

DG Integrated Report 2025

Digital Garage Integrated Report 2025



FinTech Shift 2.0

Designing New Context

 Digital Garage Group



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. In academia, it refers to the foundational understanding (shared information) between two communicating parties, including their relationship, background, culture, and philosophy. Today, “context” has become an important keyword 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.

Earthshot

Digital Garage declares the “Earthshot” vision together with Stewart Brand, founder of the “Whole Earth Catalog.” As humanity’s challenge shifts from the centrifugal force toward the moon to the centripetal force to protect the Earth, undergoing a major reset into the ESG era, this 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.



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 have to go for food. In the face of these dangers, there is always the first penguin that courageously takes the plunge into these waters in its search for food. Since its founding, the Digital Garage Group has valued this “First Penguin Spirit,” which represents the courage and determination to be the first to take on risks in order to achieve one’s goals. This spirit is upheld by each and every Digital Garage employee in their day-to-day business activities, in order to become the pioneering “First Penguins” that deliver services that benefit and serve society.

Principle

Think for Yourself and Question Authority

Digital Garage, which has grown alongside the history of the Internet in Japan, has used these words as its company motto since its founding. It is essential to have the flexibility to continue to think outside the box in order to remain at the forefront of the Internet industry, which has transformed various systems in the world, from communications to payments. Digital Garage is what it is today because each and every person in the company is encouraged to stand by this motto.

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Editorial Policy

This report is a communication tool that integrates financial and non-financial information to present the Digital Garage Group’s strategic story to its stakeholders.

As the Company celebrates its 30th anniversary, this edition presents our trajectory and future prospects in an integrated manner, featuring authentic voices from the Group through executive messages and employee interviews, designed to communicate our Group’s strategy in a more accessible and understandable way to a broad range of stakeholders.

In preparing this report, the Group has referenced the International Integrated Reporting Framework by the IFRS Foundation and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

We will continue to enhance the content of this report so that it serves as a catalyst for dialogue with stakeholders, including shareholders and investors, and help deepen their understanding of the Group.

Target Organization

Digital Garage, Inc. and its group companies

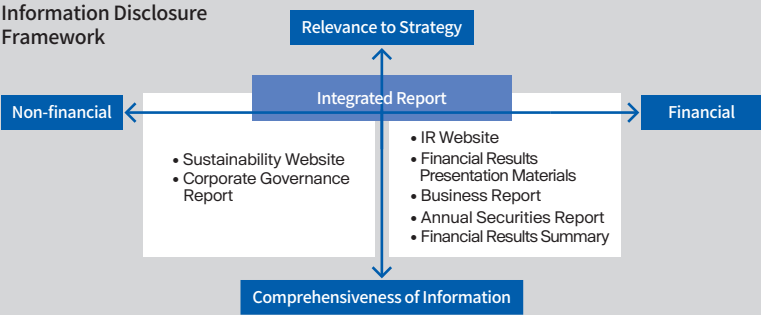
Target Period

April 2024 to March 2025
However, the latest information up to October 2025 is included as necessary

Cautionary Statement Regarding Forward-Looking Statements

Forward-looking statements in this report, including plans, forecasts, and strategies, are based on judgments made by the Group using information available at the time of preparation. Actual results may differ materially from the forecasts described due to various factors.

Information Disclosure Framework



Message from the Group CEO

Message from the Group CEO

30 Years of Walking with Technology, and Toward the Next Challenge

In 2025, Digital Garage, Inc. (hereinafter “DG”) celebrated its 30th anniversary, a significant milestone. DG has walked this journey together with the support of all of its stakeholders, including shareholders and investors, customers, business partners, and employees and their families, which has brought DG to where it is today. We would like to take this opportunity to express our heartfelt gratitude.

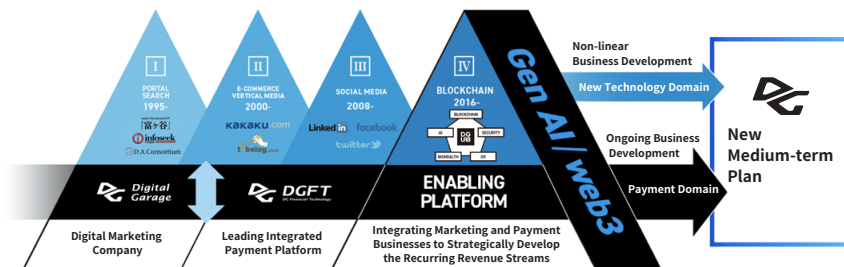
DG’s 30 years have evolved alongside the advancement of the Internet. Since its founding in 1995, the Company has consistently challenged itself at the forefront of technology, striving to implement emerging technologies into businesses for society. Always looking half a step ahead of the times, we have created businesses leveraging technology in advertising, payments, media, blockchain, and AI with our **“First Penguin Spirit,”** The payment business within our Platform Solution Segment, which we have consistently developed, is steadily growing toward the target of 15 trillion yen in payment transaction volume set out in our medium-term management plan.

Representative Director,
President Executive Officer and Group CEO,

Kaoru Hayashi



Message from the Group CEO



History of DG Group's Context Design and Social Implementation

We have experienced firsthand how rapidly technology evolves, with established norms dramatically changing within just a few years, and I have personally experienced how significantly business environments can be transformed. DG's principle, **"Think for Yourself and Question Authority,"** reflects the values we have cherished as we develop our businesses in response to such technological changes. Today, new waves of technology such as AI and blockchain are once again transforming the world and challenging conventional wisdom. At this major turning point, I would like to share how DG will envision its future and enhance corporate value through strategies built upon the experience and assets which the Company has accumulated and cultivated.

The Significance of Designing the Context for "DG FinTech Shift 2.0"

Consumer behavior begins with "awareness" of products or services, proceeds through "consideration," and culminates in "purchase." Many people seem to perceive "payment," the final stage, as the concluding decision in the shopping experience. However, the essence of payment lies in being a "protocol of trust" that completes transactions. In other words, payment is a mechanism that uses

technology and data to ensure mutual trust—where sellers "deliver products or services as promised" and buyers "reliably pay the price for them." Therefore, while "payment" represents a "concluding decision," it simultaneously serves as an "initiating decision" where new customer relationships begin based on that foundation of trust.

In the ongoing **"DG FinTech Shift 2.0"** initiative, the Company conceptualizes payment across four distinct layers.

Infrastructure Layer

—Network and security. A robust foundation that never stops.

Transaction Layer

—Payment authentication and processing systems. Building trust with each transaction.

Marketing Layer

—Data utilization and CRM*. Transforming transaction history into future relationships.

Value Redemption Layer

—Points, rewards, and experiential narratives. Making payment an experience customers want to return to.

Only through the close coordination of these four layers does payment evolve from "merely a transaction" into a "sustainable revenue foundation." This context design embodies the true meaning behind **"DG FinTech Shift 2.0."**

Fintech & Beyond: Creating the Future with Strategic Partners

To drive further growth for the Group, DG has been advancing collaborations with strong partners. Through strengthening its strategic relationship with **Resona Holdings, Inc.**, DG Group's

strengths in "payments and technology" are complemented by Resona Group's "financial credibility and extensive customer base," providing new momentum. This is not merely a capital alliance but a co-creation of **"DG FinTech Shift 2.0"** centered on **"Payment × Data"**—our next stage of evolution.

Resona Group possesses solid assets that support Japan's economy: a customer base of approximately 500,000 small and medium-sized enterprises (SMEs), one of Japan's largest. By providing our payment solutions and DX support expertise to this customer base, we are confident that we can powerfully drive digital transformation as a gateway for all of Japan. By combining DG's unique capabilities in payments and digital technology with Resona Group's banking expertise—which DG alone could not provide—we aim to deliver new next-generation financial services.

In its business alliance with **au Financial Service Corporation of the KDDI Group**, DG is jointly developing **"NESTA"** by integrating the au Economic Zone with the Group's payment infrastructure. This next-generation platform consolidates cutting-edge technologies from around the world to deliver secure, safe, and reliable payment services. Simultaneously, DG has established a strategic capital and business alliance with Phi Commerce Pvt. Ltd., a leading next-generation payment service provider in India. The company possesses advanced technology cultivated through national-level payment systems such as RuPay, operated by the National Payments Corporation of India (NPCI), and we plan to prepare and implement this technology for the next fiscal year. DG Financial Technology, Inc., whose predecessor was E-Context, Inc. began as a joint venture with Lawson, Inc., and possesses over 20 years of expertise in convenience store payment services. Leveraging this expertise, we believe we can contribute to the Japanese-style online-merges-with-offline (OMO) domain. We recognize these initiatives as part of **"DG FinTech Shift 2.0,"** advancing toward a new horizon where telecommunications

*CRM (Customer Relationship Management): A system for managing and analyzing customer information to build relationships through tailored responses

Message from the Group CEO



technology and AI converge.

With **Kakaku.com, Inc.**, DG is accelerating initiatives that connect their media properties such as “Tabelog” with payment solutions to support inbound demand and digitalization of small and medium-sized restaurants. Additionally, in the travel sector, through “Hotepay”—which integrates the payment system of Time Design Inc., a subsidiary of Kakaku.com, Inc., with DG Group’s payment infrastructure—the increase in accommodation facilities has achieved 25% year-over-year growth in payment transaction volume, implementing the Group’s unique strategy combining media, payment, and data.

DG has established capital and business alliances with leading partners across various industries, including **JCB Co., Ltd.** for credit cards, **Toshiba Tec Corporation** for POS systems, and **ANA Group** as an airline carrier. From the Group’s neutral position, we leverage each other’s strengths and deploy services aimed at achieving multiplicative rather than additive business growth. To connect these economic spheres, utilizing new technologies and establishing next-generation data governance to protect personal information is essential, and the Group is committed to building and strengthening these capabilities.

DG Group develops and provides solutions utilizing **QR code payment systems** based on its patented **Cloud Pay** (Patent No. 7303664) and **CloudPay Neo** (Patent No. 7641080) with various partners. By combining the DG Group’s technology with data from each business partner’s respective domains, we will contribute to Japan’s digital transformation by advancing “**DG FinTech Shift 2.0**” through “**Payment × Data**” at an unprecedented level.

We aim to transcend the siloed “winner takes all” mentality and build a Japanese-style business ecosystem that expands horizontally, centered on payments, where companies from various sectors bring together their respective value propositions.

As the AI Era Dawns: Advanced Technology and Business Philosophy

The pace of technological evolution has accelerated further as we enter the AI era, bringing disruptive transformations that reshape society. Precisely because we live in an era of such significant and rapid change, the importance of a company’s unwavering philosophy and principles has become more critical than ever.

Technology is evolving so rapidly that we cannot adapt to change by passively waiting for it to happen. For many years now DG Group has had access to cutting-edge technologies along with investment returns by continuously engaging in startup investment activities that aggressively and swiftly embrace new technology.

The Group has established startup support facilities both domestically and internationally, including incubation center “DG717” (San Francisco), “DG CAMP AKIYA Yokosuka City” (Yokosuka), conference hall “Dragon Gate” (Shibuya), and a London base, building our unique global network, the “**DG Global Incubation Stream.**”

The startup business environment has significantly transformed as AI-driven globalization transcends language barriers, making rapid decision-making and support increasingly critical. We recognize that swiftly commercializing and implementing technology into society, based on our cherished value of “**First Penguin Spirit,**” is more crucial than ever now.

Precisely because the business environment is changing dramatically, there are timeless and essential values that remain constant. That is “User First,” which is another philosophy that has remained unchanged since DG’s founding. Rather than binding users to specific services, we believe users should always be able to fairly choose the optimal option from numerous alternatives. In today’s world where differentiation based solely on product or service specifications has become difficult, we are convinced that the ultimate reason for being chosen lies in a company’s culture and

Message from the Group CEO

philosophy. We aim to be a group of companies that not only provides convenience but also engages with society guided by a corporate will and philosophy, earning empathy and support.

Strategic Technology in the AI Domain: New Context Design for the Next Generation

As the social impact of technological change intensifies, we must earnestly address the burden on the global environment. While AI has certainly brought convenience, even tasks manageable by a young child can require enormous amounts of energy when executed by current AI. We believe it is essential to recognize that pursuing convenience may compromise sustainability. In addition to generative AI's large language models (LLM), the Company has initiated work on a new generative AI model in collaboration with MIT (Massachusetts Institute of Technology) by incorporating next-generation AI Probabilistic Computing, which also contribute to energy efficiency.

DG's purpose is **“Designing ‘New Context’ for a sustainable society with technology.”** As a company living in the Anthropocene, where human activities significantly impact the global environment, we must enrich society through our business while ensuring that our business coexists with the global environment. This balance represents the “new context” we envision, and the responsibility imposed on companies going forward. DG has created business contexts that are not only driven by business perspectives but also serve people and meet societal needs. Just as the Company has done for the past 30 years, it will continue to design contexts beneficial to society for the next 30 years and implement them through technology.

Towards the Next 30 Years: To All of Our Stakeholders

For 30 years since its establishment, DG Group has consistently

anticipated changes in the times and implemented technology into society. The Group will continue to boldly take on new technological challenges and create services beneficial to a sustainable society.

As a founder, I believe that a company belongs to its shareholders and customers while also belonging to its employees. True innovation cannot emerge unless each employee who boldly takes on the challenges technology and creates services can safely do so with confidence and experience a sense of growth.

As changes driven by technological evolution accelerate, the relationship between employees and the company, along with required skills and systems, will continue to transform. The Group will create an environment where each employee can proactively build their career and fully demonstrate their talents on the DG platform through providing reskilling opportunities and promoting diverse work styles. We aim for sustainable growth by realizing a virtuous cycle where employee growth directly leads to company growth, and company growth provides new opportunities for employees.

We will pursue capital efficiency and strive to maximize corporate value in order to return the fruits of growth born from our challenges to society and to all of our stakeholders. Additionally, DG has consistently maintained stable dividend increases as returns to all shareholders. In its medium-term management plan beginning with the fiscal year ending March 2024, the Company has set targets of progressive dividends and cumulative dividend payments exceeding 10 billion yen to meet your expectations.

We express our heartfelt gratitude to all internal and external stakeholders who continue to provide their sincere opinions and support. We ask for your understanding of our medium- to long-term value creation and your continued support for the Digital Garage Group as it persists in its challenges.

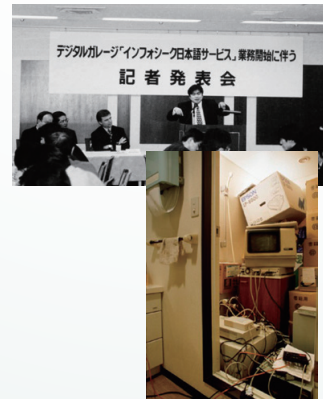
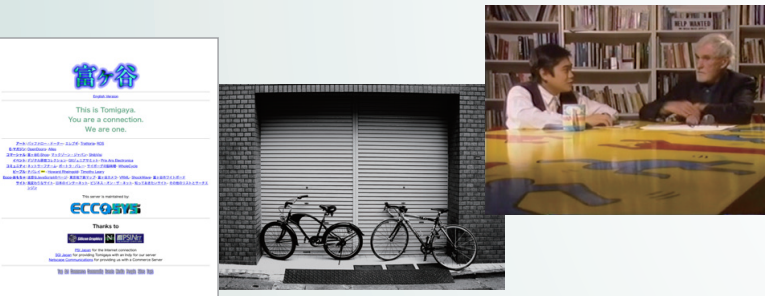


1995–1999

PORTAL SEARCH

E-COMMERCE

The dawn of the Internet era emerged with the launch of Windows 95, which marked the beginning of widespread Internet adoption and the formation of new markets such as e-commerce and Internet advertising. Digital Garage, Inc. was established precisely during this transformative period, launching the search engine “Infoseek Japan (now Rakuten Infoseek)” and establishing Japan’s first Internet advertising consortium, “Digital Advertising Consortium Co., Ltd. (abbreviated as DAC, now Hakuhodo DY ONE Inc.)”. Furthermore, we made an early entry into the payment business, which would become central to the e-commerce era, establishing our current business foundation.



NEW CONTEXT CONFERENCE (NCC)

Hosting conferences based on themes that have attracted attention in each era since the dawn of IT

An international conference hosted by the Company exploring the future of cutting-edge technologies such as AI with domestic and international thought leaders. Discussions capturing trends five to ten years into the future serve as a strategic compass for the Company and a source for global innovation.

Context Timeline

- 1993 ● Japan’s first personal homepage, “Tomigaya”, was launched.
- 1995 ● Digital Garage, Inc. was established with the purpose of advertising, planning, and production using the Internet as a medium
- 1996 ● Launched robot-based search engine “Infoseek Japan”
- Established Japan’s first advertising consortium “DAC”
- 1997 ● Established CyberCash Inc. (now DG Financial Technology, Inc.)

2000-2007

RCH > E-COMMERCE VERTICAL MEDIA > SOCIAL MEDIA

After the dot-com bubble burst, it was an era when CGM* such as SNS or social media where users themselves could disseminate information, emerged as “Web 2.0”. The Company listed its stock on the over-the-counter market. The Company’s early recognition of the potential of Kakaku.com, Inc., which operates a price comparison site, and of which the successful strategic investment became the foundation of the Company’s incubation business. Furthermore, the Company formed a business alliance with Technorati, Inc., which provides blog search services in the United States, and established Technorati Japan Inc. in 2005. While strengthening the payment business, the Company has captured the trends of the future and established a foundation for global growth.

*CGM (Consumer Generated Media): Media where users themselves generate and post content

[Pick Up NCC Theme]

2005: Blogs, Online Communities, Commerce, and the Next 10 Years

2006: The Culture of Web2.0

2007: The New Web World Created by Users and Pioneers Creating the Future of the Web



- 2000
 - Established E-Context Corporation responsible for e-commerce logistics and payment platforms through joint investment with LAWSON, INC., Toyo Information Systems Co., Ltd. (now TIS Inc.), and Mitsubishi Corporation
 - Listed stock on the over-the-counter market
- 2002
 - Kakaku.com, Inc. becomes a consolidated subsidiary
- 2004
 - Established DG Mobile Inc., a consolidated subsidiary engaged in content-related business for mobile devices
- 2005
 - Established Technorati Japan Inc. (later DG Strategic Partners, Inc.), a consolidated subsidiary operating a blog search site
 - Established DG Incubation, a venture capital firm that provides business strategy support
 - Established WEB2.0 Inc., a consolidated subsidiary operating an information sharing site, through joint investment with PIA Corporation and Kakaku.com, Inc.
- 2006
 - Established DG Media Marketing Inc., a consolidated subsidiary engaged in comprehensive web advertising business
 - Established CGM Marketing Inc. (now BI.Garage Inc.), a consolidated subsidiary developing advertising products utilizing CGM, through joint investment with Dentsu Inc. (now Dentsu Group Inc.), Cyber Communications Inc. (now CARTA ZERO Inc.), and ASATSU-DK INC. (now ADK Marketing Solutions Inc.)

2008–2015

MEDIA > SOCIAL MEDIA > Fintech / AI / Blockchain

After the global financial crisis, the emergence of the iPhone marked an era when mobile devices and social media shifted to the center of society. The Company supported Twitter as it was gaining global popularity, in its expansion into Japan and promoted its adoption in Japan. Also, capturing trends from the United States, we established Japan's first seed accelerator program "Open Network Lab (Onlab)". Furthermore, in the payment business, we acquired VeriTrans as a subsidiary and proceeded with the construction of a large-scale payment platform in Japan. The Company captured the changes of the times and expanded its business, including intensifying investments in the fintech sector.

[Pick Up NCC Theme]

2008: "Post Web 2.0" Created by Open Networks
 2010: The Future of Real-time Web and Social Media
 2011: The Future of Social Media as a Foundation of Life
 2012: The Future Beyond Smartphones
 2015: "Digital Currency" and "Virtual Reality"



- 2008 ● Supported Twitter (now X Corp. Japan Inc.) in entering the Japanese market
- 2010 ● Launched Japan's first seed accelerator program Open Network Lab (Onlab)
- 2011 ● Supported LinkedIn Corp.'s marketing in Japan
- 2012 ● Acquired shares - in SBI VeriTrans Co., Ltd. (now DG Financial Technology, Inc.), which provides payment-related systems and services to - e-commerce businesses and payment processing services, and its subsidiary SBI Navi Co., Ltd. (now NaviPlus Co., Ltd.) and others, making them consolidated subsidiaries (- making VeriTrans, a leading - e-commerce payment company, a subsidiary)
- 2013 ● Entered the data science business through a joint venture with Dentsu Inc. (now Dentsu Group Inc.), Cyber Communications Inc. (now CARTA ZERO Inc.), and ASATSU-DK INC. (now ADK Marketing Solutions Inc.)
- Established incubation center "DG717"
- 2014 ● Acquired shares-in Wikia Japan Inc., which operates the Japanese version of the global social community site Wikia (now Fandom), making it an equity-method affiliate
- 2015 ● Established DK Gate Inc., a consolidated subsidiary for strategic investments in the content business, through joint investment with Kodansha Ltd.

2016-2024

EDIA > Fintech / AI / Blockchain

An era when AI entered the social implementation phase with ChatGPT after the impact of AlphaGo, while web3 emerged and privacy protection regulations were strengthened globally. Crypto Garage, Inc., a subsidiary of the Group promoting research, development and commercialization of blockchain financial services in the fintech field, received the first certification under the national regulatory sandbox system. While advancing the Group strategy “DG FinTech Shift” and launching the generative AI entrepreneur support program “GenLab”, the Group will continue to anticipate changes and take on the challenge of implementing technology in society.

[Pick Up NCC Theme]

2016: “Blockchain” and “Artificial Intelligence”

2017: “Biotechnology” and “Blockchain”

2019: How to Build a Data Ecosystem

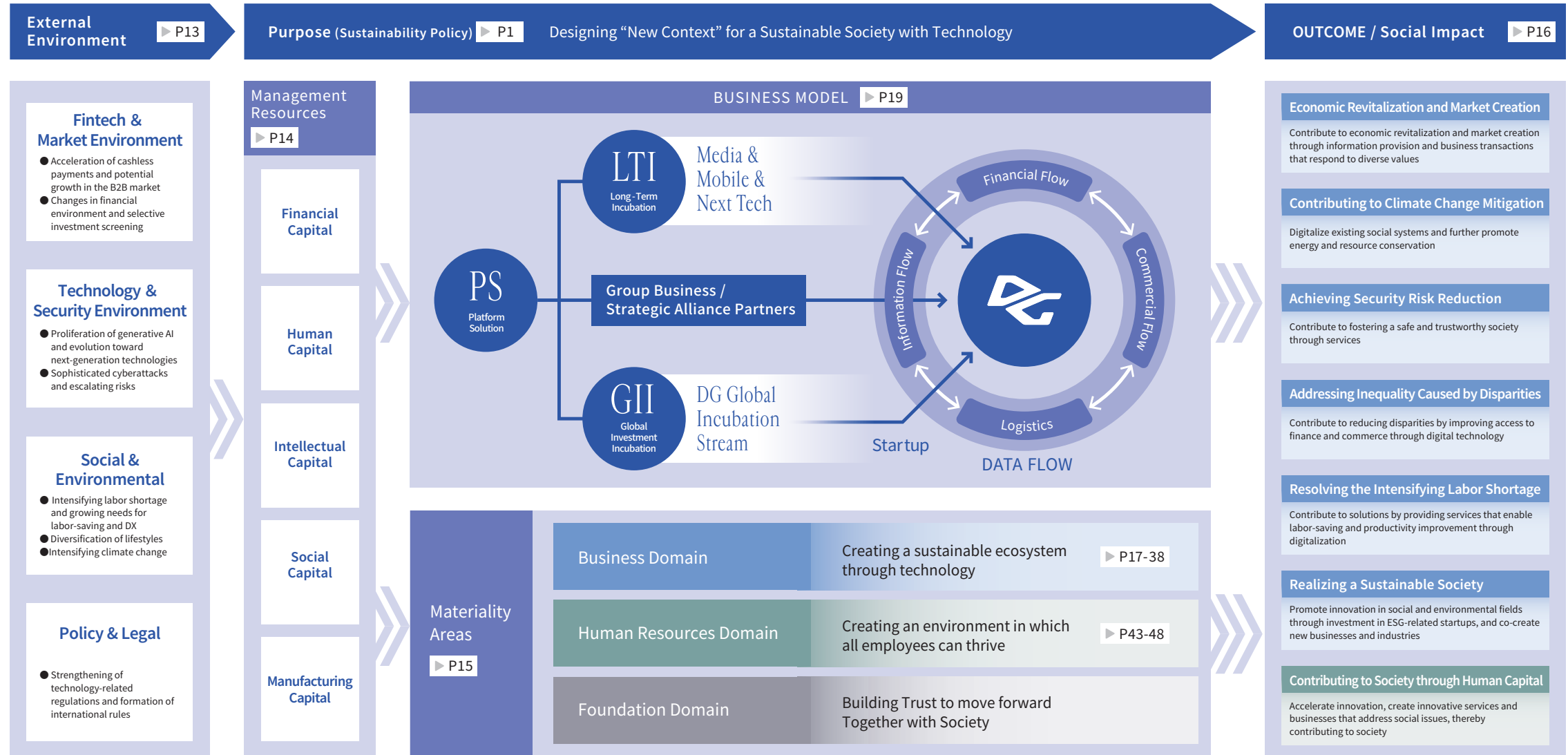
2022: web3 Summer Gathering

2023: New Global Communities Created by Gen AI



- 2016
 - Changed market listing to the First Section of the Tokyo Stock Exchange
 - Established ANA Digital Gate Inc., which develops and provides payment solutions utilizing fintech, through joint investment with ALL NIPPON AIRWAYS TRADING CO., LTD., making it an equity-method affiliate
- 2018
 - Established Crypto Garage, Inc., a consolidated subsidiary providing financial services utilizing blockchain, through joint investment with Tokyo Tanshi Co., Ltd.
- 2019
 - Established TD Payment Corporation, which provides multi-payment solutions for businesses using POS systems, through joint investment with Toshiba Tec Corporation, making it an equity-method affiliate
- 2021
 - As part of the Group strategy, "DG FinTech Shift", executed an absorption-type split to transfer the business of consolidated subsidiary E-Context Corporation to consolidated subsidiary DG Financial Technology, Inc.
 - Invested in Open Network Lab ESG No.1 Investment Limited Partnership (Earthshot Fund), making it a consolidated subsidiary
- 2022
 - Transitioned from First Section to Prime Market of Tokyo Stock Exchange due to market segment restructuring
- 2024
 - Invested in DG Resona Ventures No.1 Investment Limited Partnership, making it an equity-method affiliate

Value Creation Process

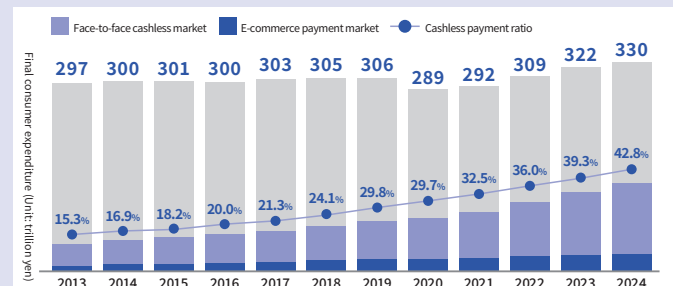


External Environment

1 Fintech & Market Environment

- Accelerating cashless payments: Growth in B2C market combined with significant potential growth in the largely untapped B2B market (exceeding 1,100 trillion yen^{*1})

Trends in Cashless Market Size^{*1}



- Changes in startup investment environment: Shifts in financial environment and more selective investment approaches

Opportunities

- Continued high growth in payment platform business
- Development of new markets through expansion of B2B payment and financial services
- Strengthening strategic partnerships with carefully selected promising startups

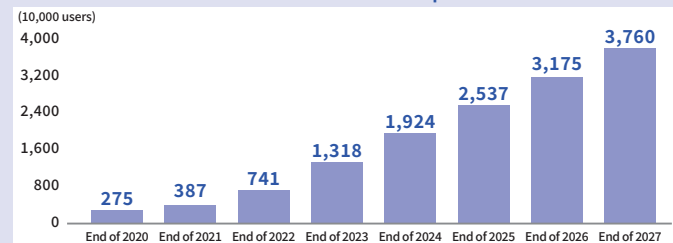
Risks

- Intensifying competition with domestic and international players in the payment sector
- Risk of fair value fluctuations in investment portfolio

2 Technology & Security

- Social implementation of generative AI and the emergence of next-generation AI (Probabilistic Computing)

Forecast of Generative AI Service Users in Japan^{*2}



*User number projections by ICT Research & Consulting Inc.

