

**Consolidated Financial Results
for the Three-Month Period Ended June 30, 2017 (Japan GAAP)**

August 4, 2017

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>
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Financial report submission: August 9, 2017 (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, 2017 through June 30, 2017)

(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, 2017	57,000	11.3	12,874	43.9	13,286	106.1	8,368	56.8
June 30, 2016	51,193	21.1	8,949	13.1	6,446	(32.5)	5,336	(11.1)

Note: Three months ended June 30, 2017 Comprehensive income: 8,617 million yen [139.4%]

Three months ended June 30, 2016 Comprehensive income: 3,598 million yen [(44.5%)]

	Earnings per share, basic	Earnings per share, diluted
Three months ended	yen	yen
June 30, 2017	68.56	68.45
June 30, 2016	43.74	43.66

(2) Consolidated Financial Position

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

	Total assets	Net assets	Equity ratio	Net assets per share
As of			%	yen
June 30, 2017	245,719	185,671	75.3	1,516.13
March 31, 2017	243,859	181,904	74.4	1,485.56

Note: Total equity As of June 30, 2017: 185,067 million yen
 As of March 31, 2017: 181,322 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	yen	yen	yen	Yen
Fiscal year ended March 31, 2017	—	10.00	—	40.00	50.00
Fiscal year ending March 31, 2018	—				
Fiscal year ending March 31, 2018 (projection)		10.00	—	30.00 ~38.00	40.00 ~48.00

Note: No change in Dividend projection from previous announcement

3. Consolidated Forecasts (April 1, 2017 to March 31, 2018)

(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
Fiscal year ending	%		%		%		%		yen
March 31, 2018	240,000	(6.6)	25,000	(20.1)	25,000	(19.7)	16,500	(17.7)	137.60
	~260,000	~1.2	~30,000	~(4.1)	~30,000	~(3.6)	~19,500	~(2.7)	~162.62

Note: No change in consolidated forecasts from previous announcement.

Others

- (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: No
 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, 2017	122,383,296
As of March 31, 2017	122,373,396
 2. Number of treasury stock:

As of June 30, 2017	317,460
As of March 31, 2017	316,434
 3. Average number of shares during the period (cumulative):

Three-month period ended June 30, 2017	122,060,424
Three-month period ended June 30, 2016	122,004,595

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, 2017 (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, 2017

(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, 2017 totaled ¥57,000 million (an increase of 11.3% from the same period of the prior fiscal year), operating income amounted to ¥12,874 million (an increase of 43.9% from the same period of the prior fiscal year), ordinary income amounted to ¥13,286 million (an increase of 106.1% from the same period of the prior fiscal year), and profit attributable to owners of parent amounted to ¥8,368 million (an increase of 56.8% from the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 30, 2017 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, 2017, a decline in revenues from packaged products of new own game titles and third party software has led to a decrease of net sales, while strong download sales of previously released catalogue titles such as "NieR:Automata," have resulted in an increase of operating income in the area of console games, compared to the prior fiscal year.

In the smart devices and PC browser area, our established lineup of popular games such as "FINAL FANTASY BRAVE EXVIUS," "HOSHI NO DRAGON QUEST," "DRAGON QUEST MONSTERS SUPER LIGHT" and "KINGDOM HEARTS Union χ" is continuing to show strong performances and increased both net sales and operating profit, compared to the prior fiscal year.

In the area of massively multiplayer online role playing games, revenues from sales of the latest expansion disk of "FINAL FANTASY XIV" and increase of number of monthly subscribers boosted by the expansion resulted in an increase of net sale and operating income, compared to the prior fiscal year.

Net sales and operating income in the Digital Entertainment segment totaled ¥44,168million (an increase of 17.7% from the same period of the prior fiscal year), and ¥13,724million (an increase of 44.9% 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 three-month period ended June 30, 2017, operation of the amusement facilities has been showing steady performance while no new amusement machine was launched, which led to the decline in this segment's net sales.

Net sales and operating income in the Amusement segment totaled ¥8,988million (a decrease of 13.2% from the same

period of the prior fiscal year), and ¥659million (a decrease of 20.7% 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 strategy guides.

During the three-month period ended June 30, 2017, sales of comic books continues strong, compared to the same period of the prior fiscal year.

Net sales and operating income in the Publication segment totaled ¥2,298million (an increase of 2.0% from the same period of the prior fiscal year) and ¥563million (an increase of 6.2% 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, 2017, sales and licensing performed strongly thanks to character goods and soundtracks derived from the Group's own IPs, as well as character goods originated in renowned third-party IPs.

Net sales and operating income in the Merchandising segment totaled ¥2,159million (an increase of 52.3% from the same period of the prior fiscal year), and ¥584million (an increase of 4.2% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of June 30, 2017, total current assets were ¥209,474 million, an increase of ¥436 million compared to March 31, 2017. This was mainly due to an increase in content production account of ¥7,054 million while cash and deposits decreased by ¥5,239 million. As of June 30, 2017, total non-current assets were ¥36,244 million, an increase of ¥1,423 million compared to March 31, 2017.

As a result, total assets were ¥245,719 million, an increase of ¥1,859 million compared to March 31, 2017.

- Liabilities

As of June 30, 2017, total current liabilities were ¥52,808 million, a decrease of ¥2,636 million compared to March 31, 2017. This was mainly due to decreases in provision for bonuses of ¥1,277 million and the other on current liabilities of ¥1,880 million. As of June 30, 2017, total non-current liabilities were ¥7,239 million, an increase of ¥729 million compared to March 31, 2017.

