

MARVELOUS!

Stock Code: 7844
(First Section of Tokyo Stock Exchange)

Marvelous Inc.

Fiscal Year Ending March 31, 2017

Third Quarter

Results Briefing Materials

January 31, 2017

This document contains forward-looking statements which are based on information currently available to the Company and which may change as a result of numerous factors including the macroeconomic environment and industry trends relevant to the Company. Therefore, these forward-looking statements are made subject to certain risks and uncertainties which could cause results including actual business performance to differ materially from those presented.





Fiscal Year Ending March 2017, Third Quarter Results Summary

Segment Results and Full-Year Business Forecast



MARVELOUS!



Fiscal Year Ending March 2017, Third Quarter Results Summary

Earnings Highlights (Statement of Income)



- Sales down compared with the year-earlier period due to declines at the online game business, but profit ratio up despite lower operating income thanks to cost efficiency gains in advertising investment
- Net income after taxes up compared with the year-earlier period helped by foreign exchange gains and improved extraordinary items

(Unit: million yen)

	3Q FY ended March 2016		3Q FY ending March 2017		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	24,229	-	21,636	-	-2,592	89.3%
Cost of sales	9,548	-	9,578	-	29	100.3%
SGA expenses	10,708	-	8,236	-	-2,471	76.9%
Thereof advertising expenses	2,536	-	1,650	-	-886	65.0%
Operating income	3,972	16.4%	3,821	17.7%	-150	96.2%
Non-operating income/losses	-31	-	95	-	126	-
Ordinary income	3,940	16.3%	3,917	18.1%	-23	99.4%
Extraordinary income/losses	-54	-	22	-	77	-
Income taxes	1,195	-	1,119	-	-75	93.6%
Profit attributable to owners of parent	2,690	11.1%	2,820	13.0%	129	104.8%

Segment Results



(Unit: million yen)

		3Q FY ended March 2016	3Q FY ending March 2017	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	15,352	11,455	-3,896	74.6%
	● Consumer Game Business	5,919	6,498	579	109.8%
	● Audio & Visual Business	2,963	3,709	745	125.2%
	Total	24,229	21,636	-2,592	89.3%
Segment Income	● Online Game Business	3,368	2,489	-878	73.9%
	● Consumer Game Business	653	1,197	544	183.3%
	● Audio & Visual Business	797	990	193	124.2%
	Total	4,818	4,677	-141	97.1%
Adjustments & eliminations		-846	-855	-8	101.0%
Operating Income Total		3,972	3,821	-150	96.2%

POINT

● Online Game Business

- Core titles marked sales declines
- New titles underperformed Development terminated for some titles and termination charges recognized

