

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.



February 4, 2020

Company name: DeNA Co., Ltd.
(TSE First Section Stock Code: 2432)
Name of representative: Isao Moriyasu, President & CEO
Contact person: Jun Oi, Executive Officer, Head of
Corporate Unit
Tel.: 03-6758-7200

Notice Regarding Merger of Taxi Dispatch App-Related Businesses, and Conclusion of Basic Agreement Regarding Company Split (Simple Absorption-Type Company Split) for Said Merger

DeNA Co., Ltd., Nihon Kotsu Holdings Co., Ltd., and its subsidiary JapanTaxi Co., Ltd. would like to announce the decision to merge their businesses related to taxi dispatch apps, etc. and have these businesses continue under a new structure.

This merger is expected to be conducted through an absorption-type company split, with JapanTaxi* to succeed to the businesses related to taxi dispatch apps, etc. operated by DeNA. A basic agreement regarding this matter has been concluded to this effect.

Please note that because this company split is expected to result in a change in DeNA's total assets that is less than 10% of DeNA's net assets as of the last day of the most recent fiscal year, and a less than 3% change in DeNA's revenue from the most recent fiscal year, DeNA has omitted some items in this disclosure.

*Company name expected to change at the time of merger.

1. Purpose of the company split

Through this absorption-type company split, the parties aim to merge the businesses related to taxi dispatch apps, etc. operated by DeNA and JapanTaxi in order to establish a stronger structure and facilitate the future growth and strategy of these businesses. JapanTaxi will succeed to the DeNA businesses related to taxi dispatch apps, etc., mainly the new taxi dispatch app MOV, through an absorption-type company split. Following the company split, DeNA and Nihon Kotsu Holdings are expected to jointly become the largest shareholders of JapanTaxi, and JapanTaxi is expected to become an equity-method affiliate of DeNA.

DeNA has worked with a variety of industries, including the transportation industry, to create new services and businesses that make use of the internet and AI. By expanding its taxi dispatch service, MOV, DeNA has worked to provide people with convenient, on-demand taxi transportation options. Through this business, DeNA has also endeavored to contribute to solving issues faced in the taxi industry, such as labor shortages.

Meanwhile, JapanTaxi operates a taxi dispatch app, making use of its strong network of approximately 70,000 taxi vehicles throughout Japan. JapanTaxi was the first to provide a taxi dispatch app in Japan, launched in 2011, and currently has widespread service area coverage of all prefectures in Japan.

With the combined strengths and resources of both companies, the new structure will work to support the evolution of the taxi industry by spreading the use of taxi dispatch apps, as well as accelerate initiatives in the MaaS (Mobility as a Service) area.

2. Summary of the company split

(1) Company split schedule

Date of conclusion of the basic agreement	February 4, 2020
Date of the board of directors resolution regarding the company split agreement	February 27, 2020 (Scheduled)
Date of conclusion of the company split agreement	February 27, 2020 (Scheduled)
Implementation date (effective date)	April 1, 2020 (Scheduled)

*As the company split to be conducted by DeNA corresponds to a simple absorption-type split as defined in Article 784, Paragraph 2 of the Companies Act, it will be implemented without the approval and resolution of the General Meeting of Shareholders.

(2) Company split method

Absorption-type company split, where DeNA is the splitting company, and JapanTaxi is the succeeding company.

(3) Allotment in this company split

As compensation for this company split, DeNA expects to receive 200,000 newly issued shares of JapanTaxi. Further details will be provided at a later date.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the company split

There are no applicable items.

(5) Changes to capital due to the company split

There are no changes in capital for DeNA due to the company split.

(6) Rights and obligations to be succeeded by the succeeding company

JapanTaxi will succeed to assets, liabilities and the accompanying rights and obligations held by DeNA relating to the business subject to the company split as of the effective date of the split, excluding those which are otherwise noted in the company split agreement. The assumption of liabilities by JapanTaxi will be undertaken without recourse to DeNA.

(7) Prospect of fulfillment of obligations

JapanTaxi is judged to be capable of fulfilling the obligations to be borne after the effective date of the company split.

3. Allotment in this company split and calculation approach

In calculating the amount of compensation to be delivered to DeNA by JapanTaxi for this company split, consideration is being given for the market value of assets and liabilities included in the succession, as well as the potential business and earnings size of the split business among other factors. Further details will be provided at a later date.

