

MARVELOUS!

Results Briefing Materials

Fiscal Year Ending March 31, 2020

Third Quarter

January 31, 2020

Fiscal Year Ending March 2020, Third-Quarter Results Summary

Segment Results and Full-Year Business Forecast

Fiscal Year Ending March 2020, Third-Quarter Results Summary

Earnings Highlights (Statement of Profit and Loss)



- The online business was affected by lower sales of existing titles and insufficient contributions from new titles, with write-downs on the development asset value of some titles
- The audio & visual business marked declines in revenues and earnings due to lower sales of stage performance package products and related merchandise
- Additional year-on-year decline in revenues and earnings due to the absence of a one-time gain from software assets sales in the second quarter of the previous fiscal year

Unit: million yen	3Q FY ended March 2019		3Q FY ending March 2020		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	20,193	-	18,546	-	-1,647	91.8%
Cost of sales	9,609	-	9,990	-	381	104.0%
SGA expenses	6,373	-	6,444	-	70	101.1%
Thereof advertising expenses	1,083	-	1,380	-	297	127.5%
Operating profit	4,210	20.9%	2,111	11.4%	-2,099	50.1%
Non-operating profit/loss	75	-	24	-	-50	-
Ordinary profit	4,285	21.2%	2,135	11.5%	-2,150	49.8%
Extraordinary profit/loss	-106	-	-44	-	62	-
Income taxes	1,337	-	755	-	-582	56.5%
Profit attributable to owners of parent	2,842	14.1%	1,336	7.2%	-1,505	47.0%

Segment Results



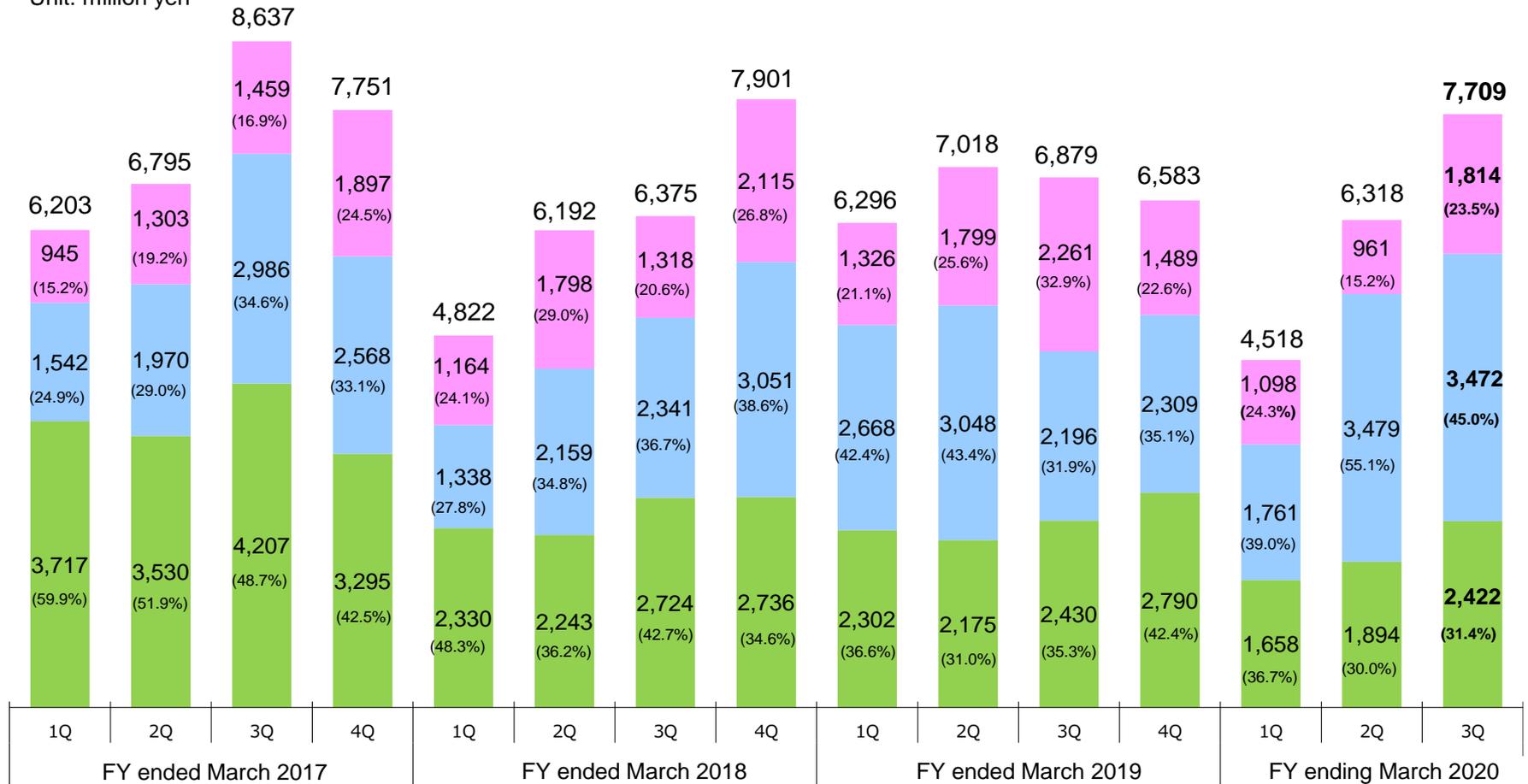
Unit: million yen		3Q FY ended March 2019	3Q FY ending March 2020	YOY change	
		Actual	Actual	(Amount)	(%)
Net sales	Online Game Business	6,908	5,975	-932	86.5%
	Consumer Game Business	7,913	8,714	800	110.1%
	Audio & Visual Business	5,387	3,874	-1,512	71.9%
	Total	20,193	18,546	-1,647	91.8%
Segment profit	Online Game Business	877	120	-756	13.7%
	Consumer Game Business	2,651	1,936	-714	73.0%
	Audio & Visual Business	1,678	1,127	-551	67.2%
	Total	5,207	3,184	-2,022	61.2%
Company-level costs, etc.		-996	-1,073	-76	107.7%
Operating profit total		4,210	2,111	-2,099	50.1%

