

**MARVELOUS!**

**Stock Code: 7844  
(First Section of Tokyo Stock  
Exchange)**

**Marvelous Inc.**

**Fiscal Year Ending March 31, 2016  
First Half**

# **Results Briefing Materials**

**October 30, 2015**

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 Ending March 2016, First-Half Results Summary**

 **Fiscal Year Ending March 2016, Full-Year Business Forecast**

 **Segment Results**

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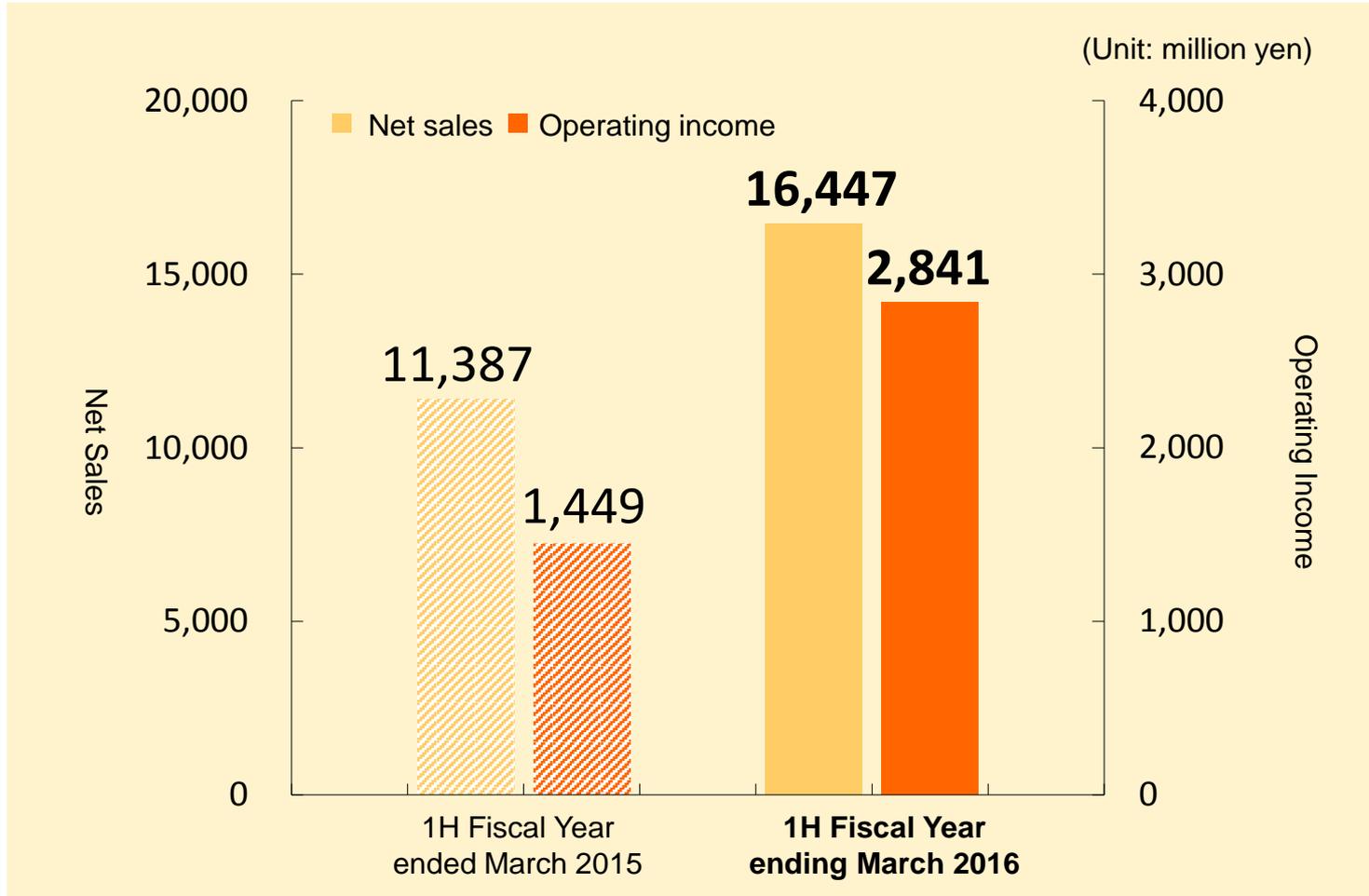
# **Fiscal Year Ending March 2016, First-Half Results Summary**

