

**Q1 FY2019  
Operating Results**

**August 8, 2019**

**DeNA Co., Ltd.**

# Financial Results Summary

(billion yen)	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	QoQ change	YoY change
Revenue (IFRS)*	33.9	34.3	26.4	29.5	31.4	6%	-7%
Operating profit (IFRS)	5.1	5.6	-2.1	4.9	2.3	-53%	-55%
Operating profit (Non-GAAP)**	4.6	5.4	-1.5	0.0	2.2	7,132%	-52%
Profit before tax	7.5	6.7	-2.5	6.5	3.9	-40%	-48%
Profit for the period attributable to owners of the parent	5.2	4.4	-1.7	4.7	2.4	-48%	-53%
EPS (Yen)	36.03	30.51	-11.43	32.36	16.83	-48%	-53%
(Reference) Financial results excl. highly seasonal Sports							
Revenue*	27.2	26.4	25.3	27.2	23.4	-14%	-14%
Operating profit (Non-GAAP)**	2.2	2.4	0.9	1.6	-0.4	-	-

# Financial Results by Segment (IFRS)

(billion yen)	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	QoQ change	YoY change
<b>Revenue</b>	<b>33.9</b>	<b>34.3</b>	<b>26.4</b>	<b>29.5</b>	<b>31.4</b>	<b>6%</b>	<b>-7%</b>
Game	21.5	21.2	19.8	21.1	19.7	-7%	-8%
Sports*	6.8	7.9	1.2	2.3	8.0	244%	18%
Automotive	0.0	0.0	0.0	0.1	0.3	203%	1,075%
Healthcare	0.5	0.5	0.5	0.7	0.4	-37%	-21%
New Businesses and Others**	5.3	4.8	5.1	5.5	3.1	-45%	-42%
Adjustments	-0.2	-0.2	-0.2	-0.2	-0.0	-	-
<b>Operating profit</b>	<b>5.1</b>	<b>5.6</b>	<b>-2.1</b>	<b>4.9</b>	<b>2.3</b>	<b>-53%</b>	<b>-55%</b>
Operating profit margin	15%	16%	-	17%	7%	-	-
Segment profit / loss	5.8	5.9	-1.3	0.6	3.4	462%	-40%
Game	5.3	4.7	3.1	5.1	3.4	-33%	-36%
Sports*	2.4	3.0	-2.4	-1.6	2.7	-	11%
Automotive	-0.7	-0.7	-1.1	-1.1	-1.3	-	-
Healthcare	-0.3	-0.3	-0.4	-0.2	-0.5	-	-
New Businesses and Others**	-0.5	-0.4	-0.1	-0.2	-0.5	-	-
Overhead costs and Adjustments	-0.4	-0.5	-0.5	-1.4	-0.3	-	-
Other income***	0.5	0.1	0.1	5.6	0.1	-98%	-75%
Other expenses***	1.2	0.4	0.9	1.3	1.3	0%	5%

\*Supplemental information regarding the number of home games held per quarter for the highly seasonal baseball business:  
FY2019: Q1 34; FY2018: Q1 33, Q2 37, Q3 0, Q4 3

\*\*Segments were reorganized from Q1 FY2019, and previous results from Q1 FY2018 onwards have been restated to match. For more information consult the reference materials.

FY2018 performance includes revenue from Processing Settlement and Travel in the E-commerce segment. These businesses have been transferred and their performance is no longer included in consolidated financial performance.

(FY2018 revenue contribution: Q1 2.8 billion yen, Q4 2.6 billion yen (before elimination of internal transactions))

\*\*\*includes non-extraordinary gains and losses under Japanese GAAP (e.g. Loss on sales / retirement of tangible / intangible assets).

