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# Digital Garage and JCB Form Capital and Business Alliance ~Jointly Promotes Development of Payment Infrastructure Business Platform and Next- Generation Fintech Business through the Integration of Management Resources~

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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 JCB Co., Ltd. (HQ: Tokyo; Chairman and CEO: Ichiro Hamakawa; JCB) have concluded a capital and business alliance agreement effective from February 10, 2022.

### ■Purpose of the Alliance

In recent years, consumers' purchasing attitudes and needs have diversified, and new lifestyles that utilize digital technology, such as services and purchasing behavior that combine real and cyber environments, have become firmly established. Over the past 20 years since the dawn of the Internet, our payment business has been providing safe and secure payment infrastructure for both non-face-to-face and face-to-face settlements.

At present, DG Financial Technology (DGFT), a payment service provider and a subsidiary of DG, has grown to become a company designated as critical infrastructure, having 700,000 participating merchants in Japan that provide payment systems and handling approximately 3.3 trillion yen in annual transaction volume (as of September 30, 2021), and 600 million transactions per year. DG has become an essential infrastructure in payment and Fintech. JCB, Japan's only international payment brand, has about 37 million merchants (as of September 30, 2021) and 140 million cardmembers worldwide. JCB handles about 34 trillion yen in annual transaction volume (as of September 30, 2021). The two companies agree to collaborate developing and providing new value-added services and Fintech technologies that will revitalize the consumption and convenience of these participating merchants and members, thereby contributing to the further enrichment of consumer life.

### ■Outline of the business alliance

- ① Further expansion of the payment business through cooperation in payment infrastructure and acquiring merchants with cashless payments.
  - ② Co-creation of new services for merchants and cardholders, including next-generation payment and Fintech marketing services.
  - ③ Collaborative development of marketing business, and new business development and services in R&D, utilizing both companies' development systems and customer bases.
- ※ The project details will be announced separately as soon as finalized.

### ■Outline of the capital alliance

JCB acquires 3% of DG's total number of issued common stock shares.

### ■Top messages from DG and JCB

"Digital Garage is currently working on developing various value-added businesses related to the payment and data business under the Group strategy "DG FinTech Shift." As a long-time partner of JCB, we have been leading the combination of Japan's payment infrastructure and the Internet, such as the credit card payment business and JCN (JAPAN CARD NETWORK Co., Ltd), one of the largest card payment infrastructures in Japan that support credit card

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payment business, since the early days of the Internet. With the full-fledged opening of the Digital Agency, a variety of next-generation Fintech services connected to credit cards and Individual Number are being created. Through this capital and business alliance, we will contribute to the further development of DX in Japan by combining the data and next-generation Fintech technologies owned by both companies." (DG Representative Director, President Executive Officer and Group CEO Kaoru Hayashi)

"JCB's long-standing collaboration with Digital Garage Group has been very successful throughout the years, primarily focusing in the payments business. We view this new capital and business alliance as an opportunity to further strengthen our existing partnership with DG. By organically connecting the respective assets of DG and JCB, our aim is to develop and deliver unrivaled services to our customers - in both the real and digital world, and in both marketing and technology domains." (JCB Chairman and CEO Ichiro Hamakawa)

### ■Future development

While the social and industrial structure is undergoing significant changes, DG promotes the 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 introducing cashless services to portfolio startups and supporting advertising, CRM, and data marketing for merchants of payment services, and embedded finance\*1 business with collaborating partners. Furthermore, as part of our accelerated expansion into the crypto asset field, Crypto Garage, Inc., a subsidiary of DG developing the blockchain financial business, has entered a capital and business alliance with Nomura Holdings, Inc.\*2. DG also formed a capital and business alliance with Toshiba Tec Corporation\*3 to strengthen our competitiveness in the retail market. DG and JCB will efficiently collaborate the management resources of both companies, including JCB's extensive merchant and cardholder network, Japan's only international payment brand, and the DG Group's payment infrastructure, digital marketing business, and collaboration with startups through investment and incubation business.

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

DG Group consists of 4 business segments; Financial Technology Segment, a Fintech business that handles payments with an annual transaction volume of 3.3 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.

DG will continue to contribute to creating a sustainable society, in line with our corporate purpose of "Designing 'New Contexts' for a sustainable society with technology."

### **[About JCB]** <https://www.global.jcb/en/>

JCB is a major global payment brand and a leading credit card issuer and acquirer in Japan. JCB launched its card business in Japan in 1961 and began expanding worldwide in 1981. Its acceptance network includes about 37 million merchants around the world. JCB Cards are issued mainly in Asian countries and territories, with more than 140 million cardmembers. As part of its international growth strategy, JCB has formed alliances with hundreds of leading banks and financial institutions globally to increase its merchant coverage and cardmember base. As a comprehensive

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payment solution provider, JCB commits to providing responsive and high-quality service and products to all customers worldwide.

\*1: 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.

\*2: Related Press Release: ["Nomura Holdings, Inc. Invests in Crypto Garage as a Strategic Partner"](#) (October 20, 2021)

\*3: Related Press Release: ["Digital Garage and Toshiba Tec Form Capital and Business Alliance"](#) (December 23, 2021)