

SQUARE ENIX®

Reference Materials
Three-Month Period
Ended June 30, 2018

August 7, 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
First Quarter of Fiscal Year
Ending March 31, 2019

Consolidated Statement of Income

Q1, FY2019/3

(Billions of Yen)

| | Fiscal Year Ended March 31, 2018 | | Fiscal Year Ending March 31, 2019 | | | |
|--|-------------------------------------|----------------------|--------------------------------------|---------|-----------------------|---------|
| | Apr - June 2017 | Full Year Results | Apr - June 2018 | Changes | Full Year Forecast | Changes |
| Net Sales | 57.0 | 250.3 | 45.4 | △11.6 | 270.0 | 19.7 |
| Operating Income | 12.8 | 38.1 | 4.2 | △8.6 | 30.0 | △8.1 |
| Operating Income Margin | 22.6% | 15.2% | 9.4% | △13.2pt | 11.1% | △4.1pt |
| Ordinary Income | 13.2 | 36.1 | 7.7 | △5.5 | 30.0 | △6.1 |
| Ordinary Income Margin | 23.3% | 14.4% | 16.9% | △6.4pt | 11.1% | △3.3pt |
| Profit attributable to owners of parent | 8.3 | 25.8 | 5.8 | △2.5 | 21.0 | △4.8 |
| Depreciation and Amortization | 1.1 | 5.8 | 1.3 | 0.2 | 7.2 | 1.4 |
| Capital Expenditure | 1.5 | 7.9 | 1.3 | △0.2 | 8.8 | 0.9 |

Consolidated Statement of Income

Q1, FY2019/3

(Billions of Yen)

| | Fiscal Year Ended March 31, 2018 | Fiscal Year Ended March 31, 2019 | |
|--------------------------------|-------------------------------------|-------------------------------------|----------------|
| | Apr - June 2017 | Apr - June 2018 | Changes |
| Net Sales | 57.0 | 45.4 | △11.6 |
| Digital Entertainment | 44.1 | 32.4 | △11.7 |
| Amusement | 8.9 | 9.4 | 0.5 |
| Publication | 2.2 | 2.3 | 0.1 |
| Merchandising | 2.1 | 1.4 | △0.7 |
| Eliminations or unallocated | -0.6 | -0.2 | 0.4 |
| Operating Income | 12.8 | 4.2 | △8.6 |
| Digital Entertainment | 13.7 | 6.0 | △7.7 |
| Amusement | 0.6 | 0.2 | △0.4 |
| Publication | 0.5 | 0.4 | △0.1 |
| Merchandising | 0.5 | 0.1 | △0.4 |
| Eliminations or unallocated | -2.6 | -2.5 | 0.1 |
| Operating Income Margin | 22.6% | 9.4% | △13.2pt |
| Digital Entertainment | 31.1% | 18.7% | △12.4pt |
| Amusement | 7.3% | 2.2% | △5.1pt |
| Publication | 24.5% | 18.6% | △5.9pt |
| Merchandising | 27.0% | 9.5% | △17.5pt |
| 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 |
| Net Sales | 57.0 | 75.0 | 56.0 | 62.3 | 45.4 |
| Digital Entertainment | 44.1 | 57.9 | 41.4 | 47.8 | 32.4 |
| Amusement | 8.9 | 12.1 | 10.4 | 10.1 | 9.4 |
| Publication | 2.2 | 3.3 | 2.6 | 2.7 | 2.3 |
| Merchandising | 2.1 | 1.8 | 1.7 | 1.7 | 1.4 |
| Eliminations or unallocated | -0.6 | -0.2 | -0.2 | -0.3 | -0.2 |
| Operating Income | 12.8 | 12.9 | 7.9 | 4.4 | 4.2 |
| Digital Entertainment | 13.7 | 12.8 | 9.7 | 7.0 | 6.0 |
| Amusement | 0.6 | 1.8 | 0.1 | -0.1 | 0.2 |
| Publication | 0.5 | 0.8 | 0.4 | 0.6 | 0.4 |
| Merchandising | 0.5 | 0.6 | 0.3 | 0.3 | 0.1 |
| Eliminations or unallocated | -2.6 | -3.1 | -2.7 | -3.4 | -2.5 |

