

Marvelous Inc.

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

**MARVELOUS!**

**Results Briefing Materials**

**Fiscal Year Ending March 31, 2019**

**Third Quarter**

**January 31, 2019**

- ◆ **Fiscal Year Ending March 2019, Third-Quarter Results Summary**
- ◆ **Segment Results**
- ◆ **Fiscal Year Ending March 2019, Full-Year Business Forecast**

# **Fiscal Year Ending March 2019, Third-Quarter Results Summary**

# Earnings Highlights (Statement of Profit and Loss)



- ◆ Continued strong results from the Consumer Game Business and the Audio & Visual Business and revenue recognition of special revenue from sale of software assets in 2Q contributed to a strong rise in revenues and earnings

(Unit: million yen)

	3Q FY ended March 2018		3Q FY ending March 2019		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
<b>Net sales</b>	<b>17,390</b>	-	<b>20,193</b>	-	<b>2,803</b>	<b>116.1%</b>
Cost of sales	7,689	-	9,609	-	1,920	125.0%
SGA expenses	6,738	-	6,373	-	-364	94.6%
Thereof advertising expenses	1,395	-	1,083	-	-312	77.6%
<b>Operating profit</b>	<b>2,962</b>	<b>17.0%</b>	<b>4,210</b>	<b>20.9%</b>	<b>1,248</b>	<b>142.1%</b>
Non-operating profit/loss	27	-	75	-	47	271.3%
<b>Ordinary profit</b>	<b>2,990</b>	<b>17.2%</b>	<b>4,285</b>	<b>21.2%</b>	<b>1,295</b>	<b>143.3%</b>
Extraordinary profit/loss	25	-	-106	-	-132	-
Income taxes	990	-	1,337	-	346	134.9%
<b>Profit attributable to owners of parent</b>	<b>2,025</b>	<b>11.6%</b>	<b>2,842</b>	<b>14.1%</b>	<b>817</b>	<b>140.4%</b>

# Segment Results



(Unit: million yen)

		3Q FY ended March 2018	3Q FY ending March 2019	YOY change	
		Actual	Actual	(Amount)	(%)
Net sales	● Online Game Business	7,298	6,908	-389	94.7%
	● Consumer Game Business	5,839	7,913	2,074	135.5%
	● Audio & Visual Business	4,280	5,387	1,106	125.8%
	Total	17,390	20,193	2,803	116.1%
Segment profit	● Online Game Business	902	877	-25	97.2%
	● Consumer Game Business	1,608	2,651	1,043	164.8%
	● Audio & Visual Business	1,409	1,678	268	119.1%
	Total	3,921	5,207	1,286	132.8%
Company-level costs, etc.		-958	-996	-38	104.0%
Operating profit total		2,962	4,210	1,248	142.1%

## 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 results in amusement business
- Recognition of special revenue from sale of software assets

