



Q2 FY2014 Operating Results

November 7, 2014

DeNA Co., Ltd.

1. Financial results

2. Strategy and initiatives

3. Guidance

4. Reference data

Q2 FY2014 Consolidated Financial Results

- Both revenue and operating profit increased QoQ with Japan Game Business exceeding Q2 guidance

(billion yen)

Item	FY2013			FY2014			
	Q2	Q3	Q4	Q1	Q2	YoY Change	QoQ Change
Revenue	47.6	41.7	39.8	35.8	36.0	-24%	1%
Social Media	40.2	36.4	34.3	28.5	27.6	-31%	-3%
E-commerce	4.6	4.8	5.0	4.5	4.7	3%	5%
Others	2.9	0.5	0.5	2.8	3.7	28%	33%
Baseball	2.9	0.5	0.5	2.8	3.6	24%	29%
Operating profit	15.1	11.4	9.7	7.0	8.0	-47%	15%
Operating profit margin	32%	27%	24%	19%	22%	-	-
Segment profit / loss	15.2	11.5	9.7	7.7	9.0	-41%	17%
Social Media	15.3	12.7	11.3	8.1	7.7	-49%	-4%
E-commerce	1.1	1.0	0.8	0.7	0.9	-22%	26%
Others	0.1	-1.1	-1.1	0.3	0.5	607%	53%
Baseball	0.0	-1.1	-1.1	0.3	0.9	4489%	221%
Adjustments	-1.2	-1.1	-1.3	-1.3	-0.9	-	-
Other income / expenses (net)*	-0.2	-0.1	0.0	-0.8	-0.2	-	-

Segment Social Media: Games, Entertainment Services (Everystar, Manga Box, Showroom, etc.)

E-commerce: DeNA Shopping, DeNA Travel, Mobaoku, Paygent, etc.

Others: Baseball (The baseball season is from April through September. October through March is the off season.), Healthcare, etc.

*Includes non-extraordinary gains and losses under Japanese GAAP. (e.g. Loss on sales / retirement of tangible / intangible assets)

Q2 FY2014 Cost and Expense Breakdown

- Sales promotion & advertising expenses were optimized
- Commission fees, in cost of sales and SG&A, trend was in line with the coin consumption trend

(billion yen)

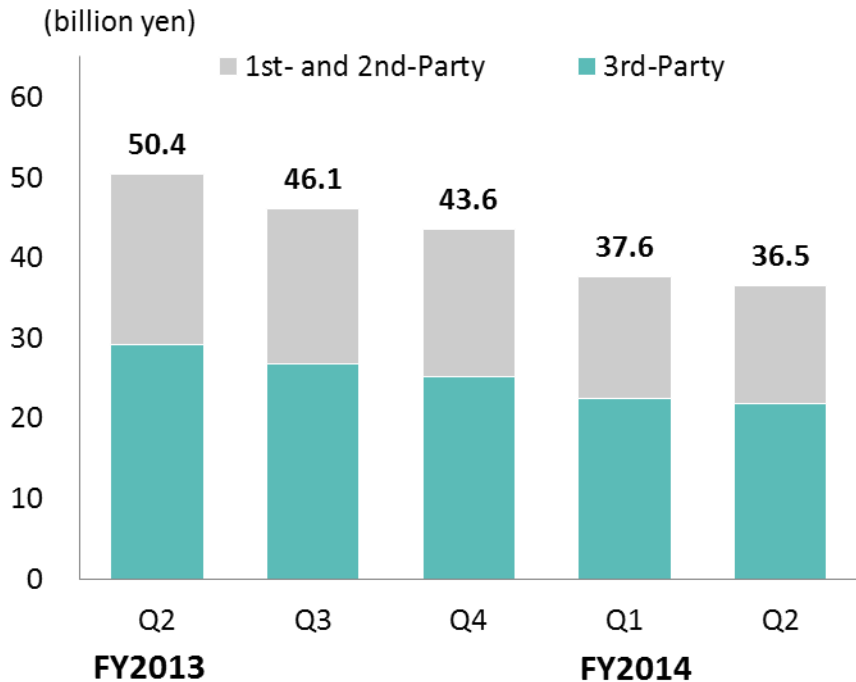
Item	FY2013			FY2014			
	Q2	Q3	Q4	Q1	Q2	YoY Change	QoQ Change
Cost of Sales	15.4	14.3	14.2	13.7	13.8	-10%	1%
Personnel Expenses	1.2	1.2	1.1	1.3	1.2	-2%	-6%
Depreciation and amortization	1.6	1.9	2.0	2.1	2.2	37%	9%
Outsourcing expenses	3.0	2.4	2.4	2.5	2.7	-8%	7%
Commission fees	8.3	7.7	7.5	6.2	5.9	-29%	-5%
Others	1.3	1.2	1.2	1.7	1.8	36%	8%
Selling, general, and administrative expenses	17.0	15.9	15.9	14.4	14.0	-18%	-3%
Personnel Expenses	2.9	2.9	3.1	3.3	3.2	12%	-1%
Sales promotion & Advertising expenses	4.1	3.7	3.9	3.0	3.0	-27%	2%
Outsourcing expenses & Commission fees	7.8	7.3	7.1	6.3	6.0	-24%	-5%
Others	2.2	1.9	1.8	1.9	1.8	-20%	-5%
Other income/ expenses (net)*	-0.2	-0.1	0.0	-0.8	-0.2	-	-
Consolidated employee headcount	2,153	2,168	2,197	2,312	2,389	11%	3%

