

Marvelous Inc.

Stock Code: 7844

(First Section of Tokyo Stock Exchange)

MARVELOUS!

Results Briefing Materials

Fiscal Year Ending March 31, 2018

First Quarter

July 31, 2017



- ◆ **Fiscal Year Ending March 2018, First Quarter Results Summary**
- ◆ **Segment Results and Full-Year Business Forecast**

Fiscal Year Ending March 2018, First Quarter Results Summary

Earnings Highlights (Statement of Income)



- ◆ Sales down compared with the year-earlier period due to lower sales at the Online Game Business but earnings up due to favorable results in the Consumer Game Business and Audio & Visual Business
- ◆ Ordinary income and net income benefited from an improved foreign exchange balance

(Unit: million yen)

	1Q FY ended March 2017		1Q FY ending March 2018		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	6,203	-	4,822	-	-1,381	77.7%
Cost of sales	2,844	-	1,993	-	-851	70.1%
SGA expenses	2,721	-	2,120	-	-600	77.9%
Thereof advertising expenses	552	-	368	-	-184	66.7%
Operating income	638	10.3%	708	14.7%	70	111.1%
Non-operating income/losses	-227	-	2	-	230	-
Ordinary income	410	6.6%	711	14.8%	301	173.4%
Extraordinary income/losses	6	-	28	-	22	-
Income taxes	113	-	211	-	97	186.5%
Profit attributable to owners of parent	303	4.9%	528	11.0%	225	174.5%

Segment Results



(Unit: million yen)

		1Q FY ended March 2017	1Q FY ending March 2018	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	3,717	2,330	-1,387	62.7%
	● Consumer Game Business	1,542	1,338	-203	86.8%
	● Audio & Visual Business	945	1,164	218	123.1%
	Total	6,203	4,822	-1,381	77.7%
Segment Income	● Online Game Business	576	313	-263	54.3%
	● Consumer Game Business	123	271	148	219.5%
	● Audio & Visual Business	253	435	182	172.0%
	Total	953	1,020	66	107.0%
Adjustments & eliminations		-315	-311	3	98.8%
Operating Income Total		638	708	70	111.1%

