



Q1 FY2017 Operating Results

August 9, 2017

DeNA Co., Ltd.

1. Financial Results

2. Strategy and Initiatives

3. Guidance

4. Reference

Financial Results Summary

- Core game business results and non-GAAP operating profit were in line with Q1 guidance

*One-time factors discussed on slide 6

- After careful review of the expected income tax benefit from the closure of the West game business, determined that no additional benefit could be taken for Q1

(billion yen)

Item	FY2016				FY2017		
	Q1	Q2	Q3	Q4	Q1	YoY Change	QoQ Change
Revenue*	38.3	38.2	32.2	35.1	36.5	-5%	4%
Revenue excl. Sports	32.8	32.0	31.6	33.7	30.1	-8%	-11%
Operating profit (IFRS)	7.4	7.9	3.4	4.5	6.4	-13%	42%
Operating profit(Non-GAAP)**	7.8	7.9	3.4	5.8	7.4	-4%	27%
Operating profit excl. Sports	6.0	5.7	5.0	7.2	5.2	-13%	-28%
Profit before tax	7.0	8.1	5.8	4.6	8.1	15%	74%
Income tax expense	1.7	1.8	-12.7	2.7	2.5	45%	-8%
Profit for the period	5.3	6.3	18.6	2.0	5.6	5%	185%
Profit for the period: Owners of the parent	5.2	6.1	17.6	2.0	5.3	3%	163%
Profit for the period: Non-controlling interests	0.2	0.2	1.0	-0.1	0.3	71%	-
EPS (Yen)	35.63	41.78	121.13	13.94	36.67	3%	163%

*For IFRS revenue, we defer revenue over the period that we expect the user to use a particular game in games that have a single payment model or are similar to that model.

**For full reconciliation of GAAP to Non-GAAP metrics, please see the reference section.

Financial Results by Segment (IFRS)

(billion yen)

Item	FY2016				FY2017		
	Q1	Q2	Q3	Q4	Q1	YoY Change	QoQ Change
Revenue	38.3	38.2	32.2	35.1	36.5	-5%	4%
Game	26.1	24.3	23.6	27.4	24.3	-7%	-11%
E-commerce	4.6	4.9	5.1	4.5	4.0	-15%	-12%
Sports	5.5	6.3	0.6	1.4	6.3	16%	348%
New Businesses and Others	2.3	3.0	3.1	2.1	2.1	-8%	2%
Adjustments	-0.3	-0.2	-0.2	-0.3	-0.2	-	-
Operating profit	7.4	7.9	3.4	4.5	6.4	-13%	42%
Operating profit margin	19%	21%	11%	13%	18%	-	-
Segment profit / loss*	7.2	8.0	3.6	6.9	6.5	-10%	-6%
Game	6.9	6.3	6.1	9.4	7.3	7%	-22%
E-commerce**	0.4	0.6	0.5	0.7	-0.5	-	-
Sports	1.8	2.2	-1.6	-1.3	2.2	25%	-
New Businesses and Others	-1.2	-0.9	-1.4	-1.6	-1.4	-	-
Adjustments	-0.7	-0.1	-0.0	-0.3	-1.2	-	-
Other income***	0.1	0.1	6.1	0.1	0.3	95%	108%
Other expenses***	0.0	0.2	6.2	2.5	0.4	1248%	-85%

*During Q1 FY2017 we reviewed the segment allocation of overall company costs, and reflected those changes for each segment for past quarter results starting Q1 FY2016. The breakdown of businesses and services in each segment has not changed. These updated segment operating results have not been audited

**Recorded 872 million in cost of sales as corrections of costs attributed to DeNA Travel during FY2016 and before

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

Cost and Expense Breakdown (IFRS)

(billion yen)

