
SQUARE ENIX™

June 28,2004 – June 30,2004

Statements made in this document with respect to SQUARE ENIX CO., LTD. and consolidated subsidiaries' (together, "SQUARE ENIX") plans, estimates, strategies and beliefs, including any forecasts or projections, are forward-looking statements about the future performance of SQUARE ENIX.

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. our 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. our ability to expand internationally successfully with a focus on our digital content business, online business and mobile business; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward-looking statements regarding earnings contained in this material were valid at the time this material was drafted. SQUARE ENIX 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.

These statements include pro-forma for historical data that reflect the aggregation of former two companies' operating results (former ENIX and former SQUARE).

1. Who is SQUARE ENIX?

2. Our Vision

3. Our Business Strategy

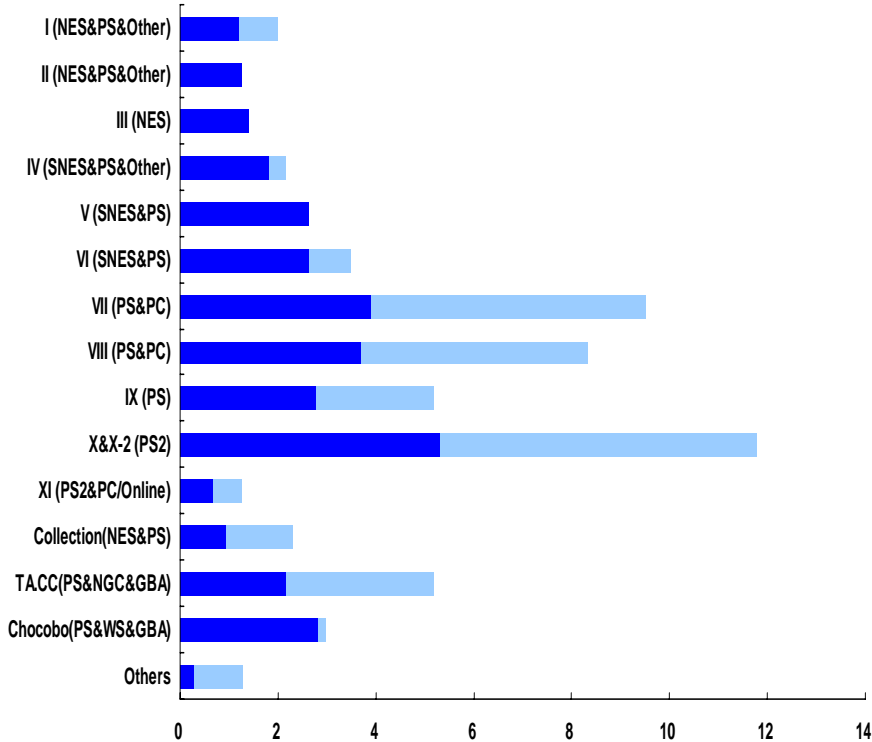
SQUARE ENIX: Holder of two of the most successful game series

■ Japan
■ US & Europe

(as of March 31, 2004)

FINAL FANTASY

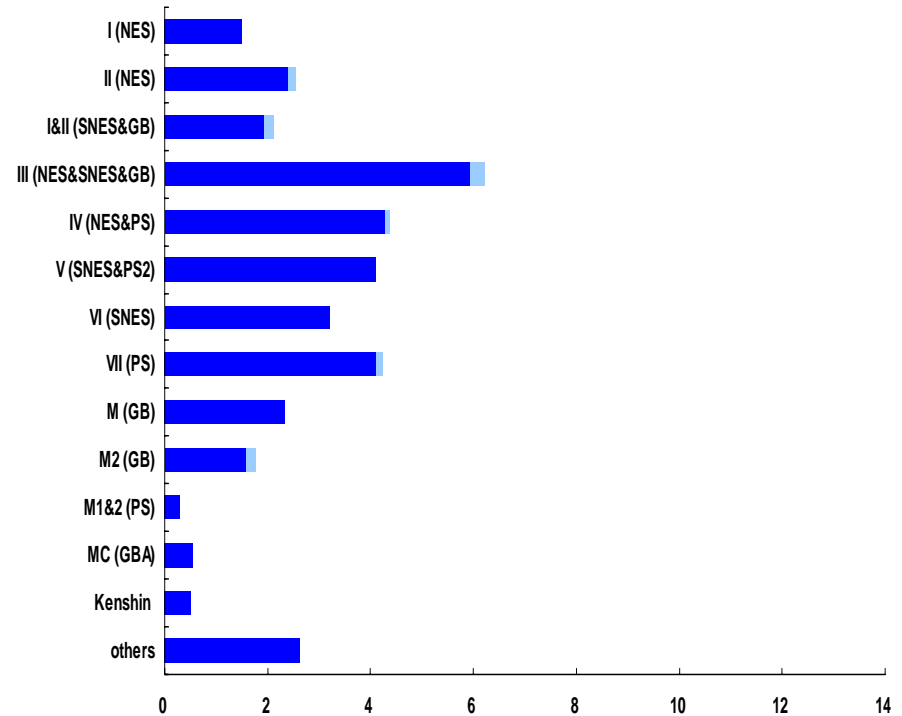
(Million units)



Sold over 60 million units worldwide.



