

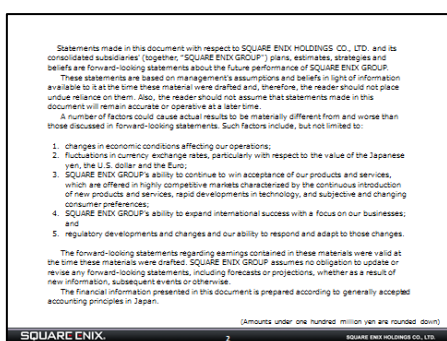


We would now like to begin the Financial Results Briefing Session of SQUARE ENIX HOLDINGS (the “Company”) for the fiscal year ended March 31, 2017 (“FY2017/3”).

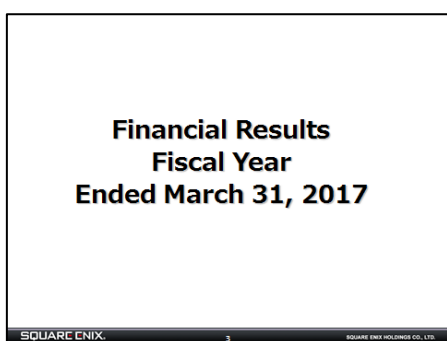
Today’s presenters are:

Yosuke Matsuda,
President and Representative Director
and
Kazuharu Watanabe,
Chief Financial Officer.

First, Mr. Watanabe will give an overview of the Company’s financial results for FY2017/3, and then Mr. Matsuda will discuss the progress made by each of the Company’s business segments.



Good afternoon. I’m Kazuharu Watanabe. I will be presenting an overview of the Company’s financial results for FY2017/3.



Consolidated Financial Results Fiscal Year Ended March 31, 2017

	Fiscal Year Ended March 31, 2016		Fiscal Year Ended March 31, 2017		Changes
	(Billions of Yen)	%	(Billions of Yen)	%	
Net Sales	214.1	100%	256.8	100%	42.7
Operating Income	26.0	12%	31.2	12%	5.2
Recurring Income	25.3	12%	31.1	12%	5.8
Profit attributable to owners of parent	19.8	9%	20.0	8%	0.2

	Fiscal Year Ended Mar. 2016		Fiscal Year Ended Mar. 2017		Changes
	(Billions of Yen)		(Billions of Yen)		
Depreciation and Amortization	6.3		6.2		▲ 0.1
Capital Expenditure	5.8		6.9		1.1
Number of Employees	3,924		4,078		154

SQUARE ENIX

4

SQUARE ENIX HOLDINGS CO., LTD.

Consolidated Financial Results Fiscal Year Ended March 31, 2017 by Business Segment

1. Results for Fiscal Year Ended March 31, 2017						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	199.0	42.7	10.0	6.4	▲ 1.4	256.8
Operating Income	33.3	3.6	2.4	2.1	▲ 10.2	31.2
Operating Margin	16.7%	8.4%	24.0%	32.8%	-	12.1%
2. Results for Fiscal Year Ended March 31, 2016						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	158.9	41.1	9.9	4.5	▲ 0.5	214.1
Operating Income	27.4	3.9	2.2	1.5	▲ 9.2	26.0
Operating Margin	17.2%	9.5%	22.2%	33.3%	-	12.1%
3. Change (1 - 2)						
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
Net Sales	40.1	1.6	0.1	1.9	▲ 0.9	42.7
Operating Income	5.9	▲ 0.3	0.2	0.6	▲ 1.0	5.2

SQUARE ENIX

5

SQUARE ENIX HOLDINGS CO., LTD.

In FY2017/3, the Company booked net sales of ¥256.8 billion (+20% billion YoY), operating income of ¥31.2 billion (+20.3%), recurring income of ¥31.1 billion (+22.9%), and net income attributable to parent company shareholders ("net income") of ¥20 billion (+0.8%).

Overall sales and income rose sharply, with net sales, operating income, recurring income, and net income all reaching all-time highs.

