

Fact Sheet

Third Quarter of Fiscal Year Ending March 31, 2017

Marvelous Inc.

Stock Exchange Listing: First Section of Tokyo Stock Exchange Stock Code: 7844 URL: <https://corp.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	21,636	—
Operating Income	638	1,317	3,821	—
Ordinary Income	410	1,055	3,917	—
Profit attributable to owners of parent	303	799	2,820	—
Net Income Per Share (yen)	5.86	15.45	54.52	—

Results of Operations

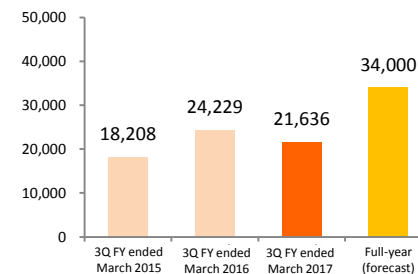
The entertainment industry in the period under review witnessed the rise of virtual reality (VR) as a much discussed topic in Japan and overseas, with VR-related news emerging as a major focus of attention. Furthermore, the industry marked game releases for smartphones using global IP, evolving into a worldwide social phenomenon. Likewise, the live entertainment market developed favorably, with sustained growth in stage performances such as musicals and theatricals.

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.

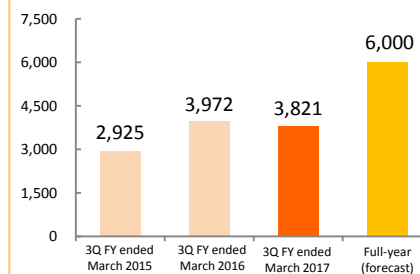
As a result, the Group's net sales in the third quarter (April 1, 2016 to December 31, 2016) marked 21,636 million yen (down 10.7% compared with the same period of the previous year), with operating income of 3,821 million yen (down 3.8% compared with the same period of the previous year), ordinary income of 3,917 million yen (down 0.6% compared with the same period of the previous year), and profit attributable to owners of parent of 2,820 million yen (up 4.8% compared with the same period of the previous year).

Financial Results (Unit: million yen)

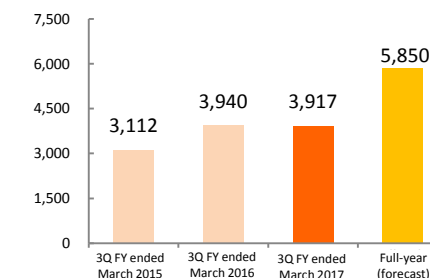
Net Sales



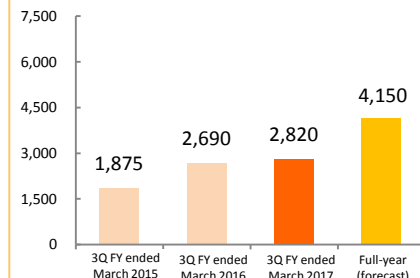
Operating Income



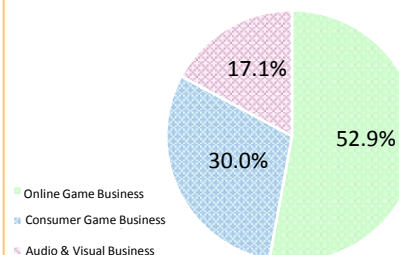
Ordinary Income



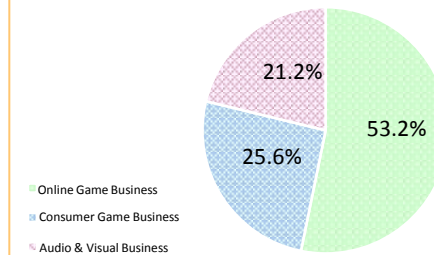
Profit attributable to owners of parent



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.

Fate/EXTELLA



©TYPE-MOON ©2016 Marvelous Inc.

Pokémon Ga-Olé



©2017 Pokémon. ©1995-2017 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

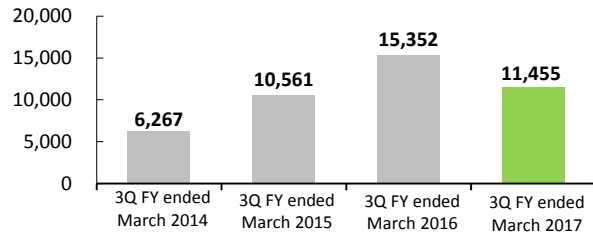
Remarks about Performance

The online game business reported favorable performance thanks to efforts surrounding "Logres of Swords and Sorcery: Goddess of Ancient" to expand the title's user base and revive sales and earnings growth. Specifically, measures included the installation of new functions and the hosting of collaborative events as well as 3-year anniversary events, etc., marking the third anniversary of the service start of this core title in December. On the other hand, the division decided to terminate the title's launch in China after initial assumptions and earnings expectations were disappointed. Likewise, the division terminated by the second quarter the service provision of underperforming titles and stopped the development of some titles in progress. The development cost was written off in a lump sum.

