

SQUARE ENIX®

Financial Results Briefing Session

Fiscal Year Ended March 31, 2016

Fiscal Year Ended March 31, 2016

Briefing Session
Financial Results

May 12, 2016

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
Fiscal Year
Ended March 31, 2016

Financial Results:

Fiscal Year Ended March 31, 2016

(Billions of Yen)

	Fiscal Year Ended 3/15		Fiscal Year Ended 3/16		% Change
		%		%	
Net Sales	167.9	100%	214.1	100%	27.5%
Operating Income	16.4	10%	26.0	12%	58.4%
Recurring Income	16.9	10%	25.3	12%	49.1%
Net Income	9.8	6%	19.9	9%	102.3%

	Fiscal Year Ended 3/15	Fiscal Year Ended 3/16	Change
Depreciation and Amortization	6.9	6.3	(0.6)
Capital Expenditure	6.0	5.9	(0.1)
Number of Employees	3,864	3,924	60

Financial Results by Business Segment:

Fiscal Year Ended March 31, 2016

1. Results for the Fiscal Year ended March 31, 2016

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	159.0	41.1	10.0	4.5	(0.5)	214.1
Operating Income	27.5	4.0	2.3	1.5	(9.2)	26.0
Operating Margin	17.3%	9.7%	22.7%	33.4%	—	12.2%

2. Results for the Fiscal Year ended March 31, 2015

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	111.9	40.7	11.5	4.0	(0.3)	167.9
Operating Income	17.3	3.6	3.2	1.2	(8.9)	16.4
Operating Margin	15.4%	8.9%	28.1%	29.0%	—	9.8%

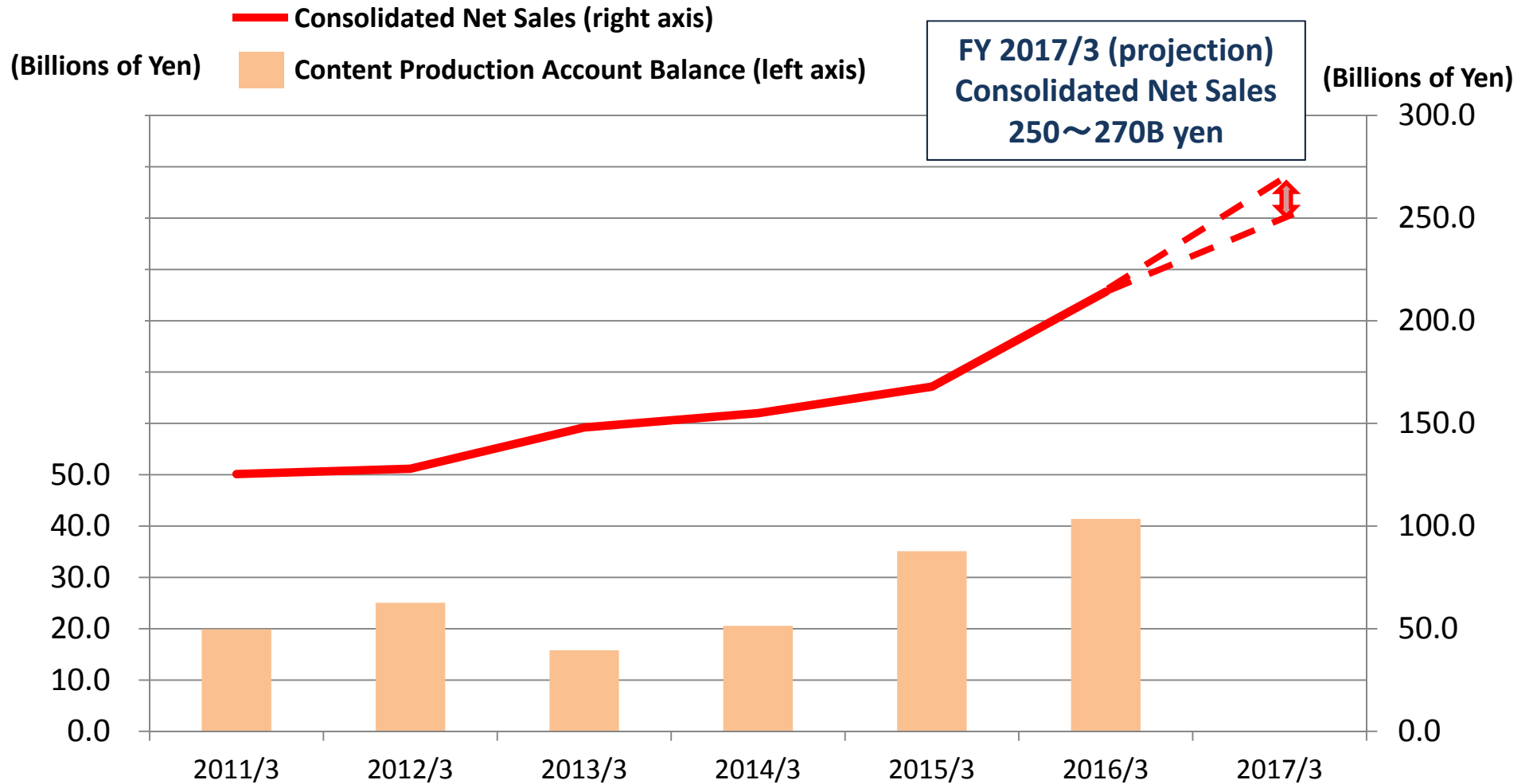
3. Changes (1-2)

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	47.0	0.4	(1.6)	0.6	(0.2)	46.2
Operating Income	10.2	0.4	(1.0)	0.4	(0.3)	9.6

Trends in the Content Production Account Balance

As Content Production Account increases, Net Sales rise as well.



Progress in each Business Segment

Digital Entertainment — HD Games

Major titles for FY ended March 2016



RISE OF THE
TOMB RAIDER



JUST CAUSE 3



HITMAN



I am Setsuna.



