



Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (Based on J-GAAP)

May 12, 2022

Company name: Marvelous Inc. Listing: 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 21, 2022
 Scheduled commencement date of dividend payout: June 6, 2022
 Scheduled date of filing Annual Securities Report: June 21, 2022
 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, 2022 (April 1, 2021 – March 31, 2022)

(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	%
FY2022	25,728	0.8	4,600	4.2	5,054	10.9	3,817	16.9
FY2021	25,520	0.6	4,414	80.2	4,558	82.2	3,265	81.6

Note: Comprehensive income (million yen): FY2022: 4,173 (22.4%) FY2021: 3,408 (98.1%)

	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	%	%	%
FY2022	63.23	–	13.7	14.4	17.9
FY2021	55.64	–	13.9	15.3	17.3

Reference: Equity in earnings/losses of affiliates (million yen): FY2022: – FY2021: –

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	36,531	28,973	79.2	479.23
FY2021	33,463	26,751	79.9	443.19

Reference: Shareholders' equity (million yen): FY2022: 28,939 FY2021: 26,751

(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
FY2022	2,820	(1,094)	(2,007)	16,431
FY2021	4,382	(2,448)	3,203	16,403

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	%	%
FY2021	–	0.00	–	33.00	33.00	2,007	59.3	7.9
FY2022	–	0.00	–	33.00	33.00	2,007	52.2	7.2
FY2023 (forecasts)	–	–	–	–	–	–	–	–

Note: The dividend forecasts for FY2023 are not decided at this stage.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 – March 31, 2023)

Consolidated forecasts for FY2023 are not decided because it is difficult at this point in time to reasonably evaluate the impact of the novel coronavirus infection (COVID-19) on the business amid uncertainty on when the pandemic is over. 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: Yes
 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 shares) at end of period	FY2022	62,216,400 shares	FY2021	62,216,400 shares
2) Number of treasury shares at end of period	FY2022	1,828,646 shares	FY2021	1,856,446 shares
3) Average number of shares outstanding during the period	FY2022	60,376,634 shares	FY2021	58,682,594 shares

Note: The number of treasury shares at end of the period is stated including 456,100 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, 2022 (April 1, 2021 – March 31, 2022)

- (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	%
FY2022	20,158	1.3	2,420	(5.6)	3,085	13.0	2,503	29.3
FY2021	19,905	(9.1)	2,563	21.4	2,731	(55.3)	1,936	(45.1)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2022	41.46	—
FY2021	33.00	—

- (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2022	30,714	24,287	79.1	402.18
FY2021	29,392	23,775	80.9	393.88

Reference: Shareholders' equity (million yen): FY2022: 24,287 FY2021: 23,775

* 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 FY2023 are not decided because it is difficult at this point in time to reasonably evaluate the impact of COVID-19 on the business amid uncertainty on when the pandemic is over. 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

The entertainment industry in the fiscal year under review showed slowing growth of the domestic mobile game market. The competitive environment, however, became even more harsh in both new titles and existing titles while demand continued to focus on only a few specific titles. In the domestic home-use games market, hardware sales fell below the level of the previous year due to the impact of the previous year's launch of PlayStation®5 and Xbox Series X/S as well as a shortage of parts and components, but sales of software remained firm owing to an increase in download sales despite a decline in package sales. The amusement market showed signs of recovery in the second half of the period under review despite the impact of COVID-19, and remained on a recovery trend. In the audio and visual market, while the trend of a shrinking market for packaged products continues, the video distribution market, which has become firmly established in daily life, remained buoyant, but competition also intensified, which led to more fierce selection of titles by distribution service providers. In the live entertainment market, although there are signs of recovery due to the lifting of a state of emergency and other restrictions to prevent infections, 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 consolidated operating results for the period under review (April 1, 2021, to March 31, 2022) came to net sales of 25,728 million yen (up 0.8% from the previous fiscal year), operating profit of 4,600 million yen (up 4.2% from the previous fiscal year), ordinary profit of 5,054 million yen (up 10.9% from the previous fiscal year), and profit attributable to owners of parent of 3,817 million yen (up 16.9% from the previous fiscal year).

Results by business segment are described below.

(i) Online Game Business

In this segment, sales of long-term operation titles such as "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-," "Logres of Swords and Sorcery: Goddess of Ancient," and "Browser Sangokushi" decreased owing to aging as well as intensified competition in the online market. As a new title, we released a smartphone game application titled "The Thousand Musketeers: Rhodoknight" on November 24, 2021, through distribution. However, the sales fell far short of expectations, and we conducted a partial write-down of software assets based on a review of future earnings. We will strive to improve earnings by reducing the burden of depreciation to continue the services in the future.

As a result, segment net sales totaled 6,221 million yen (down 17.0% from the previous fiscal year), with segment profit of 601 million yen (down 55.7% from the previous fiscal year).

(ii) Consumer Game Business

In the game software sales division of this business, we released "Rune Factory 5," which is the latest in the Rune Factory series, for Nintendo Switch™ in Japan in May 2021, in Asia in September, and in North America and Europe in March 2022. This became a great hit and as of the end of March 2022, the total number of units shipped worldwide exceeded 500,000. Furthermore, the latest game in the "No More Heroes" series, "No More Heroes 3" was released for Nintendo Switch™ in August 2021. In September of the same year, the Steam® version of "BOKUJO MONOGATARI OLIVE TOWN TO KIBO NO DAICHI" was released. Also, PlayStation®4 and Xbox versions of "BOKUJO MONOGATARI SAIKAI NO MINERAL TOWN" were released in October and November of the same year, respectively. Cumulative shipments of both titles exceeded 1 million units. In addition, as cumulative shipments of "TENSUI NO SAKUNAHIME," which was released in the previous period, exceeded 1 million units, repeated sales of the existing titles were also strong.

