Q3 FY2023
Operating Results

February 7, 2024
DeNA Co., Ltd.

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1. Financial Results Summary

Financial Results Summary*

(billion yen)	FY2022				FY2023					FY2022	FY2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	QoQ change	YoY change	Apr-Dec	Apr-Dec	YoY change
Revenue (IFRS)	34.8	36.4	30.2	33.5	36.1	39.0	**29.0**	-26%	-4%	101.4	**104.1**	3%
Operating profit (IFRS)	4.0	3.1	-2.0	-0.9	1.7	3.1	**-32.4**	-	-	5.1	**-27.6**	-
Operating profit (Non-GAAP)	3.8	3.0	-1.7	-0.8	1.6	2.9	**-4.9**	-	-	5.1	**-0.3**	-
Finance income / costs (net)	6.9	1.7	-2.0	1.0	2.9	1.0	**-1.6**	-	-	6.7	**2.3**	-66%
Share of profit (loss) of associates accounted for using the equity method**	-0.2	0.8	-0.4	1.5	1.4	0.1	**-5.9**	-	-	0.2	**-4.4**	-
Profit before tax	10.7	5.6	-4.4	1.6	6.0	4.1	**-39.9**	-	-	11.9	**-29.8**	-
Profit for the period attributable to owners of the parent	7.1	3.9	-3.8	1.6	4.6	2.8	**-38.6**	-	-	7.3	**-31.2**	-
EPS (Yen)	60.27	33.71	-33.24	14.07	41.66	24.82	**-346.98**	-	-	62.51	**-280.51**	-

*For full reconciliation of IFRS to Non-GAAP metrics, the calculation process, Non-GAAP EBITDA, and Sports Business seasonality, please see the reference materials at the end of the presentation.
**This includes the recognition in Q1 FY2023 of a one-time gain in earnings of 2.4 billion yen due to capital increase through a third-party allotment by GO Inc., and the recognition in Q3 FY2023 of a one-time loss of 5.9 billion yen related to SHOWROOM. For more details refer to the disclosures of February 7, 2024 titled “Notice Regarding Recognition of Impairment Loss, Etc.” and “Consolidated Financial Results for the Nine Months Ended December 31, 2023 [IFRS].”

Summary of Impairment Loss, Etc. Recorded in Q3*

- **Since FY2021 DeNA has been pursuing the strengthening of our portfolio. We conducted a review of strategy and business progress, and reviewed our outlook and future plans**
- **Major changes being made to China Business within Game Business (See slide 9 for details)**

(billion yen)	Amount	Summary
Impairment Loss (Total)	**27.6**	
Assets including software in the Game Business	**11.5**	In the Game Business, individual game titles are recognized as cash generating units. In light of the latest result trends and the business environment, DeNA reviewed the business plan of each game title and carried out the impairment test.
Goodwill	**15.5**	DeNA carried out an impairment test based on the revised future cash flow forecast, and as a result recorded an impairment loss of 8.9 billion yen, etc. for IRIAM. For DATA HORIZON, DeNA carried out the impairment test upon identifying signs of impairment losses following the fall in stock prices, and as a result recorded an impairment loss of 3.6 billion yen.

*For more details refer to the disclosures of February 7, 2024 titled “Notice Regarding Recognition of Impairment Loss, Etc.” and “Consolidated Financial Results for the Nine Months Ended December 31, 2023 [IFRS].”

Financial Results Summary: Financial Results by Segment

(billion yen)		FY2022				FY2023					FY2022	FY2023	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	QoQ change	YoY change	Apr-Dec	Apr-Dec	YoY change
Game	**Revenue**	15.8	16.9	14.1	17.2	12.5	13.9	**12.7**	-8%	-10%	46.8	**39.1**	-17%
	Segment profit/loss	1.7	2.3	1.6	4.0	0.2	0.2	**-0.2**	-	-	5.6	**0.3**	-95%
Live streaming	**Revenue**	9.6	9.9	10.2	10.3	10.8	11.0	**10.8**	-3%	5%	29.8	**32.6**	9%
	Segment profit/loss	-0.2	-0.2	-0.1	-0.1	-0.2	0.1	**0.5**	389%	-	-0.5	**0.4**	-
Sports*	**Revenue**	7.9	7.9	3.0	2.1	10.2	11.0	**2.4**	-78%	-21%	18.8	**23.7**	26%
	Segment profit/loss	2.6	2.0	-1.8	-2.8	3.4	4.0	**-3.0**	-	-	2.8	**4.4**	58%
Healthcare & Medical**	**Revenue**	0.7	1.1	2.0	3.2	2.0	2.3	**2.4**	4%	19%	3.8	**6.6**	73%
	Segment profit/loss	-0.2	-0.7	-0.9	-0.4	-1.2	-1.0	**-0.9**	-	-	-1.8	**-3.1**	-
New Businesses and Others	**Revenue**	0.7	0.7	0.8	0.8	0.7	0.8	**0.8**	-4%	-2%	2.2	**2.3**	7%
	Segment profit/loss	-0.2	-0.2	-0.2	-0.3	-0.3	-0.3	**-0.3**	-	-	-0.6	**-0.9**	-

*See slide 15 for the seasonality of the Sports Business and status of matches for each quarter.
**PPA (a series of operations to allocate the acquisition cost to the assets and liabilities existing in the acquired company and record them in the consolidated financial statements) for DATA HORIZON and Allm was completed and the FY2022 portion of amortization of intangible assets, etc. was recognized in Q4 FY2022. Management accounting of the financial performance excluding this impact is shown on slide 16.

