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Consolidated Financial Results for the Nine Months Ended December 31, 2013 [IFRS]

February 5, 2014

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

URL: <http://dena.com/intl/>

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Scheduled date of filing quarterly securities report: February 6, 2014

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes (for institutional investors, analysts and the press)

(Amounts of less than one million yen are rounded.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2013 (from April 1, 2013 to December 31, 2013)

(1) Consolidated Operating Results

(% changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2013	141,543	(5.8)	43,505	(25.8)	45,418	(22.5)	27,050	(21.2)
Nine months ended December 31, 2012	150,212	44.9	58,644	37.4	58,628	38.2	34,324	53.8

	Profit for the period attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended December 31, 2013	26,164	(21.8)	31,307	(13.1)	199.99	199.50
Nine months ended December 31, 2012	33,457	54.0	36,030	77.8	243.27	242.52

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of December 31, 2013	188,980	138,487	133,793	70.8
As of March 31, 2013	194,784	123,676	119,259	61.2

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	—	0.00	—	50.00	50.00
Fiscal year ending March 31, 2014	—	0.00	—		
Fiscal year ending March 31, 2014 (Forecast)				37.00	37.00

(Note) The dividend forecast for the fiscal year ending March 31, 2014 has been announced at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(% changes from the previous corresponding period)

	Revenue		Operating profit		Profit for the period attributable to owners of the parent	Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	Yen
Full year	182,600	(9.8)	53,000	(31.0)	31,500 (30.9)	241.34

(Note) The full-year financial result forecast has been announced at this time.

* Notes

(1) Changes in Significant Subsidiaries during the Period under Review (changes in specified subsidiaries accompanying changes in scope of consolidation): No

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Changes in accounting policies required by IFRS: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of December 31, 2013	150,810,033 shares
As of March 31, 2013	150,810,033 shares

2) Total number of shares of treasury stock at the end of the period:

As of December 31, 2013	21,314,434 shares
As of March 31, 2013	16,847,550 shares

3) Average number of shares during the period:

Nine months ended December 31, 2013	130,828,462 shares
Nine months ended December 31, 2012	137,527,853 shares

(Note) The 663,991 shares of the Company's stock owned by the Stock Grant ESOP Trust account are included in the "Total number of shares of treasury stock at the end of the period" as of December 31, 2013, and the 733,272 shares of the Company's stock owned by the same trust account are included in the "Total number of shares of treasury stock at the end of the period" as of March 31, 2013.

* Presentation regarding the Implementation Status of the Quarterly Review Process

This quarterly financial report is outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial report, review procedures for the Condensed Consolidated Financial Statements are in progress.

* Explanation of the Proper Use of Financial Results Forecasts and Other Notes

(1) Consolidated Financial Results Forecast

The forward-looking statements herein are based on information available to the Company and certain assumptions deemed reasonable as of the date of publication of this document. They are not intended as the Company's commitment to achieve such forecasts, and actual results may differ significantly from these forecasts due to a wide range of factors. For conditions prerequisite to the financial results forecast, etc., please refer to "1. Qualitative Information on Consolidated Financial Results for the Period under Review (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 5 of the Appendix.

(2) Method of Obtaining Supplementary Briefing Material on Financial Results

The Company is planning to hold a briefing session for institutional investors, analysts and the press on February 5, 2014. The briefing materials to be distributed at the session are scheduled to be posted on the Company's website at the appropriate time for disclosure. In addition, videos and primary Q&A of the briefing session are scheduled to be posted on the Company's website at a later date shortly thereafter.

* Definition of Terms

As used in this consolidated financial results, references to "DeNA" and the "DeNA Group" are to DeNA Co., Ltd. (the "Company") and its subsidiaries (collectively, the "Group") except as the context otherwise requires or indicates. In addition, reference to fiscal 2013 is our fiscal year ending March 31, 2014.

