



Consolidated Financial Results  
for the Nine-Month Period Ended December 31, 2022 (Japan GAAP)

February 3, 2023

Company name: SQUARE ENIX HOLDINGS CO., LTD.  
Shares traded: Tokyo Stock Exchange, Prime Market  
Company code: 9684  
Company URL: <https://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 8, 2023 (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, 2022 through December 31, 2022)

(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, 2022	255,616	(6.6)	41,315	(17.6)	50,805	(6.7)	46,397	16.4
December 31, 2021	273,627	7.9	50,138	22.2	54,441	40.7	39,844	116.9

Note: Nine months ended December 31, 2022 Comprehensive income: 44,847 million yen [12.7%]

Nine months ended December 31, 2021 Comprehensive income: 39,794 million yen [112.0%]

	Earnings per share, basic	Earnings per share, diluted
Nine months ended	yen	yen
December 31, 2022	387.71	387.05
December 31, 2021	333.44	332.73

(2) Consolidated Financial Position

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

	Total assets	Net assets	Equity ratio
As of			%
December 31, 2022	399,847	314,404	78.4
March 31, 2022	380,902	284,429	74.4

Note: Total equity As of December 31, 2022: 313,435 million yen  
As of March 31, 2022: 283,519 million yen

## 2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
	yen	yen	yen	yen	yen
Fiscal year ended March 31, 2022	—	10.00	—	119.00	129.00
Fiscal year ending March 31, 2023	—	10.00	—		
Fiscal year ending March 31, 2023 (projection)				—	—

Note: No change in Dividends projection from the previous announcement.

## 3. Consolidated Forecasts (April 1, 2022 to March 31, 2023)

The Company refrains at this time from disclosing consolidated financial forecasts for the fiscal year through March 31, 2023. For details, please refer to page 4 “1. Consolidated Results for the Nine-Month Period Ended December 31, 2022 (3) Qualitative information on consolidated business forecasts.”

### Notes

- (1) Significant changes among major subsidiaries during the period: Yes  
Eliminated: CRYSTAL DYNAMICS, INC.
- (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: Yes
  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 December 31, 2022	122,531,596
As of March 31, 2022	122,531,596
  2. Number of treasury stock:
 

As of December 31, 2022	2,814,988
As of March 31, 2022	2,927,230
  3. Average number of shares during the period (cumulative):
 

Nine-Month period ended December 31, 2022	119,671,206
Nine-Month period ended December 31, 2021	119,493,845

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) This earnings release is not subject to review procedures for quarterly financial statements. (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, 2022 (3) Qualitative information on consolidated business forecasts” section on page 4 of Supplemental Information.

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## 1. Consolidated Results for the Nine-Month Period Ended December 31, 2022

### (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, 2022 totaled ¥255,616 million (a decrease of 6.6% from the same period of the prior fiscal year), operating income amounted to ¥41,315 million (a decrease of 17.6% from the same period of the prior fiscal year). In foreign exchange rates, the weakness of Japanese yen compared to rates as of the end of the prior fiscal year resulted in the booking of a foreign exchange gain amounting to ¥10,087 million, which contributed to ordinary income of ¥50,805 million (a decrease of 6.7% from the same period of the prior fiscal year). In addition, the Group concluded a contract to divest select overseas studios and intellectual property through the transfer of shares, producing a gain of ¥9,500 million on the gain on sale of shares of subsidiaries and associates. This contributed to a profit attributable to owners of parent amounted to ¥46,397 million (an increase of 16.4% from the same period of the prior fiscal year).

A discussion of results by segment for the Nine-Month period ended December 31, 2022 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.

At the HD (High-Definition) Game sub-segment, the nine-month period ended December 31, 2022 saw the release of such titles as "CRISIS CORE -FINAL FANTASY VII- REUNION," "DRAGON QUEST TREASURES," and "Dragon Quest X." However, because new titles generated fewer earnings than in the previous year, which had seen the launch of "OUTRIDERS," "NieR Replicant ver. 1.22474487139...", and "Marvel's Guardians of the Galaxy," the sub-segment's net sales declined versus the same period of the previous fiscal year.

Net sales declined versus the same period of the previous fiscal year in the MMO (Massively Multiplayer Online) Game sub-segment as no expansion pack was launched for "FINAL FANTASY XIV."

The Games for Smart Devices/PC Browser sub-segment saw a decline in net sales versus the same period of the previous fiscal year because of weak performances by existing titles.

Net sales and operating income in the Digital Entertainment segment totaled ¥184,380 million (a decrease of 12.9% from the same period of the prior fiscal year), and ¥38,735 million (a decrease of 21.6% 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.

Same-store sales were up sharply from the previous year, resulting in year-on-year growth in both net sales and operating income for the nine-month period ended December 31, 2022.

Net sales and operating income in the Amusement segment totaled ¥40,883 million (an increase of 23.3% from the same period of the prior fiscal year), and ¥4,100 million (an increase of 206.5% 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-related books.

Sales of both digital and print media were solid in the nine-month period ended December 31, 2022, but higher prices on printing paper on other inputs led to higher costs. This, combined with other factors such as increased advertising expenses, led to a year-on-year decline in operating income.

