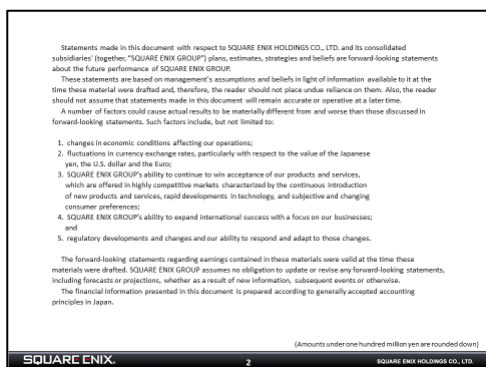


We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the first half of the fiscal year ending March 31, 2019 (“1H FY2019/3”).

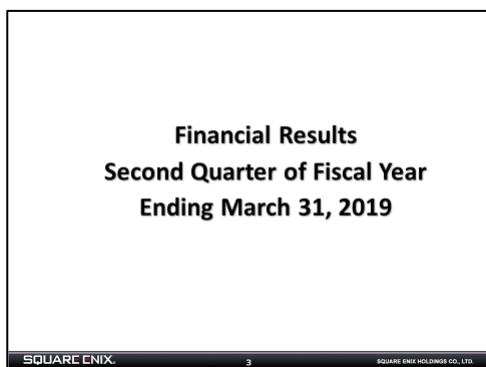
Today’s presenters are:

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 FY2019/3, and then Mr. Matsuda will discuss the progress made by 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 FY2019/3.



Consolidated Statement of Income
Q2, FY2019/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2018		Fiscal Year Ending March 31, 2019			
	Apr - Sep 2017	Full Year Results	Apr - Sep 2018	Changes	Full Year Forecast	Changes
Net Sales	132.0	250.3	112.2	△19.8	270.0	19.7
Operating Income	25.8	38.1	10.0	△15.8	30.0	△8.1
Operating Income Margin	19.6%	15.2%	9.0%	△10.6pt	11.1%	△4.1pt
Ordinary Income	26.6	36.1	15.0	△11.6	30.0	△6.1
Ordinary Income Margin	20.2%	14.4%	13.4%	△6.8pt	11.1%	△3.3pt
Profit attributable to owners of parent	17.5	25.8	8.6	△8.9	21.0	△4.8
Depreciation and Amortization	2.4	5.8	2.8	0.4	7.2	1.4
Capital Expenditure	3.7	7.9	3.7	0.0	8.8	0.9

In 1H FY2019/3, the Company booked net sales of ¥112.2 billion (-15.0% YoY), operating income of ¥10.0 billion (-61.0%), ordinary income of ¥15.0 billion (-43.6%), and net income attributable to parent company shareholders of ¥8.6 billion (-50.7%).

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company’s management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts.
The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company’s future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.

Consolidated Statement of Income
Q2, FY2019/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2018		Fiscal Year Ending March 31, 2019	
	Apr - Sep 2017	Apr - Sep 2018	Apr - Sep 2018	Changes
Net Sales		132.0	112.2	Δ19.8
Digital Entertainment	102.1	82.8	82.8	Δ19.3
Amusement	21.1	20.5	20.5	Δ0.6
Publication	5.6	6.0	6.0	0.4
Merchandising	4.0	3.3	3.3	Δ0.7
Eliminations or unallocated	0.2	0.1	0.1	Δ0.1
Operating Income		25.8	10.0	Δ15.8
Digital Entertainment	26.5	13.0	13.0	Δ13.5
Amusement	2.4	0.7	0.7	Δ1.7
Publication	1.8	1.5	1.5	0.2
Merchandising	1.1	0.2	0.2	Δ0.9
Eliminations or unallocated	5.8	5.5	5.5	0.3
Operating Income Margin		19.6%	8.9%	Δ10.6pt
Digital Entertainment	26.0%	15.9%	15.9%	Δ10.2pt
Amusement	11.7%	3.5%	3.5%	Δ8.2pt
Publication	24.5%	24.9%	24.9%	0.4pt
Merchandising	29.5%	8.9%	8.9%	Δ20.6pt
Eliminations or unallocated				

SQUARE ENIX. 5 SQUARE ENIX HOLDINGS CO., LTD.

