

# Digital Garage, Inc.

3Q of FYE March 31, 2022 Financial Report



<2020-2025 Mid-term Plan> **Designing our New Normal Context**

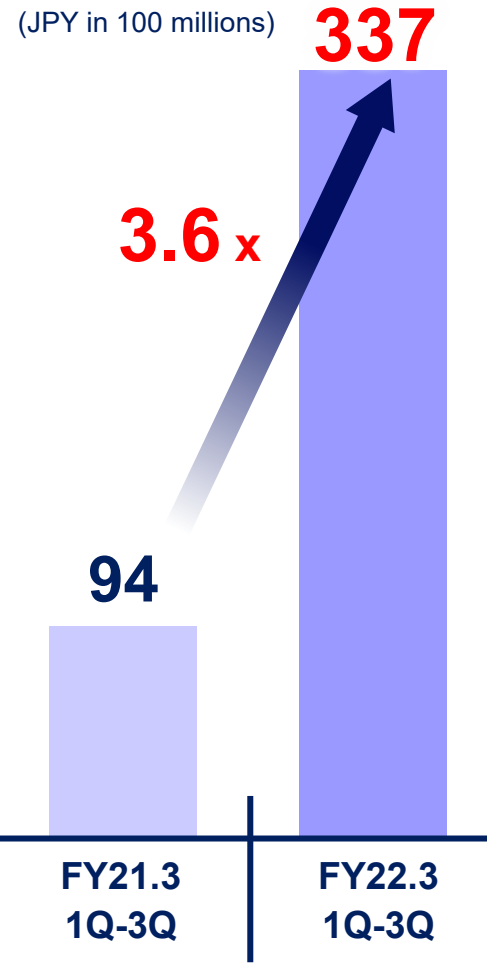
# Financial Results Highlights 1



Profit before tax for FY 22.3 1Q-3Q increased by 4x YoY to 33.7 B JPY, renewed record high profit

~ FT : Quarterly profit before tax recovered to double-digit increase of 1Q YoY +9%, 2Q YoY +3%, 3Q YoY +11%  
IT : The fair value of investees has expanded significantly ~

## Transition of consolidated profit before tax



## Profit before tax

Segment	3Q	1Q-3Q	YoY Change
Consolidated	6.3 B JPY	33.7 B JPY	+88 % / 3.6 X
FT	1.3 B JPY	3.5 B JPY	+11 % / +8 %
MT	0.1 B JPY	0.5 B JPY	▲41 % / +7 %
IT	4.6 B JPY	20.1 B JPY	2.5 X / 2.9 X
LTI	0.8 B JPY	2.0 B JPY	+1 % / +37 %

## Outlook and KPI by segments

FT	<ul style="list-style-type: none"> <li>With the continued expansion of the EC market, growth in travel payments and face-to-face settlements, and an increase in sales of fraud detection services, profit before tax increased from 3% in 2Q to 11% in 3Q, recovered to double-digit increase, absorbed system investment cost</li> </ul> <ul style="list-style-type: none"> <li>Transaction volume: <b>2,659.6 B JPY (YoY +17%)</b></li> <li>of which, face-to-face settlement: <b>197.5 B JPY (YoY +67%)</b></li> <li>Number of transactions: <b>534 million (YoY +10%)</b></li> </ul>
MT	<ul style="list-style-type: none"> <li>Mainstay digital ads transaction volume was strong, mainly in financial-related, and in particular, digital ads for credit card increased. Redesigned segment strategy and organization design according to Group FinTech shift</li> </ul> <ul style="list-style-type: none"> <li>Digital ads volume: <b>22.3 B JPY (YoY +14%)</b></li> <li>of which, financial ads volume: <b>13.1 B JPY (YoY +28%)</b></li> </ul>
IT	<ul style="list-style-type: none"> <li>Successful strategic investment in advanced FinTech/DX companies. Growth in fair value across Japan, the U.S. and Asia, particularly in the U.S. In India, a medical venture company raised a large amount of funds and investee Droom Technologies Limited applied for listing</li> </ul> <ul style="list-style-type: none"> <li>Investment / Sold: <b>5.8 B JPY / 3.7 B JPY</b></li> <li>Fair valuation: <b>66.7 B JPY (from E of Mar. 2021 +41%)</b></li> </ul>
LTI	<ul style="list-style-type: none"> <li>Crypto Garage : Final preparations for the start of commercial transactions within the fiscal year</li> <li>Kakaku.com : Tabelog reservations in Oct.-Dec. are on a recovery trend, and traffic from New Media &amp; Solutions such as job boxes continues to be strong</li> </ul> <ul style="list-style-type: none"> <li>Investment profit on equity method of Kakaku.com: <b>2.2 B JPY (YoY +18%)</b></li> </ul>



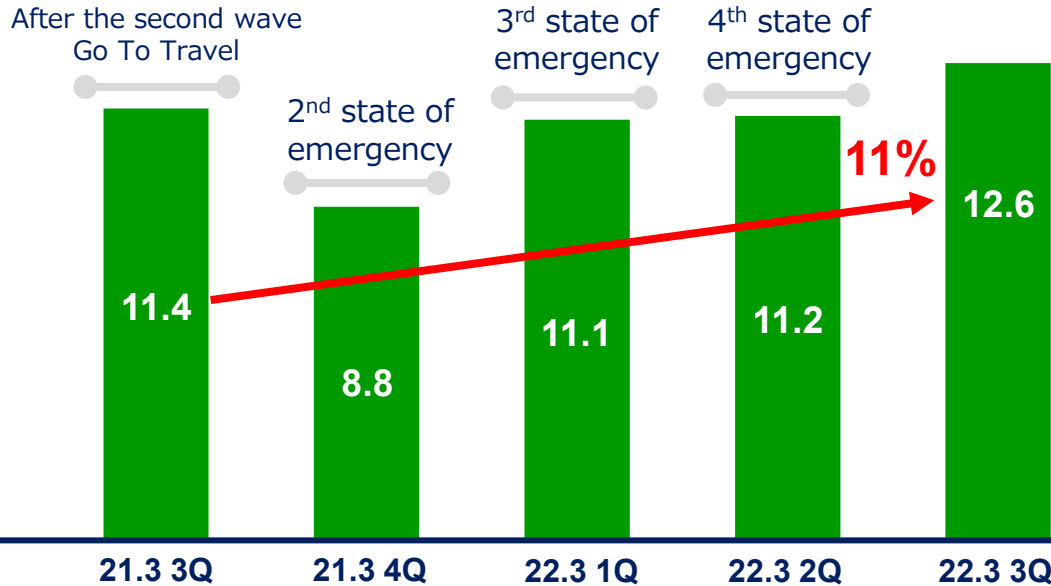
# Financial Results Highlights 2 : FT segment and Fintech Shift (Strategic alliances)



Recovered to double-digit profit increase

Absorb next-generation strategic system investment, EC growth and face-to-face settlement expansion even in the COVID-19

## Transition of FT Segment's profit before tax (JPY in 100 millions)



## < Promote strategic alliances and system investment >

- ✓ Expand market reach for further growth through capital and business alliance with Toshiba Tec Corporation and JCB Co., Ltd.
- ✓ Continue strategic investment in stable and scalable next-generation systems that support payment data transactions due to the rapid transformation of digital transformation under COVID-19
- ✓ Promotion of marketing activities using cutting-edge technology that considers personal information, utilizing the large amount of data processed by us

### Measures of market reach expansion ①

Capital and business alliance with Toshiba Tec Corporation



- Accelerate the spread of our payment system infrastructure through alliances with both companies that hold extremely large market share
- Demand forecasting and attracting customers through the member store network by utilizing settlement purchase data and open data

Comprehensive alliance with Toshiba Tec Corporation, the largest POS company with a domestic market share of over 50%

### Measures of market reach expansion ②

Capital and business alliance with JCB Co., Ltd.



Comprehensive alliance with JCB Co., Ltd., which has 37 million member stores, 140 million members, and one of the largest card networks in Japan

### Measures to enter new markets

Capital and business alliance with Nomura Holdings, Inc. in the crypto asset business



- Crypto asset settlement business and overseas custody business promoted by Nomura Holdings, Inc. for the Japanese market

Fusion of DG's latest technology and Nomura Group's domestic and overseas market know-how

# FY22.3 3Q Consolidated P/L Summary (IFRS)



**Consolidated revenue in FY 22.3 1Q-3Q increased by 1.8x YoY to 52.9 B JPY,  
Profit before tax went up by 3.6x YoY to 33.7 B JPY**

~ Despite the strong performance of FT, revenue in recurring business decreased due to decline in CRM contracted developments in MT, significant growth of revenue in operational investment securities led to increase in sales and profit ~

JPY in Millions	FY21.3				FY22.3		FY22.3	YoY (3Q)		FY 21.3	FY 22.3	YoY (1Q-3Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	%	Amount	1Q-3Q	1Q-3Q	%	Amount
<b>Revenue</b>	<b>6,944</b>	<b>12,320</b>	<b>9,447</b>	<b>11,767</b>	<b>10,843</b>	<b>29,266</b>	<b>12,779</b>	<b>+35.3%</b>	<b>+3,332</b>	<b>28,711</b>	<b>52,888</b>	<b>+84.2%</b>	<b>+24,177</b>
Revenue in recurring business	6,148	6,301	6,138	6,357	6,004	6,068	6,226	+1.4%	+88	18,587	18,298	-1.6%	-289
Revenue in operational investment securities	302	4,968	2,226	3,535	3,893	9,834	4,378	2.0 x	+2,153	7,496	18,106	2.4 x	+10,610
Other income	193	207	214	1,335	326	223	202	-5.6%	-12	614	752	+22.4%	+138
Finance income	1	0	17	40	18	11,382	513	-	+496	18	11,914	-	+11,895
Share of profit of investments accounted for using equity method	300	843	853	499	600	1,758	1,461	+71.3%	+608	1,996	3,819	+91.3%	+1,823
<b>Expenses</b>	<b>6,539</b>	<b>6,689</b>	<b>6,123</b>	<b>6,811</b>	<b>5,969</b>	<b>6,715</b>	<b>6,526</b>	<b>+6.6%</b>	<b>+403</b>	<b>19,351</b>	<b>19,209</b>	<b>-0.7%</b>	<b>-141</b>
Cost of sales	2,764	2,829	2,459	2,645	2,531	2,617	2,662	+8.3%	+204	8,052	7,811	-3.0%	-241
Selling, general and administrative expenses	3,453	3,588	3,400	4,095	3,304	3,831	3,696	+8.7%	+295	10,441	10,830	+3.7%	+389
Other expenses	69	109	69	370	72	117	99	+42.6%	+30	247	287	+16.2%	+40
Finance costs	252	163	195	-299	62	151	69	-64.7%	-126	610	281	-53.9%	-329
<b>Profit before tax</b>	<b>405</b>	<b>5,632</b>	<b>3,324</b>	<b>4,956</b>	<b>4,874</b>	<b>22,551</b>	<b>6,253</b>	<b>+88.1%</b>	<b>+2,929</b>	<b>9,361</b>	<b>33,679</b>	<b>3.6 x</b>	<b>+24,318</b>
<b>Profit attributable to owners of parent</b>	<b>224</b>	<b>3,779</b>	<b>2,290</b>	<b>3,493</b>	<b>3,343</b>	<b>15,152</b>	<b>4,305</b>	<b>+88.0%</b>	<b>+2,016</b>	<b>6,293</b>	<b>22,801</b>	<b>3.6 x</b>	<b>+16,508</b>

NOTE) The above Revenue, Expenses, and Profit before tax refer to the continuing operations excluding discontinued operations.

Finance income includes fair value valuation gain on Blockstream Corporation Inc., investment securities held by Digital Garage, Inc.



# FY22.3 3Q Segment P/L Summary (IFRS)



Achieved profit increases in all segments in FY 22.3 1Q-3Q;  
IT : Significant profit growth due to increase in fair value of investees

~ FT : Achieved record high profit as EC payments and face-to-face settlements performed favorably  
MT : Financial sectors in the mainstay digital ads remained firm ~

JPY in Millions	FY21.3				FY 22.3			FY 22.3		YonY (3Q)		FY 21.3	FY 22.3	YonY (1Q-3Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	%	Amount	1Q-3Q	1Q-3Q	%	Amount		
<b>Revenue</b>	<b>6,944</b>	<b>12,320</b>	<b>9,447</b>	<b>11,767</b>	<b>10,843</b>	<b>29,266</b>	<b>12,779</b>	<b>+35.3%</b>	<b>+3,332</b>	<b>28,711</b>	<b>52,888</b>	<b>+84.2%</b>	<b>+24,177</b>		
Financial Technology	2,340	2,409	2,525	2,392	2,516	2,675	2,814	+11.5%	+289	7,273	8,005	+10.1%	+731		
Marketing Technology	3,335	3,257	2,958	3,499	3,217	3,098	3,091	+4.5%	+133	9,549	9,406	-1.5%	-144		
Incubation Technology	389	5,269	2,225	3,599	4,015	12,214	5,008	2.3 x	+2,784	7,883	21,237	2.7 x	+13,354		
Long-term Incubation	801	1,305	1,646	2,179	1,034	993	1,402	-14.8%	-244	3,751	3,429	-8.6%	-323		
Others/Adjustments and Eliminations	79	81	94	97	61	10,286	465	5.0 x	+371	254	10,811	42.6 x	+10,557		
<b>Profit before tax</b>	<b>405</b>	<b>5,632</b>	<b>3,324</b>	<b>4,956</b>	<b>4,874</b>	<b>22,551</b>	<b>6,253</b>	<b>+88.1%</b>	<b>+2,929</b>	<b>9,361</b>	<b>33,679</b>	<b>3.6 x</b>	<b>+24,318</b>		
Financial Technology	1,018	1,083	1,141	875	1,108	1,120	1,264	+10.8%	+123	3,242	3,492	+7.7%	+249		
Marketing Technology	178	78	202	276	223	146	119	-41.2%	-83	458	488	+6.5%	+30		
Incubation Technology	72	4,916	1,861	3,415	3,636	11,886	4,593	2.5 x	+2,732	6,849	20,116	2.9 x	+13,267		
Long-term Incubation	120	485	843	1,205	599	536	849	+0.7%	+6	1,448	1,983	+37.0%	+536		
Others/Adjustments and Eliminations	-983	-931	-724	-815	-692	8,862	-572	-	+152	-2,637	7,599	-	+10,236		

NOTE) Revenue here shows revenue from external customers. Segment revenue and profit before tax are before elimination of intersegment transaction and corporate revenue and expenses.

# FY22.3 3Q Consolidated B/S Summary (IFRS)



JPY in Millions	End of FY21.3	End of FY22.3 3Q	Difference	Reason for change / Remarks
<b>Current assets</b>	<b>113,548</b>	<b>140,611</b>	<b>+27,063</b>	
Cash and cash equivalents	37,989	52,133	+14,145	
Trade and other receivables	26,574	20,141	-6,433	FT business-related items
Operational investment securities	47,170	66,699	+19,530	Increase in fair value of investee companies
<b>Non-current assets</b>	<b>64,753</b>	<b>81,321</b>	<b>+16,568</b>	
Property, plant and equipment	19,478	19,097	-381	
Intangible assets	4,000	4,174	+174	
Investments accounted for using equity method	22,446	25,026	+2,580	Equity in earnings of affiliates
Other financial assets	7,878	21,806	+13,928	Increase in fair value of investee companies
<b>Total assets</b>	<b>178,301</b>	<b>221,933</b>	<b>+43,631</b>	
<b>Current liabilities</b>	<b>56,865</b>	<b>66,489</b>	<b>+9,625</b>	
Borrowings	9,768	8,552	-1,216	Refinancing long-term loans payable within one year
Trade and other payables	39,911	52,712	+12,801	
<b>Non-current liabilities</b>	<b>58,355</b>	<b>70,499</b>	<b>+12,144</b>	
Bonds and borrowings	35,850	40,155	+4,305	
Other financial liabilities	12,168	11,072	-1,096	
Deferred tax liabilities	8,515	17,513	+8,998	Increase in estimated tax expense on unrealized gains on securities
<b>Total liabilities</b>	<b>115,220</b>	<b>136,989</b>	<b>+21,769</b>	
<b>Total equity</b>	<b>63,082</b>	<b>84,944</b>	<b>+21,862</b>	
Total equity attributable to owners of parent	62,134	83,521	+21,386	
Share capital	7,637	7,681	+44	
Capital surplus	4,566	4,905	+339	
Treasury shares	-4,915	-4,831	+84	
Other components of equity	2,062	1,455	-607	Decrease due to mark-to-market valuation of listed shares
Retained earnings	52,785	74,312	+21,527	Increased profit
Non-controlling interests	947	1,423	+476	
<b>Total liabilities and equity</b>	<b>178,301</b>	<b>221,933</b>	<b>+43,631</b>	

# Segment Performance Review







## I Financial Technology Segment

	Revenue	Profit before tax
FY 21.3 1Q-3Q	7,273 M JPY	3,242 M JPY
<b>FY 22.3 1Q-3Q</b>	<b>8,005 M JPY</b>	<b>3,492 M JPY</b>

### ▶ **DG Financial Technology, Inc.**※

Japan's leading payment service provider



(formerly VeriTrans, Inc.  / econtext, Inc. )  
 ※changed name in April 2021

### ▶ **NaviPlus Co., Ltd.**

Subsidiary of DG Financial Technology, Inc. Offers website support tools including personalized recommendation engines



### ▶ **TD Payment Corporation** (49% stake/equity method)

Offers multiple payment solutions for POS systems



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

Develops and offers the new payment solution by FinTech



### ▶ **SCORE Co., Ltd.** (49% stake/equity method)

Development of post-settlement payment business and various financial businesses utilizing settlement data



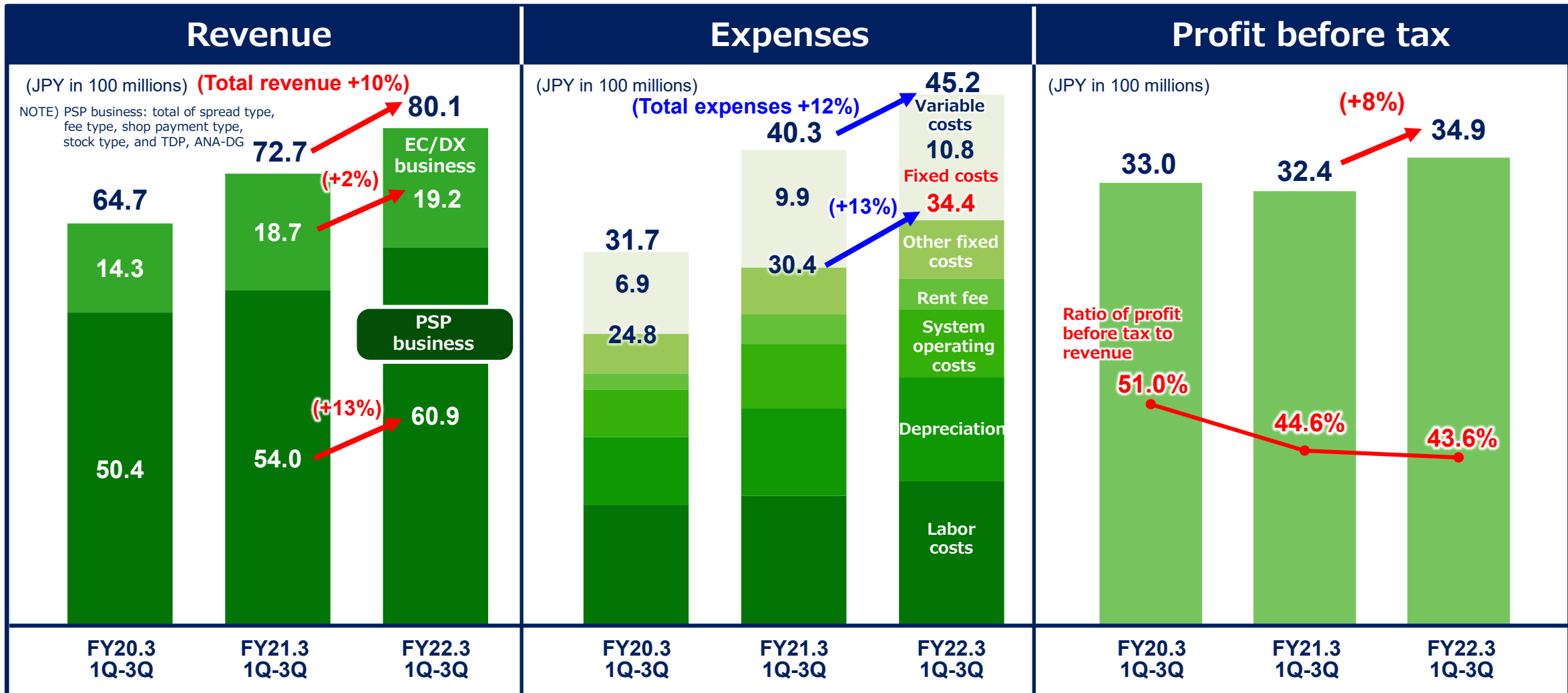
NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

# FT Segment – Highlights (P/L)



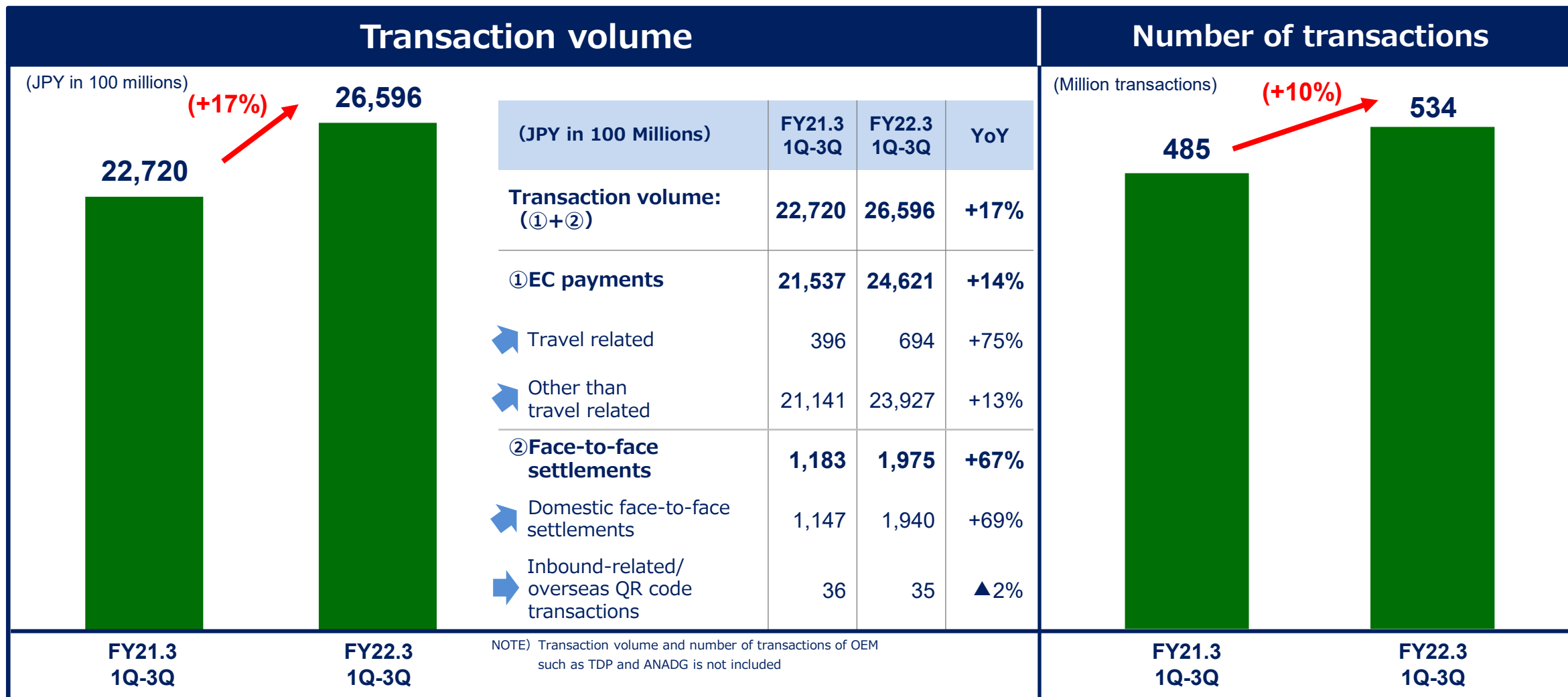
Mainstay PSP business revenue performed strongly, up by 13% YoY, total revenue grew by 10% YoY to 8.0 B JPY

~ Profit before tax increased by 8% YoY to 3.5 B JPY, reached record high profit despite continued investment for stable system operation and expansion ~





Transaction volume increased by 17% YoY to 2.7 T JPY,  
 Number of transactions went up by 10% YoY to 534 millions, continuing high growth  
 ~ Transaction volume for EC payments grew by 14% YoY due to the recovery in travel related,  
 Face-to-face settlements increased by 67% YoY as domestic settlements performed strongly ~

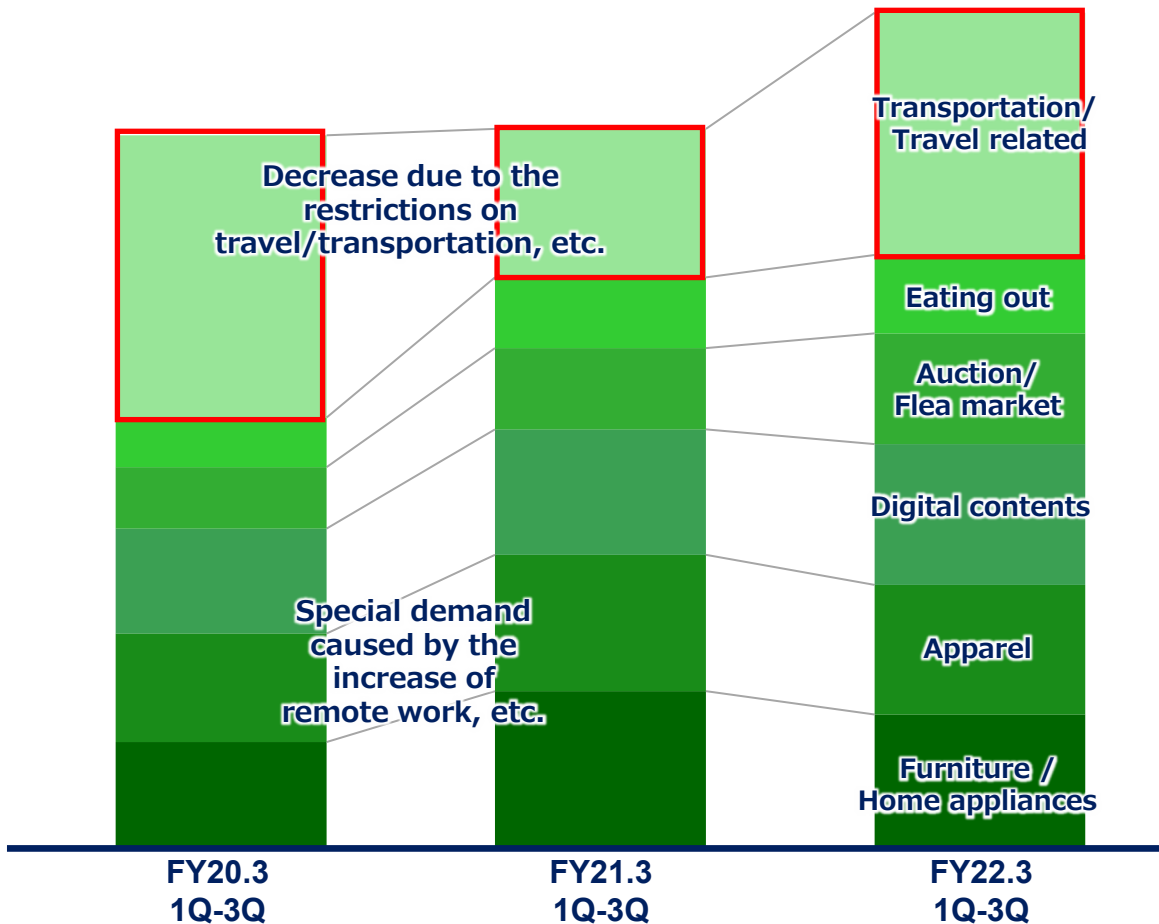






Transportation/travel related industries are recovering, up by 63% YoY. Although apparel, furniture/home appliances, etc. had a reactionary drop from the decline in special demand caused by COVID-19, digital contents, eating out, etc. are continuing to perform favorably

## Increase/decrease of transaction volume by major industry



















Industry	YoY
<b>Transaction volume</b>	<b>+17%</b>
Transportation/Travel related	+63%
Auction/Flea market	+36%
Digital contents	+12%
Eating out	+11%
Apparel	▲5%
Furniture/Home appliances	▲15%

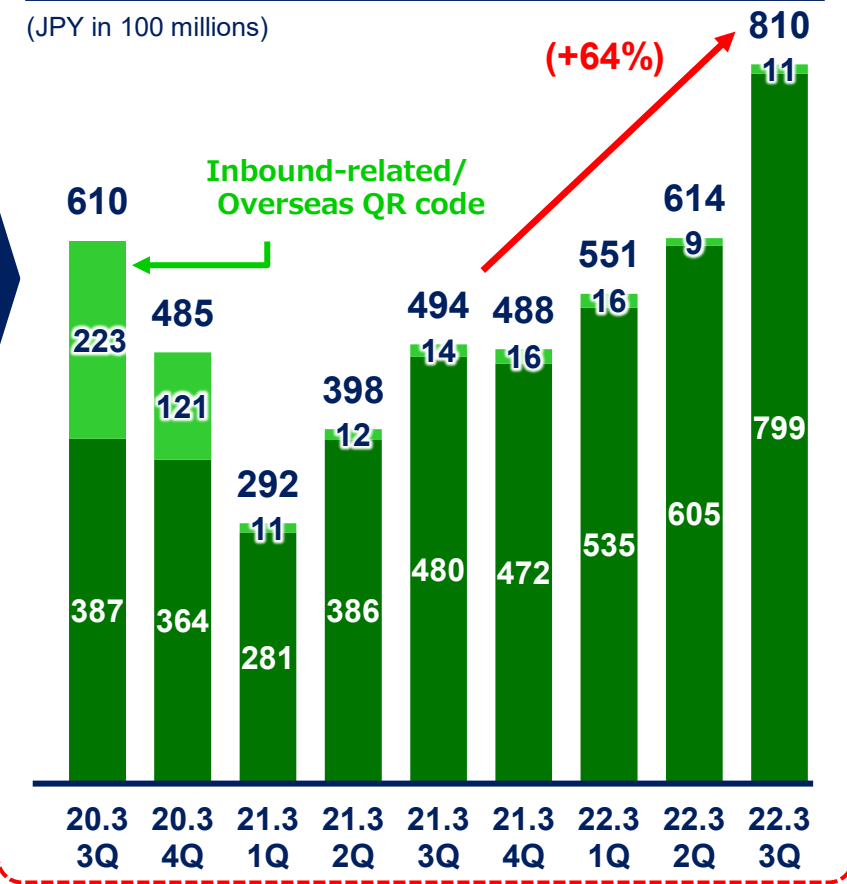
(NOTE) Created from FT Segment's major business partners (About 30% of gross transaction volume is composed of major industries). Total of EC payment and face-to-face settlement



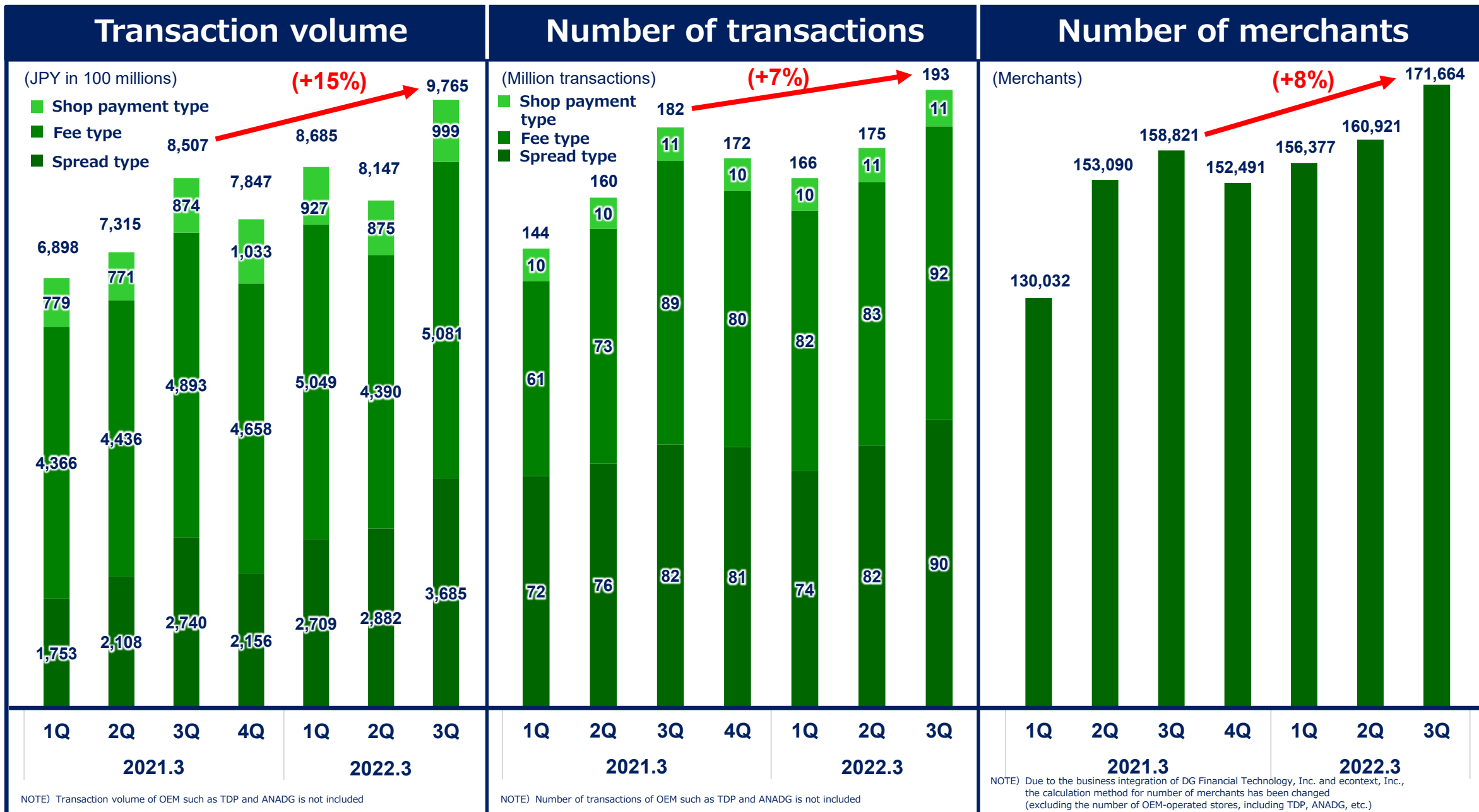
## Payment methods that match all store sizes

  POS Register	Medium to large scale Retail market  TD Payment Corporation	<ul style="list-style-type: none"> <li>JV with Toshiba Tec Corporation, the top share company in Japan providing multi-payment solution.</li> <li>Transaction volume grew by 54% YoY as introducing into major drugstores and supermarkets, etc. progressed</li> </ul>
 Tablet POS  Multi-Payment Terminal mPOS	Small to medium scale Retail market  ANA Digital Gate	<ul style="list-style-type: none"> <li>Provide OEM to Recruit Holdings Co., Ltd.</li> <li>Offer payment terminals and multi-payment solutions at ANA DG, a JV with ANA Group</li> <li>Transaction volume increased by 69% YoY</li> </ul>
 QR Code Scanning Panel Cloud Pay	Small scale Retail market    Alipay  AlipayHK  pay  微信支付 WeChat Pay  LINE Pay  Pay  auPAY	<ul style="list-style-type: none"> <li>Cloud Pay (Develop consortium-type multi-QR solutions that integrate various MPM-type payments into one QR code) is focusing on small stores</li> <li>Transaction volume grew by 88% YoY</li> </ul>

**Transaction volume of face-to-face settlement**  
 Although the impact of COVID-19 remains in inbound-related/Overseas QR code transactions, total of face-to-face settlements grew significantly, up by 64% YoY



Note) MPM (Merchant Presented Mode) : Method in which consumers scan QR codes displayed at stores with their smartphones to make payments







## II Marketing Technology Segment

	Revenue	Profit before tax
FY 21.3 1Q-3Q	9,549 M JPY	458 M JPY
<b>FY 22.3 1Q-3Q</b>	<b>9,406 M JPY</b>	<b>488 M JPY</b>

### ▶ Marketing Technology Company

Supports client's business through performance-based ads, web marketing, CRM marketing, and DX businesses



### ▶ DG Communications Co., Ltd.

Develops real estate advertising business



### ▶ BI.Garage, Inc.

Contextual ads business and media consortium business



### ▶ CyberBuzz, Inc. (20% stake/equity method)

Provides the social media marketing platform structured with influencers as its center part



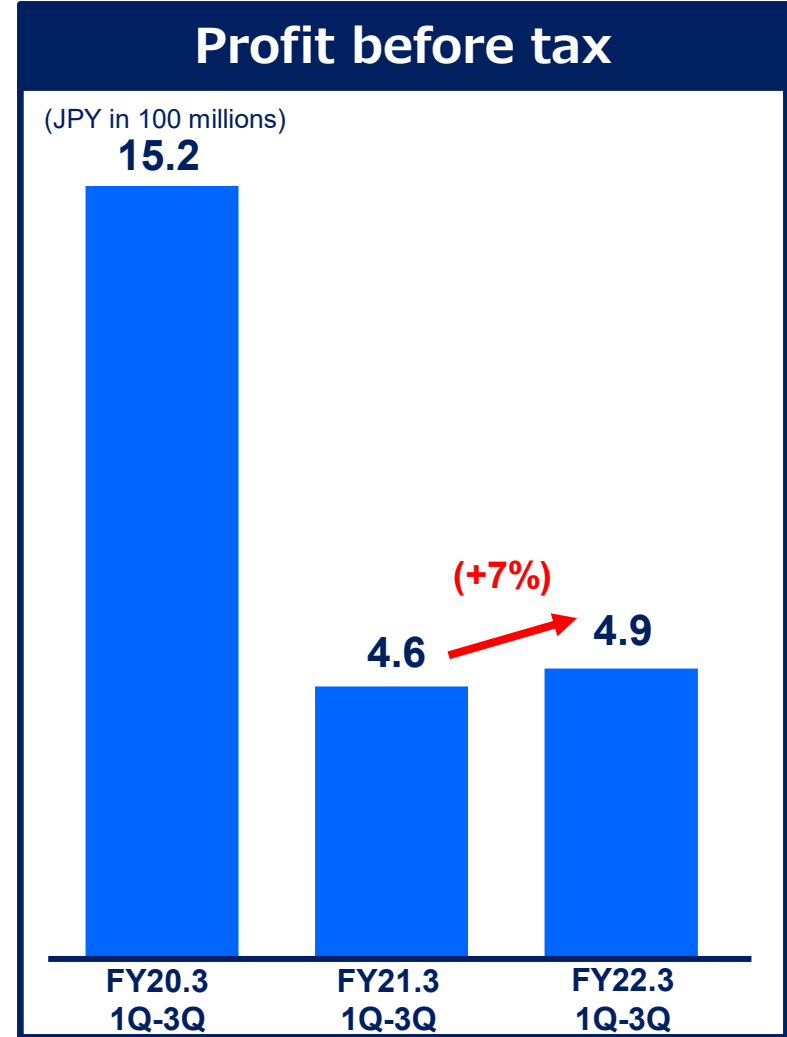
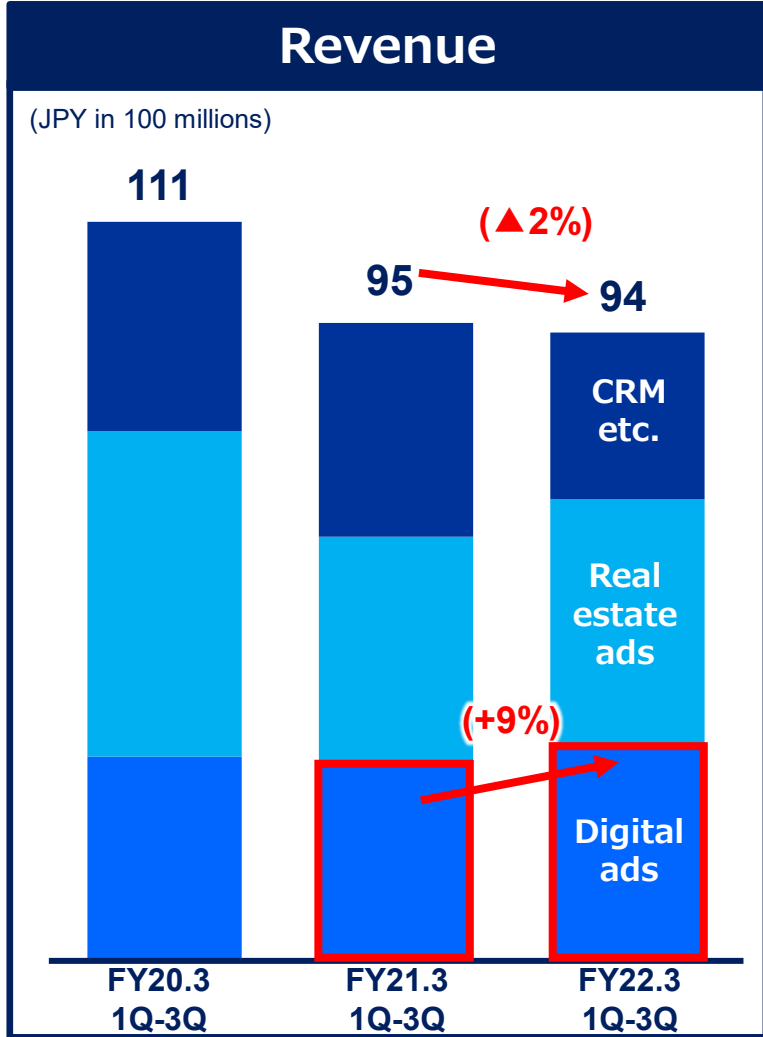
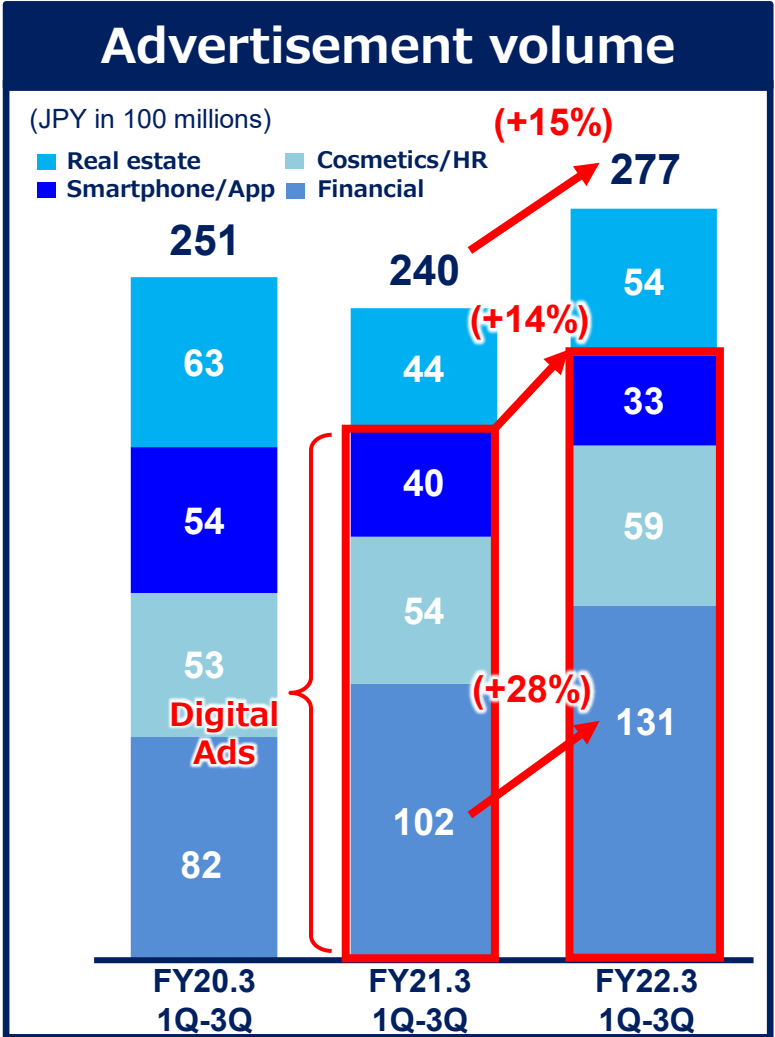
NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.