I will next break our results down by segment. The Digital Entertainment segment saw a sharp rise in both sales and income, with net sales increasing ¥40.1 billion to ¥199 billion and operating income rising ¥5.9 billion to ¥33.3 billion. The Amusement segment saw a slight rise in sales but decline in income, with net sales reaching ¥42.7 billion and operating income coming in at ¥3.6 billion. Earnings were solid at the Publication and Merchandising segments.

This concludes my overview of FY2017/3 results.

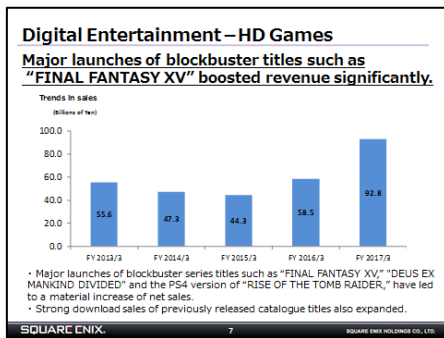
I am Yosuke Matsuda. I will be discussing each business segment in further detail and also presenting our outlook.

Progress in each Business Segment

SQUARE ENIX

6

SQUARE ENIX HOLDINGS CO., LTD.

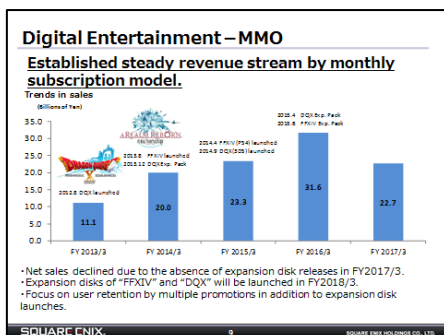


I will start with the HD Games sub-segment of the Digital Entertainment segment. The greatest contributor to earnings there was “FINAL FANTASY XV,” which achieved global sales of 6 million units faster than any previous title in the franchise. Sales of the PlayStation®4 version of “RISE OF THE TOMB RAIDER,” which we released in FY2017/3, were also brisk.



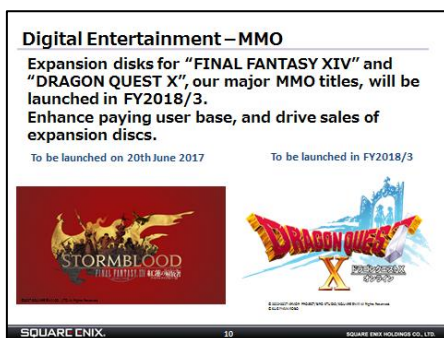
“NieR:Automata,” which we released in February, was another earnings contributor, generating sales significantly above our plan.

This slide shows our release lineup for FY2017/3 as well as for FY2018/3 and beyond. We plan to launch each of these upcoming titles in the next three years or so.



I next turn to the MMO sub-segment. We are planning to release expansion packs for “FINAL FANTASY XIV” and “DRAGON QUEST X” in FY2018/3. Retaining active users by regularly releasing expansion packs is key in the MMO sub-segment.

Last December’s fan festival and the expansion pack release we have scheduled for FY2018/3 are examples of our efforts to maintain our user base for “FINAL FANTASY XIV.”



In terms of our efforts for “DRAGON QUEST X,” we hope to build major excitement around the entire DRAGON QUEST franchise with the launch of the HD game “DRAGON QUEST XI,” which is slated for July 29.

SQUARE ENIX 11 SQUARE ENIX HŌ SHINJO CO., LTD.

FY2018/3 will see the launch of “*DRAGON QUEST XI*” and 30th anniversary events for *FINAL FANTASY*. In addition, as we head toward the end of the year we also have collaborations and a variety of other initiatives planned to drive earnings expansion.

SQUARE ENIX. 12 SQUARE ENIX HOLDINGS CO., LTD.