I will next break our results down by segment.

The Digital Entertainment segment booked net sales of ¥82.8 billion (-19.3 billion) and operating income of ¥13.0 billion (-¥13.5 billion).

In HD Games, we launched “OCTOPATH TRAVELER,” a brand new IP, and “SHADOW OF THE TOMB RAIDER,” the final chapter of the rebooted TOMB RAIDER trilogy.

The MMO sub-segment saw both net sales and operating income decline versus the previous year, when the latest “FINAL FANTASY XIV” expansion pack was launched.

In the Games for Smart Devices/PC Browsers sub-segment, many of the titles launched in FY2018/3 underperformed versus our expectations, so we were unable to add to sales generated by our earlier titles. This and a decline in licensing income resulted in a decline in both net sales and operating income.

The Amusement segment booked net sales of ¥20.5 billion (-¥600 million) and operating income of ¥700 million (-¥1.7 billion). While arcade operations were solid, no new machines were launched, resulting in lower net sales and operating income YoY.

In the Publication segment, sales of printed comic books declined YoY. However, sales of digital publications grew, resulting in YoY growth in both net sales and operating income.

Net sales and operating income were also both down YoY in the Merchandising segment, which had benefitted a year earlier from the release of products such as merchandise based on characters in our IP portfolio.

This concludes my overview of our 1H FY2019/3 results.

Consolidated Statement of Income
Quarterly Comparison

(Billions of Yen)

	Fiscal Year Ended March 31, 2018			Fiscal Year Ending March 31, 2019		
	Apr - June 2017	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018	Apr - June 2018	Jul - Sep 2018
Net Sales	57.0	75.0	56.0	62.3	45.4	66.7
Digital Entertainment	44.1	57.9	41.4	47.8	32.4	50.4
Amusement	8.9	12.1	10.4	10.1	9.4	11.0
Publication	2.2	3.3	2.6	2.7	2.3	3.7
Merchandising	2.1	1.8	1.7	1.7	1.4	1.8
Eliminations or unallocated	-0.1	-0.2	-0.2	-0.3	-0.2	-0.3
Operating Income	12.8	12.9	7.9	4.4	4.2	5.8
Digital Entertainment	13.7	12.8	9.7	7.0	6.0	6.9
Amusement	0.6	1.8	0.1	-0.1	0.2	0.5
Publication	0.5	0.8	0.4	0.6	0.4	1.0
Merchandising	0.5	0.6	0.3	0.3	0.1	0.1
Eliminations or unallocated	-2.4	-3.1	-2.7	-3.4	-2.5	-2.9

SQUARE ENIX. 6 SQUARE ENIX HOLDINGS CO., LTD.

Consolidated Balance Sheet
Summary as of September 30, 2018

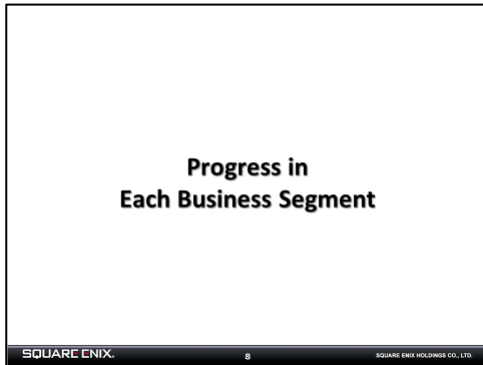
(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2018	09/2018	Changes	Account	03/2018	09/2018	Changes
Cash and deposits	136.7	111.2	Δ25.5	Notes and accounts payable	14.8	17.5	2.7
Notes and accounts receivable	24.3	30.0	5.7	Short-term loans	8.9	8.8	Δ0.1
Inventories	3.4	5.3	1.9	Provision for sales returns	3.9	5.3	1.4
Content production account	44.1	54.4	10.3	Others	31.0	24.8	Δ6.2
Others	7.2	10.2	3.0	Total Current Liabilities	58.8	56.6	Δ2.2
Total Current Assets	236.1	233.3	Δ2.8	Non-current liabilities	7.5	7.6	0.1
Property and equipment	16.0	16.9	0.9	Total Liabilities	66.3	64.2	Δ2.1
Intangible Assets	4.5	4.7	0.2	Total Shareholders' Equity	195.3	198.7	3.4
Investments and other assets	22.9	25.8	2.9	Others	-2.9	-4.1	Δ1.2
Total Non-current Assets	43.4	47.4	4.0	Total Net Assets	193.3	194.6	1.3
Total Assets	279.7	280.7	1.0	Total Liabilities and Net Assets	259.7	258.8	Δ0.9