Item	FY2016				FY2017		
	Q1	Q2	Q3	Q4	Q1	YoY Change	QoQ Change
Cost of Sales	14.9	14.8	12.9	13.7	15.0	1%	9%
Personnel Expenses	1.3	0.9	1.1	0.8	1.1	-13%	44%
Depreciation and amortization	2.2	2.3	2.3	2.1	2.1	-3%	-1%
Outsourcing expenses	2.5	2.9	2.6	2.5	2.8	12%	14%
Commission fees	6.1	5.8	5.8	6.4	5.8	-5%	-10%
Others*	2.8	2.9	1.2	1.9	3.1	12%	65%
Selling, general, and administrative expenses	16.2	15.4	15.7	14.5	15.0	-7%	3%
Personnel Expenses	3.7	3.6	3.6	3.7	4.1	11%	12%
Sales promotion & Advertising expenses	3.2	2.8	2.9	2.2	2.6	-18%	17%
Outsourcing expenses & Commission fees	7.3	7.0	7.0	6.6	6.3	-13%	-4%
Others	2.0	2.0	2.3	2.0	1.9	-1%	-3%
Other income**	0.1	0.1	6.1	0.1	0.3	95%	108%
Other expenses**	0.0	0.2	6.2	2.5	0.4	1248%	-85%
Consolidated employee headcount	2,497	2,496	2,413	2,400	2,441	-2%	2%

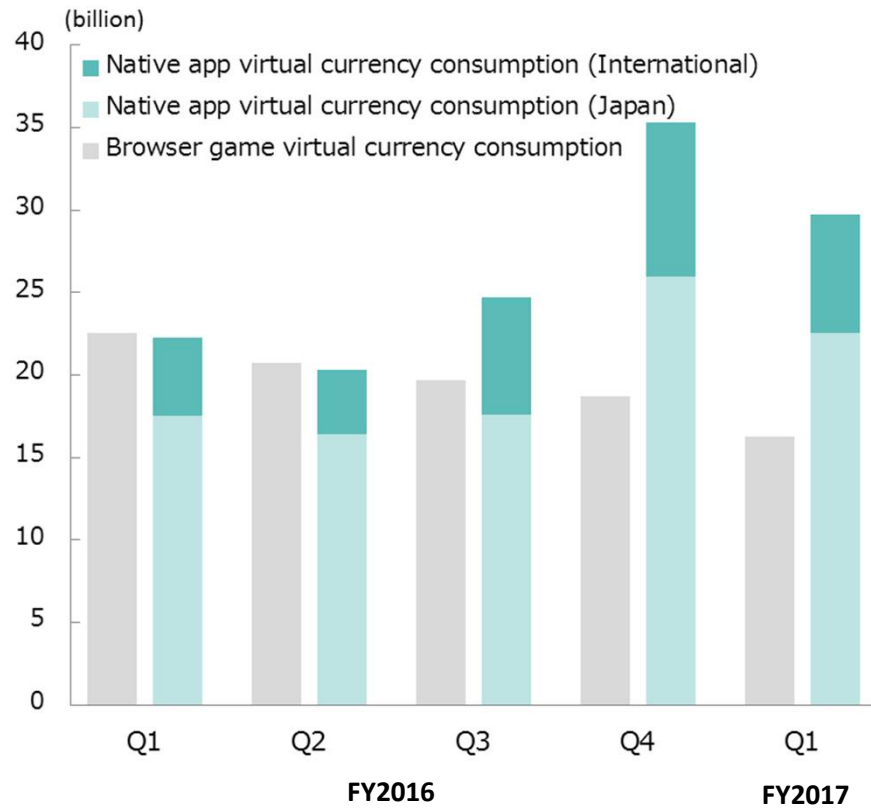
*Recorded 872 million in cost of sales as corrections of costs attributed to DeNA Travel during FY2016 and before

