

MARVELOUS!

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

Marvelous Inc.

Fiscal Year Ending March 31, 2017

First Half

Results Briefing Materials

October 31, 2016

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 2017, First-Half Results Summary

Segment Results

Fiscal Year Ending March 2017, Full-Year Business Forecast



MARVELOUS!



Fiscal Year Ending March 2017, First-Half Results Summary

Earnings Highlights (Statement of Income)



- Revenues and income decreased compared with the year-earlier period mainly due to lower sales in online game business.

(Unit: million yen)

	1H FY ended March 2016		1H FY ending March 2017		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	16,447	-	12,999	-	-3,448	79.0%
Cost of sales	6,212	-	6,105	-	-106	98.3%
SGA expenses	7,393	-	5,575	-	-1,818	75.4%
Thereof advertising expenses	1,806	-	1,204	-	-601	66.7%
Operating income	2,841	17.3%	1,317	10.1%	-1,523	46.4%
Non-operating income/losses	-47	-	-262	-	-215	-
Ordinary income	2,793	17.0%	1,055	8.1%	-1,738	37.8%
Extraordinary income/losses	-54	-	22	-	77	-
Income taxes	828	-	278	-	-550	33.6%
Profit attributable to owners of parent	1,910	11.6%	799	6.1%	-1,111	41.8%

Segment Results



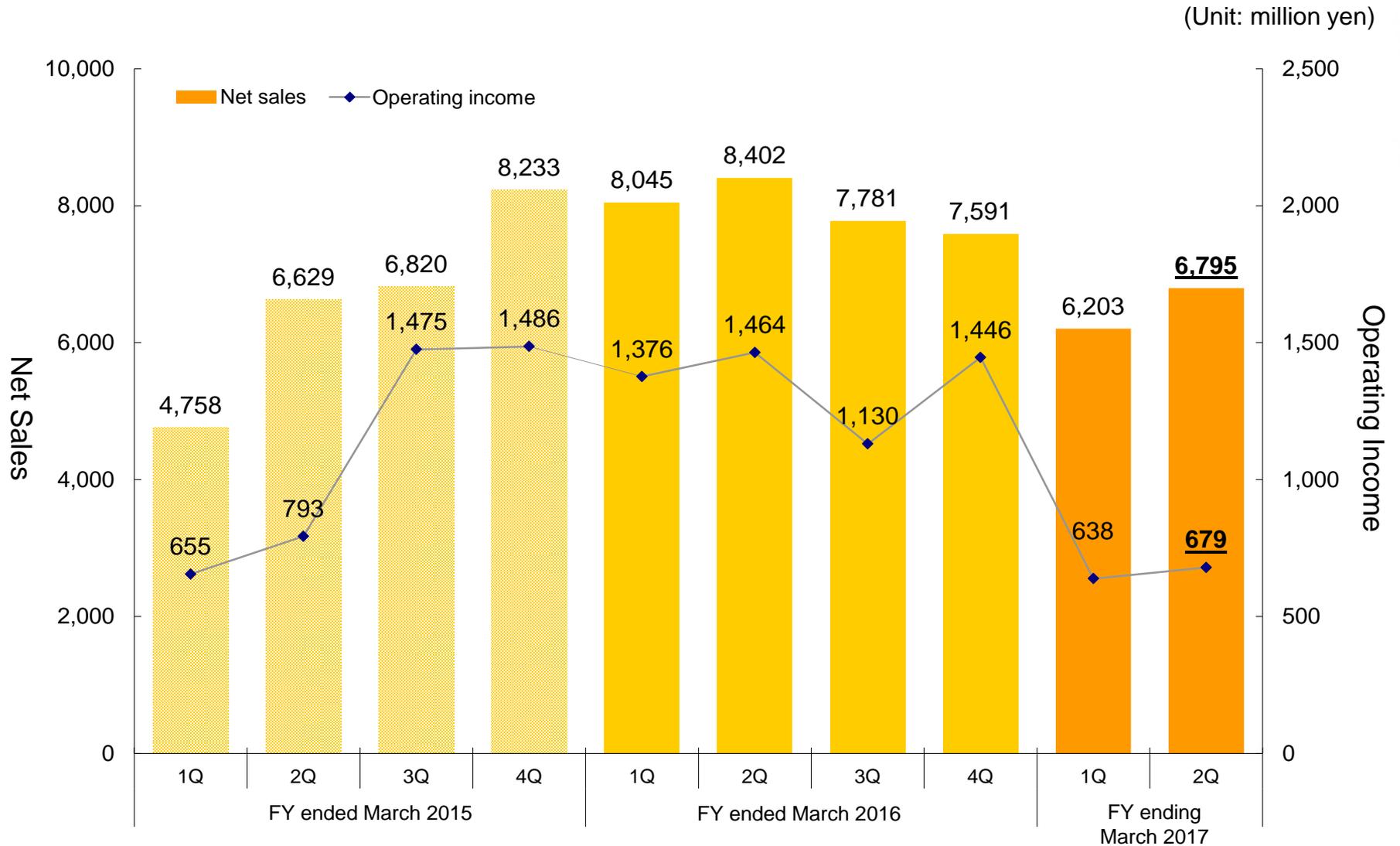
(Unit: million yen)

