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Consolidated Financial Results for the Six Months Ended September 30, 2020 [IFRS]

November 10, 2020

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

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

Representative: Isao Moriyasu, President & CEO

Contact: Jun Oi, Managing Executive Officer (CFO), Head of the Corporate Unit

Phone: +81-3-6758-7200

Scheduled date of filing quarterly securities report: November 11, 2020

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, 2020 (from April 1, 2020 to September 30, 2020)

(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, 2020	68,796	5.4	20,919	314.7	26,097	246.7	19,908	304.6
Six months ended September 30, 2019	65,250	(4.3)	5,044	(52.7)	7,528	(46.8)	4,920	(51.7)

	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, 2020	19,154	299.2	42,356	178.5	154.75	154.54
Six months ended September 30, 2019	4,799	(50.4)	15,208	326.8	33.07	33.04

(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, 2020	318,829	223,052	217,591	68.2
As of March 31, 2020	255,740	187,319	180,486	70.6

2. Dividends

	Dividends per share				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total
Fiscal year ended March 31, 2020	Yen —	Yen 0.00	Yen —	Yen 20.00	Yen 20.00
Fiscal year ending March 31, 2021	—	0.00			
Fiscal year ending March 31, 2021 (Forecast)			—	—	—

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

2. The dividend forecast for the fiscal year ending March 31, 2021 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

The consolidated financial results forecast for the fiscal year ending March 31, 2021 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, in light of various factors including the results for the six months ended September 30, 2020, the Company expects to record a profit on all profit levels.

* 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 September 30, 2020	130,210,945 shares
As of March 31, 2020	150,810,033 shares

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

As of September 30, 2020	6,718,442 shares
As of March 31, 2020	25,310,018 shares

3) Average number of shares during the period:

Six months ended September 30, 2020	123,778,764 shares
Six months ended September 30, 2019	145,092,779 shares

(Note) The 207,895 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, 2020, and the 211,583 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, 2020.

* 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, 2021 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 10, 2020. The briefing materials to be distributed at the 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 six months ended September 30, 2020 (from April 1, 2020 to September 30, 2020), the Group made efforts to enhance corporate value over the mid to long term by ensuring healthy profitability and creating new hit titles in its Game Business, while making optimal growth investments in new business areas to realize a stronger business portfolio.

During the six months ended September 30, 2020, revenue increased year-on-year. While revenue decreased year-on-year in the Sports Business due to the impact of the spread of the novel coronavirus disease (COVID-19), revenue increased in the Live Streaming Business and the Game Business.

Cost of sales and selling, general and administrative expenses in total decreased year-on-year. Expenses including commission fees in cost of sales increased in line with the performance of the Game Business and the Live Streaming Business, while depreciation decreased in line with the decrease in intangible assets year-on-year. Expenses related to the Sports Business and the former Automotive Business also decreased year-on-year.

In other income, during the six months ended September 30, 2020, 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.

As a result, revenue of the DeNA Group was ¥68,796 million, up 5.4% year-on-year, operating profit was ¥20,919 million, up 314.7% year-on-year, profit before tax was ¥26,097 million, up 246.7% year-on-year, and profit for the period attributable to owners of the parent was ¥19,154 million, up 299.2% year-on-year.

Business performance by segment is as follows.

During the three months ended June 30, 2020, changes were made to the segment classification, and comparison and analysis of business performance by segment has been done after restatement to the revised segment classification. For details, please refer to “2. Condensed Consolidated Financial Statements and Principal Notes (7) Notes to Condensed Consolidated Financial Statements 2. Segment information 1) Outline of reportable segments.”

1) Game Business

Revenue of the Game Business was ¥46,673 million, up 13.4% year-on-year, and segment profit was ¥11,043 million, up 60.1% year-on-year.

During the six months ended September 30, 2020, both revenue and profit increased year-on-year due to steady performance of existing titles, contributions from titles that were launched in Japan and overseas in and after the previous fiscal year, and an increase in virtual currency consumption year-on-year.