Advertisement volume for mainstay digital ads in FinTech related such as credit cards remained strong

---

~ Redesigned segment strategy and organization design according to Group FinTech shift ~

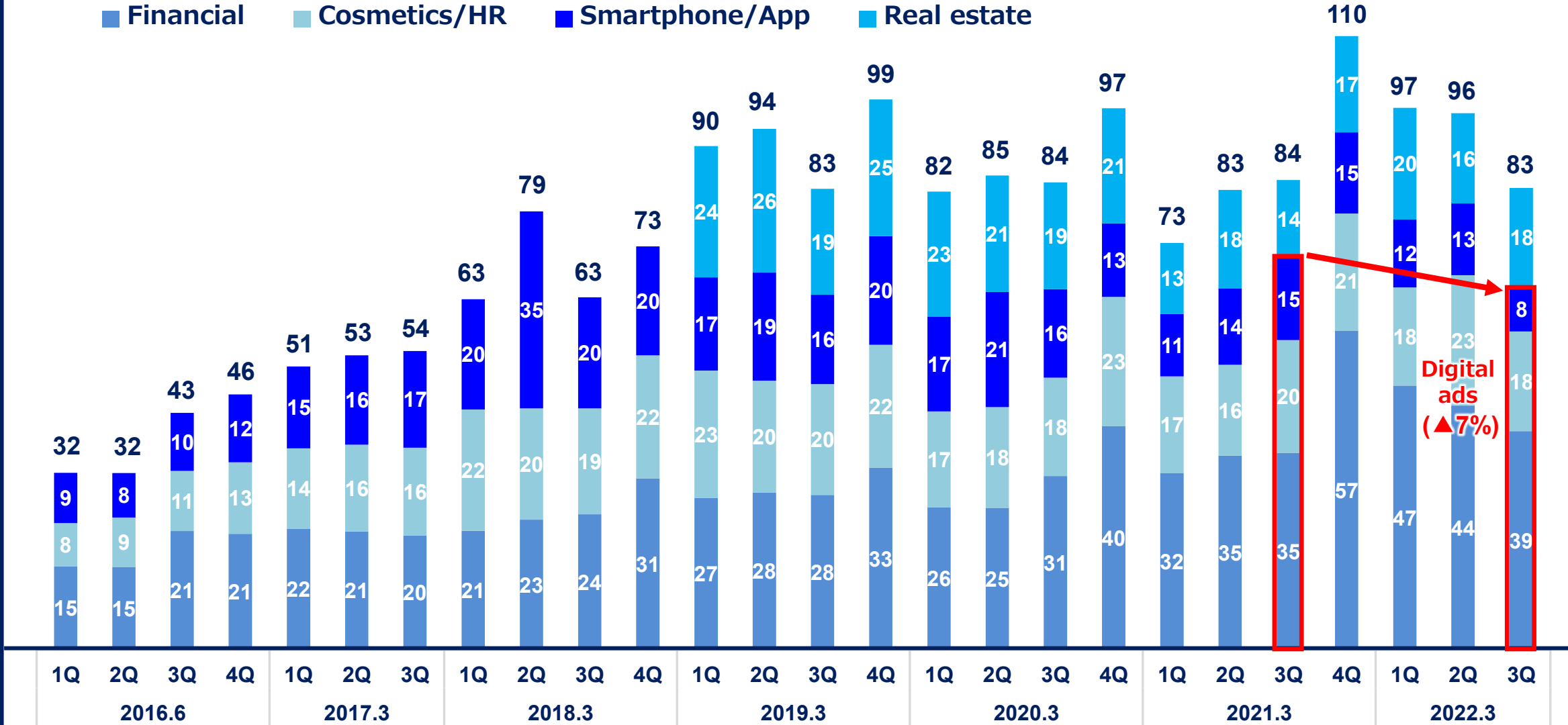




## Transition of quarterly advertisement volume

(JPY in 100 millions)

■ Financial 
 ■ Cosmetics/HR 
 ■ Smartphone/App 
 ■ Real estate



Digital ads  
(▲7%)

NOTE) FY 17.3 was the 9-month period, due to a change of the fiscal year end. Made DG Communications Co., Ltd. a consolidated subsidiary from FY 19.3



## III Incubation Technology Segment

	Revenue	Profit before tax
FY 21.3 1Q-3Q	7,883 M JPY	6,849 M JPY
<b>FY 22.3 1Q-3Q</b>	<b>21,237 M JPY</b>	<b>20,116 M JPY</b>

### ▶ DG Ventures Inc.

Invests in and incubates cutting-edge internet startups

Number of invested companies : 241

Fair value end of Dec. 2021 : 61.4 B JPY



### ▶ Open Network Lab, Inc.

Seed Accelerator Program

Number of support companies (accumulation) : Over 150

Funding ratio : 58.2%



### ▶ DG Incubation, Inc.

Supports startups that challenge the world through incubation and fund management

Hamagin DG Innovation Fund : 3 B JPY

Open Network Lab & ESG I Investment Limited Partnership : Onboarding



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

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

DG Lab Fund I : 6.8 B JPY

DG Lab Fund II : 12.5 B JPY



### ▶ Digital Garage US, Inc.

The US-based global strategy headquarters



NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.

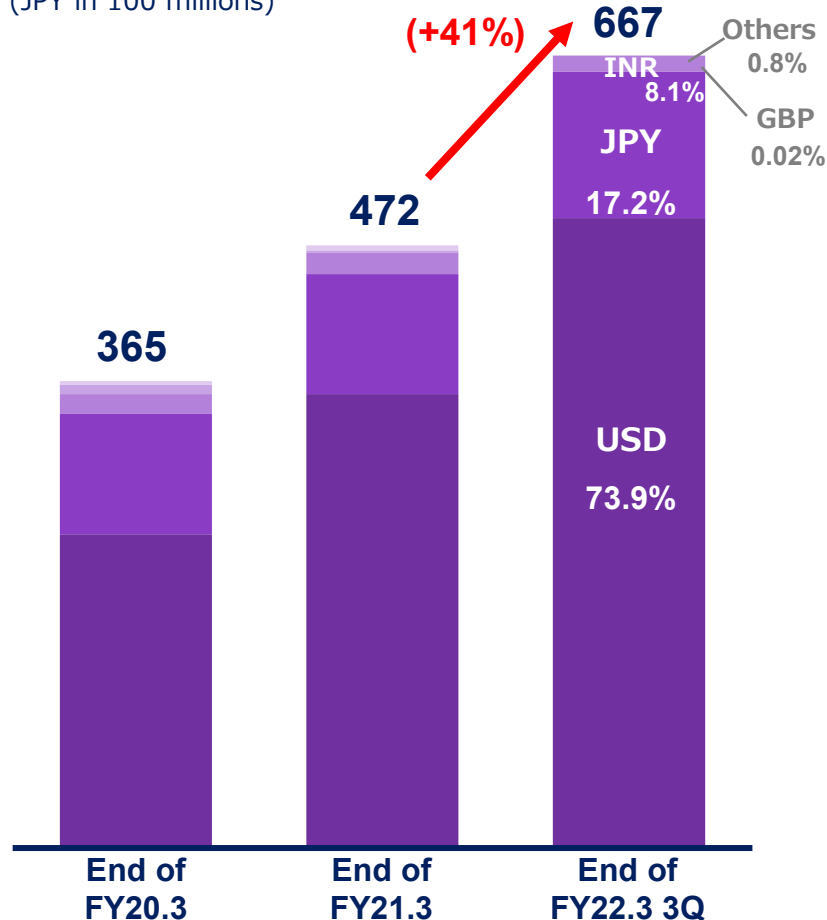


Continued strategic investments in prominent companies in North America, Asia, and Japan, fair value increased by 41% YoY to 66.7 B JPY

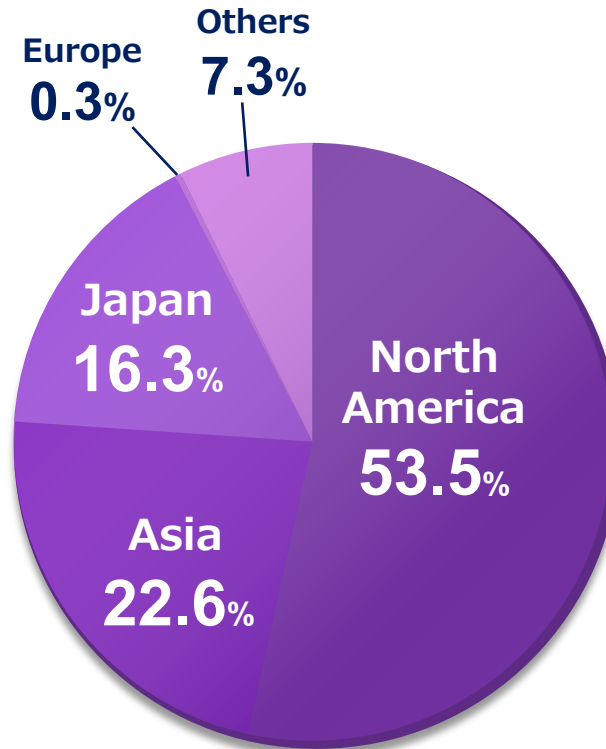
~In India, a medical venture company raised a large amount of funds and a marketplace operator Droom Technologies Limited has filed a listing application, following the strong performance in the U.S.~

## Operational investment securities (ratio by currencies)

(JPY in 100 millions)



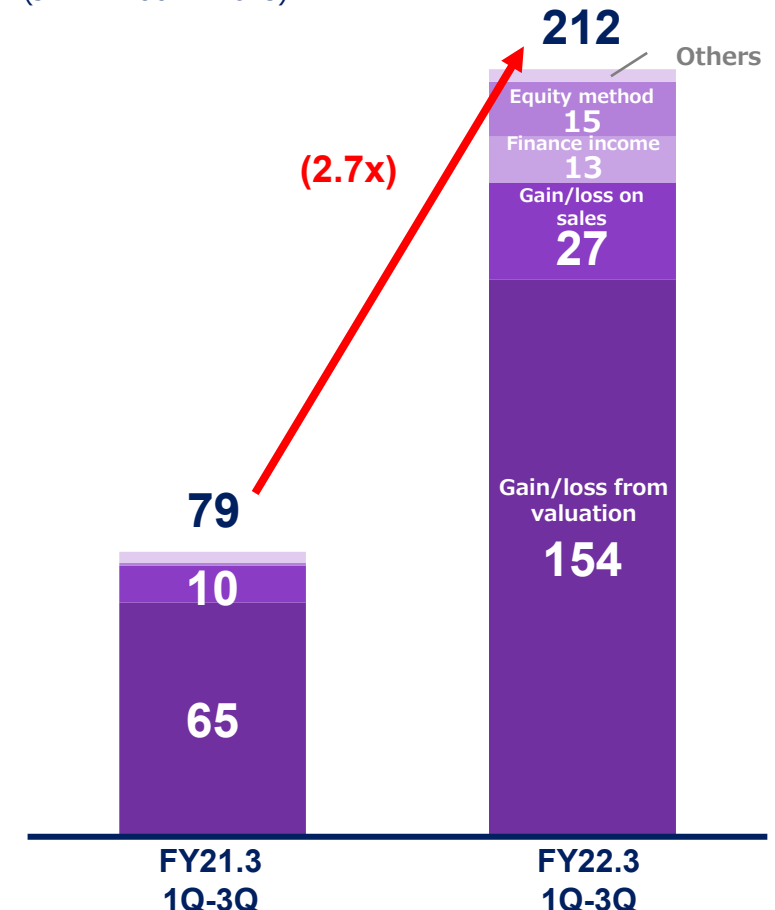
## Portfolio by regions



※The investees of DG Ventures, DK Gate, D2 Garage, econtext ASIA EC Fund

## Revenue














(JPY in 100 millions)







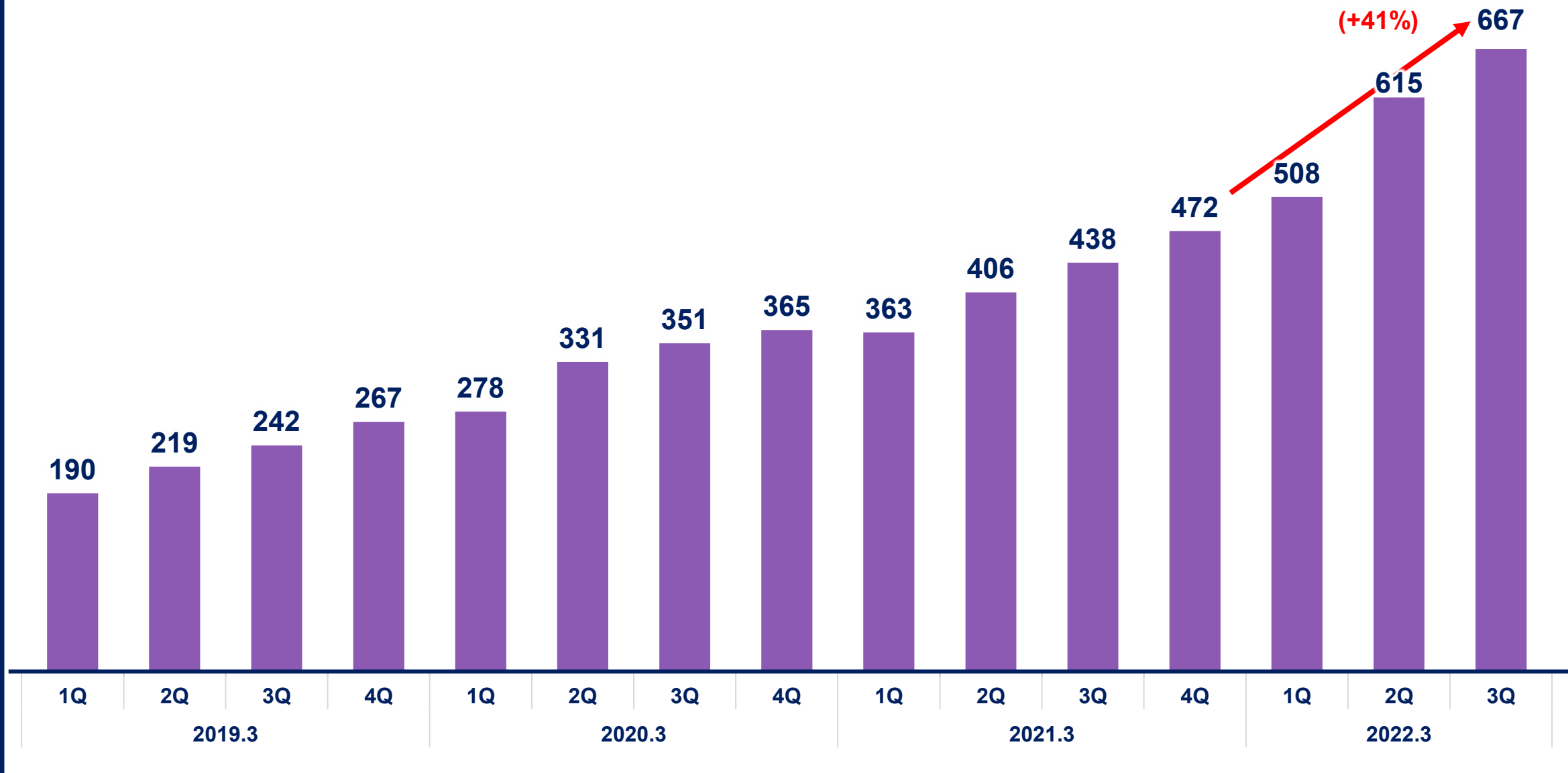
Investments in promising FinTech/DX companies in the era of COVID-19 in Japan, Asia and North America increased. Financing, listing and exiting progress steadily

North America / Europe	Asia	Japan
<p><b>MX Technologies</b> </p> <p><b>[US] 3.2% stake</b></p> <p>Offers a PFM (personal financial management) tool for financial institutions in the US</p>	<p><b>Droom</b> ✓ Applied for listing </p> <p><b>[India] 2.0% stake</b></p> <p>Operates Droom, India's largest automotive buying and selling online marketplace</p>	<p><b>Secual</b> </p> <p><b>[Japan] 3.5% stake</b></p> <p>Provides planning, developing, manufacturing, sales, and other operating services of products related to smart security and smart town</p>
<p><b>Warby Parker</b> ✓ Listed on NYSE </p> <p><b>[US] Exited after listing</b></p> <p>An eyewear brand originated in New York</p>	<p><b>NoBroker Technologies Solutions</b> </p> <p><b>[India] 1.4% stake</b></p> <p>Operates India's peer-to-peer property marketplace. Users can rent/buy houses online without brokers</p>	<p><b>GOYOH</b> </p> <p><b>[Japan] 5.0% stake</b></p> <p>Develops and operates IT services for domestic and international real estates/commercial facilities/residential spaces. Also expands "EasyGo," a real estate tech service that improves real estate value by stakeholders' behavior modification toward ESG</p>
<p><b>Blockstream</b> </p> <p><b>[US] 7.2% stake</b></p> <p>Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications</p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Blockstream Corporation Inc. announced its completion of raising 210 million dollars in a series B financing round in August 2021. The fund was led by a British investment fund Baillie Gifford and iFinex, an operator of cryptocurrency exchange 'Bitfinex' based in Hong Kong and Stablecoin 'USDT'. Valuation increased to 3.2 billion dollars.</b></p> </div> <p><small>* Equity ratio includes investment securities held by Digital Garage, Inc.</small></p>	<p><b>Expedient Healthcare Marketing</b> </p> <p><b>[India] 8.4% stake</b></p> <p>Operates medical web service "Healthians.com," which offers online booking for health checkup at clinics, related information from doctors/experts, etc.</p>	<p><b>AGE technologies</b> </p> <p><b>[Japan] 12.4% stake</b></p> <p>A startup, participated in the 18<sup>th</sup> Open Network Lab Seed Accelerator Program, that aims to solve "inheritance procedure" issue with DX. Offers a service "Sozoku.com" that enables to go through the inheritance procedures 100% online</p>
<p><b>Pie Systems</b> </p> <p><b>[Denmark] 11.6% stake</b></p> <p>Developer of mobile app that automatizes refund workflow for international VAT (Value-Added Tax) and bypasses airport kiosk</p>	<p><b>Ralali</b> </p> <p><b>[Indonesia] 3.9% stake</b></p> <p>Operates a BtoB marketplace for office appliances, etc.</p> <p><b>GoTo Group</b> </p> <p><b>[Indonesia] 0.1% stake</b></p> <p>Indonesia's major transportation dispatch services Gojek and the largest online marketplace Tokopedia merged</p> <p><small>※The investees and Exit of DG Ventures, DK Gate, D2 Garage, econtext ASIA, econtext ASIA EC Fund, DG lab Fund</small></p>	<p><b>i GRID SOLUTIONS</b> </p> <p><b>[Japan] 1.8% stake</b></p> <p>Provides a distributed onsite solar power generation, not dependent on FIT (feed-in tariff) of renewable energy, and a surplus power utilization service, in supply-demand adjustment model using AI, one-stop</p>



## Balance of operating investment securities

(JPY in 100 millions)



(+41%)

667

615

508

472

438

406

363

365

351

331

278

267

242

219

190

1Q

2Q

3Q

4Q

1Q

2Q

3Q

4Q

1Q

2Q

3Q

4Q

1Q

2Q

3Q

2019.3

2020.3

2021.3

2022.3



## IV Long-Term Incubation Segment

	Revenue	Profit before tax
FY 21.3 1Q-3Q	3,751 M JPY	1,448 M JPY
<b>FY 22.3 1Q-3Q</b>	<b>3,429 M JPY</b>	<b>1,983 M JPY</b>

- ▶ **Kakaku.com, Inc.** (20% stake/equity method)  
Operates purchase support service Kakaku.com, restaurant review and restaurant service tabelog, and New Media and Solutions



- ▶ **Crypto Garage, Inc.**  
Promoting development of advanced financial services utilizing blockchain technology and cryptography technology with Tokyo Tanshi Co., Ltd.



- ▶ **Brainscan Technologies, Inc.**  
MRI business for drivers



- ▶ **ACADEMIE DU VIN**  
Operation of wine schools and development of community and e-commerce businesses utilizing digital technologies

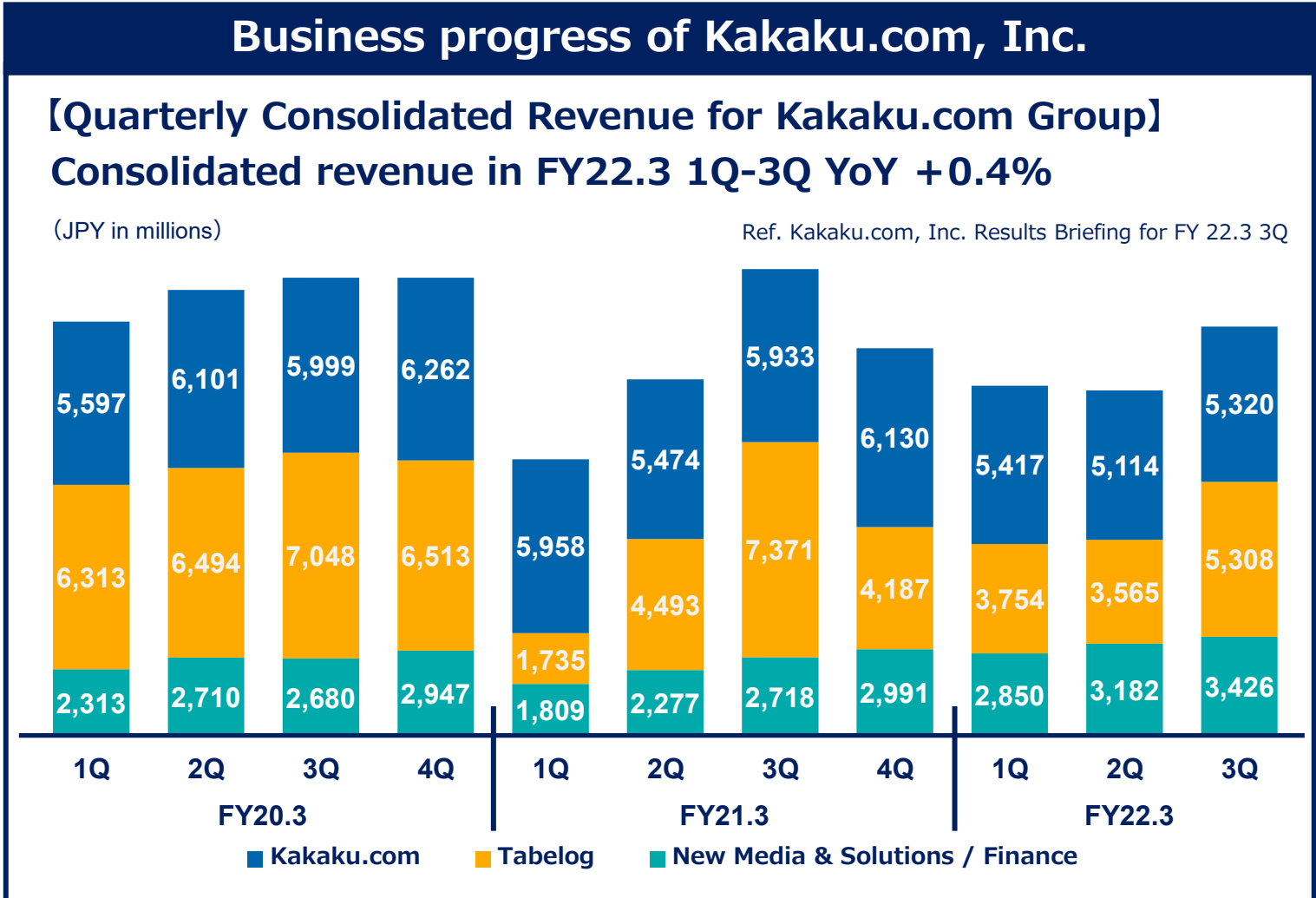
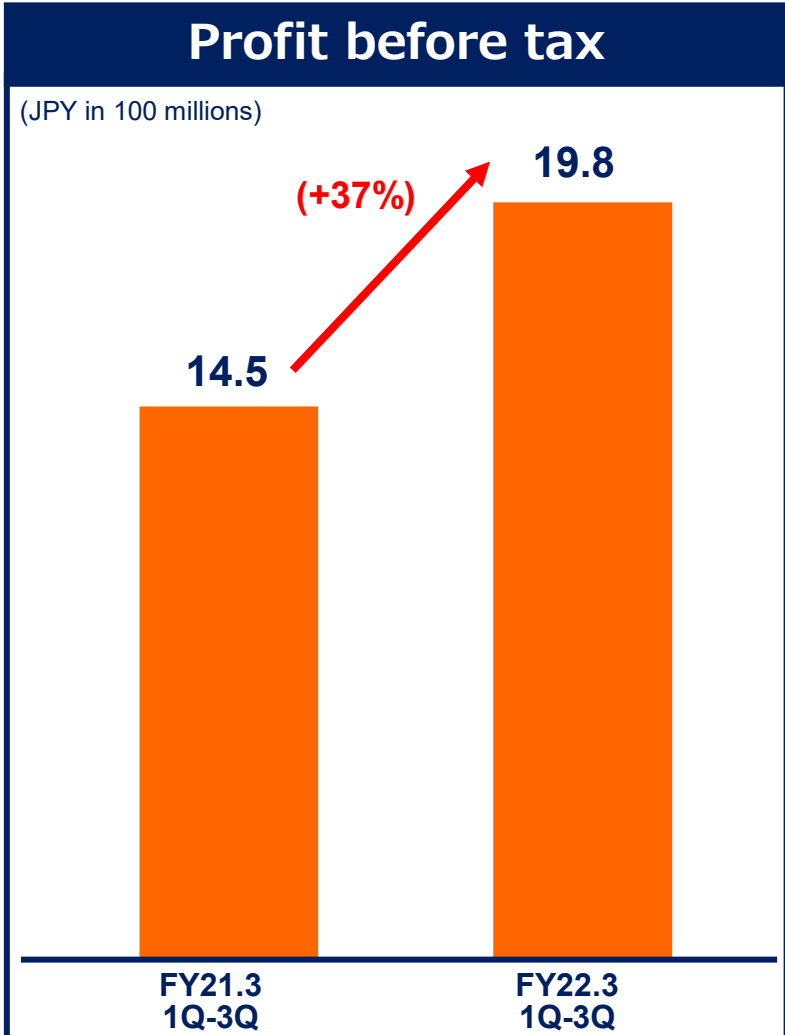


NOTE) Revenue here shows revenue from external customers. Profit before tax is before elimination of intersegment transaction.



**LTI segment's core business Kakaku.com is recovering from COVID-19 impact**

~ Traffics of EC and job offering websites performed firmly although COVID-19 impact remains ~



# Supplementary Explanatory Material





# Supplementary Explanatory Material

## Table of Contents

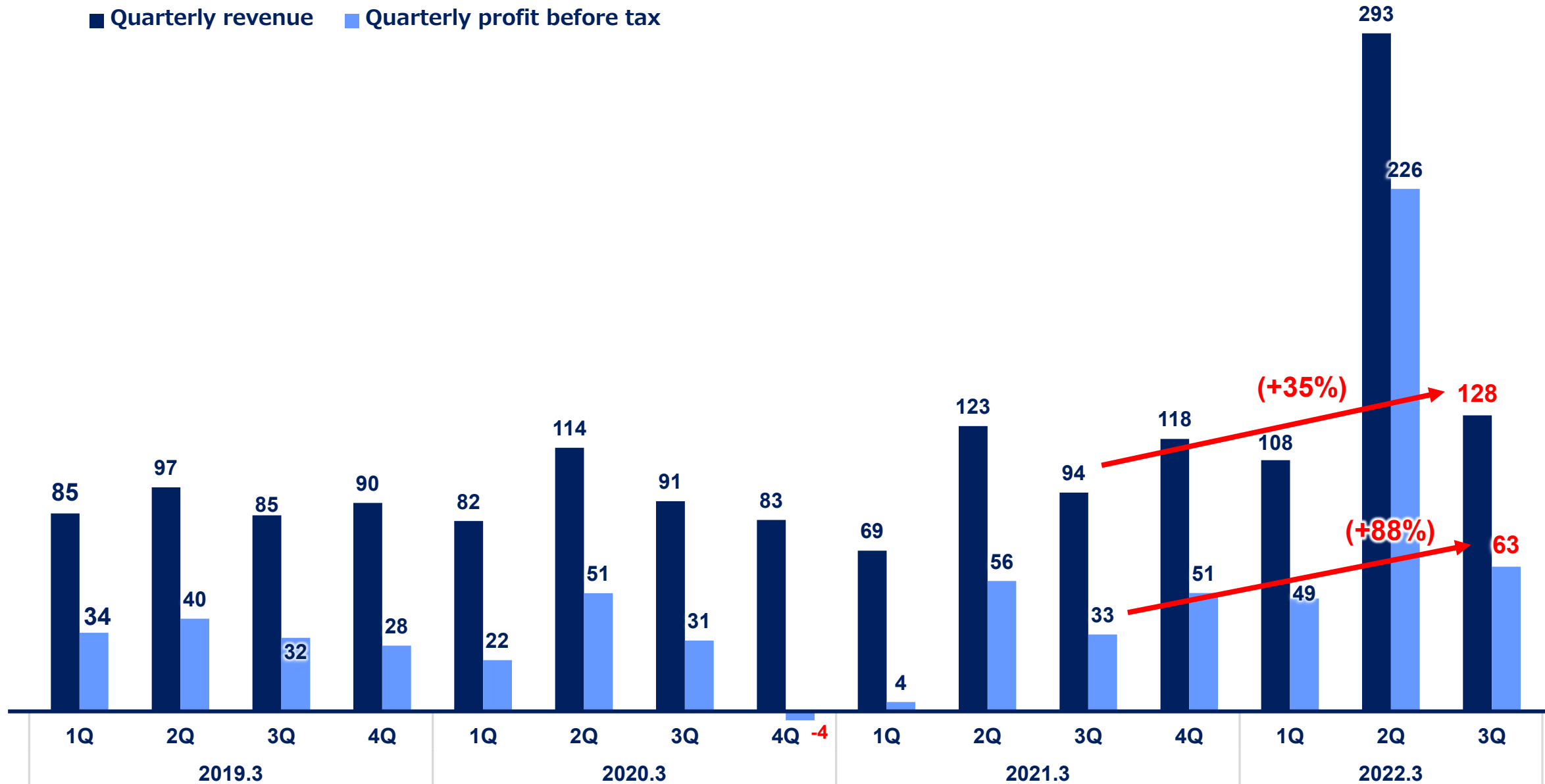
<b>Transition of Quarterly Business Results</b> . . . . .	<b>25</b>
<b>FT Segment</b> . . . . .	<b>27</b>
<b>MT Segment</b> . . . . .	<b>45</b>
<b>IT Segment</b> . . . . .	<b>51</b>
<b>LTI Segment</b> . . . . .	<b>58</b>
<b>Policy on Shareholder Returns</b> . . . . .	<b>60</b>
<b>Year-on-Year Results</b> . . . . .	<b>63</b>
<b>Transition of Quarterly Business Results</b> . . . . .	<b>83</b>
<b>FY 2016.6 ~</b>	

# Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax

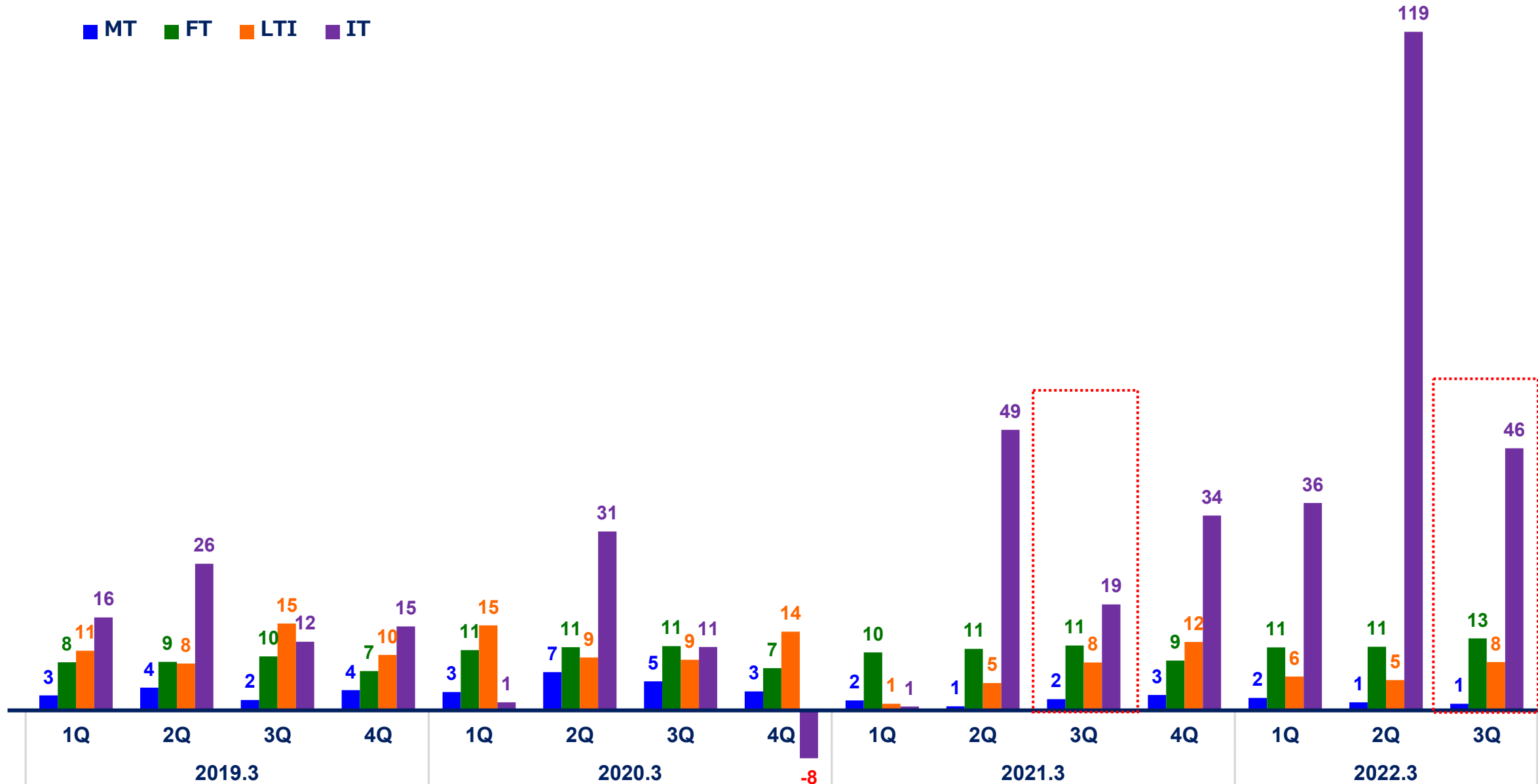


# Transition of Quarterly Profit Before Tax by Segments



(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



# FT Segment





## FT Segment – Revenue of PSP business

- In the Payment Service Provider (PSP), payments received by consumers through credit card companies and convenience stores, etc. are delivered to EC operators, etc., which are PSP's clients
- The net amount of fees received from clients less fees paid to Credit Card companies, etc. is recorded as revenue



<u>JGAAP</u>	Sales = Fees received from clients	Cost of sales = Fees paid to Credit Card Company etc.	Gross profit = Fees received from clients – Fees paid to Credit Card Company etc.
<u>IFRS</u>	Revenue = Fees received from clients – Fees paid to Credit Card Company etc.		<b>JGAAP Gross Profit ≡ IFRS Revenue</b>

