

Financial Report

FYE March 2024

 *Digital Garage*

2024.5.9

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I. Purpose / Business Model





PURPOSE

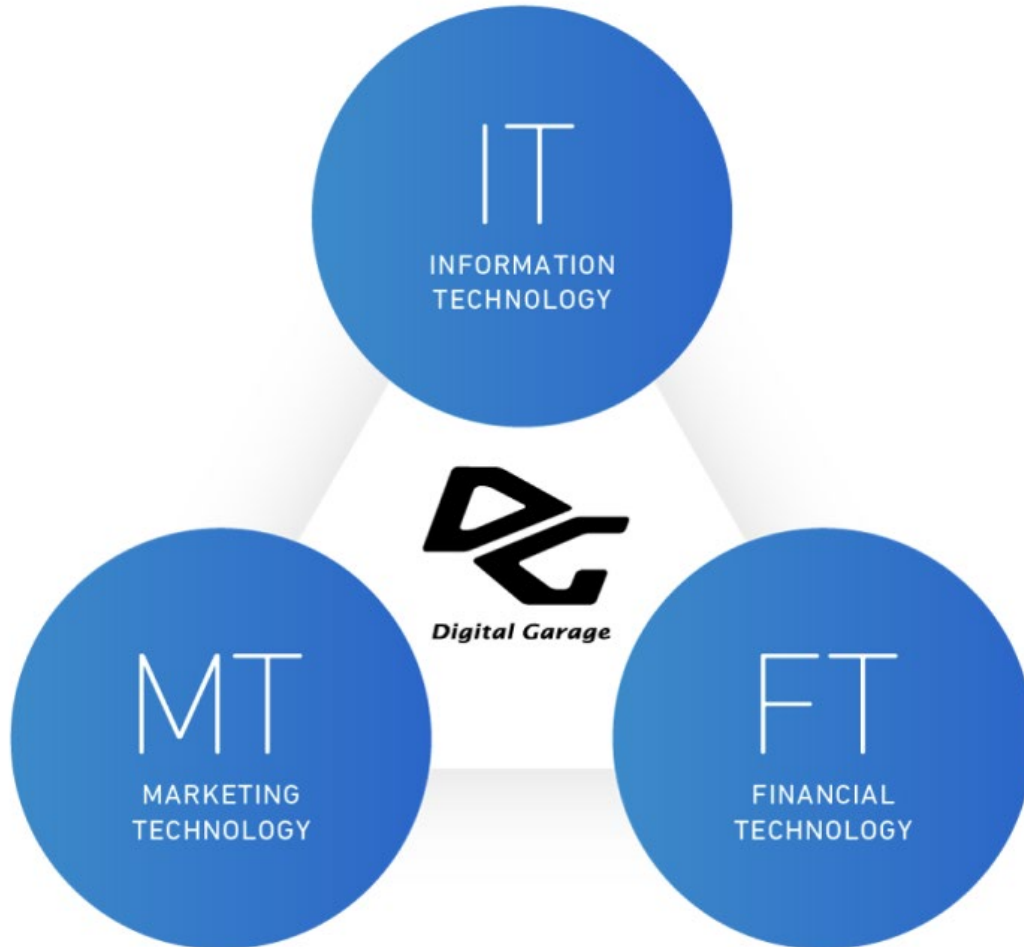
**Designing 'New Context' for a sustainable society
with technology**

<VALUES>

First Penguin Spirit

<CORPORATE SLOGAN>

New Context Designer DG



Digital Garage has established a structure that links the three different technologies of INFORMATION TECHNOLOGY / MARKETING TECHNOLOGY / FINANCIAL TECHNOLOGY in a context that enables continuous business growth

II. Consolidated Financial Results Highlights



Below is the essence of the business strategy and highlights of DG group's businesses for FY24.3 and FY25.3.

[PS Segment / FT×MTC]

In FY24.3, the first year of the medium-term plan, our core payment business **achieved more than 15% profit growth** due to the convergence of COVID-19 and successful alliances with strategic partners. In terms of the "basic business P&L (excluding investment-related and one-time gains/losses)," the group's business base has been steadily growing with stable profit growth.

In response to changes in the global business environment including the consumer economy, technological advances, and regulations, we have been promptly taking internal and external actions to "optimize the group's business structure." Following **Toshiba Tec**, which provides POS services, and **JCB**, which operates a credit card business, we have expanded the capital and business alliance with a strategic partner, **Resona Holdings**, which has one of the largest client bases in Japan, mainly SMEs.

In FY25.3, DGFT is entering into a payment business alliance with **au Financial Service of KDDI Group** for the purpose of "collaboration for co-creation" to provide **the next-generation, high-quality payment services for the au economic zone**.

In FY24.3, we established an e-commerce company called "**DG Commerce**" with System Integrator Corp. to strengthen **the enabling business** group in the FT business and to reinforce e-commerce/security/operation monitoring, etc. In FY25.3, we decided to **acquire 100% ownership of Score. Co., Ltd., which provides BNPL services**, and to **incorporate FEELIST Inc, a leading system developer**, into the group. In addition, MTC (Marketing business) aims to further evolve and optimize to become a "data-driven, high-functioning marketing group" in line with the changing social environment of personal data.

[LTI Segment]

While working with Kakaku.com's Tabelog, we have developed an incubation system to achieve continuous growth in FT and to create non-linear growing businesses driven by technology from three angles: "**B2B payment/financial business**," "**industry-specific DX**," and "**next-generation technology**."

[GII Segment]

Through the global incubation stream developed over the years, we will invest in and nurture **the startup communities** related to **next-generation technologies including Gen AI, FT, and data**. In the medium term, we will design and implement volatility conscious management with investment securities, with a focus on fund-based investments.

[Dividends]

Basic policy is to pay **progressive dividends** with **a payout ratio of 30% to the basic business CF**, and we will commit to paying more than 10 billion yen in dividends over 5 years.

To conclude my message, as we face the current uncertain times caused by international conflicts and discontinuous technological progress, we will strive for further growth by enhancing the symphonic management of the group.

Kaoru Hayashi, Representative Director, President, Executive Officer and Group CEO

Financial Results

- **Steady growth in mainstay payment business and successful investment exits driving significant increase in consolidated profit before tax**
 - **Stable and continuous profit growth in the basic business P&L**, which represents recurring business income and profit
 - **Payment business: 15%+ growth in pre-tax profit**, Marketing business: Marketing business: structural transformation on track
 - **5.6 billion** of investment income in the first year of the mid-term plan; 1/4 transfer to the Resona joint fund completed

Business Topics

- **Strengthened capital and business alliance with Resona Group**
 - **Advanced collaboration in payment/next generation Fintech** (formation of strategic project team and personnel transfers)
 - Resona Kessai Services becomes an equity method subsidiary
 - Established a joint fund with Resona Group, and transferred part of DG group's investment portfolio
- **Expanded business domain into e-commerce, which is the gateway to payment business**
 - **Acquired the EC website construction division** of System Integrator Corp. into DG group (DG Commerce Inc.)
- **Made progress in structural transformation focusing on payment/Fintech**
 - Enhanced collaboration between the payment and marketing business, strengthening cross-sectional synergies
 - **On track to further optimize the marketing business** in FY25.3 to support the sustained growth trajectory of the payment business

Consolidated Financial Highlights - Segment Profit

M JPY	FY23.3	FY24.3	YoY (%)	Summary	
Consolidated profit before tax	-13,881	6,298	+20,179 (-%)	<ul style="list-style-type: none"> Significant increase in consolidated profit as a drop of fair value loss on investments recorded in the previous year Each respective segment made progress in line with targets set forth in the medium-term plan 	
PS	Payment	4,897	5,662	+765 (+15.6%)	<ul style="list-style-type: none"> Continuous and stable 15%+ profit growth, mainly due to transaction growth in travel and restaurant industry with the convergence of COVID-19, and execution of alliance strategies in offline payments
	Marketing	1,508	1,137	-371 (-24.6%)	<ul style="list-style-type: none"> Expenses on structural improvements for better integration with payment business, and one-time losses from equity method affiliates at year-end
LTI	3,813	1,810	-2,003 (-52.5%)	<ul style="list-style-type: none"> Continued the early-stage investments in new businesses to generate profit in the medium to long term Profit decrease driven by decrease in gains from securities sales, YoY, but excluding one-time factors, segment profit grew 16% 	
GII	-11,833	1,372	+13,205 (-%)	<ul style="list-style-type: none"> Significant profit increase due to a drop of last year's fair value losses Earned ¥5.6 billion from investment business, and started to transfer a part of portfolio to the joint fund with Resona Group. 	
Headquarters/ adjustments	-12,266	-3,672	+8,594	<ul style="list-style-type: none"> Fair value losses on securities held at headquarters were recognized in the previous year 	

- 15% stable growth in the basic business profit excluding investment and one-time gains/losses
- Alliance strategy execution drove strong growth in offline payments, while online payments also grew double-digits
- Generated 5.6 billion JPY of cash from investing activities, while new investments were carefully selected to be less than 25% of the investment business income

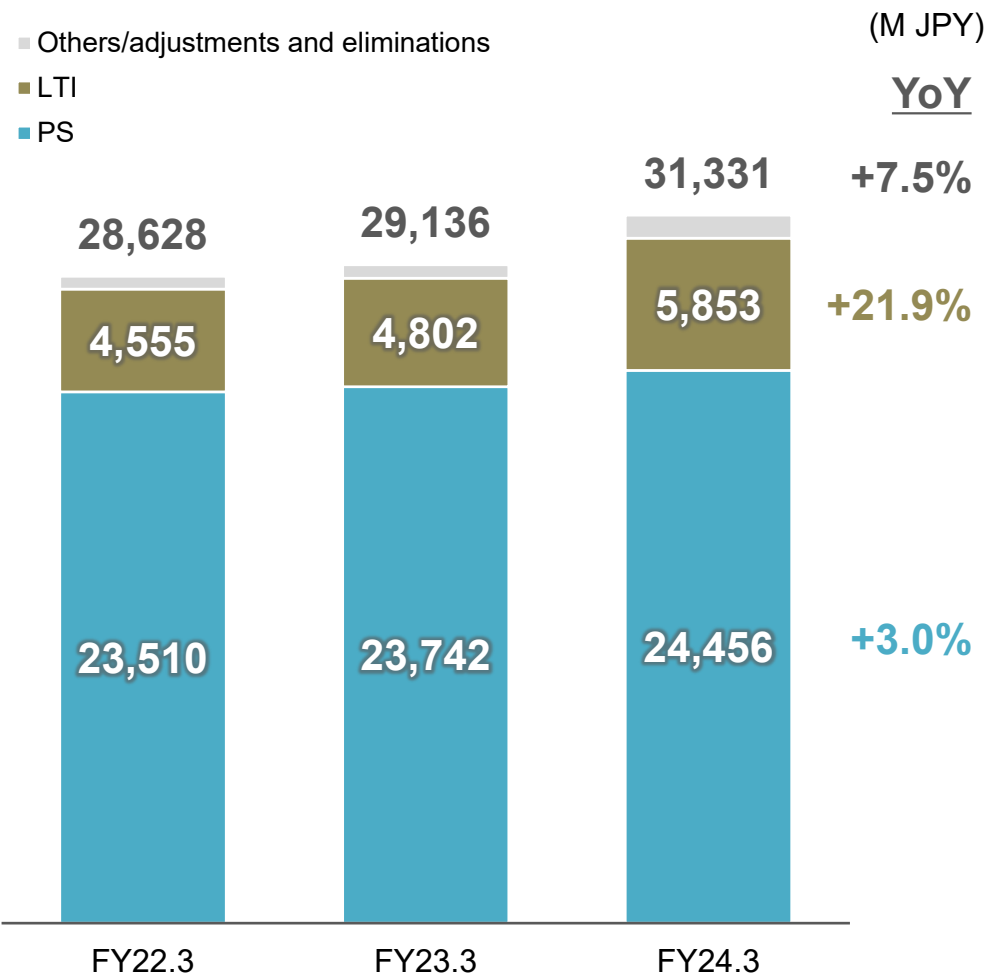
	Unit	FY23.3	FY24.3	YoY	% Change
Basic Business Profit	M JPY	4,203	4,847	+644	+15.3%
Transaction Volume	100M JPY	52,774	62,295	+9,521	+18.0%
Online Payment	100M JPY	39,707	44,135	+4,428	+11.2%
Offline Payment	100M JPY	13,067	18,159	+5,093	+39.0%
Investment-related KPIs					
Investment Business Income *1	M JPY	5,051	5,626	+575	-
New Investment *2	M JPY	2,817	1,311	-1,505	-

*1 Investment Business Income: Total of profit from the sales of holding shares and profit distribution from funds

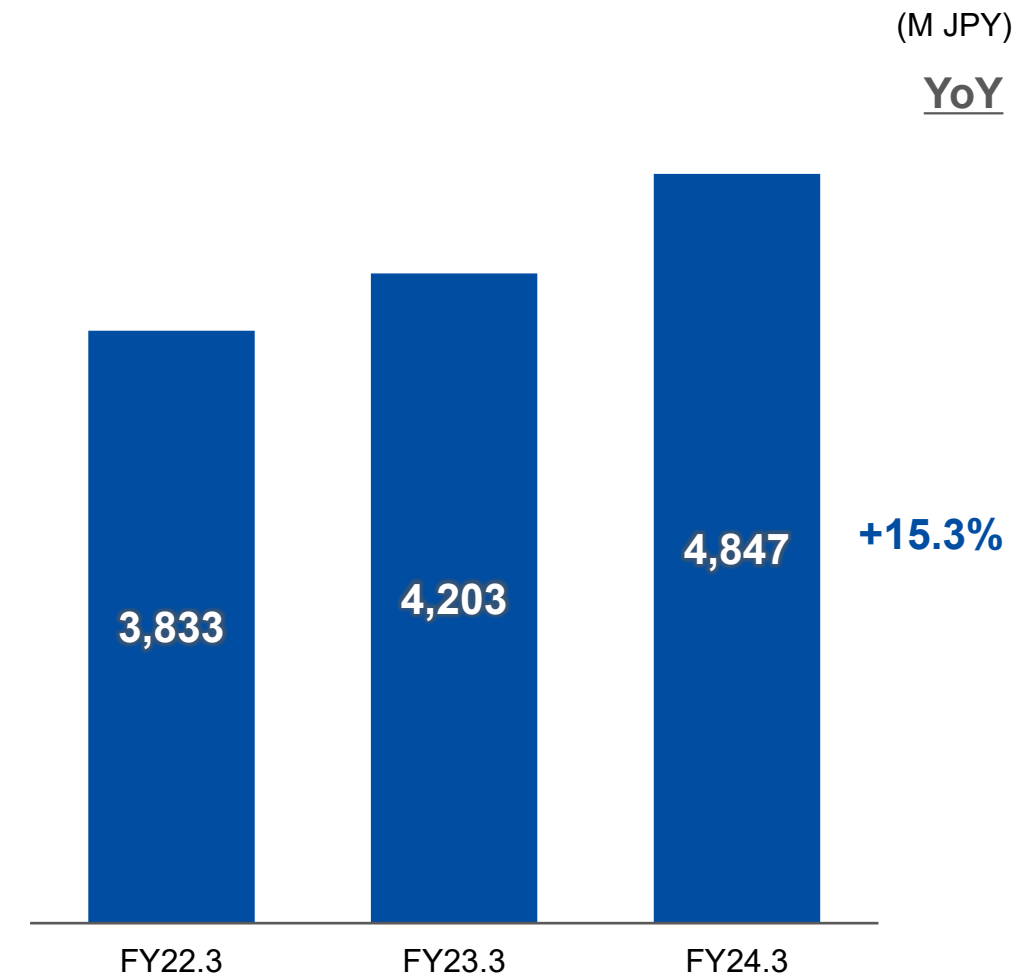
*2 New Investment: New investments in operational investment securities, excluding business related expenditures

- Basic business revenue and profit showed consistent and stable growth, especially the profit increased by 15% YoY
- Aiming to accelerate mid-term growth by focusing on consistent growth in PS and creating new businesses in LTI

Basic Business Revenue



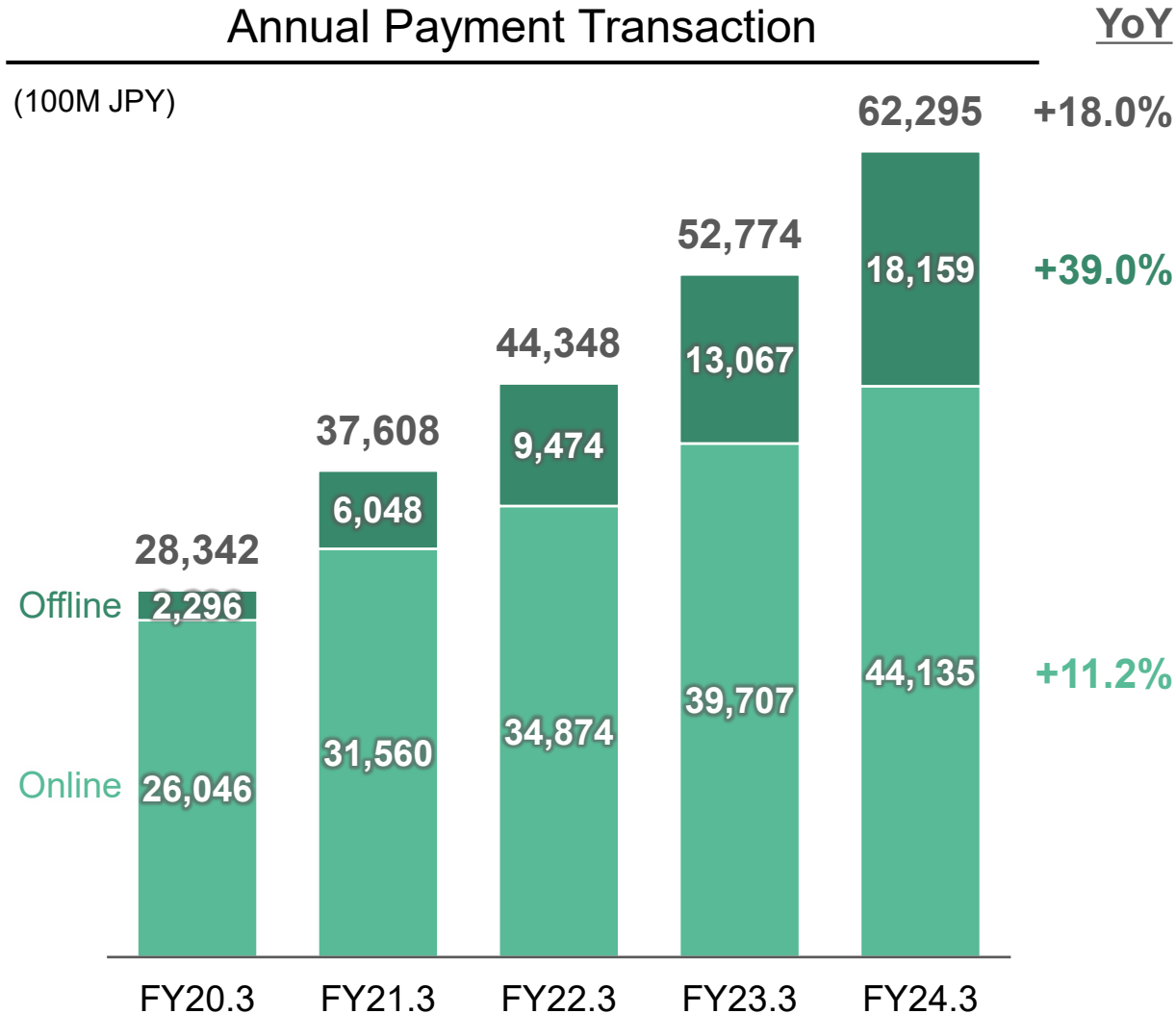
Basic Business Profit



III. Segment Performance Highlights



Payment transaction volume, a key indicator, was up 18% YoY to ¥6.2 trillion, and is expected to show sustainable growth both online and offline.



Offline Domain

- Continued strong growth in QR and credit card payments, especially at large retailers
- Accelerating further merchant acquisition in FY25.3

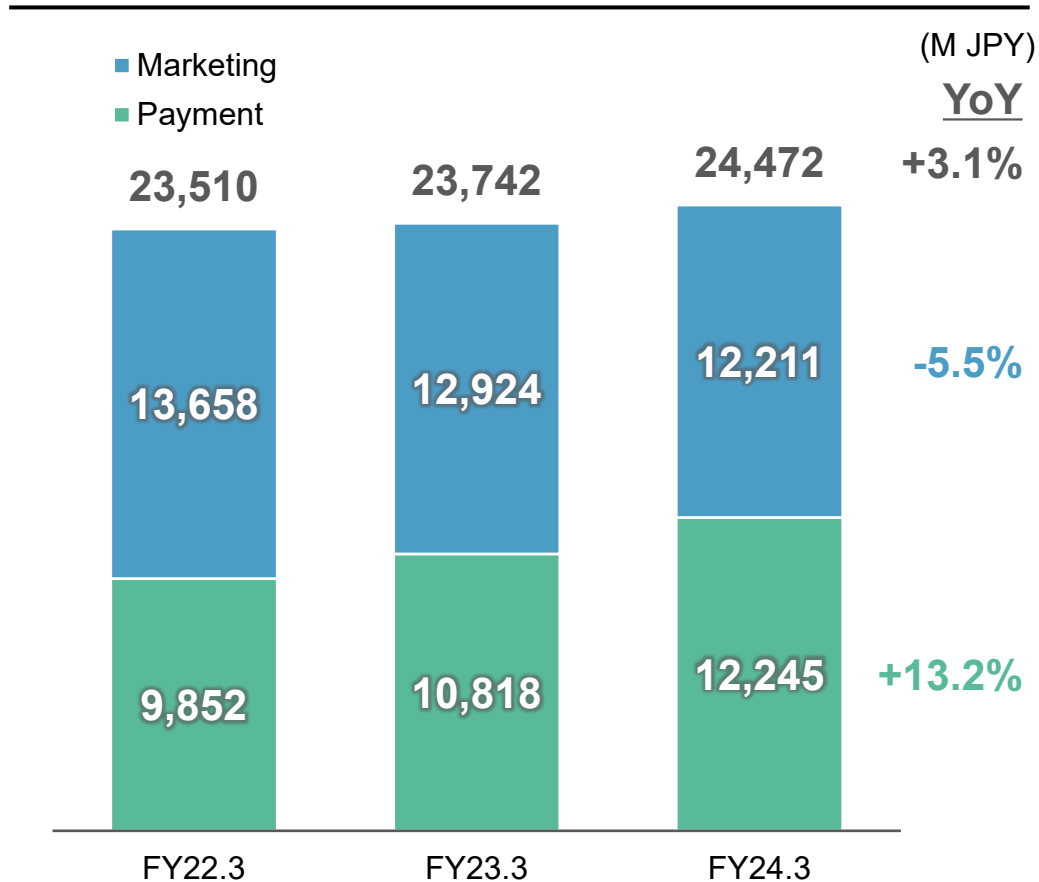
Online Domain

- Back on track for growth with increased transactions mainly in non-merchandising and DX fields; a rebound in the travel industry following the convergence of COVID-19, an increase in mobile ordering at restaurants, and growth in online supermarkets
- With the launch of DG Commerce, enhanced capability to respond to increased demand

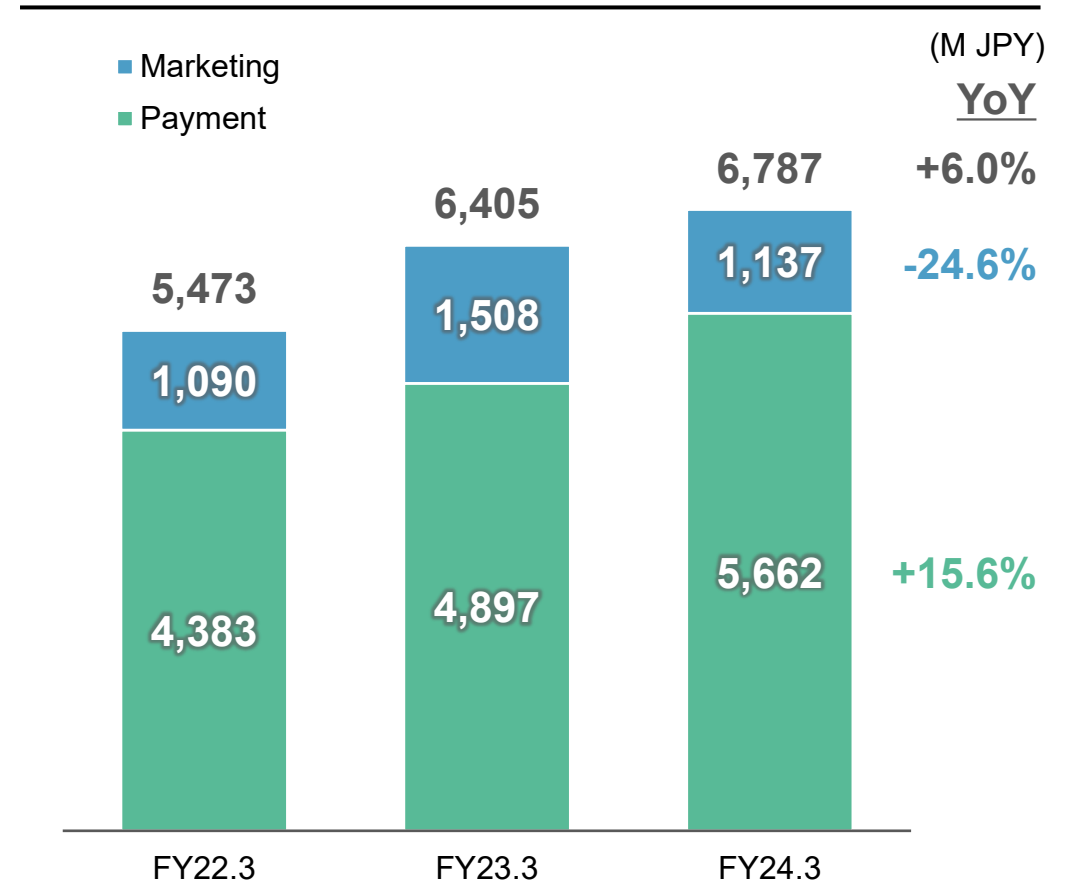
For further growth in payment business, marketing business optimization #2 will be implemented in FY25.3

- Payment business delivered 15%+ profit growth despite one-time factors including the loss of a transaction.
- Marketing business recorded lower profit due to the loss of an equity-method affiliate, while making structural changes for stronger integration with payment business.

