



Financial Results Briefing Session

Six-Month Period Ended September 30, 2020

November 6, 2020

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
Second Quarter of Fiscal Year
Ending March 31, 2021

Consolidated Statement of Income

Q2, FY2021/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ending March 31, 2021	
	Apr -Sep 2019	Apr - Sep 2020	Changes
Net sales	120.7	172.7	52.0
Operating income	15.9	31.6	15.7
Operating income margin	13.2%	18.3%	5.1pt
Ordinary income	15.6	30.5	14.9
Ordinary income margin	12.9%	17.7%	4.8pt
Profit attributable to owners of parent	10.9	16.0	5.1
Depreciation and amortization	3.4	3.5	0.1
Capital expenditure	3.7	3.7	0.0

Consolidated Statement of Income

Q2, FY2021/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ending March 31, 2021	
	Apr - Sep	Apr - Sep	Changes
Net sales	120.7	172.7	52.0
Digital Entertainment	85.4	142.4	57.0
Amusement	22.8	13.9	(8.9)
Publication	9.0	12.3	3.3
Merchandising	4.5	4.8	0.3
Eliminations or unallocated	-1.0	-0.8	0.2
Operating income	15.9	31.6	15.7
Digital Entertainment	16.6	33.8	17.2
Amusement	1.3	-1.6	(2.9)
Publication	3.2	5.3	2.1
Merchandising	0.6	1.5	0.9
Eliminations or unallocated	-5.9	-7.4	(1.5)
Operating income margin	13.2%	18.3%	5.1pt
Digital Entertainment	19.5%	23.7%	4.2pt
Amusement	5.8%	-11.7%	(17.5pt)
Publication	35.4%	43.3%	7.9pt
Merchandising	14.0%	31.8%	17.8pt
Eliminations or unallocated	-	-	-

Consolidated Statement of Income

Quarterly Comparison

(Billions of Yen)

	Fiscal Year Ended March 31, 2020				Fiscal Year Ending March 31, 2021	
	Apr - Jun 2019	Jul - Sep 2019	Oct - Dec 2019	Jan - Mar 2020	Apr - Jun 2020	Jul - Sep 2020
Net sales	53.3	67.4	68.9	70.8	87.0	85.6
Digital Entertainment	37.1	48.2	51.5	51.7	74.3	68.1
Amusement	10.8	11.9	10.8	11.9	4.6	9.3
Publication	3.8	5.1	4.8	5.5	5.4	6.9
Merchandising	1.9	2.5	2.0	2.1	3.1	1.6
Eliminations or unallocated	-0.4	-0.5	-0.3	-0.6	-0.5	-0.3
Operating income	7.1	8.7	11.8	4.9	24.5	7.1
Digital Entertainment	7.6	9.0	12.8	5.8	26.0	7.7
Amusement	0.6	0.6	0.1	-0.1	-1.5	-0.1
Publication	1.2	1.9	1.7	2.2	2.3	3.0
Merchandising	0.1	0.4	0.1	0.2	1.2	0.3
Eliminations or unallocated	-2.5	-3.3	-3.0	-3.3	-3.5	-3.8