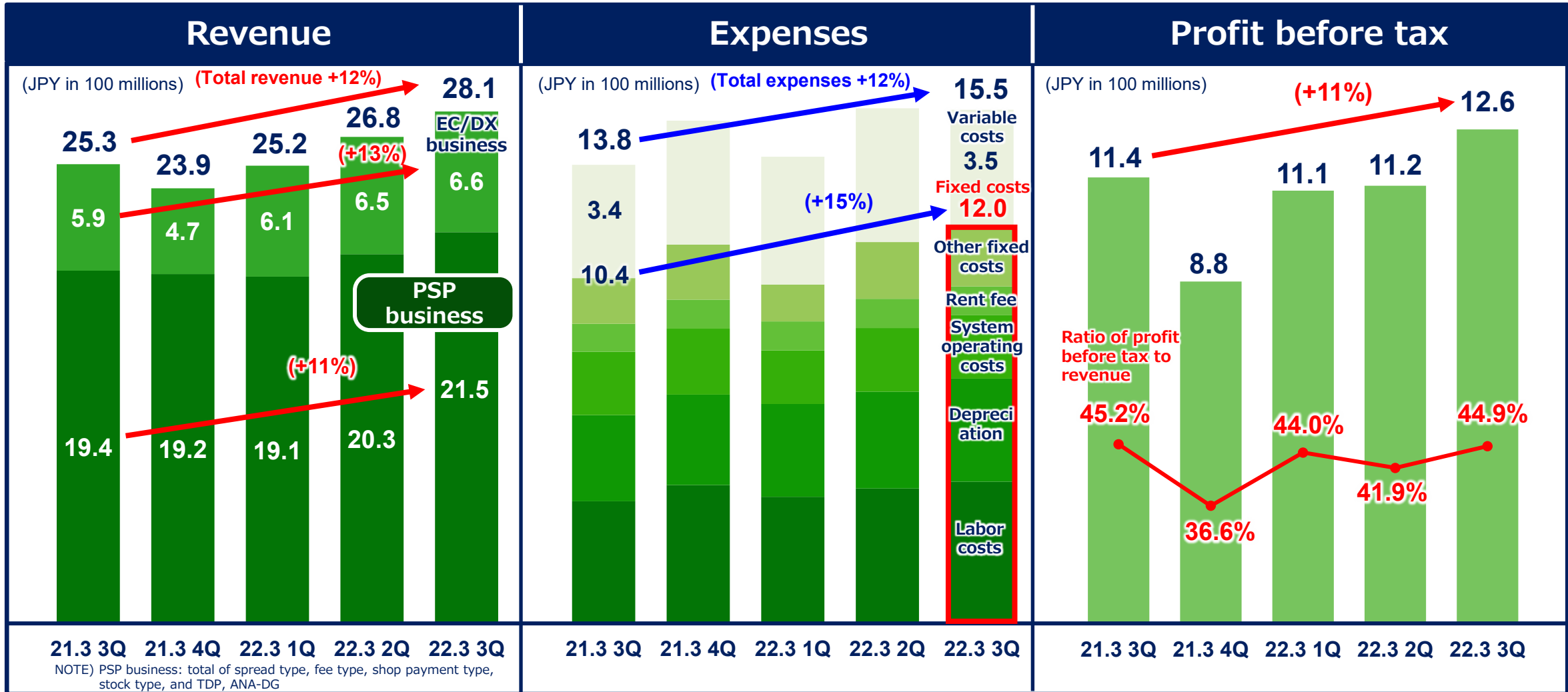




# FT Segment – 3Q (Oct.-Dec.) Highlights (P/L)



3Q (Oct.-Dec.) mainstay PSP business revenue increased favorably by 11% YoY,  
 Total revenue grew by 12% YoY to 2.8 B JPY  
 ~ Profit before tax increased by 11% YoY to 1.3 B JPY, reached record high profit  
 despite continued investment for stable system operation and expansion ~

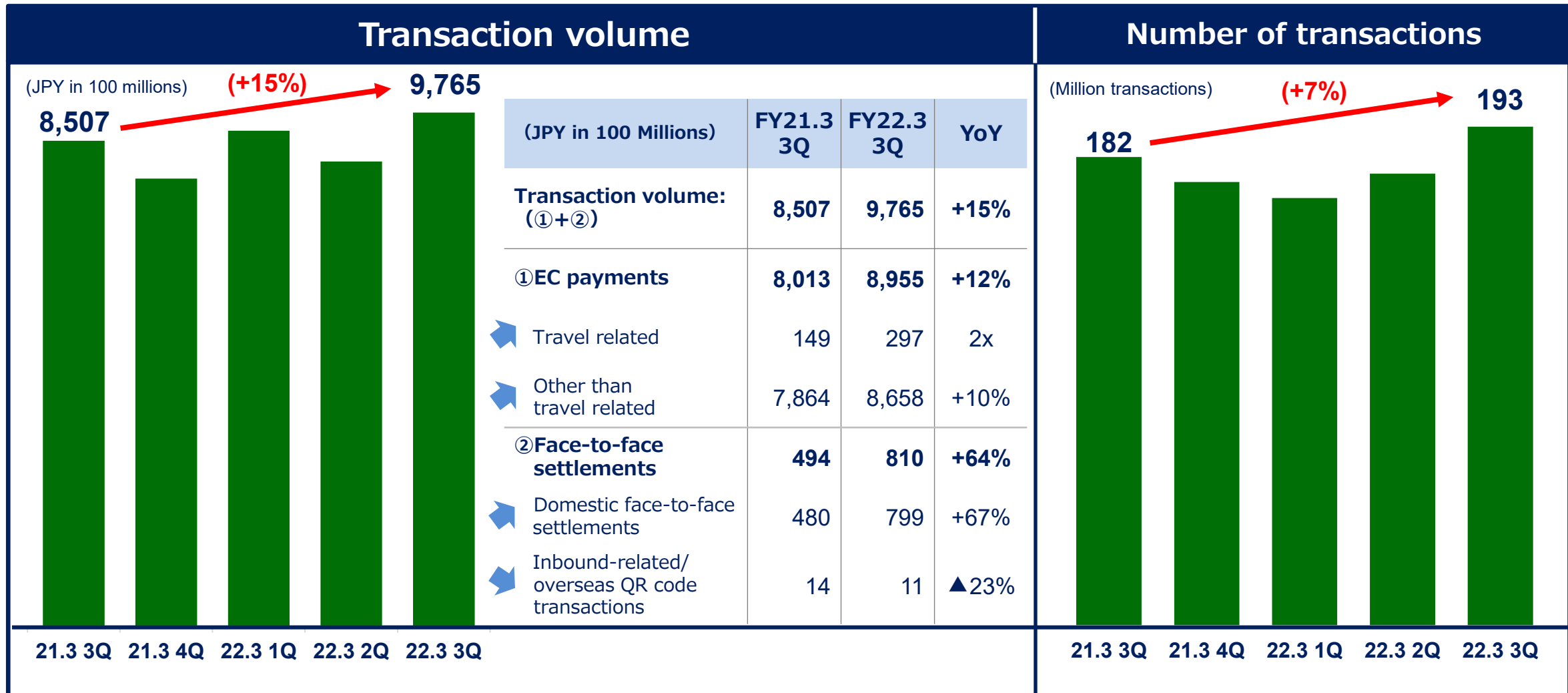


# ❖ FT Segment – 3Q (Oct.-Dec.) Highlights (KPI)



Transaction volume in 3Q (Oct.-Dec.) increased by 15% YoY to 976.5 B JPY,  
Number of transactions went up by 7% YoY to 193 millions

~ Transaction volume of EC payments grew by 12% YoY due to the recovery in travel related,  
Face-to-face settlements increased by 64% YoY as domestic settlements performed strongly ~

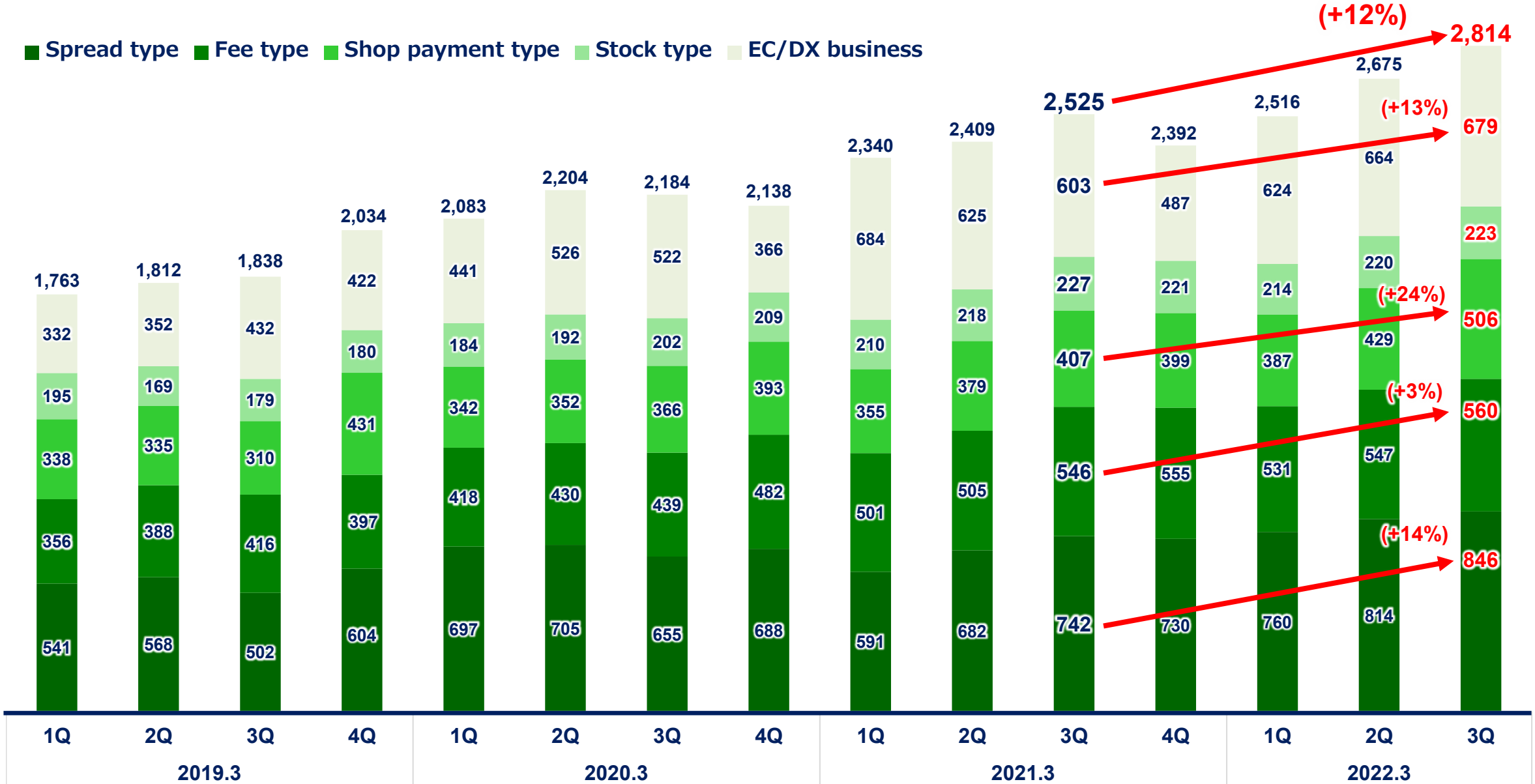


# FT Segment - Transition of Quarterly Revenue (Category 1)



(JPY in millions)

■ Spread type ■ Fee type ■ Shop payment type ■ Stock type ■ EC/DX business

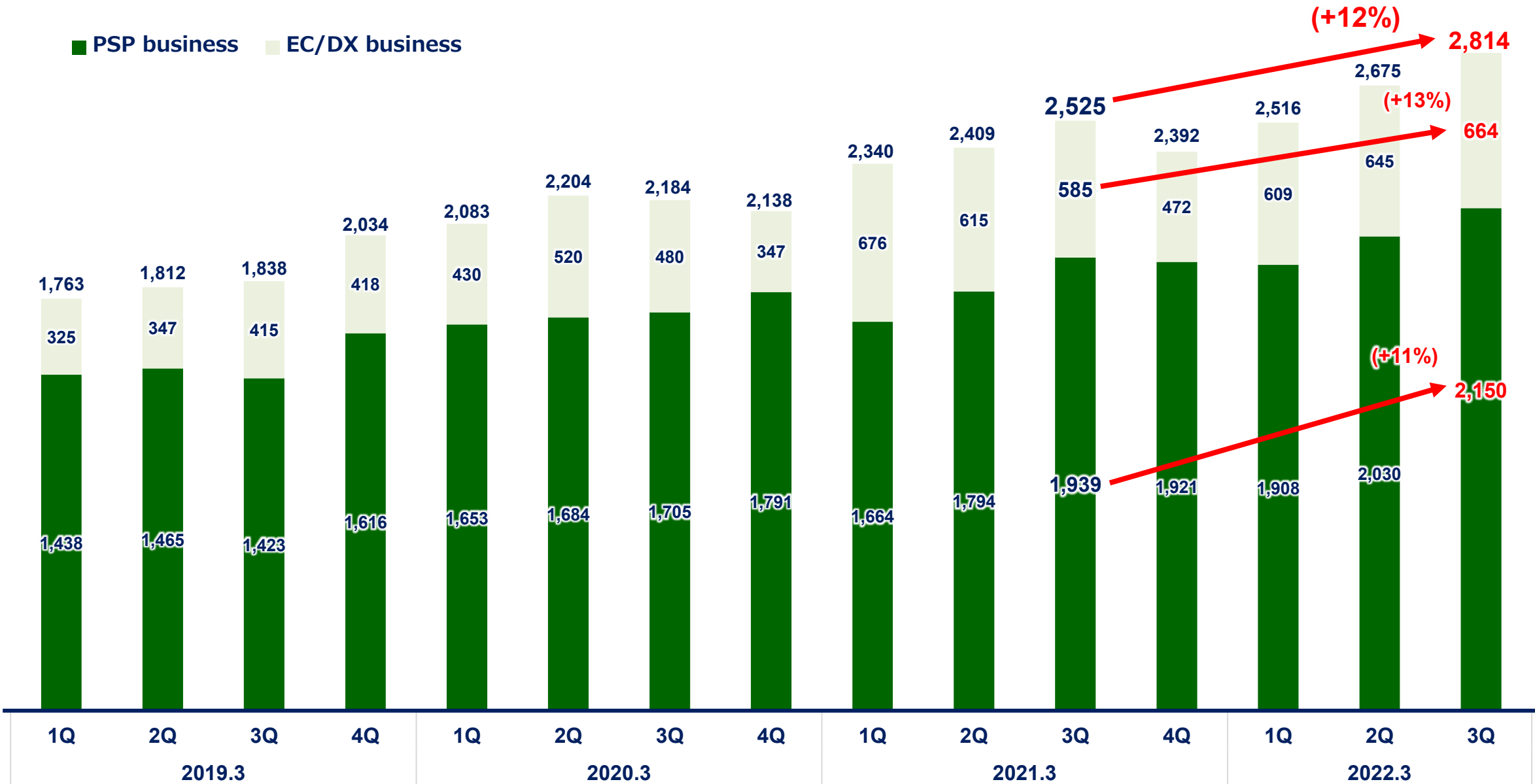


# FT Segment - Transition of Quarterly Revenue (Category 2)



(JPY in millions)

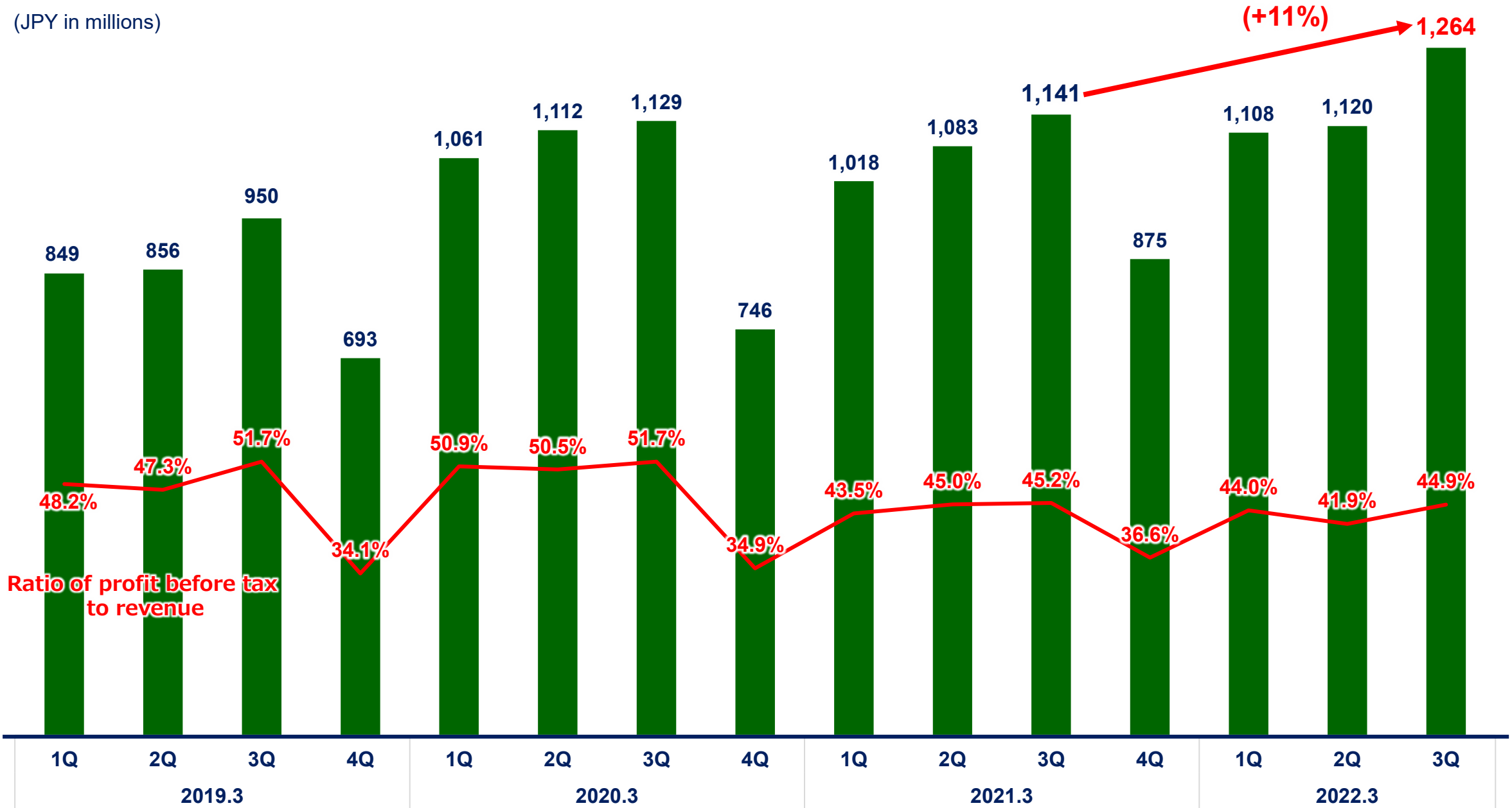
■ PSP business   ■ EC/DX business



# FT Segment - Transition of Quarterly Profit Before Tax and Ratio of Profit Before Tax to Revenue



(JPY in millions)



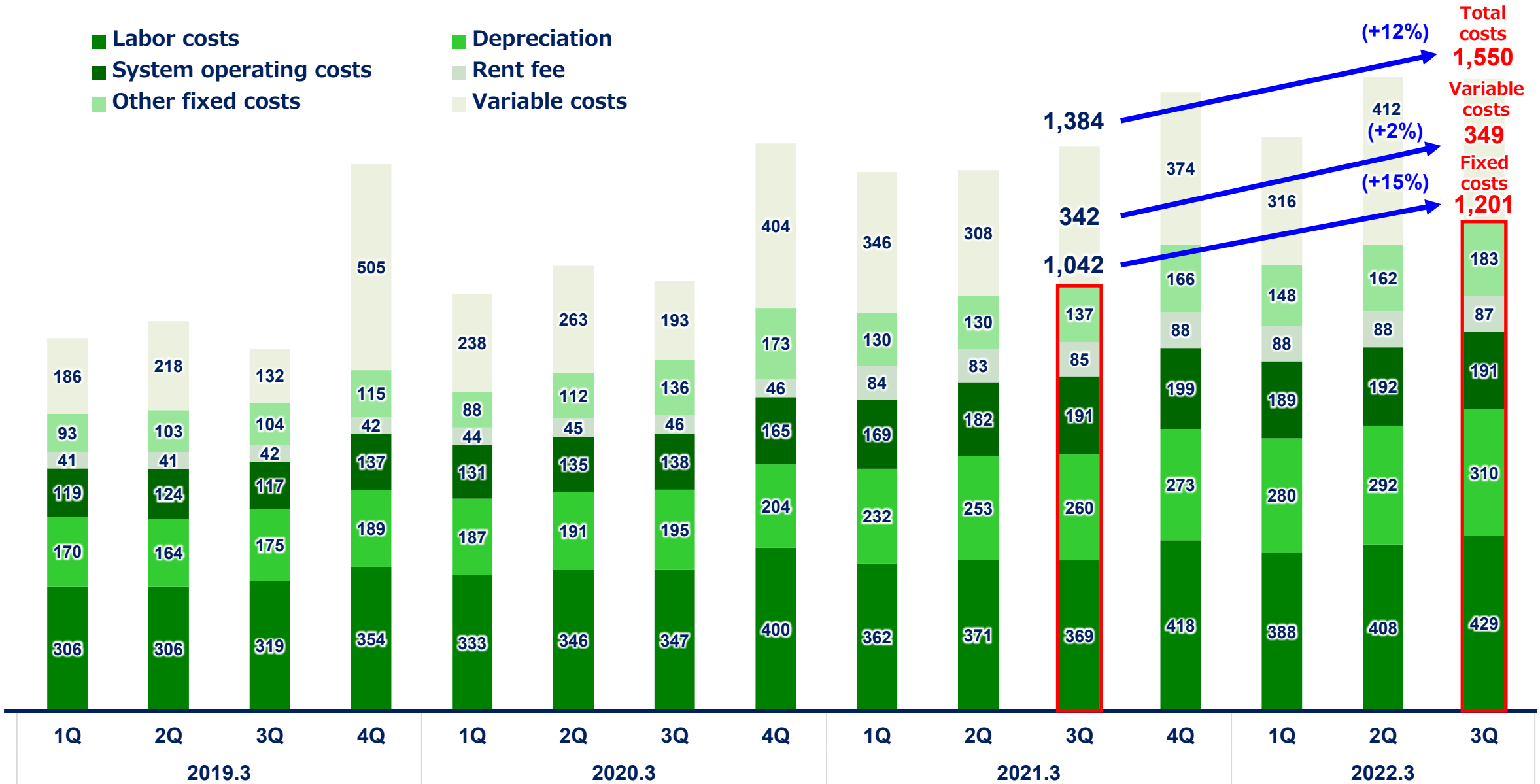


# FT Segment - Transition of Quarterly Costs



(JPY in millions)

- Labor costs
- System operating costs
- Other fixed costs
- Depreciation
- Rent fee
- Variable costs



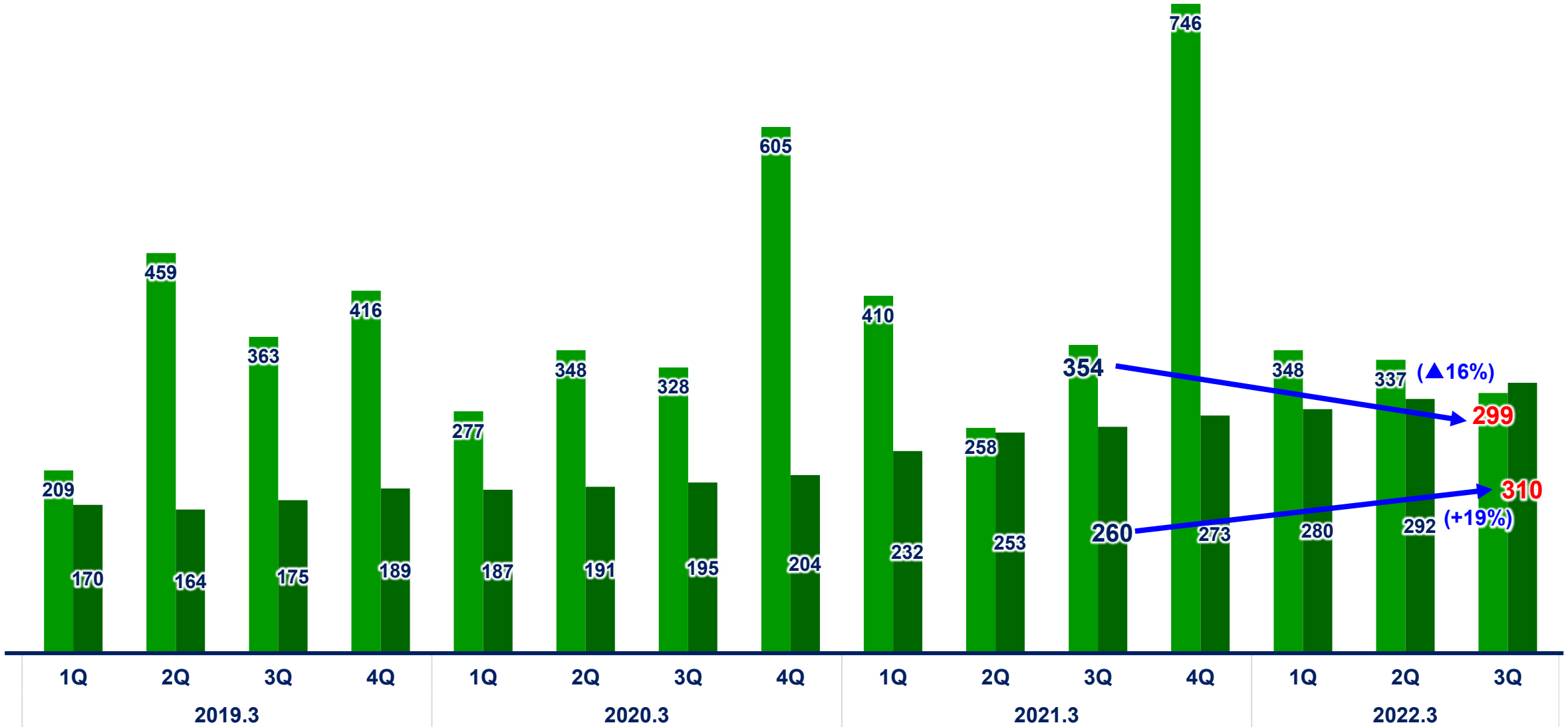
NOTE) The breakdown of FY 2022.3 1Q costs is altered from Financial Report released on August 13, 2021

# FT Segment - Transition of Quarterly Amount of Capital Investment and Depreciation



(JPY in millions)

■ Amount of capital investment ■ Depreciation

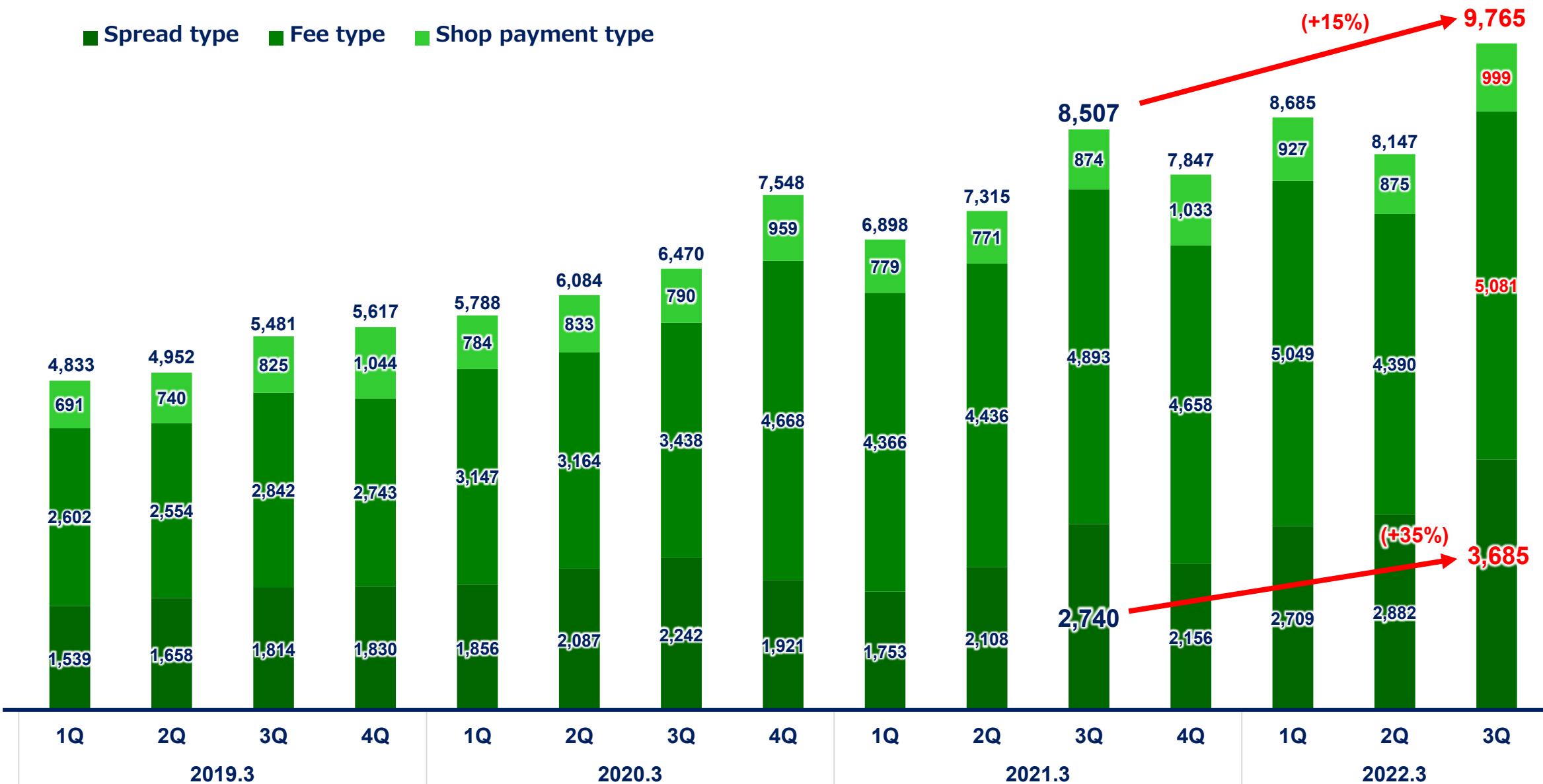


# FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Spread type   ■ Fee type   ■ Shop payment type

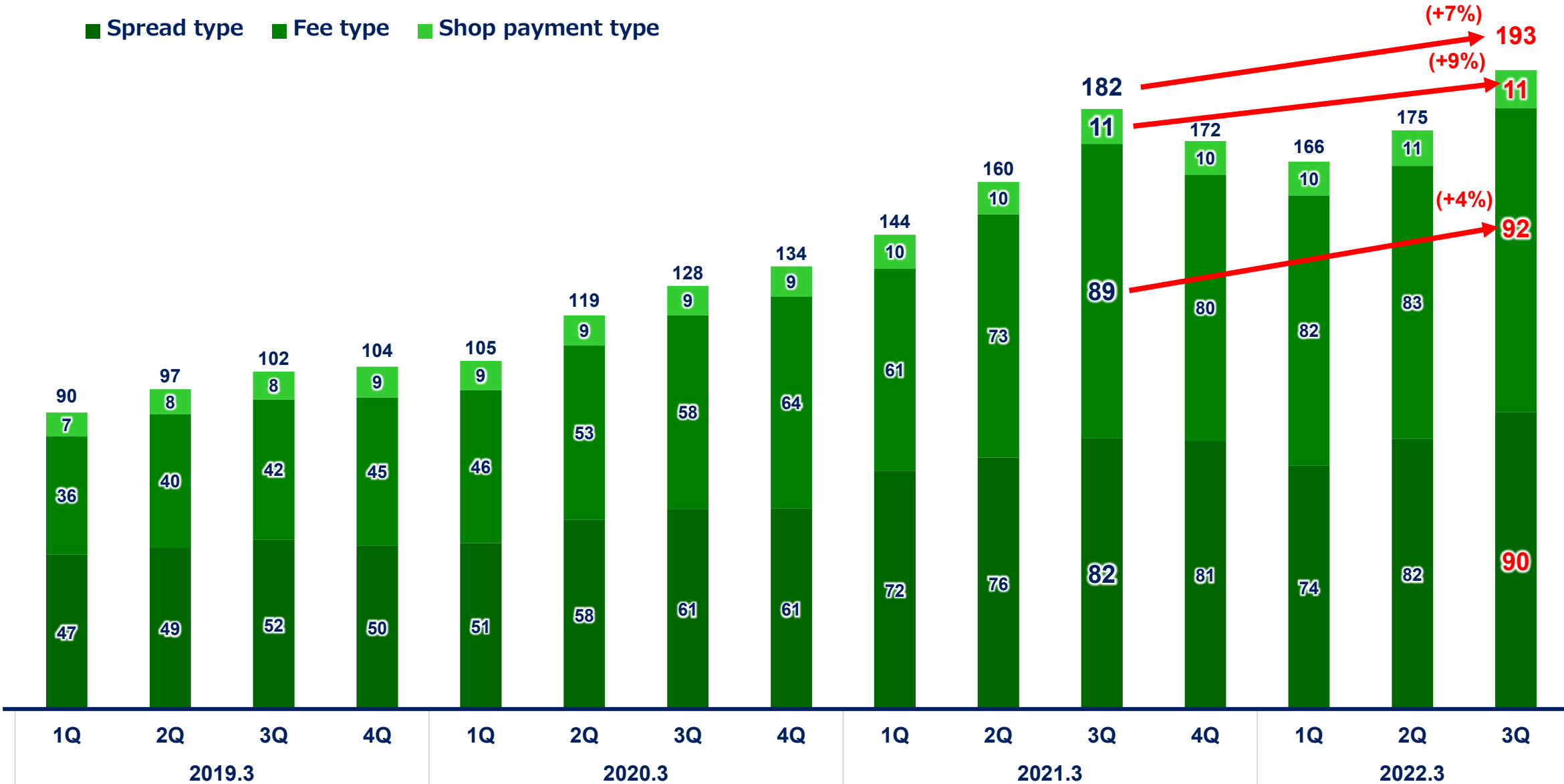


# FT Segment - Transition of Quarterly Number of Transactions



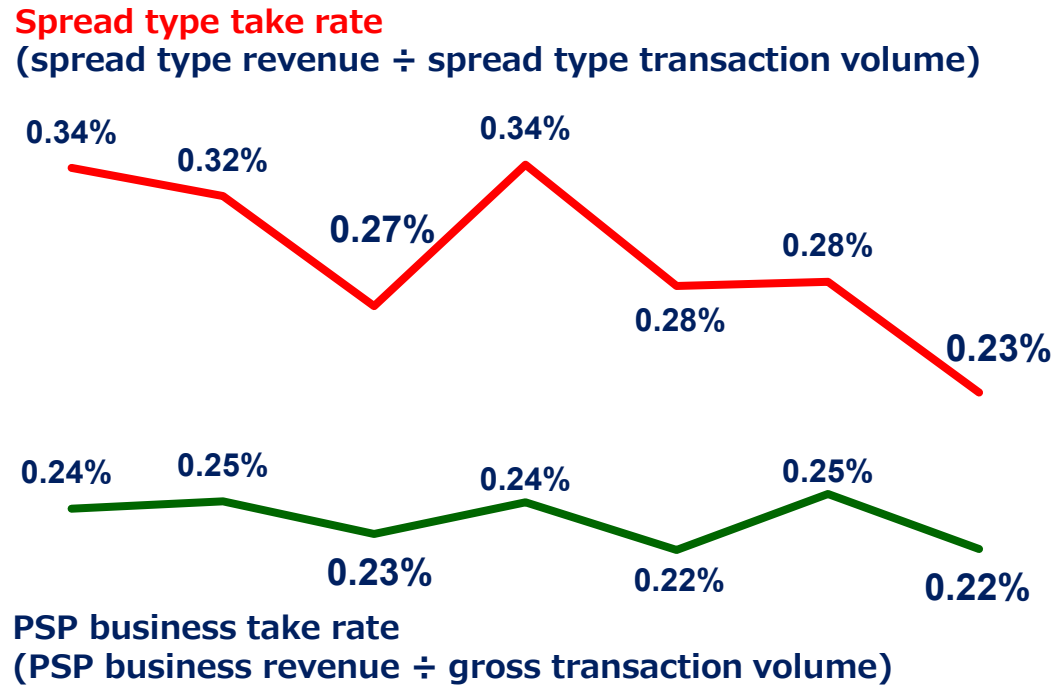
(Million transactions)

■ Spread type   ■ Fee type   ■ Shop payment type



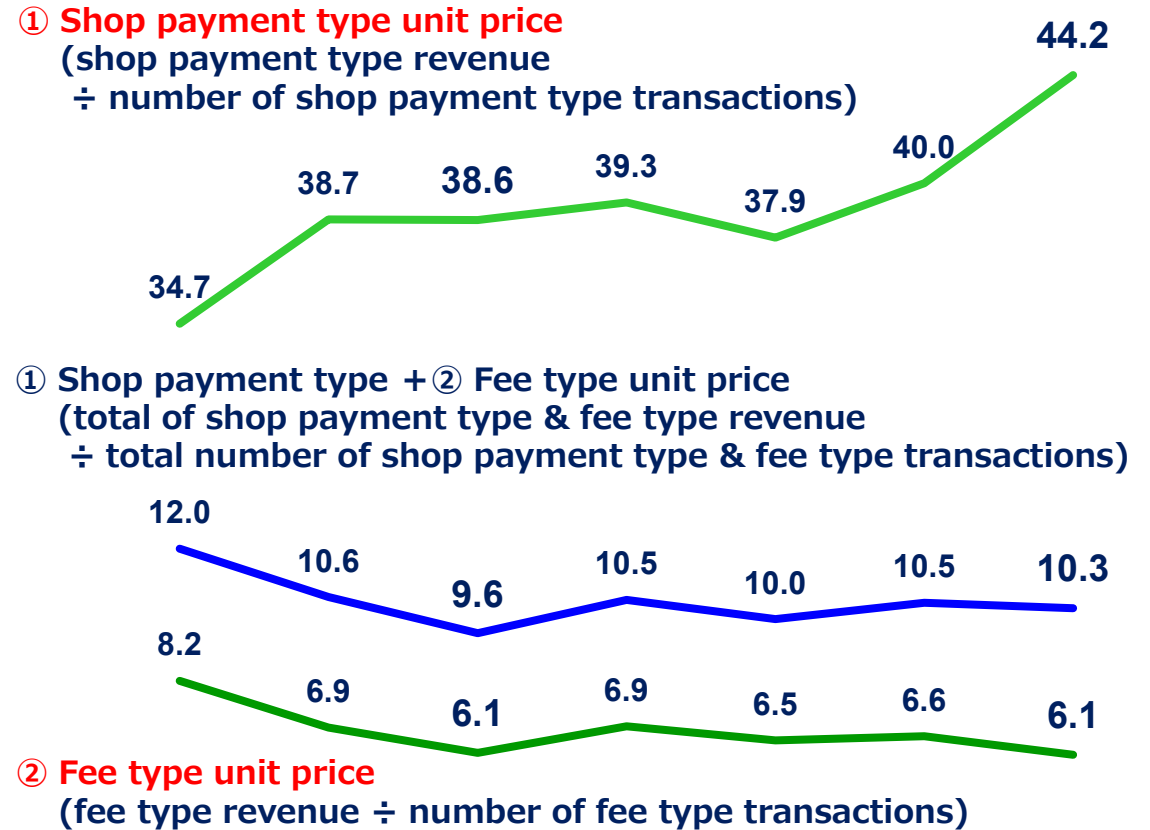


## Take rate (spread type)



## Unit price (fee type + shop payment type)

(JPY)



1Q 2Q 3Q 4Q 1Q 2Q 3Q

2021.3

2022.3

1Q 2Q 3Q 4Q 1Q 2Q 3Q

2021.3

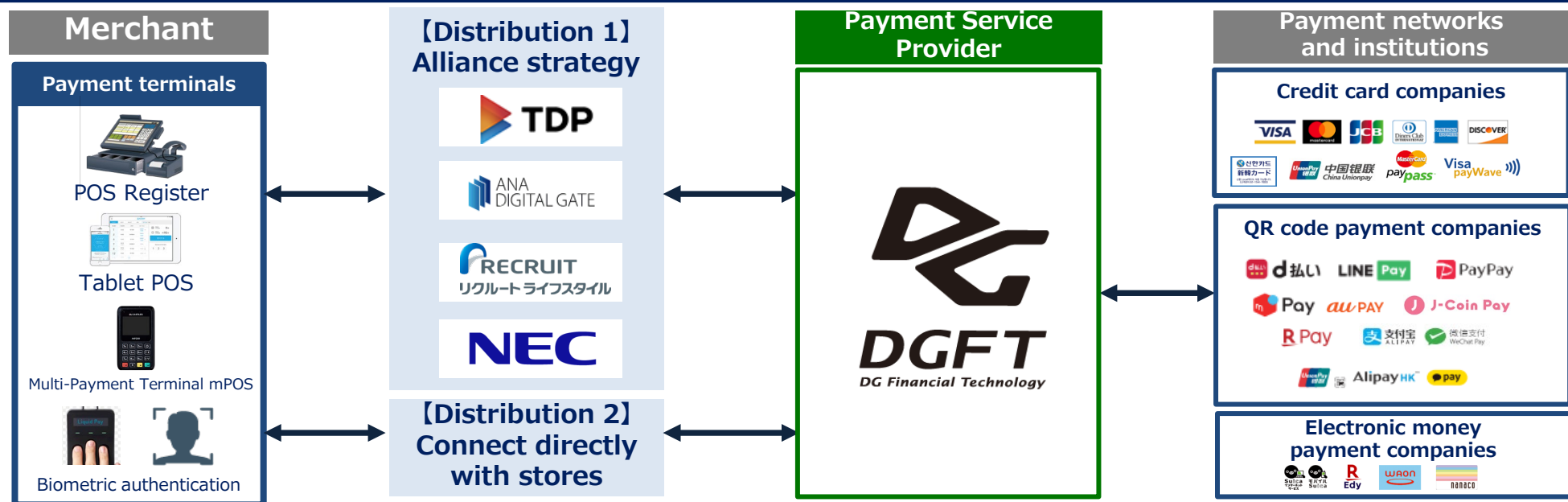
2022.3



## Business model of EC payment



## Business model of face-to-face settlement



# FT Segment - About Two Types of Contracts

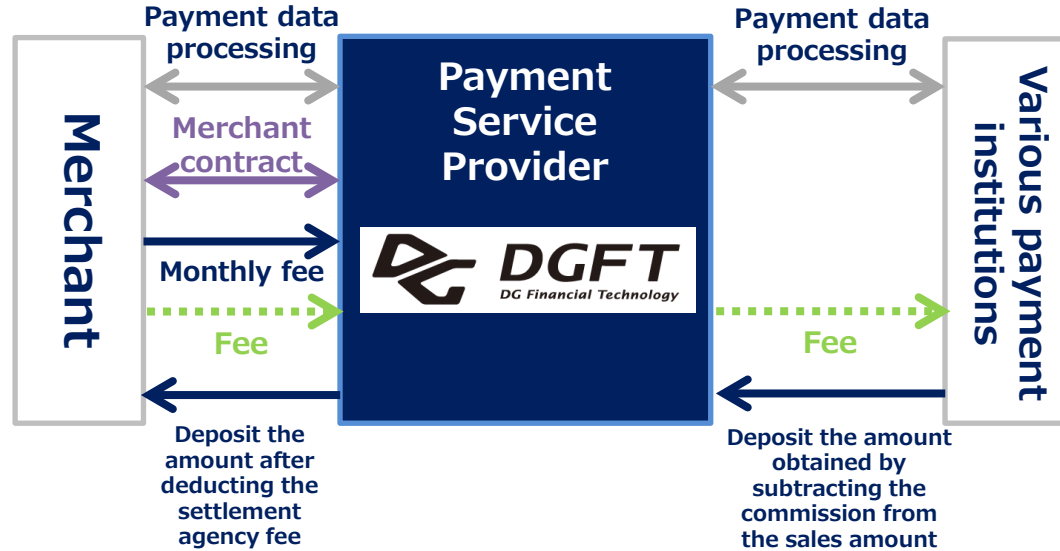


**Storage agency type (representative contract) ⇒ Adopted by many EC companies**

**Classification**

■ DGFT acts as a lump sum for contract procedures with various payment institutions and payment of sales amount.

