

May 9, 2025

Consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

Company name: DIGITAL HOLDINGS, INC.
 Listing: Tokyo Stock Exchange
 Securities code: 2389
 URL: <https://digital-holdings.co.jp/>
 Representative: Daisuke Kanazawa, President and Representative Director
 Inquiries: Shinji Takahashi, Executive Officer in charge of Group Finance Area
 Telephone: +81-3-5745-3611
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (For Securities Analysts and Institutional Investors)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2025	3,639	(14.6)	576	10.0	3,413	168.9	2,000	184.1
March 31, 2024	4,263	27.1	524	-	1,269	-	704	-

Note: Comprehensive income For the three months ended March 31, 2025: ¥(493) million [-%]
 For the three months ended March 31, 2024: ¥1,624 million [-%]

	Basic earnings per share		Diluted earnings per share		EBIT *1		EBITDA *2	
	Yen		Yen		Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2025	114.58		112.71		3,494	177.5	3,567	163.3
March 31, 2024	40.33		-		1,259	-	1,354	-

Note: *1 EBIT = Profit before income taxes + Interest expense - Interest income

*2 EBITDA = EBIT + other financial gains and losses + depreciation and amortization + stock-based compensation expense + impairment loss

(2) Consolidated financial position

	Total assets		Net assets		Equity-to-asset ratio	
	Millions of yen		Millions of yen			%
As of						
March 31, 2025	46,930		31,097			60.8
December 31, 2024	48,217		33,066			63.6

Reference: Equity

As of March 31, 2025: ¥28,735 million

As of December 31, 2024: ¥30,686 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	65.00	65.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		23.00	-	23.00	46.00

Note: Revisions to the forecast of cash dividends most recently announced: None

The fiscal year ended December 31, 2024: Breakdown of Year-end Dividends: Ordinary Dividend 45.00 yen, Commemorative Dividend 20.00 yen

• From the fiscal year ended December 31, 2023, we have targeted a dividend payout ratio of 20% or a dividend on equity (DOE) ratio of 3% on net income attributable to owners of parent before amortization of goodwill, whichever is greater.

3. Forecast of consolidated financial results for the fiscal year ending December 31, 2025 (from January 1, 2025 to December 31, 2025)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending December 31, 2025	14,000	(13.3)	700	(28.9)	3,400	96.1	2,200	64.0

Note: Revisions to the earnings forecasts most recently announced: None

* Notes

- (1) Significant changes in the scope of consolidation during the period: None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
 - (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	17,459,907 shares
As of December 31, 2024	17,459,907 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	- shares
As of December 31, 2024	- shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	17,459,907 shares
Three months ended March 31, 2024	17,459,907 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautions on forward-looking statements, etc.)

The forward-looking statements, including forecasts of financial results, contained in these materials are based on information available to the Company and on certain assumptions deemed to be reasonable. Actual financial results may differ from the results anticipated in the statements due to various factors.

(Method of accessing supplementary material on financial results and contents of the financial results briefing)

The Company plans to hold a briefing for securities analysts and institutional investors on Friday, May 9, 2025. The financial results briefing materials to be used on the day of the meeting will be posted on the Company's website.

Quarterly consolidated balance sheet

(Millions of yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	21,741	24,177
Accounts receivable - trade and contract assets	7,878	7,843
Operational investment securities	3,570	3,729
Inventories	12	0
Accounts receivable - other	3,056	2,996
Other	1,149	605
Allowance for doubtful accounts	(392)	(412)
Total current assets	37,016	38,941
Non-current assets		
Property, plant and equipment	166	154
Intangible assets		
Goodwill	364	333
Other	310	293
Total intangible assets	675	626
Investments and other assets		
Stocks of affiliates	706	754
Investment securities	8,543	5,842
Leasehold and guarantee deposits	299	299
Deferred tax assets	807	311
Other	0	0
Total investments and other assets	10,358	7,208
Total non-current assets	11,201	7,989
Total assets	48,217	46,930