As a result, segment net sales totaled 11,455 million yen (down 25.4% compared with the same period of the previous year), with segment income of 2,489 million yen (down 26.1% compared with the same period of the previous year).

Net Sales

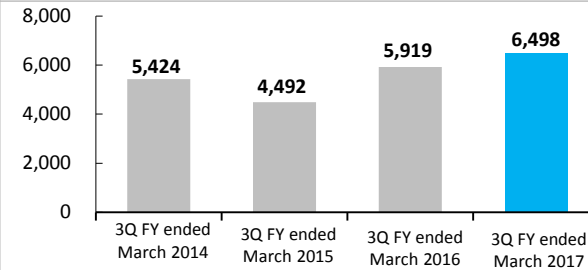
(Unit: million yen)



The consumer game business own-sales operations, "Fate/EXTELLA (PS Vita / PS4)" launched on November 10, 2016, proved a hit product topping the results for precursor productions of the series by a wide margin. Furthermore, "BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI (Nintendo 3DS)" with sales initiated on June 23, 2016, has also been selling well and "UPPERS (PS Vita)" came to market on July 14, 2016.

At the amusement division, new machines "Dragon Quest: Monster Battle Scanner" and "Pokémon Ga-Olé" went into operation respectively on June 23 and July 7, 2016.

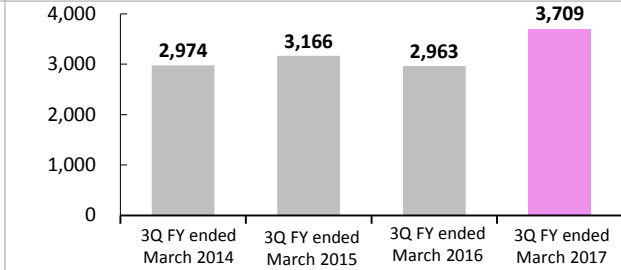
As a result, segment net sales totaled 6,498 million yen (up 9.8% compared with the same period of the previous year), with segment income of 1,197 million yen (up 83.3% compared with the same period of the previous year).



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. Furthermore, the division initiated broadcasting of the TV anime "TOUKEN RANBU HANAMARU" in October 2016. Blu-ray / DVD sales of the title performed well. Also income from secondary uses developed favorably, such as video dissemination sales and program sales, etc., respectively from the Company's library.

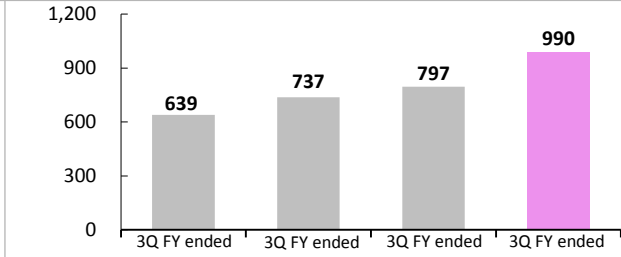
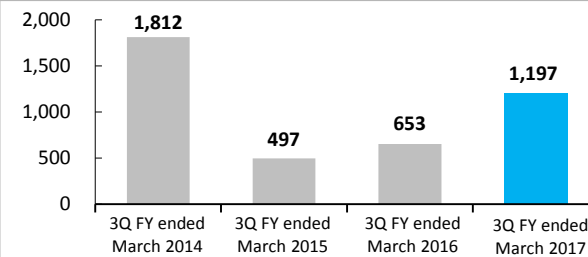
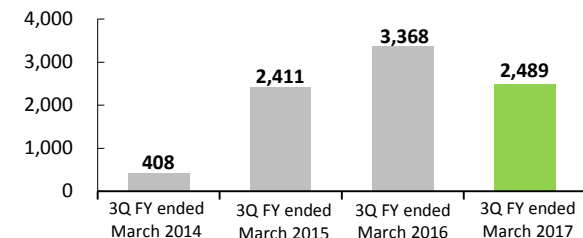
Stage production operations came out with new performances of serialized productions, specifically "MUSICAL THE PRINCE OF TENNIS," "Stage [Yowamushi Pedal]," "Musical HAKUOKI," "Stage K," and "ULTRA MUSICAL Samurai Jam -Bakumatsu Rock-," all with favorable results. Additionally, as for new titles, performances comprised "Touken Ranbu the Stage" and "Ensemble Stars! On Stage" respectively accompanied by robust Blu-ray / DVD sales.

As a result, segment net sales totaled 3,709 million yen (up 25.2% compared with the same period of the previous year), with segment income of 990 million yen (up 24.2% compared with the same period of the previous year).



