



# Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Based on J-GAAP)

May 12, 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 date of Annual General Meeting of Shareholders: June 22, 2021  
 Scheduled commencement date of dividend payout: June 7, 2021  
 Scheduled date of filing Annual Securities Report: June 22, 2021  
 Explanatory documents supplemental to the abridged Financial Statements: Yes  
 Result briefing: None

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

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Consolidated Results of Operations (full-year) (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	%
FY2021	25,520	0.6	4,414	80.2	4,558	82.2	3,265	81.6
FY2020	25,365	(5.3)	2,449	(48.0)	2,502	(47.8)	1,797	(46.4)

Note: Comprehensive income (million yen): FY2021: 3,408 (98.1%) FY2020: 1,720 (-49.4%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
FY2021	55.64	—	13.9	15.3	17.3
FY2020	34.75	—	8.9	9.5	9.7

Reference: Equity in earnings/losses of affiliates (million yen): FY2021: — FY2020: —

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	33,463	26,751	79.9	443.19
FY2020	26,238	20,099	76.6	388.48

Reference: Shareholders' equity (million yen): FY2021: 26,751 FY2020: 20,099

### (3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY2021	4,382	(2,448)	3,203	16,403
FY2020	2,233	(1,597)	(1,686)	11,169

## 2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	Interim	3Q-end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2020	—	0.00	—	33.00	33.00	1,723	95.0	8.5
FY2021	—	0.00	—	33.00	33.00	2,007	59.3	7.9
FY2022 (forecasts)	—	—	—	—	—	—	—	—

Note: The dividend forecasts for FY2022 are not decided at this stage.

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

Consolidated forecasts for the FY2022 are not decided because it is difficult at this point in time to reasonably evaluate the impact of the novel coronavirus infection (COVID-19). Consolidated forecasts will be promptly disclosed when it becomes possible.

\*Notes

- (1) Changes in significant subsidiaries during the fiscal year under review  
(changes in subsidiaries accompanying change in the scope of consolidation): None  
New: None (Company name: )  
Excluded: None (Company name: )
- (2) Changes in accounting principles, estimates and restatement  
1) Changes in accounting principles caused by revision of accounting standards: None  
2) Changes in accounting principles other than those mentioned above: None  
3) Changes in accounting estimates: None  
4) Restatement: None
- (3) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period	FY2021	62,216,400 shares	FY2020	53,593,100 shares
2) Number of treasury stock at end of period	FY2021	1,856,446 shares	FY2020	1,856,367 shares
3) Average number of shares outstanding during the period	FY2021	58,682,594 shares	FY2020	51,731,694 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).

Reference: Non-Consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (April 1, 2020 – March 31, 2021)

(1) Non-consolidated Results of Operations (full-year) (Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2021	19,905	(9.1)	2,563	21.4	2,731	(55.3)	1,936	(45.1)
FY2020	21,890	(8.8)	2,111	(49.7)	6,115	36.7	3,526	8.0

	Net income per share	Diluted net income per share
	Yen	Yen
FY2021	33.00	—
FY2020	68.16	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2021	29,392	23,775	80.9	393.88
FY2020	24,062	18,544	77.1	358.43

Reference: Shareholders' equity (million yen): FY2021: 23,775 FY2020: 18,544

\* The summary of financial statements is not subject to audit 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. For details, please refer to P. 3 "1. Summary of Consolidated Business Results (4) Outlook."

## 1. Summary of Consolidated Business Results

### (1) Summary of business results for the period

During the consolidated fiscal year under review, the entertainment industry as a whole performed well in the domestic mobile game market, despite the continuing severe competitive environment, including the accelerated entry of foreign companies such as Chinese firms. In the domestic home-use games market, both hardware and software remained robust and surpassed the previous year's market size, owing to strong demand from nesting consumption and the launch of next-generation game consoles PlayStation 5 and Xbox Series X/S. On the other hand, in the amusement market, the market environment deteriorated significantly due to requests by the government to refrain from going out, the closure of amusement arcades, and shorter business hours, because of the spread of COVID-19. Similarly, in the live entertainment market, the market environment remained severe due to the cancellation of performances and restrictions on the number of audience in an event in response to the government's request for voluntary restraint. In the music/video market, while the packaging market continued to shrink, the video distribution market was brisk due to nesting demand, and demand for animation, especially in overseas markets, expanded.

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

As a result, the Group's consolidated operating results for the period under review (April 1, 2020, to March 31, 2021) came to net sales of 25,520 million yen (up 0.6% from the previous fiscal year), operating profit of 4,414 million yen (up 80.2% from the previous fiscal year), ordinary profit of 4,558 million yen (up 82.2% from the previous fiscal year), and profit attributable to owners of parent of 3,265 million yen (up 81.6% from the previous fiscal year).

Results by business segment are described below.

#### (i) Online Game Business

In this business, long-term operation titles such as "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" and "Logres of Swords and Sorcery: Goddess of Ancient" performed well, and in the 11-year term since the start of the service, "Browser Sangokushi" recorded higher profit than the previous year. Smartphone game app "Ikki-Tousen Extra Burst," whose distribution started in May 2020, experienced sluggish sales, and although we undervalued software assets according to a review of future earnings, the profit margin improved owing to the disposal of unprofitable titles in the previous fiscal year.

As a result, segment net sales totaled 7,497 million yen (down 7.5% from the previous fiscal year), with segment profit of 1,359 million yen (up 399.7% from the previous fiscal year).

