
FY2007 Results Briefing Session

SQUARE ENIX®

May 23, 2008

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

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. our 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. our ability to expand internationally successfully with a focus on our digital content business, online game business and mobilephone content business; 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 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.

1. FY2007* Financial Results

*FY2007 = Fiscal Year Ended March 31, 2008

FY2007 Results – Consolidated

Millions of Yen

	FY2006		FY2007		Change
	ended March 31, 2007	%	ended March 31, 2008	%	
Current Assets	146,608	68%	155,730	73%	9,122
Fixed Assets	69,071	32%	56,404	27%	(12,667)
Total	215,679	100%	212,134	100%	(3,545)
Current Liabilities	32,404	15%	23,082	11%	(9,322)
Long-term Liabilities	52,635	24%	40,858	19%	(11,777)
Total Liabilities	85,040	39%	63,940	30%	(21,100)
Net Asset	130,639	61%	148,193	70%	17,554
Total	215,679	100%	212,134	100%	(3,545)
Number of Employees	3,164	-	2,973	-	(191)

Note: Employees = Permanent employees + Contract employees

Millions of Yen

	FY2006		FY2007		Change
		%		%	
Net Sales	163,472	100%	147,516	100%	(15,956)
Operating Income	25,916	16%	21,520	15%	(4,396)
Ordinary Income	26,241	16%	18,864	13%	(7,377)
Net Income	11,619	7%	9,196	6%	(2,423)
Depreciation and Amortization	11,115	-	9,933	-	(1,182)
Capital Expenditure	11,360	-	6,952	-	(4,408)

FY2007 Results by Segment – Consolidated

1. FY2007

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	41,588	12,098	6,579	11,158	69,104	9,005	(2,017)	147,516
Operating Expenses	32,705	6,218	4,820	7,532	65,974	5,681	3,064	125,996
Operating Income	8,882	5,880	1,758	3,626	3,129	3,324	(5,082)	21,520
Operating Margin	21.4%	48.6%	26.7%	32.5%	4.5%	36.9%	-	14.6%

2. FY2006

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	51,316	13,660	7,767	11,208	75,702	3,978	(161)	163,472
Operating Expenses	34,968	6,893	4,753	7,604	76,054	2,666	4,614	137,555
Operating Income	16,348	6,767	3,013	3,603	(351)	1,311	(4,776)	25,916
Operating Margin	31.9%	49.5%	38.8%	32.1%	(0.5%)	33.0%	-	15.9%

3. Change(1- 2)

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	(9,728)	(1,562)	(1,188)	(50)	(6,598)	5,027	(1,856)	(15,956)
Operating Expenses	(2,263)	(675)	67	(72)	(10,080)	3,015	(1,550)	(11,559)
Operating Income	(7,466)	(887)	(1,255)	23	3,480	2,013	(306)	(4,396)

FY2007 Results – Sales by Region

Millions of Yen

Region	FY2006		FY2007		Change
		%		%	
Japan	125,848	77%	125,144	85%	(704)
North America	23,801	15%	13,358	9%	(10,443)
Europe (PAL)	12,271	7%	7,896	5%	(4,375)
Asia, etc.	1,551	1%	1,118	1%	(433)
Total	163,472	100%	147,516	100%	(15,956)

FY2007 Results – Unit Sales

Thousand Units

	Japan	North America	Europe (PAL)	Asia, etc.	Total
FY2007	7,520	3,790	3,020	80	14,410
%	52%	26%	21%	1%	100%
FY2006	7,210	6,150	3,500	70	16,930
%	43%	36%	21%	0%	100%
Change	310	(2,360)	(480)	10	(2,520)

2. FY2008* Projections

*FY2008 = Fiscal Year Ending March 31, 2009

FY2008 Projections - Consolidated

Consolidated

Millions of Yen

	FY2007		FY2008 Projections		Change
		%		%	
Net Sales	147,516	100%	160,000	100%	12,484
Operating Income	21,520	15%	21,000	13%	(520)
Ordinary Income	18,864	13%	20,000	13%	1,136
Net Income	9,196	6%	12,000	8%	2,804
Depreciation and Amortization	9,933	-	9,000	-	(933)
Capital Expenditure	6,952	-	7,000	-	48

Non-Consolidated

Millions of Yen

	FY2007		FY2008 Projections		Change
		%		%	
Net Sales	72,271	100%	70,000	100%	(2,271)
Operating Income	9,752	13%	4,000	6%	(5,752)
Ordinary Income	9,303	13%	4,000	6%	(5,303)
Net Income	5,211	7%	2,500	4%	(2,711)
Depreciation and Amortization	4,718	-	3,800	-	(918)
Capital Expenditure	3,844	-	4,000	-	156

