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Consolidated Financial Results for the Nine Months Ended December 31, 2015 [IFRS]

February 5, 2016

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 8, 2016

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 Nine Months Ended December 31, 2015 (from April 1, 2015 to December 31, 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	%
Nine months ended December 31, 2015	108,705	2.3	14,689	(27.1)	16,146	(27.9)	8,728	(34.4)
Nine months ended December 31, 2014	106,275	(24.9)	20,147	(53.7)	22,389	(50.7)	13,314	(50.8)

	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, 2015	8,361	(33.2)	12,986	(25.2)	58.30	53.18
Nine months ended December 31, 2014	12,520	(52.1)	17,372	(44.5)	96.62	96.32

(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, 2015	251,035	197,418	189,804	75.6
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	—	0.00	—		
Fiscal year ending March 31, 2016 (Forecast)				20.00	20.00

(Note) The dividend forecast for the fiscal year ending March 31, 2016 has 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
Full year	143,700	0.9	19,900	(19.6)	11,800
					(21.1)
					Yen
					82.27

(Note) The full-year financial result forecast has been determined 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: 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 December 31, 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 December 31, 2015	5,796,143 shares
As of March 31, 2015	21,136,868 shares

3) Average number of shares during the period:

Nine months ended December 31, 2015	143,425,614 shares
Nine months ended December 31, 2014	129,589,055 shares

(Note) The 500,555 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, 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) 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, 2016. 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 nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015), although there were signs of weakness in some areas, a mild recovery trend continued in the Japanese economy. Concerning the future outlook, a downswing in overseas economies, including China and other emerging Asian nations, 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 nine months ended December 31, 2015, revenue increased on a year-on-year basis. Despite a year-on-year decline in revenue of the Japan game business with a 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 led by the Yokohama DeNA Baystars baseball team, posted growth in revenue, while the Group also expanded in new business fields.

Cost of sales and selling, general and administrative expenses increased on a year-on-year basis. Commission fees such as costs related to settlement of in-game fees, software amortization expenses, and others increased due to the expanded development and release of titles for the application market and the growth in their usage.

In other income, gains on sale were recorded in connection with the transfer of the BtoB marketplace business during the second quarter ended September 30, 2015. Other expenses principally consisted of temporary expenses including retirement of intangible assets associated with carrying out optimization of the organizational structure and the game portfolio in Europe and the U.S. during the first quarter ended June 30, 2015.

As a result, revenue of the DeNA Group was ¥108,705 million, up 2.3% year-on-year, operating profit was ¥14,689 million, down 27.1% year-on-year, profit before tax was ¥16,146 million, down 27.9% year-on-year, and profit for the period attributable to owners of the parent was ¥8,361 million, down 33.2% 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 using the new segment classification. 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."

In addition, 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 nine months ended December 31, 2014 has been revised in the same manner.

1) Game Business

Revenue of the Game Business was ¥83,047 million, down 0.2% year-on-year, and segment profit was ¥19,261 million, down 18.1% year-on-year.

In the Japan market, the Group's principal market, consumption of the in-game virtual currency coins was ¥110.6 billion, down 1% year-on-year. Coin consumption declined gradually in the browser market, while coin consumption from key titles performed steadily in the application market in Japan and internationally. In addition, new application titles were successfully developed and launched. Coin consumption in titles for the application market for the nine months ended December 31, 2015 was ¥34.0 billion, up 156% year-on-year in the Japan market and ¥14.4 billion, up 17% year-on-year in the international market.

2) E-commerce Business

Revenue of the E-commerce Business was ¥14,674 million, down 2.2% year-on-year, and segment profit was ¥1,909 million, up 11.2% year-on-year.

With regard to travel, one of the areas in which the Group is focusing its efforts, transactions at DeNA Travel Co., Ltd. grew favorably. Shopping services and processing settlement services also performed steadily on the whole, while auction services registered a decrease in revenue due to a decline in the number of paid members. From the second quarter ended September 30, 2015, revenue of the BtoB marketplace business has been excluded from the revenue of the E-commerce Business and segment profit.

