

**Consolidated Financial Results
for the Nine-Month Period Ended December 31, 2014 (Japan GAAP)**

February 4, 2015

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 10, 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, 2014 through December 31, 2014)

(1) Consolidated Financial Results

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

	Net sales		Operating income		Ordinary income		Net income	
Nine months ended	%		%		%		%	
December 31, 2014	118,874	16.0	14,814	89.6	16,543	65.6	10,916	110.8
December 31, 2013	102,473	(0.3)	7,815	—	9,991	—	5,179	—

Note: Nine months ended December 31, 2014 Comprehensive income: 14,578 million yen (86.8 %)
 Nine months ended December 31, 2013 Comprehensive income: 7,804 million yen (— %)

	Earnings per share, basic	Earnings per share, diluted
Nine months ended	Yen	Yen
December 31, 2014	94.70	94.55
December 31, 2013	44.96	44.90

(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, 2014	229,014	139,928	60.7	1,205.89
March 31, 2014	216,617	127,676	58.3	1,095.78

Note: Total equity As of December 31, 2014: 139,032 million yen
 As of March 31, 2014: 126,309 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	—	10.00	—	20.00	30.00
Fiscal year ending March 31, 2015	—	10.00	—		
Fiscal year ending March 31, 2015 (projection)				20.00	30.00

Note: No change in dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2014 through March 31, 2015)

(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, 2015	150,000	(3.2)	11,000	4.3	11,000	(12.2)	7,000	6.1	60.73
	~160,000	~ 3.2	~16,000	~51.8	~16,000	~27.6	~10,500	~59.1	~91.09

Note: No change in consolidated forecasts from previous announcement.

4. Notes

- (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 December 31, 2014	115,602,996
As of March 31, 2014	115,575,696
 2. Number of treasury stock:

As of December 31, 2014	308,911
As of March 31, 2014	306,762
 3. Average number of shares during the period (cumulative):

Nine-month period ended December 31, 2014	115,276,416
Nine-month period ended December 31, 2013	115,186,968

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, 2014 (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, 2014

(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, 2014 totaled ¥118,874 million (an increase of 16.0% from the same period of the prior fiscal year), operating income amounted to ¥14,814 million (an increase of 89.6% from the same period of the prior fiscal year), and ordinary income amounted to ¥16,543 million (an increase of 65.6% from the same period of the prior fiscal year).

The Group booked gain on sales of noncurrent assets as an extraordinary profit (¥1,394million), and loss on sales of noncurrent assets as an extraordinary loss (¥708million), both of which were due to multiple real estate sales.

These factors resulted in net income of ¥10,916 million (an increase of 110.8 % from the same period of the prior fiscal year).

A discussion of results by segment for the nine-month period ended December 31, 2014 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, 2014, in the area of content for platforms such as smart devices and PC browser, "SENGOKU IXA," a browser game and "DRAGON QUEST MONSTERS SUPER LIGHT," a game for smartphones continued to show strong performance. "SCHOOLGIRL STRIKERS," "FINAL FANTASY RECORD KEEPER," and "Kai-ri-Sei Million Arthur," games for smartphones newly released during the nine-month period ended December 31, 2014 have been showing strong performance as well.

Among the console game titles, sales of new titles such as "KINGDOM HEARTS HD 2.5 ReMIX," increased in comparison with the same period of the prior fiscal year, and repeat sales of titles released in the last fiscal year were strong. Massively multiplayer online role playing games such as "FINAL FANTASY XIV" and "DRAGON QUEST X" have been making favorable progress.

Net sales and operating income in the Digital Entertainment segment totaled ¥75,456 million (an increase of 33.4% from the same period of the prior fiscal year) and ¥14,105 million (an increase of 107.6% from 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, 2014, sales of amusement machines decreased, and the operation of the amusement facilities has been showing steady performance through efficient store management efforts, despite an adverse effect of the increased consumption tax rate.

Net sales and operating income in the Amusement segment totaled ¥31,246 million (a decrease of 13.6 % from the same period of the prior fiscal year) and ¥3,250 million (a decrease of 25.9 % 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, 2014, sales of comics have showed steady growth as the result of media-mix deployment such as TV animation programs originated in comic titles.

