Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 [IFRS]

May 9, 2025

Company name: DeNA Co., Ltd.
Stock exchange listing: Tokyo Stock Exchange
Code number: 2432
URL: https://dena.com/intl/
Representative: Shingo Okamura, President & CEO
Contact: Keigo Watanabe, Director and Executive Officer, Head of the Corporate Unit
Phone: +81-3-6758-7200
Scheduled date of Ordinary General Meeting of Shareholders: June 21, 2025
Scheduled date of commencing dividend payments: June 23, 2025
Scheduled date of filing securities report: June 20, 2025
Availability of supplementary briefing material on financial results: Yes
Schedule of 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 Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(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	%
Fiscal year ended March 31, 2025	163,997	19.9	28,973	—	31,817	—	22,966	—
Fiscal year ended March 31, 2024	136,733	1.3	(28,270)	—	(28,130)	—	(30,187)	—

	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
Fiscal year ended March 31, 2025	24,193	—	34,520	—	217.24	216.92
Fiscal year ended March 31, 2024	(28,682)	—	(11,870)	—	(257.60)	(257.60)

	Ratio of profit to equity attributable to owners of the parent	Profit before tax to total assets	Operating profit to revenue
	%	%	%
Fiscal year ended March 31, 2025	10.7	8.7	17.7
Fiscal year ended March 31, 2024	(13.3)	(8.2)	(20.7)

(For reference) Equity in earnings (losses) of affiliates:
Fiscal year ended March 31, 2025: ¥2,309 million
Fiscal year ended March 31, 2024: ¥(2,992) million

(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	Equity per share attributable to owners of the parent
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	394,188	252,875	241,734	61.3	2,163.71
As of March 31, 2024	335,708	220,025	209,204	62.3	1,871.47

(3) Consolidated Cash Flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	38,999	(12,280)	(5,445)	92,803
Fiscal year ended March 31, 2024	(10,839)	(12,629)	(4,102)	71,396

2. Dividends

	Dividends per share					Total dividends paid (annual)	Payout ratio (consoli-dated)	Dividends on equity attributable to owners of the parent (consoli-dated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	End of year	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2024	–	0.00	–	20.00	20.00	2,227	–	1.0
Fiscal year ended March 31, 2025	–	0.00	–	65.00	65.00	7,241	29.9	3.2
Fiscal year ending March 31, 2026 (Forecast)	–	–	–	–	–		–	

(Notes) 1. Breakdown of year-end dividends for the fiscal year ended March 31, 2025:
Regular cash dividend: ¥33.00 Special cash dividend: ¥32.00
2. The total dividends paid do not include dividends for stocks provided for the Stock Grant ESOP (Employee Stock Ownership Plan) Trust account.
3. The dividend forecast for the fiscal year ending March 31, 2026 has not been determined at this time.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (from April 1, 2025 to March 31, 2026)

The consolidated financial results forecast for the fiscal year ending March 31, 2026 cannot be provided due to the difficulty of reasonably and accurately estimating the figures at the present time. However, the Company will promptly disclose such forecast as soon as it is in a position to do so. For details, please refer to "1. Overview of Operating Results and Financial Position (1) Overview of Operating Results for Fiscal 2024 (Outlook for Fiscal 2025)" of the Appendix.

*** Notes**

(1) Significant Changes in the Scope of Consolidation during the Period: None
Newly included: Excluded:

(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 March 31, 2025	122,145,545 shares
As of March 31, 2024	122,145,545 shares

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

As of March 31, 2025	10,746,088 shares
As of March 31, 2024	10,794,938 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2025	111,362,978 shares
Fiscal year ended March 31, 2024	111,346,008 shares

(Note) The 160,073 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 March 31, 2025, and the 167,812 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, 2024.

(For Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (from April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results (% changes from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	108,915	30.6	31,439	706.6	32,054	619.8	22,354	—
Fiscal year ended March 31, 2024	83,405	(5.8)	3,898	10.5	4,453	(40.7)	(16,996)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal year ended March 31, 2025	200.73	200.44
Fiscal year ended March 31, 2024	(152.64)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	294,018	187,913	63.7	1,680.58
As of March 31, 2024	227,492	157,119	68.7	1,403.71

(For reference) Equity: As of March 31, 2025: ¥187,215 million
As of March 31, 2024: ¥156,304 million

* This report of consolidated financial results is outside the scope of audit 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) 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 May 9, 2025. 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 Fiscal Year Ended March 31, 2025 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.

Appendix

1. Overview of Operating Results and Financial Position

(1) Overview of Operating Results for Fiscal 2024

The Group is engaged in various businesses across the entertain and serve approaches. With the aim to enhance corporate value, the Group has been working to form an earnings base by taking advantage of the strengths of each approach, developing business groups that are set to structurally and sustainably grow, and encouraging synergies between businesses.

During the fiscal year ended March 31, 2025 (from April 1, 2024 to March 31, 2025), revenue was ¥163,997 million, up 19.9% year-on-year. The factors for the year-on-year fluctuations are explained below in business performance by segment.

Cost of sales was ¥71,354 million, down 5.8% year-on-year. Commission fees declined, reflecting the trends and performance of the Live Streaming and Game Businesses.

Selling, general and administrative expenses were ¥60,209 million, down 0.7% year-on-year. While commission fees declined, mainly reflecting the performance of the Game and Live Streaming Businesses, personnel expenses, including expenses for the payment of special bonuses, increased.

In terms of other income (expenses), impairment losses of ¥4,389 million were recorded under other expenses, compared to impairment losses of ¥28,764 million in the previous fiscal year. For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (7) Notes to Consolidated Financial Statements, 3. Impairment of assets.”

Finance income was ¥1,720 million, down 56.5% year-on-year. Finance costs were ¥1,185 million, up 43.7% year-on-year due to the impact from exchange rate fluctuations, etc.

Share of profit of associates accounted for using the equity method was ¥2,309 million, compared with share of loss of associates accounted for using the equity method of ¥2,992 million in the previous fiscal year. The main factors of the year-on-year fluctuation included the performance trends of Cygames, Inc. and GO Inc., both major associates accounted for using the equity method, as well as one-off gains and losses rewarded in the previous fiscal year.

As a result, revenue of the DeNA Group was ¥163,997 million, up 19.9% year-on-year, operating profit was ¥28,973 million, compared with operating loss of ¥28,270 million in the previous fiscal year, profit before tax was ¥31,817 million, compared with loss before tax of ¥28,130 million in the previous fiscal year, and profit for the period attributable to owners of the parent was ¥24,193 million, compared with loss for the period attributable to owners of the parent of ¥28,682 million in the previous fiscal year.

Business performance by segment is as follows.

1) Game Business
Revenue of the Game Business was ¥78,099 million, up 44.6% year-on-year, and segment profit was ¥38,577 million, up 1,016.1% year-on-year.
Both revenue and segment profit increased year-on-year due to factors including the strong performance of *Pokémon Trading Card Game Pocket*, which was newly released on October 30, 2024.

2) Live Streaming Business
Revenue of the Live Streaming Business was ¥40,562 million, down 4.7% year-on-year, and segment loss was ¥201 million, compared with segment profit of ¥339 million for the previous fiscal year.
Although marketing initiatives including TV commercials for Pococha in Japan were carried out in the first half of the fiscal year ending March 31, 2025, business operations focusing more on securing profits were implemented in the second half of the fiscal year. IRIAM continued to grow.

3) Sports Business
Revenue of the Sports Business was ¥31,303 million, up 14.8% year-on-year, and segment profit was ¥2,836 million, up 33.5% year-on-year.

YOKOHAMA DeNA BAYSTARS BASEBALL CLUB, INC. reported the highest number of spectators in the team's history as attendance continued to be strong at its home games. YOKOHAMA DeNA BAYSTARS BASEBALL CLUB also won the 2024 JERA Central League Climax Series and the SMBC Japan Series 2024. The performance of the Sports Business grew even compared with 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 ¥10,766 million, up 8.1% year-on-year, and segment loss was ¥3,619 million, compared with segment loss of ¥3,640 million for the previous fiscal year.
In the Healthcare area, revenue decreased year-on-year primarily since the current fiscal year is not the data health plan formulation year. In the Medical area, the number of facilities adopting "Join," the communication app for medical practitioners, continues to increase, and projects utilizing Join Mobile Clinic, which combines portable medical devices with Join, also made progress.

