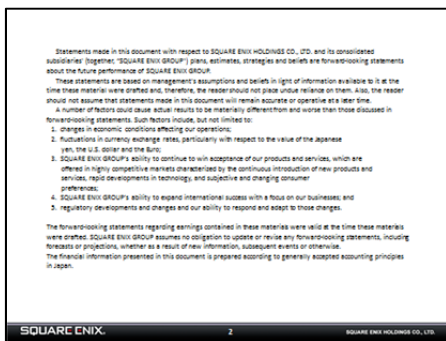


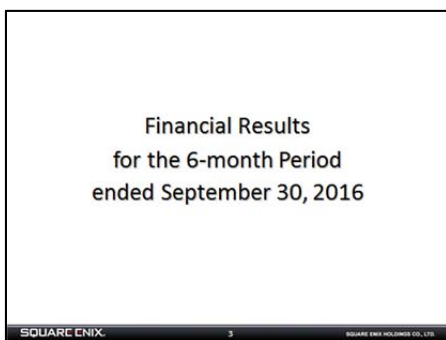
We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the six-month period ended September 30, 2016 (“1H FY2017/3”).

Today’s presenters are:
 Yosuke Matsuda,
 President and Representative Director,
 and
 Kazuhiro Watanabe,
 Chief Financial Officer.

First, Mr. Watanabe will give an overview of the Company’s financial results for 1H FY2017/3, 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 FY2017/3.



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Financial Results (Consolidated) for the 6-month Period ended September 30, 2016					
(Billions of Yen)					
	Apr-Sep 2015		Apr-Sep 2016		Changes
		%		%	
Net Sales	86.4	100%	106.3	100%	+20.0
Operating Income	12.6	15%	11.1	10%	Δ 1.5
Recurring Income	12.9	15%	8.4	8%	Δ 4.5
Net Income	7.3	8%	5.5	5%	Δ 1.8
	Apr-Sep 2015		Apr-Sep 2016		Changes
Depreciation and Amortization	2.9		3.2		+0.3
Capital Expenditure	2.4		3.2		+0.8

In 1H FY2017/3, the Company booked net sales of ¥106.3 billion (+¥20bn YoY), operating income of ¥11.1 billion (-¥1.5 billion), and ordinary income of ¥8.4 billion (-¥4.5 billion).

The decline at the ordinary line was ¥3 billion sharper than that at the operating line primarily because of foreign currency exchange losses.

The Company posted net income of ¥5.5 billion (-¥1.8 billion).

Financial Results (Consolidated) by Segment for the 6-month Period ended September 30, 2016						
(Billions of Yen)						
1. Results for the Six-Month Period Ended September 30, 2016						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	78.3	21.3	4.6	3.0	Δ 0.6	106.3
Operating Income	12.1	2.1	1.0	1.1	Δ 5.2	11.1
Operating Margin	15.5%	9.8%	21.0%	36.0%	-	10.5%
2. Results for the Six-Month Period Ended September 30, 2015						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	60.2	19.0	5.0	2.6	Δ 0.4	86.4
Operating Income	12.9	2.2	1.1	0.9	Δ 4.5	12.6
Operating Margin	21.5%	11.5%	21.2%	34.4%	-	14.6%
3. Changes (1-2)						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	18.1	2.3	Δ 0.4	0.5	Δ 0.4	20.0
Operating Income	Δ 0.8	Δ 0.1	Δ 0.1	0.2	Δ 0.7	Δ 1.5

I will next break our results down by segment. 1H FY2017/3 saw net sales rise but operating income decline, in large part due to the Digital Entertainment segment.

Net sales rose sharply YoY at the Digital Entertainment segment thanks to the overseas launches of such major titles as “DEUS EX: Mankind Divided,” the PlayStation®4 version of “Rise of the Tomb Raider,” and “HITMAN,” as well to stronger sales of games for smart devices. “MOBIUS FINAL FANTASY,” “HOSHI NO DRAGON QUEST,” “FINAL FANTASY BRAVE EXVIUS,” “Grimms Notes,” and other smart device titles released in FY2016/3 have contributed to sales growth since the beginning of FY2017/3.

