

**Consolidated Financial Results for the First Quarter of Fiscal Year Ending March 31, 2015
(Three Months Ended June 30, 2014) (Based on J-GAAP)**

August 6, 2014

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, 2015
(April 1, 2014 – June 30, 2014)**

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2015	4,758	7.9	655	(22.8)	649	(25.9)	424	(20.2)
1Q FY 2014	4,410	46.2	849	205.3	876	237.3	531	254.7

Note: Comprehensive income (million yen): 1Q FY 2015: 423 (-20.5%) 1Q FY 2014: 532 (264.0%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
1Q FY 2015	7.93		7.93	
1Q FY 2014	9.94		—	

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. In conjunction with this action, the Company has calculated net income per share for the quarter and diluted net income per share for the quarter as if the stock split had taken place at the start of the previous fiscal year.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
1Q FY 2015	16,815		11,661		69.4		218.09	
FY 2014	16,816		11,921		70.9		223.02	

Reference: Shareholders' equity (million yen): 1Q FY 2015: 11,661 FY 2014: 11,921

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen				
FY 2014	—	0.00	—	13.00	13.00
FY 2015	—	—	—	—	—
FY 2015 (forecasts)	—	0.00	—	15.00	15.00

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

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
1H (six months)	10,300	7.5	1,210	(11.4)	1,205	(13.0)	723	(16.0)	13.52
Full year	25,000	23.0	3,800	26.4	3,790	24.6	2,274	20.8	42.53

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

***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: None
- 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 2015	53,593,100 shares	FY 2014	53,593,100 shares
2) Number of treasury stock at end of period	1Q FY 2015	122,400 shares	FY 2014	138,000 shares
3) Average number of shares outstanding during the period (three months)	1Q FY 2015	53,458,871 shares	1Q FY 2014	53,455,100 shares

On October 1, 2013, the Company executed a stock split of its common shares at the ratio of 100 shares to 1. In conjunction with this action, the Company has calculated the number of shares issued and outstanding (shares of common stock) as if the stock split had taken place at the start of the previous fiscal year.

*** 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 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).

Results by business segment are described below.

(Online Game Business)

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).

(Consumer Game Business)

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 Tretta," 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)

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).

(2) Explanation of consolidated financial position

On the consolidated balance sheets at the end of the first quarter, the Group had total assets of 16,815 million yen (down 1 million yen from the end of the previous fiscal year), total liabilities of 5,153 million yen (up 258 million yen from the end of the previous fiscal year), and net assets of 11,661 million yen (down 259 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the first quarter totaled 14,085 million yen, which was 498 million yen less than at the end of the previous fiscal year, due to factors including lower cash and deposits.

(Noncurrent Assets)

Consolidated noncurrent assets at the end of the first quarter totaled 2,730 million yen, which was 496 million yen more than at the end of the previous fiscal year, due to factors including an increase in property, plant, and equipment.

(Current Liabilities)

Consolidated current liabilities at the end of the first quarter totaled 5,089 million yen, which was 248 million yen more than at the end of the previous fiscal year, due to factors including a decrease in accrued income taxes and an increase in accounts payable.

(Noncurrent liabilities)

Consolidated noncurrent liabilities at the end of the first quarter totaled 64 million yen, which was 9 million yen more than at the end of the previous fiscal year, due to factors including an increase in asset retirement obligations.

(Net assets)

Consolidated net assets at the end of the first quarter totaled 11,661 million yen, which was 259 million yen less than at the end of the previous fiscal year, as payment of the year-end dividend for the previous fiscal year caused a drop in retained earnings in excess of 424 million yen recognized in net income for the first quarter.

(3) Explanation of business outlook including consolidated business forecast

The consolidated business forecast remains unchanged from the business forecast announced on May 9, 2014.