

The logo for Marvelous Inc. features the word "MARVELOUS!" in a bold, orange, sans-serif font. The letters are slightly slanted to the right, giving it a dynamic feel. The background of the slide has abstract, flowing orange and grey curves that complement the logo's color.

Stock Code: 7844
(First Section of Tokyo Stock Exchange)

Marvelous Inc.

Fiscal Year Ending March 31, 2016
Third Quarter

Results Briefing

Materials

January 29, 2016

This document contains forward-looking statements which are based on information currently available to the Company and which may change as a result of numerous factors including the macroeconomic environment and industry trends relevant to the Company. Therefore, these forward-looking statements are made subject to certain risks and uncertainties which could cause results including actual business performance to differ materially from those presented.

-  **Fiscal Year Ending March 2016,
Third Quarter Results Summary (Cumulative)**
-  **Segment Results and Full-Year Business Forecast**

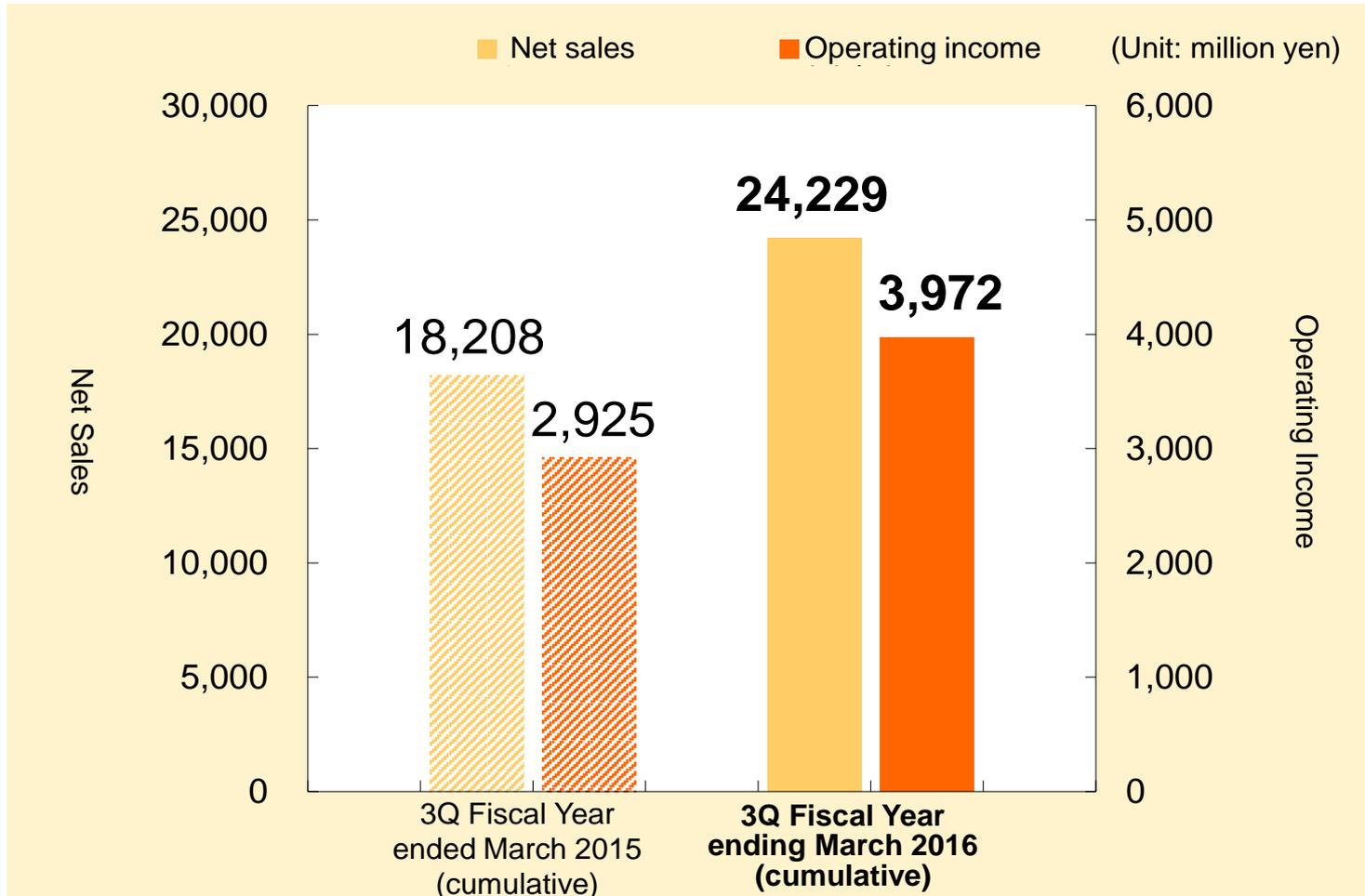
A small square icon with a vertical gradient from light orange at the top to a darker orange at the bottom, with a thin white diagonal line running from the bottom-left corner to the top-right corner.

