

MARVELOUS!

Results Briefing Materials

Fiscal Year Ending March 31, 2019

First Half

October 31, 2018

- ◆ **Fiscal Year Ending March 2019, First-Half Results Summary**
- ◆ **Segment Results**
- ◆ **Fiscal Year Ending March 2019, Full-Year Business Forecast**

Fiscal Year Ending March 2019, First-Half Results Summary

Earnings Highlights (Statement of Profit and Loss)



- ◆ In addition to solid performances of titles at the Consumer Game Business, recognition of special revenue from sale of software assets mainly contributed to a strong rise in revenues and earnings

(Unit: million yen)

	1H FY ended March 2018		1H FY ending March 2019		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	11,014	-	13,314	-	2,299	120.9%
Cost of sales	4,877	-	6,348	-	1,470	130.2%
SGA expenses	4,372	-	4,198	-	-173	96.0%
Thereof advertising expenses	886	-	671	-	-215	75.7%
Operating profit	1,764	16.0%	2,767	20.8%	1,002	156.8%
Non-operating profit/losses	19	-	103	-	83	524.2%
Ordinary profit	1,784	16.2%	2,870	21.6%	1,086	160.9%
Extraordinary profit/losses	25	-	2	-	-22	11.3%
Income taxes	573	-	931	-	358	162.4%
Profit attributable to owners of parent	1,236	11.2%	1,941	14.6%	705	157.0%

Segment Results



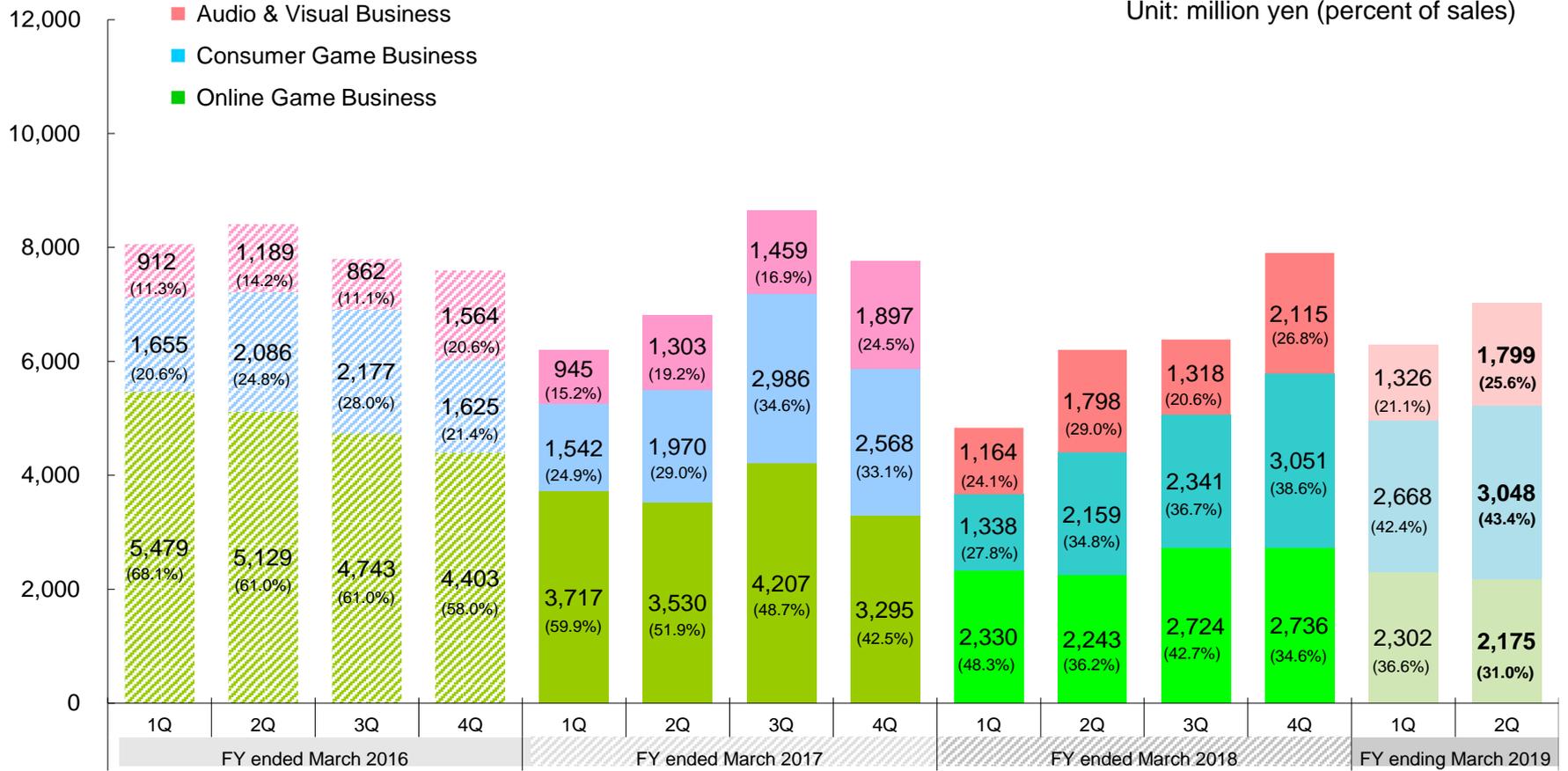
(Unit: million yen)

