



**MARVELOUS!**

**Marvelous Inc.**

**Stock Code: 7844**

**(First Section of Tokyo Stock Exchange)**

**Fiscal Year Ending March 31, 2015  
Third Quarter**

# **Results Briefing Materials**

**February 4, 2015**

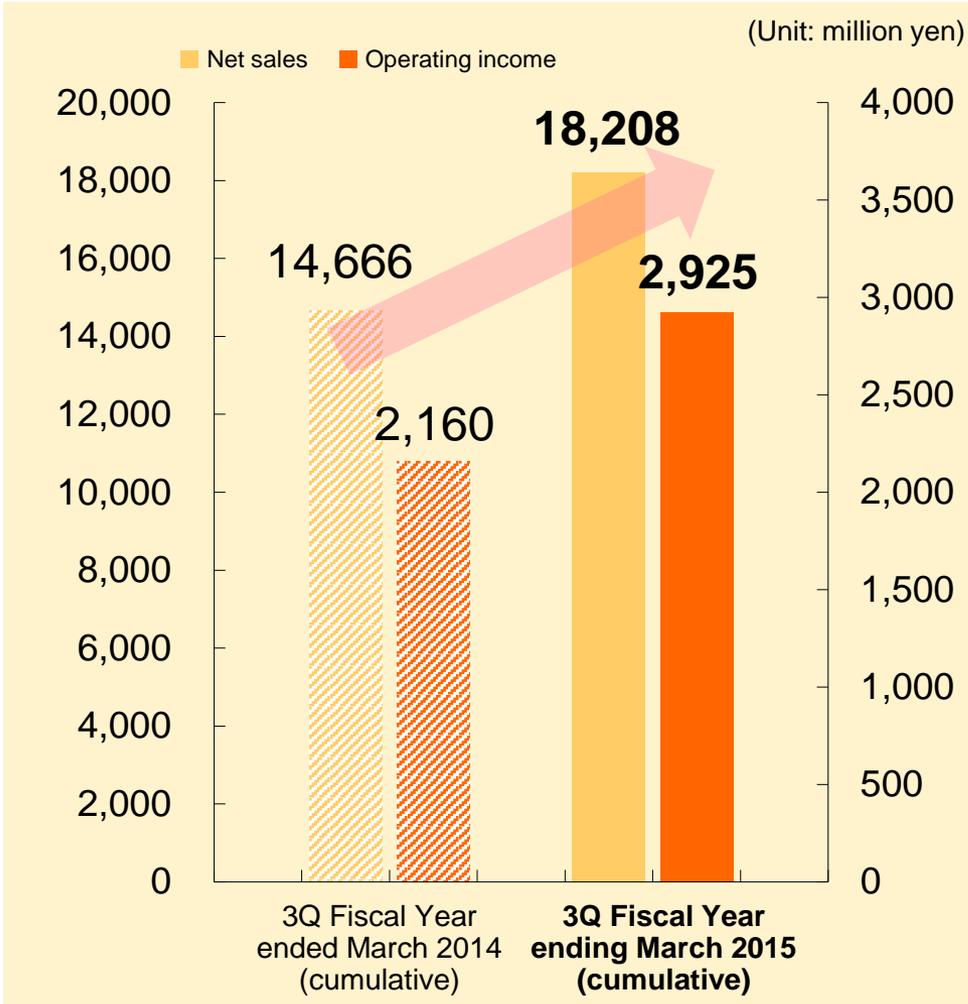
This document contains forward-looking statements which are based on information currently available to the Company and which may change as a result of numerous factors including the macroeconomic environment and industry trends relevant to the Company. Therefore, these forward-looking statements are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

- I. Fiscal Year Ending March 2015 Third Quarter Results Summary (Cumulative)
- II. Fiscal Year Ending March 2015 Business Forecast
- III. Segment Results

# I. Fiscal Year Ending March 2015 Third Quarter Results Summary (Cumulative)

# I-1. Earnings Highlights

- Third quarter (cumulative) net sales **up 24.2%** and operating income **up 35.4%** from the year-earlier period
- Continuing strong contributions to overall earnings from expanding online game business driven by favorable performance of native apps



## TOPICS

- **Good performance of major hit title continues.**

Online RPG for Smartphones  
**“Logres of Swords and Sorcery:  
 Goddess of Ancient”**  
**(Native app)**

Service launched in December 2013



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**Over 5 million** downloads (cumulative)  
 (as of December 31, 2014)

## I-2. Financial Highlights (P/L)

- Overall results driven by strong performance of the online game business with sales and earnings up from the year-earlier period

(Unit: million yen)