# Cost and Expense Breakdown (IFRS)

- Commission fees down QoQ and YoY due to sale of Paygent

(billion yen)	FY2018				FY2019		
	Q1	Q2	Q3	Q4	Q1	QoQ change	YoY change
<b>Cost of Sales</b>	<b>13.9</b>	<b>14.7</b>	<b>13.6</b>	<b>14.0</b>	<b>13.6</b>	<b>-3%</b>	<b>-2%</b>
Personnel Expenses	1.0	1.0	1.0	1.0	1.1	5%	7%
Depreciation and amortization	2.4	2.5	2.5	2.4	2.7	11%	13%
Outsourcing expenses	3.1	3.3	2.9	3.2	3.7	17%	20%
Commission fees	5.2	5.5	5.5	5.4	3.6	-33%	-32%
Others	2.2	2.3	1.6	2.1	2.6	27%	18%
<b>Selling, general, and administrative expenses*</b>	<b>14.2</b>	<b>13.7</b>	<b>14.1</b>	<b>14.8</b>	<b>14.3</b>	<b>-4%</b>	<b>0%</b>
Personnel Expenses	3.6	3.4	3.5	3.8	3.6	-5%	2%
Sales promotion & Advertising expenses	2.6	2.4	2.6	2.2	2.4	10%	-7%
Outsourcing expenses & Commission fees	6.0	5.7	6.0	6.0	5.9	-1%	-1%
Others	2.2	2.2	2.0	2.9	2.4	-18%	9%
<b>Other income**</b>	<b>0.5</b>	<b>0.1</b>	<b>0.1</b>	<b>5.6</b>	<b>0.1</b>	<b>-98%</b>	<b>-75%</b>
<b>Other expenses**</b>	<b>1.2</b>	<b>0.4</b>	<b>0.9</b>	<b>1.3</b>	<b>1.3</b>	<b>0%</b>	<b>5%</b>
<b>Consolidated employee headcount</b>	<b>2,306</b>	<b>2,342</b>	<b>2,394</b>	<b>2,437</b>	<b>2,541</b>	<b>4%</b>	<b>10%</b>

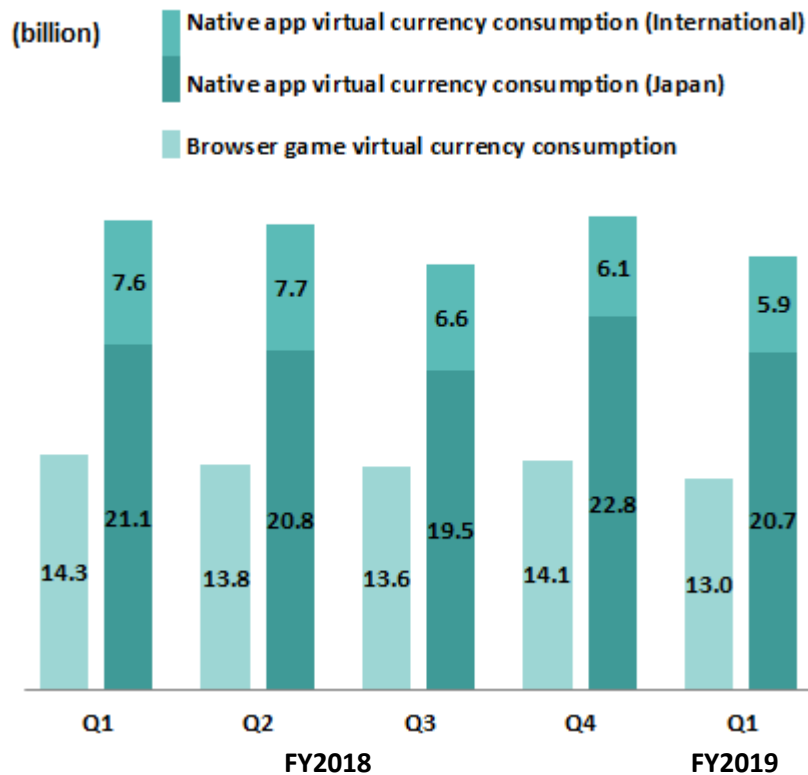
\*Some cost items were reorganized in Q2 FY2018, and the costs for previous quarters have been restated to match.