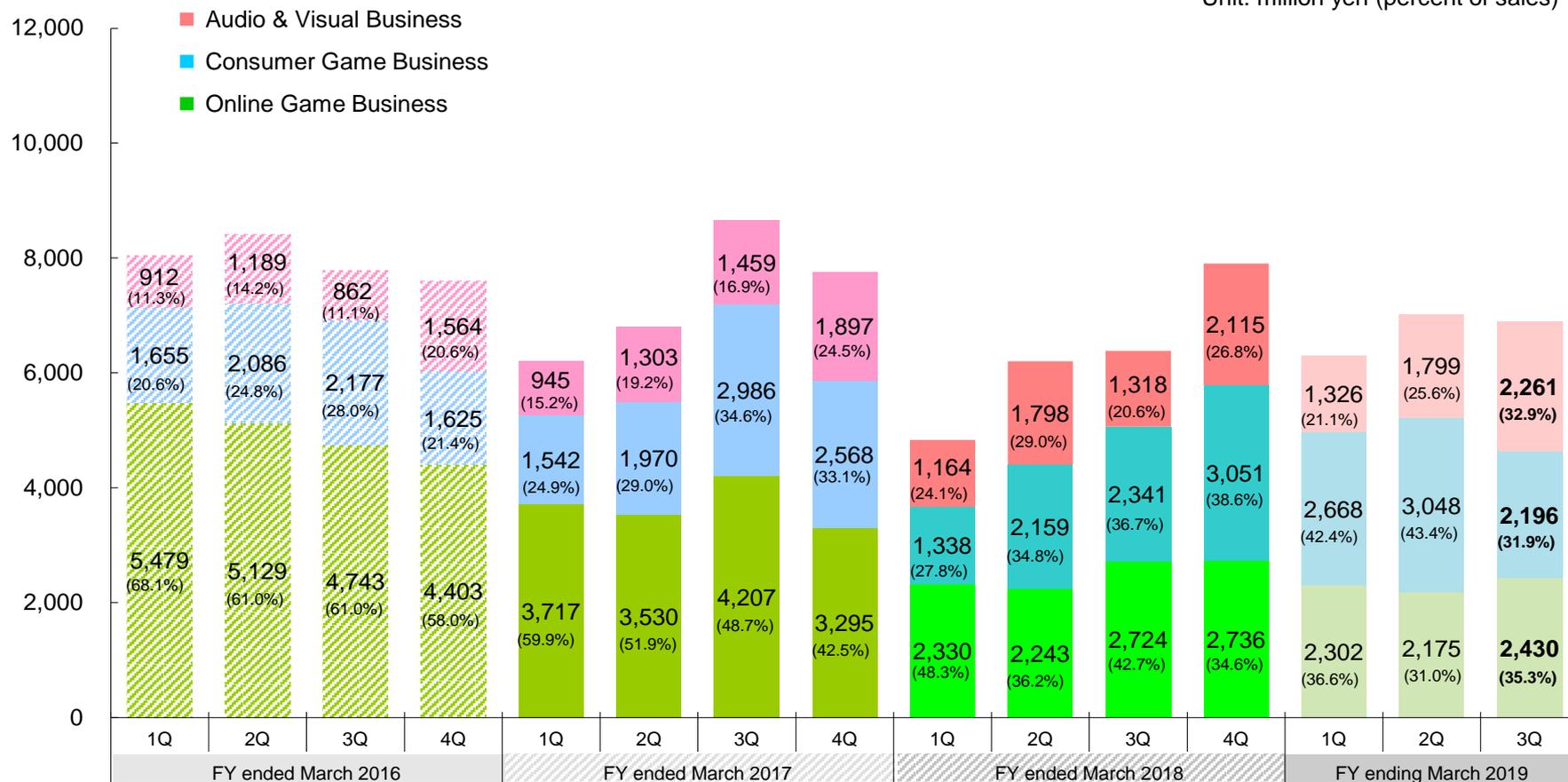
### ◆ Audio & Visual Business

- Strong stage performances and packaged product sales
- Favorable profit from secondary uses

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



Unit: million yen (percent of sales)



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	6,879
	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	1,443