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# Earnings Highlights



- The first half of fiscal year ending March 2016 marked net sales and operating income growth of **144.4%** and **196.0%**, respectively, compared with the year-earlier period
- Higher sales and earnings in all segments compared with the year-earlier period



# Income Statement



- Continued growth in sales and earnings compared with the year-earlier period
- Higher earnings from increased profit margins despite doubled advertising expenses stemming from the large-scale promotion of “Logres”

(Unit: million yen)

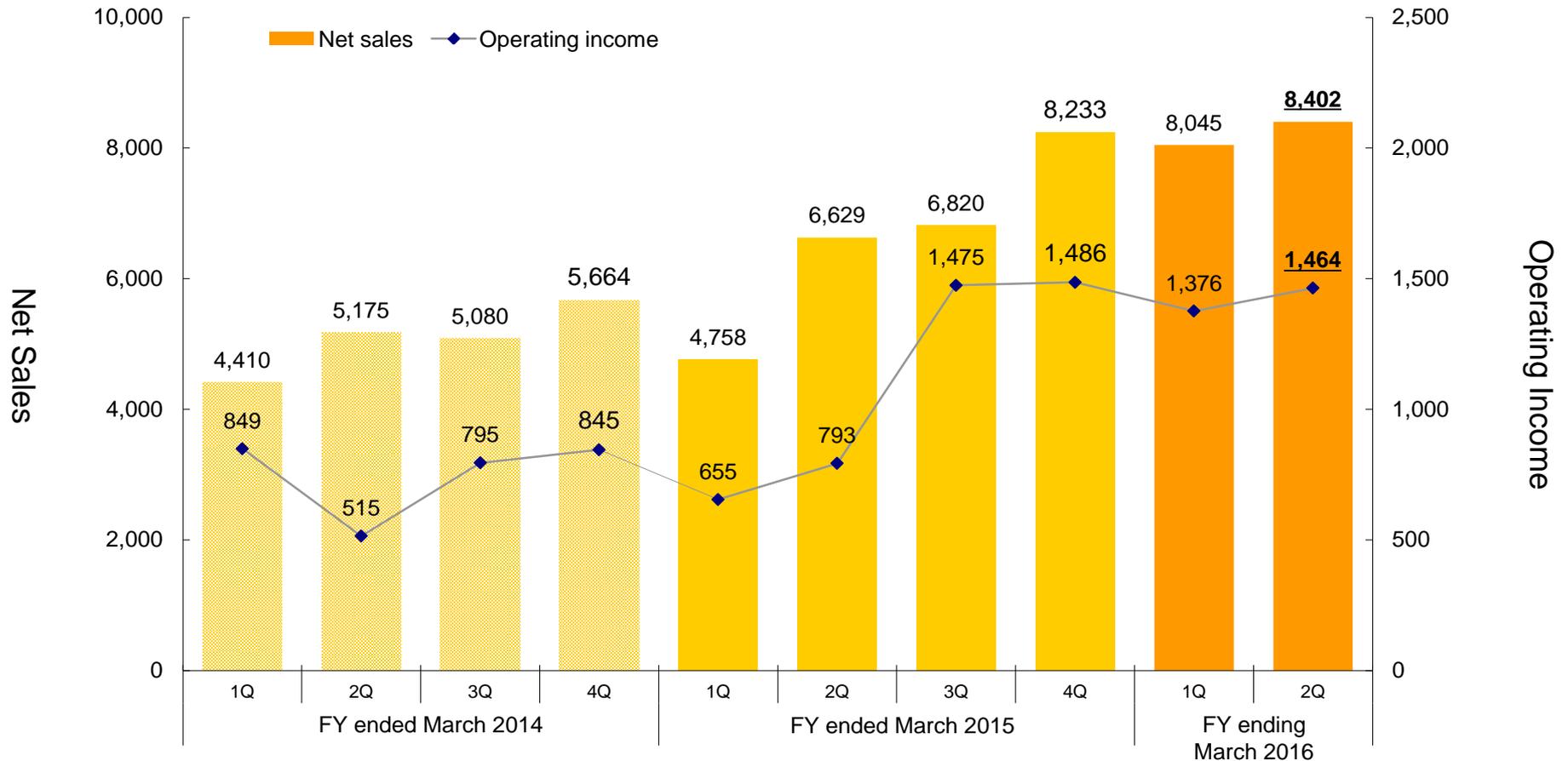
	1H FY ended March 2015		1H FY ending March 2016		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
<b>Net sales</b>	<b>11,387</b>	-	<b>16,447</b>	-	<b>5,059</b>	144.4%
Cost of sales	5,307	-	6,212	-	904	117.0%
SGA expenses	4,630	-	7,393	-	2,763	159.7%
Thereof advertising expenses	914	-	1,806	-	892	197.5%
<b>Operating income</b>	<b>1,449</b>	<b>12.7%</b>	<b>2,841</b>	<b>17.3%</b>	<b>1,391</b>	196.0%
Non-operating income/losses	64	-	-47	-	-111	-
<b>Ordinary income</b>	<b>1,514</b>	<b>13.3%</b>	<b>2,793</b>	<b>17.0%</b>	<b>1,279</b>	184.5%
Extraordinary income/losses	-10	-	-54	-	-44	-
Income taxes	569	-	828	-	259	145.6%
<b>Profit attributable to owners of parent</b>	<b>934</b>	<b>8.2%</b>	<b>1,910</b>	<b>11.6%</b>	<b>975</b>	204.4%