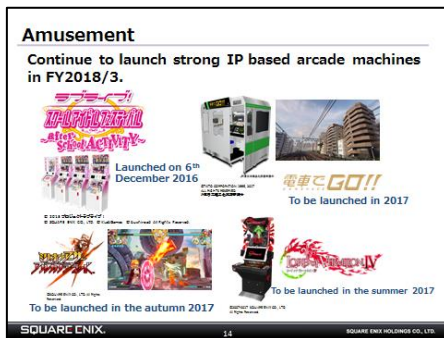
This slide shows the key titles in our lineup in this space. *“BRAVELY DEFAULT: FAIRY’S EFFECT”* was launched in March, so we did not book any sales from it in FY2017/3, but the title has been contributing to earnings since the start of FY2018/3.

We intend to expand our earnings by continuing to build up a solid lineup of titles like this.

FY2018/3.

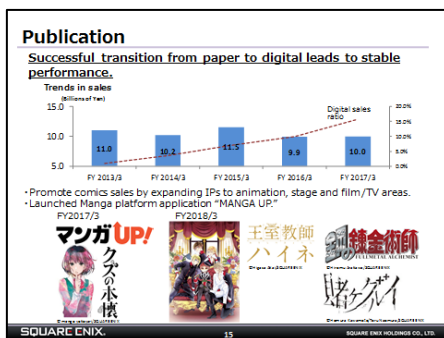
Next, I turn to the Amusement segment. Same-store arcade sales were brisk, with a YoY figure exceeding 100%. We intend to bolster our operations in FY2018/3, in part by opening new arcades in premium locations.

In terms of amusement machine sales, we had originally planned to launch “*DENSHA DE GO!!*” in FY2017/3, but due to a slight delay in the development effort, we now intend to launch it in FY2018/3.



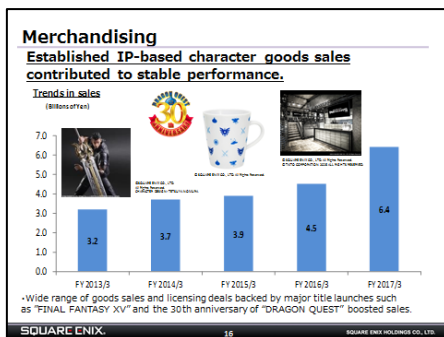
Other launches planned for FY2018/3 include “*Million Arthur Arcana Blood*,” an offshoot of our *Million Arthur* mobile game series, and “*LORD of VERMILLION IV*”.

FY2018/3 also marks the 20th anniversary of “*DENSHA DE GO!!*” We will work to revive and revitalize these powerful pieces of IP.



Let’s next look at the Publication segment. Our sales here are solid, but we are challenged by sluggish print sales. As such, we intend to apply the same approach that we have to our games, namely to step up digital sales, including via our “*MANGA UP!*” comics distribution app.

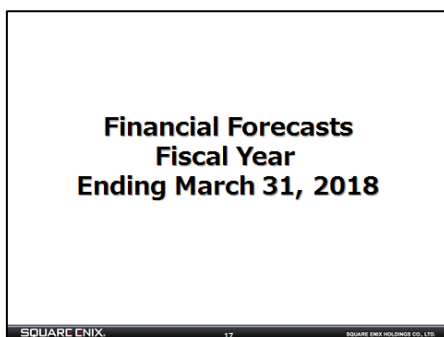
We see our Publication segment as a fertile field for developing contents and intend to bolster our efforts at leveraging it to generate new contents going forward.



Lastly is our Merchandising segment. We have been holding a variety of events to commemorate the respective 30th anniversaries of *DRAGON QUEST* in FY2017/3 and *FINAL FANTASY* in FY2018/3. The Square Enix Cafe that we opened in FY2017/3 was originally conceived as a marketing platform for our products, but it contributed to earnings more than we had expected, so we intend to step up such initiatives going forward.

I next turn to our earnings outlook for FY2018/3.

