

# MARVELOUS!

Results Briefing Materials

**For the First Half of the Fiscal Year  
Ending March 31, 2018 (FY2018)**

October 31, 2017



- ◆ **Results Summary for the First Half of FY2018**
- ◆ **Overview by Segment**
- ◆ **Forecast for FY2018**

# **Results Summary for the First Half of FY2018**

# Income Statement Highlights



- ◆ Sales down year over year mainly due to lower sales at the Online Game Business but profits up due to favorable results in the Consumer Game Business and Audio & Visual Business

(Unit: million yen)

	1Q-2Q FY2017		1Q-2Q FY2018		YoY change	
	Actual	Profit ratio	Actual	Profit ratio	Amount	%
<b>Net sales</b>	<b>12,999</b>	-	<b>11,014</b>	-	<b>-1,984</b>	<b>84.7%</b>
Cost of sales	6,105	-	4,877	-	-1,227	79.9%
SG&A expenses	5,575	-	4,372	-	-1,203	78.4%
Of which advertising expenses	1,204	-	886	-	-317	73.6%
<b>Operating profit</b>	<b>1,317</b>	<b>10.1%</b>	<b>1,764</b>	<b>16.0%</b>	<b>446</b>	<b>133.9%</b>
Non-operating income/losses	-262	-	19	-	282	-
<b>Ordinary profit</b>	<b>1,055</b>	<b>8.1%</b>	<b>1,784</b>	<b>16.2%</b>	<b>728</b>	<b>169.1%</b>
Extraordinary income/losses	22	-	25	-	3	114.2%
Income taxes	278	-	573	-	295	206.0%
<b>Profit attributable to owners of parent</b>	<b>799</b>	<b>6.1%</b>	<b>1,236</b>	<b>11.2%</b>	<b>437</b>	<b>154.7%</b>

# Segment Results



(Unit: million yen)

		1Q-2Q FY2017	1Q-2Q FY2018	YoY change	
		Actual	Actual	Amount	%
Net sales	● Online Game	7,248	4,573	-2,674	63.1%
	● Consumer Game	3,512	3,497	-14	99.6%
	● Audio & Visual	2,249	2,962	713	131.7%
	Total	12,999	11,014	-1,984	84.7%
Segment profit	● Online Game	956	441	-515	46.1%
	● Consumer Game	359	939	580	261.5%
	● Audio & Visual	599	1,030	431	172.0%
	Total	1,915	2,411	496	125.9%
Adjustments & eliminations		-597	-646	-49	108.3%
Operating profit total		1,317	1,764	446	133.9%