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Digital Entertainment — HD Games

Major titles for FY ending Mar 2017



Sep 30, 2016
Japan, China,
North America, Europe
PS4, Xbox one



Aug 23, 2016
North America, Europe
PS4, Xbox one, PC



Mar 27, 2016
Japan
PS4, PS3, PSVita

Release date of following titles, TBD



2016 Holiday Season
North America, Europe
PS4



2016
Japan
PSVita



2016
Japan, North America, Europe
PS4, PSVita



2016
Japan, North America, Europe
PS4

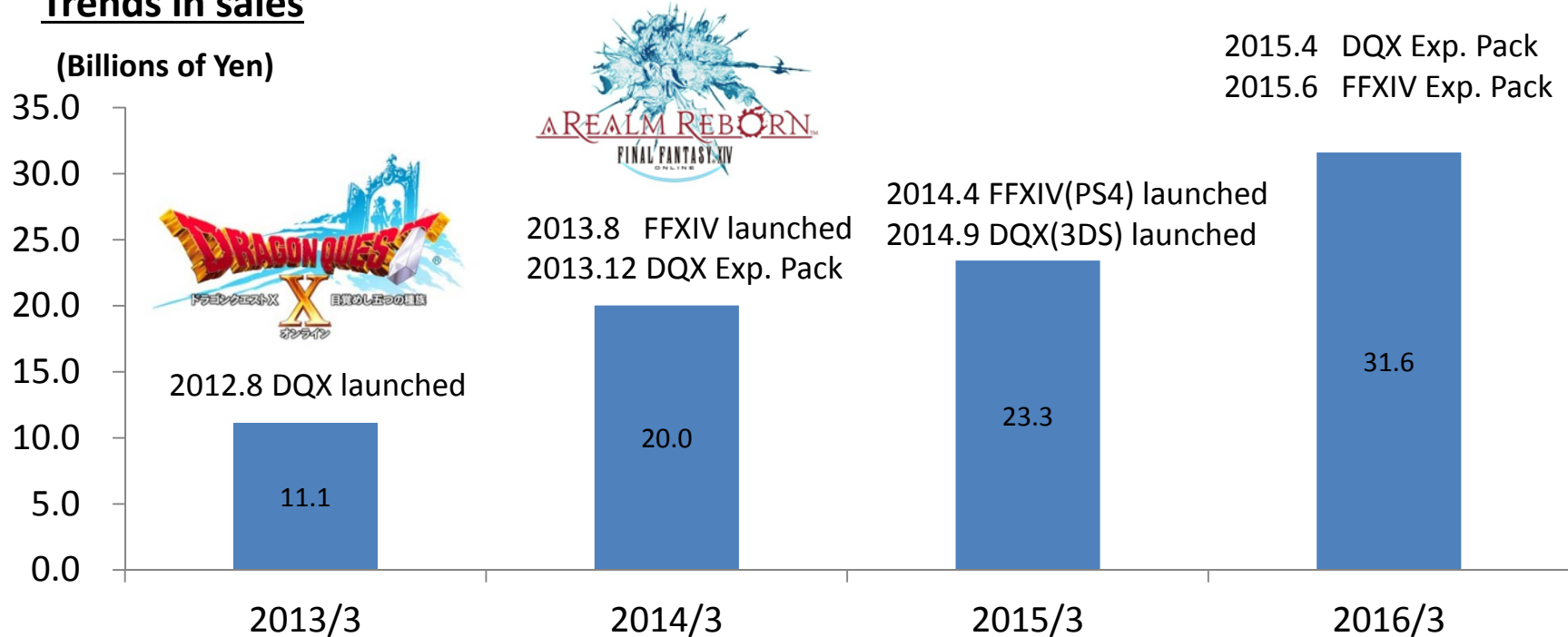
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Digital Entertainment—MMO

Established a stable revenue base

Trends in sales



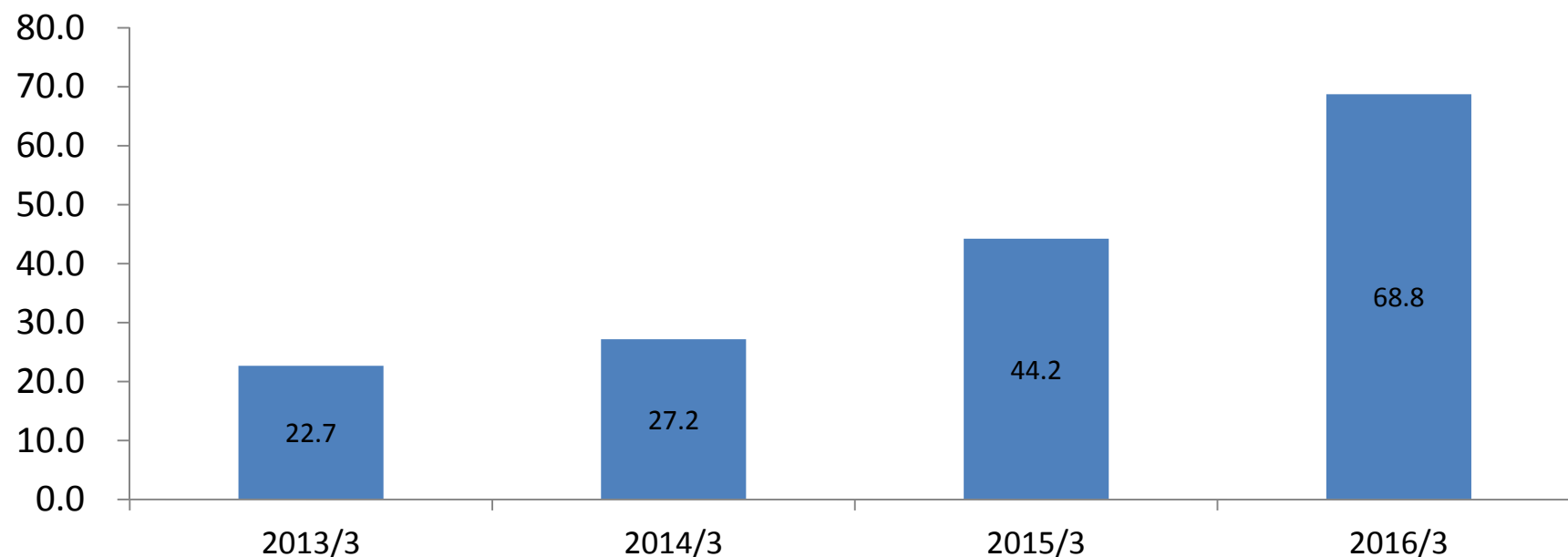
- Since no expansion pack is scheduled in the FY ending Mar 2017, net sales will decrease YoY.
- MMO will maintain stable operation through implementation of various offerings.

