

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.



May 10, 2022

Company name: DeNA Co., Ltd.  
(TSE Prime Stock Code: 2432)  
Name of representative: Shingo Okamura, President & CEO  
Contact person: Jun Oi, Member of the Board (CFO)  
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### **Notice Regarding Issuance of Stock Options (Stock Acquisition Rights) for Director Compensation**

DeNA Co., Ltd. would like to announce that in a Board of Directors meeting held today, it passed a resolution to determine the matters for making available stock acquisition rights allocated as stock-linked compensation for its four (4) current directors (excluding outside directors), and make such rights available, pursuant to Article 236, Article 238, and Article 240 of the Companies Act.

#### **Issuance of Compensation-Type Stock Options (Stock Acquisition Rights)**

- I. Reasons for the issuance of compensation-type stock options (stock acquisition rights)  
These compensation-type stock options are issued to reflect the financial performance of the previous fiscal year as a part of the Director performance-linked compensation. The purpose of this compensation system is, by having Directors share with the shareholders the benefits of rising stock prices and the risks of falling stock prices, to motivate Directors to contribute to the enhancement of performance and corporate value, and provide them with the incentive to raise their awareness toward shareholder-oriented management.
- II. Matters related to the offer of stock acquisition rights
  1. Name of the new stock acquisition rights  
DeNA Co., Ltd. 23rd Stock Acquisition Rights
  2. Allocation date of the new stock acquisition rights  
May 25, 2022
  3. Payment handling location for stock acquisition rights  
Mitsubishi UFJ Trust & Banking Corporation Main Branch, 1-4-5 Marunouchi, Chiyoda-ku, Tokyo
  4. Eligibility  
Four (4) DeNA Directors (excluding Outside Directors)
  5. Details of the stock acquisition rights

- (1) Class and amount of shares to be acquired upon exercise of the stock acquisition rights  
The maximum number of shares of common stock shall be 26,688.  
If DeNA carries out a share split or a share consolidation after the allotment date for the stock acquisition rights, then the number of shares to be allotted shall be adjusted using the following formula. The adjustment shall be made only to the number of shares to be allotted for the stock acquisition rights that have not yet been exercised at the time of the adjustment. Any amount less than one share arising from the adjustment shall be rounded down.  
Number of shares to be allotted after the adjustment = Number of shares to be allotted before the adjustment x Ratio of split (consolidation)  
In the event DeNA carries out a merger, company split, share exchange, or share transfer (hereinafter referred to collectively as “Merger, etc.”), or in the event DeNA conducts a free allotment of shares, or another instance where it becomes necessary to adjust the number of shares, this adjustment may be made by DeNA within a reasonable scope, with consideration for the conditions, etc. of the Merger, etc. or free allotment of shares.
- (2) Total number of stock acquisition rights  
The maximum shall be 26,688 shares. (The number of shares issued for each stock acquisition right shall be one (1) share. However, if the number of shares above in (1) has been adjusted, then the same adjustment shall be performed.)
- (3) Amount of assets to be contributed upon exercise of the stock acquisition rights  
The object of the investment to be made upon the exercise of the stock acquisition rights shall be the money, and the value thereof shall be the amount per share to be paid in upon the exercise of the stock acquisition rights (hereinafter referred to as the "Exercise Price") multiplied by the number of shares to be issued upon the exercise of each stock acquisition right. The Exercise Price shall be 1 yen.
- (4) Period during which stock acquisition rights may be exercised  
The period where stock acquisition rights may be exercised shall be May 26, 2022 to May 25, 2052. If the final day of the exercise period is on a company holiday, then the final day shall be the preceding business day.
- (5) Matters related to increasing the stated capital and capital reserves when issuing shares due to the exercise of stock acquisition rights
  - i. The amount of stated capital to be increased when issuing shares upon the exercise of stock acquisition rights shall be one-half of the maximum amount of stated capital increase calculated in accordance with Article 17, Paragraph 1 of the Regulation on Corporate Accounting, and any amount less than one yen resulting from the calculation will be rounded up to the nearest whole yen.
  - ii. The amount of capital reserve to be increased when issuing shares upon the exercise of the stock acquisition rights shall be the amount obtained by subtracting the amount of stated capital to be increased as set out in i. above from the maximum amount of increase of stated capital set out in i. above.
- (6) Conditions for exercising stock acquisition rights
  - i. Holders of stock acquisition rights may only exercise stock acquisition rights from the day following retirement as a director until the date after ten days have elapsed during the period described in (4) above.
  - ii. In the event of the death of the holder of the stock acquisition rights, then the heirs of the holder of the stock acquisition rights may exercise such rights regardless of the stipulations set out in i.

above.