## Highlights

### ◆ Online Game Business

- Lower sales of main titles

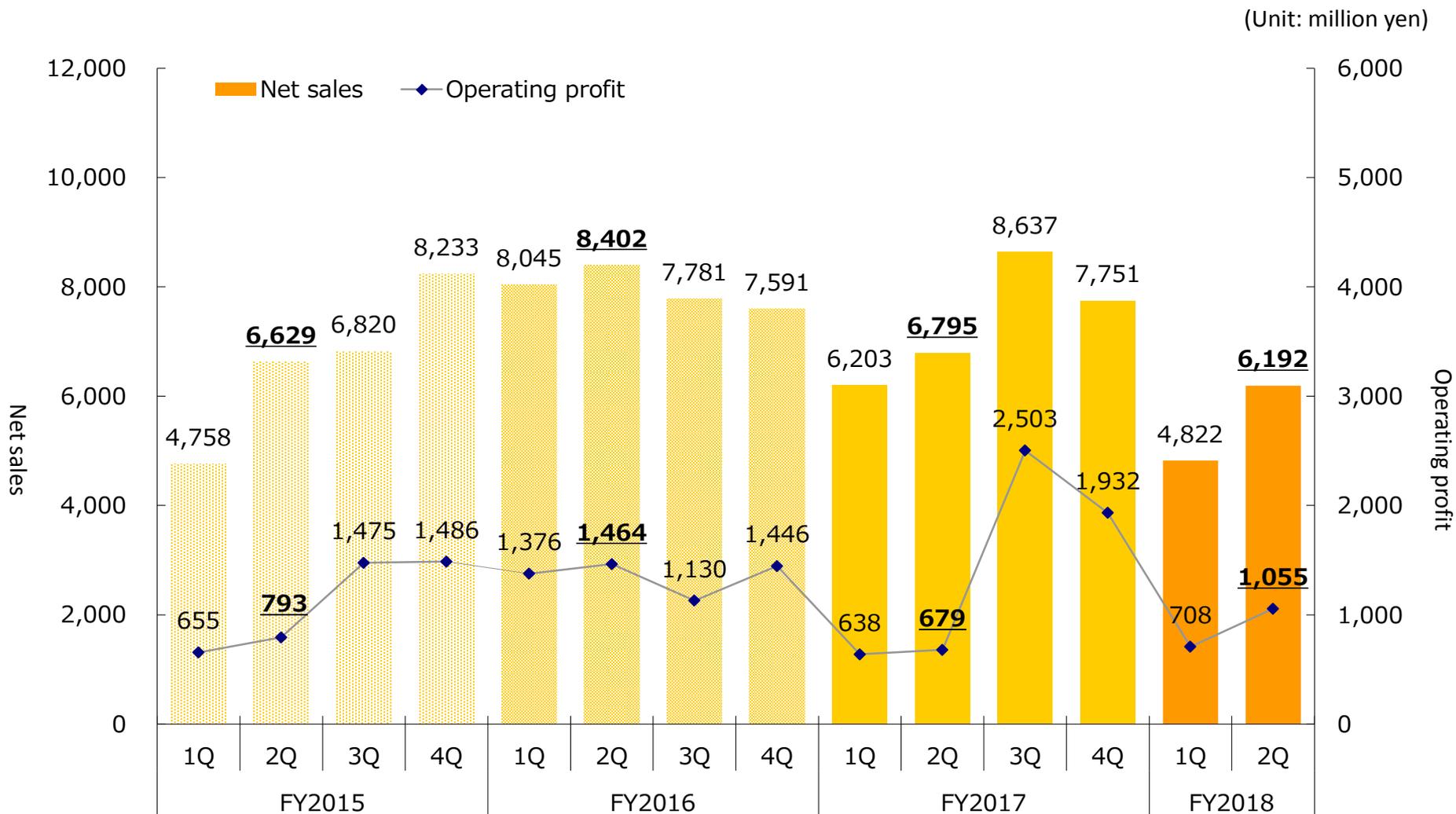
### ◆ Consumer Game Business

- Favorable repeat sales of titles launched in the previous fiscal year and multi-platform titles

