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Consolidated Financial Results for the Six Months Ended September 30, 2023 [IFRS]

November 8, 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: November 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 Six Months Ended September 30, 2023 (from April 1, 2023 to September 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	%
Six months ended September 30, 2023	75,147	5.5	4,801	(32.1)	10,110	(38.2)	6,798	(41.1)
Six months ended September 30, 2022	71,223	4.6	7,076	(47.0)	16,347	(41.3)	11,532	(49.9)

	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
Six months ended September 30, 2023	7,402	(33.3)	13,800	98.1	66.48	66.41
Six months ended September 30, 2022	11,090	(51.1)	6,967	(50.7)	94.22	94.13

(2) Consolidated Financial Position

	Total assets	Total equity	Total equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%
As of September 30, 2023	345,581	246,169	234,048	67.7
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	—	0.00	—	20.00	20.00
Fiscal year ending March 31, 2024	—	0.00			
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

Added:

Excluded:

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

3) Average number of shares during the period:

Six months ended September 30, 2023	111,342,963 shares
Six months ended September 30, 2022	117,699,544 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 September 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 November 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 Six Months Ended September 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 six months ended September 30, 2023 (from April 1, 2023 to September 30, 2023), revenue was ¥75,147 million, up 5.5% year-on-year. While revenue decreased year-on-year in the Game Business, revenue in all other business divisions increased.

Cost of sales was ¥39,396 million, up 9.9% year-on-year. Outsourcing expenses increased mainly due to new consolidations conducted in the Healthcare & Medical Business during the fiscal year ended March 31, 2023, while expenses associated with the growth of the Sports Business increased, and amortization also increased due to the release of new game titles in the Game Business.

Selling, general and administrative expenses were ¥30,853 million, up 7.1% year-on-year. While there was an increase in personnel expenses due to new consolidations in the Healthcare & Medical Business, commission fees declined, reflecting the performance of the Game Business.

Finance income was ¥3,940 million, down 55.0% year-on-year.

Share of profit of associates accounted for using the equity method was ¥1,451 million, up 140.2% year-on-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 ¥75,147 million, up 5.5% year-on-year, operating profit was ¥4,801 million, down 32.1% year-on-year, profit before tax was ¥10,110 million, down 38.2% year-on-year, and profit for the period attributable to owners of the parent was ¥7,402 million, down 33.3% year-on-year.

Business performance by segment is as follows.

1) Game Business

Revenue of the Game Business was ¥26,351 million, down 19.4% year-on-year, and segment profit was ¥423 million, down 89.5% year-on-year.

Despite the release of a new title at the end of June 2023, both revenue and profit decreased as operations were centered on existing titles and virtual currency consumption decreased year-on-year.

2) Live Streaming Business

Revenue of the Live Streaming Business was ¥21,844 million, up 11.5% year-on-year, and segment loss was ¥89 million, compared with segment loss of ¥358 million for the same period of the previous fiscal year.

During the six months ended September 30, 2023, the Live Streaming Business continued to grow thanks to Pocomo in Japan and IRIAM. In the global Pocomo service, the Group examined the appropriate methods of management of each region, while optimizing its investments.

3) Sports Business

Revenue of the Sports Business was ¥21,260 million, up 34.6% year-on-year, and segment profit was ¥7,446 million, up 61.4% year-on-year.

The performance of the Sports Business continued to grow 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 ¥4,226 million, up 133.3% year-on-year, and segment loss was ¥2,206 million, compared with segment loss of ¥912 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 ¥1,523 million, up 11.9% year-on-year, and segment loss was ¥588 million, compared with segment loss of ¥369 million for the same period of the previous fiscal year.

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

(2) Overview of Financial Position and Cash Flows

1) Financial Position

Total assets at the end of the six months ended September 30, 2023 were ¥345,581 million, a decrease of ¥3,361 million compared to the end of the previous fiscal year.

Current assets were ¥112,976 million, a decrease of ¥20,365 million compared to the end of the previous fiscal year. This was due mainly to a decrease in cash and cash equivalents by ¥13,570 million.

Non-current assets were ¥232,605 million, representing an increase of ¥17,005 million compared to the end of the previous fiscal year. This was due mainly to an increase in other non-current financial assets by ¥11,055 million.

Total liabilities at the end of the six months ended September 30, 2023 amounted to ¥99,413 million, a decrease of ¥15,536 million compared to the end of the previous fiscal year.

Current liabilities were ¥32,383 million, representing a decrease of ¥18,266 million compared to the end of the previous fiscal year. This was due mainly to a decrease in income tax payables by ¥8,531 million.

