

**Consolidated Financial Results
for the Three-Month Period Ended June 30, 2015 (Japan GAAP)**

August 6, 2015

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, First Section
Company code: 9684
Company URL: <http://www.square-enix.com/eng>
Representative: Yosuke Matsuda, President and Representative Director
Contact: Kazuharu Watanabe, Chief Financial Officer
Tel: (03) 5292-8000
Financial report submission: August 11, 2015 (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, 2015 through June 30, 2015)

(1) Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Three months ended	%		%		%		%	
June 30, 2015	42,282	12.0	7,912	56.1	9,543	96.5	5,999	76.0
June 30, 2014	37,754	56.8	5,068	634.9	4,855	224.2	3,408	—

Note: Three months ended June 30, 2015 Comprehensive income: 6,478 million yen (95.6%)
 Three months ended June 30, 2014 Comprehensive income: 3,312 million yen (689.6 %)

	Earnings per share, basic	Earnings per share, diluted
Three months ended	Yen	Yen
June 30, 2015	49.20	49.11
June 30, 2014	29.57	29.54

(2) Consolidated Financial Position

(Millions of yen and ratios in percent)

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
June 30, 2015	210,512	159,425	75.4	1,300.60
March 31, 2015	211,938	155,314	72.9	1,267.24

Note: Total equity As of June 30, 2015: 158,622 million yen
 As of March 31, 2015: 154,505 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	Yen	yen	yen	yen
Fiscal year ended March 31, 2015	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2016	—				
Fiscal year ending March 31, 2016 (projection)		10.00	—	20.00 ~35.00	30.00 ~45.00

Note: No change in dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2015 through March 31, 2016)

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

	Net sales		Operating Income		Ordinary income		Profit attributable to owners of parent		Earnings per share
		%		%		%		%	Yen
Fiscal year ending March 31, 2016	200,000 ~220,000	19.1 ~31.0	17,000 ~25,000	3.5 ~52.2	17,000 ~25,000	0.1 ~47.2	11,000 ~18,000	11.9 ~83.1	90.21 ~147.62

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: No
 4. Restatements: No
- (4) Outstanding shares (common stock)
 1. Number of shares issued and outstanding (including treasury stock):

As of June 30, 2015	122,272,396
As of March 31, 2015	122,232,896
 2. Number of treasury stock:

As of June 30, 2015	311,065
As of March 31, 2015	309,664
 3. Average number of shares during the period (cumulative):

Three-month period ended June 30, 2015	121,935,514
Three-month period ended June 30, 2014	115,268,810

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, 2015 (3) Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

Supplemental Information – Index

	Page
1. Consolidated Results for the Three-Month Period Ended June 30, 2015	1
(1) Analysis of consolidated business results	1
(2) Analysis of consolidated financial position	2
(3) Qualitative information on consolidated business forecasts	3
2. Other Information in Summary	3
(1) Changes in accounting principles, changes in accounting estimates and retrospective restatements	3
3. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2015	4
(1) Consolidated Balance Sheets	4
(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income	6
Consolidated Income Statement	6
Consolidated Statement of Comprehensive Income	7
(3) Note regarding going concern assumptions	8
(4) Material changes in shareholders' equity	8
(5) Segment information	8

1. Consolidated Results for the Three-Month Period Ended June 30, 2015

(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 three-month period ended June 30, 2015 totaled ¥42,282 million (an increase of 12.0% from the same period of the prior fiscal year), operating income amounted to ¥7,912 million (an increase of 56.1% from the same period of the prior fiscal year), ordinary income amounted to ¥9,543 million (an increase of 96.5% from the same period of the prior fiscal year), and profit attributable to owners of parent amounted to ¥5,999 million (an increase of 76.0% from the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 30, 2015 follows.

- Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of game. 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.

During the three-month period ended June 30, 2015, in the area of content for platforms such as smart devices and PC browser, "*SENGOKU IXA*," a PC browser game and games for smartphones such as "*DRAGON QUEST MONSTERS SUPER LIGHT*," "*SCHOOLGIRL STRIKERS*," "*FINAL FANTASY RECORD KEEPER*," and "*Kai-ri-Sei Million Arthur*" have continued to ride high on its already solid growth.

Expansion disc sales and operations of massively multiplayer online role playing games; "*FINAL FANTASY XIV*" and "*DRAGON QUEST X*" have been making favorable performances.

Among the console game titles, sales of new titles were fewer compared with the same period of the prior fiscal year, but repeat sales, primarily through download, of catalogue titles have gained favorable results.

Net sales and operating income in the Digital Entertainment segment totaled ¥30,297million (an increase of 29.2% from the same period of the prior fiscal year) and ¥8,191million (an increase of 81.6% from the same period of the prior fiscal year), respectively.

- Amusement

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

While there was no release of amusement machines during the three-month period ended June 30, 2015, efforts towards efficient store management have been continuing.

