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Consolidated Financial Results for the Six Months Ended September 30, 2017 [IFRS]

November 9, 2017

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

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Scheduled date of filing quarterly securities report: November 10, 2017

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 are rounded to the nearest million yen.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(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	%
Six months ended September 30, 2017	73,314	(4.2)	13,658	(10.3)	16,071	6.1	10,864	(6.7)
Six months ended September 30, 2016	76,513	2.2	15,219	33.7	15,148	26.2	11,645	64.8

	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
Six months ended September 30, 2017	10,346	(7.9)	30,552	49.9	71.29	71.17
Six months ended September 30, 2016	11,229	65.7	20,381	25.6	77.41	77.29

(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 September 30, 2017	324,779	262,252	255,013	78.5
As of March 31, 2017	298,260	236,696	229,666	77.0

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
Fiscal year ended March 31, 2017	Yen —	Yen 0.00	Yen —	Yen 32.00	Yen 32.00
Fiscal year ending March 31, 2018	—	0.00			
Fiscal year ending March 31, 2018 (Forecast)			—	—	—

(Note) The dividend forecast for the fiscal year ending March 31, 2018 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(% changes from the previous corresponding period)

	Revenue		Operating profit		Profit for the period attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Nine months ending December 31, 2017	106,600	(1.9)	16,800	(10.0)	12,900	(55.2)	88.88
Full year	—	—	—	—	—	—	—

(Note) At the timing of the quarterly financial results disclosure, the Company discloses the financial results forecast for the following quarter.

* 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 September 30, 2017	150,810,033 shares
As of March 31, 2017	150,810,033 shares

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

As of September 30, 2017	5,661,389 shares
As of March 31, 2017	5,721,342 shares

3) Average number of shares during the period:

Six months ended September 30, 2017	145,130,986 shares
Six months ended September 30, 2016	145,056,896 shares

(Note) The 365,718 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 September 30, 2017, and the 425,754 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, 2017.

* This report of quarterly consolidated financial results is outside the scope of quarterly review.

* 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. Overview of Operating Results and Financial Position (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" on page 4 of the Appendix.

(2) Dividend Forecast

With regard to the dividend forecast for the fiscal year ending March 31, 2018, as the Company decides the dividend amount taking into consideration the financial results and other factors for each fiscal year, an announcement of the expected dividend amount will be promptly made 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, 2018.

(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 November 9, 2017. 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.

Appendix

1. Overview of Operating Results and Financial Position	2
(1) Overview of Operating Results	2
(2) Overview of Financial Position and Cash Flows	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	4
2. Condensed Consolidated Financial Statements and Principal Notes	5
(1) Condensed Consolidated Statement of Financial Position	5
(2) Condensed Consolidated Income Statement	7
(3) Condensed Consolidated Statement of Comprehensive Income	8
(4) Condensed Consolidated Statement of Changes in Equity	9
(5) Condensed Consolidated Statement of Cash Flows	10
(6) Notes on Going Concern Assumption	11
(7) Notes to Condensed Consolidated Financial Statements	11
1. Segment information	11
2. Earnings per share	14
3. Significant Subsequent Events	14

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

During the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017), the Japanese economy continued on a mild recovery track.

Under these conditions, during the fiscal year ending March 31, 2018, the Group is making efforts to enhance corporate value over the mid to long term by continuing to work on strengthening its Game Business, which is the Group's principal business, while in the long term strengthening its business portfolio to develop multiple new business pillars for further mid to long term growth.

During the six months ended September 30, 2017, revenue decreased year-on-year. Despite a year-on-year increase in revenue of the Sports Business, there was a revenue decline in the Game Business and other businesses.

Cost of sales and selling, general and administrative expenses in total decreased on a year-on-year basis. In addition to a decrease in commission fees related to settlement of in-game fees, sales promotion expenses and advertising expenses were used mainly for promising game titles under appropriate control.

Finance income increased year-on-year mainly due to an increase in dividend income. Finance costs decreased year-on-year as exchange losses that were recorded in the six months ended September 30, 2016 as a result of the appreciation of the yen turned into exchange gains during the six months ended September 30, 2017.

