

# Fact Sheet

First Quarter of Fiscal Year Ending March 31, 2015

## Marvelous Inc.

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

Contact: 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, games for amusement consoles, audio & visual software, 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	4,758	-	-	-
Operating Income	655	-	-	-
Ordinary Income	649	-	-	-
Net Income	424	-	-	-
Net Income Per Share (yen)	7.93	-	-	-

### Results of Operations

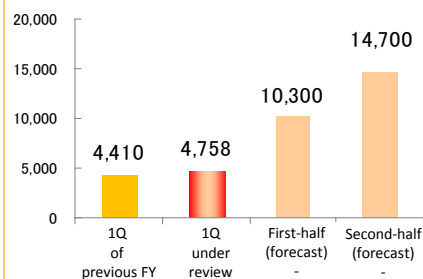
In the period under review, the entertainment industry saw the smartphone game market expand on the back of rapid smartphone proliferation. In particular, App Store and Google Play experienced especially fast growth. Amid the growing global app market, the in-app purchase business has established firm roots in Japan centered on games. In the market for home-use games, with the migration to the next hardware generation and with fewer titles coming to market, new business formats have been increasing in number, such as download-versions for home-use game machines and free-to-play related sales. In the market for arcade games, a range of games for young children have emerged, including a growing number of buzz-worthy games using new consoles and boards. In the audio & visual sectors, although pressure on the software market continues, expectations have been strong for the future of the live entertainment business with its successful use of digital contents.

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. Leveraging its robust intellectual property, 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.

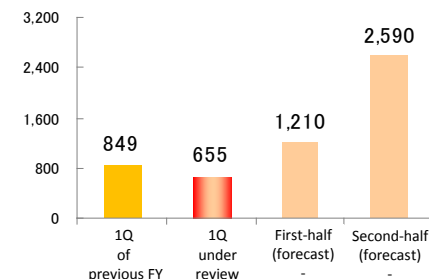
As a result, the Group's net sales in the first quarter (April 1, 2014 to June 30, 2014) marked 4,758 million yen (up 7.9% compared with the same period of the previous year), with operating income of 655 million yen (down 22.8% compared with the same period of the previous year), ordinary income of 649 million yen (down 25.9% compared with the same period of the previous year), and net income of 424 million yen (down 20.2% compared with the same period of the previous year).

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

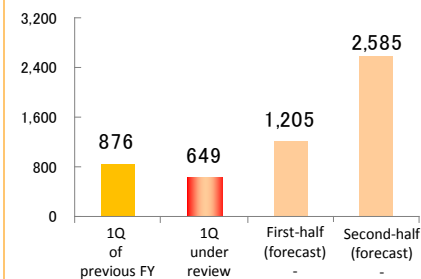
#### Net Sales



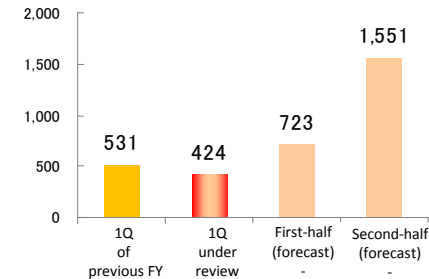
#### Operating Income



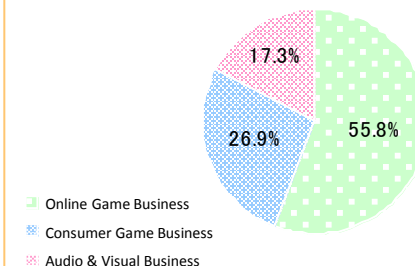
#### Ordinary Income



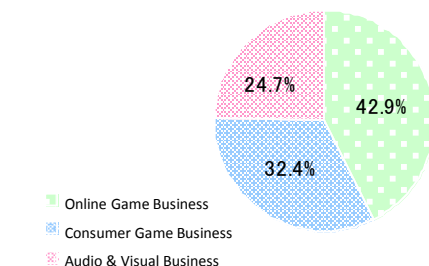
#### Net Income



#### 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.

Browser Sangokushi



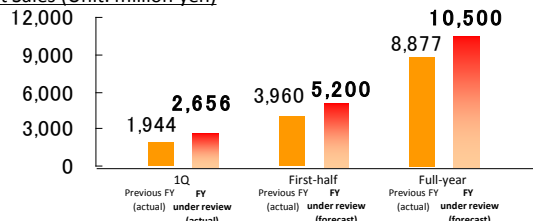
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Remarks about Performance

