

The following information was originally prepared and published by DeNA Co., Ltd. in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



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Company name:	DeNA Co., Ltd. (TSE Prime Stock Code: 2432)
Name of representative:	Shingo Okamura, President & CEO
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Notice Regarding Progress Update Related to Making Allm Inc. a Subsidiary and Share Delivery

On May 25, 2022, DeNA Co., Ltd. (hereinafter referred to as “DeNA”) released a disclosure titled “Notice Regarding Acquisition of Shares by Underwriting Third-Party Allotment of Shares for Allm Inc., and Conclusion of Basic Agreement to Make Said Company a Subsidiary,” and DeNA would like to announce a progress update.

Allm Inc. (hereinafter referred to as “Allm”) became an equity-method affiliate of DeNA in July 2022 through a third-party allotment by Allm and Allm treasury share acquisitions from existing shareholders and cancellation of treasury shares. DeNA planned to discuss and consider further details regarding the timing and method of making the subsidiary, etc., and now DeNA would like to announce that it decided to make use of a share delivery system to make Allm a subsidiary. During a Board of Directors meeting held today, it was resolved to conduct a share delivery (hereinafter referred to as the “Share Delivery”) to make Allm a subsidiary, with DeNA as the parent company through share delivery and Allm as the subsidiary through share delivery, and a share delivery plan was created.

For this Share Delivery, since the amount of total assets of Allm, the subsidiary through share delivery, as of the end of the immediately preceding fiscal year is less than 10% of the net assets of DeNA, the parent company through share delivery, as of the end of the immediately preceding fiscal year, and since the revenue of Allm, the subsidiary through share delivery, as of the end of the immediately preceding fiscal year is less than 3% of the revenue of DeNA, the parent company through share delivery, as of the end of the immediately preceding fiscal year, some disclosure items and details are omitted.

1. Purpose of the Share Delivery

As described in the disclosure of May 25, 2022 titled “Notice Regarding Acquisition of Shares by Underwriting Third-Party Allotment of Shares for Allm Inc., and Conclusion of Basic Agreement to Make Said Company a Subsidiary,” DeNA intends to make Allm into a subsidiary. In addition to making use of DeNA’s core competencies, DeNA also intends to cooperate with other shareholders and partners to accelerate Allm’s growth and proactively endeavor to create synergies with DeNA’s business with the aim to enhance the earnings base for DeNA’s Serve approach.

The Representative director/CEO of Allm Mr. Teppei Sakano (hereinafter referred to as “Mr. Sakano”) will continue to be the Representative director/CEO of Allm and engage in management of Allm. Having Mr. Sakano continue to hold Allm shares and making use of the share delivery system to have Mr. Sakano newly hold DeNA shares will serve as motivation for Mr. Sakano in his management of Allm as well as providing incentive as a shareholder of DeNA to enhance DeNA’s corporate value. For these reasons,

DeNA decided to make use of the share delivery system.

2. Summary of the Share Delivery

(1) Schedule for the Share Delivery

Date of Board of Directors resolution	August 24, 2022
Date of creation of share delivery plan	August 24, 2022
Application deadline for transfer of shares of the subsidiary through share delivery	September 30, 2022 (Scheduled)
Effective date of the share delivery	October 3, 2022 (Scheduled)

*The execution of the Share Delivery is subject to the fulfillment of the preconditions set forth in the basic agreement related to making Allm a subsidiary including the Share Delivery executed as of May 25, 2022 between DeNA, Mr. Sakano, and Allm (including amendments thereto pursuant to the amended basic agreement dated June 29, 2022).

(2) Share Delivery method

In this share delivery, DeNA is expected to become the parent company through share delivery, and Allm is expected to become the subsidiary through share delivery. DeNA plans to implement the Share Delivery without obtaining approval at a general meeting of its shareholders through a simple share delivery procedure pursuant to the provisions of Article 816, Paragraph 4, Item 1 of the Companies Act.

(3) Allotment in the Share Delivery

DeNA shall allot and deliver 5.48 shares of DeNA common stock and 2,571 yen per share of Allm common stock. DeNA plans to use 849,400 shares of treasury stock for said allotment and delivery of DeNA common stock to Allm in the Share Delivery, and DeNA will not issue new shares. Further, the minimum number of shares of Allm common stock to be received by DeNA shall be 67,601 shares. In the event that there is a fraction of less than one share as a result of the Share Delivery, then DeNA, pursuant to Article 234 of the Companies Act, shall sell the equivalent of the sum of the fraction (any fraction less than one share shall be rounded down) of DeNA common stock and the proceeds in proportion to such fractioned shares shall be delivered to Allm shareholders.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the Share Delivery

There are no applicable items.

