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Consolidated Financial Results for the Three Months Ended June 30, 2023 [IFRS]

August 9, 2023

Company name: DeNA Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 2432

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

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Scheduled date of filing quarterly securities report: August 10, 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 Three Months Ended June 30, 2023 (from April 1, 2023 to June 30, 2023)

(1) Consolidated Operating Results

(% changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2023	36,150	4.0	1,735	(56.2)	5,971	(44.2)	4,559	(39.2)
Three months ended June 30, 2022	34,773	2.1	3,964	(27.5)	10,697	(39.3)	7,505	(48.7)

	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
Three months ended June 30, 2023	4,639	(35.1)	13,509	357.9	41.66	41.62
Three months ended June 30, 2022	7,144	(50.6)	2,950	(83.7)	60.27	60.21

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of June 30, 2023	347,586	245,260	232,964	67.0
As of March 31, 2023	348,942	233,993	221,626	63.5

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, 2023	Yen —	Yen 0.00	Yen —	Yen 20.00	Yen 20.00
Fiscal year ending March 31, 2024	—				
Fiscal year ending March 31, 2024 (Forecast)		—	—	—	—

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

2. The dividend forecast for the fiscal year ending March 31, 2024 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

The consolidated financial results forecast for the fiscal year ending March 31, 2024 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, the Company aims to achieve a year-on-year increase in revenue and operating profit with the exception of one-off gains and losses. For the major factors related to performance that are expected to impact the trends of each business, please refer to “1. Overview of Operating Results and Financial Position (1) Overview of Operating Results for Fiscal 2022 (Outlook for Fiscal 2023),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [IFRS],” announced on May 10, 2023.

* 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: Yes

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

(3) Number of Shares Issued (common stock)

1) Total number of shares issued at the end of the period (including treasury stock):

As of June 30, 2023	122,145,545 shares
As of March 31, 2023	122,145,545 shares

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

As of June 30, 2023	10,801,216 shares
As of March 31, 2023	10,805,997 shares

3) Average number of shares during the period:

Three months ended June 30, 2023	111,341,939 shares
Three months ended June 30, 2022	118,538,321 shares

(Note) The 174,090 shares of the Company’s stock owned by the Stock Grant ESOP Trust account are included in the “Total number of shares of treasury stock at the end of the period” as of June 30, 2023, and the 178,871 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, 2023.

* 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, 2024 considering the overall progress in performance and other factors, and promptly announce said expected dividend amount.

(3) Method of Obtaining Supplementary Briefing Material on Financial Results

The Company is planning to hold a briefing session for institutional investors, analysts and the press on August 9, 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 Three Months Ended June 30, 2023. 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 three months ended June 30, 2023 (from April 1, 2023 to June 30, 2023), revenue was ¥36,150 million, up 4.0% year-on-year. While revenue decreased year-on-year in the Game Business, revenue in all other business divisions increased.

Cost of sales was ¥19,022 million, up 9.2% year-on-year. Expenses associated with the growth of the Sports Business increased, while outsourcing and personnel expenses also increased due to new consolidations conducted primarily in the Healthcare & Medical Business during the fiscal year ended March 31, 2023.

Selling, general and administrative expenses were ¥15,370 million, up 11.2% year-on-year. There was an increase in personnel expenses due to new consolidation in the Healthcare & Medical Business, and sales promotion expenses and advertising expenses increased primarily for the Game Business and Live Streaming Business, while commission fees declined, reflecting the performance of the Game Business.

Finance income was ¥2,912 million, down 58.6% year-on-year.

Share of profit of associates accounted for using the equity method was ¥1,366 million, compared to a loss of ¥189 million for the same period of the previous fiscal year. The main factors of the year-on-year fluctuation included the recording of a one-time gain from the capital increase of GO Inc., a major associate accounted for using the equity method, through a third-party allotment, as well as the performance trends of Cygames, Inc.

As a result, revenue of the DeNA Group was ¥36,150 million, up 4.0% year-on-year, operating profit was ¥1,735 million, down 56.2% year-on-year, profit before tax was ¥5,971 million, down 44.2% year-on-year, and profit for the period attributable to owners of the parent was ¥4,639 million, down 35.1% year-on-year.

Business performance by segment is as follows.

1) Game Business

Revenue of the Game Business was ¥12,462 million, down 21.0% year-on-year, and segment profit was ¥213 million, down 87.6% year-on-year.

During the three months ended June 30, 2023, despite the release of a new title on June 28, 2023, both revenue and profit decreased as operations were centered on existing titles and virtual currency consumption decreased year-on-year. 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 ¥10,809 million, up 12.1% year-on-year, and segment loss was ¥182 million, compared with segment loss of ¥188 million for the same period of the previous fiscal year.