As a result, revenue of the DeNA Group was ¥73,314 million, down 4.2% year-on-year, operating profit was ¥13,658 million, down 10.3% year-on-year, profit before tax was ¥16,071 million, up 6.1% year-on-year, and profit for the period attributable to owners of the parent was ¥10,346 million, down 7.9% year-on-year.

Business performance by segment is as follows.

Starting from the three months ended June 30, 2017, changes have been made to the method of calculating segment profit (loss). In association with this change, segment profit (loss) for the six months ended September 30, 2016 has also been compared and analyzed after the restatement.

For details, please refer to “2. Condensed Consolidated Financial Statements and Principal Notes (7) Notes to Condensed Consolidated Financial Statements 1. Segment information” of the Appendix.

1) Game Business

Revenue of the Game Business was ¥48,714 million, down 3.4% year-on-year, and segment profit was ¥13,465 million, up 2.5% year-on-year.

While virtual currency consumption for browser titles declined year-on-year, virtual currency consumption for native app titles increased year-on-year both domestically and internationally thanks to the release of collaborative titles with Nintendo Co., Ltd. in the fiscal year ended March 31, 2017, as well as the strong performance of existing titles in the domestic market.

2) E-commerce Business

Revenue of the E-commerce Business was ¥8,002 million, down 16.5% year-on-year, and segment loss was ¥135 million, compared with segment profit of ¥994 million for the same period of the previous fiscal year.

While the transaction volumes of travel agency services and processing settlement services grew steadily, revenue and profit decreased year-on-year mainly due to a decline in usage of auction services, as well as the transfer of the businesses which had been operating under the names “DeNA Shopping” and “au Shopping Mall” in December 2016.

Further, during the three months ended June 30, 2017, the Company made corrections of costs attributed to the Company's subsidiary DeNA Travel before March 31, 2017.

3) Sports Business

Revenue of the Sports Business was ¥12,482 million, up 6.5% year-on-year, and segment profit was ¥4,410 million, up 10.3% 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 ¥4,562 million, down 13.8% year-on-year, and segment loss was ¥2,477 million, compared with segment loss of ¥2,062 million for the same period of the previous fiscal year.

This section comprises various initiatives that aim to reinforce the Group's business portfolio over the mid to long term such as the IP-generating platform business, healthcare business, automotive business and net service incubation business, as well as the media business (Note).

While revenue from this section declined year-on-year due to a decline in revenue from the media business, the Group worked to ensure proper costs and an appropriate organizational structure of this business.

(Note) In the media business, SHOGAKUKAN Inc. and the Company established the joint venture MERY Co., Ltd. in August 2017, with the aim of jointly operating a digital media business mainly focused on women's fashion. MERY Co., Ltd. is an equity method affiliate company and is not included in segment results. As of today, the date of filing this document, the Group does not plan to operate any media independently.

(2) Overview of Financial Position and Cash Flows

1) Financial Position

Total assets at the end of the six months ended September 30, 2017 were ¥324,779 million, an increase of ¥26,519 million compared to the end of the previous fiscal year.

Current assets were ¥148,023 million, an increase of ¥2,396 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥10,221 million, which offset a decrease in trade and other current receivables of ¥7,465 million.

Non-current assets were ¥176,755 million, representing an increase of ¥24,122 million compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥26,128 million.

Total liabilities at the end of the six months ended September 30, 2017 amounted to ¥62,526 million, an increase of ¥963 million compared to the end of the previous fiscal year.

Current liabilities were ¥52,510 million, a decrease of ¥1,468 million compared to the end of the previous fiscal year. This was due primarily to a decrease in other current financial liabilities by ¥2,188 million.

Non-current liabilities stood at ¥10,016 million, representing an increase of ¥2,430 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥3,315 million in deferred tax liabilities.

Total equity at the end of the six months ended September 30, 2017 was ¥262,252 million, representing an increase of ¥25,556 million compared to the end of the previous fiscal year. This was primarily attributable to increases of ¥19,673 million in other components of equity and ¥5,642 million in retained earnings.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 281.9% and 78.5%, respectively, at the end of the six months ended September 30, 2017.

