

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 Nine Months Ended December 31, 2020 [IFRS]

February 9, 2021

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: February 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 Nine Months Ended December 31, 2020 (from April 1, 2020 to December 31, 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	%
Nine months ended December 31, 2020	102,924	12.9	25,320	—	30,513	—	22,847	—
Nine months ended December 31, 2019	91,162	(3.7)	(44,161)	—	(39,212)	—	(50,395)	—

	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
Nine months ended December 31, 2020	21,937	—	52,779	—	177.35	177.11
Nine months ended December 31, 2019	(50,179)	—	(35,206)	—	(351.87)	(351.87)

(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 December 31, 2020	327,864	232,950	227,876	69.5
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 nine months ended December 31, 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 December 31, 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 December 31, 2020	6,710,193 shares
As of March 31, 2020	25,310,018 shares

3) Average number of shares during the period:

Nine months ended December 31, 2020	123,694,535 shares
Nine months ended December 31, 2019	142,606,829 shares

(Note) The 199,619 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 December 31, 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 February 9, 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.

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. Additional information	11
2. Segment information	11
3. Earnings per share	14
4. Impairment of assets	14
5. Other income	15
6. Investments accounted for using the equity method	15
7. Significant subsequent events	15

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results

During the nine months ended December 31, 2020 (from April 1, 2020 to December 31, 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 nine months ended December 31, 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 during the previous fiscal year. Expenses related to the Sports Business and the former Automotive Business also decreased year-on-year.

Other income, net was ¥10,000 million, compared with other expenses, net of ¥47,355 million for the same period of the previous fiscal year. During the nine months ended December 31, 2020, in other income 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. On the other hand, during the same period of the previous fiscal year, a total impairment loss of ¥50,755 million was recorded in other expenses.

As a result, revenue of the DeNA Group was ¥102,924 million, up 12.9% year-on-year, operating profit was ¥25,320 million, compared with operating loss of ¥44,161 million for the same period of the previous fiscal year, profit before tax was ¥30,513 million, compared with loss before tax of ¥39,212 million for the same period of the previous fiscal year, and profit for the period attributable to owners of the parent was ¥21,937 million, compared with loss for the period attributable to owners of the parent of ¥50,179 million for the same period of the previous fiscal 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 ¥68,350 million, up 13.7% year-on-year, and segment profit was ¥14,549 million, up 63.5% year-on-year.

During the nine months ended December 31, 2020, both revenue and profit increased year-on-year due to steady performance of many 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 ¥10,861 million, down 42.4% year-on-year, and segment loss was ¥1,495 million, compared with segment profit of ¥3,708 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 season, which was late March in normal years, was delayed until June 19 in 2020, and games were played until November. 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 ¥17,499 million, up 174.1% year-on-year, and segment profit was ¥3,833 million, compared with segment loss of ¥1,177 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 ¥1,510 million, up 25.9% year-on-year, and segment loss was ¥943 million, compared with segment loss of ¥1,230 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 ¥4,954 million, up 2.7% year-on-year, and segment loss was ¥187 million, compared with segment loss of ¥5,992 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 nine months ended December 31, 2020 were ¥327,864 million, an increase of ¥72,125 million compared to the end of the previous fiscal year.

Current assets were ¥122,961 million, an increase of ¥14,869 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥20,752 million.

Non-current assets were ¥204,903 million, representing an increase of ¥57,256 million compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥43,198 million.

Total liabilities at the end of the nine months ended December 31, 2020 amounted to ¥94,914 million, an increase of ¥26,493 million compared to the end of the previous fiscal year.

Current liabilities were ¥34,075 million, representing a decrease of ¥6,706 million compared to the end of the previous fiscal year. This was due mainly to a decrease in trade and other current payables by ¥5,544 million.

Non-current liabilities stood at ¥60,839 million, representing an increase of ¥33,199 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 nine months ended December 31, 2020 was ¥232,950 million, representing an increase of ¥45,632 million compared to the end of the previous fiscal year. This was primarily attributable to a decrease of ¥33,211 million in treasury stock.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 360.9% and 69.5% respectively at the end of the nine months ended December 31, 2020.

2) Cash Flows

Cash and cash equivalents (collectively, "cash") at the end of the nine months ended December 31, 2020 increased by ¥20,752 million to ¥94,288 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 nine months ended December 31, 2020 was ¥22,421 million, compared to a cash inflow of ¥12,389 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥30,513 million in profit before tax.