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

Game Business

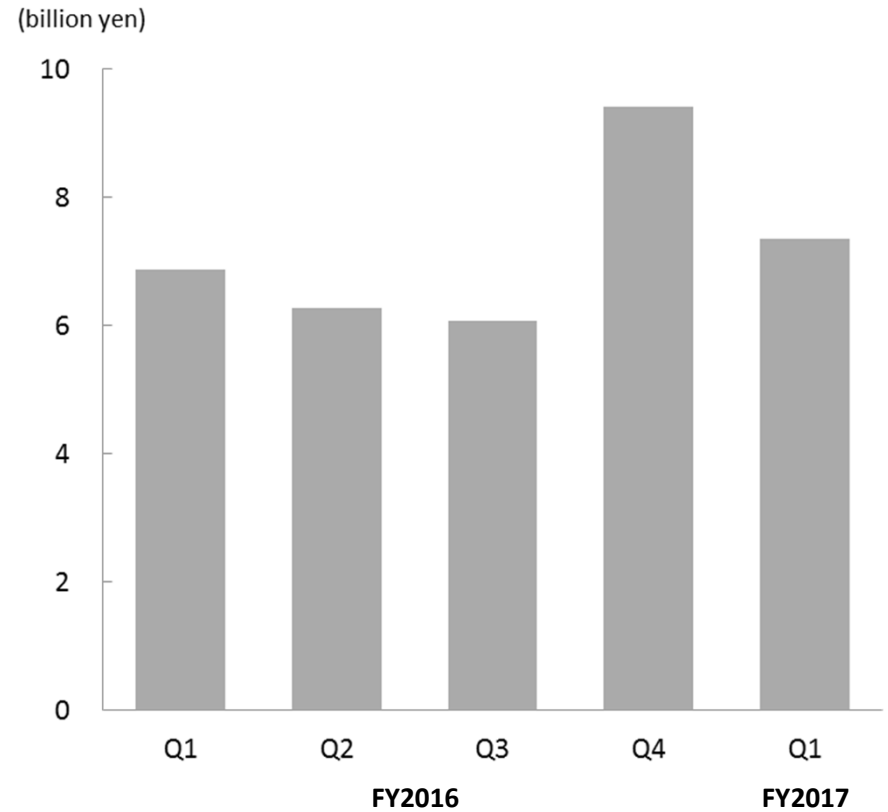
■ Virtual currency consumption and segment operating profit performed in line with guidance

Virtual Currency Consumption*



*Includes consumption of free virtual currency

Game Business Segment Operating Profit**



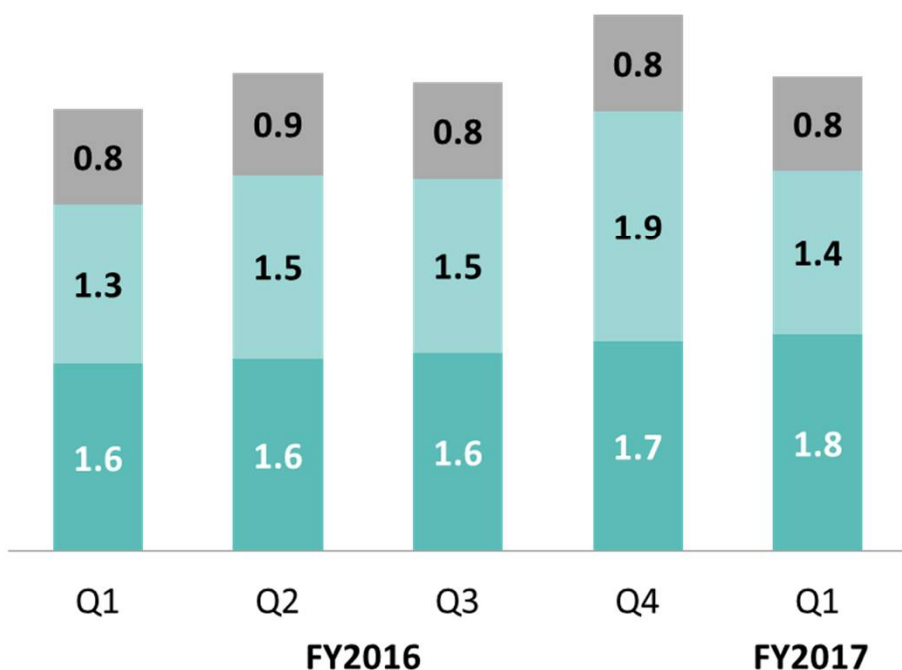
**During Q1 FY2017 we reviewed the segment allocation of overall company costs, and reflected those changes for each segment for past quarter results starting Q1 FY2016. These updated segment operating results have not been audited.

