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Consolidated Financial Results for the Three Months Ended June 30, 2021 [IFRS]

August 6, 2021

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: August 10, 2021

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 Three Months Ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(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	%
Three months ended June 30, 2021	34,054	13.4	5,471	(56.5)	17,626	21.9	14,641	48.4
Three months ended June 30, 2020	30,041	(4.3)	12,570	442.1	14,462	274.4	9,867	285.4

	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
Three months ended June 30, 2021	14,455	46.0	18,056	(1.4)	119.81	119.61
Three months ended June 30, 2020	9,902	304.7	18,317	51.8	79.86	79.75

(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 June 30, 2021	329,488	236,481	231,800	70.4
As of March 31, 2021	327,121	228,659	223,711	68.4

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	0.00	—	32.00	32.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		—	—	—	—

(Notes) 1. Revisions to recently announced dividend forecast: No

2. The dividend forecast for the fiscal year ending March 31, 2022 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

The consolidated financial results forecast for the fiscal year ending March 31, 2022 cannot be provided due to the difficulty of reasonably and accurately estimating the figures.

* 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 June 30, 2021	130,210,945 shares
As of March 31, 2021	130,210,945 shares

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

As of June 30, 2021	10,773,249 shares
As of March 31, 2021	8,152,593 shares

3) Average number of shares during the period:

Three months ended June 30, 2021	120,642,250 shares
Three months ended June 30, 2020	123,993,459 shares

(Note) The 197,771 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 June 30, 2021, and the 199,619 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, 2021.

* This report of quarterly consolidated financial results is outside the scope of quarterly review by a certified public accountant or accounting auditor.

* 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.

(2) Dividend Forecast

The Company plans to set the cash dividend forecast for the fiscal year ending March 31, 2022 considering the overall progress in performance and other factors, and promptly announce said expected dividend amount.

(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 August 6, 2021. The briefing materials for this 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.

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1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

During the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021) the Group made efforts to enhance corporate value over the mid to long term by working to form an earnings base on the two approaches of working to entertain and to serve and by evolving into a new, unique kind of tech company, encouraging synergy between the two approaches. The Group also challenged itself to achieve leaps in growth to establish an even stronger business portfolio.

During the three months ended June 30, 2021, revenue increased year-on-year due to the recovery of the Sports Business compared to the same period of the previous year and the growth of the Live Streaming Business.

Cost of sales increased year-on-year due to the increase in commission fees, etc., which fluctuate in line with the performance of the Live Streaming Business and the Game Business.

Changes in selling, general and administrative expenses were limited compared to the same period of the previous fiscal year.

Other income, net was ¥665 million, decreasing from ¥9,994 million in the same period of the previous fiscal year. In the same period of the previous fiscal year, the Company recorded a gain on transfer in the amount of ¥2,045 million due to an absorption-type company split of businesses related to taxi dispatch apps, etc., and a gain on sales of shares of subsidiaries of ¥7,889 million following the transfer of a portion of the Company's shares in SHOWROOM Inc.

Share of profit (loss) of associates accounted for using the equity method was ¥9,403 million, compared with loss of associates accounted for using the equity method of ¥708 million for the same period of the previous fiscal year. This was due to the performance trends of Cygames, Inc. and Mobility Technologies Co., Ltd., the major associates accounted for using the equity method during the three months ended June 30, 2021, as well as the recording of a one-time gain from the capital increase of Mobility Technologies Co., Ltd. through a third-party allotment, which was conducted during this period.

As a result, revenue of the DeNA Group was ¥34,054 million, up 13.4% year-on-year, operating profit was ¥5,471 million, down 56.5% year-on-year, profit before tax was ¥17,626 million, up 21.9% year-on-year, and profit for the period attributable to owners of the parent was ¥14,455 million, up 46.0% year-on-year.

Business performance by segment is as follows.

1) Game Business

Revenue of the Game Business was ¥18,762 million, down 11.6% year-on-year, and segment profit was ¥3,323 million, down 27.9% year-on-year.

