

**SQUARE ENIX®**

## **Financial Results Briefing Session**

Six-Month Period Ended September 30, 2014

Six-Month Period Ended September 30, 2014

**Briefing Session**  
**Financial Results**

**November 6, 2014**

**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.

Financial Results  
Six-Month Period  
Ended September 30, 2014

# Financial Results(Consolidated)

## Six-Month Period Ended September 30, 2014

(Billions of Yen)

	Apr-Sep 2013		Apr-Sep 2014		Changes
		%		%	
Net Sales	61.7	100%	73.1	100%	11.5
Operating Income	4.7	8%	8.5	12%	3.8
Recurring Income	5.7	9%	8.9	12%	3.3
Net Income	2.6	4%	5.7	8%	3.1

	Apr-Sep 2013	Apr-Sep 2014	Changes
Depreciation and Amortization	2.9	3.3	0.4
Capital Expenditure	2.5	3.0	0.5

# Financial Results (Consolidated) by Segment for the Six-Month Period Ended September 30, 2014

## 1. Results for the Six-Month Period Ended September 30, 2014 (Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	43.8	21.3	6.2	1.9	(0.1)	73.1
Operating Income	7.9	2.4	1.8	0.6	(4.1)	8.5
Operating Margin	18.1%	11.1%	28.8%	31.5%	—	11.6%

## 2. Results for the Six-Month Period Ended September 30, 2013 (Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	30.6	25.0	4.6	1.6	(0.2)	61.7
Operating Income	3.5	3.7	1.0	0.4	(3.8)	4.7
Operating Margin	11.3%	14.9%	21.4%	21.7%	—	7.6%

## 3. Changes (1-2) (Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	13.1	(3.7)	1.6	0.3	0.1	11.5
Operating Income	4.5	(1.4)	0.8	0.3	(0.3)	3.8

# Revisions to Consolidated Results Forecasts for the Fiscal Year Ending March 31, 2015

Previous (Billions of Yen)

	Fiscal Year Ended 3/14	Fiscal Year Ending 3/15 (Forecast)	Changes
<b>Net Sales</b>	<b>155.0</b>	<b>140.0~150.0</b>	<b>(15.0)~(5.0)</b>
<b>Operating Income</b>	<b>10.5</b>	<b>5.0~10.0</b>	<b>(5.5)~(0.5)</b>
<b>Recurring Income</b>	<b>12.5</b>	<b>5.0~10.0</b>	<b>(7.5)~(2.5)</b>
<b>Net Income</b>	<b>6.6</b>	<b>3.5~6.5</b>	<b>(3.1)~(0.1)</b>

Revised (Billions of Yen)

	Fiscal Year Ended 3/14	Fiscal Year Ending 3/15 (Forecast)	Changes
<b>Net Sales</b>	<b>155.0</b>	<b>150.0~160.0</b>	<b>(5.0)~5.0</b>
<b>Operating Income</b>	<b>10.5</b>	<b>11.0~16.0</b>	<b>0.5~5.5</b>
<b>Recurring Income</b>	<b>12.5</b>	<b>11.0~16.0</b>	<b>(1.5)~3.5</b>
<b>Net Income</b>	<b>6.6</b>	<b>7.0~10.5</b>	<b>0.4~3.9</b>

# Financial Forecasts by Business Segment: Fiscal Year Ending March 31, 2015

Each business segment's forecast number for the Fiscal Year ending March 31, 2015 corresponds to the intermediate scenario in the forecast range (consolidated net sales of Yen150B-160B, and consolidated operating income of Yen11B-16B).