Net sales and operating income in the Publication segment totaled ¥21,071 million (an increase of 0.0% from the same period of the prior fiscal year) and ¥8,360 million (a decrease of 6.1% 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.

The nine-month period ended December 31, 2022 saw brisk sales of products including new character merchandise based on major intellectual properties. However, while net sales rose versus the same period of the previous fiscal year, operating income declined, because of changes in the sales mix by product.

Net sales and operating income in the Merchandising segment totaled ¥11,905 million (an increase of 13.8% from the same period of the prior fiscal year), and ¥2,899 million (a decrease of 8.5% from the same period of the prior fiscal year), respectively.

### (2) Analysis of consolidated financial position

#### ●Assets

As of December 31, 2022, total current assets were ¥346,111 million, an increase of ¥23,656 million compared to March 31, 2022. This was mainly due to increases in cash and deposits of ¥12,913 million, content production account of ¥4,526 million and the other on current assets of ¥2,744 million. As of December 31, 2022, total non-current assets were ¥53,735 million, a decrease of ¥4,711 million compared to March 31, 2022.

As a result, total assets were ¥399,847 million, an increase of ¥18,944 million compared to March 31, 2022.

#### ●Liabilities

As of December 31, 2022, total current liabilities were ¥75,082 million, a decrease of ¥8,717 million compared to March 31, 2022. This was mainly due to decreases in income taxes payable of ¥3,965 million and provision for bonuses of ¥3,513 million. As of December 31, 2022, total non-current liabilities were ¥10,359 million, a decrease of ¥2,312 million compared to March 31, 2022.

As a result, total liabilities were ¥85,442 million, a decrease of ¥11,030 million compared to March 31, 2022.

#### ●Net assets

As of December 31, 2022, net assets were ¥314,404 million, an increase of ¥29,974 million compared to March 31, 2022. This was mainly due to profit attributable to owners of parent of ¥46,397 million and dividend payments of ¥15,430 million.

As a result, the consolidated equity ratio stood at 78.4% (74.4% as of March 31, 2022).

### (3) Qualitative information on consolidated business forecasts

As a result of digitization and other technological advances, consumer game content is increasingly sold via downloads rather than physical packages. Monetization methods such as free-to-play, microtransactions, and subscriptions have also given rise to a greater diversity of business models outside the confines of traditional one-off sales. As such, the consumer game market continues to grow.

In the market for games for smart devices, increasingly sophisticated smartphones are making customers demand even richer gaming experiences and enabling greater diversity in game design and business models. Led by the Western and Asian regions, the size of the market also continues to expand globally. Meanwhile, a familiar list of titles continues to dominate the upper end of the smart device game rankings in Japan, and the increased presence of Asian players in the Japanese market has intensified competition, reducing the odds of new titles succeeding.

By developing content and diversifying earnings opportunities in line with this changing environment, the Group is working to establish an earnings platform with the goal of enabling sustained growth in sales and profits.

As stated in the Company's Consolidated Financial Results for the Six-Month Period Ended September 30, 2022, the Company is refraining from disclosing consolidated financial forecasts for the fiscal year through March 31, 2023 as it has determined that formulating reasonable calculations would be difficult.

## 2. Consolidated Financial Statements for the Nine-Month Period Ended December 31, 2022

### (1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	163,088	176,002
Notes and accounts receivable-trade	44,968	46,908
Merchandise and finished goods	4,687	5,995
Work in progress	18	—
Raw materials and supplies	485	736
Content production account	96,765	101,292
Other	12,711	15,455
Allowance for doubtful accounts	(268)	(279)
Total current assets	322,455	346,111
Non-current assets		
Property, plant and equipment	19,814	17,249
Intangible assets	7,375	5,860
Investments and other assets	31,257	30,626
Total non-current assets	58,447	53,735
Total assets	380,902	399,847

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	27,598	27,156
Income taxes payable	8,442	4,477
Provision for bonuses	6,539	3,026
Refund liabilities	5,616	5,515
Other	35,602	34,906
Total current liabilities	83,800	75,082
Non-current liabilities		
Provision for directors' retirement benefits	17	7
Net defined benefit liability	3,842	4,032
Asset retirement obligations	3,842	3,835
Other	4,969	2,484
Total non-current liabilities	12,672	10,359
Total liabilities	96,472	85,442
Net assets		
Shareholders' equity		
Capital stock	24,039	24,039
Capital surplus	53,880	54,080
Retained earnings	221,316	252,284
Treasury stock	(8,964)	(8,623)
Total shareholders' equity	290,272	321,780
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(24)	55
Foreign currency translation adjustment	(6,844)	(8,527)
Remeasurements of defined benefit plans	116	126
Total accumulated other comprehensive income	(6,752)	(8,345)
Subscription rights to shares	718	736
Non-controlling interests	191	232
Total net assets	284,429	314,404
Total liabilities and net assets	380,902	399,847



