



GREE, Inc.

FY2021 Third Quarter Financial Results

May 10, 2021

Financial Results Overview

- **Net Sales ¥13.9 billion, Operating Income ¥1.7 billion, EBITDA ¥1.9 billion**
 - Operating income surpassed our forecast

Business Overview

- **Released new title, off to a strong start**
 - Started distribution of *Assault Lily: Last Bullet* on January 20
- **Made progress in developing third-party distributed title**
 - *That Time I Got Reincarnated as a Slime, Mao to Ryu no Kenkokutan* scheduled for launch in 2021 (distributed by BANDAI NAMCO Entertainment Inc.)
- **Made progress in developing the live entertainment business**
 - Expanded contents for our REALITY, Virtual live distribution app

Outlook

- **We expect firm profit based on global operations of games**
- **We expect growth in operating income and net income in FY2021**

1. Financial Results Overview

2. Operational Overview

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1. Financial Results Overview (Consolidated)



FY21 3Q Financial Results Overview

Net sales ¥ 13.9 billion, Operating income ¥1.7 billion, EBITDA ¥1.9 billion. Net income ¥5.1 billion on profit from investment fund operation business, etc.

Billions of yen

	FY21	QoQ	YoY
	3Q		
Net sales	13.91	0.23	-1.53
Operating income	1.72	1.16	0.49
Ordinary income	4.20	1.02	2.97
Net income	5.08	2.09	3.90

FY21	FY20
2Q	3Q
13.68	15.44
0.56	1.24
3.18	1.23
2.99	1.18

EBITDA	1.91	1.15	0.55
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0.76	1.36
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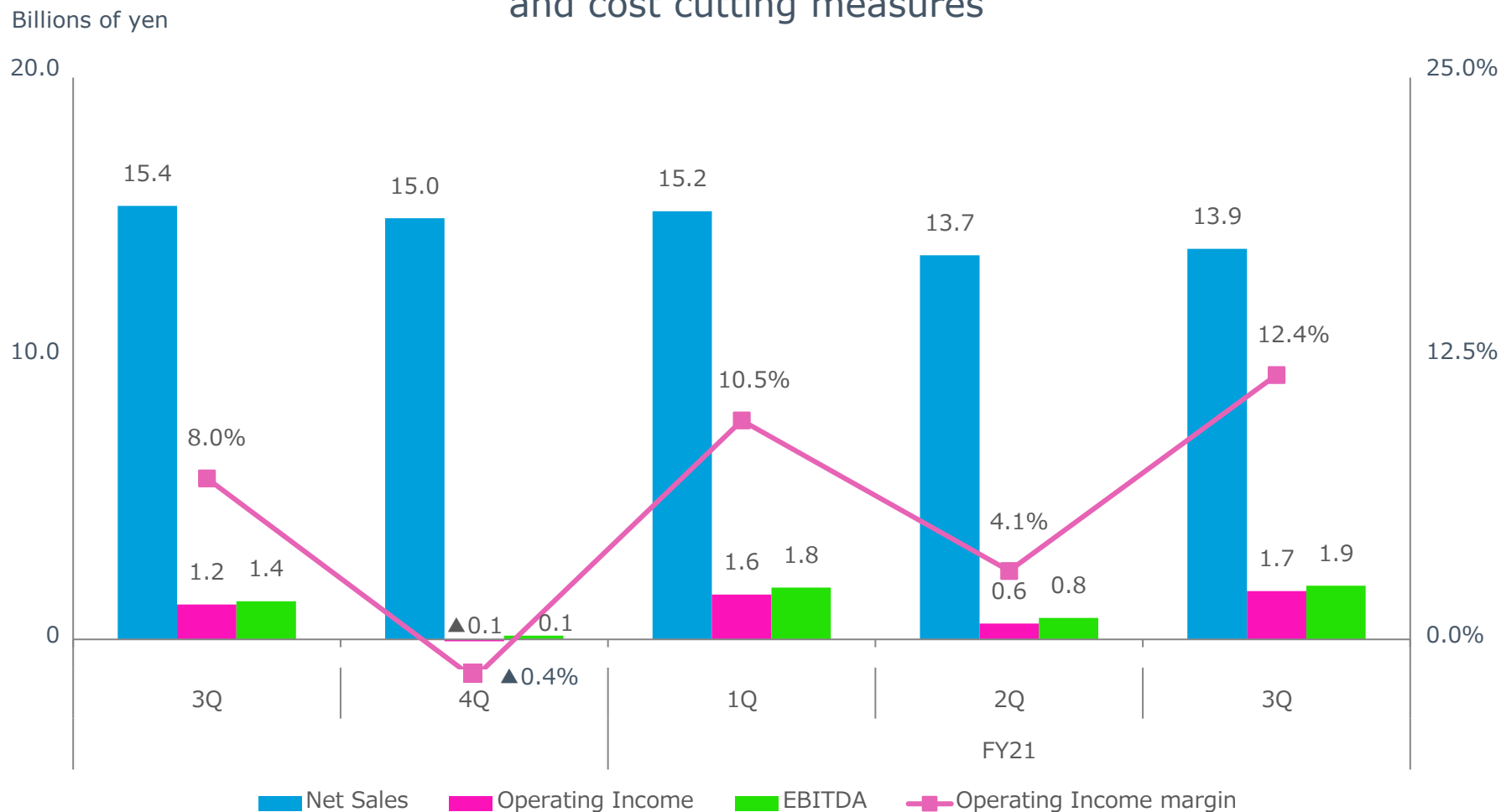
Notes:

