

Marvelous Inc.

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

MARVELOUS!

Results Briefing Materials

Fiscal Year Ended March 31, 2019

May 13, 2019

- ◆ **Fiscal Year Ended March 2019, Results Summary**
- ◆ **Segment Results**
- ◆ **Fiscal Year Ending March 2020, Full-Year Business Forecast**

Fiscal Year Ended March 2019, Results Summary

Earnings Highlights (Statement of Profit and Loss)



- ◆ Sales and earnings have met initial forecasts
- ◆ Overall sales rose from the previous fiscal year due to sales growth at the Consumer Game Business and Audio & Visual Business, but earnings declined due to weakness in the Online Game Business and development costs for some titles charged in a lump-sum.

(Unit: million yen)

	FY ended March 2018		FY ended March 2019		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	25,291	-	26,777	-	1,485	105.9%
Cost of sales	11,035	-	13,457	-	2,421	121.9%
SGA expenses	9,108	-	8,613	-	-495	94.6%
Thereof advertising expenses	1,895	-	1,387	-	-507	73.2%
Operating profit	5,147	20.4%	4,706	17.6%	-440	91.4%
Non-operating profit/loss	-41	-	84	-	126	-
Ordinary profit	5,105	20.2%	4,791	17.9%	-314	93.8%
Extraordinary profit/loss	-71	-	-156	-	-84	-
Income taxes	1,520	-	1,282	-	-237	84.4%
Profit attributable to owners of parent	3,513	13.9%	3,351	12.5%	-162	95.4%

Segment Results



(Unit: million yen)

		FY ended March 2018	FY ended March 2019	YOY change	
		Actual	Actual	(Amount)	(%)
Net sales	◆ Online Game Business	10,034	9,698	-335	96.7%
	◆ Consumer Game Business	8,891	10,222	1,331	115.0%
	◆ Audio & Visual Business	6,396	6,876	480	107.5%
	Total	25,291	26,777	1,485	105.9%
Segment profit	◆ Online Game Business	1,390	1,235	-154	88.9%
	◆ Consumer Game Business	2,969	2,848	-120	95.9%
	◆ Audio & Visual Business	2,052	2,102	50	102.4%
	Total	6,411	6,186	-225	96.5%
Adjustments, retirements, etc.		-1,264	-1,480	-215	117.0%
Operating profit total		5,147	4,706	-440	91.4%

Highlights

◆ Online Game Business

- Lower sales of major titles
- Insufficient contributions from new titles
- Development costs for some titles charged in a lump-sum

◆ Consumer Games Business

- Game software sales were solid
- Solid results in amusement business
- Development costs for some titles charged in a lump-sum

