

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2022 (Based on IFRS)

August 10, 2022

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
 Corporate Officer
 Inquiries: Co-Head of Corporate Division Nobuaki Doi TEL 03-6367-1111
 Scheduled date to file Quarterly Securities Report: August 12, 2022
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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	%
Three months ended June 30, 2022	17,734	63.6	11,204	129.9	7,420	124.2	7,467	123.4	7,585	134.4
Three months ended June 30, 2021	10,843	56.1	4,874	–	3,310	–	3,343	–	3,236	122.6

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2022	158.43		143.67	
Three months ended June 30, 2021	72.54		65.94	

(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
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2022	242,261	103,434	101,766	42.0
As of March 31, 2022	231,607	97,217	95,738	41.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2022	–	0.00	–	35.00	35.00
Year ending March 31, 2023	–	–	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	–	–

(Note 1. Revision to the dividend forecast most recently announced : No)

(Note 2. The dividend forecast for the fiscal year ending March 31, 2023 has not been determined.)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

The Company does not disclose its consolidated financial results forecast because it is difficult to reasonably estimate the fair value of securities held by the Group at the end of the fiscal year in the field of investment and incubation in domestic and overseas unlisted companies in the Incubation Technology Segment.

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2022
(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 June 30, 2022	47,592,500 shares	As of March 31, 2022	47,482,800 shares
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Number of treasury shares at end of period

As of June 30, 2022	391,160 shares	As of March 31, 2022	390,960 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2022	47,132,758 shares	Three months ended June 30, 2021	46,086,020 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	43,415	46,748
Trade and other receivables	24,462	19,926
Inventories	347	373
Operational investment securities	77,950	86,565
Other financial assets	277	332
Income taxes receivable	88	605
Other current assets	1,103	1,279
Total current assets	147,642	155,828
Non-current assets		
Property, plant and equipment	18,423	18,224
Goodwill	6,804	6,822
Intangible assets	4,194	4,260
Investment property	3,171	3,526
Investments accounted for using equity method	27,808	28,880
Other financial assets	23,317	24,485
Deferred tax assets	17	16
Other non-current assets	231	221
Total non-current assets	83,965	86,433
Total assets	231,607	242,261

	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	9,223	11,333
Trade and other payables	43,900	43,908
Other financial liabilities	1,666	1,678
Income taxes payable	394	340
Other current liabilities	4,059	3,265
Total current liabilities	59,242	60,525
Non-current liabilities		
Bonds and borrowings	40,710	40,999
Other financial liabilities	10,683	10,304
Retirement benefit liability	480	473
Provisions	480	480
Deferred tax liabilities	22,001	25,203
Other non-current liabilities	796	843
Total non-current liabilities	75,149	78,301
Total liabilities	134,390	138,827
Equity		
Share capital	7,692	7,810
Capital surplus	6,147	6,077
Treasury shares	(1,409)	(1,409)
Other components of equity	2,273	2,435
Retained earnings	81,035	86,854
Total equity attributable to owners of parent	95,738	101,766
Non-controlling interests	1,479	1,668
Total equity	97,217	103,434
Total liabilities and equity	231,607	242,261

Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue		
Revenue in recurring business	6,004	6,002
Revenue in operational investment securities	3,893	7,534
Other income	326	159
Finance income	18	2,131
Share of profit of investments accounted for using equity method	600	1,907
Total	10,843	17,734
Expenses		
Cost of sales	2,531	2,622
Selling, general and administrative expenses	3,304	3,758
Other expenses	72	80
Finance costs	62	70
Total	5,969	6,530
Profit before tax	4,874	11,204
Income tax expense	1,564	3,784
Profit	3,310	7,420
Profit (loss) attributable to		
Owners of parent	3,343	7,467
Non-controlling interests	(33)	(47)
Earnings per share		
Basic earnings per share	72.54	158.43
Diluted earnings per share	65.94	143.67

