

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 Ended March 31, 2016

Results Briefing Materials

May 12, 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 Ended March 2016 Financial Results Summary**

 **Fiscal Year Ending March 2017 Business Forecast**

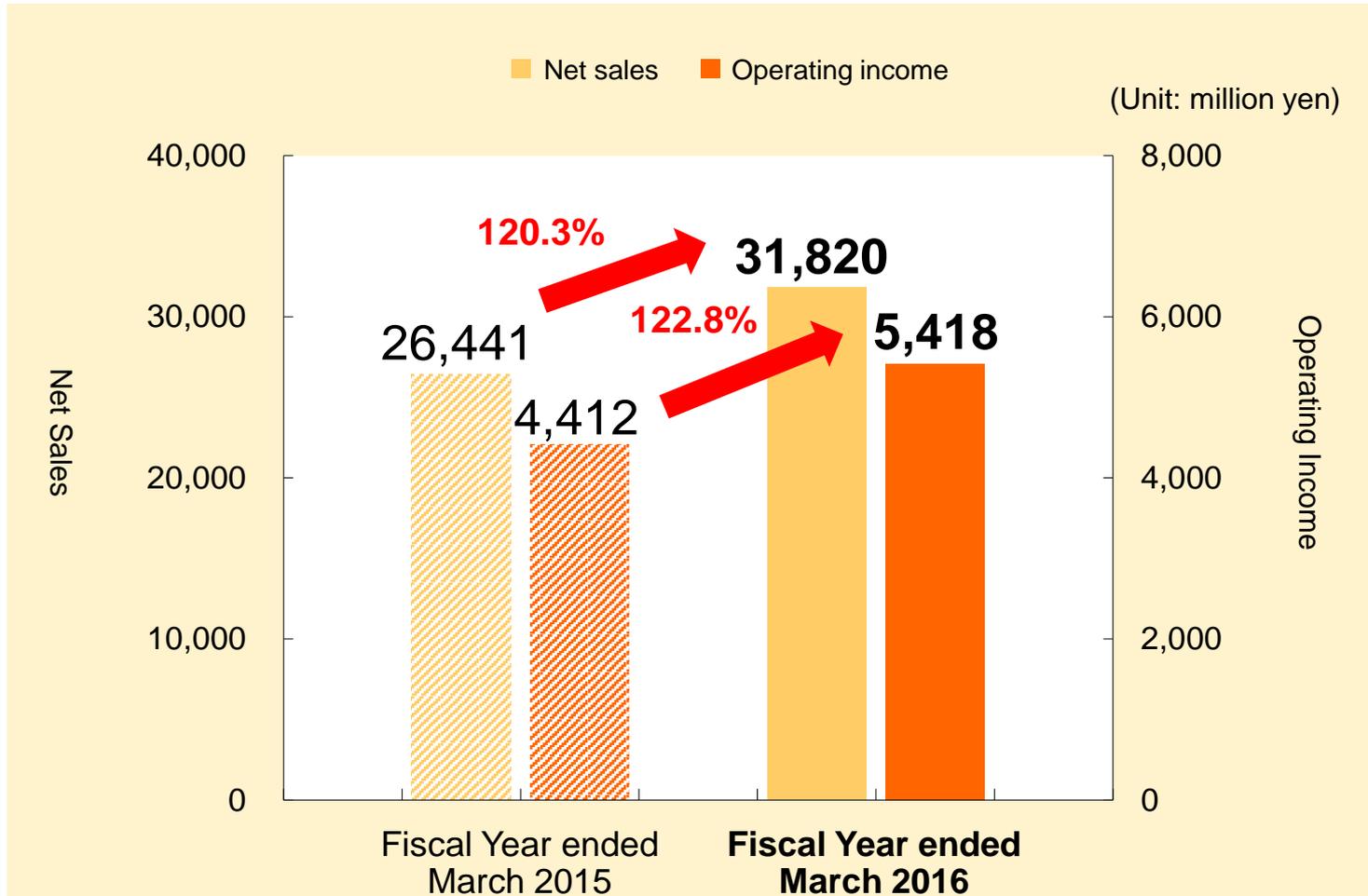
A small square icon with a gradient from light orange to dark orange, featuring a white diagonal line that splits it into two triangles.

Fiscal Year Ended March 2016 Financial Results Summary

Earnings Highlights



- The fiscal year ended March 2016 marked sales of ¥31.8 billion with operating income of ¥5.4 billion. Although lower than initial projections, sales and earnings rose on double-digit growth compared with the previous fiscal year
- With the online game business as the overall results driver, sales and earnings posted historical highs



Income Statement



- Profit margins held steady at the year-earlier level despite higher advertising expenses throughout the year with strengthened promotion through TV ads
- Non-operating items posted a foreign currency loss due to yen appreciation at fiscal year-end
- Sales and earnings across all levels marked historical highs, achieving double-digit growth compared with the previous fiscal year

(Unit: million yen)