3. Approach to calculation of allotment content for the Share Delivery

(1) Basis and reason for allotment content

KPMG FAS Co., Ltd. (hereinafter “KPMG FAS”) was selected by DeNA as a third-party appraiser independent of DeNA and Allm to ensure the fairness and appropriateness of the share delivery ratio to be used in the Share Delivery. DeNA received a share delivery ratio calculation report for the Share Delivery as of August 23, 2022. DeNA holistically considered the calculation results of the share delivery ratio for Allm shares that was received from the independent third-party appraiser KPMG FAS and considered factors such as the financial condition, the asset condition, and the prospects for future business activities of both companies. As a result of that repeated consideration, ultimately DeNA concluded that the share delivery ratio stated in “2. (3) Allotment in the Share Delivery” above was within the share delivery ratio range calculated by KPMG FAS, is not damaging to the interests of shareholders, and is appropriate.

This share delivery ratio is subject to change upon discussions between DeNA and shareholders of Allm in the event of material changes in the conditions, etc. on which the calculations were based.

(2) Items relating to calculation

i. Relationship with calculation institution

KPMG FAS is not a related party of DeNA or Allm and does not have any material interest to be noted in connection with this Share Delivery.

ii. Summary of calculation

KPMG FAS determined that the market price method would provide sufficiently appropriate results when evaluating the value of DeNA's shares as consideration for the Share Delivery because DeNA's common stock is listed on the Prime Market of the Tokyo Stock Exchange and has a market price and high liquidity in the trading market, and therefore, the market price method was adopted for the calculation. Taking into consideration the fact that Allm is an unlisted company, the discounted cash flow method ("DCF method") was adopted for the calculations to reflect the future business activities in the valuation.

The calculation result of the share delivery ratio for one share of Allm common stock, assuming that the value per share of DeNA common stock is 1, is as follows.

Share delivery ratio calculation result
6.53 – 10.68

Under the market price method, DeNA's stock value was analyzed based on the closing price of the DeNA's stock on the Tokyo Stock Exchange Prime Market on the base date of calculation, August 23, 2022, and the simple average of the closing price of the stock for the most recent one-month, three-month and six-month periods.

Under the DCF method, the stock value of Allm was analyzed by discounting free cash flows that Allm is expected to generate in the future by a certain discount rate to arrive at a present value, based on the business plan provided by Allm for the fiscal years ending March 31, 2022 through March 31, 2027.

KPMG FAS calculated the share delivery ratio by using the information provided by DeNA and Allm as well as publicly available information. This information in principle was used as is, and KPMG FAS assumed that all such materials and information, etc. were accurate and complete, and that there were no facts that may have a material impact on the share delivery ratio calculation that were not disclosed to KPMG FAS. KPMG FAS has not independently verified the accuracy and completeness of such information. In addition, KPMG FAS did not conduct any independent evaluation, appraisal, or assessment of the assets and liabilities (including contingent liabilities) of DeNA or Allm, and KPMG FAS did not request any appraisal or assessment by a separate third party. Also, it is assumed that the information regarding Allm's business plan referenced in the calculation has been reasonably prepared by Allm's management based on the best estimates and judgement currently available. The results of KPMG FAS's analysis reflect information and economic conditions as of August 23, 2022.

The Allm business plan that forms the basis of the calculation of the DCF method includes fiscal years in which a significant increase in profit is expected, including the aim for profitability next fiscal year, due to the expected market growth in the future from the pressing need to improve operational efficiency through the digital transformation of healthcare in response to the transformation of working style for doctors to begin in April 2024 and the uneven distribution of doctors between urban and regional areas.

The business plan is not premised on the execution of the Share Delivery. The calculation results of the share delivery ratio by KPMG FAS do not express an opinion on the fairness of the share delivery ratio in the Share Delivery, and DeNA has not obtained a written opinion (fairness opinion) to the effect that the share delivery ratio in the Share Delivery is fair to DeNA's common

stockholders from a financial point of view.

