

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2023 (Based on IFRS)

August 9, 2023

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 Deputy Head of Corporate Div.
 Inquiries: Hiroyuki Nozaki TEL 03-6367-1111
 Scheduled date to file Quarterly Securities Report: August 10, 2023
 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, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

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, 2023	13,187	(25.6)	6,179	(44.8)	4,035	(45.8)	4,096	(45.3)	4,807	(36.8)
Three months ended June 30, 2022	17,734	63.6	11,204	129.9	7,441	–	7,488	–	7,606	–

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2023	88.97		80.77	
Three months ended June 30, 2022	158.87		144.07	

(Note Due to the application of IAS 12 “Income Taxes”, figures for the first quarter of the fiscal year ending March 31, 2023 have been retroactively applied. Therefore, increase/decrease rates of the figures compared to those at 1Q of FYE March, 2023 were not described.)

(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, 2023	224,044	84,553	82,213	36.7
As of March 31, 2023	216,275	81,972	80,030	37.0

(Note Due to the application of IAS 12 “Income Taxes”, figures for the fiscal year ending March 31, 2023 have been retroactively applied.)

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2023	–	0.00	–	37.00	37.00
Year ending March 31, 2024	–	–	–	–	–
Year ending March 31, 2024 (Forecast)	–	–	–	–	–

(Note The dividend forecast for the fiscal year ending March 31, 2024 has not been determined.)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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 startups investment etc.

The profit before tax in Platform solution segment, our revenue base that integrates payment and marketing businesses, etc., is expected to increase by approximately 15% compared to the consolidated financial results for FYE March 31, 2023.

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2023
 (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: Yes
 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, 2023	47,607,500 shares	As of March 31, 2023	47,607,500 shares
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Number of treasury shares at end of period

As of June 30, 2023	1,793,926 shares	As of March 31, 2023	1,534,826 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	46,042,642 shares	Three months ended June 30, 2022	47,132,758 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	53,335	57,325
Trade and other receivables	20,765	17,967
Inventories	357	436
Operational investment securities	67,676	72,594
Other financial assets	281	286
Income taxes receivable	1,384	2,271
Other current assets	979	1,225
Total current assets	144,776	152,105
Non-current assets		
Property, plant and equipment	16,613	16,318
Goodwill	6,415	6,437
Intangible assets	4,548	4,701
Investment property	3,400	3,676
Investments accounted for using equity method	25,922	25,105
Other financial assets	14,245	15,386
Deferred tax assets	25	23
Other non-current assets	331	294
Total non-current assets	71,498	71,939
Total assets	216,275	224,044

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	38,745	43,374
Trade and other payables	48,877	49,997
Other financial liabilities	1,691	1,701
Income taxes payable	1,388	648
Other current liabilities	4,080	3,946
Total current liabilities	94,780	99,666
Non-current liabilities		
Bonds and borrowings	13,957	13,075
Other financial liabilities	9,127	8,700
Retirement benefit liability	477	464
Provisions	476	477
Deferred tax liabilities	14,717	16,386
Other non-current liabilities	767	723
Total non-current liabilities	39,522	39,825
Total liabilities	134,303	139,491
Equity		
Share capital	7,830	7,830
Capital surplus	6,229	6,255
Treasury shares	(6,293)	(7,294)
Other components of equity	1,650	2,402
Retained earnings	70,614	73,020
Total equity attributable to owners of parent	80,030	82,213
Non-controlling interests	1,942	2,340
Total equity	81,972	84,553
Total liabilities and equity	216,275	224,044

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, 2022	Three months ended June 30, 2023
Revenue		
Revenue in recurring business	6,002	6,336
Revenue in operational investment securities	7,534	4,583
Other income	159	423
Finance income	2,131	972
Share of profit of investments accounted for using equity method	1,907	873
Total	17,734	13,187
Expenses		
Cost of sales	2,622	2,683
Selling, general and administrative expenses	3,758	4,167
Other expenses	80	85
Finance costs	70	72
Total	6,530	7,008
Profit before tax	11,204	6,179
Income tax expense	3,763	2,144
Profit	7,441	4,035
Profit (loss) attributable to		
Owners of parent	7,488	4,096
Non-controlling interests	(47)	(61)
Earnings per share		
Basic earnings per share	158.87	88.97
Diluted earnings per share	144.07	80.77

