

Financial Report

2Q of FYE March 2024



2023.11.9

I . Purpose / Business Model	P 03
II . Consolidated Financial Results Highlights	P 07
III . Segment Performance Highlights	P 12
IV . Progress of “DG FinTech Shift” Strategy	P 17
V . Sustainability Initiatives and Social Implementation Track Records	P 23

I . Purpose / Business Model





PURPOSE

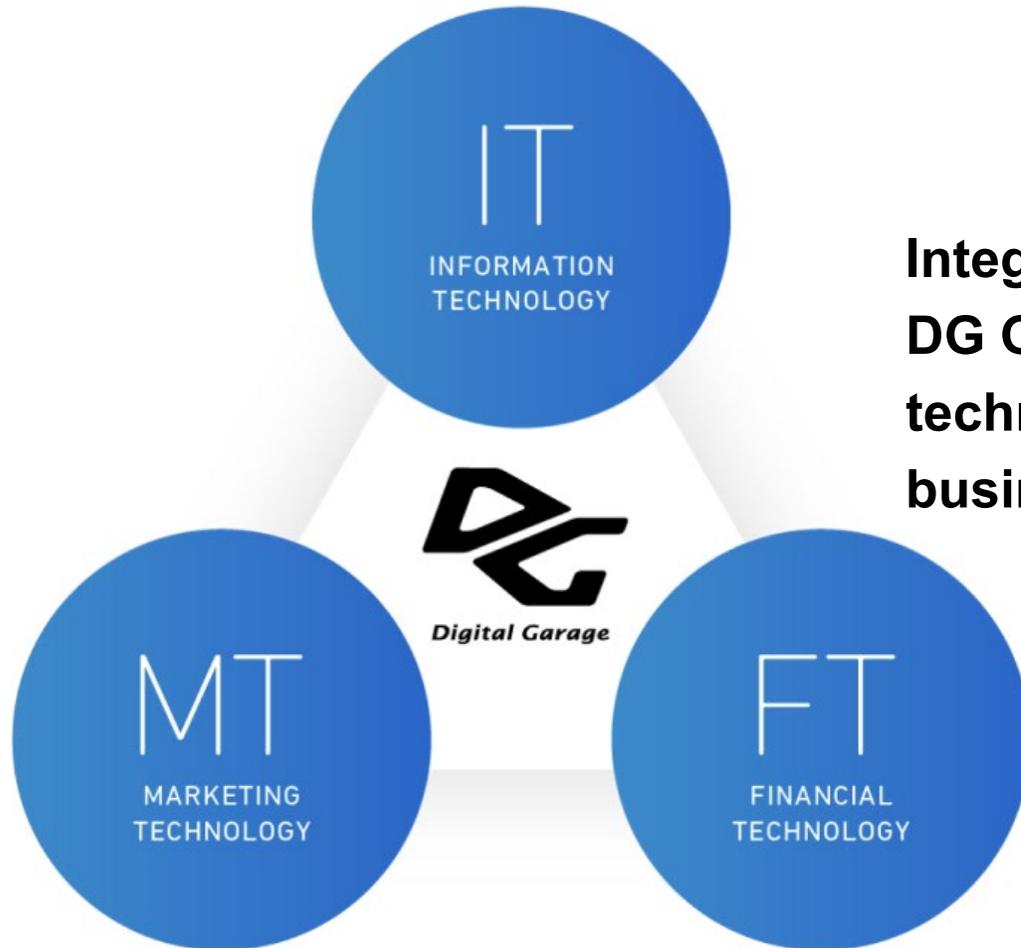
**Designing 'New Context' for a sustainable society
with technology**

<VALUES>

First Penguin Spirit

<CORPORATE SLOGAN>

New Context Designer DG



Integrating three different technologies with context, DG Group has established a structure to capture technological evolution and bring about continuous business growth.

I Linear Development of Payment Platform

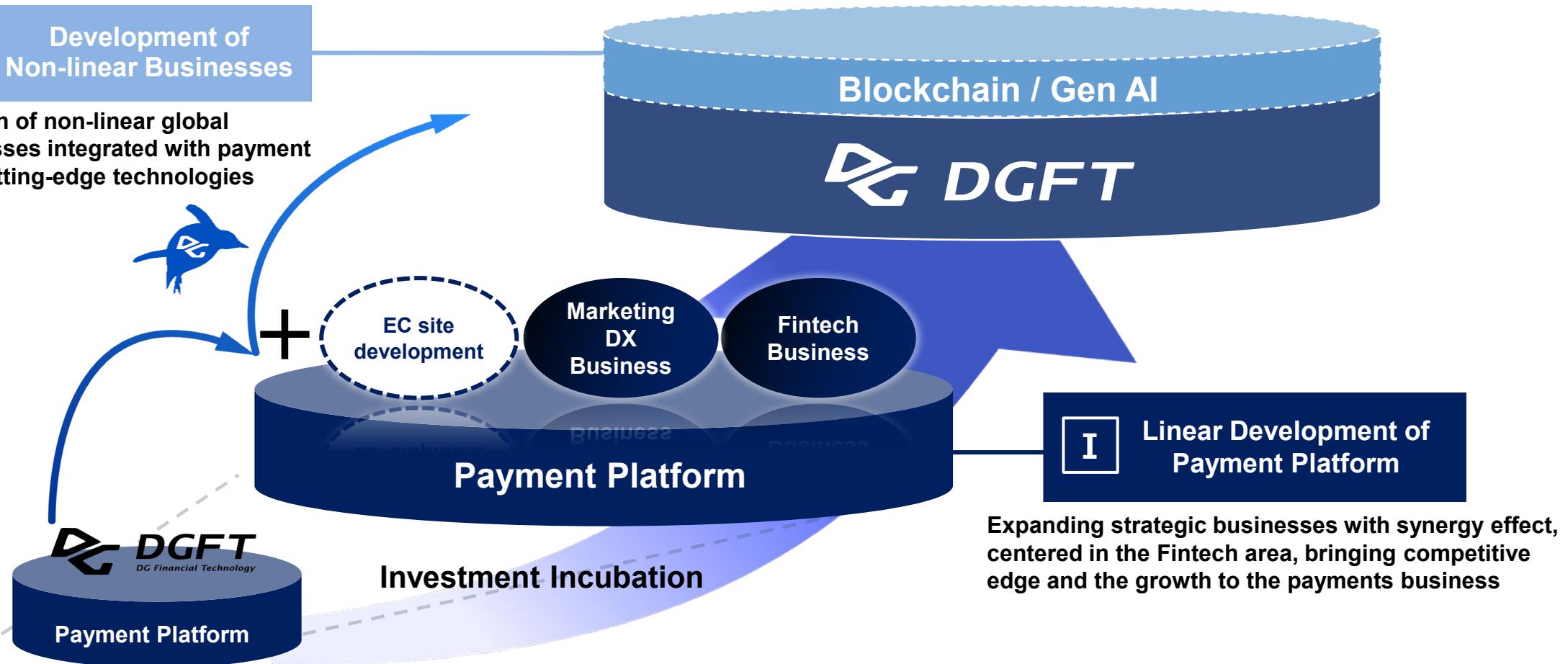
▶ Continue “DG FinTech Shift” strategy centered on payment platform and strengthen recurring revenue stream.

II Development of Non-linear Businesses

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

II Development of Non-linear Businesses

Creation of non-linear global businesses integrated with payment with cutting-edge technologies



II . Consolidated Financial Results Highlights



Financial Performance Summary for 2Q

- Consolidated profit before tax for 2Q cumulative period of FY24.3 was **8.3B JPY (+14.9B JPY YoY)**
- Profit increased significantly due to favorable performance of the current business as well as the rebound from the fair value evaluation loss of the investees recorded in 2Q of FY23.3.
- **Profit of PS segment and cash generation of GII segment** are progressing smoothly toward achieving the Medium-term Plan.
 - ▶ PS: Driven by the payment business, profit before tax **increased by 17.3% YoY**, progressing smoothly toward achieving FY24.3.target.
 - ▶ LTI: “Tabelog” business showed growth surpassing pre-COVID levels, **while continued to investment** in the internal incubation business.
 - ▶ GII: **Cash inflow of 2.5B JPY was generated** by steady sales of holding shares and cash distribution from funds.

Main Business Topics

- ✓ **System Integrator Corp. has become a subsidiary through a joint investment in the e-commerce site development business.**
 - ▶ Expand the business scope into the EC, which serves as the gateway to the payment business aiming to update to next-generation technologies.
- ✓ **Start to offer the “next-generation payment API” that provides the most payment methods available in the shortest development period.**
 - ▶ By the end of December 2023, more than 30 payment methods will be compatible with the “OpenAPI,” including credit card payment.
- ✓ **Payment service for medical institutions has been jointly developed with Resona Group, DG’s alliance partner.**
 - ▶ Accelerating development of next-generation Fintech business based on capital and business alliance.
- ✓ **Komainu Holdings Limited, custody service company for crypto asset invested from Nomura Group, and Crypto Garage formed a capital and business alliance.**
 - ▶ Co-business, aiming for the development of crypto asset related services for institutional investors in Japan has been launched.

Consolidated Financial Results Highlights – Profit by Segment

- PS, the core business base of the Group, grew steadily driven by the payment business toward achieving FY24.3 growth target of 15% or more.
- LTI continues early-stage investments into new businesses, aiming for medium to long-term growth of the Group.
- GII steadily progressed cash generation and the profit significantly increased due to a rebound from the fair value evaluation loss, recorded in 2Q of FY23.3.

Unit : M JPY	FY23.3 2Q cumulative	FY24.3 2Q cumulative	YoY Increase/Decrease	Overview
Consolidated profit before tax	-6,642	8,266	+14,908 (-%)	<ul style="list-style-type: none"> • Consolidated financial result showed a substantial increase in profit due to a rebound from the investee's fair value evaluation loss, recorded in 2Q of FY23.3. • Profit before tax of PS and cash generation of GII progressed steadily.
PS	2,811	3,298	+486 (+17.3%)	<ul style="list-style-type: none"> • Profit grew steadily by 17.3%, aiming to achieve FY24.3 growth target of 15% of more. • Transaction volume increased steadily, accelerating collaboration with marketing business such as establishment of a new department with the aim of building cross-organizational structure.
LTI	988	829	-159 (-16.1%)	<ul style="list-style-type: none"> • Early-stage investment into new businesses continues, aiming to generate middle and long-term profit. • Business development in B2B payment and real-estate areas has been progressing steadily.
GII	-877	5,502	+6,379 (-%)	<ul style="list-style-type: none"> • Cash inflow of 2.5B JPY was generated from the sales of holding shares and cash distribution from funds. • Profit increased due a rebound from investee's fair value evaluation loss, recorded in 2Q of FY23.3.
Others/ Adjustments and Eliminations	-9,564	-1,362	+8,202 (-%)	<ul style="list-style-type: none"> • Fair value evaluation loss of holding shares by HQ in the Company was recorded in 2Q of FY23.3.

- The payment transaction volume grew steadily in both “online payment” driven by travel related businesses and “offline payment” with successful alliance strategy.
- Cash inflow of 2.5B JPY was generated from the sales of holding shares and cash distribution from funds.

KPIs	Unit	FY23.3 2Q cumulative	FY24.3 2Q cumulative	YoY	YoY % Change
Transaction volume	100M JPY	24,792	29,672	+4,880	+19.7%
Online Payment	100M JPY	18,767	21,300	+2,533	+13.5%
Offline Payment	100M JPY	6,025	8,371	+2,347	+38.9%
KPIs for Investment-related					
Operational Investment Securities	M JPY	79,769	73,924	-5,845	-
Investment Business Income *1	M JPY	642	2,509	+1,867	-
New Investment *2	M JPY	1,607	736	-871	-

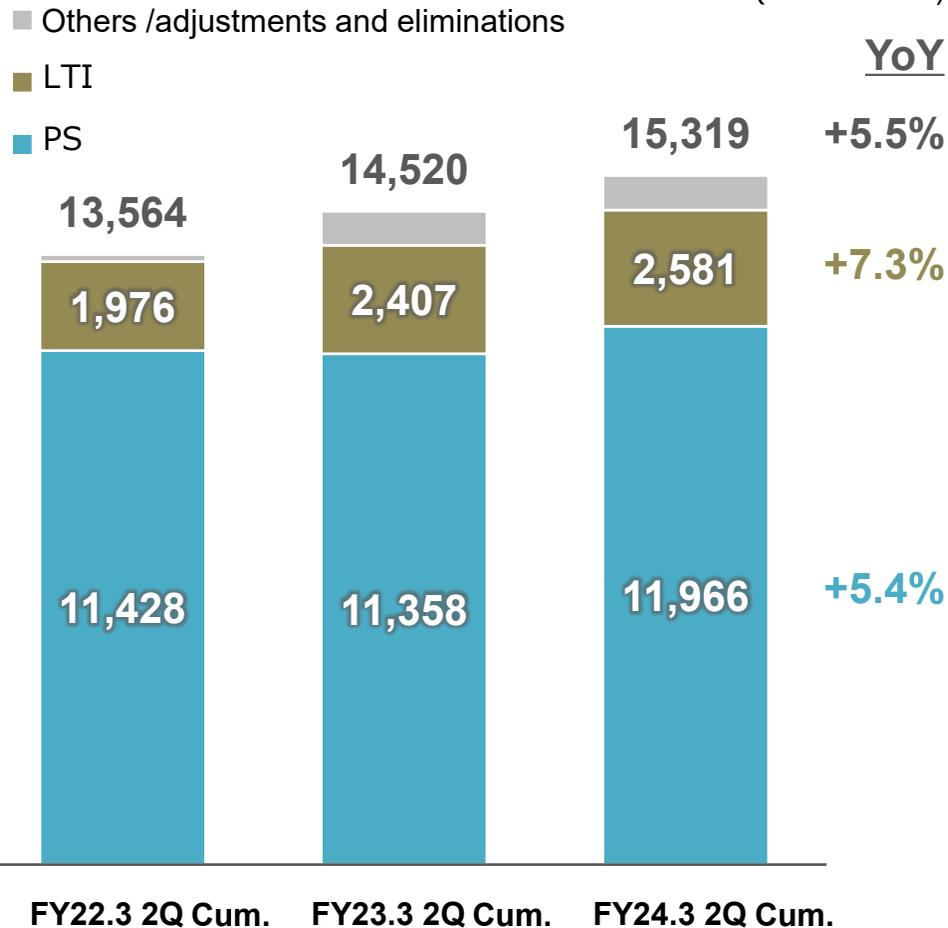
*1 Investment Business Income: Total of profit from the sales of holding shares and profit distribution from funds.

*2 New investment: New Investments in operational investment securities, excluding business related expenditures.

- “Performance in core businesses” remained steadily excluding one-off gains/losses and investment businesses.
- PS maintains stable growth, while focusing on creating new business in the LTI segment with the goal of accelerating growth in the medium term.

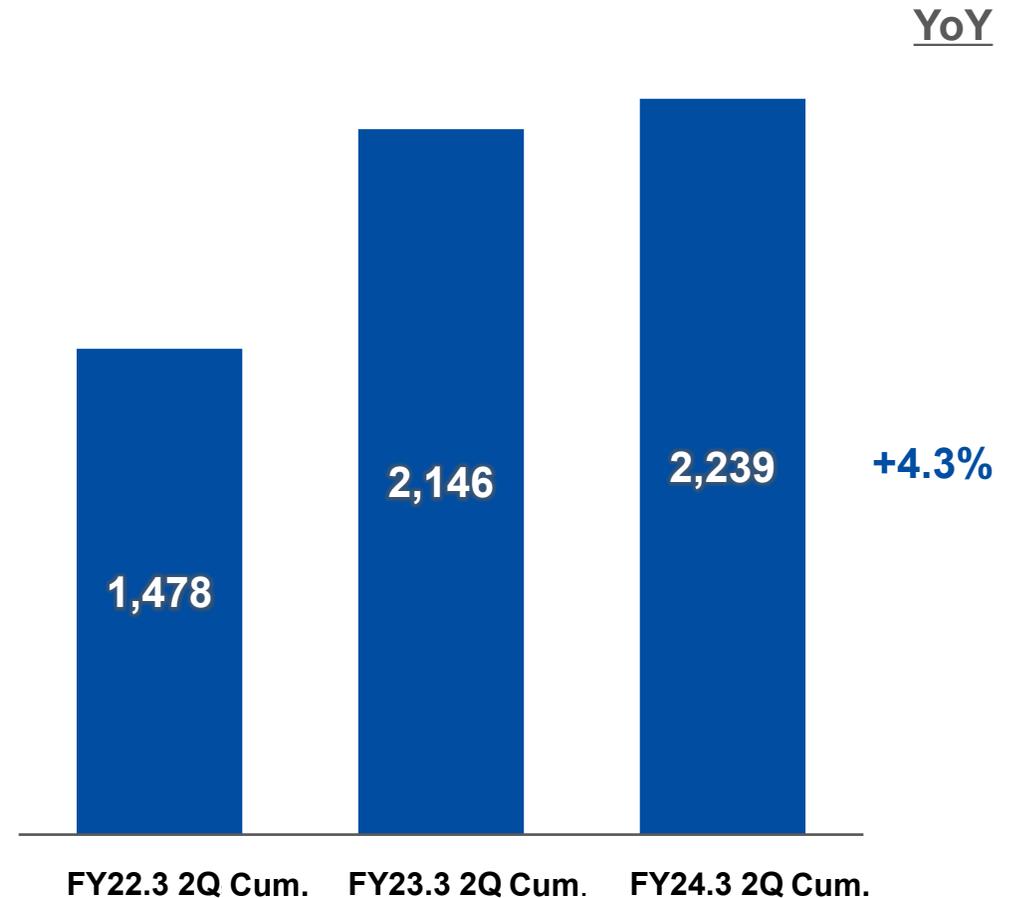
Revenue (excluding one-off gains/losses, and investment)

(Unit: M JPY)



Profit before Tax (excluding one-off gains/losses and investment)

(Unit: M JPY)

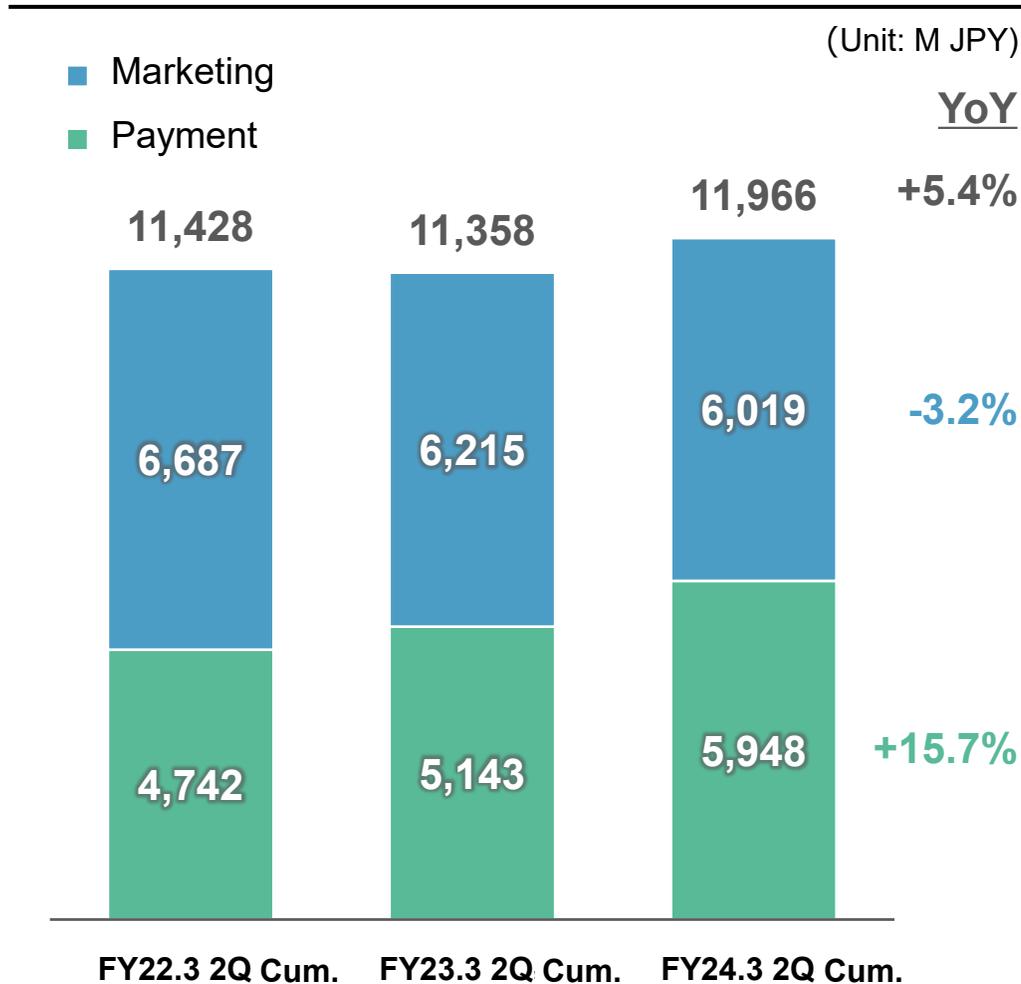


III. Segment Performance Highlights

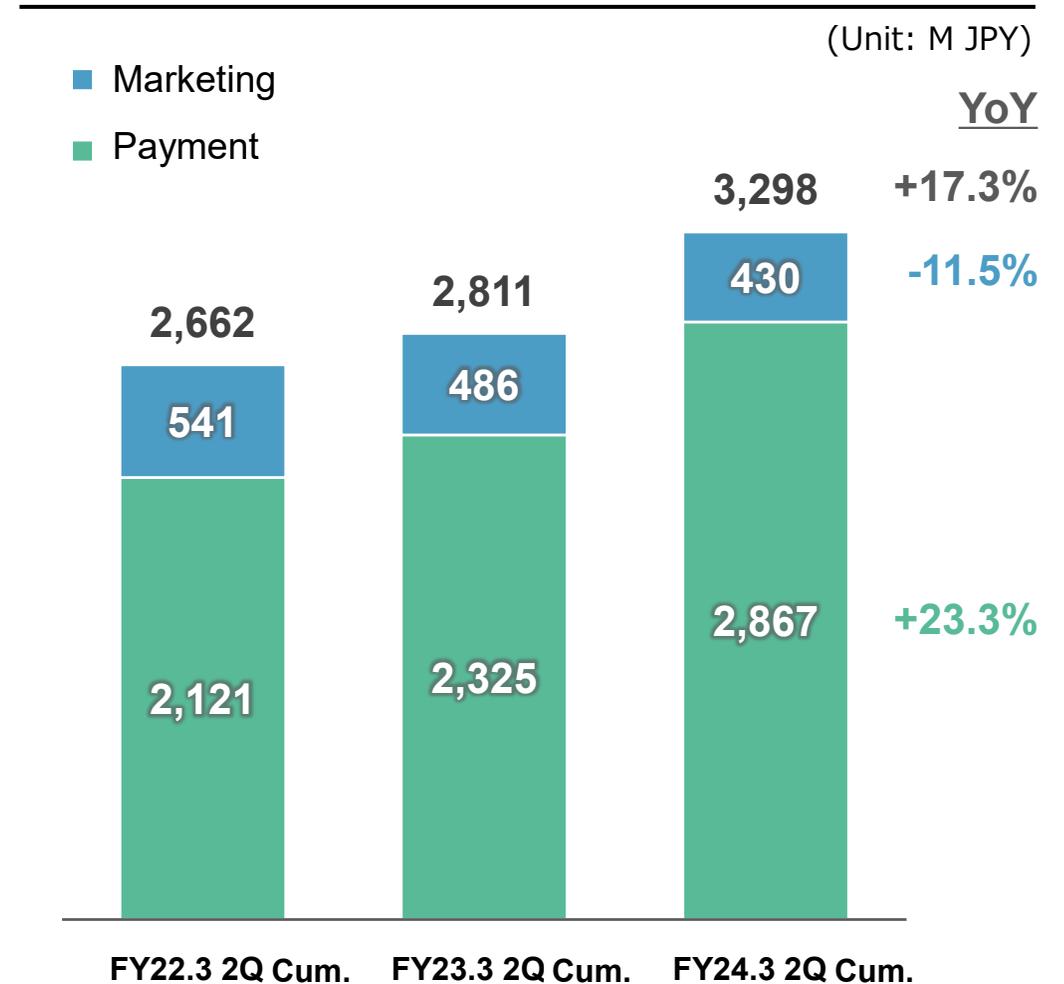


- As for the payment business, profit before tax for 2Q cumulative period increased by 23.3% due to a steady increase in the payment transactions of both online and offline.
- Marketing business is driving strategic structural changes to strengthen and integrate with the payment business.

