

The following information was originally prepared and published by the Company 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.

Consolidated Financial Results for the Six Months Ended September 30, 2022 [IFRS]

November 8, 2022

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

URL: <https://dena.com/intl/>

Representative: Shingo Okamura, President & CEO

Contact: Takaaki Otani, Head of the Corporate Unit

Phone: +81-3-6758-7200

Scheduled date of filing quarterly securities report: November 9, 2022

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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	71,223	4.6	7,076	(47.0)	16,347	(41.3)	11,532	(49.9)
Six months ended September 30, 2021	68,085	(1.0)	13,345	(36.2)	27,834	6.7	22,997	15.5

	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, 2022	11,090	(51.1)	6,967	(50.7)	94.22	94.13
Six months ended September 30, 2021	22,684	18.4	14,144	(66.6)	189.82	189.59

(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, 2022	352,271	244,818	237,479	67.4
As of March 31, 2022	340,570	244,907	240,626	70.7

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, 2022	—	0.00	—	39.00	39.00
Fiscal year ending March 31, 2023	—	0.00			
Fiscal year ending March 31, 2023 (Forecast)			—	—	—

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

2. The dividend forecast for the fiscal year ending March 31, 2023 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

The consolidated financial results forecast for the fiscal year ending March 31, 2023 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, the Company aims to achieve a year-on-year increase in revenue and operating profit with the exception of one-off gains and losses. For the major factors related to performance that are expected to impact the trends of each business, please refer to “1. Overview of Operating Results and Financial Position (1) Overview of Operating Results for Fiscal 2021 (Outlook for Fiscal 2022),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS],” announced on May 10, 2022.

* Notes

(1) Changes in Significant Subsidiaries during the Period under Review (changes in specified subsidiaries accompanying changes in scope of consolidation): Yes

Added: 1 (DATA HORIZON CO., LTD.)

Excluded: None

(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, 2022	130,210,945 shares
As of March 31, 2022	130,210,945 shares

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

As of September 30, 2022	14,368,805 shares
As of March 31, 2022	11,674,919 shares

3) Average number of shares during the period:

Six months ended September 30, 2022	117,699,544 shares
Six months ended September 30, 2021	119,500,509 shares

(Note) The 186,479 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, 2022, and the 191,158 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, 2022.

* 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, 2023 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 November 8, 2022. The briefing materials for this session are scheduled to be posted on the Company's website after the timely disclosure of the Consolidated Financial Results for the Six Months Ended September 30, 2022 on the same date. 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.

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

The Group has 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 kind of tech company, including encouraging synergy between the two approaches. The Group has also been working to establish an even stronger business portfolio.

During the six months ended September 30, 2022 (from April 1, 2022 to September 30, 2022), revenue was ¥71,223 million, up 4.6% year-on-year. While revenue decreased year-on-year in the Game Business, the Sports Business recovered and the Live Streaming Business grew.

Cost of sales was ¥35,834 million, up 11.6% year-on-year. In addition to an increase in commission fees, which fluctuate in line with the performance of the Live Streaming Business and the Game Business, etc., personnel expenses increased due to the release of new game titles since the six months ended September 30, 2021. In addition, expenses for the recovery of the Sports Business and new consolidation of DATA HORIZON CO., LTD. increased.

Selling, general and administrative expenses were ¥28,817 million, up 2.0% year-on-year. Sales promotion expenses and advertising expenses increased primarily for the Live Streaming Business, while commission fees declined, reflecting the performance of the Game Business.

Other income, net was ¥505 million, compared to ¥5,605 million for the same period of the previous fiscal year. In the same period of the previous fiscal year, other income included a gain on step acquisitions due to the acquisition of all the shares of IRIAM Inc., as well as compensation for loss mainly due to the suspension of operations of the Yokohama DeNA BayStars Baseball Club, Inc.

Share of profit of associates accounted for using the equity method was ¥604 million, down 95.1% year-on-year. The main factors of the year-on-year fluctuation included the performance trends of Cygames, Inc., a major associate accounted for using the equity method, as well as the recording of a one-time gain from the capital increase of Mobility Technologies Co., Ltd. through a third-party allotment in the same period of the previous fiscal year.