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	7,441	4,035
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	(426)	298
Share of other comprehensive income of investments accounted for using equity method	0	6
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	592	467
Share of other comprehensive income of investments accounted for using equity method	0	1
Other comprehensive income, net of tax	165	772
Comprehensive income	7,606	4,807
Comprehensive income attributable to		
Owners of parent	7,650	4,864
Non-controlling interests	(44)	(56)

Condensed quarterly consolidated statement of changes in equity

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
Cumulative effect of accounting change							–
Restated balance	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
Cumulative effect of accounting change	(120)	(120)	(0)	(120)
Restated balance	80,916	95,618	1,479	97,097
Profit (loss)	7,488	7,488	(47)	7,441
Other comprehensive income		162	3	165
Comprehensive income	7,488	7,650	(44)	7,606
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	86,755	101,667	1,668	103,335

Three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(Millions of yen)

	Equity attributable to owners of parent						Total
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				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, 2023	7,830	6,229	(6,293)	(469)	2,111	8	1,650
Profit (loss)							–
Other comprehensive income				305	463		767
Comprehensive income	–	–	–	305	463	–	767
Changes in ownership interest in subsidiaries		(3)					–
Dividends							–
Share-based payment transactions		33					–
Purchase of treasury shares		(4)	(1,001)				–
Transfer from other components of equity to retained earnings				(15)			(15)
Total	–	26	(1,001)	(15)	–	–	(15)
Balance at June 30, 2023	7,830	6,255	(7,294)	(180)	2,574	8	2,402

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2023	70,614	80,030	1,942	81,972
Profit (loss)	4,096	4,096	(61)	4,035
Other comprehensive income		767	5	772
Comprehensive income	4,096	4,864	(56)	4,807
Changes in ownership interest in subsidiaries		(3)	453	450
Dividends	(1,705)	(1,705)		(1,705)
Share-based payment transactions		33		33
Purchase of treasury shares		(1,005)		(1,005)
Transfer from other components of equity to retained earnings	15	–		–
Total	(1,690)	(2,680)	453	(2,226)
Balance at June 30, 2023	73,020	82,213	2,340	84,553

Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from operating activities		
Profit before tax	11,204	6,179
Depreciation and amortization	906	930
Interest and dividend income	(22)	(23)
Interest expenses on borrowings and bonds	67	68
Share of loss (profit) of investments accounted for using equity method	(1,907)	(873)
Loss (gain) on investment securities	(1,478)	(376)
Loss (gain) on sales of shares of subsidiaries and associates	–	(1)
Decrease (increase) in trade and other receivables	4,510	2,537
Decrease (increase) in investment securities for sale	(8,151)	(4,526)
Decrease (increase) in inventories	(26)	(79)
Increase (decrease) in trade and other payables	(344)	367
Increase (decrease) in accrued consumption taxes	(404)	41
Other	(1,207)	(897)
Subtotal	3,147	3,347
Interest and dividends received	757	728
Interest paid	(24)	(26)
Income taxes refund (paid)	(410)	(1,264)
Net cash provided by (used in) operating activities	3,469	2,785
Cash flows from investing activities		
Purchase of property, plant and equipment	(109)	(68)
Purchase of intangible assets	(418)	(2,413)
Proceeds from sale of intangible assets	–	1,933
Purchase of investment securities	(1)	(141)
Proceeds from sale of investment securities	–	71
Proceeds from dividend of investment partnership	–	793
Purchase of investments accounted for using equity method	(38)	–
Proceeds from sale of investments accounted for using equity method	–	58
Other	(8)	(2)
Net cash provided by (used in) investing activities	(573)	232

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,500	4,430
Proceeds from long-term borrowings	1,100	–
Repayments of long-term borrowings	(397)	(838)
Repayments of lease liabilities	(436)	(430)
Capital contribution from non-controlling interests	242	450
Purchase of treasury shares	–	(1,006)
Dividends paid	(1,628)	(1,687)
Other	3	(3)
Net cash provided by (used in) financing activities	384	916
Effect of exchange rate changes on cash and cash equivalents	52	57
Net increase (decrease) in cash and cash equivalents	3,332	3,991
Cash and cash equivalents at beginning of period	43,415	53,335
Cash and cash equivalents	46,748	57,325