● Consumer Game Business

- Sales and earnings up on new title hit products at the consumer game business

● Audio & Visual Business

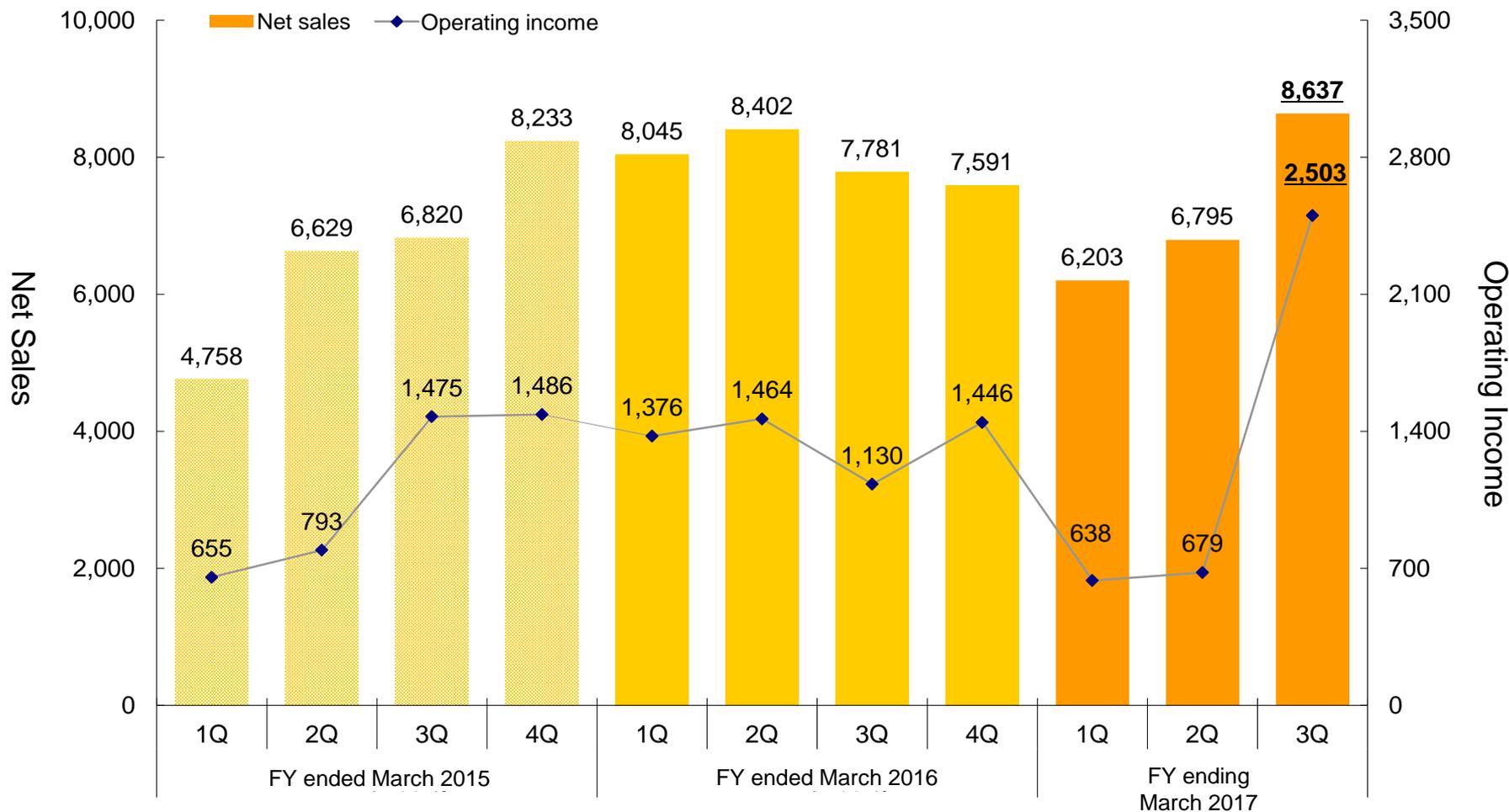
- Favorable performance of established series and new contents

Development of Net Sales and Operating Income (Quarterly)