*Forecast of users who have used generative AI services within one year

- Increasing cybersecurity risks: More sophisticated and advanced attacks targeting critical infrastructure

Opportunities

- Creation of new value-added services through payments × AI
- Establishing a leading position in next-generation AI consortiums
- Building trust through advanced security capabilities

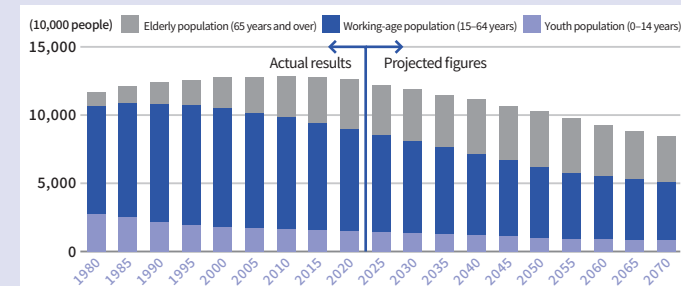
Risks

- Continuous need to keep up with latest technologies and maintain R&D investment
- Risk of business continuity impact and reputational damage from major security incidents

3 Social & Environmental

- Labor shortages due to declining birthrate and aging population: Urgent need to improve productivity across society

Trends in Working-Age Population (Ages 15–64)^{*3}



- Diversification of lifestyles: Establishment of new working styles and consumption behaviors
- Worsening climate change: Accelerating transition to a decarbonized society

Opportunities

- Capturing labor-saving needs through development and provision of industry-specific DX services
- Enhanced value proposition of environmentally friendly solutions including terminal-free payments
- Expansion of ESG investments (such as Earthshot Fund)

Risks

- Intensifying competition for highly skilled IT talent acquisition
- Physical risks to data centers (natural disasters, etc.)

4 Policy & Legal

With the advancement of digital transformation (DX), the importance of responding to laws and regulations that form the foundation of business operations is increasing. The Group positions legal compliance as the cornerstone of its business activities, and by responding appropriately, the Group is able to build trust with society and create new growth opportunities.

[Major Recent Domestic Laws and Regulations Related to the Group's Business]

2023 enforcement: Amended Payment Services Act

2023 enforcement: Amended Telecommunications Business Act

2023 enforcement: Digital Regulatory Reform Promotion Act¹

2023 enforcement: Amended Payment Services Act

2024 enforcement (amendment): FY2024 Tax Reform

2025 planned enforcement: Smartphone Software Competition Promotion Act²

1 Common name for the “Act for Partial Amendment of the Basic Act on the Formation of a Digital Society, etc. to Promote Regulatory Reform for the Formation of a Digital Society”

2 Common name for the “Act on Promotion of Competition for Specified Software Used on Smartphones”

Opportunities

- Competitive advantage through highly reliable service provision that complies with regulations
- Business expansion leveraging policy tailwinds (e.g., invoice system compliance)
- Early entry into new business areas utilizing regulatory sandbox systems

Risks

- Increasing compliance costs associated with changes in laws and regulations
- Legal uncertainties in new business development

^{*1} (Source) Estimated by the Company based on the Cabinet Office's “National Accounts,” the Ministry of Economy, Trade and Industry's “Market Survey on e-commerce,” the “Cashless Roadmap,” and the “Cashless Vision”

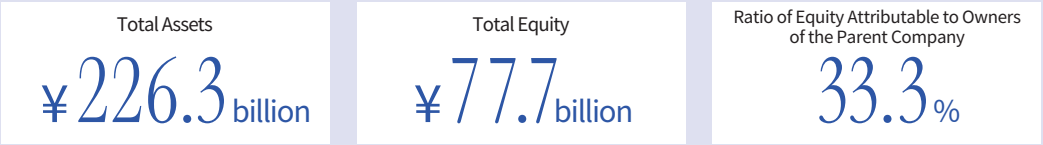
^{*2} (Source) ICT Research & Consulting Inc. “2024 Survey on Generative AI Service Usage Trends”

^{*3} (Source) Created by the Company based on medium-fertility and medium-mortality projections from the National Institute of Population and Social Security Research's “Population Projections for Japan (2023 Projections)” published in the Cabinet Office's “2025 White Paper on Aging Society”

Management Resources

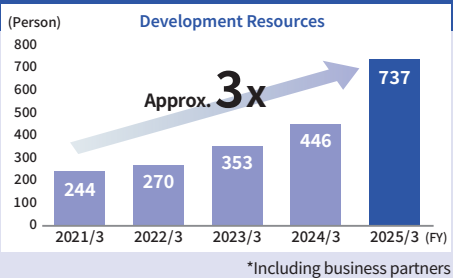
Financial Capital

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



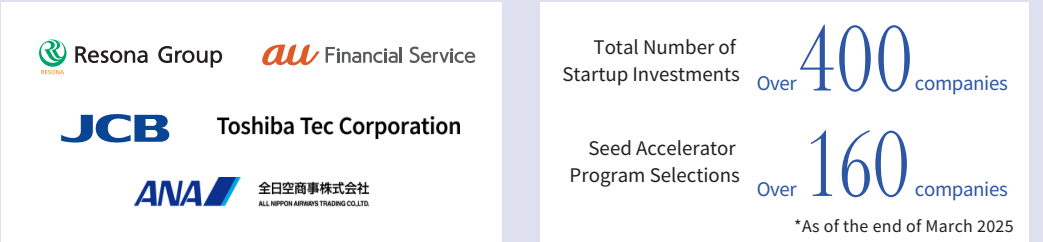
Manufacturing Capital

Since its founding, the Group has been developing innovative services at the forefront of technology. In the fiscal year ended March 2025, we added DG Feelist Inc., which has a proven track record in nearshore development, to the Group, strengthening our development resources. The DG Group will continue to expand its development resources across the Group, particularly engineering talent, in order to create services that leverage emerging technologies.



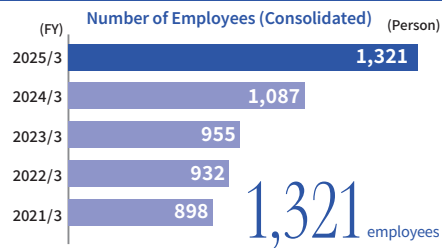
Social Capital

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.



Human Capital

The Group's 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. In the fiscal year ended March 2025, our workforce increased due to the addition of DG Feelist Inc. and SCORE Inc. to the group.



Intellectual Capital

① Information Accumulation through Startup Network

The Group's unique "DG Global Incubation Stream," developed across North America, Japan, Asia, and Europe since its founding, provides access to promising startups and cutting-edge technologies worldwide, creating an unparalleled competitive advantage for the Group. This information has become a unique asset for the DG Group.

② Technology Development in the Group's Own R&D Organization and Application to Products

Digital Architecture Lab

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



Promoting the application of cutting-edge technologies to products

The technology departments of the Company and each Group company are advancing the application of cutting-edge technologies to products. The Group is also promoting initiatives related to generative AI, advancing not only the efficiency of various internal operations but also application to products.

③ Knowledge through Social Implementation of Technology

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

Materiality

Identified Materiality

Materiality of the DG Group

The DG Group has identified materiality (key issues) that should be prioritized in advancing our sustainability management. DG Group will continue to promote sustainability management that is focused on eight materiality issues across three areas: the business domain, which leverages the Group’s core strengths of implementing technology and creating new value for society; the human resources domain, which is the source of our growth; and the foundation domain, which we must protect, maintain, and strengthen as a company responsible for critical infrastructure.

Materiality Identification Process

STEP 1	Identification and Extraction of Social Issues
	● Create a comprehensive list of social issues by referring to international frameworks and guidelines on sustainability such as GRI, ISO, SASB, etc.
STEP 2	Evaluate the level of importance to the Group
	● Analyze and evaluate each item from both risk and opportunity perspectives based on the Purpose as well as the Medium-Term Management Plan ● The items of high importance to the Group were extracted from a backcasting perspective based on our desired future vision.
STEP 3	Understanding the level of importance to the Group’s various stakeholders
	● Evaluation based on interviews with internal and external directors and employees (management/career/recent hires) ● Evaluation based on interviews with shareholders, business partners, local governments, and experts
STEP 4	Organize priority social issues
	● Identify high-priority social issues based on Steps 1–3
STEP 5	Validity assessment and identification of materiality
	● Discuss the identified materiality at the Sustainability Committee ● Finalize the materiality after deliberation and approval by the Board of Directors

~ Interview with the Executive Officer in Charge of Sustainability ~

Sustainable Growth and Social Value Creation Challenge

Based on our purpose of “Designing ‘New Context’ for a sustainable society with technology,” the DG Group has further advanced its sustainability management initiatives. The Group has expanded its sustainability-related information disclosure, including the publication of its first integrated report last year. In terms of climate change response, the Group is advancing initiatives such as energy-saving measures and the introduction of renewable energy, with the goals of reducing GHG emissions by 50% by 2030 (compared to the fiscal year ended March 2022) and achieving carbon neutrality by 2050.

In the previous fiscal year, the Group established new KPIs for each materiality item in the three key areas of business, human resources, and foundation, and clarified the story of how their achievement will impact corporate value and society. Going forward, the Group will strengthen its sustainability initiatives through business operations to achieve these KPIs.



Debbie Altomonte
Executive Officer in
Charge of Sustainability

Materiality and Approach

Key Areas	Materiality	
[Business] Creating a sustainable ecosystem through technology	Pursue new technologies for a better future	The Group’s strength is that it has always pursued new technologies and implemented them in society while capturing their essence, and it has and will continue to explore new technologies without being bound by existing systems and concepts.
	Creating a prosperous society through the utilization and application of fintech	The widespread use of fintech in society, which is easy for everyone to use, 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.
	Business co-creation efforts to contribute to a sustainable society	The company will continue to work with various partners to co-create new businesses, believing that creating sustainable businesses together with startups and business partners will contribute not only to the growth of the Group’s business but also to the realization of a sustainable society.
[Human Resources] Creating an environment in which all employees can thrive	Creating a system which allows an inclusive and diverse workforce to thrive	The Group respects the diversity of each and every employee, and believes that creating a positive and rewarding work environment and systems will help the Group meet the diverse needs and challenges of society, and will continue to promote initiatives for human resources.
	Developing Human Resources Management initiatives that can pave the way to the future	The Group believes that fostering employees who are brave enough to take on the challenges of a changing social environment while leveraging their individual strengths will enable these employees to build independent careers and enrich their own lives. The Group also believes that this will lead to the growth of the Group.
[Foundation] Building Trust to move forward Together with Society	Promote responsible corporate activities	As a company active in society and the economy, the Group will promote its 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	The Group will respect the human rights of all people involved in the Group and value chain, and strive to coexist in harmony with society.
	Stable operation of systems that support society	As a group that operates businesses that serve as critical infrastructure for society, it is the Group’s responsibility to provide and operate safe and secure systems without interruption. The Group will continue to strive to improve the robustness and safety of its systems in response to the characteristics of the business and changes in society.

Materiality

Materiality KPIs and Impact Stories

The DG Group has set KPIs for each of the eight materiality items identified across three key areas. Each responsible department has developed “Impact Stories” that visualize the impact on society and business, while keeping in mind the value created (outcomes), and set KPIs for each materiality. Going forward, the Group will continuously operate the PDCA cycle using KPIs as indicators to enhance the effectiveness of its sustainability management.

Key Areas	Materiality	KPIs	Achievement Timeline	Impact Story (Social Impact)	Impact Story (Business Impact)
[Business] Creating a sustainable ecosystem through technology	Pursue new technologies for a better future	<ul style="list-style-type: none"> Number of products & services positively impacting society 	Annually	<ul style="list-style-type: none"> Contribute to economic revitalization and market creation by providing information and commercial transaction environments that respond to diverse values. Contribute to mitigating climate change issues by digitizing existing social systems and further promoting energy and resource conservation. Foster a secure and trustworthy society through services that reduce security risks. Contribute to correcting inequalities caused by regional, economic, and financial disparities through improved financial and commercial transaction access via digital technology. Contribute to solving the social issue of serious labor shortages by providing services that promote labor-saving and productivity improvement through digitalization. Contribute to realizing a sustainable society by promoting innovation in social and environmental fields through investment in ESG-related startups and co-creating new businesses and industries. 	Achieve stable business growth by developing businesses that address medium- to long-term social and environmental challenges.
	Creating a prosperous society through the utilization and application of fintech	<ul style="list-style-type: none"> Payment transaction volume Number of payment transactions 	Annually		
	Business co-creation efforts to contribute to a sustainable society	<ul style="list-style-type: none"> Invest in startups related to ESG Direct 50% of funds in Open Network Lab ESG 1 Investment Limited Partnership to ESG-related startups 20% of investment targets in the same fund to be directed towards climate change related startups 	Annually		
[Human Resources] Creating an environment in which all employees can thrive	Creating a system which allows an inclusive and diverse workforce to thrive	<ul style="list-style-type: none"> Engagement Index 'Total Engagement' of 4.0 points or higher Female leadership representation: 30% or more 	By March 31, 2028	Contribute to society by accelerating innovation and creating groundbreaking services.	By establishing an environment and systems where employees with diverse backgrounds can thrive, fostering employee attachment and job satisfaction, the Group promotes productivity improvement and new idea generation, leading to retention of excellent talent and enhanced recruitment capabilities.
	Developing Human Resources Management initiatives that can pave the way to the future	<ul style="list-style-type: none"> Engagement Index 'Human Resources Development Index' improvement of +1.0 points compared to fiscal year ended March 2025 	By March 31, 2030	Contribute to society by creating businesses that lead to solving social issues.	Continuous upskilling to create advanced technologies and businesses enhances both individual employee growth and overall organizational productivity and competitiveness, becoming a vital source of overall business growth.
[Foundation] Building Trust to move forward Together with Society	Promote responsible corporate activities	<ul style="list-style-type: none"> Further improve governance disclosure & hold 200 or more dialogues with stakeholders annually 	Annually	Promote sustainable economic development by correcting information asymmetry through proactive information disclosure, enhancing fairness and transparency in capital markets, and improving the quality of investor decision-making and capital market credibility.	By enhancing risk management capabilities and transparency, we gain trust from stakeholders including investors and business partners, realize stable business operations, identify business opportunities to reduce risks, and achieve long-term enhancement of corporate value.
		<ul style="list-style-type: none"> Compliance training for 100% of the workforce 	Annually	Support sound and sustainable growth by revitalizing markets through fair competition.	By ensuring all employees understand fundamental compliance knowledge and behavioral guidelines, we reduce risks of legal violations and misconduct, enhance trust from investors and business partners, and achieve continuous maintenance and improvement of corporate value.
		<ul style="list-style-type: none"> 50% reduction in greenhouse gas (GHG) emissions compared to fiscal year ended March 2022 Achieve carbon neutrality across the entire value chain compared to fiscal year ended March 2022 	Fiscal Year ending March 2031 Fiscal Year ending March 2051	Contribute to realizing a sustainable society by reducing greenhouse gas emissions and suppressing the progression of global warming.	Enhance corporate value through improved corporate reputation and investor evaluation, as well as cost reduction and risk management.
	Co-existing in harmony with society while respecting all human rights	<ul style="list-style-type: none"> Formulate and release DG's Human Rights Policy Harassment prevention training for 100% of the workforce 	By October 2025 Annually	Contribute to realizing a fair and sustainable society by fostering social diversity and a culture of coexistence.	Integrating human rights considerations into management contributes to gaining social trust, reducing risks, and improving employee engagement, thereby enhancing corporate value from multiple perspectives.
	Stable operation of systems that support society	<ul style="list-style-type: none"> Cybersecurity management system coverage rate Security training for 100% of the workforce 	Annually	Provide a foundation for smooth economic activities by supporting critical social infrastructure and deliver peace of mind and safety.	By reducing risks of incidents such as information leaks and avoiding serious damage including business disruptions and loss of credibility from system troubles, we enhance customer trust and achieve management stability.

Creating Impact through KPI Achievement

Message from the COO

Sustainable Growth Through Organic Business Integration and Strategic Alliances

DG’s Business Portfolio and Business Environment Recognition

The DG Group creates unique corporate value by organically integrating three business segments: payment services, new DX businesses centered on payments and finance, and globally expanding startup investment and incubation businesses.

The core and revenue foundation of this portfolio is the payment business operated by the Platform Solution (PS) segment. Payment systems are social infrastructure and represent a recurring business model with stable revenue expectations. By providing retailers with various payment systems such as credit cards and QR payments, along with EC platform development and digital marketing services, we are simultaneously realizing the DG Group’s multi-layered revenue structure and contributing to the growth of Japan’s cashless market. The Group positions this business segment as the cornerstone of growth and has established a solid revenue foundation.

Next, the Long-term Incubation (LTI) segment plays a role in further enhancing the competitive advantages of the PS segment. By developing various products that contribute to solving retailers’ challenges and business growth, and deploying them in tandem with the payment business, we achieve competitive advantages and multi-layered revenue streams for the Group. Additionally, our collaboration with Kakaku.com Inc., a group company that operates media properties with a total of 3 billion monthly page views, creates strategic synergies centered on the payment business.

The third pillar is the Global Investment Incubation (GII) segment. The evolution of global technology is too rapid and extensive for any single company to keep pace with alone. Through our startup investment and incubation business cultivated since our founding, we incorporate cutting-edge global technologies and new business models into the Group’s operations. This is a strategic investment that emphasizes not just financial returns, but “business returns” that continuously innovate our own operations.

The synergy created by these three segments resonating with each other is Digital Garage’s uniqueness and the source of our growth.



Keizo Odori
Representative Director, Vice President
Executive Officer and Group COO

(As of June 26, 2025)

Progress of Medium-term Management Plan and Co-creation with Alliance Partners

The five-year medium-term management plan announced in May 2023 is now in its third year, in the fiscal year ending March 2026. Against the medium-term target of an annual average operating profit growth rate of 20% or more, the fiscal year ending March 2025 achieved 22.2%. Payment transaction volume was 7.5 trillion yen, compared to the target of 15 trillion yen or more for the fiscal year ending March 2028. Considering the large-scale projects planned for the future, we believe we are on track to achieve our goals. Investment business income has progressed to 13.8 yen billion against the five-year cumulative target of 30 billion yen or more in sales. Shareholder returns through dividends reached a cumulative 4.3 billion yen over two years against the five-year cumulative target of 10 billion yen or more, with all metrics progressing generally according to plan.

	Five-Year KPI	FY25.3
Pre-tax Profit Growth Rate*	Five-Year CAGR 20% or more	+ 22.2% (single year)
Payment Transaction Volume	FY28.3 ¥15 trillion or more	¥7.5 trillion (single year)
Investment Business Income	Five-year cumulative ¥30 billion or more	¥13.8 billion (cumulative)
Shareholder Returns (Dividends)	Five-year total ¥10 billion or more	¥4.3 billion (cumulative)

*Operating profit excluding investment business and Kakaku.com, Inc. equity method profit

Looking toward the latter half of the medium-term management plan, growth strategies envisioning the next five years and even into the 2030s become crucial. While we anticipate continued growth and expansion of the cashless market, we are also considering the possibility of gradually slowing growth rates and examining how to maintain and expand the Group’s profit growth at high levels.

We are particularly focusing on deepening collaboration with capital and business alliance partners. With Resona Holdings, Inc., in addition to strengthening collaboration in the payment business, we are also advancing the joint development and launching of next-generation financial services utilizing generative AI

Message from the COO

and digital technologies that will lead to DX. Business DX transformation in Japan’s SME sector is still in its infancy, and we believe that market and growth potential are extremely large. By combining Resona Group’s large SME customer base with DG Group’s payment and IT technologies, we aim to contribute to Japan’s economic growth through financial services that support SME digital transformation.

In our collaboration with Toshiba Tec Corporation, which holds approximately 50% of the domestic POS market share, we are building a complementary relationship by providing DG Group’s payment systems, marketing functions, and DX products. By combining Toshiba Tec’s nationwide sales network with DG Group’s payment solutions, we are advancing cashless transformation and operational efficiency in the retail industry.

These alliances not only complement each other but also co-create mutual growth strategies by pioneering new markets and business models. We will continue to expand and deepen strong partnerships such as these in order to pioneer new horizons in fintech.

■ Evolution of Startup Investment and Incubation Business (GII Segment):
Value Maximization Through Business Co-Creation

Our startup investment and incubation business, which symbolizes the Group’s uniqueness, has delivered high performance to date; however, fair value assessment of investments under IFRS accounting standards affecting consolidated earnings and increasing earnings volatility has been a challenge.

To address this challenge, we have clarified our policy in the medium-term management plan. We are promoting the sale of investment securities with limited business synergies, targeting investment income of 30 billion yen or more over five years.

Meanwhile, the importance of incorporating cutting-edge global technologies and new business models for the Group’s business growth is increasingly growing. Going forward, we will focus primarily on investments through fund structures utilizing external capital, minimizing impact on consolidated earnings while pursuing collaboration opportunities and M&A prospects with promising startups.

Our startup investment and incubation business does not pursue financial returns alone but emphasizes “business returns” that aim for mutual growth by combining the technologies and ideas of investee startups with the Group’s operations.

■ Governance and Human Capital

As of June 26, 2025, I assumed the position of Representative Director, establishing a two-representative system. In our future medium- to long-term growth, the Group will develop and deploy payment services,



new businesses, and investment incubation in an integrated manner. Furthermore, as generative AI transforms various business models, it becomes critically important to accelerate while maintaining the speed of decision-making that is the Group’s strength. Against this background, we have established a more agile management structure by adopting a two-representative system.

We are also focusing on investment in “human capital,” which is the core of DG Group’s growth. In the modern era where generative AI transforms social structures and gradually permeates naturally into business and daily life, developing human resources that can adapt to change and providing opportunities for their success become keys to sustainable growth. For example, we increasingly emphasize enriching human capital through the transformation of IT engineers’ roles, realization of good work-life balance, and cultural permeation.

In a business environment where significant waves of change are anticipated, we will continue to grow flexibly and vigorously by combining strategic business development and future-oriented investments on the solid foundation of our payment business. We sincerely request the continued support of all our stakeholders.

Segment Overview and Performance

Three Segments Comprising the DG Group's Business

<div>PS</div> <div>Platform Solution Segment</div>	<div>The Group's core business centered on one of Japan's largest comprehensive payment platforms</div> <div><ul style="list-style-type: none">● Develop businesses based on a payment platform that provides comprehensive cashless payment solutions● Enhance payment-related services and e-commerce solutions to provide end-to-end value chain support● Drive sustainable growth in the fintech sector, including marketing and CRM* solutions for financial institutions and credit card companies</div> <div><small>* CRM (Customer Relationship Management): A system that manages and analyzes customer information to build relationships through tailored responses</small></div>	<div>Payment Volume</div> <div>¥7.5trillion</div>	<div>Number of Payment Locations</div> <div>1.19million locations</div>	<div>Pre-tax Profit</div> <div>¥8.8billion</div>
<div>LTI</div> <div>Long-term Incubation Segment</div>	<div>Strategic business development with a focus on medium- to long-term growth</div> <div><ul style="list-style-type: none">● Develop and nurture strategic businesses driving medium- to long-term growth through: industry-specific DX, B2B payment/finance solutions, and next-generation technologies● Develop joint ventures with Kakaku.com, Inc. in the travel, restaurant, and shopping sectors</div>	<div>Tabelog Contracted Restaurants</div> <div>88,000 restaurants</div>	<div>Kakaku.com, Inc. Equity Method Profit</div> <div>¥4.1billion</div>	<div>Pre-tax Profit</div> <div>¥1.0billion</div>
<div>GII</div> <div>Global Investment Incubation Segment</div>	<div>Startup investments focused on fintech and next-generation technology</div> <div><ul style="list-style-type: none">● Leverage unique global network built over 20+ years to invest in and nurture next-generation startups and manage investment funds● In addition to financial returns, we are committed to creating business returns and synergies, centered on the payments/fintech domains</div>	<div>Number of Startups Supported through Accelerator Program</div> <div>160companies</div>	<div>Cumulative Number of Startup Investments</div> <div>Over 400 companies</div>	<div>Pre-tax Profit</div> <div>-¥8.9billion</div>

* Figures are for the fiscal year ending March 2025

Discussion with Segment Leaders

Three Engines Resonate Together to Accelerate Growth.
Digital Garage’s Unique Value Creation Ecosystem

Digital Garage (DG) has built a unique growth model by organically linking three business segments: Platform Solution (PS), Long-term Incubation (LTI), and Global Investment Incubation (GII). While establishing the payment business as a stable revenue base, DG creates next-generation businesses and explores future technologies. How does this unique business structure enable sustainable growth in a rapidly changing era? The Group COO and the leaders of each segment discussed their current positions, future directions, and the dynamism of value creation brought about by synergies between segments.

Stable Foundation, Next-Generation Business Creation, and Exploration of Future Technologies: Growth Strategies Depicted by Each Engine

First, what roles do the three segments that support the growth of the DG Group play, and how do they perceive the current situation? Each leader discusses their strengths, challenges, and vision for the future.

Shino: PS is the foundation business of the Group, centered on one of Japan’s largest payment platforms. A major change in the past one to two years is that we have integrated payment, marketing, and comprehensive digital service support, enabling us to provide customers with one-stop services from site development to customer acquisition and payment. Additionally, for partner payment service companies, such as credit card companies, we have established a unique position as a



Keizo Odori
Representative Director,
Vice President
Executive Officer
and Group COO



Hiroshi Shino
Director,
Senior Executive Officer
In charge of Platform
Solution Segment



Daisuke Tominaga
Senior Executive Officer
In charge of Long-term
Incubation Segment



Junichi Nakajima
Senior Executive Officer
In charge of Global
Investment Incubation
Segment

(As of June 26, 2025)

business partner in both payment and marketing. On the other hand, as the growth rate of the domestic cashless market is slowing down, we have a strong awareness of the urgent need to create new value rather than simply relying on market growth as before.

Tominaga: LTI is responsible for creating next-generation businesses in new areas that have high affinity with PS. Specifically, we are developing our business around three pillars: (1) payment and financial services in the corporate sector, (2) DX services that combine payment specialized for industries such as retail, healthcare, real estate, and digital content, and (3) new fintech businesses based on technological innovations such as cryptocurrency-related services. As price competition in payment alone intensifies, our aim is to build more value-added relationships beyond simple rate competition. We are challenging ourselves to “change the scale of value we provide to customers” by solving essential issues such as increasing customer sales and improving operational efficiency and integrating payment into these solutions.

Nakajima: One of GII’s major roles is the exploration of future technologies through investment in and development of domestic and international startups in next-generation technologies, which means exploring future technology seeds and finding business opportunities. Our greatest strength is that we conduct global and

seamless investment activities by leveraging our networks around the world, including San Francisco, Southeast Asia, and India. This enables us to quickly capture fresh, high-quality information that differs from that of domestic venture capital firms. This is the result of trusted relationships built through years of activities, forming a strength that is not easily replicated. The current challenge is the volatility in performance associated with proprietary investments. Going forward, we will shift to fund-based investments to mitigate this and advance off-balance sheet management. We plan to concentrate resources on fund management and further strengthen the collaboration between investment and business operations while working with various stakeholders.

DG’s Unique Strengths Created through the Resonance of Three Engines

While each of the three segments is a powerful engine on its own, when they come together, they create value unique to DG. Group COO Odori describes the uniqueness of this business portfolio as follows.

Odori: In an era where technological evolution is so rapid, it is impossible to continue growing with existing businesses alone. While centering on our payment business, which is our foundation, LTI develops new business models, and furthermore, through GII, we collaborate with



Discussion with Segment Leaders

startups around the world that possess cutting-edge technologies and ideas. Having these three functions together is what makes the Group unique. Our alliance partners also highly value “not only our payment functions but also our comprehensive IT services and extensive reach to startups around the world.”

Shino: As an example of collaboration between PS and LTI, PS’s payment function is integrated into “AppPay” developed by LTI. This is not merely providing functionality. By LTI designing services from an entirely new perspective of solving customer issues and connecting PS’s payment infrastructure to it, we can provide value at a level that goes beyond price competition.

Tominaga: Exactly, LTI plays the role of “changing the scale of value in payments.” Additionally, in the collaboration between LTI and GII, without being bound by a proprietary approach, we practice open innovation by investing in overseas startups with excellent technologies discovered by GII (such as an Indian payment system company) and quickly integrating those technologies into the Group’s



services. Furthermore, as a synergy across the entire Group, we are accelerating efforts to connect Kakaku.com, Inc.’s media traffic, which has strong customer acquisition capabilities, to the Group’s payment traffic, creating

new value across the entire Group.

Nakajima: Collaboration between GII and other segments is multifaceted. The most straightforward example is when GII’s investment portfolio companies become customers of PS’s payment services or marketing support. However, what is more important is GII’s “antenna to the future” function. We aggregate and analyze information on cutting-edge technology trends and business models

obtained through investment activities in startups and provide feedback to the business strategies of PS and LTI. This information flow is the source of our competitive advantage.



Odori: Exactly right. Technologies such as stablecoins and crypto assets have the potential to fundamentally disrupt existing payment businesses. By GII quickly capturing such trends and taking preemptive action in collaboration with LTI and PS, we can simultaneously defend and transition to offense. This dynamism is the value creation ecosystem we aim for.

Technologies That Open Up the Future and the Human Resources to Implement Them

At the core of the Group’s growth are technologies that are always half a step ahead of the times and the “people” who implement them in society.

Odori: Regarding technology, our basic policy is in-house product development, and we have a cross-group development division. At the same time, we are constantly exploring the nature of our development organization itself, anticipating the trend of generative AI automating programming tasks. We focus on both short-term commercial service development and R&D investment in technology seeds that may threaten existing businesses in the coming years. It is essential to keep both wheels turning.