(Million units)

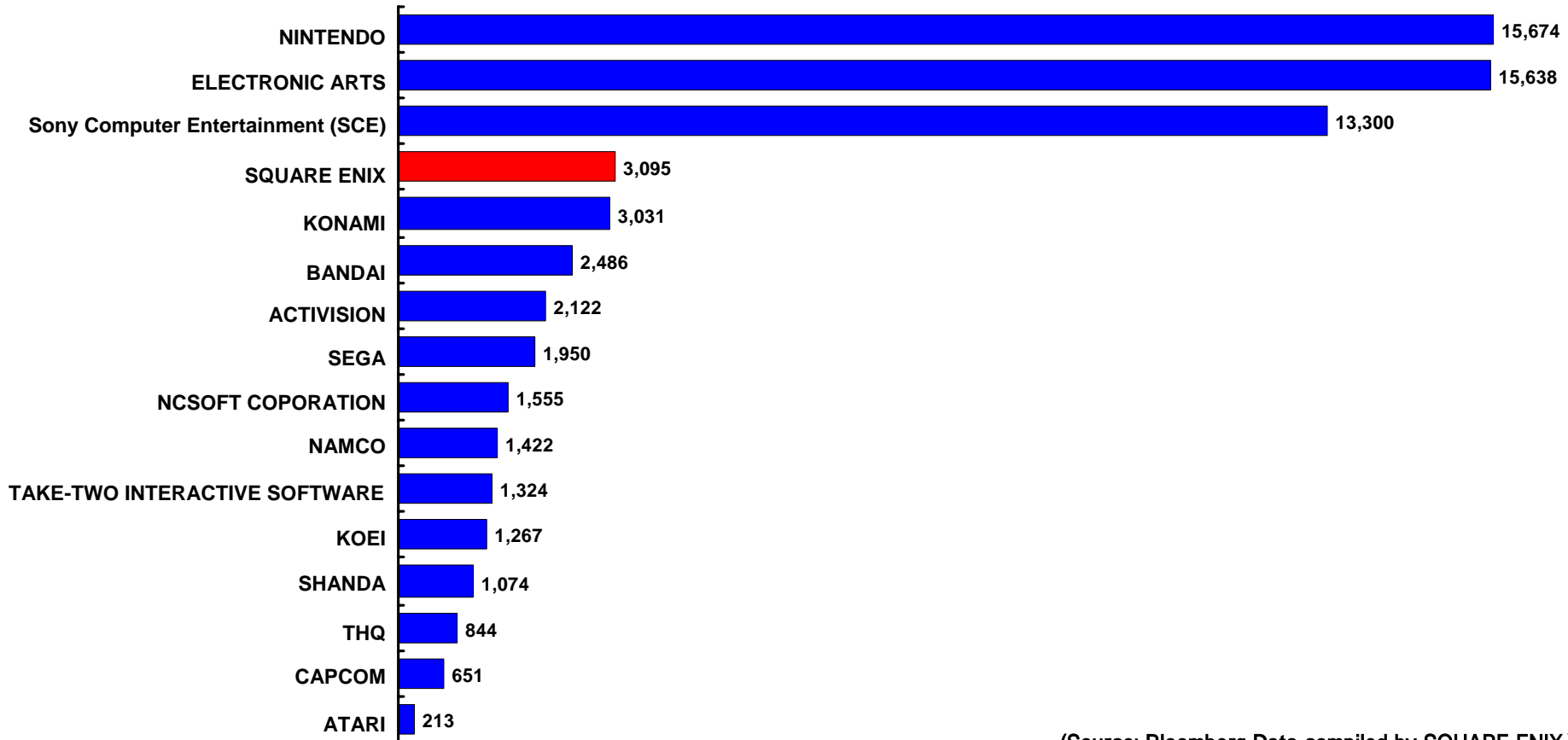


Sold over 35 million units worldwide.

SQUARE ENIX: One of the largest digital content companies in the world

Market Capitalization (as of June 18, 2004)

(Millions of USD)



(Source: Bloomberg Data compiled by SQUARE ENIX.)

(SCE's data is as of November 28, 2003 according to a Nikkei article.)

(USD1=JPY110, USD1=EUR1.17, USD1=KRW1,170)

FY2003 Results & FY2004 Projections

Consolidated

Millions of Yen

	FY2003		FY2004 projections		Change
		%		%	
Net Sales	63,202	100%	76,000	100%	12,798
Operating Income	19,398	31%	21,500	28%	2,102
Ordinary Income	18,248	29%	21,500	28%	3,252
Net Income	10,993	17%	11,500	15%	507
Depreciation and Amortization	1,974	-	※3,300	-	1,326
Capital Expenditure	2,704	-	1,600	-	△ 1,104

*Including amortization of goodwill in the amount of 1,200 million yen associated with the acquisition of UIEvolution, Inc.