- Net income: Profit attributable to shareholders of parent
- EBITDA = Operating income/loss + depreciation costs + amortization of goodwill

1. Financial Results Overview (Consolidated)

Net Sales, EBITDA, and Operating Income

Growth in sales and income on contribution from new title
and cost cutting measures

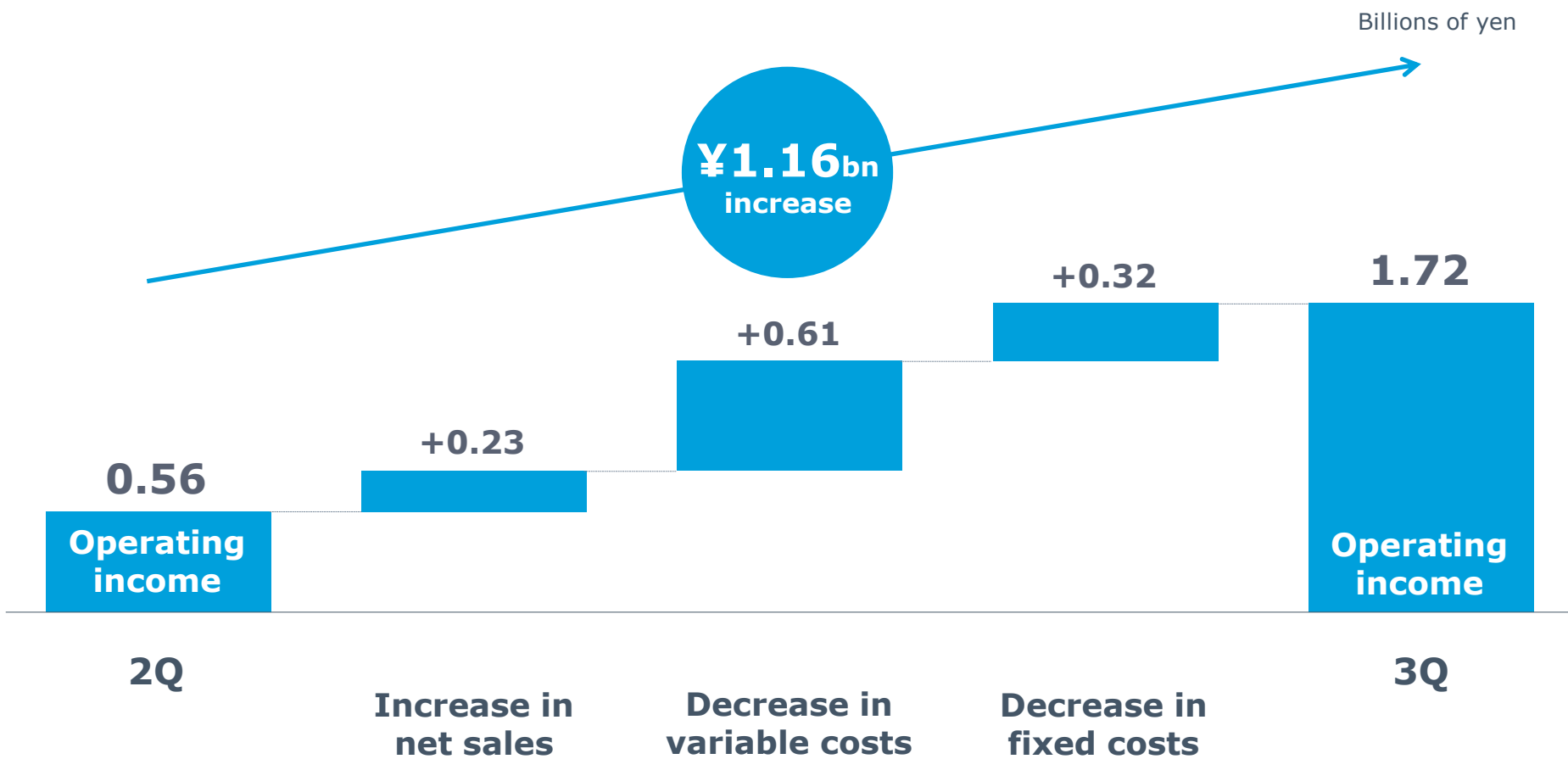


Note:

• The Company posted one-time costs of ¥0.83 billion in 4Q FY20, 4Q operating income adjusted for this factor is ¥0.76 billion

3Q Operating Income Analysis

Operating income up **¥1.2 billion** on sales growth driven by new title and lower advertising costs, etc.



1. Financial Results Overview (Consolidated)

FY21 3Q Cost Structure

Total costs down ¥0.9 billion QoQ, to ¥12.2 billion

						Billions of yen	
		FY21 3Q	QoQ	YoY	Factors in change (QoQ)	FY21 2Q	FY20 3Q
	Advertising	0.31	-0.38	-0.09	Decline on increased efficiency	0.69	0.40
	Commission Fees, etc.	4.20	-0.16	-0.67	Decline in royalties from app games	4.36	4.87
	Other	0.35	-0.08	-0.57	-	0.42	0.92
Total variable costs		4.86	-0.61	-1.33		5.47	6.20
	Labor costs	3.18	-0.17	-0.27	Consolidated headcount: end-2Q 1,607 → end-3Q 1,589	3.36	3.45
	Rental costs	0.50	-0.02	-0.05	-	0.52	0.56
	Depreciation	0.16	-0.01	0.06	-	0.18	0.10
	Goodwill amortization	0.02	0.00	0.00	-	0.02	0.02
	Other	3.45	-0.12	-0.42	Decreased outsourcing costs	3.57	3.87
Total fixed costs		7.32	-0.32	-0.68		7.64	8.00
Total costs		12.18	-0.93	-2.02		13.12	14.20

Note:

- Breakdown of 3Q FY21 commission fees, etc.: commission fees: ¥2.78 billion, royalties: ¥1.42 billion

1. Financial Results Overview (Consolidated)

Stock Repurchase

Implemented stock repurchase to increase shareholder returns
and to implement a flexible capital policy
(up to 20 million shares worth up to ¥12.0 billion)

