

# Fact Sheet

First Quarter of Fiscal Year Ending March 31, 2016

## 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	8,045	—	—	—
Operating Income	1,376	—	—	—
Ordinary Income	1,436	—	—	—
Profit attributable to owners of parent	992	—	—	—
Net Income Per Share (yen)	18.57	—	—	—

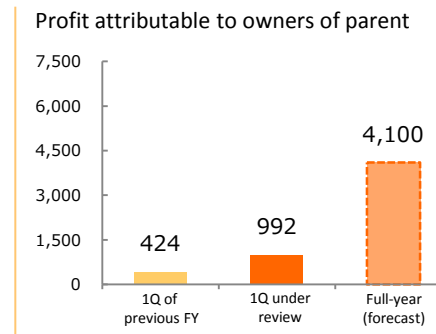
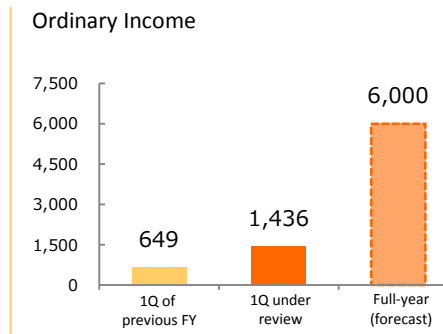
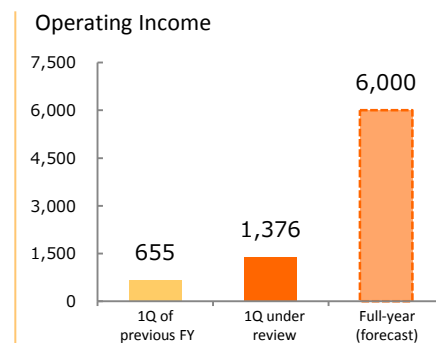
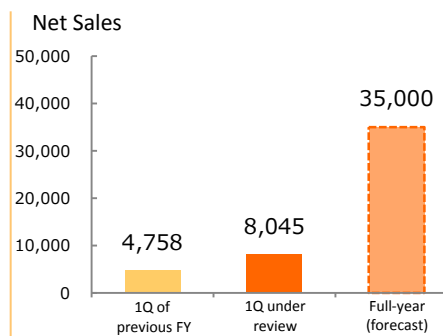
### Results of Operations

The entertainment industry in the period under review saw growth in the app games market slightly decelerate amid further continuing expansion. Online contents, products, and services kept shifting to smartphones at a rapid pace, specifically also in the Asia-Pacific region where the progressing proliferation of smartphones has been on a par with that observed in Japan. In this environment, a growing number of Japan-based game companies have been moving into the Asian market. By contrast, in the domestic market for home-use games, unit sales of dedicated game machines marked a steep decline accompanied by insufficient supply of game software, making for sustained difficult market conditions. In the market for arcade games, the trend overall has been pointing down, but games for young children are performing solidly and a diversity of games, including a revival of popular legacy products, has entered the stage. In the audio & visual sectors, sales of package products such as CD and DVD have come under intense downward pressure from proliferating fixed-charge businesses and digital contents sales and the like. On the other hand, the "2.5 dimensional musical" format which transforms the two-dimensional world of manga, anime, and games into stage performance contents, has been seeing the number of performances and participants increase at a sustained steep angle. In the domestic market, this format has established itself as a genre in its own right that has also spawned a sizeable business in CDs for musical numbers and related merchandise.

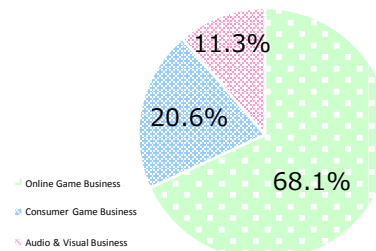
Under these circumstances, the Group has been operating as a comprehensive entertainment provider deploying a "multi-content, multi-use, and multi-device" strategy to deliver diverse entertainment content in all business segments and on a variety of devices. In order to establish robust IPs, the Group 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, 2015 to June 30, 2015) marked 8,045 million yen (up 69.1% compared with the same period of the previous year), with operating income of 1,376 million yen (up 109.9% compared with the same period of the previous year), ordinary income of 1,436 million yen (up 121.2% compared with the same period of the previous year), and profit attributable to owners of parent of 992 million yen (up 133.9% compared with the same period of the previous year).