Tominaga: For LTI, technological evolution is truly a treasure trove of business opportunities. It is “human resources” with diverse backgrounds who will implement these technologies in society. What



LTI seeks is entrepreneurial human resources like “mixed martial artists” who can handle everything from finance to sales. We emphasize a mindset that can take on challenges without fear of failure, and create businesses by gathering human resources with diverse experiences from inside and outside the company.

Shino: PS is, in a sense, the foundational segment for human resource development in our group. We have new graduates first learn the basics of the payment business at PS, then gain experience at LTI, GII, and furthermore, carefully selected personnel will be assigned to strategic partners, creating an ecosystem where such human resources circulate and deepen the knowledge of the entire Group.

Nakajima: At GII, we seek capitalists who can maximize results through teamwork rather than relying solely on individual talent. We also foster “bridge personnel” who combine investment expertise with deep understanding of business operations, connecting portfolio companies with the Group’s business divisions.

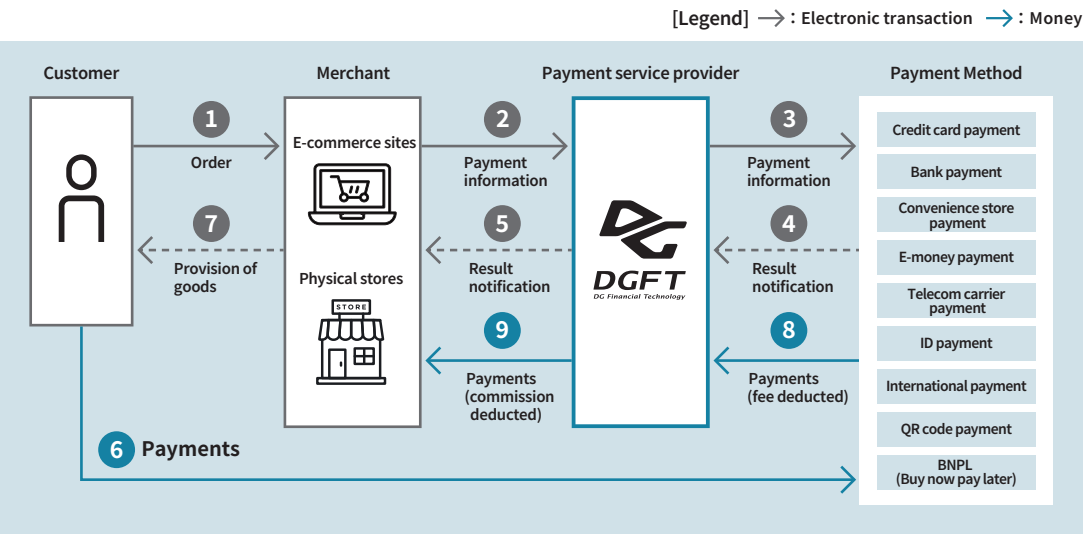
Odori: Because the Group has diverse business domains, even internal transfers can result in significant career changes. Payment professionals may dive into the world of investment, or new business developers may stand at the forefront of alliances. Through such experiences, the ability to develop “business generalists” who are not limited to a single specialty is the appeal of working in the DG Group and the source of our sustainable growth.

Payment Platform Business

Payment Platform Business

Growth of the Payment Platform Business Driven by Market Expansion

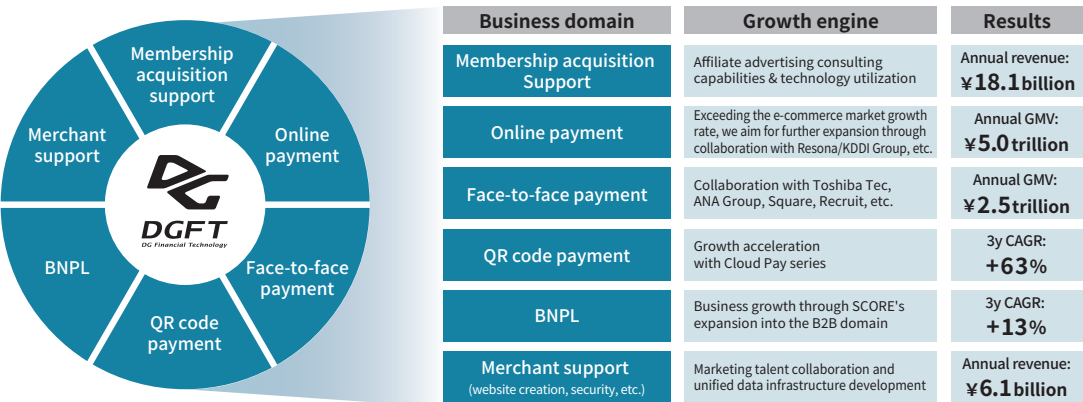
The DG Group operates a payment platform as a core business, providing solutions to a wide range of businesses, from enterprises and startups to small and medium-sized businesses, as well as global companies seeking to implement Japan-specific payment methods. From customer orders to payment completion, the Group acts as an intermediary between merchants (e-commerce sites and physical stores) and payment method providers (card companies, banks, convenience stores, electronic money providers, etc.), handling complex screening, contract procedures, and sales deposit management on their behalf. This enables merchants to adopt more than 40 payment methods at once, including credit cards, convenience store payments, and QR code payments, allowing customers to choose from a diverse range of payment options. Furthermore, the Group's payment platform, which features security compliant with international standards and stable operations, functions as a social infrastructure supporting an annual transaction volume of 7.5 trillion yen across 1.19 million locations (as of March 2025).



Business Domains of the PS Segment and Value Provided by the Payment Platform

The PS segment of the Group provides comprehensive solutions covering the entire value chain and is centered on the payment platform, including member acquisition support, website development, and fraud prevention measures. Furthermore, the Group offers value-added services leveraging payment data, such as marketing support for e-commerce businesses and CRM* solutions for financial institutions. Through this multi-layered ecosystem, the Group supports the business growth of merchants and creates value across the entire fintech domain through collaboration with partner companies.

*CRM (Customer Relationship Management): A system for managing and analyzing customer information to build relationships through personalized responses



(*Annual results: Apr. 2024–Mar. 2025; 3Y CAGR: FY23.3–FY25.3; QR code payment: GMV CAGR; BNPL: PBT CAGR)

Expansion of the Cashless Payment Market

The domestic cashless payment market in Japan has continued to expand steadily, growing from 126.7 trillion yen in 2023 to 141.0 trillion yen in 2024 (Ministry of Economy, Trade and Industry*). The cashless payment ratio also reached 42.8% in 2024, an increase of approximately 3.5% year-on-year, achieving ahead of schedule the government's target of “approximately 40% by June 2025” (Ministry of Economy, Trade and Industry*). Looking ahead, further advancement of cashless payments is expected due to continued digitalization and expanding demand for contactless payment solutions. This represents a significant growth opportunity for the Group's payment business. (For cashless market size, refer to P13: External Environment)

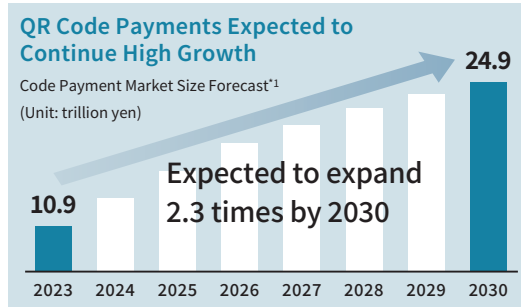
*Source: Ministry of Economy, Trade and Industry, “Calculation of Cashless Payment Ratio for 2024,” published March 31, 2025

Payment Platform Business

Growth of the QR Code Payment Market and Challenges in Untapped Markets

Growth of the QR Code Payment Market and the DG Group's Initiatives

The QR code payment market is expected to expand 2.3 times from 2023 to 2030, driven by growing demand for contactless and convenient payment methods (*Nomura Research Institute). As adoption rapidly progresses across all aspects of daily life, the Group supports merchants' cashless initiatives through our unique solutions. The Group is realizing business transformation that goes beyond the framework of payments and contributing to the development of a cashless society in Japan.



Cloud Pay



Cloud Pay is a unified QR code payment solution for which the DG Group has obtained a patent (Patent No. 7303664). It supports a total of eight brands (as of September 2024), including PayPay, d Barai, Rakuten Pay, au PAY, Merpay, J-Coin Pay, as well as Alipay+ and WeChat Pay, eliminating the need for merchants to handle individual contracts and operations. With the convenience of customers simply scanning QR codes with their smartphones to complete payments, adoption is expanding across diverse business types nationwide. Additionally, the Group is promoting cashless adoption in Japan by enabling QR code payments at “Square” merchants in Japan.

CloudPay Neo



CloudPay Neo is a next-generation solution that requires no payment terminals (Patent No. 7641080). Customers simply scan a QR code with their smartphones and select their preferred payment method from various QR code payment options, credit cards, deferred payment, and more, to complete the transaction. While reducing terminal installation and operation costs, it supports a wide range of transactions from high-value payments such as moving services and on-site repairs to everyday purchases. Adoption is expanding in industries where cashless payment has traditionally been difficult, including real estate, housing maintenance, and event venues.

Challenges in Untapped Markets and New Growth Strategies

The Group is accelerating expansion into areas with significant potential for cashless adoption, including beverage vending machines, parking payment machines, and real estate rentals. Through innovative solutions such as terminal-free payment systems, the Group integrates everything from payment to business processes, enhancing customer experience and strengthening its function as social infrastructure.

Beverage Vending Machine Market
Approx. **¥2 trillion***¹

Parking Payment Machine Market
Approx. **¥800 billion***²

Amusement Facility Market
Approx. **¥400 billion***³

Real Estate (Rental) Market
Approx. **¥16 trillion***⁴

Housing Maintenance Market
Approx. **¥2.4 trillion***⁵

Moving Services Market
Approx. **¥400 billion***⁶

Column

Complete Payment by Simply Waving Your Finger: Evolving Shopping Experience with “Biometric Authentication Payment”



Akihiro So and Daisuke Tanaka

DG Financial Technology, Inc.
So: Sales Division, Online Partner Promotion Department
Tanaka: Sales Division, Kansai Sales Department

What if you could shop without carrying a wallet or smartphone? “SAKULaLa”** completes everything from payment to age verification simply by waving your finger. It is well-received by elderly customers, with usage frequency increasing by 30%. This next-generation living infrastructure, which also contributes to addressing labor shortages, is now in motion.

The Choice of “Terminal-free Payment” That Requires No Initial Investment



Keita Otake

DG Financial Technology, Inc.
Sales Division, Cloud Pay Promotion Department

If payment terminals disappeared from the world, what kind of future would await us? Our “CloudPay Neo” enables payments using only QR codes or NFC tags. Stores without cash registers, payment infrastructure that functions even during disasters. A world with zero terminals is almost here.

Full version article available [here](#)

*Biometric authentication service using finger vein authentication jointly developed by Hitachi, Ltd. and Tobu Railway Co., Ltd.

*1 DG Group estimate based on “Survey of Selected Service Industries” (Ministry of Economy, Trade and Industry) / “Non-contact Technology Implementation Strategy” (Nikkei Business Publications, Inc.) *2 [Industry Report] Parking Industry (CC Innovation Inc.) *3 DG Group estimate based on “Report on the Actual Conditions of the Amusement Industry” (Japan Amusement Industry Association) *4 DG Group estimate based on “2023 Housing and Land Survey” (Ministry of Land, Infrastructure, Transport and Tourism), etc. *5 DG Group estimate based on “Nikkei NEEDS Industry Analysis Report: Housing Services” (Nikkei Inc.) and “Housing Renovation Market 2023: Outlook and Strategies” (Yano Research Institute Ltd.) *6 DG Group estimate based on research by Yano Research Institute Ltd.

Comprehensive Digital Business Support

Comprehensive Digital Business Support

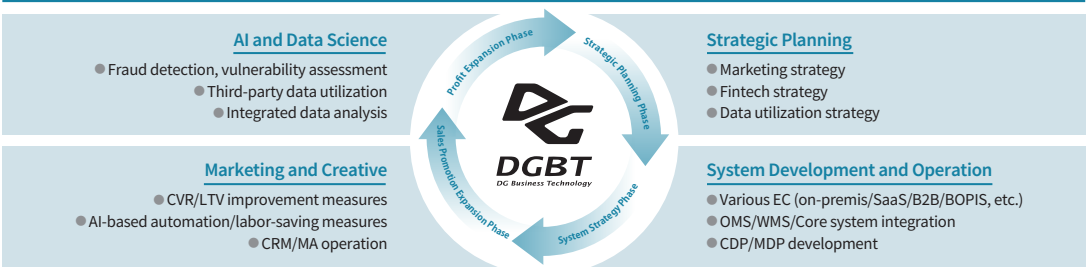
Comprehensive Support by New Company “DG Business Technology”

In April 2025, to address the increasingly complex business challenges facing operators, the Group integrated the management of three companies—NaviPlus Co., Ltd., DG Commerce Inc., and Scudetto Corporation—and established DG Business Technology, Inc. (hereinafter, DGBT). DGBT provides integrated solutions covering all fields of digital business, from strategy formulation to system development, marketing, security, and even the fintech domain handled by DG Financial Technology, Inc. (hereinafter, DGFT).

Leveraging Group Synergies to Challenge the Creation of New Value

For approximately 30 years since the dawn of e-commerce, the Group has supported the development of Japan's digital commerce market and met the needs of business operators for “system development,” “marketing,” “security,” and “payment.” As the market has developed, the needs of e-commerce business operators have become dramatically more sophisticated and complex, reaching a situation where it is no longer possible to respond with a single solution. Now that business operators have accumulated know-how, what is required is not a single domain, but proposals based on comprehensive capabilities, and problem-solving from the same perspective as business operators. With marketing expertise at the core of our founding business, and through a dual structure with DGFT, one of Japan’s leading payment providers, the Group has established a consistent DX support system, from strategy formulation to implementation and operation. This was an inevitable integration in response to market demands, and materialized in the form of DGBT, now serving as a foundation to accelerate the true digital transformation of client companies. We will now introduce an example of this.

DGBT’s Capabilities



Field-Implementation of AI Solutions Created by Group Synergies










The Group has launched “DG AI Drive,” a hybrid, all-in-one AI package that streamlines and enhances marketing operations. The first phase, consisting of the “Advertising Operation Automation Solution” and “Visual Media Production Service,” has reduced production man-hours by up to 94% and shortened the production process time from approximately 35 hours to as little as 2 hours. This service is the result of Group-wide co-creation, combining DGBT’s expertise in web engineering with Digital Garage’s accumulated marketing knowledge and the advantages gained through startup investments in cutting-edge technologies. It accelerates the use of AI across all marketing operations such as planning, analysis, and implementation, achieving labor savings, speed improvement, and cost optimization. We will promote “on-site DX” that addresses resource and know-how shortages and leads to maximized results.



Supporting Security Framework Development through DGBT Security Assessment Service

In recent years, there have been a series of unauthorized access incidents and credit card information leaks targeting e-commerce business operators, and the amount of damage from fraudulent credit card use in 2024 reached a record high of 55.50 billion yen. To address these social issues, in July 2025, the Group launched the “DGBT Security Assessment Service” for e-commerce business operators. This service provides comprehensive support for vulnerability countermeasures required under the “Credit Card Security Guidelines Edition 6.0” based on the Installment Sales Act. Furthermore, through the collaboration between DGBT and DGFT, the Group provides one-stop services from security assessments to identity authentication (EMV 3-D Secure) and fraud detection services as card information protection measures and anti-fraud measures required for e-commerce merchants, supporting security framework development for a wide range of business operators, including small and medium-sized enterprises. Under the group strategy “DG FinTech Shift 2.0,” the Group will contribute to the healthy advancement of DX throughout society through the development of a safe and secure payment infrastructure.

Security Measures Required for E-commerce Merchants under Guideline 6.0

Card Information Protection Measures		Anti-fraud Measures		
Non-retention of Card Information	Vulnerability Countermeasures	Fraudulent Login Countermeasures	EMV 3-D Secure	Other Countermeasures
Introduction of mechanisms that do not store, transmit, or process card information in systems	Implementation of “vulnerability countermeasures” for e-commerce systems and websites	Introduction of appropriate fraudulent login countermeasures for each situation before payment	Introduction of mechanisms for identity authentication based on payment risks	Introduction of appropriate measures during and after payment
 Token-based payment Link-based payment	 DGBT Security Assessment Service	  	 EMV 3-D Secure	  

Column: Three Leaders of the New Company “DG Business Technology” Discuss

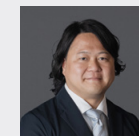
The Era of Comprehensive E-commerce Support from a Single Partner

Birth of “DG Business Technology” - Supporting Everything from Strategy Planning to Sales Growth and Data Utilization

DG Business Technology, Inc.



Kazunori Shimizu
Representative
Director,
President & CEO



Nobuyuki Ishiyama
Director,
Vice President &
Executive Officer



Katsuaki Usami
Director,
Vice President &
Executive Officer

■ New Phase of the E-commerce Market and Changes in Business Operator Needs

Shimizu: The e-commerce market is now entering a new phase. Service-based e-commerce, excluding physical goods, has grown by 22.27% year-over-year, and digital e-commerce has grown by 26.5%*, with new market entrants increasing due to the popularity of DtoC models and expanding consumption by inbound tourists.

Ishiyama: The expertise accumulated in physical goods sales can be applied to other areas as well. What is particularly important is promoting data utilization across the entire business. There is a growing need to streamline business models by incorporating various types of data, including not only customer data but also purchasing data and marketing data. As the market matures, what business operators are seeking is answers to questions such as “How can we increase sales further?” and “How can we achieve greater efficiency?” When advice can only be provided from a limited domain, the value delivered is also limited.

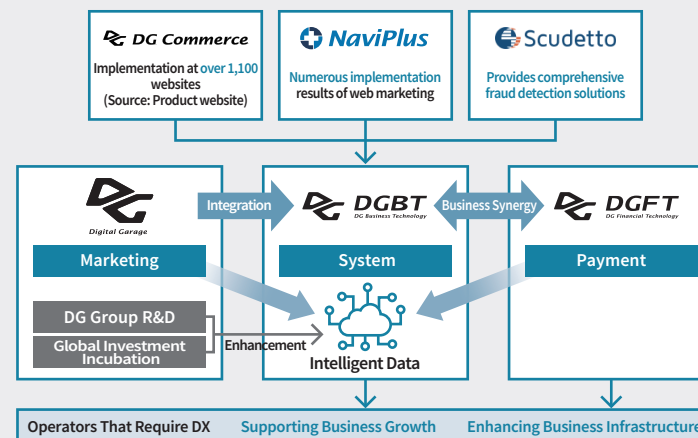
■ Comprehensive End-to-end Support Through Integration of Five Specialized Domains

Shimizu: Therefore, we established a new company to provide end-to-end operational support for e-commerce businesses with cutting-edge technology, covering everything from strategy planning, marketing, and system development. DG Business Technology was born from the management integration of three companies—NaviPlus, DG Commerce, and Scudetto—and possesses expertise in at least five domains. In addition to the three companies’ specialized domains of customer experience, site development, and security infrastructure, we

have the Digital Garage Group’s overall strength in marketing and DG Financial Technology’s expertise in payment and fintech domains.

Usami: Furthermore, we have strengthened collaboration with various investment subsidiaries that stay attuned to cutting-edge technologies worldwide and make investments, as well as with the DG Group’s R&D and investment subsidiaries that challenge themselves to develop new technologies in-house, establishing a support delivery system that reflects the latest technologies.

Ishiyama: New value creation through integration is also emerging. Experts across the various companies and departments of the Digital Garage Group are actively sharing their expertise in different domains, and internal members are gaining perspectives that span multiple areas. As a result, the number of project managers across the entire e-commerce business has increased.



■ Maximizing Data Value and Initiatives in Next-generation Technologies

Shimizu: When different departments or support companies handle each domain such as strategy design, marketing, e-commerce development, and payment, there has been a tendency for data accumulation and utilization to be confined to specific domains. However, there is much that becomes visible only when data collected across all domains is consolidated into one place. Through smooth data integration between domains, we can maximize the value that data holds.

Usami: The data we utilize is not limited to what each e-commerce operator has accumulated. We are currently conducting proof-of-concept experiments on “probabilistic computing.” This approach involves creating “synthetic data” that reflects real-world trends based on statistics and building models, with the advantage of being easier to utilize from a privacy perspective. We are also focusing on “agentic AI.” With AI that autonomously assesses situations and supports decision-making, e-commerce operators will need to develop service designs adapted to new lifestyles.

Shimizu: DG Business Technology functions as a “hub” within the entire Digital Garage Group, serving as a bridge between various internal and external departments and partners. We will continue to work towards becoming the “foundation for business growth” for our customers.

B2B FinTech Business

B2B FinTech Business

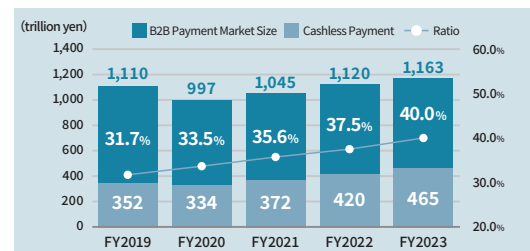
Next-generation Financial Services Realized in the B2B Payment Market

Based on our growth strategy “DG FinTech Shift 2.0,” the DG Group is focusing on business promotion not only in the B2C payment market but also in the B2B payment market, which is undergoing digitalization and is valued at approximately 1,100 trillion yen. With B2B payment solutions that support corporate cash flow improvement and invoice processing efficiency as the core, the Group aims to expand its “embedded finance” business in recent years by leveraging advanced technologies such as generative AI and APIs. The Group is expanding its open ecosystem by embedding its payment and financial functions into the services of prominent business partners such as financial institutions and industry-specific SaaS providers. Going forward, the Group will not only provide payment infrastructure but also promote the creation of high-value-added next-generation financial services such as credit extension and management support through the analysis and utilization of vast transaction data with generative AI. We will also advance measures that contribute to achieving the payment transaction volume of 15 trillion yen or more (target for fiscal year ending March 2028) set forth in our medium-term management plan, and achieve sustainable improvements in corporate value.

B2B Payment Market

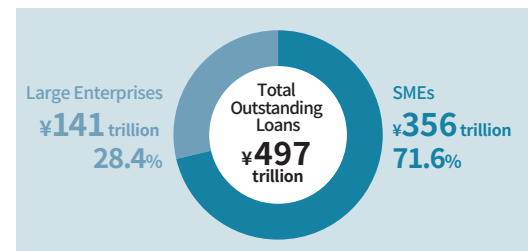
While Japan’s B2B payment market has a substantial market size of approximately 1,100 trillion yen, the cashless payment rate remains at approximately 40% (2023 estimate), with future expansion anticipated. In 2024, the shift to digital payments accelerated, driven by the introduction of the invoice system (launched in October 2023) and the expanded application of the act on preservation of electronic books. The Group anticipates continued market expansion driven by the needs of small and medium-sized enterprises (SMEs) to improve cash flow management and enhance operational efficiency.

B2B Payment Market Size and Cashless Payment Ratio



*Estimated by the Company based on “Market Survey on Electronic Commerce” by the Ministry of Economy, Trade and Industry

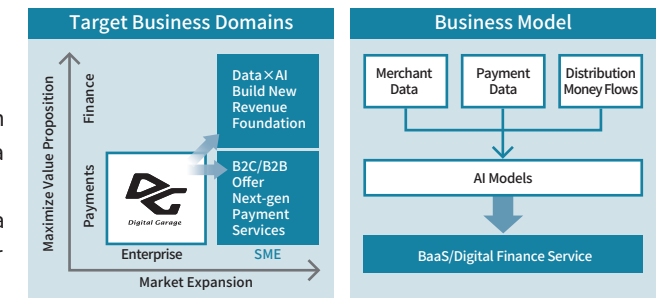
Outstanding Loans by Company Size



*Source: The Small and Medium Enterprise Agency, “2025 White Paper on Small and Medium Enterprises in Japan”

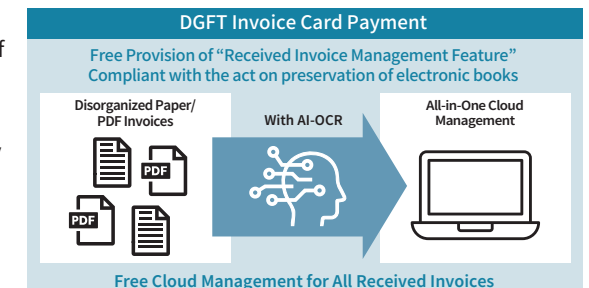
Joint Promotion of BaaS/Digital Financial Services for SMEs with Resona Holdings

By combining the Group’s technological and business development capabilities along with the payment business, with Resona Holdings, Inc.’s financial business expertise and strong corporate customer base centered on SMEs, the DG Group will fully enter the SME financial services business that offers high immediacy and convenience by leveraging payment and transaction data combined with next-generation AI technology. Furthermore, through integration with the next-generation payment application being jointly developed with Resona Holdings, Inc., the DG Group will provide a one-stop solution from payment to financial services. Through this initiative, DG aims to build a new business foundation that will become a pillar of the Group, following its payment business.



B2B Payment Innovation and Cash Flow Improvement through DGFT Invoice Card Payment

The Group’s “DGFT Invoice Card Payment” was launched in 2022 to address Japan’s B2B payment market, which is valued at approximately 1,100 trillion yen. Bank transfer invoices can be switched to credit card payment at the buyer’s discretion, and account withdrawals can be deferred for up to 60 days, leading to improved cash flow management. Since the service launch, the Group has established numerous partnerships, and from 2024 onward, in addition to the Resona Group, we have begun offering collaborative services with Raccoon Financial, Inc. (Paid), STORES, Inc., and others. In June 2024, the DG Group added an invoice reading function using AI-OCR, and in March 2025, it implemented an additional “received invoice management feature” compliant with the act on preservation of electronic books, significantly improving operational efficiency for users. In anticipation of the Ministry of Economy, Trade and Industry’s policy to abolish the use of paper promissory notes by around 2026, the Group is actively advancing integration with ERP* systems and accounting systems to enable widespread use not only by SMEs but also by large-scale enterprises and will continue to expand the business as social infrastructure that supports corporate digital transformation (DX) promotion and sustainable growth.



*ERP (Enterprise Resource Planning): A system that integrates and manages core business operations to optimize management resources and improve operational efficiency

Industry-Specific Payment/DX Business

Industry-Specific Payment/DX Business

Overview of Industry-Specific Payment/DX Business

With labor shortages due to declining birthrates and aging populations, as well as legal reforms, the utilization of digital technology has become an urgent issue for many core industries. Viewing these social challenges as business opportunities, DG is strategically promoting its “industry-specific payment/DX business,” leveraging the Group’s strength in payment platforms as a starting point. In growth markets such as digital content, real estate, food & beverage/retail, and healthcare, by providing SaaS that digitally connects customer touchpoints to back-office operations starting from payments and creates added value through data utilization, the DX Business expands revenue, automates and streamlines industry-specific business processes, and improves productivity. By supporting industry growth, it contributes to the sustainable growth of society as a whole, while also expanding the Group’s payment transaction volume.

Market Size of Each Service

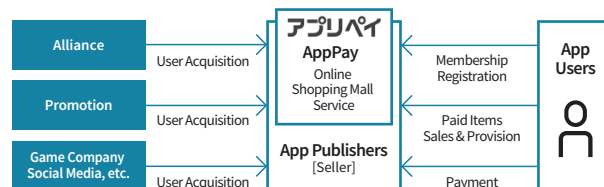
Digital Content Market Approx. ¥6trillion ^{*1}	Real Estate Market Approx. ¥50trillion ^{*2}	Food Service Market Approx. ¥2trillion ^{*3}	Healthcare Market Approx. ¥47trillion ^{*4}
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*1: Ministry of Internal Affairs and Communications, “Research on Production and Distribution of Media and Software” *2: Ministry of Finance, “Quarterly Survey of Incorporated Enterprises (January–March 2025)” *3: “Foodservice and Takeout Survey Report: NPD Japan Research” *4: Ministry of Health, Labour and Welfare, “Trends in Medical Expenditures for FY2023”

AppPay — A New Platform for Digital Content Payments

AppPay is an online shopping mall service that enables the purchase of digital content for smartphone apps outside of app stores. The service reduces traditional app store fees, achieving improved profitability for publishers and greater value for users. By leveraging user acquisition from partnering media and social networks, as well as the Group’s payment infrastructure, the service provides a one-stop solution from marketing to payment, connecting app publishers with users. Since full-scale operations began in June 2024, business has steadily expanded, with 35 app titles using the service as of July 2025.

Moving forward, AppPay plans to expand into digital content areas beyond apps, including digital comics and video streaming, and with the enforcement of the Act on Promotion of Competition for Specified Smartphone Software in December 2025 as a tailwind, it will promote liberalization of mobile payments, lead market transformation, and expand the Group’s payment transaction volume.



Musubell — Real Estate Transaction DX Platform

Musubell is a DX platform that digitizes real estate transactions and condominium management operations, which were traditionally paper-based and conducted in person. Since the service launch in 2020, functions have expanded from new condominium sales to brokerage, property surveys, management, and insurance, with widespread adoption ranging from major developers representing the industry to brokerage firms and condominium management companies nationwide. Musubell promotes DX across the entire real estate ecosystem through strategic partnerships such as alliances with real estate brokerage franchise chains and embedded insurance services in collaboration with insurance companies. The platform will continue to pursue new value creation for the real estate industry and related sectors by reducing time and costs for contract operations, environmental impact reduction through paperless processes, and strengthened compliance with legal requirements.



