



Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024 (Six Months Ended September 30, 2023) (Based on J-GAAP)

October 31, 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 filing Quarterly Securities Report: November 2, 2023
 Scheduled commencement date of dividend payout: –
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
 Quarterly Result briefing: None

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

1. Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2024 (April 1, 2023–September 30, 2023)

(1) Consolidated Results of Operations (six months) (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	%
2Q FY 2024	13,999	21.2	1,153	(35.0)	1,646	(32.2)	1,110	(33.0)
2Q FY 2023	11,546	(10.1)	1,774	(38.8)	2,427	(18.7)	1,655	(20.4)

Note: Comprehensive income (million yen): 2Q FY2024: 1,654 (-28.3%) 2Q FY2023: 2,305 (7.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q FY2024	18.35	–
2Q FY2023	27.41	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
2Q FY2024	36,807	28,963	78.6	477.59
FY2023	36,447	29,227	80.1	482.69

Reference: Shareholders' equity (million yen): 2Q FY2024: 28,929 FY2023: 29,187

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2023	–	0.00	–	33.00	33.00
FY2024	–	0.00	–	33.00	33.00
FY2024 (forecasts)	–	–	–	33.00	33.00

Note: Revisions to the most recently announced dividend forecast: None

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	41.63

Note: Revisions to the most recently announced financial forecast: None

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (six months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)

Excluded: None (Company name:)

(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: Yes

(3) 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

(4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury shares) at end of period	2Q FY2024	62,216,400 shares	FY2023	62,216,400 shares
2) Number of treasury shares at end of period	2Q FY2024	1,643,146 shares	FY2023	1,747,846 shares
3) Average number of shares outstanding during the period (six months)	2Q FY2024	60,489,723 shares	2Q FY2023	60,404,091 shares

Note: The number of treasury shares at end of the period is stated including shares held by the Custody Bank of Japan, Ltd. (Trust E Units) as trust assets of the Board Benefit Trust (BBT). The numbers of such treasury shares are 375,300 for the fiscal year ended March 31, 2023 and 276,600 for the six months ended September 30, 2023.

* The summary of quarterly 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. Qualitative Information Concerning Quarterly Results

(1) Explanation of Consolidated Business Results

The entertainment industry in the period under review performed well in the domestic home video game market, driven by the steady supply of the PlayStation®5, and the hardware market, which was significantly expanded thanks to the continued popularity of the Nintendo Switch™. In the mobile game market, since its growth has reached a period of stability and its size has remained almost flat, a severe competitive environment continued for new titles, in particular. The amusement market continued to perform well, mainly in prize games, exceeding the previous year's market size. In the music and video market, the video distribution market remained at a high level in reaction to stay-at-home demand, though competition intensified, while the market for packaged products continued to shrink. In the live entertainment market, attendance turnout has been improving, but performance cancellations have occurred mainly due to COVID-19 and influenza cases.

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 September 30, 2023) came to net sales of 13,999 million yen (up 21.2% compared with the same period of the previous year), operating profit of 1,153 million yen (down 35.0% compared with the same period of the previous year), ordinary profit of 1,646 million yen (down 32.2% compared with the same period of the previous year), and profit attributable to owners of parent of 1,110 million yen (down 33.0% compared with 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 a completely new action RPG FREDERICA in Japan and Asia on September 28, 2023. In addition, we released the North American, European and Steam® versions of Rune Factory 3 Special, which were released in Japan in the previous fiscal year, sequentially from September 5, and a bullet hell action-RPG Touhou: New World in Japan and overseas in July of the same year.

In the online segment, sales of Dolphin Wave, which was released in the previous fiscal year, remained strong, and long-term titles such as Logres of Swords and Sorcery: Goddess of Ancient, SHINOVI MASTER -SENTRAN KAGURA NEW LINK-, and Browser Sangokushi contributed steadily to earnings despite declining sales over time.

However, in terms of profit, we were unable to compensate for the increase in development expenses and the poor performance of a completely new Juvenile RPG LOOP8 released in the first quarter, resulting in an increase in sales and a decrease in profit.

As a result, segment net sales totaled 8,015 million yen (up 32.7% compared with the same period of the previous year), with segment profit of 156 million yen (down 73.8% compared with the same period of the previous year).