*Includes non-extraordinary gains and losses under Japanese GAAP. (e.g. Loss on sales / retirement of tangible / intangible assets)

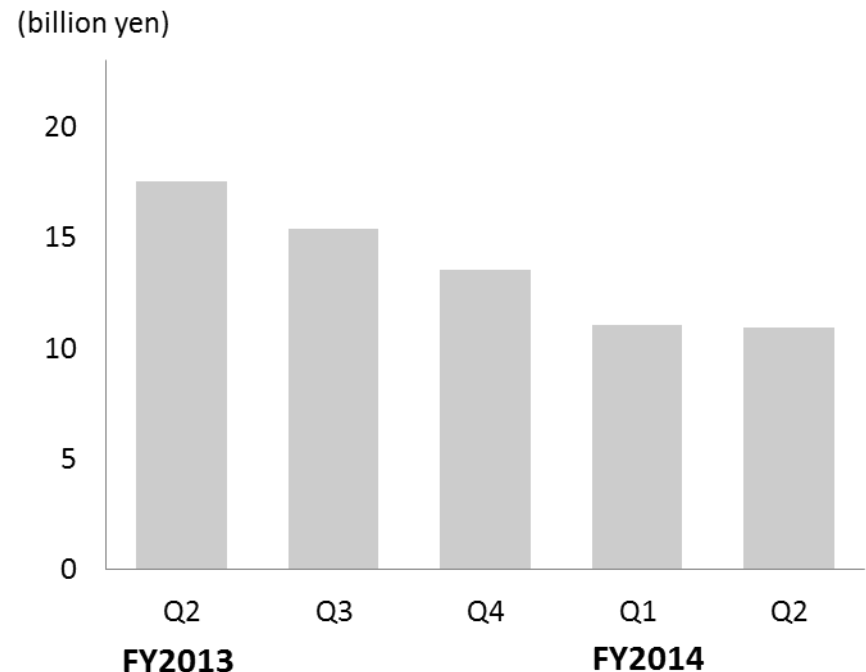
Social Media: Japan Game Business

- Coin consumption was 36.5 billion yen
(Consumption ratio per device: 82% from smartphones*; 18% from feature phones)
- Coin consumption exceeded guidance due to successful live operation of browser-based games

