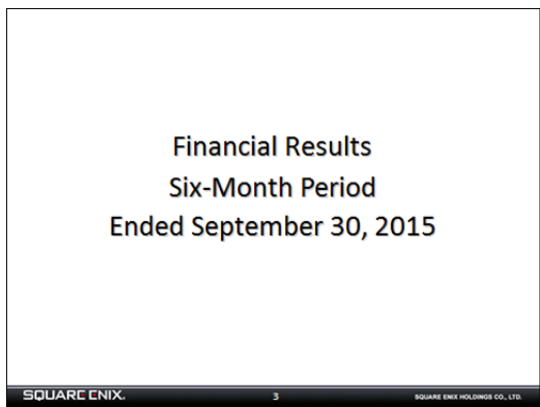
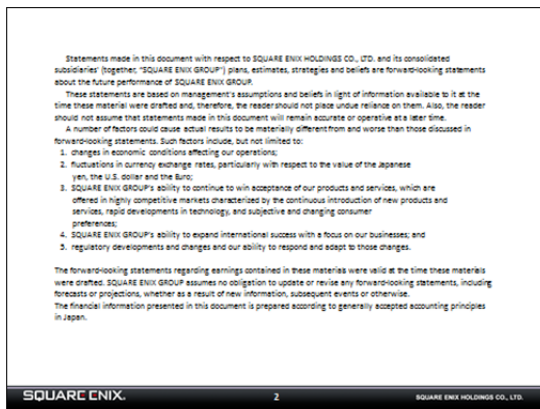


We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the six-month period ended September 30, 2015 (“1H FY2016/3”).

Today’s presenters are:

Yosuke Matsuda,  
President and Representative Director  
and  
Kazuharu Watanabe,  
Chief Financial Officer.

First, Mr. Watanabe will give an overview of the Company’s financial results for 1H FY2016/3, and then Mr. Matsuda will discuss developments at each of the Company’s business segments.



Good afternoon. I'm Kazuharu Watanabe. I will be presenting an overview of the Company's financial results for 1H FY2015/3.

Financial Results(Consolidated) Six-Month Period Ended September 30, 2015					
(Billions of Yen)					
	Apr-Sep 2014		Apr-Sep 2015		Changes
		%		%	
Net Sales	73.1	100%	86.4	100%	+13.2
Operating Income	8.5	12%	12.6	15%	+4.1
Recurring Income	8.9	12%	12.9	15%	+3.9
Net Income	5.7	8%	7.3	8%	+1.6

	Apr-Sep 2014	Apr-Sep 2015	Changes
Depreciation and Amortization	3.3	2.9	(0.4)
Capital Expenditure	3.0	2.6	(0.4)

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In 1H FY2016/3, the Company booked net sales of ¥86.4 billion (+¥13.2 billion YoY), operating income of ¥12.6 billion (+¥4.1 billion), recurring income of ¥12.9 billion (+¥3.9 billion), and net income of ¥7.3 billion (+¥1.6 billion).

The growth in net sales and net income was accompanied by improvement in the operating margin, which rose 3 percentage points YoY to 15%.

Financial Results (Consolidated) by Segment for the Six-Month Period Ended September 30, 2015						
1. Results for the Six-Month Period Ended September 30, 2015 (Billions of Yen)						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	60.2	19.0	5.0	2.6	(0.4)	86.4
Operating Income	12.9	2.2	1.1	0.9	(4.5)	12.6
Operating Margin	21.5%	11.5%	21.2%	34.4%	-	14.6%

2. Results for the Six-Month Period Ended September 30, 2014 (Billions of Yen)						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	43.8	21.3	6.2	1.9	(0.1)	73.1
Operating Income	7.9	2.4	1.8	0.6	(4.2)	8.5
Operating Margin	18.1%	11.1%	28.8%	31.5%	-	11.6%

3. Changes (1-2) (Billions of Yen)						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	16.4	(2.3)	(1.2)	0.6	(0.3)	13.2
Operating Income	5.0	(0.2)	(0.7)	0.3	(0.3)	4.1

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I will next break our results down by segment.

