

SQUARE ENIX®

Reference Materials
Three-Month Period
Ended June 30, 2017

August 4, 2017

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
First Quarter of Fiscal Year
Ending March 31, 2018

Consolidated Statement of Income

Q1, FY2018/3

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | | Fiscal Year Ending March 31, 2018 | | | |
|--|-------------------------------------|----------------------|--------------------------------------|---------|-----------------------|--------------------|
| | Apr - June 2016 | Full Year Results | Apr - June 2017 | Changes | Full Year Forecast | Changes |
| Net Sales | 51.1 | 256.8 | 57.0 | 5.9 | 240.0 ~ 260.0 | △16.8 ~ 3.2 |
| Operating Income | 8.9 | 31.2 | 12.8 | 3.9 | 25.0 ~ 30.0 | △6.2 ~ △1.2 |
| Operating Margin | 17.4% | 12.1% | 22.5% | 5.1pt | 10.4% ~ 11.5% | △1.7pt ~ △0.6pt |
| Ordinary Income | 6.4 | 31.1 | 13.2 | 6.8 | 25.0~ 30.0 | △6.1 ~ △1.1 |
| Ordinary Income Margin | 12.5% | 12.1% | 23.2% | 10.7pt | 10.4% ~ 11.5% | △1.7pt ~ △0.6pt |
| Profit attributable to owners of parent | 5.3 | 20.0 | 8.3 | 3.0 | 16.5~ 19.5 | △3.5 ~ △0.5 |
| Depreciation and Amortization | 1.6 | 6.2 | 1.1 | △0.5 | 5.9 | △0.3 |
| Capital Expenditure | 1.5 | 6.9 | 1.5 | 0.0 | 7.8 | 0.9 |

Consolidated Statement of Income

Q1, FY2018/3 by Business Segment

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | Fiscal Year Ending March 31, 2018 | |
|-----------------------------|-------------------------------------|--------------------------------------|--------------|
| | Apr - June 2016 | Apr - June 2017 | Changes |
| Net Sales | 51.1 | 57.0 | 5.9 |
| Digital Entertainment | 37.5 | 44.1 | 6.6 |
| Amusement | 10.3 | 8.9 | △1.4 |
| Publication | 2.2 | 2.2 | 0.0 |
| Merchandising | 1.4 | 2.1 | 0.7 |
| Eliminations or unallocated | -0.3 | -0.6 | △0.3 |
| Operating Income | 8.9 | 12.8 | 3.9 |
| Digital Entertainment | 9.4 | 13.7 | 4.3 |
| Amusement | 0.8 | 0.6 | △0.2 |
| Publication | 0.5 | 0.5 | 0.0 |
| Merchandising | 0.5 | 0.5 | 0.0 |
| Eliminations or unallocated | -2.4 | -2.6 | △0.2 |
| Operating Margin | 17.4% | 22.5% | 5.1pt |
| Digital Entertainment | 25.1% | 31.1% | 6.0pt |
| Amusement | 7.8% | 6.7% | △1.1pt |
| Publication | 22.7% | 22.7% | 0.0pt |
| Merchandising | 35.7% | 23.8% | △11.9pt |
| Eliminations or unallocated | - | - | - |

Consolidated Statement of Income

Quarterly Comparison

(Billions of Yen)