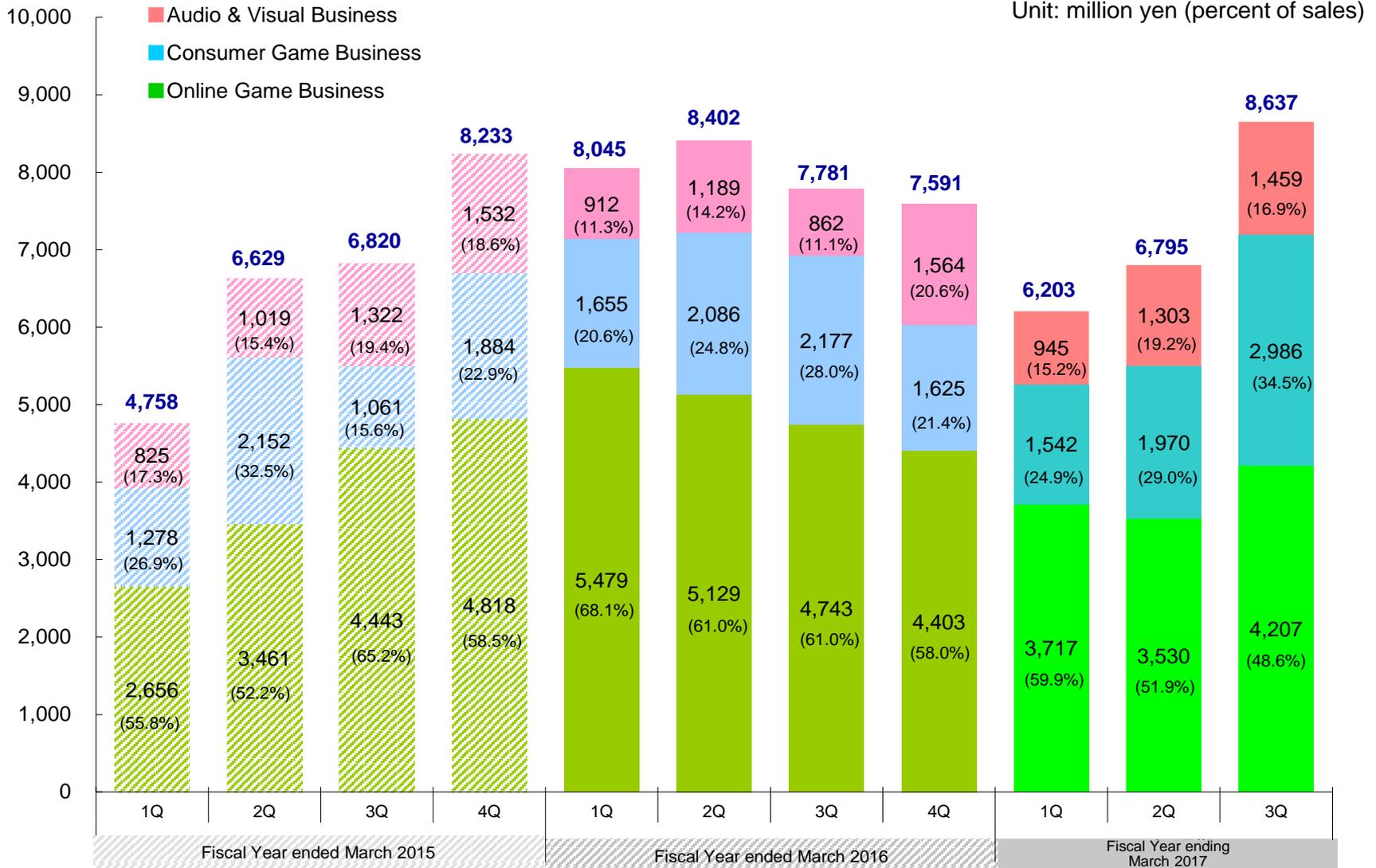


- Single quarter-base sales and operating income attain historical high

(Unit: million yen)



Sales Structure by Segment (Quarterly)



Balance Sheet (Summary)



- Current assets and current liabilities up in step with growing sales
- Non-current assets up on investments in new amusement machines and new contents productions
- Net assets increased on favorable earnings

(Unit: million yen)

	End of March 2016	End of December 2016	Change
Current assets (total)	16,204	17,252	1,047
Noncurrent assets (total)	4,165	5,228	1,062
Total Assets	20,370	22,480	2,110
Current liabilities (total)	6,421	7,194	773
Noncurrent liabilities (total)	27	62	34
Total Liabilities	6,448	7,256	807
Net Assets (total)	13,921	15,223	1,302