Pangaea Delivery — Integrated Order Management Platform

The rapid expansion of online ordering services such as food delivery has made the complexity of store operations a major challenge. In response to these changes in market structure, the Group has deployed the integrated order management SaaS “Pangaea Delivery.” By centrally managing multiple online orders on a single tablet and automating information through POS integration, the platform achieves streamlined store operations. In addition to restaurants, as Japan’s only order management platform for retail, adoption by major corporations is expanding. Moving forward, the platform will drive innovation in the retail tech sector and contribute to expanding the Group’s payment transaction volume through the deployment of the payment-integrated takeout service “Pangaea Order” and development of voice AI-powered phone order digitization technology.



CurePort — Payment Services for Medical Institutions

CurePort is an online payment service for medical institutions provided jointly with Resona Group. The service can be implemented without dedicated terminals, supporting the spread of medical DX by reducing patient waiting times and improving operational efficiency at medical institutions. Equipped with functions such as integration with electronic medical records and receipt computers, as well as features to prevent uncollected payments, the service promotes transformation of payment processes in the approximately 47 trillion-yen healthcare expenditure market.



Column: Transforming Healthcare with CurePort

Prioritizing Patient Satisfaction Despite Labor Shortages

Transforming Healthcare with CurePort

Yukiko Ohara

General Manager,
Digital Health Business Division

Eliminating Patient Waiting Times for Payment and Achieving Work Style Reform in Healthcare Settings

As labor shortages and work style reforms in healthcare settings become urgent priorities, streamlining clinical workflows through digital transformation (DX) has gained significant attention. CurePort, an online payment service for medical institutions jointly developed by the Digital Garage Group and the Resona Group, eliminates patient waiting times for payment and enables patients to return home immediately after their consultations. By pre-registering their medical institution, patient ID number, and credit card information in the dedicated app, patients only

need to check in, and credit card payments are automatically completed after consultations.

The low barrier to implementation is also a significant feature. Implementation can begin with just one internet-connected device, simultaneously achieving reduced waiting room congestion and lighter burden on patients. Since the full-scale launch in December 2024, adoption has been progressing from clinics to hospitals. Medical institutions that have already adopted cashless payments are anticipating added value such as “not keeping patients waiting” and “improving operational efficiency for healthcare professionals.”



How Is Digital Transformation Changing Healthcare Settings? Examples from Medical Institutions That Have Adopted the Service

Medical institutions that have actually implemented CurePort have reported

concrete results. At Onaka Clinic (Hachioji City, Tokyo), the cashless payment usage rate rose to approximately 56% of all transactions as of the first half of 2025. In particular, the number of patients using cashless payments for medical expenses that became expensive due to surgery or examinations increased. Director Ryuzo Murai states, “The range of services has expanded, and as a result, patient satisfaction has improved, and I feel that the value of our clinic in the community has further increased.”

At Heartpia Dental and Orthodontic Kitamoto Clinic (Kitamoto City, Saitama Prefecture), the service was implemented with the aim of reducing staff burden caused by labor shortages. The reduction in reception workload improved overall clinical efficiency and led to workload leveling during peak times. Chairman Yusuke Suzuki described the positive cycle at the site, saying “Staff members are smiling more, and both operational efficiency and the quality of patient services have improved.”



Improved Patient Satisfaction Through
“Time Reduction” and “Diversification
of Payment Methods”

Onaka Clinic, Medical Corporation Onaka-kai



Achieving “Labor Shortage Resolution”
and “Staff Workload Reduction” Through
Streamlined Accounting

Heartpia Dental and Orthodontic Kitamoto Clinic

Creating a World Where Everyone Can Access Their Own Medical Information

Ohara senses new signs of change. “In response to COVID-19 an

increased number of medical institutions have introduced new systems to improve conventional consultation workflows. As a result, patients who have begun to question traditional consultation experiences are speaking up, and other medical institutions seem to be recognizing the need for improvements.”

Cashless payments in particular have rapidly spread across industries other than healthcare, and people who do not carry cash are increasing across a wide range of generations. Ohara believes that the growing number of people who find it inconvenient to prepare cash only when visiting medical institutions is becoming an external pressure that will bring change to the entire industry.

Regarding future prospects, Ohara states, “Rather than the single option of ‘going to the hospital immediately when feeling unwell,’ I want to create an environment where each individual can consider what combination of healthcare services they should utilize.” To achieve this, resolving information asymmetry is a key point. The challenge with medical information is not only the knowledge gap between healthcare professionals and patients, but also that individuals do not have their own data at hand.

Through the mechanism of registering patient IDs and processing payments via CurePort, we can leverage the custody of patient medical information to potentially access healthcare information with patient consent in the future and provide personalized information to patients. We will further evolve CurePort while maximizing the assets of the entire Digital Garage Group and partner startups, while aiming to create a better world.

Alliance Strategy






Alliance Strategy

Strategic Alliances Accelerating Value Co-Creation

The Digital Garage Group positions alliances with leading companies as the core of its management strategy, serving as a growth engine driving medium- to long-term corporate value enhancement. In an era of rapid change, rather than pursuing growth solely with its own resources through “self-reliance,” the Group creates discontinuous growth opportunities by combining the excellent management resources of leading companies in various industries with the strengths of the Group.

This strategy unfolds through a multi-layered approach: (1) strengthening the foundation of the payment business through partnerships with financial institutions, (2) expanding service domains through collaboration with operating companies, and (3) acquiring future business seeds through investment in and incubation of domestic and international startups. These strategic partnerships directly contribute not only to financial value such as expanding payment transaction volume but also to creating non-financial value such as accelerating innovation and solving social issues. Going forward, the DG Group will continue to pursue value co-creation with partner companies, achieving its medium-term plan and realizing sustainable corporate value enhancement beyond.

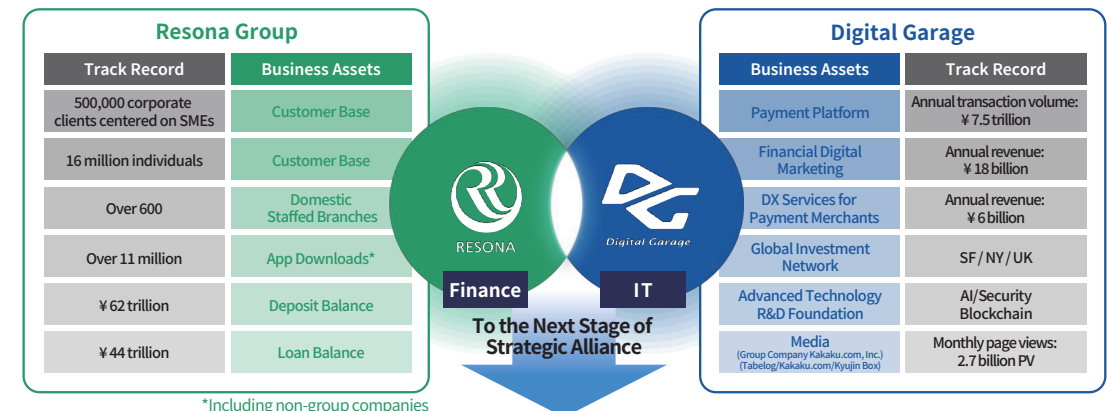
Alliance Partners

 Resona Group	Promoting OEM provision of payment processing systems and joint development of new payment services
 au Financial Service	Jointly developing next-generation payment platform “NESTA” and other solutions
 JCB	Sales collaboration for merchant acquisition and joint rollout of new payment services
Toshiba Tec Corporation	Joint operation of payment joint venture “TD Payment” aimed at providing face-to-face payment solutions
 ANA 全日本空輸株式会社 ALL NIPPON AIRWAYS CO., LTD.	Joint operation of payment business joint venture for hotels and leisure facilities
 kakaku.com	Strengthening sustainable collaborative business leveraging group synergies

Promoting Payment/Fintech Business through Strategic Alliance with Resona Group

The Digital Garage Group has evolved its strategic partnership with Resona Holdings, Inc. (hereinafter, Resona Group) to a new stage. Since the partnership began in 2022, DG has deepened collaboration in the payment business and fintech domain, and in July 2025, upon Resona Group’s additional acquisition of DG’s shares, the two signed a Modification Agreement to further strengthen the capital and business alliance relationship. Through this alliance, collaboration with Resona Group is advancing across each of the DG Group’s three segments. First, in the payment business, through a joint sales structure, the DG Group is advancing the provision of payment services to Resona Group’s approximately 500,000 corporate clients while initiating the development of new applications for small and medium-sized enterprises. Second, DG is promoting the joint advancement of the medical institution-specialized payment service “CurePort,” the deployment of the corporate payment service “B2B Invoice Card Payment” to Resona Group customers, and further entry into digital financial services utilizing data and AI. Third, DG jointly operates the DG Resona Ventures Fund I totaling 13 billion yen, promoting open innovation-style business development.

We aim to further integrate the management resources of both groups and enhance and expand the market share of the payment business, which both companies jointly position as a focus area in their medium-term plans, while accelerating the growth of next-generation fintech businesses such as financial and DX services.



Forming the core of alliances in the rapidly transforming fintech domain through technology

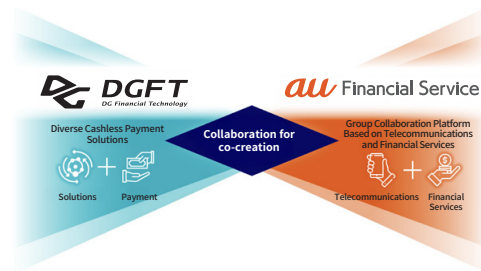
✓ SME BaaS/Digital Financial Services

✓ AI × Data Consortium (Japan-Silicon Valley)

Alliance Strategy

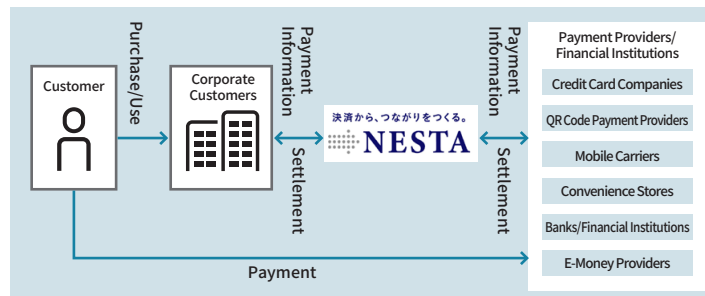
■ Alliance with KDDI Group — Strategic Collaboration in Payment and Financial Services

In August 2018, Digital Garage entered into a basic agreement on strategic partnership with KDDI Corporation to promote collaboration aimed at creating new businesses in the 5G era. In the payment domain, DG announced support for “au PAY” in December 2019 and began integration with “Cloud pay” DG’s multi-QR code payment solution, at the end of October 2020. This system, which allows multiple payment services through a single QR code, contributes to improving merchant convenience and promoting cashless payments. Furthermore, in May 2024, DG Financial Technology, Inc. and au Financial Service Corporation entered into a business partnership agreement for collaboration in the payment business domain. By combining the KDDI Group’s customer base, including 10.32 million au PAY Card members (as of June 2025), with the DG Group’s payment and merchant infrastructure, we aim to provide high-quality payment services. By integrating DG’s cashless payment solutions supporting 7.5 trillion yen in annual transaction volume (PS segment), its merchant network of over 1.19 million locations (both as of the end of March 2025), and KDDI Group’s customer base, DG will achieve further enhancement of its position in the cashless payment market.



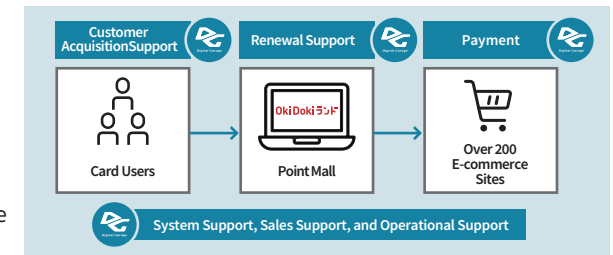
■ Deployment of “NESTA,” a Next-Generation Payment Platform

The DG Group is jointly developing a next-generation payment platform, “NESTA,” in collaboration with au Financial Service. With the concept of “Creating connections through payments,” this initiative aims to establish a “new standard (NEXT STANDARD)” for Japan’s cashless society. It combines the Group’s proven payment infrastructure with KDDI’s extensive customer and business base, achieving both the highest levels of security and reliability. It will first be implemented in the payment processing for KDDI’s au/UQ mobile telecommunications bills, with consideration for future expansion to various services. NESTA is a critical initiative that further deepens the strategic alliance between both groups and aims for mutual growth.



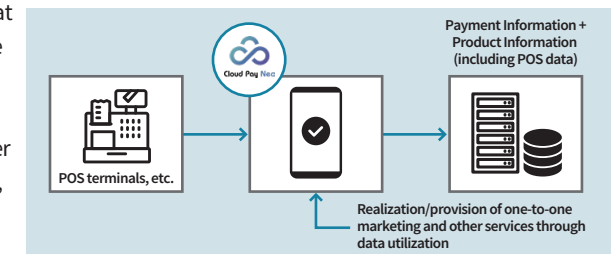
■ Alliance with JCB — Maximizing Member Value Starting from the Point Mall

In February 2022, DG entered into a capital and business alliance with JCB Co., Ltd. (JCB), delivering unique value by combining payment infrastructure with marketing technology. DG provides comprehensive marketing, system support, and payment services—from customer acquisition support to usage promotion of acquired members in addition to encouraging repeat purchases—significantly contributing to improving JCB’s member satisfaction. In the points program revision scheduled for January 2026, along with the transition from “Ok! Doki Points” to “J-POINT,” DG plans to rebrand the member benefit service “Ok! Doki Land” to “J-POINT Mall” in addition to awareness promotion. By organically integrating the Group’s long-cultivated expertise in e-commerce marketing, advanced system operation know-how, and robust payment infrastructure, DG provides comprehensive support from both technical and operational perspectives. Through this, DG will further deepen our strategic partnership and realize enhanced corporate value for both companies.



■ Alliance with Toshiba Tec — Accelerating Retail DX through Payment × POS

Since the capital and business alliance in December 2021, DG has been deepening collaboration with Toshiba Tec Corporation. Leveraging their market share of over 50% in the domestic POS market, DG promotes the provision of payment and DX services to retail businesses, including through our joint venture TD Payment, Inc. Based on the basic agreement among three companies (Digital Garage/Kakaku.com/Toshiba Tec) in July 2022, DG has established system integration between “Tabelog Order” and POS as well as a joint sales structure, promoting OMO* in the food and beverage service industry. Going forward, we will integrate the Group’s CloudPay Neo into POS-related services such as their self-order terminals and cart POS systems at mass retailers, accelerating the provision of diverse payment options beyond credit cards. We aim to provide a comprehensive suite of services to retail businesses that cannot yet handle mutual customer referrals between physical stores and e-commerce, while establishing systems for offering diverse payment options and utilizing payment data.



*OMO: Online Merges with Offline (a new customer experience that integrates online and offline)

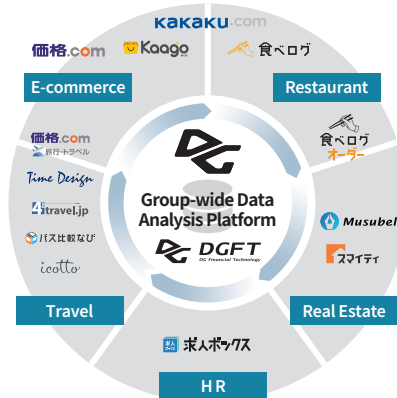
Business Collaboration with Kakaku.com, Inc.

Business Collaboration with Kakaku.com, Inc.

Enhancing Corporate Value Through Collaboration with Kakaku.com, Inc.

Through collaboration with Kakaku.com, Inc.'s business, which has leading domestic Internet traffic and user numbers, DG contributes to acquiring payment transaction volume and enhancing corporate value for both companies. In addition to e-commerce, DG positions restaurant, travel, real estate, and human resources as strategic collaboration sectors, strengthening synergy creation between the groups.

From April 2025, we dispatched one additional director from DG to Kakaku.com, Inc. and began accepting one director from Kakaku.com, Inc. to DG Financial Technology. Through strengthening the group collaboration structure via mutual director exchanges, we aim to expand payment transaction volume and develop services leveraging the strengths of both companies.

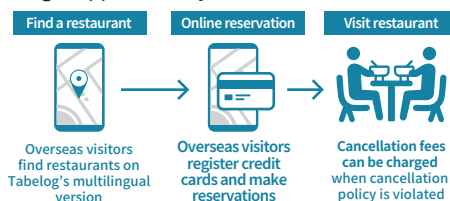


Growth in Payment Transaction Volume Through Business Collaboration with Kakaku.com, Inc.

Payment transaction volume in Kakaku.com, Inc. Group's commerce flows for the fourth quarter of the fiscal year ending March 2025 increased 25% year-over-year to reach a record high. In addition to continuous growth in the restaurant and travel sectors, group collaboration is accelerating in new sectors through M&A.

In the travel sector, the number of facilities implementing HotelPay, a payment solution for hotels, and Time Design, a reservation management system, is steadily expanding, contributing to the digital transformation of accommodation facilities and creation of revenue opportunities. In the restaurant sector, Tabelog's online reservation service for overseas travelers was fully launched on June 26, 2024, with service provision starting at approximately 35,000 restaurants.

Through a multilingual platform supporting English, Chinese, and Korean, along with DGFT's international payment processing infrastructure, we are strengthening online reservation acceptance for visitors to Japan. In particular, the implementation of a function to charge cancellation fees when cancellation policies are violated helps reduce the risk of no-shows at restaurants and secure stable revenue.



Collaboration between Kakaku.com and Digital Garage: Competitive Advantage Generated by Unique Synergies

Yuzo Takamatsu

Kakaku.com, Inc.
Senior Managing Executive Officer
Head of Incubation Company



The Essence of Collaborative Synergies, Unique Strengths, and Business Differentiation Strategy

We at Kakaku.com, Inc. currently operate businesses such as Kakaku.com, Tabelog, and Kyujin Box, and continue to pursue challenges toward our next phase of growth. We are advancing business expansion in two directions: vertical expansion of service provision scope (deepening business in existing industries) and horizontal expansion approach (entry into new industries). Payment services are indispensable, particularly when creating conversion points such as purchases and contracts through vertical expansion. This is where collaboration with Digital Garage (DG), particularly DG Financial Technology (DGFT), will expand further.

The strength of our collaboration lies in the strong ties since our company's founding, which enabled us to consult from the conceptual stage. For example, in the restaurant sector, we worked with DGFT to develop solutions for the industry challenge of the no-show problem* with overseas customers. As a result, we established a system in Tabelog's online reservation service for overseas travelers that allows advance registration of credit card information and enables charging for compensation. In the travel sector, through HotelPay, which is operated by our group company Time Design Co., Ltd., we are building a system that solves the payment processing fee and operational challenges faced by the hotel and travel industry. With DGFT, we examined details such as at what timing APIs should be connected, and through close collaboration from the initial stage, we achieved development at the remarkable speed of approximately four months.

*The problem of not showing up without cancellation despite having made a reservation

Competitive Advantage Creating the Future

As a future development, we are creating a new collaborative business in the real estate sector. We will deploy a user-friendly matching service that differs from conventional bulk appraisals by combining our "Sumaiy" real estate sales appraisal with DG's real estate contract DX "Musubell". We believe this will be a good example of complementing assets that each party does not possess, through the combination of our media strength with consumers (C-side) and a company like DG with strength in business infrastructure (B-side).

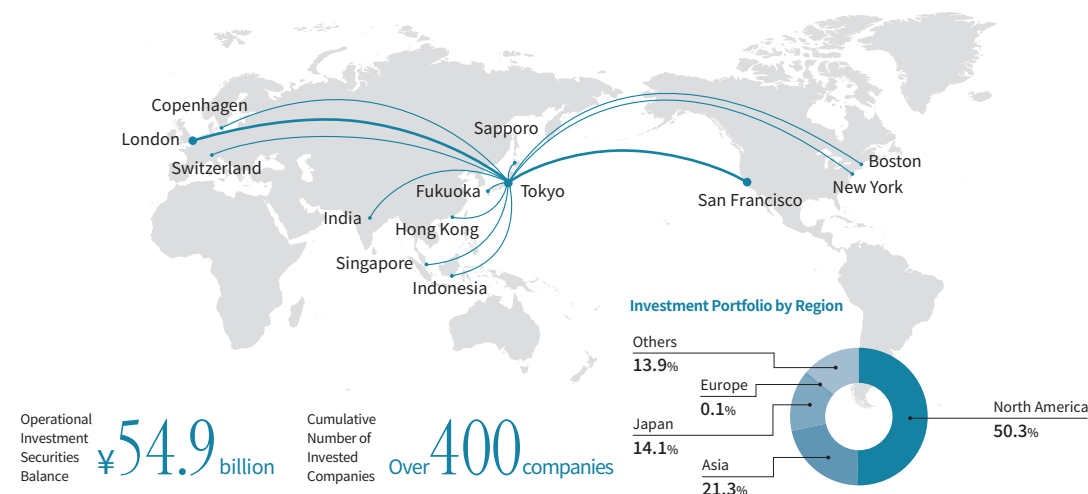
Even more interesting is the concept of "industry-specific payment solutions". Just as we provided payment services to hotels through "HotelPay", we envision providing solutions to entire industries in other sectors as well. Through our service expansion, the potential to create better services through integration with DG's database continues to expand. We believe such a reproducible and scalable collaboration model will become a source of sustainable competitive advantage for both companies.

Global Investment Incubation

Global Investment Incubation

Strengths of Global Investment Incubation

Through the “DG Global Incubation Stream” developed since its founding, the Group reaches out to promising startups and cutting-edge technologies worldwide, centered in North America, Japan, Asia, and Europe. While discovering and nurturing cutting-edge technologies, the Group aims to maximize corporate value for both the Group and startups by leveraging synergies with DG’s payment and marketing capabilities.



DG Resona Ventures	Assets Under Management: Approx. ¥13 billion	Portfolio Companies: 25	Joint CVC operation to accelerate growth of fintech business
DGDV	Assets Under Management: Approx. ¥30 billion	Portfolio Companies: Over 100	Investment in and business development of startups with next-generation technologies
Onlab ESG	Assets Under Management: Approx. ¥3 billion	Portfolio Companies: Over 50	Investment and development of startups through Open Network Lab and ESG

(As of March 31, 2025)

Growth and Value Creation Through Two Pillars: Pure Investment and Strategic Investment

The GII Segment Headquarters operates its business through two pillars: “Pure Investment” and “Strategic Investment.” Through these pillars, the Group aims to achieve both financial returns and growth of its core businesses, realizing value returns to stakeholders.

Pure Investment: Revenue Maximization and Contribution to the Ecosystem

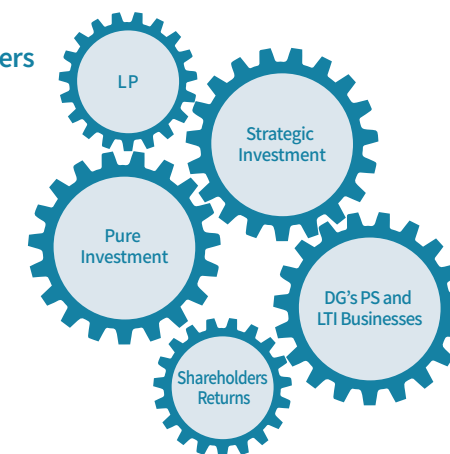
In pure investment, the Group operates multiple funds as a GP (General Partner: fund operator) to enhance financial returns. These returns are distributed to LPs (Limited Partners: fund investors). Furthermore, the Group contributes to revitalizing the entire ecosystem by creating opportunities for business collaboration between our investees and LPs.

Strategic Investment: Business Co-creation with Startups

Strategic investment refers to investments in startups aimed at collaboration with the Group’s core businesses. DG makes investments through its strategic investment vehicle “DG Strategic Investment,” and by combining the innovation of investees with the Group’s strength in customer base, it strongly drives business growth for both investees and the Group.

Growth of Core Businesses and Returns to Stakeholders

The steady financial returns from pure investment and business co-creation with startups through strategic investment directly contribute to the growth of the Group’s core businesses (businesses related to the Platform Solutions segment and Long-term Incubation segment). The Group returns the results generated from these initiatives to stakeholders such as investee startups, LP investors, and the Company’s shareholders, thereby contributing to society as a whole. Through these investment activities, the Group achieves both sustainable growth and resolution of social issues, thereby creating new value.



Global Investment Incubation

Accelerator Program “Open Network Lab”

Gateway for Entrepreneurs Pioneering Japan’s Future: 15 Years of Onlab

In 2010, Digital Garage established Open Network Lab (Onlab), Japan’s first seed accelerator program, to pioneer a new path in Japan’s entrepreneurial ecosystem. Under the belief of “nurturing startups that will spread their wings across the world,” the DG Group has contributed to fostering Japan’s entrepreneurial spirit for 15 years. Through Onlab, the Group provides multifaceted support for entrepreneurs’ growth by not only providing funding but also accompanying them after investment. The Group accompanies and strongly supports startups to maximize their chances of success through mentoring by business managers and experienced entrepreneurs, global expansion support leveraging DG717 (DG’s San Francisco base), and demo days inviting over 50 domestic and international investors. Over these 15 years, the Group has supported over 160 companies in total, producing numerous success stories including SmartHR, Inc., which became a unicorn company, and giftee Inc., which achieved an IPO. This is an invaluable achievement nurtured by the Onlab community, where entrepreneurs challenge themselves without fear of failure and support each other. The true value of Onlab does not lie simply in the number of success stories. The philosophy espoused by founders Kaoru Hayashi and Joi Ito—“the depth of failure strengthens Japan’s startups”—is what shapes Onlab’s identity. Under this philosophy, Onlab cultivates an unwavering spirit that enables entrepreneurs to solve social issues and create new value, even in an era filled with uncertainty. In 2025, we entered our 30th fiscal year, focused not only on next-generation technology areas such as fintech and generative AI but also on businesses that contribute to society’s sustainability. Onlab will continue to serve as the foundation of Japan’s entrepreneurial ecosystem, supporting entrepreneurs who pioneer the future and contributing to long-term corporate value enhancement.

*For more information about Onlab, please visit the following URL:
<https://onlab.jp/en/>

2010

Japan’s first accelerator program
 “Open Network Lab (Onlab)” launched



2012

Opened membership-based incubation centers
 “Open Network Space” in Tokyo (Daikanyama) and
 Kanagawa (Zaimokuza, Kamakura City)



2013

Established incubation base
 “DG717 (717 Market Street)” in San Francisco, USA,
 for the purpose of nurturing startups



2018

Sequentially launched “Open Network Lab HOKKAIDO”
 to promote startup development and open innovation
 in Hokkaido, “Open Network Lab BioHealth,” a
 biotechnology and healthcare-focused accelerator
 program, and “Open Network Lab Resi-Tech,” a global
 development program for real estate-related startups



2019

Launched “Open Network
 Lab FUKUOKA” to realize a
 smart city in the Fukuoka
 region as a demonstration site



2020

Onlab’s 10th anniversary;
 published the book “Pitch:
 The Method for Proposals
 That Change the World”



2021

2021: DG Incubation (established Open Network Lab
 ESG Fund No. 1 “Earthshot Fund”)
 Launched BS TV Tokyo program “Earthshot:
 Entrepreneurs Changing the World”



2022

Launched “onlab web3,” a global incubation program
 challenging next-generation businesses with web3
 Onlab ESG: Strengthened ESG management support for
 portfolio companies



Launched Open Network Lab Open Innovation to
 promote social implementation of the latest
 technologies through co-creation between startups and
 various industries



2024

In addition to the program supporting business growth in
 the domestic market (JAPAN Track), we newly established
 the “GLOBAL Track” to
 help grow businesses
 aiming for global
 expansion from Day 1



Opened incubation center “DG CAMP AKIYA Yokosuka
 City” as an incubation hub connecting startups from
 around the world



2025

Onlab’s 15th anniversary. An entrepreneurial community
 that transcends generations, with cumulative support for
 160 companies/three IPOs and over 20 exits



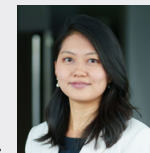
Column: What Is Impact Investing?

What Is Impact Investing?

A New Form of Investment That Balances Profit with Social Issue Resolution

Sera Tsutsumi

Senior Principal,
Investment Department 1, DG Incubation Inc.



What Is “Impact Investing,” Which Is Expanding Globally?

“Impact investing,” which emphasizes positive impacts on society and the environment through investments, is rapidly expanding worldwide. According to GSG Impact JAPAN, impact investing refers to “investments made with the intention to generate positive, measurable social and environmental impacts alongside financial returns.” This adds a third dimension, “impact” on society, to the traditional two axes of “risk” and “return.”