Non-current liabilities stood at ¥67,030 million, representing an increase of ¥2,729 million compared to the end of the previous fiscal year. This was due mainly to an increase of ¥3,872 million in deferred tax liabilities.

Total equity at the end of the six months ended September 30, 2023 was ¥246,169 million, representing an increase of ¥12,176 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥12,422 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 348.9% and 67.7%, respectively, at the end of the six months ended September 30, 2023.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the six months ended September 30, 2023 decreased by ¥13,570 million to ¥84,163 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 six months ended September 30, 2023 was ¥4,415 million, compared to a cash inflow of ¥12,196 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥7,270 million in decrease in trade and other current receivables. The principal cash outflow factor was ¥11,851 million in income tax paid.

(Investing activities)

Net cash used in investing activities for the six months ended September 30, 2023 was ¥6,515 million, compared to a cash inflow of ¥13,359 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥3,296 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the six months ended September 30, 2023 was ¥3,912 million, compared to a cash inflow of ¥5,196 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥2,228 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 September 30, 2023
Assets		
Current assets		
Cash and cash equivalents	97,732	84,163
Trade and other current receivables	27,566	20,882
Other current financial assets	277	715
Other current assets	7,766	7,217
Total current assets	133,341	112,976
Non-current assets		
Property and equipment	3,163	5,868
Right-of-use assets	17,034	16,281
Goodwill	49,088	49,088
Intangible assets	23,036	24,159
Investments accounted for using the equity method	57,954	60,715
Other non-current financial assets	63,162	74,217
Deferred tax assets	517	1,334
Other non-current assets	1,647	945
Total non-current assets	215,601	232,605
Total assets	348,942	345,581

	(Millions of yen)	
	As of March 31, 2023	As of September 30, 2023
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	19,397	17,022
Borrowings	2,715	2,262
Lease liabilities	1,465	1,380
Income tax payables	11,169	2,638
Provisions	2,434	2,486
Other current financial liabilities	795	1,121
Other current liabilities	12,673	5,473
Total current liabilities	50,648	32,383
Non-current liabilities		
Borrowings	35,040	34,575
Lease liabilities	5,937	5,301
Provisions	215	240
Other non-current financial liabilities	462	389
Deferred tax liabilities	22,331	26,203
Other non-current liabilities	317	322
Total non-current liabilities	64,301	67,030
Total liabilities	114,949	99,413
Equity		
Common stock	10,397	10,397
Capital surplus	15,591	15,788
Retained earnings	193,586	198,764
Treasury stock	(20,794)	(20,778)
Other components of equity	22,846	29,878
Total equity attributable to owners of the parent	221,626	234,048
Non-controlling interests	12,367	12,120
Total equity	233,993	246,169
Total liabilities and equity	348,942	345,581

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Revenue	71,223	75,147
Cost of sales	(35,834)	(39,396)
Gross profit	35,389	35,751
Selling, general and administrative expenses	(28,817)	(30,853)
Other income	617	207
Other expenses	(112)	(304)
Operating profit	7,076	4,801
Finance income	8,749	3,940
Finance costs	(82)	(82)
Share of profit (loss) of associates accounted for using the equity method	604	1,451
Profit before tax	16,347	10,110
Income tax expense	(4,815)	(3,313)
Profit for the period	11,532	6,798
Attributable to:		
Owners of the parent	11,090	7,402
Non-controlling interests	442	(604)
Profit (loss) for the period	11,532	6,798
		(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	94.22	66.48
Diluted earnings per share	94.13	66.41

(3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit for the period	11,532	6,798
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	(5,287)	6,612
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	(5,287)	6,612
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	406	194
Cash flow hedges	323	193
Other	(7)	3
Total other comprehensive income that may be reclassified to profit or loss, net of tax	721	390
Other comprehensive income, net of tax	(4,565)	7,002
Total comprehensive income for the period	6,967	13,800
Attributable to:		
Owners of the parent	6,524	14,404
Non-controlling interests	442	(604)
Total comprehensive income for the period	6,967	13,800

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

(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	-	-	7,402	-	-	7,402	(604)	6,798
Other comprehensive income	-	-	-	-	7,002	7,002	0	7,002
Total comprehensive income for the period	-	-	7,402	-	7,002	14,404	(604)	13,800
Dividends recognized as distributions to owners	-	-	(2,227)	-	-	(2,227)	(192)	(2,419)
Increase (decrease) through treasury stock transactions	-	(16)	-	16	-	-	-	-
Increase (decrease) through share-based payment transactions	-	(15)	-	-	40	25	-	25
Transfer to capital surplus from retained earnings	-	7	(7)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	228	-	-	-	228	473	701
Increase (decrease) through transfers and other changes	-	(7)	10	-	(10)	(7)	76	69
As of September 30, 2023	10,397	15,788	198,764	(20,778)	29,878	234,048	12,120	246,169

