

Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on IFRS)

May 11, 2023

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 Kenji Aoi TEL 03-6367-1111
 Scheduled date of ordinary general meeting of shareholders: June 23, 2023
 Scheduled date to file Securities Report: June 23, 2023
 Scheduled date to commence dividend payments: June 26, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(1) Consolidated operating results

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	%
Year ended March 31, 2023	30,070	(58.8)	(13,881)	–	(9,322)	–	(9,058)	–	(9,545)	–
Year ended March 31, 2022	72,955	80.2	45,393	217.1	30,149	216.7	30,330	209.9	29,733	163.5

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	Yen	Yen	%	%	%
Year ended March 31, 2023	(193.27)	(193.27)	(10.3)	(6.2)	(46.2)
Year ended March 31, 2022	654.77	592.36	38.4	22.1	62.2

(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	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	216,270	82,085	80,142	37.1	1,739.48
As of March 31, 2022	231,607	97,217	95,738	41.3	2,033.00

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	13,473	1,628	(5,214)	53,335
Year ended March 31, 2022	7,059	(7,978)	6,244	43,415

2. Cash dividends

	Annual dividends per share					Total cash dividends	Dividend payout ratio	Ratio of dividends to equity attributable to owners of parent
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	–	0.00	–	35.00	35.00	1,648	5.3	2.1
Year ended March 31, 2023	–	0.00	–	37.00	37.00	1,705	–	2.0
Year ending March 31, 2024 (Forecast)	–	–	–	–	–		–	

(Note 1. The dividend forecast for the fiscal year ending March 31, 2024 has not been determined.)

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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 startups investment etc.

The profit before tax in the new segment, our revenue base that integrates payment and marketing businesses, etc., is expected to increase by approximately 15% compared to the consolidated financial results for FYE March 31, 2023.

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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 March 31, 2023	47,607,500 shares	As of March 31, 2022	47,482,800 shares
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Number of treasury shares at end of period

As of March 31, 2023	1,534,826 shares	As of March 31, 2022	390,960 shares
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Average number of shares during period

Year ended March 31, 2023	46,867,530 shares	Year ended March 31, 2022	46,322,198 shares
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Consolidated financial statements
Consolidated statement of financial position

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and cash equivalents	43,415	53,335
Trade and other receivables	24,462	20,765
Inventories	347	357
Operational investment securities	77,950	67,676
Other financial assets	277	281
Income taxes receivable	88	1,384
Other current assets	1,103	979
Total current assets	147,642	144,776
Non-current assets		
Property, plant and equipment	18,423	16,613
Goodwill	6,804	6,415
Intangible assets	4,194	4,548
Investment property	3,171	3,400
Investments accounted for using equity method	27,808	25,916
Other financial assets	23,317	14,245
Deferred tax assets	17	26
Other non-current assets	231	331
Total non-current assets	83,965	71,493
Total assets	231,607	216,270

	(Millions of yen)	
	As of March 31, 2022	As of March 31, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Bonds and borrowings	9,223	38,745
Trade and other payables	43,900	48,877
Other financial liabilities	1,666	1,691
Income taxes payable	394	1,388
Other current liabilities	4,059	4,080
Total current liabilities	59,242	94,780
Non-current liabilities		
Bonds and borrowings	40,710	13,957
Other financial liabilities	10,683	9,127
Retirement benefit liability	480	477
Provisions	480	476
Deferred tax liabilities	22,001	14,599
Other non-current liabilities	796	767
Total non-current liabilities	75,149	39,404
Total liabilities	134,390	134,185
Equity		
Share capital	7,692	7,830
Capital surplus	6,147	6,229
Treasury shares	(1,409)	(6,293)
Other components of equity	2,273	1,650
Retained earnings	81,035	70,726
Total equity attributable to owners of parent	95,738	80,142
Non-controlling interests	1,479	1,942
Total equity	97,217	82,085
Total liabilities and equity	231,607	216,270

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Revenue		
Revenue in recurring business	24,830	25,128
Revenue in operational investment securities	28,269	–
Other income	954	3,518
Finance income	13,161	499
Share of profit of investments accounted for using equity method	5,741	925
Total	72,955	30,070
Expenses		
Cost of sales	10,513	10,094
Loss in operational investment securities	–	7,926
Selling, general and administrative expenses	14,818	16,175
Other expenses	1,881	1,190
Finance costs	349	8,567
Total	27,561	43,952
Profit (loss) before tax	45,393	(13,881)
Income tax expense	15,244	(4,559)
Profit (loss)	30,149	(9,322)
Profit (loss) attributable to		
Owners of parent	30,330	(9,058)
Non-controlling interests	(181)	(264)
Earnings (loss) per share		
Basic earnings (loss) per share	654.77	(193.27)
Diluted earnings (loss) per share	592.36	(193.27)

