

SQUARE ENIX®

Financial Results Briefing Session

Six-Month Period Ended September 30, 2016

Six-Month Period Ended September 30, 2016

Briefing Session

Financial Results

November 8, 2016

SQUARE ENIX HOLDINGS CO., LTD.

Statements made in this document with respect to SQUARE ENIX HOLDINGS CO., LTD. and its consolidated subsidiaries' (together, "SQUARE ENIX GROUP") plans, estimates, strategies and beliefs are forward-looking statements about the future performance of SQUARE ENIX GROUP.

These statements are based on management's assumptions and beliefs in light of information available to it at the time these material were drafted and, therefore, the reader should not place undue reliance on them. Also, the reader should not assume that statements made in this document will remain accurate or operative at a later time.

A number of factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but not limited to:

1. changes in economic conditions affecting our operations;
2. fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro;
3. SQUARE ENIX GROUP's ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. SQUARE ENIX GROUP's ability to expand international success with a focus on our businesses; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward-looking statements regarding earnings contained in these materials were valid at the time these materials were drafted. SQUARE ENIX GROUP assumes no obligation to update or revise any forward-looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.

The financial information presented in this document is prepared according to generally accepted accounting principles in Japan.

Financial Results
for the 6-month Period
ended September 30, 2016

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%	△1.5
Recurring Income	12.9	15%	8.4	8%	△4.5
Net Income	7.3	8%	5.5	5%	△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

Financial Results (Consolidated) by Segment for the 6-month Period ended September 30, 2016

1. Results for the Six-Month Period Ended September 30, 2016 (Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	78.3	21.3	4.6	3.0	△0.8	106.3
Operating Income	12.1	2.1	1.0	1.1	△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 (Billions of Yen)

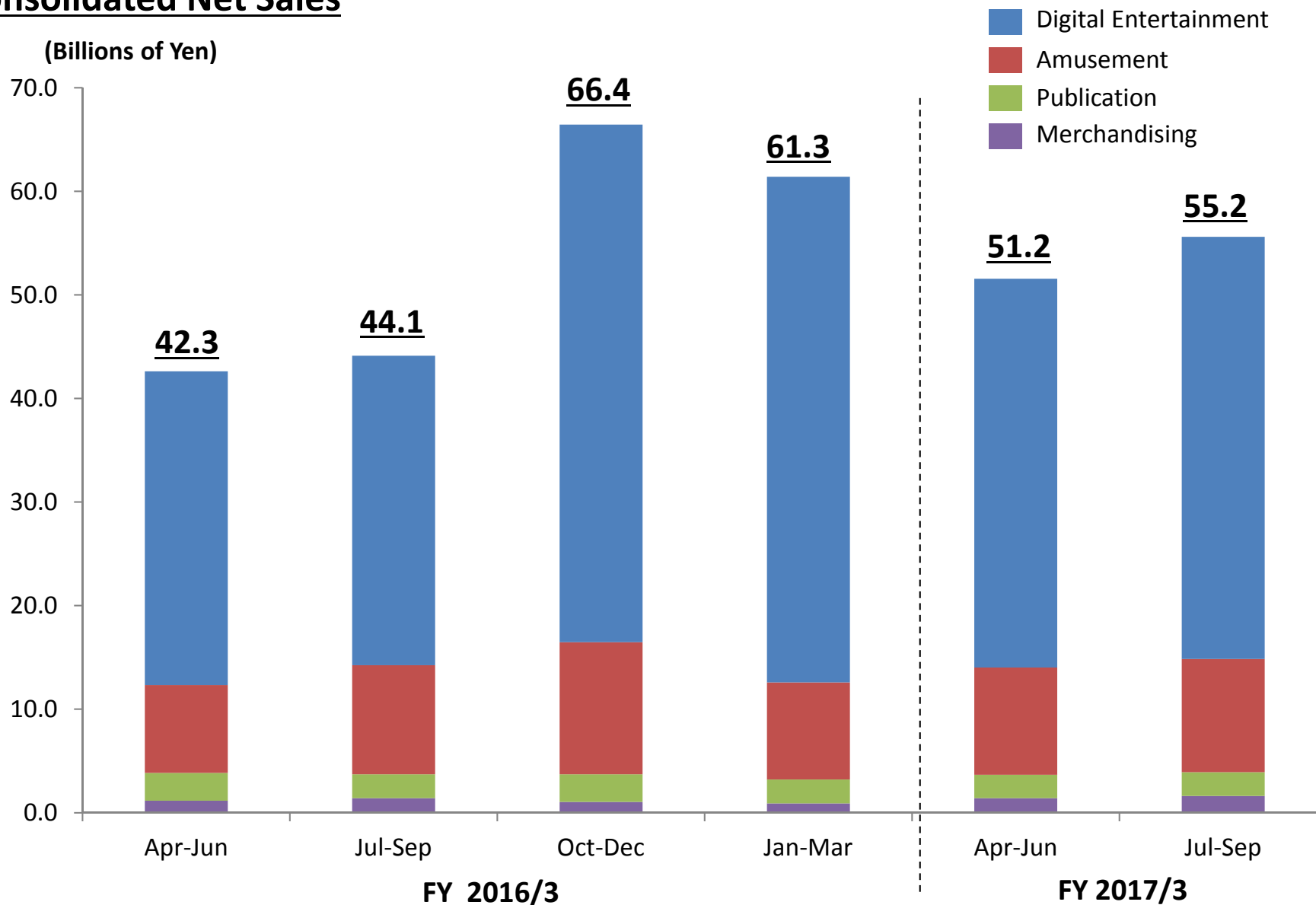
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	60.2	19.0	5.0	2.6	△0.4	86.4
Operating Income	12.9	2.2	1.1	0.9	△4.5	12.6
Operating Margin	21.5%	11.5%	21.2%	34.4%	-	14.6%