\*\*Includes non-extraordinary gains and losses under Japanese GAAP (e.g. Loss on sales / retirement of tangible / intangible assets).

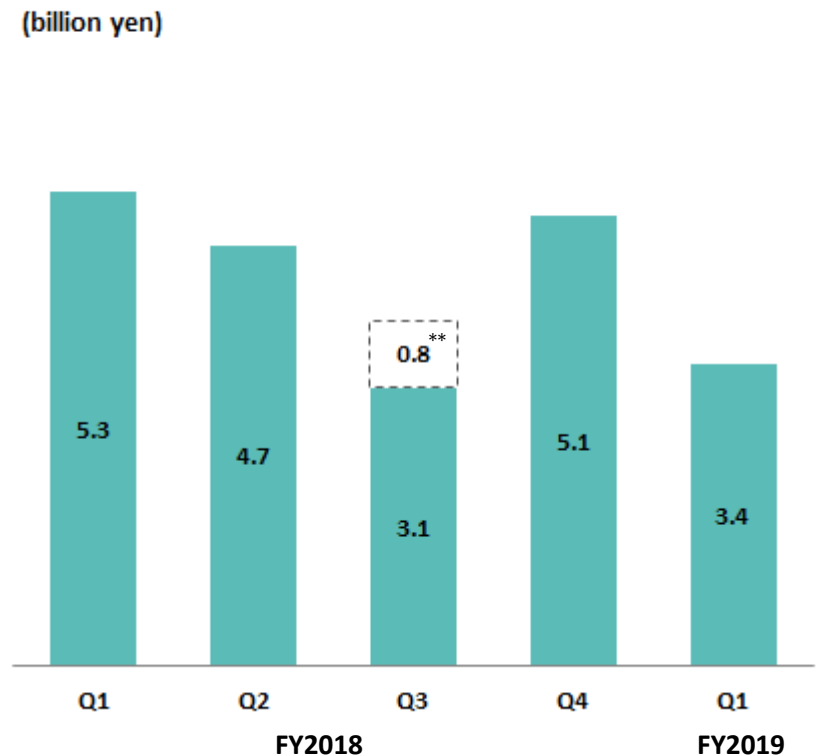
# Game Business: Operating Results

- Game business segment revenue and operating profit were down year-on-year
- Existing titles were the main contributors in Q1

## Virtual Currency Consumption\*



## Game Business Segment Operating Profit



\*Includes consumption of free virtual currency.

\*\*Impact from non-recurring accounting adjustment. This non-recurring accounting adjustment refers to past payment fees and other expenses related to accounts payable to an external platform operator that were not properly recognized. This adjustment corrects all cumulative error amounts through Q3 FY2018.

# Game Business

- Completed closed beta testing for *Mario Kart Tour* in the US and Japan, scheduled for release in summer 2019
- For Nintendo partnership titles, using events, major updates, and other methods to ensure that consumers continue to enjoy our existing apps



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# Game Business

- Plan to launch *Pokémon Masters* in 8 languages\* in summer 2019, in partnership with The Pokémon Company
- Open for pre-registration on the App Store and Google Play, with a preview version available in some areas\*\*
- This new game features 3-on-3 real time team battles (free-to-start with in-app purchases)\*\*\*
- DeNA handling development, live operations, distribution



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Pokémon and Pokémon character names are trademarks of Nintendo, Creatures Inc., and GAME FREAK inc.



\*English, French, German, Italian, Japanese, Korean, Spanish, and Traditional Chinese.

