



Consolidated Financial Results  
for the Three-Month Period Ended June 30, 2022 (Japan GAAP)

August 4, 2022

Company name: SQUARE ENIX HOLDINGS CO., LTD.  
Shares traded: Tokyo Stock Exchange, Prime Market  
Company code: 9684  
Company URL: <https://www.hd.square-enix.com/eng>  
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Tel: (03) 5292-8000  
Financial report submission: August 8, 2022 (planned)  
Cash dividend payment commencement: —  
Supplementary quarterly materials prepared: Yes  
Quarterly results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2022 through June 30, 2022)

(1) Consolidated Financial Results

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

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Three months ended	%	%	%	%
June 30, 2022	74,876 (15.5)	14,430 (16.7)	26,255 48.7	18,355 45.0
June 30, 2021	88,604 1.8	17,316 (29.5)	17,661 (26.9)	12,655 (11.9)

Note: Three months ended June 30, 2022 Comprehensive income: 16,833 million yen [31.4%]  
Three months ended June 30, 2021 Comprehensive income: 12,806 million yen [(10.6%)]

	Earnings per share, basic	Earnings per share, diluted
Three months ended	yen	yen
June 30, 2022	153.45	153.19
June 30, 2021	105.98	105.74

(2) Consolidated Financial Position

(Millions of yen, ratios in percents and per share data)

	Total assets	Net assets	Equity ratio
As of			%
June 30, 2022	373,391	287,265	76.7
March 31, 2022	380,902	284,429	74.4

Note: Total equity As of June 30, 2022: 286,342 million yen  
As of March 31, 2022: 283,519 million yen

## 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 31, 2022	yen —	yen 10.00	yen —	yen 119.00	yen 129.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (projection)		—	—	—	—

Note: No change in Dividend projection from previous announcement.

## 3. Consolidated Forecasts (April 1, 2022 to March 31, 2023)

The Company's consolidated financial forecasts for the fiscal year through March 31, 2023 remain undetermined pending a thorough assessment of the earnings impact of the transaction announced on May 2, 2022 in the release entitled "Execution of Share Transfer Agreement with Change to Subsidiaries (Divestiture of Select Overseas Studios & IP)." The Company will disclose financial forecasts as soon as they are calculable.

### Notes

- (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, procedures, and methods of presentation for consolidated financial statements
  1. Changes in accounting policies due to revisions to accounting standards: Yes
  2. Changes other than 1. : No
  3. Changes in accounting estimates: No
  4. Retrospective restatement: No
- (4) Outstanding shares (common stock)
  1. Number of shares issued and outstanding (including treasury stock):
 

As of June 30, 2022	122,531,596
As of March 31, 2022	122,531,596
  2. Number of treasury stock:
 

As of June 30, 2022	2,881,141
As of March 31, 2022	2,927,230
  3. Average number of shares during the period (cumulative):
 

Three-month period ended June 30, 2022	119,616,868
Three-month period ended June 30, 2021	119,413,412

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 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 Three-Month Period Ended June 30, 2022 (3) Qualitative information on consolidated business forecasts" section on page 4 of Supplemental Information

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## 1. Consolidated Results for the Three-Month Period Ended June 30, 2022

### (1) Analysis of consolidated business results

The Square Enix group (the “Group”) is continuing determined efforts to strengthen the competitiveness and profitability of its Digital Entertainment, Amusement, Publication and Merchandising business segments. Net sales for the three-month period ended June 30, 2022 totaled ¥74,876 million (a decrease of 15.5% from the same period of the prior fiscal year), operating income amounted to ¥14,430 million (a decrease of 16.7% from the same period of the prior fiscal year). In foreign exchange rates, the weakness of Japanese yen compared to the rate as of the end of last fiscal year has resulted in the booking of a foreign exchange gain amounting to ¥13,055 million. As a result, ordinary income amounted to ¥26,255 million (an increase of 48.7% from the same period of the prior fiscal year), and profit attributable to owners of parent amounted to ¥18,355 million (an increase of 45.0% from the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 30, 2022 follows.

#### ● Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of 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 smart devices.

Due to decreased earnings from new titles, the HD (High-Definition) Game sub-segment’s net sales for the three-month period ended June 30, 2022 declined compared to the same period of the previous fiscal year, which had included the release of “OUTRIDERS” and “NieR Replicant ver.1.22474487139...”

In the MMO (Massively Multiplayer Online) Game sub-segment, net sales rose versus the same period of the previous fiscal year due to growth in the number of monthly paying subscribers for “FINAL FANTASY XIV.” While “ECHOES of MANA” got off to a solid start following its April launch, net sales in the Games for Smart Devices/PC Browser sub-segment declined compared to the same period of the previous fiscal year, in part because of weak performances from existing titles.

Net sales and operating income in the Digital Entertainment segment totaled ¥53,570 million (a decrease of 23.3% from the same period of the prior fiscal year), and ¥14,140 million (a decrease of 17.5% from the same period of the prior fiscal year), respectively.

#### ● Amusement

The Amusement segment consists of the operation of amusement facilities, as well as of the planning, development, and distribution of arcade game machines and related products for amusement facilities. Net sales and operating income for the three-month period ended June 30, 2022 rose compared to the same period of the previous fiscal year due to a significant year-on-year increase in same-store sales. Net sales and operating income in the Amusement segment totaled ¥11,977 million (an increase of 26.7% from the same period of the prior fiscal year), and ¥1,142 million (an increase of 231.1% from the same period of the prior fiscal year), respectively.

- Publication

The Publication segment consists of publication and licensing of comic magazines, comic books, and game-related books.

Net sales and operating income for the three-month period ended June 30, 2022 declined compared to the same period of the previous fiscal year due to year-on-year declines in both digital and print sales.

Net sales and operating income in the Publication segment totaled ¥6,261 million (a decrease of 13.6% from the same period of the prior fiscal year) and ¥2,498 million (a decrease of 23.1% from the same period of the prior fiscal year), respectively.

- Merchandising

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

In the three-month period ended June 30, 2022, sales of new merchandise based on key intellectual properties were brisk, but the sales mix changed. This and other factors resulted in a year-on-year rise in net sales but a decline in operating income.

Net sales and operating income in the Merchandising segment totaled ¥3,689 million (an increase of 31.9% from the same period of the prior fiscal year), and ¥849 million (a decrease of 8.1% from the same period of the prior fiscal year), respectively.

## (2) Analysis of consolidated financial position

- Assets

As of June 30, 2022, total current assets were ¥313,399 million, a decrease of ¥9,055 million compared to March 31, 2022. This was mainly due to decreases in cash and deposits of ¥17,483 million and notes and accounts receivable-trade of ¥7,155 million, while content production account increased by ¥14,498 million. As of June 30, 2022, total non-current assets were ¥59,991 million, an increase of ¥1,543 million compared to March 31, 2022.

As a result, total assets were ¥373,391 million, a decrease of ¥7,511 million compared to March 31, 2022.

- Liabilities

As of June 30, 2022, total current liabilities were ¥72,964 million, a decrease of ¥10,835 million compared to March 31, 2022. This was mainly due to decreases in notes and accounts payable-trade of ¥5,523 million, income taxes payable of ¥1,994 million and provision for bonuses of ¥3,960 million, respectively. As of June 30, 2022, total non-current liabilities were ¥13,160 million, an increase of ¥488 million compared to March 31, 2022.

As a result, total liabilities were ¥86,125 million, a decrease of ¥10,347 million compared to March 31, 2022.

- Net assets

As of June 30, 2022, net assets were ¥287,265 million, an increase of ¥2,835 million compared to March 31, 2022. This was mainly owing to profit attributable to owners of parent of ¥18,355 million and dividend payments of ¥14,232 million.

As a result, the consolidated equity ratio stood at 76.7% (74.4% as of March 31, 2022).