As a result, revenue of the DeNA Group was ¥71,223 million, up 4.6% year-on-year, operating profit was ¥7,076 million, down 47.0% year-on-year, profit before tax was ¥16,347 million, down 41.3% year-on-year, and profit for the period attributable to owners of the parent was ¥11,090 million, down 51.1% year-on-year.

Business performance by segment is as follows.

Further, from the six months ended September 30, 2022, the segment previously reported as the “Healthcare Business” has been changed to the “Healthcare & Medical Business.”

1) Game Business

Revenue of the Game Business was ¥32,700 million, down 15.7% year-on-year, and segment profit was ¥4,014 million, down 37.3% year-on-year.

During the six months ended September 30, 2022, both revenue and profit decreased as operations were centered on existing titles and virtual currency consumption decreased year-on-year. To strengthen the earnings base, in addition to the release of new titles, the Company continues to strive to make the cost structure more robust and optimize fixed costs.

2) Live Streaming Business

Revenue of the Live Streaming Business was ¥19,590 million, up 17.0% year-on-year, and segment loss was ¥358 million, compared with segment profit of ¥2,888 million for the same period of the previous fiscal year.

During the six months ended September 30, 2022, Pochocha continued to perform solidly in Japan. In addition, the global Pochocha service as well as the anime character live streaming service IRIAM saw good usage trends. The Company made proactive growth investments in these areas.

3) Sports Business

Revenue of the Sports Business was ¥15,800 million, up 67.4% year-on-year, and segment profit was ¥4,614 million, up 559.3% year-on-year.

Although the current situation still requires close attention to COVID-19 trends, the performance of the Sports Business recovered significantly compared to the same period of the previous fiscal year, during which the number of spectators had to be restricted.

4) Healthcare & Medical Business

Revenue of the Healthcare & Medical Business was ¥1,811 million, up 68.5% year-on-year, and segment loss was ¥912 million, compared with segment loss of ¥534 million for the same period of the previous fiscal year.

During the six months ended September 30, 2022, the performance of “kencom” and other related businesses in the healthcare service field was solid. The Company also made progress in strategic initiatives for medium- to long-term growth, including M&A. Of these, DATA HORIZON CO., LTD. became a consolidated subsidiary of the Company on August 3, 2022.

5) New Businesses and Others

Revenue of the New Businesses and Others was ¥1,360 million, down 33.7% year-on-year, and segment loss was ¥369 million, compared with segment loss of ¥116 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 six months ended September 30, 2022 were ¥352,271 million, an increase of ¥11,702 million compared to the end of the previous fiscal year.

Current assets were ¥137,077 million, an increase of ¥26,657 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥32,896 million.

Non-current assets were ¥215,194 million, representing a decrease of ¥14,955 million compared to the end of the previous fiscal year. This was due mainly to a decrease in other non-current financial assets by ¥53,183 million and an increase in investments accounted for using the equity method by ¥25,329 million.

Total liabilities at the end of the six months ended September 30, 2022 amounted to ¥107,454 million, an increase of ¥11,791 million compared to the end of the previous fiscal year.

Current liabilities were ¥77,356 million, representing an increase of ¥21,331 million compared to the end of the previous fiscal year. This was due mainly to an increase in borrowings by ¥16,300 million.

Non-current liabilities stood at ¥30,098 million, representing a decrease of ¥9,540 million compared to the end of the previous fiscal year. This was due mainly to a decrease of ¥9,323 million in deferred tax liabilities.

Total equity at the end of the six months ended September 30, 2022 was ¥244,818 million, representing a decrease of ¥89 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥33,200 million in retained earnings and a decrease of ¥31,185 million in other components of equity.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 177.2% and 67.4%, respectively, at the end of the six months ended September 30, 2022.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the six months ended September 30, 2022 increased by ¥32,896 million to ¥111,192 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, 2022 was ¥12,196 million, compared to a cash inflow of ¥12,821 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥16,347 million in profit before tax.

