

**Consolidated Financial Results
for the Nine-Month Period Ended December 31, 2013 (Japan GAAP)**

February 5, 2014

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: February 12, 2014 (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, 2013 to December 31, 2013)

(1) Consolidated Financial Results

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
Nine months ended	%		%		%		%	
December 31, 2013	102,473	(0.3)	7,815	—	9,991	—	5,179	—
December 31, 2012	102,794	7.4	(4,853)	—	(4,201)	—	(5,745)	—

Note: Nine months ended December 31, 2013 Comprehensive income: 7,804 million yen (- %)
 Nine months ended December 31, 2012 Comprehensive income: (5,003) million yen (- %)

	Earnings (loss) per share, basic	Earnings (loss) per share, diluted
Nine months ended	yen	yen
December 31, 2013	44.96	44.90
December 31, 2012	(49.93)	—

(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, 2013	211,056	125,958	59.0	1,081.04
March 31, 2013	202,509	121,636	59.3	1,043.62

Note: Total equity As of December 31, 2013: 124,583 million yen
 As of March 31, 2013: 120,087 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2013	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2014	—	10.00	—		
Fiscal year ending March 31, 2014 (projection)				20.00	30.00

Note: No change in dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating Income		Ordinary income		Net income		Earnings per share
		%		%		%		%	Yen
Fiscal year ending March 31, 2014	140,000	(5.4)	5,000	—	5,000	—	3,500	—	30.42
	~150,000	~1.4	~9,000	—	~9,000	—	~6,000	—	~52.14

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: No
 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 December 31, 2013	115,549,896
As of March 31, 2013	115,370,596
 2. Number of treasury stock:

As of December 31, 2013	305,594
As of March 31, 2013	302,302
 3. Average number of shares during the period (cumulative):

Nine-month period ended December 31, 2013	115,186,968
Nine-month period ended December 31, 2012	115,069,184

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 consolidated 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, 2013 (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, 2013

(1) Analysis of consolidated business results

The Square Enix Group (the "Group") is continuing determined efforts, in response to changes in the business environment, to strengthen the competitiveness and profitability of its business segments, which are composed of Digital Entertainment, Amusement, Publication and Merchandising.

Net sales for the nine-month period ended December 31, 2013 totaled ¥102,473 million (a decrease of 0.3% from the same period of the prior fiscal year), operating income amounted to ¥7,815 million (operating loss of ¥4,853 million in the same period of the prior fiscal year), ordinary income amounted to ¥9,991 million (ordinary loss of ¥4,201 million in the same period of the prior fiscal year).

During the six-month period ended September 30, 2013, the compensation income (approximately ¥350 million) for the closure of an amusement facility was booked as an extraordinary gain, and a loss on evaluation of content (approximately ¥1.7 billion) was booked as an extraordinary loss as a result of a comprehensive review on work-in-progress game titles.

These factors resulted in net income for the nine-month period ended December 31, 2013 amounted to ¥5,179 million (net loss of ¥5,745 million in the same period of the prior fiscal year).

A discussion of results by segment for the nine-month period ended December 31, 2013 follows.

- Digital Entertainment

The Digital Entertainment segment plans, develops, distributes and operates digital entertainment content primarily in the form of game. Digital entertainment content is offered to accommodate customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and smartphones.

During the nine-month period ended December 31, 2013, revenues from distribution of console game titles in North America were strong. Software sales and operation of "FINAL FANTASY XIV: A REALM REBORN," a massively multiplayer online role playing game released in August 2013, have been making favorable progress.

Content for platforms such as smart devices and PC browser has continued to build upon its already solid growth. Among other titles, "SENGOKU IXA," a PC browser game, has been showing steady performance, and "Kaku-San-Sei Million Arthur," a game for smartphones, has become an instant hit in Taiwan and mainland China, following Korea, while its platform has expanded to include the PlayStation Vita.

Net sales and operating income in the Digital Entertainment segment totaled ¥56,552 million (a decrease of 2.2% from the same period of the prior fiscal year) and ¥6,796 million (operating loss of ¥392 million in the same period of the prior fiscal year), respectively.

