

Fact Sheet

First Quarter of Fiscal Year Ending March 31, 2018

Marvelous Inc.

Stock Exchange Listing: First Section of Tokyo Stock Exchange Stock Code: 7844 URL: <https://corp.marv.jp/>

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In line with our management philosophy of the "'Amazement' and 'Emotion' to the world with New Entertainment," Marvelous Inc. is a comprehensive entertainment company which develops online games, game software, amusement games, audio & visual content, stage and musical performances, and other products and services.

MARVELOUS!

Summary of Consolidated Quarterly financial information (Unit: million yen)

	1Q (3 months)	2Q (6 months)	3Q (9 months)	4Q (full-year)
Net Sales	4,822	—	—	—
Operating Income	708	—	—	—
Ordinary Income	711	—	—	—
Profit attributable to owners of parent	528	—	—	—
Net Income Per Share (yen)	10.22	—	—	—

Results of Operations

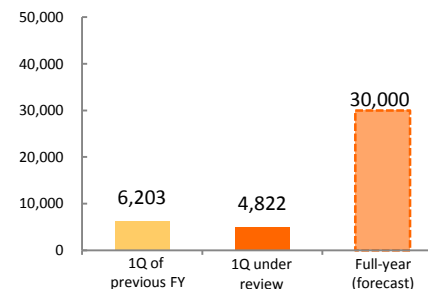
The entertainment industry in the period under review saw the pace of market growth slow in the domestic mobile games market. At the same time, disseminations of large numbers of newly produced games continued, comprised of cooperative titles of companies such as the major manufacturers of home-use games, social network services (SNS), and social application providers (SAP), as well as works using popular intellectual property (IP), and works targeting specific female audience strata. The domestic home-use games market posted in the first half of fiscal year 2017 its first year-on-year growth in three years, aided by the emergence of new hardware formats. The amusement market was vibrant with new developments such as the introduction of virtual reality (VR) contents and new subscriber charging propositions. In the audio & visual market, the physical music market continued in its decline, but music live entertainment thrived and the peripheral business expanded such as hit movie productions for theatrical stages and growth in secondary-use merchandise such as anime goods, etc. The live entertainment market, which has remained highly active, continued to see growing numbers of public performances. At the same time, a serious shortage of performance venues in Japan has invigorated efforts to create new earning opportunities such as live viewings in cinemas and on the Internet as well as performances on stages in overseas locations.

Under these circumstances, the Group has been operating as a comprehensive entertainment provider deploying a "multi-content, multi-use, and multi-device" strategy to deliver diverse entertainment content in all business segments and on a variety of devices. In order to establish robust IPs, the Group has been driving its strategy in the three key areas of branding, alliances, and global business, and is working to offer content that generates "buzz" among today's users while endeavoring to enhance its services.

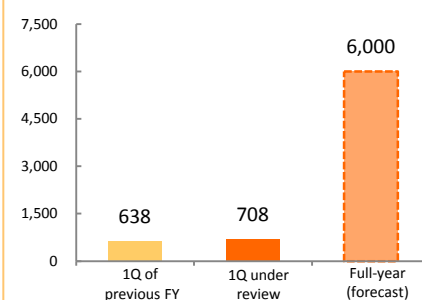
As a result, the Group's net sales in the first quarter (April 1, 2017 to June 30, 2017) marked 4,822 million yen (down 22.3% compared with the same period of the previous year), with operating income of 708 million yen (up 11.1% compared with the same period of the previous year), ordinary income of 711 million yen (up 73.4% compared with the same period of the previous year), and profit attributable to owners of parent of 528 million yen (up 74.5% compared with the same period of the previous year).

First Quarter (three months) Financial Results (Unit: million yen)

