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## Consolidated Financial Results for the Three Months Ended June 30, 2022 [IFRS]

August 10, 2022

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: August 12, 2022

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, 2022 (from April 1, 2022 to June 30, 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	%
Three months ended June 30, 2022	34,773	2.1	3,964	(27.5)	10,697	(39.3)	7,505	(48.7)
Three months ended June 30, 2021	34,054	13.4	5,471	(56.5)	17,626	21.9	14,641	48.4

	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, 2022	7,144	(50.6)	2,950	(83.7)	60.27	60.21
Three months ended June 30, 2021	14,455	46.0	18,056	(1.4)	119.81	119.61

#### (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, 2022	334,408	243,729	238,634	71.4
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
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	—	0.00	—	39.00	39.00
Fiscal year ending March 31, 2023	—				
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, 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 2021 (Outlook for Fiscal 2022),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS],” announced on May 10, 2022.

### \* 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 June 30, 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 June 30, 2022	11,670,305 shares
As of March 31, 2022	11,674,919 shares

3) Average number of shares during the period:

Three months ended June 30, 2022	118,538,321 shares
Three months ended June 30, 2021	120,642,250 shares

(Note) The 186,479 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, 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 August 10, 2022. 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, 2022 on the same date. 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, 2022 (from April 1, 2022 to June 30, 2022), revenue was ¥34,773 million, up 2.1% 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 ¥17,412 million, up 9.0% year-on-year. Commission fees, etc., which fluctuate in line with the performance of the Live Streaming Business and the Game Business, etc. primarily increased.

Selling, general and administrative expenses were ¥13,817 million, up 4.1% year-on-year. Sales promotion expenses and advertising expenses increased primarily for the Live Streaming Business, while outsourcing expenses and commission fees declined, reflecting the performance of the Game Business.

Other income, net was ¥420 million, compared to ¥665 million for the same period of the previous fiscal year.

Share of loss of associates accounted for using the equity method was ¥189 million, compared with share of profit of associates accounted for using the equity method of ¥9,403 million in the same period of the previous fiscal 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 ¥34,773 million, up 2.1% year-on-year, operating profit was ¥3,964 million, down 27.5% year-on-year, profit before tax was ¥10,697 million, down 39.3% year-on-year, and profit for the period attributable to owners of the parent was ¥7,144 million, down 50.6% year-on-year.

Business performance by segment is as follows.

#### 1) Game Business

Revenue of the Game Business was ¥15,774 million, down 15.9% year-on-year, and segment profit was ¥1,712 million, down 48.5% year-on-year.

During the three months ended June 30, 2022, both revenue and profit decreased as operations were centered on existing titles and virtual currency consumption decreased year-on-year. To strengthen the earnings base, in addition to the release of new titles, the Company continues to strive to make the cost structure more robust and optimize fixed costs.

#### 2) Sports Business

Revenue of the Sports Business was ¥7,931 million, up 36.3% year-on-year, and segment profit was ¥2,579 million, up 151.7% year-on-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.

#### 3) Live Streaming Business

Revenue of the Live Streaming Business was ¥9,647 million, up 21.4% year-on-year, and segment loss was ¥188 million, compared with segment profit of ¥1,640 million for the same period of the previous fiscal year.

During the three months ended June 30, 2022, Pococha continued to perform solidly in Japan. In addition, the global Pococha service as well as the anime character live streaming service IRIAM saw good usage trends. The Company made proactive growth investments in these areas.

4) Healthcare Business

Revenue of the Healthcare Businesses was ¥740 million, up 75.5% year-on-year, and segment loss was ¥212 million, compared with segment loss of ¥379 million for the same period of the previous fiscal year.

During the three months ended June 30, 2022, the performance of “kencom” and other related businesses in the healthcare service field was solid. The Company also made progress in strategic initiatives for medium-to long-term growth, including M&A. For details, please also refer to “(7) Notes to Condensed Consolidated Financial Statements 3. Significant subsequent events.”

