

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.



July 2, 2021

Company name: DeNA Co., Ltd.  
(TSE First Section Stock Code: 2432)  
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### **Notice Regarding Simple Share Exchange to Make Nipponect Systems Co., Ltd. a Group Company**

DeNA Co., Ltd. would like to announce that during a Board of Directors meeting held today it resolved to implement a share exchange with Nipponect Systems Co., Ltd. where DeNA is the wholly-owning parent company through the share exchange and Nipponect Systems Co., Ltd. is expected to become the wholly-owned subsidiary through the share exchange.

DeNA plans to implement the share exchange without obtaining approval at a general meeting of its shareholders through a simple share exchange procedure pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act.

Since the amount of total assets of the company that will become the wholly-owned subsidiary in the share exchange as of the end of the immediately preceding fiscal year is less than 10% of the net assets of the listed company that will become the wholly-owning parent company in the share exchange as of the end of the immediately preceding fiscal year, and since the revenue of the company that will become the wholly-owned subsidiary in the share exchange as of the end of the immediately preceding fiscal year is less than 3% of the revenue of the listed company that will become the wholly-owning parent company in the share exchange as of the end of the immediately preceding fiscal year, some disclosure items and details are omitted.

#### **1. Purpose of the share exchange**

Japan, with the world's highest aging rate, is forecasted to have over 30% of the population aged 65 years or older in 2025.\* With that trend, Japan is also seeing increases in the number of people with dementia, with approximately one in five people 65 or older predicted to have dementia in 2025.\*\* To extend healthy lifespans, ascertaining changes in cognitive function and other aspects of the progress of dementia must be appropriately handled at an early stage. The environment for addressing this issue must be established not only by individuals and families, but society as a whole.

The goal of DeNA's Healthcare Business is to extend healthy lifespans. In pursuit of that goal, this business has used knowhow accumulated in the entertainment space and made use of internet and AI technology to provide services that encourage health promotion and behavioral change, and create evidence based on accumulated data. There has been a particular focus on expanding services for local municipalities and elderly people, such as the healthcare entertainment app kencom and the capital and business alliance with Data Horizon Co., Ltd.

Meanwhile, Nipponect Systems has “~for peaceful aging~” as its corporate message. Nipponect Systems aims to create an environment where all people do not have to worry about getting older and to create a

society where people with dementia can live peacefully. Nippontect Systems has engaged in business in the elderly and dementia fields for over 20 years. Nippontect Systems provides Software as a Medical Device and healthcare apps to solve social problems, including ONSEI, a voice cognitive function check tool that is increasingly adopted for use by municipalities and others, and MENKYO, which digitally transforms the cognitive function exam used when elderly people renew their driver's license.

Through this share exchange, both companies aim to further grow their businesses by making maximum use of each company's strengths and management resources. Specifically, the companies expect that the initiatives for elderly people, a strength for both companies, will accelerate, that services will be enhanced through coordination with existing services, and that there will be a leap in the creation of evidence. Through these initiatives, the companies will work to extend healthy lifespans in a super-aging society and solve social problems.

\*Ministry of Health, Labour and Welfare forecast of elderly population

\*\*“Annual Report on the Aging Society (2017),” Cabinet Office

## 2. Summary of the share exchange

### (1) Schedule for the share exchange

|                                                        |                               |
|--------------------------------------------------------|-------------------------------|
| (1) Date of the Board of Directors resolution          | July 2, 2021                  |
| (2) Date of conclusion of the share exchange agreement | July 2, 2021                  |
| (3) Effective date of the share exchange               | September 1, 2021 (Scheduled) |

### (2) Share exchange method

In this share exchange, DeNA is expected to become the wholly-owning parent company, and Nippontect Systems is expected to become the wholly-owned subsidiary. DeNA plans to allocate treasury shares held by DeNA to the shareholders of Nippontect Systems as consideration for the share transfer.