E-commerce Business

Revenue*

(billion yen)

■ Processing Settlement ■ Travel ■ Auction / Others



Updates

Processing Settlement

- Transactions from non-DeNA services continue to grow

Travel

- Gross transaction value for Q1 of 15.4 billion yen** (12.2 billion yen for Q1 FY2016)
- Recorded 872 million (maximum possible) in cost of sales as corrections of costs attributed to DeNA Travel during FY2016 and before
 - Have always taken measures to amend the discrepancy between the data in the systems used for travel agency operations and on account balances
 - Identified maximum possible additional costs while pursuing initiatives that aimed to completely resolve the issue, including reforming our accounting system, increasing data accuracy, and strengthening oversight
 - Since impact on the financial results for previous fiscal years is limited, the maximum possible amount is all recorded in Q1

Auction

- Pace of decline in the number of paid members is softening

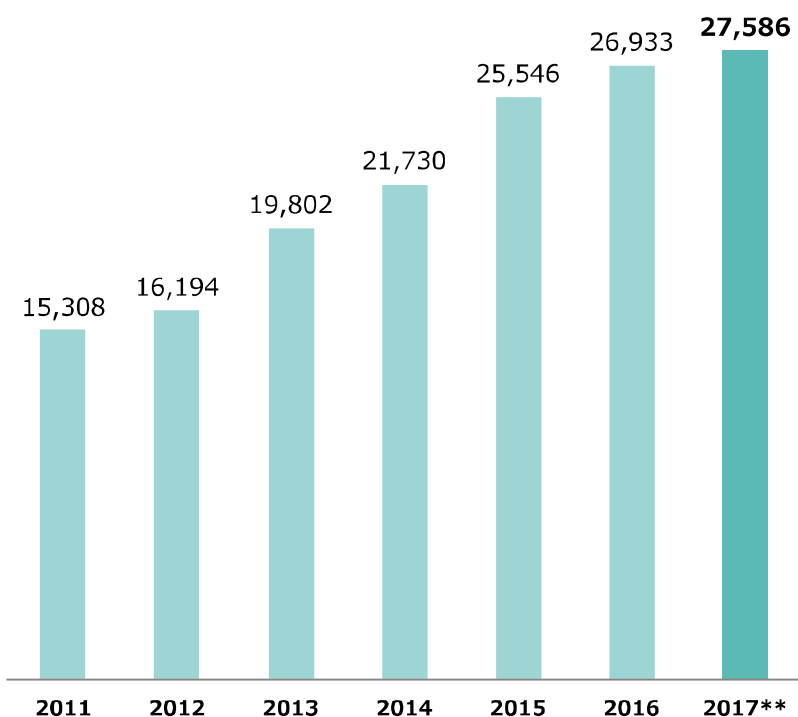
*Previous quarter revenue has been restated to exclude the DeNA Shopping and au Shopping Mall businesses which were sold on December 28, 2016.

**From FY2017, the gross transaction value for the travel business includes the gross transaction value from the Singapore subsidiary. (Q1 FY2017 gross transaction value: 1.3 billion yen)

Sports Business

- Yokohama DeNA Baystars achieved new team record for average stadium attendance per home game for the first half of the season (38 games total)
- Signed the I☆ (LOVE) YOKOHAMA Agreement (Comprehensive Agreement to Promote Sports and Energize Regional Economy) with the City of Yokohama in March 2017
- The Yokohama Stadium expansion plan was approved by the Yokohama City Council in June 2017

Home Game Average Stadium Attendance*



Expansion Plan for Yokohama Stadium (Announced March 2017)

- Increase capacity to 35,000 (currently 29,000)
- Starting construction in November 2017, with construction to mainly take place in the off-season, in preparation for usage during the 2020 Tokyo Olympics
- Total cost: approx. 8.5 billion yen (estimate)



*Average stadium attendance per game for Yokohama DeNA Baystars home games each regular season (including home games held outside Yokohama Stadium)

**The 2017 figure is the average attendance per home game for the first half of the 2017 season (38 games), while the 2011 to 2016 figures represent the average attendance per home game for the whole season

