

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (Based on J-GAAP)

May 10, 2013

Company name: MarvelousAQL Inc.

Listing: First Section of Tokyo Stock Exchange

Stock Code: 7844

URL: <http://www.maql.co.jp>

Representative: Shuichi Motoda, President

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Scheduled date of Annual General Meeting of Shareholders:

June 21, 2013

Scheduled Commencement Date of Dividend Payout:

June 7, 2013

Scheduled date of filing Annual Securities Report:

June 21, 2013

Explanatory Documents Supplemental to the Abridged Financial Statements: Yes

Result Briefing: Yes (For Institutional Investors and Analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Consolidated Results of Operations (full-year)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2013	17,579	68.6	2,329	123.0	2,325	126.9	1,919	(45.7)
FY 2012	10,423	49.6	1,044	416.5	1,025	593.1	3,533	2,591.9

(Note) Comprehensive income (million yen): FY 2013: 1,915 (-45.8%)

FY 2012: 3,533 (2,577.4%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY 2013	3,590.01	—	19.4	16.0	13.3
FY 2012	10,762.44	—	75.0	11.6	10.0

(Reference) Equity in earnings of affiliates (million yen):

FY 2013: (62)

FY 2012: (12)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY 2013	15,341	10,694	69.7	20,006.82
FY 2012	13,667	9,102	66.6	17,028.50

(Reference) Shareholders' equity (million yen):

FY 2013: 10,694

FY 2012: 9,102

(3) Consolidated cash flow position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
FY 2013	2,817	(2,130)	(975)	5,723
FY 2012	1,399	435	(479)	5,979

2. Dividends

	Dividends per share					Total dividends (annual)	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	Interim	3Q-end	Yearend	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY 2012	—	0.00	—	605.00	605.00	323	5.6	6.1
FY 2013	—	0.00	—	1,250.00	1,250.00	668	34.8	6.8
FY 2014 (forecasts)	—	—	—	1,200.00	1,200.00		36.2	

The 1,250.00 yen dividend distributed at the end of the fiscal year in March is comprised of an ordinary dividend of 1,200.00 yen and a commemorative dividend of the TSE 1st-Section share listing of 50.00 yen.

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2014 (April 1, 2013 – March 31, 2014)

(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
IH (six months)	8,000	1.2	850	(23.1)	845	(17.2)	500	(22.5)	935.36
Full year	20,000	13.8	2,900	24.5	2,890	24.3	1,770	(7.8)	3,311.19

***Notes**

(1) Changes in significant subsidiaries during the fiscal year under review
(changes in subsidiaries accompanying change in the scope of consolidation): None

New: None (Company name:)
Excluded: None (Company name:)

(2) 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: Yes
- 4) Restatement: None

(3) Number of shares issued and outstanding (shares of common stock)

- 1) Number of shares outstanding (including treasury stock) at end of period
- 2) Number of treasury stock at end of period
- 3) Average number of shares outstanding during the period

FY 2013	535,931 shares	FY 2012	535,931 shares
FY 2013	1,380 shares	FY 2012	1,380 shares
FY 2013	534,551 shares	FY 2012	328,276 shares

(Reference) Non-Consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2013 (April 1, 2012 – March 31, 2013)

(1) Non-consolidated results of operations (full-year)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY 2013	16,611	63.4	2,258	119.0	2,335	127.9	1,851	(47.9)
FY 2012	10,166	57.9	1,031	495.8	1,024	748.7	3,555	—

	Net income per share		Diluted net income per share	
	Yen		Yen	
FY 2013	3,464.51		—	
FY 2012	10,829.63		—	

(2) Non-consolidated financial position

	Total assets		Net assets		Equity ratio		Net assets per share	
	Million yen		Million yen		%		Yen	
FY 2013	14,952		10,646		71.2		19,917.06	
FY 2012	13,562		9,118		67.2		17,058.09	

(Reference) Shareholders' equity (million yen):

FY 2013: 10,646

FY 2012: 9,118

*** Implementation of audit procedures**

This summary of financial statements is not subject to audit procedures pursuant to the Financial Instruments and Exchange Act. At the time of disclosure of this summary of financial statements, the audit procedures of financial statements pursuant to the FIEA are not completed.