Japan Coin Consumption**



Japan Game Business Operating Profit***



*Includes Yahoo! Mobage

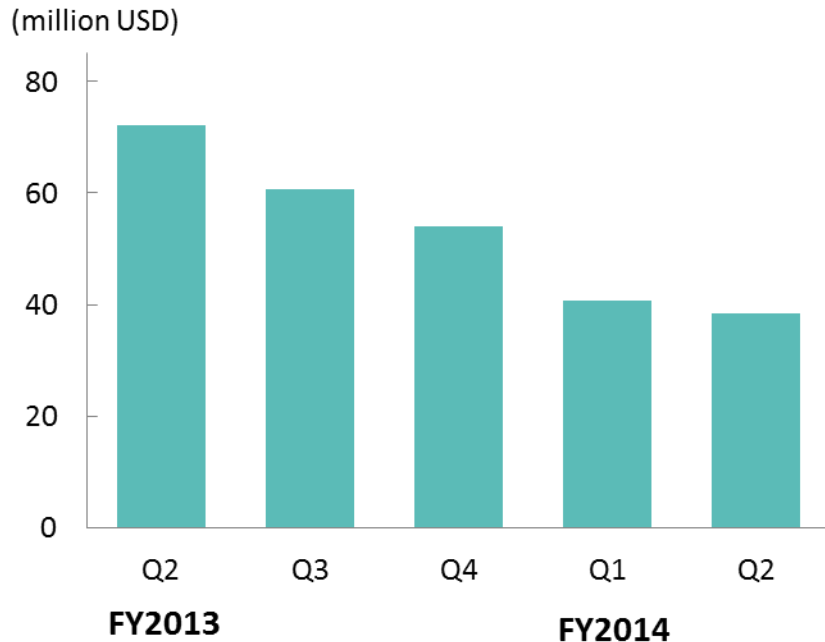
**Includes coin consumption, monthly membership service fees, and ticket sales. Includes consumption of virtual currency on mixi Games from Q2 FY2013

*** The numbers are based on management accounting

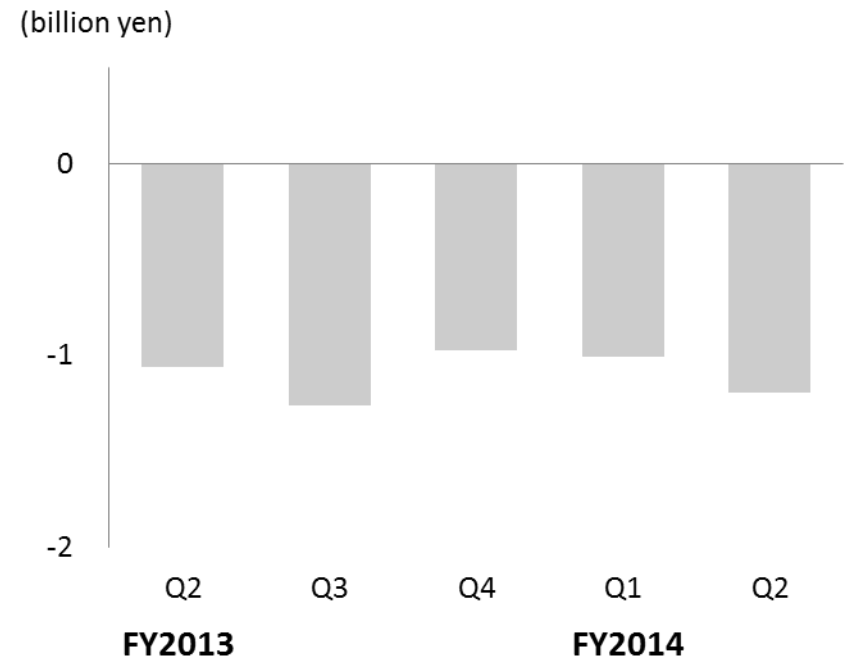
Social Media: International Game Business

- International coin consumption was sequentially flat, approaching 40 million USD
- West Business: Successfully launched key titles that are expected to contribute in coming quarters
- Greater China Business: Following the success of *NBA: My Dream*, delivered a second hit with *Transformers: Rising*
- Carried out strategic marketing investment in new key titles

