

**Translation**

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**Summary of Consolidated Financial Results  
for the Year Ended March 31, 2021  
(Based on IFRS)**

May 13, 2021

Company name: Digital Garage, Inc.  
 Stock exchange listing: Tokyo  
 Securities code: 4819 URL <https://www.garage.co.jp/>  
 Representative: Representative Director, Kaoru Hayashi  
 President Executive Officer and Group CEO  
 Member, Board of Directors, Senior  
 Inquiries: Managing Executive Officer, in charge of the Makoto Soda TEL 03-6367-1111  
 Corporate Strategy Division  
 Scheduled date of ordinary general meeting of shareholders: June 23, 2021  
 Scheduled date to file Securities Report: June 23, 2021  
 Scheduled date to commence dividend payments: June 24, 2021  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

Percentages indicate year-on-year changes

|                           | Revenue         |     | Profit before tax |        | Profit          |        | Profit attributable to owners of parent |        | Comprehensive income |        |
|---------------------------|-----------------|-----|-------------------|--------|-----------------|--------|---|--------|----------------------|--------|
|                           | Millions of yen | %   | Millions of yen   | %      | Millions of yen | %      | Millions of yen                         | %      | Millions of yen      | %      |
| Year ended March 31, 2021 | 40,478          | 9.6 | 14,317            | 43.1   | 9,518           | 29.8   | 9,786                                   | 31.9   | 11,284               | 77.8   |
| Year ended March 31, 2020 | 36,936          | 3.5 | 10,008            | (25.4) | 7,331           | (25.1) | 7,420                                   | (24.1) | 6,345                | (33.3) |

|                           | Basic earnings per share | Diluted earnings per share | Return on equity attributable to owners of parent | Ratio of profit before tax to total assets | Ratio of operating profit to revenue |
|---------------------------|--------------------------|----------------------------|---|--|--------------------------------------|
|                           | Yen                      | Yen                        | %   | %  | %                                    |
| Year ended March 31, 2021 | 212.49                   | 193.82                     | 17.1  | 8.4  | 35.4                                 |
| Year ended March 31, 2020 | 161.37                   | 147.82                     | 15.0  | 6.5  | 27.1                                 |

(2) Consolidated financial position

|                      | Total assets    | Total equity    | Equity attributable to owners of parent | Ratio of equity attributable to owners of parent to total assets | Equity attributable to owners of parent per share |
|----------------------|-----------------|-----------------|---|--|---|
|                      | Millions of yen | Millions of yen | Millions of yen                         | %  | Yen   |
| As of March 31, 2021 | 178,301         | 63,082          | 62,134                                  | 34.8   | 1,348.45  |
| As of March 31, 2020 | 162,296         | 52,795          | 52,033                                  | 32.1   | 1,130.75  |

(3) Consolidated cash flows

|                           | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
|                           | Millions of yen                      | Millions of yen                      | Millions of yen                      | Millions of yen                            |
| Year ended March 31, 2021 | 7,047                                | (864)                                | (914)                                | 37,989                                     |
| Year ended March 31, 2020 | (12,322)                             | (5,473)                              | 2,363                                | 32,702                                     |

## 2. Cash dividends

|                                       | Annual dividends per share |                 |                 |                 |       | Total cash dividends | Dividend payout ratio | Ratio of dividends to equity attributable to owners of parent |
|---------------------------------------|----------------------------|-----------------|-----------------|-----------------|-------|----------------------|-----------------------|---|
|                                       | 1st quarter-end            | 2nd quarter-end | 3rd quarter-end | Fiscal year-end | Total |                      |                       |   |
|                                       | Yen                        | Yen             | Yen             | Yen             | Yen   | Millions of yen      | %                     | %   |
| Year ended March 31, 2020             | –                          | 0.00            | –               | 38.00           | 38.00 | 1,749                | 23.5                  | 3.5   |
| Year ended March 31, 2021             | –                          | 0.00            | –               | 32.00           | 32.00 | 1,475                | 15.1                  | 2.6   |
| Year ending March 31, 2022 (Forecast) | –                          | –               | –               | –               | –     |                      | –                     |   |

(Note 1. Breakdown of year-end dividends for the year ended March 31, 2020 Ordinary dividend: 28.00 Yen Commemorative dividend: 10.00 Yen)

(Note 2. Fiscal year ending March 31, 2022 forecast is to be determined.)

