

# Digital Garage, Inc.

3Q of FYE March 31, 2023 Financial Report



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

**< Purpose >  
Designing “New Context” for  
a sustainable society with technology**




***New Context Designer DG***

## Introduction / CEO message

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This year, we continue to drive forward our  strategy we announced last year, formulated based on a mid-term perspective and taking a cross-segmental approach among our four business segments. Taking an ambidextrous approach, we diligently promoted and fast-tracked our business.

Following the capital and business alliance with Toshiba TEC and Resona Holdings, we launched a new business with JCB and also received more investment from them, strengthening the capital and business alliance we entered into last year. We are making great progress in our strategic alliances with major players in the respective industries. Furthermore, within the DG Group, new fintech services with media businesses as “Tabelog” and “Kakaku.com” are in the pipeline. In the web3/crypto domain, B2B crypto currency trading services and NFT related businesses are on the way.

 strategy is progressing at a high speed.

From a global perspective, “payment orchestration”, the technology layer to automate and integrate various payment networks, could become an opportunity. We continue to seek new strategic alliances with various global players, with a view to “deploy new technologies for a sustainable society”. We will further specify and announce our mid-term business strategy.

This quarter, our current business is making progress and remains solid, despite of an unexpected impact on our investment business caused by the global economic situation. In order to further accelerate next-generation businesses, we have established the Incubation Division, an organization specialized to create these new businesses. (Please also refer to our latest announcement on our corporate officer structure for the next fiscal year.)

# Investment Highlights





## Financial Performance

- Consolidated revenue and profit before tax decreased due to the absence of fair value gain/loss of Blockstream that had been recorded in 2Q.
- Profit before tax excluding gains/losses on investments and one-time revenue grew to **3.5 B JPY (+19% YoY)**
  - FT: The transaction volume **increased by 19%** and profit before tax for 3Q (Oct.-Dec.) **increased by 20%** with steady growth.
  - MT: Profit before tax for 3Q (Oct.-Dec.) increased by **2.3 times** and grew significantly, and also the profit for **3Q cumulative turned to plus YoY.**
  - LTI: Kakaku.com's performance recovered and, additionally **2.7 B JPY was recorded** as a profit from the sales of shares of associates.

## Topics

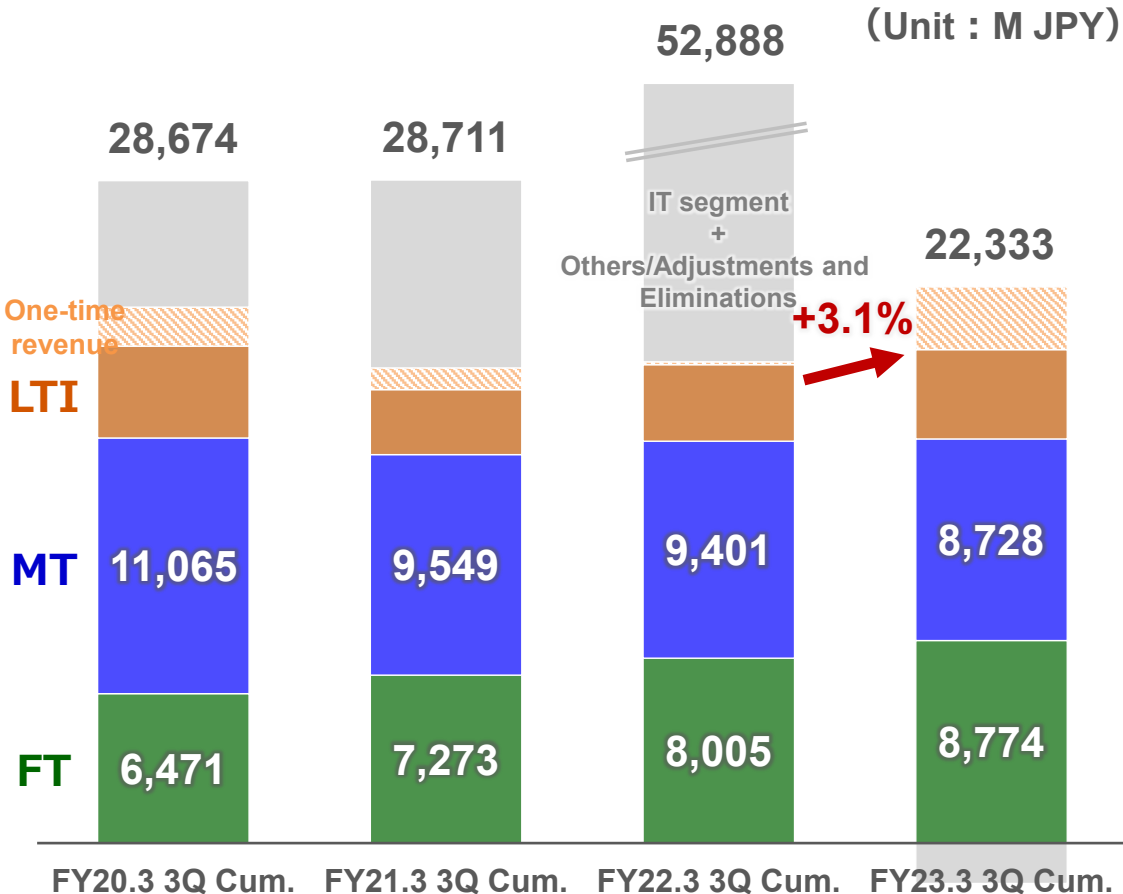
- ✓ The B2B payment service, "DGFT Invoice Card Payment", now accepts **Visa and Mastercard® brands** in addition to JCB.
- ✓ Launched "Invoice Card Payment", a service exclusively for cardholders issued by JCB (in addition, **JCB acquired additional shares in the Company**, thereby strengthening the capital and business alliance).
- ✓ Launched "Quick Money", a financing service for SMBs, enabling prompt financing according to business conditions, utilizing sales forecasting AI models.
- ✓ Announced the addition of property survey functions to "Musubell", the real estate digital transformation platform, **successfully expanding its business as one of the largest services in the industry.**

# Highlight 1 - Consolidated Revenue, Consolidated Profit before tax

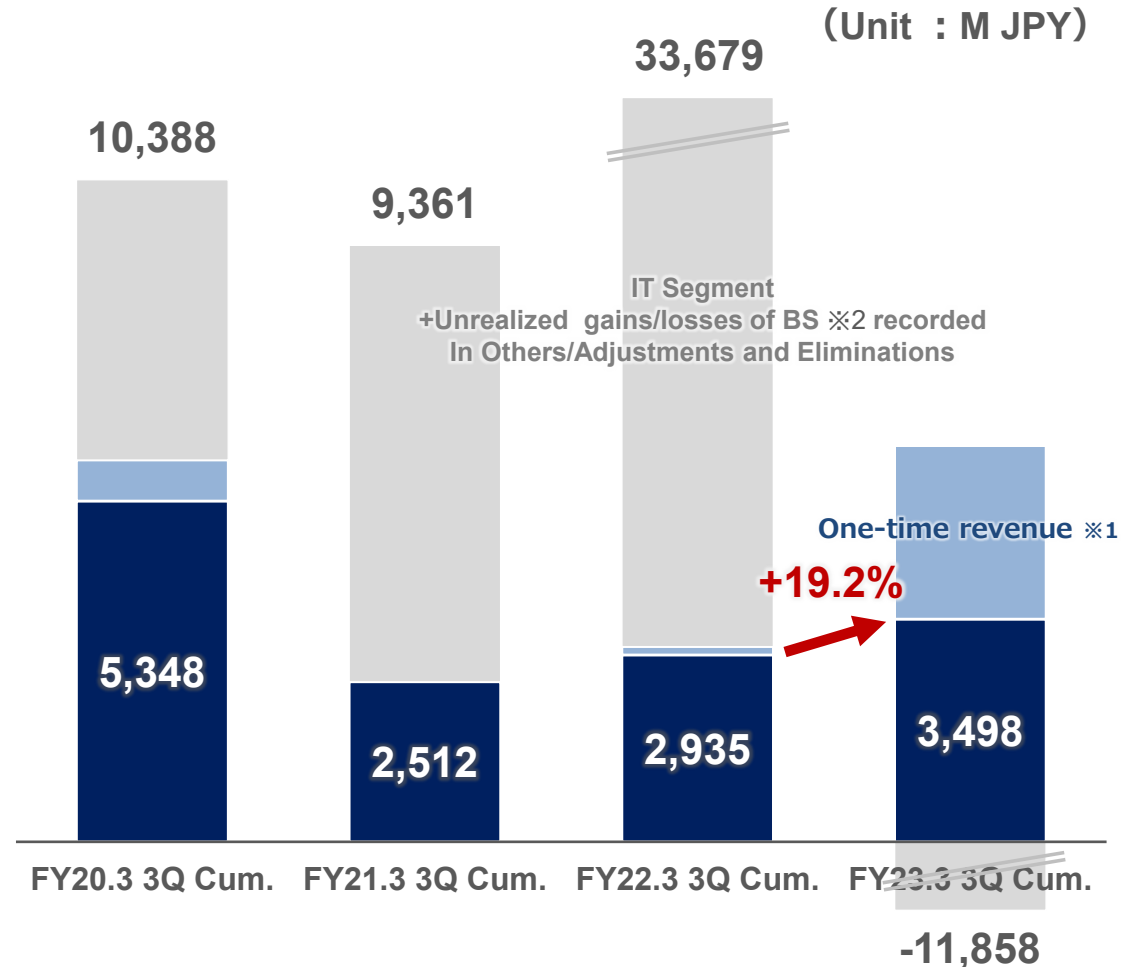


- Profit before tax excluding gain/loss from investment in FT/MT/LTI grew by 3.1% and performed steadily.
- Consolidated revenue and profit before tax excluding one-time revenue ※1 grew by 19.2% YoY.

## Consolidated Revenue



## Consolidated Profit before tax



※1 One-time revenue : Profit from the sales of stocks of the group company etc.

※2 BS stands for "Blockstream Corporation Inc."

## ◆ Highlight 2 - Profit before tax by Segment



- **FT grew steadily by 20% YoY**, and **MT increased by 2.3 times**, showing an upward trend.
- IT decreased due to the reactionary decrease in fair value gains/losses of Blockstream, and LTI **increased significantly** thanks to profit from the sales of shares of associates

(M JPY)	FY22.3 3Q Cum.	FY23.3 3Q Cum.	YoY Increase /Decrease	YoY % Change	Remarks
<b>Profit before tax</b>	<b>33,679</b>	<b>-11,858</b>	<b>-45,537</b>	<b>-135.2%</b>	In spite of the reactionary decline in fair value gains/losses of Blockstream in 2Q, each business segment (FT/MT/LTI) grew steadily.
<b>FT</b>	<b>3,492</b>	<b>3,947</b>	<b>+455</b>	<b>+13.0%</b>	Transaction volume in both non-face-to-face and face-to-face grew steadily. Profit before tax in 3Q (Oct.-Dec.) increased by 20%. The cumulative total also increased, achieving double-digit growth.
<b>MT</b>	<b>588</b>	<b>728</b>	<b>+139</b>	<b>+23.7%</b>	Profit before tax for 3Q (Oct.-Dec.) increased by 2.3 times the cumulative total also turned to plus from the previous quarter. Profit rate was improved due to solid accumulation in the financial sector, profitability review etc.
<b>IT</b>	<b>20,116</b>	<b>-9,743</b>	<b>-29,858</b>	<b>-148.4%</b>	Portfolio was stable though profit before tax decreased due to the significant impact of the reactionary decline of fair value gains/losses of Blockstream in 2Q.
<b>LTI</b>	<b>1,891</b>	<b>4,837</b>	<b>+2,946</b>	<b>+155.8%</b>	LTI business grew steadily as demand for food services recovered. Also, profit before tax increased by 2.5 times YoY as a profit from the sales of shares of associates was recorded,
<b>Others/ Adjustments and Eliminations</b>	<b>7,591</b>	<b>-11,628</b>	<b>-19,219</b>	<b>-</b>	Recorded valuation gains/losses on Blockstream securities held directly by the company in 2Q.

(Musubell business was reclassified from MT to LTI Segment from this quarter. Results from the same period of the previous fiscal year were retroactively revised to reflect the change.)

## ◆ Highlight 3 - KPI



- Strategic alliances with various companies in the area of a face-to-face settlement worked successfully, resulting in continued growth of settlement transaction volume.
- Investment profit on equity method from Kakaku.com, Inc. increased as the restaurant industry recovered. Digital ads are steady, especially in the financial sector.

Segment	KPI	Unit	FY22.3 3Q Cum	FY22.3 3Q Cum	YoY Increase/Decrease	YoY % Change
FT	Transaction Volume	100 M JPY	32,763	38,926	+6,164	+18.8%
	Non-Face-to-Face	100 M JPY	25,838	29,317	+3,480	+13.5%
	Face-to-Face	100 M JPY	6,925	9,609	+2,684	+38.8%
MT	Digital Ads Volume	M JPY	22,273	23,129	+856	+3.8%
	Financial	M JPY	13,056	14,434	+1,378	+10.6%
IT	Investment Value	M JPY	66,699	72,193	+5,494	-
	Amount Sold	M JPY	3,741	2,185	-1,556	-
	Amount Invested	M JPY	5,805	2,255	-3,550	-
LTI	Investment profit on equity method from Kakaku.com	M JPY	2,153	2,652	+499	+23.2 %

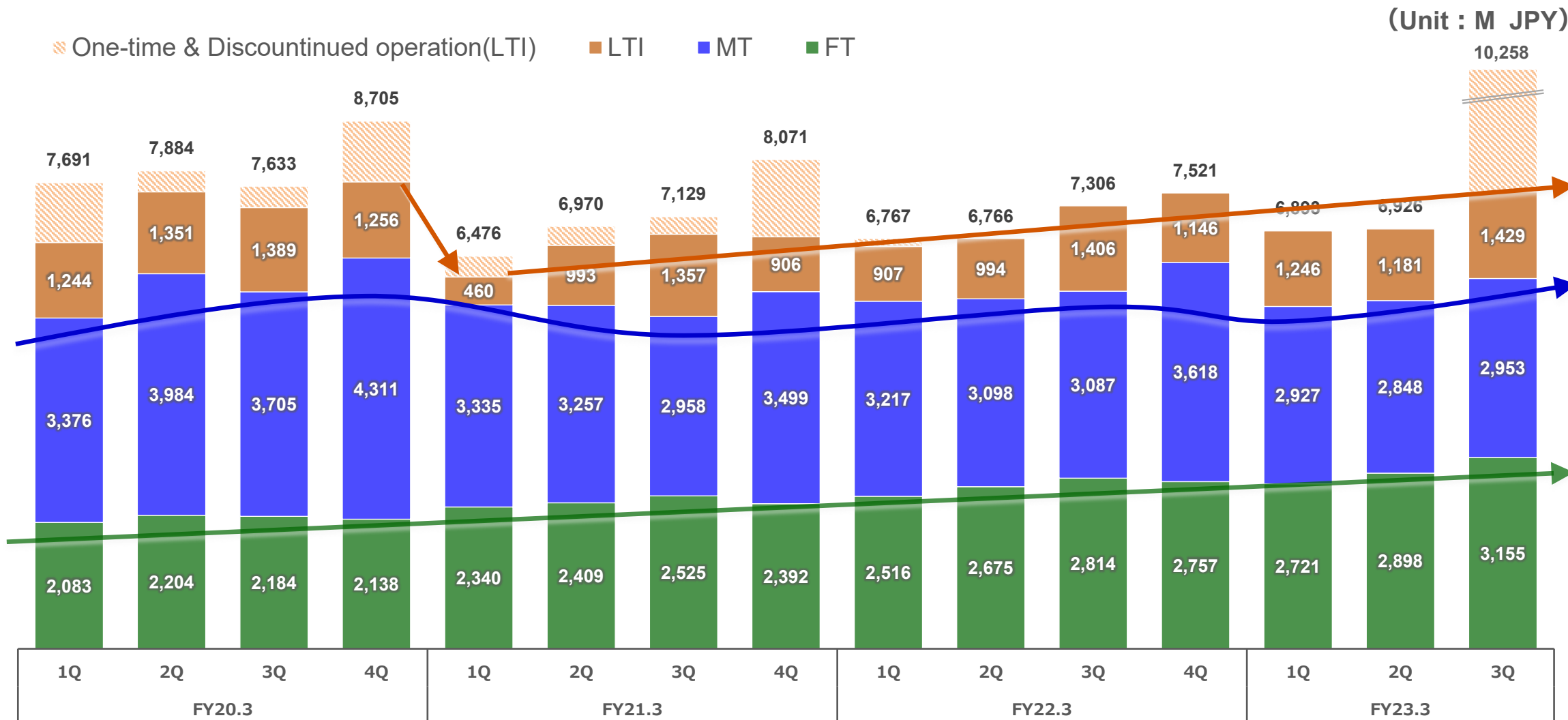




# Quarterly Revenue Trends (excluding IT segment and Others/Adjustments and Eliminations)



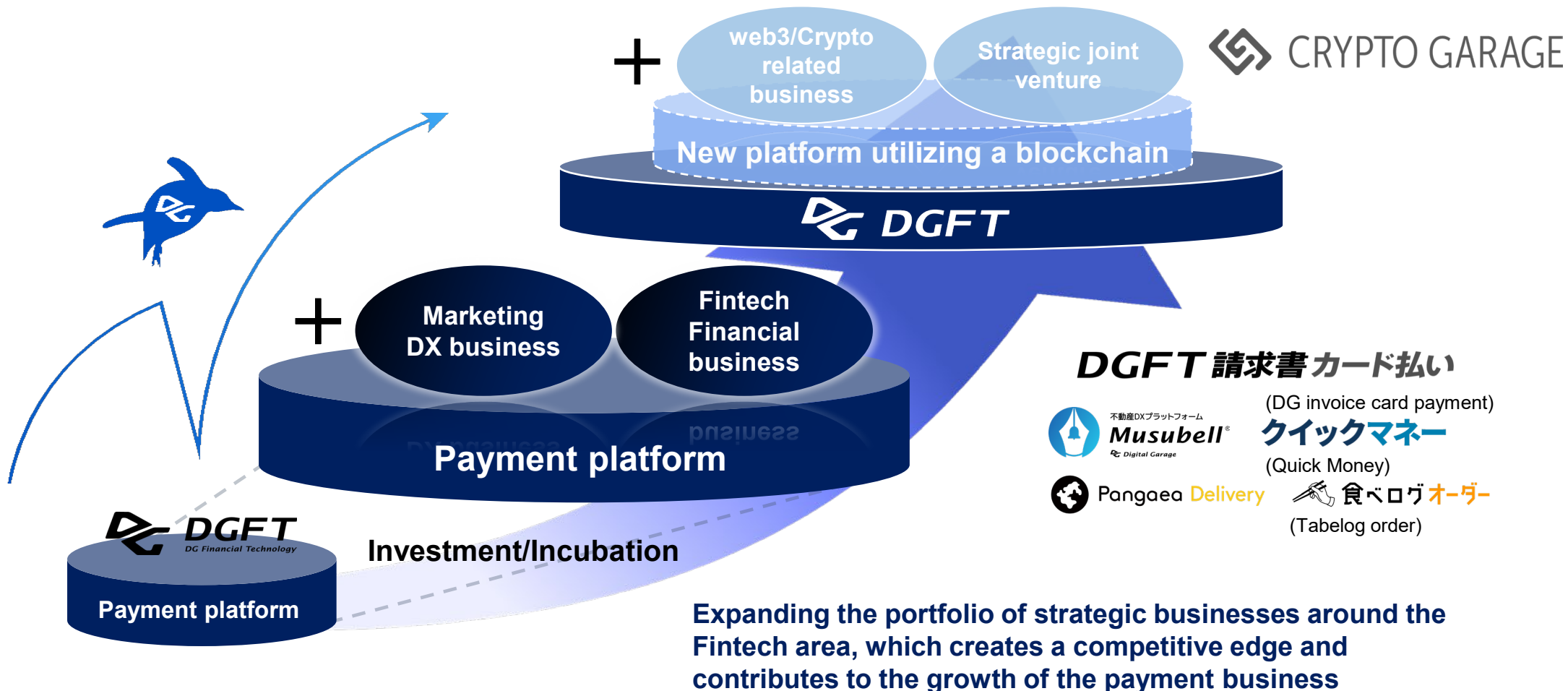
- FT continues to grow with the expansion of the cashless payment market.
- In MT, digital ads, mainly in the financial sector, remain solid despite the impact of COVID and seasonality.
- LTI's restaurant-related businesses, including Kakaku.com's Tabelog, has recovered from the impact of COVID.



