



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (Three Months Ended June 30, 2021) (Based on J-GAAP)

July 30, 2021

Company name: Marvelous Inc. Listing: First Section of Tokyo Stock Exchange
 Stock Code: 7844 URL <https://corp.marv.jp/english/index.html>
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 Scheduled commencement date of dividend payout: –
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
 Quarterly Result briefing: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2022 (April 1, 2021 – June 30, 2021)

(1) Consolidated Results of Operations (three months) (Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY2022	6,473	38.6	1,464	64.6	1,474	65.5	1,074	81.1
1Q FY2021	4,668	3.3	890	34.4	891	44.1	593	72.8

Note: Comprehensive income (million yen): 1Q FY2022: 1,112 Million yen (93.0%) 1Q FY2021: 576 Million yen (88.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY2022	17.80	–
1Q FY2021	11.06	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY2022	33,546	25,856	77.1	428.36
FY2021	33,463	26,751	79.9	443.19

Reference: Shareholders' equity (million yen): 1Q FY2022: 25,856 Million yen FY2021: 26,751 Million yen

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2021	–	0.00	–	33.00	33.00
FY2022	–	–	–	–	–
FY2022 (forecasts)	–	–	–	–	–

Note: Revisions to the most recently announced dividend forecast: None
 The dividend forecasts for FY2022 are not decided at this point in time.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 - March 31, 2022)

Consolidated forecasts for FY2022 are not decided because it is difficult to reasonably estimate the impact of the novel coronavirus infection (COVID-19) at this stage.

Consolidated forecasts will be promptly disclosed when it becomes possible to do so.

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (three months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)

Excluded: None (Company name:)

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principles, estimates and restatement

1) Changes in accounting principles caused by revision of accounting standards: Yes

2) Changes in accounting principles other than those mentioned above: None

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury shares) at end of period	1Q FY2022	62,216,400 shares	FY2021	62,216,400 shares
2) Number of treasury shares at end of period	1Q FY2022	1,856,446 shares	FY2021	1,856,446 shares
3) Average number of shares outstanding during the period (three months)	1Q FY2022	60,359,954 shares	1Q FY2021	53,631,964 shares

Note: The number of treasury shares at end of the period is stated including 483,900 shares held by Custody Bank of Japan, Ltd. (Trust E Units) as trust assets of the Board Benefit Trust (BBT).

* The summary of quarterly financial statements is not subject to quarterly review by a certified public accountant (CPA) or an audit firm.

* Cautionary statement with respect to forward-looking statements and other special items

Consolidated forecasts for FY2022 are not decided because it is difficult to reasonably calculate them at this stage. Consolidated forecasts will be promptly disclosed when it becomes possible to do so. For details, please refer to P. 2 "1. Qualitative Information Concerning Quarterly Results (3) Explanation of Business Outlook Including Consolidated Business Forecast".

1. Qualitative Information Concerning Quarterly Results

(1) Explanation of Consolidated Business Results

The entertainment industry in the period under review saw the domestic mobile games market in a more severe competitive environment as the market was on a slight decline and some existing titles were sluggish due to the rise of new large-scale titles. In the home-use games market, both hardware and software remained strong. In the amusement market, although signs of recovery were seen following the lifting of the third declaration of a state of emergency issued in April, the difficult market environment continued. In the music/video market, as the packaging market continues to shrink, the video distribution market continues to be buoyant, and demand for animations in particular is growing globally. In the live entertainment market, conditions remained very severe owing to the cancellation of performances due to the declaration of a state of emergency and restrictions on the number of guests at events.

Under these circumstances, the Group has been operating as a comprehensive entertainment provider deploying a “multi- content, multi-use, and multi-device” strategy to deliver entertainment content in all business segments and on a variety of devices. In order to establish robust IPs, the Group has been driving its strategy in the three key areas of branding, alliances, and global business, and is working to offer content that generates a “buzz” among today’s users while endeavoring to enhance its services.

As a result, the Group’s net sales in first quarter under review (April 1, 2021 - June 30, 2021) marked 6,473 million yen (up 38.6% compared with the same period of the previous year), with operating profit of 1,464 million yen (up 64.6% compared with the same period of the previous year), ordinary profit of 1,474 million yen (up 65.5% compared with the same period of the previous year), and profit attributable to owners of parent of 1,074 million yen (up 81.1% compared with the same period of the previous year).

Results by business segment are described below.

