

SQUARE ENIX®

Reference Materials
Nine-Month Period
Ended December 31, 2018

February 5, 2019

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
Third Quarter of Fiscal Year
Ending March 31, 2019

Consolidated Statement of Income

Q3, FY2019/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2018		Fiscal Year Ending March 31, 2019			
	Apr - Dec 2017	Full Year Results	Apr - Dec 2018	Changes	Full Year Forecast	Changes
Net sales	188.0	250.3	179.0	(9.0)	270.0	19.7
Operating income	33.7	38.1	11.7	(22.0)	30.0	(8.1)
Operating income margin	18.0%	15.2%	6.5%	(11.5pt)	11.1%	(4.1pt)
Ordinary income	34.7	36.1	15.9	(18.8)	30.0	(6.1)
Ordinary income margin	18.5%	14.4%	8.9%	(9.6pt)	11.1%	(3.3pt)
Profit attributable to owners of parent	22.3	25.8	8.9	(13.4)	21.0	(4.8)
Depreciation and amortization	3.9	5.8	4.7	0.8	7.2	1.4
Capital expenditure	5.8	7.9	7.0	1.2	8.8	0.9

Consolidated Statement of Income

Q3, FY2019/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2018	Fiscal Year Ending March 31, 2019	
	Apr - Dec 2017	Apr - Dec 2018	Changes
Net sales	188.0	179.0	(9.0)
Digital Entertainment	143.5	130.4	(13.1)
Amusement	31.5	34.2	2.7
Publication	8.2	9.9	1.7
Merchandising	5.8	5.1	(0.7)
Eliminations or unallocated	-1.1	-0.8	0.3
Operating income	33.7	11.7	(22.0)
Digital Entertainment	36.3	14.8	(21.5)
Amusement	2.5	1.4	(1.1)
Publication	1.8	2.8	1.0
Merchandising	1.5	0.5	(1.0)
Eliminations or unallocated	-8.5	-7.9	0.6
Operating income margin	18.0%	6.5%	(11.5pt)
Digital Entertainment	25.3%	11.3%	(14.0pt)
Amusement	8.2%	4.3%	(3.9pt)
Publication	22.2%	28.1%	5.9pt
Merchandising	26.8%	10.7%	(16.1pt)
Eliminations or unallocated	-	-	-

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	Oct - Dec 2018
Net sales	57.0	75.0	56.0	62.3	45.4	66.7	66.8
Digital Entertainment	44.1	57.9	41.4	47.8	32.4	50.4	47.6
Amusement	8.9	12.1	10.4	10.1	9.4	11.0	13.7
Publication	2.2	3.3	2.6	2.7	2.3	3.7	3.8
Merchandising	2.1	1.8	1.7	1.7	1.4	1.8	1.7
Eliminations or unallocated	-0.6	-0.2	-0.2	-0.3	-0.2	-0.3	-0.2
Operating income	12.8	12.9	7.9	4.4	4.2	5.8	1.6
Digital Entertainment	13.7	12.8	9.7	7.0	6.0	6.9	1.7
Amusement	0.6	1.8	0.1	-0.1	0.2	0.5	0.7
Publication	0.5	0.8	0.4	0.6	0.4	1.0	1.2
Merchandising	0.5	0.6	0.3	0.3	0.1	0.1	0.2
Eliminations or unallocated	-2.6	-3.1	-2.7	-3.4	-2.5	-2.9	-2.4