Cumulative repurchases (as of April 30, 2021)

Total number of shares repurchased	Roughly 12.32 million shares
Total repurchased price of shares	Roughly 7.1 billion JPY

For reference:

Details of share repurchase(as decided at Board of Directors meeting held on September 29, 2020)

Class of stock to be repurchased	GREE common stock
Total number of shares to be repurchased	Up to 20 million shares 8.9% of the total number of shares issued, excluding treasury stock
Total cost of stock repurchase	Up to JPY 12.0 billion
Period of stock repurchase	October 1, 2020 – September 22, 2021

1. Financial Results Overview (Consolidated)

Dividend Forecast

Planned dividend of ¥11 per share

Dividend Distribution Policy

**Maintaining a dividend on DOE of 2.0%,
consolidated dividend payout ratio of 20% or higher**

	FY21 Forecast	FY20 Results
Dividend record date	June 30, 2021	June 30, 2020
Per-share dividend	¥11	¥10

Notes:

- The 2021 dividend plan will be approved by the general meeting of shareholders scheduled for September 2021.

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2. Operational Overview: Summary

Review and Summary of 3Q

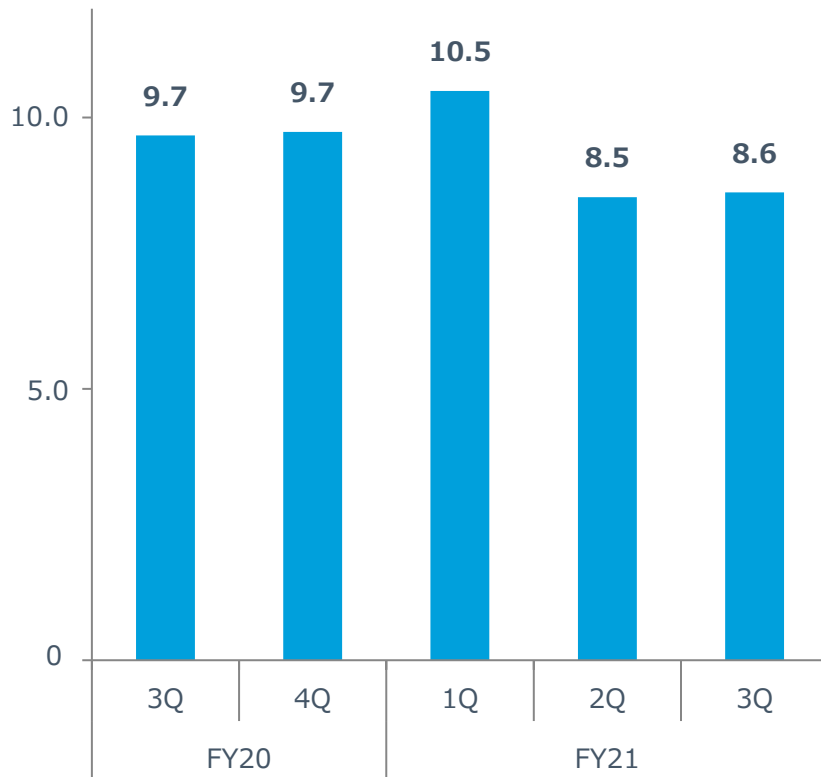
		FY21 Business Plan	Review
Overall		Continue to strengthen 3 earnings pillars	- In the game business, released new title, off to a strong start
Game/entertainment	Game	"Game engine, IP, and global" strategies	- Released <i>Assault Lily: Last Bullet</i> , off to a strong start - Made progress in development of third-party distributed title, <i>That Time I Got Reincarnated as a Slime, Mao to Ryu no Kenkokutan</i> (distributed by BANDAI NAMCO Entertainment Inc.)
	Live Entertainment	Further develop platform	- Expanded lineup of original contents for REALITY, Virtual live distribution app
Advertising and media		Strengthen media potential	- Strengthened media potential by expanding contents

