

Marvelous Inc.

Stock Code: 7844

(First Section of Tokyo Stock Exchange)

**MARVELOUS!**

**Results Briefing Materials**

**Fiscal Year Ending March 31, 2021 First Quarter**

**July 31, 2020**

## **Fiscal Year Ending March 2021, First Quarter Results Summary**

### **Topics**

### **Segment Results and Future Initiatives**

**Fiscal Year Ending March 2021,  
First Quarter Results Summary**

# Earnings Highlights (Statement of Profit and Loss)



Resulted in an increase in sales and profit thanks to the online and consumer game business in good shape owing to demand from nest dwellers, though earnings deteriorated owing to the impact of the novel coronavirus in the amusement and the audio & visual businesses

Unit: million yen	1Q FY ended March 2020		1Q FY ending March 2021		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
<b>Net sales</b>	4,518	-	<b>4,668</b>	-	150	103.3%
<b>Cost of sales</b>	1,999	-	<b>1,916</b>	-	-82	95.9%
<b>SGA expenses</b>	1,856	-	<b>1,862</b>	-	5	100.3%
<b>Thereof advertising expenses</b>	219	-	<b>211</b>	-	-7	96.6%
<b>Operating profit</b>	662	14.7%	<b>890</b>	<b>19.1%</b>	227	134.4%
<b>Non-operating profit/loss</b>	-43	-	<b>1</b>	-	45	-
<b>Ordinary profit</b>	618	13.7%	<b>891</b>	<b>19.1%</b>	272	144.1%
<b>Extra ordinary profit/loss</b>	-22	-	<b>-12</b>	-	10	-
<b>Income taxes</b>	252	-	<b>285</b>	-	33	113.2%
<b>Profit attributable to owners of parent</b>	343	7.6%	<b>593</b>	<b>12.7%</b>	249	172.8%

# Segment Results



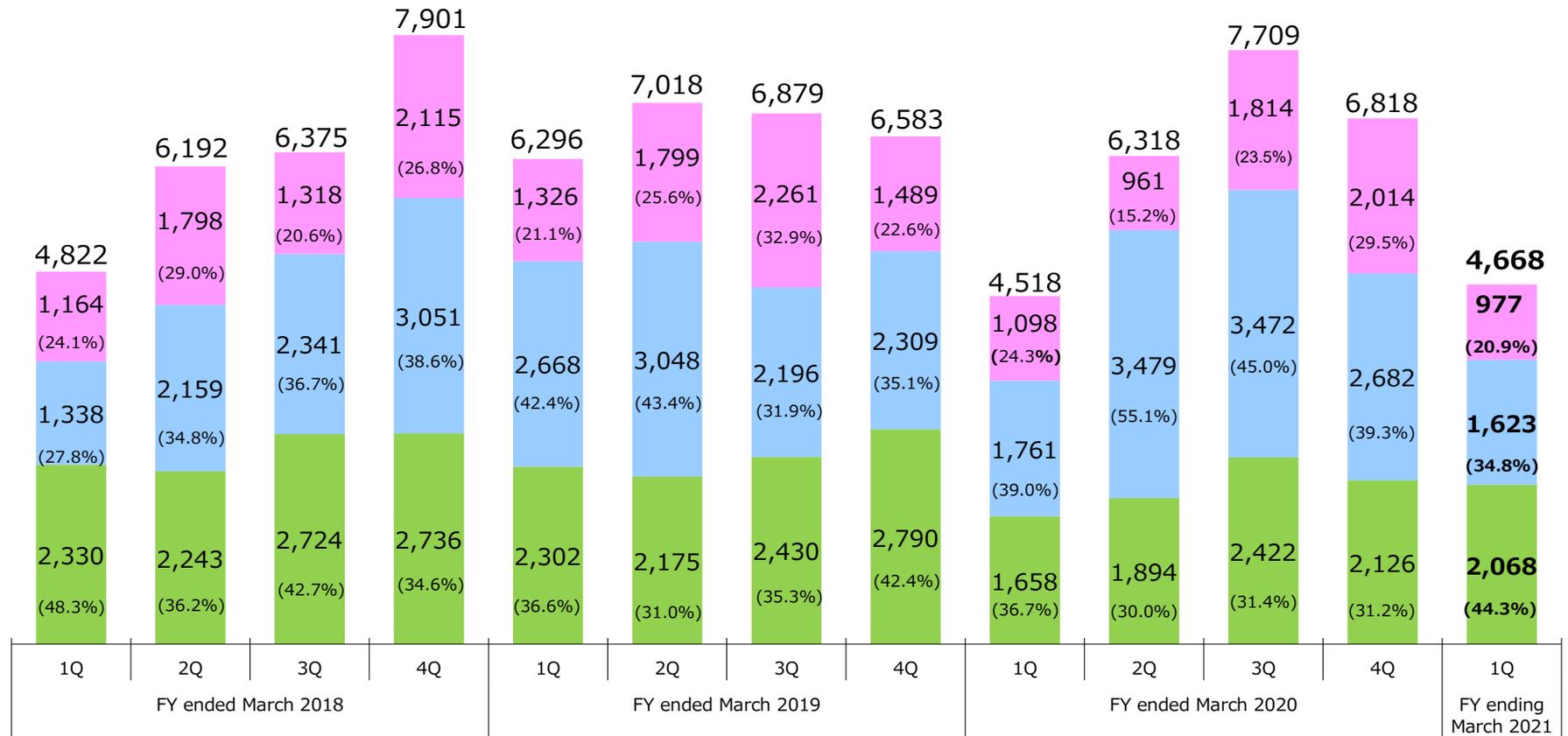
Unit: million yen		1Q FY ended March 2020	1Q FY ending March 2021	YOY change	
		Actual	Actual	(Amount)	(%)
Net sales	Online Game Business	1,658	2,068	409	124.7%
	Consumer Game Business	1,761	1,623	-138	92.2%
	Audio & Visual Business	1,098	977	-121	89.0%
	<b>Total</b>	4,518	4,668	150	103.3%
Segment profit	Online Game Business	328	582	254	177.4%
	Consumer Game Business	392	442	49	112.7%
	Audio & Visual Business	344	280	-63	81.5%
	<b>Total</b>	1,064	1,305	240	122.6%
Company-level costs, etc.		-402	-414	-12	103.0%
<b>Operating profit total</b>		662	890	227	134.4%