International Coin Consumption



International Operating Loss*



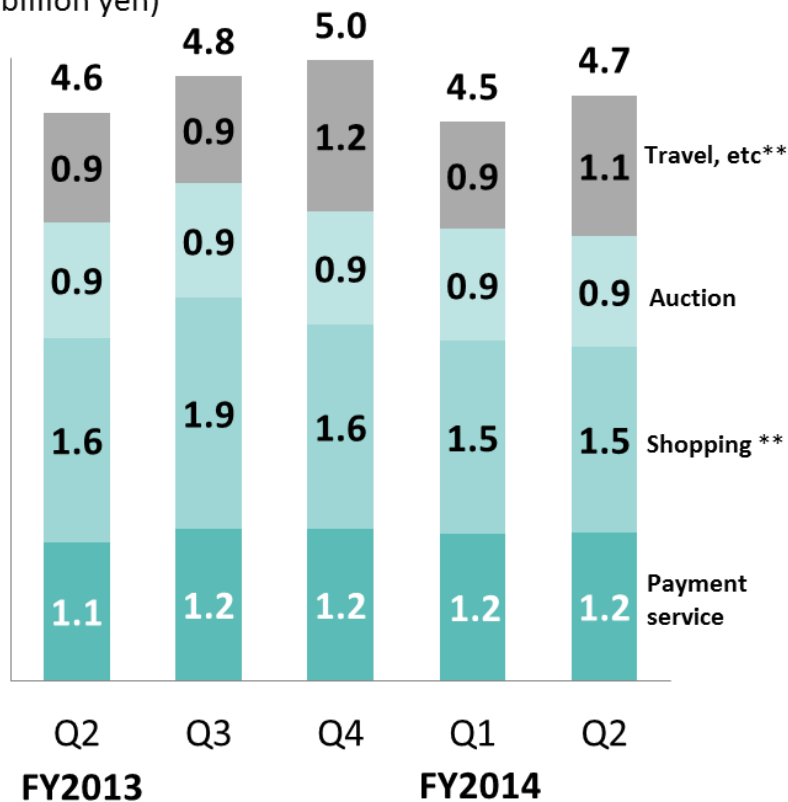
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E-commerce Business

- Segment revenue was 4.7 billion yen (+3% YoY)

Revenue*

(billion yen)



Key indicators in the E-commerce business*

■ Travel, etc.**

- DeNA Travel Q2 transaction volume: 12.7 billion yen (+14% YoY)

■ Auction

- Number of paid members on Mobaoku: 0.92 million (as of September 30, 2014)

■ Shopping**

- Shopping Q2 transaction volume: 15.5 billion yen (+17% YoY)
- Strengthened focus on groceries and daily consumables contributed to growth of overall transaction volume
- Numbers of retail stores on DeNA Shopping: 4,460*** (as of September 30, 2014, -476 YoY)

■ Payment service

- Transaction volume at DeNA-operated e-commerce services and other member stores increased
- Transaction volume related to Japan game business decreased

*Key brands in each sub-segment:

- Travel, etc.: DeNA Travel
- Auction: Mobaoku, au Mobaoku
- Shopping: DeNA Shopping, au Shopping Mall, EVERYMART, SEIYU.com, Sundrug.com, COSME SELECTION
- Payment service: Paygent

**We revised categorization of "Travel, etc." and "Shopping" beginning Q1 FY2014. All FY2013 figures have been restated in accordance with this change

***Definition has changed beginning Q1 FY2014

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Game business is and will continue to be DeNA's core business

Gaming has the potential for explosive growth

⇒ Gaining momentum in Japan and internationally

Build additional new businesses with structural advantages for mid- to long-term growth