Consolidated Balance Sheet

Summary as of December 31, 2018

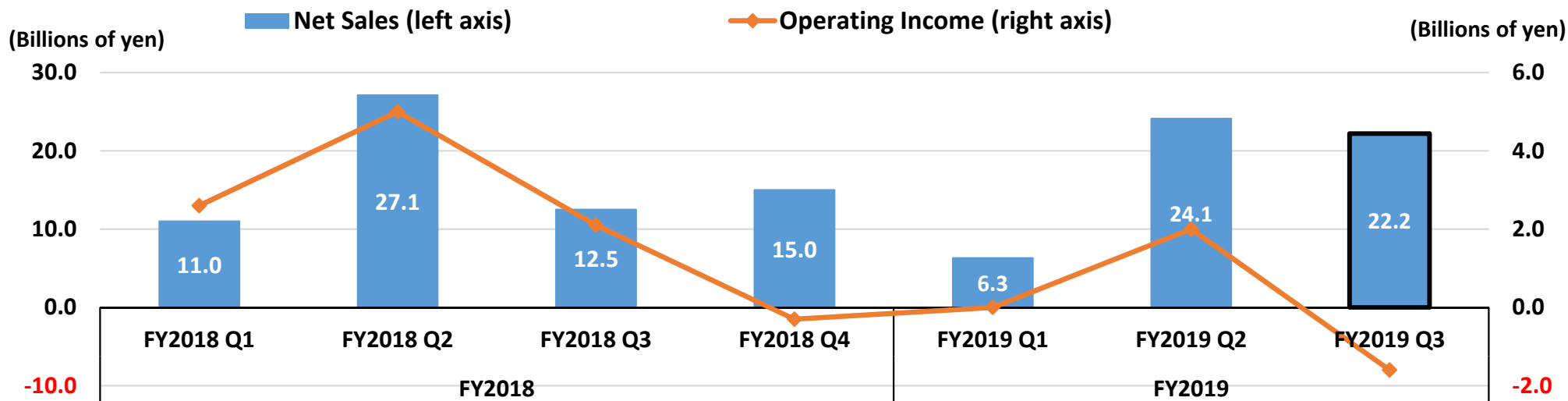
(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2018	12/2018	Changes	Account	03/2018	12/2018	Changes
Cash and deposits	136.7	112.3	(24.4)	Notes and accounts payable	14.8	18.1	3.3
Notes and accounts receivable	24.3	30.9	6.6	Short-term loans	8.9	8.4	(0.5)
Inventories	3.4	7.4	4.0	Provision for sales returns	3.9	7.2	3.3
Content production account	44.1	55.3	11.2	Others	31.0	29.7	(1.3)
Others	7.2	11.4	4.2	Total Current Liabilities	58.8	63.6	4.8
Total Current Assets	216.1	217.5	1.4	Non-current Liabilities	7.5	7.4	(0.1)
Property and equipment	16.0	18.0	2.0	Total Liabilities	66.3	71.0	4.7
Intangible Assets	4.5	4.8	0.3	Total Shareholders' Equity	196.3	197.8	1.5
Investments and other assets	22.9	23.8	0.9	Others	-2.9	-4.6	(1.7)
Total Non-current Assets	43.6	46.7	3.1	Total Net Assets	193.3	193.2	(0.1)
Total Assets	259.7	264.3	4.6	Total Liabilities and Net Assets	259.7	264.3	4.6

Progress in Each Business Segment

Digital Entertainment – HD Games

New titles such as “SHADOW OF THE TOMB RAIDER” and “JUST CAUSE 4” bolstered sales YoY, but profits declined YoY due to increased amortization of game development cost, advertising spending.



Pipeline in FY2019/3



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Released on July 13, 2018



SHADOW OF THE TOMB RAIDER © 2018 Square Enix Ltd.
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Released on September 14, 2018



JUST CAUSE 4 © 2018 Square Enix Ltd. All rights reserved. Developed by Avalanche Studios AB. Just Cause, EIDOS, the EIDOS logo, SQUARE ENIX and the SQUARE ENIX logo are registered trademarks or trademarks of the Square Enix group of companies. Avalanche and the Avalanche logo are trademarks of Fatalist Entertainment AB.