1H FY2016/3 had seen the release of more than one million MMO expansion packs, the lack of which in 1H FY2017/3 was one factor behind the decline in operating income.

Net sales and operating income declined YoY at the Amusement segment. Same-store arcade sales were strong, YoY sales was more than 100%. This and the launch of such arcade machine titles as “Gun Slinger Stratos 3,” “DRAGON QUEST MONSTERS BATTLE

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SCANNER,” and “THEATRHYTHM FINAL FANTASY All-Star Carnival” resulted in sales growth, but operating income declined due to the early recognition of depreciation and amortization charges associated with some game machines.

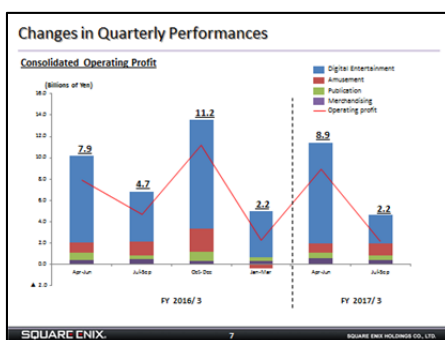
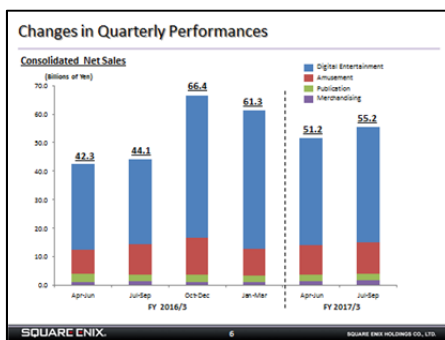
Both net sales and operating income declined YoY at the Publication segment as 1H FY2017/3 marked a lull between releases of animated television series.

Net sales rose YoY at the Merchandising segment thanks to brisk sales of merchandise featuring characters appearing in our own titles as well as those we have licensed in.

This concludes my overview of our 1H FY2017/3 results.

I am Yosuke Matsuda.

I will be discussing developments at each of our business segments as well as our future outlook.



This slide tracks our operating income by quarter. We posted operating income of ¥8.9 billion in 1Q FY2017/3, but that figure dropped to ¥2.2 billion in 2Q. Let’s look at the factors behind the decline.

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Changes in Quarterly Performances	
Factors of Q on Q Declines	
Operating Profit	
<ul style="list-style-type: none"> * Increase of development cost amortization for newly launched AAA titles. (amortization expenses are recognized in a shorter period than the title's product life-cycle, resulting in upfront cost burden) * Underperformance of the games for smart devices/PC browser newly launched in the first half of FY2017/3. * Upfront investment in advertisement for the Digital Entertainment Segment. 	
Extraordinary Loss	
<ul style="list-style-type: none"> * Foreign exchange loss by JPY appreciation. 	
<small>SQUARE ENIX</small>	

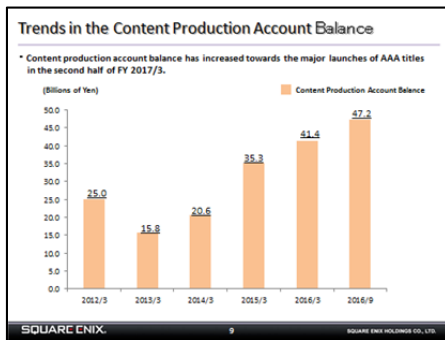
Firstly, 2Q saw the amortization of the majority of the development costs for “DEUS EX: Mankind Divided,” a major title that we launched in Western markets on August 23. Given that the title was only on the market for a short time in 2Q, the amortization charges were heftier than the sales booked during the quarter.

Secondly, the smart device titles we launched in 1H FY2017/3 have not performed to our expectations. Because the volume of titles we released was somewhat large, not all of them were as fully realized in terms of content and quality as they might have been. We intend to ensure that our titles are released in six-month ending March 31, 2017 (“2H FY2017/3”) in prime condition by engaging in user testing, soft launches, and beta testing.

The operating income decline also owed in part to impact from titles for which we went ahead and posted valuation losses due to the way they were performing.