Proactive investments in promising opportunities

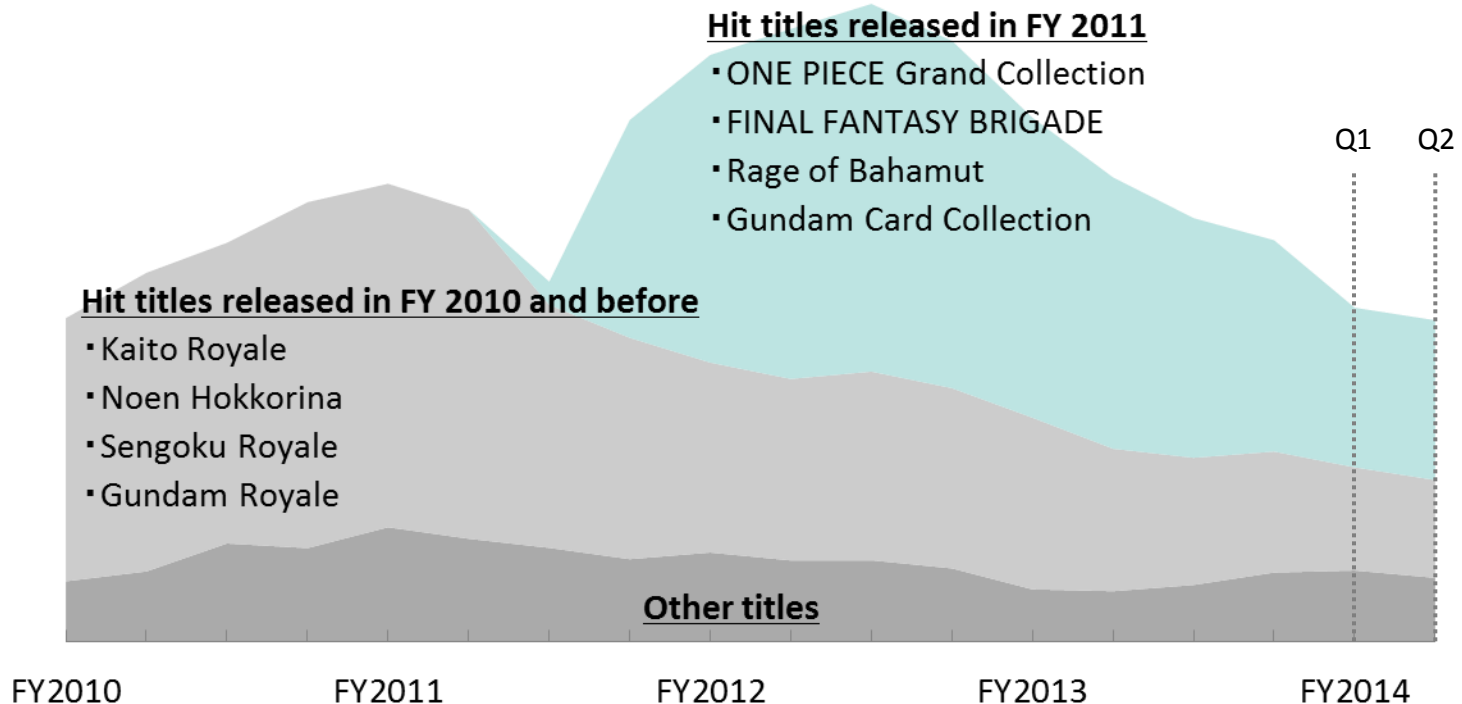
⇒ IP-generating platforms building strong user base

⇒ Executed multiple initiatives to bring digital innovation to traditional, established industries

Japan Game Business Trend and Strategy

- Q2 coin consumption in browser-based games has been stable
 - MAU* of browser-based games is showing a slight downward trend since the beginning of 2014 with no significant fluctuation
 - ARPU** of browser-based games has been maintaining roughly the same level although its short-term performance can vary depending on title, in-game events and seasonality
- Goal is to build a third mountain with our growing native app game business

Coin Consumption Trends of 1st and 2nd-Party Titles (Q1 FY2010 – Q2 FY2014)



*Monthly active users

**Average revenue per monthly active user

Japan Native App Game Strategy

- *Final Fantasy Record Keeper* surpassed 3 million downloads as of November 2, and it now generates more than 1 billion yen per month
- The title became a hit by utilizing proven game systems of DeNA's 1st-party native apps and its expertise in game development, marketing and live operation

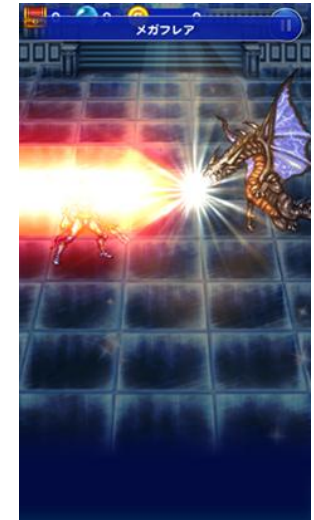
Live operation

Proven game systems

Superior game development and marketing expertise

FINAL FANTASY Record Keeper™

ファイナルファンタジー レコードキーパー



Japan Native App Game Strategy

- Scale our hits and grow the native app game portfolio
 - Maximize the potential of hit titles and create new DeNA-original hits, second half FY2014 onwards
 - More premium IP titles are coming in FY2015

2H FY2014

1H FY2015

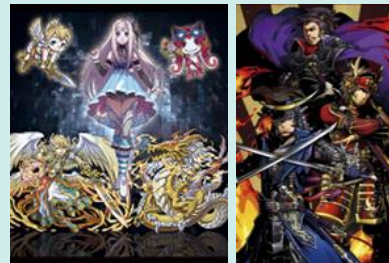
1. Maximize hit titles

- Maximize FFRK potential in Japan
- FFRK launch planned for Western markets



©SQUARE ENIX CO., LTD. ©DeNA Co., Ltd.