FY2008 Full-Year Projections by Segment – Consolidated

1. FY2008 Projections

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	40,000	11,000	7,000	10,000	82,000	11,000	(1,000)	160,000
Operating Expenses	32,500	6,000	4,000	7,500	76,500	8,000	4,500	139,000
Operating Income	7,500	5,000	3,000	2,500	5,500	3,000	(5,500)	21,000
Operating Margin	18.8%	45.5%	42.9%	25.0%	6.7%	27.3%	-	13.1%

Exchange rate: USD1=JPY105.00, EUR1=JPY150.00, CNY1=JPY15.00

2. FY2007 results

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	41,588	12,098	6,579	11,158	69,104	9,005	(2,017)	147,516
Operating Expenses	32,705	6,218	4,820	7,532	65,974	5,681	3,064	125,996
Operating Income	8,882	5,880	1,758	3,626	3,129	3,324	(5,082)	21,520
Operating Margin	21.4%	48.6%	26.7%	32.5%	4.5%	36.9%	-	14.6%

3. Change (1 – 2)

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	(1,588)	(1,098)	421	(1,158)	12,896	1,995	1,017	12,484
Operating Expenses	(205)	(218)	(820)	(32)	10,526	2,319	1,436	13,004
Operating Income	(1,382)	(880)	1,242	(1,126)	2,371	(324)	(418)	(520)

FY2008 Projections – Unit Sales

Thousand Units

	Japan	North America	Europe (PAL)	Asia, etc.	Total
FY2008 Projections	6,600	2,700	2,200		11,500
%	57%	23%	19%	0%	100%
FY2007	7,520	3,790	3,020	80	14,410
%	52%	26%	21%	1%	100%
Change	(920)	(1,090)	(820)	(80)	(2,910)

Six-Months Projections by Segment – Consolidated

1. Six-Months ending September 31, 2008 Projections

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	13,000	5,000	3,500	5,000	38,000	6,000	(500)	70,000
Operating Expenses	14,200	2,500	2,300	4,000	36,500	4,000	2,500	66,000
Operating Income	(1,200)	2,500	1,200	1,000	1,500	2,000	(3,000)	4,000
Operating Margin	(9.2%)	50.0%	34.3%	20.0%	3.9%	33.3%	–	5.7%

Exchange rate:USD1=JPY105.00、EUR1=JPY150.00、CNY1=JPY15.00

2. Six-Months ended September 31, 2007 results

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	20,448	5,413	3,589	5,210	34,520	3,696	(608)	72,271
Operating Expenses	16,300	2,549	2,926	3,534	33,170	2,362	1,673	62,518
Operating Income	4,147	2,864	663	1,676	1,349	1,334	(2,282)	9,752
Operating Margin	20.3%	52.9%	18.5%	32.2%	3.9%	36.1%	–	13.5%

3. Change (1 – 2)

Millions of Yen

	Games (offline)	Games (online)	Mobile Phone Content	Publication	Amusement	Others	Eliminations or unallocated	Total
Net Sales	(7,448)	(413)	(89)	(210)	3,480	2,304	108	(2,271)
Operating Expenses	(2,100)	(49)	(626)	466	3,330	1,638	827	3,482
Operating Income	(5,347)	(364)	537	(676)	151	666	(718)	(5,752)

