

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on IFRS)

August 13, 2021

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
 Member, Board of Directors, Senior
 Inquiries: Managing Executive Officer, in charge of the Makoto Soda TEL 03-6367-1111
 Corporate Strategy Division
 Scheduled date to file Quarterly Securities Report: August 13, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	10,843	56.1	4,874	–	3,310	–	3,343	–	3,236	122.6
Three months ended June 30, 2020	6,944	(15.5)	405	(81.7)	154	(90.5)	224	(86.2)	1,454	(68.3)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	72.54		65.94	
Three months ended June 30, 2020	4.86		4.81	

(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 June 30, 2021	171,513	64,884	63,969	37.3
As of March 31, 2021	178,301	63,082	62,134	34.8

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, 2021	–	0.00	–	32.00	32.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	–	–

(Note 1. Revision to the forecast on financial results: No)

(Note 2. Fiscal year ending March 31, 2022 forecast is to be determined.)

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

In the field of investment and incubation in domestic and overseas unlisted companies in the Incubation Technology Segment, it is difficult to reasonably estimate the fair value of securities held by Digital Garage Group at the end of the fiscal year. Therefore, Digital Garage, Inc. does not disclose consolidated financial forecasts.

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2021

(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 June 30, 2021	47,454,400 shares	As of March 31, 2021	47,441,900 shares
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Number of treasury shares at end of period

As of June 30, 2021	1,363,760 shares	As of March 31, 2021	1,363,660 shares
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Average number of shares during period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	46,086,020 shares	Three months ended June 30, 2020	46,018,284 shares
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Condensed quarterly consolidated financial statements
Condensed quarterly consolidated statement of financial position

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	37,989	35,924
Trade and other receivables	26,574	19,243
Inventories	264	292
Operational investment securities	47,170	50,819
Other financial assets	912	777
Income taxes receivable	21	77
Other current assets	618	633
Total current assets	113,548	107,766
Non-current assets		
Property, plant and equipment	19,478	19,156
Goodwill	7,689	7,689
Intangible assets	4,000	4,060
Investment property	2,924	2,906
Investments accounted for using equity method	22,446	22,146
Other financial assets	7,878	7,484
Deferred tax assets	60	47
Other non-current assets	278	259
Total non-current assets	64,753	63,748
Total assets	178,301	171,513

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Borrowings	9,768	13,778
Trade and other payables	39,911	33,695
Other financial liabilities	1,712	1,731
Income taxes payable	1,328	716
Other current liabilities	4,146	2,900
Total current liabilities	56,865	52,819
Non-current liabilities		
Bonds and borrowings	35,850	31,185
Other financial liabilities	12,168	11,906
Retirement benefit liability	452	456
Provisions	485	483
Deferred tax liabilities	8,515	8,903
Other non-current liabilities	885	878
Total non-current liabilities	58,355	53,811
Total liabilities	115,220	106,630
Equity		
Share capital	7,637	7,654
Capital surplus	4,566	4,589
Treasury shares	(4,915)	(4,915)
Other components of equity	2,062	1,851
Retained earnings	52,785	54,791
Total equity attributable to owners of parent	62,134	63,969
Non-controlling interests	947	914
Total equity	63,082	64,884
Total liabilities and equity	178,301	171,513

Condensed quarterly consolidated statements of income and condensed quarterly consolidated statements of comprehensive income

Condensed quarterly consolidated statements of income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue		
Revenue in recurring business	6,148	6,004
Revenue in operational investment securities	302	3,893
Other income	193	326
Finance income	1	18
Share of profit of investments accounted for using equity method	300	600
Total	6,944	10,843
Expenses		
Cost of sales	2,764	2,531
Selling, general and administrative expenses	3,453	3,304
Other expenses	69	72
Finance costs	252	62
Total	6,539	5,969
Profit before tax	405	4,874
Income tax expense	251	1,564
Profit	154	3,310
Profit (loss) attributable to		
Owners of parent	224	3,343
Non-controlling interests	(70)	(33)
Earnings per share		
Basic earnings per share	4.86	72.54
Diluted earnings per share	4.81	65.94