#### (ii) Consumer Game Business

In the game software sales division of this business, Japanese style action RPG "TENSUI NO SAKUNAHIME", which was released worldwide for PlayStation 4/Nintendo Switch/Windows PC in November 2020, exceeded 950,000 units shipped worldwide (as of March 31, 2021), and "BOKUJO MONOGATARI OLIVE TOWN TO KIBO NO DAICHI", which is a completely new title of the "BOKUJO MONOGATARI" series and started to be sold for the Nintendo Switch in Japan and Asia in February 2021 and in North America and Europe in March, recorded a huge hit, with more than 700,000 units shipped worldwide (as of March 31, 2021). In addition, the Nintendo Switch downloadable versions of "No More Heroes" released in 2007 and "No More Heroes 2: Desperate Struggle" released in 2010 were released in October 2020, recording strong sales in North America and Europe. The business in the division remained very robust. However, in the amusement division, due to the significant impact of COVID-19, income declined for each title, including the latest Pokémon amusement machine, "Pokémon MEZASTAR," launched in September 2020. Overseas development of "Pokémon Ga-Olé" performed well in the regions where it started operation.

As a result, segment net sales totaled 14,474 million yen (up 27.0% from the previous fiscal year), with

segment profit of 4,158 million yen (up 105.2% from the previous fiscal year).

(iii) Audio and Visual Business

In the audio and visual business, the pre-cure series of TV animations “HEALIN’ GOOD♥PRECURE” and “Star☆Twinkle Pretty Cure Thanks Festival” were commercialized as package products, and the broadcasts of TV animation “Mewkledreamy,” the Company’s lead manager TV animation “My Teen Romantic Comedy SNAFU Climax” and the TV animation “Akudama Drive” were launched respectively in April, July and October 2020, and each was packaged and commercialized.

In the stage production division, several performances scheduled for the first quarter were cancelled due to the impact of COVID-19. From July 2020, we resumed 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, and delivered new performances of popular series; however, audience mobilization was sluggish due to the impact of the declaration of a state of emergency. Although new initiatives were implemented, such as the broadcast of the original comedy Drama “Hansamu Senkyo” from October 2020, the severe business environment surrounding stage performances continued, resulting in a significant decrease in net sales and profits compared with the previous fiscal year.

As a result, segment net sales totaled 3,550 million yen (down 39.7% from the previous fiscal year), with segment profit of 540 million yen (down 65.7% from the previous fiscal year).

**(2) Summary of financial position for the period**

The financial position of the Group at the end of the current consolidated accounting period is as follows.

Consolidated assets at the end of the period under review totaled 33,463 million yen, up 7,224 million yen compared with the end of the previous fiscal year, mainly due to increases in cash and deposits and work in process.

Consolidated liabilities at the end of the period under review totaled 6,711 million yen, up 572 million yen from the end of the previous fiscal year, mainly due to an increase in income taxes payable despite a decrease in accounts payable-other.

Consolidated net assets at the end of the period under review totaled 26,751 million yen, up 6,652 million yen from the end of the previous fiscal year, due to the fact that share capital of 2,483 million yen and capital surplus of 2,483 million yen were recorded after third-party allocations of shares were paid in and that profit attributable to owners of parent of 3,265 million yen was recorded.

**(3) Summary of cash flows for the period**

Consolidated net cash and cash equivalents (“Cash”) at the end of the consolidated fiscal year under review totaled 16,403 million yen, up 5,233 million yen from the end of the previous fiscal year.

Cash flows and relevant factors in the period under review are as follows:

[Cash flows from operating activities]

Cash provided by operating activities totaled 4,382 million yen (up 2,148 million yen compared with the previous fiscal year), mainly due to profit attributable to owners of parent before income taxes of 4,454 million yen, despite a decrease of 822 million yen in accounts payable-other.

[Cash flows from investing activities]

Cash used in investing activities totaled 2,448 million yen (up 850 million yen compared with the previous fiscal year), mainly due to purchase of property, plant and equipment of 1,441 million yen.

[Cash flows from financing activities]

Cash provided by financing activities was 3,203 million yen (up 4,889 million yen compared with the previous fiscal year), mainly due to 4,967 million yen proceeds from issuance of shares despite dividends paid of 1,723 million yen.

Reference: Trends in cash flow indicators

	FY2017	FY2018	FY2019	FY2020	FY2021
Shareholders' equity ratio (%)	68.2	72.2	76.1	76.6	79.9
Shareholders' equity ratio based on market prices (%)	186.1	184.9	168.4	105.3	155.3
Interest-bearing debt to cash flow ratio (annual)	3.9	3.6	2.7	9.0	3.7
Interest coverage ratio (times)	6,643.6	4,057.6	6,488.9	2,233.0	3,557.5

Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio based on market prices: Market capitalization/Total assets

Interest-bearing debt to cash flow ratio: Interest bearing debt/Cash flow

Interest coverage ratio: Cash flow/Interest paid

Notes: 1. Indicators are calculated using consolidated financial figures.

2. Market capitalization is calculated using the total number of issued shares minus treasury shares.

3. Cash flow refers to cash flow from operating activities.

4. Interest-bearing debt refers to all liabilities appearing on the consolidated balance sheet that interest is paid on. Interest payments are based on the interest payment amount of the consolidated cash flow statement.

#### (4) Outlook

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 "Rune Factory 5," the latest title in the series, and continue to maintain the strong performance. In the amusement, and audio & 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 number of audience 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 assess 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.