



**Results Briefing Materials**

**For the First Quarter of the Fiscal Year  
Ending March 31, 2019 (FY2019)**

**July 31, 2018**

- ◆ **Results Summary for the First Quarter of FY2019**
- ◆ **Overview by Segment and Forecast for FY2019**

# **Results Summary for the First Quarter of FY2019**

# Income Statement Highlights



- ◆ Sales increased due to strong sales of new titles in the Consumer Game Business but profit decreased as profit ratio declined resulting from the Online Business's weak performance.

(Unit: million yen)

	1Q FY2018		1Q FY2019		YoY change	
	Actual	Profit ratio	Actual	Profit ratio	Amount	%
<b>Net sales</b>	<b>4,822</b>	-	<b>6,296</b>	-	<b>1,473</b>	<b>130.6%</b>
Cost of sales	1,993	-	3,487	-	1,494	175.0%
SG&A expenses	2,120	-	2,157	-	37	101.8%
Of which advertising expenses	368	-	377	-	9	102.5%
<b>Operating profit</b>	<b>708</b>	<b>14.7%</b>	<b>650</b>	<b>10.3%</b>	<b>-58</b>	<b>91.8%</b>
Non-operating income/losses	2	-	49	-	46	1828.1%
<b>Ordinary profit</b>	<b>711</b>	<b>14.8%</b>	<b>699</b>	<b>11.1%</b>	<b>-11</b>	<b>98.4%</b>
Extraordinary income/losses	28	-	2	-	-25	10.2%
Income taxes	211	-	262	-	51	124.3%
<b>Profit attributable to owners of parent</b>	<b>528</b>	<b>11.0%</b>	<b>440</b>	<b>7.0%</b>	<b>-88</b>	<b>83.3%</b>

# Segment Results



(Unit: million yen)

		1Q FY2018	1Q FY2019	YoY change	
		Actual	Actual	Amount	%
Net sales	● Online Game	2,330	2,302	-27	98.8%
	● Consumer Game	1,338	2,668	1,329	199.3%
	● Audio & Visual	1,164	1,326	161	113.9%
	Total	4,822	6,296	1,473	130.6%
Segment profit	● Online Game	313	29	-283	9.6%
	● Consumer Game	271	509	237	187.4%
	● Audio & Visual	435	454	19	104.5%
	Total	1,020	994	-26	97.4%
Adjustments & eliminations		(311)	(343)	-31	110.3%
Operating profit total		708	650	-58	91.8%

## Highlights

### ◆ Online Game Business

- Lower sales of long-term operating titles
- Lower contribution from some titles released in the previous fiscal year

