



Financial Results Briefing Session

Six-Month Period Ended September 30, 2017

November 8, 2017

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.

(Amounts under one hundred million yen are rounded down)

Financial Results
Second Quarter of Fiscal Year
Ending March 31, 2018

Consolidated Statement of Income

Q2, FY2018/3

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | | Fiscal Year Ending March 31, 2018 | | | |
|--|-------------------------------------|----------------------|--------------------------------------|---------|-----------------------|--------------------|
| | Apr - Sep 2016 | Full Year Results | Apr - Sep 2017 | Changes | Full Year Forecast | Changes |
| Net Sales | 106.3 | 256.8 | 132.0 | 25.7 | 240.0 ~ 260.0 | △16.8 ~ 3.2 |
| Operating Income | 11.1 | 31.2 | 25.8 | 14.7 | 25.0 ~ 30.0 | △6.2 ~ △1.2 |
| Operating Income Margin | 10.5% | 12.2% | 19.6% | 9.1pt | 10.4% ~ 11.5% | △1.8pt ~ △0.7pt |
| Ordinary Income | 8.3 | 31.1 | 26.6 | 18.3 | 25.0 ~ 30.0 | △6.1 ~ △1.1 |
| Ordinary Income Margin | 7.9% | 12.1% | 20.2% | 12.3pt | 10.4% ~ 11.5% | △1.7pt ~ △0.6pt |
| Profit attributable to owners of parent | 5.4 | 20.0 | 17.5 | 12.1 | 16.5 ~ 19.5 | △3.5 ~ △0.5 |
| Depreciation and Amortization | 3.2 | 6.2 | 2.4 | △0.8 | 5.9 | △0.3 |
| Capital Expenditure | 3.1 | 6.9 | 3.7 | 0.6 | 7.8 | 0.9 |

Consolidated Statement of Income

Q2, FY2018/3 by Business Segment

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | Fiscal Year Ending March 31, 2018 | |
|--------------------------------|-------------------------------------|--------------------------------------|--------------|
| | Apr - Sep 2016 | Apr - Sep 2017 | Changes |
| Net Sales | 106.3 | 132.0 | 25.7 |
| Digital Entertainment | 78.3 | 102.1 | 23.8 |
| Amusement | 21.2 | 21.1 | △0.1 |
| Publication | 4.5 | 5.6 | 1.1 |
| Merchandising | 3.0 | 4.0 | 1.0 |
| Eliminations or unallocated | -0.8 | -0.9 | △0.1 |
| Operating Income | 11.1 | 25.8 | 14.7 |
| Digital Entertainment | 12.1 | 26.5 | 14.4 |
| Amusement | 2.0 | 2.4 | 0.4 |
| Publication | 0.9 | 1.3 | 0.4 |
| Merchandising | 1.0 | 1.1 | 0.1 |
| Eliminations or unallocated | -5.1 | -5.8 | △0.7 |
| Operating Income Margin | 10.5% | 19.6% | 9.1pt |
| Digital Entertainment | 15.5% | 26.0% | 10.5pt |
| Amusement | 9.8% | 11.7% | 1.9pt |
| Publication | 21.0% | 24.5% | 3.5pt |
| Merchandising | 36.0% | 29.5% | △6.5pt |
| Eliminations or unallocated | - | - | - |

Consolidated Statement of Income

Quarterly Comparison

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | | | | Fiscal Year Ending March 31, 2018 | |
|-----------------------------|----------------------------------|--------------------|-------------------|-------------------|-----------------------------------|-------------------|
| | Apr - June 2016 | July - Sep 2016 | Oct - Dec 2016 | Jan - Mar 2017 | Apr - June 2017 | Jul - Sep 2017 |
| Net Sales | 51.1 | 55.1 | 83.7 | 66.7 | 57.0 | 75.0 |
| Digital Entertainment | 37.5 | 40.7 | 67.9 | 52.8 | 44.1 | 57.9 |
| Amusement | 10.3 | 10.9 | 11.7 | 9.7 | 8.9 | 12.1 |
| Publication | 2.2 | 2.2 | 2.7 | 2.7 | 2.2 | 3.3 |
| Merchandising | 1.4 | 1.6 | 1.6 | 1.7 | 2.1 | 1.8 |
| Eliminations or unallocated | -0.3 | -0.4 | -0.3 | -0.2 | -0.6 | -0.2 |
| Operating Income | 8.9 | 2.1 | 10.3 | 9.8 | 12.8 | 12.9 |
| Digital Entertainment | 9.4 | 2.6 | 9.6 | 11.5 | 13.7 | 12.8 |
| Amusement | 0.8 | 1.2 | 1.5 | 0.0 | 0.6 | 1.8 |
| Publication | 0.5 | 0.4 | 0.7 | 0.7 | 0.5 | 0.8 |
| Merchandising | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 | 0.6 |
| Eliminations or unallocated | -2.4 | -2.7 | -2.1 | -2.9 | -2.6 | -3.1 |