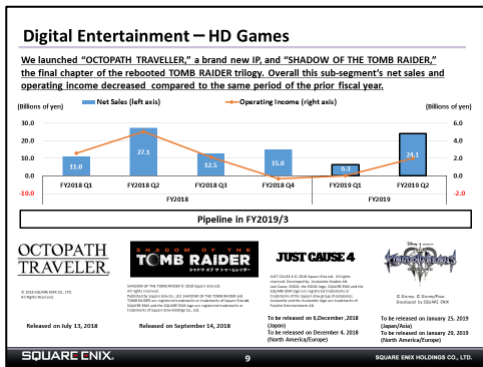
SQUARE ENIX. 7 SQUARE ENIX HOLDINGS CO., LTD.

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company's management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts.

The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company's future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.



I am Yosuke Matsuda. I will be discussing the progress we made in each business segment.



Both net sales and operating income declined YoY in the HD Games sub-segment, due in part to differences in lower prices on new and catalogue titles.

We launched "SHADOW OF THE TOMB RAIDER" in 1H and intend to further grow the number of units sold and overall player base via a variety of sales initiatives.

The major launches we have planned for 2H are "JUST CAUSE 4" in December and "KINGDOM HEARTS III" in January.

Digital Entertainment – HD Games

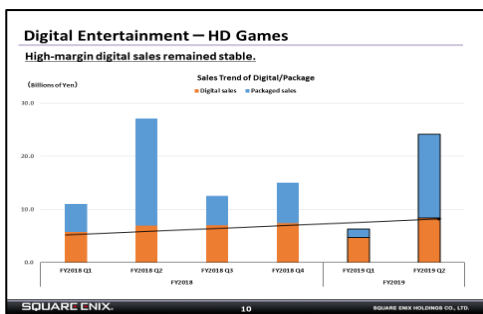
Post-launch initiatives and subscription models

- > Increased digital sales are prolonging the lifecycles of new titles. → Post-launch initiatives become increasingly significant than ever.
- > Expanding catalogue with regular title launches.
- > Adopting subscription models to expand earnings opportunities.

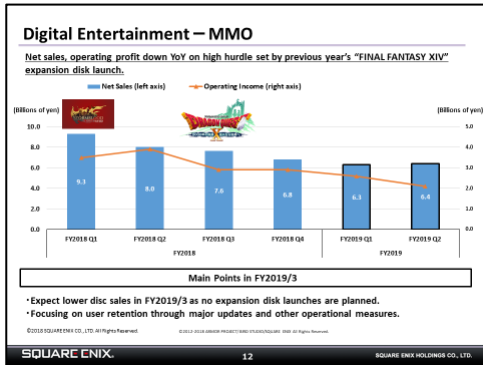
In the HD Games sub-segment, our strategy going forward will be to leverage post-launch initiatives and subscription models.

By post-launch initiatives, I am referring to sales promotion efforts to implement following a new title launch. Regularly launching new titles will also be important as we can build up a catalogue of titles.

Next is subscription models. Several companies have already announced subscription models, and some of the traditional game and platform companies are also expected to do so. We also intend to leverage subscription models in order to grow our digital sales.



