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Consolidated Financial Results for the Three Months Ended June 30, 2015 [IFRS]

August 7, 2015

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: August 10, 2015

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 off.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

(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	%
Three months ended June 30, 2015	37,721	5.3	4,008	(42.5)	4,519	(32.8)	2,217	(45.0)
Three months ended June 30, 2014	35,819	(31.3)	6,975	(59.0)	6,722	(61.8)	4,033	(59.2)

	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
Three months ended June 30, 2015	2,049	(45.6)	14,658	360.7	14.53	14.48
Three months ended June 30, 2014	3,769	(60.6)	3,182	(72.6)	29.09	29.01

(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 June 30, 2015	257,969	198,833	191,091	74.1
As of March 31, 2015	218,529	164,502	157,210	71.9

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, 2015	—	0.00	—	20.00	20.00
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (Forecast)		0.00	—	—	—

(Note) The dividend forecast for the fiscal year ending March 31, 2016 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(% changes from the previous corresponding period)					
	Revenue		Operating profit		Profit for the period attributable to owners of the parent
	Millions of yen	%	Millions of yen	%	Millions of yen
First half	74,500	3.7	10,600	(29.2)	6,400 (30.8)
Full year	—	—	—	—	—

(Note) The financial results forecast for the following quarter is disclosed in lieu of full-year financial results forecast. For details, 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.

* 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: No

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 June 30, 2015	150,810,033 shares
As of March 31, 2015	150,810,033 shares

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

As of June 30, 2015	5,821,118 shares
As of March 31, 2015	21,136,868 shares

3) Average number of shares during the period:

Three months ended June 30, 2015	141,058,742 shares
Three months ended June 30, 2014	129,559,782 shares

(Note) The 524,156 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 June 30, 2015, and the 556,284 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, 2015.

* 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 Forecast 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) Dividend Forecast

With regard to the dividend forecast for the fiscal year ending March 31, 2016, as the Company decides the dividend amount by taking into consideration the financial results and other factors for each fiscal year, an announcement of the expected dividend amount will be made promptly when it is possible to disclose the full-year financial results forecast. Currently, the Company expects to provide a dividend forecast at the time of the announcement of financial results for the third quarter of the fiscal year ending March 31, 2016.

(3) 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 August 7, 2015. 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.

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* Note

The condensed consolidated financial statements are presented in Japanese yen and rounded off 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 three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015), the Japanese economy continued on a mild recovery track. Meanwhile, a downswing in international economies poses a risk of downward pressure on the domestic economy.

Under these conditions, the DeNA Group has positioned the fiscal year ending March 31, 2016 as a year to reinforce the business foundation which continues to enhance corporate value as a global Internet player. The Group made continuing efforts to further increase its competitive advantage in the game business, which is the Group's principal business, as well as to create and nurture businesses with structural strengths for mid- to long-term growth, while conducting thorough cost management.

During the three months ended June 30, 2015, revenue increased on a year-on-year basis. Despite a year-on-year decline in revenue of the Japan game business with high profit margin, the game business in China where the launch of new titles was pushed forward from the second half of the fiscal year ended March 31, 2015 and the sports business helped by growing baseball game attendance posted growth in revenue.

On the cost front, cost of sales and selling, general and administrative expenses increased on a year-on-year basis. This was attributable mainly to higher commission fees such as costs related to settlement of in-game fees and software amortization expenses arising from expanded development and release of titles for the application market and the growth in their usage. In addition, as a result of the optimization of the structure in Europe and the U.S. and the game portfolio, retirement of intangible assets and its related temporary expenses were recorded primarily as other expenses.

As a result, revenue of the DeNA Group was ¥37,721 million, up 5.3% year-on-year, operating profit was ¥4,008 million, down 42.5% year-on-year, profit before tax was ¥4,519 million, down 32.8% year-on-year, and profit for the period attributable to owners of the parent was ¥2,049 million, down 45.6% year-on-year.

Business performance by segment is as follows.

Due to changes in the segment classification effective from the three months ended June 30, 2015, the segment results for the period under review are compared and analyzed under the new segmentation. For more details, please refer to "3. Condensed Consolidated Financial Statements (7) Notes to Condensed Consolidated Financial Statements 1. Segment Information 1) Outline of reportable segments."