# DG FinTech Shift

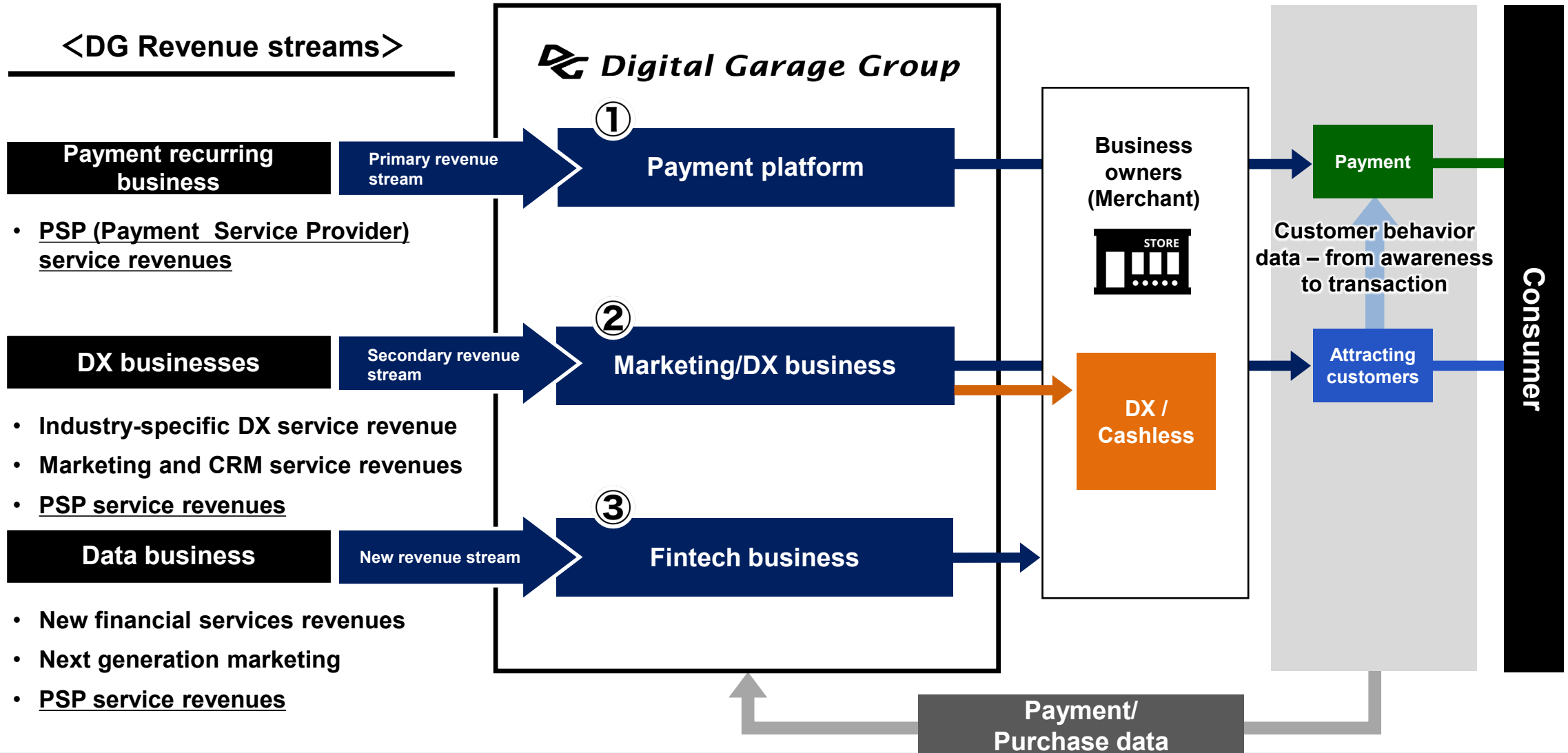


- I Business expansion utilizing the payment platform/Driving DG FinTech Shift strategy for further growth
- II Social implementation of next-generation technologies/ Creating new businesses in areas that will emerge non-linearly from technologies such as blockchain





Aiming to become a platform that continuously generates stable revenue streams centered around the payment business. In addition to primary and secondary revenue streams, aiming to create new revenue opportunities, mainly utilizing data.





Aiming to promote and accelerate DG FinTech shift strategy by co-creating businesses with strategic partners utilizing their assets

## Digital Garage Group

### < Partner companies >

### < Co-creative businesses/initiatives >

① Payment platform

② Marketing/DX business

③ Fintech Financial business

**TOSHIBA**  
Toshiba Tec Corporation

POS data/  
Nationwide network of  
sales/maintenance

**JCB**

Solid customer base/  
Merchant's network



RESONA

Solid SMB customer  
base/Bank services

TBD

**食べログオーダー**  
(Tabelog order)

- Payment methods expansion/sales reinforcement
- Payment service for the specific industries
- Initiatives for security enhancement

Pangaea Delivery

Musubell

- Industry specialized DX/E-Commerce services
- Retail media utilizing data
- Digital advertising in the post-cookie era

**DGFT 請求書カード払い**  
(DGFT Invoice Card Payment)

**クイックマネー**  
(Quick Money)

- B2B financial services
- Credit scoring model utilizing data
- Financial/payment services utilizing blockchain



- DGFT Invoice Card Payment, launched in November 2022, which practically extends payment due dates by switching invoice payments from bank transfers to credit card payments, became the first in Japan to accept all three major credit card brands (JCB, Visa, and Mastercard).
- Launched "Invoice Card Payment", a service exclusively for cardholders<sup>※1</sup> issued by JCB (in addition, JCB acquired additional shares in the company, thereby strengthening the capital and business alliance)

## DGFT 請求書カード払い

(DGFT Invoice Card Payment)

### Point 1

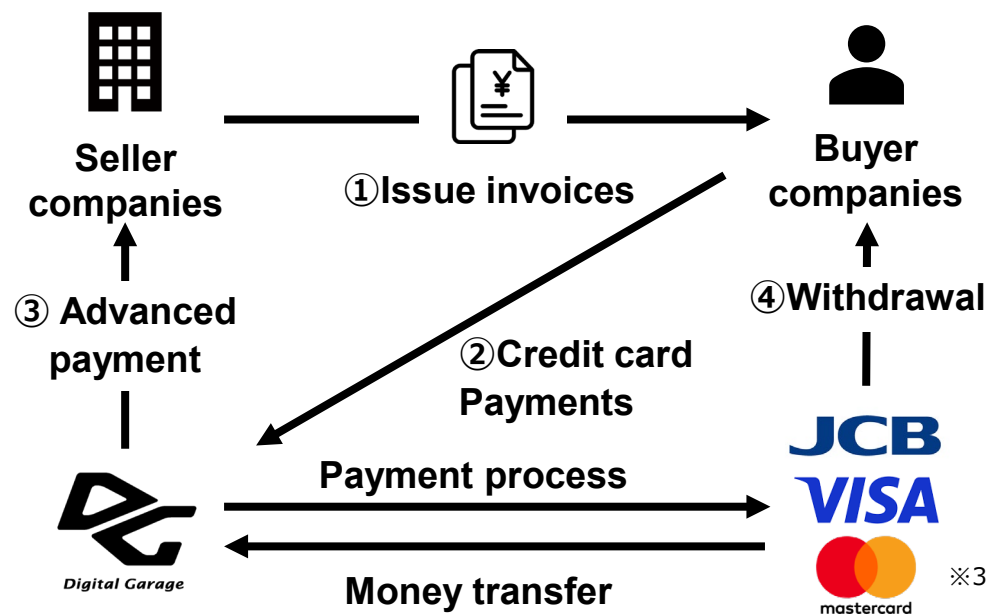
Domestic B2B market is approximately 100 trillion JPY which is three times of the B2C market<sup>※2</sup>

### Point 2

B2B payment services are expected to grow due to increase in digitization of B2B transactions as a result of regulatory changes such as the qualified invoice system

### Point 3

Starting here from this service, develop more B2B fintech services and make it a core business in the medium term



2022 Nov  
Dec  
2023 Feb

- Launched DGFT Invoice Card Payment
- Accept Visa and Mastercard
- Launched "Invoice Card Payment", a service exclusively for cardholders issued by JCB.

※1 Members of cards issued by JCB and JCB Group card issuers

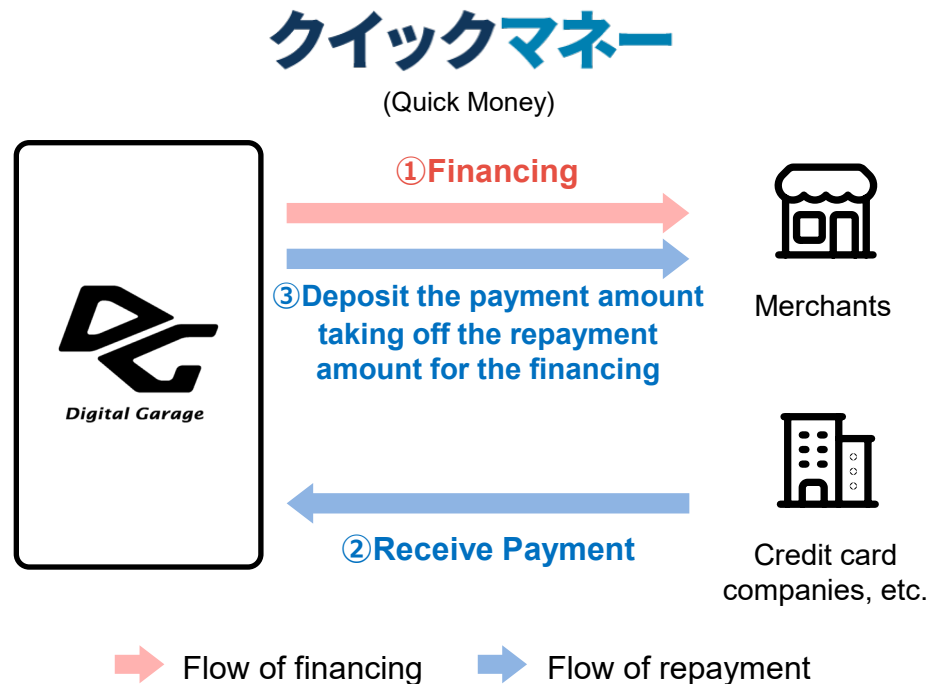
※2 "e-Commerce Market Survey", Ministry of Economy, Trade and Industry

※3 Plan to expand the card brands

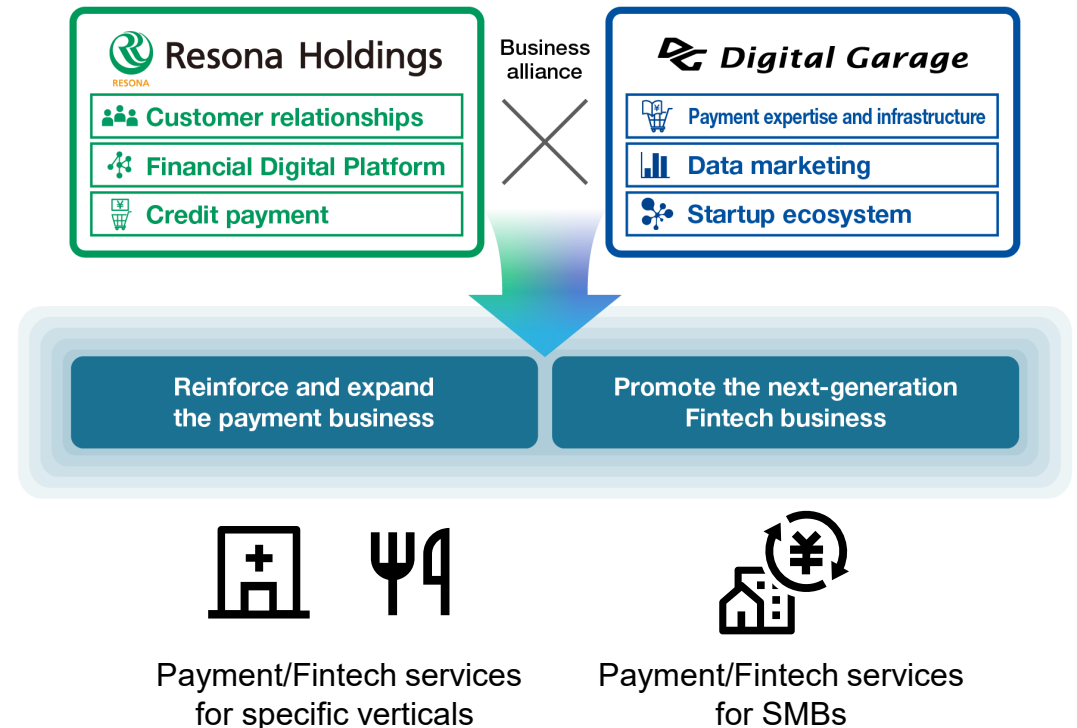


- I** Launched "Quick Money," an easy-to-apply online financing service for our payment merchants. DG Lab's proprietary sales forecasting AI model predicts the future payments received by merchants.
- II** Continuously developing new Fintech services partners by utilizing various data, AI and other technologies.



**I** Merchants can use the service for unexpected cash needs – application to financing could be as fast as 5 business days and the entire process completes online.



**II** Developing new payment / fintech services with Resona Holdings, who we started a capital and business alliance with in November 2022.





<b>NEW</b> New Business	2023 Feb	Launched “Invoice Card Payment”, a service exclusively for cardholders issued by JCB (JCB acquired additional shares in the company)
<b>NEW</b> New Business	Jan	Launched <b>クイックマネー</b> (Quick Money), a quick financing service for SMBs
<b>NEW</b> New Business	2022 Dec	B2B payment service, <b>DGFT 請求書カード払い</b> (DGFT Invoice Card Payment), now accepts Visa/Mastercard® brands in addition to JCB
Alliance	Nov	Signed a capital and business alliance agreement with Resona Holdings
New Business	Oct	Launched a B2B payment service <b>DGFT 請求書カード払い</b> (DGFT Invoice Card Payment) together with JCB
New Business	Jul	Launched a B2B payment service  <b>食ベログオーダー</b> (Tabelog order) together with JCB
New Business	Mar	Launched business of online ordering service  Pangaea Delivery in collaboration with JCB Co., Ltd./Toshiba Tec Corporation
Alliance	Feb	Capital and business alliance with JCB Co., Ltd., a long-term leading partner in the payment business

※NEW: Updated in FY23.3 3Q





Alliance	Dec 2021	<b>Capital and business alliance with Toshiba Tec Corporation</b> , which had already collaborated to establish JV
Alliance	Oct	At the same time as a capital and business alliance with <b>Nomura Holdings, Inc.</b> , a business alliance with a group company in <b>the custody business</b>
New business	Sep	Launched an <b>electronic contract centralized management service</b> to support <b>the real estate industry's digital transformation</b> 
Organization	Sep	Acquired <b>India's financial system development company</b> (DG FutureTech India) as a new financial hub
New business	Jun	Strategic subsidiary <b>Crypto Garage</b> registered as Japan's first B2B-only <b>crypto asset exchange service provider</b>
Organization	Feb	Announced group strategy of  Merged two payment related subsidiaries into 

# Segment Performance Review





The Four Segments that make up  **FINTECH SHIFT** launched last year



## FINANCIAL TECHNOLOGY SEGMENT

Provides a diversity of comprehensive payment platforms as one of Japan's largest payment system providers supporting social infrastructure



## MARKETING TECHNOLOGY SEGMENT

Develops comprehensive digital marketing solutions and data marketing businesses utilizing various data



## INCUBATION TECHNOLOGY SEGMENT

Invests in, incubates, and collaborates with entrepreneurs and startups mainly in technology and Fintech sectors



## LONG-TERM INCUBATION SEGMENT

Nurtures new businesses through long-term and continuous incubation



Performance

	FY22.3 3Q Cum.	FY23.3 3Q Cum.	YoY Inc./Dec.	YoY % Chg.
<b>Segment Revenue</b>	<b>8,005 M JPY</b>	<b>8,774 M JPY</b>	<b>+769 M JPY</b>	<b>+9.6 %</b>
<b>Segment Profit before tax</b>	<b>3,492 M JPY</b>	<b>3,947 M JPY</b>	<b>+455 M JPY</b>	<b>+13.0 %</b>

Note) Revenue is external revenue. Profit before tax is before intersegment eliminations

Major Group Companies/  
Businesses

▶ **DG Financial Technology Inc.**

Japan's leading payment service provider



▶ **NaviPlus Co., Ltd,**

Subsidiary of DG Financial Technology, Inc. Provides SaaS business for value-added services for EC, such as recommendation and search engines



▶ **Scudetto Corporation**

Provides fraud detection/prevention solutions, marketing solutions, etc.



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

JV with Toshiba Tec Corporation. Deploys multi-payment solutions for POS systems



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

JV with All Nippon Airways Trading Co., Ltd. Develops and provides new payment solutions using Fintech



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

JV with Nissen Co., Ltd. Develops post-payment settlement business and various financial businesses utilizing settlement data





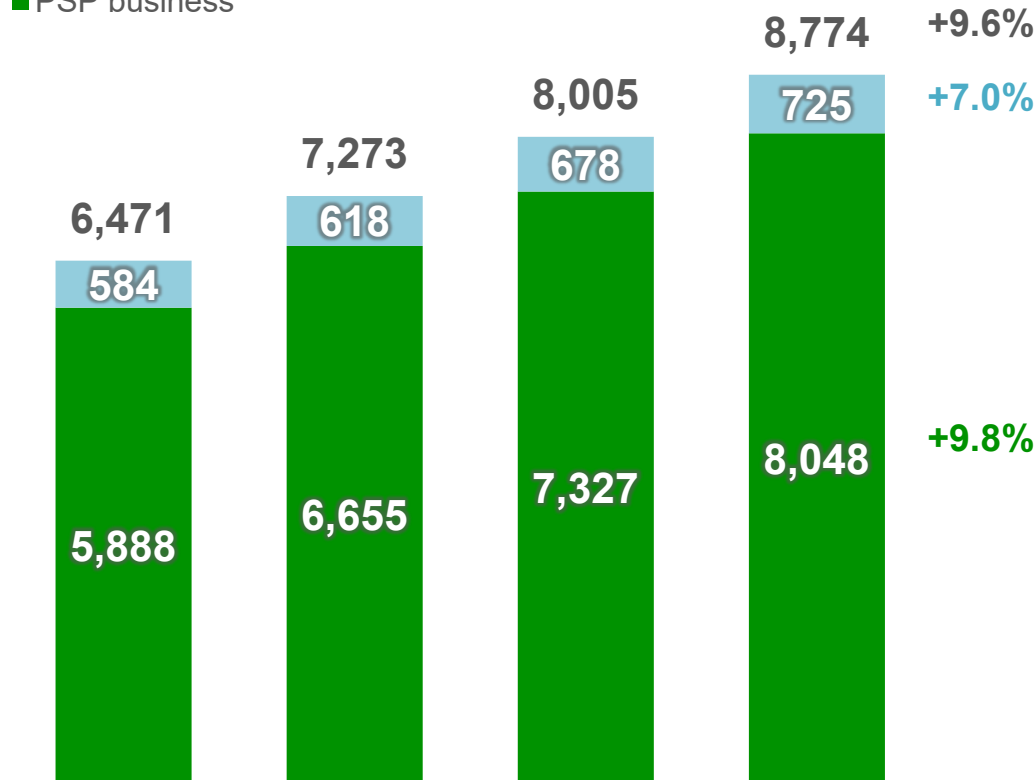
- Revenue continued to grow with 9.6% YoY and profit before tax increased by 13.0% YoY.
- Business performance remained strong with steady growth in transaction volume in both non-face-to-face and face-to-face settlements.

### Segment Revenue

(Unit : M JPY)

- EC/DX business
- PSP business

YoY

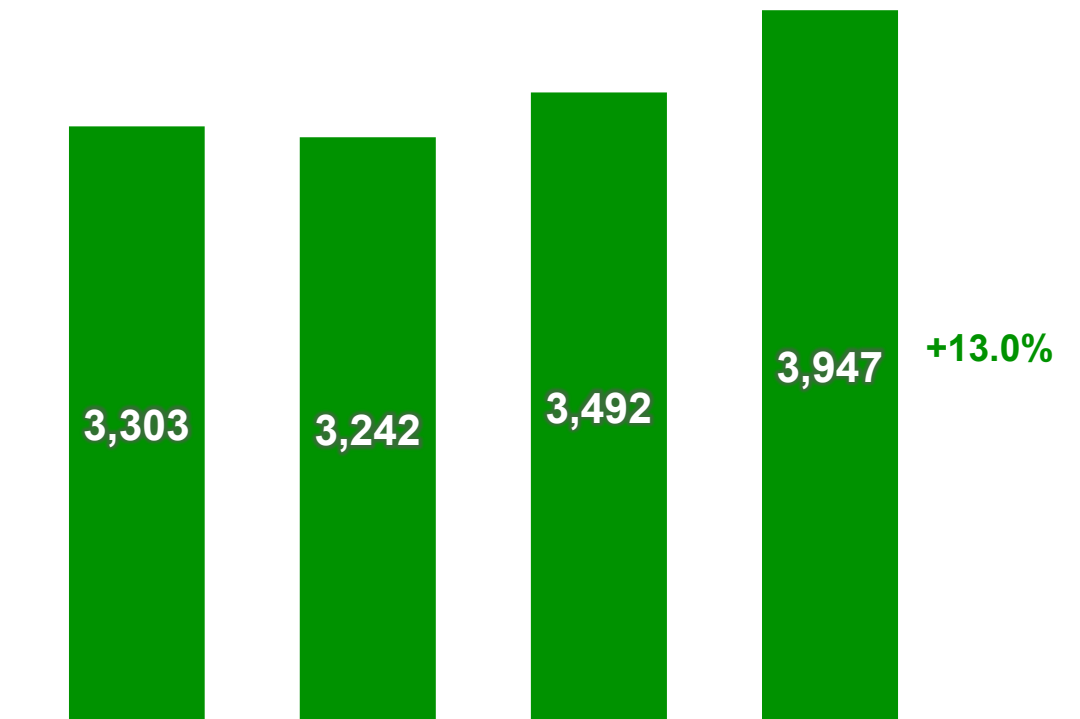


FY20.3 3Q Cum. FY21.3 3Q Cum. FY22.3 3Q Cum. FY23.3 3Q Cum.

### Segment Profit before tax

(Unit : M JPY)

YoY

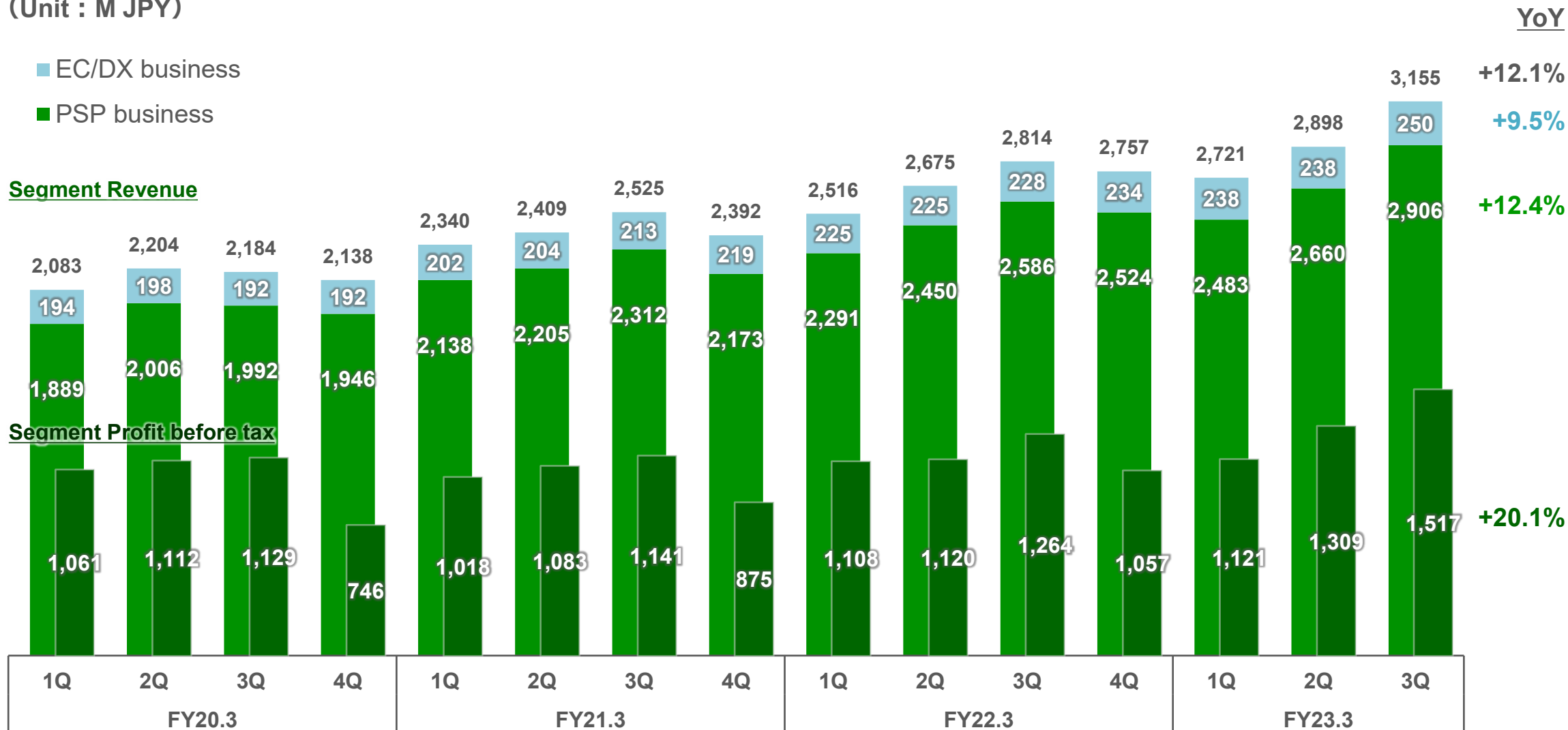


FY20.3 3Q Cum. FY21.3 3Q Cum. FY22.3 3Q Cum. FY23.3 3Q Cum.