During the three months ended June 30, 2023, 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 ¥10,235 million, up 29.1% year-on-year, and segment profit was ¥3,424 million, up 32.8% year-on-year.

The performance of the Sports Business grew relative to the fiscal year ended March 31, 2020, which was before the number of spectators, etc., were restricted due to COVID-19.

4) Healthcare & Medical Business

Revenue of the Healthcare & Medical Business was ¥1,960 million, up 164.8% year-on-year, and segment loss was ¥1,172 million, compared with segment loss of ¥212 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 ended 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 ¥709 million, up 0.7% year-on-year, and segment loss was ¥336 million, compared with segment loss of ¥204 million for the same period of the previous fiscal year.

This section comprises various initiatives that aim to reinforce the Group's business portfolio over the mid to long term as well as services of the E-commerce Business, etc.

(2) Overview of Financial Position and Cash Flows

1) Financial Position

Total assets at the end of the three months ended June 30, 2023 were ¥347,586 million, a decrease of ¥1,357 million compared to the end of the previous fiscal year.

Current assets were ¥115,536 million, a decrease of ¥17,806 million compared to the end of the previous fiscal year. This was due mainly to a decrease in cash and cash equivalents by ¥9,642 million.

Non-current assets were ¥232,050 million, representing an increase of ¥16,449 million compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥13,282 million.

Total liabilities at the end of the three months ended June 30, 2023 amounted to ¥102,325 million, a decrease of ¥12,624 million compared to the end of the previous fiscal year.

Current liabilities were ¥34,720 million, representing a decrease of ¥15,928 million compared to the end of the previous fiscal year. This was due mainly to a decrease in income tax payables by ¥9,638 million.

Non-current liabilities stood at ¥67,605 million, representing an increase of ¥3,304 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥3,921 million in deferred tax liabilities.

Total equity at the end of the three months ended June 30, 2023 was ¥245,260 million, representing an increase of ¥11,267 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥11,338 million in total equity attributable to owners of the parent.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 332.8% and 67.0%, respectively, at the end of the three months ended June 30, 2023.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the three months ended June 30, 2023 decreased by ¥9,642 million to ¥88,090 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 used in operating activities for the three months ended June 30, 2023 was ¥3,970 million, compared to a cash inflow of ¥5,420 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥8,275 in decrease in trade and other current receivables. The principal cash outflow factor was ¥11,434 in income tax paid.

(Investing activities)

Net cash used investing activities for the three months ended June 30, 2023 was ¥2,250 million, compared to a cash inflow of ¥47,449 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥1,749 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the three months ended June 30, 2023 was ¥4,348 million, compared to a cash outflow of ¥4,661 million in the same period of the previous fiscal year. The principal cash outflow factors were ¥2,064 in repayments of borrowings and ¥2,183 million in cash dividends paid.

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

The consolidated financial results forecast for the fiscal year ending March 31, 2024 cannot be provided due to the difficulty of reasonably and accurately estimating the figures. However, the Company aims to achieve a year-on-year increase in revenue and operating profit with the exception of one-off gains and losses.

For the major factors related to performance that are expected to impact the trends of each business, please refer to “1. Overview of Operating Results and Financial Position (1) Overview of Operating Results for Fiscal 2022 (Outlook for Fiscal 2023),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 [IFRS],” announced on May 10, 2023.

2. Condensed Consolidated Financial Statements and Principal Notes

(1) Condensed Consolidated Statement of Financial Position

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and cash equivalents	97,732	88,090
Trade and other current receivables	27,566	19,466
Other current financial assets	277	552
Other current assets	7,766	7,427
Total current assets	133,341	115,536
Non-current assets		
Property and equipment	3,163	3,358
Right-of-use assets	17,034	16,799
Goodwill	49,088	49,088
Intangible assets	23,036	23,860
Investments accounted for using the equity method	57,954	60,880
Other non-current financial assets	63,162	76,444
Deferred tax assets	517	909
Other non-current assets	1,647	712
Total non-current assets	215,601	232,050
Total assets	348,942	347,586