Meanwhile, until the fiscal year ended March 31, 2015, the segment revenue stated in this section represented revenue from external customers after elimination of intersegment revenue, however, from the three months ended June 30, 2015, the segment revenue represents revenue before elimination of intersegment revenue. As a result, for the purpose of comparison and analysis, the segment revenue for the three months ended June 30, 2014 has been replaced with the revised revenue.

1) Game Business

Revenue of the Game Business was ¥28,315 million, up 1.2% year-on-year, and segment profit was ¥6,812 million, down 16.6% year-on-year.

In the Japan market, the Group's principal market, consumption of the in-game virtual currency coins was ¥34.6 billion, down 8% year-on-year. New titles did not offset the decline in usage of existing titles, but the efforts related to the Japan and international application markets on which the Group focuses as three key regions showed steady progress including ongoing strong coin consumption in titles and progressing development and provision of new titles. Coin consumption in titles for the application market for the three months ended June 30, 2015 was ¥9.4 billion, up 206% year-on-year in the Japan market and ¥5.9 billion, up 41% year-on-year in the international market.

2) E-commerce Business

Revenue of the E-commerce Business was ¥4,981 million, up 2.4% year-on-year, and segment profit was ¥574 million, up 3.3% year-on-year.

In shopping services, the Group focused efforts on the areas of groceries and daily consumables, centering on the online shopping site DeNA Shopping (including au Shopping Mall), which contributed to

an increase in gross merchandise volume of shopping. Transactions increased in processing settlement services provided by Paygent Co., Ltd. and in the travel agency business operated by DeNA Travel Co., Ltd. In auction services, the mobile auction site Mobaoku saw a decrease in the number of paid members.

3) Sports Business

Revenue of the Sports Business was ¥3,736 million, up 32.8% year-on-year, and segment profit was ¥854 million, up 253.9% year-on-year. Yokohama DeNA Baystars Baseball Club, Inc. performed strongly, with an increase in attendance at home games.

4) New Businesses and Others

Revenue of the New Businesses and Others was ¥1,125 million, up 104.2% year-on-year, and segment loss was ¥1,119 million, compared with segment loss of ¥878 million for the same period of the previous fiscal year.

This section comprises IP-generating platform for the purpose of creating intellectual properties (IP) and contents structurally such as a smartphone novel site E*Everystar and a digital manga magazine Manga Box, curation platform (see note below) such as a “iemo” curation platform specializing in housing and interior design and a “MERY” curation platform specializing in women’s fashion, and fields of healthcare. In order to create businesses with structural strengths for mid-to long-term growth while ensuring thorough cost management and assessing investments appropriately, the Group pressed ahead with efforts in multiple fields, with a new initiative set out in the automotive field, including a robotic taxi service that draws on autonomous driving technology during the three months ended June 30, 2015.

(Note) A service in which people called curators organize information scattered on the Internet from a specific perspective into one group according to a specific subject of their own interest to publicize

(2) Explanation of Financial Position

1) Financial Position

Total assets at the end of the three months ended June 30, 2015 were ¥257,969 million, an increase of ¥39,441 million compared to the end of the previous fiscal year.

Current assets were ¥116,689 million, an increase of ¥2,562 million, compared to the end of the previous fiscal year. This was due primarily to an increase in cash and cash equivalents by ¥3,126 million.

Non-current assets were ¥141,280 million, representing an increase of ¥36,879 million, compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥37,809 million.

Total liabilities at the end of the three months ended June 30, 2015 were ¥59,137 million, an increase of ¥5,110 million compared to the end of the previous fiscal year.

Current liabilities were ¥51,223 million, an increase of ¥81 million, compared to the end of the previous fiscal year. This was due primarily to an increase in other current liabilities by ¥461 million.

Non-current liabilities stood at ¥7,914 million, representing an increase of ¥5,029 million, compared to the end of the previous fiscal year. This was due mainly to an increase of ¥5,029 million in other non-current liabilities.