The third factor was upfront marketing spending. We post smartphone game sales with a one-month lag. This means that while September marketing spending hits our books in September, the September sales generated from that spending are not booked until 3Q. The marketing spending is therefore being recognized earlier.

At the non-operating line, we booked foreign currency exchange losses of ¥2.8 billion in conjunction with assets denominated in foreign currencies such as our foreign currency reserves and foreign currency-denominated trade receivables.



Our content production account stood at ¥47.2 billion as of the end of 1H FY2017/3.

Approximately 80% of that is accounted for Japanese titles, including “FINAL FANTASY XV,” which is slated for release in November. Because 1H FY2017/3 saw the release of the major titles that had been under production in the West, Japanese titles are set to account for a larger portion of our pipeline as of FY2018/3.



Next, I'll be discussing developments at each of our business segments.

Digital Entertainment Segment – HD Games

Major releases in the first half of FY2017/3

- “DRAGON QUEST HEROES II”
May 27, 2016
PS4, PS3, PS Vita
- “HITMAN”
Digital Release
PS4, Xbox One, PC
Package release: Jan 31, 2017
- “DEUS EX: Mankind Divided”
Aug 23, 2016
PS4, Xbox One, PC

The key HD game titles released by the Digital Entertainment segment in 1H FY2017/3 were “DRAGON QUEST HEROES II,” “DEUS EX: Mankind Divided,” and “HITMAN.”

We released “HITMAN” in episodic installments. The first season concluded at the end of October, and we have switched to offering full-package downloads. We also plan to sell the full season on disk as of January.

Digital Entertainment Segment – HD Games

Coming major releases in the second half of FY2017/3

- “FINAL FANTASY XV”
Nov 29, 2016
PS4, Xbox One
- “RISE OF THE TOMB RAIDER”
Oct 13, 2016
PS4
- “WORLD OF FINAL FANTASY”
Oct 27, 2016
PS4, PS Vita

This slide shows the launches we have planned for 2H FY2017/3. We launched the PlayStation®4 version of “Rise of the Tomb Raider” on October 13. We look for that release to contribute to earnings in 2H FY2017/3 given that we amortized the majority of the development costs in 1H FY2017/3.

We are currently undertaking the final preparations for the November 29 global launch of “FINAL FANTASY XV.”

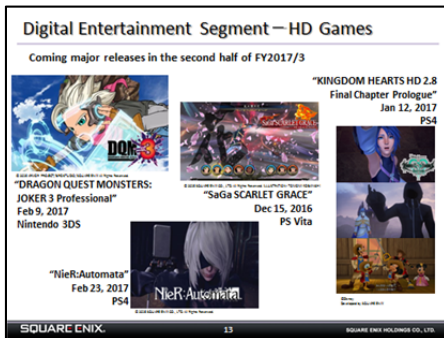
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“WORLD OF FINAL FANTASY” meanwhile hit the market on October 27.

Our slate includes a December launch for “SaGa SCARLET GRACE,” the latest installment in the SaGa series, a January launch for “KINGDOM HEARTS HD 2.8 Final Chapter Prologue,” and February releases for “DRAGON QUEST MONSTERS: JOKER 3 Professional” and “NieR:Automata,” the latest installment in the NieR series.

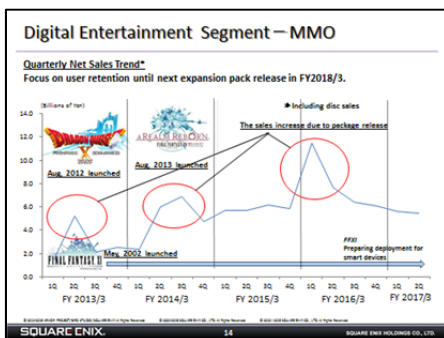
We are expecting earnings contributions reflective of the popularity that all of these franchises enjoy with gamers.



In the Digital Entertainment segment’s MMO sub-segment, we plan to release expansion packs for both “FINAL FANTASY XIV” and “DRAGON QUEST X” in FY2018/3 but have no expansion pack releases slated for FY2017/3.

