

MARVELOUS!

Results Briefing Materials

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

January 31, 2018



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

Results Summary for the First Nine Months of FY2018

Income Statement Highlights



- ◆ The Consumer Game Business and the Audio & Visual business performed well but the Online Game Business slumped, resulting in lower sales and profits year over year

(Unit: million yen)

	1Q-3Q FY2017		1Q-3Q FY2018		YoY change	
	Actual	Profit ratio	Actual	Profit ratio	Amount	%
Net sales	21,636	-	17,390	-	- 4,246	80.4%
Cost of sales	9,578	-	7,689	-	- 1,888	80.3%
SG&A expenses	8,236	-	6,738	-	- 1,498	81.8%
Of which advertising expenses	1,650	-	1,395	-	- 254	84.6%
Operating profit	3,821	17.7%	2,962	17.0%	- 859	77.5%
Non-operating income/losses	95	-	27	-	- 67	29.1%
Ordinary profit	3,917	18.1%	2,990	17.2%	- 926	76.3%
Extraordinary income/losses	22	-	25	-	3	114.4%
Income taxes	1,119	-	990	-	- 128	88.5%
Profit attributable to owners of parent	2,820	13.0%	2,025	11.6%	- 794	71.8%

Segment Results



(Unit: million yen)

		1Q-3Q FY2017	1Q-3Q FY2018	YoY change	
		Actual	Actual	(Amount)	(%)
Net sales	● Online Game	11,455	7,298	-4,157	63.7%
	● Consumer Game	6,498	5,839	-658	89.9%
	● Audio & Visual	3,709	4,280	571	115.4%
	Total	21,636	17,390	-4,246	80.4%
Segment profit	● Online Game	2,489	902	-1,586	36.3%
	● Consumer Game	1,197	1,608	411	134.4%
	● Audio & Visual	990	1,409	419	142.3%
	Total	4,677	3,921	-756	83.8%
Adjustments & eliminations		-855	-958	-103	112.1%
Operating profit total		3,821	2,962	-859	77.5%