Segment Revenue



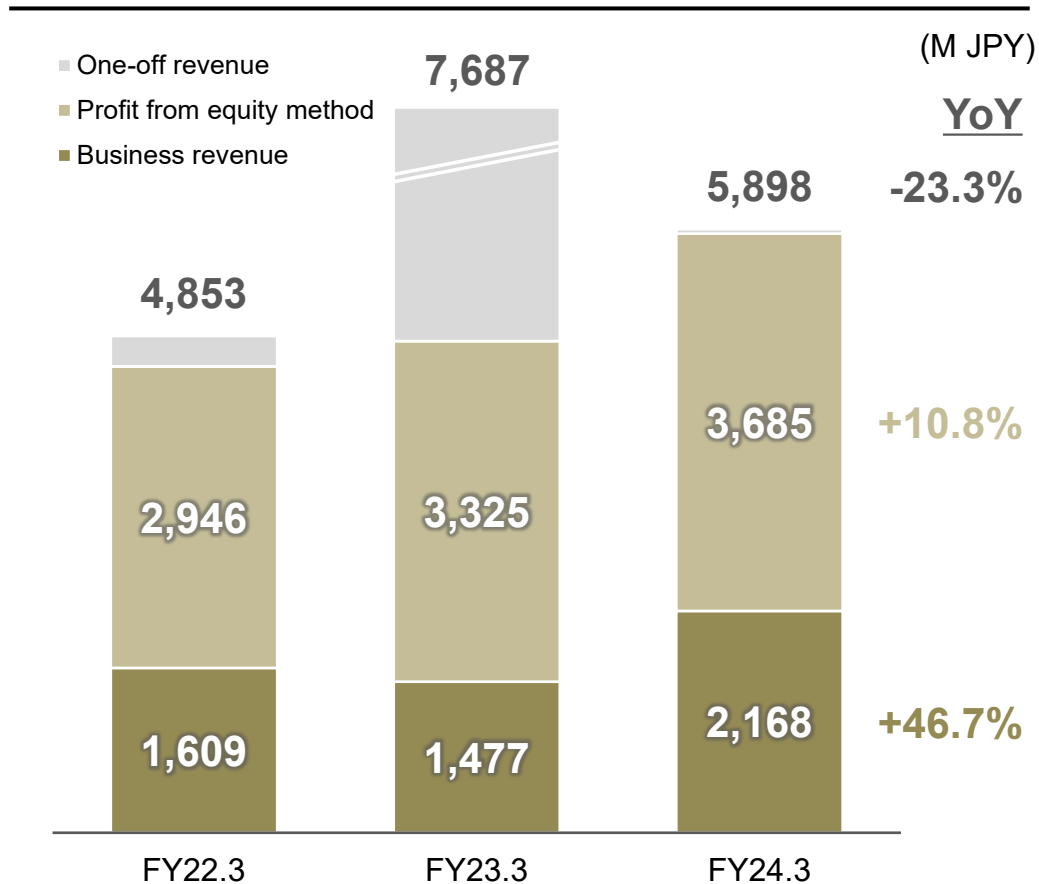
Segment Profit



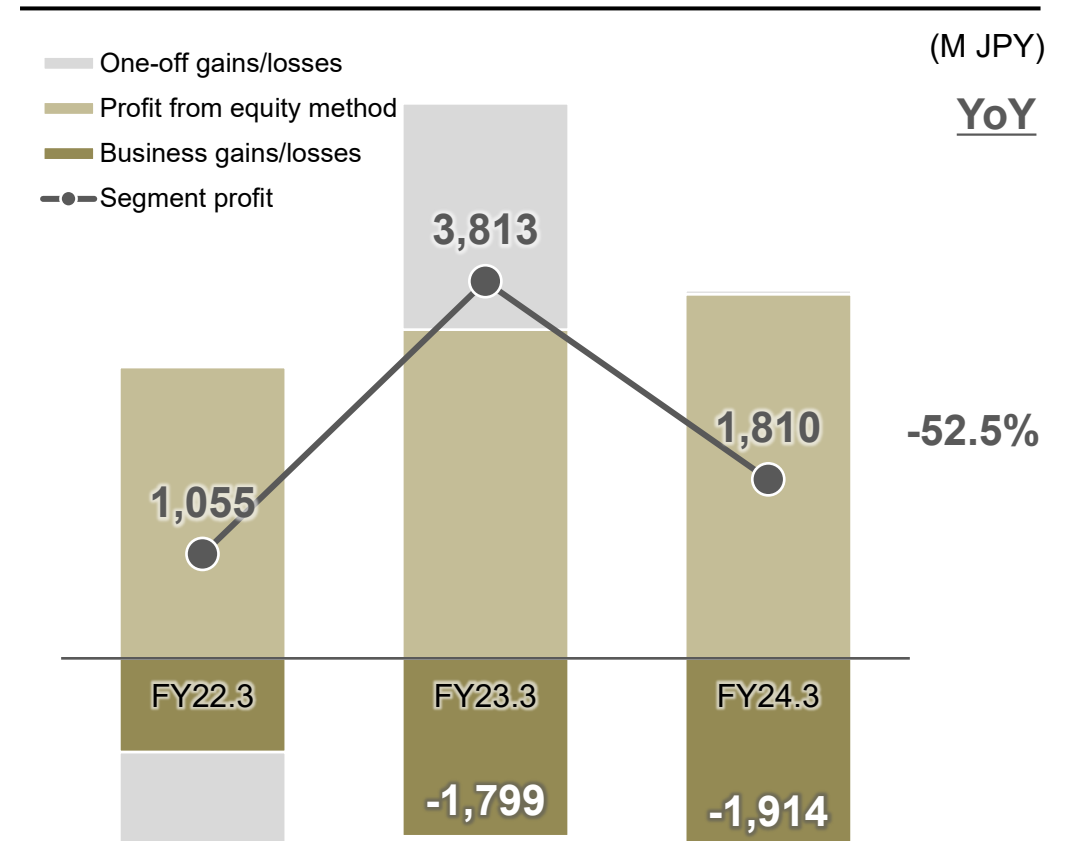
Established collaboration project task force and identified focus areas with DG x Kakaku.com

- Continued upfront investments in several new payment-related businesses, with a view to the DG group's medium to long-term growth
- Kakaku.com posted a record profit in the Tabelog business and steady growth in the Kyujin Box business

Segment Revenue



Segment Profit

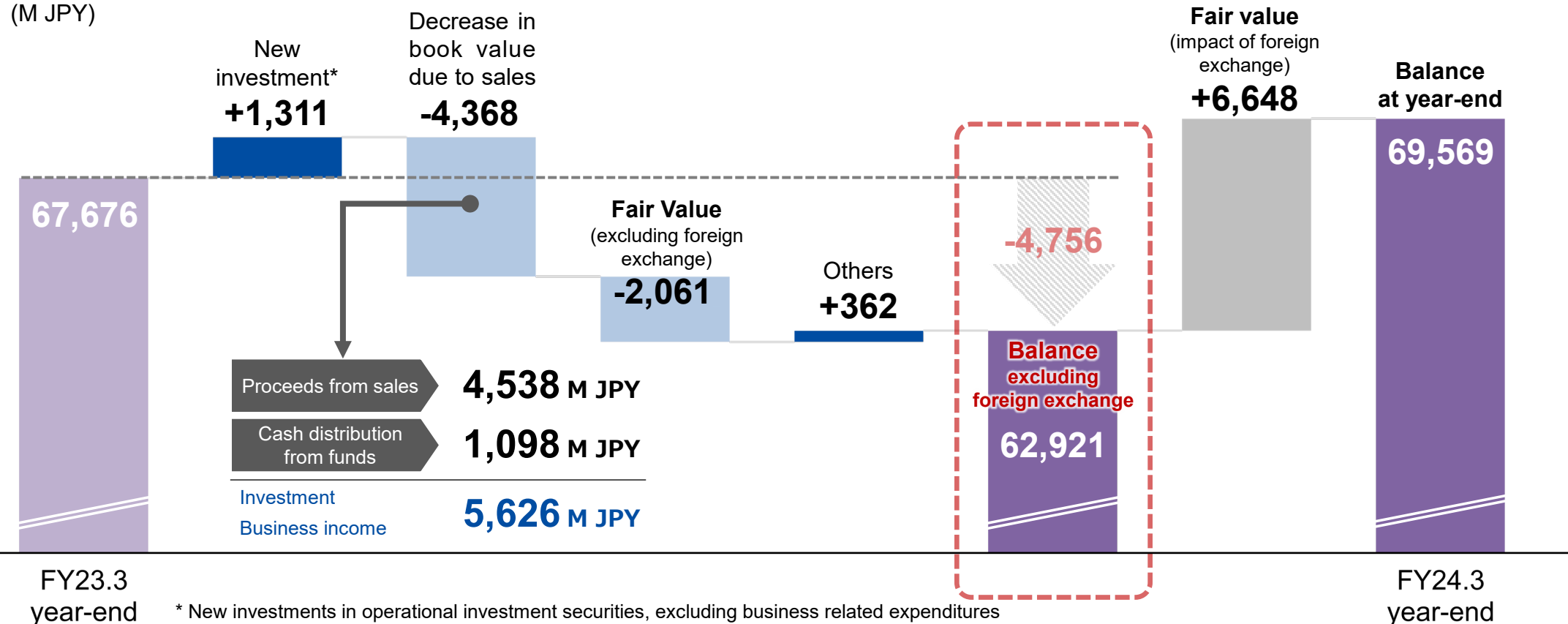


Invest in and incubate startups related to payment business from a global perspective, in addition to investment returns

- Generated ¥5.6 billion in cash throughout the year from the sale of securities and fund distribution income
- The balance of operating investment securities excluding currency fluctuations was **¥62.9 billion**, a decrease of **¥4.8 billion from the previous fiscal year** due to steady progress in sales

Operating Investment Securities Increase/Decrease

(M JPY)



IV. Business Strategy for Fiscal Year Ending March 31, 2025 (2nd Year of the Medium-Term Plan)

FYE 25.3

Growth Target	Profit before tax	Payment Business	YoY +20 %
		PS segment	YoY +20~25 %

Shareholder Returns	Dividend per share	Ordinary Dividend	43 JPY
		Special/Commemorative Dividend	10 JPY
		Total	53 JPY

Growth Target

- Payment business: **20% profit growth expected**, driven by its stable business expansion, revenue contribution from business alliances with partners, and the status of ongoing projects
- Platform Solution segment: **target growth rate of 20-25%**, reflecting the reclassification of the marketing business for structural reform and the absence of a one-time loss from equity method affiliates in the previous fiscal year.

Shareholder Returns

- DG's basic policy is to distribute a **progressive dividend** that continuously increases in line with stable profit growth, and the ordinary dividend forecast at the beginning of the fiscal year is determined considering its capital needs for growth and its financial condition.
- In addition, a **special/commemorative dividend of 10 yen per share** is planned for this year in celebration of DG's 30th anniversary, following the completion of a partial transfer of the investment portfolio to a joint fund with Resona Group

Dividend Policy

Progressive dividends for ordinary dividends

New

5-year total dividends
FY24.3-FY28.3

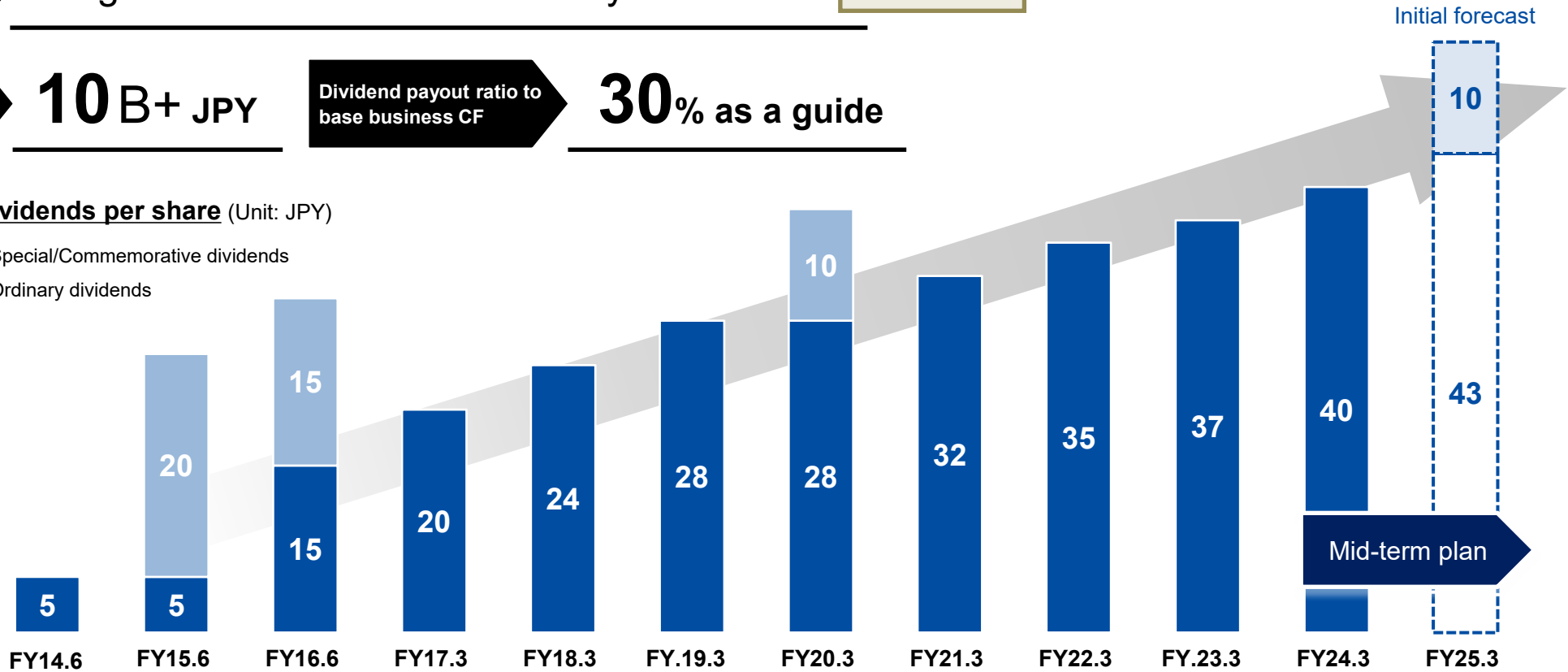
10 B+ JPY

Dividend payout ratio to
base business CF

30% as a guide

Dividends per share (Unit: JPY)

- Special/Commemorative dividends
- Ordinary dividends



	Unit	FY14.6	FY15.6	FY16.6	FY17.3	FY18.3	FY19.3	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3
Total dividends	100M JPY	11.7	14.1	9.4	11.3	12.9	17.5	14.7	16.5	17.0	19.0	-	
Share buyback	100M JPY	-	-	-	-	50.0	-	-	-	50.0	50.0	-	
Total shareholder return	100M JPY	11.7	14.1	9.4	11.3	62.9	17.5	14.7	16.5	67.0	69.0	-	
Dividend payout ratio to base business CF	%	-	-	-	-	29.1%	41.1%	32.8%	32.6%	28.7%	29.8%	-	

Business Strategy to Underpin **Stable 20% Growth*** in Payment Business

5 Actions & Further Optimization of PS segment (Structural Transformation of Marketing Business)

Financial

1. Strengthening the Capital and Business Alliance with Resona Group

Telecom

2. Business Alliance with au Financial Service of KDDI Group
(Provision of high-quality payment services for the au economic zone)

Group Media

3. Promotion of Group Business in Strategic Sectors with Kakaku.com
(EC/Restaurant/Travel/Real Estate/HR)

Value-chain Enhancement

4. Acquiring 100% share of SCORE. Co., Ltd. that provides BNPL services

Development Enhancement

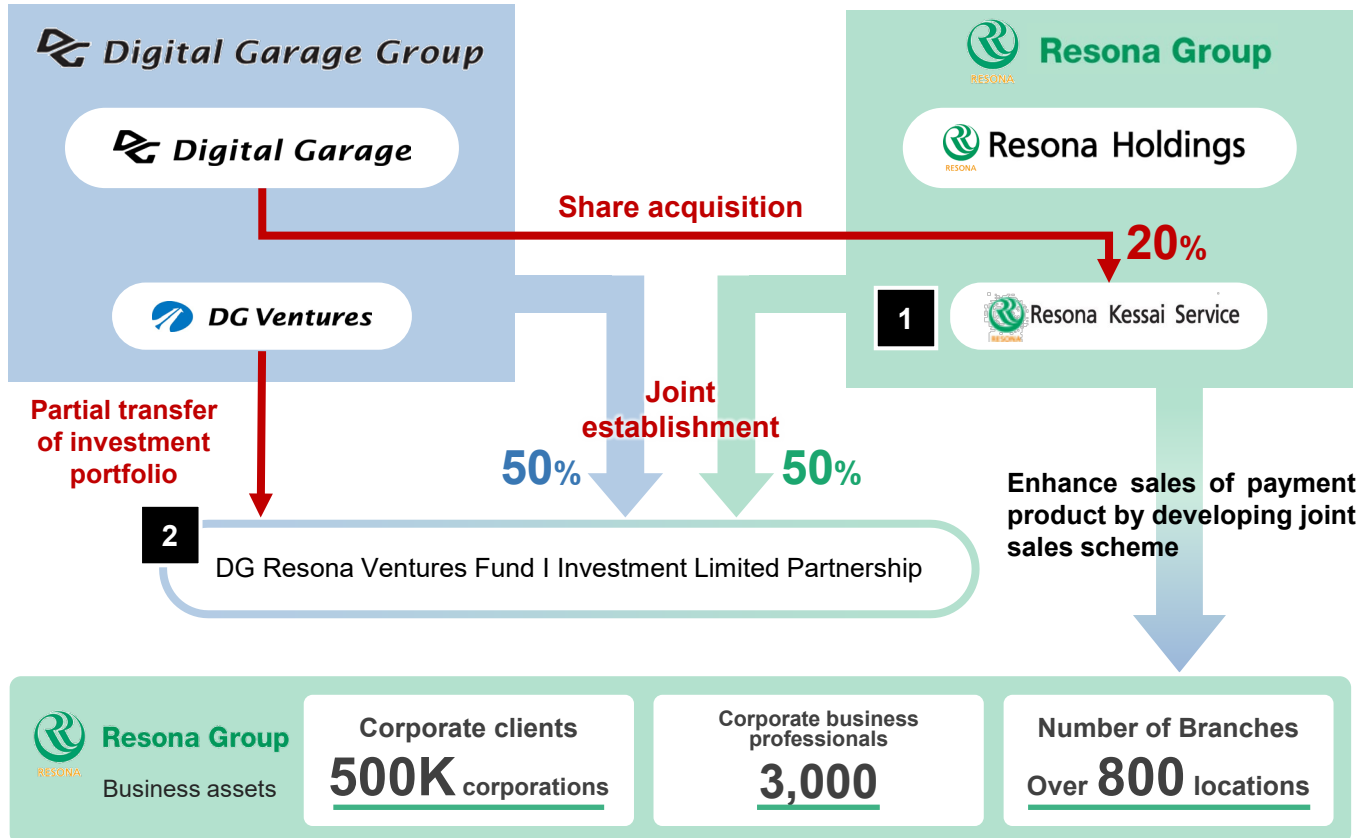
5. Expanding development resources through M&A of competent system development company

*Pre-tax profit growth / Overall PS segment growth rate target is 20-25%

Full Scale Initiatives to Strengthen the Capital and Business Alliance with Resona Group

Completed the share acquisition of Resona Kessai Service Co., Ltd. (RKS) to make it an equity method affiliate and the joint establishment of DG Resona Ventures

Overview of the Capital and Business Alliance with Resona Group



Progress

1 Share acquisition of Resona Kessai Service

- Acquired 20% of RKS shares on April 1, 2024, to make it an equity-method affiliate, effective from FY25.3
- Developed joint sales scheme including accepting and dispatching professionals between DG Group and Resona Group

2 Joint fund establishment

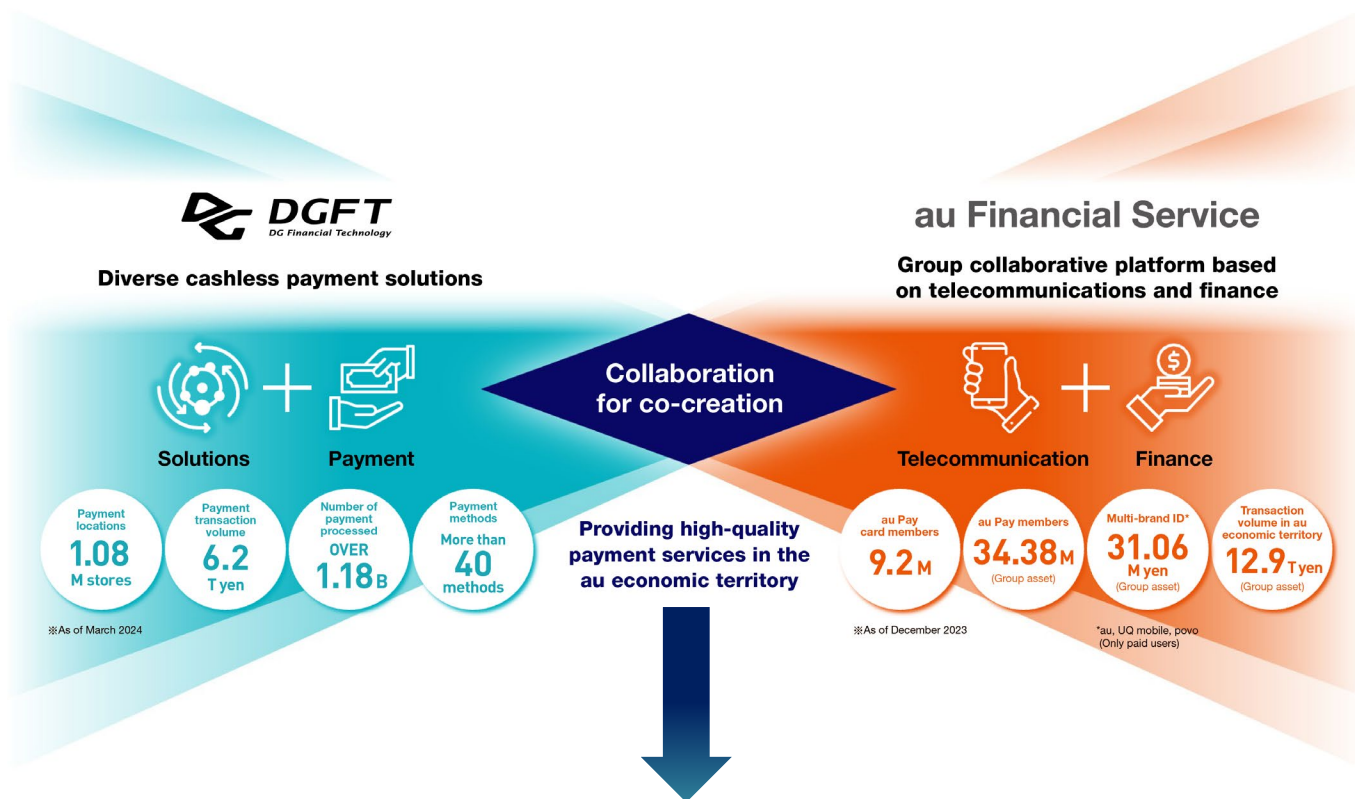
- Established joint venture fund “DG Resona Ventures Fund I Investment Limited Partnership”
- Completed the partial transfer of the DG Ventures investment portfolio
- Expecting an additional transfer of investment portfolio in FY25.3