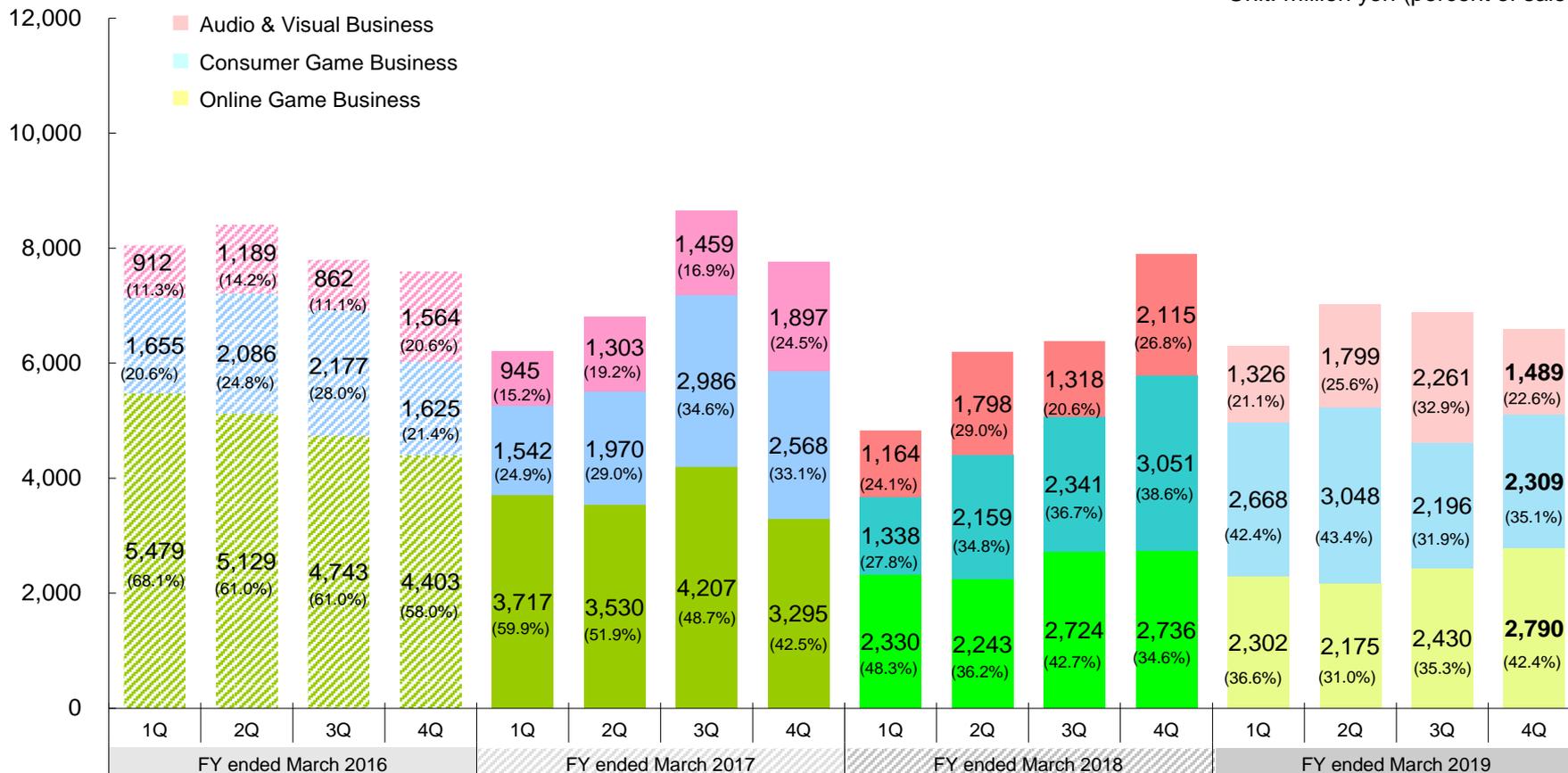
◆ Audio & Visual Business

- Anime and movies performed favorably
- 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	6,583
	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	495

Segment Results

Performances of Titles in the Fiscal Year Ended March 2019

- ◆ Long-seller titles performed favorably but sales decreased from the previous fiscal year
- ◆ "SHINOVI MASTER -SENTRAN KAGURA NEW LINK-" performed well in the second year
- ◆ Some titles released in the previous fiscal year were transferred to other companies and services discontinued
Additionally, some titles in development were scrapped and development costs charged in a lump-sum
- ◆ Active overseas business development centered on Asia; licensing agreements were concluded with companies in China, Korea, Taiwan, etc.
- ◆ To rebuild the sluggish business, structural reforms and an early retirement preferential treatment system(charged as extraordinary loss) are implemented

〈Title Rollouts〉

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



©Marvelous Inc. Aiming Inc.

Launched in
December
2013

Browser Sangokushi
(PC browser)



©Marvelous Inc.