2) Cash Flows

Cash and cash equivalents (collectively, "cash") at the end of the six months ended September 30, 2017 increased by ¥10,221 million to ¥98,373 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 six months ended September 30, 2017 was ¥24,101 million, compared to a cash inflow of ¥14,846 million in the same period of the previous fiscal year. The principal cash inflow factors were ¥16,071 million in profit before tax and ¥5,298 million in depreciation and amortization, which offset the effect of ¥2,273 million in income tax paid.

(Investing activities)

Net cash used in investing activities for the six months ended September 30, 2017 was ¥6,822 million, compared to a cash outflow of ¥6,462 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥7,102 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the six months ended September 30, 2017 was ¥6,990 million, compared to a cash outflow of ¥3,993 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥4,641 million in cash dividends paid.

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

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, 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. In the Game Business, the Group will work to strengthen the existing key titles and continue with efforts to launch new titles in Japan. For the global market, the Group will continue to develop titles through its business and capital alliance with Nintendo Co., Ltd, and the Group will also advance initiatives focused on titles in collaboration with external partners, including the development and operation of applications that utilize leading IP in China.

In the E-commerce Business, the Group will seek to expand transactions in the areas of travel agency services and processing settlement services.

In the Sports Business, revenue will be limited because the third and fourth quarters fall under the off-season of professional baseball.

In the New Businesses and Others, the Group will promote initiatives for turning each business profitable through assessing their growth phase while ensuring thorough cost management and assessing investments appropriately.

As a result, for the financial results forecast for the nine months ending December 31, 2017, the Group expects revenue of ¥106,600 million, down 1.9% year-on-year, and operating profit of ¥16,800 million, down 10.0% year-on-year.

The Group expects profit for the period attributable to owners of the parent of ¥12,900 million, down 55.2% year-on-year.

In the consolidated financial results for the nine months ended December 31, 2016, the Group decided to dissolve and liquidate the overseas subsidiaries, such as DeNA Global, Inc., engaged in the Game Business in the U.S. and Europe, and as a result the Group recognized an income tax benefit due to deferred tax assets related to the loss on the valuation of shares of related subsidiaries, which was already written off on Japanese standalone financial statements in the past. This benefit boosted profit for the period attributable to owners of the parent. However, for the consolidated financial results for the nine months ending December 31, 2017, the Group does not expect to have any similar one-time factors, therefore the profit attributable to owners of the parent is expected to decrease year-on-year.

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. Condensed Consolidated Financial Statements and Principal Notes

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and cash equivalents	88,152	98,373
Trade and other current receivables	42,361	34,896
Other current financial assets	1,643	3,066
Other current assets	13,470	11,688
Total current assets	145,627	148,023
Non-current assets		
Property and equipment	2,144	2,193
Goodwill	46,778	46,995
Intangible assets	17,529	19,133
Investments accounted for using the equity method	13,698	15,284
Other non-current financial assets	65,664	91,792
Deferred tax assets	6,793	1,224
Other non-current assets	28	134
Total non-current assets	152,633	176,755
Total assets	298,260	324,779

	(Millions of yen)	
	As of March 31, 2017	As of September 30, 2017
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	20,425	20,076
Income tax payables	1,556	4,240
Other current financial liabilities	16,501	14,313
Other current liabilities	15,496	13,881
Total current liabilities	53,978	52,510
Non-current liabilities		
Non-current provisions	838	838
Other non-current financial liabilities	4,164	3,302
Deferred tax liabilities	2,338	5,653
Other non-current liabilities	246	223
Total non-current liabilities	7,586	10,016
Total liabilities	61,564	62,526
Equity		
Common stock	10,397	10,397
Capital surplus	11,215	11,047
Retained earnings	191,870	197,512
Treasury stock	(12,225)	(12,025)
Other components of equity	28,409	48,083
Total equity attributable to owners of the parent	229,666	255,013
Non-controlling interests	7,030	7,239
Total equity	236,696	262,252
Total liabilities and equity	298,260	324,779