Consolidated Balance Sheet Summary as of Sep 30, 2017

(Billions of Yen)

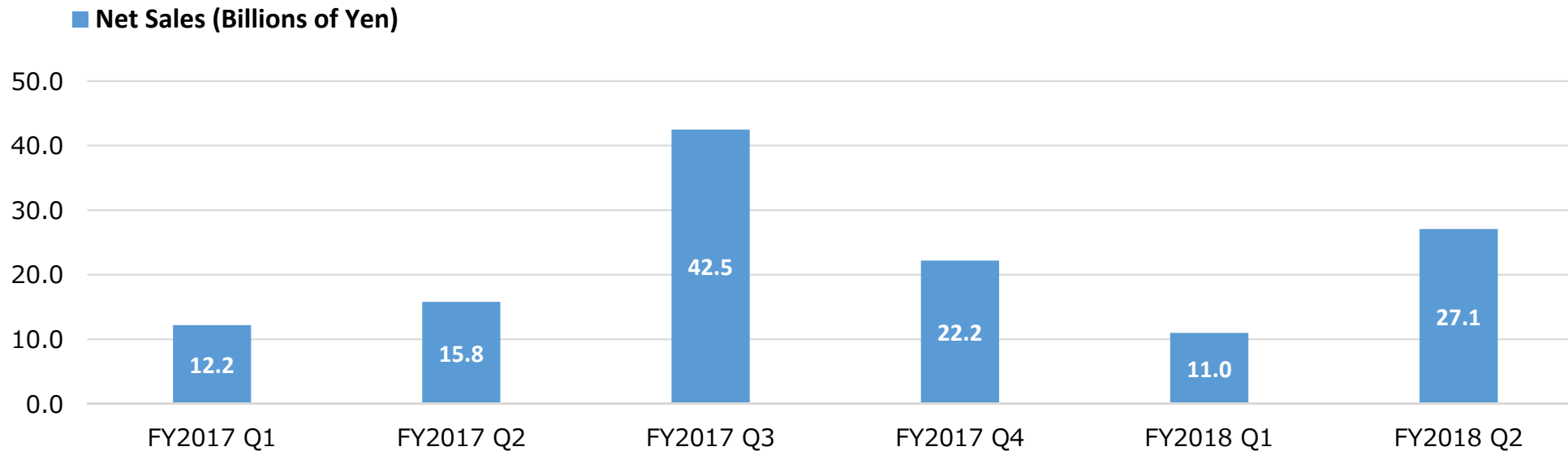
| Account | <Assets> | | | <Liabilities and Net Assets> | | | |
|---------------------------------|--------------|--------------|------------|---|--------------|--------------|------------|
| | 03/2017 | 09/2017 | Changes | Account | 03/2017 | 09/2017 | Changes |
| Cash and deposits | 129.3 | 135.3 | 6.0 | Notes and accounts payable | 14.2 | 14.8 | 0.6 |
| Notes and accounts receivable | 26.0 | 23.8 | △2.2 | Short-term loans | 8.4 | 9.0 | 0.6 |
| Inventories | 3.1 | 3.9 | 0.8 | Provision for sales returns | 6.1 | 5.0 | △1.1 |
| Content production account | 34.5 | 39.2 | 4.7 | Others | 26.5 | 29.9 | 3.4 |
| Others | 15.9 | 12.7 | △3.2 | Total Current Liabilities | 55.4 | 58.9 | 3.5 |
| Total Current Assets | 209.0 | 215.1 | 6.1 | Non-current Liabilities | 6.5 | 7.6 | 1.1 |
| Property and equipment | 14.2 | 15.2 | 1.0 | Total Liabilities | 61.9 | 66.5 | 4.6 |
| Intangible Assets | 4.7 | 4.9 | 0.2 | Total Shareholders' Equity | 185.7 | 189.1 | 3.4 |
| Investments and other assets | 15.8 | 17.0 | 1.2 | Others | -3.8 | -3.2 | 0.6 |
| Total Non-current Assets | 34.8 | 37.2 | 2.4 | Total Net Assets | 181.9 | 185.8 | 3.9 |
| Total Assets | 243.8 | 252.4 | 8.6 | Total Liabilities and Net Assets | 243.8 | 252.4 | 8.6 |

Progress in Each Business Segment

Digital Entertainment – HD Games

Major releases of blockbuster titles generated revenue growth.