Consolidated Balance Sheet as of Sep 30, 2020

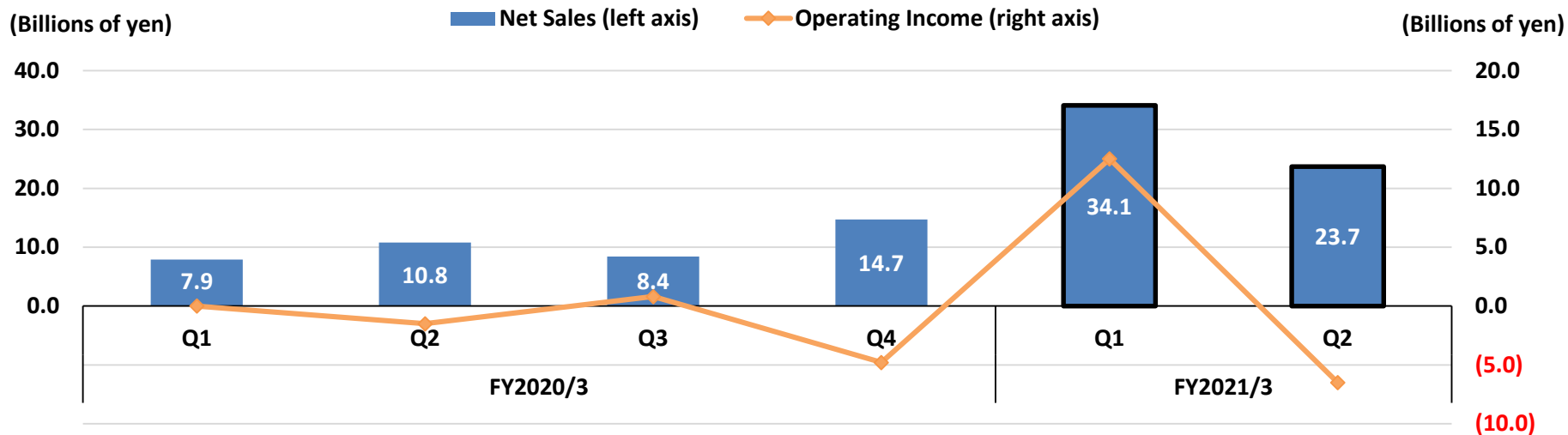
(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2020	09/2020	Changes	Account	03/2020	09/2020	Changes
Cash and deposits	123.4	134.0	10.6	Notes and accounts payable	25.5	23.2	(2.3)
Notes and accounts receivable	41.4	49.0	7.6	Income taxes payable	10.1	10.3	0.2
Inventories	6.4	5.0	(1.4)	Provision for sales returns	4.2	5.3	1.1
Content production account	71.4	70.9	(0.5)	Others	29.3	34.7	5.4
Others	8.0	7.5	(0.5)	Total Current Liabilities	69.3	73.7	4.4
Total Current Assets	250.8	266.6	15.8	Non-current Liabilities	11.3	11.8	0.5
Property and equipment	20.5	20.4	(0.1)	Total Liabilities	80.7	85.6	4.9
Intangible Assets	5.3	5.3	0.0	Total Shareholders' Equity	226.7	237.8	11.1
Investments and other assets	25.8	26.2	0.4	Others	-4.8	-4.8	0.0
Total Non-current Assets	51.7	52.0	0.3	Total Net Assets	221.9	233.0	11.1
Total Assets	302.6	318.7	16.1	Total Liabilities and Net Assets	302.6	318.7	16.1

Progress in Each Business Segment

Digital Entertainment – HD Games

Net sales rose YoY, operating line turned into black on launch of new titles such as “FINAL FANTASY VII REMAKE” and “Marvel’s Avengers,” as well as greater digital sales of catalog titles.



Major Titles in FY2021/3



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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI
LOGO ILLUSTRATION: © 1997 YOSHITAKA AMANO

Launched on April 10, 2020



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Development support provided by Nixxes.
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Launched on September 4, 2020

