

**SQUARE ENIX®**

**Reference Materials**  
**Nine-Month Period**  
Ended December 31, 2017

**February 6, 2018**

---

**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, 2018**

# Consolidated Statement of Income

## Q3, FY2018/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2017		Fiscal Year Ending March 31, 2018			
	Apr - Dec 2016	Full Year Results	Apr - Dec 2017	Changes	Full Year Forecast	Changes
Net Sales	190.0	256.8	188.0	△2.0	240.0 ~ 260.0	△16.8 ~ 3.2
Operating Income	21.4	31.2	33.7	12.3	25.0 ~ 30.0	△6.2 ~ △1.2
Operating Income Margin	11.3%	12.2%	18.0%	6.7pt	10.4% ~ 11.5%	△1.7pt ~ △0.7pt
Ordinary Income	22.0	31.1	34.7	12.7	25.0 ~ 30.0	△6.1 ~ △1.1
Ordinary Income Margin	11.6%	12.1%	18.5%	6.9pt	10.4% ~ 11.5%	△1.7pt ~ △0.6pt
Profit attributable to owners of parent	17	20.0	22.3	5.3	16.5 ~ 19.5	△3.5 ~ △0.5
Depreciation and Amortization	4.6	6.2	3.9	△0.7	5.9	△0.3
Capital Expenditure	5.1	6.9	5.8	0.7	7.8	0.9

# Consolidated Statement of Income

## Q3, FY2018/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2017	Fiscal Year Ending March 31, 2018	
	Apr - Dec 2016	Apr - Dec 2017	Changes
<b>Net Sales</b>	<b>190.0</b>	<b>188.0</b>	<b>△ 2.0</b>
Digital Entertainment	146.2	143.5	△ 2.7
Amusement	33.0	31.5	△ 1.5
Publication	7.2	8.2	1.0
Merchandising	4.7	5.8	1.1
Eliminations or unallocated	-1.1	-1.1	0.0
<b>Operating Income</b>	<b>21.4</b>	<b>33.7</b>	<b>12.3</b>
Digital Entertainment	21.7	36.3	14.6
Amusement	3.6	2.5	△ 1.1
Publication	1.7	1.8	0.1
Merchandising	1.5	1.5	0.0
Eliminations or unallocated	-7.2	-8.5	△ 1.3
<b>Operating Income Margin</b>	<b>11.3%</b>	<b>18.0%</b>	<b>6.7pt</b>
Digital Entertainment	14.9%	25.3%	10.4pt
Amusement	11.1%	8.2%	△ 2.9pt
Publication	23.7%	22.2%	△ 1.5pt
Merchandising	33.1%	26.8%	△ 6.3pt
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	Jul - Sep 2017	Oct - Dec 2017
<b>Net Sales</b>	<b>51.1</b>	<b>55.1</b>	<b>83.7</b>	<b>66.7</b>	<b>57.0</b>	<b>75.0</b>	<b>56.0</b>
Digital Entertainment	37.5	40.7	67.9	52.8	44.1	57.9	41.4
Amusement	10.3	10.9	11.7	9.7	8.9	12.1	10.4
Publication	2.2	2.2	2.7	2.7	2.2	3.3	2.6
Merchandising	1.4	1.6	1.6	1.7	2.1	1.8	1.7
Eliminations or unallocated	-0.3	-0.4	-0.3	-0.2	-0.6	-0.2	-0.2
<b>Operating Income</b>	<b>8.9</b>	<b>2.1</b>	<b>10.3</b>	<b>9.8</b>	<b>12.8</b>	<b>12.9</b>	<b>7.9</b>
Digital Entertainment	9.4	2.6	9.6	11.5	13.7	12.8	9.7
Amusement	0.8	1.2	1.5	0.0	0.6	1.8	0.1
Publication	0.5	0.4	0.7	0.7	0.5	0.8	0.4
Merchandising	0.5	0.5	0.4	0.5	0.5	0.6	0.3
Eliminations or unallocated	-2.4	-2.7	-2.1	-2.9	-2.6	-3.1	-2.7

# Consolidated Balance Sheet

## Summary as of Dec 31, 2017

(Billions of Yen)

