

MARVELOUS!

Results Briefing Materials

Fiscal Year Ending March 31, 2020

First Quarter

July 31, 2019

Fiscal Year Ending March 2020, First Quarter Results Summary

Segment Results and Full-Year Business Forecast

Fiscal Year Ending March 2020, First Quarter Results Summary

Earnings Highlights (Statement of Income)



Sales revenues decreased due to lower sales of online games and the absence of domestic sales launches of new game software, but operating income rose compared with the year-earlier period thanks to improved margins at the Online Game Business.

Unit: million yen	1Q FY ended March 2019		1Q FY ending March 2020		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	6,296	-	4,518	-	-1,777	71.8%
Cost of sales	3,487	-	1,999	-	-1,488	57.3%
SGA expenses	2,157	-	1,856	-	-300	86.1%
Thereof advertising expenses	377	-	219	-	-157	58.2%
Operating income	650	10.3%	662	14.7%	11	101.8%
Non-operating income/losses	49	-	-43	-	-93	-
Ordinary income	699	11.1%	618	13.7%	-81	88.4%
Extraordinary income/losses	2	-	-22	-	-25	-
Income taxes	262	-	252	-	-9	96.2%
Profit attributable to owners of parent	440	7.0%	343	7.6%	-96	78.0%

Segment Results



		1Q FY ended March 2019	1Q FY ending March 2020	YOY change	
Unit: million yen		Actual	Actual	(Amount)	(%)
Net Sales	Online Game Business	2,302	1,658	-643	72.0%
	Consumer Game Business	2,668	1,761	-906	66.0%
	Audio & Visual Business	1,326	1,098	-227	82.9%
	Total	6,296	4,518	-1,777	71.8%
Segment Income	Online Game Business	29	328	298	1093.4%
	Consumer Game Business	509	392	-117	77.0%
	Audio & Visual Business	454	344	-110	75.7%
	Total	994	1,064	70	107.1%
Company-level costs, etc.		-343	-402	-58	117.1%
Operating Income Total		650	662	11	101.8%

Online Game Business

- Lower sales of long-seller titles
- Margins improved on restructuring effects and disposal of unprofitable titles.

Consumer Game Business

- The amusement business performed favorably.
- No new game software products launched in Japan.

Audio & Visual Business

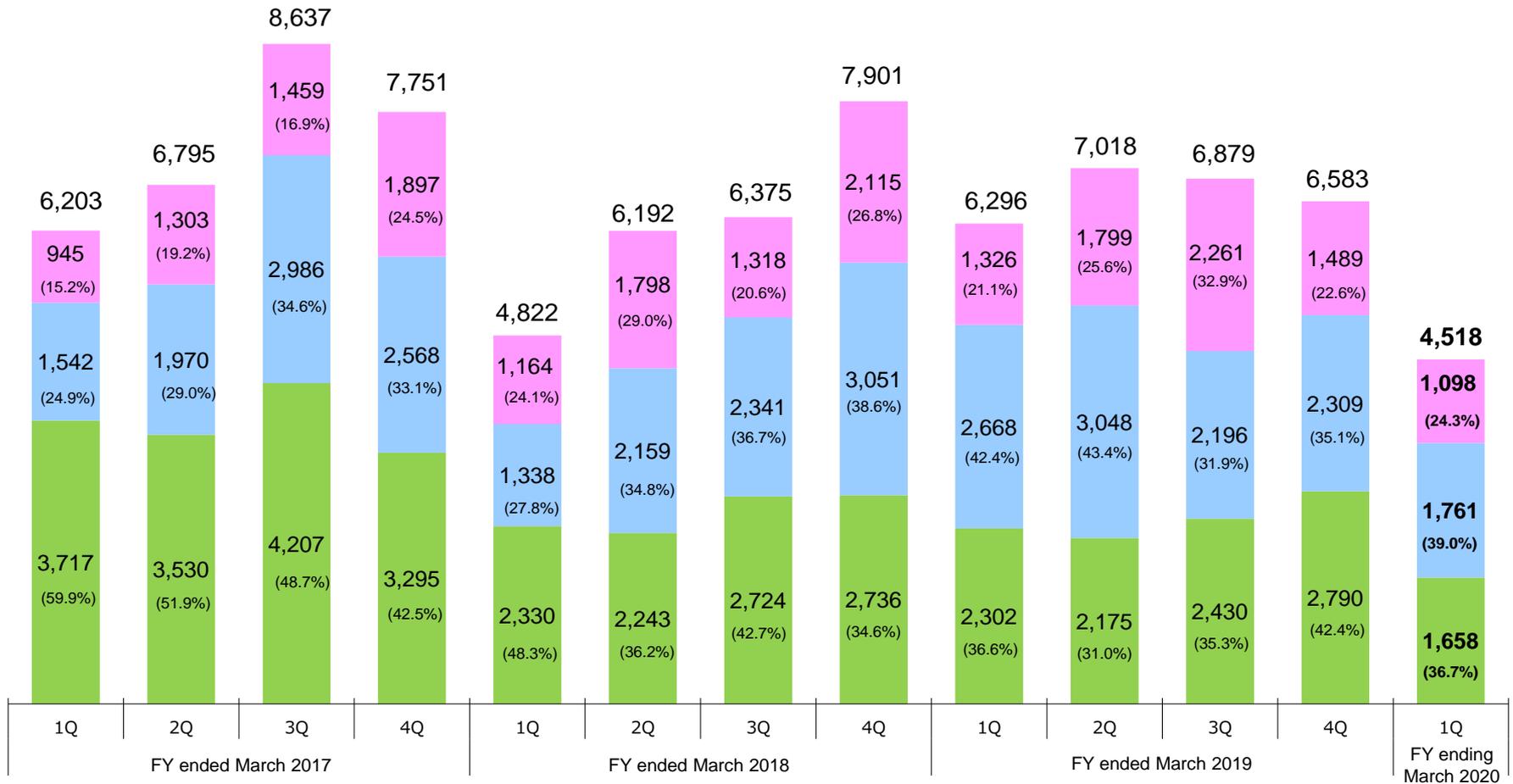
- Sales launches of titles as stage-related package products decreased compared with the year-earlier period.

