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Consolidated Financial Results for the Nine Months Ended December 31, 2022 [IFRS]

February 8, 2023

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

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Scheduled date of filing quarterly securities report: February 9, 2023

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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	101,395	2.3	5,056	(67.5)	11,949	(63.3)	7,282	(73.0)
Nine months ended December 31, 2021	99,130	(3.7)	15,565	(38.5)	32,566	6.7	26,940	17.9

	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, 2022	7,287	(72.7)	173	(99.0)	62.51	62.45
Nine months ended December 31, 2021	26,666	21.6	16,987	(67.8)	223.69	223.45

(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, 2022	338,967	234,661	224,400	66.2
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
Fiscal year ended March 31, 2022	Yen —	Yen 0.00	Yen —	Yen 39.00	Yen 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, based on the results up to the nine months ended December 31, 2022, the Company expects a year-on-year increase in revenue and a year-on-year decrease in operating profit with the exception of one-off gains and losses.

* 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 December 31, 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 December 31, 2022	17,767,597 shares
As of March 31, 2022	11,674,919 shares

3) Average number of shares during the period:

Nine months ended December 31, 2022	116,572,424 shares
Nine months ended December 31, 2021	119,210,503 shares

(Note) The 178,871 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, 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 February 8, 2023. 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 Nine Months Ended December 31, 2022. 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

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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022), revenue was ¥101,395 million, up 2.3% 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 ¥53,057 million, up 9.7% 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 and new consolidation in the Healthcare & Medical Business during the nine months ended December 31, 2022.

Selling, general and administrative expenses were ¥43,626 million, up 4.4% year-on-year. Sales promotion expenses and advertising expenses increased primarily for the Live Streaming Business, and there was an increase in personnel expenses due to new consolidation in the Healthcare & Medical Business, while commission fees declined, reflecting the performance of the Game Business.

Other income, net was ¥343 million, down 94.8% year-on-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 ¥231 million, down 98.2% 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 ¥101,395 million, up 2.3% year-on-year, operating profit was ¥5,056 million, down 67.5% year-on-year, profit before tax was ¥11,949 million, down 63.3% year-on-year, and profit for the period attributable to owners of the parent was ¥7,287 million, down 72.7% 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 ¥46,825 million, down 16.4% year-on-year, and segment profit was ¥5,620 million, down 34.1% year-on-year.

During the nine months ended December 31, 2022, both revenue and profit decreased as operations were centered on existing titles and virtual currency consumption decreased year-on-year. Although some new titles scheduled for release in the fiscal year ending March 31, 2023 have been delayed, the Company is making continuous effort to make the cost structure more robust and optimize fixed costs to strengthen the earnings base, in addition to the creation and release of new titles.

2) Live Streaming Business

Revenue of the Live Streaming Business was ¥29,823 million, up 16.1% year-on-year, and segment loss was ¥487 million, compared with segment profit of ¥3,472 million for the same period of the previous fiscal year.

During the nine months ended December 31, 2022, Pococha continued to perform solidly in Japan. In the Live Streaming Business, the Company made growth investments while exerting appropriate control in services including the global Pococha service and the anime character live streaming service IRIAM.

3) Sports Business

Revenue of the Sports Business was ¥18,836 million, up 53.6% year-on-year, and segment profit was ¥2,780 million, compared to segment loss of ¥579 million for the same period of the previous fiscal 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 ¥3,807 million, up 78.4% year-on-year, and segment loss was ¥1,831 million, compared with segment loss of ¥421 million for the same period of the previous fiscal year.

In order to actively take advantage of medium to long-term growth opportunities, the Company has promoted M&A and other activities aimed at new growth and challenges. In the Healthcare & Medical Business, significant progress was made toward strengthening the business portfolio during the fiscal year ending March 31, 2023. DATA HORIZON CO., LTD. and Allm Inc. became consolidated subsidiaries of the Company on August 3, 2022 and on October 3, 2022, respectively. From those points onward, the results of each company are included in the results of the Business.