Financial Forecasts Fiscal Year Ending March 31, 2018



Financial Forecasts: Fiscal Year Ending March 31, 2018

	Fiscal Year Ended March 31, 2017	Fiscal Year Ending March 31, 2018 (Projection)	Changes
Net Sales	256.8	240.0~260.0	Δ16.8 ~ 3.2
Operating Income	31.2	25.0~30.0	Δ6.2 ~ Δ1.2
Recurring Income	31.1	25.0~30.0	Δ6.1 ~ Δ1.1
Profit attributable to owners of parent	20.0	16.5~19.5	Δ3.5 ~ Δ0.5
Depreciation and Amortization	6.2	5.9	Δ 0.3
Capital Expenditure	6.9	7.8	0.9
Dividends per share (Details later)			(Yen)
2Q	10	10	0.0
4Q	40	30~38	Δ10 ~ Δ2
Total	50	40~48	Δ10 ~ Δ2

SQUARE ENIX

18

SQUARE ENIX HOLDINGS CO., LTD.

We forecast within ranges, looking for net sales of ¥240-260 billion, operating income of ¥25-30 billion, recurring income of ¥25-30 billion, and net income of ¥16.5-19.5 billion.

We have major title releases slated for 1H FY2018/3, but given a somewhat clouded outlook for 2H, we have compiled forecasts that are more conservative than our FY2017/3 performance.

This slide breaks our FY2018/3 forecasts down by segment.

Financial Forecasts by Business Segment: Fiscal Year Ending March 31, 2018

Each business segment's forecast number for Fiscal Year ending March 31, 2018 corresponds to the intermediate scenario in the forecast range (consolidated net sales of Yen258.6, and consolidated operating income of Yen27.5).

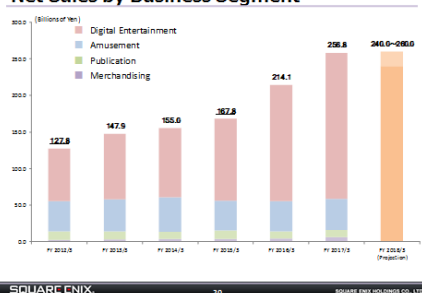
	Digital Entertainment	Amusement	Publication	Merchandising	Eliminations or unallocated	Total
1. Forecast for the Fiscal Year Ending March 31, 2018						
Net Sales	189.0	46.0	10.0	5.0	0.0	250.0
Operating Income	30.5	4.0	2.0	1.0	Δ 10.0	27.5
Operating Margin	16.1%	8.7%	20.0%	20.0%	-	11.0%
2. Results for the Fiscal Year Ended March 31, 2017						
Net Sales	199.0	42.7	10.0	6.4	Δ 1.4	258.8
Operating Income	33.3	3.6	2.4	2.1	Δ 10.2	31.2
Operating Margin	16.7%	8.4%	24.0%	32.8%	-	12.1%
3. Change (1 - 2)						
Net Sales	Δ 10.0	3.3	0.0	Δ 1.4	1.4	Δ 6.8
Operating Income	Δ 2.8	0.4	Δ 0.4	Δ 1.1	0.2	Δ 3.7

SQUARE ENIX

19

SQUARE ENIX HOLDINGS CO., LTD.

Net Sales by Business Segment

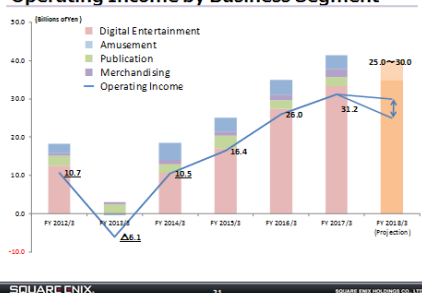


SQUARE ENIX

20

SQUARE ENIX HOLDINGS CO., LTD.