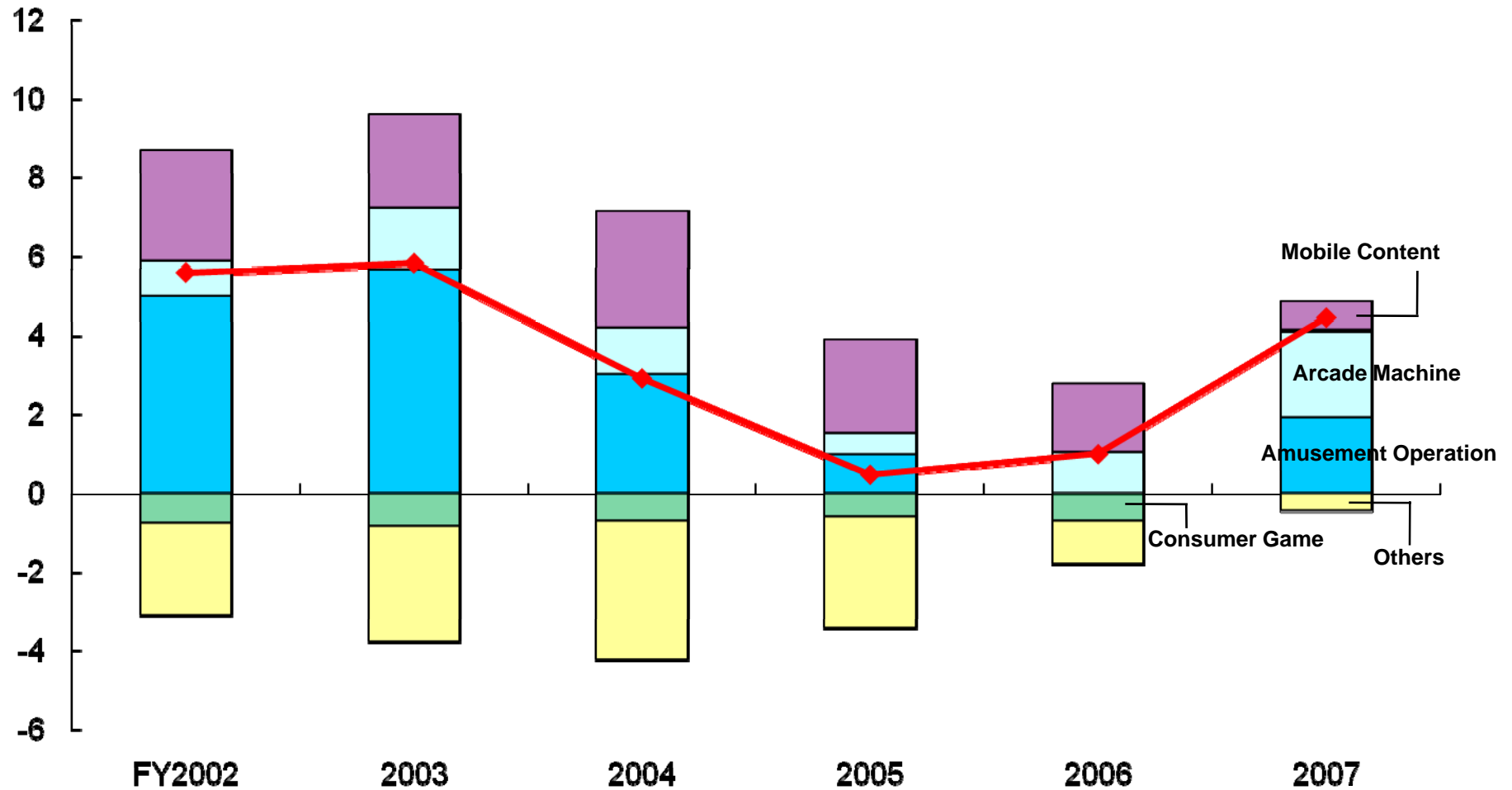
3. Overview of Taito

Strategic Intent of the Taito Acquisition

- Revenue streams from amusement businesses
- Synergy with console game business
 - Game design
 - User interface
 - Physical point of contact with customers
- Financial stabilizer

Operating Income by Business Segment of Taito

(Billions of yen)