3. Changes (1-2) (Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	18.1	2.3	△0.4	0.5	△0.4	20.0
Operating Income	△0.8	△0.1	△0.1	0.2	△0.7	△1.5

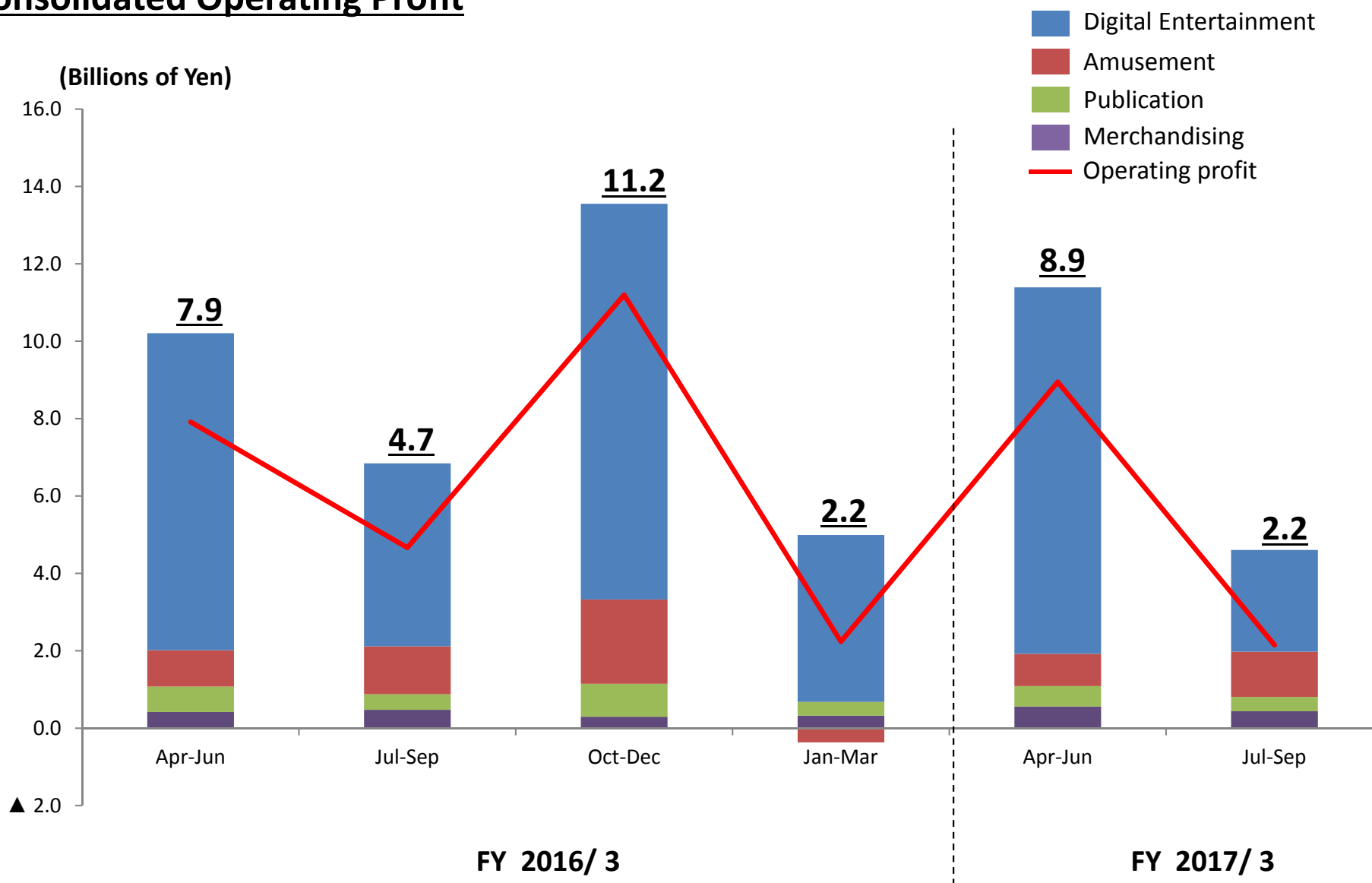
Changes in Quarterly Performances

Consolidated Net Sales



Changes in Quarterly Performances

Consolidated Operating Profit



Changes in Quarterly Performances

Factors of Q on Q Declines

Operating Profit

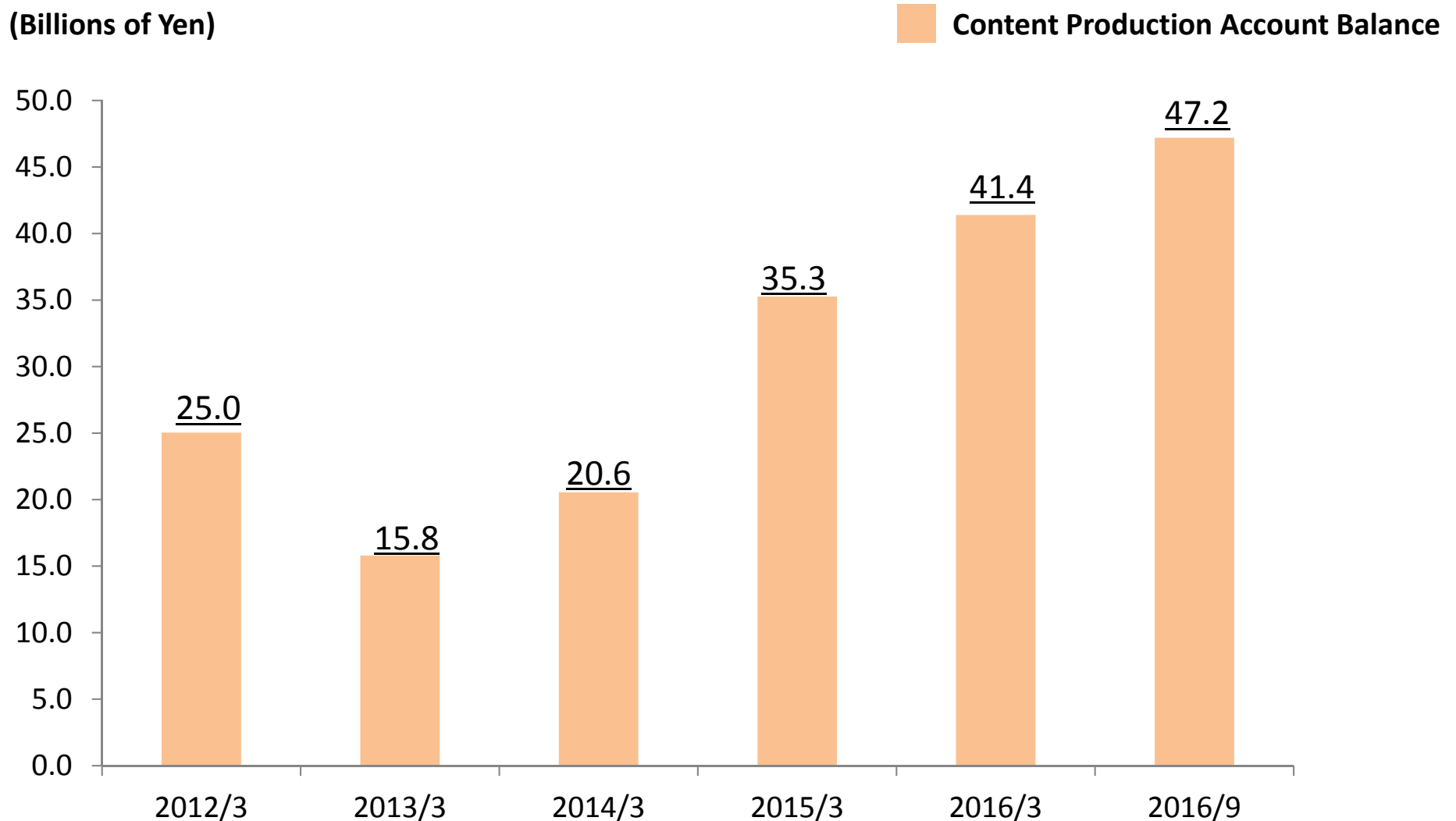
- Increase of development cost amortization for newly launched AAA titles.
(amortization expenses are recognized in a shorter period than the title's product life-cycle, resulting in upfront cost burden)
- Underperformance of the games for smart devices/PC browser newly launched in the first half of FY2017/3.
- Upfront investment in advertisement for the Digital Entertainment Segment.

Extraordinary Loss

- Foreign exchange loss by JPY appreciation.

Trends in the Content Production Account Balance

- Content production account balance has increased towards the major launches of AAA titles in the second half of FY 2017/3.



Progresses in Business Segments

Digital Entertainment Segment — HD Games

Major releases in the first half of FY2017/3



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“DRAGON QUEST HEROES II”

May 27, 2016
PS4, PS3, PS Vita



“HITMAN”

Digital Release
PS4, Xbox One, PC