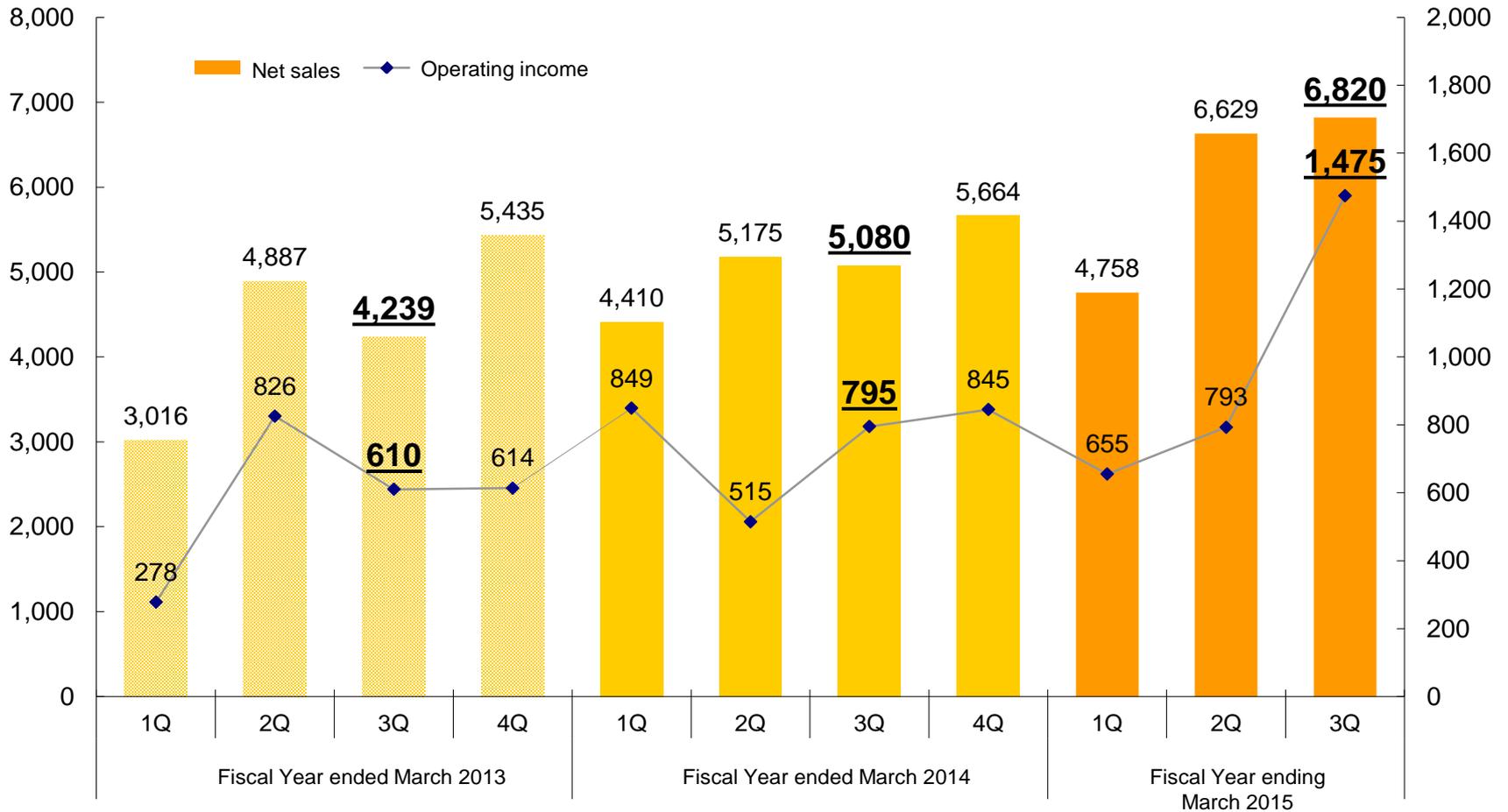
	3Q FY ended March 2014 (cumulative)	
	Actual	Profit ratio
<b>Net sales</b>	<b>14,666</b>	
Cost of sales	7,410	
SGA expenses	5,095	
<b>Operating income</b>	<b>2,160</b>	<b>14.7%</b>
Non-operating income/losses	71	
<b>Ordinary income</b>	<b>2,231</b>	<b>15.2%</b>
Extraordinary income/losses	-62	
Income taxes	777	
<b>Net income</b>	<b>1,392</b>	<b>9.5%</b>

3Q Fiscal Year ending March 2015 (cumulative)			
Actual	Profit ratio	YOY change (Amount)	YOY change (%)
<b>18,208</b>		<b>3,542</b>	124%
7,802		392	105%
7,480		2,384	147%
<b>2,925</b>	<b>16.1%</b>	<b>765</b>	135%
186		115	—
<b>3,112</b>	<b>17.1%</b>	<b>880</b>	139%
-10		52	—
1,226		449	158%
<b>1,875</b>	<b>10.3%</b>	<b>483</b>	135%

# I-3. Financial Highlights (by Quarter)

- Steady growth in third-quarter sales compared with the year-earlier period
- Operating income also increased greatly compared with the year-earlier period

(Unit: million yen)



# I-4. Financial Highlights (Segment Results)

		3Q FY ended March 2014 (cumulative)	3Q FY ending March 2015 (cumulative)		
		Actual	Actual	YOY change	
				(Amount)	(%)
(Unit: million yen)					
Net Sales	● Online Game Business	6,267	10,561	4,293	168%
	● Consumer Game Business	5,424	4,492	-932	83%
	● Audio & Visual Business	2,974	3,166	192	106%
	Total	14,666	18,208	3,542	124%
Segment Income	● Online Game Business	408	2,411	2,003	591%
	● Consumer Game Business	1,812	497	-1314	27%
	● Audio & Visual Business	639	737	98	115%
	Total	2,859	3,646	787	128%
Adjustments & eliminations		-699	-721	-22	103%
Operating Income Total		2,160	2,925	765	135%

## POINT

### ● Online Game Business

- Robust earnings growth thanks to continuing strong performance of game apps
- Existing titles also keep up solid performance