At the Digital Entertainment segment, net sales were ¥60.2 billion (+¥16.4 billion YoY), operating income was ¥43.8 billion (+¥5 billion), and the operating margin was 21.5% (+3.4 percentage points).

The Digital Entertainment segment comprises three sub-segments: HD Games, MMO, and Games for Smart Devices/PC Browsers. The MMO and Smart Devices/PC Browsers sub-segments drove earnings in 1H due to a lack of major releases in the HD Game sub-segment. The MMO sub-segment saw solid subscription revenue thanks to the 1Q release of expansion packs for *DRAGON QUEST X* and *FINAL FANTASY XIV*. In the Games for Smart Devices/PC Browser sub-segment, 1H was the first time that *SCHOOLGIRL STRIKERS*, *Kai-ri-Sei Million Arthur*, and *FINAL FANTASY RECORD KEEPER* contributed for the full period, and the new game *MOBIUS FINAL FANTASY* has been performing well since its June launch.

The Amusement segment saw declines in both net sales and net income. The declines owed to the lack of sales of an arcade machine on par with last year's *PUZZLE & DRAGONS BATTLE TOURNAMENT*. Earnings from our amusement outlets remained solid thanks to efficient management practices.

Net sales and net income were also down at the Publication segment because no new comic titles took the place of those that had sold well last year boosted by adaptations into

animated TV series.

The Merchandising segment delivered strong earnings thanks to sales of character merchandise associated with the release of the *FINAL FANTASY XIV* expansion pack.

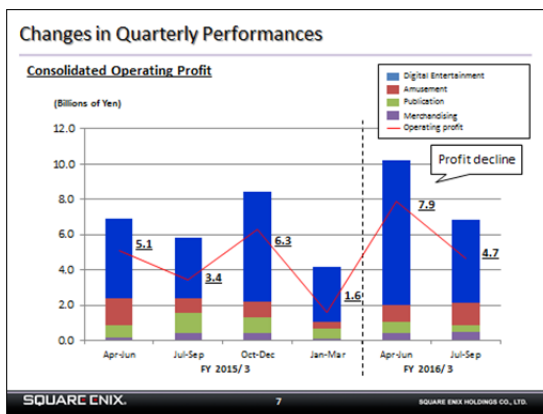
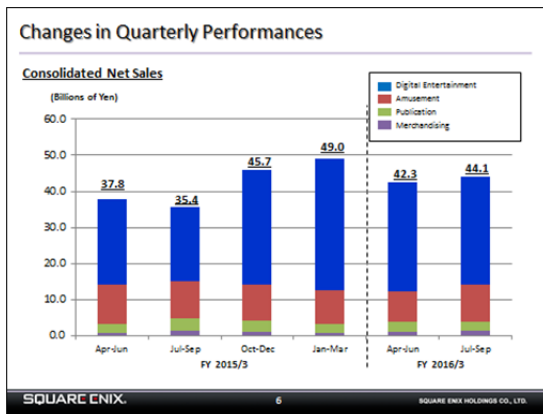
Next, please refer to page 6 of our Consolidated Financial Results (Tanshin). We posted an extraordinary loss of ¥1.1 billion associated with US subsidiary Shinra Technologies, Inc. The wholly-owned subsidiary is still in the business development phase, meaning that it as of yet has no sales to offset initial costs. This resulted in a decline in net asset value, which we booked as a valuation loss in accordance with accounting standards.

This ends explanation on the 1H results outline.

I am Yosuke Matsuda.

I will be discussing our earnings and our future outlook.

Here you see our net sales quarter by quarter. Net sales grew QoQ in 2Q.



This slide shows our operating income quarter by quarter.

Our operating income declined from ¥7.9 billion in 1Q to ¥4.7 billion in 2Q. I will explain why this happened.