5) New Businesses and Others

Revenue of the New Businesses and Others was ¥705 million, down 37.5% year-on-year, and segment loss was ¥204 million, compared with segment loss of ¥60 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, 2022 were ¥334,408 million, a decrease of ¥6,162 million compared to the end of the previous fiscal year.

Current assets were ¥156,729 million, an increase of ¥46,309 million compared to the end of the previous fiscal year. This was due mainly to an increase in cash and cash equivalents by ¥49,596 million.

Non-current assets were ¥177,679 million, representing a decrease of ¥52,470 million compared to the end of the previous fiscal year. This was due mainly to a decrease in other non-current financial assets by ¥52,834 million.

Total liabilities at the end of the three months ended June 30, 2022 amounted to ¥90,679 million, a decrease of ¥4,983 million compared to the end the previous fiscal year.

Current liabilities were ¥60,771 million, representing an increase of ¥4,746 million compared to the end of the previous fiscal year. This was due mainly to an increase in income tax payables by ¥10,332 million.

Non-current liabilities stood at ¥29,909 million, representing a decrease of ¥9,729 million compared to the end of the previous fiscal year. This was due mainly to a decrease of ¥9,918 million in deferred tax liabilities.

Total equity at the end of the three months ended June 30, 2022 was ¥243,729 million, representing a decrease of ¥1,178 million compared to the end of the previous fiscal year. This was primarily attributable to an increase of ¥29,235 million in retained earnings and a decrease of ¥31,227 million in other components of equity.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 257.9% and 71.4%, respectively, at the end of the three months ended June 30, 2022.

## 2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the three months ended June 30, 2022 increased by ¥49,596 million to ¥127,892 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 three months ended June 30, 2022 was ¥5,420 million, compared to a cash inflow of ¥7,982 million in the same period of the previous fiscal year. The principal cash inflow factor was ¥10,697 million in profit before tax.

### (Investing activities)

Net cash provided by investing activities for the three months ended June 30, 2022 was ¥47,449 million, compared to a cash outflow of ¥4,278 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.

### (Financing activities)

Net cash used in financing activities for the three months ended June 30, 2022 was ¥4,661 million, compared to a cash outflow of ¥10,689 million in the same period of the previous fiscal year. The principal cash outflow factor was ¥4,522 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, 2023 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 2021 (Outlook for Fiscal 2022),” in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 [IFRS],” announced on May 10, 2022.

In addition, the Company will promptly disclose any future events requiring disclosure with regard to M&A and other activities announced during the three months ended June 30, 2022.

## 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 June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	78,296	127,892
Trade and other current receivables	24,463	21,133
Other current financial assets	237	229
Other current assets	7,424	7,476
Total current assets	110,420	156,729
Non-current assets		
Property and equipment	2,380	2,353
Right-of-use assets	18,099	18,019
Goodwill	17,451	17,451
Intangible assets	13,148	13,736
Investments accounted for using the equity method	55,893	55,729
Other non-current financial assets	122,205	69,371
Deferred tax assets	539	510
Other non-current assets	433	509
Total non-current assets	230,150	177,679
Total assets	340,570	334,408



	(Millions of yen)	
	As of March 31, 2022	As of June 30, 2022
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	19,263	16,606
Borrowings	20,022	20,022
Lease liabilities	1,601	1,511
Income tax payables	639	10,971
Provisions	2,480	2,038
Other current financial liabilities	641	1,073
Other current liabilities	11,378	8,549
Total current liabilities	56,025	60,771
Non-current liabilities		
Borrowings	124	118
Lease liabilities	6,522	6,679
Provisions	225	225
Other non-current financial liabilities	357	379
Deferred tax liabilities	31,987	22,069
Other non-current liabilities	423	439
Total non-current liabilities	39,638	29,909
Total liabilities	95,663	90,679
Equity		
Common stock	10,397	10,397
Capital surplus	16,077	16,062
Retained earnings	177,997	207,232
Treasury stock	(22,819)	(22,804)
Other components of equity	58,975	27,747
Total equity attributable to owners of the parent	240,626	238,634
Non-controlling interests	4,280	5,094
Total equity	244,907	243,729
Total liabilities and equity	340,570	334,408

