

Financial Report

FYE March 2025



2025.5.13

I. Introduction





PURPOSE

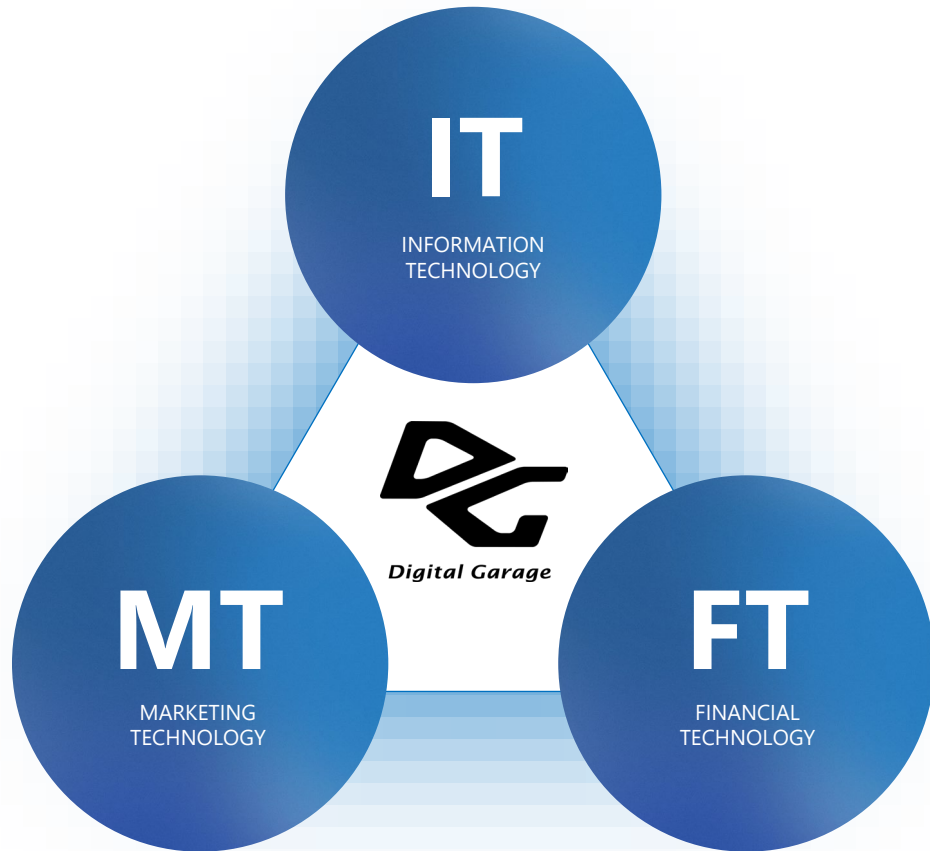
Designing 'New Context' for a sustainable society
with technology

<VALUES>

First Penguin Spirit

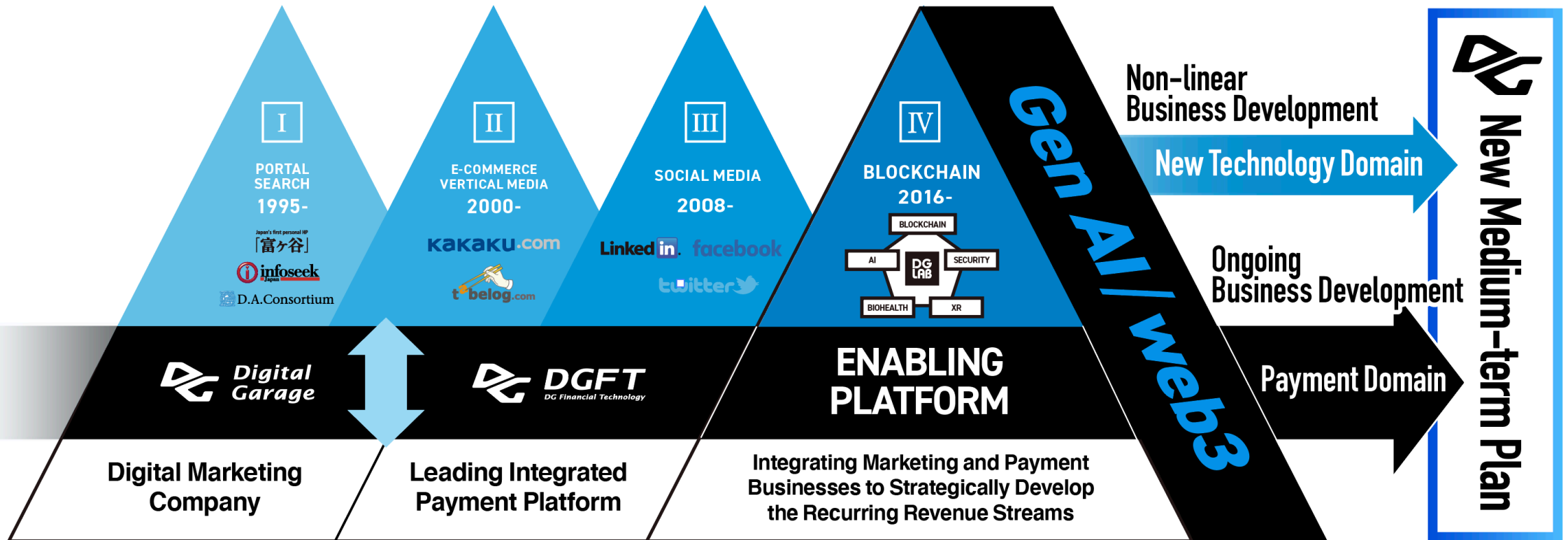
<CORPORATE SLOGAN>

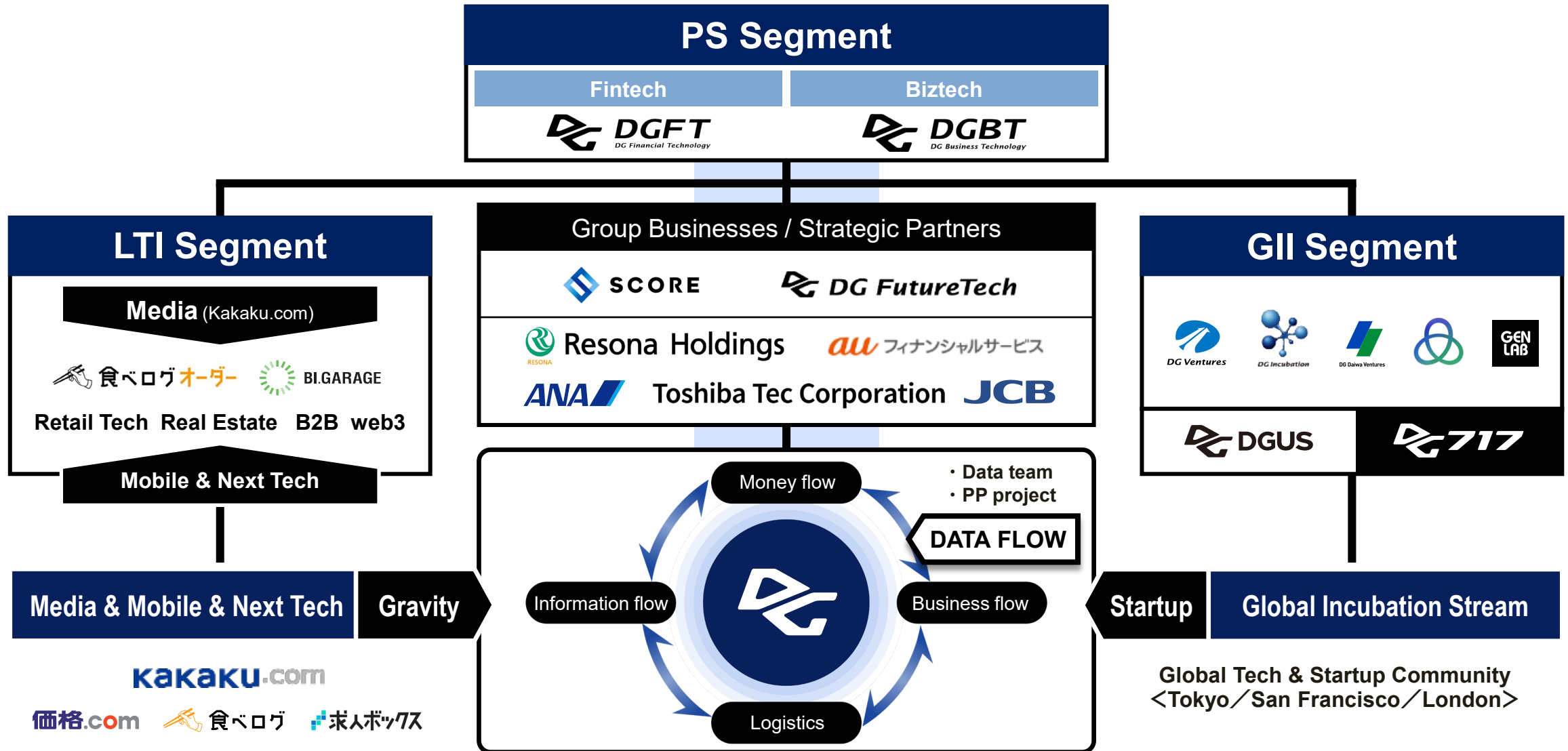
New Context Designer DG



By connecting 3 different technologies in context, Digital Garage has built a structure that captures technological evolution and achieves continuous business growth

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.





II. Consolidated Financial Highlights



PS Segment: 22% profit increase as growth rate accelerates; Met full-year guidance targets

PS	Profit before tax	<u>+22%</u>	Continued strength from payments (core business) drove segment results
	Payment TXN volume	<u>+21%</u>	Adoption by Square contributed to higher <u>txn volume, now at ¥7.5 T/year</u>
LTI	Equity-method profit	+5.9%	Kakaku.com Inc: Growth driven by Tabelog business and job listing media
GII	Inv. business Income	¥8.1B	<u>Progress moving investments off balance sheet</u> through shift to fund-type

[PS] Strategic alliances for medium-to-long-term growth & Inroads into new areas

- Accelerate growth through collaboration with strategic partners like Resona G., Toshiba Tec Corp., JCB, ANA G., KDDI G., etc.
- Strategically enhance our sales structure & leverage the 【Cloud Pay】 unified QR code payment solution, entering new domains in cashless payments.
- SCORE. Co.,Ltd. & DG Commerce, Inc. became wholly-owned subsidiaries; Established DGBT and enhanced BNPL & support for e-commerce businesses.

[LTI] Kakaku.com Inc. showed strong results; the following incubation businesses entering a growth phase

- Growth from 【Musubell】 (real estate DX); 【Pangaea Delivery】 (restaurant/retail DX), & 【AppPay】 (third-party payment service).

[GII] 46% of 5-year MTP investment business income target of ¥30 B in just 2 years

- Shift to fund-type investment, reducing earnings volatility and unlocking synergies through co-creation.

II LTI segment

<KPI>

New business revenue growth (FY25.3)

+63%

Pre-tax profit growth (FY25.3 / Excl. one-off gains)

+56%

Business Highlights

- Record high profits.
- Record payment volumes processed through DGFT.

Strategic businesses

- Several businesses now in growth phase.

DGFT
請求書カード払い



アプリ
アプリパイ



Pongaea
Delivery



Musubell

Group Synergy

- Payment TXN volume from Kakaku.com Group continued growing at a rapid clip and was up 25% YoY.
- Payment TXN volume from new businesses also showed strong continued growth and was up more than 200% YoY.

I PS segment

<KPI>

Payment TXN volume (FY25.3)

¥7.5 T

Payment TXN vol. growth (FY25.3)

+21%

Pre-tax profit growth (FY25.3)

+22%

Business Highlights



- DG Business Technology started operations. (integrated 3 subsidiaries)
- Generalized support for digital businesses.



フィナンシャルサービス
(KDDI Group)

- We expect to start offering payment solutions within the au economic zone at some point in 2025.



りそなグループ

- Agreement on reinforcing business partnership.
- Expand collaboration in PMTs – including through joint development of next-gen payment apps and joint work in the digital banking business.



Cloud Pay

- Following up on our deal w/ Square, we plan to offer QR payment solutions for varied uses like parking, real estate, Shikoku Railway Company, etc.
- QR code payment transaction volume continues growing and was up 40% YoY.

III GII segment

<KPI>

Investment business income (FY25.3)

¥8.1 B

Operational investment securities (End of FY25.3)

¥54.9 B

Business Highlights

Valuation losses

- Decrease in fair value due to valuation loss on Blockstream in Q2.

Sale of securities

- Recorded ¥8.1 B in Invest. business income in FY25.3, incl. migration to joint fund w/ Resona HD.

Group Synergy

- Established Business Co-Creation Department to strengthen co-creation with global tech startups and implement cutting-edge Fintech.
- Strategic capital alliance with Phi Commerce, a prominent payment service provider in India to start offering their services in Japan.

Consolidated Financial Highlights – Segment Profit

(Unit: M JPY)	FY24.3	FY25.3	YoY	Change (%)	Summary
Consolidated profit before tax	6,298	-10,216	-16,515	-	<ul style="list-style-type: none"> Consolidated loss recorded due to Blockstream valuation loss in 2Q.
PS	7,168	8,757	+1,589	+22.2%	<ul style="list-style-type: none"> Payment Business drove results, enabling us to meet profit growth percentage targets.
Payment	5,662	6,794	+1,132	+20.0%	<ul style="list-style-type: none"> Strong results from the general retail, securities/FX, and travel sectors drove payment transaction volume, which grew by 21%. Payment transaction volume attributable to Square merchants also grew at a strong clip.
Marketing	1,518	2,039	+521	+34.3%	<ul style="list-style-type: none"> Transactions with key financial clients increased. Loss on investments accounted for using the equity method in 4Q FY24.3 made for an easier YoY comparison.
LTI	1,437	969	-468	-32.5%	<ul style="list-style-type: none"> Increase in profit on investments accounted for using the equity method (Kakaku.com); Revenue increase from new businesses. YoY profit decrease due to impairment losses; excluding these one-off factors, profit increased by more than 50% YoY.
GII	1,372	-8,946	-10,318	-	<ul style="list-style-type: none"> While the impact of valuation loss from Blockstream remains, the rest of the portfolio remains stable. Progress moving investments off balance sheet through shift to fund-type inv.
HQ/Adjustments	-3,679	-10,997	-7,318	-	<ul style="list-style-type: none"> Negatively impacted by valuation loss in 2Q of shares in Blockstream held directly by HQ.

Basic Business Revenue and Profit*

*Recurring business revenue and profit excluding investment-related and one-time gains/losses



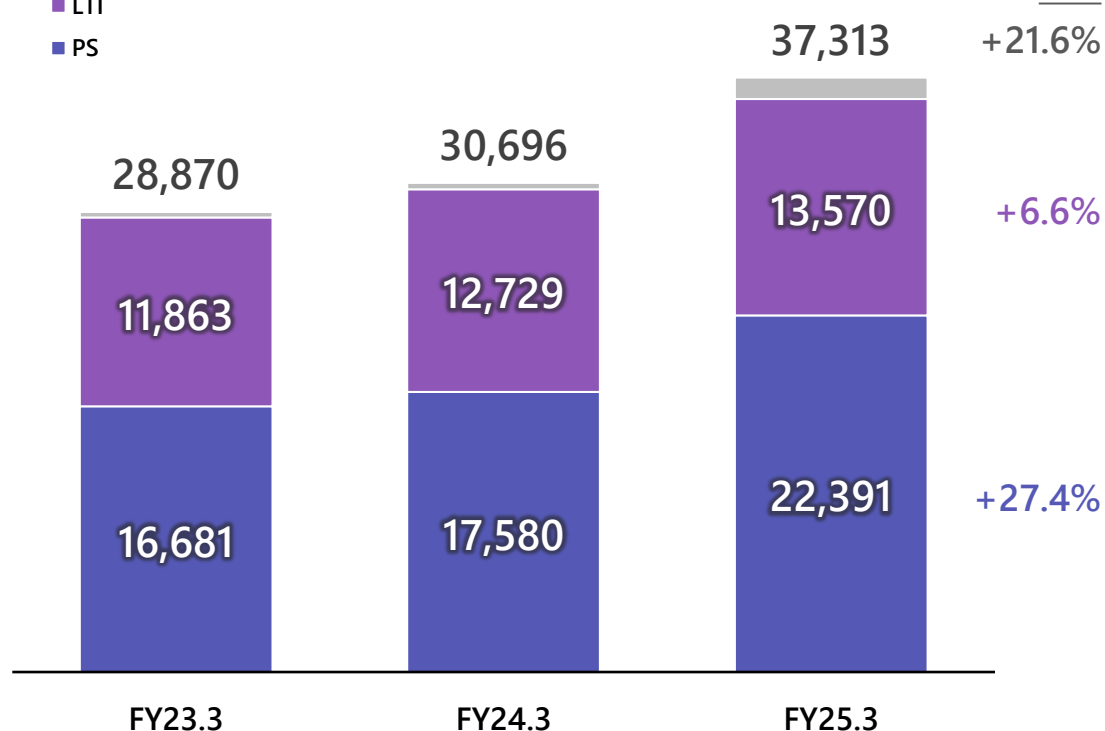
- PS segment, which includes payment business, continued to expand, accelerating growth in basic business revenue
- Basic business profit remained steady while we invested in technology and human resources to drive future business growth and strengthen our management foundation

Basic Business Revenue

(Unit: M JPY)

- HQ/Adjustments
- LTI
- PS

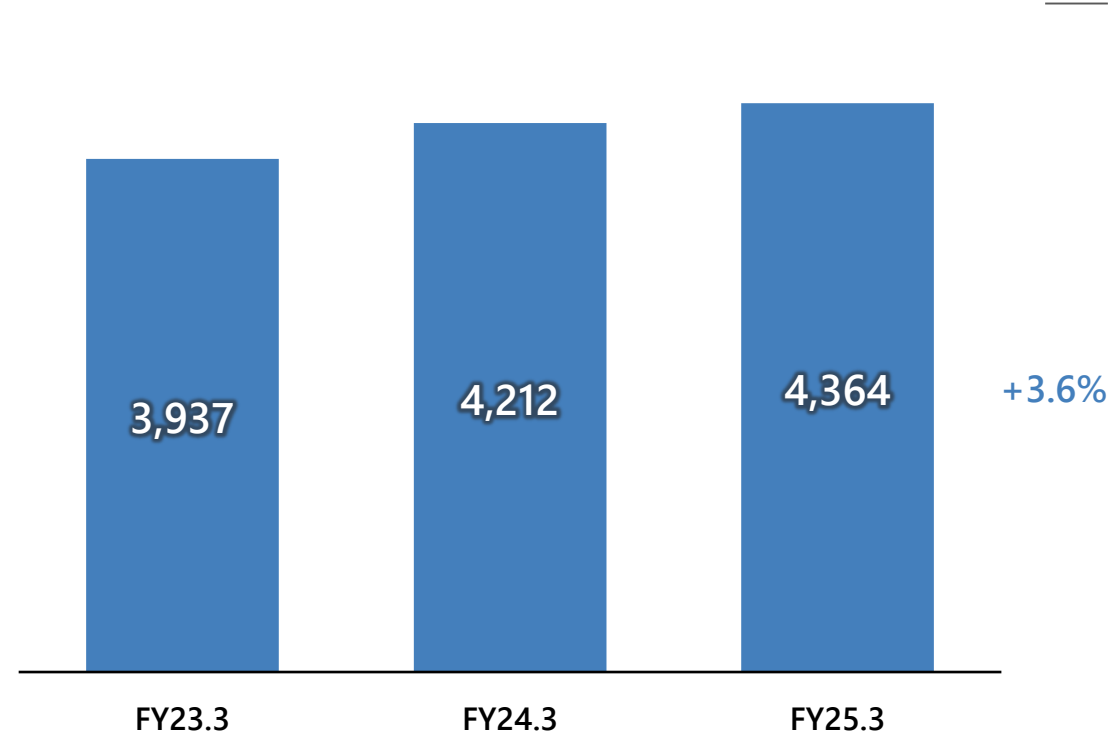
YoY



Basic Business Profit

(Unit: M JPY)

YoY



Medium-Term Plan (FY24.3 - FY28.3): Targets & Progress

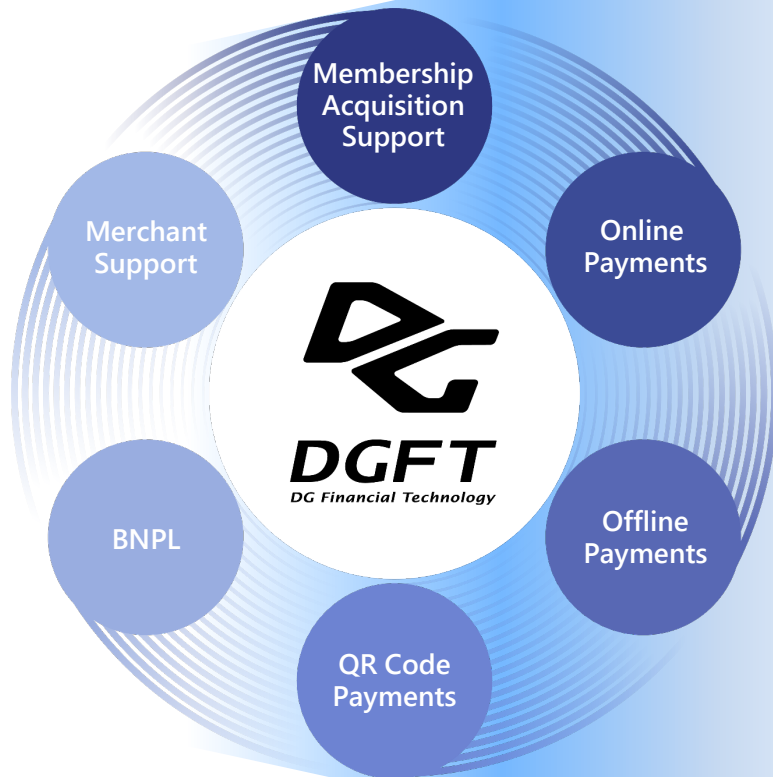
- FY25.3 – Several initiatives bore fruit, driving a significantly higher growth rate vs. FY24.3 and allowing us to meet the targets on a single FY basis
- We continue working on partnerships with strategic partners in various areas, toward further improving growth rates over the remaining 3-year period

	5-year KPIs	FY25.3	Initiatives
Growth Rate of Pre-tax Profit*	5-year CAGR 20% Over	+22.2% (Single FY basis)	<ul style="list-style-type: none"> ■ Scale up operations through <u>monetization initiatives in new businesses & by growing payment transaction volume</u> ■ Start of operations at DG Business Technology (DGBT) – founded to offer general digital business support solutions – will allow us to <u>expand the monetization domain to the entire payment value chain</u>
Payment Transaction Volume	FY28.3 ¥15 T Over	¥7.5 T (Single FY basis)	<ul style="list-style-type: none"> ■ Further accelerate growth in payment transaction volumes through <u>business collaboration with alliance partners</u> including Resona Group, Toshiba Tec Corporation, JCB, ANA Group, KDDI Group, and Square, with the potential to exceed the 15 trillion yen target ■ Expand the offline payment domain with the “Cloud Pay” unified QR code payment solution
Investment Business Income	5-year total ¥30.0 B Over	¥13.8 B (5-year total)	<ul style="list-style-type: none"> ■ Finished moving investments off balance sheet by transferring portfolio to joint fund with Resona Group (approx. ¥10 B) ■ Continue <u>focus on asset sales</u> coupled with the pursuit of <u>returns from collaboration</u>/joint ventures with companies we have invested in
Shareholder Returns (dividend)	5-year total ¥10.0 B Over	¥4.3 B (5-year total)	<ul style="list-style-type: none"> ■ <u>Progressive dividend policy</u> driven by expected sustainable growth in the payment business ■ Increasing ordinary dividend growth rate with the acceleration of strategic businesses ■ Active use of investment business income for additional shareholder returns (¥9.0 B in share buybacks completed in 2 years)

*Excluding Investment Business and equity-method profit from Kakaku.com, Inc.