Net sales and operating income in the Publication segment totaled ¥9,252 million (an increase of 22.6 % from the same period of the prior fiscal year) and ¥2,678 million (an increase of 60.8 % 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 nine-month period ended December 31, 2014, the Group continued to distribute and license items such as character goods and soundtrack CDs 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 ¥3,120 million (an increase of 16.3 % from the same period of the prior fiscal year) and ¥ 1,058million (an increase of 64.8 % from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- **Assets**

As of December 31, 2014, total current assets were 187,973 million, an increase of ¥14,368 million compared to March 31, 2014. This was mainly due to increases in cash and deposits of ¥1,882 million, and in the content production account of ¥16,508 million, while the other on current assets decreased by ¥4,446 million.

As of December 31, 2014, total non-current assets were ¥41,040 million, a decrease of ¥1,971 million compared to March 31, 2014. This was mainly due to an increase in investments and other assets of ¥2,862 million, while property, plant and equipment decreased by ¥4,969 million.

As a result, total assets were ¥229,014 million, an increase of ¥12,397 million compared to March 31, 2014.

- **Liabilities**

As of December 31, 2014, total current liabilities were ¥82,600 million, an increase of ¥2,092 million compared to

March 31, 2014. This was mainly due to an increase in the other on current liabilities of ¥3,727 million, while notes and accounts payable-trade decreased by ¥966 million, and provision for bonuses decreased by ¥1,188 million.

As of December 31, 2014, total non-current liabilities were ¥6,484 million, a decrease of ¥1,947 million compared to March 31, 2014.

As a result, total liabilities were ¥89,085 million, an increase of ¥144 million compared to March 31, 2014.

- **Net assets**

As of December 31, 2014, net assets were ¥139,928 million, an increase of ¥12,252 million compared to March 31, 2014. This was mainly due to net income of ¥10,916 million, dividend payments of ¥3,458 million, an increase in foreign currency translation adjustments of ¥3,724 million, and an increase in retained earnings of ¥1,683 million by the adaptation of ASBJ Statement No. 26 Accounting Standard for Retirement Benefits and its Implementation Guidance - ASBJ Guidance No. 25 Guidance on Accounting Standard for Retirement Benefits.

As a result, the consolidated equity ratio stood at 60.7% compared to 58.3% as of March 31, 2014.

(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 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 first quarter of the fiscal year ending March 31, 2015, the Group has adopted Article 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26 of May 17, 2012; the "Accounting Standard for Retirement Benefits") and Article 67 of "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25 of May 17, 2012; the "Guidance on Retirement Benefits"). Therefore, the Group has changed the calculation methods for retirement benefit obligations and current service costs, and has changed the method of attributing estimated retirement benefits to periods from the straight-line basis to the benefit formula basis. In addition, the Group has changed the method of determining the discount rate from using the bond rate determined by reference to the terms closely related to average remaining working lives of the employees, to using a single weighted average discount rate that reflects the estimated timing and amount of benefit payments.

With regard to the application of the Accounting Standard for Retirement Benefits, in accordance with the transitional accounting treatments as stated in Article 37 of the Accounting Standard for Retirement Benefits, the Group has reflected the effect of changing the determination of retirement benefit obligations and current service costs in retained earnings at the beginning of the nine-month period ended December 31, 2014.

As a result, net defined benefit liability has decreased by ¥1,811 million for the beginning of the nine-month period ended December 31, 2014, while retained earnings have increased by ¥1,683 million. Operating income, ordinary income and income before income taxes and minority interests have had minimal impact for the nine-month period ended December 31, 2014.

3. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2014

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	115,367	117,249
Notes and accounts receivable-trade	22,110	22,753
Merchandise and finished goods	2,013	2,574
Work in progress	700	5
Raw materials and supplies	433	336
Content production account	20,556	37,065
Other	12,573	8,127
Allowance for doubtful accounts	(151)	(138)
Total current assets	<u>173,604</u>	<u>187,973</u>
Non-current assets		
Property, plant and equipment	19,917	14,947
Intangible assets	10,835	10,971
Investments and other assets	12,259	15,122
Total non-current assets	<u>43,012</u>	<u>41,040</u>
Total assets	<u>216,617</u>	<u>229,014</u>