Since the promotion system was established under the G8 framework in 2013, the Global Impact Investing Network, Inc. (GIIN) announced in

2024 that the estimated global assets under management reached 1.571 trillion US dollars, exceeding 1.5 trillion US dollars for the first time. In Japan, the domestic impact investment balance reached 17.3 trillion yen in fiscal 2024. This represented a sharp increase of 150% year-on-year, but the number of institutions engaged in this field remains at only 59, indicating that widespread adoption is still in its early stages. The DG Group is confident that it can play a significant role as one of the pioneers in the Japanese market, which is still in its nascent stage.



The DG Group’s Challenge: Launching an “Impact-Oriented Fund”

“In remote areas of Africa, there is a reality where people lose their lives due to insufficient access to adequate medical care. A drone delivers medical

supplies such as blood transfusions to these areas in just 10 minutes and returns automatically. When I learned about this groundbreaking service provided by the US startup Zipline International Inc., I was shocked to discover that such fascinating businesses exist in the world. I want to support impact startups and expand their infinite possibilities. This feeling is my starting point.” These are the words of Sera Tsutsumi, who promotes impact investing in the Group. During her MBA studies abroad, Tsutsumi was strongly attracted to impact startups that connect social issue resolution with business, and decided to knock on DG’s door after returning to Japan.

“I believe our Group is a specialized team for executing initiatives that are rarely seen in the industry and society. Because each member pioneers new areas with the desire to challenge new things, we can undertake pioneering initiatives. We are also constantly challenging new approaches to investment. I think this corporate culture is quite unique and attractive.”

On the other hand, Tsutsumi was not originally specialized in impact investing and says, “I honestly felt it might be difficult to do impact investing here.” When consulting with team members about these feelings, they encouraged her by saying, “Why don’t you try it with a new fund?”

“At that time, both our know-how and internal understanding regarding impact investing was still limited. However, I think the nascent stage of impact investing and Digital Garage’s corporate culture of challenging new things created a positive chemical reaction. I myself had no experience designing funds and honestly had not even considered taking on this role, but because we had talent in various fields such as fund formation, legal affairs, finance, and management, we were able to work as a team to design a new fund. All of our experiences came together as a single thread, and we were able to launch the impact-oriented fund ‘Open Network Lab Fund II’ in May 2025, which embodies our ideals.”

Pursuing Solutions to Social and Environmental Issues While Not Compromising on Economic Performance

The new fund upholds the fundamental principle of “pursuing solutions to social and environmental issues while not compromising on the pursuit of economic performance.”

“The role of the Digital Garage Group as a traditional investor is to combine the traditional investment know-how and track record we have cultivated with an impact orientation, and to demonstrate examples of achieving the same economic returns as before through impact investing. And through this fund, we aim to become an entity that bridges the gap between traditional investors and impact investors, and the gap between traditional startups and impact startups.”

All portfolio companies are encouraged to practice impact management regardless of their business content, and as an investment policy, we allocate at least 50% to impact-oriented startups and at least 30% to climate change-related companies as guidelines. “It may not have a perfect impact, but we have designed it with the intention of making an impact on the entire industry. We will create examples of impact investing that meet global standards comparable to those around the world. We are confident that we can do this precisely because the Digital Garage Group has an extensive track record in startup investments. We want to leave a significant impact on society with as many partners as possible. This is our strong desire.”

Next-Generation Technology / Services

Next-Generation Technology / Services

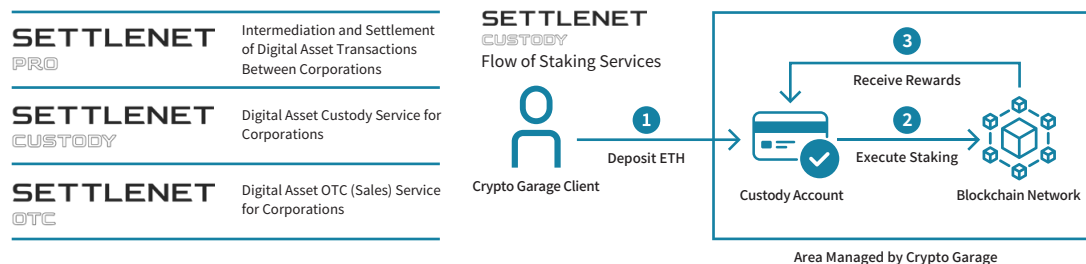
Overview of Next-Generation Technology / Services

Digital Garage is advancing research and development of technologies that will create a better society and future, such as next-generation AI and blockchain, working to create products and services that will become new business pillars. The Company is also promoting the social implementation of technologies necessary for building secure, safe, and stable systems to provide high-quality products and services.

Crypto Garage

In September 2018, the Company established Crypto Garage, Inc. as a joint venture with The Tokyo Tanshi Co., Ltd. to provide blockchain financial services. In October 2021, Crypto Garage additionally received investment from Nomura Holdings, Inc. and began providing digital asset financial and payment services for institutional clients. Crypto Garage's "SETTLENET" obtained the first certification in the blockchain field under the regulatory sandbox system in January 2019. In April 2023, it launched "SETTLENET CUSTODY," a custody service (supporting the purchase and management of cryptocurrency assets) for corporate digital assets. In March 2024, a staking function for Ethereum (ETH) was added, enabling users to receive rewards while securely storing assets. The company also offers web3 business support services for enterprises. "mahola wallet" is a private key management service that provides custodial NFT wallet functionality*¹, while "mahola api" is a blockchain backend service that enables the construction and operation of web3 services without requiring awareness of the blockchain layer.

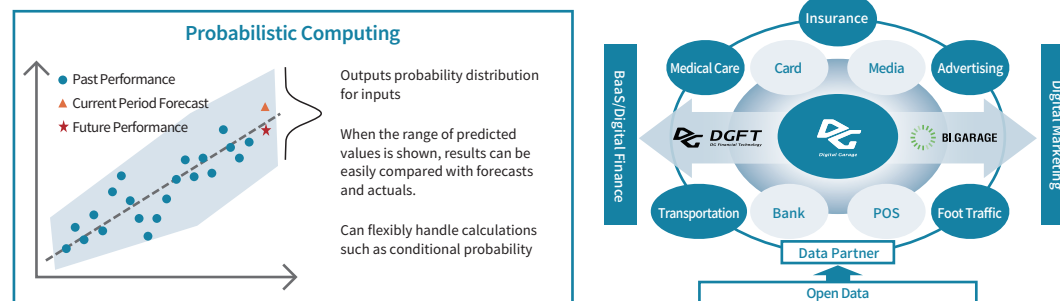
*¹ A functionality that enables third parties to safely manage and store NFTs on behalf of users and facilitate seamless NFT transactions and transfers



Next-Generation AI Initiatives — Probabilistic Computing

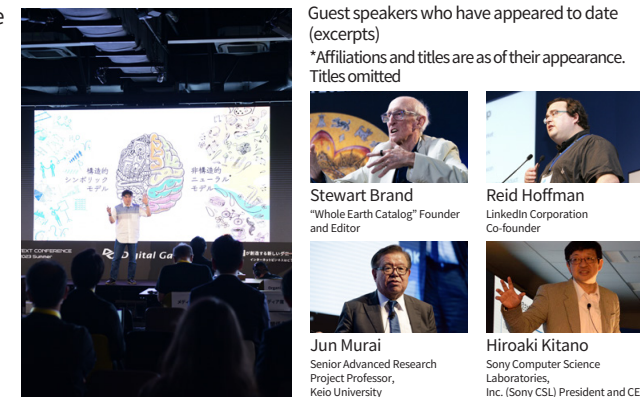
Using technology originating from Massachusetts Institute of Technology (MIT) that applies Bayesian statistics*², Crypto Garage is advancing the development of practical AI that combines next-generation AI, Probabilistic Computing*³, with generative AI/LLM*⁴, achieving both reliability and flexibility. Through joint research and collaboration with internal and external research institutions and business partners, Crypto Garage is connecting data characteristics from various industries such as payments, media, and finance to promote the development of Japan's next-generation AI.

*² A statistical method that makes more reliable judgments by combining prior knowledge with newly obtained data to update posterior probabilities
 *³ A computational method that provides flexible, controllable, and explainable solutions for complex situations by incorporating uncertainty, similar to human intuitive judgment and cognitive processes
 *⁴ An artificial intelligence technology that learns from large amounts of text and image data and can create new, natural-looking sentences and images like humans. ChatGPT is a representative example.



NEW CONTEXT CONFERENCE: A Compass for Future Society

Since 2005, the Company has been hosting the "NEW CONTEXT CONFERENCE" in Tokyo and San Francisco. This conference focuses on cutting-edge Internet technologies and the businesses emerging around them, exploring "new contexts" together with experts from Japan and abroad, and has examined the future vision of society with leading-edge technologies such as AI and blockchain. This conference, which anticipates technological trends, has become a venue for global innovation creation.



Financial Strategy

Cash Flow Allocation

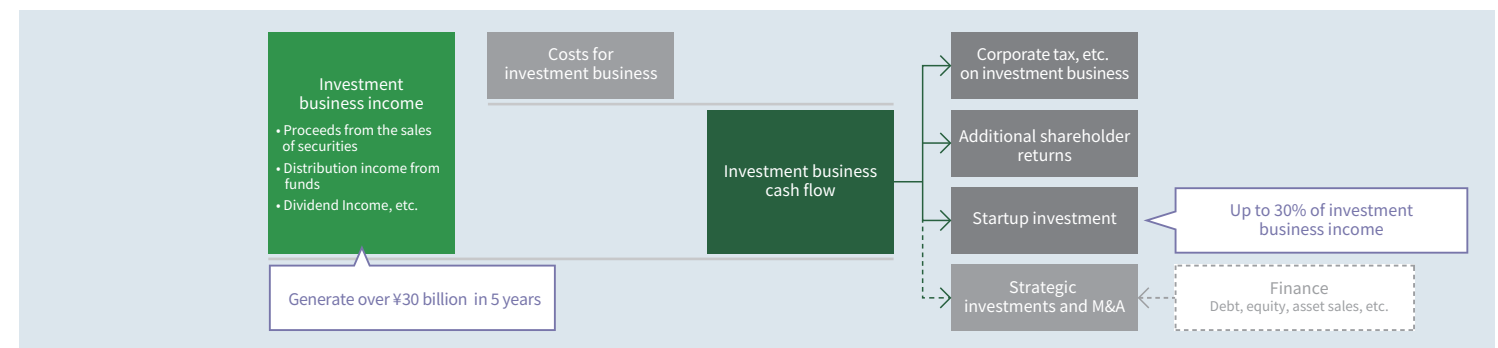
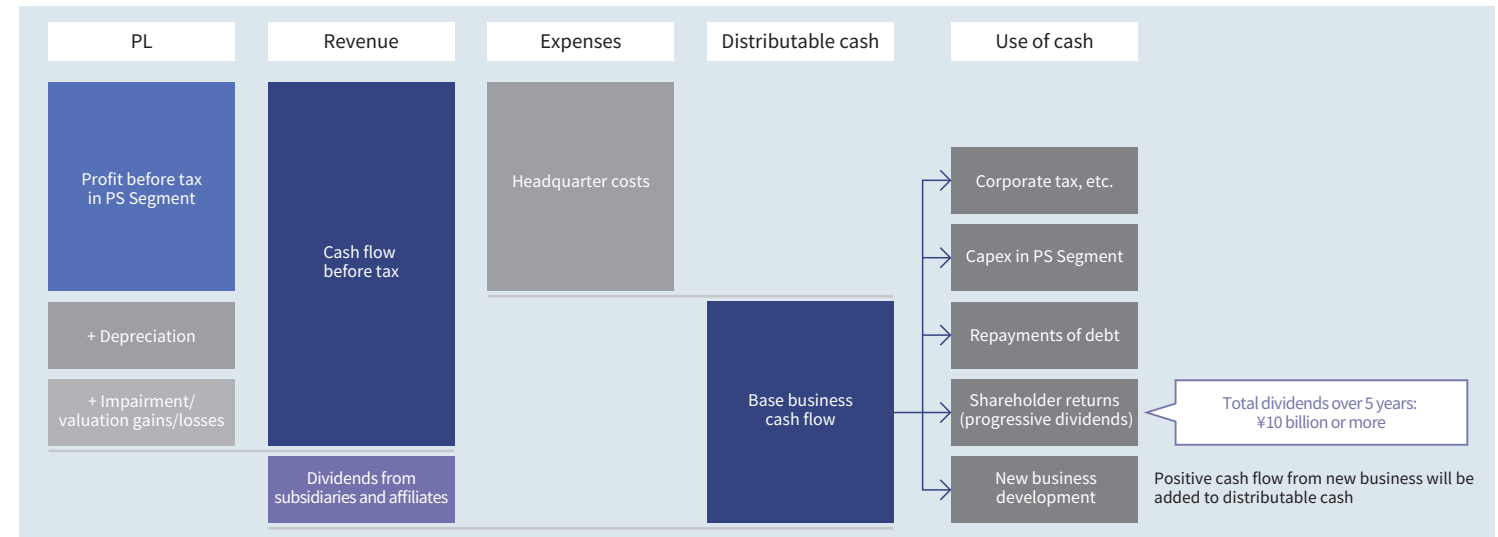
Fund Allocation Policy Based on Two Business Revenue Streams

The Group promotes sustainable growth and corporate value enhancement through two business revenue streams. The first is “Core Business Cash Flow” from revenues of the Platform Solutions segment and Long-term Incubation segment, along with dividends received from affiliated companies. The second is “Investment Business Cash Flow” based on investment business income from the Global Investment Incubation segment.

In its medium-term management plan starting from the fiscal year ending March 2024, the Group positions the fintech domain centered on recurring-type payment services as its core business. Funds generated from the core businesses are utilized for system investments supporting sustainable growth, R&D and new business development for discontinuous growth, loan repayments to improve financial soundness, and shareholder returns.

In the Global Investment Incubation segment, the Group plans to generate over 30 billion yen in funds through the sale of operational investment securities and other means over the five-year period ending March 2028. As of the fiscal year ending March 2025, the second year, the Group has generated 46% of its target (cumulative 13.8 billion yen), and the plan is progressing smoothly. Funds generated from the investment business are utilized for startup investments up to 30% of investment business income, additional shareholder returns, and strategic investments and M&A.

Overview of Cash Flow Allocation



Financial Strategy

Shareholder Return Policy

Achieving Stable Dividends and Additional Returns

The Company positions shareholder returns as one of its key management strategies and has maintained stable dividend payments. In its medium-term management plan beginning in the fiscal year ending March 2024, the Group has established a “progressive dividend” policy for ordinary dividends that aims to increase dividends annually in alignment with the growth in core business cash flows, targeting total dividends of 10 billion yen or more over the five-year period. The dividend payout ratio of core business cash flow is targeted at approximately 30%.

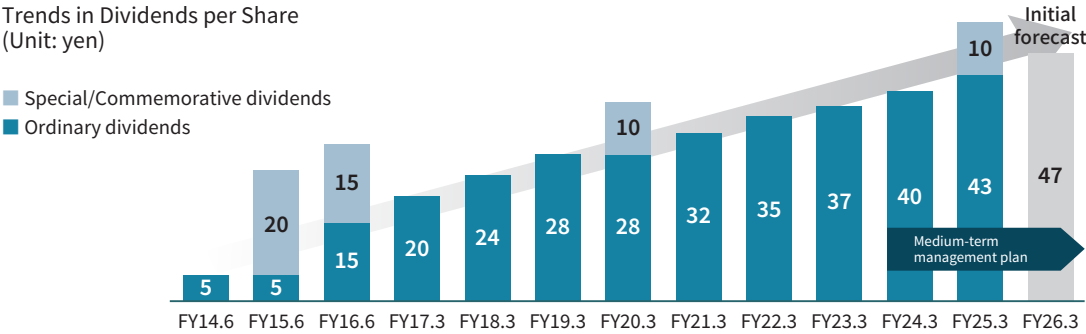
Furthermore, the Group aims to enhance its dividend growth through accelerated profit growth driven by the monetization of new businesses in the Long-term Incubation segment.

In addition, the Group will allocate a portion of its investment business income, derived from its startup investments in the Global Investment Incubation segment, to flexible shareholder returns based on comprehensive consideration of the business environment and investment opportunities, thereby further enhancing its shareholder returns.

	Return Policy	Distributable Cash
Stable Dividends	Long-term stable dividends based on progressive dividend policy	Base Business Cash Flow
Accelerated Dividend Growth	Enhanced dividend growth through new business launches	
Additional Returns	Special dividends/share buybacks based on investment exit progress	Investment exit proceeds/distributions

Trends in Shareholder Returns

Trends in Dividends per Share
(Unit: yen)



Total dividends	Billion yen	0.23	1.17	1.41	0.94	1.13	1.29	1.75	1.47	1.65	1.70	1.90	2.44	-
Share buyback amount	Billion yen	-	-	-	-	-	5.00	-	-	-	5.00	5.00	4.00	-
Total shareholder returns	Billion yen	0.23	1.17	1.41	0.94	1.13	6.29	1.75	1.47	1.65	6.70	6.90	6.44	-
Dividend payout ratio to core business CF (Cash Flow)	%	-	-	-	-	-	29.1	41.1	32.8	32.6	28.7	29.8	40.8	-

Dividend Forecast for FY2026.3

Based on the Group’s dividend policy, it plans to set the ordinary dividend for the fiscal year ending March 2026 at 47 yen per share, an increase of 4 yen from the previous fiscal year.

In the current fiscal year, the Company is accelerating collaboration with multiple strategic partners, including financial institutions and major corporations, in its core payment business.

The Company is also advancing the expansion of its business domain across the entire payment value chain, including extending QR code payment solutions to face-to-face payment areas and entering B2B deferred payment services through Group companies.

The entire Platform Solution segment continues to expect profit before tax growth of 20% or more, and based on this stable revenue foundation, the Company will enhance continuous shareholder returns and further increase corporate value.

Message from the CIRO

Enhancing Corporate Value through Engagement with the Global Capital Markets

PS

Platform Solution Segment

LTI

Long-term Incubation Segment

GII

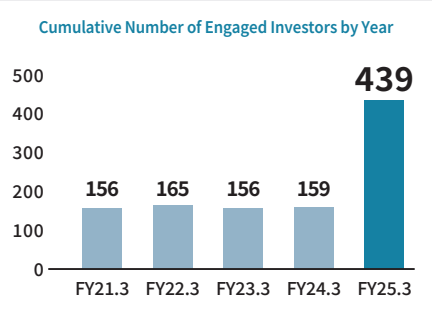
Global Investment Incubation Segment

Building a Global IR Team and Delivering Results



Since my appointment as CIRO in April 2024, I have built a global IR team of individuals from varied backgrounds spanning sell-side institutional sales, corporate access^{*1}, investments, and corporate finance. We pledged to conduct “proactive IR activities,” and have significantly expanded our access and interactions with both international and domestic investors. To better serve the needs of long-only^{*2}, pension, sovereign wealth^{*3}, and hedge funds^{*4}, globally, our IR team is based in the US and Japan for round-the-clock

coverage of all time zones. With a new team and expanded coverage, the number of IR meetings increased threefold from fiscal year ended March 2024 to March 2025, approximately 160 to over 400, respectively. In addition, by proactively engaging with securities firms, we tripled our sell-side research coverage^{*5} and quadrupled our investor conference attendance, expanding our participation to events in New York, Las Vegas, Miami, Hong Kong, Singapore, and Kyoto.



Communicating Growth Strategy, Simplifying Messaging, and Deepening Investor Understanding

Investors are keen to uncover secular growth stories in the Japanese equity market, where it is viewed as a rarity. Through this process, many screen Digital Garage as having multiple growth levers, but being underappreciated due to its complexity. When meeting investors for the first time, or revisiting investors who have not interacted for several years, we emphasize DG FinTech Shift 2.0, whereby our mainstay revenue driver, Platform Solution (PS) segment, comprising of payments and marketing, are bolstered by our Long-term Incubation (LTI) segment, which develops new services to drive business expansion, and our Global Investment Incubation (GII) segment, which integrates cutting-edge technologies from around the world. Through the growth model where these segments generate synergistic effects, we share our vision that DG is uniquely positioned to pivot and grow into multiple verticals as the broader fintech universe evolves.

Overseas investors are particularly keen on our PS segment and the cashless opportunity in Japan. As cashless penetration in Japan of around 40% lags most developed countries, investors view cashless as a structural growth story and ripe for disruption, as many large verticals remain untapped. We regularly discuss the fundamentals of the cashless industry in Japan and convey DG’s vision for growth within: vertical strategy^{*6}, alliances and partnerships, new business initiative, and unique position combining payments with value-added IT and marketing services.

We place a strong emphasis on having quality dialogue with investors, whether it be discussing business strategy, macro themes, competitive landscape, and/or financials. In addition to hosting regular one-on-one meetings and video conference calls, we provide timely follow-ups via email, phone, and Bloomberg. We engage with many shareholders and investors more than once per quarter and are appreciated by them. Additionally, we organize panel discussions featuring our business unit leads and collaborate with sell-side research analysts who host thematic conferences and management interview calls, providing bespoke opportunities for investors to gain exposure to our strategy, initiatives, and leadership.

Enhancing Corporate Value through Dialogue with Investors

Shareholder and investor feedback are shared with management and openly discussed at Board of Directors meetings. This enables our management to incorporate investor perspectives into the decision-making process and enhance corporate value. Investor viewpoints are also shared with each business division, thereby ensuring alignment between business strategies and market expectations. We view IR activities as providing ongoing and constructive dialogue with investors — to share our progress, engage in strategic discussions, and collect valuable feedback — not merely a means of information disclosure. We look forward to continuing our proactive IR activities, engaging with all stakeholders — institutional and individual investors alike — prioritizing transparency and open dialogue to elevate IR quality and affinity between corporate value and shareholders.



Daniel Brandt
Executive Officer /
Chief Investor Relations Officer
(CIRO)

Born in Tokyo. After graduating from a U.S. university, he spent more than 20 years at a major securities firm, serving as Head of Japanese Equities Sales and Corporate Access in New York, San Francisco, and other locations. He joined the company as CIRO in April 2024.

^{*1} Corporate access: A service, typically provided by securities firms, that facilitates dialogue between investors and corporate executives to promote mutual understanding and relationship-building.
^{*2} Long-only fund: An investment fund that buys and holds equities over the long term, aiming to benefit from expected share price appreciation.
^{*3} Sovereign wealth fund: A state-owned investment fund, typically established using foreign exchange reserves or other public assets as its capital base.
^{*4} Hedge fund: An investment fund that employs a wide range of strategies to pursue high returns, regardless of whether markets are rising or falling.
^{*5} Coverage: The practice whereby sell-side analysts research and analyze a specific company and publish reports for investors.
^{*6} Vertical strategy: A business strategy focused on specific industries (e.g., healthcare, construction, food & beverage), to provide highly specialized services or solutions tailored to each field.

Sustainability Management

Sustainability Management

Sustainability Policy

Designing “New Context” for a sustainable society
with technology

The Digital Garage Group’s purpose (raison d’être) is “Designing ‘New Context’ for a sustainable society with technology.” Recognizing that this purpose represents our approach to sustainable management, the DG Group has established the purpose itself as our sustainability policy, aiming to achieve both continuous enhancement of corporate value and resolution of social issues.

Our Philosophy

In the digital field where major changes are frequently occurring, the DG Group has always been committed to the “First Penguin Spirit,” which is meant to encourage us to be the first to take on risky challenges with courage and strong determination. With this founding principle, we have consistently pursued and implemented new technologies in society while capturing their essence.

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. Based on this recognition, the DG Group is promoting sustainability management.

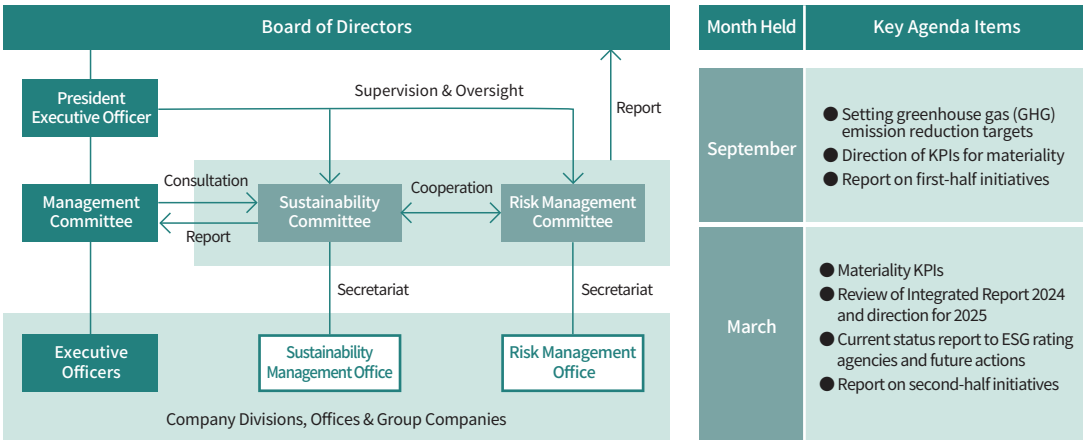
We identify materiality (key issues) for the DG Group, set KPIs for each, and manage progress to implement effective sustainability management. Furthermore, each responsible department has developed “Impact Stories” that visualize how the achievement of each KPI brings value to society and connects to business growth. Using these stories as goals for what we want the DG Group to be in the future, we are resolving social issues and enhancing corporate value, in order to create sustainable growth.

Sustainability Management Promotion System

The DG Group has established a governance structure that balances highly effective supervision with agile business execution for sustainability management. The Sustainability Committee, which serves as the core of business execution, is supervised by the President Executive Officer, chaired by the Head of the Corporate Division, and consists of business division heads and administrative division heads across the group who are appropriately selected for accelerating the group-wide initiatives. This committee promotes and monitors progress on sustainability policies and materiality initiatives, manages progress on materiality KPIs, 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). Based on reports from this committee, the Board of Directors oversees the Group’s overall sustainability activities, including policies, strategies, and the status of initiatives on materiality.

In addition, outside directors are involved as advisors based on their specialized knowledge, incorporating objective perspectives to enhance the effectiveness of governance. The Sustainability Management Office serves as the secretariat for this committee, promoting group-wide initiatives in cooperation with related departments. Furthermore, this committee and the Risk Management Committee mutually collaborate, establishing a system to incorporate the decisions deliberated by the Management Committee and Board of Directors in formulating management strategy, risk management, and risk assessment.

Promotion Structure and Key Agenda Items of the Sustainability Committee



Discussion Among Independent Outside Directors

Implementing a “New Context” for a Sustainable Society and Continuing to Evolve for the Next 30 Years

Having reached the milestone of its 30th anniversary, the Digital Garage Group (DG) is advancing toward its next growth phase. In this era of rapid change, how will DG engage with society and achieve sustainable enhancement of corporate value? We asked three independent outside directors with diverse backgrounds—Kunima Uchino, Hironobu Moriyama, and Masako Ikeda—to candidly discuss DG’s current position, future outlook, and the effectiveness of governance from their respective perspectives.

Strengths and Challenges of Digital Garage from Diverse Perspectives

First, how do you view DG as independent outside directors? Please share your impressions, including any changes since you first assumed your positions.

Moriyama: Before joining, my first impression was that DG was difficult to grasp from the outside, as its business is diversified while centered on payment services. However, from the inside, I feel that hidden in this “lack of clarity” is “potential” that is not constrained by specific business domains. On the other hand, I also sense the challenge of needing to clearly communicate our direction to stakeholders.

Ikeda: Initially, it also took time for me to grasp the overall picture due to the wide range of business areas. However, over the past year of participating in board discussions, I strongly feel a corporate culture that constantly looks ahead to rapid social and technological changes and continues to pursue cutting-edge challenges. As the name of its



Kunima Uchino

Independent Outside Director
(Audit and Supervisory
Committee Member)

Former Managing Executive Officer and Chief Financial Officer (CFO) at Mitsubishi Corporation. Uchino possesses extensive experience in large-scale corporate management and in-depth expertise in finance and risk management.

Hironobu Moriyama

Independent Outside Director

Former Managing Director at Goldman Sachs Securities and currently engaged in startup support. Moriyama is well-versed in global financial business and technology investment.

Masako Ikeda

Independent Outside Director

Ikeda is engaged in corporate legal affairs as an attorney. She provides supervision and advice based on her legal expertise with a focus on ensuring management soundness and transparency, and appropriateness of the decision-making processes.

birthplace “garage” suggests, the “First Penguin Spirit” of creating new businesses still permeates every corner of the organization. I truly believe that this is a significant appeal and strength of DG.

Uchino: Over the three years of my involvement, I was surprised to realize that DG’s services have become infrastructure like “water and air” for society. At the same time, precisely because of this rapid growth, we also need to consider whether the organization’s “defensive structures” are keeping pace. As a listed company, I recognize that we are in a phase of further strengthening our governance structure commensurate with our scale and responsibilities.

Business Strategy and Risk Management to Capture Change and Create the Future

Our core payment business is strengthening collaboration through capital and business alliances with the Resona Group. How would you assess the current business portfolio?