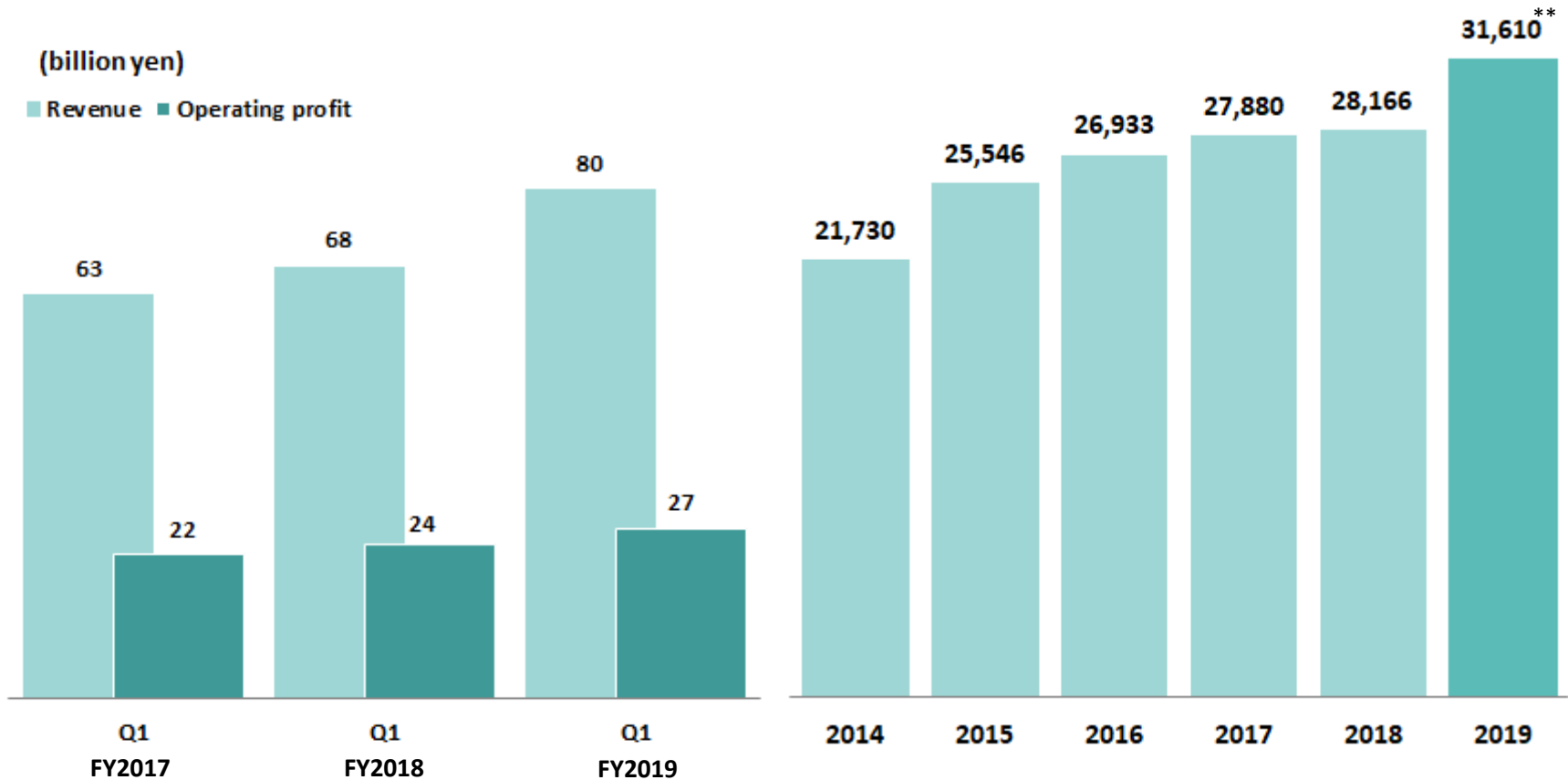
\*\* Launched in Singapore and Canada as of August 9, 2019.

\*\*\* Users are responsible for bearing data usage and other communication fees charged by carriers, and an unlimited data usage rate plan is recommended to avoid high fees from overages.