**Fiscal Year Ending March 2016,
Third Quarter Results Summary (Cumulative)**

Earnings Highlights



- The third quarter (cumulative) of fiscal year ending March 2016 marked net sales and operating income growth of **133.1%** and **135.8%**, respectively, compared with the year-earlier period
- The online game business expanded strongly compared with the year earlier, marking higher sales and earnings



Income Statement



- Continued growth in sales and earnings compared with the year-earlier period
- Despite higher costs for increased TV ads and other advertising, cumulative earnings margins maintained the level of the year-earlier period

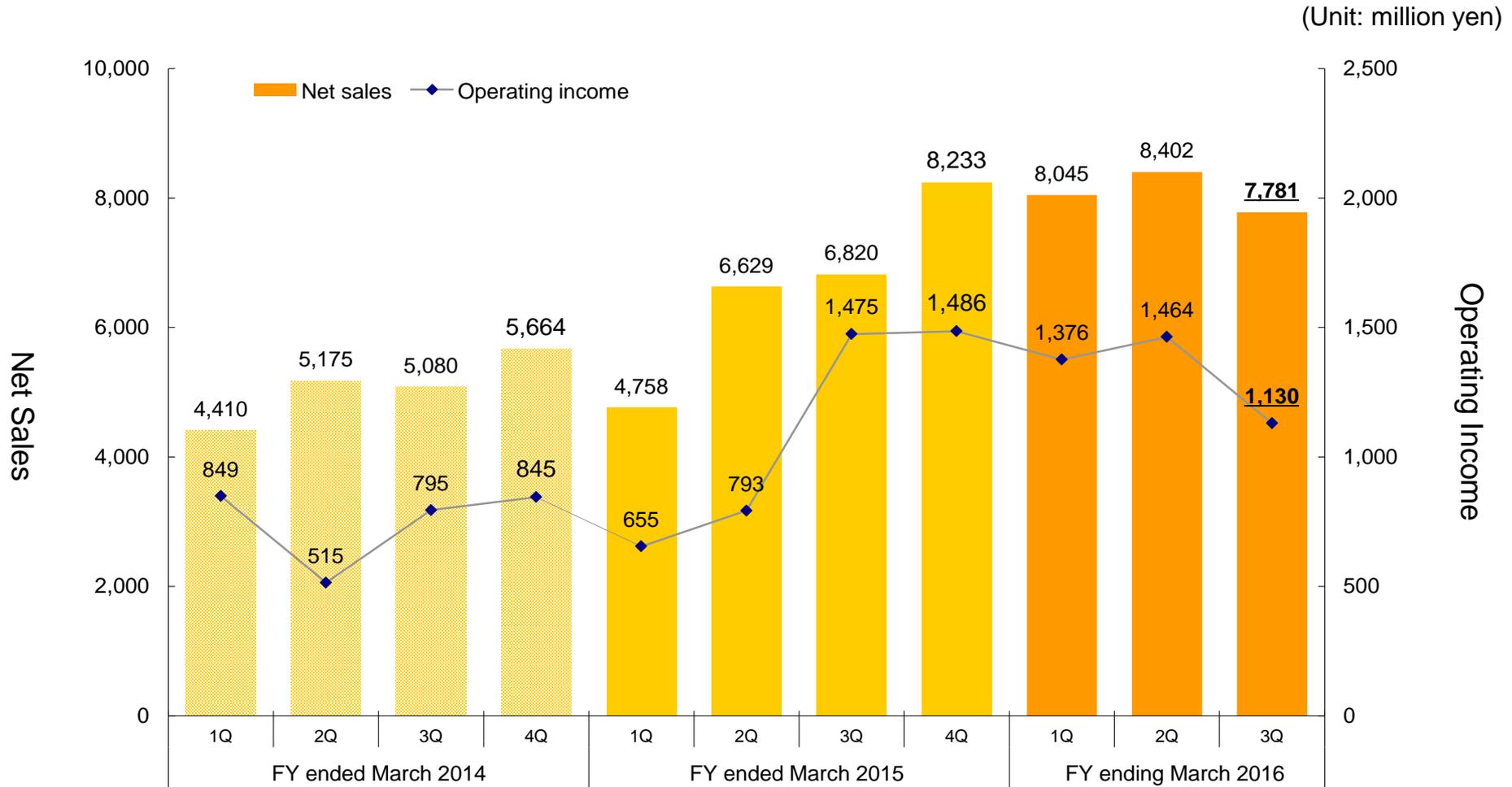
(Unit: million yen)

	3Q FY ended March 2015 (cumulative)		3Q Fiscal Year ending March 2016 (cumulative)		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	18,208	-	24,229	-	6,020	133.1%
Cost of sales	7,802	-	9,548	-	1,745	122.4%
SGA expenses	7,480	-	10,708	-	3,228	143.2%
Thereof advertising expenses	1,535	-	2,536	-	1,001	165.2%
Operating income	2,925	16.1%	3,972	16.4%	1,046	135.8%
Non-operating income/losses	186	-	-31	-	-218	-
Ordinary income	3,112	17.1%	3,940	16.3%	828	126.6%
Extraordinary income/losses	-10	-	-54	-	-44	-
Income taxes	1,226	-	1,195	-	-31	97.4%
Profit attributable to owners of parent	1,875	10.3%	2,690	11.1%	815	143.5%