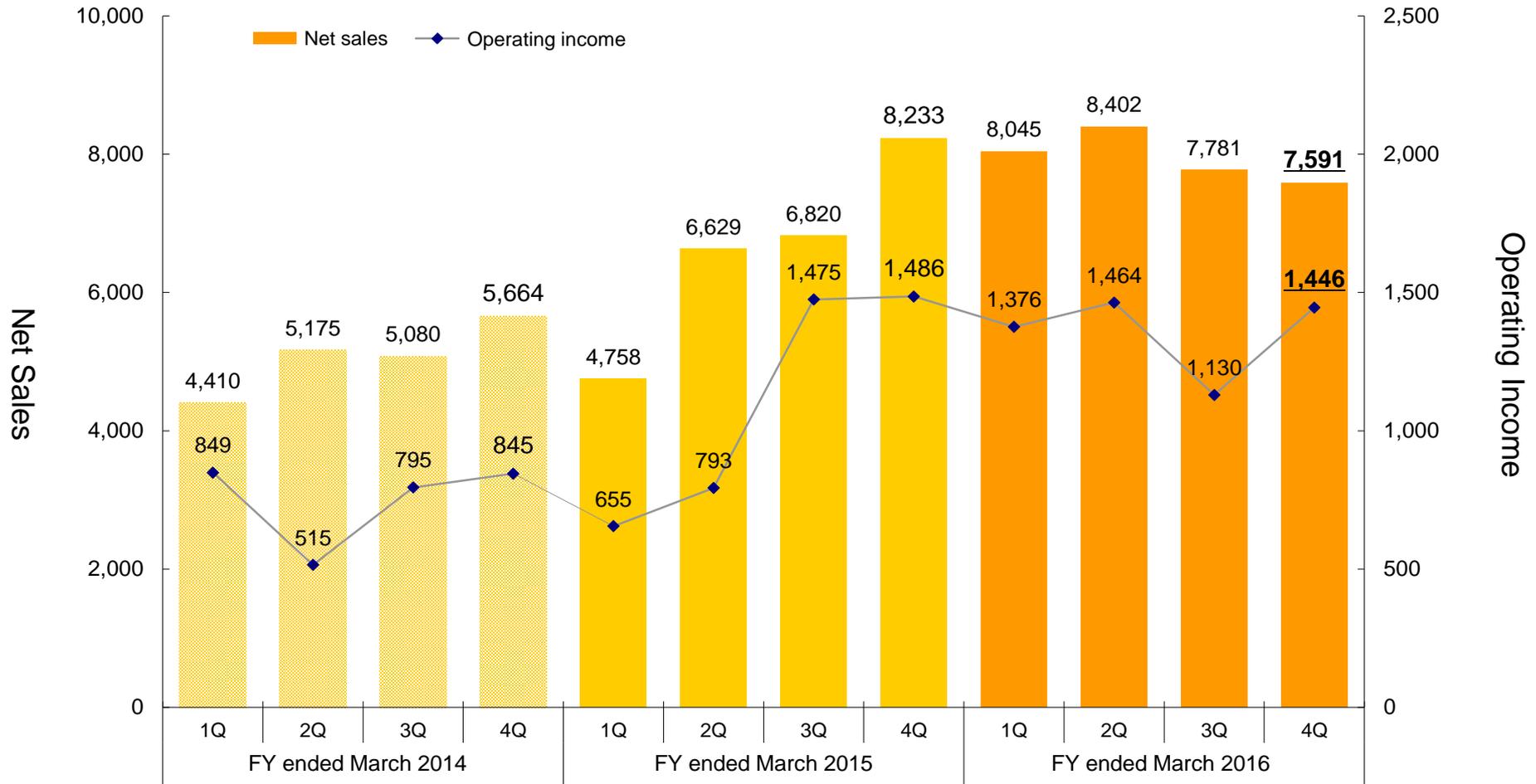
	FY ended March 2015		FY ended March 2016		YOY change	
	Actual	Profit ratio	Actual	Profit ratio	(Amount)	(%)
Net sales	26,441	-	31,820	-	5,378	120.3%
Cost of sales	11,466	-	12,608	-	1,141	110.0%
SGA expenses	10,562	-	13,793	-	3,230	130.6%
Thereof advertising expenses	2,035	-	3,187	-	1,151	156.6%
Operating income	4,412	16.7%	5,418	17.0%	1,005	122.8%
Non-operating income/losses	171	-	-190	-	-361	-
Ordinary income	4,583	17.3%	5,228	16.4%	644	114.1%
Extraordinary income/losses	-881	-	-55	-	826	-
Income taxes	1,523	-	1,569	-	45	103.0%
Profit attributable to owners of parent	2,178	8.2%	3,602	11.3%	1,424	165.4%

Development of Net Sales and Operating Income (Quarterly)



- All four quarters in fiscal year ended March 2016 posted earnings of at least ¥1 billion
- Results were steady at a high level also in the 4th quarter

(Unit: million yen)



Segment Results



(Unit: million yen)

