

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.



March 13, 2017

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 Receipt of Investigation Report from the Third-Party Committee and Planned Initiatives

DeNA Co., Ltd. would like to acknowledge the receipt of the Investigation Report from the Third-Party Committee* on March 11, 2017. The investigation results and recommendations from the report were carefully discussed at the Board of Directors meetings held on March 12 and 13, 2017, and we would like to share the planned initiatives decided upon by the Board of Directors, as detailed below.

We would also like to take this moment to apologize to internet users, our shareholders and investors, our clients, and other stakeholders for the problems and concern we have caused with respect to these issues.

*Please refer to the “Notice Regarding Establishment of Third-Party Committee,” dated December 15, 2016, and the “Notice Regarding Curation Platform Service: Notice Regarding Establishment of Third-Party Investigative Committee and Withdrawal of All Articles from Entire Curation Platform Service,” dated December 5, 2016.

1. Investigation Report content & outline of the issue

The Outline of the Investigation Report is attached to the end of this disclosure. Also, the entire text of the Investigation Report (Japanese) and the abridged Investigation Report (Japanese) were disclosed today, and can be found at our website (<http://dena.com/jp/ir/>). Further, in order to protect individual privacy, some parts of the report have been modified to remove private information, such as individual names. This measure has been approved by the Third-Party Committee.

2. Planned initiatives in response to the Investigation Report

(1) Planned initiatives

DeNA is deeply aware of our social responsibilities as a company, and we have strived to build a corporate structure to abide by relevant laws in our everyday business, and to act in a way that is socially ethical. Based on the feedback and suggestions provided in the Investigation Report, we were strongly convinced that we need to strengthen our management structure and compliance system to pursue business growth opportunities in an appropriate manner. This will also ensure that we are fulfilling our responsibilities and duties.

At the Board of Directors meeting, we confirmed our commitment to radically change our corporate governance and internal control system, including the following measures. Information about more specific initiatives will be made available as appropriate.

1. Strengthening of top management

DeNA is changing from its current one representative director system to a two representative director system. By strengthening top management in this way, we aim to achieve a radical transformation, including the strengthening of our corporate governance, compliance system, and management structure.

Please refer to our disclosure “Notice Regarding Appointment of Additional Representative Director” of today.

2. Oversight of business activities by the Board of Directors

We plan to strengthen our personnel selection process for executive officers, unit heads, and other employees who play a role in management to make the process more diligent and objective, in order to ensure that we assign individuals with understanding of compliance and strong management ability for key positions. We will do so by having not only internal directors, but also external directors, involved in the process from an early stage.

Also, the Board of Directors will further enhance the oversight of executive directors, and will carefully monitor the internal control system we enhance in response to the current issue to ensure that it is functioning effectively.

3. Strengthening compliance system and our management structure

In addition to the executive directors, we will create a new position responsible for compliance and risk management. This role will centrally manage and oversee compliance issues and overall company risk assessment, and also increase the effectiveness of our risk management system. Additionally, we will ensure transparency by sharing the abovementioned risk assessments with executives and relevant personnel. Enhancing this system will strengthen the coordination between each relevant department.

4. Radical awareness reform

In addition to the abovementioned new management structure and compliance systems, we believe that it is essential to enhance the awareness of everyone, from management through entry-level employees, involved in each of our businesses and services.

In our Board of Directors meetings and management meetings, we will thoroughly discuss how we define our businesses, the value provided to users, and the ethical perspective. We will also pursue initiatives to allow management to be better informed of feedback from users. Additionally, we will include more objective input, such as from external experts in the relevant industry, in the pursuit of new businesses.

(2) Measures taken against relevant personnel

In our disclosure dated December 1, 2016, the President and CEO Isao Moriyasu announced a 30% reduction in his salary for six months. However, given the results of the Investigation Report, he has decided to increase the salary reduction to 50% for the same period.

Mari Murata, Executive Officer, Director of the Media Division, and Director of the Palette Business Development & Management Division, has been penalized in accordance with company rules. In addition, she has indicated her intention to resign her position as Executive Officer, and to resign her position as the CEO of our subsidiaries iemo Co., Ltd. and Find Travel Inc. as of March 12.

Ayaturo Nakagawa, the CEO of our subsidiary peroli, Inc., has resigned his position as CEO as of March 12.

We will also penalize Daisuke Shibata (Executive Officer and former Head of the Corporate Planning Unit), Kenji Kobayashi (Executive Officer and current Head of the Corporate Planning Unit), and 25 others in accordance with our company rules and regulations.

In the Investigation Report from the Third-Party Committee, they recommended that: “[DeNA] should re-identify its vision, including the exact nature of the venture spirit it seeks to foster and what it means to be an ‘eternal venture (company).’ Then, DeNA should ensure that everyone shares that understanding in order to form the foundation of the preventive measures to avoid reoccurrence.” We must confront this recommendation head on, and ensure that we see it through.

We are very sorry to have caused these issues, and we have very seriously considered all the findings and advice from the Third-Party Committee as well as our users, shareholders and investors, clients, and other stakeholders. Everyone at DeNA will work to come together and implement a radical transformation of DeNA, and become a company that everyone can trust.

