



Tokyo, December 22, 2023

To whom it may concern,

Resona Holdings, Inc.
(Code 8308, Prime Market of Tokyo Stock Exchange)

Strengthening the Capital and Business Alliance with Digital Garage, Inc.

Today, Resona Holdings, Inc. (Director, President and Representative Executive Officer: Masahiro Minami, the “Company”) and Digital Garage, Inc. (Representative Director, President Executive Officer and Group CEO: Kaoru Hayashi. Code number: 4819; “DG”) agreed to further strengthen the strategic capital and business alliance between both companies since November 2022. The Company and DG will work to jointly strengthen their alliance in the settlements and finance fields, as well as to promote the next-generation Fintech business and open innovation through investments in start-ups.

Both companies have steadily promoted their cooperation, such as their joint development of solutions that meet the diversified needs in the settlement field based on their capital and business alliance commencing from November 2022. On the other hand, since the evolution of technology is accelerating, and customers’ needs are expected to become more diverse and sophisticated, we acknowledge that in order to make an impact in the cashless market that is valued at over 100 trillion yen and has continued to grow at a rate of 10% or more per year, it is necessary to maximize both companies’ strengths as well as to incorporate external superior technology and know-how.

Through the strengthening of the alliance, we will jointly develop and promote a platform business that will address the needs of a wide range of industries and customers by integrating both companies’ strengths even more deeply and by introducing an advanced business model of a start-up that neither company currently has. The Company will promote its efforts to strengthen its “cashless and DX business” that is positioned as its core business in the medium-term management plan, expand its market share, and realize a useful, secure, and safe cashless society.

Strengthening the alliance in the settlements and finance fields: we will offer superior solutions in the settlements and finance fields to both groups’ wide range of customers!

Resona Group (the “Group”) will expand service lineups of the Company’s subsidiary, Resona Kessai Service Co., Ltd. (“RKS”), in order to offer cutting-edge settlements solutions owned by Digital Garage Group (“DG Group”) and strengthen sales operation systems jointly with DG, to further contribute to addressing the Group’s corporate customers’ needs.

In addition, we will provide support for the growth of customers who have no business with the Group by offering the Group’s solutions in the finance field through the largest settlements platform in Japan of DG Group which has more than 1 million member stores.

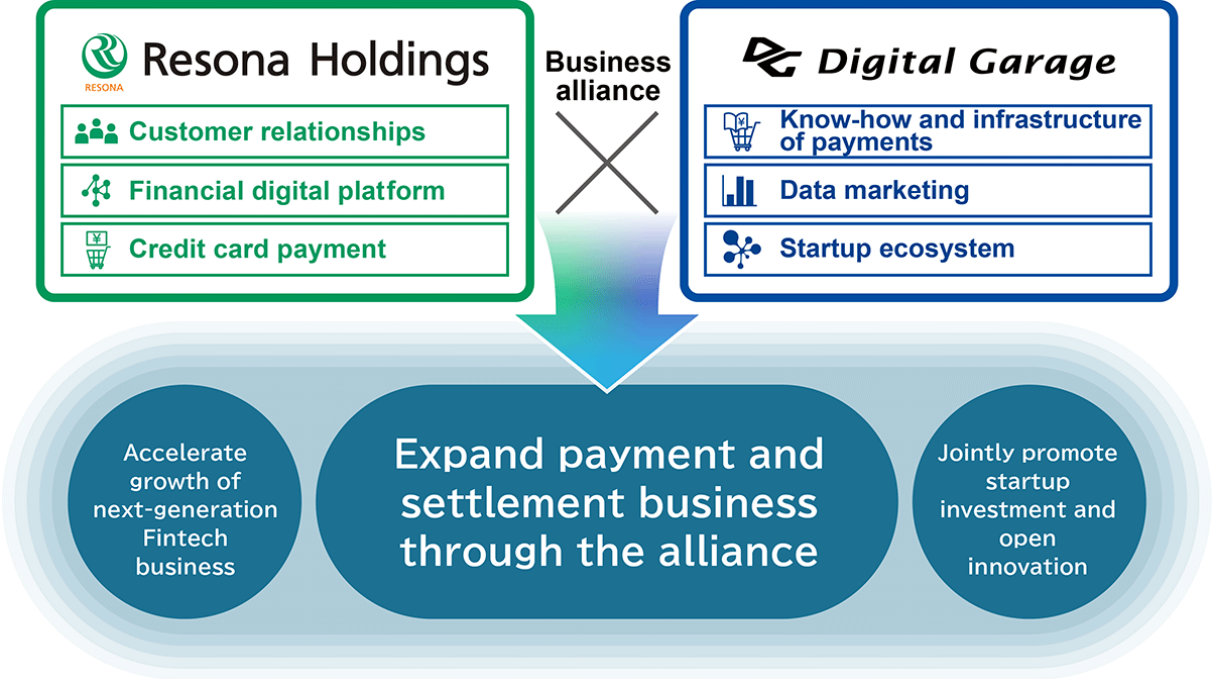
In order to further reinforce the integrated sales system, both companies have reached a basic agreement on assignment of a part of the shares of RKS held by the Company to DG. The Company will position RKS as the strategic platform of the Group’s settlements business, and it will accumulate advanced knowledge of the settlements and finance fields and foster and increase human resources dedicated to settlements through mutual personnel exchanges with DG Group.