*** Cautionary statement with respect to forward-looking statements**

The forward-looking statements such as the forecasts for the business performance described in this document are based on the judgments made by the Company in accordance with information currently available that is rational. For this reason, actual results may differ from these forecasts due to a number of factors, including but not limited to the operating environment. For the underlying assumptions and usage of earnings projections refer to "(1) Analysis regarding results of operations" under "1. Results of Operations" on page 2 of the Attachment to the summary of consolidated financial statement.

1. Results of Operations

On October 1, 2011, the Company executed an absorption-type merger with AQ Interactive Inc. and Liveware Inc. in which MarvelousAQL Inc. became the surviving company. In addition, the company modified its reporting segments into three businesses, the Online Game Business, Consumer Game Business, and Audio & Visual Business.

Accordingly, because the underlying preconditions differ from those of the same period in the preceding year, comparative values are not given.

Furthermore, on January 11, 2013, the Group acquired 52.7% of the issued share capital of Entersphere Co., Ltd. As of March 31, 2013, the Group therefore consisted of the Company, six consolidated subsidiaries, and one affiliate.

(1) Analysis regarding results of operations

(1) Operating results for the current term

In the entertainment industry, of which the Group is a part, the domestic market for social games continues to gain in size and is seen to remain on a growth track also in future. In the market for home-use games, although the falling trend is unchanged, negative growth in fiscal year 2013 turned almost flat compared with the previous year, and especially sales of Nintendo 3DS were strong. In the music and video fields, the market for music software packages showed signs of recovery despite the adverse environment, and also video software saw growth in the market for Blu-ray discs.

Under such circumstances, the Group has been operating as a comprehensive entertainment provider adopting a "multi-content, multi-use, and multi-device" strategy, unrolling a program of varied entertainment contents for every business environment and a variety of devices. Based on powerful IP initiatives, the Group has been proactively advancing its branding strategies, alliance strategies, and global strategies, and is working to offer contents of high topicality while making efforts to strengthen services.

As a result, the Group's consolidated operating results for the current term (April 1, 2012 to March 31, 2013) came to net sales of 17,579 million yen, operating income of 2,329 million yen, ordinary income of 2,325 million yen. Net income for the term was 1,919 million yen.

Results by business segment are described below.

(Online Game Business)

The online game business showed continued good performance surrounding existing major titles such as PC browser games "Browser Sangokushi," "Browser Pro Yakyu" and "Logres of Swords and Sorcery" while in mobile games "Ikki-Tousen Burst Fight" (service started in May 2012) and "SENTRAN KAGURA New Wave" (service started in November 2012) have been developing as planned. On the other hand, expenses were charged in connection with the termination of some unprofitable titles, specifically the Super Creators series, and title releases were delayed compared with the original schedule mainly due to development time extensions for new titles.

As a result, segment net sales totaled 7,269 million yen, with segment income of 665 million yen.

(Consumer Game Business)

At the Company's sales sector of the Consumer Game Business segment reported favorable conditions for game software for Nintendo 3DS as well as robust sales of game software for the innovative game hardware PS Vita. In particular, in the SENRAN KAGURA series successive hit products "SENRAN KAGURA Burst (Nintendo 3DS)" and "SENRAN KAGURA: SHINOVI VERSUS (PS Vita)," enabled the Company to firmly establish these offerings as a new IP. Solid sales figures came also from "Rune Factory 4 (Nintendo 3DS)," "Fate EXTRA (PSP)," "OBOROMURAMASA (PS Vita)," and other new products. At the development service division, development work on "SOUL SACRIFICE (PS Vita)" commissioned by Sony Computer Entertainment advanced as planned, and at the amusement division favorable operations surrounding the "Pokémon TRETТА" amusement console for children have continued since its launch in July 2012.

As a result, segment net sales totaled 7,059 million yen, with segment income of 1,819 million yen.

(Audio & Visual Business)

The audio & visual production sector of the Audio & Visual business segment reported strong contributions to results from hugely successful TV animations and movie versions of the "PRECURE" series. Moreover, a new animation titled "HUMAN BEING DECLINED" was produced for TV broadcasting. The stage production division reported altogether 95 performances for the "MUSICAL THE PRINCE OF TENNIS" associated with brisk sales surrounding event shows and related DVDs. Moreover, "Stage [Yowamushi Pedaru] Hakone Gakuen Arc -Nemureru Chokusenoni-" saw tickets sell out within a day's time, leaving the show just as immensely popular as its predecessor, while new series products such as "Musical HAKUOKI" and "VISUALIVE 'Persona 4'" also proved successes.