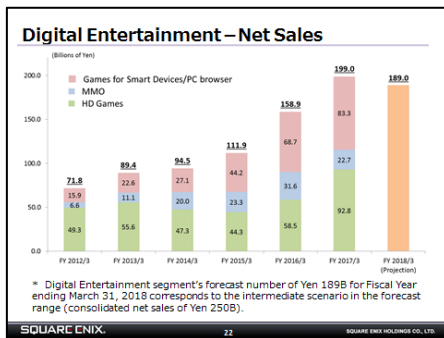
Operating Income by Business Segment



SQUARE ENIX

21

SQUARE ENIX HOLDINGS CO., LTD.



Here you see how the Digital Entertainment segment has performed on an annual basis and what we forecast for FY2018/3.

Digital Entertainment Segment – Units Sold by Region

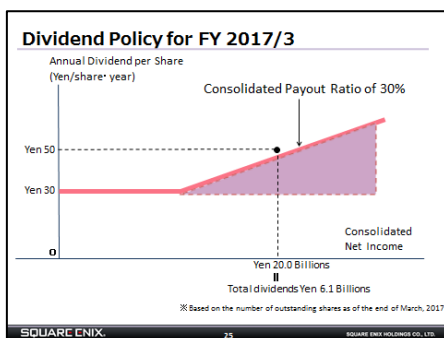
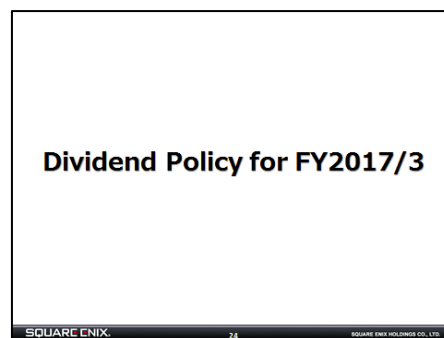
Units sold = Disc sales + Download sales of full-length games
 Disc Sales Units : Number of discs shipped based on accounting standard
 Download Units : Download sales of full-length games newly released in the current and previous FY (not including catalogue titles released before previous FY)

Region	FY 2017 (Results)			FY 2018 (Projection)		
	Disc	Download	Total	Disc	Download	Total
Japan	4.29	0.73	5.02	5.78	1.10	6.87
North America/ Europe	14.53	12.11	26.64	4.71	3.70	8.41
Asia, etc.	1.35	1.75	3.10	0.39	0.00	0.39
Total	20.18	14.58	34.76	10.87	4.79	15.66

(*) The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangements. Each episode of episodic distribution titles counted as one unit.

This slide breaks down units sold by region. Sales grew in FY2017/3 primarily in the Western markets. Our FY2018/3 sales plan is conservative because we will have greater emphasis on domestic titles.

On the whole, downloads are accounting for an increasing percentage of sales, with more than 20% of "FINAL FANTASY XV" sales in North America coming from downloads. We will continue to work to bolster digital sales in FY2018/3.



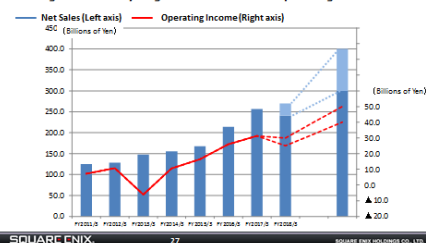
This slide shows our dividend policy. We target a consolidated payout ratio of 30% and plan a dividend of ¥50 for FY2017/3. We paid an interim dividend of ¥10, so that would make for an end-FY dividend of ¥40.

Initiatives for Mid-term Target

I will next discuss our medium-term targets and business strategies.

Mid-term Target

FY2020/3~
¥300~400 billion of Net Sales, ¥40~50 billion of Operating Income.
DE segment is a key to grow both sales and operating income.



We want to develop the capacity to consistently generate roughly ¥300-400 billion in net sales and ¥40-50 billion in operating income by around FY2020/3. Our plan is for sales and income growth to be driven primarily by the Digital Entertainment segment.