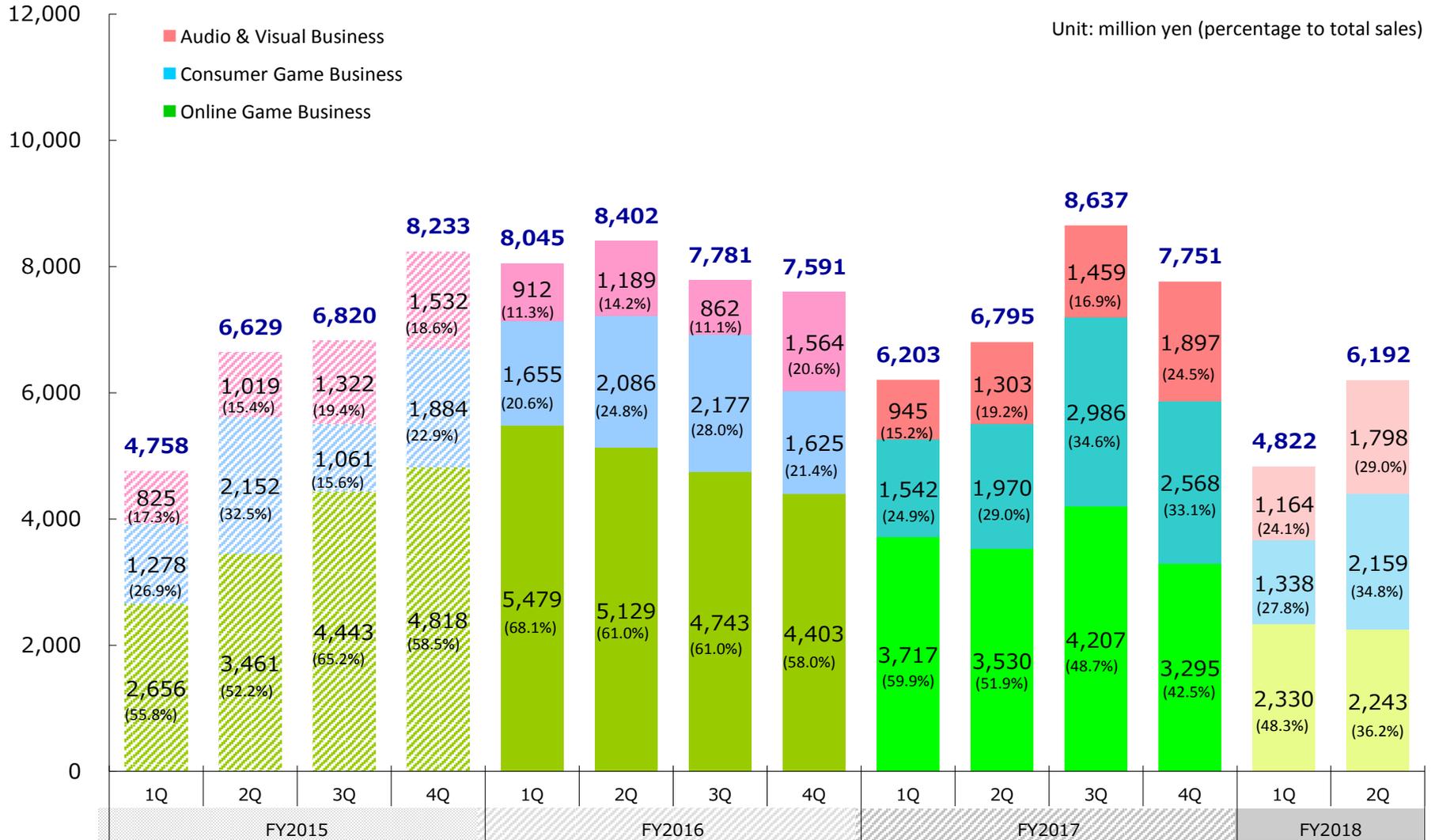
### ◆ Audio & Visual Business

- Successful stage performances
- Favorable secondary-use revenue

# Quarterly Net Sales and Operating Profit



# Quarterly Sales by Segment



# Balance Sheet Summary



(Unit: million yen)

	End-March 2017	End-September 2017	Change
Current assets (total)	19,285	18,153	-1,131
Non-current assets (total)	4,943	4,513	-429
<b>Total assets</b>	<b>24,228</b>	<b>22,666</b>	<b>-1,561</b>
Current liabilities (total)	7,626	6,396	-1,230
Non-current liabilities (total)	62	50	-12
<b>Total liabilities</b>	<b>7,688</b>	<b>6,446</b>	<b>-1,242</b>
<b>Total net assets</b>	<b>16,539</b>	<b>16,220</b>	<b>-319</b>

# Overview by Segment

# Online Game Business: Progress Status for 1Q-2Q FY2018

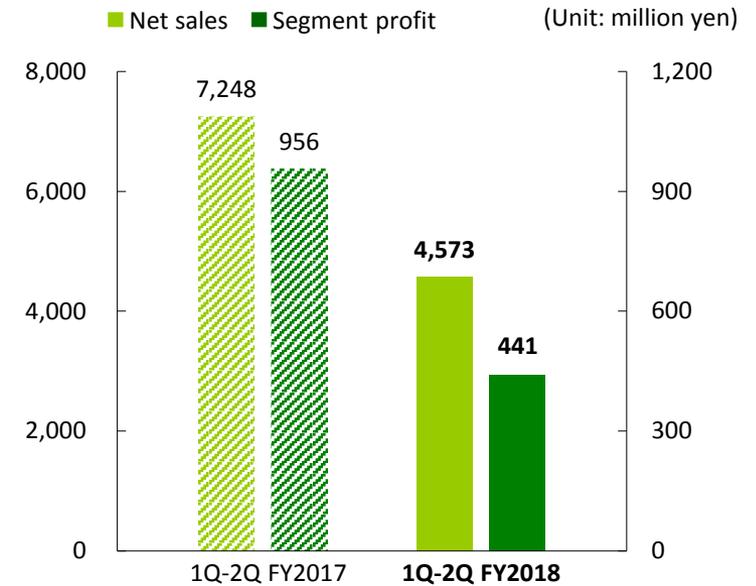


## Results for 1Q-2Q FY2018

- ◆ Sales and profits down due to weak performance of the main title “Logres of Swords and Sorcery: Goddess of Ancient”

## Title Performance for 2Q FY2018

- ◆ Launched “Sengoku Night Blood” and “OSOMATSU SAN YOKUBARI! NEET ISLAND”
- ◆ Decided to terminate some underperforming titles; wrote down development costs in a lump sum



### Title Rollouts

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



©Marvelous Inc. Aiming Inc.