		FY ended March 2015	FY ended March 2016	YOY change	
		Actual	Actual	(Amount)	(%)
Net Sales	● Online Game Business	15,379	19,755	4,376	128.5%
	● Consumer Game Business	6,376	7,544	1,167	118.3%
	● Audio & Visual Business	4,699	4,527	-172	96.3%
	Total	26,441	31,820	5,378	120.3%
Segment Income	● Online Game Business	3,815	4,182	367	109.6%
	● Consumer Game Business	502	1,006	504	200.4%
	● Audio & Visual Business	1,089	1,308	218	120.1%
	Total	5,407	6,497	1,090	120.2%
Adjustments & eliminations		-995	-1,079	-84	108.5%
Operating Income Total		4,412	5,418	1,005	122.8%

POINT

● Online Game Business

- "Logres of Swords and Sorcery" was earnings driver throughout the year
- Also achieved some positive results in overseas initiatives

● Consumer Game Business

- Strong sales of game software at overseas subsidiaries
- Amusement business improved

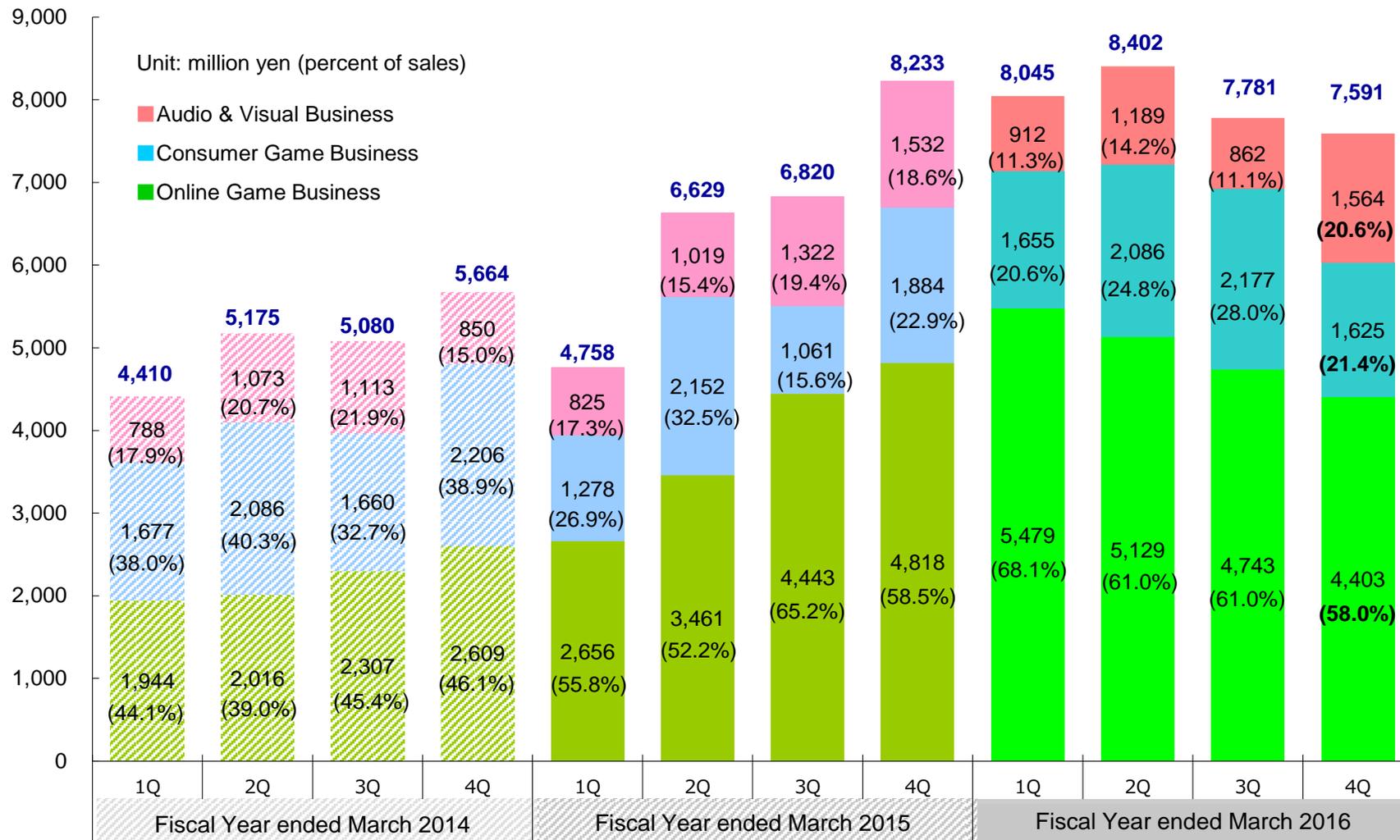
● Audio & Visual Business

- *Anime* and stage/musical performances overall successful
- Enhanced profit margins from increased income from sales related to secondary usage such as sales from video dissemination and program sales

Sales Structure by Segment (Quarterly)



- Audio & visual business strongly expanded in the 4th quarter compared with the previous periods through concentration on leading stage/musical performance titles



Balance Sheet (Summary)



- Current assets decreased due to factors including lower cash and deposits after income tax and dividend payments, acquisition of G-MODE Corporation stocks, and treasury stock purchase in September, as well as decreased trade receivables
- Noncurrent assets increased due to factors including goodwill recognized in connection with G-MODE Corporation share acquisition and advances in the development of new titles
- Current liabilities decreased due to factors including reductions in accrued expenses and accrued income tax