2. Create DeNA-original hits*



...and
more

3. Premium IP titles

*Screenshots are subject to change

International Native App Game Strategy

Western Market

Chinese Market

Overview

- Successfully created game systems outside of card battle game genre
- New titles started to contribute to coin consumption in Q2
- Second half FY2014 portfolio includes DeNA-original as well as premium IP titles

- Created hit titles through effective strategy to leverage access to premium IP licensors, game development capabilities and an established publishing network in China
- Second half FY2014 portfolio includes multiple premium IP titles

Key Titles



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*Launch planned for Western markets. Name of the title and logo are subject to change.



©Eiichiro Oda/Shueisha, Toei Animation
© BANDAI NAMCO Games Inc.
Game provided by Bandai Namco Games Inc.



© Takehiko Inoue/
I.T. Planning, Toei Animation



©Masami Kurumada, Toei Animation
Produced in collaboration with Bandai Namco Games Inc.

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⇒ Gaining momentum in Japan and internationally

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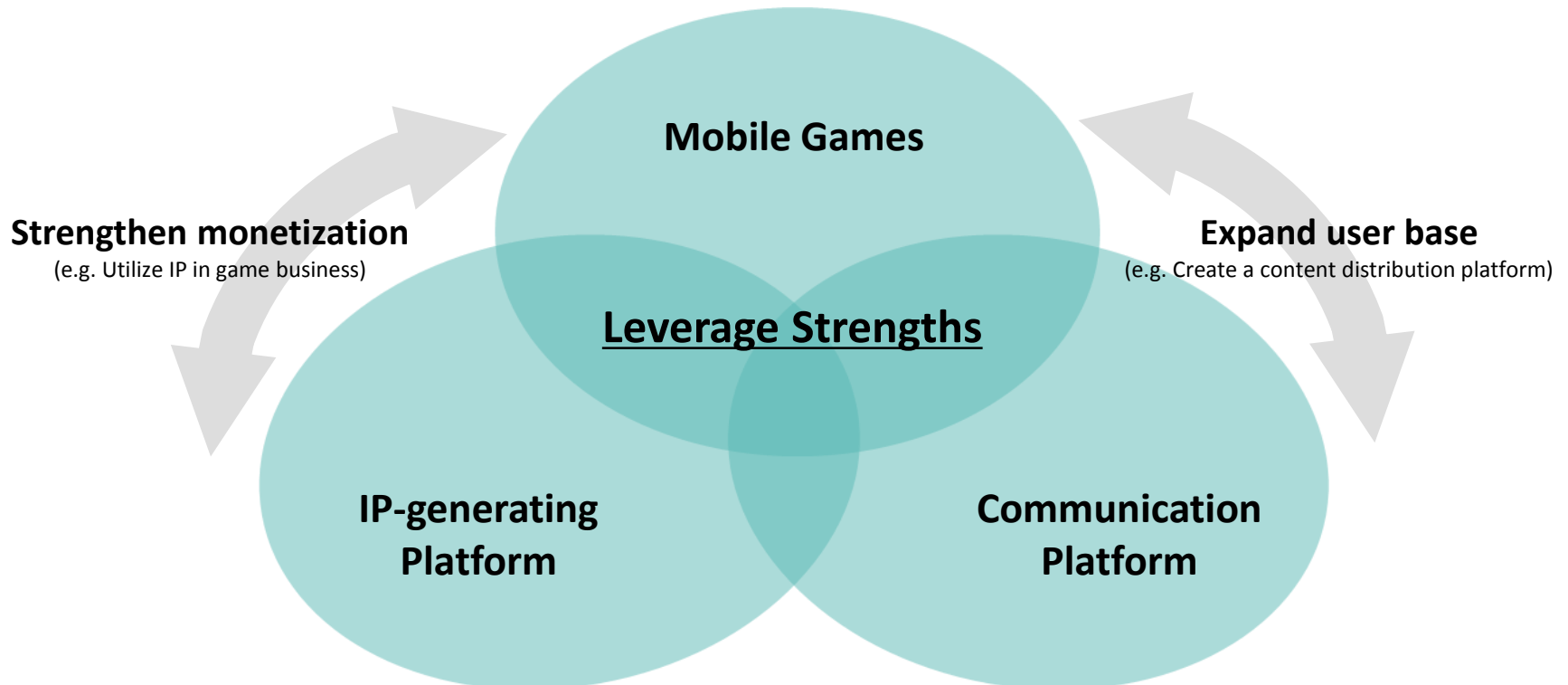
Proactive investments in promising opportunities