5) New Businesses and Others
Revenue of the New Businesses and Others was ¥3,618 million, up 18.4% year-on-year, and segment loss was ¥1,124 million, compared with segment loss of ¥1,303 million for 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.

(Outlook for Fiscal 2025)
The consolidated financial results forecast for the fiscal year ending March 31, 2026 cannot be provided due to the difficulty of reasonably and accurately estimating the figures at the present time. However, the Company will promptly disclose such forecast as soon as it is in a position to do so.

In the Game Business, it is particularly difficult at present to provide a reasonable outlook, including the trends of *Pokémon Trading Card Game Pocket*, which was released in the second half of the fiscal year ended March 31, 2025. While the said title is currently performing solidly and the Company is managing this title to ensure its contribution to profits in the long term, in the short term, the Company expects that there will be a reaction from the initial performance. As for new titles, the Company plans to have a pipeline primarily based on new approaches including the soft launch strategy rather than conventional development methods in the fiscal year ending March 31, 2026 and beyond, and no new titles based on conventional development have been announced at this time.

(2) Overview of Financial Position and Cash Flows for Fiscal 2024

1) Financial Position

Total assets at the end of the fiscal year ended March 31, 2025 increased by ¥58,479 million compared to the end of the previous fiscal year to ¥394,188 million.

Total current assets increased by ¥28,628 million compared to the end of the previous fiscal year to ¥142,688 million. This was due mainly to an increase in cash and cash equivalents by ¥21,406 million.

Total non-current assets increased by ¥29,852 million compared to the end of the previous fiscal year to ¥251,500 million. This was due mainly to an increase in other non-current financial assets by ¥17,348 million, and an increase in right-of-use assets by ¥6,773 million.

Total liabilities at the end of the fiscal year ended March 31, 2025 increased by ¥25,629 million compared to the end of the previous fiscal year to ¥141,312 million.

Total current liabilities increased by ¥39,582 million compared to the end of the previous fiscal year to ¥88,795 million. This was due mainly to an increase in borrowings by ¥22,410 million and an increase in income tax payables by ¥8,018 million.

Total non-current liabilities decreased by ¥13,952 million compared to the end of the previous fiscal year to ¥52,517 million. This was due mainly to a decrease in borrowings by ¥24,025 million an increase in lease liabilities by ¥5,520 million and an increase in deferred tax liabilities by ¥4,730 million.

Total equity at the end of the fiscal year ended March 31, 2025 increased by ¥32,850 million compared to the end of the previous fiscal year to ¥252,875 million. This was primarily attributable to an increase in retained earnings by ¥21,966 million.

In terms of liquidity, the liquidity ratio and ratio of equity attributable to owners of the parent were 160.7% and 61.3%, respectively, at the end of the fiscal year ended March 31, 2025.

2) Cash Flows

Cash and cash equivalents (collectively, “cash”) at the end of the fiscal year ended March 31, 2025 increased by ¥21,406 million to ¥92,803 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 fiscal year ended March 31, 2025 was ¥38,999 million, compared to a cash outflow of ¥10,839 million in the previous fiscal year. The principal cash inflow factor was ¥31,817 million in profit before tax.

(Investing activities)

Net cash used in investing activities for the fiscal year ended March 31, 2025 was ¥12,280 million, compared to a cash outflow of ¥12,629 million in the previous fiscal year. The principal cash outflow factor was ¥6,166 million in acquisition of intangible assets.

(Financing activities)

Net cash used in financing activities for the fiscal year ended March 31, 2025 was ¥5,445 million, compared to a cash outflow of ¥4,102 million in the previous fiscal year. The principal cash outflow factors were ¥2,229 million in cash dividends paid and ¥1,738 million in repayments of lease liabilities.

(3) Basic Policy for Distribution of Profit and Dividends for Fiscal 2024 and 2025

The Company regards continuing enhancement of its corporate value through business growth and strengthening of the management structure and contributing to shareholders’ interest to be important management priorities.

With respect to allocating profit to shareholders through dividends, while considering the performance of each fiscal year, the Company, as a basic principle, sets as a minimum whichever is higher, a consolidated payout ratio of 15% or an annual dividend of ¥20 per share of the Company’s common stock, and plans to continue paying a dividend with the aim of a consolidated payout ratio of 30% in the future.

As one approach to capital management policy is to respond flexibly to changes in the Company's stock price and conditions in the operating environment and return a portion of the profit for the period to shareholders, the Company appropriately considers purchases of its own shares from the market.

Regarding retained earnings, the Company's objective is to make effective investments in the establishment of a business portfolio that realizes medium- to long-term growth, while making aggressive investments to strengthen the earnings base of its principal businesses in order to maximize corporate value.

Based on the basic principle described above, the Company is scheduled to pay a regular cash dividend for its common stock of ¥33 per share for the fiscal year ended March 31, 2025, having taken into account performance, the future business environment, and internal reserves for the continued growth of business. In addition, in light of consolidated performance for the fiscal year ended March 31, 2025 and other factors, the Company plans to pay a special cash dividend for its common stock of ¥32 per share for the fiscal year under review.

The basic policy regarding the payment of dividends from surplus is to pay a year-end dividend once a year.

(4) Risk Factors

This section reviews the matters among the various items related to the business and accounting situation that management recognizes as major risks that may potentially have a material effect on the financial position, business performance, and the status of cash flows (collectively "business performance, etc.") of the DeNA Group (matters that may have a material effect on the decisions of investors). The policy of the Group, after these matters are recognized as risks that may occur, is to work to prevent their occurrence and develop countermeasures in the event of an occurrence. However, the Company believes that the judgments of investors regarding the Company's stock must be made after the careful consideration of these matters and other factors that are not covered here.

Unless otherwise indicated, matters related to future developments that are mentioned in this section are judgments of the Group that were made as of the date of the issuance of this report. Since these matters have inherent uncertainties, the actual results and outcomes may differ from these judgments.

(1) Business Environment Risk

1) Responding to Changes in the Internet and AI (Artificial Intelligence)-related Industries, and New Technologies

Internet usage continues to expand, particularly usage by mobile devices, and every day new Internet services are created in a diverse variety of fields. In addition, increased utilization of AI technologies in business is gaining attention in society.

The Group is capitalizing on its strengths in Internet services for mobile devices, such as smartphones, with the provision of games and all types of services, and working on initiatives aimed at boosting the value of its services through the utilization of AI technologies. However, in the markets associated with the services that the Group provides, sudden changes in market share owing to new entrants into the industry and structural changes in the market in association with the emergence of new business models may have an adverse impact on the Group's business performance, etc.

With the development of new Internet and AI-related technologies and the constant introduction of new services based on these technologies in society at large, in the event that the Group lags behind new technologies due in part to its inability to promote research and development as well as alliances with other companies, retain engineers, or develop personnel, its competitiveness may decline. Furthermore, in the event that large expenditures are necessary for responding to new technologies, this may have an adverse impact on the Group's business performance, etc.

Moreover, with regard to AI technologies, the reliability, accuracy, and usability, etc. of services that use AI technologies in general can become an issue, and ethical problems related to matters such as human dignity, privacy, fairness, and transparency may arise depending on how AI technologies are used. If such issues or problems have an impact on provision of services, it may adversely affect the Group's business performance, etc.

Due to the nature of technological innovations and changes in business structure related to the Internet and AI, it is difficult to reasonably predict when and how much of an impact there will be on the business environment. However, the Group recognizes that there will definitely be an impact considering the history of development of information technologies and changes in business structure. The Group stipulates in its vision that it engages in business while fully leveraging the Internet and AI. The DeNA Promise, which is part of the Group value and is our social promise, as well as the DeNA Group AI Policy, states the Group's commitment to challenge ourselves to develop new technology and services while overcoming any issues that may arise.

As such, the Group recognizes that responding to such technological innovation and changes in business structure related to the Internet and AI is an important issue. At the same time, with the aim of reducing these risks, the Group has established a management system, which includes compliance and risk management departments, that conducts multifaceted business reviews, when planning and implementing services that utilize the Internet and AI. By creating this system, the Group is promoting initiatives aimed at improving service value through further utilization of the Internet and AI, while at the same time, by utilizing collaborations and M&A, it is working to secure business opportunities and further enhance its competitiveness. However, due to the nature of technological innovation and business structure related to the Internet and AI, these measures may not be able to prevent the above risks from materializing, which could in turn have an adverse impact on the Group's business performance, etc.