Development of Net Sales and Operating Income (Quarterly)



- On a quarterly basis, earnings decreased, reflecting higher costs, with sales sustained at a high level



Segment Results



(Unit: million yen)

		3Q FY ended March 2015 (cumulative)	3Q Fiscal Year ending March 2016 (cumulative)	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	10,561	15,352	4,790	145.4%
	● Consumer Game Business	4,492	5,919	1,426	131.8%
	● Audio & Visual Business	3,166	2,963	-203	93.6%
	Total	18,208	24,229	6,020	133.1%
Segment Income	● Online Game Business	2,411	3,368	956	139.7%
	● Consumer Game Business	497	653	155	131.2%
	● Audio & Visual Business	737	797	59	108.1%
	Total	3,646	4,818	1,171	132.1%
Adjustments & eliminations		-721	-846	-125	117.4%
Operating Income Total		2,925	3,972	1,046	135.8%

POINT

● Online Game Business

- “Logres of Swords and Sorcery” continues as major earnings source and earnings driver

● Consumer Game Business

- U.S. subsidiary posts favorable performance of new titles and repeat purchases
- Amusement sector improved compared with the year earlier

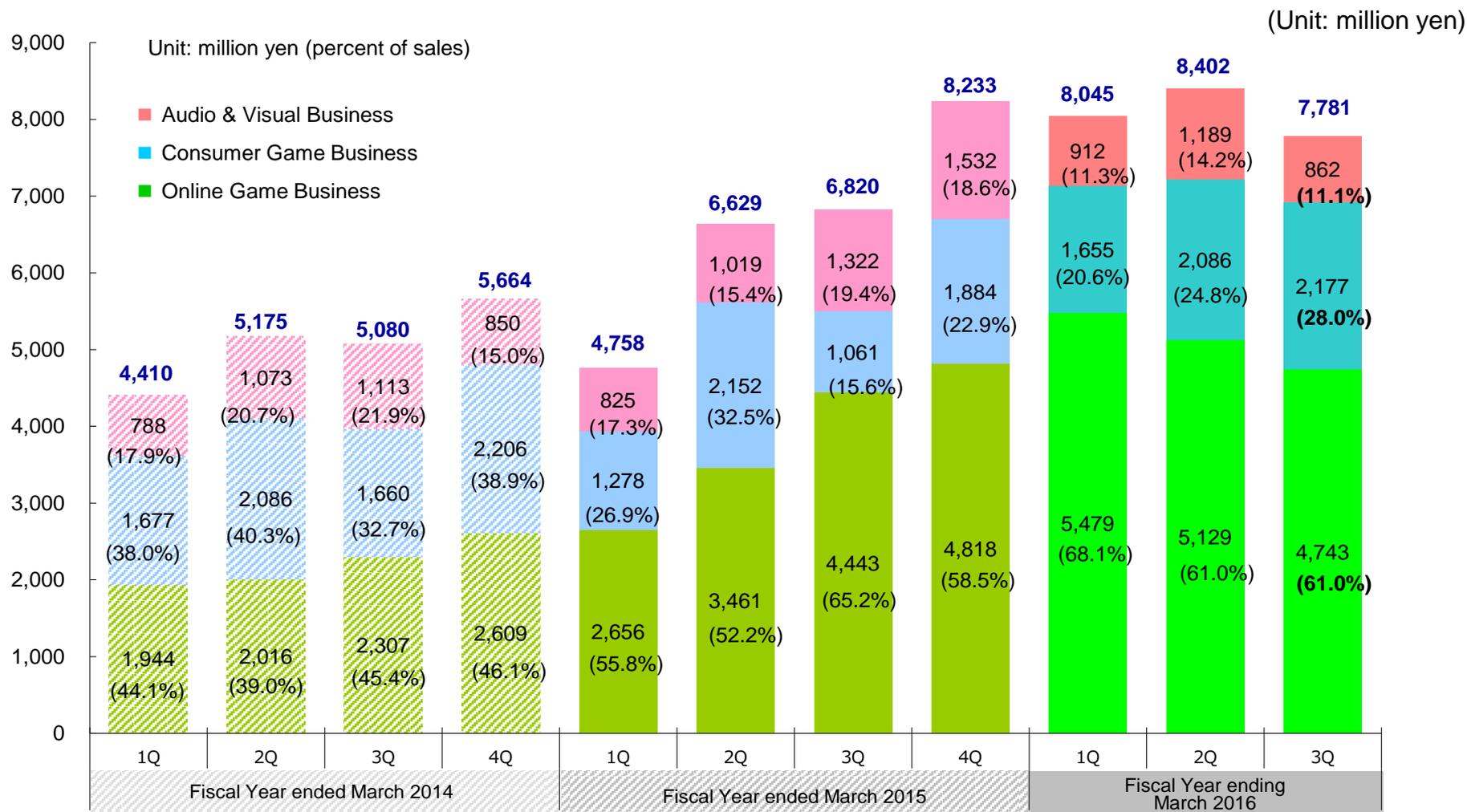
● Audio & Visual Business

- Sales declined as recognition of revenues from large-scale stage performances concentrates on the fourth quarter
- Higher earnings due to increased income from sales related to secondary usage such as sales from video dissemination and program sales

