

# Fact Sheet

First Quarter 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

# MARVELOUS!

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.

### 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	—	—	—
Operating Income	638	—	—	—
Ordinary Income	410	—	—	—
Profit attributable to owners of parent	303	—	—	—
Net Income Per Share (yen)	5.86	—	—	—

### Results of Operations

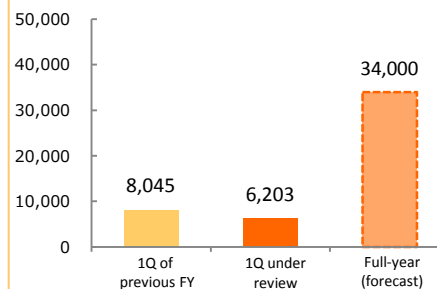
The entertainment industry in the period under review saw competition intensify in the domestic app games market due to powerful contents distributions from game companies in Japan, Europe, US, and Asian countries. Buoyancy continues also in app games markets overseas on the back of proliferating smartphones. In the market for home-use games, domestic hardware and software sales overall were almost flat despite higher sales of new device models. In the arcade games market, although market conditions remain adverse, new machine model launches attracted attention. In the audio & visual sector, package sales remained in an uphill struggle but the market for video distribution services expanded. Moreover, the "2.5D musicals" market displayed further growth along with swelling visitor numbers.

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.

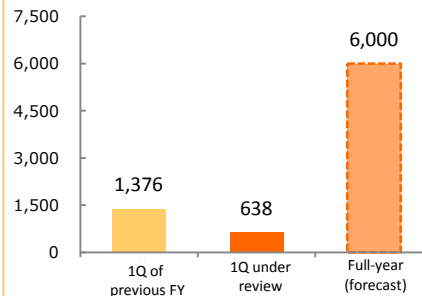
As a result, the Group's net sales in the first quarter (April 1, 2016 to June 30, 2016) marked 6,203 million yen (down 22.9% compared with the same period of the previous year), with operating income of 638 million yen (down 53.7% compared with the same period of the previous year), ordinary income of 410 million yen (down 71.4% compared with the same period of the previous year), and profit attributable to owners of parent of 303 million yen (down 69.5% compared with the same period of the previous year).

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

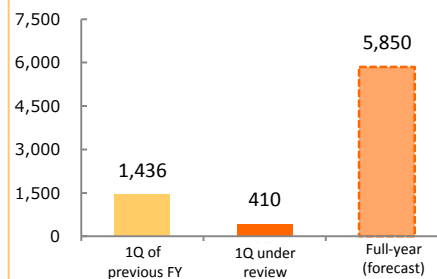
#### Net Sales



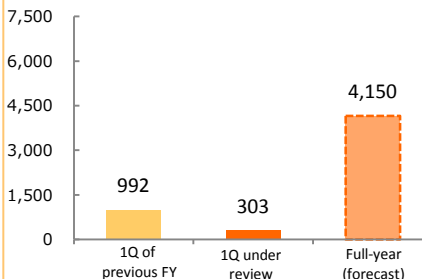
#### Operating Income



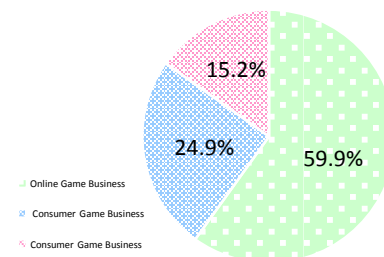
#### Ordinary Income



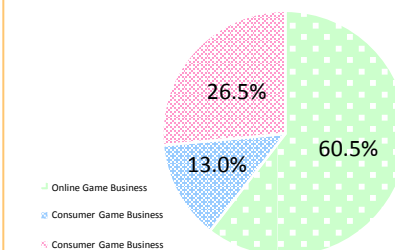
#### Profit attributable to owners of parent



#### Percentage of Net Sales by Segment



#### Percentage of Operating Income by Segment



Online Game Business

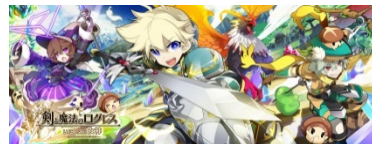
Consumer Game Business

Audio & Visual Business

Leading Titles

Logres of Swords and Sorcery: Goddess of Ancient

Browser Sangokushi



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BOKUJO MONOGATARI MITSU NO SATO NO TAISETSU NA TOMODACHI

Dragon Quest: Monster Battle Scanner



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Witchy Pretty Cure!