Consolidated statements of comprehensive income

	Fiscal year ended March 31, 2022	(Millions of yen) Fiscal year ended March 31, 2023
Profit (loss)	30,149	(9,322)
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	(887)	(668)
Remeasurements of defined benefit plans	8	8
Share of other comprehensive income of investments accounted for using equity method	16	(16)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	447	453
Share of other comprehensive income of investments accounted for using equity method	(0)	0
Other comprehensive income, net of tax	(416)	(224)
Comprehensive income	29,733	(9,545)
Comprehensive income attributable to		
Owners of parent	29,911	(9,284)
Non-controlling interests	(178)	(262)

Consolidated statement of changes in equity

(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				(871)	443	8	(420)
Comprehensive income	–	–	–	(871)	443	8	(420)
Issuance of new shares	55	55					–
Changes in ownership interest in subsidiaries		171					–
Change in scope of consolidation							–
Dividends							–
Share-based payment transactions		211	84				–
Disposal of treasury shares		1,206	3,422				–
Transfer from other components of equity to retained earnings				631			631
Other		(63)					–
Total	55	1,580	3,506	631	–	–	631
Balance at March 31, 2022	7,692	6,147	(1,409)	613	1,660	0	2,273
Profit (loss)							–
Other comprehensive income				(685)	452	8	(226)
Comprehensive income	–	–	–	(685)	452	8	(226)
Issuance of new shares	138	138					–
Changes in ownership interest in subsidiaries		13					–
Dividends							–
Share-based payment transactions		(9)	116				–
Purchase of treasury shares		(47)	(5,000)				–
Transfer from other components of equity to retained earnings				(397)			(397)
Other		(12)					–
Total	138	83	(4,884)	(397)	–	–	(397)
Balance at March 31, 2023	7,830	6,229	(6,293)	(469)	2,111	8	1,650

(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)	30,330	30,330	(181)	30,149
Other comprehensive income		(420)	4	(416)
Comprehensive income	30,330	29,911	(178)	29,733
Issuance of new shares		111		111
Changes in ownership interest in subsidiaries		171	643	814
Change in scope of consolidation		–	67	67
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		295		295
Disposal of treasury shares		4,629		4,629
Transfer from other components of equity to retained earnings	(631)	–		–
Other	25	(38)		(38)
Total	(2,081)	3,693	710	4,403
Balance at March 31, 2022	81,035	95,738	1,479	97,217
Profit (loss)	(9,058)	(9,058)	(264)	(9,322)
Other comprehensive income		(226)	2	(224)
Comprehensive income	(9,058)	(9,284)	(262)	(9,545)
Issuance of new shares		275		275
Changes in ownership interest in subsidiaries		13	752	765
Dividends	(1,648)	(1,648)	(27)	(1,675)
Share-based payment transactions		107		107
Purchase of treasury shares		(5,047)		(5,047)
Transfer from other components of equity to retained earnings	397	–		–
Other		(12)		(12)
Total	(1,251)	(6,312)	725	(5,587)
Balance at March 31, 2023	70,726	80,142	1,942	82,085

Consolidated statements of cash flows

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit (loss) before tax	45,393	(13,881)
Depreciation and amortization	3,620	3,632
Impairment losses	1,372	400
Interest and dividend income	(12)	(57)
Interest expenses on borrowings and bonds	242	269
Share of loss (profit) of investments accounted for using equity method	(5,741)	(925)
Loss (gain) on investment securities	(12,581)	8,275
Loss (gain) on sales of shares of subsidiaries and associates	–	(2,631)
Decrease (increase) in trade and other receivables	2,383	3,735
Decrease (increase) in investment securities for sale	(30,444)	10,365
Decrease (increase) in inventories	(82)	(10)
Increase (decrease) in trade and other payables	4,170	4,383
Increase (decrease) in accrued consumption taxes	(534)	(112)
Other	356	637
Subtotal	8,142	14,078
Interest and dividends received	1,453	1,505
Interest paid	(71)	(102)
Income taxes refund (paid)	(2,465)	(2,008)
Net cash provided by (used in) operating activities	7,059	13,473
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,501)	(342)
Purchase of intangible assets	(1,354)	(1,838)
Purchase of investment securities	(4,794)	(103)
Proceeds from sale of investment securities	340	902
Payments for acquisition of subsidiaries	(301)	–
Purchase of investments accounted for using equity method	(563)	(550)
Proceeds from sale of investments accounted for using equity method	–	3,522
Other	193	37
Net cash provided by (used in) investing activities	(7,978)	1,628

	(Millions of yen)	
	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,650	4,130
Proceeds from long-term borrowings	11,700	1,250
Repayments of long-term borrowings	(10,330)	(2,901)
Repayments of lease liabilities	(1,738)	(1,727)
Capital contribution from non-controlling interests	881	765
Purchase of treasury shares	–	(5,068)
Proceeds from disposition of treasury shares	4,629	–
Dividends paid	(1,474)	(1,647)
Other	(74)	(16)
Net cash provided by (used in) financing activities	6,244	(5,214)
Effect of exchange rate changes on cash and cash equivalents	102	33
Net increase (decrease) in cash and cash equivalents	5,427	9,919
Cash and cash equivalents at beginning of period	37,989	43,415
Cash and cash equivalents at end of period	43,415	53,335