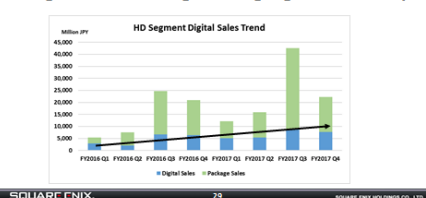
Strategies to Achieve the Mid-term Target

1. Digital Sales Enhancement
2. Multi Platform Utilization
3. Geographical Expansion
4. Game as a Service
Game as Media

We intend to pursue the following four strategies in order to reach our medium-term targets.

1. Digital Sales Enhancement

- Establish SQEX digital sales global website.
- Create library of catalogue titles, and eliminate backward compatibility issue.
- Digital sales with higher margin grows favorably.



Under the header of “Digital Sales Enhancement,” we intend to raise the percentage of our digital sales and to that end are working on updating and integrating our Group sales websites, with a completion target of roughly September 2017. We are simultaneously working on developing an app version, our goal being to create a design that provides our customers with a seamless, user-friendly means of making purchases.

2. Multi Platform Utilization

- Access to a broader customer base.
- Long tail sales.
- Extensive IP utilization in multi segments
→ Expanding user base in each segment and PF.



SQUARE ENIX.

30

SQUARE ENIX HOLDINGS CO., LTD.

“Multi Platform Utilization” is the concept of essentially providing our contents on all of our platforms.

3. Geographical Expansion

- Overseas expansion in the mobile space
→ Revenues from overseas market by “Final Fantasy Brave Exvius” and “Kingdom Hearts Union Cross” are growing.



- Strategic move to emerging game markets
→ Participated the India Gaming Show 2017.
Continue to keep eyes on emerging game markets.



SQUARE ENIX.

31

SQUARE ENIX HOLDINGS CO., LTD.

Speaking from a geographic perspective, we had previously struggled to make headway with our mobile games in the North American market, but FY2017/3 saw the success of such titles as “FINAL FANTASY BRAVE EXVIUS.” We plan to aggressively roll out both catalog and new titles to the Western markets going forward.

I also note that we exhibited at a game show in India for the first time in FY2017/3. We are keeping close watch on the Indian market as we see it as a potential source of dynamism going forward.

4. Game as a Service, Game as Media

- Develop service-type content in HD segment.
→ Add titles that generate recurring revenue streams in addition to one-off sales titles.
- Develop game streaming services mainly in the arcade game space.
→ Focus on the value of games as media.

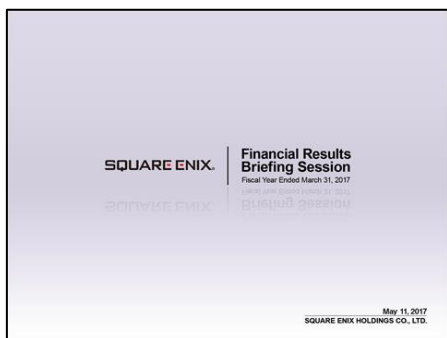
SQUARE ENIX.

32

SQUARE ENIX HOLDINGS CO., LTD.

Titles that have become global hits recently have tended to be offered via the “Games as a Service” model, and we believe this is going to be the mainstream model for gaming in the future. In developing future titles, we will approach game design with a mind to generate recurring revenue streams.

From the perspective of “Games as Media,” we note the strong demand for the streaming of game contents and intend to unlock new potential for our arcade business by streaming arcade game play globally.



Lastly, I would like to comment on our withdrawal from the IO Interactive A/S business.

Our decision to withdraw from the IO Interactive A/S business was the result of a review of our portfolio that we conducted as part of our effort to concentrate our resources in order to strengthen our development capabilities.

Because the firm is engaged in the development of “HITMAN” and other renowned titles, we are negotiating with prospective external investors capable of ensuring that these titles carry on.

This concludes my presentation.

SQUARE ENIX HOLDINGS CO., LTD.