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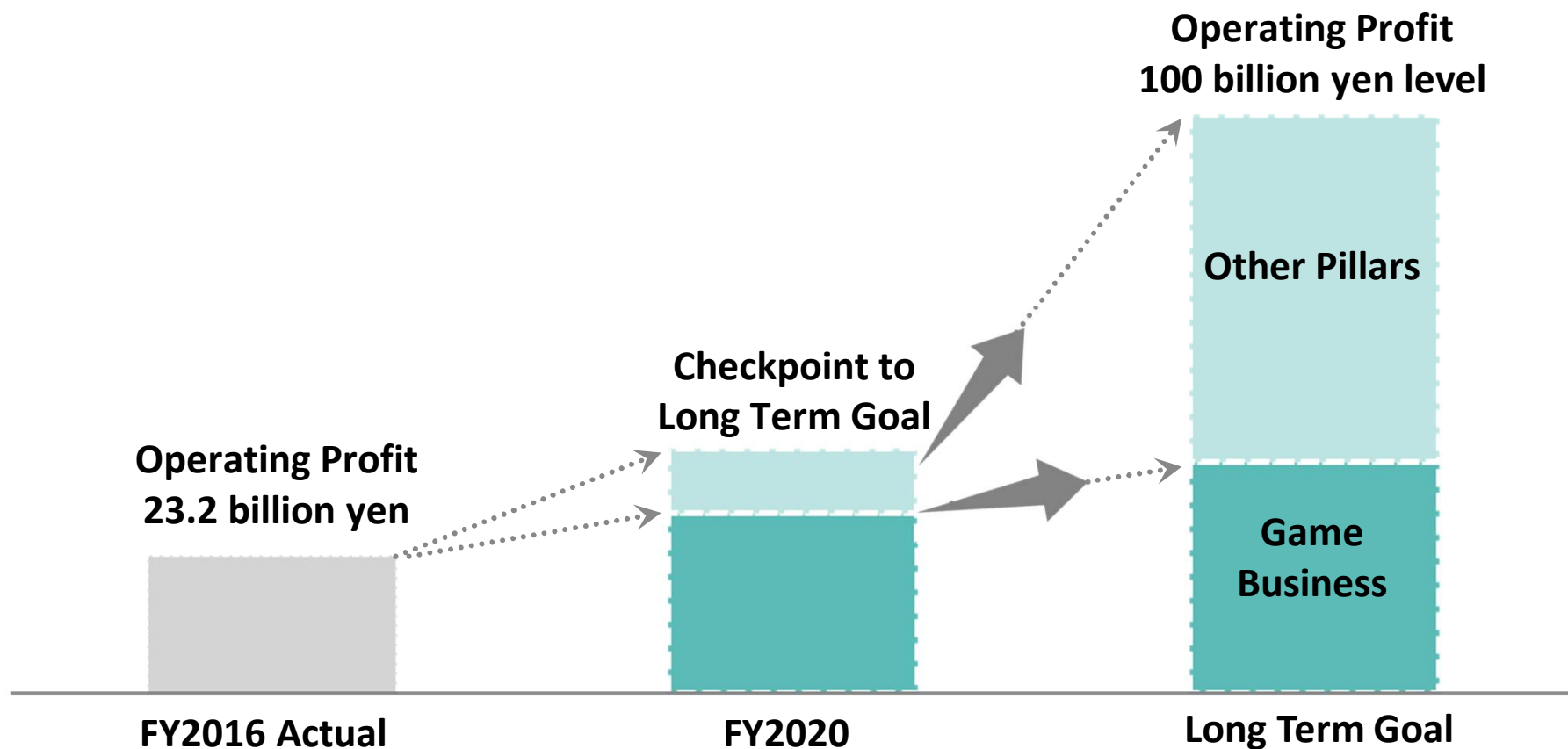