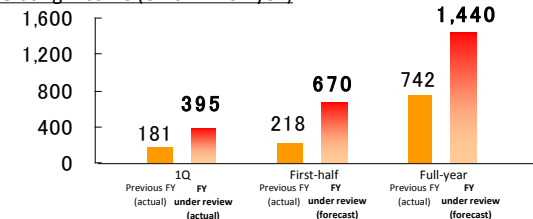
The online game business saw "Browser Sangokushi" continue to enjoy its deep-rooted popularity and strong performance, now five years after the initiation of service, while other classic titles have been developing almost as planned. In mobile browser games, "Ikki-Tousen Burst Fight" continued to do well two years after the service start. Even considering the market shift to smartphone apps, mobile browser games of the Company have been showing strong performances in existing titles. As is the case in online games, existing titles remain at the center of our efforts. In native apps, "Logres of Swords and Sorcery: Goddess of Ancient," released in December 2013, has been marking solid sales increases, with significant contributions to earnings in the period under review. Steps will be taken to further strengthen promotion in the time ahead. On the other hand, for three titles with uncertain future earnings prospects (including one title geared at overseas markets) development has been terminated. The preparatory development cost has been amortized in a lump-sum. The Company will further foster and strengthen titles with successful performance records, and in the development of new titles, concentrate its resources on a selection that meets rigorous criteria.

As a result, segment net sales totaled 2,656 million yen (up 36.6% compared with the same period of the previous year), with segment operating income of 395 million yen (up 117.9% compared with the same period of the previous year).

Net Sales (Unit: million yen)



Operating Income (Unit: million yen)



Consumer Game Business

"BOKUJO MONOGATARI" series



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Pokémon TRETТА

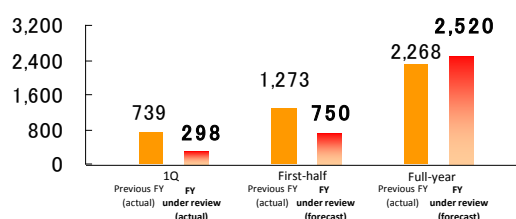
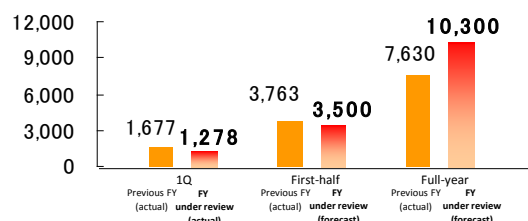


©2014 Pokémon. ©1995-2014 Nintendo/Creatures Inc./GAME FREAK inc. Developed by T-ARTS and MARV



At the Company's sales sector of the Consumer Game Business segment, no new title releases were reported in the period under review. Moreover, due in part also to the reaction after the concentration of repeat sales on the year-earlier period, a difference compared with the year earlier period arises from the shift in the timing of sales launches for new titles. The amusement division, in addition to the amusement console for children "Pokémon TRETТА," initiated service for "PUZZLE & DRAGONS Z Tamer Battle" on June 26, 2014 as a new model using the IP of GungHo Online Entertainment, Inc.

As a result, segment net sales totaled 1,278 million yen (down 23.8% compared with the same period of the previous year), with segment operating income of 298 million yen (down 59.6% compared with the same period of the previous year).



Audio & Visual Business

"PRETTY CURE" series



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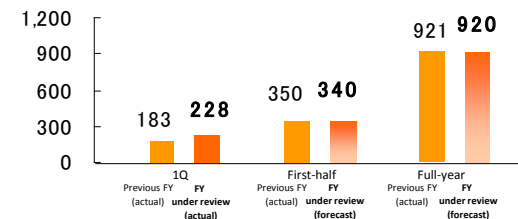
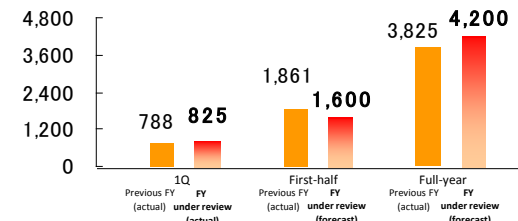
MUSICAL THE PRINCE OF TENNIS