Launched
in July 2009

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

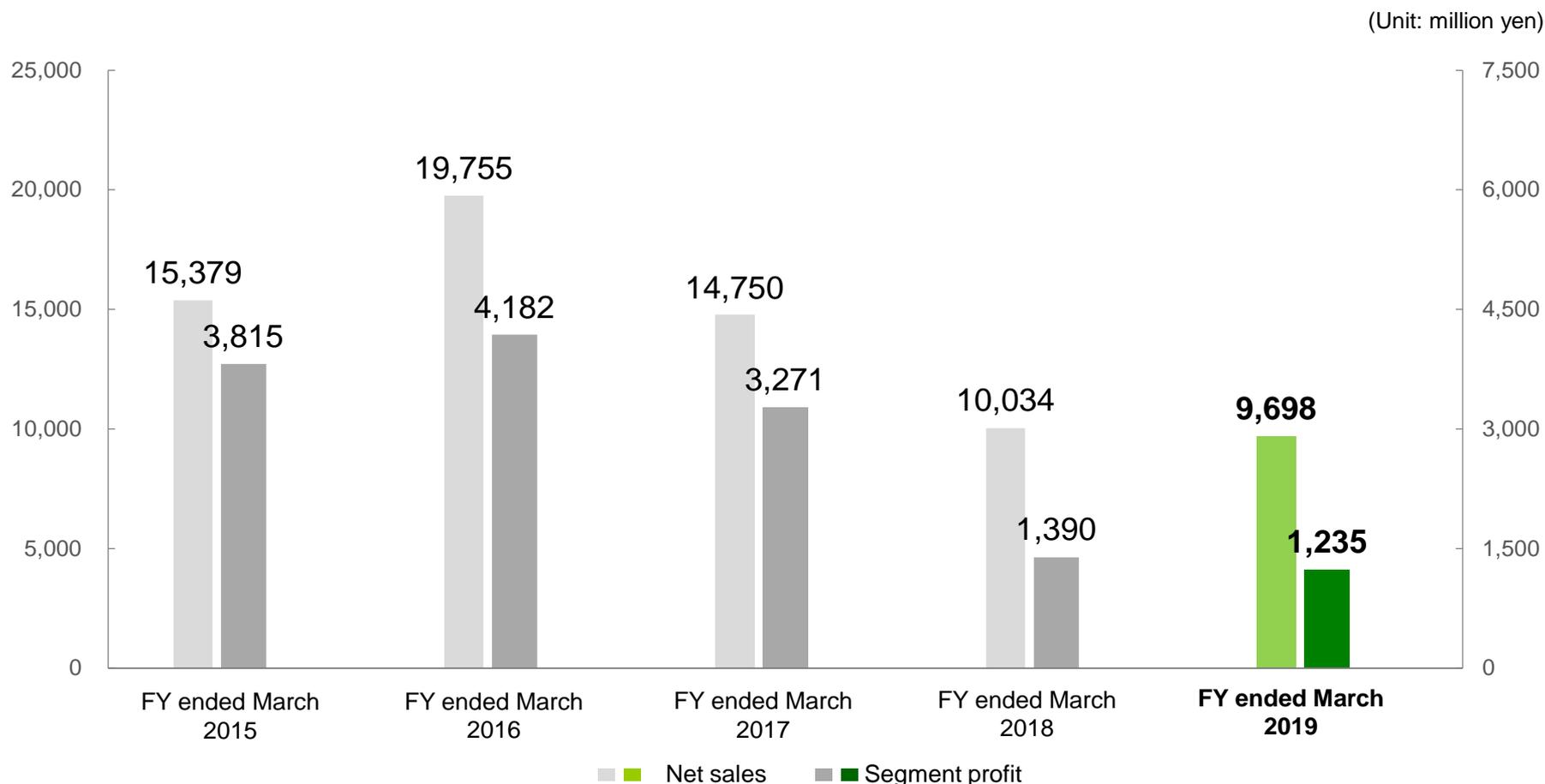


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Launched
in
November
2017

Performance in the Fiscal Year Ended March 2019

- ◆ Sales and earnings decreased as lower sales of major long-seller titles were not covered by new titles



Performances of Titles in the Fiscal Year Ended March 2019

- ◆ Sales launch of "Fate/EXTELLA LINK," "Little Dragons Cafe HIMITSU NO RYU TO FUSHIGI NA SHIMA" and "PEACH BALL SENRAN KAGURA"
- ◆ Overseas releases comprised the North America/Europe and Steam versions of "SENRAN KAGURA Burst Re:Newal" and "Fate/EXTELLA LINK"
- ◆ In Amusement, "Pokémon Ga-Olé" performed well in the third year of operation, setting a historical high
- ◆ Overseas performance of "PokémonTRETТА" and domestic and overseas sales of "TRYPOD" were also favorable
- ◆ Based on reviews of future earnings of some titles in development, development costs were charged in a lump-sum

<Title Rollouts>

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



Domestic PS4/PSV
version: Sales launch
in June 2018
NS version: Sales
launch in January
2019

North
America/Europe
PS4/PSV/NS
version: Sales
launch in March
2019

©TYPE-MOON ©2018 Marvelous Inc.

*The image shows the domestic version.