Jointly promoting a next-generation Fintech business and open innovation through investments in start-ups: we aim to create new values which is beyond finance, contributing to address the needs of customers and the local community!

The Group and DG Group will accelerate the creation of new businesses in the settlements and finance fields by consolidating the knowledge, know-how, and data, etc. in the settlements and finance fields and using both groups’ strengths. Furthermore, by taking advantage of the start-up ecosystem of DG Group, which was pioneered by DG Group as an incubator in Japan and overseas, and incorporating the advanced technologies and know-how of start-ups in Japan and overseas, we will provide new solutions, such as embedded finance based on business processes in each industry and credit provision using data and AI, for a variety of industries and customers in response to needs which are becoming more diverse and advanced.

As a part of this initiative, both companies have reached a basic agreement under which they will create a new start-up investment fund with a value of 10 billion yen or more which both groups will jointly manage. The Group will position the fund as a CVC*1 fund and further strengthen its cashless DX business and also accelerate efforts to create new business in order to realize non-continuous growth.

*1: Corporate venture capital. Organized by operating companies to make startup investments for its own strategic purposes.



Both Companies’ Comments on Strengthening the Capital and Business Alliance

Masahiro Minami, Group CEO, Director, President and Representative Executive Officer of Resona Holdings, Inc.

Resona Group is working to co-create and expand value with strategic partners with the aim of becoming the “Retail No. 1” Solutions Group. We are confident that by combining the strengths of both companies through this alliance enhancement, we will be able to solve diversified and high-level social issues and grow the payment businesses of both companies remarkably. Through our partnership with Digital Garage, which has payment solutions for various needs, a global startup ecosystem, and a First Penguin Spirit that bravely takes on unknown business areas, we will provide retail customers with a new payment experience and contribute more than ever to customers and local communities.

Kaoru Hayashi, Representative Director, President Executive Officer and Group CEO of Digital Garage, Inc.

Digital Garage is working with various strategic partners on the “DG FinTech Shift,” a group strategy that integrates payments, data, and technology. With the increasing expectations toward financial institutions to solve local and social issues, including easing the Banking Act, this partnership will provide superb growth opportunities for both companies. By strengthen the partnership with Resona Group, which aims to become “Retail No. 1” bank and poses one of the largest corporate clients, branches, organization, and financial expertise in Japan, we will further accelerate of group strategy, “DG FinTech Shift” and support the creation of next-generation business models in Japan.

Outline of Transactions to Strengthen the Alliance

1. Additional Acquisition of Shares of DG by the Company

In relation to the strengthening of the capital and business alliance with DG, the Company has resolved today to additionally acquire about 10% of common shares of DG through the disposal of treasury stock through a third-party allotment and by market purchase after such allotment as publicized by DG today. Such share acquisition, together with the shares already acquired, will make the Company’s ratio in terms of voting rights at least 5%, falling under “buying up” as specified in Article 31 of the Order for Enforcement of the Financial Instruments and Exchange Act.

The Company will receive 2,500,000 common shares of DG from DG via the disposal of treasury stock through a third-party allotment (ratio of owned voting rights as of September 30, 2023: 5.57%; ratio to the total number of issued shares of DG as of September 30, 2023: 5.25%) as follows:

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|-----|---------------------------------|---|---|
| (1) | Payment date | : | January 9, 2024 (Tuesday) |
| (2) | Number of shares to be acquired | : | 2,500,000 common shares |
| (3) | Acquisition price | : | 3,660yen per share |
| (4) | Total acquisition price | : | 9,150,000,000yen |
| (5) | Acquisition method | : | Through a third party allotment |
| (6) | Other | : | Such disposal of treasury stock is subject to the coming into effect of a securities registration statement under the Financial Instruments and Exchange Act. |

In addition, after implementation of the disposal of treasury stock through a third-party allotment as described above, the Company plans to additionally acquire 2,261,000 common shares of DG by market purchase (ratio of owned voting rights following the disposal of treasury stock above: 4.77%; ratio to the total number of issued shares following the disposal of treasury stock above: 4.75%) (however, the Company may not purchase the maximum number of shares depending on the market share price environment). If such additional acquisition goes ahead, the Company is expected to become a major shareholder of DG.