5) New Businesses and Others

Revenue of the New Businesses and Others was ¥2,158 million, down 30.2% year-on-year, and segment loss was ¥601 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 nine months ended December 31, 2022 were ¥338,967 million, a decrease of ¥1,603 million compared to the end of the previous fiscal year.

Current assets were ¥128,311 million, an increase of ¥17,891 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥24,429 million.

Non-current assets were ¥210,655 million, representing a decrease of ¥19,494 million compared to the end of the previous fiscal year. This was due mainly to a decrease in other non-current financial assets by ¥56,863 million and an increase in goodwill by ¥31,972 million.

Total liabilities at the end of the nine months ended December 31, 2022 amounted to ¥104,306 million, an increase of ¥8,643 million compared to the end of the previous fiscal year.

Current liabilities were ¥74,899 million, representing an increase of ¥18,874 million compared to the end of the previous fiscal year. This was due mainly to an increase in borrowings by ¥16,527 million.

Non-current liabilities stood at ¥29,407 million, representing a decrease of ¥10,231 million compared to the end of the previous fiscal year. This was due mainly to a decrease of ¥10,558 million in deferred tax liabilities.

Total equity at the end of the nine months ended December 31, 2022 was ¥234,661 million, representing a decrease of ¥10,246 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥29,285 million in retained earnings and a decrease of ¥33,720 million in other components of equity.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 171.3% and 66.2%, respectively, at the end of the nine months ended December 31, 2022.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the nine months ended December 31, 2022 increased by ¥24,429 million to ¥102,726 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, 2022 was ¥9,875 million, compared to a cash inflow of ¥14,780 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥11,949 million in profit before tax.

(Investing activities)

Net cash provided by investing activities for the nine months ended December 31, 2022 was ¥16,309 million, compared to a cash outflow of ¥16,670 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 ¥25,416 million in acquisition of subsidiaries or other businesses, net of cash acquired.

(Financing activities)

Net cash used in financing activities for the nine months ended December 31, 2022 was ¥2,725 million, compared to a cash outflow of ¥18,378 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥16,500 million in proceeds from borrowings. The principal cash outflow factor was ¥13,057 million in purchase of treasury stock.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2023 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, based on the results up to the nine months ended December 31, 2022, the Company expects a year-on-year increase in revenue and a year-on-year decrease in operating profit with the exception of one-off gains and losses.

The outlook assumed at the beginning of the fiscal year and the major factors related to performance that impact the trends of each business are as described in “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. However, results in the nine months ended December 31, 2022 have been below the assumptions made at the beginning of the fiscal year, particularly in the entertainment area.

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 December 31, 2022
Assets		
Current assets		
Cash and cash equivalents	78,296	102,726
Trade and other current receivables	24,463	18,801
Other current financial assets	237	656
Other current assets	7,424	6,128
Total current assets	110,420	128,311
Non-current assets		
Property and equipment	2,380	3,045
Right-of-use assets	18,099	17,210
Goodwill	17,451	49,423
Intangible assets	13,148	16,020
Investments accounted for using the equity method	55,893	57,963
Other non-current financial assets	122,205	65,343
Deferred tax assets	539	1,035
Other non-current assets	433	617
Total non-current assets	230,150	210,655
Total assets	340,570	338,967

	(Millions of yen)	
	As of March 31, 2022	As of December 31, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	19,263	14,833
Borrowings	20,022	36,549
Lease liabilities	1,601	1,441
Income tax payables	639	11,855
Provisions	2,480	1,914
Other current financial liabilities	641	1,138
Other current liabilities	11,378	7,169
Total current liabilities	56,025	74,899
Non-current liabilities		
Borrowings	124	835
Lease liabilities	6,522	6,146
Provisions	225	220
Other non-current financial liabilities	357	442
Deferred tax liabilities	31,987	21,429
Other non-current liabilities	423	335
Total non-current liabilities	39,638	29,407
Total liabilities	95,663	104,306
Equity		
Common stock	10,397	10,397
Capital surplus	16,077	15,649
Retained earnings	177,997	207,282
Treasury stock	(22,819)	(34,183)
Other components of equity	58,975	25,255
Total equity attributable to owners of the parent	240,626	224,400
Non-controlling interests	4,280	10,261
Total equity	244,907	234,661
Total liabilities and equity	340,570	338,967

