

**Consolidated Financial Results  
for the Nine-Month Period Ended December 31, 2012 (Japan GAAP)**

February 5, 2013

**Company name:** SQUARE ENIX HOLDINGS CO., LTD.  
**Shares traded:** Tokyo Stock Exchange, First Section  
**Company code:** 9684  
**Company URL:** <http://www.hd.square-enix.com/eng/>  
**Representative:** Yoichi Wada, President and Representative Director  
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**Financial report submission:** February 12, 2013 (planned)  
**Cash dividend payment commencement:** -  
**Supplementary quarterly materials prepared:** Yes  
**Quarterly results presentation held:** No

*(Amounts under one million yen are rounded down)*

**1. Consolidated Financial Results (April 1, 2012 to December 31, 2012)**

**(1) Consolidated Financial Results**

*(Millions of yen and year-on-year changes in percents)*

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
Nine months ended	%		%		%		%	
December 31, 2012	102,794	7.4	(4,853)	—	(4,201)	—	(5,745)	—
December 31, 2011	95,738	(2.5)	11,220	24.6	9,566	56.3	5,013	175.2

Note: Nine months ended December 31, 2012 Comprehensive income: (5,003) million yen (- %)  
 Nine months ended December 31, 2011 Comprehensive income: 2,511 million yen (- %)

	Earnings (loss) per share, basic	Earnings (loss) per share, diluted
Nine months ended	yen	yen
December 31, 2012	(49.93)	—
December 31, 2011	43.57	43.48

**(2) Consolidated Financial Position**

*(Millions of yen and ratios in percents)*

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
December 31, 2012	207,411	128,506	61.2	1,104.02
March 31, 2012	213,981	137,297	63.3	1,177.87

Note: Total equity As of December 31, 2012: 127,037 million yen  
 As of March 31, 2012: 135,536 million yen

## 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	Yen	yen	yen	yen
Fiscal year ended March 31, 2012	-	10.00	-	20.00	30.00
Fiscal year ending March 31, 2013	-	10.00	-		
Fiscal year ending March 31, 2013 (projection)				20.00	30.00

Note: No change in dividend projection from previous announcement.

## 3. Consolidated Forecasts (April 1, 2012 to March 31, 2013)

(Millions of yen, year-on-year changes in percents and per share data)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
		%		%		%		%	yen
Fiscal year ending March 31, 2013	150,000	17.3	7,500	(30.0)	6,500	(36.9)	3,500	(42.2)	30.42

Note: No change in consolidated forecasts from previous announcement.

## 4. Other

- (1) Significant changes among major subsidiaries during the period : No
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
  1. Changes associated with revision in accounting standards: Yes
  2. Other changes: No
  3. Changes in accounting estimates: Yes
  4. Restatements: No
- (4) Outstanding shares (common stock)
  1. Number of shares issued and outstanding (including treasury stock):
 

As of December 31, 2012	115,370,596
As of March 31, 2012	115,370,596
  2. Number of treasury stock:
 

As of December 31, 2012	301,902
As of March 31, 2012	301,247
  3. Average number of shares during the period (cumulative):
 

Nine-month period ended December 31, 2012	115,069,184
Nine-month period ended December 31, 2011	115,070,395

Disclaimer: (1) This document is a translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event any differences or discrepancies exist between this English translation and the original. (2) At the time of disclosure of this report, review procedures for quarterly consolidated financial statements pursuant to the Financial Instruments and Exchange Law had not been completed. (3) The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. The achievement is not promised. Actual results may differ from the forward-looking statements in this document. (4) For additional information about forecasts, please refer to "1.Consolidated Results for the Nine-Month Period Ended December 31, 2012 (3) Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

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## 1. Consolidated Results for the Nine-Month Period Ended December 31, 2012

### (1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising.

Net sales for the nine-month period ended December 31, 2012 totaled ¥102,794 million (an increase of 7.4% from the same period of the prior fiscal year), operating losses amounted to ¥4,853 million (operating income of ¥11,220 million in the same period of the prior fiscal year), ordinary losses amounted to ¥4,201 million (ordinary income of ¥9,566 million in the same period of the prior fiscal year) and net losses amounted to ¥5,745 million (net income of ¥5,013 million in the same period of the prior fiscal year).

A discussion of results by segment for the nine-month period ended December 31, 2012 follows.

- Digital Entertainment

The Digital Entertainment segment plans, develops, distributes and operates digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and mobile phones (including smartphones).

During the nine-month period ended December 31, 2012, the Digital Entertainment segment as a whole has not recovered the operating loss posted in the six-month period ended September 30, 2012, primarily due to the increasingly difficult condition of the world-wide console game market, under which the Group is struggling to achieve a fair expected return on its investment.

In the area of content for other platforms such as PCs and smartphones, "SENGOKU IXA," a browser game, and "FINAL FANTASY BRIGADE," a social networking game for Mobage, are generating an acceptable profit. In addition, newly released game titles such as "Kaku-San-Sei Million Arthur," a social networking game released in April, 2012 serving more than 1 million registered users, have been expanding at a satisfactory pace. Registered users of "FINAL FANTASY ARTNIKS," a social networking game released in November, 2012 for GREE, exceeded 1 million at the end of December, 2012.