Catalogue titles contributed to operating income.



Pipeline in FY2018/3



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Released on July 13, 2017



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Released on July 29, 2017



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 DRAGON QUEST characters:
 ©ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX
 FINAL FANTASY characters:
 ©SQUARE ENIX
 CHARACTER ILLUSTRATION:
 SHIRO AMANO

Released on October 19, 2017

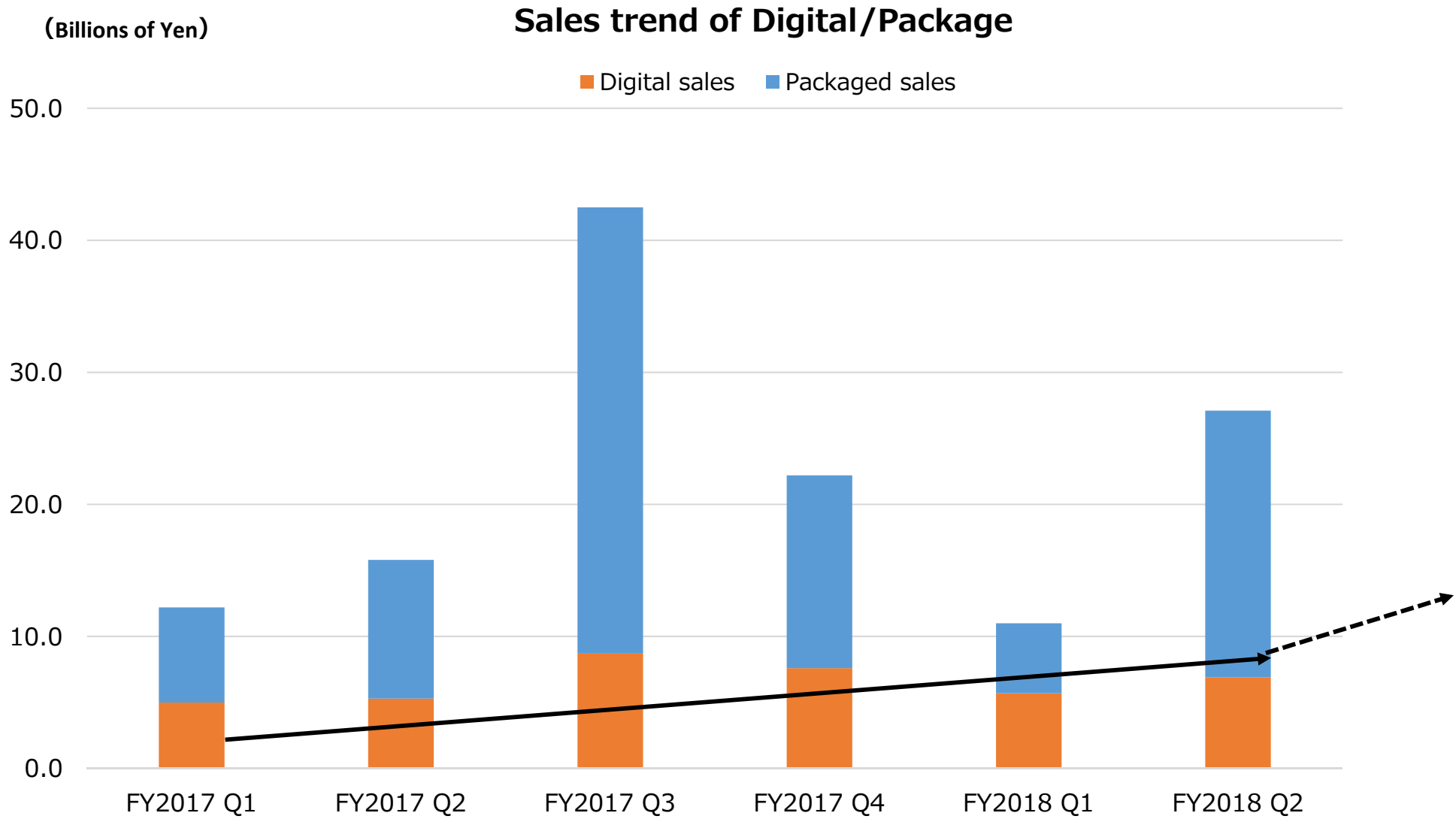


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 CHARACTER DESIGN: TETSUYA NOMURA
 ILLUSTRATION: ©2017 YOSHITAKA AMANO