Released on December 6, 2018 (Japan)
Released on December 4, 2018 (North America/Europe)

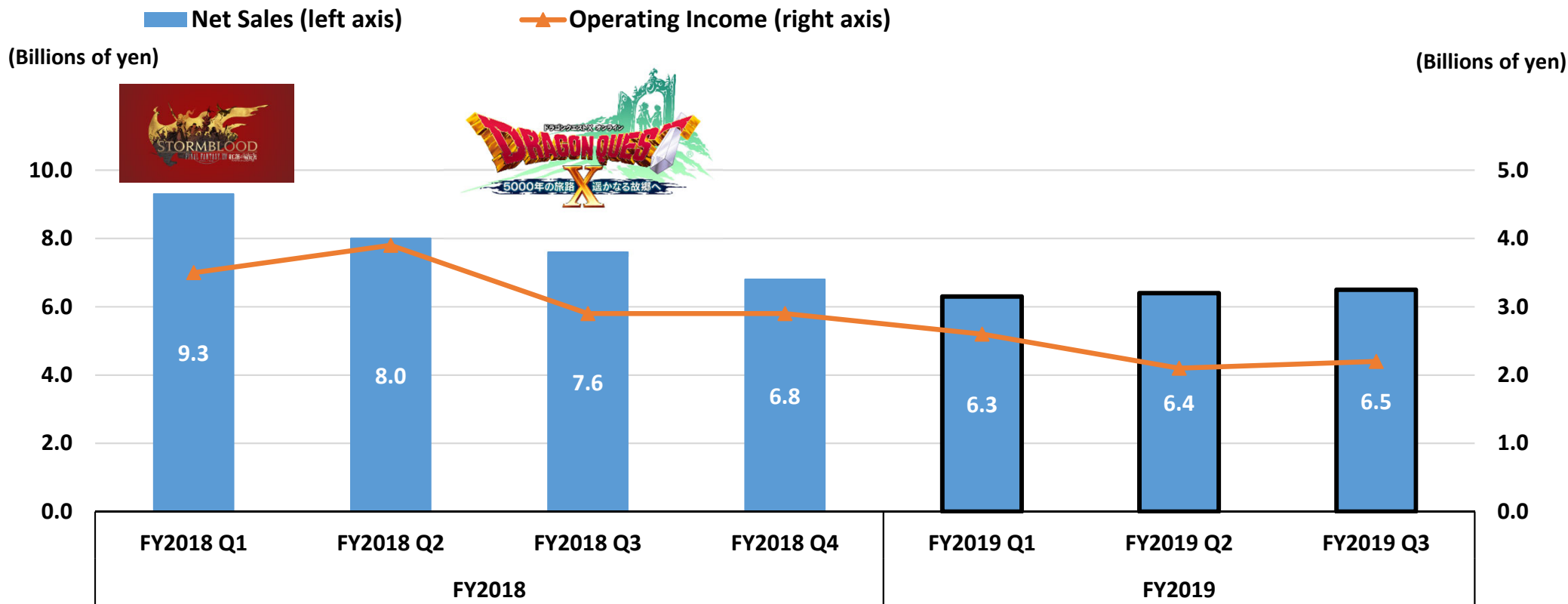


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Developed by SQUARE ENIX

Released on January 25, 2019 (Japan/Asia)
Released on January 29, 2019 (North America/Europe)

Digital Entertainment – MMO

Net sales, operating income down compared to the previous FY, when “FINAL FANTASY XIV” and “DRAGON QUEST X” expansion disks were released.



Main Points in FY2019/3

- Expect lower disc sales in FY2019/3 as having no expansion disk launch.
- Announced the launch date (July 2, 2019) of “FINAL FANTASY XIV: Shadowbringers,” next expansion.
- Focusing on user retention through major updates and other operational measures.

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Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Number of discs recognized on a shipment basis

Downloads: Downloads of full-length games newly released in the current and previous FY
(does not include catalogue titles released prior to previous FY)