III. Segment Performance Highlights





Business Domain	Growth Engine	Results
Membership Acquisition Support	Affiliate advertising consulting capabilities & technology utilization	Annual Revenue ¥18.1 B
Online Payments	Exceeding the e-commerce market growth & further expansion through collaboration with Resona/KDDI Group, etc.	Annual GMV ¥5.0 T
Offline Payments	Collaboration with Toshiba Tec Corporation, ANA Group, Square & Recruit etc.	Annual GMV ¥2.5 T
QR Code Payments	Growth acceleration by Cloud Pay series	3y CAGR +63%
BNPL (Buy Now Pay Later)	Business growth through SCORE's expansion into the B2B BNPL	3y CAGR +13%
Merchant Support (Website creation, cybersecurity, etc.)	Marketing talents collaboration and unified data infrastructure development	Annual Revenue ¥6.1 B

(*Annual results: Apr. 2024 – Mar. 2025; 3Y CAGR: FY23.3 to FY25.3; QR code payment: GMV CAGR; BNPL: PBT CAGR)

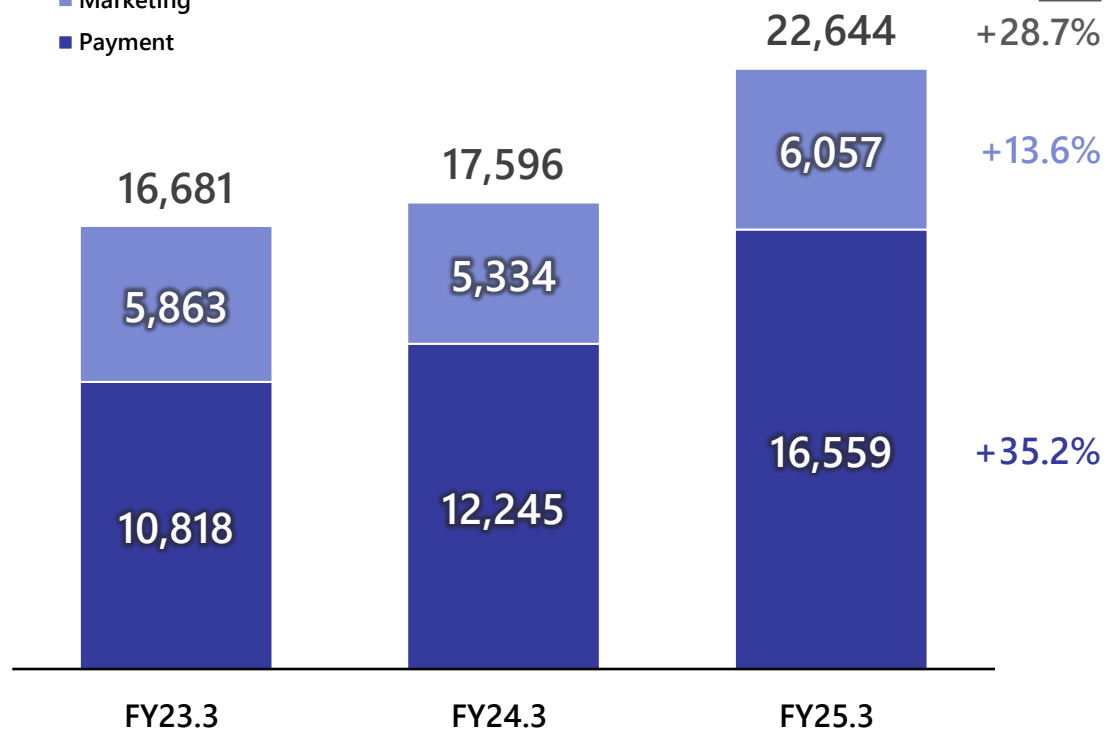
- PS segment: profit increased 22% thanks to YoY growth improvements in the payment business; **Achieved the full-year target**
- YoY lift in marketing business profit thanks to an increase in transactions with credit card companies and a lower baseline from equity-method losses LFY

Segment Revenue

(Unit: M JPY)

- PS Common
- Marketing
- Payment

YoY

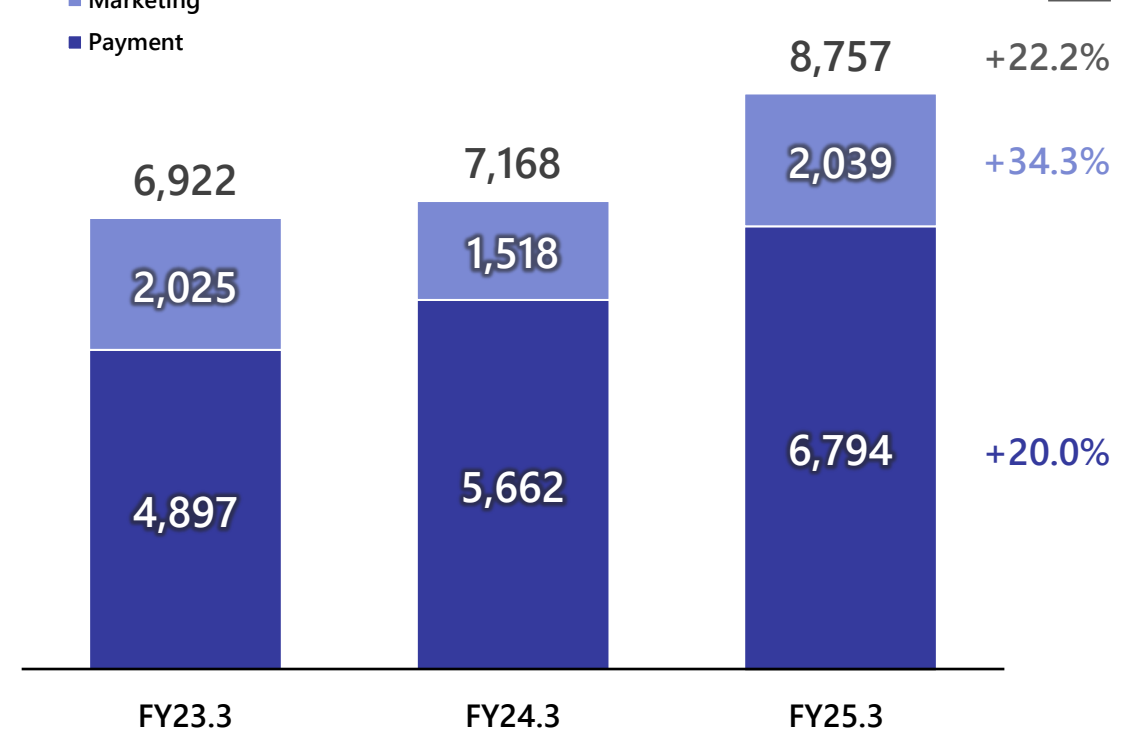


Segment Profit

(Unit: M JPY)

- PS Common
- Marketing
- Payment

YoY

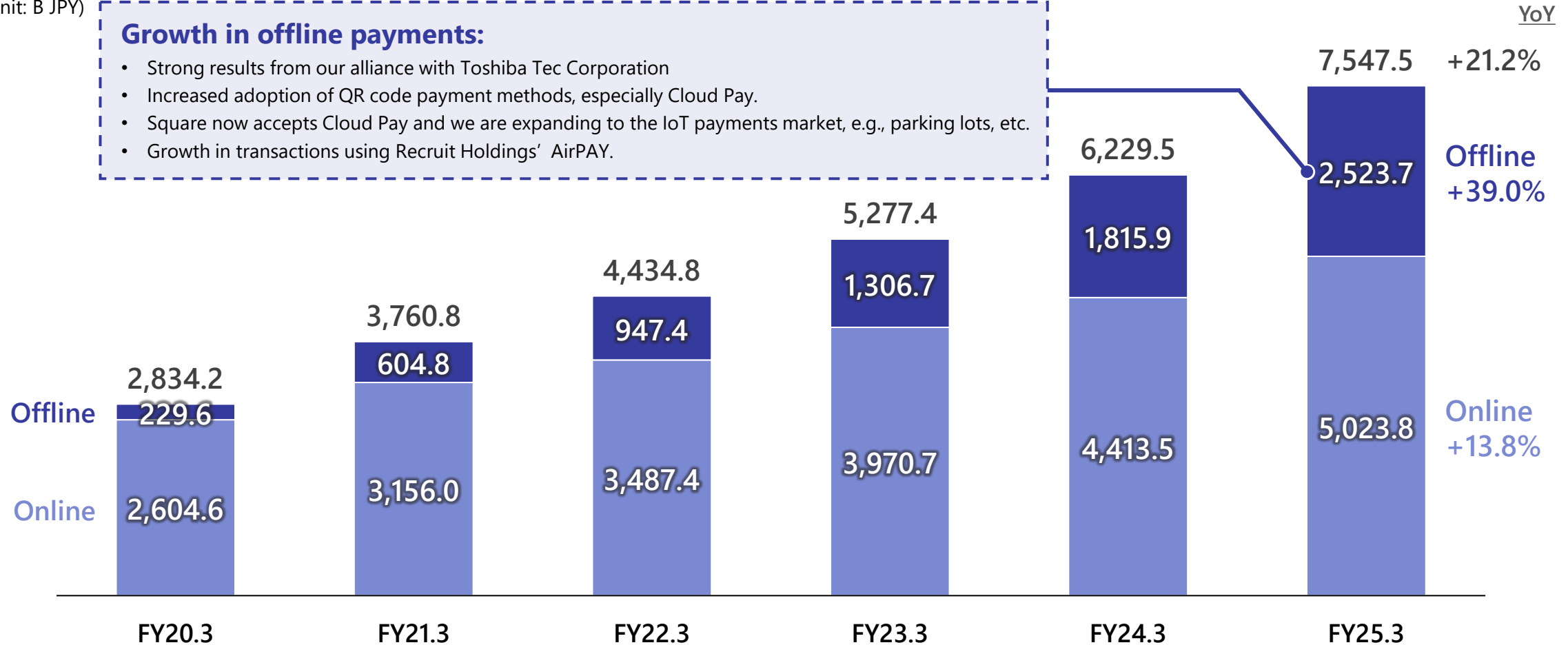


- Offline: Strong growth continued, especially in the general retail and food & beverage sectors, through successful strategic alliances
- Online: Continued driving double-digit growth exceeding market growth; Payment transaction volume has now reached ¥7.5 T

(Unit: B JPY)

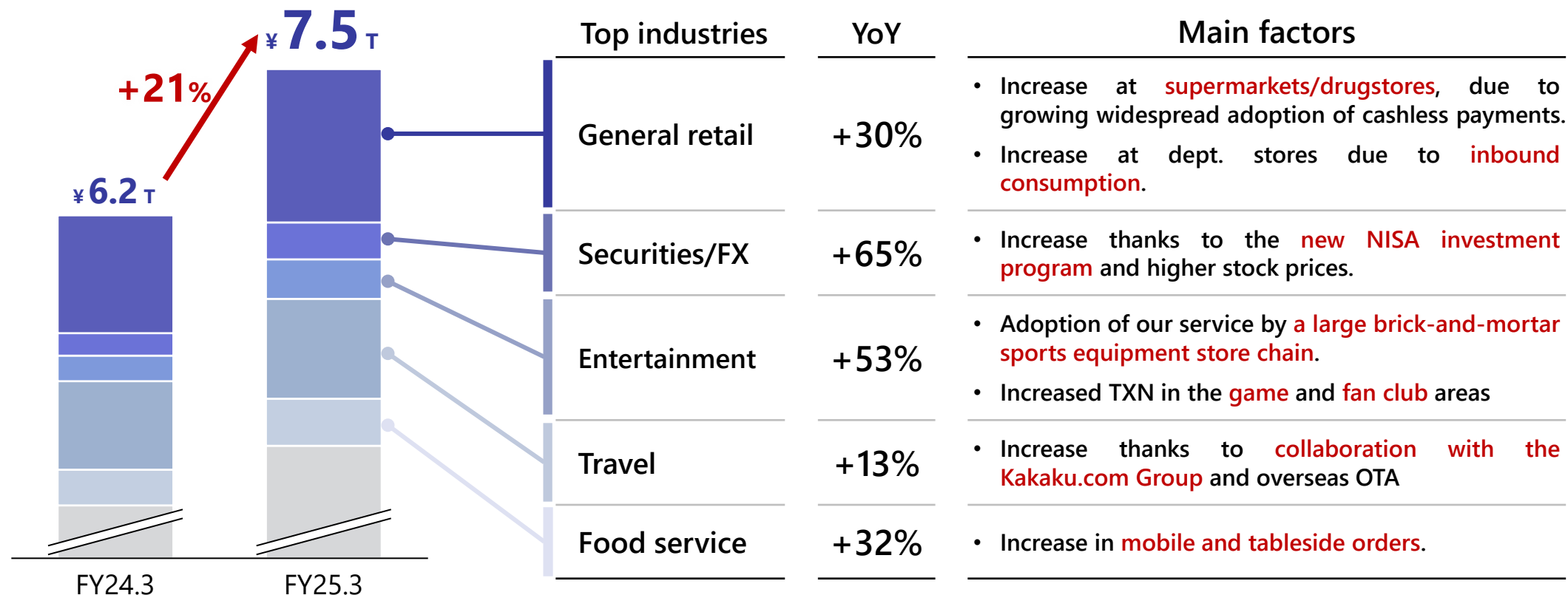
Growth in offline payments:

- Strong results from our alliance with Toshiba Tec Corporation
- Increased adoption of QR code payment methods, especially Cloud Pay.
- Square now accepts Cloud Pay and we are expanding to the IoT payments market, e.g., parking lots, etc.
- Growth in transactions using Recruit Holdings' AirPAY.

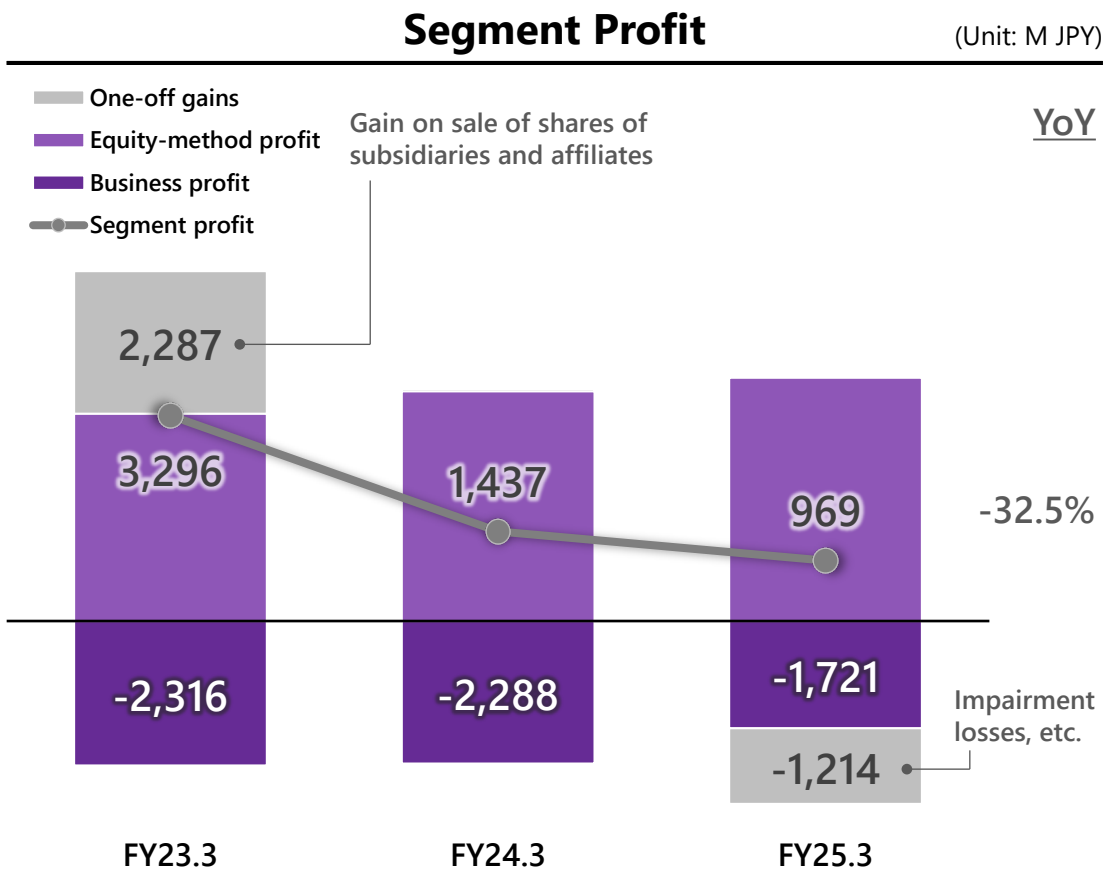
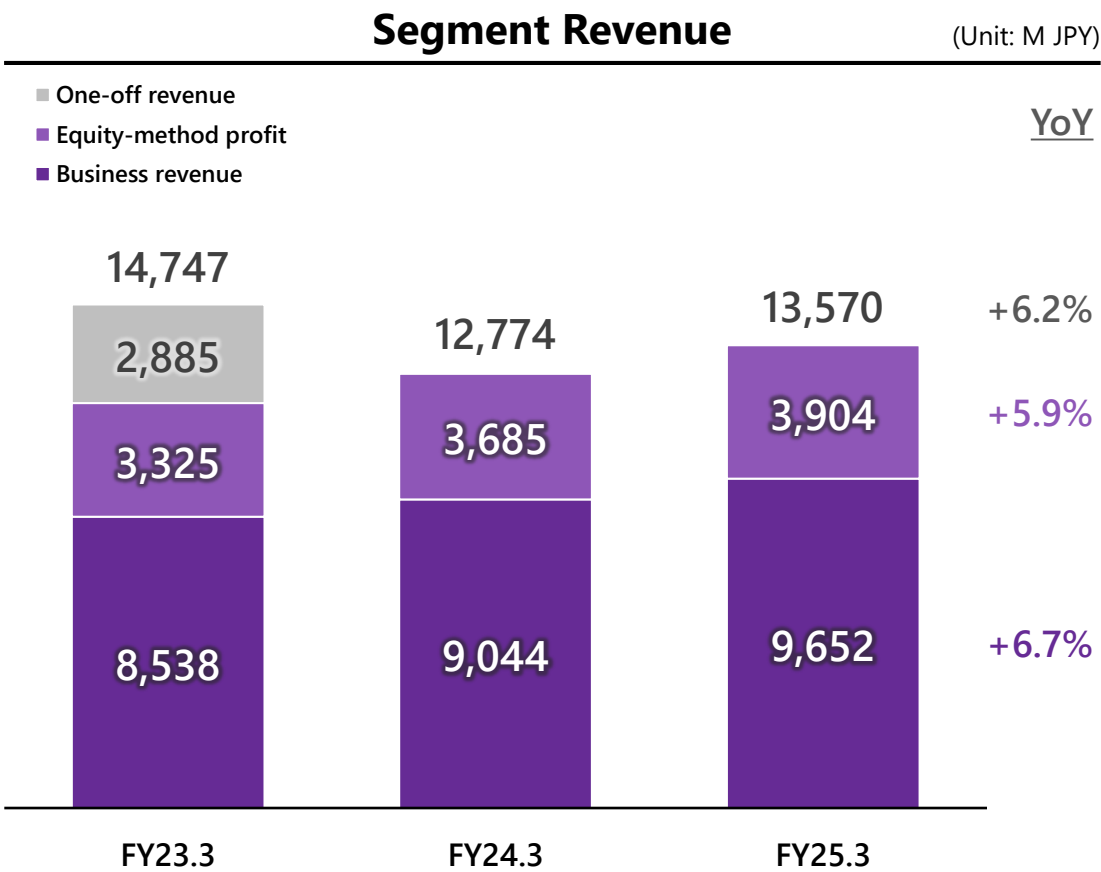