FY2017/3 Financial Results Briefing Session Q&A

Date/Time: May 11, 2017 (Thurs) 6:00-7:00pm (JST)

Answerer: Yosuke Matsuda, President and Representative Director

Q&A

Q: Could you elaborate about your FY2018/3 earnings forecasts and your medium-term targets?

A: As regards our FY2018/3 earnings forecasts, I would note that the sales plan for the HD Games sub-segment is focused largely on titles for the Japanese market. The plan is a conservative one given the significant changes that have taken place in the Japanese market since the days when home consoles were the primary medium for game play. In terms of the medium-term targets, I will say that we are currently revisiting our pipeline with the objective of reaching our targets by around FY2020/3.

Q: Are the upper ends of your FY2018/3 forecast ranges conservative figures?

A: Our FY2018/3 earnings forecast figures are a bit conservative due to numerous uncertainties, including how market demand is likely to trend.

Q: How does your sales plan for “*DRAGON QUEST XI*” compared to that for the previous installment in the series?

A: It’s difficult to make a direct comparison given how different the market landscape is now compared to when we released “*DRAGON QUEST IX*,” which was back when home consoles were in their prime. Our plan is to leverage “*DRAGON QUEST XI*” to generate earnings across the *DRAGON QUEST* brand.

Q: Could you be more specific about your reasons for withdrawing from the IO Interactive A/S business?

A: Given the nature of the competitive landscape in the Western markets as well as other considerations, we decided we needed to concentrate our development resources. The decision to withdraw from that business was the result of a review of our Group’s allocation of both financial and human resources.

Q: Are you concerned that the release of “*DRAGON QUEST XI*” could cannibalize sales of existing titles in the *DRAGON QUEST* franchise?

A: We do not believe that releasing “*DRAGON QUEST XI*” will result in cannibalization. Given the high level of user satisfaction that each of our existing titles enjoys, we believe that their fans will continue playing them. In addition, we intend to bring excitement to the entire *DRAGON QUEST* franchise around the time we launch “*DRAGON QUEST XI*.”

Q: There is a ¥5 billion gap between the upper and lower ends of your FY2018/3 operating income forecast. Does that owe to your outlook for “*DRAGON QUEST XI*” sales?

A: That is the product of a multitude of factors and does not owe to any one title. Our outlook for “*DRAGON QUEST XI*” is conservative given changes in the market landscape and other considerations.

Q: Could you tell us how the launch of additional episodes of “*FINAL FANTASY XV*” has benefitted sales of the main title, and what purchase rates and margins look like?

A: We have not been able to calculate the impact of the episodes given that they’ve not been on the market that long. By releasing the additional episodes, we do expect to generate profits from the additional contents, but we also hope they will help raise purchase intent and extend the lifecycle of the product.

Q: “*NieR:Automata*” is a mid-sized title that has produced strong results. Will that have any impact on your strategy going forward, including the possibility of revisiting how you allocate your human resources?

A: In terms of the balance between in-house efforts and outsourcing, we intend to primarily develop our major franchises in-house and to outsource mid-sized titles. It is also important to cultivate new titles, and for that reason we are also thinking about how tie-ups with external companies can help balance our mix.

Q: Sales in the Games for Smart Devices/PC Browsers sub-segment rose by around ¥5bn between 3Q and 4Q FY2017/3. Could you tell what role existing titles, new titles, and overseas sales played in that growth?

A: That sales growth owed to greater sales overseas of titles such as “*FINAL FANTASY BRAVE EXVIUS*” and “*KINGDOM HEARTS Union X*,” as well as to new titles such as “*STAR OCEAN: anamnesis*” and “*DISSIDIA FINAL FANTASY: OPERA OMNIA*.” We want to ramp up our offering of Japanese titles to the North American market going forward.

Q: Rankings for smartphone game apps suggest that sales of your existing titles are on a downtrend. What does your FY2018/3 plan assume about sales of existing titles?

A: We do not believe sales of our existing titles are on a downtrend. We are in the midst of implementing a variety of initiatives and engaged in operations that make sales growth possible.