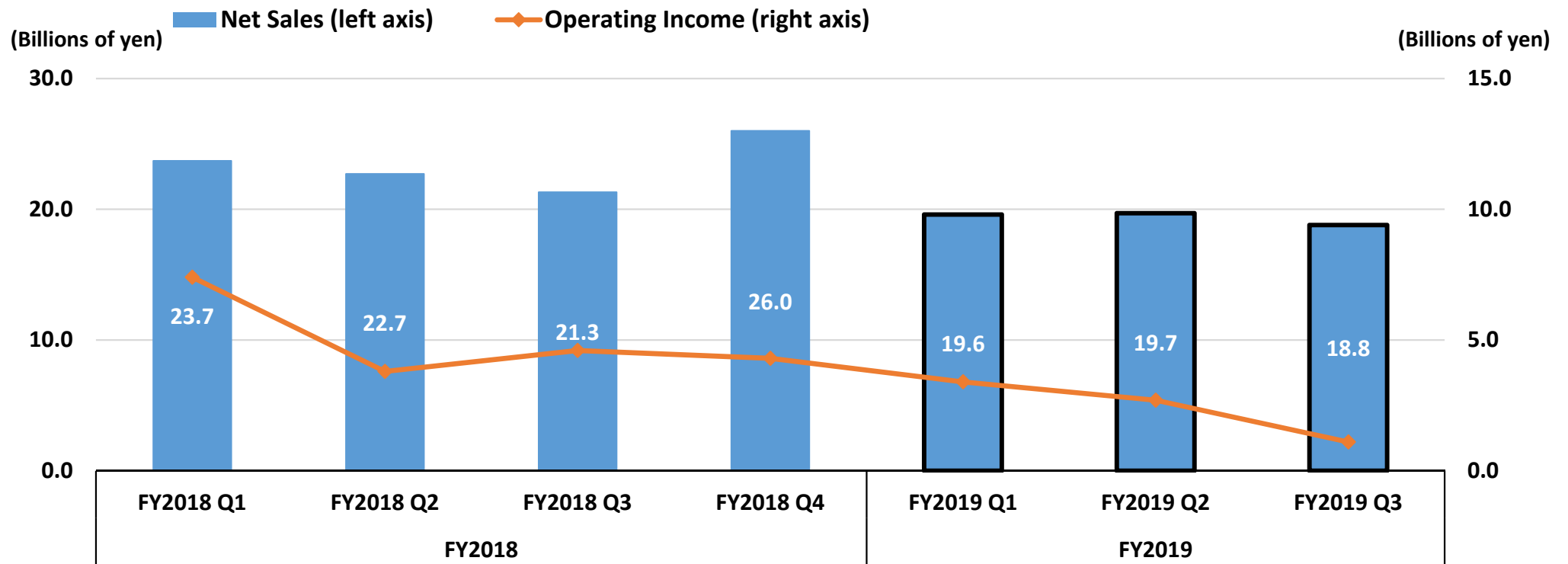
Region	FY 2018/3 Q3 (Results)			FY 2019/3 Q3 (Results)		
	Disc	Download	Total	Disc	Download	Total
Japan	4.74	1.28	6.02	1.66	0.81	2.47
	(Included episode units 0)			(Includes episode units 0.06)		
North America/ Europe	4.43	4.98	9.41	7.49	5.27	12.76
	(Included episode units 1.73)			(Includes episode units 1.52)		
Asia, etc.	0.65	0.66	1.31	0.30	0.77	1.07
	(Included episode units 0.22)			(Includes episode units 0.31)		
Total	9.82	6.92	16.74	9.45	6.85	16.30
	(Included episode units 1.95)			(Includes episode units 1.89)		

* 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.

Digital Entertainment

– Games for Smart Devices/PC Browser

Many FY2018/3 titles underperformed, failing to add sales on top of established titles. Less licensing income, greater advertising spend also caused YoY sales and profit declines.



Main Points in FY2019/3

- Focus on selected titles and releasing titles utilizing existing IPs.
- Rebuild our development and operation organizations, and strive to create new hit titles.