Segment income

(Unit: million yen)



[Consolidated Statement of Income]

(Unit: million yen)

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
Net Sales	10,423	17,579	20,330	26,441	31,820	21,636
Gross Operating Income	4,491	8,116	9,946	14,975	19,211	12,058
Operating Income	1,044	2,329	3,006	4,412	5,418	3,821
Ordinary Income	1,025	2,325	3,041	4,583	5,228	3,917
Profit attributable to owners of parent	3,533	1,919	1,882	2,178	3,602	2,820

[Consolidated Balance Sheet]

(Unit: million yen)

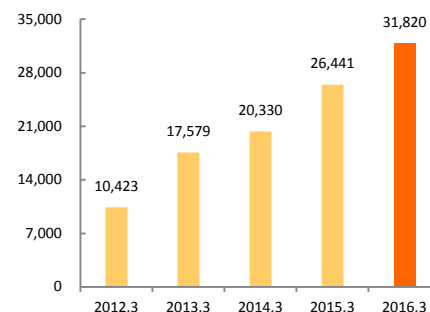
	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
Current Assets	11,932	12,593	14,583	18,624	16,204	17,252
Fixed Assets	1,734	2,748	2,233	3,414	4,165	5,228
Total Assets	13,667	15,341	16,816	22,039	20,370	22,480
Current Liabilities	4,361	4,570	4,840	8,535	6,421	7,194
Long-Term Liabilities	202	76	54	52	27	62
Net Assets	9,102	10,694	11,921	13,450	13,921	15,223
Shareholder's Equity	9,102	10,694	11,921	13,450	13,904	15,213

[Cash Flow Statement]

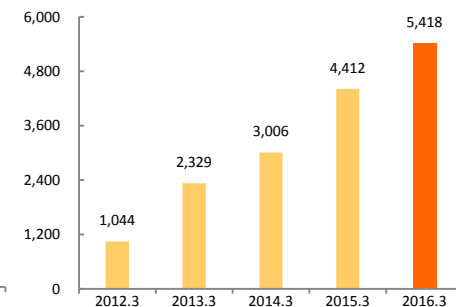
(Unit: million yen)

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
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	-

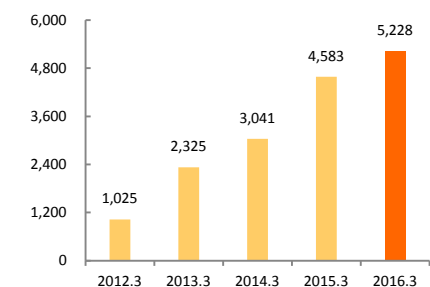
Net Sales (million yen)



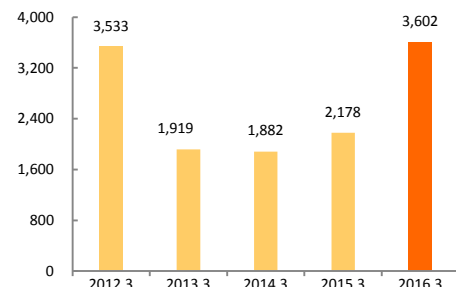
Operating Income (million yen)



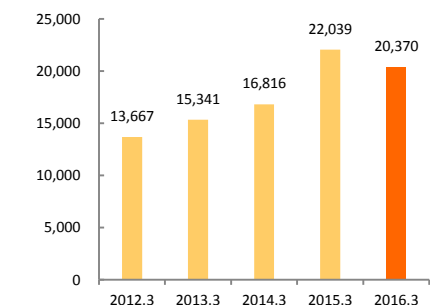
Ordinary Income (million yen)



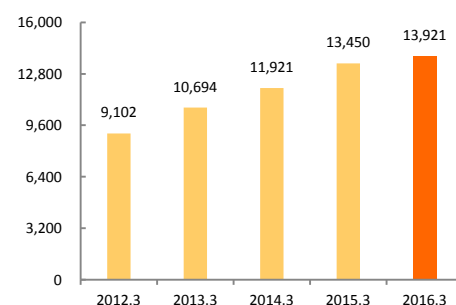
Profit attributable to owners of parent (million yen)



Total Assets (million yen)



Net Assets (million yen)



[Per Share Indices]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
Net income per share (yen)	107.62	35.90	35.21	40.74	68.68	54.52
Net assets per share (yen)	170.29	200.07	223.02	251.55	268.84	294.14

[Profitability]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
Gross profit ratio (%)	43.1	46.2	48.9	56.6	60.4	55.7
Operating profit ratio(%)	10.0	13.3	14.8	16.7	17.0	17.7
Ordinary profit ratio (%)	9.8	13.2	15.0	17.3	16.4	18.1
Net profit ratio (%)	33.9	10.9	9.3	8.2	11.3	13.0

