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## NEWS RELEASE

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# Digital Garage Group's "Cloud Pay", a Multi-QR Code Payment Solution, Supports KDDI's au PAY

~Supports au PAY from Major Japanese Telecommunication Provider KDDI  
in Addition to Major Japanese and Overseas QR Code Payment Services~

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The DG Group, centered on Digital Garage, Inc. (TSE first section: 4819; HQ: Tokyo; Representative Director, President Executive Officer and Group CEO: Kaoru Hayashi; DG), will begin to support au PAY from KDDI CORPORATION (TSE first section: 9433; HQ: Tokyo; President, Representative Director: Makoto Takahashi; KDDI) for a merchant-presented mode (MPM<sup>\*1</sup>) multi-QR Code payment solution "Cloud Pay" (<https://cloud-pay.jp/mpm/>)<sup>\*2</sup> that makes it possible for consumers to scan QR Codes displayed at stores with their smartphones to make payments. "Cloud Pay" already supports d Barai, LINE Pay, and Merpay, which are Japanese services, as well as overseas services Alipay, WeChat Pay, AlipayHK, and Kakaopay. Adding au Pay from KDDI, a major Japanese telecommunication provider, will accelerate the growth of the "Cloud Pay" service. au Pay will be available at participating merchants starting next spring.

### ■ Outline

With "Cloud Pay", launched May 16 2019, multiple types of QR Code and barcode payment services can be offered just by displaying a single QR Code in the store. This service utilizes the MPM format in which customers scan a QR Code at the store to pay. Because this requires no new equipment including POS terminals or no system upgrades, participating merchants can introduce multiple Japanese and overseas QR Code payment services at once without any installation burden or costs. This format offers many benefits. For instance, transactions for various payment methods can be managed on the app for participating merchants, which helps reduce the number of people needed for administration and accounting tasks. In addition, consumers feel no confusion about which QR Code to scan when paying.

With Cloud Pay's support for au PAY, participating merchants can offer eight main QR Code payment services from inside and outside Japan, including d Barai, LINE Pay, and Merpay. There are over six million<sup>\*3</sup> registered au PAY users, and Cloud Pay's support for this service will provide greater convenience to consumers, helping to increase sales opportunities at participating merchants and boost consumption.

### ■ Background

The Ministry of Economy, Trade and Industry (METI) announced its Cashless Vision<sup>\*4</sup>, aimed at a cashless payment ratio of 40% by 2025, in 2018, and efforts by the government are underway to promote cashless payments.

The Japanese cashless payment market reached approximately 82 trillion yen in FY2018, and forecasts say it will exceed roughly 89 trillion yen in FY2019. It is predicted this market will expand to about 126 trillion yen in FY2023<sup>\*5</sup>, and smartphone payment demand, including for QR Code payment services, is expected to grow.

The DG Group and KDDI are taking part as core partners in DG Lab, an open innovation R&D organization striving to jointly create next-generation businesses with corporations in a wide range of industries. The DG Group and KDDI will

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also utilize the assets of both groups in a strategic partnership, including new business creation with an eye to the 5G era in various fields.

### ■ Future developments

To offer even more convenient services, the DG Group will continue adding various QR Code and barcode payment services to "Cloud Pay" from inside and outside Japan.

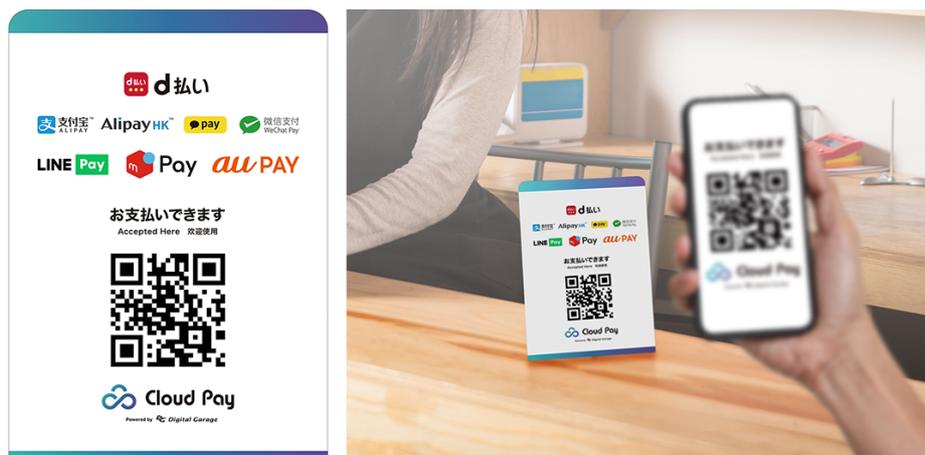
By offering in-person payment solutions to participating merchants of various sizes and business types—including "Cloud Pay", POS systems, mobile POS, and multi-payment terminals—the DG Group is supporting the government's efforts to promote cashless payments and provide speedy, simple, and convenient payment experiences to both retailers and consumers.

The DG Group will keep leveraging its synergy in its three principal domains (fintech, marketing, and investment) to promote an integrated strategy for fintech and digital marketing such as online-merge-offline (OMO) marketing for real retail.

### ■ About au PAY

au PAY is a smartphone payment service that can be used by all people—not only au customers, but also those who own smartphones or tablets. This service can be easily used through the handy au WALLETT app. Customers can use the barcode and QR Code on the app to be scanned by store's POS register or other terminal. They can also use the app to scan a QR Code displayed at a store.

### [Image of MPM solution with QR Code stand installed at stores]



\*1 MPM: A type of QR Code payment format in which users scan in-store QR Codes with their mobile devices.

\*2 Related release "Digital Garage Group Launches 'Cloud Pay', a Merchant-presented mode Multi-QR Code Payment Solution" (May 16, 2019)

<https://www.garage.co.jp/en/pr/2019/05/20190516.html>

\*3 As of October 5, 2019

\*4 Cashless Vision (April 2018) [https://www.meti.go.jp/report/whitepaper/data/pdf/20180411002\\_01.pdf](https://www.meti.go.jp/report/whitepaper/data/pdf/20180411002_01.pdf)

\*5 Source: Yano Research Institute Ltd. "Domestic Cashless Payment Market Projected to Expand to 126 Trillion Yen by FY2023"

\* "Cloud Pay" is a registered trademark of Digital Garage, Inc.

\* "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.



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Digital Garage, Inc.

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**[About Digital Garage]** <https://www.garage.co.jp/en>

Digital Garage is engaged in two recurring businesses: the fintech business, which provides a package of various payment methods to e-commerce operators and face-to-face retailers, and the marketing business, which provides integrated solutions in the digital and real fields. In addition, it is developing investment and development businesses for promising companies around the world. In addition, in collaboration with our core partners, we operate DG Lab, an open innovation R&D organization. As a company that creates new “contexts” in the Internet age, we will connect various businesses and create innovative services.