Digital Entertainment — Games for smart devices/PC browser

Solid growth through constant hit title releases

Trends in sales

(Billions of Yen)



- Net sales in the FY ending March 2017 will increase YoY, thanks to full-contribution of titles launched in previous FY, and new titles launching.

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Digital Entertainment — Games for smart devices/PC browser

Top Ranking F2P Game Apps (as of Apr 2016)

Jan, 2014

FY2014/3



Apr 2014

FY2015/3



Sep 2014



(alliance with DeNA Co., Ltd.)

Nov 2014



Jun 2015

FY2016/3



Sep 2015



Oct 2015



Jan 2016

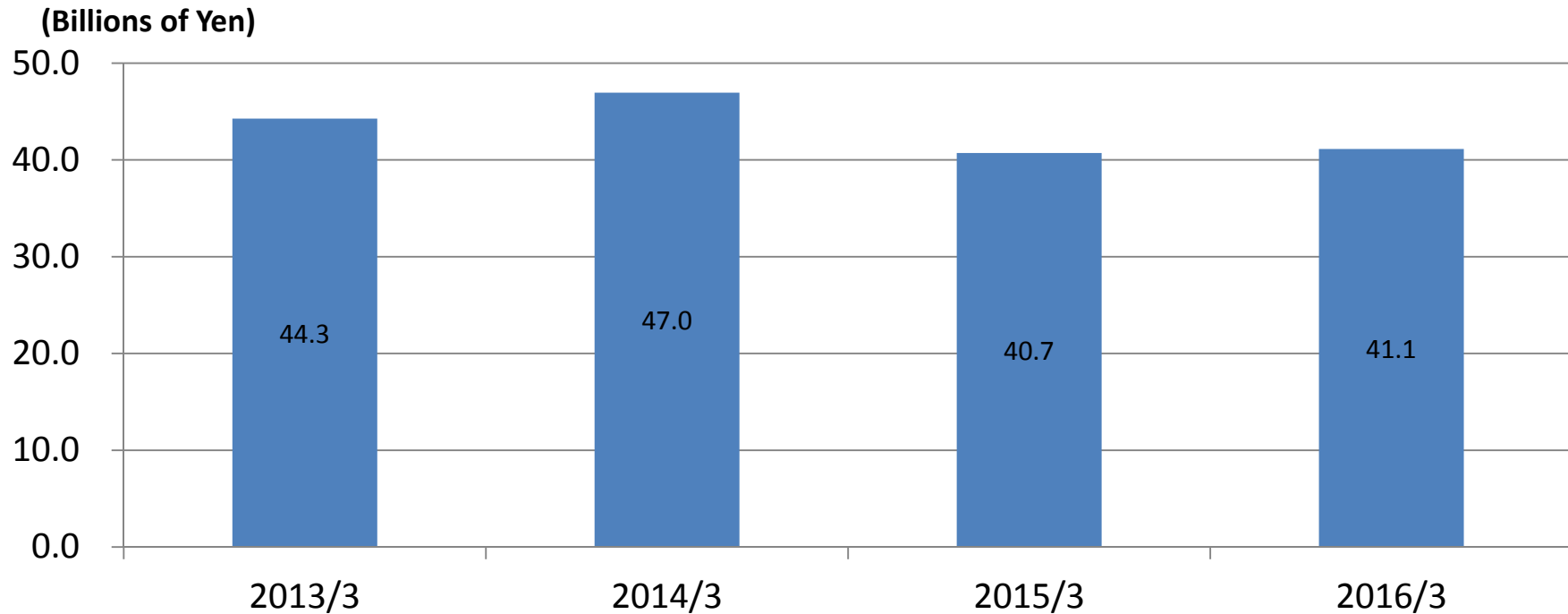


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Amusement

Introduction of the e-Money Payment System, aggressive foreign tourist spending, and strong sales of arcade machine “*DISSIDIA FINAL FANTASY*” are driving the favorable results.

Trends in sales



- Net sales in the FY ending March 2017 will increase YoY thanks to launch of powerful new arcade machines such as “*GUNSLINGER STRATOS 3*” and “*DRAGONQUEST MONSTER BATTLE SCANNER.*”

Amusement



Scheduled to launch in May 12, 2016



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Scheduled to launch this summer