## 1. Forecast for the Fiscal Year ending March 31, 2015

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	100.0	41.5	10.5	3.0	(0.0)	155.0
Operating Income	14.1	4.0	2.8	1.0	(8.4)	13.5
Operating Margin	14.1%	9.6%	26.7%	33.3%	—	8.7%

## 2. Results for the Fiscal Year ended March 31, 2014

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	94.6	47.0	10.2	3.8	(0.5)	155.0
Operating Income	10.7	4.5	2.3	1.1	(8.1)	10.5
Operating Margin	11.3%	9.6%	22.4%	29.4%	—	6.8%

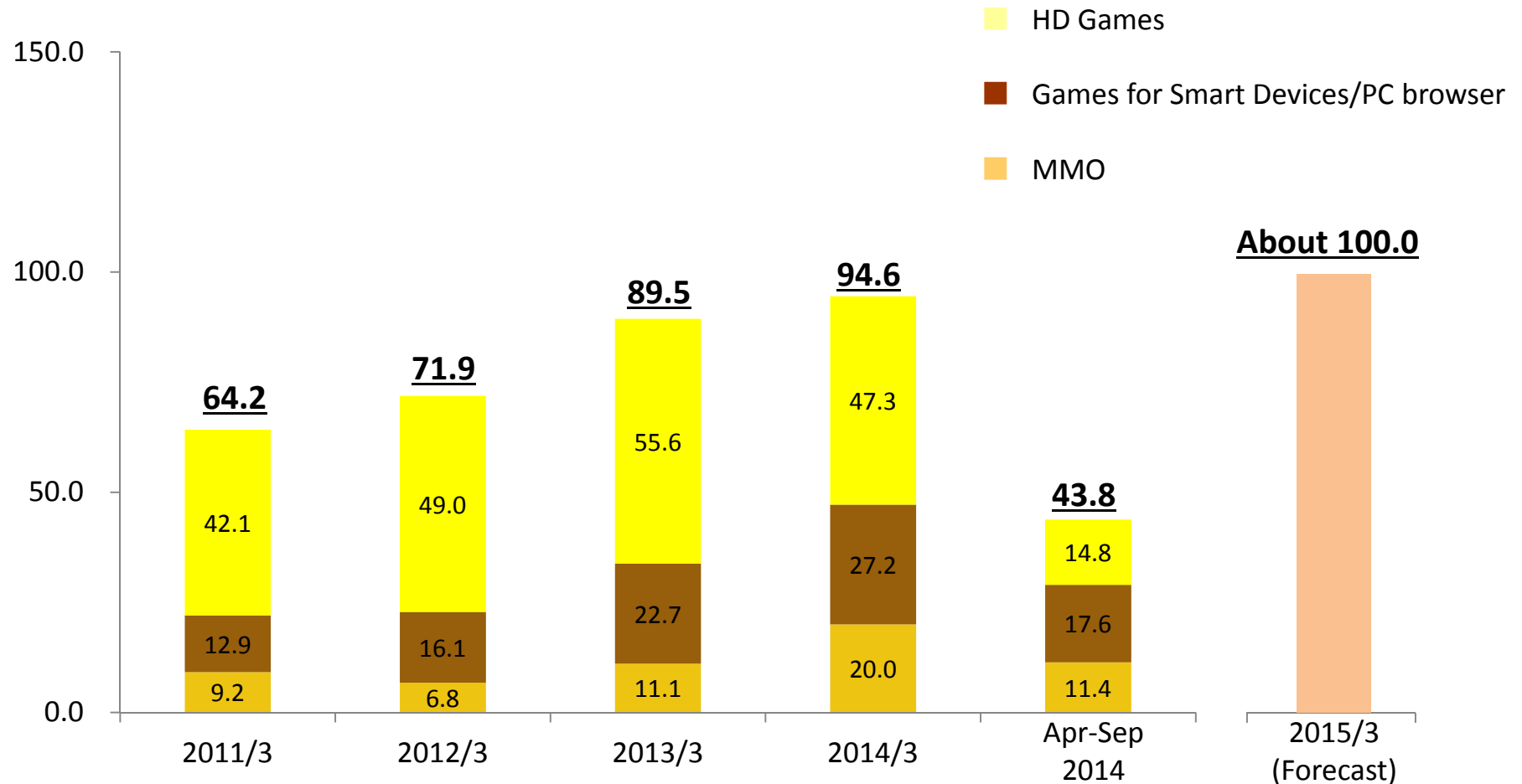
## 3. Changes (1 - 2)