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



Released in
August 2018

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**PEACH BALL
SENRAN KAGURA**
(Nintendo Switch)



Released in
December 2018

©2018 Marvelous Inc./HONEY
PARADE GAMES Inc.

Pokémon Ga-Olé
(Amusement)



Operations
started in
July 2016

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FREAK Inc.
Developed by T-ARTS and MARV
TM, ®, and character names are trademarks of Nintendo.

TRYPOD
(Amusement)

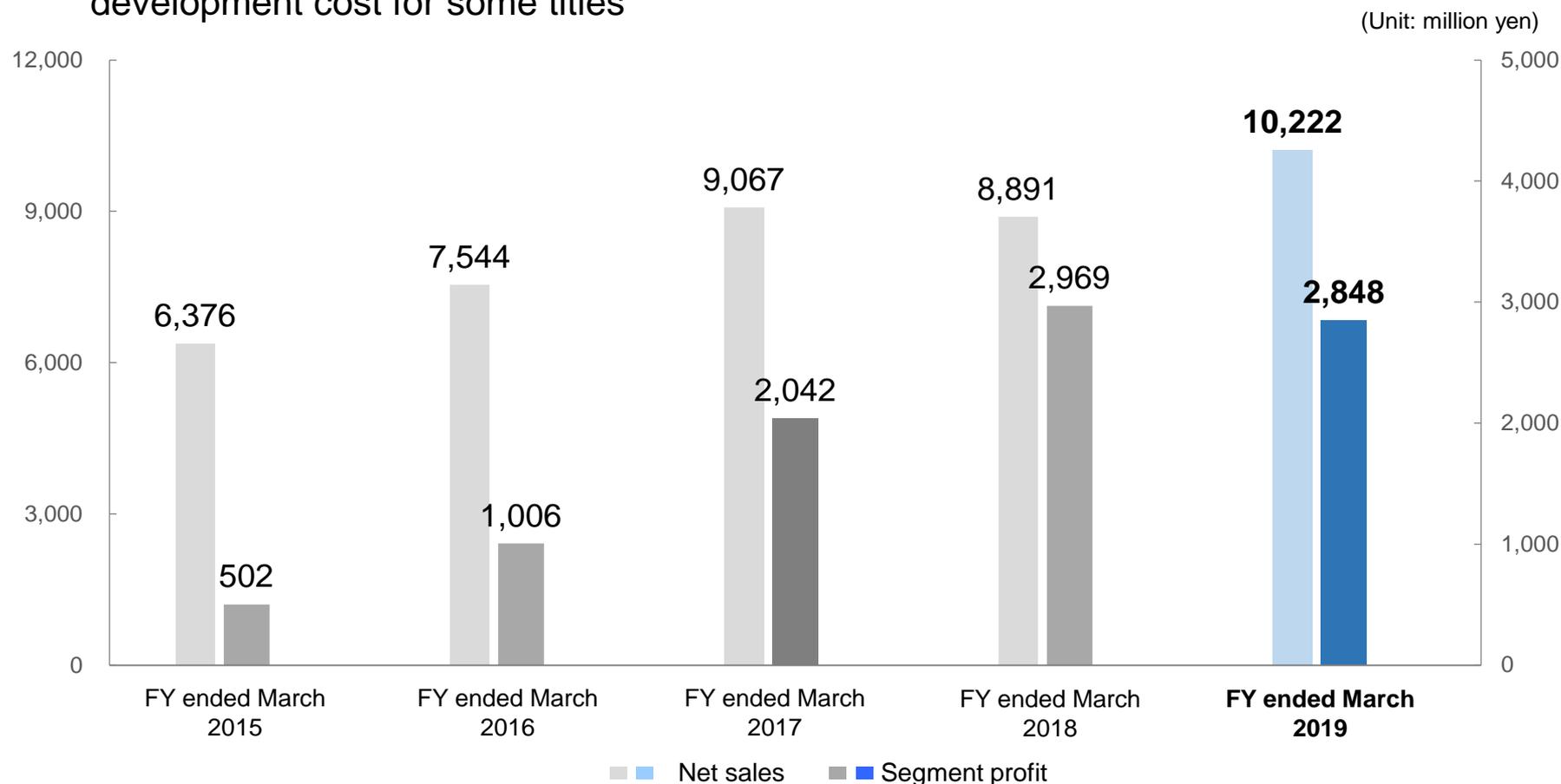


Operations
started in
November
2017

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Performance in the Fiscal Year Ended March 2019