3) Sports Business

Revenue of the Sports Business was ¥8,408 million, up 19.5% year-on-year, and segment profit was ¥77 million, compared with segment loss of ¥518 million for the same period of the previous fiscal year. Yokohama DeNA Baystars Baseball Club, Inc. performed strongly, with an increase in attendance at home games during the 2015 season.

4) New Businesses and Others

Revenue of the New Businesses and Others was ¥3,782 million, up 71.5% year-on-year, and segment loss was ¥3,678 million, compared with segment loss of ¥3,114 million for the same period of the previous fiscal year.

This section comprises the IP-generating platform business for the purpose of creating intellectual properties (IP) and contents structurally, the curation platform business (see note 1 below), the healthcare business and the automotive business (see note 2 below). Of these, the number of users in each of the services in the curation platform business has increased. Especially, there were a substantial increase in the number of application downloads of MERY, which focuses on women's fashion, after running its TV commercials in December 2015.

The Group will press ahead with efforts in multiple fields in order to create businesses with structural strengths for mid- to long-term growth while ensuring thorough cost management and assessing investments appropriately.

Notes 1 A curation platform is a website or application where people called curators can publish articles in which they organize information scattered on the Internet from a specific perspective according to a specific subject of their own interest.

2 Businesses in the automotive field, such as the Robot Taxi service that use autonomous driving technology.

(2) Explanation of Financial Position

1) Financial Position

Total assets at the end of the nine months ended December 31, 2015 were ¥251,035 million, an increase of ¥32,506 million compared to the end of the previous fiscal year.

Current assets were ¥119,372 million, an increase of ¥5,245 million, compared to the end of the previous fiscal year. This was due primarily to an increase in cash and cash equivalents by ¥7,174 million and a decrease in trade and other current receivables by ¥1,045 million.

Non-current assets were ¥131,662 million, representing an increase of ¥27,261 million, compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥27,343 million.

Total liabilities at the end of the nine months ended December 31, 2015 were ¥53,616 million, a decrease of ¥410 million compared to the end of the previous fiscal year.

Current liabilities were ¥49,001 million, a decrease of ¥2,140 million, compared to the end of the previous fiscal year. This was due primarily to a decrease in other current liabilities by ¥3,261 million, as well as an increase in other current financial liabilities by ¥1,064 million.

Non-current liabilities stood at ¥4,615 million, representing an increase of ¥1,730 million, compared to the end of the previous fiscal year. This was due primarily to an increase of ¥1,723 million in other non-current liabilities.

Total equity at the end of the nine months ended December 31, 2015 was ¥197,418 million, representing an increase of ¥32,916 million compared to the end of the previous fiscal year. This was primarily attributable to a decrease of ¥31,443 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 243.6% and 75.6%, respectively, as of the end of the nine months ended December 31, 2015.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the nine months ended December 31, 2015 increased by ¥7,174 million to ¥75,898 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, 2015 was ¥18,432 million, compared to a cash inflow of ¥30,629 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥16,146 million in profit before tax and ¥8,661 million in depreciation and amortization, which offset the effect of ¥7,739 million in income tax paid.

(Investing activities)

Net cash used in investing activities for the nine months ended December 31, 2015 was ¥30,555 million, compared to a cash outflow of ¥17,249 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥22,911 million in purchases of investment securities.

(Financing activities)

Net cash provided by financing activities for the nine months ended December 31, 2015 was ¥19,256 million, compared to a cash outflow of ¥4,364 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥22,143 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 existing leading titles and creating new hit titles for the application market, while continuing to carry out title operation to encourage longer use by users for the browser market.

In the international game business, the Group will press ahead with development and provision of new titles in China, mainly titles that utilize leading IP assets, while maintaining the stable operation of existing 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.

Regarding the first collaborative title launched through the capital and business alliance with Nintendo Co., Ltd., the Group is moving ahead with preparations aimed at distribution in March 2016.