The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company's management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts. The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company's future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.



The MMO sub-segment saw both net sales and operating income decline YoY, but this result was as expected given that we did not release any expansion packs. We plan to start holding "FINAL FANTASY XIV" events overseas as of mid-November. We believe that forthcoming announcements about expansion packs and other news will bring back users that are currently dormant.

Digital Entertainment – Units Sold by Region

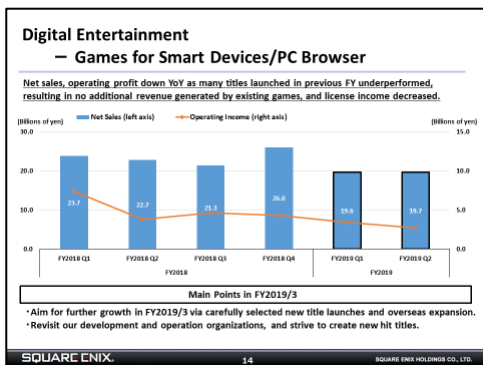
Units Sold = Sold disks + Downloads

Sold disks: Number of discs shipped based on accounting standard
Downloads: Downloads of full-length games newly released in the current and previous FY (does not include catalogue titles released prior to previous FY)

Region	FY 2018/3 Q2 (Results)			FY 2019/3 Q2 (Results)		
	Disc	Download	Total	Disc	Download	Total
Japan	3.90	0.89	4.79	0.78	0.50	1.28
North America/ Europe	3.36	2.46	5.82	4.95	3.10	8.04
Asia, etc.	0.52	0.36	0.88	0.27	0.49	0.77
Total	7.77	3.70	11.48	6.00	4.09	10.09

* The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangements. Each episode of episodic distribution titles is counted as one unit.

SQUARE ENIX. 13. SQUARE ENIX HOLDINGS CO., LTD.



The Games for Smart Devices/PC Browsers sub-segment saw both net sales and operating income decline YoY.

Digital Entertainment – Games for Smart Devices/PC Browser

Major Operating Titles

Jan 2014 FINAL FANTASY RECORD BREAKERS	Sep 2014 FINAL FANTASY RECORD BREAKERS	Jun 2015 FINAL FANTASY RECORD BREAKERS	Oct 2015 FINAL FANTASY RECORD BREAKERS	Dec 2014 FINAL FANTASY RECORD BREAKERS	Mar 2017 BRAVELY DEFAULT	Mar 2018 FINAL FANTASY RECORD BREAKERS
Apr 2014 FINAL FANTASY RECORD BREAKERS	Nov 2014 FINAL FANTASY RECORD BREAKERS	Sep 2015 FINAL FANTASY RECORD BREAKERS	Oct 2015 FINAL FANTASY RECORD BREAKERS	Feb 2017 FINAL FANTASY RECORD BREAKERS	Jun 2017 FINAL FANTASY RECORD BREAKERS	

*Each title's launch timing

SQUARE ENIX. 15. SQUARE ENIX HOLDINGS CO., LTD.

This is a list of our key titles for smart devices. The challenge we face here is that our efforts to add to sales and earnings with new titles resulted in very little success.

While we have not announced a launch date yet, growing pre-registrations gives us high hopes for "Romancing SaGa Re;univerSe," a smart device version of "Romancing SaGA."

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company's management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts. The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company's future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.

Digital Entertainment
 – Games for Smart Devices/PC Browser

Future Business Strategy: “Selection and Concentration”

- Focus on selected new titles.
- Revisit organizational structure. Rebuild development and operation team.

SQUARE ENIX. 16 SQUARE ENIX HOLDINGS CO., LTD.

This is our strategy for the Games for Smart Devices/PC Browsers sub-segment. We have launched numerous titles to date, but we will narrow down the amount of new titles going forward. Our plan is for carefully chosen development teams to undertake development efforts and operations and to focus our advertising on selected titles in order to create larger initial player bases.