(2) Condensed Consolidated Income Statement

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Revenue	34,054	34,773
Cost of sales	(15,974)	(17,412)
Gross profit	18,080	17,362
Selling, general and administrative expenses	(13,275)	(13,817)
Other income	1,019	518
Other expenses	(354)	(98)
Operating profit	5,471	3,964
Finance income	2,771	7,039
Finance costs	(19)	(116)
Share of profit (loss) of associates accounted for using the equity method	9,403	(189)
Profit before tax	17,626	10,697
Income tax expense	(2,985)	(3,193)
Profit for the period	14,641	7,505
Attributable to:		
Owners of the parent	14,455	7,144
Non-controlling interests	186	361
Profit for the period	14,641	7,505
	(Yen)	(Yen)
Earnings per share attributable to owners of the parent:		
Basic earnings per share	119.81	60.27
Diluted earnings per share	119.61	60.21

## (3) Condensed Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit for the period	14,641	7,505
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	3,387	(4,964)
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	3,387	(4,964)
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	28	262
Cash flow hedges	-	146
Other	0	1
Total other comprehensive income that may be reclassified to profit or loss, net of tax	28	409
Other comprehensive income, net of tax	3,415	(4,555)
Total comprehensive income for the period	18,056	2,950
Attributable to:		
Owners of the parent	17,870	2,589
Non-controlling interests	186	361
Total comprehensive income for the period	18,056	2,950

#### (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	-	-	14,455	-	-	14,455	186	14,641
Other comprehensive income	-	-	-	-	3,415	3,415	0	3,415
Total comprehensive income for the period	-	-	14,455	-	3,415	17,870	186	18,056
Dividends recognized as distributions to owners	-	-	(3,906)	-	-	(3,906)	(211)	(4,117)
Increase (decrease) through treasury stock transactions	-	(58)	-	(5,692)	(201)	(5,951)	-	(5,951)
Increase (decrease) through share-based payment transactions	-	8	-	-	69	77	-	77
Transfer to capital surplus from retained earnings	-	52	(52)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	-	-	-	-	-	110	110
Changes resulting from loss of control of subsidiaries	-	-	-	-	-	-	(482)	(482)
Increase (decrease) through transfers and other changes	-	0	-	-	-	0	130	130
As of June 30, 2021	10,397	16,284	162,243	(20,753)	63,629	231,800	4,680	236,481

(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

## (5) Condensed Consolidated Statement of Cash Flows

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Operating activities		
Profit before tax	17,626	10,697
Depreciation and amortization	1,429	1,288
Gain on sales of shares of subsidiaries and associates	(411)	-
Impairment loss	286	-
Loss (gain) on investments in securities	(66)	(3,215)
Interest and dividend income	(2,585)	(2,511)
Interest expenses	18	27
Share of loss (profit) of associates accounted for using the equity method	(9,403)	189
Decrease (increase) in trade and other current receivables	7,805	5,721
Increase (decrease) in trade and other current payables	(3,858)	(3,985)
Increase (decrease) in advances received	(2,893)	(3,909)
Other, net	(1,464)	1,375
Subtotal	6,486	5,676
Dividends received	2,564	31
Interest paid	(14)	(16)
Interest received	21	38
Income tax paid	(1,080)	(330)
Income tax refund	6	22
Net cash flows from (used in) operating activities	7,982	5,420
Investing activities		
Sales of subsidiaries or other businesses, net of cash acquired	(974)	-
Proceeds from sales and redemption of investment securities	6	50,090
Purchases of investment securities	(1,667)	(877)
Acquisition of property and equipment	(48)	(103)
Acquisition of intangible assets	(1,674)	(1,514)
Other, net	80	(147)
Net cash flows from (used in) investing activities	(4,278)	47,449
Financing activities		
Repayments of borrowings	-	(6)
Repayments of lease liabilities	(723)	(518)
Cash dividends paid	(3,810)	(4,522)
Proceeds from share issuance to non-controlling interests	-	500
Cash dividends paid to non-controlling interests	(211)	(124)
Proceeds from disposition of treasury stock	4	9
Purchase of treasury stock	(5,949)	(0)
Net cash flows from (used in) financing activities	(10,689)	(4,661)
Net increase (decrease) in cash and cash equivalents	(6,984)	48,208
Cash and cash equivalents at beginning of period	97,301	78,296
Effect of exchange rate changes on cash and cash equivalents	27	1,387
Cash and cash equivalents at end of period	90,344	127,892