Increase in transaction volume in the sectors of retail, securities, entertainment, and foodservice

Transaction volume by industry



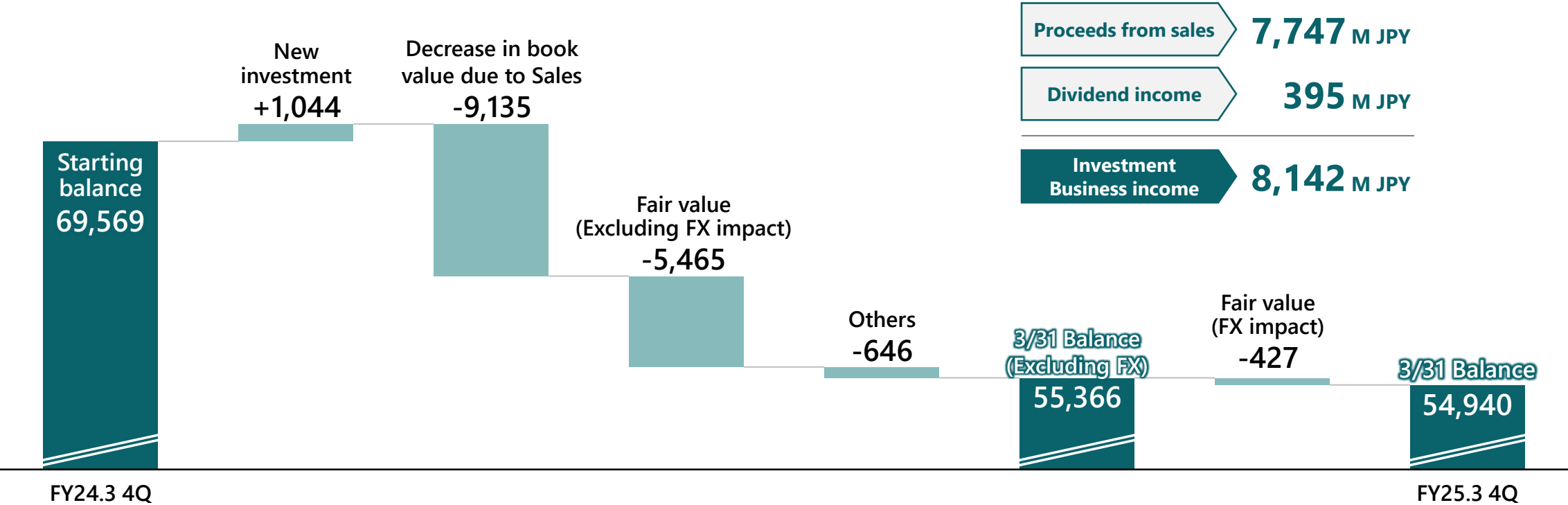
- Equity method profit increased by +5.9%, driven by a record performance at Kakaku.com. Payment txn vol. from Kakaku also reached a new all-time high
- Profit declined due to software asset impairment following the review of some new businesses. However, business losses are expected to shrink going forward as several projects move from investment into growth and monetization phases



- **¥8.1 B in Investment business income** in FY25.3, as we have completed the move of our investment portfolio to the joint fund with the Resona Group
- While a 2Q valuation loss on Blockstream reduced fair market value, the off-balancing initiative has seen steady progress

Operational Investment Securities – Waterfall Chart

(Unit: M JPY)



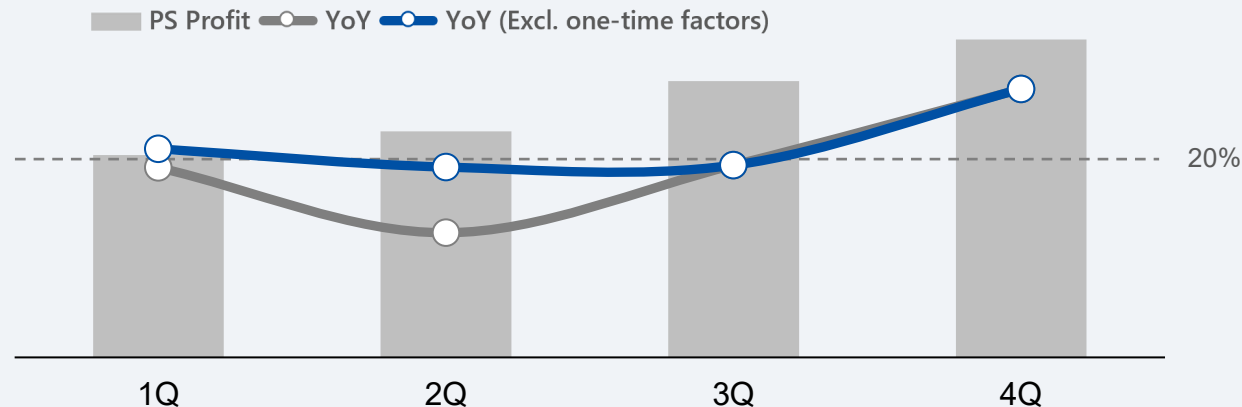
IV. Earnings & Dividend Forecast for FYE26.3



- While we expect profits to cluster in 2H due to upfront investment to unlock further growth improvements, we are guiding for 20% YoY growth
- We expect annual payment TXN volume to exceed ¥10T thanks to several large-scale projects in the payment business starting in FY26.3

	FY25.3 Actual	FY26.3 Forecasts
PS Segment PBT growth rate	+ 22.2 % (Target: 20~25%)	Continued 20%+ growth
Payment TXN volume	¥7.5 T	¥10T Over

< Profit Growth % Forecast (Quarterly) >



< Forecast Assumptions >

We expect lower growth in 2Q, on account of a more competitive YoY baseline resulting from the recording of one-off gains in 1H FY2025. Excluding one-off factors, we are guiding for strong profit growth numbers.

- We expect to start offering payment solutions within the au ecosystem at some point in 2025. Strategic execution of upfront investment associated with system R&D in 1H.
- Consolidated the BNPL operator SCORE as a wholly-owned subsidiary in FY2025. Start R&D investment in 1H with an eye toward entering the B2B BNPL business.
- Within the broader market for cashless payments, QR payments grew 38% YoY*. We expect this business to continue delivering strong growth, driven by DG's patented Cloud Pay service, etc.

* Calculated growth % for 2023 on the basis of Payments Japan Association's [Cashless Roadmap 2024]

Dividend Forecast for FYE 2026 & Track Record

Dividend/share
(Forecast)

¥47

Dividend policy

Progressive dividends

5-year total div. target
FY24.3~FY28.3

¥10.0B+

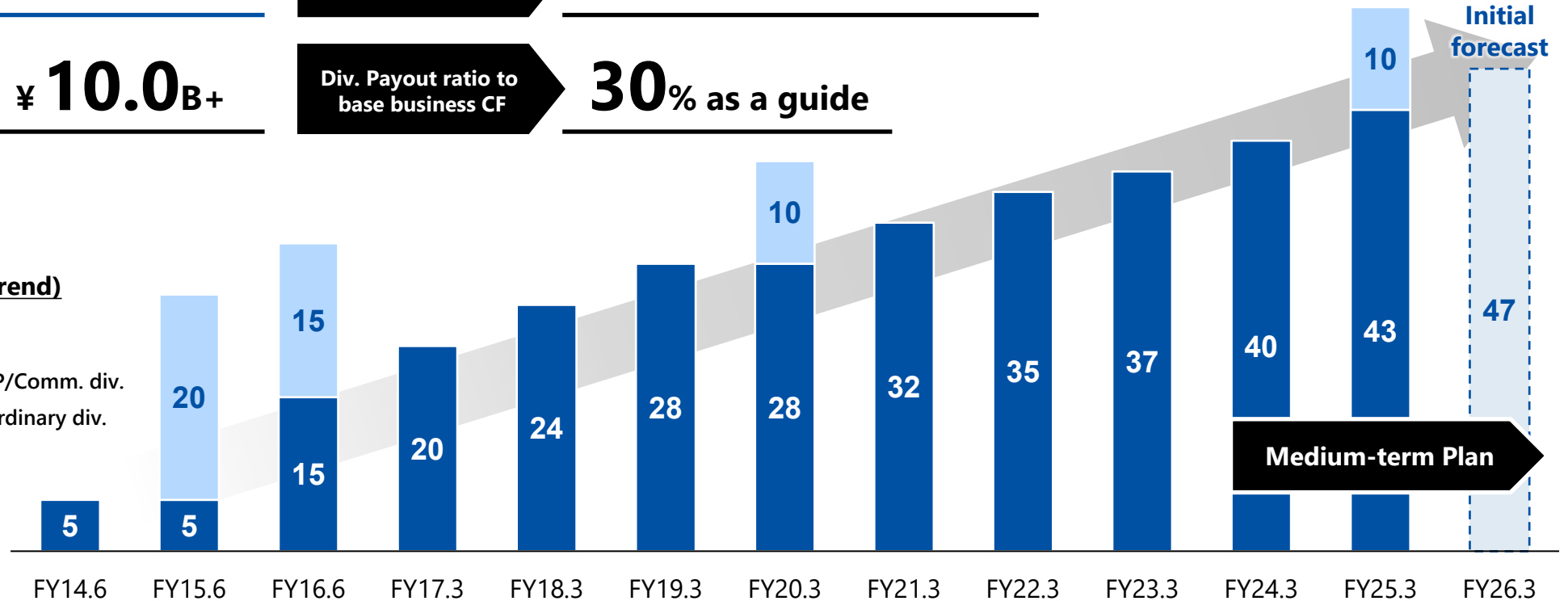
Div. Payout ratio to
base business CF

30% as a guide

Dividend/share (Trend)

(Unit: JPY)

■ SP/Comm. div.
■ Ordinary div.



		FY14.6	FY15.6	FY16.6	FY17.3	FY18.3	FY19.3	FY20.3	FY21.3	FY22.3	FY23.3	FY24.3	FY25.3	FY26.3
Total div.	B JPY	0.23	1.17	1.41	0.94	1.13	1.29	1.75	1.47	1.65	1.70	1.90	2.44	-
Share buybacks	B JPY	-	-	-	-	-	5.00	-	-	-	5.00	5.00	4.00	-
Total shareholder returns	B JPY	0.23	1.17	1.41	0.94	1.13	6.29	1.75	1.47	1.65	6.70	6.90	6.44	-
Div. Payout ratio to base business CF	%	-	-	-	-	-	29.1%	41.1%	32.8%	32.6%	28.7%	29.8%	40.8%	-

V. Business Strategy for FYE26.3



FINTECH SHIFT 2.0

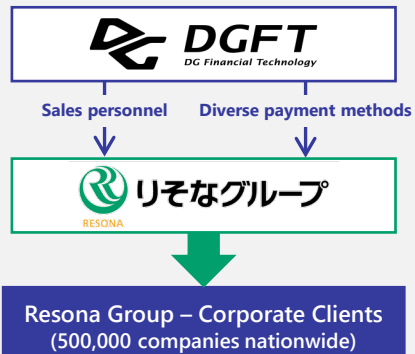
Expanding into the **Fintech** × **Intelligent Data** business domain based on the PS segment

- I** Entering the data-driven BaaS/digital finance business in addition to the fintech business
- II** Deepening alliances with strategic partners | Resona Group, KDDI Group, Kakaku.com, JCB, Toshiba Tec Corp., ANA Group, etc.
- III** Strengthening the payment ecosystem with Business Wing/strategic synergy with newly formed DGBT
- IV** Launching the ProbComp (joint research with MIT) project, which is considered a promising next-generation AI

Reached agreement with Resona HD to further enhance collaboration in the payments business & enter the BaaS/digital finance services domain
Enhance business co-creation by expanding collaboration domains/frameworks and through development of next-gen payment apps and the consideration of establishing a BaaS/digital finance JV

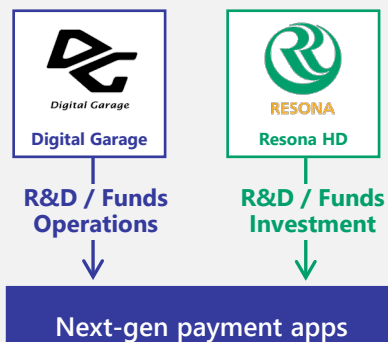
<Further Enhance Collaboration in PMT Business>

Expand partnership domains & promotion framework



Gain access to Resona Group's corporate clients ASAP through the expansion of DGFT's payment solutions and an increase in sales personnel.

Develop next-gen apps

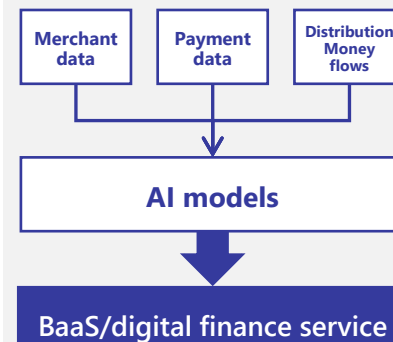


Enhance our efforts to explore the SME market by developing a multi-payment app with superior UI/UX and funds management features, and advanced DX features.

Strategic target Annual TXN volume: Reach ¥1 T ASAP

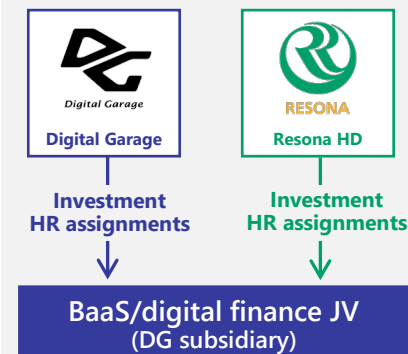
< Enter the Domain of BaaS/Digital Finance >

Business Model



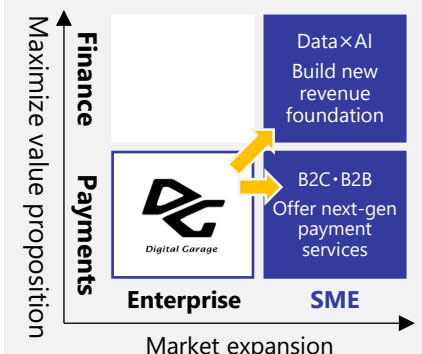
Joint development & one-stop shop offering of digital banking services specifically tailored to SMEs through the use of data & AI.

Creation of JV



Set up JVC leveraging Resona Group's business assets to build an asset-light BaaS/digital finance business.

Target Business Domains



Full-scale entry into the financial services domain by leveraging Resona Group's business assets and financial expertise, and its strong client foundation consisting primarily of SMEs.

Strategic target Build revenue foundation to become a second key pillar for the DG Group, following our existing Payments Business

- We expect to start offering high-quality payment services within the au ecosystem at some point in 2025
- Jump in DGFT payment transaction volume through service in au ecosystem through partnership with au Financial Service Corp.

Update on Business Alliance



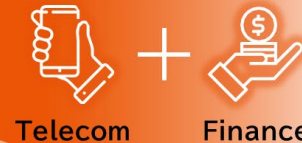
au フィナンシャルサービス

Collaboration for co-creation

Diverse cashless
payment solutions



Group collaborative platform
based on telecommunications
and finance



History of this Initiative

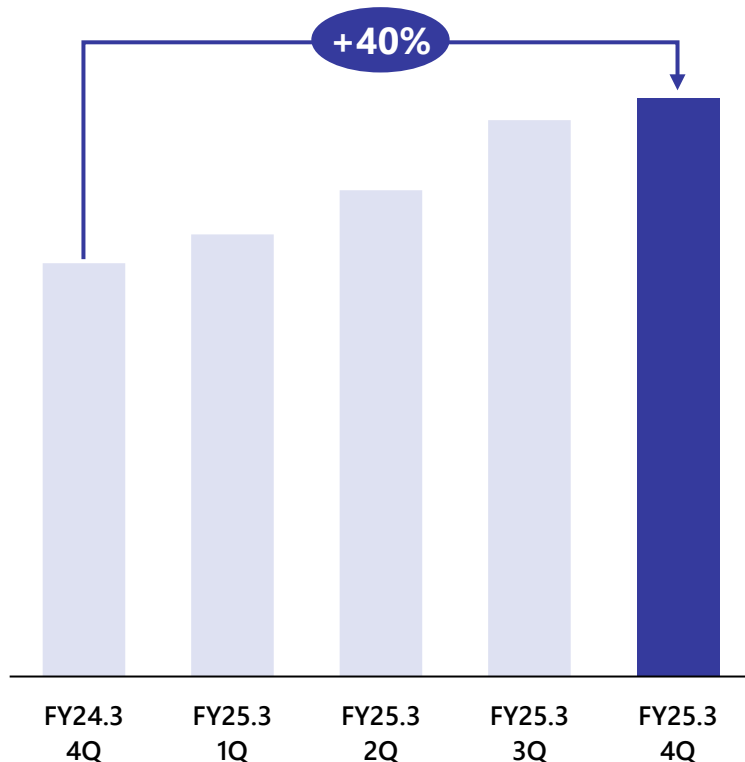
- DGFT and au Financial Service Corp. (KDDI Group company) entered a business partnership in May 2024.
- Joint system development & sales efforts by both companies toward the offering of payment services in the au economic zone.
- System development & sales are going as planned and we expect to start this service at some point in 2025.

DG Group's Strategy & Aim

- **Jump in DGFT's payment TXN volume:**
Acquire new large payment transaction volumes through service in the au economic zone through partnership with au Financial Service.
- **Joint business development & deployment:**
Secure profit opportunities through joint development of new services pooling both companies' management resources.

- QR Code Payments: Strong YoY growth, driving the overall increase in payment transaction volume
- Leverage our patented Cloud Pay series as an entryway into unexplored domains with low cashless adoption

< QR Code PMTs - TXN Vol. >



< Expansion of Cloud Pay – DG’s Unified QR Code Payment Solution >



Compatible with 7 key QR payment brands



- Sep. 24: Cloud Pay becomes available on Square’s platform.
- Feb. 25: Cloud Pay becomes available at APMs operated by AMANO Corp – one of Japan’s largest operators of parking systems.
- Mar. 25: QR code payments now available for purchase of train tickets at Shikoku Railway Company. **New**
- Apr. 25: QR code payments now available to All Japan Real Estate Association member companies. **New**



Also compatible with credit cards & BNPL



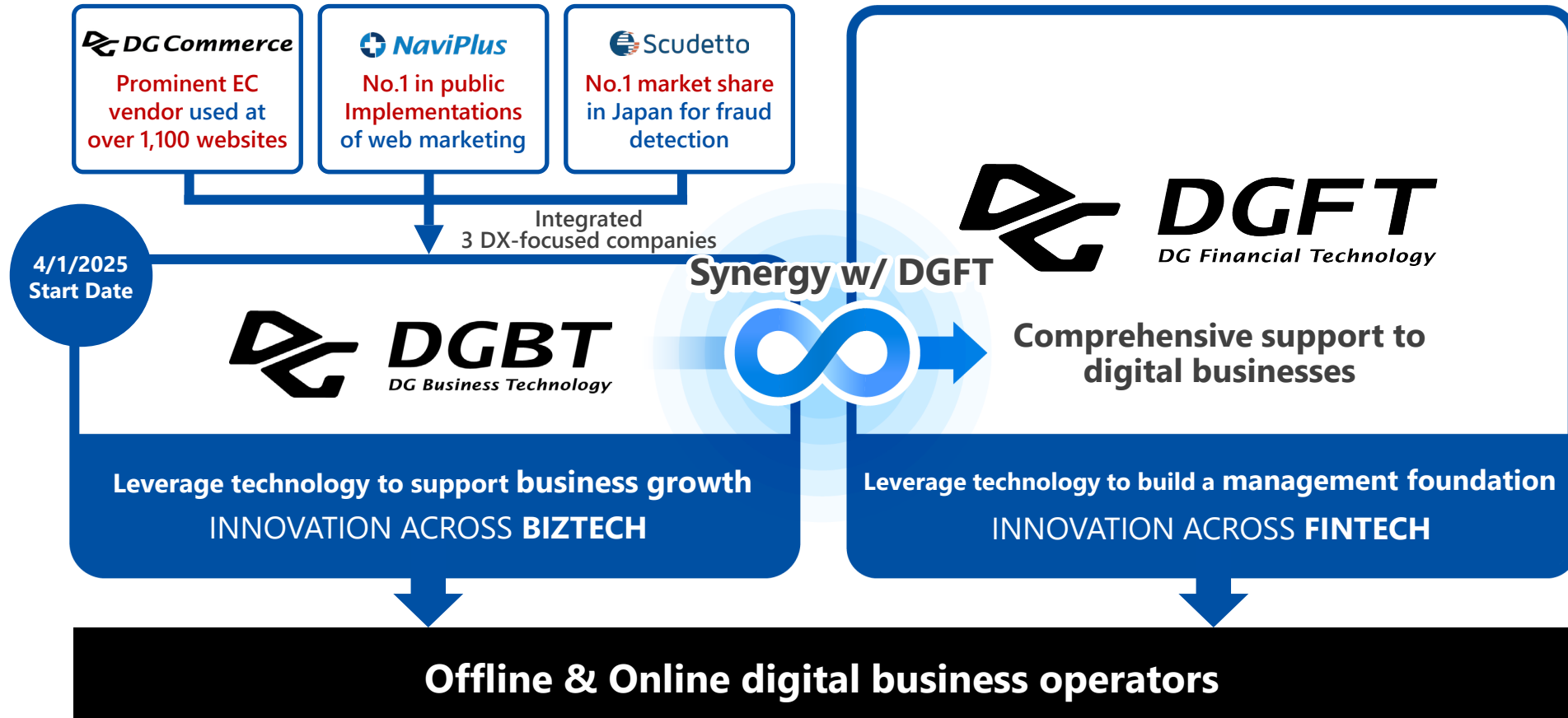
Enter unexplored cashless adoption domains

Real estate (Rentals) TAM: ¥16 T ^{*1}	Home maintenance TAM: ¥2.4 T ^{*2}
Exhibitions / event venues TAM: ¥500.0 B ^{*3}	Moving companies TAM: ¥400.0 B ^{*4}

^{*1} DG estimates based on MLIT 2023 Housing and Land Survey & other resources / ^{*2} DG estimates based on Nikkei NEEDS Industry Report – Housing Services (Nikkei Inc.) & 2023 Home Renovation Market – Outlook and Strategies (Yano Research Institute Ltd.)
^{*3} DG estimates based on 2023 Scale estimate of the event industry (Japan Association for the Promotion of Creative Events) / ^{*4} DG estimates based on survey results by Yano Research Institute Ltd.