Sales Structure by Segment (Quarterly)



- The online game business sees measures and policies in app games underperform in some areas; the audio & visual business marks valley in stage performances and musical operations; the consumer game business displays growth due to multiple title introductions



Balance Sheet (Summary)



- Current assets decreased, reflecting lower cash and deposits after payment of income tax and dividends, acquisition of G-MODE Corporation stocks, and purchase of own stocks in September
- Accounting recognition of goodwill associated with acquisition of share capital of G-MODE Corporation resulted in higher noncurrent assets
- Payment of accrued income taxes resulted in lower current liabilities

(Unit: million yen)

	End of March 2015	End of December 2015	Change
Current assets (total)	18,624	15,211	-3,412
Noncurrent assets (total)	3,414	4,624	1,209
Total Assets	22,039	19,835	-2,203
Current liabilities (total)	8,535	6,745	-1,790
Noncurrent liabilities (total)	52	35	-16
Total Liabilities	8,588	6,781	-1,807
Net Assets (total)	13,450	13,054	-396



Segment Results and Full-Year Business Forecast

Fiscal Year Ending March 2016, Full-Year Business Forecast (Breakdown by Segment)



- Change in the breakdown of results projections by segment

(Unit: million yen)

		Full Year					
		FY ended March 2015	FY ending March 2016			YOY change	
			Actual	Current projection	Previous projection	Difference	(Amount)
Net Sales	● Online Game Business	15,379	22,700	23,000	-300	7,320	147.6%
	● Consumer Game Business	6,376	7,500	7,200	300	1,123	117.6%
	● Audio & Visual Business	4,699	4,800	4,800	0	100	102.1%
	Total	26,441	35,000	35,000	0	8,558	132.4%
Segment Income	● Online Game Business	3,815	5,000	5,550	-550	1,184	131.0%
	● Consumer Game Business	502	840	550	290	337	167.2%
	● Audio & Visual Business	1,089	1,300	1,100	200	210	119.3%
	Total	5,407	7,140	7,200	-60	1,732	132.0%
Adjustments & eliminations		-995	-1,140	-1,200	60	-144	114.6%
Operating Income		4,412	6,000	6,000	0	1,587	136.0%
Ordinary Income		4,583	6,000	6,000	0	1,416	130.9%
Profit attributable to owners of parent		2,178	4,100	4,100	0	1,921	188.2%

Online Game Business: FY Ending March 2016 Progress Status

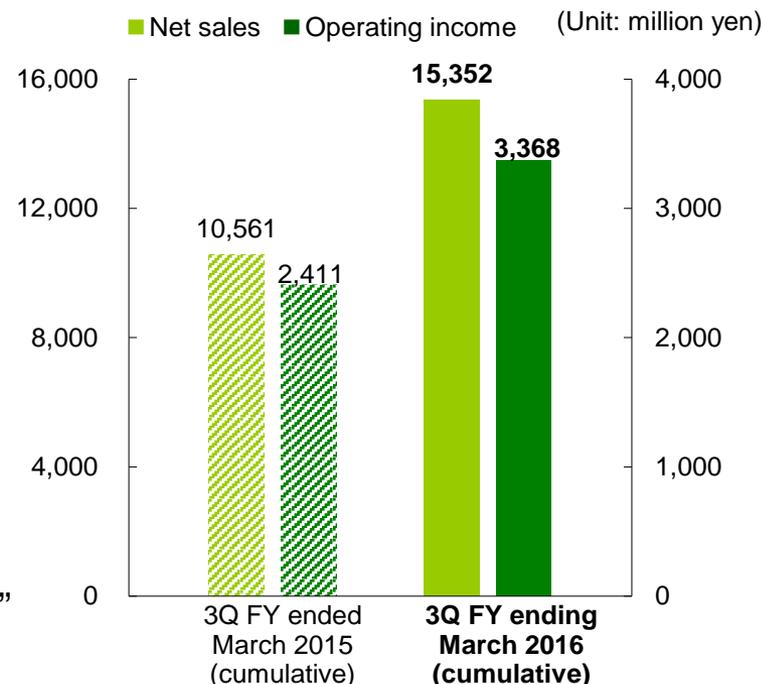


Status as of 3Q FY ending March 2016

“Logres” continues to drive performance, with sustained sales and earnings growth compared with the year-earlier period

