

Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2014 (Nine Months Ended December 31, 2013) (Based on J-GAAP)

February 5, 2014

Company name: MarvelousAQL Inc.	Listing: First Section of Tokyo Stock Exchange
Stock Code: 7844	URL: http://www.maql.co.jp
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Scheduled date of filing Quarterly Securities Report: February 7, 2014	
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 Third Quarter of Fiscal Year Ending March 31, 2014 (April 1, 2013 – December 31, 2013)

(1) Consolidated Results of Operations (nine months)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
3Q FY 2014	14,666	20.8	2,160	25.9	2,231	33.4	1,392	0.5
3Q FY 2013	12,143	93.9	1,715	248.0	1,673	255.8	1,386	(43.6)

Note: Comprehensive income (million yen): 3Q FY 2014: 1,408 (1.6%) 3Q FY 2013: 1,387 (-43.6%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
3Q FY 2014	26.05		—	
3Q FY 2013	25.93		—	

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 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	
3Q FY 2014	16,254		11,435		70.4		213.92	
FY 2013	15,341		10,694		69.7		200.07	

Reference: Shareholders' equity (million yen): 3Q FY 2014: 11,435 FY 2013: 10,694

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 assets per share as if the stock split had taken place at the start of the previous fiscal year.

2. Dividends

	Dividends per share				
	1Q-end	Interim	3Q-end	Year-end	Annual
	Yen				
FY 2013	—	0.00	—	1,250.00	1,250.00
FY 2014	—	0.00	—	—	—
FY 2014 (forecasts)	—	—	—	12.00	12.00

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

The year-end dividend of 1,250.00 yen for the fiscal year ended March 31, 2013 consists of a regular dividend of 1,200.00 yen and a special dividend of 50.00 yen commemorating the listing of the Company's shares on the first section of the Tokyo Stock Exchange.

Also, in conjunction with the stock split executed by the Company at the ratio of 100 shares to 1 on October 1, 2013, the Company has adopted a unit share plan in which 100 shares constitutes 1 unit of shares. As a result, the year-end cash dividend (provisional) for the fiscal year ending March 31, 2014, is stated in consideration of the effects of this stock split.

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
Full year	20,000	13.8	2,900	24.5	2,890	24.3	1,770	(7.8)	33.11

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

In conjunction with the stock split executed by the Company at the ratio of 100 shares to 1 on October 1, 2013, the Company has adopted a unit share plan in which 100 shares constitutes 1 unit of shares. As a result, net income per share (provisional) for the fiscal year ending March 31, 2014, is stated in consideration of the effects of this stock split.

***Notes**

(1) Changes in significant subsidiaries during the consolidated period (nine 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	3Q FY 2014	53,593,100 shares	FY 2013	53,593,100 shares
2) Number of treasury stock at end of period	3Q FY 2014	138,000 shares	FY 2013	138,000 shares
3) Average number of shares outstanding during the period (nine months)	3Q FY 2014	53,455,100 shares	3Q FY 2013	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. For the underlying assumptions of earnings projections and points to be borne in mind regarding the use of earnings projections, refer to "1. (3) Explanation of business outlook including consolidated business forecast" on page 3 of the Attachment to the summary of consolidated financial statement.

1. Qualitative Information Concerning Quarterly Results

(1) Explanation of consolidated business results

The period under review saw the entertainment industry undergo a deceleration in the growth rate of the social games market. On the other hand, in addition to traditional web browser games, the rapid adoption of smartphones spawned sudden growth in the app game market where users play apps installed on their smartphones. In the market for home-use games, first sales of novel stationary game machines in the U.S. and Europe proved exceedingly strong, again underscoring the demand potential for dedicated game machines. In the audio & visual sectors, the software market remains caught in an adverse environment stymied by plentiful offerings from free-of-charge video sites, etc., that have emerged with the diffusion of smartphones. The market for live entertainment has been showing steady growth driven by the popularity of the venue atmosphere experience and sense of togetherness.

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 third quarter (April 1, 2013 to December 31, 2013) marked 14,666 million yen (up 20.8% compared with the same period of the previous year), with operating income of 2,160 million yen (up 25.9% compared with the same period of the previous year), ordinary income of 2,231 million yen (up 33.4% compared with the same period of the previous year), and net income of 1,392 million yen (up 0.5% compared with the same period of the previous year).