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	11,563	10,597
Short-term loans payable	6,852	7,481
Current portion of bonds	35,000	35,000
Income taxes payable	2,980	2,769
Provision for bonuses	1,771	583
Provision for sales returns	4,609	4,805
Provision for game arcade closings	251	160
Asset retirement obligations	3	0
Other	17,475	21,203
Total current liabilities	80,508	82,600
Non-current liabilities		
Provision for directors' retirement benefits	178	148
Provision for game arcade closings	383	299
Net defined benefit liability	4,425	2,225
Asset retirement obligations	807	960
Other	2,636	2,850
Total non-current liabilities	8,432	6,484
Total liabilities	88,940	89,085
Net assets		
Shareholders' equity		
Capital stock	15,368	15,395
Capital surplus	44,607	44,635
Retained earnings	71,298	80,440
Treasury stock	(870)	(874)
Total shareholders' equity	130,404	139,597
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	253	191
Foreign currency translation adjustment	(4,780)	(1,056)
Remeasurements of defined benefit plans	432	299
Total accumulated other comprehensive income	(4,095)	(564)
Subscription rights to shares	348	368
Minority interests	1,018	527
Total net assets	127,676	139,928
Total liabilities and net assets	216,617	229,014

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

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	102,473	118,874
Cost of sales	59,754	63,658
Gross profit	42,718	55,215
Reversal of provision for sales returns	4,618	4,786
Provision for sales returns	3,213	4,402
Gross profit-net	44,123	55,599
Selling, general and administrative expenses	36,308	40,784
Operating income	7,815	14,814
Non-operating income		
Interest income	82	98
Dividends income	5	8
Foreign exchange gains	2,072	1,762
Miscellaneous income	126	132
Total non-operating income	2,288	2,001
Non-operating expenses		
Interest expenses	68	52
Commission fee	39	39
Office transfer related expenses	—	173
Miscellaneous loss	3	7
Total non-operating expenses	111	273
Ordinary income	9,991	16,543
Extraordinary income		
Gain on sales of noncurrent assets	2	1,394
Gain on sales of investment securities	24	82
Gain on reversal of subscription rights to shares	33	7
Compensation income	351	—
Total extraordinary income	411	1,484
Extraordinary loss		
Loss on sales of noncurrent assets	7	708
Loss on retirement of non-current assets	85	194
Loss on evaluation of content	1,690	—
Loss on liquidation of subsidiaries and affiliates	—	313
Other	85	205
Total extraordinary loss	1,869	1,422
Income before dividends distribution from silent Partnership, income taxes (tokumei-kumiai)	8,534	16,604
Dividends distribution from silent partnership (tokumei-kumiai)	13	132
Income before income taxes	8,521	16,472
Income taxes-current	1,193	3,573
Income taxes-deferred	2,137	1,939
Total income taxes	3,331	5,513
Income before minority interests	5,190	10,958
Minority interests in income	11	41
Net income	5,179	10,916

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	5,190	10,958
Other comprehensive income		
Valuation difference on available-for-sale securities	267	(61)
Foreign currency translation adjustment	2,347	3,814
Remeasurements of defined benefit plans	—	(132)
Other comprehensive income	2,614	3,620
Comprehensive income	7,804	14,578
(Breakdown)		
Comprehensive income attributable to owners of the parent	7,686	14,446
Comprehensive income attributable to minority interests	118	131

(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, 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.

II. 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)	—
Total	75,456	31,246	9,252	3,120	119,075	(201)	118,874
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.

(6) Significant subsequent events

(Capital increase by exercise of conversion)

The conversion rights associated with the Euro Yen Zero Coupon Convertible Bonds due 2015 issued on February 4, 2010 by Square Enix Holdings Co., Ltd. (the "Bonds") have been exercised on January 19, 2015 through January 20, 2015. The outline is as follows.

(1) Issued class and number of shares	6,615,200 shares of common stock
(2) Increased capital stock	8,269 million yen
(3) Increased legal capital surplus	8,269 million yen

As of January 31, 2015, number of shares (common stock) issued and outstanding, amount of capital stock and amount of legal capital surplus stood as follows.

(1) Number of shares (common stock) issued and outstanding	122,218,196
(2) Amount of capital stock	23,664 million yen
(3) Amount of legal capital surplus	52,899 million yen

(Redemption of the Euro Yen Zero Coupon Convertible Bonds due 2015)

The Bonds have been fully redeemed as follows.

(1) Date to redeem	February 4, 2015	
(2) Reason to redeem	expiration of term	
(3) Substance of redemption	face value of the Bonds to redeem	18,462 million yen
	Redemptions funds	cash on hand