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	5.4	(5.5)	0.3	(0.8)	0.5	(0.0)
Operating Income	3.4	(0.5)	0.5	(0.1)	(0.3)	3.0

# Digital Entertainment Segment — Net Sales

(Billions of Yen)

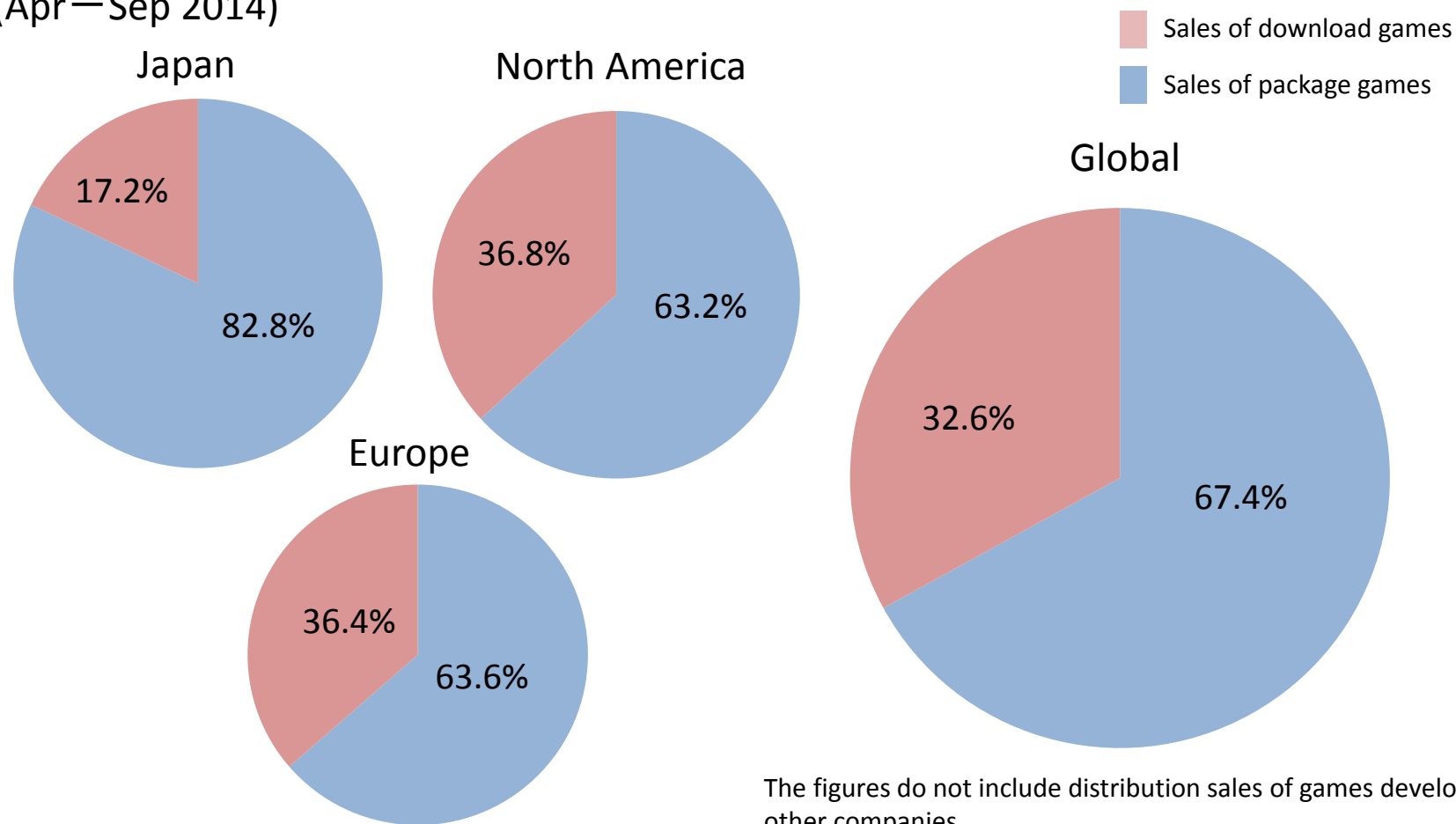


Net Sales of Digital Entertainment segment expected to increase for 5 consecutive fiscal years.