## 3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

In the field of investment and incubation in domestic and overseas unlisted companies in the Incubation Technology Segment, it is difficult to reasonably estimate the fair value of securities held by Digital Garage Group at the end of the fiscal year. Therefore, Digital Garage, Inc. does not disclose consolidated financial forecasts.

## 4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates  
Changes in accounting policies required by IFRS: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

### (3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

|                      |                   |                      |                   |
|----------------------|-------------------|----------------------|-------------------|
| As of March 31, 2021 | 47,441,900 shares | As of March 31, 2020 | 47,406,800 shares |
|----------------------|-------------------|----------------------|-------------------|

Number of treasury shares at end of period

|                      |                  |                      |                  |
|----------------------|------------------|----------------------|------------------|
| As of March 31, 2021 | 1,363,660 shares | As of March 31, 2020 | 1,390,316 shares |
|----------------------|------------------|----------------------|------------------|

Average number of shares during period

|                           |                   |                           |                   |
|---------------------------|-------------------|---------------------------|-------------------|
| Year ended March 31, 2021 | 46,051,295 shares | Year ended March 31, 2020 | 45,982,461 shares |
|---------------------------|-------------------|---------------------------|-------------------|

**Consolidated financial statements**  
**Consolidated statement of financial position**

|   | (Millions of yen)    |                      |
|---|----------------------|----------------------|
|   | As of March 31, 2020 | As of March 31, 2021 |
| Assets  |                      |                      |
| Current assets                                |                      |                      |
| Cash and cash equivalents                     | 32,702               | 37,989               |
| Trade and other receivables                   | 26,657               | 26,574               |
| Inventories                                   | 319                  | 264                  |
| Operational investment securities             | 36,546               | 47,170               |
| Other financial assets                        | 1,323                | 912                  |
| Income taxes receivable                       | 324                  | 21                   |
| Other current assets                          | 980                  | 618                  |
| Total current assets                          | 98,852               | 113,548              |
| Non-current assets                            |                      |                      |
| Property, plant and equipment                 | 21,367               | 19,478               |
| Goodwill                                      | 7,689                | 7,689                |
| Intangible assets                             | 3,496                | 4,000                |
| Investment property                           | 2,932                | 2,924                |
| Investments accounted for using equity method | 21,475               | 22,446               |
| Other financial assets                        | 6,319                | 7,878                |
| Deferred tax assets                           | 45                   | 60                   |
| Other non-current assets                      | 120                  | 278                  |
| Total non-current assets                      | 63,444               | 64,753               |
| Total assets                                  | 162,296              | 178,301              |

|   | (Millions of yen)    |                      |
|---|----------------------|----------------------|
|   | As of March 31, 2020 | As of March 31, 2021 |
| Liabilities and equity                        |                      |                      |
| Liabilities                                   |                      |                      |
| Current liabilities                           |                      |                      |
| Borrowings                                    | 4,927                | 9,768                |
| Trade and other payables                      | 41,203               | 39,911               |
| Other financial liabilities                   | 1,783                | 1,712                |
| Income taxes payable                          | 207                  | 1,328                |
| Other current liabilities                     | 2,717                | 4,146                |
| Total current liabilities                     | 50,838               | 56,865               |
| Non-current liabilities                       |                      |                      |
| Bonds and borrowings                          | 38,247               | 35,850               |
| Other financial liabilities                   | 13,553               | 12,168               |
| Retirement benefit liability                  | 571                  | 452                  |
| Provisions                                    | 589                  | 485                  |
| Deferred tax liabilities                      | 5,426                | 8,515                |
| Other non-current liabilities                 | 278                  | 885                  |
| Total non-current liabilities                 | 58,663               | 58,355               |
| Total liabilities                             | 109,501              | 115,220              |
| Equity  |                      |                      |
| Share capital                                 | 7,591                | 7,637                |
| Capital surplus                               | 4,409                | 4,566                |
| Treasury shares                               | (5,012)              | (4,915)              |
| Other components of equity                    | 324                  | 2,062                |
| Retained earnings                             | 44,721               | 52,785               |
| Total equity attributable to owners of parent | 52,033               | 62,134               |
| Non-controlling interests                     | 762                  | 947                  |
| Total equity                                  | 52,795               | 63,082               |
| Total liabilities and equity                  | 162,296              | 178,301              |

**Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income**

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2020 | Fiscal year ended<br>March 31, 2021 |
| Revenue  |                                     |                                     |
| Revenue in recurring business                                    | 26,687                              | 24,945                              |
| Revenue in operational investment securities                     | 4,020                               | 11,031                              |
| Other income   | 2,416                               | 1,949                               |
| Finance income   | 93                                  | 59                                  |
| Share of profit of investments accounted for using equity method | 3,720                               | 2,495                               |
| Total  | 36,936                              | 40,478                              |
| Expenses   |                                     |                                     |
| Cost of sales  | 12,036                              | 10,697                              |
| Selling, general and administrative expenses                     | 14,022                              | 14,537                              |
| Other expenses   | 492                                 | 617                                 |
| Finance costs  | 379                                 | 311                                 |
| Total  | 26,929                              | 26,161                              |
| Profit before tax  | 10,008                              | 14,317                              |
| Income tax expense   | 2,677                               | 4,798                               |
| Profit   | 7,331                               | 9,518                               |
| Profit (loss) attributable to                                    |                                     |                                     |
| Owners of parent   | 7,420                               | 9,786                               |
| Non-controlling interests  | (89)                                | (267)                               |
| Earnings per share   |                                     |                                     |
| Basic earnings per share   | 161.37                              | 212.49                              |
| Diluted earnings per share                                       | 147.82                              | 193.82                              |

## Consolidated statements of comprehensive income

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2020 | Fiscal year ended<br>March 31, 2021 |
| Profit   | 7,331                               | 9,518                               |
| Other comprehensive income   |                                     |                                     |
| Items that will not be reclassified to profit or loss  |                                     |                                     |
| Net change in fair value of equity instruments designated<br>as measured at fair value through other comprehensive<br>income | (817)                               | 1,670                               |
| Remeasurements of defined benefit plans  | 1                                   | (7)                                 |
| Share of other comprehensive income of investments<br>accounted for using equity method                                      | (64)                                | 10                                  |
| Items that may be reclassified to profit or loss   |                                     |                                     |
| Exchange differences on translation of foreign operations  | (104)                               | 91                                  |
| Share of other comprehensive income of investments<br>accounted for using equity method                                      | (2)                                 | 0                                   |
| Other comprehensive income, net of tax   | (986)                               | 1,766                               |
| Comprehensive income   | <u>6,345</u>                        | <u>11,284</u>                       |
| Comprehensive income attributable to   |                                     |                                     |
| Owners of parent   | 6,435                               | 11,550                              |
| Non-controlling interests  | (90)                                | (266)                               |

## Consolidated statement of changes in equity

(Millions of yen)