- Quarterly revenues remained strong due to increased settlement transaction volume.
- 3Q (Oct. – Dec.) revenue and profit before tax grew by 12.1% and 20.1% YoY respectively, achieving a double-digit growth.

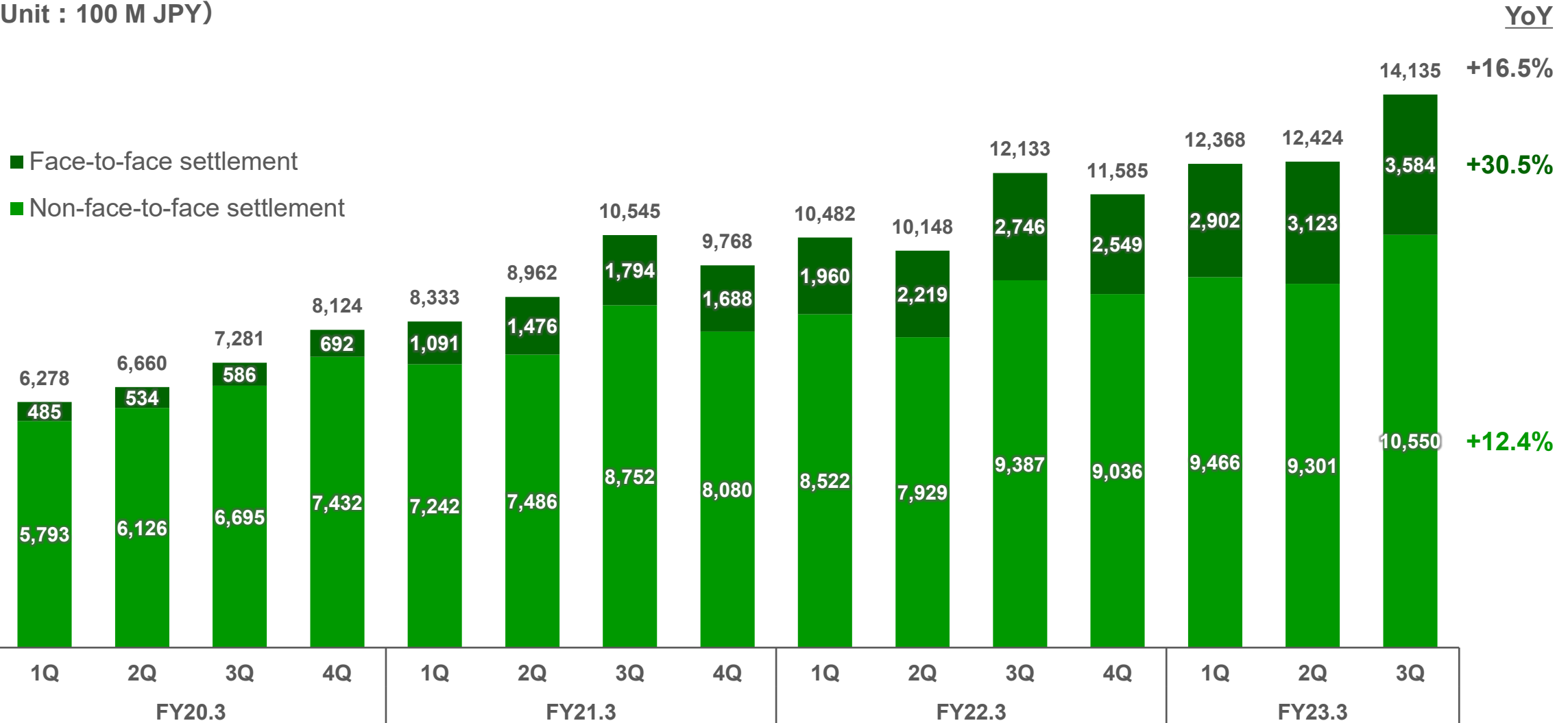
(Unit : M JPY)





- Face-to-face settlement continues to grow at a high rate, and market penetration continues to expand steadily.
- Non-face-to-face settlement remains strong despite a rebound in COVID demand.

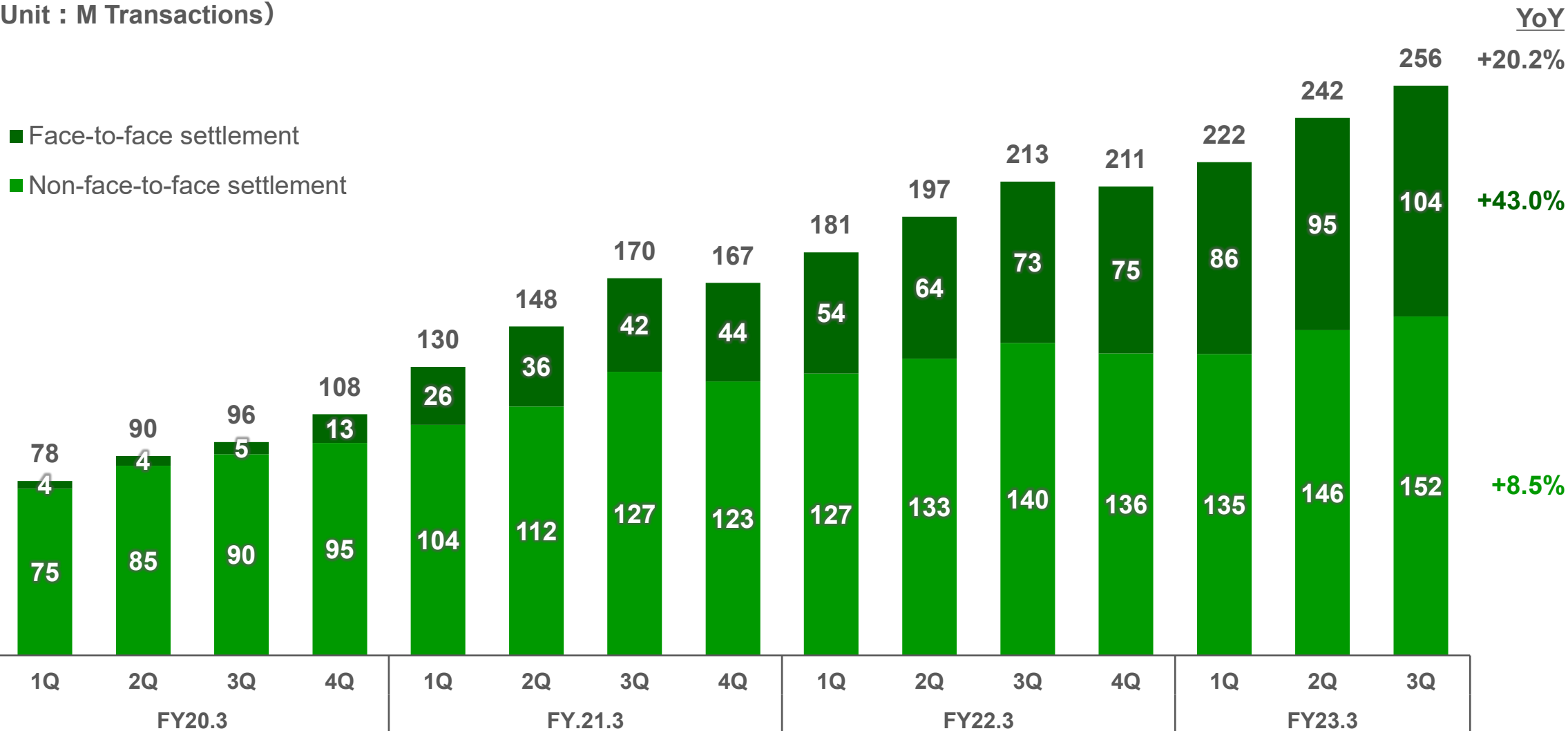
(Unit : 100 M JPY)





- The number of settlement transactions especially in face-to-face settlement continued to grow by 20.2% YoY.
- Data volume of settlement transactions continued to grow, expanding Fintech Financial business base.

(Unit : M Transactions)



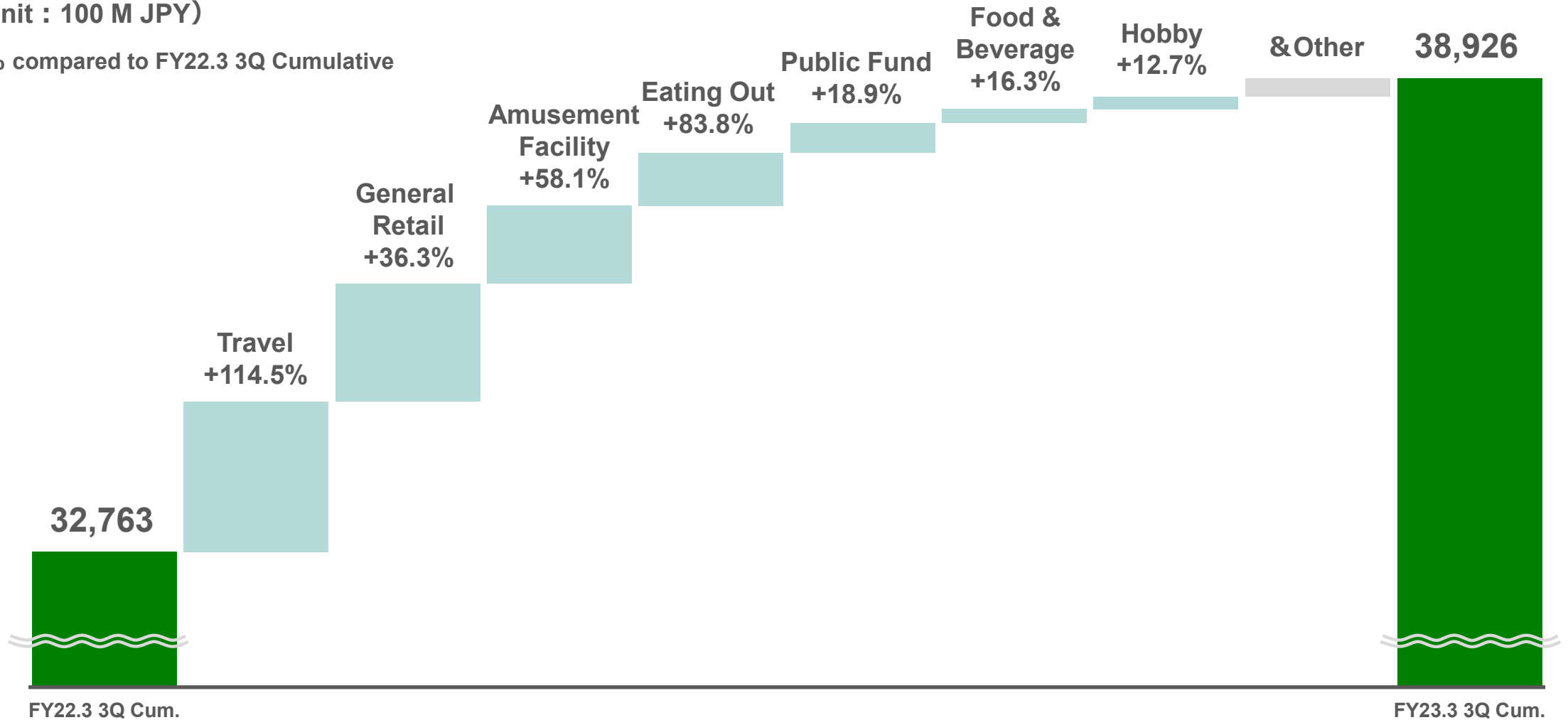




- Travel, amusement, and food service-related transactions recovered as corona restrictions were relaxed.
- Thanks to successful alliance strategy in the face-to-face settlement, transaction volume in general retailers such as supermarkets and drugstores increased.

(Unit : 100 M JPY)

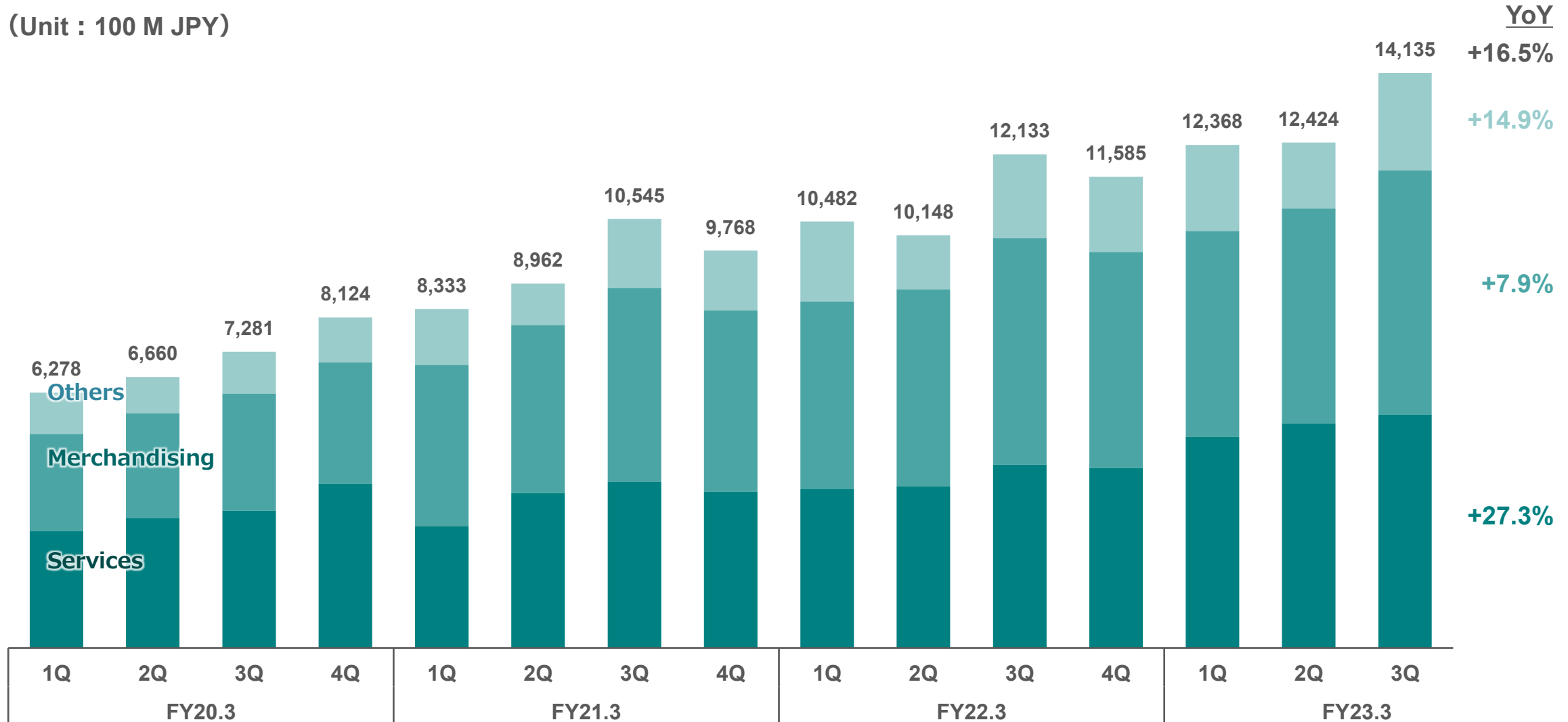
※% compared to FY22.3 3Q Cumulative





- Travel and entertainment facilities in the service sector recovered, driving settlement transaction volume.
- Partner sales through alliance strategies were successful in the merchandising sector, and transactions expanded mainly in retail.

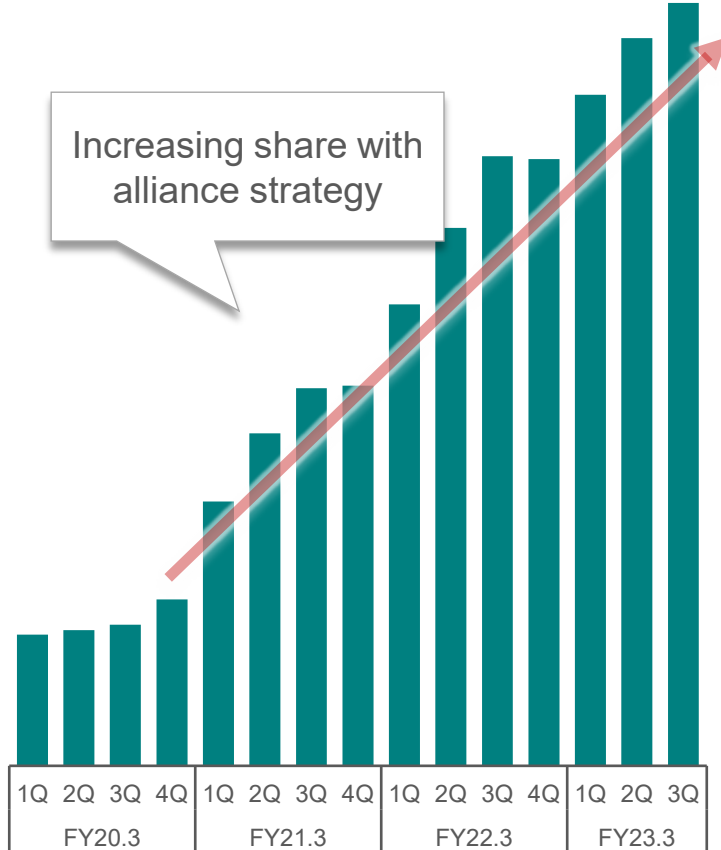
(Unit : 100 M JPY)



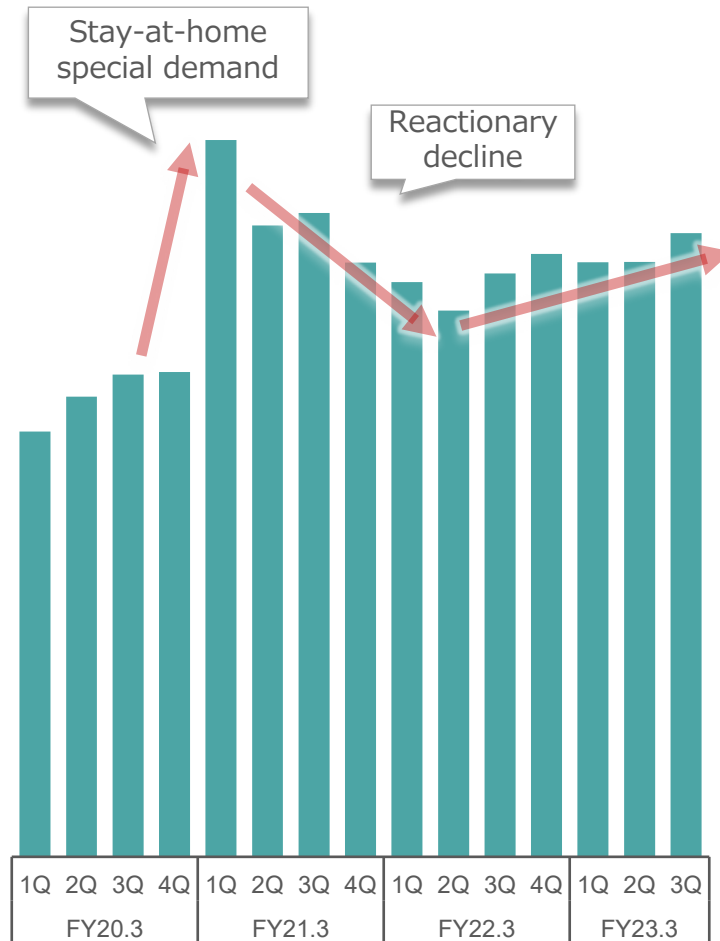


- The alliance strategy worked successfully in the merchandising sector, and the transaction volume of general retailers increased.
- Home appliances and furniture increased from the reactionary decline from the special demand for stay-at-home consumption, and the share of fashion products handled continued to expand.

