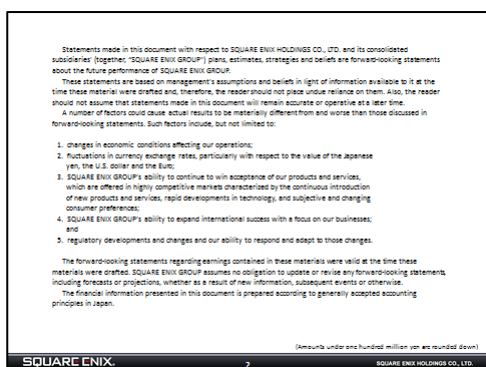


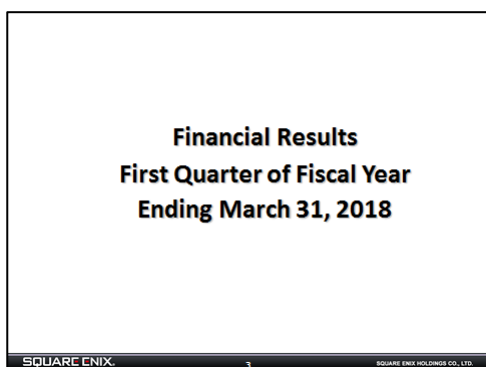
We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the first quarter of the fiscal year ending March 31, 2018 (“1Q FY2018/3”).

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 1Q FY2018/3, 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 1Q FY2018/3.

Consolidated Statement of Income
Q1, FY2018/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2017		Fiscal Year Ending March 31, 2018			
	Apr - June 2016	Full Year Results	Apr - June 2017	Changes	Full Year Forecast	Changes
Net Sales	51.1	256.8	57.0	5.9	240.0 ~	△16.8 ~
Operating Income	8.9	31.2	12.8	3.9	25.0 ~	△6.2 ~
Operating Margin	17.4%	12.1%	22.5%	5.1pt	10.4% ~	△1.7pt ~
Ordinary Income	6.4	31.1	13.2	6.8	25.0 ~	△6.1 ~
Ordinary Income Margin	12.5%	12.1%	23.2%	10.7pt	11.5%	△1.7pt ~
Profit attributable to owners of parent	5.3	20.0	8.3	3.0	16.5 ~	△8.5 ~
Depreciation and Amortization	1.0	6.2	1.1	△0.5	5.9	△0.3
Capital Expenditure	1.5	6.9	1.5	0.0	7.8	0.9

In 1Q FY2018/3, the Company booked net sales of ¥57.0 billion (+11.3% YoY), operating income of ¥12.8 billion (+43.9%), recurring income of ¥13.2 billion (+106.1%), and net income attributable to parent company shareholders of ¥8.3 billion (+56.8%).

Overall, both sales and income rose YoY.

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Consolidated Statement of Income
Q1, FY2018/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2017		Fiscal Year Ending March 31, 2018		Changes
	Apr - June 2016	Apr - June 2017	Apr - June 2017	Apr - June 2018	
Net Sales	51.3	57.0	57.0	59.9	8.9
Digital Entertainment	37.5	40.7	44.1	44.1	6.6
Amusement	10.3	10.9	8.9	8.9	-1.4
Publication	2.2	2.2	2.2	2.2	0.0
Merchandising	1.4	1.6	2.1	2.1	0.7
Eliminations or unallocated	-0.3	-0.4	-0.3	-0.3	0.0
Operating Income	8.9	10.3	9.8	12.8	3.9
Digital Entertainment	9.4	9.6	13.7	13.7	4.3
Amusement	0.8	1.2	0.6	0.6	-0.2
Publication	0.5	0.4	0.5	0.5	0.0
Merchandising	0.5	0.4	0.5	0.5	0.0
Eliminations or unallocated	-2.4	-2.7	-2.1	-2.1	0.0
Operating Margin	17.4%	18.1%	17.2%	21.4%	5.1pt
Digital Entertainment	25.1%	23.7%	31.1%	31.1%	6.0pt
Amusement	7.8%	11.0%	6.7%	6.7%	-1.1pt
Publication	22.7%	22.7%	22.7%	22.7%	0.0pt
Merchandising	35.7%	25.0%	23.8%	23.8%	-11.9pt
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 ¥44.1 billion (+17.7%) and operating income of ¥13.7 billion (+44.9%). The HD Games sub-segment saw sales fall but income rise. The income growth was attributable to brisk repeat sales of “*NieR:Automata*” and other catalog titles released in FY2017/3, driven primarily by digital downloads. The MMO sub-segment saw both sales and income rise on the back of the release of a “*FINAL FANTASY XIV*” expansion packs and growth in the paying subscriber base. The Games for Smart Devices/PC Browsers sub-segment also saw both sales and income grow thanks to existing titles continuing to deliver strong performances.

