

# MARVELOUS!

**Marvelous Inc.**

Stock Code: 7844

(First Section of Tokyo Stock Exchange)



**Fiscal Year Ended March 31, 2017**

# Results Briefing Materials

**May 11, 2017**

This document contains forward-looking statements which are based on information currently available to the Company and which may change as a result of numerous factors including the macroeconomic environment and industry trends relevant to the Company. Therefore, these forward-looking statements are made subject to certain risks and uncertainties which could cause results including actual business performance to differ materially from those presented.





- Fiscal Year Ended March 2017, Results Summary**

- Segment Results**

- Fiscal Year Ending March 2018, Full-Year Business Forecast**



**MARVELOUS!**



# **Fiscal Year Ended March 2017, Results Summary**

# Earnings Highlights (Statement of Income)



- Sales missed initial target but net earnings met projections
- Earnings at all levels posted new historical highs in the fifth consecutive year of earnings growth since the management integration

(Unit: million yen)

	FY ended March 2016		FY ended March 2017		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
<b>Net sales</b>	<b>31,820</b>	-	<b>29,387</b>	-	<b>-2,432</b>	<b>92.4%</b>
Cost of sales	12,608	-	13,114	-	505	104.0%
SGA expenses	13,793	-	10,519	-	-3,274	76.3%
Thereof advertising expenses	3,187	-	1,951	-	-1,235	61.2%
<b>Operating income</b>	<b>5,418</b>	<b>17.0%</b>	<b>5,754</b>	<b>19.6%</b>	<b>336</b>	<b>106.2%</b>
Non-operating income/losses	-190	-	55	-	245	-
<b>Ordinary income</b>	<b>5,228</b>	<b>16.4%</b>	<b>5,810</b>	<b>19.8%</b>	<b>582</b>	<b>111.1%</b>
Extraordinary income/losses	-55	-	-17	-	37	-
Income taxes	1,569	-	1,626	-	57	103.7%
<b>Profit attributable to owners of parent</b>	<b>3,602</b>	<b>11.3%</b>	<b>4,165</b>	<b>14.2%</b>	<b>562</b>	<b>115.6%</b>

# Segment Results



(Unit: million yen)

		FY ended March 2016	FY ended March 2017	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	19,755	14,750	-5,005	74.7%
	● Consumer Game Business	7,544	9,067	1,523	120.2%
	● Audio & Visual Business	4,527	5,607	1,079	123.8%
	Total	31,820	29,387	-2,432	92.4%
Segment Income	● Online Game Business	4,182	3,271	-910	78.2%
	● Consumer Game Business	1,006	2,042	1,035	202.9%
	● Audio & Visual Business	1,308	1,603	294	122.5%
	Total	6,497	6,917	419	106.5%
Adjustments & eliminations		-1,079	-1,163	-83	107.8%
Operating Income Total		5,418	5,754	336	106.2%