2) Sports Business

Revenue of the Sports Business was ¥6,667 million, down 59.5% year-on-year, and segment loss was ¥1,024 million, compared with segment profit of ¥5,466 million for the same period of the previous fiscal year.

The Sports Business was impacted by the spread of COVID-19. The start of the official professional baseball games, which was late March in normal years, was delayed until June 19. At first, the games were played without spectators, and subsequently, the limit on the number of spectators allowed was eased in phases.

3) Live Streaming Business

Revenue of the Live Streaming Business was ¥11,508 million, up 202.5% year-on-year, and segment profit was ¥2,395 million, compared with segment loss of ¥724 million for the same period of the previous fiscal year.

In the Live Streaming Business, the Company has been proactively investing for growth since the period before the previous fiscal year, and there has been strong performance, mainly in Pococha.

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 ¥923 million, up 17.7% year-on-year, and segment loss was ¥714 million, compared with segment loss of ¥852 million for the same period of the previous fiscal year.

Existing services in the healthcare service field, including “MYCODE,” “kencom,” and “Aruite Otoku,” and other related businesses performed solidly. Meanwhile, the Company made prior investments, mainly in the research and development field.

5) New Businesses and Others

Revenue of the New Businesses and Others was ¥3,231 million, up 3.6% year-on-year, and segment loss was ¥211 million, compared with segment loss of ¥3,695 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. The figures for the previous fiscal year include aggressive investments in the former Automotive Business.

(2) Overview of Financial Position and Cash Flows

1) Financial Position

Total assets at the end of the six months ended September 30, 2020 were ¥318,829 million, an increase of ¥63,090 million compared to the end of the previous fiscal year.

Current assets were ¥122,946 million, an increase of ¥14,853 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥17,092 million.

Non-current assets were ¥195,883 million, representing an increase of ¥48,236 million compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥31,839 million.

Total liabilities at the end of the six months ended September 30, 2020 amounted to ¥95,777 million, an increase of ¥27,356 million compared to the end of the previous fiscal year.

Current liabilities were ¥37,533 million, representing a decrease of ¥3,248 million compared to the end of the previous fiscal year. This was due mainly to a decrease in trade and other current payables by ¥3,020 million.

Non-current liabilities stood at ¥58,244 million, representing an increase of ¥30,604 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥20,000 million in borrowings.

Total equity at the end of the six months ended September 30, 2020 was ¥223,052 million, representing an increase of ¥35,734 million compared to the end of the previous fiscal year. This was primarily attributable to a decrease of ¥33,183 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 327.6% and 68.2%, respectively, at the end of the six months ended September 30, 2020.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the six months ended September 30, 2020 increased by ¥17,092 million to ¥90,629 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, 2020 was ¥15,325 million, compared to a cash inflow of ¥10,227 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥26,097 million in profit before tax.

(Investing activities)

Net cash used in investing activities for the six months ended September 30, 2020 was ¥4,989 million, compared to a cash outflow of ¥8,723 million in the same period of the previous fiscal year. The principal

cash outflow factor was ¥3,365 million in acquisition of property and equipment.

(Financing activities)

Net cash provided by financing activities for the six months ended September 30, 2020 was ¥11,380 million, compared to a cash outflow of ¥6,158 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥20,000 million in proceeds from borrowings.

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

As stated in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 [IFRS],” announced on May 14, 2020, the consolidated financial results forecast for the fiscal year ending March 31, 2021 has not been provided due to the difficulty of reasonably and accurately estimating the figures. However, in light of various factors including the results for the six months ended September 30, 2020, the Company expects to record a profit on all profit levels.