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
Net Sales	51.1	55.1	83.7	66.7	57.0
Digital Entertainment	37.5	40.7	67.9	52.8	44.1
Amusement	10.3	10.9	11.7	9.7	8.9
Publication	2.2	2.2	2.7	2.7	2.2
Merchandising	1.4	1.6	1.6	1.7	2.1
Eliminations or unallocated	-0.3	-0.4	-0.3	-0.2	-0.6
Operating Income	8.9	2.1	10.3	9.8	12.8
Digital Entertainment	9.4	2.6	9.6	11.5	13.7
Amusement	0.8	1.2	1.5	0.0	0.6
Publication	0.5	0.4	0.7	0.7	0.5
Merchandising	0.5	0.5	0.4	0.5	0.5
Eliminations or unallocated	-2.4	-2.7	-2.1	-2.9	-2.6

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

At the Amusement segment, arcade operations remained solid, but sales and income declined YoY due to the lack of new machine launches.

Consolidated Balance Sheet
Summary as of June 30, 2017

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2017	06/2017	Changes	03/2017	06/2017	Changes	
Cash and deposits	129.1	124.1	△ 5.0	Notes and accounts payable	14.2	13.3	△ 0.9
Notes and accounts receivable	26.0	25.5	△ 0.5	Short-term loans	8.4	8.7	0.3
Inventories	3.1	4.7	1.6	Provision for sales returns	6.1	6.0	△ 0.1
Content production account	34.2	32.8	△ 1.4	Others	26.5	24.8	△ 1.7
Others	13.9	13.4	△ 0.5	Total Current Liabilities	55.4	52.8	△ 2.6
Total Current Assets	209.0	209.4	0.4	Non-current liabilities	6.5	7.2	0.7
Property and equipment	14.2	14.3	0.1	Total Liabilities	61.9	60.0	△ 1.9
Intangible assets	4.2	4.0	△ 0.2	Total Shareholders' Equity	152.7	159.2	6.5
Investments and other assets	13.6	17.0	3.4	Others	-1.3	-1.3	0.0
Total Non-current Assets	34.9	36.2	1.4	Total Net Assets	151.9	159.6	7.7
Total Assets	243.9	245.7	1.8	Total Liabilities and Net Assets	243.9	245.7	1.8

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

The Publication segment saw sales and income rise on solid comic book sales.

Sales and income also rose at the Merchandising segment, driven by brisk sales of character merchandise, including the figures included with “*FINAL FANTASY XIV*” expansion packs.

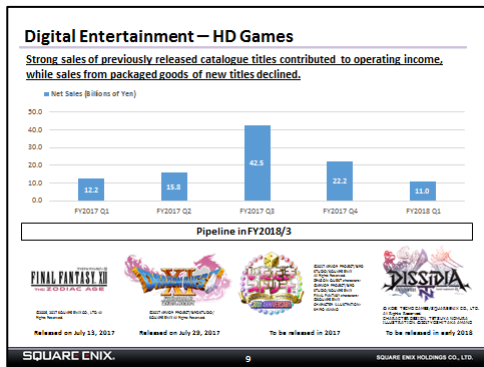
This concludes my overview of our 1Q FY2018/3 results.



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

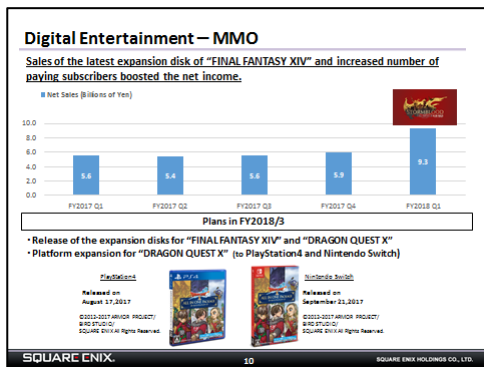
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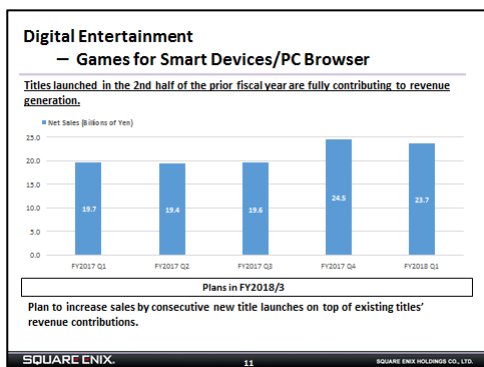


I will start with the HD Games sub-segment of the Digital Entertainment segment. While we did not launch any major new titles in 1Q FY2018/3, repeat sales of “NieR:Automata” were brisk. Moreover, while the release date for “FINAL FANTASY XII: THE ZODIAC AGE” was July 13, a portion of its sales were booked in 1Q due to shipping requirements, and I note that sales of the title have remained brisk since its launch date.