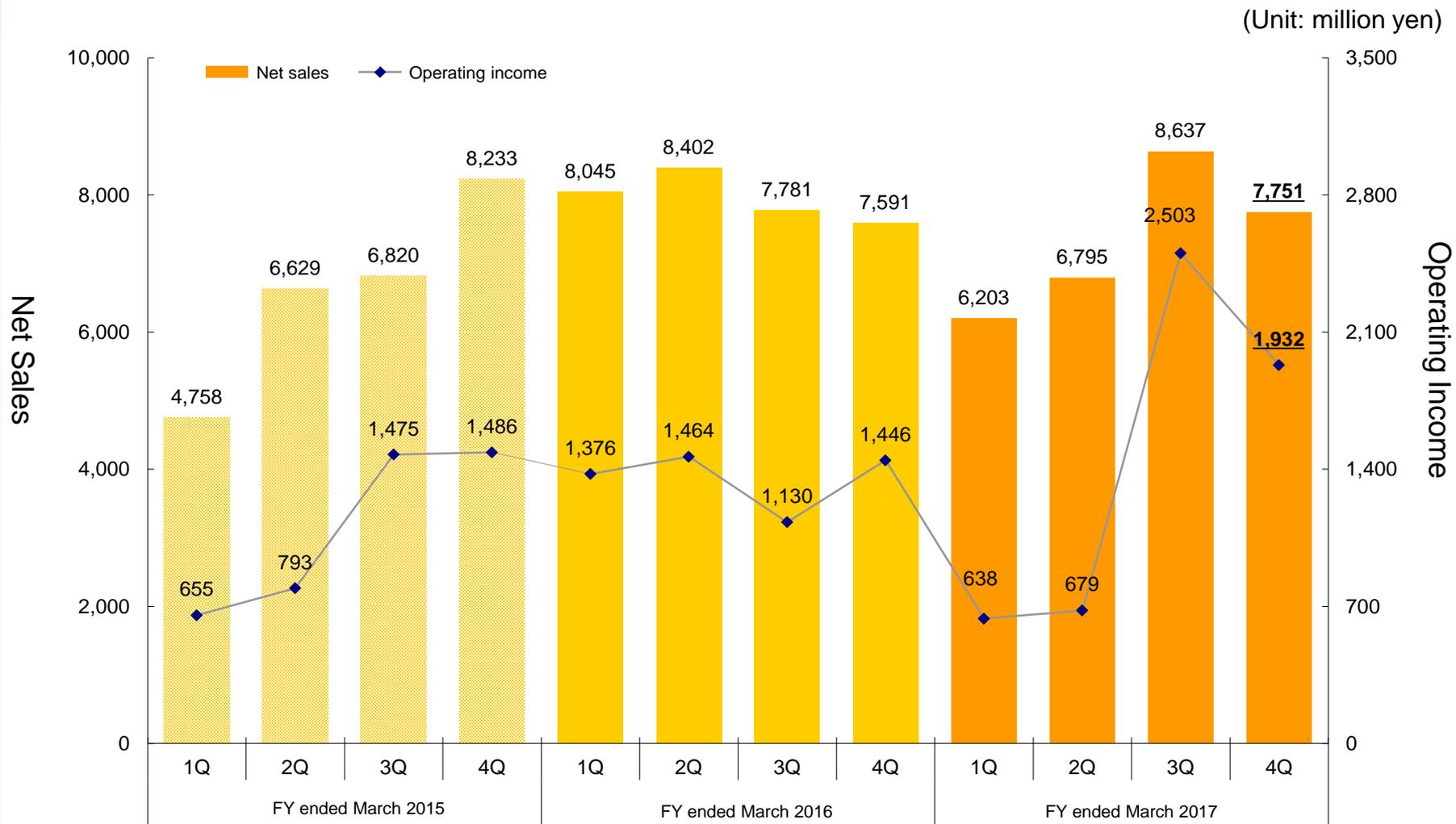
## POINT

- **Online Game Business**
  - Core title sales decreased
  - No new titles present
- **Consumer Game Business**
  - Sales and earnings up on new title hit products at the game business
- **Audio & Visual Business**
