

**Consolidated Financial Results  
for the Nine-Month Period Ended December 31, 2015 (Japan GAAP)**

February 4, 2016

**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:** Yosuke Matsuda, President and Representative Director  
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**Tel:** (03) 5292-8000  
**Financial report submission:** February 10, 2016 (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 December 31, 2015)**

**(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	
Nine months ended	%		%		%		%	
December 31, 2015	152,760	28.5	23,778	60.5	24,198	46.3	13,538	24.0
December 31, 2014	118,874	16.0	14,814	89.6	16,543	65.6	10,916	110.8

Note: Nine months ended December 31, 2015 comprehensive income: 12,547 million yen [(13.9 %)]  
 Nine months ended December 31, 2014 comprehensive income: 14,578 million yen [86.8 %]

	Earnings per share, basic	Earnings per share, diluted
Nine months ended	Yen	Yen
December 31, 2015	111.01	110.79
December 31, 2014	94.70	94.55

**(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, 2015	225,051	164,352	72.7	1,340.62
March 31, 2015	211,938	155,314	72.9	1,267.24

Note: Total equity As of December 31, 2015: 163,522 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 the latest announcement.

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

(Millions of yen, year-on-year changes in percents 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 the latest announcement.

Consolidated forecasts for the fiscal year ending March 31, 2016 are indicated in a form of range of figures.

For details, please refer to (3) *Qualitative information on consolidated business forecasts* on page 3 of the Supplemental Information attached herewith.

## 4. Notes

- (1) Significant changes among major subsidiaries during the period : None
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatements
  1. Changes associated with revision in accounting standards: Yes
  2. Other changes: None
  3. Changes in accounting estimates: None
  4. Restatements: None
- (4) Outstanding shares (common stock)
  1. Number of shares issued and outstanding (including treasury stock):
 

As of December 31, 2015	122,288,896
As of March 31, 2015	122,232,896
  2. Number of treasury stock:
 

As of December 31, 2015	313,237
As of March 31, 2015	309,664
  3. Average number of shares during the period (cumulative):
 

Nine-month period ended December 31, 2015	121,955,356
Nine-month period ended December 31, 2014	115,276,416

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 Nine-Month Period Ended December 31, 2015 (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, 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 nine-month period ended December 31, 2015 totaled ¥152,760 million (an increase of 28.5% from the same period of the prior fiscal year), operating income amounted to ¥23,778 million (an increase of 60.5% from the same period of the prior fiscal year), and ordinary income amounted to ¥24,198 million (an increase of 46.3% from the same period of the prior fiscal year).

Loss on valuation of share of subsidiaries and associates (¥1,702 million) was booked as an extraordinary loss.

These factors resulted in profit attributable to owners of parent amounted to ¥13,538 million (an increase of 24.0% from the same period of the prior fiscal year).

A discussion of results by segment for the nine-month period ended December 31, 2015 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.

During the nine-month period ended December 31, 2015, in the area of content for platforms such as smart devices and PC browser, existing games are continuing to show strong performance, coupled with successful launches of new game titles for smartphones such as *"MOBIUS FINAL FANTASY," "HOSHI NO DRAGON QUEST,"* and *"FINAL FANTASY BRAVE EXVIUS."*

Among the console game titles, *"JUST CAUSE 3"* and *"RISE OF THE TOMB RAIDER"* made a solid start. Revenues from operation and expansion disc sales of massively multiplayer online role playing games such as *"FINAL FANTASY XIV"* and *"DRAGON QUEST X"* are sustaining their strong performances.

Net sales and operating income in the Digital Entertainment segment totaled ¥110,145 million (an increase of 46.0% from the same period of the prior fiscal year) and ¥23,114 million (an increase of 64.1% 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 nine-month period ended December 31, 2015, sales of amusement machines such as *"DISSIDIA FINAL FANTASY"* have gained favorable results, and operation of the amusement facilities has been showing steady

performance through efficient store management efforts.