# HD Games: Ratio of Net Sales - Download vs. Package

HD Games : Ratio of Net Sales of Download and Package Games by Region  
(Apr—Sep 2014)



1/3 of net sales in HD games are generated through digital download.

# Progress in Business Segments

# Digital Entertainment Segment

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- **New major titles for smart devices** released, and more to come.
- Expanding **overseas businesses**, primarily in Asia;
  - Introducing new titles for online and smart devices through business alliance with local partners.
  - Introducing “*FFXIV: A Realm Reborn*” to the mainland China in this summer.
- Reviewing title development policies at domestic and overseas studios to **establish extensive and rich pipeline**, in order to boost asset turnover and lower risks.

# Major Titles for Smart Devices

- Latest Top Ranking of F2P Game Apps (in Japan)

Top 20+



Top 50+



Top 100+



- The above information is based on figures from September through October 2014 and other data. Above ranks are unequable and vary constantly.

- Several single download games are ranked in the Top 100.
- More high-potential games in development and to be released.

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# Overseas Expansion: Centered on the Asia Region

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(alliance with Shanda Games Group)

- FINAL FANTASY XIV for China released in August 2014
  - The very first FF franchise title launched in China.
  - Adopt a pay-as-you-go model in the Chinese market dominated by F2P
    - Succeeded in acquiring loyal users of the FF franchise.
  - Continue a mid-long term expansion of the FF brand.

- FINAL FANTASY XIV for Korea scheduled in 2015.  
Alliance with Actoz Soft of the Shanda Games Group.



(alliance with Perfect World)

- Cross Gate (native app version) released in July 2014  
Retaining strong performance after 3 months from its release.



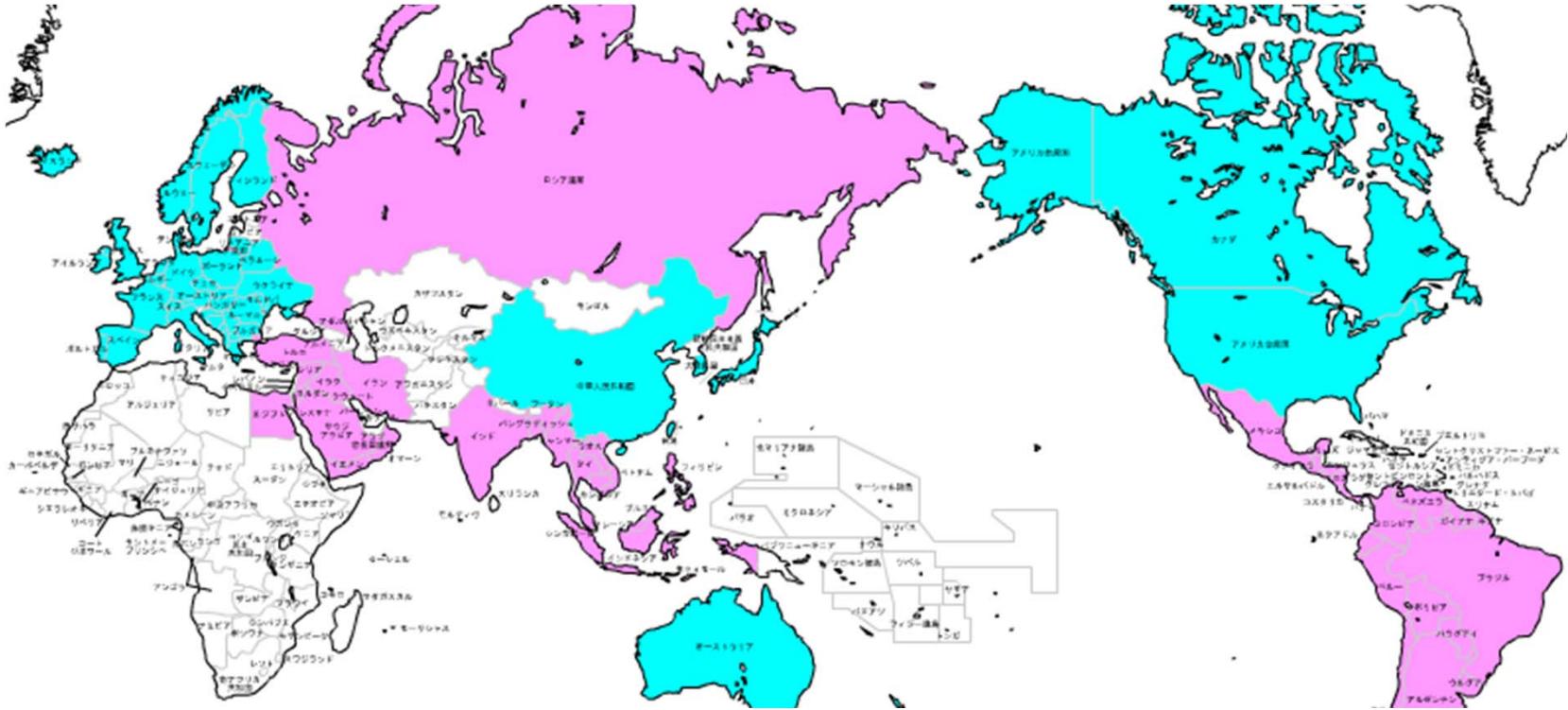
(alliance with Qihoo 360)