  - Favorable performances with higher sales and earnings of long-seller series and new contents

# Development of Net Sales and Operating Income (Quarterly)



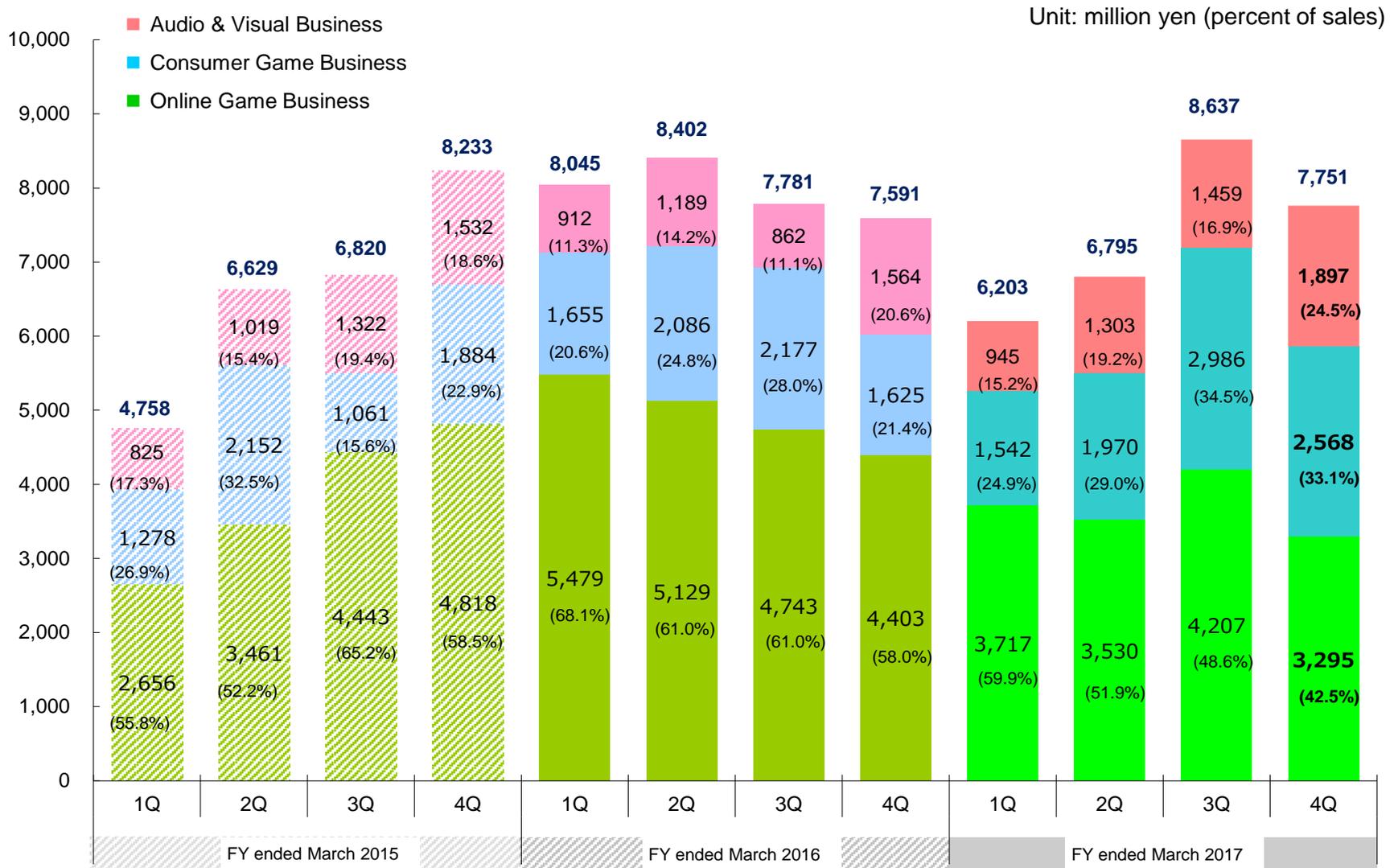
● 4th quarter marks high performance levels continuing from 3rd quarter