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



- Audio & Visual Business
- Consumer Game Business
- Online Game Business

Unit: million yen



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

Segment Results and Full-Year Business Forecast

Online Game Business: 3Q FY Ending March 2020 Progress Status



[Results Up Until 3Q FY Ending March 2020]

Lower revenues and earnings due to reduced sales of long-seller titles and a smaller number of titles, insufficient contributions from new titles, and write-downs on the development asset value of some titles

[Title Performance]

- "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" showed continued favorable performance in the third year since its release
- "Logres of Swords and Sorcery: Goddess of Ancient," marking its 6th anniversary, slipped year-on-year despite a good run at the anniversary event
- "LOGRES STORIES" and "GIRL CAFE GUN," both with dissemination starts in September, missed expectations with sub-par contributions

[Title Rollouts]

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



Launched in December 2013

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



Launched in November 2017

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LOGRES STORIES
(native app)



Launched on September 18, 2019

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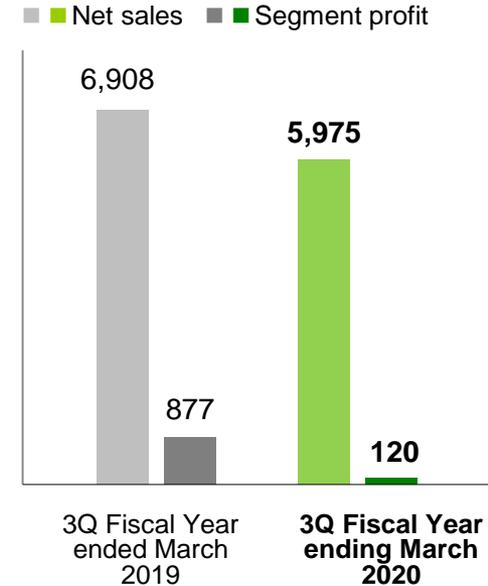
GIRL CAFE GUN
(native app)



Launched on September 20, 2019

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Unit: million yen



Online Game Business: Initiatives Starting in 4Q of FY Ending March 2020

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- Focus on maintaining sales of existing titles
- Novel apps originally scheduled for release this winter had their release schedules reviewed and postponed
- Release of new apps deferred with a view to quality improvements until the next fiscal year

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



Launched in December 2013

©Marvelous Inc. Aiming Inc.