Highlights

◆ Online Game Business

- Lower sales of flagship titles
- Delayed contribution from new titles

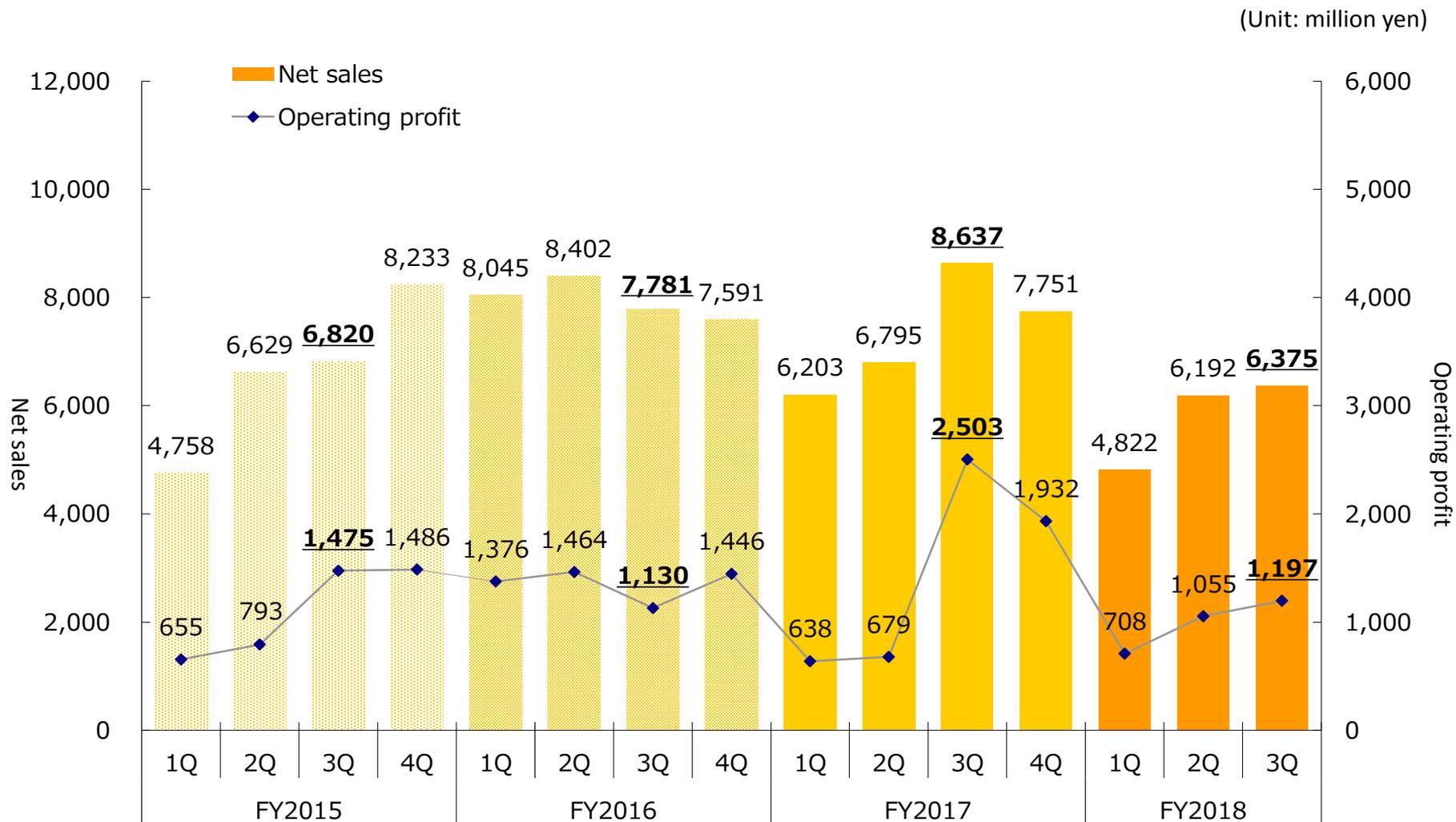
◆ Consumer Game Business

- Sales suffered a reaction from the previous year's hits
- All of the flagship series titles performed well
- The regular amusement series and new business performed well