- Amusement

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

During the nine-month period ended December 31, 2013, sales of amusement machines such as "LORD of VERMILION III" and "GROOVE COASTER Arcade Edition" were strong, and the 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 ¥36,163 million (an increase of 7.0% from the same period of the prior fiscal year) and ¥4,388 million (operating loss of ¥316 million in the same period of the prior fiscal year), respectively.

- Publication

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

During the nine-month period ended December 31, 2013, sales of comics decreased compared to the same period of the prior fiscal year primarily due to the decrease of some popular comic title's new publications.

Net sales and operating income in the Publication segment totaled ¥7,549 million (a decrease of 13.9% from the same period of the prior fiscal year) and ¥1,665 million (a decrease of 18.5% from the same period of the prior fiscal year), respectively.

- Merchandising

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

During the nine-month period ended December 31, 2013, the Group continued to distribute and license items such as character goods and soundtracks based on the Group's own IPs while also strengthening its character goods lineup with additional products based on third party content and overseas expansions.

Net sales and operating income in the Merchandising segment totaled ¥2,682 million (an increase of 10.7% from the same period of the prior fiscal year) and ¥642 million (an increase of 70.4% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of December 31, 2013, total current assets were ¥166,008 million, an increase of ¥6,972 million compared to March 31, 2013. This was mainly due to an increase in cash and deposits of ¥1,882 million, and an increase in the content production account of ¥11,043 million, while notes and accounts receivable-trade decreased by ¥7,253 million. As of December 31, 2013, total non-current assets were ¥45,047 million, an increase of ¥1,574 million compared to March 31, 2013.

As a result, total assets were ¥211,056 million, an increase of ¥8,547 million compared to March 31, 2013.

- Liabilities

As of December 31, 2013, total current liabilities were ¥41,200 million, an increase of ¥ 3,785 million compared to March 31, 2013. This was mainly due to an increase in notes and accounts payable-trade of ¥1,476 million, and an increase in other current liabilities of ¥2,301 million. As of December 31, 2013, total non-current liabilities were ¥43,897 million, an increase of ¥440 million compared to March 31, 2013.

As a result, total liabilities were ¥85,097 million, an increase of ¥4,225 million compared to March 31, 2013.

- Net assets

As of December 31, 2013, net assets were ¥125,958 million, an increase of ¥4,321 million compared to March 31, 2013. This was mainly due to net income of ¥5,179 million, dividend payments of ¥3,453 million, and an increase in foreign currency translation adjustments of ¥2,239 million.

As a result, the consolidated equity ratio stood at 59.0% (59.3% as of March 31, 2013).

(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 competitive and concentrative. In light of such environmental changes, the Group is focusing all efforts on reestablishment of revenue bases for a substantial earnings improvement through reforms of its business structure and organizations.

Given the environmental changes described above, it is expected that the consolidated forecasts for financial results will fluctuate ever-larger. The Group, therefore, started to make consolidated forecasts in a range of forecasted figures in lieu of specific figures from the fiscal year ending March 31, 2014.

2. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2013

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	100,418	102,300
Notes and accounts receivable-trade	30,226	22,973
Merchandise and finished goods	2,376	2,511
Work in progress	47	67
Raw materials and supplies	357	466
Content production account	15,805	26,848
Other	9,941	11,025
Allowance for doubtful accounts	(136)	(185)
Total current assets	<u>159,035</u>	<u>166,008</u>
Non-current assets		
Property and equipment	20,169	19,927
Intangible assets	10,940	12,189
Investments and other assets	12,363	12,930
Total non-current assets	<u>43,473</u>	<u>45,047</u>
Total assets	<u>202,509</u>	<u>211,056</u>