DGFT* and KDDI Group's au Financial Service Formed a Business Alliance to Collaborate in the Payment Business

Aim to expand market share and improve positioning in the growing cashless market by developing a one-stop payment service through co-creative collaboration

Overview of the Business Alliance

Company Profile of au Financial Service



Provide high-quality payment services in the au economic zone

Name	au Financial Service Corporation
Location	2-3-1 Nishi-Shinbashi, Minato-ku, Tokyo
Established	February, 2014
Shareholder	au Financial Holdings Corporation (Wholly-owned subsidiary of KDDI Corporation)
Representative	Atsushi Nagano
Business	Credit card, settlement agency, loan, acquiring, bank agency, and non-life insurance businesses

*DGFT stands for DG Financial Technology, Inc.
A wholly owned subsidiary that serves as the core of DG Group's payment business

Collaboration between Group Business and Strategic Partners

1 Group Business Collaboration

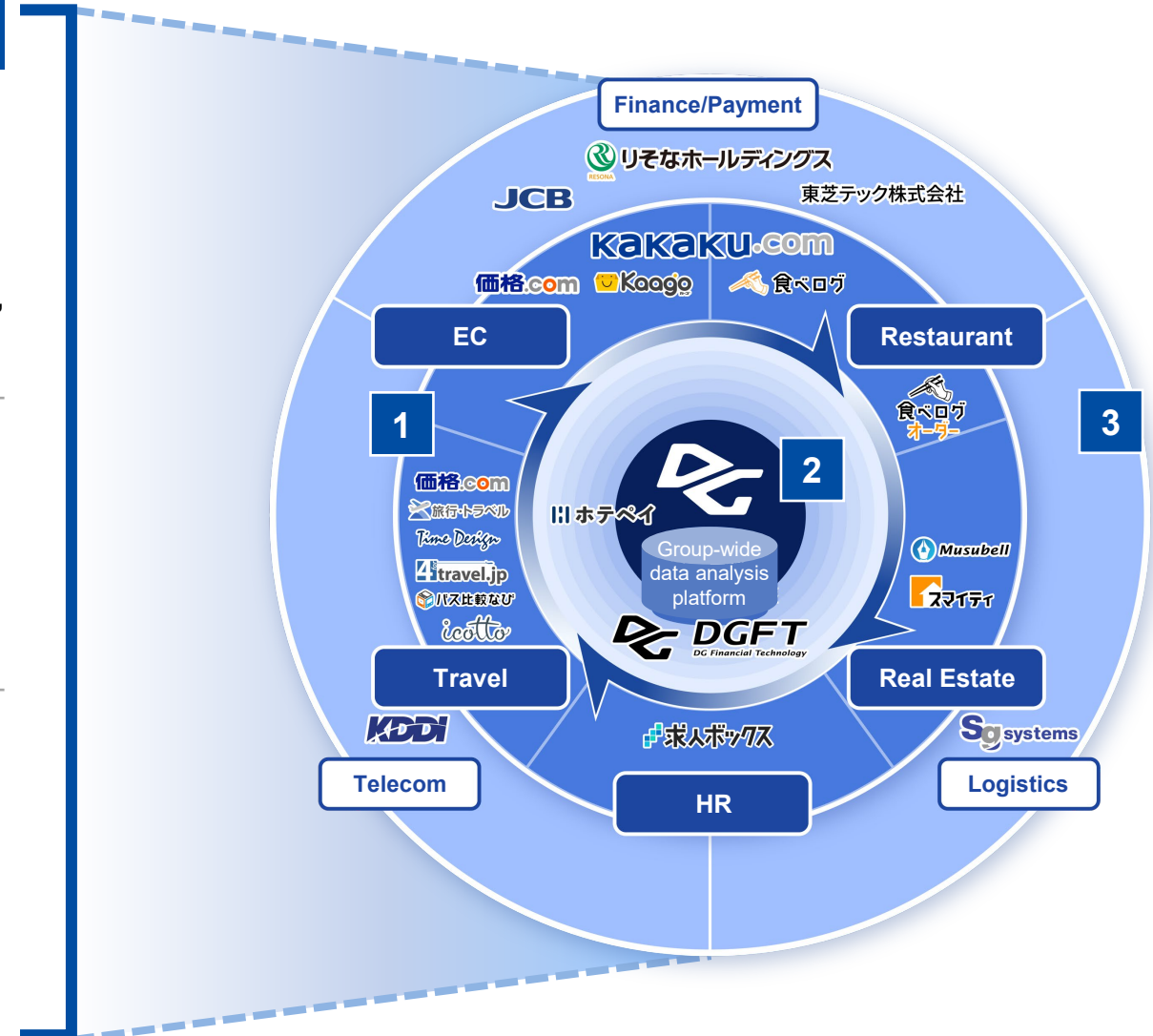
Realizing group collaboration between DG and Kakaku.com in the identified strategic sectors (EC, Restaurants, Travel, Real Estate, and HR)

2 Strengthening Group Data Infrastructures

Progressing development of group data infrastructure based on the strategic sectors above

3 Data Partnering with Strategic Partners

Developing new services for strategic sectors jointly with capital/business alliance partners, and promoting R&D activities based on next-generation AI researched and developed in our Lab.



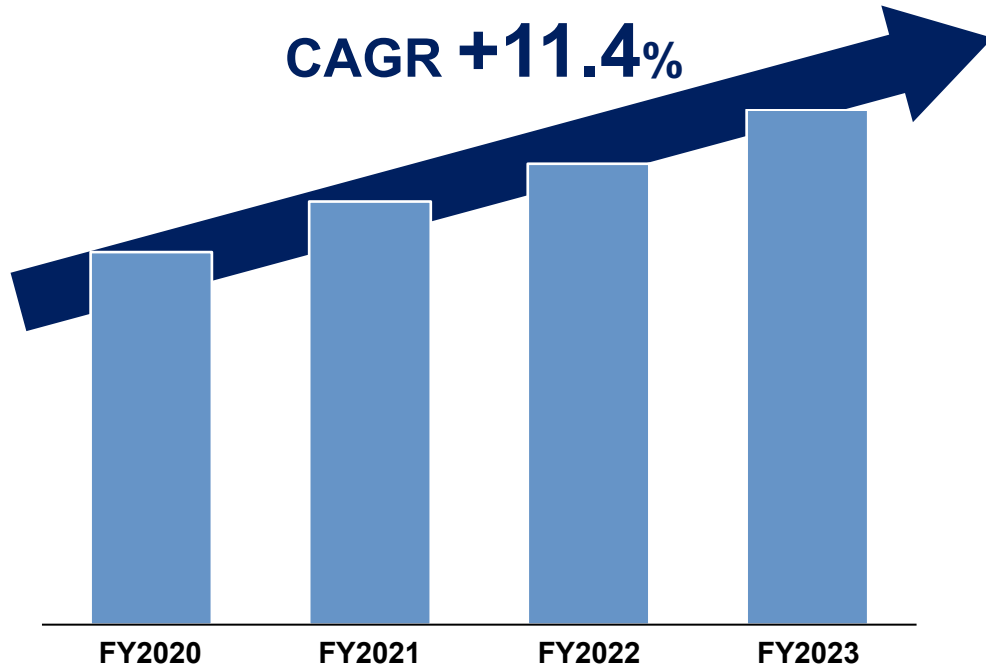
Agreed to Acquire 100% Share of SCORE. Co., Ltd. that Provides BNPL Services

Additional share acquisition to provide group-wide pay later solutions for B2B in addition to B2C

SCORE Revenue Trend

Continuous revenue growth with increasing need for pay later services

CAGR +11.4%



Business Plan

DG Financial Technology, a wholly owned subsidiary of DG, is planning to acquire the shares of Score from Nissen Co., Ltd. on July 1



DG Group synergies realize the following

1. **Development of comprehensive services (offline domain) in combination with DG's various solutions**
- BNPL services via CloudPay Neo, device-free payment service, etc.
2. **Product enhancement aimed at entering the B2B financial market in addition to the current B2C services**



SCORE Payment Service

Established in 2018 as a joint venture with DG Group and Nissen Co., Ltd., a general mail-order operator, by spinning off its pay later business Shareholder as of March 31, 2024: Nissen Co. 51% / DG Financial Technology 49%

FEELIST Inc., a Sapporo-based Company with Excellent Engineers, is Scheduled to Join DG Group on July 1st

Strengthening product development capabilities within DG Group for greater competitive advantage

Digital Garage Group

Technology personnel
in DG group
Approx. 180 people

Affiliated engineers
Approx. 200 people

+

New group-in

Approx. 120 people

FEELIST Inc.

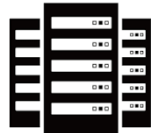
Sapporo-based near-shore engineering company with good track record in SES and contracted development projects, including web system and application development projects for major companies

Representative: Toshifumi Kino / Head office: Sapporo, Hokkaido, Japan / Offices: Sendai, Niigata, Tokyo, Kyoto, Fukuoka

DG Group's Technology Infrastructure

Payment System

Social infrastructure system that is required to be stable 24/7 operation and solid security



New Products

Next generation products that drive DG group's growth via promotion of DX/Fintech in various industries



Advanced Technology

New technology development in GenAI & crypto assets, and collaboration with the Digital Architecture Lab

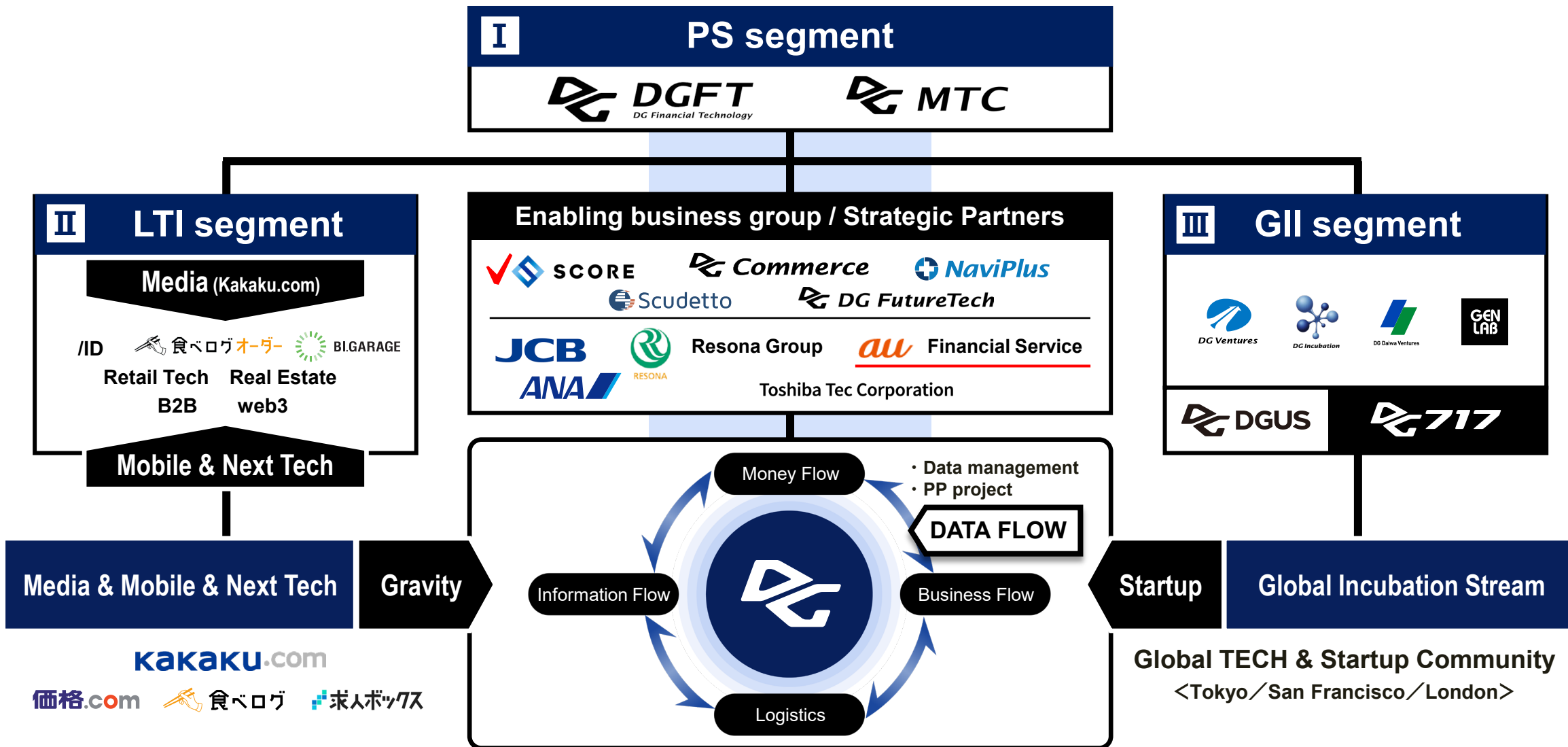


*Research lab that designs next-generation social structures driven by advancing technology and promotes implementation

V. Position and Overview of Each Segment in Fiscal Year Ending March 31, 2025

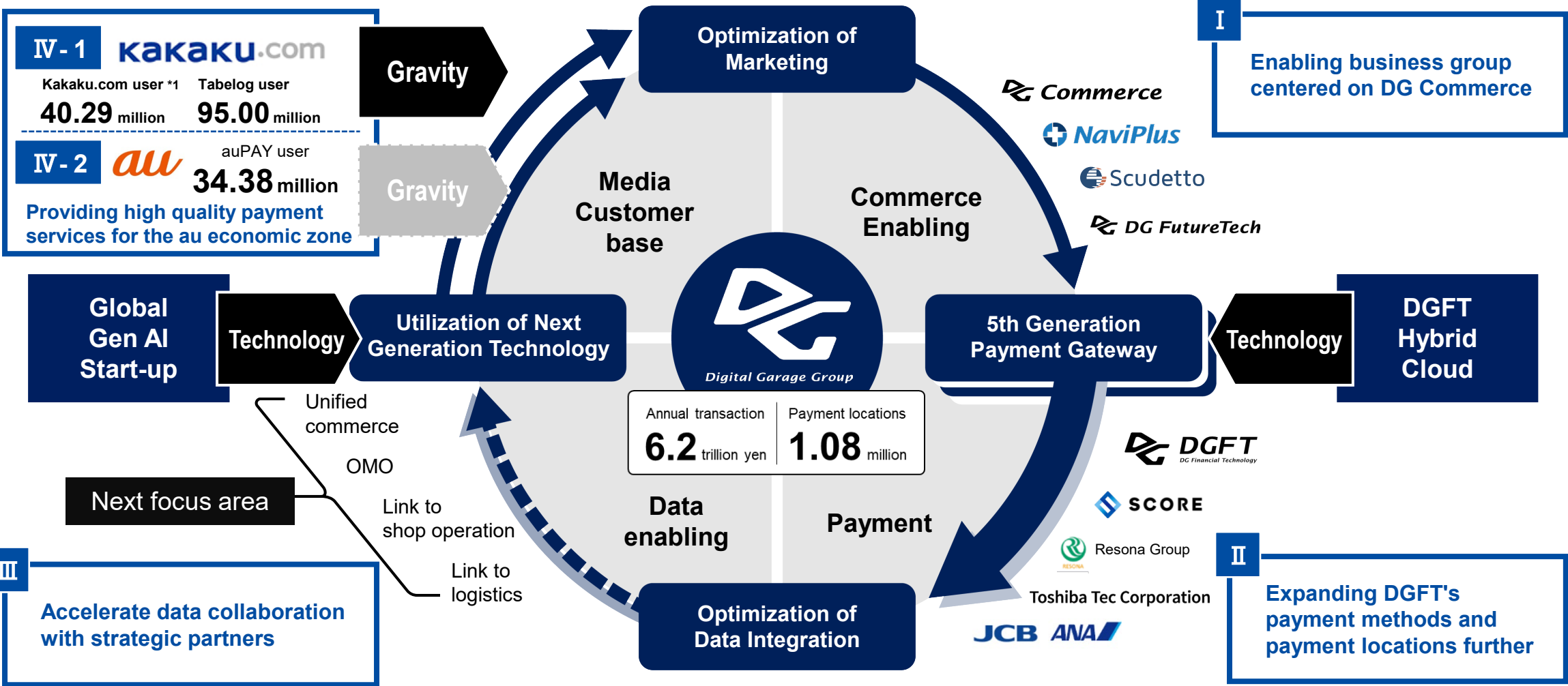


Grand Design for New Group Formations



Strategic Enhancements to Functionality in Four Areas Surrounding Payment and Data

Optimization of data integration following the enabling business group to achieve the virtuous cycle



*1 Monthly users as of December 2023. *2 Actual results for FY24.3

Developing an incubation system that also works with the Kakaku.com Group's Traffic (Gravity)

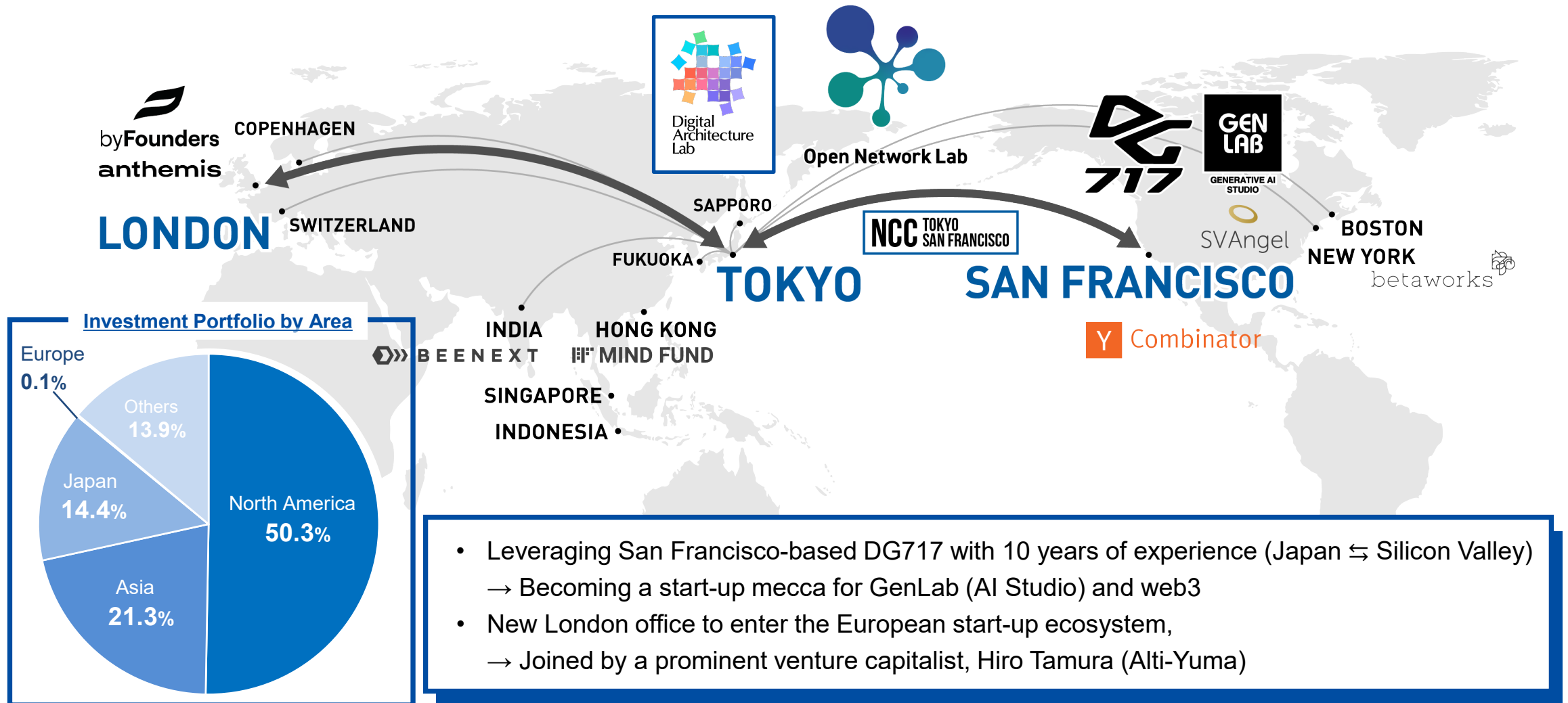
- Accelerating business development in the “EC,” “Restaurants,” “Travel,” “Real Estate,” and “HR” fields through enhanced collaboration with Kakaku.com
- In DG alone, strategic business planning and development will be promoted with a focus on three fields highly linked to payment business: B2B payment/finance, industry-specific DX, and next-generation technologies/services

Strengthen Strategic Business Planning and Development

■ Strategic Businesses

B2B Payment/Finance	Industry-specific DX	Next-gen. Technologies/Services
B2B Payment	Real Estate	Crypto Assets
<p>DGFT 請求書カード払い</p> <p>Corporate payment service that enables card payment on any invoice</p>	<p> Musubell DX services for Real estate industry</p>	<p> CRYPTO GARAGE</p> <p>Payment and Custody solutions for B2B crypto asset transactions, and consulting and support for web3/NFT businesses</p>
Financial Services	Restaurants / Retail	Next-generation Marketing
<p>クイックマネー</p> <p>Factoring Service</p>	<p> Pangaea Delivery DX service that combines management and operation of a variety of online orders.</p>	<p> BI.GARAGE</p> <p>Data science business, and development of cutting-edge web advertising technology</p>
	Healthcare	
	<p> Cloud Pay Medical BNPL service for medical institutions</p>	

Investing in and nurturing startup communities in next-generation technologies including Gen AI, Blockchain, as well as financial technology and data on a global scale through "global incubation streams" developed over the years



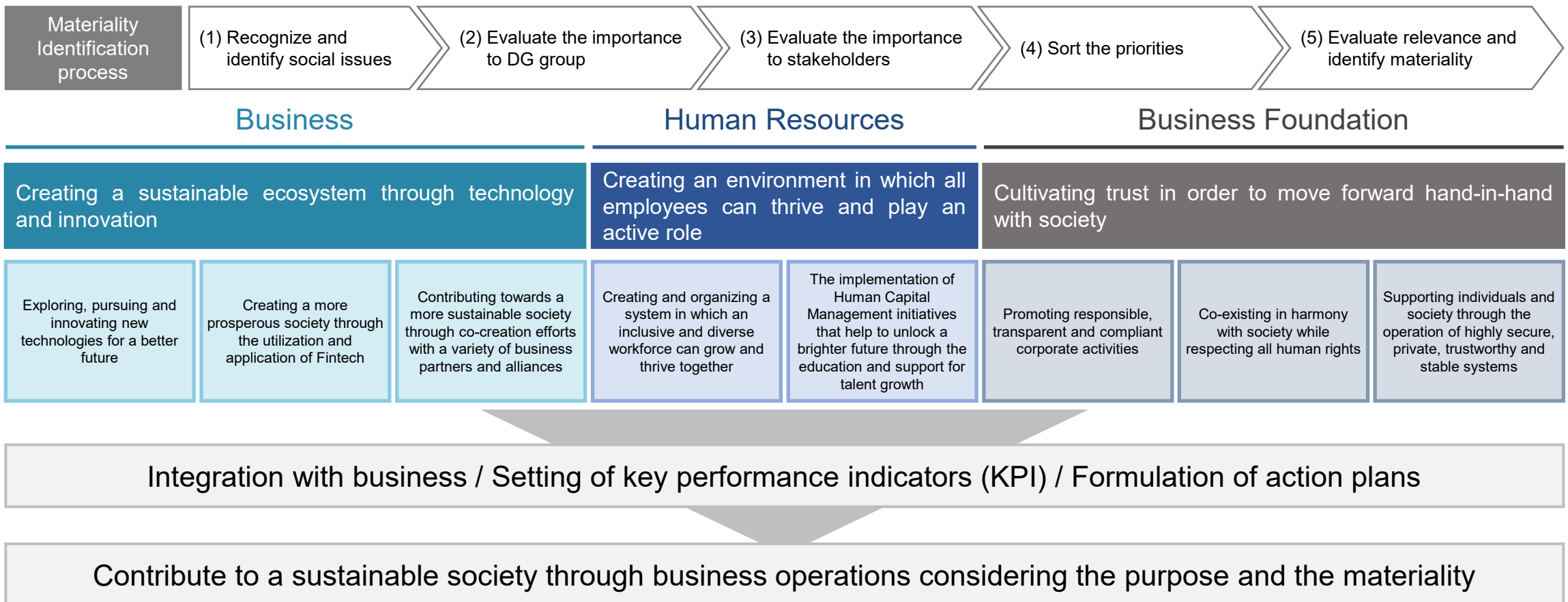
VI. Sustainability and DG's History of Social Implementation



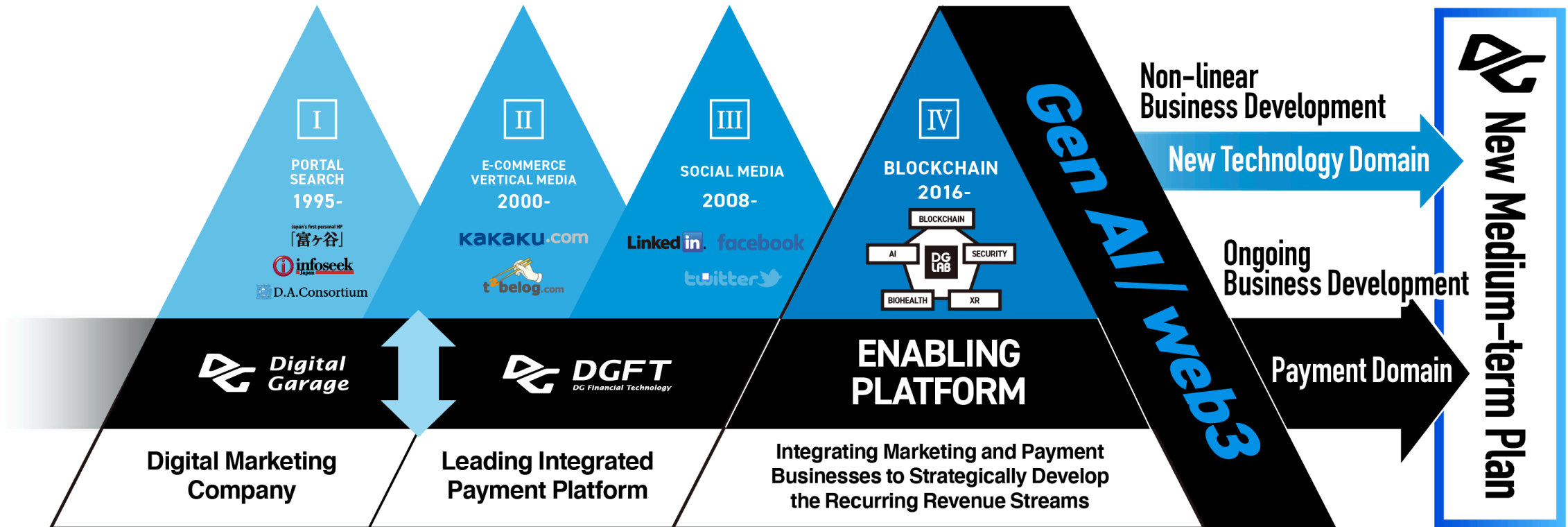
DG Purpose (Sustainability Policy)

Designing “New Context” for a sustainable society with technology

3 Material Issues (Areas) and 8 Materiality to achieve the purpose



Since its establishment in 1995, DG has been developing the latest internet business deploying cutting-edge technologies based on marketing and payment. Our next generation focus will be on Gen AI / web3, etc.