# Sports Business

- Good start for the Sports business, expecting year-on-year revenue and operating profit growth for FY2019
- Yokohama DeNA BayStars seeing solid performance, with home game attendance reaching 1 million cumulative attendees at a record speed for the 2019 season

## Sports Business Segment Performance\* Home Game Average Stadium Attendance





# Sports Business

- Yokohama Stadium expansion progressing with new seats available for the 2019 season
- Maintaining better attendance levels than last season even with added fan capacity
- Working on growing stadium brand value, adding new private viewing & rooftop seats

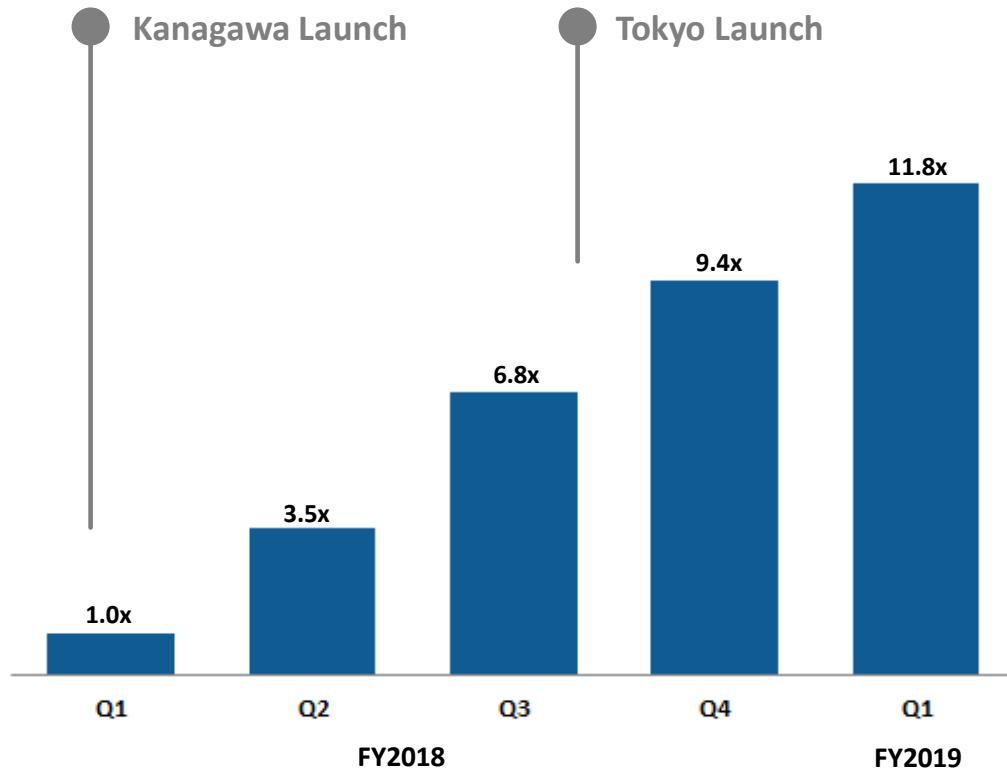


# Automotive Business: MOV

- Solid growth in daily dispatches for Tokyo and Kanagawa\* during Q1
- Launched service in Osaka and Kyoto\* in July 2019

## Daily Dispatches (Quarter Averages) & Area Expansion

(FY2018 Q1 is the base quarter = 1.0x)



### Expansion into New Areas

- Service launched in Osaka & Kyoto with 12 taxi operators
- Kobe launch planned for fall