DG Business Technology (DGBT) started operations as a strategic company to provide comprehensive support to digital businesses



Efforts to build our presence in new strategic domains highly compatible w/ payment business.,with a focus on the businesses of industry-specific DX solutions, B2B PMTs & finance, and next-gen technologies


Several projects have entered the growth phase, with strategic businesses delivering 63% YoY sales growth.
PMT TXN vol. from strategic businesses also grew 229% YoY, continuing to show sustained growth and contributing to an increase in PMT TXN volumes in the PS segment.



Musubell®

Started offering Musubell Insurance – an embedded insurance solution

- Purchase & activate fire insurance at time of purchase of real estate property, all done online.
- Collaboration w/ Tokio Marine & Nichido Fire Insurance Co., Ltd., streamlining the insurance intermediaries business.




DGFT

請求書カード払い

Offer – free of charge – invoice management functions compliant w/ the Electronic Book Storage Act. through Electronic Methods

- Started offering invoice management functions free of charge.
- In addition to improving cash management, we also help with the digital transformation of overall invoicing functions.

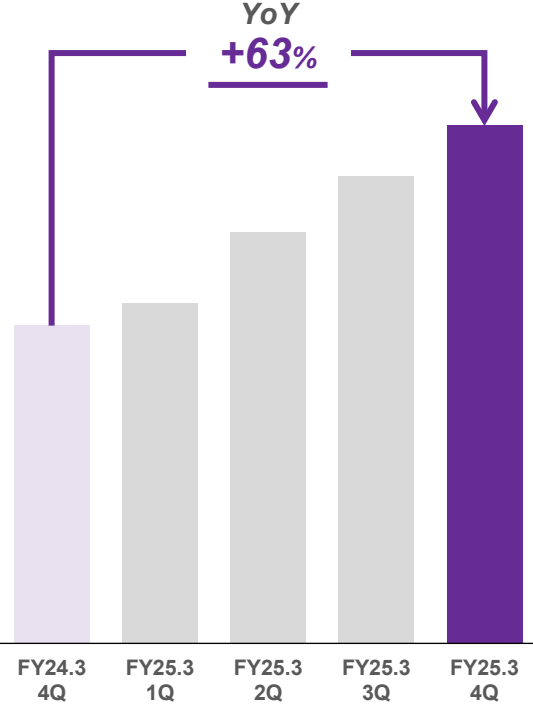


Pangaea Delivery

Aim for a 10,000 merchant user base ASAP by securing large-scale clients & offering new services

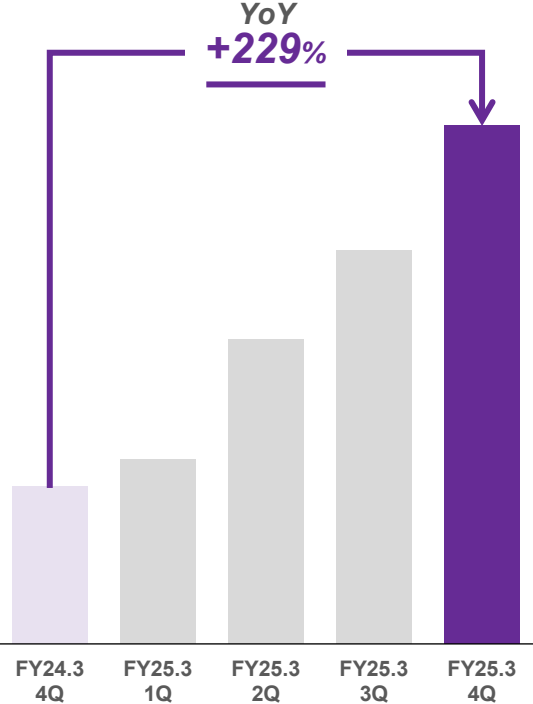
- Progress as large retailers make our services available nationwide & medium-sized F&B industry companies adopt Pangaea.
- Plans to start offering takeout solutions w/ built-in payment functions.
- Aim for a 10,000 merchant user base ASAP & seek to secure higher payment transaction volumes.

Strategic Businesses – Revenue Trends




Period	Revenue (Relative)
FY24.3 4Q	Low
FY25.3 1Q	Low-Mid
FY25.3 2Q	Mid
FY25.3 3Q	High-Mid
FY25.3 4Q	High

Strategic Businesses – PMT TXN vol.



Period	PMT TXN vol. (Relative)
FY24.3 4Q	Low
FY25.3 1Q	Low-Mid
FY25.3 2Q	Mid
FY25.3 3Q	High-Mid
FY25.3 4Q	High




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 30

Regulatory tailwinds in Japan are expected to allow us to make up for lost time and grow our businesses

Results for Crypto Garage fell short of the plan due to industry-wide factors, but AppPay exceeded the forecast

App & Content Payments



Business Outline

Enabled “**third-party payments**”, creating alternatives to platform-centric ecosystems & revitalizing the global content market.


Progress & Results

- The approval of the **Act on Promotion of Competition for Specified Smartphone Software** has been a tailwind for us when it comes to securing prominent app operators and growing TXN vol. **in numbers exceeding the initial forecast.**
- **Created App Business Development HQ.** Integrated app marketing bus. - which aims to help grow our user base of app operators and improve awareness - with the AppPay business to offer **comprehensive services targeting app operators.**
- Entered the market **ahead of the industry** in 2023, offering the **largest number of content items.**

Policy & Outlook

- Besides online shopping malls, we offer content providers the ability to **build their own online stores and various payment methods.**
- Expand beyond game apps into apps in other domains/PC gaming.

Crypto-Assets



Business Outline

Provide B2B financial services as a “registered **crypto-asset exchange service**” (payments, custody, staking) & web3 business.

Progress & Results

- **Pioneered entry** into the corporate crypto asset finance sector ahead of peers through a **strategic alliance with THE TOKYO TANSHI CO., LTD. and Nomura Holdings.**
- We were unable to meet the plan targets on account of friction associated with the crypto market, namely a regulatory framework that hasn’t yet caught up with this asset class/industry and limited access to banking infrastructure.
- In the web3 business, we continue seeing **growing adoption, especially from large-scale corporate clients.**

Policy & Outlook

- **Advanced know-how and technical capabilities** cultivated as a pioneer in the industry.
- **Regulatory tailwinds, such as changes to Japan’s tax classification of crypto-assets and the approval of crypto-asset ETFs** are expected going forward, so, we will continue building a strong business foundation to capitalize on these significant opportunities, all the while controlling costs.

Enhance collaboration & initiative framework with Kakaku.com to grow PMT TXN vol. & maximize value for both companies

Create Group synergies through collaboration in strategic sectors like food&beverage, travel, real estate, and HR

PMT TXN vol. from Kakaku.com growth rate surged YoY in FY25.3 4Q and was up 25%, reaching new all time high.

Besides sustained growth in food&beverage/travel domains, Group collaboration is speeding up in new domains through M&A by Kakaku.com.

Key Business Topics



- Enhance Group collaboration framework through mutual Board representation
- Starting FY25.3, Kakaku.com now has 1 Board member from DG, and DGFT has 1 Board member from Kakaku.com.
 - This Board member will be responsible of overseeing the process of unlocking extensive synergies between both companies.

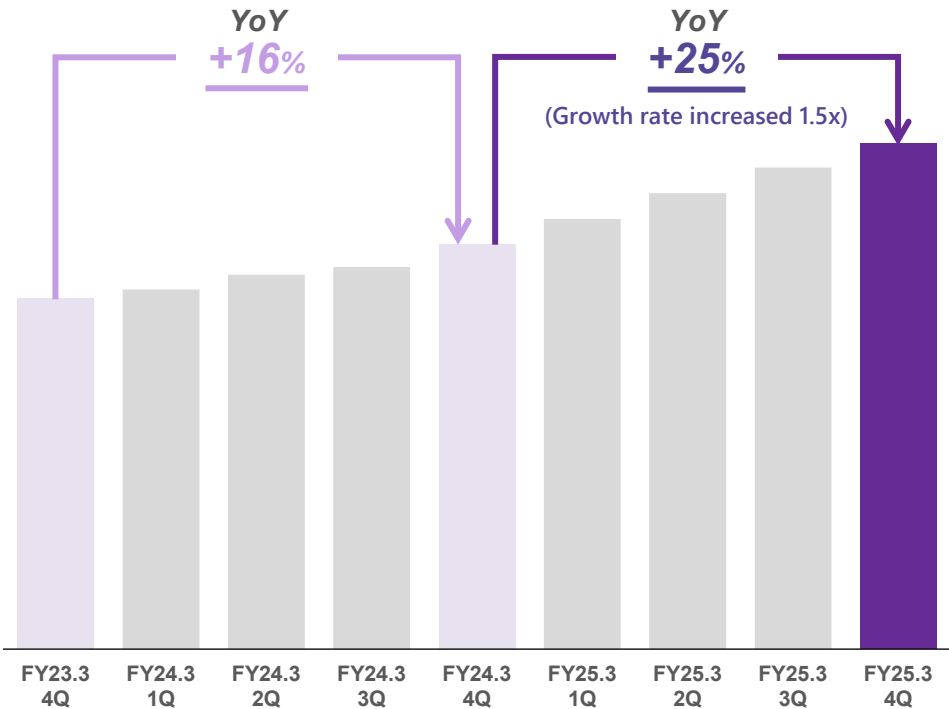


- Sustained growth in Kakaku.com’s strategic collaboration sectors
- Travel: Steady increase in number of hotels/facilities adopting HotePay and Time Design.
 - F&B: Strong growth in Tabelog inbound reservations.



- Offer payment solutions to LiPLUS Holdings, acquired by the Kakaku.com Group via M&A
- LiPLUS HD – which runs a platform matching home service providers w/ customers – became a wholly-owned subsidiary of the Kakaku.com Group.
 - Discussions ongoing regarding adoption of Cloud Pay Neo, which is highly complementary to the home service industry.

PMT TXN vol. from Kakaku.com Over Time

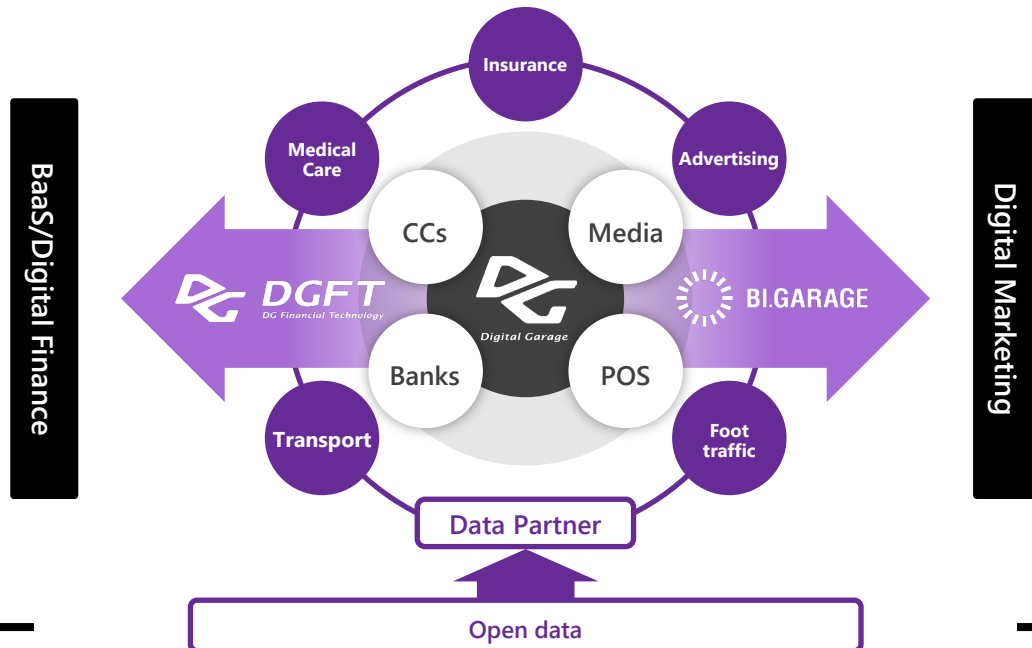


- ProbComp – a promising next-gen AI technology developed in collaboration with MIT in the U.S. and which has the potential to enhance LLMs – is now moving to the real-world R&D phase after a period of foundational research
- Leverage cross-industry initiatives toward exclusive commercialization rights of this tech in Japan, starting with initial projects in Fintech and Marketing

< Real-world R&D Projects >

Through a cross-industry consortium, we seek to leverage data held by players in industries such as payments, media, and banking to build a next-gen AI made in Japan.

- ❑ **BaaS/Digital Finance:** Build AI models for next-gen financial industry
- ❑ **Digital Marketing:** Build a next-gen Data Clean Room

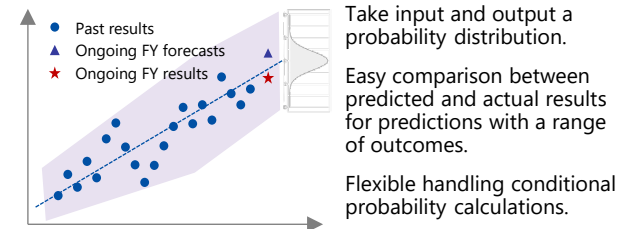


< Probabilistic Computing - Technical Outline >

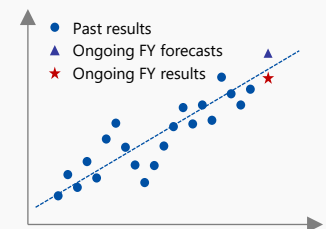
Next-gen AI leveraging Bayesian statistics

Technology originating from research at MIT in the fields of neuro and cognitive science. Utilizing **models incorporating uncertainty**, like the kinds of uncertainty inherent in processes such as intuition in decision-making & cognition, allows for AI confinement and chain-of-thought reasoning in the face of complex situations. This is therefore a **highly interactive** computing method.

Probabilistic Computing



[Ref.] Machine learning models



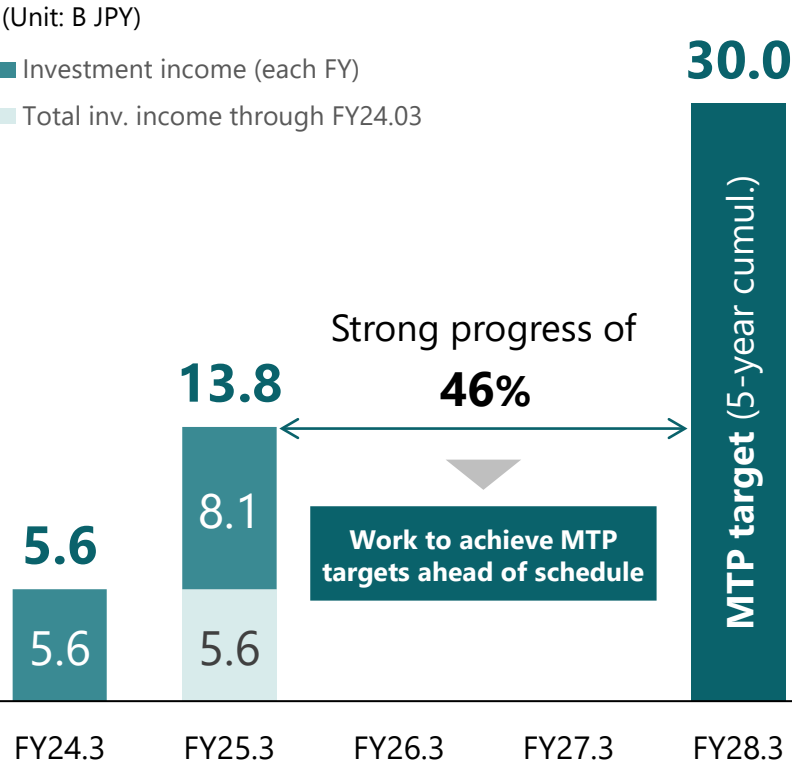
Combine probabilistic computing with generative AI to create **more reliable and flexible AI systems fit for real-world applications**

Uses for this technology

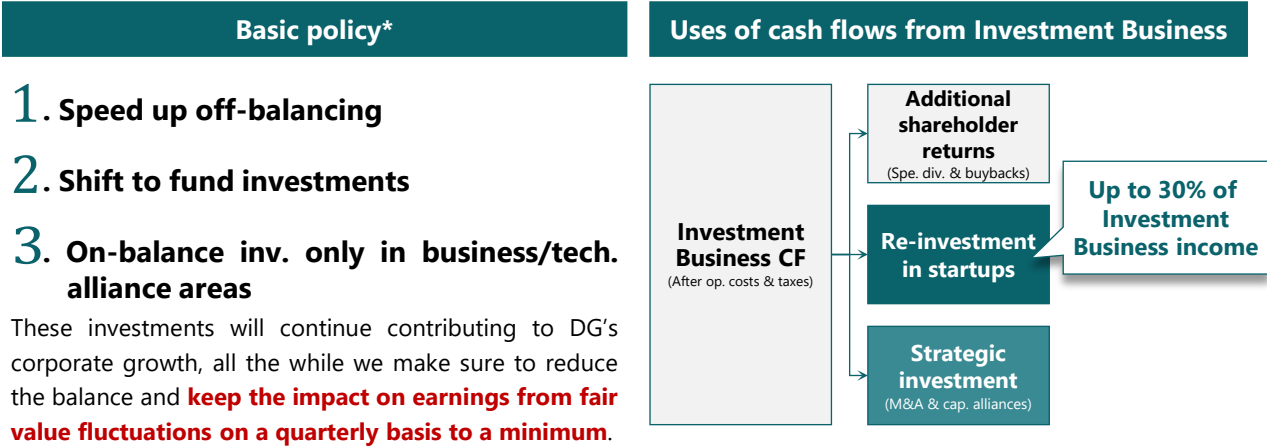
- ✓ Synthetic Data
- ✓ Large Population Model
- ✓ InferenceQL

- Progress of 46% versus MTP target of moving the Investment Business off-balance sheet. We are working to achieve this ahead of schedule
- We will focus on unlocking synergies through investment toward “FinTech Shift 2.0” and business co-creation with startups

< Inv. Business Income Targets & Results >



< Investment Policy Outlook >



< Business Co-creation – Concept & Examples >



Financial
returns



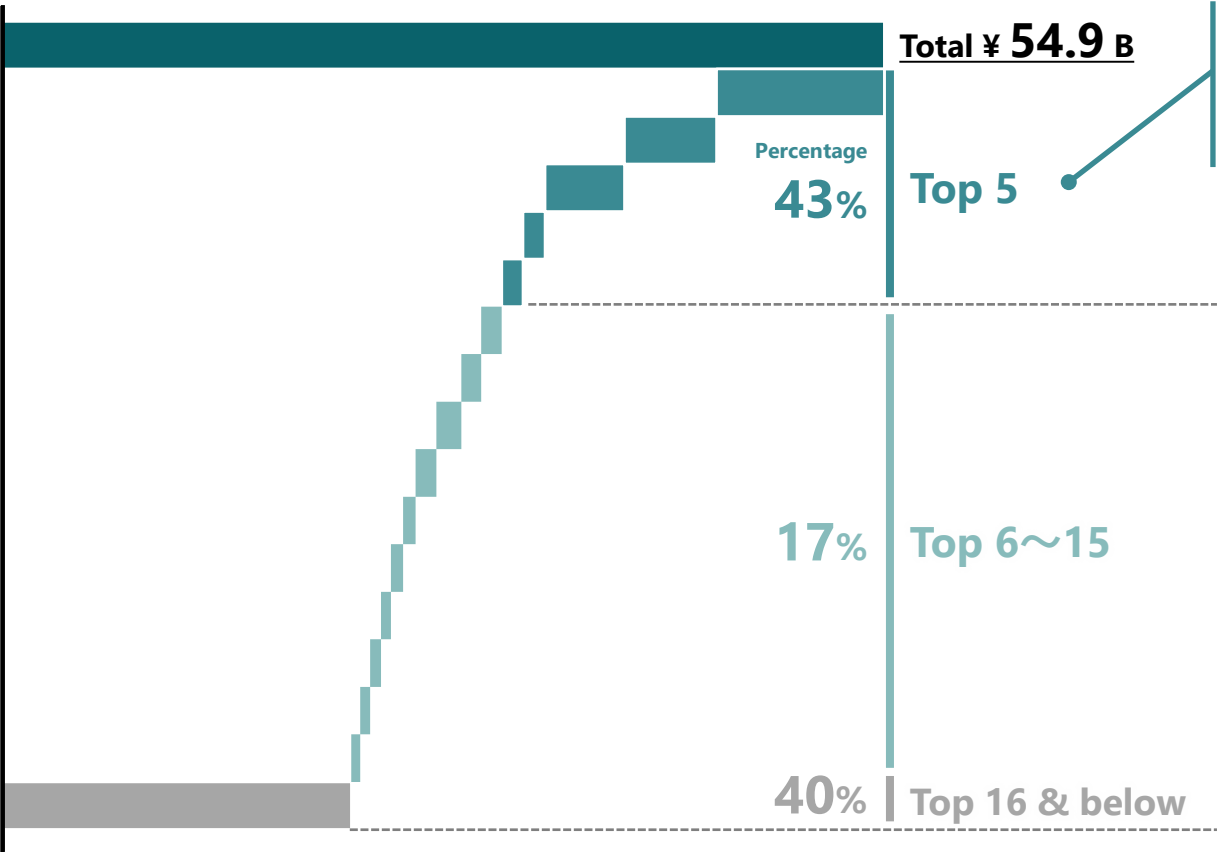
Business
returns

- Focus on business returns in addition to financial returns.
- Set up the Business Co-Creation Department to bridge investment & business operations to promote business collaboration between GII segment investees and PS segment.
- Investment in Phi Commerce – a prominent payment service provider in India – and business alliance w/ DGFT. Toward exclusive rights to PhiCommerce's payments service in Japan.