		1H FY ended March 2016	1H FY ending March 2017	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	10,608	7,248	-3,360	68.3%
	● Consumer Game Business	3,741	3,512	-228	93.9%
	● Audio & Visual Business	2,101	2,249	148	107.1%
	Total	16,447	12,999	-3,448	79.0%
Segment Income	● Online Game Business	2,276	956	-1,320	42.0%
	● Consumer Game Business	590	359	-231	60.8%
	● Audio & Visual Business	576	599	22	104.0%
	Total	3,444	1,915	-1,528	55.6%
Adjustments & eliminations		-602	-597	5	99.0%
Operating Income Total		2,841	1,317	-1,523	46.4%

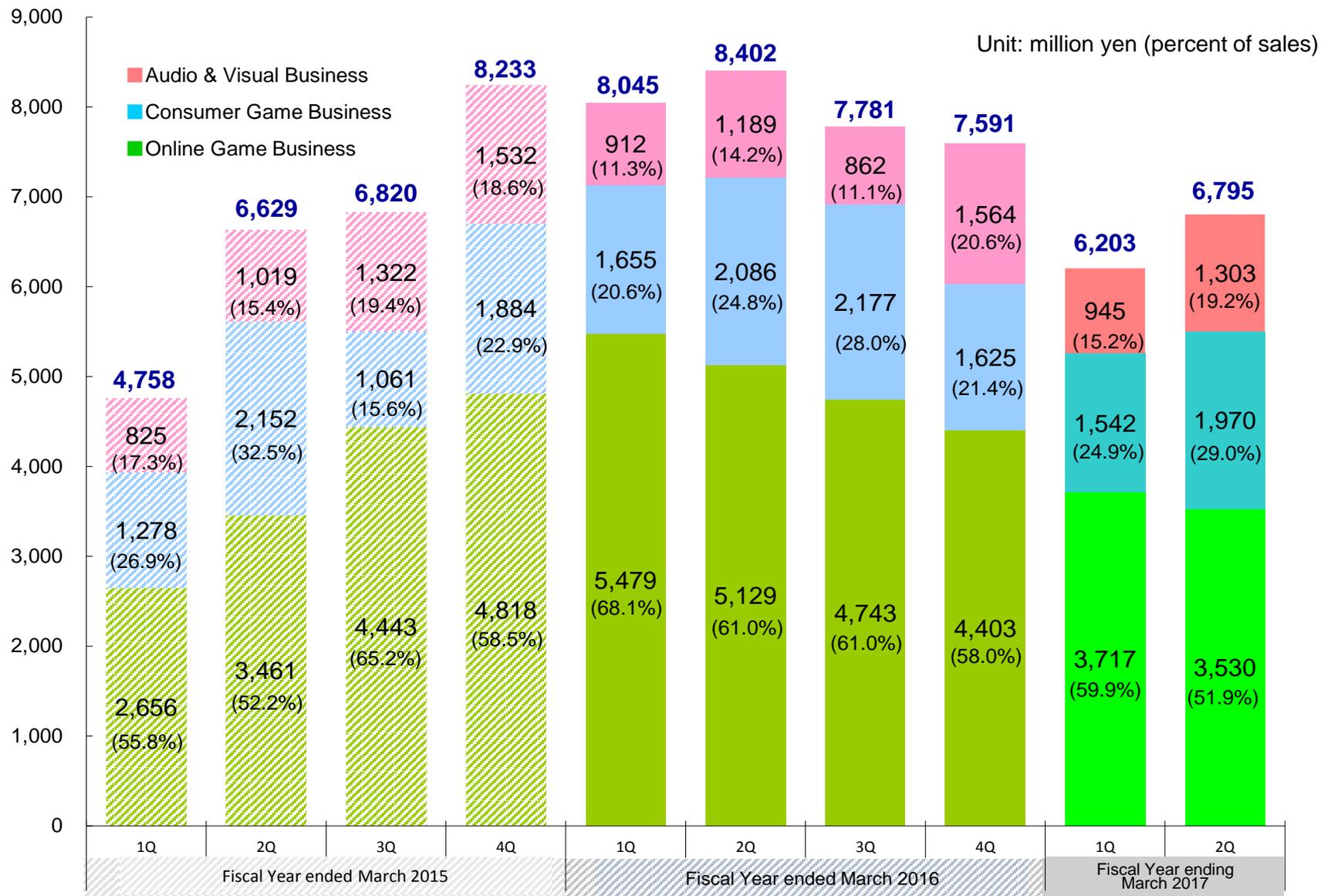
POINT

- **Online Game Business**
 - Main titles marked sales declines
 - New titles underperformed Development terminated for some titles and termination charges recognized
- **Consumer Game Business**
 - Lower sales during the transition period for the introduction of new-type AM machines, and cost burden from the changeover to the new machines
- **Audio & Visual Business**
 - Favorable performance of established series and new contents

Development of Net Sales and Operating Income (Quarterly)



Sales Structure by Segment (Quarterly)



Balance Sheet (Summary)



- Current assets lower mainly due to reduced cash and deposits after income tax payment and dividend payment.
- Higher noncurrent assets from investment in new amusement cabinets.

(Unit: million yen)

	End of March 2016	End of September 2016	Change
Current assets (total)	16,204	13,954	-2,250
Noncurrent assets (total)	4,165	5,278	1,113
Total Assets	20,370	19,233	-1,136
Current liabilities (total)	6,421	6,083	-337
Noncurrent liabilities (total)	27	63	35
Total Liabilities	6,448	6,147	-301
Net Assets (total)	13,921	13,085	-835



Segment Results

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



©Marvelous Inc. Aiming Inc.

For "Logres of Swords and Sorcery: Goddess of Ancient," implemented collaboration with popular IP such as "BLEACH," "Attack on Titan," and "AJIN: Demi-Human"

战斗吧 蘑菇君 (Logres of Swords and Sorcery: Goddess of Ancient)



©Marvelous Inc. Aiming Inc.
©SkyMoons.com.

"Logres of Swords and Sorcery: Goddess of Ancient" launched in China through a local publisher.