During the three months ended June 30, 2021, despite progress in creating new titles to strengthen the earnings base, both revenue and profit decreased as operations became centered on existing titles and virtual currency consumption decreased year-on-year.

2) Sports Business

Revenue of the Sports Business was ¥5,820 million, up 380.8% year-on-year, and segment profit was ¥1,024 million, compared with segment loss of ¥2,082 million for the same period of the previous fiscal year.

The current official professional baseball season began on March 26, 2021. However, games are being played with various measures to prevent the spread of COVID-19, including restrictions on the number of spectators. In the previous season, the official professional baseball games commenced on June 19, 2020 due to the spread of COVID-19 and all games during the three months ended June 30, 2020 were held without spectators.

3) Live Streaming Business

Revenue of the Live Streaming Business was ¥7,945 million, up 38.4% year-on-year, and segment profit was ¥1,640 million, up 114.0% year-on-year.

During the three months ended June 30, 2021, Pocomo performed strongly in Japan. In the Live Streaming Business, the Company has been working to capture market growth opportunities and proactively

investing to grow by 1. Further growing and enhancing Pococha Japan, 2. Expanding into new genres with a view to market growth and expansion with genre diversification, and 3. Developing the global Pococha service.

Due to the transfer of a portion of the Company's shares in SHOWROOM Inc., effective June 30, 2020, the said company has become an associate accounted for using the equity method. As a result, starting from the second quarter ended September 30, 2020, the business performance of SHOWROOM Inc. has been excluded from the business performance by segment.

4) Healthcare Business

Revenue of the Healthcare Businesses was ¥422 million, down 5.4% year-on-year, and segment loss was ¥379 million, compared with segment loss of ¥373 million for the same period of the previous fiscal year.

Use of "MYCODE," "kencom," and other existing services provided in the healthcare service field was solid. Meanwhile, the Company made prior investments for the future.

"Aruite Otoku" ended its services as of April 30, 2021.

5) New Businesses and Others

Revenue of the New Businesses and Others was ¥1,127 million, down 28.6% year-on-year, and segment loss was ¥60 million, compared with segment loss of ¥152 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 as well as services of the E-commerce Business, etc.

(2) Overview of Financial Position and Cash Flows

1) Financial Position

Total assets at the end of the three months ended June 30, 2021 were ¥329,488 million, an increase of ¥2,366 million compared to the end of the previous fiscal year.

Current assets were ¥115,116 million, a decrease of ¥14,770 million compared to the end of the previous fiscal year. This was due mainly to a decrease in trade and other current receivables by ¥7,485 million and a decrease in cash and cash equivalents by ¥6,957 million.

Non-current assets were ¥214,372 million, representing an increase of ¥17,137 million compared to the end of the previous fiscal year. This was due mainly to an increase in investments accounted for using the equity method by ¥10,432 and an increase in other non-current financial assets by ¥6,581 million.

Total liabilities at the end of the three months ended June 30, 2021 amounted to ¥93,007 million, a decrease of ¥5,455 million compared to the end of the previous fiscal year.

Current liabilities were ¥32,918 million, representing a decrease of ¥8,058 million compared to the end of the previous fiscal year. This was due mainly to a decrease in trade and other current payables by ¥4,118 million and a decrease in other current liabilities by ¥3,359 million.

Non-current liabilities stood at ¥60,089 million, representing an increase of ¥2,602 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥2,564 million in deferred tax liabilities.

Total equity at the end of the three months ended June 30, 2021 was ¥236,481 million, representing an increase of ¥7,822 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥10,496 million in retained earnings.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 349.7% and 70.4%, respectively, at the end of the three months ended June 30, 2021.

2) Cash Flows

Cash and cash equivalents (collectively, "cash") at the end of the three months ended June 30, 2021 decreased by ¥6,957 million to ¥90,344 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 three months ended June 30, 2021 was ¥7,982 million, compared to a cash inflow of ¥6,349 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥17,626 million in profit before tax.

