

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

October 30, 2015

Company name: Marvelous Inc. Listing: First Section of Tokyo Stock Exchange  
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 Scheduled date of filing Quarterly Securities Report: November 4, 2015  
 Scheduled commencement date of dividend payout: —  
 Explanatory documents supplemental to the abridged Quarterly Financial Statement: Yes  
 Quarterly results briefing: Yes (For Institutional Investors and Analysts)

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

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

(1) Consolidated Results of Operations (six 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	%
1H FY 2016	16,447	44.4	2,841	96.0	2,793	84.5	1,910	104.4
1H FY 2015	11,387	18.8	1,449	6.2	1,514	9.3	934	8.6

Note: Comprehensive income (million yen): 1H FY 2016: 1,907 (102.4%) 1H FY 2015: 942 (8.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
1H FY 2016	35.92	—
1H FY 2015	17.48	17.48

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1H FY 2016	19,954	12,272	61.4	236.94
FY 2015	22,039	13,450	61.0	251.55

Reference: Shareholders' equity (million yen): 1H FY 2016: 12,254 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

The Company acquired own stock in accordance with the board of directors' resolution dated September 3, 2015. The acquired treasury stock, etc., is reflected in projected consolidated net income per share.

**\*Notes**

(1) Changes in significant subsidiaries during the consolidated period (six 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	1H FY 2016	53,593,100 shares	FY 2015	53,593,100 shares
2) Number of treasury stock at end of period	1H FY 2016	1,872,400 shares	FY 2015	122,400 shares
3) Average number of shares outstanding during the period (six months)	1H FY 2016	53,186,820 shares	1H FY 2015	53,464,818 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 the pace of growth in the app games market moderately decelerate amid continuing market expansion. The shift of online contents, products, and services to smartphones has been progressing also in the Asia-Pacific region, where the proliferation of smartphones has been equaling Japan. This has resulted in game companies in Japan and Asian countries increasingly entering each others' markets. The market for home-use games has been expanding overseas on the back of favorable sales of PlayStation 4, but in Japan the trend toward market contraction continues. Even so, interest in the market has increased owing to the first-ever price revision of the PlayStation 4 machine, market releases of big titles, the attention given to virtual reality, and new technologies and services such as Internet video-based live display of the game and video sharing. In the market for arcade games, although the market overall has been shrinking, machines themed on powerful IP have been doing well. 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. By contrast, "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 audiences increase steadily, allowing it to establish itself in Japan as a full-fledged genre. In addition to sales of CDs of musical numbers and related merchandise, the business has been showing growth in other areas such as overseas performances and live viewing screenings.

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 half (April 1, 2015 to September 30, 2015) marked 16,447 million yen (up 44.4% compared with the same period of the previous year), with operating income of 2,841 million yen (up 96.0% compared with the same period of the previous year), ordinary income of 2,793 million yen (up 84.5% compared with the same period of the previous year), and profit attributable to owners of parent of 1,910 million yen (up 104.4% 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" continued to see sustained popularity. In addition to ongoing TV commercials, the title has been benefiting from the biggest advertising campaign to date launched in September 2015, linking TV commercials with outdoor advertising. Cumulative downloads surpassed 7 million in September, with a new historical record in the daily active users ("DAU;" number of unique users of a game in a day) reflecting the continued popularity of this title. Additionally, dissemination of "CHRONO DRAGON" started on August 28, 2015, and "Samurai Jam -Bakumatsu Rock-: Ultimate Soul" on September 10, 2015. In browser games, solid performance continued, centered on enduring hit titles "Browser Sangokushi" and "Ikki-Tousen Burst Fight." Moreover, advance registration started for "VALKYRIE DRIVE -SIREN-," a newly produced social game scheduled to be launched within 2015.

As a result, segment net sales totaled 10,608 million yen (up 73.4% compared with the same period of the previous year), with segment operating income of 2,276 million yen (up 103.7% compared with the same period of the previous year).