#### Changes in Quarterly Performances

##### Factors of Q on Q Declines

###### Operating Profit

- Reactionary decline of MMO expansion disc sales
- Loss on evaluation of content (Games for smart devices/PC browser)
- Advanced expense of advertisement for HD games and smart devices/PC browser games booked in Q2

###### Extraordinary Loss

- Loss on valuation of share of subsidiaries and associates

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The first reason involves MMO. The MMO business was brisk, but the 1Q launches of expansion packs set a hurdle that we were unable to surmount in 2Q, resulting in a decline in net sales and net income.

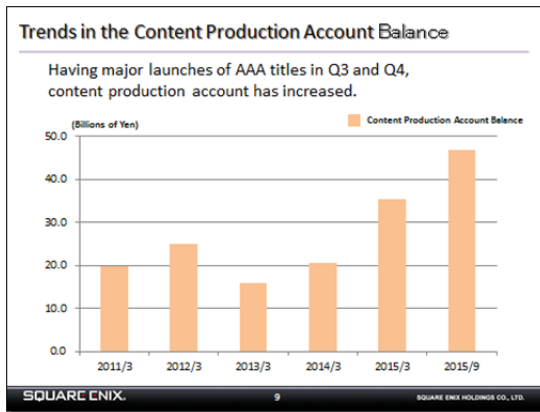
Secondly, we posted valuation losses in the Games for Smart Devices/PC Browsers sub-segment. While our smart device titles are performing well overall, some titles are struggling. We posted valuation losses on the struggling titles in order to clear depreciation/amortization charges off of our books quickly. In the PC browser game space, we have begun offering several ambitious titles to meet e-sports demand in Japan. We posted valuation losses on games of that nature that were struggling to produce adequate earnings. We are less-experienced in the new genre of e-sports, which prevented us from gaining player acceptance in some cases. While we need to work to develop e-sports offerings over the long term, we wanted to recognize the valuation losses on our books earlier rather than later. Because of the strategic value of the e-sports genre, we will remain tenacious in our efforts in that space, including considering offerings for consumer game consoles, as well as global roll-outs.

The third reason was upfront marketing spending for HD Games and Games for Smart Devices/PC Browsers. Sales from smartphone games are posted with a month's lag. The marketing spending we engaged in in September went on September's books, but the September sales that reflect the benefits of that marketing spending will not be posted until 3Q. As such, marketing spending is running ahead of sales. 2Q also saw the booking of some of our marketing spending for major HD game titles slated for release in 2H.

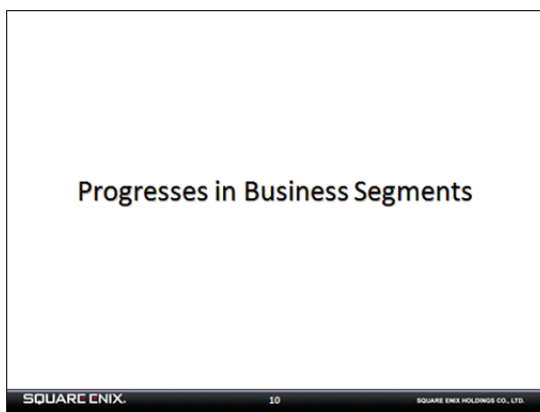
Lastly, we also booked valuation losses associated with US subsidiary Shinra Technologies, Inc. as an extraordinary loss.

These were the factors that resulted in a QoQ decline in net income. We nonetheless saw solid development in the earnings foundations of each of our businesses. This was

especially the case for the MMO and Games for Smart Devices/PC Browser sub-segments. I will elaborate momentarily.



This chart tracks our content production account balance. The balance was up significantly in 1H, but we look for it to be down as of end-March 2016 thanks to major title releases slated for 2H.



Next, I would like to discuss developments at each of our business segments.



In the HD Game sub-segment, November 10 will see the greatly anticipated release of *RISE OF THE TOMB RAIDER* (published by Microsoft), followed on December 1 by the release of *JUST CAUSE 3*.

As you know, the holiday sales rush for HD games is already underway in the Western markets, with strong titles being released on a weekly basis. In the area of disc sales, which require securing space on retailer shelves, the competition with other big titles has become fierce.