|   | Equity attributable to owners of parent |                 |                 |  |   |   |       |
|---|---|-----------------|-----------------|--|---|---|-------|
|   | Share capital                           | Capital surplus | Treasury shares | Other components of equity   |   |   | Total |
|   |   |                 |                 | Financial assets measured at fair value through other comprehensive income | Exchange differences on translation of foreign operations | Remeasurements of defined benefit plans |       |
| Balance at April 1, 2019                                      | 7,504                                   | 4,235           | (5,026)         | 75   | 1,231   | (3)                                     | 1,303 |
| Profit (loss)   |   |                 |                 |  |   |   | –     |
| Other comprehensive income                                    |   |                 |                 | (880)  | (106)   | 1                                       | (985) |
| Comprehensive income  | –                                       | –               | –               | (880)  | (106)   | 1                                       | (985) |
| Issuance of new shares  | 88                                      | 88              |                 |  |   |   | –     |
| Changes in ownership interest in subsidiaries                 |   | 1               |                 |  |   |   | –     |
| Change in scope of consolidation                              |   | (62)            |                 |  |   |   | –     |
| Dividends   |   |                 |                 |  |   |   | –     |
| Share-based payment transactions                              |   | 145             |                 |  |   |   | –     |
| Purchase of treasury shares                                   |   |                 | (0)             |  |   |   | –     |
| Disposal of treasury shares                                   |   | (0)             | 14              |  |   |   | –     |
| Transfer from other components of equity to retained earnings |   |                 |                 | 6  |   |   | 6     |
| Other   |   | 2               |                 |  |   |   | –     |
| Total   | 88                                      | 174             | 14              | 6  | –   | –                                       | 6     |
| Balance at March 31, 2020                                     | 7,591                                   | 4,409           | (5,012)         | (798)  | 1,125   | (2)                                     | 324   |
| Profit (loss)   |   |                 |                 |  |   |   | –     |
| Other comprehensive income                                    |   |                 |                 | 1,678  | 92  | (5)                                     | 1,765 |
| Comprehensive income  | –                                       | –               | –               | 1,678  | 92  | (5)                                     | 1,765 |
| Issuance of new shares  | 46                                      | 46              |                 |  |   |   | –     |
| Changes in ownership interest in subsidiaries                 |   | (66)            |                 |  |   |   | –     |
| Dividends   |   |                 |                 |  |   |   | –     |
| Share-based payment transactions                              |   | 178             | 97              |  |   |   | –     |
| Purchase of treasury shares                                   |   |                 | (1)             |  |   |   | –     |
| Transfer from other components of equity to retained earnings |   |                 |                 | (27)   |   |   | (27)  |
| Other   |   | (0)             |                 |  |   |   | –     |
| Total   | 46                                      | 157             | 96              | (27)   | –   | –                                       | (27)  |
| Balance at March 31, 2021                                     | 7,637                                   | 4,566           | (4,915)         | 853  | 1,217   | (7)                                     | 2,062 |

|   | (Millions of yen)                       |         |                 |         |
|---|---|---------|-----------------|---------|
|   | Equity attributable to owners of parent |         | Non-controlling | Total   |
|   | Retained earnings                       | Total   | interests       |         |
| Balance at April 1, 2019                                      | 38,593                                  | 46,609  | 736             | 47,345  |
| Profit (loss)   | 7,420                                   | 7,420   | (89)            | 7,331   |
| Other comprehensive income                                    |   | (985)   | (1)             | (986)   |
| Comprehensive income  | 7,420                                   | 6,435   | (90)            | 6,345   |
| Issuance of new shares  |   | 175     |                 | 175     |
| Changes in ownership interest in subsidiaries                 |   | 1       | 116             | 116     |
| Change in scope of consolidation                              |   | (62)    |                 | (62)    |
| Dividends   | (1,287)                                 | (1,287) |                 | (1,287) |
| Share-based payment transactions                              |   | 145     |                 | 145     |
| Purchase of treasury shares                                   |   | (0)     |                 | (0)     |
| Disposal of treasury shares                                   |   | 14      |                 | 14      |
| Transfer from other components of equity to retained earnings | (6)                                     | -       |                 | -       |
| Other   |   | 2       |                 | 2       |
| Total   | (1,293)                                 | (1,011) | 116             | (895)   |
| Balance at March 31, 2020                                     | 44,721                                  | 52,033  | 762             | 52,795  |
| Profit (loss)   | 9,786                                   | 9,786   | (267)           | 9,518   |
| Other comprehensive income                                    |   | 1,765   | 1               | 1,766   |
| Comprehensive income  | 9,786                                   | 11,550  | (266)           | 11,284  |
| Issuance of new shares  |   | 91      |                 | 91      |
| Changes in ownership interest in subsidiaries                 |   | (66)    | 452             | 386     |
| Dividends   | (1,749)                                 | (1,749) |                 | (1,749) |
| Share-based payment transactions                              |   | 275     |                 | 275     |
| Purchase of treasury shares                                   |   | (1)     |                 | (1)     |
| Transfer from other components of equity to retained earnings | 27                                      | -       |                 | -       |
| Other   |   | (0)     |                 | (0)     |
| Total   | (1,721)                                 | (1,449) | 452             | (997)   |
| Balance at March 31, 2021                                     | 52,785                                  | 62,134  | 947             | 63,082  |



