



Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2022 (Nine Months Ended December 31, 2021) (Based on J-GAAP)

January 31, 2022

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Stock Code: 7844

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Scheduled commencement date of dividend payout: –

Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes

Quarterly Result briefing: None

Listing: First Section of Tokyo Stock Exchange

URL: <https://corp.marv.jp/english/index.html>

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

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2022 (April 1, 2020 – December 31, 2021)

(1) Consolidated Results of Operations (nine 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	%
3Q FY 2022	18,953	9.6	4,006	19.9	4,190	27.5	2,937	25.3
3Q FY 2021	17,292	(6.8)	3,340	58.2	3,286	53.9	2,344	75.4

Note: Comprehensive income (million yen): 3Q FY 2022: 3,083 (32.2%) 3Q FY 2021: 2,332 (79.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q FY 2022	48.65	–
3Q FY 2021	40.32	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY 2022	35,710	27,851	78.0	461.20
FY 2021	33,463	26,751	79.9	443.19

Reference: Shareholders' equity (million yen): 3Q FY 2022: 27,851 FY 2021: 26,751

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2021	–	0.00	–	33.00	33.00
FY 2022	–	0.00	–		
FY 2022 (forecasts)				33.00	33.00

Note: Revisions to the most recently announced dividend forecast: None

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

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	25,000	(2.0)	4,400	(0.3)	4,500	(1.3)	3,100	(5.1)	51.34

Note: Revisions to the most recently announced financial forecast: Yes

For the revision of the consolidated earnings forecast, please refer to the “Announcement on revisions to the full-year forecasts” announced today (January 31, 2022).

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (nine 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

3Q FY 2022	62,216,400 shares	FY 2021	62,216,400 shares
3Q FY 2022	1,828,646 shares	FY 2021	1,856,446 shares
3Q FY 2022	60,372,995 shares	3Q FY 2021	58,133,641 shares

2) Number of treasury shares at end of period

3) Average number of shares outstanding during the period (nine months)

Note: The number of treasury shares at end of the period is stated including shares held by Custody Bank of Japan, Ltd. (Trust E Units) as trust assets of the Board Benefit Trust (BBT). The number of the treasury shares was 483,900 for the year ended March 31, 2021, and 456,100 for the nine months ended December 31, 2021.

* 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

Forward-looking statements, including financial forecasts, contained in this document are based on information currently available to the Company and certain assumptions that the Company deems as reasonable, and actual results, etc. may differ significantly due to various factors.

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 focused on the metaverse (virtual space) and the non-substitutability token (NFT), and saw the domestic mobile game market slightly increase in market size compared to the previous period, mainly owing to the influence of some popular titles. Meanwhile, the environment surrounding new titles remains severe, and competition is intensifying, including for existing titles. In the home-use games market, sales of software remained firm owing to an increase in download sales despite a decline in package sales. However, hardware sales were lower than the previous year's market in reaction to the launch of the PlayStation®5 and Xbox Series X/S in the same period of the previous year, as well as a shortage of game consoles due to parts shortages. In the amusement market, sales recovered following the lifting of a state of emergency and remained strong. In the audio and visual market, while the trend of a shrinking market for packaged products continues and the market environment continues to be difficult, the video distribution market continues to be buoyant, and distribution service companies are selecting which titles to acquire. In the live entertainment market, although there are signs of recovery due to the lifting of a state of emergency, the number of customers has not fully recovered, and the market environment remains severe.

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 excitement among today's users while endeavoring to enhance its services.

As a result, the Group's net sales in the third quarter (April 1, 2021 to December 31, 2021) marked 18,953 million yen (up 9.6% compared with the same period of the previous year), with operating profit of 4,006 million yen (up 19.9% compared with the same period of the previous year), ordinary profit of 4,190 million yen (up 27.5% compared with the same period of the previous year), and profit attributable to owners of parent of 2,937 million yen (up 25.3% compared with the same period of the previous year).

Results by business segment are described below.

(i) Online Game Business

In this segment, a new game application for smartphones, The Thousand Musketeers: Rhodoknight was released on November 24, 2021, but its contribution to earnings was limited. As for existing titles, we implemented collaboration measures and anniversary events for long-term operation titles such as SHINOVI MASTER -SEN-RAN KAGURA NEW LINK-, Logres of Swords and Sorcery: Goddess of Ancient, and Browser Sangokushi. However, sales decreased owing to aging as well as intensified competition in the online market.