DeNA plans to implement the share exchange without obtaining approval at a general meeting of its shareholders through a simple share exchange procedure pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act.

### (3) Allotment in this share exchange

|                                                    | DeNA Co., Ltd.<br>(Wholly-owning parent company<br>through the share exchange) | Nippontect Systems Co., Ltd.<br>(Wholly-owned subsidiary<br>through the share exchange) |
|----------------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| Share exchange allotment<br>ratio for common stock | 1                                                                              | 0.0057                                                                                  |
| No. of shares furnished in<br>share exchange       | DeNA treasury shares: 1,465,173 shares                                         |                                                                                         |

### (4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the share exchange

There are no applicable items.

## 3. Approach to calculation of allotment content for this share exchange

### (1) Basis and reason for allotment content

In order to ensure the fairness and appropriateness of the share exchange ratio to be used in the share exchange, DeNA decided to select an independent third-party appraiser and request them to calculate the share exchange ratio. Based on the results of the calculation of the share exchange ratio by the third-party appraiser, the financial situation and assets of Nippontect Systems, future prospects and other factors, DeNA and Nippontect Systems carefully negotiated and discussed the share exchange

ratio. As a result, the companies reached an agreement on the appropriate share exchange ratio as described above in 2. Summary of the share exchange (3) Allotment in this share exchange.

In accordance with the share exchange agreement, the share exchange ratio is subject to change upon consultation between the two companies in the event of a material change in the terms and conditions on which the calculation is based.

(2) Items relating to calculation

The third-party appraiser used the market price method for DeNA, as it is a listed company and market prices exist. Specifically, the date of conclusion of the share exchange agreement for the share exchange (July 2, 2021) was set as the base date for the valuation, and the average closing price for the 90 days prior to this date and the closing price on the base date for the valuation were taken into consideration.

As Nipponect Systems is unlisted, the market price method was not adopted. In assessing the corporate value, considering the stage of the company's business and the fact that there are no similar companies in the stock market, it is appropriate to take into account the returns that the company will earn in the future, and therefore, the DCF method has been adopted after considering various corporate value assessment methods. With regard to the company's business plan, a significant increase or decrease in profit is not expected.

The calculation results and valuation range of the share exchange ratio when the share value per share of DeNA's stock is set at 1 are as follows.

| Adopted method      |                   | Calculation Results for the Share Exchange Ratio |
|---------------------|-------------------|--------------------------------------------------|
| DeNA                | Nipponect Systems |                                                  |
| Market price method | DCF method        | 0.0056 – 0.0060                                  |

4. Summary of the parties of the share exchange

|     |                                  | Wholly-owning parent company through the share exchange*                                              | Wholly-owned subsidiary through the share exchange**                                                                                                                             |
|-----|----------------------------------|-------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) | Company name                     | DeNA Co., Ltd.                                                                                        | Nipponect Systems Co., Ltd.                                                                                                                                                      |
| (2) | Address                          | 2-21-1 Shibuya, Shibuya-ku, Tokyo, Japan                                                              | 1-10-18 Shibadaimon, Minato-ku, Tokyo, Japan                                                                                                                                     |
| (3) | Name and title of representative | Shingo Okamura, President & CEO                                                                       | Tadashi Masuoka, Representative Director & President                                                                                                                             |
| (4) | Description of business          | Game business, sports business, live streaming business, healthcare business, new businesses & others | Manufacture and sale of systems related to cognitive function exams, etc., building of systems related to cognitive function and dementia data platforms in the healthcare space |
| (5) | Stated capital                   | 10,397 million yen                                                                                    | 214 million yen                                                                                                                                                                  |
| (6) | Established / establishment date | March 4, 1999                                                                                         | May 25, 2015                                                                                                                                                                     |
| (7) | Number of shares issued          | 130,210,945 shares                                                                                    | 8,360 shares                                                                                                                                                                     |
| (8) | Fiscal year-end                  | March 31                                                                                              | March 31                                                                                                                                                                         |