Title Performance

- “Logres of Swords and Sorcery: Goddess of Ancient” driving overall performance as major earnings source
- Service started for “Logres of Swords and Sorcery: Goddess of Ancient” on October 22 in Taiwan, Hong Kong, and Macau, rising to the No. 1 position in Taiwan's top seller ranking (*as of December 4, 2015) and marking a favorable launch
- Service started for social game “VALKYRIE DRIVE -SIREN-” at Mobage, GREE, and dgame on November 25



<Title Rollouts>

Logres of Swords and Sorcery: Goddess of Ancient (native app)

Service launched in December 2013 (within Japan)



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VALKYRIE DRIVE -SIREN- (mobile browser)

Service launched in November 2015



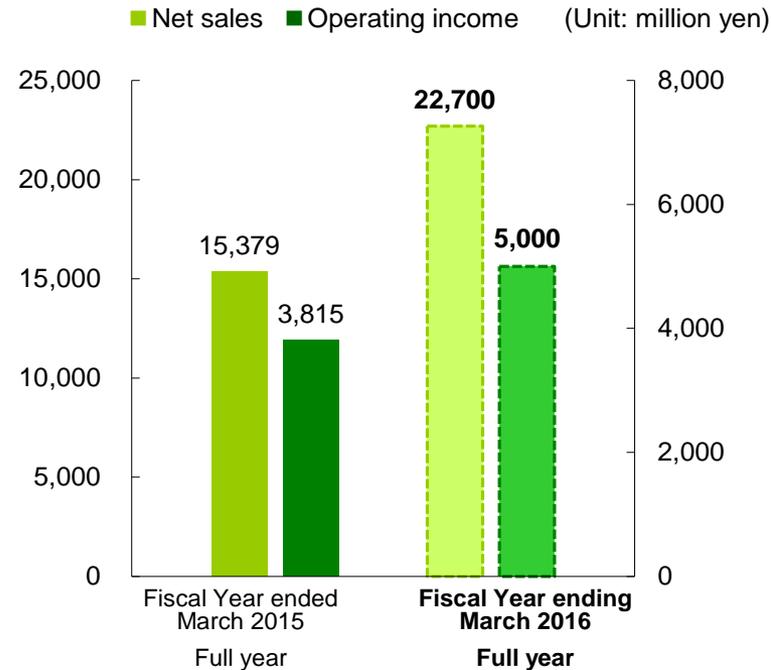
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Online Game Business: Initiatives Starting in 4Q of FY Ending March 2016



TOPICS

- Strengthening of game contents for existing users
- Improvements in profit margins through cost control of advertising expenses and other costs
- Starting with Taiwan, Hong Kong, and Macau, aggressive promotion of initiatives surrounding “Logres of Swords and Sorcery: Goddess of Ancient” also to be taken in other regions including mainland China
- Promotion of global initiatives involving other titles
- New applications for release in the coming fiscal year currently under focused development



<Title Rollouts>

劍與魔法王國 遠古的女神 (Logres of Swords and Sorcery: Goddess of Ancient)

Service launched in Taiwan, Hong Kong, and Macau on October 22, 2015.



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Consumer Game Business: FY Ending March 2016 Progress Status

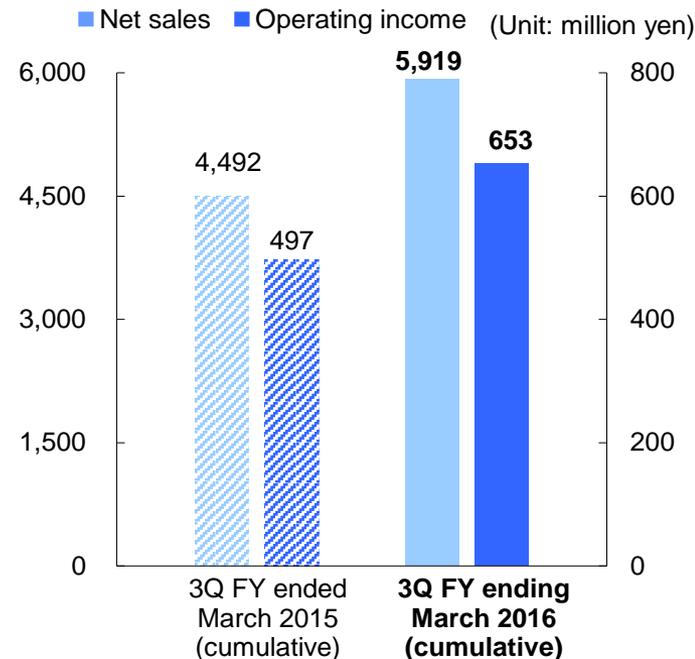


Status as of 3Q FY ending March 2016

U.S. subsidiary sees robust sales of game software and recovery in the amusement sector, reflected in sales and earnings growth compared with the year-earlier period

Title Performance

- Sales launch of three new titles:
 - "NET HIGH"
 - "VALKYRIE DRIVE -BHIKKHUNI-"
 - "NITRO PLUS BLASTERZ -HEROINES INFINITE DUEL-"
- Sales launch of "The Legend of Heroes: Trails of Cold Steel" (licenser: Nihon Falcom) by Marvelous USA, showing favorable performance including repeat sales
- "Pokémon TRETТА" and "MONSTER HUNTER SPIRITS" also doing well



<Title Rollouts>

NET HIGH (PS Vita)

Released November 26, 2015



©2015 Marvelous Inc.