- The amusement business performed well, supplemented by temporary income from the sale of software assets continued from the previous fiscal year
- Despite higher revenues year on year, earnings decreased due to lump-sum charges of development cost for some titles



Performances of Titles in the Fiscal Year Ended March 2019

- ◆ TV anime “Hug! Pretty Cure,” “Tokyo Ghoul:re” (Stage 1, Stage 2), and “The Thousand Masketeers” were broadcast and respectively package-commercialized
- ◆ Movie “Hug! Pretty Cure, Futari wa Pretty Cure the Movie” “TOUKEN RANBU: THE MOVIE,” and “Pretty Cure Miracle Universe the Movie” were released respectively in October 2018, January 2019, and March 2019, attracting large number of spectators
- ◆ In new works, for “Stage : SENGOKU NIGHT BLOOD” and “REBORN! THE STAGE” public performances started respectively in August and September 2018 and were well received by spectators
- ◆ For "Touken Ranbu the Stage," "MUSICAL THE PRINCE OF TENNIS," and "Ensemble Stars! On Stage" the latest performances of each series were staged

<Title Rollouts>

TV anime
"Hug! Pretty Cure"



Broadcast
in Feb. 2018
- Jan. 2019

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TV anime
"Tokyo Ghoul:re"



Broadcast
Stage 1 in Apr.
- Jun. 2018
and Stage 2 in
Oct. - Dec.
2018

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

"TOUKEN RANBU: THE MOVIE"



Released in
Jan. 2019

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TOHOKUSHINSHA / DMM GAMES / GYAO
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REBORN! THE STAGE



Public
performances
in Sep. - Oct.
2018

© Akira Amano / Shueisha
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"Ensemble Stars! Extra Stage"
~Memory of Marionette~



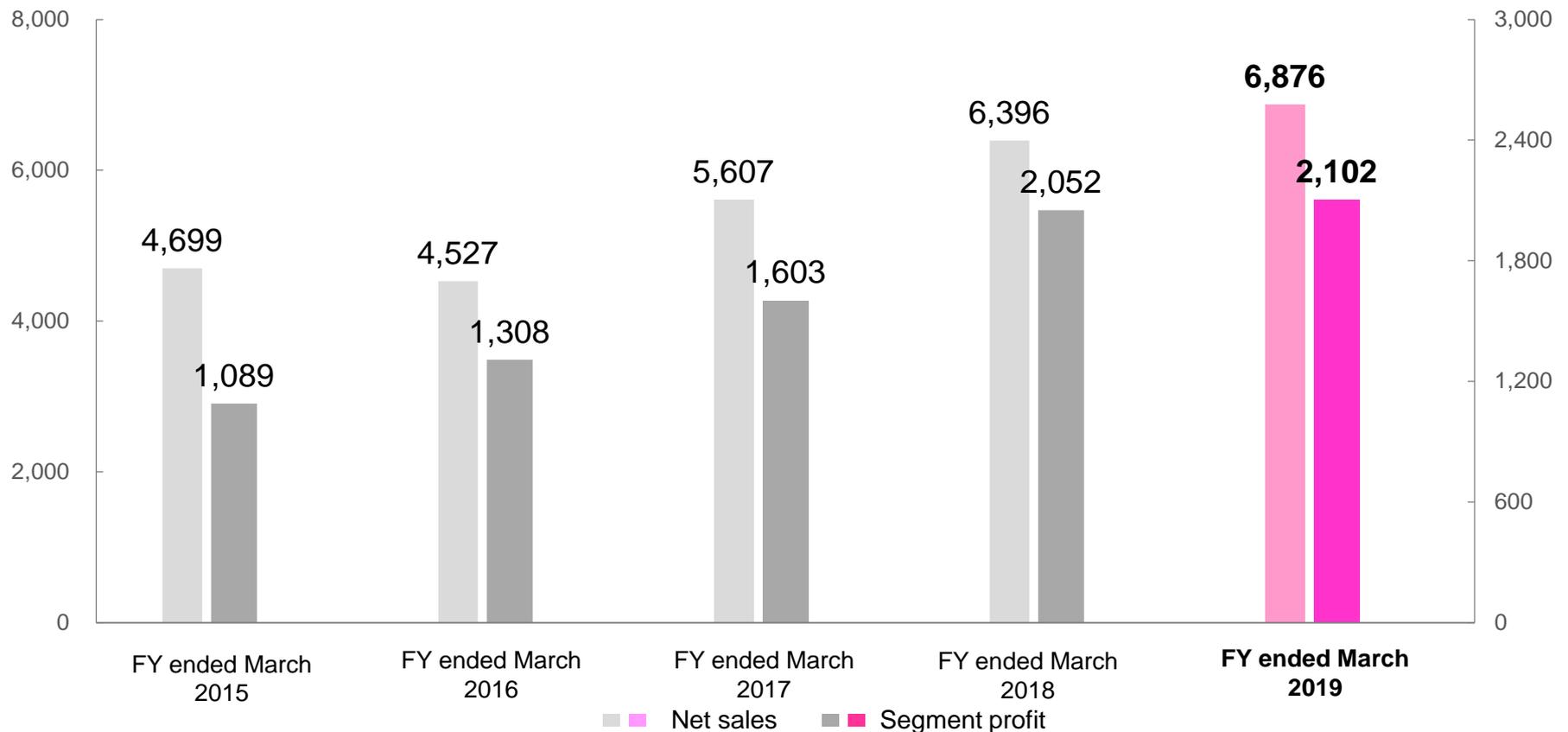
Public
performances
in Dec. 2018
- Feb. 2019