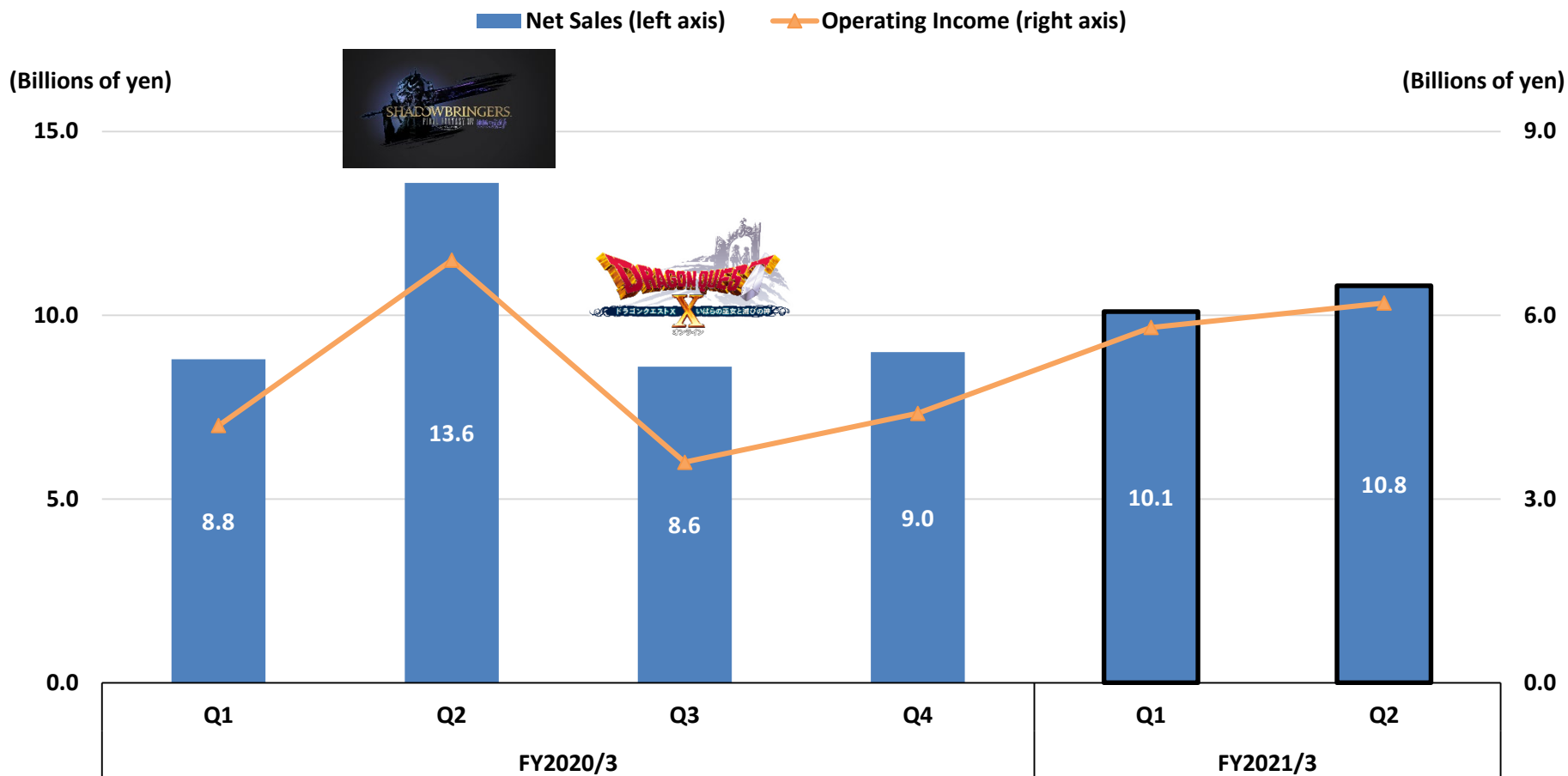


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To be launched on February 2, 2021

Digital Entertainment – MMO

Net sales declined YoY given the previous fiscal year’s release of “FINAL FANTASY XIV” expansion pack, but operating income rose YoY due to growth in monthly paying subscriber numbers for the same title.



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Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Number of discs recognized on a shipment basis

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

(Millions of Units Sold)

