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# Digital Garage and Toshiba Tec Form Capital and Business Alliance

## ~Jointly Promotes Cashless and DX in the Retail Market~

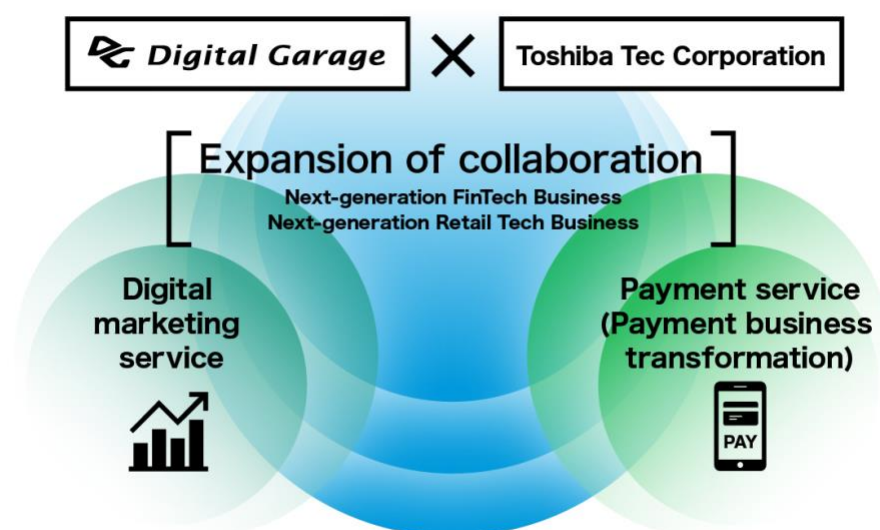
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Digital Garage, Inc. (TSE first section: 4819; HQ: Tokyo; Representative Director, President Executive Officer and Group CEO: Kaoru Hayashi; DG) and Toshiba Tec Corporation (TSE first section: 6588; HQ: Tokyo; President and CEO: Hironobu Nishikori; Toshiba Tec) have concluded a capital and business alliance agreement effective from December 23, 2021.

### ■ Background and objectives of the alliance

In recent years, the retail market has been facing significant changes in the business environment. In addition to the diversification of consumers' purchasing attitudes and needs, the global outbreak of COVID-19 has led to the establishment of new lifestyles that utilize digital technology, such as services and purchasing behavior that combine real and cyber environments. Therefore, in order to provide a comfortable shopping experience that meets consumer expectations, there is an urgent need to promote a variety of DX, including cashless support, integration with E-Commerce, OMO\*1 solutions, and data utilization.

In 2018, DG Financial Technology, Inc. (Formerly VeriTrans Inc.; DGFT), a payment service provider and a subsidiary of DG established TD Payment Corporation (TDP) with Toshiba Tec, the largest POS system provider, and had been expanding the business in the area of face-to-face transactions. As a DG Group, DG will broaden the scope of our business alliance with Toshiba Tec to accelerate various collaboration that goes beyond the payment business.





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### ■Outline of the business alliance

#### ① Payment business

- Strengthen and expand payment services operated through TDP and other channels by integrating the payment services of Toshiba Tec and DG Financial Technology, Inc. through its optimization and efficiency.
- Develop further collaboration in the payment service area by enhancing payment methods and strengthening sales channel and sales structure.
- Establish more stable operation of payment center by working out the best cooperative framework and structure, in light of optimal resource allocation.

#### ② Digital marketing service

- Promote digital marketing service jointly in the retail business domain.
- Promote comprehensive digital marketing, such as big data utilization including huge amount of payment data mentioned in the above ①, development of sales promotion platforms and CRM, to be targeted for the retail media\*2, such as cart POS, smartphone POS and digital signage, which Toshiba Tec is offering.

DG Group consists of 4 business segments; Financial Technology Segment, a fintech business that handles payments with an annual transaction volume of 3 trillion yen; Marketing Technology Segment, a digital marketing business; Incubation Technology Segment, which invests in and incubates global startups; and Long-term Incubation Segment, which aims to create long-term businesses through the establishment of joint ventures with Kakaku.com, Inc. and other partners. With payment platforms and digital marketing as our revenue base, DG has created several Internet businesses by incorporating cutting-edge technologies and services through investment incubation.