Sales Structure by Segment (Quarterly)



- Audio & Visual Business
- Consumer Game Business
- Online Game Business

Unit: million yen (percent of sales)



* Totals may not tally to 100% due to rounding of sales percentages to the second decimal point.

Segment Results and Full-Year Business Forecast

Online Game Business: 1Q FY Ending March 2020 Progress Status



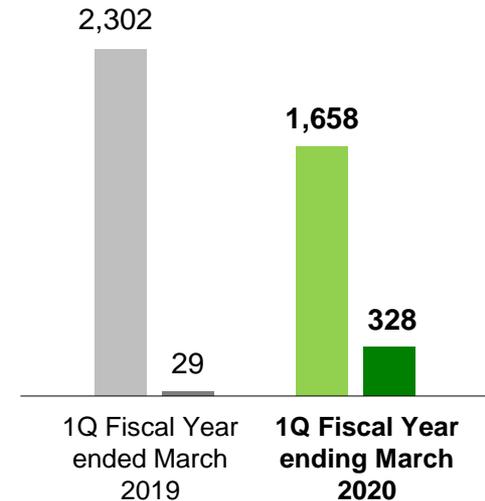
[1Q Results for FY Ending March 2020]

Sales revenues decreased due to lower sales of long-seller titles and a reduced number of titles, but earnings rose on improved margins from the effects of structural reforms implemented in the previous fiscal year and the disposal of unprofitable titles.

[Title Performance]

- "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" maintained favorable performance but sales of "Logres of Swords and Sorcery: Goddess of Ancient" has been decreasing over the years.
- "The Thousand Noble Musketeers" will end service in June. However, an offline version will be disseminated, and development will continue on a project basis.

■ Net sales ■ Segment income Unit: million yen



[Title Rollouts]

**SHINOVI MASTER
-SENTRAN KAGURA NEW LINK-**
(native app)



Dissemination launched in
November 2017

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



Dissemination launched in December 2013

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Online Game Business: Initiatives Starting in 2Q of FY Ending March 2020

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- "GIRL CAFE GUN," a barrage shooting game originating from China designed for smartphones, will see primary dissemination in Japan this summer.
- "LOGRES STORIES," the latest production of the MMORPG "Logres" series, is scheduled for dissemination within 2019.
- More new apps are in development, with targets for service starts within this fiscal year.

GIRL CAFE GUN

(native app)



Scheduled for launch
in the summer of 2019

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LOGRES STORIES

(native app)



Scheduled for launch in 2019

©Marvelous Inc. Aiming Inc.

Title undecided

(native app)