Condensed quarterly consolidated statements of comprehensive income

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	154	3,310
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	1,363	(66)
Share of other comprehensive income of investments accounted for using equity method	6	(7)
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(69)	(1)
Share of other comprehensive income of investments accounted for using equity method	0	(0)
Other comprehensive income, net of tax	1,300	(74)
Comprehensive income	1,454	3,236
Comprehensive income attributable to		
Owners of parent	1,523	3,269
Non-controlling interests	(69)	(33)

Condensed quarterly consolidated statement of changes in equity

Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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, 2020	7,591	4,409	(5,012)	(798)	1,125	(2)	324
Profit (loss)							–
Other comprehensive income				1,369	(69)		1,299
Comprehensive income	–	–	–	1,369	(69)	–	1,299
Issuance of new shares	5	5					–
Changes in ownership interest in subsidiaries		(3)					–
Dividends							–
Share-based payment transactions		10					–
Purchase of treasury shares			(0)				–
Other		(1)					–
Total	5	12	(0)	–	–	–	–
Balance at June 30, 2020	7,596	4,420	(5,012)	570	1,056	(2)	1,624

(Millions of yen)

	Equity attributable to owners of parent		Non-controlling interests	Total
	Retained earnings	Total		
Balance at April 1, 2020	44,721	52,033	762	52,795
Profit (loss)	224	224	(70)	154
Other comprehensive income		1,299	1	1,300
Comprehensive income	224	1,523	(69)	1,454
Issuance of new shares		10		10
Changes in ownership interest in subsidiaries		(3)	365	362
Dividends	(1,749)	(1,749)		(1,749)
Share-based payment transactions		10		10
Purchase of treasury shares		(0)		(0)
Other		(1)		(1)
Total	(1,749)	(1,732)	365	(1,367)
Balance at June 30, 2020	43,196	51,824	1,058	52,882

Three months ended June 30, 2021 (from April 1, 2021 to June 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				(73)	(1)		(74)
Comprehensive income	–	–	–	(73)	(1)	–	(74)
Issuance of new shares	17	17					–
Dividends							–
Share-based payment transactions		13					–
Transfer from other components of equity to retained earnings				(137)			(137)
Other		(7)					–
Total	17	23	–	(137)	–	–	(137)
Balance at June 30, 2021	7,654	4,589	(4,915)	643	1,216	(7)	1,851

(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)	3,343	3,343	(33)	3,310
Other comprehensive income		(74)	(0)	(74)
Comprehensive income	3,343	3,269	(33)	3,236
Issuance of new shares		34		34
Dividends	(1,475)	(1,475)		(1,475)
Share-based payment transactions		13		13
Transfer from other components of equity to retained earnings	137	–		–
Other		(7)		(7)
Total	(1,338)	(1,434)	–	(1,434)
Balance at June 30, 2021	54,791	63,969	914	64,884

Condensed quarterly consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before tax	405	4,874
Depreciation and amortization	874	885
Interest and dividend income	(1)	(1)
Interest expenses on borrowings and bonds	62	59
Share of loss (profit) of investments accounted for using equity method	(300)	(600)
Decrease (increase) in trade and other receivables	7,367	7,129
Decrease (increase) in investment securities for sale	175	(3,650)
Decrease (increase) in inventories	5	(28)
Increase (decrease) in trade and other payables	(5,354)	(6,282)
Increase (decrease) in accrued consumption taxes	884	(456)
Other	439	(579)
Subtotal	4,556	1,352
Interest and dividends received	719	727
Interest paid	(21)	(17)
Income taxes refund (paid)	(458)	(1,265)
Net cash provided by (used in) operating activities	4,796	797
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,182)	(362)
Purchase of intangible assets	(487)	(318)
Purchase of investment securities	(1)	(1)
Proceeds from sale of investment securities	–	266
Proceeds from sale of investments accounted for using equity method	79	–
Other	(63)	93
Net cash provided by (used in) investing activities	(1,653)	(321)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,813	(390)
Proceeds from long-term borrowings	1,500	–
Repayments of long-term borrowings	(211)	(304)
Repayments of lease liabilities	(472)	(438)
Capital contribution from non-controlling interests	365	–
Dividends paid	(1,715)	(1,453)
Other	3	21
Net cash provided by (used in) financing activities	1,284	(2,563)
Effect of exchange rate changes on cash and cash equivalents	(18)	22
Net increase (decrease) in cash and cash equivalents	4,408	(2,065)
Cash and cash equivalents at beginning of period	32,702	37,989
Cash and cash equivalents	37,111	35,924