Consolidated Balance Sheet

Summary as of June 30, 2018

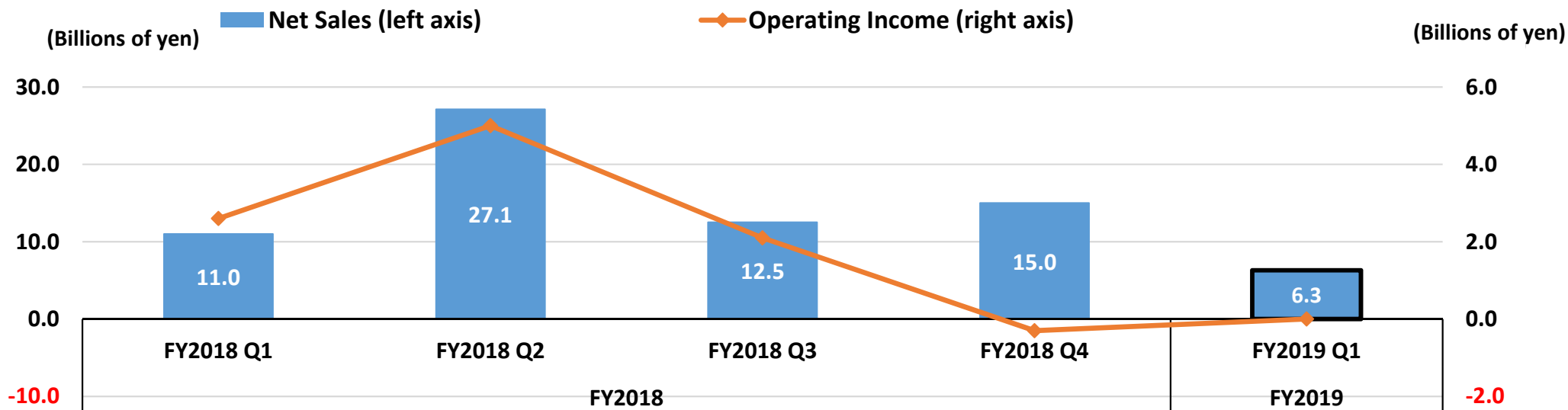
(Billions of Yen)

| Account | <Assets> | | | <Liabilities and Net Assets> | | | |
|---------------------------------|--------------|--------------|--------------|---|--------------|--------------|--------------|
| | 03/2018 | 06/2018 | Changes | Account | 03/2018 | 06/2018 | Changes |
| Cash and deposits | 136.7 | 113.4 | △23.3 | Notes and accounts payable | 14.8 | 12.5 | △2.3 |
| Notes and accounts receivable | 24.3 | 18.7 | △5.6 | Short-term loans | 8.9 | 8.7 | △0.2 |
| Inventories | 3.4 | 3.7 | 0.3 | Provision for sales returns | 3.9 | 3.4 | △0.5 |
| Content production account | 44.1 | 53.7 | 9.6 | Others | 31.0 | 20.9 | △10.1 |
| Others | 7.2 | 10.0 | 2.8 | Total Current Liabilities | 58.8 | 45.7 | △13.1 |
| Total Current Assets | 216.1 | 199.7 | △16.4 | Non-current Liabilities | 7.5 | 7.5 | 0.0 |
| Property and equipment | 16.0 | 16.0 | 0.0 | Total Liabilities | 66.3 | 53.2 | △13.1 |
| Intangible Assets | 4.5 | 4.7 | 0.2 | Total Shareholders' Equity | 196.3 | 195.9 | △0.4 |
| Investments and other assets | 22.9 | 24.3 | 1.4 | Others | -2.9 | -4.3 | △1.4 |
| Total Non-current Assets | 43.6 | 45.0 | 1.4 | Total Net Assets | 193.3 | 191.5 | △1.8 |
| Total Assets | 259.7 | 244.7 | △15.0 | Total Liabilities and Net Assets | 259.7 | 244.7 | △15.0 |

Progress in Each Business Segment

Digital Entertainment – HD Games

No new game launches but posted advertisement costs in the advance of the release of major new titles in Q2 and beyond.