(ii) Amusement Business

In this business, we started operation of the two new tags of Pokémon MEZASTAR, our mainstay kids' amusement machine, one from July 6, 2023 and another one from September 14, 2023. Active marketing and promotional measures, such as exhibiting at events and distributing tags that can be used in Pokémon MEZASTAR contributed to the strong performance of this segment. Pokémon Ga-Olé, which is currently operating overseas, continued to perform well and contributed significantly to the results. In addition, we launched a new amusement machine huo ying ren zhe do pai shi jie, in which the popular works NARUTO are used, in mainland China on September 26, 2023.

As a result, segment net sales totaled 4,271 million yen (up 4.9% compared with the same period of the previous year), with segment profit of 1,593 million yen (down 1.0% compared with the same period of the previous year).

(iii) Audio and Visual Business

In this business, Precure All Stars F the Movie, the latest theater movie in Pretty Cure series was released on September 15, 2023, remaining the highest-grossing movie in the series' history. In addition, we have packaged and commercialized TV animations such as The Café Terrace and its Goddesses.

Moreover, in addition to new performances of series such as MUSICAL THE PRINCE OF TENNIS, "World Trigger the Stage", and MUSICAL 『MORIARTY THE PATRIOT』, we held the seventh anniversary event of TOUKEN RANBU THE STAGE, which received a favorable reception.

Although sales from stage performances and related packages increased, net sales increased, and profit declined year on year mainly due to decreases in subsidies related to stage performances and in revenues from secondary use of animation programs.

As a result, segment net sales totaled 1,712 million yen (up 19.1% compared with the same period of the previous year), with segment profit of 242 million yen (down 33.6% compared with the same period of the previous year).

(2) Explanation of Consolidated Financial Position

(i) Financial position analysis

On the consolidated balance sheets at the end of the first half, the Group had assets of 36,807 million yen (up 360 million yen from the end of the previous fiscal year), liabilities of 7,843 million yen (up 624 million yen from the end of the previous fiscal year), and net assets of 28,963 million yen (down 264 million yen from the end of the previous fiscal year).

Current assets

Consolidated current assets at the end of the first half totaled 28,380 million yen, down 79 million yen from the end of the previous fiscal year, mainly due to a decrease in cash and deposits.

Non-current assets

Consolidated non-current assets at the end of the first half totaled 8,426 million yen, up 439 million yen from the end of the previous fiscal year, owing mainly to an increase in intangible assets.

Current liabilities

Consolidated current liabilities at the end of the first half totaled 7,609 million yen, up 728 million yen from the end of the previous fiscal year owing mainly to increases in accounts payable - trade.

Non-current liabilities

Consolidated non-current liabilities at the end of the first half totaled 234 million yen, down 104 million yen from the end of the previous fiscal year, owing mainly to a decrease in provision for share-based remuneration for directors.

Net assets

Consolidated net assets at the end of the first half totaled 28,963 million yen, down 264 million yen from the end of the previous fiscal year, due to a decrease in retained earnings resulting from dividends for the previous fiscal year, despite recording 1,110 million yen in profit attributable to owners of parent.

(ii) Cash flow position

The balance of the consolidated net cash and cash equivalents ("cash") at the end of the first half totaled 12,047 million yen, down 506 million yen from the end of the previous fiscal year.

Cash flows and relevant factors in the first half are as follows:

Cash flows from operating activities

Cash provided by operating activities totaled 389 million yen (compared to 171 million yen provided in the same period of the previous fiscal year), mainly owing to profit before income taxes of 1,646 million yen and an increase of 804 million yen in inventories.

Cash flows from investing activities

Cash provided by investing activities totaled 481 million yen (compared to 3,254 million yen used in the same period of the previous year), mainly owing to proceeds from withdrawal of time deposits of 1,410

million yen, purchase of property, plant and equipment of 178 million yen, and purchase of intangible assets of 634 million yen.

Cash flows from financing activities

Cash used in financing activities totaled 2,007 million yen (compared to 2,007 million yen used in the same period of the previous fiscal year), owing to the dividends paid of 2,007 million yen.

(3) Explanation of Business Outlook Including Consolidated Business Forecast

As for the consolidated business forecast, we have not changed the business forecast announced on May 11, 2023.