Segment Revenue



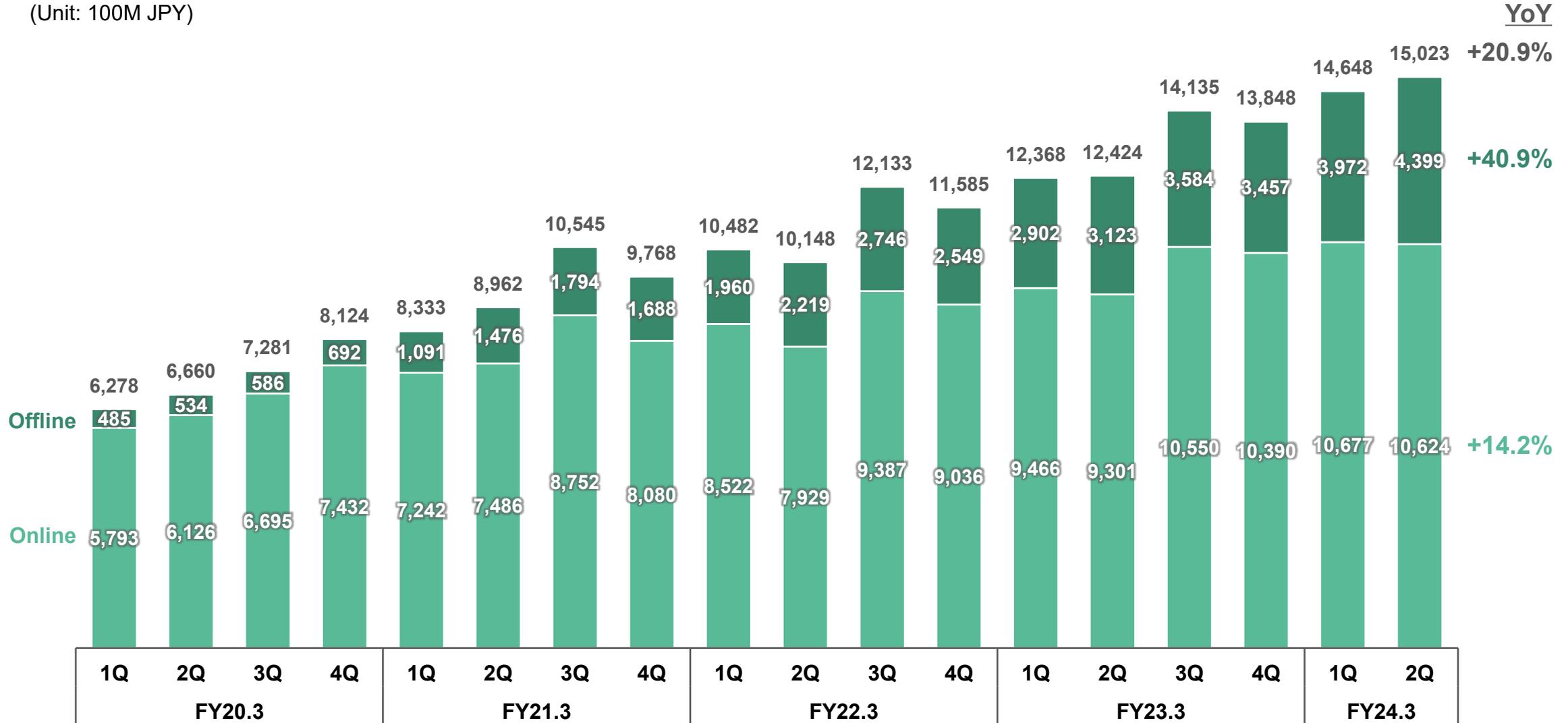
Segment Profit



Performance by Segment – Payment Transaction Volume

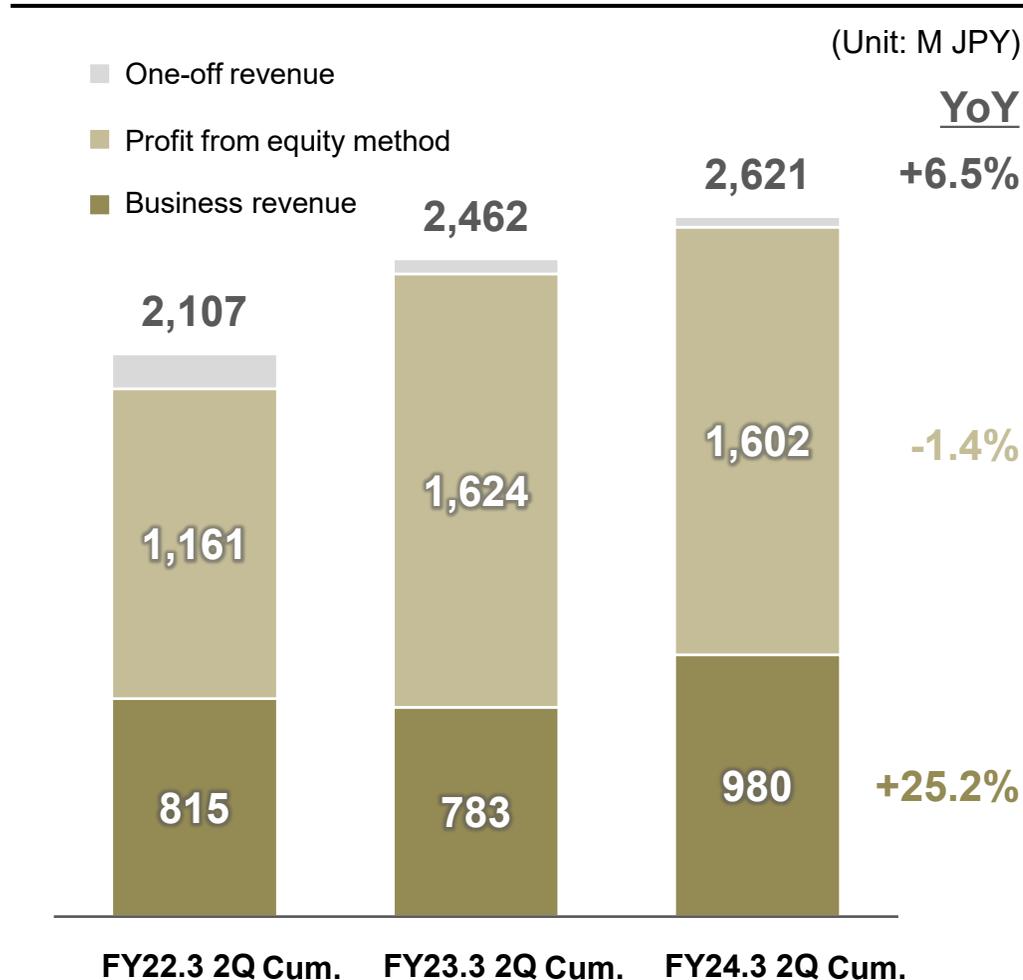
- Online area: Ensured stable growth due to diversified customer portfolio allowing mitigation of impact from COVID-19.
- Offline area: Grew significantly due to increased number of merchants driven by successful alliance strategy.

(Unit: 100M JPY)

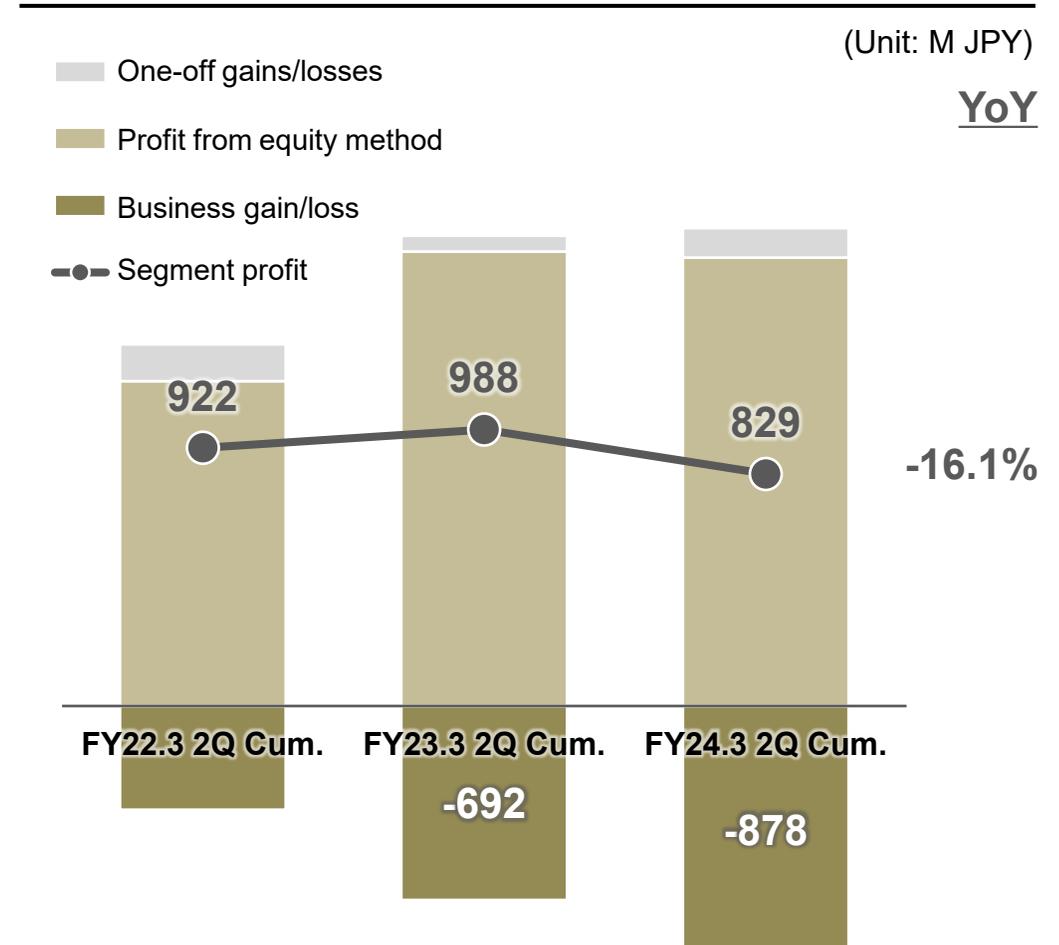


- Early-stage investment into new businesses continues, aiming for medium to long-term growth of the Group.
- “Tabelog” and “Kyujin-box” of Kakaku.com, Inc. have been moving smoothly.

Segment Revenue



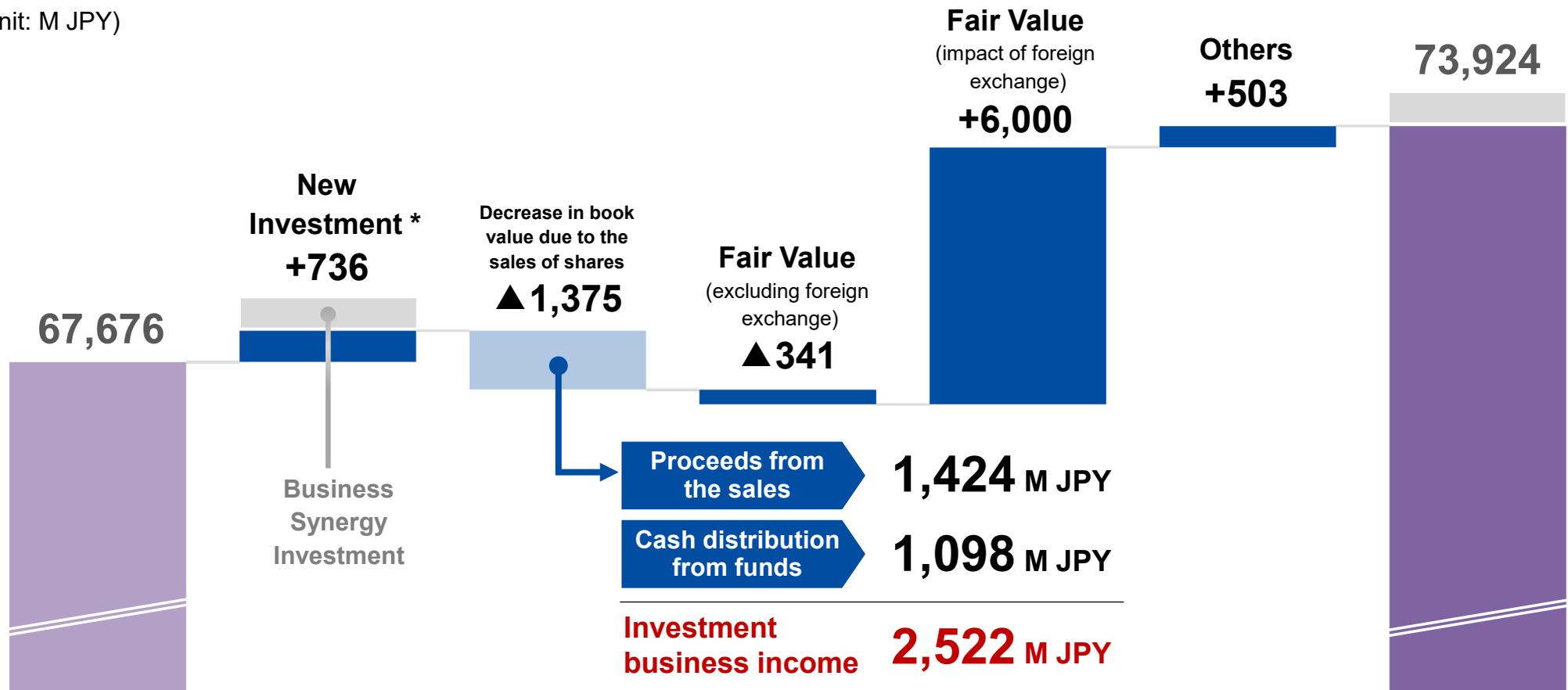
Segment Profit



- Cash inflow of 2.5B JPY was generated from the sales of holding shares and cash distribution from funds, progressing toward achieving Medium-term Plan.
- The balance on operational investment securities increased by 6.2B JPY compared to the end of FY23.3 due to the fair value increase by JPY depreciation.

Operational Investment Securities Details of Increase/Decrease

(Unit: M JPY)



At the end of Mar. 2023

* New investments in operational investment securities, excluding business related expenditures.

At the end of Sep. 2023

IV. Progress of “DG FinTech Shift” Strategy



- A wholly-owned subsidiary of DG, managing the DG group's core payment business
- Provide payment solution for various needs of clients, covering both online and offline merchants

Company Profile

Company Name	DG Financial Technology, Inc.
Head Office	Shibuya-ku, Tokyo
Capital	1.06845 B JPY
Business Areas	Payment Information Processing Service Agency Payment Service Money Transfer Service
Registered Businesses	Electronic Payment Services (Director of the Kanto Finance Bureau No.25) Funds Transfer Service Provider (Director of the Kanto Finance Bureau No00094) Business Operator for handling Credit Card Numbers, etc.
Certification	PCIDSS Version3.2.1 ISO/IEC27001 Privacy Mark    
Participating Organizations	PCI Security Standards Council, LLC Japan Credit Association Japan Collection Agencies Association Japan Multi-payment Network Promotion Association Japan Payment Service Association EC Payment Forum

Overview of DGFT's Payment Business (Business Performance '22/10 – '23/9)

Payment Transaction Volume (JPY)

Yearly Total	Offline	Online
5.8T	1.5T	4.2T

Number of Payment Transactions

Yearly Total	Offline	Online
1,079M	463M	615M

Number of Merchants (as of Sep 2023)

FYE Sep. '23	Offline	Online
1,021k	904k	117k

Status of Systems (FYE Sep 2023)

System Uptime	# of available Payment methods	# of partnered Financial Institutions
99.99%	over 40	over 1,000

Major Subsidiaries and Affiliates

 Marketing tools for e-commerce Shareholder DGFT: 100%	 Fraud detection solutions for Payment Shareholder DGFT: 100%	 India-based tech support & engineering service Shareholder DGFT: 100%	 Multi-payment and mileage program provider Shareholder ANA: 51% DGFT: 49%	 Multi-payment solution for POS Shareholder Toshiba Tec: 51% DGFT: 49%	 BNLP payment solutions Shareholder Nissen: 51% DGFT: 49%
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NEW → Establishment of comprehensive structure for marketing, e-commerce site development, and payment
Shareholders DGFT: 60% / System Integrator Corp.: 40%

I Initiatives with Strategic business Partners	Resona Group	Joint development of the payment service specialized in the medical field, accelerating DX and cashless payments in medical institutions.
	Credit Card Companies	Steady expansion in B2B payment transaction volume through the initiatives with business partners.
II Enhancement of Business Foundation	Expansion to EC Area	Establishment of an EC site business "DG Commerce", a subsidiary company jointly invested by System Integrator Corp. which is an EC site development company using cutting-edge technology. (Disclosed on Nov. 9)
	Smart Implementation	Started to offer [Next-generation Payment API] to enable the wide variety of payment methods in the shortest development time.
	Cross -organizational Structure	Establishment of cross-organizational structure for accelerating business development of PS segment.
III Next-generation Technologies	Crypto Asset Management Service	Komainu Holdings Limited, a custody service company for crypt asset invested by Nomura Group, and Crypto Garage formed a capital and business alliance, and Komainu and Crypto Garage have been collaborating in the expansion of domestic business.

Accelerated the alliance strategy through collaboration with the capital and business partners.

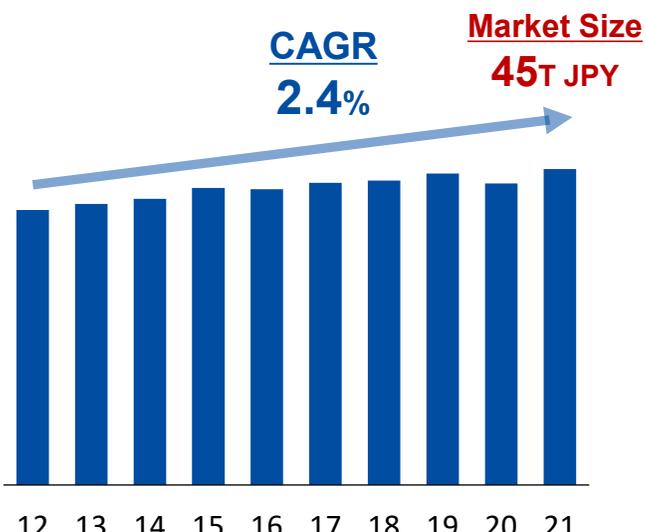
Aim to expand the Industry-DX and new Fintech business by leveraging the partners' assets.

DX in the Medical Industry : Resona Group

Jointly developed the first payment service specialized in the medical industry in Japan with Bank Group.

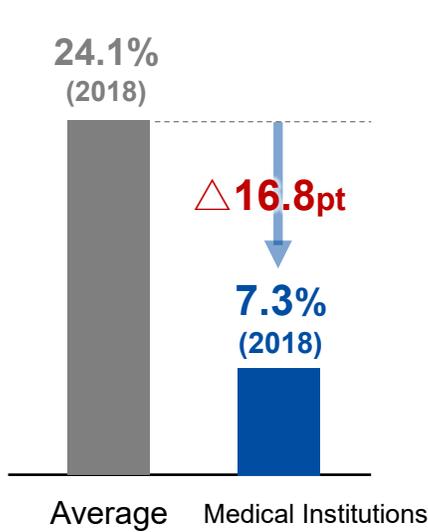
- ✓ Specialized in the medical industry where cashless payment is significantly behind
- ✓ Substantial reduction of patients' waiting time at hospitals
- ✓ Reduced workload of healthcare professionals by connection with medical fee payment system

National Medical Care Expenditure



Source of Data : "Overview of National Medical Care Expenditure in 2021" by the Ministry of Health, Labor and Welfare

Penetration Rate of Cashless Payment in Medical Institutions



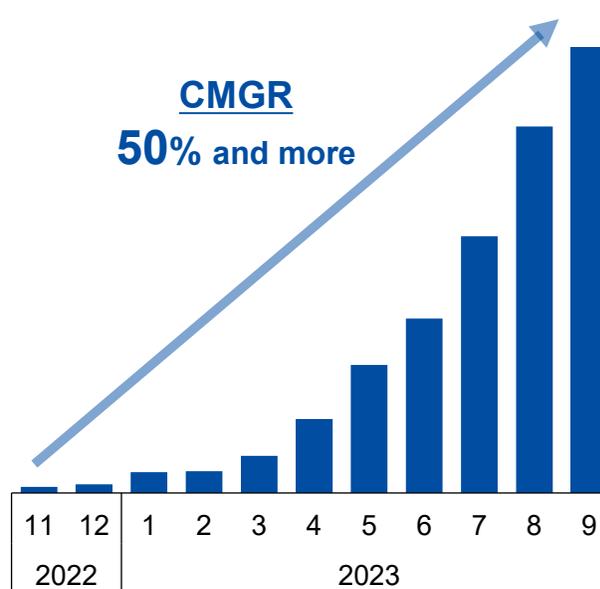
Source of Data: "Businesses engaged in optimization of the commerce and service environment in 2020" by METI

B2B Payment : Major Card Companies

Steady expansion in B2B invoice card payment through the initiatives with business partners.