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* Note

Amounts of less than one million yen have been rounded to the nearest million yen. As a result, the totals in yen do not necessarily agree with the sum of the individual amounts.

1. Qualitative Information on Consolidated Financial Results for the Period under Review

(1) Explanation of Operating Results

During the nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013, hereinafter “the period under review”), due to the effects of economic and monetary policies, personal consumption and corporate capital spending headed toward recovery, and the Japanese economy made a mild recovery. However, there still remains the risk that the downswing in the global economy may cause a negative impact on the Japanese economy.

It has been projected that the number of smartphone subscriptions in Japan at the end of March 2014 will increase by 33% year-on-year to reach 65.08 million, reflecting the continuing market penetration of smartphones (according to research by Impress R&D). Global proliferation of smartphones continues, and worldwide smartphone shipments have grown by 38% year-on-year to top one billion units during 2013 (according to research by IDC Corporate USA).

Under these conditions, in order to secure the position of the world’s top social gaming platform, the DeNA Group focused on expanding the utilization of social games provided on Mobage globally.

During the period under review, Mobage in Japan saw a decline in revenue on a year-on-year basis amid factors including fewer consumption of the virtual currency “MobaCoin” used in social games, mainly due to a slump in the performance of first-/second-party titles. On the cost front, cost of sales and selling, general and administrative expenses were higher mainly due to proactive efforts to develop and strengthen game titles globally.

Operating profit decreased year-on-year owing to factors including a drop in revenue of first-/second-party titles for Mobage in Japan which have high profitability.

As a result, revenue of the DeNA Group was ¥141,543 million, down 5.8% year-on-year, operating profit was ¥43,505 million, down 25.8% year-on-year, profit before tax was ¥45,418 million, down 22.5% year-on-year, and profit for the period attributable to owners of the parent was ¥26,164 million, down 21.8% year-on-year.

Business performance by segment is as follows.

Furthermore, the travel agency business, etc., formerly included in “Others,” have been classified under the “E-commerce Business” beginning the first quarter of fiscal 2013. Therefore, for the purpose of year-on-year comparisons, figures from the same period of the previous fiscal year have been restated to reflect the segment categories after the change.

1) Social Media Business

During the period under review, MobaCoin consumption for Mobage in Japan decreased 11.1% year-on-year to ¥151,211 million. The lack of new hit first-/second-party titles during the period is the leading factor behind sluggish performance and as a result the Group has been working on the release of new titles for both browser game and application games to reverse this trend. Meanwhile, the transition of users from feature phones to new devices continues successfully, as consumption of MobaCoin via smartphones and other devices* accounted for 77% of the total as of December 2013.

MobaCoin consumption for Mobage (international) grew 146% year-on-year to approximately \$215 million.

Segment profit decreased year-on-year due to factors including a drop in revenue of first-/second-party titles for Mobage in Japan which have high profitability.

Various new services have been launched for the purpose of building a user base and developing new revenue sources.

As a result, revenue of the Social Media Business was ¥121,587 million, down 8.2% year-on-year, and segment profit was ¥45,821 million, down 22.1% year-on-year.

* Smartphones and other devices include Yahoo! Mobage (PC).

2) E-commerce Business

In shopping services, the online shopping site DeNA Shopping (including au Shopping Mall) recorded gross merchandise volume of ¥34,051 million for the period under review, a year-on-year increase of 3.7%. The number of retail stores subscribing to a fee-based corporate membership grew by the end of the period

under review to 4,623 stores, an increase of 303 stores compared to the end of the same period of the previous fiscal year. In order to heighten synergistic effects among the various services centered on DeNA Shopping, the Group has been moving ahead with efforts to enhance user convenience and to strengthen its business base, while seeking alliances with leading partners.

As for auction services, the mobile auction site Mobaoku (including au Mobaoku) had 970,000 paid members at the end of the period under review, representing a decrease of 70,000 members compared to the end of the same period of the previous fiscal year.