Segment Results



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



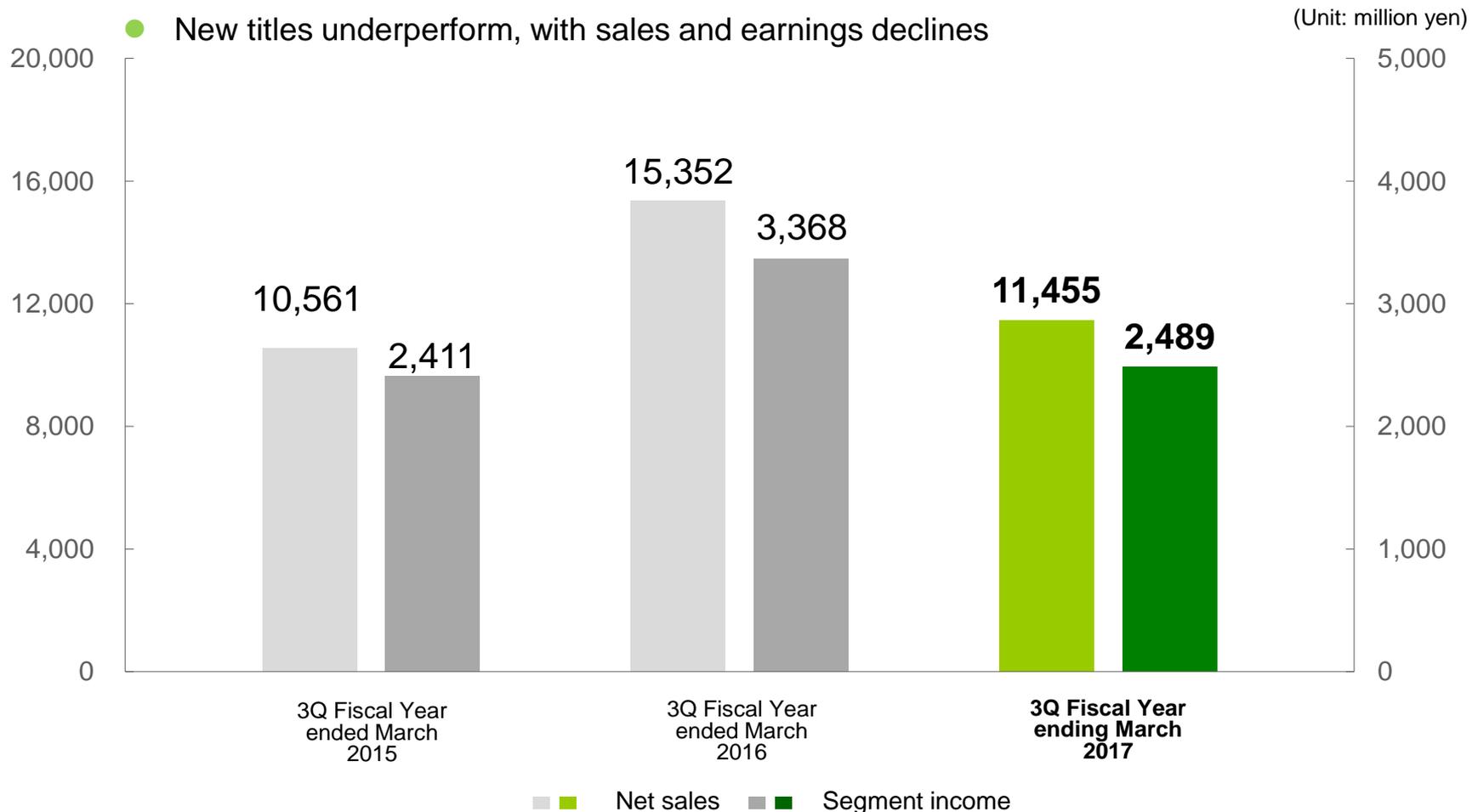
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- Focus on expanding the user base through ongoing collaborative initiatives with popular IP.
- Favorable results from commemorative events hosted in the Nov. 16 - Dec. 28 period marking the 3-year anniversary in December
- Final decision to terminate service in China



3Q Results for FY Ending March 2017

- Smash-hit "Logres of Swords and Sorcery: Goddess of Ancient" thriving on 3-year commemorative events despite slow-down
- New titles underperform, with sales and earnings declines



Online Game Business: Initiatives starting in 4Q of FY ending March 2017



- Focus on sustaining successful performance of "Logres of Swords and Sorcery: Goddess of Ancient"
- Striving to develop new titles for the next FY