※Package release : Jan 31, 2017



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Deus Ex: Mankind Divided © 2016 Square Enix Ltd. All rights reserved. Developed by Eidos-Montréal.

“DEUS EX: Mankind Divided”

Aug 23, 2016
PS4, Xbox One, PC

Digital Entertainment Segment—HD Games

Coming major releases in the second half of FY2017/3

“FINAL FANTASY XV”

Nov 29, 2016

PS4, Xbox One



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RISE OF THE TOMB RAIDER



Tomb Raider ©2016 Square Enix Ltd. Published by Square Enix Co., Ltd. Lara Croft, Tomb Raider, Crystal Dynamics, the Crystal Dynamics logo, Eidos, and the Eidos logo are trademarks of Square Enix Ltd.

“Rise of the Tomb Raider”

Oct 13, 2016

PS4



“WORLD OF FINAL FANTASY”

Oct 27, 2016

PS4, PS Vita



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CHARACTER DESIGN:TETSUYA NOMURA/YASUHISA IZUMISAWA

Digital Entertainment Segment — HD Games

Coming major releases in the second half of FY2017/3



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**“DRAGON QUEST MONSTERS:
JOKER 3 Professional”**

Feb 9, 2017

Nintendo 3DS



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“SaGa SCARLET GRACE”

Dec 15, 2016

PS Vita

**“KINGDOM HEARTS HD 2.8
Final Chapter Prologue”**

Jan 12, 2017

PS4



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“NieR:Automata”