| | Fiscal Year Ended March 31, 2017 | | | | Fiscal Year Ending March 31, 2018 |
|-----------------------------|----------------------------------|--------------------|-------------------|-------------------|--------------------------------------|
| | Apr - June 2016 | July - Sep 2016 | Oct - Dec 2016 | Jan - Mar 2017 | Apr - June 2017 |
| Net Sales | 51.1 | 55.1 | 83.7 | 66.7 | 57.0 |
| Digital Entertainment | 37.5 | 40.7 | 67.9 | 52.8 | 44.1 |
| Amusement | 10.3 | 10.9 | 11.7 | 9.7 | 8.9 |
| Publication | 2.2 | 2.2 | 2.7 | 2.7 | 2.2 |
| Merchandising | 1.4 | 1.6 | 1.6 | 1.7 | 2.1 |
| Eliminations or unallocated | -0.3 | -0.4 | -0.3 | -0.2 | -0.6 |
| Operating Income | 8.9 | 2.1 | 10.3 | 9.8 | 12.8 |
| Digital Entertainment | 9.4 | 2.6 | 9.6 | 11.5 | 13.7 |
| Amusement | 0.8 | 1.2 | 1.5 | 0.0 | 0.6 |
| Publication | 0.5 | 0.4 | 0.7 | 0.7 | 0.5 |
| Merchandising | 0.5 | 0.5 | 0.4 | 0.5 | 0.5 |
| Eliminations or unallocated | -2.4 | -2.7 | -2.1 | -2.9 | -2.6 |

Consolidated Balance Sheet

Summary as of June 30, 2017

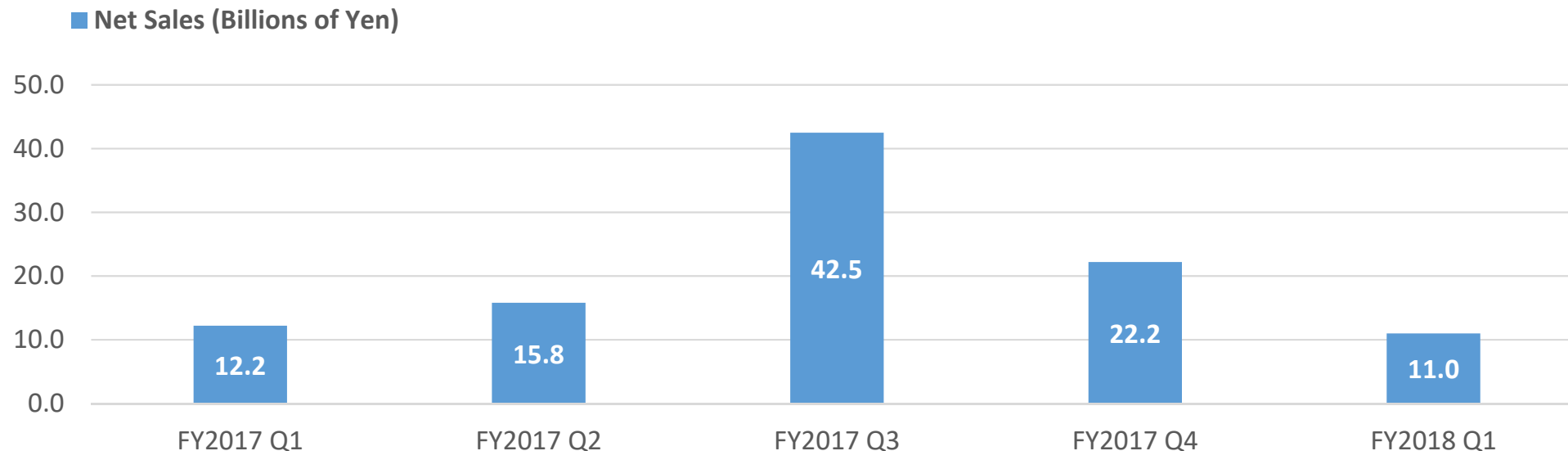
(Billions of Yen)