# Development of Net Sales and Operating Income (Quarterly)



- New all-time high in quarterly sales
- Operating income and profit margins continue at high levels

(Unit: million yen)



# Segment Results



(Unit: million yen)

		1H FY ended March 2015	1H FY ending March 2016	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	6,117	10,608	4,490	173.4%
	● Consumer Game Business	3,430	3,741	311	109.1%
	● Audio & Visual Business	1,844	2,101	256	113.9%
	Total	11,387	16,447	5,058	144.4%
Segment Income	● Online Game Business	1,117	2,276	1,159	203.7%
	● Consumer Game Business	411	590	179	143.8%
	● Audio & Visual Business	425	576	150	135.3%
	Total	1,954	3,444	1,489	176.2%
Adjustments & eliminations		-505	-602	-97	119.4%
Operating Income Total		1,449	2,841	1,391	196.0%

## POINT

### ● Online Game Business

- Higher earnings and profit margins from enduring popularity of “Logres of Swords and Sorcery”

### ● Consumer Game Business

- Strong performance of new products and repeat sales at U.S. subsidiary
- Amusement business is recovering

### ● Audio & Visual Business

- Stage performances continue to thrive
- Solid sales of *anime* package products

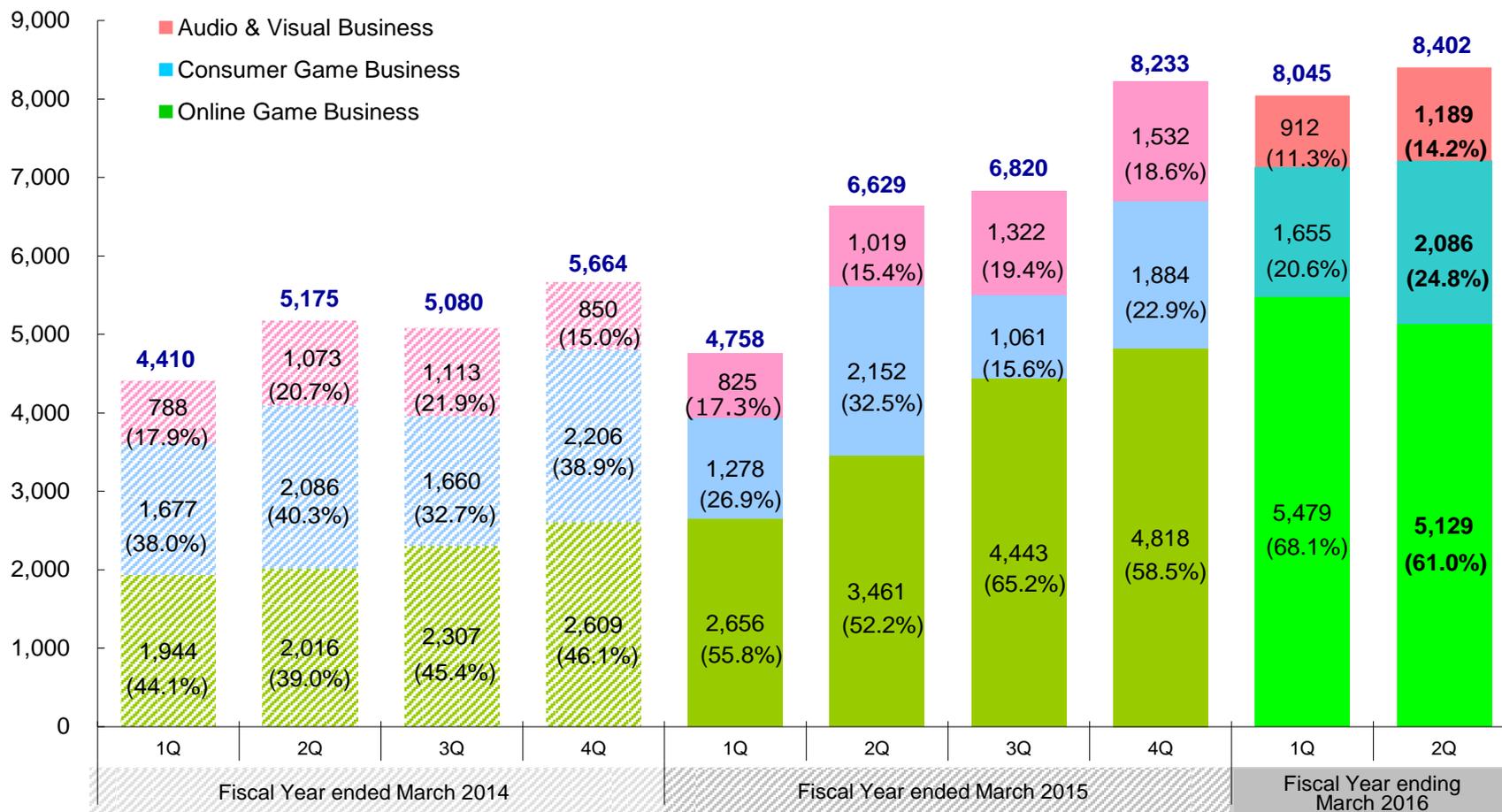
# Sales Structure by Segment (Quarterly)