On July 29, we released “DRAGON QUEST XI: Echoes of an Elusive Age,” which has generated a great customer response and garnered praise for its contents. We have seen stronger sales of the PlayStation®4 version than the NINTENDO 3DS version, but given the installed base, we have high hopes for growth in sales of the NINTENDO 3DS version going forward as well.



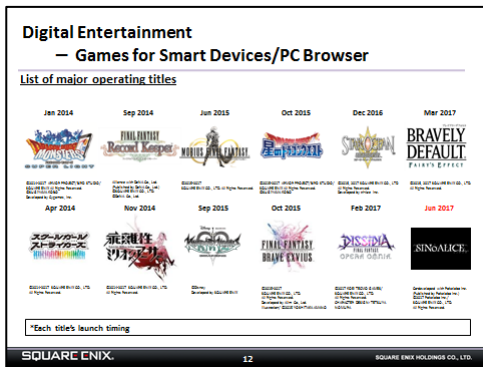
I turn next to the MMO sub-segment, where we released the “STORMBLOOD” expansion pack for “FINAL FANTASY XIV” in 1Q. Sales of the expansion pack have been brisk, and our paying subscriber numbers are at a record high. We expect the expansion pack to make a sustained earnings contribution going forward. We also have the release of an expansion pack for “DRAGON QUEST X” slated for FY2018/3. That title is approaching its fifth anniversary, so we hope to see further expansion from it, as we have with “FINAL FANTASY XIV.”



The Games for Smart Devices/PC Browsers sub-segment is delivering a solid performance. “FINAL FANTASY XV: A NEW EMPIRE,” which we licensed to MACHINE ZONE, INC., went into operation in June, so license fees from that arrangement are also contributing to earnings.

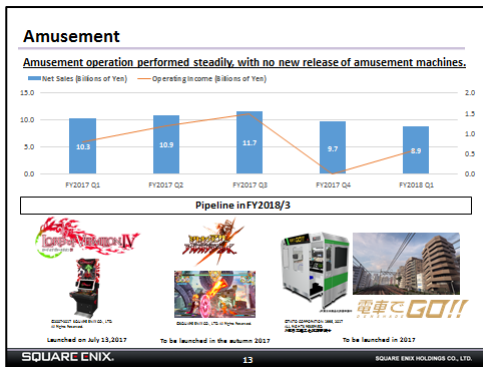
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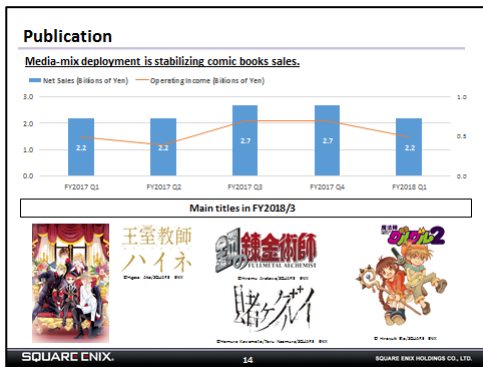


Next, I turn to the Amusement segment. We launched no new machines in 1Q, but arcade operations remained solid.

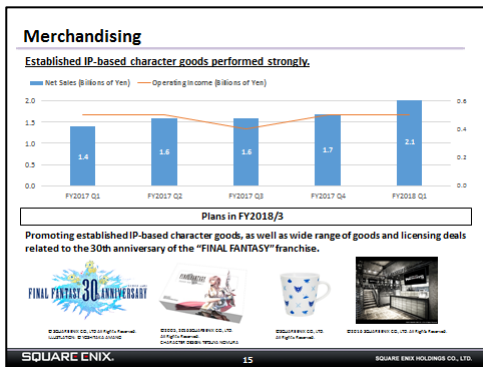
We do have new title launches slated for 2Q and beyond.



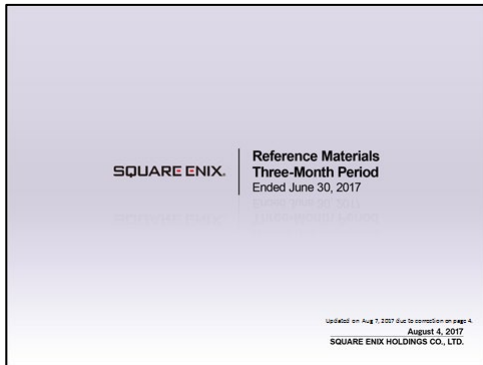
I look next at the Publication segment, where sales have been solid. The segment is trending in line with our plan thanks to our focus on expanding digital sales.