Financial Results Summary: Cost and Expense Breakdown

(billion yen)	FY2022				FY2023					FY2022	FY2023	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	QoQ change	YoY change	Apr-Dec	Apr-Dec	YoY Change
Cost of Sales	**17.4**	**18.4**	**17.2**	**17.8**	**19.0**	**20.4**	**18.1**	**-11%**	**5%**	**53.1**	**57.5**	**8%**
Personnel Expenses	2.0	2.2	2.4	2.1	2.2	2.3	2.4	0%	-1%	6.6	6.9	3%
Depreciation and amortization	0.8	0.9	0.9	0.9	1.0	1.3	1.6	17%	69%	2.6	3.9	51%
Outsourcing expenses	3.9	4.1	3.6	3.6	4.5	4.9	3.9	-20%	8%	11.6	13.3	15%
Commission fees	7.9	8.3	7.7	8.1	7.8	8.2	7.6	-8%	-2%	23.9	23.5	-2%
Others	2.7	3.0	2.6	3.1	3.6	3.6	2.7	-25%	6%	8.3	10.0	20%
Selling, general, and administrative expenses	**13.8**	**15.0**	**14.8**	**16.3**	**15.4**	**15.5**	**15.3**	**-1%**	**4%**	**43.6**	**46.2**	**6%**
Personnel Expenses	3.5	3.4	4.2	4.3	4.6	4.5	4.6	1%	9%	11.1	13.7	23%
Sales promotion & Advertising expenses	3.8	4.3	3.9	3.9	4.3	4.2	4.1	-3%	6%	11.9	12.6	6%
Outsourcing expenses & Commission fees	4.8	5.7	4.8	5.3	4.4	5.1	4.5	-13%	-6%	15.3	14.0	-9%
Others	1.7	1.6	2.0	2.9	2.1	1.6	2.2	37%	12%	5.3	5.9	12%
Other income*	**0.5**	**0.1**	**0.2**	**0.4**	**0.2**	**0.1**	**0.2**	**308%**	**7%**	**0.8**	**0.4**	**-49%**
Other expenses*	**0.1**	**0.0**	**0.4**	**0.7**	**0.2**	**0.1**	**28.2**	**22,360%**	**7,781%**	**0.5**	**28.5**	**5,963%**
Consolidated employee headcount**	**2,294**	**2,589**	**2,854**	**2,951**	**3,079**	**3,061**	**2,960**	**-3%**	**4%**	**2,854**	**2,960**	**4%**

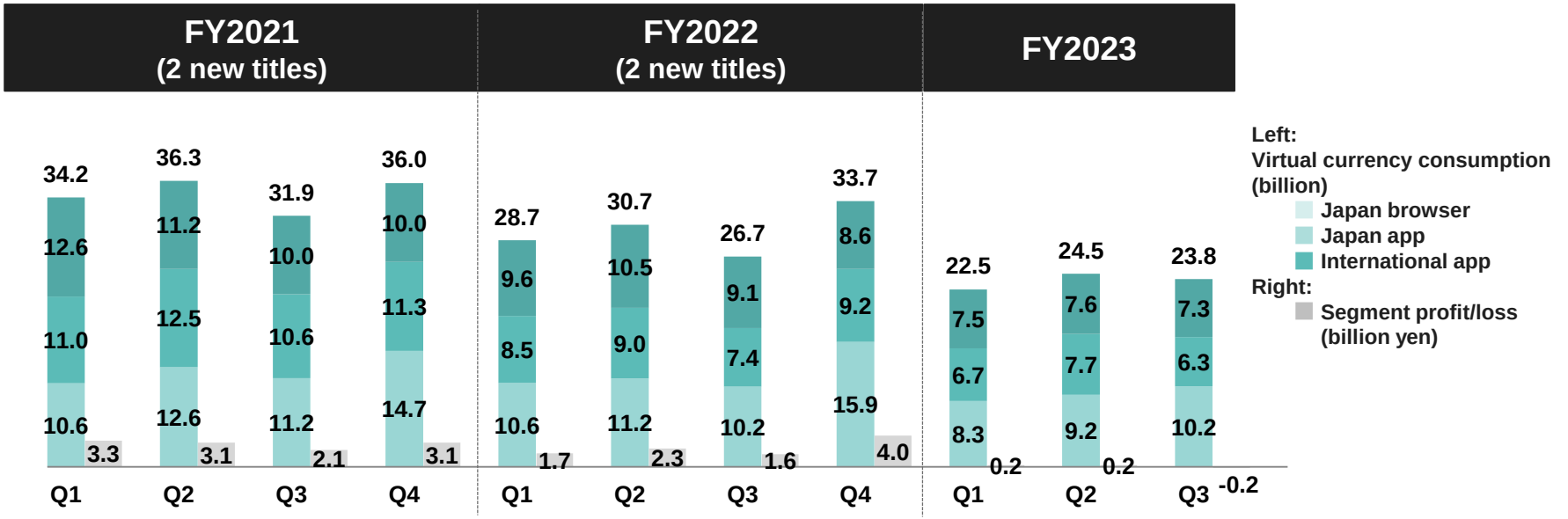
*Includes non-operating income / expenses and extraordinary income / expenses, excluding finance income / costs under Japanese GAAP (e.g. Loss on sales / retirement of tangible / intangible assets).

**The consolidated employee headcount from Q2 FY2022 onward includes DATA HORIZON CO., LTD., and from Q3 FY2022 onward includes Allm Inc.

2. Entertain

Game Business: Results

- Contribution from new titles was limited in Q3, and there was impact from amortization, marketing, and other related expenses
- In Q4 expect reduced impact of the above factors and typical seasonal strength in existing titles, and thus expect segment profit for Q4 and full-year performance
- Given this, deliberating on future approach for the Game Business



Game Business: Review of China Development & Live Operations Structure

- **Conducting major review of position of China business, due to environmental changes and increasing issues in recent years**
- **In parallel, significantly downsizing the China office**