2. Condensed Consolidated Financial Statements and Principal Notes

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Assets		
Current assets		
Cash and cash equivalents	73,536	90,629
Trade and other current receivables	25,243	25,594
Income tax receivable	686	119
Other financial assets	2,296	1,021
Other current assets	6,331	5,582
Total current assets	108,093	122,946
Non-current assets		
Property and equipment	3,082	2,841
Right-of-use assets	21,378	19,958
Goodwill	5,883	5,883
Intangible assets	7,243	7,556
Investments accounted for using the equity method	22,378	40,158
Other non-current financial assets	86,832	118,672
Deferred tax assets	550	544
Other non-current assets	301	272
Total non-current assets	147,647	195,883
Total assets	255,740	318,829

	(Millions of yen)	
	As of March 31, 2020	As of September 30, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	25,348	22,328
Borrowings	3,000	-
Lease liabilities	2,708	2,802
Income tax payables	398	2,714
Other current financial liabilities	563	517
Other current liabilities	8,764	9,171
Total current liabilities	40,781	37,533
Non-current liabilities		
Borrowings	-	20,000
Lease liabilities	7,129	5,807
Provisions	980	930
Other non-current financial liabilities	954	337
Deferred tax liabilities	18,384	30,915
Other non-current liabilities	194	255
Total non-current liabilities	27,640	58,244
Total liabilities	68,421	95,777
Equity		
Common stock	10,397	10,397
Capital surplus	15,237	16,273
Retained earnings	163,564	145,107
Treasury stock	(45,139)	(11,956)
Other components of equity	36,428	57,770
Total equity attributable to owners of the parent	180,486	217,591
Non-controlling interests	6,833	5,461
Total equity	187,319	223,052
Total liabilities and equity	255,740	318,829

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Revenue	65,250	68,796
Cost of sales	(29,463)	(29,721)
Gross profit	35,787	39,075
Selling, general and administrative expenses	(29,306)	(28,215)
Other income	222	10,191
Other expenses	(1,659)	(132)
Operating profit	5,044	20,919
Finance income	1,919	2,793
Finance costs	(895)	(86)
Share of profit (loss) of associates accounted for using the equity method	1,461	2,472
Profit before tax	7,528	26,097
Income tax expense	(2,608)	(6,189)
Profit for the period	4,920	19,908
Attributable to:		
Owners of the parent	4,799	19,154
Non-controlling interests	121	754
Profit for the period	4,920	19,908
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	33.07	154.75
Diluted earnings per share	33.04	154.54

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit for the period	4,920	19,908
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	9,994	22,419
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	9,994	22,419
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	297	(32)
Other	(3)	60
Total other comprehensive income that may be reclassified to profit or loss, net of tax	294	28
Other comprehensive income, net of tax	10,288	22,448
Total comprehensive income for the period	15,208	42,356
Attributable to:		
Owners of the parent	15,133	41,289
Non-controlling interests	76	1,067
Total comprehensive income for the period	15,208	42,356

(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, 2019	10,397	10,971	217,973	(11,498)	23,894	251,737	5,129	256,865
Cumulative effect of accounting change	-	-	(43)	-	-	(43)	-	(43)
Restated balance	10,397	10,971	217,930	(11,498)	23,894	251,694	5,129	256,822
Profit for the period	-	-	4,799	-	-	4,799	121	4,920
Other comprehensive income	-	-	-	-	10,334	10,334	(45)	10,288
Total comprehensive income for the period	-	-	4,799	-	10,334	15,133	76	15,208
Dividends recognized as distributions to owners	-	-	(5,814)	-	-	(5,814)	(520)	(6,334)
Increase (decrease) through treasury stock transactions	-	(223)	-	(3,768)	-	(3,991)	-	(3,991)
Increase (decrease) through share-based payment transactions	-	21	-	-	76	97	-	97
Transfer to capital surplus from retained earnings	-	42	(42)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	2,452	-	-	-	2,452	2,546	4,998
Increase (decrease) through transfers and other changes	-	44	41	-	(47)	38	267	305
As of September 30, 2019	10,397	13,306	216,914	(15,266)	34,257	259,608	7,497	267,105