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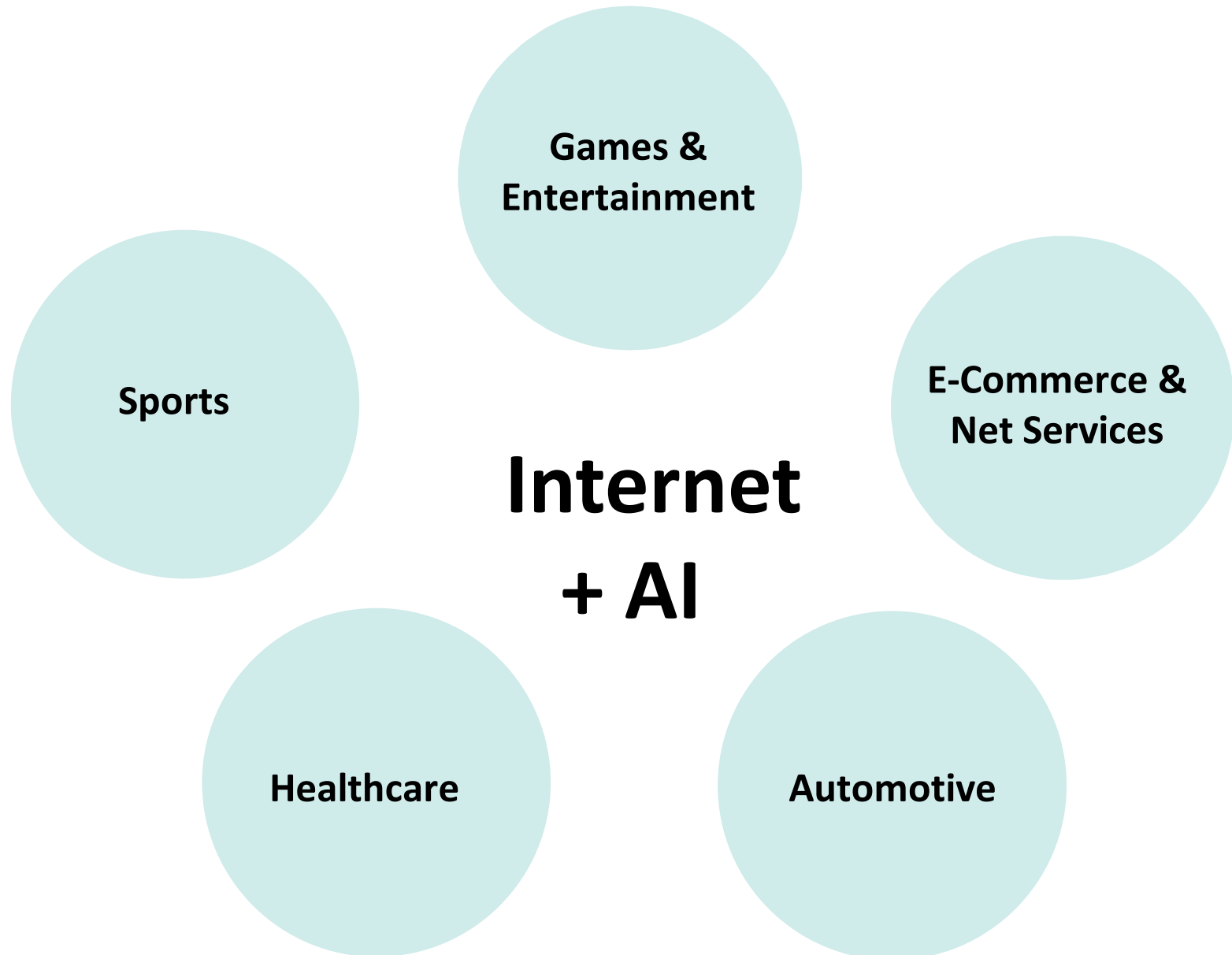
4. Reference