Reference materials

Reference Materials(1): Next Generation Strategic Business Topics



Musubell, One of the Largest DX Platforms for Real Estate Transactions in Japan.

Entered the condominium management business to promote DX in the whole industry
 Cooperation partners will be expanded in the coming years


Real Estate Transactions DX Business

280% increase in the number of installed locations of real estate operators compared to August 2023

Services

for the New Condominiums  **Musubell** for 新築

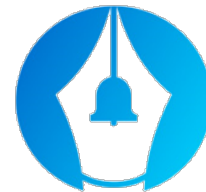
for Real Estate Agent  **Musubell** for 仲介

for Property Survey  **Musubell** for 物件調査

Track Record

Installed locations	420
Electronic contracts	8,665 (total for FY24.3)
Real estate agency users	1,700

Real estate service expansion



Musubell

DX Engagement Platform providing services to streamline overall sales and management operations with electronic real estate contracts.

Service expansion through Open Innovation

Condominium Management DX

New service launched in March 2024
 Promoting DX of the entire condominium management operations



Musubell for 管理

- Promoting the use of IT in business processes with stakeholders including brokers and outsourcing companies
- Aiming to solve social issues such as the shortage of management staff

Musubell Partner Program

Started showing tentative mortgage loan approval results



住宅ローン事前審査一括申込サービス
SmartEntryTab

- Connected to Toppan Edge's Mortgage Provisional Loan Screening Service
- Results of provisional screening by financial institutions can be confirmed within Musubell

Promoting Payment Business for B2B Payment Market, which is Larger than the B2C Market

Aiming to build a B2B Fintech Gateway to provide financial and data services for businesses

Business Overview

Customer Value

A service that allows corporations to pay their bills for purchases, etc. by credit card
 (1) Improved cash flow (payment due extended for up to 60 days)
 (2) Simpler billing/payment processes with DX

Service Channel

Partnerships with corporate card issuers and B2B SaaS providers in addition to our own channel
 (1) Own channel
 (2) Partnership channel through our system OEMs, etc.

Partner Channels (Example)

Corporate Card Issuers

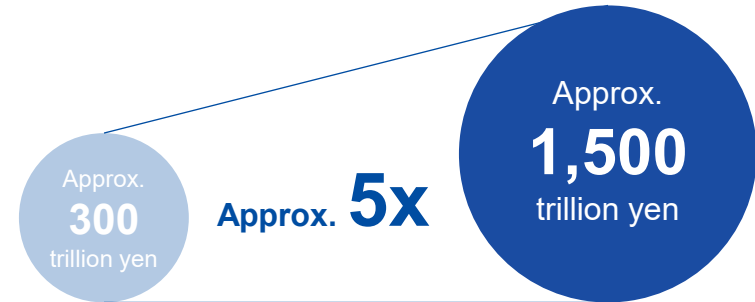
SaaS Providers



Market Size*

B2C Payment

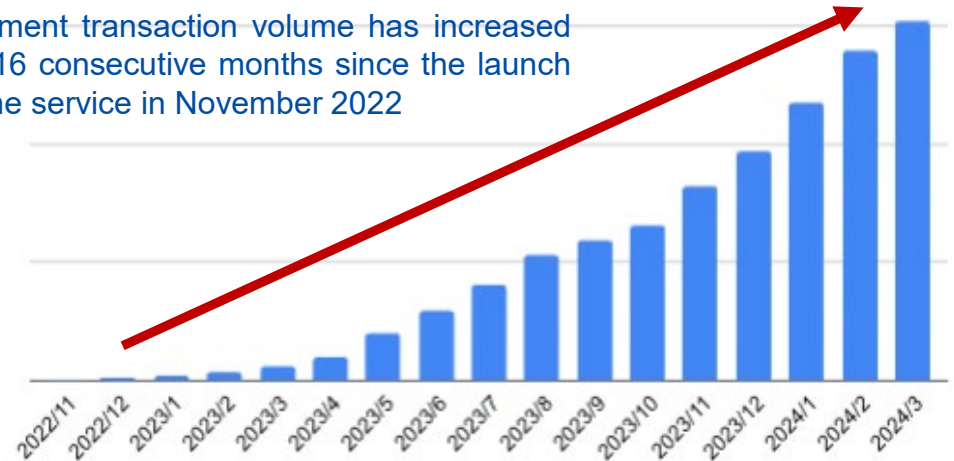
B2B Payment



* Estimated based on corporate statistics, etc.

Traction

Payment transaction volume has increased for 16 consecutive months since the launch of the service in November 2022



Synergy with

Gravity wing

and GII segment

Startup wing



- Wholly-owned subsidiary
- Joint Ventures/Affiliates/Equity Companies
- Capital alliance/joint venture partners
- Business partners

Payment service provider (PSP)

Offline

B2B

Fraud detection

BNPL

EC tool development

EC platform development

Offshore development

EC media

Crypto assets/web3

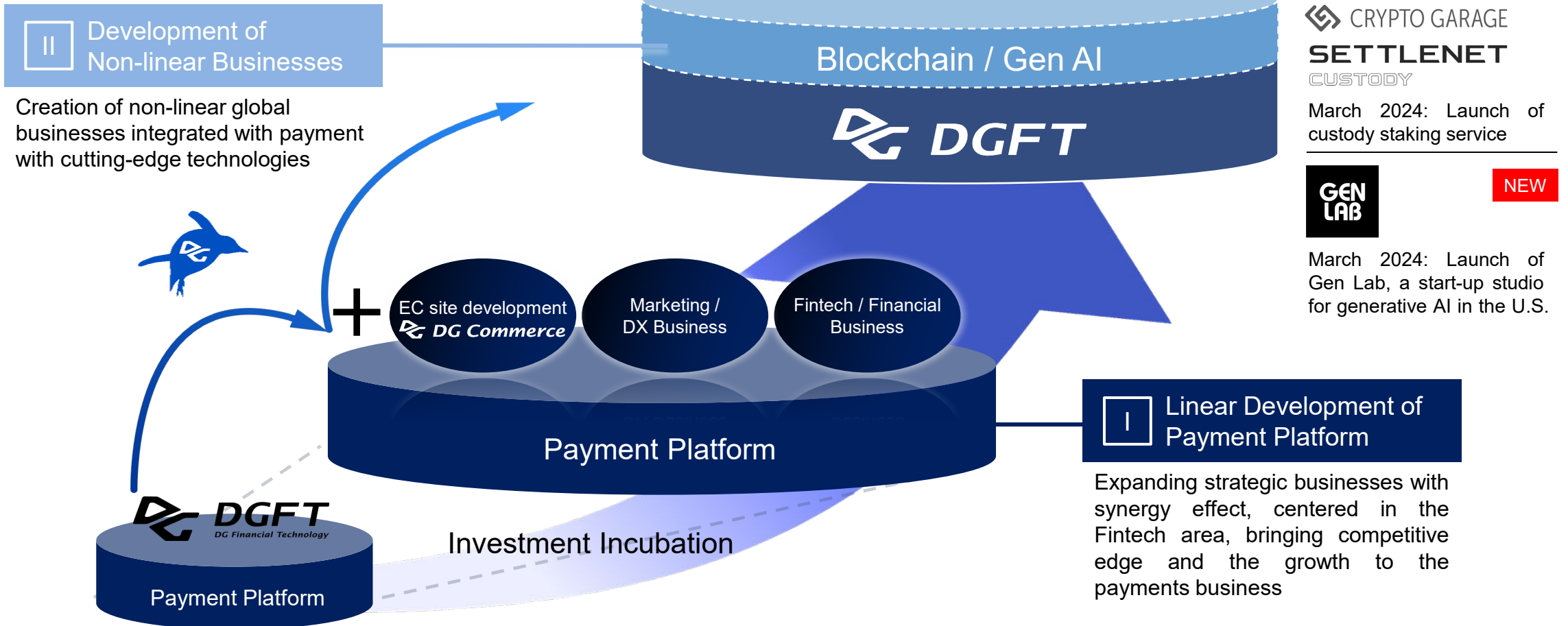
Fintech Start-up investment

I Linear Development of Payment Platform

▶ Continue “DG FinTech Shift” strategy centered on payment platform and strengthen recurring revenue stream

II Development of Non-linear Businesses

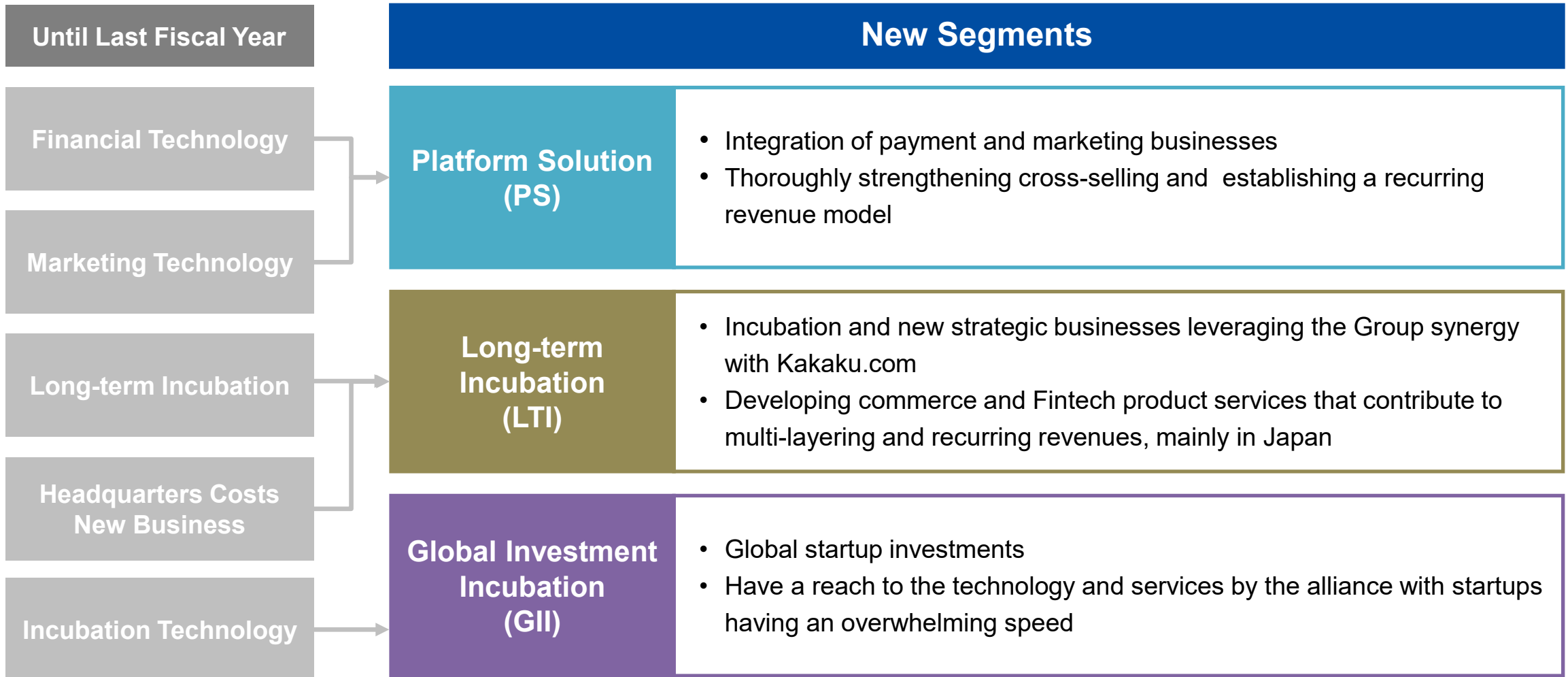
▶ Social implementation of next-generation technologies / Development of non-linear businesses through Blockchain, Gen AI, etc



Reference Materials(2): Supplementary Data

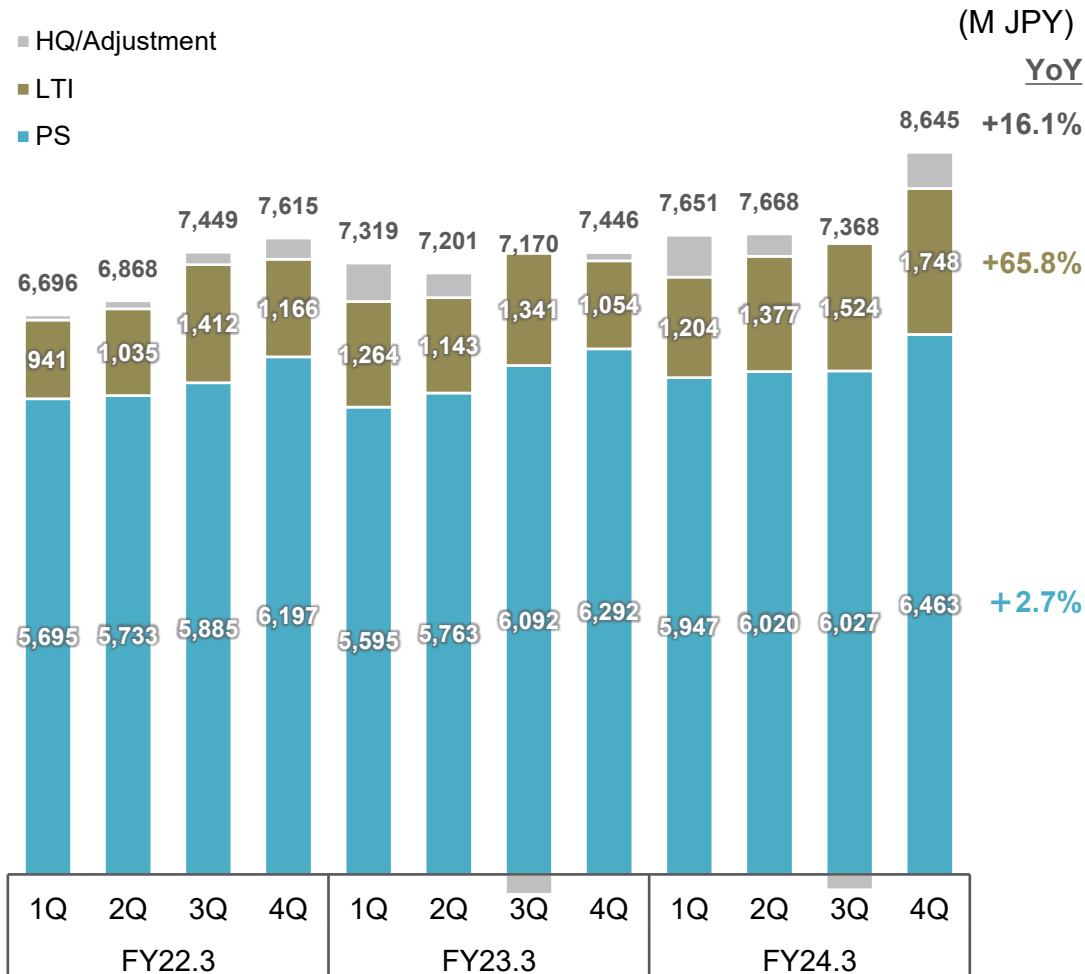


- Consolidated business segments to accelerate the business strategy, integrating payments and data/marketing.
- Consolidated new businesses and next-generation media business, aiming for vertical launch by leveraging DG Group's business assets as strategic businesses to increase its corporate value in five years.

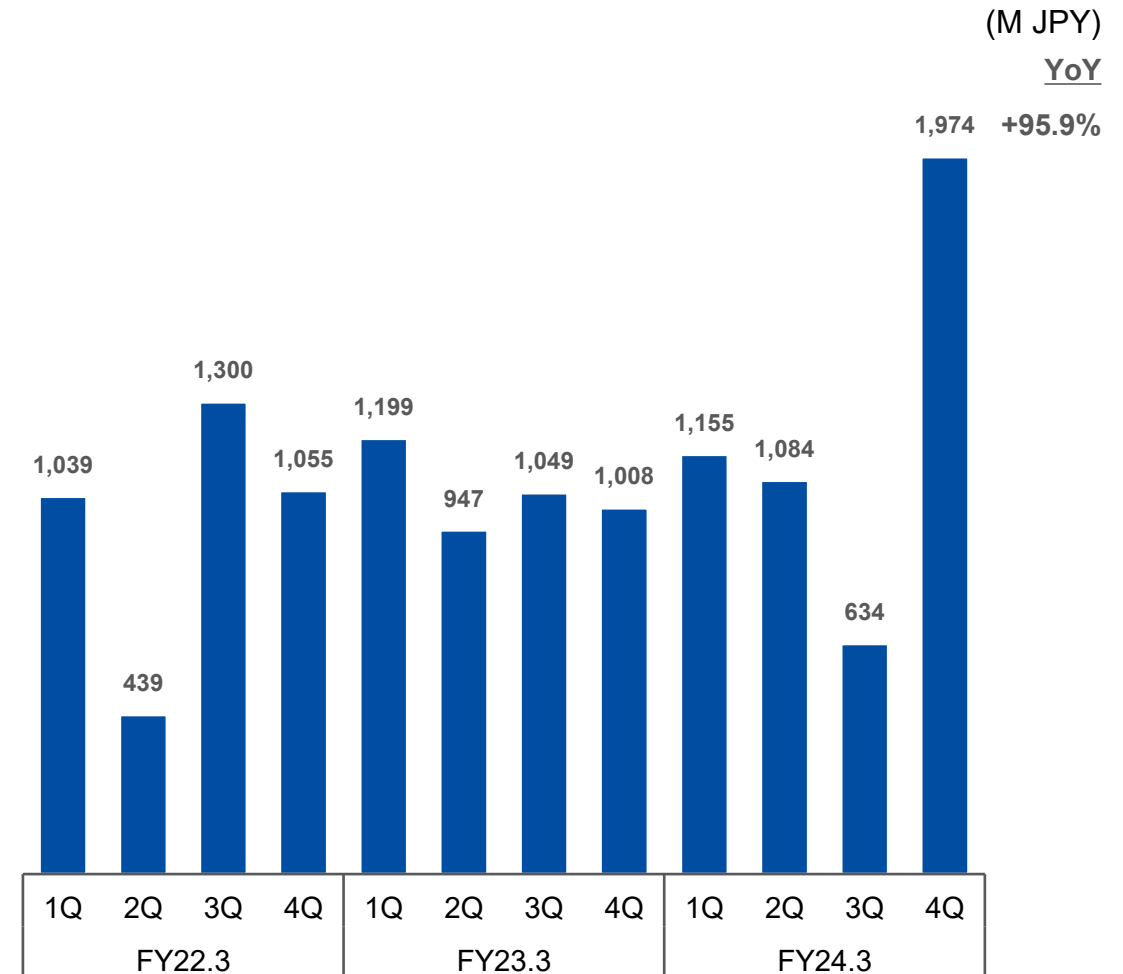


- Consistent and stable growth in basic business revenue and profit
- Accelerating mid-term growth focusing on developing new businesses in LTI, with stable growth in PS

Revenue (excluding investment and one-time gains/losses)



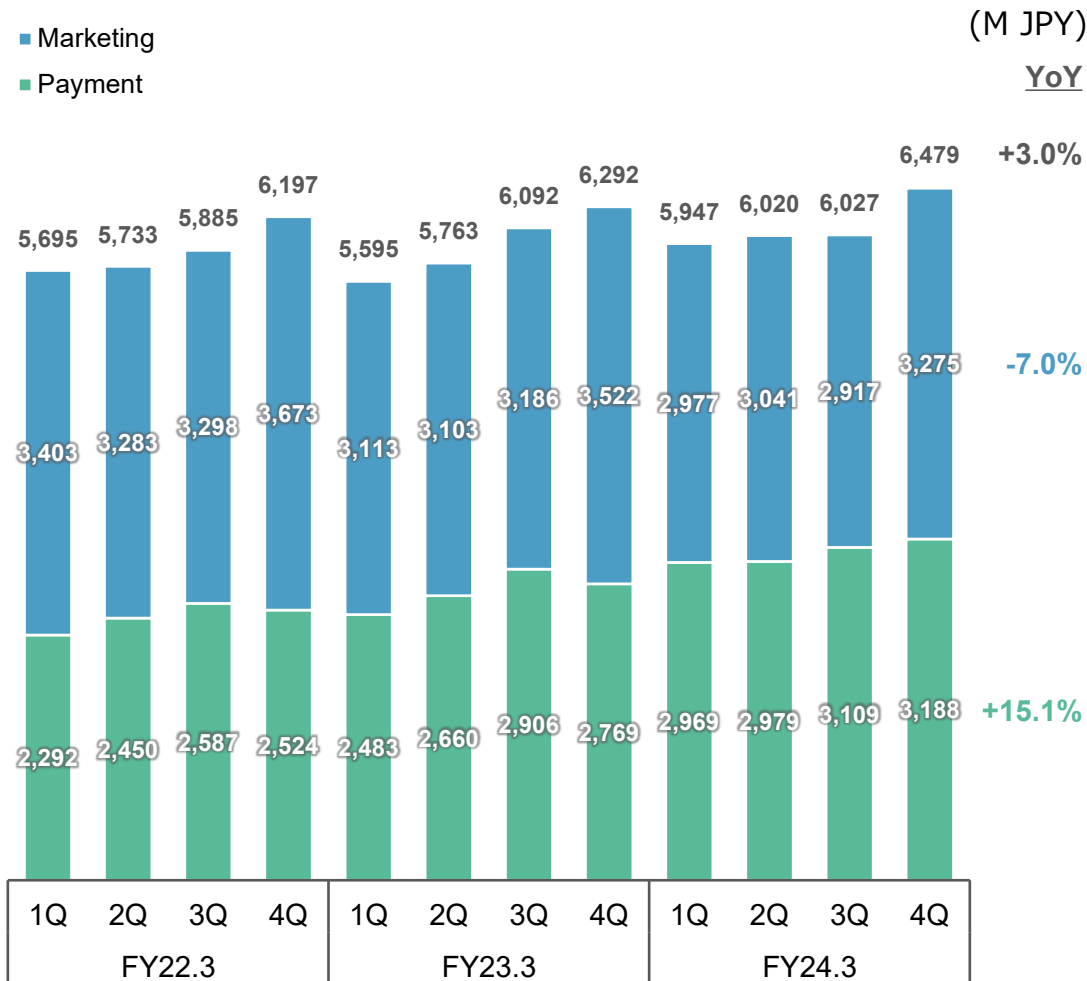
Profit before tax (excluding investment and one-time gains/losses)