(Investing activities)

Net cash used in investing activities for the three months ended June 30, 2021 was ¥4,278 million, compared to a cash outflow of ¥3,695 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥1,674 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the three months ended June 30, 2021 was ¥10,689 million, compared to a cash inflow of ¥11,259 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥5,949 million in purchase of treasury stock.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2022 has not been provided due to the difficulty of reasonably and accurately estimating the figures. However, the Company expects to record a decrease in operating profit.

For the background thereof and the trends of each business, etc., please refer to the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 [IFRS],” announced on May 7, 2021.

Additionally, for the one-time factors, please refer to “(7) Notes to Condensed Consolidated Financial Statements” of this disclosure.

2. Condensed Consolidated Financial Statements and Principal Notes

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and cash equivalents	97,301	90,344
Trade and other current receivables	27,174	19,689
Other current financial assets	1,011	1,003
Other current assets	4,400	4,079
Total current assets	129,887	115,116
Non-current assets		
Property and equipment	2,301	1,968
Right-of-use assets	16,747	16,728
Goodwill	5,883	5,883
Intangible assets	6,055	6,797
Investments accounted for using the equity method	41,024	51,457
Other non-current financial assets	124,003	130,584
Deferred tax assets	986	652
Other non-current assets	236	302
Total non-current assets	197,235	214,372
Total assets	327,121	329,488

	(Millions of yen)	
	As of March 31, 2021	As of June 30, 2021
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	20,044	15,926
Lease liabilities	2,653	2,444
Income tax payables	1,364	1,369
Provisions	4,449	3,372
Other current financial liabilities	526	1,228
Other current liabilities	11,940	8,580
Total current liabilities	40,976	32,918
Non-current liabilities		
Borrowings	20,000	20,000
Lease liabilities	4,485	4,561
Provisions	72	154
Other non-current financial liabilities	401	271
Deferred tax liabilities	32,174	34,738
Other non-current liabilities	354	365
Total non-current liabilities	57,487	60,089
Total liabilities	98,463	93,007
Equity		
Common stock	10,397	10,397
Capital surplus	16,282	16,284
Retained earnings	151,747	162,243
Treasury stock	(15,061)	(20,753)
Other components of equity	60,346	63,629
Total equity attributable to owners of the parent	223,711	231,800
Non-controlling interests	4,948	4,680
Total equity	228,659	236,481
Total liabilities and equity	327,121	329,488

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Revenue	30,041	34,054
Cost of sales	(13,699)	(15,974)
Gross profit	16,342	18,080
Selling, general and administrative expenses	(13,765)	(13,275)
Other income	10,087	1,019
Other expenses	(93)	(354)
Operating profit	12,570	5,471
Finance income	2,669	2,771
Finance costs	(70)	(19)
Share of profit (loss) of associates accounted for using the equity method	(708)	9,403
Profit before tax	14,462	17,626
Income tax expense	(4,595)	(2,985)
Profit (loss) for the period	9,867	14,641
Attributable to:		
Owners of the parent	9,902	14,455
Non-controlling interests	(35)	186
Profit (loss) for the period	9,867	14,641
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	79.86	119.81
Diluted earnings per share	79.75	119.61

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit for the period	9,867	14,641
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	8,431	3,387
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	8,431	3,387
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	18	28
Other	1	0
Total other comprehensive income that may be reclassified to profit or loss, net of tax	19	28
Other comprehensive income, net of tax	8,450	3,415
Total comprehensive income for the period	18,317	18,056
Attributable to:		
Owners of the parent	18,281	17,870
Non-controlling interests	36	186
Total comprehensive income for the period	18,317	18,056