POINT

◆ Online Game Business

- Sales and earnings down due to lower sales of main titles

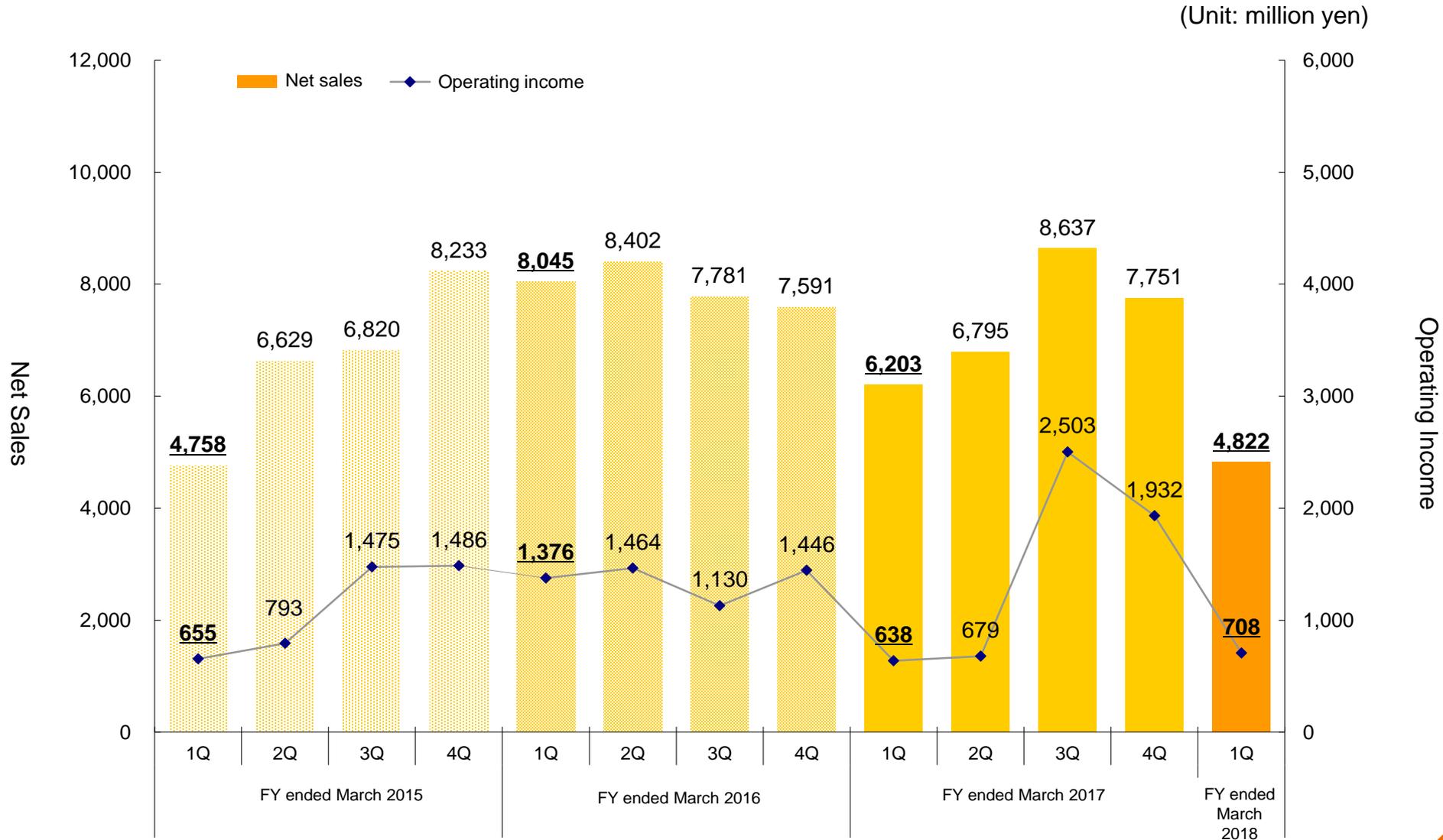
◆ Consumer Game Business

- Despite lower sales from the absence of new domestic titles, profit margins improved and earnings rose on favorable repeat sales of titles launched a year earlier

