

# Fact Sheet

First Half of Fiscal Year Ending March 31, 2017

## Marvelous Inc.

Stock Exchange Listing: First Section of Tokyo Stock Exchange Stock Code: 7844 URL: <http://www.marv.jp/>  
Contact: Administration Division, Corporate Planning Department TEL: +81-3-5769-7447

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	6,203	12,999	—	—
Operating Income	638	1,317	—	—
Ordinary Income	410	1,055	—	—
Profit attributable to owners of parent	303	799	—	—
Net Income Per Share (yen)	5.86	15.45	—	—

### Results of Operations

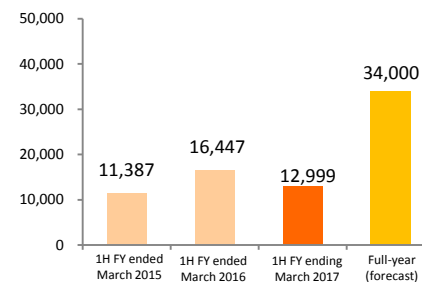
The entertainment industry in the period under review saw the virtual reality (VR) becoming a popular topic in Japan and overseas. Media across the board have been featuring scores of VR related news and also the TOKYO GAME SHOW 2016, where the year 2016 was declared the "VR Founding Year," promoted the topic vigorously. Trends in VR markets gripping the world look likely to remain a major focus of attention.

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.

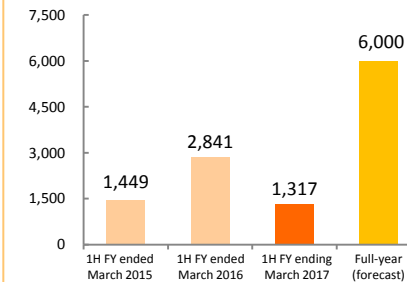
As a result, the Group's net sales in the first half (April 1, 2016 to September 30, 2016) marked 12,999 million yen, with operating income of 1,317 million yen, ordinary income of 1,055 million yen, and profit attributable to owners of parent of 799 million yen.

### Financial Results (Unit: million yen)

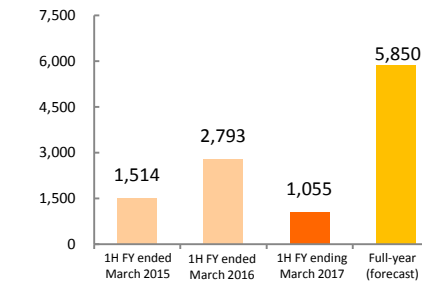
#### Net Sales



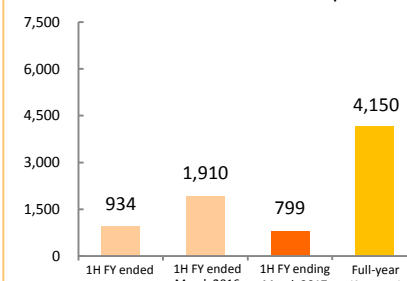
#### Operating Income



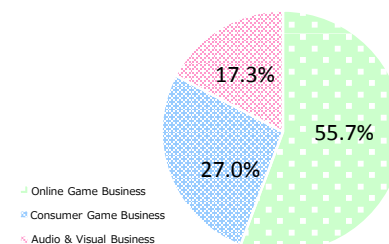
#### Ordinary Income



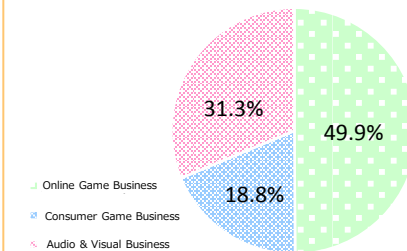
#### Profit attributable to owners of parent



#### Percentage of Net Sales by Segment



#### Percentage of Operating Income by Segment



Online Game Business

Consumer Game Business

Audio & Visual Business

Leading Titles

Logres of Swords and Sorcery:  
Goddess of Ancient



©Marvelous Inc. Aiming Inc.

战斗吧 蘑菇君  
(Logres of Swords and Sorcery:  
Goddess of Ancient)



©Marvelous Inc. Aiming Inc.  
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BOKUJO MONOGATARI  
MITTSU NO SATO NO  
TAISETSU NA TOMODACHI



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Pokémon Ga-Olé



©2016 Pokémon. ©1995-2016 Nintendo/Creatures Inc./GAME FREAK inc.  
Developed by T-ARTS and MARV  
Pokémon is a registered trademark of Nintendo, Creatures, and GAME FREAK.