4. Summary of the parties of the Share Delivery

		Parent company through the share delivery*	Subsidiary through the share delivery**
(1)	Company name	DeNA Co., Ltd.	Allm Inc.
(2)	Address	2-24-12 Shibuya, Shibuya-ku, Tokyo, Japan	1-12-1 Dogenzaka, Shibuya-ku, Tokyo Japan
(3)	Name and title of representative	Shingo Okamura, President & CEO	Teppei Sakano, Representative director/CEO Jun Oi, Representative director
(4)	Description of business	Game business, sports business, live streaming business, healthcare business, new businesses & others	Medical and healthcare related mobile ICT business Community-based comprehensive care promotion business Business incubation
(5)	Stated capital	10,397 million yen	100 million yen
(6)	Established	March 4, 1999	April 18, 2001
(7)	Number of shares issued	130,210,945 shares	3,754,000 shares
(8)	Fiscal year-end	March 31	August 31
(9)	Shareholding percentage of major shareholders	Tomoko Namba 16.70% The Master Trust Bank of Japan, Ltd. 14.61% Nintendo Co., Ltd. 12.72% Custody Bank of Japan, Ltd. 5.20%	DeNA Co., Ltd. 48.20% Teppei Sakano 47.10%
(10)	Financial position and operating results as of the previous fiscal year		
Fiscal year ended March 31, 2022 (consolidated)		Fiscal year ended August 31, 2021 (consolidated)	
Total equity	244,907 million yen	Net assets	3,288 million yen
Total assets	340,570 million yen	Total assets	4,853 million yen
Equity per share attributable to owners of the parent	2,024.39 yen	Net assets per share	1,077.14 yen
Revenue	130,868 million yen	Revenue	1,029 million yen
Operating profit	11,462 million yen	Operating loss	362 million yen
-	-	Ordinary loss	286 million yen
Profit for the period attributable to owners of the parent	30,532 million yen	Loss for the period attributable to owners of the parent	1,060 million yen
Basic earnings per share attributable to owners of the parent	256.45 yen	Loss per share attributable to owners of the parent	361.91 yen

*The shareholding percentage of major shareholders for DeNA is as of March 31, 2022 and does not include DeNA's holdings of its own shares (including DeNA stock held through the trust for the DeNA employee stock option plan (ESOP)). The DeNA Group's consolidated financial statements are prepared in accordance with IFRS.

**The information for Allm, including stated capital, issued shares, and shareholding percentage of major shareholders are as of July 31, 2022. In July 2022 Allm conducted a third-party allotment with DeNA and Seibu Realty Solutions Inc. as the underwriters, and Allm acquired and canceled treasury shares. Allm's

consolidated financial statements are prepared in accordance with Japanese GAAP. Due to a change in the fiscal year-end, the fiscal year ended August 31, 2021 was an irregular period of five months.

5. Status after the Share Delivery

No changes are expected in the company name, address, name and titles of representative, description of businesses, stated capital, or fiscal year-end for DeNA or Allm through the share delivery as a result of this Share Delivery.

6. Future impact

As stated in “(1) Schedule for the Share Delivery” under “2. Summary of the Share Delivery” Allm is expected to be made into a subsidiary of DeNA from October 2022.

After the completion of the series of acquisition transactions, including the July 1, 2022 underwriting of the third-party allotment of new shares of Allm by DeNA, the July 11 and July 20, 2022 acquisition of treasury stock by Allm, the July 29, 2022 cancellation of treasury stock by Allm, and the Share Delivery, the number of shares to be acquired, the acquisition price, and the number of shares held before and after the change are expected to be as shown in the chart below.

DeNA is engaged in initiatives to enhance the earnings base in its Serve approach. DeNA has aimed to achieve meaningful profit in the Healthcare Business by the fiscal year ending March 31, 2024, and this initiative is expected to be a significant contributor to these goals. DeNA will continue to endeavor to enable Allm to achieve profitability in the next fiscal year and achieve continued growth.

(1)	No. of shares held before the change	0 shares (Number of voting rights held: 0) (Percentage of voting rights held: 0.0%)
(2)	No. of shares to be acquired	1,964,400 shares (Number of voting rights held: 1,964,400)
(3)	Acquisition price	Allm Inc. common shares 25,252 million yen Advisory fee, etc. (estimate) 146 million yen Total (estimate) 25,398 million yen
(4)	No. of shares held after the change	1,964,400 shares (Number of voting rights held: 1,964,400) (Percentage of voting rights held: 52.33%)

*The number of shares to be acquired and the acquisition price are the total number combining the Allm third-party allotment underwritten by DeNA, Allm’s acquisition and cancellation of treasury shares from existing shareholders, and the acquisition of Allm shares through the Share Delivery.

(Reference)

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of the parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Consolidated financial results (Fiscal year ended March 31, 2022)	130,868	11,462	29,419	30,651	30,532	256.45

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