VALKYRIE DRIVE -BHIKKHUNI- (PS Vita)

Released December 10, 2015



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NITRO PLUS BLASTERZ -HEROINES INFINITE DUEL- (PS4/PS3)

Released December 10, 2015



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The Legend of Heroes: Trails of Cold Steel (PS3/PS Vita)

Released December 22, 2015 (North America)



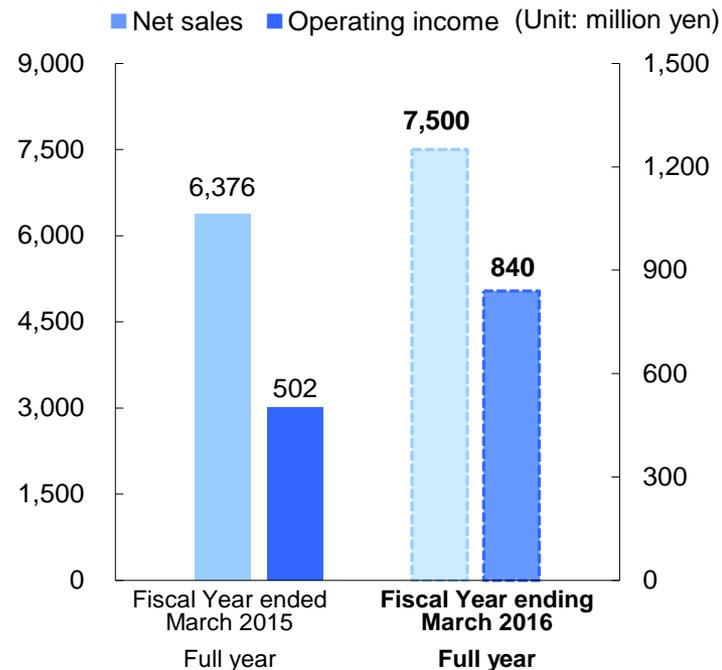
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Consumer Game Business: Initiatives Starting in 4Q of FY Ending March 2016



TOPICS

- Release of “Luminous Arc Infinity Complete Pack” and “SENTRAN KAGURA ESTIVAL VERSUS SAKURA EDITION” scheduled for March
- From U.S. subsidiary Marvelous USA, sales launch of “Return to PopoloCrois: A STORY OF SEASONS Fairytale” (Japanese title: *POPOLOCROIS BOKUJO MONOGATARI*) scheduled for March
- Various titles under development for sales launches in the coming fiscal year such as “UPPERS,” and “BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI
- Service start of “Dragon Quest: Monster Battle Scanner” scheduled for the summer of 2016



<Title Rollouts>

Luminous Arc Infinity Complete Pack (PS Vita)

Scheduled for release
March 10, 2016



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SENTRAN KAGURA ESTIVAL VERSUS SAKURA EDITION (PS4)

Scheduled for release
March 17, 2016



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Return to PopoloCrois: A STORY OF SEASONS Fairytale (3DS)

Scheduled for release
March 1, 2016



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UPPERS (PS Vita)

Scheduled for release
April 21, 2016



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BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI (3DS)

Scheduled for release
early summer of 2016



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Dragon Quest: Monster Battle Scanner (Amusement)

Launch scheduled for
summer of 2016



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Audio & Visual Business: FY Ending March 2016 Progress Status



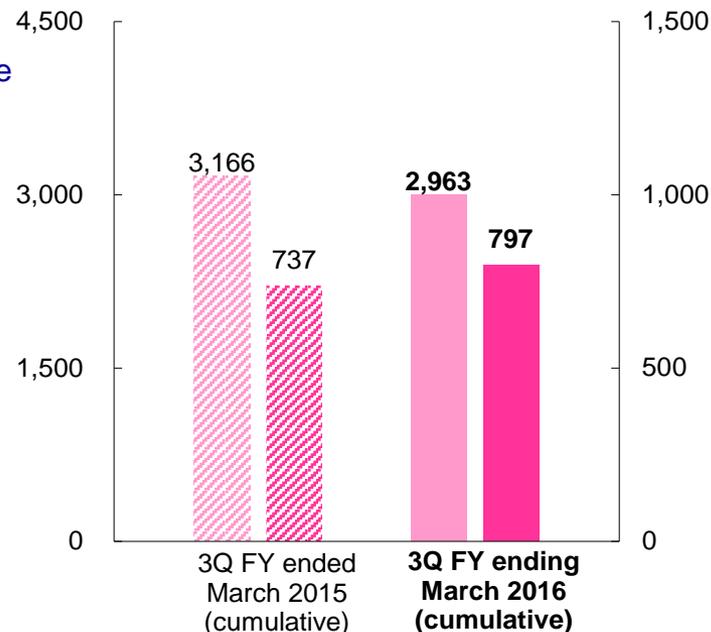
Status as of 3Q FY ending March 2016

Despite lower sales compared with the year-earlier period owing to a lag in revenue recognition from stage performance operations, Company-funded anime products performing strongly, with earnings growth driven by favorable sales of video dissemination, etc.