Touken Ranbu the Stage



©Touken Ranbu the Stage Production Committee

Ensemble Stars! On Stage



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

Remarks about Performance

The online game business has been working to expand its user base and restore earnings through measures surrounding the core title "Logres of Swords and Sorcery: Goddess of Ancient" including new collaboration events, new function packages, and the launch of a China-based rollout of this title through a local publisher. However, sales of new titles with disseminations started in April disappointed. Service was discontinued and the development of a number of other titles in progress suspended, with a lump-sum charge taken for development costs.

As a result, segment net sales totaled 7,248 million yen, with segment income of 956 million yen.

The consumer game business own-sales operations showed a steady sales performance of "BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI (Nintendo 3DS)" launched on June 23, 2016. In addition, the division came to market with "UPPERS (PS Vita)" on July 14, 2016. At amusement division, a new machine type for "Dragon Quest: Monster Battle Scanner" was introduced on June 23, 2016, followed by a new machine type for "Pokémon Ga-Olé" on July 7, 2016. Despite the cost of the new machine introductions, results have been developing to plan.

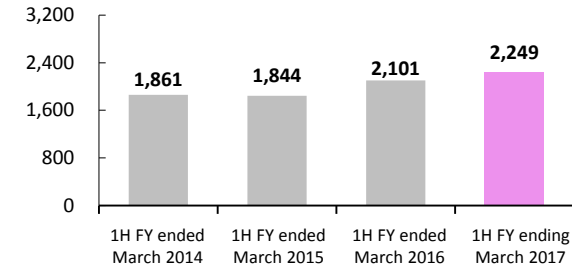
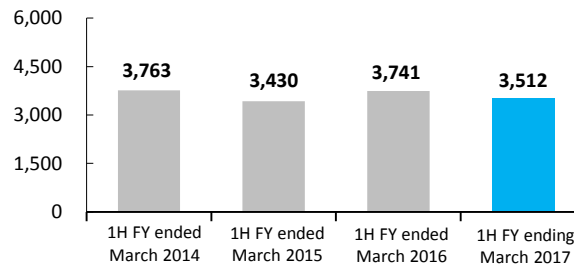
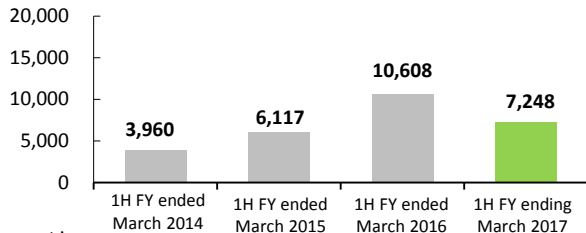
As a result, segment net sales totaled 3,512 million yen, with segment income of 359 million yen.

The division's audio & visual production operations commercialized package products such as TV anime "Witchy Pretty Cure!" and in July 2016 started broadcasting the TV anime "QUALIDEA CODE" lead-produced by the Company. Additionally, income from secondary uses developed favorably, such as video dissemination sales and program sales, etc., respectively from the Company's library. Stage production operations came out with new performances of serialized productions, specifically "MUSICAL THE PRINCE OF TENNIS" and "Stage [Yowamushi Pedal]" with favorable results. Additionally, as for new titles, performances comprised "Touken Ranbu the Stage" and "Ensemble Stars! On Stage." Both proved highly popular with audiences. Package sales of "Touken Ranbu the Stage" commenced in September 2016 posted the highest unit sales on record for any stage production of the Company.

As a result, segment net sales totaled 2,249 million yen, with segment income of 599 million yen.