©TAKESHI KONOMI/SHUEISHA,NAS,THE NEW PRINCE OF TENNIS PROJECT ©TAKESHI KONOMI/SHUEISHA,MUSICAL THE PRINCE OF TENNIS PRODUCTION COMMITTEE

The audio & visual production sector of the Audio & Visual business segment implemented the audio-visual product commercialization of the TV animation production "HAPPINESSCHARGE PRETTY CURE!" of the "PRETTY CURE" series. Additionally, the TV animation product "My Teen Romantic Comedy SNAFU," which was lead-managed by the Company and broadcast last year, continued to generate solid revenues from secondary usage including overseas program sales and distribution.

The stage production division marked a total 66 performances of "MUSICAL THE PRINCE OF TENNIS," accompanied by a release of one related DVD. Additionally, a DVD version of "Musical HAKUOKI HAKU-MYU LIVE" was produced based on the performances of last year. Sales have been favorable, along with repeat sales of DVDs related to "Stage Yowamushi Pedal." As a result, segment net sales totaled 825 million yen (up 4.7% compared with the same period of the previous year), with segment operating income of 228 million yen (up 24.1% compared with the same period of the previous year).



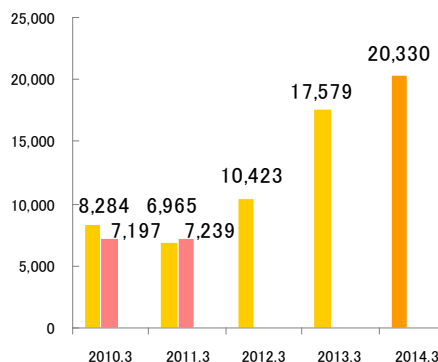
Former MMV Former AQI Marvelous

[Consolidated Statement of Income]

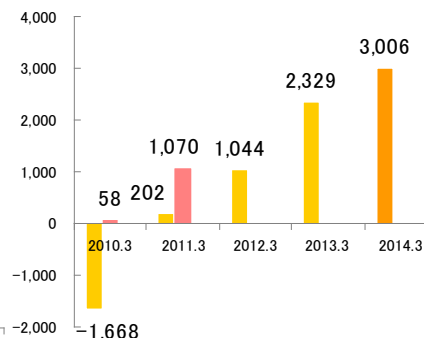
(Unit: million yen)

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Net Sales	Former MMV	8,284	6,965	10,423	17,579	20,330	4,758
	Former AQI	7,197	7,239				
Gross Operating Income	Former MMV	677	1,740	4,491	8,116	9,946	2,725
	Former AQI	2,586	3,644				
Operating Income	Former MMV	-1,668	202	1,044	2,329	3,006	655
	Former AQI	58	1,070				
Ordinary Income	Former MMV	-1,725	147	1,025	2,325	3,041	649
	Former AQI	63	1,041				
Net Income	Former MMV	-1,623	131	3,533	1,919	1,882	424
	Former AQI	58	537				

Net Sales (million yen)



Operating Income (million yen)

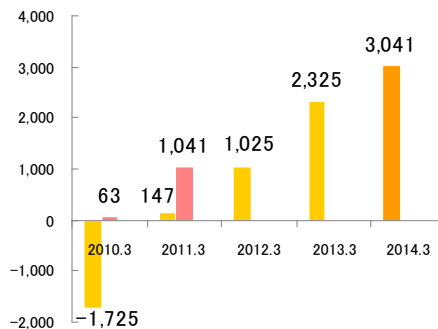


[Consolidated Balance Sheet]

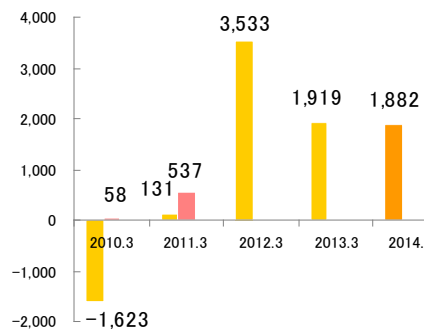
(Unit: million yen)