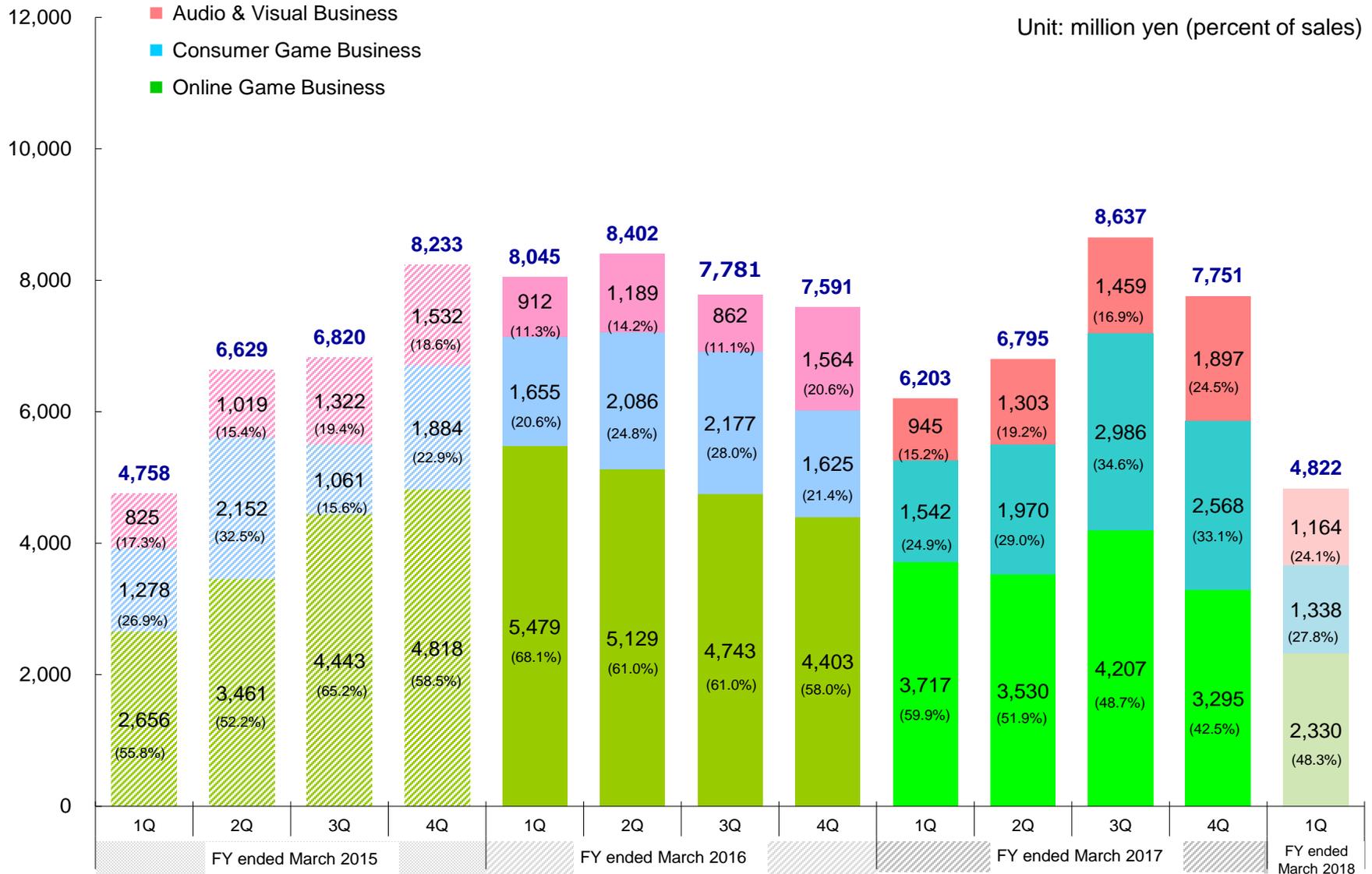
◆ Audio & Visual Business

- Sales and earnings up on strong performance of popular titles continuing from the previous fiscal year

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 and dividend payment
- ◆ Current liabilities down mainly due to payment of accounts payable and income taxes payable
- ◆ Net assets decreased mainly due to dividend payment

(Unit: million yen)

	End of March 2017	End of June 2017	Change
Current assets (total)	19,285	16,695	-2,589
Noncurrent assets (total)	4,943	4,640	-302
Total Assets	24,228	21,336	-2,892
Current liabilities (total)	7,626	5,776	-1,849
Noncurrent liabilities (total)	62	62	0
Total Liabilities	7,688	5,838	-1,849
Net Assets (total)	16,539	15,497	-1,042

Segment Results and Full-Year Business Forecast

Online Game Business: 1Q FY Ending March 2018 Progress Status

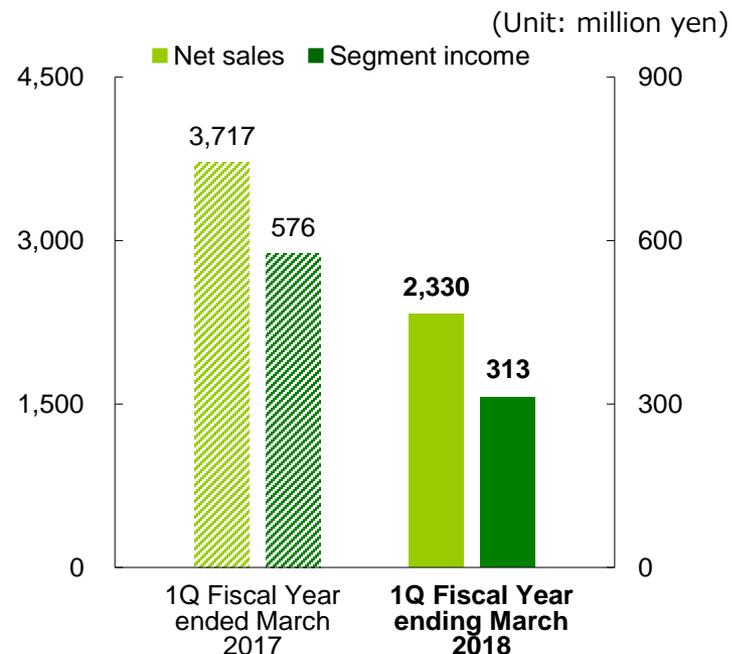


1Q Results for FY Ending March 2018

- Main title "Logres of Swords and Sorcery: Goddess of Ancient" remains highly popular but marked lower sales and earnings due to weakness compared with the previous fiscal year

Title Performance

- "Tenka Touitsu Project," launched in April, failed to thrive, prompting service termination and lump-sum write-off of development costs
- "Sengoku Night Blood," released in May, staged a favorable start with over two million downloads in less than one month



<Title Rollouts>

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



©Marvelous Inc. Aiming Inc.