Paygent Co., Ltd., a processing settlement company, continued to expand its businesses. For the travel agency business including DeNA Travel, although online ticket sales showed steady growth, sales of profitable tours abroad decreased.

Segment profit decreased year-on-year due to factors including the proactive sales promotion activities of DeNA Shopping and DeNA Travel, etc.

As a result, revenue of the E-commerce Business was ¥13,757 million, up 9.3% year-on-year, and segment profit was ¥3,024 million, down 21.8% year-on-year.

3) Others

Yokohama DeNA Baystars Baseball Club, Inc. contributed to revenue growth mainly due to a steady year-on-year increase in attendance at home games. However, costs were higher primarily due to acquiring talented players to boost the team's competitiveness and appeal.

As a result, revenue of the other businesses was ¥6,199 million, up 19.2% year-on-year, and segment loss was ¥843 million, compared with a segment loss of ¥697 million for the same period of the previous fiscal year.

(2) Explanation of Financial Position

1) Financial Position

Total assets at the end of the nine months ended December 31, 2013 were ¥188,980 million, a decrease of ¥5,803 million compared to the end of the previous fiscal year on March 31, 2013.

Current assets were ¥102,524 million, a decrease of ¥16,303 million, compared to the end of the previous fiscal year. This was due primarily to decreases in trade receivables included in trade and other current receivables by ¥10,855 million and in cash and cash equivalents by ¥9,564 million.

Non-current assets were ¥86,456 million, representing an increase of ¥10,499 million, compared to the end of the previous fiscal year. This was due mainly to increases in intangible assets by ¥4,307 million and in goodwill by ¥4,046 million.

Current liabilities were ¥49,457 million, a decrease of ¥20,425 million, compared to the end of the previous fiscal year. This was due primarily to a decrease of ¥19,093 million in income tax payables.

Non-current liabilities stood at ¥1,036 million, representing a decrease of ¥189 million, compared to the end of the previous fiscal year.

As a result, total liabilities amounted to ¥50,493 million, a decrease of ¥20,615 million compared to the end of the previous fiscal year.

Total equity was ¥138,487 million, representing an increase of ¥14,812 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥19,467 million in retained earnings, which offset an increase of ¥9,668 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 207.3% and 70.8%, respectively, as of the end of the nine months ended December 31, 2013.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the nine months ended December 31, 2013 decreased by ¥9,564 million to ¥57,772 million, compared to the end of the previous fiscal year. Cash flows in each area of activity and their respective contributing factors are as follows.

(Operating activities)

Net cash provided by operating activities for the nine months ended December 31, 2013 was ¥16,513 million, compared to a cash inflow of ¥32,907 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥45,418 million in profit before tax and ¥7,698 million in decrease in trade and other current receivables, which offset the effect of ¥37,736 million in income taxes paid.

(Investing activities)

Net cash used in investing activities for the nine months ended December 31, 2013 was ¥11,138 million, compared to a cash outflow of ¥13,233 million in the same period of the previous fiscal year. The principal cash outflow factors were ¥9,723 million in purchases of intangible assets.

(Financing activities)

Net cash used in financing activities for the nine months ended December 31, 2013 was ¥16,124 million, compared to a cash outflow of ¥25,316 million in the same period of the previous fiscal year. The principal cash outflow factors were ¥10,000 million in acquisition of treasury stock and ¥6,685 million in cash dividends paid.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

In the Social Media Business, the DeNA Group will continue its efforts to expand game-related revenue for Mobage both in Japan and internationally.

For Mobage in Japan, the Group will continue providing new first- and second-party titles. The new titles will cover a wide range of genres, including ones that are targeted for existing loyal users and casual games that can attract user demographics yet to be captured by the Group's conventional lineup. The Group will make advancements toward creating hit titles by launching new titles in both browser games and application games, with the aim of returning MobaCoin consumption to growth and revitalizing the Mobage platform overall.