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Current Assets	Former MMV	3,889	3,271	11,932	12,593	14,583	14,085
	Former AQI	6,377	7,231				
Fixed Assets	Former MMV	823	820	1,734	2,748	2,233	2,730
	Former AQI	1,403	1,003				
Total Assets	Former MMV	4,713	4,092	13,667	15,341	16,816	16,815
	Former AQI	7,780	8,235				
Current Liabilities	Former MMV	4,447	3,496	4,361	4,570	4,840	5,089
	Former AQI	1,186	1,320				
Long-Term Liabilities	Former MMV	72	271	202	76	54	64
	Former AQI	169	35				
Net Assets	Former MMV	193	325	9,102	10,694	11,921	11,661
	Former AQI	6,424	6,878				
Shareholders' Equity	Former MMV	193	325	9,102	10,694	11,921	11,661
	Former AQI	6,417	6,878				

Ordinary Income (million yen)



Net Income (million yen)

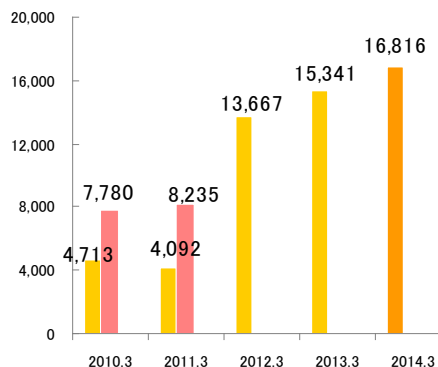


[Cash Flow Statement]

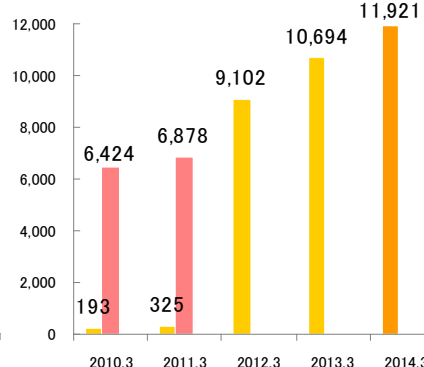
(Unit: million yen)

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Cash flows from Operating activities	Former MMV	-210	1,360	1,399	2,817	3,852	-
	Former AQI	-193	2,904				
Cash flows from Investing activities	Former MMV	-22	-246	435	-2,130	-634	-
	Former AQI	-598	-2,762				
Cash flows from financing activities	Former MMV	5	-237	-479	-975	-873	-
	Former AQI	104	-216				
Cash and Cash Equivalents at End of Period	Former MMV	874	1,749	5,979	5,723	8,120	-
	Former AQI	2,483	2,401				

Total Assets (million yen)



Net Assets (million yen)



[Per Share Indices]

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Net income per share (yen)	Former MMV	-136.18	10.76	107.62	35.90	35.21	7.93
	Former AQI	10.76	98.73				
Net assets per share (yen)	Former MMV	15.83	26.65	170.29	200.07	223.02	218.09
	Former AQI	1,180.61	1,261.95				

[Profitability]

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Gross profit rate (%)	Former MMV	8.2	25.0	43.1	46.2	48.9	57.3
	Former AQI	35.9	50.3				
Operating profit ratio (%)	Former MMV	-20.1	2.9	10.0	13.3	14.8	13.8
	Former AQI	0.8	14.8				
Ordinary profit ratio (%)	Former MMV	-20.8	2.1	9.8	13.2	15.0	13.6
	Former AQI	0.9	14.4				
Net profit ratio (%)	Former MMV	-19.6	1.9	33.9	10.9	9.3	8.9
	Former AQI	0.8	7.4				

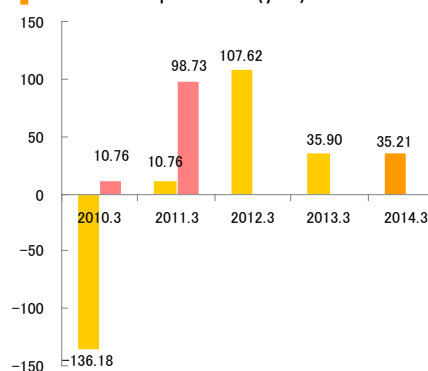
[Efficiency & Security]