We are already in the process of changing the composition of our development teams and our organizational structure. We anticipate some time will be required for these changes to deliver benefits, looking for positive impacts in 2H FY2020/3 and thereafter.

Amusement

No new amusement machines were launched, while amusement facility operations were solid.

Period	Net Sales (left axis)	Operating Income (right axis)
FY2018 Q1	5.4	1.0
FY2018 Q2	7.1	1.5
FY2018 Q3	5.8	1.2
FY2018 Q4	5.1	1.1
FY2019 Q1	6.4	1.3
FY2019 Q2	7.6	1.6

Pipeline in FY2019/3

SQUARE ENIX. 17 SQUARE ENIX HOLDINGS CO., LTD.

In the Amusement segment, arcade operations have been solid despite natural disasters and other issues.

In addition, November will see the launch of “Starwing Paradox.” We intend to grow the number of units sold by improving views of our operations.

Publication

Brisk sales in digital formats offset the fall in sales of print media YoY, and led to a YoY increase in net sales and operating income.

Period	Net Sales (left axis)	Operating Income (right axis)
FY2018 Q1	2.7	0.5
FY2018 Q2	3.3	0.7
FY2018 Q3	2.9	0.6
FY2018 Q4	2.7	0.5
FY2019 Q1	2.9	0.6
FY2019 Q2	3.3	0.7

Main Titles in FY2019/3

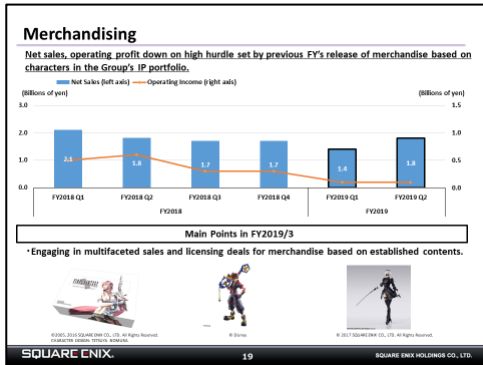
SQUARE ENIX. 18 SQUARE ENIX HOLDINGS CO., LTD.

The Publication segment saw both net sales and operating income grow YoY. In particular, the DAU count for our “MANGA UP!” manga distribution app has risen, and retention rates remain high. We will continue to implement initiatives to further grow the DAU count.

We will also utilize new hit titles from “MANGA UP!” to create anime and develop games.

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company’s management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts.

The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company’s future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.



Net sales and operating income both fell at the Merchandising segment, but we have positioned FY2019/3 as an incubation phase for new products. In particular, we have started working on developing new products based on new technologies and perspectives, including the fusion of the real and digital realms.

We will be releasing a variety of new products in conjunction with the launch of major HD game titles in FY2020/3.

Booking of Extraordinary Loss

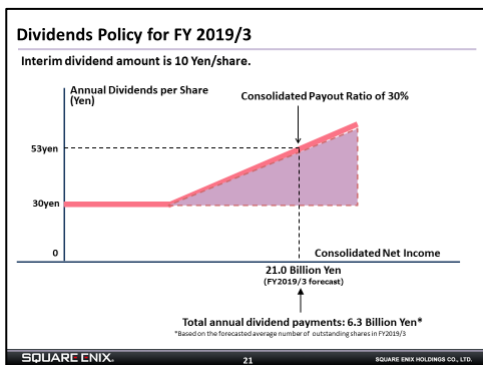
- Company: Luminous Productions Co., Ltd. (a wholly subsidiary of SQUARE ENIX HOLDINGS CO., LTD.)
- Overview: Reviewed business strategy and decided to focus the subsidiary's development efforts on large-scale, high-quality AAA titles to leverage its strengths.
- Amount: JPY 3,733 million
Disposition of the portion of the content production account related to the game titles under development at the subsidiary, and impairment losses on intangible assets.

SQUARE ENIX. 20. SQUARE ENIX HOLDINGS CO., LTD.

Lastly, I will discuss our booking of an extraordinary loss.

