

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

November 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>
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Financial report submission: November 13, 2015 (planned)
Cash dividend payment commencement: December 4, 2015 (planned)
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, 2015 through September 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	
Six months ended	%		%		%		%	
September 30, 2015	86,360	18.1	12,583	47.9	12,930	43.7	7,324	28.5
September 30, 2014	73,130	18.6	8,507	81.9	8,997	58.7	5,702	118.8

Note: Six months ended September 30, 2015 Comprehensive income: 6,888 million yen [(7.2) %]
 Six months ended September 30, 2014 Comprehensive income: 7,423 million yen [78.4 %]

	Earnings per share, basic	Earnings per share, diluted
Six months ended	Yen	Yen
September 30, 2015	60.06	59.94
September 30, 2014	49.47	49.39

(2) Consolidated Financial Position

(Millions of yen and ratios in percent)

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	Yen
September 30, 2015	212,552	159,896	74.8	1,304.05
March 31, 2015	211,938	155,314	72.9	1,267.24

Note: Total equity As of September 30, 2015: 159,050 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	—	10.00			
Fiscal year ending March 31, 2016 (projection)			—	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 September 30, 2015	122,278,896
As of March 31, 2015	122,232,896
 2. Number of treasury stock:

As of September 30, 2015	312,218
As of March 31, 2015	309,664
 3. Average number of shares during the period (cumulative):

Six-month period ended September 30, 2015	121,948,885
Six-month period ended September 30, 2014	115,271,882

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 Six-Month Period Ended September 30, 2015 (3) Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

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1. Consolidated Results for the Six-Month Period Ended September 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 six-month period ended September 30, 2015 totaled ¥86,360 million (an increase of 18.1% from the same period of the prior fiscal year), operating income amounted to ¥12,583 million (an increase of 47.9% from the same period of the prior fiscal year), ordinary income amounted to ¥12,930 million (an increase of 43.7% from the same period of the prior fiscal year).

Loss on valuation of share of subsidiaries and associates (¥1,130 million) was booked as an extraordinary loss.

These factors resulted in profit attributable to owners of parent amounted to ¥7,324 million (an increase of 28.5% from the same period of the prior fiscal year).

A discussion of results by segment for the six-month period ended September 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 six-month period ended September 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 Arthu" have continued to ride high on its already solid growth, and "MOBIUS FINAL FANTASY" made an encouraging start.

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

Repeat sales of titles for game consoles decreased from the same period of the prior fiscal year.

Net sales and operating income in the Digital Entertainment segment totaled ¥60,177million (an increase of 37.5% from the same period of the prior fiscal year) and ¥12,917million (an increase of 62.9% 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.

During the six-month period ended September 30, 2015, while sales of amusement machines were sluggish and net sales of this segment decreased, efforts towards efficient store management have been continuing.

Net sales and operating income in the Amusement segment totaled ¥19,005million (a decrease of 10.8% from the same period of the prior fiscal year) and ¥2,179million (a decrease of 7.8% 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 six-month period ended September 30, 2015, sales of comic books were sluggish compared with the same period of the prior fiscal year.

Net sales and operating income in the Publication segment totaled ¥4,999million (a decrease of 19.6% from the same period of the prior fiscal year) and ¥1,059million (a decrease of 40.8% 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 six-month period ended September 30, 2015, sales of character goods derived from the Group's own IPs increased, primarily thanks 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 ¥2,578million (an increase of 32.9% from the same period of the prior fiscal year) and ¥886million (an increase of 45.1% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of September 30, 2015, total current assets were ¥172,139 million, an increase of ¥1,323 million compared to March 31, 2015. This was mainly due to increases in the content production account of ¥11,775 and cash and deposits of ¥6,780 million, while notes and accounts receivable decreased by ¥4,291 million. As of September 30, 2015, total non-current assets were ¥40,413 million, a decrease of ¥709 million compared to March 31, 2015.

As a result, total assets were ¥212,552 million, an increase of ¥614 million compared to March 31, 2015.

- Liabilities

As of September 30, 2015, total current liabilities were ¥45,896 million, a decrease of ¥ 4,034 million compared to March 31, 2015. This was mainly due to decreases in notes and accounts payable ¥1,523 million, provision for sales return of ¥965 million, and the other on current liabilities of ¥1,826 million. As of September 30, 2015, total non-current liabilities were ¥6,758 million, an increase of ¥66 million compared to March 31, 2015.

As a result, total liabilities were ¥52,655 million, a decrease of ¥3,967 million compared to March 31, 2015.

- Net assets

As of September 30, 2015, net assets were ¥159,896 million, an increase of ¥4,581 million compared to March 31, 2015. This was mainly due to profit attributable to owners of parent of ¥7,324 million and dividend payments of ¥2,438 million.

As a result, the consolidated equity ratio stood at 74.8% (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.

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 six-month period ended September 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 six-month period ended September 30, 2015.