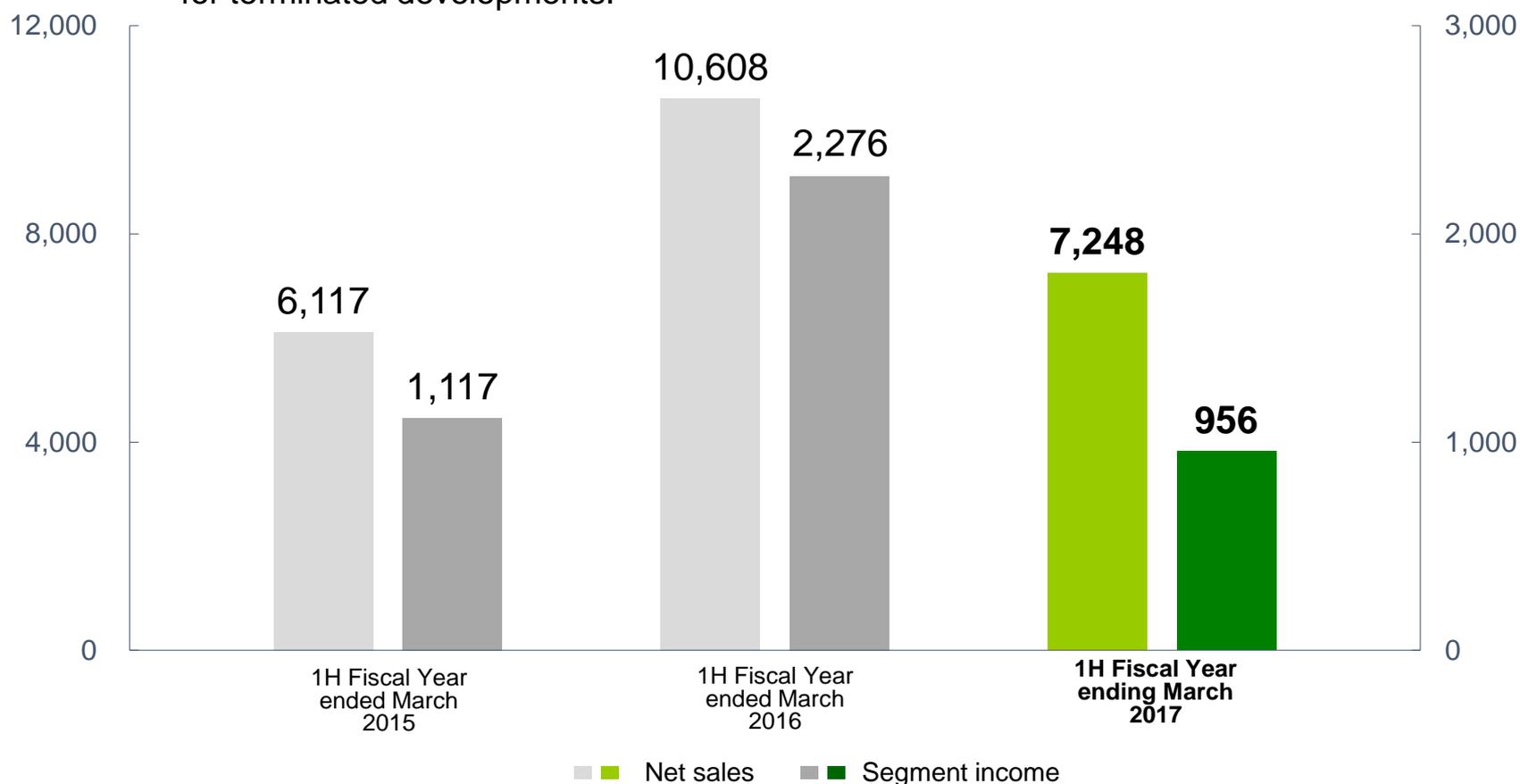
Online Game Business: FY Ending March 2017 First-Half Progress Status



1H Results for FY Ending March 2017

- Sales decreased compared with the year earlier after top performance of "Logres of Swords and Sorcery" is ebbing off.
- Service terminated for some titles, with lower earnings due to charges taken for terminated developments.

(Unit: million yen)





- **Higher sales and earnings from commemorative events, etc., on third anniversary of rebounding "Logres of Swords and Sorcery: Goddess of Ancient" forthcoming in December**
- **Strong earnings improvement compared with first half after culling of underperforming titles and titles aborted during development**
- **Focused development of new titles for release at fiscal year-end and next fiscal year**

Online Game Business: Initiatives Starting in 3Q of FY Ending March 2017



Joint development and operation with DMM GAMES



New game for PC browser “Tenka Touitsu Project”

Scheduled for
launch in
February 2017



©Marvelous Inc. / ©DMM GAMES

Online Game Business: Initiatives Starting in 3Q of FY Ending March 2017



“Senbura” project jointly planned
by three companies



Smartphone game app
“Sengoku Night Blood”



Scheduled for
launch in 2017
(next fiscal year)

©Marvelous Inc. / KADOKAWA / IDEA FACTORY

Large-scale joint project



Collaborative title for smartphone
“Project Chronos”



Scheduled for
launch in the
summer of 2017

© Marvelous Inc. / Fuji Games, Inc.

Consumer Game Business: FY Ending March 2017 First-Half Progress Status



**BOKUJO MONOGATARI
MITTSU NO SATO NO
TAISETSU NA TOMODACHI
(3DS)**



©2016 Marvelous Inc. All Rights Reserved.

Released June 23

**UPPERS
(PS Vita)**



©2016 Marvelous Inc.

Released July 14

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



©2016 ARMOR PROJECT/BIRD STUDIO/Marvelous/
SQUARE ENIX All Rights Reserved.

Launched June 23

**Pokémon Ga-Olé
(Amusement)**



©2016 Pokémon. ©1995-2016 Nintendo/Creatures Inc./GAME FREAK Inc.
Developed by T-ARTS and MARV
Pokémon is a registered trademark of Nintendo, Creatures, and GAME FREAK.