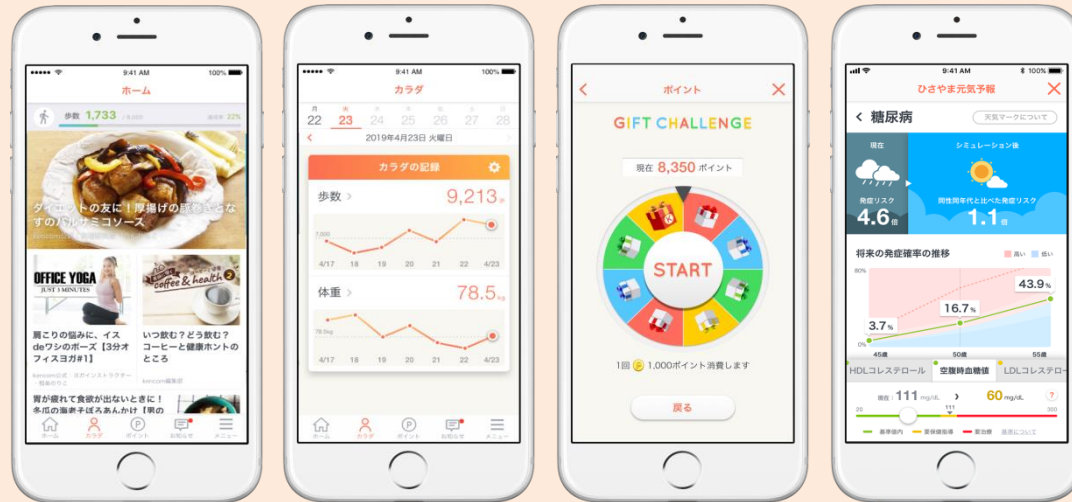
Osaka & Kyoto launch in July 2019

# Healthcare Business: Insurance Integrated with Wellness Programs

- Sales started June 17, 2019 for first insurance product jointly developed with an insurance company that makes use of behavior change evidence and services accumulated in kencom\*
- Behavior change evidence was presented at multiple academic conferences and has been recognized\*\*

## Summary of Product Jointly Developed with MetLife Insurance

- ✓ Group insurance to promote companies' Health and Productivity Management\*\*\*
- ✓ Rewards vary in accordance with steps walked by employees
- ✓ The kencom x hoken app helps employees and their families to maintain and better their health



\*Some features planned for implementation in fall 2019 onward

# Reference Materials

- IFRS to Non-GAAP reconciliation
- Consolidated cash flows
- Consolidated financial position
- Segment breakdown

# IFRS to Non-GAAP Reconciliation

(billion yen)	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
<b>Reconciliation of Operating profit to Non-GAAP operating profit</b>					
Operating profit (IFRS)	5.1	5.6	-2.1	4.9	2.3
Accounting adjustments related to seasonality & one-time factors	-0.2	-0.1	+0.6	+0.6	-0.1
Acquisition and restructuring related expenses	+0.0	+0.0	+0.0	+0.0	+0.0
Sales and disposition related gains	-0.4	-	-	-5.5	-
<b>Non-GAAP operating profit</b>	<b>4.6</b>	<b>5.4</b>	<b>-1.5</b>	<b>0.0</b>	<b>2.2</b>
Profit (loss) from seasonal sports business	-2.4	-3.0	+2.4	+1.6	-2.7
<b>Non-GAAP operating profit excluding Sports</b>	<b>2.2</b>	<b>2.4</b>	<b>0.9</b>	<b>1.6</b>	<b>-0.4</b>

(billion yen)	FY2018				FY2019
	Q1	Q2	Q3	Q4	Q1
<b>Reconciliation of Operating profit to Non-GAAP EBITDA</b>					
Operating profit (IFRS)	5.1	5.6	-2.1	4.9	2.3
Accounting adjustments related to seasonality & one-time factors	-0.2	-0.1	+0.6	0.6	-0.1
Acquisition and restructuring related expenses	+0.0	+0.0	+0.0	0.0	+0.0
Sales and disposition related gains	-0.4	-	-	-5.5	-
Depreciation and amortization	+2.8	+2.7	+2.8	2.6	+3.3
Retirement / impairment of fixed assets (excl. one-time factors)*	+1.2	+0.4	+0.9	1.2	+1.2
<b>Non-GAAP EBITDA*</b>	<b>8.5</b>	<b>8.5</b>	<b>2.2</b>	<b>3.9</b>	<b>6.7</b>