Meanwhile, the percentage of customers purchasing full games via digital download is on the rise. As such, we are

increasingly seeing game sales grow later in their lifetime provided that market reception is good.

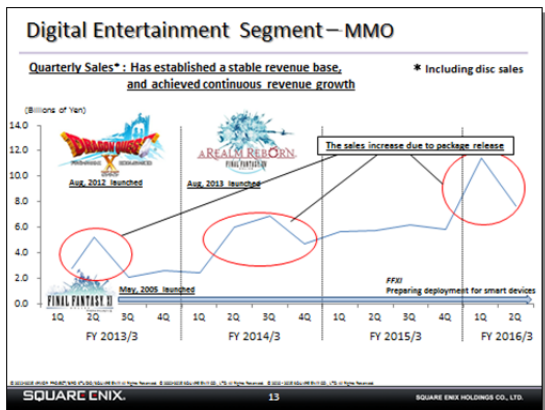
Traditionally, it has been important to maximize disc shipment volume on the street date, but going forward we will focus on developing games capable of spurring greater sales for a longer period of time.

We expect the two titles I just mentioned to prove very popular.

**Digital Entertainment Segment – HD Games**

After the start of the new year, we will release *DEUS EX*\* and *HITMAN*. These are also titles that customers are excited about and ones that we hope continue to develop into major franchises.

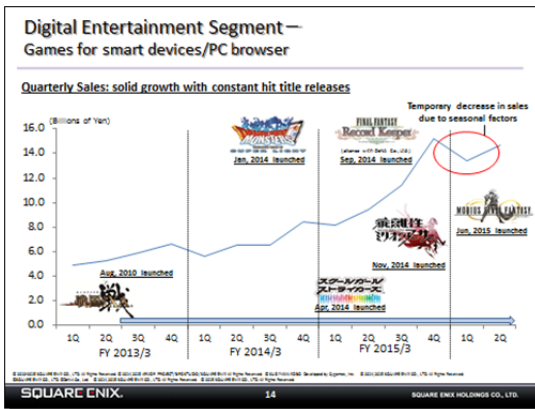
\* On November 19, 2015, the Company announced that the release date of Deus Ex was moved to August 23, 2016.



As I mentioned a moment ago, we have developed the MMO sub-segment into a stable earnings generator. We released expansion packs for *FINAL FANTASY XIV* and *DRAGON QUEST X* in 1Q and have seen a steady trend in subscriber numbers.

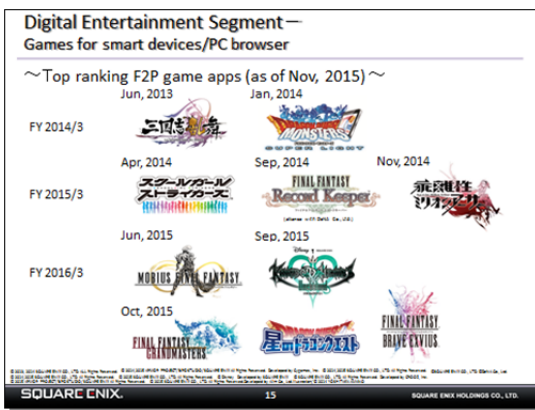
By taking a proactive approach to this business—including in terms of releasing expansion packs and other updates—we will maintain or expand the number of our active users and further strengthen this business as an earnings generator.





On the whole, our Games for Smart Devices/PC Browsers delivered a strong performance in both 1Q and 2Q. 2Q saw the launch of *MOBIUS FINAL FANTASY*, which is performing very well thanks to a great reception from players.

That said, some of our titles struggled in the face of mounting competition. For such games, we have tried to make timely decisions on whether to take remedial steps or to discontinue service of the game, always keeping in mind how best to serve our customers. These are the games on which we decided to recognize valuation losses sooner rather than later for accounting purposes.



This slide shows the main titles for Smart Devices/PC Browsers we currently offer.