Non-Consolidated

Millions of Yen

	FY2003		FY2004 projections		Change
		%		%	
Net Sales	51,429	100%	67,000	100%	15,571
Operating Income	15,991	31%	21,400	32%	5,409
Ordinary Income	15,618	30%	21,300	32%	5,682
Net Income	9,342	18%	12,400	19%	3,058
Depreciation and Amortization	1,809	-	1,900	-	91
Capital Expenditure	2,548	-	1,300	-	△ 1,248

FY2004 Projections by Segments (Consolidated)

FY2004 projections

Millions of Yen

	Game(off-line)	Game(on-line)	Mobilephone Content	Publishing	Others	Corporate	Total
Net Sales	46,700	11,500	5,200	9,100	3,500		76,000
Operating Expenses	27,300	9,100	4,000	6,700	2,700	4,700	54,500
Operating Income	19,400	2,400	1,200	2,400	800	△ 4,700	21,500
Operating Margin	41.5%	20.9%	23.1%	26.4%	22.9%		28.3%

Exchange rate:USD1=JPY100.00、EUR1=JPY125.00、CNY1=JPY13.00

FY2003

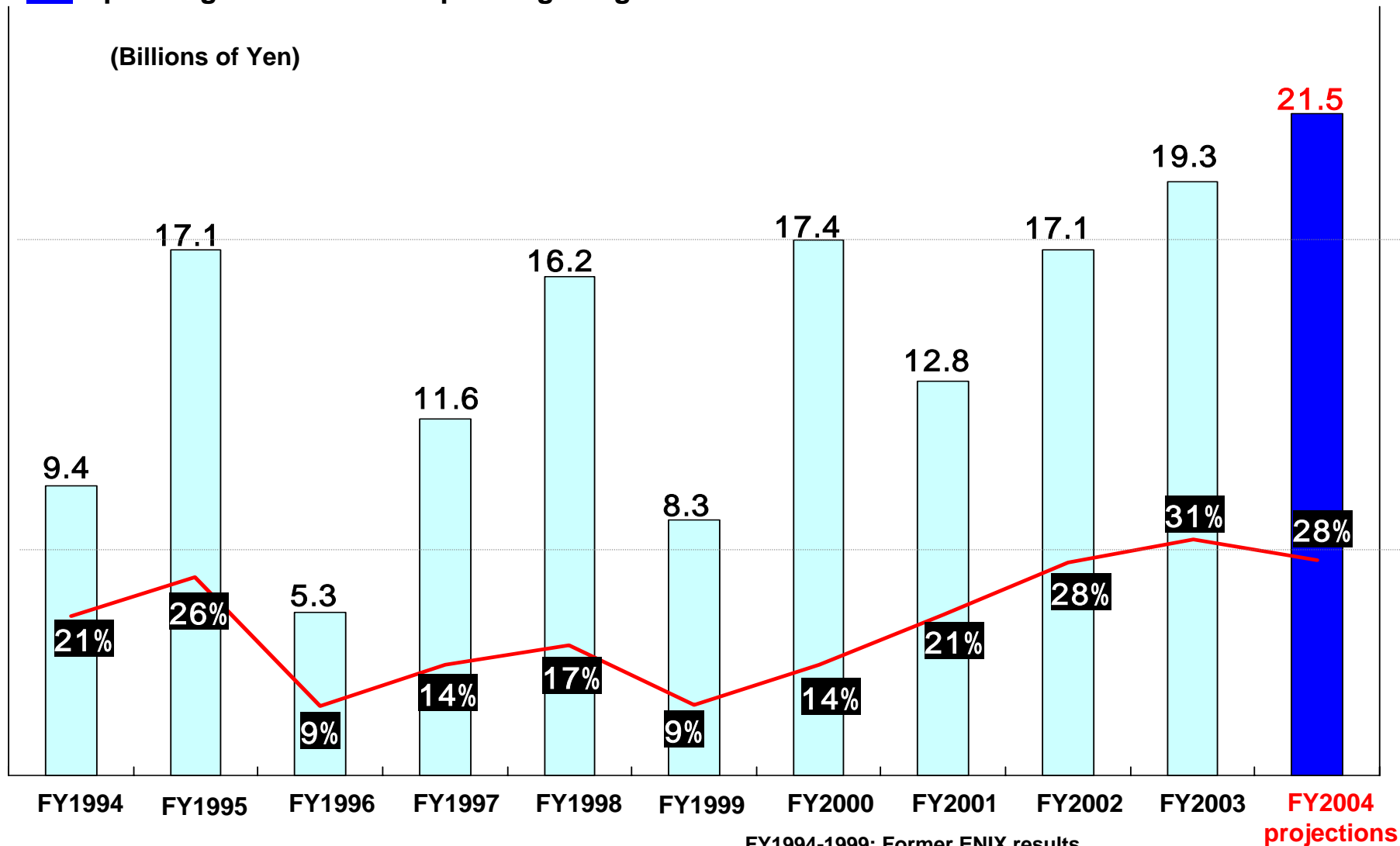
Millions of Yen

	Game(off-line)	Game(on-line)	Mobilephone Content	Publishing	Others	Corporate	Total
Net Sales	37,988	8,924	2,793	9,671	3,824		63,202
Operating Expenses	21,583	6,575	1,633	6,491	2,797	4,722	43,803
Operating Income	16,404	2,348	1,159	3,180	1,027	△ 4,722	19,398
Operating Margin	43.2%	26.3%	41.5%	32.9%	26.9%		30.7%