- Collective agency for contract procedures with payment providers such as card companies and financial institutions
- Monthly sales are also paid in a lump sum from our company
- Efficient operations such as payment management and confirmation



Spread Type

Fee Type

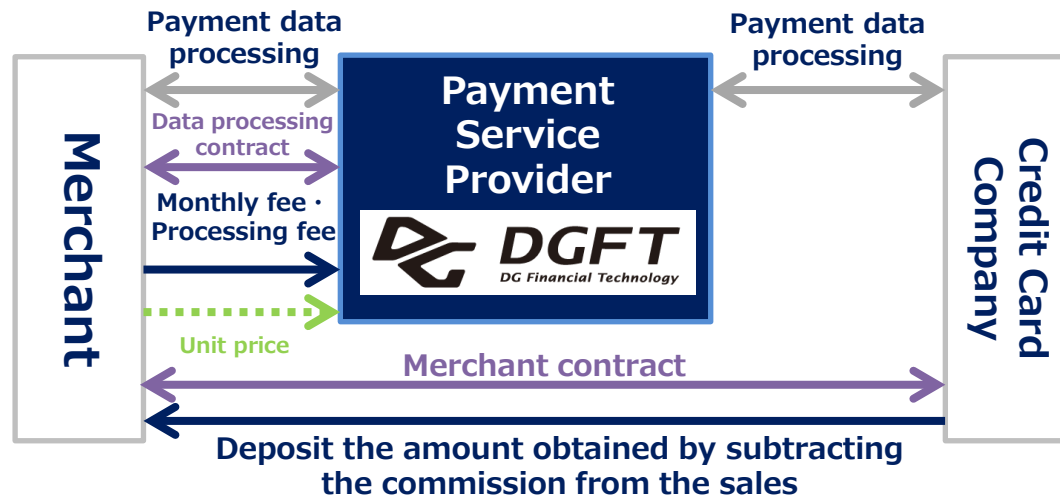
Stock Type

**Payment data processing type (direct contract) ⇒ Adopted by major companies with large sales, mainly for card payments**

**Classification**

■ Automate credit card payment processing by introducing a payment system provided by PSP based on the member store contract with the card company concluded at the member store

- Provides a payment system to automate card payment processing
- Providing software and transaction management tools required for payment
- Support for software installation



Fee Type

Stock Type



## Service lineup

Type	Payment service	Service name	Overview
Non-face-to-face	EC/Online payment	<ul style="list-style-type: none"> <li>• VeriTrans4G</li> <li>• OmniPAY</li> <li>• SumaPAY</li> <li>• Ceremony PAY</li> </ul>	<b>Online Payment solutions for various industries.</b> (goods, digital contents such as games and videos, entertainment, public transportation, travel, public sector, and so on). ※Offers early payment option
	Post-settlement payment	<ul style="list-style-type: none"> <li>• Veritrans Post-Payment</li> <li>• SCORE Payment Service</li> </ul>	<b>Post-settlement payment service that consumers make a payment at convenience stores or post offices</b> after receiving the purchase. Effectively used for online/EC product sales and services.
	Remittance solution	<ul style="list-style-type: none"> <li>• CASH POST</li> </ul>	<b>Payment remittance solution for BtoC use</b> that enables bank transfer and receiving cash at convenience stores in the shortest time, with mail address only. Effective for EC product return, refunds for events and transportations, cashbacks, expense reports, and more.
	Telephone order service	<ul style="list-style-type: none"> <li>• IVR Payment Solution</li> </ul>	<b>Risk-limited credit card payment solution</b> for telephone, fax, and other orders. Useful for TV/catalog orders and payments for travel agencies and insurance companies.
	Pre-order and mobile order services	—	<b>Offers pre-order payment service that consumers complete purchase before arriving at stores.</b> Achieves an efficient purchase with no waiting time by ordering and paying on smartphone apps.
Face-to-face	POS payment service	<ul style="list-style-type: none"> <li>• QR-code payment solution for POS</li> <li>• TD Payment</li> </ul>	<b>Multi-payment solution for store POS system.</b> Support merchants' efficient store management by providing the payment service which manages various payments (credit card, electronic money, domestic/national QR code payments, etc.) collectively
	Tablet POS/ dedicated terminals	<ul style="list-style-type: none"> <li>• mPOS</li> </ul>	<b>Multi-payment service that uses a specialized card reader device and apps</b> on phones or tablets. Works for many payment services like credit cards and domestic/overseas QR code payments. Appropriate for pay-at-the-table situations, home-visits, and events due to its portable size.
	Multi-QR code payment	<ul style="list-style-type: none"> <li>• Cloud Pay</li> </ul>	<b>Multi-QR code payment service</b> that requires single QR code only for the use of multiple domestic/overseas payments.
	Automatic fare adjustment machine	—	<b>Bring various payment services, such as credit card payment, into store automatic fare adjustment machines.</b> Used at restaurants, hotels, theaters, fitness clubs, golf parks, and others.
	Biometric authentication payment	—	<b>Provide biometric authentication payment services with partners that use iris and face verification, fingerprints, and other physical characteristics</b> for identification of the payer.



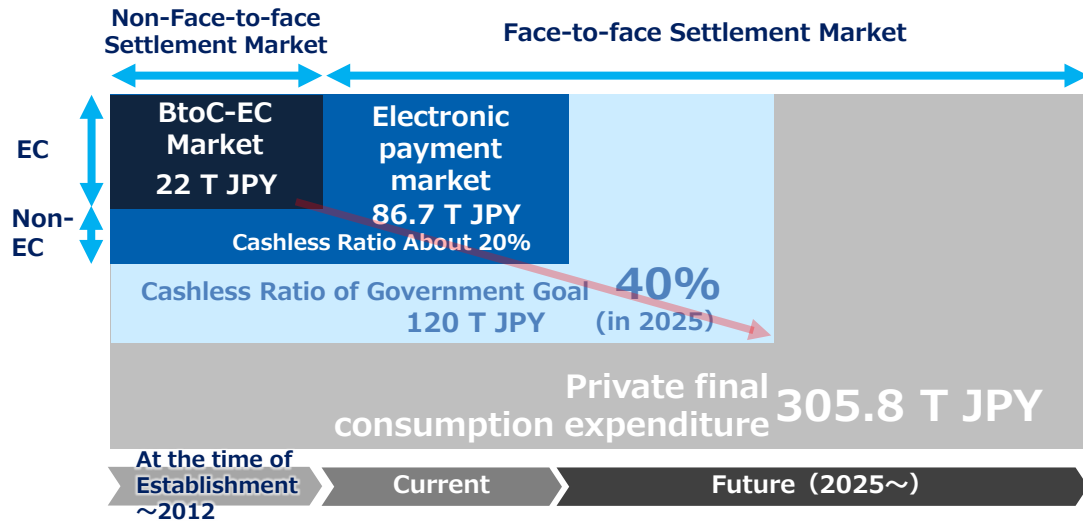


Category 1	Category 2	Definition	Description	Profit structure
Spread type	PSP* business  *Payment Service Provider	✓ Payment such as credit card payment, which are fees that are based on <u>the payment amount</u>	EC payments, face-to-face settlements, etc.  Representative contract: stands in between merchants and credit card companies as a collection agency	Payment amount × take rate  ※ Take rate depends on the types of payments and merchants' products.
Fee type		✓ Payment in which fees are paid according to <u>the number of transactions</u> , mainly data processing etc.	EC payments, face-to-face settlements, etc.  Direct contract: Provides software and transaction management systems for auto payment processing.	Number of transactions × unit price
Shop payment type		✓ Payment settlement by convenience store terminal	Payment for EC purchases, online tickets, etc. at convenience stores  ※Provides to domestic PSP competitors and merchants	Number of transactions × unit price
Stock type		✓ Fixed income generated by fixed monthly amount such as monthly basic fee, OEM offer fee, and operation fee for payment system	Fixed monthly fee for the service by merchants, regardless of the payment method	Active merchants × fixed monthly amount
EC/DX business	EC/DX business	✓ Revenue from fraud detection service, refund remittance service, payment peripheral businesses such as EC optimization services, and shares of profits of (three) investments accounted for using equity method	Revenue from investments accounted for using equity method and businesses other than payment services	✓ Equity-method investment profits (ANA DG, TDP) ✓ Revenue of NaviPlus Co., Ltd. ✓ Revenue of fraud detection system, etc. ✓ CASH POST, post-settlement payments, equity-method investment profits (SCORE), etc.

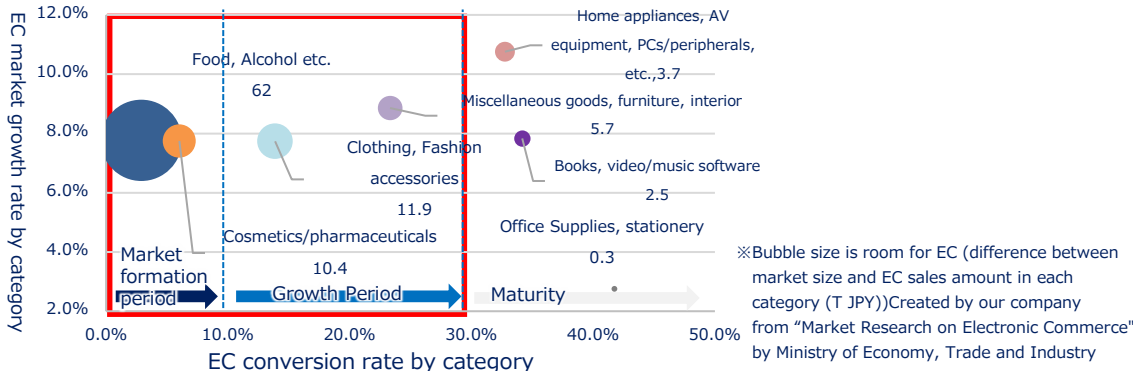


## Target market size

- Transaction volume for the 21.3 fiscal year increased to 3.1 T JPY in conjunction with the growth of the EC market. FT segment holds 14% of BtoC-EC market
- The ratio of electronic payments in the face-to-face settlement market increased due to the promotion of cashless transactions. In 2025, about 120 T JPY, or 40% of private final consumption expenditure, is expected to be cashless.
- Face-to-face settlements in the FT segment for FY 21.3 exceeded 170 B JPY
- The size of BtoB-EC market is 353 T JPY

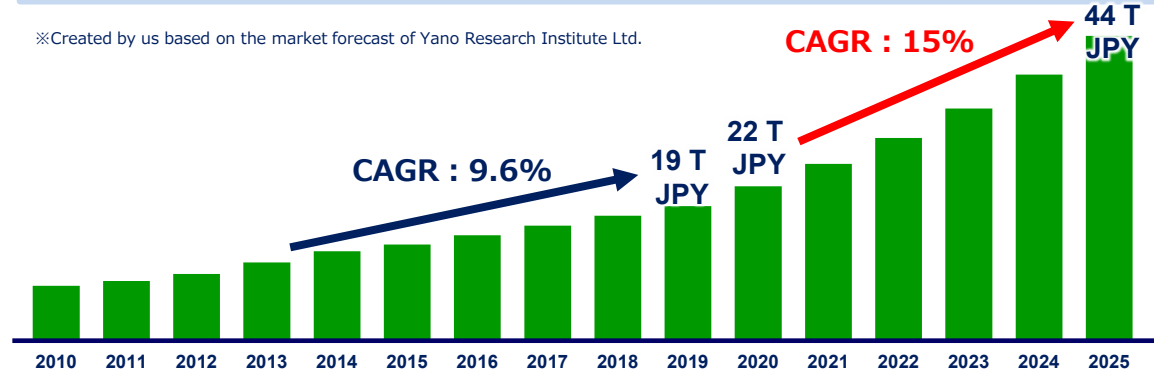


## EC conversion rate and market growth rate by category in the product sales field



## EC (online payment) service market size

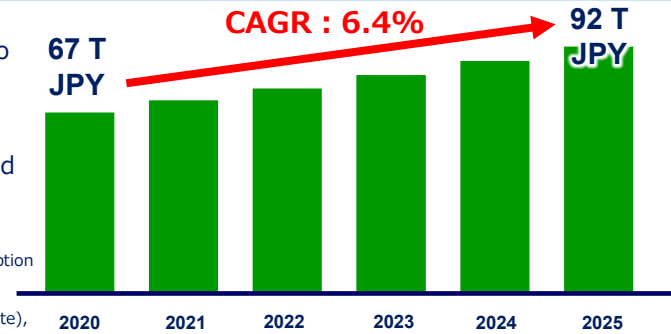
※Created by us based on the market forecast of Yano Research Institute Ltd.



## Real (offline payment) market size

- Market-Growth Forecast: CAGR6.4%
- Credit card payments are expected to account for about 82% in 2025
- Growth is also expected in leading regional supermarkets, large mass retailers, and small and medium-sized stores due to the penetration of domestic QR code payments, etc.

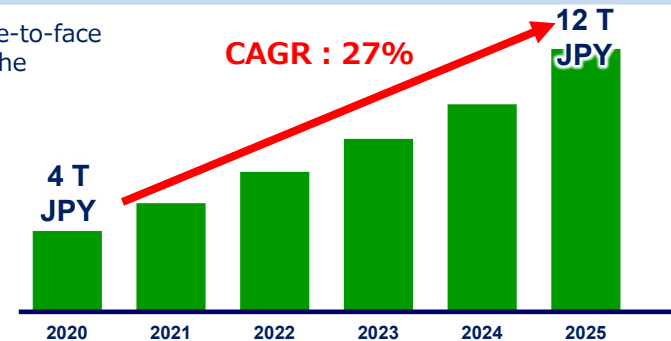
※Calculated by back calculation from private final consumption forecast (Ministry of Economy, Trade and Industry), EC payment service forecast value (MIC Research Institute), cashless ratio (Ministry of Economy, Trade and Industry)



## QR code payment market size

- Providing the largest 27 types of face-to-face settlements methods in Japan amid the expansion of the cashless market
- Market-growth forecast: CAGR27%

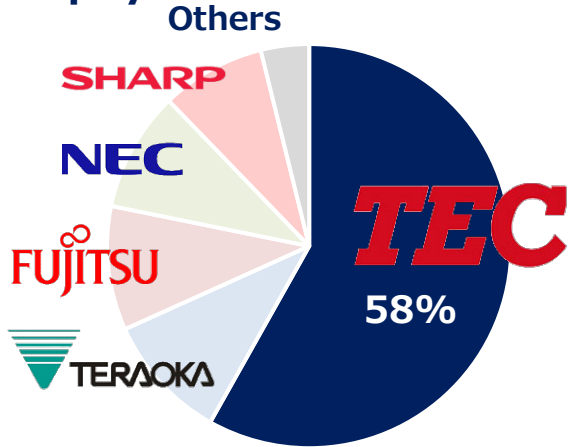
※Created by us based on the market forecast of Yano Research Institute Ltd.





## TD Payment Corporation

- ✓ Established “TD Payment” with Toshiba Tec Corporation, a top share company in Japan providing POS systems
- ✓ Expands large scale merchants through payment solutions linked to POS systems

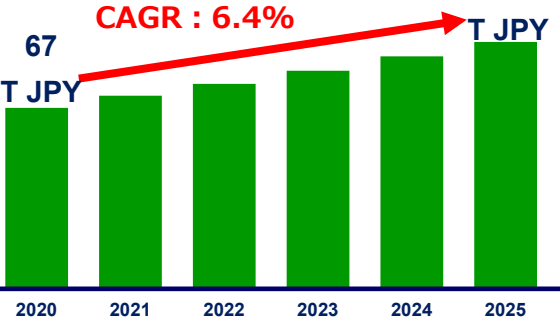


- ✓ Toshiba Tec Corporation has **greater than 50% of the market share of POS in Japan**
- ✓ Promotes expanding DGFT payment infrastructure toward merchants of Toshiba Tec’s POS systems (**About 10% at present**)
- ✓ Number of transactions through Toshiba Tec’s POS systems goes accordingly with its highest domestic share
- ✓ The number of credit card payments is expected to exceed 18 billion\* in 2025, and each strategy is being promoted to acquire a share of 10% or more

\*Calculated from the expected credit card transaction value with an average transaction value of approximately JPY 4,100

### Real (offline payment) market size

Credit card payments in 2025 are expected to account for about 82%



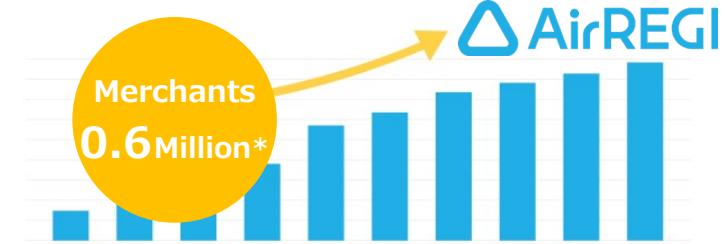
## Alliance with Recruit Lifestyle

- ✓ Made an alliance with Recruit Lifestyle, a top share company in Japan providing tablet POS systems
- ✓ Expands shares of medium-scale companies by providing low-cost and easy multi-QR code payment service



Tablet POS

\*Number of AirREGI accounts as of the end of September 2021. Sited from the Recruit website



## Providing multi-QR code payment service

- ✓ DG Group Launched the multi-QR code payment solution “Cloud Pay” in May 2019



- Achieved 390,000 merchants (in Mar. 2021) and grew to be a leading player in QR code payment networks

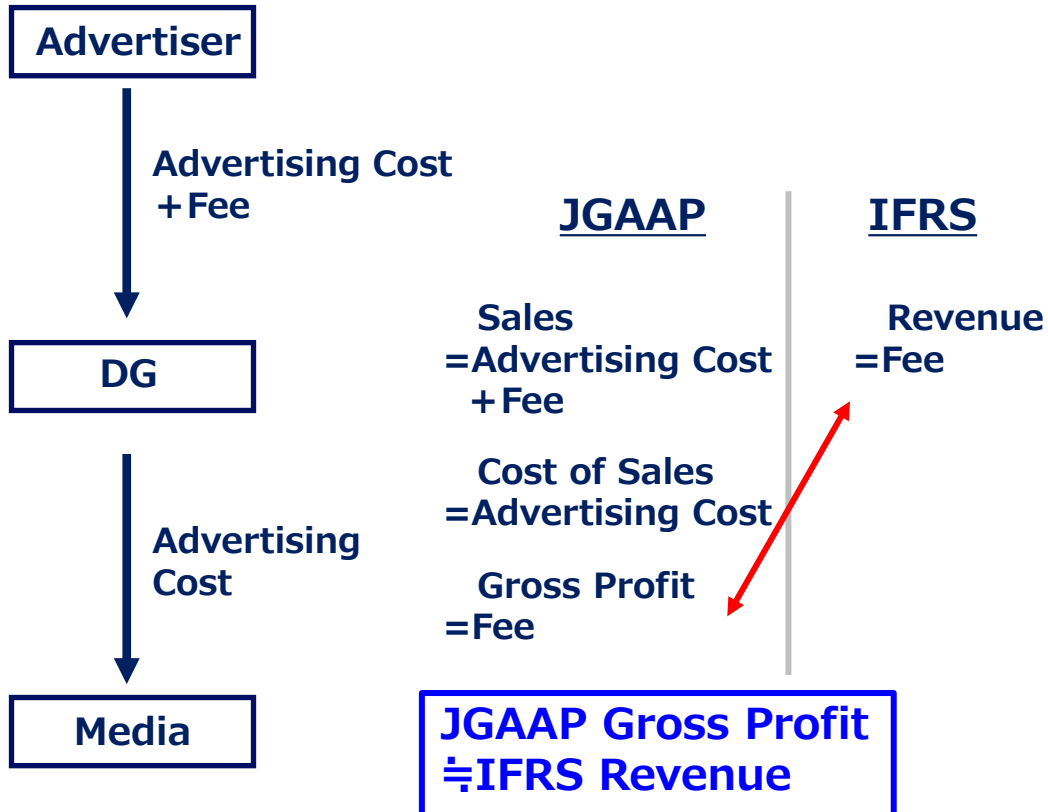
# MT Segment





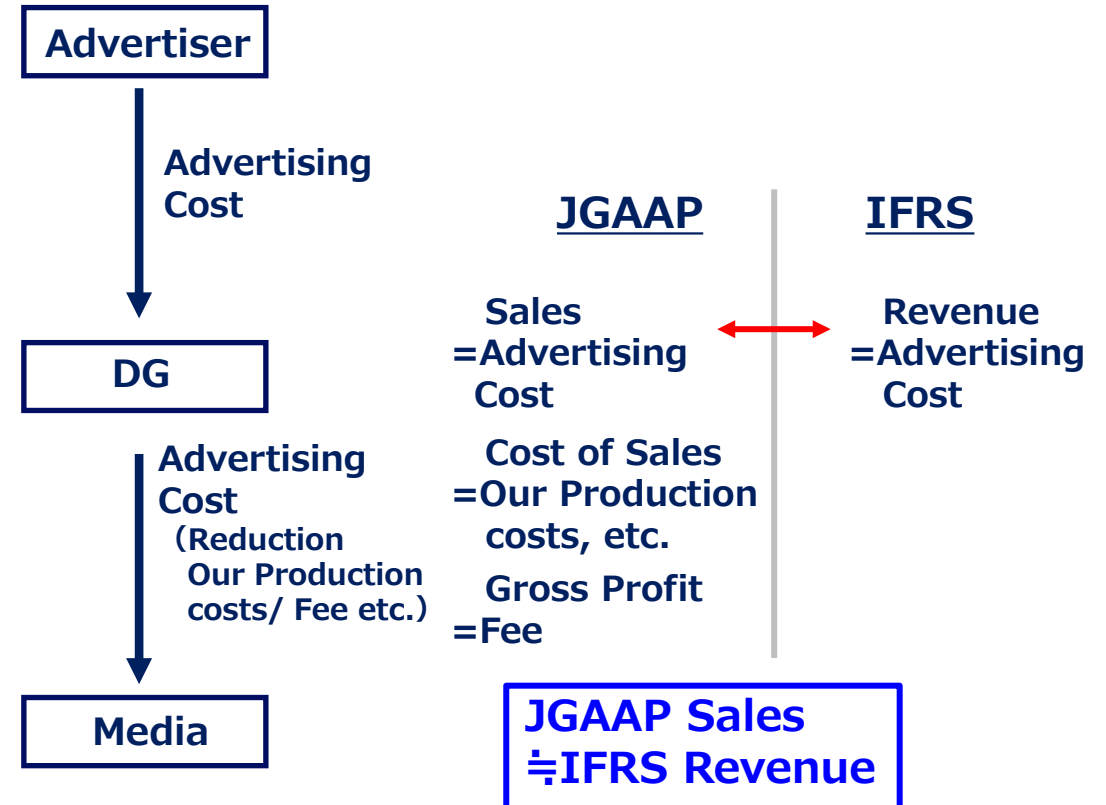
## Revenue of digital ads

- The advertising business through Web marketing mainly plans and plans Internet advertising strategies for customers (advertisers), arranges the management of advertising, and measures and analyzes its effectiveness



## Revenue of real estate ads

- In the Real Estate Advertising Business, centered on real estate, in response to requests from clients for the production of real estate advertising and other products, the Company produces advertising in accordance with the specifications desired by clients

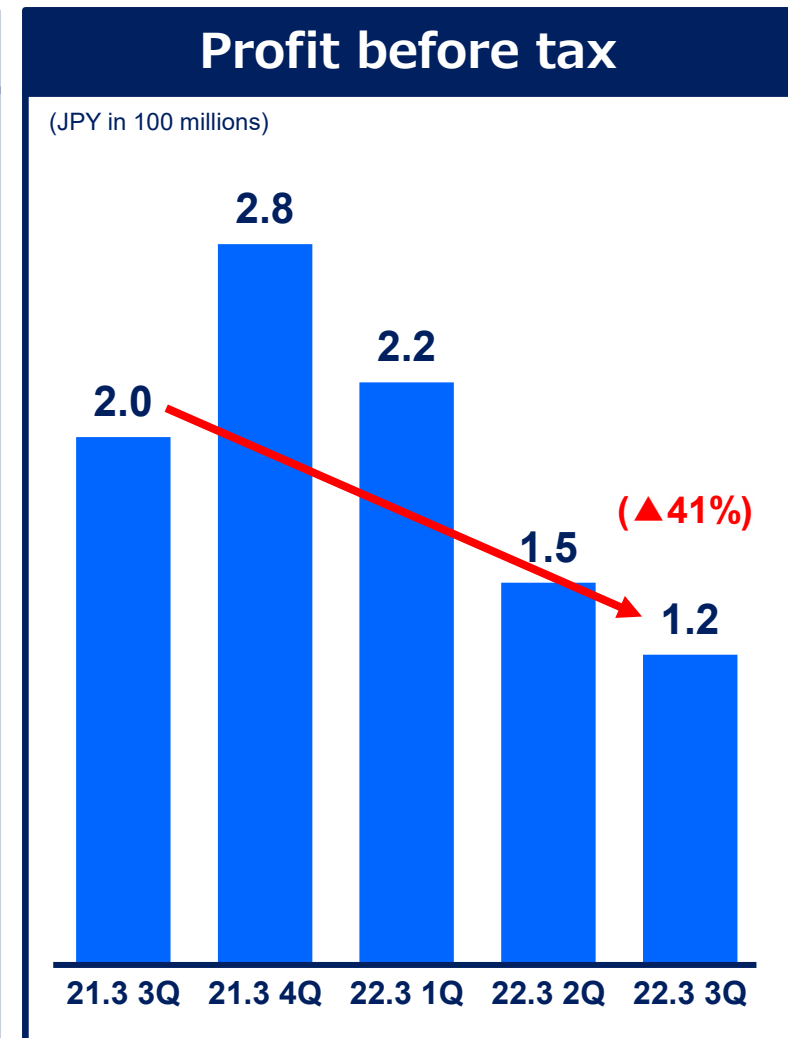
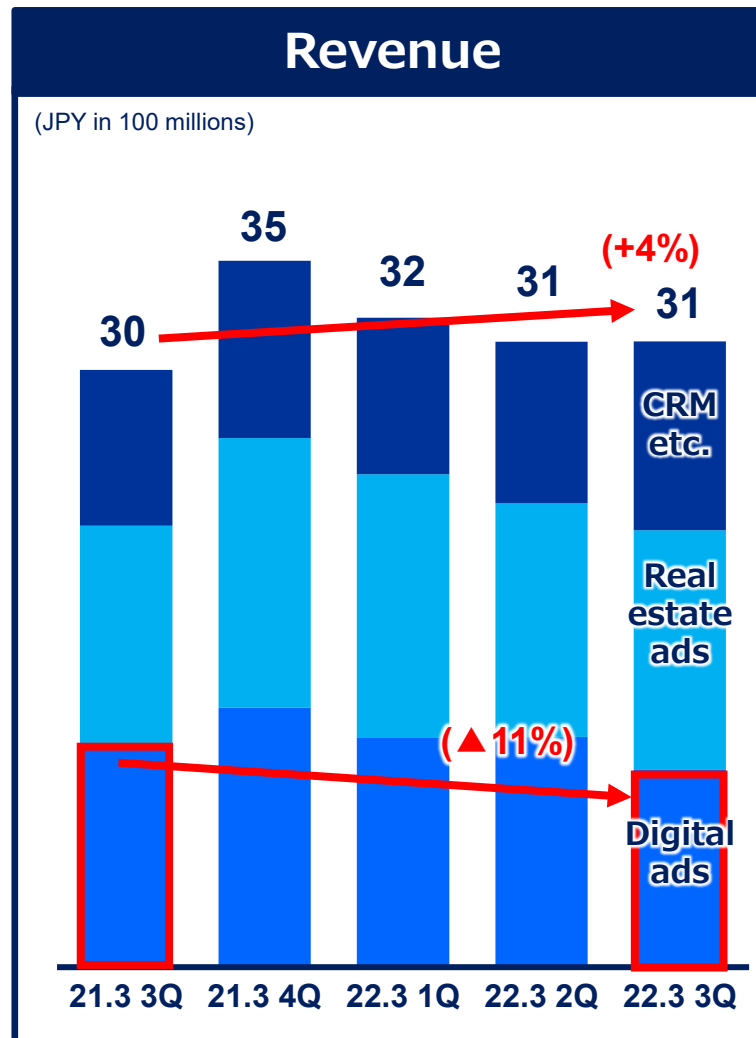
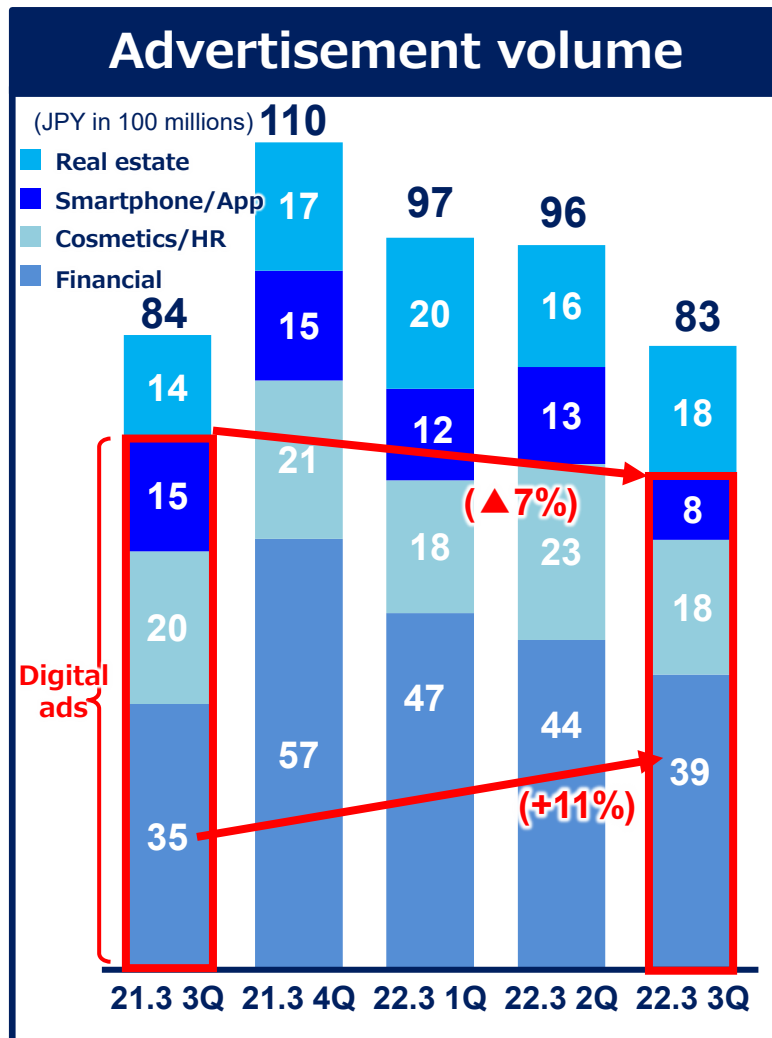


# MT Segment - 3Q (Oct.-Dec.) Highlights



Advertisement volume for mainstay digital ads in FinTech related such as credit cards remained strong

~ Redesigned segment strategy and organization design according to Group FinTech Shift ~

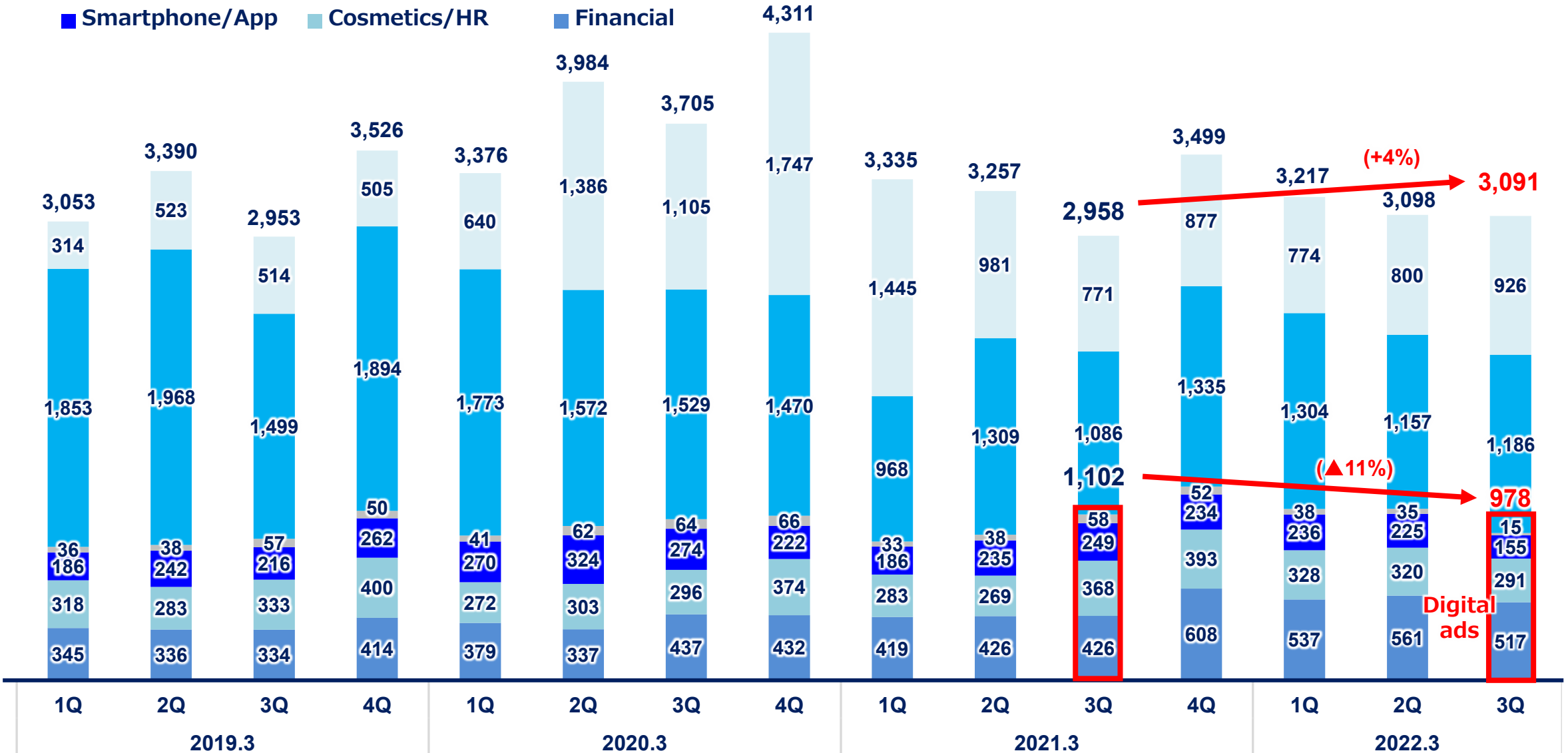


# MT Segment - Transition of Quarterly Revenue



(JPY in millions)

- CRM etc.
- Real estate
- Other digital ads
- Smartphone/App
- Cosmetics/HR
- Financial

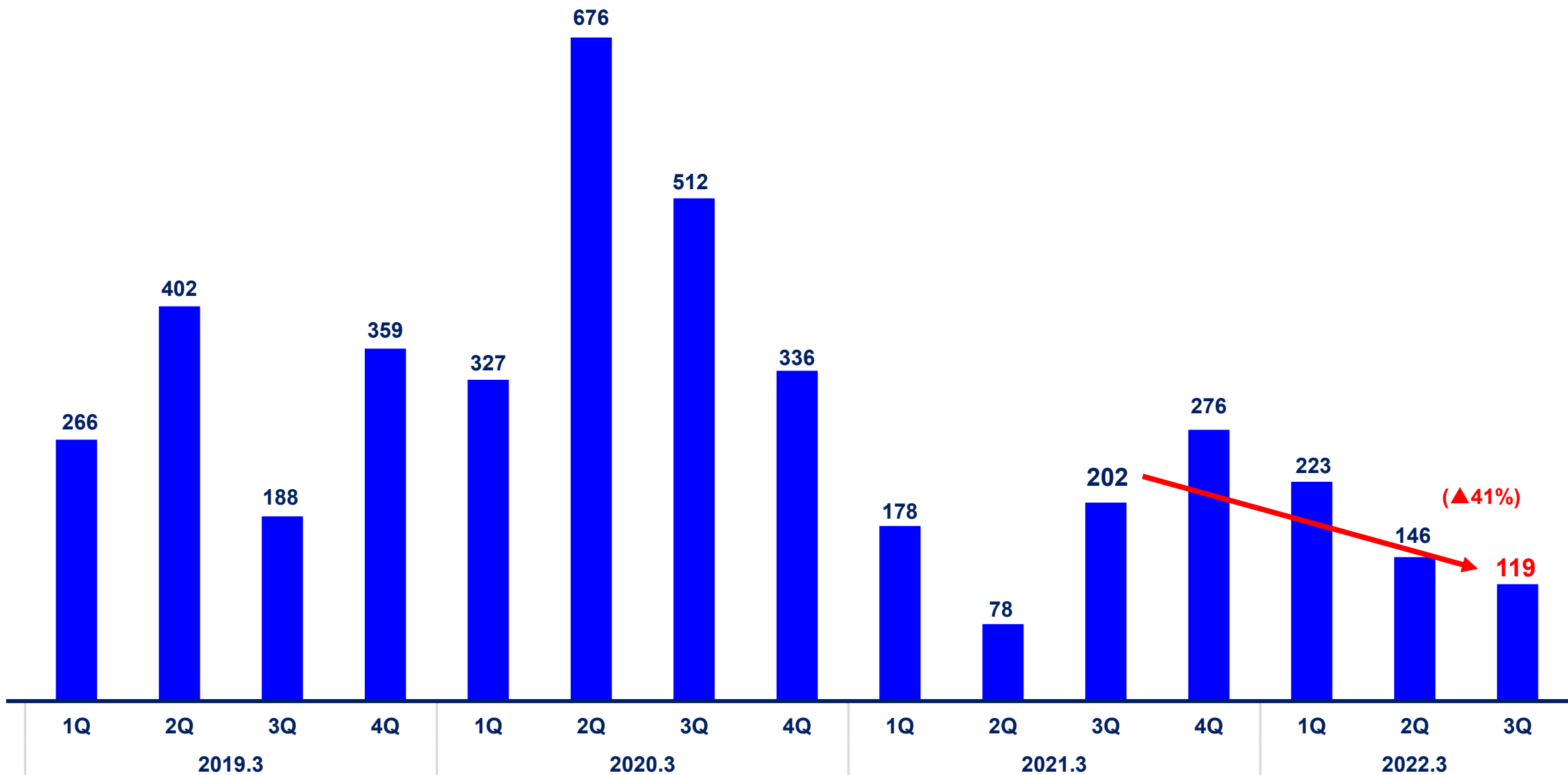


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

# MT Segment - Transition of Quarterly Profit Before Tax



(JPY in millions)