		1H FY ended March 2018	1H FY ending March 2019	YOY change	
		Actual	Actual	(Amount)	(%)
Net sales	● Online Game Business	4,573	4,478	-95	97.9%
	● Consumer Game Business	3,497	5,716	2,219	163.4%
	● Audio & Visual Business	2,962	3,125	163	105.5%
	Total	11,014	13,314	2,299	120.9%
Segment profit	● Online Game Business	441	364	-76	82.7%
	● Consumer Game Business	939	2,036	1,096	216.7%
	● Audio & Visual Business	1,030	1,042	12	101.2%
	Total	2,411	3,444	1,032	142.8%
Company-level costs, etc.		-646	-676	-29	104.6%
Operating profit total		1,764	2,767	1,002	156.8%

Highlights

- ◆ **Online Game Business**
 - Lower revenues from long-seller titles
 - Insufficient contributions from most titles released in the previous fiscal year
- ◆ **Consumer Game Business**
 - Solid performance of domestic new titles and amusement business
 - Recognition of special revenue from sale of software assets
- ◆ **Audio & Visual Business**
 - Strong stage performances and packaged product sales
 - Favorable profit from secondary uses

Development of Net Sales and Operating Profit by Segment (Quarterly)



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	7,018
	Operating profit	1,376	1,464	1,130	1,446	638	679	2,503	1,932	708	1,055	1,197	2,184	650	2,116

Note: Totals may not tally to 100% due to rounding of sales percentages to the first decimal point.

Segment Results

Online Game Business: 1H FY Ending March 2019 Progress Status

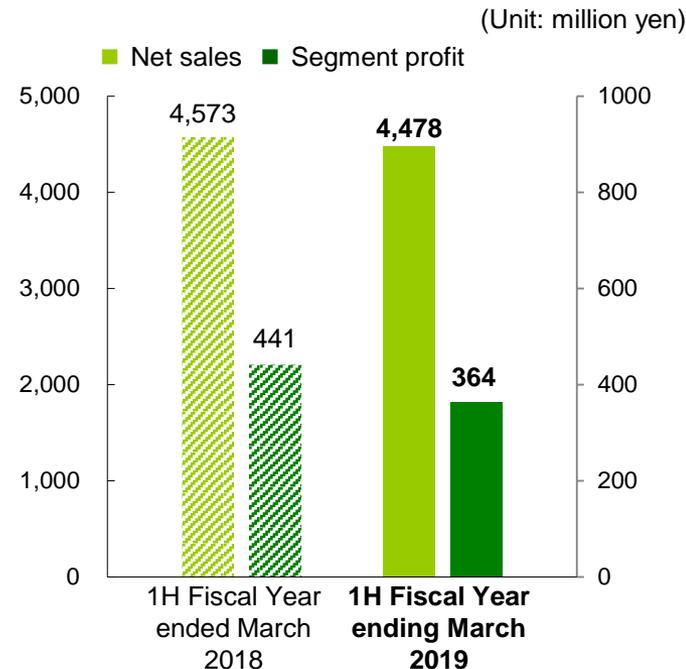


Results Up Until 1H FY Ending March 2019

- ◆ Lower revenues and earnings as titles released in the previous fiscal year could not cover the sales declines in long-seller titles