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

Performance in the Fiscal Year Ended March 2019

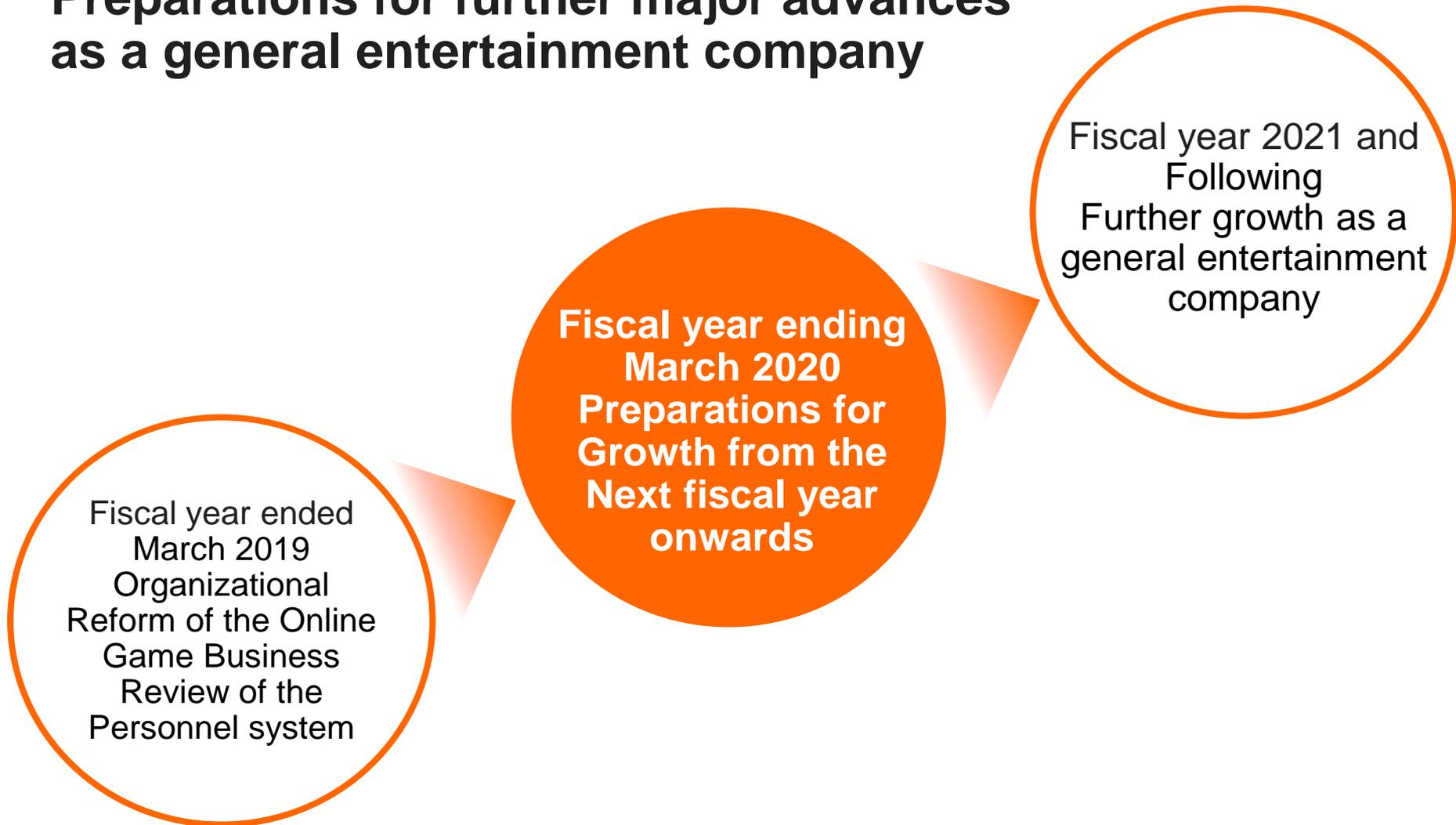
- ◆ Revenues and earnings increased from the previous fiscal year due to continued strong performances of major series and solid income also from secondary uses