(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	-	-	19,154	-	-	19,154	754	19,908
Other comprehensive income	-	-	-	-	22,134	22,134	313	22,448
Total comprehensive income for the period	-	-	19,154	-	22,134	41,289	1,067	42,356
Dividends recognized as distributions to owners	-	-	(2,510)	-	-	(2,510)	(753)	(3,263)
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	-	15	-	-	23	38	-	38
Transfer to capital surplus from retained earnings	-	35,622	(35,622)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	617	-	-	-	617	665	1,282
Change resulting from loss of control of subsidiaries	-	-	-	-	(52)	(52)	(2,925)	(2,977)
Increase (decrease) through transfers and other changes	-	416	520	-	(763)	173	575	749
As of September 30, 2020	10,397	16,273	145,107	(11,956)	57,770	217,591	5,461	223,052

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Operating activities		
Profit before tax	7,528	26,097
Depreciation and amortization	6,498	2,675
Profit for transfer from business divestitures	-	(2,045)
Gain on sales of shares of subsidiaries and associates	-	(7,889)
Impairment loss	1,244	2
Interest and dividend income	(1,229)	(1,468)
Interest expenses	19	28
Share of profit (loss) of associates accounted for using the equity method (negative value is profit)	(1,461)	(2,472)
Decrease (increase) in trade and other current receivables	2,993	(1,567)
Increase (decrease) in trade and other current payables	(122)	1,992
Increase (decrease) in advances received	(5,761)	(27)
Other, net	210	(1,839)
Subtotal	9,921	13,485
Dividends received	1,178	1,448
Interest paid	(8)	(20)
Interest received	58	20
Income tax paid	(956)	(355)
Income tax refund	34	745
Cash flows from (used in) operating activities	10,227	15,325
Investing activities		
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	86	45
Sales of subsidiaries or other businesses, net of cash acquired	-	(191)
Purchase of shares of associates	(1,750)	(950)
Proceeds from sales and redemption of investment securities	2,482	4,252
Purchases of investment securities	(480)	(1,992)
Acquisition of property and equipment	(2,050)	(3,365)
Acquisition of intangible assets	(6,918)	(2,801)
Other, net	(94)	13
Cash flows from (used in) investing activities	(8,723)	(4,989)
Financing activities		
Proceeds from borrowings	150	20,000
Repayments of borrowings	-	(3,000)
Repayments of lease liabilities	(1,061)	(1,384)
Cash dividends paid	(5,812)	(2,510)
Proceeds from share issuance to non-controlling interests	4,998	1,282
Cash dividends paid to non-controlling shareholders	(520)	(566)
Proceeds from disposition of treasury stock	41	3
Purchase of treasury stock	(3,954)	(2,445)
Net cash flows from (used in) financing activities	(6,158)	11,380
Net increase (decrease) in cash and cash equivalents	(4,655)	21,715
Cash and cash equivalents at beginning of period	101,386	73,536
Effect of exchange rate changes on cash and cash equivalents	47	(249)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(4,374)
Cash and cash equivalents at end of period	96,778	90,629

(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 (Additional information) in the Securities Report from the fiscal year ended March 31, 2020.

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: 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, Yokohama DeNA Running Club, etc.
Live Streaming Business	Live streaming-related services (provided in Japan) Principal services: Pococha, SHOWROOM, etc.
Healthcare Business	Healthcare-related services (provided in Japan) Principal services: MYCODE, kencom, Aruite Otoku, etc.
New Businesses and Others	New businesses and other services (provided in Japan and internationally) Principal business domains: IP-generating platform business, E-commerce business, other new businesses, etc.

(Note) Effective June 30, 2020, the Company transferred a portion of its shares in SHOWROOM, Inc., which operates SHOWROOM, and lost control in the said company. Accordingly, SHOWROOM, Inc. has become the Company’s associate accounted for using the equity method.

The “Live Streaming Business,” which had been included in “New Businesses and Others” until the fiscal year ended March 31, 2020, has been reclassified under a reportable segment due to the expansion in its business scale and increased importance to management. Moreover, until the fiscal year ended March 31, 2020, reportable segments consisted of the four segments of the “Game Business,” “Sports Business,” “Automotive Business” and “Healthcare Business.” However, from the three months ended June 30, 2020, the reportable segments have been reclassified into the four segments of the “Game Business,” “Sports Business,” “Live Streaming Business” and “Healthcare Business” following a review of segment management classification in response to changes in the Group structure.