Moriyama: I highly regard the alliance with the Resona Group as a major step for DG to move from our payment infrastructure into the financial domain. While the infrastructure business may eventually see declining

Discussion Among Independent Outside Directors

profitability, the direction of creating new businesses by leveraging payment data is absolutely correct. Regarding non-payment businesses, I believe both the Global Investment Incubation segment for external activities and the Long-term Incubation segment for internal activities serve the same purpose of “sowing the seeds” for the future. While both are important initiatives, their volatility also carries risks that could impair management stability. In particular, I have pointed out the need for hedging against foreign exchange fluctuations. The company recognizes this and is advancing off-balance sheet measures. What is important is the balanced approach of enhancing risk management and carefully explaining strategy and progress to investors.

Uchino: The competitive advantage of DG’s payment business lies in its pursuit and continuous implementation of cutting-edge technology. The alliance with the Resona Group is an ambitious vision to combine DG’s technology with financial institutions’ vast data to create new value. I believe proprietary databases and utilization technologies will be key to future growth. For investment businesses, creating synergies with the core business database is essential. Investment in cutting-edge technology is DG’s DNA, but it is important to determine whether it



contributes to enhancing core business value and to proceed with “selection and concentration.”

Ikeda: From a legal perspective, alliances with financial institutions mean that more sophisticated compliance systems are required. Business growth and strengthening of supporting management systems are two wheels of the same cart. The board is constantly mindful of this point. Efforts to clearly communicate to society the significance of cutting-edge initiatives like BaaS will become increasingly important.

**■ Effectiveness of Governance and Initiatives
for Further Evolution**

In 2025, the 30th anniversary year, Executive Vice President Keizo Odori became Representative Director (as of June 26, 2025), establishing a two-representative system. What does this mean for management?

Moriyama: In an industry where technological evolution is extremely rapid, including generative AI, DG’s business scale has grown and the organization has expanded as it takes on new areas such as next-generation financial services. In this environment, this represents a strong commitment to evolve from a management system centered on CEO Hayashi to an organizational and sustainable structure. As DG expands its role as social infrastructure, I view this as a timely decision to enhance stakeholder trust.

Uchino: While the external message is significant, the internal division of roles has not substantially changed. Executive Vice President Odori has been responsible for important aspects of management regardless of representative authority. With the company’s expansion, it is more



accurate to understand that roles have been clarified with CEO Hayashi focusing on “offense” and Executive Vice President Odori on “defense.” Rather than entrusting everything to one superman, management is conducted as an organization. This is also a natural form of evolution in response to corporate growth.

Ikeda: I believe this organizational change further enhances the resilience of DG’s management. With two directors holding representative authority, decision-making is less likely to stall in emergencies, and I believe we can respond more flexibly in dealings with alliance partners.

What does each of you keep in mind in operating an effective Board of Directors?

Ikeda: I am always conscious of two perspectives. One is whether the decision-making is acceptable from the perspective of diverse stakeholders. The other is the appropriateness of the decision-making process as a legal professional. I aim to strictly supervise the soundness of these processes without discouraging what management is trying to take on. I value this balance.

Moriyama: My role is to always bring the perspective of “how would external investors view this” to the board. Therefore, I make sure to provide candid opinions from the stage of receiving explanations of proposals. Sometimes I make uncomfortable points, but CEO Hayashi has encouraged me to speak out even more. I feel that the atmosphere that allows such open discussion demonstrates the soundness of DG’s board. The ultimate report card for directors is the stock price, so I make

Discussion Among Independent Outside Directors



judgments based on whether it contributes to long-term corporate value enhancement.

Uchino: What I am mindful of is not applying my own experience as a “yardstick” directly to DG. Some companies are so cautious they never move forward even ensuring a strong foundation, but DG’s strength is its “First Penguin Spirit.” It is necessary to conduct risk management commensurate with the current corporate scale without undermining that culture of taking on something new. I constantly ask myself where to strike this balance. To do so, I must first gain an in-depth understanding of the company’s business. Beyond the monthly board meetings, I strive to engage in regular dialogue with internal personnel and incorporate real-time business information. I believe that honestly asking about things I do not understand and maintaining an attitude of constantly learning ultimately enhances the effectiveness of supervisory functions. Fortunately, DG has a sincere culture of providing thorough and careful answers to questions, which provides support for my supervisory duties.

■ Sustainability Management Walking Together with Society Toward the Next 30 Years

DG has identified materiality (key issues) from a long-term perspective and set KPIs. What are your expectations regarding sustainability management?

Ikeda: Among the materiality issues, I particularly focus on “creating an environment where everyone can thrive and excel.” In the coming era, sustainable growth is impossible without being continuously chosen by talented people. The key to this is diversity. DG has a culture that values diversity, but there are areas for improvement such as the percentage of women in management positions. Having diverse perspectives in management’s decision-making is essential from the viewpoint of risk management and innovation creation. This is not only for individuals but is an important theme that serves as a role model for future generations and contributes to the development of the company and society.

Moriyama: As business approaches social infrastructure, “legal compliance” and “integrity” become lifelines. Challenging ourselves and fulfilling responsibilities as a public entity of society are not mutually exclusive. Rather, robust compliance and ethical standards form the foundation for bold challenges. It will be more important than ever for top management to repeatedly communicate this importance and embed it as organizational culture.

Uchino: As a company responsible for social infrastructure, DG has a responsibility to visualize and explain the impact of its business activities on society. Setting materiality KPIs is a major step, but going forward, the question will be how to “quantify” the results of non-financial capital initiatives. If we can demonstrate impact in a quantitative manner, it should increase investor approval and lead to improved employee engagement.

Finally, what do you think DG “must not lose” to continue growing together with society for the next 30 years?

Moriyama: The “digital” foundation from which the company name derives, and the “First Penguin Spirit” held since its founding. Combining these two, integrating all services, and creating new added value is the essence of DG and must never be lost.

Ikeda: In addition to continuously challenging ourselves centered on digital solutions, “sharing cutting-edge knowledge with society” is also characteristic of DG. As exemplified by collaboration with MIT Media Lab, we will go beyond business domains, partner with academia to question the future shape of society and bring these discussions back to society. I hope DG continues to be an entity that can fulfill such public roles while being a for-profit company.

Uchino : I believe everything is encapsulated in DG’s purpose: “Designing ‘New Context’ for a sustainable society and implementing it socially through technology.” This does not mean sharing profits with society. DG’s business itself makes society more convenient and enriches people’s lives. The pursuit of economic value is directly connected to the creation of social value. This pride as a “Context Design Company” is DG’s raison d’être that must never be lost, and I am convinced it will be the driving force for growth over the next 30 years.



Social — Human Capital

Human Capital Initiatives

Materiality in the Realm of Human Resources

Since our founding, the Digital Garage Group has upheld the “First Penguin Spirit” as a core value, maintaining a commitment to boldly take on challenges even in areas that involve risk. Each and every employee embodies this spirit and is engaged in providing services that contribute to society without being bound by conventional wisdom or preconceived notions. In particular, as the adoption of advanced technologies such as generative AI continues to evolve, this “First Penguin Spirit” has become an even more important value than ever.

At the same time, the Group faces changes in the business environment and is required to adapt to accelerating technological innovation. Furthermore, within the Group, it has become increasingly common for employees with different sets of values and backgrounds to collaborate within the same company or business, and the environment surrounding human resources and organizations is also at a turning point. In light of these circumstances, we have identified materiality in the realm of human resources, as follows.

Materiality in the Realm of Human Resources: Creating an environment in which all employees can thrive

● Creating a system which allows an inclusive and diverse workforce to thrive

We will continue to promote Human Resources initiatives that respect the diversity of each and every employee as we believe that creating a positive and rewarding work environment and systems will help us to meet the diverse needs and challenges of society.

● Developing Human Resources Management initiatives that can pave the way to the future

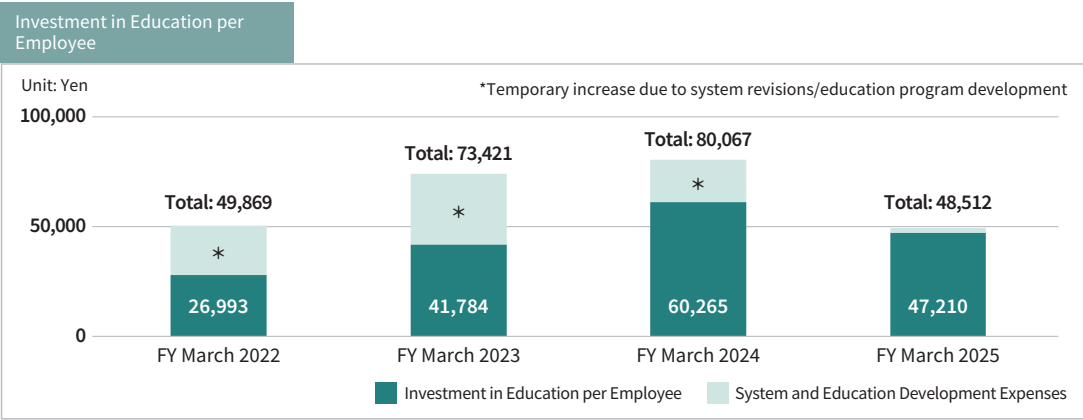
We believe that fostering employees who are brave enough to take on the challenges of a changing social environment while leveraging their individual strengths will enable our employees to build independent careers and enrich their own lives, which will also lead to the growth of the Group.

These materiality issues not only clarify priority matters to be addressed in our corporate activities but also serve as guidelines for promoting the growth of each individual employee and enhancing the competitiveness of the organization as a whole.

By strengthening both the pillars of “creating a system which allows an inclusive and diverse workforce to thrive” and “Developing Human Resources Management initiatives that can pave the way to the future,” we aim to realize our materiality of “Creating an environment in which all employees can thrive”, and to achieve both sustainable corporate development and the provision of value to society.

Key Achievements and Targets Related to Human Capital^{*1}

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	As of March 31, 2028
	Actual Results	Actual Results	Actual Results	Target
Number of Employees (Consolidated Companies)	955 employees	1,087 employees	1,321 employees	1,500 employees
Engagement Index “Total Engagement” ^{**2}	3.8	3.8	3.7	4.0
Engagement Index “human resources Development Index” ^{**3}	2.7	2.9	2.8	3.8 ^{*4}
Percentage of Women in Management Positions ^{*5}	17.2%	16.5%	15.9%	30.0%
Percentage of Male Employees Taking Parental Leave	16.7%	28.6%	47.6%	80.0%



^{*1} The actual results and targets in the table above (excluding the row for number of employees) are for domestic consolidated companies (1,233 employees). The engagement index is based on domestic consolidated companies at the time of the survey.

^{*2} Total Engagement is an index that refers to the total engagement with “job, workplace, and company.” The maximum score is 5.0, and 4.0 is considered “very high”.

^{*3} The “Human Resources Development Index” is an engagement index regarding systems for acquiring necessary abilities and skills, as well as placements and transfers that consider individual growth.

^{*4} This is a target for the fiscal year ending March 2030, with a goal to improve by 1 point over 5 years from the fiscal year ending March 2025.

^{*5} Regarding the “Percentage of Women in Management Positions,” while the actual number of women in management positions has increased, the overall percentage has decreased primarily due to the consolidation of SCORE Inc. and DG Feelist Inc. as subsidiaries in July 2024.

Social — Human Capital

Our Approach to Human Resources

The Group believes that employees with diverse backgrounds demonstrating their full potential and performing work that leverages the Group’s distinctive high level of expertise contributes to sustainable growth and value creation for society. To realize our purpose, we recognize that in addition to promoting collaboration among employees with different backgrounds, strengthening the relationship between employees and the company is important and, therefore, we established our “Human Resources Management Policy” in 2023.

Human Resources Management Policy

This policy clearly defines what we as a company promise to our employees and what we as a company expect from our employees, systematically organizing and visualizing the relationship between both parties, and defines “the ideal organization we want to realize in order to create New Context.” The Group uses this policy as a value standard and aims to further enhance corporate value through the integrated growth of the organization and individuals.

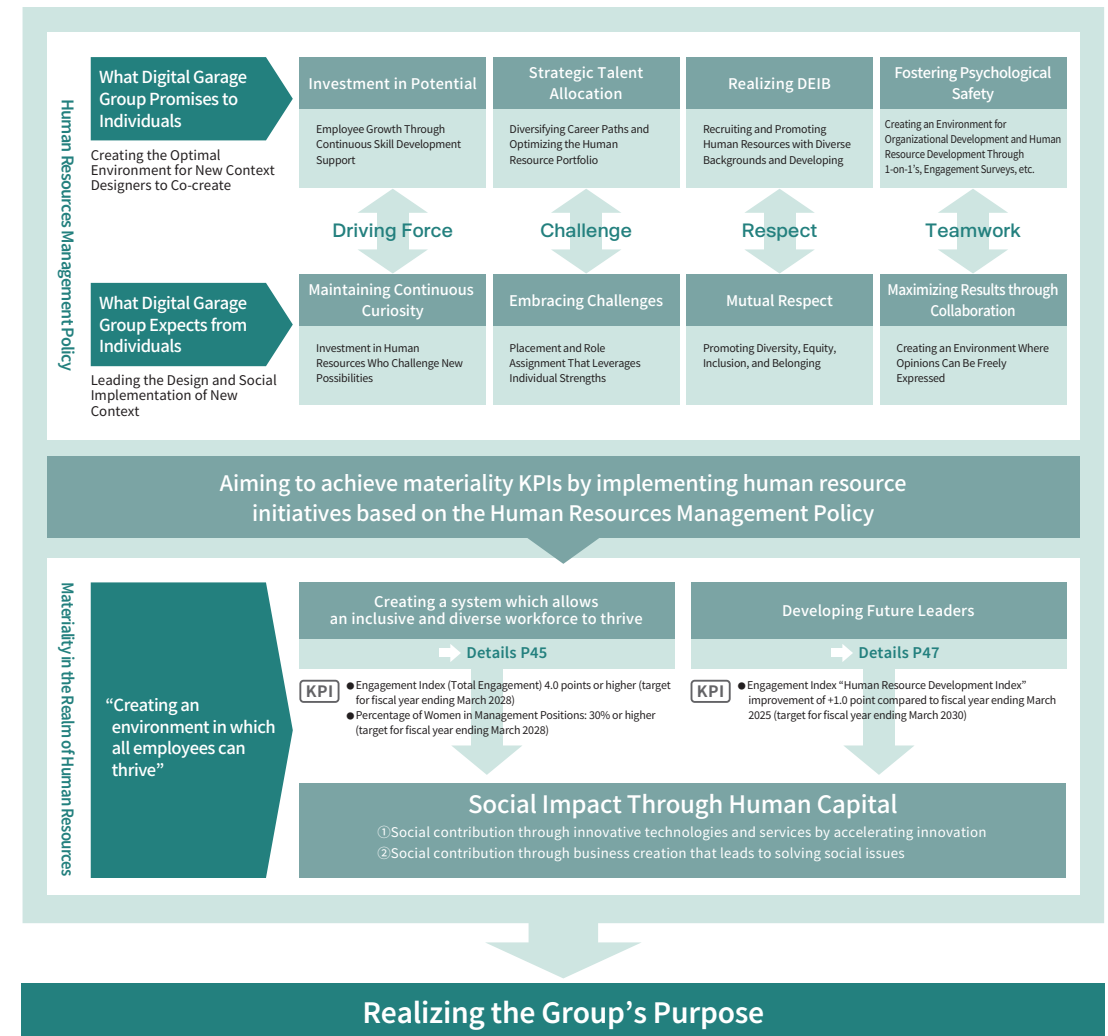
Relationship Between Materiality and Human Resources Management Policy

The Group has established “Creating an environment in which all employees can thrive” as an important area, and has defined “Creating a system which allows an inclusive and diverse workforce to thrive” and “Developing Human Resources Management initiatives that can pave the way to the future” as materiality items in the realm of human resources. We have also established and are managing materiality KPIs.

In addition, based on this policy, we are implementing various human resource initiatives including the development of systems and environments that respect diversity, and the cultivation of human resources with self-direction and a willingness to take on challenges.

Through these initiatives, we aim to realize the Group’s purpose by generating social impact through human capital (①social contribution through innovative technologies and services by accelerating innovation, and ② social contribution through business creation that leads to solving social issues).

Realizing Our Purpose Through Human Capital Initiatives



Social — Human Capital

Materiality Promotion and Related Activities in Human Resources

Creating a System which allows an Inclusive and Diverse Workforce to Thrive

Aiming to Be a Company Where all Employees can Thrive

As a result of promoting talent recruitment that emphasizes ability and performance regardless of factors such as gender, nationality, or work experience, the Group has employees with diverse backgrounds and expertise actively contributing. To realize our materiality in the human resources field, “Creating an environment in which all employees can thrive,” we are implementing the following HR initiatives based on our Human Resources Management Policy.

HR Initiatives Corresponding to Materiality KPIs

- ① Revision of the HR system (dual-track system of Management Course / Expert Course, promotion of 1-on-1 utilization)
- ② Revision of compensation levels for market competitiveness
- ③ Support of career autonomy
- ④ Promotion of women’s empowerment
- ⑤ Organizational improvement based on engagement surveys

- KPI
- Engagement Index “Total Engagement”: 4.0 points or higher (Target for fiscal year ending March 2028)
 - Percentage of Women in Management Positions: 30% or higher (Target for fiscal year ending March 2028)


Expected Impact


- Impact on Society
- Social contribution through innovative technologies and services driven by accelerated innovation
- Impact on the Company
- Enhanced productivity through improved job satisfaction, innovation, talent retention, and improved recruitment competitiveness


Initiatives on Diversity and Inclusion

While the ratio of female employees in the Group is 36.7%, the percentage of women in management positions is 15.9% (as of March 2025). To address this issue, we will continue to actively promote the advancement of women, as well as strive to improve the workplace environment and build necessary systems, along with implementing various initiatives for all employees, including the promotion of paternity leave.

Systems Supporting Diversity

 **Flextime Work System**

 **Remote Work**

 **Reduced Working Hours**

 **Childcare Support**

Hosting DEIB Seminars

We continue to engage in internal and external dialogues to foster a corporate culture that values Diversity, Equity, Inclusion, and Belonging (DEIB). As part of this effort, we have been continuously hosting DEIB seminars featuring outside speakers since fiscal 2024, providing opportunities for each employee to personally reflect upon the importance of diversity and how it transcends gender, age, and cultural background.



Mechanisms for Cross-Organizational Support

We prioritize creating an environment where employees with diverse backgrounds and careers can thrive early on with confidence, and have established a support system that fosters “cross-organizational connections” from the early stages of employment. For new graduate employees, we have established a “Mentoring System” where senior employees provide mentorship, building relationships where they can easily consult about work and values. For mid-career hires, we provide support for business understanding and internal network formation through training conducted 3 to 6 months after joining, fostering retention and motivation to take on challenges.

Social — Human Capital

■ Building Cross-Departmental “Connections”

Based on the belief that “building cross-departmental relationships serves as the foundation for innovation and challenge,” the Group strategically designs opportunities for cross-organizational interaction and dialogue. In this era of rapid change, talented individuals with different areas of expertise and values come together and influence each other which brings about new insights and behavioral changes, leading to the evolution of corporate culture. The Group promotes the following initiatives to naturally create such “cross-boundary connections.”



DG Lunch Meetup

We hold “DG Lunch Meetup” sessions where employees can participate regardless of department, position, or job type, creating opportunities for spontaneous connections and dialogue among employees. This initiative is an internal communication measure designed to enable employees who have limited contact in their daily work to interact casually during lunchtime.



Family Day

We hold “Family Day” as an opportunity for employees' families to gain a more in-depth understanding of the Company, inviting employees' children and partners to the office. This provides an opportunity for families to experience the company's atmosphere and environment firsthand, and also serves as a valuable opportunity for employees to introduce their cherished family members to colleagues they work with on a daily basis.



DG Official Club

We operate the “DG Official Club” (internal club activity system) with the purpose of respecting employees' diverse values and individuality and supporting the creation of an environment where natural connections are formed outside of work. This system is an initiative that supports the formation of communities across departments and age groups by allowing employees to establish clubs based on their own interests and hobbies, with the company subsidizing activity costs.

There are club activities with diverse themes including various sports, fishing, movie appreciation, diversity, equity, inclusion and belonging (DEIB) community, and cybersecurity study groups. As of October 2025, more than 15 clubs are active and are becoming established as a forum for building cross-organizational relationships within the company.

Employees have provided feedback such as, “This club is a valuable opportunity to communicate across departments” and “I gained new perspectives through my interests,” and we position this initiative as part of our human capital strategy that contributes to improving psychological safety and engagement in the workplace. Going forward, we will continue to expand opportunities for cross-organizational interaction and dialogue as a foundation that provides support for each employee's “diverse individuality.”



Social — Human Capital

Materiality Initiatives and Related Activities in the Realm of Human Resources

Developing Future Leaders

Employee Development and Educational Opportunities

The Group has established basic training for all employees on compliance and Internet security. In addition, we have established various educational and training programs for all employees that provide continued learning opportunities to develop skills and acquire new abilities.

Additionally, in order to enable employees to define their own career paths and pursue proactive self-development, we continuously provide employees with career workshops, and offer those in managerial roles training programs aimed at supporting their team members’ career self-direction, along with one-on-one training sessions.

Materiality KPIs and Corresponding HR Initiatives

- ① Diversification of career paths through two career path system
- ② Internal mobility initiatives
- ③ Implementation of management training (evaluator training, management enhancement training)
- ④ One-on-one training
- ⑤ Portable skills development support

KPI ● 1 point improvement in the Engagement Index “Human Resources Development Index” compared to March 2025 (Target for March 2030)

Expected Impact

Impact on Society	Contributing to society by creating businesses that lead to solving social issues
Impact on DG Group	Contributing to employee growth through continuous skill development, enhanced productivity and competitiveness, and business growth

Two Career Paths System

The Group has introduced a system where employees can choose between two career paths consisting of Management or Expert, with the aim of maximizing the potential of each employee and providing diverse growth opportunities. This system addresses the organizational tendency where promotion and evaluation favor management orientation, and equally opens opportunities for evaluation and growth for those who wish to refine their expertise or contribute through technical and strategic paths.

Regardless of tenure or position, employees can proactively choose careers that align with their strengths and aspirations. By providing support for these efforts through systems and organizational structure, we have created an environment for career advancement.

Employee Development Programs

We have established diverse educational programs tailored to each employee’s growth ambitions and career aspirations. Additionally, we are focused on creating opportunities to apply acquired knowledge into practice by linking these programs with our two career paths system and internal mobility initiatives. This framework for promoting autonomous growth contributes to organizational vitality and innovation.

		Initial Training upon joining DG	Member Level	Management Level	Executive Officer Level
HR Department Programs	Mandatory	ISMS & Compliance, Insider Trading Prevention	Compliance & Security Training		
			Harassment & Mental Health Training		
		Initial Training upon joining DG (New Graduate Orientation)		Basic Management Skills Enhancement (e-Learning)	Executive Alignment Training
				(Selected Participants)	(Mandatory)
			Career Support/Evaluator Training		
	Elective	Business Overview Employee Networking (Mid-career Hires)	Portable Skills Training	Management Workshop/Management Consultation	
			Career Workshop		
			DG Campus		
Conducted by Business Divisions	Other	Theme-based Skill Training by Business Area			

Social — Human Capital

Creating Business with Cutting-Edge Technology

■ We Provide Opportunities for Those Who Seek Growth While Creating New Value

Before joining Digital Garage Group (hereinafter, “the Company”), I worked for a major global IT company. After joining the Company, I became part of an R&D/business development team for cutting-edge technologies, where I was involved in creating new businesses utilizing technological assets such as blockchain and generative AI. While my previous large company had a division of labor to some extent, at the Company, I was able to make full use of the Group’s assets and experience the entire process, from planning the commercialization of cutting-edge technologies from scratch under themes that anticipated business synergies, to developing demo versions, conducting pilot tests, and launching products to the market through trial and error.

There, I was able to learn a more practical approach of combining technology with business characteristics and seeking optimal solutions

while considering time horizons, and gaining substantial knowledge.

I believe that having such abundant opportunities to take on these types of challenges is a major characteristic of the Company. Creating mechanisms that do not yet exist in society is not easy, but the Company brings together members with diverse skills and experience from various industries. There are systems in place for exchanging opinions so that each individual can grow as an engineer without being confined to their assigned area of responsibility. For example, we consciously create opportunities to access information from multiple perspectives, such as Slack channels for sharing interesting topics, latest information, and know-how on utilizing generative AI, as well as study sessions for sharing individual experiences and skills. Through these mechanisms, we can gain ideas that we would not have come up with alone, while maintaining our own themes and perspectives. For those who want to grow while creating new value for society, this is an environment that will support their journey. While members have diverse backgrounds and skills, the Company is permeated not with values that prioritize short-term profits, but with a sense of mission and values such as “being useful to the world” and “doing what we do because it is necessary for society.”

■ Supporting “Those Who Want to Take on Challenges” to Drive Society Forward

Currently, as the leader of a technology organization that develops products, I am focusing on nurturing people. I always strive to understand what each person is interested in and what they want to challenge themselves with, and to provide an environment that can support them in doing so. In creating this environment, one of the Company’s strengths is that the organizational structure does not have too many hierarchical layers and it allows for easy collaboration with



Misaki Uto
Deputy Head of
DG Technology Division

management. Having many opportunities to take on challenges and fast decision-making speed may be the real appeal of the Company. In addition, through internal collaboration, we are implementing various initiatives to help each engineer grow as an engineer beyond their assigned business area.

Given my role with a company-wide view, I believe an important role is to leverage valuable insights gained from one project so that they are not confined within the division and can be utilized in other areas as well.

Engineers have various abilities and aspirations. Some people are good at making something out of nothing, while others can take that something and increase it tenfold. Of course, in future business expansion, the balance of both types of talent is important, and both are necessary for the Company. Going forward, in order to further accelerate business, it will be important to have the ability to replicate one success in another area—in other words, how to systematize and enhance organizational capabilities that are not person-dependent. By developing people who can overcome these challenges with their own unique sense of purpose, I believe that we will see many examples emerge of making something out of nothing, taking that something and increasing it tenfold, and taking those results and increasing them tenfold. By sharing knowledge across departmental boundaries, we will generate new synergies and lead to company-wide growth.



Social — Respect for Human Rights and Social Engagement

Respect for Human Rights and Social Engagement

Respect for Human Rights

The Digital Garage Group respects the human rights of all stakeholders. We have established “coexistence with society based on respect for human rights” as a key materiality issue, positioning the respect for human rights as a critical management priority. We have established the “Digital Garage Group Human Rights Policy,” which supports and respects major international human rights standards. We will continuously strengthen our human rights initiatives while considering the impact of our business operations, thereby aiming to contribute to a safe and equitable society.

Digital Garage Group Human Rights Policy

To further promote sustainable management, the Group established the “Digital Garage Group Human Rights Policy” in September 2025. This policy is based on international norms such as the International Bill of Human Rights and the UN Guiding Principles on Business and Human Rights, and establishes provisions for prohibiting discrimination among all officers and employees, ensuring human rights considerations and privacy protection in the use of AI, promoting human rights awareness through education and training, and establishing appropriate response systems. The entire Group is committed to respecting these human rights principles.

*For details on the Human Rights Policy, please refer to the following URL.

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

Support for Digital Regional Currency “Hachi Pay” (Shibuya City Initiative)

The DG Group participates in Shibuya City’s digital regional currency “Hachi Pay” business and contributes to promoting the smart city that Shibuya City aims to realize. In February 2025, PocketChange Inc., which is responsible for building the app for this business, joined the Group. We will accelerate regional DX and cashless transformation, contributing to the realization of a sustainable local community.

*The “Hachi Pay” business is contracted by Kayac Inc. as the contracting entity from Shibuya City.



Regional Contribution Through Startup Support (Open Network Lab)

The seed accelerator program “Open Network Lab,” which the DG Group has operated since 2010, has supported over 160 startups in total over 15 years and has deepened collaboration with local governments and business companies nationwide. Furthermore, we provide support for the formation of startup ecosystems that leverage the unique characteristics of each region, not just within Japan, and by discovering and nurturing promising businesses, we promote the creation of new industries and employment in local areas, contributing to the sustainable development of society.

Hokkaido NINAITE Support for Retention of Foreign Human Resources	Ishikawa ovice Business Metaverse	Hiroshima ANIPOS Pet Insurance DX	Aichi 8eitoss CO ₂ Reduction Support for Manufacturing Industry
Miyazaki ATOMica Coworking Space Operations	Okinawa ALPACA.LAB Designated Driver Service DX	Delaware, USA map AI Location Data Analysis	California, USA Amplium Virtual Reality (VR) Video Distribution

*Selected promising startups with headquarters outside Tokyo

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 different people. The Company provided support not only through sponsorship but also through creative collaboration.



Environment

Initiatives Related to the Environment

Approach to the Environment

The Group aims to achieve carbon neutrality across the entire value chain by fiscal year 2050, steadily reducing our own greenhouse gas emissions while contributing to a broader reduction of society’s environmental impact through business activities such as fintech and digital transformation (DX). We also support the realization of a sustainable society through startup support.

Digital Garage Group Environmental Policy

The Group has established the “Digital Garage Group Environmental Policy” based on the following basic philosophy.