2. Operational Overview: Game business

Progress Made

Coin consumption (App games)

Billions of coins



Topics

- Released *Assault Lily: Last Bullet* on January 20, off to a strong start as one of our mainstay titles
- Smooth performance from first-party IP title *Another Eden*, but weaker performance from other titles

Note:

- Excludes coin consumption from licensed titles and mainstay titles in China

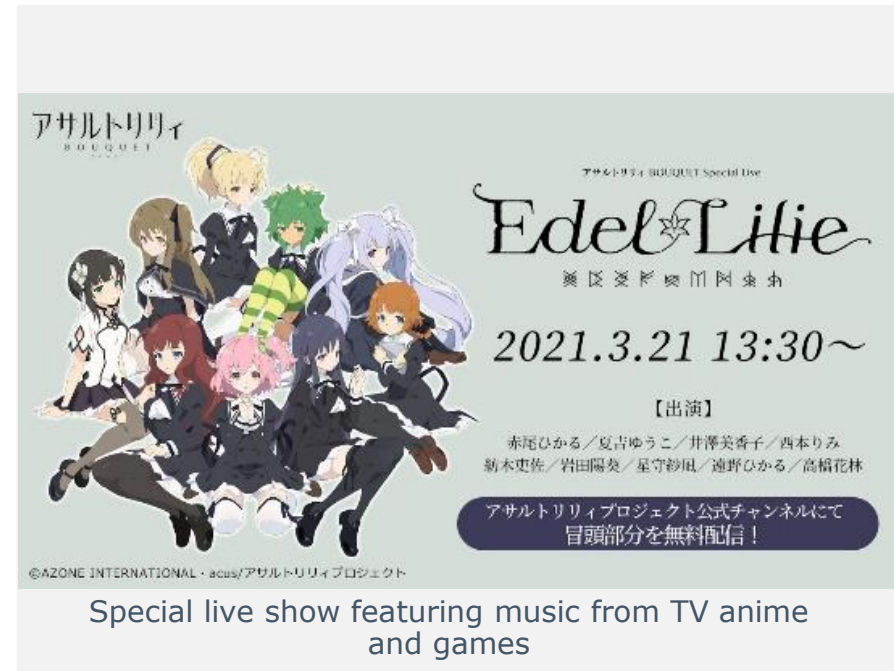
2. Operational Overview: Game business

Start of distribution of new title

Assault Lily: Last Bullet off to a strong start

**Distribution started
on January 20**

Media mix planning



- Off to a strong start, reached 16th in app sales ranking
- Multiple media mix plans in collaboration with Bushiroad, TBS, and SHAFT

Notes:

- Shows highest sales ranking on App Store and Google Play as of May 6

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2. Operational Overview: Game business

Development pipeline

Plan to continue to release 2-3 in-house developed new titles per year;
aiming to generate hits

Assault Lily: Last Bullet

In-house developed



- Released in January 2021

One-Punch Man

Licensed title



- Released in October 2020

Heaven Burns Red

In-house developed



- Scheduled release in 2021

That Time I Got Reincarnated as a Slime, Mao to Ryu no Kenkokutan

In-house developed, third-party distributed

Distributed by BANDAI
NAMCO Entertainment Inc.

