

Developer of smartphone games with high overseas sales ratio

This report is an English translation of part of the report issued on June 11, 2021.
For inquiries concerning the report, please contact info@stock-r.org

[4199 WonderPlanet Sector : Information & Communication]

Fiscal Year	Net sales (mn yen)	YoY (%)	Operating profit (mn yen)	YoY (%)	Ordinary profit (mn yen)	YoY (%)	Profit (mn yen)	YoY (%)	EPS (yen)	BPS (yen)	DPS (yen)
Aug. 2019	2,856	7.2	-130	-	-136	-	12	-	6.4	-2,814.4	0.0
Aug. 2020	3,433	20.2	332	-	331	-	224	-	110.9	-2,535.8	0.0
Aug. 2021 f	3,842	11.9	492	47.8	484	45.8	1,003	347.2	483.6	-	0.0

Note: Non-consolidated basis. Figures for the fiscal year ending August 2021 are the company's forecasts.

Handling Three Types of Game Titles

WonderPlanet plans, develops, manages and sells games for smartphones, and provides games through platforms operated by Apple, Google, etc. It conducts in-house development of original games as well as their operation in Japan and overseas, which are categorized as "titles developed in-house (original)," in-house development of games using IPs of other companies as well as their operation in Japan and overseas, which are categorized as "titles developed in-house (IP)," and conducts development for overseas markets and overseas operation of games that are developed and provided in Japan by other companies, which are categorized as "titles developed by other companies (overseas)."

The titles provided by the company adopt the freemium model where users can download and play the games free of charge and pay in apps/games to acquire some items or expand functions.

For "titles developed in-house (original)," even though the company needs to bear most of the costs as all procedures from planning, development to operation are conducted thoroughly by the company, the characteristics are that profit contribution becomes high when the games gain popularity.

For "titles developed in-house (IP)," as there are possibilities to acquire a certain number of fans of the IP as the game users, although revenue allocation will become lower than original titles, the cost burden and risks can be suppressed.

For "titles developed by other companies (overseas)," by utilizing the distribution experience of original titles in Japan and overseas, the company conducts development for the overseas market and the stable operation of games that are developed by other companies. Even though allocation of revenue to cooperating partners that hold the IP is required, development costs can be suppressed and the titles can be released in short period of time.

Financial Statements

Statement of income	Fiscal Year	Aug. 2019		Aug. 2020		Six months to Feb. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Net sales		2,856	100.0	3,434	100.0	1,881	100.0
Cost of sales		2,338	81.9	2,537	73.9	1,427	75.9
Gross profit		517	18.1	897	26.1	453	24.1
Selling, general and administrative expenses		647	22.7	584	17.0	314	16.7
Operating profit		-130	-4.6	312	9.1	139	7.4
Non-operating income		11	-	1	-	4	-
Non-operating expenses		18	-	2	-	2	-
Ordinary profit		-136	-4.8	312	9.1	141	7.5
Profit before income taxes		-136	-4.8	297	8.6	141	7.5
Net profit		12	0.4	224	6.5	176	9.4

Balance sheet	Fiscal Year	Aug. 2019		Aug. 2020		Feb. 2021	
		(mn yen)	(%)	(mn yen)	(%)	(mn yen)	(%)
Current assets		1,230	70.7	1,928	81.1	2,267	82.9
Cash and deposits		593	34.1	1,063	44.7	1,334	48.8
Accounts receivable-trade		544	31.3	603	25.4	678	24.8
Inventories		38	2.2	126	5.3	167	6.1
Non-current assets		509	29.3	449	18.9	466	17.1
Property, plant and equipment		9	0.5	39	1.6	37	1.4
Intangible assets		-	-	-	-	-	-
Investments and other assets		500	28.8	409	17.2	428	15.7
Total assets		1,740	100.0	2,377	100.0	2,733	100.0
Current liabilities		770	44.3	1,305	54.9	1,151	42.1
Accounts payable-trade		54	3.2	107	4.5	100	3.7
Short-term borrowings		-	-	177	7.5	80	2.9
Current portion of long-term borrowings		107	6.1	34	1.4	145	5.3
Non-current liabilities		150	8.6	28	1.2	61	2.3
Long-term borrowings		150	8.6	28	1.2	61	2.3
Net assets		819	47.1	1,043	43.9	1,520	55.6
Owners' equity		819	47.1	1,043	43.9	1,520	55.6

Statement of cash flows	Fiscal Year	Aug. 2019	Aug. 2020	Six months to Feb. 2021
		(mn yen)	(mn yen)	(mn yen)
Cash flows from operating activities		-448	532	-163
Depreciation		2	8	5
Cash flows from investing activities		10	-45	87
Cash flows from financing activities		754	-17	347
Dividends paid		-	-	-
Net increase in cash and cash equivalents		316	470	272
Cash and cash equivalents		593	1,063	1,334

Note: Non-consolidated basis.

Source: Prepared by Stock Research Center based on the notifiable prospectus.

About Stock Research Center

Stock Research Center is engaged in the preparation of analyst reports, mainly on companies that are not sufficiently covered by analysts, based on a neutral perspective, and broadly disclose the reports to the public with an aim to revitalize the stock market.

Note: Reports prepared by Stock Research Center are created in reference to the Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation.



■ Supporting Members

Tokyo Stock Exchange, Inc.
Nomura Securities Co., Ltd.
Ernst & Young ShinNihon LLC
Deloitte Touche Tohmatsu LLC
SBI SECURITIES Co., Ltd.
Association of Japan
TAKARA PRINTING CO., LTD.

SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
ICMG Co., Ltd.
BDO Sanyu
Japan Securities Dealers Association
Ichiyoshi Securities Co., Ltd.
PRONEXUS INC.

Daiwa Securities Co. Ltd.
KPMG AZSA LLC
Grant Thornton Taiyo LLC
The Securities Analysts
A&A Partners

Certification by Analysts

Analysts indicated in the reports certify that the content indicated in the report precisely reflects the personal opinions of the analysts on all securities and issuer companies discussed in the report. In addition, it is ensured that the opinions directly or indirectly indicated in the report will have no influence on the analyst's compensation in the past, present, and future upon writing the report.

Disclaimer

- The report is prepared by stock analysts affiliated with the Stock Research Center for the purpose of disclosure to a wide range of investors as reference information and not to recommend or solicit to buy or to sell any particular securities or financial instrument.
- The content and indication of the report is based on disclosed information available publicly and is prepared by adding necessary supplementary information gained through interviews by analysts. The writer of the report is, without exception, prohibited to use insider information, or to acquire such information. The information included in the report is believed to be precise and reliable, but its preciseness is not verified objectively. In addition, the report is not intended to comprehensively include all information required by investors.
- The information included in the report may become outdated due to changes in the financial market, economic environment, etc. There are risks that the prices of stocks featured directly or indirectly in the report will fall below the par value due to fluctuations in stock prices, changes in management/financial conditions of the issuers, fluctuations in exchange rates or interest rates, etc. Past performance does not imply or guarantee future performance.
- The opinions indicated in the report are subject to change without notice and the Stock Research Center has no obligation to update the information or opinions included in the report.
- The Stock Research Center does not bear any responsibility for any results, including direct losses, indirect losses, losses of profit and damages, suffered by investors due to using the report or relying on the report. Final investment decisions shall be made by investors themselves and the sole responsibility concerning the investment lies with the investors that viewed the report.
- The copyright of the report belongs to the Stock Research Center and it may not be copied, reproduced, quoted, etc. in any form without prior consent.