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, as the period between October and March is the off-season of professional baseball, revenue for the fourth quarter of the fiscal year ending March 31, 2016 will be limited. As a result of the tender offer by Yokohama DeNA Baystars Baseball Club, Inc. that has been completed on January 20, 2016, Yokohama Stadium Co. Ltd. will become a consolidated subsidiary of the Company from the fourth quarter of the fiscal year ending March 31, 2016. For more details, please refer to “3. Condensed Consolidated Financial Statements (8) Notes on Significant Subsequent Events.”

In the New Businesses and Others, the Group will continue to work on the launch of new businesses making use of in-house development in addition to measures including cooperation with other companies and M&As, as well as strive for the expansion of user base. In the meantime, the Group will expedite initiatives for turning each business profitable through assessing their growth phase.

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 principal 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 fiscal year ending March 31, 2016, the Group expects a moderate increase in revenue on a year-on-year basis. As for coin consumption in titles operated by the Games Business, the Group’s principal 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.

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, increased amortization expenses associated with provision of new titles, and the effect of one-off expenses largely associated with structural optimization in Europe and the U.S. recorded during the first quarter ended June 30, 2015, will push up overall costs on a year-on-year basis.

With respect to return of profits through dividends, the Company’s basic policy is to pay dividends continuously, taking into consideration the performance of each fiscal year. The Company has set as a minimum a consolidated dividends payout ratio of 15% or an annual dividend of 20 yen per share of the Company’s common stock, whichever is higher, while aiming for a consolidated dividends payout ratio of 30% in the future.

For the fiscal year ending March 31, 2016, taking into consideration the full-year financial results forecast, dividends per share are forecast at 20 yen (consolidated dividends payout ratio of 24.3%) as compared to 20 yen

(actual) for the previous fiscal year (consolidated dividends payout ratio of 17.3%).

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 December 31, 2015
Assets		
Current assets		
Cash and cash equivalents	68,724	75,898
Trade and other current receivables	34,958	33,912
Other current financial assets	1,104	1,111
Other current assets	9,342	8,451
Total current assets	114,127	119,372
Non-current assets		
Property and equipment	2,958	2,864
Goodwill	53,111	53,735
Intangible assets	19,241	17,613
Investments accounted for using the equity method	8,761	10,273
Other non-current financial assets	17,720	45,063
Deferred tax assets	2,517	2,071
Other non-current assets	94	44
Total non-current assets	104,401	131,662
Total assets	218,529	251,035

	(Millions of yen)	
	As of March 31, 2015	As of December 31, 2015
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	22,858	23,509
Income tax payables	2,419	1,824
Other current financial liabilities	13,368	14,432
Other current liabilities	12,497	9,236
Total current liabilities	51,142	49,001
Non-current liabilities		
Non-current provisions	834	836
Other non-current financial liabilities	10	15
Other non-current liabilities	2,040	3,763
Total non-current liabilities	2,885	4,615
Total liabilities	54,027	53,616
Equity		
Common stock	10,397	10,397
Capital surplus	9,650	9,697
Retained earnings	163,229	160,750
Treasury stock	(43,918)	(12,474)
Other components of equity	17,851	21,434
Total equity attributable to owners of the parent	157,210	189,804
Non-controlling interests	7,293	7,614
Total equity	164,502	197,418
Total liabilities and equity	218,529	251,035

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Revenue	106,275	108,705
Cost of sales	(41,898)	(45,314)
Gross profit	64,377	63,391
Selling, general and administrative expenses	(42,990)	(46,287)
Other income	552	1,575
Other expenses	(1,792)	(3,990)
Operating profit	20,147	14,689
Finance income	2,069	190
Finance costs	(200)	(182)
Share of profit (loss) of associates accounted for using the equity method	373	1,449
Profit before tax	22,389	16,146
Income tax expense	(9,076)	(7,418)
Profit for the period	13,314	8,728
Attributable to:		
Owners of the parent	12,520	8,361
Non-controlling interests	793	367
Profit for the period	13,314	8,728
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	96.62	58.30
Diluted earnings per share	96.32	58.18