2) Responding to OS Providers for Mobile Devices

The Group operates its business aimed at mobile devices equipped with operating systems (OS) such as Android or iOS. Accordingly, in the event that the Group is unable to provide its services due to accidents or other problems related to these OSs, or if the Group is unable to provide its services due to measures introduced by the OS providers that are difficult to predict, if the Group is unable to provide the same services as in the past because of major or unforeseeable changes in existing conditions, rules and their application, or the establishment of new conditions and rules imposed by the OS providers for providing services on these OSs, if responding to such changes in or the new establishment of the conditions, rules and their application requires large expenditures, if the conditions, rules and their application are changed to those disadvantageous to the Group, or if the Group is unable to meet the changed or newly established conditions, rules and their application, leading to the suspension of services provided by the OS providers or account usage, there may be an adverse impact on the Group's business and business performance, etc.

It is difficult to foresee the timing of major or unforeseeable changes in existing conditions, rules and their application, or the establishment of new conditions and rules imposed by the OS providers, and it is also difficult to reasonably predict the impact they will have. The Group is working to control the possibility of these risks materializing and affecting its business performance, etc., as much as possible, by establishing a development system to build services that are compatible with the latest OSs. At the same time, the Group is keeping up with the latest conditions and rules imposed by the OS providers and establishing management and coordination systems in the administrative and business divisions to apply any changes to its services. Nevertheless, in keeping with the Group's relationships with the OS providers, these measures may not be able to prevent the above risks from materializing, which could in turn have an adverse impact on the Group's business performance, etc.

3) Competition and Consumer Trends

The Group faces intense competition with other companies in all of its business fields, including the Internet- and AI-related industries. The Group strives to increase its competitiveness by creating and offering distinctive services capturing the needs of the times, taking on measures for improving users' environment and security, and initiatives to ensure improved customer support. However, intensifying competition from companies or new market entrants offering similar services, or changes in trends of consumer demand may have an adverse impact on the Group's business performance, etc.

It is difficult to reasonably estimate the possibility, timing, and degree of impact of risks related to intensifying competition and changes in trends of consumer demand materializing. However, the Group recognizes that these risks constantly exist in its business operations, as the future potential of services with distinctive features that meet the needs of the times will inherently cause competition to intensify through the business development of new entrants. The Group is working to develop the internal environment and cultivate human resources for providing even more attractive and competitive services. Nevertheless, due to the characteristics of the business, these measures may not be able to prevent the above risks from materializing, which could in turn have an adverse impact on the Group's business performance, etc.

(2) Individual Business Risk

1) Businesses Utilizing Content such as Mobile Games

Changes in user tastes and preferences may be rapid and extreme in businesses that use content, as typified by mobile games. In the event that, for some reason, the Group cannot accurately identify user needs and provide content that satisfies them, the appeal of the Group's services to users may decline. As a result, the profitability of the content may also decline, or the Group may be unable to provide new content, which may have an unexpected and significant adverse impact on its business performance, etc.

In addition, it is necessary to not only improve existing content but also expand its lineup by introducing new titles on a continuing basis, but in the event that content enrichment does not proceed according to plan, it may cause an adverse impact on the Group's business performance, etc. In particular, the development costs of mobile games have been rising in recent years. It is possible that the development of new titles may not proceed as planned due to imbalances between development costs and expected revenues, which may prevent enhancement of content.

Because it is not easy to accurately identify user tastes at all times, and securing the content development systems of external partner companies depends on external factors that are different from those faced by the Group, the possibility of these risks materializing always exists to a certain extent due to the nature of the business. The Group is addressing these risks by constantly working to plan and develop content that meet user needs through the establishment of internal organizations and implementation of measures to accurately understand and analyze those needs. In addition, the Group is continuously working to strengthen its development system, cultivate external partner companies, and build relationships so that it can continuously provide excellent content. However, due to the nature of these risks, it is difficult to completely eliminate them.

Moreover, in the event that a serious issue occurs regarding the content provided by the Group or a third-party developer, or external partners including outsourcing companies cause serious problems, the legal responsibility of the Group may become an issue regardless of the content of contract rules and regulations and terms/conditions. Even where this is not the case, such incidents may cause a loss of trust in the Group and impairment in the Group's brand image, and may have an adverse impact on the Group's business performance, etc. Furthermore, in the event that changes are made to core content or the Group becomes unable to provide core content due to the change or expiration of contracts or partnership relationships with alliance partners, intellectual property (IP) providers, or companies that provide content to platforms operated by the Group, or in the event that revenues and the profitability of related content decline, this may have an adverse impact on the Group's business performance, etc. Especially if such an event occurs in a service related to content that is of high business importance, it may have a significant adverse impact on the Group's business performance, etc.

It is difficult to reasonably predict the likelihood and timing of these risks materializing because they depend on external factors. The Group is working to control the possibility of these risks materializing as much as possible, by striving to minimize the possibility of issues through selection of excellent external developers and thorough management of outsourced work conducted by outsourcing companies. At the same time, the Group is strengthening coordination between its business divisions and administrative divisions, which review the details of contracts, and building a contract management system that prevents unexpected changes to the details or termination of the contracts or partnership relationships. However, if such risks materialize despite these measures, it may have a significant adverse impact on the Group's business performance, etc.

2) Live Streaming Business

The Group engages in the live streaming business through the operation of the "Pococha" live communication app, the "IRIAM" anime character live streaming app, etc.

Since both broadcasters and viewers transmit information through these apps, issues such as infringements of rights of third parties, laws and regulations, acts of expression including inappropriate content, and incidents caused by user behavior may arise in the contents streamed by broadcasters or the interactions between/among users. Furthermore, users and companies that use the service may engage in behavior both inside and outside the service that affects the integrity of the service. For details regarding these risks, please refer to "(2) Individual Business Risk 8) Providing Services to the General Public" and "(7) Compliance Risk 1) Maintaining Service Integrity."

3) Sports Business

The Group engages in the sports business including management of the professional baseball team "Yokohama DeNA BayStars," the professional basketball club "Kawasaki Brave Thunders," and the professional soccer club "S.C. Sagamihara."

In this business, the shift in trends in the target industry of sports and the game results of the team under management may have an adverse impact on attendance at games and ultimately on the Group's earnings, in addition to which expenditures for strengthening the team in order to improve their game results or capital investment may have an adverse impact on the Group's business performance, etc. In addition, as a large number of customers attend sporting and other events and visit the facilities that are operated by the Group, the Group has in place requisite measures, etc., to prevent accidents such as those caused by balls hit by players. However, in the case that accidents, etc., occur despite the implementation of these measures, this may have an adverse impact on the Group's business performance, etc. due to factors such as claims for large amounts of damages alongside a loss of trust in the Group and impairment in the Group's brand image. Furthermore, if the facilities used are damaged, etc., and made unusable by natural disasters such as earthquakes or typhoons, or by other accidents, or if normal entertainment or events cannot be held, due to causes such as the impact of an infectious disease, etc., this may have an adverse impact on the Group's business performance, etc. Further, the Group operates the "Yokohama Stadium" facility on the basis of a contract for preferential utilization for entertainment purposes, including holding professional baseball games, with the City of Yokohama, the owner of the stadium. The situation concerning renewal of this contract or changes to the terms of usage may lead to the inability to use the stadium facility, or to restrictions on said usage, which may have an adverse impact on the Group's business performance, etc. Also, there is a similar risk associated with using facilities to hold professional basketball games and other sports. As an example of how the Group's business performance would be impacted when these risks materialize, it would have a significant adverse impact on income from ticket sales, sponsorships, merchandise sales, food and beverage sales, and other income.

The Group is working to create value in businesses that attract visitors and fans, implement safety management measures, and enhance coordination with facility owners such as the City of Yokohama, the owner of Yokohama Stadium. However, it is difficult to predict the occurrence of risk factors such as game result trends, accidents during entertainment or resulting from the use of the facilities such as accidents caused by balls hit by players, and natural disasters. Accordingly, the Group recognizes that the possibility of these risks materializing always exists to a certain extent due to the nature of such risks.