For Mobage (international), the Group plans to release new titles in a variety of genres primarily intended for its mainstay Mobage West in an effort to capture a greater number of users and expand MobaCoin consumption.

In the E-commerce Business, centered on DeNA Shopping, the Group will take full advantage of the alliances with its partners, reinforce the lineup of groceries, and intensify price competitiveness to enhance user convenience and to strengthen the business base.

The Group will carry out cost control as appropriate of game development expenses, sales promotion expenses and advertising expenses.

With regard to the consolidated financial results forecast, it is difficult to project the speed of market growth in the social game-related market, which is the Group's principal business, both in Japan and internationally. In addition, revenue is substantially affected by various uncertainties, such as user preferences and the existence of popular titles. Because of these and other factors, the Group announces the financial results forecast for the following quarter at the time of each quarterly results announcement since it is not feasible to prepare highly reliable financial forecasts for the full year and half year.

The Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 below is calculated by adding the financial results forecast for the fourth quarter to the actual results for the period under review.

Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2014 (From April 1, 2013 to March 31, 2014)

Revenue:	¥182,600 million
Operating profit:	¥53,000 million
Profit for the period attributable to owners of the parent:	¥31,500 million
Dividend per share (forecast):	¥37

Revenue and profits are expected to decrease for the fiscal year ending March 31, 2014 mainly due to the low level of utilization of social games for Mobage in Japan. The Company's basic policy is to pay its shareholders performance-linked cash dividends, and dividends per share are forecasted at 37 yen (consolidated dividends payout ratio of 15%) as compared to 50 yen (actual) for the previous fiscal year (consolidated dividends payout ratio of 15%).

The above financial results forecast is prepared on the basis of the information available to the Company as of the date of publication of this document, and subject to some volatile elements. Actual results may differ from this results forecast due to factors including changes in business conditions.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period under Review

Not applicable.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

1) Significant Accounting Policies

Except as described below, significant accounting policies adopted by the Group in the condensed consolidated financial statements for the nine months ended December 31, 2013 remain the same as those adopted in the consolidated financial statements for the fiscal year ended March 31, 2013. Income tax expense for the nine months ended December 31, 2013 was calculated using the estimated average annual effective tax rate.

Certain items of comparative information presented in the condensed consolidated financial statements have been reclassified in accordance with the method of presentation for the nine months ended December 31, 2013.

Major accounting standards adopted by the Group from the three months ended June 30, 2013 are as follows.

IFRS		Description of new standards/amendments
IAS 1	Presentation of Financial Statements	Amendments to presentation of components of other comprehensive income
IFRS 10	Consolidated Financial Statements	Clarification of the definition of control and requirement to use of control as a single basis of consolidation irrespective of the nature of the investee
IFRS 13	Fair Value Measurement	Guidance on fair value measurement, when such measurement is required by another IFRS

These standards have been adopted in accordance with their respective transitional provisions, and the adoption of the above standards has no significant impact on the nine months ended December 31, 2013.

2) Use of Estimates and Judgments

Preparation of the condensed consolidated financial statements in accordance with IFRS requires management to make accounting estimates regarding certain significant matters as well as its own judgments in the process of applying the Group's accounting policies. Information about estimates that require management's most difficult or complex judgments, assumptions and estimates that have a significant impact on the condensed consolidated financial statements, and sources of uncertainty in assumptions and estimates involving risks that may result in a material adjustment to the amounts recognized in the consolidated financial statements within the following fiscal year, remains the same as for the consolidated financial statements for the fiscal year ended March 31, 2013.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and cash equivalents	67,337	57,772
Trade and other current receivables	45,946	38,713
Other current financial assets	1,123	1,040
Other current assets	4,421	4,998
Total current assets	118,827	102,524
Non-current assets		
Property and equipment	4,135	3,385
Goodwill	39,437	43,482
Intangible assets	8,719	13,025
Investments accounted for using the equity method	8,044	8,952
Other non-current financial assets	8,702	9,638
Deferred tax assets	6,887	7,888
Other non-current assets	34	85
Total non-current assets	75,957	86,456
Total assets	194,784	188,980