The operation of "DRAGON QUEST X," a major MMORPG, started in August, 2012, has been showing steady progress.

Net sales and operating losses in the Digital Entertainment segment totaled ¥57,827 million (an increase of 7.7% from the same period of the prior fiscal year) and ¥392 million (operating income of ¥12,451 million in the same period of the prior fiscal year), respectively.

- Amusement

The Amusement segment consists of the operation of amusement facilities and the planning, development and distribution of arcade game machines and related products for amusement facilities.

During the nine-month period ended December 31, 2012, the operation of amusement facilities was stable in that comparable-store sales were 100% of the same period last year.

On the other hand, negative effects caused by the sluggish performance of arcade game machines that were released during the six-month period ended September 30, 2012 have not been eliminated in the nine-month period ended December 31, 2012, which leads to unfavorable sales and earnings.

Net sales and operating losses in the Amusement segment totaled ¥33,790 million (an increase of 6.7% from the same period of the prior fiscal year) and ¥316 million (operating income of ¥2,387 million in the same period of the prior fiscal year), respectively.

- **Publication**

The Publication segment includes comic books, game strategy books and comic magazines.

During the nine-month period ended December 31, 2012, the Group had favorable results supported by continued steady sales of popular comic book titles.

Net sales and operating income in the Publication segment totaled ¥8,767 million (an increase of 3.9% from the same period of the prior fiscal year) and ¥2,042 million (an increase of 9.4% from the same period of the prior fiscal year), respectively.

- **Merchandising**

The Merchandising segment includes the planning, production, distribution and licensing of derivative products of titles owned by the Group.

During the nine-month period ended December 31, 2012, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while also strengthening its character goods lineup with additional products based on third party content.

Net sales and operating income in the Merchandising segment totaled ¥2,423 million (an increase of 26.0% from the same period of the prior fiscal year) and ¥376 million (a decrease of 18.0% from the same period of the prior fiscal year), respectively.

## (2) Analysis of consolidated financial position

- **Assets**

As of December 31, 2012, total current assets were ¥161,635 million, a decrease of ¥10,526 million compared to March 31, 2012. This was mainly due to a decrease in cash and deposits of ¥18,346 million, and a decrease in other current assets of ¥4,502 million, while notes and accounts receivable-trade increased by ¥9,853 million, and the content production account increased by ¥2,608 million. As of December 31, 2012, total non-current assets were ¥45,775 million, an increase of ¥3,955 million compared to March 31, 2012. This was mainly due to an increase in property and equipment of ¥3,929 million.

As a result, total assets were ¥207,411 million, a decrease of ¥6,570 million compared to March 31, 2012.

- **Liabilities**

As of December 31, 2012, total current liabilities were ¥35,544 million, an increase of ¥ 1,766 million compared to

March 31, 2012. This was mainly due to a decrease in notes and accounts payable-trade of ¥1,622 million, and a decrease in income taxes payable of ¥3,144 million, while provision for sales returns increased by ¥2,359 million, and other current liabilities increased by ¥4,560 million. As of December 31, 2012, total non-current liabilities were ¥43,359 million, an increase of ¥453 million compared to March 31, 2012. This was mainly due to an increase in provision for retirement benefits of ¥703 million, and an increase in asset retirement obligations of ¥651 million, while other on non-current liabilities decreased by ¥835 million.

As a result, total liabilities were ¥78,904 million, an increase of ¥2,219 million compared to March 31, 2012.

- Net assets

As of December 31, 2012, net assets were ¥128,506 million, a decrease of ¥8,790 million compared to March 31, 2012. This was mainly due to net loss of ¥5,745 million, dividend payments of ¥3,452 million, and an increase in foreign currency translation adjustments of ¥800 million.

As a result, the consolidated equity ratio stood at 61.2%, compared to 63.3% as of March 31, 2012.

### (3) Qualitative information on consolidated business forecasts

The advancement of networking and digitalization, and the diffusion of smartphones have triggered a fundamental change in the business environment surrounding the Group, where content delivery measures to customers and business models are increasingly diversified. The Group views this change as an opportunity to capture new profit sources, and is making every effort to establish its profit base through expansion of content and services that conform to emerging customer needs, and launch of full-scale commercial services for major MMO titles.

## 2. Other Information in Summary

### (1) Changes in accounting policies, changes in accounting estimates and retrospective restatements

(Change in accounting policy that is difficult to distinguish between a change in accounting policy and a change in an accounting estimate)

According to the revision of the Corporation Tax Act, SQUARE ENIX HOLDINGS CO., LTD. and the its consolidated subsidiaries located in Japan have changed to the depreciation method based on the revised Corporation Tax Act for the tangible fixed assets acquired since April 1, 2012.

The new depreciation method will increase operating income, ordinary income and net income before income taxes for nine months ended December 31, 2012, by ¥384 million respectively, compared to the prior method.