Historical Consolidated Operating Incomes

■ Operating Income — Operating Margin

(Billions of Yen)



FY1994-1999: Former ENIX results

FY2000-2001: Total figures of former ENIX and former SQUARE

projections

Title lineup	Platform	JAPAN	North America
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FINAL FANTASY

FINAL FANTASY I·II ADVANCE	GBA	2004/07/29	TBD
FINAL FANTASY VII ADVENT CHILDREN	DVD·PSP	2004	TBD
FINAL FANTASY XI Chains of Promathia	PS2·PC	2004 autumn	2004 autumn
FINAL FANTASY XII	PS2	2004 winter-2005 spring	2005

DRAGON QUEST

DRAGON QUEST VIII	PS2	Winter	TBD
TORUNEKO NO DAIBOUKEN 3 ADVANCE	GBA	2004/06/24	TBD

OTHER UPCOMING TITLES

KINGDOM HEARTS II	PS2	TBD	TBD
KINGDOM HEARTS - CHAIN OF MEMORIES	GBA	2004 autumn	2004 autumn
FRONT MISSION 4	PS2	Now on sale	Now on sale
FRONT MISSION ONLINE	PS2·PC	2005	TBD
FULLMETAL ALCHEMIST and the Broken Angel	PS2	Now on sale	2005 spring
FULLMETAL ALCHEMIST 2	PS2	TBD	TBD
STAR OCEAN: Till the End of Time	PS2	Now on sale	2004/8
MUSASHI - SAMURAI LEGEND	PS2	TBD	Winter
EVERQUEST II	PC	2005	N.A.
EGG MONSTER HEROES (provisional title)	DS	TBD	TBD
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SQUARE ENIX: Already the top player in online gaming

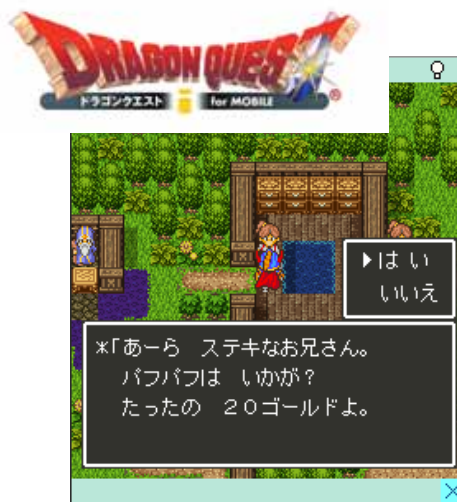
(Thousand)

Title	Provider	Launch	Users	Main Service Regions	
FFXI	SQUARE ENIX	2002/05	500***	(2004/03)	Japan,US
Cross Gate	SQUARE ENIX	2001/07	100 **	(2004/03)	China
Ever Quest	SOE	1999/03	430 ***	(2003/12)	US
The Legend of Mir3	WEMADE	1999/06	350 **	(2004)	China
Ragnarok Online	Gravity	2001/11	325 **	(2004/02)	Taiwan
Star Wars Galaxies	SOE	2003/06	300 *	(2003/12)	US
Ultima Online	EA	1997/10	250 ***	(article)	US
Linege	NC SOFT	1998/09	138 **	(2004/03)	Korea

* Registered Users *** Active Users
** Concurrent Users

(Source:SQUARE ENIX)

Final Fantasy and Dragon Quest are the key content of NTT DoCoMo's new 3G phone



- NTT DoCoMo has chosen Final Fantasy and Dragon Quest as the key content for the new 3G phone 900i series. Aim is to highlight the phone's advanced capabilities.
- Pre-installed in handsets by Panasonic and NEC
- Featured heavily on TV advertisements: 2 out of 3 featured games were Square Enix products

Publication Segment : Enhanced Exploitation of Content

Comics, Novels, etc.

「FULLMETAL ALCHEMIST」

12 million copies

- Winner of the 49th Shougakukan Manga Award
- Vol. 7 of the comic recorded #1 sales during the first week of its release (2004/3/22) in the comics category
- Novels ranked among top 10 for 4 months running in the novel category.

Game Strategy Guide

「FINAL FANTASY X」

3,950K copies

(Ref.) Domestic Game Sales of
“FINAL FANTASY X”: 2,670K units

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1. Who is SQUARE ENIX?

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Network will fundamentally change the entertainment