4) Healthcare & Medical Business

The Group engages in the healthcare & medical business, such as the operation of health promotion support services and cognitive function testing services that use information and communication technology (ICT), the operation of information sharing and communication services for medical settings, the utilization of healthcare data, and the support of health businesses.

While the Group constructs its services and pursues research and development in this business in such a way that they do not come in conflict with the Act on Securing Quality, Efficacy and Safety of Pharmaceuticals and Medical Devices, etc., the Medical Practitioner's Law, the Act on the Protection of Personal Information, and other domestic and foreign regulations, future amendments to regulations regarding the application of approval processes and related regulations, future amendments to regulations regarding the handling of healthcare data, as well as circumstances leading to some kinds of constraints and additional expenses involving this business or devices and other products it handles may adversely impact the Group's business performance, etc. Additionally, as this business handles a large amount of highly-sensitive information such as personal health records, and information obtained through anonymization and statistical processing, etc., and the amount and range of information is expected to increase as business diversifies in the future, in the event of leakage or improper handling of information, the Group may receive claims for large amounts of damages or administrative sanctions. Furthermore, technological development in the services that this business is involved in is proceeding, and competition in the market may further intensify. Additionally, whether or not the Group's services are involved, changes in market conditions as a result of situations giving rise to social or moral questions related to the healthcare & medical business may have an effect on business performance. Furthermore, with regard to the healthcare & medical business, in the event of inaccuracies, defects or deficiencies in delivered information and services, a shortage of or defects in devices required for the business, or other situations which inhibit the Group's ability to maintain high-quality services lead to the cessation of services, a recall of products sold, or claims for large amounts of damages alongside a loss of trust in the Group and impairment in the Group's brand image, it may cause an adverse impact on the Group's business performance, etc.

Although it is difficult to reasonably predict the likelihood and timing of the materialization of risks related to the healthcare & medical business because they are largely dependent on business conditions and external factors, if these risks materialize, there may be a significant adverse impact on the Group's overall business development due to a loss of trust in the Group and impairment in the Group's brand image.

The Group considers risks caused by information leaks and improper handling of highly sensitive information to be important management risks. Accordingly, the Group companies engaged in the said business are working to minimize the possibility of such risks materializing by promoting the establishment of a business management system, including strict information management. To this end, some Group companies have acquired ISMS certification pursuant to ISO 27001, a conformity assessment system for information security management systems, as well as PrivacyMark (JIS Q15001:2017) certification. However, it is difficult to completely prevent the abovementioned risks from materializing.

5) New Businesses

As a part of its efforts to challenge itself to achieve growth, the Group will continue to engage in aggressive initiatives to provide new services and enter new businesses, in order to expand the scale of its business activities and diversify sources of earnings. As a result, the Group may have to make investments in systems and real estate, and incur additional expenditures on advertising, personnel expenses, and other items, which may result in lower profitability. In addition, in launching new services and new businesses, the risks inherent in these new activities become risk factors for the Group. Also, in unexpected situations and other circumstances, the development of new services and new businesses may not proceed as originally planned and the Group may not be able to recover its investments, possibly causing an adverse impact on the Group's business performance, etc.

It is difficult to reasonably predict the likelihood and timing of these risks materializing, as well as the impact these risks will have on the business performance, because they depend on the nature of the relevant new businesses and the scale of investments. In the process of planning and promoting new businesses, the Group is working to minimize the risks associated with the development of the said new businesses, including the perspective of human resources development, by meticulously analyzing the degree of possibility of recouping its investment and potential risks from the managerial viewpoint. However, despite these countermeasures, it is impossible to prevent the abovementioned risks from materializing due to the nature of new businesses.

6) Investment Activity

The Group invests in venture businesses and funds with the aim of providing support from an early stage for companies with a high growth potential. The unlisted companies where the Group invests may lack sufficient capabilities in areas such as development or business management to adapt to changes in the market, and there are many uncertainties regarding their future growth. These companies may not be able to realize their expected potential and may experience deterioration in performance, thus making it impossible to recover venture fund investments, and this may cause an adverse impact on the Group's business performance, etc. Furthermore, if the companies in which the Group invests engage in illegal or inappropriate activity, even when issues of legal responsibility of the Group do not arise, such incidents may cause a loss of trust in the Group and impairment in the Group's brand image, and may cause an adverse impact on the Group's business performance, etc.

In the fiscal year ended March 31, 2020, the Group established a fund for the purpose of investing in ventures, and in both the fiscal year ended March 31, 2023 and the fiscal year ended March 31, 2024, the Group formed funds for the purpose of producing entrepreneurs and investing in ventures, and various risks related to the funds may materialize within the scope of the amount invested and operating period.

It is difficult to reasonably predict the likelihood and timing of these risks materializing, as well as the impact these risks will have on the business performance, because they depend on the nature of the businesses of the investees and the scale of investments. As an investor, the Group is working to reduce the possibility of such risks materializing by monitoring the investees and providing necessary advice as much as possible. However, it is difficult to completely prevent the abovementioned risks from materializing.

7) International Business

As the Group is developing business operations globally, the Group faces many potential risks in its international business, including those related to the legal regulations, systems, political climate (including political trends between nations), economic/social conditions, differences in culture/religions/preferences of local users/business customs/ethics of other countries, and foreign currency risk. In the event that conducting business becomes difficult because the Group is unable to deal with these risks, or if the development of the Group's international business activities does not proceed according to its plans, this may cause an adverse impact on the Group's business performance, etc.

It is difficult to reasonably predict the likelihood and timing of these risks materializing because they depend on the laws and systems of each country, as well as changes in the environment. In order to minimize the possibility of these risks materializing in its international business as well as their impact on business performance, the Group is working to establish a management system for its international business, a management system for the Group companies, and a compliance system. Nevertheless, given the fact that changes in overseas laws, regulations, systems, and political climate (including political trends between nations), economic/social conditions, etc. are difficult to predict due to the social background of the respective countries, the Group recognizes that, with the expansion of its international business, the possibility of these risks materializing always exists to a certain extent in its business operations.

In addition, when converting financial statements of international subsidiaries from local currencies to Japanese yen for the preparation of consolidated financial statements or if transactions denominated in foreign currencies increase at the Group, fluctuations in the foreign currency market may have an adverse impact on the Group's performance and financial position.

8) Providing Services to the General Public

The Group provides services to an unspecified large number of users who make use of the services, etc., it operates, such as mobile games, game platforms, and live streaming services. In services that provide functions for communication between users, issues may arise related to inappropriate behavior, such as matters related to ownership rights of others, intellectual property, personal honor, privacy, and other issues that arise from violations of the rights of others, laws and regulations. It may be difficult to fully supervise the behavior of users on the Group's services. In the event that inappropriate behavior of users leads to trouble, regardless of the content of contract rules and regulations and terms/conditions, the legal responsibility of the Group may become an issue. In addition, even when issues of legal responsibility do not arise, the loss of trust in the Group and impairment in the Group's brand image may have an adverse impact on the Group's business performance, etc. The Group is working to reduce the likelihood of such risks materializing by continuously engaging in initiatives to maintain and strengthen its surveillance systems and send warnings regarding methods for using services, etc. However, it is difficult to completely prevent these risks from materializing.

Because factors that cause these risks depend on users' usage status, it is difficult to reasonably estimate the likelihood and timing of these risks materializing and the impact they will have on business performance. However, in the event that the Group suspends its services or otherwise becomes unable to maintain them, there is a possibility that a significant amount of revenues and profits from those services would be lost.

9) Discontinued or Transferred, Etc., Businesses

If illegal activities, fraudulent activities or other inappropriate activities, or unrecognized liabilities are discovered to have occurred in businesses that the Group had operated in the past and has discontinued or transferred, etc., to other companies, the Group may be held legally responsible for such activities or liabilities, or incur loss. In addition, even when issues of legal responsibility or other liability do not arise, such incidents may cause a loss in the trust of the Group and impairment in the Group's brand image, and may have an adverse impact on the Group's business performance, etc. It is difficult to reasonably predict the likelihood and timing of these risks materializing because such risks are based on events unrecognized by the Group.

In order to prevent illegal activities, fraudulent activities, and other inappropriate activities from occurring in businesses currently operated by the Group and those that are scheduled to be discontinued or transferred, etc., to other companies, the Group has developed a business management system and compliance/risk management system that include a legal perspective. The Group deems its efforts to be reasonably effective. However, if these risks materialize despite these measures, it may have an adverse impact on the Group's business performance, etc. depending on the nature or scale of the activity.