To be Released on January 11, 2018

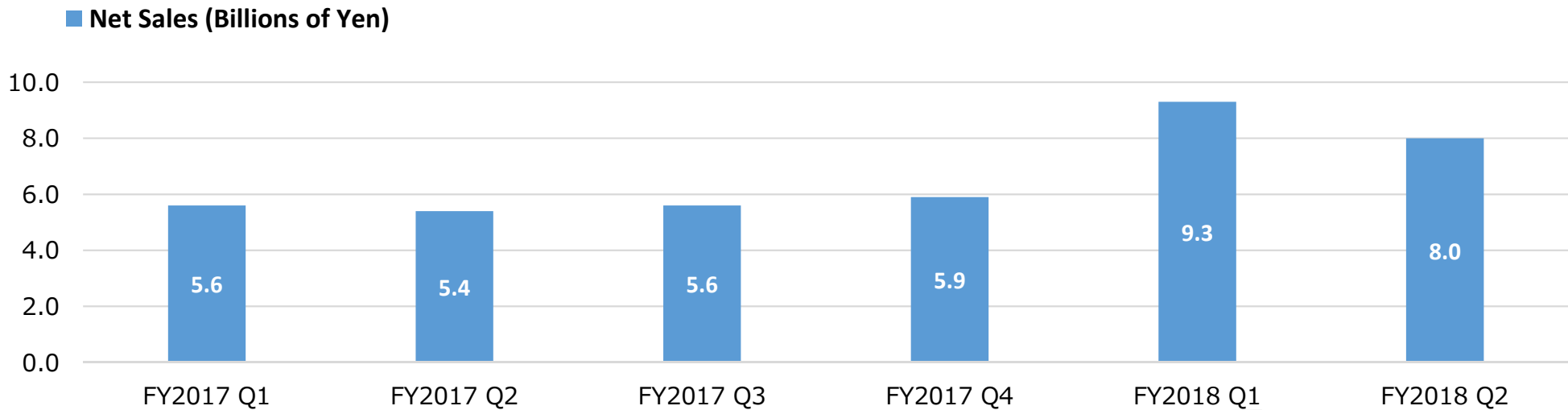
Digital Entertainment – HD Games

Renewed e-commerce site in Oct 2017 to enhance digital sales with higher margin.



Digital Entertainment – MMO

“FINAL FANTASY XIV” contributed to the robust revenue growth by the latest expansion disk sales and increase in number of paying subscribers.



Plans for FY2018/3

- Expansion disks for “FINAL FANTASY XIV” and “DRAGON QUEST X”
- New platform versions (PlayStation4 and Nintendo Switch) for “DRAGON QUEST X”



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Released on June 20, 2017



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To be Released on November 16, 2017

Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Number of discs shipped based on accounting standard

Downloads: Downloads of full-length games newly released in the current and previous FY
(not including catalogue titles released before previous FY)