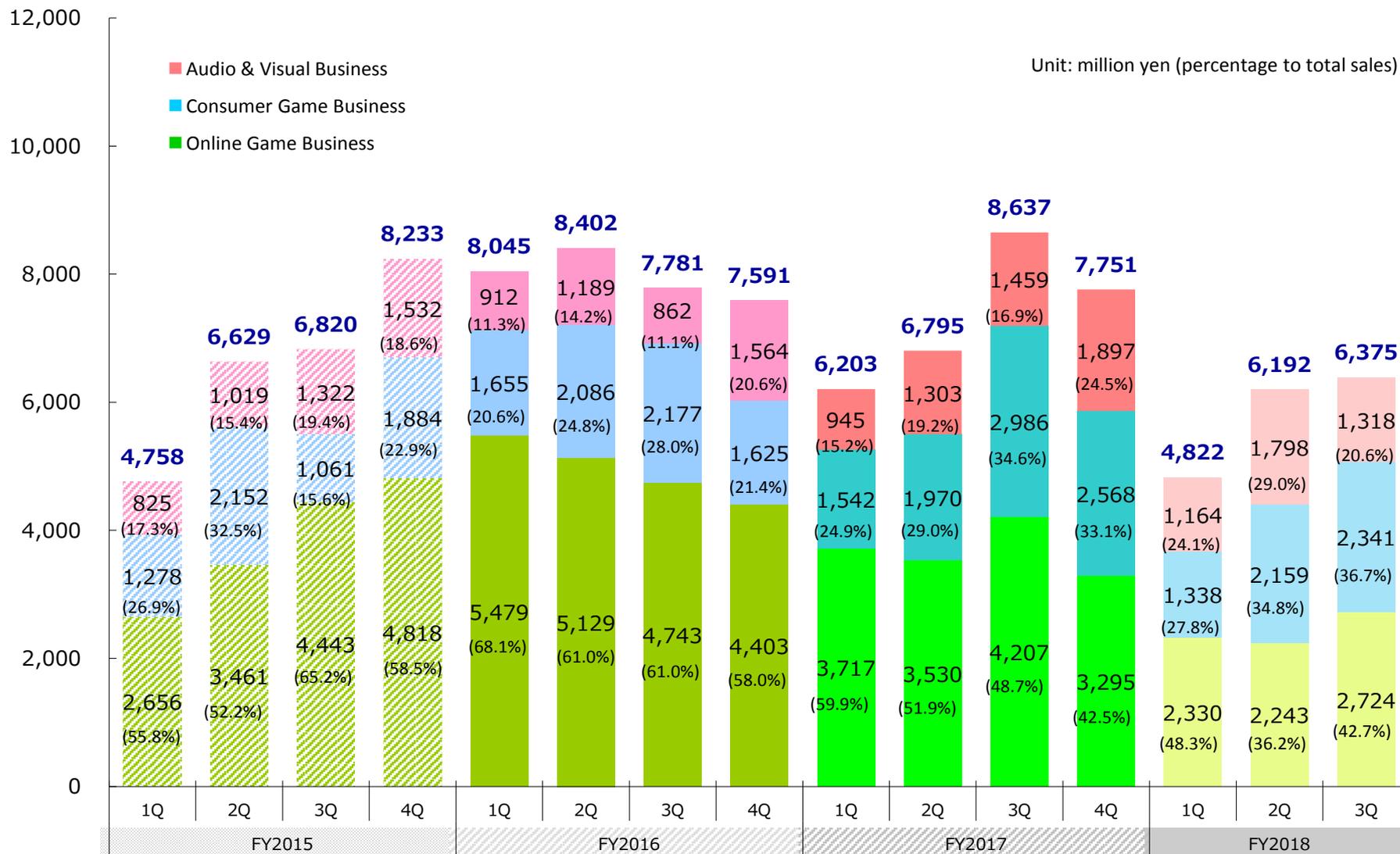
◆ Audio & Visual Business

- Successful stage performances from two hit series
- Favorable secondary-use revenue

Quarterly Net Sales and Operating Profit



Quarterly Sales by Segment



Balance Sheet Summary



(Unit: million yen)

	End-March 2017	End-December 2017	Change
Current assets (total)	19,285	19,699	414
Non-current assets (total)	4,943	4,257	-686
Total assets	24,228	23,956	-272
Current liabilities (total)	7,626	6,894	-731
Non-current liabilities (total)	62	50	-12
Total liabilities	7,688	6,944	-743
Total net assets	16,539	17,011	471

Overview by Segment

Online Game Business: Progress Status for 1Q-3Q FY2018

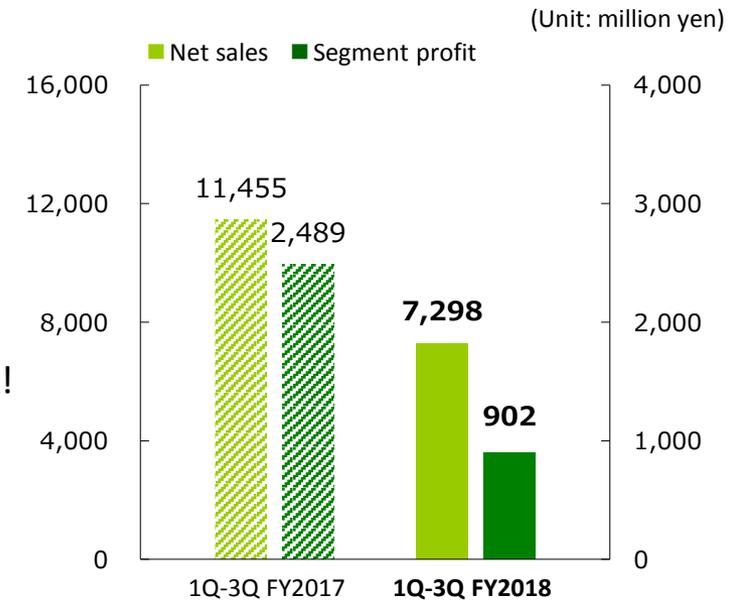


Results for 1Q-3Q FY2018

- ◆ Sales and profits down because limited contribution from new titles prevented recovery from the first-half delay, despite of strong performance of the flagship title “Logres of Swords and Sorcery: Goddess of Ancient” at the fourth anniversary event