# Consolidated Cash Flows

(billion yen)	FY2018 Apr-Jun	FY2018	FY2019 Apr-Jun
<b>Operating cash flow (A)</b>	<b>7.6</b>	<b>23.0</b>	<b>7.4</b>
Profit before tax	7.5	18.1	3.9
Depreciation and amortization	2.8	10.9	3.3
Income tax paid	-1.0	-2.3	-0.6
Others	-1.7	-3.7	0.8
<b>Investing cash flow (B)</b>	<b>-2.6</b>	<b>-21.0</b>	<b>-4.0</b>
<b>Financing cash flow</b>	<b>-3.8</b>	<b>-4.7</b>	<b>-1.7</b>
Cash dividends paid	-4.5	-4.6	-5.6
Cash dividends paid to non-controlling shareholders	-0.7	-0.7	-0.5
Others	1.3	0.6	4.5
<b>FCF ((A)+(B))</b>	<b>5.0</b>	<b>2.0</b>	<b>3.4</b>
<b>Cash and cash equivalents (Consolidated)</b>	<b>105.1</b>	<b>101.4</b>	<b>103.1</b>
(Non-consolidated basis)	76.7	85.0	80.5

# Consolidated Financial Position

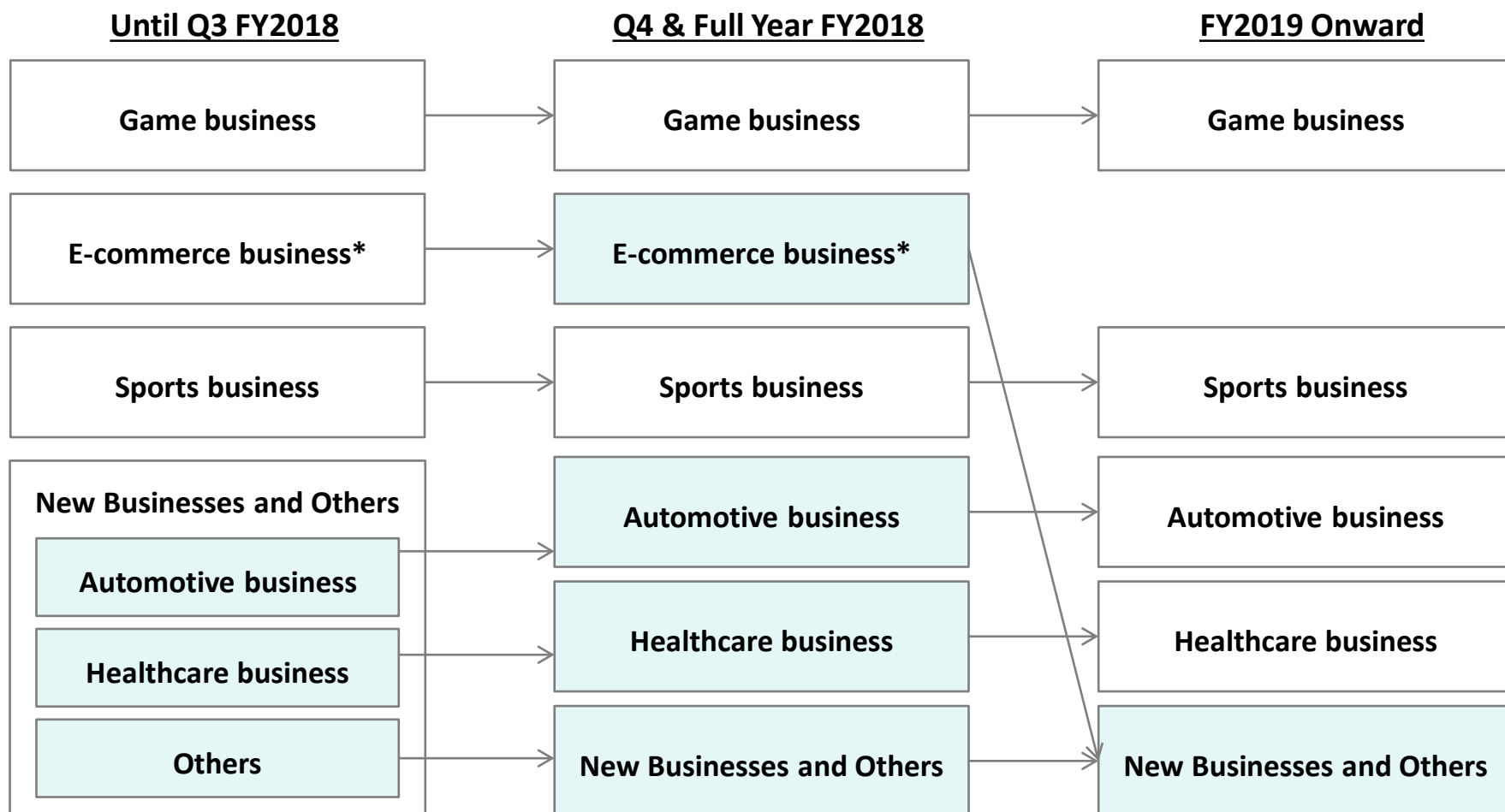
(billion yen)	As of Jun. 30, 2018	As of Mar. 31, 2019	As of Jun. 30, 2019
<b>Current assets</b>	<b>145.9</b>	<b>133.7</b>	<b>130.2</b>
Cash and cash equivalents	105.1	101.4	103.1
<b>Non-current assets</b>	<b>165.9</b>	<b>162.7</b>	<b>183.7</b>
Goodwill	46.0	46.0	46.0
Intangible assets	16.2	15.4	15.1
Investments accounted for using the equity method	17.7	18.7	21.2
Other non-current financial assets	80.1	70.6	82.9
<b>Total assets</b>	<b>311.8</b>	<b>296.5</b>	<b>313.9</b>
<b>Current liabilities</b>	<b>44.6</b>	<b>31.9</b>	<b>30.6</b>
<b>Non-current liabilities</b>	<b>8.0</b>	<b>7.7</b>	<b>15.4</b>
<b>Equity</b>	<b>259.3</b>	<b>256.9</b>	<b>267.9</b>
Total equity attributable to owners of the parent	251.4	251.7	260.4