	(Millions of yen)	
	As of March 31, 2013	As of December 31, 2013
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	30,034	27,522
Income tax payables	21,645	2,552
Other current financial liabilities	8,743	11,159
Other current liabilities	9,461	8,223
Total current liabilities	69,882	49,457
Non-current liabilities		
Non-current provisions	949	952
Other non-current financial liabilities	15	9
Other non-current liabilities	262	76
Total non-current liabilities	1,226	1,036
Total liabilities	71,108	50,493
Equity		
Common stock	10,397	10,397
Capital surplus	10,361	10,916
Retained earnings	127,927	147,394
Treasury stock	(34,724)	(44,392)
Other components of equity	5,298	9,479
Total equity attributable to owners of the parent	119,259	133,793
Non-controlling interests	4,416	4,694
Total equity	123,676	138,487
Total liabilities and equity	194,784	188,980

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Revenue	150,212	141,543
Cost of sales	(41,434)	(45,588)
Gross profit	108,778	95,955
Selling, general and administrative expenses	(50,278)	(52,005)
Other income	429	356
Other expenses	(285)	(800)
Operating profit	58,644	43,505
Finance income	195	1,288
Finance costs	(96)	(179)
Share of profit (loss) of associates accounted for using the equity method	(114)	804
Profit before tax	58,628	45,418
Income tax expense	(24,304)	(18,369)
Profit for the period	34,324	27,050
Attributable to:		
Owners of the parent	33,457	26,164
Non-controlling interests	868	885
Profit for the period	34,324	27,050
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	243.27	199.99
Diluted earnings per share	242.52	199.50

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Profit for the period	34,324	27,050
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax		
Gains (losses) from investments in equity instruments, net of tax	(158)	67
Other	—	(1)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(158)	66
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	1,833	4,152
Other	30	40
Total other comprehensive income that may be reclassified to profit or loss, net of tax	1,863	4,192
Other comprehensive income, net of tax	1,705	4,258
Total comprehensive income for the period	36,030	31,307
Attributable to:		
Owners of the parent	35,161	30,421
Non-controlling interests	869	886
Total comprehensive income for the period	36,030	31,307

(4) Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2012	10,397	11,189	87,941	(15,626)	776	94,677	3,369	98,045
Profit for the period	-	-	33,457	-	-	33,457	868	34,324
Other comprehensive income	-	-	-	-	1,705	1,705	1	1,705
Total comprehensive income for the period	-	-	33,457	-	1,705	35,161	869	36,030
Dividends recognized as distributions to owners	-	-	(5,150)	-	-	(5,150)	(150)	(5,300)
Increase (decrease) through treasury stock transactions	-	21	-	(19,323)	(223)	(19,526)	-	(19,526)
Increase (decrease) through share-based payment transactions	-	178	-	-	(154)	24	-	24
Acquisition, disposal and other changes of non-controlling interests	-	(389)	-	-	-	(389)	42	(347)
Increase (decrease) through transfers and other changes	-	-	(439)	-	395	(44)	-	(44)
As of December 31, 2012	10,397	10,999	115,808	(34,950)	2,498	104,753	4,130	108,882

(Millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	Other components of equity	Total		
As of April 1, 2013	10,397	10,361	127,927	(34,724)	5,298	119,259	4,416	123,676
Profit for the period	-	-	26,164	-	-	26,164	885	27,050
Other comprehensive income	-	-	-	-	4,257	4,257	1	4,258
Total comprehensive income for the period	-	-	26,164	-	4,257	30,421	886	31,307
Dividends recognized as distributions to owners	-	-	(6,698)	-	-	(6,698)	(150)	(6,848)
Increase (decrease) through treasury stock transactions	-	(220)	-	(9,668)	(93)	(9,981)	-	(9,981)
Increase (decrease) through share-based payment transactions	-	316	-	-	17	333	-	333
Acquisition, disposal and other changes of non-controlling interests	-	458	-	-	-	458	(458)	-
As of December 31, 2013	10,397	10,916	147,394	(44,392)	9,479	133,793	4,694	138,487