(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,” “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: Distribution of game apps, 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, etc.
Live Streaming Business	Live streaming-related services (provided in Japan and internationally) Principal services: Pococha, IRIAM, etc.
Healthcare Business	Healthcare-related services (provided in Japan) Principal services: kencom, 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 three months ended June 30, 2021

(From April 1, 2021 to June 30, 2021)

(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	18,760	5,799	7,945	422	1,127	—	34,054
Intersegment revenue	2	21	—	—	—	(23)	—
Total	18,762	5,820	7,945	422	1,127	(23)	34,054
Segment profit (loss)*1	3,323	1,024	1,640	(379)	(60)	(743)	4,806
Other income (expenses), net							665
Operating profit							5,471
Finance income (costs), net							2,752
Share of profit (loss) of associates accounted for using the equity method							9,403
Profit before tax							17,626

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

(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	15,760	7,931	9,647	738	698	—	34,773
Intersegment revenue	14	—	—	2	6	(22)	—
Total	15,774	7,931	9,647	740	705	(22)	34,773
Segment profit (loss)*1	1,712	2,579	(188)	(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. 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 three months ended June 30, 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.

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, 2021 and 2022 are as follows:

	Three months ended June 30, 2021 (From April 1, 2021 to June 30, 2021)	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)
Profit for the period attributable to owners of the parent (Millions of yen)	14,455	7,144
Weighted average number of common shares outstanding during the period—basic (Shares)	120,642,250	118,538,321
Effect of dilutive potential common shares: Stock options, etc. (Shares)	204,772	103,545
Weighted average number of common shares outstanding during the period—diluted (Shares)	120,847,022	118,641,866
Earnings per share attributable to owners of the parent (Yen)		
Basic earnings per share	119.81	60.27
Diluted earnings per share	119.61	60.21

## 3. Significant subsequent events

(Acquisition of shares of Allm Inc.)

### 1) Overview of the share acquisition

During a meeting of the Board of Directors held on May 25, 2022, the Company passed a resolution to acquire shares of Allm Inc. (“Allm”), and acquired the shares on July 1, 2022. Following this share acquisition and the purchase and cancellation of treasury stock by Allm from existing shareholders, Allm became the Company’s associate accounted for using the equity method.

#### (1) Company name and description of business of the investee company

- (i) Company name: Allm Inc.
- (ii) Description of business: Medical and healthcare-related mobile ICT business  
Community-based comprehensive care promotion business  
Business incubation

#### (2) Main reason for the share acquisition

The Company has been working to build up long-term business value in the serve approach, and is further accelerating its strategy for mid- to long-term growth. The Company believes that making Allm, a medical ICT venture company, a subsidiary in the future will accelerate the said company’s growth, and contribute to the enhancement of corporate value in the serve approach by proactively working to create synergies with the Company’s business. This acquisition of shares is carried out with the aim of making Allm a subsidiary. By acquiring additional shares of Allm that are held by Mr. Teppei Sakano, the Representative director/CEO of Allm, the Company expects to make the said company a subsidiary.