Touken Ranbu the Stage



©Toei Animation. All Rights Reserved

©Touken Ranbu the Stage Production Committee

Remarks about Performance

The division initiated service for the iOS/Android app "SMASH DRAGOON" on April 28, 2016, but performance was weak and fell short of plan. Among existing titles, the division implemented new collaborative events surrounding "Logres of Swords and Sorcery: Goddess of Ancient" amid efforts at securing divisional earnings. Moreover, with a view to promote cost reductions, service was terminated for a number of titles affected by declining profitability.

As a result, segment net sales totaled 3,717 million yen (down 32.2% compared with the same period of the previous year), with segment income of 576 million yen (down 48.8% compared with the same period of the previous year).

At the Company's sales sector of the Consumer Game Business segment, "BOKUJO MONOGATARI MITSU NO SATO NO TAISETSU NA TOMODACHI (Nintendo 3DS)" was released on June 23, 2016. The amusement division initiated operations of a new machine model "Dragon Quest: Monster Battle Scanner" on June 23, 2016. Although the new introduction led to higher costs, both titles marked successful starts. Additionally, as a replacement of "PokémonTRETTA," in operation for four years since July 2012, the division introduced a new machine model "Pokémon Ga-Olé" on July 7, 2016, and worked to promote the transition to this new introduction.

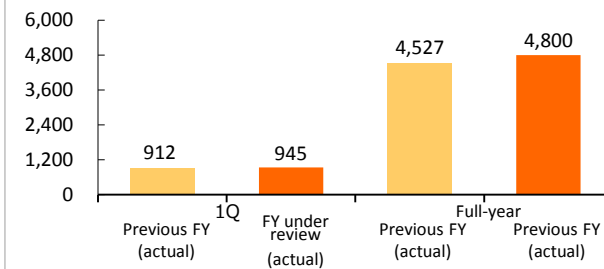
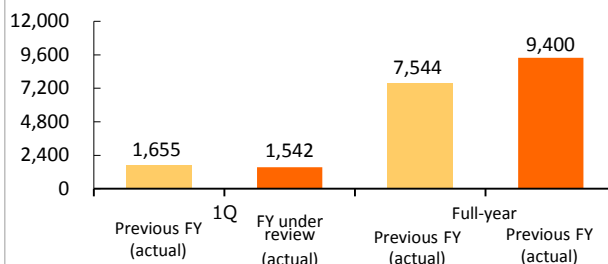
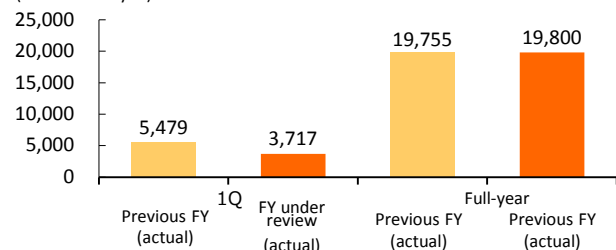
As a result, segment net sales totaled 1,542 million yen (down 6.8% compared with the same period of the previous year), with segment income of 123 million yen (down 53.0% compared with the same period of the previous year).

The division's audio & visual production operations launched package commercialization of products such as the TV anime "Witchy Pretty Cure!" Additionally, income from derivative usage mainly of video distribution and program sales of the Company's library developed favorably. And at stage production operations, public performances of the established series "MUSICAL THE PRINCE OF TENNIS Concert Dream Live 2016" as well as new titles "Touken Ranbu the Stage" and "Ensemble Stars! On Stage" proved popular with audiences.

As a result, segment net sales totaled 945 million yen (up 3.7% compared with the same period of the previous year), with segment income of 253 million yen (down 17.3% compared with the same period of the previous year).