### ● Consumer Game Business

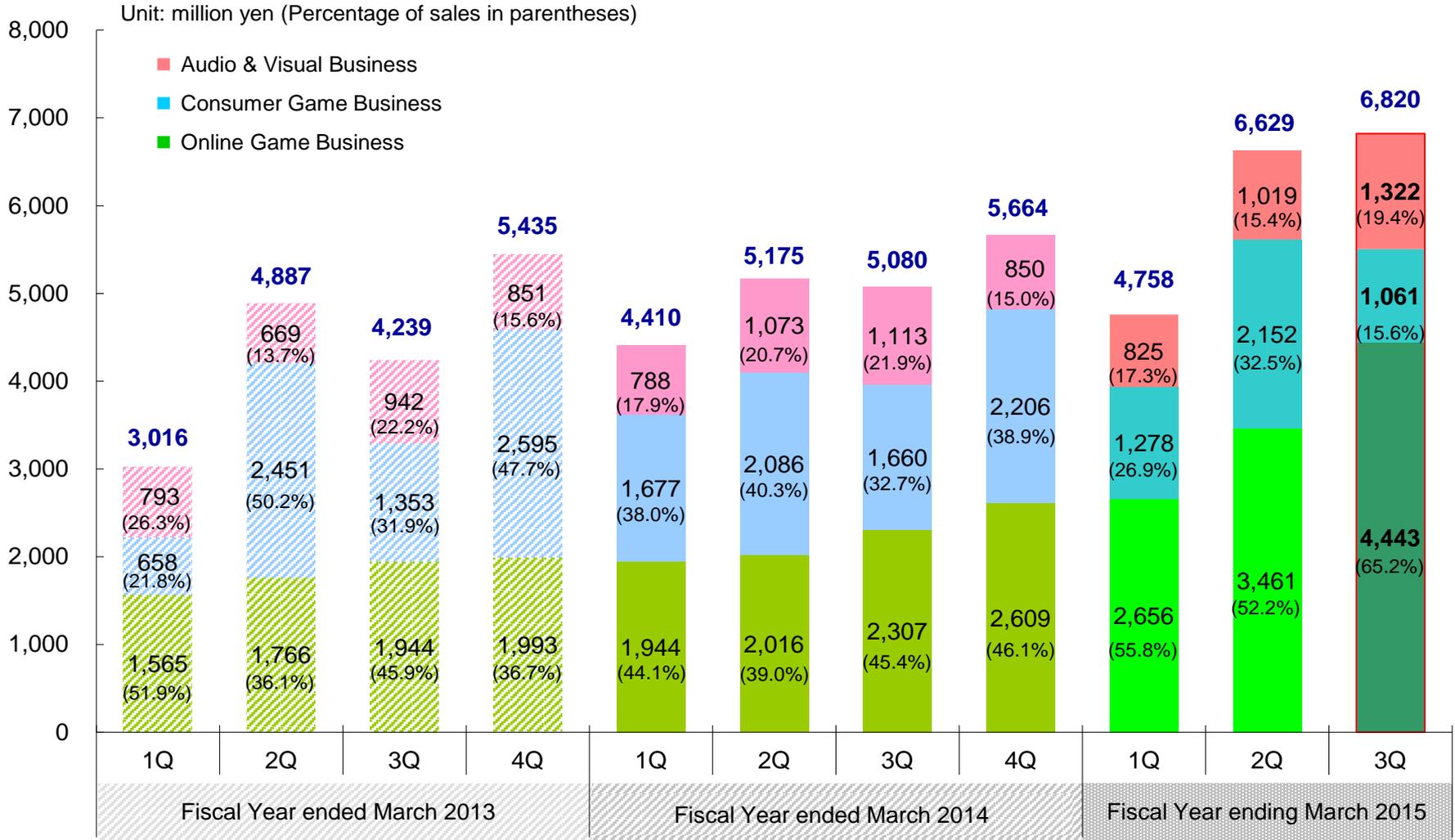
- Weak sales of package game software
- Languishing amusement business

### ● Audio & Visual Business

- Robust sales of tickets for stage performances
- Continued strong sales of DVD productions related to stage performances

# I-5. Financial Highlights (Sales Breakdown by Quarter)

- Steady growth in sales in the online game business



## I-6. Balance Sheet Highlights

- Increase in current assets due to higher accounts receivable-trade in step with growing online sales
- Increase in noncurrent assets due to capitalization of “PUZZLE & DRAGONS Z Tamer Battle” consoles
- Increase in current liabilities due to accrued sales commissions payable in step with growing online sales

(Unit: million yen)

	End of March 2014	End of December 2014	Change
Current assets (total)	14,583	17,160	2,576
Noncurrent assets (total)	2,233	2,919	686
<b>Total Assets</b>	<b>16,816</b>	<b>20,079</b>	<b>3,262</b>
Current liabilities (total)	4,840	6,881	2,040
Noncurrent liabilities (total)	54	57	2
<b>Total Liabilities</b>	<b>4,895</b>	<b>6,938</b>	<b>2,043</b>
<b>Net Assets (total)</b>	<b>11,921</b>	<b>13,141</b>	<b>1,219</b>

## II. Fiscal Year Ending March 2015 Business Forecast

## II-1. Fiscal Year Ending March 2015 Financial Results Projections

- In the online game business, “Disney Magic Castle Dream Island” was launched on December 15, 2014, under a license agreement with The Walt Disney Company (Japan) Ltd. From the time distribution started, it was accessed by an overwhelming number of customers in excess of server capacity, compelling a temporary suspension implemented from December 19, 2014. Improvements are currently being made with a view to resuming service. As a result, sales and earnings from this title have turned out lower than initially projected, and one-off expenses for improvement work will be incurred. On the other hand, performances of “Logres of Swords and Sorcery: Goddess of Ancient” have surpassed expectations and other existing titles have also been doing well, leading to an upward revision of the latest segment results projections.
- In the consumer game business, intense pressures have resulted at the segment level from a demand backlash after last year’s repeat sales, weak sales of package game software, and depressed sales in the amusement console business due to intense competition. Although this situation is reflected already in the segment results projections provided in the first half results briefing materials, latest results projections were further revised down.
- The audio & visual business has been developing steadily in line with initial projections.
- Based on the above, despite ongoing concerns over weak conditions surrounding the consumer game business, with expectations for continuing favorable conditions in the online game business, at present the results projections for the full fiscal year remain intact.

