

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Based on IFRS)

November 7, 2024

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
 Inquiries: Div. Hiroyuki Nozaki TEL 03-6367-1111
 Scheduled date to file Semi-annual Securities Report: November 7, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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	%
Six months ended September 30, 2024	17,581	(21.4)	(12,530)	–	(8,674)	–	(8,582)	–	(9,136)	–
Six months ended September 30, 2023	22,370	53.6	8,266	–	5,479	–	5,617	–	5,833	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	(183.45)	(183.45)
Six months ended September 30, 2023	123.19	121.80

(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 September 30, 2024	219,501	77,083	74,278	33.8
As of March 31, 2024	231,431	92,138	89,251	38.6

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2024	–	0.00	–	40.00	40.00
Year ending March 31, 2025	–	0.00	–	–	–
Year ending March 31, 2025 (Forecast)	–	–	–	53.00	53.00

(Note) Revision of dividend forecast from the latest announcement: None

Breakdown of year-end dividend for the fiscal year ending March 31, 2025 (forecast): Ordinary dividend: 43.00 yen
 Special/commemorative dividend: 10.00 yen

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

In the Platform Solution segment, which is the Group's revenue base, the Company expects stable growth in the payment business and forecasts a 20% increase in the profit before tax compared to the previous fiscal year. The Company also forecasts a 20% to 25% increase in profit before tax for the entire Platform Solution segment.

The Company does not disclose its consolidated financial results forecast, because it is difficult to reasonably estimate the fair value of securities, which the Group holds through investments primarily in startup companies, at the end of the period.

* Notes

(1) Significant changes in the scope of consolidation during the six months ended September 30, 2024: No

(2) Changes in accounting policies and changes in accounting estimates

Changes in accounting policies required by IFRS: No

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

Total number of issued shares at end of period (including treasury shares)

As of September 30, 2024	47,639,300 shares	As of March 31, 2024	47,619,100 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at end of period

As of September 30, 2024	1,829,313 shares	As of March 31, 2024	239,371 shares
--------------------------	------------------	----------------------	----------------

Average number of shares during period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2024	46,781,003 shares	Six months ended September 30, 2023	45,599,461 shares
-------------------------------------	-------------------	-------------------------------------	-------------------

(Note) Treasury shares include shares of the Company held in the exclusive trust for the Digital Garage Employee Stockholding Association.

* The summary of financial results is not subject to review by a certified public accountant or auditing firm.

* Explanation of the appropriate use of financial results forecasts and other special notes

(Method of obtaining supplementary financial results materials)

As for the financial results meeting, the briefing video will be available on the Company's website(<https://ir.garage.co.jp/en/>) in Japanese and English. The presentation materials used in the video will be available on TDnet on the same day and will also be posted on the Company's website.

Condensed semi-annual consolidated financial statements
Condensed semi-annual consolidated statement of financial position

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and cash equivalents	49,571	53,072
Trade and other receivables	30,154	27,141
Inventories	428	402
Operational investment securities	69,569	57,144
Other financial assets	279	304
Income taxes receivable	1,204	169
Other current assets	890	1,381
Total current assets	152,094	139,612
Non-current assets		
Property, plant and equipment	14,990	14,515
Goodwill	6,964	8,460
Intangible assets	5,625	7,036
Investment property	1,912	1,793
Investments accounted for using equity method	33,965	35,235
Other financial assets	14,974	11,904
Deferred tax assets	509	552
Other non-current assets	397	395
Total non-current assets	79,337	79,890
Total assets	231,431	219,501

	(Millions of yen)	
	As of March 31, 2024	As of September 30, 2024
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	55,706	53,715
Trade and other payables	42,568	54,703
Other financial liabilities	1,669	1,770
Income taxes payable	365	388
Other current liabilities	4,092	3,750
Total current liabilities	104,401	114,327
Non-current liabilities		
Bonds and borrowings	11,633	9,636
Other financial liabilities	7,426	6,816
Retirement benefit liability	460	416
Provisions	479	517
Deferred tax liabilities	14,312	10,172
Other non-current liabilities	582	536
Total non-current liabilities	34,892	28,092
Total liabilities	139,293	142,419
Equity		
Share capital	7,846	7,872
Capital surplus	5,385	5,482
Treasury shares	(975)	(5,137)
Other components of equity	1,613	1,157
Retained earnings	75,382	64,904
Total equity attributable to owners of parent	89,251	74,278
Non-controlling interests	2,887	2,804
Total equity	92,138	77,083
Total liabilities and equity	231,431	219,501

Condensed semi-annual consolidated statements of income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Revenue		
Revenue in recurring business	12,791	14,884
Revenue in operational investment securities	5,708	–
Other income	629	843
Finance income	1,371	33
Share of profit of investments accounted for using equity method	1,872	1,821
Total	22,370	17,581
Expenses		
Cost of sales	5,221	6,237
Loss in operational investment securities	–	8,736
Selling, general and administrative expenses	8,570	10,277
Other expenses	175	275
Finance costs	138	4,587
Total	14,104	30,112
Profit (loss) before tax	8,266	(12,530)
Income tax expense	2,787	(3,857)
Profit (loss)	5,479	(8,674)
Profit (loss) attributable to		
Owners of parent	5,617	(8,582)
Non-controlling interests	(138)	(92)
Earnings (loss) per share		
Basic earnings (loss) per share	123.19	(183.45)
Diluted earnings (loss) per share	121.80	(183.45)