Joint development and operation with
DMM GAMES



New game for PC browser
"Tenka Touitsu Project"



Scheduled
for launch in
February
2017

©Marvelous Inc. / ©DMM GAMES

"Senbra" project jointly planned by
three companies



Smartphone game app
"Sengoku Night Blood"



Scheduled
for launch in
2017 (next
fiscal year)

©Marvelous Inc. / KADOKAWA / IDEA FACTORY

Large-scale joint project



Collaborative title for smartphone
"Project Chronos"



Scheduled for
launch in the
summer of
2017

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Consumer Game Business: FY Ending March 2017 Third Quarter Progress Status



First new production in the series in three years

Fate/EXTELLA (PS4/PS Vita)



Released on
November 10,
2016

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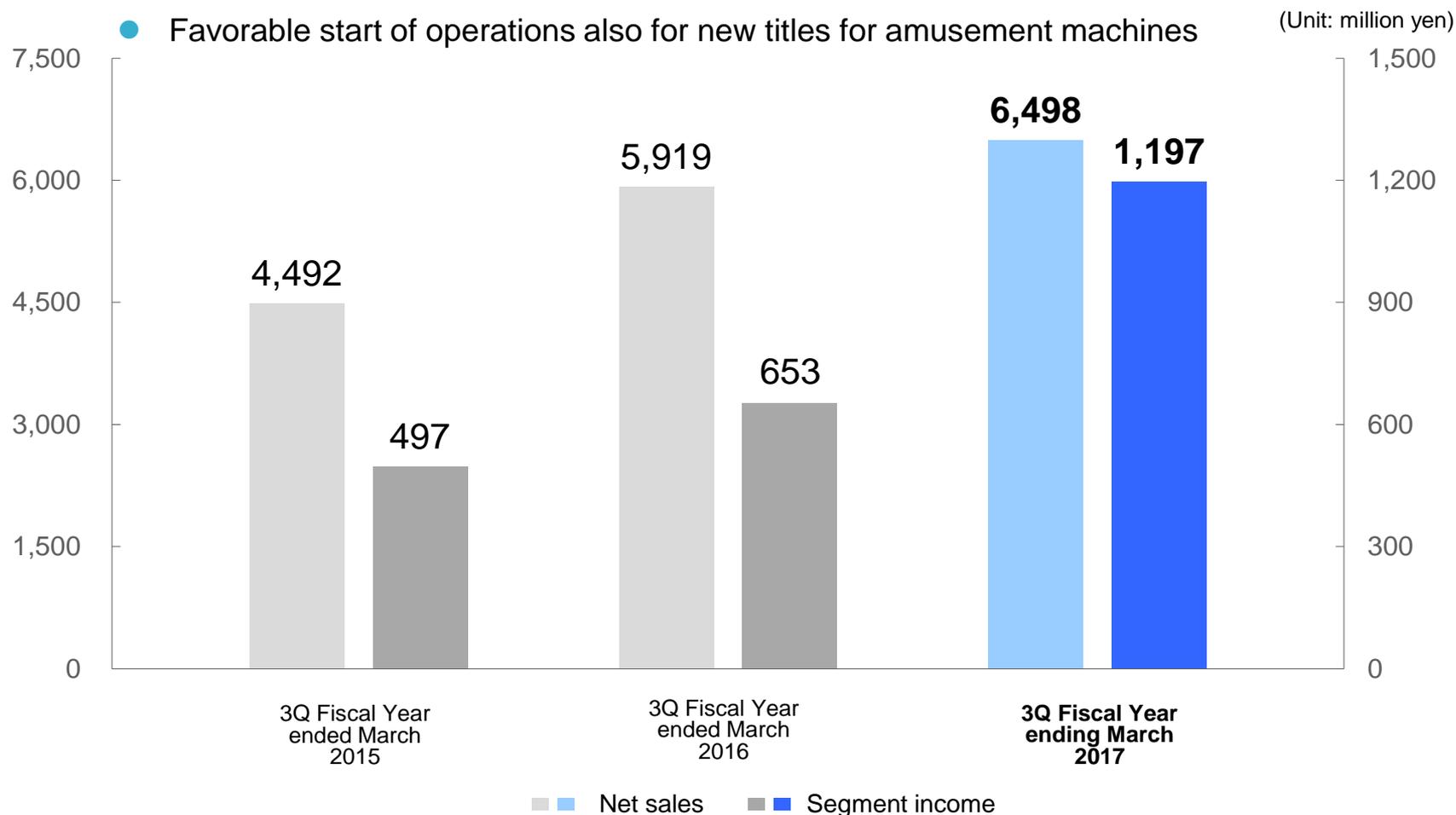
- Smash hit with over 220,000 copies shipped *Including DL sales