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

As a result of digitization and other technological advances, consumer game content is increasingly sold via downloads rather than physical packages. Monetization methods such as free-to-play, microtransactions, and subscriptions have also given rise to a greater diversity of business models outside the confines of traditional one-off sales. As such, the consumer game market continues to grow.

In the market for games for smart devices, increasingly sophisticated smartphones are making customers demand even richer gaming experiences and enabling greater diversity in game design and business models. Led by the Western and Asian regions, the size of the market also continues to expand globally. Meanwhile, a familiar list of titles continues to dominate the upper end of the smart device game rankings in Japan, and the increased presence of Asian players in the Japanese market has intensified competition, reducing the odds of new titles succeeding.

By developing content and diversifying earnings opportunities in line with this changing environment, the Group is working to establish an earnings platform with the goal of enabling sustained growth in sales and profits.

The Group is currently assessing the earnings impact of the transaction described in its May 2, 2022 release entitled "Execution of Share Transfer Agreement with Change to Subsidiaries." It therefore finds forecasting full-year earnings difficult at present and continues to leave its consolidated forecasts for the fiscal year ending March 31, 2023 undetermined. The Group will disclose consolidated forecasts as soon as they can be appropriately and reasonably calculated.

## 2. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2022

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	163,088	145,604
Notes and accounts receivable - trade	44,968	37,813
Merchandise and finished goods	4,687	4,469
Work in progress	18	8
Raw materials and supplies	485	484
Content production account	96,765	111,264
Other	12,711	13,983
Allowance for doubtful accounts	(268)	(228)
Total current assets	322,455	313,399
Non-current assets		
Property, plant and equipment	19,814	19,789
Intangible assets	7,375	7,955
Investments and other assets	31,257	32,246
Total non-current assets	58,447	59,991
Total assets	380,902	373,391

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	27,598	22,075
Income taxes payable	8,442	6,448
Provision for bonuses	6,539	2,578
Refund liabilities	5,616	5,402
Other	35,602	36,459
Total current liabilities	83,800	72,964
Non-current liabilities		
Provision for directors' retirement benefits	17	17
Net defined benefit liability	3,842	3,945
Asset retirement obligations	3,842	3,814
Other	4,969	5,383
Total non-current liabilities	12,672	13,160
Total liabilities	96,472	86,125
Net assets		
Shareholders' equity		
Capital stock	24,039	24,039
Capital surplus	53,880	53,979
Retained earnings	221,316	225,438
Treasury stock	(8,964)	(8,823)
Total shareholders' equity	290,272	294,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(24)	(33)
Foreign currency translation adjustment	(6,844)	(8,377)
Remeasurements of defined benefit plans	116	119
Total accumulated other comprehensive income	(6,752)	(8,292)
Subscription rights to shares	718	714
Non-controlling interests	191	208
Total net assets	284,429	287,265
Total liabilities and net assets	380,902	373,391

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

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	88,604	74,876
Cost of sales	39,456	30,237
Gross profit	49,147	44,638
Selling, general and administrative expenses	31,831	30,207
Operating income	17,316	14,430
Non-operating income		
Interest income	15	31
Dividend income	0	0
Foreign exchange gains	127	13,055
Gain on investments in securities	110	111
Gain on sale of crypto assets	86	—
Revenue from business held for sale	—	2,427
Miscellaneous income	30	29
Total non-operating income	369	15,655
Non-operating expenses		
Interest expenses	21	31
Commission fee	2	657
Expenses from business held for sale	—	3,140
Miscellaneous loss	1	0
Total non-operating expenses	24	3,829
Ordinary income	17,661	26,255
Extraordinary income		
Subsidy income related to COVID-19	44	3
Gain on sale of shares of subsidiaries and associates	260	—
Total extraordinary income	305	3
Extraordinary losses		
Loss on retirement of non-current assets	17	15
Impairment loss	1	1
Loss on temporary closure	236	—
Other	6	—
Total extraordinary losses	262	16
Profit before income taxes	17,703	26,242
Income taxes-current	3,718	6,705
Income taxes-deferred	1,324	1,176
Total income taxes	5,043	7,882
Profit	12,660	18,359
Profit attributable to non-controlling interests	4	4
Profit attributable to owners of parent	12,655	18,355

