



# Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Based on J-GAAP)

May 10, 2024

Company name: Marvelous Inc.

Listing: Tokyo Stock Exchange

Stock code: 7844

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

Representative: Suminobu Sato, President

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Scheduled date of Annual General Meeting of Shareholders: June 21, 2024

Scheduled commencement date of dividend payout: June 7, 2024

Scheduled date of filing Annual Securities Report: June 21, 2024

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, 2024 (April 1, 2023 – March 31, 2024)

### (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	%
FY2024	29,493	16.4	2,415	(2.9)	3,002	2.4	(517)	–
FY2023	25,341	(1.5)	2,488	(45.9)	2,931	(42.0)	1,925	(49.6)

Note: Comprehensive income (million yen): FY2024: 87 (-96.0%) FY2023: 2,192 (-47.5%)

	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	%	%	%
FY2024	(8.55)	–	(1.8)	8.5	8.2
FY2023	31.85	–	6.6	8.0	9.8

Reference: Equity in earnings/losses of affiliates (million yen): FY2024: – FY2023: –

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2024	34,538	27,396	79.2	451.60
FY2023	36,447	29,227	80.1	482.69

Reference: Shareholders' equity (million yen): FY2024: 27,354 FY2023: 29,187

### (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
FY2024	2,892	(1,288)	(2,167)	12,677
FY2023	976	(3,457)	(2,007)	12,553

## 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	%	%
FY2023	–	0.00	–	33.00	33.00	2,007	103.6	6.9
FY2024	–	0.00	–	33.00	33.00	2,007	–	7.1
FY2025 (forecasts)	–	–	–	–	–	–	–	–

Note: The dividend forecasts for FY2025 are not decided at this stage.

## 3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 – March 31, 2025)

(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	29,000–32,000	(1.7)–8.5	1,500–2,000	(37.9)–(17.2)	1,500–2,000	(50.0)–(33.4)	1,000–1,400	–	16.51–23.11

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

The consolidated forecasts for the fiscal year ending March 31, 2025 has been disclosed in a range format due to uncertainty regarding the release dates of new titles of consumer games.

**\*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: Yes  
 4) Restatements: None

- (3) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury shares) at end of period	FY2024	62,216,400 shares	FY2023	62,216,400 shares
2) Number of treasury shares at end of period	FY2024	1,643,151 shares	FY2023	1,747,846 shares
3) Average number of shares outstanding during the period	FY2024	60,531,487 shares	FY2023	60,436,234 shares

Note: The number of treasury shares at end of the period is stated, including 270,600 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 2024 (April 1, 2023 – March 31, 2024)

- (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	%
FY2024	23,583	7.8	1,760	(18.1)	3,802	41.6	1,120	(38.9)
FY2023	21,870	8.5	2,149	(11.2)	2,685	(13.0)	1,833	(26.8)

	Net income per share	Diluted net income per share
	Yen	Yen
FY2024	18.51	–
FY2023	30.33	–

- (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2024	29,626	23,306	78.7	384.77
FY2023	30,681	24,099	78.5	398.54

Reference: Shareholders' equity (million yen): FY2024: 23,306 FY2023: 24,099

\* 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.

For details, please refer to P. 3 “1. Summary of Consolidated Business Results (4) Outlook.”

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, the domestic home-use games market grew overall, driven by strong sales of software owing to an increase in download sales despite a decline in package sales and favorable trends in the hardware market due to the increase in sales owing to the elimination of the PlayStation® 5 shortage and the continued popularity of Nintendo Switch™. 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. In the domestic amusement market, the overall market was driven by the strong performance of prize games, which resulted in growth exceeding pre-COVID-19 levels. In the music and video market, the package market continued to shrink, but the video distribution market, which became established in daily life after the COVID-19 pandemic, remained at a high level despite intensified competition. In the live entertainment market, audience turnout has been improving mainly due to the reclassification of COVID-19 into Class 5, but it is taking time to recover to the previous level due to changes in consumer behavior.

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. 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, 2023, to March 31, 2024) came to net sales of 29,493 million yen (up 16.4% from the previous fiscal year), operating profit of 2,415 million yen (down 2.9% from the previous fiscal year), ordinary profit of 3,002 million yen (up 2.4% from the previous fiscal year), and loss attributable to owners of parent of 517 million yen (profit attributable to owners of parent of 1,925 million yen in the same period of the previous year).

Results by business segment are described below.

#### (i) Digital Contents Business

In the consumer division of this business, we released new original titles worldwide in 2023: a Juvenile RPG LOOP8 in June, an action RPG FREDERICA in September, and the fashion and communication game Fashion Dreamer in November. However, each of these performances was significantly below our original sales plan, resulting in a project loss. On the other hand, the North American, European and Steam® versions of BOKUJO MONOGATARI Welcome! WONDERFUL LIFE launched in Japan in the previous fiscal year, were released in June 2023 and sold well.

In the online division, Dolphin Wave, which was released in October 2022, remained strong and contributed throughout the year, while long-term titles, including Browser Sangokushi, made a solid contribution to revenues. A casual game developed by our subsidiary G-MODE Corporation also performed well, contributing to stable revenues.