(5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Six months ended September 30, 2022	Six months ended September 30, 2023
Operating activities		
Profit before tax	16,347	10,110
Depreciation and amortization	2,560	3,199
Impairment loss	-	64
Loss (gain) on investments in securities	(4,609)	(1,555)
Interest and dividend income	(2,548)	(1,174)
Interest expenses	55	82
Share of loss (profit) of associates accounted for using the equity method	(604)	(1,451)
Decrease (increase) in trade and other current receivables	6,384	7,270
Increase (decrease) in trade and other current payables	(2,463)	(3,695)
Increase (decrease) in advances received	(7,081)	(7,661)
Other, net	1,597	971
Subtotal	9,639	6,161
Dividends received	2,545	1,304
Interest paid	(37)	(68)
Interest received	40	0
Income tax paid	(969)	(11,851)
Income tax refund	978	39
Net cash flows from (used in) operating activities	12,196	(4,415)
Investing activities		
Acquisition of subsidiaries or other businesses, net of cash acquired	(6,606)	-
Purchase of shares of associates	(24,924)	(538)
Proceeds from sales and redemption of investment securities	50,090	304
Purchases of investment securities	(1,479)	(771)
Acquisition of property and equipment	(288)	(2,796)
Acquisition of intangible assets	(3,125)	(3,296)
Payments for asset retirement obligations	(104)	(68)
Proceeds from refund of leasehold and guarantee deposits	-	131
Other, net	(204)	519
Net cash flows from (used in) investing activities	13,359	(6,515)
Financing activities		
Net increase (decrease) in short-term borrowings	15,700	(694)
Repayments of long-term borrowings	(11)	(241)
Repayments of lease liabilities	(1,040)	(898)
Cash dividends paid	(4,621)	(2,228)
Proceeds from share issuance to non-controlling interests	500	325
Cash dividends paid to non-controlling interests	(182)	(192)
Proceeds from disposition of treasury stock	20	16
Purchase of treasury stock	(5,169)	-
Other, net	-	(0)
Net cash flows from (used in) financing activities	5,196	(3,912)
Net increase (decrease) in cash and cash equivalents	30,751	(14,842)
Cash and cash equivalents at beginning of period	78,296	97,732
Effect of exchange rate changes on cash and cash equivalents	2,144	1,272
Cash and cash equivalents at end of period	111,192	84,163

(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. Sagamiyama, 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 six months ended September 30, 2022

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

(Millions of yen)

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

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

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

3 "New Businesses and Others" refer to operating segments that do not fall into any of the reportable segments, including E-commerce business and other new businesses.

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

For the six months ended September 30, 2023
(From April 1, 2023 to September 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	26,298	21,844	21,258	4,226	1,521	—	75,147
Intersegment revenue	52	—	2	—	1	(55)	—
Total	26,351	21,844	21,260	4,226	1,523	(55)	75,147
Segment profit (loss)*1	423	(89)	7,446	(2,206)	(588)	(88)	4,899
Other income (expenses), net							(98)
Operating profit							4,801
Finance income (costs), net							3,857
Share of profit (loss) of associates accounted for using the equity method							1,451
Profit before tax							10,110

(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 six months ended September 30, 2022 and 2023 are as follows:

	Six months ended September 30, 2022 (From April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)
Profit for the period attributable to owners of the parent (Millions of yen)	11,090	7,402
Profit for the period adjustments Adjustments for dilutive shares issued by subsidiaries	—	—
Profit for the period used to calculate diluted earnings per share	11,090	7,402
Weighted average number of common shares outstanding during the period—basic (Shares)	117,699,544	111,342,963
Effect of dilutive potential common shares: Stock options, etc. (Shares)	108,620	114,888
Weighted average number of common shares outstanding during the period—diluted (Shares)	117,808,164	111,457,851
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	94.22	66.48
Diluted earnings per share	94.13	66.41
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: 171,900)	Stock options issued by consolidated subsidiaries (number of subsidiary shares to be issued upon exercise of stock options: 132,000)

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 under “share of profit (loss) of associates accounted for using the equity method” in the condensed consolidated income statement for the six months ended September 30, 2023.

4. Significant subsequent events

Not applicable.