(Unit: million yen)

	End of March 2015	End of March 2016	Change
Current assets (total)	18,624	16,204	-2,419
Noncurrent assets (total)	3,414	4,165	750
Total Assets	22,039	20,370	-1,668
Current liabilities (total)	8,535	6,421	-2,114
Noncurrent liabilities (total)	52	27	-25
Total Liabilities	8,588	6,448	-2,139
Net Assets (total)	13,450	13,921	470

Segment Results: Online Game Business

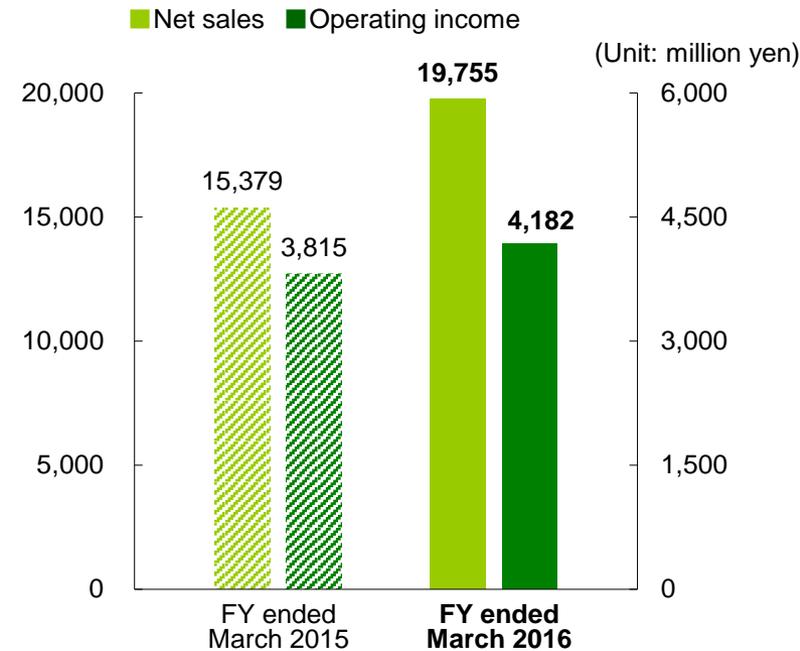


Review of Fiscal Year Ended March 2016

Although short of initial projections, higher sales and earnings compared with the previous fiscal year, driven by "Logres of Swords and Sorcery"

Title Performance

- "Logres of Swords and Sorcery: Goddess of Ancient" promotion strengthened through TV ads throughout the year, driving sales and earnings growth
- Service started for "Logres of Swords and Sorcery: Goddess of Ancient" on October 22 in Taiwan, Hong Kong, and Macau, and rose to the No. 1 position in Taiwan's top seller ranking. Strong performance continues.



<Title Rollouts>

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

Service launched in December 2013 (within Japan)



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劍與魔法王國-遠古的女神

(Logres of Swords and Sorcery: Goddess of Ancient)

Service launched in October 2015 (Taiwan, Hong Kong, Macau)



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Segment Results: Consumer Game Business



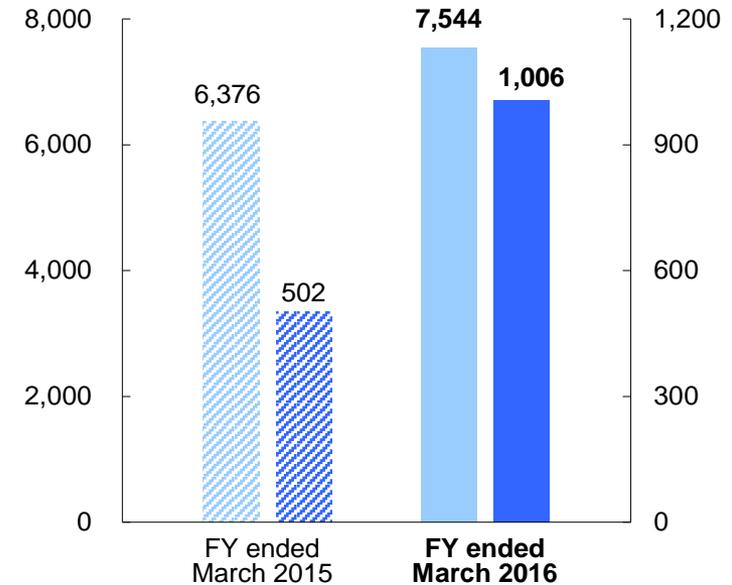
Review of Fiscal Year Ended March 2016

Higher sales and earnings and two-fold growth in profit due to overseas operations marking favorable sales of game software and recovering amusement business

Title Performance

- Sales launch of 6 game software titles in Japan (Nintendo 3DS: 1; PS Vita: 4; PS3/PS4: 1)
- In overseas markets, "STORY OF SEASONS" and "SENTRAN KAGURA ESTIVAL VERSUS" marked robust sales
- U.S. subsidiary Marvelous USA and U.K. subsidiary Marvelous EUROPE reported all-time highs for earnings
- "MONSTER HUNTER SPIRITS" and "Pokémon TRETТА" also doing well