| Account | <Assets> | | | <Liabilities and Net Assets> | | | |
|---------------------------------|--------------|--------------|------------|---|--------------|--------------|-------------|
| | 03/2017 | 06/2017 | Changes | Account | 03/2017 | 06/2017 | Changes |
| Cash and deposits | 129.3 | 124.1 | △5.2 | Notes and accounts payable | 14.2 | 13.3 | △0.9 |
| Notes and accounts receivable | 26.0 | 25.5 | △0.5 | Short-term loans | 8.4 | 8.7 | 0.3 |
| Inventories | 3.1 | 4.7 | 1.6 | Provision for sales returns | 6.1 | 6.0 | △0.1 |
| Content production account | 34.5 | 41.6 | 7.1 | Others | 26.5 | 24.6 | △1.9 |
| Others | 15.9 | 13.4 | △2.5 | Total Current Liabilities | 55.4 | 52.8 | △2.6 |
| Total Current Assets | 209.0 | 209.4 | 0.4 | Non-current Liabilities | 6.5 | 7.2 | 0.7 |
| Property and equipment | 14.2 | 14.3 | 0.1 | Total Liabilities | 61.9 | 60.0 | △1.9 |
| Intangible Assets | 4.7 | 4.8 | 0.1 | Total Shareholders' Equity | 185.7 | 189.2 | 3.5 |
| Investments and other assets | 15.8 | 17.0 | 1.2 | Others | -3.8 | -3.5 | 0.3 |
| Total Non-current Assets | 34.8 | 36.2 | 1.4 | Total Net Assets | 181.9 | 185.6 | 3.7 |
| Total Assets | 243.8 | 245.7 | 1.9 | Total Liabilities and Net Assets | 243.8 | 245.7 | 1.9 |

Progress in Each Business Segment

Digital Entertainment – HD Games

Strong sales of previously released catalogue titles contributed to operating income, while sales from packaged goods of new titles declined.



Pipeline in FY2018/3



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Released on July 13, 2017



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Released on July 29, 2017



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 DRAGON QUEST characters:
 ©ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX
 FINAL FANTASY characters:
 ©SQUARE ENIX
 CHARACTER ILLUSTRATION:
 SHIRO AMANO

To be released in 2017

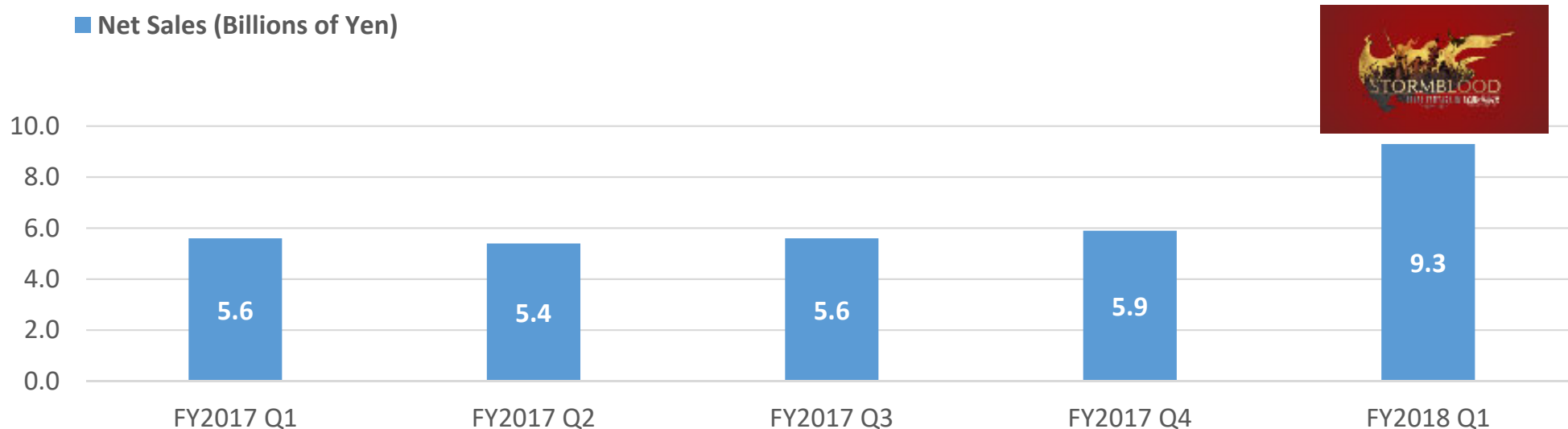


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 CHARACTER DESIGN: TETSUYA NOMURA
 ILLUSTRATION: ©2017 YOSHITAKA AMANO

To be released in early 2018

Digital Entertainment – MMO

Sales of the latest expansion disk of “FINAL FANTASY XIV” and increased number of paying subscribers boosted the net income.