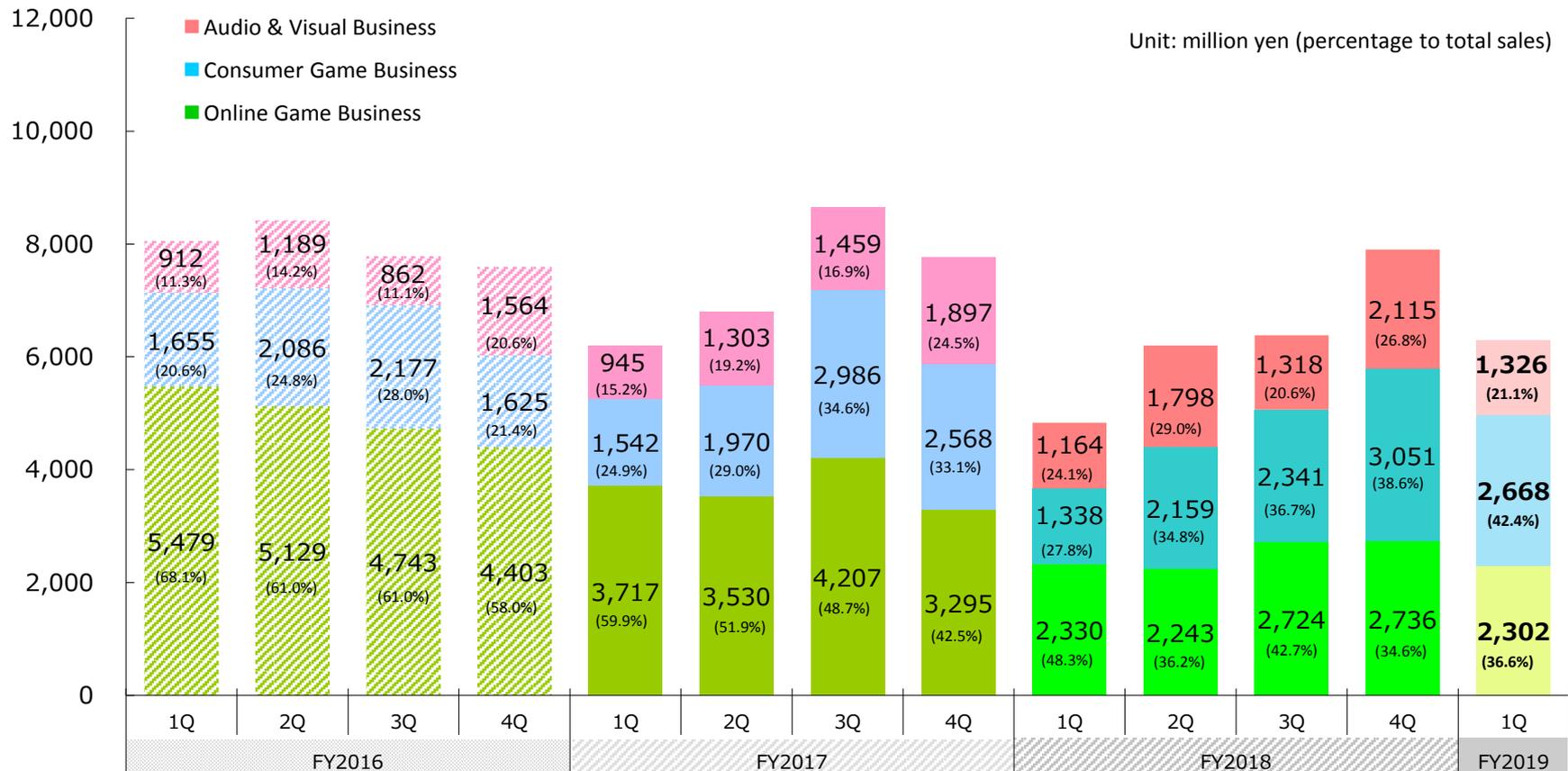
### ◆ Consumer Game Business

- Strong sales of new titles in Japan
- The amusement business performed well

### ◆ Audio & Visual Business

- Favorable anime secondary use revenue
- Strong stage-related package sales

# Quarterly Sales by Segment



Consolidated	Net sales	8,045	8,402	7,781	7,591	6,203	6,795	8,637	7,751	4,822	6,192	6,375	7,901	6,296
	Operating profit	1,376	1,464	1,130	1,446	638	679	2,503	1,932	708	1,055	1,197	2,184	650

# Balance Sheet Summary



(Unit: million yen)

	End-March 2018	End-June 2018	Change
<b>Current assets (total)</b>	21,137	20,143	-993
<b>Non-current assets (total)</b>	4,350	3,894	-456
<b>Total assets</b>	<b>25,488</b>	<b>24,038</b>	<b>-1,450</b>
<b>Current liabilities (total)</b>	7,024	6,809	-214
<b>Non-current liabilities (total)</b>	50	50	-
<b>Total liabilities</b>	<b>7,074</b>	<b>6,860</b>	<b>-214</b>
<b>Total net assets</b>	<b>18,414</b>	<b>17,178</b>	<b>-1,235</b>

# **Overview by Segment and Forecast for FY2019**

# Online Game Business: Progress Status for 1Q FY2019

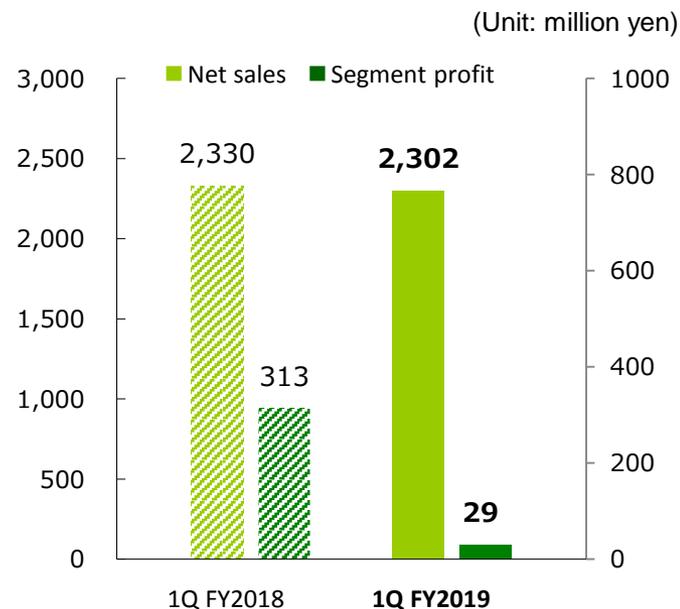


## Results for 1Q FY2019

- Sales and profits were down due to sluggish domestic sales although a decision was made to sell some titles in multiple regions overseas