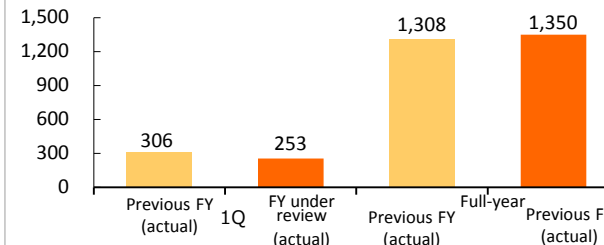
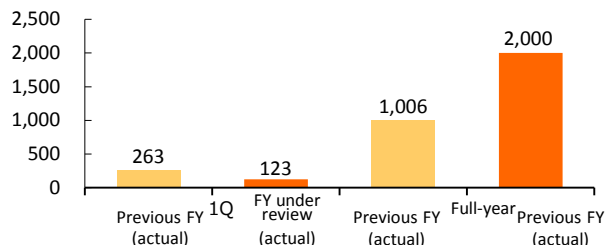
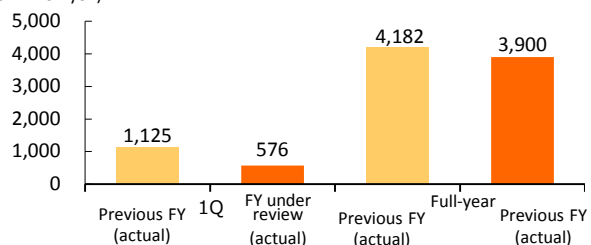
Net Sales

(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 1Q
Net Sales	10,423	17,579	20,330	26,441	31,820	6,203
Gross Operating Income	4,491	8,116	9,946	14,975	19,211	3,359
Operating Income	1,044	2,329	3,006	4,412	5,418	638
Ordinary Income	1,025	2,325	3,041	4,583	5,228	410
Profit attributable to owners of parent	3,533	1,919	1,882	2,178	3,602	303

[Consolidated Balance Sheet]

(Unit: million yen)

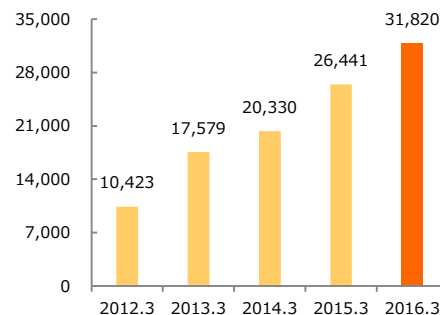
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
Current Assets	11,932	12,593	14,583	18,624	16,204	14,805
Fixed Assets	1,734	2,748	2,233	3,414	4,165	4,855
Total Assets	13,667	15,341	16,816	22,039	20,370	19,660
Current Liabilities	4,361	4,570	4,840	8,535	6,421	7,011
Long-Term Liabilities	202	76	54	52	27	47
Net Assets	9,102	10,694	11,921	13,450	13,921	12,601
Shareholder's Equity	9,102	10,694	11,921	13,450	13,904	12,591

[Cash Flow Statement]

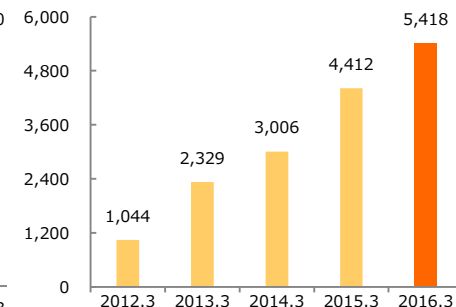
(Unit: million yen)

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
Cash flows from Operating activities	1,399	2,817	3,852	4,031	5,986	-
Cash flows from Investing activities	435	-2,130	-634	-2,218	-2,874	-
Cash flows from Financing activities	-479	-975	-873	-1,146	-3,086	-
Cash and Cash Equivalents at End of Period	5,979	5,723	8,120	8,937	8,786	-

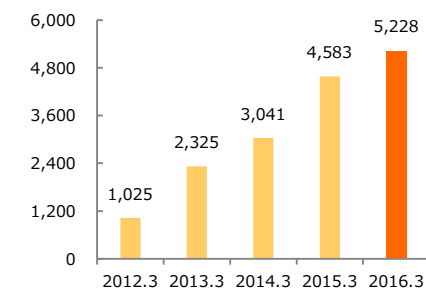
Net Sales (million yen)