#### (3) Acquisition date: July 1, 2022

#### (4) Method of acquisition: Acquisition of shares by underwriting a third-party allotment of new shares

#### (5) Percentage of voting rights acquired (after purchase of treasury stock): 48.2% (percentage of voting rights previously held: 0.0%)

- 2) Consideration paid for the acquisition and its breakdown  
The consideration paid for the acquisition was ¥23,260 million in cash.

(Acquisition of shares of DATA HORIZON CO., LTD.)

1) Overview of the business combination

During a meeting of the Board of Directors held on June 29, 2022, the Company passed a resolution to acquire shares of DATA HORIZON CO., LTD. ("DATA HORIZON") through a tender offer and underwriting of a third-party allotment of new shares, and made Data Horizon a consolidated subsidiary of the Company on August 3, 2022 through the completion of the tender offer and payment for the third-party allotment of new shares.

(1) Company name and description of business of the acquired company

- |                               |  |
|-------------------------------|--|
| (i) Company name:             | DATA HORIZON CO., LTD.   |
| (ii) Description of business: | Development and provision of medical-related information services  |
|                               | <ul style="list-style-type: none"> <li>• Data health-related services</li> <li>• Generic drug notification services</li> <li>• Health service support systems</li> </ul> |

(2) Main reason for the business combination

Since April 2020, the Company has partnered with Data Horizon to accelerate health-related businesses for local governments and health insurance societies, and has been jointly working on the data business to contribute to achieving a zero primary balance for medical costs. Now, the Company has decided to make Data Horizon a consolidated subsidiary of the Company, based on its belief that the two companies' goal of extending healthy lifespans and achieving a zero primary balance can be further accelerated by strengthening cooperation between the two companies even more than before and by establishing a smooth and prompt cooperative relationship between the two companies.

(3) Acquisition date: August 3, 2022

(4) Method of acquiring control: Acquisition of shares through tender offer and underwriting of third-party allotment of new shares

(5) Percentage of voting rights acquired: 51.7% (percentage of voting rights previously held: 12.9%)

2) Consideration paid for the acquisition and its breakdown

Fair value at the acquisition date of the acquired company's shares held immediately prior to the acquisition date:	2,302 million yen
Cash consideration paid for additional shares of the acquired company acquired through the tender offer:	6,927 million yen
Cash consideration paid for additional shares of the acquired company acquired through the underwriting of a third-party allotment of new shares:	3,400 million yen
Consideration paid for the acquisition:	12,629 million yen

3) Summary of other matters

As of the approval date of the condensed consolidated financial statements, the impact of this acquisition on the six months ending September 30, 2022 was still under review, given that the calculation of the fair value of the assets acquired and the liabilities assumed as of the acquisition date has not been completed.

(Borrowing of substantial funds)

During a meeting of the Board of Directors, the Company passed a resolution to borrow funds and executed the borrowings as follows.

(1) Resona Bank, Limited.

- |                         |                        |
|-------------------------|------------------------|
| (i) Date of resolution: | June 29, 2022          |
| (ii) Use of funds:      | Working capital        |
| (iii) Borrowing amount: | 3,000 million yen      |
| (iv) Borrowing rate:    | Floating interest rate |
| (v) Date of borrowing:  | July 1, 2022           |

(vi) Repayment date:	December 30, 2022
(vii) Collateral assets and guarantees:	None

(2) Sumitomo Mitsui Banking Corporation

(i) Date of resolution:	June 29, 2022
(ii) Use of funds:	Working capital
(iii) Borrowing amount:	7,000 million yen
(iv) Borrowing rate:	Floating interest rate
(v) Date of borrowing:	July 5, 2022
(vi) Repayment date:	December 30, 2022
(vii) Collateral assets and guarantees:	None

(3) Mizuho Bank, Ltd.

(i) Date of resolution:	July 27, 2022
(ii) Use of funds:	Working capital
(ii) Borrowing amount:	5,000 million yen
(iii) Borrowing rate:	Floating interest rate
(iv) Date of borrowing:	August 5, 2022
(v) Repayment date:	November 4, 2022
(vi) Collateral assets and guarantees:	None