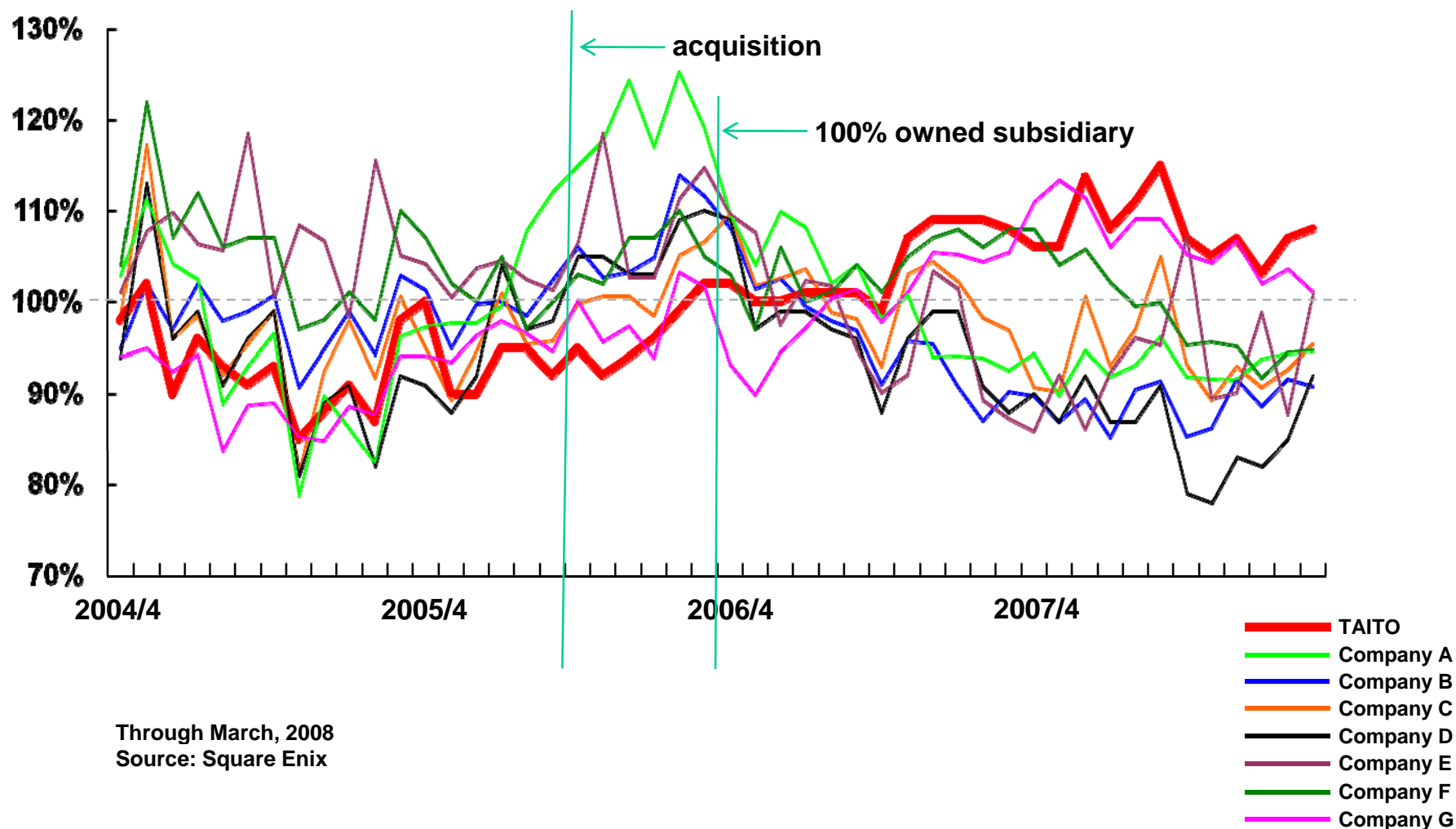


* Figures excluding TAI TO's subsidiaries before amortization of goodwill

* FY: fiscal year ends March 31 in the following calendar year

Game Arcade Operation

Year-to-year Comparison of Monthly Revenues from Existing Outlets



Through March, 2008
Source: Square Enix

4. Challenges and Progress toward FY2010* and beyond

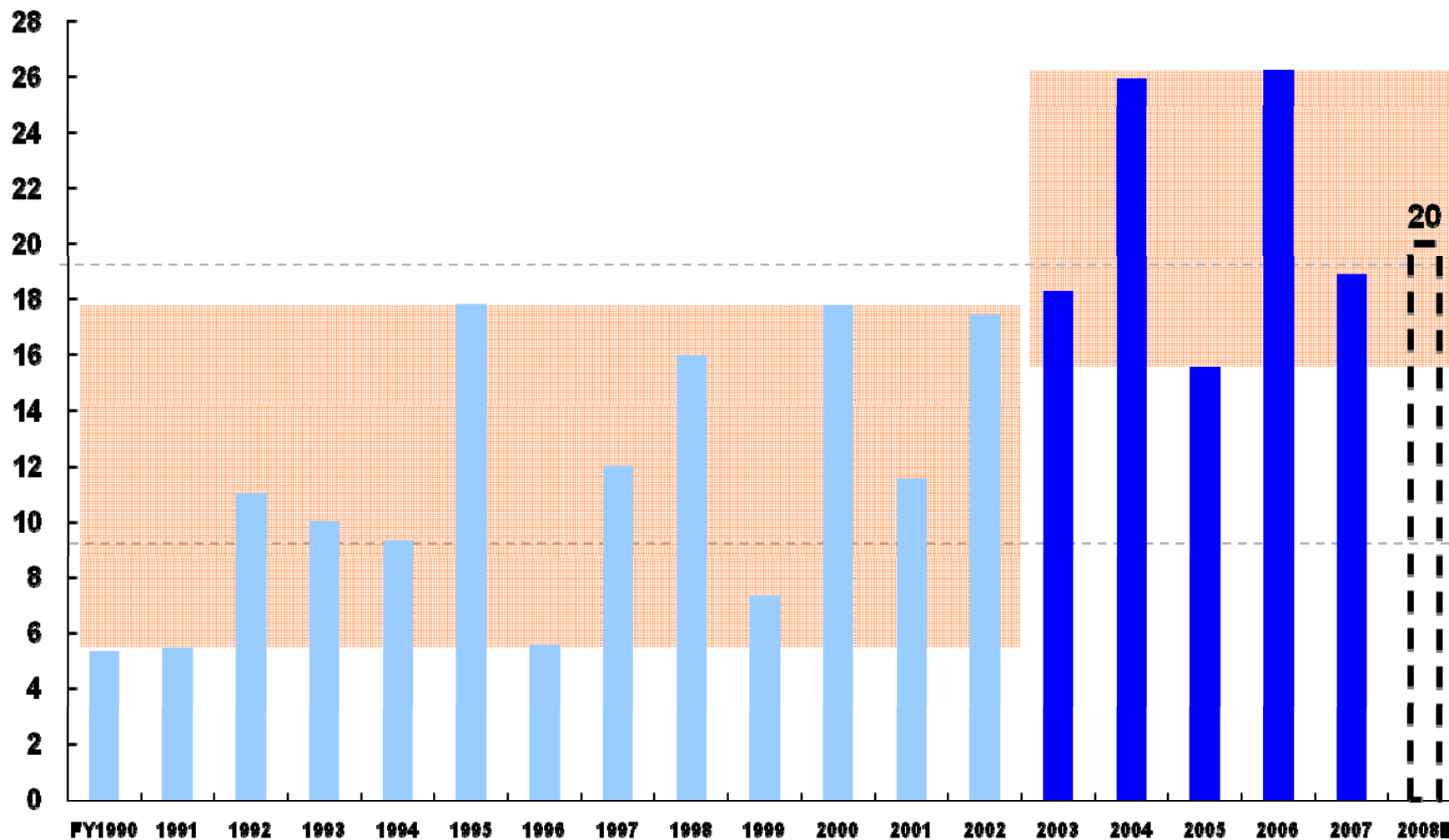
*FY2010 = Fiscal Year Ending March 31, 2011

Development of the Video Game Industry

- Phase 1 1975 ~ 2000**
Monopolistic, Vertically Integrated
- Phase 2 2000 ~ 2010**
Multi-polarized, Networked
- Phase 3 2010 ~**
**Convergence of Media and
Content Markets**

***With an accuracy of ± 5 year**

(Billions of yen)



* Figures before 2004 are the total figures of former ENIX and former SQUARE. Figures for former SQUARE from 1991 through 1993, and for former ENIX for 1991 and 1996 through 2001 are non-consolidated basis.

* FY: fiscal year ends March 31 in the following calendar year

Challenges to Address for FY2010 (Outset of Phase 3) and Beyond