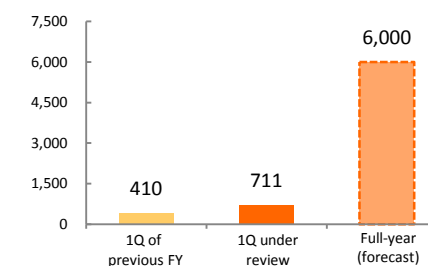
Net Sales



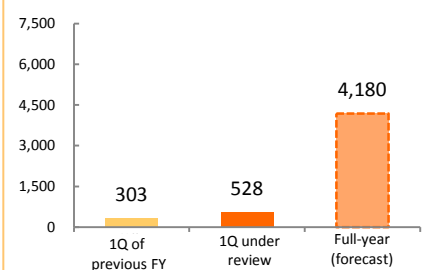
Operating Income



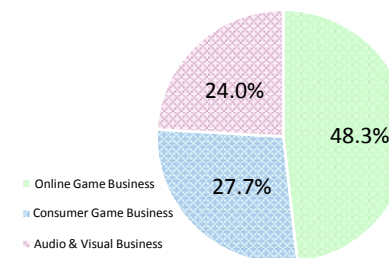
Ordinary Income



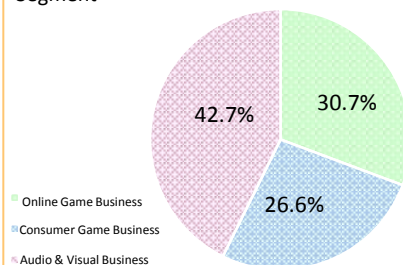
Profit attributable to owners of parent



Percentage of Net Sales by Segment



Percentage of Operating Income by Segment



Online Game Business

Leading Titles

Logres of Swords and Sorcery: Goddess of Ancient



©Marvelous Inc. Aiming Inc.

Sengoku Night Blood



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Remarks about Performance

The Online Game Business marked the service inception of smartphone game app "Sengoku Night Blood," which staged a favorable start with over two million downloads in the space of less than one month since its launch on May 29, 2017. By contrast, PC browser app "Tenka Touitsu Project," initiated on April 17, 2017, failed to connect to revenues and earnings, prompting service termination and write-off of the development costs in a lump-sum. Additionally, among existing titles, "Logres of Swords and Sorcery: Goddess of Ancient" has remained highly popular but performance turned out weak compared with the previous fiscal year.

As a result, segment net sales totaled 2,330 million yen (down 37.3% compared with the same period of the previous year), with segment income of 313 million yen (down 45.7% compared with the same period of the previous year).

Consumer Game Business

SENTRAN KAGURA PEACH BEACH SPLASH



©2017 Marvelous Inc.

Pokémon Ga-Olé



©2017 Pokémon.
©1995-2017 Nintendo/Creatures Inc. / GAME FREAK Inc.
Developed by T-ARTS and MARV
TM, ®, and character names are trademarks of Nintendo.

Although the Consumer Game Business own-sales operations launched no new production in Japan, "Fate/EXTELLA (PS Vita / PS4)" and "SENTRAN KAGURA PEACH BEACH SPLASH (PS4)" released in the previous fiscal year performed well on repeat-purchases, etc. Likewise, in overseas markets "STORY OF SEASONS: Trio of Towns (Nintendo 3DS)" and "SENTRAN KAGURA ESTIVAL VERSUS (Windows PC)" showed favorable performances driven by repeat purchases.

At the amusement division, "Pokémon Ga-Olé" taken into operation in the previous fiscal year did well. Likewise, the predecessor model "Pokémon TRETТА" rolled out in overseas markets developed to plan.

As a result, segment net sales totaled 1,338 million yen (down 13.2% compared with the same period of the previous year), with segment income of 271 million yen (up 119.5% compared with the same period of the previous year).

Audio & Visual Business

Anime
"TOUKEN RANBU HANAMARU"



©2016 TOUKEN RANBU HANAMARU Project

"Ensemble Stars! On Stage"
~Take your marks!~



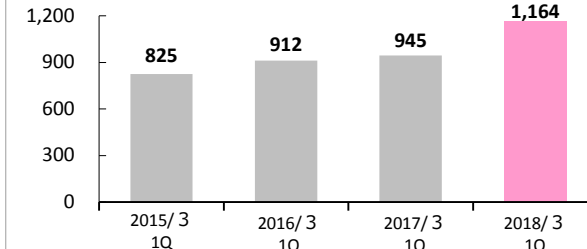
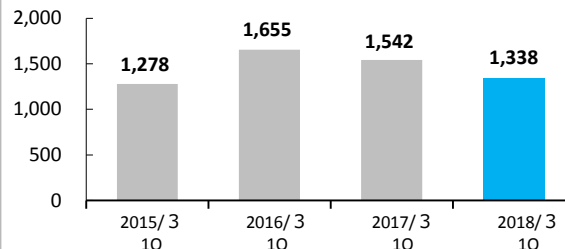
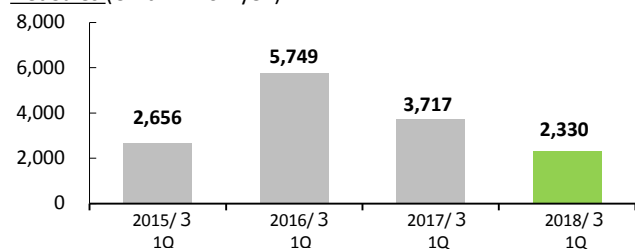
©2016 Happy Elements K.K. / Ensemble Stars! STAGE PROJECT