Digital Entertainment

– Games for Smart Devices/PC Browser

Major Operating 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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LOGO ILLUSTRATION:
©2015 YOSHITAKA AMANO

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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Mar 2018



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Apr 2014



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Nov 2014



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Sep 2015



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Developed by SQUARE ENIX

Oct 2015



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Developed by Alim Co., Ltd.
LOGO ILLUSTRATION:©2014
YOSHITAKA AMANO

Feb 2017



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GAMES/ SQUARE ENIX CO., LTD.
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CHARACTER DESIGN:
TETSUYA NOMURA

Jun 2017



Co-developed with Pokelabo Inc.
(Published by Pokelabo Inc.)
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Dec 2018

(Sales will be
recognized from Q4)

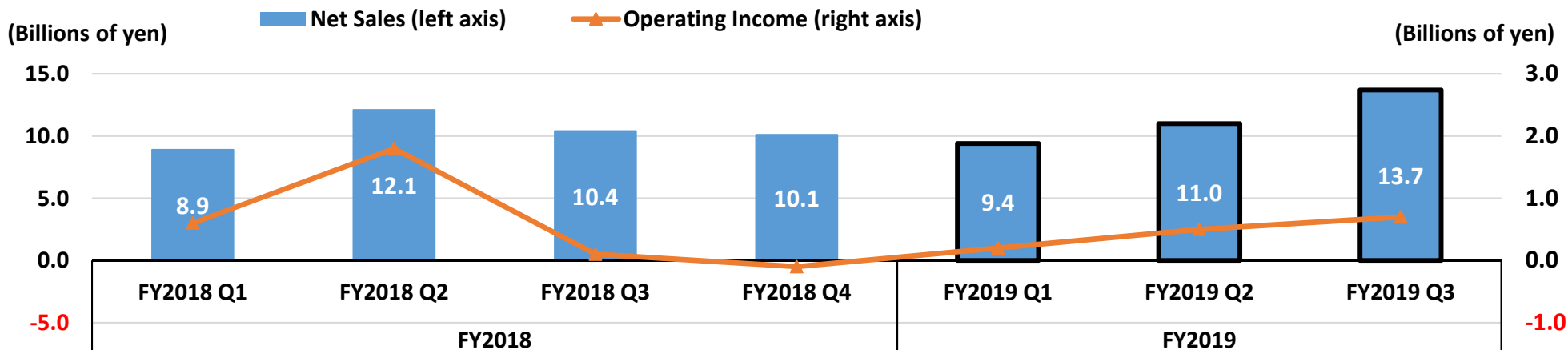


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ILLUSTRATION: TOMOMI KOBAYASHI

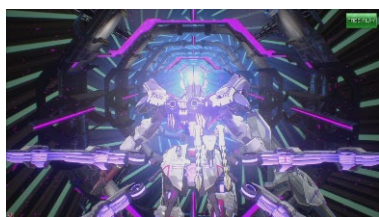
*Month and year indicate each title's launch timing.

Amusement

Net sales rose YoY thanks to the release of new amusement machines and solid amusement facility operations. On the other hand, operating income declined YoY due to greater amortization charges associated with renewal of game machines installed in arcades and to lowering of profitability from amusement machine operations.



Pipeline in FY2019/3



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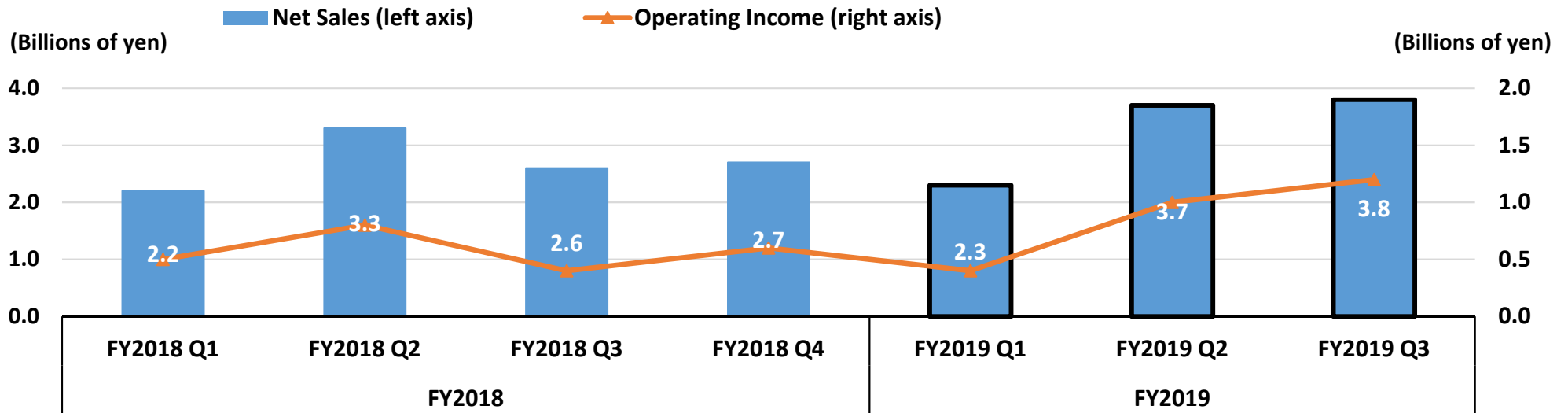
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Launched on November 21, 2018