	(Millions of yen)	
	As of March 31, 2023	As of June 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	19,397	16,891
Borrowings	2,715	1,356
Lease liabilities	1,465	1,451
Income tax payables	11,169	1,530
Provisions	2,434	2,052
Other current financial liabilities	795	1,205
Other current liabilities	12,673	10,236
Total current liabilities	50,648	34,720
Non-current liabilities		
Borrowings	35,040	34,792
Lease liabilities	5,937	5,655
Provisions	215	215
Other non-current financial liabilities	462	374
Deferred tax liabilities	22,331	26,252
Other non-current liabilities	317	318
Total non-current liabilities	64,301	67,605
Total liabilities	114,949	102,325
Equity		
Common stock	10,397	10,397
Capital surplus	15,591	15,563
Retained earnings	193,586	195,986
Treasury stock	(20,794)	(20,778)
Other components of equity	22,846	31,797
Total equity attributable to owners of the parent	221,626	232,964
Non-controlling interests	12,367	12,296
Total equity	233,993	245,260
Total liabilities and equity	348,942	347,586

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Revenue	34,773	36,150
Cost of sales	(17,412)	(19,022)
Gross profit	17,362	17,128
Selling, general and administrative expenses	(13,817)	(15,370)
Other income	518	156
Other expenses	(98)	(179)
Operating profit	3,964	1,735
Finance income	7,039	2,912
Finance costs	(116)	(42)
Share of profit (loss) of associates accounted for using the equity method	(189)	1,366
Profit before tax	10,697	5,971
Income tax expense	(3,193)	(1,412)
Profit for the period	7,505	4,559
Attributable to:		
Owners of the parent	7,144	4,639
Non-controlling interests	361	(79)
Profit (loss) for the period	7,505	4,559
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	60.27	41.66
Diluted earnings per share	60.21	41.62

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit for the period	7,505	4,559
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	(4,964)	8,670
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(4,964)	8,670
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	262	142
Cash flow hedges	146	136
Other	1	2
Total other comprehensive income that may be reclassified to profit or loss, net of tax	409	280
Other comprehensive income, net of tax	(4,555)	8,950
Total comprehensive income for the period	2,950	13,509
Attributable to:		
Owners of the parent	2,589	13,559
Non-controlling interests	361	(50)
Total comprehensive income for the period	2,950	13,509

(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, 2022	10,397	16,077	177,997	(22,819)	58,975	240,626	4,280	244,907
Profit for the period	-	-	7,144	-	-	7,144	361	7,505
Other comprehensive income	-	-	-	-	(4,555)	(4,555)	0	(4,555)
Total comprehensive income for the period	-	-	7,144	-	(4,555)	2,589	361	2,950
Dividends recognized as distributions to owners	-	-	(4,623)	-	-	(4,623)	(124)	(4,747)
Increase (decrease) through treasury stock transactions	-	(22)	-	15	-	(7)	-	(7)
Increase (decrease) through share-based payment transactions	-	13	-	-	49	62	-	62
Transfer to capital surplus from retained earnings	-	7	(7)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	86	-	-	-	86	499	585
Increase (decrease) through transfers and other changes	-	(100)	26,722	-	(26,722)	(100)	78	(22)
As of June 30, 2022	10,397	16,062	207,232	(22,804)	27,747	238,634	5,094	243,729

(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, 2023	10,397	15,591	193,586	(20,794)	22,846	221,626	12,367	233,993
Profit (loss) for the period	-	-	4,639	-	-	4,639	(79)	4,559
Other comprehensive income	-	-	-	-	8,920	8,920	30	8,950
Total comprehensive income for the period	-	-	4,639	-	8,920	13,559	(50)	13,509
Dividends recognized as distributions to owners	-	-	(2,227)	-	-	(2,227)	(124)	(2,351)
Increase (decrease) through treasury stock transactions	-	(16)	-	16	-	-	-	-
Increase (decrease) through share-based payment transactions	-	(20)	-	-	26	6	-	6
Transfer to capital surplus from retained earnings	-	7	(7)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	(0)	-	-	-	(0)	7	7
Increase (decrease) through transfers and other changes	-	1	(5)	-	5	1	96	97
As of June 30, 2023	10,397	15,563	195,986	(20,778)	31,797	232,964	12,296	245,260