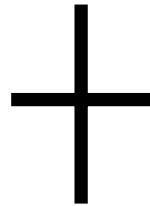
Network is the Game

Everything plays Games

Network is the Game: Communications among users are vital to network content

Software

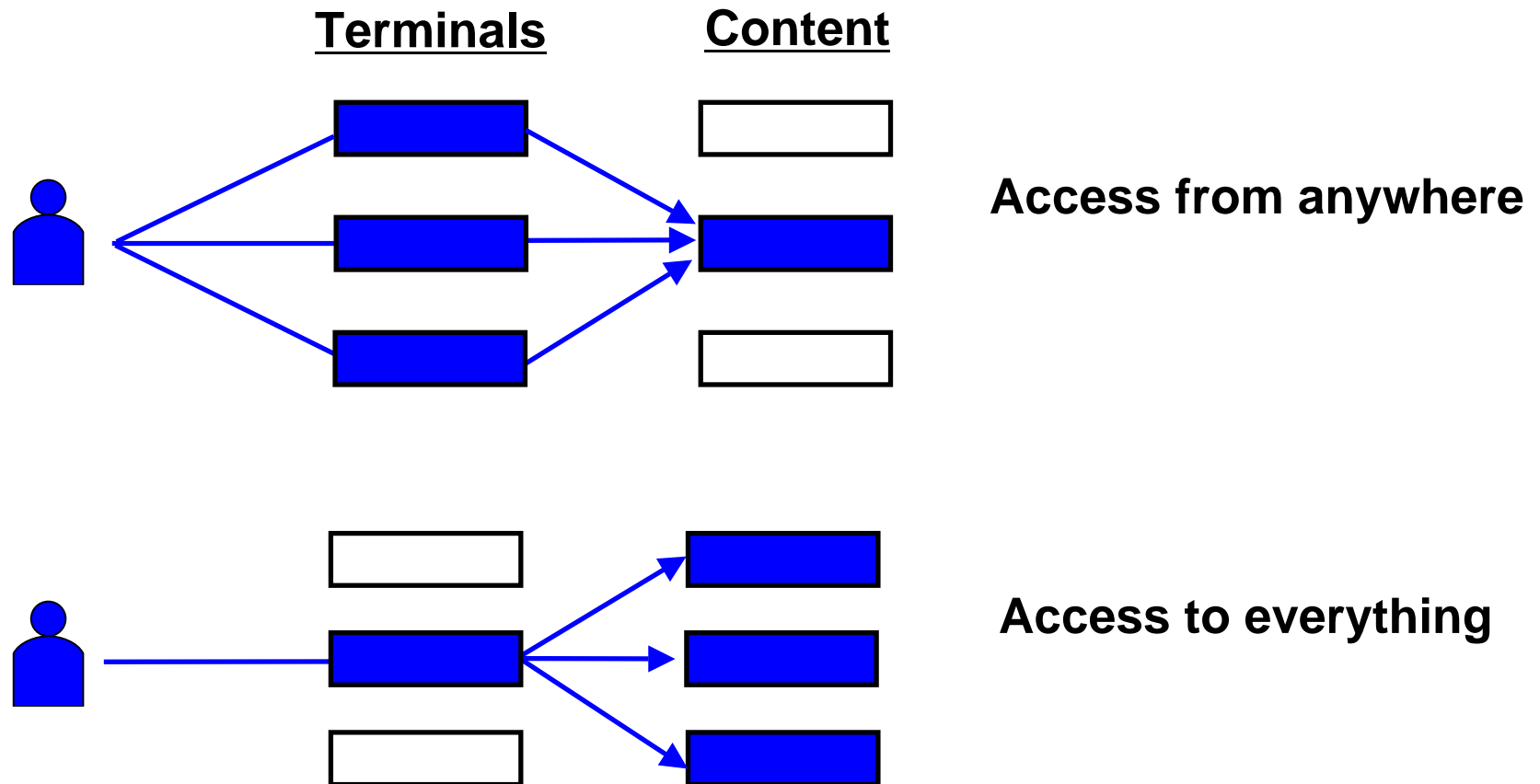
- Sophisticated Scenarios
- Advanced graphics with technologies such as 3D
- High-quality Music
-



Community

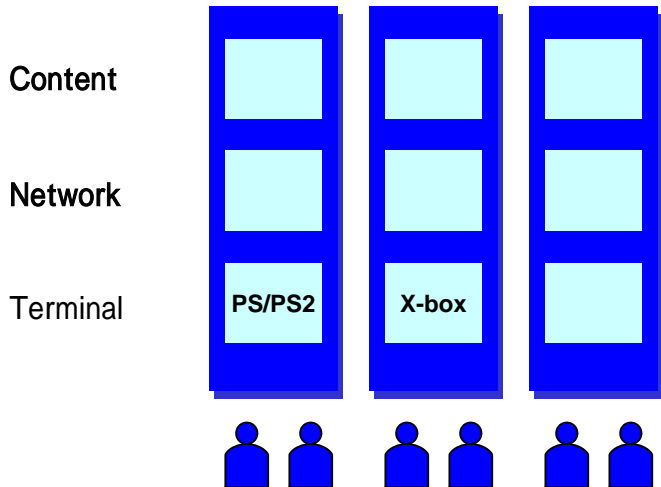
- Communications among users
- Content generated by users
-

Everything plays Games: Advanced terminal technology changes the way users access content



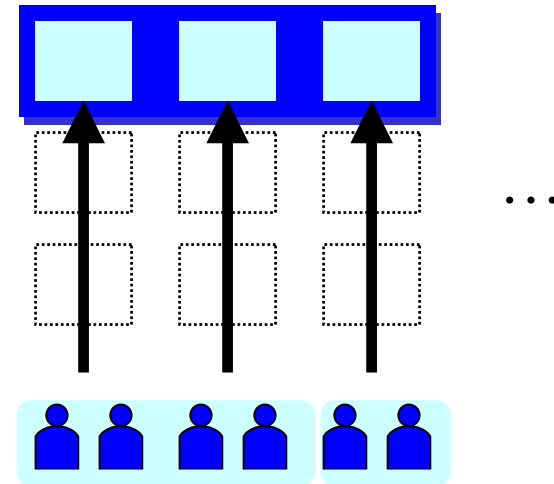
New entertainment will transform the industry architecture