Pipeline in FY2019/3



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Released on July 13, 2018



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To be 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.

TBD (Japan)
To be released on December 4, 2018 (North America/Europe)

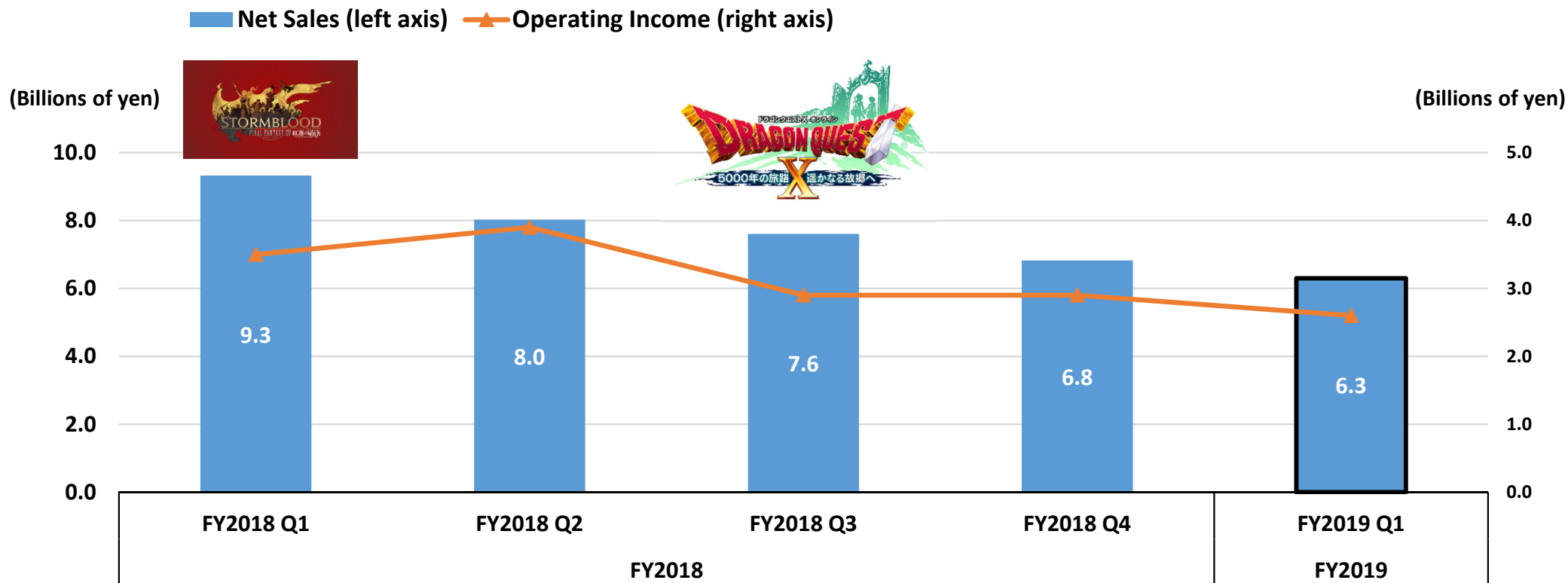


©Disney ©Disney/Pixar
Developed by SQUARE ENIX

To be released on January 25, 2019 (Japan)
To be released on January 29, 2019 (North America/Europe)

Digital Entertainment – MMO

Net sales, operating profit down YoY on high hurdle set by previous year’s “FINAL FANTASY XIV” expansion disk launch.