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

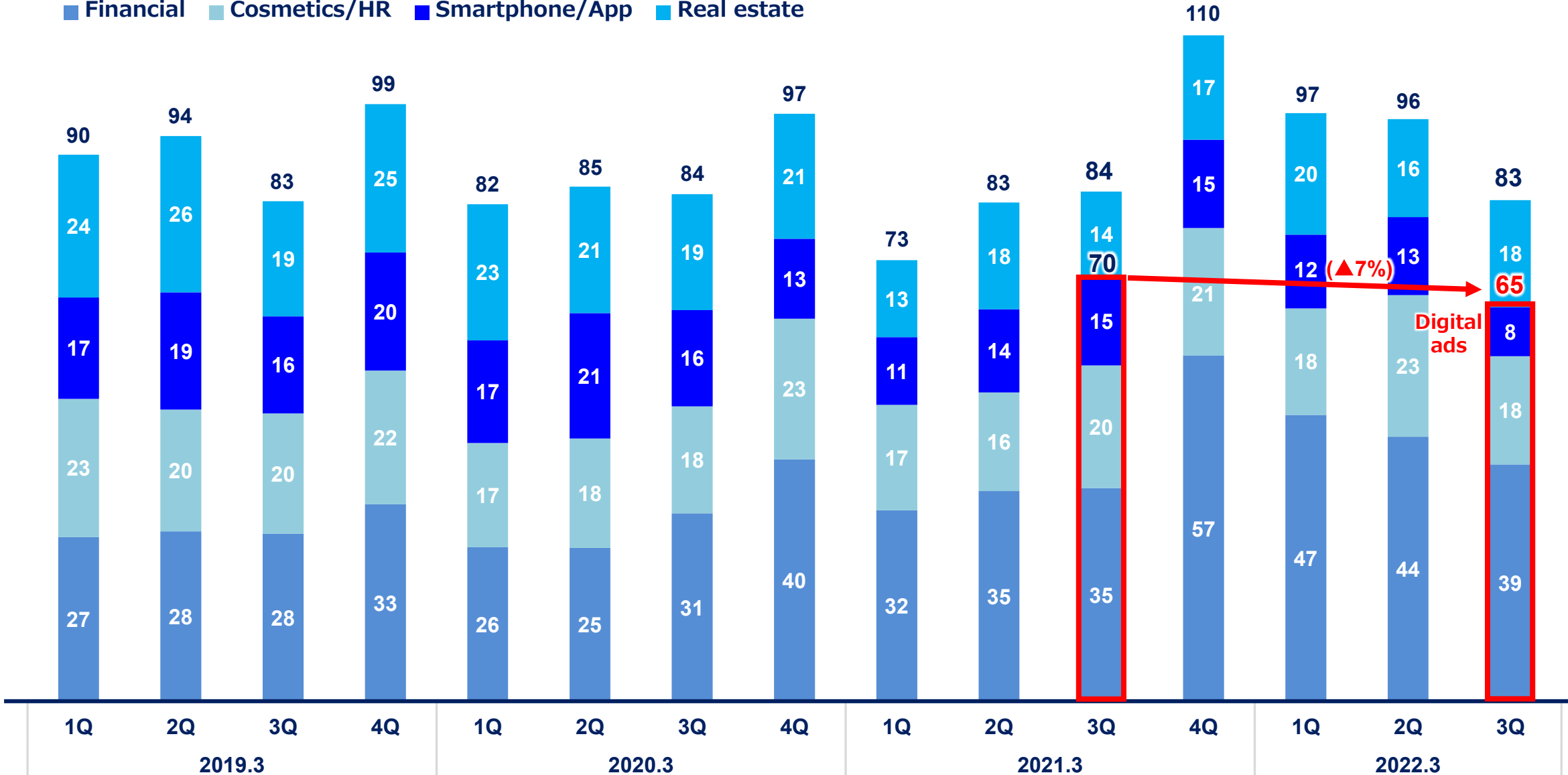


# MT Segment - Transition of Quarterly Advertisement Volume



(JPY in 100 millions)

■ Financial ■ Cosmetics/HR ■ Smartphone/App ■ Real estate



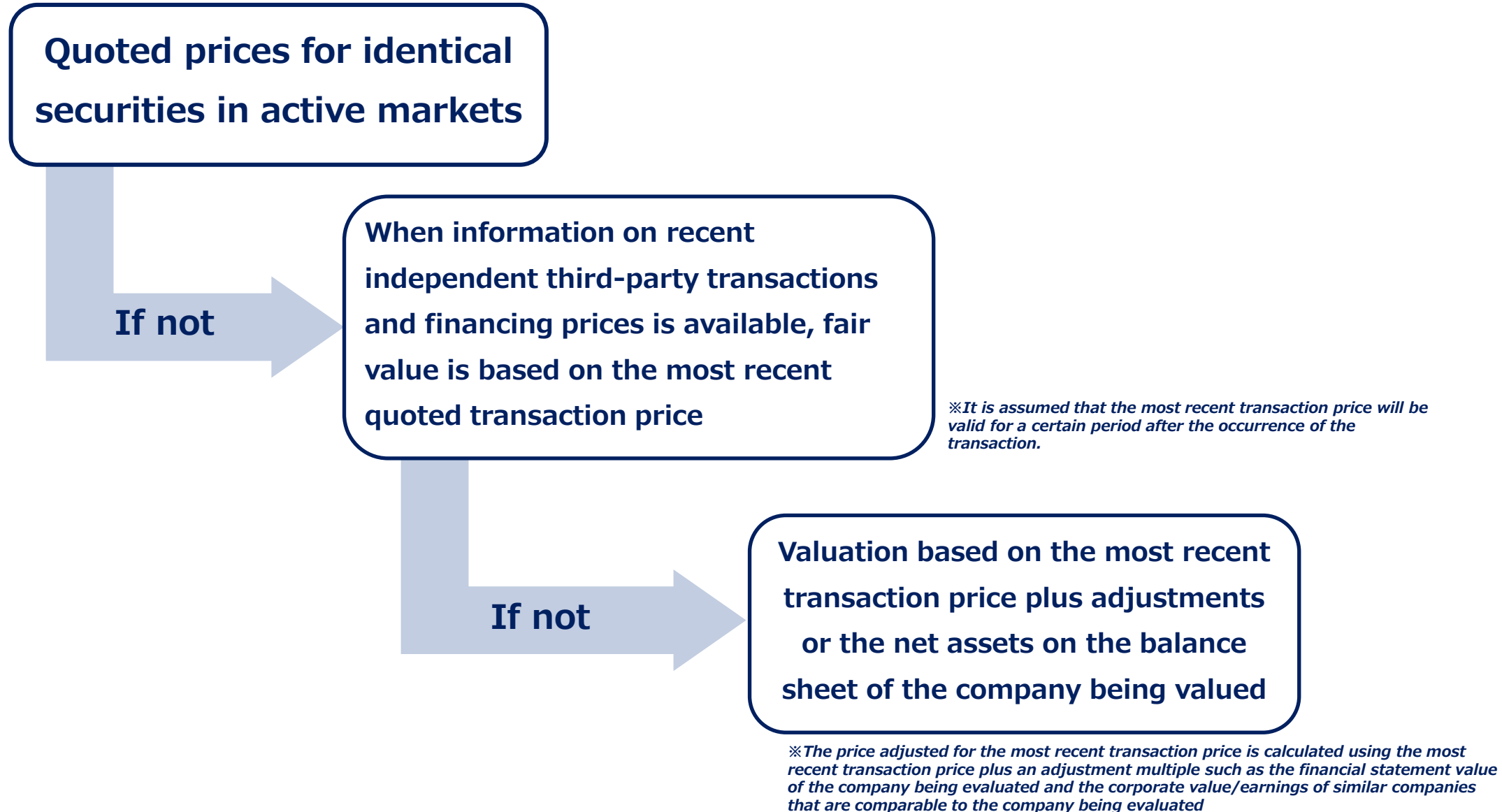
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

# IT Segment





## 【Calculation method for fair value of operational investment securities】

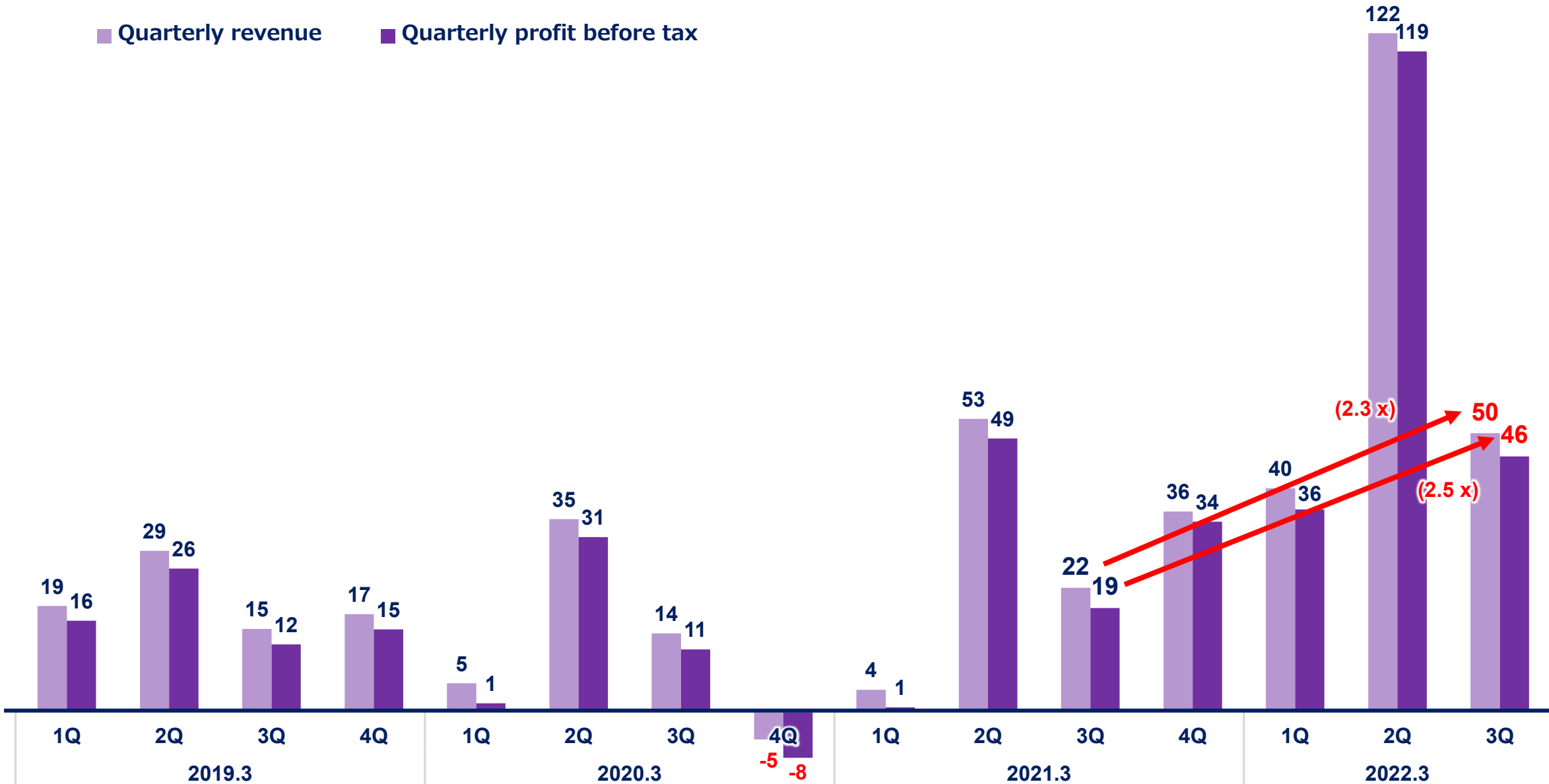


# IT Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



(2.3 x)  
(2.5 x)



# IT Segment -

# Transition of Quarterly Operational Investment Securities and Number of Investees

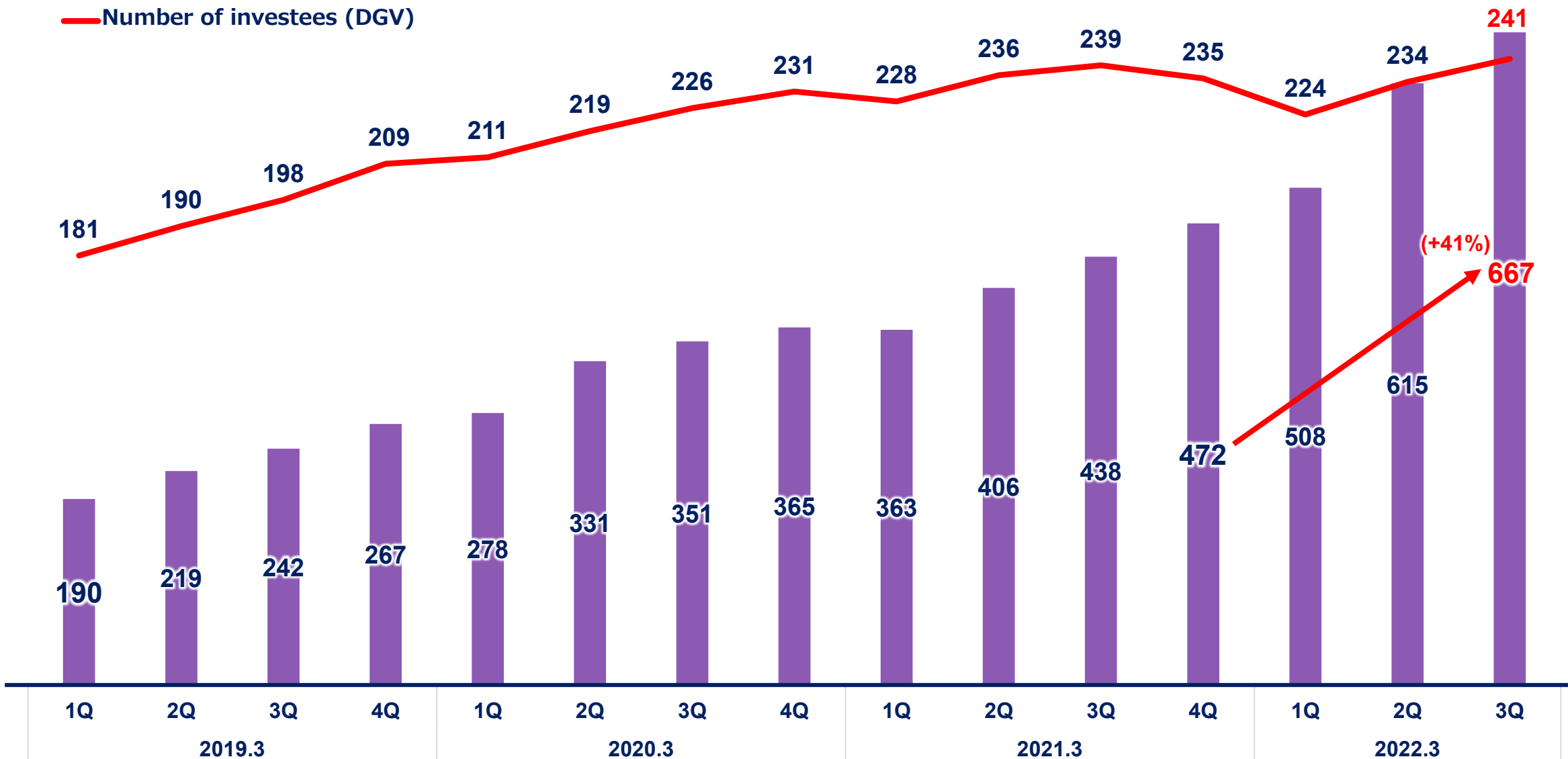


(JPY in 100 millions)

(Number of investees)

Balance of operational investment securities

Number of investees (DGV)



# IT Segment - Operational Investment Securities' List of Top 10

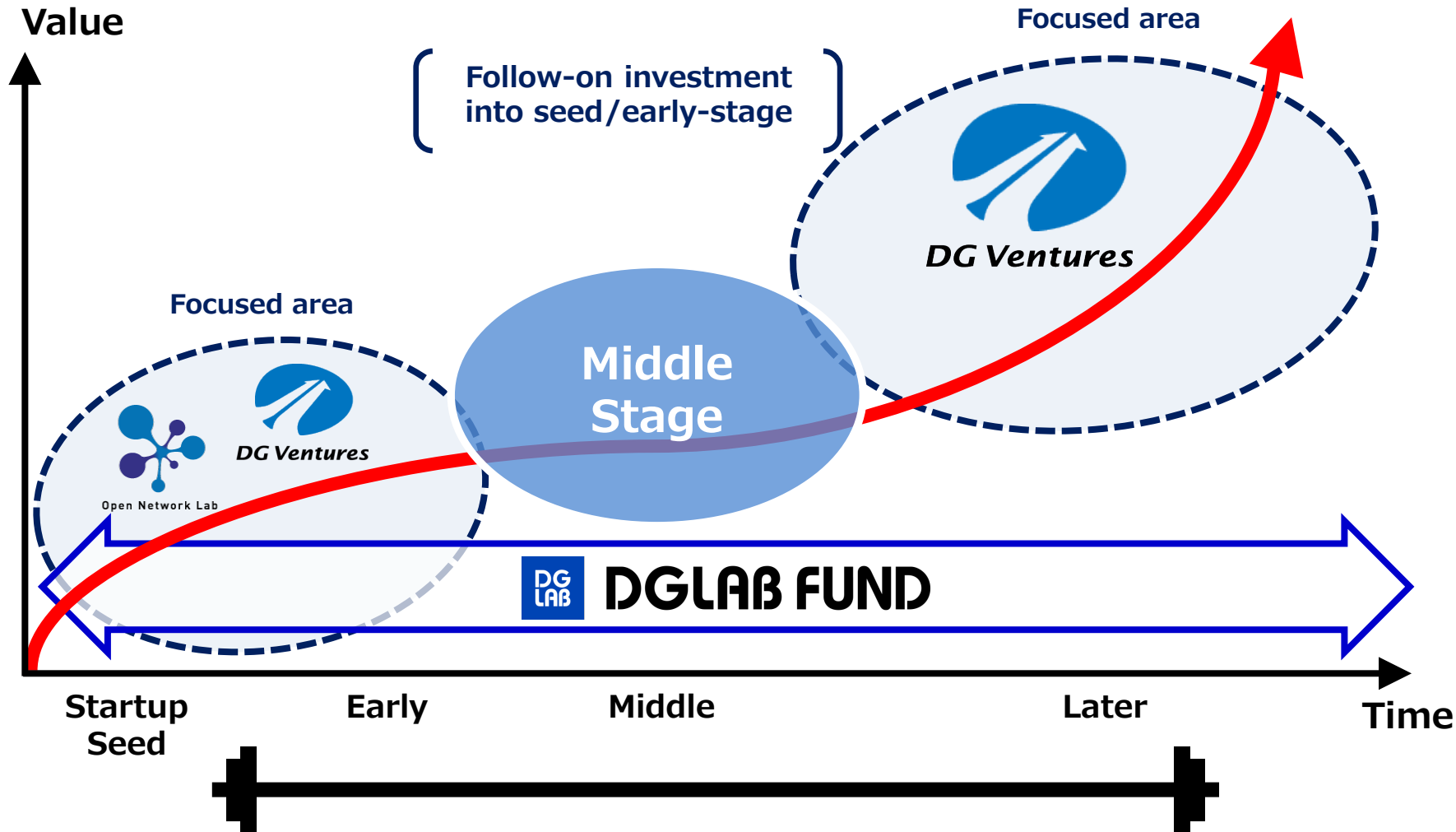


Investee	Overview	Region	Equity ratio	Fair value (JPY in 100 millions)
Blockstream	Developed Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications	US	3.8%	141
MX Technologies	Offers a PFM (personal financial management) tool for financial institutions in the US	US	3.2%	69
Sen Do Technology	Operates Sendo, a marketplace for C2C and B2C in Vietnam, and provides electronic wallet services	Vietnam	12.7%	39
Healthians	Provides online health check services such as online appointment, at-home blood sampling, and online results	India	8.4%	30
indie Semiconductor	Provides automotive semiconductors and software platforms	US	1.4%	27
Droom	Operates Droom, India's largest automotive buying and selling online marketplace	India	2.0%	21
GrubMarket	Grocery B2B and B2C e-commerce	US	1.8%	19
NoBroker Technologies Solutions	CtoC real estate marketplace that enables to complete a series of procedures (property search to contract exchange) online	India	1.4%	16
Playco Global	Provider of instant games that can be played directly on Facebook, LINE, etc. and game development platform	US	2.0%	12
ThredUp	The largest fashion resale platform in the US	US	0.6%	9

NOTE) Equity ratio and fair value of an investee BlockStream Corporation Inc. do not include investment securities held by Digital Garage, Inc.



Based on a key strategy (Barbell strategy) in line with corporate growth and a global portfolio (Japan, Asia, and the U.S.)



Total amount of investments	
<b>66.7</b> B JPY	
(End of Dec. 2021)	
Japan	<b>16%</b>
Asia	<b>23%</b>
US	<b>54%</b>
Others	



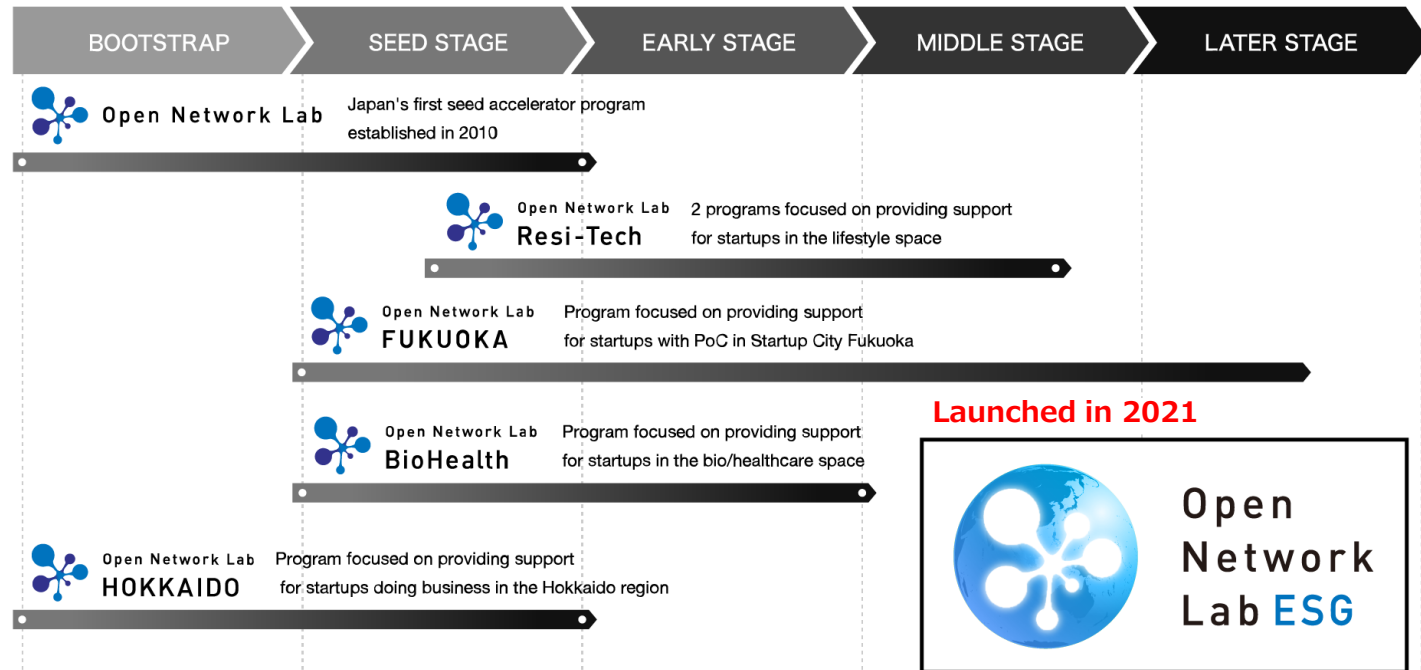
## Established Open Network Lab & ESG I “Earthshot Fund” for Onlab participants and startups in the ESG field

~ Reinforce follow investments utilizing the fund and promote ESG investments ~

### <Outline of this fund>

<b>Fund name</b>	<b>Earthshot Fund</b> (Name: “Open Network Lab & ESG I Investment Limited Partnership”)
<b>Operator</b>	<b>DG Incubation, Inc.</b>
<b>Operation period</b>	<b>10 years</b>
<b>Application closed (expected)</b>	<b>End of September 2022</b>
<b>Investees</b>	This fund will invest in promising startups in Japan and abroad—focusing on Onlab participants (including those that have applied and selected) and companies related to the ESG field—and provide follow investments to investees with high potential for growth.

- ✓ Take advantage of Onlab’s investment, support resources and expertise for seed and early-stage startups, as well as its startup network in the ESG field, to carry out investment activities





# LTI Segment

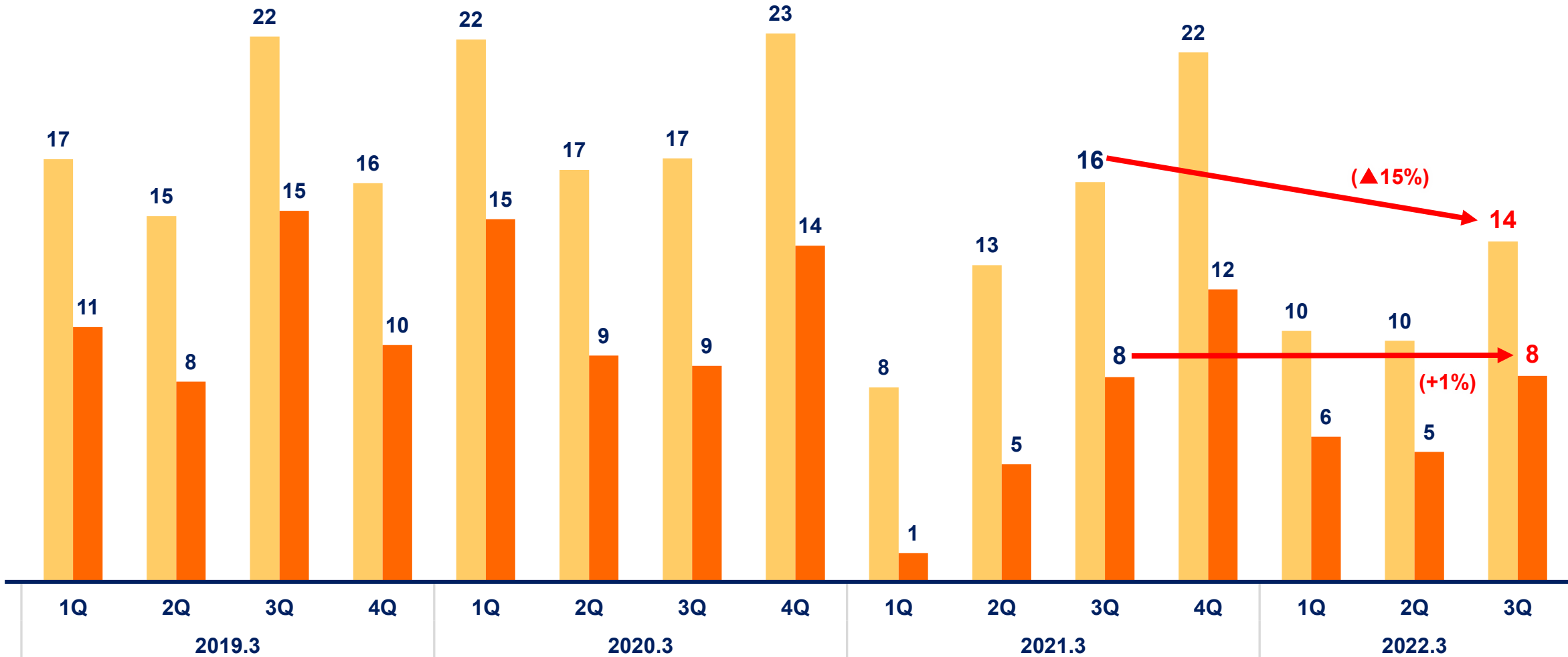


# ◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



# Policy on Shareholder Returns



# Transition of Business Cash Flow Before Income Taxes

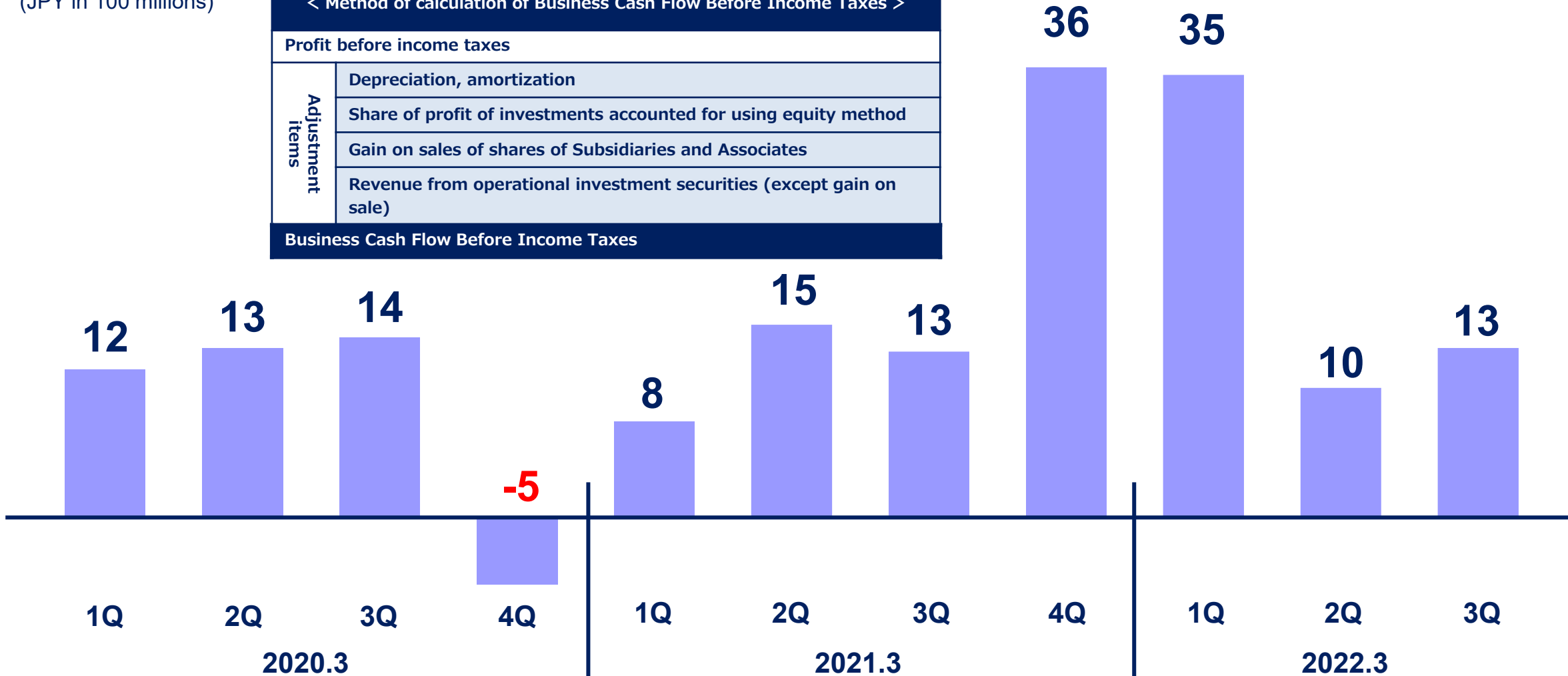


Define the cash flow based on the actual cash in/out flows from our business as  
**“Business Cash Flow Before Income Taxes”**

~ Adjusting gains or losses of fair value from IT segment  
 and non-cash profits such as equity in earnings of affiliates ~

(JPY in 100 millions)

< Method of calculation of Business Cash Flow Before Income Taxes >	
Profit before income taxes	
Adjustment items	Depreciation, amortization
	Share of profit of investments accounted for using equity method
	Gain on sales of shares of Subsidiaries and Associates
	Revenue from operational investment securities (except gain on sale)
<b>Business Cash Flow Before Income Taxes</b>	



NOTE) Gain on valuation of investment securities (financial income) is also adjusted on 2022.3 2Q



Return to shareholders through cash flow-conscious management, setting 20% dividend payout ratio to the business cash flow before income taxes as a target in the mid-term plan

### Policy on shareholder returns

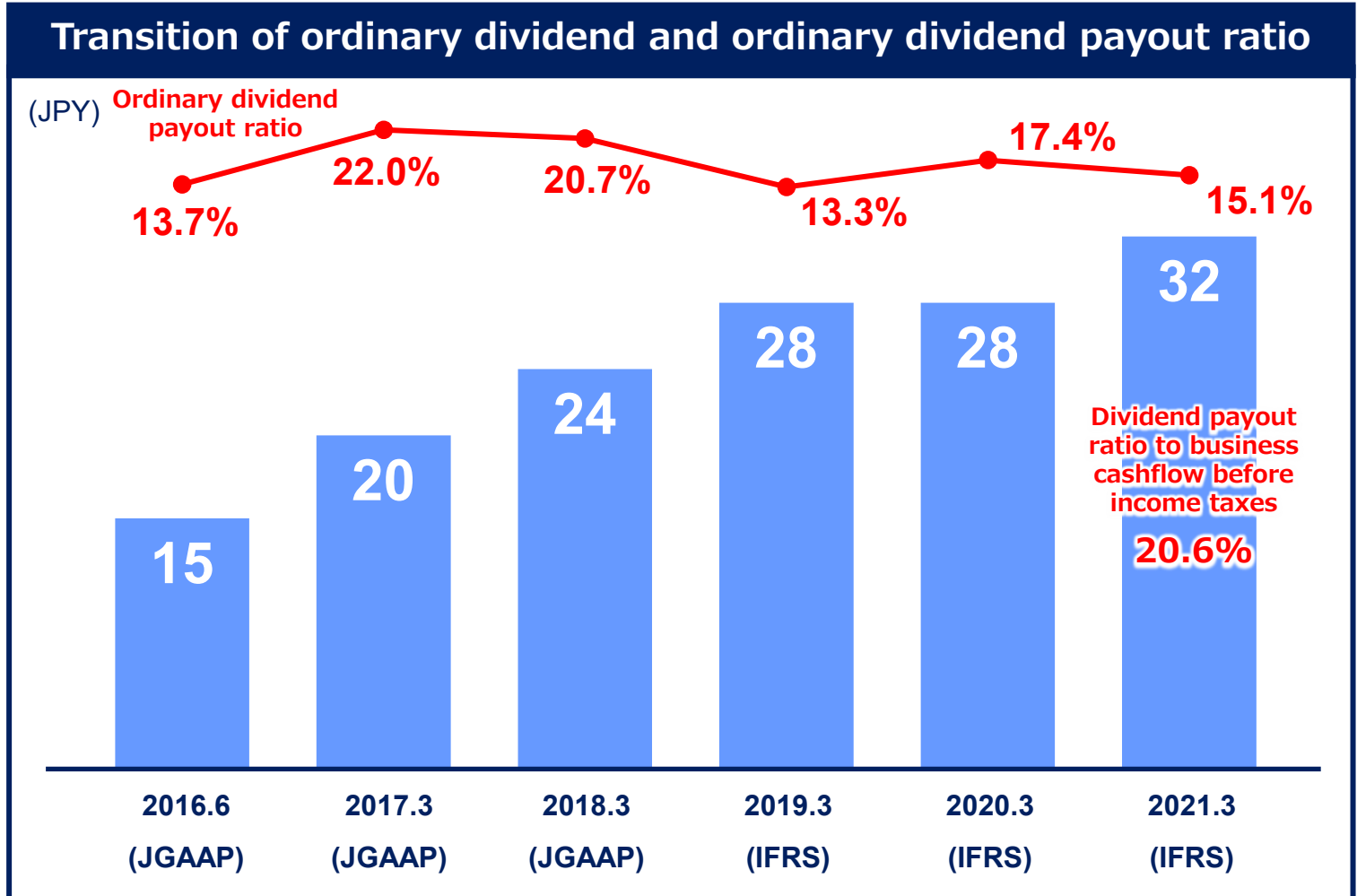
Aim to balance “promoting investments for business growth” that contributes to the improvement of corporate value and “securing the soundness of financial condition”, and work to “further better our performance on shareholder returns”

**Dividend**

- Return to shareholders through cash flow-conscious management by measuring the cash generation output of our group businesses
- Introduce “20% dividend payout ratio to the business cash flow before income taxes” as the new policy on shareholder returns

**Buyback**

- Define as a measure to improve capital efficiency
- Execute in an agile manner accordingly with the stock price level while taking business performance and financial condition into consideration



# Year-on-Year Results



# Financial Results: Consolidated PL (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result
<b>■ Continuing operations</b>				
<b>Revenue</b>	<b>25,503</b>	<b>35,687</b>	<b>36,936</b>	<b>40,478</b>
Revenue in recurring business	18,141	22,713	26,687	24,945
Revenue in operational investment securities	1,007	6,090	4,020	11,031
Other income	2,111	1,933	2,416	1,949
Finance income	764	117	93	59
Share of profit of investments accounted for using equity method	3,481	4,835	3,720	2,495
<b>Expenses</b>	<b>17,127</b>	<b>22,264</b>	<b>26,929</b>	<b>26,161</b>
Cost of sales	7,187	10,401	12,036	10,697
Selling, general and administrative expenses	9,095	11,296	14,022	14,537
Other expenses	542	332	492	617
Finance costs	303	235	379	311
<b>Profit before tax</b>	<b>8,376</b>	<b>13,424</b>	<b>10,008</b>	<b>14,317</b>
Income tax expense	1,857	4,088	2,677	4,798
<b>Profit from continuing operations</b>	<b>6,518</b>	<b>9,336</b>	<b>7,331</b>	<b>9,518</b>
<b>■ Discontinued operations</b>				
<b>Revenue</b>	<b>3,260</b>	<b>1,261</b>	-	-
<b>Expenses</b>	<b>3,403</b>	<b>1,655</b>	-	-
<b>Profit (loss) before tax</b>	<b>-143</b>	<b>-394</b>	-	-
Income tax expense	38	-225	-	-
Loss (gain) on sales on discontinued operations	-	898	-	-
Income tax expense from sale of discontinued operations	-	275	-	-
<b>Profit (loss) from discontinued operations</b>	<b>-181</b>	<b>454</b>	-	-
<b>Profit</b>	<b>6,337</b>	<b>9,790</b>	<b>7,331</b>	<b>9,518</b>
Owners of parent	6,412	9,771	7,420	9,786
Non-controlling interests	-75	19	-89	-267

# Financial Results: Consolidated PL by Segments (IFRS)



JPY in Millions	FY18.3 Result	FY19.3 Result	FY20.3 Result	FY21.3 Result
<b>Revenue</b>	<b>25,503</b>	<b>35,687</b>	<b>36,936</b>	<b>40,478</b>
Financial Technology	5,929	7,447	8,609	9,666
Marketing Technology	9,939	12,922	15,375	13,049
Incubation Technology	2,553	8,022	4,868	11,482
Long-term Incubation	6,301	7,133	7,929	5,931
Others/Adjustments and Eliminations	781	164	155	351
<b>Profit before tax</b>	<b>8,376</b>	<b>13,424</b>	<b>10,008</b>	<b>14,317</b>
Financial Technology	2,809	3,349	4,049	4,118
Marketing Technology	1,856	1,215	1,853	735
Incubation Technology	1,321	6,889	3,563	10,264
Long-term Incubation	3,621	4,378	4,701	2,653
Others/Adjustments and Eliminations	-1,231	-2,408	-4,158	-3,452

NOTE) Segment revenue and profit before tax are before elimination of intersegment transaction and corporate revenue and expenses.