**Sengoku Night Blood**  
(native app)



©2017 Marvelous Inc. / KADOKAWA / IDEA FACTORY

**OSOMATSU SAN YOKUBARI!  
NEET ISLAND**  
(native app)



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

# Online Game Business: Initiatives Starting in 3Q FY2018



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

## SHINOBI MASTER -SENTRAN KAGURA NEW LINK- (native app)



©Marvelous Inc.  
©HONEY PARADE GAMES Inc.

Advance registration started on Aug. 1  
Scheduled for launch in 2017

## Senjushi (native app)



©LINE Corporation / Marvelous Inc.

Advance registration started on Oct. 25  
Scheduled for launch in winter

Joint projects with  
LINE Corporation



## ORDINAL STRATA (native app)



© Fuji Games Inc. / Marvelous Inc.

Advance registration started on Sep. 23  
Scheduled for launch in winter

Large-scale joint project



Theme music: Mr. Toshi (X JAPAN)

One as yet unannounced title in development

\* The pipeline does not include titles under consideration; the number of title releases does not represent commitment by Marvelous."

# Consumer Game Business: Progress Status for 1Q-2Q FY2018

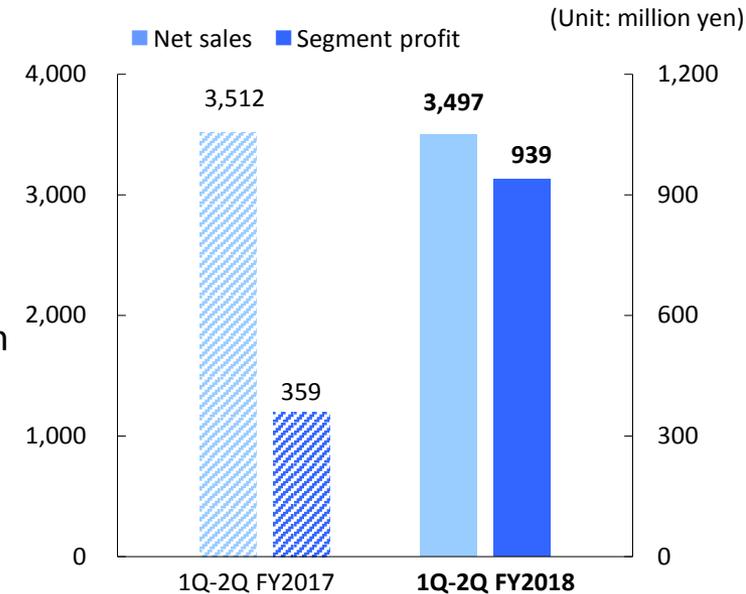


## Results for 1Q-2Q FY2018

- Earnings up year over year with the improvement in profit margin resulting from strong sales from repeat-purchases as well as robust multi-platform titles and overseas sales

## Title Performance for 2Q FY2018

- Released Fate/EXTELLA Nintendo Switch version for Japan, North America, and Europe, and its PC version worldwide
- SENTRAN KAGURA PEACH BEACH SPLASH launched in North America and Europe
- Highly rated “Pokémon Ga-Olé,” which is currently in operation, performed well at summer sales season events



## Title Rollouts

### Fate/EXTELLA (Nintendo Switch)



Released on Jul. 20, 2017

©TYPE-MOON ©2017 Marvelous Inc.  
Published outside Japan by XSEED Games/Marvelous USA, Inc. and Marvelous Europe Ltd.

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



NS version released on Jul. 25 in North America & Jul. 21 in Europe

PC version released on Jul. 25 worldwide

NS version:  
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Published outside Japan by XSEED Games/Marvelous USA, Inc. and Marvelous Europe Ltd.  
PC版:  
©TYPE-MOON. ©2017 Marvelous Inc. Licensed to and published by XSEED Games / Marvelous USA, Inc.