- Scheduled release in 2021

KNIGHTS OF SIDONIA Shouji No Kizuna

In-house developed



- Scheduled release in 2021

Multiple other titles in
planning/development
pipeline

Note: One-Punch Man developed by GREE and Ourpalm Co. Ltd. of China, distributed by GREE

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2. Operational Overview: Game business

Expanding and Energizing Fan Communities ①

Energized users by adding more original content

Another Eden

Long-form scenario



- Added new story of "Song of Sword and Wings of Lost Paradise"

Senki Zesshou SYMPHOGEAR XD UNLIMITED

Added storyline unique to the game



- Added new chapters to storyline unique to the game

2. Operational Overview: Game business

Expanding and Energizing Fan Communities ②

Energized users by collaborating with popular IP

SINoALICE

IP collaboration



- Collaboration with *That Time I Got Reincarnated as a Slime*

Note: DanMachi = DanMachi - MEMORIA FREESE

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DanMachi

IP collaboration



- Collaboration with *STRIKE THE BLOOD*

2. Operational Overview: Live Entertainment

Further develop platform

Expanded contents on REALITY by adding avatar *gacha* offerings and hosting events etc.

Avatar *gacha*

Awakening the Jet-Black reincarnation



- Expanded lineup of avatar variations

Interactive event

Valentine's Day 2021



- Energized user communication through Valentine's Day event

2. Operational Overview: Advertising and media

Strengthened Media Potential

Energized communities through campaigns, etc.

aumo

Held photo posting contest



- Energized user community through photo contest

LIMIA

Held photo posting contest



- Energized user community through photo contest

1. Financial Results Overview



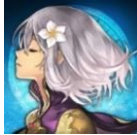
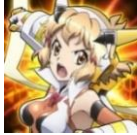
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Overseas Distribution

Distribution regions

	Japan	North America	Europe	Hong Kong, Taiwan, etc.	Mainland China
 DanMachi	Released	Released	Released	Released	Released
 SINoALICE SINoALICE	Released	Released	Released	Released	Agreement signed
 Another Eden	Released	Released	Released	Released	Released
 SYMPHOGEAR	Released	Closed	-	Closed	-
Third-party distributed title	Released	Released	Released	Released	-

Notes:

- DanMachi = DanMachi - MEMORIA FREESE
- SYMPHOGEAR = Senki Zesshou SYMPHOGEAR XD UNLIMITED

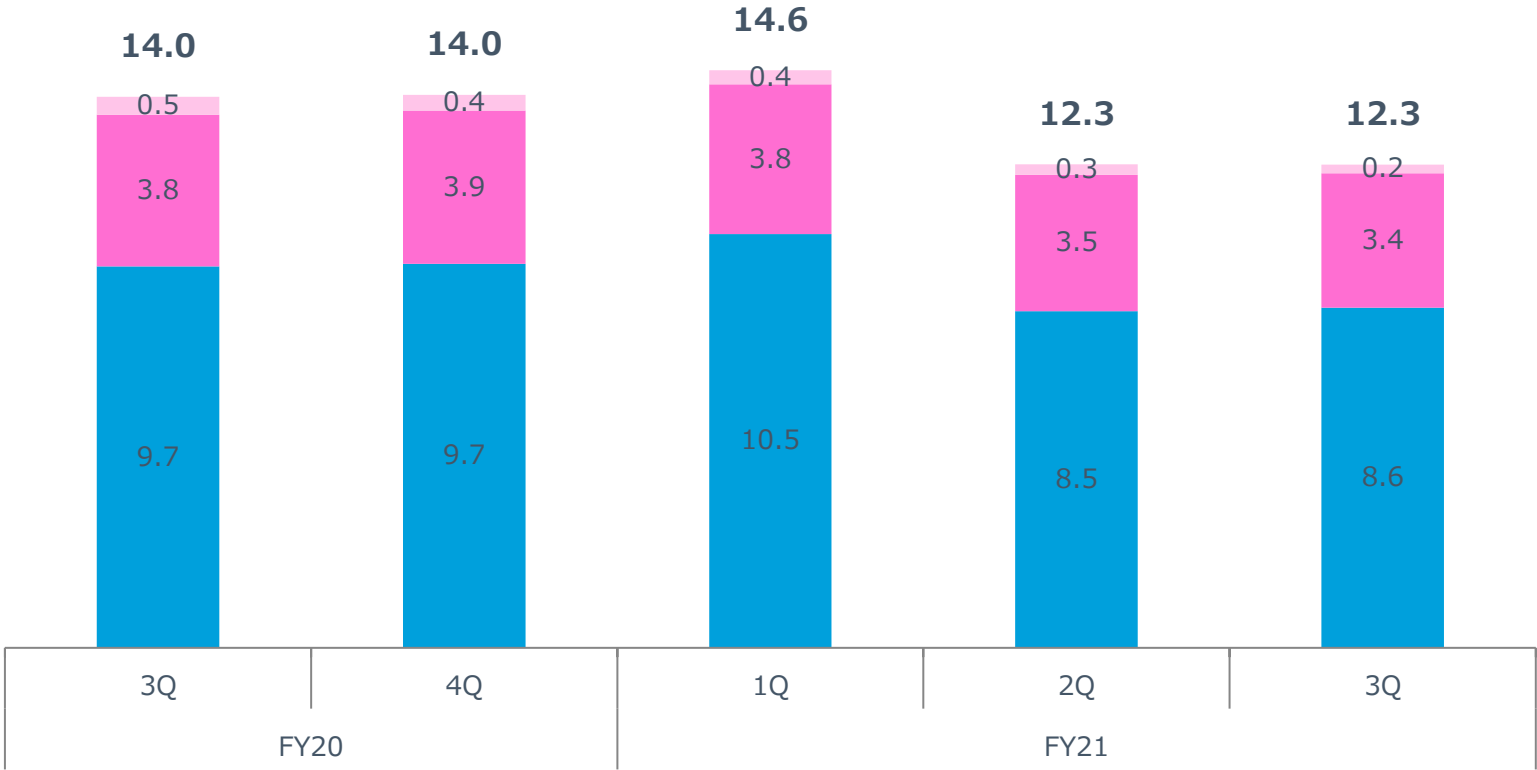
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Coin Consumption