- Growth in online game business in a lull but consumer game business and audio & visual business on the rise, keeping quarterly sales on a growth path overall

Unit: million yen (percent of sales)

(Unit: million yen)



# Balance Sheet (Summary)



- Current assets decreased, reflecting lower cash and deposits after payment of income tax and dividends, acquisition of G-MODE Corporation stocks, and purchase of own stocks in September
- Accounting recognition of goodwill associated with acquisition of share capital of G-MODE Corporation resulted in higher noncurrent assets
- Payment of accrued income taxes resulted in lower current liabilities (Unit: million yen)

	End of March 2015	End of September 2015	Change
<b>Current assets (total)</b>	18,624	15,464	-3,160
<b>Noncurrent assets (total)</b>	3,414	4,489	1,075
<b>Total Assets</b>	<b>22,039</b>	<b>19,954</b>	<b>-2,085</b>
<b>Current liabilities (total)</b>	8,535	7,636	-899
<b>Noncurrent liabilities (total)</b>	52	45	-7
<b>Total Liabilities</b>	<b>8,588</b>	<b>7,682</b>	<b>-906</b>
<b>Net Assets (total)</b>	<b>13,450</b>	<b>12,272</b>	<b>-1,178</b>

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# **Fiscal Year Ending March 2016, Full-Year Business Forecast**

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# Fiscal Year Ending March 2016, Full-Year Business Forecast

