

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on IFRS)

November 11, 2022

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  
 Inquiries: Co-Head of Corporate Division Nobuaki Doi TEL 03-6367-1111  
 Scheduled date to file Quarterly Securities Report: November 14, 2022  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	14,564	(63.7)	(6,642)	–	(4,439)	–	(4,351)	–	(4,308)	–
Six months ended September 30, 2021	40,109	108.2	27,425	354.3	18,409	374.0	18,496	362.0	18,013	234.4

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(92.21)		(92.21)	
Six months ended September 30, 2021	401.21		362.60	

(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, 2022	232,686	92,033	90,186	38.8
As of March 31, 2022	231,607	97,217	95,738	41.3

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, 2022	–	0.00	–	35.00	35.00
Year ending March 31, 2023	–	0.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	–	–

(Note 1. Revision to the dividend forecast most recently announced : No)

(Note 2. The dividend forecast for the fiscal year ending March 31, 2023 has not been determined.)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

The Company does not disclose its consolidated financial results forecast because it is difficult to reasonably estimate the fair value of securities held by the Group at the end of the fiscal year in the field of investment and incubation in domestic and overseas unlisted companies in the Incubation Technology Segment.

4. Notes

(1) Changes in significant subsidiaries during the six months ended September 30, 2022  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies and changes in accounting estimates  
 Changes in accounting policies required by IFRS: 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, 2022	47,598,700 shares	As of March 31, 2022	47,482,800 shares
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Number of treasury shares at end of period

As of September 30, 2022	358,885 shares	As of March 31, 2022	390,960 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2022	47,182,634 shares	Six months ended September 30, 2021	46,099,313 shares
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**Condensed quarterly consolidated financial statements**  
**Condensed quarterly consolidated statement of financial position**

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	43,415	55,705
Trade and other receivables	24,462	19,976
Inventories	347	368
Operational investment securities	77,950	79,769
Other financial assets	277	279
Income taxes receivable	88	554
Other current assets	1,103	767
Total current assets	147,642	157,418
Non-current assets		
Property, plant and equipment	18,423	17,844
Goodwill	6,804	6,830
Intangible assets	4,194	4,344
Investment property	3,171	3,719
Investments accounted for using equity method	27,808	27,745
Other financial assets	23,317	14,526
Deferred tax assets	17	16
Other non-current assets	231	244
Total non-current assets	83,965	75,268
Total assets	231,607	232,686

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	9,223	37,556
Trade and other payables	43,900	51,613
Other financial liabilities	1,666	1,665
Income taxes payable	394	245
Other current liabilities	4,059	3,159
Total current liabilities	59,242	94,237
Non-current liabilities		
Bonds and borrowings	40,710	15,594
Other financial liabilities	10,683	9,877
Retirement benefit liability	480	465
Provisions	480	481
Deferred tax liabilities	22,001	19,190
Other non-current liabilities	796	809
Total non-current liabilities	75,149	46,417
Total liabilities	134,390	140,654
Equity		
Share capital	7,692	7,818
Capital surplus	6,147	6,226
Treasury shares	(1,409)	(1,293)
Other components of equity	2,273	2,344
Retained earnings	81,035	75,090
Total equity attributable to owners of parent	95,738	90,186
Non-controlling interests	1,479	1,847
Total equity	97,217	92,033
Total liabilities and equity	231,607	232,686

## Condensed quarterly consolidated statements of income

First six months of fiscal year

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue		
Revenue in recurring business	12,073	12,146
Revenue in operational investment securities	13,728	233
Other income	549	336
Finance income	11,401	1,041
Share of profit of investments accounted for using equity method	2,358	809
Total	40,109	14,564
Expenses		
Cost of sales	5,148	5,117
Selling, general and administrative expenses	7,134	7,869
Other expenses	188	167
Finance costs	212	8,052
Total	12,683	21,206
Profit (loss) before tax	27,425	(6,642)
Income tax expense	9,017	(2,203)
Profit (loss)	18,409	(4,439)
Profit (loss) attributable to		
Owners of parent	18,496	(4,351)
Non-controlling interests	(87)	(89)
Earnings (loss) per share		
Basic earnings (loss) per share	401.21	(92.21)
Diluted earnings (loss) per share	362.60	(92.21)

Stand-alone 2nd quarter of fiscal year

(Millions of yen)

	2nd quarter ended September 30, 2021	2nd quarter ended September 30, 2022
<b>Revenue</b>		
Revenue in recurring business	6,068	6,144
Revenue in operational investment securities	9,834	(7,301)
Other income	223	176
Finance income	11,382	(1,090)
Share of profit of investments accounted for using equity method	1,758	(1,099)
<b>Total</b>	<b>29,266</b>	<b>(3,170)</b>
<b>Expenses</b>		
Cost of sales	2,617	2,495
Selling, general and administrative expenses	3,831	4,112
Other expenses	117	87
Finance costs	151	7,982
<b>Total</b>	<b>6,715</b>	<b>14,676</b>
<b>Profit (loss) before tax</b>	<b>22,551</b>	<b>(17,846)</b>
<b>Income tax expense</b>	<b>7,453</b>	<b>(5,987)</b>
<b>Profit (loss)</b>	<b>15,098</b>	<b>(11,859)</b>
<b>Profit (loss) attributable to</b>		
Owners of parent	15,152	(11,818)
Non-controlling interests	(54)	(42)
<b>Earnings (loss) per share</b>		
Basic earnings (loss) per share	328.60	(250.20)
Diluted earnings (loss) per share	296.52	(250.20)

