,710	13,957	11,633
Other Financial Liabilities	5,430	13,553	12,168	10,683	9,127	7,426
Deferred Tax Liabilities	4,744	5,426	8,515	22,001	14,717	14,312
Other Non-current Liabilities	992	1,437	1,822	1,755	1,721	1,521
Total Liabilities	99,545	109,501	115,220	134,390	134,303	139,293

■ Equity	March 2019	March 2020	March 2021	March 2022	March 2023	March 2024
Equity Attributable to Owners of Parent Company	46,609	52,033	62,134	95,738	80,030	89,251
Share Capital	7,504	7,591	7,637	7,692	7,830	7,846
Capital Surplus	4,235	4,409	4,566	6,147	6,229	5,385
Treasury Shares	(5,026)	(5,012)	(4,915)	(1,409)	(6,293)	(975)
Other Components of Equity	1,303	324	2,062	2,273	1,650	1,613
Retained Earnings	38,593	44,721	52,785	81,035	70,614	75,382
Non-controlling Interests	736	762	947	1,479	1,942	2,887
Total Equity	47,345	52,795	63,082	97,217	81,972	92,138

(Millions of yen, rounded)

Notes





The figures for the fiscal year ended March 2023 have been restated following the application of IAS 12 "Income Taxes."

Digital Garage Group




For the latest list of group companies, please visit our website (<https://www.garage.co.jp/en/company/group/>).

Platform Solution Segment

	DG Financial Technology, Inc.	Provision of payment services that combine a variety of payment methods with the highest level of security
	DG Commerce Inc.	Provision of a next-generation digital commerce platform from a technology perspective centered on site development and operation
	NaviPlus Co., Ltd.	Provision of various marketing tools for businesses operating online shopping sites
	Scudetto Corporation	Sales, support and consulting of fraud detection/prevention solutions and marketing solutions
	DG FutureTech India Pvt. Ltd.	An Indian company with strengths in systems development and management for the financial and payment industries

	SCORE Co., Ltd.	BNPL solutions to boost sales growth and attract new customers
	TD Payment Corporation	Joint venture with Toshiba Tec Corporation to provide payment solutions for businesses using POS systems
	ANA Digital Gate, Inc.	Development of settlement services and other services through a joint venture with ANA Trading Co.
	Resona Kessai Service Co., Ltd.	A financial services company that provides collection, factoring and settlement services
	CyberBuzz, Inc. (TSE Growth 7069)	Provides social media marketing business centered on influencers




Long-term Incubation Segment

	Kakaku.com, Inc. (TSE Prime 2371)	Planning and operating of websites and applications such as “Kakaku.com” and “Tabelog,” and provision of various platforms
	Crypto Garage, Inc.	R&D and commercialization of blockchain financial services in the fintech sector
	BI.Garage, Inc.	Development and sales of data science business and cutting-edge web advertising technology


	DG COMMUNICATIONS Co., Ltd.	Provide optimal marketing solutions based on strategic perspectives for real estate development
	Academie Du Vin	Operation of wine schools and sales of wine
	DOU Inc.	Development of human resource development and recruitment support business using the Career Passport and digital certificate issuance support business

Global Investment Incubation Segment

	DG Ventures, Inc.	Longstanding leader in global investments aligned with the Digital Garage Group’s context design, investing in and providing business support to startups
	DG Incubation, Inc.	Investment and business growth support for startups through the collaboration of the Open Network Lab & ESG I Investment Limited Partnership “Earthshot Fund,” Hamagin DG Innovation Fund and Sapporo Innovation Fund
	DG Daiwa Ventures, Inc.	Investment and business incubation support to achieve growth for startups in cutting-edge technology sectors both domestically and internationally
	Open Network Lab	Support for entrepreneurs who aim to launch global businesses using digital technologies
	DK Gate, Inc.	Identification and support for the next generation of global content businesses

	D2 GARAGE, Inc.	Collaboration with The Hokkaido Shimbun Press to discover and nurture startups from the seed stage, aiming to scale globally from a base in Hokkaido
	Digital Garage US, Inc.	Established the incubation center ‘DG717’ in San Francisco, in collaboration with Silicon Valley insiders, to facilitate open innovation between startups and enterprises
	GenLab	An entrepreneurial support program focused on Generative AI and related technologies

Others

	DG Feelist, Inc.	A group of engineers primarily focused on web application development, iOS and Android app development, based in Sapporo and the metropolitan area
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Corporate Profile and Stock Information

(As of March 31, 2024)

Corporate Profile

Company Name	Digital Garage, Inc.
Head Office	Head Office: Digital Gate Bldg., 3-5-7 Ebisu-Minami, Shibuya-ku, Tokyo 150-0022 Head Office: Shibuya PARCO DG Bldg., 15-1 Udagawa-cho, Shibuya-ku, Tokyo 150-0042
Established	Aug. 17, 1995
Listed	Dec. 14, 2000
Capital Stock	¥7,846 million
Number of Employees	1,087 (Consolidated), 528 (Non-consolidated)

*The number of employees above excludes temporary staff (part-time workers).

Stock Information

Securities Code	4819 (Prime Market, Tokyo Stock Exchange)
Fiscal Year	From April 1 to March 31
Annual General Meeting of Shareholders	June
Record Date	31-Mar
Total Number of Shares Issued	47,619,100 shares
Transfer Agent and Account Management Institution for Special Accounts	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233
Transfer Agent Administration Office	Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063

Guide to IR and Sustainability Information

Detailed information is available at the following URLs:

IR <https://ir.garage.co.jp/en/>

Sustainability <https://www.garage.co.jp/en/sustainability/>

Status of Major Shareholders

Shareholder Name	Number of Shares Owned	Percentage (%)
Kaoru Hayashi	5,764,100	12.17
Resona Holdings, Inc.	5,240,000	11.06
The Master Trust Bank of Japan (Trust Accounts)	4,507,900	9.51
JCB Co., Ltd.	2,364,500	4.99
Dentsu Group Inc.	2,348,000	4.96
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,848,852	3.90
HAYASHI CAPITAL, Inc.	1,803,900	3.81
Custody Bank of Japan, Ltd. (Trust Accounts)	1,376,394	2.91
OASIS JAPAN STRATEGIC FUND LTD.	1,100,000	2.32
Toshiba Tec Corporation	949,500	2.00

*The shareholding percentage is calculated after deducting treasury stock (239,371 shares).

Share Ownership Distribution by Category