* The impact of U.S. reciprocal tariffs has been negligible. We will continue monitoring the situation over the medium-to-long term. Above-stated investment policy to remain in place for the foreseeable future.

- Our investment portfolio comprises more than 250 companies
- We continue actively monitoring our largest positions while diversifying the rest across multiple companies/areas

■ Companies as Percentage of Portfolio (As of 3/31/2025)



- ✓ MX Technologies (U.S.; Personal finance management tools)
- ✓ GrubMarket (U.S.; Food e-commerce) & others
- ✓ Continue actively monitoring positions and carrying out investment exits when appropriate

■ Geographical composition (6th largest and lower)

6 th largest & lower – Total: ¥ 31.1B			
North America 22.7%	Japan 23.5%	Asia 16.7%	Funds 34.4%
Europe; Others 2.6%			

VI. Sustainability Initiatives



Further advance sustainability management by reliably achieving KPIs and publishing integrated reports

Materiality Area	Materiality	Materiality KPI
Business Create a sustainable ecosystem through technology	Pursue new technologies for a better future	Number of products & services positively impacting society
	Create a prosperous society through Fintech	Payment transaction volume; Number of payment transactions
	Business co-creation efforts to contribute to a sustainable society	Invest in startups related to ESG (OnlabESG1 fund) <small>Direct 50% of funds to ESG-related investment; 20% of investment targets to be related to climate change</small>
HR Create an environment in which all employees can thrive & play an active role	Create a system in which a diverse workforce can thrive together	Achieve a total engagement score of 4.0 or higher Female leadership representation: 30% <small>By 3/31/2028</small>
	Train capital capable of unlocking a bright future	1 point improvement in talent development survey <small>By 3/31/2030</small>
Foundation Cultivate trust in order to move forward hand-in-hand with society	Promote responsible corporate activities	Further improve governance disclosure & dialogue with stakeholders Compliance training for 100% of the workforce Emissions reduction target of 50% by 2030 & carbon neutrality by 2050
	Co-exist with society while respecting all human rights	Formulate and release DG's Human Rights Policy by October 2025 Harassment prevention training for 100% of the workforce
	Stable operation of systems underpinning society	Cybersecurity management system coverage Cybersecurity training for 100% of the workforce

Reference Materials

Digital Garage Group

Long-term Incubation Segment

New services/products to drive payment platform expansion

Non-linear business to implement next-generation technologies in society

- Industry-specific DX services
- New Fintech
- Next-gen Media

kakaku.com

 **Musubell** **DGFT 請求書カード払い**

アプリパイ  **Pangaea Delivery**

 **CRYPTO GARAGE**  **BIGARAGE**

Platform Solution Segment

Core business built around the payment platform

- Payment service provider
- Payment-related functions that add value
- Marketing and CRM solutions for the financial sector

 **DGFT** DG Financial Technology  **DGBT** DG Business Technology



 **SCORE**  **DG FutureTech**



 **ANA DIGITAL GATE**  **TDP**  **リそな決済サービス**

Global Investment Incubation Segment

Investing in and supporting startups focused on next-gen technologies and collaborating with DG Group

- Investment incubation
- Supporting startups
- Fund management

 **DG Ventures**  **DG Incubation**  **DG Daiwa Ventures**

  **GEN LAB**

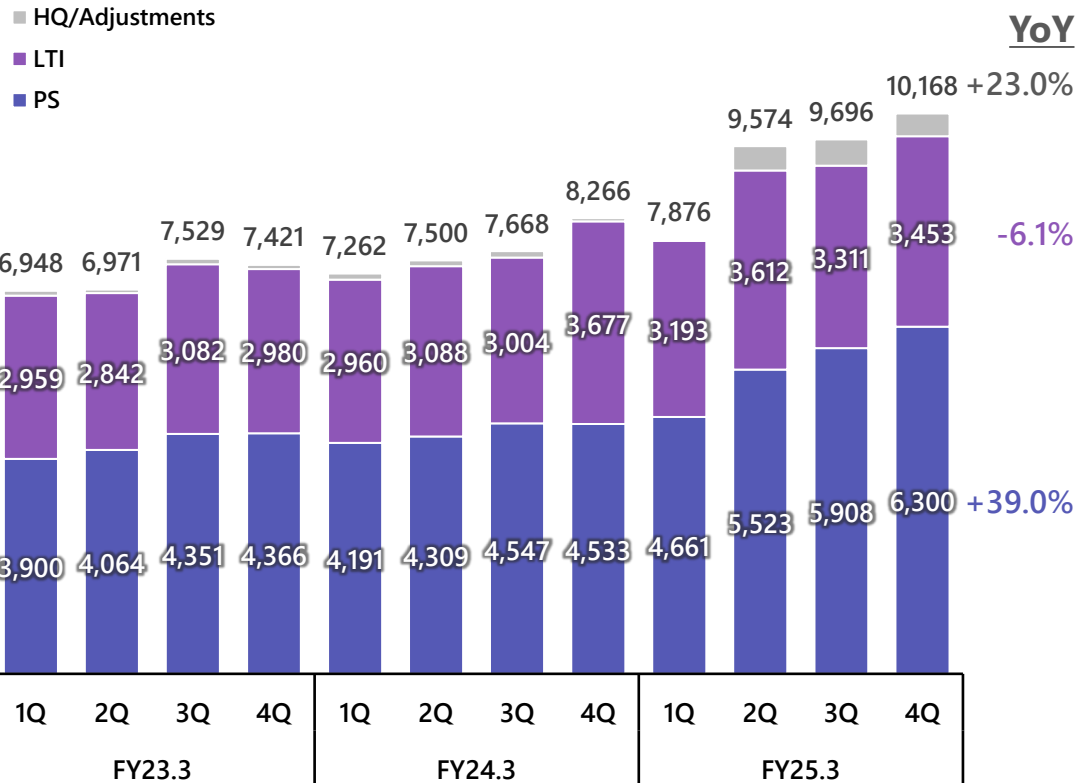
Reference Materials (1): Supplementary Data



- PS segment, which includes payment business, continued to expand, accelerating growth in basic business revenue
- Basic business profit remained steady despite the volatility on a quarterly basis while we invested in technology and human resources to drive future business growth and strengthen our management foundation

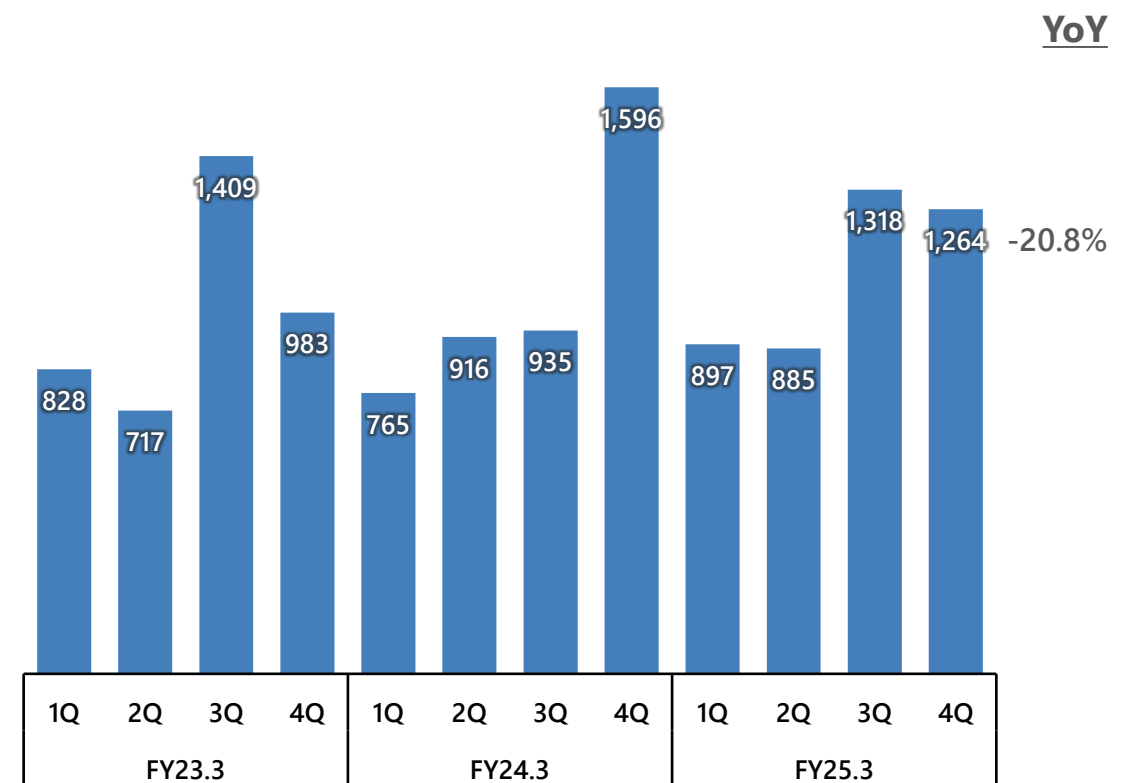
Basic Business Revenue

(Unit: M JPY)



Basic Business Profit

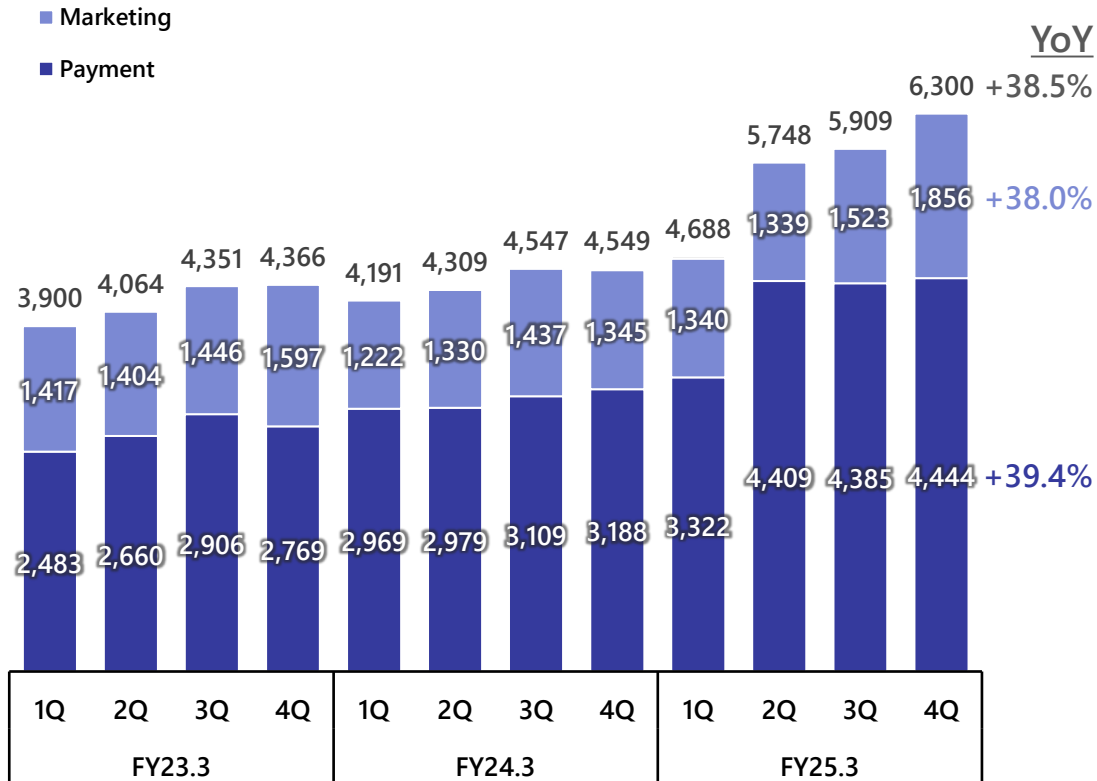
(Unit: M JPY)



- The payment business experienced a significant revenue increase from 2Q, driven by organic growth and the acquisition of SCORE—a BNPL service provider—as a wholly owned subsidiary.
- YoY lift in marketing business profit thanks to an increase in transactions with credit card companies and a lower baseline from equity-method losses LFY

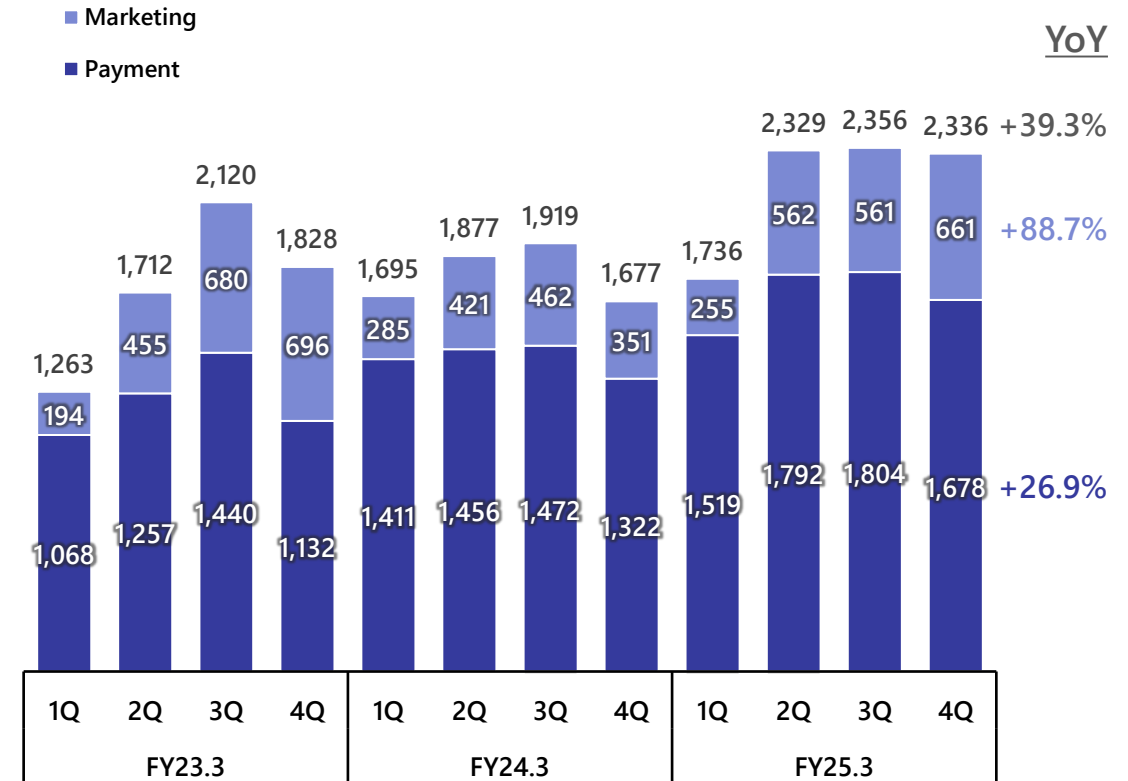
Segment Revenue

(Unit: M JPY)

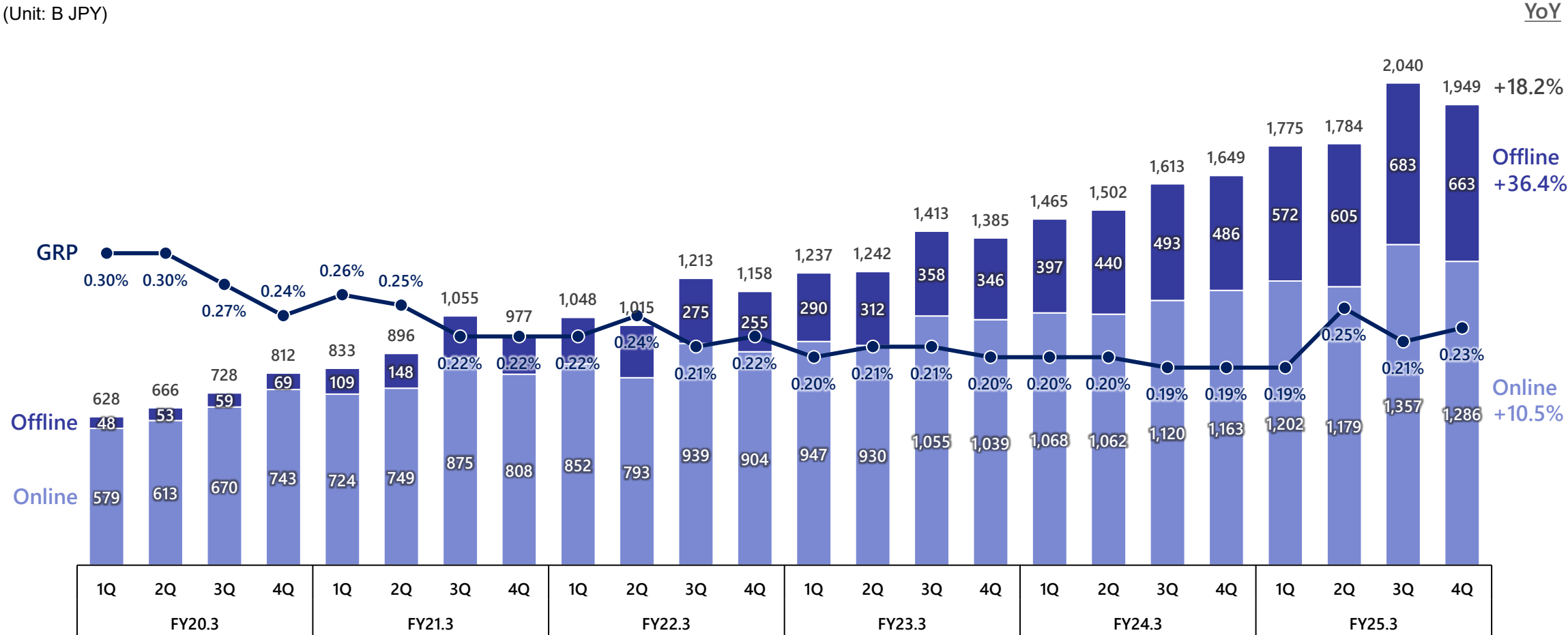


Segment Profit

(Unit: M JPY)