(Investing activities)

Net cash provided by investing activities for the six months ended September 30, 2022 was ¥13,359 million, compared to a cash outflow of ¥17,625 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥50,090 million in proceeds from sales and redemption of investment securities. The principal cash outflow factor was ¥24,924 million for the purpose of acquiring related company shares.

(Financing activities)

Net cash provided by financing activities for the six months ended September 30, 2022 was ¥5,196 million, compared to a cash outflow of ¥16,567 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥15,700 million in proceeds from borrowings. The principal cash outflow factor was ¥5,169 million for the purpose of repurchasing own shares.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2023 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, the Company aims to achieve a year-on-year increase in revenue and operating profit with the exception of one-off gains and losses.

For the major factors related to performance that are expected to impact the trends of each business, please refer to “1. Overview of Operating Results and Financial Position (1) Overview of Operating Results for Fiscal 2021 (Outlook for Fiscal 2022),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS],” announced on May 10, 2022.

In addition, the Company will promptly disclose any future events requiring disclosure with regard to M&A and other activities announced during the six months ended September 30, 2022.

2. Condensed Consolidated Financial Statements and Principal Notes

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and cash equivalents	78,296	111,192
Trade and other current receivables	24,463	19,217
Other current financial assets	237	406
Other current assets	7,424	6,263
Total current assets	110,420	137,077
Non-current assets		
Property and equipment	2,380	3,076
Right-of-use assets	18,099	17,700
Goodwill	17,451	27,710
Intangible assets	13,148	15,051
Investments accounted for using the equity method	55,893	81,223
Other non-current financial assets	122,205	69,022
Deferred tax assets	539	839
Other non-current assets	433	572
Total non-current assets	230,150	215,194
Total assets	340,570	352,271

	(Millions of yen)	
	As of March 31, 2022	As of September 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	19,263	18,894
Borrowings	20,022	36,322
Lease liabilities	1,601	1,422
Income tax payables	639	12,079
Provisions	2,480	2,314
Other current financial liabilities	641	633
Other current liabilities	11,378	5,692
Total current liabilities	56,025	77,356
Non-current liabilities		
Borrowings	124	113
Lease liabilities	6,522	6,482
Provisions	225	220
Other non-current financial liabilities	357	421
Deferred tax liabilities	31,987	22,664
Other non-current liabilities	423	198
Total non-current liabilities	39,638	30,098
Total liabilities	95,663	107,454
Equity		
Common stock	10,397	10,397
Capital surplus	16,077	16,058
Retained earnings	177,997	211,197
Treasury stock	(22,819)	(27,963)
Other components of equity	58,975	27,790
Total equity attributable to owners of the parent	240,626	237,479
Non-controlling interests	4,280	7,339
Total equity	244,907	244,818
Total liabilities and equity	340,570	352,271

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Revenue	68,085	71,223
Cost of sales	(32,105)	(35,834)
Gross profit	35,980	35,389
Selling, general and administrative expenses	(28,240)	(28,817)
Other income	6,001	617
Other expenses	(396)	(112)
Operating profit	13,345	7,076
Finance income	2,870	8,749
Finance costs	(684)	(82)
Share of profit of associates accounted for using the equity method	12,303	604
Profit before tax	27,834	16,347
Income tax expense	(4,837)	(4,815)
Profit for the period	22,997	11,532
Attributable to:		
Owners of the parent	22,684	11,090
Non-controlling interests	313	442
Profit for the period	22,997	11,532
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	189.82	94.22
Diluted earnings per share	189.59	94.13

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit for the period	22,997	11,532
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	(8,584)	(5,287)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(8,584)	(5,287)
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	(179)	406
Cash flow hedges	-	323
Other	(90)	(7)
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(269)	721
Other comprehensive income, net of tax	(8,853)	(4,565)
Total comprehensive income for the period	14,144	6,967
Attributable to:		
Owners of the parent	13,831	6,524
Non-controlling interests	313	442
Total comprehensive income for the period	14,144	6,967