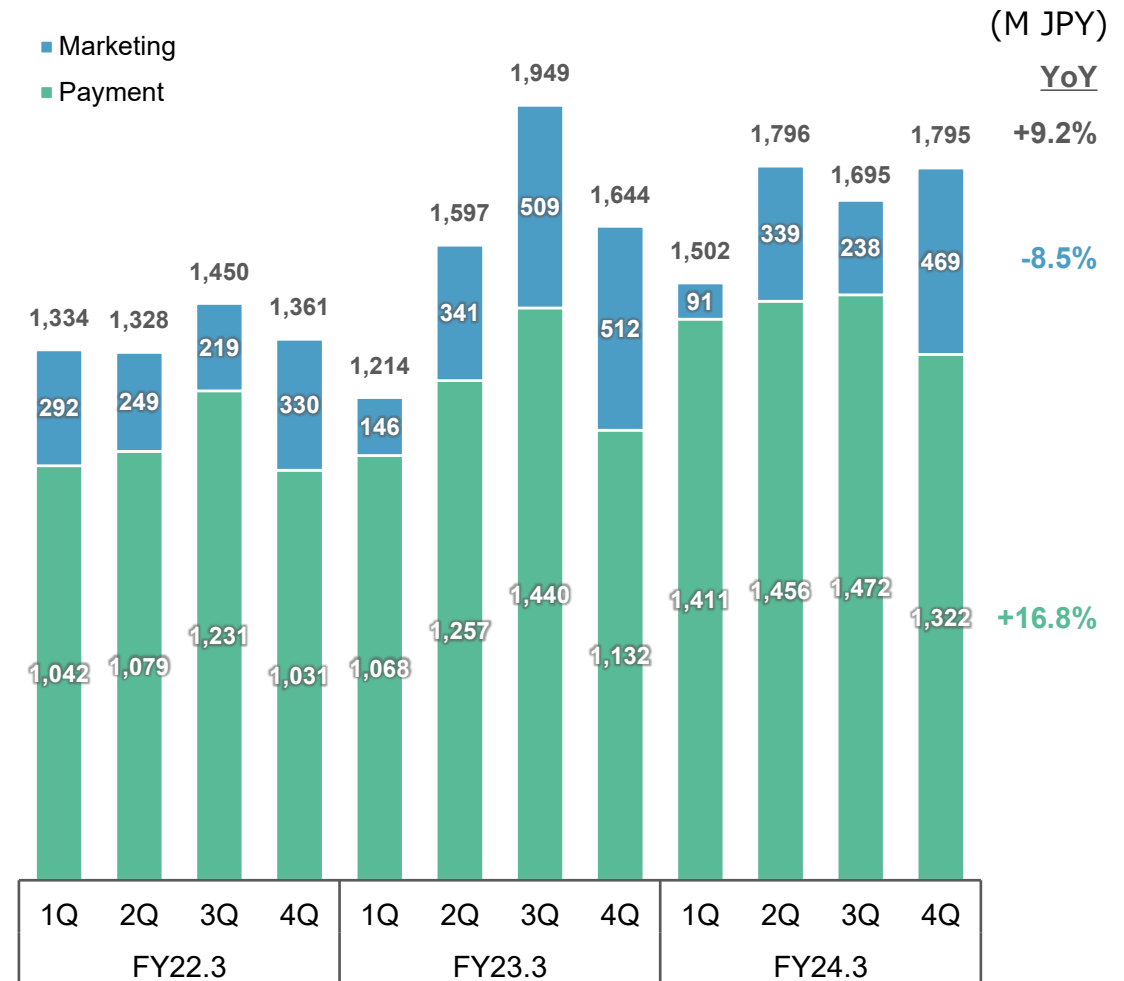
Performance by Segment (Quarterly) - Platform Solution

- Payment business: 15%+ profit growth despite one-time factors such as churn of project
- Marketing business: Recorded lower profit YoY due to losses in equity-method affiliates, and made structural change for better integration with payment business

Segment Revenue



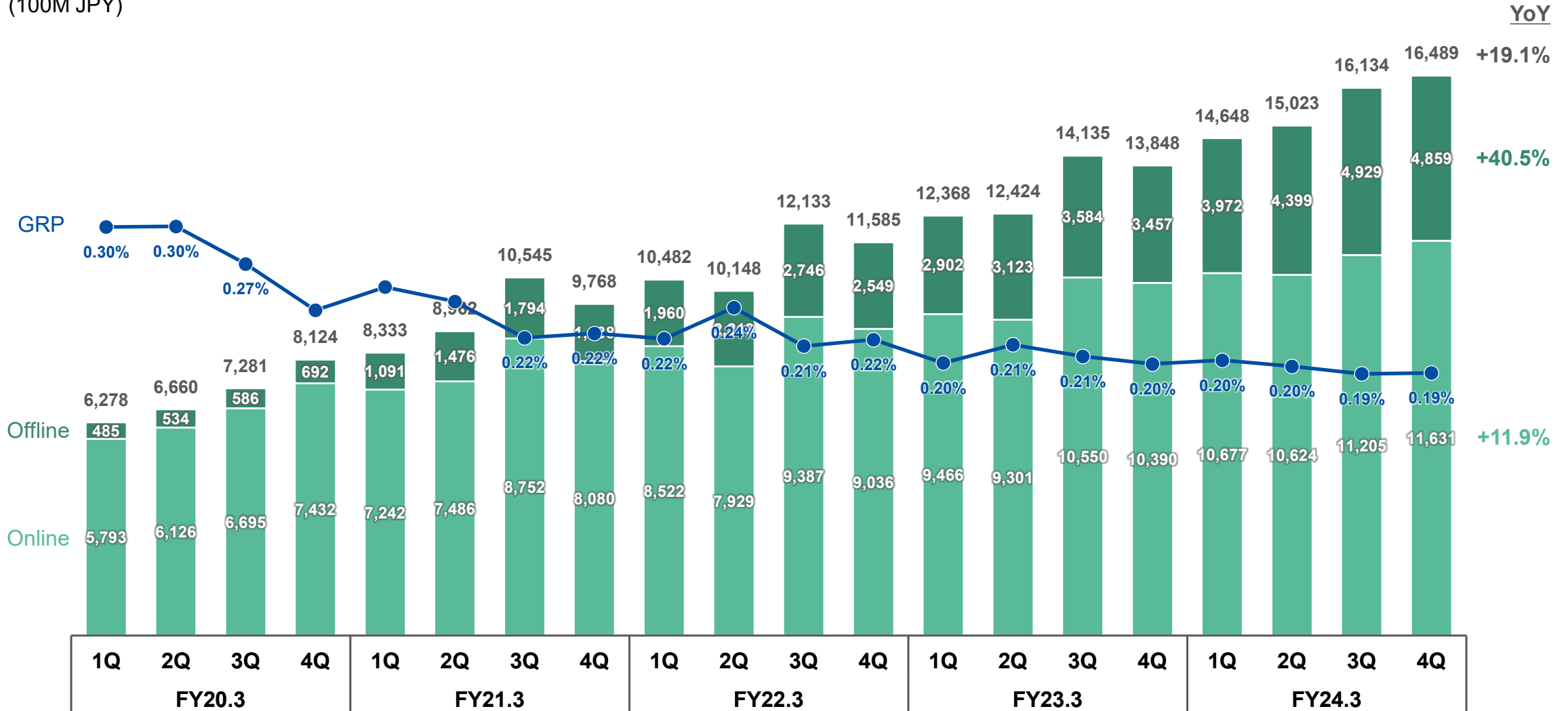
Segment Profit



Payment Transaction Volume - Online and Offline Payment Trends

- Online: Steady growth during COVID-19. Focusing on e-commerce domain with the launch of DG Commerce
- Offline: Significant growth due to increased number of merchants driven by successful alliance strategy

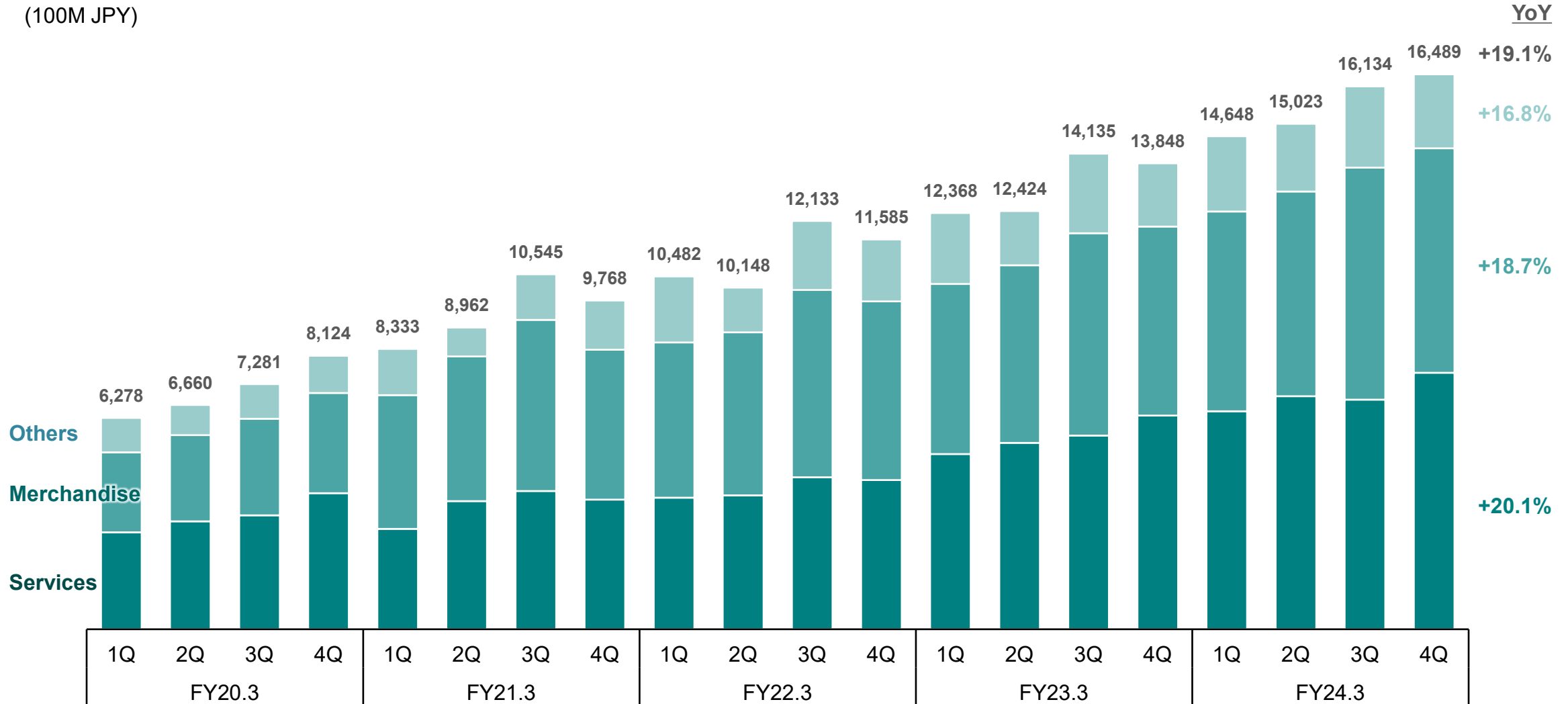
(100M JPY)



Payment Transaction Volume – Trends by Merchandize and Service

- **Service:** Temporary stagnation in the travel industry due to COVID-19, but currently back on a growth track
- **Merchandize:** Winning new merchants, mainly general retailers (supermarkets, department stores, etc.), through alliance strategy

(100M JPY)



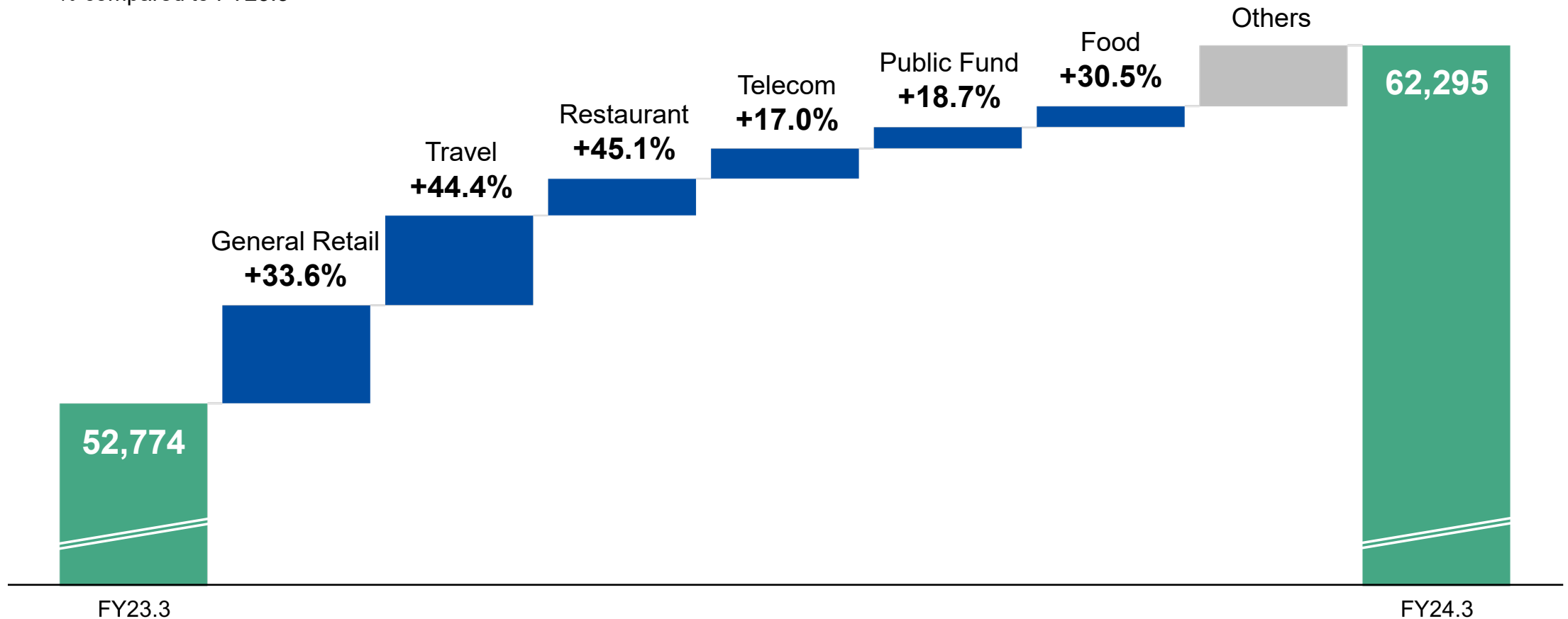
Payment Transaction Volume – Increase / Decrease by Sector

- Transactions in Travel and restaurant industries recovered due to the convergence of COVID-19
- The number of new merchants increased due to successful alliance strategy, including with Toshiba Tec

Payment Transaction Volume: Increase/Decrease by Sector

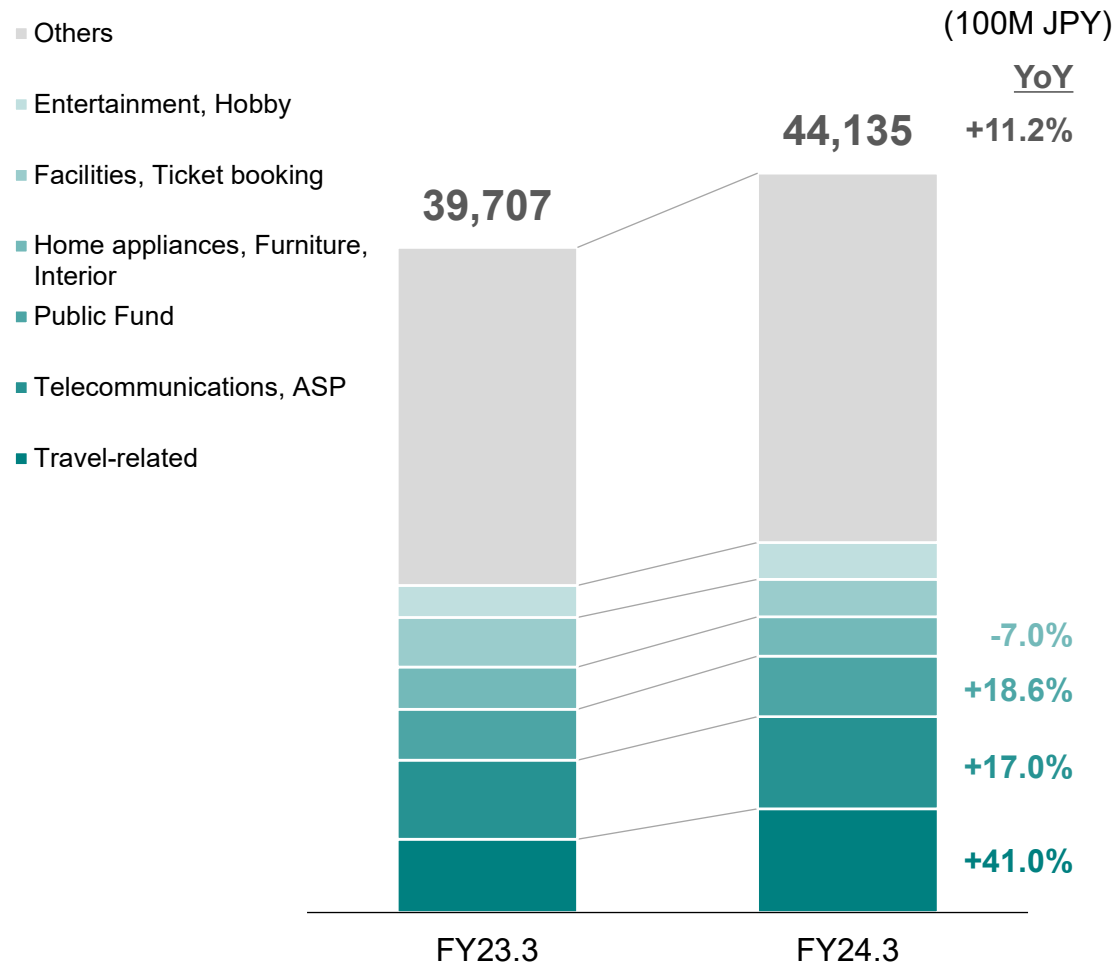
(100M JPY)

* % compared to FY23.3

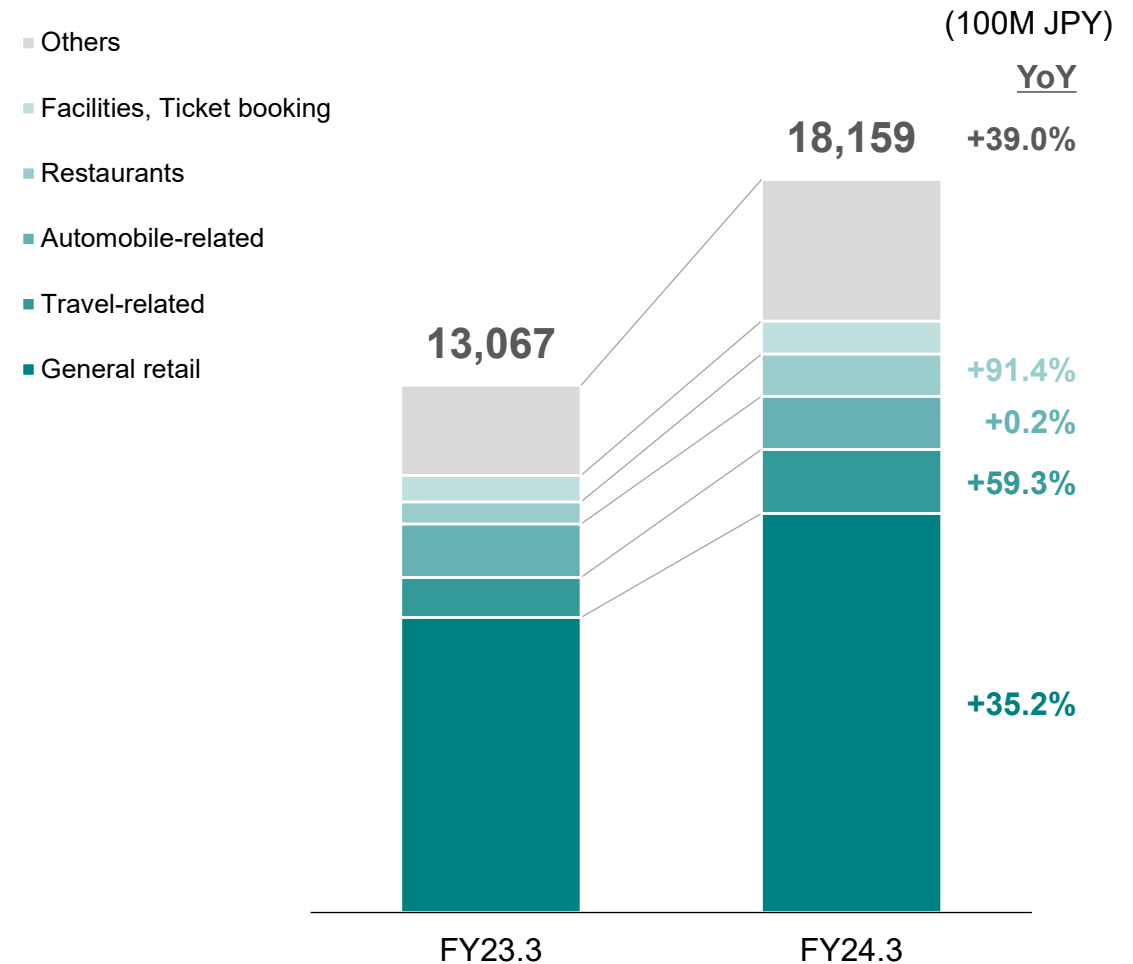


- **Online:** Transaction volume increased across industries, driven by travel industry where DG has strength
- **Offline:** General retail remains strong, as well as restaurants and facility-related due to COVID-19 convergence

Online Payment



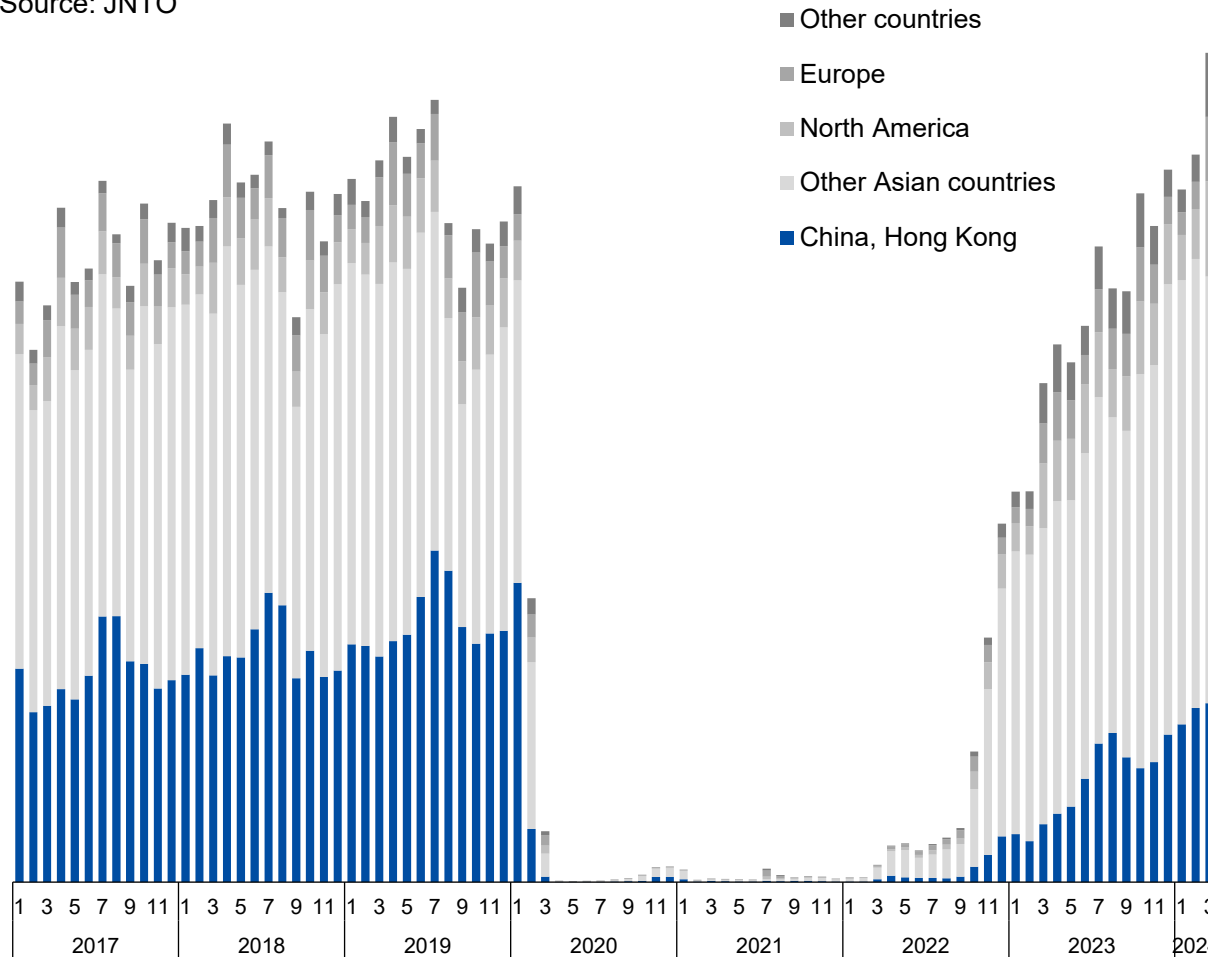
Offline Payment



- Foreign visitors are recovering, but Chinese visitors with high consumption remain at 50% of pre-COVID-19 levels
- High potential for expansion in Alipay/WeChat Pay services that DG can offer