Recognized Issues in China

Market Environment & Regulatory Trends

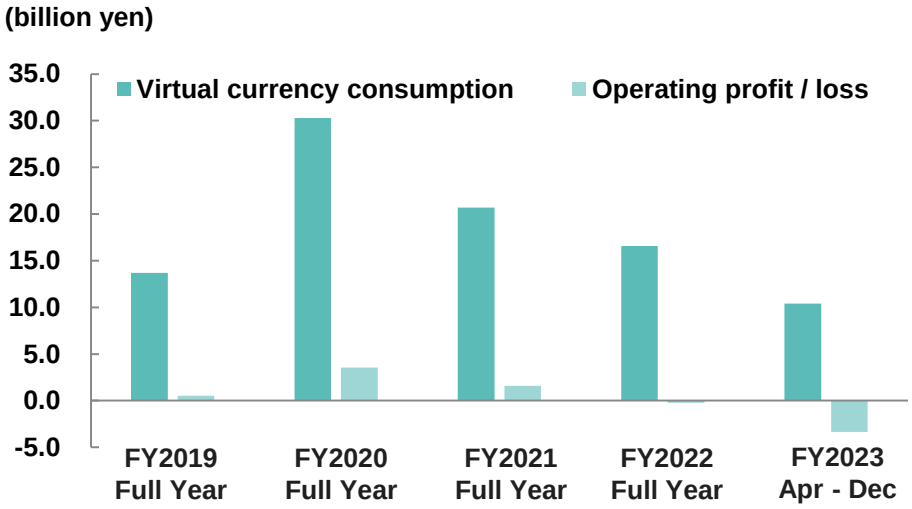
- **There have been frequent environmental changes for the Game Business, including tightened regulations, and in this market environment it has become more challenging to expect sustained business growth and contribution**
- **Need to manage & reduce risks in performance & development, such as from repeated delays owing to external factors and forecast updates, etc.**

Business Operations Issues

- **Game development & live operations costs growing in China**
- **Need to rationalize new development structure & related costs**
- **Other business restrictions have also occurred, such as the Zero-COVID Policy**

China Business Performance

(Management Accounting Base)*



*For reference, we provide the virtual currency consumption and operating profit / loss for the China business as the top line and bottom line reference, respectively. The China business performance includes games provided from China to Japan.

Game Business: Future Direction

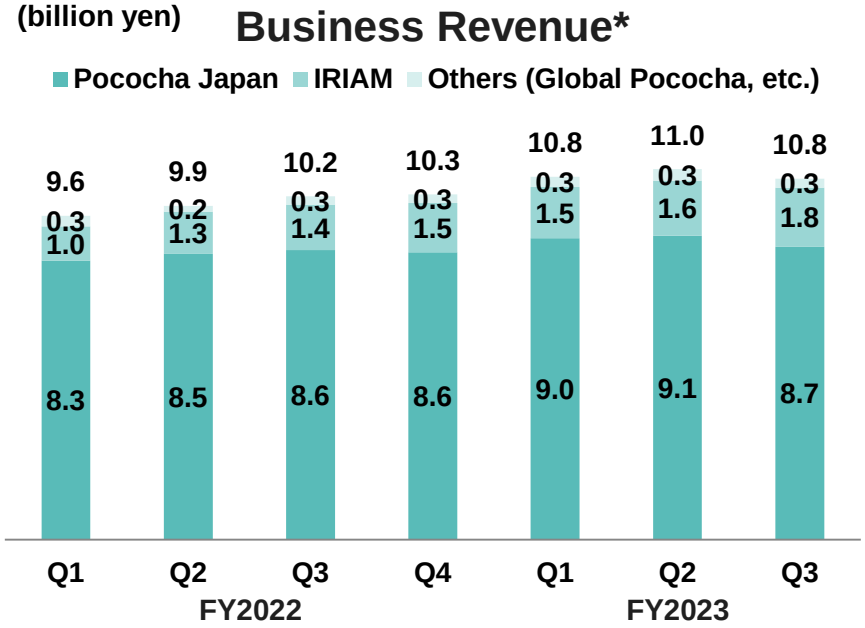
- **Going forward, pursuing strategy centered on major IP for the global market, in line with strategy to date, and centering on teams in Japan**
  - **History of many titles with partner companies**
  - **New titles in the works for next fiscal year & beyond**
  - **Approx. 3 titles planned for FY2024**

- **Exploring new approach with significantly reduced development risk**

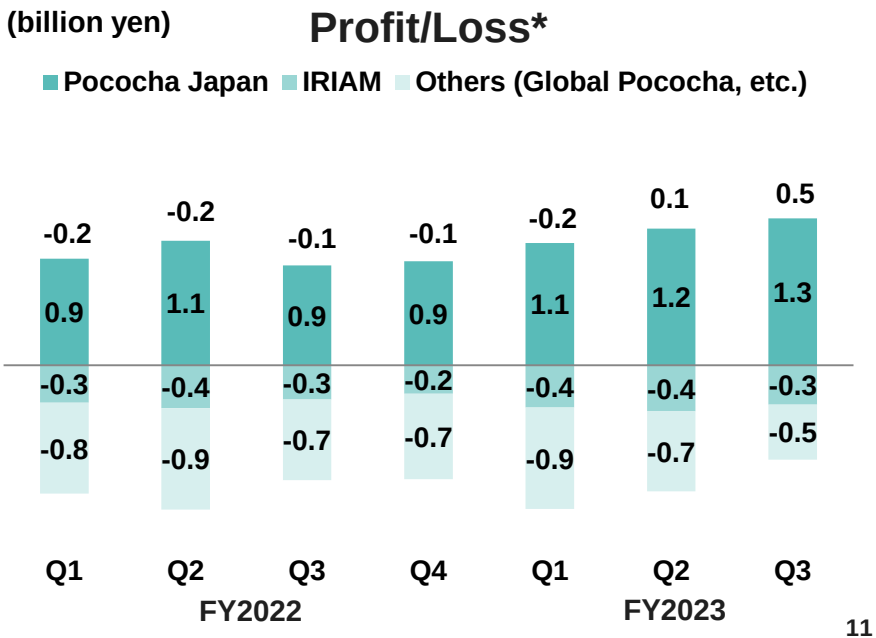
Live Streaming Business: Results

- Expect year-over-year revenue growth and profitability for FY2023
- For Global Pococha, as a result of verification of appropriate operations for each region, plan to end service in the US in February 2024