2. Related Transactions

As transactions related to the strengthening of the alliance, the Company and DG have reached a basic agreement under which they will implement each of the following transactions after implementation of an additional acquisition of shares of DG via disposal of its treasury stock through a third-party allotment as described above, subject to obtaining necessary permits, etc.:

(1) Acquisition of a Part of the Shares of Resona Kessai Service Co., Ltd. by DG

With the goal of further reinforcing its unified operation system with DG, the Company has reached a basic agreement with DG regarding the assignment of a part of the shares of RKS, a subsidiary of the Company, to DG, as well as DG making RKS an equity method affiliate. Under the strengthening of the alliance with DG Group, cutting-edge settlements solutions owned by DG Group will be offered to customers of the Group and the Group’s solutions in the finance field will be offered to customers of DG Group. The shareholding ratio of DG in RKS is expected to be 15% to 20% after such acquisition. The Company and DG plan to discuss separately and reach an agreement on the terms and conditions of such share acquisition, including the number of shares to be assigned and the acquisition price.

(2) Transactions Related to the Global Investment Incubation Business

The Company has reached a basic agreement with DG to jointly create an investment fund of which the total amount of investment will be 10 billion yen or more, and having the joint investment fund acquire a part of operational investment securities from DG Ventures, Inc., a subsidiary of DG, and jointly operating the joint investment fund. The Company and DG plan to each hold, directly or indirectly, a 50% interest in the joint investment fund; however, the details of the creation and operation of the joint investment fund, including its structure and the details of and consideration for the operational investment securities acquired by the joint investment fund will be agreed upon after separate discussions between the Company and DG.

3. Overview of Our Alliance Partner

(1)	Name	Digital Garage, Inc.
(2)	Location	3-5-7, Ebisu Minami, Shibuya-ku, Tokyo
(3)	Title and Name of Representative	Kaoru Hayashi, Representative Director, President Executive Officer and Group CEO
(4)	Description of Business Activities	Platform Solution Business, Long Term Incubation Business, Global Investment Incubation Business
(5)	Capital	7,830 million yen (as of September 30, 2023)
(6)	Date of Incorporation	August 17, 1995
(7)	Number of Issued Shares	47,614,800 shares (as of September 30, 2023)
(8)	Fiscal Term	March
(9)	Number of Employees	955 (consolidated) (as of March 31, 2023)
(10)	Main Client	—
(11)	Main Bank	MUFG Bank, Ltd., Mizuho Bank, Ltd., Resona Bank, Limited., Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Banking Corporation
(12)	Major Shareholders and Ownership Ratio (as of September 30, 2023)	Kaoru Hayashi 15.29%
		The Master Trust Bank of Japan, Ltd. (Trust Account) 12.73%
		JCB Co., Ltd. 5.27%
		Dentsu Group Inc. 5.23%
		Custody Bank of Japan, Ltd. (Trust Account) 3.51%
		BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing Proxy: MUFG Bank, Ltd.) 3.10%
		OASIS JAPAN STRATEGIC FUND LTD. (Standing Proxy: CITIBANK, N.A. TOKYO BRANCH) 2.45%
		Resona Holdings , Inc. 2.12%
		Toshiba Tec Corporation 2.12%
		STATE STREET BANK CLJET OMNIBUS OMO4 (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited Tokyo Branch Custodian Service Division) 1.96%
(13)	Relationship with the Company	
	Capital Relationship	Number of shares of the counterparty held by the Company: 952,000 shares Number of shares of the Company held by the counterparty: N/A
	Personnel Relationship	N/A
	Transactional Relationship	As a business partner, the Company group handles the counterparty's settlement services and conducts transactions such as joint development of settlement services for the medical industry.
	Status as Related Parties	N/A

(14) Business performance and financial position in the most recent three fiscal years			
Years ended March 31 (Consolidated)	2021	2022	2023
Equity attributable to owners of parent	62,134 million yen	95,738 million yen	80,142 million yen
Total assets	178,301 million yen	231,607 million yen	216,270 million yen
Equity attributable to owners of parent per share	1,348.45 yen	2,033.00 yen	1,739.48 yen
Revenue	40,478 million yen	72,955 million yen	30,070 million yen
Income before income taxes	14,317 million yen	45,393 million yen	(13,881 million yen)
Income attributable to owners of parent	9,786 million yen	30,330 million yen	(9,058 million yen)
Income per share	212.49 yen	654.77 yen	(193.27 yen)
Dividend per share	32 yen	35 yen	37 yen

4. Outlook

Although we believe that the strengthening of this alliance will contribute to the enhancement of the Company's corporate value over the medium to long term, the impact on the Company's operating results for the current fiscal year is expected to be insignificant.

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