Consumer Game Business: FY Ending March 2017 Third Quarter Progress Status



3Q Results for FY Ending March 2017

- Hit productions "BOKUJO MONOGATARI" and "Fate" deliver strong contributions to sales and earnings growth
- Favorable start of operations also for new titles for amusement machines



Consumer Game Business: Initiatives starting in 4Q of FY ending March 2017



- Introductions of newly produced titles for core series in Japan and overseas
- Strengthening of events and campaigns surrounding amusement machines

Most recent titles of mainstay series

SEN-RAN KAGURA PEACH BEACH SPLASH

(PS4)

Scheduled for release
March 16,
2017 in
Japan



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Fate/EXTELLA: The Umbral Star

(PS4/PS vita)

Released
on January
17, 2017 in
North
America



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STORY OF SEASONS: Trio of Towns

(3DS)

Scheduled for release
February 28,
2017 in
North
America



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- New stage productions with successful BD/DVD sales driving earnings
- Broadcast of new anime productions score full mark

Touken Ranbu the Stage



Performed
in May
2016

©Touken Ranbu the Stage Production Committee

TV anime “TOUKEN RANBU HANAMARU”



Broadcast
from October
to December
2016

©2016 TOUKEN RANBU HANAMARU Project

Ensemble Stars! On Stage



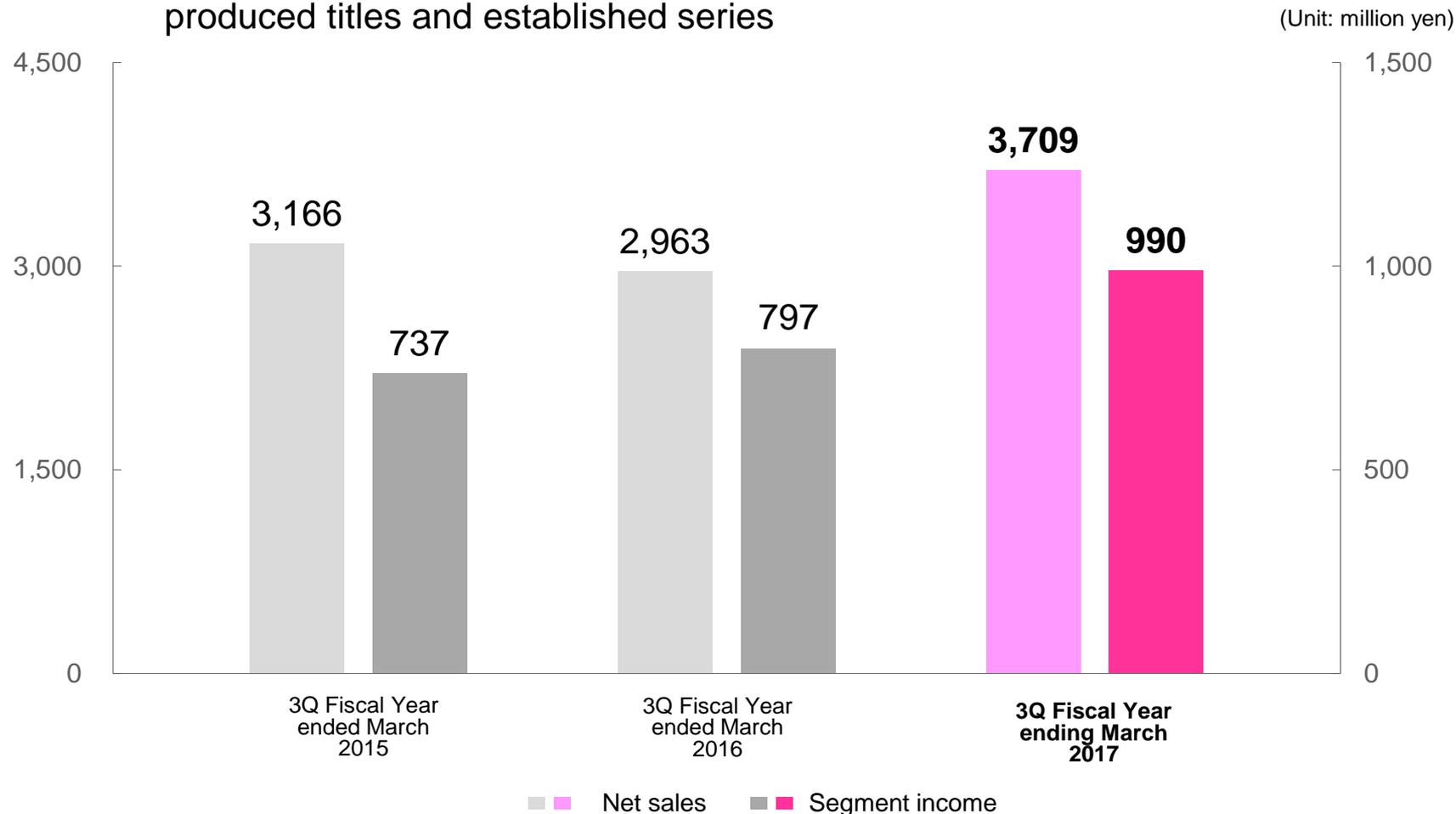
Performed
in June
2016

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



3Q Results for FY Ending March 2017

- Higher sales and earnings from successful performances of newly produced titles and established series



Audio & Visual Business: Initiatives starting in 4Q of FY ending March 2017