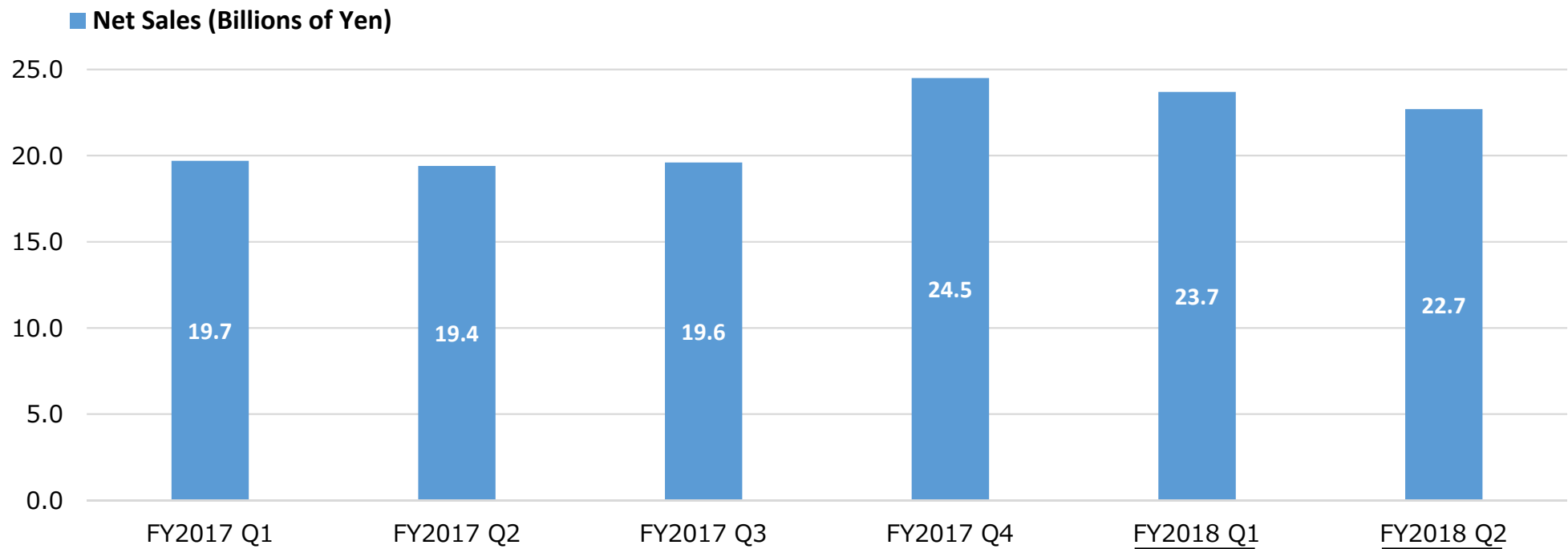
| Region | FY 2017 Q2 (Results) | | | FY 2018 Q2 (Results) | | |
|--------------------------|-------------------------------|-------------|--------------|-------------------------------|-------------|--------------|
| | Disc | Download | Total | Disc | Download | Total |
| Japan | 1.19 | 0.36 | 1.55 | 3.90 | 0.89 | 4.79 |
| | (Include episode units 0) | | | (Include episode units 0) | | |
| North America/ Europe | 5.41 | 4.84 | 10.25 | 3.36 | 2.46 | 5.82 |
| | (Include episode units 3.04) | | | (Include episode units 0.37) | | |
| Asia, etc. | 0.47 | 0.68 | 1.15 | 0.52 | 0.36 | 0.88 |
| | (Include episode units 0.23) | | | (Include episode units 0.04) | | |
| Total | 7.07 | 5.88 | 12.95 | 7.77 | 3.70 | 11.48 |
| | (Include episode units 3.27) | | | (Include episode units 0.41) | | |

* 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.

Digital Entertainment

– Games for Smart Devices/PC Browser

Strong performance of existing titles.
Royalty income boosted the revenue.



Plans for FY2018/3

Existing titles' stable contribution to net income.
Further revenue growth through consecutive new title launches.

Digital Entertainment

– Games for Smart Devices/PC Browser

Major Existing Titles

Jan 2014



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©SUGIYAMA KOBO
Developed by Cygames, Inc.

Sep 2014



Alliance with DeNA Co., Ltd.
(Published by DeNA Co., Ltd.)
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©DeNA Co., Ltd.

Jun 2015



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Oct 2015



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©SUGIYAMA KOBO

Dec 2016



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Developed by tri-Ace Inc.

Mar 2017



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Apr 2014



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Nov 2014



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Sep 2015



©Disney
Developed by SQUARE ENIX

Oct 2015



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Developed by Alim Co., Ltd.
Illustration/ ©2015 YOSHITAKA AMANO

Feb 2017



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CHARACTER DESIGN: TETSUYA
NOMURA

Jun 2017



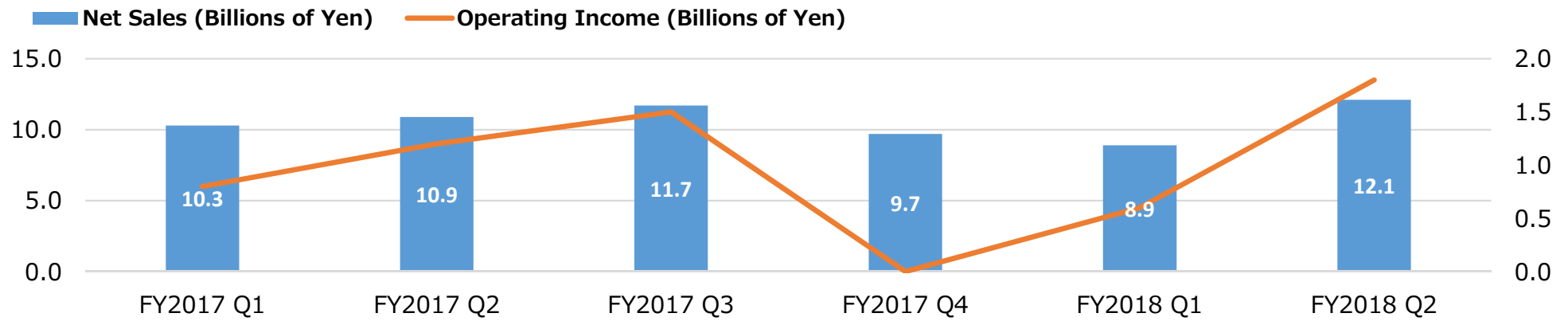
Co-developed with Pokelabo Inc.
(Published by Pokelabo Inc.)
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*Each title's launch timing

Amusement

Amusement facility operation performed steadily.