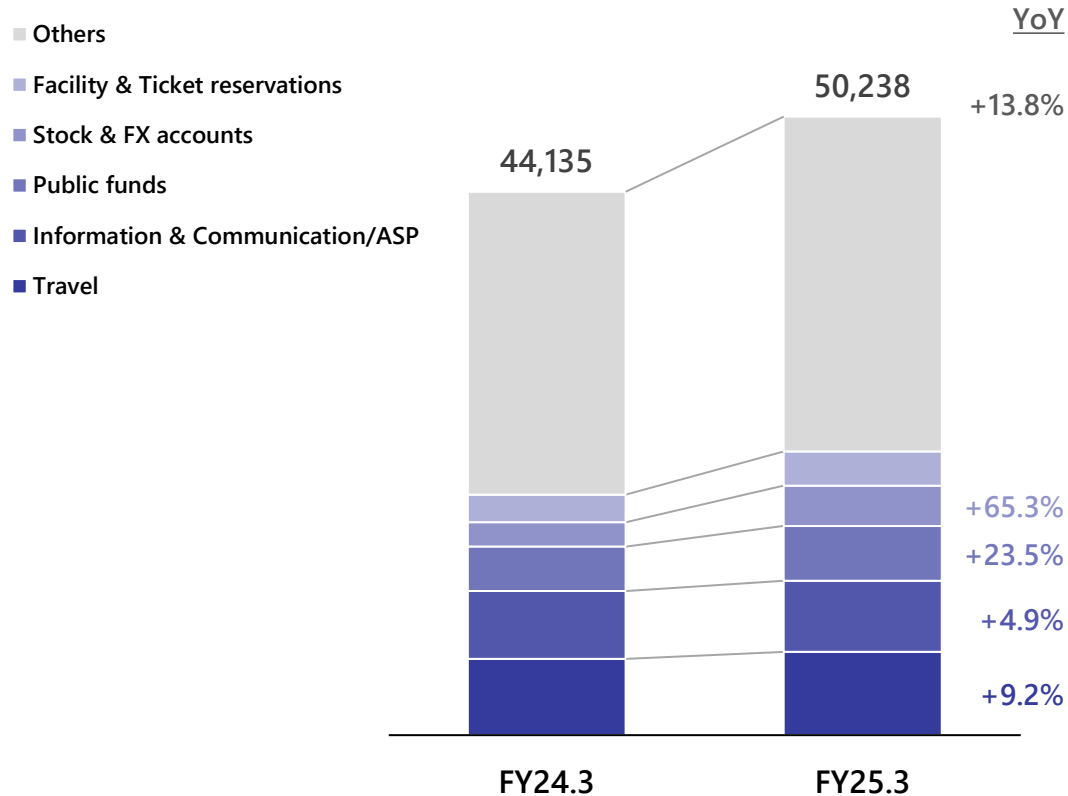
- Offline: Strong growth continued, especially in the general retail and food & beverage sectors, through successful strategic alliances
- Online: Continued driving double-digit growth exceeding market growth; Annual payment transaction volume has now reached ¥7.5 T



- Online: Growth across diverse industries, especially services, public funds, and other non-merchandise transactions
- Offline: Successful alliance strategies have helped us acquire more large retailers and boost payment volume

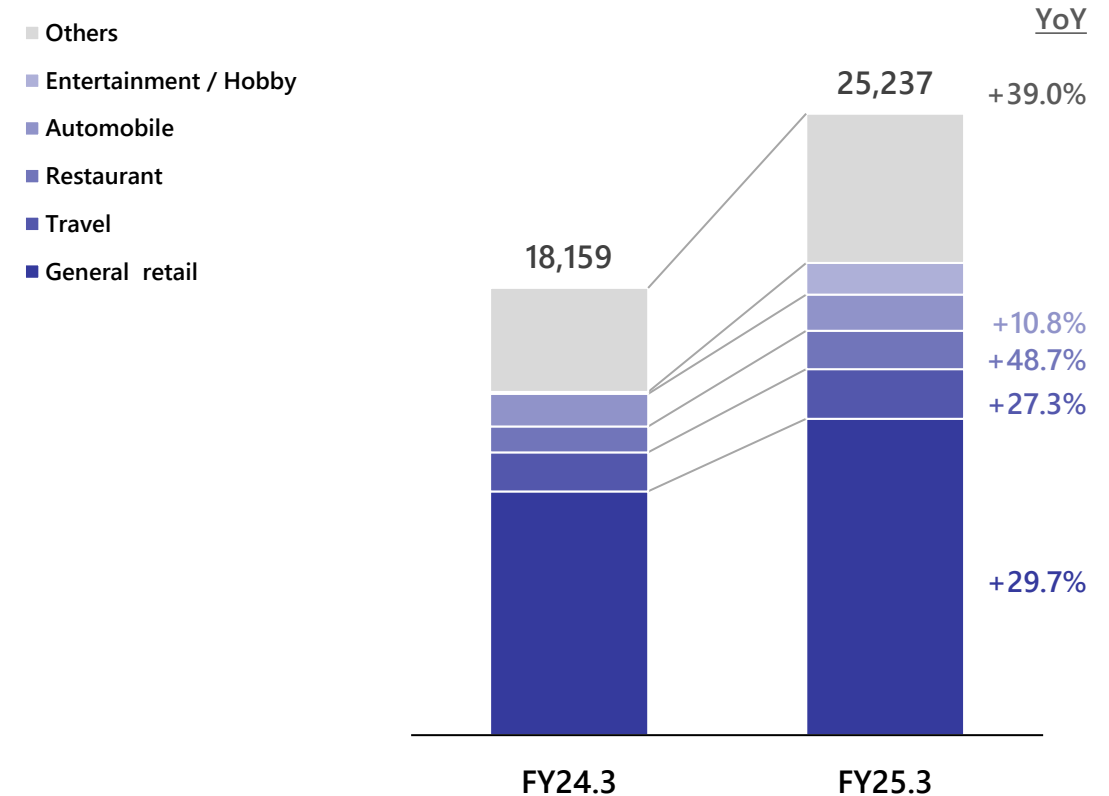
Online Payment

(Unit: B JPY)



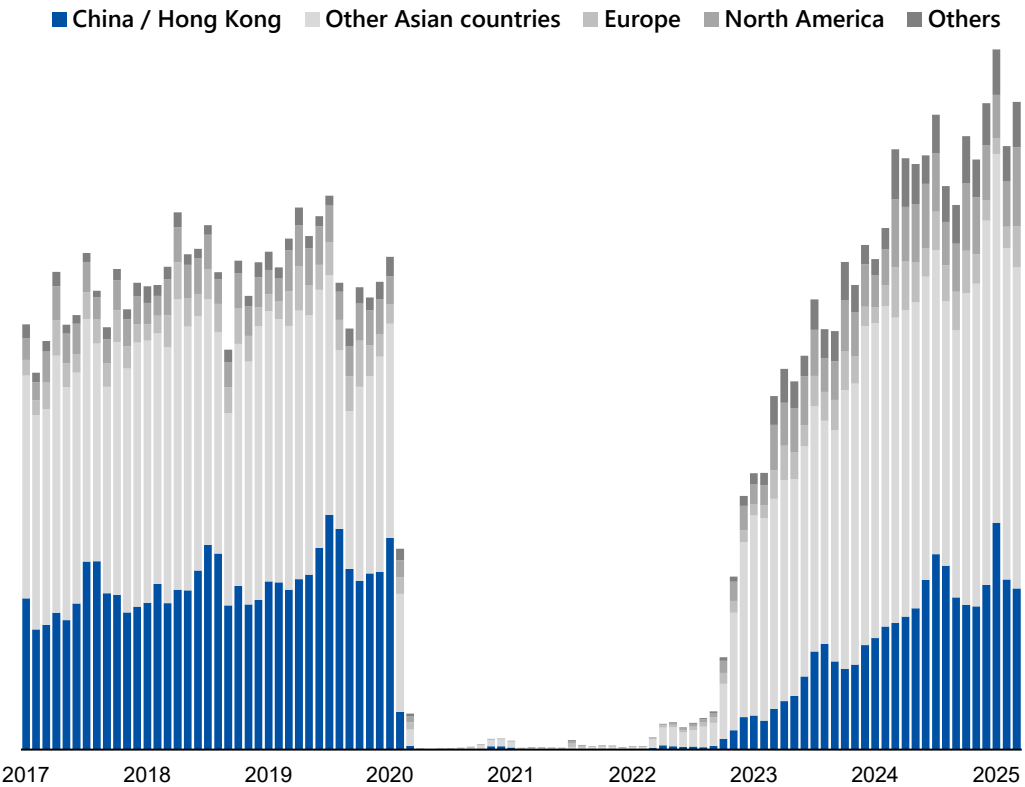
Offline Payment

(Unit: bn JPY)



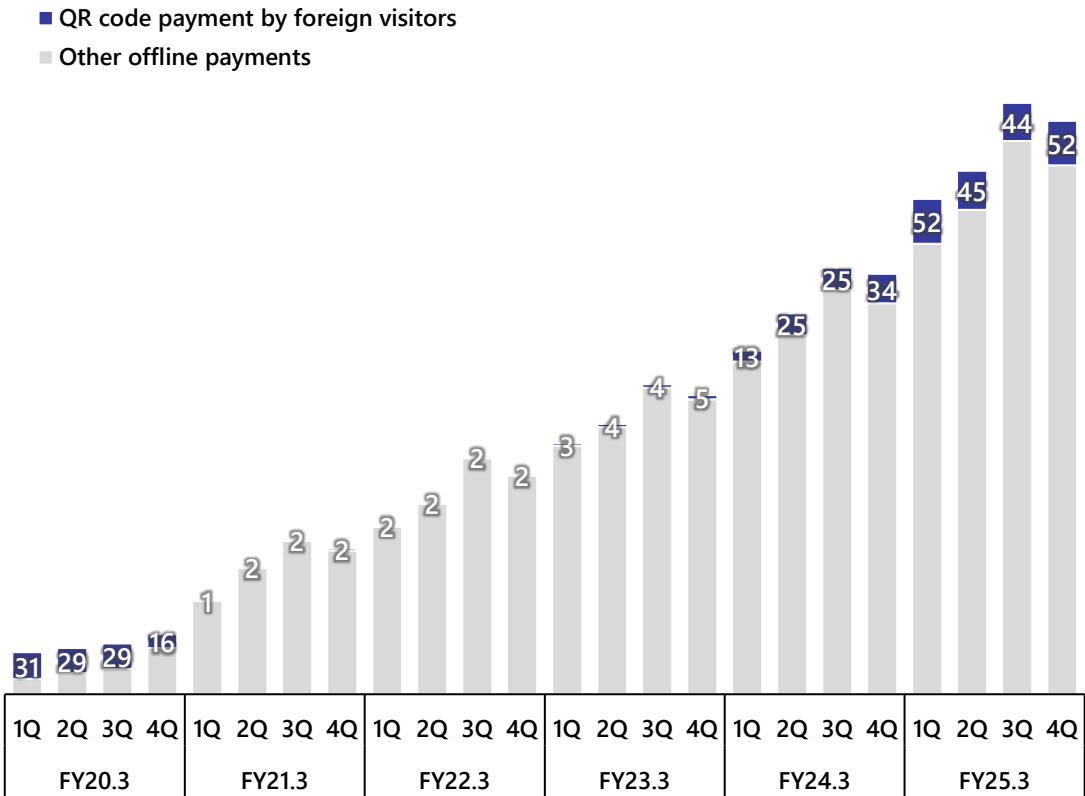
- Foreign visitor numbers exceeded pre-COVID levels, with Greater China visitors returning to 2019 levels
- Alipay and WeChat Pay transactions reached an all-time high in terms of payment transaction volume

The Number of Foreign Visitors to Japan (by Area)



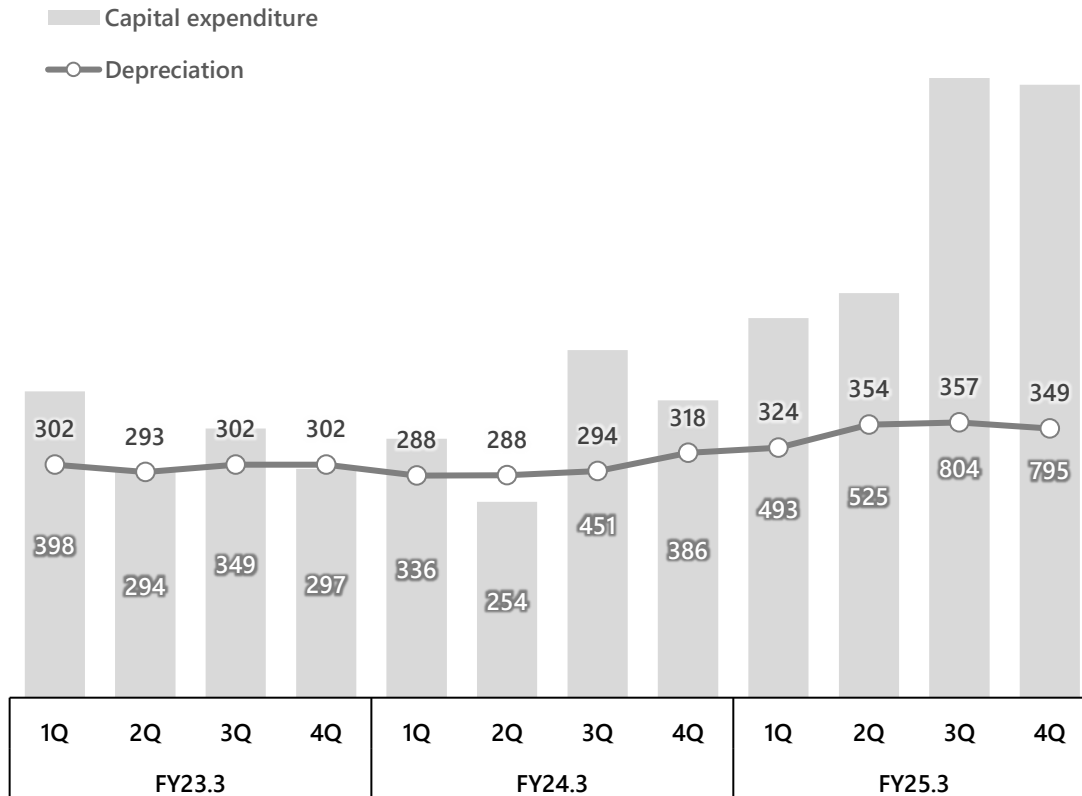
Offline Transaction Volume

(Unit: B JPY)

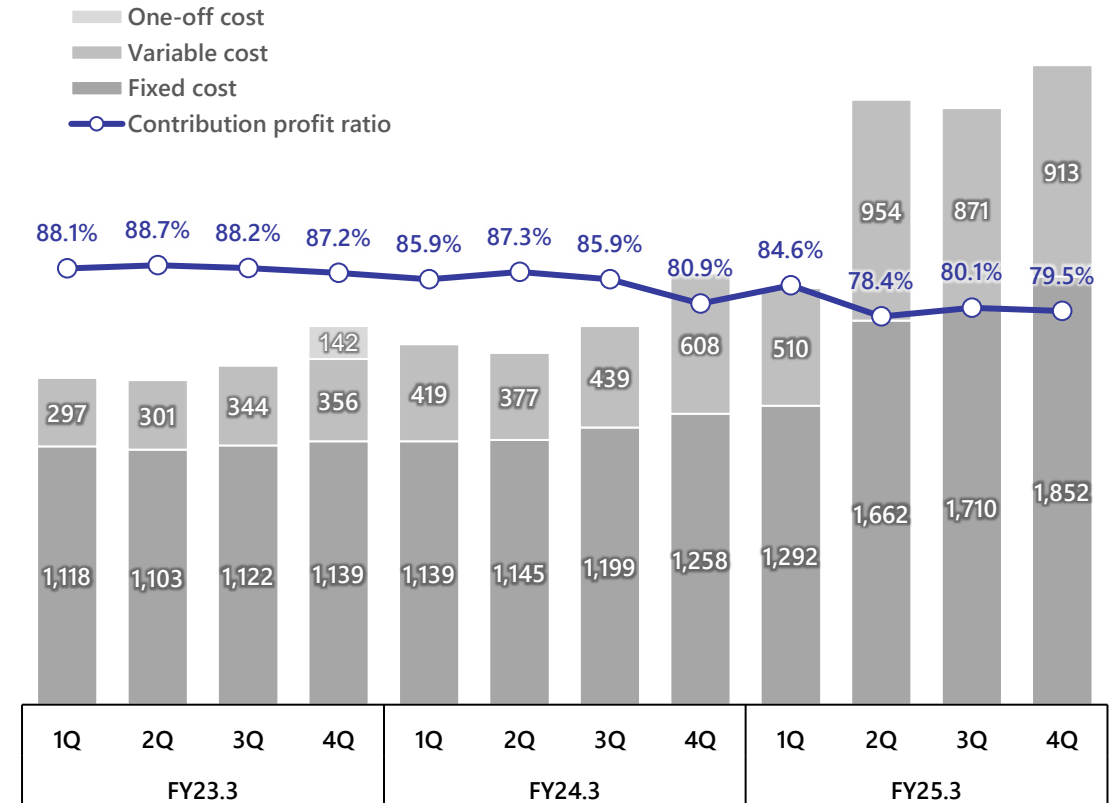


- Continuous investment in payment systems to ensure stable 24/7 operation and robust security
- Fixed costs are increasing gradually due to operational redundancies, and the contribution margin ratio is expected to remain at current levels

Payment-related Expenditures/Depreciation (Unit: M JPY)



Payment-related Costs/Marginal Profit Ratio (Unit: M JPY)



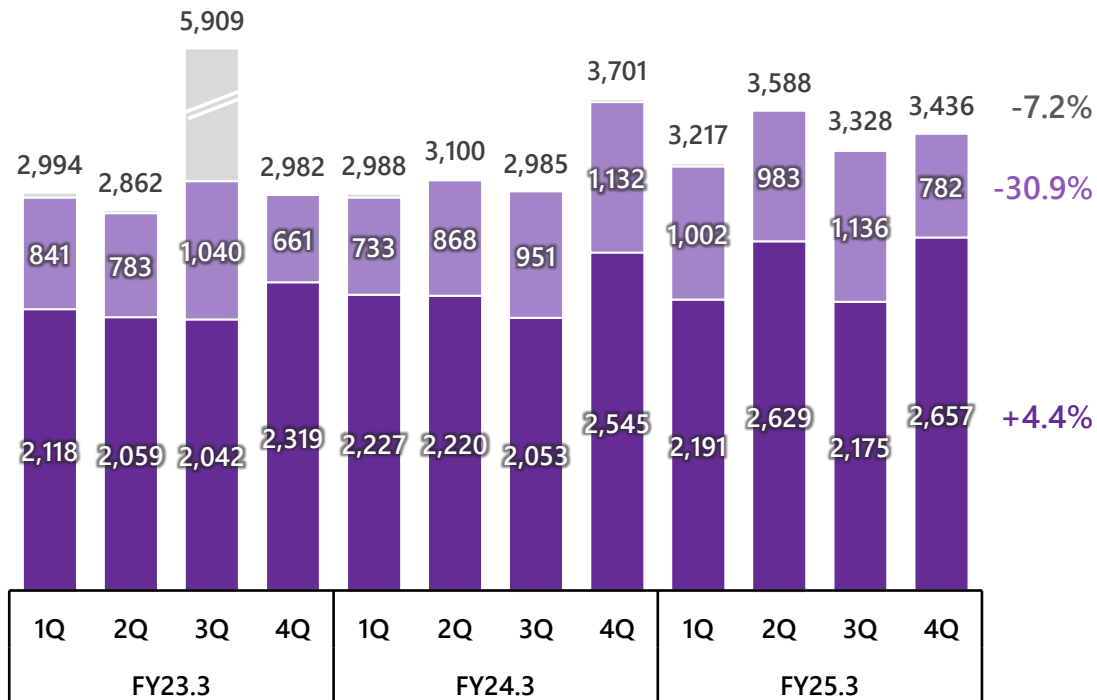
- Profit declined due to software asset impairment in 4Q following the review of some new businesses
- However, business losses are expected to shrink going forward as several projects move from investment into growth & monetization phases

Segment Revenue

(Unit: M JPY)

■ Business revenue ■ Equity-method profit ■ One-off revenue

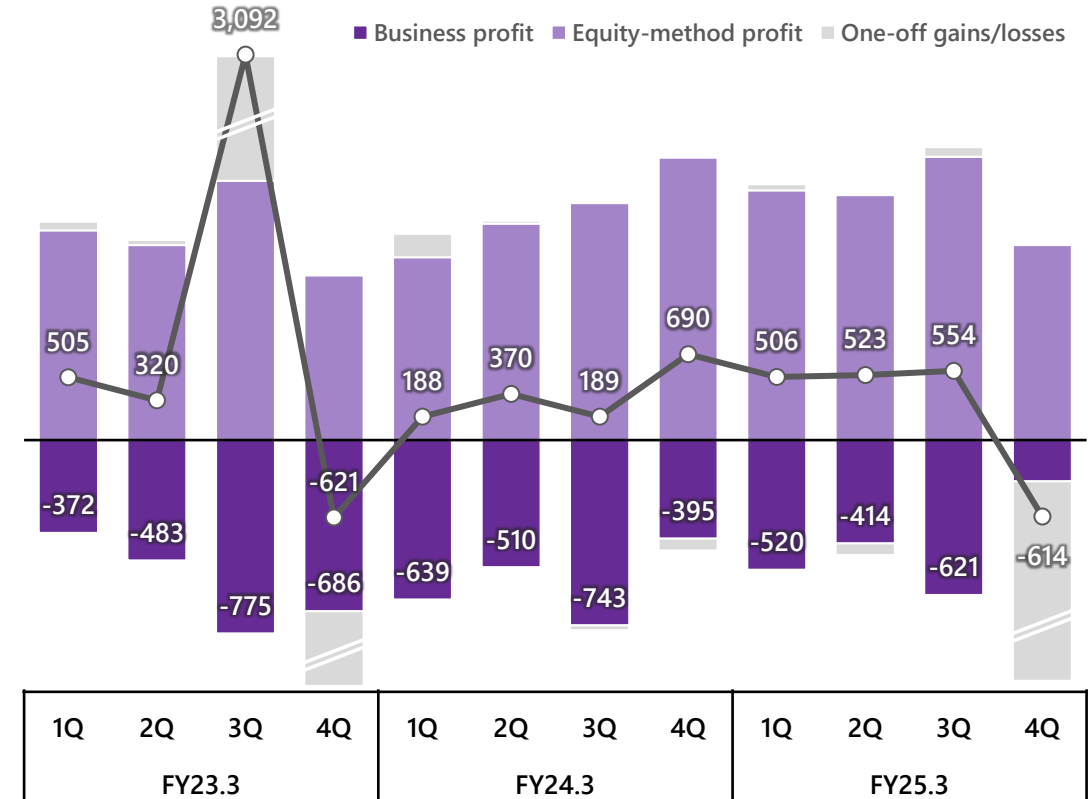
YoY



Segment Profit

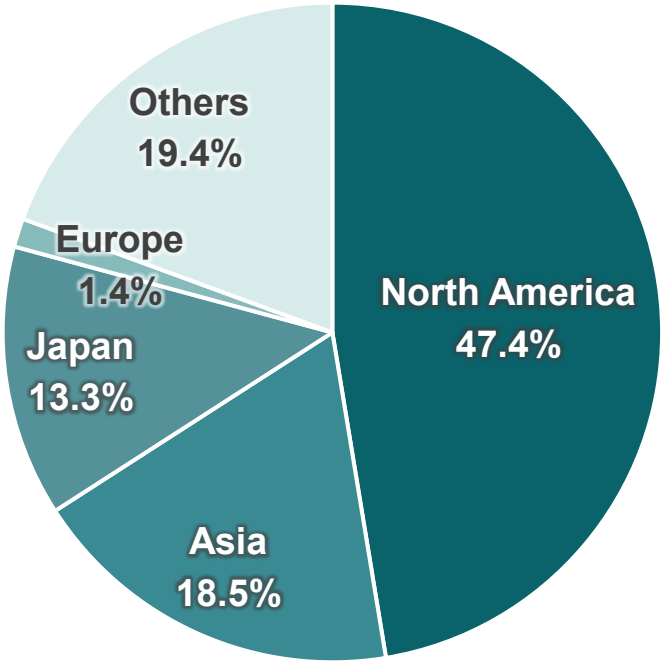
(Unit: M JPY)