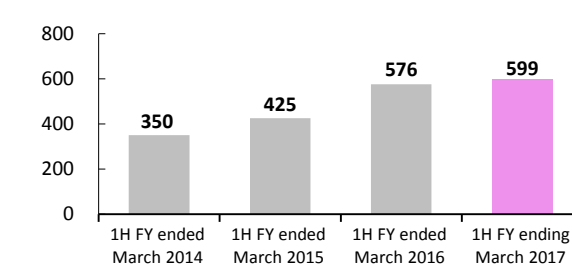
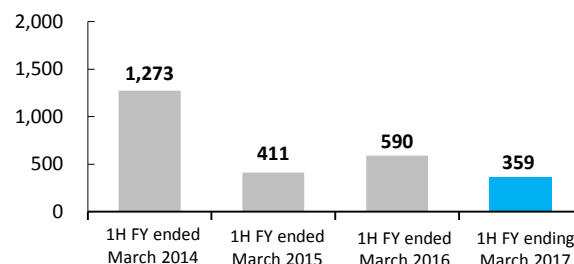
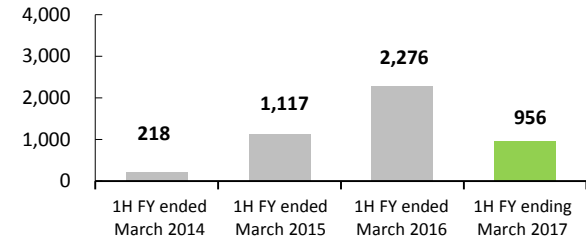
Net Sales

(Unit: million yen)



Segment income

(Unit: million yen)

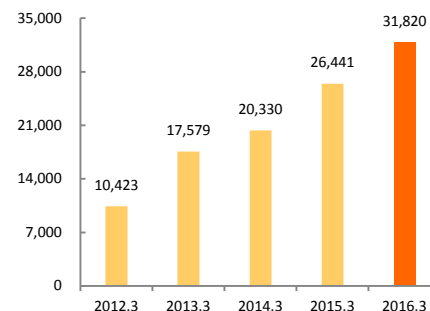


[Consolidated Statement of Income]						(Unit: million yen)
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Net Sales	10,423	17,579	20,330	26,441	31,820	12,999
Gross Operating Income	4,491	8,116	9,946	14,975	19,211	6,893
Operating Income	1,044	2,329	3,006	4,412	5,418	1,317
Ordinary Income	1,025	2,325	3,041	4,583	5,228	1,055
Profit attributable to owners of parent	3,533	1,919	1,882	2,178	3,602	799

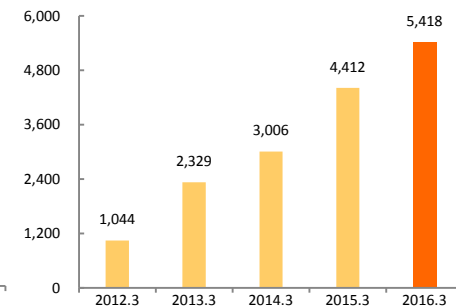
[Consolidated Balance Sheet]						(Unit: million yen)
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Current Assets	11,932	12,593	14,583	18,624	16,204	13,954
Fixed Assets	1,734	2,748	2,233	3,414	4,165	5,278
Total Assets	13,667	15,341	16,816	22,039	20,370	19,233
Current Liabilities	4,361	4,570	4,840	8,535	6,421	6,083
Long-Term Liabilities	202	76	54	52	27	63
Net Assets	9,102	10,694	11,921	13,450	13,921	13,085
Shareholder's Equity	9,102	10,694	11,921	13,450	13,904	13,075

[Cash Flow Statement]						(Unit: million yen)
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Cash flows from Operating activities	1,399	2,817	3,852	4,031	5,986	2,487
Cash flows from Investing activities	435	-2,130	-634	-2,218	-2,874	-3,594
Cash flows from Financing activities	-479	-975	-873	-1,146	-3,086	-1,551
Cash and Cash Equivalents at End of Period	5,979	5,723	8,120	8,937	8,786	6,037

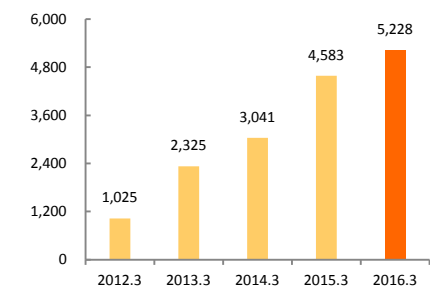
Net Sales (million yen)



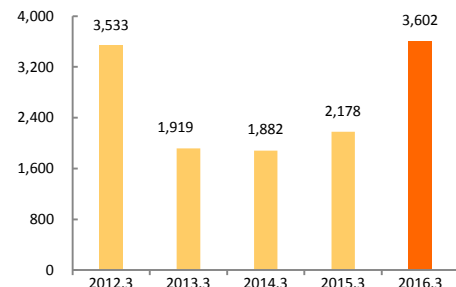
Operating Income (million yen)



