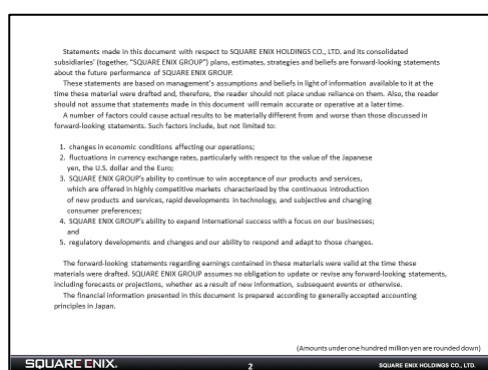


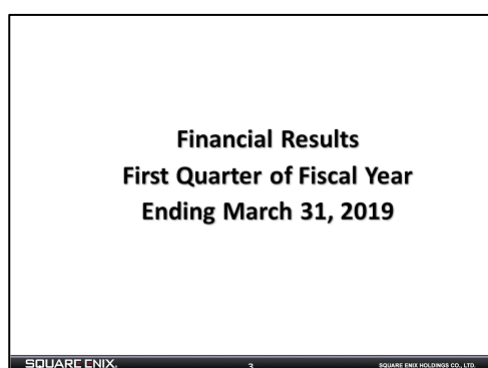
We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the first quarter of the fiscal year ending March 31, 2019 (“1Q FY2019/3”).

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 1Q 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 1Q FY2019/3.

Consolidated Statement of Income
Q1, FY2019/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2018		Fiscal Year Ending March 31, 2019			
	Apr - June 2017	Full Year Results	Apr - June 2018	Changes	Full Year Forecast	Changes
Net Sales	57.0	250.3	45.4	Δ11.6	270.0	19.7
Operating Income	12.8	38.1	4.2	Δ8.6	30.0	Δ8.1
Operating Income Margin	22.6%	15.2%	9.4%	Δ13.2pt	11.1%	Δ4.1pt
Ordinary Income	13.2	36.1	7.7	Δ5.5	30.0	Δ6.1
Ordinary Income Margin	23.3%	14.4%	16.9%	Δ6.4pt	11.1%	Δ3.3pt
Profit attributable to owners of parent	8.3	25.8	5.8	Δ2.5	21.0	Δ4.8
Depreciation and Amortization	1.1	5.8	1.3	0.2	7.2	1.4
Capital Expenditure	1.5	7.9	1.3	Δ0.2	8.8	0.9

In 1Q FY2019/3, the Company booked net sales of ¥45.4 billion (-20.2% YoY), operating income of ¥4.2 billion (-66.9%), ordinary income of ¥7.7 billion (-42.0%), and net income attributable to parent company shareholders of ¥5.8 billion (-29.9%).

Both net sales and operating income fell YoY.

Consolidated Statement of Income				
Q1, FY2019/3				
(Billions of Yen)				
	Fiscal Year Ended March 31, 2018	Fiscal Year Ended March 31, 2019	Changes	
	Apr - June 2017	Apr - June 2018		
Net Sales	57.0	45.4		△11.6
Digital Entertainment	44.1	32.4		△11.7
Amusement	8.9	9.4		0.5
Publication	2.2	2.3		0.1
Merchandising	2.1	1.4		△0.7
Eliminations or unallocated	-0.6	-0.3		0.4
Operating Income	12.8	4.2		△8.6
Digital Entertainment	13.7	6.0		△7.7
Amusement	0.6	0.2		△0.4
Publication	0.5	0.4		△0.1
Merchandising	0.5	0.1		△0.4
Eliminations or unallocated	-2.6	-2.5		0.1
Operating Income Margin	22.6%	9.4%		△13.2ppt
Digital Entertainment	31.1%	18.7%		△12.4ppt
Amusement	7.3%	2.2%		△5.1ppt
Publication	24.5%	18.6%		△5.9ppt
Merchandising	27.0%	9.5%		△17.5ppt
Eliminations or unallocated				