(3) Operating Agreements, M&A, and Related Risks

1) Business Alliances, Capital Investments, and Joint Ventures, Etc.

The Group is working to expand its business activities through business alliances and capital investments, the formation of joint ventures, and other activities that involve relationships with other companies. By combining the operational know-how of the Group with that of alliance and joint venture partners, the Group aims to realize major synergies. However, in the event that these relationships do not achieve the initially conceived positive benefits or these relationships are changed or dissolved, it may cause an adverse impact on the Group's business performance, etc. In particular, if there is a change in partnership relationships with other companies related to mobile games, it may cause a significant adverse impact on the Group's business performance, etc.

There are various forms of alliances and business operations with alliance partners and joint venture partners. It is difficult to uniformly estimate the cases in which the initially expected effects cannot be achieved, the possibility and timing of changes to or termination of these relationships, and their impact on business performance. However, the Group is working to develop a business management system that supports the expansion of diversified and complex businesses, and strengthening relationships with alliance partners and joint venture partners.

In addition, regarding investment securities such as shares acquired in association with capital alliances or other deals, in the event that the asset value of the investment securities changes due to the financial results of the issuing company, the financial market or any other factors, it may cause an adverse impact on the Group's performance and financial position. Of particular importance is the 8,797,000 shares the Group holds in Nintendo Co., Ltd., which is both a business and capital alliance partner. Fluctuations in the asset value of these investment securities may have an adverse impact on the financial position of the Group.

2) Expansion through M&A (Corporate Acquisitions, Etc.)

As an effective means of accelerating business expansion, the Group has adopted a policy of making use of M&A. When concluding M&A deals, the Group strives to conduct screenings, including the examination of the financial position of M&A candidate companies, their contractual relationships, and other matters, and makes decisions after considering the risks involved. However, in the event that problems arise, such as the emergence of contingent liabilities after acquisitions have been made and the discovery of unrecognized liabilities that were not found prior to the acquisition, or in the event that the post-merger integration or the development of the acquired business does not proceed as planned, the Group may have to recognize impairment losses on goodwill. These and other contingencies may have an adverse impact on the Group’s business performance, etc. Also, if an M&A deal results in the addition of business activities that are new to the Group, the risks inherent in these new activities may become risk factors for the Group.

The Group recognizes the difficulty in making a reasonable prediction of the likelihood and timing of risks materializing in relation to business development after an M&A, because they are linked to the timing of the M&A and business development after a deal is completed. Nevertheless, the Group is constantly updating its policy on handling the risks associated with M&As. For example, when executing an M&A, the Group carefully examines the risks generated by the M&A and considers measures to address these risks in line with the acquired business, and continues to monitor its business conditions even after M&A.

As of the end of the fiscal year ended March 31, 2025, goodwill of ¥33,562 million was recorded in the consolidated statement of financial position, and there is a potential risk that the Group’s business performance, etc. may be affected for example by the impairment of the goodwill.

(4) Telecommunications Network and Computer Systems Risk

Many of the businesses of the Group are reliant on telecommunications networks that link computer systems such as mobile devices and PCs. In the event that these networks are disconnected as a result of natural disasters and accidents (including those caused by human factors either inside or outside the Group), it may cause an adverse impact on the Group’s business performance, etc.

Also, in the event that computer systems break down because of unpredictable developments, such as a sudden increase in the number of users accessing the Group’s services, etc., an electric power outage, a cloud service failure, or other problems, it may cause an adverse impact on the Group’s business performance, etc.

The Group takes precautionary security measures to avert improper external access of its computer systems as well as other system failures and trouble from occurring, but, in the event of information leaks, etc. resulting from exploitation of vulnerability in the IT systems or unauthorized access, etc. or damage to these systems as a result of computer viruses, hacker attacks, and trouble caused by the Group, it may cause an adverse impact on the Group’s business performance, etc.

Many of the risks related to telecommunications networks and information system infrastructure are caused by external and unpredictable factors, making it difficult to specifically predict the possibility and timing of their materialization. The Group recognizes that these potential risks constantly exist, as long as the Group’s business structure, which is to develop businesses centered on Internet services, is maintained. In the event of a major service suspension, it may cause a significant adverse impact on the Group’s business performance, etc.

(5) Climate Change Risk

The Group recognizes that climate change will have a significant impact on society. If global efforts to combat climate change lead to a shift towards renewable energy sources and the implementation of carbon taxes and related regulations, the Group's business performance, etc. may be affected by increased business costs. Additionally, if the Group's businesses fail to respond to the lack of climate change countermeasures or changes in behavior and values due to heightened environmental awareness, the Group's credibility and brand image may be damaged, leading to a deterioration in business profitability and affecting the Group's business performance, etc. Moreover, if the transition to a decarbonized society fails to materialize and the global average temperature continues to rise, the Group's business profitability may decline due to physical and human damage to the Group’s offices and other facilities caused by more frequent and severe disasters, as well as changes in consumption trends caused by rising temperatures and infectious disease outbreaks. These factors may impact the Group's business performance, etc.

As part of its value, in the "DeNA Promise," our social promise, the Group is committed to promoting sustainable corporate activities prioritizing harmony between the economy, society, and the environment, and contributing to a sustainable future as a global citizen. In response to climate change, the Group intends to adopt measures such as the efficient use of renewable energy and the strengthening of its business continuity plan (BCP). Furthermore, the Group will develop new businesses and services that respond to changes in behavior and values due to heightened environmental awareness, and take other measures to ensure that the changes in society related to climate change countermeasures are taken as business opportunities, and aim to deliver Delight to society.

However, it is difficult to accurately estimate the mid to long-term impact of climate change on society, and it is not possible to accurately predict the extent of the impact on the Group's business performance, etc.

(6) Management Systems Risk

1) Human Resources

To further expand and diversify its business activities going forward, the Group believes it will be necessary to enhance human resources in each of its departments. In order to respond to changes in and diversification of business activities, the Group is flexibly reviewing its human resource development policies and reexamining personnel allocations regularly, and is working to ensure that human resources do not lower competitiveness or become a limiting factor on business expansion. However, in the event that the training of personnel does not keep pace with the expansion and changes in business activities, and qualified human resources cannot be externally recruited as planned, it may not be possible to assign proper personnel. This would result in a decline in competitiveness and constrains the expansion of the business, and may cause an adverse impact on the Group’s business performance, etc. It is difficult to reasonably predict the likelihood and timing of these risks materializing because they depend on human factors.

2) Internal Control Systems

With the understanding that effectively functioning corporate governance is indispensable for sustaining growth in corporate value, the Group is aware of the need for the proper functioning of operations, reliability in financial reporting, and full compliance with laws and regulations based on a sound sense of corporate ethics. As well as the compliance and risk management department that is responsible for the overall compliance and risk management of the Group, the Company is working to establish and enhance its internal control system capable of supporting various forms of business development and business expansion through measures such as the establishment of an internal audit department and corporate auditor support division.

Nevertheless, in the event that the creation of adequate internal control systems cannot keep pace with the changes to the Group’s business, conducting operations properly may become difficult. If improper operations occur as a result, this may have a significant adverse impact on the Group’s business performance, etc., depending on the scale and nature of such improper operations.

In addition, in relation to its management system, the Group intends to reduce fixed costs. However, if the reduction and management of fixed costs do not progress, and cause imbalance between income generated by its businesses, it may have an adverse impact on the Group’s business performance, etc. It is difficult to reasonably predict the likelihood and timing of these risks materializing due to the nature of such risks.

3) Measures for Recovery from Disasters

The Group has formulated a business continuity plan (BCP) and established a structure that enables it to maintain business operations to the greatest degree possible, or rapidly restore affected business. However, the Group’s principal business locations are situated in the Tokyo metropolitan area. In the event that various unforeseeable circumstances make it difficult for the Group to continue operations, including the occurrence of natural disasters, such as earthquakes and typhoons, as well as epidemics, depending on the amount of damage, business recovery may take a large amount of time and involve a great deal of expense. In particular, if the Group must suspend a major service which forms the earnings base for the Group, it may cause a significant adverse impact on the Group’s business performance, etc. as a result.

