



Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Based on J-GAAP)

May 11, 2023

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 20, 2023
 Scheduled commencement date of dividend payout: June 6, 2023
 Scheduled date of filing Annual Securities Report: June 20, 2023
 Explanatory documents supplemental to the abridged Financial Statements: Yes
 Result briefing: None

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

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

(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	%
FY2023	25,341	(1.5)	2,488	(45.9)	2,931	(42.0)	1,925	(49.6)
FY2022	25,728	0.8	4,600	4.2	5,054	10.9	3,817	16.9

Note: Comprehensive income (million yen): FY2023: 2,192 (-47.5%) FY2022: 4,173 (22.4%)

	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	%	%	%
FY2023	31.85	–	6.6	8.0	9.8
FY2022	63.23	–	13.7	14.4	17.9

Reference: Equity in earnings/losses of affiliates (million yen): FY2023: – FY2022: –

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	36,447	29,227	80.1	482.69
FY2022	36,531	28,973	79.2	479.23

Reference: Shareholders' equity (million yen): FY2023: 29,187 FY2022: 28,939

(3) Consolidated Cash Flows 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
FY2023	976	(3,457)	(2,007)	12,553
FY2022	2,820	(1,094)	(2,007)	16,431

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	%	%
FY2022	–	0.00	–	33.00	33.00	2,007	52.2	7.2
FY2023	–	0.00	–	33.00	33.00	2,007	103.6	6.9
FY2024 (forecasts)	–	0.00	–	33.00	33.00		79.2	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 – March 31, 2024)

(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	27,000	6.5	3,500	40.7	3,600	22.8	2,520	30.9	41.67

Note: Since the Company manages its business performance on an annual basis, the forecast for the second quarter (cumulative) has been omitted.

***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 shares) at end of period	FY2023	62,216,400 shares	FY2022	62,216,400 shares
2) Number of treasury shares at end of period	FY2023	1,747,846 shares	FY2022	1,828,646 shares
3) Average number of shares outstanding during the period	FY2023	60,436,234 shares	FY2022	60,376,634 shares

Note: The number of treasury shares at end of the period is stated, including 375,300 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 Year Ended March 2023 (April 1, 2022 – March 31, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2023	21,870	8.5	2,149	(11.2)	2,685	(13.0)	1,833	(26.8)
FY2022	20,158	1.3	2,420	(5.6)	3,085	13.0	2,503	29.3

	Net income per share	Diluted net income per share
	Yen	Yen
FY2023	30.33	–
FY2022	41.46	–

- (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2023	30,681	24,099	78.5	398.54
FY2022	30,714	24,287	79.1	402.18

Reference: Shareholders' equity (million yen): FY2023: 24,099 FY2022: 24,287

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

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

The forecasts and other forward-looking statements contained in this document are based on information currently available to the Company and certain assumptions deemed to be reasonable. Actual results may differ materially from these forecasts due to a variety of factors.

This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Summary of Consolidated Business Results

(1) Summary of business results for the period

The entertainment industry in the period under review performed well in the domestic home video game market, especially in the hardware market, with signs of an end to the shortage of game consoles. In the mobile game market, some new titles became hits, but as the market matured, the competitive environment surrounding not only new titles but also existing titles remained harsh. Meanwhile, although the number of visitors temporarily decreased from July to August due to the impact of the seventh wave of COVID-19, the size of the domestic amusement market recovered to the level before the COVID-19 pandemic, thanks mainly to strong sales of prize games. In the music and video market, competition among video distribution services intensified due to shrinking home nesting demand in the video distribution market, which was strong as the market for packaged products continued to shrink. In the live entertainment market, audience turnout has been improving due to the easing of restrictions on activities, but it is taking time to recover to pre-COVID-19 levels.

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, 2022 to March 31, 2023) came to net sales of 25,341 million yen (down 1.5% from the previous fiscal year), operating profit of 2,488 million yen (down 45.9% from the previous fiscal year), ordinary profit of 2,931 million yen (down 42.0% from the previous fiscal year), and profit attributable to owners of parent of 1,925 million yen (down 49.60% from the previous fiscal year).