Live Streaming Business Revenue*



Live Streaming Business Profit/Loss*

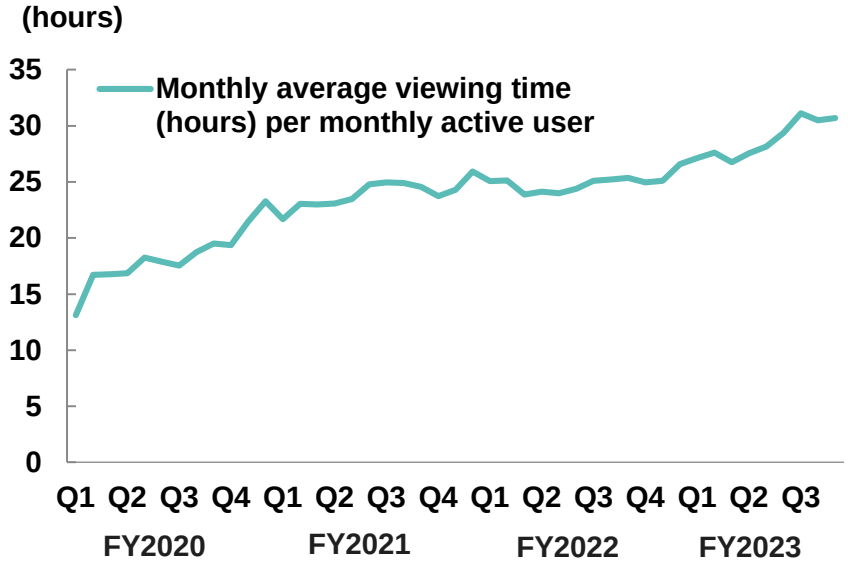


*The revenue and profit/loss figures for each segment in the breakdown shown above are from management accounting for reference purposes.

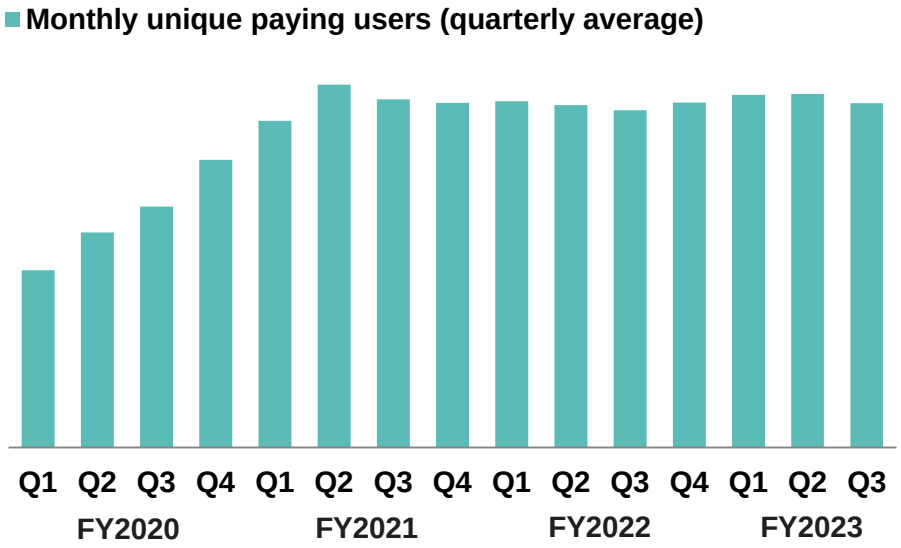
Live Streaming Business: Pococha Japan

- Enhancing our efforts to bolster user engagement and aim to achieve greater efficiency in new user acquisition
- 5.54 million downloads in Japan as of December 31, 2023
- Had highest-ever monthly sales for Pococha Japan in December 2023

Average Viewing Time Trends



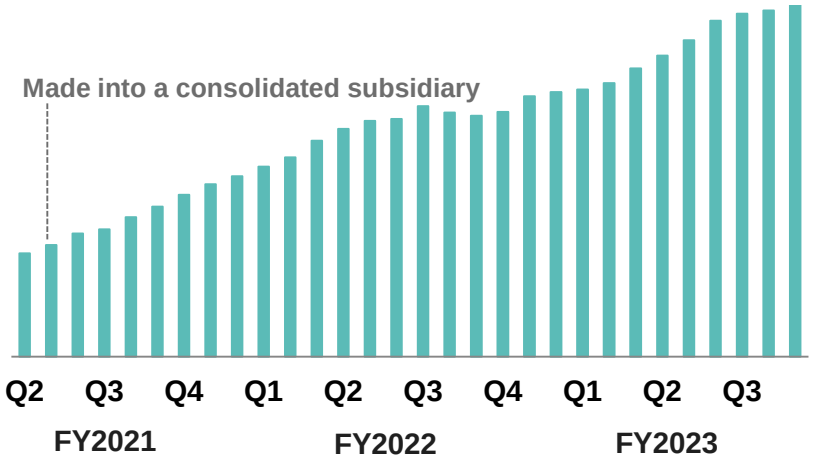
Monthly Unique Paying User Trends



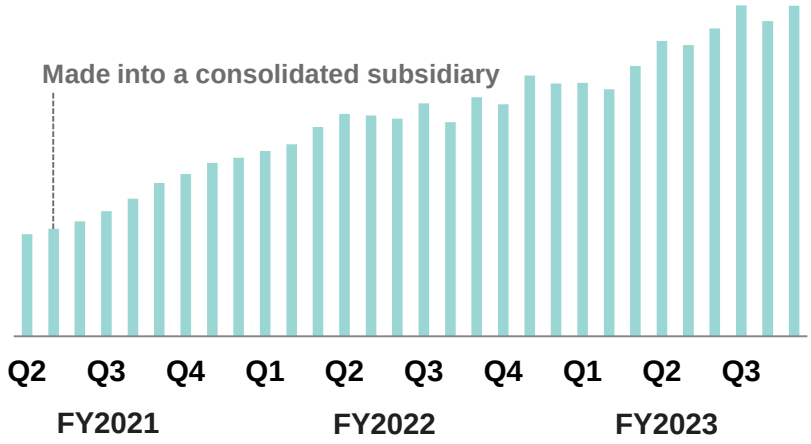
Live Streaming Business: IRIAM

- **IRIAM achieved 2.65 million downloads* as of December 31, 2023 and is seeing active use, with DAU reaching highest-ever level**
- **Prioritizing sound community development. Financial performance is expected to take more time than anticipated when IRIAM was brought into the DeNA Group, but continuing to focus on revenue growth and bottom line improvement**