(Unit: million yen)



Fiscal Year Ending March 2020, Full-Year Business Forecast

Preparations for further major advances as a general entertainment company



● Promotion of job authority delegation

Through reviews of approval authority regulations, etc., we will promote significant job authority delegation for individual business execution



Strengthening of the supervisory functions of the board of directors
Clarification of responsibilities for business execution

● Increase in the number of outside directors

We will actively use outside directors to obtain appropriate checks and neutral advice from the perspective of outsiders



Strengthening of corporate governance (election of two or more independent outside directors)
Measures for dealing with the diversification and complexity of the business environment

Fiscal Year Ending March 2020, Business Forecast



(Unit: million yen)	FY ended March 2019		FY ending March 2020		YOY change	
	Actual	Profit ratio	Forecast	Profit ratio	(Amount)	(%)
Net sales	26,777	—	26,000	—	-777	97.1%
Operating profit	4,706	17.6%	3,800	14.6%	-906	80.7%
Ordinary profit	4,791	17.9%	3,800	14.6%	-991	79.3%
Profit attributable to owners of parent	3,351	12.5%	2,600	10.0%	-751	77.6%

Online Game Business: Initiatives starting in FY ending March 2020

- ◆ Starting this summer, distribution in Japan of smartphone games originating in China
- ◆ Titles co-developed with Aiming slated for distribution this fiscal year
- ◆ Planning to initiate service this fiscal year for new apps currently in development

GIRL CAFE GUN (native app)



Scheduled to
launch in
summer 2019

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Title undecided (native app)

Title co-developed with
Aiming

Distribution
to be
determined

Title undecided (native app)

New app game

Distribution
to be
determined

Consumer Game Business: Initiatives starting in FY ending March 2020

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- ◆ "Rune Factory 4," the biggest hit ever in the series, slated for sales release in July for Nintendo Switch
- ◆ New action game "DAEMON X MACHINA" slated for sales release this summer
- ◆ In amusement, the new rhythm game "WACCA" is slated to launch this summer

Rune Factory 4 Special (Nintendo Switch)



©2019 Marvelous Inc.

Scheduled
for release
on July 25,
2019

DAEMON X MACHINA (Nintendo Switch)



©2019 Marvelous Inc.