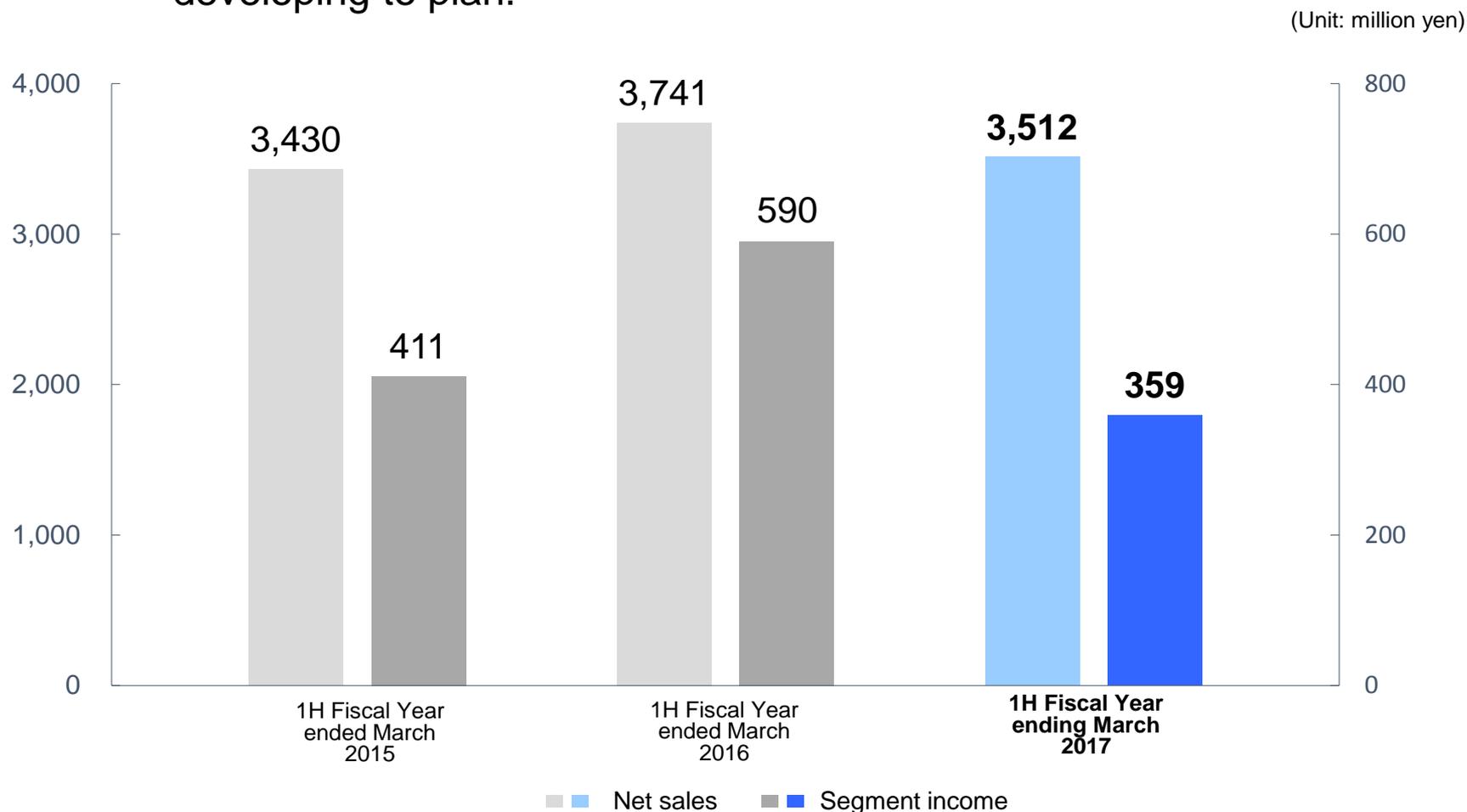
Launched July 7

Consumer Game Business: FY Ending March 2017 First-Half Progress Status



1H Results for FY Ending March 2017

- Despite cost burden from new title launches, performance developing to plan.



Consumer Game Business: Initiatives Starting in 3Q of FY Ending March 2017



- **Maximizing sales and earnings from two new titles with domestic sales launches in second half**
- **Full-scale new title introductions starting in second half also at overseas subsidiaries**
- **Amusement machines with three title line-up to be strengthened through respective IP collaboration and advertising**

Consumer Game Business: Initiatives Starting in 3Q of FY Ending March 2017



First new production in the series in three years

Fate/EXTELLA (PS4/PS Vita)

Scheduled for
release
November 10,
2016



©TYPE-MOON ©2016 Marvelous Inc.