Total equity at the end of the three months ended June 30, 2015 was ¥198,833 million, representing an increase of ¥34,330 million compared to the end of the previous fiscal year. This was primarily attributable to a decrease of ¥31,362 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 227.8% and 74.1%, respectively, as of the end of the three months ended June 30, 2015.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the three months ended June 30, 2015 increased by ¥3,126 million to ¥71,850 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 three months ended June 30, 2015 was ¥7,344 million, compared to a cash inflow of ¥10,804 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥4,519 million in profit before tax and ¥3,880 million in decrease in trade and other current receivables, which offset the effect of ¥2,450 million in income tax paid.

(Investing activities)

Net cash used in investing activities for the three months ended June 30, 2015 was ¥23,906 million, compared to a cash outflow of ¥4,821 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥22,229 million in purchases of investment securities.

(Financing activities)

Net cash provided by financing activities for the three months ended June 30, 2015 was ¥19,467 million, compared to a cash outflow of ¥4,457 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥22,105 million in proceeds from disposition of treasury stock.

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

In the Game Business, the Group will focus efforts on growth of titles for the application market in Japan and internationally.

In the Japan game business, the Group will focus efforts on reactivating usage of leading titles and creating new hit titles for the application market, while moving ahead with structural changes of title operation to encourage longer use by users for the browser market.

In the international game business, the Group rolled out a strategy of extensive deployment of leading IP assets to develop the Chinese market, where further growth is expected, thereby generating a number of hit titles for the market. Looking ahead, the Group will continue to deploy this strategy for market progression. The Group will strive to generate further hit titles by leveraging the development prowess accumulated at local bases, operational know-how fit for local markets and others in conjunction with maintaining the stable operation of leading titles. In Europe and the U.S., the Group will carefully select genres and pursue the provision of higher quality titles under the efficient development and operation structure.

In the E-commerce Business, for shopping services, the Group will make efforts to strengthen the areas of groceries and daily consumables, while taking full advantage of the alliances with its partners. The Group will also continue to strive to expand transactions in processing settlement services and the travel agency business.

In the Sports Business, the Group will pursue the growth of the number of attendance at games of Yokohama DeNA Baystars Baseball Club.

In the New Businesses and Others, the Group will also continue to launch new businesses. When launching new businesses, in addition to in-house development, the Group will make use of methods including M&As and cooperation with other companies, with the aim of first expanding the user base and further linking this to profit-making.

As for selling, general and administrative expenses, the Group will work to appropriately conduct cost control and cut expenses.

With regard to the consolidated financial results forecast, it is difficult to estimate the trend of the market in the Game Business, which is the Group's core business, for both in Japan and internationally. In addition, revenue is substantially affected by various uncertainties, such as user preferences and the existence of popular titles. Owing to 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.

Regarding the consolidated financial results forecast for the six months ending September 30, 2015, the Group expects a moderate increase in revenue on a year-on-year basis. As for coin consumption in titles operated by the Game Business, the Group's core business, consumption in titles for Japan and international application markets, where the Group particularly focuses on, is expected to increase on a year-on-year basis, while consumption in titles for the profitable browser market in Japan is likely to decline. Other businesses including the Sports Business are expected to show a steady performance on a year-on-year basis. Operating profit is expected to decrease on a year-on-year basis. On the cost front, the Group forecasts that higher commission fees arising from increased usage of titles for the application market and the effect of one-off expenses largely associated with structural optimization in Europe and the U.S. recorded in the three months ended June 30, 2015, will push up overall costs on a year-on-year basis.

The forward-looking statements are based on information available and certain assumptions deemed reasonable as of the date of publication of this document, and contain many uncertain factors. Actual results may differ from the forecasts above due to a wide range of uncertain factors.

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

Not applicable.

3. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and cash equivalents	68,724	71,850
Trade and other current receivables	34,958	31,878
Other current financial assets	1,104	1,544
Other current assets	9,342	11,417
Total current assets	114,127	116,689
Non-current assets		
Property and equipment	2,958	3,080
Goodwill	53,111	53,968
Intangible assets	19,241	17,439
Investments accounted for using the equity method	8,761	8,991
Other non-current financial assets	17,720	55,529
Deferred tax assets	2,517	2,199
Other non-current assets	94	73
Total non-current assets	104,401	141,280
Total assets	218,529	257,969

	(Millions of yen)	
	As of March 31, 2015	As of June 30, 2015
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	22,858	22,686
Income tax payables	2,419	2,415
Other current financial liabilities	13,368	13,165
Other current liabilities	12,497	12,958
Total current liabilities	51,142	51,223
Non-current liabilities		
Non-current provisions	834	835
Other non-current financial liabilities	10	10
Other non-current liabilities	2,040	7,069
Total non-current liabilities	2,885	7,914
Total liabilities	54,027	59,137
Equity		
Common stock	10,397	10,397
Capital surplus	9,650	9,525
Retained earnings	163,229	154,445
Treasury stock	(43,918)	(12,556)
Other components of equity	17,851	29,278
Total equity attributable to owners of the parent	157,210	191,091
Non-controlling interests	7,293	7,742
Total equity	164,502	198,833
Total liabilities and equity	218,529	257,969

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Revenue	35,819	37,721
Cost of sales	(13,701)	(16,105)
Gross profit	22,118	21,615
Selling, general and administrative expenses	(14,389)	(14,839)
Other income	294	120
Other expenses	(1,048)	(2,888)
Operating profit	6,975	4,008
Finance income	22	314
Finance costs	(289)	(10)
Share of profit (loss) of associates accounted for using the equity method	14	206
Profit before tax	6,722	4,519
Income tax expense	(2,689)	(2,302)
Profit for the period	4,033	2,217
Attributable to:		
Owners of the parent	3,769	2,049
Non-controlling interests	264	168
Profit for the period	4,033	2,217
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	29.09	14.53
Diluted earnings per share	29.01	14.48

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit for the period	4,033	2,217
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	(200)	11,517
Other	(0)	(0)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(200)	11,517
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax		
Other	(647)	920
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(4)	4
Other comprehensive income, net of tax	(651)	924
Total comprehensive income for the period	(851)	12,441
	3,182	14,658
Attributable to:		
Owners of the parent	2,918	14,254
Non-controlling interests	264	404
Total comprehensive income for the period	3,182	14,658

(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, 2014	10,397	10,965	153,072	(44,290)	10,456	140,600	4,955	145,555
Profit for the period	-	-	3,769	-	-	3,769	264	4,033
Other comprehensive income	-	-	-	-	(851)	(851)	(0)	(851)
Total comprehensive income for the period	-	-	3,769	-	(851)	2,918	264	3,182
Dividends recognized as distributions to owners	-	-	(4,792)	-	-	(4,792)	(150)	(4,942)
Increase (decrease) through treasury stock transactions	-	(90)	-	155	(54)	12	-	12
Increase (decrease) through share-based payment transactions	-	109	-	-	152	261	-	261
Changes in ownership interests in associates	-	(1,461)	-	-	-	(1,461)	-	(1,461)
As of June 30, 2014	10,397	9,523	152,048	(44,135)	9,704	137,537	5,069	142,606

(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, 2015	10,397	9,650	163,229	(43,918)	17,851	157,210	7,293	164,502
Profit for the period	-	-	2,049	-	-	2,049	168	2,217
Other comprehensive income	-	-	-	-	12,205	12,205	236	12,441
Total comprehensive income for the period	-	-	2,049	-	12,205	14,254	404	14,658
Dividends recognized as distributions to owners	-	-	(2,593)	-	-	(2,593)	(188)	(2,782)
Increase (decrease) through treasury stock transactions	-	(9,084)	-	31,362	(284)	21,994	-	21,994
Increase (decrease) through share-based payment transactions	-	149	-	-	78	227	-	227
Transfer to capital surplus from retained earnings	-	8,811	(8,811)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	-	-	-	-	-	234	234
Increase (decrease) through transfers and other changes	-	-	572	-	(572)	-	-	-
As of June 30, 2015	10,397	9,525	154,445	(12,556)	29,278	191,091	7,742	198,833