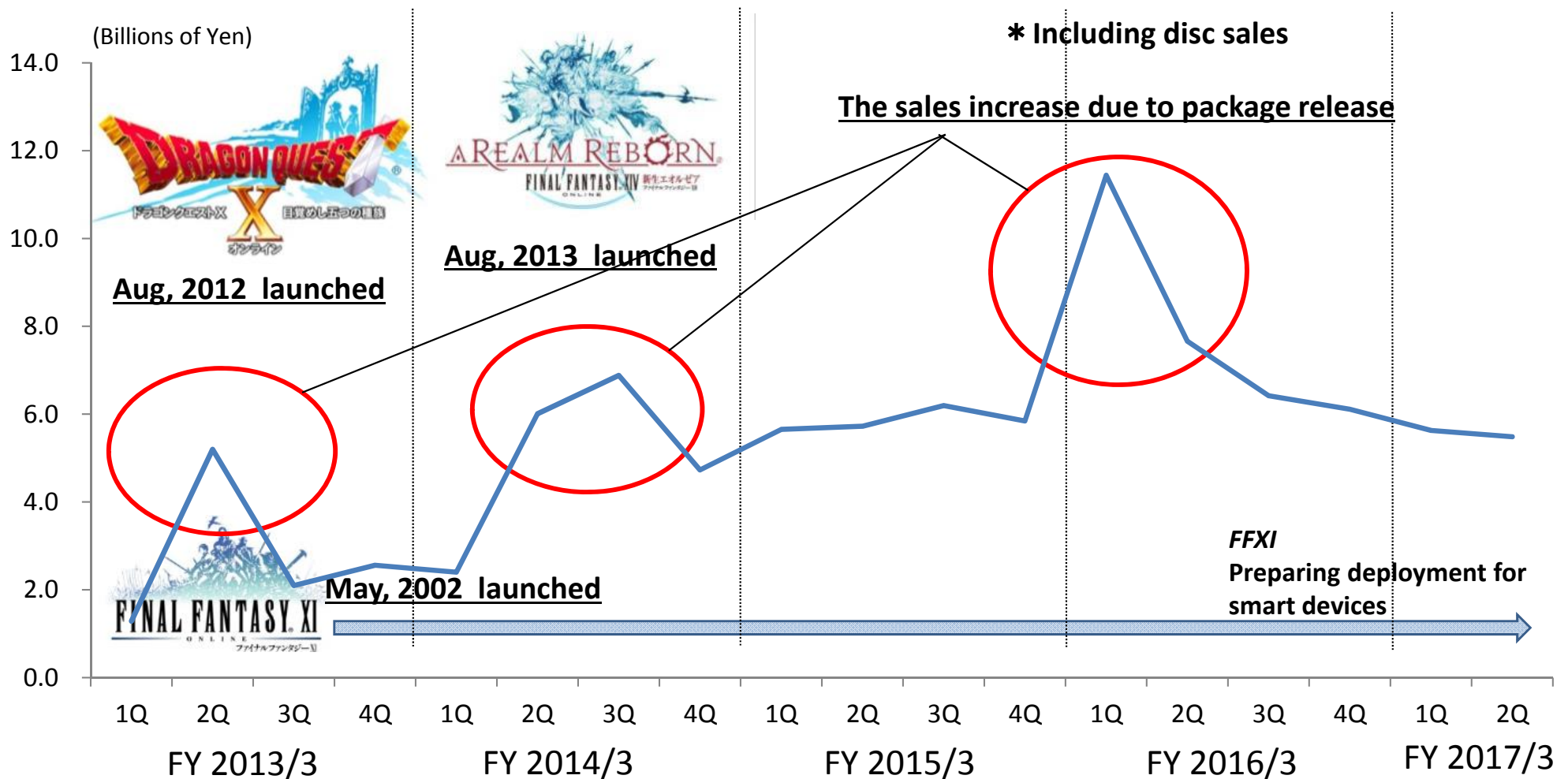
Feb 23, 2017

PS4

Digital Entertainment Segment — MMO

Quarterly Net Sales Trend*

Focus on user retention until next expansion pack release in FY2018/3.