Segment information for the six months ended September 30, 2019 has been restated in accordance with the new segmentation.

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, 2020.

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, 2019

(From April 1, 2019 to September 30, 2019)

(Millions of yen)

	Game Business	Sports Business	Live Streaming Business	Healthcare Business	New Businesses and Others *2	Adjustments *3	Total
Revenue							
Revenue from external customers	41,150	16,400	3,805	784	3,109	—	65,250
Intersegment revenue	6	75	—	—	8	(90)	—
Total	41,157	16,475	3,805	784	3,118	(90)	65,250
Segment profit (loss)*1	6,899	5,466	(724)	(852)	(3,695)	(614)	6,481
Other income (expenses), net							(1,437)
Operating profit							5,044
Finance income (costs), net							1,024
Share of profit (loss) of associates accounted for using the equity method							1,461
Profit before tax							7,528

(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, Automotive 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.

For the six months ended September 30, 2020
(From April 1, 2020 to September 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	46,667	6,606	11,508	923	3,092	—	68,796
Intersegment revenue	5	61	—	—	138	(205)	—
Total	46,673	6,667	11,508	923	3,231	(205)	68,796
Segment profit (loss)*1	11,043	(1,024)	2,395	(714)	(211)	(629)	10,860
Other income (expenses), net							10,058
Operating profit							20,919
Finance income (costs), net							2,707
Share of profit (loss) of associates accounted for using the equity method							2,472
Profit before tax							26,097

(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.

3. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the six months ended September 30, 2019 and 2020 are as follows:

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Profit for the period attributable to owners of the parent (Millions of yen)	4,799	19,154
Weighted average number of common shares outstanding during the period—basic (Shares)	145,092,779	123,778,764
Effect of dilutive potential common shares: Stock options, etc. (Shares)	161,152	163,554
Weighted average number of common shares outstanding during the period—diluted (Shares)	145,253,931	123,942,318
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	33.07	154.75
Diluted earnings per share	33.04	154.54

4. Impairment of assets

The Group recognized impairment losses, which are recorded under “other expenses” in the condensed consolidated income statement.

The breakdown of the impairment losses is as follows:

	Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Six months ended September 30, 2020 (From April 1, 2020 to September 30, 2020)
Intangible assets		
Software	(1,244)	(2)
Total	(1,244)	(2)

The Group organizes its assets into the smallest group of assets that generates identifiable independent cash flows. Future cash flow is estimated on the basis of past results and management evaluation of future forecasts, using external and internal information.

For the six months ended September 30, 2019

(From April 1, 2019 to September 30, 2019)

In certain services in the Game Business, an impairment loss of ¥1,244 million was recorded for software associated with said services as initially projected revenues can no longer be expected. The recoverable amount was calculated based on its value in use, and as future cash flow was expected to be negative, this value was viewed as zero.

5. Investments accounted for using the equity method

Mobility Technologies Co., Ltd. (Headquarters: Chiyoda-ku, Tokyo; Representative Director & President: Hiroshi Nakajima), an associate of the Company accounted for using the equity method entered into a capital and business alliance with NTT DOCOMO, INC. (Headquarters: Chiyoda-ku, Tokyo; President and Chief Executive Officer, Representative Member of the Board of Directors: Kazuhiro Yoshizawa) and Tokyo Century Corporation (Headquarters: Chiyoda-ku, Tokyo; President & CEO: Makoto Nogami), and Dentsu Group (Dentsu Group Inc. (Headquarters: Minato-ku, Tokyo; Representative Director, President & CEO: Toshihiro Yamamoto) and DENTSU INC. (Headquarters: Minato-ku, Tokyo; Representative Director, President & CEO: Hiroshi Igarashi)) on July 13, 2020, and conducted a capital increase through a third-party allotment. As a result, share of profit (loss) of associates accounted for using the equity method of ¥3,847 million was recorded in the condensed consolidated income statement during the six months ended September 30, 2020.

6. Significant subsequent events

Not applicable.