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2022	Three months ended June 30, 2023
Operating activities		
Profit before tax	10,697	5,971
Depreciation and amortization	1,288	1,399
Impairment loss	-	64
Loss (gain) on investments in securities	(3,215)	(1,123)
Interest and dividend income	(2,511)	(1,124)
Interest expenses	27	42
Share of loss (profit) of associates accounted for using the equity method	189	(1,366)
Decrease (increase) in trade and other current receivables	5,721	8,275
Increase (decrease) in trade and other current payables	(3,985)	(3,452)
Increase (decrease) in advances received	(3,909)	(2,807)
Other, net	1,375	461
Subtotal	5,676	6,341
Dividends received	31	1,123
Interest paid	(16)	(35)
Interest received	38	0
Income tax paid	(330)	(11,434)
Income tax refund	22	34
Net cash flows from (used in) operating activities	5,420	(3,970)
Investing activities		
Purchase of shares of associates	-	(538)
Proceeds from sales and redemption of investment securities	50,090	6
Purchases of investment securities	(877)	(333)
Acquisition of property and equipment	(103)	(155)
Acquisition of intangible assets	(1,514)	(1,749)
Other, net	(147)	519
Net cash flows from (used in) investing activities	47,449	(2,250)
Financing activities		
Proceeds from borrowings	-	450
Repayments of borrowings	(6)	(2,064)
Repayments of lease liabilities	(518)	(443)
Cash dividends paid	(4,522)	(2,183)
Proceeds from share issuance to non-controlling interests	500	-
Cash dividends paid to non-controlling interests	(124)	(124)
Proceeds from disposition of treasury stock	9	16
Purchase of treasury stock	(0)	-
Other, net	-	(0)
Net cash flows from (used in) financing activities	(4,661)	(4,348)
Net increase (decrease) in cash and cash equivalents	48,208	(10,568)
Cash and cash equivalents at beginning of period	78,296	97,732
Effect of exchange rate changes on cash and cash equivalents	1,387	926
Cash and cash equivalents at end of period	127,892	88,090

(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.”

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, S.C. Sagamiyara, 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, 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, 2023.

Intersegment revenue is calculated based on external market prices.

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

For the three months ended June 30, 2022

(From April 1, 2022 to June 30, 2022)

(Millions of yen)

	Game Business	Live Streaming Business	Sports Business	Healthcare & Medical Business	New Businesses and Others *2	Adjustments *3	Total
Revenue							
Revenue from external customers	15,760	9,647	7,931	738	698	—	34,773
Intersegment revenue	14	—	—	2	6	(22)	—
Total	15,774	9,647	7,931	740	705	(22)	34,773
Segment profit (loss)*1	1,712	(188)	2,579	(212)	(204)	(143)	3,545
Other income (expenses), net							420
Operating profit							3,964
Finance income (costs), net							6,923
Share of profit (loss) of associates accounted for using the equity method							(189)
Profit before tax							10,697

(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 E-commerce business and other new businesses.

3 Adjustments in segment profit (loss) represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

For the three months ended June 30, 2023
(From April 1, 2023 to June 30, 2023)

(Millions of yen)

	Game Business	Live Streaming Business	Sports Business	Healthcare & Medical Business	New Businesses and Others *2	Adjustments *3	Total
Revenue							
Revenue from external customers	12,438	10,809	10,235	1,960	709	—	36,150
Intersegment revenue	24	—	1	—	0	(26)	—
Total	12,462	10,809	10,235	1,960	709	(26)	36,150
Segment profit (loss)*1	213	(182)	3,424	(1,172)	(336)	(189)	1,758
Other income (expenses), net							(23)
Operating profit							1,735
Finance income (costs), net							2,870
Share of profit (loss) of associates accounted for using the equity method							1,366
Profit before tax							5,971

(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 E-commerce business and other new businesses.

3 Adjustments in segment profit (loss) represent corporate expenses, which primarily include general and administrative expenses not attributable to any of the reportable segments.

2. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent for the three months ended June 30, 2022 and 2023 are as follows:

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit for the period attributable to owners of the parent (Millions of yen)	7,144	4,639
Profit for the period adjustments Adjustments for dilutive shares issued by subsidiaries	—	—
Profit for the period used to calculate diluted earnings per share	7,144	4,639
Weighted average number of common shares outstanding during the period—basic (Shares)	118,538,321	111,341,939
Effect of dilutive potential common shares: Stock options, etc. (Shares)	103,545	115,930
Weighted average number of common shares outstanding during the period—diluted (Shares)	118,641,866	111,457,869
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	60.27	41.66
Diluted earnings per share	60.21	41.62
Summary of dilutive shares not included in the calculation of diluted earnings per share due to their anti-dilutive effect		Stock options issued by consolidated subsidiaries (number of subsidiary shares to be issued upon exercise of stock options: 168,900)

3. Investments accounted for using the equity method

GO Inc. (Headquarters: Minato-ku, Tokyo; Representative Director & President: Hiroshi Nakajima), an associate of the Company accounted for using the equity method, conducted a capital increase through a third-party allotment to one financial investor.

As a result, the shareholding of the Company in GO Inc. was 25.9% (28.1% as of March 31, 2023), and a one-time gain in earnings from the change in equity of ¥2,429 million was recorded as “share of profit (loss) of associates accounted for using the equity method” in the condensed consolidated income statement for the three months ended June 30, 2023.

4. Significant subsequent events

Not applicable.