## Condensed quarterly consolidated statements of comprehensive income

First six months of fiscal year

	Six months ended September 30, 2021	(Millions of yen) Six months ended September 30, 2022
Profit (loss)	18,409	(4,439)
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	(407)	(828)
Share of other comprehensive income of investments accounted for using equity method	(9)	22
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	21	938
Share of other comprehensive income of investments accounted for using equity method	0	0
Other comprehensive income, net of tax	(395)	132
Comprehensive income	18,013	(4,308)
Comprehensive income attributable to		
Owners of parent	18,100	(4,225)
Non-controlling interests	(87)	(82)

Stand-alone 2nd quarter of fiscal year

	(Millions of yen)	
	2nd quarter ended September 30, 2021	2nd quarter ended September 30, 2022
Profit (loss)	15,098	(11,859)
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	(341)	(402)
Share of other comprehensive income of investments accounted for using equity method	(2)	22
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	22	346
Share of other comprehensive income of investments accounted for using equity method	0	0
Other comprehensive income, net of tax	(321)	(34)
Comprehensive income	<u>14,777</u>	<u>(11,893)</u>
Comprehensive income attributable to		
Owners of parent	14,831	(11,854)
Non-controlling interests	(54)	(39)

## Condensed quarterly consolidated statement of changes in equity

Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(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, 2021	7,637	4,566	(4,915)	853	1,217	(7)	2,062
Profit (loss)							–
Other comprehensive income				(416)	21		(395)
Comprehensive income	–	–	–	(416)	21	–	(395)
Issuance of new shares	39	39					–
Changes in ownership interest in subsidiaries		0					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		163	84				–
Transfer from other components of equity to retained earnings				(175)			(175)
Other		(7)					–
Total	39	194	84	(175)	–	–	(175)
Balance at September 30, 2021	7,675	4,760	(4,831)	261	1,237	(7)	1,491

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2021	52,785	62,134	947	63,082
Profit (loss)	18,496	18,496	(87)	18,409
Other comprehensive income		(395)	0	(395)
Comprehensive income	18,496	18,100	(87)	18,013
Issuance of new shares		77		77
Changes in ownership interest in subsidiaries		0	(23)	(22)
Change in scope of consolidation		–	67	67
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		247		247
Transfer from other components of equity to retained earnings	175	–		–
Other	25	18		18
Total	(1,274)	(1,133)	44	(1,088)
Balance at September 30, 2021	70,007	79,102	905	80,007

Six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022)

(Millions of yen)

	Equity attributable to owners of parent						Total
	Share capital	Capital surplus	Treasury shares	Other components of equity			
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	
Balance at April 1, 2022	7,692	6,147	(1,409)	613	1,660	0	2,273
Profit (loss)							–
Other comprehensive income				(806)	932		125
Comprehensive income	–	–	–	(806)	932	–	125
Issuance of new shares	126	126					–
Changes in ownership interest in subsidiaries		13					–
Dividends							–
Share-based payment transactions		(59)	116				–
Purchase of treasury shares			(0)				–
Transfer from other components of equity to retained earnings				(54)			(54)
Total	126	80	116	(54)	–	–	(54)
Balance at September 30, 2022	7,818	6,226	(1,293)	(248)	2,592	0	2,344

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2022	81,035	95,738	1,479	97,217
Profit (loss)	(4,351)	(4,351)	(89)	(4,439)
Other comprehensive income		125	6	132
Comprehensive income	(4,351)	(4,225)	(82)	(4,308)
Issuance of new shares		251		251
Changes in ownership interest in subsidiaries		13	450	463
Dividends	(1,648)	(1,648)		(1,648)
Share-based payment transactions		57		57
Purchase of treasury shares		(0)		(0)
Transfer from other components of equity to retained earnings	54	–		–
Total	(1,594)	(1,326)	450	(877)
Balance at September 30, 2022	75,090	90,186	1,847	92,033

## Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit (loss) before tax	27,425	(6,642)
Depreciation and amortization	1,778	1,804
Interest and dividend income	(1)	(24)
Interest expenses on borrowings and bonds	117	134
Share of loss (profit) of investments accounted for using equity method	(2,358)	(809)
Loss (gain) on investment securities	(11,325)	7,911
Decrease (increase) in trade and other receivables	7,352	4,494
Decrease (increase) in investment securities for sale	(14,318)	(1,082)
Decrease (increase) in inventories	(35)	(21)
Increase (decrease) in trade and other payables	(1,323)	7,784
Increase (decrease) in accrued consumption taxes	(649)	(273)
Other	387	(1,086)
Subtotal	7,049	12,190
Interest and dividends received	727	759
Interest paid	(35)	(50)
Income taxes refund (paid)	(1,563)	(659)
Net cash provided by (used in) operating activities	6,179	12,239
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,284)	(234)
Purchase of intangible assets	(619)	(772)
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	340	128
Payments for acquisition of subsidiaries	(301)	-
Purchase of investments accounted for using equity method	(538)	(38)
Other	109	24
Net cash provided by (used in) investing activities	(2,293)	(894)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,700	3,030
Proceeds from long-term borrowings	-	1,100
Repayments of long-term borrowings	(2,608)	(1,237)
Repayments of lease liabilities	(872)	(867)
Capital contribution from non-controlling interests	42	463
Dividends paid	(1,473)	(1,647)
Other	(86)	9
Net cash provided by (used in) financing activities	(1,298)	851
Effect of exchange rate changes on cash and cash equivalents	28	94
Net increase (decrease) in cash and cash equivalents	2,616	12,290
Cash and cash equivalents at beginning of period	37,989	43,415
Cash and cash equivalents	40,605	55,705