Monthly Average DAU Trends



Monthly Unique Paying User Trends

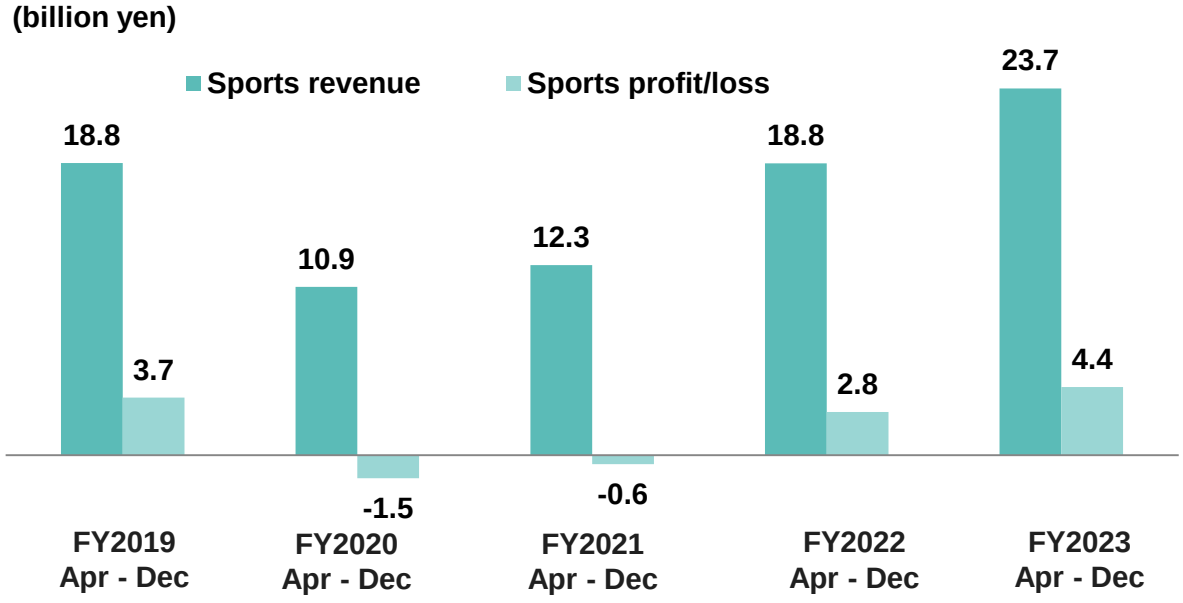


*Definition for aggregation partially updated in Q1 FY2023.

3. Serve

Sports Business*

- **Segment performance grew compared to pre-COVID-19 levels and achieved historic high**
- **Proactively exploring & promoting mid to long term business opportunities not limited to sports game performances, such as *machizukuri* initiatives, etc.**



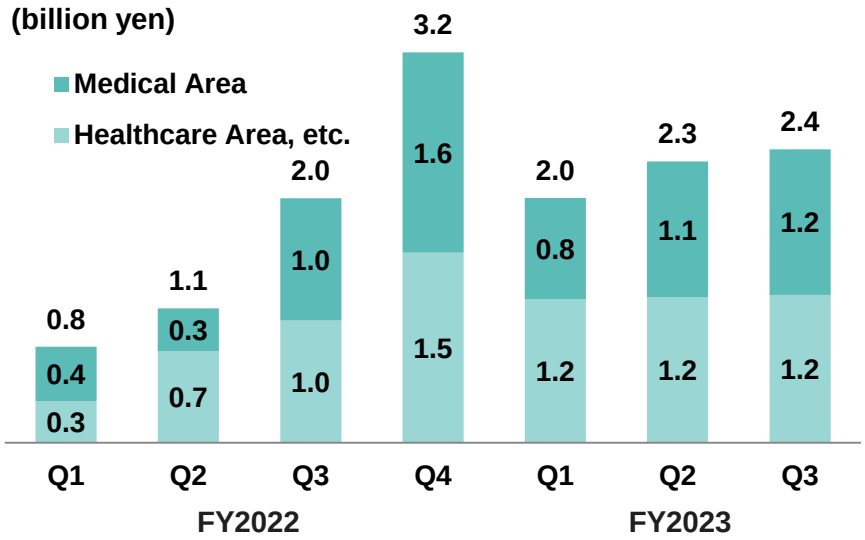


*Supplemental information regarding the number of home games (including Climax Series) held per quarter for the highly seasonal baseball business:
FY2023: Q1 33, Q2 37, Q3 1; FY2022: Q1 34, Q2 33, Q3 5, Q4 0; FY2021: Q1 36, Q2 21, Q3 12, Q4 3; FY2020: Q1 9, Q2 35, Q3 16, Q4 2; FY2019: Q1 34, Q2 35, Q3 3, Q4 0

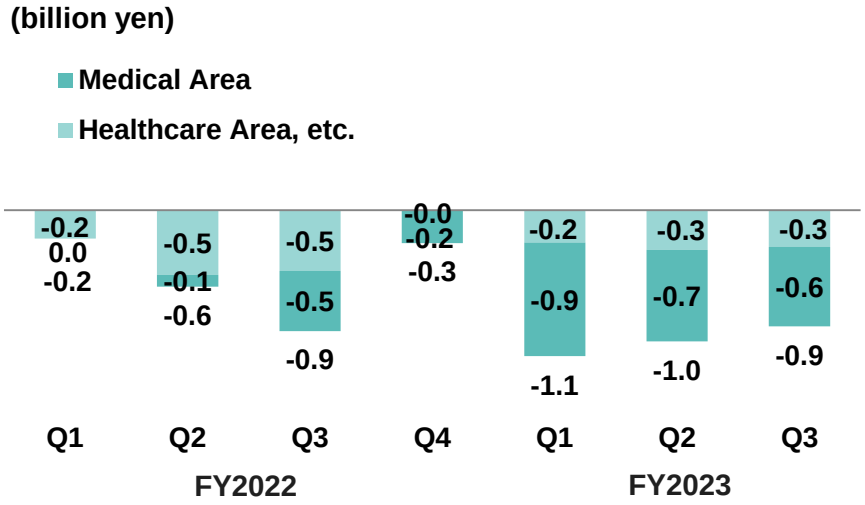
Healthcare & Medical Business: Results*

- Cumulative performance through Q3 showing steady trends, with revenue of 6.6 billion yen, up 73% year-over-year
- Expect to achieve segment profitability in Q4