Now



- Vertically integrated by terminal type
- Close relationship with console maker is important
- Product out oriented mindset

Future



- Open network will break the vertical integration. Close relationship with platform technology holders become important
- Terminal and network differences will become less important. Customer ownership shifts to content provider
- Community management conforming to customers' needs become key factor for success

1. Who is SQUARE ENIX?

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In response to the new industry architecture, our strategy is to...

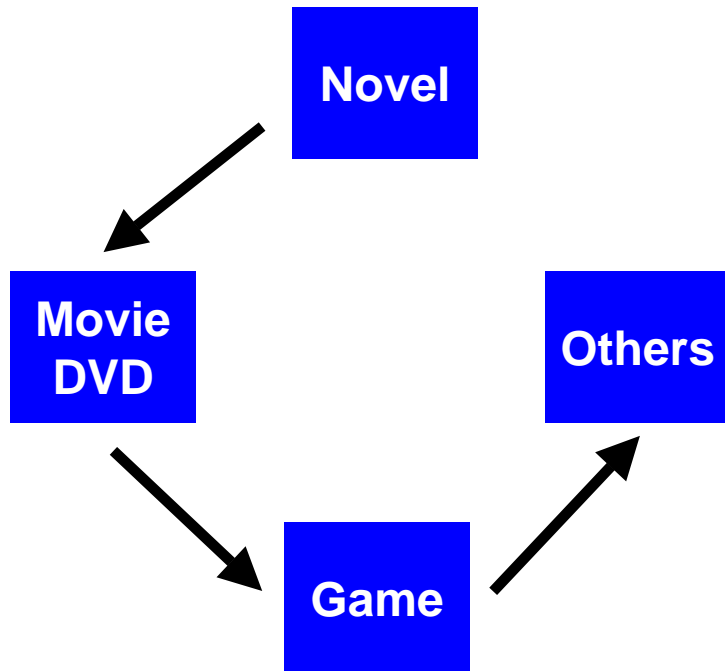
Enhance Community Management

Deploy “Polymorphic Content”

Formulate the New Platforms

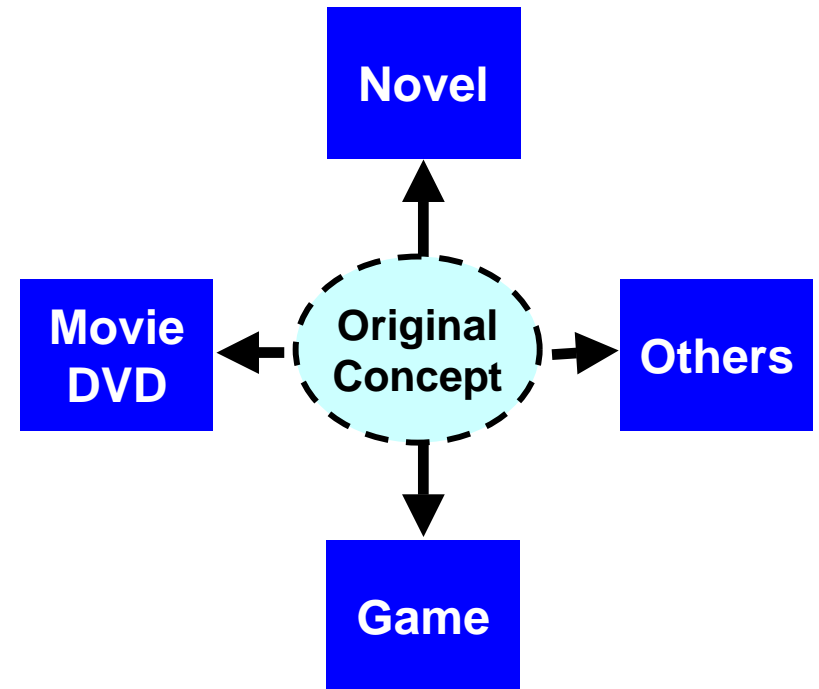
Deploy “Polymorphic Content”

Traditional model of Secondary use of content



- The secondary content is a mere porting of the original to a different format.
- Number of customers decreases as the content is deployed in different formats sequentially.

“Polymorphic Content”



- Original concept created at higher abstract level can be a “polymorphic” content.
- Content makers with interactive design capabilities, which is the most scalable but difficult, have competitive advantage.

Actions to the formulate the new platforms

**Acquisition of
UIEvolution, Inc.**

- Acquired the advanced network technology

Collaboration with Intel

- Collaboration in platform technologies such as semiconductors, chipsets, etc.