Launched on December 6, 2018

Publication

Sales in digital formats grew sharply while comics in print format were on par with the same period of the prior FY. In addition, the MANGA UP! comic app posted an increase in sales, resulting in higher net sales and operating income YoY.



Main Titles in FY2019/3

マンガUP! 月刊pixiv



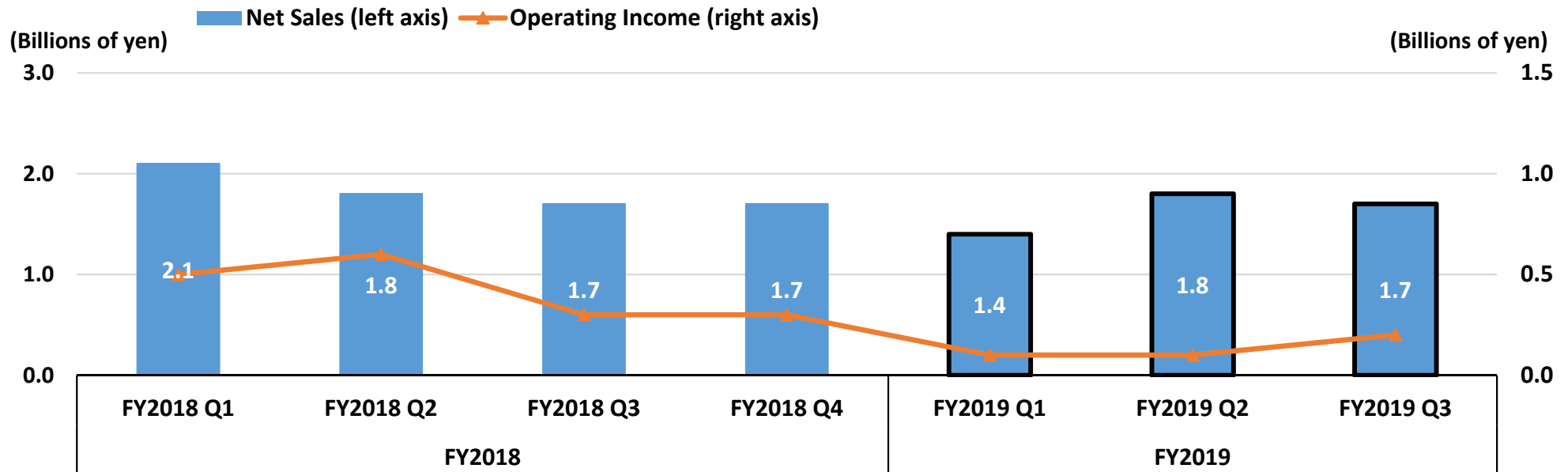
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Merchandising

Net sales, operating income down compared to the previous FY, when merchandise based on characters from the Group's strong IP was released.



Main Points in FY2019/3

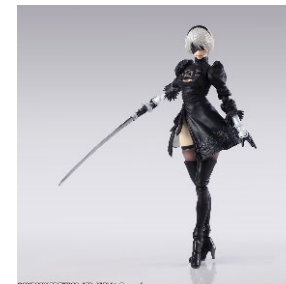
- Engaging in multifaceted sales and licensing deals for merchandise based on established franchises.



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CHARACTER DESIGN: TETSUYA NOMURA



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