(7) Compliance Risk

1) Maintaining Service Integrity

The Group’s mobile game, game platforms which include social networking service functions, live streaming services, and other services are provided to a large number of individual users, and it is assumed that users using these services will communicate with one another on their own initiative.

To ensure healthy services, the Group not only explicitly states in its terms and conditions that inappropriate behavior and illegal behavior that may become social issues, such as behavior that infringes upon the rights of others, are prohibited, but also monitors communications between users and amounts of money used within the service as needed. Users that violate the terms and conditions are asked to remedy their behavior and measures may be taken to cancel their memberships, or else warnings may be issued within the service. The Group is continually strengthening the monitoring structure including both systems and personnel, including strengthening monitoring systems and increasing the number of patrol personnel within services. In addition, the Group conducts examinations by confirming the attributes, etc. of companies that conduct business activities, etc. related to services provided by the Group. The Group also clearly states prohibited behavior in terms and conditions, and takes measures such as preventing inappropriate business activities from being conducted both inside and outside the service.

Moreover, the Group has made it clear what manners are to be observed and those points where users should exercise caution to encourage appropriate use by users. The Group is also enabling users to set their own usage amount limit on the service, among other mechanisms deployed to enable users to use services in a sound way and thus to maintain the soundness of the service.

However, it is difficult to fully supervise the conduct of users and companies within the services, etc., to foresee the timing of improper or illegal behavior, or to conduct complete background checks for all business operators. In the event that improper behavior of a user or a business operator causes trouble, or is discovered to have a relationship with a business operator with inappropriate attributes, such as being anti-social forces, etc. regardless of the content of contract rules and regulations and terms/conditions, the legal responsibility of the Group may become an issue. Even where this is not the case, especially if the Group must suspend its services, such incidents may cause an adverse impact on business performance, etc. in relation to the revenues and profits of those services. They may also cause a loss in the trust of the Group and impairment in the Group’s brand image, and may cause an adverse impact on the Group’s overall business.

2) Improvements in the User Environment

To promote the development of the computer entertainment industry, in collaboration with the Computer Entertainment Supplier’s Association (CESA), in which other leading gaming platform companies and game providers participate, and other entities, the Group implements various initiatives to advance reasonable game play and improve the user environment. The Group’s business performance, etc. may be adversely affected by unforeseen costs or delays in enacting system and structural changes associated with such goals, and/or new regulatory schemes that place significant restrictions on existing services. It is difficult to reasonably predict the likelihood and timing of these risks materializing, as well as the impact these risks will have on business performance, because they depend on the changes in the user environment.

3) Legal Restrictions

Services offered by the Group are subject to legal restrictions including the Consumer Contract Act, the Act against Unjustifiable Premiums and Misleading Representations, the Act on the Protection of Personal Information, and the Act on Specified Commercial Transactions. Besides these regulations, as electronic communication companies, companies engaging in electronic communication business within the Group are subject to the provisions of the Telecommunications Business Act.

In addition to the foregoing, the Group's paid points, etc., used in various services may be subject to the Payment Services Act of Japan as prepaid payment instruments stipulated in said Act, and the Group complies with this act in its operations.

In some cases, the DeNA Group outsources its systems development, content preparation and other aspects of its operations. Certain transactions of this kind are subject to the provisions of the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors (Subcontract Act) and the Act on Ensuring Proper Transactions Involving Specified Entrusted Business Operators (Freelance Act). Moreover, depending on factors such as the business scale and market conditions of services offered by the DeNA Group, with regard to the implementation of the DeNA Group's contracts or the content of its agreements (regulations) that form the basis for these transactions, it is necessary to consider the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Anti-Monopoly Act). In addition, the Group's expansion of its international business will be exposed to laws and regulations of other countries and regions, including legal restrictions with respect to commercial transactions, advertising, gambling, premiums, personal information, privacy, data protection, protection of minors, prohibition of monopolization, intellectual property, human rights, consumer protection, labor, unfair competition prevention (including prohibition of bribery), foreign investment restrictions, taxation, as well as government approval and licenses required for conducting businesses and investments.

The Group is establishing and implementing management systems to respond in good faith to legal regulations including those of Japan and other countries and regions mentioned above, standards defined by administrative, international and other organizations, and voluntary regulations, etc., defined by industry organizations. In addition, the Group regularly provides its employees with training on compliance with legal regulations in consideration of the importance of individual legal regulations and the risk of violations. However, in the event that, under unforeseen circumstances, should the Group be denied the validity of contracts and other agreements, be subject to government administrative action or governmental guidance, etc., due to its alleged violation of those regulations, be subject to certain amount of statements, etc., of governmental organizations, etc., or, if these legal restrictions, etc., are tightened going forward or new regulations are put into effect and the Group is subject to some kinds of constraints in the development of its business activities, this may have an adverse impact on the Group's business performance, etc.

It is difficult to uniformly predict the likelihood and timing of these risks materializing, or the impact they will have on business performance, etc., because it depends on the details of individual legal regulations. The Group is working to minimize the impact of these risks and the likelihood of such risks materializing by establishing a system as above to recognize and intensively manage important risks across the entire Group, considering the impact of these risks and the likelihood of them materializing. Nevertheless, if such risks materialize despite these measures, it may have an adverse impact on the Group's business performance, etc.

Regarding legal regulations, please also refer to the sections "(2) Individual Business Risk 4) Healthcare & Medical Business," "(2) Individual Business Risk 8) Providing Services to the General Public," and "(7) Compliance Risk 4) Protection of Personal Information and Other Information."

4) Protection of Personal Information and Other Information

The Group gathers and makes use of user and other information in providing their services. For this reason, under the Act on the Protection of Personal Information, these companies have certain duties to perform as handlers of personal information, etc. The Group has formed a "Personal Information Management Committee," which is chaired by the President, and, under the committee's leadership, rules and guidelines for the management of personal information, etc., have been prepared as well as strict workflows for the processing of personal information, etc.

Nevertheless, in the event that serious problems arise, such as the leakage of personal or private information, it may cause claims for damages and a loss of trust in the Group. These circumstances may have an adverse impact on the Group's business performance, etc.

The Group has established a robust management system according to the characteristics of each business, such in the Group's business domains where the handling of highly sensitive personal information, etc., is particularly important, including the Healthcare & Medical Business, as described in "(2) Individual Business Risk 4) Healthcare & Medical Business." However, it is difficult to predict when serious issues such as information leaks may occur. In particular, if the Group must suspend such services, it may cause an adverse impact on business performance, etc. in relation to the revenues and profits from those services. In addition, such incidents may cause a loss of trust in the Group and impairment in the Group's brand image, and may cause an adverse impact on the Group's overall business development.

Furthermore, in developing business globally, the Group will be subject to laws and regulations concerning personal information, etc. in foreign countries, including the General Data Protection Regulation (GDPR) of the European Union (EU), and the California Consumer Privacy Act (CCPA) and the California Privacy Rights Act (CPRA) of the United States. In the event of a violation of such laws and regulations, suspension of services, compensation for damages, imposition of fines on the Group, or a loss of trust in the Group may cause an adverse impact on the Group's business performance, etc.

5) Litigation Involving Third Parties

With measures such as promoting compliance training, the Group works to reduce legal violations by officers and employees. However, regardless of whether there are violations by the Group, or officers and employees, unforeseen trouble arising with users, transaction partners, employees and third parties, and lawsuits and litigations may occur. In addition, as noted in the following item, the Group recognizes that there are risks of lawsuits occurring associated with intellectual property, including patents.

Depending on the nature of these lawsuits and their outcomes, it may cause an adverse impact on the Group's business performance, etc. In addition, incurring substantial legal expenses and loss of trust in the Group and impairment in the Group's brand image may have an adverse impact on the Group's business performance, etc.

It is impossible to predict the possibility of occurrence of individual disputes, and therefore it is difficult to uniformly predict the timing of occurrence of each dispute as well. In the event that a lawsuit results in the suspension of services of the Group or other such situations, that may cause an adverse impact on business performance, etc. in relation to the revenues and profits from those services. In addition, such incidents may cause a loss of trust in the Group and impairment in the Group's brand image, and may cause an adverse impact on the Group's overall business development.

(8) Intellectual Property Risk

The Group has investigated the intellectual property rights of other parties and has registered the trademarks for the services, etc., it operates as necessary. In addition, the Group strives to conduct research on the intellectual property rights of other parties and to protect its own intellectual property rights by acquiring patent rights as necessary for its originally developed systems and business models that are eligible for this protection. However, depending on the content of intellectual property rights owned by third parties, the Group may be subject to lawsuits, and may cause an adverse impact on the Group's business performance, etc.