Transaction Volume has been increasing monthly by accelerating the initiatives with the alliance partners that hold main international brands and strong customer bases.

Monthly Transaction Volume in B2B payment

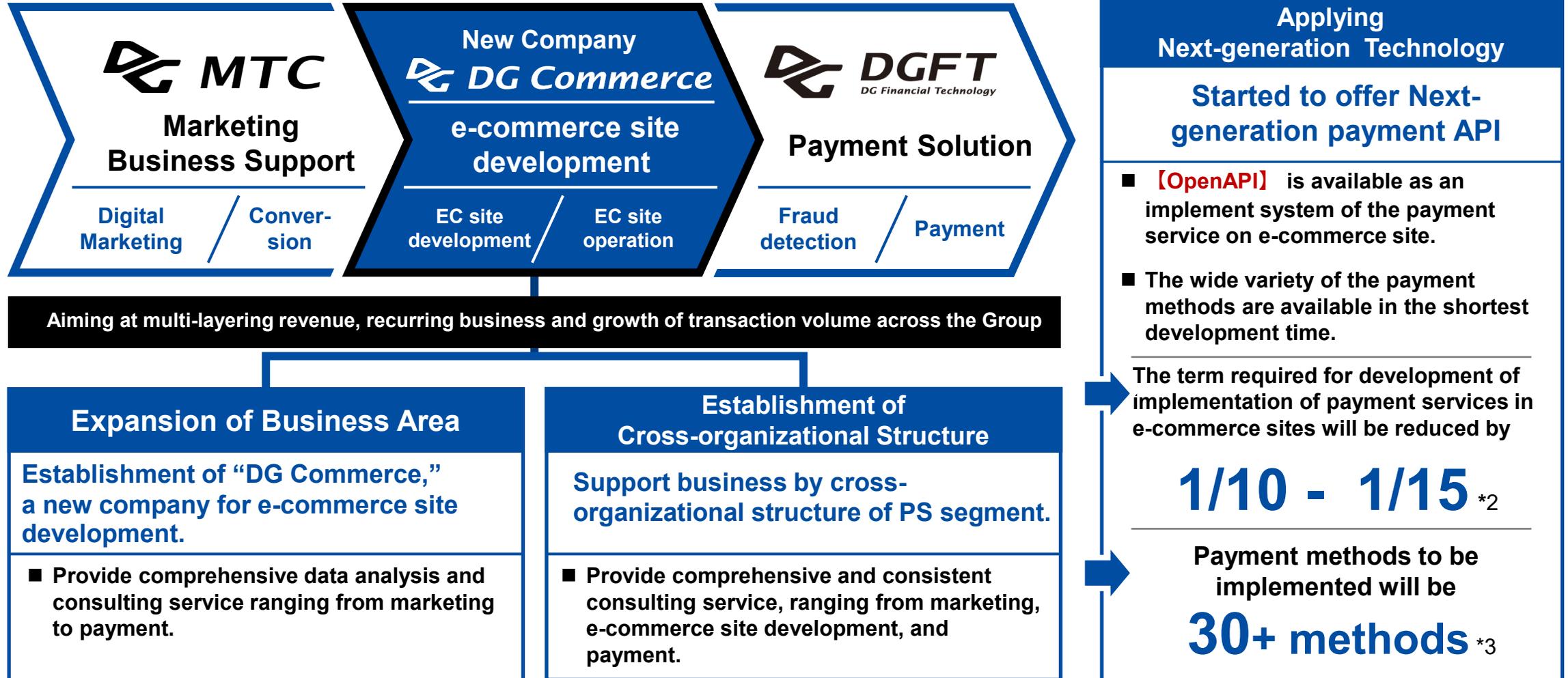


Alliance Partners



Made the e-commerce development business of System Integrator Corp.*1 a subsidiary through the joint investment

Expanding to the e-commerce business: a gateway to the payment business, and updating to next-generation technology



*1 System Integrator Corp.: A pioneer of e-commerce system business, implementing about 1,100 e-commerce site development packages in the accumulated total.

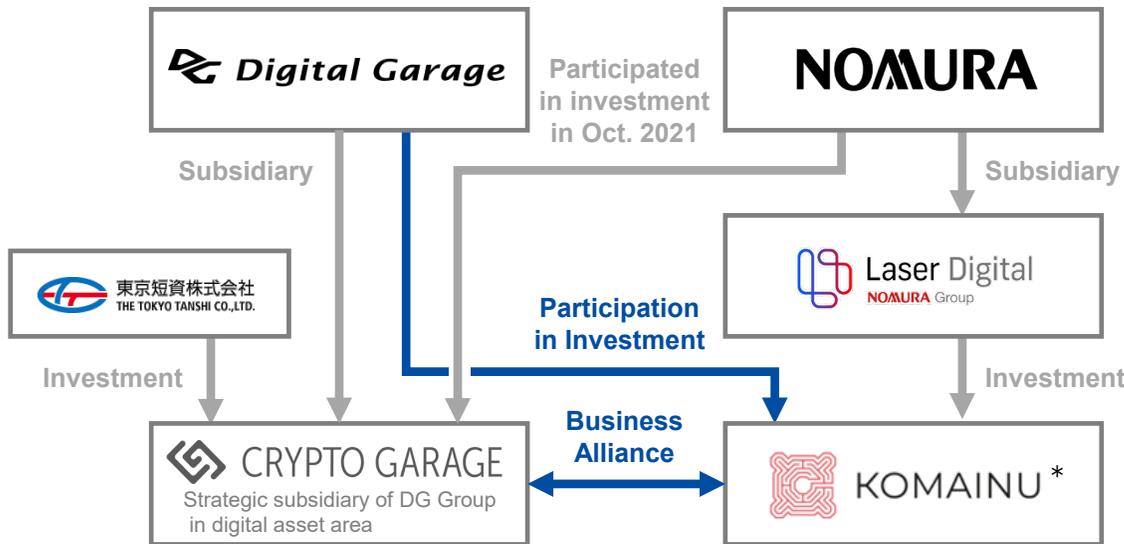
*2 Compared with the Company's conventional cases *3 will be supported by the end of Dec 2023

Formed a capital and business alliance with “Komainu,” a Nomura Group custody service company for digital asset

Custody service for crypto and digital assets such as Bitcoin will be offered to companies and institutional investors in Japan, utilizing the customer bases held by Nomura Group.

Overview of Capital and Business Alliance

- Investment in Komainu by Digital Garage
- Basic agreement to promote the alliance between Crypto Garage and Komainu



— Capital and business alliance to be announced on November 1

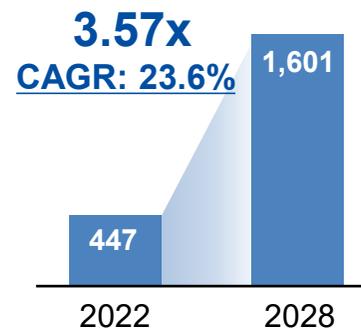
*Komainu Holdings Limited: Digital asset custody company invested by Nomura Group, operating its business mainly in Europe and the Middle East.

Contents of Capital and Business Alliance

1. Started to offer Komainu’s custody services for crypto and digital assets to companies and institutional investors.
2. Domestic business expansion of the custody service for crypto and digital assets based on the expertise and authorized license held by both companies.

Digital Asset Custody Market in the World

Market Size (Unit: B US\$)



- ✓ Rapid market growth is expected in accordance with the increase of digital assets held by institutional investors.
- ✓ The market size will grow from 447B US\$ in 2022 to 1.6T US\$ in 2030. (Source of data: Proficient Market Insights)
- ✓ CAGR for 2022-2028 : 23.6%

Source of Data : Proficient Market Insights

V. Sustainability Initiatives and Social Implementation Track Records



Envisioning the sustainable society through ESG related startup investment and the portfolio ESG value-adding

ESG investing with Open Network Lab, the first Japanese Seed Accelerator

Open Network Lab, which is established in 2010, has been collaborating with the Earthshot Fund and promoting ESG investment.

- ✓ Supported over 140 companies to date
- ✓ Provides the portfolio companies the global standard ESG value-adding programs
- ✓ Investment results in numerous ESG-related startups, including Pirika, the winner of Minister of the Environment Award



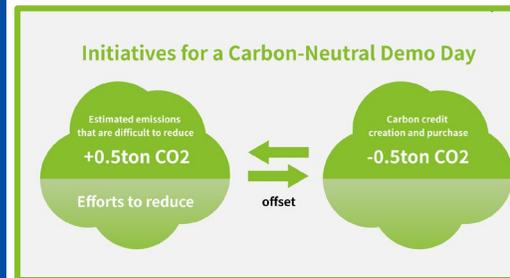
New Sustainability-related portfolio



Promoting initiatives for carbon offset and hosting a carbon-neutral event

Hosted Open Network Lab 27th DemoDay as the DG's first carbon-neutral event.

- ✓ Offset the carbon emission in collaboration with the portfolio startups.



Initiatives to reduce CO2 emissions

- Electricity saving
- Waste reduction
- Utilization of sustainable products

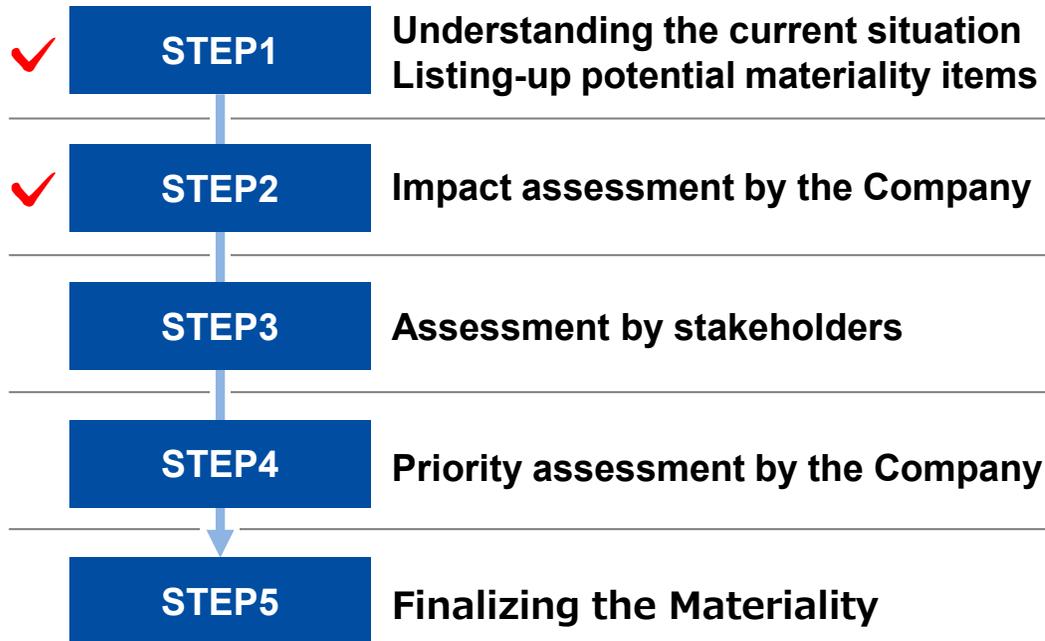
Initiatives for Offset

DG used the service of our portfolio startup, Linkhola Inc., to visualize and reduce the CO2 emissions generated in commuting and offset 0.5 ton of assumed CO2 emission of the event.

Identification of Materiality (Key Issues)

Initiated the process for identification of materiality to accelerate sustainability management of the DG Group

Identification Process of Materiality



▶ STEP1 Understanding the current situation

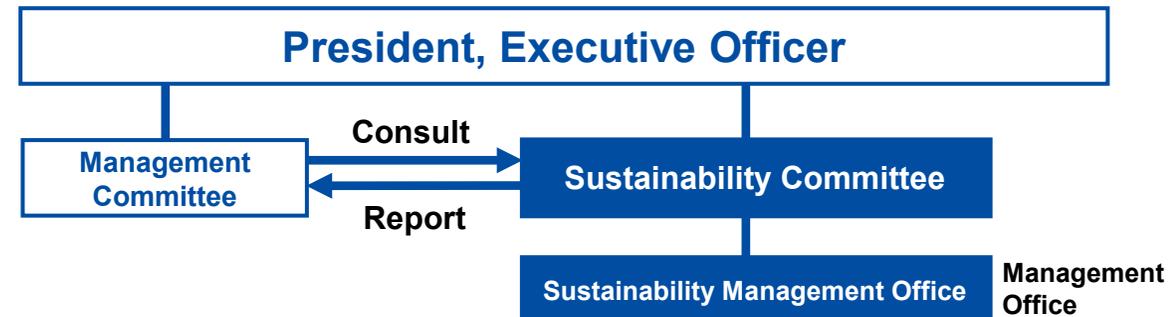
Sustainability data is disclosed on the following web site.

<https://www.garage.co.jp/en/sustainability/>

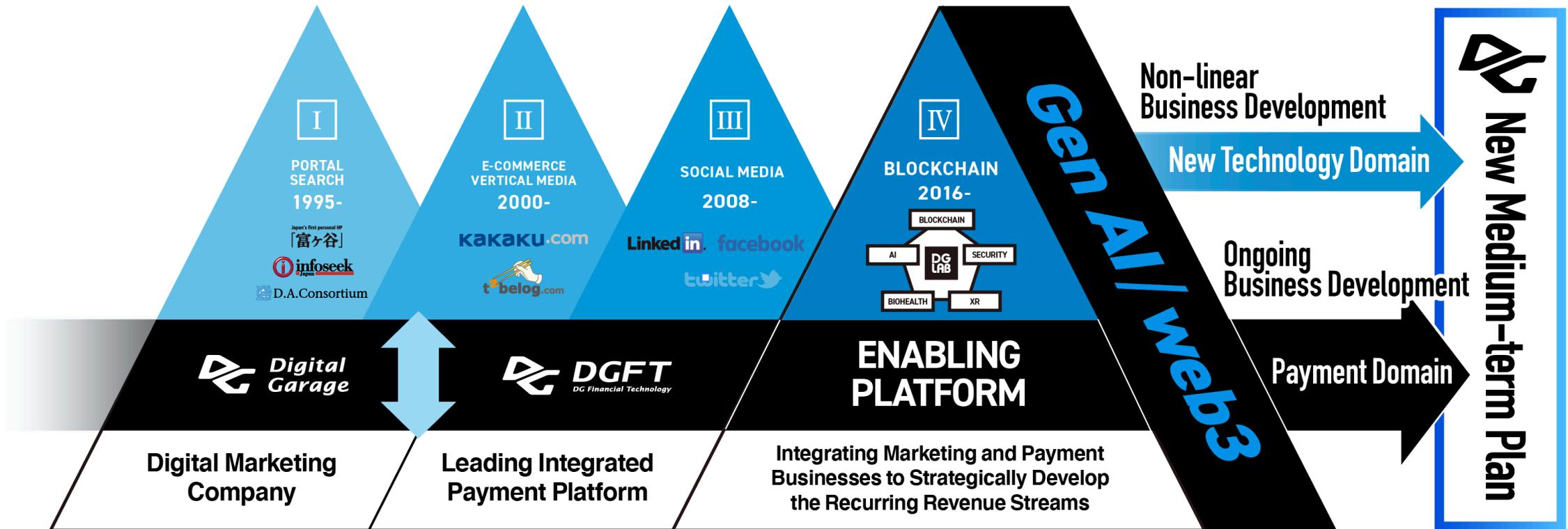
Action Plans



Sustainability Management Structure



Since its establishment in 1995, DG has been developing the latest Internet business deploying cutting-edge technologies based on marketing and payment. From here, DG will focus on Gen AI / web3, etc.

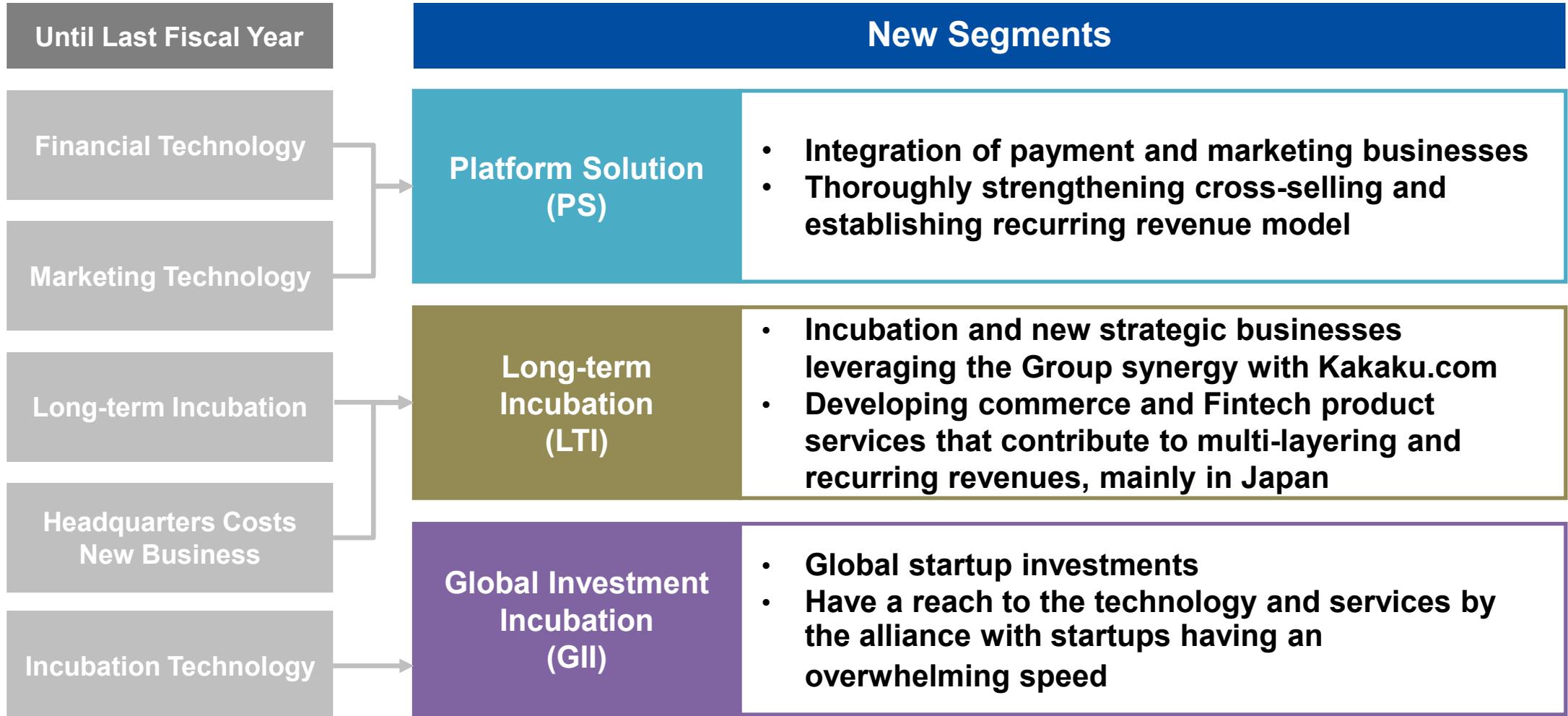


Reference Materials

Reference Materials①: Supplementary Data



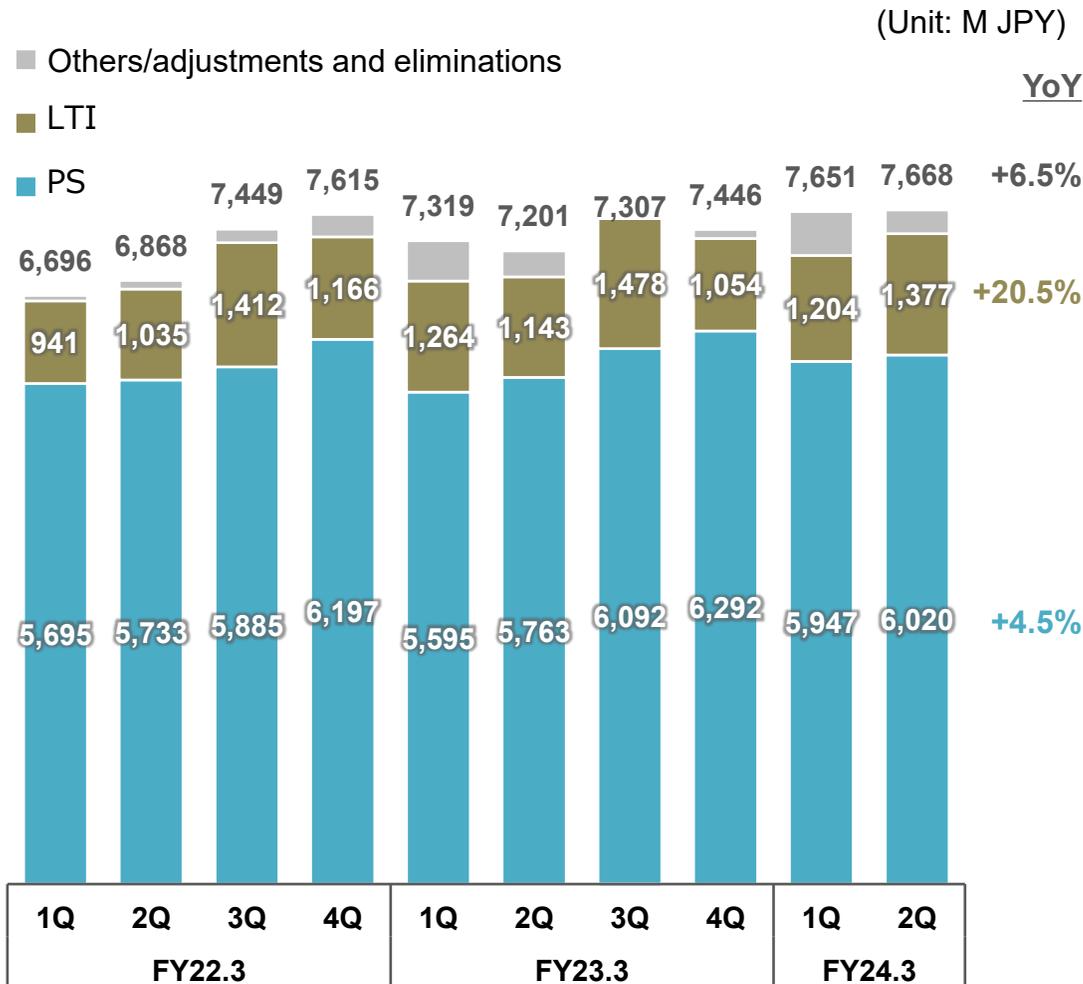
- Consolidated business segments to further accelerate its business strategy, integrating payments and data as well as marketing.
- Consolidated new businesses and next-generation media business, aiming for vertical launch by leveraging DG Group's business assets as strategic businesses for enhancement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