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Revenue	99,130	101,395
Cost of sales	(48,359)	(53,057)
Gross profit	50,770	48,338
Selling, general and administrative expenses	(41,790)	(43,626)
Other income	7,014	813
Other expenses	(429)	(470)
Operating profit	15,565	5,056
Finance income	4,562	6,810
Finance costs	(660)	(148)
Share of profit (loss) of associates accounted for using the equity method	13,098	231
Profit before tax	32,566	11,949
Income tax expense	(5,625)	(4,667)
Profit for the period	26,940	7,282
Attributable to:		
Owners of the parent	26,666	7,287
Non-controlling interests	274	(4)
Profit (loss) for the period	26,940	7,282
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	223.69	62.51
Diluted earnings per share	223.45	62.45

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit for the period	26,940	7,282
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	(9,798)	(7,240)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(9,798)	(7,240)
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	(65)	16
Cash flow hedges	-	115
Other	(89)	0
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(155)	132
Other comprehensive income, net of tax	(9,953)	(7,109)
Total comprehensive income for the period	16,987	173
Attributable to:		
Owners of the parent	16,714	159
Non-controlling interests	274	14
Total comprehensive income for the period	16,987	173

(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	-	-	26,666	-	-	26,666	274	26,940
Other comprehensive income	-	-	-	-	(9,953)	(9,953)	(1)	(9,953)
Total comprehensive income for the period	-	-	26,666	-	(9,953)	16,714	274	16,987
Dividends recognized as distributions to owners	-	-	(3,906)	-	-	(3,906)	(661)	(4,567)
Increase (decrease) through treasury stock transactions	-	(90)	-	(10,589)	(201)	(10,880)	-	(10,880)
Changes resulting from share exchanges	-	6	-	2,831	-	2,837	-	2,837
Increase (decrease) through share-based payment transactions	-	27	-	-	104	131	-	131
Transfer to capital surplus from retained earnings	-	57	(57)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	(208)	-	-	-	(208)	512	304
Changes resulting from loss of control of subsidiaries	-	-	-	-	-	-	(615)	(615)
Increase (decrease) through transfers and other changes	-	0	(319)	-	304	(16)	72	56
As of December 31, 2021	10,397	16,074	174,131	(22,819)	50,600	228,383	4,530	232,913

(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 (loss) for the period	-	-	7,287	-	-	7,287	(4)	7,282
Other comprehensive income	-	-	-	-	(7,128)	(7,128)	19	(7,109)
Total comprehensive income for the period	-	-	7,287	-	(7,128)	159	14	173
Dividends recognized as distributions to owners	-	-	(4,623)	-	-	(4,623)	(186)	(4,809)
Increase (decrease) through treasury stock transactions	-	(59)	-	(13,002)	(4)	(13,065)	-	(13,065)
Changes resulting from share delivery	-	(84)	-	1,638	-	1,554	-	1,554
Increase (decrease) through share-based payment transactions	-	34	-	-	98	132	-	132
Transfer to capital surplus from retained earnings	-	102	(102)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	(314)	-	-	-	(314)	889	575
Changes resulting from obtaining of control of subsidiaries	-	-	-	-	54	54	5,221	5,275
Increase (decrease) through transfers and other changes	-	(107)	26,724	-	(26,740)	(123)	41	(82)
As of December 31, 2022	10,397	15,649	207,282	(34,183)	25,255	224,400	10,261	234,661