Consolidated Statement of Income				
Quarterly Comparison				
(Billions of Yen)				
	Fiscal Year Ended March 31, 2018			
	Apr - June 2017	Jul - Sep 2017	Oct - Dec 2017	Jan - Mar 2018
Net Sales	57.0	75.0	56.0	62.3
Digital Entertainment	44.1	57.9	41.4	47.8
Amusement	8.9	12.1	10.4	10.1
Publication	2.2	3.3	2.6	2.7
Merchandising	2.1	1.8	1.7	1.7
Eliminations or unallocated	-0.6	-0.2	-0.2	-0.3
Operating Income	12.8	12.9	7.9	4.4
Digital Entertainment	13.7	12.8	9.7	7.0
Amusement	0.6	1.8	0.1	-0.1
Publication	0.5	0.8	0.4	0.6
Merchandising	0.5	0.6	0.3	0.3
Eliminations or unallocated	-2.6	-3.1	-2.7	-3.4

Consolidated Balance Sheet							
Summary as of June 30, 2018							
(Billions of Yen)							
	<Assets>			<Liabilities and Net Assets>			
Account	03/2018	06/2018	Changes	Account	03/2018	06/2018	Changes
Cash and deposits	136.7	113.4	△23.3	Notes and accounts payable	34.8	12.5	△22.3
Notes and accounts receivable	24.3	18.7	△5.6	Short-term loans	8.9	8.7	△0.2
Inventories	3.4	3.7	0.3	Provision for sales returns	3.9	3.4	△0.5
Content production account	44.1	53.7	9.6	Others	31.0	20.9	△10.1
Others	7.2	10.0	2.8	Total Current Liabilities	58.6	45.7	△12.9
Total Current Assets	216.1	199.7	△16.4	Non-current liabilities	7.5	7.5	0.0
Property and equipment	16.0	16.0	0.0	Total Liabilities	66.1	53.2	△12.9
Intangible Assets	4.5	4.7	0.2	Total Shareholders' Equity	156.3	155.9	△0.4
Investments and other assets	22.9	26.3	3.4	Others	-2.9	-4.3	△1.4
Total Non-current Assets	43.4	47.0	3.6	Total Net Assets	199.3	191.5	△7.8
Total Assets	259.5	246.7	△12.8	Total Liabilities and Net Assets	259.7	244.7	△15.0

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7

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I will next break our results down by segment.

The Digital Entertainment segment booked net sales of ¥32.4 billion (-¥11.7 billion) and operating income of ¥6 billion (-¥7.7 billion).

The HD Games sub-segment saw sales decline in the absence of new game releases. The sub-segment also booked an operating loss due to the posting of advertising expenses associated with major new releases slated for 2Q and beyond.

The MMO sub-segment saw both net sales and operating income decline versus the same period of the previous year, when the “FINAL FANTASY XIV” expansion pack was launched, but subscription revenue remained solid.

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 the dropping out of a one-off licensing fee received the previous year resulted in a decline in both net sales and operating income.

In the Amusement segment, arcade operations were solid, but no new machines were launched, resulting in higher net sales but lower operating income.

In the Publication segment, sales of printed comic books were sluggish due to the limited number of new releases. However, sales of digital publications were brisk, resulting in overall net sales growth for the segment. Operating income declined due to increased advertising spending on digital publications.

Both net sales and operating income declined 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 1Q FY2019/3 results.

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We had looked for earnings to decline in all our business segments in 1Q FY2019/3 due to the high bars set in the same period of the previous year, but in the end, solid digital sales helped earnings surpass our expectations.

Digital Entertainment

– Games for Smart Devices/PC Browser

Net sales, operating profit down YoY as many titles launched in the previous FY fell below our expectations, proving unable to add to revenues generated by existing games, and we did not book receipt of a lump-sum license fee payment as we had a year earlier.

Period	Net Sales (left axis) [Billions of yen]	Operating Income (right axis) [Billions of yen]
FY2018 Q1	24.7	10.0
FY2018 Q2	22.7	7.0
FY2018 Q3	21.3	7.0
FY2018 Q4	26.0	6.0
FY2019 Q3	19.6	5.0

Main Points in FY2019/3








- Aim for further growth in FY2019/3 via carefully selected new title launches and overseas expansion.
- Revist our development and operation organizations, and strive to create new hit titles.