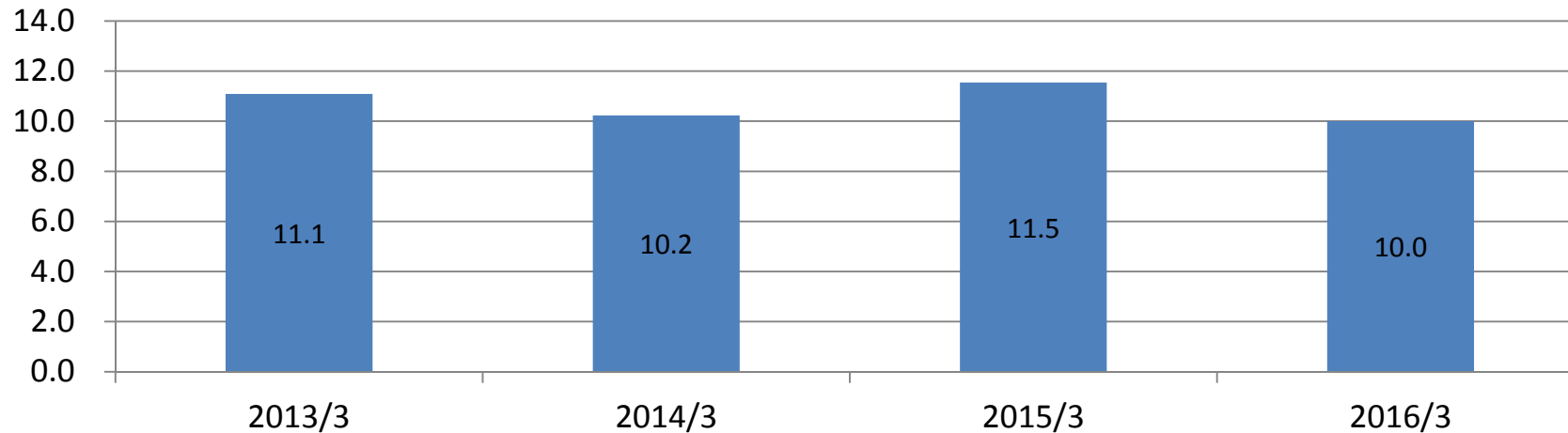


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Publication

Trends in sales

(Billions of Yen)



Continue to drive media-mix deployment such as TV animation of comic titles.

2016/3



©NAOE/SQUARE ENIX

(On the air from Jul to Sep 2016)



2017/3



©Nozomi Uda/SQUARE ENIX

(come on the air from Apr-Jun 2016)



HANDAKUN

©Satsuki Yoshino/SQUARE ENIX

(come on the air from Jul-Sep 2016)



Financial Forecasts
Fiscal Year
Ending March 31, 2017

Financial Forecasts:

Fiscal Year Ending March 31, 2017

(Billions of Yen)

	Fiscal Year Ended 3/16	Fiscal Year Ending 3/17 (Projection)	Change
Net Sales	214.1	250.0~270.0	35.9~55.9
Operating Income	26.0	27.0~33.0	1.0~7.0
Recurring Income	25.3	27.0~33.0	1.7~7.7
Net Income	19.9	17.0~21.0	(2.9)~1.1

	Fiscal Year Ended 3/16	Fiscal Year Ending 3/17(Projection)	Change
Depreciation and Amortization	6.3	7.0	0.7
Capital Expenditure	5.9	8.0	2.1

Dividends per share(Details later)

(Yen)

	Fiscal Year ended 3/16	Fiscal Year Ending 3/17 (Projection)	Change
2Q	10	10	—
4Q	38	31~41	(7)~3
Total	48	41~51	(7)~3

Financial Forecasts by Business Segment: Fiscal Year Ending March 31, 2017

Each business segment's forecast number for Fiscal Year ending March 31, 2017 corresponds to the intermediate scenario in the forecast range (consolidated net sales of Yen260B, and consolidated operating income of Yen30B).

1. Forecast for the Fiscal Year ending March 31, 2017

(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	200.0	46.0	10.0	4.0	-	260.0
Operating Income	31.3	4.5	2.0	1.2	(9.0)	30.0
Operating Margin	15.7%	9.8%	20.0%	29.8%	-	11.5%

2. Results for the Fiscal Year ended March 31, 2016

(Billions of Yen)

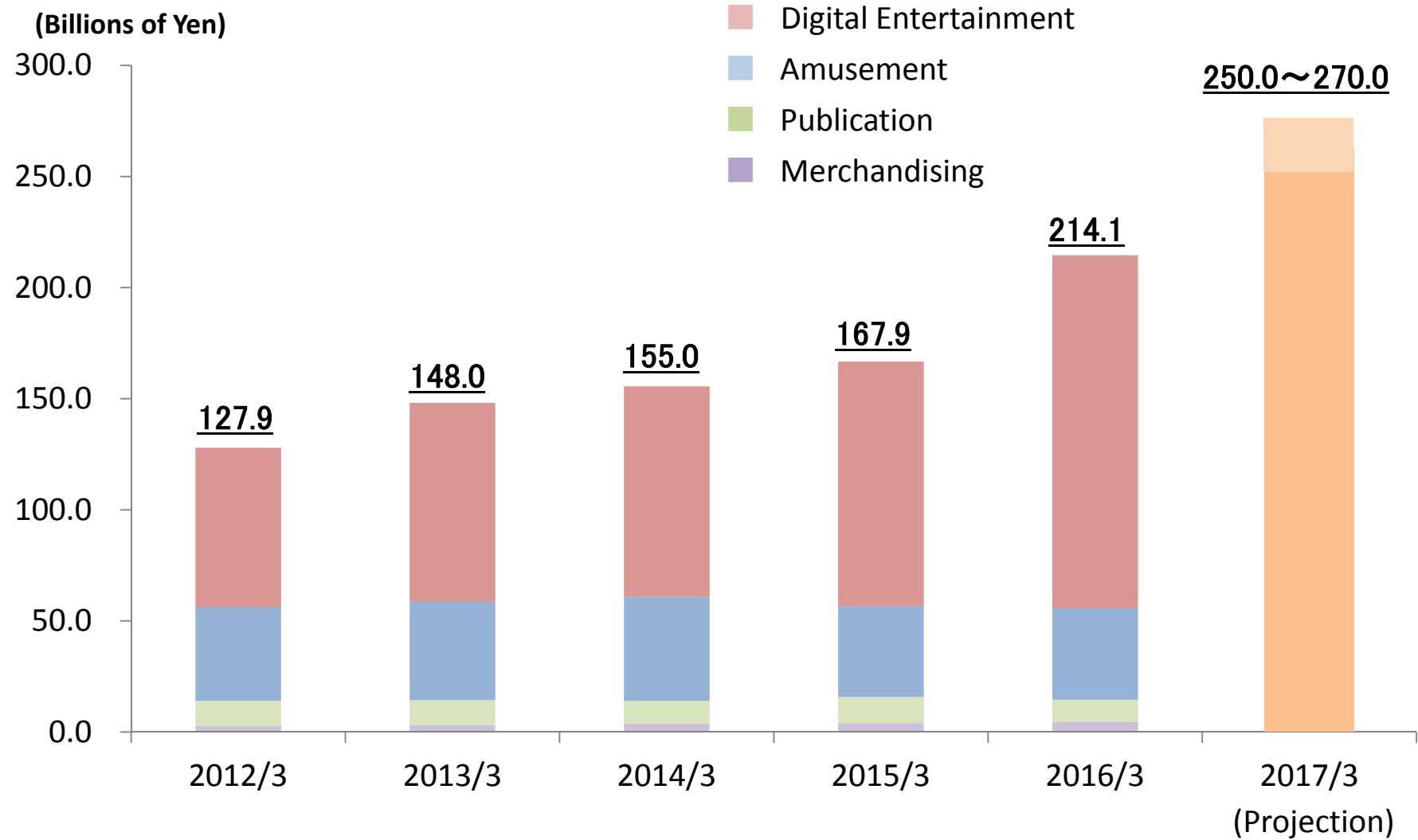
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	159.0	41.1	10.0	4.5	(0.5)	214.1
Operating Income	27.5	4.0	2.3	1.5	(9.2)	26.0
Operating Margin	17.3%	9.7%	22.7%	33.4%	-	12.2%