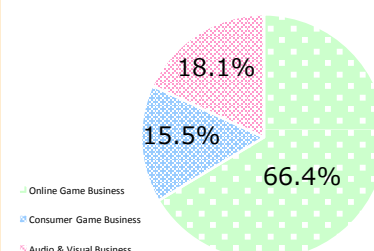
### First Quarter (three months) Financial Results (Unit: million yen)



### 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

POPOLOCROIS BOKUJO MONOGATARI

MONSTER HUNTER SPIRITS

My Teen Romantic Comedy SNAFU TOO!

Stage [Yowamushi Pedal] Ep. Inter High School The WINNER



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©WATARU WATARU,SHOGAKUKAN/ OREGAIRU2 PRODUCTION COMMITTEE

©Wataru Watanabe (Akitashoten) 2008 / Yowamushi Pedal GR Film Partners ©Wataru Watanabe (Akitashoten) 2008 / Marvelous, TOHO, DXL CREATION

Remarks about Performance

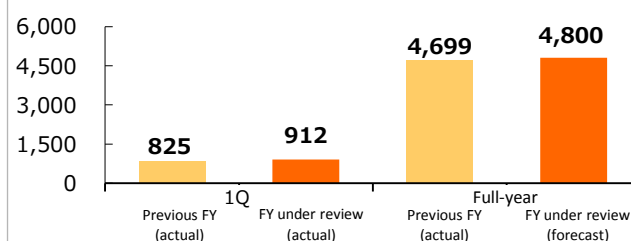
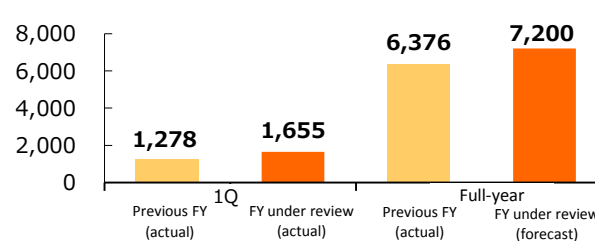
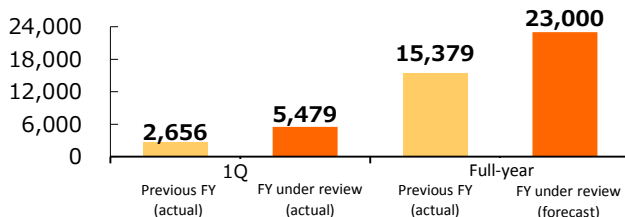
In native apps, "Logres of Swords and Sorcery: Goddess of Ancient" marked continued strong performance with cumulative downloads exceeding 6 million in April 2015 thanks to continued successful TV commercials and other advertising. Likewise, regarding "Disney Magic Castle Dream Island," disseminated under a license agreement with The Walt Disney Company (Japan) Ltd., a TV commercial for the game was aired in June 2015 for the first time and downloads surpassed 3 million in the same month. In browser games, where the market has been shifting to native apps, sales of existing titles of the Company have been trending lower but overall performance remains solid centered on the long-seller title "Browser Sangokushi," and "Ikki-Tousen Burst Fight," which marked its third anniversary in May 2015. As a result, segment net sales totaled 5,479 million yen (up 106.3% compared with the same period of the previous year), with segment operating income of 1,125 million yen (up 184.8% compared with the same period of the previous year).

At the Company's sales sector of the Consumer Game Business segment, "POPOLOCROIS BOKUJO MONOGATARI (Nintendo 3DS)" was released on June 18, 2015. Also, "Story of Seasons (Nintendo 3DS)" (in Japan known as "BOKUJO MONOGATARI TSUNAGARU SHINTENCHI") launched by U.S. subsidiary Marvelous USA, Inc. on March 31, 2015 saw strong repeat sales. At the amusement division, in addition to existing consoles "Pokémon TRETТА" and "PUZZLE & DRAGONS Z Tamer Battle," as a joint project with Capcom Co., Ltd. "MONSTER HUNTER SPIRITS" went into operation on June 25, 2015. As a result, segment net sales totaled 1,655 million yen (up 29.5% compared with the same period of the previous year), with segment operating income of 263 million yen (down 11.7% compared with the same period of the previous year).