Title undecided
(novel app)

New novel app
(Release postponed)

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



Launched in November 2017

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Title undecided
(native app)

New app game
(Release postponed)

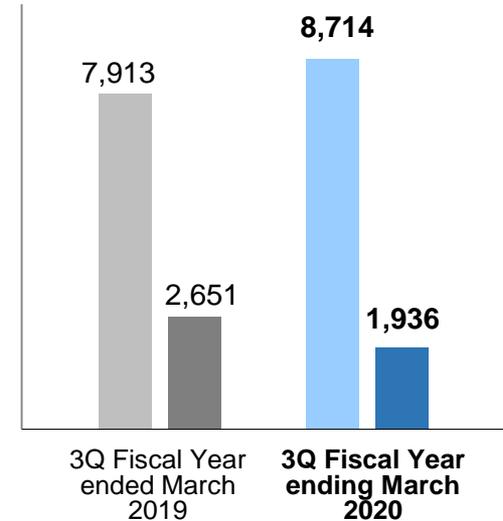
Consumer Game Business: 3Q FY Ending March 2020 Progress Status



[Results Up Until 3Q FY Ending March 2020]

Despite sustained favorable performance of "Pokémon Ga-Olé" and robust sales of game software, lower earnings due to the absence of gains from a software assets sale in the second quarter of the previous fiscal year

■ Net sales ■ Segment profit Unit: million yen



[Title Performance]

- "BOKUJO MONOGATARI SAIKAI NO MINERAL TOWN," as the series' first title for Nintendo Switch, and "Travis Strikes Again: No More Heroes Complete Edition," the latest production of the "NO MORE HEROES" series, were released in October, followed by the sales launch of overseas acquisition title "CONTROL" in December
- At the amusement business, favorable performance of "Pokémon Ga-Olé" continued

[Title Rollouts]

**BOKUJO MONOGATARI
SAIKAI NO MINERAL TOWN**
(Nintendo Switch)



Released on October 17, 2019

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**Travis Strikes Again:
No More Heroes
Complete Edition**
(PlayStation®4/Steam®)



PS4® version: Released on October 17, 2019
Steam® version: Distribution launched on October 18, 2019

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CONTROL
(PlayStation®4)



Released on December 12, 2019

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Pokémon Ga-Olé
(Amusement)



Operations started in July 2016

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Consumer Game Business: Initiatives Starting in 4Q of FY Ending March 2020

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- Sales launch of new action race game "KANDAGAWA JET GIRLS" in January
- Sales launches of "Rune Factory 4 Special" in North America and Europe scheduled for February

KANDAGAWA JET GIRLS (PlayStation®4)



Released on January 16, 2020

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Rune Factory 4 Special (Nintendo Switch)



North American version:
To be released on February 25, 2020
European version:
To be released on February 28, 2020

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Games / Marvelous USA, Inc.
*Image is of North America version

Audio & Visual Business: 3Q FY Ending March 2020 Progress Status



[Results Up Until 3Q FY Ending March 2020]

Lower sales of stage performance package products and related merchandise, with year-on-year declines in revenues and income

[Title Performance]

- In the anime segment, release of the latest production of the movie version of Pretty Cure in October
- In the stage segment, "MUSICAL THE PRINCE OF TENNIS Autumn Sports Festival 2019" and "Musical AO HARU-TETSUDO" marked the first live performances, along with performance of new productions "Blood Blockade Battlefront" the Stage and "PERSONA5 the Stage"