Next is the Merchandising segment. In FY2018/3, we have seen brisk sales of character merchandise associated with the 30th anniversary of FINAL FANTASY and of a variety of merchandise in sales channels including the Square Enix Cafe.



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Lastly, I will discuss our medium-term initiatives.

Under the header of “Digital Sales Enhancement,” we intend to update and integrate our Group’s sales websites this fall with the goal of spurring stronger digital sales in FY2018/3 and beyond.

As part of our “Multi Platform Utilization” initiative, we have begun providing games for the Game Plus service on Yahoo! Game launched by Yahoo Japan Corporation in July. We intend to remain proactive in the implementation of our multi platform strategy going forward.

As regards our future pipeline, we have announced that we will be releasing “*KINGDOM HEARTS III*” in 2018. We will continue to announce new titles going forward, including at gaming trade shows.

As of this time, we are making no changes to our earnings forecast for FY2018/3.

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SQUARE ENIX HOLDINGS CO., LTD.

1Q FY2018/3 Financial Results Briefing (Teleconference) Q&A

Date/Time: August 4, 2017 (Fri); 6:00-7:00pm (JST)

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

Interpretation: Japanese-English

Q&A

Q: To what extent did 1Q earnings surpass your plan, and where did the overshoots occur?

A: 1Q net sales were approximately ¥5.0 billion above our plan. The most significant overshoot was in the MMO sub-segment, where sales grew by several billion yen. The overshoot owed to our conservative estimate of the boost that the expansion pack would give to sales. The second most significant overshoot was in the Games for Smart Devices/PC Browsers sub-segment.

Q: Will you continue to see license fees from MACHINE ZONE, INC. in 2Q and beyond?

A: We will be booking license fees on a quarterly basis, and if sales of "FINAL FANTASY XV: A NEW EMPIRE" exceed a certain threshold, we are entitled to collect additional license fees.

Q: When will "DRAGON QUEST RIVALS" be available?

A: I cannot speak to when it will be available, but I can say that the beta testing is complete and that we are seeing smooth progress on the development effort.

Q: Does the increase in the operating profit margin at the Games for Smart Devices/PC Browsers sub-segment owe to the license fees from MACHINE ZONE, INC.?

A: The license fees from MACHINE ZONE, INC. are one factor behind the higher margin because the full value of the fees goes directly to the profit line. Another reason that the margin has improved is that we have fully amortized the initial development costs on the major titles that we currently have in operation. The higher profits are the result of the combination of these factors.

Q: How significant is the asset risk for the Games for Smart Devices/PC Browsers sub-segment in 2Q and beyond?

A: While we cannot completely eliminate asset risk, we reduce our risk by engaging in beta testing ahead of the release of our titles in order to increase their odds of succeeding.

Q: What sort of profit contribution do you expect from sales of “FINAL FANTASY XIV: STORMBLOOD” going forward?

A: The sales prices of expansion disks are lower than those of full HD games, but expansion packs do also contribute to profits. That said, subscriber retention and growth bolster profits more than expansion packs sales do.

Q: What was the operating profit margin for the HD Games sub-segment in 1Q, and what is your outlook for 2Q?

A: The HD Games sub-segment’s 1Q operating profit margin was in the mid-twenties. We look for the margin to decline in 2Q because we will be amortizing development costs associated with the launch of “*DRAGON QUEST XI: Echoes of an Elusive Age*.”

Q: What percentage of sales of “DRAGON QUEST XI: Echoes of an Elusive Age” have been via digital download?

A: Because we are currently selling the title primarily in Japan, the percentage of download sales is lower than what we would see for a title being sold in the Western markets. I cannot speak to the specific figure at the moment as there is a possibility that it may rise going forward.

Q: Do you look likely to reach your target for unit sales of “DRAGON QUEST XI: Echoes of an Elusive Age?” Also, you say that you are seeing strong sales of the PlayStation®4 version, which has a high sales price. Does that mean we can expect sales to beat your plan?

A: We believe that we can reach the lower end of our unit sales plan. Our goal is to reach the upper end of that plan, but we believe that that will depend on how sales of the NINTENDO 3DS version trend going forward.

Q: Sales at the Games for Smart Devices/PC Browsers sub-segment rose YoY but declined QoQ. Was that due to seasonality or to titles where sales slumped?

A: It owes to seasonality and also to the timing of marketing initiatives, including events and promotions.