|                                                               |                                                                         |                             |                                                        |                                              |                 |
|---------------------------------------------------------------|-------------------------------------------------------------------------|-----------------------------|--------------------------------------------------------|----------------------------------------------|-----------------|
| (9)                                                           | Shareholding percentage of major shareholders                           | Tomoko Namba                | 16.22%                                                 | Tadashi Masuoka                              | 35.9%           |
|                                                               |                                                                         | Nintendo Co., Ltd.          | 12.36%                                                 | NIPPON TECT HOLDINGS                         | 23.9%           |
|                                                               |                                                                         | Custody Bank of Japan, Ltd. | 11.91%                                                 | Teppei Sakano                                | 12.0%           |
|                                                               |                                                                         |                             |                                                        | BIG1 Investment Business Limited Partnership | 12.0%           |
|                                                               |                                                                         |                             |                                                        |                                              |                 |
| (10)                                                          | Financial position and operating results as of the previous fiscal year |                             |                                                        |                                              |                 |
| Fiscal year ended March 31, 2021<br>(consolidated)            |                                                                         |                             | Fiscal year ended March 31, 2021<br>(non-consolidated) |                                              |                 |
| Total equity                                                  |                                                                         | 228,659 million yen         | Net assets                                             |                                              | 238 million yen |
| Total assets                                                  |                                                                         | 327,121 million yen         | Total assets                                           |                                              | 431 million yen |
| Equity per share attributable to owners of the parent         |                                                                         | 1,826.73 yen                | Net assets per share                                   |                                              | 28,472.29 yen   |
| Revenue                                                       |                                                                         | 136,971 million yen         | Revenue                                                |                                              | 131 million yen |
| Operating profit                                              |                                                                         | 22,495 million yen          | Operating loss                                         |                                              | 36 million yen  |
| Profit before tax                                             |                                                                         | 31,259 million yen          | Ordinary loss                                          |                                              | 35 million yen  |
| Profit for the period                                         |                                                                         | 26,354 million yen          | Net loss                                               |                                              | 35 million yen  |
| Profit attributable to owners of the parent                   |                                                                         | 25,630 million yen          | -                                                      |                                              | -               |
| Basic earnings per share attributable to owners of the parent |                                                                         | 207.54 yen                  | Net loss per share                                     |                                              | 4,299.94 yen    |

\*The shareholding percentage of major shareholders for DeNA is as of March 31, 2021 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 Nippontect Systems, including stated capital, issued shares, and shareholding percentage of major shareholders are as of March 31, 2021. Nippontect Systems's non-consolidated financial statements are prepared in accordance with Japanese GAAP.

#### 5. Status after the share exchange

No changes are expected in the company name, address, name and titles of representative, description of businesses, stated capital, or fiscal year-end for the wholly-owning parent company through the share exchange as a result of this share exchange.

#### 6. Future outlook

The impact of this share exchange on the operating results forecast for the fiscal year ending March 31, 2022 is expected to be minimal. Going forward, with consideration for the progress of the business, other potential impacts of this matter will be reflected in the Outlook, etc. in the Consolidated Financial Results as necessary.

In conjunction with this share exchange, DeNA expects to recognize approximately 3.0 billion yen of goodwill.

(Reference) Consolidated financial results for the fiscal year ended March 31, 2021

|                                  | Revenue                    | Operating profit          | Profit before tax         | Profit for the period     | Profit attributable to owners of the parent | Basic earnings per share |
|----------------------------------|----------------------------|---------------------------|---------------------------|---------------------------|---------------------------------------------|--------------------------|
| Fiscal year ended March 31, 2021 | Millions of yen<br>136,971 | Millions of yen<br>22,495 | Millions of yen<br>31,259 | Millions of yen<br>26,354 | Millions of yen<br>25,630                   | Yen<br>207.54            |

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