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

# Segment Results

# Online Game Business: 3Q FY Ending March 2019 Progress Status

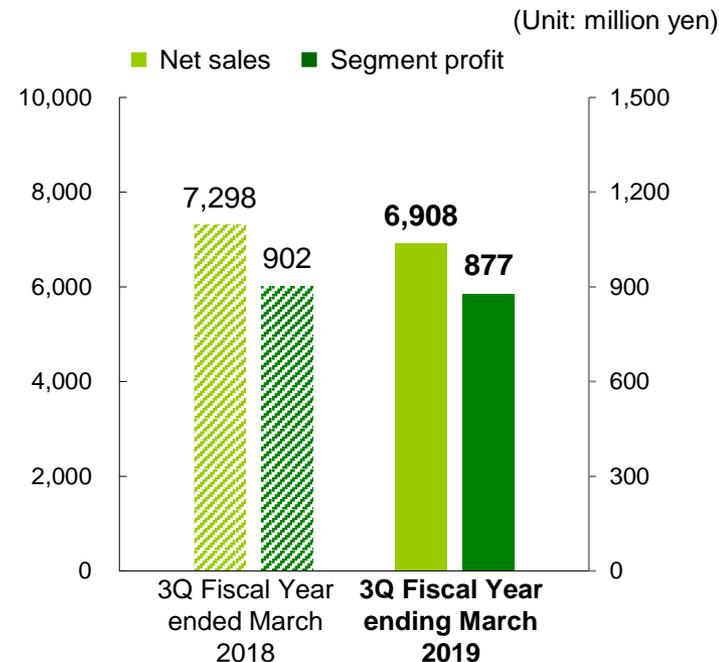


## Results Up Until 3Q FY Ending March 2019

- ◆ 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"
- ◆ Maintained favorable performance of "SHINOVI MASTER -SEN-RAN KAGURA NEW LINK-" among titles released in the previous fiscal year. From November, a new service for DMM GAMES versions was launched to strong results. Following decision to distribute games in Korea, also decided to roll-out titles in Taiwan, Hong Kong, and Macao



## <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  
-SEN-RAN KAGURA NEW LINK-**  
(native app)



Launched  
on  
November  
29, 2017

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# Online Game Business: Initiatives Starting in 4Q 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  
(Recruited 40 applicants)



Business efficiency enhancement through fixed-cost compression and pipeline review

# Consumer Game Business: 3Q FY Ending March 2019 Progress Status

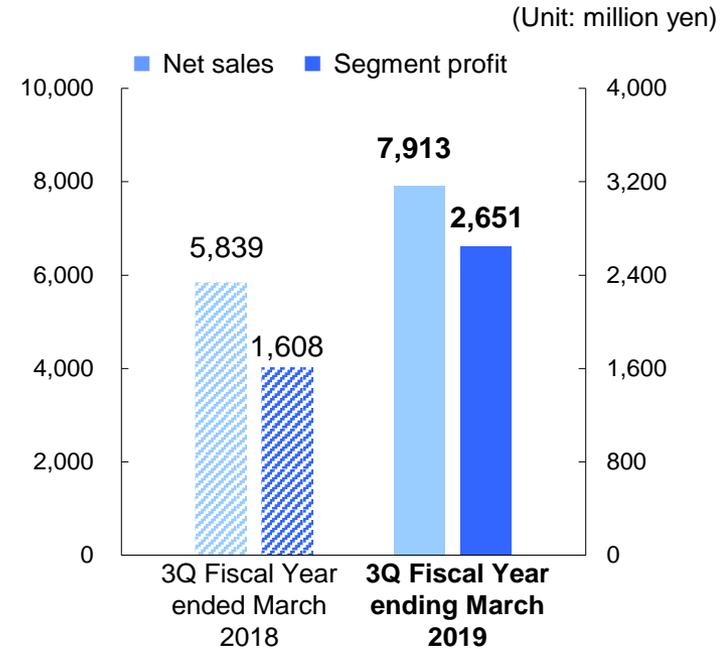


## Results Up Until 3Q FY Ending March 2019

- In addition to continued strong performance for the amusement business, revenue recognition of special revenue from sale of software assets in 2Q contributed to a strong rise in revenues and earnings

## Title Performance

- Launched new game software “PEACH BALL SENRAN KAGURA”
- “Pokémon Ga-Olé” in its 3rd year of operation continues to mark highest-ever performance level
- “TRYPOD” performing favorably in domestic and overseas markets



### 〈Title Rollouts〉

#### PEACH BALL SENRAN KAGURA

(Nintendo Switch)



Released  
on  
December  
13, 2018

©2018 Marvelous Inc./HONEY PARADE GAMES Inc.

#### Pokémon Ga-Olé (Amusement)



Operations  
started in  
July 2016

©2019 Pokémon. ©1995-2019 Nintendo/Creatures Inc./GAME FREAK inc.  
Developed by T-ARTS and MARV  
TM, ®, and character names are trademarks of Nintendo.