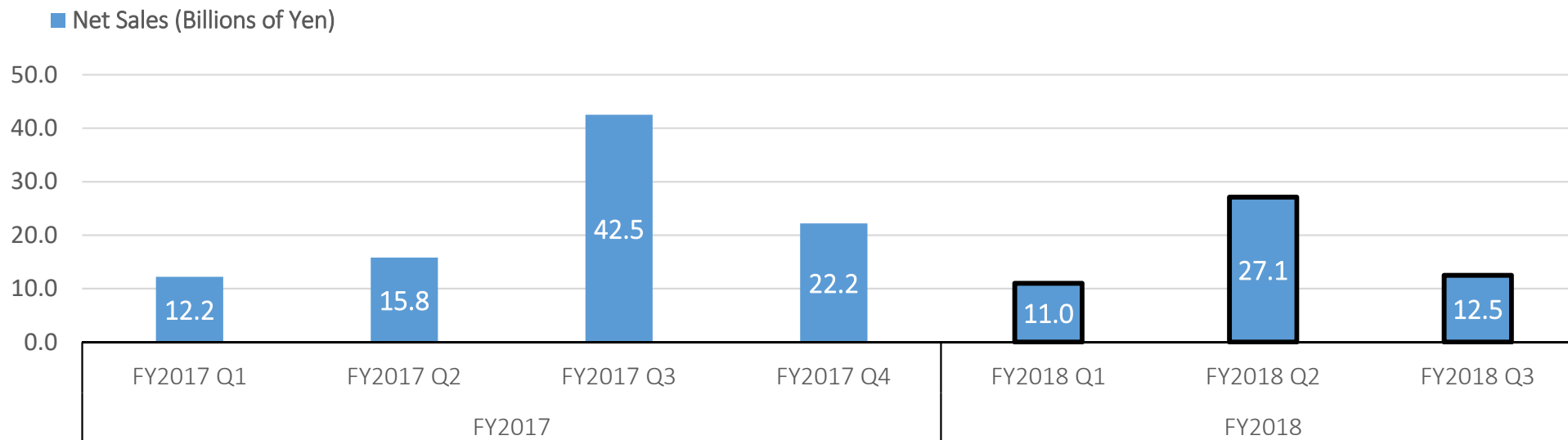
Account	<Assets>			<Liabilities and Net Assets>			
	03/2017	12/2017	Changes	Account	03/2017	12/2017	Changes
Cash and deposits	129.3	130.8	1.5	Notes and accounts payable	14.2	14.0	△0.2
Notes and accounts receivable	26.0	24.3	△1.7	Short-term loans	8.4	9.1	0.7
Inventories	3.1	3.8	0.7	Provision for sales returns	6.1	4.4	△1.7
Content production account	34.5	44.8	10.3	Others	26.5	27.0	0.5
Others	15.9	10.4	△5.5	<b>Total Current Liabilities</b>	<b>55.4</b>	<b>54.6</b>	<b>△0.8</b>
<b>Total Current Assets</b>	<b>209.0</b>	<b>214.4</b>	<b>5.4</b>	<b>Non-current Liabilities</b>	<b>6.5</b>	<b>7.5</b>	<b>1.0</b>
Property and equipment	14.2	15.8	1.6	<b>Total Liabilities</b>	<b>61.9</b>	<b>62.2</b>	<b>0.3</b>
Intangible Assets	4.7	5.0	0.3	Total Shareholders' Equity	185.7	192.8	7.1
Investments and other assets	15.8	16.6	0.8	Others	-3.8	-3.1	0.7
<b>Total Non-current Assets</b>	<b>34.8</b>	<b>37.4</b>	<b>2.6</b>	<b>Total Net Assets</b>	<b>181.9</b>	<b>189.6</b>	<b>7.7</b>
<b>Total Assets</b>	<b>243.8</b>	<b>251.8</b>	<b>8.0</b>	<b>Total Liabilities and Net Assets</b>	<b>243.8</b>	<b>251.8</b>	<b>8.0</b>

# Progress in Each Business Segment



# Digital Entertainment – HD Games

**Strong performance of digital sales resulted in an increase of operating income, despite the sales decline due to a decrease of the number of new blockbuster titles.**



## Pipeline in FY2018/3

FINAL FANTASY XII  
THE ZODIAC AGE

©2006, 2017 SQUARE ENIX CO., LTD.  
All Rights Reserved.