# Sales Structure by Segment (Quarterly)



- Consumer Game Business and Audio & Visual Business remain strong also in the 4th quarter



# Balance Sheet (Summary)



- Higher current assets and total assets reflect increase in cash and deposits fueled by earnings growth
- Increase in current liabilities from higher income taxes payable also mostly due to earnings growth

(Unit: million yen)

	End of March 2016	End of March 2017	Change
<b>Current assets (total)</b>	16,204	19,285	3,080
<b>Noncurrent assets (total)</b>	4,165	4,943	778
<b>Total Assets</b>	<b>20,370</b>	<b>24,228</b>	<b>3,858</b>
<b>Current liabilities (total)</b>	6,421	7,626	1,205
<b>Noncurrent liabilities (total)</b>	27	62	34
<b>Total Liabilities</b>	<b>6,448</b>	<b>7,688</b>	<b>1,239</b>
<b>Net Assets (total)</b>	<b>13,921</b>	<b>16,539</b>	<b>2,618</b>



# Segment Results

## ✓ Review of Titles in FY Ended March 2017

- Logres of Swords and Sorcery shows stable performance supported by continued improvements and event implementations
- Launch of new titles falls short of plan - Development terminated for some titles

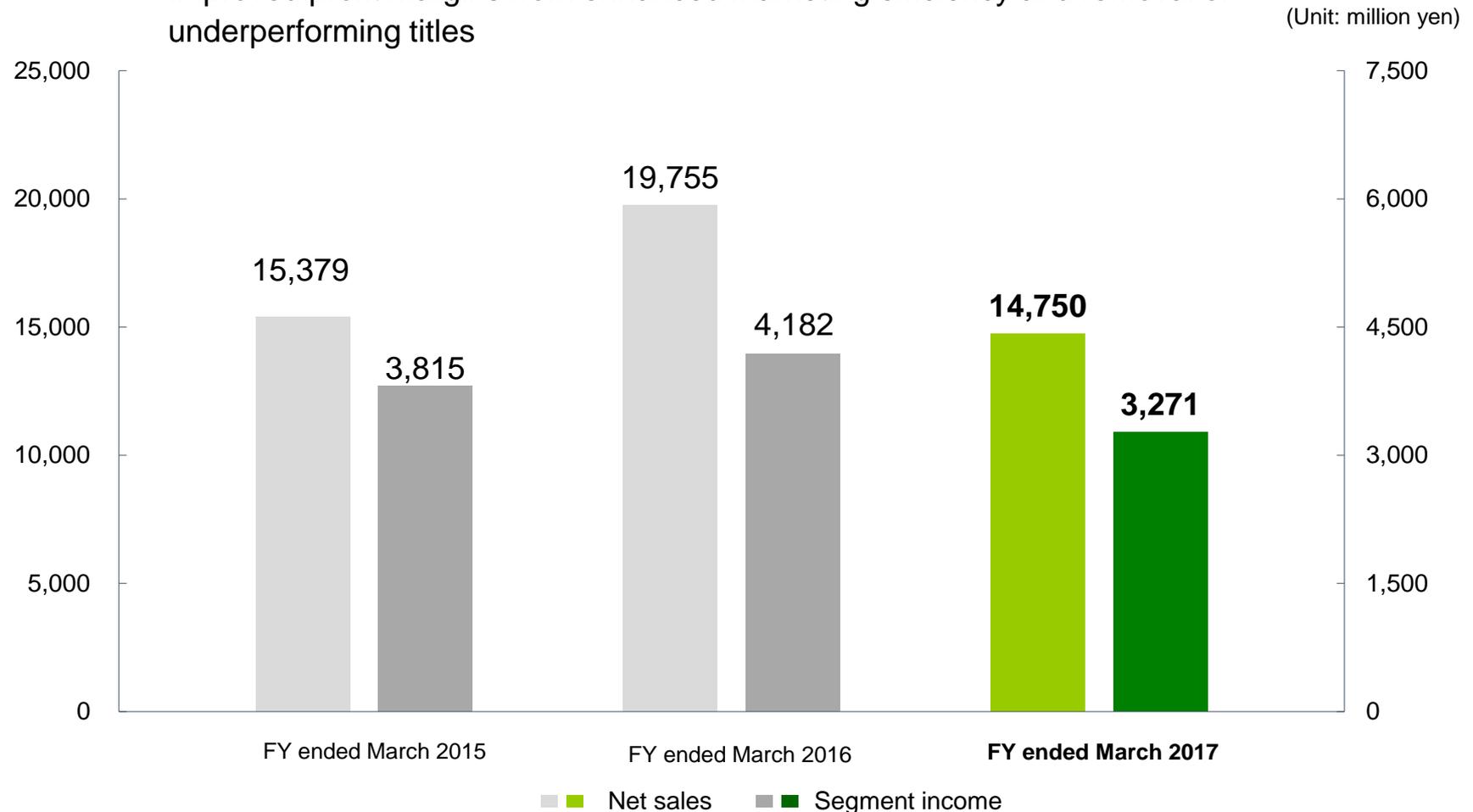
### Logres of Swords and Sorcery: Goddess of Ancient (native app)