#### TRYPOD (Amusement)



Operations  
started in  
November  
2017

©Marvelous Inc.

# Consumer Game Business: Initiatives Starting in 4Q of FY Ending March 2019



- ◆ Launched Steam and North America/Europe versions of "SENTRAN KAGURA Burst Re:Newal" in January
- ◆ Launched Nintendo Switch version of "Fate/EXTELLA LINK" for Japan in January. Plans to release North America/Europe and Steam versions in 4Q
- ◆ New amusement machines "TRYPOD Big!!" and "WACCA" under development for 2019 launch

## SENTRAN KAGURA Burst Re:Newal (PlayStation®4/Windows PC)

PS4 version  
released in  
Europe on  
January 18,  
2019



PS4 and PC  
versions  
released in  
North  
America on  
January 22,  
2019

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\*Image is of North America version

## Fate/EXTELLA LINK (PlayStation®4/PlayStation®Vita /Nintendo Switch/Windows PC)

NS version  
released in  
Japan on  
January 31



PS4/PSV/NS  
versions and  
PC version  
scheduled to be  
released in  
North  
America/Europe  
in 4Q

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\*Image is of North America version

## TRYPOD Big!! (Amusement)



Operations  
scheduled  
to start in  
2019

©Marvelous Inc.

## WACCA (Amusement)



Operations  
scheduled  
to start in  
2019

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# Audio & Visual Business: 3Q FY Ending March 2019 Progress Status

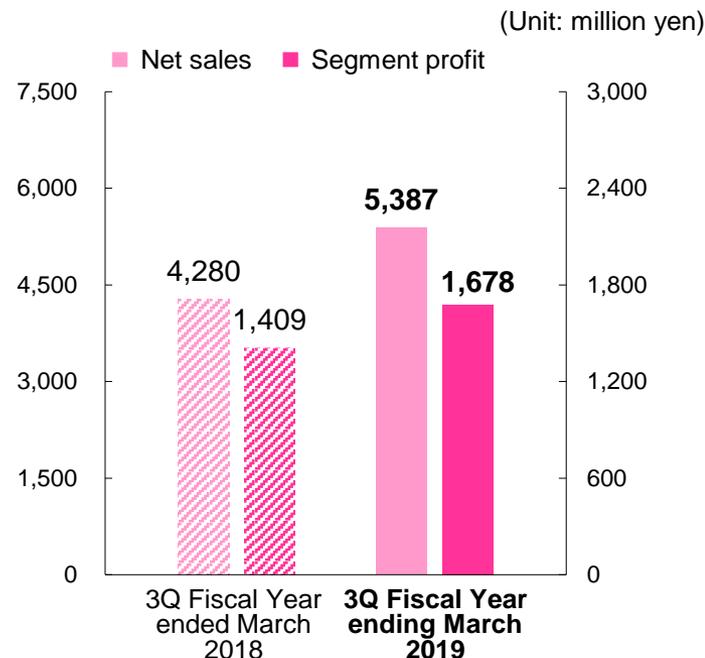


## Results Up Until 3Q FY Ending March 2019

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

## Title Performance

- ◆ Held performances of latest major series including "MUSICAL THE PRINCE OF TENNIS 3rd SEASON National Tournament SEIGAKU vs HYŌTEI," and "Ensemble Stars! On Stage" Festival
- ◆ Held successful new performance of "REBORN! THE STAGE"
- ◆ Broadcast the TV anime "Tokyo Ghoul:re" (Stage 2)
- ◆ Released movie "Hug! Pretty Cure, Futari wa Pretty Cure the Movie" in October; plans to launch Blu-ray/DVD in March



## <Title Rollouts>

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



Public performances in Jul. – Sep. 2018 (booked in 3Q)

“Ensemble Stars! On Stage”  
Festival



Public performances in September 2018 (booked in 3Q)

REBORN! THE STAGE



Public performances in Sep. – Oct. 2018 (booked in 3Q)

TV anime  
“Tokyo Ghoul:re”  
(Stage 2)