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	8,653	10,130
Short-term loans payable	5,726	6,950
Income taxes payable	1,499	1,587
Provision for bonuses	966	673
Provision for sales returns	4,319	3,418
Provision for game arcade closings	256	147
Asset retirement obligations	3	1
Other	15,989	18,290
Total current liabilities	37,414	41,200
Non-current liabilities		
Bonds payable	35,000	35,000
Provision for retirement benefits	4,714	4,824
Provision for directors' retirement benefits	244	192
Provision for game arcade closings	468	470
Asset retirement obligations	800	809
Other	2,229	2,600
Total non-current liabilities	43,457	43,897
Total liabilities	80,872	85,097
Net assets		
Shareholders' equity		
Capital stock	15,204	15,338
Capital surplus	44,444	44,578
Retained earnings	68,153	69,879
Treasury stock	(862)	(867)
Total shareholders' equity	126,940	128,929
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	57	325
Foreign currency translation adjustments	(6,911)	(4,671)
Total accumulated other comprehensive income	(6,853)	(4,346)
Subscription rights to shares	652	358
Minority interests	897	1,015
Total net assets	121,636	125,958
Total liabilities and net assets	202,509	211,056

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

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Net sales	102,794	102,473
Cost of sales	66,359	59,754
Gross profit	36,435	42,718
Reversal of provision for sales returns	1,516	4,618
Provision for sales returns	3,639	3,213
Gross profit-net	34,312	44,123
Selling, general and administrative expenses	39,165	36,308
Operating income (loss)	(4,853)	7,815
Non-operating income		
Interest income	72	82
Dividends received	6	5
Foreign exchange gains	620	2,072
Miscellaneous income	70	126
Total non-operating income	770	2,288
Non-operating expenses		
Interest expenses	77	68
Commission fee	39	39
Miscellaneous loss	2	3
Total non-operating expenses	118	111
Ordinary income (loss)	(4,201)	9,991
Extraordinary income		
Gain on sales of investment securities	—	24
Gain on reversal of subscription rights to shares	442	33
Compensation income	—	351
Other	13	2
Total extraordinary income	445	411
Extraordinary loss		
Loss on retirement of non-current assets	145	85
Loss on liquidation of business	791	—
Loss on disposal of business	532	—
Loss on evaluation of content	—	1,690
Other	121	93
Total extraordinary loss	1,590	1,869
Income (loss) before income dividends distribution from silent partnership, income taxes (tokumei-kumiai)	(5,336)	8,534
Dividends distribution from silent partnership (tokumei-kumiai)	0	13
Income (loss) before income taxes	(5,337)	8,521
Income taxes-current	232	1,193
Income taxes-deferred	161	2,137
Total income taxes	394	3,331
Income (loss) before minority interests	(5,731)	5,190
Minority interests in income	13	11
Net income (loss)	(5,745)	5,179

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2012	Nine months ended December 31, 2013
Income (loss) before minority interests	(5,731)	5,190
Other comprehensive income		
Valuation difference on available-for-sale securities	(100)	267
Foreign currency translation adjustment	829	2,347
Other comprehensive income	728	2,614
Comprehensive income	(5,003)	7,804
(Breakdown)		
Comprehensive income attributable to owners of the parent	(5,045)	7,686
Comprehensive income attributable to minority interests	42	118

(3) Note regarding going concern assumptions

None

(4) Material changes in shareholders' equity

None

(5) Segment information

I. Outline of reporting segments for the nine-month period ended December 31, 2012

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	57,827	33,790	8,767	2,408	102,794	—	102,794
(2) Intersegment sales	—	—	0	14	14	(14)	—
Total	57,827	33,790	8,767	2,423	102,809	(14)	102,794
Segment operating income(loss)	(392)	(316)	2,042	376	1,710	(6,563)	(4,853)

Notes: 1. Segment adjustments (¥6,563 million) include unallocated corporate operating expenses (¥6,593 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, 2013

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	56,545	36,163	7,351	2,411	102,473	—	102,473
(2) Intersegment sales	6	—	197	270	474	(474)	—
Total	56,552	36,163	7,549	2,682	102,947	(474)	102,473
Segment operating income	6,796	4,388	1,665	642	13,492	(5,677)	7,815

Notes: 1. Segment adjustments (¥5,677 million) include unallocated corporate operating expenses (¥5,702 million).

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