Many of these titles leverage existing IP, but going forward we would like to be more proactive in offering games featuring new IP. We plan to launch several such titles in 2H.

Among our recent launches, we have had great feedback from the market on *HOSHI NO DRAGON QUEST*, *FINAL FANTASY BRAVE EXVIUS*, and *FINAL FANTASY GRAND MASTERS*.

**Amusement Segment**

- Thanks to introduction of the e-Money Payment System, and focusing on foreigner tourists, the results were favorable.

- e-Money Payment System  
Will install by the end of Mar, 2016:  
Approx. 9,800 units of multi-e-Money terminal to 44 Taito's own stores.
- Types of available e-Money has expanded to accept train e-money such as "Suica" and "PASMO" (for the first time in the game arcade industry)
- The franchise stores will introduce the System shortly.

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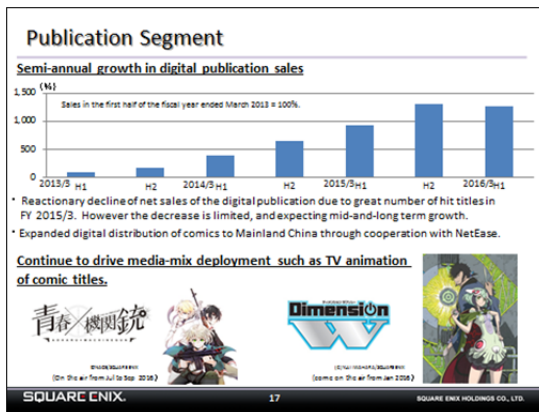
I will move on to the Amusement segment.

Brisk sales of game machines a year earlier made for a high hurdle, resulting in a decline in the segment's net sales and net income in 1H YoY. However, new *DISSIDIA FINAL FANTASY* game machines will begin going into use as of November 26, and our customers are very enthusiastic about them.

I note that the arcade industry as a whole continues to struggle. However, thanks to Taito moving relatively quickly to improve efficiency and to a demand boost from foreign tourists in Japan, business at our amusement facilities has been brisk.

Taito has been working hard at installing equipment that accepts e-money payments. Recently, it has become possible to also accept payment from the smart cards used on public

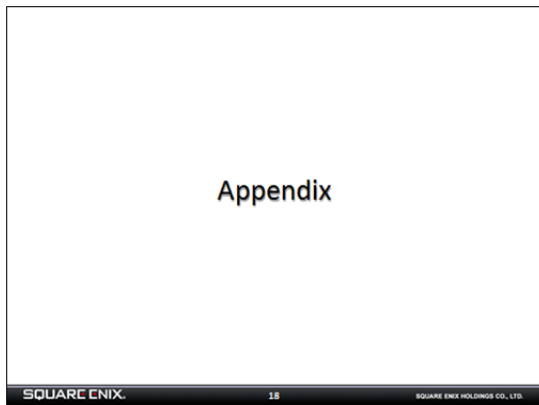
transit systems, which has increased e-money usage significantly. We will continue our efforts in this area in 2H so that we can continue to move away from the traditional coin-based business model.



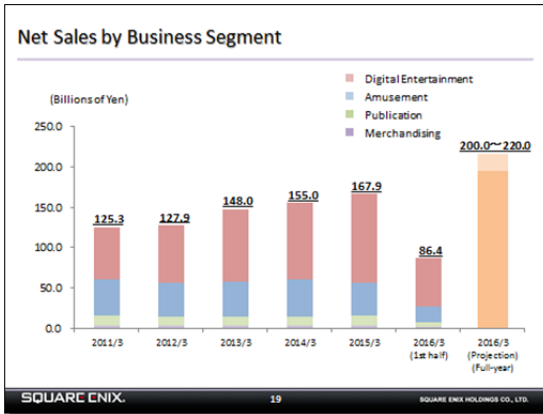
Next, I turn to the Publication segment. Earnings in 1H last year were boosted by an increase in the sales of comics that had been adapted for television. With the lack of such a boost this 1H, we saw a decline in net sales and net income for the segment. However, we have produced some hit titles and have high hopes for the way ahead.