Condensed semi-annual consolidated statements of comprehensive income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Profit (loss)	5,479	(8,674)
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	(300)	218
Share of other comprehensive income of investments accounted for using equity method	8	1
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	645	(681)
Share of other comprehensive income of investments accounted for using equity method	1	(1)
Other comprehensive income, net of tax	353	(463)
Comprehensive income	5,833	(9,136)
Comprehensive income attributable to		
Owners of parent	5,965	(9,039)
Non-controlling interests	(132)	(98)

Condensed semi-annual consolidated statement of changes in equity

Six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	7,830	6,229	(6,293)	(469)	2,111	8	1,650
Profit (loss)							–
Other comprehensive income				(293)	640		347
Comprehensive income	–	–	–	(293)	640	–	347
Issuance of new shares	10	10					–
Changes in ownership interest in subsidiaries		(3)					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		166	137				–
Purchase of treasury shares		(57)	(5,000)				–
Transfer from other components of equity to retained earnings				(24)			(24)
Other		1					–
Total	10	116	(4,863)	(24)	–	–	(24)
Balance at September 30, 2023	7,840	6,345	(11,156)	(787)	2,752	8	1,973

(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)	5,617	5,617	(138)	5,479
Other comprehensive income		347	6	353
Comprehensive income	5,617	5,965	(132)	5,833
Issuance of new shares		20		20
Changes in ownership interest in subsidiaries		(3)	453	450
Change in scope of consolidation		–	49	49
Dividends	(1,705)	(1,705)		(1,705)
Share-based payment transactions		303		303
Purchase of treasury shares		(5,057)		(5,057)
Transfer from other components of equity to retained earnings	24	–		–
Other		1		1
Total	(1,680)	(6,442)	502	(5,940)
Balance at September 30, 2023	74,551	79,552	2,313	81,865

Six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024)

(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, 2024	7,846	5,385	(975)	(1,124)	2,737	(0)	1,613
Profit (loss)							–
Other comprehensive income				219	(676)		(457)
Comprehensive income	–	–	–	219	(676)	–	(457)
Issuance of new shares	26	26					–
Changes in ownership interest in subsidiaries		1					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		94	299				–
Purchase of treasury shares		(9)	(4,500)				–
Disposal of treasury shares		1	39				–
Transfer from other components of equity to retained earnings				1			1
Other		(16)					–
Total	26	97	(4,162)	1	–	–	1
Balance at September 30, 2024	7,872	5,482	(5,137)	(903)	2,061	(0)	1,157

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2024	75,382	89,251	2,887	92,138
Profit (loss)	(8,582)	(8,582)	(92)	(8,674)
Other comprehensive income		(457)	(6)	(463)
Comprehensive income	(8,582)	(9,039)	(98)	(9,136)
Issuance of new shares		52		52
Changes in ownership interest in subsidiaries		1	9	10
Change in scope of consolidation		–	6	6
Dividends	(1,895)	(1,895)		(1,895)
Share-based payment transactions		393		393
Purchase of treasury shares		(4,509)		(4,509)
Disposal of treasury shares		40		40
Transfer from other components of equity to retained earnings		(1)		–
Other		(16)		(16)
Total	(1,896)	(5,934)	15	(5,919)
Balance at September 30, 2024	64,904	74,278	2,804	77,083

Condensed semi-annual consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Profit before tax	8,266	(12,530)
Depreciation and amortization	1,857	2,017
Impairment losses (reversal of impairment losses)	–	102
Interest and dividend income	(26)	(33)
Interest expenses on borrowings and bonds	130	159
Share of loss (profit) of investments accounted for using equity method	(1,872)	(1,821)
Loss (gain) on investment securities	(526)	4,350
Loss (gain) on sales of shares of subsidiaries and associates	(1)	–
Decrease (increase) in trade and other receivables	(2,708)	7,287
Decrease (increase) in investment securities for sale	(5,696)	12,193
Decrease (increase) in inventories	(90)	27
Increase (decrease) in trade and other payables	(7,794)	8,920
Increase (decrease) in accrued consumption taxes	118	(462)
Other	(1,161)	(546)
Subtotal	(9,502)	19,662
Interest and dividends received	731	870
Interest paid	(58)	(160)
Income taxes refund (paid)	(612)	833
Net cash provided by (used in) operating activities	(9,440)	21,206
Cash flows from investing activities		
Purchase of property, plant and equipment	(411)	(299)
Purchase of intangible assets	(933)	(1,632)
Purchase of investment securities	(213)	(1,095)
Proceeds from sale of investment securities	149	1
Proceeds from dividend of investment partnership	793	–
Payments for acquisition of subsidiaries	–	(1,008)
Purchase of investments accounted for using equity method	(1)	(1,503)
Proceeds from sale of investments accounted for using equity method	58	–
Payments for acquisition of businesses	–	(642)
Other	(2)	99
Net cash provided by (used in) investing activities	(560)	(6,080)

	(Millions of yen)	
	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	14,510	(2,815)
Proceeds from long-term borrowings	25,100	500
Repayments of long-term borrowings	(1,623)	(1,975)
Redemption of bonds	(25,000)	–
Repayments of lease liabilities	(858)	(881)
Capital contribution from non-controlling interests	499	10
Purchase of treasury shares	(5,076)	(4,512)
Proceeds from disposition of treasury shares	–	40
Dividends paid	(1,703)	(1,893)
Other	4	29
Net cash provided by (used in) financing activities	<u>5,853</u>	<u>(11,496)</u>
Effect of exchange rate changes on cash and cash equivalents	85	(127)
Net increase (decrease) in cash and cash equivalents	<u>(4,062)</u>	<u>3,502</u>
Cash and cash equivalents at beginning of period	<u>53,335</u>	<u>49,571</u>
Cash and cash equivalents at end of period	<u><u>49,273</u></u>	<u><u>53,072</u></u>