Tenka Touitsu Project
(PC browser)



©Marvelous Inc. / © DMM GAMES

Sengoku Night Blood
(native app)



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Online Game Business: Initiatives Starting in 2Q of FY Ending March 2018

- ◆ New title development through cooperation with other manufacturers and IP rollouts set to become major income sources

OSOMATSU SAN YOKUBARI! NEET ISLAND (native app)



© Fujio Akatsuka, OSOMATSU SAN Production Committee
© D-techno / Marvelous Inc.

Scheduled
for launch at
the end of
summer
2017

Joint development and
operation with D-techno **MARVELOUS! × D-techno**

Senjushi (native app)



©LINE Corporation / Marvelous Inc.

Dissemination
scheduled for
this winter

Joint projects with
LINE Corporation **MARVELOUS! × LINE GAME**

ORDINAL STRATA (native app)



© Fuji Games Inc. / Marvelous Inc.

Scheduled
for launch in
the fall
of 2017

Large-scale
joint project **MARVELOUS! × FUJIGAMES**
Theme music: Mr. ToshI (X JAPAN)

Two as yet
unannounced
titles in
development

* Titles in the pipeline include no titles under consideration but imply no commitment as to the number of title releases.

Consumer Game Business: 1Q FY Ending March 2018 Progress Status

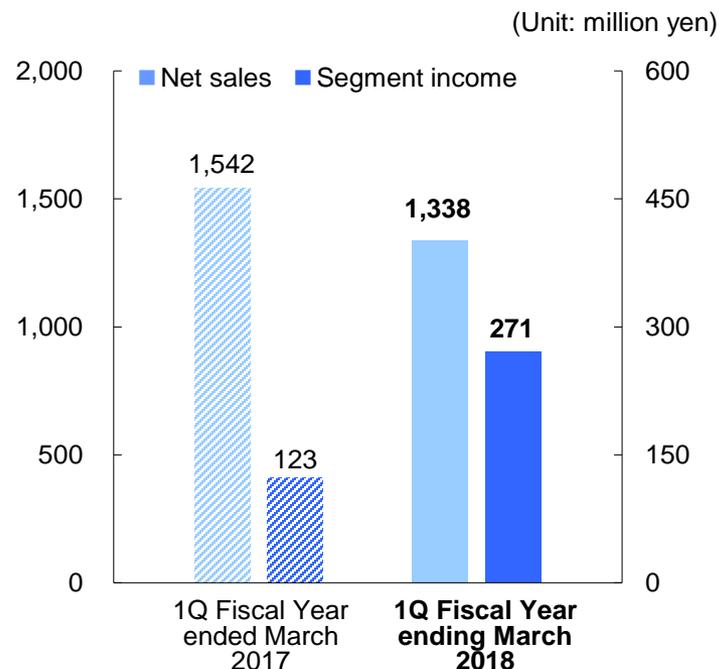


1Q Results for FY Ending March 2018

- ◆ Sales down compared with the year-earlier period due to absence of new domestic title launches, but profit margins improved and earnings up compared with the year-earlier period on continued contributions from titles released in the previous fiscal year

Title Performance for 1Q FY Ending March 2018

- ◆ Own sales operations mark sustained favorable repeat sales of titles released in the previous fiscal year in Japan and overseas
- ◆ Amusement division also successful with solid results from "Pokémon Ga-Olé" in Japan and "Pokémon TRETТА" overseas



<Title Rollouts>

Fate/EXTELLA
(PS4/PS Vita)



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Released
on
November
10,
2016

**SENTRAN KAGURA
PEACH BEACH SPLASH**
(PS4)



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Released
on
March 16,
2017

Pokémon Ga-Olé
(Amusement)



Operations
launched
on July 7,
2016

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Developed by T-ARTS and MARV
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Consumer Game Business: Initiatives Starting in 2Q of FY Ending March 2018

MARVELOUS!

- ◆ Package products to see platform diversification rollout for main series in Japan and overseas
- ◆ Amusement division poised to launch new aggressive initiatives

Japan

Fate/EXTELLA (Nintendo Switch)



Released
on July 20

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Published outside Japan by XSEED Games/Marvelous
USA, Inc. and Marvelous Europe Ltd.