■ Net sales ■ Operating income (Unit: million yen)



<Title Rollouts>

VALKYRIE DRIVE -BHIKKHUNI- (PS Vita)

Released December 10, 2015



©2015 Marvelous Inc.
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STORY OF SEASONS (3DS)

North America version:
Released March 31, 2015



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SENTRAN KAGURA ESTIVAL VERSUS (PS4/PS Vita)

North America version: Released March 15, 2016
Europe version: Released March 18, 2016



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MONSTER HUNTER SPIRITS (Amusement)

Operations started in
June 2015



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Segment Results: Audio & Visual Business

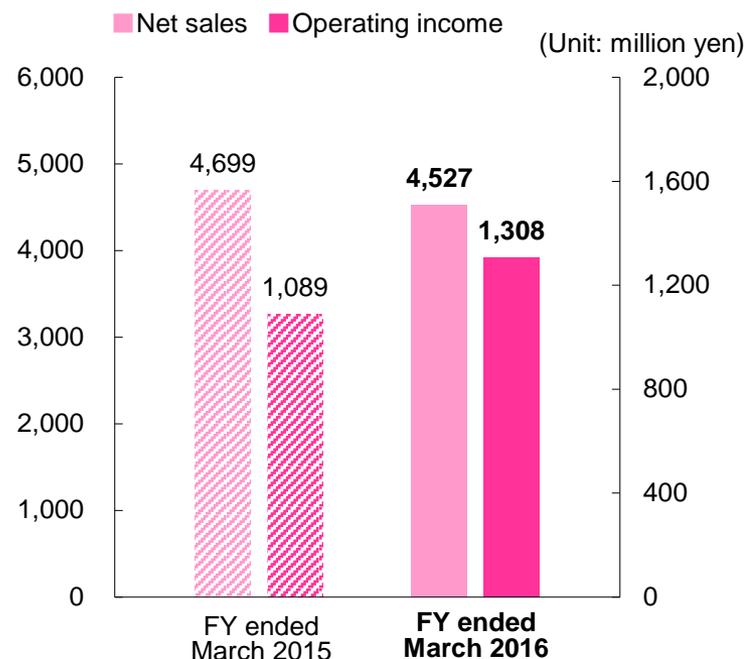


Review of Fiscal Year Ended March 2016

All titles performed well despite marginal sales declines; increased earnings due to enhanced profit margins from increased sales for secondary usage

Title Performance

- Stage/musical performance results overall favorable thanks to leading series and performances of a variety of new productions
Total of 16 programs in 2016, 325 performances held (* actual performances)
- "My Teen Romantic Comedy SNAFU TOO!" saw favorable sales for package sales, continuing from the predecessor title
- Income from secondary usage such as video dissemination sales and program sales, respectively from the Company's library, developed favorably



<Title Rollouts>

MUSICAL THE PRINCE OF TENNIS
3rd Season
SEIGAKU vs YAMABUKI

Performances December 2015 to February 2016



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

Stage [Yowamushi Pedal]
"A New Team, Beginning"

Performances in March 2016



©Wataru Watanabe (Akitashoten) 2008 / Yowamushi Pedal GR Film Partners2014
©Wataru Watanabe (Akitashoten) 2008 / Marvelous, TOHO, SEGA LIVE CREATION

HYPER MUSICAL Samurai Jam
-Bakumatsu Rock-

Performances in August 2015



©2014 Marvelous Inc./BakumatsuRock Production Committee
©2014 Marvelous Inc./ULTRA MUSICAL BakumatsuRock Production Committee

My Teen Romantic Comedy SNAFU TOO!