Note: Results projections are based on information currently available and on certain assumptions considered to be reasonable. Actual results are subject to various factors and may differ from projections.

## II-2. Fiscal Year Ending March 2015 Business Forecast



### 〈Fiscal Year Ending March 2015〉

(Unit: million yen)	First Half	Second Half	Full Year		YOY change	
	(Actual)	(Forecast)	(Forecast)	(Profit ratio)	(Amount)	(%)
<b>Net sales</b>	<b>11,387</b>	<b>13,612</b>	<b>25,000</b>	<b>—</b>	<b>4,669</b>	<b>123.0%</b>
<b>Operating income</b>	<b>1,449</b>	<b>2,350</b>	<b>3,800</b>	<b>15.2%</b>	<b>793</b>	<b>126.4%</b>
<b>Ordinary income</b>	<b>1,514</b>	<b>2,275</b>	<b>3,790</b>	<b>15.2%</b>	<b>748</b>	<b>124.6%</b>
<b>Net income</b>	<b>934</b>	<b>1,339</b>	<b>2,274</b>	<b>9.1%</b>	<b>391</b>	<b>120.8%</b>

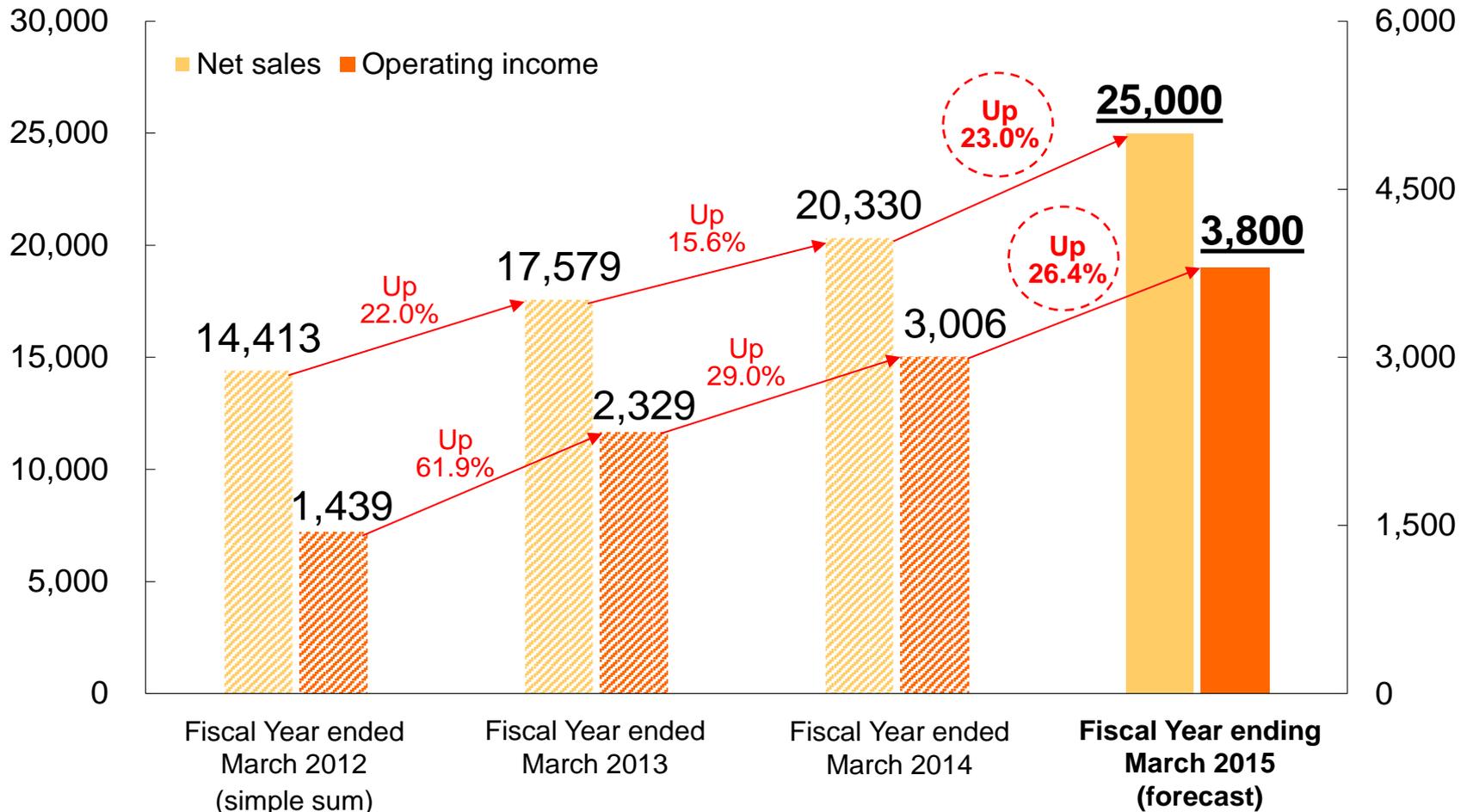
(Reference) Results for  
Fiscal Year ended March 2014