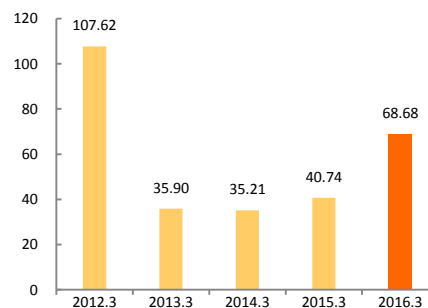
[Efficiency & Security]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
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	67.7
D/E ratio (%)	15.2	7.9	5.5	1.5	1.2	1.1

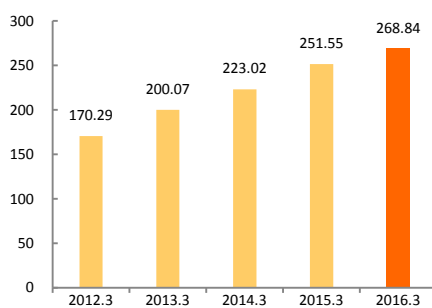
[Return to Shareholders]

	2012.3	2013.3	2014.3	2015.3	2016.3	2017.3 3Q
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	-

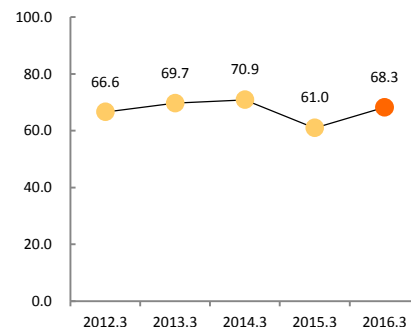
Net income per share (yen)



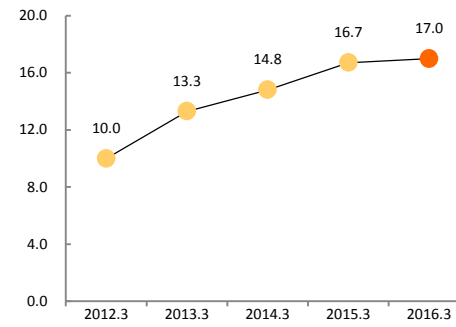
Net assets per share (yen)



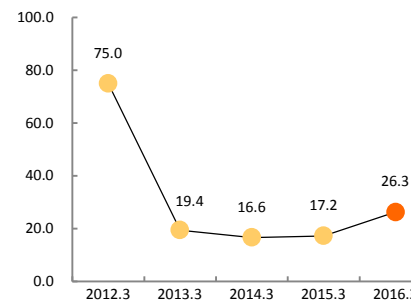
Capital ratio (%)



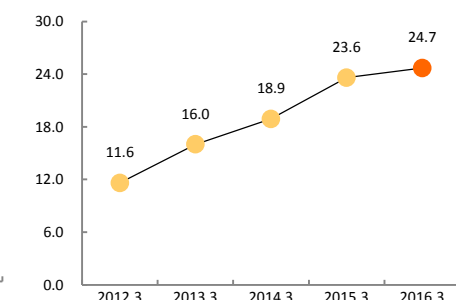
Operating profit ratio (%)



ROE (%)



ROA (%)



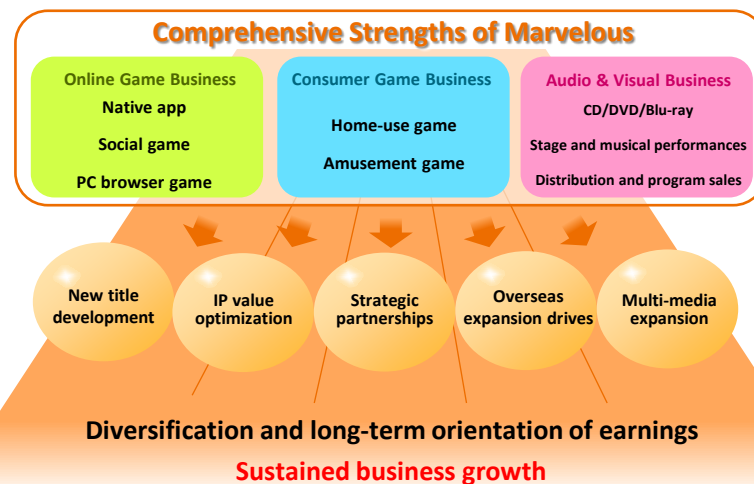
Important matters concerning the per share indices | On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. The per share indices take into consideration the effects of this stock split.

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	Shuichi 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	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 September 30, 2016)

• 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: 21,650	
[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 January 31, 2017) • Stock Quote: 846 yen
 • Market Cap: 45,339 million yen