As a result, segment net sales totaled 4,571 million yen (down 21.0% compared with the same period of the previous year), with segment profit of 764 million yen (down 42.6% compared with the same period of the previous year).

(ii) Consumer Game Business

In the game software sales division of this business, in addition to strong sales of Rune Factory 5, which was released in May 2021, other old repeat titles remained strong. In addition, the PlayStation®4 and XBOX versions of BOKUJO MONOGATARI SAIKAI NO MINERAL TOWN, which was released in 2019, were released in October and November 2021, and the PlayStation®5 downloadable versions of the overseas acquisition title The Riftbreaker were launched on October 14, 2021.

In the amusement division, our kids' amusement machine Pokémon MEZASTAR continued to perform well, with the cumulative number of games played exceeding 100 million in December 2021. In November 2021, TRYDECK, a new concept small-prize machine, began operation at amusement facilities throughout Japan.

As a result, segment net sales totaled 11,469 million yen (up 29.8% compared with the same period of the previous year), with segment profit of 4,173 million yen (up 68.7% compared with the same period of the previous year).

(iii) Audio and Visual Business

In the audio and visual business, an animated TV program, The Vampire dies in no time, was broadcasted from October to December 2021 and received favorable reviews. In addition, the latest theatrical version of Tropical Rouge Pretty Cure the Movie was released on October 23 of the same year. In addition, TV animations such as Tropical-Rouge ! Pretty Cure and Yu-Gi-Oh! SEVENS were commercialized as packaged products.

The stage production division performed “World Trigger the Stage” as a new title, in addition to “Blood Blockade Battlefront” the Stage -Blitz Along Alone- and PERSONA5 the Stage #3, which are the latest works in each series. Sales increased from the same period of the previous fiscal year owing mainly to the recording of sales of Touken Ranbu the Stage, which was performed from January to June 2021, in the second quarter, but profit decreased significantly owing to the impact of COVID-19.

As a result, segment net sales totaled 2,916 million yen (up 8.7% compared with the same period of the previous year), with segment profit of 136 million yen (down 78.2% 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 third quarter, the Group had total assets of 35,710 million yen (up 2,247 million yen from the end of the previous fiscal year), total liabilities of 7,859 million yen (up 1,147 million yen from the end of the previous fiscal year), and net assets of 27,851 million yen (up 1,099 million yen from the end of the previous fiscal year).

(Current assets)

Consolidated current assets at the end of the third quarter totaled 26,610 million yen, up 1,821 million yen from the end of the previous fiscal year owing mainly to increases in accounts receivable - trade and inventories.

(Non-current assets)

Consolidated non-current assets at the end of the third quarter totaled 9,100 million yen, up 425 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 third quarter totaled 7,672 million yen, up 1,172 million yen from the end of the previous fiscal year owing mainly to increases in accounts payable - trade.

(Non-current liabilities)

Consolidated non-current liabilities at the end of the third quarter totaled 186 million yen, down 25 million yen from the end of the previous fiscal year, owing mainly to a decrease in provision for share awards for directors (and other officers).

(Net assets)

Consolidated net assets at the end of the third quarter totaled 27,851 million yen, up 1,099 million yen from the end of the previous fiscal year, owing to the fact that profit attributable to owners of parent of 2,937 million yen was recorded despite a decrease in retained earnings owing to dividends paid in the previous fiscal year.

(3) Explanation of Business Outlook Including Consolidated Business Forecast

As for the consolidated business forecast, we have changed the business forecast announced on October 29, 2021.

In the consumer game business, sales of new and old game software continued to be strong in Japan and overseas despite the decline in sales in the online game business and the continuing impact of COVID-19 on the stage performance business. The amusement machine Pokémon MEZASTAR, which was launched in September 2020, recorded strong sales and contributed significantly to earnings this fiscal year.

For the above reasons, we have revised our full-year forecasts announced last time.

For details, please refer to the “Announcement on revisions to the full-year forecasts and the year-end dividend forecast” announced today (January 31, 2022).