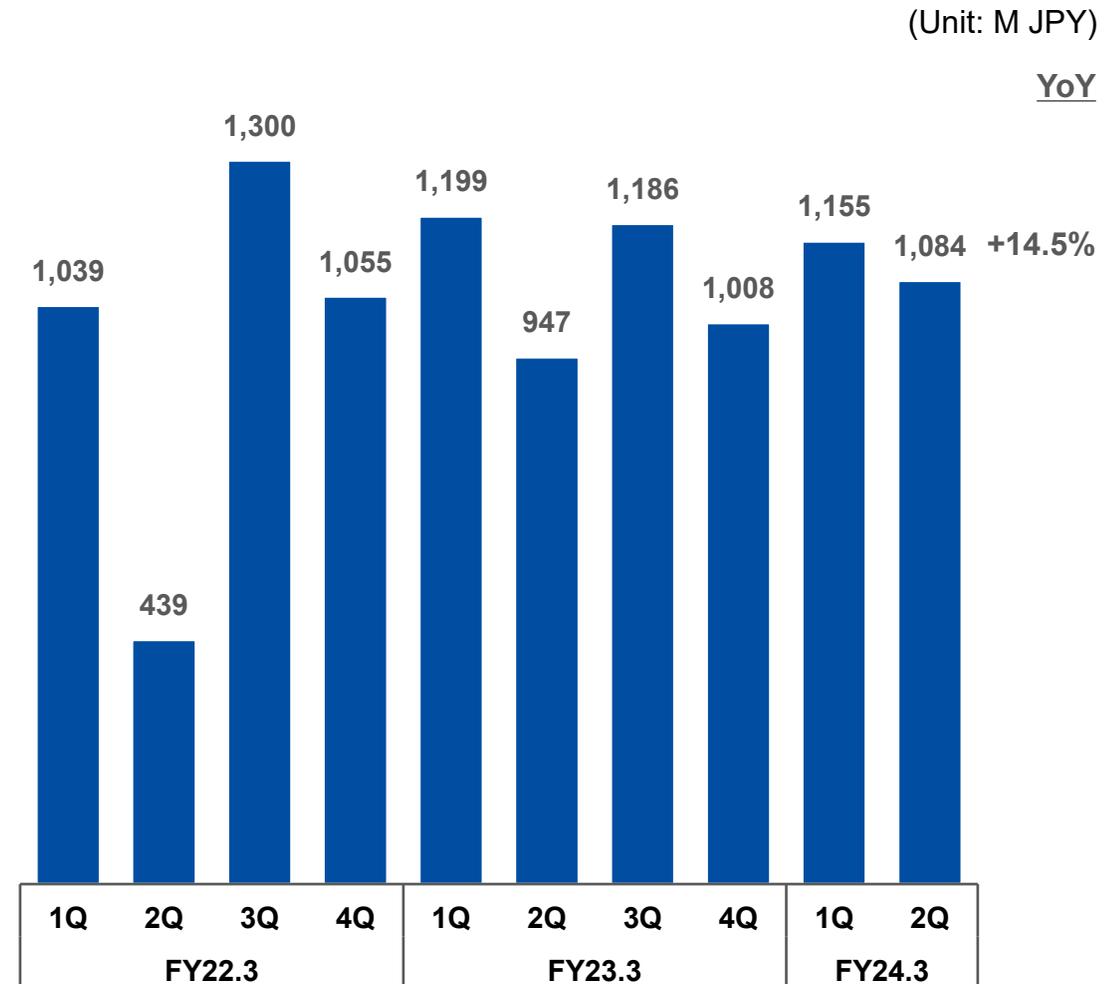
Quarterly Performance Trend (excluding one-off gains/losses and investment businesses)

- “Performance in recurring businesses” remained steadily excluding one-off gains/losses and investment businesses.
- PS maintains continuous and stable growth, while focusing on creating new business in the LTI segment with the goal of accelerating growth in the medium-term.

Revenue (excluding one-off gains/losses, and investment)



Profit before Tax (excluding one-off gains/losses and investment)

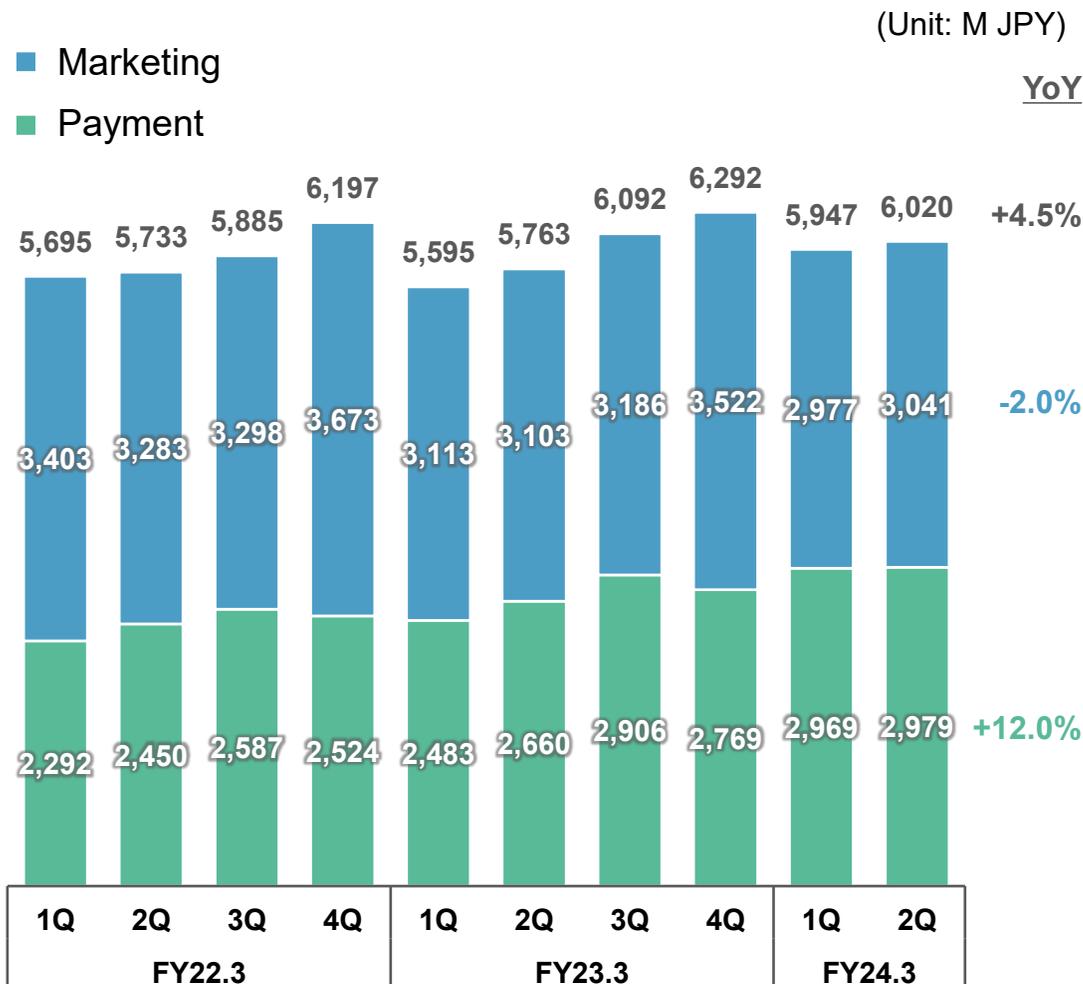


Performance by Segment (Quarterly) – Platform Solution

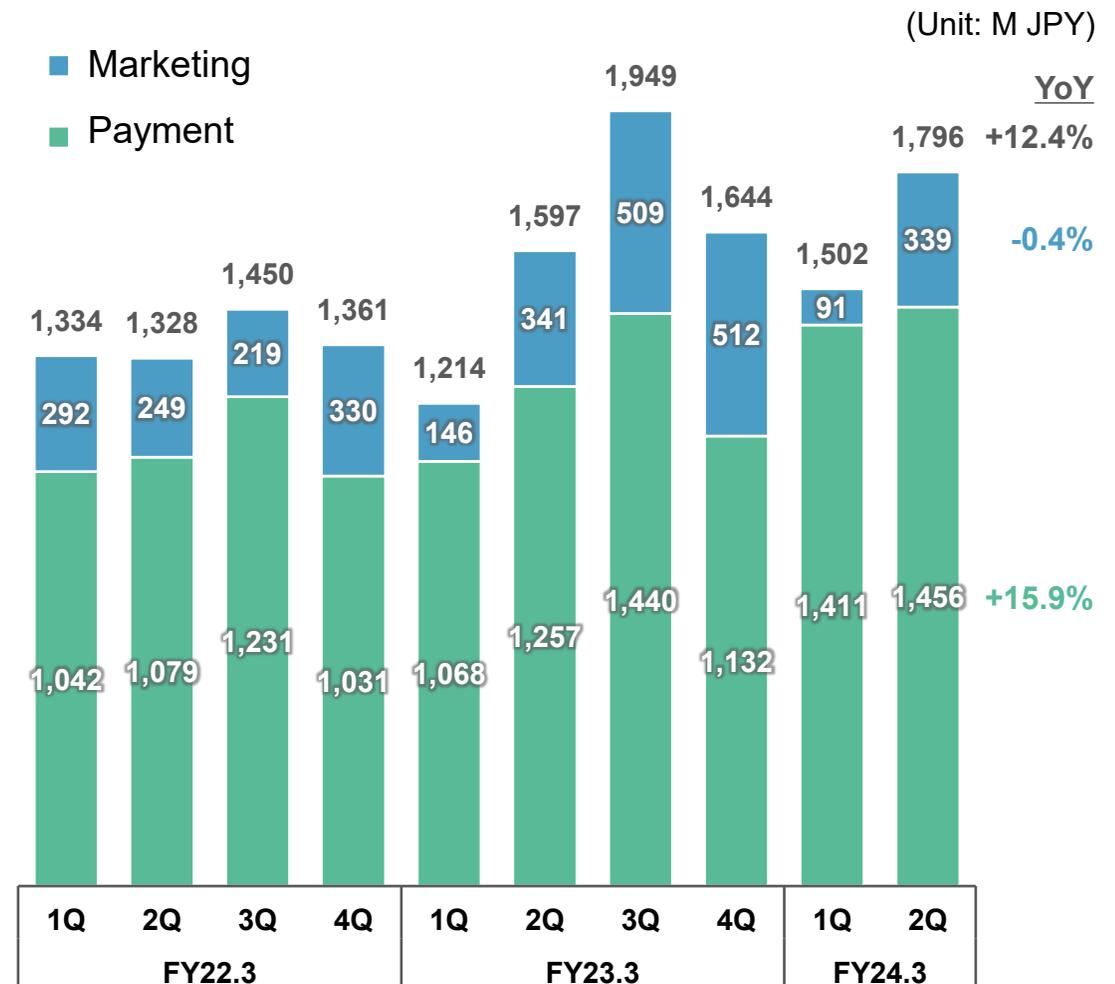
Platform Solution

- Profit before tax in payment business increased by 15.9% in 2Q, growing steadily in both online and offline payments.
- Marketing business is driving efforts to strengthen and integrate with the payment business.

Segment Revenue



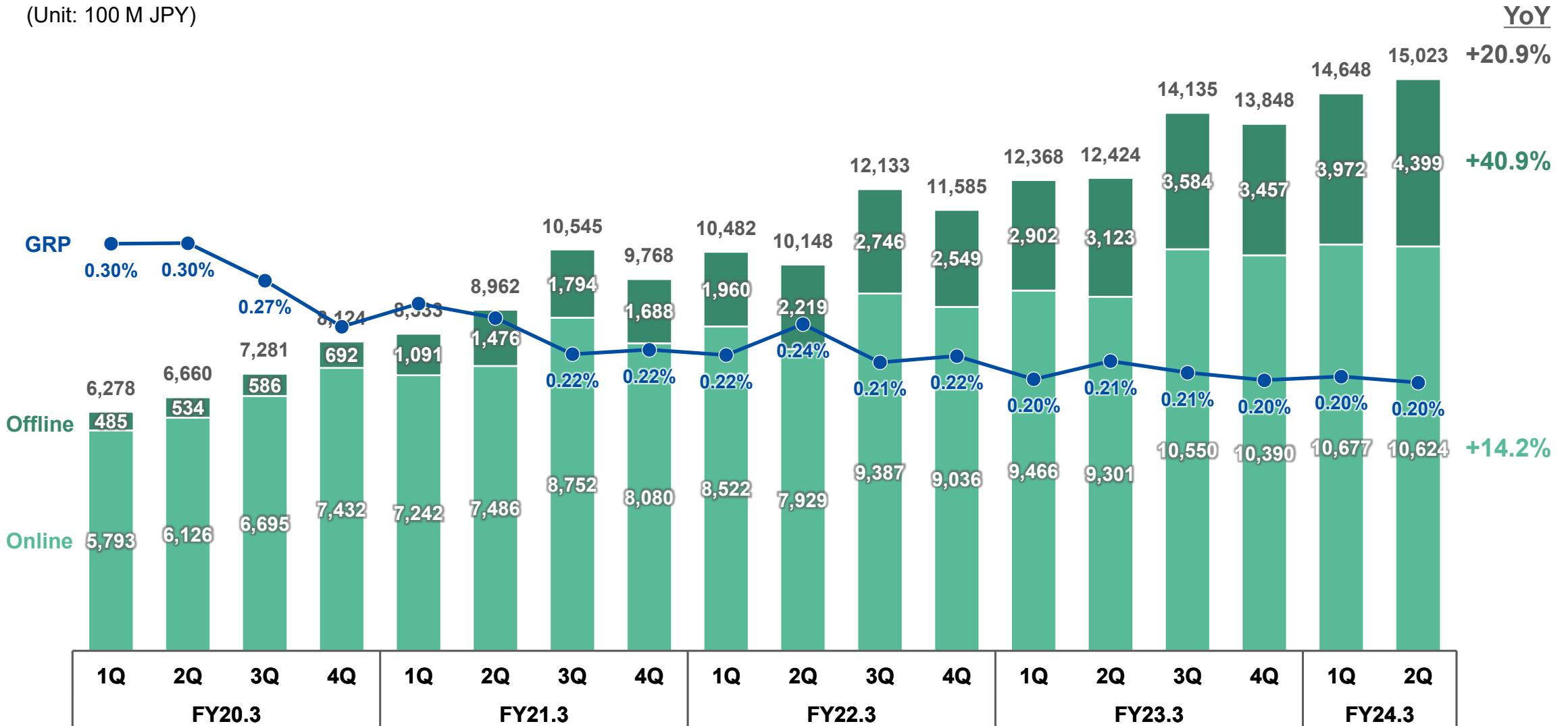
Segment Profit



Payment Transaction Volume – Trends for Online and Offline Payments

- Online area: Kept stable growth due to diversified customer portfolio with less impact from COVID-19
- Offline area: Grew significantly due to increased number of merchants driven by successful alliance strategy

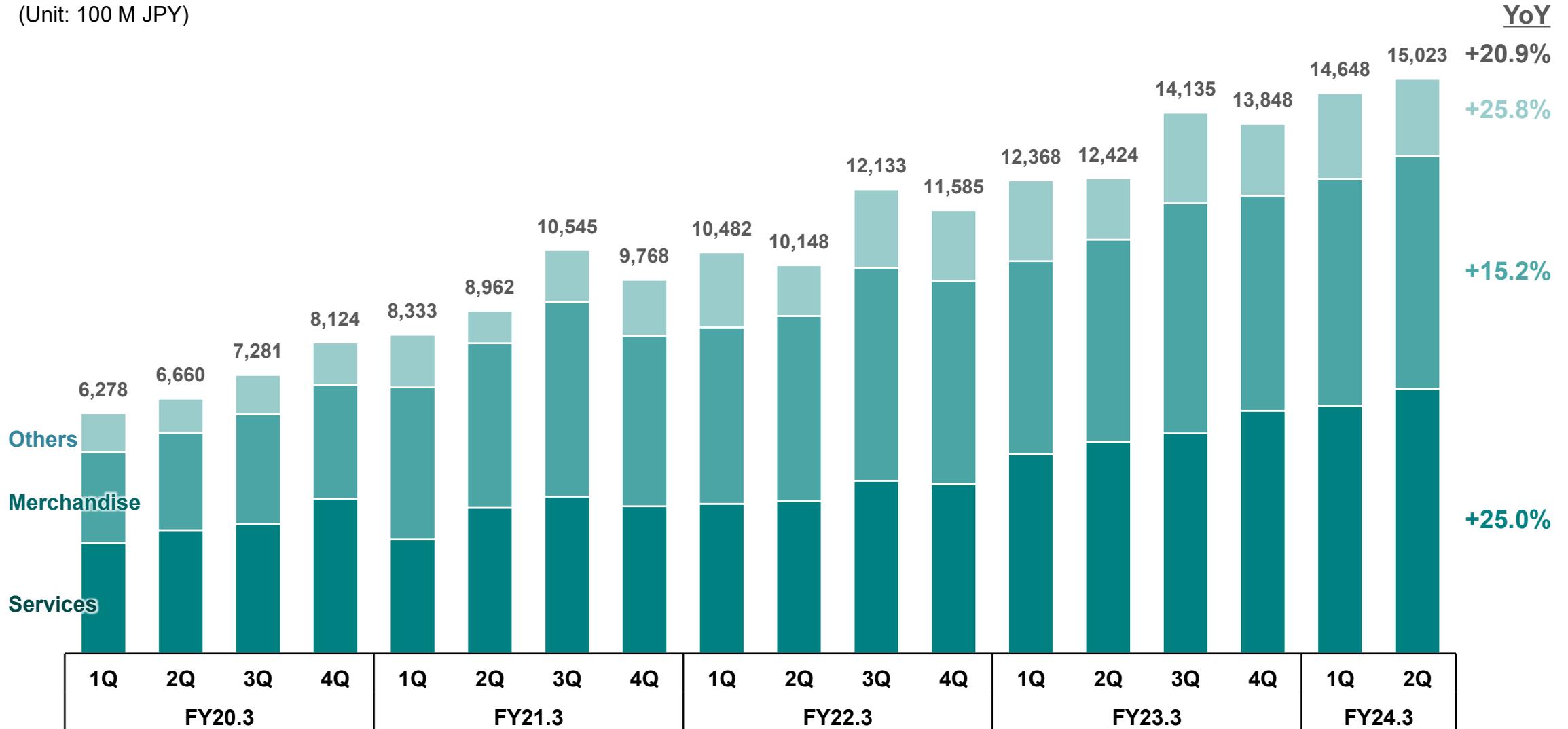
(Unit: 100 M JPY)



Payment Transaction Volume – Trends for Merchandise and Services

- Service area: Grew significantly from FY23.3 despite a temporary stagnation in travel industry due to COVID-19
- Merchandise area: Continued to acquire merchants successfully, especially general retail (supermarkets and department stores, etc.) by alliance strategy

(Unit: 100 M JPY)



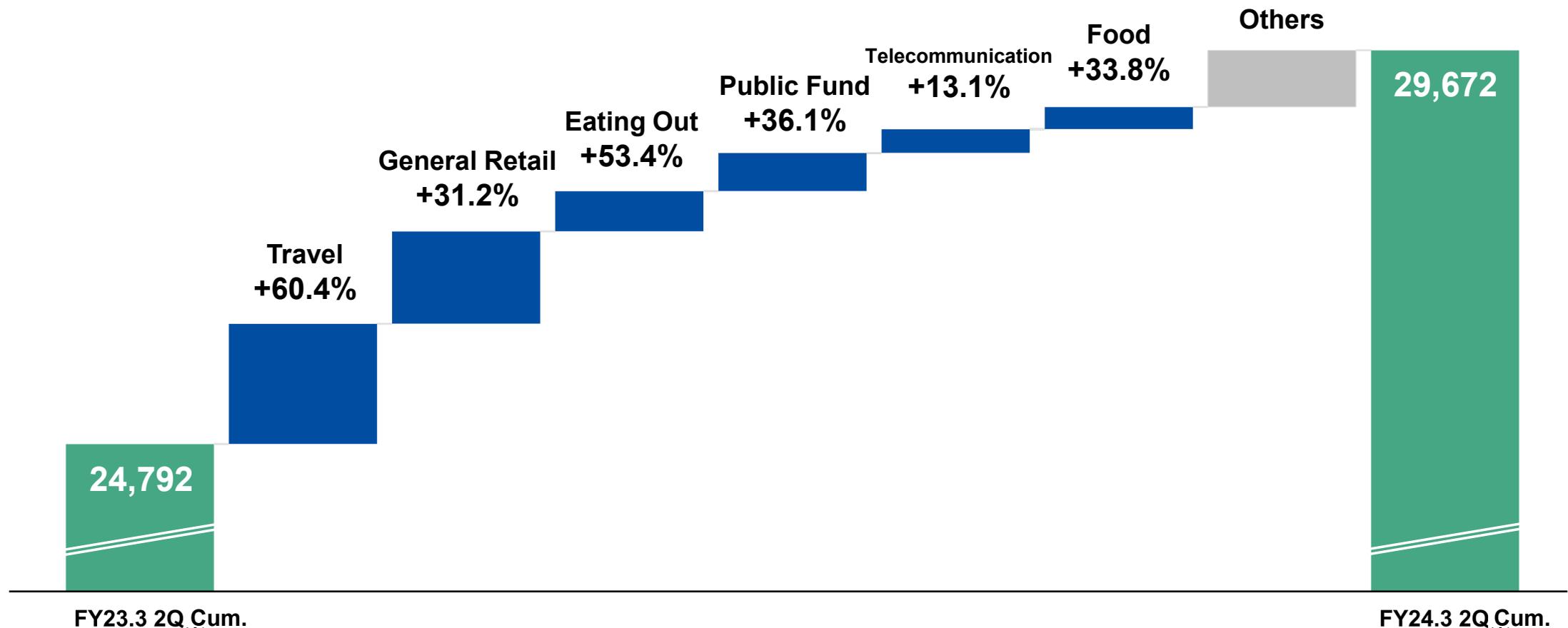
Payment Transaction Volume: Increase / Decrease by Sector

- Transactions in travel and food services recovered due to containment 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