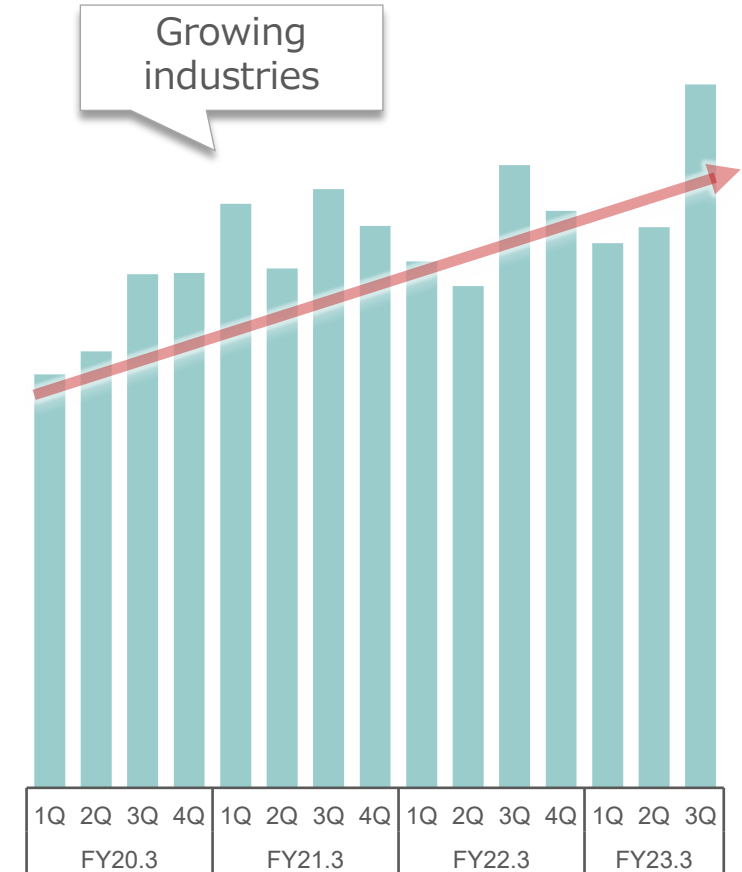
## General retail



## Home Appliances and Furniture Interiors



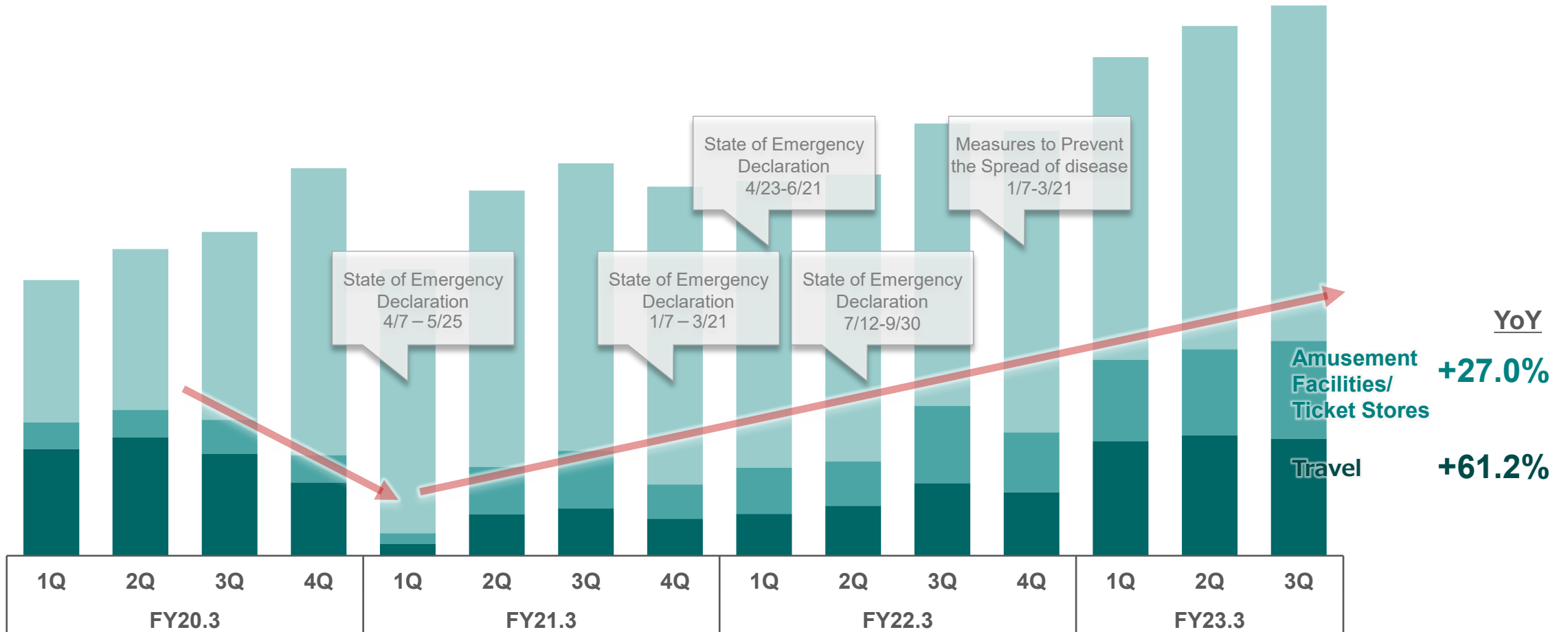
## Fashion





- Service-related settlement transaction volume grew recently due to the recovery from COVID in travel and entertainment facilities.
- Travel-related business is expected to see further recovery in existing clients due to the easing of travel restrictions and the start of nationwide travel support.

**Settlement Transaction Volume in Services**





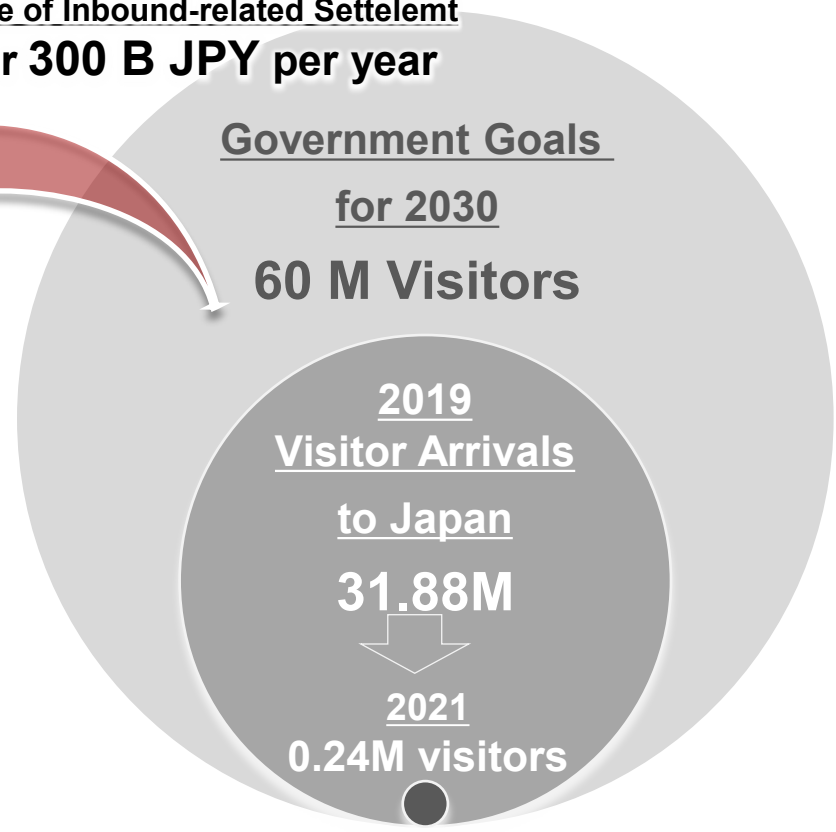
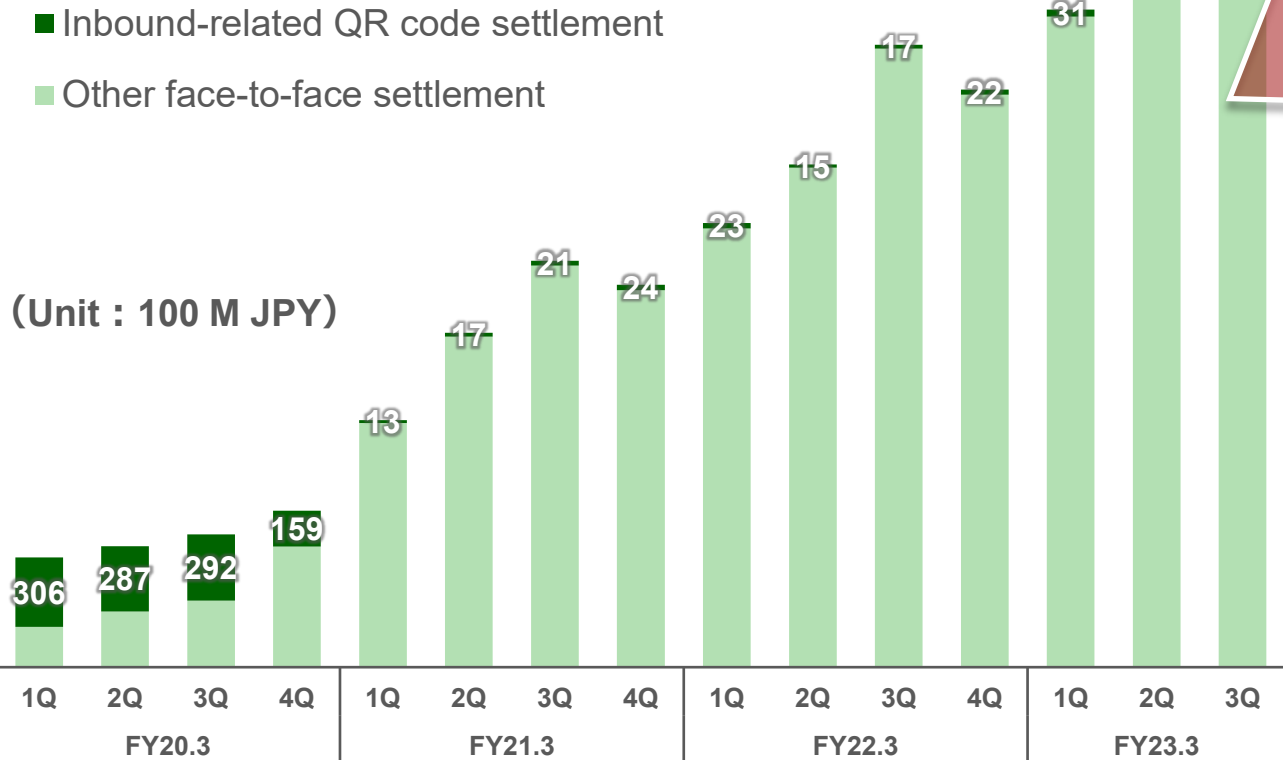
- Inbound-related settlements, which had highly contributed to business performance, remained low compared to pre-COVID level.
- Large potential for future recovery and expansion following the re-increase of the number of visitor arrivals to Japan.

**Face-to-Face Settlement Transaction Volume**

**Number of Visitor Arrivals to Japan**

Our inbound-related settlements have a larger potential for recovery than pre-COVID

FT's Potential Transacion Volume of Inbound-related Settelemnt Over 300 B JPY per year

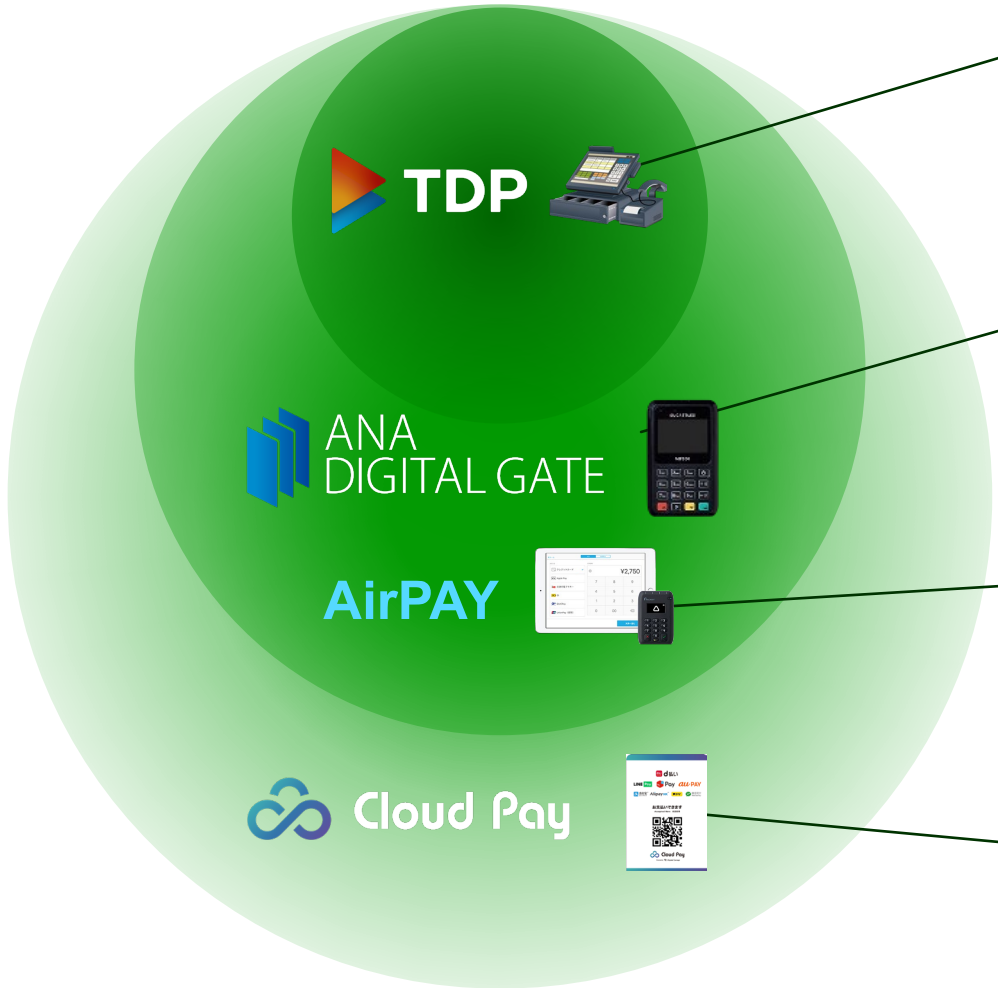


Source) "Visitor Arrivals to Japan", Japan National Tourism Organization



**Collaborate with the alliance companies to develop products to match needs of various types of merchants.**

**Face-to-Face Settlement Market**



**Toshiba Tec Corporation** × **Digital Garage**

Accelerate the provision of multi-payment solution/systems for large-scale stores with Toshiba Tec, the domestic top share company providing POS systems and our capital alliance partner. Established JV (TD Payment) to propel the business

**ANA** × **Digital Garage**

Provide multi-payment solutions/systems together through JV with ANA Group. Mainly continue to capture consumption of shops and restaurants in airports, travel industry and tourists to Japan

**Recruit** × **Digital Garage**

Provide a QR code payment solution for AirPAY operated by Recruit Co., Ltd.

**Digital Garage** × **14 big players of QR payments**

Operate DG product of Cloud Pay. Introducing to small-scale stores as an MPM-type payment which is a consortium-type multi-QR solutions that integrate various QR code payments into one QR code

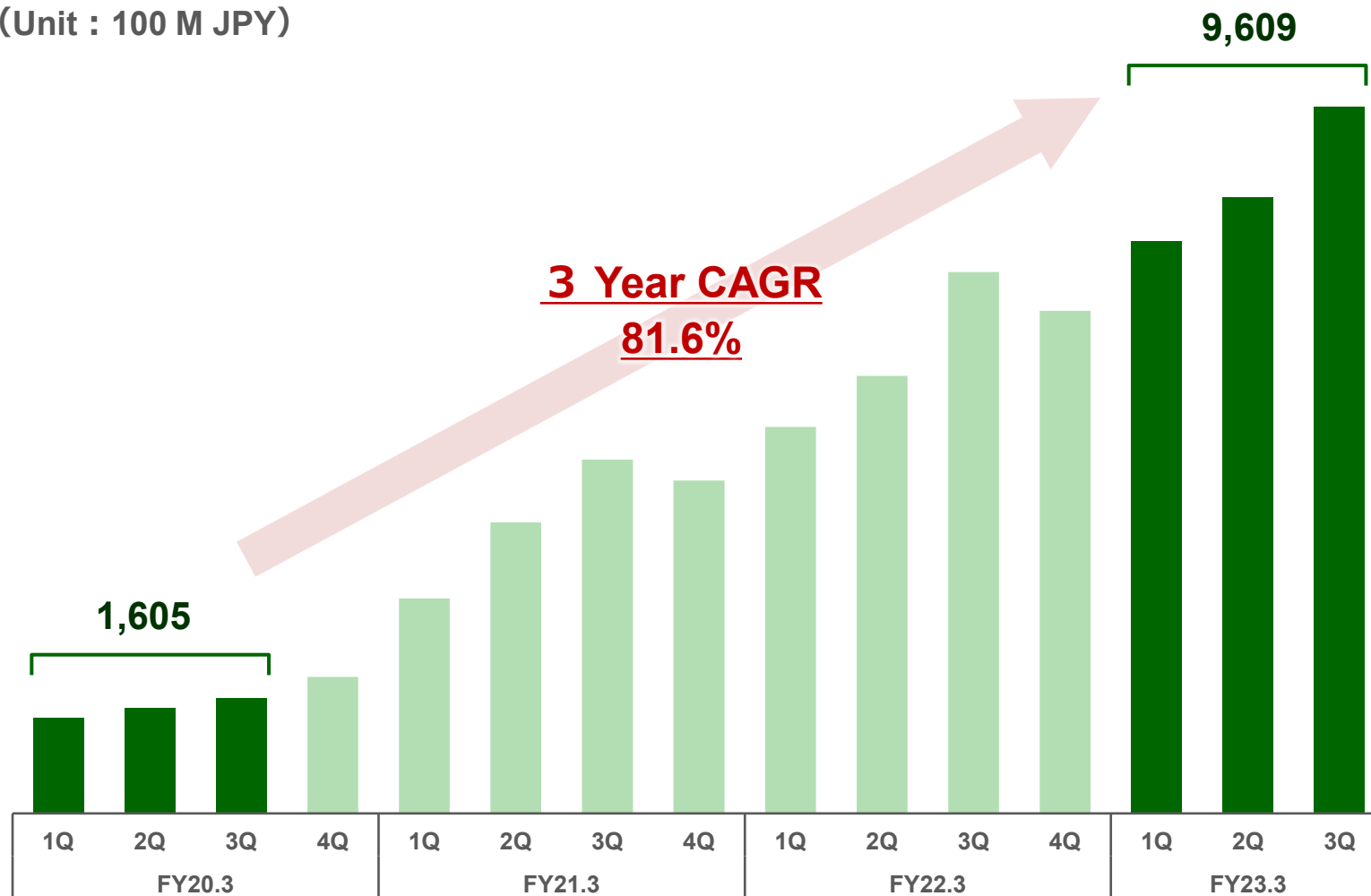
※MPM (Merchant Presented Mode): Method in which consumers scan QR codes displayed at stores with their smartphones to make payments



**Alliance strategy in a face-to-face settlement worked successfully, continuing high growth in settlement transaction volume in each area.**

**Face-to-Face Settlement Transaction Volume**

(Unit : 100 M JPY)



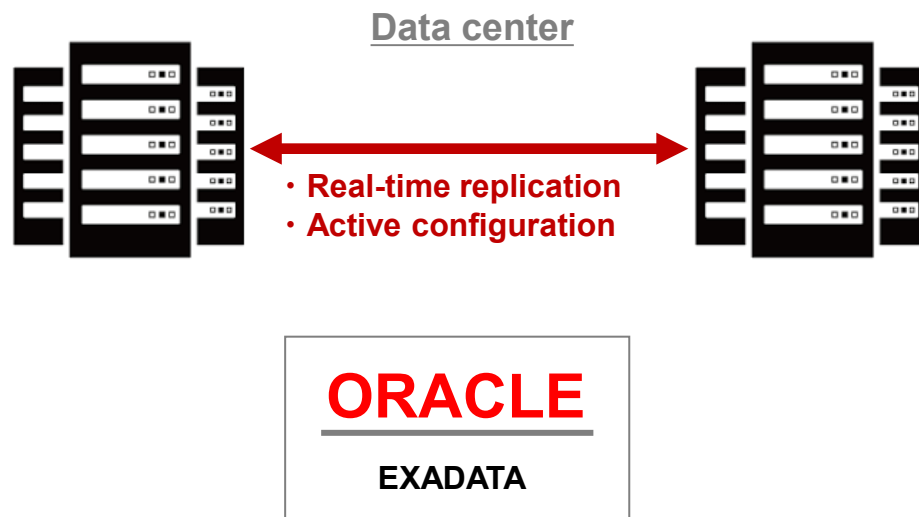
Size of Merchants	YoY (3Q Cum.)
Large	+36.4%
Small to Mid	+50.5%
Small	+17.4%



- As a government-designated critical infrastructure operator, thoroughly investing in stable operation and security 24 hours a day, 365 days a year.
- Strengthen system to minimize downtime risk due to unforeseen failures, etc.