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
ROE (%)	Former MMV	-220.9	50.6	75.0	19.4	16.6	-
	Former AQI	0.9	8.1				
ROA (%)	Former MMV	-30.2	3.4	11.6	16.0	18.9	-
	Former AQI	0.8	13.0				
Capital ratio (%)	Former MMV	4.1	7.9	66.6	69.7	70.9	69.4
	Former AQI	82.5	83.5				
D/E ratio (%)	Former MMV	1,099.6	559.7	15.2	7.9	5.5	5.0
	Former AQI	6.9	1.1				

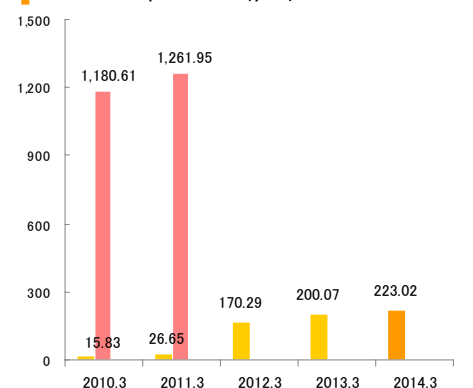
[Return to shareholders]

		2010.3	2011.3	2012.3	2013.3	2014.3	2015.3 1Q
Dividend (million yen)	Former MMV	0	0	323	668	694	-
	Former AQI	81	201				
DOE (%)	Former MMV	0.0	0.0	6.1	6.8	6.1	-
	Former AQI	1.3	2.9				
Dividend payout ratio (%)	Former MMV	0.0	0.0	5.6	34.8	36.9	-
	Former AQI	139.3	37.5				

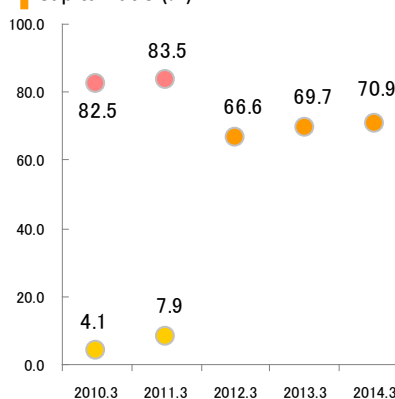
Net income per share (yen)



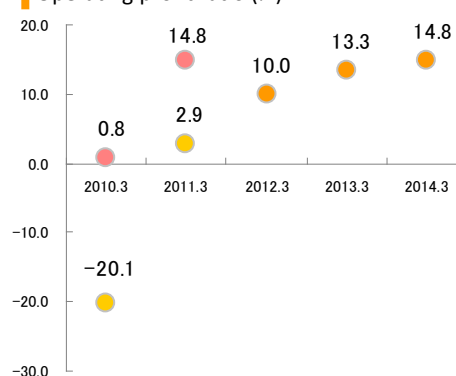
Net assets per share (yen)



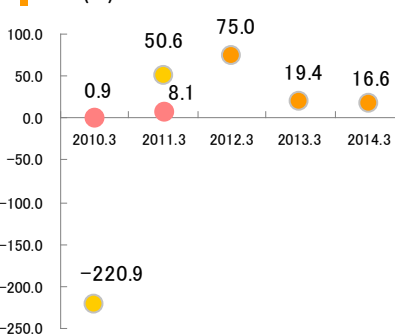
Capital ratio (%)



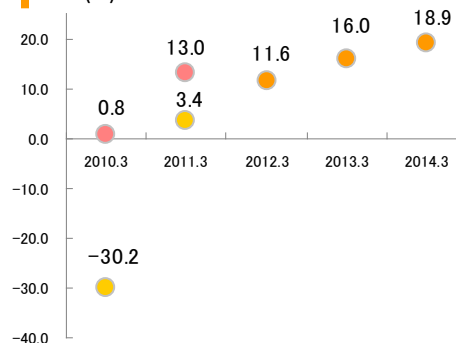
Operating profit ratio (%)



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 net income per share takes into consideration the effects of this stock split.