Results by business segment are described below.

(Online Game Business)

The online game business saw main titles continue to show strong performance, specifically "Browser Sangokushi," but earnings declined compared with the year-earlier period given the time elapsed since the title release date and affected by the shrinking of the market itself. Mobile games saw the smooth launch of "High School DxD" released in September 2013 as an addition to "Ikki-Tousen Burst Fight" and "SEN-RAN KAGURA New Wave" which have been showing favorable performance since the previous fiscal year. Moreover, in November 2013 the division released "LINE RunRun Hero" as a first LINE title and in December 2013 a native application version of "Logres Swords and Sorcery" which has been enjoying deep-rooted popularity also as a PC game. By contrast, "COIN SAGA" and "DRAGON ORB" performed poorly as the growth in subscriber numbers failed to connect to proportionate gains in charge revenues, resulting in the lump-sum amortization of the development costs through means of service termination.

As a result, segment net sales totaled 6,267 million yen (up 18.8% compared with the same period of the previous year), with segment operating income of 408 million yen (down 35.5% compared with the same period of the previous year).

(Consumer Game Business)

At the Company's sales sector of the Consumer Game Business segment, "VALHALLA KNIGHTS 3 (PS Vita)" brought to market in May 2013 reported favorable conditions. Repeat order receipts were strong also for "SEN-RAN KAGURA: SHINOVI VERSUS (PS Vita)" and "OBOROMURAMASA (PS Vita)" launched last fiscal year as well as repeat orders for other existing works. In overseas operations, U.S. subsidiary Marvelous USA, Inc. reported steady sales.

The amusement division made significant contributions to earnings coming from the continued popularity of "Pokémon TRETТА," the amusement console for children put into operation in July 2012.

As a result, segment net sales totaled 5,424 million yen (up 21.5% compared with the same period of the previous year), with segment operating income of 1,812 million yen (up 51.5% compared with the same period of the previous year).

(Audio & Visual Business)

The audio & visual production sector of the Audio & Visual business segment reported healthy sales from the video commercialization of "DOKIDOKI! PRECURE," a TV animation production in the "PRECURE" series, and "My Teen Romantic Comedy SNAFU," a TV animation product lead-managed by the Company.

The stage production division marked a total 134 performances of "MUSICAL THE PRINCE OF TENNIS," accompanied by releases of six related DVDs. Additionally, contributions to earnings have been coming also from stage performances and related DVD sales of the division's core series "Stage Yowamushi Pedal" and "Musical HAKUOKI."

As a result, segment net sales totaled 2,974 million yen (up 23.7% compared with the same period of the previous year), with segment operating income of 639 million yen (up 18.7% 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 third quarter, the Group had total assets of 16,254 million yen (up 912 million yen from the end of the previous fiscal year), total liabilities of 4,818 million yen (up 171 million yen from the end of the previous fiscal year), and net assets of 11,435 million yen (up 740 million yen from the end of the previous fiscal year).

(Current Assets)

Consolidated current assets at the end of the third quarter totaled 13,812 million yen, which was 1,219 million yen more than at the end of the previous fiscal year, due to factors including higher cash and deposits as well as inventories.

(Noncurrent Assets)

Consolidated noncurrent assets at the end of the third quarter totaled 2,441 million yen, which was 307 million yen less than at the end of the previous fiscal year, due to factors including sales of investment securities.

(Current Liabilities)

Consolidated current liabilities at the end of the third quarter totaled 4,760 million yen, which was 189 million yen more than at the end of the previous fiscal year, due to factors including a reduced loan balance, etc., following repayments and an increase in accrued income taxes.

(Noncurrent liabilities)

Consolidated noncurrent liabilities at the end of the third quarter totaled 58 million yen, which was 17 million yen less than at the end of the previous fiscal year, due to factors including the account transfer of the current portion of long-term loans payable.

(Net assets)

Consolidated net assets at the end of the third quarter totaled 11,435 million yen, which was 740 million yen more than at the end of the previous fiscal year, due to cumulative net income in excess of a decline in retained earnings at the end of the previous fiscal year caused by the payment of the year-end dividend.

(3) Explanation of business outlook including consolidated business forecast

The consolidated business forecast for the current fiscal year remains unchanged from the business forecast announced on May 10, 2013.