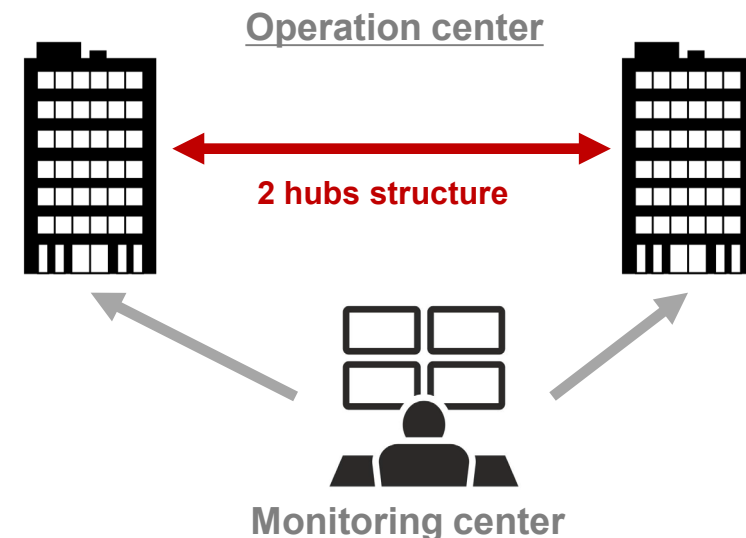
### Strengthen systems

- Japan's first introduction of state-of-the-art technology used in highly public areas such as finance and transportation as a regular payment system
- Non-disruptive system operation with two-way real-time replication/redundant database in active configuration



### Expanding operation center

- Expanding hubs to respond to the increase and complexity of operations in anticipation of future growth in payment transaction volume
- Thoroughly improve the reliability of the disaster recovery system
- Minimize manned response 24 hours a day, 365 days a year by introducing technologies such as RPA (Robotic Process Automation)

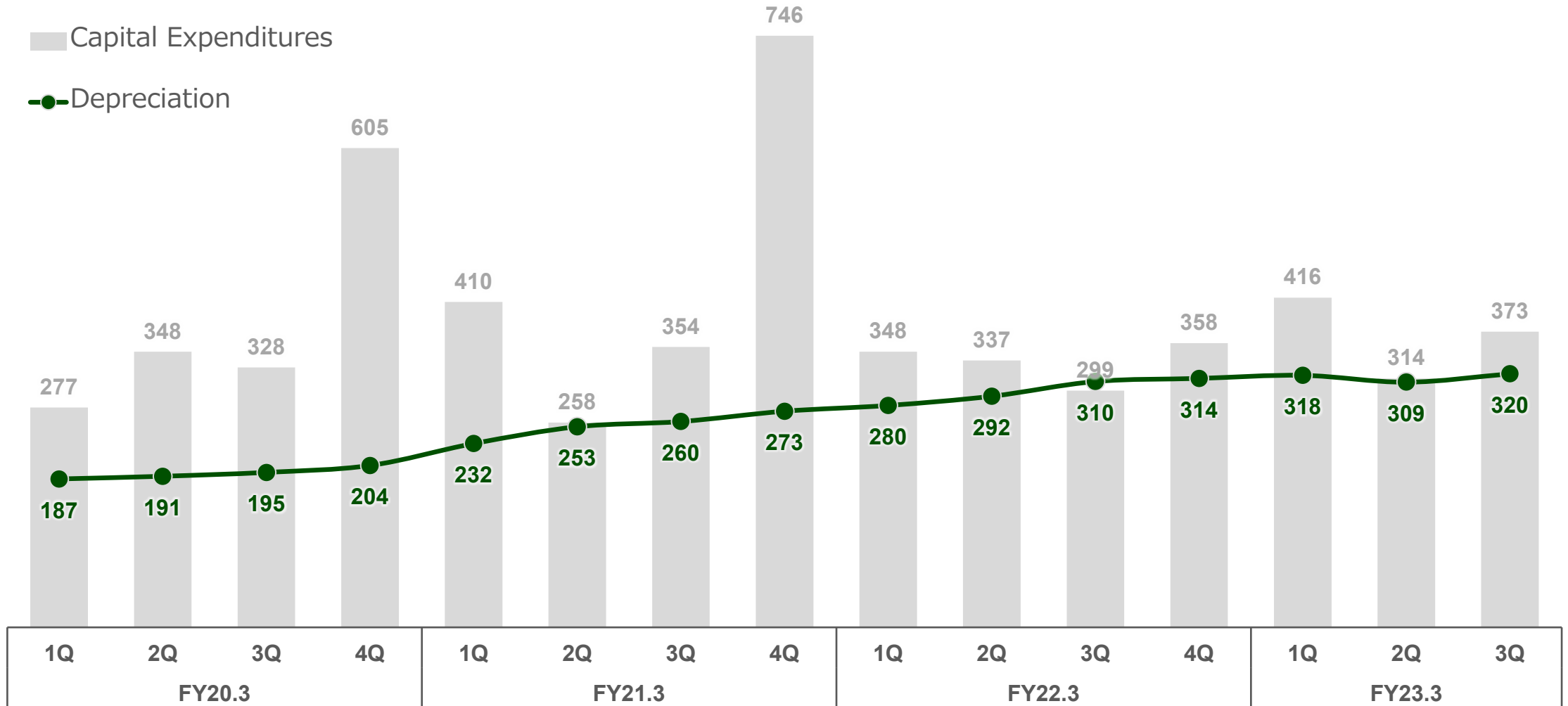






- Continues to invest in systems to ensure stable 24/365 operation and improve robustness of security.
- Depreciation is expected to normalize around year 2025 with efficiency gains from system integration.

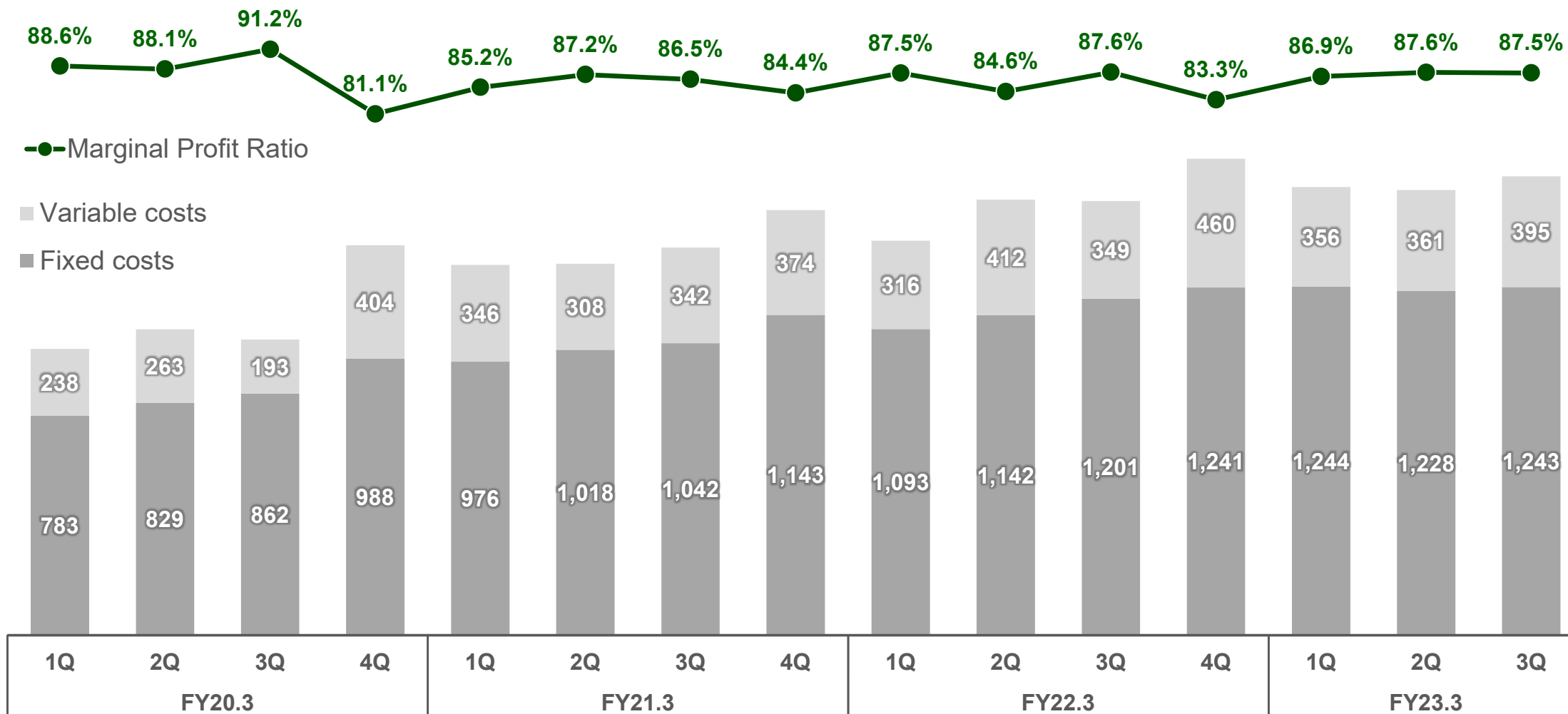
(Unit : M JPY)





- Fixed costs are on an increase trend due to system-related depreciation and operational redundancy.
- Marginal profit is expected to remain at a current level.

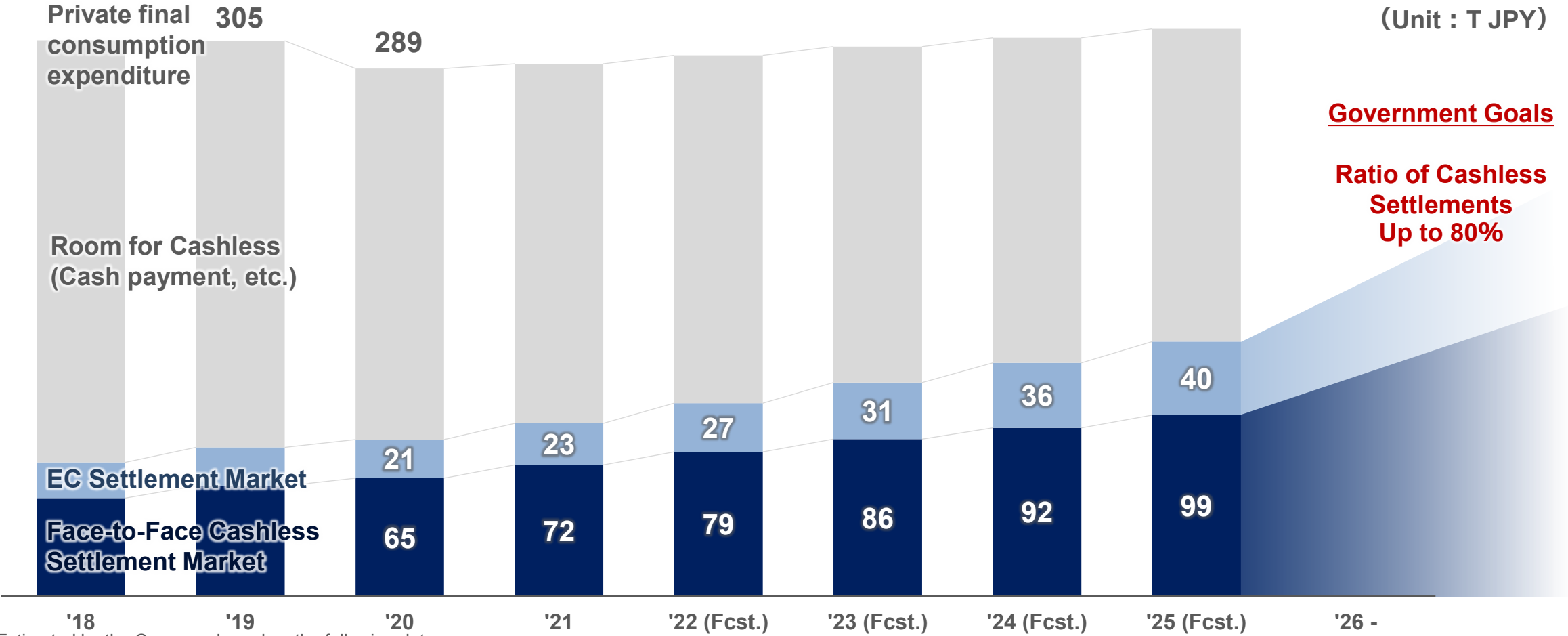
(Unit : M JPY)





Cashless settlement market is expected to continue to grow at a high rate for both non-face-to-face and face-to-face settlements.

**Continue to promote cashless in this market, expand merchant network assets, and drive Fintech business**



Estimated by the Company based on the following data

“System of National Accounts for 2021”, Cabinet Office / “Domestic Cashless Settlement Market 2022”, Yano Research Institute / “Cashless Roadmap 2022”, Ministry of Economy, Trade and Industry / “Results of FY2021 E-Commerce Market Survey Compiled”, Ministry of Economy, Trade and Industry / “Current Status and Outlook of the Internet Settlement Services Market in EC, FY2022 Edition”, Deloitte Tohmatsu MIC Research Institute



Performance

	FY22.3 3Q Cum.	FY23.3 3Q Cum.	YoY Inc./Dec.	YoY % Chg.
Segment Revenue	9,401 M JPY	8,728 M JPY	-673 M JPY	-7.2%
Segment Profit before tax	588 M JPY	728 M JPY	+139 M JPY	+23.7%

Note) Revenue is external revenue. Profit before tax is before intersegment eliminations.

Major Group Companies /  
Businesses

▶ **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) Ticker : 7069

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



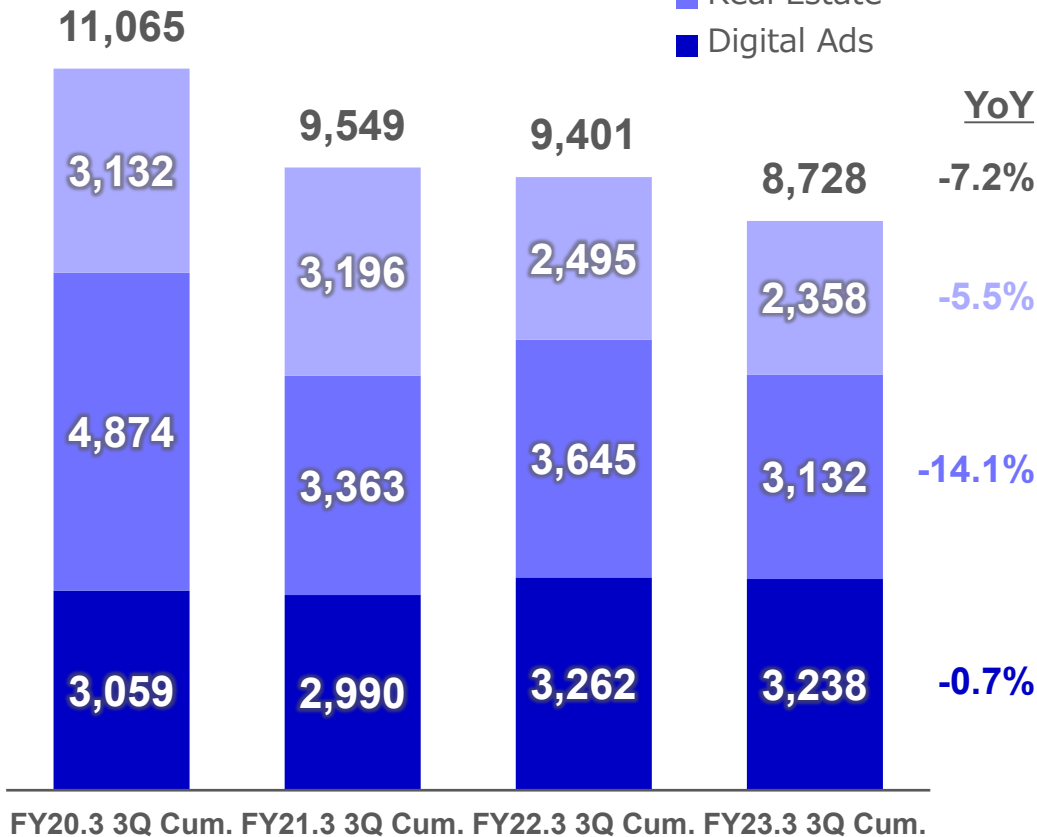


- Although revenue decreased due to reduction of less profitable projects, profit before tax turned to plus in 3Q cumulative YoY.
- The digital advertising business in the financial sector performed solidly, where we have a high market share, and profit increased steadily.

### Segment Revenue

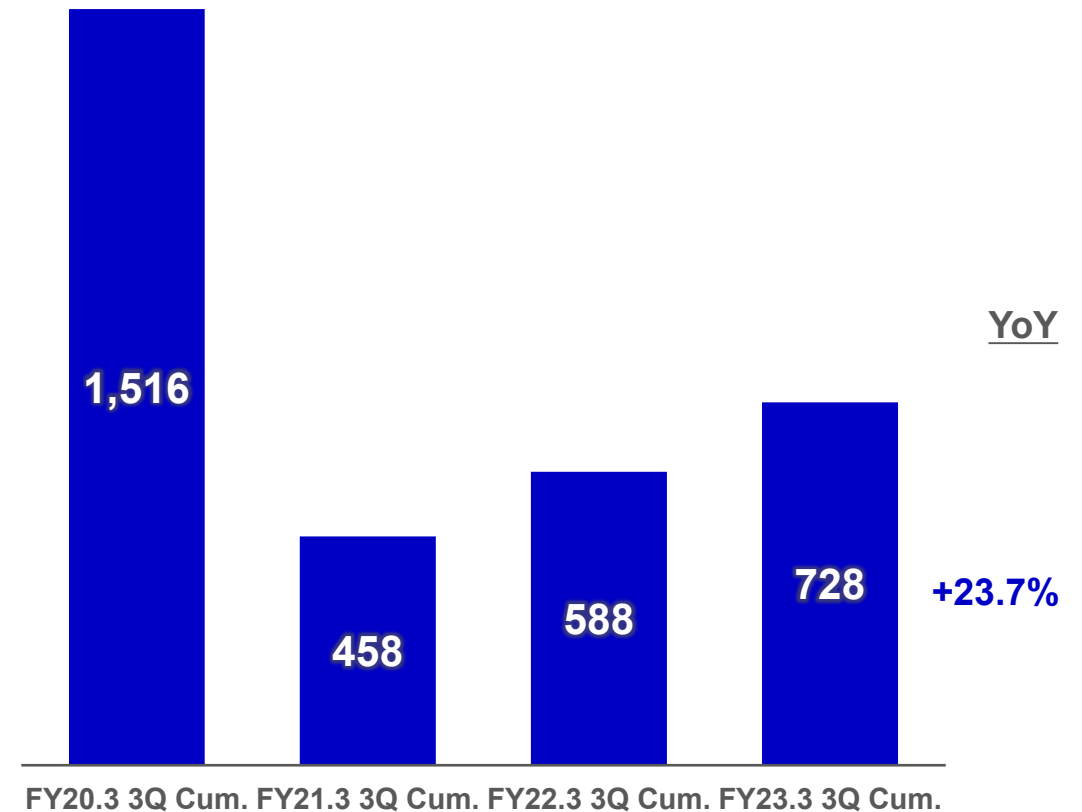
(Unit : M JPY)

- CRM, etc.
- Real Estate
- Digital Ads



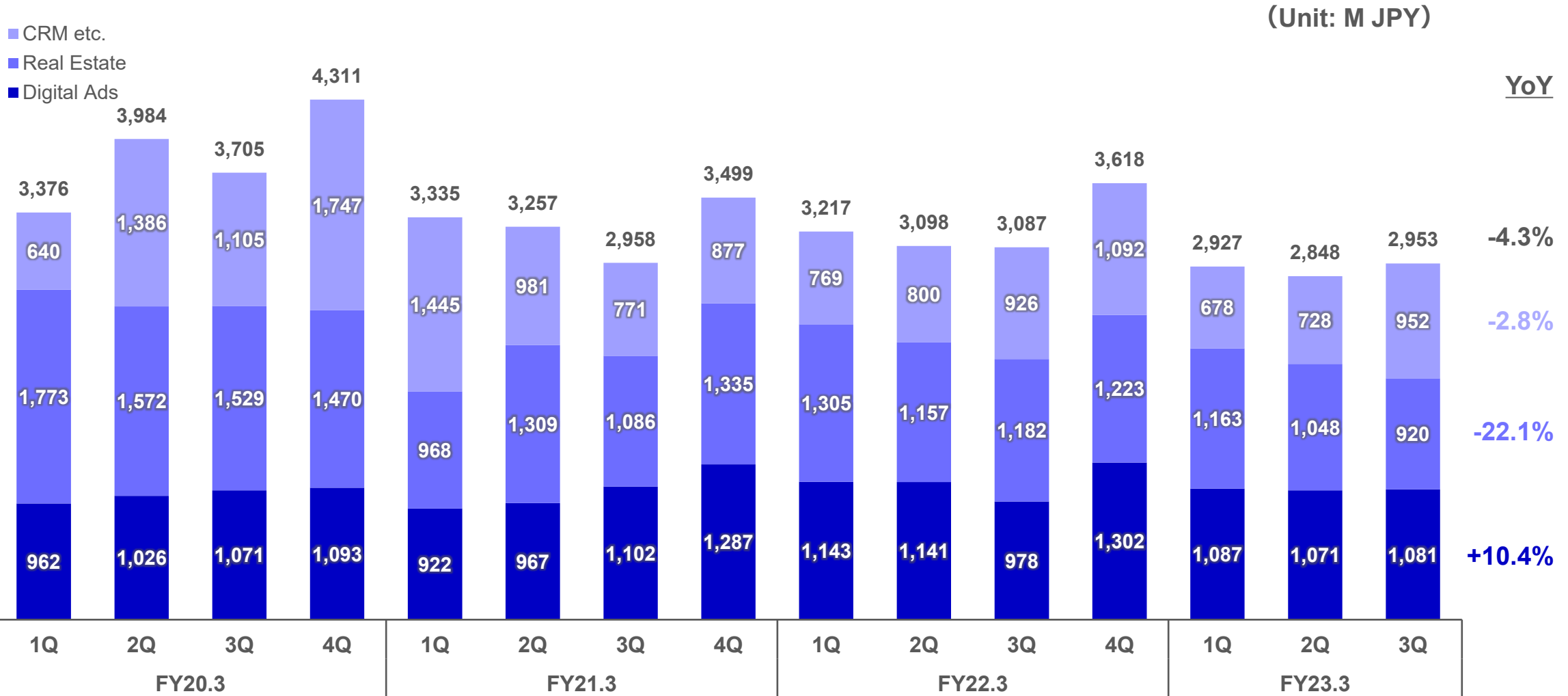
### Segment Profit before tax

(Unit : M JPY)





- Digital advertising, the mainstay of the company's business, performed well and is on track for the full year.
- Real estate advertising business remained sluggish, affected by market conditions due to COVID.