Number of newly-released amusement machines decreased from the previous fiscal year.



Plans for FY2018/3



New type amusement facility
“TAITO STATION Mizonokuchi”

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Opened on October 12, 2017



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To be Launched on November 21, 2017



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JR東日本商品化許諾申請中

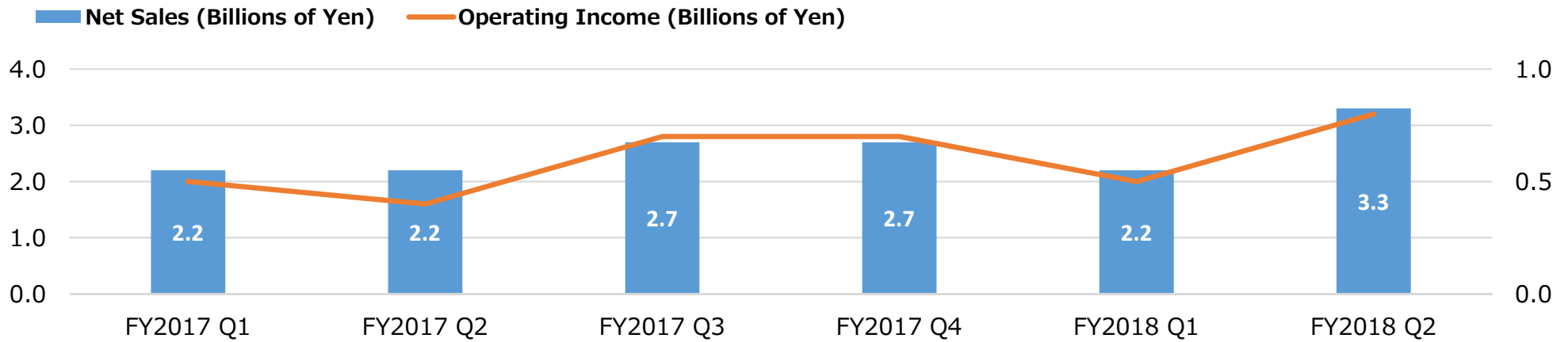
Launched on November 7, 2017



電車でGO!!
DENSHADE

Publication

Media-mix deployment produced stable comic book sales.
Sales of digital comic books are increasing.



Major titles in FY2018/3



©Hiromu Arakawa/SQUARE ENIX



マンガUP!