Although sales increased year on year owing to the release of several new consumer games in Japan and overseas, profit decreased mainly due to project losses for three new original titles. In light of these results and the current business environment, the accounting estimates for game development expenses have been revised, and game development assets currently under development, excluding some series titles, have been recognized and recorded as extraordinary losses.

As a result, segment net sales totaled of 15,435 million yen (up 9.2% from the previous fiscal year), with segment profit of 474 million yen (down 39.1% from the previous fiscal year).

#### (ii) Amusement Business

In this business, we started operation of the tags of Pokémon MEZASTAR, our mainstay kids' amusement machine, one from April 2023 and others sequentially from July, September, November 2023, and February 2024. Thanks to aggressive marketing and promotion measures such as exhibiting at events and distributing "tags" in collaboration with other companies, the performance was extremely strong, achieving the highest sales ever for a Pokémon Kids Amusement Machine, which has been available since 2007's Pokémon BATTRIO. Pokémon Ga-Olé, which is currently operating overseas, performed well and contributed significantly to the results. In addition, we launched a new amusement machine, in which the popular

works NARUTO are used, in mainland China in September 2023, and the number of the operation machines has been expanding steadily.

As a result, segment net sales totaled 9,021 million yen (up 15.6% from the previous fiscal year), with segment profit of 3,107 million yen (up 11.5% from the previous fiscal year).

### (iii) Audio and Visual Business

In this business, in addition to starting broadcasting the TV animation The Café Terrace and its Goddesses in April 2023, the original TV anime series Power of Hope ~PrecureFull Bloom~ in October 2023, which was one of the 20 year anniversary measures for the Precure series, and TV animation The Unwanted Undead Adventurer in January 2024, the Company released Precure All Stars F the Movie in September 2023, which became the highest-grossing film in the history of the series. In addition, these TV animations and the theatrical film were packaged and commercialized.

In addition, new performances of series such as MUSICAL THE PRINCE OF TENNIS, “World Trigger the Stage”, and MUSICAL 『MORIARTY THE PATRIOT』 were performed and received good reviews, and new plays in this fiscal year, such as Stage[The Vampire dies in no time.], DANCING☆STAR PRECURE THE STAGE, and HIGH CARD the STAGE were performed.

The sales environment for tickets and merchandise for stage performances improved owing to the recovery from the COVID-19 pandemic, resulting in a significant recovery in revenues. On the other hand, overall in this business, profit margins declined mainly due to temporary cost increases, upfront investment, and reduced subsidies for stage performances, resulting in almost flat profits.

As a result, segment net sales totaled of 5,036 million yen (up 48.1% from the previous fiscal year), with segment profit of 531 million yen (down 1.0% 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 34,538 million yen, down 1,908 million yen from the end of the previous fiscal year, mainly due to a decrease in work in process.

Consolidated liabilities at the end of the period under review totaled 7,141 million yen, down 77 million yen from the end of the previous fiscal year, mainly due to a decrease in Income taxes payable, despite increases in accounts payable - trade and others.

Consolidated net assets at the end of the period under review totaled 27,396 million yen, down 1,830 million yen from the end of the previous fiscal year, mainly owing to recording of loss attributable to owners of parent of 517 million yen and a decrease in retained earnings due to dividend payments.

## (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 12,677 million yen, up 124 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 2,892 million yen (up 1,915 million yen from the previous fiscal year), mainly due to depreciation of 1,193 million yen and an increase in trade payables of 898 million yen, less loss before income taxes of 656 million yen and income taxes paid of 1,786 million yen.

[Cash flows from investing activities]

Cash used in investing activities totaled 1,288 million yen (down 2,169 million yen from the previous fiscal year), mainly due to purchase of property, plant and equipment of 1,795 million yen, and purchase of intangible assets of 1,225 million yen, despite proceeds from withdrawal of time deposits of 1,445 million yen.

[Cash flows from financing activities]

Cash used in financing activities totaled 2,167 million yen (up 160 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

	FY2020	FY2021	FY2022	FY2023	FY2024
Shareholders' equity ratio (%)	76.6	79.9	79.2	80.1	79.2
Shareholders' equity ratio based on market prices (%)	105.3	155.3	119.3	109.5	121.9
Interest-bearing debt to cash flow ratio (annual)	9.0	3.7	5.7	16.4	0.0
Interest coverage ratio (times)	2,233.0	3,557.5	2,839.2	352.7	2,729.5

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 paid of the consolidated cash flow statement.

#### (4) Outlook

In the Digital Contents Business, several remakes, indie titles, and acquisition titles will be released, in addition to two consumer games as original titles and one online game. Although net sales are expected to be at or above the level of the previous fiscal year, profit margins are expected to decline due to upfront investments in new businesses in the amusement business and the audio and visual business. In addition, operating results for the period under review are expected to be weighted in the second half of the year as the release of large consumer titles is scheduled for the second half of the year.

## 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.