Strong pre-orders
Sales launches decided also for
North America and Europe

Most recent titles of mainstay series

SENTRAN KAGURA PEACH BEACH SPLASH(PS4)

Scheduled for
release
March 16,
2017



©2016 Marvelous Inc.



Initiatives also in overseas
markets in Europe, US, and
Asian countries, etc.

Consumer Game Business: Initiatives Starting in 3Q of FY Ending March 2017



Marvelous USA

Corpse Party (3DS)

(Licenser : 5pb.)



Released
October 25,
2016

©Team GrisGris / MAGES./5pb. Licensed to and published by XSEED Games / Marvelous USA, Inc. All Rights Reserved.

Fate/EXTELLA: The Umbral Star (PS4/PS vita)

Scheduled
for release
2017



©TYPE-MOON ©2016 Marvelous Inc. Licensed to and published by XSEED Games / Marvelous USA, Inc. All Rights Reserved.

STORY OF SEASONS: Trio of Towns (3DS)

Scheduled
for release
2017



©2017 Marvelous Inc. All Rights Reserved. Licensed to and published by XSEED Games / Marvelous USA, Inc.

Audio & Visual Business: FY Ending March 2017 First-Half Progress Status



QUALIDEA CODE



©Speakeasy・Marvelous/QUALIDEA Production Committee

Broadcasting in July - September
Sales launch of Blu-ray and DVD
formats in September

Musical HAKUOKI HAKU-MYU LIVE 2



©IDEA FACTORY・DESIGN FACTORY/Musical HAKUOKI Project

Performances in August

Ensemble Stars! On Stage



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

Performances in June

ULTRA MUSICAL Samurai Jam -Bakumatsu Rock- The Arrival of the Black Ships



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

Performances in
August - September

Touken Ranbu the Stage



©Touken Ranbu the Stage Production Committee

Performances in May



©Touken Ranbu the Stage Production Committee

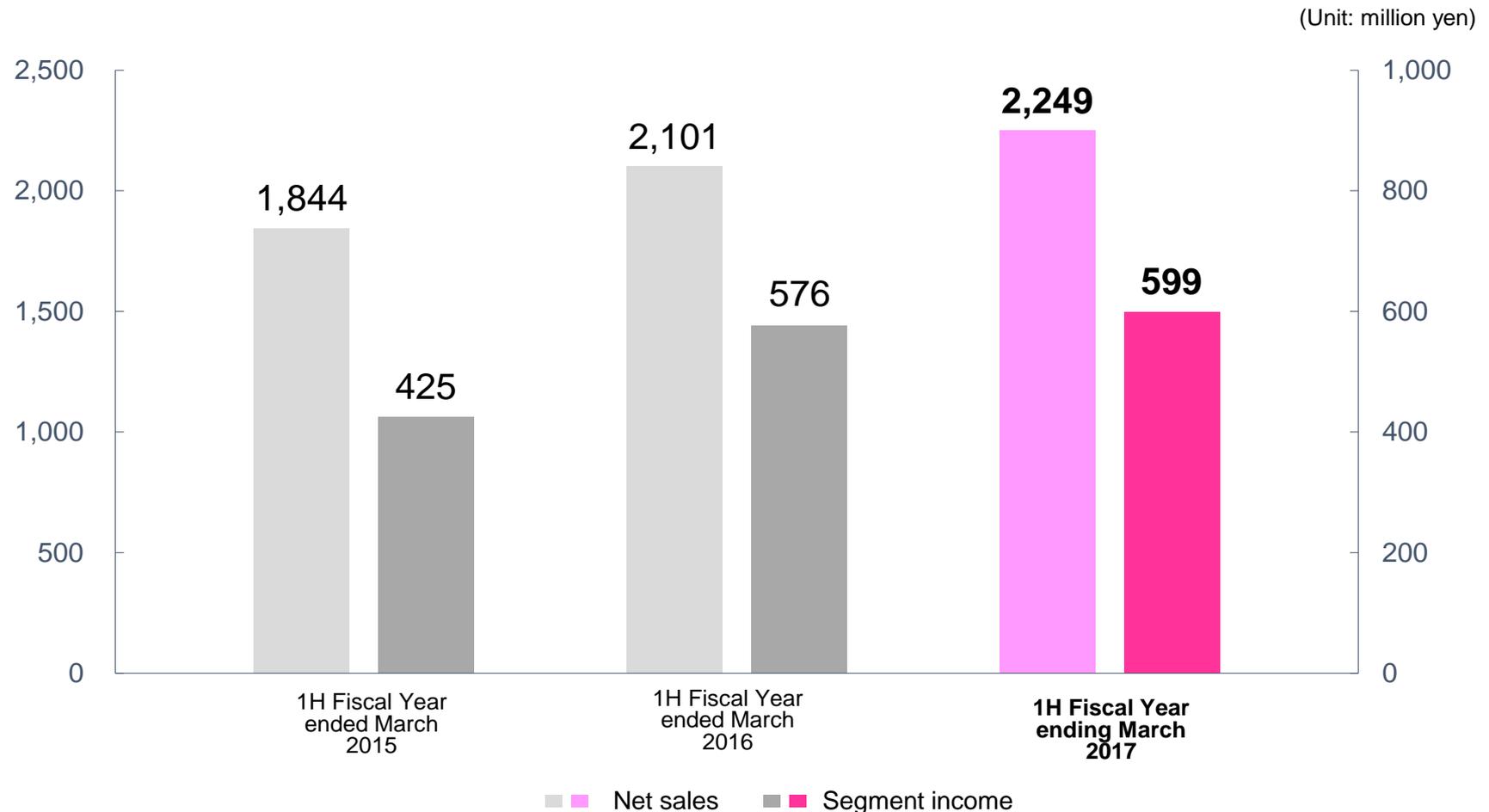
Sales of Blu-ray Disc launched in
September reached overall top position in
Oricon Weekly BD Ranking (September 19)