⇒ IP-generating platforms building strong user base

⇒ Executed multiple initiatives to bring digital innovation to traditional, established industries

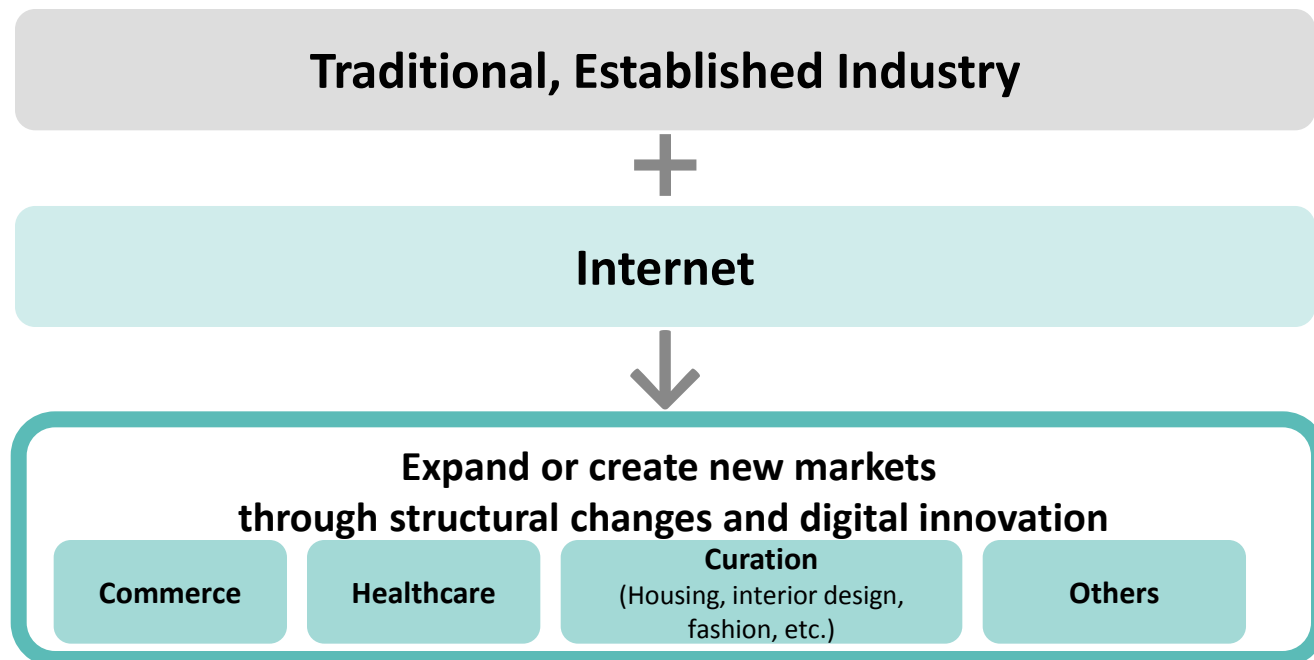
IP-Generating and Communication Platforms

- Manga Box (Digital manga magazine)
 - Manga Box reached 6 million downloads in September, steadily expanding the user base
- Showroom (Virtual live performance)
 - Made major update in September, expanding performance genres and developing new monetization methods



Digital Innovation in Traditional, Established Industries

- **Healthcare Business**
 - Positive initial consumer feedback to genetic testing service Mycode launched in August
 - Expand offerings based on concept of preventive healthcare rather than “sick care”
- **Others**
 - Established curation platform to bring innovation to lifestyle-related industries
 - Acquired 2 leading operators of category-specific curation platforms in September (iemo focuses on housing and interior design. MERY operated by Peroli focuses on women’s fashion.)

