

**Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2016
(Three Months Ended June 30, 2015) (Based on J-GAAP)**

July 31, 2015

Company name: Marvelous Inc. Listing: First Section of Tokyo Stock Exchange
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 Scheduled commencement date of dividend payout: —
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes
 Quarterly results briefing: None

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2016
(April 1, 2015 – June 30, 2015)**

(1) Consolidated Results of Operations (three months) (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2016	8,045	69.1	1,376	109.9	1,436	121.2	992	133.9
1Q FY 2015	4,758	7.9	655	(22.8)	649	(25.9)	424	(20.2)

Note: Comprehensive income (million yen): 1Q FY 2016: 996 (135.5%) 1Q FY 2015: 423 (-20.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q FY 2016	18.57	—
1Q FY 2015	7.93	7.93

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY 2016	20,952	13,145	62.7	246.21
FY 2015	22,039	13,450	61.0	251.55

Reference: Shareholders' equity (million yen): 1Q FY 2016: 13,127 FY 2015: 13,450

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2015	—	0.00	—	20.00	20.00
FY 2016	—	—	—	—	—
FY 2016 (forecasts)	—	0.00	—	30.00	30.00

Note: Revisions to the dividend forecast in the current quarter: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 – March 31, 2016)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	35,000	32.4	6,000	36.0	6,000	30.9	4,100	88.2	76.68

Note: Revisions to the financial forecast in the current quarter: None

The Company manages financial results based on the full fiscal year. Interim (2nd quarter) results projections are therefore omitted.

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (three months) under review (changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)
Excluded: None (Company name:)

(2) Application of accounting procedures specific to creation of quarterly financial statement: Yes

(3) Changes in accounting principles, estimates and restatement

- 1) Changes in accounting principles caused by revision of accounting standards: Yes
- 2) Changes in accounting principles other than those mentioned above: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of shares issued and outstanding (shares of common stock)

1) Number of shares outstanding (including treasury stock) at end of period	1Q FY 2016	53,593,100 shares	FY 2015	53,593,100 shares
2) Number of treasury stock at end of period	1Q FY 2016	272,400 shares	FY 2015	122,400 shares
3) Average number of shares outstanding during the period (three months)	1Q FY 2016	53,416,304 shares	1Q FY 2015	53,458,871 shares

*** Information regarding the implementation of quarterly review procedures**

This summary of quarterly financial statements is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act (FIEA), and at the time of disclosure of this summary of consolidated quarterly financial statements, the quarterly review procedures of consolidated financial statements pursuant to the FIEA were not completed.

*** Cautionary statement with respect to forward-looking statements**

This document contains forward-looking statements including forecasts of the Company's business performance, which are based on information currently available to the Company as well as on certain assumptions that the Company deems reasonable. Therefore, results including actual business performance could differ materially from those described in these forward-looking statements as a result of numerous factors.

1. Qualitative Information Concerning Quarterly Results

(1) Explanation of consolidated business results

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).

Results by business segment are described below.

(Online Game Business)

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).

(Consumer Game Business)

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).

(Audio & Visual Business)

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 √A," "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).

(2) Explanation of consolidated financial position

On the consolidated balance sheets at the end of the first quarter, the Group had total assets of 20,952 million yen (down 1,086 million yen from the end of the previous fiscal year), total liabilities of 7,807 million yen (down 781 million yen from the end of the previous fiscal year), and net assets of 13,145 million yen (down 305 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the first quarter totaled 16,325 million yen, which was 2,298 million yen less than at the end of the previous fiscal year, due to factors including lower cash and deposits, and lower notes and accounts receivable.

(Noncurrent Assets)

Consolidated noncurrent assets at the end of the first quarter totaled 4,626 million yen, which was 1,212 million yen more than at the end of the previous fiscal year, due to factors including an increase in goodwill.

(Current Liabilities)

Consolidated current liabilities at the end of the first quarter totaled 7,764 million yen, which was 771 million yen less than at the end of the previous fiscal year, due to factors including a decrease in accrued income taxes.

(Noncurrent liabilities)

Consolidated noncurrent liabilities at the end of the first quarter totaled 42 million yen, which was 10 million yen less than at the end of the previous fiscal year, due to factors including a decrease in long-term loans payable and an increase in asset retirement obligations.

(Net assets)

Consolidated net assets at the end of the first quarter totaled 13,145 million yen, which was 305 million yen less than at the end of the previous fiscal year as 992 million yen in profit attributable to owners of parent for the period were exceeded by the drop in retained earnings due to the payment of dividends.

(3) Explanation of business outlook including consolidated business forecast

The consolidated business forecast remains unchanged from the business forecast announced on May 12, 2015.