### SENTRAN KAGURA Peach Beach Splash (PS4)



Released on Sep. 26 in North America & Sep. 22 in Europe

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### Pokémon Ga-Olé (Amusement)



Operation started on Jul. 7, 2016

©2017 Pokémon. ©1995-2017 Nintendo/Creatures Inc./GAME FREAK inc.  
Developed by T-ARTS and MARV  
- Pokémon is a registered trademark of Nintendo, Creatures, and Game Freak.  
- Nintendo 3DS and its logo are a trademark of Nintendo.

# Consumer Game Business: Initiatives Starting in 3Q FY2018

- ◆ Rollout of package products for major series in Japan and overseas
- ◆ Enter into the market of prize redemption games in the amusement category

## BOKUJO MONOGATARI FUTAGO NO MURA + (Nintendo 3DS)



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Scheduled  
for release  
on Dec. 14,  
2017

Japan

## Shinobi Reflation - SENRAN KAGURA - (Nintendo Switch)



©2017 Marvelous Inc.

Scheduled for  
release in  
2017

## SENRAN KAGURA Burst Re:Newal (PS4)



©2017 Marvelous Inc./HONEY PARADE GAMES Inc.

Scheduled for  
release on Feb.  
22, 2018

Overseas

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



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※Images are North American version.

Released on  
Oct. 13 in  
Europe

Amusement

## TRYPD (Amusement)



Operation  
planned to  
start in Nov.  
and  
thereafter

\* 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.

©Marvelous Inc.

# Audio & Visual Business: Progress Status for 1Q-2Q FY2018

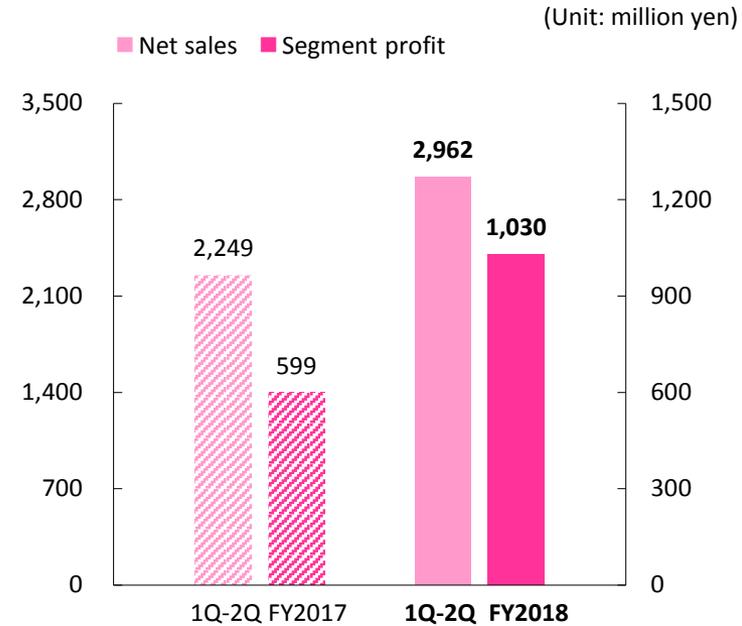


## Results for 1Q-2Q FY2018

- Sales and profits up because major series continued to contribute to earnings
- Secondary-use revenue remained favorable

## Title Performance for 2Q FY2018

- Highly popular “Touken Ranbu the Stage” was a driving force of growth in stage performances
- New stage productions: “JOKER GAME THE STAGE” (performed in 1Q, recorded in 2Q), “B-PROJECT on STAGE OVER THE WAVE!” (performed in 2Q, to be recorded in 3Q)
- Numerous other series productions performed
- Strong secondary-use revenue both in the anime and stage performance categories



## Title Rollouts

### Touken Ranbu the Stage



Public performances in Jun. and Jul.

©Touken Ranbu the Stage Production Committee



DVD/BD released on Oct. 18 (Shipment started in Sep.)

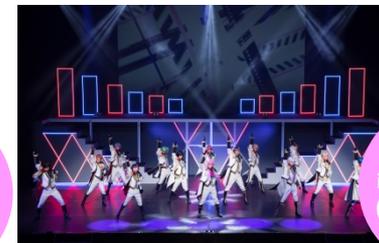
### JOKER GAME THE STAGE



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

Public performances in May; DVD/BD released on Oct. 4 (Shipment started in Sep.)