©Marvelous Inc. Aiming Inc.

## Results for FY Ended March 2017

- Sales and earnings declines due to missing contributions from new titles
- Improved profit margins from enhanced marketing efficiency and removal of underperforming titles



## ✓ Review of Titles in FY Ended March 2017

- Favorable sales performance of all new titles for popular series
- Service start of two new types of amusement machines

### BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI

(Nintendo 3DS)



©2016 Marvelous Inc. All Rights Reserved.

Released  
on  
June 23,  
2016

### Fate/EXTELLA

(PS4/PS Vita)



©TYPE-MOON ©2016 Marvelous Inc.

Released  
on  
November  
10, 2016

### SENTRAN KAGURA PEACH BEACH SPLASH

(PS4)



©2017 Marvelous Inc.

Released  
on  
March 16,  
2017

### Dragon Quest: Monster Battle Scanner (Amusement)

Operations  
launched  
on June 23,  
2016



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### Pokémon Ga-Olé (Amusement)

Operations  
launched  
on July 7,  
2016

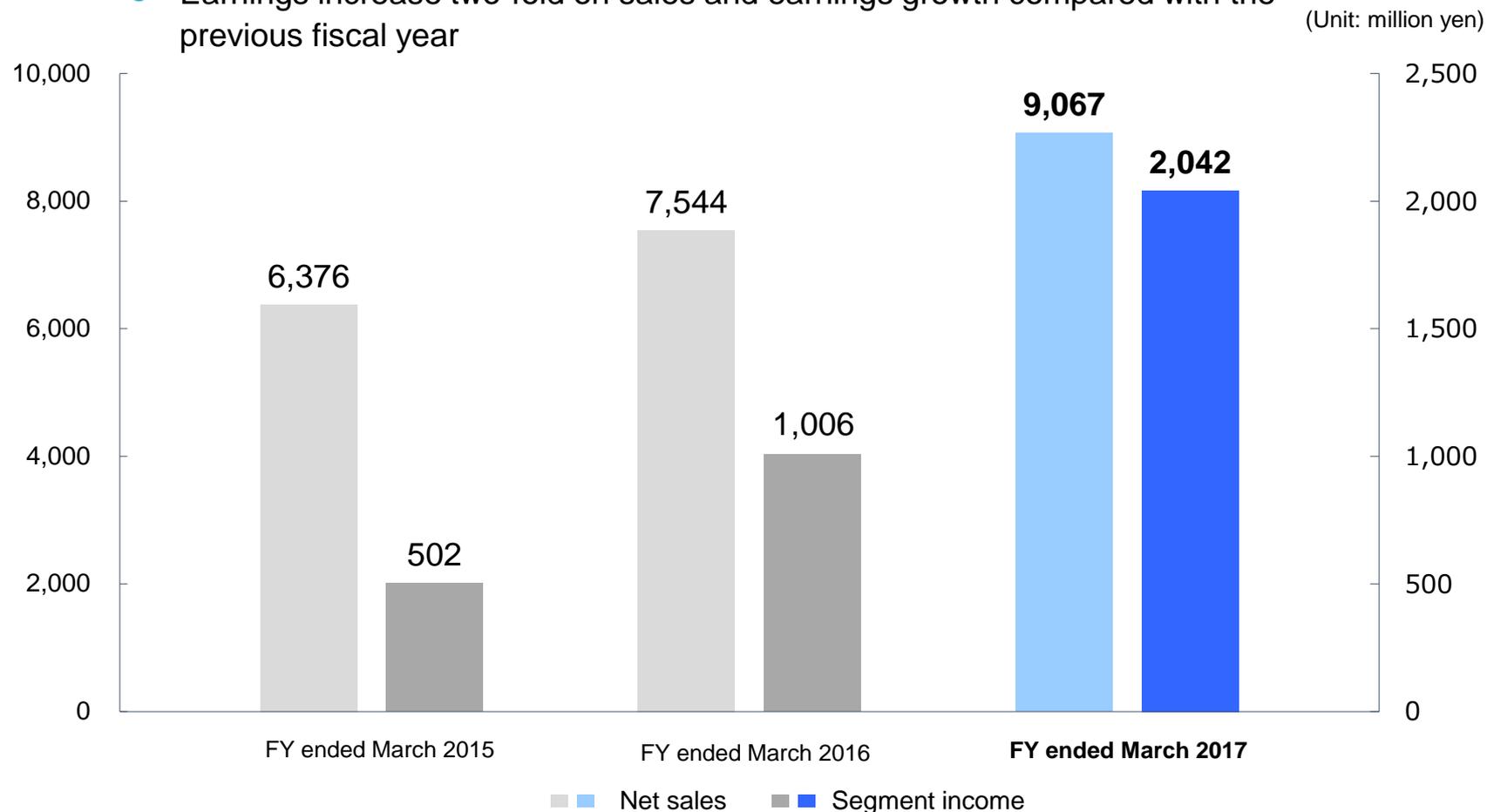


©2017 Pokémon.  
©1995-2017 Nintendo/Creatures Inc. /GAME FREAK inc.  
Developed by T-ARTS and MARV



## ✓ Results for FY Ended March 2017

- Strong contributions from new hit productions "STORY OF SEASONS," "Fate," and "SENTRAN KAGURA"
- Earnings increase two-fold on sales and earnings growth compared with the previous fiscal year



## ✓ Review of titles in FY ended March 2017

- New stage performances hugely successful. Repeat performances and sequel performances with favorable BD/DVD sales for all productions
- New anime production of " Touken Ranbu " also proves a big hit
- Sustained favorable earnings from secondary uses centered on video dissemination in Japan and overseas