Results by business segment are described below.

The reportable segments have been changed since the current fiscal year, and comparisons and analysis for the period under review are based on the changed categories.

(i) Digital Contents Business

In the consumer division of this business, BOKUJO MONOGATARI Welcome! WONDERFUL LIFE, the latest title in the series and a remake of BOKUJO MONOGATARI WONDERFUL LIFE released in 2003, was released on January 26, 2023 and recorded strong sales. On March 2, 2023, we released Rune Factory 3 Special, the latest title in the series and a remake of Rune Factory 3 released in 2009. On the other hand, the completely new game DEADCRAFT began to be distributed simultaneously worldwide on May 19, 2022, but sales fell short of the target. In addition, sales declined from the previous fiscal year due to the lack of a lineup of titles in Japan and overseas, as well as the deteriorating economic environment, particularly in the U.S. and European markets.

In the online division, the performance of Dolphin Wave, a new smartphone game released on October 20, 2022, was strong and contributed significantly in the second half of the fiscal year. In addition, long-term operating titles such as Logres of Swords and Sorcery: Goddess of Ancient, SHINOVI MASTER - SENRAN KAGURA NEW LINK- and Browser Sangokushi made a solid contribution to revenues despite a decline in sales over the years. On the other hand, the balance of game assets was written off in a lump sum because the new smartphone game "sakura ignoramus," which was released on February 27, 2023, fell far short of expectations.

As a result, segment net sales totaled 14,138 million yen (down 8.3% from the previous fiscal year), with segment profit of 779 million yen (down 80.1% from the previous fiscal year).

(ii) Amusement Business

In this segment, our mainstay kid's amusement machine Pokémon MEZASTAR with the new tags started operation in April, July, September, November 2022, and the latest tag in February 2023, respectively, were extremely strong, achieving the highest sales ever for a Pokémon Kids Amusement Machine, which has been available since 2007's Pokémon BATTRIO. In addition, Pokémon Ga-Olé, which is operating overseas, generally performed well despite the impact of COVID-19 in some areas.

As a result, segment net sales totaled 7,801 million yen (up 23.9% from the previous fiscal year), with segment profit of 2,786 million yen (up 56.4% from the previous fiscal year).

(iii) Audio and Visual Business

In the audio and visual production division of this business, we have packaged and commercialized TV animations, movies and related events of the Pretty Cure series, including the TV animation Delicious Party♡Pretty Cure, and also have packaged and commercialized TV animation Aoashi since April 2022 and TV animation The Vampire Dies in No Time Season 2 since January 2023. We also released TOUKEN RANBU HANAMARU Season 3, a new trilogy of the anime series TOUKEN RANBU HANAMARU, in May, July, and September 2022, and TOUKEN RANBU: THE MOVIE 2, the second part of the TOUKEN RANBU THE MOVIE series, in theaters from March 31, 2023.

In the stage production division, performances of the latest productions in series such as TOUKEN RANBU THE STAGE, MUSICAL THE PRINCE OF TENNIS, “World Trigger the Stage”, and MUSICAL 『MORIARTY THE PATRIOT』, as well as this period’s new plays such as TOKYO COLOR SONIC!! THE STAGE, and FULLMETAL ALCHEMIST THE STAGE, were performed.

Although sales declined due to a decline in package sales and other factors, profit increased from the previous fiscal year mainly due to an increase in distribution revenue, a trend toward a recovery in audience turnout due to the easing of restrictions on activities, and the recording of J-LODlive (Japan content Localization and Distribution live entertainment) subsidies.

As a result, segment net sales totaled of 3,400 million yen (down 15.4% from the previous fiscal year), with segment profit of 537 million yen (up 7.1% 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 36,447 million yen, down 84 million yen from the end of the previous fiscal year, mainly due to a decrease in cash and deposits, despite increases in work in process and others.

Consolidated liabilities at the end of the period under review totaled 7,219 million yen, mainly due to a decrease in contract liabilities, down 338 million yen from the end of the previous fiscal year, mainly due to a decrease in contract liabilities.