3. Consolidated Financial Statements for the Six-Month Period Ended September 30, 2015

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	103,631	96,850
Notes and accounts receivable-trade	20,973	16,681
Merchandise and finished goods	1,881	2,114
Work in progress	4	441
Raw materials and supplies	314	305
Content production account	35,113	46,888
Other	9,019	8,961
Allowance for doubtful accounts	(122)	(105)
Total current assets	<u>170,815</u>	<u>172,139</u>
Non-current assets		
Property, plant and equipment	13,620	13,571
Intangible assets	10,192	9,738
Investments and other assets	<u>17,309</u>	<u>17,102</u>
Total non-current assets	<u>41,122</u>	<u>40,413</u>
Total assets	<u>211,938</u>	<u>212,552</u>

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,820	10,296
Short-term loans payable	7,122	7,268
Income taxes payable	3,974	4,171
Provision for bonuses	1,696	1,687
Provision for sales returns	4,865	3,900
Provision for game arcade closings	379	328
Asset retirement obligations	9	7
Other	20,062	18,236
Total current liabilities	<u>49,931</u>	<u>45,896</u>
Non-current liabilities		
Provision for directors' retirement benefits	151	156
Provision for game arcade closings	423	362
Net defined benefit liability	2,200	2,200
Asset retirement obligations	953	1,059
Other	2,963	2,979
Total non-current liabilities	<u>6,692</u>	<u>6,758</u>
Total liabilities	<u>56,623</u>	<u>52,655</u>
Net assets		
Shareholders' equity		
Capital stock	23,680	23,732
Capital surplus	52,920	52,971
Retained earnings	79,355	84,241
Treasury stock	(876)	(883)
Total shareholders' equity	<u>155,079</u>	<u>160,061</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	618	280
Foreign currency translation adjustments	(1,292)	(1,422)
Remeasurements of defined benefit plans	99	131
Total accumulated other comprehensive income	<u>(574)</u>	<u>(1,010)</u>
Subscription rights to shares	327	363
Non-controlling interests	482	482
Total net assets	<u>155,314</u>	<u>159,896</u>
Total liabilities and net assets	<u>211,938</u>	<u>212,552</u>

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

	<i>(Millions of yen)</i>	
	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	73,130	86,360
Cost of sales	39,016	41,936
Gross profit	34,113	44,424
Reversal of provision for sales returns	4,643	4,926
Provision for sales returns	4,163	3,953
Gross profit-net	34,593	45,397
Selling, general and administrative expenses	26,085	32,813
Operating income	8,507	12,583
Non-operating income		
Interest income	66	44
Dividend income	7	7
Subsidy income	7	178
Foreign exchange gains	526	104
Miscellaneous income	99	80
Total non-operating income	707	416
Non-operating expenses		
Interest expenses	38	28
Commission fee	26	7
Office transfer related expenses	144	33
Miscellaneous loss	8	0
Total non-operating expenses	217	69
Ordinary income	8,997	12,930
Extraordinary income		
Gain on sales of non-current assets	—	10
Gain on sales of investment securities	82	—
Gain on reversal of subscription rights to shares	7	19
Total extraordinary income	90	30
Extraordinary loss		
Loss on retirement of non-current assets	149	41
Loss on liquidation of subsidiaries and affiliates	313	—
Loss on valuation of share of subsidiaries and associates	—	1,130
Other	258	92
Total extraordinary loss	721	1,264
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	8,365	11,696
Dividends distribution from silent partnership (tokumei-kumiai)	132	—
Income before income taxes	8,232	11,696
Income taxes-current	1,118	4,197
Income taxes-deferred	1,375	170
Total income taxes	2,494	4,367
Profit	5,738	7,328
Profit attributable to non-controlling interests	36	4
Profit attributable to owners of parent	5,702	7,324

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Profit	5,738	7,328
Other comprehensive income		
Valuation difference on available-for-sale securities	35	(338)
Foreign currency translation adjustment	1,737	(134)
Remeasurements of defined benefit plans	<u>(88)</u>	32
Other comprehensive income	<u>1,684</u>	(440)
Comprehensive income	<u>7,423</u>	6,888
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,335	6,887
Comprehensive income attributable to non-controlling interests	88	0

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

I. Outline of reporting segments for the six-month period ended September 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	43,757	21,298	6,196	1,877	73,130	—	73,130
(2) Intersegment sales	—	—	19	63	83	(83)	—
Total	43,757	21,298	6,216	1,940	73,213	(83)	73,130
Segment operating income	7,928	2,364	1,789	611	12,693	(4,186)	8,507

Notes: 1. Segment adjustments (¥4,186) million include unallocated corporate operating expenses (¥4,201) million.
2. Segment operating income is adjusted in operating income on the consolidated income statement.

II. Outline of reporting segments for the six-month period ended September 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	60,177	19,005	4,950	2,226	86,360	—	86,360
(2) Intersegment sales	0	—	48	352	401	(401)	—
Total	60,177	19,005	4,999	2,578	86,762	(401)	86,360
Segment operating income	12,917	2,179	1,059	886	17,043	(4,460)	12,583

Notes: 1. Segment adjustments (¥4,460) million include unallocated corporate operating expenses (¥4,482) million.
2. Segment operating income is adjusted in operating income on the consolidated income statement.