Shinobi Reflation - SENRAN KAGURA - (Nintendo Switch)



Scheduled
for release
in
2017

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Overseas

Fate/EXTELLA: The Umbral Star (Nintendo Switch/Windows PC)



NS version
sales launch
July 25 in
North America
July 21 in
Europe

PC version
sales launch
July 25
world wide

NS version:
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Published outside Japan by XSEED Games/Marvelous USA, Inc. and Marvelous Europe Ltd.
PC version:
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Marvelous USA, Inc.

SENRAN KAGURA Peach Beach Splash (PS4)



Sales launch in
North America
and Europe
scheduled in
September

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USA, Inc.

STORY OF SEASONS: Trio of Towns (Nintendo 3DS)



Scheduled
for release
in Europe
on October
13

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published by XSEED Games / Marvelous USA, Inc.
* Imagery taken from the North American version.

The Legend of Heroes: Trails of Cold Steel (Windows PC)



World wide
sales launch
scheduled in
early August

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USA, Inc.

Amusement

DRAGON QUEST SCANBATTLEERS (Amusement)



July 20
Renewal

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TRYPOD (Amusement)



Service start
scheduled for
this autumn

* Patent application pending.
* Note that design and content are subject to change
without prior notice.
* The monitor is a separate option.
Prize Co-Sponsorship: © SYSTEM SERVICE CO.,LTD.

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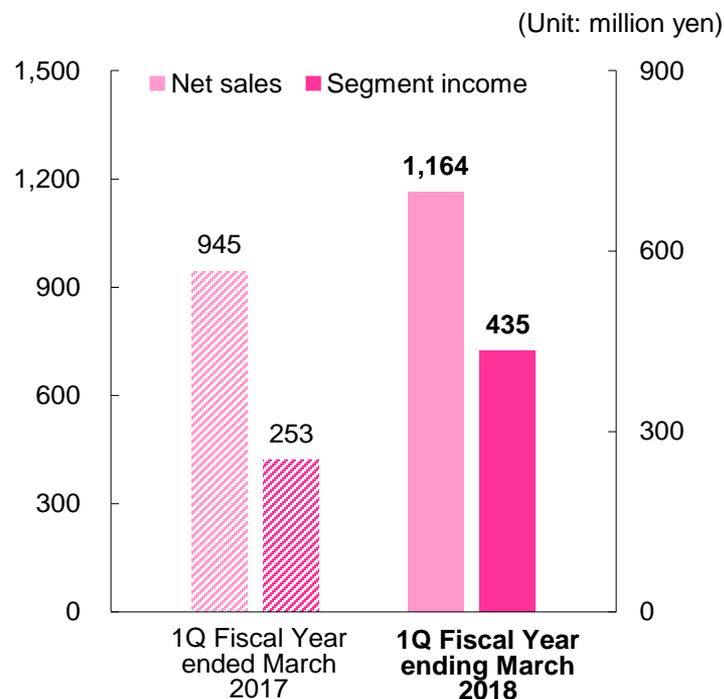
Audio & Visual Business: 1Q FY Ending March 2018 Progress Status

1Q Results for FY Ending March 2018

- ◆ Popular titles from the previous fiscal year continue to pull performance with higher sales and earnings

Title Performance for 1Q FY Ending March 2018

- ◆ Favorable package sales keeping up for highly popular TV anime production "TOUKEN RANBU HANAMARU" broadcast in October 2016
- ◆ Continued successful package sales also for mega hit public performances of "Ensemble Stars! On Stage" ~Take your marks!~ staged in the previous fiscal year
- ◆ In stage performances, new production "JOKER GAME THE STAGE" proved highly successful, with tickets sold out, and series productions also thriving (part of revenues to be recognized on 2Q accounts)



<Title Rollouts>

Anime production
"TOUKEN RANBU HANAMARU"



April / May
DVD/BD
Sales
launch of
sequels 5
and 6

© 2016 TOUKEN RANBU HANAMARU Project

"Ensemble Stars! On Stage"
~Take your marks!~



May
DVD/BD
Sales launch

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

Musical HAKUOKI



Performances
in April

© IDEA FACTORY-DESIGN FACTORY/HAKUOKI Project
© Musical HAKUOKI Project

JOKER GAME THE STAGE



Public
performances
in May
(Revenues to
be recognized
on 2Q
accounts)

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

Audio & Visual Business: Initiatives Starting in 2Q of FY Ending March 2018

MARVELOUS!