- Enhance Content Creation Capabilities**
- Promote Global Presence**
- Foster Strong and Flexible Corporate Culture**
- Exceed the Critical Mass
(Recurring Income ¥50±10 billion at minimum)**

Mid-term Financial Target

Millions of Yen

	FY2003	2004	2005	2006	2007	2008E	2010E
Games (Offline)	16,404	19,649	9,590	16,348	8,882	7,500	20,000
Games (Online)	2,348	4,986	5,907	6,767	5,880	5,000	10,000
Mobile Phone Content	1,159	1,738	726	3,013	1,758	3,000	3,000
Publication	3,180	3,411	2,866	3,603	3,626	2,500	4,000
Others	1,027	782	2,007	1,311	3,324	3,000	1,000
Eliminations or Unallocated	(4,722)	(4,131)	(4,457)	(4,776)	(5,082)	(5,500)	(5,000)
Sub Total (SQUARE ENIX)	19,398	26,438	16,640	26,267	18,388	15,500	25,000 ~35,000
Amusement	*5,823	*2,907	(1,170) *905	(351)	3,129	5,500	5,000 ~15,000
Operating Income	19,398	26,438	15,470	25,916	21,520	21,000	
Recurring Income	18,248	25,901	15,547	26,241	18,864	20,000	50,000

* Operating income of TAITO before acquisition

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