Healthcare & Medical Business Revenue*



Healthcare & Medical Business Profit/Loss*

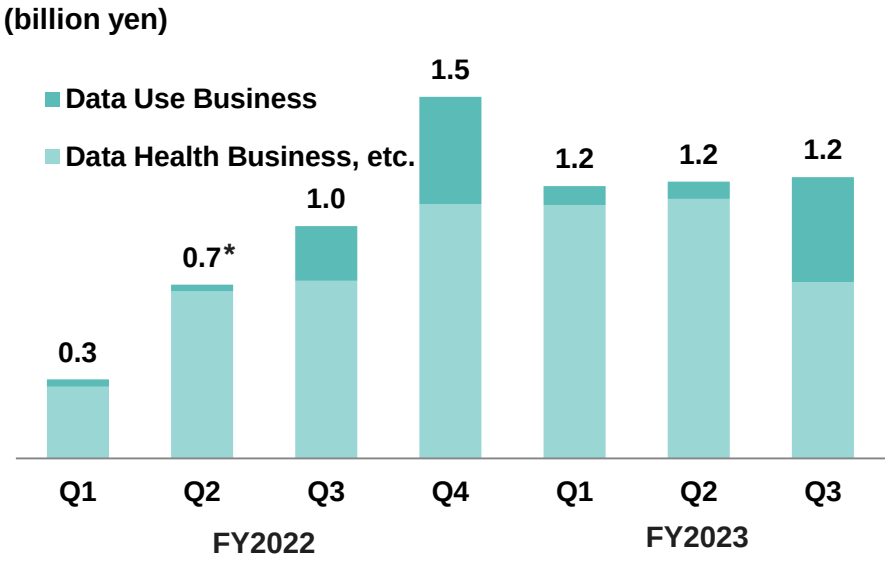


*The figures shown on this slide are on a management accounting basis, not including asset-related amortization costs, etc., which have begun to be recognized upon completion of PPA, and do not match the segment results. “Healthcare Area, etc.” includes health big data and other current initiatives primarily in the Healthcare Business Unit. As of August 2022 this also includes DATA HORIZON results. “Medical Area” includes medical digital transformation and other current initiatives primarily in the Medical Business Unit. As of September 2021 this includes Nippontect Systems, and as of October 2022 this includes Allm results.

Healthcare & Medical Business: Healthcare Area

- **2023 is the formulation year for the Japanese government Data Health Plan, and received orders are steady for the Data Health Business for FY2023**
- **Sales pitches, etc. are going well in data use, with the aim to achieve year-over-year growth**

Healthcare Area Revenue Breakdown



Progress in Healthcare Area

Data Health			
	No. of Orders from Municipal National Health Insurance**	FY2022 351 orders ▶	FY2023 469 orders
Data Use			
	Revenue (Past 12 months)	12 months through Dec. 2022 0.45 billion yen ▶	12 months through Dec. 2023 1.06 billion yen
	No. of Clients (Past 12 months)	12 months through Dec. 2022 28 companies ▶	12 months through Dec. 2023 54 companies
	Transaction Amount Per Customer (Past 12 months)	22.8% increase year-over-year	
	Database (As of Dec. 31, 2023)	Health & medical data: Total 20.40 million people***	

*As of August 2022 this includes the results of DATA HORIZON.
**Fiscal year here is the customers' fiscal year. FY2023 orders are through January 2024.
***This is the total amount of DeNA Group data and anonymously processed data held by IQVIA Solutions Japan K.K. as of December 31, 2023.

Healthcare & Medical Business: Medical Area

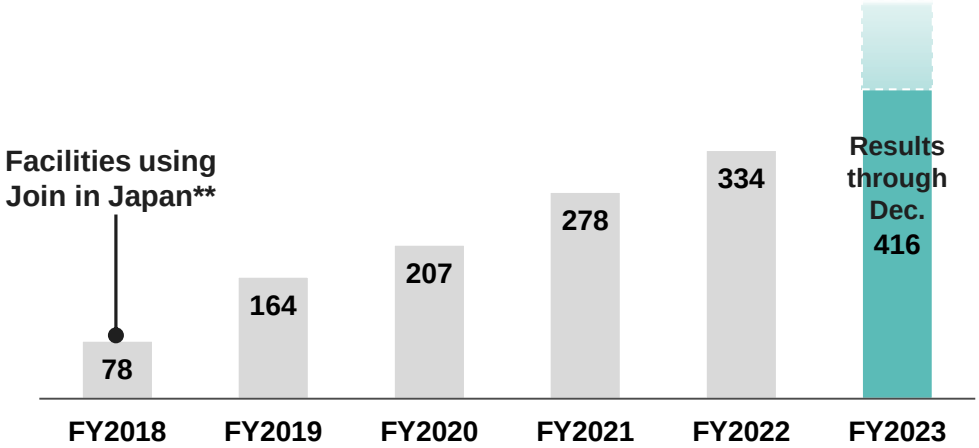
- **Making steady progress, with examples of deployment to medical institutions through local municipality subsidies, etc. expanding into 10 prefectures, double the same period of the previous fiscal year, and the number of facilities using Join reaching 416**

Individual Approach
(Build relationship with Key Opinion Leaders)