(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, 2021	10,397	16,282	151,747	(15,061)	60,346	223,711	4,948	228,659
Profit for the period	-	-	22,684	-	-	22,684	313	22,997
Other comprehensive income	-	-	-	-	(8,853)	(8,853)	0	(8,853)
Total comprehensive income for the period	-	-	22,684	-	(8,853)	13,831	313	14,144
Dividends recognized as distributions to owners	-	-	(3,906)	-	-	(3,906)	(211)	(4,117)
Increase (decrease) through treasury stock transactions	-	(58)	-	(10,611)	(201)	(10,870)	-	(10,870)
Changes resulting from share exchanges	-	6	-	2,831	-	2,837	-	2,837
Increase (decrease) through share-based payment transactions	-	14	-	-	87	100	-	100
Transfer to capital surplus from retained earnings	-	52	(52)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	(208)	-	-	-	(208)	471	262
Changes resulting from loss of control of subsidiaries	-	-	-	-	-	-	(482)	(482)
Increase (decrease) through transfers and other changes	-	0	(16)	-	-	(16)	100	84
As of September 30, 2021	10,397	16,088	170,457	(22,841)	51,379	225,479	5,138	230,617

(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, 2022	10,397	16,077	177,997	(22,819)	58,975	240,626	4,280	244,907
Profit for the period	-	-	11,090	-	-	11,090	442	11,532
Other comprehensive income	-	-	-	-	(4,566)	(4,566)	0	(4,565)
Total comprehensive income for the period	-	-	11,090	-	(4,566)	6,524	442	6,967
Dividends recognized as distributions to owners	-	-	(4,623)	-	-	(4,623)	(186)	(4,809)
Increase (decrease) through treasury stock transactions	-	(23)	-	(5,144)	(4)	(5,170)	-	(5,170)
Increase (decrease) through share-based payment transactions	-	20	-	-	75	95	-	95
Transfer to capital surplus from retained earnings	-	6	(6)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	86	-	-	-	86	495	581
Changes resulting from obtaining of control of subsidiaries	-	-	-	-	50	50	2,243	2,293
Increase (decrease) through transfers and other changes	-	(110)	26,740	-	(26,740)	(110)	64	(46)
As of September 30, 2022	10,397	16,058	211,197	(27,963)	27,790	237,479	7,339	244,818

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2021	Six months ended September 30, 2022
Operating activities		
Profit before tax	27,834	16,347
Depreciation and amortization	2,810	2,560
Profit for transfer from business divestitures	(197)	-
Gain on sales of shares of subsidiaries and associates	(411)	-
Impairment loss	299	-
Loss (gain) on investments in securities	642	(4,609)
Interest and dividend income	(2,606)	(2,548)
Interest expenses	42	55
Share of loss (profit) of associates accounted for using the equity method	(12,303)	(604)
Loss (gain) on step acquisitions	(2,273)	-
Decrease (increase) in trade and other current receivables	6,417	6,384
Increase (decrease) in trade and other current payables	(1,463)	(2,463)
Increase (decrease) in advances received	(4,377)	(7,081)
Other, net	(3,052)	1,597
Subtotal	11,361	9,639
Dividends received	2,586	2,545
Interest paid	(33)	(37)
Interest received	21	40
Income tax paid	(1,174)	(969)
Income tax refund	59	978
Net cash flows from (used in) operating activities	12,821	12,196
Investing activities		
Proceeds from acquisition of subsidiaries or other businesses, net of cash disposed of	232	-
Acquisition of subsidiaries or other businesses, net of cash acquired	(11,526)	(6,606)
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	198	-
Sales of subsidiaries or other businesses, net of cash acquired	(974)	-
Purchase of shares of associates	(309)	(24,924)
Proceeds from sales and redemption of investment securities	31	50,090
Purchases of investment securities	(2,029)	(1,479)
Acquisition of property and equipment	(277)	(288)
Acquisition of intangible assets	(3,120)	(3,125)
Payments for asset retirement obligations	-	(104)
Other, net	149	(204)
Net cash flows from (used in) investing activities	(17,625)	13,359
Financing activities		
Proceeds from borrowings	-	15,700
Repayments of borrowings	(3)	(11)
Repayments of lease liabilities	(1,586)	(1,040)
Cash dividends paid	(3,904)	(4,621)
Proceeds from share issuance to non-controlling interests	-	500
Cash dividends paid to non-controlling interests	(211)	(182)
Proceeds from disposition of treasury stock	4	20
Purchase of treasury stock	(10,868)	(5,169)
Net cash flows from (used in) financing activities	(16,567)	5,196
Net increase (decrease) in cash and cash equivalents	(21,371)	30,751
Cash and cash equivalents at beginning of period	97,301	78,296
Effect of exchange rate changes on cash and cash equivalents	(72)	2,144
Cash and cash equivalents at end of period	75,859	111,192