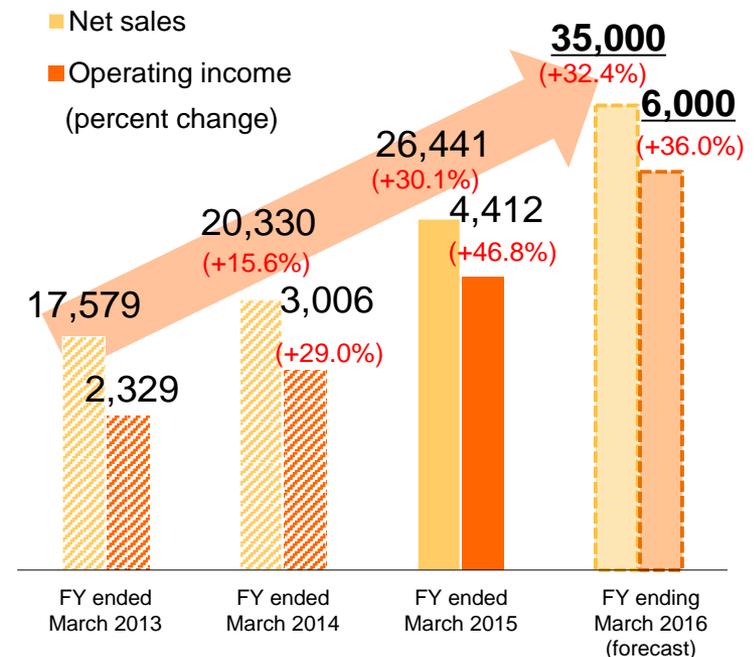


		Full Year			
		FY ended March 2015	FY ending March 2016	YOY change	
		Actual	Forecast	(Amount)	(%)
Net Sales	● Online Game Business	15,379	23,000	7,620	149.5%
	● Consumer Game Business	6,376	7,200	823	112.9%
	● Audio & Visual Business	4,699	4,800	100	102.1%
	<b>Total</b>	26,441	35,000	8,558	132.4%
Segment Income	● Online Game Business	3,815	5,550	1,734	145.5%
	● Consumer Game Business	502	550	47	109.5%
	● Audio & Visual Business	1,089	1,100	10	100.9%
	<b>Total</b>	5,407	7,200	1,792	133.1%
Adjustments & eliminations		-995	-1,200	-204	120.6%
<b>Operating Income</b>		4,412	6,000	1,587	136.0%
<b>Ordinary Income</b>		4,583	6,000	1,416	130.9%
<b>Profit attributable to owners of parent</b>		2,178	4,100	1,921	188.2%

- Based on further strengthening of business systems, plans call for net sales of **¥35 billion** and operating income of **¥6 billion**, marking **30%-plus growth from the year earlier** and **double-digit gains for the fourth consecutive year**
- Expecting increased full-year revenues and profits in all segments.

Online game business on track for more growth continuing from fiscal year ended March 2015.

## Development in Net Sales and Operating Income (Annual) (Unit: million yen)



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# Segment Results

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# Online Game Business: FY Ending March 2016 Progress Status

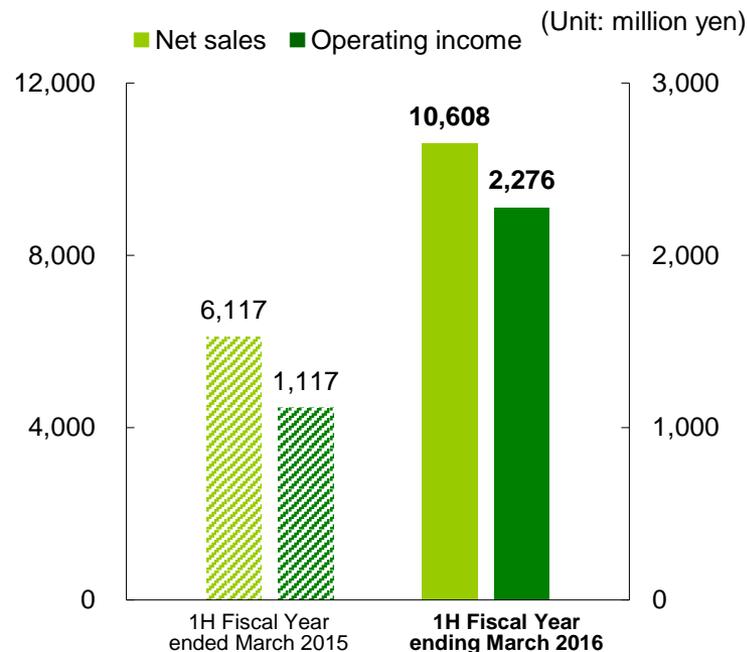


## 1H Results for FY Ending March 2016

Increased sales from continued success of “Logres”  
Income doubled compared with the year-earlier period, profit margins up

## Title Performance

- “Logres of Swords and Sorcery: Goddess of Ancient” continues to show strong performance  
New TV commercial aired in September, and the cumulative number of downloads surpassed 7 million
- Service for MORPG “CHRONO DRAGON” initiated on August 28
- Service for “Samurai Jam -Bakumatsu Rock-: Ultimate Soul,” the first smartphone app for “Samurai Jam - Bakumatsu Rock-,” initiated on September 10



## <Title Rollouts>

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

Service launched in December 2013



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### CHRONO DRAGON (native app)

Service launched in August 2015



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### Samurai Jam -Bakumatsu Rock-: Ultimate Soul (native app)