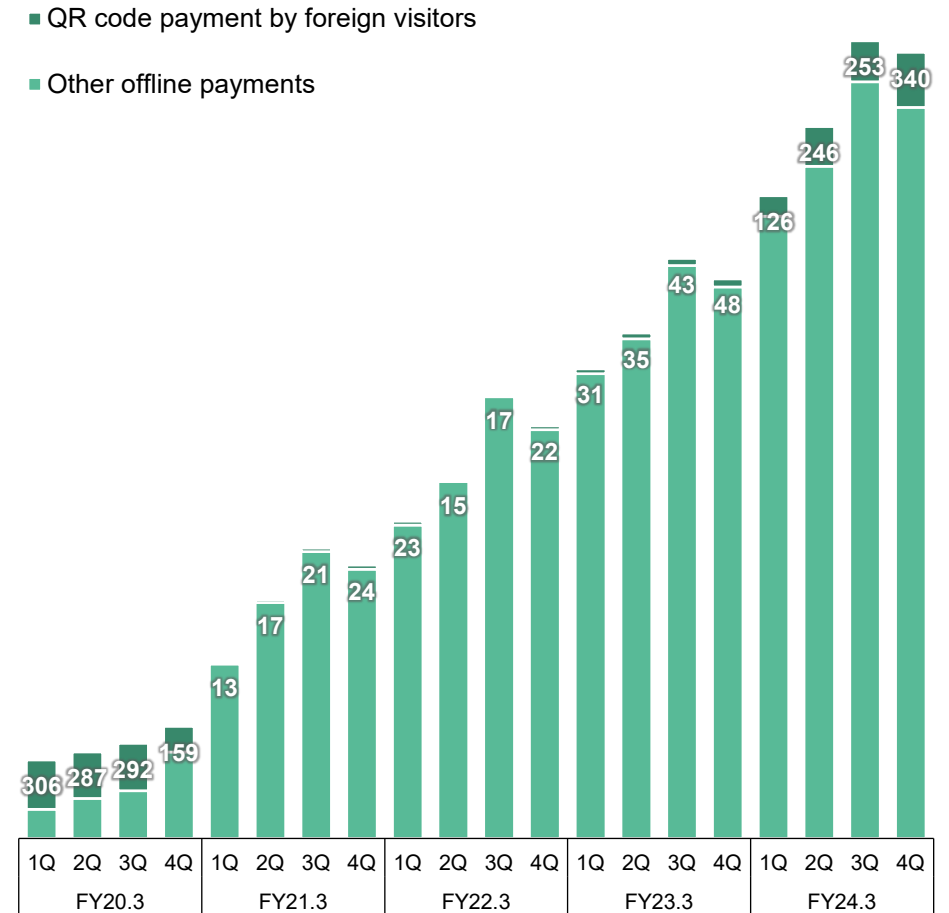
The Number of Foreign Visitors to Japan (by area)

Source: JNTO



Offline Transaction Volume

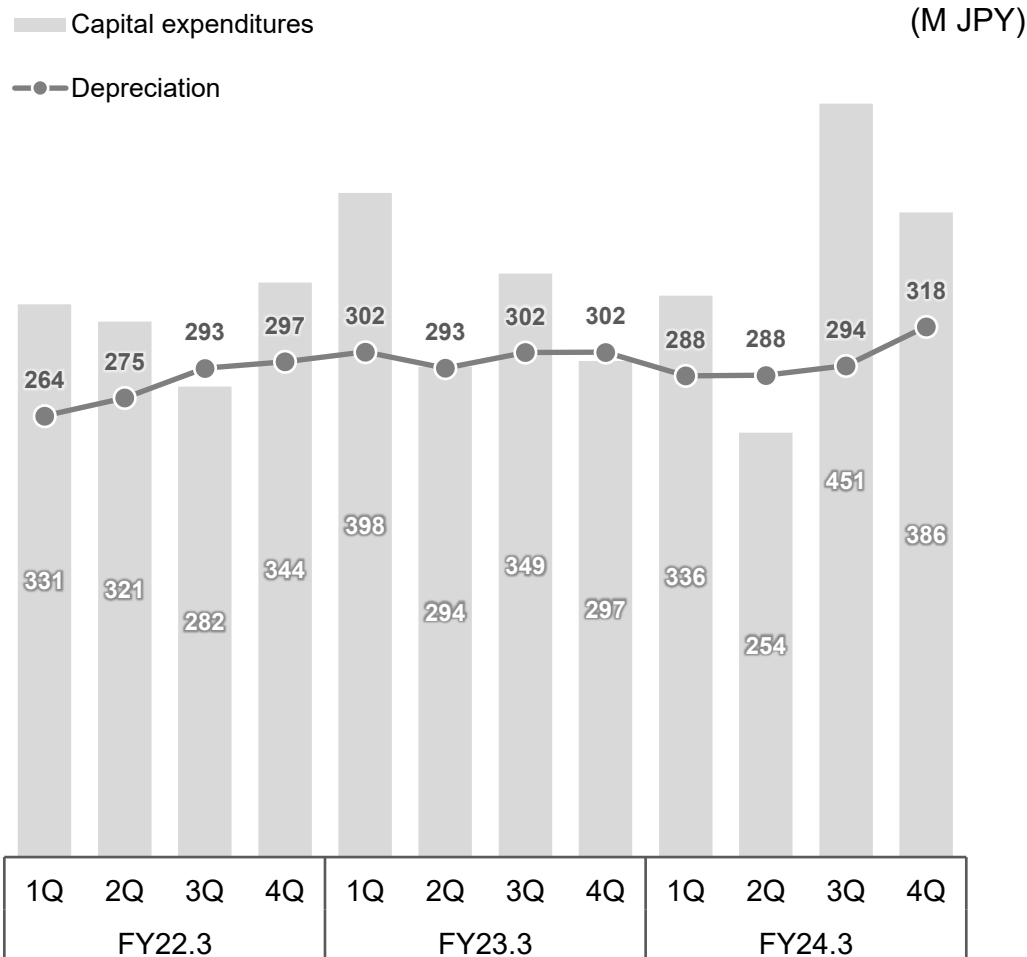
(100M JPY)



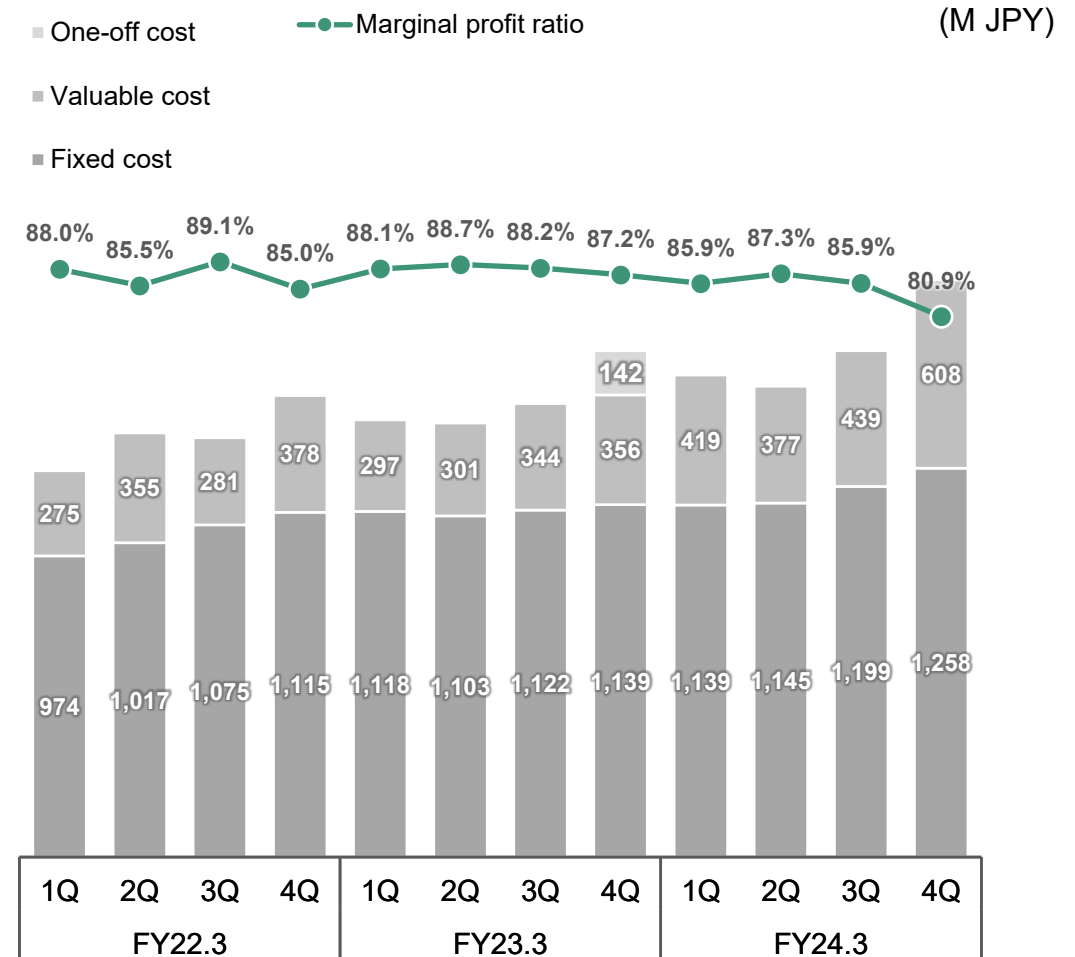
Capital Expenditures and Depreciation Related to Payment Business

- Continue to invest in payment systems to ensure stable 24/7 operations and enhance robustness of security
- It is expected that fixed costs may show gradual increase due to redundancy of system operations and marginal profit ratio remains at a current level

Payment-related Expenditures • Depreciation

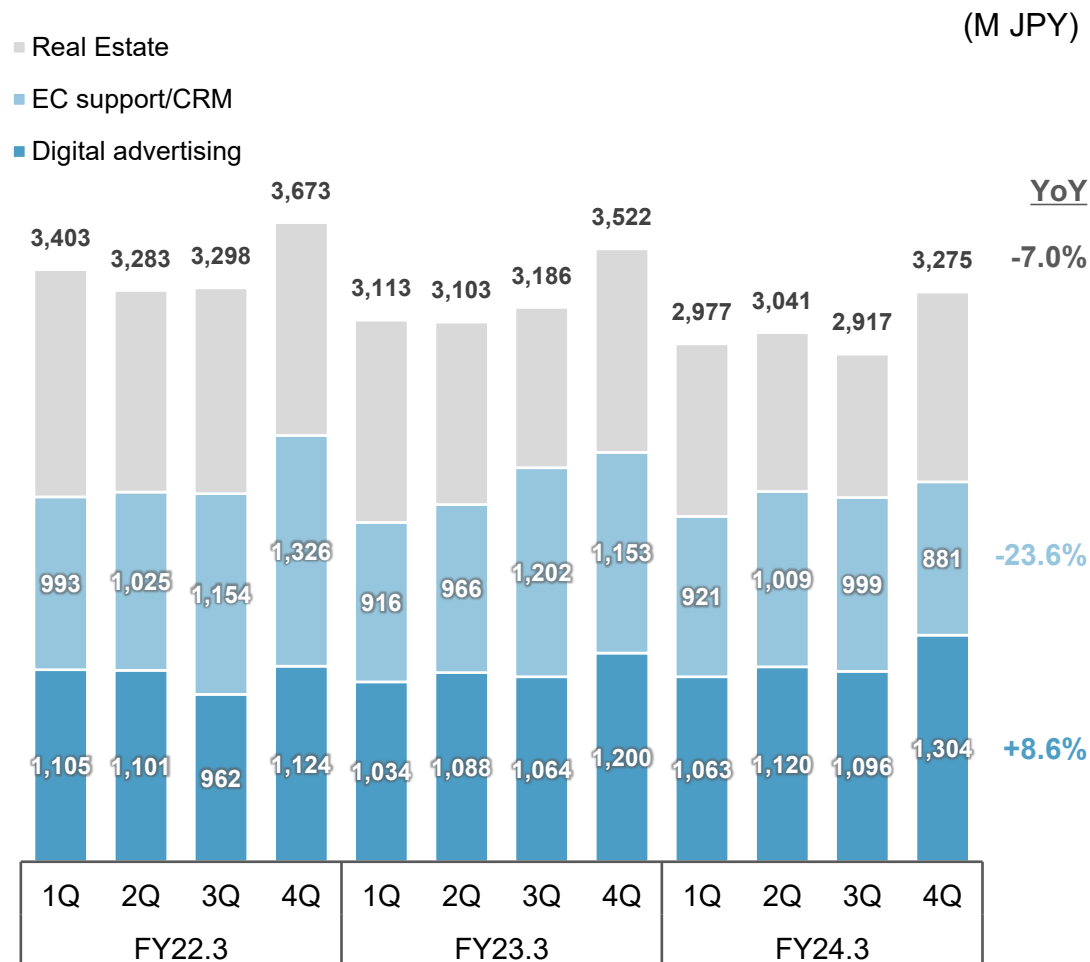


Payment-related Costs • Marginal Profit Ratio

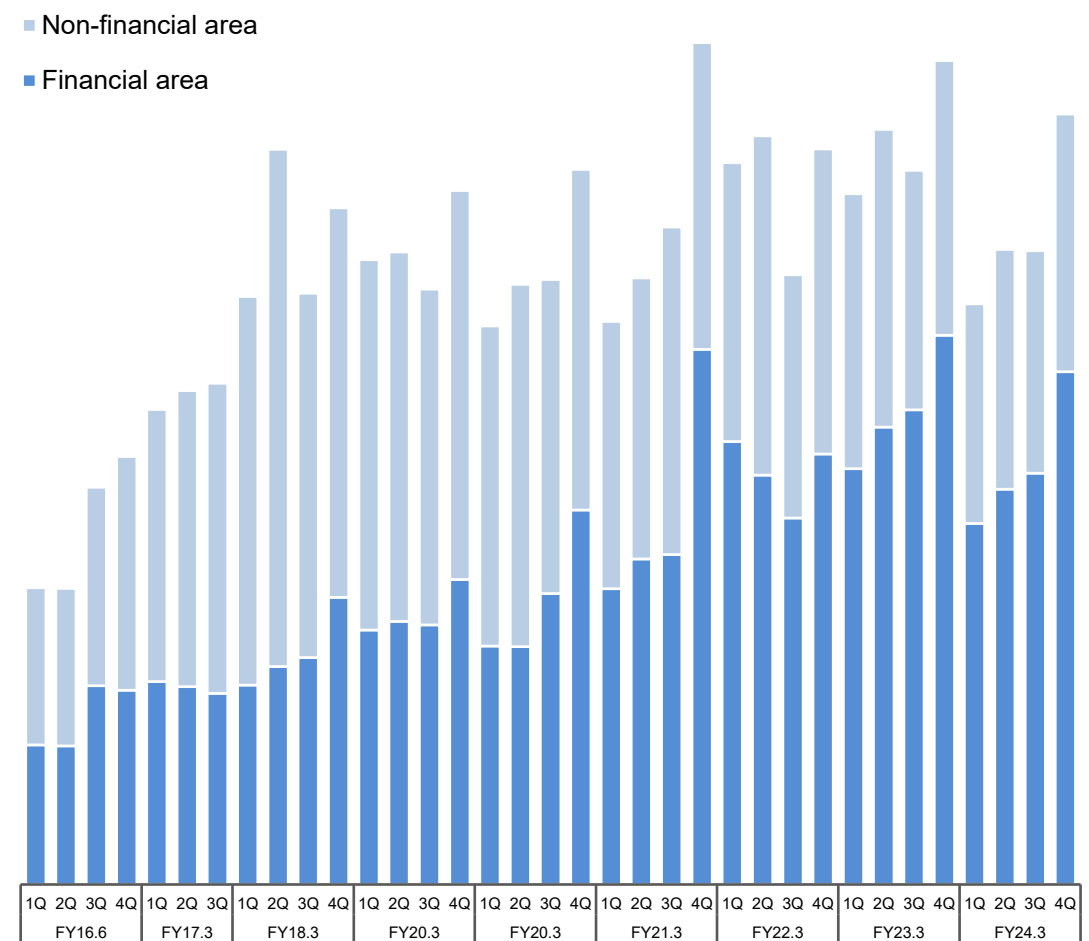


- DG's core digital ads business is stable in the long run, despite quarterly fluctuations in both revenue and ad volume
- Digital ad volume in the financial domain declined YoY due to clients' shrinking budgets

Profit in Marketing Business



Transaction Volume in Digital Advertising

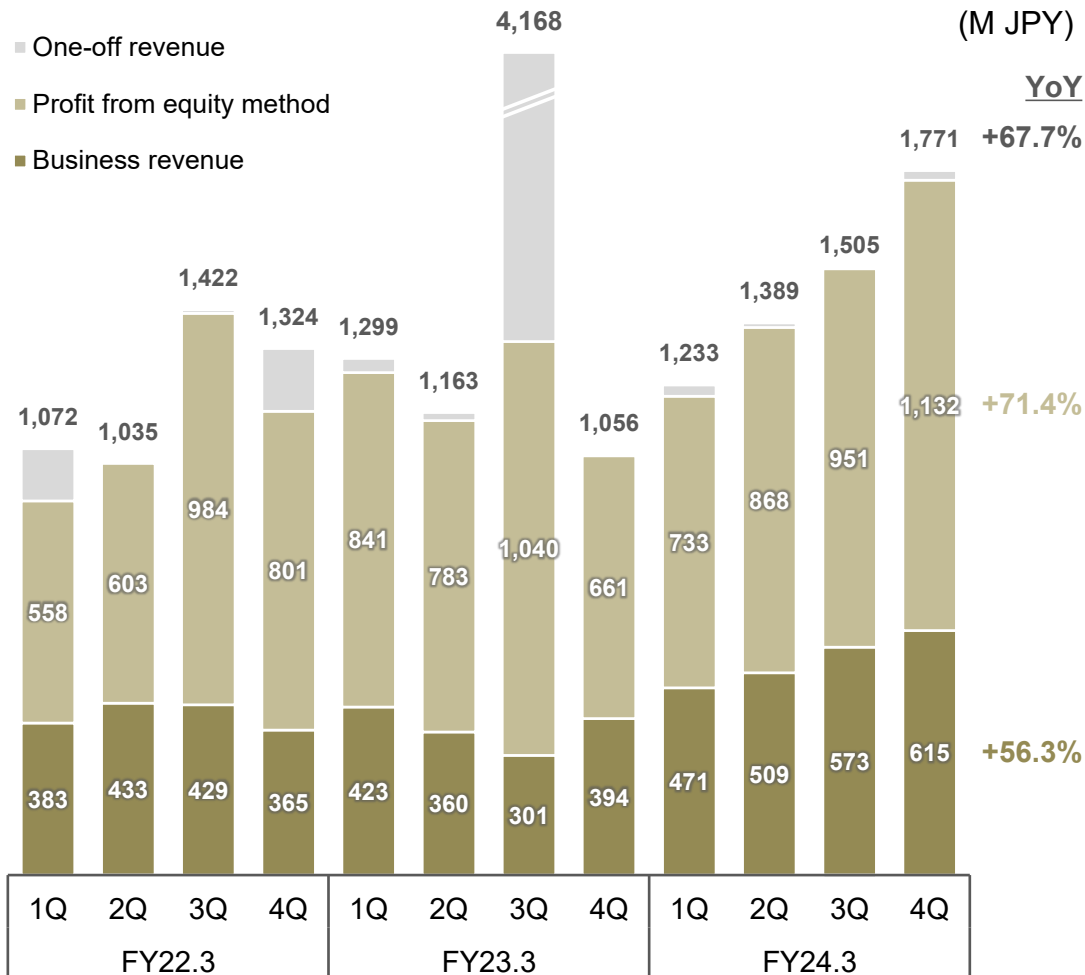


Performance by Segment (Quarterly) – Long-term Incubation

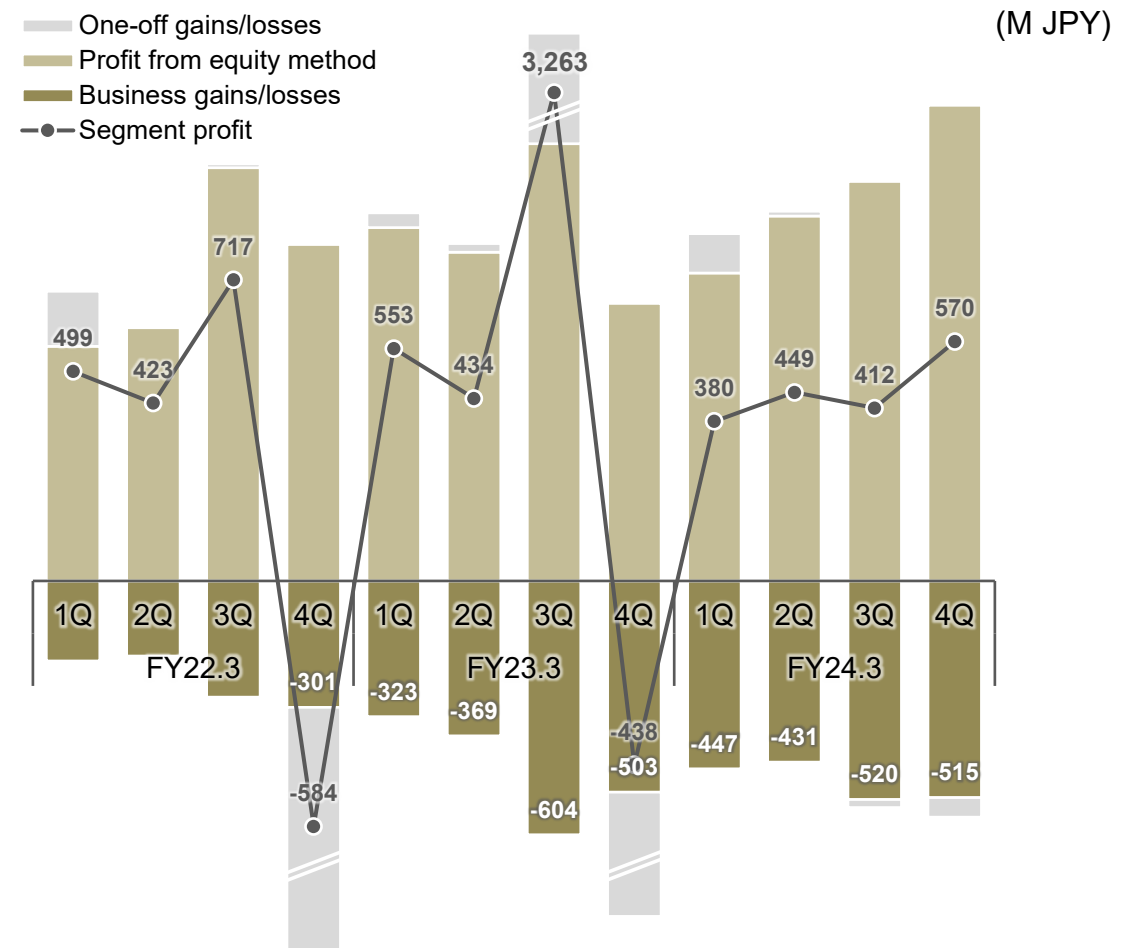
Long-term Incubation

- Continuing early-stage investment in new businesses linked to payment business, aiming for mid to long-term growth
- Kakaku.com achieved record profit in the Tabelog business, as well as steady growth in the Kyujin box business