As a result, total liabilities were ¥60,047 million, a decrease of ¥1,907 million compared to March 31, 2017.

- Net assets

As of June 30, 2017, net assets were ¥185,671 million, an increase of ¥3,767 compared to March 31, 2017. This was mainly due to profit attributable to owners of parent of ¥8,368 million and dividend payments of ¥4,882 million.

As a result, the consolidated equity ratio stood at 75.3% (74.4% as of March 31, 2017).

(3) Qualitative information on consolidated business forecasts

The business environment surrounding the Group is in the midst of major changes, where consumer needs for contents suitable to smart devices such as smartphones and tablet PCs are rapidly expanding, while the console game markets in North America and Europe are increasingly getting competitive and oligopolistic. The Group is focusing all efforts to achieve growth coupled with profits on 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. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2017

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	129,364	124,124
Notes and accounts receivable-trade	26,053	25,593
Merchandise and finished goods	2,820	4,143
Work in progress	11	238
Raw materials and supplies	302	322
Content production account	34,548	41,602
Other	16,252	13,807
Allowance for doubtful accounts	(314)	(358)
Total current assets	209,038	209,474
Non-current assets		
Property, plant and equipment	14,234	14,303
Intangible assets	4,735	4,860
Investments and other assets	15,850	17,080
Total non-current assets	34,820	36,244
Total assets	243,859	245,719

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable-trade	14,220	13,350
Short-term loans payable	8,437	8,747
Income taxes payable	1,665	2,871
Provision for bonuses	2,358	1,081
Provision for sales returns	6,197	6,084
Provision for loss on game arcade closings	64	63
Asset retirement obligations	17	7
Other	22,482	20,602
Total current liabilities	55,445	52,808
Non-current liabilities		
Provision for directors' retirement benefits	88	88
Provision for loss on game arcade closings	83	72
Net defined benefit liability	2,546	2,594
Asset retirement obligations	2,450	2,458
Other	1,340	2,024
Total non-current liabilities	6,510	7,239
Total liabilities	61,955	60,047
Net assets		
Shareholders' equity		
Capital stock	23,828	23,836
Capital surplus	53,067	53,076
Retained earnings	109,764	113,250
Treasury stock	(897)	(900)
Total shareholders' equity	185,763	189,262
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	364	425
Foreign currency translation adjustment	(4,640)	(4,459)
Remeasurements of defined benefit plans	(165)	(161)
Total accumulated other comprehensive income	(4,440)	(4,195)
Subscription rights to shares	453	472
Non-controlling interests	128	131
Total net assets	181,904	185,671
Total liabilities and net assets	243,859	245,719

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

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	51,193	57,000
Cost of sales	24,680	24,784
Gross profit	26,512	32,216
Reversal of provision for sales returns	3,204	6,156
Provision for sales returns	2,675	6,054
Gross profit-net	27,041	32,318
Selling, general and administrative expenses	18,092	19,443
Operating income	8,949	12,874
Non-operating income		
Interest income	13	13
Dividend income	0	3
Foreign exchange gains	—	276
Miscellaneous income	33	138
Total non-operating income	47	431
Non-operating expenses		
Interest expenses	17	18
Commission fee	3	1
Foreign exchange losses	2,520	—
Miscellaneous loss	9	0
Total non-operating expenses	2,550	20
Ordinary income	6,446	13,286
Extraordinary losses		
Loss on sales of non-current assets	—	2
Loss on retirement of non-current assets	20	13
Impairment loss	1	0
Loss on sales of shares of subsidiaries and associates	—	371
Other	4	—
Total extraordinary losses	26	387
Profit before income taxes	6,420	12,898
Income taxes-current	791	3,001
Income taxes-deferred	291	1,522
Total income taxes	1,082	4,523
Profit	5,337	8,375
Profit attributable to non-controlling interests	0	6
Profit attributable to owners of parent	5,336	8,368

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Profit	5,337	8,375
Other comprehensive income		
Valuation difference on available-for-sale securities	66	61
Foreign currency translation adjustment	(1,838)	177
Remeasurements of defined benefit plans	34	3
Total other comprehensive income	(1,738)	241
Comprehensive income	3,598	8,617
(Breakdown)		
Comprehensive income attributable to owners of parent	3,639	8,613
Comprehensive income attributable to non-controlling interests	(40)	3

(3) Notes to Consolidated Financial Statements

(Note regarding going concern assumptions)

None

(Material changes in shareholders' equity)

None

(Segment information)

I. Outline of reporting segments for the three-month period ended June 30, 2016

Information on sales and income by reporting segment

	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	37,541	10,351	2,242	1,057	51,193	—	51,193
(2)Intersegment sales	—	—	11	361	372	(372)	—
Total	37,541	10,351	2,253	1,418	51,565	(372)	51,193
Segment operating income	9,472	831	530	560	11,394	(2,445)	8,949

Notes: 1. Segment adjustments (¥2,445) million include unallocated corporate operating expenses (¥2,453) 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, 2017

Information on sales and income by reporting segment

	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	44,168	8,986	2,281	1,564	57,000	—	57,000
(2)Intersegment sales	0	1	17	595	615	(615)	—
Total	44,168	8,988	2,298	2,159	57,615	(615)	57,000
Segment operating income	13,724	659	563	584	15,530	(2,656)	12,874

Notes: 1. Segment adjustments (¥2,656) million include unallocated corporate operating expenses (¥2,663) million.

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