- Puzzle Bobble in China  
Currently in open beta phase.  
Launch this winter.

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# Portfolio Development – Emerging Markets













- Target markets to develop.
- Markets where we are already doing business.



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# Establishing Pipeline - Extensive and Rich Pipeline

	MMO	Smart Devices	Online Multiplayer / Arcade
LIVE Games	   <p>⋮</p>	   <p>(alliance with DeNA Co., Ltd.)</p> <p>⋮</p>	   <p>⋮</p>
Blockbuster Games			 <p>...</p>

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# Establishing Pipeline

## - Balance Sheet Status (as of 30/9/2014)

### **Total Assets 189.3 Billion Yen**

\* A part of current assets and current liabilities are deducted from the above total asset.  
Total assets amounted to 218.2 billion yen before the deductions.

Cash and Deposits 114.7	Interest-bearing Liabilities	42.1
	Working Capital ( * )	6.3
	Non-current Liabilities	6.7
Content Production Account 29.9	Net Assets	134.2
Non-current Assets 44.6		

- Working capital has been calculated by off-setting current assets (excluding cash deposits and the content production account), against current liabilities (excluding interest-bearing liabilities).

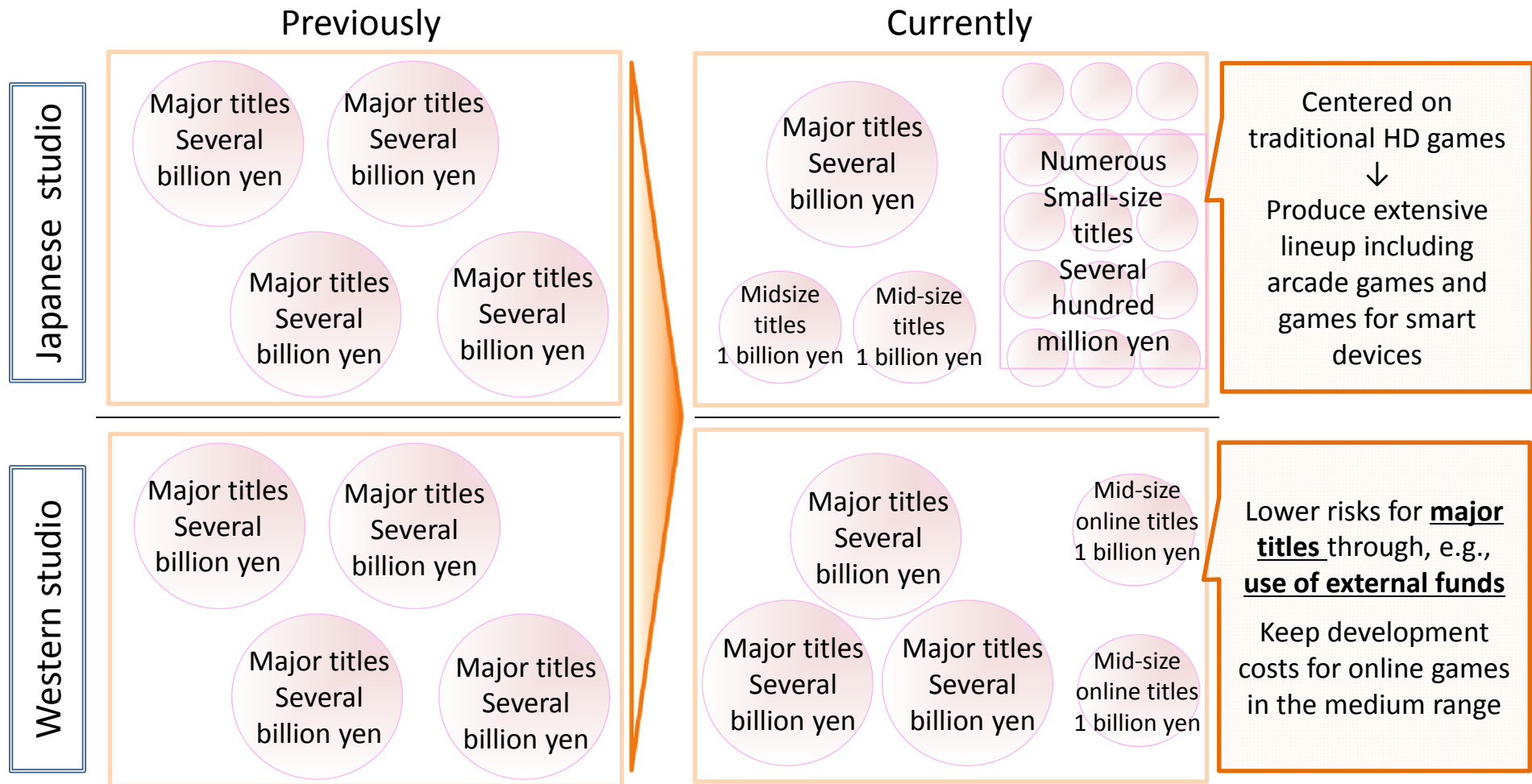


# Establishing Pipeline

## - Breakdown of the Content Production Account

Domestic = Build a well-balanced portfolio and boost asset turnover ratio

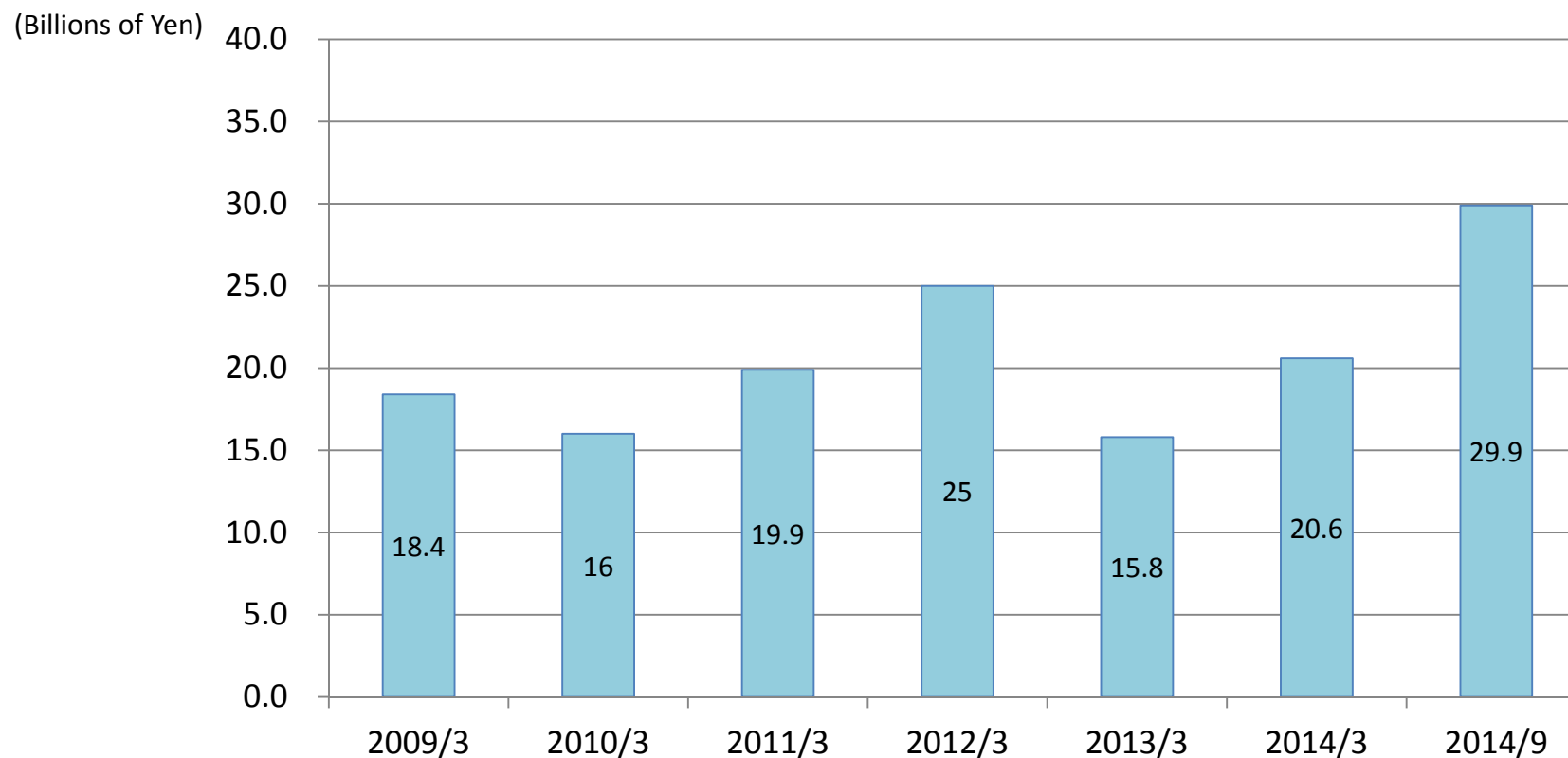
Overseas = Lower the risks for major titles and work on games for online



# Establishing Pipeline

## - Trends in the Content Production Account Balance

The content production account = Pipeline for the following fiscal year and beyond.  
The transformation and enhancement of the pipeline result in increased balance.



A number of high-potential titles to be launched in the next fiscal year.

# Amusement Segment

- As the result of the increase in the consumption tax rate, among other factors, existing store sales in the 1st half of the fiscal year were 95% YoY, but the results were stable, thanks to the efforts of efficient store operations
- Engaging in new initiatives to attract a wide-range of customers.



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タイトーステーション 秋葉原店	東京都千代田区外神田4-2-2 興三ビル
タイトーステーション 福岡天神店	福岡県福岡市中央区天神2-8-22 サザンクロスビル

ゲームセンターをもっと遊びやすく!

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 신용카드로 메달을 구매할 수 있습니다. 이용 가능한 카드는 아래에 있으며, 본 점포의 카운터에 메달 구매를 요청하시면 됩니다.