(i) Online Game Business

In this business, the collaboration measures implemented in April under Logres of Swords and Sorcery: Goddess of Ancient performed well, but sales fell short of those in the previous fiscal year, as we entered the 8th year after its release. In addition, sales of the four-year-old SHINOVI MASTER -SEN-RAN KAGURA NEW LINK- and the 13-year-old Browser Sangokushi decreased owing to aging as well as intensifying competition in the online market.

As a result, segment net sales totaled 1,448 million yen (down 30.0% compared with the same period of the previous year), with segment profit of 241 million yen (down 58.6% compared with the same period of the previous year).

(ii) Consumer Game Business

In the game software sales division of this business, the latest game in the Rune Factory series, Rune Factory 5 was released for Nintendo Switch in Japan on May 20, 2021 and recorded strong sales. In addition, sales in North America and Europe, particularly the downloadable version of BOKUJO MONOGATARI OLIVE TOWN TO KIBO NO DAICHI released in the previous fiscal year, were recorded in the current fiscal year. Furthermore, repeat sales such as TENSUI NO SAKUNAHIME also performed well.

In the amusement division, sales of our mainstay kids’ amusement machine Pokémon MEZASTAR grew steadily despite the impact of the spread of COVID-19. On the other hand, Pokémon Ga-Olé, which we are expanding overseas, was affected by the self-restraint of some businesses and the implementation of business restrictions in areas where COVID-19 is spreading.

As a result, net sales in this business were 4,277 million yen (up 163.5% compared with the same period of the previous year) and segment profit was 1,550 million yen (up 250.7% compared with the same period of the previous year).

(iii) Audio and Visual Business

In the audio and visual business, TV animations HEALIN' GOOD♥PRECURE, Akudama Drive and Mewkledreamy were commercialized as package products.

Although the stage production division performed series such as Musical HAKUOKI SHINKAI, Ensemble Stars! Extra Stage, and Touken Ranbu the Stage, the division continued to be strongly affected by COVID-19, and experienced a significant decrease in sales and profits due to the suspension of performances and sluggish mobilization caused by the declaration of a state of emergency.

As a result, segment net sales totaled 748 million yen (down 23.5% compared with the same period of the previous year), with a segment profit of 18 million yen (down 93.6% compared with the same period of the previous year).

(2) Explanation of Consolidated Financial Position

On the consolidated balance sheets at the end of the first quarter, the Group had total assets of 33,546 million yen (up 83 million yen from the end of the previous fiscal year), total liabilities of 7,690 million yen (up 978 million yen from the end of the previous fiscal year), and net assets of 25,856 million yen (down 895 million yen from the end of the previous fiscal year).

(Current assets)

Consolidated current assets at the end of the first quarter totaled 24,823 million yen, up 34 million yen from the end of the previous fiscal year, owing mainly to an increase in inventories.

(Non-current assets)

Consolidated non-current assets at the end of the first quarter totaled 8,723 million yen, up 48 million yen from the end of the previous fiscal year, owing mainly to an increase in intangible assets.

(Current liabilities)

Consolidated current liabilities at the end of the first quarter totaled 7,478 million yen, up 978 million yen from the end of the previous fiscal year, owing mainly to increases in accounts payable - trade and in royalties payable.

(Non-current liabilities)

Consolidated non-current liabilities at the end of the first quarter totaled 212 million yen, showing no change from the end of the previous fiscal year.

(Net assets)

Consolidated net assets at the end of the first quarter totaled 25,856 million yen, down 895 million yen, owing to a decrease in retained earnings resulting from dividends for the previous fiscal year, although profit attributable to owners of parent of 1,074 million yen was recorded.

(3) Explanation of Business Outlook Including Consolidated Business Forecast

With regard to online games, the Company will continue to strive to maintain the strength of existing titles and focus on launching new titles with the aim of increasing earnings. In the consumer game business, we will focus on sales promotion of titles, including Rune Factory 5, the latest title in the series, and on expanding repeat sales. In the amusement, and audio and visual businesses, although the effects of COVID-19 have subsided to some extent, there are concerns that the effects may expand again depending on future conditions. In the live entertainment business, we plan to hold a large number of stage performances in this fiscal year as well, but there are concerns about limits on the size of audiences due to the risk of spread of COVID-19, and there is a possibility that conditions will remain severe during this fiscal year.

Under these circumstances, business results projections for the fiscal year ending March 31, 2022, are undecided because it is difficult at this stage to reasonably estimate the impact of COVID-19. In the future, we will promptly make all relevant information public as soon as disclosure is possible. The Group will continue to endeavor to create added value that “only Marvelous can realize,” provide unprecedented “wonder” and “excitement” to the world as advocated in the corporate vision, and create a renovative entertainment.