(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 four reportable segments of the Group are classified as the “Game Business,” “Live Streaming Business,” “Sports Business” and “Healthcare & Medical Business.”

Effective from the six months ended September 30, 2022, the name of the reportable segment that was previously “Healthcare Business” has been changed to “Healthcare & Medical Business.” This change is a change in the name of the reportable segment and has no impact on segment information. Segment information for the six months ended September 30, 2021 is also presented under the new name.

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.
Live Streaming Business	Live streaming-related services (provided in Japan and internationally) Principal services: Pococha, IRIAM, 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.
Healthcare & Medical Business	Healthcare and medical-related services (provided in Japan) Principal services: Provision of health big data-related services, MYCODE, etc.
New Businesses and Others	New businesses and other services (provided in Japan) Principal business domains: 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, 2022.

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 six months ended September 30, 2021

(From April 1, 2021 to September 30, 2021)

(Millions of yen)

	Game Business	Live Streaming Business *2	Sports Business	Healthcare & Medical Business	New Businesses and Others *3	Adjustments *4	Total
Revenue							
Revenue from external customers	38,801	16,748	9,415	1,075	2,046	—	68,085
Intersegment revenue	7	—	24	—	5	(36)	—
Total	38,808	16,748	9,439	1,075	2,051	(36)	68,085
Segment profit (loss)*1	6,398	2,888	700	(534)	(116)	(1,596)	7,740
Other income (expenses), net							5,605
Operating profit							13,345
Finance income (costs), net							2,186
Share of profit of associates accounted for using the equity method							12,303
Profit before tax							27,834

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

2 The Company acquired all the shares of IRIAM Inc., which operates IRIAM, on August 2, 2021, to make it a consolidated subsidiary of the Company. Accordingly, IRIAM has been included in the "Live Streaming Business" from the six months ended September 30, 2022.

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 six months ended September 30, 2022
(From April 1, 2022 to September 30, 2022)

(Millions of yen)

	Game Business	Live Streaming Business	Sports Business	Healthcare & Medical Business *2	New Businesses and Others *3	Adjustments *4	Total
Revenue							
Revenue from external customers	32,687	19,590	15,784	1,809	1,353	—	71,223
Intersegment revenue	14	—	16	2	7	(39)	—
Total	32,700	19,590	15,800	1,811	1,360	(39)	71,223
Segment profit (loss)*1	4,014	(358)	4,614	(912)	(369)	(418)	6,572
Other income (expenses), net							505
Operating profit							7,076
Finance income (costs), net							8,666
Share of profit of associates accounted for using the equity method							604
Profit before tax							16,347

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

2 Effective August 3, 2022, DATA HORIZON CO., LTD. became a consolidated subsidiary of the Company. As a result, the company's results have been included in the "Healthcare & Medical Business" segment from the six months ended September 30, 2022.

3 "New Businesses and Others" refer to operating segments that do not fall into any of the reportable segments, including E-commerce business and other new businesses. The IP-generating platform business, which was included in "New Businesses and Others" in the fiscal year ended March 31, 2022, is not included in the results for the six months ended September 30, 2022. This is because the Company transferred all its shares in Everystar Co., Ltd., a company operating the EVERYSTAR novel posting website as part of the same business, on December 14, 2021, and lost control in the said company.