## Consolidated statements of cash flows

(Millions of yen)

|   | Fiscal year ended<br>March 31, 2020 | Fiscal year ended<br>March 31, 2021 |
|---|-------------------------------------|-------------------------------------|
| Cash flows from operating activities                                    |                                     |                                     |
| Profit before tax   | 10,008                              | 14,317                              |
| Depreciation and amortization   | 2,369                               | 3,637                               |
| Impairment losses   | 65                                  | 231                                 |
| Interest and dividend income  | (22)                                | (19)                                |
| Interest expenses on borrowings and bonds                               | 249                                 | 238                                 |
| Share of loss (profit) of investments accounted for using equity method | (3,720)                             | (2,495)                             |
| Loss (gain) on sales of shares of subsidiaries and associates           | (1,283)                             | (1)                                 |
| Loss (gain) on transfer of business                                     | (98)                                | (1,103)                             |
| Decrease (increase) in trade and other receivables                      | (3,195)                             | 22                                  |
| Decrease (increase) in investment securities for sale                   | (9,810)                             | (10,527)                            |
| Decrease (increase) in inventories                                      | (87)                                | 54                                  |
| Increase (decrease) in trade and other payables                         | (5,715)                             | (521)                               |
| Increase (decrease) in accrued consumption taxes                        | (653)                               | 1,422                               |
| Other   | 528                                 | 1,097                               |
| Subtotal  | (11,363)                            | 6,352                               |
| Interest and dividends received   | 1,664                               | 1,450                               |
| Interest paid   | (91)                                | (74)                                |
| Income taxes refund (paid)  | (2,532)                             | (681)                               |
| Net cash provided by (used in) operating activities                     | (12,322)                            | 7,047                               |
| Cash flows from investing activities                                    |                                     |                                     |
| Purchase of property, plant and equipment                               | (3,494)                             | (1,501)                             |
| Purchase of intangible assets   | (1,749)                             | (1,706)                             |
| Purchase of investment securities                                       | (4)                                 | (186)                               |
| Proceeds from sale of investment securities                             | 0                                   | 1,865                               |
| Payments for acquisition of subsidiaries                                | (1,043)                             | –                                   |
| Purchase of investments accounted for using equity method               | (500)                               | (513)                               |
| Proceeds from sale of investments accounted for using equity method     | 1,462                               | 80                                  |
| Payments of leasehold and guarantee deposits                            | (792)                               | (8)                                 |
| Proceeds from sale of businesses  | 104                                 | 541                                 |
| Other   | 542                                 | 563                                 |
| Net cash provided by (used in) investing activities                     | (5,473)                             | (864)                               |

|  | (Millions of yen)                   |                                     |
|--|-------------------------------------|-------------------------------------|
|  | Fiscal year ended<br>March 31, 2020 | Fiscal year ended<br>March 31, 2021 |
| Cash flows from financing activities   |                                     |                                     |
| Net increase (decrease) in short-term borrowings                                     | 82                                  | 2,002                               |
| Proceeds from long-term borrowings   | 5,300                               | 3,526                               |
| Repayments of long-term borrowings   | (511)                               | (3,270)                             |
| Repayments of lease liabilities  | (1,435)                             | (1,861)                             |
| Capital contribution from non-controlling interests                                  | 116                                 | 417                                 |
| Payments for acquisition of interests in subsidiaries from non-controlling interests | –                                   | (28)                                |
| Dividends paid   | (1,289)                             | (1,748)                             |
| Other  | 100                                 | 47                                  |
| Net cash provided by (used in) financing activities                                  | 2,363                               | (914)                               |
| Effect of exchange rate changes on cash and cash equivalents                         | (20)                                | 17                                  |
| Net increase (decrease) in cash and cash equivalents                                 | (15,452)                            | 5,286                               |
| Cash and cash equivalents at beginning of period                                     | 48,154                              | 32,702                              |
| Cash and cash equivalents at end of period   | 32,702                              | 37,989                              |