YoY

-4.3%

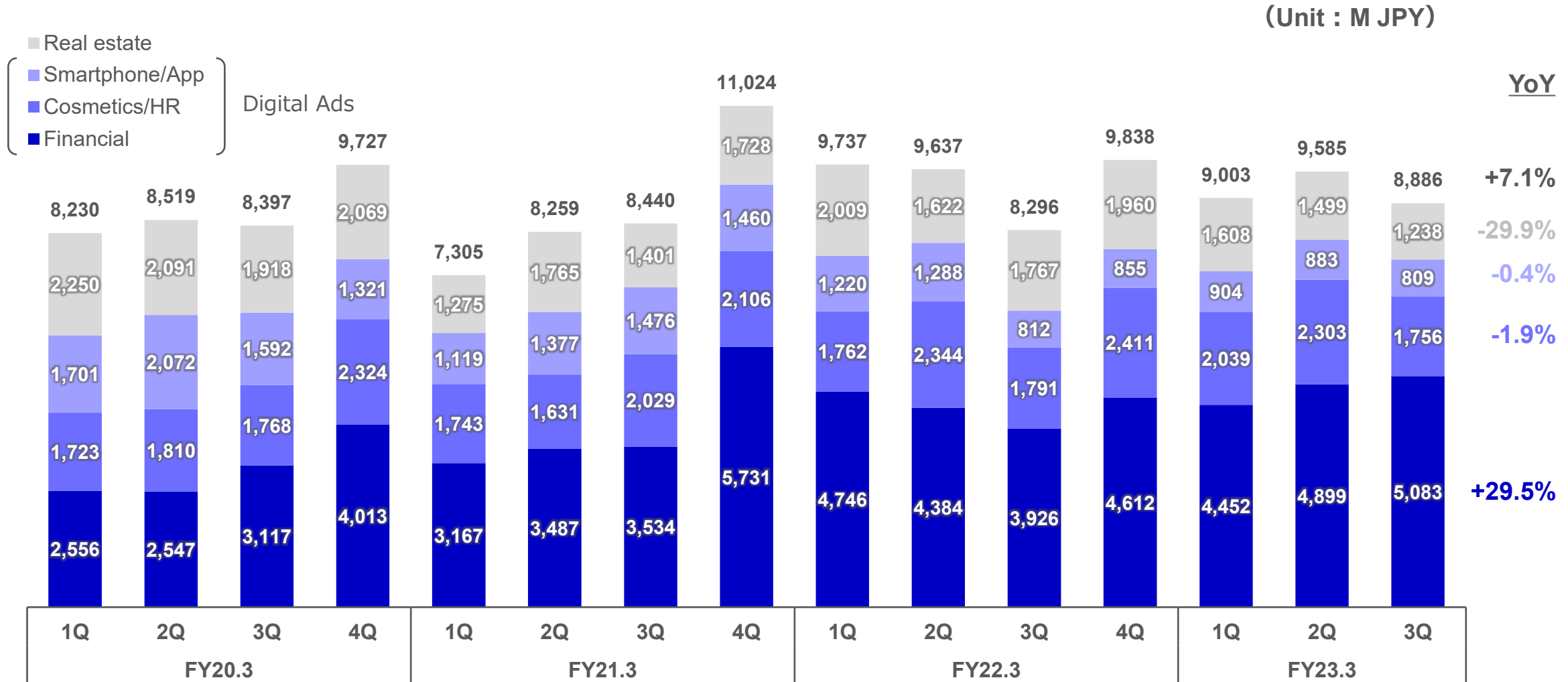
-2.8%

-22.1%

+10.4%



- Digital ads are recovering from the budgetary austerity of companies placing ads in COVID disaster.
- Expanding business in the financial sector, where MT has a high market share.





## Performance

	FY22.3 3Q Cum.	FY23.3 3Q Cum.	YoY Inc./Dec.	YoY % Chg.
Operational Investment Securities	66,699 M JPY	72,193 M JPY	+5,494 M JPY	-
Amount Sold	3,741 M JPY	2,185 M JPY	-1,556 M JPY	-
Amount Invested	5,805 M JPY	2,255 M JPY	-3,550 M JPY	-

Major Group Companies /  
Businesses

▶ **DG Ventures Inc.**

Invests in and incubates cutting-edge internet startups



▶ **Open Network Lab** (Program)

Seed Accelerator Program



▶ **DG Incubation, Inc.**

Supports startups that challenge the world through incubation and fund management



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

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



▶ **Digital Garage US, Inc.**

The US-based global strategy headquarters



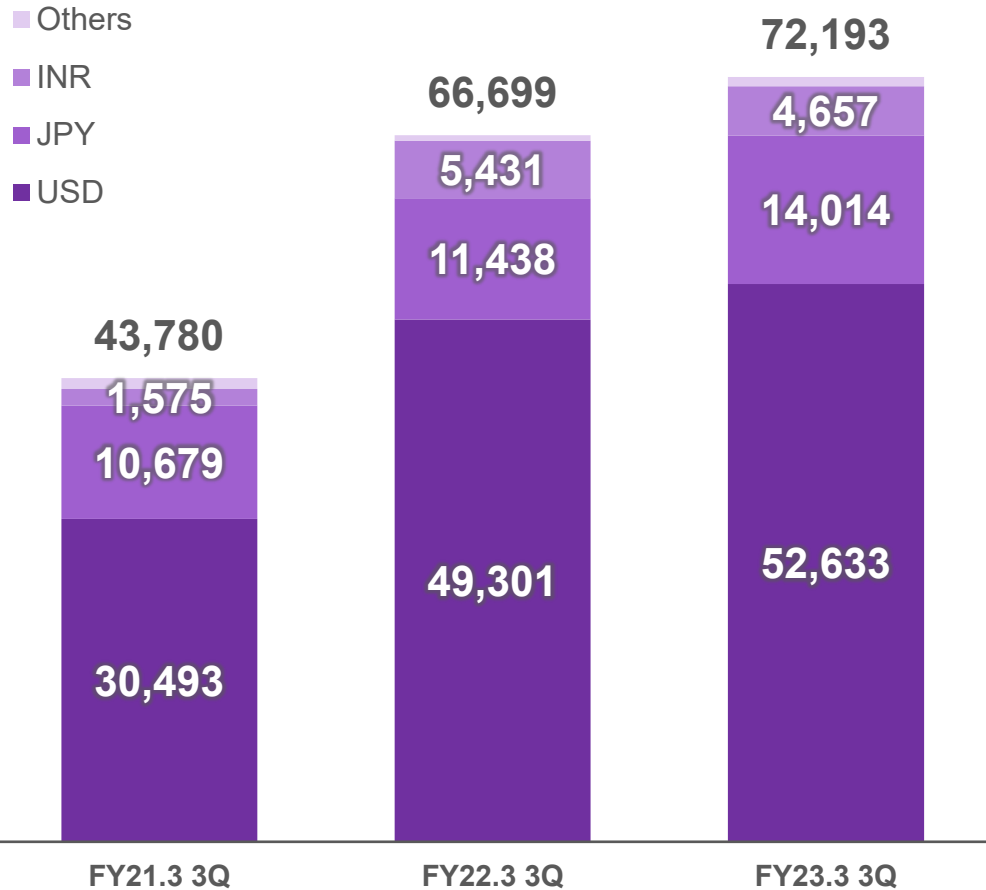




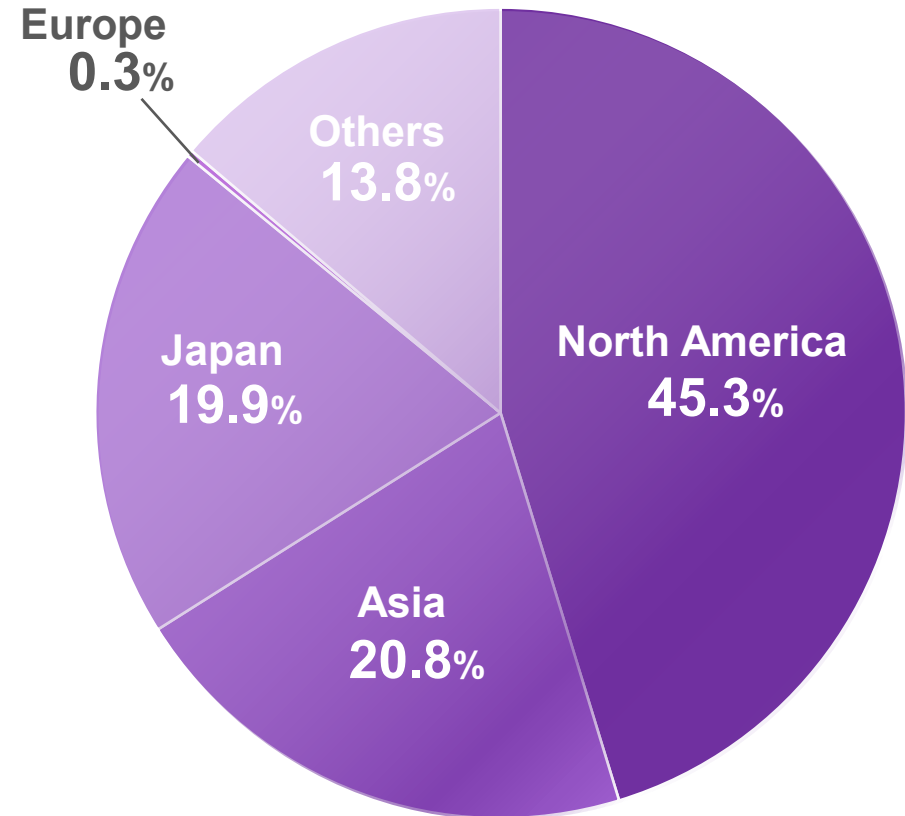
- Despite the write-down of Blockstream's fair value in 2Q, portfolio was stable.
- The fair value at the end of December was 72.2 B JPY. (-5.8 B JPY vs the end of FY22.3)

Balance of Operational investment securities by Currency

(Unit : JPY)



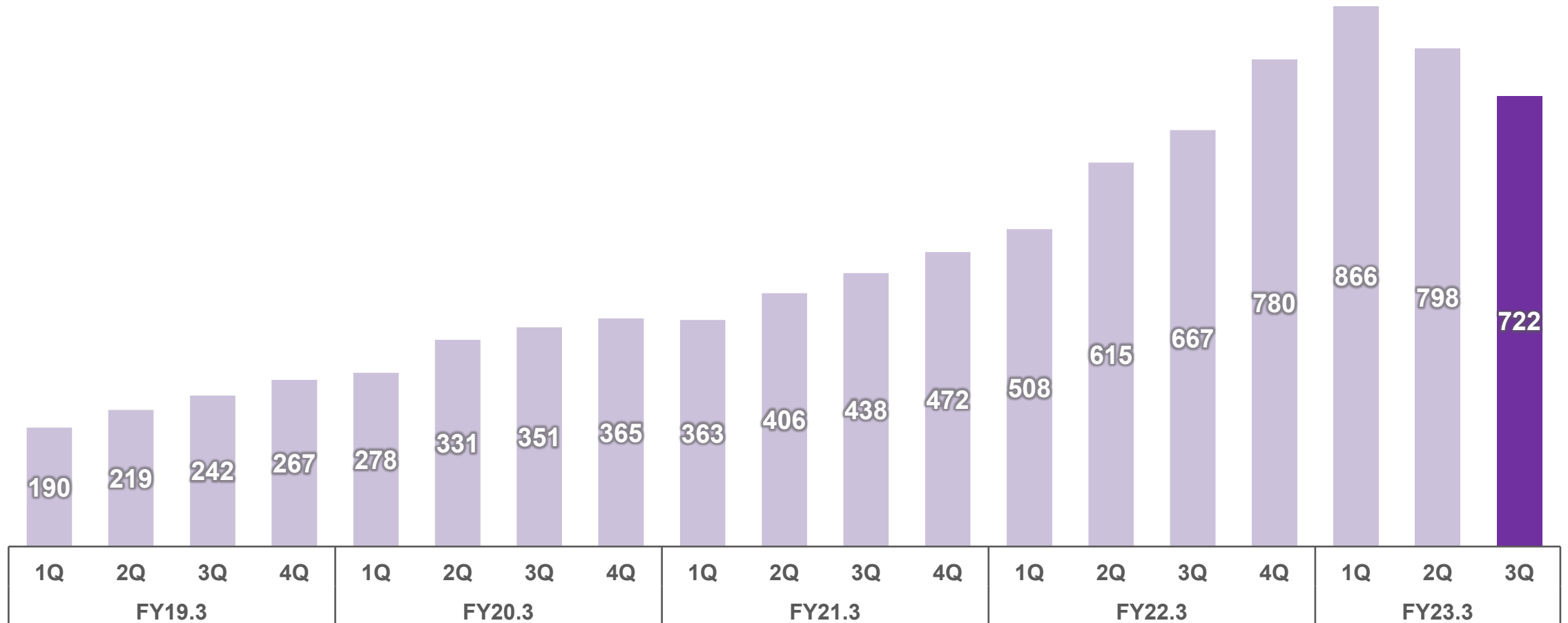
Portfolio by Region





- Built a global portfolio focusing on the U.S., Asia, and Japan. Achieved sustainable growth in fair value through diversification of investments in each growth stage.
- Mainly due to strong yen in 3Q, the fair value decreased compared to the end of the previous quarter.

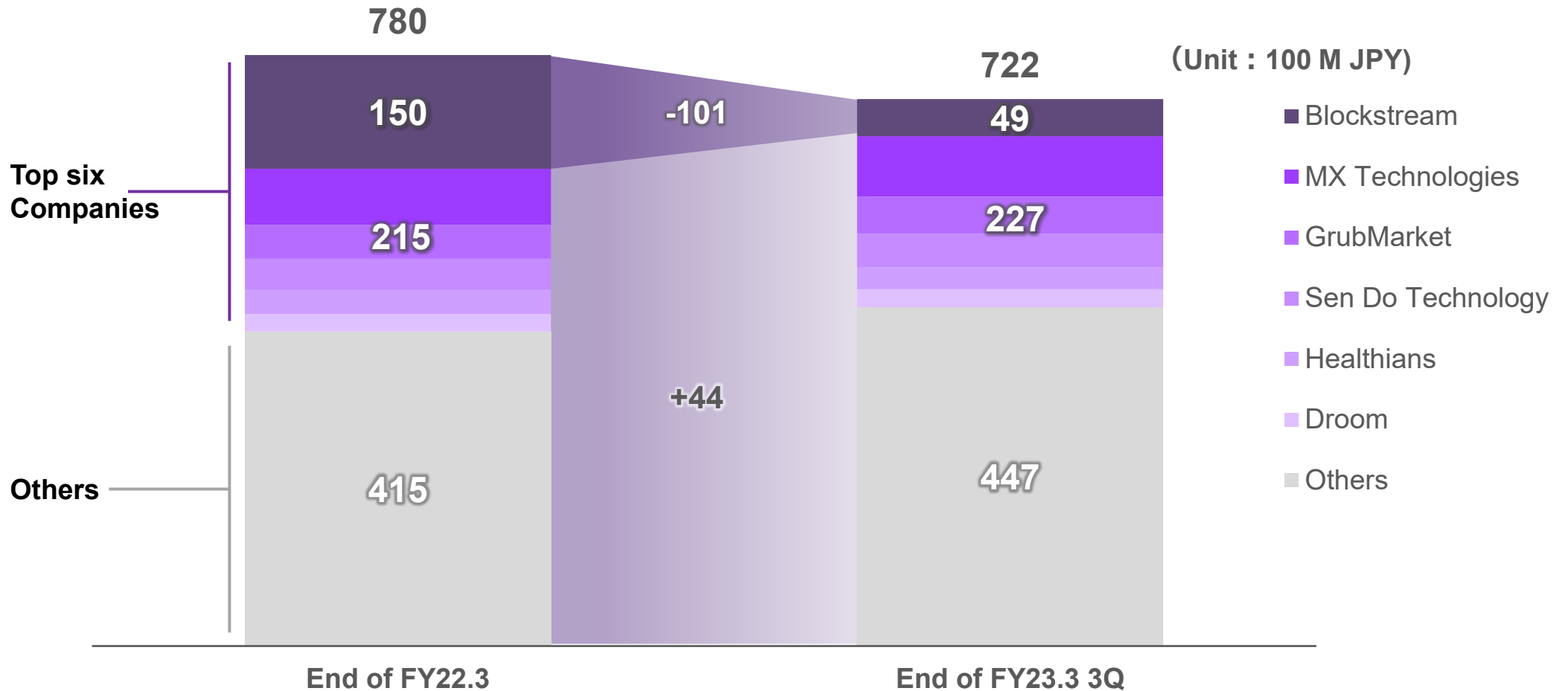
(Unit: 100M JPY)





- Mainly due to the write-down of Blockstream’s fair value in 2Q, the fair value decreased by 7% compared to the end of FY22.3.
- Risks are diversified as the fair value of the top six companies in the overall portfolio decreased.

**Trends in Fair value of IT Segment investees**





• Fintech/DX promising portfolio companies in the With Corona era grew in Asia, Japan, North America, and other areas. Steady progress was made in fundraising, listing, and exit of investees.



## DG Group's Fintech business collaboration projects

### Asia

**Droom**  
[India]



Operates Droom, India's largest automotive buying and selling online marketplace

**NoBroker Technologies Solutions**  
[India]



Operates India's peer-to-peer property marketplace. Users can rent/buy houses online without brokers

**Expedient Healthcare Marketing**  
[India]



Operates medical web service "Healthians.com," which offers online booking for health checkups at clinics, related information from doctors/experts, etc.

**Ralali**



[Indonesia]

Operates BtoB marketplace for office appliances, etc.

**GoTo Group**



[Indonesia]

Indonesian technology company formed in a merger between ride-hailing giant Gojek and e-commerce platform Tokopedia

### Japan

**AGE technologies**  
[Japan]



A member of the 18<sup>th</sup> Open Network Lab Seed Accelerator Program. Provides "Souzoku.com," a service that completes various procedures occurring at the time of inheritance on the Internet.

**THIRD**  
[Japan]



Provides cost reduction consulting services for construction, machinery, and electrical work, and AI-based real estate management platform "Kanri Roid"

**Pocket Change**  
[Japan]



Provides "pocket change" service for collection, redemption, and exchange of foreign coins, linked to electronic money and point services

**GOYOH**  
[Japan]



Develops and operates IT services for real estate, commercial and residential properties in Japan and abroad. Develops EaSyGo, a real estate tech service that increases real estate value through stakeholder ESG behavior change

### North America · Europe

**MX Technologies**  
[US]



Offers a PFM (personal financial management) tool for financial institutions in the US

**Helium**  
[US]



Operates IoT business through smart sensor devices that can be provided at low cost

**Blockstream**  
[US]



Develops Sidechain, a technology for using Blockchain, Bitcoin's core technology, in various applications

**Pie Systems**  
[Denmark]



Develops mobile app that automatizes refund workflow for international VAT (Value-Added Tax) and bypasses airport kiosk



Performance

	FY22.3 3Q Cum.	FY23.3 3Q Cum.	YoY Inc./Dec.	YoY % Chg.
Segment Revenue	3,434 M JPY	6,575 M JPY	+3,142 M JPY	+91.5%
Segment Profit before tax	1,891 M JPY	4,837 M JPY	+2,946 M JPY	+155.8%

Note) Revenue is external revenue. Profit before tax is before intersegment eliminations.

► **Kakaku.com, Inc.** (20% stake/equity method) Ticker : 2371

Operates purchase support service Kakaku.com, restaurant review and restaurant service Tabelog, and New Media and Solutions

► **Crypto Garage, Inc.**

Promotes development of advanced financial services utilizing blockchain technology and cryptography technology with Tokyo Tanshi Co., Ltd., and Nomura Holdings, Inc.

► **Brainscan Technologies, Inc.**

MRI business for drivers

► **Musubell business**

Develops and provides "Musubell," a system to promote DX of contracting and other operations in the real estate industry

► **Academie Du Vin Co., Ltd.**

Runs wine school and wine sales business and develops EC business

► **Welby Inc.** (19% stake/equity method) Ticker : 4438

Develops medical record business, disease solution business, and medical data research business

Major Group Companies /  
Businesses

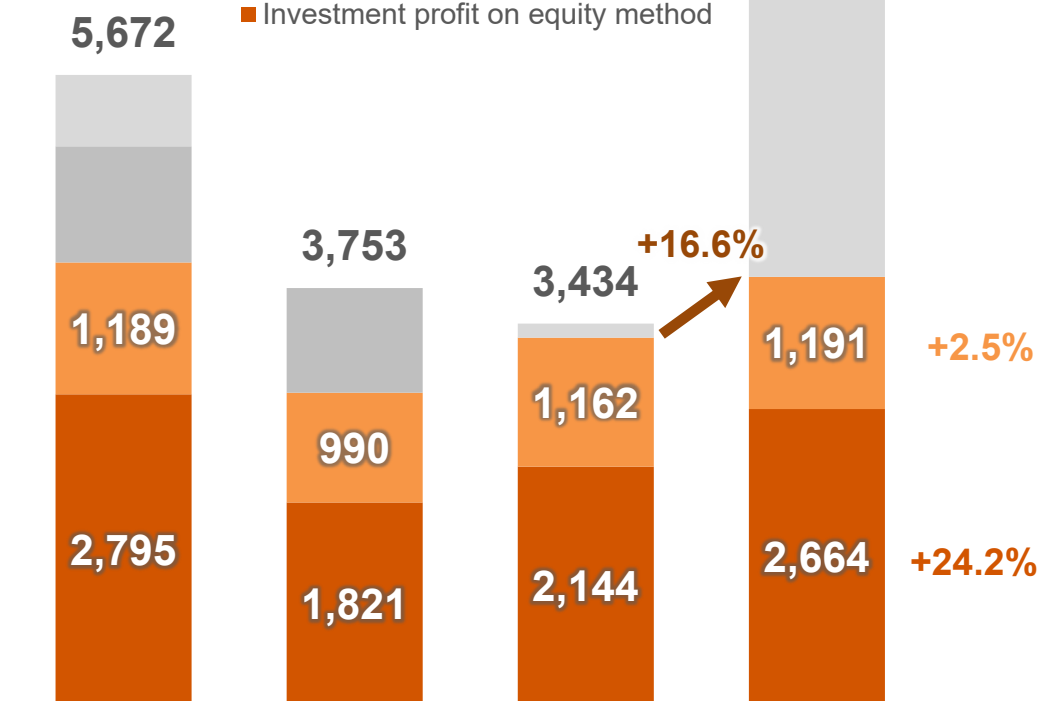


- Due to recovery of restaurant industry caused by normalization of economic and social activities, performance mainly in Kakaku.com's Tabelog business grew steadily.
- As profit from the sales of shares of associates was recorded, profit before tax grew by 2.5 times YoY.

**Segment Revenue**

(Unit : M JPY)

- One-time revenue
- Discontinued operation (NCS※)
- Other
- Investment profit on equity method



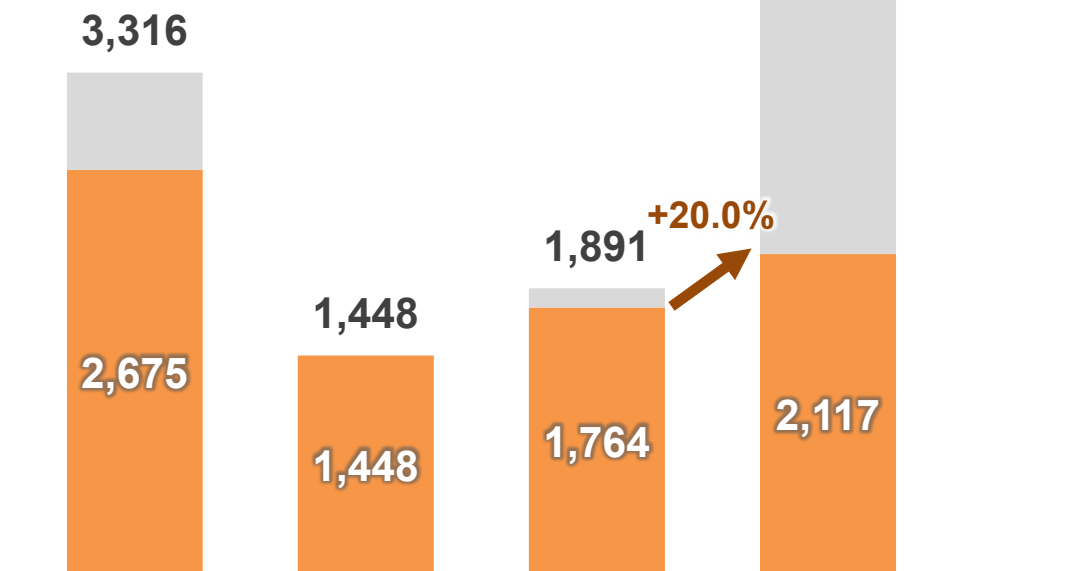
FY20.3 3Q Cum. FY21.3 3Q Cum. FY22.3 3Q Cum. FY23.3 3Q Cum.