Service launched in September 2015



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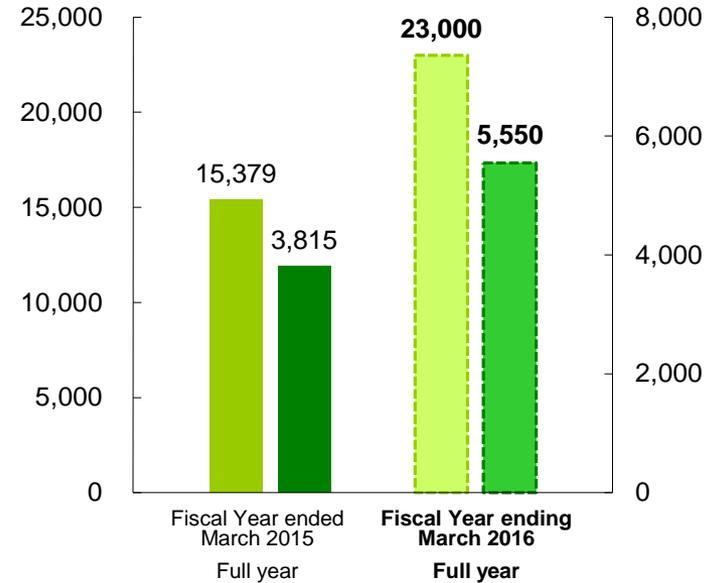
# Online Game Business: Initiatives Starting in 3Q of FY Ending March 2016



## TOPICS

- Service for “Logres of Swords and Sorcery: Goddess of Ancient” in Taiwan, Hong Kong, and Macau initiated on October 22  
Domestic TV commercials and advertising promotion to continue
- Advance registration for social game “VALKYRIE DRIVE -SIREN-” underway at Mobage, GREE, and dgame, with service start scheduled within 2015
- Initiatives with “Disney Magic Castle Dream Island” as core title to continue with new character introductions and various events

■ Net sales ■ Operating income (Unit: million yen)



## <Title Rollouts>

### Overseas Initiatives

#### Logres of Swords and Sorcery: Goddess of Ancient

Service launched in Taiwan, Hong Kong, and Macau on October 22, 2015



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#### VALKYRIE DRIVE -SIREN-

Service start scheduled within 2015



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# Consumer Game Business: FY Ending March 2016 Progress Status



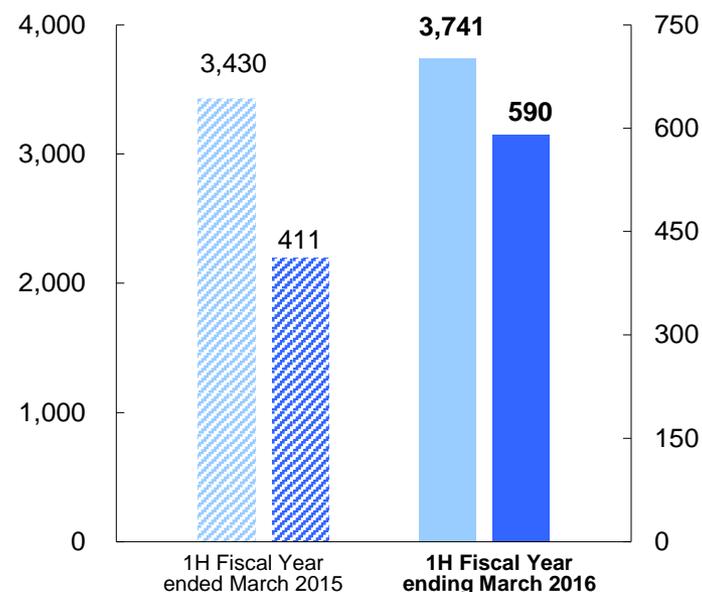
## 1H Results for FY Ending March 2016

Higher sales and profits compared with the year-earlier period thanks to strong sales of new products and repeat purchases at U.S. subsidiary

## Title Performance

- “IA/VT -COLORFUL-” was released on July 30, and “Luminous Arc Infinity” was released on August 6
- Marvelous USA posts strong sales of “Senran Kagura 2: Deep Crimson” (Japanese title: *Senran Kagura 2*) and other titles
- Successful performance of “Pokémon TRETТА” continues in the third year. Newly produced amusement machine “MONSTER HUNTER SPIRITS” put into operation in June is also doing well.

■ Net sales ■ Operating income (Unit: million yen)



## <Title Rollouts>

### IA/VT -COLORFUL- (PS Vita)

Released July 30, 2015



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### Luminous Arc Infinity (PS Vita)

Released August 6, 2015



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### Senran Kagura 2: Deep Crimson (3DS)

Released September 15, 2015  
(North America)



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### MONSTER HUNTER SPIRITS (Amusement)