The division's audio & video production came out with package products such as TV anime production "Kira Kira ☆ Pretty Cure A La Mode" and posted continued robust Blu-ray and DVD sales of TV anime production "TOUKEN RANBU HANAMARU," which was broadcast last fiscal year. Moreover, thanks to the commercialization in Japan and overseas of core anime production "Tokyo Ghoul" out of the Company's library, sales and earnings developed favorably.

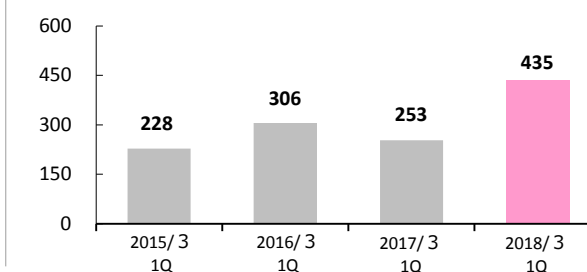
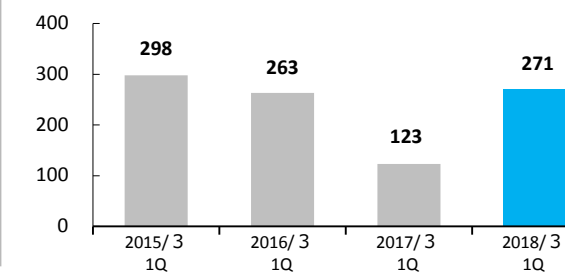
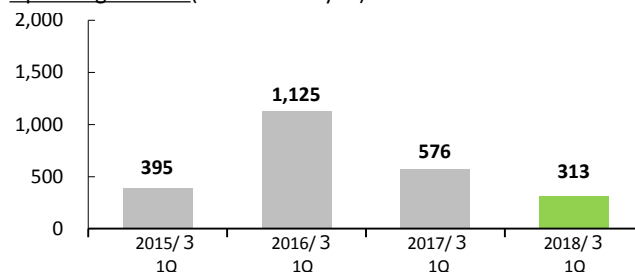
Stage production operations marked strong results for "JOKER GAME THE STAGE," a new production with tickets completely sold out for the May 2017 stage performances (revenues to be recognized on second-quarter accounts). In established series, stage performances of "Musical HAKUOKI!" (revenues recognized on fourth-quarter accounts for the period under review) and "MUSICAL THE PRINCE OF TENNIS" took place in April 2017, followed by "Concert Dream Live 2017" in May (revenues from the latter two will be recognized on second-quarter accounts). Additionally, Blu-ray and DVD sales launched in May 2017 for "Ensemble Stars! On Stage" ~Take your marks!~ soared after highly popular performances in the previous fiscal year. Package sales, live viewings, and dissemination operations in Japan, etc., surrounding the various stage and musical series also did well.

As a result, segment net sales totaled 1,164 million yen (up 23.1% compared with the same period of the previous year), with segment income of 435 million yen (up 72.0% compared with the same period of the previous year).

Net Sales (Unit: million yen)



Operating income (Unit: million yen)



[Consolidated Statement of Income]

	(Unit: million yen)					
	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Net Sales	17,579	20,330	26,441	31,820	29,387	4,822
Gross Operating Income	8,116	9,946	14,975	19,211	16,273	2,829
Operating Income	2,329	3,006	4,412	5,418	5,754	708
Ordinary Income	2,325	3,041	4,583	5,228	5,810	711
Profit attributable to owners of parent	1,919	1,882	2,178	3,602	4,165	528

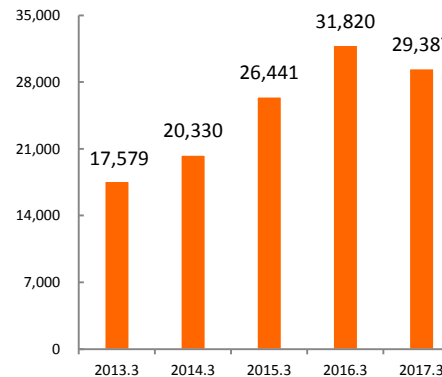
[Consolidated Balance Sheet]