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	12,660	18,359
Other comprehensive income		
Valuation difference on available-for-sale securities	(11)	(9)
Foreign currency translation adjustment	177	(1,520)
Remeasurements of defined benefit plans	(19)	3
Total other comprehensive income	146	(1,526)
Comprehensive income	12,806	16,833
(Breakdown)		
Comprehensive income attributable to owners of parent	12,793	16,815
Comprehensive income attributable to non-controlling interests	13	17

(3) Notes to Consolidated Financial Statements  
(Note regarding going concern assumptions)  
None

(Material changes in shareholders' equity)  
None

(Changes in accounting policies)  
(Application of Application Guidelines for Accounting Standards related to the Calculation of Market Value)  
The Company has applied the Application Guidelines for Accounting Standards related to the Calculation of Market Value (Corporate Accounting Standard Application Guideline No. 31 of June 17, 2021; "Application Guidelines for Market Value Standards") since the start of the three-month period ended June 30, 2022. In keeping with the transitional treatment described in Paragraph 27-2 of the Application Guidelines for Market Value Standards, the Company will continue to apply new accounting practices set forth under the Application Guidelines for Market Value Standards. As a result, there is no impact to the consolidated financial statements for the three month period ended June 30, 2022.

(Additional information)  
(Application of the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System)  
The Company and its domestic consolidated subsidiaries have transitioned from the consolidated tax payment system to the group tax sharing system as of the three-month period ended June 30, 2022. As a result, the Company's accounting for and disclosure of corporate tax, local corporation tax, and tax effects is in compliance with the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System (Practical Solution No. 42 of August 12, 2021). Also, based on Paragraph 32-1 of Practical Solution No. 42, the Company deems that changes in accounting practices associated with the application of Practical Solution No. 42 have had no impact on its consolidated financial results.

(Segment information)

I. Outline of reporting segments for the three-month period ended June 30, 2021

Information on sales and income or loss and disaggregated revenue disclosures by reporting segment  
(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
Domestic	38,639	9,076	7,101	1,293	56,111	—	56,111
Overseas	31,233	64	36	1,157	32,493	—	32,493
Revenue from contracts with customers	69,873	9,141	7,138	2,450	88,604	—	88,604
Other revenue	—	—	—	—	—	—	—
(1) Sales to outside customers	69,873	9,141	7,138	2,450	88,604	—	88,604
(2) Intersegment sales	3	310	107	346	768	(768)	—
Total	69,876	9,452	7,246	2,797	89,372	(768)	88,604
Segment operating income	17,147	344	3,250	924	21,668	(4,351)	17,316

Notes: 1. Segment adjustments (¥4,351) million include unallocated corporate operating expenses (¥4,445) million.

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

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.

II. Outline of reporting segments for the three-month period ended June 30, 2022

Information on sales and income or loss and disaggregated revenue disclosures by reporting segment  
(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
Domestic	29,964	11,395	5,999	1,299	48,659	—	48,659
Overseas	23,591	154	257	2,212	26,216	—	26,216
Revenue from contracts with customers	53,556	11,550	6,257	3,511	74,876	—	74,876
Other revenue	—	—	—	—	—	—	—
(1) Sales to outside customers	53,556	11,550	6,257	3,511	74,876	—	74,876
(2) Intersegment sales	14	426	3	177	622	(622)	—
Total	53,570	11,977	6,261	3,689	75,498	(622)	74,876
Segment operating income	14,140	1,142	2,498	849	18,631	(4,201)	14,430

Notes: 1. Segment adjustments (¥4,201) million include unallocated corporate operating expenses (¥4,251) million.

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

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.