Enhance Global Business

- Establish full line businesses in all regions

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SQUARE ENIX™

< Appendices >

Consolidated Balance Sheets(JPNGAAP)

SQUARE ENIX CO., LTD. and Consolidated Subsidiaries

Years Ended March 31, 2004 and 2003

(Millions of Yen)

	As of	As of March 31, 2003	
	March 31, 2004	Former ENIX	Former SQUARE
	SQUARE ENIX		
(Assets)			
Current assets			
Cash and time deposits	¥58,676	¥39,847	¥23,219
Notes and accounts receivable	12,046	5,150	11,808
Inventories	809	372	159
Content production account	10,128	—	3,679
Deferred tax assets	1,850	941	3,257
Other current assets	1,157	110	1,583
Allowance for doubtful receivables	△227	△9	△14
Total current assets	84,441	46,412	43,693
Fixed assets			
Property, plant and equipment			
Buildings and structures	3,445	2,121	1,806
Accumulated depreciation	1,250	867	1,171
	2,195	1,254	634
Tools and fixtures	8,445	1,673	7,407
Accumulated depreciation	5,367	1,132	4,695
	3,077	541	2,712
Other	7	7	—
Accumulated depreciation	7	7	—
	0	0	—
Land	3,813	3,392	421
Construction in progress	—	—	53
Total property, plant and equipment	9,087	5,188	3,821
Intangible assets	7,550	119	1,037
Investments and other assets			
Investment securities	3,516	3,674	1,860
Long-term loans	4	—	4
Rental deposits	2,864	—	664
Deferred tax assets	2,665	632	2,648
Other	502	1,439	623
Allowance for doubtful receivables	—	—	△0
Total investments and other assets	9,554	5,745	5,801
Total fixed assets	26,192	11,053	10,660
Total assets	110,633	57,465	54,354

(Millions of Yen)

	As of	As of March 31, 2003	
	March 31, 2004	Former ENIX	Former SQUARE
	SQUARE ENIX		
(Liabilities)			
Current liabilities			
Notes and accounts payable	¥3,205	¥2,019	¥1,729
Short-term borrowings	—	—	1,000
Long-term borrowings due within one year	18	—	22
Other accounts payable	1,020	763	6,885
Accrued expenses	1,551	—	1,466
Accrued corporate taxes	1,313	3,188	22
Accrued consumption taxes	408	111	—
Advance payments received	697	759	—
Deposits received	354	282	—
Reserve for bonuses	1,239	87	463
Reserve for returned products	1,569	213	1,549
Reserve for losses from headquarters move	—	—	1,074
Deferred tax liabilities	—	—	246
Other	807	13	569
Total current liabilities	12,185	7,418	15,029
Long-term liabilities			
Long-term debt	—	—	18
Allowance for retirement benefits	978	100	301
Allowance for directors' retirement benefits	110	136	—
Other	63	—	39
Total long-term liabilities	1,152	236	359
Total liabilities	13,338	7,655	15,389
(Minority interests)			
Minority interests	594	162	1,237
(Shareholders' equity)			
Common stock	7,154	6,940	11,945
Capital surplus reserve	36,393	9,383	14,849
Retained earnings	53,931	33,341	10,659
Unrealized gain on revaluation of securities	363	23	223
Foreign currency translation adjustment	△898	43	60
Treasury stock	△245	△84	△8
Total shareholders' equity	96,700	49,647	37,727
Total liabilities, minority interests and shareholders' equity	110,633	57,465	54,354

Consolidated Statements of Operations(JPNGAAP)

SQUARE ENIX CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	(Millions of Yen)		
	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2003	
	SQUARE ENIX	Former ENIX	Former SQUARE
Net sales	¥63,202	¥21,877	¥40,286
Cost of sales	22,094	12,368	10,967
Gross profit	41,117	9,509	29,318
Reversal of reserve for returned products	1,420	111	942
Provision to reserve for returned products	1,569	—	1,549
Net gross profit	40,968	9,620	29,612
Selling, general and administrative expenses	21,569	6,017	16,018
Packaging freight charge	545	350	19
Advertising expense	5,119	1,288	2,950
Sales promotion expense	660	291	—
Provision for doubtful accounts	332	0	0
Compensation for directors	231	141	142
Salary payments	3,887	909	1,005
Provision to reserve for bonuses	1,130	90	67
Retirement benefit expenses	491	20	30
Provision to reserve for directors' retirement benefits	6	7	—
Welfare expense	898	107	142
Rental expense	955	201	492
Commissions paid	3,023	401	3,536
Depreciation	1,179	385	690
Other	3,307	831	7,020
Operating income	19,399	4,603	12,594
Non-operating income	440	73	556
Interest income	67	0	90
Interest from securities	—	0	—
Dividends received	78	0	104
Rental income	0	23	—
Gain on sale of patent rights	—	31	—
Equity in gains of non-consolidated subsidiaries and affiliates	—	—	162
Miscellaneous income	294	17	179
Non-operating expenses	1,590	24	390
Interest expenses	7	2	30
Foreign exchange loss	788	11	122
Stock issuance expense	8	10	—
Loss on disposal of inventories	—	—	148
Amortization of goodwill	—	—	50
Equity in losses of non-consolidated subsidiaries and affiliates	760	—	—
Miscellaneous loss	25	—	37
Recurring profits	18,248	4,852	12,780
Extraordinary income	300	15	335
Gains on sales of property and equipment	—	—	4
Gain on sale of investment securities	59	—	226
Gain on sale of shares in affiliates	240	—	—
Gain (loss) on cancellation of defined corporate pension	—	15	—
Gain on changes in equity method affiliates	—	—	103
Extraordinary loss	907	215	3,878
Loss on sales of property and equipment	123	—	67
Loss on disposal of property and equipment	188	45	107
Loss on restructuring at affiliates	—	54	—
Evaluation loss on shares held in affiliates	125	15	—
Losses on investments in securities	375	100	606
Loss on sale of investment securities	84	—	—
Loss on disposal of content	—	—	107
Provision to reserve for losses related to move	—	—	1,074
Bad-debt loss	—	—	1,503
Other	—	—	412
Taxes prior to distribution of gains (losses) on dormant partnership	17,640	4,452	9,217
Income before adjustments	17,640	4,452	9,217
Distribution of gains (losses) on dormant partnership	24	—	97
Income before income taxes	17,616	4,452	9,119
Corporate, resident and enterprise taxes	3,600	3,162	621
Deferred income taxes	2,962	△1,156	△6,248
Minority interest in consolidated subsidiaries	59	27	770
Net income	10,993	2,419	14,074