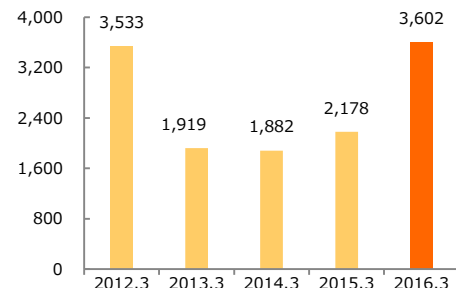
Operating Income (million yen)



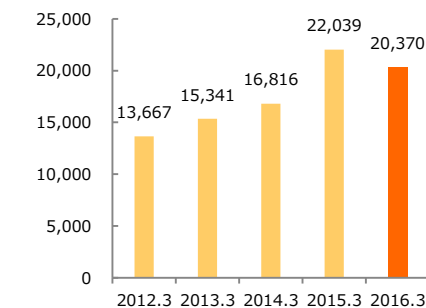
Ordinary Income (million yen)



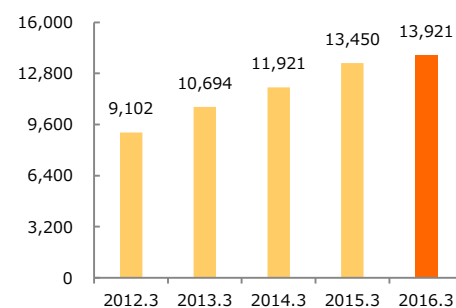
Profit attributable to owners of parent (million yen)



Total Assets (million yen)



Net Assets (million yen)



[Per Share Indicators]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
Net income per share (yen)	107.62	35.90	35.21	40.74	68.68	5.86
Net assets per share (yen)	170.29	200.07	223.02	251.55	268.84	243.44

[Profitability]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
Gross profit rate (%)	43.1	46.2	48.9	56.6	60.4	54.1
Operating profit ratio (%)	10.0	13.3	14.8	16.7	17.0	10.3
Ordinary profit ratio (%)	9.8	13.2	15.0	17.3	16.4	6.6
Net profit ratio (%)	33.9	10.9	9.3	8.2	11.3	4.9

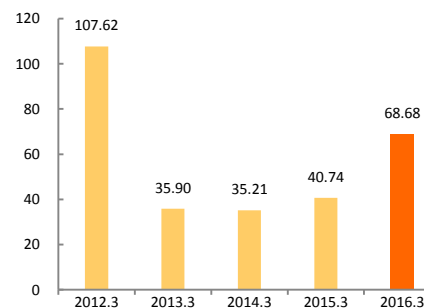
[Efficiency & Security]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
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	64.0
D/E ratio (%)	15.2	7.9	5.5	1.5	1.2	1.3

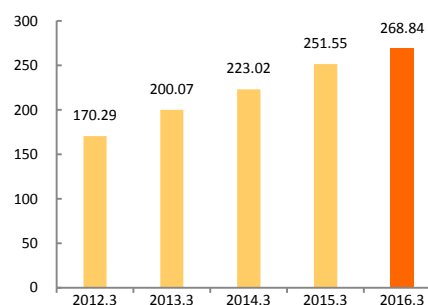
[Return to Shareholders]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 1Q
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	-

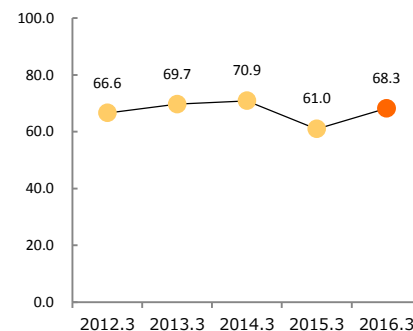
Net income per share (yen)



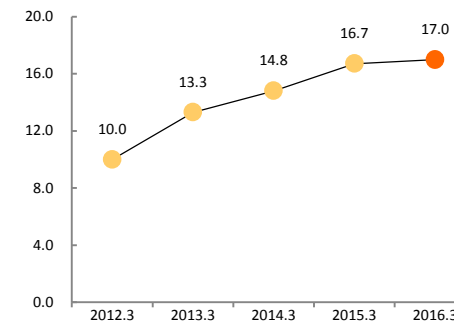
Net assets per share (yen)