Broadcasted April to June 2015



©WATARU WATARI, SHOGAKUKAN / OREGAIRU2 PRODUCTION COMMITTEE



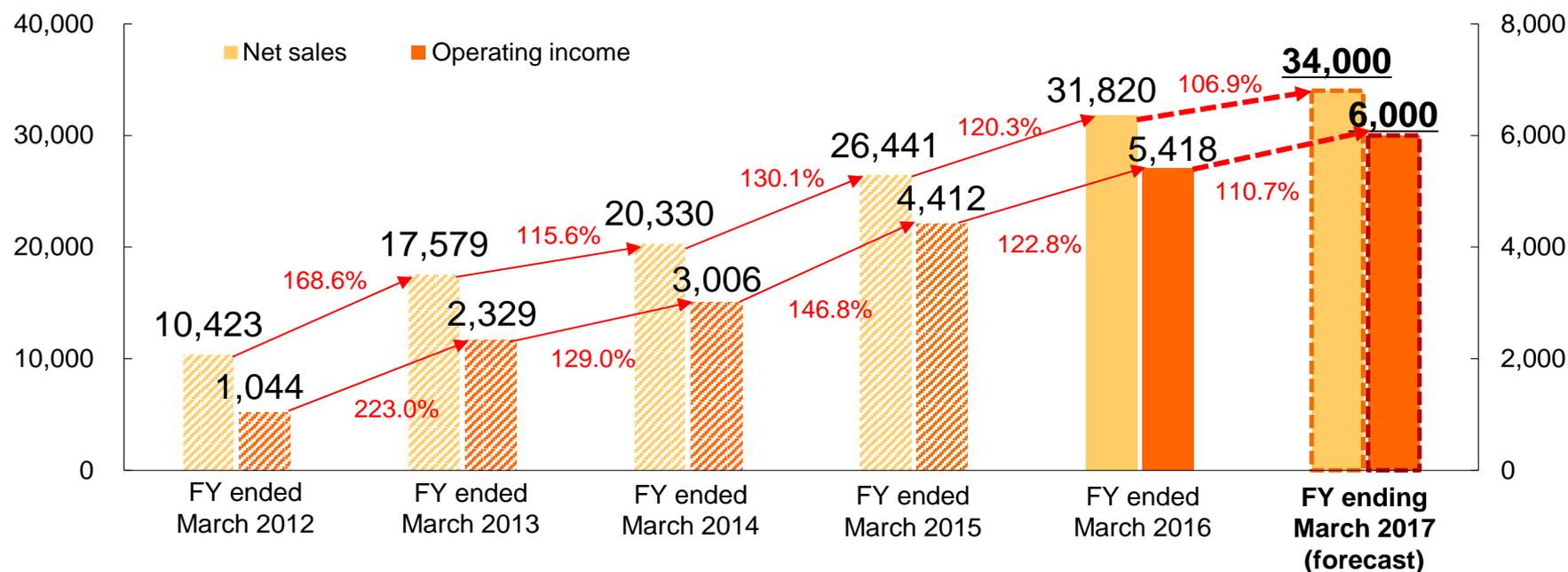
Fiscal Year Ending March 2017 Business Forecast

Fiscal Year Ending March 2017 Business Forecast



- Operating income target of **¥6 billion** renewed
- Targeting **higher sales and earnings and double-digit earnings growth for five consecutive years** after management integration

(Unit: million yen)	FY ended March 2016		FY ending March 2017		YOY change	
	Actual	Profit ratio	Forecast	Profit ratio	(Amount)	(%)
Net sales	31,820	—	34,000	—	2,179	106.9%
Operating income	5,418	17.0%	6,000	17.6%	581	110.7%
Ordinary income	5,228	16.4%	5,850	17.2%	621	111.9%
Profit attributable to owners of parent	3,602	11.3%	4,150	12.2%	547	115.2%



Marvelous in Total

Online Game Business

Native apps

Social games

PC browser games

Consumer Game Business

Home-use games

Amusement games

Audio & Visual Business

CD / DVD / Blu-ray

Stage/musical performances

Dissemination and program sales

Development of new titles

IP value maximization

Strategic cooperation

Expansion of overseas initiatives

Multi-media initiatives

Earnings diversification and creation of long-term earnings base

Sustained growth

Fiscal Year Ending March 2017 Segment Forecasts



- The consumer game business with line-ups of big titles driving overall company growth
- However, investments in new titles are seen to take the lead in 1Q

(Unit: million yen)

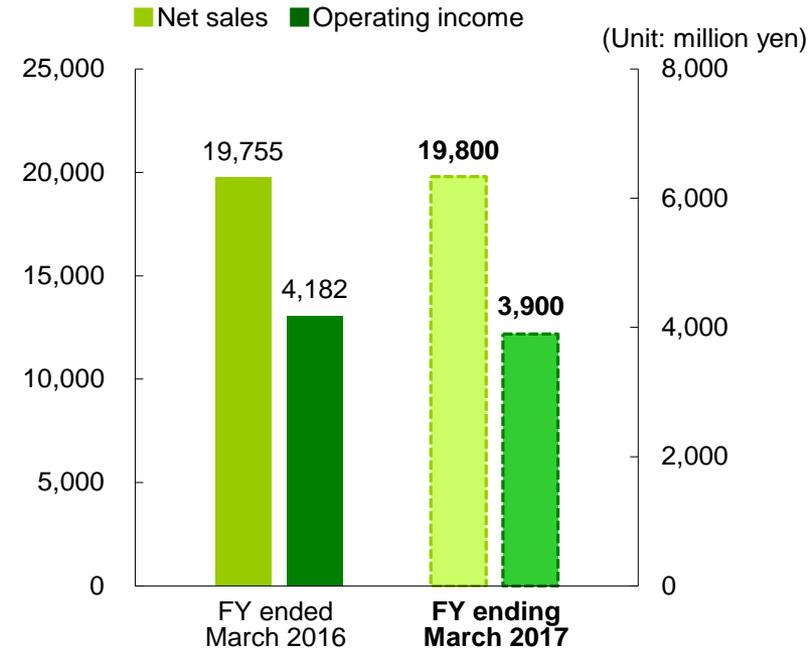
		Full Year			
		FY ended March 2016	FY ending March 2017	YOY change	
		Actual	Forecast	(Amount)	(%)
Net Sales	● Online Game Business	19,755	19,800	44	100.2%
	● Consumer Game Business	7,544	9,400	1,855	124.6%
	● Audio & Visual Business	4,527	4,800	272	106.0%
	Total	31,820	34,000	2,179	106.9%
Segment Income	● Online Game Business	4,182	3,900	-282	93.2%
	● Consumer Game Business	1,006	2,000	993	198.7%
	● Audio & Visual Business	1,308	1,350	41	103.2%
	Total	6,497	7,250	752	111.6%
Adjustments & eliminations		-1,079	-1,250	-170	115.8%
Operating Income		5,418	6,000	581	110.7%
Ordinary Income		5,228	5,850	621	111.9%
Profit attributable to owners of parent		3,602	4,150	547	115.2%