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit for the period	13,314	8,728
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	(1,174)	4,044
Other	(1)	1
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(1,175)	4,045
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax		
Other	5,196	220
Total other comprehensive income that may be reclassified to profit or loss, net of tax	38	(7)
Other comprehensive income, net of tax	5,234	213
Total comprehensive income for the period	4,058	4,258
	17,372	12,986
Attributable to:		
Owners of the parent	16,579	12,746
Non-controlling interests	793	240
Total comprehensive income for the period	17,372	12,986

(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	-	-	12,520	-	-	12,520	793	13,314
Other comprehensive income	-	-	-	-	4,058	4,058	0	4,058
Total comprehensive income for the period	-	-	12,520	-	4,058	16,579	793	17,372
Dividends recognized as distributions to owners	-	-	(4,792)	-	-	(4,792)	(150)	(4,942)
Increase (decrease) through treasury stock transactions	-	(204)	-	291	(73)	14	-	14
Increase (decrease) through share-based payment transactions	-	320	-	-	138	458	-	458
Changes in ownership interests in associates	-	(1,476)	-	-	-	(1,476)	-	(1,476)
As of December 31, 2014	10,397	9,605	160,800	(43,999)	14,580	151,382	5,598	156,981

(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	-	-	8,361	-	-	8,361	367	8,728
Other comprehensive income	-	-	-	-	4,385	4,385	(127)	4,258
Total comprehensive income for the period	-	-	8,361	-	4,385	12,746	240	12,986
Dividends recognized as distributions to owners	-	-	(2,593)	-	-	(2,593)	(188)	(2,782)
Increase (decrease) through treasury stock transactions	-	(9,168)	-	31,443	(287)	21,989	-	21,989
Increase (decrease) through share-based payment transactions	-	333	-	-	56	389	-	389
Transfer to capital surplus from retained earnings	-	8,818	(8,818)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	64	-	-	-	64	270	334
Increase (decrease) through transfers and other changes	-	-	572	-	(572)	-	-	-
As of December 31, 2015	10,397	9,697	160,750	(12,474)	21,434	189,804	7,614	197,418

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Operating activities		
Profit before tax	22,389	16,146
Depreciation and amortization	7,928	8,661
Interest and dividend income	(40)	(87)
Interest expenses	9	19
Decrease (increase) in trade and other current receivables	2,427	1,919
Increase (decrease) in trade and other current payables	(4,924)	16
Increase (decrease) in deposits received	14,010	1,216
Other, net	50	(1,786)
Subtotal	41,850	26,104
Dividends received	11	63
Interest paid	(9)	(19)
Interest received	29	24
Income tax paid	(11,251)	(7,739)
Net cash flows from (used in) operating activities	30,629	18,432
Investing activities		
Acquisition of subsidiaries or other businesses, net of cash acquired	(4,388)	(812)
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	—	1,250
Proceeds from sales and redemption of investment securities	570	1,994
Purchases of investment securities	(1,614)	(22,911)
Acquisition of property and equipment	(688)	(626)
Acquisition of intangible assets	(11,155)	(9,390)
Other, net	26	(61)
Net cash flows from (used in) investing activities	(17,249)	(30,555)
Financing activities		
Proceeds from borrowings	1,050	650
Repayments of borrowings	(600)	(850)
Cash dividends paid	(4,787)	(2,598)
Cash dividends paid to non-controlling interests	(150)	(188)
Proceeds from disposition of treasury stock	125	22,143
Other, net	(2)	100
Net cash flows from (used in) financing activities	(4,364)	19,256
Net increase (decrease) in cash and cash equivalents	9,016	7,133
Cash and cash equivalents at beginning of period	65,394	68,724
Effect of exchange rate changes on cash and cash equivalents	675	41
Cash and cash equivalents at end of period	75,085	75,898

(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.