※% compared to FY23.3

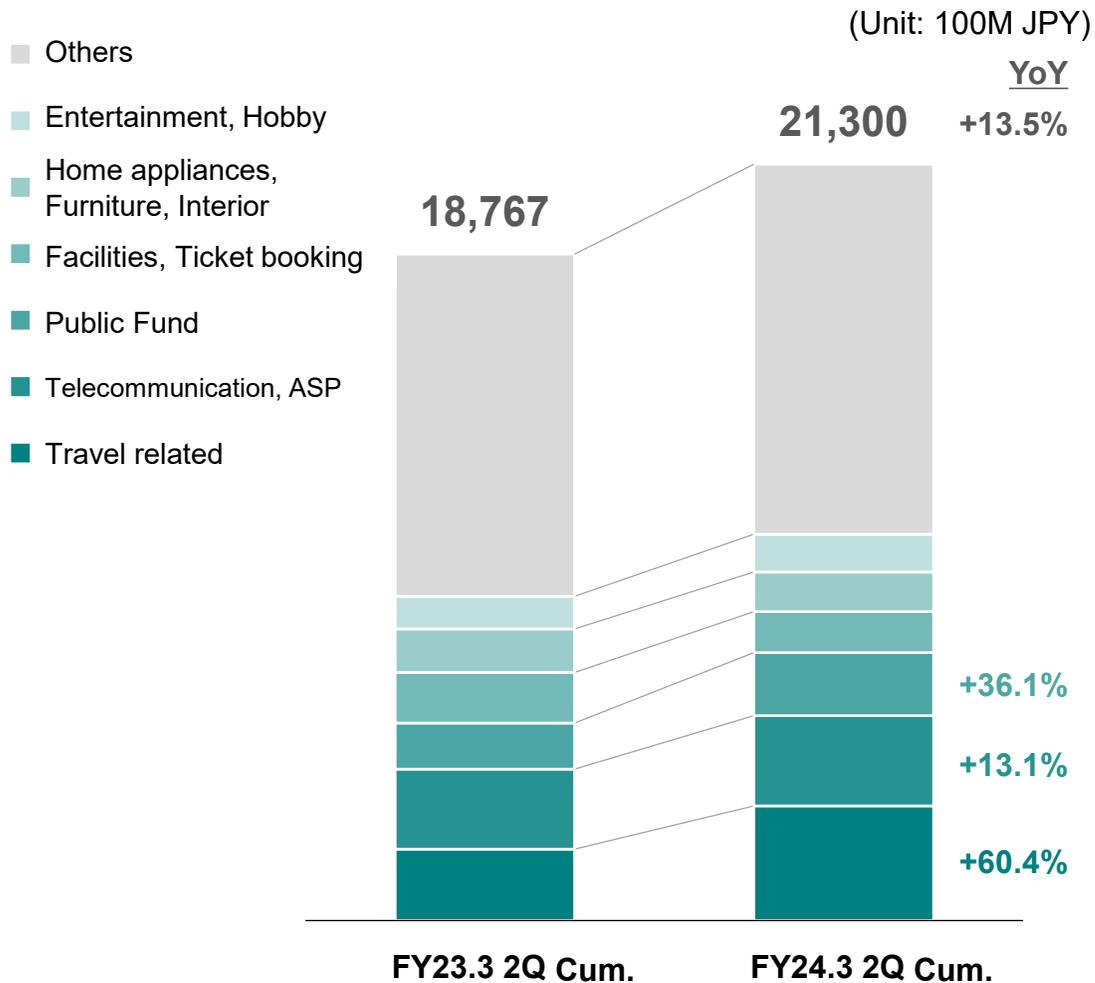
(Unit: 100M JPY)



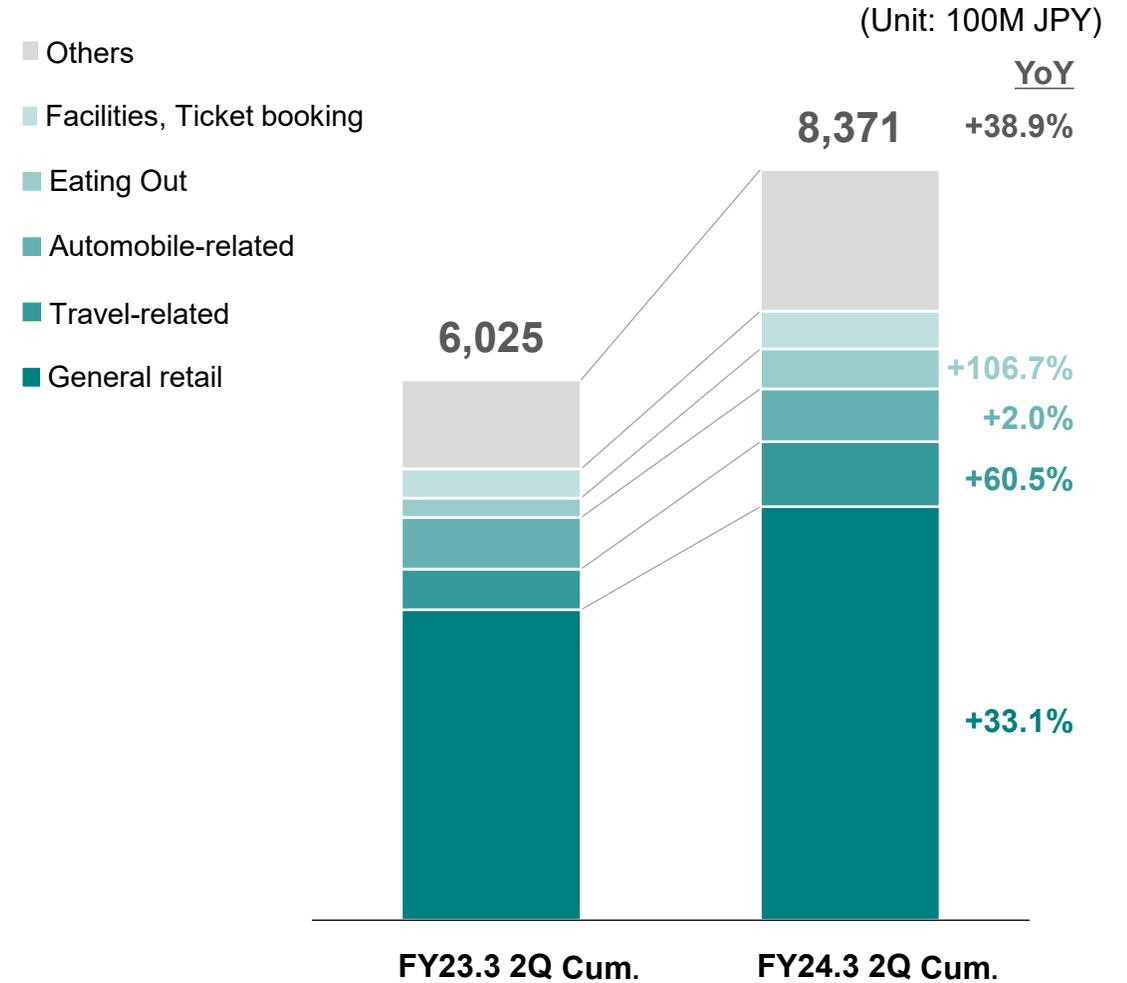
Payment Transaction Volume – in online and offline payments by Industry

- Online area: Transaction volume increased in wide range of industries, centered on travel industry, in which the Company has strength
- Offline area: Transaction volume mainly in general details increased as well as food and facility use-related due to containment of COVID-19

Online Payment



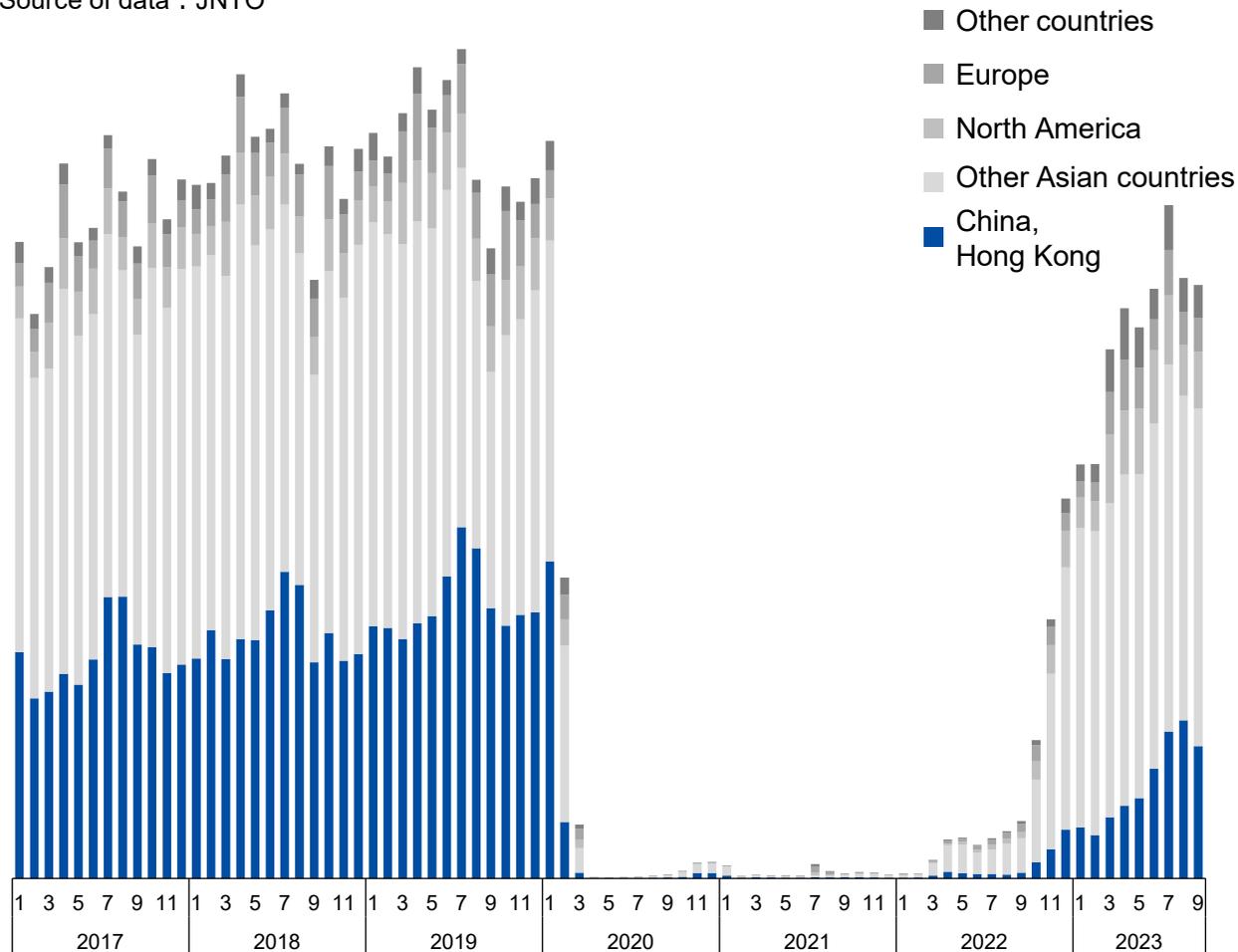
Offline Payment



- Though the number of foreign visitors is on recovery, Chinese visitors with high consumption remains around 50% of pre-COVID level.
- High potential for recovery is expected in Alipay/WeChat Pay services that the Group is dealing with.

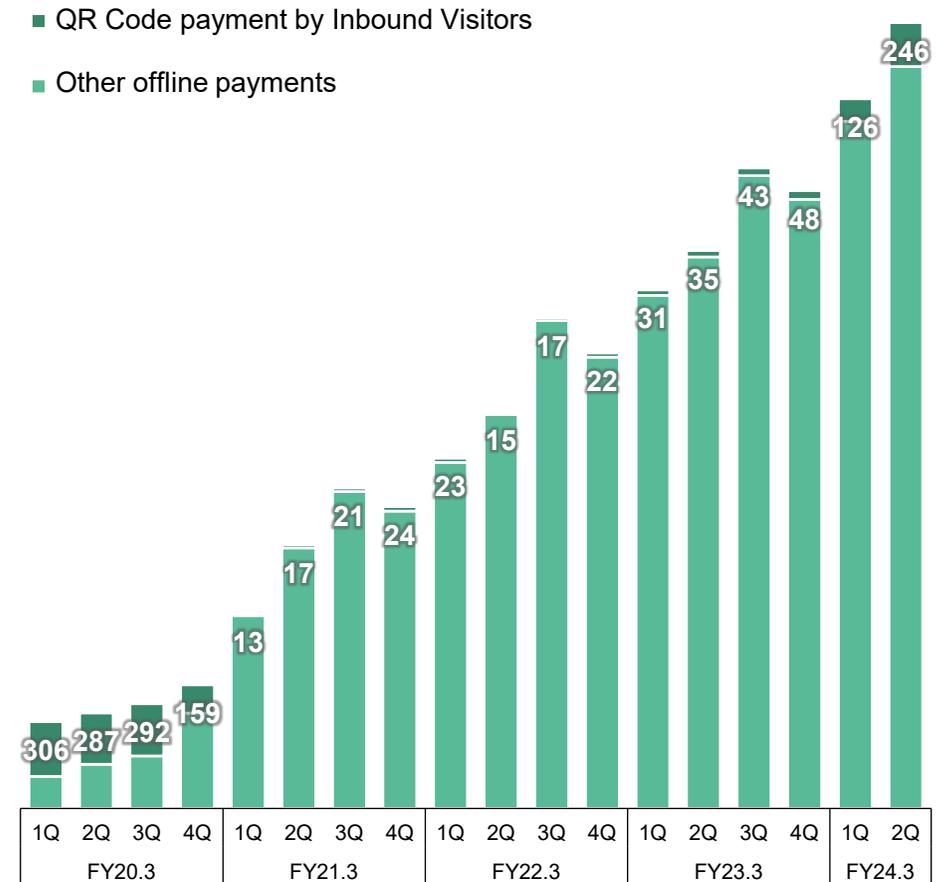
The Number of Visitor Arrivals to Japan (by area)

Source of data : JNTO



Transaction Amount in Offline Payment

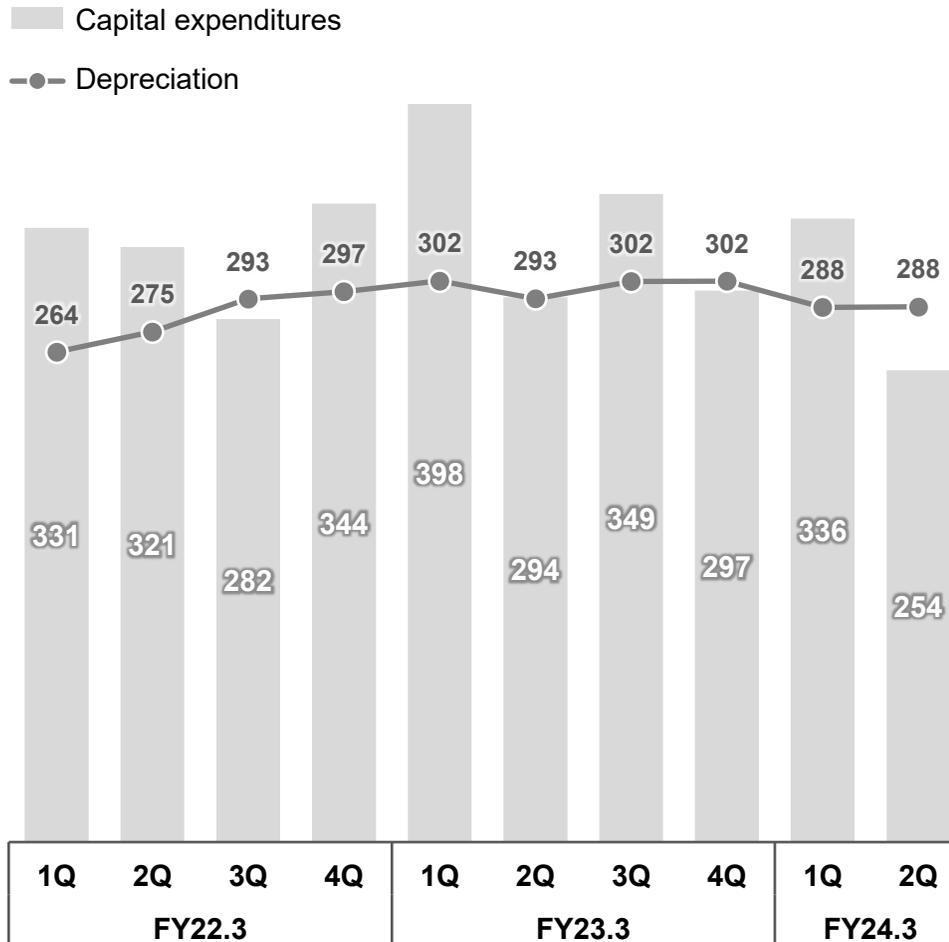
(Unit: 100M JPY)



- 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.

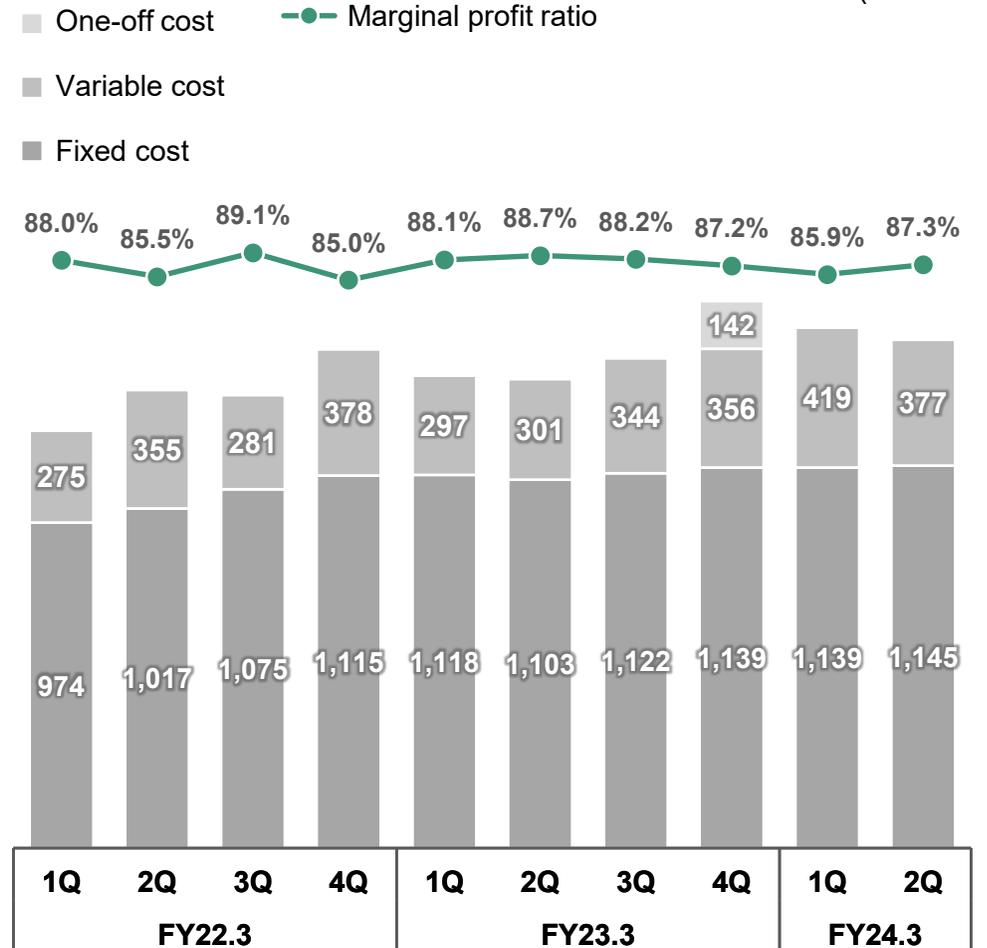
Payment-related Expenditures · Depreciation

(Unit: M JPY)



Payment-related Costs · Marginal Profit Ratio

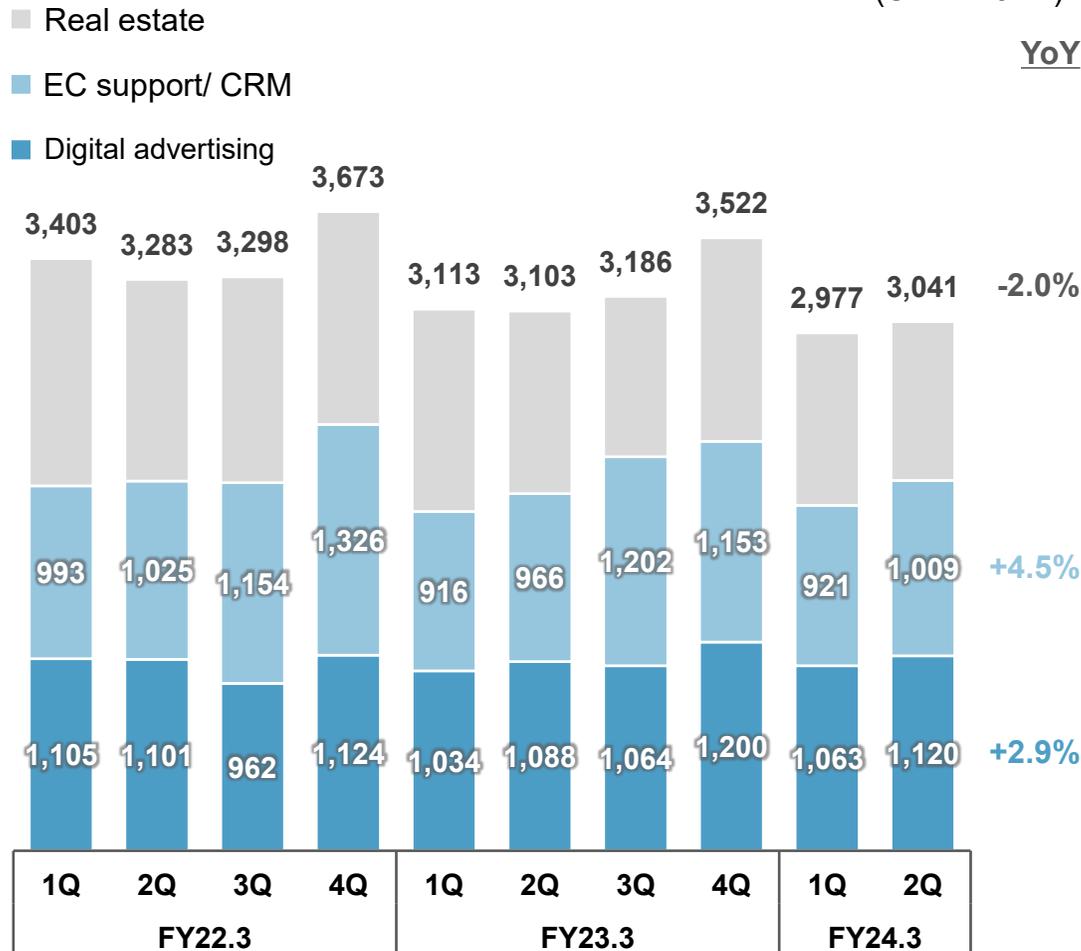
(Unit: M JPY)