### Touken Ranbu the Stage (Repeat performance)

Performed from December 2016 to January 2017



©Touken Ranbu the Stage Production Committee

### TV anime “TOUKEN RANBU HANAMARU”

Broadcast from October to December 2016



©2016 TOUKEN RANBU HANAMARU Project

### “Ensemble Stars! On Stage ” ~Take your marks!~

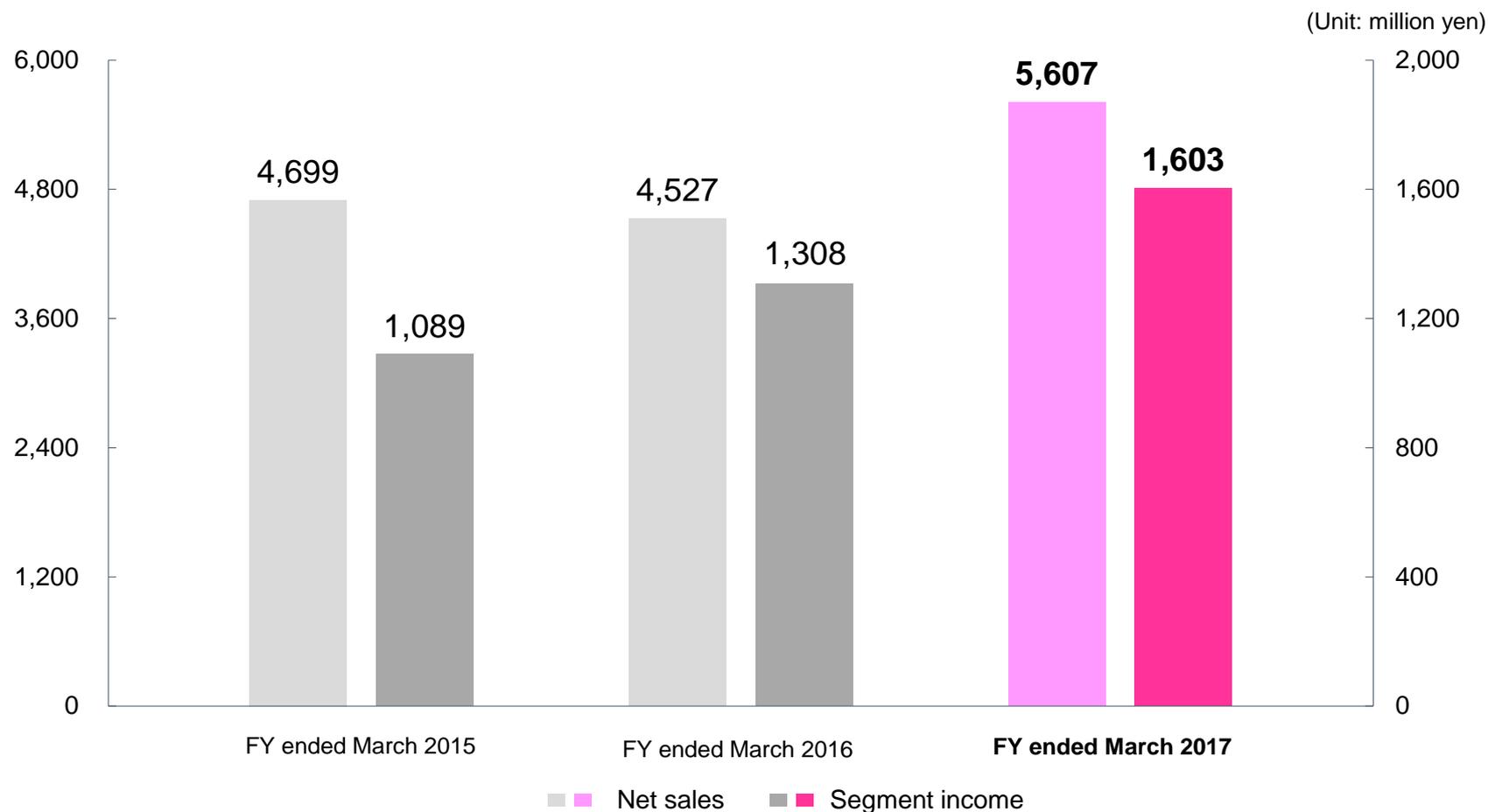
Performed in January 2017



©2016 Happy Elements K.K./Ensemble Stars! STAGE PROJECT

## ✓ Results for FY Ended March 2017

- New title productions and long-seller series show solid performances with steady sales and earnings growth



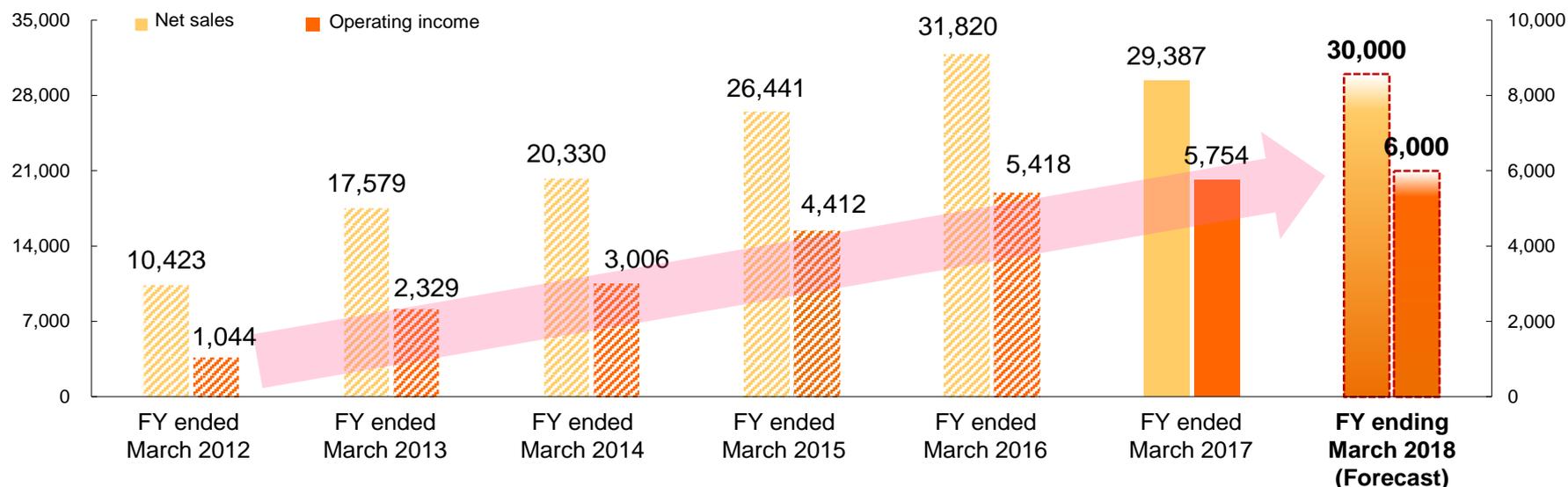


# **Fiscal Year Ending March 2018, Full-Year Business Forecast**

# Fiscal Year Ending March 2018, Full-Year Business Forecast



(Unit: million yen)	FY ended March 2017		FY ending March 2018		YOY change	
	Actual	Profit ratio	Forecast	Profit ratio	(Amount)	(%)
Net Sales	29,387	—	<b>30,000</b>	—	613	102.1%
Operating Income	5,754	19.6%	<b>6,000</b>	20.0%	246	104.3%
Ordinary Income	5,810	19.8%	<b>6,000</b>	20.0%	190	103.3%
Profit attributable to owners of parent	4,165	14.2%	<b>4,180</b>	13.9%	15	100.4%