# Development of Net Sales and Operating Profit by Segment (Quarterly)



- Audio & Visual Business
- Consumer Game Business
- Online Game Business

Unit: million yen



Note: Totals may not tally to 100% due to rounding of sales percentages to the first decimal point.

# Topics

# Capital and Business Tie-up with Tencent Group



Entered into a capital and business tie-up agreement with Image Frame Investment (HK) Limited, a wholly-owned subsidiary of Chinese company Tencent, on May 25, 2020



**Tencent** 腾讯  
Image Frame Investment (HK)

## Purpose of and reason for the capital and business tie-up

- To make rich contents from and to globalize our existing intellectual property (IP)
- To make a large investment to create new IP
- To make investments to develop new businesses
- To acquire and make use of the most advanced techniques



**We will decide the details of the business tie-up after negotiation between both companies and announce them**

# Segment Results and Future Initiatives

# Online Game Business: 1Q FY Ending March 2021 Progress Status



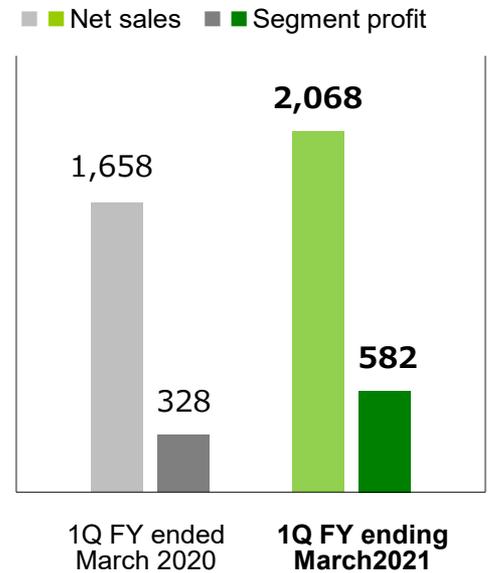
Unit: million yen

## [Results Up Until 1Q FY Ending March 2021]

Resulted in an increase in sales and profit year on year as both existing and new titles remained robust thanks mainly to demand from nest dwellers due to the novel coronavirus and collaboration measures

