

**Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2016
(Nine Months Ended December 31, 2015) (Based on J-GAAP)**

January 29, 2016

Company name: Marvelous Inc. Listing: First Section of Tokyo Stock Exchange
 Stock Code: 7844 URL: <http://www.marv.jp/>
 Representative: Haruki Nakayama, Chairman, CEO
 Contact: Seiichiro Kato, Director, Executive Officer, CFO, Chief Senior Director of Administration
 Tel: +81-3-5769-7447
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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 Third Quarter of Fiscal Year Ending March 31, 2016
(April 1, 2015 – December 31, 2015)**

(1) Consolidated Results of Operations (nine 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	%
3Q FY 2016	24,229	33.1	3,972	35.8	3,940	26.6	2,690	43.5
3Q FY 2015	18,208	24.2	2,925	35.4	3,112	39.5	1,875	34.7

Note: Comprehensive income (million yen): 3Q FY 2016: 2,689 (41.4%) 3Q FY 2015: 1,902 (35.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q FY 2016	51.06	—
3Q FY 2015	35.08	35.08

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY 2016	19,835	13,054	65.7	252.07
FY 2015	22,039	13,450	61.0	251.55

Reference: Shareholders' equity (million yen): 3Q FY 2016: 13,037 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	—	0.00	—		
FY 2016 (forecasts)				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	78.16

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

In accordance with the resolution of the board of directors passed on September 3, 2015, the Company has acquired treasury stock. The effect of the acquisition of treasury stock, etc., is reflected in the calculation of "Net income per share" in the consolidated forecasts.

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (nine 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

3Q FY 2016	53,593,100 shares	FY 2015	53,593,100 shares
3Q FY 2016	1,872,400 shares	FY 2015	122,400 shares
3Q FY 2016	52,696,336 shares	3Q FY 2015	53,466,772 shares

2) Number of treasury stock at end of period

3) Average number of shares outstanding during the period (nine months)

*** 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 the expansion in the app games market moderate its pace, combined with a gradually intensifying competitive market environment caused by factors such as the emergence of popular IP titles, and game companies in Japan, Europe, the U.S., and Asian countries entering each other's markets. In the market for home-use games, PlayStation 4 has been strengthening its presence centered on Europe and the U.S., but the domestic market continues to contract overall. In the market for arcade games, although the market overall has been shrinking, machines themed on powerful IPs have been performing well. In the audio & visual sectors, while the environment for sales of package products remains adverse, demand continues to expand due to the popularity of Japanese *anime* in China, and in Japan and overseas the growth in video dissemination services is progressing. Moreover, "2.5 dimensional musical" format, which transforms the two-dimensional world of manga, *anime*, and games into stage performance contents, has established itself in Japan as a full-fledged genre and the number of performances and audiences continues to rise along with ongoing gains in market scale.

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, 2015 to December 31, 2015) marked 24,229 million yen (up 33.1% compared with the same period of the previous year), with operating income of 3,972 million yen (up 35.8% compared with the same period of the previous year), ordinary income of 3,940 million yen (up 26.6% compared with the same period of the previous year), and profit attributable to owners of parent of 2,690 million yen (up 43.5% 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" continues to be a major source of divisional income. Service for this title was initiated on October 22, 2015, through Garena Online Private Limited in Taiwan, Hong Kong, and Macau. Performance has developed favorably from the time of release, and as of December 4, 2015, this title attained in Taiwan the No. 1 position in the App Store sales ranking. Additionally, in browser games, service for "VALKYRIE DRIVE -SIREN-" started on November 25, 2015, with existing titles showing solid performance.

As a result, segment net sales totaled 15,352 million yen (up 45.4% compared with the same period of the previous year), with segment operating income of 3,368 million yen (up 39.7% compared with the same period of the previous year).

(Consumer Game Business)

At the Company's sales sector of the Consumer Game Business segment, "NET HIGH (PS Vita)" was released on November 26, 2015, and "VALKYRIE DRIVE -BHIKKHUNI- (PS Vita)" and "NITRO PLUS BLASTERZ -HEROINES INFINITE DUEL- (PS4/PS3)" were released on December 10, 2015. Furthermore, U.S. subsidiary Marvelous USA, Inc. on October 13, 2015, launched sales of "Corpse Party: Blood Drive (PS Vita)" (licenser: MAGES./5bp.) and on December 22, 2015, "The Legend of Heroes: Trails of Cold Steel (PS3/PS Vita)" (licenser: Nihon Falcom), etc., showing favorable performances along with repeat sales of individual titles.

At the amusement division, solid performance was reported due to factors such as the release of new sequel versions of "Pokémon TRETТА" and "MONSTER HUNTER SPIRITS," and by increasing the number of amusement consoles deployed.

As a result, segment net sales totaled 5,919 million yen (up 31.8% compared with the same period of the previous year), with segment operating income of 653 million yen (up 31.2% 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, with favorable sales performance. Additionally, income from secondary usage such as video dissemination sales and program sales, respectively from the Company's library, developed favorably.

The stage production division recognized revenues from the August 2015 performances of "Stage K II -AROUSAL OF KING-" and "HYPER MUSICAL Samurai Jam -Bakumatsu Rock-." Additionally, public performances were given of "MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs. St. RUDOLPH," "Stage [Yowamushi Pedal] Ep. IRREGULAR 'The Rival Peaks,'" and "MUSICAL AO HARUTETSUDO" (respective revenues will be recognized in the fourth quarter).

As a result, segment net sales totaled 2,963 million yen (down 6.4% compared with the same period of the previous year), with segment operating income of 797 million yen (up 8.1% 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 third quarter, the Group had total assets of 19,835 million yen (down 2,203 million yen from the end of the previous fiscal year), total liabilities of 6,781 million yen (down 1,807 million yen from the end of the previous fiscal year), and net assets of 13,054 million yen (down 396 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the third quarter totaled 15,211 million yen, which was 3,412 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-trade.

(Noncurrent Assets)

Consolidated noncurrent assets at the end of the third quarter totaled 4,624 million yen, which was 1,209 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 third quarter totaled 6,745 million yen, which was 1,790 million yen less than at the end of the previous fiscal year, due to factors including a decrease in accounts payable and a decrease in income tax payable.

(Noncurrent liabilities)

Consolidated noncurrent liabilities at the end of the third quarter totaled 35 million yen, which was 16 million yen less than at the end of the previous fiscal year, due to factors including a decrease in long-term loans payable.

(Net assets)

Consolidated net assets at the end of the third quarter totaled 13,054 million yen, which was 396 million yen less than at the end of the previous fiscal year, due to a fall in retained earnings (which exceeded 2,690 million yen in profit attributable to owners of parent) owing to dividend payments for the previous fiscal year and expenditure for the acquisition of own stock.

(3) Explanation of business outlook including consolidated business forecast

The consolidated business forecast for the current fiscal year remains unchanged from the business forecast announced on May 12, 2015.