Our discussions with China’s NetEase regarding a potential tie-up in the publication business have resulted in a decision to start offering our e-comics on the Chinese mainland. While we do not expect this to result in major earnings instantly, the success of *Kaku-San-Sei Million Arthur* and *CROSS GATE* has demonstrated the strong demand for Japanese content in China. As such, we intend to proactively expand our business in the Chinese market.

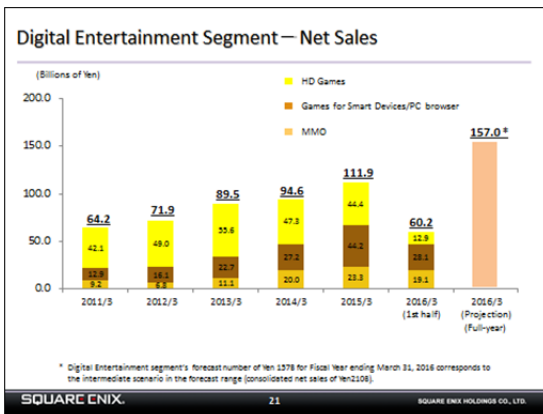
I next refer to the appendix of our presentation deck.







We maintain our initial guidance for FY2016/3 taking into account some factors such as a lack of visibility surrounding sales trends for HD games.



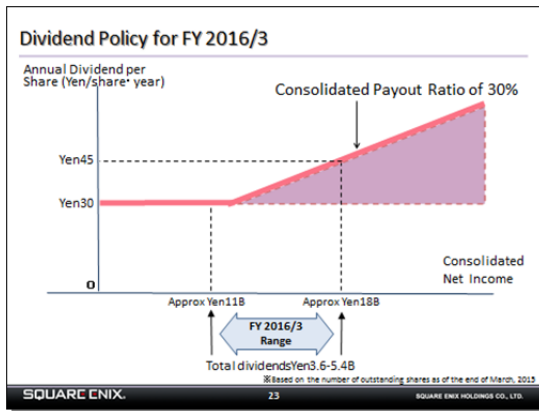
### Digital Entertainment Segment – Units sold by region

Change in disclosure standards for number of game units sold by region

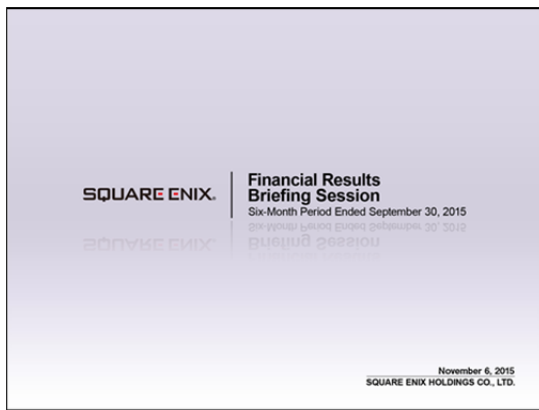
Before: Disc sales only  
 After: Disc sales + Download sales of full-length games newly released in the current and previous FYs (not including catalogue titles released before previous FY)

Region	Apr-Sep 2014 Results		Apr-Sep 2015 Results	
	(Old Std.)	(New Std.)	(Old Std.)	(New Std.)
Japan	1.35	1.59	1.94	2.32
North America/ Europe	3.95	5.06	1.70	4.23
Asia, etc.	0.11	0.18	0.18	0.43
<b>Total</b>	<b>5.42</b>	<b>6.83</b>	<b>3.82</b>	<b>6.98</b>

(注) The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangement.



Our dividend policy remains unchanged from the start of the fiscal year. Our board of directors determined today to pay an interim dividend of ¥10/share. For the full year, we plan to pay a minimum dividend of ¥30/share, while targeting a consolidated payout ratio of 30%.



That concludes my presentation on developments at our business segments and our future outlook.