Released on July 13, 2017

DRAGON QUEST XI

©2017 ARMOR PROJECT/BIRD STUDIO/  
SQUARE ENIX All Rights Reserved.

Released on July 29, 2017

FINAL FANTASY  
30TH ANNIVERSARY

©2017 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX  
All Rights Reserved.  
DRAGON QUEST characters:  
©ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX  
FINAL FANTASY characters: ©SQUARE ENIX  
CHARACTER ILLUSTRATION:SHIRO AMANO

Released on October 19, 2017

DISSIDIA  
FINAL FANTASY NT

© 2018 KOEI TECMO GAMES/  
SQUARE ENIX CO., LTD. All Rights Reserved.  
CHARACTER DESIGN: TETSUYA NOMURA  
ILLUSTRATION:©2017 YOSHITAKA AMANO

Released on January 11, 2018

FINAL FANTASY XV  
ROYAL EDITION

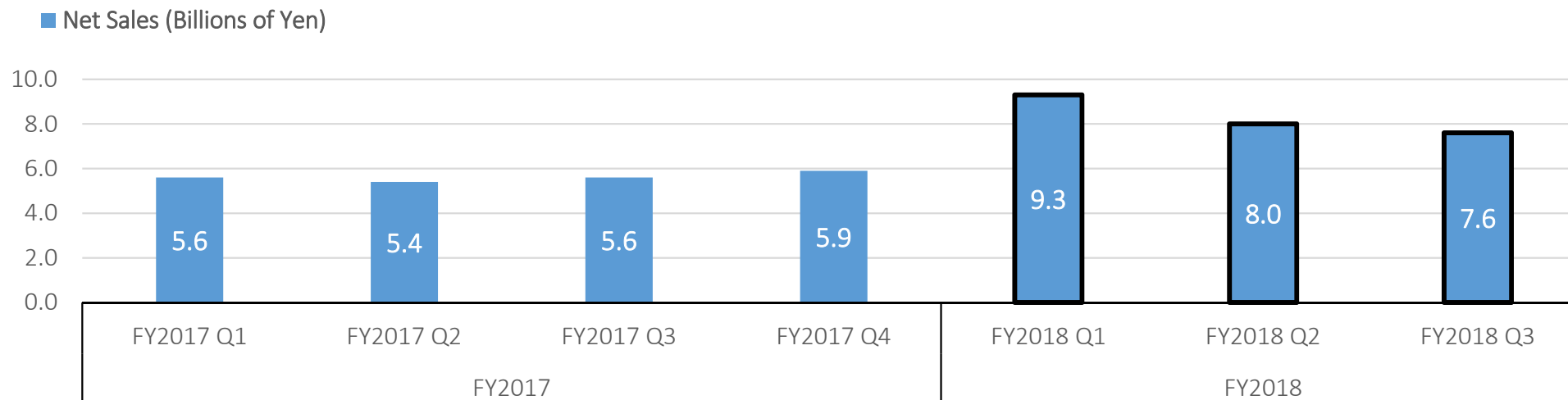
© 2016-2018 SQUARE ENIX CO., LTD.  
All Rights Reserved.  
MAIN CHARACTER DESIGN: TETSUYA NOMURA  
ILLUSTRATION:©2018 YOSHITAKA AMANO

**To be released on March 6, 2018**

**“FFXV WINDOWS EDITION”**  
To be released on March 7, 2018

# Digital Entertainment – MMO

The latest expansions of “FINAL FANTASY XIV” and “DRAGON QUEST X” contributed to the robust sales and operating income growth by disk sales and increase of paying subscribers.



## Plans for FY2018/3

- Expansion disks for “FINAL FANTASY XIV” and “DRAGON QUEST X”
- New platform versions (PlayStation4 and Nintendo Switch) for “DRAGON QUEST X”



©2017 SQUARE ENIX CO., LTD. All Rights Reserved.