### B-PROJECT on STAGE OVER the WAVE!



©IMAGES / STAGE B-PROJECT

Public performances in Jul. and Aug. (to be recorded in 3Q)

# Audio & Visual Business: Initiatives Starting in 3Q FY2018



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

Kira Kira☆Pretty Cure  
A La Mode the movie



©2017 Movie Kira Kira☆Pretty Cure A La Mode Project

Released  
on Oct. 28

Anime production  
“SENGOKU NIGHT BLOOD”



©2017 Marvelous Inc./KADOKAWA/IDEA FACTORY/  
SENBURA PRODUCTION COMMITTEE

Broadcasting  
launched  
from Oct. 3

TOUKEN RANBU HANAMARU 2



©2018 TOUKEN RANBU HANAMARU 2 Project

Broadcasting  
launch  
scheduled for  
Jan. 2018

Anime production  
“Fate/EXTRA Last Encore”



©TYPE-MOON/Marvelous, Aniplex, Notes, SHAFT

Broadcasting  
launch  
scheduled for  
next winter

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



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

Public  
performances  
in Sep. 2017  
to be recorded  
in 3Q)

Stage [Yowamushi Pedal]  
the new period : Heat Up!!



©Wataru Watanabe (Akitashoten) 2008/Yowamushi Pedal 04 Film Partners 2017  
©Wataru Watanabe (Akitashoten)/Marvelous, TOHO, TMS ENTERTAINMENT

Public  
performances  
in Oct. 2017

Touken Ranbu the Stage



©Touken Ranbu the Stage Production Committee

Public  
performances  
scheduled  
for Dec. 2017

Stage MobPsycho 100



© ONE, Shogakukan/Stage MobPsycho 100Project 2018

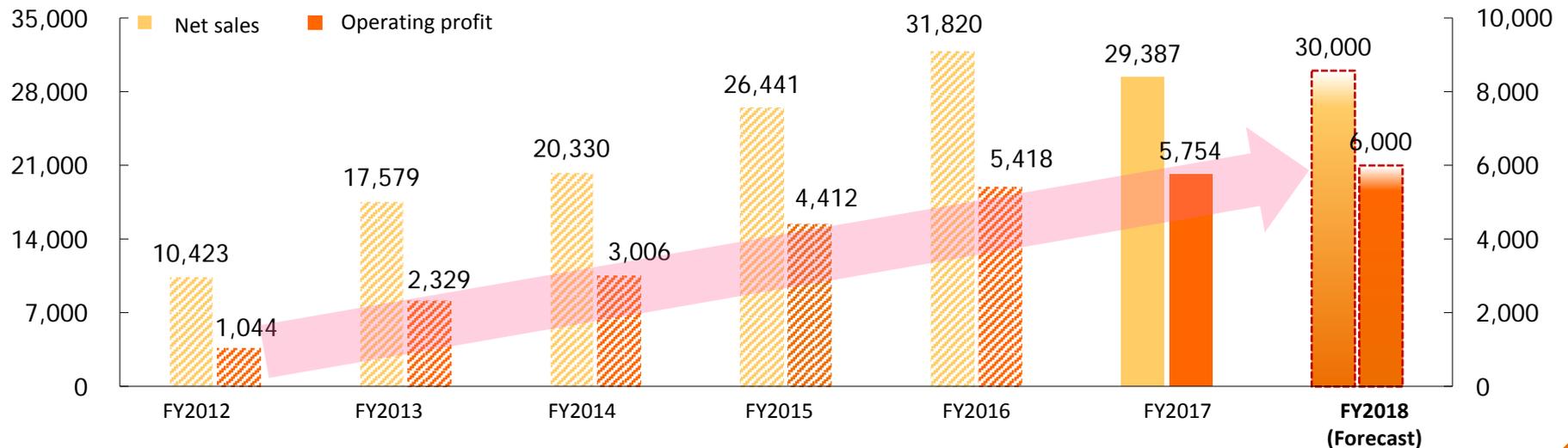
Public  
performances  
scheduled  
for Jan. 2018

# Forecast for FY2018

# Forecast for FY2018



(Unit: million yen)	FY2017		FY2018		YoY change	
	Actual	Profit ratio	Forecast	Profit ratio	Amount	%
Net sales	29,387	—	<b>30,000</b>	—	613	102.1%
Operating profit	5,754	19.6%	<b>6,000</b>	20.0%	246	104.3%
Ordinary profit	5,810	19.8%	<b>6,000</b>	20.0%	190	103.3%
Profit attributable to owners of parent	4,165	14.2%	<b>4,180</b>	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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