Net sales and operating income in the Amusement segment totaled ¥8,475million (a decrease of 23.2% from the same period of the prior fiscal year) and ¥940million (a decrease of 39.1% from the same period of the prior fiscal year), respectively.

- Publication

The Publication segment consists of planning and publication of comic books, game strategy books, and comic magazines.

During the three-month period ended June 30, 2015, sales of comics and game strategy books continue strong.

Net sales and operating income in the Publication segment totaled ¥2,690million (an increase of 2.0% from the same period of the prior fiscal year) and ¥657million (an increase of 1.2% 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.

During the three-month period ended June 30, 2015, sales of character goods derived from the Group's own IPs increased, primarily due to the release of the first expansion disc for "FINAL FANTASY XIV." The Group continued to distribute and license items such as character goods and soundtracks based on the IPs while also strengthening its character goods lineup with additional products from third party IPs and overseas expansions.

Net sales and operating income in the Merchandising segment totaled ¥1,164million (an increase of 72.7% from the same period of the prior fiscal year) and ¥420million (an increase of 117.7% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of June 30, 2015, total current assets were ¥168,853 million, a decrease of ¥1,961 million compared to March 31, 2015. This was mainly due to decreases in cash and deposits of ¥6,065 million and notes and accounts receivable of ¥2,422 million, while the content production account increased by ¥7,242 million. As of June 30, 2015, total non-current assets were ¥41,658 million, an increase of ¥535 million compared to March 31, 2015.

As a result, total assets were ¥210,512 million, a decrease of ¥1,425 million compared to March 31, 2015.

- Liabilities

As of June 30, 2015, total current liabilities were ¥44,359 million, a decrease of ¥ 5,571 million compared to March 31, 2015. This was mainly due to decreases in notes and accounts payable ¥3,055 million, income taxes payable of ¥1,612 million, and provision for sales returns of ¥947 million. As of June 30, 2015, total non-current liabilities were ¥6,727 million, an increase of ¥35 million compared to March 31, 2015.

As a result, total liabilities were ¥51,087 million, a decrease of ¥5,536 million compared to March 31, 2015.

- Net assets

As of June 30, 2015, net assets were ¥159,425 million, an increase of ¥4,110 million compared to March 31, 2015.

This was mainly due to profit attributable to owners of parent of ¥5,999 million, dividend payments of ¥2,438 million and an increase in foreign currency translation adjustments of ¥525 million.

As a result, the consolidated equity ratio stood at 75.4% (72.9% as of March 31, 2015).

(3) Qualitative information on consolidated business forecasts

The business environment surrounding the Group is in the midst of major changes, where smart devices such as smartphones and tablet PCs are spreading rapidly, while the console game markets in North America and Europe are increasingly getting competitive and oligopolistic. In light of such environmental changes, the Group is focusing all efforts on establishment of a solid revenue foundation through introduction of flexible content development conforming to the ever-changing environment as well as diversification of profit opportunities.

Given the environmental changes described above, it is expected that the consolidated forecasts for financial results will fluctuate ever-larger. The Group, therefore, has made consolidated forecasts in a range of forecasted figures in lieu of specific figures. The Group does not disclose the first half consolidated forecasts in consideration of the fact that fluctuations in sales and incomes during a fiscal year have increasingly become larger.

2. Other Information in Summary

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

(Change in accounting policy)

Effective from the three-month period ended June 30, 2015, the Company has adopted the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21 of September 13, 2013; the "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22 of September 13, 2013; the "Consolidation Accounting Standard") and the "Accounting Standard for Business Divestitures" (ASBJ Statement No.7, September 13, 2013; the "Business Divestitures Accounting Standard") and other standards.

Therefore, the Group has started to post, as capital surplus, the difference arising from changes of the Company's equity interest in subsidiaries under its control on a continuous basis, and to book acquisition-related costs as expenses for the fiscal year in which they occurred. For business combinations implemented on or after April 1, 2015, the Company has started to reflect the adjustments to the allocated amount of acquisition cost as a result of the finalization of provisional accounting treatment in the consolidated financial statements of the cumulative quarter in which the business combination took place. In addition, the Company has changed the presentation method of net income and the presentation from "minority interests" to "non-controlling interests." To reflect the changes in the presentation of the consolidated financial statements, the Company has reclassified the consolidated financial statements for the three-month period ended June 30, 2014 and for the fiscal year ended March 31, 2015.

In accordance with the traditional accounting treatments as stated in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidation Accounting Standard and Article 57-4 (4) of the Business Divestitures Accounting Standard, the Company has applied the Business Combinations Accounting Standard and other standards from the beginning of the three-month period ended June 30, 2015.

As a result, there is no impact to the consolidated financial statements for the three-month period ended June 30, 2015.

3. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2015

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	103,631	97,566
Notes and accounts receivable-trade	20,973	18,551
Merchandise and finished goods	1,881	1,966
Work in progress	4	17
Raw materials and supplies	314	293
Content production account	35,113	42,355
Other	9,019	8,226
Allowance for doubtful accounts	(122)	(123)
Total current assets	<u>170,815</u>	<u>168,853</u>
Non-current assets		
Property, plant and equipment	13,620	13,306
Intangible assets	10,192	10,587
Investments and other assets	<u>17,309</u>	<u>17,764</u>
Total non-current assets	<u>41,122</u>	<u>41,658</u>
Total assets	<u>211,938</u>	<u>210,512</u>

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,820	8,764
Short-term loans payable	7,122	7,703
Income taxes payable	3,974	2,361
Provision for bonuses	1,696	1,047
Provision for sales returns	4,865	3,918
Provision for game arcade closings	379	337
Asset retirement obligations	9	8
Other	20,062	20,218
Total current liabilities	<u>49,931</u>	<u>44,359</u>
Non-current liabilities		
Provision for directors' retirement benefits	151	154
Provision for game arcade closings	423	391
Net defined benefit liability	2,200	2,151
Asset retirement obligations	953	956
Other	2,963	3,074
Total non-current liabilities	<u>6,692</u>	<u>6,727</u>
Total liabilities	<u>56,623</u>	<u>51,087</u>
Net assets		
Shareholders' equity		
Capital stock	23,680	23,725
Capital surplus	52,920	52,964
Retained earnings	79,355	82,916
Treasury stock	(876)	(880)
Total shareholders' equity	<u>155,079</u>	<u>158,725</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	618	548
Foreign currency translation adjustments	(1,292)	(767)
Remeasurements of defined benefit plans	99	115
Total accumulated other comprehensive income	<u>(574)</u>	<u>(102)</u>
Subscription rights to shares	327	312
Non-controlling interests	482	489
Total net assets	<u>155,314</u>	<u>159,425</u>
Total liabilities and net assets	<u>211,938</u>	<u>210,512</u>

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

	Three months ended June 30, 2014	Three months ended June 30, 2015
<i>(Millions of yen)</i>		
Net sales	37,754	42,282
Cost of sales	19,357	19,412
Gross profit	18,396	22,869
Reversal of provision for sales returns	4,582	4,926
Provision for sales returns	5,064	3,897
Gross profit-net	17,914	23,898
Selling, general and administrative expenses	12,845	15,985
Operating income	5,068	7,912
Non-operating income		
Interest income	29	13
Dividend income	7	7
Foreign exchange gains	—	1,448
Miscellaneous income	35	179
Total non-operating income	72	1,648
Non-operating expenses		
Interest expenses	24	14
Commission fee	13	3
Foreign exchange losses	248	—
Miscellaneous loss	0	0
Total non-operating expenses	285	18
Ordinary income	4,855	9,543
Extraordinary income		
Gain on reversal of subscription rights to shares	7	—
Total extraordinary income	7	—
Extraordinary loss		
Loss on sales of non-current assets	63	29
Impairment loss	0	9
Loss on valuation of share of subsidiaries and associates	41	—
Other	28	3
Total extraordinary loss	133	41
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	4,730	9,501
Dividends distribution from silent partnership (tokumei-kumiai)	(3)	—
Income before income taxes	4,733	9,501
Income taxes-current	289	2,395
Income taxes-deferred	1,028	1,105
Total income taxes	1,318	3,500
Profit	3,414	6,000
Profit attributable to non-controlling interests	5	1
Profit attributable to owners of parent	3,408	5,999

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	3,414	6,000
Other comprehensive income		
Valuation difference on available-for-sale securities	22	(69)
Foreign currency translation adjustment	(80)	531
Remeasurements of defined benefit plans	(44)	16
Other comprehensive income	(102)	478
Comprehensive income	3,312	6,478
(Breakdown)		
Comprehensive income attributable to owners of the parent	3,325	6,471
Comprehensive income attributable to minority interests	(13)	7

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

I. Outline of reporting segments for the three-month period ended June 30, 2014

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		
Sales and operating income							
Net sales							
(1) Sales to outside customers	23,450	11,032	2,618	652	37,754	—	37,754
(2) Intersegment sales	—	—	19	21	41	(41)	—
Total	23,450	11,032	2,638	674	37,795	(41)	37,754
Segment operating income (loss)	4,509	1,542	649	193	6,895	(1,826)	5,068

Notes: 1. Segment adjustments (¥1,826) million include unallocated corporate operating expenses (¥1,833) million.
2. Segment operating income is adjusted in operating income on the consolidated income statement.

II. Outline of reporting segments for the three-month period ended June 30, 2015

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		
Sales and operating income							
Net sales							
(1) Sales to outside customers	30,297	8,475	2,641	868	42,282	—	42,282
(2) Intersegment sales	0	—	48	296	344	(344)	—
Total	30,297	8,475	2,690	1,164	42,627	(344)	42,282
Segment operating income	8,191	940	657	420	10,209	(2,296)	7,912

Notes: 1. Segment adjustments (¥2,296) million include unallocated corporate operating expenses (¥2,307) million.
2. Segment operating income is adjusted in operating income on the consolidated income statement.