The Group promotes compliance training and carries out reinforcements to its system of checks handled by the audit and control divisions in order to prevent infringements of third-party intellectual property rights. However, in the event that the Group is subject to lawsuits, etc., by third parties because of violations of intellectual property rights related to the systems or business models of the services operated by the Group, or images or text, etc., used in the services, there may be an adverse impact on the Group's business performance, etc.

The issues regarding infringement of intellectual property rights owned by third parties depend on future business development. Therefore, it is difficult to uniformly predict the possibility and timing of their occurrence. The Group is working to reduce the likelihood of these risks materializing as much as possible by implementing the abovementioned rights protection measures, conducting training, and strengthening its check systems. If such risks materialize despite these measures, it may have an adverse impact on the Group’s business performance, etc.

2. Basic Stance Regarding Selection of Accounting Standards

With the Group’s movement toward international expansion, it has adopted International Financial Reporting Standards (IFRS) from the first quarter of the fiscal year ended March 31, 2013 in order to adopt global standards in accounting, both ensuring transparency in financial reports and allowing for comparisons to other international companies while also attempting to diversify future fundraising methods with international capital markets in mind.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and cash equivalents	71,396	92,803
Trade and other current receivables	30,071	44,543
Income taxes receivable	5,845	596
Other current financial assets	408	287
Other current assets	6,340	4,459
Total current assets	114,060	142,688
Non-current assets		
Property and equipment	5,893	9,581
Right-of-use assets	16,021	22,794
Goodwill	33,562	30,361
Intangible assets	17,803	19,919
Investments accounted for using the equity method	56,512	59,506
Other non-current financial assets	91,125	108,473
Deferred tax assets	679	830
Other non-current assets	52	37
Total non-current assets	221,648	251,500
Total assets	335,708	394,188

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other current payables	21,337	23,609
Borrowings	8,613	31,024
Lease liabilities	1,606	1,602
Income tax payables	601	8,619
Provisions	2,741	5,728
Other current financial liabilities	1,093	1,232
Other current liabilities	13,221	16,981
Total current liabilities	49,213	88,795
Non-current liabilities		
Borrowings	29,151	5,125
Lease liabilities	5,135	10,655
Provisions	254	329
Other non-current financial liabilities	638	237
Deferred tax liabilities	31,113	35,842
Other non-current liabilities	180	329
Total non-current liabilities	66,470	52,517
Total liabilities	115,683	141,312
Equity		
Common stock	10,397	10,397
Capital surplus	15,750	14,796
Retained earnings	162,578	184,544
Treasury stock	(20,757)	(20,653)
Other components of equity	41,237	52,651
Total equity attributable to owners of the parent	209,204	241,734
Non-controlling interests	10,821	11,142
Total equity	220,025	252,875
Total liabilities and equity	335,708	394,188

(2) Consolidated Income Statement

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Revenue	136,733	163,997
Cost of sales	(75,743)	(71,354)
Gross profit	60,991	92,643
Selling, general and administrative expenses	(60,648)	(60,209)
Other income	1,952	2,209
Other expenses	(30,564)	(5,670)
Operating profit (loss)	(28,270)	28,973
Finance income	3,956	1,720
Finance costs	(824)	(1,185)
Share of profit (loss) of associates accounted for using the equity method	(2,992)	2,309
Profit (loss) before tax	(28,130)	31,817
Income tax expense	(2,057)	(8,851)
Profit (loss) for the year	(30,187)	22,966
Attributable to:		
Owners of the parent	(28,682)	24,193
Non-controlling interests	(1,505)	(1,227)
Profit (loss) for the period	(30,187)	22,966

		(Yen)
Earnings (loss) per share attributable to owners of the parent:		
Basic earnings (loss) per share	(257.60)	217.24
Diluted earnings (loss) per share	(257.60)	216.92

(3) Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Profit for the year	(30,187)	22,966
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	18,793	10,947
Total other comprehensive income that will not be reclassified to profit or loss, net of tax	18,793	10,947
Components of other comprehensive income that may be reclassified to profit or loss, net of tax		
Foreign currency translation adjustments, net of tax	(411)	630
Cash flow hedges	(68)	(19)
Other	3	(4)
Total other comprehensive income that may be reclassified to profit or loss, net of tax	(476)	607
Other comprehensive income, net of tax	18,317	11,555
Total comprehensive income for the period	(11,870)	34,520
Attributable to:		
Owners of the parent	(10,437)	35,724
Non-controlling interests	(1,433)	(1,204)
Total comprehensive income for the period	(11,870)	34,520

(4) 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, 2023	10,397	15,591	193,586	(20,794)	22,846	221,626	12,367	233,993
Profit (loss) for the period	-	-	(28,682)	-	-	(28,682)	(1,505)	(30,187)
Other comprehensive income	-	-	-	-	18,245	18,245	72	18,317
Total comprehensive income for the period	-	-	(28,682)	-	18,245	(10,437)	(1,433)	(11,870)
Dividends recognized as distributions to owners	-	-	(2,227)	-	-	(2,227)	(197)	(2,424)
Increase (decrease) through treasury stock transactions	-	(45)	-	37	-	(8)	-	(8)
Increase (decrease) through share-based payment transactions	-	3	-	-	64	67	-	67
Transfer to capital surplus from retained earnings	-	17	(17)	-	-	-	-	-
Acquisition, disposal and other changes of non-controlling interests	-	198	-	-	-	198	27	225
Increase (decrease) through transfers and other changes	-	(14)	(83)	-	81	(15)	57	42
As of March 31, 2024	10,397	15,750	162,578	(20,757)	41,237	209,204	10,821	220,025

(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, 2024	10,397	15,750	162,578	(20,757)	41,237	209,204	10,821	220,025
Profit (loss) for the period	-	-	24,193	-	-	24,193	(1,227)	22,966
Other comprehensive income	-	-	-	-	11,532	11,532	23	11,555
Total comprehensive income for the period	-	-	24,193	-	11,532	35,724	(1,204)	34,520
Dividends recognized as distributions to owners	-	-	(2,227)	-	-	(2,227)	(146)	(2,373)
Increase (decrease) through treasury stock transactions	-	6	-	104	(31)	79	-	79
Increase (decrease) through share-based payment transactions	-	191	-	-	42	233	-	233
Acquisition, disposal and other changes of non-controlling interests	-	(79)	-	-	-	(79)	103	23
Changes resulting from loss of control of subsidiaries	-	-	-	-	-	-	(23)	(23)
Increase (decrease) through transfers and other changes	-	(1,072)	-	-	(129)	(1,201)	1,591	391
As of March 31, 2025	10,397	14,796	184,544	(20,653)	52,651	241,734	11,142	252,875

(5) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Operating activities		
Profit (loss) before tax	(28,130)	31,817
Depreciation and amortization	6,540	5,151
Impairment loss	28,764	4,389
Increase (decrease) in provision for bonuses	127	3,047
Loss (gain) on investments in securities	88	785
Interest and dividend income	(1,953)	(1,720)
Interest expenses	162	274
Share of loss (profit) of associates accounted for using the equity method	2,992	(2,309)
Decrease (increase) in trade and other current receivables	(1,814)	(14,552)
Increase (decrease) in trade and other current payables	907	2,391
Increase (decrease) in accrued consumption taxes	(219)	2,927
Increase (decrease) in advances received	834	1,443
Other, net	(2,476)	1,044
Subtotal	5,823	34,716
Interest and dividends received	2,083	1,624
Interest paid	(138)	(174)
Income tax paid	(18,691)	(3,028)
Income tax refund	84	5,861
Net cash flows from (used in) operating activities	(10,839)	38,999
Investing activities		
Acquisition of subsidiaries or other businesses, net of cash acquired	-	(3)
Sales of subsidiaries or other businesses, net of cash acquired	-	(27)
Purchase of shares of associates	(788)	(726)
Proceeds from sales and redemption of investment securities	307	901
Purchases of investment securities	(1,806)	(1,959)
Acquisition of property and equipment	(3,545)	(4,252)
Acquisition of intangible assets	(7,010)	(6,166)
Payments for asset retirement obligations	(68)	(32)
Proceeds from refund of leasehold and guarantee deposits	160	43
Other, net	122	(58)
Net cash flows from (used in) investing activities	(12,629)	(12,280)
Financing activities		
Net increase (decrease) in short-term borrowings	5,656	(1,360)
Repayments of long-term borrowings	(5,666)	(94)
Repayments of lease liabilities	(1,911)	(1,738)
Cash dividends paid	(2,229)	(2,229)
Proceeds from share issuance to non-controlling interests	326	20
Cash dividends paid to non-controlling shareholders	(197)	(146)
Proceeds from disposition of treasury stock	37	103
Purchase of treasury stock	-	(0)
Other, net	(117)	(0)
Net cash flows from (used in) financing activities	(4,102)	(5,445)
Net increase (decrease) in cash and cash equivalents	(27,570)	21,275
Cash and cash equivalents at beginning of period	97,732	71,396
Effect of exchange rate changes on cash and cash equivalents	1,234	131
Cash and cash equivalents at end of period	71,396	92,803

(6) Notes on Going Concern Assumption

Not applicable.