Main Points in FY2019/3

- Expect lower disc sales in FY2019/3 as no expansion disk launches are planned.
- 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 shipped based on accounting standard

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

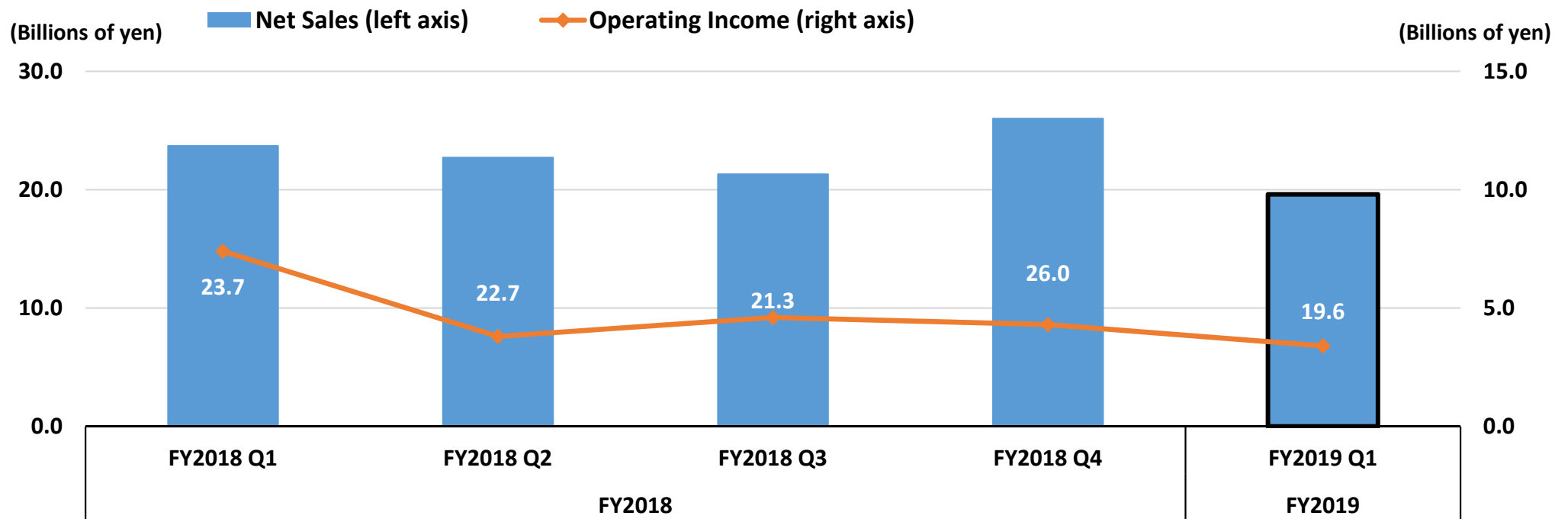
| Region | FY 2018/3 Q1 (Results) | | | FY 2019/3 Q1 (Results) | | |
|--------------------------|----------------------------|-------------|-------------|-------------------------------|-------------|-------------|
| | Disc | Download | Total | Disc | Download | Total |
| Japan | 0.46 | 0.23 | 0.69 | 0.26 | 0.15 | 0.41 |
| | (Include episode units 0) | | | (Include episode units 0.03) | | |
| North America/ Europe | 1.92 | 1.12 | 3.04 | 0.63 | 1.08 | 1.70 |
| | (Include episode units 0) | | | (Include episode units 0.48) | | |
| Asia, etc. | 0.27 | 0.18 | 0.45 | 0.01 | 0.22 | 0.24 |
| | (Include episode units 0) | | | (Include episode units 0.13) | | |
| Total | 2.65 | 1.54 | 4.19 | 0.90 | 1.45 | 2.35 |
| | (Include episode units 0) | | | (Include episode units 0.64) | | |

* 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

Net sales, operating profit down YoY as many titles launched in the previous FY fell below our expectations, proving unable to add to revenue generated by existing games, and we did not book receipt of a lump-sum license fee payment as we had a year earlier.



Main Points in FY2019/3

- Aim for further growth in FY2019/3 via carefully selected new title launches and overseas expansion.
- Revisit 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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All Rights Reserved.
Developed by tri-Ace Inc.