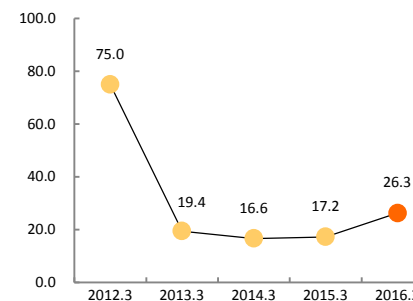
Capital ratio (%)



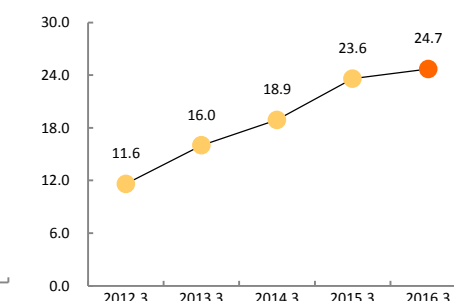
Operating profit ratio (%)



ROE (%)



ROA (%)

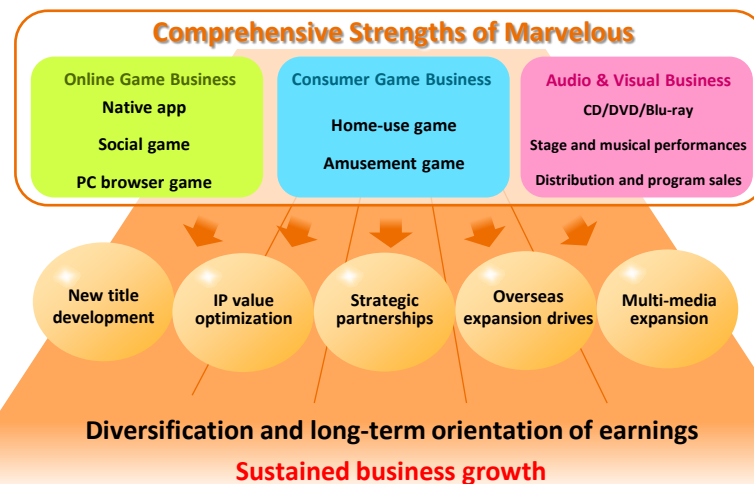


### Future Developments & Outlook for Fiscal Year Ending March 2017

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.

As to business initiatives for the fiscal year to March 2017, in online game business we will work to solidify and sustain existing popular hit titles and focus on fostering sales and earnings through overseas expansion and new title introductions. The consumer game business is targeting significant sales and earnings growth, expecting the benefit from the amusement division where the service of amusement cabinets using powerful IPs started, and the package game software division where has a line-up of new productions in popular game software series. Moreover, in audio & visual business, expectations are running high for forthcoming new anime stage performances, with prospects for favorable results to continue.

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 July 1, 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
- **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)	Katsuhiko Nishimura
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, 2016)

- End of term: March 31
- Total number of authorized shares: 90,000,000
- Total shares outstanding: 53,593,100
- Number of shareholders: 21,604
- Shares per unit: 100

#### [Major Shareholders / Ratio of Shares Owned]

- Hayao Nakayama 18.99%
- Amuse Capital Inc. 12.87%
- Haruki Nakayama 10.59%
- Amuse Capital Investment, K.K. 3.55%
- Japan Trustee Services Bank, Ltd. (Trust Account) 2.08%
- TOHOKUSHINSHA FILM CORPORATION 1.50%
- Goldman Sachs International 0.85%
- The Master Trust Bank of Japan, Ltd. (Trust Account) 0.82%
- State Street Bank and Trust Company 505044 0.80%
- Japan Trustee Services Bank, Ltd. (Trust Account 1) 0.68%

\*1. Shareholding ratios are calculated after deduction of treasure stock (1,872,400 shares).

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

#### [Stock Quote] (As of July 29, 2016)

- Stock Quote: 796 yen
- Market Cap: 42,660 million yen