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Operating activities		
Profit before tax	58,628	45,418
Depreciation and amortization	4,213	5,862
Interest and dividend income	(28)	(22)
Interest expenses	37	9
Decrease (increase) in trade and other current receivables	(8,544)	7,698
Increase (decrease) in trade and other current payables	5,150	(2,932)
Other, net	3,233	(1,798)
Subtotal	62,688	54,237
Dividends received	11	11
Interest paid	(35)	(9)
Interest received	23	11
Income tax paid	(29,781)	(37,736)
Net cash flows from (used in) operating activities	32,907	16,513
Investing activities		
Proceeds from sales and redemption of investment securities	2,584	79
Purchases of investment securities	(7,773)	(696)
Purchases of property and equipment	(2,752)	(480)
Purchases of intangible assets	(5,361)	(9,723)
Other, net	68	(319)
Net cash flows from (used in) investing activities	(13,233)	(11,138)
Financing activities		
Proceeds from borrowings	10,100	1,300
Repayments of borrowings	(10,100)	(600)
Cash dividends paid	(5,139)	(6,685)
Payments for acquisition of non-controlling interests	(347)	—
Cash dividends paid to non-controlling interests	(150)	(150)
Acquisition of treasury stock	(20,000)	(10,000)
Other, net	320	11
Net cash flows from (used in) financing activities	(25,316)	(16,124)
Net increase (decrease) in cash and cash equivalents	(5,643)	(10,749)
Cash and cash equivalents at beginning of period	54,890	67,337
Effect of exchange rate changes on cash and cash equivalents	337	1,184
Cash and cash equivalents at end of period	49,585	57,772

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. Segment information

1) Outline of reportable segments

The Group provides principally Internet services for mobile and PC users. The Group organizes business units by service at its headquarters, and each of these units formulates comprehensive business strategies for the services it provides, and undertakes related business activities.

Therefore, the Group is composed of operating segments classified by the types of services provided, based on the business units. The reportable segments of the Group are classified as the “Social Media Business” and the “E-commerce Business.”

The types of services provided by each segment are shown in the table below:

Reportable segment	Type of service
Social Media Business	Social media-related services (provided in Japan and internationally) Principal services: Mobage, etc.
E-commerce Business	E-commerce-related services (provided in Japan) Principal services: DeNA Shopping, Mobaoku, and processing settlement services, etc.

Starting from April 1, 2013, the Group has made a reclassification in management concerning the allocation of resources and the assessment of performances relating to the travel agency business, etc. In association with this change, the travel agency business, etc., which had formerly been included in “Others,” have been classified under the “E-commerce Business” in the segment information from the three months ended June 30, 2013. Accordingly, the information for the nine months ended December 31, 2012 has been restated.

2) Revenue, profit or loss, and other items by reportable segment

The accounting policies of the reportable segments are the same as the accounting policies applied by the Group to the consolidated financial statements for the fiscal year ended March 31, 2013.

Intersegment revenue is calculated based on external market prices.

Revenue, profit or loss, and other items of the Group's reportable segments are as follows:

For the nine months ended December 31, 2012

(From April 1, 2012 to December 31, 2012)

	(Millions of yen)				
	Social Media Business	E-commerce Business	Others*2	Adjustments*3	Total
Revenue					
Revenue from external customers	132,423	12,590	5,198	—	150,212
Intersegment revenue	105	1,629	207	(1,941)	—
Total	132,529	14,220	5,405	(1,941)	150,212
Segment profit (loss)*1	58,856	3,867	(697)	(3,526)	58,500
Other income (expenses), net					144
Operating profit					58,644
Finance income (costs), net					99
Share of profit (loss) of associates accounted for using the equity method					(114)
Profit before tax					58,628

(Notes) 1. Segment profit (loss) is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.