(Investing activities)

Net cash used in investing activities for the nine months ended December 31, 2020 was ¥6,996 million, compared to a cash outflow of ¥7,202 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥4,127 million in acquisition of intangible assets.

(Financing activities)

Net cash provided by financing activities for the nine months ended December 31, 2020 was ¥10,216 million, compared to a cash outflow of ¥20,196 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 nine months ended December 31, 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 December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	73,536	94,288
Trade and other current receivables	25,243	22,984
Income tax receivable	686	128
Other current financial assets	2,296	1,058
Other current assets	6,331	4,503
Total current assets	108,093	122,961
Non-current assets		
Property and equipment	3,082	2,700
Right-of-use assets	21,378	18,230
Goodwill	5,883	5,883
Intangible assets	7,243	8,457
Investments accounted for using the equity method	22,378	38,867
Other non-current financial assets	86,832	130,030
Deferred tax assets	550	469
Other non-current assets	301	268
Total non-current assets	147,647	204,903
Total assets	255,740	327,864

	(Millions of yen)	
	As of March 31, 2020	As of December 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	25,348	19,804
Borrowings	3,000	-
Lease liabilities	2,708	2,735
Income tax payables	398	3,460
Other current financial liabilities	563	946
Other current liabilities	8,764	7,131
Total current liabilities	40,781	34,075
Non-current liabilities		
Borrowings	-	20,000
Lease liabilities	7,129	5,132
Provisions	980	930
Other non-current financial liabilities	954	372
Deferred tax liabilities	18,384	34,092
Other non-current liabilities	194	313
Total non-current liabilities	27,640	60,839
Total liabilities	68,421	94,914
Equity		
Common stock	10,397	10,397
Capital surplus	15,237	16,263
Retained earnings	163,564	148,054
Treasury stock	(45,139)	(11,928)
Other components of equity	36,428	65,091
Total equity attributable to owners of the parent	180,486	227,876
Non-controlling interests	6,833	5,074
Total equity	187,319	232,950
Total liabilities and equity	255,740	327,864

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Revenue	91,162	102,924
Cost of sales	(43,661)	(45,778)
Gross profit	47,502	57,145
Selling, general and administrative expenses	(44,308)	(41,826)
Other income	4,219	11,080
Other expenses	(51,574)	(1,080)
Operating profit (loss)	(44,161)	25,320
Finance income	3,259	4,152
Finance costs	(435)	(115)
Share of profit (loss) of associates accounted for using the equity method	2,126	1,157
Profit (loss) before tax	(39,212)	30,513
Income tax expense	(11,183)	(7,666)
Profit (loss) for the period	(50,395)	22,847
Attributable to:		
Owners of the parent	(50,179)	21,937
Non-controlling interests	(216)	910
Profit (loss) for the period	(50,395)	22,847
		(Yen)
Earnings (loss) per share attributable to owners of the parent:		
Basic earnings (loss) per share	(351.87)	177.35
Diluted earnings (loss) per share	(351.87)	177.11

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit (loss) for the period	(50,395)	22,847
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	14,995	30,014
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	14,995	30,014
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	196	(82)
Other	(1)	0
Total other comprehensive income that may be reclassified to profit or loss, net of tax	195	(82)
Other comprehensive income, net of tax	15,189	29,932
Total comprehensive income for the period	(35,206)	52,779
Attributable to:		
Owners of the parent	(34,968)	51,553
Non-controlling interests	(238)	1,226
Total comprehensive income for the period	(35,206)	52,779

(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 (loss) for the period	-	-	(50,179)	-	-	(50,179)	(216)	(50,395)
Other comprehensive income	-	-	-	-	15,211	15,211	(22)	15,189
Total comprehensive income for the period	-	-	(50,179)	-	15,211	(34,968)	(238)	(35,206)
Dividends recognized as distributions to owners	-	-	(5,814)	-	-	(5,814)	(520)	(6,334)
Increase (decrease) through treasury stock transactions	-	(260)	-	(20,034)	-	(20,294)	-	(20,294)
Increase (decrease) through share-based payment transactions	-	44	-	-	119	163	-	163
Transfer to capital surplus from retained earnings	-	54	(54)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	4,524	-	-	-	4,524	3,598	8,122
Increase (decrease) through transfers and other changes	-	(363)	44	-	(51)	(370)	165	(205)
As of December 31, 2019	10,397	14,970	161,927	(31,532)	39,174	194,936	8,134	203,069