Net sales and operating income in the Amusement segment totaled ¥31,755 million (an increase of 1.6 % from the same period of the prior fiscal year) and ¥4,356 million (an increase of 34.0 % 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 nine-month period ended December 31, 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 ¥7,672 million (a decrease of 17.1 % from the same period of the prior fiscal year) and ¥1,913 million (a decrease of 28.6 % 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 nine-month period ended December 31, 2015, sales of character goods derived from the Group's own IPs increased, primarily thanks to the release of the first expansion disc of "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 as well as diversifying revenue opportunities through overseas expansions.

Net sales and operating income in the Merchandising segment totaled ¥3,633 million (an increase of 16.4 % from the same period of the prior fiscal year) and ¥1,192million (an increase of 12.7 % from the same period of the prior fiscal year), respectively.

## (2) Analysis of consolidated financial position

- **Assets**

As of December 31, 2015, total current assets were ¥187,797 million, an increase of ¥16,981 million compared to March 31, 2015. This was mainly due to increase in the notes and accounts receivable of ¥6,615 million and the content production account of ¥10,444 million.

As of December 31, 2015, total non-current assets were ¥37,254 million, a decrease of ¥3,868 million compared to March 31, 2015. This was mainly due to decrease in the intangible assets of ¥1,186 million and the investments and other assets of ¥2,810 million.

As a result, total assets were ¥225,051 million, an increase of ¥13,113 million compared to March 31, 2015.

- **Liabilities**

As of December 31, 2015, total current liabilities were ¥53,920 million, an increase of ¥3,989 million compared to March 31, 2015. This was mainly due to increase in the short-term loans payable of ¥3,548 million and the income

taxes payable of ¥1,717 million, while the provision for sales returns decreased by ¥745 million, and the other on current liabilities decreased by ¥801 million.

As of December 31, 2015, total non-current liabilities were ¥6,778 million, an increase of ¥86 million compared to March 31, 2015.

As a result, total liabilities were ¥60,699 million, an increase of ¥4,075 million compared to March 31, 2015.

- **Net assets**

As of December 31, 2015, net assets were ¥164,352 million, an increase of ¥9,037 million compared to March 31, 2015. This was mainly due to the profit attributable to owners of parent of ¥13,538 million, dividend payment of ¥3,658 million, and a decrease in the foreign currency translation adjustments of ¥629 million.

As a result, the consolidated equity ratio stood at 72.7% compared to 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 nine-month period ended December 31, 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 nine-month period ended December 31, 2015.

### 3. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2015

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	103,631	<b>103,414</b>
Notes and accounts receivable-trade	20,973	<b>27,589</b>
Merchandise and finished goods	1,881	<b>2,903</b>
Work in progress	4	<b>12</b>
Raw materials and supplies	314	<b>229</b>
Content production account	35,113	<b>45,558</b>
Other	9,019	<b>8,190</b>
Allowance for doubtful accounts	(122)	<b>(101)</b>
Total current assets	<u>170,815</u>	<u><b>187,797</b></u>
Non-current assets		
Property, plant and equipment	13,620	<b>13,748</b>
Intangible assets	10,192	<b>9,006</b>
Investments and other assets	17,309	<b>14,499</b>
Total non-current assets	<u>41,122</u>	<u><b>37,254</b></u>
Total assets	<u>211,938</u>	<u><b>225,051</b></u>



(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	11,820	12,708
Short-term loans payable	7,122	10,671
Income taxes payable	3,974	5,692
Provision for bonuses	1,696	1,155
Provision for sales returns	4,865	4,120
Provision for game arcade closings	379	304
Asset retirement obligations	9	7
Other	20,062	19,261
Total current liabilities	49,931	53,920
Non-current liabilities		
Provision for directors' retirement benefits	151	159
Provision for game arcade closings	423	333
Net defined benefit liability	2,200	2,240
Asset retirement obligations	953	1,030
Other	2,963	3,014
Total non-current liabilities	6,692	6,778
Total liabilities	56,623	60,699
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,680	23,742
Capital surplus	52,920	52,982
Retained earnings	79,355	89,235
Treasury stock	(876)	(886)
Total shareholders' equity	155,079	165,073
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	618	223
Foreign currency translation adjustments	(1,292)	(1,922)
Remeasurements of defined benefit plans	99	147
Total accumulated other comprehensive income	(574)	(1,550)
Subscription rights to shares	327	368
Non-controlling interests	482	462
Total net assets	155,314	164,352
Total liabilities and net assets	211,938	225,051