- iii. Other conditions on the exercise of stock acquisition rights shall be as laid out in the stock acquisition rights allocation agreement concluded between DeNA and the holders of the stock acquisition rights, based on the Board of Directors resolution of May 10, 2022.

(7) Conditions for the acquisition of stock acquisition rights

- i. In the event that the general meeting of shareholders approves a proposal for a merger agreement in which DeNA becomes a defunct company, or a proposal for a share exchange agreement or a share transfer plan in which DeNA becomes a wholly owned subsidiary, then DeNA may acquire all of the stock acquisition rights without compensation on a date separately determined by the Board of Directors.
- ii. If the conditions for the exercise of stock acquisition rights no longer apply to the holders of the stock acquisition rights due to the provisions of (6) above, then DeNA may acquire the stock acquisition rights without compensation from a date separately determined by the Board of Directors.

(8) Restrictions on the acquisition of stock acquisition rights through transfer

The acquisition of stock acquisition rights through transfer shall require the approval of the DeNA Board of Directors through a resolution.

(9) Handling of the stock acquisition rights upon reorganization

In the event that the contract or proposal, etc., stipulated at the time of organizational restructuring stipulates that stock acquisition rights of the stock company specified below shall be delivered, stock acquisition rights of the stock company specified below shall be delivered in accordance with the ratio of said organizational restructuring.

- i. Merger (only in the case where DeNA ceases to exist)  
Stock company surviving the merger or stock company established by the merger
- ii. Absorption-type company split  
Stock company conducting the absorption-type company split or stock company succeeding to the rights and obligations of the business held by the stock company in whole or in part
- iii. Incorporation-type company split  
Stock company established by the incorporation-type company split
- iv. Share exchange  
Stock company obtaining all the issued shares of the stock company conducting the share exchange
- v. Share transfer  
Stock company established by the share transfer

(10) Rounding down of any amount less than one share arising when exercising stock acquisition rights

Any amount less than one share arising when exercising stock acquisition rights shall be rounded down.

(11) Amount of assets or calculation method for assets to be contributed upon exercise of the stock acquisition rights

The amount shall be calculated by multiplying the option price per share, which is calculated based on the basic figures in i. through vii. below using the Black-Scholes model in the following formula, by the Number of Shares Granted (fractions less than one yen shall be rounded up).

$$C = Se^{-qT} N(d) - Xe^{-rT} N(d - \sigma \sqrt{T})$$

$$d = \frac{\ln \left( \frac{S}{X} \right) + \left( r - q + \frac{\sigma^2}{2} \right) T}{\sigma \sqrt{T}}$$

- i. (C) is the option price per share
- ii. Stock price (S): closing price of DeNA's common stock on the First Section of the Tokyo Stock Exchange, Inc. on May 25, 2022 (or the closing price of the most recent trading day prior to the allotment date if no trading has taken place)
- iii. Exercise price (X): 1 yen
- iv. Expected remaining period (T): 15 years
- v. Volatility ( $\sigma$ ): stock price volatility calculated based on the closing price of DeNA's common stock in regular trading on the last trading day of each week during the fifteen-year period (May 26, 2007 to May 25, 2022)
- vi. Risk-free interest rate (r): interest rate of government bonds whose remaining period corresponds to the expected remaining period
- vii. Dividend yield (q): dividend per share (six months ended September 30, 2021 and fiscal year ended March 31, 2022)  $\div$  Stock price defined in ii. above
- viii. Cumulative distribution function of standard normal distribution (N( $\cdot$ ))

The amount calculated by the above is the fair value of the stock acquisition rights.

DeNA's directors who receive an allotment of these new share acquisition rights (hereinafter referred to as "DeNA Officers") shall acquire these new share acquisition rights by offsetting the compensation claim rights held by the DeNA Officers against the payment obligations for these new share acquisition rights, instead of paying the amount to be paid upon allotment.

- (12) Deadline for payment of monies in exchange for the stock acquisition rights  
May 25, 2022

For inquiries please contact:

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DeNA Co., Ltd. (<https://dena.com>)