(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 (loss) for the period	-	-	21,937	-	-	21,937	910	22,847
Other comprehensive income	-	-	-	-	29,616	29,616	316	29,932
Total comprehensive income for the period	-	-	21,937	-	29,616	51,553	1,226	52,779
Dividends recognized as distributions to owners	-	-	(2,510)	-	-	(2,510)	(1,076)	(3,586)
Increase (decrease) through treasury stock transactions	-	(57)	-	(2,405)	-	(2,462)	-	(2,462)
Cancellation of treasury stock	-	(35,616)	-	35,616	-	-	-	-
Increase (decrease) through share-based payment transactions	-	31	-	-	40	71	-	71
Transfer to capital surplus from retained earnings	-	35,634	(35,634)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	617	-	-	-	617	665	1,282
Changes resulting from loss of control of subsidiaries	-	-	-	-	(52)	(52)	(2,925)	(2,977)
Increase (decrease) through transfers and other changes	-	416	698	-	(941)	173	352	525
As of December 31, 2020	10,397	16,263	148,054	(11,928)	65,091	227,876	5,074	232,950

(5) Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Operating activities		
Profit (loss) before tax	(39,212)	30,513
Depreciation and amortization	9,962	4,096
Profit for transfer from business divestitures	-	(2,045)
Gain on sales of shares of subsidiaries and associates	(3,621)	(7,889)
Impairment loss	50,755	904
Interest and dividend income	(1,733)	(2,918)
Interest expenses	29	56
Share of loss (profit) of associates accounted for using the equity method	(2,126)	(1,157)
Decrease (increase) in trade and other current receivables	4,900	1,113
Increase (decrease) in trade and other current payables	(1,247)	(313)
Increase (decrease) in advances received	(4,366)	(1,288)
Other, net	(1,590)	(1,445)
Subtotal	11,752	19,627
Dividends received	1,675	2,899
Interest paid	(14)	(54)
Interest received	65	21
Income tax paid	(1,366)	(837)
Income tax refund	277	765
Net cash flows from (used in) operating activities	12,389	22,421
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)
Proceeds from sales of shares of associates	2,892	-
Purchase of shares of associates	(1,870)	(950)
Proceeds from sales and redemption of investment securities	5,012	4,581
Purchases of investment securities	(865)	(2,944)
Acquisition of property and equipment	(2,151)	(3,397)
Acquisition of intangible assets	(10,214)	(4,127)
Other, net	(92)	(14)
Net cash flows from (used in) investing activities	(7,202)	(6,996)
Financing activities		
Proceeds from borrowings	150	20,000
Repayments of borrowings	(150)	(3,000)
Repayments of lease liabilities	(1,789)	(2,144)
Cash dividends paid	(5,814)	(2,511)
Proceeds from share issuance to non-controlling interests	6,800	1,282
Proceeds from sale of subsidiary interests to non-controlling interests	1,322	-
Cash dividends paid to non-controlling shareholders	(520)	(979)
Proceeds from disposition of treasury stock	49	13
Purchase of treasury stock	(20,245)	(2,445)
Net cash flows from (used in) financing activities	(20,196)	10,216
Net increase (decrease) in cash and cash equivalents	(15,008)	25,640
Cash and cash equivalents at beginning of period	101,386	73,536
Effect of exchange rate changes on cash and cash equivalents	27	(514)
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	(4,374)
Cash and cash equivalents at end of period	86,404	94,288

(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 nine months ended December 31, 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 nine months ended December 31, 2019

(From April 1, 2019 to December 31, 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	60,110	18,692	6,385	1,200	4,777	—	91,162
Intersegment revenue	9	158	—	—	45	(212)	—
Total	60,119	18,849	6,385	1,200	4,822	(212)	91,162
Segment profit (loss)*1	8,901	3,708	(1,177)	(1,230)	(5,992)	(1,016)	3,194
Other income (expenses), net							(47,355)
Operating loss							(44,161)
Finance income (costs), net							2,824
Share of profit (loss) of associates accounted for using the equity method							2,126
Loss before tax							(39,212)