2. "Others" refers to operating segments that do not fall into any of the reportable segments, including the operations of a professional baseball team.

3. Adjustments in segment profit (loss) represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

For the nine months ended December 31, 2013
(From April 1, 2013 to December 31, 2013)

	(Millions of yen)				
	Social Media Business	E-commerce Business	Others*2	Adjustments*3	Total
Revenue					
Revenue from external customers	121,587	13,757	6,199	—	141,543
Intersegment revenue	41	1,596	157	(1,794)	—
Total	121,629	15,353	6,355	(1,794)	141,543
Segment profit (loss)*1	45,821	3,024	(843)	(4,053)	43,950
Other income (expenses), net					(445)
Operating profit					43,505
Finance income (costs), net					1,109
Share of profit (loss) of associates accounted for using the equity method					804
Profit before tax					45,418

- (Notes) 1. Segment profit (loss) is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. “Others” refers to operating segments that do not fall into any of the reportable segments, including the operations of a professional baseball team.
3. Adjustments in segment profit (loss) represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

2. Fair value of financial instruments

1) Fair value measurements

The fair values of financial assets and liabilities are determined by the same method as the method adopted in the consolidated financial statements for the fiscal year ended March 31, 2013.

2) Financial instruments measured at amortized cost

The fair values of financial instruments measured at amortized cost as of March 31, 2013 and December 31, 2013 are as follows.

(Millions of yen)

	As of March 31, 2013		As of December 31, 2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at amortized cost:				
Trade and other current receivables	45,946	45,946	38,713	38,713
Other financial assets	6,134	6,134	6,310	6,310
Financial liabilities measured at amortized cost:				
Trade and other current payables	30,034	30,034	27,522	27,522
Other financial liabilities	8,758	8,758	11,168	11,168

3) Financial instruments measured at fair value

In terms of financial instruments measured at fair value, disclosure of fair value required in the condensed consolidated financial statements has been omitted as no significant changes have taken place since the end of the previous fiscal year.

3. Equity and other equity items

In the nine months ended December 31, 2013, the Company repurchased its own shares with the aim of increasing capital efficiency, implementing a flexible capital policy that responds to changes in the business environment, and improving shareholder returns by increasing the share value. By December 31, 2013, the Company has repurchased 4,579,000 shares in the amount of ¥10,000 million.

4. Dividends

Year-end dividends are the only dividends paid out. Year-end dividends are to be approved at the general meeting of shareholders.

Dividends paid in the nine months ended December 31, 2012 and 2013 are as follows:

Nine months ended December 31, 2012 (from April 1, 2012 to December 31, 2012)				
Date of resolution	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
June 23, 2012	36	5,150	March 31, 2012	June 25, 2012

Nine months ended December 31, 2013 (from April 1, 2013 to December 31, 2013)				
Date of resolution	Dividends per share (Yen)	Total dividends (Millions of yen)	Record date	Effective date
June 22, 2013	50	6,698	March 31, 2013	June 24, 2013

Dividends payable are included in trade and other current payables presented in the condensed consolidated statement of financial position.

5. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the nine months ended December 31, 2012 and 2013 are as follows:

	Nine months ended December 31, 2012 (From April 1, 2012 to December 31, 2012)	Nine months ended December 31, 2013 (From April 1, 2013 to December 31, 2013)
Profit for the period attributable to owners of the parent (Millions of yen)	33,457	26,164
Weighted average number of common shares outstanding during the period—basic (Shares)	137,527,853	130,828,462
Effect of dilutive potential common shares: Stock options, etc. (Shares)	424,619	320,233
Weighted average number of common shares outstanding during the period—diluted (Shares)	137,952,472	131,148,695
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	243.27	199.99
Diluted earnings per share	242.52	199.50

(8) Notes on Significant Subsequent Events

Not applicable.