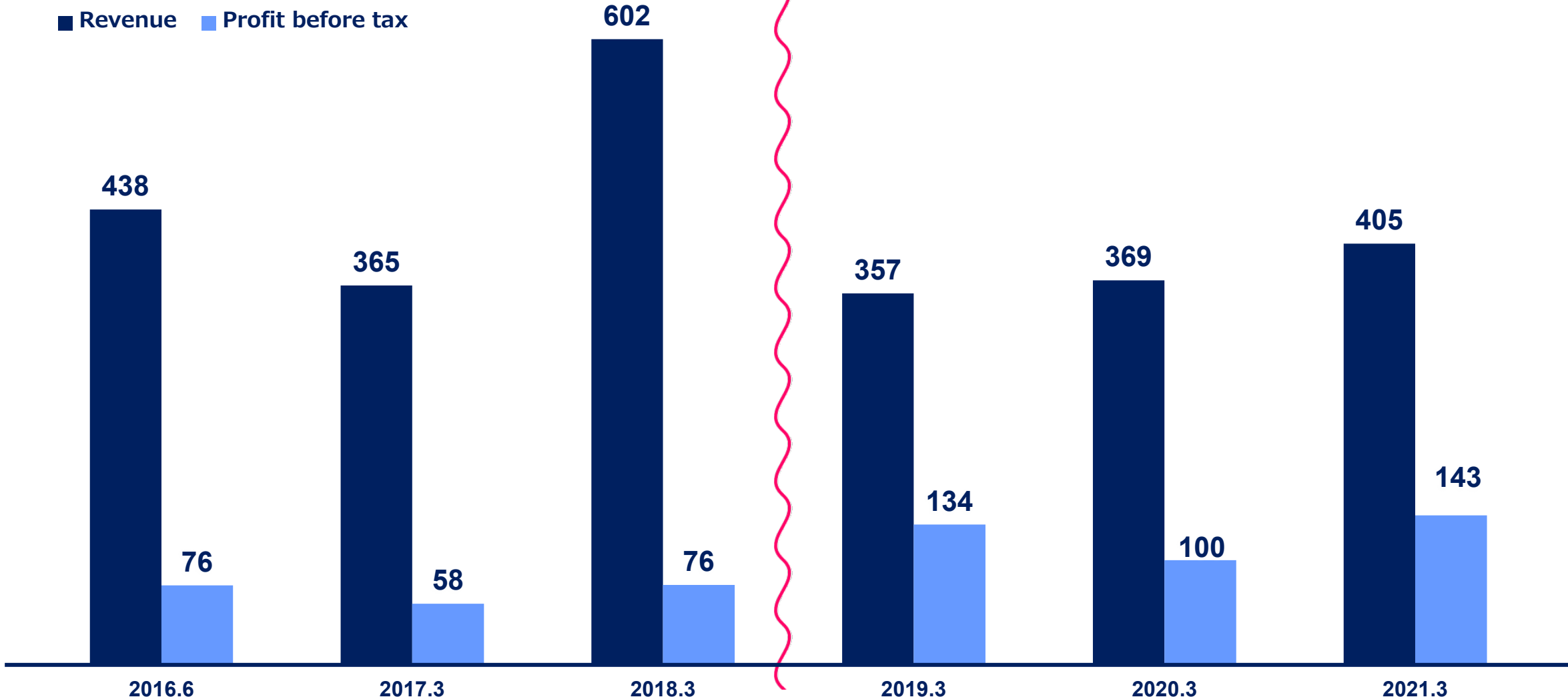
# Transition of Consolidated Revenue and Profit Before Tax



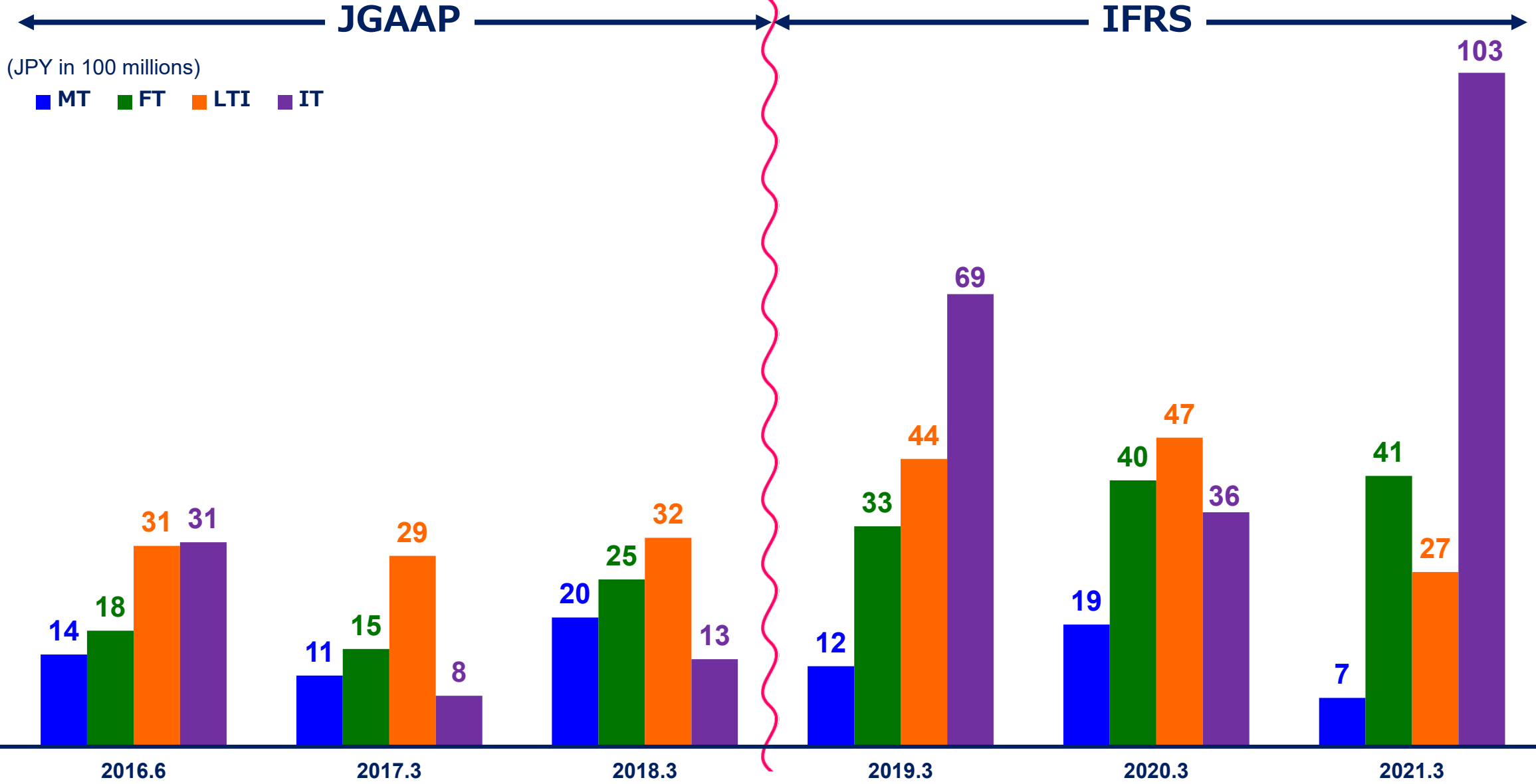
← JGAAP | IFRS →

(JPY in 100 millions)

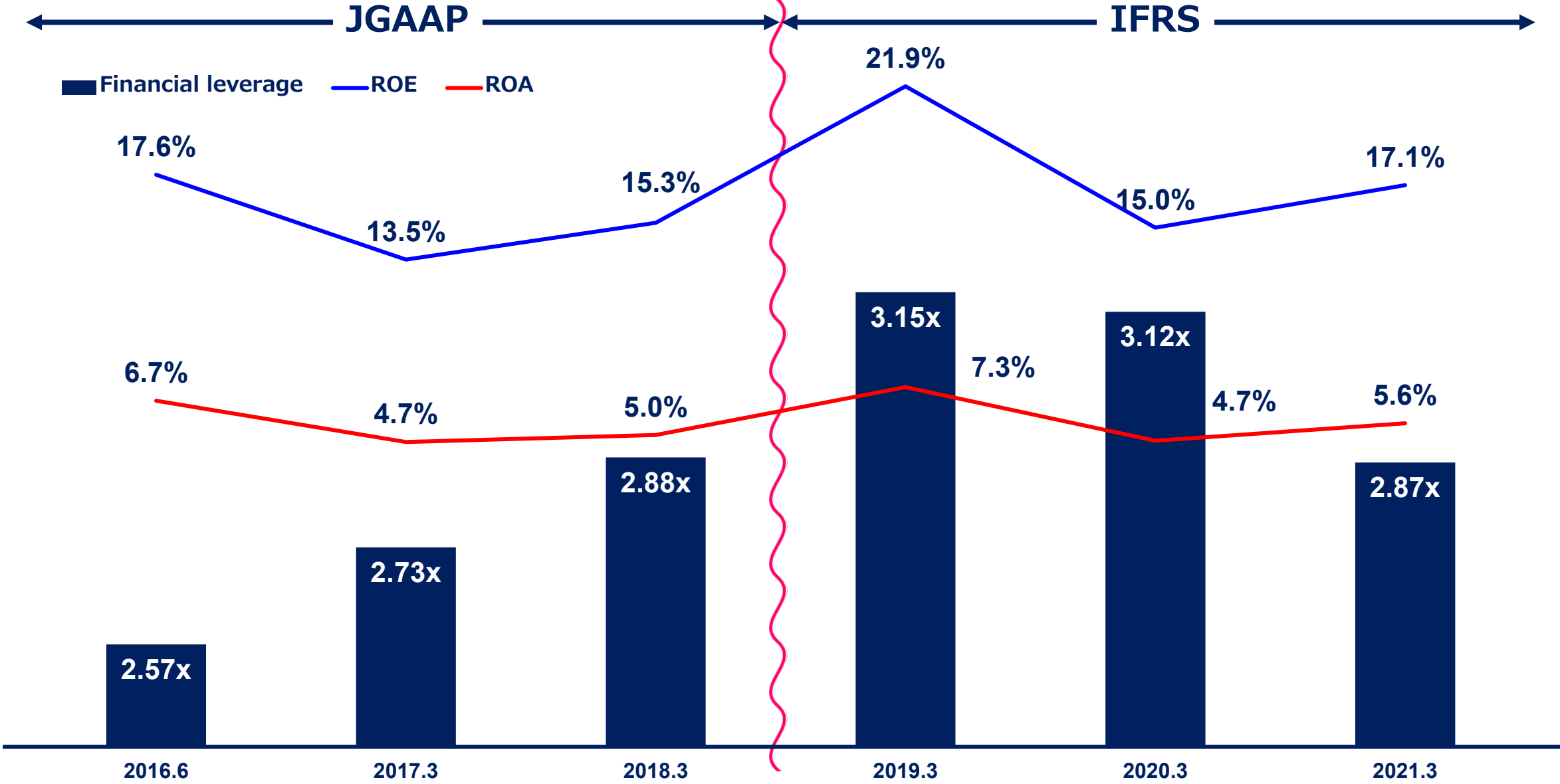
■ Revenue ■ Profit before tax



# Transition of Profit Before Tax by Segments



# Transition of ROE, ROA, Financial Leverage



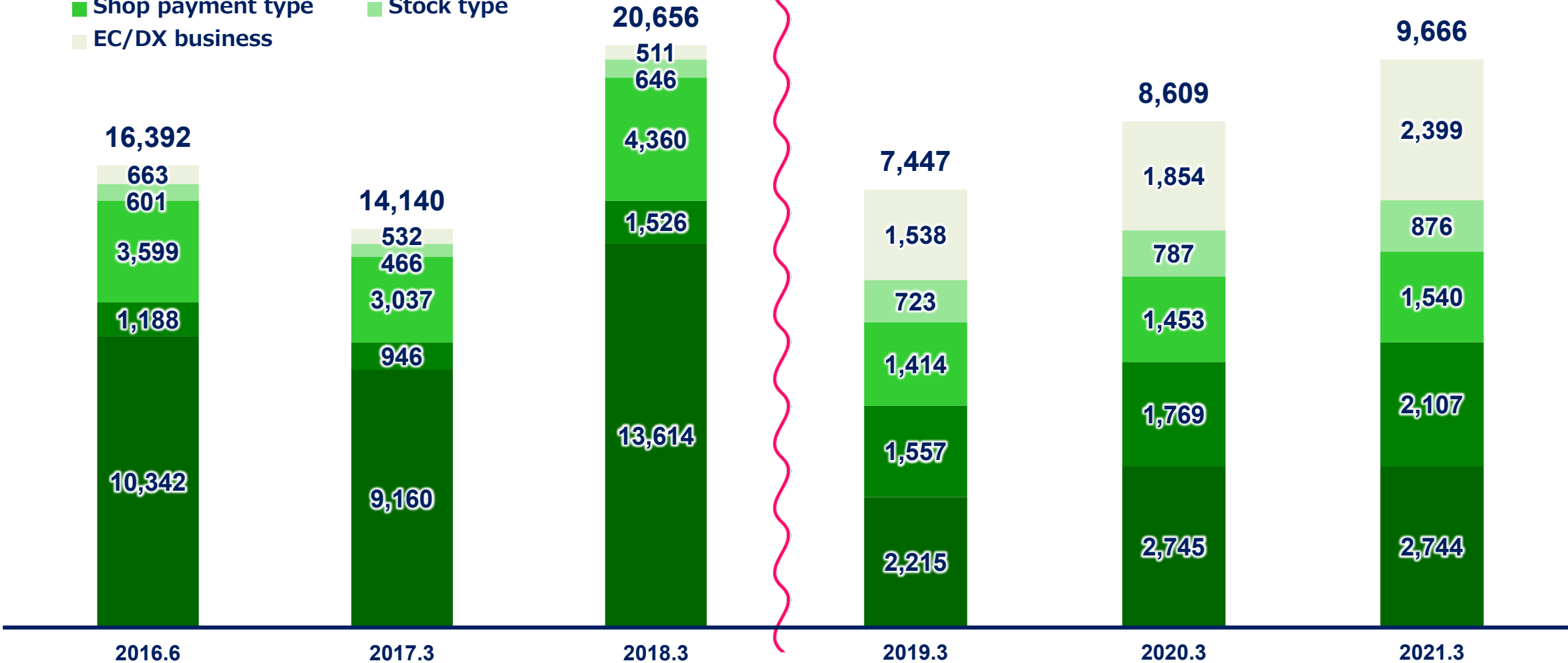
# FT Segment - Transition of Revenue (Category 1)



← JGAAP → | → IFRS →

(JPY in millions)

- Spread type
- Shop payment type
- EC/DX business
- Fee type
- Stock type



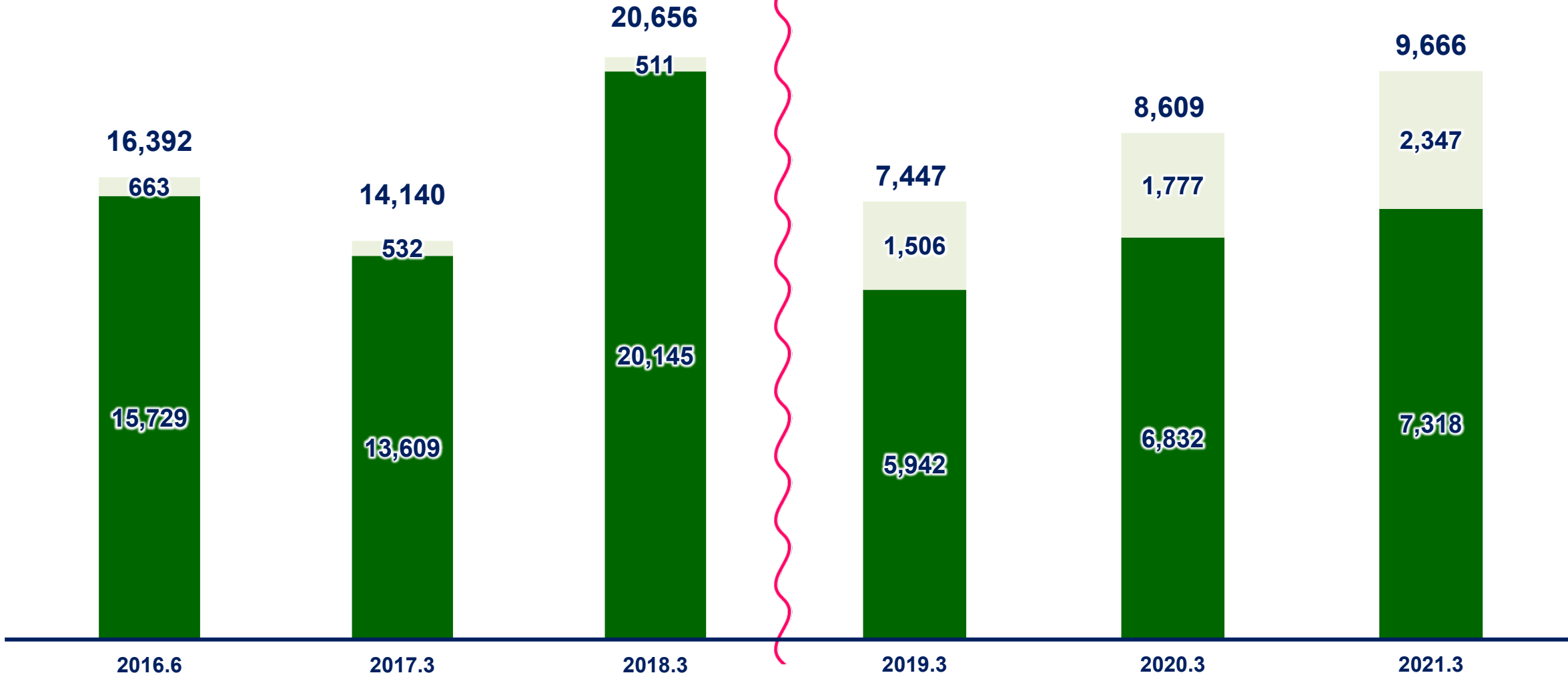
# FT Segment - Transition of Revenue (Category 2)



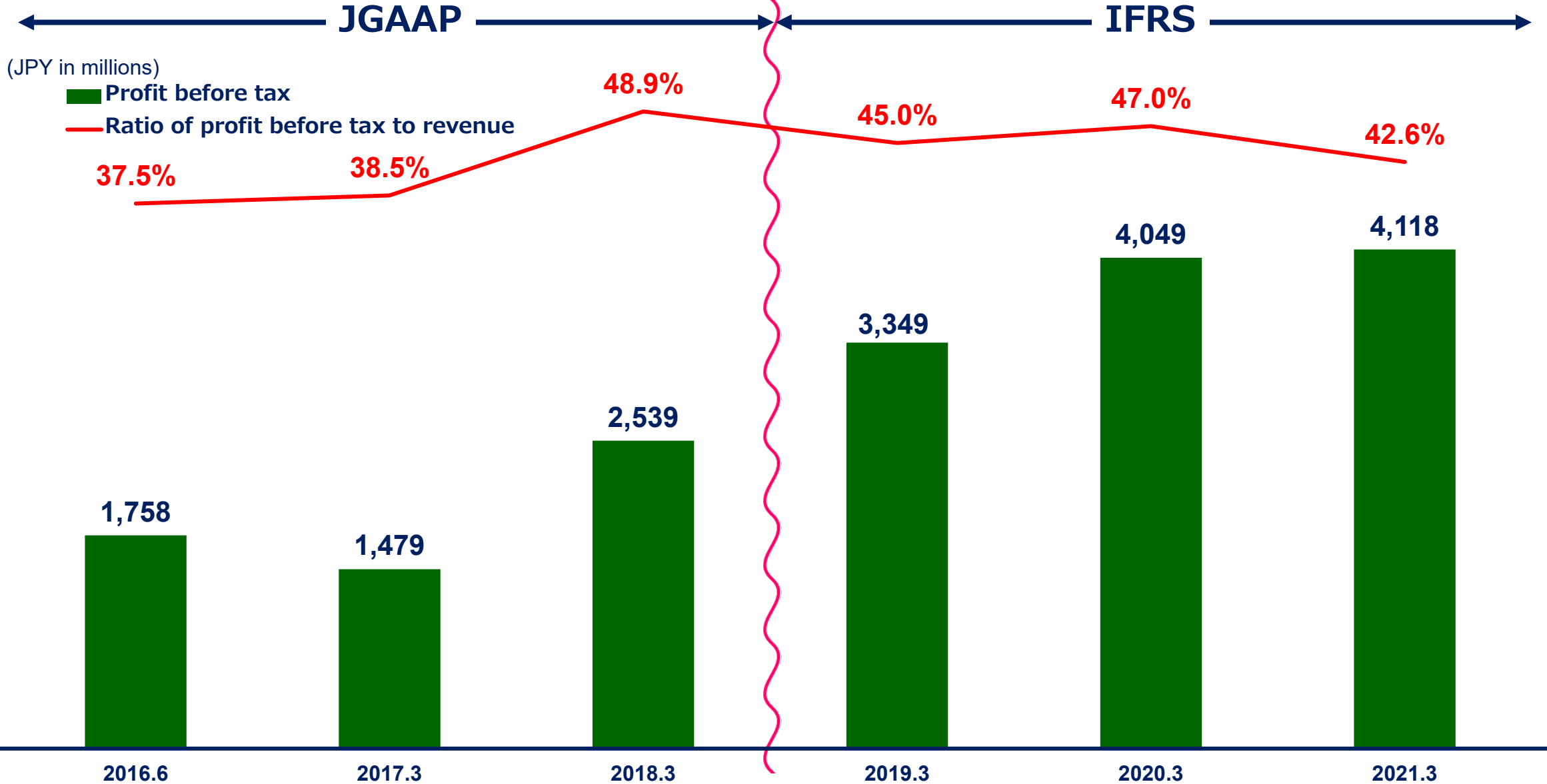
← JGAAP → | ← IFRS →

(JPY in millions)

■ PSP business ■ EC/DX business

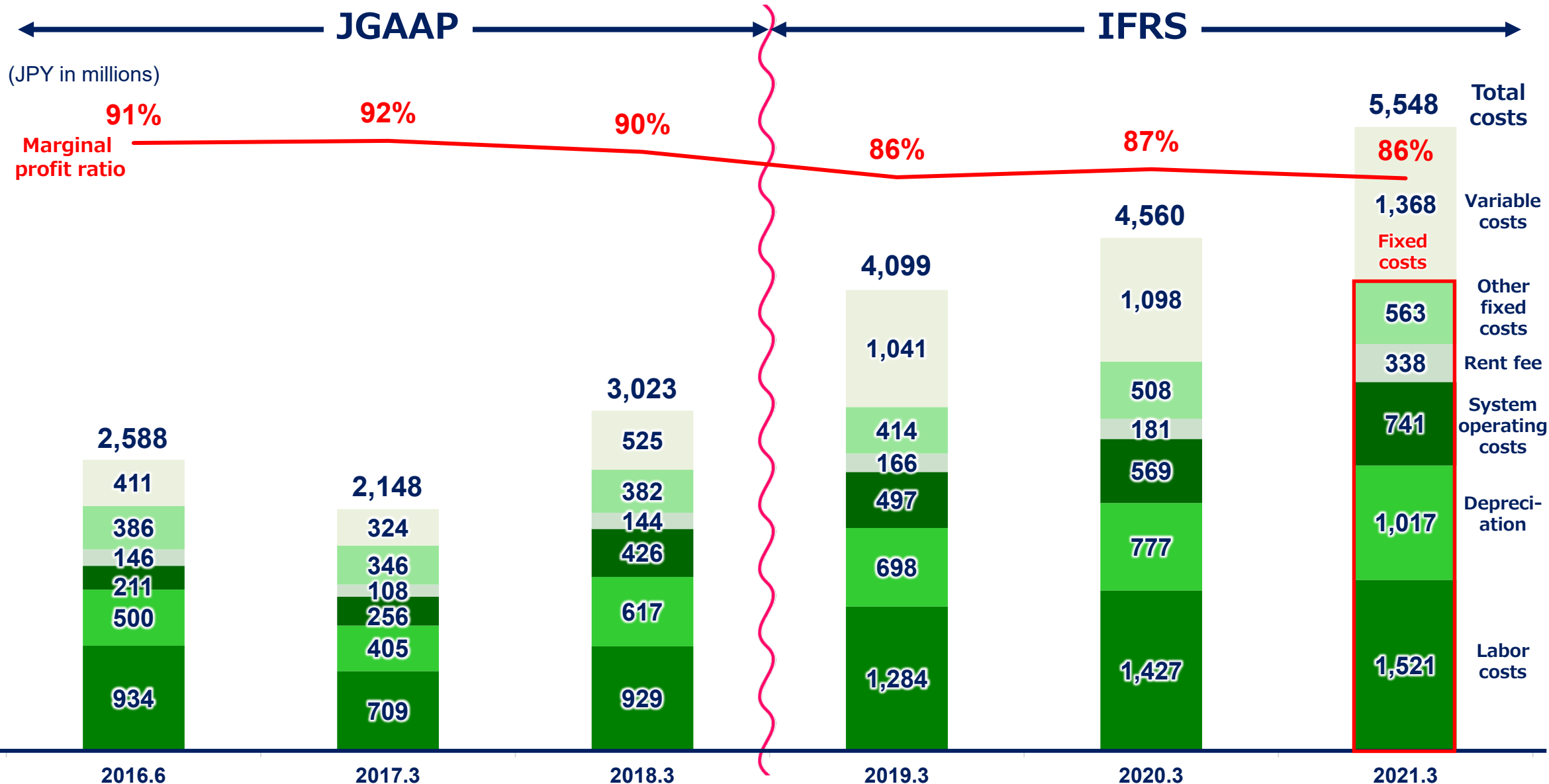


# FT Segment - Transition of Profit Before Tax and Ratio of Profit Before Tax to Revenue



NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales and taking sales as revenue. FY 2017.3 shows 9-month result due to the change of accounting period

# FT Segment - Transition of Costs and Marginal Profit Ratio

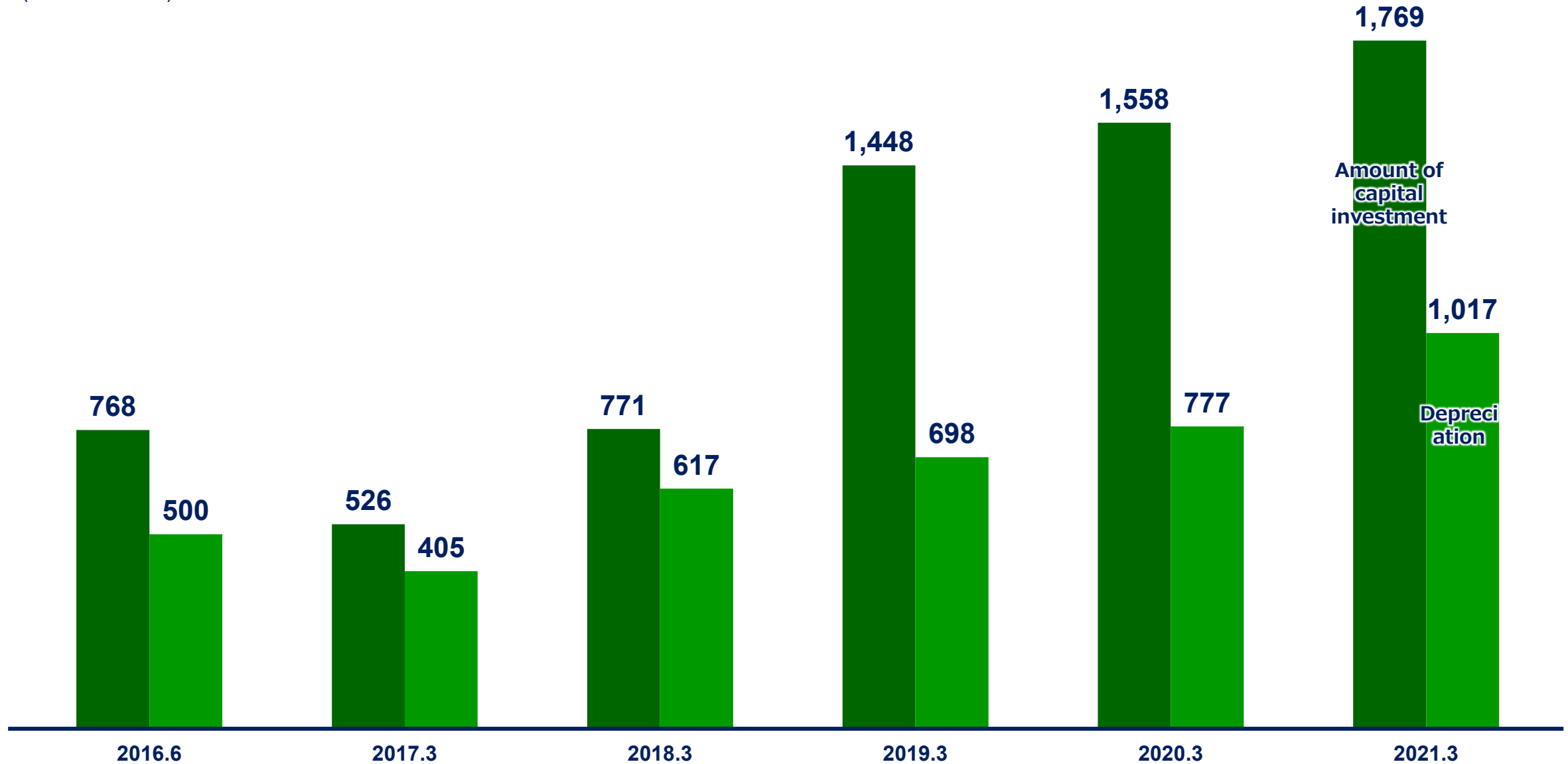


NOTE) From FY 2016.6 to FY 2018.3, the marginal profit ratio is calculated by deducting the cost directly from sales

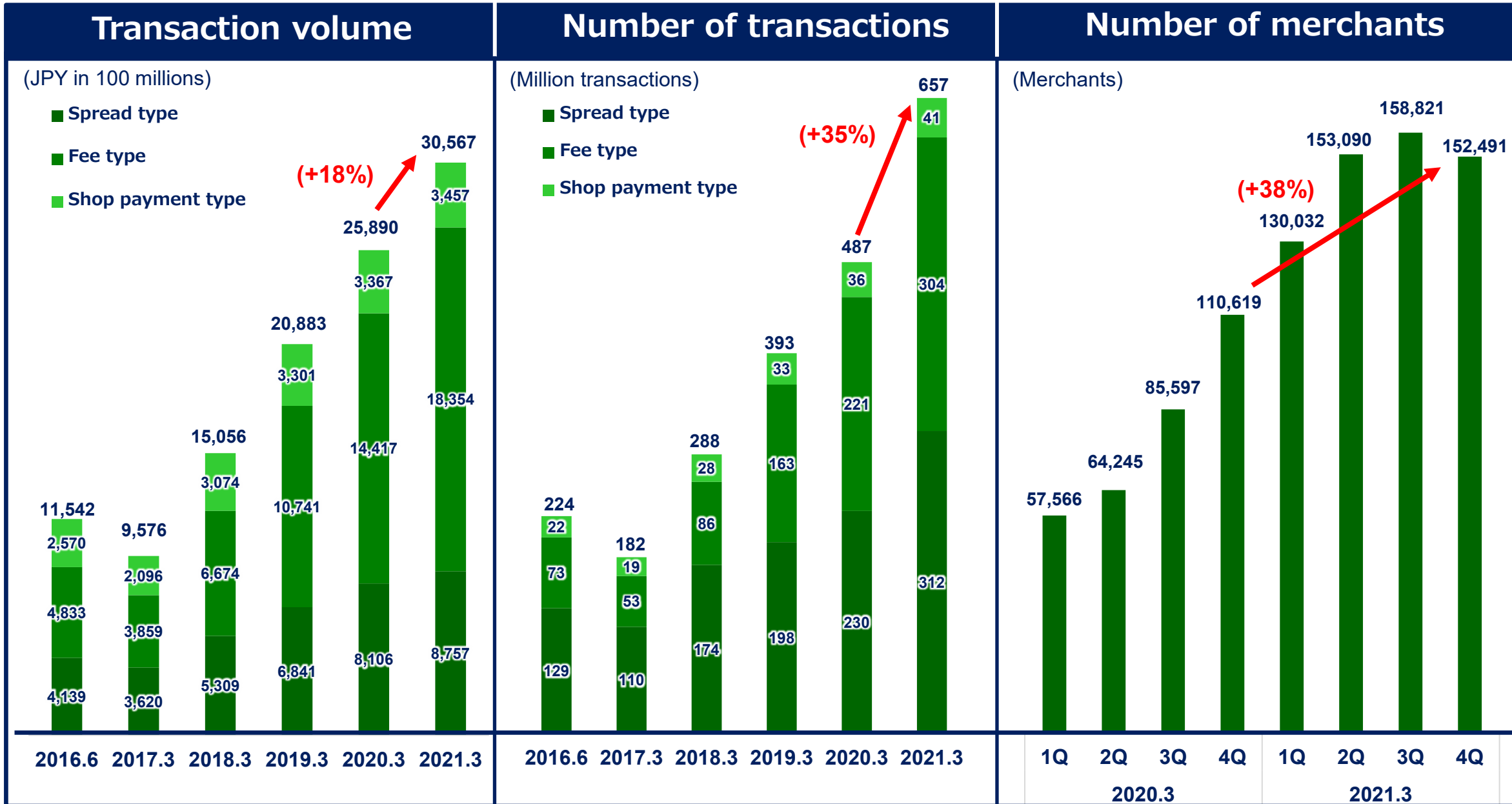
# FT Segment - Transition of Amount of Capital Investment and Depreciations



(JPY in millions)



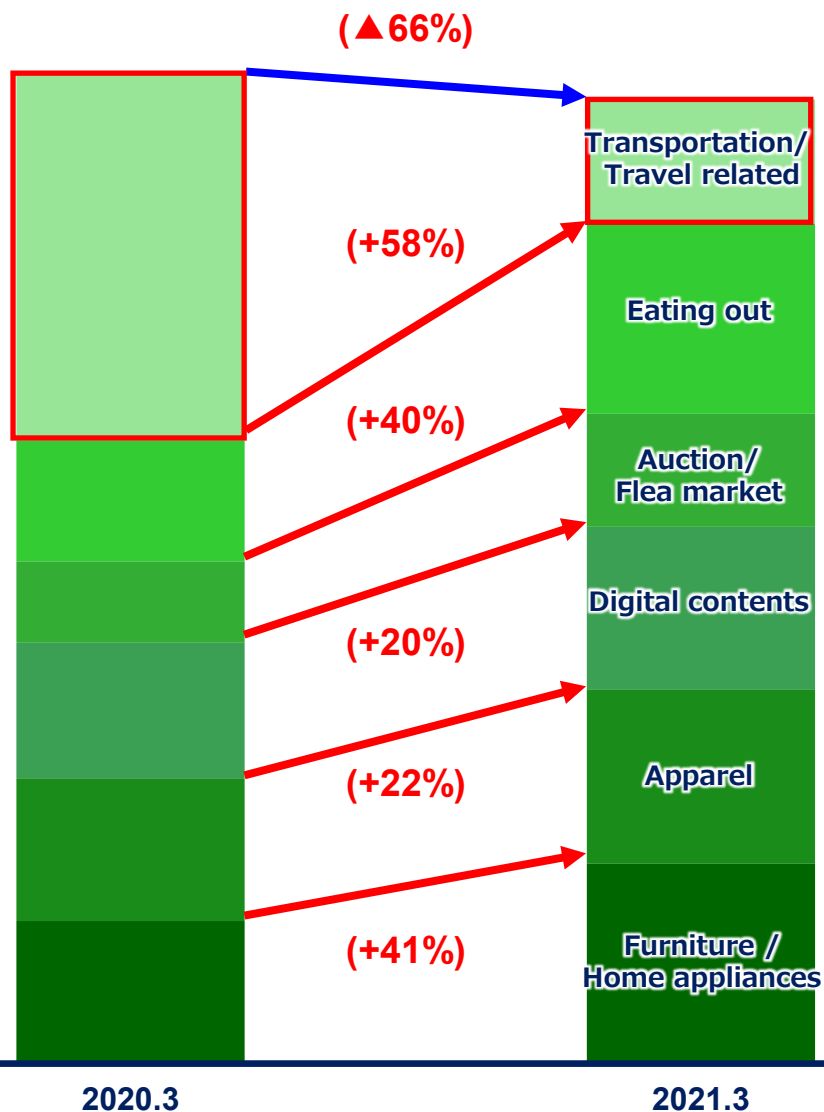




(NOTE) Due to the business integration of DG Financial Technology, Inc. and econtext, Inc., the calculation method for number of merchants has been changed (excluding the number of OEM-operated stores, including TDPs, ANADG, etc.)