(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, 2020	10,397	15,237	163,564	(45,139)	36,428	180,486	6,833	187,319
Profit for the period	-	-	9,902	-	-	9,902	(35)	9,867
Other comprehensive income	-	-	-	-	8,379	8,379	71	8,450
Total comprehensive income for the period	-	-	9,902	-	8,379	18,281	36	18,317
Dividends recognized as distributions to owners	-	-	(2,510)	-	-	(2,510)	(566)	(3,076)
Increase (decrease) through treasury stock transactions	-	(18)	-	(2,433)	-	(2,450)	-	(2,450)
Cancellation of treasury stock	-	(35,616)	-	35,616	-	-	-	-
Increase (decrease) through share-based payment transactions	-	10	-	-	6	16	-	16
Transfer to capital surplus from retained earnings	-	35,622	(35,622)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	167	-	-	-	167	233	400
Changes resulting from loss of control of subsidiaries	-	-	-	-	(52)	(52)	(2,925)	(2,977)
Increase (decrease) through transfers and other changes	-	416	193	-	(193)	416	186	603
As of June 30, 2020	10,397	15,817	135,527	(11,956)	44,567	194,353	3,797	198,151

(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, 2021	10,397	16,282	151,747	(15,061)	60,346	223,711	4,948	228,659
Profit for the period	-	-	14,455	-	-	14,455	186	14,641
Other comprehensive income	-	-	-	-	3,415	3,415	0	3,415
Total comprehensive income for the period	-	-	14,455	-	3,415	17,870	186	18,056
Dividends recognized as distributions to owners	-	-	(3,906)	-	-	(3,906)	(211)	(4,117)
Increase (decrease) through treasury stock transactions	-	(58)	-	(5,692)	(201)	(5,951)	-	(5,951)
Increase (decrease) through share-based payment transactions	-	8	-	-	69	77	-	77
Transfer to capital surplus from retained earnings	-	52	(52)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	-	-	-	-	-	110	110
Changes resulting from loss of control of subsidiaries	-	-	-	-	-	-	(482)	(482)
Increase (decrease) through transfers and other changes	-	0	-	-	-	0	130	130
As of June 30, 2021	10,397	16,284	162,243	(20,753)	63,629	231,800	4,680	236,481

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Operating activities		
Profit before tax	14,462	17,626
Depreciation and amortization	1,333	1,429
Profit for transfer from business divestitures	(2,045)	-
Gain on sales of shares of subsidiaries and associates	(7,889)	(411)
Impairment loss	-	286
Interest and dividend income	(1,464)	(2,585)
Interest expenses	16	18
Share of loss (profit) of associates accounted for using the equity method	708	(9,403)
Decrease (increase) in trade and other current receivables	906	7,805
Increase (decrease) in trade and other current payables	(3,370)	(3,858)
Increase (decrease) in advances received	4,367	(2,893)
Other, net	(1,793)	(1,530)
Subtotal	5,231	6,486
Dividends received	1,444	2,564
Interest paid	(12)	(14)
Interest received	20	21
Income tax paid	(344)	(1,080)
Income tax refund	10	6
Net cash flows from (used in) operating activities	6,349	7,982
Investing activities		
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	45	-
Sales of subsidiaries or other businesses, net of cash acquired	(191)	(974)
Purchase of shares of associates	(200)	-
Proceeds from sales and redemption of investment securities	1,690	6
Purchases of investment securities	(198)	(1,667)
Acquisition of property and equipment	(3,275)	(48)
Acquisition of intangible assets	(1,594)	(1,674)
Other, net	29	80
Net cash flows from (used in) investing activities	(3,695)	(4,278)
Financing activities		
Proceeds from borrowings	20,000	-
Repayments of borrowings	(3,000)	-
Repayments of lease liabilities	(708)	(723)
Cash dividends paid	(2,425)	(3,810)
Proceeds from share issuance to non-controlling interests	400	-
Cash dividends paid to non-controlling shareholders	(566)	(211)
Proceeds from disposition of treasury stock	3	4
Purchase of treasury stock	(2,445)	(5,949)
Net cash flows from (used in) financing activities	11,259	(10,689)
Net increase (decrease) in cash and cash equivalents	13,913	(6,984)
Cash and cash equivalents at beginning of period	73,536	97,301
Effect of exchange rate changes on cash and cash equivalents	(42)	27
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(4,374)	-
Cash and cash equivalents at end of period	83,033	90,344

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes to Condensed Consolidated Financial Statements

1. Additional information

(Important accounting estimates)

There are no major changes to the assumptions related to the impact of the spread of COVID-19 on the professional baseball business stated in “Notes to Consolidated Financial Statements 10. Goodwill” in the Securities Report from the fiscal year ended March 31, 2021.