3. Changes (1 - 2)

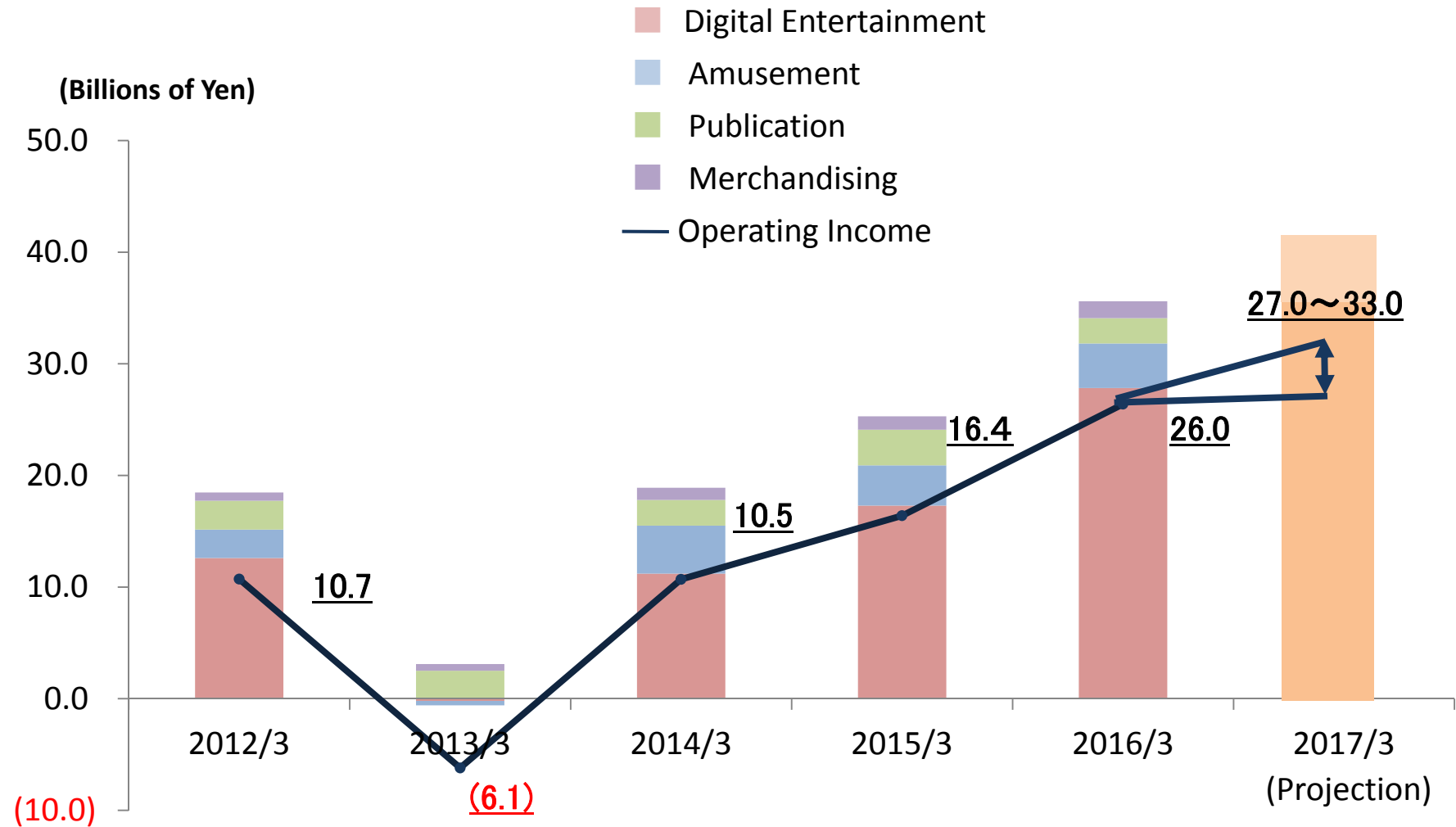
(Billions of Yen)

	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	41.0	4.9	0.0	(0.5)	0.5	45.9
Operating Income	3.8	0.5	(0.3)	(0.3)	0.2	4.0