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Digital Entertainment — Games for Mobile Devices/PC Browser

Major Operating Titles

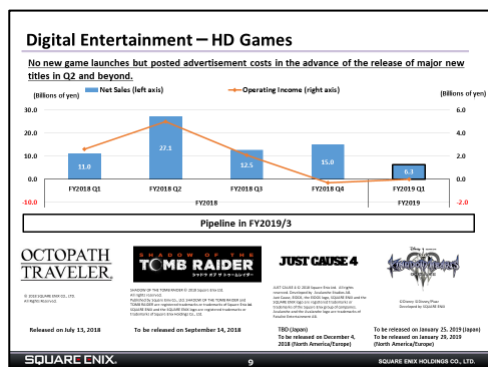
Jan 2014	Sep 2014	Jun 2015	Oct 2015	Dec 2016	Mar 2017	Mar 2018
						
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Apr 2014	Nov 2014	Sep 2015	Oct 2015	Feb 2017	Jun 2017
					
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*Each title's launch timing

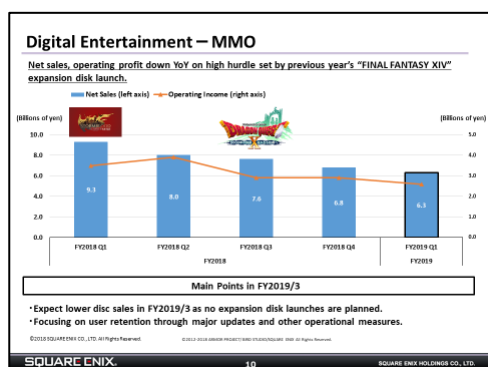
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13
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3 / 7



In the HD Games sub-segment, we are moving forward with preparations for the launch of such popular titles as “*SHADOW OF THE TOMB RAIDER*,” “*JUST CAUSE 4*,” “*LIFE IS STRANGE 2*,” and “*KINGDOM HEARTS III*.” My hopes are high given the excellent quality of each title.

I also note one achievement stemming from our decision to step up our development efforts for the Nintendo Switch, namely “*OCTOPATH TRAVELER*,” which has sold in excess of one million units globally since its July launch. The percentage of digital download sales was already high in the first month, so we are hopeful that we will see further sales growth through digital download going forward.



I turn next to the MMO sub-segment. We have no plans to release expansion packs for “*FINAL FANTASY XIV*” or “*DRAGON QUEST X*” in FY2019/3. We intend to work on user retention by hosting fan events and executing a variety of other initiatives.

Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Number of disks 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)

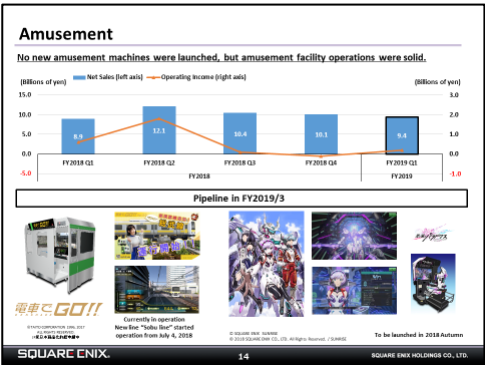
Region	FY 2018/3 Q1 (Results)			FY 2019/3 Q1 (Results)		
	Disc	Download	Total	Disc	Download	Total
Japan	0.46	0.23	0.69	0.26	0.15	0.41
North America/ Europe	1.92	1.12	3.04	0.63	1.08	1.70
Asia, etc.	0.27	0.18	0.45	0.01	0.22	0.24
Total	2.65	1.54	4.19	0.90	1.45	2.35

* 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.

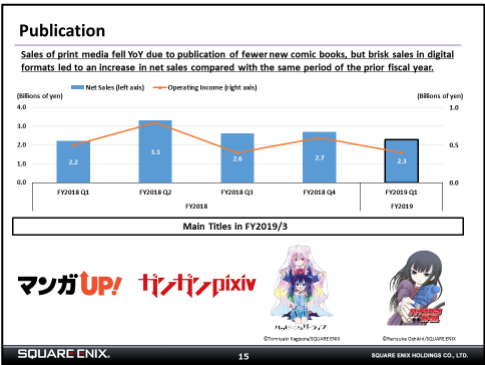
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With no new titles released in 1Q, the majority of sales came in the form of digital downloads of catalog titles. Sales volumes for catalog titles diminish with the passage of time, but I believe we were able to derive some benefits from our sustained efforts at promoting digital sales.

I believe that the major titles we release in FY2019/3 will continue to contribute to earnings in subsequent fiscal years thanks to ongoing sales by digital download. Our intention is to add to profits not only by regularly releasing new titles but also growing sales of catalog titles via digital download.