## Title Performance

- Launched “SENGOKU NIGHT BLOOD,” in Taiwan, Hong Kong and Macau
- Advance registration started for “SENGOKU NIGHT BLOOD” and “SHINOBI MASTER -SENTRAN KAGURA NEW LINK-” in mainland China; Scheduled for launch in this winter
- Transferred the operation of “ORDINAL STRATA” released in the previous fiscal year to Fuji Games, Inc. while writing down development costs in a lump sum



## Title Rollouts

**SENGOKU NIGHT BLOOD**  
traditional Chinese character version  
(Taiwan, Hong Kong, Macau)



Launched  
on Jul. 5,  
2018

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**SENGOKU NIGHT BLOOD**  
simplified Chinese character version  
(Mainland China)



Scheduled  
for launch in  
this winter

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**SHINOBI MASTER**  
-SENTRAN KAGURA NEW LINK-  
(Mainland China)



Scheduled  
for launch in  
this winter

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©FOCUS GAMES

# Online Game Business: Initiatives Starting in 2Q FY2019

- ◆ Narrow down titles and continue strengthening management of existing titles
- ◆ Invite prominent outside producers to enhance production and take on the challenge of creating non-game applications

**SENGOKU NIGHT BLOOD KOUMEI**  
(native app)



Launched  
on May 29,  
2017

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**SHINOBI MASTER  
-SENРАН KAGURA NEW LINK-**  
(native app)



Launched  
on Nov. 29,  
2017

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**The Thousand Noble Musketeers**  
(native app)



Launched  
on Mar. 22,  
2018

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



Launched  
on Dec. 17,  
2013

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# Consumer Game Business: Progress Status for 1Q FY2019

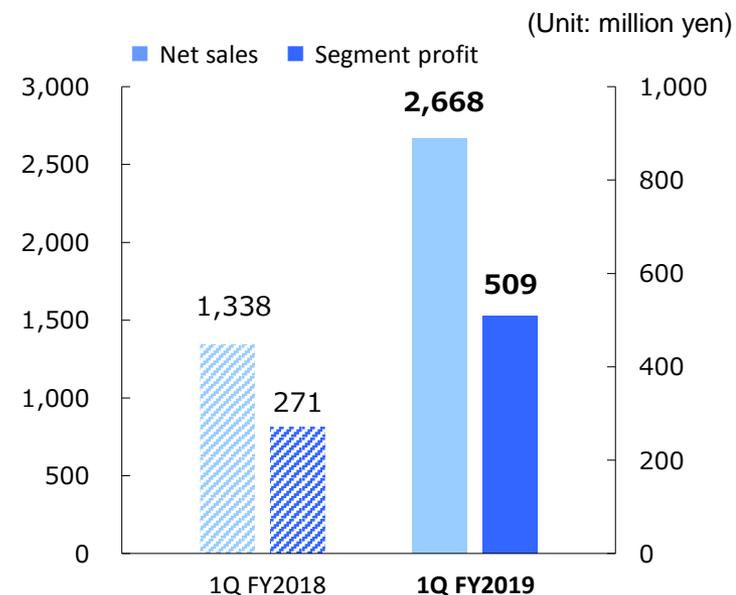


## Results for 1Q FY2019

- Sales and profits were up due to strong sales of new titles in Japan and arcade cabinets

## Title Performance

- Released “Fate/EXTELLA LINK,” the latest in this franchise for domestic market
- Overseas, subsidiary Marvelous USA Inc. launched “Bullet Witch,” launched in 2016 for Xbox 360, worldwide
- In the amusement business, “TRYPOD” continued to record strong sales both domestically and overseas, in addition to “Pokémon Ga-Olé”



## Title Rollouts

**Fate/EXTELLA LINK**  
(PlayStation®4/PlayStation®Vita)



Released on  
Jun. 7, 2018

©TYPE-MOON ©2018 Marvelous Inc.