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

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	273,627	255,616
Cost of sales	122,877	116,682
Gross profit	150,749	138,933
Selling, general and administrative expenses	100,610	97,618
Operating income	50,138	41,315
Non-operating income		
Interest income	49	388
Dividend income	0	0
Foreign exchange gains	3,095	10,087
Gain on investments in securities	665	570
Gain on sale of crypto assets	567	838
Revenue from business held for sale	—	3,805
Miscellaneous income	54	90
Total non-operating income	4,433	15,782
Non-operating expenses		
Interest expenses	120	64
Commission fee	5	1,031
Expenses from business held for sale	—	5,195
Miscellaneous loss	4	1
Total non-operating expenses	130	6,292
Ordinary income	54,441	50,805
Extraordinary income		
Gain on sales of non-current assets	6	831
Gain on sales of registered trademarks	—	684
Subsidy income related to COVID-19	185	11
Gain on sale of shares of subsidiaries and associates	348	9,500
Other	47	4
Total extraordinary income	588	11,031
Extraordinary losses		
Loss on sales of non-current assets	0	—
Loss on retirement of non-current assets	39	36
Impairment loss	8	1
Loss on temporary closure	296	—
Loss on disposal of content	—	2,116
Other	7	137
Total extraordinary losses	351	2,291
Profit before income taxes	54,678	59,544
Income taxes-current	15,060	11,905
Income taxes-deferred	(239)	1,225
Total income taxes	14,821	13,130
Profit	39,857	46,414
Profit attributable to non-controlling interests	13	16
Profit attributable to owners of parent	39,844	46,397

## Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	39,857	46,414
Other comprehensive income		
Valuation difference on available-for-sale securities	(100)	80
Foreign currency translation adjustment	95	(1,657)
Remeasurements of defined benefit plans	(58)	10
Total other comprehensive income	(63)	(1,567)
Comprehensive income	39,794	44,847
(Breakdown)		
Comprehensive income attributable to owners of parent	39,767	44,805
Comprehensive income attributable to non-controlling interests	27	41

(3) Notes to Consolidated Financial Statements  
(Note regarding going concern assumptions)  
None

(Material changes in shareholders' equity)  
None

(Changes in accounting policies)  
(Application of Application Guidelines for Accounting Standards related to the Calculation of Market Value)

The Company has applied the Application Guidelines for Accounting Standards related to the Calculation of Market Value (Corporate Accounting Standard Application Guideline No. 31 of June 17, 2021; "Application Guidelines for Market Value Standards") since the start of the three-month period ended June 30, 2022. In keeping with the transitional treatment described in Paragraph 27-2 of the Application Guidelines for Market Value Standards, the Company will continue to apply new accounting practices set forth under the Application Guidelines for Market Value Standards. As a result, there is no impact to the consolidated financial statements for the nine month period ended December 31, 2022.

(Additional information)  
(Application of the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System)

The Company and its domestic consolidated subsidiaries have transitioned from the consolidated tax payment system to the group tax sharing system from the three-month period ended June 30, 2022. As a result, the Company's accounting for and disclosure of corporate tax, local corporation tax, and tax effects is in compliance with the Practical Solution on Accounting and Disclosure under the Group Tax Sharing System (Practical Solution No. 42 of August 12, 2021). Also, based on Paragraph 32-1 of Practical Solution No. 42, the Company deems that changes in accounting practices associated with the application of Practical Solution No. 42 have had no impact on its consolidated financial results.

(Segment information)

I. Outline of reporting segments for the Nine-Month period ended December 31, 2021

Information on sales and income or loss and disaggregated revenue disclosures 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							
Domestic	110,415	31,508	20,186	4,850	166,962	—	166,962
Overseas	101,225	123	723	4,592	106,664	—	106,664
Revenue from contracts with customers	211,641	31,632	20,909	9,443	273,627	—	273,627
Other revenue	—	—	—	—	—	—	—
(1) Sales to outside customers	211,641	31,632	20,909	9,443	273,627	—	273,627
(2) Intersegment sales	21	1,523	155	1,021	2,722	(2,722)	—
Total	211,662	33,155	21,065	10,465	276,349	(2,722)	273,627
Segment operating income	49,425	1,337	8,906	3,169	62,838	(12,699)	50,138

Notes: 1. Segment adjustments (¥12,699) million include unallocated corporate operating expenses (¥12,947) million.

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

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.

II. Outline of reporting segments for the Nine-Month period ended December 31, 2022

Information on sales and income or loss and disaggregated revenue disclosures 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							
Domestic	104,839	38,580	19,471	5,536	168,426	—	168,426
Overseas	79,518	738	1,461	5,471	87,189	—	87,189
Revenue from contracts with customers	184,358	39,318	20,932	11,007	255,616	—	255,616
Other revenue	—	—	—	—	—	—	—
(1) Sales to outside customers	184,358	39,318	20,932	11,007	255,616	—	255,616
(2) Intersegment sales	21	1,564	138	897	2,623	(2,623)	—
Total	184,380	40,883	21,071	11,905	258,239	(2,623)	255,616
Segment operating income	38,735	4,100	8,360	2,899	54,096	(12,780)	41,315

Notes: 1. Segment adjustments (¥12,780) million include unallocated corporate operating expenses (¥12,917) million.

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

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.