■ Business profit ■ Equity-method profit ■ One-off gains/losses

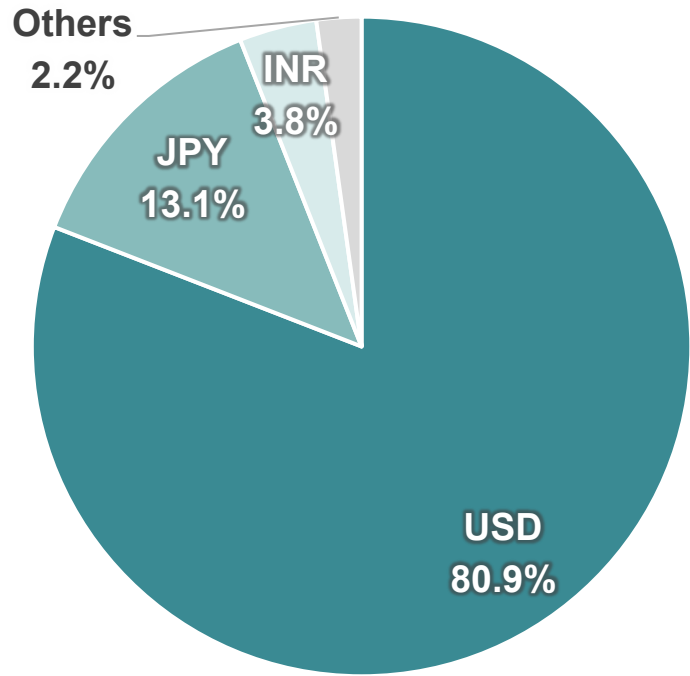


- The investment portfolio is geographically diversified across North America, Asia, and Japan
- Unrealized gains represent approx. 50% of operational investment securities' fair value at the end of March 2025

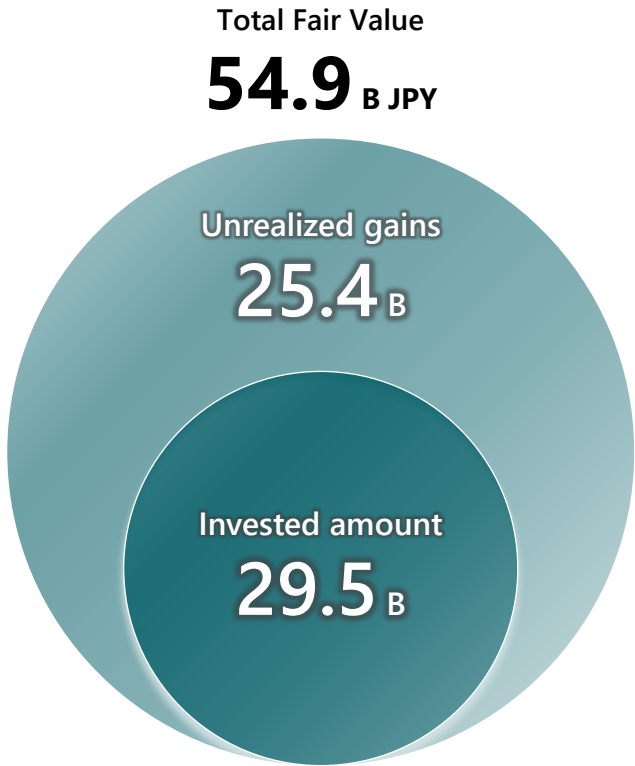
Investments by Area



Investments by Currency



Breakdown



Consolidated Statement of Financial Position (IFRS)

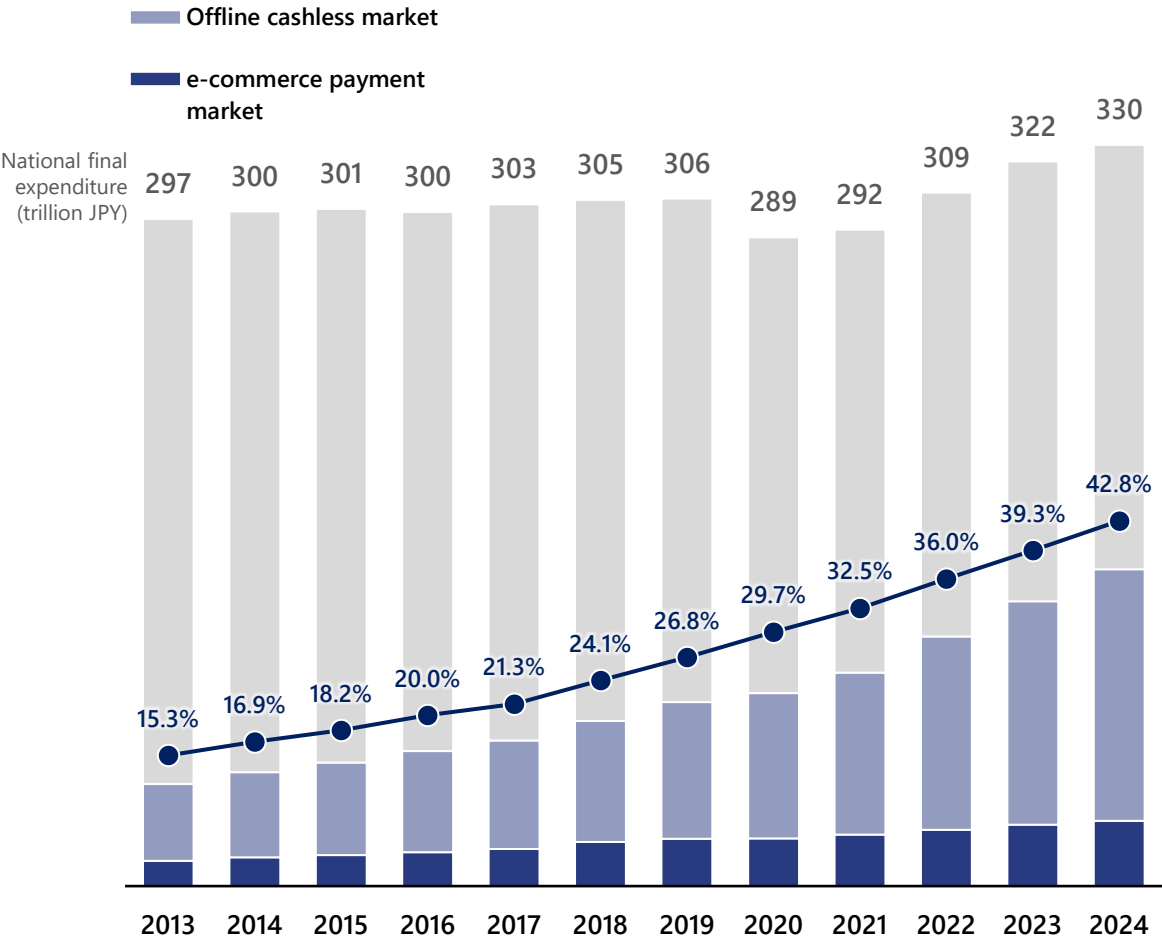
JPY in Millions	FY24.3 4Q	FY25.3 3Q	Increas/ Decrease	Reason for change / Remarks
Current assets	152,094	144,446	-7,649	
Cash and cash equivalents	49,571	56,354	+6,784	
Trade and other receivables	30,154	30,538	+385	Payment business-related item
Operational investment securities	69,569	54,940	-14,629	Exit and change in fair value of investee companies in GII segment (including FX effects)
Non-current assets	79,337	81,899	+2,562	
Property, plant and equipment	14,990	13,163	-1,827	
Intangible assets	5,625	7,316	+1,691	
Investments accounted for using equity method	33,965	37,643	+3,678	Acquisition of 20% stake in Resona Kessai Service Co., Ltd.
Other financial assets	14,974	12,896	-2,078	Change in fair value of investee companies (including FX effects)
Total assets	231,431	226,344	-5,087	
Current liabilities	104,401	97,558	-6,843	
Bonds and borrowings	55,706	27,676	-28,030	
Trade and other payables	42,568	62,532	+19,963	Payment business-related item
Non-current liabilities	34,892	51,091	+16,199	
Bonds and borrowings	11,633	33,956	+22,324	
Other financial liabilities	7,426	5,976	-1,449	
Deferred tax liabilities	14,312	9,737	-4,576	
Total liabilities	139,293	148,649	+9,356	
Total equity attributable to owners of parent	89,251	75,417	-13,833	
Share capital	7,846	7,888	+42	
Capital surplus	5,385	5,229	-155	
Treasury shares	-975	-5,108	-4,133	
Other components of equity	1,613	1,112	-501	
Retained earnings	75,382	66,296	-9,086	
Non-controlling interests	2,887	2,278	-609	
Total equity	92,138	77,695	-14,443	

Reference Materials (2): Business Model



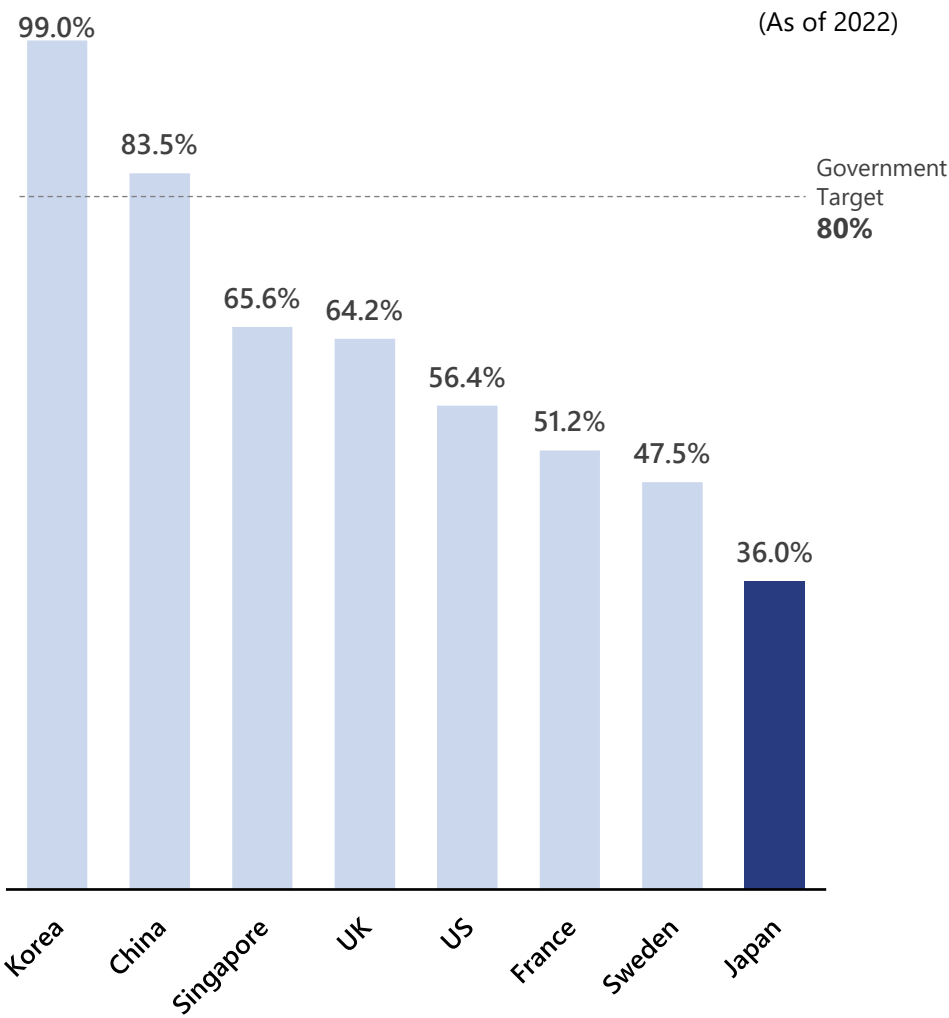
Source:

Cashless Market Size

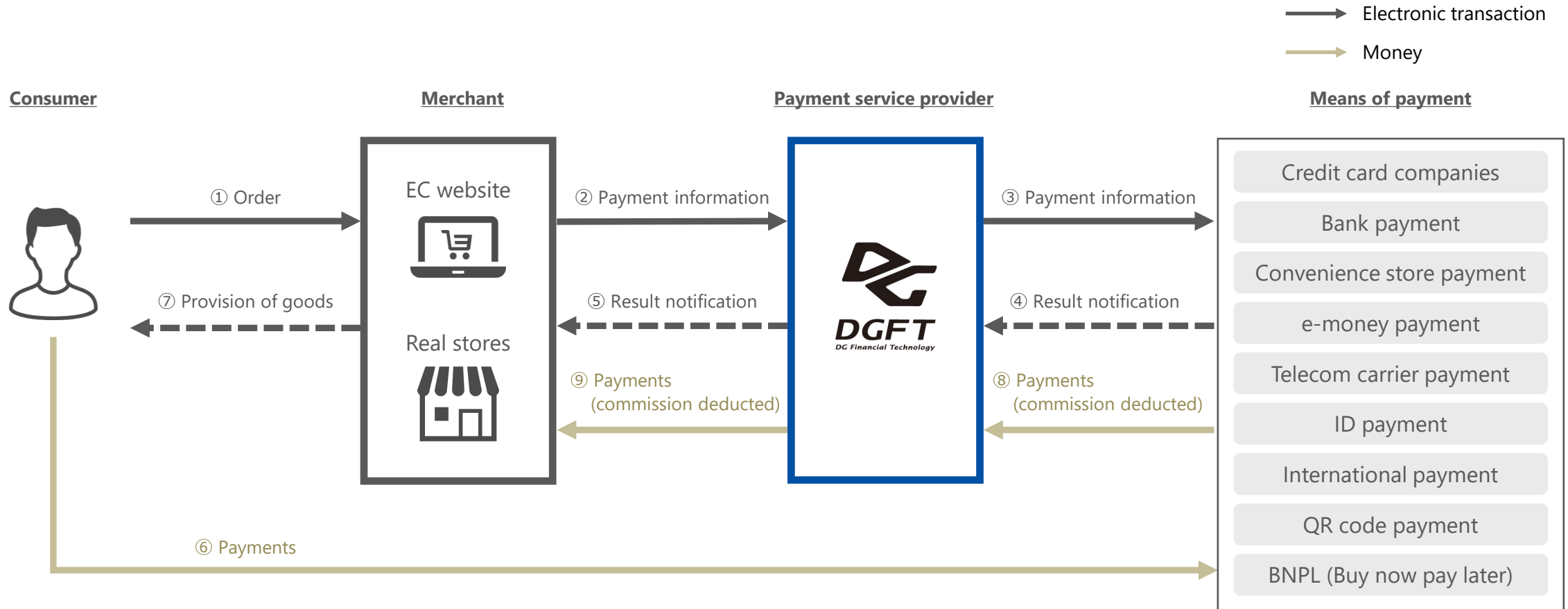


Source: DG estimates based on Cabinet Office "Annual Report on National Accounts", METI "Cashless Roadmap 2023", "Market Survey on Electronic Commerce", "Cashless Vision."

Cashless Rate by Country



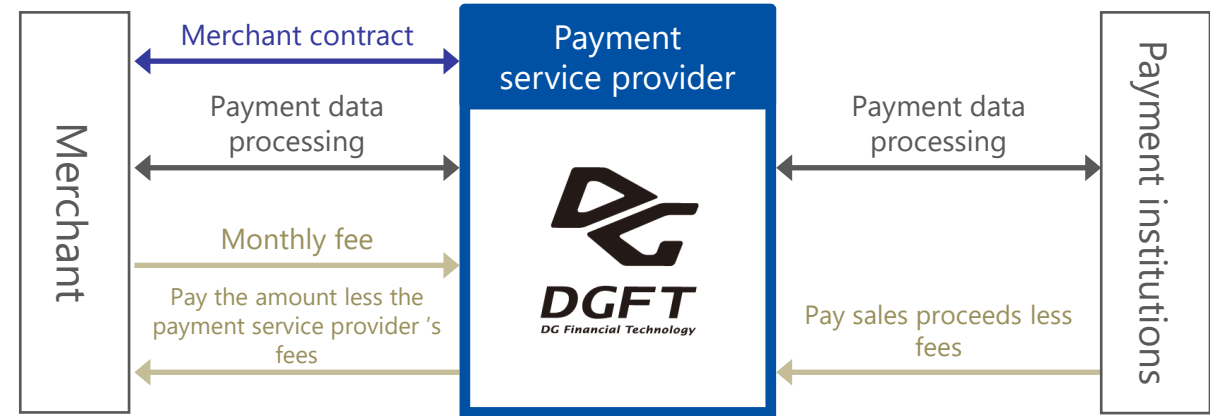
An intermediary service that connects merchants (e-commerce and physical stores) with payment providers (credit card companies, convenience stores, etc.) allowing merchants to implement multiple payment methods through a single contract



Storage agency type (Representative contract)

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

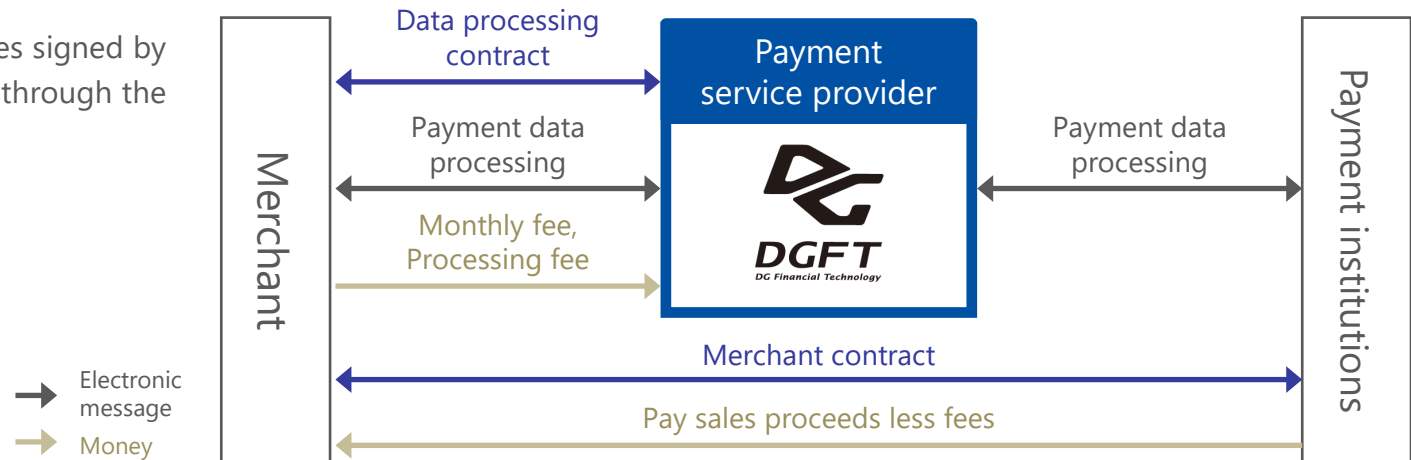
- We handle all contracting procedures with payment providers such as credit card companies and financial institutions
- Monthly sales proceeds are deposited to the merchant in a lump-sum payment from our company
- Single point of contact for payment
- Streamline operations such as payment management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