Launched June 25, 2015



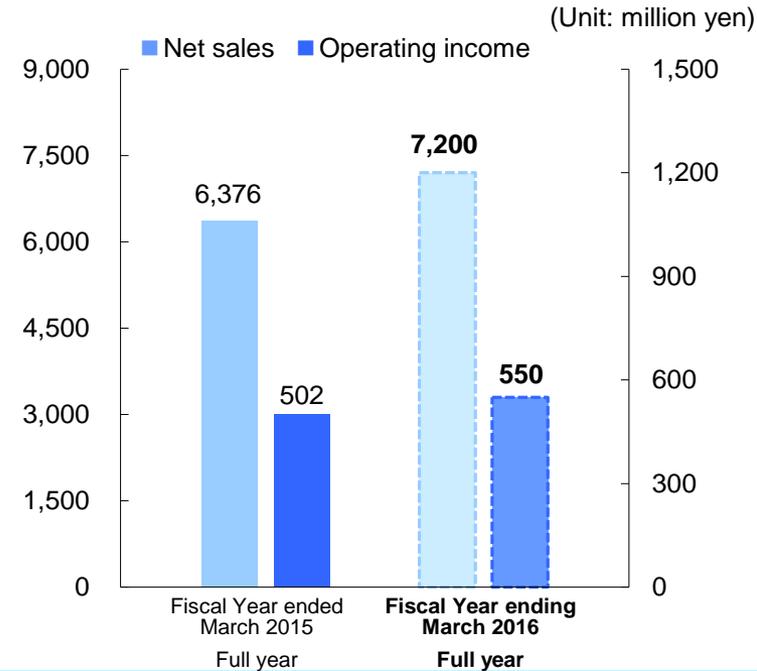
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# Consumer Game Business: Initiatives Starting in 3Q of FY Ending March 2016



## TOPICS

- Release of “NET HIGH” scheduled for November 26
- Release of “NITRO+BLASTERZ -HEROINES INFINITE DUEL-” scheduled for December 10
- Release of “VALKYRIE DRIVE -BHIKKHUNI-” scheduled for December 10
- Marvelous USA, seeing strong sales, has likewise scheduled sales launch of multiple new titles including “Return to PopoloCrois: A STORY OF SEASONS Fairytale” (Japanese title: *POPOLOCROIS BOKUJO MONOGATARI*)



## <Title Rollouts>

### NET HIGH (PS Vita)

Scheduled for release  
November 26, 2015



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### NITRO+BLASTERZ -HEROINES INFINITE DUEL- (PS4/PS3)

Scheduled for release December 10, 2015



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©Nitropus / TYPE-MOON  
©Oceanus 2013 Gargania on the verdurous Planet Committee  
©SPOYING PASS Committee  
©Nitropus/Norimitsu/Kaho,Sadou Chiba,HOUBUNSHA  
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### VALKYRIE DRIVE -BHIKKHUNI- (PS Vita)

Scheduled for release  
December 10, 2015



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### Return to PopoloCrois: A STORY OF SEASONS Fairytale (3DS)

Release date: TBD



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# Audio & Visual Business: FY Ending March 2016 Progress Status



## 1H Results for FY Ending March 2016

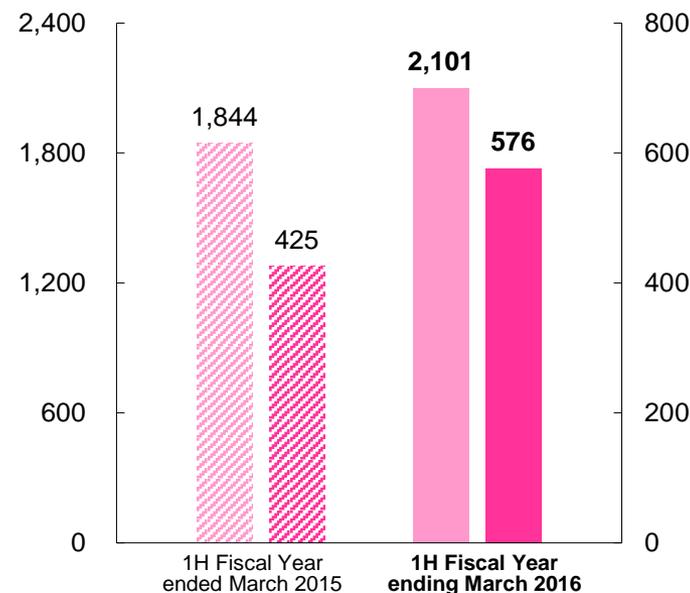
New productions and sequels of stage performances continue to thrive

Higher revenues and profits from robust *anime* package sales

## Title Performance

- Continued strong package sales of “My Teen Romantic Comedy SNAFU TOO!”
- Commercialization of package products for *anime* such as OVA “Tokyo Ghoul ‘JACK,’” “Yona of the Dawn,” and “PRETTY CURE” series
- Stage performances of new production “Tokyo Ghoul the Stage” in July, with tickets immediately sold out
- Performances of “Stage K II -AROUSAL OF KING-” and “HYPER MUSICAL Samurai Jam -Bakumatsu Rock-” in August