Title Performance

- Continued strong package sales of “My Teen Romantic Comedy SNAFU TOO!”
- Income from secondary usage such as video dissemination sales and program sales, respectively from the Company's library, developed favorably
- Stage performances of “MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs St. RUDOLPH” September to November (revenue recognition in 4Q)
- Stage performances of “Stage [Yowamushi Pedal] Ep. IRREGULAR “The Rival Peaks”” October to November (revenue recognition in 4Q)
- Stage performances of “MUSICAL AO HARUTETSUDO” in November (revenue recognition in 4Q)

Net sales Operating income (Unit: million yen)



<Title Rollouts>

My Teen Romantic Comedy SNAFU TOO!

Sales launch of the sixth volume on December 29, 2015



©WATARU WATARU, SHOGAKUKAN / OREGAIRU2 PRODUCTION COMMITTEE

MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs St. RUDOLPH

Performances September to November 2015



©2009 TAKESHI KONOMI ©2014 NAS, THE PRINCE OF TENNIS II PROJECT ©1999 TAKESHI KONOMI / 2015 MUSICAL THE PRINCE OF TENNIS PROJECT

Stage [Yowamushi Pedal] Ep. IRREGULAR “The Rival Peaks”

Performances October to November 2015



©Wataru Watanabe (Akitashoten) 2008 / Yowamushi Pedal GR Film Partners ©Wataru Watanabe (Akitashoten) 2008 / Marvelous, TOHO, SEGA LIVE CREATION

MUSICAL AO HARUTETSUDO

Performances in November 2015



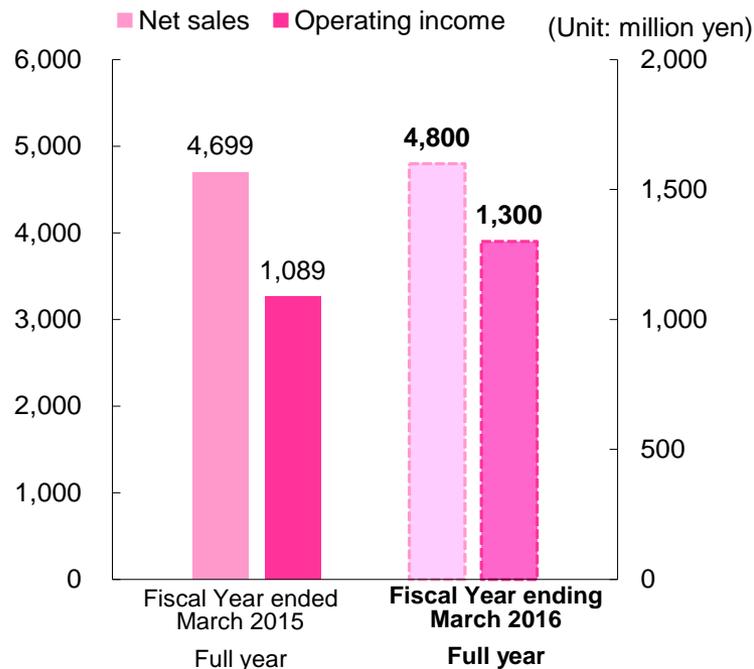
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Audio & Visual Business: Initiatives Starting in 4Q of FY Ending March 2016



TOPICS

- Broadcasting of Company-financed TV *anime* “Divine Gate” started in January
- Broadcasting of TV *anime* “MAHO GIRLS PRECURE!” scheduled to start in February
- Stage performances of “MUSICAL THE PRINCE OF TENNIS 3rd SEASON SEIGAKU vs YAMABUKI” scheduled for the December 2015 to February 2016 period (*revenue recognition in the next fiscal year)
- Stage performances of “Musical HAKUOKI Stories of Shinsengumi” in January
- Stage performances of “Stage [Yowamushi Pedal] “A New Team, Beginning”, “Cute High Earth Defense Club LOVE!STAGE!,” and “musical -au revoir, Sorcier-” scheduled successively for March 2016
- Additionally, line-up of multiple new products under preparation for release in the next fiscal year



<Title Rollouts>

Divine Gate

TV broadcasting started in January 2016



©GungHo Online Entertainment / Divine Gate World Council

MAHO GIRLS PRECURE!