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Operating activities		
Profit before tax	6,722	4,519
Depreciation and amortization	2,462	3,156
Interest and dividend income	(13)	(14)
Interest expenses	3	3
Decrease (increase) in trade and other current receivables	3,787	3,880
Increase (decrease) in trade and other current payables	(2,788)	(919)
Increase (decrease) in deposits received	897	(203)
Other, net	2,082	(639)
Subtotal	13,152	9,784
Dividends received	11	11
Interest paid	(3)	(3)
Interest received	2	3
Income tax paid	(2,357)	(2,450)
Net cash flows from (used in) operating activities	10,804	7,344
Investing activities		
Proceeds from sales and redemption of investment securities	31	1,823
Purchases of investment securities	(755)	(22,229)
Acquisition of property and equipment	(288)	(379)
Acquisition of intangible assets	(3,791)	(3,089)
Other, net	(19)	(32)
Net cash flows from (used in) investing activities	(4,821)	(23,906)
Financing activities		
Proceeds from borrowings	250	50
Repayments of borrowings	(100)	(50)
Cash dividends paid	(4,464)	(2,453)
Cash dividends paid to non-controlling interests	(150)	(188)
Proceeds from disposition of treasury stock	9	22,105
Other, net	(2)	3
Net cash flows from (used in) financing activities	(4,457)	19,467
Net increase (decrease) in cash and cash equivalents	1,527	2,906
Cash and cash equivalents at beginning of period	65,394	68,724
Effect of exchange rate changes on cash and cash equivalents	(71)	220
Cash and cash equivalents at end of period	66,850	71,850

(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 principally provides Internet services for mobile and PC users and organizes business divisions by type of service. Each of these business divisions 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. The three reportable segments of the Group are classified as the “Game Business”, “E-commerce Business” and “Sports Business.”

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

Segment classification	Type of service
Game Business	Game for mobile devices-related services (provided in Japan and internationally) Principal services: Mobage, etc.
E-commerce Business	E-commerce-related services (provided in Japan and internationally) Principal services: DeNA Shopping, DeNA Travel, Mobaoku, and processing settlement services, etc.
Sports Business	Sports-related services (provided in Japan) Principal services: Yokohama DeNA Baystars Baseball Club, DeNA Running Club, etc.
New Businesses and Others	New businesses and other services (provided in Japan and internationally) Principal business domains: IP-generating platform business, curation platform business, healthcare business, automotive business, etc.

From the three months ended June 30, 2015, the Group changed the classification in the allocation of management resources and the assessment of performance. In the fiscal year ended March 31, 2015, the reportable segments of the Group are classified as the “Social Media Business” and “E-commerce Business,” however, in accordance with the above revision, the segment classification has changed as set out below.

The “Sports Business” segment has been newly established and the sports business such as operations of a professional baseball team, which had been included in “Others” until the previous fiscal year, has been included in the new reportable segment.

The “Others” category has been changed to “New Businesses and Others.” The IP-generating platform business such as E*Everystar and Manga Box, which had previously been included in “Social Media Business,” and new businesses including curation platform business and healthcare business, which had been included in “Others,” have been included in the newly named category. Consequent to these changes, the name of “Social Media Business” has been changed to “Game Business.”

Accordingly, the segment information for the three months ended June 30, 2014 has been restated.

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

Accounting policies for reportable segments are identical to accounting policies adopted by the Group as stated in the consolidated financial statements for the fiscal year ended March 31, 2015.

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 three months ended June 30, 2014

(From April 1, 2014 to June 30, 2014)

						(Millions of yen)
	Game Business	E-commerce Business	Sports Business	New Businesses and Others *2	Adjustments*3	Total
Revenue						
Revenue from external customers	27,972	4,483	2,814	551	—	35,819
Intersegment revenue	15	381	0	0	(396)	—
Total	27,987	4,864	2,814	551	(396)	35,819
Segment profit (loss) *1	8,172	556	241	(878)	(363)	7,729
Other income (expenses), net						(754)
Operating profit						6,975
Finance income (costs), net						(267)
Share of profit (loss) of associates accounted for using the equity method						14
Profit before tax						6,722

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

2. "New Businesses and Others" refer to operating segments that do not fall into any of the reportable segments, including IP-generating platform business and healthcare business.