Plans in FY2018/3

- Release of the expansion disks for “FINAL FANTASY XIV” and “DRAGON QUEST X”
- Platform expansion for “DRAGON QUEST X” (to PlayStation4 and Nintendo Switch)

PlayStation4

Released on
August 17, 2017

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Nintendo Switch

Released on
September 21, 2017

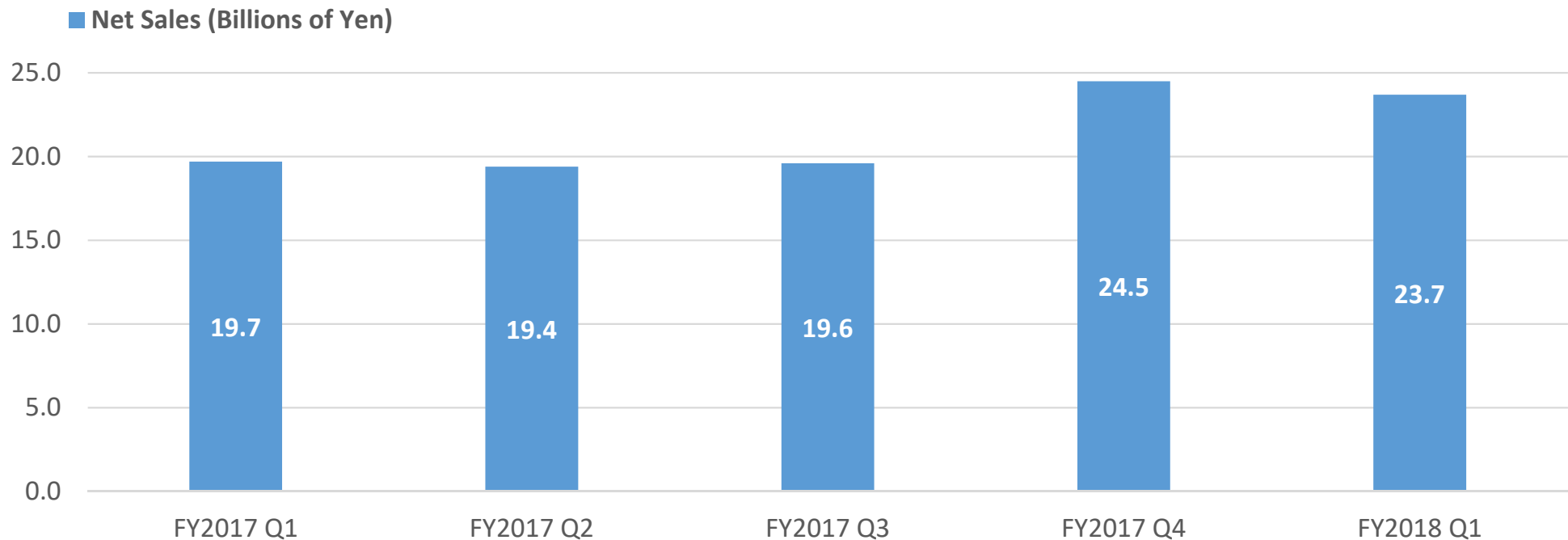
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Digital Entertainment

– Games for Smart Devices/PC Browser

Titles launched in the 2nd half of the prior fiscal year are fully contributing to revenue generation.



Plans in FY2018/3

Plan to increase sales by consecutive new title launches on top of existing titles' revenue contributions.