The audio & visual production sector of the Audio & Visual business segment implemented the video commercialization of "My Teen Romantic Comedy SNAFU TOO!" a TV anime lead-managed by the Company and first broadcast in April. Sales marked a successful start. Audio-visual product commercialization was implemented for "Tokyo Ghoul VA," "Yona of the Dawn," and the "PRETTY CURE" series, respectively continuing from last year. The stage production division recognized revenues from performances of the second part of "Stage [Yowamushi Pedal] Ep. Inter High School The WINNER" performed in March 2015. Other performances were "MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs FUDOMINE" and "Musical HAKUOKI" (revenues to be recognized on 2nd-quarter accounts), accompanied by strong DVD sales for the individual series. As a result, segment net sales totaled 912 million yen (up 10.5% compared with the same period of the previous year), with segment operating income of 306 million yen (up 34.1% compared with the same period of the previous year).

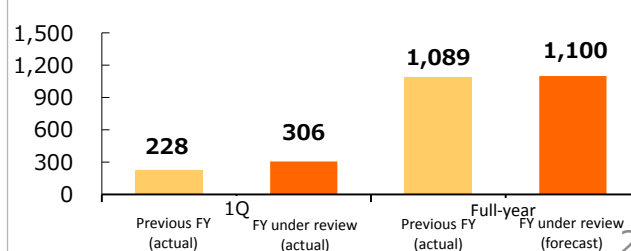
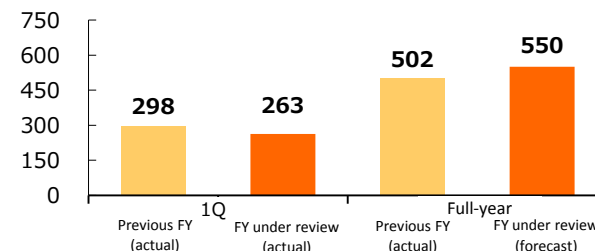
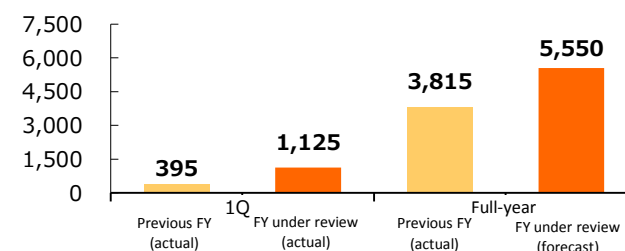
Net Sales

(Unit: million yen)



Operating Income

(Unit: million yen)



[Consolidated Statement of Income]

(Unit: million yen)

		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Net Sales	Former MMV	6,965	10,423	17,579	20,330	26,441	8,045
	Former AQI	7,239					
Gross Operating Income	Former MMV	1,740	4,491	8,116	9,946	14,975	5,209
	Former AQI	3,644					
Operating Income	Former MMV	202	1,044	2,329	3,006	4,412	1,376
	Former AQI	1,070					
Ordinary Income	Former MMV	147	1,025	2,325	3,041	4,583	1,436
	Former AQI	1,041					
Profit attributable to owners of parent	Former MMV	131	3,533	1,919	1,882	2,178	992
	Former AQI	537					

[Consolidated Balance Sheet]

(Unit: million yen)