Segment Revenue

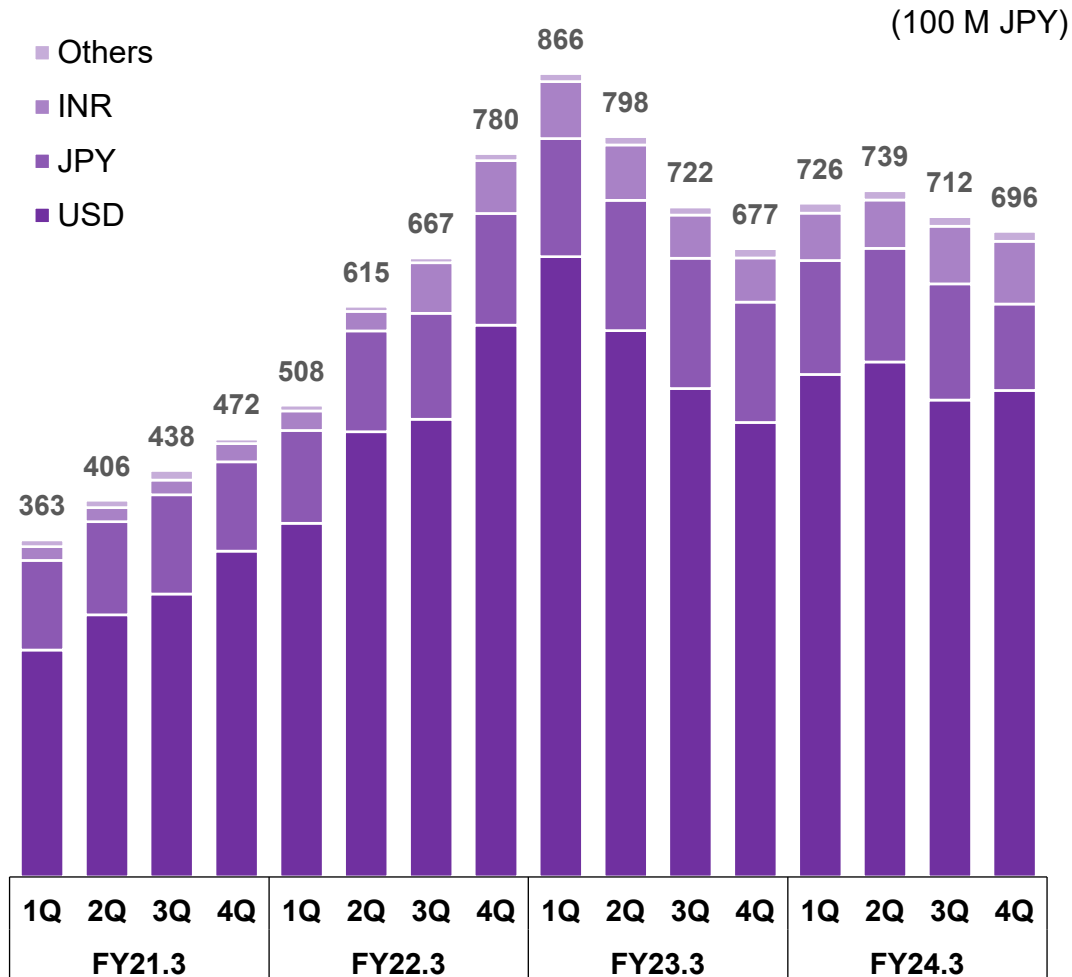


Segment Profit

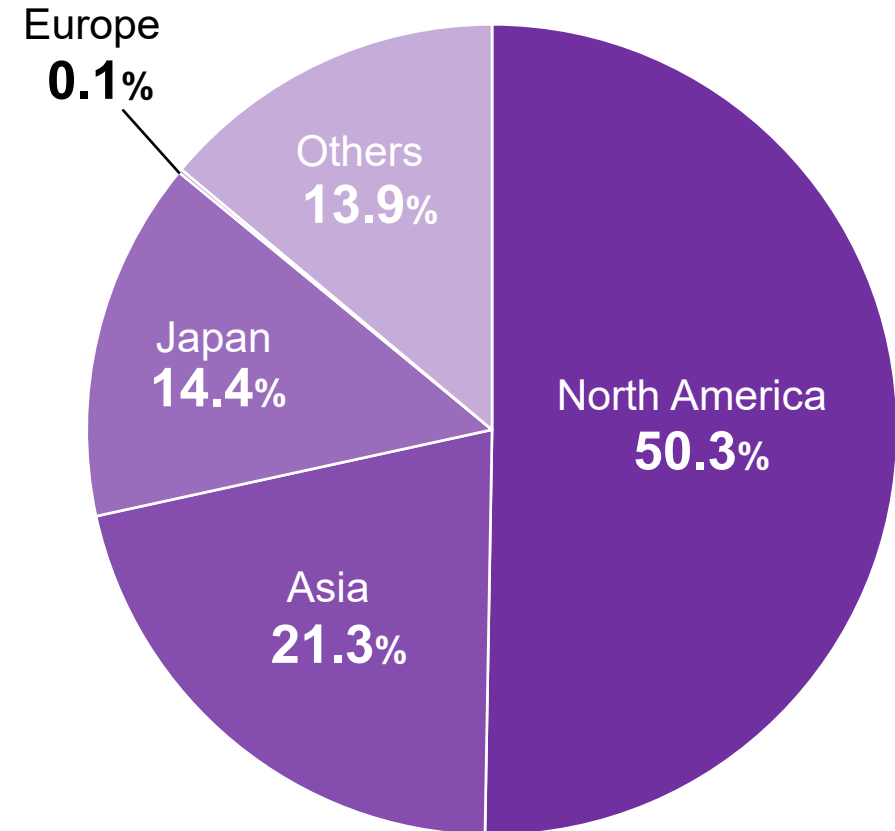


- JPY depreciation trend led to an increase in the fair value of operational investment securities
- Fair value of operational investment securities was ¥69.6B at year-end (up ¥1.9 billion from the previous year-end)

Balance of Operational Investment Securities



Investees by Area



- Unrealized gains account for more than 1/2 of the fair value of operational investment securities at end-March 2024
- Diversified portfolio with more than 200 start-ups and LP investments, mainly seed and early-stage companies

Breakdown

Balances of the Top 5 Companies in the Portfolio

(M JPY)

Whole Fair Value

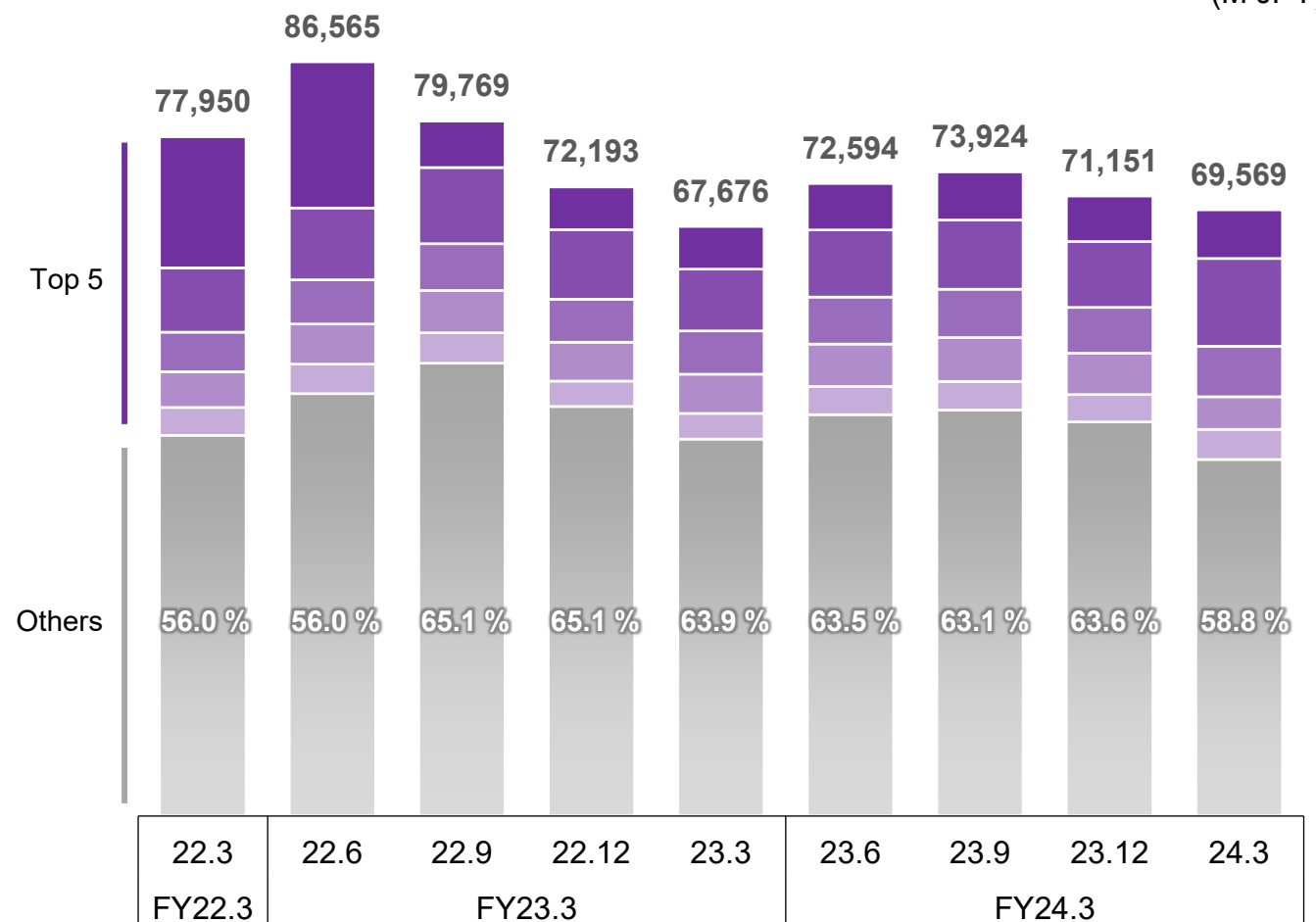
69.6 billion

Unrealized gains

37.3 billion

Book value

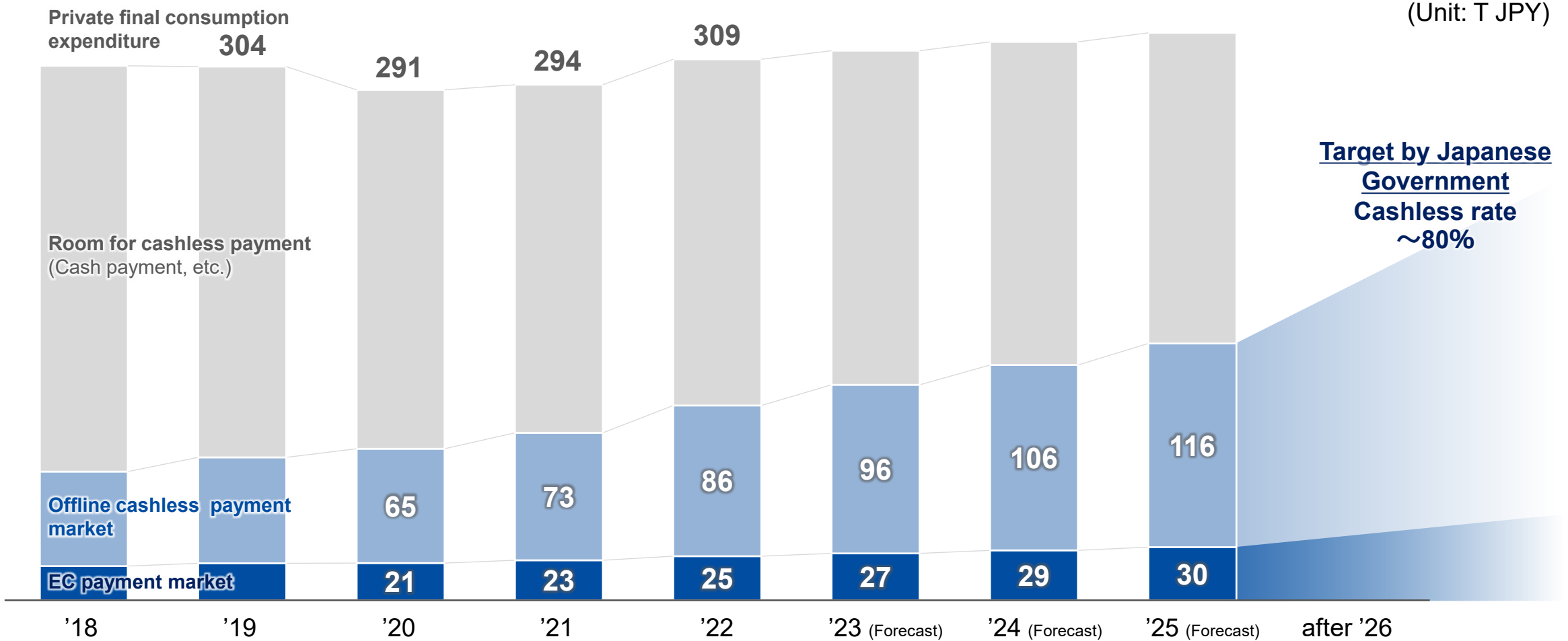
32.3 billion



Reference Materials(3): Business Model



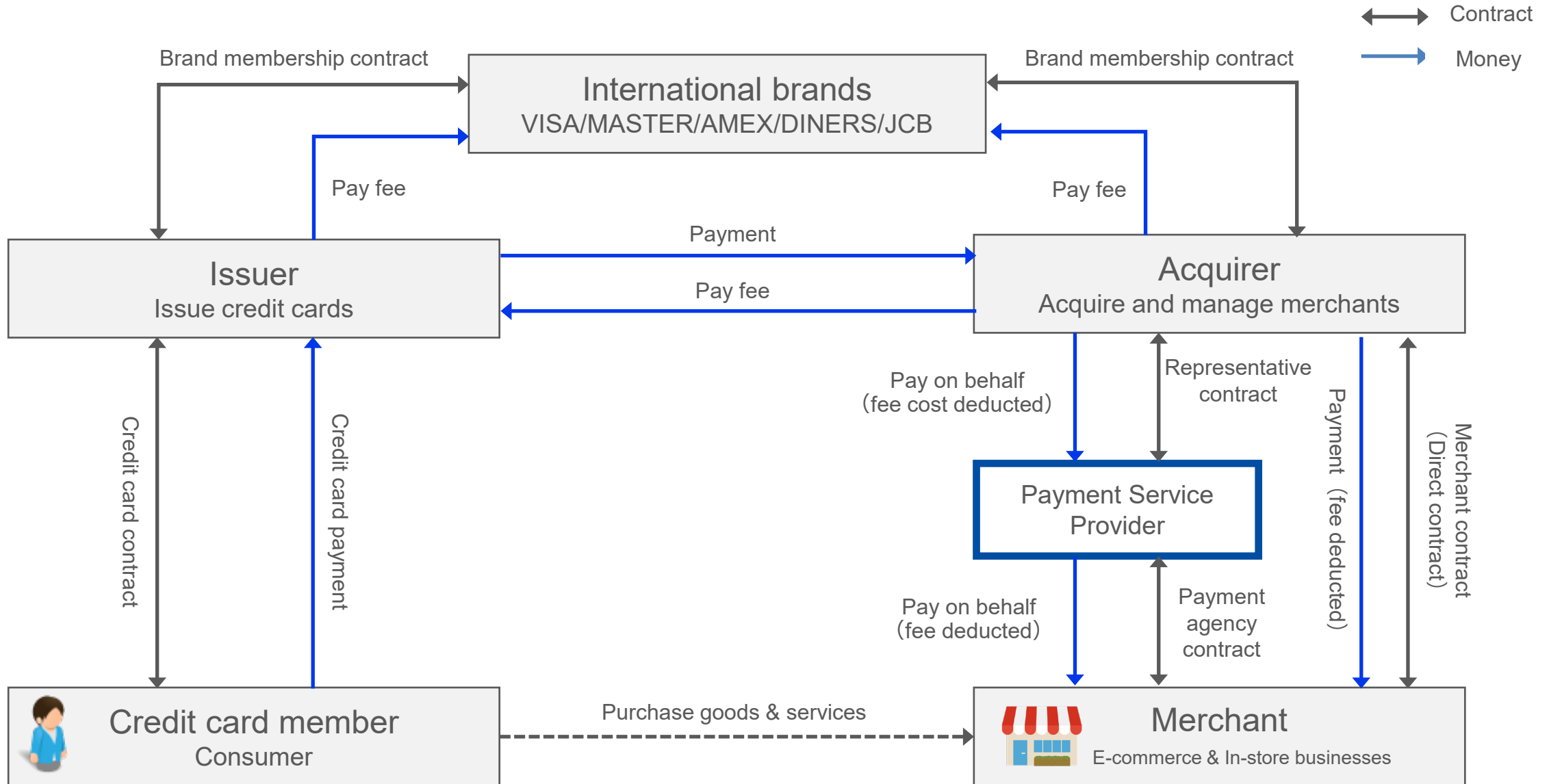
- Both of online and offline payment markets are expected to remain high growth rates.



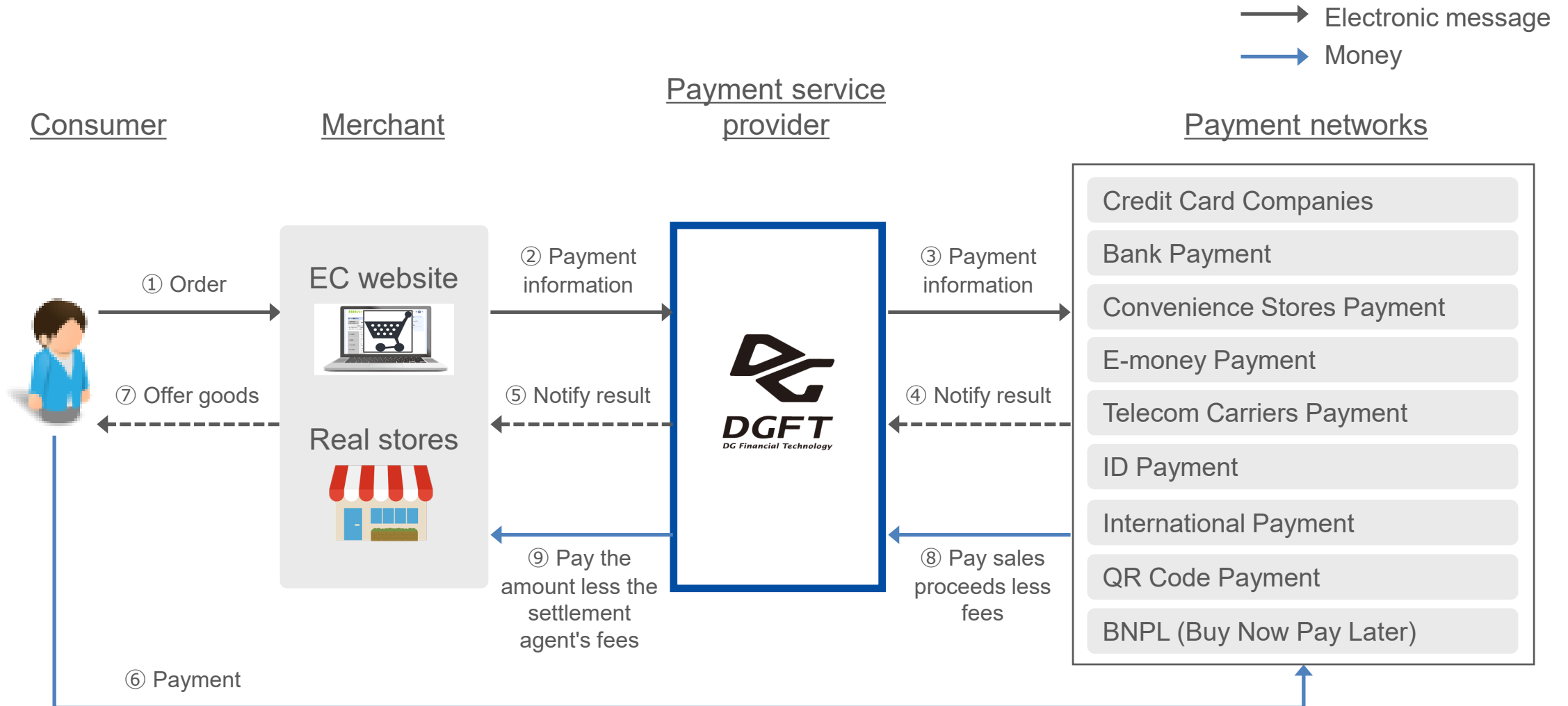
Calculated by the Company with referent to the following materials as source of data.

“National Accounts 2022” by Cabinet Office/ “Status of Domestic Cashless Payment Markets and Forecast” by Yano Research Institute Ltd./ “Cashless Roadmap 2023” by METI

“e-commerce Market Survey 2022” by METI / Deloitte Tohmatsu Consulting LLC / MIC Research Institute “Current Status and Future Prospect for Internet Payment Service Providers in EC”



An intermediary service between merchants (EC & physical stores) and payment providers (credit card companies, convenience store, etc.), that enables the merchants to install a number of payment methods with a single contract



- Offering solutions for 40+ major payment methods, including credit card and convenience store payments
- Address the needs of clients with payment products designed for different industries and use cases

Payment Methods

Credit Cards	JCB, VISA, Mastercard, American Express, Diners Club
Convenient Stores	SEVEN-ELEVEN, Lawson, FamilyMart, Seicomart, MINISTOP, Daily YAMAZAKI
ID/QR	au PAY, Amazon Pay, Bank Pay, J-Coin Pay, Rakuten Pay, d payment, LINE Pay, PayPay, Smart Code, merpay, FamiPay, Apple Pay, Google Pay, EPOS payment, COIN+
Carrier Payments	au Easy Payment, d payment, Softbank Payment
Banks	Pay-easy, Rakuten Bank, SBI Sumishin Net Bank, PayPay Bank
Electric Money	Rakuten Edy, Suica, nanaco, WAON
Overseas	Alipay, Alipay +, WeChat Pay, PayPal, Union Pay
Web Account Transfers	About 290 Financial institutions in Japan (Major banks, Internet banks, Local banks, and Shinkin banks)
Others	VeriTrans BNLP, Credit cards for multi-currency, Eikyufumetsu Point System

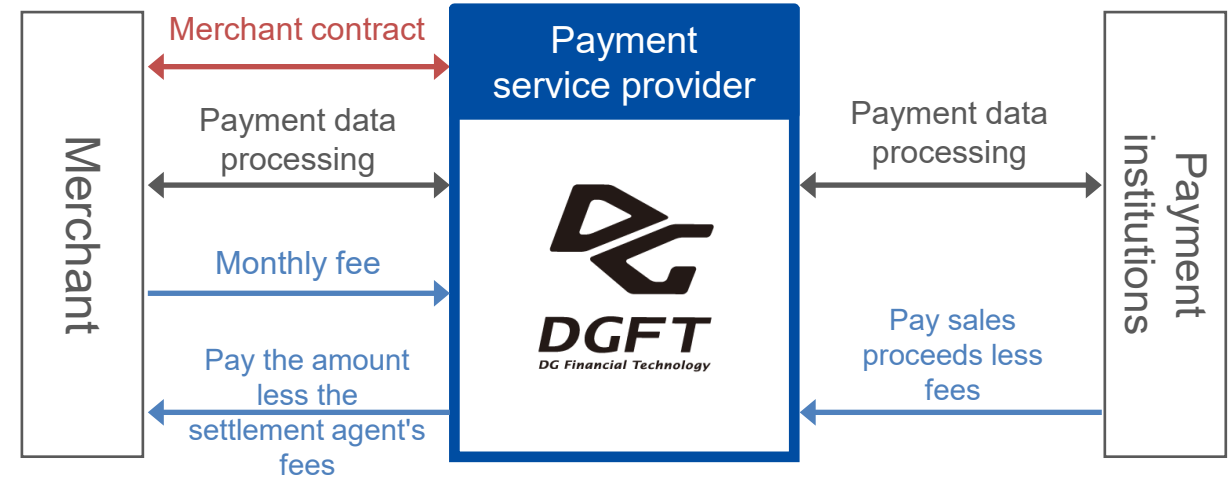
Major Payment Products

<p>Multi-payment service for online merchants</p>	<p>Patent-pending</p> <p>Multi-QR Code payment service for offline merchants</p>	<p>QR Code multi-payment service for offline merchants</p>
<p>Account transfers over emails and cash receipt at Lawson stores</p>	<p>Payment services for hotels & hospitality industry, integrated reservation systems</p>	<p>Credit card payment solution for real estate industry (rents and initial fees)</p>
<p>Payment and financial solutions specifically designed for funerals</p>	<p>Patented</p> <p>Credit card payment solution for telephone ordering</p>	<p>e-mail link payment</p> <p>Payment solution to provide payment URLs by emails.</p>
<p>Barcode payments for PoS</p> <p>One-stop installation of ID Payment to PoS terminals</p>	<p>OmniPAY</p> <p>One-stop payment solution to manage both online and offline payments</p>	<p>Fraud-detection Service</p> <p>Security solutions for fraud prevention and detection (ACI, ReD Shield, Sift, etc.)</p>

Storage agency type (Representative contract)

