

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 18, 2016

Company name: DeNA Co., Ltd.
(TSE First Section Stock Code: 2432)
Name of representative: Isao Moriyasu, President & CEO
Contact person: Kenji Kobayashi, Executive Officer, Head
of Corporate Planning
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Notice Regarding the Dissolution and Liquidation of Overseas Subsidiaries

At a meeting of its Board of Directors held on October 18, 2016, DeNA Co., Ltd. (“DeNA”) decided to dissolve and liquidate DeNA Global, Inc. and other overseas subsidiaries (including ngmoco, LLC) that were engaged in the Game Business in West, as follows.

1. Reason for the dissolution

In the Game Business, DeNA has focused on three key regions—Japan, China, and the West—and has taken a different approach to game development, in-game operations, and marketing for each region.

During the fiscal year ended March 31, 2016, DeNA optimized the organizational structure and game portfolio in West, and has been developing games for the West market with a lean structure since; however, since the games did not meet expectations, DeNA has decided to dissolve and liquidate its West subsidiaries, including DeNA Global, Inc.

The West market will continue to be a market of focus for DeNA, but the company will shift the strategy for this region towards collaborations with external partners rather than doing game development in a local studio.

2. Overview of the subsidiary to be dissolved

(1) Name	DeNA Global, Inc.
(2) Address	San Francisco, California, USA
(3) Name and title of representative	Dai Watanabe, President
(4) Description of business	Game Business
(5) Stated capital	602,506 thousand USD
(6) Date established	January 18, 2008
(7) Shareholding percentage of major shareholders	DeNA Co., Ltd. 100.0%

(8) Relationships with DeNA	Capital relationship	DeNA Global, Inc. is a wholly-owned subsidiary of DeNA.	
	Personnel relationship	Two officers of DeNA serve concurrently as officers of DeNA Global, Inc.	
	Transactional relationship	Lending of funds, etc.	
	Circumstances relevant to related parties	DeNA Global, Inc. is a consolidated subsidiary of DeNA.	
(9)	Results of operations and financial condition for most recent 3 years		
Fiscal year	FY ended 12/13	FY ended 12/14	FY ended 12/15
Net assets	333,351 thousand USD	292,449 thousand USD	-5,102 thousand USD
Total assets	422,137 thousand USD	402,179 thousand USD	69,485 thousand USD
Net assets per share	182.25 USD	159.88 USD	-2.79 USD
Net sales	127,836 thousand USD	71,973 thousand USD	60,757 thousand USD
Operating profit	-41,704 thousand USD	-37,278 thousand USD	-30,501 thousand USD
Ordinary profit	-42,161 thousand USD	-37,501 thousand USD	-33,384 thousand USD
Profit attributable to owners of the parent	-43,509 thousand USD	-40,729 thousand USD	-396,865 thousand USD
Earnings per share	-23.79 USD	-22.27 USD	-216.97 USD
Dividend per share	- USD	- USD	- USD

3. Dissolution schedule

As stated above, DeNA decided to dissolve and liquidate DeNA Global, Inc. and others on October 18, 2016. Subsequently, the resolution for dissolution at each subsidiary, as well as other required statutory filing procedures is expected to be completed during the fiscal year ending March 31, 2017.

4. Loss to be incurred on dissolution

Please see “5. Future outlook” below.

5. Future outlook

In association with the dissolution of DeNA Global, Inc. and others, DeNA expects to report approximately 3.0 billion yen in expenses, which includes those associated with the retirement of related software assets, as well as expenses involved with discontinuation of this business, in the consolidated financial results for the nine months ending December 31, 2016.

DeNA does not plan to recognize impairment loss on goodwill incurred upon acquisitions of ngmoco, LLC and others for the dissolution of DeNA Global, Inc. and others in the consolidated financial results (IFRS). This is due to the fact that DeNA regards the overall Game Business across all operational regions as a single cash generating unit, and its estimated fair value currently exceeds the book value of assets included in the relevant cash generating unit.

DeNA has previously recognized a total of approximately 52.4 billion yen in loss on valuation of shares of subsidiaries on a non-consolidated basis, in consideration of the company to be dissolved and others, as stated in the “Announcement of Recording of Loss on Valuation of Shares of Overseas Subsidiaries (DeNA Global, Inc. and others) in Non-consolidated Financial Results (Japanese GAAP), Nonrecognition of Impairment Loss in Consolidated Financial Results (IFRS) of the Company, and Reasons Thereof,” released on May 12, 2015. However, said loss is expected to be accepted in the fiscal year ending March 31, 2017 onwards, and is expected to impact the net income of DeNA on both a consolidated and non-consolidated basis.

The consolidated financial results forecast for the nine months ending December 31, 2016 will be disclosed, upon examining the details set forth in this Notice, with the announcement of the financial results for the six months ended September 30, 2016 scheduled for November 4, 2016.

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