Title Performance

- ◆ Launched “Sengoku Night Blood,” “OSOMATSU SAN YOKUBARI! NEET ISLAND” and “SHINOBI MASTER -SEN-RAN KAGURA NEW LINK-”
- ◆ Decided to terminate service for some underperforming titles; discontinued development of one unreleased new title; and wrote down development costs in a lump sum



Title Rollouts

Sengoku Night Blood
(native app)



Launched
on May 29,
2017

©2017 Marvelous Inc. / KADOKAWA / IDEA FACTORY

OSOMATSU SAN YOKUBARI! NEET ISLAND
(native app)



Launched
on Sep. 19,
2017

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

**SHINOBI MASTER
-SEN-RAN KAGURA NEW LINK-**
(native app)



Launched
on Nov. 29,
2017

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Online Game Business: Initiatives Starting in 4Q FY2018

- ◆ Focusing on developing new titles and promoting released titles with a view to creating major income sources

ORDINAL STRATA
(native app)



© Fuji Games, Inc. / Marvelous Inc.

Joint projects with **MARVELOUS** × **FujiGames**
Fuji Games
Theme music: Mr. ToshI (X JAPAN)

Launched
on Jan. 9,
2018

Senjushi
(native app)



©LINE Corporation / Marvelous Inc.

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

Scheduled
for launch in
this winter

Consumer Game Business: Progress Status for 1Q-3Q FY2018

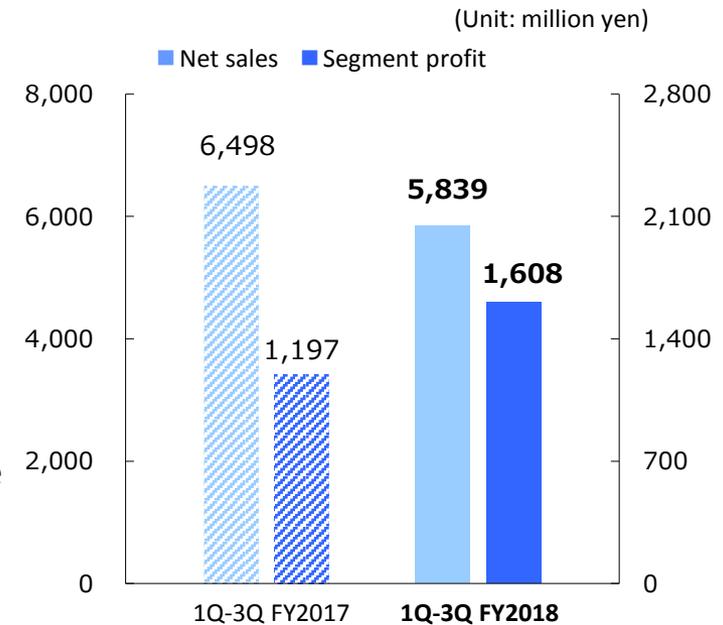


Results for 1Q-3Q FY2018

- Sales down due to strong sales in the previous fiscal year resulting from hit products, but profits up because of strong sales of flagship series

Title Performance

- Released “Fate/EXTELLA” (Nintendo Switch), “Shinobi Reflation - SENRAN KAGURA –” (Nintendo Switch download sale) and “BOKUJO MONOGATARI FUTAGO NO MURA +” (Nintendo 3DS)
- Overseas, our flagship series expansion for North America, Europe and elsewhere
- For Amusement, “Pokémon Ga-Olé and the new business “TRYPOD” both performed strongly



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.

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



Released
on Nov. 24,
2017

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



Released
on Dec. 14,
2017

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TRYPOD
(Amusement)



Operation
started in
Nov. 2017

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* Patent application pending.