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	7,822	8,646
Short-term borrowings	84	84
Income taxes payable	280	165
Contract liabilities	164	121
Provision for bonuses	249	188
Other	1,721	1,680
Total current liabilities	10,322	10,887
Non-current liabilities		
Long-term borrowings	4,000	4,000
Deferred tax liabilities	651	769
Asset retirement obligations	176	176
Total non-current liabilities	4,828	4,946
Total liabilities	15,150	15,833
Net assets		
Shareholders' equity		
Share capital	8,212	8,212
Capital surplus	3,843	3,843
Retained earnings	14,075	14,941
Total shareholders' equity	26,130	26,996
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,855	190
Foreign currency translation adjustment	2,699	1,547
Total accumulated other comprehensive income	4,555	1,738
Share acquisition rights	1	1
Non-controlling interests	2,379	2,360
Total net assets	33,066	31,097
Total liabilities and net assets	48,217	46,930

Quarterly consolidated statement of income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Revenue	4,263	3,639
Cost of sales	1,298	965
Gross profit	2,965	2,673
Selling, general and administrative expenses	2,441	2,097
Operating profit	524	576
Non-operating income		
Foreign exchange gains	-	4
Share of profit of entities accounted for using equity method	-	48
Gain on investments in investment partnerships	745	2,779
Other	3	9
Total non-operating income	749	2,842
Non-operating expenses		
Interest expenses	2	5
Foreign exchange losses	0	-
Other	0	0
Total non-operating expenses	3	5
Ordinary profit	1,269	3,413
Extraordinary income		
Gain on sale of non-current assets	0	-
Gain on sale of businesses	2	77
Other	0	0
Total extraordinary income	3	77
Extraordinary losses		
Loss on retirement of non-current assets	0	-
Loss on liquidation of subsidiaries	16	-
Total extraordinary losses	17	-
Profit before income taxes	1,256	3,491
Income taxes	101	1,278
Profit	1,155	2,213
Profit attributable to non-controlling interests	451	212
Profit attributable to owners of parent	704	2,000

Quarterly consolidated statement of comprehensive income

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Profit	1,155	2,213
Other comprehensive income		
Valuation difference on available-for-sale securities	(27)	(1,554)
Foreign currency translation adjustment	496	(1,151)
Total other comprehensive income	469	(2,706)
Comprehensive income	1,624	(493)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,609	(816)
Comprehensive income attributable to non-controlling interests	14	323

Quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	1,256	3,491
Depreciation	56	39
Amortization of goodwill	31	31
Increase (decrease) in allowance for doubtful accounts	130	19
Increase (decrease) in provision for bonuses	(222)	(60)
Interest and dividend income	(0)	(2)
Interest expenses	2	5
Loss (gain) on investments in investment partnerships	(745)	(2,779)
Loss (gain) on sale of investment securities	(0)	-
Loss (gain) on liquidation of subsidiaries	16	-
Share of loss (profit) of entities accounted for using equity method	-	(48)
Loss (gain) on sale of businesses	(2)	(77)
Loss on retirement of non-current assets	0	-
Decrease (increase) in accounts receivable - trade, and contract assets	(682)	35
Decrease (increase) in operational investment securities	416	(78)
Increase (decrease) in trade payables	119	824
Decrease (increase) in accounts receivable - other	257	60
Increase (decrease) in accounts payable - other	255	(27)
Increase (decrease) in accrued expenses	(13)	(113)
Increase (decrease) in accrued consumption taxes	123	31
Other, net	16	(9)
Subtotal	1,016	1,341
Interest and dividends received	0	2
Interest paid	(2)	(5)
Income taxes paid	(44)	(243)
Income taxes refund	-	1
Net cash provided by (used in) operating activities	968	1,097
Cash flows from investing activities		
Purchase of intangible assets	(59)	(16)
Proceeds from sale of intangible assets	0	-
Purchase of investment securities	(240)	-
Proceeds from sale of investment securities	0	-
Proceeds from repayments of investment securities	1,375	2,952
Proceeds from sale of businesses	2	77
Proceeds from refund of leasehold and guarantee deposits	-	0
Net cash provided by (used in) investing activities	1,078	3,013
Cash flows from financing activities		
Repayments of long-term borrowings	(1,000)	-
Repayments to non-controlling shareholders	(656)	(341)
Dividends paid	(1,300)	(1,128)
Net cash provided by (used in) financing activities	(2,957)	(1,469)
Effect of exchange rate change on cash and cash equivalents	148	(204)
Net increase (decrease) in cash and cash equivalents	(761)	2,436
Cash and cash equivalents at beginning of period	18,860	21,741
Cash and cash equivalents at end of period	18,099	24,177