Schedule to air on TV in February 2016



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MUSICAL THE PRINCE OF TENNIS 3rd SEASON SEIGAKU vs YAMABUKI

Performances scheduled for the Dec. 2015 to Feb. 2016 period (revenue recognition in the next fiscal year)



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Musical HAKUOKI Stories of the Shinsengumi

Performances in January 2016



©IDEA FACTORY-DESIGN FACTORY / Musical HAKUOKI Project

Stage [Yowamushi Pedal] “A New Team, Beginning”

Performances scheduled for March 2016



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“Cute High Earth Defense Club LOVE!STAGE!”

Performances scheduled for March 2016



©Kurari Umatani / Binan High School drama club

musical -au revoir, Sorcier-

Performances scheduled for March 2016

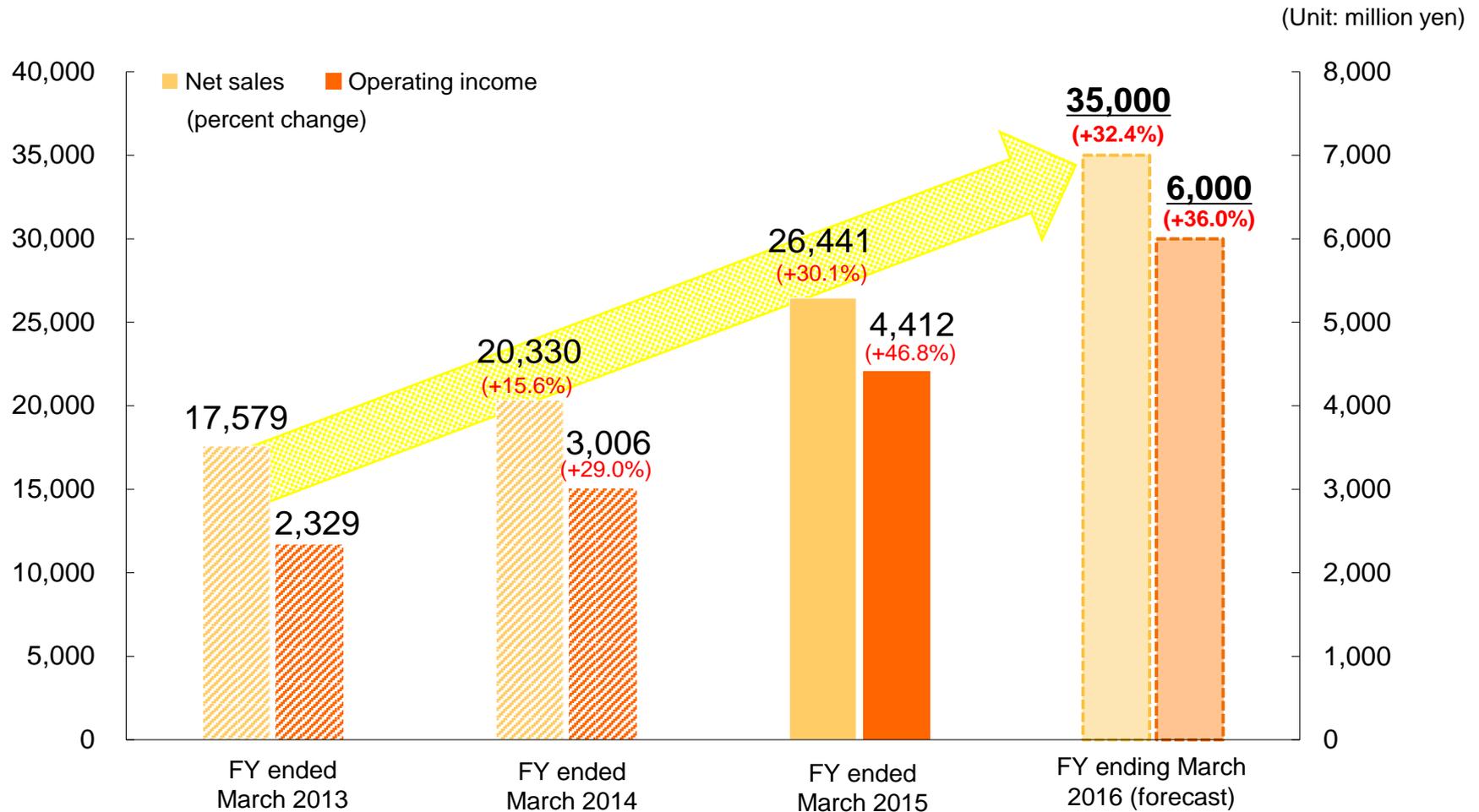


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Fiscal Year Ending March 2016, Full-Year Business Forecast



- Initial Company-level results projections for the full fiscal year unchanged
- Aiming to achieve double-digit growth in the fourth consecutive fiscal year



Thank you for your attention.

Inquiries

Administration Division, Corporate Planning Department

TEL: +81-3-5769-7447

FAX: +81-3-5769-7448

URL:<http://www.marv.jp>

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