(7) Notes to 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. Sagamihara, 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.

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 fiscal year ended March 31, 2024
(From April 1, 2023 to March 31, 2024)

(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	53,895	42,579	27,264	9,963	3,033	—	136,733
Intersegment revenue	109	—	7	—	22	(138)	—
Total	54,004	42,579	27,271	9,963	3,054	(138)	136,733
Segment profit (loss)*1	3,456	339	2,125	(3,640)	(1,303)	(634)	343
Other income (expenses), net							(28,612)
Operating loss							(28,270)
Finance income (costs), net							3,132
Share of profit (loss) of associates accounted for using the equity method							(2,992)
Loss before tax							(28,130)
Other items							
Depreciation and amortization	2,209	822	2,139	936	248	179	6,533
Impairment loss	12,597	9,346	1,230	5,590	—	—	28,764

(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 fiscal year ended March 31, 2025
(From April 1, 2024 to March 31, 2025)

(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	77,982	40,562	31,113	10,733	3,607	—	163,997
Intersegment revenue	116	—	190	33	10	(350)	—
Total	78,099	40,562	31,303	10,766	3,618	(350)	163,997
Segment profit (loss)*1	38,577	(201)	2,836	(3,619)	(1,124)	(4,034)	32,434
Other income (expenses), net							(3,461)
Operating profit							28,973
Finance income (costs), net							534
Share of profit (loss) of associates accounted for using the equity method							2,309
Profit before tax							31,817
Other items							
Depreciation and amortization	338	1,325	1,992	1,058	266	163	5,143
Impairment loss	233	—	—	4,156	—	—	4,389

(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 fiscal years ended March 31, 2024 and 2025 are as follows:

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Profit (loss) for the period attributable to owners of the parent (Millions of yen)	(28,682)	24,193
Profit for the period adjustments		
Adjustments for dilutive shares issued by subsidiaries	–	–
Profit (loss) for the period used to calculate diluted earnings per share	(28,682)	24,193
Weighted average number of common shares outstanding during the period—basic (Shares)	111,346,008	111,362,978
Effect of dilutive potential common shares:		
Stock options, etc. (Shares)	–	162,954
Weighted average number of common shares outstanding during the period—diluted (Shares)	111,346,008	111,525,932
Earnings (loss) per share attributable to owners of the parent (Yen)		
Basic earnings (loss) per share	(257.60)	217.24
Diluted earnings (loss) per share	(257.60)	216.92
Summary of dilutive shares not included in the calculation of diluted earnings (loss) per share due to their anti-dilutive effect	Stock options issued by the Company (number of shares to be issued upon exercise of stock options: 198,096) Stock options issued by consolidated subsidiaries (number of subsidiary shares to be issued upon exercise of stock options: 117,000)	–

3. Impairment of assets

The Group recognized impairment losses, which are recorded under “other expenses” in the consolidated income statement.

The breakdown of the impairment losses is as follows:

(Millions of yen)

	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)	Fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)
Other current assets		
Advance payments to suppliers	(3,479)	(122)
Property and equipment		
Buildings and structures	(245)	—
Tools, furniture and fixtures	(279)	(1)
Other	(1)	—
Right-of-use assets	(727)	—
Goodwill	(15,526)	(3,202)
Intangible assets		
Software	(6,771)	(949)
Trademarks	(391)	(0)
Other	(59)	(4)
Other non-current assets		
Long-term prepaid expenses	(1,226)	(109)
Other	(60)	—
Total	(28,764)	(4,389)

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

<u>For the fiscal year ended March 31, 2024</u>
(From April 1, 2023 to March 31, 2024)

In the Game Business, individual game titles are recognized as cash generating units.

During the fiscal year ended March 31, 2024, in light of the latest result trends and the business environment, the Group reviewed the business plan of each game title. In the impairment test, future cash flows were estimated based on the business plan for the next five years approved by management during the fiscal year ended March 31, 2024. The primary assumptions used in estimating future cash flows were future revenue forecasts and operating expenses forecasts for individual game titles that form the foundation of the business plan. The recoverable amount is based on value in use, discounted to present value at a pre-tax discount rate of 10.0%, calculated based on the weighted average cost of capital.

As a result of the impairment test, the Group identified game titles whose recoverable amounts had fallen below the book value of fixed assets including software, and recorded an impairment loss of ¥12,597 million (including ¥6,619 million in software).

In addition, the Group carried out impairment tests, because it identified signs of impairment losses on goodwill in the following cash generating units.

(a) IRIAM Inc. included in the Live Streaming Business

During the fiscal year ended March 31, 2024, the Group carried out an impairment test based on the revised future cash flow forecast, as it could no longer expect to generate the initially anticipated revenue from the unit. In the impairment test, future cash flows were estimated based on the business plan for the next five years approved by management during the fiscal year ended March 31, 2024. The primary assumptions used in estimating future cash flows were the number of users linked to revenue in the future business plan, the growth rate after the period of the future business plan, and the discount rate.

The recoverable amount is based on value in use, discounted to present value at a pre-tax discount rate of 14.5%, calculated based on the weighted average cost of capital.

As a result of the impairment test, the Group recorded an impairment loss of ¥9,346 million (including ¥8,912 million in goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill.

(b) DATA HORIZON CO., LTD. included in the Healthcare & Medical Business

During the fiscal year ended March 31, 2024, the Group carried out an impairment test, upon identifying signs of impairment losses following the fall in stock prices.

The recoverable amount is calculated based on fair value less costs of disposal. Fair value is measured based on quoted prices in active markets.

As a result of the impairment test, the Group recorded an impairment loss of ¥3,612 million (goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill.

(c) Nippontect Systems Co., Ltd. included in the Healthcare & Medical Business

During the fiscal year ended March 31, 2024, the Group carried out an impairment test based on the revised future cash flow forecast, as it could no longer expect to generate the initially anticipated revenue from the unit. In the impairment test, future cash flows were estimated based on the business plan for the next five years approved by management during the fiscal year ended March 31, 2024.

The recoverable amount is based on value in use, discounted to present value at a pre-tax discount rate of 18.2%, calculated based on the weighted average cost of capital.

As a result of the impairment test, the Group recorded an impairment loss of ¥1,978 million (goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill.

(d) Individually insignificant cash generating units included in the Sports Business

The Group recognized an impairment loss of ¥1,230 million (including ¥1,023 million in goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill, due to a decline in profitability.

For the fiscal year ended March 31, 2025

(From April 1, 2024 to March 31, 2025)

The Group carried out impairment tests, because it identified signs of impairment losses on goodwill in the following cash generating units.

(a) DATA HORIZON CO., LTD. included in the Healthcare & Medical Business

During the fiscal year ended March 31, 2025, the Group carried out an impairment test, upon identifying signs of impairment losses following the fall in stock prices.

The recoverable amount is calculated based on fair value less costs of disposal. Fair value is measured based on quoted prices in active markets.

As a result of the impairment test, the Group recorded an impairment loss of ¥2,524 million (goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill.

(b) Individually insignificant cash generating units included in the Healthcare & Medical Business

The Group recognized an impairment loss of ¥739 million (including ¥678 million in goodwill), as the recoverable amount fell below the book value of fixed assets including goodwill, due to a decline in profitability.

4. Significant subsequent events

Not applicable.