Effective from April 1, 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 nine months ended December 31, 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 nine months ended December 31, 2014

(From April 1, 2014 to December 31, 2014)

	(Millions of yen)					
	Game Business	E-commerce Business	Sports Business	New Businesses and Others *2	Adjustments*3	Total
Revenue						
Revenue from external customers	83,182	13,863	7,033	2,197	—	106,275
Intersegment revenue	39	1,134	0	8	(1,181)	—
Total	83,221	14,997	7,033	2,205	(1,181)	106,275
Segment profit (loss) *1	23,506	1,717	(518)	(3,114)	(204)	21,387
Other income (expenses), net						(1,240)
Operating profit						20,147
Finance income (costs), net						1,869
Share of profit (loss) of associates accounted for using the equity method						373
Profit before tax						22,389

- (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 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 nine months ended December 31, 2015
(From April 1, 2015 to December 31, 2015)

(Millions of yen)

	Game Business	E-commerce Business	Sports Business	New Businesses and Others *2	Adjustments*3	Total
Revenue						
Revenue from external customers	82,703	13,891	8,407	3,704	—	108,705
Intersegment revenue	344	783	1	78	(1,206)	—
Total	83,047	14,674	8,408	3,782	(1,206)	108,705
Segment profit (loss) *1	19,261	1,909	77	(3,678)	(465)	17,104
Other income (expenses), net						(2,415)
Operating profit						14,689
Finance income (costs), net						8
Share of profit (loss) of associates accounted for using the equity method						1,449
Profit before tax						16,146

- (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 nine months ended December 31, 2014 and 2015 are as follows:

	Nine months ended December 31, 2014 (From April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (From April 1, 2015 to December 31, 2015)
Profit for the period attributable to owners of the parent (Millions of yen)	12,520	8,361
Weighted average number of common shares outstanding during the period—basic (Shares)	129,589,055	143,425,614
Effect of dilutive potential common shares: Stock options, etc. (Shares)	392,773	288,325
Weighted average number of common shares outstanding during the period—diluted (Shares)	129,981,828	143,713,939
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	96.62	58.30
Diluted earnings per share	96.32	58.18

(8) Notes on Significant Subsequent Events

Summary of the business combination that has taken place after the end of the third quarter ended December 31, 2015 is as follows.

(Acquisition of shares of Yokohama Stadium Co. Ltd.)

1) Acquired subsidiary

The tender offer for the common stock of Yokohama Stadium Co. Ltd. (the “Target Company”), which was pursued by Yokohama DeNA Baystars Baseball Club, Inc. (the “Tender Offeror”), a consolidated subsidiary of the Company, has been completed on January 20, 2016. As a result of this tender offer, the Target Company has become a consolidated subsidiary (second-tier subsidiary company) of the Company. The Target Company engages in administration, operation and leasing of the facility for baseball and other sports, etc.

The Tender Offeror believes that, with a view to further driving forward the initiative to transform Yokohama Stadium into a “Community Ball Park,” to which it has been committed, it is necessary to expand its presence in the Yokohama area and, as a Yokohama-based corporation, enhance its cooperation with the City of Yokohama. The Tender Offeror therefore acquired the shares of the Target Company, with the purpose of enabling swifter decision-making in relation to capital investments and business operation of the Target Company based on discussions between the Target Company and the Tender Offeror as well as strengthening cooperation between the Tender Offeror and the Target Company.

2) Ratio of voting rights acquired

Ratio of voting rights held before the tender offer:	5.75%
Ratio of voting rights additionally acquired through the tender offer:	71.12%
Ratio of voting rights after the acquisition:	76.87%

3) Consideration transferred

The consideration transferred is ¥7,425 million in cash.

4) Other matters

Since the calculation of fair values of assets acquired and liabilities assumed as of the acquisition date was not completed as of the date of release of this quarterly financial results, detailed information concerning the accounting treatment of the aforementioned business combination, including fair values of goodwill, assets acquired, and liabilities assumed as of the acquisition date, has not been disclosed.