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 three months ended June 30, 2015
(From April 1, 2015 to June 30, 2015)

(Millions of yen)

	Game Business	E-commerce Business	Sports Business	New Businesses and Others *2	Adjustments*3	Total
Revenue						
Revenue from external customers	28,207	4,711	3,736	1,066	—	37,721
Intersegment revenue	107	270	0	59	(436)	—
Total	28,315	4,981	3,736	1,125	(436)	37,721
Segment profit (loss) *1	6,812	574	854	(1,119)	(344)	6,776
Other income (expenses), net						(2,768)
Operating profit						4,008
Finance income (costs), net						304
Share of profit (loss) of associates accounted for using the equity method						206
Profit before tax						4,519

- (Notes) 1. Segment profit (loss) is calculated by deducting cost of sales and selling, general and administrative expenses from revenue.
2. “New Businesses and Others” refer to operating segments that do not fall into any of the reportable segments, including IP-generating platform business, curation platform business, healthcare business and automotive business.
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. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the three months ended June 30, 2014 and 2015 are as follows:

	Three months ended June 30, 2014 (From April 1, 2014 to June 30, 2014)	Three months ended June 30, 2015 (From April 1, 2015 to June 30, 2015)
Profit for the period attributable to owners of the parent (Millions of yen)	3,769	2,049
Weighted average number of common shares outstanding during the period—basic (Shares)	129,559,782	141,058,742
Effect of dilutive potential common shares: Stock options, etc. (Shares)	366,097	407,888
Weighted average number of common shares outstanding during the period—diluted (Shares)	129,925,879	141,466,630
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	29.09	14.53
Diluted earnings per share	29.01	14.48

(8) Notes on Significant Subsequent Events

(Corporate Spinoff and Share Transfer)

Effective July 1, 2015, the Company transferred its business, which it had operated under the name of “DeNA BtoB market,” to NETSEA Co., Ltd. (hereinafter the “Newly-established Company”), which was established by means of a simplified incorporation-type spinoff (hereinafter the “Corporate Spinoff”), and at the same time transferred all shares of the Newly-established Company to Aucfan Co., Ltd. (Address of head office: Shibuya-ku, Tokyo, President and Representative Director: Shuichi Takenaga, hereinafter “Aucfan”), as per the following.

(1) Purpose of the Corporate Spinoff and share transfer

Since November 2006, the Company had been operating NETSEA, a B to B marketplace, which functions as an intermediate wholesaler that links the suppliers of merchandise with buyers of merchandise. From January 2013, the Company has changed the name of the marketplace to “DeNA BtoB market” and operated it. The Company received a request from Aucfan to take over “DeNA BtoB market,” and in light of further development of “DeNA BtoB market,” decided to accept this offer. Consequently, the Newly-established Company was incorporated by means of the Corporate Spinoff and all shares of the Newly-established Company were transferred to Aucfan.

(2) Overview of the Corporate Spinoff

1) Details of the business subject to the spinoff

Business operated under the name of “DeNA BtoB market”

2) Financial results of the division to be spun off

Revenue: ¥521 million (Fiscal year ended March 31, 2015)

3) Items and amounts of assets and liabilities to be spun off

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	—	Current liabilities	—
Non-current assets	¥64 million	Non-current liabilities	—
Total	¥64 million	Total	—

4) Date of the Corporate Spinoff

July 1, 2015

5) Profile of the Newly-established Company

Company name	NETSEA Co., Ltd.
Address of head office	1-14-6 Dogenzaka, Shibuya-ku, Tokyo
Name and title of representative	Shuichi Takenaga, Representative Director
Business description	BtoB marketplace business
Capital	¥25 million
Establishment date	July 1, 2015
Number of issued shares	1,000 shares
Fiscal year-end	September 30
Major shareholder and shareholding ratio	DeNA Co., Ltd. / 100%

6) Legal form of the Corporate Spinoff

Incorporation-type spinoff (simplified incorporation-type spinoff), in which the Company is the splitting company and the Newly-established Company is the successor company.

(3) Overview of the share transfer

On July 1, 2015, all shares of the Newly-established Company were transferred from the Company to Aucfan for the transfer price of ¥1,250 million.