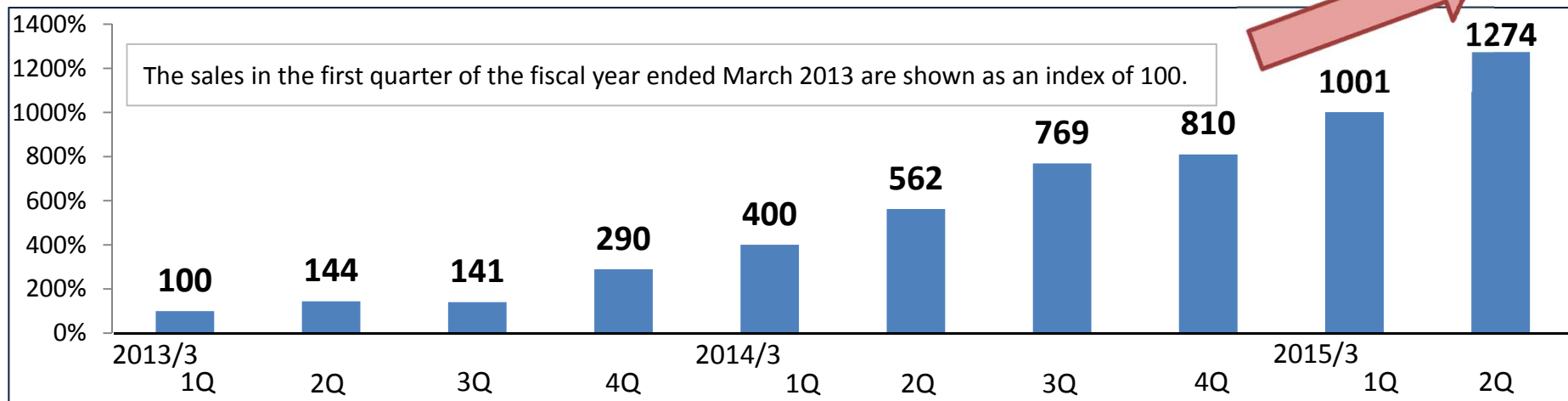
**LEFT 4 DEAD — Survivors—**  
 Zombie survival action game.  
 Scheduled to launch in this winter.



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# Publication Segment

Growth in the quarterly sales of the digital publication



TV Animated titles sold well in the first half of this FY

Online comics on "GANGAN ONLINE"



On "GANGAN JOKER"



Powerful promotion of a media-mix will continue in the second half of this FY

On "GANGAN JOKER"

"Gugure! Kokkuri-san"



# Cloud-Gaming

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- The deployment of cloud gaming technology for “Dragon Quest X” has enhanced from tablets and smartphones to Nintendo 3DS
- Schedule to launch “DIVE IN,” a cloud game streaming service, for smartphones and tablets.
- SHINRA TECHNOLOGIES, a newly established subsidiary, aiming at cloud gaming technology development.







Sample image. Not actual play screen.  
Under development. Content and specifications are subject to change without notice.  
Gameplay image quality subject to change with network environment.

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# Appendix





# Digital Entertainment Segment — HD Games

Title	Platform	Region	Release Date (Scheduled)
	PS3	NA, EU*	Dec 2 (NA) Dec 5 (EU)
	PS4, Xbox One PS3, Xbox 360 PC	JP	Nov 13 (Subbed Ver.) Dec 4 (Dubbed Ver.)  *Only subbed ver. for PC. The release date of dubbed version for Xbox One is TBD
	3DS	JP	Dec 18
	PS4, PS3	JP	Feb 26, 2015

\* “KINGDOM HEARTS HD 2.5 ReMIX” was released in October 2014 in Japan.

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# Digital Entertainment Segment — HD Games

Title	Platform	Region	Release Date (Scheduled)
	PS4, Xbox One	JP, NA, EU	Mar 17, 2015 (NA) Mar 19, 2015 (JP) Mar 20, 2015 (EU)
	PC (Steam)	World-wide	Now in CBT
	PC	World-wide	Now in CBT

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# Digital Entertainment Segment— Units Sold by Region

(Millions of Units Sold)

Region	2011.3	2012.3	2013.3	2014.3	2015.3 (Plan)	2014.9
Japan	6.49	5.58	5.74	4.60	4.30	1.36
N. America	4.74	6.74	6.09	8.20	4.90	2.49
Europe	5.43	5.11	6.91	4.08	4.40	1.46
Asia, etc.	0.19	0.23	0.26	0.34		0.11
<b>Total</b>	<b>16.85</b>	<b>17.66</b>	<b>19.0</b>	<b>17.23</b>	<b>13.60</b>	<b>5.43</b>

(※) Including units held by us as the distributor  
Not including download

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