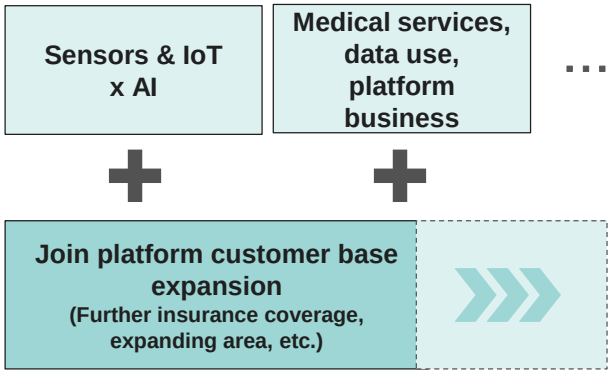
Accelerate Regional Expansion
(Form medical personnel communication platform)

Evolve as a Platform
(Develop application)

Expected market size*: Around 10.0 billion yen



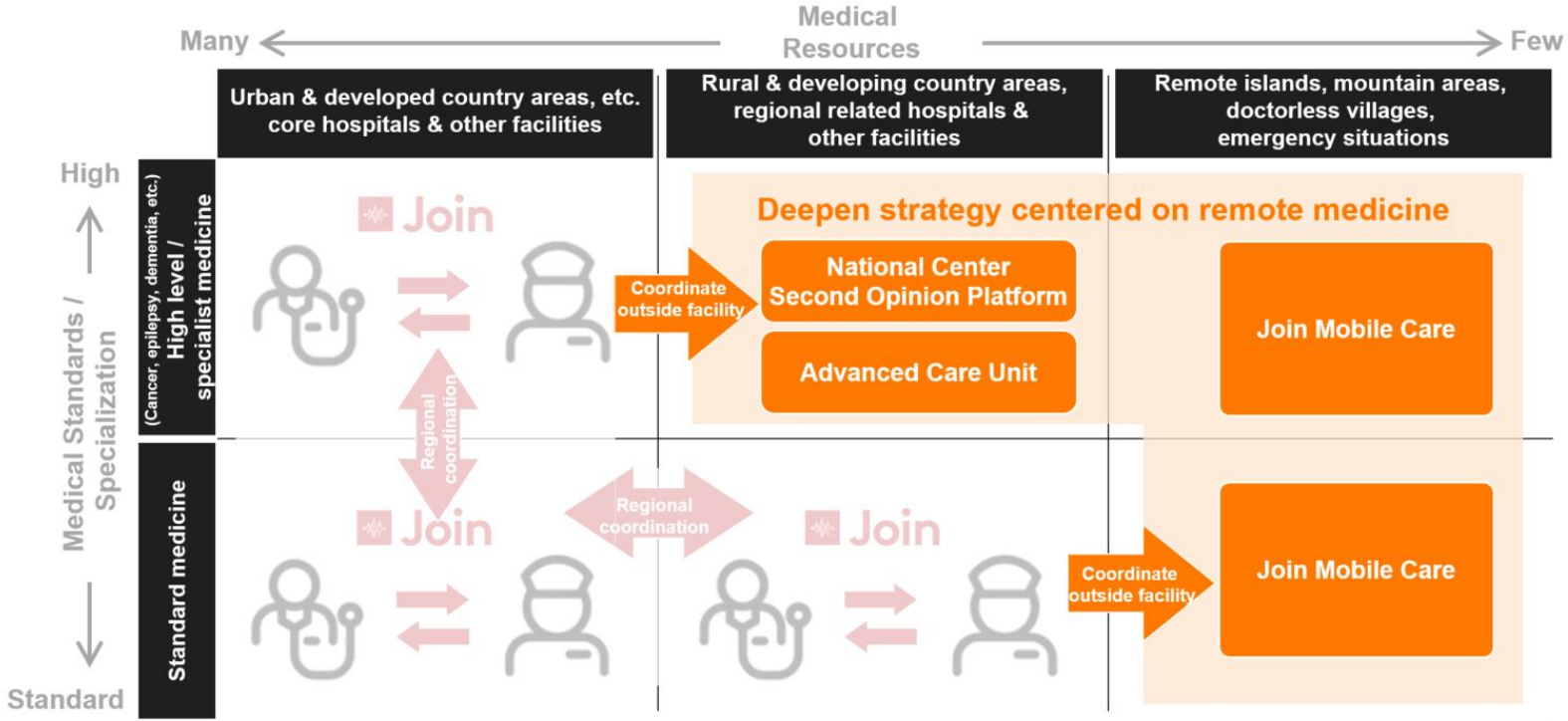
Expected market size*: Several hundred billion yen



*Calculated based on eligible facilities, etc. in Japan.
**This is an aggregation of only normal paying institutions to be a more meaningful reference. Facilities with an exceptional use, such as use for a demo or for COVID-19 are excluded.

Healthcare & Medical Business: Medical Area

- **Making steady progress in project to lead to mid to long term growth in this fiscal year and beyond, including the spread of remote treatment based on Join**



4. Outlook

Outlook

- **The FY2023 consolidated financial results forecast is as follows**
  - **The consolidated financial results forecast cannot be provided due to the difficulty of reasonably & accurately estimating the figures**
  - **Full-year revenue is expected to increase year-over-year, in conjunction with changes to and strengthening of the business portfolio**
  - **Non-GAAP operating profit expected**
  - **Expect to record losses on all profit levels in IFRS at the operating profit (loss) level and below, based on the results up to Q3, etc.**
  - **For business performance by segment, expect to record year-over-year decreases in both revenue and profit in the Game Business**
  - **In all the other businesses, there are no changes to the major factors related to performance that are expected to impact the trends of each business announced on May 10, 2023**
- **Making progress in strengthening the business portfolio, along with growth in each business and appropriate reviews**
- **In the Entertain approach, especially in the Game Business, aim to reduce the risk of volatility, while in the Serve approach aim to build high quality services, have them penetrate, build up financial performance, and grow on an overall basis**

Reference Materials

- **IFRS to Non-GAAP Reconciliation**
- **Consolidated Cash Flows**
- **Consolidated Financial Position**
- **Segment Breakdown**