(Unit: million yen)	First Half	Second Half	Full Year	(Profit ratio)
	(Actual)	(Actual)	(Actual)	
Net sales	9,585	10,744	20,330	—
Operating income	1,365	1,641	3,006	14.8%
Ordinary income	1,385	1,656	3,041	15.0%
Net income	860	1,021	1,882	9.3%

# II-3. Fiscal Year Ending March 2015 Business Forecast

- Expectations for three consecutive fiscal years of double-digit growth
- Expectations for sales and earnings growth in excess of 20%

(Unit: million yen)



## II-4. Fiscal Year Ending March 2015 Segment Forecasts

- Revision of segment forecast details

(Unit: million yen)

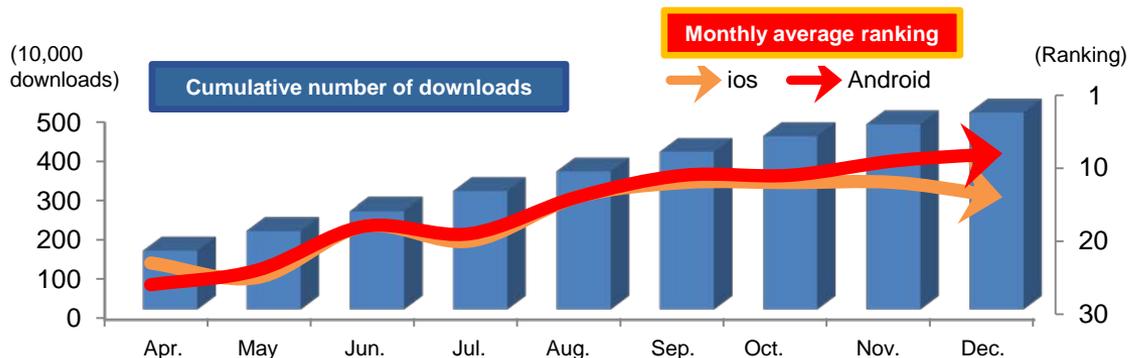
		Fiscal Year ending March 2015 (forecast)					Fiscal Year ended March 2014 (actual)		
		1H	2H	Full Year		1H	2H	Full Year	
		(Actual)	(Projections)	(Revised projections)	(Previous projections)	(Difference)			
Net Sales	● Online Game Business	6,117	8,882	15,000	14,000	1,000	3,960	4,917	8,877
	● Consumer Game Business	3,430	2,369	5,800	6,800	-1,000	3,763	3,866	7,630
	● Audio & Visual Business	1,844	2,355	4,200	4,200	0	1,861	1,963	3,825
	Total	11,387	13,612	25,000	25,000	0	9,585	10,744	20,330
Segment Income	● Online Game Business	1,117	2,232	3,350	3,030	320	218	524	742
	● Consumer Game Business	411	168	580	900	-320	1,273	994	2,268
	● Audio & Visual Business	425	494	920	920	0	350	571	921
	Total	1,954	2,895	4,850	4,850	0	1,842	2,089	3,932
Adjustments & eliminations		-505	-544	-1,050	-1,050	0	-477	-448	-925
Operating Income Total		1,449	2,350	3,800	3,800	0	1,365	1,641	3,006

## III. Segment Results

# III-1-1. Key Topics

## “Logres of Swords and Sorcery: Goddess of Ancient” – A huge hit!

- Over 5 million downloads (cumulative) in December 2014
- Sustained high sales ranking



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

Service launched in December 2013



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## Preparations for resuming “Disney Magic Castle Dream Island”

Currently all-out efforts are being made to resume service late in February. An unfailing system will be prepared in order to meet the expectations of everyone anxiously awaiting the re-launch. Efforts are continuing to make this re-launch, scheduled to take place sometime soon, a resounding success.

Additional information will be provided in a timely manner on the official “Disney Magic Castle Dream Island” website.

### Disney Magic Castle Dream Island (Native app)



©Disney

# III-1-2. Fiscal Year Ending March 2015 Progress Status

## 3Q Results

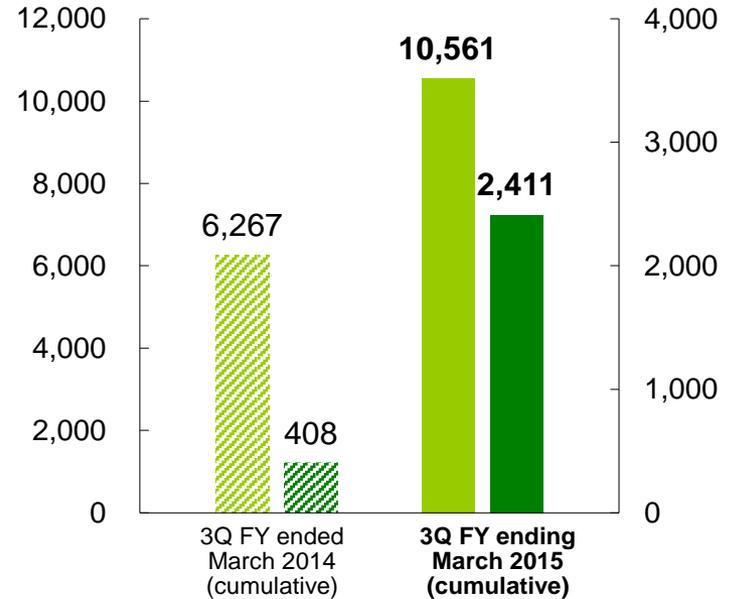
**Net sales:** Increased thanks to favorable performance of game apps