- ◆ A line-up of promising new anime productions including cross-media rollouts using original IP
- ◆ In stage performances, plans call for a steady string of public performances including the latest productions of popular series

vistlip



10-year debut anniversary

Anime production
“SENGOKU NIGHT BLOOD”



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* This illustration has been taken from the app.

TV anime production broadcasting launches scheduled for October 2017

Anime production
“Fate/EXTRA Last Encore”



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TV anime production broadcasting launches scheduled for next winter

Anime production
“TOUKEN RANBU HANAMARU”



© 2016 TOUKEN RANBU HANAMARU Project

TV anime productions for two fiscal years Broadcasting launches scheduled for January 2018

Tokyo Ghoul the Stage



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

Public performances in June - July 2017

Touken Ranbu the Stage



© Touken Ranbu the Stage Production Committee

Public performances in June - July 2017

B-PROJECT on STAGE
OVER the WAVE!



© MAGES/STAGE B-PROJECT

Public performances schedule for July - August 2017

“Ensemble Stars! Extra Stage”
～Judge of Knights～



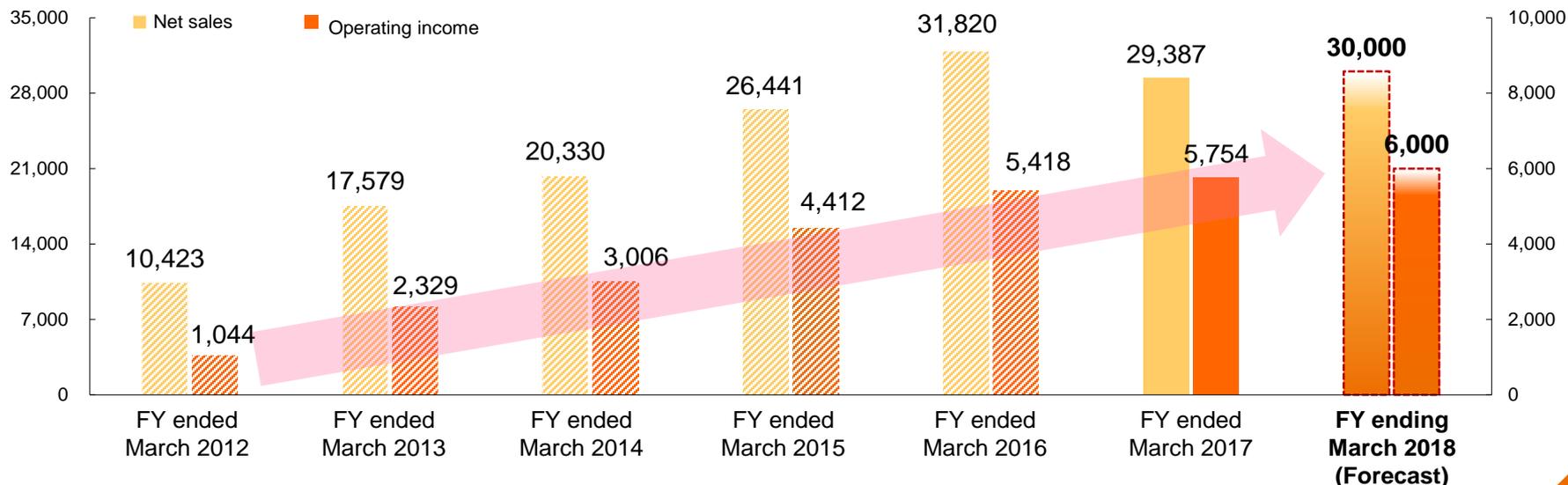
© 2016 Happy Elements K.K./Ensemble Stars! STAGE PROJECT

Public performances in September 2017

Fiscal Year Ending March 2018, 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	—	30,000	—	613	102.1%
Operating Income	5,754	19.6%	6,000	20.0%	246	104.3%
Ordinary Income	5,810	19.8%	6,000	20.0%	190	103.3%
Profit attributable to owners of parent	4,165	14.2%	4,180	13.9%	15	100.4%



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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