Audio & Visual Business: FY Ending March 2017 First-Half Progress Status



1H Results for FY Ending March 2017

- Strong performance of established series and new titles.





- **Two hugely popular titles “Touken Ranbu the Stage” and “Ensemble Stars! On Stage” to be performed on a larger scale also in second half**
- **Broadcasts continuing of popular TV anime production “TOUKEN RANBU HANAMARU”**
- **Proactive development also for secondary uses centered on video disseminations for the Chinese market**
- **Steady conditions surrounding also other anime and stage series productions**

Audio & Visual Business: Initiatives Starting in 3Q of FY Ending March 2017



Touken Ranbu the Stage

Repeat performances



©Touken Ranbu the Stage Production Committee

Repeat performances of “Touken Ranbu the Stage” decided for December after highly popular performances in May



©2016 TOUKEN RANBU HANAMARU Project

TOUKEN RANBU HANAMARU
TV broadcasting started from October

“Ensemble Stars! On Stage”

～Take your marks!～

Sequels



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

Sequel performances of “Ensemble Stars! On Stage” decided for January after highly popular performances in June



©Touken Ranbu the Stage Production Committee



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

Sales launch on October 13 of PlayStation®VR contents featuring VR live video and backstage footage

Audio & Visual Business: Initiatives Starting in 3Q of FY Ending March 2017



Witchy Pretty Cure! the Movie



©2016 Witchy Pretty Cure! the Movie Production Committee

MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs HYOTEI



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

Stage [Yowamushi Pedal] "Another New Team, Beginning"



©Wataru Watanabe (Akitashoten) 2008 / Yowamushi Pedal GR Film Partners 2014
©Wataru Watanabe (Akitashoten) / Marvelous, TOHO, TMS ENTERTAINMENT

MUSICAL AO HARU TETSUDO 2 ~with love from Sinetsu~



©Musical AO HARU TETSUDO Project



Fiscal Year Ending March 2017, Full-Year Business Forecast

Fiscal Year Ending March 2017, Full-Year Business Forecast



- Original results projections remain intact.
- Aiming at attainment of full-term targets by leveraging the comprehensive power of portfolio management.

	FY ended March 2016		FY ending March 2017		YOY change	
	Actual	Income ratio	Forecast	Income ratio	(Amount)	(%)
Net Sales	31,820	–	34,000	–	2,179	106.9%
Operating Income	5,418	17.0%	6,000	17.6%	581	110.7%
Ordinary Income	5,228	16.4%	5,850	17.2%	621	111.9%
Profit attributable to owners of parent	3,602	11.3%	4,150	12.2%	547	115.2%



Thank you for your attention.

Inquiries

Administration Division, Corporate Planning Department

TEL: +81-3-5769-7447

FAX: +81-3-5769-7448

URL:<http://www.marv.jp>

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.