## [Title Performance]

- "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" maintained favorable performance
- "Logres of Swords and Sorcery: Goddess of Ancient" recorded sales over those in the previous 1Q thanks to the effect of collaboration in June
- Distribution of a new application "Ikki-Tousen Extra Burst" started from the end of May and got off to a flying start
- Distribution and operation of "GIRL CAFE GUN" were transferred to Nishiyamai Co., Ltd. as of July 22



## [Title Rollouts]

**SHINOVI MASTER  
-SENTRAN KAGURA NEW LINK-**  
(native app)



Launched in November 2017

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©HONEY PARADE GAMES Inc.

**Logres of Swords and Sorcery:  
Goddess of Ancient**  
(native app)



Launched in December 2013

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**Ikki-Tousen Extra Burst**  
(native app)



Launched on May 25, 2020

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# Online Game Business: Initiatives Starting in 2Q FY Ending March 2021



- Aim at maintaining sales of existing titles through efforts to continue stable operation
- Focus on making a new title “Ikki-Tousen Extra Burst” one of our key items
- Start to distribute “Fate/EXTELLA” and “Fate/EXTELLA LINK” as game apps for iOS and Android in July
- “The Thousand Musketeers: Rhodoknight,” a completely new game work of the “The Thousand Noble Musketeers” Project, in production (launch date is not decided)

**Logres of Swords and Sorcery:  
Goddess of Ancient**  
(native app)



Launched on Dec. 17, 2013

©Marvelous Inc. Aiming Inc.

**SHINOVI MASTER  
-SENTRAN KAGURA NEW LINK-**  
(native app)



Launched on Nov. 29, 2017

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©HONEY PARADE GAMES Inc.

**Ikki-Tousen Extra Burst**  
(native app)



Launched on May 25, 2020

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**Fate/EXTELLA  
Fate/EXTELLA LINK**  
(game app)



Launched on Jul. 22, 2020  
(buying-up type)

©TYPE-MOON ©2020 Marvelous Inc.

**The Thousand Musketeers:  
Rhodoknight**  
(native app)



Launch date undecided

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# Consumer Game Business: 1Q FY Ending March 2021 Progress Status



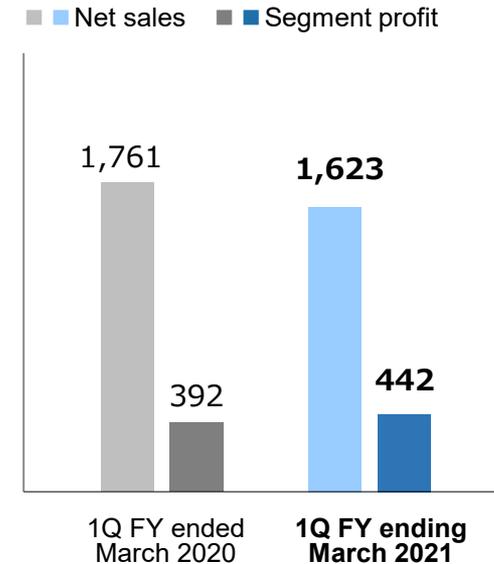
Unit: million yen

## [Results Up Until 1Q FY Ending March 2021]

Resulted in an increase in profits thanks to an increase in repeat sales owing to demand for game software from nest dwellers, despite of a decrease in sales in the amusement business due to the impact of the novel coronavirus

## [Title Performance]

- The repeat sale of old titles, including “Rune Factory 4 Special,” and the Stream summer sale at U.S. subsidiary remained robust
- Income from “Pokémon Ga-Olé” fell owing to operation suspension resulting from refraining from going outside and store closures due to the novel coronavirus



## [Title Rollouts]

**Rune Factory 4 Special**  
(Nintendo Switch)



North American version: Released on February 25, 2020  
European version: Released on February 28, 2020

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\*Image is of North America version.