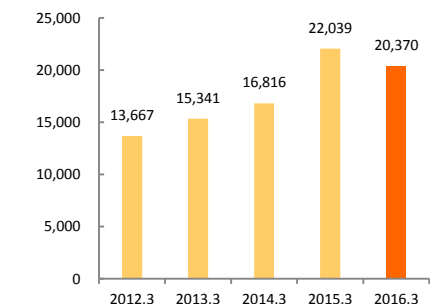
Ordinary Income (million yen)



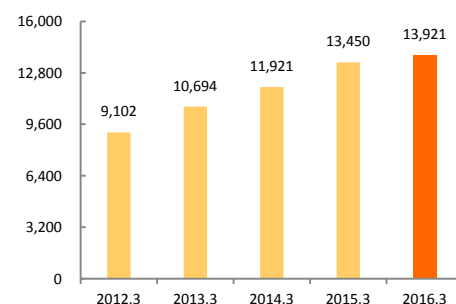
Profit attributable to owners of parent (million yen)



Total Assets (million yen)



Net Assets (million yen)



[Per Share Indices]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Net income per share (yen)	107.62	35.90	35.21	40.74	68.68	15.45
Net assets per share (yen)	170.29	200.07	223.02	251.55	268.84	252.81

[Profitability]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Gross profit rate (%)	43.1	46.2	48.9	56.6	60.4	53.0
Operating profit ratio (%)	10.0	13.3	14.8	16.7	17.0	10.1
Ordinary profit ratio (%)	9.8	13.2	15.0	17.3	16.4	8.1
Net profit ratio (%)	33.9	10.9	9.3	8.2	11.3	6.1

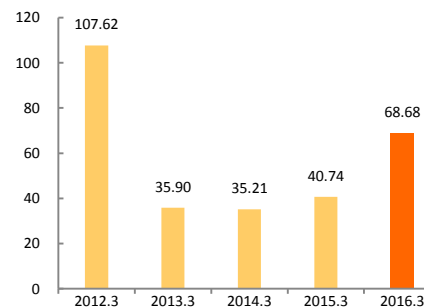
[Efficiency & Security]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
ROE (%)	75.0	19.4	16.6	17.2	26.3	-
ROA (%)	11.6	16.0	18.9	23.6	24.7	-
Capital ratio (%)	66.6	69.7	70.9	61.0	68.3	68.0
D/E ratio (%)	15.2	7.9	5.5	1.5	1.2	1.2

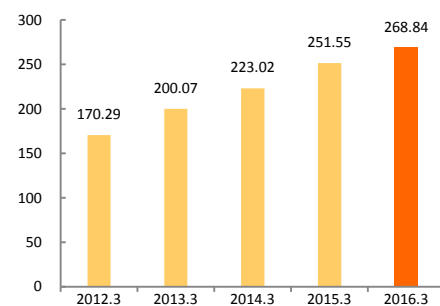
[Return to Shareholders]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 2Q
Dividend (million yen)	323	668	694	1,069	1,551	-
DOE (%)	6.1	6.8	6.1	8.4	11.5	-
Dividend payout ratio (%)	5.6	34.8	36.9	49.1	43.7	-

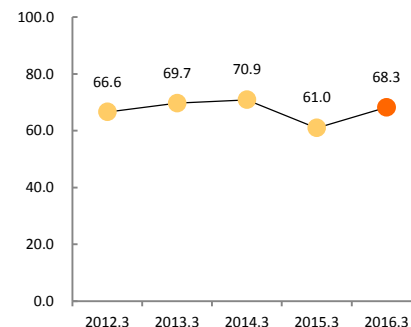
Net income per share (yen)



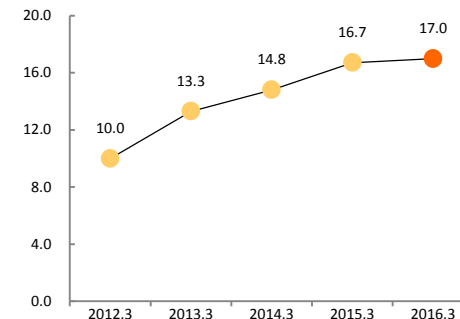
Net assets per share (yen)