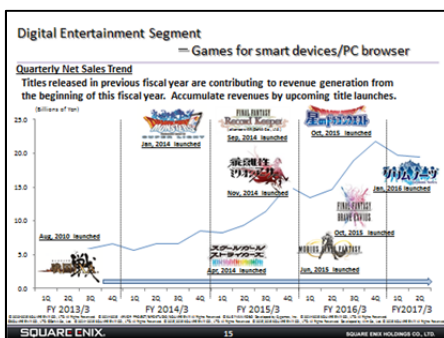
As such, we intend to focus on retaining players via events and updates.

We have major gamer events planned for Japan at the end of the year and overseas at the beginning of the new year.



In the Digital Entertainment segment’s Games for Smart Devices/PC Browsers sub-segment, we had released a stream of new games and hit titles in FY2016/3 that have contributed throughout FY2017/3.

Unfortunately, the titles we launched in 1H FY2017/3 have not performed as planned, so we now focus our hopes on the titles we have planned for 2H FY2017/3 and beyond.



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Digital Entertainment Segment
 — Games for smart devices/PC browser

~Top ranking F2P game apps (as of Nov, 2016)~

Jan, 2014*

FY 2014/3

Apr, 2014

FY 2015/3

Sep, 2014

Nov, 2014

Jun, 2015

FY 2016/3

Sep, 2015

Oct, 2015

Jan, 2016

*Dates on titles show launch date.

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This slide lists our titles that have achieved high chart rankings.

Digital Entertainment Segment
 — Games for smart devices/PC browser

Coming major releases in the second half of FY2017/3

"GUARDIAN CODEX" (launched)

"STAR OCEAN: anamnesis"

"KING'S KNIGHT -Wrath of the Dark Dragon-"

"DISSIDIA FINAL FANTASY OPERA OMNIA"

"FLAME X BLAZE"

"Akashic Records"

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Here we show the releases we have planned for 2H FY2017/3. Some of the titles have already been launched, but we intend to revisit carefully the remaining titles in terms of both their contents and development status in order to ensure that they are released in prime condition. This may result in the rescheduling of some launches.

Amusement Segment

- Steady performance of amusement facilities operation comes from expansion of e-money payment system installment and new store openings.

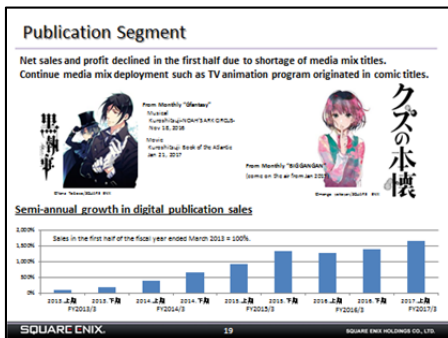
- E-money payment system has been installed in 56 stores as of Sep 30, 2016. Continue to install in remaining stores including franchisee stores.

- Opened a game cafe "STORIA" offering real gaming experiences to users, in Ikebukuro area Oct 2016.

"THE RHYTHM FINAL FANTASY All-Star Carnival"

SQUARE ENIX

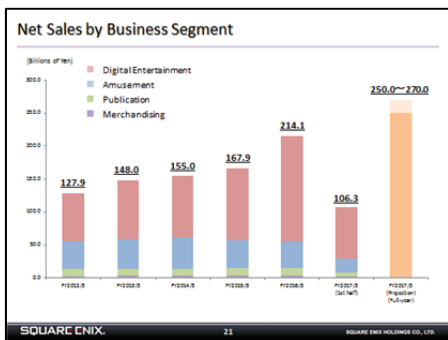
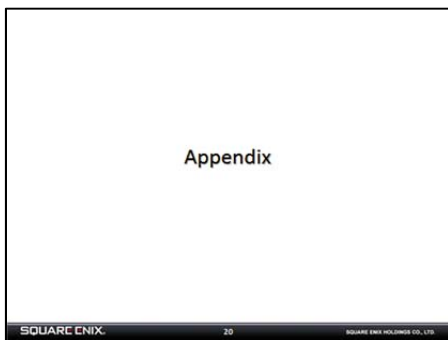
I would next like to look at the Amusement segment. Same-store arcade sales were strong, YoY sales was more than 100%. We believe this owes in part to Taito's ongoing rollout of its e-money payment system, which has enhanced customer convenience. As such, we intend to continue to make paying easier going forward. In an initiative related to our arcade network, we opened the STORIA game café at our arcade on the western side of Tokyo's Ikebukuro Station. We created STORIA as a venue for streaming live gaming. Our hope is to have visitors experience the excitement of live gaming and to thereby bolster our future earnings and sales.