**Profits:** Strong growth due to enhanced profitability

## Title Performance

- Strong performance of “Logres of Swords and Sorcery: Goddess of Ancient” continues, driving overall performance
- Releases continuing with one PC browser game title and two smartphone game app titles
- Existing mobile browser games also doing well

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



## <Title Rollouts>

NEW

**Sangokushi PHX**  
(Sangokushi Phoenix)  
(PC browser)

Service launched in November 2014



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NEW

**NBA CLUTCH TIME**  
(Native app)

Service launched in November 2014



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NEW

**Atsumete! Trump Collection**  
(Native app)

Service launched in December 2014



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# III-1-3. Fiscal Year Ending March 2015 Further Action

## TOPICS

- “NBA CLUTCH TIME” is now ready to be launched overseas starting with Taiwan, Hong Kong, and Macau
- “Kunio-kun No Nekketsu Dodgeball All Stars!!” is in full development
- Planning and development of new titles to continue centered on native apps

### Overseas Initiatives

Taiwan, Hong Kong, and Macau, starting in January 2015

#### NBA CLUTCH TIME (Native app)



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### 〈Title Rollouts〉

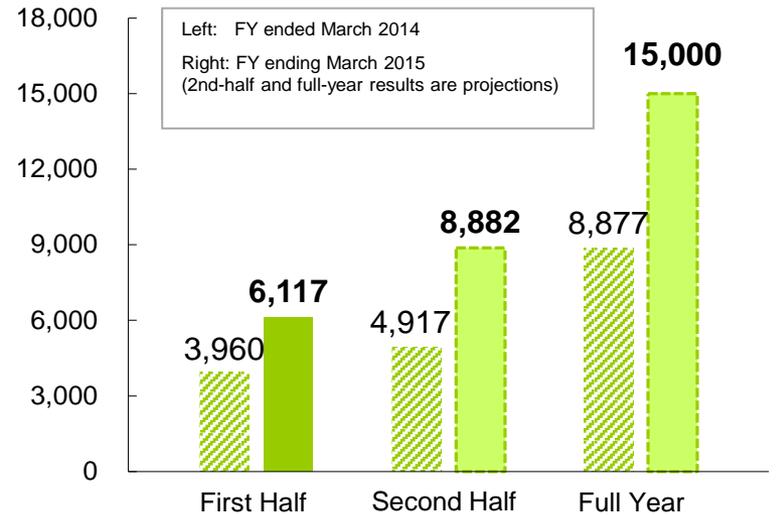
**Kunio-kun No Nekketsu Dodgeball All Stars!!**  
(Native app)  
(In full development)



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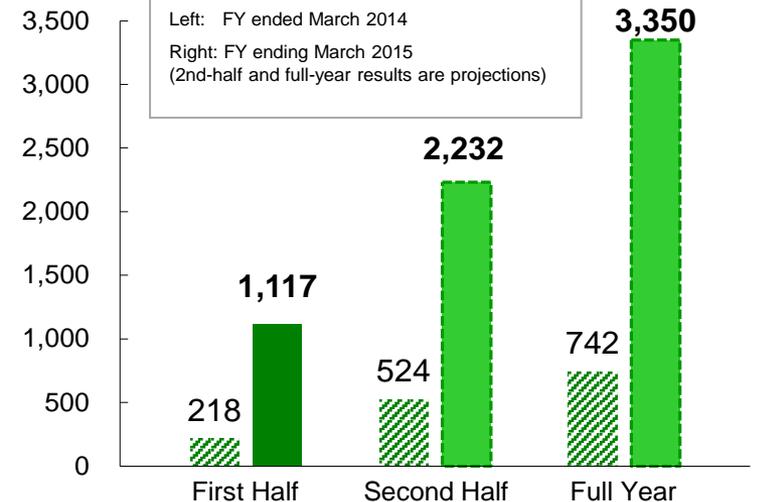
### Net Sales

(Unit: million yen)



### Segment Income

(Unit: million yen)



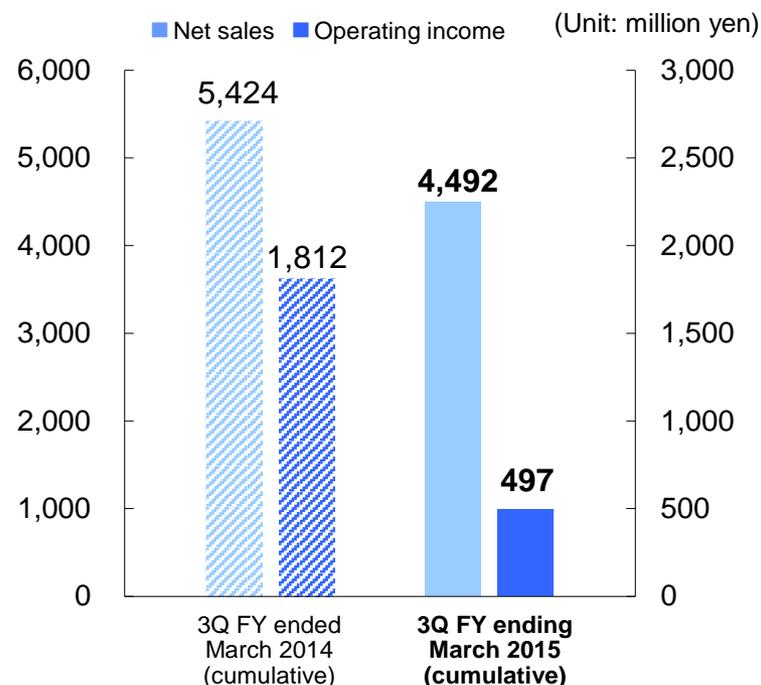
# III-2-1. Fiscal Year Ending March 2015 Progress Status