	(Unit: million yen)					
	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Current Assets	12,593	14,583	18,624	16,204	19,285	16,695
Fixed Assets	2,748	2,233	3,414	4,165	4,943	4,640
Total Assets	15,341	16,816	22,039	20,370	24,228	21,336
Current Liabilities	4,570	4,840	8,535	6,421	7,626	5,776
Long-Term Liabilities	76	54	52	27	62	62
Net Assets	10,694	11,921	13,450	13,921	16,539	15,497
Shareholder's Equity	10,694	11,921	13,450	13,904	16,528	15,492

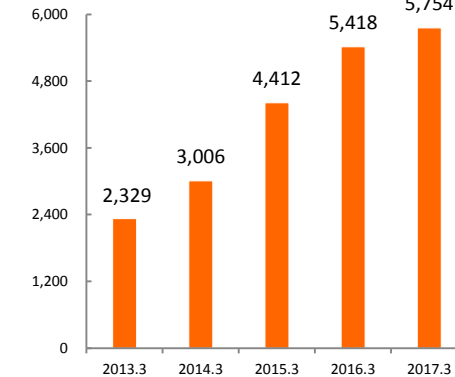
[Cash Flow Statement]

	(Unit: million yen)					
	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Cash flows from Operating activities	2,817	3,852	4,031	5,986	6,701	-
Cash flows from Investing activities	-2,130	-634	-2,218	-2,874	-3,609	-
Cash flows from Financing activities	-975	-873	-1,146	-3,086	-1,451	-
Cash and Cash Equivalents at End of Period	5,723	8,120	8,937	8,786	10,337	-

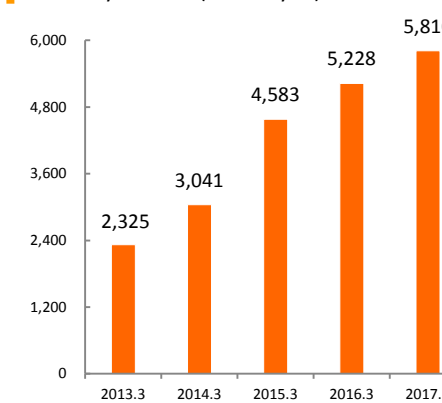
Net Sales (million yen)



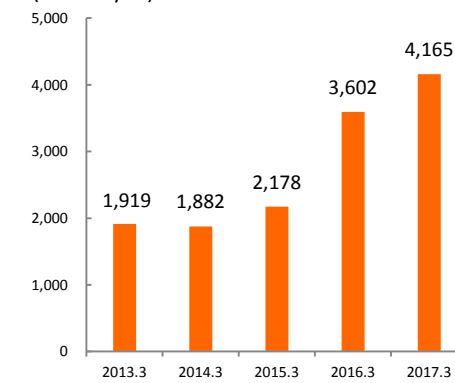
Operating Income (million yen)



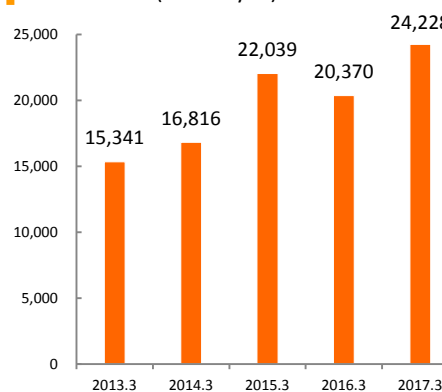
Ordinary Income (million yen)



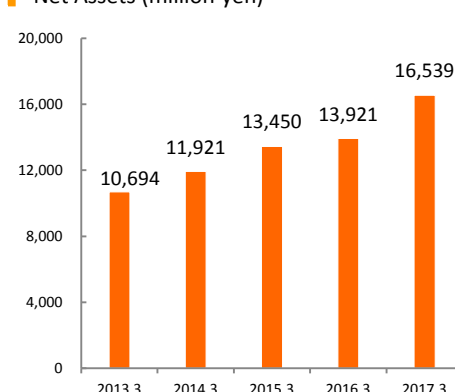
Profit attributable to owners of parent (million yen)



Total Assets (million yen)



Net Assets (million yen)



[Per Share Indices]

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Net income per share (yen)	35.90	35.21	40.74	68.68	80.53	10.22
Net assets per share (yen)	200.07	223.02	251.55	268.84	319.58	299.54

[Profitability]