Released on June 20, 2017



©SQUARE ENIX

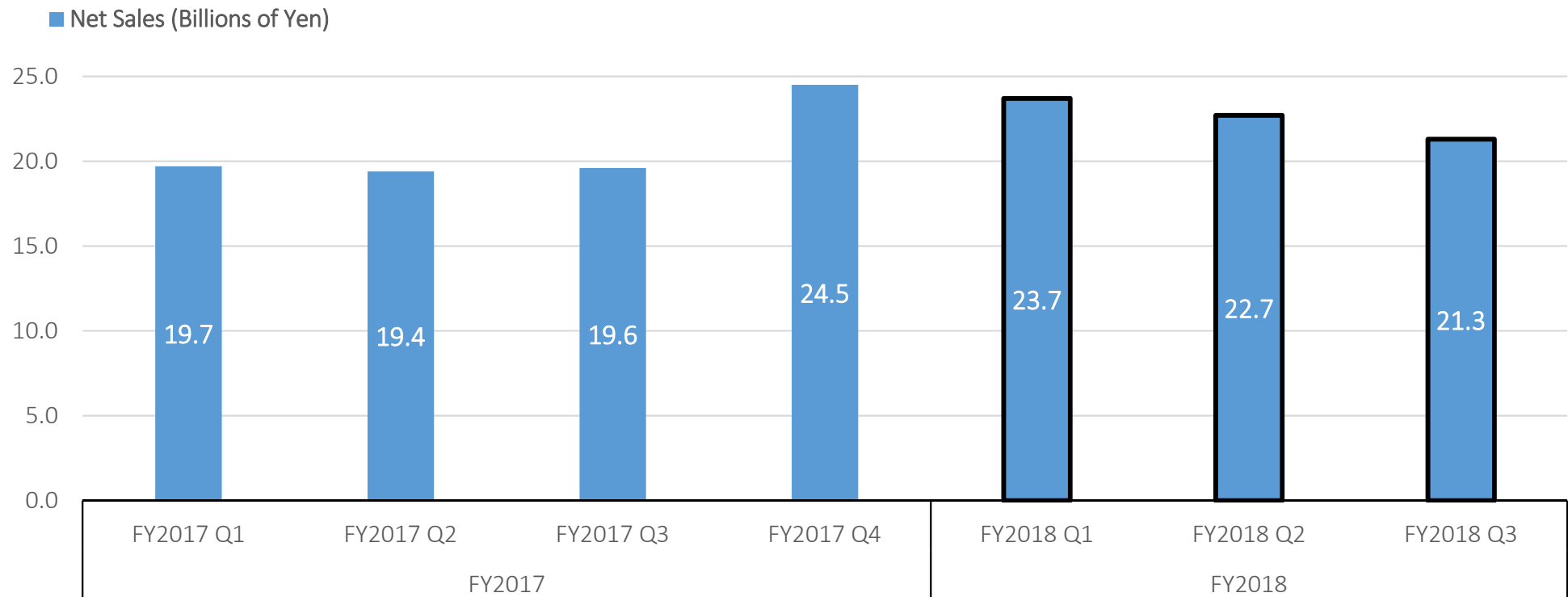
©2012-2017 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.

Released on November 16, 2017

# Digital Entertainment

## – Games for Smart Devices/PC Browser

**Strong performance of existing titles and royalty income boosted both sales and operating income.**



### Plans for FY2018/3

**Existing titles' stable contribution to net income.**

**Further revenue growth through consecutive new title launches.**

# Digital Entertainment

## – Games for Smart Devices/PC Browser

### Major Existing Titles

Jan 2014



©2014-2018 ARMOR PROJECT/  
BIRD STUDIO/SQUARE ENIX  
All Rights Reserved.  
©SUGIYAMA KOBO  
Developed by Cygames, Inc.

Sep 2014



Alliance with DeNA Co., Ltd.  
(Published by DeNA Co., Ltd.)  
©SQUARE ENIX CO., LTD.  
©DeNA Co., Ltd

Jun 2015



©2015-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.

Oct 2015



©2015-2018 ARMOR PROJECT/  
BIRD STUDIO/SQUARE ENIX  
All Rights Reserved.  
©SUGIYAMA KOBO

Dec 2016



©2016-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.  
Developed by tri-Ace Inc.

Mar 2017



©2016-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.

Nov 2017



©2017, 2018 ARMOR PROJECT/  
BIRD STUDIO/SQUARE ENIX  
All Rights Reserved.

Apr 2014



©2014-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.

Nov 2014



©2014-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.