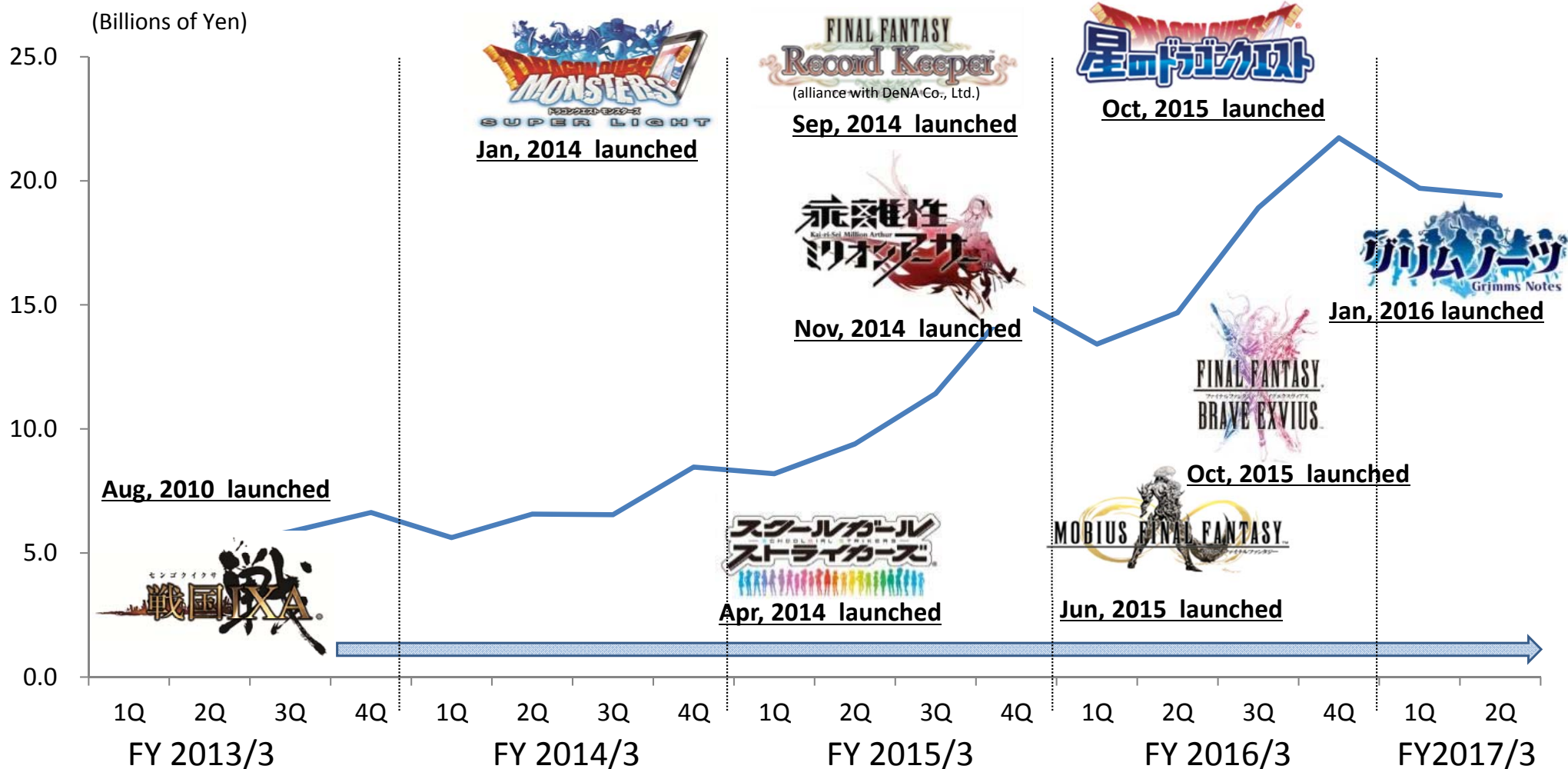


Digital Entertainment Segment

— Games for smart devices/PC browser

Quarterly Net Sales Trend

Titles released in previous fiscal year are contributing to revenue generation from the beginning of this fiscal year. Accumulate revenues by upcoming title launches.



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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



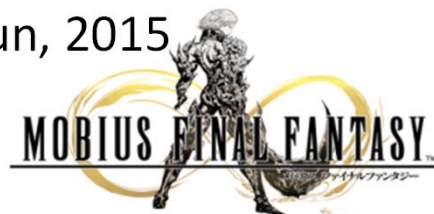
(alliance with DeNA Co., Ltd.)

Nov, 2014



Jun, 2015

FY 2016/3



Sep, 2015



Oct, 2015



Jan, 2016



※Dates on titles show launch date.

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Digital Entertainment Segment

— Games for smart devices/PC browser

Coming major releases in the second half of FY2017/3

“GUARDIAN CODEX”(launched)



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“STAR OCEAN : anamnesis”



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Developed by tri-Ace Inc.

“KING’S KNIGHT
-Wrath of the Dark Dragon-”



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“DISSIDIA FINAL FANTASY OPERA OMNIA”



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CHARACTER DESIGN: TETSUYA NOMURA

“FLAME × BLAZE”



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“Akashic Re:cordS”



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Amusement Segment

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



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Powered by SQUARE ENIX

- 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.

“THEATRHYTHM FINAL FANTASY All-Star Carnival”



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Publication Segment

Net sales and profit declined in the first half due to shortage of media mix titles.
Continue media mix deployment such as TV animation program originated in comic titles.



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From Monthly "Gfantasy"

Musical
Kuroshitsuji-NOAH'S ARK CIRCUS-
Nov 18, 2016

Movie
Kuroshitsuji Book of the Atlantic
Jan 21, 2017

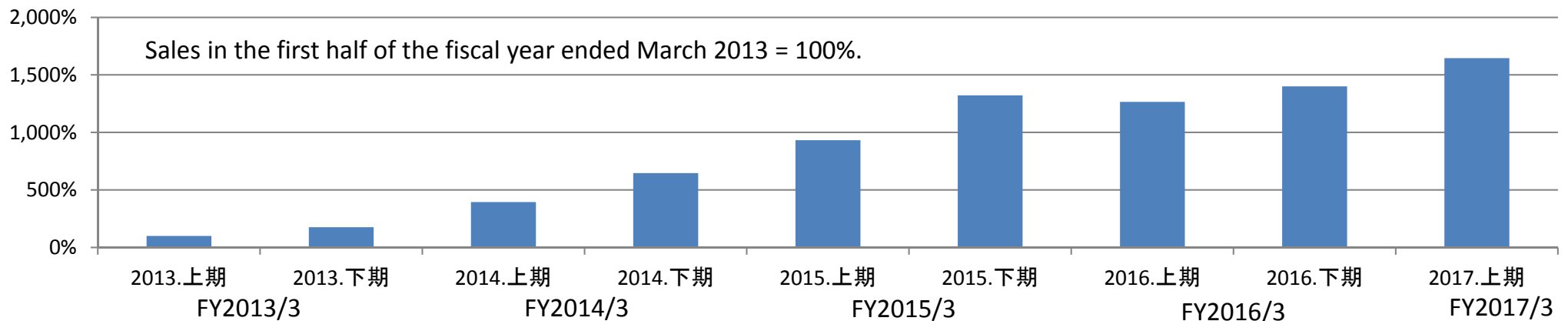


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From Monthly "BIG GANGAN"
(come on the air from Jan 2017)