**Pokémon Ga-Olé**  
(Amusement)



Operations started in July 2016

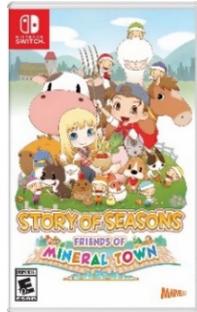
©2020 Pokémon. ©1995-2020 Nintendo/Creatures Inc./GAME FREAK Inc.  
Developed by T-ARTS and MARV  
TM, (R), and character names are trademarks of Nintendo.

# Consumer Game Business: Initiatives Starting in 2Q FY Ending March 2021

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- "STORY OF SEASONS: Friends of Mineral Town" North America/European version and Windows PC (Steam) version released by our overseas subsidiary in July
- A Japanese-style action RPG "Sakuna: Of Rice and Ruin" scheduled to be released in November, and "Rune Factory 5," the latest title of the series, scheduled to be released within the year
- A new cabinet "Pokémon MEZASTAR" scheduled to run after this fall, and "Pokémon Ga-Olé" scheduled to finish running thereafter

## STORY OF SEASONS: Friends of Mineral Town (Nintendo Switch/Windows PC)



European version: Released on Jul. 10, 2020  
North American and PC versions:  
Released on Jul. 14 (Jul. 15 Japan time), 2020

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Nintendo Switch is a trademark of Nintendo.  
The ESRB rating icons are registered trademarks of the Entertainment Software Association.  
\*Image is of North America version.

## Sakuna: Of Rice and Ruin (PlayStation®4/ Nintendo Switch/ Windows PC)



Japanese and Asian versions: To be released on Nov. 12, 2020  
North American and PC versions: To be released on Nov. 10, 2020  
European version: To be released on Nov. 20, 2020

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## Rune Factory 5 (Nintendo Switch)



To be released in 2020

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## Pokémon MEZASTAR (Amusement)



Scheduled to run after fall 2020

©2020 Pokémon. ©1995-2020 Nintendo/Creatures Inc. /GAME FREAK inc.  
Developed by T-ARTS and MARV ポケモン・Pokémonは任天堂・クリーチャーズ・ゲームアークの登録商標です。

# Audio & Visual Business: 1Q FY Ending March 2021 Progress Status



Unit: million yen

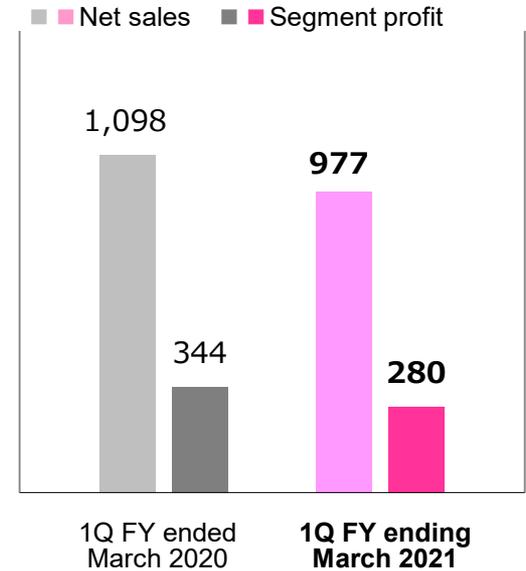
## [Results Up Until 1Q FY Ending March 2021]

Resulted in a decrease in sales and profit due to the postponement of the broadcast of some TV anime series and the cancellation and postponement of all stage performances in 1Q owing to the impact of the novel coronavirus

However, some earnings were secured thanks mainly to the sale of the goods packages of some titles performed in the previous term and as earnings from some titles performed in the previous term were recorded in this term

## [Title Performance]

- Broadcast of TV anime “Mewkledreamy” and “Woodpecker Detective’s Office” started in April, and broadcast of “My Teen Romantic Comedy SNAFU Climax” was postponed from April to July due to the impact of the novel coronavirus
- Several stage performances were cancelled or postponed after April