**Bullet Witch**  
(Windows PC)



Released on  
Apr. 26, 2018  
(Japan time)  
worldwide

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**TRYPOD**  
(Amusement)



Operation  
started in  
Nov. 2017

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# Consumer Game Business: Initiatives Starting in 2Q FY2019



- ◆ Planning to launch an all-new game “Little Dragons Cafe HIMITSU NO RYU TO FUSHIGI NA SHIMA” and “PEACH BALL SENRAN KAGURA,” the latest in the SENRAN KAGURA franchise in Japan
- ◆ Overseas, planning to launch “SENRAN KAGURA Reflexions” and “SENRAN KAGURA Burst Re:Newal”

## Little Dragons Cafe HIMITSU NO RYU TO FUSHIGI NA SHIMA (Nintendo Switch/PlayStation®4)



©Aksys Games Localization Inc./TOYBOX Inc.  
Licensed to and published by Marvelous Inc.

To be  
released  
on August 30,  
2018

## PEACH BALL SENRAN KAGURA (Nintendo Switch)



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Release date  
to be  
determined

## SENRAN KAGURA Reflexions (Nintendo Switch)



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Marvelous Europe Ltd.

To be released  
in North America  
and Europe  
in summer 2018

## SENRAN KAGURA Burst Re:Newal (PlayStation®4/Windows PC)



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Marvelous Europe Ltd.

To be released  
in North America  
and Europe  
in 2018

# Audio & Visual Business: Progress Status for 1Q FY2019

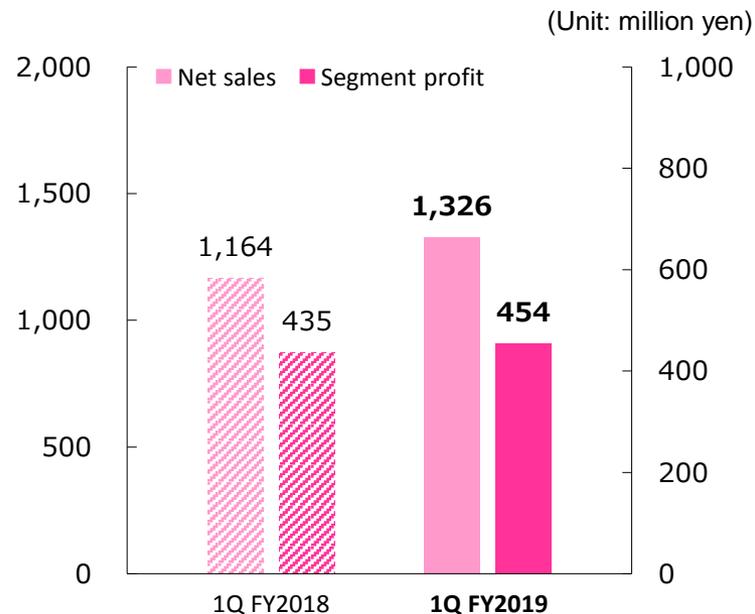


## Results for 1Q FY2019

- Sales and profits were up due to an increase in secondary use revenues and strong stage-related package sales despite a year-on-year increase in amortization costs for anime production

## Title Performance

- Launched broadcasting of a TV anime production “Tokyo Ghoul :re” (1<sup>st</sup> stage)
- Numerous franchise productions were performed, including “Musical HAKUOKI,” “MUSICAL AO HARU TETSUDO 3,” “MUSICAL THE PRINCE OF TENNIS 15th ANNIVERSARY CONCERT Dream Live 2018” and “JOKER GAME THE STAGE II”
- Strong package sales for “Touken Ranbu the Stage” and “Ensemble Stars! On Stage” franchises



## Title Rollouts

TV anime production  
Tokyo Ghoul :re



Broadcast in  
Apr. - Jun.  
2018

©Sui Ishida/Shueisha, Tokyo  
Ghoul:re Production Committee

Musical HAKUOKI



Public  
performances in  
Apr. - May 2018  
(to be recorded  
in 2Q)

©IDEA FACTORY / DESIGN FACTORY / Musical HAKUOKI Project

MUSICAL AO HARU TETSUDO 3



Public  
performances in  
May 2018  
(to be recorded  
in 2Q)

©Musical AO HARU TETSUDO Project

MUSICAL THE PRINCE OF TENNIS  
15<sup>th</sup> ANNIVERSARY CONCERT  
Dream Live 2018



Public  
performances  
in May 2018  
(to be recorded  
in 2Q)

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

JOKER GAME  
THE STAGE II



Public  
performances  
in Jun. 2018  
(to be recorded  
in 2Q)

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

# Audio & Visual Business: Initiatives Starting in 2Q FY2019



- ◆ Developing a series of powerful IPs for both anime and stage
- ◆ Developing all-new stages