We booked an extraordinary loss of ¥3.7 billion in connection with a change in our business strategy for Luminous Productions Co., Ltd., a wholly owned subsidiary.

We have returned to our original strategy of having the subsidiary focus on the development of AAA titles, and we will be accelerating those development efforts.



We maintain our dividend policy based on a consolidated payout ratio of 30%. At the current time, we also make no changes to our full-year earnings outlook.

SQUARE ENIX.

Financial Results Briefing Session
Six-Month Period Ended September 30, 2018

November 7, 2018
SQUARE ENIX HOLDINGS CO., LTD.

The plans, forecasts, strategies and ideas described in this material are descriptions of forecasts of future results. These descriptions rely on information available as of the date of production of this material and are based on assumptions and judgment made by the Company's management. Readers are advised not to rely solely on these forecasts. Readers should also not assume that these forecasts are accurate or valid information, even after the date of public release. There are many factors that may cause actual results to vary considerably from the forecasts, and in some cases actual results may be inferior to forecasts.

The information on the future forecasts described in this material is current as of November 7, 2018. The company is not obliged to update or correct forecasts concerning the Company's future results, including forecasts or outlook, if new information becomes available and/or events occur after November 7, 2018.

SQUARE ENIX HOLDINGS CO., LTD.

2Q FY2018/9 Financial Results Briefing Session Q&A

Date/Time: November 7, 2018 (Wed); 5:30-6:30 pm (JST)

On behalf of the company: Yosuke Matsuda, President and Representative Director

Q&A

Q: What pushed your content production account to ¥54.4 billion despite the partial disposition that contributed to the booking of the extraordinary loss?

A: This was because the content production account includes both major titles slated for launch in 2H and those under development for release in FY2020/3 and beyond.

Q: Did you book any valuation losses on contents other than the dispositions that contributed to the booking of the extraordinary loss?

A: We posted valuation losses on smart device and HD game title contents under cost of goods sold.

Q: Will the changes to the development organization at the Games for Smart Devices/PC Browsers sub-segment result in any one-off costs?

A: We do not expect any.

Q: Your peers will be releasing a string of major titles ahead of the holiday season. What are your expectations for sales of "JUST CAUSE 4," which is scheduled for a December release?

A: We have high expectations for *JUST CAUSE 4* because of the high quality of the finished game.

Q: How do you feel about your progress toward your full-year targets?

A: The progress we made in 1H was in line with our forecast.

Q: How will greater selectivity about new smart device titles change numbers of your titles going forward?

A: Compared to the pace of our releases to date, we will likely release fewer titles going forward.

Q: What can you tell us from a medium- to long-term perspective about the strategic alliance with Tencent that you announced at the end of August 2018?

A: Announcements on the nature of our alliance with Tencent will be forthcoming as soon as details are finalized. Tencent is strong in overseas markets as well, so we hope to collaborate with them globally.

Q: What kind of businesses do you currently anticipate rolling out in the subscription model context?

A: Nothing is finalized at present, but we hope to take advantage of subscription models while also growing full game downloads.

Q: What can you tell us about making titles available on STEAM?

A: STEAM is a major platform for PC games, and we are focused on making our titles available on it. We also reference the opinions of its user community, which we find to be very valuable.

Q: You have new titles coming out in 3Q and 4Q. What sort of operating income do you expect in each quarter?

A: We want to reach our earnings guidance on the back of new title sales. I will refrain from making any comment beyond that.

Q: Is it possible you could cut headcounts in conjunction with narrowing down the number of new titles you release for smart devices?

A: It will not directly lead to headcount reductions because we are planning on reassigning resources internally.

Q: How much will you be able to reduce development lead times by having Luminous Productions focus on major titles?

A: I cannot give you a quantitative answer, but we will reduce development lead times by revisiting our development organization and making effective use of game engines.

Q: Are smart device apps competing with each other for users' playtime?

A: We have to admit that happens. In order to capture new users, we need to provide something that is new and fun. As such, we will be selective about the new titles we release for smart devices going forward.