Title Performance

- ◆ Revenues declined despite robust sales of core long-seller titles "Logres of Swords and Sorcery: Goddess of Ancient" and "Browser Sangokushi"
- ◆ Favorable performance of "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" among titles released in the previous fiscal year
- ◆ Multiple titles finalized for overseas roll-out
- ◆ Some titles transferred to other companies, to summarily write off the development cost



<Title Rollouts>

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



Launched on
December 17,
2013

©Marvelous Inc. Aiming Inc.

Browser Sangokushi
(PC browser)



Launched
on July 15,
2009

©Marvelous Inc.

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



Launched
on
November
29, 2017

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Online Game Business: Initiatives Starting in 3Q of FY Ending March 2019

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- ◆ Structural reform to rebuild performance in next fiscal year and the year after

1 Organizational reform

Segregation of decision-making processes of the Online Game Business and Consumer Game Business



Creation of structures that permit speedy decision-making

New structures

President
Haruki Nakayama

Online Game
Business

Vice President
Toshinori Aoki

Consumer Game
Business

2 Compilation of new titles with high probability of success

- Promotion of projects based on invitation of external renowned producers
- Joint development agreement with Aiming Inc. which has track record of joint development of the "Logres of Swords and Sorcery: Goddess of Ancient" series
- Acquisition of major overseas titles

3 Review of personnel systems

Implementation of early retirement preferential treatment system



Personnel
reduction by
about 20%



Business efficiency enhancement through fixed-cost compression and pipeline review

Consumer Game Business: 1H FY Ending March 2019 Progress Status

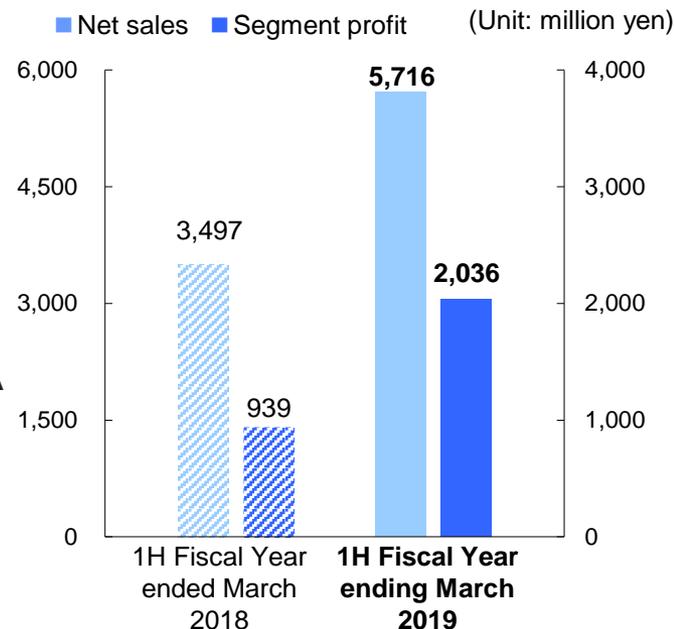


Results Up Until 1H FY Ending March 2019

- ◆ In addition to strong performance of domestic new game software products and the amusement business, revenue recognition from software asset sale contributed to rise in revenues and earnings

Title Performance

- ◆ Domestic sales launch of new software products "Fate/EXTELLA LINK" and "Little Dragons Cafe HIMITSU NO RYU TO FUSHIGI NA SHIMA"
- ◆ Start of overseas dissemination of "SENTRAN KAGURA Reflexions"
- ◆ "Pokémon Ga-Olé" in its 3rd year of operation marks highest-ever performance level
- ◆ "TRYPOD" performing favorably in domestic and overseas markets



<Title Rollouts>

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



Released on June 7, 2018

©TYPE-MOON ©2018 Marvelous Inc.

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



Released on August 30, 2018

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SENTRAN KAGURA Reflexions
(Nintendo Switch)



Released in North America and Europe on September 13, 2018

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Pokémon Ga-Olé
(Amusement)



Operations started in July 2016

©2018 Pokémon. ©1995-2018 Nintendo/Creatures Inc./GAME FREAK Inc. Developed by T-ARTS and MARVY. TM, ®, and character names are trademarks of Nintendo.