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Gross profit ratio (%)	46.2	48.9	56.6	60.4	55.4	58.7
Operating profit ratio (%)	13.3	14.8	16.7	17.0	19.6	14.7
Ordinary profit ratio (%)	13.2	15.0	17.3	16.4	19.8	14.8
Net profit ratio (%)	10.9	9.3	8.2	11.3	14.2	11.0

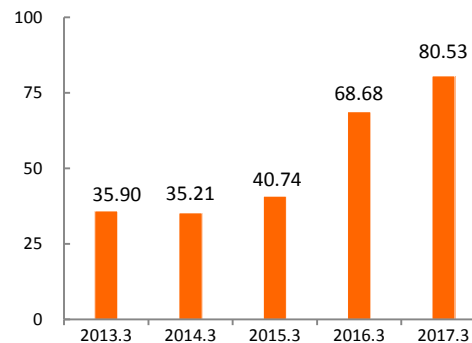
[Efficiency & Security]

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
ROE (%)	19.4	16.6	17.2	26.3	27.4	-
ROA (%)	16.0	18.9	23.6	24.7	26.1	-
Capital ratio (%)	69.7	70.9	61.0	68.3	68.2	72.6
D/E ratio (%)	7.9	5.5	1.5	1.2	1.6	1.0

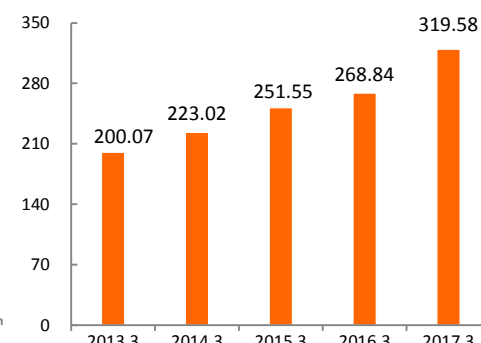
[Return to Shareholders]

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3 1Q
Dividend (million yen)	668	694	1,069	1,551	1,566	-
DOE (%)	6.8	6.1	8.4	11.5	10.2	-
Dividend payout ratio (%)	34.8	36.9	49.1	43.7	37.3	-

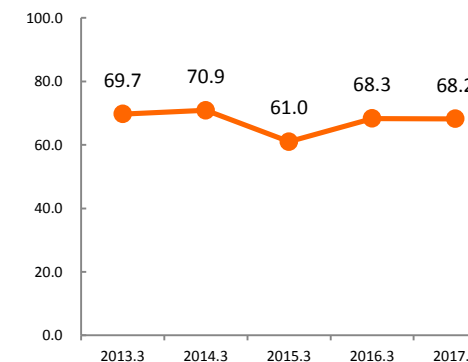
Net income per share (yen)



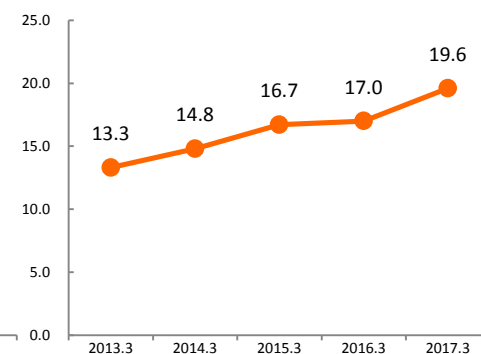
Net assets per share (yen)



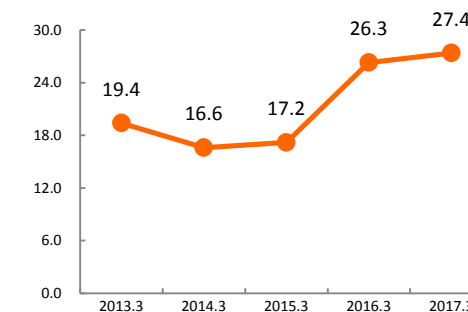
Capital ratio (%)



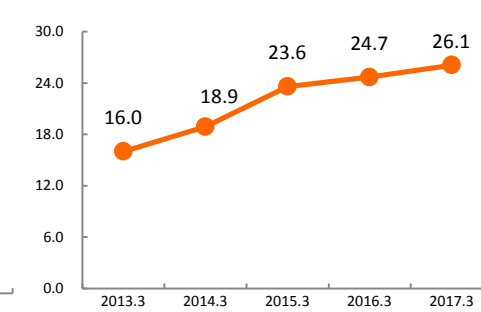
Operating profit ratio (%)



ROE (%)



ROA (%)



Important matters concerning the per share indices

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. The per share indices take into consideration the effects of this stock split.