©Homura Kawamoto・Toru Naomura/SQUARE ENIX



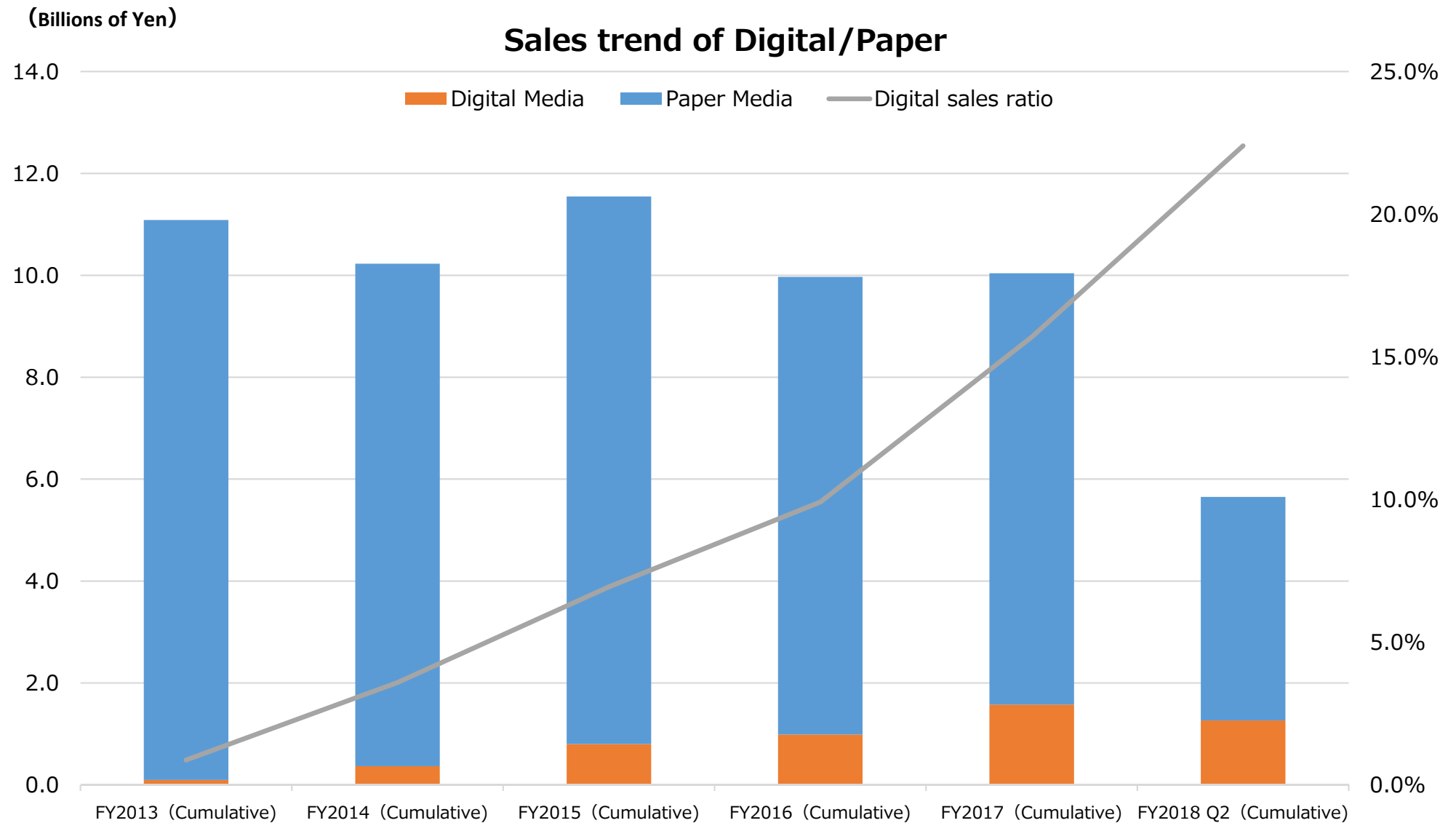
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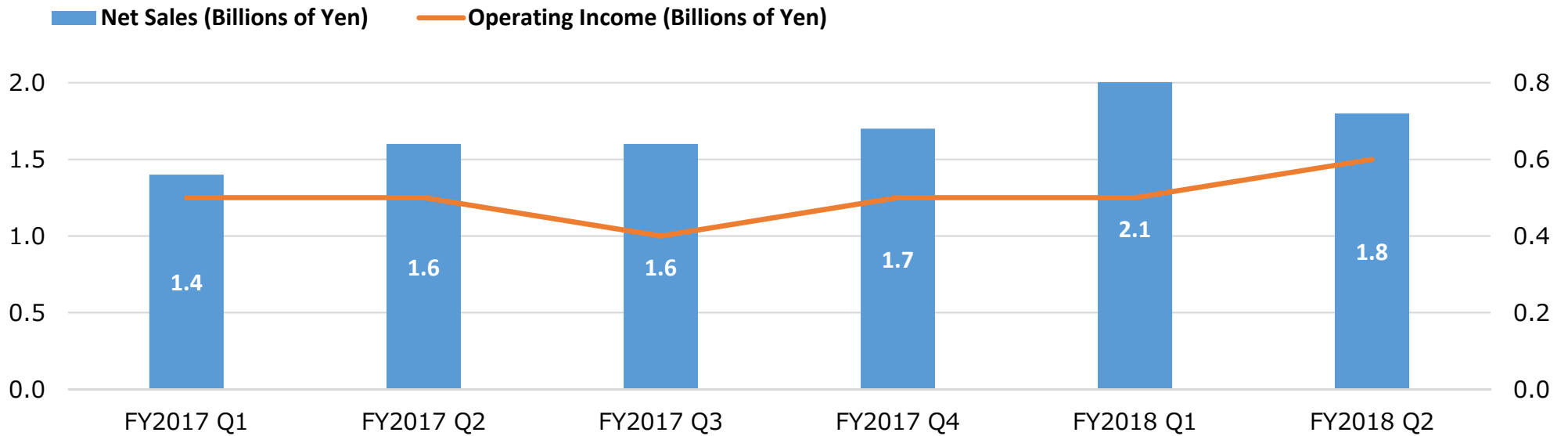
Publication

Digital sales ratio has been rising sharply in the last 5 years to the current 20%+ level.



Merchandising

Strong sales of established IP-based character goods.



Plans for FY2018/3

Promoting established IP-based character goods, as well as wide range of goods and licensing deals in conjunction with the “FINAL FANTASY” franchise’s 30th anniversary.