Digital Entertainment

– Games for Smart Devices/PC Browser

List of 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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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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Apr 2014



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Nov 2014



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Sep 2015



©Disney
Developed by SQUARE ENIX

Oct 2015



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Developed by Alim Co., Ltd.
Illustration/ ©2015 YOSHITAKA AMANO

Feb 2017



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CHARACTER DESIGN: TETSUYA
NOMURA

Jun 2017

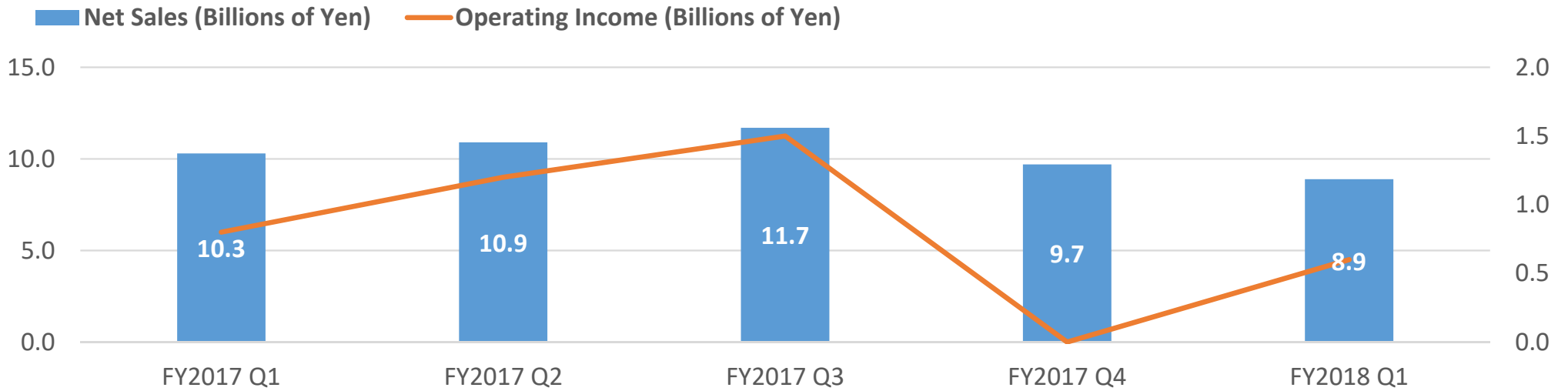


Co-developed with Pokelabo Inc.
(Published by Pokelabo Inc.)
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*Each title's launch timing

Amusement

Amusement operation performed steadily, with no new release of amusement machines.



Pipeline in FY2018/3



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Launched on July 13,2017



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To be launched in the autumn 2017



JR東日本商品化許諾申請中

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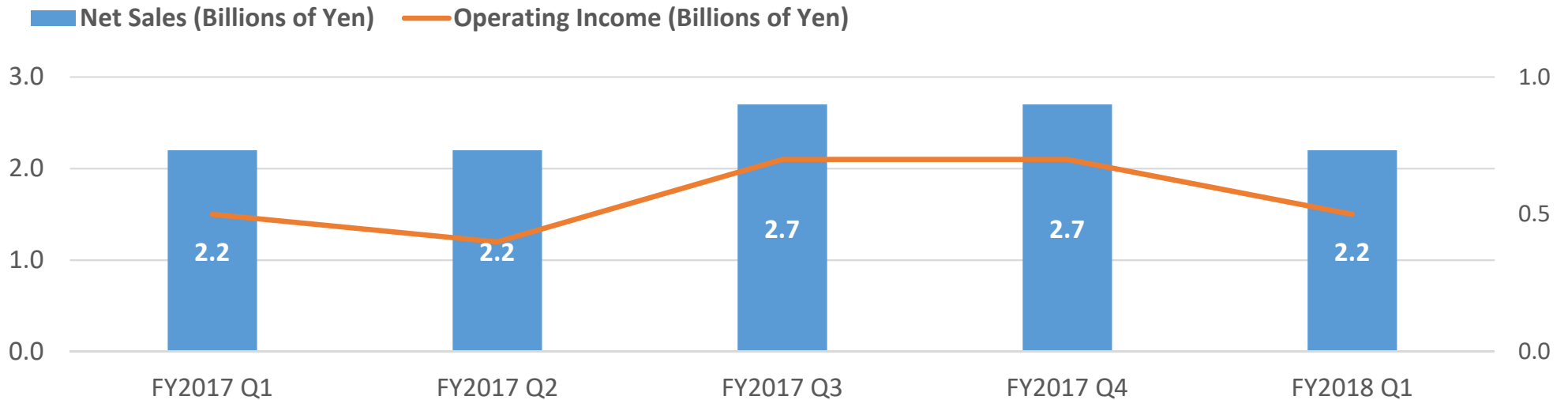
To be launched in 2017