*For details on the Environmental Policy, please refer to the following URL.
<https://www.garage.co.jp/documents/sustainability/Digital-Garage-Group-Environmental-Policy.pdf>

[Environmental Policy: Basic Philosophy]

The Group, with its Purpose of “Designing ‘New Context’ for a sustainable society with technology,” contributes to the realization of a sustainable society. We continue to create new contexts where a prosperous society and the environment come together in harmony while reducing environmental impact through the power of technology.

Approach to Climate Change

The Group views climate change not merely as a risk, but as a significant opportunity to create innovative solutions. We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2022, and have been promoting initiatives for climate change by disclosing “Governance,” “Strategy,” “Risk Management,” and “Metrics and Targets” based on the TCFD framework.

*For details on information disclosure based on TCFD recommendations, please refer to the following URL.
<https://www.garage.co.jp/en/sustainability/environment/>

Governance

The Group deliberates policies and progress on sustainability, including climate change response, at the Sustainability Committee with the President Executive Officer as the chief officer and the Head of the Corporate Division as the chairperson, and reports to the Board of Directors through consultation and recommendations from the Management Committee. Through this, our Group aims for sustainable growth and enhancement of corporate value.

*For the organizational structure of the Sustainability Committee and other bodies, please refer to the “Sustainability Management” page on P39.

Strategy

The Group conducts scenario analyses recommended by TCFD using the 1.5°C scenario (SSP1-1.9) and 4°C scenario (SSP5-8.5) presented in the IPCC Sixth Assessment Report to understand the long-term impacts of climate change and utilize the findings to formulate medium- to long-term strategic planning.

[1.5°C Scenario]

- A case where international greenhouse gas reduction efforts advance and rapid, large-scale decarbonization progresses.
- The introduction of carbon pricing (such as carbon taxes) and transition to renewable energy make transformation of business costs, supply chains, and business models themselves inevitable.

[4°C Scenario]

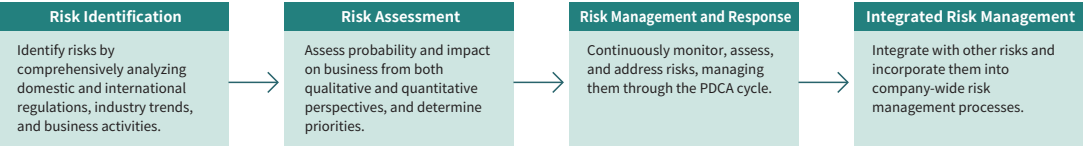
- A case where there are virtually no climate policies, and continued use of fossil fuels leads to temperature rise.
- A case where extreme weather events occur frequently, and physical impacts as well as water shortages become severe, expanding social and economic impacts.

Recognition of Opportunities	In the payment business, increased demand for DX services that realize cashless and paperless operations with low environmental impact	
	Provision of terminal-free solutions and payment solutions that can operate offline to ensure business continuity during disasters	
	In the investment business, acquiring returns through startup investments in climate tech and other fields	
Recognition of Risks	Physical Risks	Disruption of data center functions and damage to office buildings due to extreme weather events (typhoons, heavy rainfall, floods)
		Increased data center cooling costs due to chronic heat waves, decreased employee productivity and increased health risks
	Transition Risks	Increased electricity costs at data centers and offices due to the introduction of carbon pricing
		If the government sets high energy-saving targets, increased response costs due to the introduction of energy-saving equipment, and other unforeseeable costs will be incurred.

Environment

Risk Management

Under a company-wide risk management framework centered on the Risk Management Committee, the Group systematically identifies, evaluates, and manages climate-related risks in accordance with TCFD recommendations in collaboration with the Sustainability Committee. In addition, we provide support in monitoring and decision-making of management through regular reports to the Board of Directors and Management Committee.



Metrics and Targets

The Group has set two-stage targets for GHG emission reduction as follows. These targets are also set as materiality KPIs, and we will continue to promote energy-saving initiatives and the adoption of renewable energy to achieve these targets.

KPI

- 50% reduction in greenhouse gas emissions compared to FY22.3 (by FY31.3)
- Achieving carbon neutrality: Compared to FY22.3 (by FY 51.3)

GHG Emissions of the Group

Item	Boundary	Unit	FY22.3	FY23.3	FY24.3	FY25.3
Scope 1	Digital Garage Group	t-CO ₂	29	30	26	43 ✓
Scope 2 Market-based	Digital Garage Group	t-CO ₂	1,179	1,167	852	737 ✓
Scope 2 Location-based	Digital Garage Group	t-CO ₂	1,225	1,186	1,231	1,129 ✓
Scope 3 *1	Digital Garage Group	t-CO ₂	10,676	9,883	10,622	11,466

* Figures marked with ✓ have obtained third-party assurance based on verification by the Japan Management Association (JMA) in accordance with ISO14064-3:2019. For details on the target period, target companies, etc., please refer to the “Greenhouse Gas Emissions Verification Report” for fiscal year 2024.

*1 Extracted categories: Category 1 Purchased goods and services / Category 2 Purchased capital goods / Category 3 Purchased 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

Contribution to a Sustainable Society through Support for Startups

The Group invests in startups that address various social issues including environmental challenges through the “Open Network Lab & ESG I ‘Earthshot Fund’” and supports the strengthening of their ESG management. Going forward, we will continue to aim for co-creation of new social value together with investee companies and business partners.

PickUp

Aiming for a Society Where Forests and Humanity Coexist

SHIN-MIRAI aims to realize a “Sustainable Forest”—a society where forests and humanity coexist. While forests cover approximately 70% of Japan’s land area, the timber self-sufficiency rate remains at only 43%, and disruption in timber distribution channels has become a serious challenge. We are addressing these structural challenges facing Japan’s forests and forestry industry through the power of data and technology. By improving the productivity of timber distribution channels and utilizing forest resources sustainably and effectively, we will establish forestry as a viable industry while achieving the coexistence of environmental value and economic value.

Jumpei Asano
SHIN-MIRAI INC. President and Representative Director

PickUp

Aiming for a Future Where Waste is transformed into Resources Through the Power of Microorganisms

We have established technology that decomposes 98% of food waste in as little as one day using our proprietary microbial consortium, “Komham.” Smart Compost® operates on solar power, achieving net-zero CO₂ emissions. Compared to conventional incineration, it can significantly reduce greenhouse gas emissions. This technology, which can compost food waste without odor even in the heart of urban areas, truly enables “environmentally friendly living without conscious effort.” In hopes of achieving a circular society that transforms waste into resources, we continue to challenge conventional wisdom in waste management.

Suno Nishiyama
komham Inc. President and Representative Director

Governance

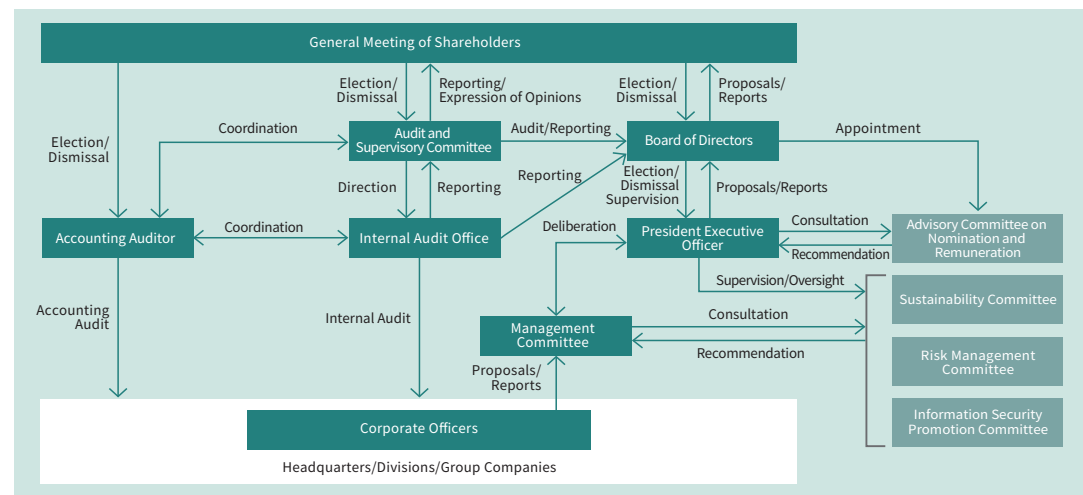
Corporate Governance

Corporate Governance Policy

The Company works to enhance and strengthen its corporate governance to realize transparent, fair, rapid and resolute decision-making in order to live up to the trust of its shareholders and other stakeholders, as well as to achieve sustainable growth and increase corporate value over the medium- to long-term, in accordance with the “Principle” and “Credo (Guiding Principles).”

Corporate Governance System

The Company positions strengthening its corporate governance system as one of its most important management issues. The Company has adopted the structure of a company with an Audit and Supervisory Committee and is working to further strengthen corporate governance under the policy of ensuring that the ratio of outside directors is at least one-third in order to enhance the effectiveness of management supervision by the Board of Directors. In addition, through the review of the corporate officer system, the Company clarifies the separation of management decision-making and supervisory functions from business execution functions, and promotes the delegation of business execution authority to accelerate and streamline business operations.



Board of Directors

The Company’s Board of Directors is composed of nine directors excluding directors who are members of the Audit and Supervisory Committee (including three independent outside directors), and four directors who are members of the Audit and Supervisory Committee (including three independent outside directors) (a total of 13 directors, including seven outside directors, of which six are independent). In addition to regular Board of Directors meetings held once a month, extraordinary Board of Directors meetings are held as necessary to make important management decisions and supervise the execution of duties by directors. In addition, outside directors utilize their extensive management experience and broad expertise to monitor management from an objective standpoint.

Audit and Supervisory Committee

The Company’s Audit and Supervisory Committee is composed of four directors, including three independent outside directors. In principle, the Audit and Supervisory Committee meets at least once a month after regular Board of Directors meetings, and plays a role in improving the effectiveness of corporate governance through attending and expressing opinions at important meetings including the Board of Directors.

Management Committee

The Company holds a Management Committee meeting every week, consisting of the President Executive Officer as well as directors and corporate officers appointed by the President Executive Officer, to confirm daily business execution and accelerate decision-making.

Advisory Committee on Nomination and Remuneration

The Company has established an Advisory Committee on Nomination and Remuneration as a voluntary advisory body to the Board of Directors with the aim of ensuring the independence and objectivity of the Board of Directors’ functions related to the nomination and remuneration of directors and further strengthening corporate governance. The Committee stipulates that a majority of its members shall be independent outside directors, and is currently composed of the President Executive Officer and two independent outside directors. Based on consultations from the President Executive Officer, the Committee deliberates on the nomination and remuneration of directors (excluding members of the Audit and Supervisory Committee) and provides recommendations.

Other Specialized Committees

The Company has established the following specialized committees to address important management issues.

- **Sustainability Committee** For details, please refer to “Sustainability Management” on P39.
- **Risk Management Committee** For details, please refer to “Risk Management” on P55.
- **Information Security Promotion Committee** For details, please refer to “Information Security and Compliance” on P57.

Governance

■ Board of Directors and Directors

Policy on Election of Director Candidates

Directors (excluding members of the Audit and Supervisory Committee and outside directors) must possess excellent character and insight and must have the knowledge and experience to carry out the Company’s management accurately, fairly, and efficiently. 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 Executive Officer shall draft nominations based on these criteria and submit them to the Advisory Committee on Nomination and Remuneration, which consists of a majority of independent outside directors, and the Board of Directors makes final decisions on candidate proposals based on the Committee’s recommendations.

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

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 diversity in gender and global perspectives contributes to business promotion and management oversight. We strive to ensure diversity on the Board through measures such as appointing female directors and individuals with international business experience.

Independence Criteria for Outside Directors

Independent outside directors are expected to play an objective and appropriate supervisory or auditing role based on their own knowledge and experience. The Company’s outside directors shall be elected from among individuals who have no conflict of interest with the Company and 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.

Evaluation of the Effectiveness of the Board of Directors

The Board of Directors shall have its effectiveness analyzed and evaluated through an external organization on a regular basis. This evaluation is conducted based on self-evaluations by each director, from the perspectives of the composition, operation, roles, responsibilities, and content of deliberations of the Board of Directors, as well as the roles and responsibilities of the Advisory Committee on Nomination and Remuneration, and compliance with the Corporate Governance Code.

For the fiscal year ending March 2025, a result of a comparative evaluation based on external information from a third-party organization confirmed that the effectiveness of the Company’s Board of Directors is sufficiently ensured.

This year, in particular, our response to security risks such as cyber incidents, which continue to increase in society, was highly regarded. The Company reviewed its security-related structure and appointed a director in charge of information security and a Chief Information Security Officer (CISO) separately. The clarification of supervisory and executive functions in the security domain and the establishment of an operational structure capable of prompt and flexible response in emergencies were highly regarded.

Moving forward, in addition to succession planning and human resource development, we will conduct discussions aimed at enhancing medium- to long-term corporate value through enhancing sustainability management.

Training and Support Structure for Directors

(1) Onboarding Program for Newly Appointed Outside Directors

For newly appointed outside directors, we conduct onboarding programs to promote understanding of business and management strategies, as well as individual meetings with key departments.

(2) Ongoing Information Provision and Exchange of Opinions

For all directors, we provide regular updates on industry trends and legal revisions, and conduct plenary meetings and offsite meetings to discuss the direction of the Group’s strategy.

(3) Facilitation of Information Access

As a general rule, materials for Board of Directors meetings are distributed in advance, and prior briefings are held for important matters to ensure sufficient time for deliberation.

Governance

Executive Remuneration System

Policy for Determining Executive Remuneration

The Company has resolved at the Board of Directors meeting to establish a policy regarding the determination of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members). When making Board resolutions, the policy is formulated based on past practices regarding director remuneration, etc. The amount and content of remuneration, etc. for Directors who are Audit and Supervisory Committee Members are determined through consultation among the Audit and Supervisory Committee Members within the total amount resolved at the General Meeting of Shareholders.

Remuneration Structure and Determination

The basic policy regarding individual remuneration, etc. for directors other than outside directors is designed with a higher ratio of stock-based remuneration, etc. to increase the correlation between remuneration, etc. and the Company’s stock price, sharing with shareholders not only the benefits of stock price increases but also the risks of declines, thereby enhancing motivation to contribute to short-term and medium- to long-term performance improvement and corporate value enhancement.

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

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

Ratio of Basic Remuneration, Performance-linked Remuneration, and Non-monetary Remuneration, etc.

The remuneration ratio for directors other than outside directors is generally set at “basic remuneration: stock-based remuneration = 6:4”. In addition, outside directors receive only basic remuneration.

1. Basic Remuneration

Individual remuneration amounts are resolved at the Board of Directors meeting immediately following the approval of director appointment proposals at the Ordinary General Meeting of Shareholders, and are paid monthly from the month following appointment or reappointment.

2. Stock-based Remuneration

After director appointment proposals are approved at the Ordinary General Meeting of Shareholders, the amount and number of grants for each individual are resolved at the Board of Directors meeting. Stock-based remuneration consists of stock options as stock-based compensation (stock acquisition rights) with an exercise price of one yen per share and restricted stock.

Process for Determining Individual Remuneration Amounts

Individual remuneration for directors is drafted by the President Executive Officer within the total amount approved at the General Meeting of Shareholders and submitted to the Nomination and Remuneration Advisory Committee for consultation. The Committee consists of at least three members, a majority of whom are independent outside directors, and the chairperson is selected from among the independent outside directors. Individual remuneration is determined by the President Executive Officer when the Board of Directors resolves to delegate the decision to the President Executive Officer based on the report of the Committee, ensuring objectivity and transparency.

The Board of Directors delegates the determination of individual remuneration amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) to the President Executive Officer. This delegation is based on the judgment that the President Executive Officer is best positioned to determine remuneration as they can oversee the Company’s overall performance and most appropriately evaluate each director’s performance in their respective areas of responsibility. The Company has established appropriate remuneration levels according to factors such as each director’s position and grade, and the Board of Directors confirms that the details of individual remuneration, etc. are consistent with the Company’s remuneration determination policy.

Governance

Risk Management

Approach to Risk Management

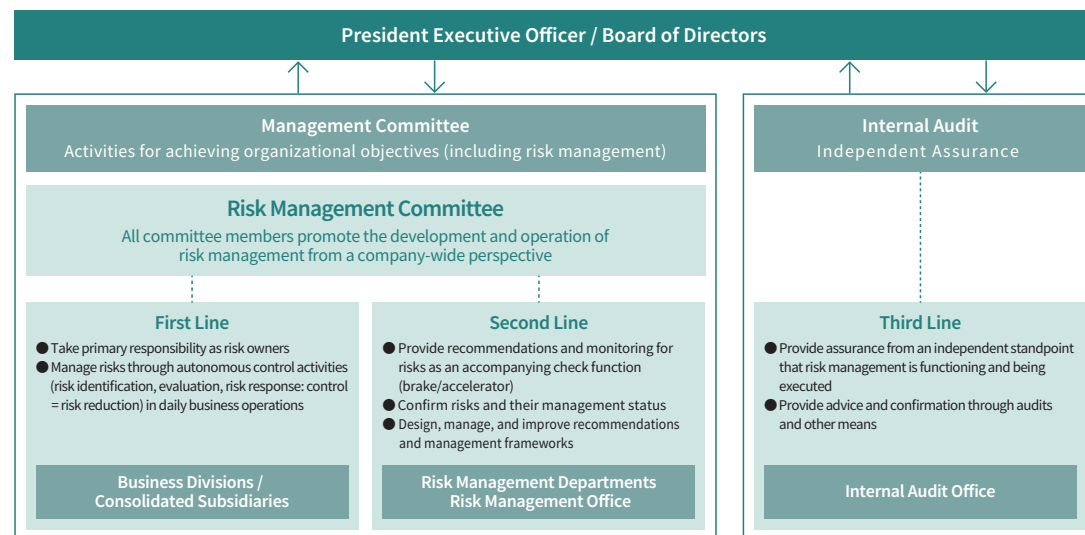
The Group has established and operates a highly effective risk management structure and processes to prevent the occurrence of risks surrounding its business and to minimize losses in the event that risks materialize.

Risk Management Promotion Structure

The Group's risk management promotion structure adopts the "Three Lines Model" which is centered around the Risk Management Committee (held at least twice a year), with the President Executive Officer serving as the chief responsible officer and the Head of the Corporate Division serving as the chairperson. The status of risks is regularly reported from the Committee to the Management Committee and the Board of Directors, and is reflected in management strategies as well as risk management and evaluation.

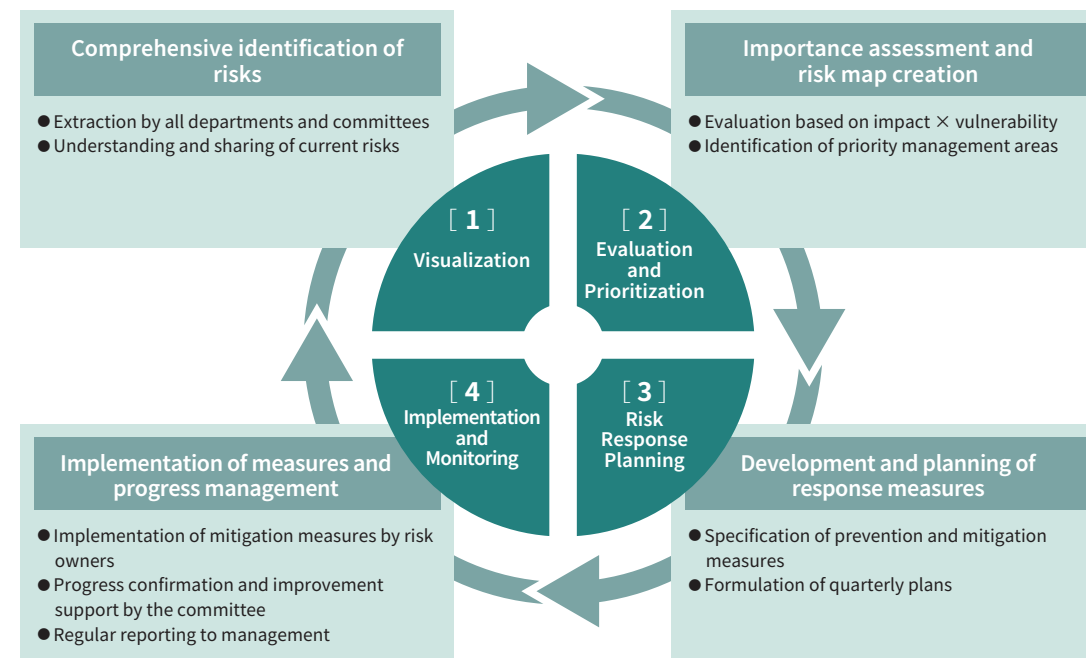
Overall Relationship Diagram for Risk Management Promotion

[Legend] ↑ : Explanation, Reporting
↓ : Supervision, Oversight



Risk Management Process

The Group operates with a systematic four-stage risk management process. In the first stage, "Visualization," each department and committee comprehensively identifies risks and assesses the current situation. In the second stage, "Evaluation and Prioritization," we evaluate the impact and vulnerability, create a risk map, and identify priority management areas. In the third stage, "Risk Response Planning," we formulate response measures and mitigation measures for identified risks. In the fourth stage, "Implementation and Monitoring," each risk owner implements countermeasures, and the Risk Management Committee monitors progress and regularly reports to the Management Committee and the Board of Directors. Through these continuous management processes, we aim to achieve sustainable growth while appropriately controlling risks.



Governance

Risk Assessment

In our risk management process, the Digital Garage Group broadly categorizes risks into strategic, financial, operational, and hazard risks, and further subdivides them into 15 classifications. We evaluate identified risks on the two axes of “impact” (effects on business continuity and management decisions) and “vulnerability” (probability of risk materialization and maturity of management systems) with five levels for each axis.

Legend for Each Level of Risk (Comprehensive Evaluation)

- Risk Level 1: Both impact and vulnerability are low; can be addressed within normal business operations.
- Risk Level 2: Either impact or vulnerability is low; no hindrance to business continuity.
- Risk Level 3: Moderate risk; impacts business and requires time and effort to address.
- Risk Level 4: High risk; high likelihood of business impact requiring management decisions.
- Risk Level 5: Very high risk; fundamental response is essential.

The risk map shown on the right visualizes these evaluation results. By gaining a comprehensive understanding of risk importance and identifying key management areas, we are contributing to the prioritization of management resources and the development of effective risk countermeasures.

Key Risks and Response Policies

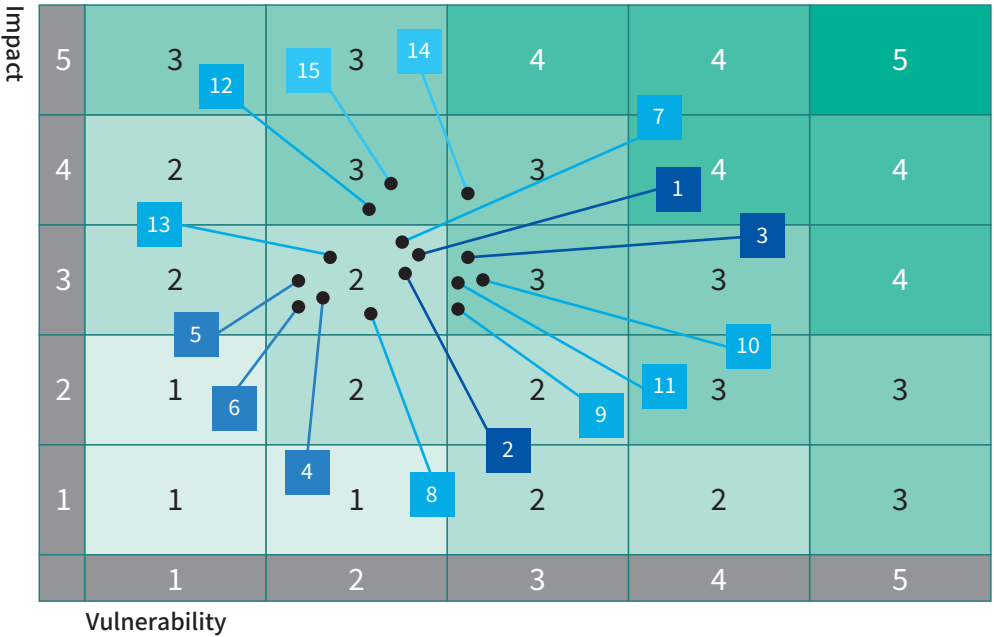
During the current period, the most significant risks included ⑭ Natural disaster and special disaster risk (business interruption due to system failures, etc.), ⑩ Human resource risk (intensifying competition for recruitment, shortage of specialized talent, etc.), ⑮ Cyber attack risk (ransomware damage, etc.), ③ Business investment risk, and ⑫ Information security risk.

In this manner, we are developing appropriate response policies according to the importance of each risk and promoting initiatives to reduce and avoid risks.

Risk Category

Risk Category	Strategic Risk	Financial Risk	Operational Risk	Hazard Risk
Risk Classification: Risk Scenario Overview	① Risks related to entry into new business fields ② Risks related to service and business strategies ③ Risks related to business investments	④ Credit risk ⑤ Market risk ⑥ Liquidity risk	⑦ System risk ⑧ Administrative risk ⑨ Legal and compliance risk ⑩ Human resource risk ⑪ Reputational risk ⑫ Information security risk ⑬ Third-party risk	⑭ Natural disaster and special disaster risk ⑮ Cyber attack risk

Risk Map



Governance

Information Security and Compliance

■ Approach to Information Security

The Digital Garage Group has established “Stable Operation of Systems Supporting Society” as a materiality issue, and as a company playing a central role in social infrastructure, we position the stable operation of payment systems and the protection of information assets as our most critical priorities. Through the provision of secure, safe, and reliable services, we meet society’s expectations and contribute to sustained enhancement of corporate value.

■ Information Security Initiatives

The DG Group has clarified the supervisory and executive functions in the security domain by appointing the Representative Director and Executive Vice President as the director in charge of information security and separately appointing a Chief Information Security Officer (CISO). This operational structure enables swift and flexible response even in emergencies. Under the CISO, we have established an Information Security Promotion Committee to oversee information security across the Group. To prepare for the increasing sophistication of cyberattacks, we have established DG-CSIRT as a cyber incident response team under the CISO, which in addition to monitoring, minimizes business impact through early detection and rapid response to critical incidents. Additionally, the DG Group has established common security regulations for the DG Group and obtained multiple third-party certifications including ISO/IEC 27001, PCI DSS, and PrivacyMark, based on the criticality of information management. The status of certification acquisition is visualized as security management coverage rate and, together with regular security education for employees, is established as a KPI.

KPI ● Security management system coverage rate ● Employee security training completion rate: 100%



DG and some of the DG Group companies have received certification for ISO/IEC 27001:2022, an international standard for information security management systems (ISMS), and JIS Q 27001:2023, a Japanese standard.



We have obtained the PrivacyMark certification as a business recognized for establishing a system that implements appropriate protective measures for personal information based on the “Guidelines for Establishing and Operating a Personal Information Protection Management System for the Privacy Mark,” which conforms to the Japanese Industrial Standard “JIS Q15001 Personal Information Protection Management Systems - Requirements.”



DG Financial Technology, Inc. (DGFT), 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.

*DG-CSIRT (Digital Garage – Computer Security Incident Response Team): A specialized team to address cybersecurity incidents in the DG Group

～ CISO Message ～

Defending Together Against Evolving Threats While Moving Forward

Since the dawn of the Internet in Japan, the DG Group has recognized that while technology connects the world, cyberattacks are becoming increasingly sophisticated. In particular, generative AI lowers language barriers and makes threats such as phishing attacks using natural Japanese more imminent.

As a company underpinning the social infrastructure of payments, safeguarding information assets and ensuring stable service operation are our top management priorities. We are advancing security countermeasures and implementing practical training including simulated cyberattack exercises across the Group. We are cultivating technical capabilities to respond to emergencies and the “awareness to notice anomalies,” working to foster a security culture that transcends organizational boundaries. We are advancing our initiatives toward realizing a future where stakeholders trust us and can use our services with confidence.



Tomohide Ogawa

Chief Information
Security Officer (CISO)

■ Approach to Compliance

Officers and employees of the DG Group are required to act with integrity based on ethical standards and values expected as corporate members of society. The DG Group has positioned “Promotion of Responsible Corporate Activities” as a materiality issue, and we are committed to compliance-based management to ensure appropriate responses to all applicable laws, regulations, industry practices, codes of conduct, and other requirements.