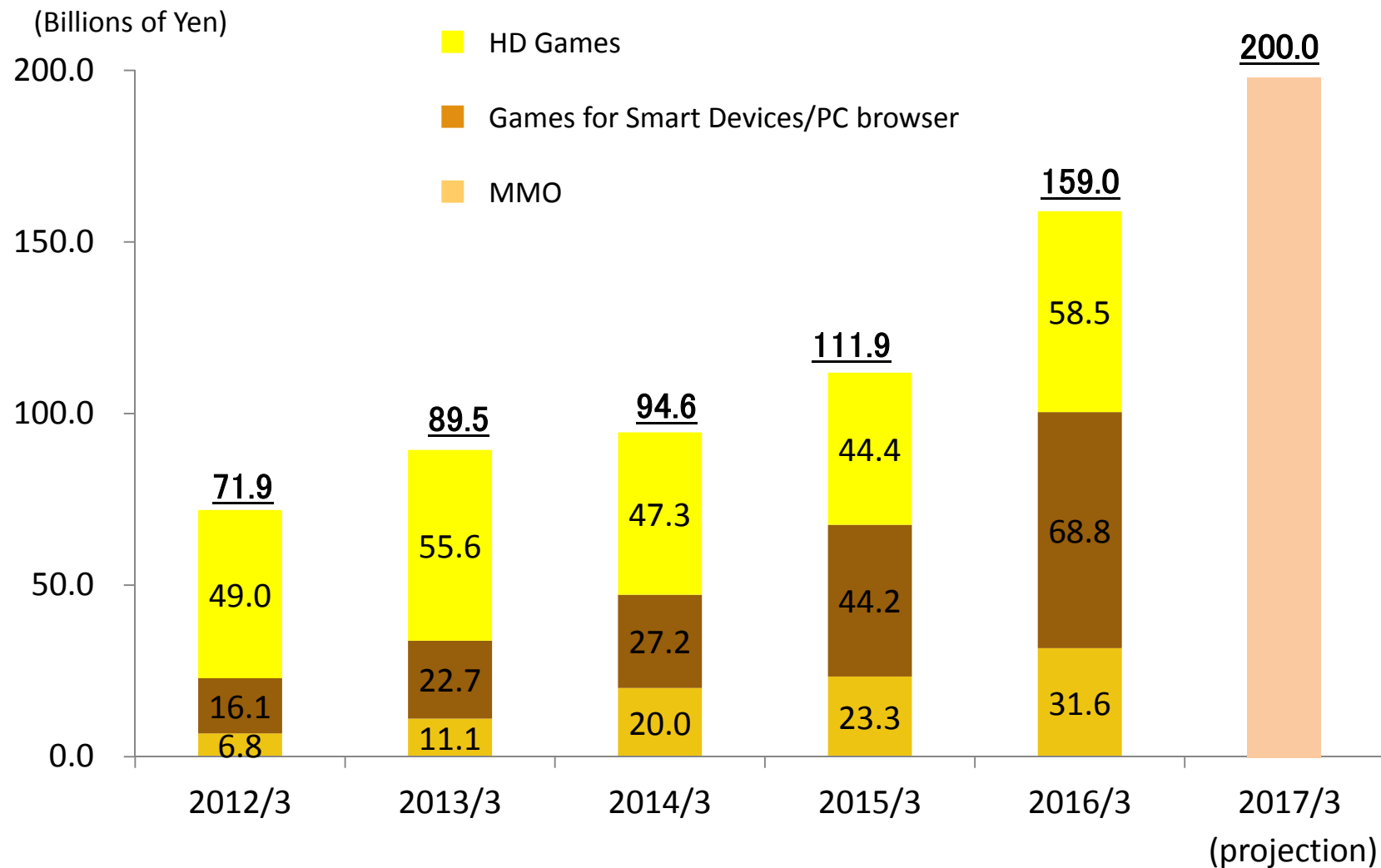
Net Sales by Business Segment



Operating Income by Business Segment



Digital Entertainment — Net Sales



* Digital Entertainment segment's forecast number of Yen 200B for Fiscal Year ending March 31, 2017 corresponds to the intermediate scenario in the forecast range (consolidated net sales of Yen260B).

Digital Entertainment Segment — Units sold by region

Only Disc: Disc sales only

Disc+DL: Disc sales + Download sales of full-length games newly released in the current and previous FYs (not including catalogue titles released before the last FY)

(Million Units)

Region	2016/3 Results (Only Disc)	2016/3 Results (Disc+DL)		2017/3 Results (Only Disc)	2017/3 Results (Disc+DL)
Japan	4.28	5.11	➤	3.50	4.20
North America/ Europe	9.14	15.99		16.50	25.00
Aisa, etc.	0.84	1.68		0.50	0.80
Total	14.26	22.78		20.50	30.00

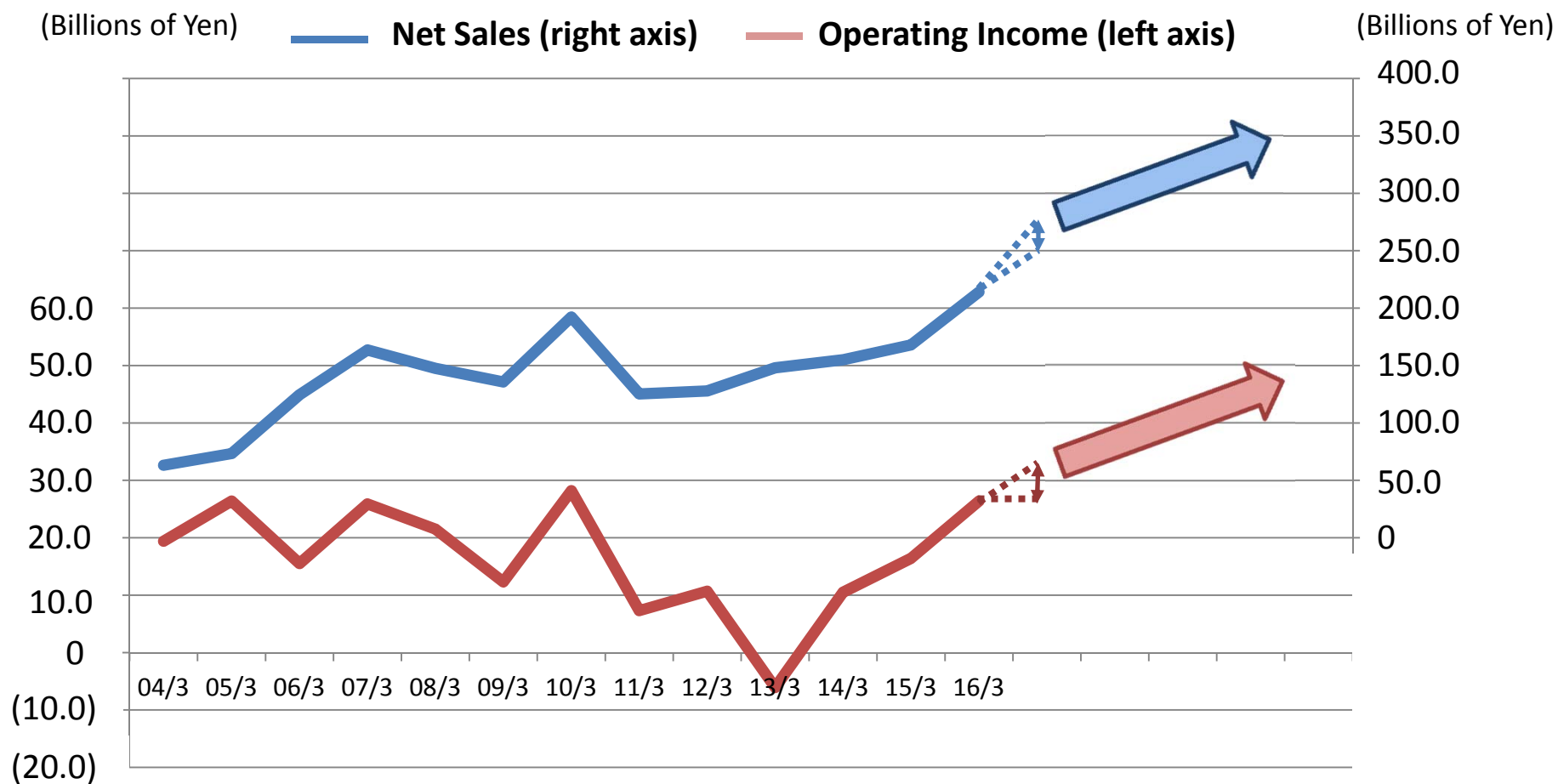
(※) The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangement.