クズの本懐

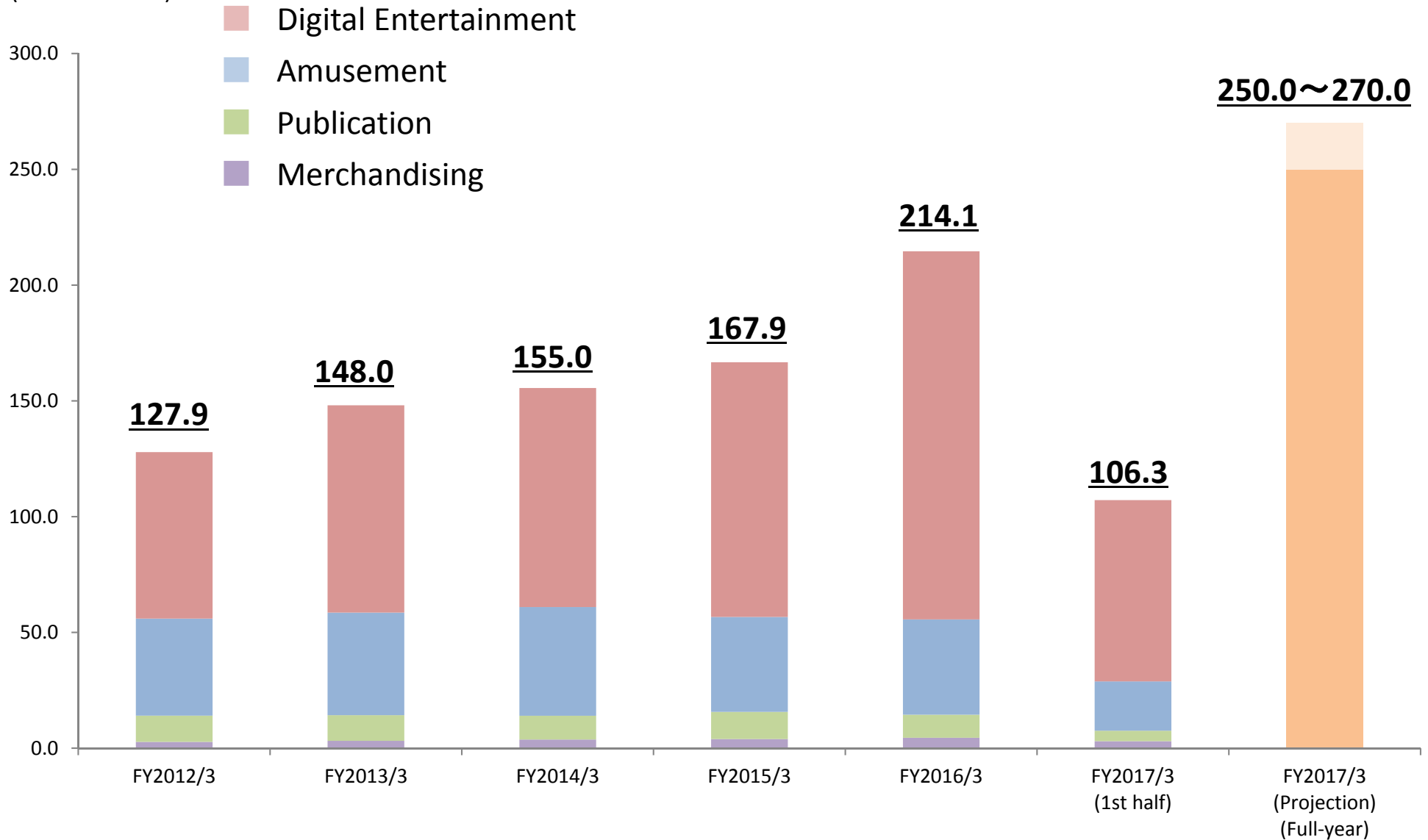
Semi-annual growth in digital publication sales