## 3Q Results

Net sales/Profits: Declines in sales and earnings due to poor sales performance

## Title Performance

- Stagnating sales of newly created package software
- Lower sales and earnings at the amusement console business due to intense competition



## <Title Rollouts>

### KINKI NO MAGNA (3DS)

Released October 2, 2014



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### DEKAMORI SENRAN KAGURA (PS Vita Package Version)

Released November 27, 2014



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### PUZZLE & DRAGONS Z Tamer Battle (Amusement)

Service launched June 2014



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# III-2-2. Fiscal Year Ending March 2015 Further Action

## TOPICS

- “SENTRAN KAGURA ESTIVAL VERSUS” for PS4 and PS Vita to be released March 26
- Developing “POPOLOCROIS BOKUJO MONOGATARI” which combines the fascination of “BOKUJO MONOGATARI” and “POPOLOCROIS MONOGATARI” (Date of the sales launch to be decided; revenue recognition expected for the next fiscal year)

### <Title Rollouts>

#### SENTRAN KAGURA ESTIVAL VERSUS (PS4/PS Vita)

Scheduled for release March 26, 2015



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#### POPOLOCROIS BOKUJO MONOGATARI (3DS)

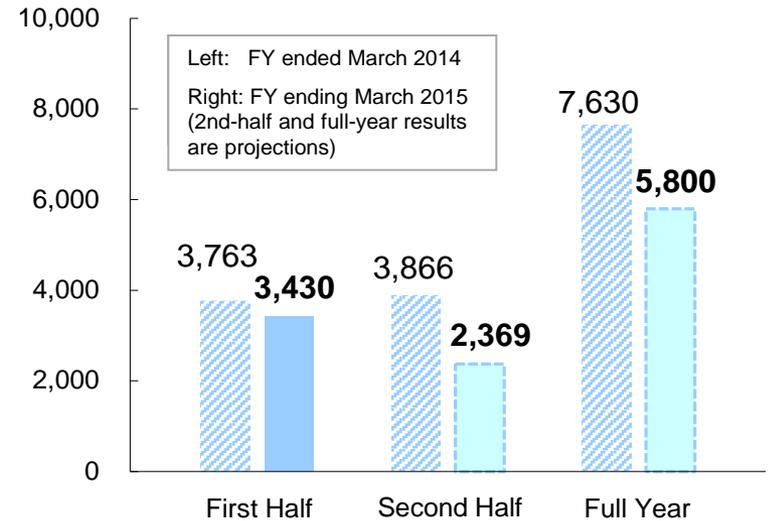
Release date to be determined



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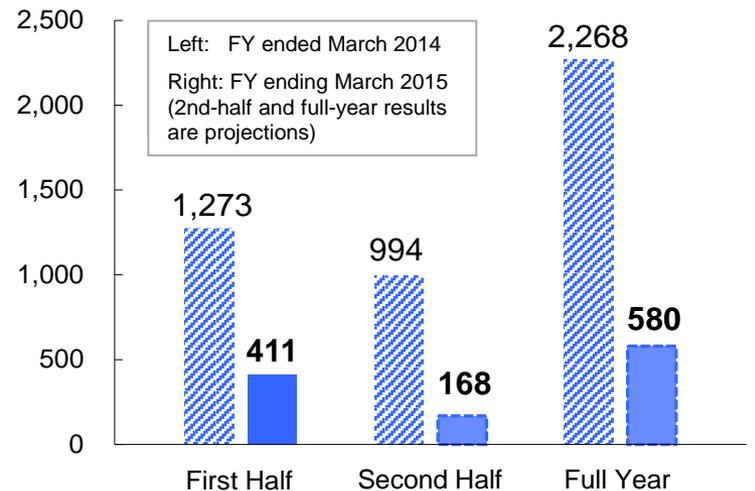
### Net Sales

(Unit: million yen)



### Segment Income

(Unit: million yen)