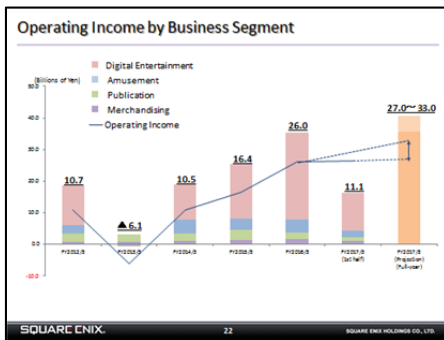
The Publication segment saw both net sales and operating income decline YoY due to a gap between the production of animated television series. However, as of 2H FY2017/3, you will begin to see a string of releases that we have been working on since FY2016/3.

As a general market trend, print media is struggling, but we are working proactively not only by shifting to digital but also by developing new IP-leveraging businesses.

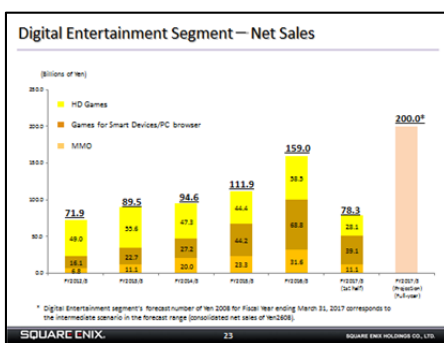
We garnered significant attention at the Tokyo Game Show for our display of VR manga contents. We see this as a new format for comics and hope to be able to offer it as a product early in FY2018/3.



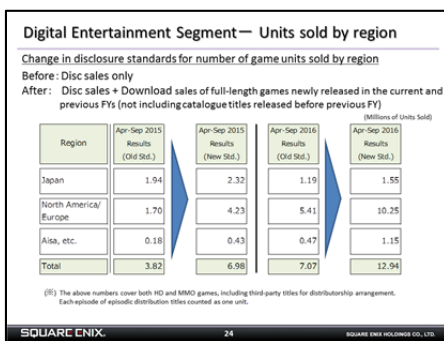
This slide tracks our net sales by segment. Because we have some major releases slated for 2H FY2017/3, we have not revised the guidance we issued at the beginning of FY2017/3.



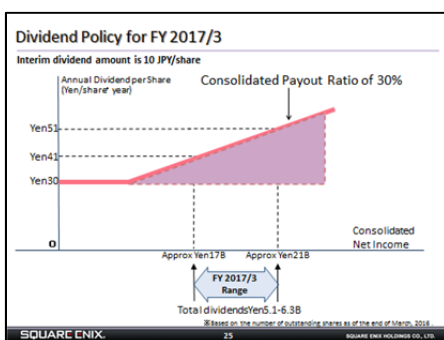
This slide breaks down net sales at the Digital Entertainment segment.



This breaks down units sold by region.

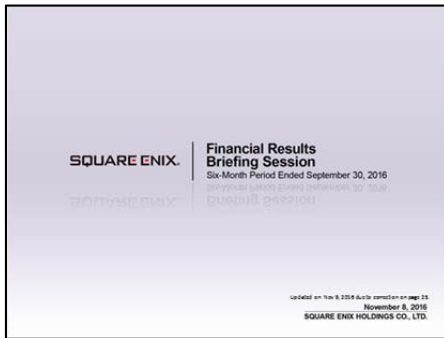


We expect downloads to be a key contributor to sales going forward and plan to bolster our efforts in that area in 2H FY2017/3 and beyond.



Our dividend policy remains unchanged.

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This concludes my presentation. Thank you.