Strengthening Business Portfolio and View for Mid to Long Term Growth

- Continue to strengthen the core game business
- Over the long term, create multiple new business pillars
- Use FY2020 as a checkpoint to confirm our progress towards achieving our long term goals
- Proactively utilize M&A opportunities to strengthen our portfolio



DeNA's Business Portfolio



Game Business (Nintendo Alliance)



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- Released in February 2017
- Focusing on operations as we perform rapid updates and run events for this title with the goal of making it enjoyable over a long period of time
- Reached a satisfactory level of sales



© 2016 Nintendo

- Released for iOS in December 2016 and for Android in March 2017
- Distributing in 165 countries and regions, progress in download growth

**All titles referenced on this slide are published by Nintendo*

Game Business (Nintendo Alliance)



- Scheduled for release during FY2017
- More detailed information about the release timing will be provided later

Future titles

- The Nintendo Partnership is a mid to long term partnership, and we will announce more details about the future title lineup at the appropriate timing
- Future partnership titles are in development

Game Business (Excluding Nintendo)

- Good progress in strengthening of in-game operations of existing key 1st and 2nd party titles as well as in new releases

Gyakuten Othellonia

Exceeded 12 million downloads (as of July 28, 2017)

Promotional push started end of July, including TV commercials



Uta Macross

Launched August 3, 2017

First rhythm game in the Macross series

Reached 200,000 pre-registrations



*Images are of the game in development

©'82,'84,'92,'94,'95,'97,'02,'15 BW ©'07 BW/MFP・M ©'09,'11 BW/MFP ©DeNA

New Businesses & Others (Updates): Media Business*

Business Results

(million yen)

Item	FY2016				FY2017
	Q1	Q2	Q3	Q4	Q1
Revenue*	976	1,484	1,229	-29	31
Segment profit / loss*	-603	-236	-849	-1,195	-586

Recent Updates

- On August 8, established MERY Co., Ltd.*, a joint venture with SHOGAKUKAN formed to jointly operate a digital media business mainly focused on women's fashion
 *An equity method affiliate company
 (Ownership: SHOGAKUKAN 66.66%; DeNA 33.34%)
- Will reform the operating structure of the previous MERY service, and create all articles through a new process, with the aim to create a completely new type of media
- This joint venture will incorporate SHOGAKUKAN's expertise in article publishing, including planning, editing, and reviewing, and DeNA's expertise in building systems and online marketing
- DeNA has no plans to operate media independently
- Expect losses for the media business to continue to shrink quarter-over-quarter

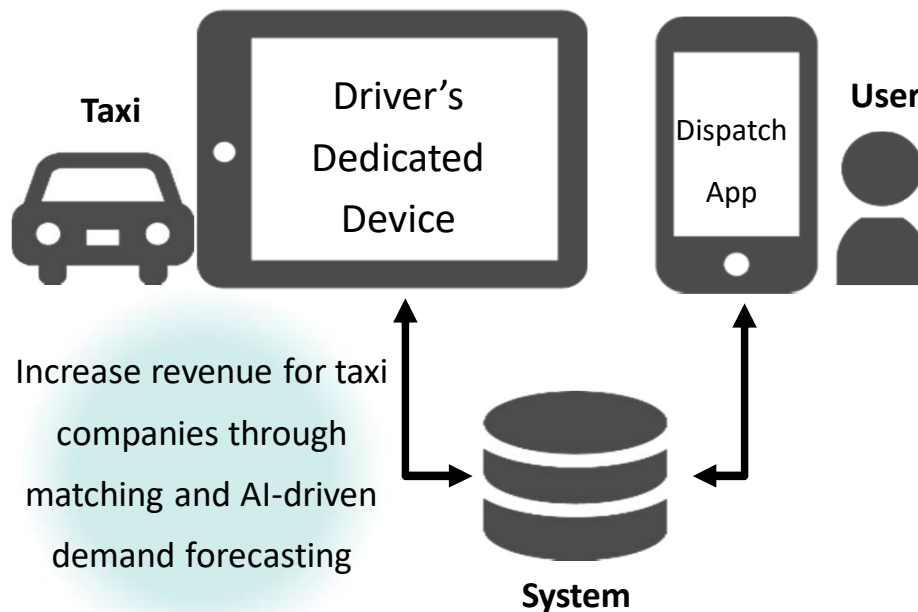
*The above figures are based on management accounting, following the allocation of shared costs for the relevant business; review procedures have not been undertaken in accordance with the Financial Instruments and Exchange Act.

*From FY2017, the Curation Platform Business was renamed the "Media Business."

New Businesses & Others (Updates): Automotive Business

- Provides a service that allows for smooth taxi dispatch, making use of a demand forecasting system that utilizes AI
- Plan to run field tests from September 2017 in certain areas in Yokohama, in cooperation with the City of Yokohama and the Kanagawa Taxi Association
- These field tests are a part of the I☆ (LOVE) YOKOHAMA Agreement

TaxiBell: Taxi Dispatch App Utilizing AI



*Trademark pending for the service name and logo

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Consolidated Financial Guidance for Q2 FY2017

(billion yen)

	FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2e
Revenue(IFRS)	38.3	38.2	32.2	35.1	36.5	36.3
Revenue excluding Sports	32.8	32.0	31.6	33.7	30.1	30.0

	FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2e
Reconciliation of operating profit to non-GAAP operating profit						
Operating profit (IFRS)	7.4	7.9	3.4	4.5	6.4	7.8
Accounting adjustments related to seasonality, net	+0.1	-0.2	-0.4	+0.5	+0.1	-0.2
Acquisition and restructuring related expenses	+0.3	+0.2	+6.4	+0.8	+0.9	-
Sales and disposition related gains	-0.0	-	-5.9	-	-	-0.1
Non-GAAP operating profit	7.8	7.9	3.4	5.8	7.4	7.5
Non-GAAP operating profit excl. Sports	6.0	5.7	5.0	7.2	5.2	5.5

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2. Strategy and Initiatives

3. Guidance

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IFRS to Non-GAAP Reconciliation

	FY 2016				(billion yen) FY 2017
	Q1	Q2	Q3	Q4	Q1
Reconciliation of Operating profit to Non-GAAP operating profit					
Operating profit(IFRS)	7.4	7.9	3.4	4.5	6.4
Accounting adjustments related to seasonality, net	+0.1	-0.2	-0.4	+0.5	+0.1
Acquisition and restructuring related, net	+0.3	+0.2	+6.4	+0.8	+0.9
Sales and disposition related gain (loss)	-0.0	-	-5.9	-	-
Non-GAAP operating profit	7.8	7.9	3.4	5.8	7.4
Profit (loss) from seasonal sports business	-1.8	-2.2	+1.6	+1.3	-2.2
Non-GAAP operating profit excluding Sports	6.0	5.7	5.0	7.2	5.2
	FY 2016				FY 2017
	Q1	Q2	Q3	Q4	Q1
Reconciliation of Operating profit to Non-GAAP EBITDA					
Operating profit(IFRS)	7.4	7.9	3.4	4.5	6.4
Accounting adjustments related to seasonality, net	+0.1	-0.2	-0.4	+0.5	+0.1
Acquisition and restructuring related expenses	+0.3	+0.2	+6.4	+0.8	+0.9
Sales and disposition related gains	-0.0	-	-5.9	-	-
Depreciation and amortization	+2.7	+2.8	+2.9	+2.7	+2.6
Retirement of fixed assets (excl. one-time factors)	+0.0	+0.2	+0.1	+0.8	+0.3
Non-GAAP EBITDA	10.5	10.9	6.4	9.4	10.4

*Please consult the Q4 FY2015 Operating Results for more information regarding our introduction of Non-GAAP disclosure

Consolidated Cash Flow Overview

(billion yen)

	FY2016	FY2016 Apr-Jun	FY2017 Apr-Jun
Operating cash flow (A)	22.7	5.8	11.7
Profit before tax	25.6	7.0	8.1
Depreciation and amortization	11.1	2.7	2.6
Income tax paid	-9.8	-3.9	-2.1
Others	-4.2	-0.0	3.1
Investing cash flow (B)	-7.4	-2.2	-3.1
Financing cash flow	-2.4	-4.8	-5.9
Cash dividends paid	-2.9	-2.8	-4.5
Cash dividends paid to non-controlling shareholders	-2.0	-2.0	-1.2
Others	2.5	0.0	-0.3
FCF ((A)+(B))	15.3	3.6	8.6
Cash and cash equivalents (Consolidated)	88.2	73.7	90.8
(Non-consolidated basis)	57.0	47.0	61.4

Segment Breakdown

Segments	Businesses
Game Business	Japan and international game businesses
E-Commerce Business	Sub-segment names (Major service names in parenthesis) <ul style="list-style-type: none"> • Travel (DeNA Travel) • Auction (Mobaoku) • Processing Settlement (Paygent)
Sports Business	Baseball, Running Club, etc.
New Businesses and Others	Sub-segment names (major service names in parenthesis) <ul style="list-style-type: none"> • IP-generating platform (Manga Box, Everystar, MyAnimeList) • Healthcare (MYCODE, KenCoM, Aruite Otoku) • Automotive • Other internet services (SHOWROOM, Mirrativ) • Media

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The logo for DeNA, featuring a stylized colon followed by the letters 'DeNA' in a bold, rounded, sans-serif font.

DeNA Co., Ltd.