Initiatives by Segment: Online Game Business



TOPICS

- New app "SMASH DRAGOON" released April 28
⇒ An app internally produced by the Marvelous development team that produced "SOUL SACRIFICE DELTA"
- Additional new titles are in the planning and development phases
- Using success in Taiwan as a springboard, "Logres of Swords and Sorcery" finalized for introduction into mainland China
- More existing and new titles are under consideration for overseas initiatives



<Title Rollouts>

SMASH DRAGOON (Native app)

Service launched April 28, 2016



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Overseas Initiatives

战斗吧 蘑菇君 いにしへの女神 (Logres of Swords and Sorcery: Goddess of Ancient)

Finalized for dissemination in China in 2016



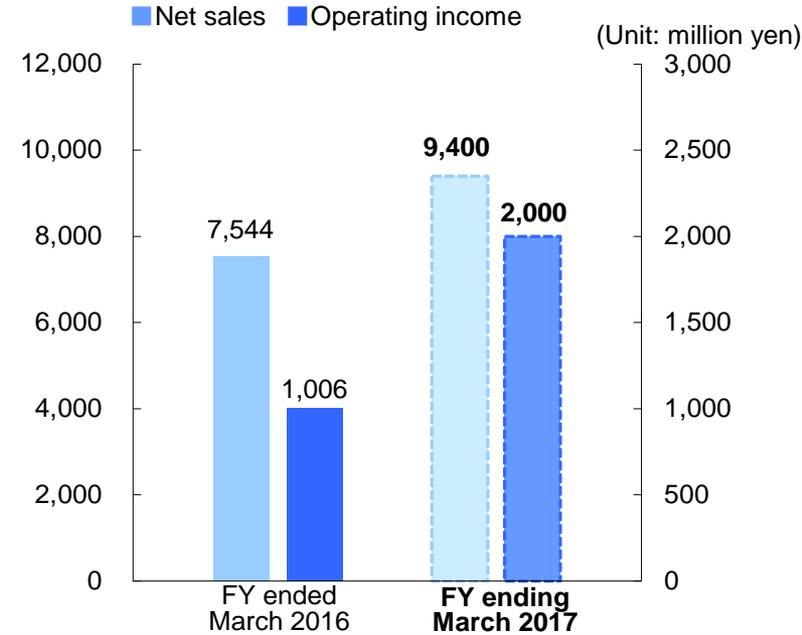
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Initiatives by Segment: Consumer Game Business



TOPICS

- "Dragon Quest: Monster Battle Scanner" scheduled to start operating in the summer of 2016
- "Pokémon Ga-Olé" scheduled to start operating in July 2016
- "BOKUJO MONOGATARI MITTSU NO SATO NO TAISETSU NA TOMODACHI" scheduled for release on June 23 to mark the 20-year anniversary of the series
- Own new product "UPPERS" scheduled for release on July 14
- First new title of the series in three years
- "Fate/EXTELLA" sales launch scheduled within 2016



<Title Rollouts>

Dragon Quest: Monster Battle Scanner (Amusement)

Scheduled to start operating in the summer of 2016



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Pokémon Ga-Olé (Amusement)

Scheduled to start operating in July 2016



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

Scheduled for release June 23, 2016



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UPPERS (PS Vita)

Scheduled for release July 14, 2016



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Fate/EXTELLA (PS4/PS Vita)

Scheduled for release in 2016



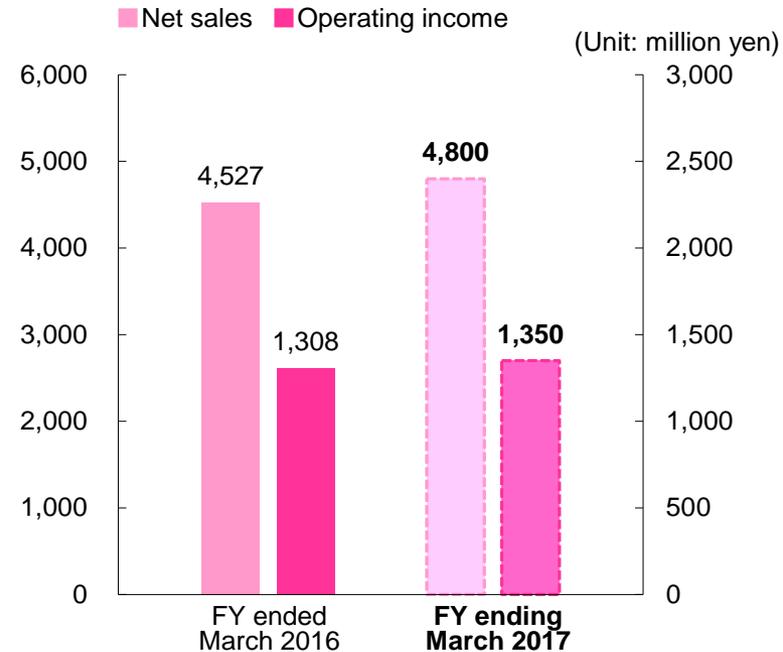
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Initiatives by Segment: Audio & Visual Business