※Transferred all operations of New Context Services, Inc. in FY21.3.

**Segment Profit before tax**

(Unit : M JPY)

- One-time revenue
- Profit before tax excluding one-time revenue

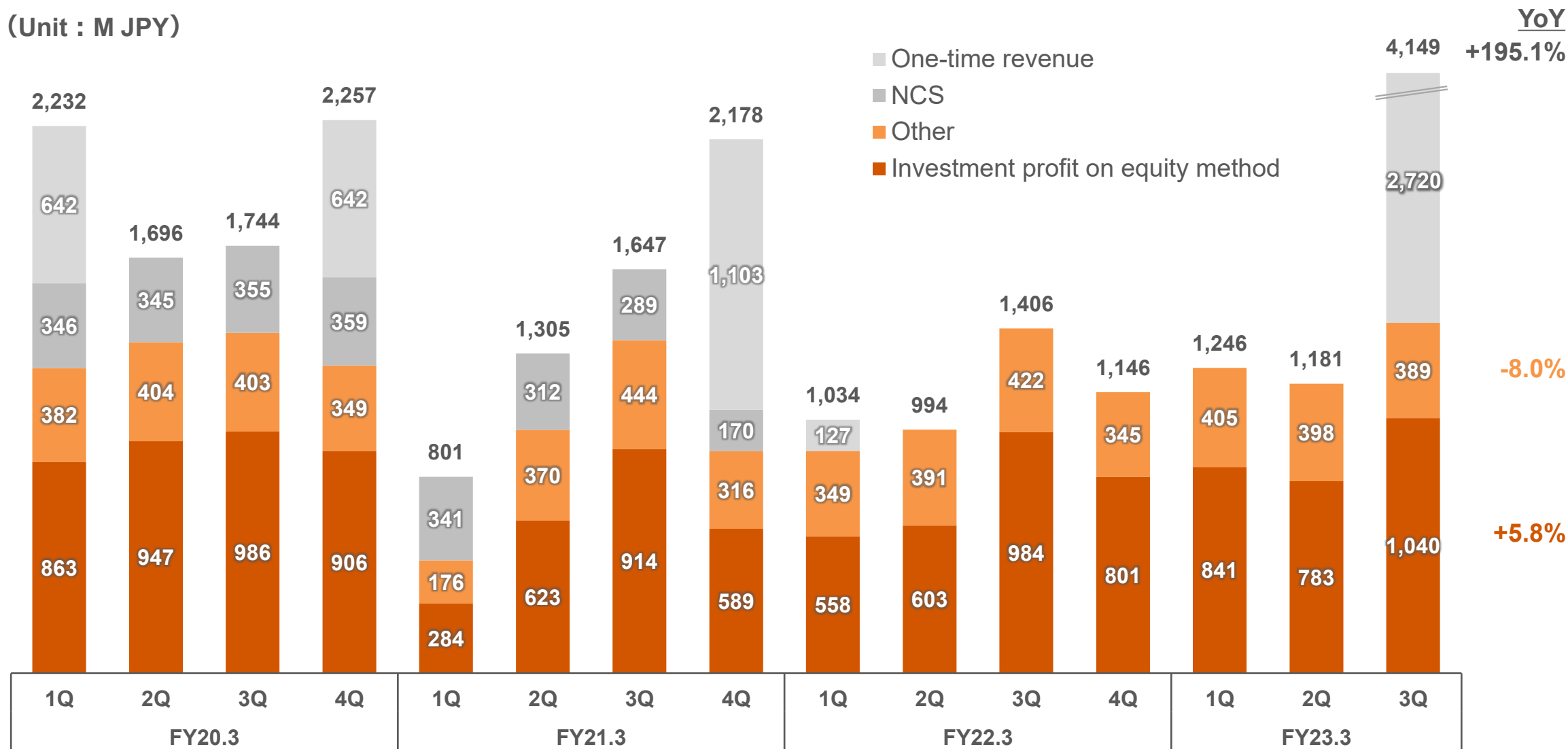


FY20.3 3Q Cum. FY21.3 3Q Cum. FY22.3 3Q Cum. FY23.3 3Q Cum.



• Although the activity restrictions of the Corona disaster mainly affected investment profit on equity method from Kakaku.com, core revenue, excluding one-time factors and discontinued operations, has stabilized under the current circumstances.

(Unit : M JPY)



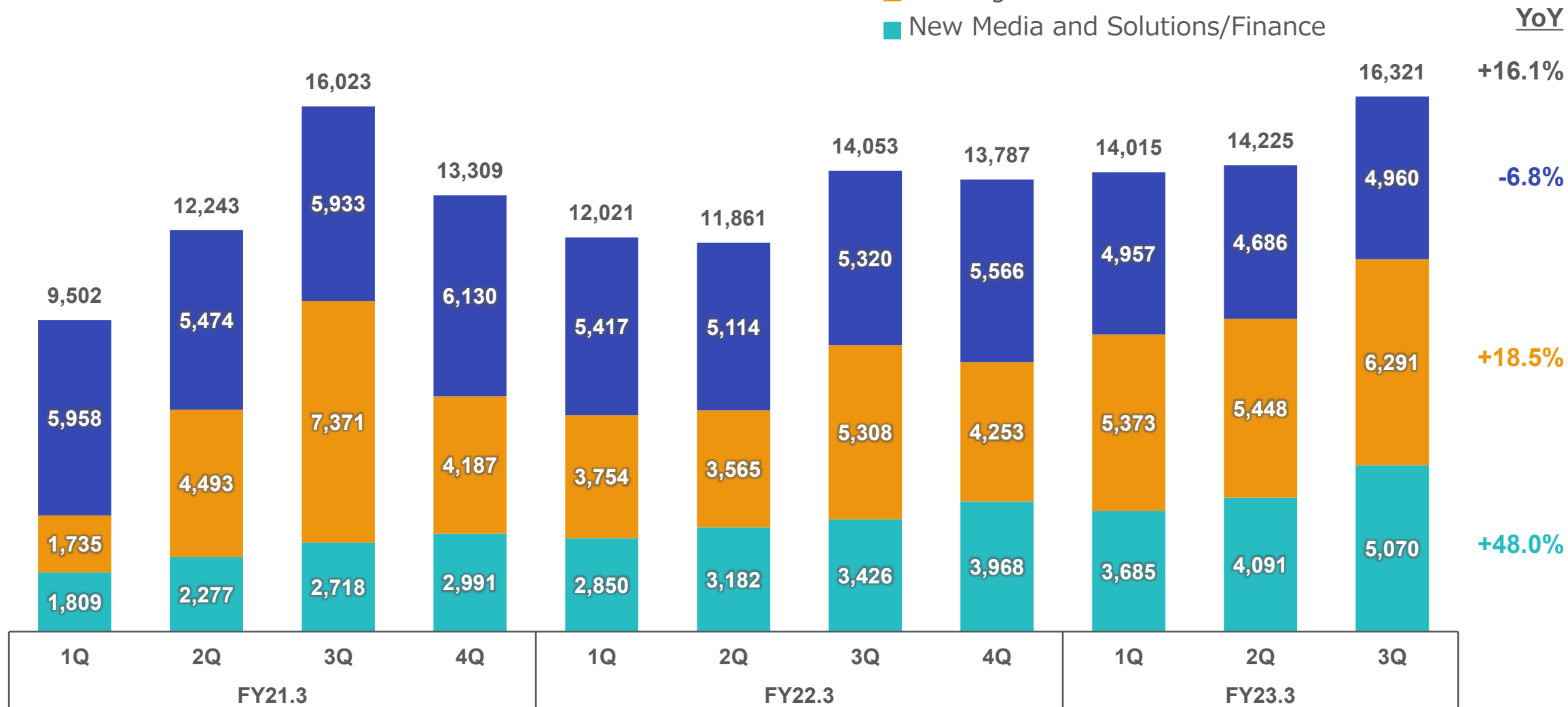


Source) "Results Briefing for the Third Quarter of the Fiscal Year ending March 31, 2023", Kakaku.com, Inc.

## Kakaku.com, Inc. Quarterly Revenue by Business

(Unit : M JPY)

- Kakaku.com
- Tabelog
- New Media and Solutions/Finance





# Financial Information





JPY in Millions	FY21.3				FY22.3				FY23.3			YoY (3Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Increase/Decrease	% Change
<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>20,067</b>	<b>17,734</b>	<b>-3,170</b>	<b>7,769</b>	<b>-5,010</b>	<b>-39.2%</b>
Revenue in recurring business	6,148	6,301	6,138	6,357	6,004	6,068	6,226	6,532	6,002	6,144	6,362	+137	+2.2%
Revenue in operational investment securities	302	4,968	2,226	3,535	3,893	9,834	4,378	10,163	7,534	-7,301	-233	-4,611	-105.3%
Other income	193	207	214	1,335	326	223	202	202	159	176	2,955	+2,753	+1362.0%
Finance income	1	0	17	40	18	11,382	513	1,247	2,131	-1,090	-650	-1,163	-226.8%
Share of profit of investments accounted for using equity method	300	843	853	499	600	1,758	1,461	1,923	1,907	-1,099	-665	-2,126	-145.5%
<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>8,352</b>	<b>6,530</b>	<b>14,676</b>	<b>12,986</b>	<b>+6,460</b>	<b>+99.0%</b>
Cost of sales	2,764	2,829	2,459	2,645	2,531	2,617	2,662	2,703	2,622	2,495	2,421	-241	-9.1%
Loss on operational investment securities	0	0	0	0	0	0	0	0	0	0	6,009	+6,009	-
Selling, general and administrative expenses	3,453	3,588	3,400	4,095	3,304	3,831	3,696	3,988	3,758	4,112	3,992	+296	+8.0%
Other expenses	69	109	69	370	72	117	99	1,594	80	87	96	-3	-2.9%
Finance costs	252	163	195	-299	62	151	69	68	70	7,982	468	+399	+580.7%
<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>11,715</b>	<b>11,204</b>	<b>-17,846</b>	<b>-5,216</b>	<b>-11,470</b>	<b>-183.4%</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>7,529</b>	<b>7,467</b>	<b>-11,818</b>	<b>-3,611</b>	<b>-7,916</b>	<b>-183.9%</b>



JPY in Millions	FY21.3				FY22.3				FY23.3			YoY (3Q)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	Increase/Decrease	% Change
<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>20,067</b>	<b>17,734</b>	<b>-3,170</b>	<b>7,769</b>	<b>-5,010</b>	<b>-39.2%</b>
Financial Technology	2,340	2,409	2,525	2,392	2,516	2,675	2,814	2,757	2,721	2,898	3,155	+342	+12.1%
Marketing Technology	3,335	3,257	2,958	3,499	3,217	3,098	3,087	3,618	2,927	2,848	2,953	-133	-4.3%
Incubation Technology	389	5,269	2,225	3,599	4,015	12,214	5,008	11,549	8,937	-8,949	-2,226	-7,234	-144.4%
Long-term Incubation	801	1,305	1,646	2,179	1,034	994	1,406	1,146	1,246	1,181	4,149	+2,743	+195.1%
Others/Adjustments and Eliminations	79	81	94	97	61	10,286	465	996	1,903	-1,147	-263	-728	-156.6%
<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>11,715</b>	<b>11,204</b>	<b>-17,846</b>	<b>-5,216</b>	<b>-11,470</b>	<b>-183.4%</b>
Financial Technology	1,018	1,083	1,141	875	1,108	1,120	1,264	1,057	1,121	1,309	1,517	+254	+20.1%
Marketing Technology	178	78	202	276	248	183	158	435	101	272	355	+197	+125.2%
Incubation Technology	72	4,916	1,861	3,415	3,636	11,886	4,593	11,100	8,480	-9,443	-8,780	-13,373	-291.1%
Long-term Incubation	120	485	843	1,205	574	504	813	-639	684	609	3,545	+2,732	+336.0%
Others/Adjustments and Eliminations	-983	-931	-724	-815	-692	8,858	-575	-237	818	-10,593	-1,854	-1,279	-



JPY in Millions	End of FY22.3	End of FY22.12	Increase/Decrease	Reason for change / Remarks
<b>Current assets</b>	<b>147,642</b>	<b>163,035</b>	<b>+15,393</b>	
Cash and cash equivalents	43,415	68,906	+25,491	
Trade and other receivables	24,462	19,762	-4,700	FT business-related items
Operational investment securities	77,950	72,193	-5,756	Change in fair value of investee companies
<b>Non-current assets</b>	<b>83,965</b>	<b>71,323</b>	<b>-12,642</b>	
Property, plant and equipment	18,423	17,178	-1,244	
Intangible assets	4,194	4,477	+284	
Investments accounted for using equity method	27,808	26,098	-1,711	
Other financial assets	23,317	13,102	-10,215	Decrease in fair value of investee companies
<b>Total assets</b>	<b>231,607</b>	<b>234,358</b>	<b>+2,751</b>	
<b>Current liabilities</b>	<b>59,242</b>	<b>109,517</b>	<b>+50,276</b>	
Bonds and borrowings	9,223	41,258	+32,035	Transfer CB to short-term borrowings
Trade and other payables	43,900	62,503	+18,603	
<b>Non-current liabilities</b>	<b>75,149</b>	<b>41,622</b>	<b>-33,526</b>	
Bonds and borrowings	40,710	14,654	-26,055	Transfer CB from long-term to short-term borrowings
Other financial liabilities	10,683	9,528	-1,155	
Deferred tax liabilities	22,001	15,687	-6,314	
<b>Total liabilities</b>	<b>134,390</b>	<b>151,140</b>	<b>+16,749</b>	
<b>Total equity attributable to owners of parent</b>	<b>95,738</b>	<b>81,149</b>	<b>-14,589</b>	
Share capital	7,692	7,825	+133	
Capital surplus	6,147	6,230	+83	
Treasury shares	-1,409	-6,177	-4,767	
Other components of equity	2,273	1,448	-825	
Retained earnings	81,035	71,823	-9,213	
<b>Non-controlling interests</b>	<b>1,479</b>	<b>2,070</b>	<b>+591</b>	
<b>Total equity</b>	<b>97,217</b>	<b>83,219</b>	<b>-13,998</b>	



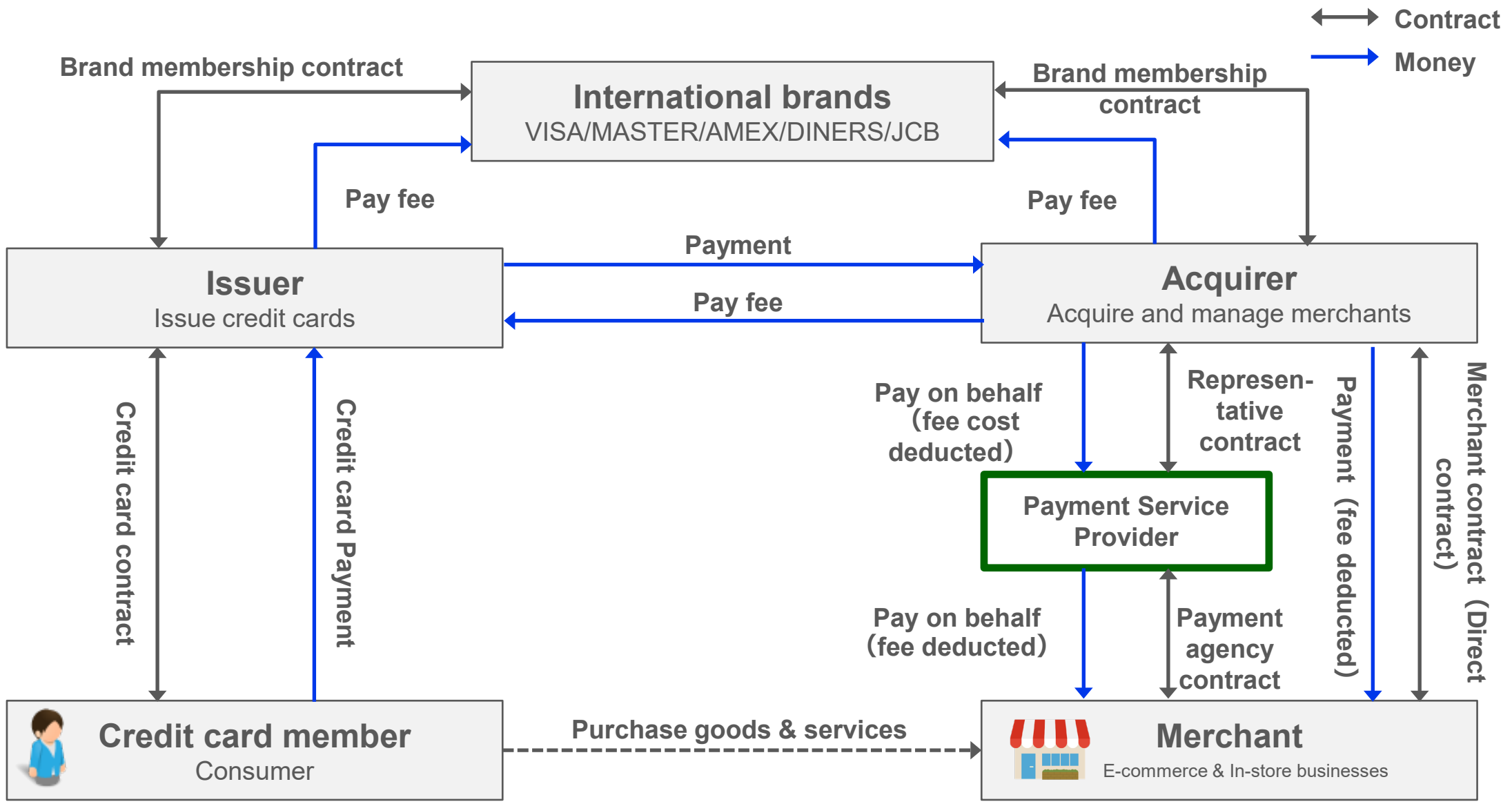
**Starting this fiscal year, the information previously disclosed in the “Supplementary Explanatory Material” section will be posted as a datasheet at the Company's website.**

**URL: <https://www.garage.co.jp/en/ir/library/>**

**We continue to enhance information disclosure to provide information that contributes to investment decisions by our shareholders and investors.**

# Supplementary Materials

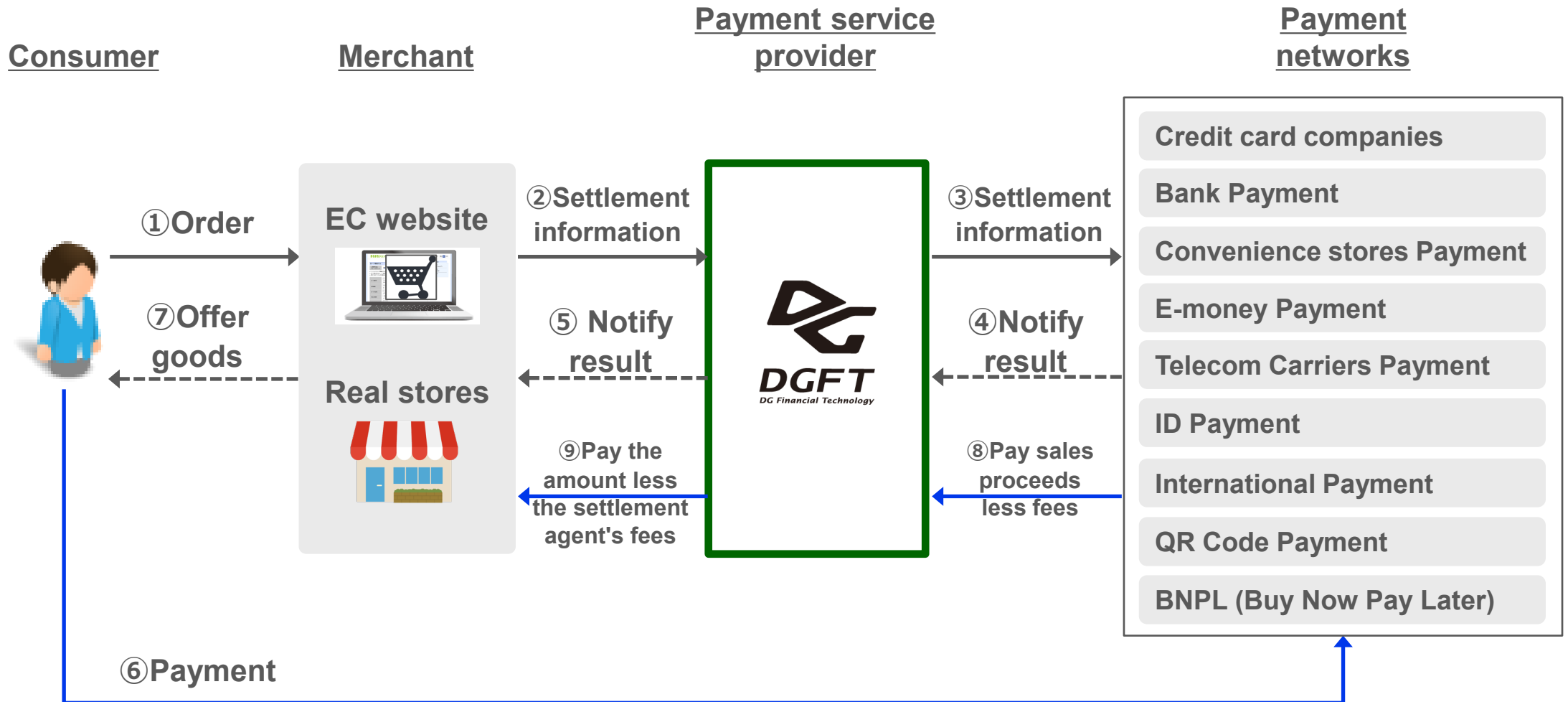






A service that acts as an intermediary between e-commerce site operators and face-to-face merchants and payment service providers such as credit card companies and convenience stores, enabling the introduction of a number of payment methods, including credit card payments, through a single contract and system.