## Increase/decrease of transaction volume by major industry

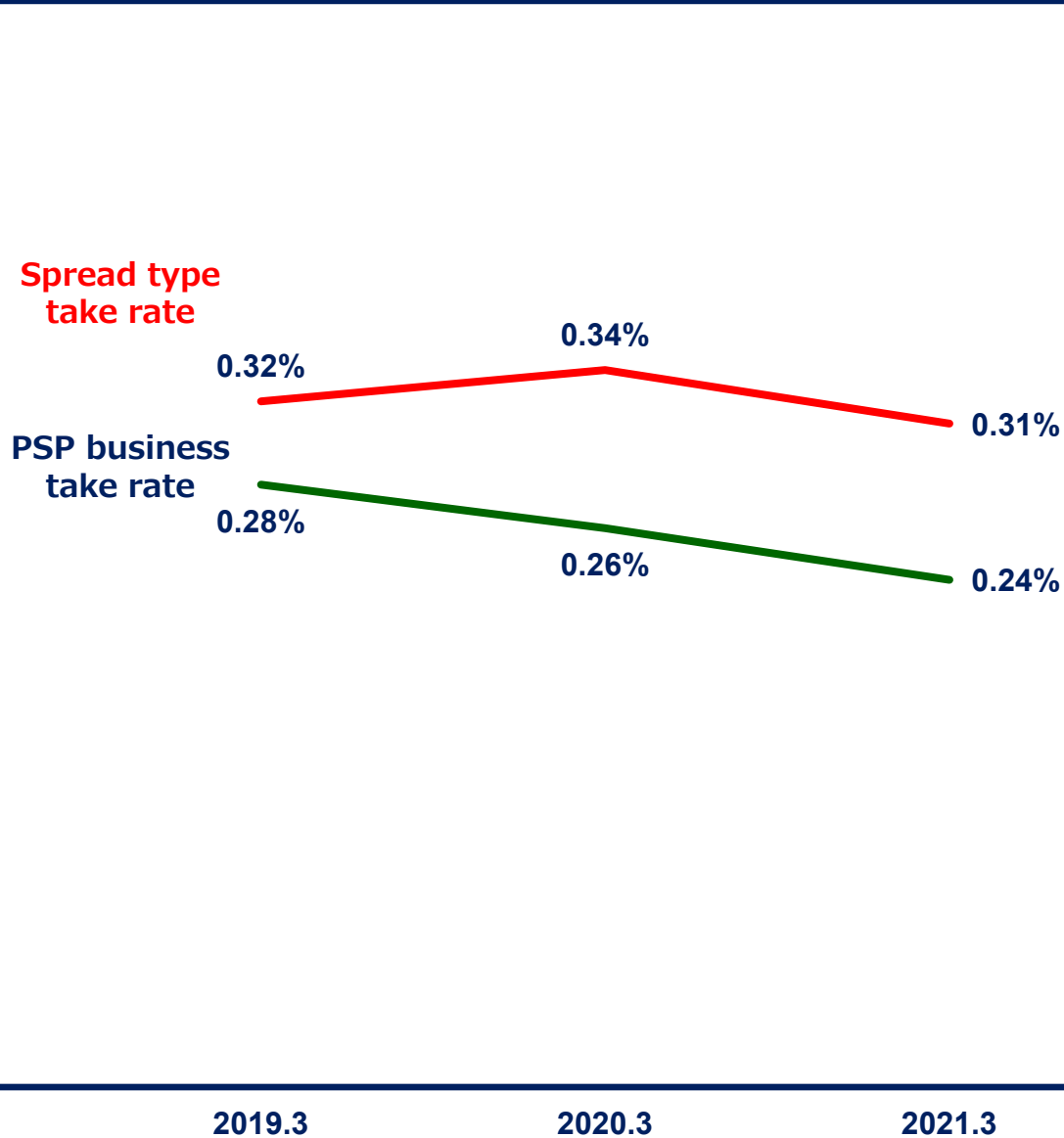


Industry	YoY
<b>Transaction volume</b>	<b>+ 18%</b>
<b>Eating out</b>	<b>+58%</b>
<b>Furniture/ Home appliances</b>	<b>+41%</b>
<b>Auction/ Flea market</b>	<b>+40%</b>
<b>Apparel</b>	<b>+22%</b>
<b>Digital contents</b>	<b>+ 20%</b>
<b>Transportation / Travel related</b>	<b>▲ 66%</b>

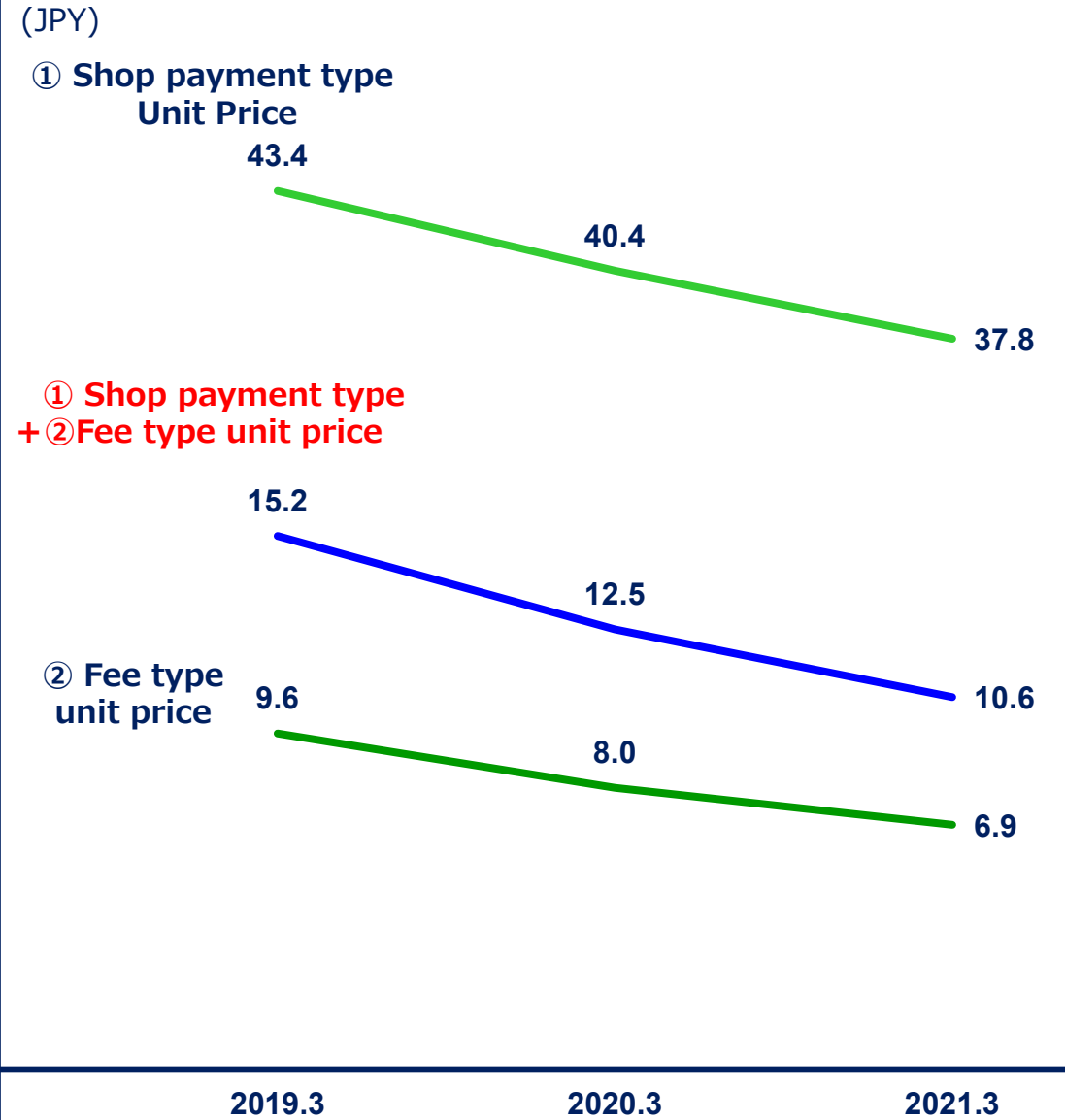
NOTE) Created from FT Segment's major business partners.  
Total of EC payment and face-to-face settlement



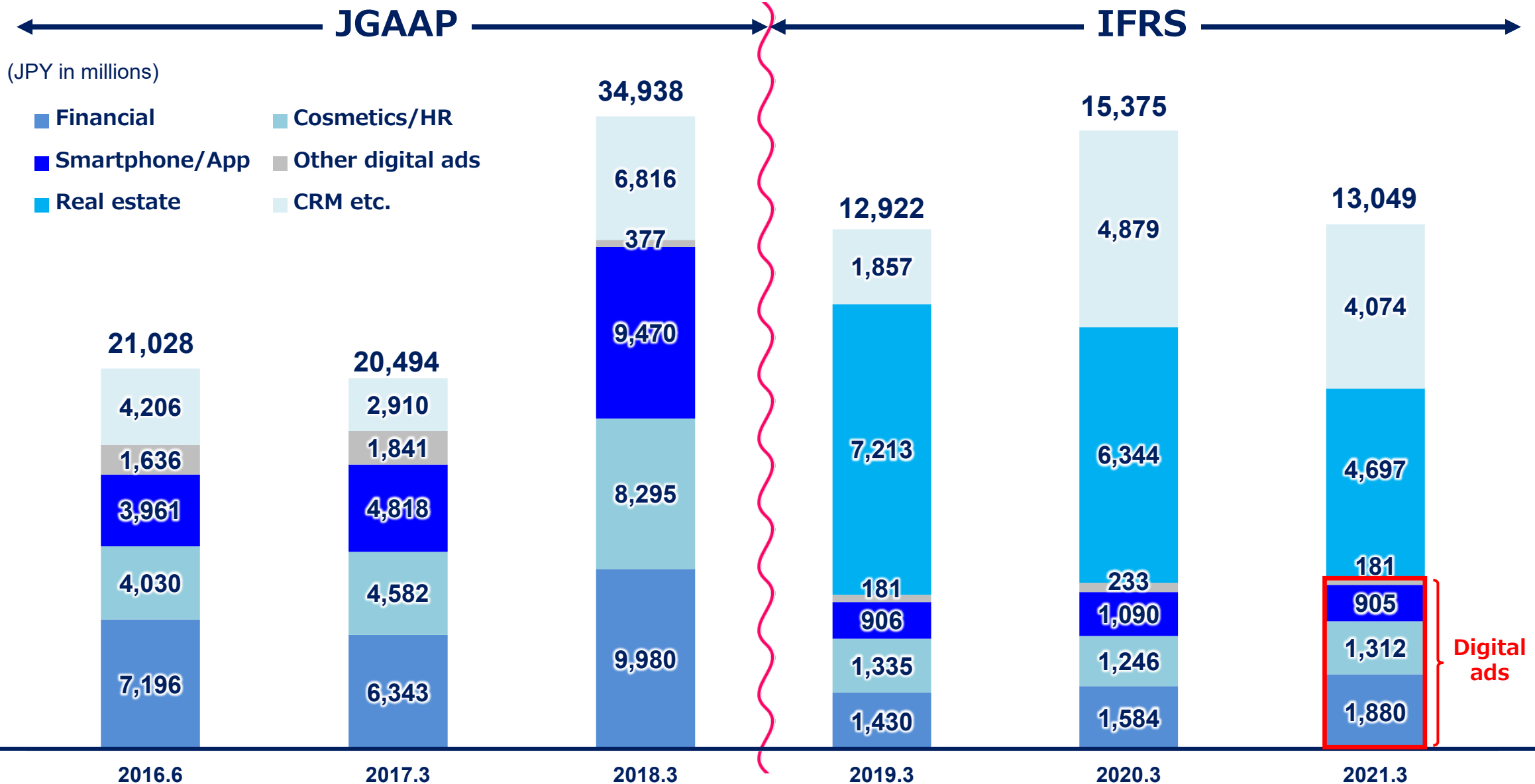
## Take rate (spread type)



## Unit price (fee type+shop payment type)



# MT Segment - Transition of Revenue



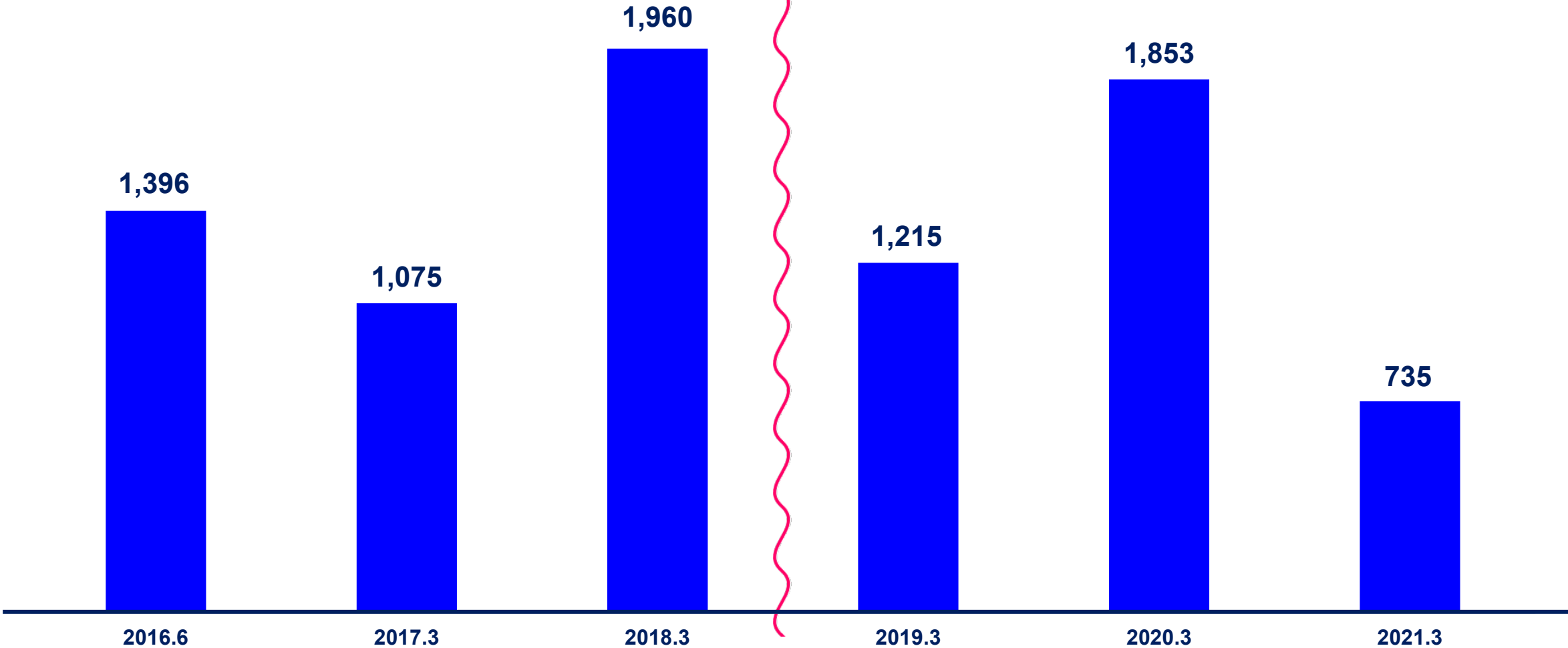
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

# ❖ MT Segment - Transition of Profit Before Tax



← JGAAP | IFRS →

(JPY in millions)

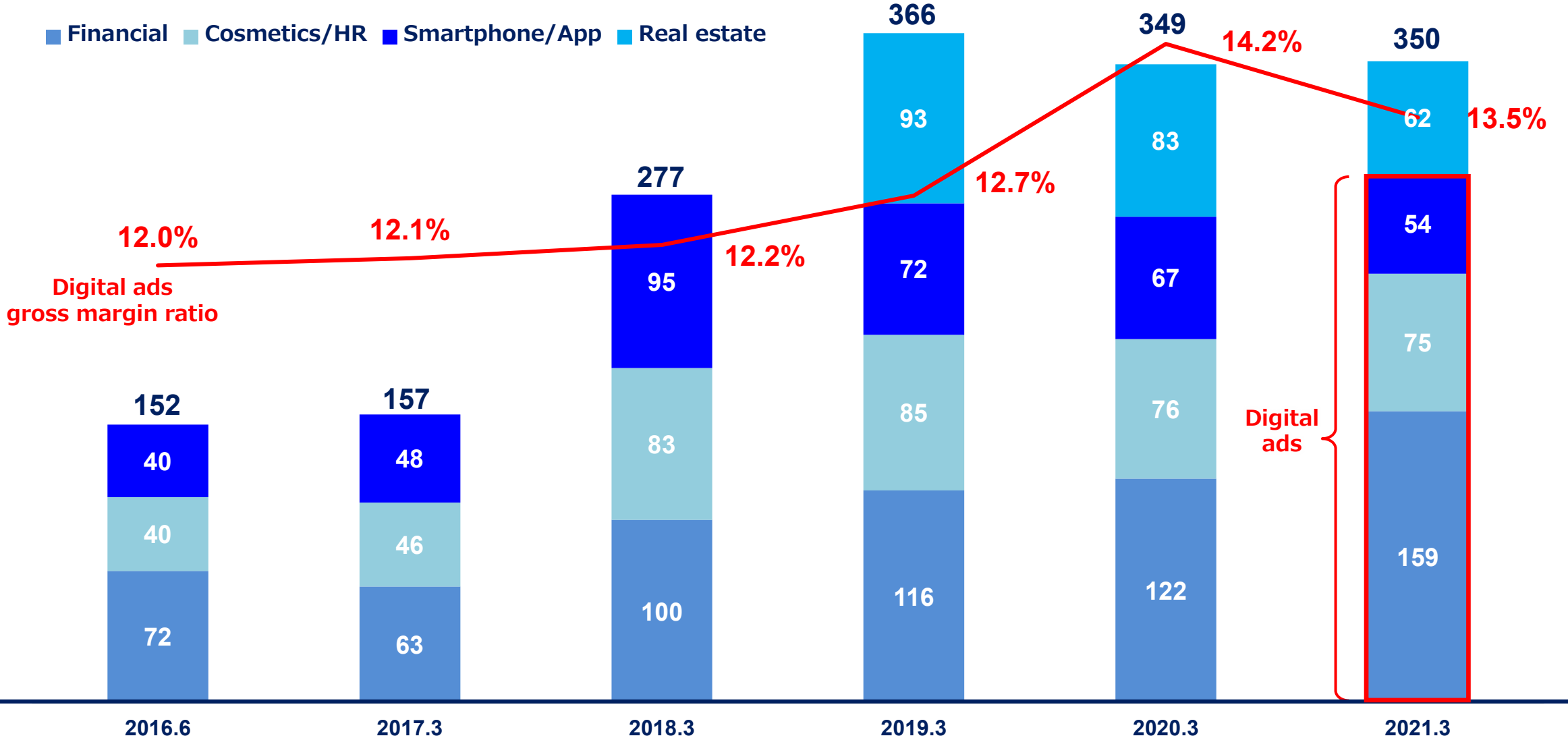


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

# MT Segment - Transition of Advertisement Volume



(JPY in 100 millions)



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

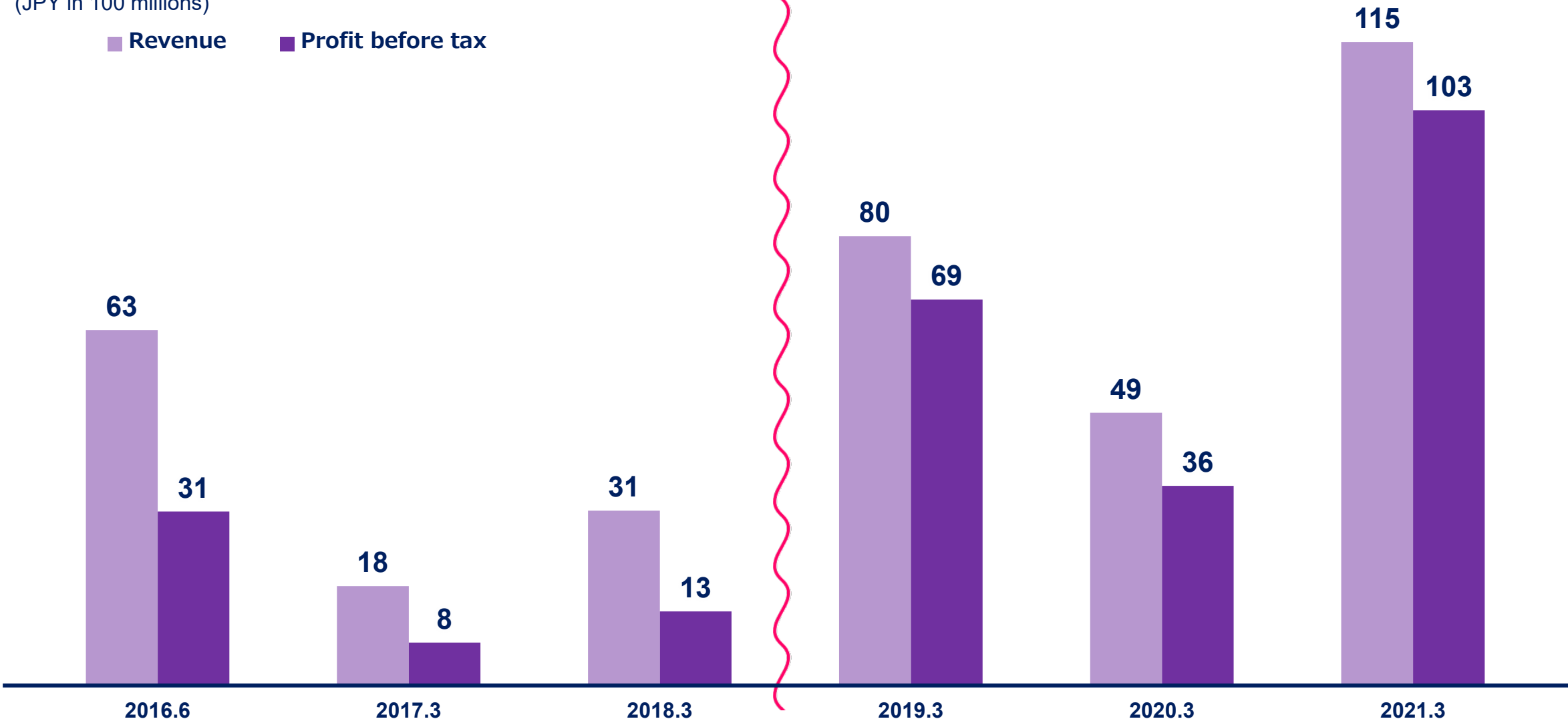
# IT Segment - Transition of Revenue and Profit Before Tax

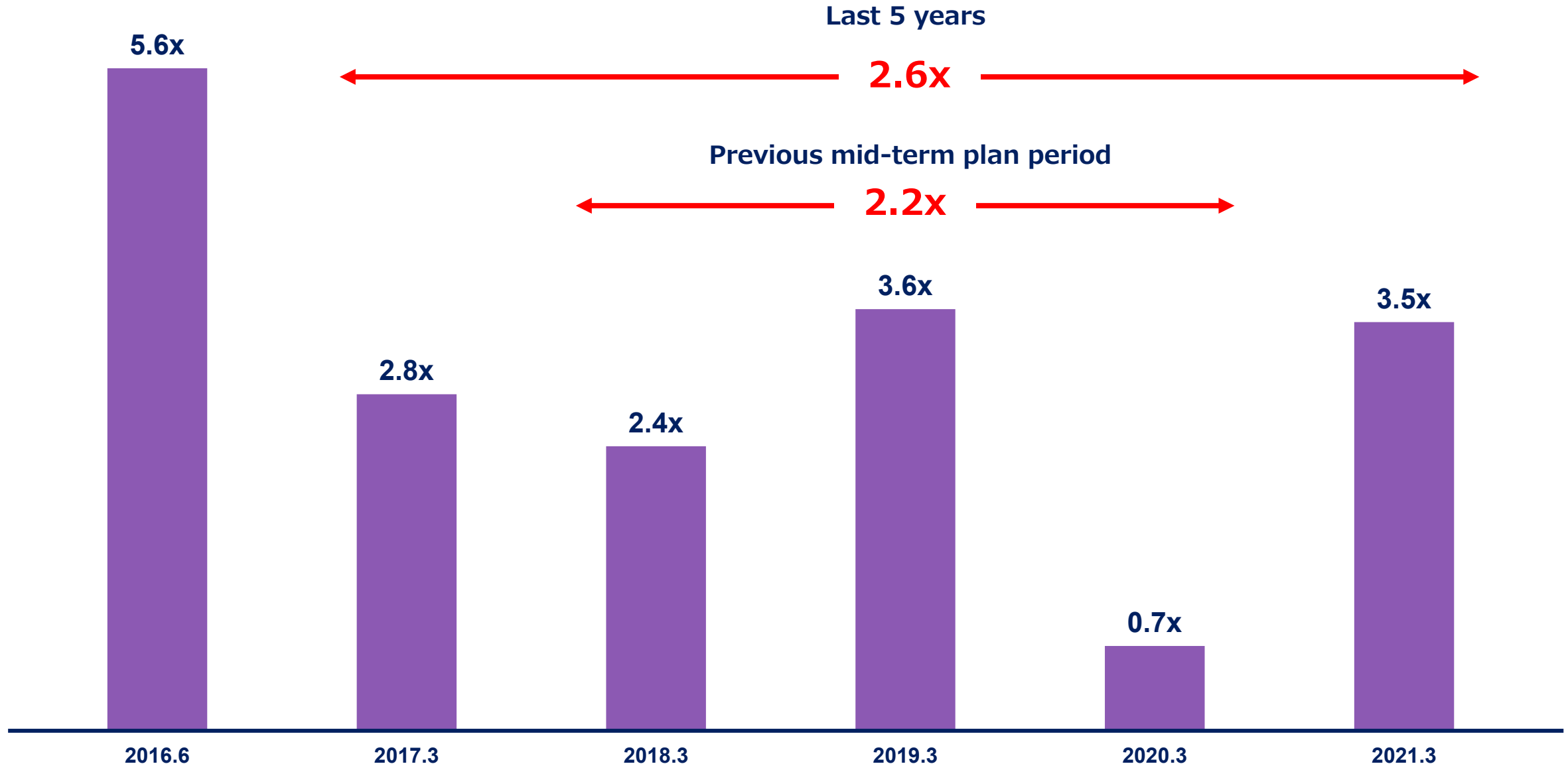


← JGAAP | IFRS →

(JPY in 100 millions)

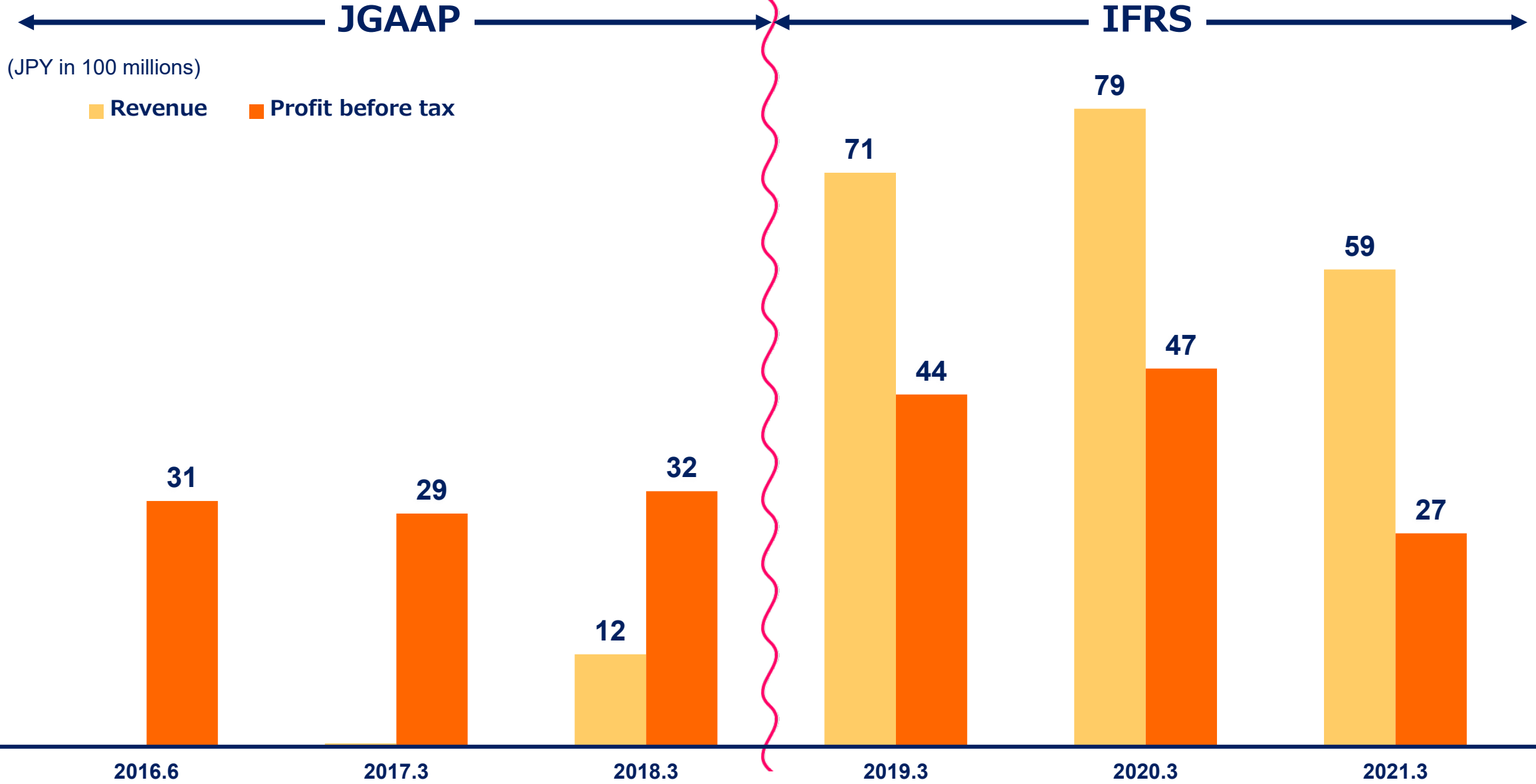
■ Revenue ■ Profit before tax







# ❖ LTI Segment - Transition of Revenue and Profit Before Tax



# Transition of Quarterly Business Results FY 2016.6 ~



# Transition of Consolidated Quarterly Revenue and Profit Before Tax

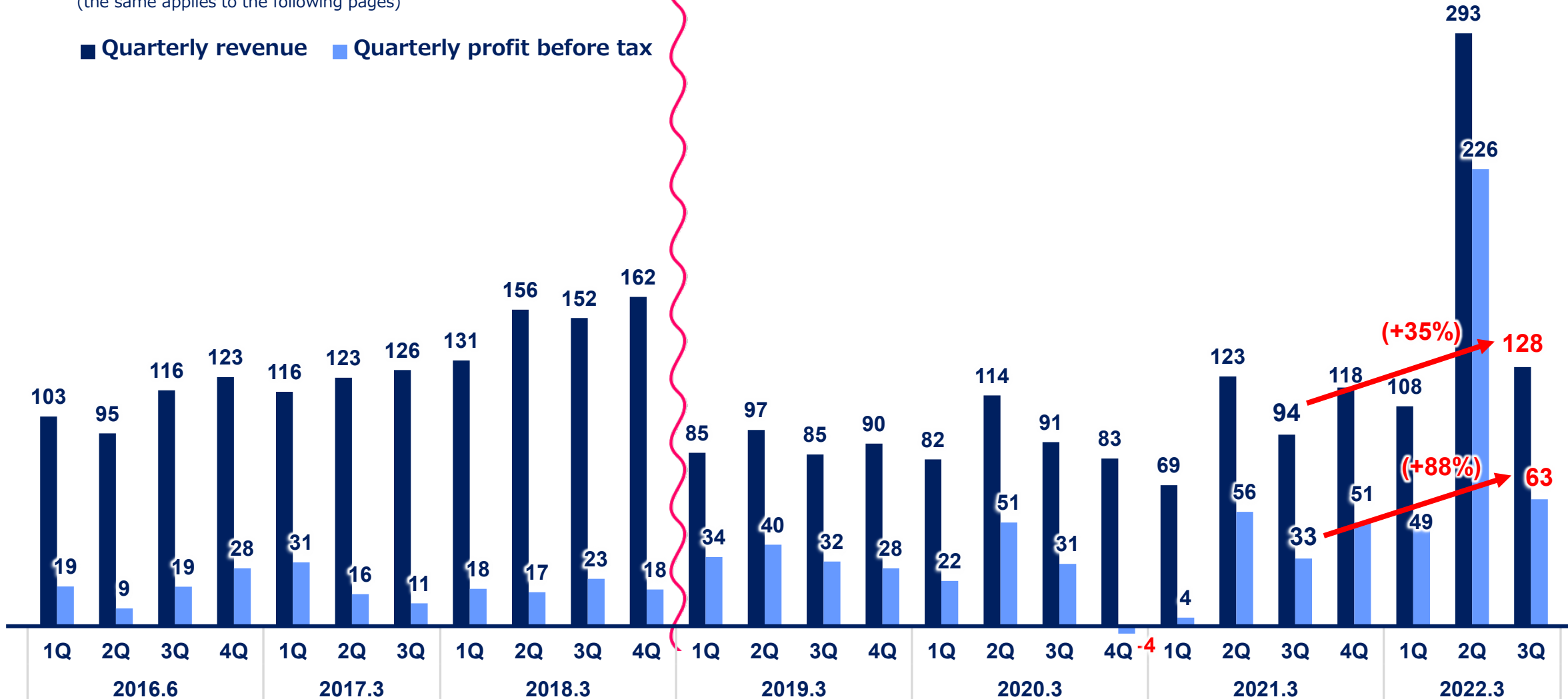


← JGAAP → ← IFRS →

(JPY in 100 millions)

NOTE) FY 2017.3 shows 9-month result due to the change of accounting period (the same applies to the following pages)

■ Quarterly revenue ■ Quarterly profit before tax



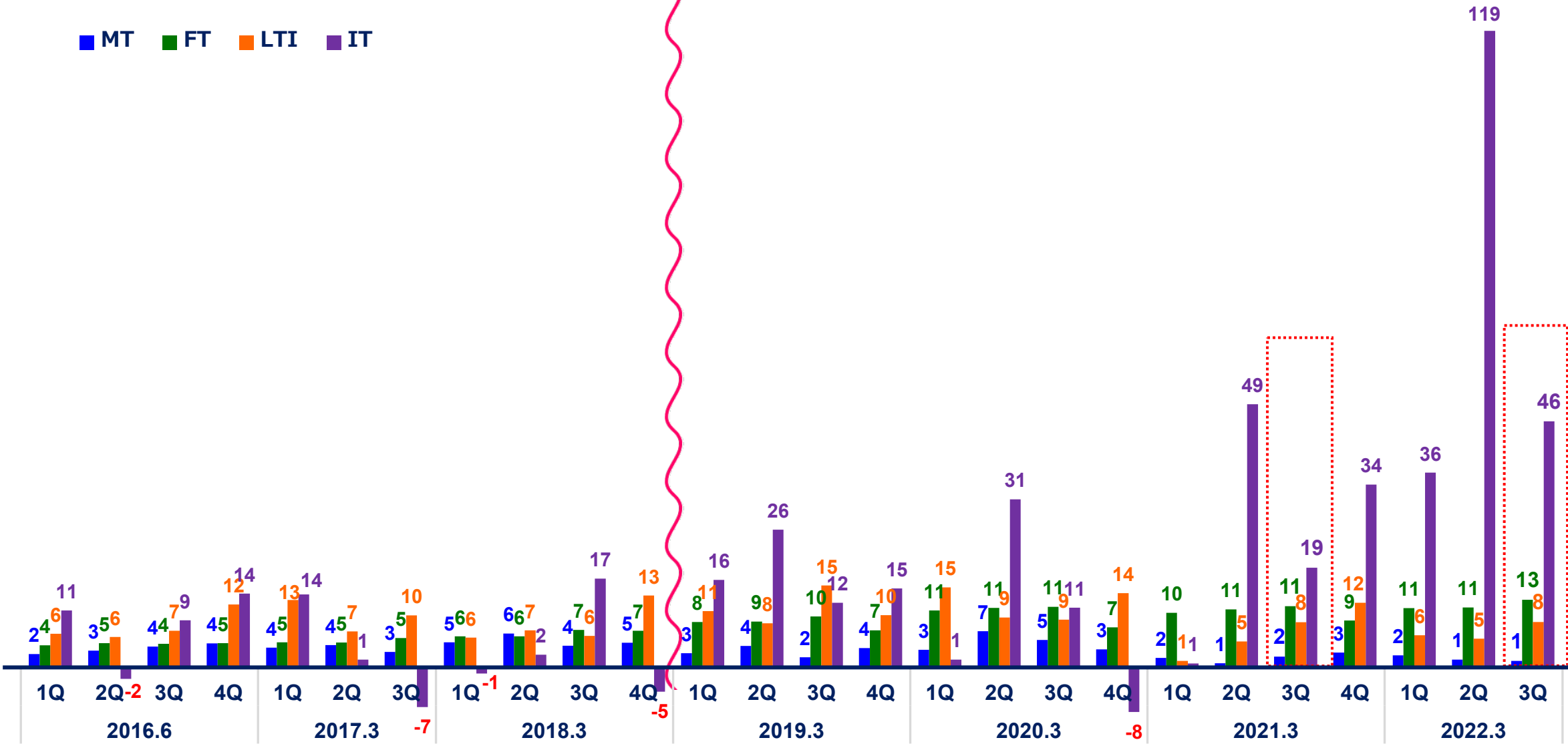
# Transition of Quarterly Profit Before Tax by Segments



← JGAAP → ← IFRS →

(JPY in 100 millions)

■ MT ■ FT ■ LTI ■ IT



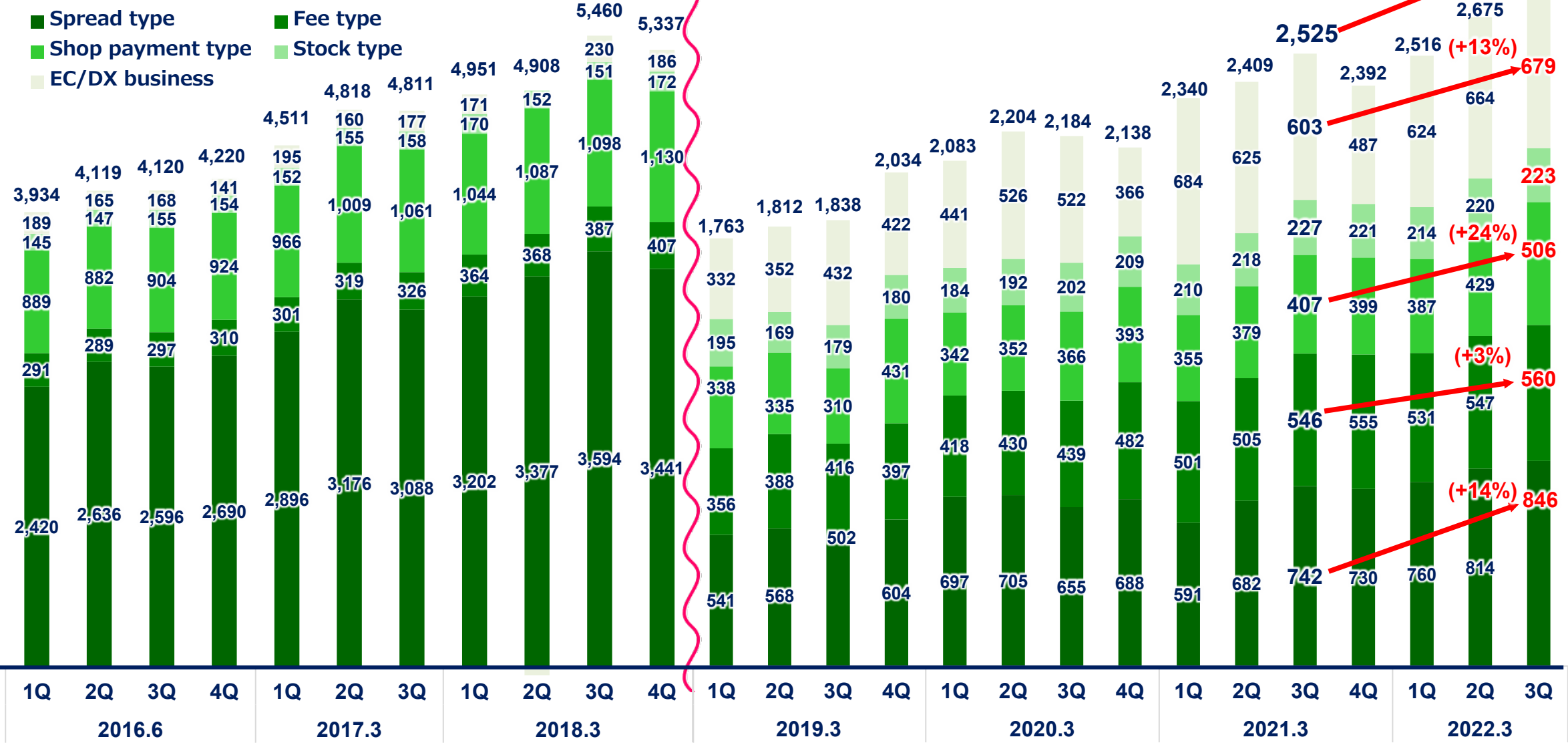
# FT Segment - Transition of Quarterly Revenue (Category 1)



← JGAAP → | ← IFRS →

(JPY in millions)

- Spread type
- Shop payment type
- EC/DX business
- Fee type
- Stock type



# FT Segment - Transition of Quarterly Revenue (Category 2)

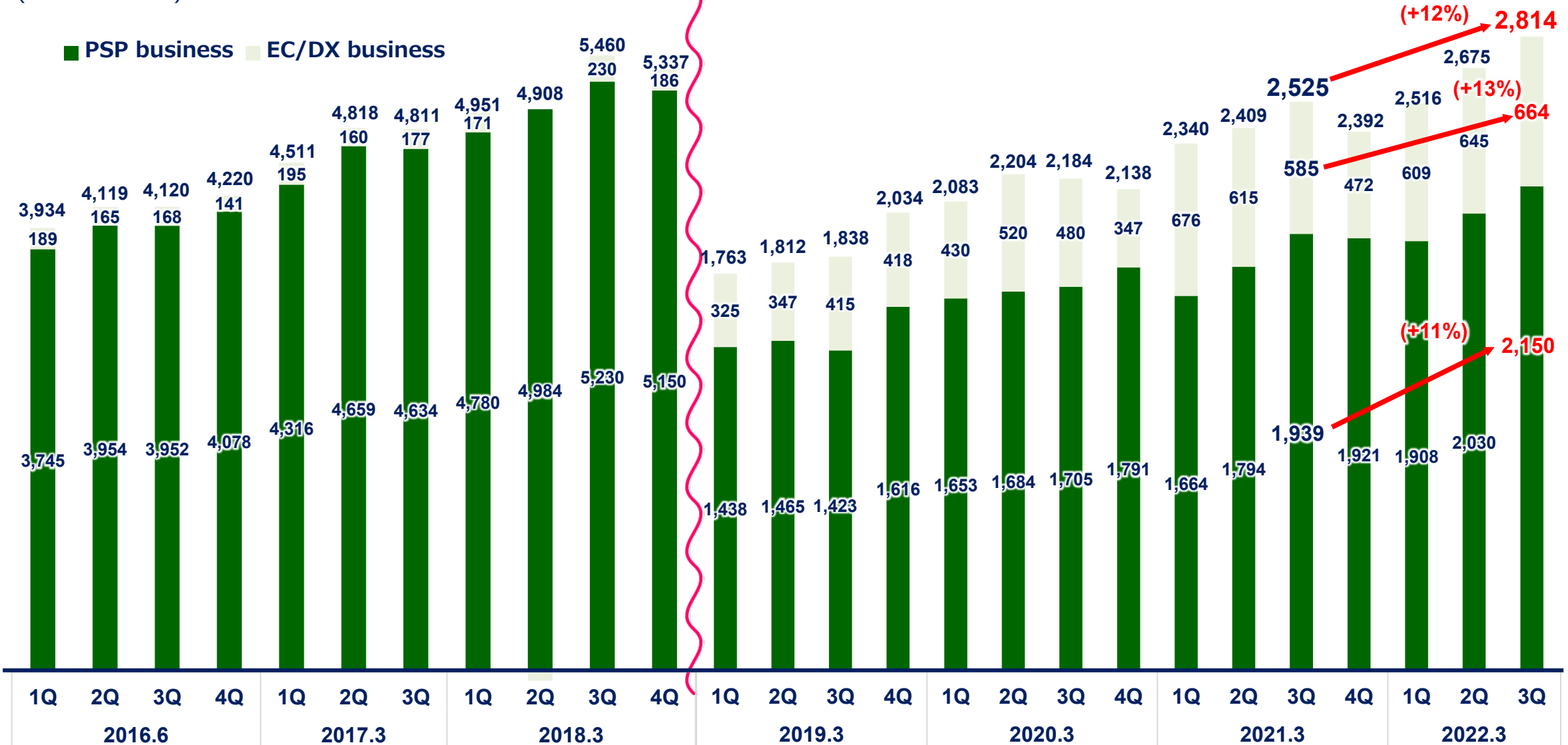


JGAAP

IFRS

(JPY in millions)