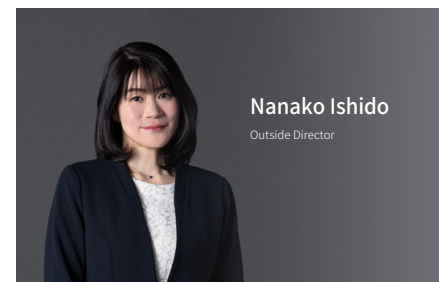
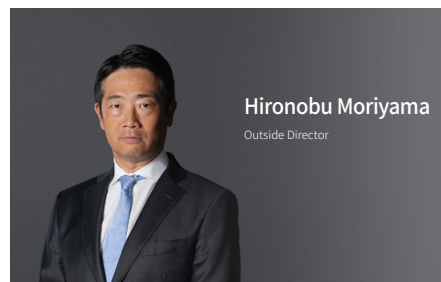
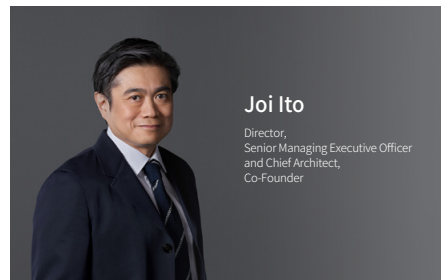
■ Compliance Structure

The DG Group adheres to social norms, ethics, and laws, and considers the pursuit of fair and appropriate management, together with harmonious coexistence with civil society, as our code of conduct. Based on this philosophy, we have established a Compliance Program applicable to all officers and employees of the Group. To ensure thorough implementation of this program, the Head of the Corporate Division oversees compliance initiatives across the entire Group. In addition, Corporate Division conducts education and awareness programs for all officers and employees, and training completion rate has been established as a KPI. Compliance adherence within each business segment and subsidiary is audited and verified by the Head of the Corporate Division, who reports to the President Executive Officer as necessary.

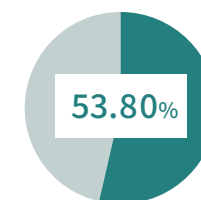
KPI ● Compliance training completion rate: 100%

Governance

Board of Directors (As of June 26, 2025)

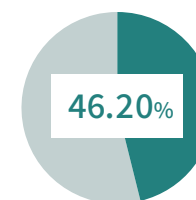


Number of outside directors (rate)



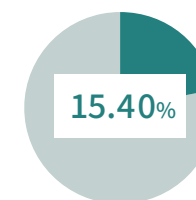
7 out of 13 Directors

Number of independent outside directors (rate)



6 out of 13 Directors

Number of female directors (rate)



2 out of 13 Directors

For profiles of each director, please refer to “Board of Directors” on our website <https://www.garage.co.jp/en/company/directors/>

Governance

Skills Matrix

Name	Position	Business Development Related to Company Operations	Corporate Management	FinTech & Payment Business Expertise	Global	Finance & Accounting	Legal & Compliance	Corporate Governance & Risk Management	Human Resources, Organization & Diversity
Kaoru Hayashi	Representative Director, President Executive Officer and Group CEO	●	●	●	●			●	
Keizo Odori	Representative Director, Vice President Executive Officer and Group COO	●	●	●		●		●	
Joi Ito	Director, Senior Managing Executive Officer and Chief Architect, Co-Founder	●		●	●				●
Hiroshi Shino	Director, Senior Executive Officer	●	●	●					
Masahito Okuma	Director, Senior Executive Officer	●	●	●	●				
Mitsushi Nishida	Outside Director	●	●	●					
Hironobu Moriyama	Independent Outside Director		●			●		●	
Masako Ikeda	Independent Outside Director						●	●	●
Nanako Ishido	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)		●			●		●	

Rationale for Selection of Skill Items

Skill Items	Rationale for Selection
Business Development Related to Company Operations	To drive the creation of new business models and business expansion in the fields of payment, finance, marketing, and startup development, leveraging the Group's proven business development experience in each area.
Corporate Management	To obtain advice and oversight across a wide range of matters based on extensive experience and achievements in overall corporate management, from formulation to the execution of business strategies, and aimed at achieving sustainable growth and enhancing corporate value.
Fintech & Payment Business Expertise	To provide accurate strategic guidance and management oversight in the rapidly evolving fintech business by leveraging specialized knowledge in the payment and finance domains.
Global	To strengthen competitiveness by incorporating global perspectives and practical knowledge of international markets into management and business strategies, while taking into account diverse regulations and cultures.

Skill Items	Rationale for Selection
Finance & Accounting	To leverage specialized knowledge and practical experience in finance and accounting to establish a sound financial foundation aimed at maximizing corporate value and to achieve appropriate management control.
Legal & Compliance	To ensure sound management through appropriate advice and oversight from a legal standpoint, based on specialized knowledge of legal affairs and compliance.
Corporate Governance & Risk Management	To provide necessary oversight and advice on governance, risk management, and internal control related to business operations.
Human Resources, Organization & Diversity	To strengthen human capital, the driving force for enhancing the value of all intangible assets, by fostering the growth of individuals and organizations, thereby advancing management.

Board and Committee Meeting Attendance
(Fiscal Year Ended March 2025)

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

*Checked items do not represent all specialties and experience of each Director.
*As Nanako Ishido was newly appointed at the Annual General Meeting of Shareholders held in June 2025, her attendance rate at Board of Directors meetings and committees for the fiscal year ended March 2025 is indicated as “—”.
*The Nomination and Compensation Advisory Committee consists of three members: Kaoru Hayashi, Junji Inoue, and Koji Makino.

Special Cross Talk

The Two Co-Founders on the Future and the Path Ahead for Digital Garage

Digital Garage (hereinafter “DG”) marks its 30th anniversary since its establishment in 1995. Since the dawn of the Internet in Japan, we have consistently anticipated future trends, embracing our “First Penguin Spirit” and starting numerous businesses in Japan for the first time. Portal sites, e-commerce, social media, blockchain, and now AI. The two founders, who have ridden the major waves of technological innovation that come roughly every 7-8 years and created new “contexts,” shared their thoughts on the latest technologies and the future ahead.

Reflecting on 30 Years

Hayashi: As we mark 30 years since our establishment, meeting with various people from government, business, and academia, I am reminded that DG is recognized not simply as an IT service provider but as a hub connecting multiple layers of society. From the beginning, our fundamental philosophy has been to “implement

Joi Ito

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

Kaoru Hayashi

Representative Director,
President Executive Officer
and Group CEO

Special Cross Talk

Special Cross Talk

things that benefit society while being conscious of the social good.” Today, as we enter an entirely new era where technologies such as AI are evolving rapidly and social structures are being transformed, I feel that our value—having an understanding of history and continuously designing new “contexts”—is becoming more important than ever.

JOI: I agree. In 2003, when blogs and Wikipedia were just starting to take off, I wrote a paper on Emergent Democracy. It may have been an optimistic view, but at the time I believed that new technologies would enable anyone to express their thoughts and realize a fairer, democratic Internet. Of course, there were also those who misused technology. While technology can amplify the activities of society and individuals, when major social or economic trends go in the wrong direction, that too gets amplified. DG, on the other hand, has been able to grow because it fundamentally operates on the principle of “doing things that benefit society, for the good of society.”



Hayashi: We are in the midst of an AI technological revolution, one that has an impact as significant as the birth of the Internet. Already, changes are affecting not just business operations but also in the nature of startups, hiring practices, and even education. JOI, you frequently speak with AI experts in U.S. industry and academia. How do you view this major wave of technological innovation?

JOI: I believe the combination of AI and web3/blockchain will fundamentally transform the structure of social infrastructure. Until now, the focus shifted from system integrator models to SaaS, but as AI agent-based architecture reorganization advances, SaaS may become unnecessary. In payments as well, the rise of stablecoins is enabling value transfer outside traditional payment rails. Autonomous AI agents will automate business operations and tasks, with inter-agent payments using stablecoins, enabling instant, low-cost automated payment processing even in cross-border transactions. If a future like this arrives, the question is how DG will continue to deliver value in that context.

Hayashi: DG started by receiving the first fintech regulatory sandbox designation from the Cabinet Office in 2019, and our subsidiary, Crypto Garage, obtained its crypto asset exchange registration on June 29, 2021, allowing us to get an early start on blockchain-based businesses. As Japan leads the world in developing web3 and crypto asset regulations, we are beginning preparations to conduct proof-of-concept trials for stablecoin-based payments in addition to DG Financial Technology’s traditional payment methods. Through open innovation, not just DG alone, but in collaboration with banks, card companies, and other partners, we want to bring new fintech

products to market.

New Forms of Startup Growth

Hayashi: The AI wave is also transforming the startup industry. A fund in which DG has invested in recently backed Lovable, a Swedish company that became a unicorn in just eight months. I was also struck when speaking with a top-tier venture capital firm in San Francisco, they said, “With AI, the middle stage of startups will disappear.” Previously, startups would build an MVP*1, achieve product-market fit, then grow by expanding the organization with sales, marketing, and new product development. But AI now allows companies to bypass these middle-stage processes and grow to unicorn status with a small team. It is even possible that a single genius engineer could change the world and create a one-person unicorn. Thinking back to when JOI and I started DG, connecting a server in JOI’s bathroom to the Internet, this truly feels like a dream era.

JOI: AI has greatly accelerated startup growth speeds. With vibe coding*2, even non-engineers can build sophisticated applications using natural language, so if you come up with a new idea, you need to act immediately or someone else will. Speed has become more critical than ever before. Interesting startups and entrepreneurs are emerging not only in the West, but also in the Global South.

Hayashi: India may attract even more attention going forward. With its large population and strong foundation in technical education, including computer science, the level of startups there is said to surpass that of Japan. I’ve heard that an entrepreneurial culture is

*1 MVP: A product for validating customer needs. *2 Vibe coding: A method of developing applications through natural language dialogue.

Special Cross Talk

taking root even among students at leading universities like the Indian Institutes of Technology. DG has already been developing various payment-related businesses since 2021 through our local subsidiary based in Pune, India, via DG Financial Technology. In these geopolitically unstable times, we want to strengthen ties between Japan and India and accelerate our efforts not only in fintech but also in the startup context.

Human Capital for the Next Generation

Hayashi: In the United States, the advancement of AI has made it difficult even for students who studied computer science at excellent universities to find employment. The situation has completely reversed from when there was said to be a shortage of engineers. What capabilities will the next generation of talent need?

JOI: I feel that the need for people who serve as a bridge between “those who understand the technical core” and “those who understand business” is not as strong as before. Japan has always had a significant shortage of engineers, but AI can address that. While AI can now create functioning software and other products, we still need people who can conceive what to create and explain it, and we must provide education and workplace reskilling to develop such capabilities.

Hayashi: It really comes down to philosophy. What matters is balance—the ability to make decisions and act independently, drawing on one’s own education from childhood, environment, judgment capabilities, and such experiences and values. Rote

memorization and output, which were emphasized in the past, are becoming less valuable.

JOI: Indeed. The philosopher Kitaro Nishida also proposed the concept of “pure experience.” This refers to direct, unmediated experience before the distinction between subject (self) and object (external world), without interpretation through thought or language. This pure experience generates understanding, which is then converted into words and becomes symbols. AI exists in a world of symbols and lacks the sensory or biological functions for pure experience.

Hayashi: This also connects to the spirit of Zen. This year’s NEW CONTEXT CONFERENCE focused on the theme “Zen AI,” discussing how Japan can contribute to the future global digital society. While massive amounts of electricity are being consumed worldwide in the development of LLMs (Large Language Models) and the competition is focused on model size and accuracy, the concept of “Zen AI”—born from the fusion of Japanese thinking rooted in spirituality and nature with open-source culture—could become an important element of sustainable, next-generation AI architecture.

JOI: Western thought is based on the idea that there is God, then humans, and humans dominate technology. Eastern thinking views technology as something to coexist with rather than dominate, to do good for society as a whole, and finds meaning not solely in growth but also in fulfillment without expansion. Looking at Japan’s history, I feel Japan excels at taking things invented elsewhere—like automobiles or games—productizing them, and bringing them to the



world in a sustainable manner. While the current major AI wave originated abroad, I believe there is strong potential for Japan to create global standards in the medium- to long-term.

Practical R&D — Open Innovation

JOI: Compared to other developed nations, Japan still has significant room for digital transformation, and DG can contribute in many areas such as cashless adoption and industry-specific digitalization.

Hayashi: Resona Group, with which DG has strengthened capital and

Special Cross Talk

business alliances, has a corporate customer base of approximately 500,000 companies. By strengthening our initiatives in payment business and new business development, we want DG to engage with this as a gateway for Japan's digital transformation. As technology evolves, people can use it almost unconsciously, and it becomes embedded in society's infrastructure. With communication technology and the Internet today, no one really thinks about the technology or how to use it. I believe the goal of digital transformation is to create a new societal architecture where digital technology can be utilized easily, simply, and affordably, from SMEs to large enterprises. Also, given the accelerating pace of technological evolution, we are planning a practical open innovation R&D lab looking 3-5 years into the future. Based in Japan and the United States, we will explore areas such as AI and AI agents, stablecoins, and cybersecurity, to validate new technologies and connect them to real-world implementation. The U.S. base will serve as a kind of sandbox*³, where initiatives that would take time under Japanese business practices can be advanced more quickly. I believe we can also leverage advanced technologies in Japan's strong content/IP industry to expand into larger, more global businesses. The next-generation AI Probabilistic Computing*⁴ that JOI brought from MIT (Massachusetts Institute of Technology) is also gradually entering the social implementation phase.

JOI: While generative AI's achievement in transforming society has been tremendous, challenges are also emerging. Probabilistic Computing, a next-generation AI that humans can explain and that supports Human in the Loop, can evolve AI into a more advanced and reliable social infrastructure when combined with LLMs. I believe DG's

early focus on this technology and continued investment came at precisely the right time.

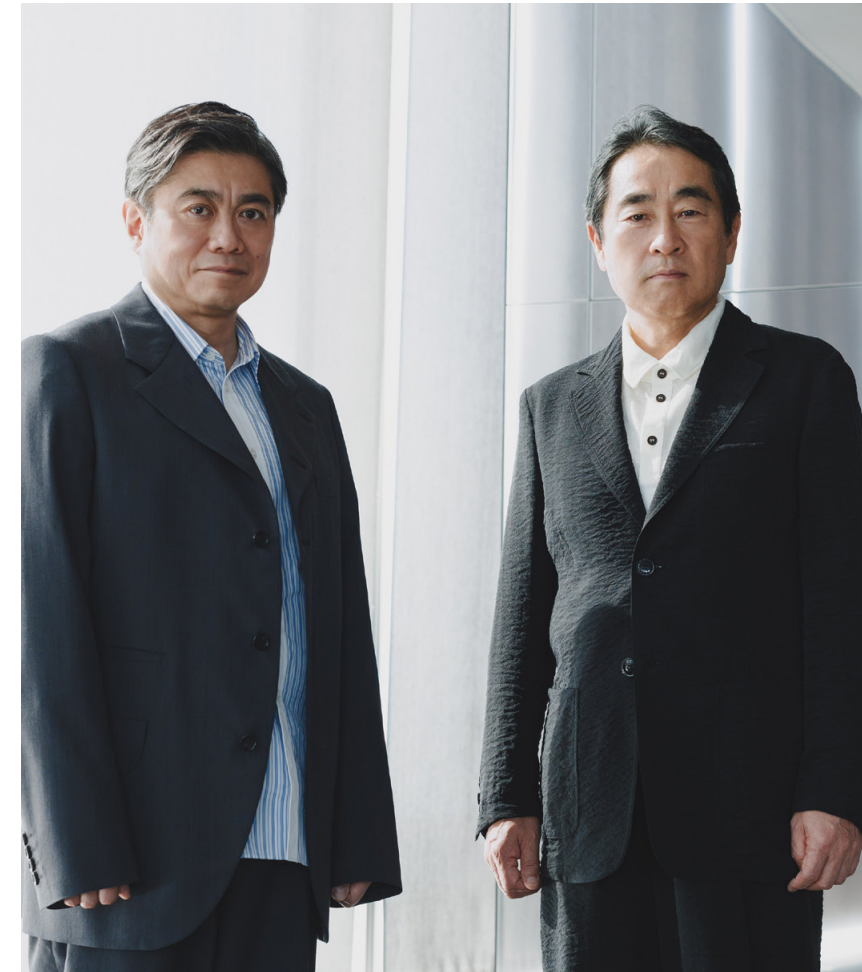
Think for Yourself and Question Authority

Hayashi: One of DG's principles is "Think for Yourself and Question Authority." This message comes from the American thinker Timothy Leary, who led the counterculture movement of the 1960s, advocating for free spirit and self-exploration. JOI, what do you think are the kinds of authority (convention/authority) that we should be questioning today?

JOI: With new technologies like AI, architecture and business structures are transforming dramatically, so what we now take for granted will continue to change. Moreover, the pace is so fast that if you do not act quickly, you will fall behind. Generative AI removes language barriers, lowering the hurdles for overseas players to enter Japan, and if we are complacent, overseas players will increasingly capture the Japanese market. In every area, we must act flexibly without being constrained by past concepts.

Hayashi: Japan emerged from the devastation after World War II to create a whole new Japan from zero, leading to rapid economic growth. Now, often described as the "lost 30 years," it may be time to re-examine Japan as a nation from multiple perspectives including politics, economy, and education. Changing things to suit the times can be difficult, and when you try to do something new, there are always forces that pull you back. I believe both nations and companies cannot continue to grow without a strong backbone of

"purpose" and "philosophy." Precisely because we live in times of rapid change, DG will continue to challenge ourselves with our purpose: "Design new contexts for a sustainable society and implement them through technology."



*³ Sandbox: A base for testing new technologies in advance toward social implementation.

*⁴ Probabilistic Computing: A computational approach that incorporates uncertainty, like human intuitive judgment and cognitive processes, offering explainability and high interactivity for complex situations.

Consolidated Financial Data

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

Consolidated Statements of Income

	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Revenue	36,936	40,478	72,955	30,070	37,853	38,306
Year-on-year change	+3.5%	+9.6%	+80.2%	-58.8%	+25.9%	+1.2%
Revenue from recurring businesses	26,687	24,945	24,830	25,128	26,620	32,201
Gain on operational investment securities	4,020	11,031	28,269	-	4,758	-
Other revenue	2,416	1,949	954	3,518	1,079	1,706
Finance income	93	59	13,161	499	1,740	83
Equity method investment gain	3,720	2,495	5,741	925	3,657	4,317
Expenses	26,929	26,161	27,561	43,952	31,555	48,523
Year-on-year change	+21.0%	-2.8%	+5.4%	+59.5%	-28.2%	+53.8%
Cost of sales	12,036	10,697	10,513	10,094	10,676	12,948
Loss on operational investment securities	-	-	-	7,926	-	7,290
Selling, general and administrative expenses	14,022	14,537	14,818	16,175	17,861	21,643
Other expenses	492	617	1,881	1,190	2,773	1,954
Finance costs	379	311	349	8,567	245	4,689
Profit before tax	10,008	14,317	45,393	-13,881	6,298	-10,216
Year-on-year change	-25.4%	+43.1%	+217.1%	-	-	-
Income tax expense	2,677	4,798	15,244	-4,566	747	-2,740
Profit for the year	7,331	9,518	30,149	-9,315	5,551	-7,476
Profit for the year attributable to owners of the parent	7,420	9,786	30,330	-9,051	5,806	-7,190
Year-on-year change	-24.1%	+31.9%	+209.9%	-	-	-

(Millions of yen, rounded)

Consolidated Statements of Cash Flows

	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Cash flows from operating activities	-12,322	7,047	7,059	13,473	-11,032	31,726
Cash flows from investing activities	-5,473	-864	-7,978	1,628	-8,763	-10,003
Cash flows from financing activities	2,363	-914	6,244	-5,214	15,931	-14,914
Effect of exchange rate changes on cash and cash equivalents	-20	17	102	33	100	-26
Net increase (decrease) in cash and cash equivalents	-15,452	5,286	5,427	9,919	-3,764	6,783
Cash and cash equivalents at the beginning of the year	48,154	32,702	37,989	43,415	53,335	49,571
Cash and cash equivalents at the end of the year	32,702	37,989	43,415	53,335	49,571	56,354

(Millions of yen, rounded)

Consolidated Statement of Financial Position

■ Assets	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Current assets	98,852	113,548	147,642	144,776	152,094	144,446
Cash and cash equivalents	32,702	37,989	43,415	53,335	49,571	56,354
Trade and other receivables	26,657	26,574	24,462	20,765	30,154	30,538
Operational investment securities	36,546	47,170	77,950	67,676	69,569	54,940
Other current assets	2,946	1,815	1,815	3,001	2,801	2,614
Non-current assets	63,444	64,753	83,965	71,498	79,337	81,899
Property, plant and equipment	21,367	19,478	18,423	16,613	14,990	13,163
Goodwill	7,689	7,689	6,804	6,415	6,964	8,030
Intangible assets	3,496	4,000	4,194	4,548	5,625	7,316
Investments accounted for using the equity method	21,475	22,446	27,808	25,922	33,965	37,643
Other financial assets	6,319	7,878	23,317	14,245	14,974	12,896
Other non-current assets	3,097	3,262	3,419	3,756	2,819	2,850
Total assets	162,296	178,301	231,607	216,275	231,431	226,344
■ Liabilities	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Current liabilities	50,838	56,865	59,242	94,780	104,401	97,558
Bonds and borrowings	4,927	9,768	9,223	38,745	55,706	27,676
Trade and other payables	41,203	39,911	43,900	48,877	42,568	62,532
Other current liabilities	4,707	7,186	6,119	7,158	6,126	7,350
Non-current liabilities	58,663	58,355	75,149	39,522	34,892	51,091
Bonds and borrowings	38,247	35,850	40,710	13,957	11,633	33,956
Other financial liabilities	13,553	12,168	10,683	9,127	7,426	5,976
Deferred tax liabilities	5,426	8,515	22,001	14,717	14,312	9,737
Other non-current liabilities	1,437	1,822	1,755	1,721	1,521	1,422
Total liabilities	109,501	115,220	134,390	134,303	139,293	148,649

■ Equity	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Equity attributable to owners of the parent	52,033	62,134	95,738	80,030	89,251	75,417
Share capital	7,591	7,637	7,692	7,830	7,846	7,888
Capital surplus	4,409	4,566	6,147	6,229	5,385	5,229
Treasury shares	-5,012	-4,915	-1,409	-6,293	-975	-5,108
Other components of equity	324	2,062	2,273	1,650	1,613	1,112
Retained earnings	44,721	52,785	81,035	70,614	75,382	66,296
Non-controlling interests	762	947	1,479	1,942	2,887	2,278
Total equity	52,795	63,082	97,217	81,972	92,138	77,695

(Millions of yen, rounded)

Notes

Due to the application of IAS 12, "Income Taxes" from the fiscal year ended March 31, 2024, the figures for the fiscal year ended March 31, 2023, have been retrospectively applied.

Financial Data by Segment

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

Platform Solution Segment > Statement of Income

	FY22.3	FY23.3	FY24.3	FY25.3
Segment revenue	16,016	16,681	17,596	22,644
Year-on-year change	-	+4.2%	+5.5%	+28.7%
Revenue from recurring businesses	15,824	16,500	17,681	21,921
Gain on operational investment securities	-	-	-	-
Other revenue	28	32	35	302
Finance income	-5	-14	-60	31
Equity method investment gain	168	164	-61	390
Segment profit	5,838	6,922	7,168	8,757
Year-on-year change	-	+18.6%	+3.6%	+22.2%

(Millions of yen, rounded)

Platform Solution Segment > Revenue by Business

	FY22.3	FY23.3	FY24.3	FY25.3
Segment profit	5,838	6,922	7,168	8,757
Year-on-year change	-	+18.6%	+3.6%	+22.2%
Payment	4,542	5,105	5,901	7,023
Year-on-year change	-	+12.4%	+15.6%	+19.0%
Marketing	1,296	1,817	1,279	1,809
Year-on-year change	-	+40.2%	-29.6%	+41.5%
Common	-	-	-11	-75
Year-on-year change	-	-	-	-

(Millions of yen, rounded)

Platform Solution Segment > Key Performance Indicators

	FY22.3	FY23.3	FY24.3	FY25.3
Transaction volume (Billions of yen)	4,435	5,277	6,229	7,548
Year-on-year change	-	+19.0%	+18.0%	+21.2%
Online payment	3,487	3,971	4,414	5,024
Year-on-year change	-	+13.9%	+11.2%	+13.8%
Offline payment	947	1,307	1,816	2,524
Year-on-year change	-	+37.9%	+39.0%	+39.0%
Number of payment locations (10,000 locations)	82	95	108	119

Due to the business integration of three companies within the Platform Solution segment during the first quarter of the fiscal year ending March 31, 2026, retroactively adjusted figures are shown for the payment and marketing businesses for the fiscal years ended March 31, 2022 through March 31, 2025.

Long-term Incubation Segment > Statement of Income

	FY22.3	FY23.3	FY24.3	FY25.3
Segment revenue	12,347	14,747	12,774	13,570
Year-on-year change	-	+19.4%	-13.4%	+6.2%
Revenue from recurring businesses	9,006	8,628	8,939	9,444
Gain on operational investment securities	-	-	-	-
Other revenue	208	2,790	64	218
Finance income	188	4	86	4
Equity method investment gain	2,946	3,325	3,685	3,904
Segment profit	689	3,296	1,437	969
Year-on-year change	-	+378.1%	-56.4%	-32.5%

(Millions of yen, rounded)

Long-term Incubation Segment > Profit by Business

	FY22.3	FY23.3	FY24.3	FY25.3
Segment profit	689	3,296	1,437	969
Business profit/loss	-1,312	-2,316	-2,288	-1,721
Equity-method profit	2,946	3,325	3,685	3,904
One-off gains/losses	-944	2,287	39	-1,214

(Millions of yen, rounded)

Global Investment Incubation Segment > Statement of Income








	FY22.3	FY23.3	FY24.3	FY25.3
Segment revenue	32,784	-1,950	5,877	582
Year-on-year change	-	-	-	-90.1%
Revenue from recurring businesses	-	0	0	0
Gain on operational investment securities	28,269	0	4,758	0
Other revenue	464	421	594	558
Finance income	1,424	192	492	2
Equity method investment gain	2,627	-2,563	32	23
Segment profit	31,390	-11,833	1,372	-8,946
Year-on-year change	-	-	-	-

(Millions of yen, rounded)








List of Group Companies

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

Platform Solution Segment (PS)




	DG Financial Technology, Inc.	Providing payment services that combine a variety of payment methods with the highest level of security
	DG Business Technology, Inc.	Providing a wide range of digital business support—from strategy planning to e-commerce system development, marketing, security, and data utilization—all powered by technology
	DG FutureTech India Private Limited	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.*	Provide payment services and service development in a joint venture with ANA Trading Co.
	Resona Kessai Service Co., Ltd.*	Operating Financial Service, such as payment collection agency, factoring, and payment business

Long-term Incubation Segment (LTI)

	Kakaku.com, Inc.* (TSE Prime 2371)	Planning and operation of sites and applications such as “Kakaku.com” and “Tabelog”, and provision of various platforms
	Crypto Garage, Inc.	Promote 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, Inc.	Operation of wine schools and sales business
	DOU Inc.*	Human resource development and recruitment support business using the Career Passport and digital certificate issuance support business
	Pocket Change, Inc.*	Provide “Pokepay,” a platform for original e-money issuance and operation of Pocket Change currency exchange machine service

Global Investment Incubation Segment (GII)

	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 Strategic Investment, Inc.	Strategic investment to gain synergies with the business of Digital Garage Group mainly focusing on fintech and payment solution services
	DG Incubation, Inc.	Investment and business growth support for startups through Open Network Lab & ESG I “Earthshot Fund”, Hamagin DG Innovation Fund and Sapporo Innovation Fund
	DG Daiwa Ventures, Inc.	Investment and business incubation support to startups in cutting-edge technology sectors both domestically and internationally in a joint venture with Daiwa Securities Group Inc.
	Open Network Lab	Supporting entrepreneurs who aim to launch global businesses using digital technologies
	DK Gate, Inc.	Joint venture with Kodansha Ltd. discovering and supporting the next generation of global content businesses

	D2 GARAGE, Inc.	Collaborating 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 n 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.	Sapporo-based nearshore engineering company with a strong track record in SES and contracted development projects, including web system and application development projects for major companies
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*Equity method affiliate

Corporate Profile and Stock Information (As of March 31, 2025)

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	¥7,888 million
Number of Employees	1,321 (Consolidated), 564 (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 each year
Record Date	March 31 each year
Total Number of Shares Issued	47,650,900 shares
Transfer Agent and Account Management Institution for Special Accounts	1-4-1 Marunouchi, Chiyoda-ku, Tokyo 100-8233 Sumitomo Mitsui Trust Bank, Limited
Transfer Agent Administration Office	2-8-4 Izumi, Suginami-ku, Tokyo 168-0063 Stock Transfer Agency Department Sumitomo Mitsui Trust Bank, Limited

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	Shareholding Percentage (%)
Resona Holdings, Inc.	5,713,000	12.42
Kaoru Hayashi	4,883,100	10.62
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,274,800	9.29
HAYASHI CAPITAL, Inc.	2,933,700	6.38
JCB Co., Ltd.	2,364,500	5.14
Dentsu Group Inc.	2,348,000	5.10
GOLDMAN SACHS INTERNATIONAL	1,417,917	3.08
Custody Bank of Japan, Ltd. (Trust Account)	1,235,300	2.69
CGML PB CLIENT ACCOUNT/COLLATERAL	1,219,133	2.65
OASIS JAPAN STRATEGIC FUND LTD.	1,140,698	2.48

*The shareholding percentage is calculated after deducting treasury stock (1,649,238 shares). The treasury stock does not include the Company's shares (169,100 shares) held by the Digital Garage Employee Shareholding Association dedicated trust

Share Ownership Distribution by Category