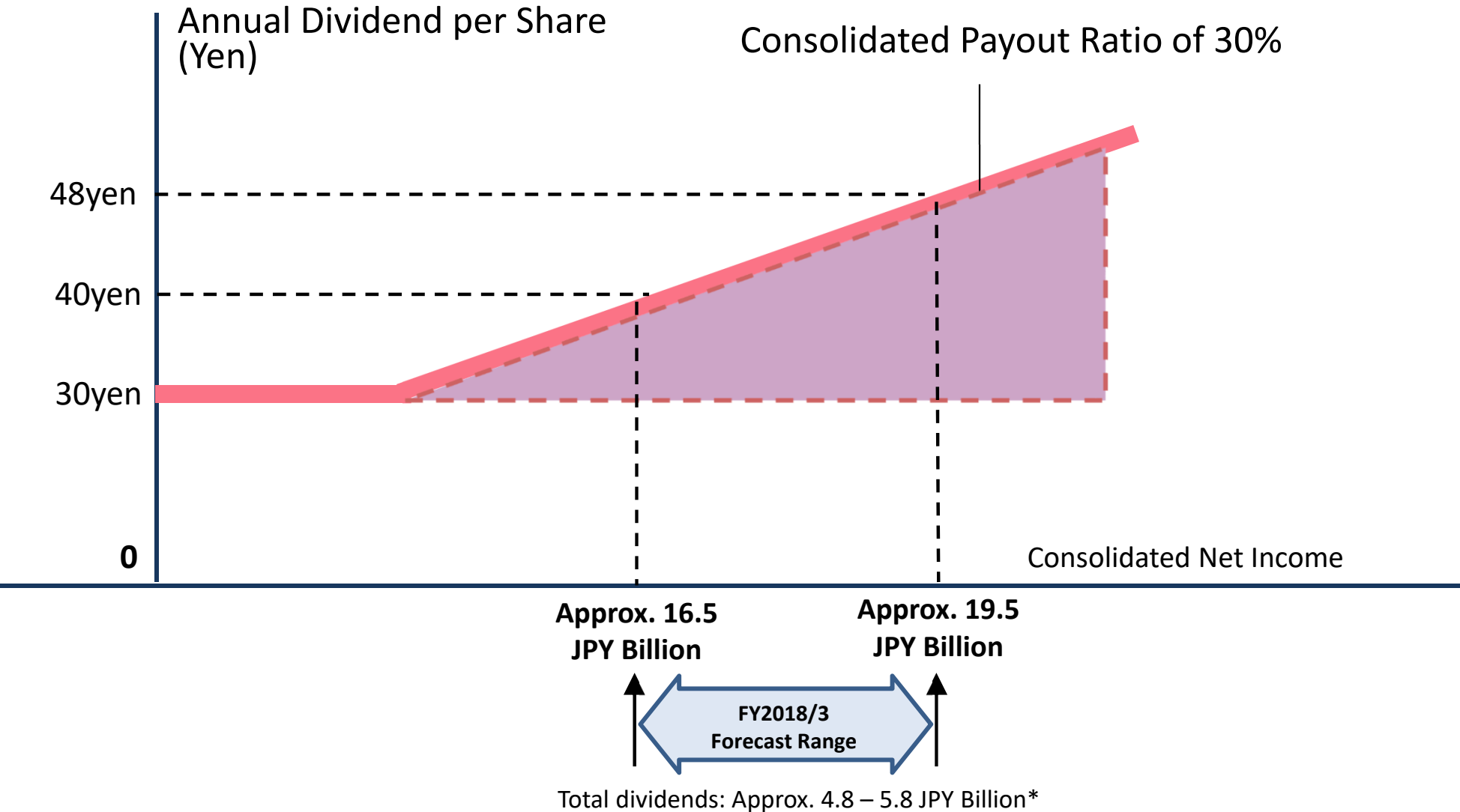
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Official store “SQUARE ENIX CAFE”

| | | |
|--|---|--|
|  SQUARE ENIX CAFE |  SQUARE ENIX CAFE <i>Osaka</i> |  SQUARE ENIX CAFE <i>Shanghai</i> |
| 「SQUARE ENIX CAFE Tokyo」 Opened on October 1, 2016 | 「SQUARE ENIX CAFE Osaka」 Opened on October 14, 2017 | 「SQUARE ENIX CAFE Shanghai」 To be opened this winter |
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Dividend Policy for FY 2018/3

Interim dividend amount is 10 JPY/share.



*Based on the forecasted average number of outstanding shares in FY2018/3.



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