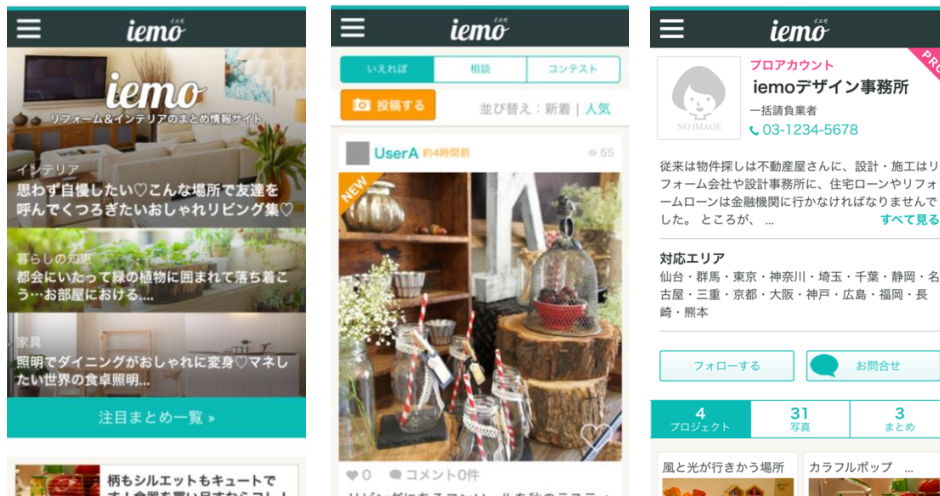


Curation Platform Strategy

- Curation platforms have the ability to attract a massive and sticky user base
 - Curation services organically attract users by providing relevant content that is collected, organized and posted by curators
 - Popularity of curation services is rapidly increasing as an effective way to collect information that match consumer preferences
- We aim to build a platform that attracts content, users and businesses rather than just an aggregator
 - Replicate the success of curation platforms in the US, such as Houzz, that have positively impacted the industry by matching users and business operators
 - Our goal is to bring changes in consumer behavior and innovation to lifestyle-related industries

Housing and Interior Design: iemo

- Over 1.5 million MAU (as of September 2014)
- Over 90% of the access is through smartphones, and over 90% of the users are female



Women's Fashion: MERY

- Over 12 million MAU (as of September 2014)
- Over 90% of the access is through smartphones, and over 90% of the users are female



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Consolidated Financial Guidance for Q3 FY2014

- Consolidated financial guidance for Q3 FY2014 (October - December)
 - Revenue: 34.8 billion yen
 - Operating Profit: 5.6 billion yen
- Key factors affecting QoQ change
 - Coin consumption in Japan is expected to increase QoQ with increased contribution from new native app games
 - Operating profit, excluding the baseball business, is expected to increase slightly in Q3
 - Baseball business will have a seasonal impact of about 3 billion yen in revenue and 2.5 billion yen in operating profit QoQ

(billion yen)

Item	Q2 Actual	Q3 Guidance	QoQ Change
Revenue	36.0	34.8	-3%
excl. Baseball	32.4	34.2	6%
Operating profit	8.0	5.6	-30%
excl. Baseball	7.2	7.2	1%

Consolidated Financial Guidance for nine months ending December 31, 2014

(billion yen)

Item	Apr-Dec FY2014 (Forecast)	Apr-Dec FY2013 (Actual)	YoY change
Revenue	106.6	141.5	-25%
Operating profit	20.6	43.5	-53%
Profit for the period attributable to owners of the parent	12.0	26.2	-54%

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Consolidated Cash Flow Overview

(billion yen)

	FY2013	FY2013 Q2	FY2014 Q2
Operating cash flow (A)	28.1	20.6	12.4
Profit before tax	54.9	15.2	9.1
Depreciation and amortization	8.2	2.0	2.6
Income tax paid	-38.2	0.0	0.0
Others	3.2	3.5	0.7
Investing cash flow (B)	-15.3	-3.5	-7.6
Financing cash flow	-15.7	0.5	-0.1
Cash dividends paid	-6.7	-0.6	-0.3
Acquisition of treasury stock	-10.0	-0.1	-
Others	1.0	1.2	0.2
FCF ((A)+(B))	12.7	17.1	4.9
Cash and cash equivalents (Consolidated)	65.4	64.1	72.0
(Non-consolidated basis)	44.2	41.0	44.3

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