Electronic message  
 Money



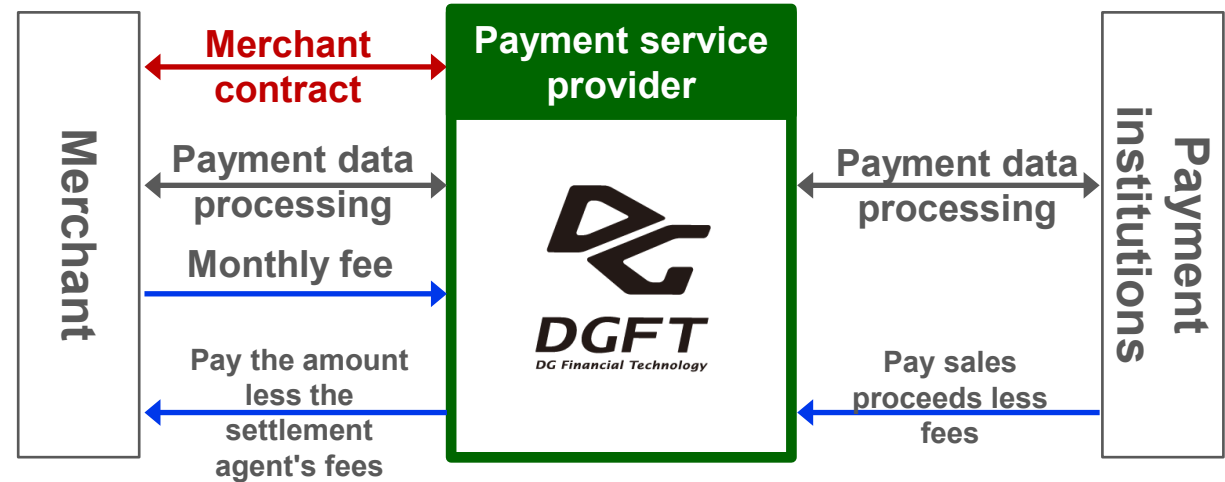




### Storage agency type (Representative contract)

Acting as an all-in-one agent for contracting procedures with various settlement institutions and payment of sales amounts

- We handle all contracting procedures with payment providers such as credit card companies and financial institutions
- Monthly sales proceeds are deposited to the merchant in a lump-sum payment from our company
- Single point of contact for payment
- Streamline operations such as payment management and confirmation

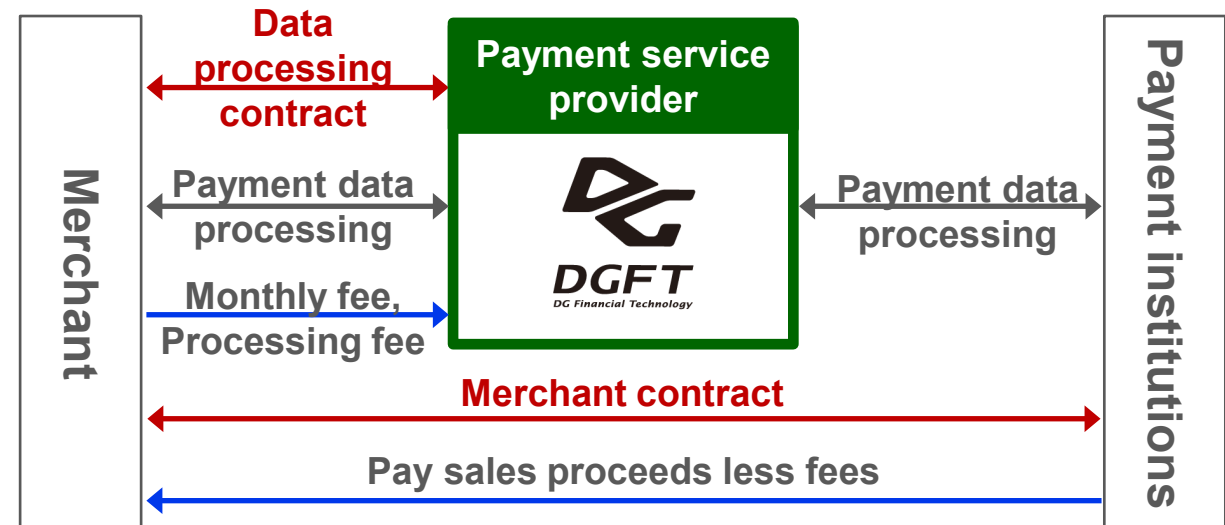


### Payment data processing type (Direct contract)

Based on the merchant agreements with credit card companies signed by the merchants, credit card payment processing is automated through the introduction of a payment system provided by PSP

- Provide payment systems and automate card payment processing
- Merchants sign contracts directly with credit card companies
- Provide the necessary software and transaction management tools
- Also provide support for software installation

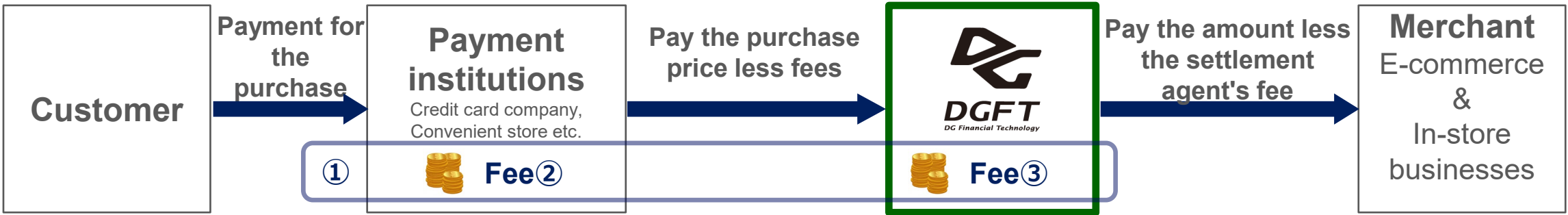
→ Electronic message  
→ Money





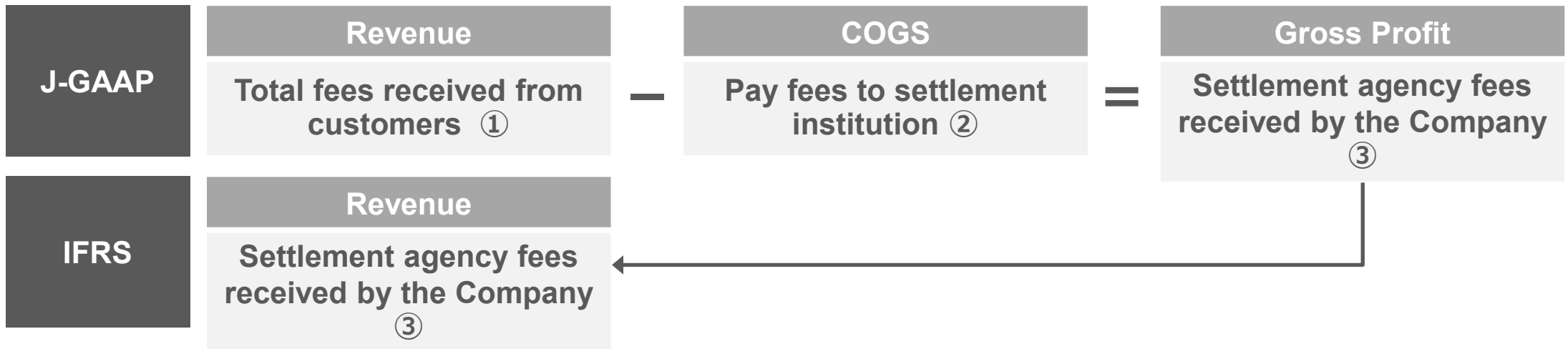
**■ Cash flow**

The settlement agent business (The Company) credits the payment made by purchasers received through credit card companies, convenience stores, etc. to the merchant stores of e-commerce businesses and storefront businesses that are its customers.



**■ Posting of revenue**

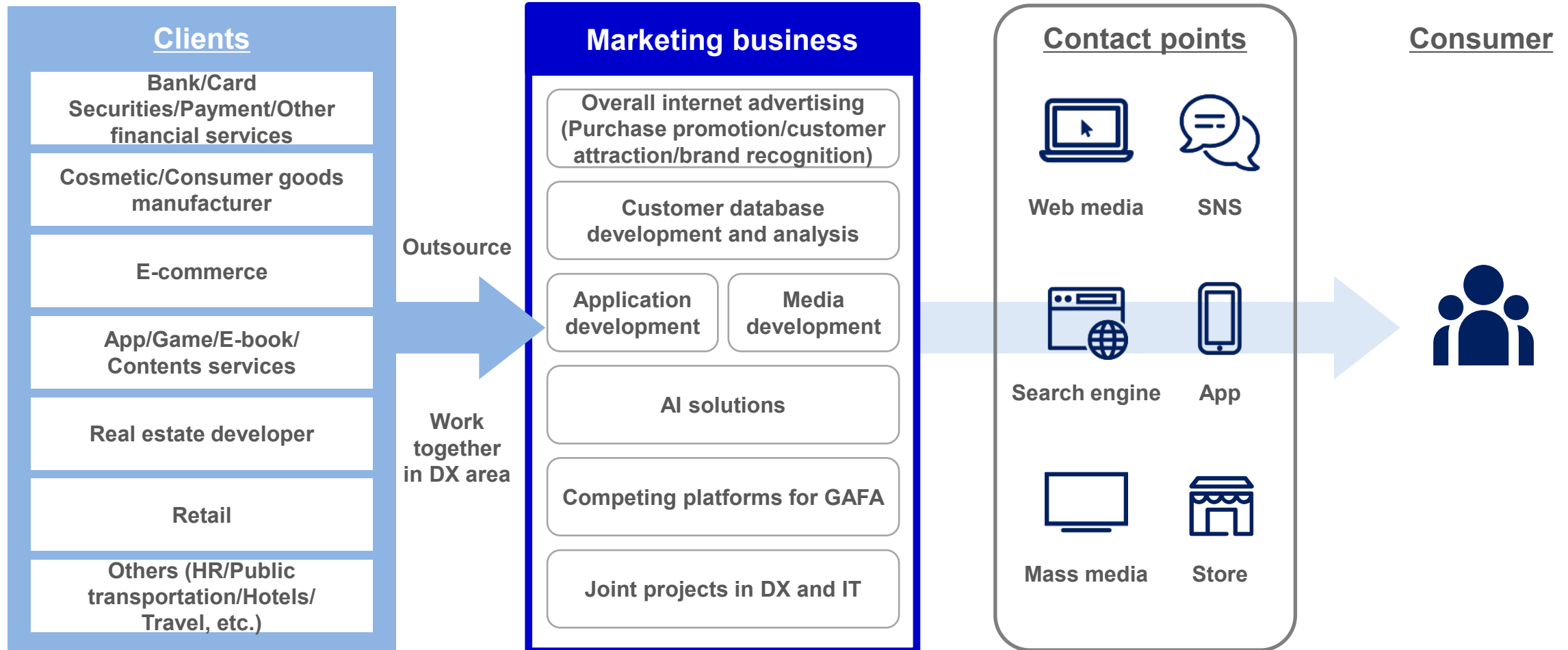
Under IFRS, fees received by the Company are directly recognized as revenue.





- Supporting client business growth through a comprehensive digital marketing service
- Providing solutions utilizing CRM and data, and Fintech solutions which connect with the payment business

Promoting interest and purchase intent in all touchpoints with consumers

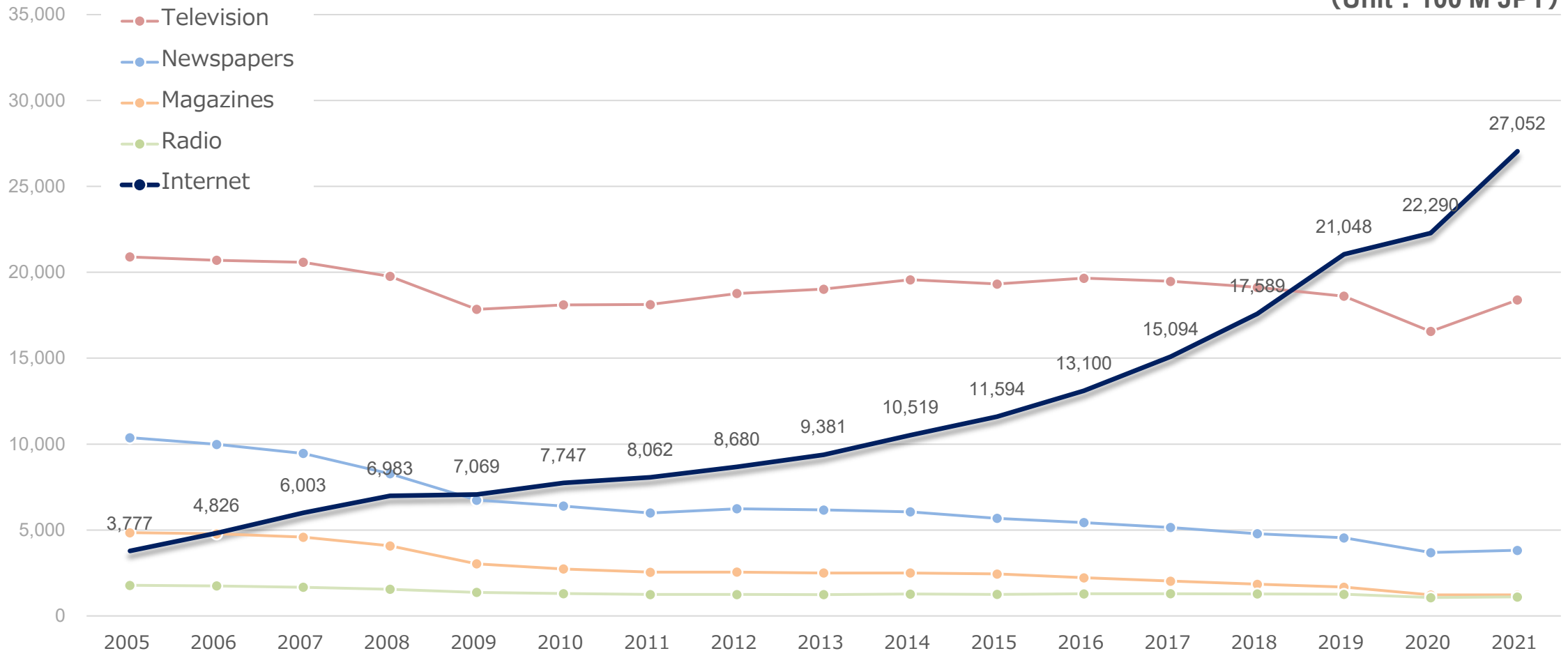




- Internet advertising expenditures surpassed four Traditional media advertising expenditures for the first time, driving the recovery of Japan's overall advertising market
- The Internet advertising market is expected to continue to expand in the future.

Trends in Four Traditional media and Internet advertising expenditures

(Unit : 100 M JPY)

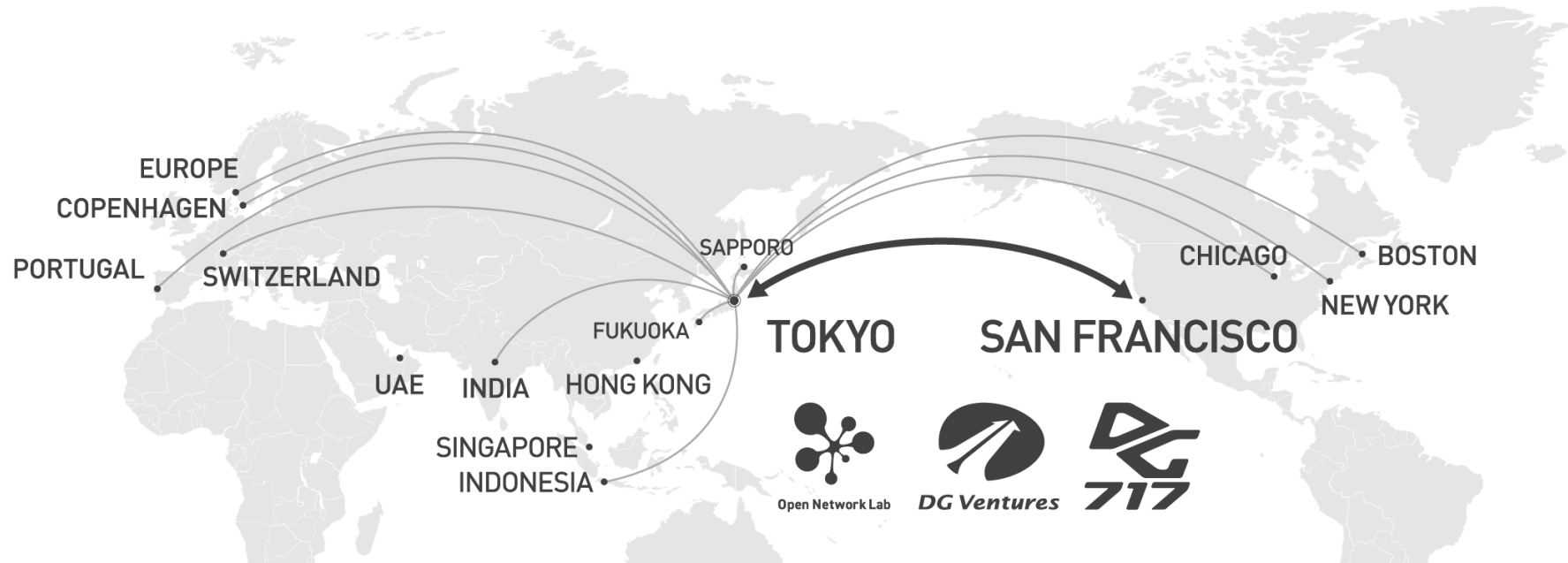










Source : "Advertising Expenditures in Japan in 2021", Dentsu Inc.



- Maximize the global network that DG has built to date to discover and nurture world-class startups.

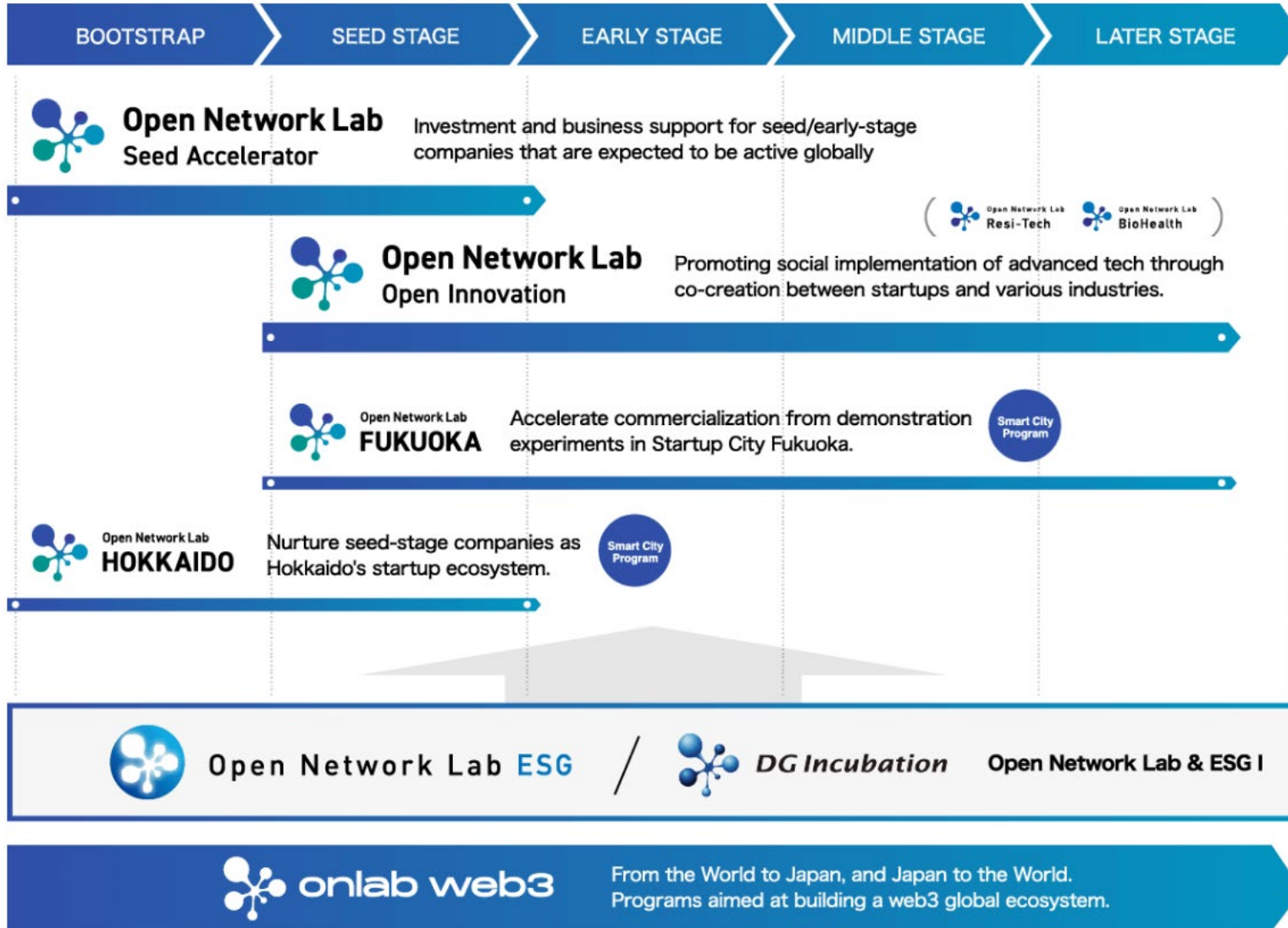
Global Incubation Stream



EUROPE / ASIA / HONG KONG	SAN FRANCISCO / NEW YORK / CHICAGO
   	   



- Developing support programs with different characteristics in line with each stage and area to further strengthen support for startups and realize social implementation.



Total Startups

152 startups

Funding Success Rate

58.1 %

Exited Companies

12.5 %



***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.