- Repeat performances and sequel performances of hit stage productions and performances of new productions for established series
- BD/DVD sales launch of the theater version of "Yu-Gi-Oh!"
- Broadcast of latest production of the "Pretty Cure" series starting February 5, 2017

Touken Ranbu the Stage



©Touken Ranbu the Stage Production Committee

Repeated performances in December 2016

“Ensemble Stars! On Stage”

~Take your marks!~



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Performances in January 2017

Stage [Yowamushi Pedal] the new period : Starting Line to the New Road



©Wataru Watanabe (Akitashoten) / Yowamushi Pedal 03 Film Partners
©Wataru Watanabe (Akitashoten) / Marvelous, TOHO, TMS ENTERTAINMENT

Scheduled for performances from February to March 2017

Yu-Gi-Oh! THE DARK SIDE OF DIMENSIONS



©Kazuki Takahashi/Yu-Gi-Oh! DDMC

Scheduled for BD/DVD release in March 2017

KIRAKIRA☆PRECURE A LA MODE



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TV broadcasting launched in February 2017

Fiscal Year Ending March 2017, Full-Year Business Forecast



- Original results projections remain intact.
- Aiming at attainment of full-term targets by leveraging the comprehensive power of portfolio management.

	FY ended March 2016		FY ending March 2017		YOY change	
	Actual	Income ratio	Forecast	Income ratio	(Amount)	(%)
Net Sales	31,820	–	34,000	–	2,179	106.9%
Operating Income	5,418	17.0%	6,000	17.6%	581	110.7%
Ordinary Income	5,228	16.4%	5,850	17.2%	621	111.9%
Profit attributable to owners of parent	3,602	11.3%	4,150	12.2%	547	115.2%



Thank you 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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