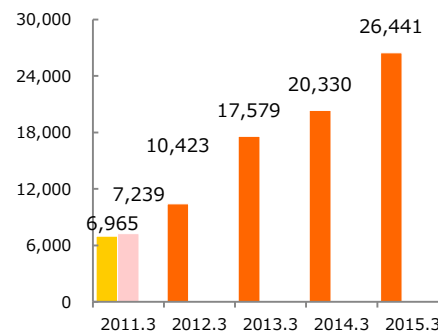
		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Current Assets	Former MMV	3,271	11,932	12,593	14,583	18,624	16,325
	Former AQI	7,231					
Fixed Assets	Former MMV	820	1,734	2,748	2,233	3,414	4,626
	Former AQI	1,003					
Total Assets	Former MMV	4,092	13,667	15,341	16,816	22,039	20,952
	Former AQI	8,235					
Current Liabilities	Former MMV	3,496	4,361	4,570	4,840	8,535	7,764
	Former AQI	1,320					
Long-Term Liabilities	Former MMV	271	202	76	54	52	42
	Former AQI	35					
Net Assets	Former MMV	325	9,102	10,694	11,921	13,450	13,145
	Former AQI	6,878					
Shareholders' Equity	Former MMV	325	9,102	10,694	11,921	13,450	13,127
	Former AQI	6,878					

[Cash Flow Statement]

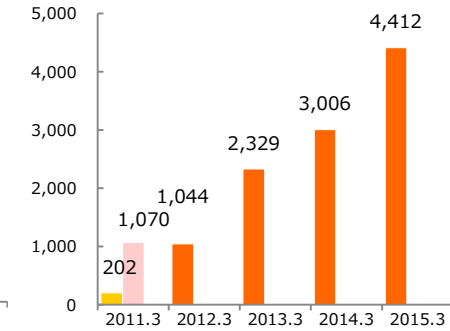
(Unit: million yen)

		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Cash flows from Operating activities	Former MMV	1,360	1,399	2,817	3,852	4,031	-
	Former AQI	2,904					
Cash flows from Investing activities	Former MMV	-246	435	-2,130	-634	-2,218	-
	Former AQI	-2,762					
Cash flows from Financing activities	Former MMV	-237	-479	-975	-873	-1,146	-
	Former AQI	-216					
Cash and Cash Equivalents at End of Period	Former MMV	1,749	5,979	5,723	8,120	8,937	-
	Former AQI	2,401					

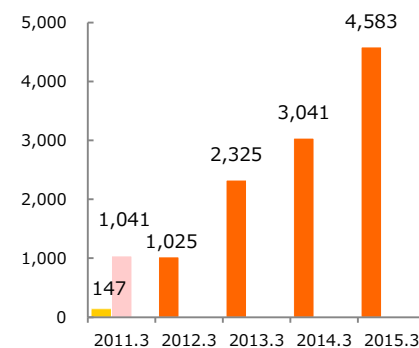
Net Sales (million yen)



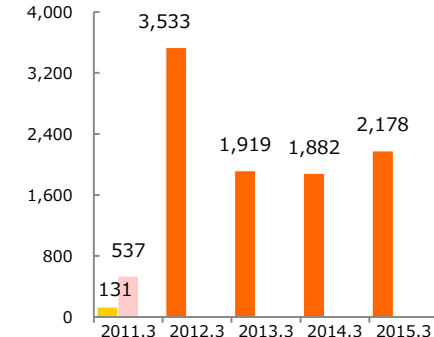
Operating Income (million yen)



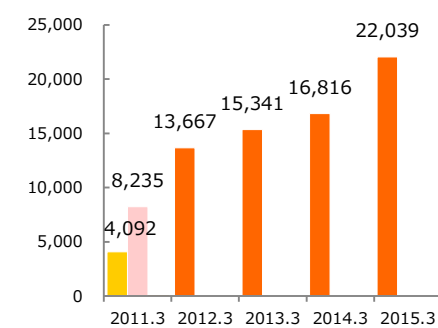
Ordinary Income (million yen)



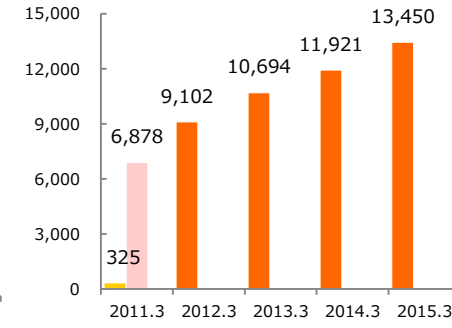
Profit attributable to owners of parent (million yen)