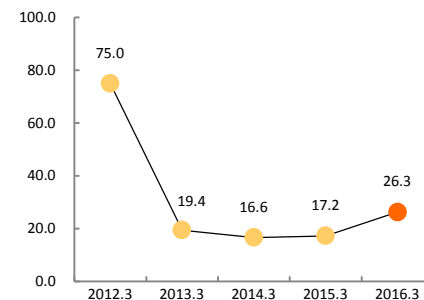
Capital ratio (%)



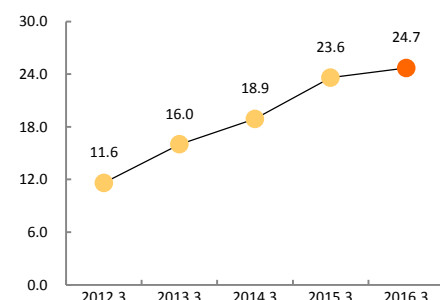
Operating profit ratio (%)



ROE (%)



ROA (%)



Important matters concerning the per share indices

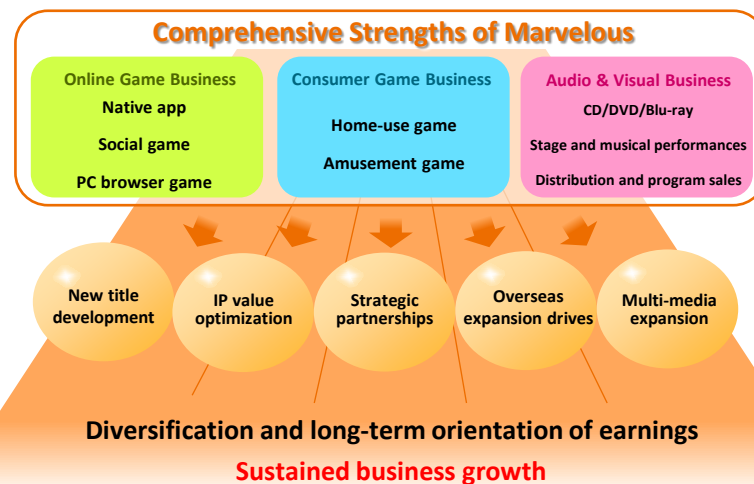
On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. The per share indices take into consideration the effects of this stock split.

### Future Developments & Outlook for Fiscal Year Ending March 2017

The Company has been 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 Company 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. The Company will keep aiming at further gains in enterprise value and attainment of sustained business growth by leveraging its strengths as a comprehensive entertainment company and broadening the reach of the Marvelous brand.

The full-year outlook for fiscal year ending March 2017 is for an improving earnings margin at the online game business as unprofitable titles are scrapped and steps taken to sustain the favorable performance of rebounding core titles. The consumer game business will focus on sales launches in Japan and overseas surrounding new package software products. At the amusement division with its line-up of three powerful IP titles, each title will see strengthening through collaborative initiatives and advertising. And the audio & visual business, where standard series and new titles alike have been performing well, will continue to work on maximizing sales and earnings of each title and focus on expanding income from secondary uses.

As a result of the aforementioned efforts, consolidated results for the current fiscal year are forecast to achieve net sales of 34,000 million yen, operating income of 6,000 million yen, ordinary income of 5,850 million yen, and profit attributable to owners of parent of 4,150 million yen.



### Basic Information

#### Company Profile (As of September 30, 2016)

- **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	Suichi Motoda
Representative Director, Executive Vice President and Co-COO	Takashi Sensui
Representative Director, Executive Vice President and Co-COO	Toshinori Aoki
Managing Director	Yoshiaki Matsumoto
Director and CFO	Seiichiro 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 September 30, 2016)

- End of term: March 31
  - Total number of authorized shares: 90,000,000
  - Total shares outstanding: 53,593,100
  - Number of shareholders: 21,650
  - Shares per unit: 100
- [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) 2.52%
  - TOHOKUSHINSHA FILM CORPORATION 1.49%
  - CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW 1.03%
  - Trust & Custody Services Bank, Ltd. (Trust E Units) 0.95%
  - The Master Trust Bank of Japan, Ltd. (Trust Account) 0.89%
  - Bank of New York for GCM Client Accounts (E) BD 0.71%

\*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. On the consolidated financial statements these shares are presented as treasury stock.

[Stock Quote] (As of October 31, 2016) • Stock Quote: 747 yen  
 • Market Cap: 40,034 million yen