Future Developments & Outlook for Fiscal Year Ending March 2018

Going forward, the Online Game Business will work to maintain favorable performances of existing titles and create new hit titles using the Company's own and other companies' IP and through alliances with strong corporate partners.

The Consumer Game Business will in the package software field aggressively promote proprietary IP series in Japan and overseas while focusing on new IP development and on accommodating new platforms. The amusement division will continue to strengthen its presence in amusement applications for young children and promote market development by venturing into new business fields.

The audio & video production division in the Audio & Visual Business will invest in carefully selected contents and aggressively expand its secondary-usage business, and in this way respond rapidly and flexibly to the shift in the market trend away from the package business toward the dissemination business. The stage production division, in order to solidify its leadership position in the 2.5D business, will work to acquire and provide attractive contents along with efforts at further business expansion through secondary usages and overseas initiatives. Notably, the Online Game Business, Consumer Business, and Audio & Visual Business will advance their entire operations in a cross-sectional manner with the focus on the creation of the signature contents that is the hallmark of the Company.

Based on these endeavors, results projections for the fiscal year ending March 31, 2018, call for sales of 30,000 million yen, with operating income and ordinary income of 6,000 million yen, and with 4,180 million yen in net income attributable to shareholders of the parent company.



Comprehensive capabilities of Marvelous accumulated over two decades since the founding of the Company

Online Game Business

Native app
Social games
PC browser games

Consumer Game Business

Home-use games
Amusement games

Audio & Visual Business

CD / DVD / Blu-ray
Stage/musical performances
Dissemination and program sales

New title development

IP value maximization

Strategic cooperation

Expansion of overseas initiatives

Multi-media development

Preparation of wide and varied line-ups

Sustained growth for the next 20 years

Basic Information

Company Profile (As of June 20, 2017)

• Company Name:	Marvelous Inc.	
• Head Office:	Shinagawa Seaside East Tower, 4-12-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo, Japan	
• Established:	June 25, 1997	
• Capital:	1,128 million yen	
• Officers:	Chairman, President and CEO	Haruki Nakayama
	Vice Chairman	Shuichi Motoda
	Representative Director, Executive Vice President and COO	Takashi Sensui
	Executive Vice President	Toshinori Aoki
	Managing Director	Yoshiaki Matsumoto
	Director and CFO	Seiichi Kato
	Director (External)	Shunichi Nakamura
	Director (External)	Makoto Arima
	Standing Statutory Auditor	Toshio Nago
	Corporate Auditor (External)	Tadahiko Ono
	Corporate Auditor (External)	Hisashi Miyazaki

Business Activities

Online Game Business Proposing, developing, producing and marketing apps and games capitalizing on the Company's proprietary intellectual property and other companies' promising intellectual property for various platforms

Consumer Game Business Proposing, developing, producing and marketing game software for home game consoles and game machines for amusement facilities

Audio & Visual Business Proposing, producing, and marketing a variety of contents including audio and visual, as well as proposing, producing, and exhibiting stage and musical performances

Stock Information (As of March 31, 2017)

- End of term: March 31
- Total number of authorized shares: 90,000,000
- Total shares outstanding: 53,593,100
- Number of shareholders: 20,325

[Major Shareholders / Ratio of Shares Owned]

• Hayao Nakayama	18.80%
• Amuse Capital Inc.	12.83%
• Haruki Nakayama	10.49%
• Amuse Capital Investment, K.K.	3.52%
• Japan Trustee Services Bank, Ltd. (Trust Account)	1.63%
• TOHOKUSHINSHA FILM CORPORATION	1.49%
• Japan Trustee Services Bank, Ltd. (Trust Account 5)	1.17%
• The Master Trust Bank of Japan, Ltd. (Trust Account)	1.14%
• Trust & Custody Services Bank, Ltd. (Trust E Units)	0.95%
• JPMorgan Chase Bank 380178	0.93%

*1. Shareholding ratios are calculated after deduction of treasure stock (1,372,400 shares).

*2. Shareholding ratios are truncated after three decimal places.

*3. A total of 500,000 shares held by Trust & Custody Services Bank, Ltd. (Trust E Units) constitute trust assets of the "Board Benefit Trust (BBT)" entrusted with Trust & Custody Services Bank, Ltd. by Mizuho Trust & Banking Co., Ltd. which retains the voting rights of the said shares. Presented as treasury stock on the consolidated financial statements.

[Stock Quote] (As of July 31, 2017)

- Stock Quote: 1,032 yen
- Market Cap: 55,308 million yen