(Notes on segment information, etc.)

I. the three months of the previous fiscal year (January 1, 2024 to March 31, 2024)

1. Information on revenues and amounts of profits or losses for each reported segment

(in millions of yen)

	Reportable segments				Adjustment amount (Note) 1	Quarterly Consolidated Statements of Income (Note)2
	Marketing Business	Financial Services Business	Investment Business	Total		
Revenue						
Revenues from external customers	3,103	133	1,025	4,263	-	4,263
Transactions with other segments	18	(0)	(0)	18	(18)	-
Total	3,122	133	1,025	4,281	(18)	4,263
Segment profit (loss)	693	(190)	559	1,062	(538)	524

Note: 1. Adjustment for segment profit (loss) of (538) million yen includes the elimination of inter-segment transactions and HD management costs of (542) million yen that have not been allocated to each reporting segment.

2. Segment profit (loss) is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

(Significant impairment loss on fixed assets)

Not applicable.

(Significant fluctuations in the amount of goodwill)

Not applicable.

(Significant Negative Goodwill Accrual)

Not applicable.

II. the three months of the current fiscal year (January 1, 2025 to March 31, 2025)

1. Information on revenues and amounts of profits or losses for each reported segment

(in millions of yen)

	Reportable segments				Adjustment amount (Note) 1	Quarterly Consolidated Statements of Income (Note)2
	Marketing Business	Financial Services Business	Investment Business	Total		
Revenue						
Revenues from external customers	3,091	84	463	3,639	-	3,639
Transactions with other segments	2	-	-	2	(2)	-
Total	3,094	84	463	3,642	(2)	3,639
Segment profit (loss)	826	(29)	276	1,073	(496)	576

Note: 1. Adjustments for segment profit (loss) of (496) million yen include the elimination of inter-segment transactions and the unallocated Group-wide management costs of (485) million yen.

2. Segment profit (loss) is adjusted for operating income in the quarterly consolidated statements of income.

2. Information on impairment losses or goodwill on fixed assets by reporting segment

(Significant impairment loss on fixed assets)

Not applicable.

(Significant fluctuations in the amount of goodwill)

Not applicable.

(Significant Negative Goodwill Accrual)

Not applicable.

(Reference) Revenue, operating profit, EBIT, EBITDA and sales by reportable segment for the first quarter

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		EBIT(Note)1		EBITDA(Note)2		Sales (Note)3	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Marketing Business	3,094	(0.9)	826	19.2	917	34.8	987	34.4	15,121	0.8
Financial Services Business	84	(37.2)	(29)	-	(28)	-	(28)	-	84	(37.2)
Investment Business	463	(54.8)	276	(50.5)	3,104	137.9	3,106	136.6	463	(54.8)
Adjustment Amount	(2)	-	(496)	-	(498)	-	(498)	-	(1)	-
Total	3,639	(14.6)	576	10.0	3,494	177.5	3,567	163.3	15,667	(3.0)

Note: 1. EBIT = Income before income taxes + Interest expense - Interest income

2. EBITDA = EBIT + other financial gains and losses + depreciation and amortization + stock-based compensation expense + impairment loss

3. Sales refers to sales amount based on old accounting standard before the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March,31,2020).