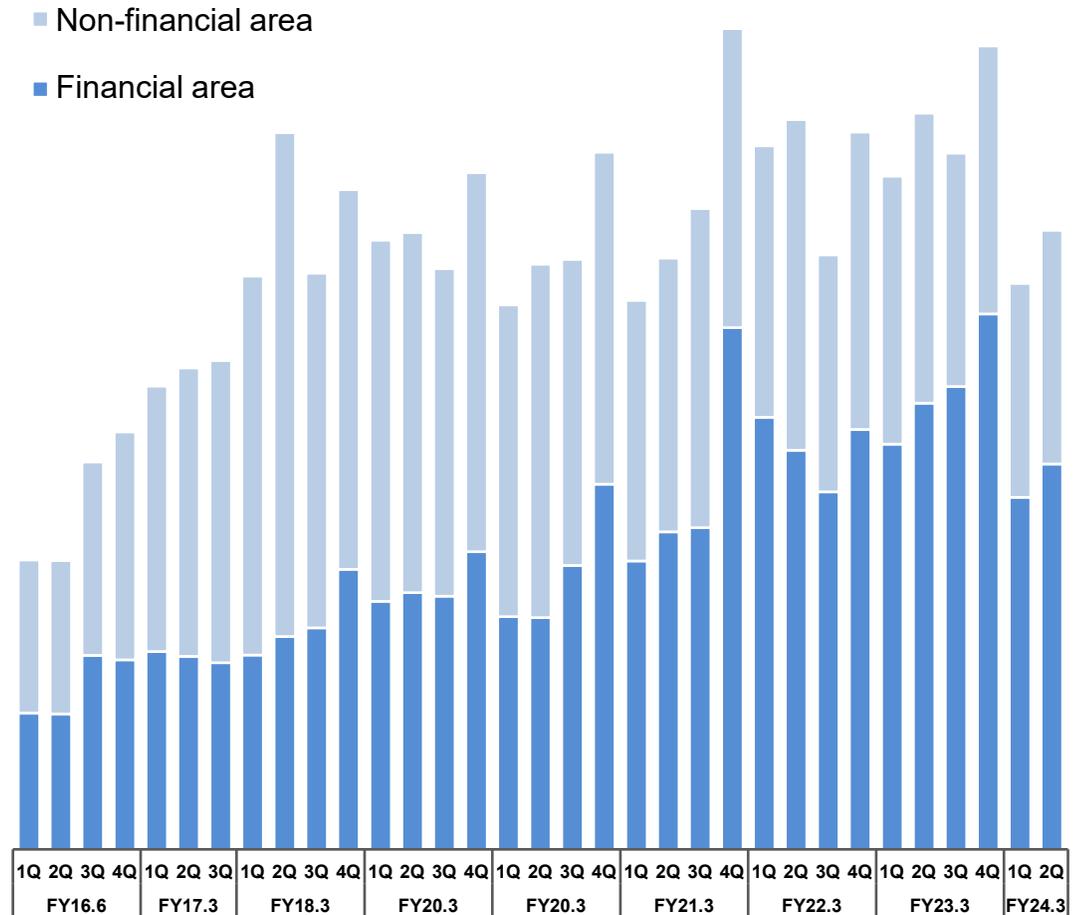
- Digital Advertising, the main stay of the Company's business, continues to transit steadily despite quarterly fluctuation in both profit and transaction volume of the advertisement.
- Transaction volume of digital advertisement in the financial area in 2Q decreased due to clients' budgetary austerity.

Profit in Marketing Business

(Unit: M JPY)



Transaction Volume in Digital Advertising

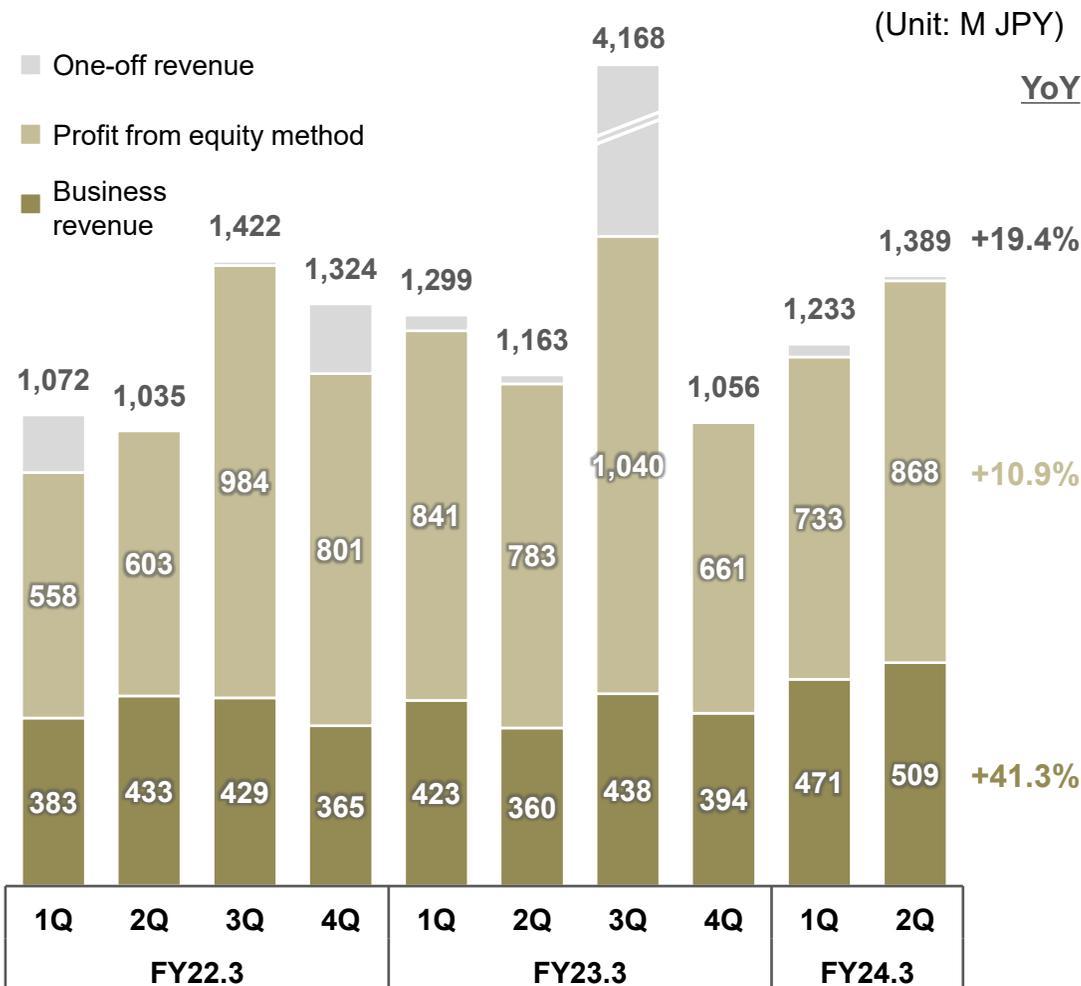


Performance by Segment (Quarterly) – Long-term Incubation

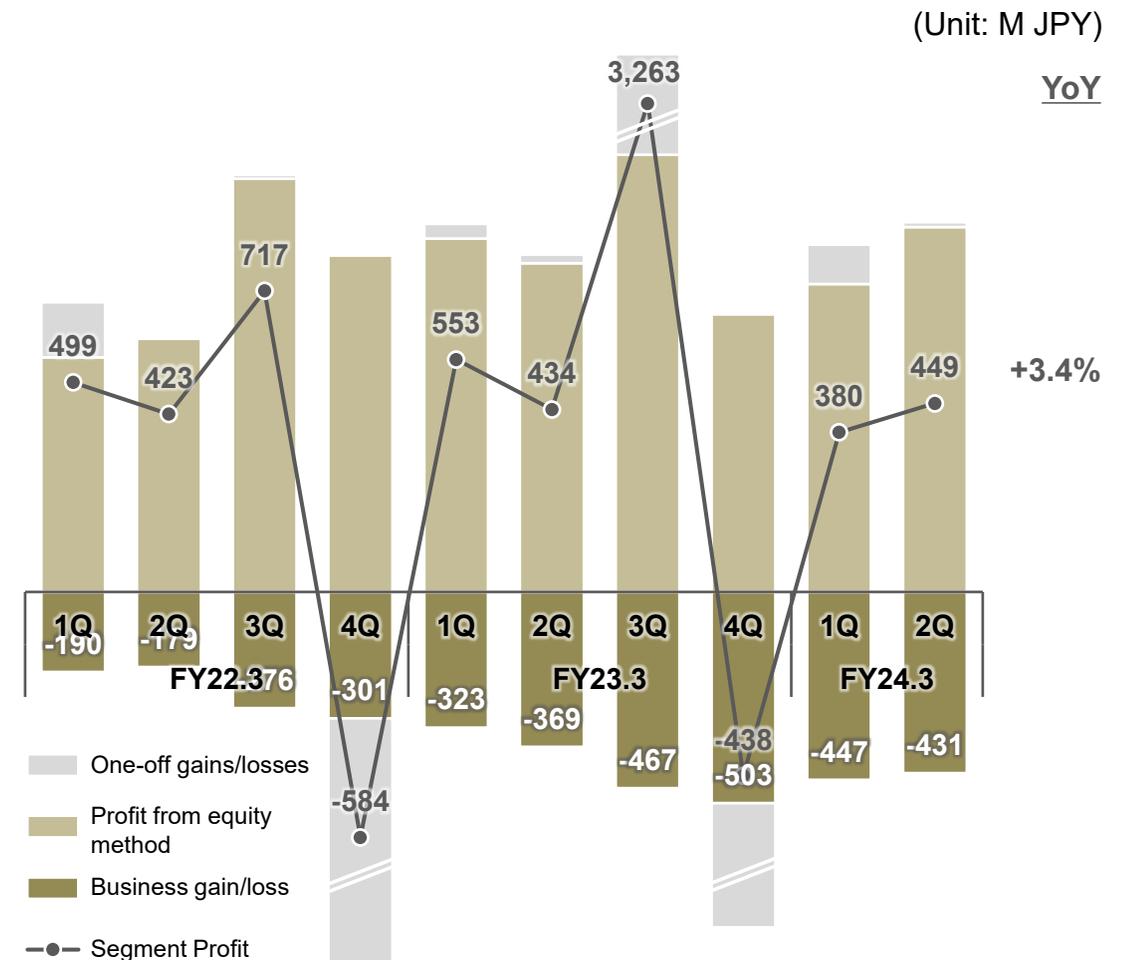
Long-term Incubation

- Early-stage investment into new businesses continues, aiming for medium to long-term growth.
- “Tabelog” and “Kyujin-box” of Kakaku.com grow steadily.

Segment Revenue



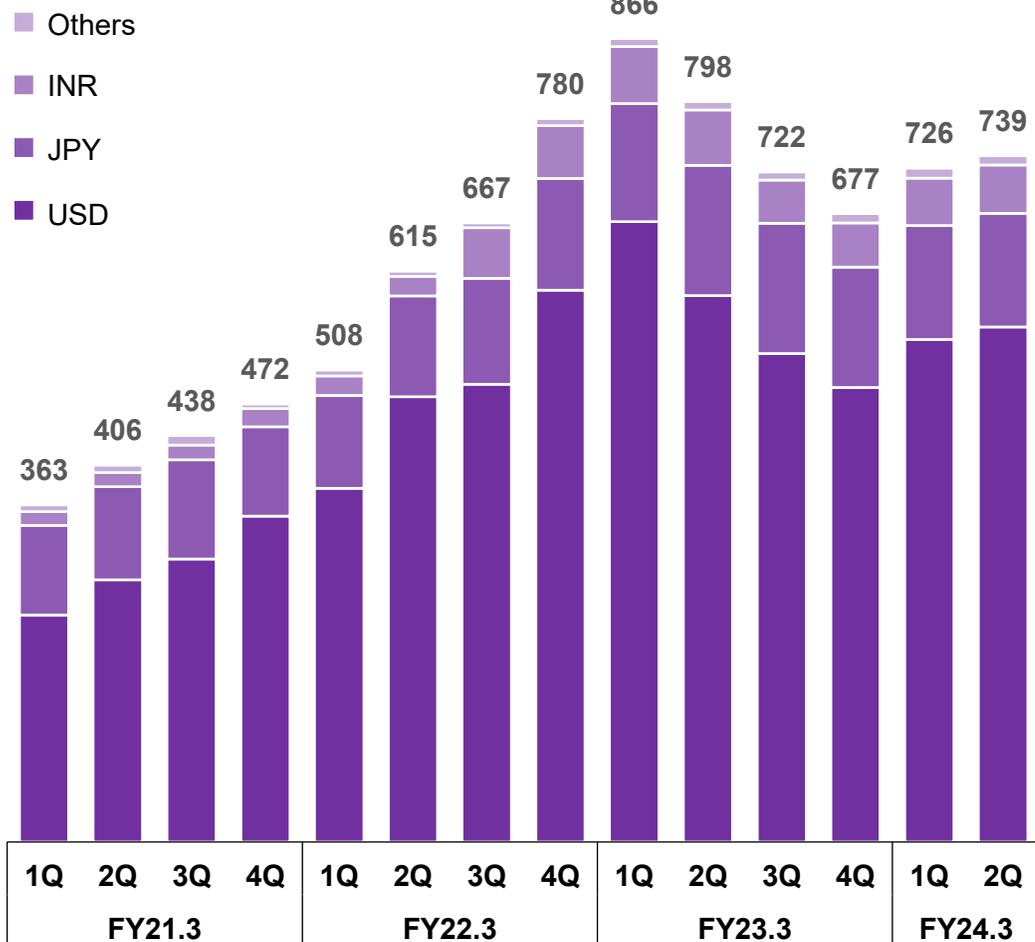
Segment Profit



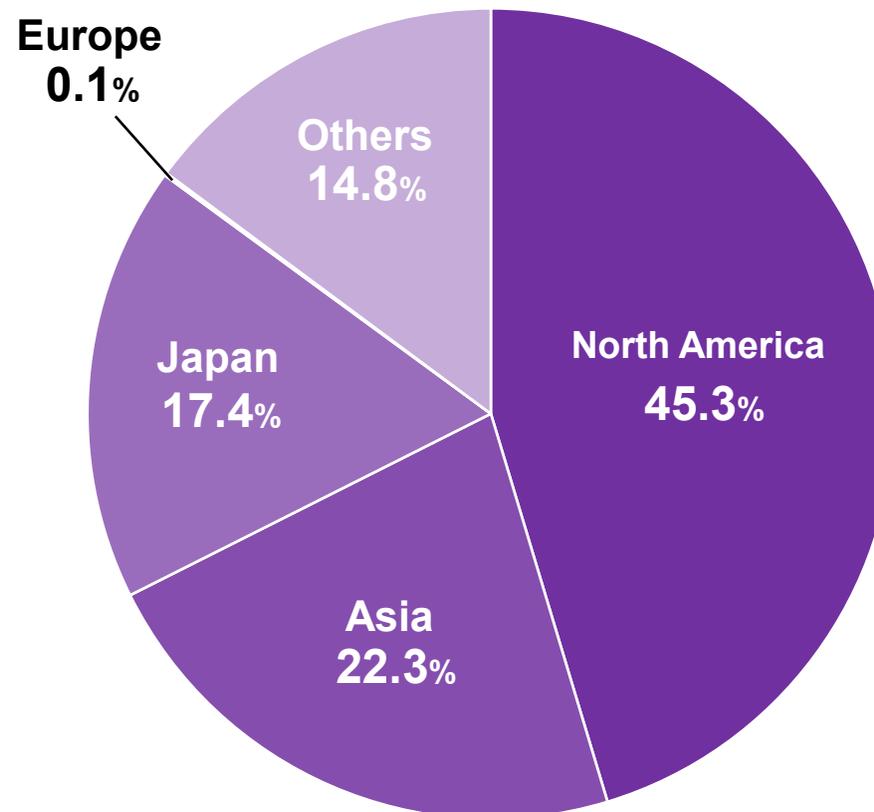
- Fair value of operational investment securities denominated in foreign currency increased due to JPY depreciation.
- Fair value of operational investment securities at the end of September 2023 was 73.9 B JPY. (+6.2B JPY compared to the end of FY23.3.)

Balance of Operational Investment Securities

(Unit: 100M JPY)



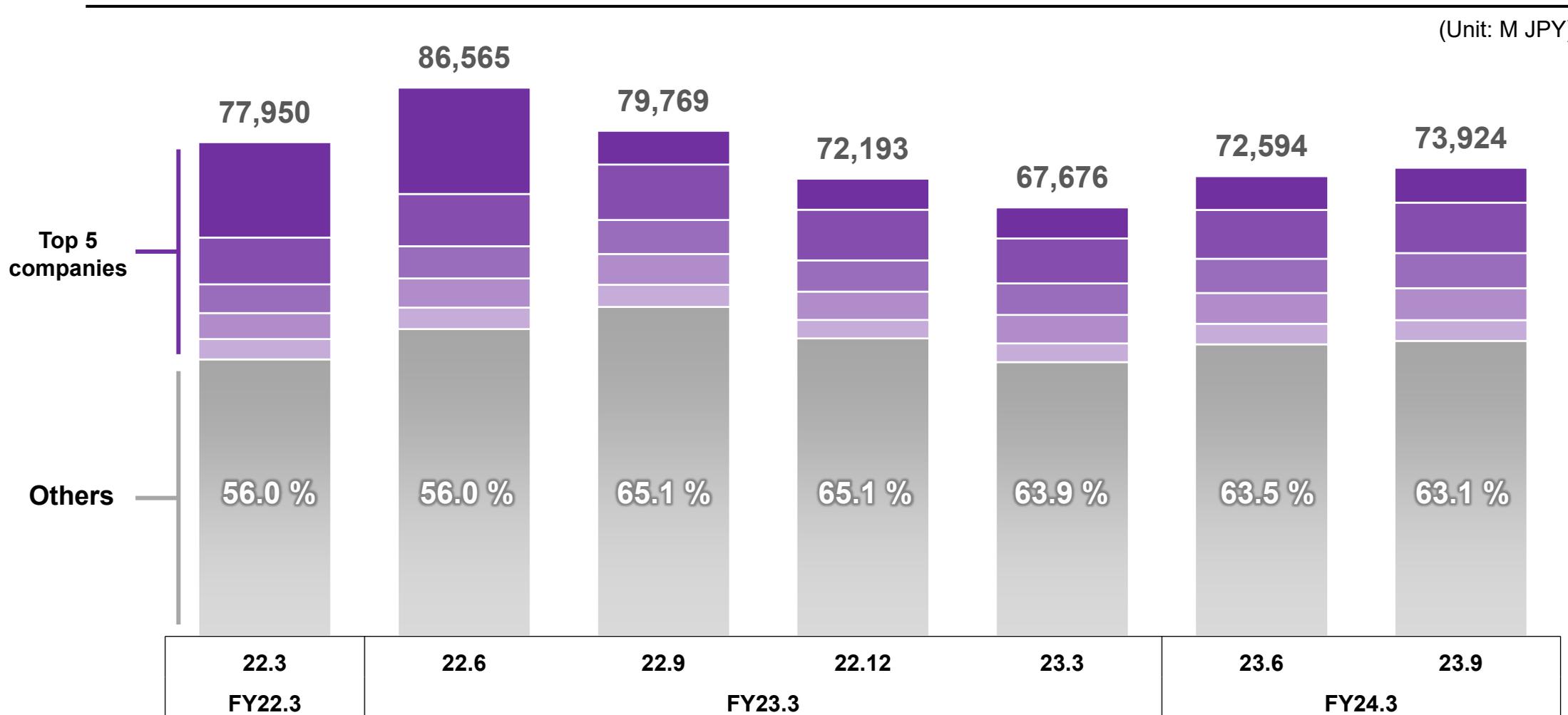
Investees by Area (%)



- Have diversified portfolio of 200 or more startups mainly in seed and early stages besides LP
- Investment balance is expected to gradually decrease in five years due to cash generation by investment exit and strategic selection of new investees.