In the amusement division, our kids' amusement machine "Pokémon MEZASTAR" has performed extremely 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 15,490 million yen (up 7.0% from the previous fiscal year), with segment profit of 5,096 million yen (up 22.6% from the previous fiscal year).

(iii) Audio and Visual Business

In the audio and visual business, we commercialized the packaged products of TV animation, movies, and related events in the Pretty Cure series, including the TV animation “Tropical-Rouge ! Pretty Cure” and held the “Tropical-Rouge ! Pretty Cure Thanks Festival” event in February 2022. In addition, the popular TV animation “The Vampire dies in no time,” which aired from October to December 2021 and “YU-GI-OH! DUEL MONSTERS MILLENNIUM SCENES” were commercialized as packaged products and recorded good sales.

The stage production division performed series plays such as “Touken Ranbu the Stage,” “MUSICAL THE PRINCE OF TENNIS,” “Musical HAKUOKI SHINKAI,” “Katekyo Hitman Reborn!” the STAGE, “MUSICAL 『MORIARTY THE PATRIOT』,” and “Blood Blockade Battlefront” the Stage. Also, “World Trigger the Stage” and Musical “Ouran High School Host Club” were performed as complete new plays of this period, and were well received. However, the results of the segment were negatively affected by COVID-19 because the number of audiences in events was restricted and performances were canceled due to a prolonged state of emergency.

As a result, segment net sales totaled 4,020 million yen (up 13.2% from the previous fiscal year), with segment profit of 501 million yen (down 7.2% 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 36,531 million yen, up 3,068 million yen compared with the end of the previous fiscal year, mainly due to increases in work in process and intangible assets.

Consolidated liabilities at the end of the period under review totaled 7,557 million yen, up 846 million yen from the end of the previous fiscal year, mainly due to an increase in accounts payable - trade.

Consolidated net assets at the end of the period under review totaled 28,973 million yen, up 2,222 million yen from the end of the previous fiscal year, mainly due to the fact that profit attributable to owners of parent of 3,817 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 16,431 million yen, up 28 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 2,820 million yen (down 1,561 million yen compared with the previous fiscal year), mainly due to a 694 million yen increase in trade receivables and a 2,012 million yen increase in inventories, despite 5,065 million yen in profit before income taxes.

[Cash flows from investing activities]

Cash used in investing activities totaled 1,094 million yen (down 1,353 million yen compared with the previous fiscal year), mainly due to purchase of property, plant and equipment of 214 million yen and purchase of intangible assets of 856 million yen.

[Cash flows from financing activities]

Cash used in financing activities totaled 2,007 million yen (up 5,211 million yen compared with the previous fiscal year), mainly due to the dividends paid of 2,007 million yen.

Reference: Trends in cash flow indicators

	FY2018	FY2019	FY2020	FY2021	FY2022
Shareholders' equity ratio (%)	72.2	76.1	76.6	79.9	79.2
Shareholders' equity ratio based on market prices (%)	184.9	168.4	105.3	155.3	119.3
Interest-bearing debt to cash flow ratio (annual)	3.6	2.7	9.0	3.7	5.7
Interest coverage ratio (times)	4,057.6	6,488.9	2,233.0	3,557.5	2,839.2

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 paid of the consolidated cash flow statement.

(4) Outlook

With regard to consumer games, a completely new zombie survival action game titled "DEADCRAFT" is scheduled to launch the worldwide distribution on multiple platforms in May 2022. In addition, another completely new juvenile RPG titled "LOOP8" for Nintendo Switch™/PlayStation®4/Xbox One will be released in 2022. In addition, the PlayStation®4 version of "BOKUJO MONOGATARI OLIVE TOWN TO KIBO NO DAICHI," whose Nintendo Switch™ version was released in 2021, is scheduled for release in July.

With regard to online games, a new original IP game application for smartphones is now under development for release toward the distribution in FY2022 in the brand name of "HONEY PARADE GAMES," which has developed "SENTRAN KAGURA" series.

In the amusement business, sales of our mainstay "Pokémon MEZASTAR" series continued to be strong from the previous fiscal year, with the new Tag starting operation on April 21. However, there are concerns that sales may be affected again depending on the future COVID-19 situation. Although sales of "Pokémon Ga-Olé" have been affected in some of the operating regions overseas where the number of COVID-19 cases is increasing, we will continue the overseas development of this title in anticipation of after the pandemic.

In the audio and visual business, an animated TV program titled "Yu-Gi-Oh! GO RUSH!!" was on air from April 3, and the TV animation "Aoashi" began broadcasting from April 9. From May, a trilogy of "TOUKEN RANBU HANAMARU Season 3," the latest in the animation series "TOUKEN RANBU HANAMARU" is scheduled to be screened in theaters consecutively.

In the stage production division, a new play of "Touken Ranbu the Stage" is scheduled to be staged from March 19 to May 15, and the new play "Musical HAKUOKI SHINKAI" was staged from April 22 to May 5. In addition, new plays of popular titles such as "MUSICAL THE PRINCE OF TENNIS," "Stage[Yowamushi Pedal]," and "World Trigger the Stage" are will be staged. However, the live entertainment market environment seems to remain severe, as recovery of customers in the market remains uncertain. In addition, there is a possibility that the performance will be canceled due to the infection of actors/actresses and staff, and if priority measures such as a declaration of a state of emergency and other orders are taken due to a resurgence of cases of COVID-19, business performance may be significantly affected.

Under these circumstances, business results projections for the fiscal year ending March 31, 2023, are not decided because it is difficult at this stage to reasonably evaluate the impact of COVID-19 on the business amid uncertainty on when the pandemic is over. 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 innovative entertainment.