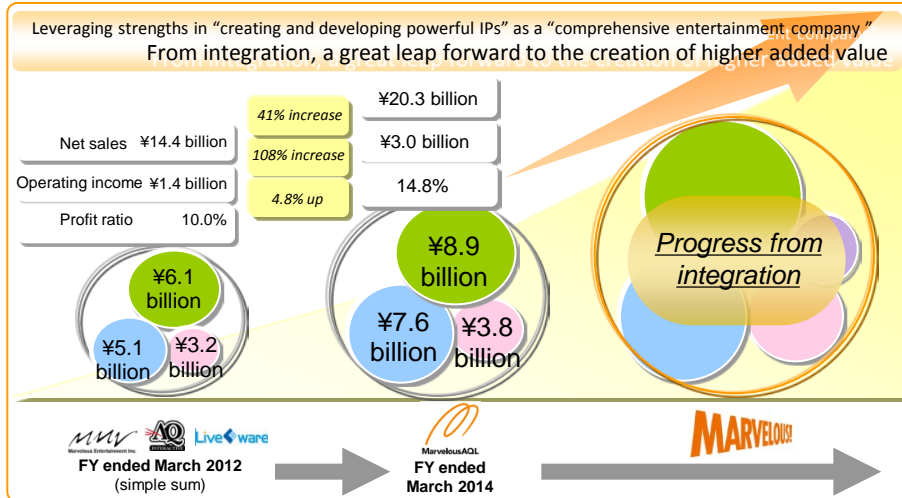
### Future Developments & Outlook for Current Fiscal Year

To improve business competitiveness, the Company changed its management structure to a CEO system on April 1, 2014. Also, the Company changed its name on July 1 from Marvelous AQL Inc. to Marvelous Inc.

From its start in 2012 until today, the three-company integration has achieved solid progress from numerous measures undertaken to reap the immediate benefits of consolidation. We now aim for a leap forward through the concerted efforts of the entire company under the banner of "Marvelous reborn."

In its business initiatives in the fiscal year ending March 2015, the Group intends to maintain the favorable performances of the Consumer Game Business division and the Audio & Visual Business division. In the Online Game Business, it will place a large effort on strengthening its operations in best-selling titles and developing new app games.

As a result of the aforementioned efforts, consolidated results for the next term are forecast to achieve net sales of 25,000 million yen, operating income of 3,800 million yen, ordinary income of 3,790 million yen, and net income of 2,274 million yen.



### Basic Information

#### Company Profile (As of July 1, 2014)

• Company Name:	Marvelous Inc.	
• Head Office:	5F Shinagawa Seaside East Tower, 4-12-8 Higashi-Shinagawa, Shinagawa-ku, Tokyo, Japan	
• Established:	June 25, 1997	
• Capital:	¥1,128 million	
• Officers:	Chairman and CEO	Haruki Nakayama
	President and COO	Shuichi Motoda
	Executive Vice President and DeptCOO	Toshinori Aoki
	Director	Yoshiaki Matsumoto
	Director	Yoshiteru Yamaguchi
	Director and CFO	Seiichiro Kato
	Director (External)	Shunichi Nakamura
	Director (External)	Ken Kutaragi
	Standing Statutory Auditor	Toshio Nago
	Corporate Auditor (External)	Isamu Tsuji
	Corporate Auditor (External)	Iwao Nishi
	Corporate Auditor (External)	Katsuhiko Nishimura

#### Business Activities

##### Online Game Business

Developing 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 & Video 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, 2014)

- End of term: March 31
- Shares per unit: 100
- Total number of authorized shares: 90,000,000
- Total shares outstanding: 53,593,100
- Number of shareholders: 9,743

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

• Hayao Nakayama	18.32 %
• Amuse Capital Inc.	12.50 %
• Haruki Nakayama	10.22 %
• DEUTSCHE BANK AG LONDON-PB NON-TREATY CLIENTS 613	3.68 %
• Amuse Capital Investment, K.K.	3.43 %
• Japan Trustee Services Bank Ltd. (trust account)	2.68 %
• Credit Suisse Securities (Europe) Limited PB omnibus client account	2.59 %
• The Master Trust Bank of Japan, Ltd. (trust account)	2.33 %
• NOMURA PB NOMINEES LIMITED OMUNIBUS-MARGIN (CASH PB)	2.32 %
• BNYM SA/NV FOR BNYM CLIENT ACCOUNT MPSC JAPAN	1.68 %

#### [Stock Quote] (As of August 6, 2014)

- Stock Quote: 1,659 yen
- Market Cap 88,911 million yen