

The following information was originally prepared and published by DeNA Co., Ltd. in Japanese as it contains timely disclosure materials to be submitted to the Tokyo Stock Exchange. This English translation is for your convenience only. To the extent there is any discrepancy between this English translation and the original Japanese version, please refer to the Japanese version.



October 6, 2016

Company name:	DeNA Co., Ltd. (TSE First Section Stock Code: 2432)
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Notice Regarding Company Split by DeNA and its Subsidiary and the Share Transfer of the Successor Company

At a meeting of its Board of Directors held on October 6, 2016, DeNA Co., Ltd. (“DeNA”) decided to transfer the businesses operated by the Group under the names “DeNA Shopping” and “au Shopping Mall” to KDDI Corporation (Head office: Chiyoda-ku, Tokyo, President: Takashi Tanaka, “KDDI”), effective December 28, 2016.

In this business transfer, DeNA will establish De Commerce Co., Ltd. (“De Commerce,” or the “Successor Company”) as its new subsidiary. De Commerce will succeed both (i) the business operated by DeNA under the name, “DeNA Shopping,” and (ii) the business operated by Mobaoku Co., Ltd., a consolidated subsidiary of DeNA, under the name, “au Shopping Mall,” through an absorption-type split, after which all shares of De Commerce held by DeNA and Mobaoku Co., Ltd. will be transferred to KDDI.

Since the company split to be conducted by DeNA, a listed company, is being conducted between DeNA and its wholly-owned subsidiary, partial omissions have been made from the following disclosure items and details.

I. Company Split

1. Purpose of the Company Split

DeNA has been closely collaborating with KDDI in the operation of “au Shopping Mall” and other parts of its online shopping mall business.

Through daily discussions between the two companies, the companies have determined that an even more flexible and bold strategy, which would benefit from an effective integration of the operating entities, would need to be deployed to ensure further growth for this business. For this reason, DeNA and KDDI have decided to enter into such an agreement, today. Consequently, the businesses under the names “DeNA Shopping” and “au Shopping Mall” will be succeeded by De Commerce each by means of an absorption-type split, and all shares of De Commerce owned by DeNA and Mobaoku Co., Ltd. will be transferred to KDDI.

2. Summary of the Company Split

(1) Company split schedule

Date of establishment of De Commerce	October 7, 2016 (Scheduled)
Board of Directors meeting to approve the company split agreement (DeNA and Mobaoku Co., Ltd.)	October 6, 2016
General Meeting of Shareholders to approve the company split agreement (Mobaoku Co., Ltd.)	November 4, 2016 (Scheduled)
Date of conclusion of the company split agreement (DeNA and Mobaoku Co., Ltd.)	October 7, 2016 (Scheduled)
Scheduled date of the company split (effective date) (DeNA and Mobaoku Co., Ltd.)	December 28, 2016 (Scheduled)

(Note) As the company split to be conducted by DeNA corresponds to a simple absorption-type split as defined in Article 784, Paragraph 2 of the Companies Act, it will be implemented without the approval and resolution of the General Meeting of Shareholders.

(2) Company split method

This is an absorption-type split in which DeNA and Mobaoku Co., Ltd. are the split companies and De Commerce is the Successor Company.

(3) Allotment of shares

Of the 629 shares of common stock to be issued by the Successor Company upon the company split, 314 shares will be allotted to DeNA and 315 shares will be allotted to Mobaoku Co., Ltd.

In calculating the number of shares to be delivered, DeNA and KDDI have reached a consensus decision based on a third-party assessment organization's assessment of the value of each business, using methods ensuring fairness and independence.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights accompanying the company split

There are no applicable items for DeNA and Mobaoku Co., Ltd.

(5) Decrease in capital due to the company split

There are no changes in the capital of DeNA and Mobaoku Co., Ltd.

(6) Rights and obligations to be succeeded by the Successor Company

The Successor Company will succeed assets, liabilities and the accompanying rights and obligations held by DeNA and Mobaoku Co., Ltd. relating to the business subject to the company split as of the effective date of the split, excluding those which are otherwise noted in the company split agreement.

The assumption of liabilities by the Successor Company will be undertaken without recourse to DeNA and Mobaoku Co., Ltd.