■ Net sales ■ Operating income (Unit: million yen)



## <Title Rollouts>

### My Teen Romantic Comedy SNAFU TOO!

Sales launch of the first volume on June 24, 2015



©WATARU WATARI, SHOGAKUKAN / OREGAIRU2 PRODUCTION COMMITTEE

### Go ! PRINCESS PRECURE

Sales launch of the first volume on July 15, 2015



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### Tokyo Ghoul the Stage

Performances in July 2015



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

### Stage K II -AROUSAL OF KING-

Performances in August 2015



©GoRA·GoHands / k-project ©GoRA·GoHands / stage k-project

### HYPER MUSICAL Samurai Jam -Bakumatsu Rock-

Performances in August 2015



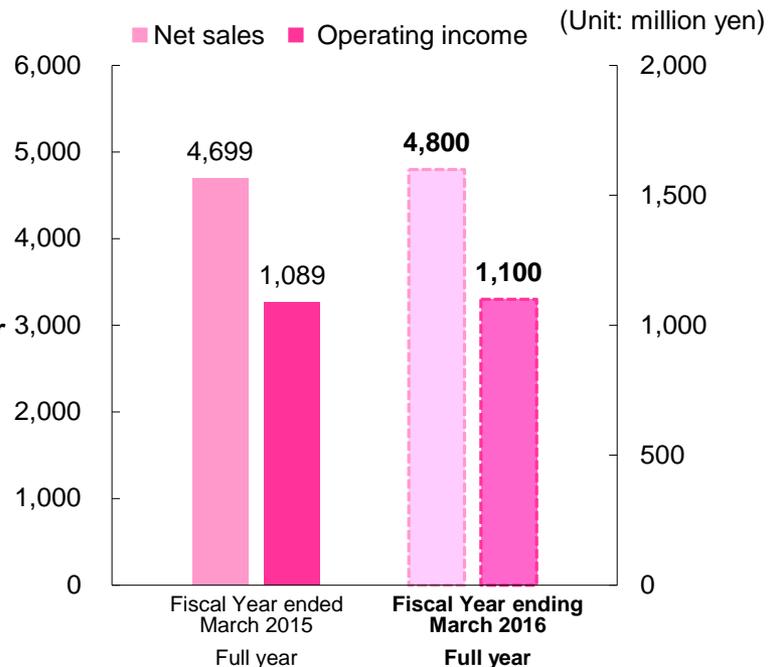
©2014 Marvelous Inc./BakumatsuRock Production Committee ©2014 Marvelous Inc./ULTRA MUSICAL BakumatsuRock Production Committee

# Audio & Visual Business: Initiatives Starting in 3Q of FY Ending March 2016



## TOPICS

- Stage performances of latest productions of “MUSICAL THE PRINCE OF TENNIS” and “Stage [Yowamushi Pedal]” series continuing. Closing day live viewing planned in Japan and overseas.
- Performances of “MUSICAL AO HARUTETSUDO” scheduled for November
- Stage performance of “musical-au revoir, Sorcier-” scheduled for March 2016
- TV *anime* “Divine Gate,” financed by the Company, scheduled to be aired in January 2016



## <Title Rollouts>

**MUSICAL THE PRINCE OF TENNIS**  
3rd Season  
**SEIGAKU vs St.RUDOLPH**  
Performances scheduled  
September to November 2015



**Stage [Yowamushi Pedal]**  
Ep. **IRREGULAR**  
“The Rival Peaks”  
Performances scheduled  
October to November 2015



**MUSICAL**  
**AO HARUTETSUDO**  
Performances scheduled for  
November 2015



**musical**  
**-au revoir, Sorcier-**  
Performances scheduled  
for March 2016



**Divine Gate**  
Scheduled to air on TV in January 2016



**Enhance capital efficiency**

**Profit returns to shareholders through enhanced shareholder value**

**Execution of flexible capital policies consistent with changes in environment**

## Execution of **purchases of own stock**

(September 7, 2015 to September 8, 2015)

<b>Total number of shares acquired</b>	<b>1.6 million shares</b> (Percentage of total shares issued*: 3.0%)
<b>Total share purchase amount</b>	<b>1,783,532,300 yen</b>

\*Excluding treasury stock owned prior to this acquisition

Thank you for your attention.

Inquiries

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