(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 nine months ended December 31, 2020
(From April 1, 2020 to December 31, 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	68,342	10,762	17,499	1,510	4,811	—	102,924
Intersegment revenue	7	99	—	0	143	(249)	—
Total	68,350	10,861	17,499	1,510	4,954	(249)	102,924
Segment profit (loss)*1	14,549	(1,495)	3,833	(943)	(187)	(438)	15,319
Other income (expenses), net							10,000
Operating profit							25,320
Finance income (costs), net							4,037
Share of profit (loss) of associates accounted for using the equity method							1,157
Profit before tax							30,513

- (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 (loss) per share attributable to owners of the parent for the nine months ended December 31, 2019 and 2020 are as follows:

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Profit (loss) for the period attributable to owners of the parent (Millions of yen)	(50,179)	21,937
Weighted average number of common shares outstanding during the period—basic (Shares)	142,606,829	123,694,535
Effect of dilutive potential common shares: Stock options, etc. (Shares)	—	170,180
Weighted average number of common shares outstanding during the period—diluted (Shares)	142,606,829	123,864,715
Earnings (loss) per share attributable to owners of the parent (Yen)		
Basic earnings (loss) per share	(351.87)	177.35
Diluted earnings (loss) per share	(351.87)	177.11

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:

	Nine months ended December 31, 2019 (From April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)
Property and equipment		
Buildings and structures	(177)	—
Tools, furniture and fixtures	(281)	—
Right-of-use assets	(280)	(901)
Goodwill	(40,164)	—
Intangible assets		
Software	(9,849)	(2)
Other	(2)	—
Total	(50,755)	(904)

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

For the nine months ended December 31, 2019

(From April 1, 2019 to December 31, 2019)

In certain services in the Game Business, an impairment loss of ¥1,383 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.

During the nine months ended December 31, 2019, the Company carried out a review of the business plans of the Game Business in general, in light of the latest result trends of the Game Business and the business environment. For the impairment determination, the future cash flow is calculated based on the business plans formulated with conservative assumptions for the period of up to the next five years approved by management during the nine months ended December 31, 2019, and based on the conservative view of expected future trends related to the Game Business for the period of up to the next five years. The pre-tax discount rate of 12.2%, calculated from the weighted average cost of capital, was used to discount the future cash flow from the Game Business to calculate the present value.

As a result, the value in use, which is the recoverable amount, was ¥9,565 million, and this fell short of its carrying amount and an impairment loss of ¥48,299 million was recorded. The Company recognizes the overall Game Business as a cash generating unit, and with regard to the ¥48,299 million in the impairment loss recorded in the Game Business, the carrying amount of goodwill was first written down, followed by the carrying amounts of software and others.

For the nine months ended December 31, 2020

(From April 1, 2020 to December 31, 2020)

With the transition to remote work, a portion of office space, which is a Company corporate asset, became idle. Therefore, an impairment loss of ¥901 million was recorded for right-of-use assets associated with office space that is not expected to be used in the future. 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. Other income

During the nine months ended December 31, 2019, the Company transferred a portion of its shares of akippa Inc., an associate of the Company accounted for using the equity method. Consequently, the Company lost significant influence on akippa Inc. and therefore akippa Inc. fell out of the scope of the equity method. As a result, the Company recorded a gain on sales of shares of subsidiaries and associates of ¥3,185 million, including ¥1,835 million of gains resulting from remaining interests in akippa's shares measured at fair value, in the "Other income" line in the condensed consolidated income statement.

6. 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 nine months ended December 31, 2020.

7. Significant subsequent events

(Repurchase of own shares)

During a Board of Directors meeting on February 9, 2021, the Company passed a resolution regarding matters relating to the repurchase of its own shares from the market under Article 156 of the Companies Act, applied by replacing certain terms pursuant to Article 165 (3) of the Companies Act.

1. Reasons
This stock repurchase will be undertaken to increase capital efficiency, to implement a flexible capital policy that responds to changes in the business environment, and to improve shareholder returns by increasing the share value.
2. Class of shares subject to repurchase: DeNA common stock
3. Total number of shares to repurchase: Up to 9,900,000 shares
4. Total cost of stock repurchase: Up to ¥14.0 billion
5. Repurchase period: February 10, 2021 – September 30, 2021
6. Repurchase method: Purchase on the Tokyo Stock Exchange