<b>Total liabilities and equity</b>	<b>311.8</b>	<b>296.5</b>	<b>313.9</b>

# Segment Breakdown

Segments	Businesses
Game Business	Japan and international game businesses
Sports Business	Baseball, Basketball, Running Club, etc.
Automotive Business	MOV, Anyca, etc.
Healthcare Business	MYCODE, kencom, Aruite Otoku, etc.
New Businesses and Others	Sub-segment names (major service names in parenthesis) <ul style="list-style-type: none"><li>• IP-generating platform (Manga Box, Everystar)</li><li>• E-commerce (Mobaoku)</li><li>• Other internet services (SHOWROOM, Pococha)</li></ul>



# Segment Breakdown



The information and data contained within this presentation and these presentation materials have been determined based on information available as of August 8, 2019. The company disclaims any obligation to update or revise such information and data, whether as a result of new information, future events or otherwise.

In addition, any forward-looking statements contained in this presentation or these presentation materials are based on our opinions and information available as of August 8, 2019, and involve uncertainty. Please be aware that the actual performance data and similar information are subject to influence from diverse factors and may differ from the forecasts presented herein.

A large, stylized logo for DeNA. The letter 'D' is significantly larger than the other letters and features two small circles to its left, resembling a smiley face. The letters 'e', 'N', and 'A' are in a similar bold, rounded font.

DeNA Co., Ltd.