### 3. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2012

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	111,495	93,149
Notes and accounts receivable-trade	18,431	28,284
Merchandise and finished goods	2,343	3,099
Work in progress	738	61
Raw materials and supplies	573	382
Content production account	25,047	27,656
Other	13,655	9,153
Allowance for doubtful accounts	(124)	(150)
Total current assets	<u>172,161</u>	<u>161,635</u>
Non-current assets		
Property and equipment	17,183	21,113
Intangible assets	10,121	10,829
Investments and other assets	14,514	13,832
Total non-current assets	<u>41,819</u>	<u>45,775</u>
Total assets	<u>213,981</u>	<u>207,411</u>

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	9,220	7,598
Short-term loans payable	5,253	5,580
Income taxes payable	4,034	890
Provision for bonuses	1,200	573
Provision for sales returns	1,545	3,904
Provision for game arcade closings	260	176
Asset retirement obligations	2	1
Other	12,258	16,819
Total current liabilities	<u>33,778</u>	<u>35,544</u>
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	3,808	4,512
Provision for directors' retirement benefits	234	241
Provision for game arcade closings	584	511
Asset retirement obligations	149	800
Other	3,128	2,293
Total non-current liabilities	<u>42,906</u>	<u>43,359</u>
Total liabilities	<u>76,684</u>	<u>78,904</u>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	15,204	15,204
Capital surplus	44,444	44,444
Retained earnings	85,320	76,123
Treasury stock	(861)	(862)
Total shareholders' equity	<u>144,108</u>	<u>134,910</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	23
Foreign currency translation adjustments	(8,696)	(7,896)
Total accumulated other comprehensive income	<u>(8,572)</u>	<u>(7,872)</u>
Subscription rights to shares	977	643
Minority interests	783	825
Total net assets	<u>137,297</u>	<u>128,506</u>
Total liabilities and net assets	<u>213,981</u>	<u>207,411</u>

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income  
Consolidated Income Statement

(Millions of yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	95,738	102,794
Cost of sales	54,299	66,359
Gross profit	41,439	36,435
Reversal of provision for sales returns	1,703	1,516
Provision for sales returns	1,422	3,639
Gross profit-net	41,719	34,312
Selling, general and administrative expenses	30,499	39,165
Operating income (loss)	11,220	(4,853)
Non-operating income		
Interest income	99	72
Dividends received	3	6
Foreign exchange gains	-	620
Miscellaneous income	102	70
Total non-operating income	205	770
Non-operating expenses		
Interest expenses	36	77
Commission fee	33	39
Foreign exchange losses	1,787	-
Miscellaneous loss	2	2
Total non-operating expenses	1,859	118
Ordinary income (loss)	9,566	(4,201)
Extraordinary income		
Gain on sales of investment securities	48	-
Gain on sales of subsidiaries and affiliates' stocks	192	-
Gain on reversal of subscription rights to shares	34	442
Other	4	13
Total extraordinary income	279	455
Extraordinary loss		
Loss on retirement of non-current assets	326	145
Loss on liquidation of business	-	791
Loss on disposal of content	-	532
Other	166	121
Total extraordinary loss	492	1,590
Income (loss) before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	9,353	(5,336)
Dividends distribution from silent partnership (tokumei-kumiai)	(6)	0
Income (loss) before income taxes	9,359	(5,337)
Income taxes-current	2,471	232
Income taxes-deferred	1,864	161
Total income taxes	4,336	394
Income (loss) before minority interests	5,023	(5,731)
Minority interests in income	10	13
Net income (loss)	5,013	(5,745)

## Consolidated Statement of Comprehensive Income

*(Millions of yen)*

	Nine months ended December 31, 2011	<b>Nine months ended December 31, 2012</b>
Income (loss) before minority interests	5,023	<b>(5,731)</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	35	<b>(100)</b>
Foreign currency translation adjustment	(2,548)	<b>829</b>
Other comprehensive income	(2,512)	<b>728</b>
Comprehensive income	2,511	<b>(5,003)</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	2,522	<b>(5,045)</b>
Comprehensive income attributable to minority interests	(11)	<b>42</b>

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

I. Outline of reporting segments for the nine-month period ended December 31, 2011

Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Net sales							
(1) Sales to outside customers	53,701	31,675	8,440	1,922	95,738	-	95,738
(2) Intersegment sales	-	-	-	2	2	(2)	-
Total	53,701	31,675	8,440	1,924	95,740	(2)	95,738
Segment operating income	12,451	2,387	1,867	459	17,166	(5,946)	11,220

Notes: 1. Segment adjustments (¥5,946 million) include unallocated corporate operating expenses (¥5,964 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.

II. Outline of reporting segments for the nine-month period ended December 31, 2012

Information on sales and income by reporting segment

(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Net sales							
(1) Sales to outside customers	57,827	33,790	8,767	2,408	102,794	-	102,794
(2) Intersegment sales	-	-	0	14	14	(14)	-
Total	57,827	33,790	8,767	2,423	102,809	(14)	102,794
Segment operating income (loss)	(392)	(316)	2,042	376	1,710	(6,563)	(4,853)

Notes: 1. Segment adjustments (¥6,563 million) include unallocated corporate operating expenses (¥6,593 million).

2. Segment operating income is adjusted in operating income on the consolidated income statement.