Billions of coins



Note:
• Excludes coin consumption from licensed titles and mainstay titles in China

3Q FY21 Cost Structure

Billions of yen

		FY21 3Q	QoQ	YoY	FY21 2Q	FY20 3Q
	Rental charges	0.51	-0.02	-0.06	0.52	0.56
	Labor costs	2.24	-0.05	0.03	2.29	2.21
	Others	3.52	-0.15	-0.79	3.67	4.30
	Cost of sales	6.26	-0.22	-0.82	6.48	7.08
	Advertising	0.31	-0.38	-0.09	0.69	0.40
	Commission fees	2.78	-0.00	-0.27	2.78	3.05
	Labor costs	0.95	-0.12	-0.29	1.07	1.24
	Others	1.88	-0.21	-0.54	2.09	2.42
	SG&A	5.92	-0.71	-1.20	6.64	7.12
	Total costs	12.18	-0.93	-2.02	13.12	14.20

3. Appendix

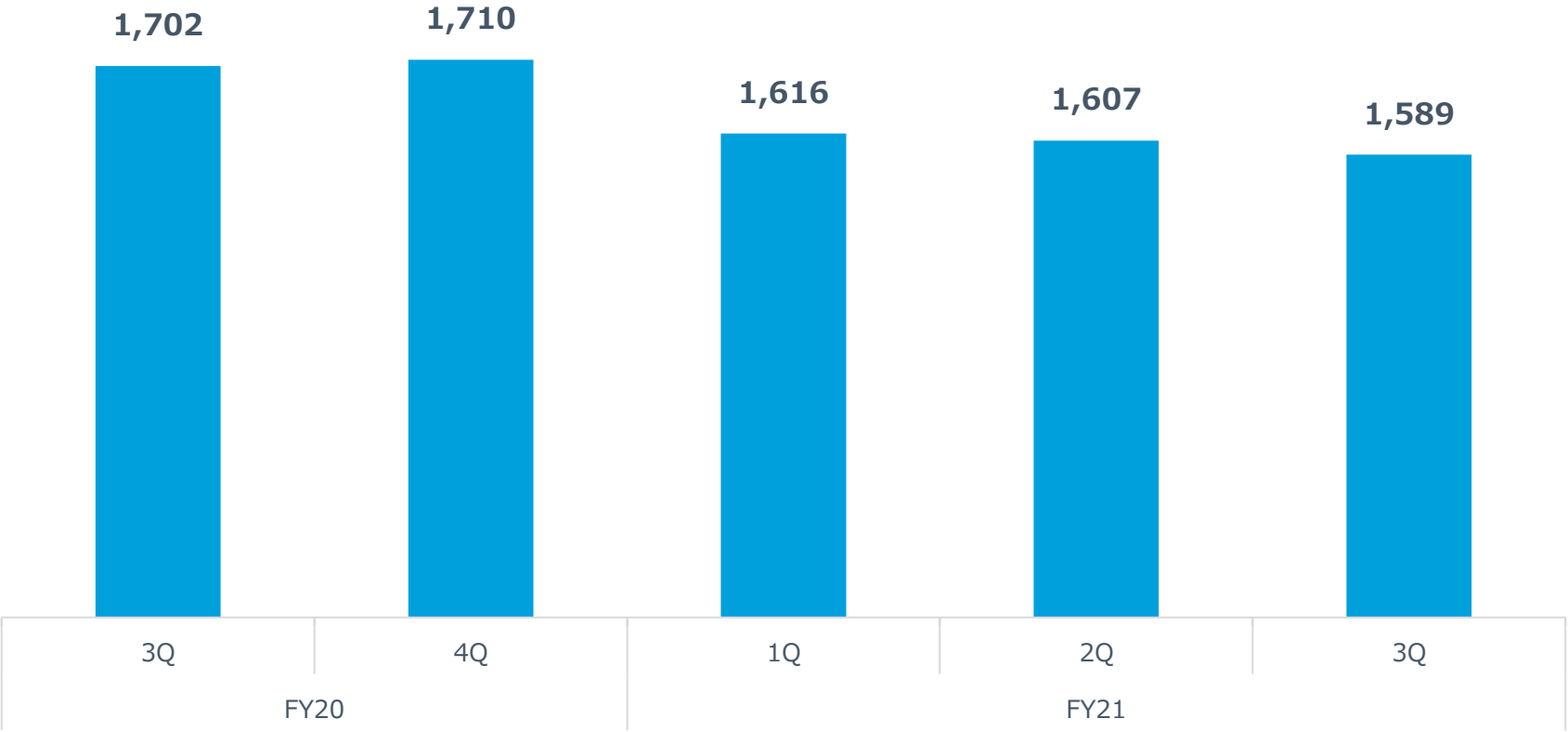
3Q FY21 Balance Sheet

Billions of yen

	FY21 3Q	QoQ	YoY	FY21 2Q	FY20 3Q
Current assets	107.4	3.4	8.7	104.0	98.7
Fixed assets	33.4	2.5	3.5	30.9	29.9
Total assets	140.8	5.9	12.1	134.9	128.6
Current liabilities	10.7	0.1	-0.9	10.5	11.6
Fixed liabilities	11.5	1.1	10.5	10.3	0.9
Total liabilities	22.1	1.3	9.6	20.9	12.5
Total net assets	118.6	4.6	2.5	114.0	116.2
Cash and cash equivalents	94.0	4.9	7.9	89.1	86.0
Interest-bearing debt	8.0	0.0	8.0	8.0	0.0
Net cash	86.0	4.9	-0.1	81.1	86.0
Goodwill	0.1	-0.0	-0.1	0.1	0.2

Group Headcount

Number of employees



Notes:

- Includes non-consolidated group companies; as of the end of each quarter
- Headcount declined by 94 QoQ in 1Q FY21 owing to restructuring of some businesses



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