Broadcast in October 2018

Movie “Hug! Pretty Cure, Futari wa Pretty Cure the Movie”



Released in October 2018; BD/DVD scheduled for release in March 2019

# Audio & Visual Business: Initiatives Starting in 4Q of FY Ending March 2019

- ◆ In stage, consistent performances of the newest works in popular series; new performances being prepared for next fiscal year
- ◆ In anime, begin broadcasting new series for Pretty Cure in February; the movie scheduled for March

## 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 in Dec. 2018 – Feb. 2019

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



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

Public performances in Dec. 2018 – Feb. 2019

## K THE STAGE -RETURN OF KINGS-



© GoRA · GoHands/k-project © GoRA · GoHands/stage k-project

Public performances scheduled for March 2019

## Star☆Twinkle Pretty Cure



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Broadcast scheduled for February 2019

## Pretty Cure Miracle Universe the Movie



©2019 Pretty Cure Miracle Universe the Movie Production Committee

Release scheduled for March 2019

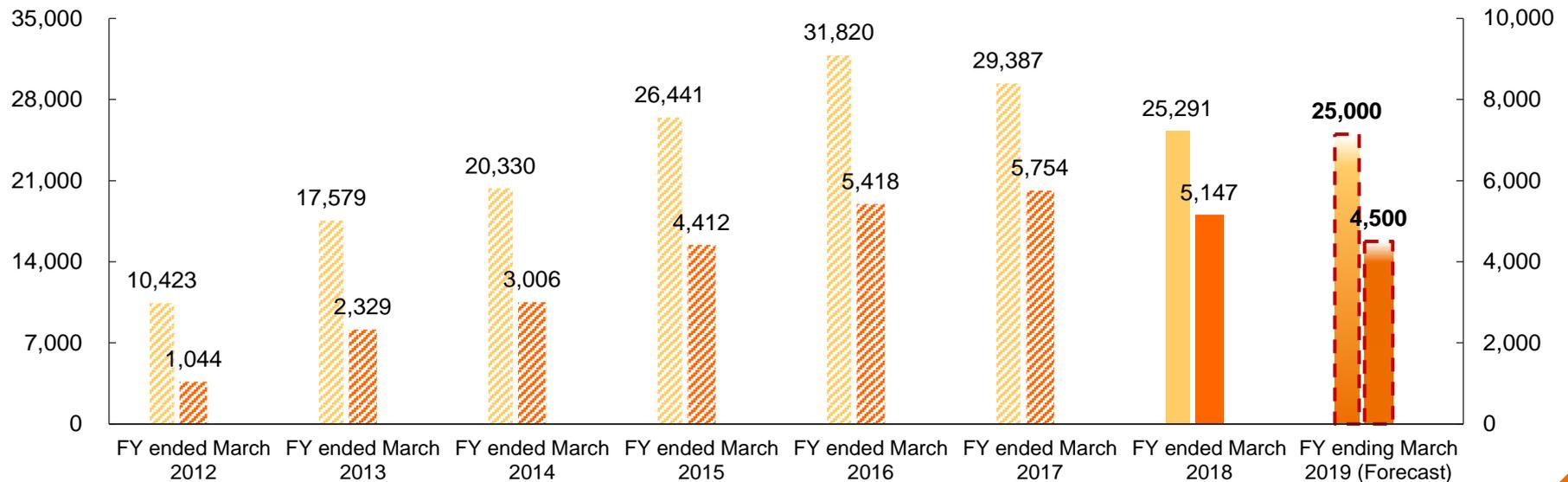
# **Fiscal Year Ending March 2019, Full-Year Business Forecast**

# 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	–	<b>25,000</b>	–	-291	98.8%
Operating profit	5,147	20.4%	<b>4,500</b>	18.0%	-647	87.4%
Ordinary profit	5,105	20.2%	<b>4,500</b>	18.0%	-605	88.1%
Profit attributable to owners of parent	3,513	13.9%	<b>2,980</b>	11.9%	-533	84.8%



Thank you very much for your attention.

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