## Comprehensive capabilities of Marvelous accumulated over two decades since the founding of the Company

### Online Game Business

- Native app
- Social games
- PC browser games

### Consumer Game Business

- Home-use games
- Amusement games

### Audio & Visual Business

- CD / DVD / Blu-ray
- Stage/musical performances
- Dissemination and program sales

New title development

IP value maximization

Strategic cooperation

Expansion of overseas initiatives

Multi-media development

## Preparation of wide and varied line-ups

# Sustained growth for the next 20 years

# Online Game Business: Initiatives starting in FY ending March 2018



- Development of new titles as future mainstays

## Tenka Touitsu Project



Launch of  
PC version  
in April  
2017

Smartphone  
version in  
develop-  
ment

©Marvelous Inc. / ©DMM GAMES

Joint development  
and operation with  
MARVELOUS × DMM GAMES

## Sengoku Night Blood



Advance  
registration  
pending  
(dissemination  
scheduled for  
2017)

©2017 Marvelous Inc. / KADOKAWA / IDEA FACTORY

“Senbra” project  
jointly planned by  
MARVELOUS × KADOKAWA

## ORDINAL STRATA



Scheduled  
for launch in  
the summer  
of 2017

© Fuji Games Inc. / Marvelous Inc.

Large-scale  
joint project  
MARVELOUS × FujiGames × Mr. Tosh (X JAPAN)

## Shimamatsu (provisional name)



Dissemination  
to be  
determined

© Fuji Akatsuka, Osomatsu-san Production Committee  
©D-techno / Marvelous Inc.

Joint development  
and operation with  
MARVELOUS × D-techno



## Seven development projects in progress



**\* The development pipeline includes no titles for further consideration but constitutes no binding commitment as to the number of releases.**

# Consumer Game Business: binding commitment as to March 2018



- Launch of Nintendo Switch version for core series

## Fate/EXTELLA (Nintendo Switch)

Scheduled  
for release  
on July 20,  
2017



©TYPE-MOON ©2017 Marvelous Inc.  
Published outside Japan by XSEED Games/Marvelous USA, Inc. and Marvelous  
Europe Ltd.

## Shinobi Reflation - SENRAN KAGURA - (Provisional name) (Nintendo Switch)

Scheduled  
for release  
in  
2017



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# Consumer Game Business: Initiatives starting in FY ending March 2018



- Amusement Business to introduce new machine models in the prize market
- Expansions of roll-out of "Pokémon TRETТА" in Southeast Asian countries

TRYPOD™

**TRYPOD**



**Pokémon TRETТА**  
(Overseas initiatives)



- \* Patent application pending.
- \* LED ring illumination does not operate as a probability indicator.
- \* Note that design and content are subject to change without prior notice.

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©2017 Pokémon. ©1995-2017 Nintendo/Creatures Inc./GAME FREAK inc.  
Developed by T-ARTS and MARV  
Pokémon is a registered trademark of Nintendo, Creatures, and Game Freak.

# Audio & Visual Business: Initiatives starting in FY ending March 2018



- A line-up of long-seller core series and promising new anime productions
- Proactive cross-media initiatives also for proprietary IP of the Company

## Kira Kira☆Pretty Cure A La Mode



TV  
broadcasting  
launched in  
February  
2017

©Toei Animation. All Rights Reserved

## Yu-Gi-Oh! VRAINS



TV  
broadcasting  
launched in  
May  
2017

©1996 Kazuki Takahashi  
©2011 NAS-TV TOKYO

## SENGOKU NIGHT BLOOD



TV anime  
Scheduled for  
launch of  
broadcasting  
in Fall 2017

© 2017 Marvelous Inc./KADOKAWA/IDEA FACTORY

## Fate/EXTRA Last Encore



TV anime  
Scheduled for  
launch of  
broadcasting in  
next winter

©TYPE-MOON/Marvelous, Aniplex, Notes, SHAFT

## TOUKEN RANBU HANAMARU



2 seasons of  
TV anime  
Scheduled for  
launch of  
broadcasting in  
January  
2018

©2016 TOUKEN RANBU HANAMARU Project

# Audio & Visual Business: Initiatives starting in FY ending March 2018



- Sold out new stage production "Joker Game" marking a successful start
- A succession of sequels of popular stage performances and highly-anticipated new productions scheduled for release