4. Overview of the parties of the company split

	Splitting Company*	Succeeding Company**	
(1)	Company name	DeNA Co., Ltd.	JapanTaxi Co., Ltd.
(2)	Address	2-21-1 Shibuya, Shibuya-ku, Tokyo, Japan	3-12 Kioicho, Chiyoda-ku, Tokyo, Japan
(3)	Name and title of representative	Isao Moriyasu, President & CEO	Ichiro Kawanabe, President & CEO
(4)	Description of business	Game business, sports business, automotive business, healthcare business, new businesses & others	Information processing services
(5)	Stated capital	10,397 million yen	100 million yen
(6)	Established	March 4, 1999	August 17, 1977
(7)	Number of shares issued	150,810,033 shares	294,000 shares
(8)	Fiscal year-end	March 31	May 31
(9)	Shareholding percentage of major shareholders	Tomoko Namba 13.80% Nintendo Co., Ltd. 10.52% Japan Trustee Services Bank, Ltd. 10.44%	Nihon Kotsu Holdings Co., Ltd. 68.03% Toyota Motor Corporation 17.01% SMBC Trust Bank Ltd. 5.78% NTT DOCOMO, INC. 5.10%
(10)	Financial position and operating results as of the previous fiscal year		
	Fiscal year-end	Fiscal year ended March 31, 2019 (consolidated)	Fiscal year ended May 31, 2019 (non-consolidated)
	Total equity	256,865 million yen	9,116 million yen
	Total assets	296,460 million yen	10,771 million yen
	Equity per share attributable to owners of the parent	1,727.52 yen	-
	Net assets per share	-	31,010.14 yen
	Revenue	124,116 million yen	1,964 million yen
	Operating profit (loss)	13,512 million yen	(2,190 million yen)
	Profit (loss) before tax	18,069 million yen	(2,903 million yen)
	Profit (loss) for the period	13,177 million yen	(2,905 million yen)
	Profit attributable to owners of the parent	12,709 million yen	-
	Basic earnings per share attributable to owners of the parent	87.47 yen	-
	Net income (loss) per share	-	(9,884.29 yen)

*The list of DeNA major shareholders is as of September 30, 2019, 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 JapanTaxi, including stated capital, issued shares, major shareholders and shareholdings are as of January 31, 2020. JapanTaxi's non-consolidated financial statements are prepared in accordance with Japanese GAAP, and the above chart includes net assets, total assets, net assets per share, revenue, operating loss, net loss for the period, and net loss per share. After the

effective date of the company split, the shareholding percentages are expected to become DeNA 38.17%, Nihon Kotsu Holdings 38.17%. For more information, please see the “6. Status of the listed company and the succeeding company in the absorption-type company split after the company split” section.

5. Overview of the business department to be split

(1) Business description of the department to be split

The new taxi dispatch app called MOV, and the accident reduction support service for commercial vehicles that makes use of AI and IoT called Drive Chart, and other businesses related to taxi dispatch apps, etc.

(2) Operating results for the department to be split (Fiscal year¥ ended March 31, 2019)

	Operating results of the business (a)	Operating results of DeNA (consolidated) (b)	Ratio (a/b)
Revenue	113 million yen	124,116 million yen	0.09%

*For more information regarding the DeNA Automotive Business, which includes the department to be split, please see the reference section at the end of the document.

(3) Assets and liability items and monetary amounts to be split

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	182 million yen	Current liabilities	300 million yen
Non-current assets	343 million yen	Non-current liabilities	- million yen
Total	525 million yen	Total	300 million yen

*The amounts of assets and liabilities to be split are based on the balance sheets as of March 31, 2019. The actual amounts of assets and liabilities to be split will be determined by adjusting the above amounts to reflect changes to the assets and liabilities up to the effective date of the split.

6. Status of the listed company and the succeeding company in the absorption-type company split after the company split

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 as a result of this company split.

The name of JapanTaxi is expected to change following the company split. The representatives are expected to be Ichiro Kawanabe (Representative Director & Chairman) and Hiroshi Nakajima (Representative Director & President, also Managing Executive Officer, Head of Automotive Business Unit at DeNA Co., Ltd.). Going forward if there are any matters to be disclosed then they will be disclosed in a timely manner.

7. Future outlook

As per DeNA's FY2018 Consolidated Financial Results, made available on May 10, 2019, DeNA stated that the consolidated financial results forecast for the fiscal year ending March 31, 2020 cannot be provided due to the difficulty of reasonably & accurately estimating the figures.

The revenue and segment loss for the DeNA Automotive Business, which includes the department to be split, are included at the end of the document. For the previous and current fiscal year, DeNA has proactively invested for the growth of these businesses related to taxi dispatch apps.

After the effective date of the company split on April 1, 2020 (scheduled), JapanTaxi is expected to become an equity method affiliate company of DeNA, and this company is expected to engage in the businesses related to taxi dispatch apps, etc. that were previously operated by DeNA.

The expected impact of this matter on DeNA's financial performance will be reviewed going forward. If there are any matters to be disclosed then DeNA will disclose them in a timely manner.

(Reference) Previous consolidated financial results

	Revenue	Operating profit	Profit before tax	Profit for the period	Profit for the period attributable to owners of the parent	Basic earnings per share
Previous financial results (fiscal year ended March 31, 2019)	Millions of yen 124,116	Millions of yen 13,512	Millions of yen 18,069	Millions of yen 13,177	Millions of yen 12,709	Yen 87.47

(Reference) Overview of the Automotive Business

	Fiscal year ended March 31, 2019				Fiscal year ending March 31, 2020	
	Q1	Q2	Q3	Q4	Q1	Q2
Revenue	Millions of yen 25	Millions of yen 42	Millions of yen 32	Millions of yen 98	Millions of yen 297	Millions of yen 269
Segment profit (loss)	(704)	(724)	(1,073)	(1,110)	(1,297)	(1,896)

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