Sep 2015



©Disney  
Developed by SQUARE ENIX

Oct 2015



©2015-2018  
SQUARE ENIX CO., LTD.  
All Rights Reserved.  
Developed by Alim Co., Ltd.  
Illustration/  
©2015 YOSHITAKA AMANO

Feb 2017



©2017, 2018  
KOEI TECMO GAMES/  
SQUARE ENIX CO., LTD.  
All Rights Reserved.  
CHARACTER DESIGN:  
TETSUYA NOMURA

Jun 2017

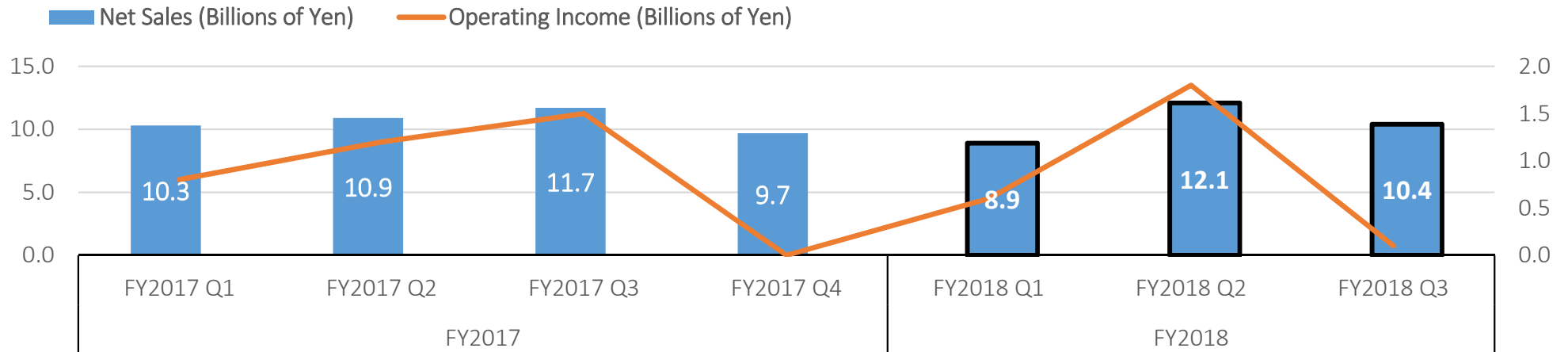


Co-developed with Pokelabo Inc.  
(Published by Pokelabo Inc.)  
©2017, 2018 Pokelabo Inc./  
SQUARE ENIX CO., LTD.  
All Rights Reserved

\*Each title's launch timing

# Amusement

**Amusement facility operation performed steadily while number of newly-released amusement machines decreased from the previous fiscal year. Overall, both sales and operating income decreased.**



## Plans for FY2018/3



©SQUARE ENIX CO., LTD. All Rights Reserved.

Launched on November 21, 2017



©TAITO CORPORATION 1996, 2017  
ALL RIGHTS RESERVED.  
JR東日本商品化許諾申請中

Launched on November 7, 2017



電車でGO!!  
DENSHADE



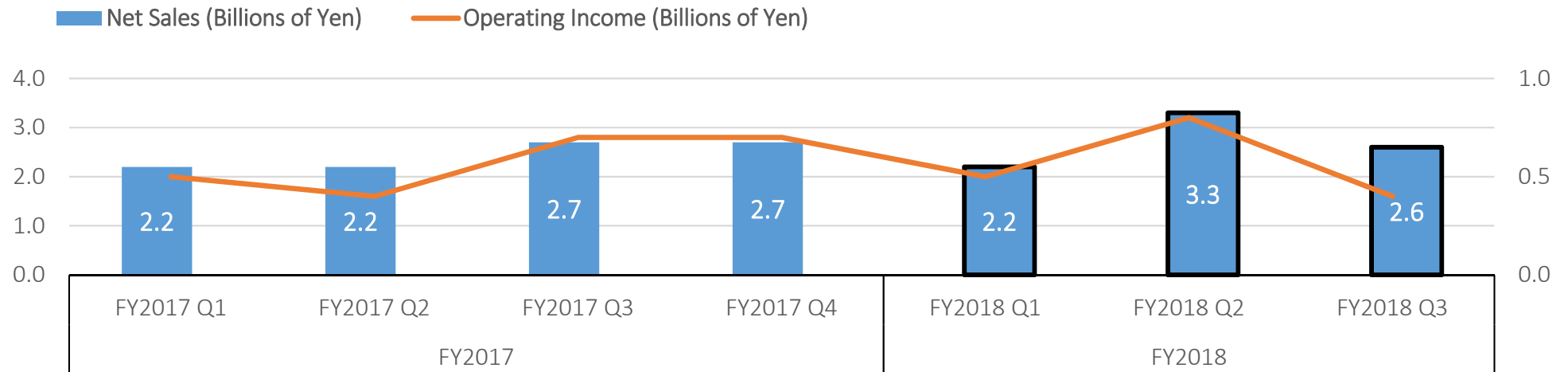
“PLAY SPACE INVADERS EXHIBITION” from January 12, 2018 to January 31, 2018 to celebrate 40<sup>th</sup> anniversary of the game.