TRYPOD
(Amusement)



Operations started in November 2017

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Consumer Game Business: Initiatives Starting in 3Q of FY Ending March 2019

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- ◆ New product "PEACH BALL SENRAN KAGURA" slated for domestic sales launch
- ◆ Together with the overseas roll-out of "Fate/EXTELLA LINK," a Nintendo Switch version is scheduled to be newly released in Japan
- ◆ Steam version of "SENRAN KAGURA Burst Re:Newal" scheduled to be newly released together with overseas roll-out
- ◆ Start of location tests for new amusement machines "TRYPOD Big!!" and "WACCA"

PEACH BALL SENRAN KAGURA

(Nintendo Switch)



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Scheduled to be released on December 13, 2018

SENRAN KAGURA Burst Re:Newal

(PlayStation®4/Windows PC)



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Scheduled for overseas roll-out

Fate/EXTELLA LINK

(PlayStation®4/PlayStation®Vita /Nintendo Switch)



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Scheduled for overseas roll-out

TRYPOD Big!!

(Amusement)



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Operations scheduled to start in 2019

WACCA

(Amusement)



©Marvelous Inc. / Supported by HARDWARE TANO°C

Operations scheduled to start in 2019

Audio & Visual Business: 1H FY Ending March 2019 Progress Status

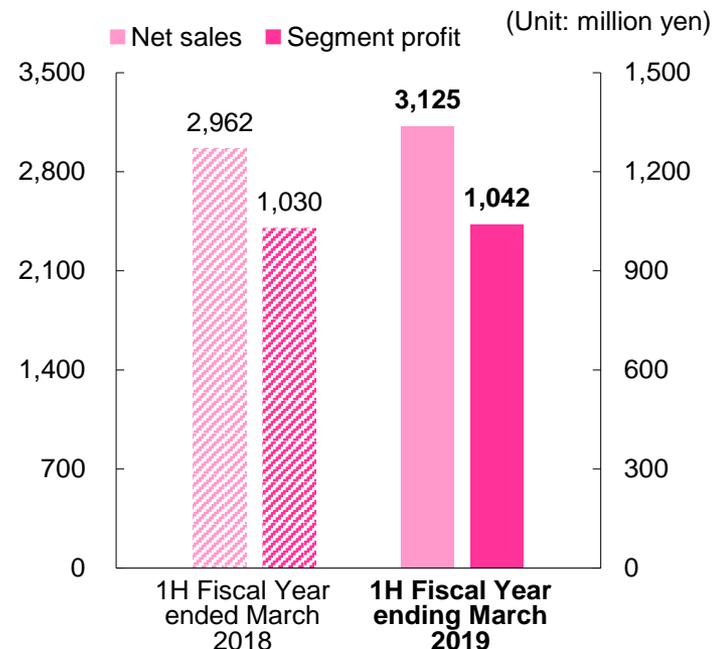


Results Up Until 1H FY Ending March 2019

- ◆ Revenues and earnings rising on strength in stage performances and profit from secondary uses

Title Performance

- ◆ Broadcasts of TV anime "Tokyo Ghoul:re" (Stage 1) and "The Thousand Noble Musketeers"
- ◆ Highly successful performances of latest major series including "Touken Ranbu the Stage," "MUSICAL THE PRINCE OF TENNIS 3rd SEASON National Tournament SEIGAKU vs HYŌTEI," and "Ensemble Stars! On Stage" Festival
- ◆ Other series of performances as well as new performances received favorable reviews



<Title Rollouts>

TV anime
"Tokyo Ghoul:re"
(Stage 1)



Broadcast
in Apr. –
Jun. 2018

©Sui Ishida/Shueisha, TokyoGhoul:re Production Committee

TV anime
"The Thousand
Noble Musketeers"