Mar 2017



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Mar 2018



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刀使/巫女製作委員会
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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.
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

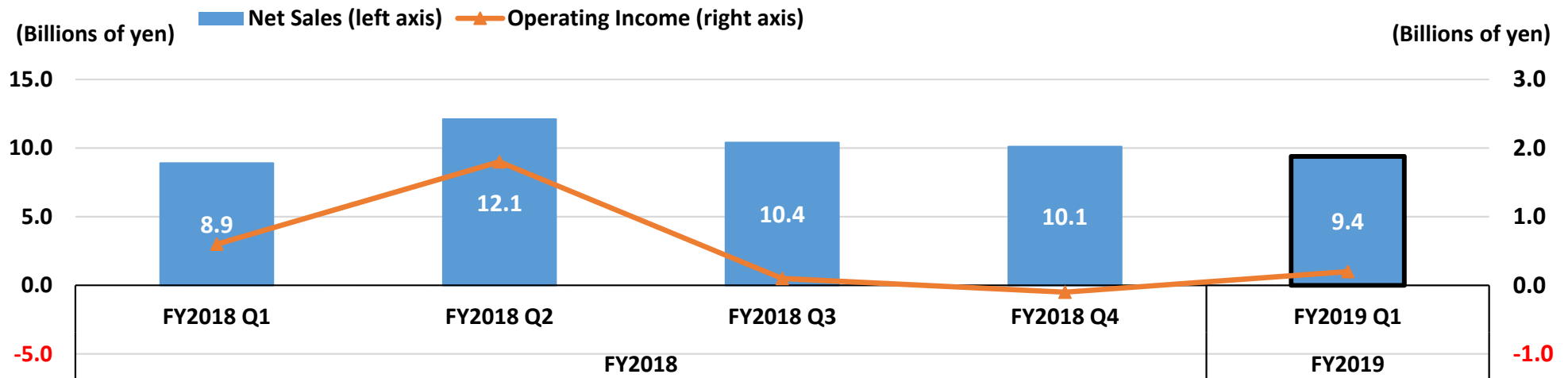


Co-developed with Pokelabo Inc.
(Published by Pokelabo Inc.)
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*Each title's launch timing

Amusement

No new amusement machines were launched, but amusement facility operations were solid.



Pipeline in FY2019/3

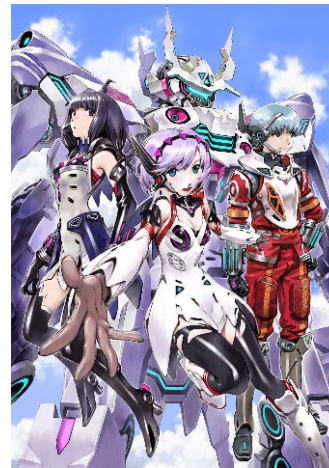


電車でGO!!
DENSHADE GO!!!

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JR東日本商品化許諾申請中



Currently in operation
New line "Sobu line" started
operation from July 4, 2018



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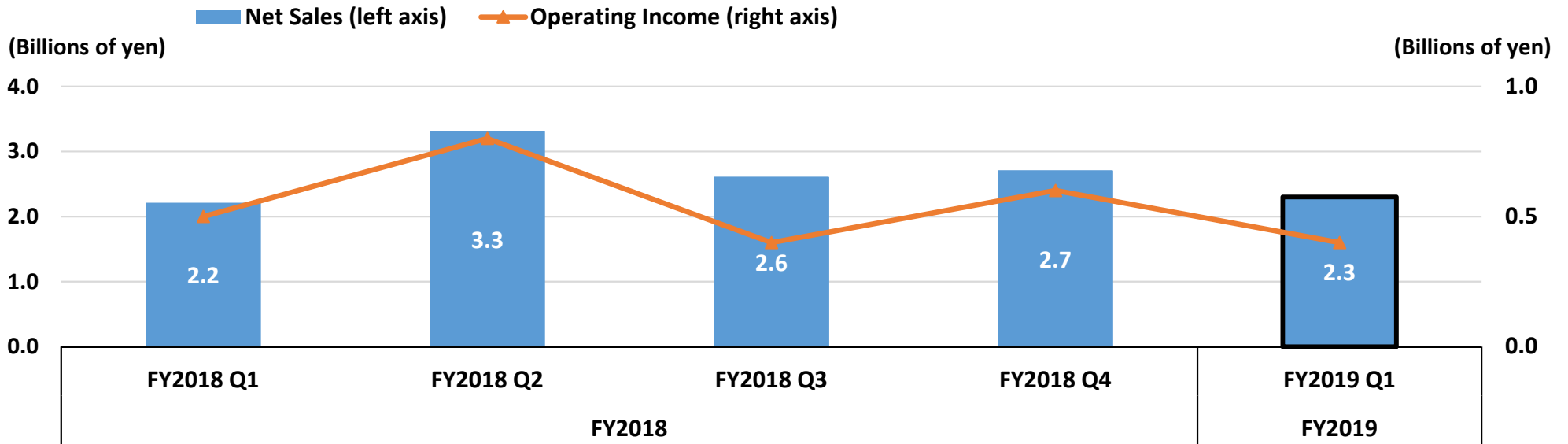