## JOKER GAME THE STAGE



Performances  
in May 2017

© Koji Yanagi, KADOKAWA / JOKER GAME ANIMATION PROJECT  
© JOKER GAME THE STAGE PROJECT

## Touken Ranbu the Stage



Scheduled for  
performances  
from June to  
July 2017

©Touken Ranbu the Stage Production Committee

## Tokyo Ghoul the Stage Sequel



Scheduled for  
performances  
from June to  
July 2017

©Sui Ishida/Shueisha,  
©Tokyo Ghoul the Stage  
Production Committee

## MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs RIKKAI



Scheduled for  
performances  
from July to  
October 2017

©2009 TAKESHI KONOMI ©2014 NAS, THE PRINCE OF TENNIS II PROJECT  
©1999 TAKESHI KONOMI, /2015 MUSICAL THE PRINCE OF TENNIS PROJECT

## B-PROJECT on STAGE OVER the WAVE!



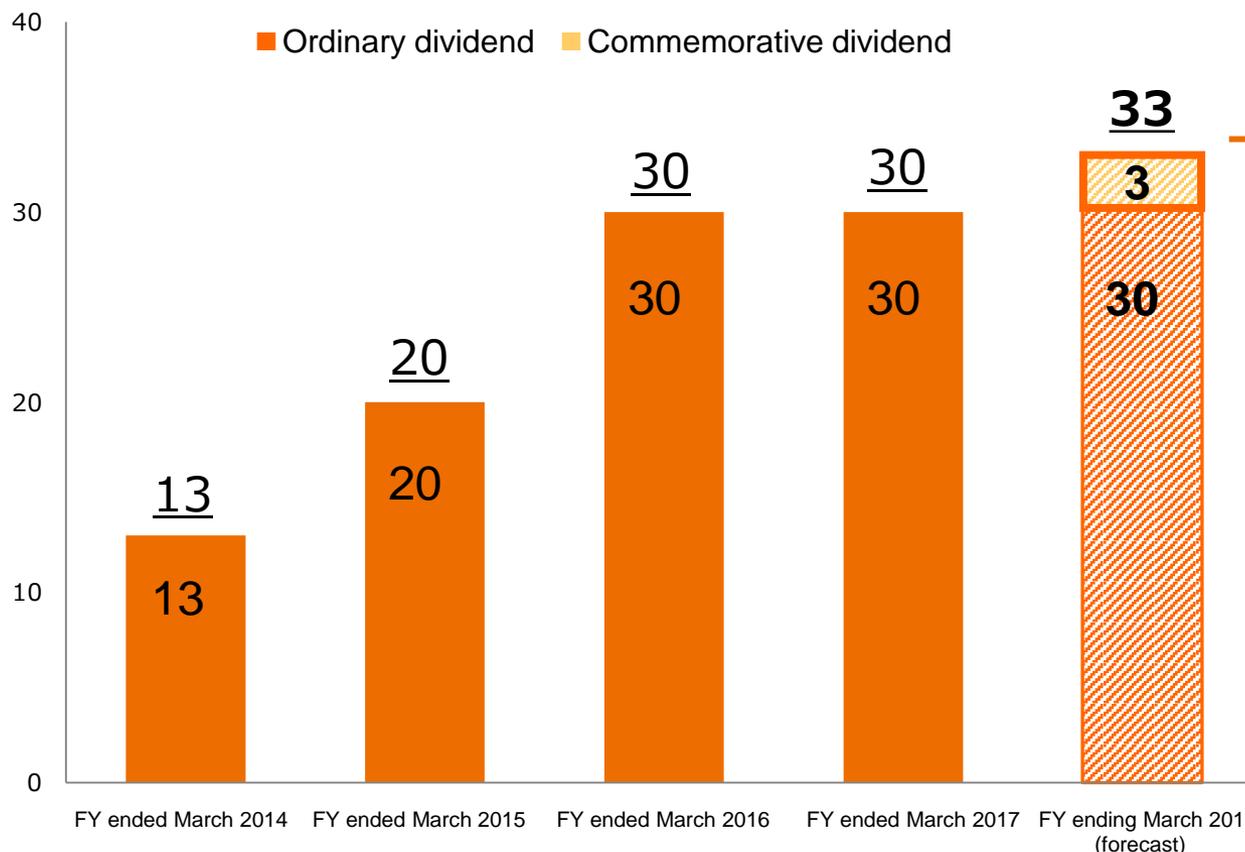
Scheduled for  
performances  
from July to  
August 2017

©IMAGES./STAGE B-PROJECT

# Dividend Forecast / Dividend Policy



- Fiscal year ended March 2017: ¥30 annual dividend (finalized)
- Fiscal year ending March 2018: ¥30 ordinary dividend and additional dividend of ¥3 commemorating the 20th founding anniversary of the Company for a total annual dividend of ¥33 (planned)



## Dividend policy

As a fundamental policy, the Company distributes sustained and stable dividends aiming at a payout ratio of at least 30% while observing internal retention necessary for future business growth and for strengthening the financial structure of the Company.

Dividend payout ratio	36.9%	49.1%	43.7%	37.3%	40.8%
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Thank you very much for your attention.

Inquiries

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