Consumer Game Business: Initiatives Starting in 4Q FY2018

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- ◆ Focused on expanding sales of February's new title and released titles

SENTRAN KAGURA Burst Re:Newal (PS4)



Scheduled
for release
on Feb. 22,
2018

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Audio & Visual Business: Progress Status for 1Q-3Q FY2018



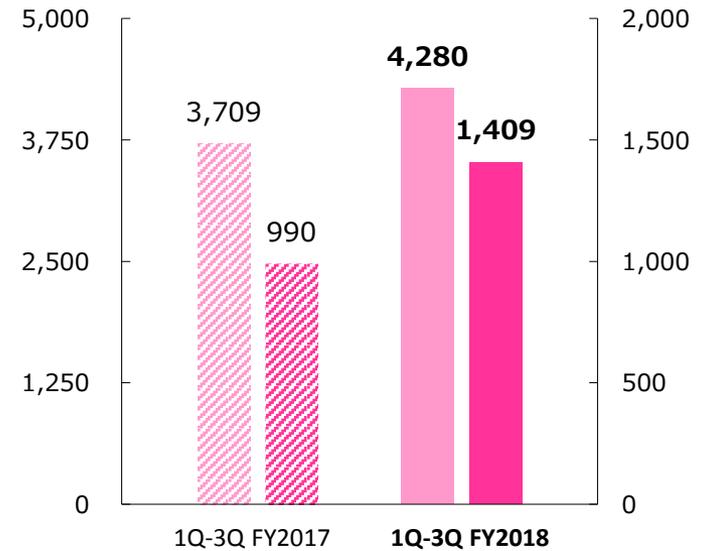
Results for 1Q-3Q FY2018

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

Title Performance

- ◆ Staged new performances of each series, and the highly popular “*Touken Ranbu the Stage*,” and “*Ensemble Stars! Extra Stage*” ~*Judge of Knights*~ drove growth for the strong results.
- ◆ New stage performances “*JOKER GAME THE STAGE*” and “*B-PROJECT on STAGE OVER the WAVE!*” did well.
- ◆ TV anime broadcast of “*SENGOKU NIGHT BLOOD*” developed across our businesses
- ◆ Strong secondary-use revenue both in the anime and stage performance categories

■ Net sales ■ Segment profit (Unit: million yen)



Title Rollouts

Touken Ranbu the Stage



©Touken Ranbu the Stage Production Committee

Public performances in Jun. and Jul. 2017

DVD/BD released on Oct. 18, 2017 (Shipment started in Sep.)

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



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

Public performances in Sep. 2017

Anime production “SENGOKU NIGHT BLOOD”



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

Broadcast from Oct. to Dec. 2017
Volume 1 of DVD/BD launched on Dec. 20

Audio & Visual Business: Initiatives Starting in 4Q FY2018



◆ Promoting strong IP development of anime and stage productions

Anime production
“TOUKEN RANBU HANAMARU Season2”



2nd season of TV anime Broadcasting launched in Jan. 2018

©2018 TOUKEN RANBU HANAMARU Season2 Project

Anime production
“Fate/EXTRA Last Encore”



TV anime Broadcasting launched in Jan. 2018

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

Anime production
“HUG! Pretty Cure”



TV anime Broadcasting launch scheduled for Feb. 2018

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Touken Ranbu the Stage



Public performances in Dec. 2017

©Touken Ranbu the Stage Production Committee

Stage MobPsycho 100



Public performances in Jan. 2018

© ONE, Shogakukan/Stage MobPsycho 100 Project 2018

“Ensemble Stars! On Stage”
～To the shining future～



Public performances in Jan.-Feb. 2018

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

B-PROJECT on STAGE
OVER the WAVE! REMiX



Public performances scheduled for Feb.-Mar. 2018

©MAGES./STAGE B-PROJECT

Stage [Yowamushi Pedal]
the new period: The Kingdom



Public performances scheduled for Mar. 2018

©Wataru Watanabe (Akitashoten) 2008/Yowamushi Pedal 04 Film Partners 2018
©Wataru Watanabe (Akitashoten)/Marvelous, TOHO, TMS ENTERTAINMENT

Forecast for FY2018

Revision to FY2018 Forecast



(Unit: million yen)

	Before revision	After revision	Change
Net sales	30,000	25,000	-5,000
Operating profit	6,000	5,000	-1,000
Ordinary profit	6,000	5,000	-1,000
Profit attributable to owners of parent	4,180	3,300	-880

Reasons for revisions

- ◆ Delayed new release for Online Game Business; a downturn in some titles following release; termination of service for underperforming titles and discontinuation of titles under development
- ◆ Slump in Online Game Business for existing flagship titles

* Regarding dividends, there is no change from initial forecasts

Thank you very much for your attention.

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