■ PSP business ■ EC/DX business

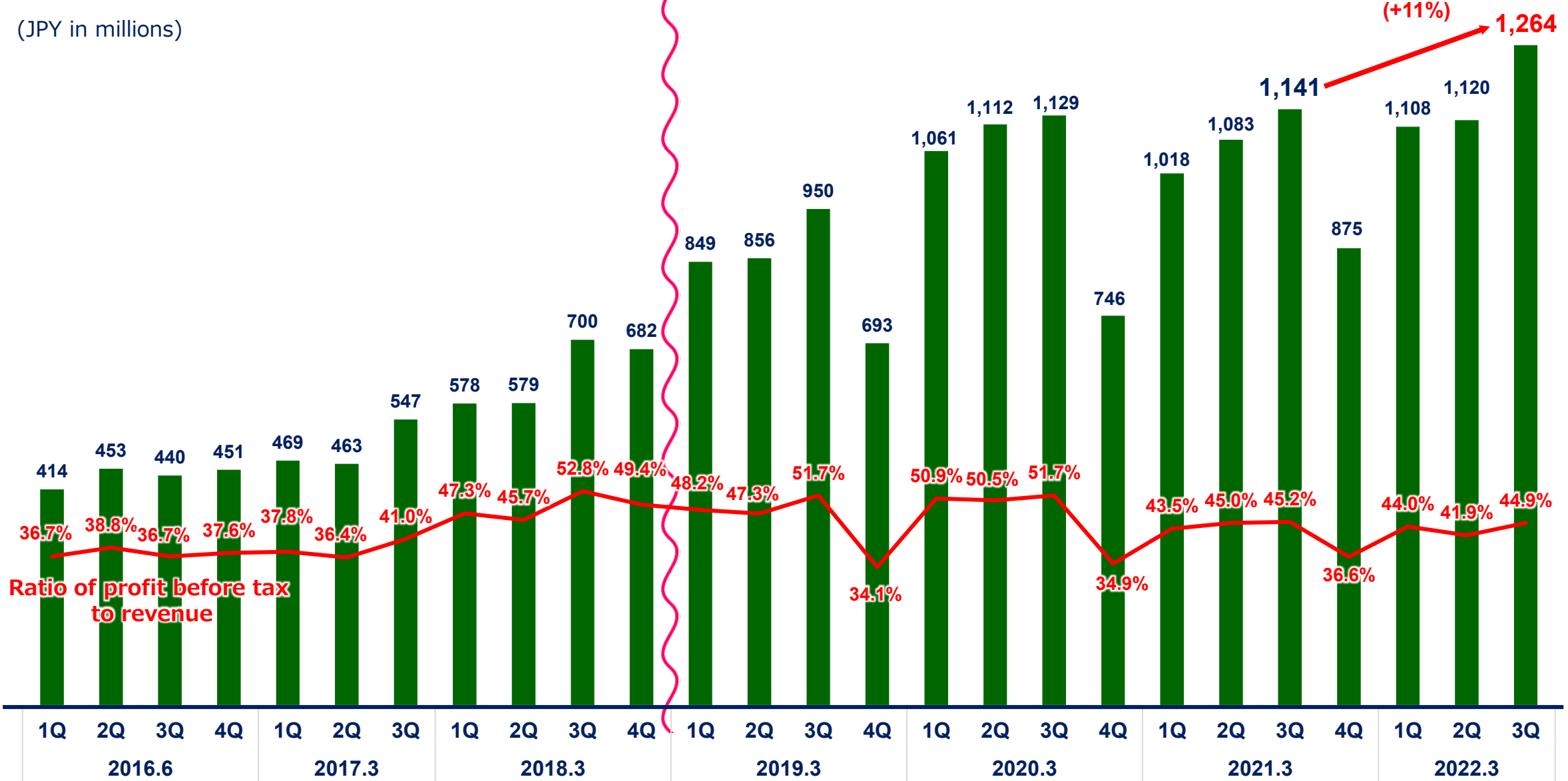


# FT Segment - Transition of Quarterly Profit Before Tax and Ratio of Profit Before Tax to Revenue



← JGAAP → ← IFRS →

(JPY in millions)



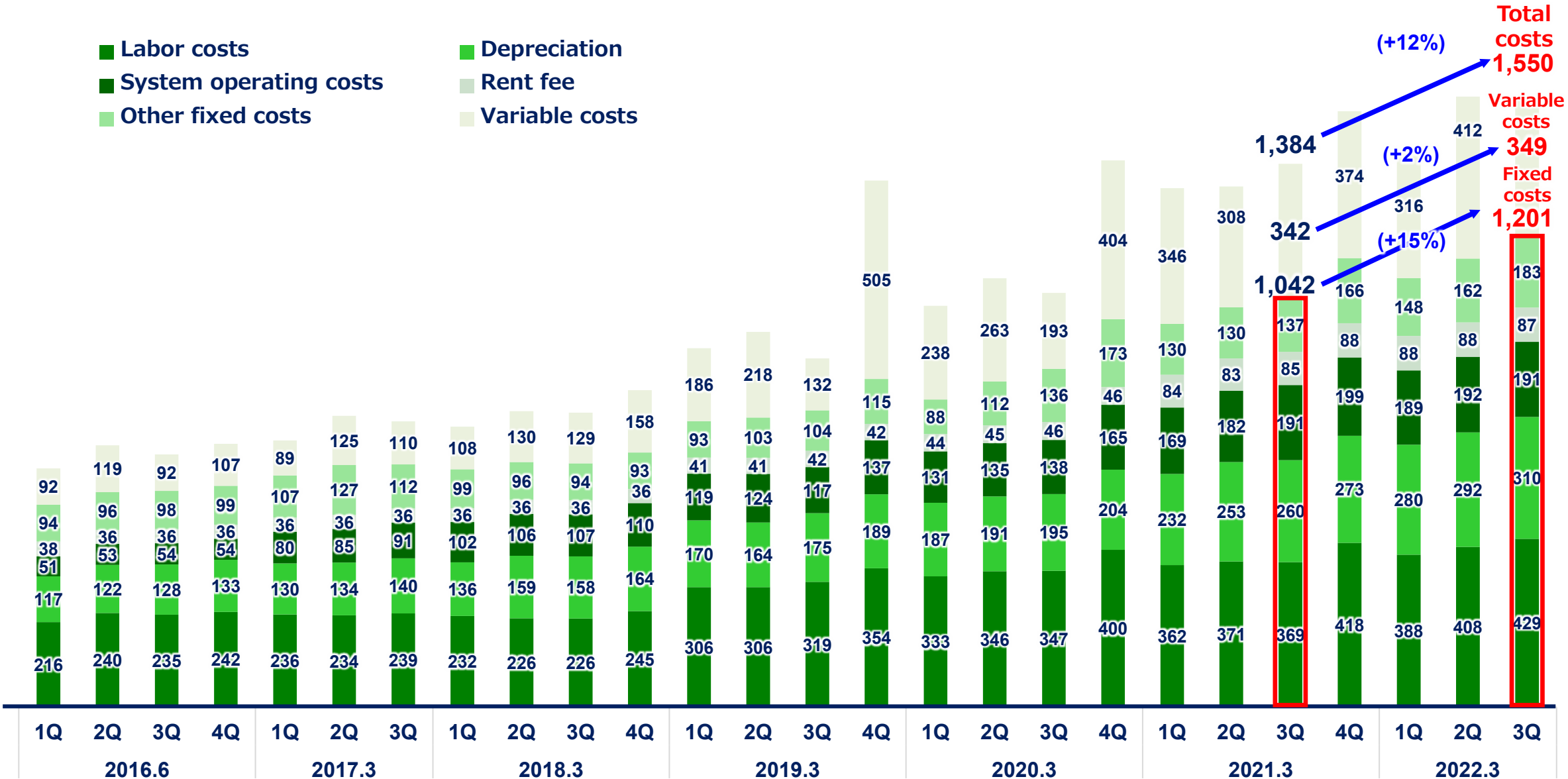
NOTE) Figures from FY 2016.6 to FY 2018.3 are calculated by subtracting the cost directly from sales, and taking sales as revenue

# FT Segment - Transition of Quarterly Costs



(JPY in millions)

- Labor costs
- System operating costs
- Other fixed costs
- Depreciation
- Rent fee
- Variable costs



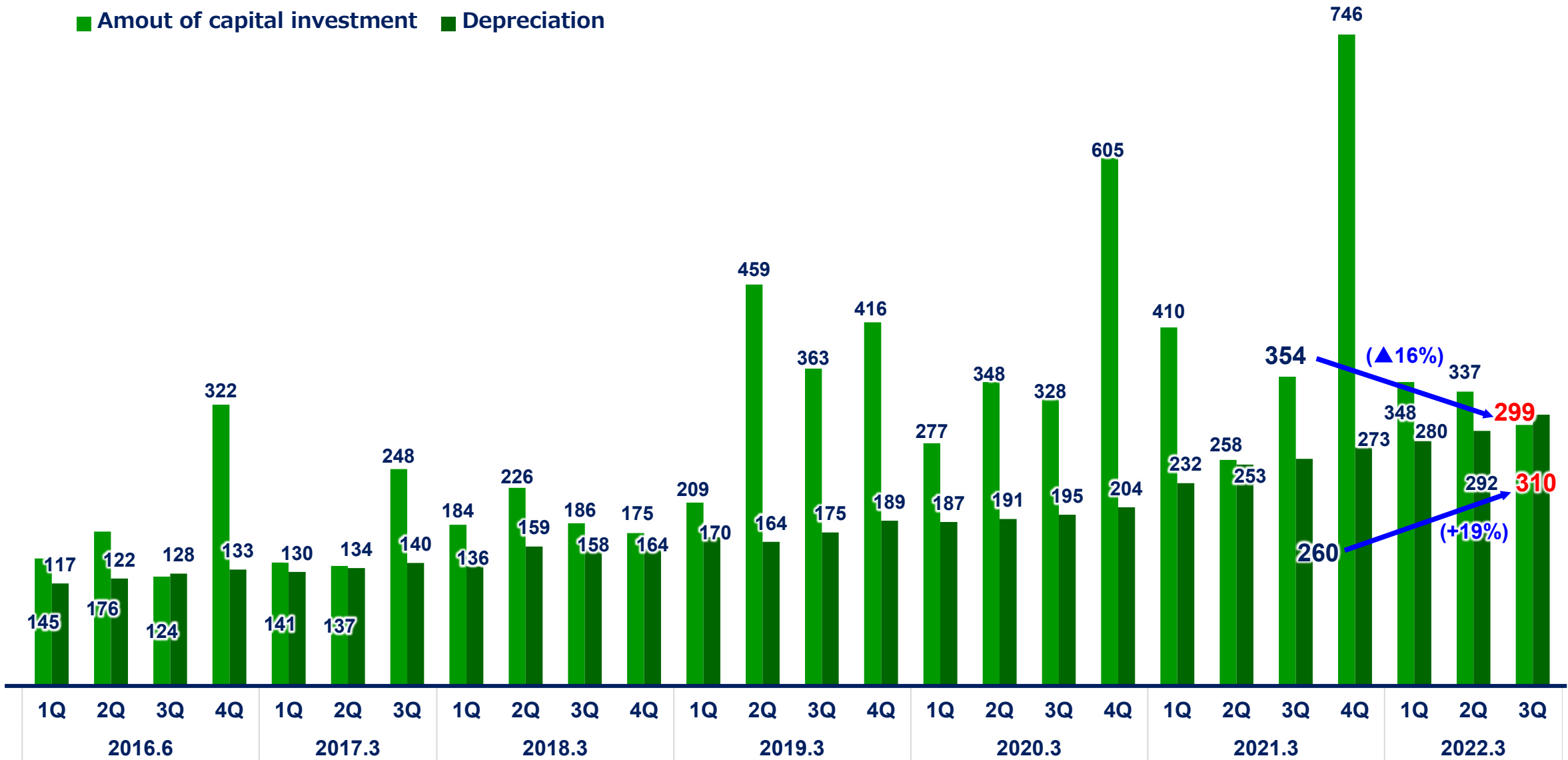


# FT Segment - Transition of Quarterly Amount of Capital Investment and Depreciation



(JPY in millions)

■ Amout of capital investment ■ Depreciation

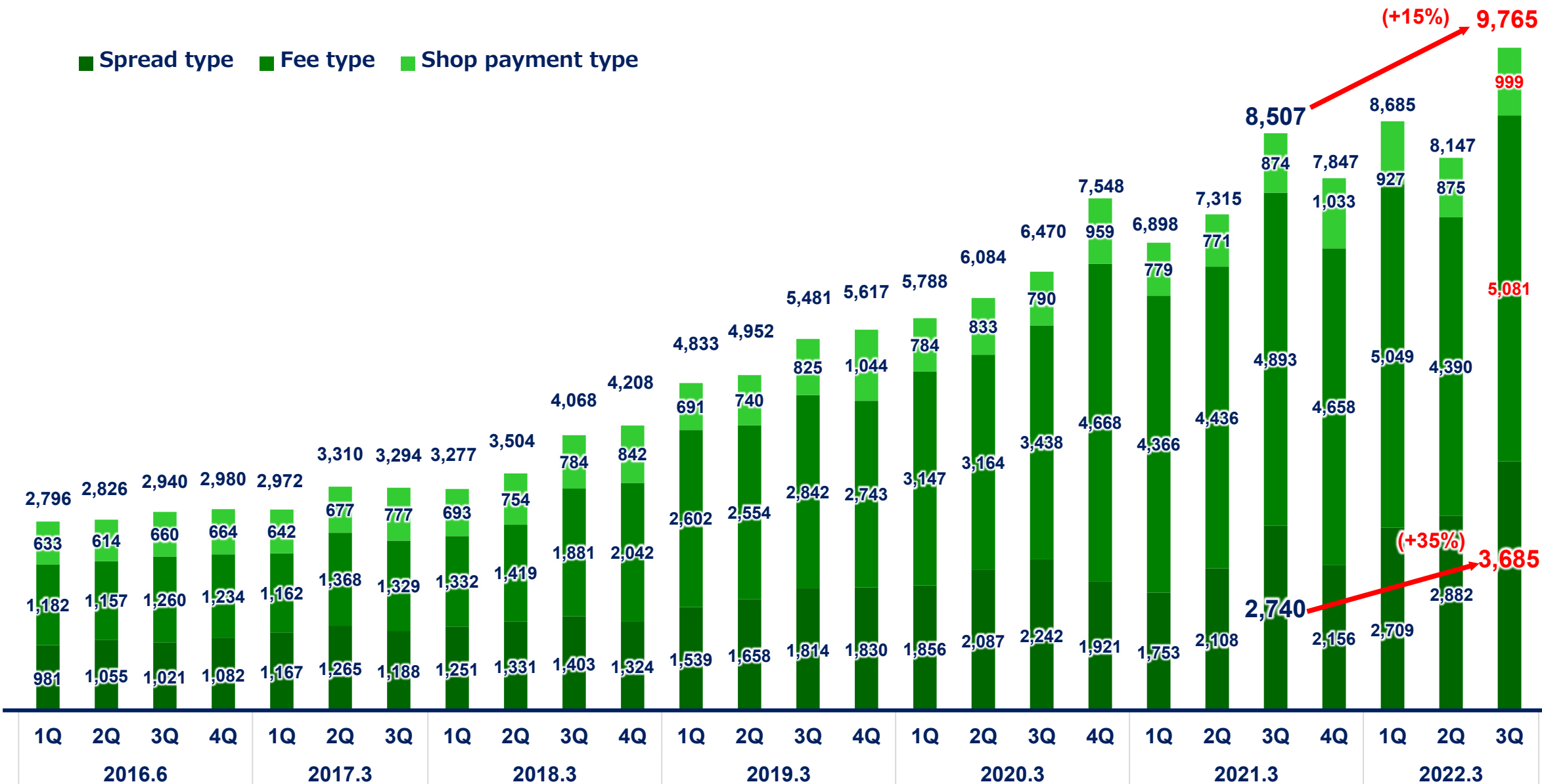


# FT Segment - Transition of Quarterly Transaction Volume



(JPY in 100 millions)

■ Spread type ■ Fee type ■ Shop payment type

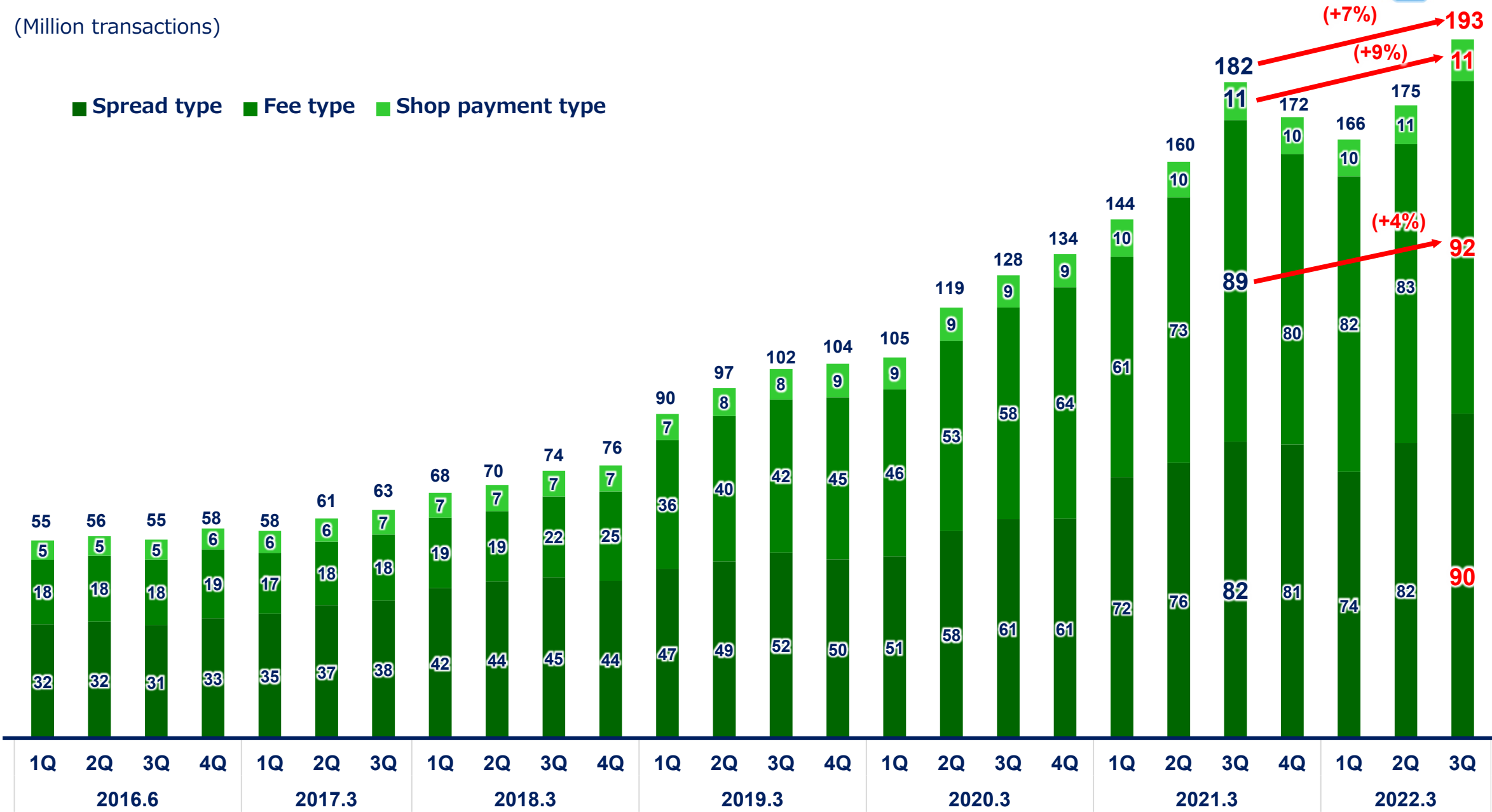


# FT Segment - Transition of Quarterly Number of Transactions



(Million transactions)

■ Spread type ■ Fee type ■ Shop payment type



# MT Segment - Transition of Quarterly Revenue

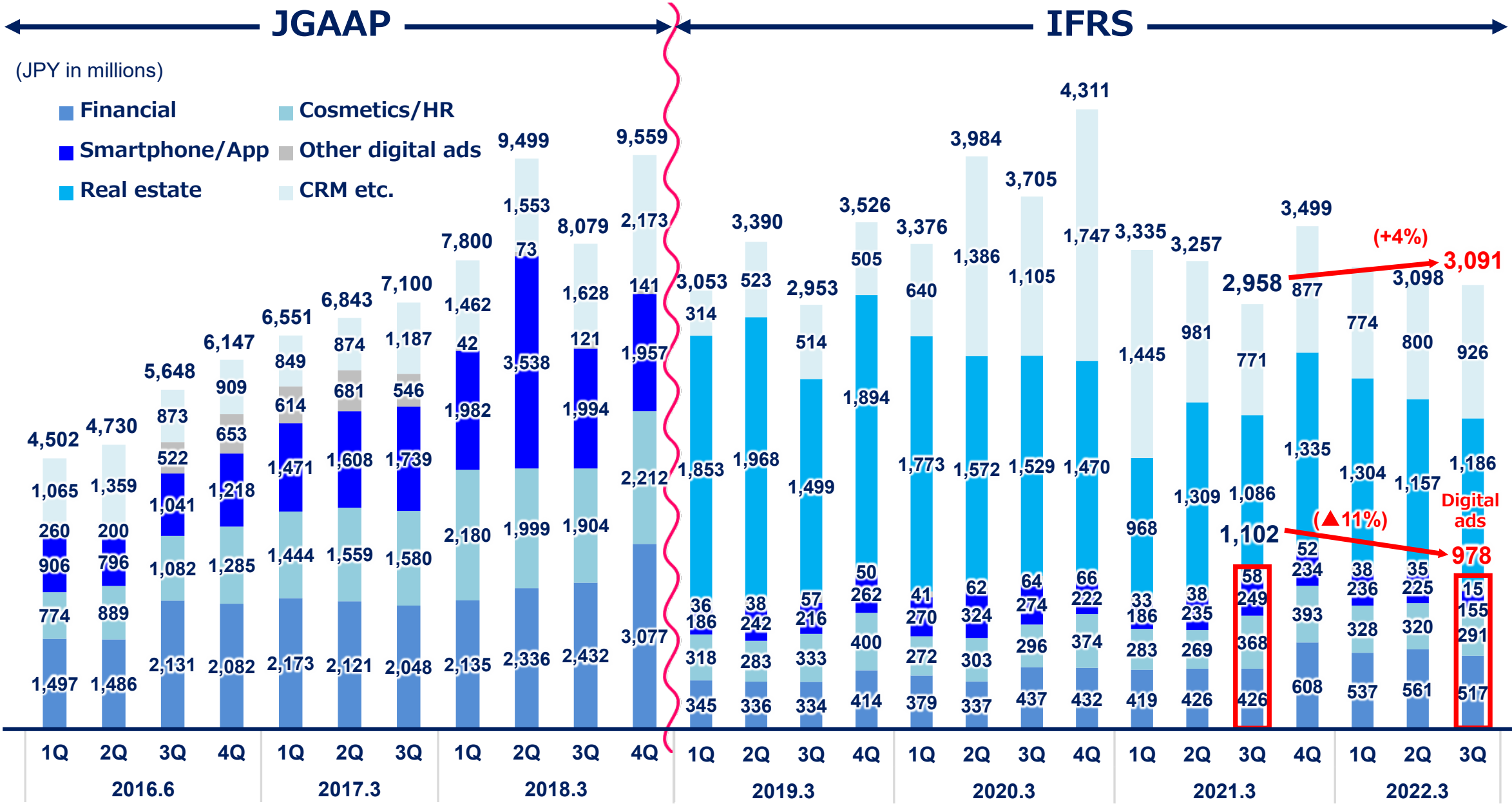


JGAAP

IFRS

(JPY in millions)

- Financial
- Smartphone/App
- Real estate
- Cosmetics/HR
- Other digital ads
- CRM etc.



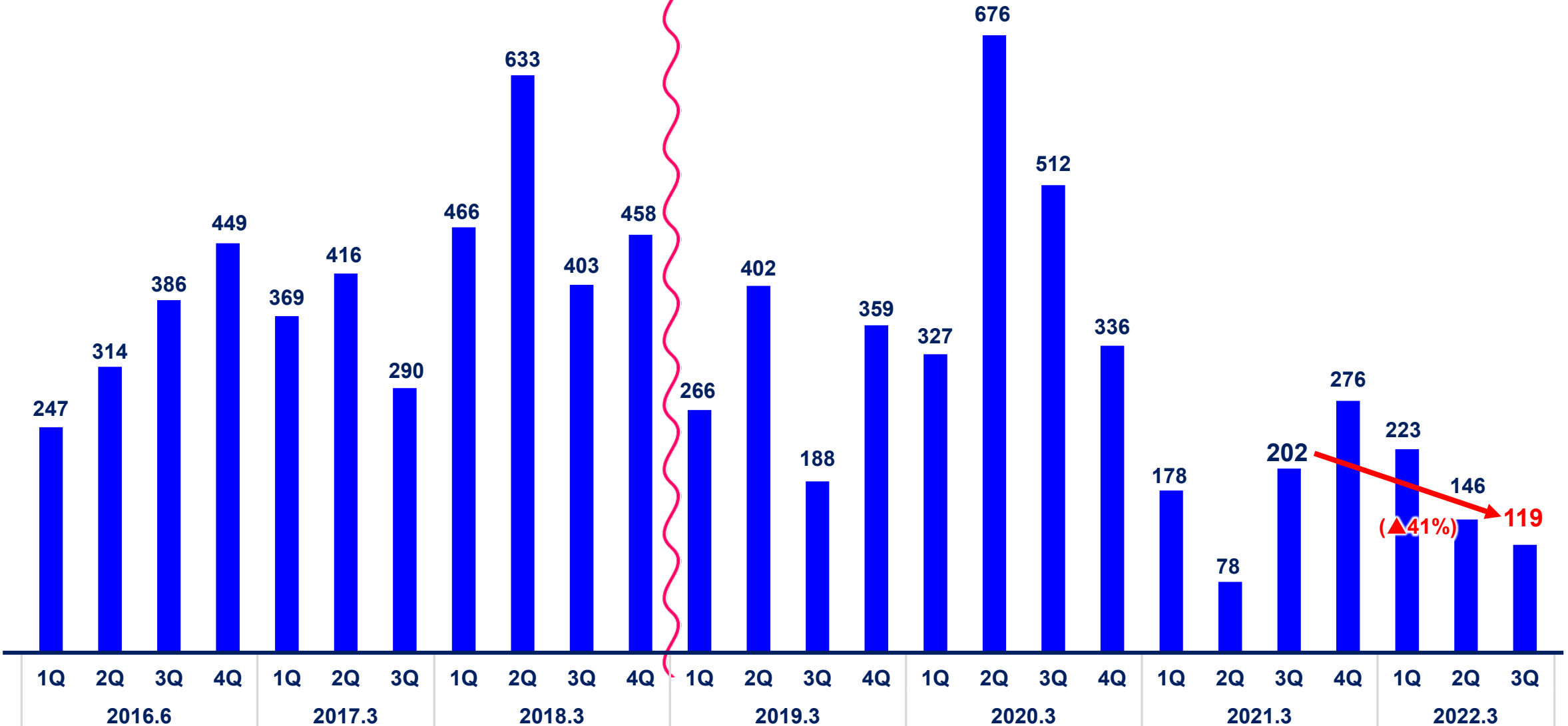
NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3. Calculation category for the past and current results has been revised in FY 2022.3 1Q

# MT Segment - Transition of Quarterly Profit Before Tax



← JGAAP → ← IFRS →

(JPY in millions)

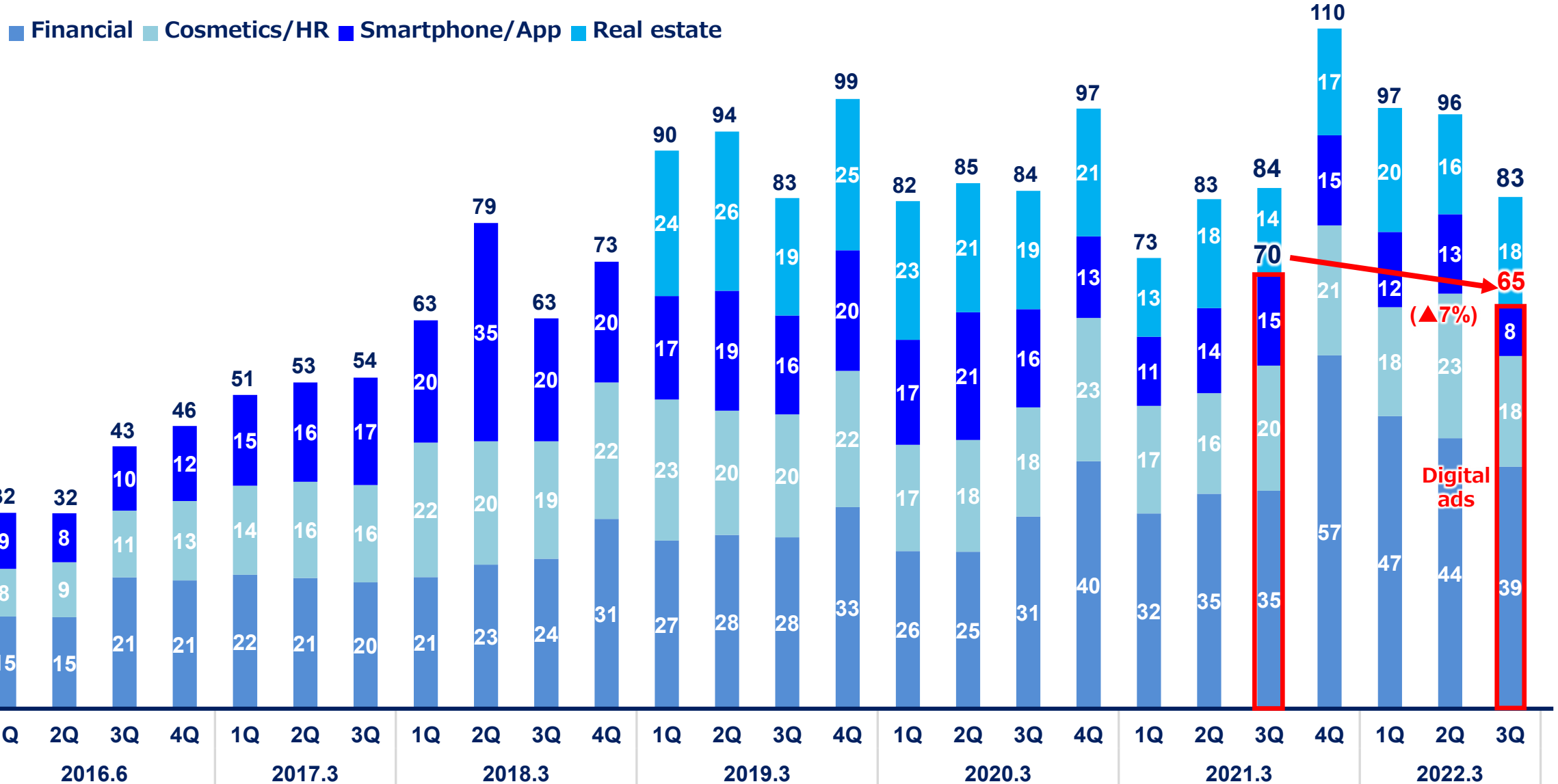


NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

# MT Segment - Transition of Quarterly Advertisement Volume



(JPY in 100 millions)



NOTE) Made DG Communications Co., Ltd. a consolidated subsidiary from FY 2019.3

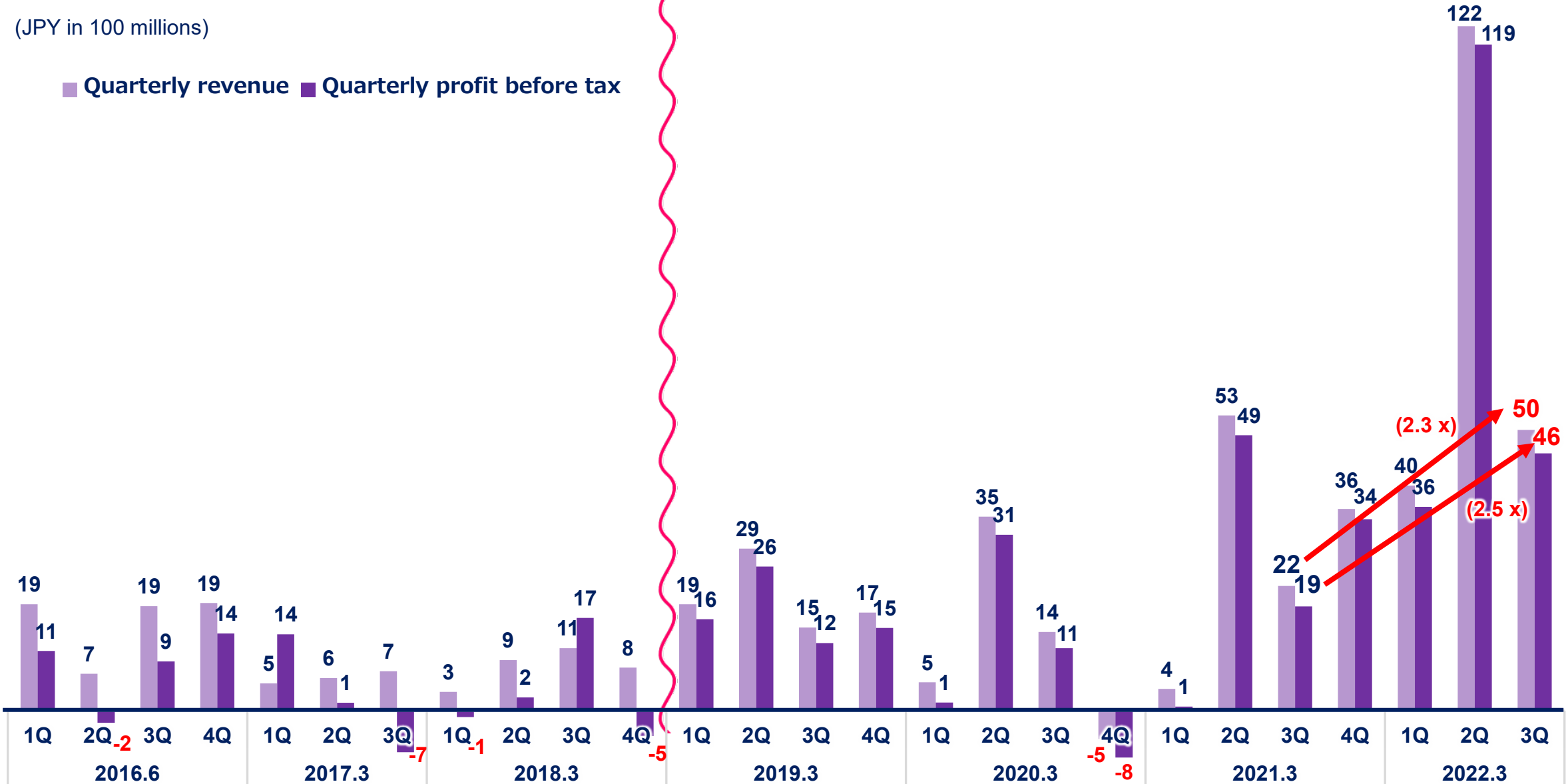
# IT Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → | ← IFRS →

(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



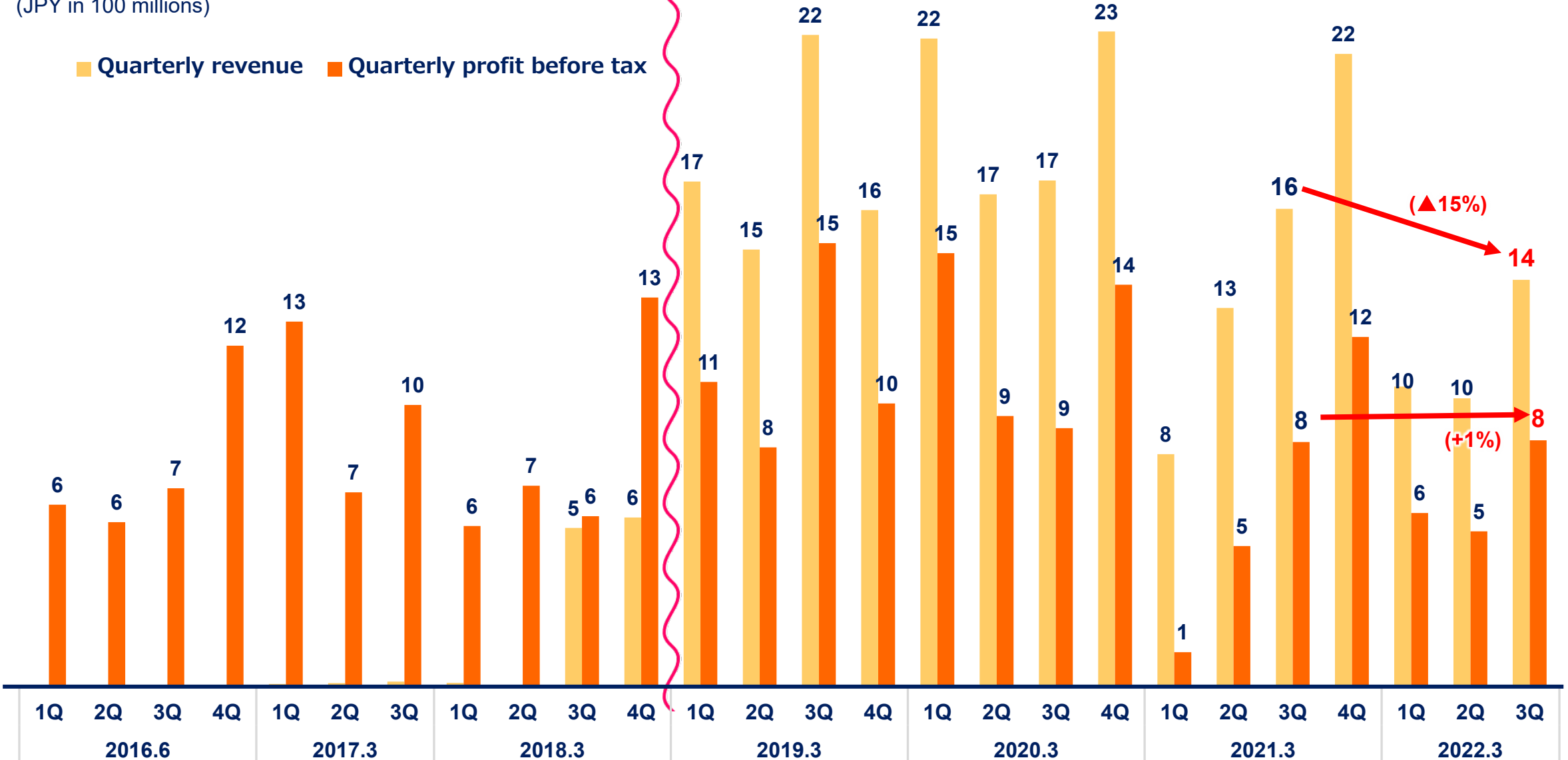
# ◆ LTI Segment - Transition of Quarterly Revenue and Profit Before Tax



← JGAAP → ← IFRS →

(JPY in 100 millions)

■ Quarterly revenue ■ Quarterly profit before tax



(▲15%)

(+1%)





## ***Digital Garage***

Please note that the business forecasts and strategies covered in today's presentation are based on our current evaluation and future results may vary significantly depending on unforeseeable events or circumstances. This announcement is solely for the purpose of the investors relationship and is not for making any solicitation for investment in any securities. This announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. Any securities of our consolidated subsidiaries have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements of the U.S. Securities Act. Any public offering of securities to be made in the United States will be made by means of a prospectus. Such prospectus will contain detailed information about the company making the offer and its management and financial statements.