As a result, segment net sales totaled 3,256 million yen, with segment income of 738 million yen.

(2) Outlook for the next term

As to business initiatives in the next fiscal year, the Group will keep up the favorable performances of the Consumer Game Business division and the Audio & Visual Business division, with Online Game Business operations remaining at the center of efforts. In the mobile games field in particular, measures will be further strengthened to launch titles that have the potential to develop into new pillars of operations.

As a result of the aforementioned efforts, consolidated results for the next term are forecast to achieve net sales of 20,000 million yen, operating income of 2,900 million yen, ordinary income of 2,890 million yen, and net income of 1,770 million yen.

(2) Analysis regarding financial position

1. Assets, liabilities, and net assets

The financial position of the Group at the end of the current consolidated accounting period is as follows.

Consolidated assets at the end of the period under review totaled 15,341 million yen, up 1,674 million yen from the previous year. Main factors were higher trade notes and accounts receivable, in line with increased sales and steady online game development, as well as higher intangible non-current assets.

Consolidated liabilities at the end of the period under review totaled 4,647 million yen, up 82 million yen from the previous year. Main factors were lower bank loans due to repayment and higher accounts payable and accrued income taxes.

Consolidated net assets at the end of the period totaled 10,694 million yen, up 1,592 million yen from the previous year. Main factors were dividend payments, causing a drop in retained earnings, and earnings recognized for the period.

2. Cash flows

Consolidated net cash and cash equivalents ("Cash") at the end of the consolidated fiscal year under review totaled 5,723 million yen (down 255 million yen compared with the previous year).

Cash flows and relevant factors in the period under review are as follows:

[Cash flows from operating activities]

Net cash provided by operating activities totaled 2,817 million yen (+101.4% on the year). Main factors were a 998 million yen increase in accounts receivable, a 186 million yen increase in inventories, 2,325 million yen in income before income taxes, 880 million yen in depreciation charges, a 155 million yen increase in trade accounts payable, and a 148 million yen increase in accounts payable.

[Cash flows from investing activities]

Net cash used in investing activities totaled 2,130 million yen (compared with 435 million yen net cash provided by investing activities in the previous year). Main factors were 645 million in expenditures for the acquisition of property, plant, and equipment, and 1,421 million yen in expenditures for the acquisition of intangible non-current assets.

[Cash flows from financing activities]

Net cash used in financing activities totaled 975 million yen (+103.7% on the year). Main factors were a 651 million yen net decrease in short-term and long-term borrowings and 323 million yen in expenditures for dividend payments.

(Reference) Cash flow related indicators

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Shareholders' equity ratio (%)	19.0	4.1	7.9	66.6	69.7
Shareholders' equity ratio based on market prices (%)	16.1	33.2	47.1	63.6	203.5
Interest-bearing debt to cash flow ratio (%)	—	—	155.5	99.0	30.1
Interest coverage ratio (times)	—	—	21.7	54.7	280.3

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest paid

(Notes) 1. Indicators are calculated using consolidated financial figures.

2. Market capitalization is calculated using the total number of issued shares minus treasury shares.

3. Cash flow refers to cash flow from operating activities.

4. Interest-bearing debt refers to all liabilities appearing on the balance sheet that interest is paid on.

Interest paid appearing in the statement of cash flows is used as interest paid.

(3) Basic profit allocation policy, and dividends in the current and next fiscal years

The Company regards the redistribution of profits to our shareholders as one of the most important management priorities, and has continued to secure the internal reserves necessary for future business expansion and reinforcement of the Company's financial position. Providing continuing and stable distributions to our shareholders is our fundamental policy.

The Company's institution which determines the distribution of any retained earnings is stipulated in accordance with the Articles of Association as being the Board of Directors. After comprehensively considering expansion of the Group in the next term and after and so as to reward our shareholders for their support, the Board of Directors decided that the dividend per share would be 1,250 yen (ordinary dividend of 1,200 yen along with a commemorative dividend of the TSE 1st-Section share listing of 50 yen). In addition, the annual dividend for the next term is expected to be 1,200 per share.