New app game

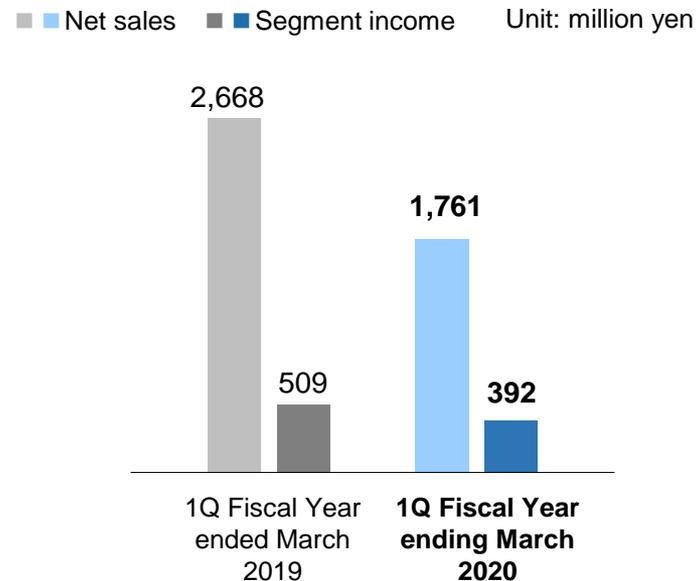
Distribution to be determined

Consumer Game Business: 1Q FY Ending March 2020 Progress Status



[1Q Results for FY Ending March 2020]

The amusement business kept up favorable performance, but sales and earnings declined in the absence of domestic sales launches of new game software.



[Title Performance]

- No domestic sales launches of new game software.
- Overseas, dissemination started of the Steam version of "SENTRAN KAGURA Reflexions."
- In the amusement business, "Pokémon Ga-Olé" continues to perform favorably.

[Title Rollouts]

SENTRAN KAGURA Reflexions (Windows PC)



Released on June 24, 2019

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Pokémon Ga-Olé (Amusement)



Operations launched in July 2016

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Consumer Game Business: Initiatives Starting in 2Q of FY Ending March 2020

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- The amusement business started operations of the new rhythm game "WACCA" on July 18.
- In domestic game software, sales launches comprise "Rune Factory 4 Special," launched in July, "DAEMON X MACHINA," a new action-themed production to be launched in September, and "BOKUJO MONOGATARI SAIKAI NO MINERAL TOWN," the first title of this series for Nintendo Switch, is slated to be launched in October. The sales launch of "CONTROL," a title acquired overseas, is scheduled for this fall.

WACCA
(Amusement)



Operations launched
on July 18, 2019

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Rune Factory 4 Special
(Nintendo Switch)



Released on July 25, 2019

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DAEMON X MACHINA
(Nintendo Switch)



Scheduled for release
on September 13, 2019

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**BOKUJO MONOGATARI
SAIKAI NO MINERAL TOWN**
(Nintendo Switch)



Scheduled for release
on October 17, 2019

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CONTROL
(PlayStation®4)



Scheduled for release
in the fall of 2019

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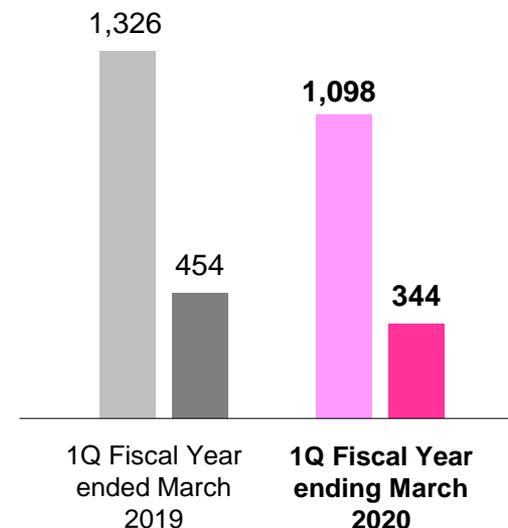
Audio & Visual Business: 1Q FY Ending March 2020 Progress Status



[1Q Results for FY Ending March 2020]

Despite favorable package sales of movie titles and steady results from stage performances, sales and earnings declined due to a smaller stage-related package line-up compared with the year-earlier period.

■ Net sales ■ Segment income Unit: million yen



[Title Performance]

- Package-commercialization of Pretty Cure TV anime and movie version
- Blu-ray and DVD versions of "TOUKEN RANBU: THE MOVIE - SUCCESSION-" were released on June 19, taking the first rank in the Oricon Weekly Ranking for Blu-ray and DVD deluxe editions.*
- Stage performances implemented include "Musical HAKUOKI SHITAN Side Kazama Chikage," "MUSICAL『MORIARTY THE PATRIOT』," and multiple other productions.
- Blu-ray and DVD sales launches of "MUSICAL THE PRINCE OF TENNIS" and "Ensemble Stars! Extra Stage"

[Title Rollouts]

* Oricon "Weekly Blu-ray Ranking" and "Weekly DVD Ranking," dated July 1, 2019.