(7) Prospect of fulfillment of obligations

DeNA and Mobaoku Co., Ltd., as well as the Successor Company are judged to be capable of fulfilling the obligations to be borne after the effective date of the company split.

3. Overview of the Parties of the Company Split

(Information on DeNA and Mobaoku Co., Ltd. is as of March 31, 2016, and information on the Successor Company is per the plan for the scheduled date of establishment.)

(1) Name	DeNA Co., Ltd. (Split company)	Mobaoku Co., Ltd. (Split company)	De Commerce Co., Ltd. (Successor Company)
(2) Address	2-21-1 Shibuya, Shibuya-ku, Tokyo	2-21-1 Shibuya, Shibuya-ku, Tokyo	4-30-3 Yoyogi, Shibuya-ku, Tokyo
(3) Name and title of representative	Isao Moriyasu, President & CEO	Hiroshi Yatsukawa, President	Hiroshi Yatsukawa, President
(4) Description of business	Game Business E-commerce Business Sports Business New Businesses and Others	E-commerce Business	E-commerce Business
(5) Stated capital	10,397 million yen	200 million yen	5 million yen
(6) Date established	March 4, 1999	June 1, 2005	October 7, 2016
(7) No. of issued shares	150,810,033	1,000	1
(8) Date of fiscal year end	March 31	March 31	March 31
(9) Shareholding percentage of major shareholders	Tomoko Namba: 13.61% Nintendo Co., Ltd.: 10.40% Japan Trustee Services Bank, Ltd. (Trust Account): 7.17%	DeNA Co., Ltd.: 66.6% KDDI Corporation: 33.4%	DeNA Co., Ltd.: 100%

(Note) The shareholding percentage of DeNA and Mobaoku Co., Ltd. has been calculated after deducting treasury stock (including the shares of DeNA held by the Stock Grant ESOP Trust account).

4. Financial Condition and Operating Results of the Split Companies for the Previous Fiscal Year (Fiscal year ended March 31, 2016)

	DeNA Co., Ltd. (Consolidated)	Mobaoku Co., Ltd.
Total equity	196,328 million yen	8,094 million yen
Total assets	254,861 million yen	8,776 million yen
Equity per share attributable to owners of the parent	1,302.12 yen	—
Revenue	143,709 million yen	5,215 million yen
Operating profit	19,816 million yen	1,802 million yen
Profit before tax	20,853 million yen	1,857 million yen
Profit for the year	11,874 million yen	1,154 million yen
Basic earnings per share	78.76 yen	—

5. Overview of the Business Division to be Split

(1) Business description of the division to be split

- i. The business operated by DeNA under the name “DeNA Shopping”
- ii. The business operated by Mobaoku Co., Ltd. under the name “au Shopping Mall”

(2) Operating results of the division to be split (fiscal year ended March 31, 2016)

- i. The business operated by DeNA under the name “DeNA Shopping”

	Operating results of the business (a)	Operating results of DeNA (Consolidated) (b)	Ratio (a/b)
Revenue	3,054 million yen	143,709 million yen	2.1%
Operating profit	493 million yen	19,816 million yen	2.5%

- ii. The business operated by Mobaoku Co., Ltd. under the name “au Shopping Mall”

	Operating results of the business (a)	Operating results of Mobaoku Co., Ltd. (b)	Ratio (a/b)
Net sales	2,191 million yen	5,215 million yen	42.0%
Operating profit	82 million yen	1,802 million yen	4.5%

(3) Items and amounts of assets and liabilities to be split

- i. The business operated by DeNA under the name “DeNA Shopping”

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	656 million yen	Current liabilities	820 million yen
Non-current assets	345 million yen	Non-current liabilities	—
Total	1,002 million yen	Total	820 million yen

- ii. The business operated by Mobaoku Co., Ltd. under the name “au Shopping Mall”

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	411 million yen	Current liabilities	238 million yen
Non-current assets	2,247 million yen	Non-current liabilities	—
Total	2,658 million yen	Total	238 million yen

(Note) The amounts of assets and liabilities to be split are based on the balance sheets as of March 31, 2016. The actual amounts of assets and liabilities to be split will be determined by adjusting the above amounts to reflect changes to the assets and liabilities up to the effective date of the company split.