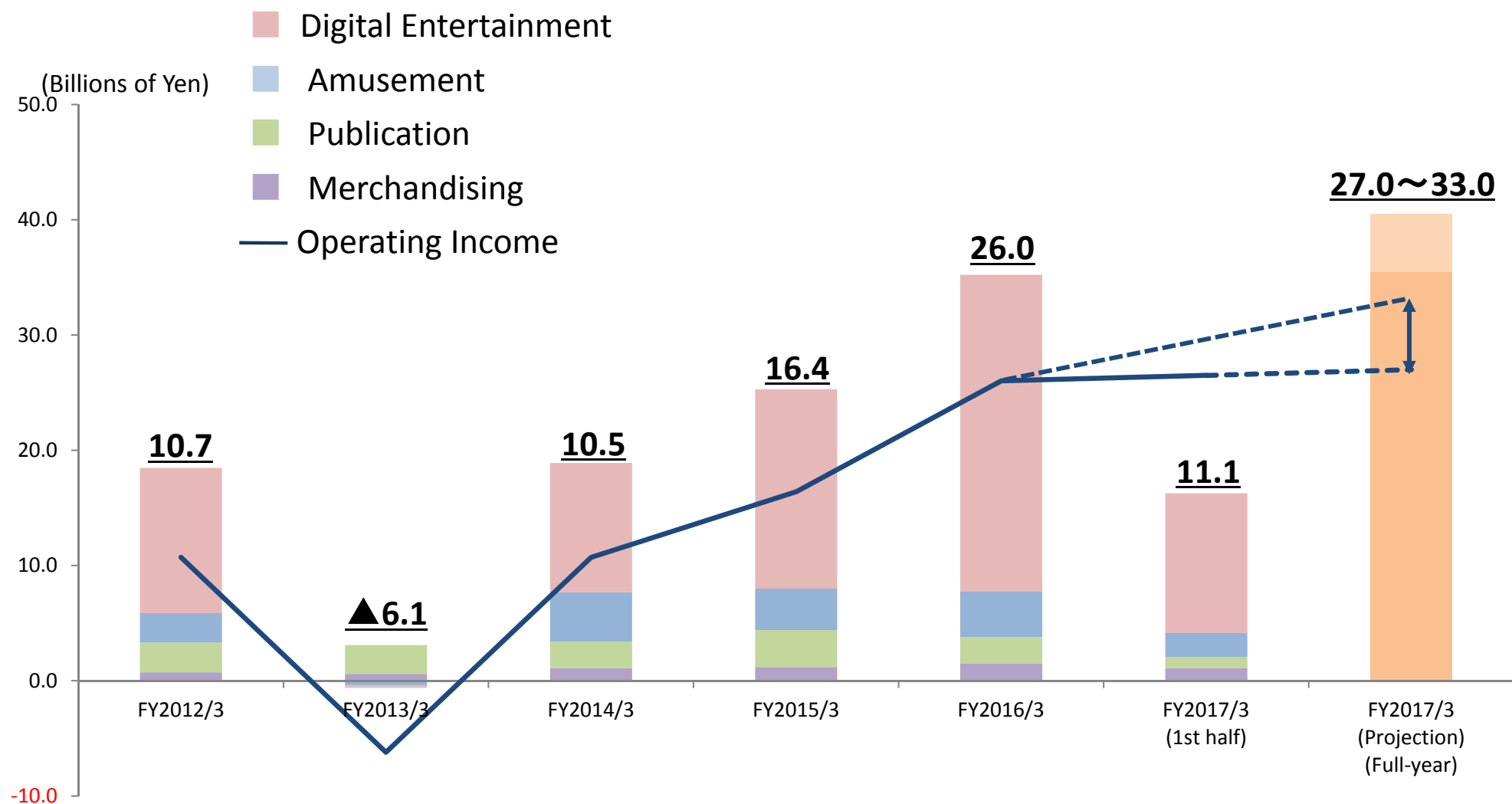
Appendix

Net Sales by Business Segment

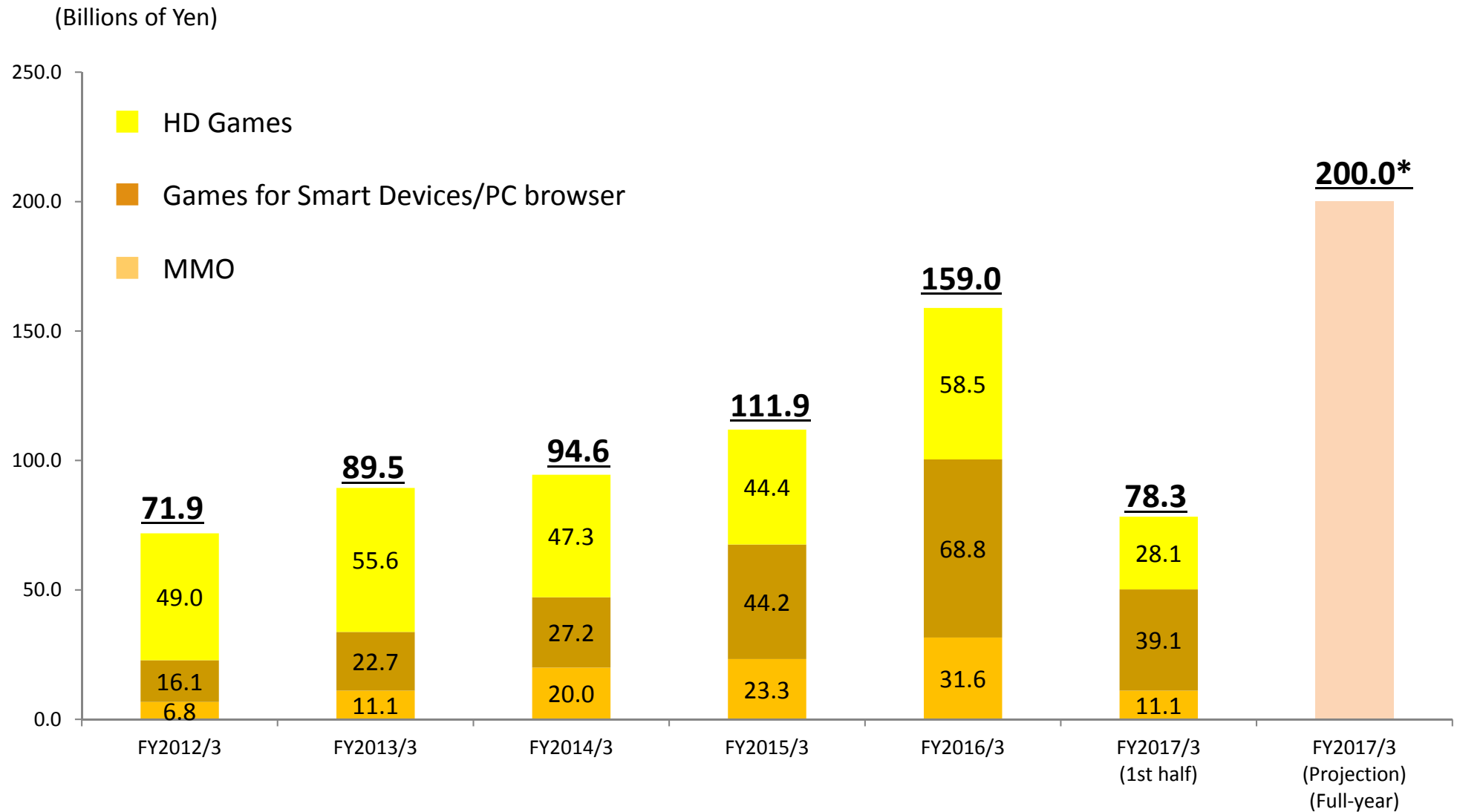
(Billions of Yen)