Acting as an all-in-one agent for contracting procedures with various payment 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

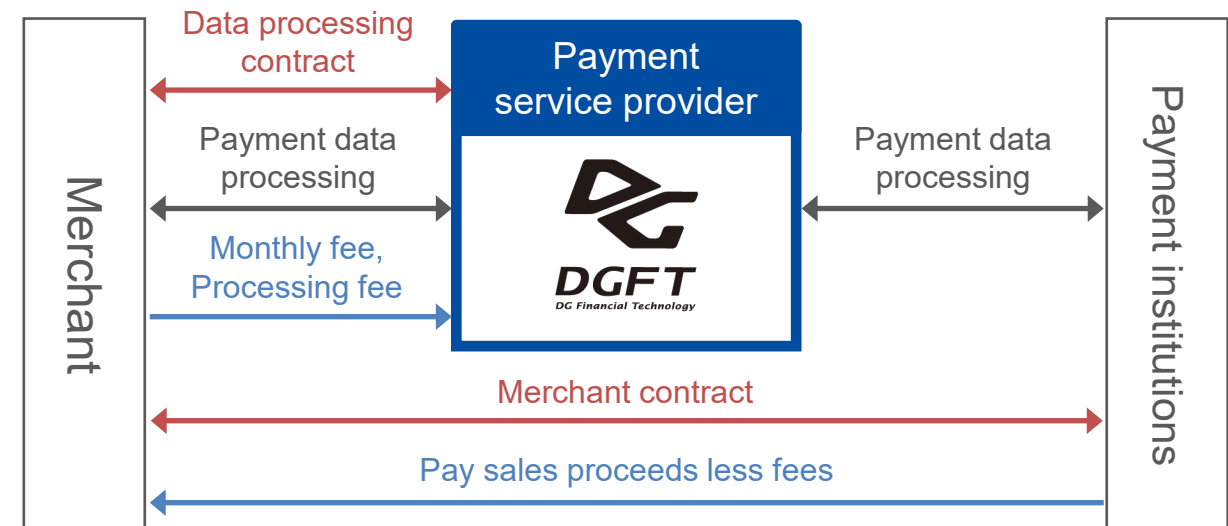


Payment data processing type (Direct contract)

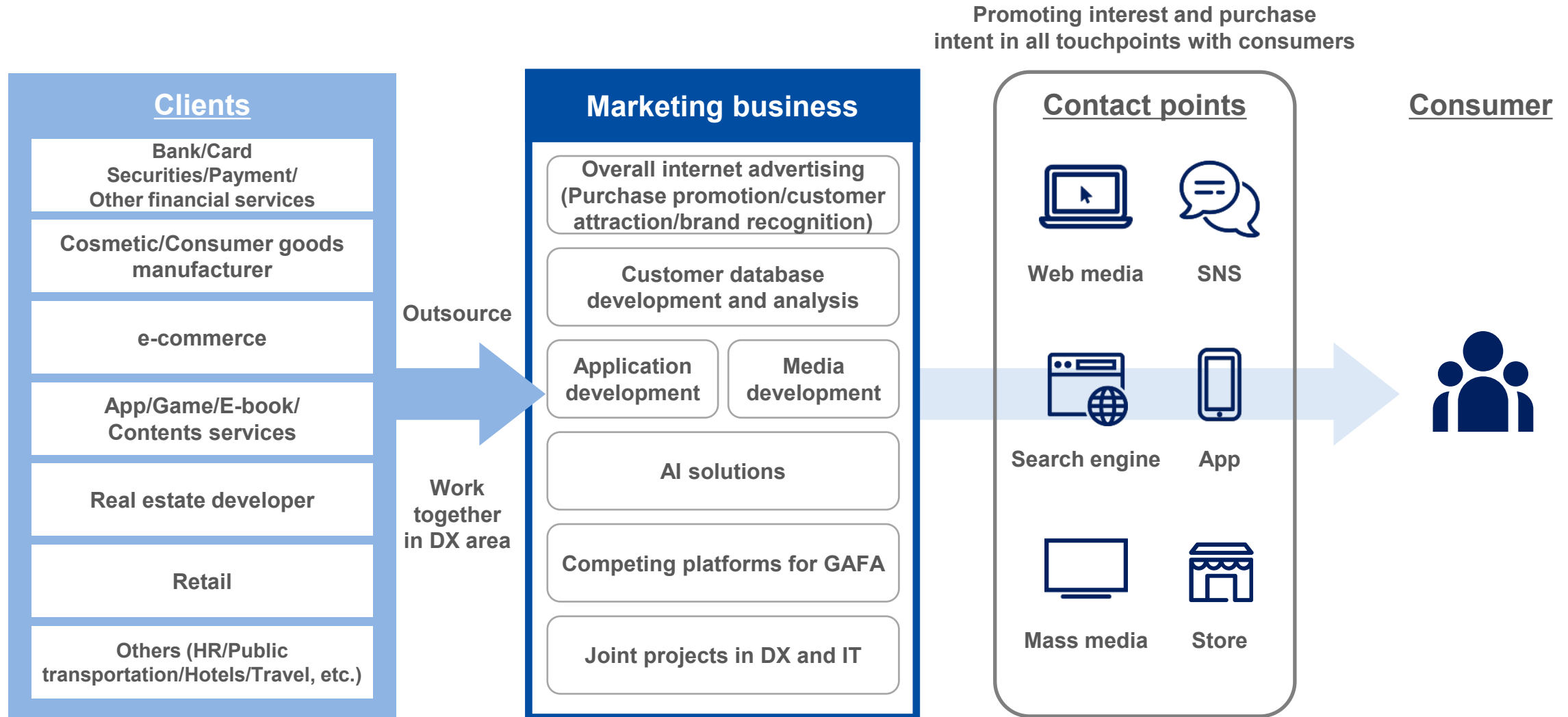
Based on the merchant agreements with credit card companies signed by the merchants, credit card payment processing is automated through the introduction of a payment system provided by PSP

- 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

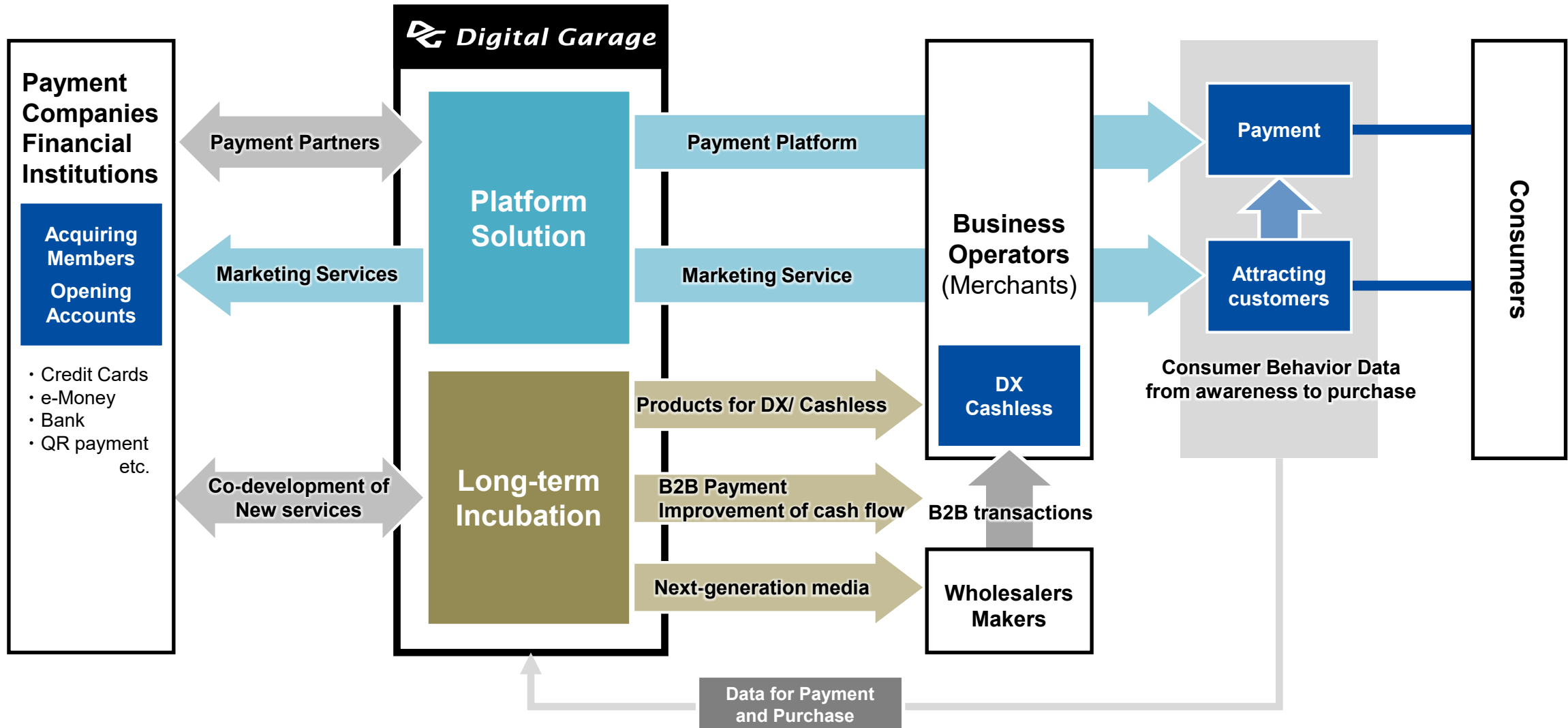
→ Electronic message
→ Money



- Supporting clients' business growth through comprehensive digital marketing services
- Providing solutions utilizing CRM and data, and Fintech solutions linked to payment business

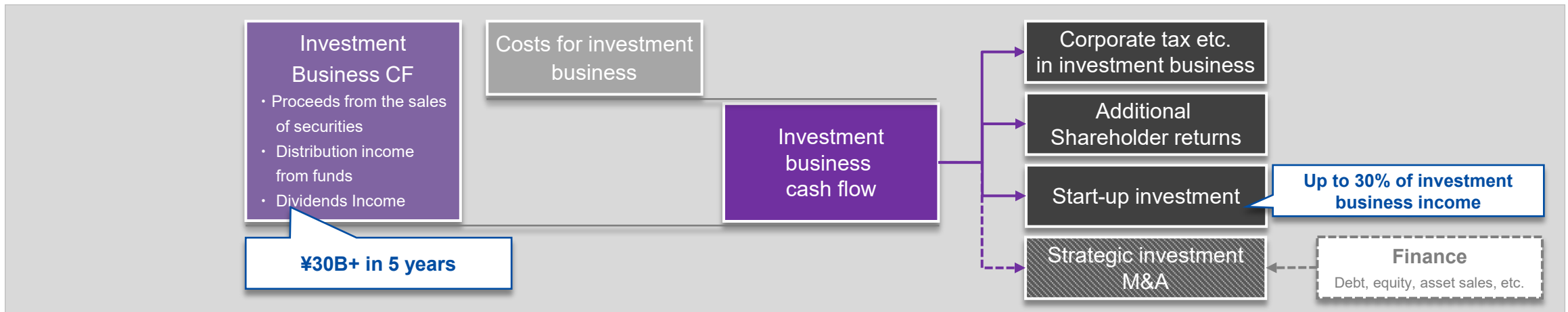
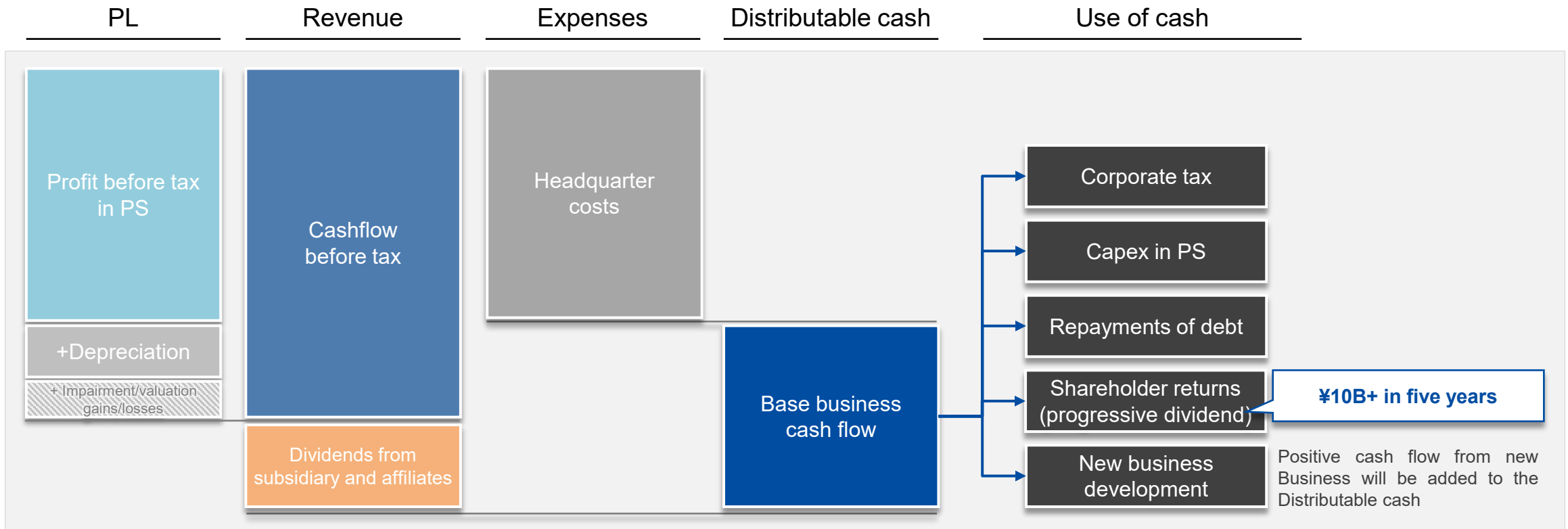


- Platforms that continuously generate stable revenues, mainly from payments
- Aim to generate multi-layered profit with DX/ Financial FinTech/next generation media in addition to existing business



Reference Materials(4): Cash Flow Allocation / Shareholder Returns

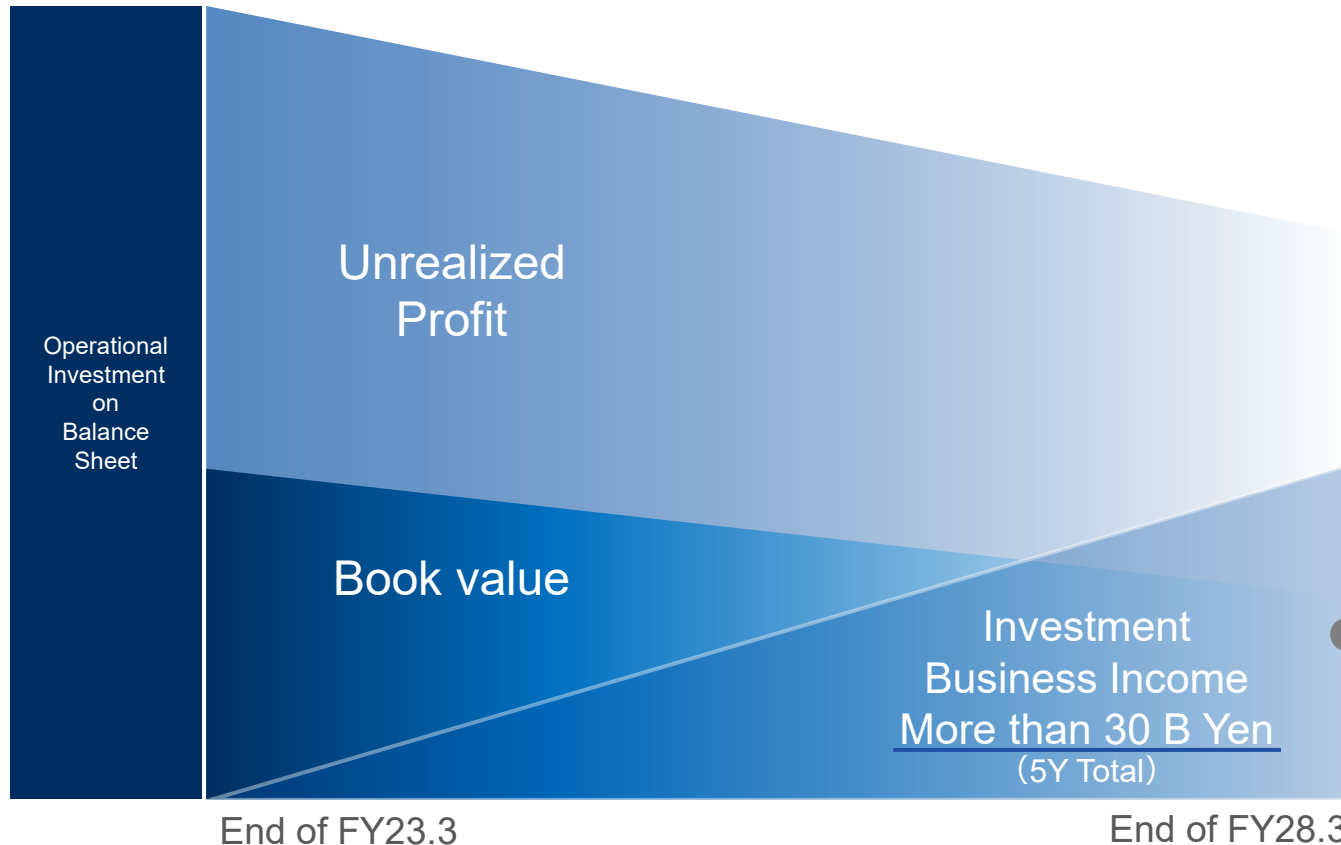




- Promote the sales of shares directly held by DG to generate investment EXIT income (proceeds from sales, etc.)
- Carefully select new investments, and plan for investing through funds for income purposes to diminish the balance
- Clarify the use of investment EXIT income and make strategic decisions on growth investment and additional returns, including new business development

5Y Picture of Direct Investment and Income from Sales

70 B JPY

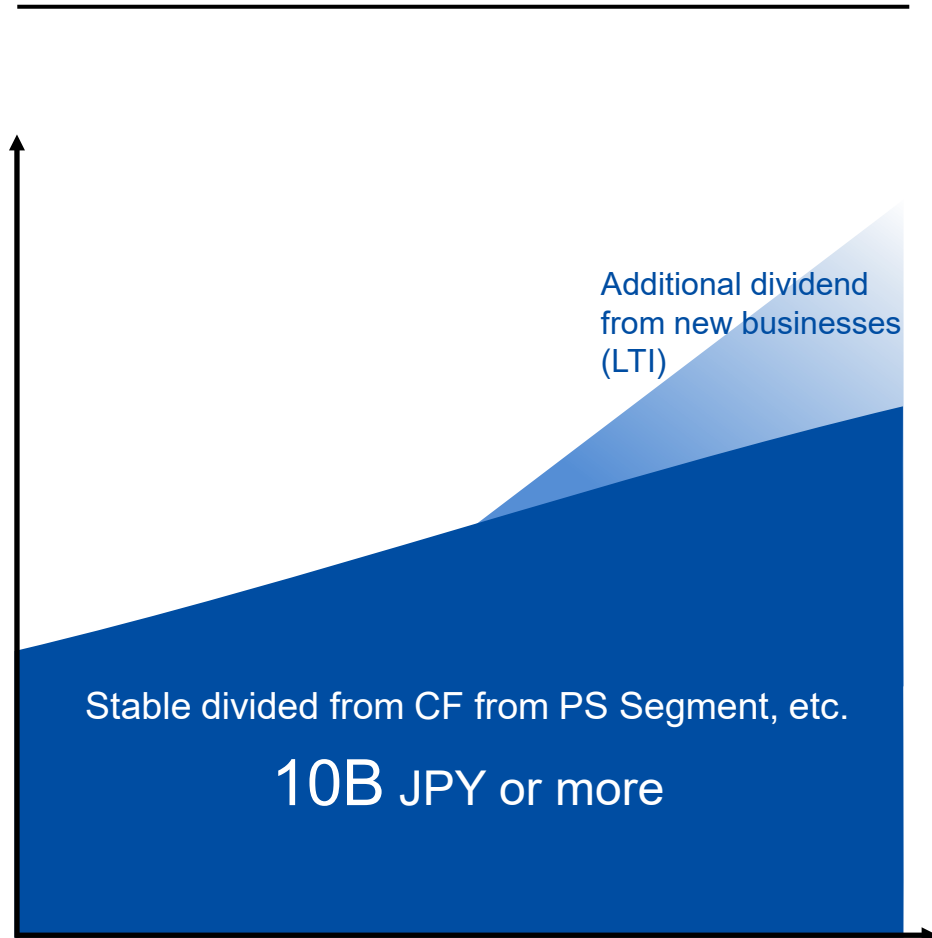


Usage of Investment EXIT Cash Flow



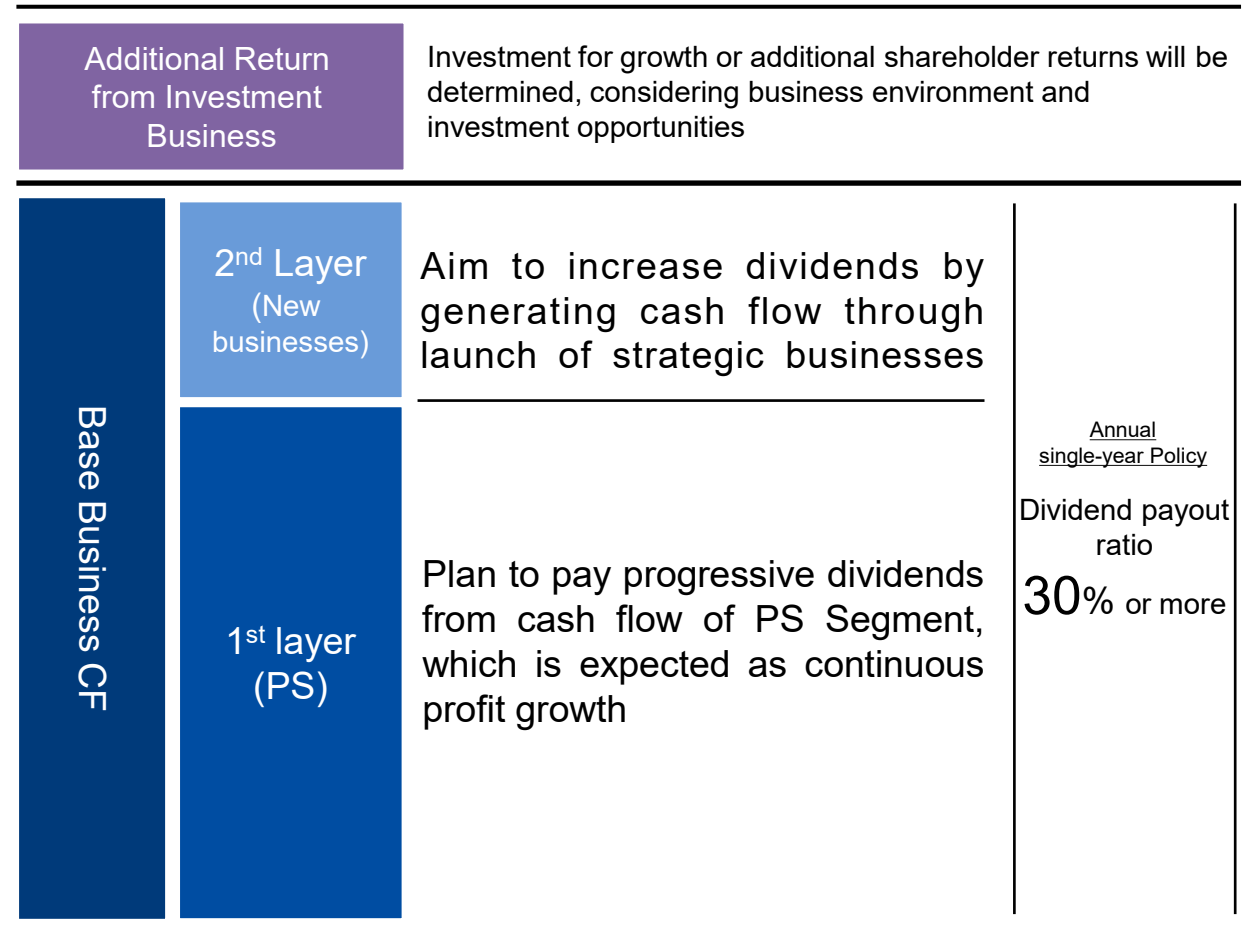
- **Dividends Policy: Progressive dividend based on PS cash flow & additional dividends by cashflow from new business**
- **Additional returns (special dividends, share buy-back) through CF from the investment business are active options**

Shareholder Return based on Base Business CF



FY24.3 ——— Medium-term Plan ———> FY28.3

Shareholder Return Policy



The logo consists of a stylized white 'D' and 'G' intertwined. The 'D' is on the left, and the 'G' is on the right, with their shapes overlapping.

Digital Garage Group

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