IFRS to Non-GAAP Reconciliation

(billion yen)	FY2022				FY2023			FY2022	FY2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Apr-Dec	Apr-Dec
Reconciliation of Operating profit to Non-GAAP operating profit									
Operating profit (IFRS)	4.0	3.1	-2.0	-0.9	1.7	3.1	-32.4	5.1	-27.6
Accounting adjustments related to seasonality & one-time factors	-0.1	-0.1	-0.1	+0.4	-0.1	-0.1	+0.1	-0.3	-0.1
Acquisition and restructuring related expenses	-	-	+0.3	-	-	-	+27.4	+0.3	+27.4
Sales and disposition related gains	-	-	-	-0.3	-	-	-	-	-
Non-GAAP operating profit	**3.8**	**3.0**	**-1.7**	**-0.8**	**1.6**	**2.9**	**-4.9**	**5.1**	**-0.3**
Profit (loss) from seasonal sports business	-2.6	-2.0	+1.8	+2.8	-3.4	-4.0	+3.0	-2.8	-4.4
Non-GAAP operating profit excluding Sports	**1.3**	**1.0**	**0.1**	**2.0**	**-1.8**	**-1.1**	**-1.8**	**2.3**	**-4.7**

(billion yen)	FY2022				FY2023			FY2022	FY2023
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Apr-Dec	Apr-Dec
Reconciliation of Operating profit to Non-GAAP EBITDA									
Operating profit (IFRS)	4.0	3.1	-2.0	-0.9	1.7	3.1	-32.4	5.1	-27.6
Accounting adjustments related to seasonality & one-time factors	-0.1	-0.1	-0.1	+0.4	-0.1	-0.1	+0.1	-0.3	-0.1
Acquisition and restructuring related expenses	-	-	+0.3	-	-	-	+27.4	+0.3	+27.4
Sales and disposition related gains	-	-	-	-0.3	-	-	-	-	-
Depreciation and amortization	+1.3	+1.3	+1.4	+1.5	+1.4	+1.8	+2.1	+4.0	+5.3
Retirement / impairment of fixed assets (excl. one-time factors)	+0.0	+0.0	+0.0	+0.5	+0.1	+0.1	+0.7	+0.0	+0.8
Non-GAAP EBITDA	**5.1**	**4.3**	**-0.3**	**1.2**	**3.1**	**4.8**	**-2.1**	**9.1**	**5.8**

Consolidated Cash Flows

(billion yen)	FY2022 Apr-Dec	FY2022	FY2023 Apr-Dec
Operating cash flow (A)	**9.9**	**10.8**	**-9.7**
Profit before tax	11.9	13.6	-29.8
Depreciation and amortization	4.0	5.4	5.3
Impairment loss	-	0.4	27.7
Share of loss (profit) of associates accounted for using the equity method	-0.2	-1.8	4.4
Decrease (increase) in trade and other current receivables	7.6	-0.8	7.3
Increase (decrease) in trade and other current payables	-6.2	-1.7	-1.9
Dividends received	3.1	3.2	1.9
Income tax paid	-1.4	-2.2	-17.8
Others	-8.9	-5.3	-6.8
Investing cash flow (B)	**16.3**	**12.5**	**-8.8**
Financing cash flow	**-2.7**	**-4.9**	**-4.0**
Proceeds from borrowings, net	16.2	16.5	-0.3
Cash dividends paid	-4.6	-4.6	-2.2
Purchase of treasury stock	-13.1	-15.0	-
Others	-1.2	-1.8	-1.4
FCF ((A)+(B))	**26.2**	**23.3**	**-18.5**
Cash and cash equivalents (Consolidated)	**102.7**	**97.7**	**75.9**
(Non-consolidated basis)	68.6	64.0	43.9

Consolidated Financial Position

(billion yen)	As of Dec. 31, 2022	As of Mar. 31, 2023	As of Dec. 31, 2023
Current assets	**128.3**	**133.3**	**107.2**
Cash and cash equivalents	102.7	97.7	75.9
Non-current assets	**210.7**	**215.6**	**209.8**
Property and equipment & Right-of-use assets	20.3	20.2	21.2
Goodwill	49.4	49.1	33.6
Intangible assets	16.0	23.0	17.2
Investments accounted for using the equity method	58.0	58.0	54.8
Other non-current financial assets	65.3	63.2	82.5
Total assets	**339.0**	**348.9**	**317.0**
Current liabilities	**74.9**	**50.6**	**34.2**
Borrowings	36.5	2.7	3.0
Non-current liabilities	**29.4**	**64.3**	**69.8**
Borrowings	0.8	35.0	34.4
Equity	**234.7**	**234.0**	**213.0**
Total equity attributable to owners of the parent	224.4	221.6	201.7
Total liabilities and equity	**339.0**	**348.9**	**317.0**

Segment Breakdown

Segment	Businesses
Game Business	Japan and international game businesses
Live Streaming Business	Japan and international Pococha, IRIAM, etc.
Sports Business	Baseball, basketball, soccer, etc.
Healthcare & Medical Business	Health big data related services, Japan and international medical digital transformation related services
New Businesses & Others	Previous E-commerce business, previous Automotive business, and other new businesses, etc.

*Allm Inc. became a subsidiary from October 2022, and its performance is not included in the segment results for Q2 FY2022 and earlier.
**The financial results of the following companies became included in “Share of profit (loss) of associates accounted for using the equity method” in the consolidated income statement and became excluded from segment results as of the timing stated in the parenthesis.

- Previous Automotive business: GO Inc. (Q1 FY2020), DeNA SOMPO Mobility Co., Ltd. and DeNA SOMPO Carlife Co., Ltd. (Q1 FY2020)
- Live streaming business: SHOWROOM Inc. (Q2 FY2020)
- Healthcare business: PFDeNA Inc. (Q1 FY2020)
- New businesses & others: Manga Box Co., Ltd. (Q1 FY2021)

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In addition, any forward-looking statements contained in this presentation or these presentation materials are based on our opinions and information available as of February 7, 2024, 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.