2. 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 four reportable segments of the Group are classified as the “Game Business,” “Sports Business,” “Live Streaming Business” and “Healthcare 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: Distribution of game apps, Mobage, etc.
Sports Business	Sports-related services (provided in Japan) Principal services: Yokohama DeNA BayStars Baseball Club, operation of the Yokohama Stadium, Kawasaki Brave Thunders, etc.
Live Streaming Business	Live streaming-related services (provided in Japan and internationally) Principal services: Pococha, etc.
Healthcare Business	Healthcare-related services (provided in Japan) Principal services: MYCODE, kencom, etc.
New Businesses and Others	New businesses and other services (provided in Japan) Principal business domains: IP-generating platform business, E-commerce business, other new businesses, etc.

2) Revenue, profit or loss, and other items by reportable segment

Accounting policies for reportable segments are identical to those of the Group in the consolidated financial statements for the fiscal year ended March 31, 2021.

Intersegment revenue is calculated based on external market prices.

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

For the three months ended June 30, 2020
(From April 1, 2020 to June 30, 2020)

(Millions of yen)

	Game Business	Sports Business	Live Streaming Business*2	Healthcare Business	New Businesses and Others *3	Adjustments *4	Total
Revenue							
Revenue from external customers	21,227	1,185	5,742	446	1,441	—	30,041
Intersegment revenue	4	25	—	—	138	(168)	—
Total	21,231	1,211	5,742	446	1,579	(168)	30,041
Segment profit (loss)*1	4,608	(2,082)	766	(373)	(152)	(192)	2,576
Other income (expenses), net							9,994
Operating profit							12,570
Finance income (costs), net							2,599
Share of profit (loss) of associates accounted for using the equity method							(708)
Profit before tax							14,462

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

2 The Company transferred a portion of its shares in SHOWROOM, Inc., which operates SHOWROOM in the “live streaming business” on June 30, 2020, and lost control in the said company. Accordingly, SHOWROOM, Inc. has become the Company’s associate accounted for using the equity method.

3 “New Businesses and Others” refer to operating segments that do not fall into any of the reportable segments, including IP-generating platform business, E-commerce business, and other new businesses.

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 three months ended June 30, 2021
(From April 1, 2021 to June 30, 2021)

(Millions of yen)

	Game Business	Sports Business	Live Streaming Business*2	Healthcare Business	New Businesses and Others *3	Adjustments *4	Total
Revenue							
Revenue from external customers	18,760	5,799	7,945	422	1,127	—	34,054
Intersegment revenue	2	21	—	—	—	(23)	—
Total	18,762	5,820	7,945	422	1,127	(23)	34,054
Segment profit (loss)*1	3,323	1,024	1,640	(379)	(60)	(743)	4,806
Other income (expenses), net							665
Operating profit							5,471
Finance income (costs), net							2,752
Share of profit (loss) of associates accounted for using the equity method							9,403
Profit before tax							17,626

- (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, E-commerce business, and other new businesses.
- 3 Adjustments in segment profit (loss) represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

3. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the three months ended June 30, 2020 and 2021 are as follows:

	Three months ended June 30, 2020 (From April 1, 2020 to June 30, 2020)	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)
Profit for the period attributable to owners of the parent (Millions of yen)	9,902	14,455
Weighted average number of common shares outstanding during the period—basic (Shares)	123,993,459	120,642,250
Effect of dilutive potential common shares: Stock options, etc. (Shares)	161,113	204,772
Weighted average number of common shares outstanding during the period—diluted (Shares)	124,154,572	120,847,022
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	79.86	119.81
Diluted earnings per share	79.75	119.61

4. Investments accounted for using the equity method

Mobility Technologies Co., Ltd. (Headquarters: Minato-ku, Tokyo; Representative Director & President: Hiroshi Nakajima), an associate of the Company accounted for using the equity method, conducted a capital increase through a third-party allotment during the three months ended June 30, 2021. As a result, share of profit (loss) of associates accounted for using the equity method of ¥4,368 million was recorded in the condensed consolidated income statement during the three months ended June 30, 2021.

5. Significant subsequent events

The overviews of the business combination which occurred after the three months ended June 30, 2021 are as stated below.

(Acquisition of IRIAM Inc. Shares)

(1) Overview of the business combination

1) Company name and description of business of the acquired company

Company name of the acquired company: IRIAM Inc.

Description of business: Live streaming business

2) Main reason for the business combination

The Company views the Live Streaming Business as a business in the growth phase, and in August 2020 the Company invested in IRIAM Inc., which operates the anime character live streaming service IRIAM, making IRIAM Inc. its equity-method affiliate. While, both companies have built a cooperative relationship, including sharing service operations know-how and fostering exchange between personnel, etc., the Company has decided to make an additional share acquisition to further promote the sharing and utilization of both sides' live streaming service operations know-how and management resources and to further grow the business and business value.

3) Scheduled acquisition date: August 2, 2021

4) Method of acquiring control: Share acquisition

5) Percentage of voting rights acquired: 100.0% (Percentage of voting rights prior to acquisition: 20.0%)

(2) Consideration paid for the acquisition and its breakdown

The consideration paid for the acquisition was ¥12,000 million in cash.

(Note) This amount was rationally estimated, including conditional consideration.

(3) Other matters

As of the approval date of the condensed consolidated financial statements, the impact of this acquisition on the second quarter of the fiscal year ending March 31, 2022 was still under review, given that the calculation of fair value of the assets acquired and the liabilities assumed were not completed. However, the Company expects to record approximately ¥2.3 billion in “other income” in the consolidated statement of income. The Company also expects goodwill of approximately ¥14.2 billion to accrue.

(Acquisition of Nippontect Systems Co., Ltd. Shares)

(1) Overview of the business combination

1) Company name and description of business of the company to be acquired

Company name of the company to be acquired: Nippontect Systems Co., Ltd.

Description of business: Healthcare business

2) Main reason for the business combination

The Company and the acquired company aim to further grow their businesses by making maximum use of each company’s strengths and management resources. Specifically, the companies will accelerate the initiatives for elderly people, which are their strengths, enhance services through coordination with existing services, and advance the creation of evidence. Through these initiatives, the companies will work to extend healthy lifespans in a super-aging society and solve social problems.

3) Scheduled acquisition date: September 1, 2021

4) Method of acquiring control: Share acquisition through a simple share exchange

5) Percentage of voting rights to be acquired: 100.0% (Percentage of voting rights prior to acquisition: 0.0%)

(2) Allotment in this share exchange

1) Share exchange ratio and the number of shares to be furnished by class of stock

	DeNA Co., Ltd. (Wholly-owning parent company through the share exchange)	Nippontect Systems Co., Ltd. (Wholly-owned subsidiary through the share exchange)
Share exchange allotment ratio for common stock	1	175.26
No. of shares furnished in share exchange	DeNA treasury shares: 1,465,173 shares	

2) Calculation method for share exchange ratio

Calculations were conducted upon consultation among the relevant parties based on the results of calculations by the third-party appraiser.

(3) Other matters

The impact of this acquisition on the second quarter of the fiscal year ending March 31, 2022 is still under review. However, the Company expects goodwill of approximately ¥3.0 billion to accrue.