Total Assets (million yen)



Net Assets (million yen)



[Per Share Indices]

		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Net income per share (yen)	Former MMV	10.76					
	Former AQI	98.73	107.62	35.90	35.21	40.74	18.57
Net assets per share (yen)	Former MMV	26.65					
	Former AQI	1,261.95	170.29	200.07	223.02	251.55	246.21

[Profitability]

		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Gross profit rate (%)	Former MMV	25.0					
	Former AQI	50.3	43.1	46.2	48.9	56.6	64.8
Operating profit ratio (%)	Former MMV	2.9					
	Former AQI	14.8	10.0	13.3	14.8	16.7	17.1
Ordinary profit ratio (%)	Former MMV	2.1					
	Former AQI	14.4	9.8	13.2	15.0	17.3	17.9
Net profit ratio (%)	Former MMV	1.9					
	Former AQI	7.4	33.9	10.9	9.3	8.2	12.3

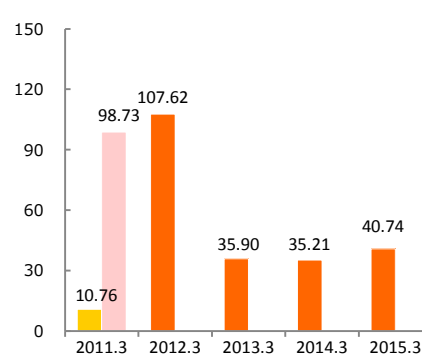
[Efficiency & Security]

		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
ROE (%)	Former MMV	50.6					
	Former AQI	8.1	75.0	19.4	16.6	17.2	-
ROA (%)	Former MMV	3.4					
	Former AQI	13.0	11.6	16.0	18.9	23.6	-
Capital ratio (%)	Former MMV	7.9					
	Former AQI	83.5	66.6	69.7	70.9	61.0	62.7
D/E ratio (%)	Former MMV	559.7					
	Former AQI	1.1	15.2	7.9	5.5	1.5	1.2

[Return to Shareholders]

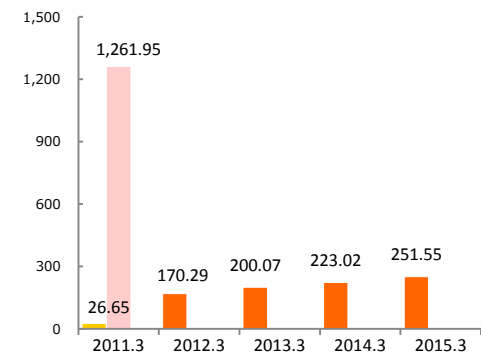
		2011.3	2012.3	2013.3	2014.3	2015.3	2016.3 1Q
Dividend (million yen)	Former MMV	0					
	Former AQI	201	323	668	694	1,069	-
DOE (%)	Former MMV	0.0					
	Former AQI	2.9	6.1	6.8	6.1	8.4	-
Dividend payout ratio (%)	Former MMV	0.0					
	Former AQI	37.5	5.6	34.8	36.9	49.1	-

Net income per share (yen)

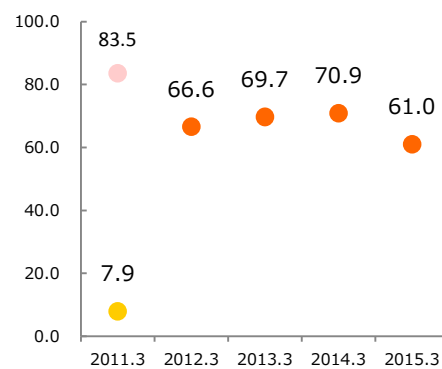


Former MMV Former AQI Marvelous

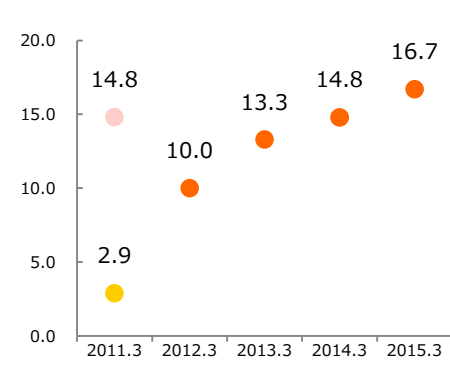
Net assets per share (yen)