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

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	118,874	152,760
Cost of sales	63,658	76,692
Gross profit	55,215	76,067
Reversal of provision for sales returns	4,786	4,922
Provision for sales returns	4,402	4,151
Gross profit-net	55,599	76,838
Selling, general and administrative expenses	40,784	53,060
Operating income	14,814	23,778
Non-operating income		
Interest income	98	57
Dividend income	8	8
Subsidy income	7	419
Foreign exchange gains	1,762	—
Miscellaneous income	124	155
Total non-operating income	2,001	641
Non-operating expenses		
Interest expenses	52	47
Commission fee	39	11
Office transfer related expenses	173	44
Foreign exchange loss	—	117
Miscellaneous loss	7	0
Total non-operating expenses	273	220
Ordinary income	16,543	24,198
Extraordinary income		
Gain on sales of non-current assets	1,394	11
Gain on sales of investment securities	82	0
Gain on reversal of subscription rights to shares	7	19
Total extraordinary income	1,484	31
Extraordinary loss		
Loss on sales of non-current assets	708	43
Loss on retirement of non-current assets	194	119
Loss on liquidation of subsidiaries and affiliates	313	—
Loss on valuation of share of subsidiaries and associates	—	1,702
Other	205	51
Total extraordinary loss	1,422	1,917
Income before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	16,604	22,313
Dividends distribution from silent partnership (tokumei-kumiai)	132	—
Income before income taxes	16,472	22,313
Income taxes-current	3,573	7,973
Income taxes-deferred	1,939	796
Total income taxes	5,513	8,769
Profit	10,958	13,543
Profit attributable to non-controlling interests	41	5
Profit attributable to owners of parent	10,916	13,538

## Consolidated Statement of Comprehensive Income

*(Millions of yen)*

	Nine months ended December 31, 2014	<b>Nine months ended December 31, 2015</b>
Profit	10,958	<b>13,543</b>
Other comprehensive income		
Valuation difference on available-for-sale securities	(61)	<b>(394)</b>
Foreign currency translation adjustment	3,814	<b>(650)</b>
Remeasurements of defined benefit plans	(132)	<b>48</b>
Other comprehensive income	3,620	<b>(996)</b>
Comprehensive income	14,578	<b>12,547</b>
(Breakdown)		
Comprehensive income attributable to owners of the parent	14,446	<b>12,562</b>
Comprehensive income attributable to non-controlling interests	131	<b>(15)</b>

(3) Notes on Consolidated Financial Statements for the Nine-Month Period  
(Going concern assumptions)

None

(Material changes in shareholders' equity)

None

(Segment information)

I. Outline of reporting segments for the nine-month period ended December 31, 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		
Net sales							
(1) Sales to outside customers	75,449	31,246	9,219	2,958	118,874	—	118,874
(2) Intersegment sales	7	0	32	161	201	(201)	—
<b>Total</b>	<b>75,456</b>	<b>31,246</b>	<b>9,252</b>	<b>3,120</b>	<b>119,075</b>	<b>(201)</b>	<b>118,874</b>
Segment operating income	14,105	3,250	2,678	1,058	21,093	(6,278)	14,814

Notes: 1. Segment adjustments (¥6,278 million) include unallocated corporate operating expenses (¥6,304 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, 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		
Net sales							
(1) Sales to outside customers	110,145	31,755	7,623	3,236	152,760	—	152,760
(2) Intersegment sales	0	—	49	396	445	(445)	—
<b>Total</b>	<b>110,145</b>	<b>31,755</b>	<b>7,672</b>	<b>3,633</b>	<b>153,206</b>	<b>(445)</b>	<b>152,760</b>
Segment operating income	23,144	4,356	1,913	1,192	30,606	(6,828)	23,778

Notes: 1. Segment adjustments (¥6,828 million) include unallocated corporate operating expenses (¥6,860 million).

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