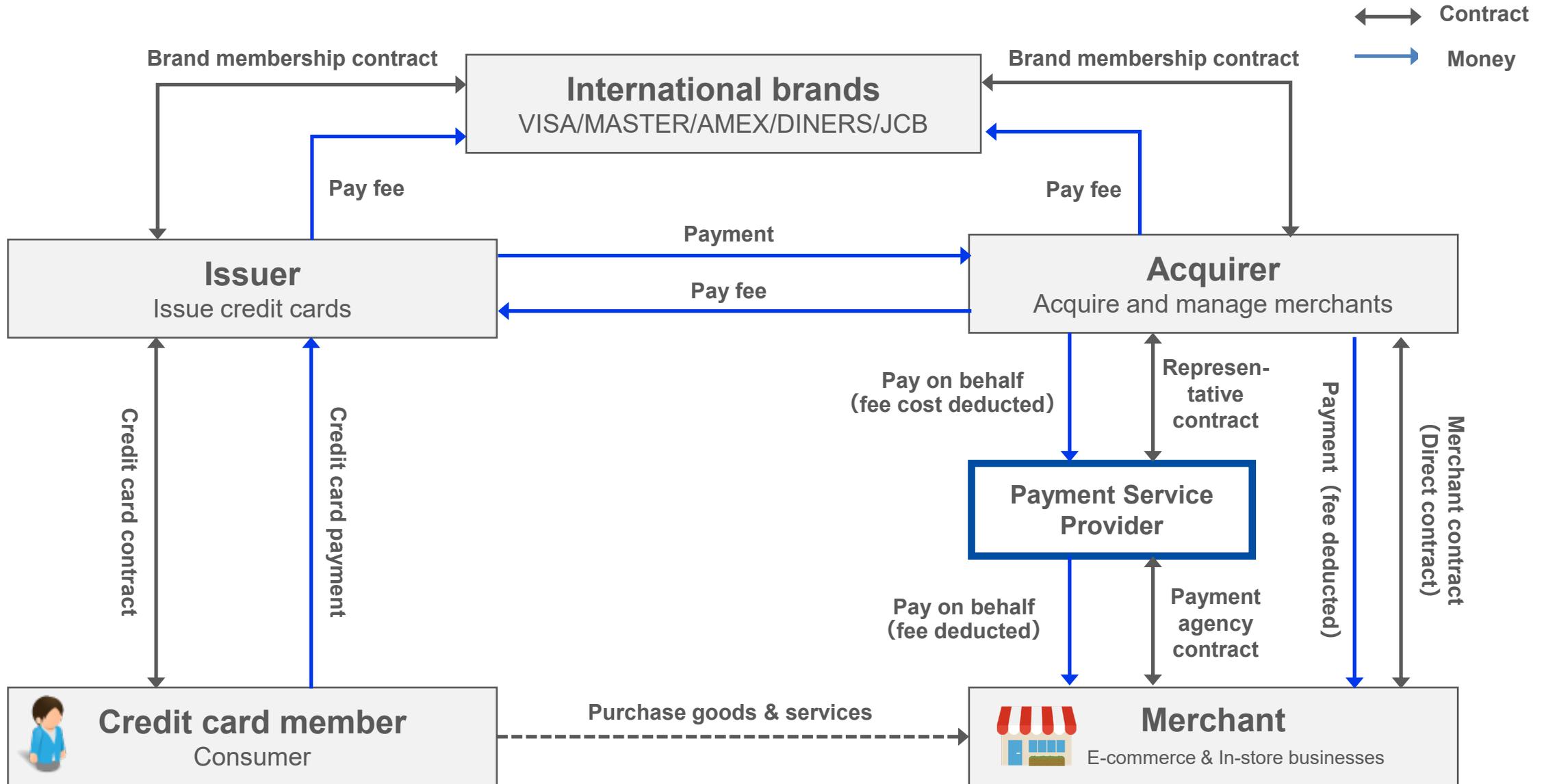
Shares of Top 5 Portfolio Companies

(Unit: M JPY)

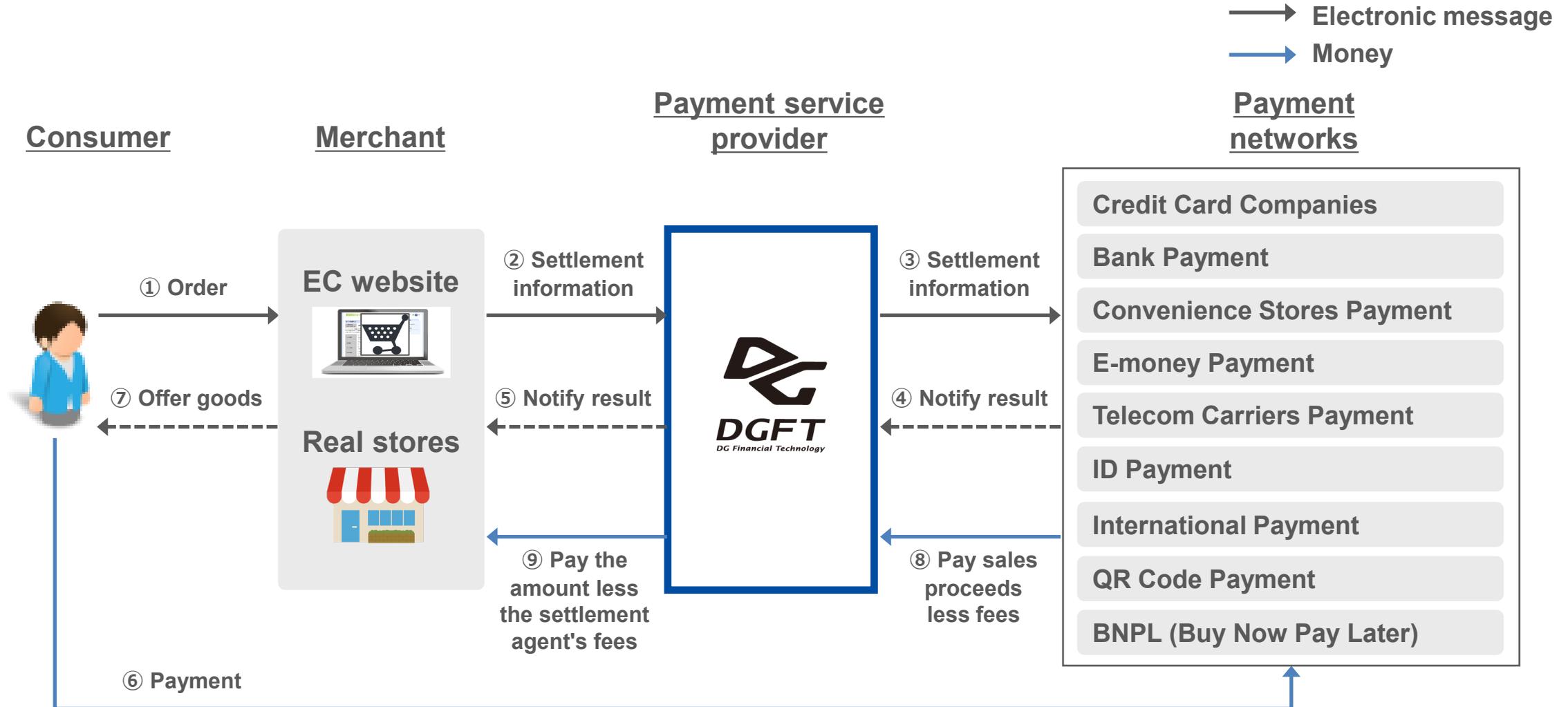


Reference Materials②: Business Model





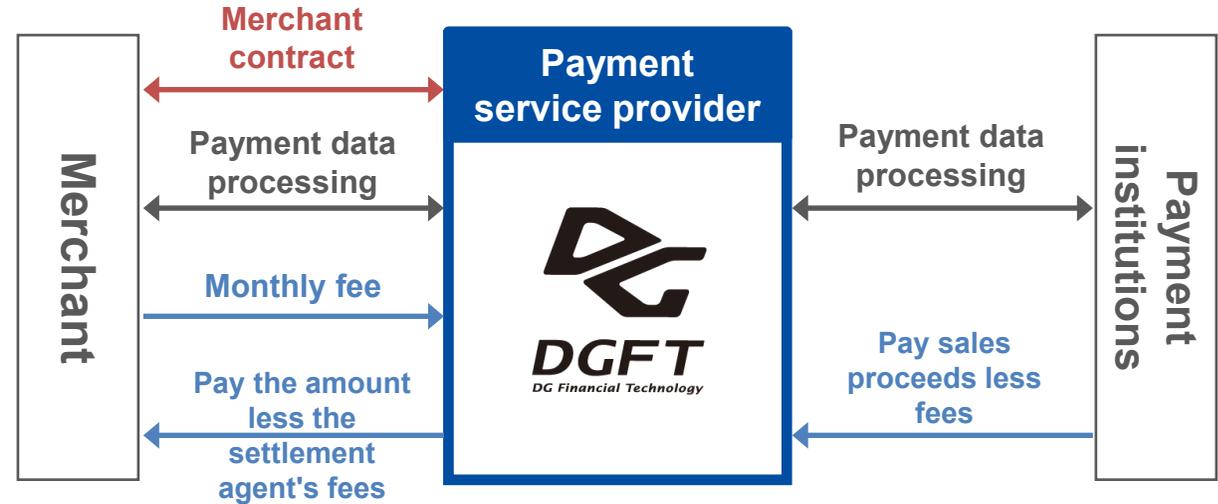
A service that acts as an intermediary between e-commerce site operators and offline merchants and payment service providers such as credit card companies and convenience stores, enabling the introduction of a number of payment methods, including credit card payments, through a single contract and system.



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

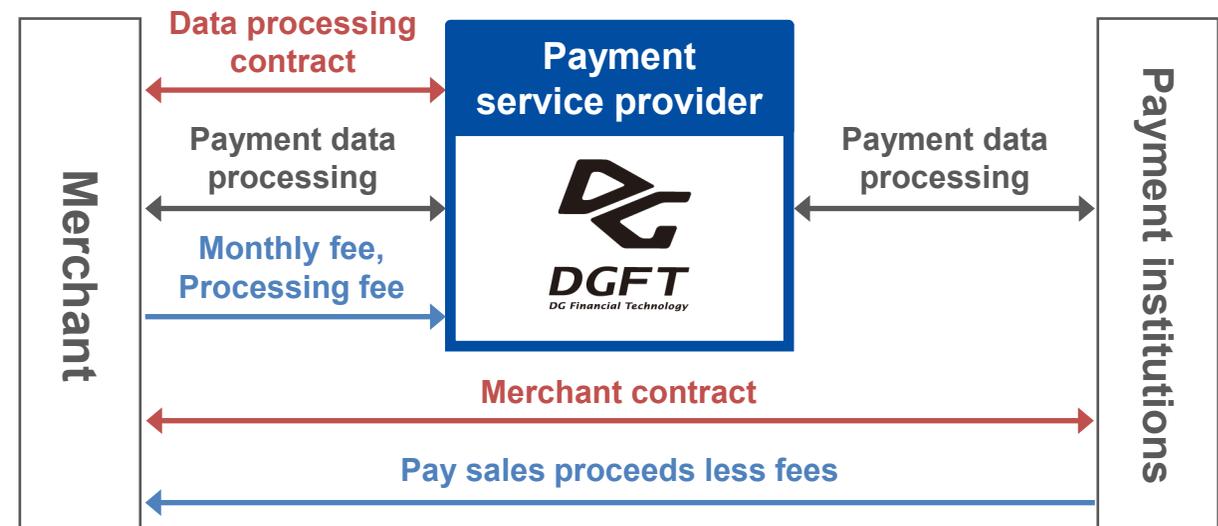


Payment data processing type (Direct contract)

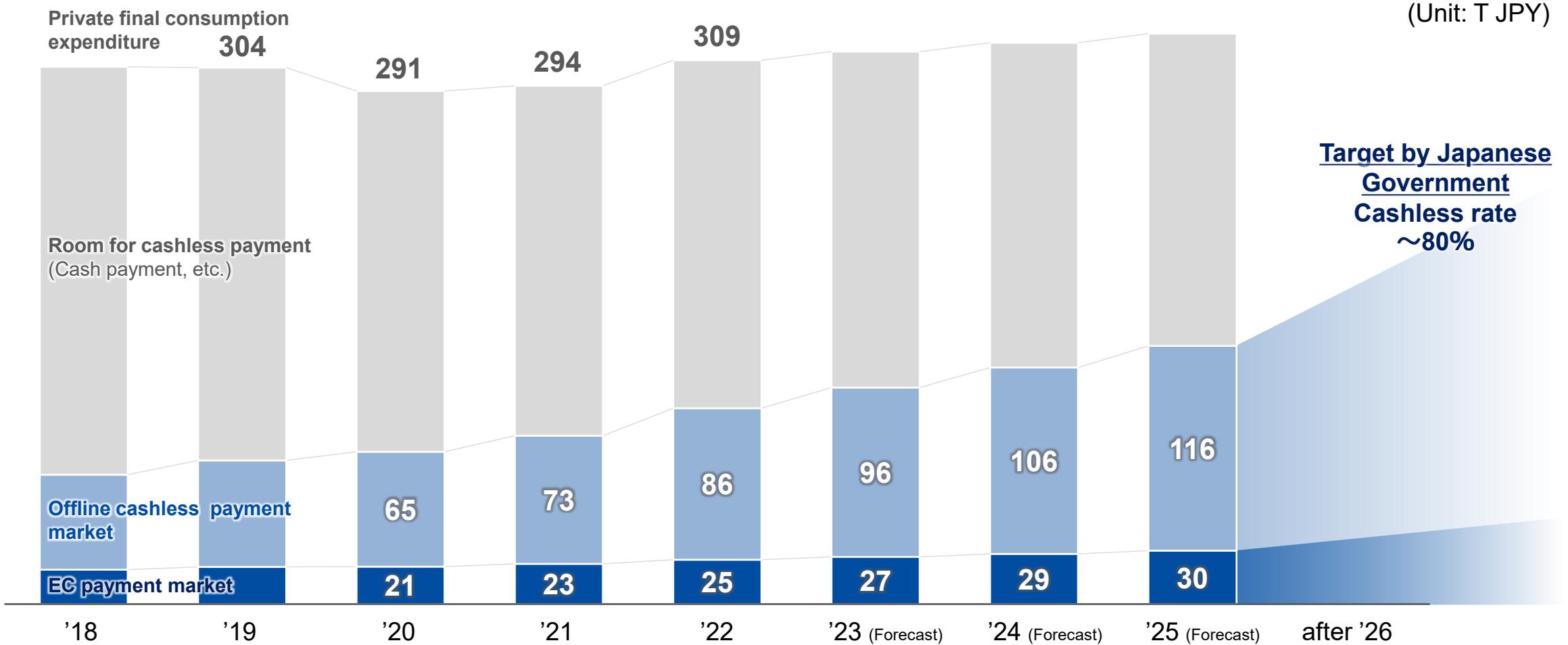
Based on the merchant agreements with credit card companies signed by the merchants, credit card payment processing is automated through the introduction of a payment system provided by PSP

- 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



Cashless payment markets are expected to grow significantly in both online and offline.



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”

Innovation across Payment

DG Financial Technology, Inc. (DGFT), a wholly-owned subsidiary of Digital Garage managing the group's core payment service, was formed in Feb. 2021 through reorganization of VeriTrans and ECONTEXT.

Leveraging its highly available, functional and stable payment platform, DGFT will strive to design 'New Context' for a sustainable society and lead the creation of a new Fintech-based financial ecosystem.



- A wholly-owned subsidiary of DG, managing the DG group's core payment business
- Provide payment solution for various needs of clients, covering both online and offline merchants

Company Profile

Company Name	DG Financial Technology, Inc.
Head Office	Shibuya-ku, Tokyo
Capital	1.06845 B JPY
Business Areas	Payment Information Processing Service Agency Payment Service Money Transfer Service
Registered Businesses	Electronic Payment Services (Director of the Kanto Finance Bureau No.25) Funds Transfer Service Provider (Director of the Kanto Finance Bureau No00094) Business Operator for handling Credit Card Numbers, etc.
Certification	PCIDSS Version3.2.1 ISO/IEC27001 Privacy Mark   
Participating Organizations	PCI Security Standards Council, LLC Japan Credit Association Japan Collection Agencies Association. Japan Multi-payment Network Promotion Association Japan Payment Service Association EC Payment Forum

Overview of DGFT's Payment Business (Business Performance '22/10 – '23/9)

<h3>Payment Transaction Volume (JPY)</h3> <table border="1"> <tr> <td>Yearly Total</td> <td>Offline</td> <td>Online</td> </tr> <tr> <td>5.8T</td> <td>1.5T</td> <td>4.2T</td> </tr> </table>	Yearly Total	Offline	Online	5.8T	1.5T	4.2T	<h3>Number of Payment Transactions</h3> <table border="1"> <tr> <td>Yearly Total</td> <td>Offline</td> <td>Online</td> </tr> <tr> <td>1,080M</td> <td>463M</td> <td>620M</td> </tr> </table>	Yearly Total	Offline	Online	1,080M	463M	620M
Yearly Total	Offline	Online											
5.8T	1.5T	4.2T											
Yearly Total	Offline	Online											
1,080M	463M	620M											
<h3>Number of Merchants (as of Sep 2023)</h3> <table border="1"> <tr> <td>FYE Sep. '23</td> <td>Offline</td> <td>Online</td> </tr> <tr> <td>1,021K</td> <td>904K</td> <td>117K</td> </tr> </table>	FYE Sep. '23	Offline	Online	1,021K	904K	117K	<h3>Status of Systems (FYE Sep 2023)</h3> <table border="1"> <tr> <td>System Uptime</td> <td>Number of available Payment methods</td> <td># of partnered Financial Institutions</td> </tr> <tr> <td>99.99%</td> <td>over 40</td> <td>over 1,000</td> </tr> </table>	System Uptime	Number of available Payment methods	# of partnered Financial Institutions	99.99%	over 40	over 1,000
FYE Sep. '23	Offline	Online											
1,021K	904K	117K											
System Uptime	Number of available Payment methods	# of partnered Financial Institutions											
99.99%	over 40	over 1,000											
 <p>Marketing tools for e-commerce</p> <p>Shareholder</p> <p>DGFT: 100%</p>	 <p>India-based tech support & engineering service</p> <p>Shareholder</p> <p>DGFT: 100%</p>	 <p>Fraud detection solutions for Payment</p> <p>Shareholder</p> <p>DGFT: 100%</p>	 <p>Multi-payment and mileage program provider</p> <p>Shareholder</p> <p>ANA : 51% DGFT: 49%</p>	 <p>Multi-payment solution for POS</p> <p>Shareholder</p> <p>Toshiba Tec: 51% DGFT: 49%</p>	 <p>BNLP payment solutions</p> <p>Shareholder</p> <p>Nissen: 51% DGFT : 49%</p>								

- Handle over 40 major payment methods, ranging from credit cards to convenient-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+, WeChatPay, 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>

- Manage IT system risk through redundancy (2 data centers) with in-house system monitoring and operation
- Achieve agility and cost competitiveness by building in-house engineering team and utilizing development base

System Overview

1 Active-Active Configuration

- 2 data centers with equivalent capabilities in different locations
- Over 800km distance between the 2 data centers increases tolerance to natural disaster and BCP

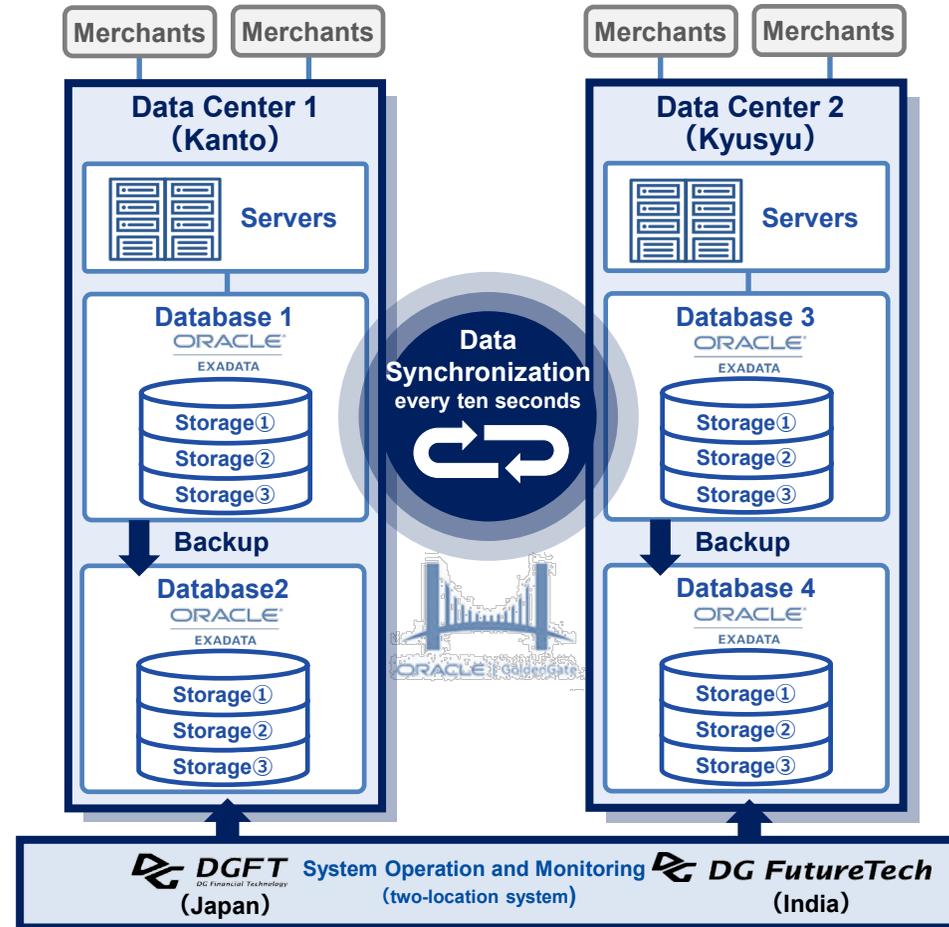
2 Bi-directional data Sync

- Bi-directional data sync between the 2 data centers (every 1-10 sec.)
- Stable operation with no downtime if one of the 2 data centers remains up and running

3 Multi-layered Redundancy

- Data-tire with 12-layer mirrors structure (DB: 4 units×Storage:3 units for each)
- Redundancy structure to minimize system incident and outage

Overview of DGFT Payment System



Operation Overview

1 System Operation Structures

- 24/7 system monitoring and operation from in Japan and India
- Achieve quick response time and cost competitiveness by building in-house engineering team and also utilizing offshore location

2 Monitoring System

- Automated real-time monitoring of entire payment systems
- Quick changeover to manned responses once surveillance alert is detected

<System Downtime for FYE 23. 3>

Achieved the lowest industry rate due to robust structure with well-controlled operations and monitoring system

20 seconds per year
(Uptime:99.9994%)

- Create strong partnerships with leading payment, financial, and retails companies in Japan
- Jointly develop efficient sales partnership and new businesses to address emerging market needs

Strategic Partners (Capital Alliance Partners)

Capital and Business Alliance

Sales collaboration and joint development of new payment services (Holding 5% of DG shares)



Resona Group
りそなホールディングス
Resona Holdings

Capital and Business Alliance

Provide payment service on an OEM from DGFT and joint-development of new payment services (Holding 2% of DG shares)

Toshiba Tec Corporation

Capital and Business Alliance

Operate "TD Payment," an online payment service joint venture (Mutual holding 2% of shares)



Capital and Business Alliance

Joint-development of new payment services such as "Ceremony Pay" (Holding 1.4% of DG shares)

JV Partners

全日本空輸株式会社
ALL NIPPON AIRWAYS TRADING CO.LTD.