Mid-term Targets

Mid-term Targets

Net Sales: 300~400B yen

Operating Income: 50B yen



Initiatives for Mid-term Target

Digital Entertainment

Efforts to Continue

HD games : Further strengthen the core franchises
by large-scale title launches

MMO, Games for Smart Devices/PC browser :
Further increase profits

+

New Initiatives for the Future

- Premium apps for smart devices
- VR/AR
- Emerging market development (focus on LATAM, Middle East, India)

Premium Apps for Smart Devices, VR/AR

Premium Apps

- Less burden of dev cost amortization
- Long-tail revenue stream = Longer lifetime
- Cumulative revenue-generating model

Released in Feb 2016
for iOS/Android



VR/AR (examples)

- *HITMAN GO* (for Oculus/Gear VR)
Coming May 12, 2016

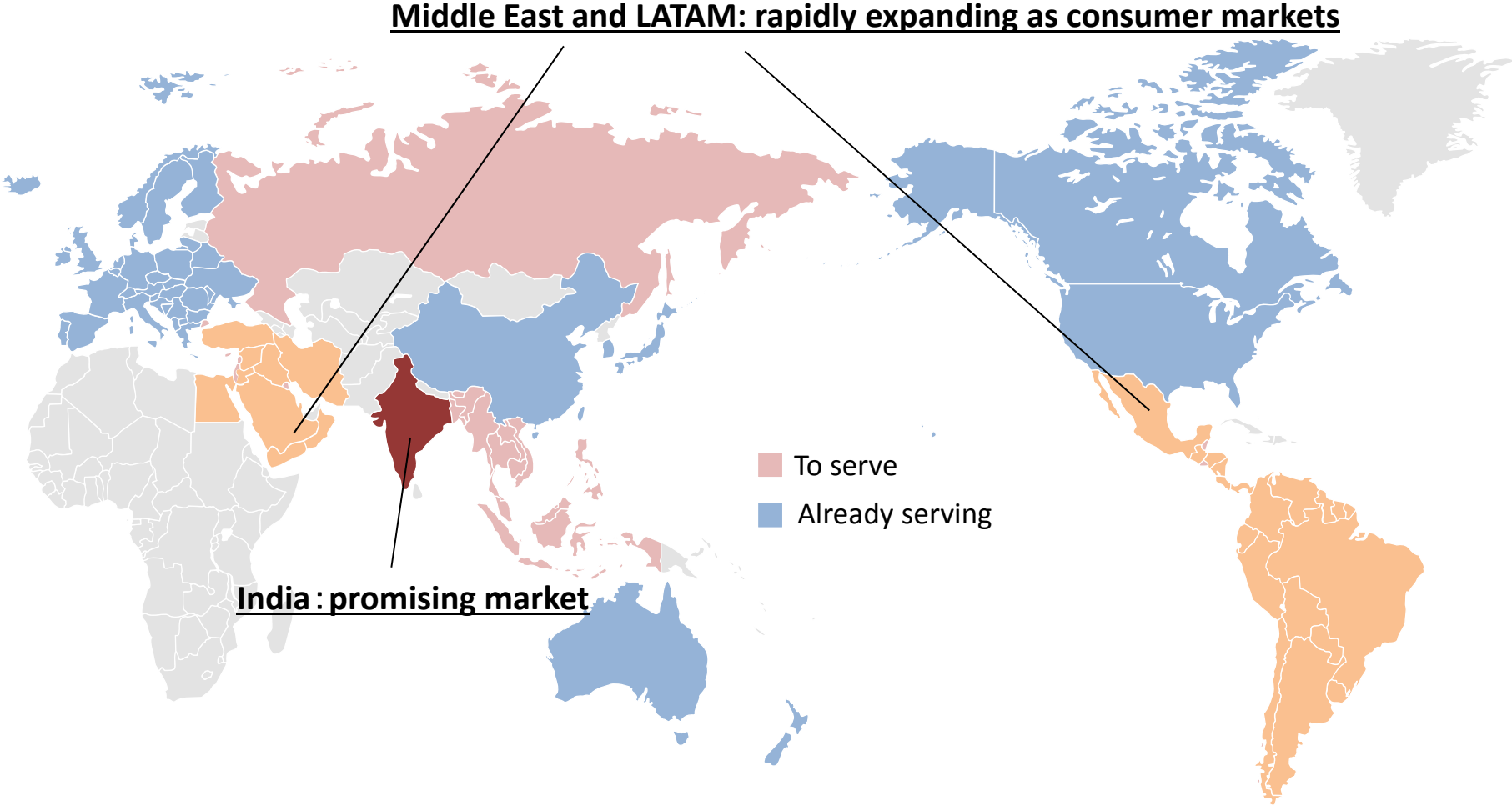


- *Kai-ri-Sei Million Arthur*



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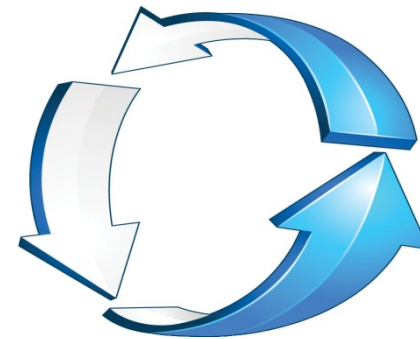