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Operating activities		
Profit before tax	32,566	11,949
Depreciation and amortization	4,148	3,965
Profit for transfer from business divestitures	(197)	-
Gain on sales of shares of subsidiaries and associates	(1,286)	-
Impairment loss	299	-
Loss (gain) on investments in securities	424	(3,067)
Interest and dividend income	(3,717)	(3,146)
Interest expenses	65	108
Share of loss (profit) of associates accounted for using the equity method	(13,098)	(231)
Loss (gain) on step acquisitions	(2,273)	335
Decrease (increase) in trade and other current receivables	7,809	7,558
Increase (decrease) in trade and other current payables	(4,094)	(6,176)
Increase (decrease) in advances received	(5,576)	(5,569)
Other, net	(2,188)	1,480
Subtotal	12,881	7,206
Dividends received	3,697	3,140
Interest paid	(51)	(80)
Interest received	22	44
Income tax paid	(1,922)	(1,428)
Income tax refund	153	993
Net cash flows from (used in) operating activities	14,780	9,875
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)	(25,416)
Proceeds from sales of subsidiaries or other businesses, net of cash disposed of	1,074	-
Sales of subsidiaries or other businesses, net of cash acquired	(1,037)	-
Purchase of shares of associates	(309)	(1,590)
Proceeds from sales and redemption of investment securities	72	50,090
Purchases of investment securities	(3,226)	(1,783)
Acquisition of property and equipment	(330)	(351)
Acquisition of intangible assets	(4,233)	(4,603)
Payments for asset retirement obligations	(1,818)	(104)
Proceeds from refund of leasehold and guarantee deposits	4,207	236
Other, net	225	(171)
Net cash flows from (used in) investing activities	(16,670)	16,309
Financing activities		
Proceeds from borrowings	-	16,500
Repayments of borrowings	(9)	(326)
Repayments of lease liabilities	(2,953)	(1,564)
Cash dividends paid	(3,906)	(4,623)
Proceeds from share issuance to non-controlling interests	-	500
Cash dividends paid to non-controlling interests	(661)	(188)
Proceeds from disposition of treasury stock	20	34
Purchase of treasury stock	(10,868)	(13,057)
Net cash flows from (used in) financing activities	(18,378)	(2,725)
Net increase (decrease) in cash and cash equivalents	(20,268)	23,459
Cash and cash equivalents at beginning of period	97,301	78,296
Effect of exchange rate changes on cash and cash equivalents	328	970
Cash and cash equivalents at end of period	77,362	102,726

(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 second quarter 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 nine months ended December 31, 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 and internationally) Principal services: Provision of health big data-related services, Join and other medical digital transformation-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 nine months ended December 31, 2021

(From April 1, 2021 to December 31, 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	55,991	25,689	12,238	2,134	3,077	—	99,130
Intersegment revenue	13	—	26	—	13	(51)	—
Total	56,003	25,689	12,264	2,134	3,090	(51)	99,130
Segment profit (loss)*1	8,531	3,472	(579)	(421)	(116)	(1,907)	8,981
Other income (expenses), net							6,585
Operating profit							15,565
Finance income (costs), net							3,902
Share of profit (loss) of associates accounted for using the equity method							13,098
Profit before tax							32,566

(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, 2021.

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. The Company transferred all its shares in Everystar Co., Ltd., a company operating the EVERYSTAR novel posting website as part of the Company's IP-generating platform business, to MEDIA DO Co., Ltd. on December 14, 2021.

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 nine months ended December 31, 2022
(From April 1, 2022 to December 31, 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	46,800	29,823	18,819	3,805	2,149	—	101,395
Intersegment revenue	25	—	17	2	9	(53)	—
Total	46,825	29,823	18,836	3,807	2,158	(53)	101,395
Segment profit (loss)*1	5,620	(487)	2,780	(1,831)	(601)	(768)	4,712
Other income (expenses), net							343
Operating profit							5,056
Finance income (costs), net							6,661
Share of profit (loss) of associates accounted for using the equity method							231
Profit before tax							11,949

(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.

Effective October 3, 2022, Allm Inc. 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 nine months ended December 31, 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 nine months ended December 31, 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 nine months ended December 31, 2021 and 2022 are as follows:

	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)
Profit for the period attributable to owners of the parent (Millions of yen)	26,666	7,287
Weighted average number of common shares outstanding during the period—basic (Shares)	119,210,503	116,572,424
Effect of dilutive potential common shares: Stock options, etc. (Shares)	128,617	109,140
Weighted average number of common shares outstanding during the period—diluted (Shares)	119,339,120	116,681,564
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	223.69	62.51
Diluted earnings per share	223.45	62.45

3. Significant subsequent events

Not applicable.