JV Partner

Jointly operate payment JV for hospitality Industry



JV Partner

Jointly operate BNPL JV for EC businesses



Business Partner

Promoting collaboration on "DGFT Invoice Card Payment," a payment service for B2B

Business Partner

Provide payment service on an OEM from DGFT

Business Partner

Provide payment service on an OEM from DGFT, jointly provide B2B payment services

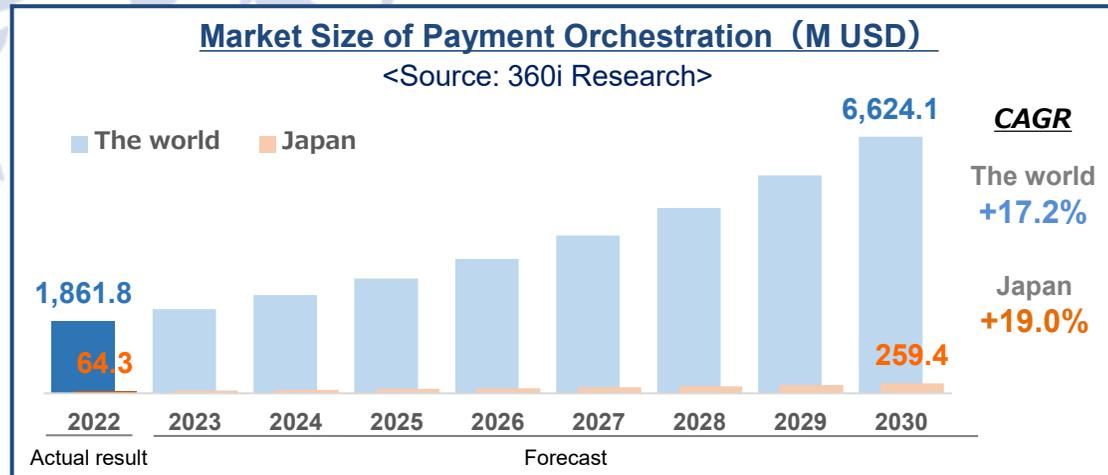
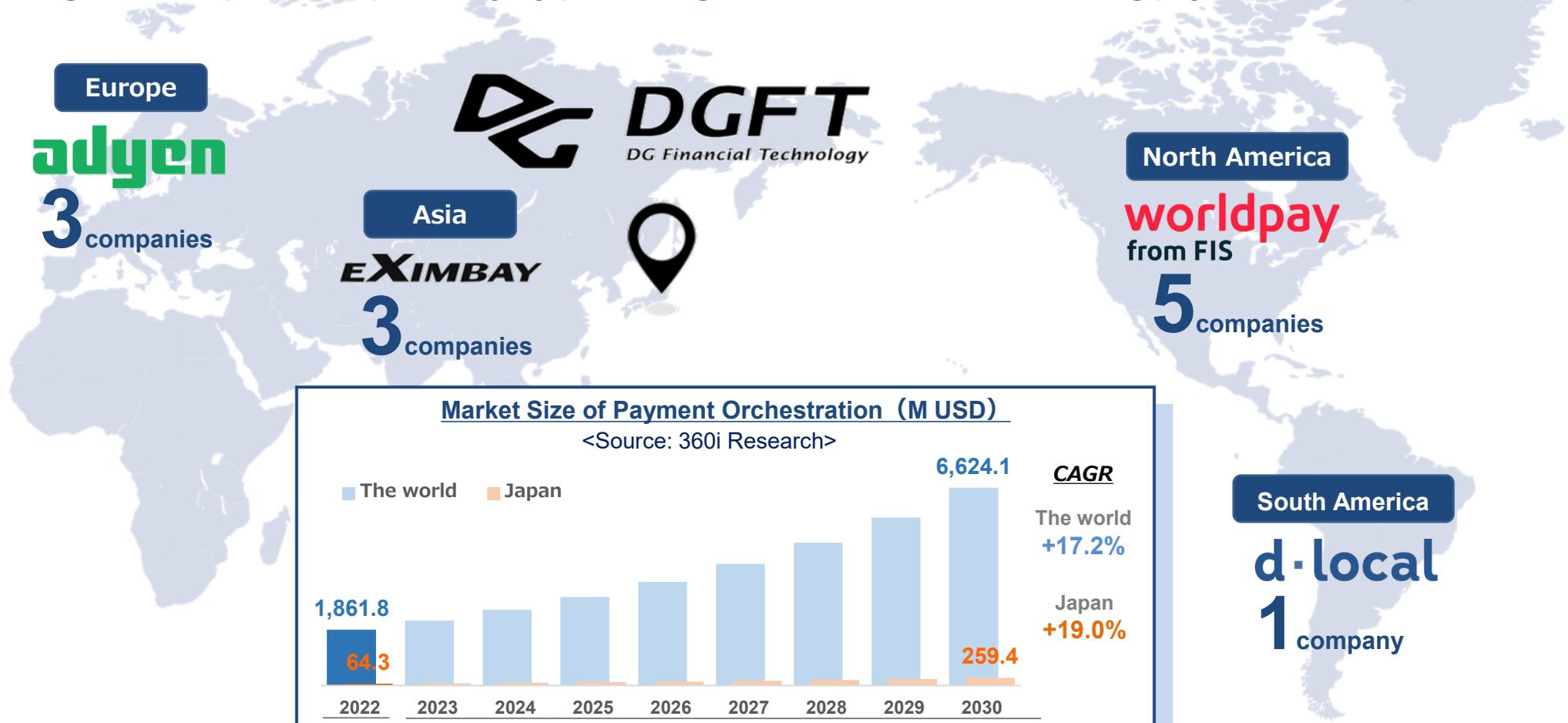
Business Partner

Provide ID/QR code Payment to "AirPAY", offline payment service

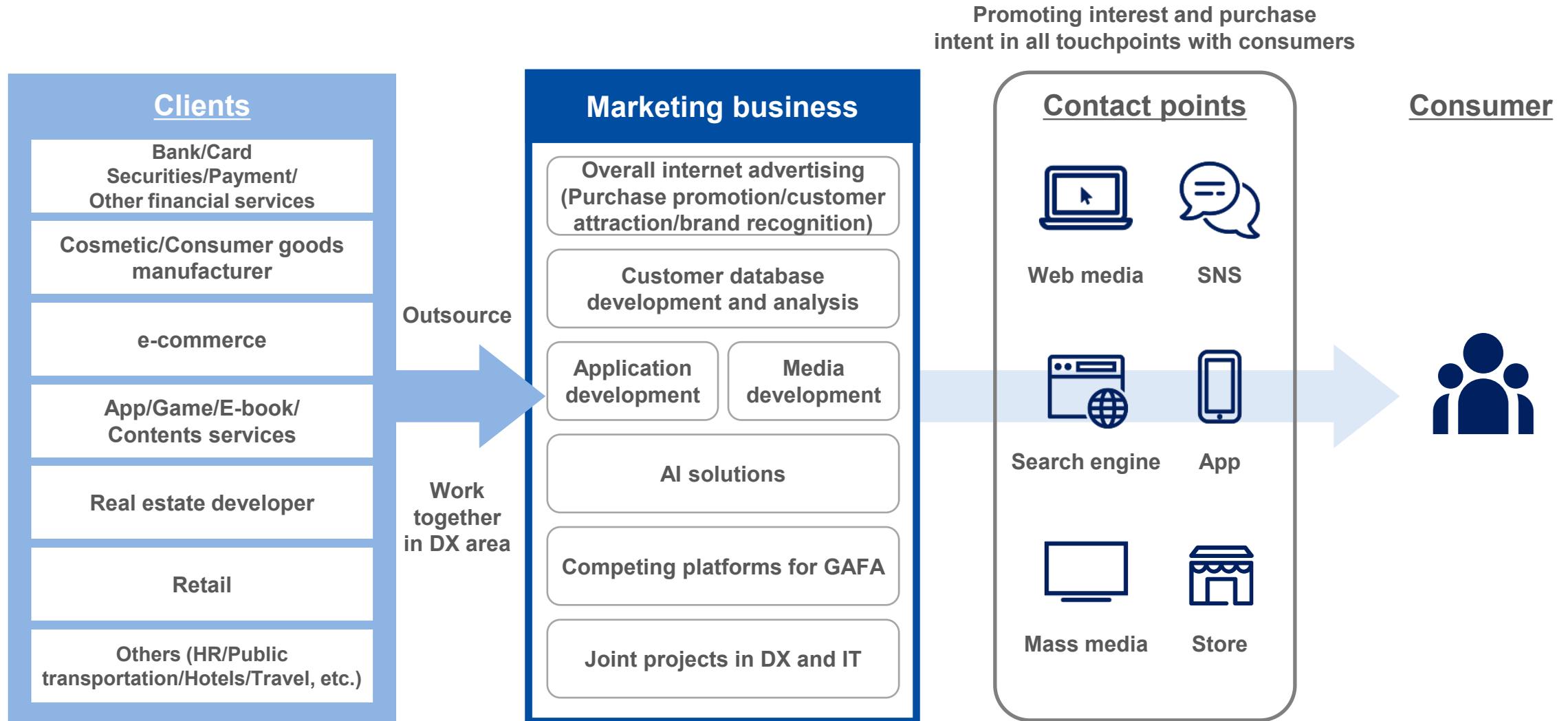
Business Partners

- Provide Japan-local payment solution to leading global 12 PSPs and support global firms' entry to Japan
- Plan to expand DGFT's businesses globally by leveraging the partnership with the leading PSPs

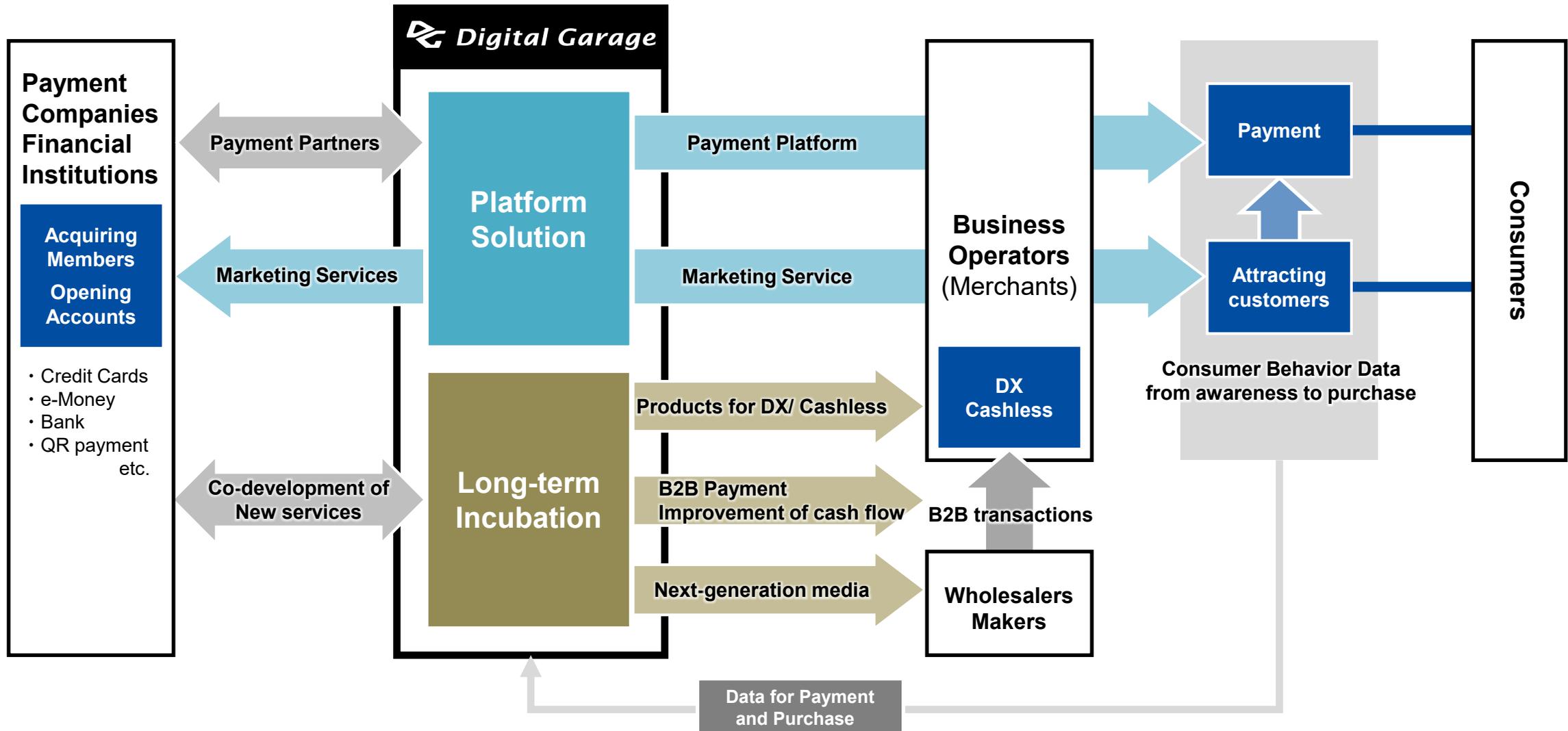
Support global companies' Japan entry by partnering with the world's **12** leading payment service providers(PSPs)



- Support client business growth through a comprehensive digital marketing service
- Provide solutions utilizing CRM and data, and Fintech solutions which connect with the payment business



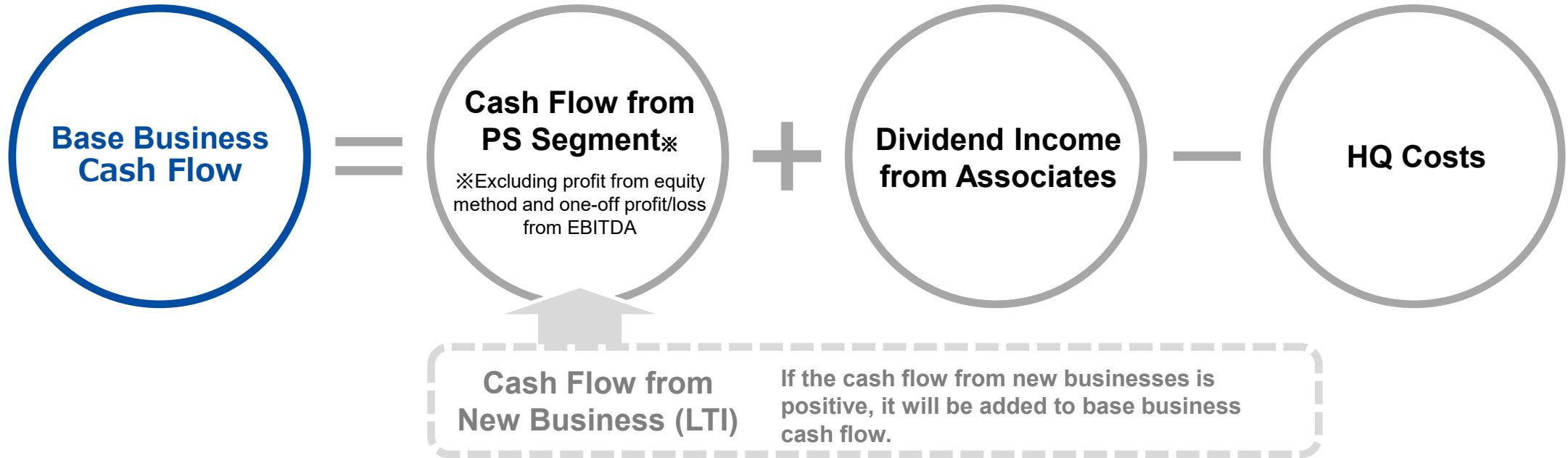
- Establish the platform to continuously generate stable profits from payment business
- Aim to generate multi-layered profit opportunities from the existing businesses as well as DX, Fintech, and next-generation media, etc.



Reference Material③: Cash Flow Allocation / Shareholder Returns



Formula for Calculation from Base Business Cash Flow



Formula for Investment Business Cash Flow



- Segregate resources into recurring cash flow from base business and investment business cash flows
- Plan to allocate resources, considering growth opportunities and financial situations

Cash Flow Allocation

**Base Business
Cash Flow**

Investment in Existing Business Growth – Maintain and expand revenue base

Investment in New Business Growth – Develop next-generation businesses that create corporate value

Improvement of Financial Structure

Shareholder Returns
– 5Y dividends total at least 10B JPY
– Dividend payout ratio of at least 20% or more of base business cash flow

**Investment Business
Cash Flow**

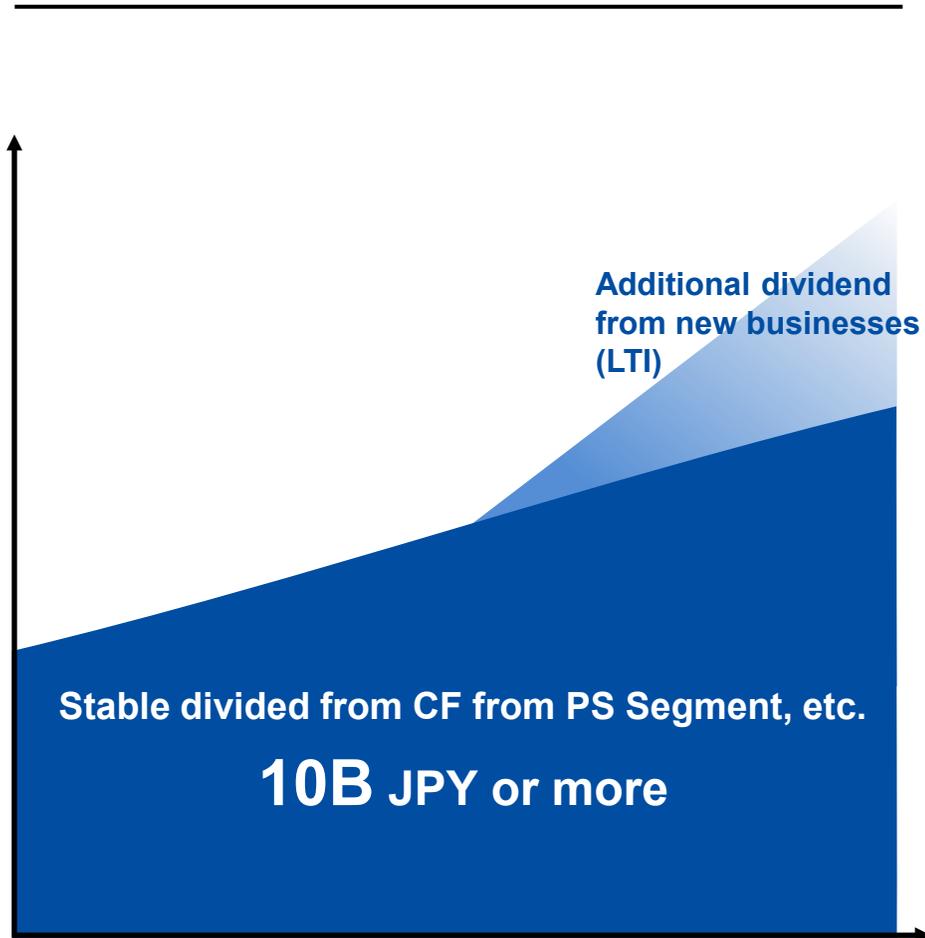
Investment in Growth / Additional Shareholder Returns – Decide strategically, considering business environment and investment opportunities

Investment in Startups – Up to 30% of investment business income

Strategic Investments (M&A · Capital Alliance, etc.)

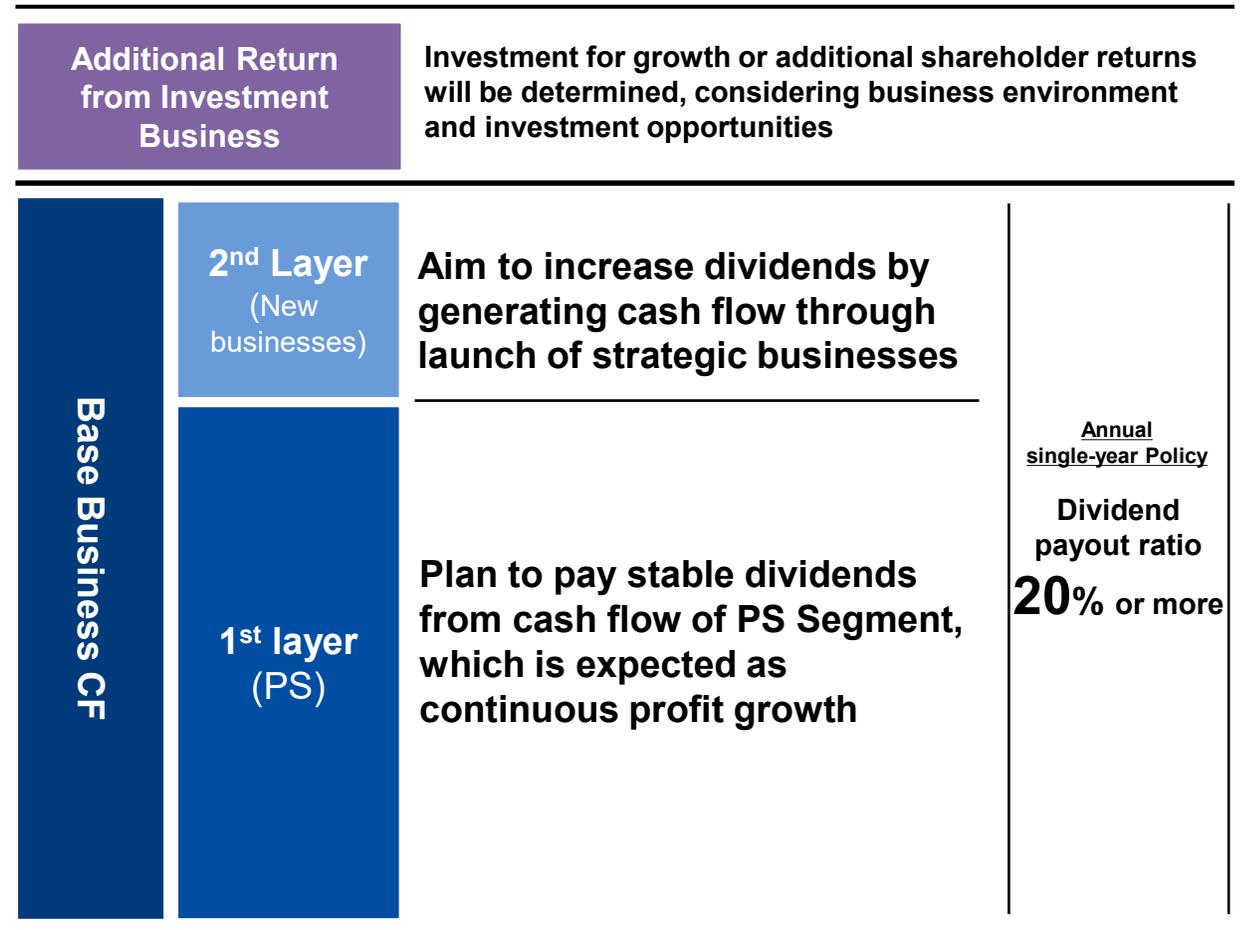
- Dividend Policy: Aim for additional dividend distribution from new businesses in addition to stable dividend from PS cash flow
- Additional shareholder returns (special dividends•acquisition of treasury stock, etc.) from investment business CF will be considered positively

Shareholder Return based on Base Business CF



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

Shareholder Return Policy



The logo consists of a stylized white 'DG' monogram. The 'D' is a thick, blocky letter with a curved top and a horizontal bar at the bottom. The 'G' is a thick, blocky letter with a curved top and a horizontal bar at the bottom, positioned to the right of the 'D'.

Digital Garage Group

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