## [Title Rollouts]

### Mewkledreamy



TV broadcast started in April 2020

©2017, 2020 SANRIO CO., LTD. Mewkledreamy Production Committee, TV TOKYO

### Woodpecker Detective’s Office



TV broadcast started in April 2020

©2020 Kei Ii, Tokyo Sogensha Co., Ltd./“Woodpecker Detective’s Office” Project

### Cancelled performances

- Musical HAKUOKI SHINKAI Side Soma Kazue” (April)
- MUSICAL THE PRINCE OF TENNIS CONCERT Dream Live 2020 (May)
- MUSICAL ACE OF DIAMOND (June through July)
- Touken Ranbu the Stage (June through August)
- Stage [Yowamushi Pedal] (July)

### Postponed performances

- MUSICAL AO HARU TETSUDO 4 (July through August)

\* Months in parentheses show the originally estimated periods of performance

# Audio & Visual Business: Initiatives Starting in 2Q FY Ending March 2021

- Broadcast of "My Teen Romantic Comedy SNAFU Climax" started from July, and broadcast of "Akudama Drive" scheduled to start from October
- We resumed performances from "Touken Ranbu the Stage" of July
- A performance of a large event "Touken Ranbu the Daienren," the fifth anniversary event of "Touken Ranbu -ONLINE-," scheduled to be performed in August is to be postponed this year. We will decide whether we can perform the event, in accordance with the policies of the national and local governments and the guidelines of the Association of Public Theaters and Halls in Japan

**My Teen Romantic  
Comedy SNAFU  
Climax**



TV broadcast started in July 2020

©WATARU WATARI, SHOGAKUKAN/OREGAIUR3 PRODUCTION COMMITTEE

**Akudama Drive**



TV broadcast scheduled for October 2020

© Pierrot, TooKyoGames/Akudama Drive Production Committee

**Touken Ranbu the Stage**



Performances scheduled for July - August 2020

©Touken Ranbu the Stage Production Committee  
©2015-2020 DMM GAMES/Nitroplus

**MUSICAL  
『MORIARTY THE  
PATRIOT』OP.2  
-A SCANDAL IN  
BRITISH EMPIRE-**



Performances scheduled for July - August 2020

©Ryosuke Takeuchi, Hikaru Miyoshi/SHUEISHA  
© MUSICAL『MORIARTY THE PATRIOT』PROJECT

# Impact on the Company's Future Business of Novel Coronavirus



## Online Game Business

- Will continue to make efforts to maintain favorable performance though demand from nest dwellers is expected to settle down

## Consumer Game Business

- Will make efforts to maintain favorable performance in the consumer game business
- In the amusement business, although the situation tends to recover after the lifting of the declaration of a state of emergency, there is some possibility that the impact will spread again depending on a future situation

## Audio & Visual Business

- In the audio & visual business, full-year results will be influenced by postponement of performances of movie versions of anime and of the sale of related goods as well as cancellation of live concerts
- In the live entertainment business, we are to give performances in accordance with the policies of the national and local governments and the guidelines of the Association of Public Theaters and Halls in Japan. Attendance is limited, and there is concern about the re-spread of infection. So a tense situation is expected to continue

# Results and Dividends Forecasts for the Fiscal Year Ending March 2021



## Results forecasts

Full-year results forecasts for the fiscal year ending March 2021 are not disclosed at the present time because of the difficulty in reasonably estimating the impact of the novel coronavirus.

It will be announced as soon as it is possible to disclose consolidated results forecasts.

## Dividends forecasts

- FY ended March 2020: ¥33 annual dividend
- FY ending March 2021: Undecided

	FY2020	FY2021 (Forecasts)
<b>Dividend</b>	33 yen	<b>Undecided</b>
<b>Dividend payout ratio</b>	95.0%	-

### Dividend policy

Securing necessary internal reserves for expanding future businesses and strengthening the financial position, the Company distributes continuous and stable dividends targeting 30% or more of payout ratio as a basic policy.

Thank you very much for your attention.

Inquiries

Corporate Communication Division, Corporate Planning Department

E-mail: [ir@marv.jp](mailto:ir@marv.jp)

URL: <https://corp.marv.jp>

This document contains forward-looking statements which are based on information currently available to the Company and which may change as a result of numerous factors including the macroeconomic environment and industry trends relevant to the Company. Therefore, these forward-looking statements are made subject to certain risks and uncertainties which could cause results including actual business performance to differ materially from those presented.