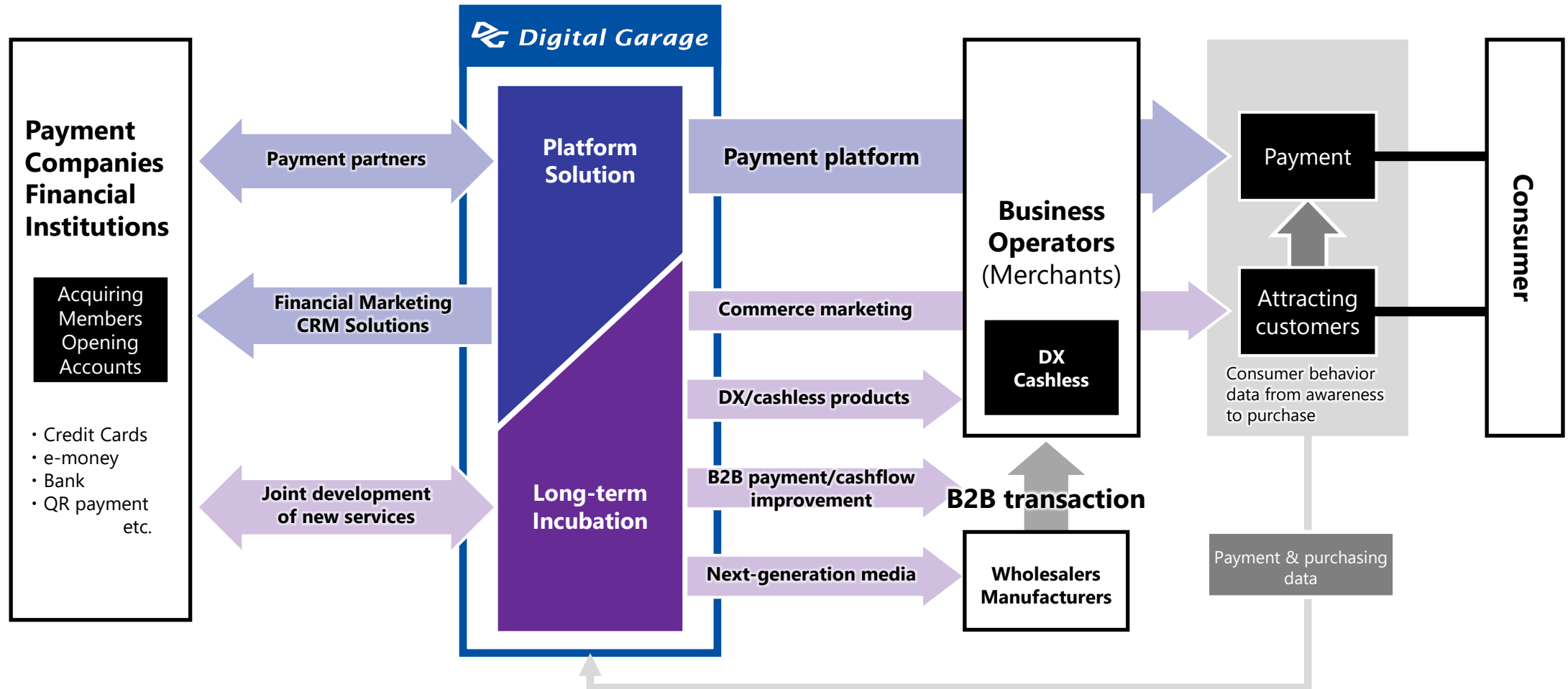
Payment data processing type (Direct contract)

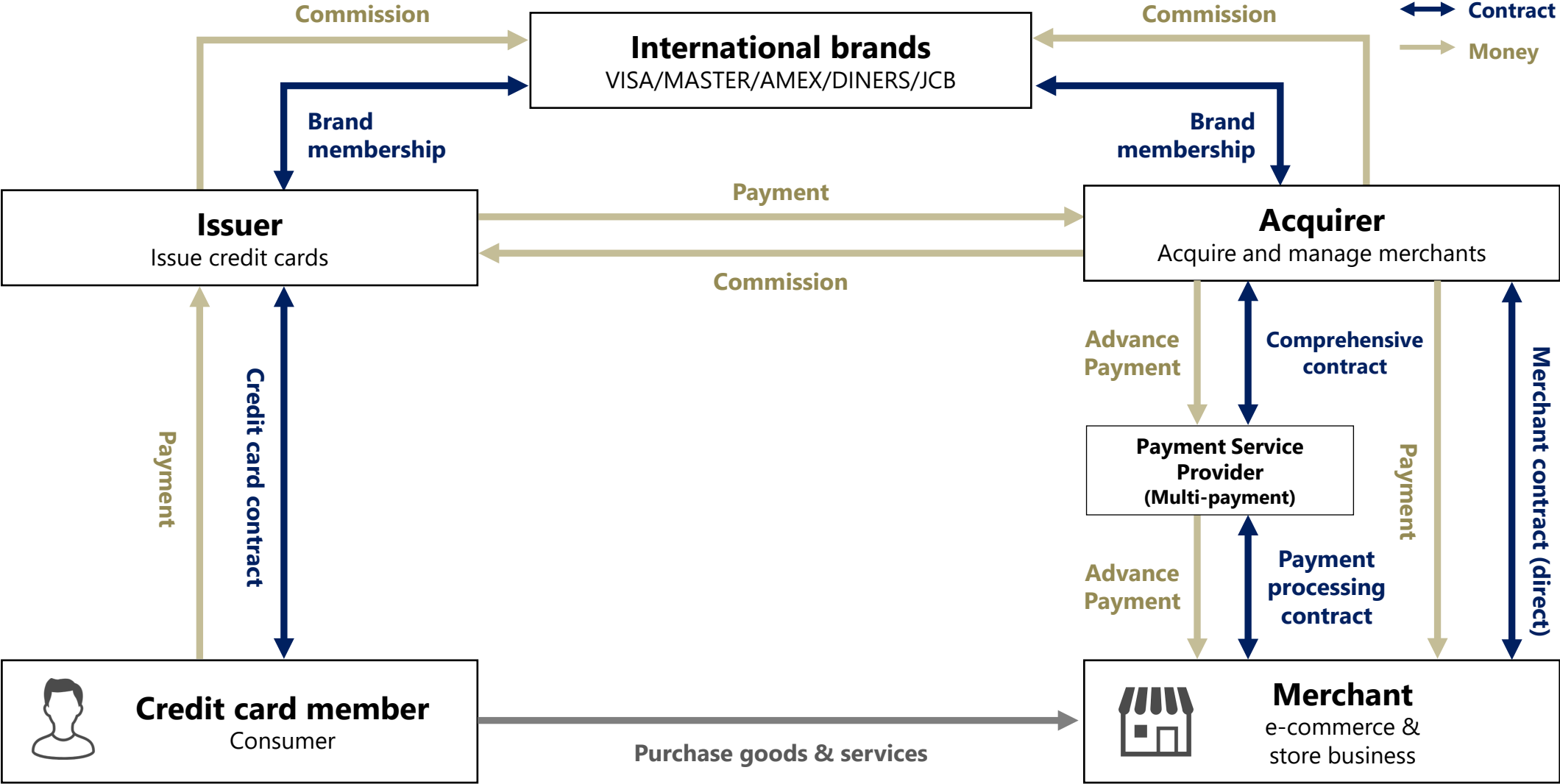
Based on the merchant agreements with credit card companies signed by the merchants, credit card payment processing is automated through the introduction of a payment system provided by PSP

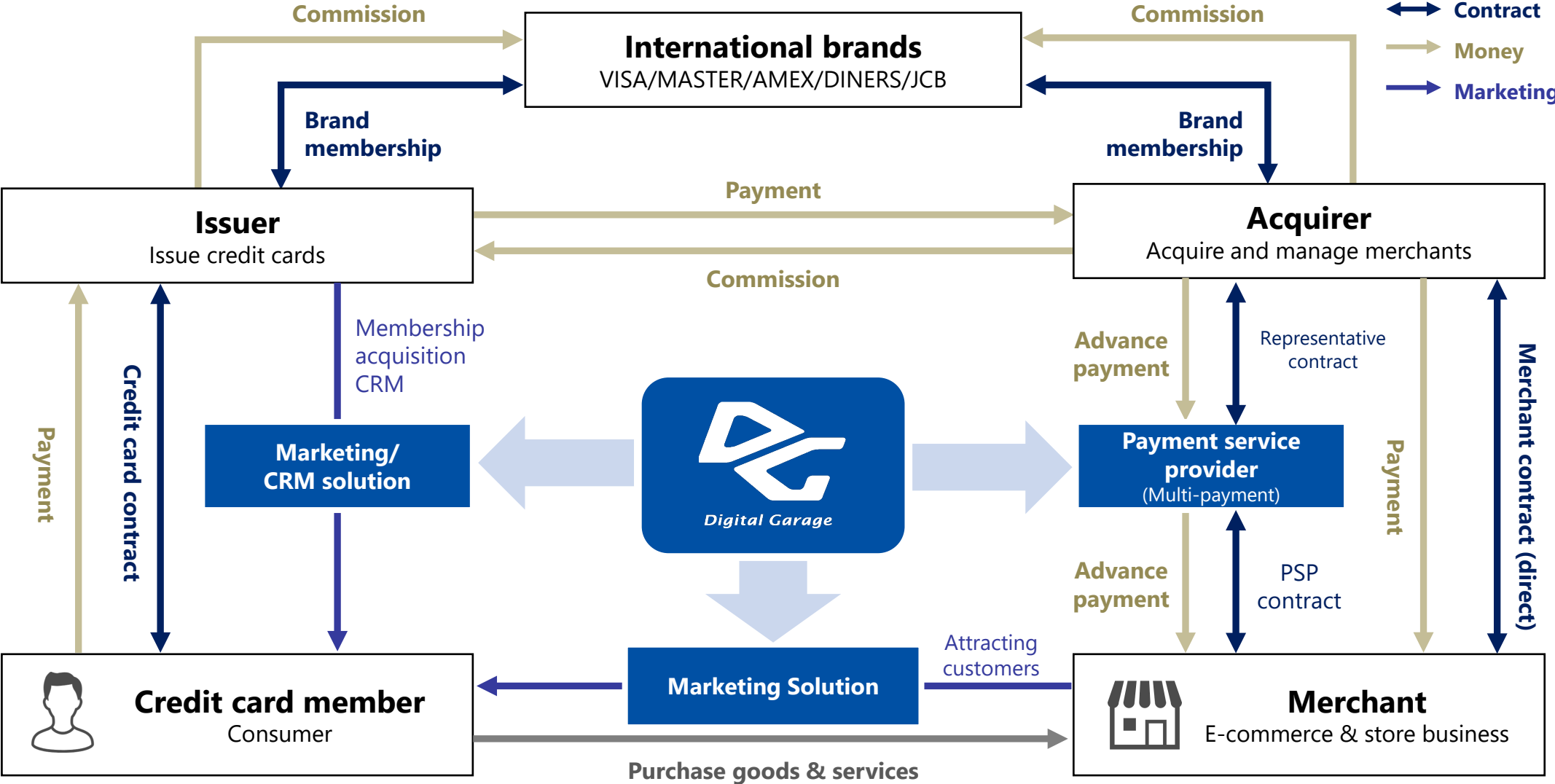
- Provide payment systems and automate card payment processing
- Merchants sign contracts directly with credit card companies
- Provide the necessary software and transaction management tools
- Also provide support for software installation



- Stable platform generating consistent revenue, primarily from payment services
- Building multi-layered revenue streams through existing businesses, DX, Fintech, and Next-generation media

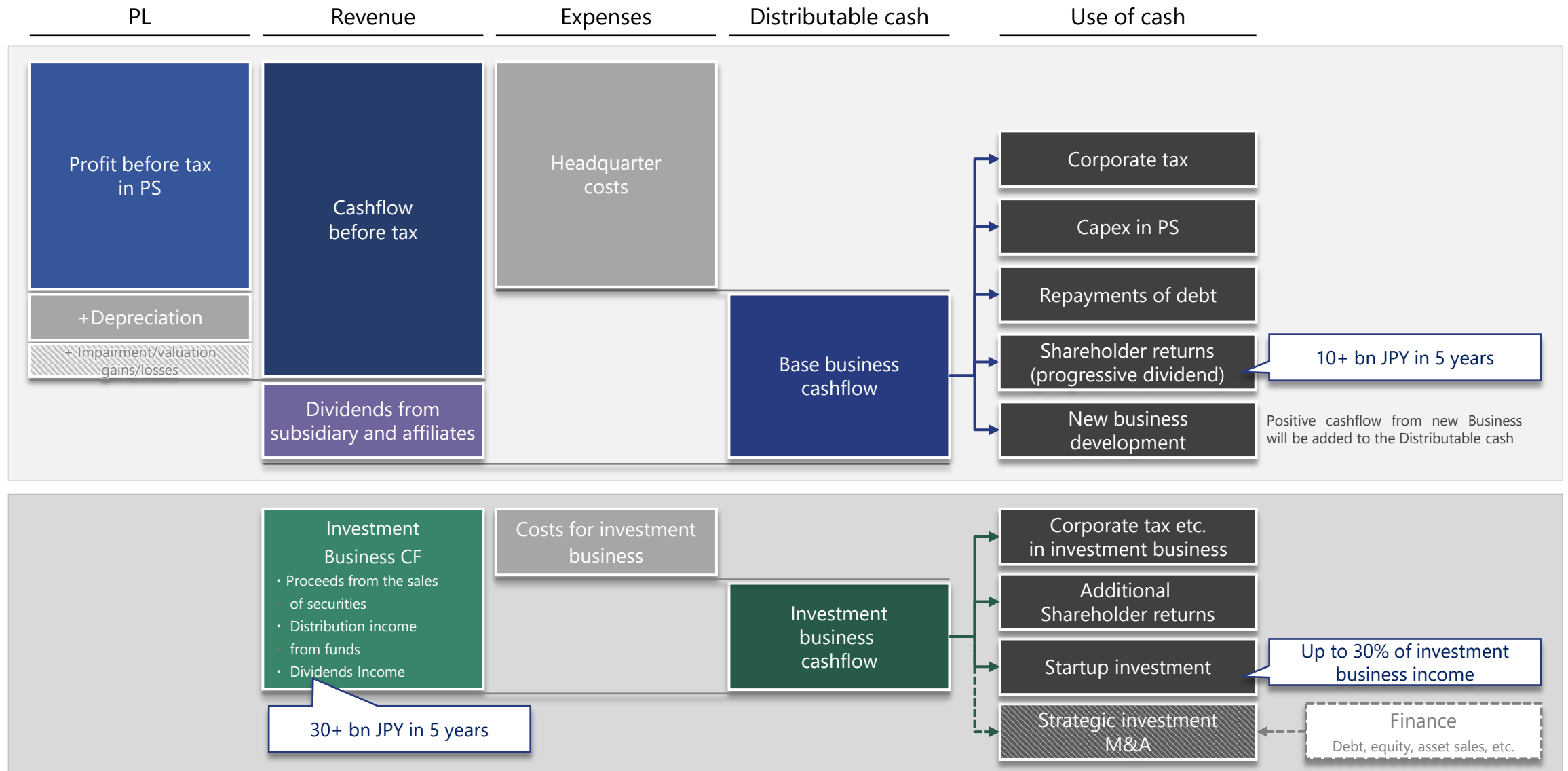






Reference Materials (3): Cashflow Allocation / Shareholder Return

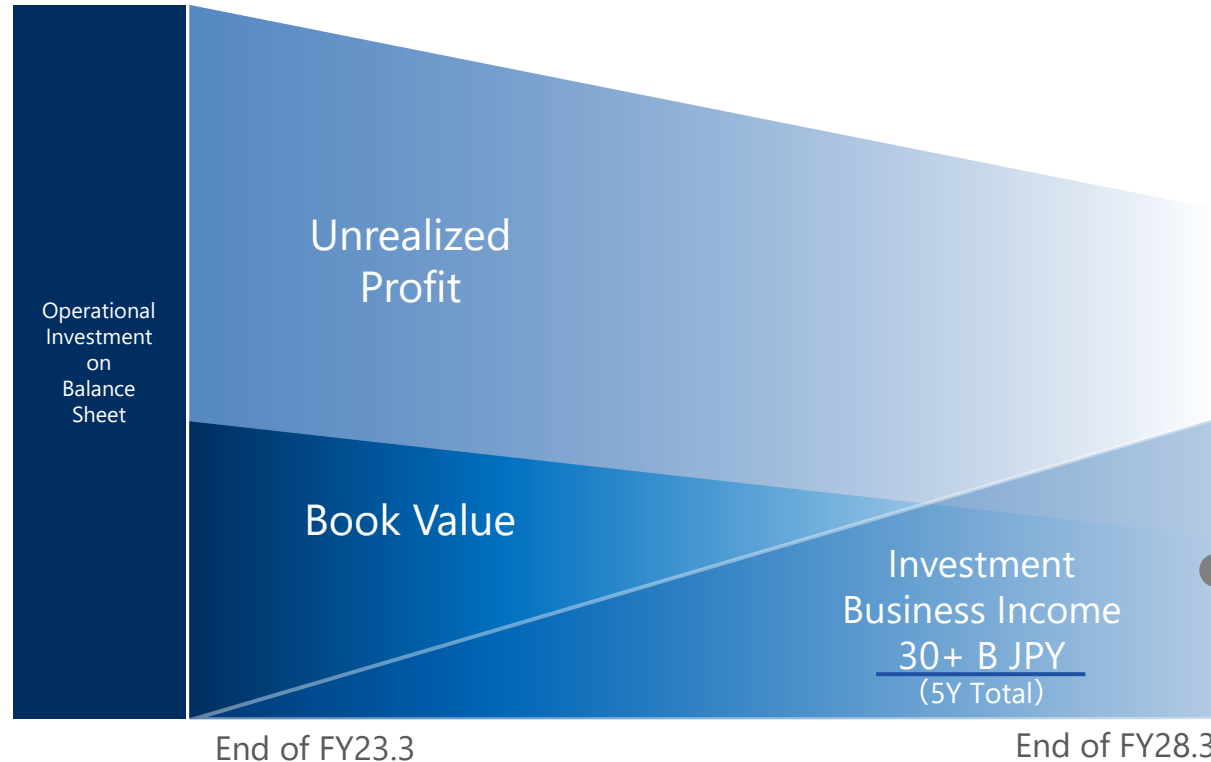




- Promote the sales of shares directly held by DG to generate investment EXIT income (proceeds from sales, etc.)
- Carefully select new investments, and plan for investing through funds for income purposes to diminish the balance
- Clarify the use of investment EXIT income and make strategic decisions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

5Y Picture of Direct Investment and Income from Sales

70 B JPY



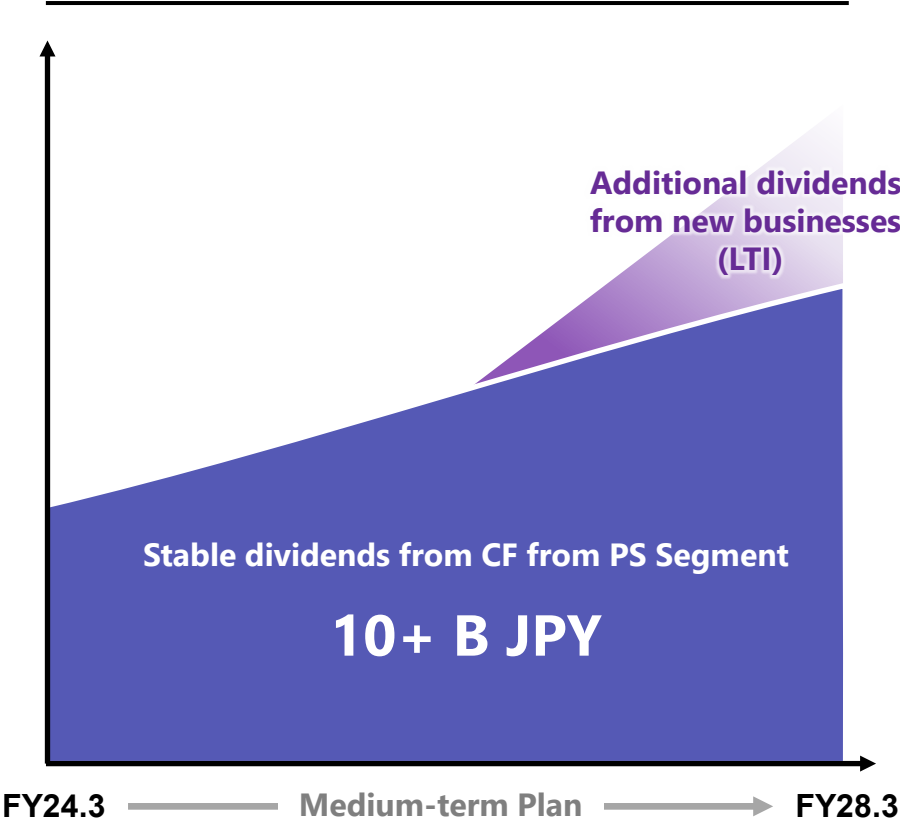
Usage of Investment EXIT Cashflow



	Policy	Distributable Resources
Stable Dividends	Long-term stable dividends on a progressive dividend basis	Base Business Cashflow
Accelerating Dividend Increase	Increasing dividend growth rate by launching new businesses	
Additional Return	Special dividends/share buybacks based on portfolio sales progress	Income from sales/distributions in the investment business

- Dividend Policy: Progressive dividends based on PS cash flow plus additional dividends from new business cash flow
- Consider additional returns (special dividends, share buybacks) from investment business cash flow as active options

Shareholder Return by Base Business CF



Shareholder Return Policy

Additional Return from Investment CF		Investment for growth or additional shareholder returns will be determined, considering business environment and investment opportunities	
Base Business CF	2 nd Layer (New businesses)	Aim to increase dividends by generating cashflow through launch of strategic businesses	Dividend payout ratio 30+%
	1 st layer (PS)	Plan to pay progressive dividends from cashflow of PS Segment, which is expected as continuous profit growth	



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.