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Revenue	76,513	73,314
Cost of sales	(29,686)	(29,148)
Gross profit	46,827	44,166
Selling, general and administrative expenses	(31,572)	(30,676)
Other income	239	658
Other expenses	(275)	(490)
Operating profit	15,219	13,658
Finance income	305	1,152
Finance costs	(1,716)	(190)
Share of profit (loss) of associates accounted for using the equity method	1,341	1,452
Profit before tax	15,148	16,071
Income tax expense	(3,503)	(5,208)
Profit for the period	11,645	10,864
Attributable to:		
Owners of the parent	11,229	10,346
Non-controlling interests	416	518
Profit for the period	11,645	10,864
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	77.41	71.29
Diluted earnings per share	77.29	71.17

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit for the period	11,645	10,864
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	12,335	19,617
Other	1	-
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	12,335	19,617
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	(3,587)	71
Other	(13)	1
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(3,600)	72
Other comprehensive income, net of tax	8,736	19,689
Total comprehensive income for the period	20,381	30,552
Attributable to:		
Owners of the parent	20,036	29,987
Non-controlling interests	345	566
Total comprehensive income for the period	20,381	30,552

(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, 2016	10,397	10,250	163,711	(12,456)	17,306	189,208	7,120	196,328
Profit for the period	-	-	11,229	-	-	11,229	416	11,645
Other comprehensive income	-	-	-	-	8,807	8,807	(71)	8,736
Total comprehensive income for the period	-	-	11,229	-	8,807	20,036	345	20,381
Dividends recognized as distributions to owners	-	-	(2,900)	-	-	(2,900)	(2,026)	(4,926)
Increase (decrease) through treasury stock transactions	-	(219)	-	189	-	(30)	-	(30)
Increase (decrease) through share-based payment transactions	-	199	-	-	22	221	-	221
Transfer to capital surplus from retained earnings	-	35	(35)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	70	-	-	-	70	607	676
Increase (decrease) through transfers and other changes	-	58	-	-	-	58	1,310	1,368
As of September 30, 2016	10,397	10,393	172,005	(12,267)	26,135	206,662	7,356	214,018

(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, 2017	10,397	11,215	191,870	(12,225)	28,409	229,666	7,030	236,696
Profit for the period	-	-	10,346	-	-	10,346	518	10,864
Other comprehensive income	-	-	-	-	19,641	19,641	48	19,689
Total comprehensive income for the period	-	-	10,346	-	19,641	29,987	566	30,552
Dividends recognized as distributions to owners	-	-	(4,643)	-	-	(4,643)	(1,187)	(5,830)
Increase (decrease) through treasury stock transactions	-	(251)	-	200	-	(51)	-	(51)
Increase (decrease) through share-based payment transactions	-	(16)	-	-	32	16	-	16
Transfer to capital surplus from retained earnings	-	56	(56)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	5	-	-	-	5	7	12
Increase (decrease) through transfers and other changes	-	39	(5)	-	-	34	823	857
As of September 30, 2017	10,397	11,047	197,512	(12,025)	48,083	255,013	7,239	262,252

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2016	Six months ended September 30, 2017
Operating activities		
Profit before tax	15,148	16,071
Depreciation and amortization	5,490	5,298
Interest and dividend income	(293)	(843)
Interest expenses	12	8
Decrease (increase) in trade and other current receivables	1,525	2,714
Increase (decrease) in trade and other current payables	911	(906)
Increase (decrease) in deposits received	(1,337)	(886)
Other, net	(1,815)	(702)
Subtotal	19,642	20,755
Dividends received	248	805
Interest paid	(12)	(8)
Interest received	45	38
Income tax paid	(5,077)	(2,273)
Income tax refund	-	4,784
Net cash flows from (used in) operating activities	14,846	24,101
Investing activities		
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	-	57
Acquisition of subsidiaries or other businesses, net of cash acquired	(435)	-
Proceeds from sales and redemption of investment securities	1,909	881
Purchases of investment securities	(427)	(363)
Acquisition of property and equipment	(453)	(369)
Acquisition of intangible assets	(6,582)	(7,102)
Other, net	(474)	73
Net cash flows from (used in) investing activities	(6,462)	(6,822)
Financing activities		
Proceeds from borrowings	2,500	-
Repayments of borrowings	(2,490)	(1,300)
Cash dividends paid	(2,905)	(4,641)
Proceeds from share issuance to non-controlling interests	676	12
Cash dividends paid to non-controlling shareholders	(2,007)	(1,154)
Proceeds from disposition of treasury stock	232	94
Net cash flows from (used in) financing activities	(3,993)	(6,990)
Net increase (decrease) in cash and cash equivalents	4,391	10,289
Cash and cash equivalents at beginning of period	75,169	88,152
Effect of exchange rate changes on cash and cash equivalents	(329)	(68)
Cash and cash equivalents at end of period	79,231	98,373