To be launched in 2018 Autumn



Publication

Sales of print media fell YoY due to publication of fewer new comic books, but brisk sales in digital formats led to an increase in net sales compared with the same period of the prior fiscal year.



Main Titles in FY2019/3

マンガUP!

pixiv



ハイパー次元ネプティューン

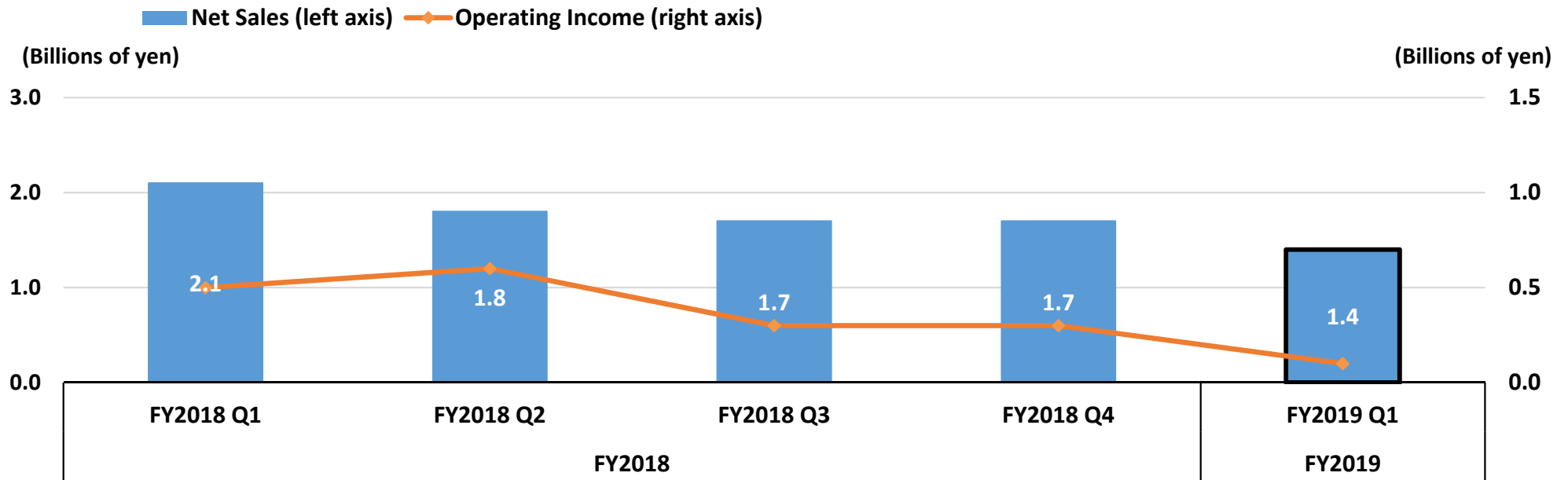
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Merchandising

Net sales, operating profit down on high hurdle set by previous FY's release of merchandise based on characters in the Group's IP portfolio.

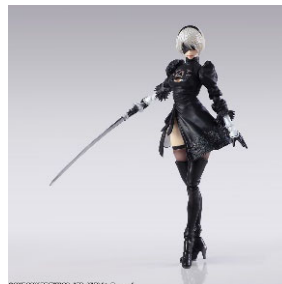


Main Points in FY2019/3

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



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CHARACTER DESIGN: TETSUYA NOMURA



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