TV anime
Star☆Twinkle Pretty Cure



DVD Volume 1 Sales launched in June 2019

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Pretty Cure Miracle Universe the Movie



DVD/BD Sales launched in July 2019

©2019 Pretty Cure Miracle Universe the Movie Production Committee

TOUKEN RANBU:
THE MOVIE -SUCCESSION-



DVD/BD Sales launched in June 2019

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Musical HAKUOKI SHITAN
Side Kazama Chikage



Performances in April 2019

©IDEA FACTORY·DESIGN FACTORY / Musical HAKUOKI Project

MUSICAL
『MORIARTY THE PATRIOT』



Public performances in May 2019 (Revenues to be recognized on 2Q accounts)

©Ryosuke Takeuchi, Hikaru Miyoshi / SHUEISHA ©MUSICAL 『MORIARTY THE PATRIOT』PROJECT

Audio & Visual Business: Initiatives Starting in 2Q of FY Ending March 2020

- In stage performances, the latest productions of serialized works will be performed in succession, including completely new work.
- In animation, the latest production of the movie version of Pretty Cure is scheduled for release in October.

MUSICAL THE PRINCE OF TENNIS 3rd SEASON National Tournament SEIGAKU vs RIKKAI The First Half

Touken Ranbu the Stage



Public performances
in June - August 2019

©Touken Ranbu the Stage Production Committee
©2015-2019 DMM GAMES/Nitroplus



Public performances
in July - September 2019

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

“Ensemble Stars! Extra Stage” ~Destruction x Road~



Public performances schedule
For August - September 2019

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

"Blood Blockade Battlefront" the Stage



Public performances schedule
For November 2019

©Yasuhiko Nishitani/SHUEISHA
©Blood Blockade Battlefront the Stage

PERSONA5 the Stage



Public performances schedule
For December 2019

©ATLUS ©SEGA ©SEGA/PERSONA5 the Stage Project

Star Twinkle Pretty Cure the Movie



Public performances schedule
for October 2019

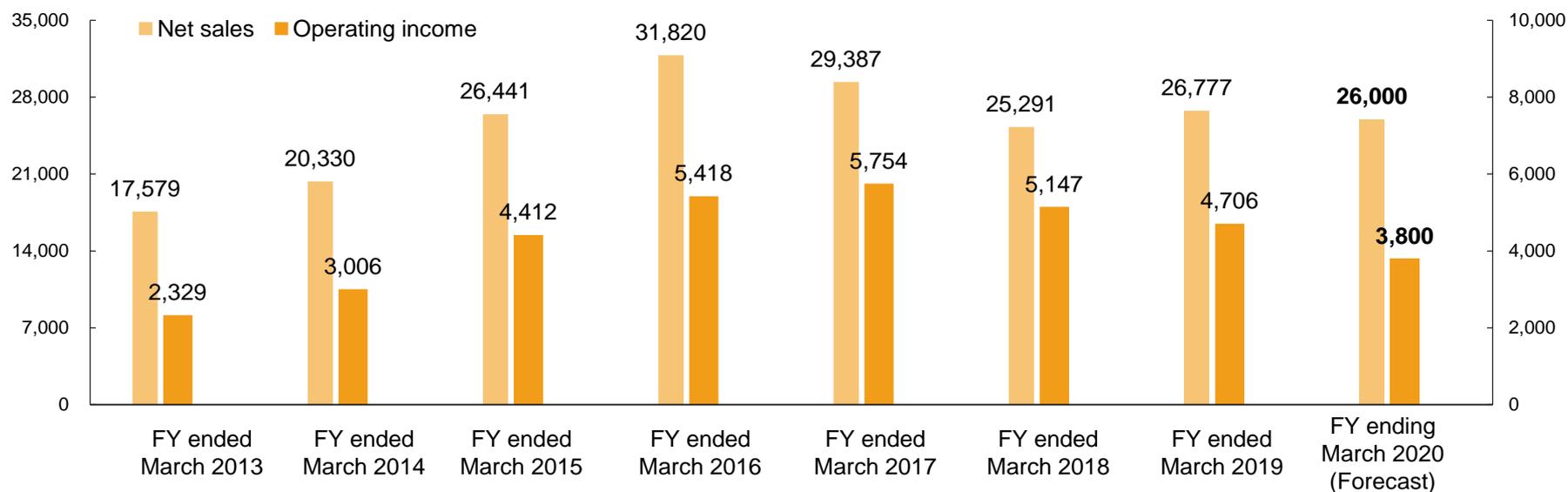
©2019 Star Twinkle Pretty Cure the Movie Production Committee

Fiscal Year Ending March 2020, Business Forecast



Unit: million yen

	FY ended March 2019		FY ending March 2020		YOY change	
	Actual	Profit ratio	Forecast	Profit ratio	(Amount)	(%)
Net Sales	26,777	–	26,000	–	-777	97.1%
Operating Income	4,706	17.6%	3,800	14.6%	-906	80.7%
Ordinary Income	4,791	17.9%	3,800	14.6%	-991	79.3%
Profit attributable to owners of parent	3,351	12.5%	2,600	10.0%	-751	77.6%



Thank you very much for your attention.

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