TOPICS

- Package sales launch of "Witchy Pretty Cure!"
- Participation in new *anime* productions "QUALIDEA CODE," "TOUKEN RANBU HANAMARU," and "Fate/EXTRA Last Encore"
- Continued development of stage/musical performance series such as "MUSICAL THE PRINCE OF TENNIS" and "Stage [Yowamushi Pedal]"
- New performances of strong IP productions such as "Touken Ranbu the Stage" and "Ensemble Stars! On Stage"



<Title Rollouts>

Witchy Pretty Cure!

Broadcast started February 2016



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QUALIDEA CODE

Broadcasting start scheduled for July 2016



©Speakeasy,Marvelous/Qualidea production committee

TOUKEN RANBU HANAMARU

Broadcasting start scheduled for October 2016



©2016 TOUKEN RANBU HANAMARU Project

Touken Ranbu the Stage

Performances in May 2016



©Touken Ranbu the Stage Production Committee

"Ensemble Stars! On Stage"

Performances scheduled for June 2016



©2016 Happy Elements K.K./ Ensemble Stars! STAGE PROJECT

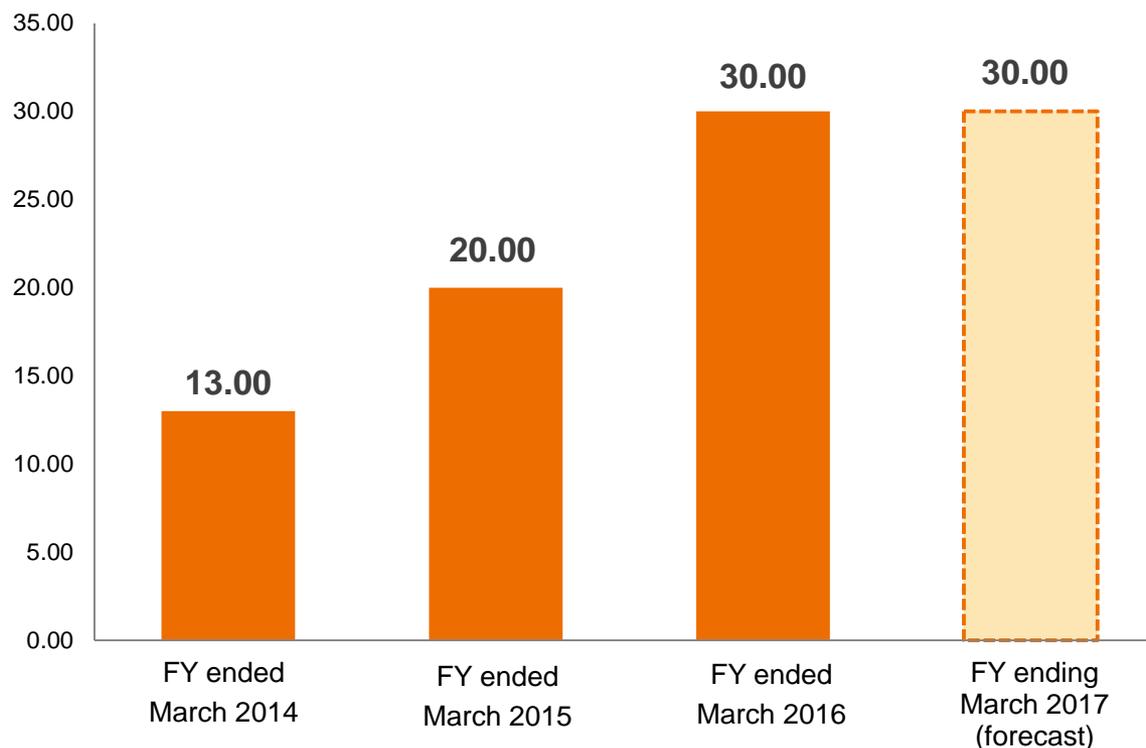
Dividend Policy / Dividend Forecast



- Fiscal year ended March 2016: ¥30 annual dividend (finalized)
- Fiscal year ending March 2017: ¥30 annual dividend (planned)

Dividend Policy

It is the Company's basic policy to pay a continual and stable cash dividend at a target payout ratio of 30% or more while securing the internal reserves necessary for future business expansion and reinforcement of the Company's financial position.



Payout ratio	36.9%	49.1%	43.7%	37.4%
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Thank you for your attention.

Inquiries

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