For inquiries please contact:

IR Department (ir@dena.com)

DeNA Co., Ltd. (<http://dena.com>)

Outline of the Investigation Report

(English Translation)

March 13, 2017

Third Party Committee	Chairman	Katsuya NATORI
	Member	Motoyoshi NISHIKAWA
	Member	Hisamichi OKAMURA
	Member	Mieko OKITA

1 Investigation overview

The Third-Party Committee (the “**Committee**”) investigated this case for approximately three months after its establishment in December 2016, and the overview of the investigation method is as follows:

- i Meetings of the Committee: 26 times;
- ii Interviewed 97 people (134 times in total);
- iii Conducted digital forensic investigations;
 - the volume of preserved data was approximately 5.2 million files
 - the volume of extracted data was approximately 3.07 million files
 - the volume of data after the keyword search was approximately 270,000 files
- iv Reviewed relevant materials;
- v Conducted a sampling check of articles; and
- vi Sought opinions from DeNA’s employees and people outside of DeNA who were engaged in producing articles.

2 Investigation results

The Committee found a variety of facts in connection with this case through its investigation. Amongst these facts, the Committee identified some legal and other related issues as follows.

(1) Legal issues associated with DeNA’s curation business

- i The sampling check for the 376,671 articles listed on the 10 sites operated by DeNA (the “**10 Sites**”) revealed that, on a statistical basis, the estimated figures of the occurrence ratio of articles with potential infringements of the right of reproduction or of the right of adaptation ranged between 1.9–5.6%, and the ratio of articles where the possibility of infringement could not be excluded ranged between 0.5–3.0%. At the same time, amongst these articles, there is a possibility that some articles might also have violated the right to transmit to the public, the right to integrity or the right of attribution. It must be noted that it is difficult to assert that all of these articles violated the Copyright Act, as

there were cases where the Committee could not identify whether it was DeNA's articles or a third parties' articles that were created first. 【Chapter 3】

- ii Amongst 4,724,571 images that were listed on the 10 Sites, there is a possibility that 747,643 images might have infringed on the right of reproduction, although all of these images do not always constitute a violation, because in some cases, some of the images are quoted with respective authorizations. At the same time, there is a possibility that these images might also have infringed on the right to transmit to the public or the right of attribution. 【Chapter 3】
- iii Upon investigating 19 articles listed on the website named "WELQ" that were pointed out to be inappropriate by sources outside DeNA, eight were found to contain content likely to violate the Law¹, one was found to contain content likely to violate the Medical Care Act, and one was found to contain content likely to violate the Health Promotion Act. 【Chapter 9】

(2) Other issues related to DeNA's curation business

- i Amongst the articles listed on "WELQ," the Committee found that some articles contained ethical issues, for instance: (i) the displaying of affiliate advertisements in articles containing sensitive topics was inappropriate; (ii) some articles included medical content that did not have sufficient consideration for readers; and (iii) some articles treated some topics in which medical practitioners have different views without adequate consideration. 【Chapter 9】
- ii Aside from the above, articles from the 10 Sites also contained the following ethical issues: (i) the authors of the articles copied and pasted other articles' content even when the original content was not copyrightable; and (ii) the source of the content was unclear or the method of citation was inappropriate. 【Chapter 3】
- iii DeNA, in reaction to claims that certain articles quoted images or sentences from the original articles without any legitimate authorization, claimed that it fell under the protection afforded a platform provider, pursuant to the Act,² even in cases when DeNA was not granted such protection. 【Chapter 9 and Chapter 10】

3 Analysis of the causes and background

The Committee believes that the issues arose due to the following causes and background: 【Chapter 10】

- i When DeNA entered into a new business, the curation business, through the means of the acquisition of "iemo" and "peroli, Inc.," it did not adequately analyze and discuss the risks,

¹ the Law on Securing Quality, Efficacy and Safety of Products Including Pharmaceuticals or Medical Devices

² the Act on the Limitation of Liability for Damages of Specified Telecommunications Service Providers and the Right to Demand Disclosure of Identification Information of the Senders

and as a result, it failed to appropriately recognize the risks associated with this new business;

- ii After the acquisition of “iemo” and “peroli, Inc.,” when DeNA started the new business, it did not take adequate preventive measures against the potential risks associated with the curation business;
- iii When DeNA expanded the curation business, it failed to check and pay close attention to the risks; thus, the risks eventuated and DeNA failed to discover the issues at an early stage; and
- iv The curation business entailed some factors that prevented DeNA from undertaking “self-correction” in regard to the operation of the curation business.

4 Preventive measures to avoid reoccurrence

The Committee’s recommendation of preventive measures to avoid reoccurrence are as follows: **[Chapter 11]**

- i DeNA should re-identify its vision and values to become an ideal company, and its slogan of “being an eternal venture (company)” should not serve as an excuse;
- ii DeNA should re-consider the ideal method for operating its businesses; prioritizing a fair business model for gaining profits instead of overemphasizing targeted figures;
- iii DeNA should consider the adoption of a new system and processes that enable DeNA to continuously check and monitor new businesses to the extent that is necessary and adequate, and foster the sense of company-wide risks inherent in the business judgements and business operations; and
- iv DeNA should re-consider an appropriate business model for the curation business that can be widely accepted by society.

End