Broadcast
in Jul. –
Sep. 2018

©SENJUSHI Production Committee

Touken Ranbu the Stage



© Touken Ranbu the Stage Production Committee

Public
performances
in Jun. – Jul.
2018

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



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

Public
performances
in Jul. – Sep.
2018

"Ensemble Stars! On Stage"
Festival



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

Public
performances
in September
2018

Audio & Visual Business: Initiatives Starting in 3Q of FY Ending March 2019

- ◆ Promotion of powerful IP series roll-outs for both anime and stage

TV anime "Tokyo Ghoul:re"
(Stage 2)



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

Broadcast
in October
2018

Movie "Hug! Pretty Cure,
Futari wa Pretty Cure the Movie"



©2018 Hug! Pretty Cure the Movie Production Committee

Released
in
October
2018

REBORN! THE STAGE



© Akira Amano / Shueisha
© REBORN! THE STAGE PROJECT

Public
performances
in Sep. – Oct.
2018

MUSICAL THE PRINCE OF TENNIS
3rd Season SEIGAKU vs SHITENHOJI



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

Public
performances
scheduled for
Dec. 2018 –
Feb. 2019

"Ensemble Stars! Extra Stage"
~Memory of Marionette~



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

Public
performances
scheduled for
Dec. 2018 –
Feb. 2019

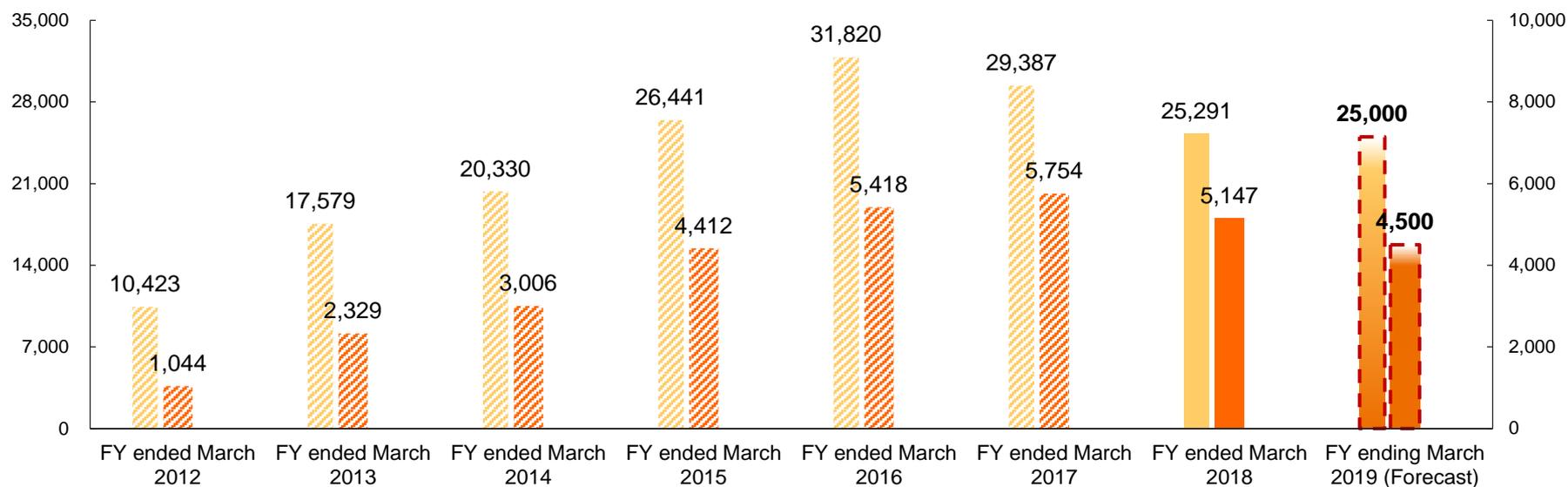
Fiscal Year Ending March 2019, Full-Year Business Forecast

Fiscal Year Ending March 2019, Business Forecast



(Unit: million yen)

	FY ended March 2018		FY ending March 2019		YOY change	
	Actual	Profit ratio	Forecast	Profit ratio	(Amount)	(%)
Net sales	25,291	—	25,000	—	-291	98.8%
Operating profit	5,147	20.4%	4,500	18.0%	-647	87.4%
Ordinary profit	5,105	20.2%	4,500	18.0%	-605	88.1%
Profit attributable to owners of parent	3,513	13.9%	2,980	11.9%	-533	84.8%



Thank you very much for your attention.

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