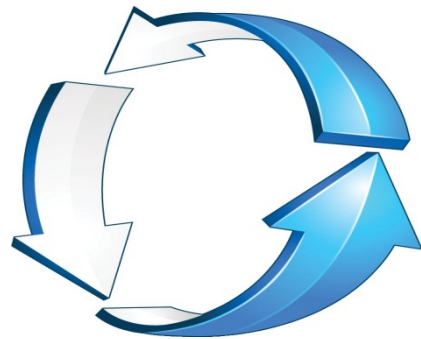
Digital Entertainment– Emerging Markets



IPs

Enhancement of core franchises through continuous investment

Sustained efforts to create new IPs

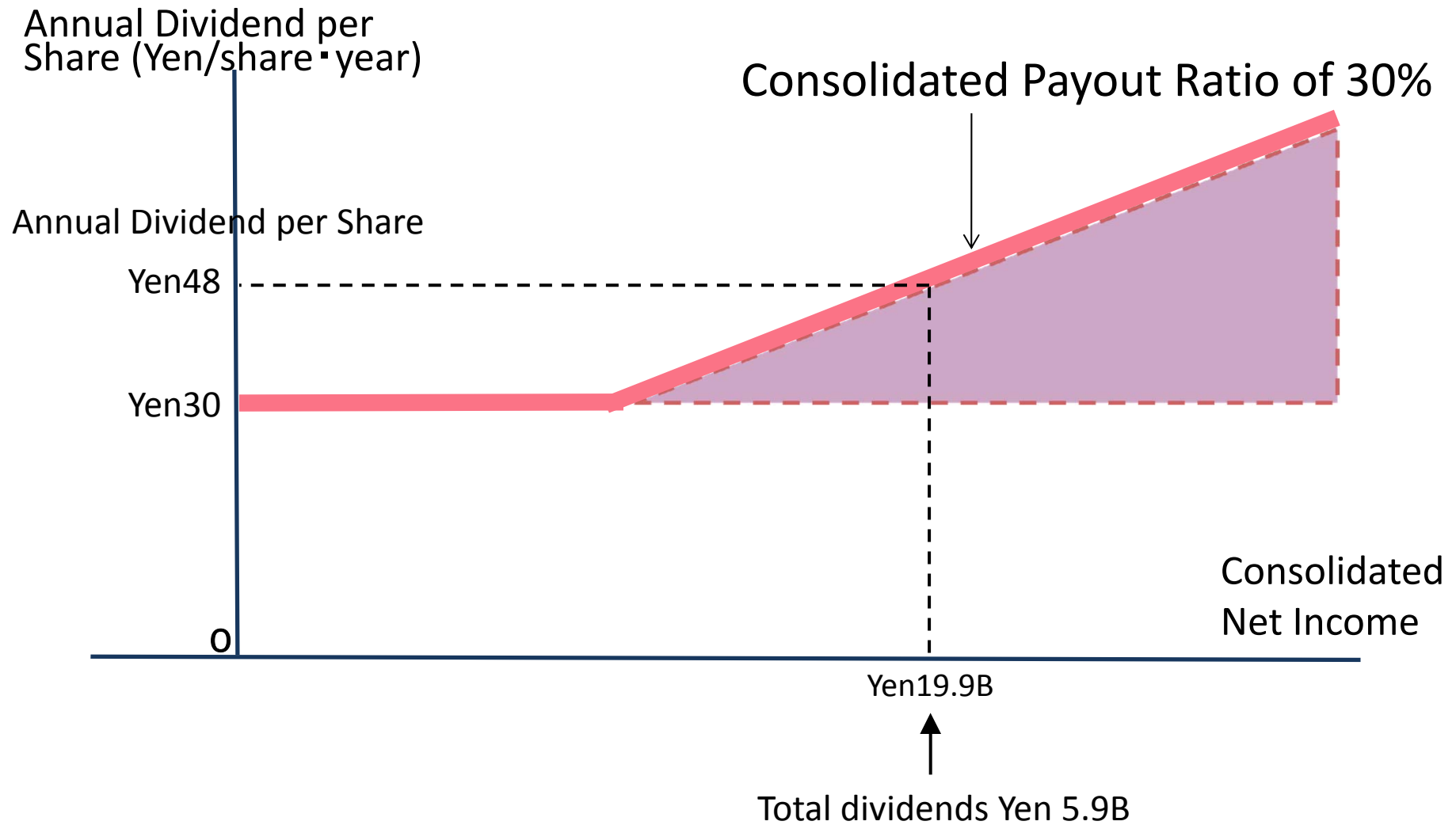


Stable revenue streams from:

- **Subscription fees from MMO**
- **Micro-transactions from Smart Devices/PC browser**
- **Digital sales of full games (HD & Expansions of MMO)**

Dividend Policy for FY2016/3

Dividend Policy for FY 2016/3



※Based on the number of outstanding shares as of the end of March, 2016

SQUARE ENIX®

Financial Results Briefing Session

Fiscal Year Ended March 31, 2016

Fiscal Year Ended March 31, 2016

Briefing Session
Financial Results

Updated on May 10, 2016 due to correction on page 10.

Updated on May 26, 2016 due to correction on page 27.

May 12, 2016

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