Consolidated Statements of Cash Flows(JPNGAAP)

SQUARE ENIX CO., LTD. and Consolidated Subsidiaries
Years Ended March 31, 2004 and 2003

	(Millions of Yen)		
	Fiscal year ended March 31, 2003	Fiscal year ended March 31, 2003	
	SQUARE ENIX	Former ENIX	Former SQUARE
Cash flows from operating activities			
Income before income taxes	¥17,616	4,452	9,119
Depreciation	1,974	368	1,685
Increase (decrease) in allowance for doubtful receivables	234	△14	0
Increase (decrease) in reserve for bonuses	698	△32	154
Increase (decrease) in reserve for returned products	△105	△111	△127
Increase (decrease) in reserve for retirement benefits	576	△4	155
Increase (decrease) in reserve for directors' retirement benefits	△26	7	△92
Increase (decrease) in reserve for losses related to move	△589	—	1,074
Loss from bad debt	—	—	1,503
Interest and dividend received	△145	—	△194
Interest income	—	△0	—
Dividends received	—	△0	—
Interest from securities	—	△0	—
Interest expenses	7	2	30
Loss on restructuring of affiliates	—	54	—
Gain on sale of investment securities	△59	—	△228
Loss on sale of investment securities	84	—	—
Losses on investments in securities	375	100	606
Gain on sale of shares held in affiliates	△240	—	—
Evaluation loss on shares held in affiliates	125	—	—
Loss on disposal of property and equipment	198	45	107
Loss on sales of property and equipment	123	—	63
Increase (decrease) in accounts receivable	4,952	△46	△7,296
Increase (decrease) in inventories	△6,745	154	△2,764
Increase (decrease) in purchase liabilities	△507	891	764
Increase (decrease) in accrued consumption taxes	△104	45	—
Increase (decrease) in other current assets	250	9	—
Increase (decrease) in other fixed assets	299	△470	—
Increase (decrease) in other current liabilities	△2,014	374	—
Payment of directors' bonuses	—	△9	—
Other	1,958	—	321
Subtotal	18,818	5,639	4,684
Interest and dividends received	126	2	392
Interest paid	△11	△2	△8
Income taxes paid	△4,794	△2,448	△22
Net cash provided by (used in) operating activities	14,139	3,192	5,245
Cash flows from investing activities			
Payments for acquiring property, plant and equipment	△2,708	△215	△268
Payments for acquiring intangible assets	△418	△79	△232
Payments for transfer of business	—	—	△300
Payments for acquiring investment securities	—	△2,002	—
Proceeds from sales of investment securities	—	120	246
Payments for acquisition of shares in affiliates	△6,461	△795	—
Proceeds from sale of shares in affiliates	423	4	—
Proceeds from return of guarantee money paid	407	3	—
Payments for provision of guarantee money paid	△1,843	△771	—
Other	20	—	△25
Net cash provided by (used in) investing activities	△10,579	△3,737	△649
Cash flows from financing activities			
Increase (decrease) in short-term borrowings	△1,000	△359	1,000
Payments for acquisition of treasury stock	△147	△47	—
Payments for dividends	△1,955	△1,467	—
Payments for dividends for minority interests	△2	△2	—
Payments for merger negotiation fees	△4,153	—	—
Payments for partnership distributions	△618	—	△263
Other	1,135	—	△163
Net cash provided by (used in) financing activities	△6,739	△1,876	473
Effect of exchange rate changes on cash and cash equivalents	△984	△11	△487
Net increase (decrease) in cash and cash equivalents	△4,164	△2,432	4,581
Cash and cash equivalents at beginning of year	39,647	42,260	18,629
Increase in cash and cash equivalents due to merger in consolidated subsidiaries	22,632	—	—
Increase in cash and cash equivalents due to increase in consolidated subsidiaries	484	—	8
Decrease in cash and cash equivalents due to decrease in consolidated subsidiaries	△123	—	—
Cash and cash equivalents at end of year	58,676	39,847	23,219

SQUARE ENIX™