# III-3-1. Fiscal Year Ending March 2015 Progress Status

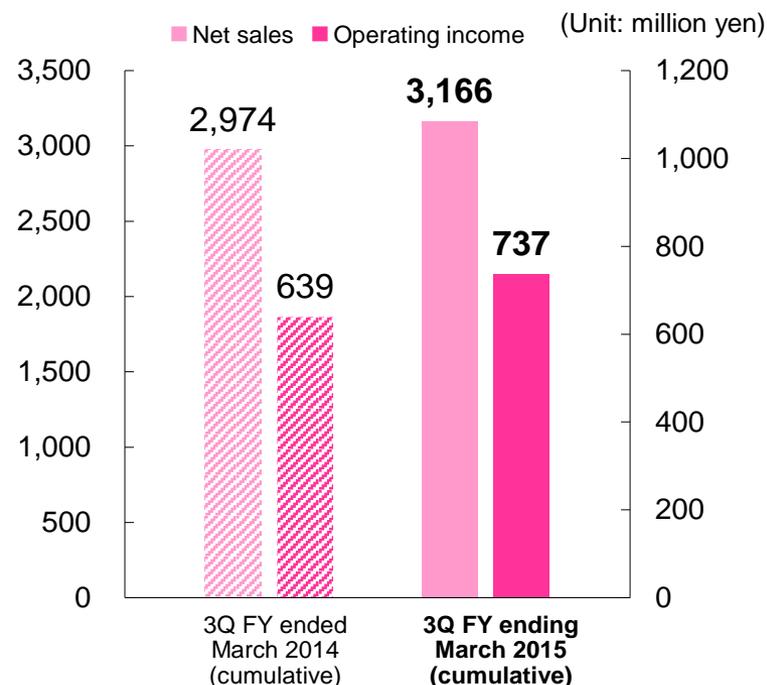
## 3Q Results

**Net sales:** Anime package sales struggling but sales are up thanks to favorable sales of stage performances

**Profits:** Profit ratios improved with robust sales of DVD, etc., related to stage performances

## Title Performance

- Commercialization of package products for TV *anime* “Samurai Jam -Bakumatsu Rock-” and “Tokyo Ghoul”
- Stage performances centered on main titles continue to draw full house audiences  
Strong sales of tickets for performances and related goods
- Sustained strong sales of DVD products related to stage performances



## <Title Rollouts>

**Tokyo Ghoul**  
Sales launch of the first volume on September 26, 2014



©Sui Ishida/Shueisha, Tokyo Ghoul Production Committee

**Stage [Yowamushi Pedal] Ep. HAKOGAKU**  
**The beast on the road**  
Performances in October 2014



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**MUSICAL THE PRINCE OF TENNIS**  
**Concert Dream Live 2014**  
Performances in November 2014  
(Revenue recognition in 4Q)



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**ULTRA MUSICAL**  
**Samurai Jam -Bakumatsu Rock-**  
Performances in December 2014  
(Revenue recognition in 4Q)



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# III-3-2. Fiscal Year Ending March 2015 Further Action

## TOPICS

- Start broadcasting of TV anime “Tokyo Ghoul √A” and “Go ! PRINCESS PRECURE”
- Successful stage performances of “MUSICAL THE PRINCE OF TENNIS” and “Stage [Yowamushi Pedal]” scheduled to continue

### <Title Rollouts>

**Tokyo Ghoul √A**  
Broadcast started January 2015



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**Go ! PRINCESS PRECURE**  
Broadcast started February 2015



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**MUSICAL THE PRINCE OF TENNIS**  
3rd Season SEIGAKU vs FUDOMINE  
Performances scheduled February to May 2015  
(Revenue recognition in FY2016)



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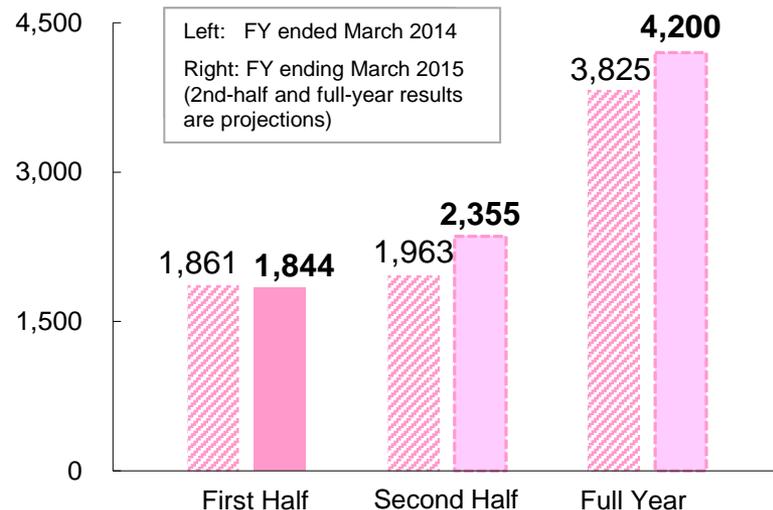
**Stage [Yowamushi Pedal]**  
Ep. Inter High School The WINNER  
Performances scheduled for March 2015



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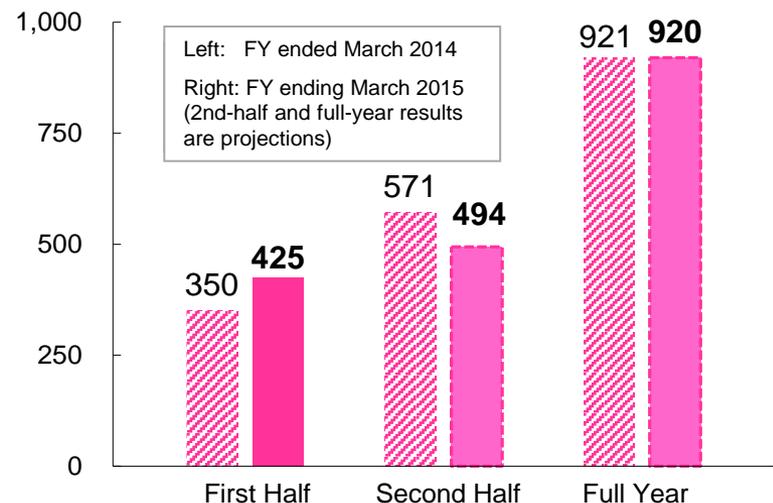
## Net Sales

(Unit: million yen)



## Segment Income

(Unit: million yen)



Thank you for your attention.

Inquiries

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