(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 Travel, Mobaoku, and processing settlement services, etc.
Sports Business	Sports-related services (provided in Japan) Principal services: Yokohama DeNA Baystars Baseball Club, operation of the Yokohama Stadium, Yokohama DeNA Running Club, etc.
New Businesses and Others	New businesses and other services (provided in Japan and internationally) Principal business domains (Note): IP-generating platform business, healthcare business, automotive business, net service incubation business, media business, etc.

(Note) Businesses stated as mobile social incubation business and curation platform business until the fiscal year ended March 31, 2017 were renamed to net service incubation business and media business from the three months ended June 30, 2017, respectively.

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, 2017.

Intersegment revenue is calculated based on external market prices.

Starting from the three months ended June 30, 2017, in order to more appropriately evaluate and manage the performance of each reportable segment, the basis of allocation of the Company’s common expenses was revised, and the method of calculating profit or loss of operating segments was changed.

Segment information for the six months ended September 30, 2016 was prepared based on the changed calculation method.

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

For the six months ended September 30, 2016
(From April 1, 2016 to September 30, 2016)

(Millions of yen)

	Game Business	E-commerce Business*2	Sports Business	New Businesses and Others*3	Adjustments*4	Total
Revenue						
Revenue from external customers	50,355	9,175	11,689	5,294	—	76,513
Intersegment revenue	66	405	29	(2)	(498)	—
Total	50,421	9,580	11,718	5,292	(498)	76,513
Segment profit (loss)*1	13,133	994	3,999	(2,062)	(809)	15,255
Other income (expenses), net						(36)
Operating profit						15,219
Finance income (costs), net						(1,411)
Share of profit (loss) of associates accounted for using the equity method						1,341
Profit before tax						15,148

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

2 The shopping business was transferred effective December 28, 2016.

3 “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, automotive business and mobile social incubation business.
Services in the curation platform business have been discontinued since December 7, 2016.

4 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 six months ended September 30, 2017
(From April 1, 2017 to September 30, 2017)

(Millions of yen)

	Game Business	E-commerce Business	Sports Business	New Businesses and Others*2	Adjustments *3	Total
Revenue						
Revenue from external customers	48,700	7,657	12,397	4,561	—	73,314
Intersegment revenue	15	345	86	2	(447)	—
Total	48,714	8,002	12,482	4,562	(447)	73,314
Segment profit (loss)*1	13,465	(135)	4,410	(2,477)	(1,773)	13,490
Other income (expenses), net						168
Operating profit						13,658
Finance income (costs), net						961
Share of profit (loss) of associates accounted for using the equity method						1,452
Profit before tax						16,071

- (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, healthcare business, automotive business, net service incubation business and media 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 six months ended September 30, 2016 and 2017 are as follows:

	Six months ended September 30, 2016 (From April 1, 2016 to September 30, 2016)	Six months ended September 30, 2017 (From April 1, 2017 to September 30, 2017)
Profit for the period attributable to owners of the parent (Millions of yen)	11,229	10,346
Weighted average number of common shares outstanding during the period—basic (Shares)	145,056,896	145,130,986
Effect of dilutive potential common shares: Stock options, etc. (Shares)	238,096	239,474
Weighted average number of common shares outstanding during the period—diluted (Shares)	145,294,992	145,370,460
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	77.41	71.29
Diluted earnings per share	77.29	71.17

3. Significant Subsequent Events

Not applicable.