Consolidated net assets at the end of the period under review totaled 29,227 million yen, up 253 million yen from the end of the previous fiscal year mainly due to the recording of 1,925 million yen in profit attributable to owners of parent.

(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 12,553 million yen, down 3,878 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 976 million yen (down 1,844 million yen from the previous fiscal year), mainly due to an increase in inventories of 3,593 million yen and income taxes paid of 1,317 million yen, despite profit before income taxes of 2,932 million yen and depreciation of 2,569 million yen.

[Cash flows from investing activities]

Cash used in investing activities totaled 3,457 million yen (up 2,363 million yen from the previous fiscal year), mainly due payments into time deposits of 2,032 million yen, purchase of property, plant and equipment of 310 million yen, and purchase of intangible assets 1,731 million yen, despite proceeds from withdrawal of time deposits of 677 million yen.

[Cash flows from financing activities]

Cash used in financing activities totaled 2,007 million yen (down 0 million yen from the previous fiscal year), due to dividends paid of 2,007 million yen.

Reference: Trends in cash flow indicators

	FY2019	FY2020	FY2021	FY2022	FY2023
Shareholders' equity ratio (%)	76.1	76.6	79.9	79.2	80.1
Shareholders' equity ratio based on market prices (%)	168.4	105.3	155.3	119.3	109.5
Interest-bearing debt to cash flow ratio (annual)	2.7	9.0	3.7	5.7	16.4
Interest coverage ratio (times)	6,488.9	2,233.0	3,557.5	2,839.2	352.7

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 of the Digital Contents Business, a completely new juvenile RPG titled LOOP8 will be released on June 1, 2023, bullet barrage action PRG titled Touhou: New World in July 2023, and fashion and communication game titled Fashion Dreamer in 2023. In addition, the North American, European and Steam® versions of BOKUJO MONOGATARI Welcome! WONDERFUL LIFE and Rune Factory 3 Special, which were released in Japan in the previous fiscal year, will be released sequentially from overseas subsidiaries.

In online games, we will strive to maintain sales of long-term titles and focus on operations to continue the strong performance of our new title, Dolphin Wave, in the previous fiscal year.

In the amusement business, sales of our mainstay Pokémon MEZASTAR series continued to perform well with the new tag starting operation on April 20, 2023. As for the overseas expansion of Pokémon Ga-Olé, we will take on aggressive promotional measures in each country and region. In addition, we are developing new models of amusement machines and will continue to strive to expand our presence in this business in Japan and overseas.

In the audio and visual business, the TV animation The Café Terrace and its Goddesses, based on a popular manga, has been airing since April 7, 2023. In addition, with regard to the Pretty Cure series, which is celebrating its 20 year anniversary this year, the Company plans to release the latest theatrical film in September 2023 and to broadcast a new TV animation for adults in October of the same year. We also launched a new project, LemonSquashScore, which combines drama and music, and will release the first single CD on May 24, 2023. As for stage performances, in addition to the latest performances of MUSICAL THE PRINCE OF TENNIS, which is celebrating its 20 year anniversary this year, and TOUKEN RANBU THE STAGE, which is celebrating its 7 year anniversary, we plan to hold anniversary events, as well as stage performances of The Vampire dies in no time, a new title of this period, and Pretty Cure based on the original story. In addition, we are preparing a number of new series performances this period.

Based on the above, business results projections for the fiscal year ending March 31, 2024, are net sales of 27,000 million yen, operating profit of 3,500 million yen, ordinary profit of 3,600 million yen, and profit attributable to owners of parent of 2,520 million yen.

2. Basic Approach to the Selection of Accounting Standards

The Company prepares financial statements and other materials in accordance with generally accepted accounting principles in Japan (J-GAAP). We are considering the voluntary application of International Financial Reporting Standards (IFRS), however, we will continue to apply the J-GAAP by comprehensively taking consideration of securing comparisons with the financial data of other companies and the possibility of fund procurement in overseas markets. We will continue to consider the voluntary application of IFRS.