4 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, 2021 and 2022 are as follows:

	Six months ended September 30, 2021 (From April 1, 2021 to September 30, 2021)	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)
Profit for the period attributable to owners of the parent (Millions of yen)	22,684	11,090
Weighted average number of common shares outstanding during the period—basic (Shares)	119,500,509	117,699,544
Effect of dilutive potential common shares: Stock options, etc. (Shares)	148,949	108,620
Weighted average number of common shares outstanding during the period—diluted (Shares)	119,649,458	117,808,164
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	189.82	94.22
Diluted earnings per share	189.59	94.13

3. Significant subsequent events

(Additional acquisition of shares of Allm Inc.)

1) Overview of the share acquisition

The Company passed a resolution at a meeting of the Board of Directors held on August 24, 2022, to conduct share delivery whereby the Company became a share delivery parent company while Allm Inc. (“Allm”) became a share delivery subsidiary company, and thereafter has been engaged in preparation of a share delivery plan. On October 3, 2022, the share delivery took effect whereby Allm became a consolidated subsidiary of the Company on the same date.

Allm had been the Company’s associate accounted for using the equity method since July 2022.

(1) Company name and description of business of the investee company

- (i) Company name: Allm Inc.
- (ii) Description of business: Medical and healthcare-related mobile ICT business
Community-based comprehensive care promotion business
Business incubation

(2) Main reason for the share acquisition

The Company has been working to build up long-term business value in the serve approach, and is further accelerating its strategy for mid- to long-term growth. The Company believes that making Allm, a medical ICT venture company, a subsidiary in the future will accelerate the said company’s growth, and contribute to the enhancement of corporate value in the serve approach by proactively working to create synergies with the Company’s business.

(3) Acquisition date: October 3, 2022

(4) Method of acquiring control: Share delivery

(5) Percentage of voting rights acquired: 52.3% (percentage of voting rights previously held: 48.2%)

2) Share delivery ratio by class of shares, its calculation method and the number of shares delivered

(1) Share delivery ratio by class of shares

5.48 shares of common stock of the Company plus ¥2,571 for each common share of Allm

(2) Method used for calculating/determining the share delivery ratio

In determining the share delivery ratio to be used in this share delivery, the Company appointed an expert as third party appraisal institution independent from the Company as well as from Allm, in order to ensure fairness and adequacy of the ratio, and obtained on August 23, 2022 the report on the determination of the share delivery ratio for this transaction. Following careful review and comprehensive assessment of the calculation of the share delivery ratio concerning the shares of Allm, submitted from the expert, a third party appraisal institution independent from the Company as well as from Allm, along with other factors such as financial position, asset status and business outlook at both parties, the Company came to the conclusion that the share delivery ratio presented in “(1) Share delivery ratio by class of shares” above was appropriate as it was well within the range of share delivery ratio proposed by the expert, and unlikely to compromise shareholder interest.

3) Consideration paid for the acquisition and its breakdown

Fair value at the acquisition date of the acquired company's shares held immediately prior to the acquisition date:	22,787 million yen
Cash consideration paid for the acquisition for additional shares of the acquired company:	398 million yen
Fair value of the shares of the Company delivered:	1,554 million yen
Consideration paid for the acquisition:	24,739 million yen

4) Loss on step acquisitions

Valuation loss of ¥335 million resulting from the fair value measurement of the shares of Allm held by the Company prior to the additional acquisition, is scheduled to be recorded as loss on step acquisitions in “other expenses” in the condensed consolidated income statement.

5) The amount of and the reason behind the goodwill that arose

(1) Amount of the goodwill that arose: ¥21,699 million

It is based on a provisional accounting treatment since the calculation of the fair value of the assets acquired and the liabilities assumed as of the acquisition date has not been completed as of the approval date of the condensed consolidated financial statements.

(2) Reason behind the goodwill that arose

It arose due to reasonable estimation of excess earning power expected from the future business development.

6) Fair value of the assets acquired and the liabilities assumed on the date of business combinations

	Fair value (Millions of yen)
Current assets	6,220
Non-current assets	1,644
Total assets	7,863
Current liabilities	1,518
Non-current liabilities	313
Total liabilities	1,831

(Note) Cash and cash equivalents of ¥4,849 million is included here. It is based on a provisional accounting treatment since the calculation of the fair value of the assets acquired and the liabilities assumed as of the acquisition date has not been completed as of the approval date of the condensed consolidated financial statements.