Operating Income by Business Segment



Digital Entertainment Segment — Net Sales



* Digital Entertainment segment's forecast number of Yen 200B for Fiscal Year ending March 31, 2017 corresponds to the intermediate scenario in the forecast range (consolidated net sales of Yen260B).

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)

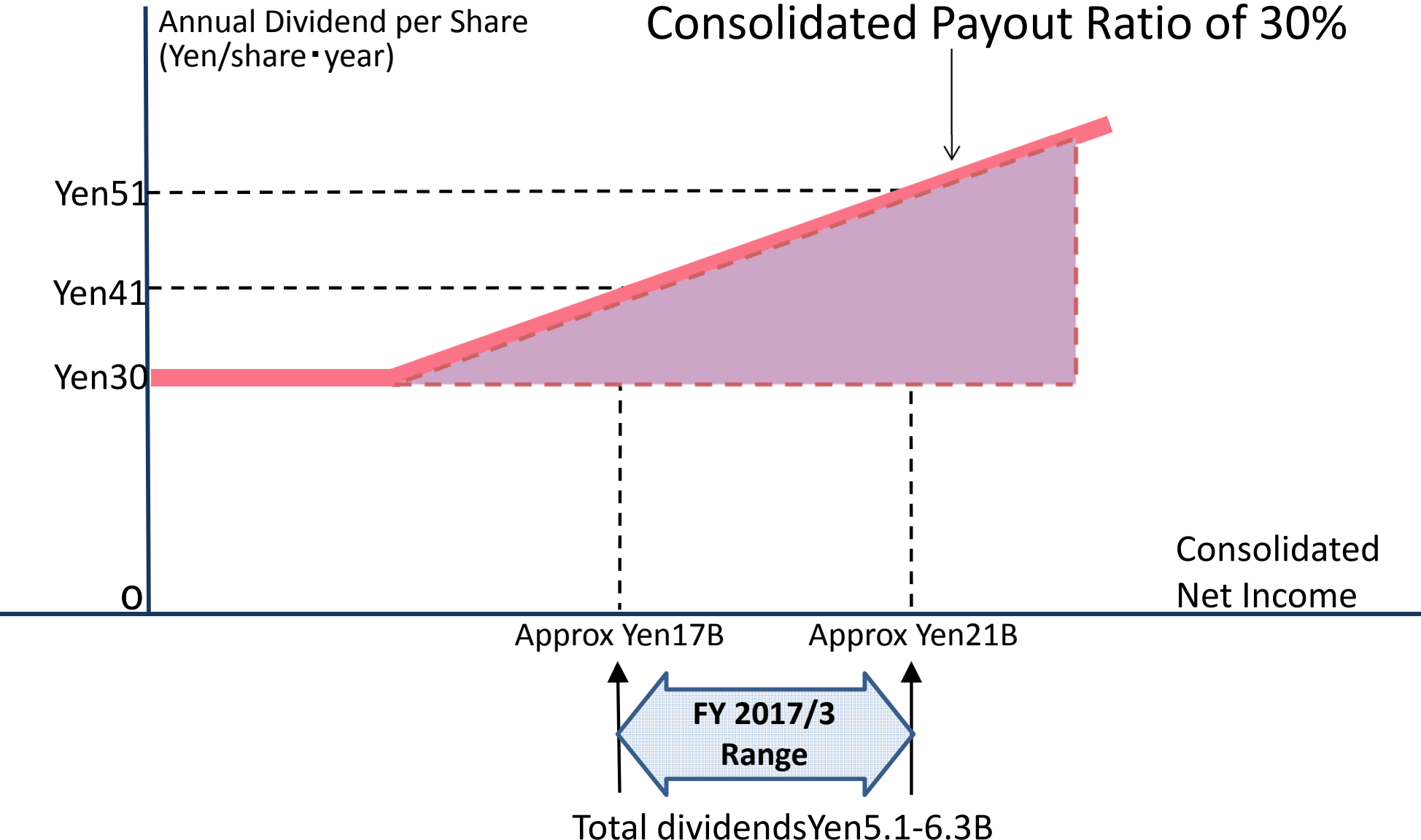
(Millions of Units Sold)

Region	Apr-Sep 2015 Results (Old Std.)	Apr-Sep 2015 Results (New Std.)	Apr-Sep 2016 Results (Old Std.)	Apr-Sep 2016 Results (New Std.)
Japan	1.94	2.32	1.19	1.55
North America/ Europe	1.70	4.23	5.41	10.25
Aisa, etc.	0.18	0.43	0.47	1.15
Total	3.82	6.98	7.07	12.94

(※) The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangement.
Each episode of episodic distribution titles counted as one unit.

Dividend Policy for FY 2017/3

Interim dividend amount is 10 JPY/share



※Based on the number of outstanding shares as of the end of March, 2016 .

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Updated on Nov 9, 2016 due to correction on page 25.

November 8, 2016

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