6. Status After the Company Split

No changes are expected in the names, addresses, description of businesses, names of the representatives, etc., of DeNA or the Successor Company after the company split. DeNA and Mobaoku Co., Ltd. will transfer all of their shares in the Successor Company to KDDI.

II. Transfer of Shares

1. Overview of the Company to be Transferred

The company to be transferred is the Successor Company after the company split. The overview of the Successor Company at the time of its establishment is as stated in the “Successor Company” of the above, “3. Overview of the Parties of the Company Split.”

2. Overview of the Transferee of Shares (As of March 31, 2016)

(1) Name	KDDI Corporation	
(2) Registered place of business	2-3-2 Nishishinjuku, Sinjuku-ku, Tokyo, Japan	
(3) Name and title of representative	Takashi Tanaka, President	
(4) Description of business	Telecommunications business	
(5) Stated capital	141,852 million yen	
(6) Date established	June 1, 1984	
(7) No. of issued shares	2,690,890,800	
(8) Date of fiscal year end	March 31	
(9) No. of employees	31,834	
(10) Net assets	3,546,856 million yen	
(11) Total assets (Consolidated)	5,880,623 million yen	
(12) Shareholding percentage of major shareholders	KYOCERA Corporation: 13.45% Toyota Motor Corporation: 11.98% The Master Trust Bank of Japan Ltd. (Trust Account): 6.22%	
(13) Relationships with DeNA	Capital relationship	Not applicable
	Personnel relationship	Not applicable
	Transactional relationship	Virtual currency settlement transactions within mobile games, transactions involving use of network and others
	Circumstances relevant to related parties	Not applicable

(Note) Although KDDI holds 199,683,255 shares of treasury stock, this stock has been excluded from the above major shareholders. The shareholding percentage has been calculated after deducting the treasury stock held by KDDI. In addition, the number of shares of KDDI does not include shares of KDDI held by the Officer Remuneration BIP trust and the Stock Grant ESOP Trust account (1,738,000 shares).

3. Number of Shares of the Successor Company to be Transferred by DeNA and Mobaoku Co., Ltd. to KDDI and the Number of Shares Held Before and After the Transfer

No. of shares held before the transfer (DeNA Co., Ltd.)	315 (Percentage of voting rights held: 50%)
No. of shares held before the transfer (Mobaoku Co., Ltd.)	315 (Percentage of voting rights held: 50%)
No. of shares to be transferred (DeNA Co., Ltd.)	315 (Percentage of voting rights held: 50%)
No. of shares to be transferred (Mobaoku Co., Ltd.)	315 (Percentage of voting rights held: 50%)
No. of shares held after the transfer (DeNA Co., Ltd.)	0 (Percentage of voting rights held: 0%)
No. of shares held after the transfer (Mobaoku Co., Ltd.)	0 (Percentage of voting rights held: 0%)

(Note) Total transfer price is 6,300 million yen (DeNA: 3,150 million yen, Mobaoku Co., Ltd.: 3,150 million yen).

4. Schedule

Date of resolution by Board of Directors of the share transfer agreement (DeNA Co., Ltd.)	October 6, 2016
Date of conclusion of the share transfer agreement (DeNA Co., Ltd.)	October 6, 2016
Date of resolution by Board of Directors of the share transfer agreement (Mobaoku Co., Ltd.)	October 6, 2016
Date of conclusion of the share transfer agreement (Mobaoku Co., Ltd.)	October 6, 2016
Date of the share transfer (DeNA Co., Ltd. and Mobaoku Co., Ltd.)	December 28, 2016 (Scheduled)

III. Future Outlook

As the share transfer of De Commerce to KDDI is scheduled on December 28, 2016, it will not affect the already announced consolidated financial results for the six months ended September 30, 2016. Each quarter, DeNA discloses the financial results forecast for the following quarter, and intends to disclose a consolidated financial results forecast for the nine months ending December 31, 2016 at the announcement of the financial results for the six months ended September 30, 2016, which is scheduled for November 4, 2016. For the previous fiscal year's operating results of the business to be transferred, please refer to "I. Company Split, 5. Overview of the Business Division to be Split."

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