[Title Rollouts]

Star Twinkle Pretty Cure the Movie



Released in October 2019

©2019 Star Twinkle Pretty Cure the Movie Production Committee

Musical AO HARU-TETSUDO CONCERT Rails Live 2019



Performances from October
to November 2019

©Musical AO HARU TETSUDO Project

"Blood Blockade Battlefront" the Stage



Released in November 2019

©Yasuhiro Nightow/SHUEISHA
©Blood Blockade Battlefront" the Stage

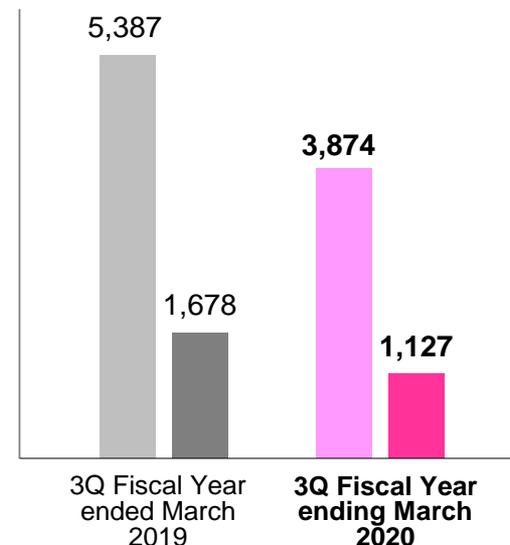
PERSONA5 the Stage



Released in December 2019

©ATLUS ©SEGA ©SEGA/PERSONA5 the Stage Project

■ Net sales ■ Segment profit Unit: million yen



Audio & Visual Business: Initiatives Starting in 4Q of FY Ending March 2020



- In the stage segment, further to performances of the most recent productions of core series, the latest production of Yowamushi Pedal is scheduled to be staged in February
- In the anime segment, the Precure new TV series is scheduled to start in February and the most recent movie version in March

Touken Ranbu the Stage



Performances from November
2019 to January 2020

©Touken Ranbu the Stage Production Committee
©2015-2019 DMM GAMES/Nitroplus

MUSICAL THE PRINCE OF TENNIS 3rd SEASON National Tournament SEIGAKU vs RIKKAI The Last Half



Performances from December
2019 to February 2020

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

"Ensemble Stars! Extra Stage" ~Night of Blossoming Stars~



Performances from December
2019 to February 2020

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

REBORN! THE STAGE -vs VARIA part II -



Performances in January 2020

© Akira Amano/Shueisha
© REBORN! THE STAGE PROJECT

Stage [Yowamushi Pedal] the new period FINAL: POWER OF BIKE



Performances scheduled
for February 2020

©WATARU WATANABE (Akitashoten) 2008
©WATARU WATANABE (Akitashoten) 2008./Yowamushi Pedal Stage Project

"Healin' Good ♥ Precure"



TV Broadcast scheduled for
February 2020

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Background to the revision of results forecasts for the fiscal year ending March 2020



- Forecasts for revenues and earnings were revised down as initial sales expectations failed to materialize for "LOGRES STORIES," the latest production in the Logres series, as well as "GIRL CAFE GUN." Additionally, for two apps originally scheduled to be released this fiscal year the release dates were postponed
- For some titles with sub-par performance the development asset value was written down based on future earnings prospects

* Note that the original forecasts for dividends remain intact.

	FY ending March 2020				Difference (Amount)	Unit: million yen
	Forecasts at the start of the fiscal year (May 13, 2019)		Latest forecasts (January 31, 2020)			
	Forecast	Profit ratio	Forecast	Profit ratio		
Net sales	26,000	—	24,000	-	-2,000	
Operating profit	3,800	14.6%	2,300	9.6%	-1,500	
Ordinary profit	3,800	14.6%	2,300	9.6%	-1,500	
Profit attributable to owners of parent	2,600	10.0%	1,500	6.3%	-1,100	

Thank you very much for your attention.

[Inquiries]

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