© SQUARE ENIX CO., LTD. All Rights Reserved.  
© TAITO CORPORATION 1978, 2017 ALL RIGHTS RESERVED.



# Publication

**Stable comic book sales sustained by the media-mix deployment and expanding sales of digital comic books resulted in an increase of sales and operating income.**



## Major titles in FY2018/3



©Hiromu Arakawa/SQUARE ENIX



©Homura Kawamoto・Toru Naomura/SQUARE ENIX



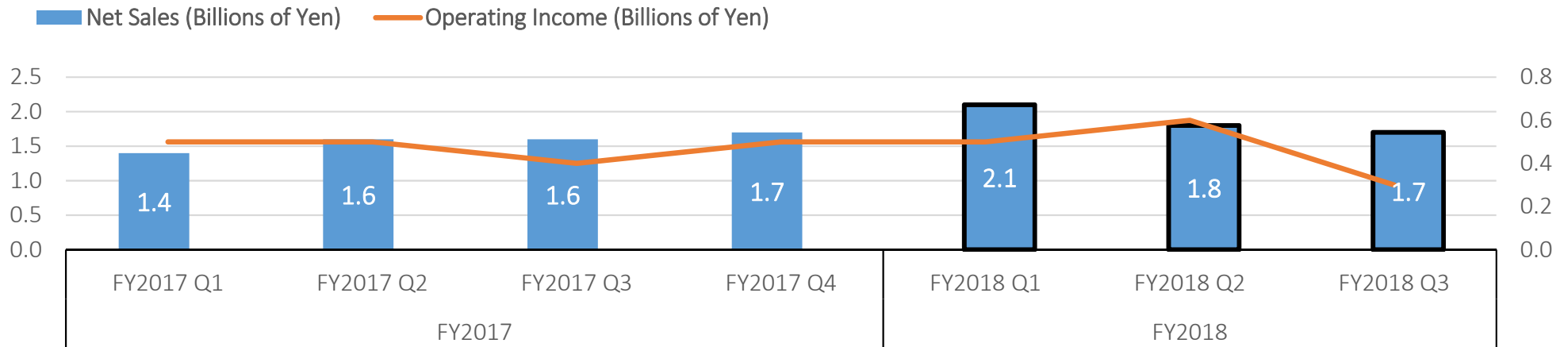
© Hiroyuki Eto/SQUARE ENIX



©Higasa Akai/SQUARE ENIX

# Merchandising

**Strong sales of established IP-based character goods resulted in increase of both sales and operating income.**



## Plans for FY2018/3

**Promoting established IP-based character goods, as well as wide range of goods and licensing deals in conjunction with the “FINAL FANTASY” franchise’s 30th anniversary.**

30<sup>th</sup> anniversary exhibition of “FINAL FANTASY”  
from January 22<sup>nd</sup>, 2018 to February 28, 2018



© SQUARE ENIX CO., LTD All Rights Reserved.  
ILLUSTRATION: © YOSHITAKA AMANO



©「FINAL FANTASY30周年記念展」製作委員会

**SQUARE ENIX®**

**Reference Materials**  
**Nine-Month Period**  
Ended December 31, 2017

**February 6, 2018**

---

**SQUARE ENIX HOLDINGS CO., LTD.**