TV anime production  
The Thousand Masketeers



Broadcast in  
Jul. 2018

©SENJUSHI Production Committee

TV anime production  
Tokyo Ghoul :re



2nd stage  
Broadcasting  
scheduled for  
Oct. 2018

©Sui Ishida/Shueisha, Tokyo Ghoul:re Production Committee

MUSICAL THE PRINCE OF TENNIS  
3rd SEASON National Tournament  
SEIGAKU vs HYŌTEI



Public  
performances  
in Jul. - Sep.  
2018

©2009 TAKESHI KONOMI ©2014 NAS, THE PRINCE OF TENNIS II PROJECT  
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Touken Ranbu the Stage



Public  
performances  
in Jun. - Jul.  
2018

©Touken Ranbu the Stage Production Committee

Stage : SENGOKU NIGHT BLOOD



Public  
performances  
scheduled for  
Aug. 2018

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SENGOKU NIGHT BLOOD STAGE PROJECT

The sequel to Stage MobPsycho 100



Public  
performances  
scheduled for  
Sep. 2018

© ONE, Shogakukan/Stage MobPsycho 100Project 2018

“Ensemble Stars! On Stage”  
Festival



Public  
performances  
scheduled for  
Sep. 2018

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

REBORN! THE STAGE



Public  
performances  
scheduled for  
Sep. - Oct.  
2018

© Akira Amano / Shueisha  
© REBORN! THE STAGE PROJECT

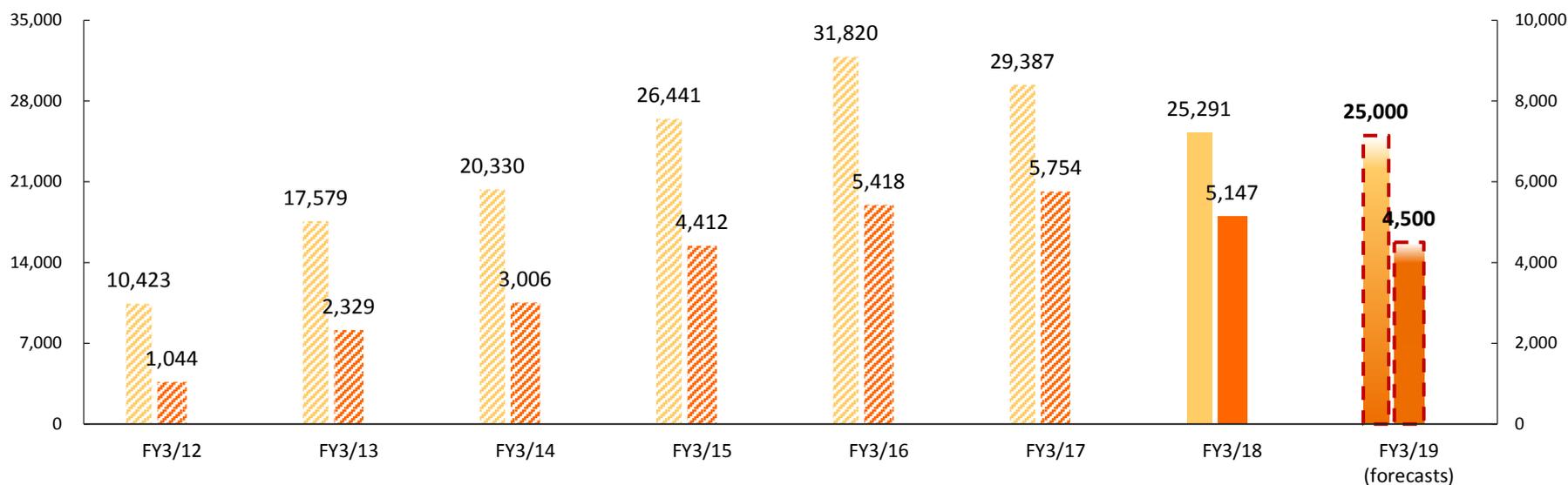
# Forecast for FY2019

# Forecast for FY2019



(Unit: million yen)

	FY2018		FY2019		Change	
	Actual	Profit ratio	Forecast	Profit ratio	Amount	%
Net sales	25,291	-	<b>25,000</b>	-	-291	98.8%
Operating profit	5,147	20.4%	<b>4,500</b>	18.0%	-647	87.4%
Ordinary profit	5,105	20.2%	<b>4,500</b>	18.0%	-605	88.1%
Profit attributable to owners of parent	3,513	13.9%	<b>2,980</b>	11.9%	-533	84.8%



Thank you very much for your attention.

Inquiries

Administration Division, Corporate Planning Department

TEL: +81-3-5769-7447

FAX: +81-3-5769-7448

URL:<https://corp.marv.jp>

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