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	3,310	7,420
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income	(66)	(426)
Share of other comprehensive income of investments accounted for using equity method	(7)	0
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1)	592
Share of other comprehensive income of investments accounted for using equity method	(0)	0
Other comprehensive income, net of tax	(74)	165
Comprehensive income	<u>3,236</u>	<u>7,585</u>
Comprehensive income attributable to		
Owners of parent	3,269	7,629
Non-controlling interests	(33)	(44)

Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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, 2021	7,637	4,566	(4,915)	853	1,217	(7)	2,062
Profit (loss)							–
Other comprehensive income				(73)	(1)		(74)
Comprehensive income	–	–	–	(73)	(1)	–	(74)
Issuance of new shares	17	17					–
Dividends							–
Share-based payment transactions		13					–
Transfer from other components of equity to retained earnings				(137)			(137)
Other		(7)					–
Total	17	23	–	(137)	–	–	(137)
Balance at June 30, 2021	7,654	4,589	(4,915)	643	1,216	(7)	1,851

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2021	52,785	62,134	947	63,082
Profit (loss)	3,343	3,343	(33)	3,310
Other comprehensive income		(74)	(0)	(74)
Comprehensive income	3,343	3,269	(33)	3,236
Issuance of new shares		34		34
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		13		13
Transfer from other components of equity to retained earnings	137	–		–
Other		(7)		(7)
Total	(1,338)	(1,434)	–	(1,434)
Balance at June 30, 2021	54,791	63,969	914	64,884

Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

(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, 2022	7,692	6,147	(1,409)	613	1,660	0	2,273
Profit (loss)							–
Other comprehensive income				(426)	588		162
Comprehensive income	–	–	–	(426)	588	–	162
Issuance of new shares	117	117					–
Changes in ownership interest in subsidiaries		10					–
Dividends							–
Share-based payment transactions		(197)					–
Total	117	(70)	–	–	–	–	–
Balance at June 30, 2022	7,810	6,077	(1,409)	186	2,248	0	2,435

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2022	81,035	95,738	1,479	97,217
Profit (loss)	7,467	7,467	(47)	7,420
Other comprehensive income		162	3	165
Comprehensive income	7,467	7,629	(44)	7,585
Issuance of new shares		235		235
Changes in ownership interest in subsidiaries		10	232	242
Dividends	(1,648)	(1,648)		(1,648)
Share-based payment transactions		(197)		(197)
Total	(1,648)	(1,601)	232	(1,368)
Balance at June 30, 2022	86,854	101,766	1,668	103,434

Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Profit before tax	4,874	11,204
Depreciation and amortization	885	906
Interest and dividend income	(1)	(22)
Interest expenses on borrowings and bonds	59	67
Share of loss (profit) of investments accounted for using equity method	(600)	(1,907)
Loss (gain) on investment securities	(3)	(1,478)
Decrease (increase) in trade and other receivables	7,129	4,510
Decrease (increase) in investment securities for sale	(3,650)	(8,151)
Decrease (increase) in inventories	(28)	(26)
Increase (decrease) in trade and other payables	(6,282)	(344)
Increase (decrease) in accrued consumption taxes	(456)	(404)
Other	(576)	(1,207)
Subtotal	1,352	3,147
Interest and dividends received	727	757
Interest paid	(17)	(24)
Income taxes refund (paid)	(1,265)	(410)
Net cash provided by (used in) operating activities	797	3,469
Cash flows from investing activities		
Purchase of property, plant and equipment	(362)	(109)
Purchase of intangible assets	(318)	(418)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	266	-
Purchase of investments accounted for using equity method	-	(38)
Other	93	(8)
Net cash provided by (used in) investing activities	(321)	(573)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(390)	1,500
Proceeds from long-term borrowings	-	1,100
Repayments of long-term borrowings	(304)	(397)
Repayments of lease liabilities	(438)	(436)
Capital contribution from non-controlling interests	-	242
Dividends paid	(1,453)	(1,628)
Other	21	3
Net cash provided by (used in) financing activities	(2,563)	384
Effect of exchange rate changes on cash and cash equivalents	22	52
Net increase (decrease) in cash and cash equivalents	(2,065)	3,332
Cash and cash equivalents at beginning of period	37,989	43,415
Cash and cash equivalents	35,924	46,748