Scheduled
to be
released in
summer
2019

WACCA (Amusement)



Operations
scheduled
to start in
summer
2019

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Audio & Visual Business: Initiatives starting in FY ending March 2020

- ◆ The Pretty Cure new series started in February and was released in theaters in March, with package commercialization slated for this fiscal year
- ◆ Big-hit "TOUKEN RANBU: THE MOVIE" Blu-ray and DVD sales launch slated for June
- ◆ Stage performances are scheduled to be successively released for the latest works of series products and for completely new productions

Star☆Twinkle Pretty Cure



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TV broadcast started from Feb. 2019
DVD volume 1 scheduled for release in June

Pretty Cure Miracle Universe the Movie



©2019 Pretty Cure Miracle Universe the Movie Production Committee

Released in March 2019

"TOUKEN RANBU: THE MOVIE"



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©2015-2019 DMM GAMES/Nitroplus

Released in January 2019
BD/DVD Scheduled for release in June

Stage [Yowamushi Pedal] the new period : Limit Breaker



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

Performance in May 2019

MUSICAL 『MORIARTY THE PATRIOT』



©Ryosuke Takeuchi,Hikaru Miyoshi/SHUEISHA
© MUSICAL 『MORIARTY THE PATRIOT』 PROJECT

Performance in May 2019

REBORN! THE STAGE -vs VARIA part I -

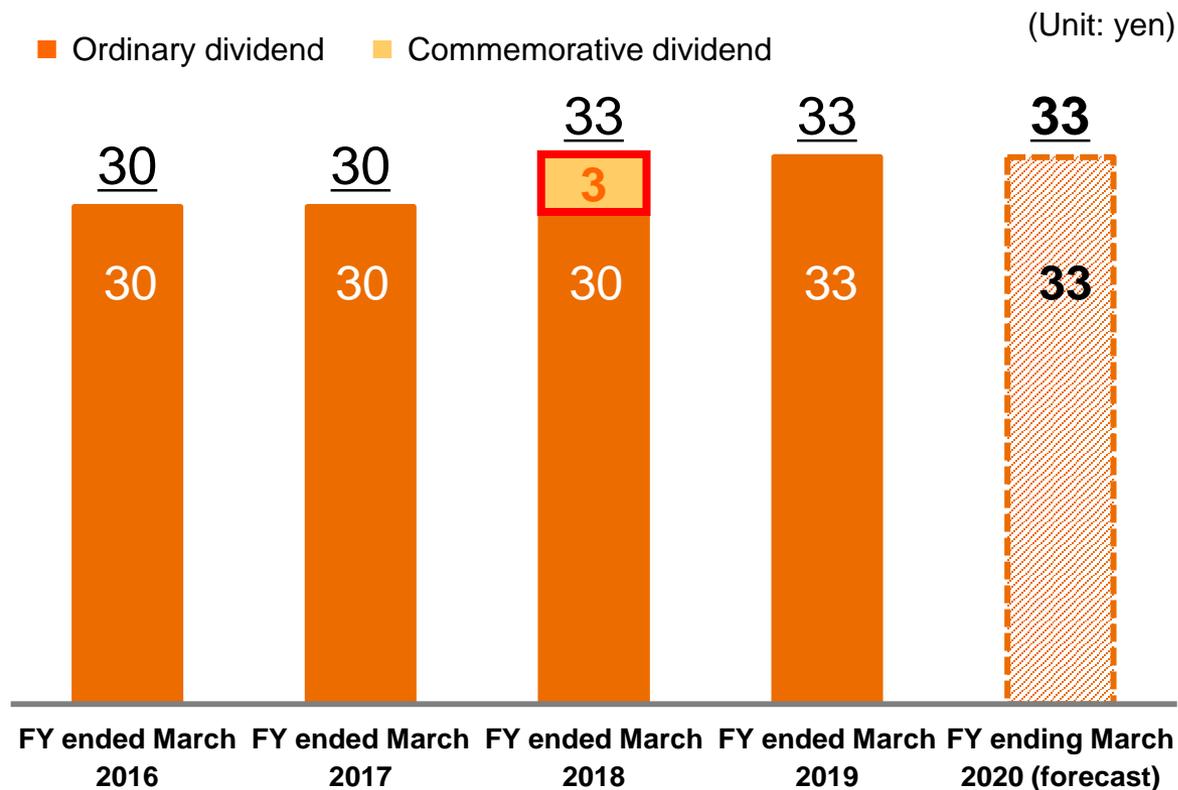


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Performance in May 2019

Dividend Forecast / Dividend Policy

- Fiscal year ended March 2019 : ¥33 annual dividend (finalized)
- Fiscal year ending March 2020 : ¥33 annual dividend (planned)



Dividend payout ratio	43.7%	37.3%	48.6%	50.9%	65.6%
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Thank you very much for your attention.

Inquiries

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