Toshiba Tec, on the other hand, aims to become a top global solution partner, focusing on 4 business domains; "Data service," "Next-generation stores," "Payment," and "Supply Chain Management (SCM)." Further, Toshiba Tec is working to create solutions with partners to realize efficient business operations utilizing DX. As DG and Toshiba Tec have an extensive affinity and complementarity, both have agreed on this alliance to make a significant contribution to the promotion of DX in the retail market.

### ■Outline of the capital alliance

Toshiba Tec will acquire 949,500 shares of DG's common stock (2.0% of the total number of issued shares, which is equivalent to the total amount of approximately 4.62 billion yen) through the disposal of treasury stock for the third-party allocation to be conducted by DG. (1) DG will acquire 295,000 shares of Toshiba Tec's common stock (0.5% of the total number of issued shares, which is equivalent to the total amount of approximately 1.35 billion yen) through the disposal of treasury stock for the third-party allocation to be conducted by Toshiba Tec. (2) Apart from this, DG is planning to acquire Toshiba Tec's shares. (3) After the acquisition, the total amount of (2) and (3) will be nearly equivalent to (1).



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### ■Future development

While the social and industrial structure is undergoing significant changes, DG is promoting a group strategy, “DG FinTech Shift,” that integrates payments and data to drive DX in Japan. Additionally, DG is applying the group’s corporate management resources to FinTech business strategies, including support for introducing cashless services to invested startups and supporting advertising, CRM, and data marketing for merchants of payment services, and embedded finance\*3 business with collaborating partners. Furthermore, as part of our accelerated expansion into the crypto asset field, Crypto Garage, Inc., a subsidiary of DG engaging in the blockchain financial services business, has recently entered a capital and business alliance with Nomura Holdings, Inc.\*4 Through the partnership with Toshiba Tec, DG will expand our business development and competitiveness in the retail market.

DG will continue to contribute to create a sustainable society, in line with our corporate purpose of “Designing ‘New Contexts’ for a sustainable society with technology.”

### ■Top messages from DG and Toshiba Tec

“Digital Garage is currently working on creating value-added businesses related to FT that will support Japan’s DX in various dimensions, under the Group strategy “DG FinTech Shift.” Digital Garage and Toshiba Tec, the largest POS company in Japan, have been collaborating through the joint venture TD Payment Corporation, which aims to provide payment services. Through this capital and business alliance, DG Financial Technology and Toshiba Tec together aim to integrate the functions of both companies’ payment services, and optimize various payment methods that are becoming increasingly complex. In the next-generation digital marketing business, both companies will utilize the most advanced technology while protecting personal information, with the aim of realizing 21st century retail tech.” (DG Representative Director, President Executive Officer and Group CEO Kaoru Hayashi)

“Toshiba Tec is aiming to become a global top solutions partner and is concentrating to create new solutions focused on the 4 business domains, namely, Data service, Next generation stores, Payment and SCM. To achieve the goal, I believe that it is extremely important to establish the partnership to practice our corporate philosophy – “Create with You”. While Toshiba Tec has been working very closely with Digital Garage and successfully generating synergy in the payment business area, we will step up efforts to contribute to the society by promoting further DX and implementing proactive initiatives in a speedy and aggressive manner through this capital and business alliance.” (Toshiba Tec President and CEO Hironobu Nishikori)

\*1: OMO: Abbreviation of Online Merges with Offline. A marketing method that integrates online and offline to improve the customer experience.

\*2: Retail Media: A system that views retail stores as media and uses data obtained on the point of sale to distribute advertisements effectively

\*3: Embedded Finance: A system that enables service providers other than financial services to deliver new services by incorporating financial services into their services using IT.

\*4: Related Press Release: [“Nomura Holdings, Inc. Invests in Crypto Garage as a Strategic Partner”](#) (October 20, 2021)