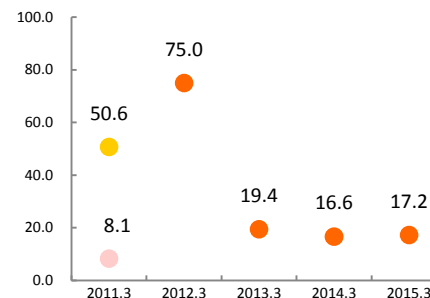
Capital ratio (%)



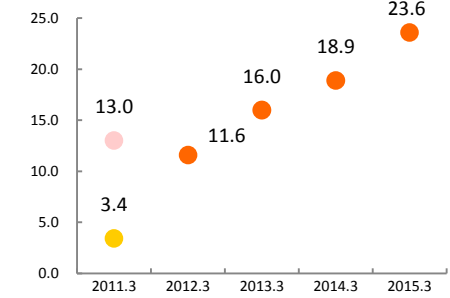
Operating profit ratio (%)



ROE (%)



ROA (%)



Future Developments & Outlook for Fiscal Year Ending March 2016

In order to strengthen the development frameworks of the online game business, a business mainstay of the Company, effective April 1, 2015, the Company integrated as a new subsidiary G-MODE Corporation, which is a company engaged in creating application development frameworks including investments in development platforms for native apps. Moreover, aiming at further enhancement of financial results, the Company took steps to reinforce management systems and aims to establish the "Marvelous Brand" by creating added value for the world's entertainment that is "Distinctive of the Marvelous Brand."

In its business initiatives for the fiscal year ending March 2016, the Group will focus on achieving further growth in app games, which have been sustaining strong performance in the Online Game Business, accompanied by continuing efforts to maintain the popularity of existing titles. In the Consumer Game Business and the Audio & Visual Business, where operating environments remain adverse, the Group will use its special strength in planning abilities to best effect with the aim of achieving sales and earnings growth compared with the previous fiscal year.

As a result of the aforementioned efforts, consolidated results for the current fiscal year are forecast to achieve net sales of 35,000 million yen, operating income of 6,000 million yen, ordinary income of 6,000 million yen, and net income of 4,100 million yen

Creating added value "Distinctive of the Marvelous Brand" for the world's entertainment



Establishing the "Marvelous Brand"

Basic Information

Company Profile (As of July 1, 2015)

- 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 Vice Chairman Representative Director, Executive Vice President and COO Managing Director Director Director and CFO Director (External) Director (External) Standing Statutory Auditor Corporate Auditor (External) Corporate Auditor (External) Corporate Auditor (External)	Haruki Nakayama Shuichi Motoda Toshinori Aoki Yoshiaki Matsumoto Yoshiteru Yamaguchi Seiichiro Kato Shunichi Nakamura Ken Kutaragi Toshio Nago Katsuhiko Nishimura Tadahiko Ono Hisashi Miyazaki
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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, 2015)

- End of term: March 31
- Total number of authorized shares: 90,000,000
- Total shares outstanding: 53,593,100
- Number of shareholders: 19,817
- Shares per unit: 100

[Major Shareholders / Ratio of Shares Owned]

• Hayao Nakayama	18.32%
• Amuse Capital Inc.	12.50%
• Haruki Nakayama	10.22%
• Amuse Capital Investment, K.K.	3.43%
• MSCO CUSTOMER SECURITIES	1.81%
• TOHOKUSHINSHA FILM CORPORATION	1.45%
• Rakuten Securities, Inc.	1.41%
• Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	0.87%
• Credit Suisse Securities (Europe) Limited main account	0.74%
• JPMCB NA ITS LONDON CLIENTS AC MORGAN STANLEY AND CO INTERNATIONAL LIMITED	0.73%

[Stock Quote] (As of July 31, 2015)

- Stock Quote: 1,445 yen
- Market Cap: 77,442 million yen