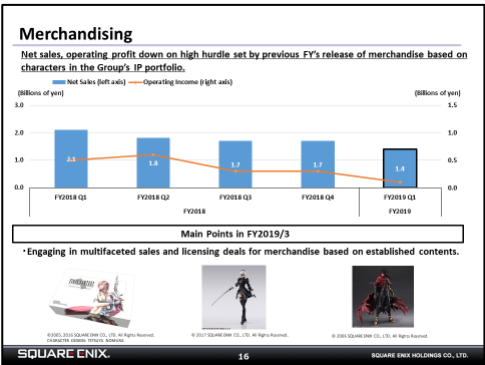


In the Amusement segment, we will launch “Starwing Paradox” in 2H FY2019/3. The title has proven popular with gamers in market testing, but arcade operators have grown more selective in what they spend on. We hope to grow sales volumes by improving the title’s operational performance once it has been launched.



Digital sales are on the rise in the Publication segment. The DAU counts for “MANGA UP!” and “GANGAN pixiv” continue to rise.

To date, we have been investing in advertising to increase the DAU for “MANGA UP!”, but going forward I want to shift our attention to expanding subscription revenue.



SQUARE ENIX. | Reference Materials
Three-Month Period
Ended June 30, 2018

August 7, 2018
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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 August 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 August 7, 2018

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1Q FY2018/9 Financial Results Briefing Session (Teleconference) Q&A

Date/Time: August 7, 2018 (Tue); 6:00-7:10 pm (JST)

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

Q&A

Q: When will “Cross Gate,” which you offer in China, begin to contribute to earnings and to what degree?

A: We look for “Cross Gate” to contribute to earnings from 2Q onward. I will refrain from going into the details, but given that our earnings will take the form of royalties, the financial impact will be limited.

Q: How significant were the advertising expenses you posted in 1Q ahead of the HD game releases slated for 2Q onward?

A: I will refrain from discussing the actual figure, but it was a decent amount, in part because of events such as E3. Downloads of HD games topped our expectations, which offset the impact of the advertising spending to some degree, but the sub-segment still posted an operating loss for 1Q.

Q: Had you expected to book an operating loss in the HD Games sub-segment in 1Q? To what extent do you expect the operating line to improve in 2Q, when you’ll be releasing new titles?

A: We had anticipated an operating loss from the beginning since we had no new releases planned and had taken a conservative outlook on catalog sales driven by digital downloads, which had been strong in FY2018/3. Since 2Q will see the release of new titles such as “OCTOPATH TRAVELER” and “SHADOW OF THE TOMB RAIDER,” we do expect the operating line to improve versus 1Q, but I will refrain from discussing any specific figures.

Q: In the Games for Smart Devices/PC Browsers sub-segment, what were overseas sales and what was the status of existing titles in 1Q?

A: Overseas titles continue to account for 20% of the sales of native apps that we publish, so there has been no major change. How existing titles are performing depends somewhat upon the individual game, but on the whole we are not

seeing signs of decline.

Q: It seems you have no plans to offer DLC for “OCTOPATH TRAVELER,” so what is your strategy for promoting further sales?

A: A lack of DLC does not preclude sustained sales. We intend to sustain sales via a variety of initiatives aimed at promoting digital downloads. Also, we see the potential for this title to grow into a strong franchise and intend to consider a variety of possibilities for its further development.

Q: Will you be significantly overhauling your organizational structure as you reassess your Games for Smart Devices/PC Browsers sub-segment, or will you engage in further segmenting within the existing framework?

A: We will not be changing the existing organizational framework. Each business division has its own distinguishing characteristics, and I want to add greater clarity around the roles that they play.

Q: A succession of major titles will be released by your competitors between September and November this year. Are you not concerned that those major titles will be competing against your titles to be launched in the same timeframe?

A: I won't deny that we have concerns. However, I will note that digital downloads grow in importance when we release a succession of our major titles, as in this case.

Q: Your content production account grew by ¥9.6 billion in 1Q versus the end of March 2018. Why did it grow so much more than it had in the past?

A: It grew primarily because we had no new releases in 1Q and because of growth in our work-in-progress owing to advances made in the development of major new titles to be launched in FY2019/3 and subsequent fiscal years.