#### (Consumer Game Business)

At the Company's sales sector of the Consumer Game Business segment, "IA/VT -COLORFUL- (PS Vita)" was released on July 30, 2015, and "Luminous Arc Infinity (PS Vita)" was released on August 6, 2015. On July 21, 2015, U.S. subsidiary Marvelous USA, Inc. came to market with "Onechanbara Z2: Chaos (PS4)" (Japanese title: *Onechambara Z2 - Chaos -*; vendor: D3 PUBLISHER), followed on September 15, 2015, by the market introduction of "Senran Kagura 2: Deep Crimson (Nintendo 3DS)" (Japanese title: *Senran Kagura 2*), posting successful sales including repeat sales for all products.

At the amusement division, "Pokémon TRETТА," which marked its third year, showed favorable performance in the summer selling season. "MONSTER HUNTER SPIRITS," which went into operation on June 25, 2015, also did well.

As a result, segment net sales totaled 3,741 million yen (up 9.1% compared with the same period of the previous year), with segment operating income of 590 million yen (up 43.8% 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. Audio-visual product commercialization was also implemented for newly-produced OVA (original video animation), "Tokyo Ghoul 'JACK'," and, continuing from last year, "Yona of the Dawn" and the "PRETTY CURE" series.

The stage production division recognized revenues from sold-out performances in July 2015 of new production "Tokyo Ghoul the Stage" as well as "MUSICAL THE PRINCE OF TENNIS 3rd Season SEIGAKU vs FUDOMINE," "Musical HAKUOKI," and The Stage "Samurai Warriors: Episode-Battle of the Sekigahara-" Public performances were given also of "Stage K II -AROUSAL OF KING-" and "HYPER MUSICAL Samurai Jam -Bakumatsu Rock-" (revenues from both will be recognized on third-quarter accounts). Additionally, the division reported solid DVD and Blu-ray disc sales of the "Stage [Yowamushi Pedal]" and other series.

As a result, segment net sales totaled 2,101 million yen (up 13.9% compared with the same period of the previous year), with segment operating income of 576 million yen (up 35.3% compared with the same period of the previous year).

**(2) Explanation of consolidated financial position**

(1) Financial position analysis

On the consolidated balance sheets at the end of the first half, the Group had total assets of 19,954 million yen (down 2,085 million yen from the end of the previous fiscal year), total liabilities of 7,682 million yen (down 906 million yen from the end of the previous fiscal year), and net assets of 12,272 million yen (down 1,178 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the first half totaled 15,464 million yen, which was 3,160 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 first half totaled 4,489 million yen, which was 1,075 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 half totaled 7,636 million yen, which was 899 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 half totaled 45 million yen, which was 7 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 half totaled 12,272 million yen, which was 1,178 million yen less than at the end of the previous fiscal year, due to a fall in retained earnings (which exceeded 1,910 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.

(2) Cash flow analysis

Consolidated net cash and cash equivalents ("Cash") at the end of the first half totaled 7,216 million yen, which was 1,721 million yen less than at the end of the previous fiscal year.

Main factors for the change in cash were 3,019 million yen provided by operating activities (1,721 million yen more than in the same period of the previous year), 1,725 million yen used in investing activities (146 million yen more than in the same period of the previous year), and 3,085 million yen used in financing activities (2,214 million yen more than in the same period of the previous year), for a total of 1,721 million yen net cash used (993 million yen less than in the same period of the previous year).

(Cash flows from operating activities)

Net cash provided by operating activities was 3,109 million yen. Main factors included 1,660 million yen in expenditures for income taxes, 2,739 million yen in income for the period before income taxes and minority interests, a 1,584 million yen decrease in accounts receivable-trade, and 472 million yen in depreciation charges.

(Cash flows from investing activities)

Net cash used in investing activities totaled 1,725 million yen. Main factors included expenditures comprised of 213 million yen for the acquisition of property, plant, and equipment, 543 million yen for the acquisition of intangible noncurrent assets, and 1,532 million yen for the acquisition of subsidiary stocks, associated with a change in the scope of consolidation, as well as income comprised of 600 million yen from return of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities totaled 3,085 million yen. Main factors included expenditures comprised of 1,069 million yen for dividend payments and 2,033 million yen for the acquisition of own stock.

**(3) Explanation of business outlook including consolidated business forecast**

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