電車でGO!!
DENSHADE

Publication

Media-mix deployment is stabilizing comic books sales.



Main titles in FY2018/3



王室教師
ハイネ
©Higasa Akai/SQUARE ENIX

鋼の錬金術師
FULLMETAL ALCHEMIST
©Hiromu Arakawa/SQUARE ENIX

賭ケグルイ

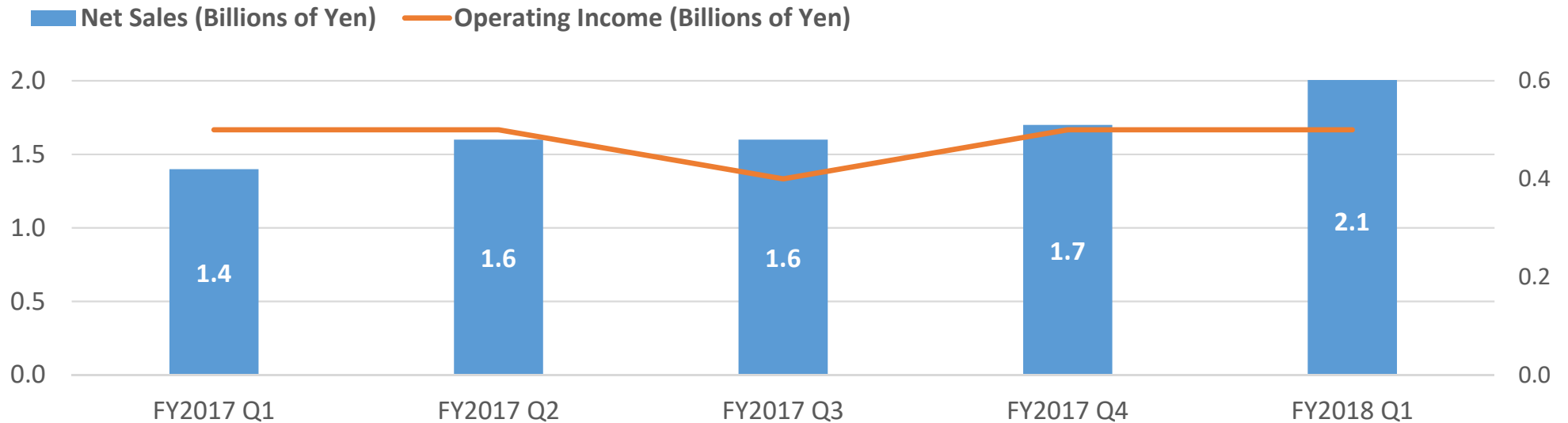
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© Hiroyuki Eto/SQUARE ENIX

Merchandising

Established IP-based character goods performed strongly.



Plans in FY2018/3

Promoting established IP-based character goods, as well as wide range of goods and licensing deals related to the 30th anniversary of the “FINAL FANTASY” franchise.



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Reference Materials
Three-Month Period
Ended June 30, 2017

Updated on Aug 7, 2017 due to correction on page 4.

August 4, 2017
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