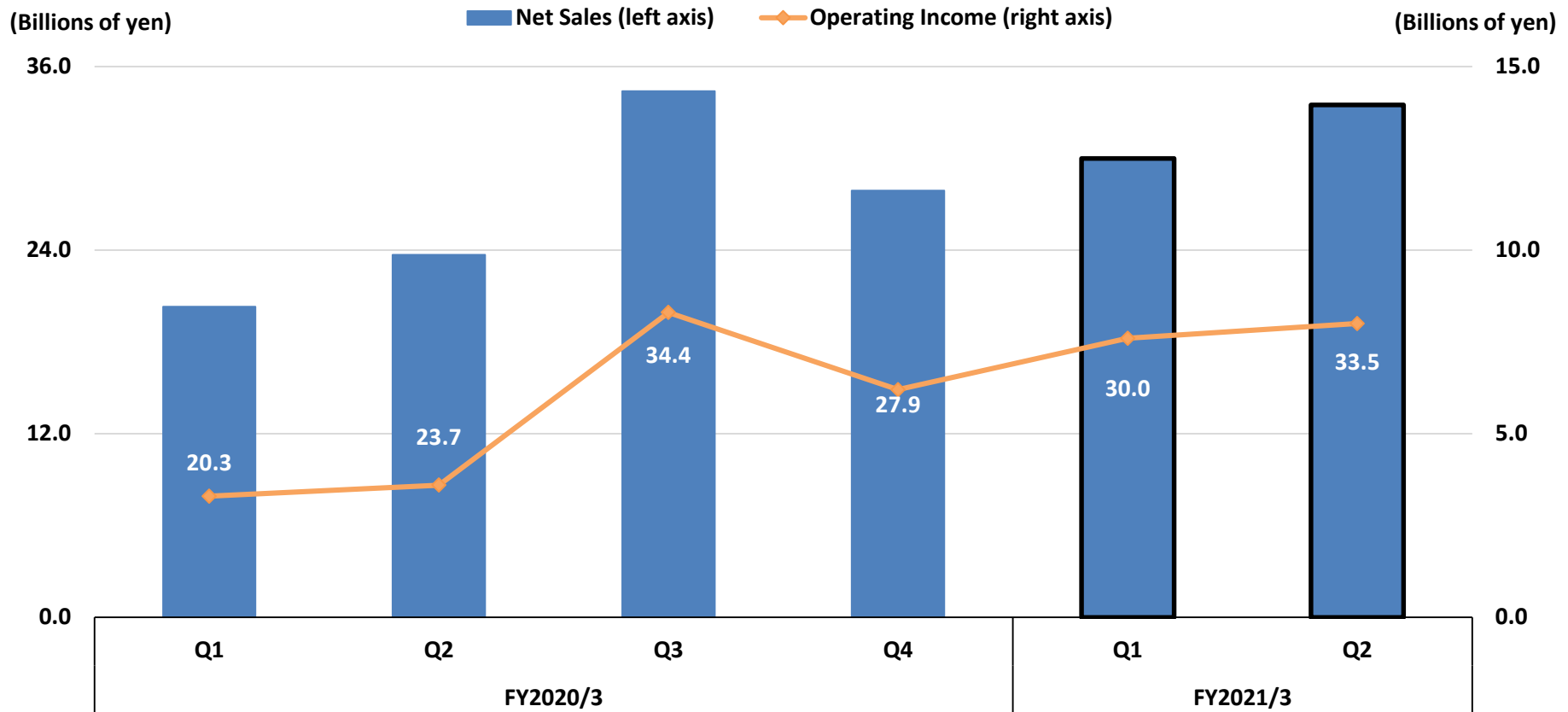
Region	FY2020/3 1H Results			FY2021/3 1H Results		
	Disc	Download	Total	Disc	Download	Total
Japan	1.06	0.74	1.80	1.75	1.16	2.90
	(Included episode units 0)			(Includes episode units 0)		
North America/ Europe	2.35	3.70	6.05	4.04	4.44	8.48
	(Included episode units 0.77)			(Includes episode units -)		
Asia, etc.	0.47	0.32	0.79	0.25	0.45	0.70
	(Included episode units 0.07)			(Includes episode units -)		
Total	3.89	4.76	8.65	6.04	6.05	12.08
	(Included episode units 0.85)			(Includes episode units 0)		

* 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 and operating income rose YoY due to earnings contributions from titles including “DRAGON QUEST WALK,” “WAR OF THE VISIONS: FINAL FANTASY BRAVE EXVIUS,” and “DRAGON QUEST TACT.”



Digital Entertainment

— Games for Smart Devices/PC Browser

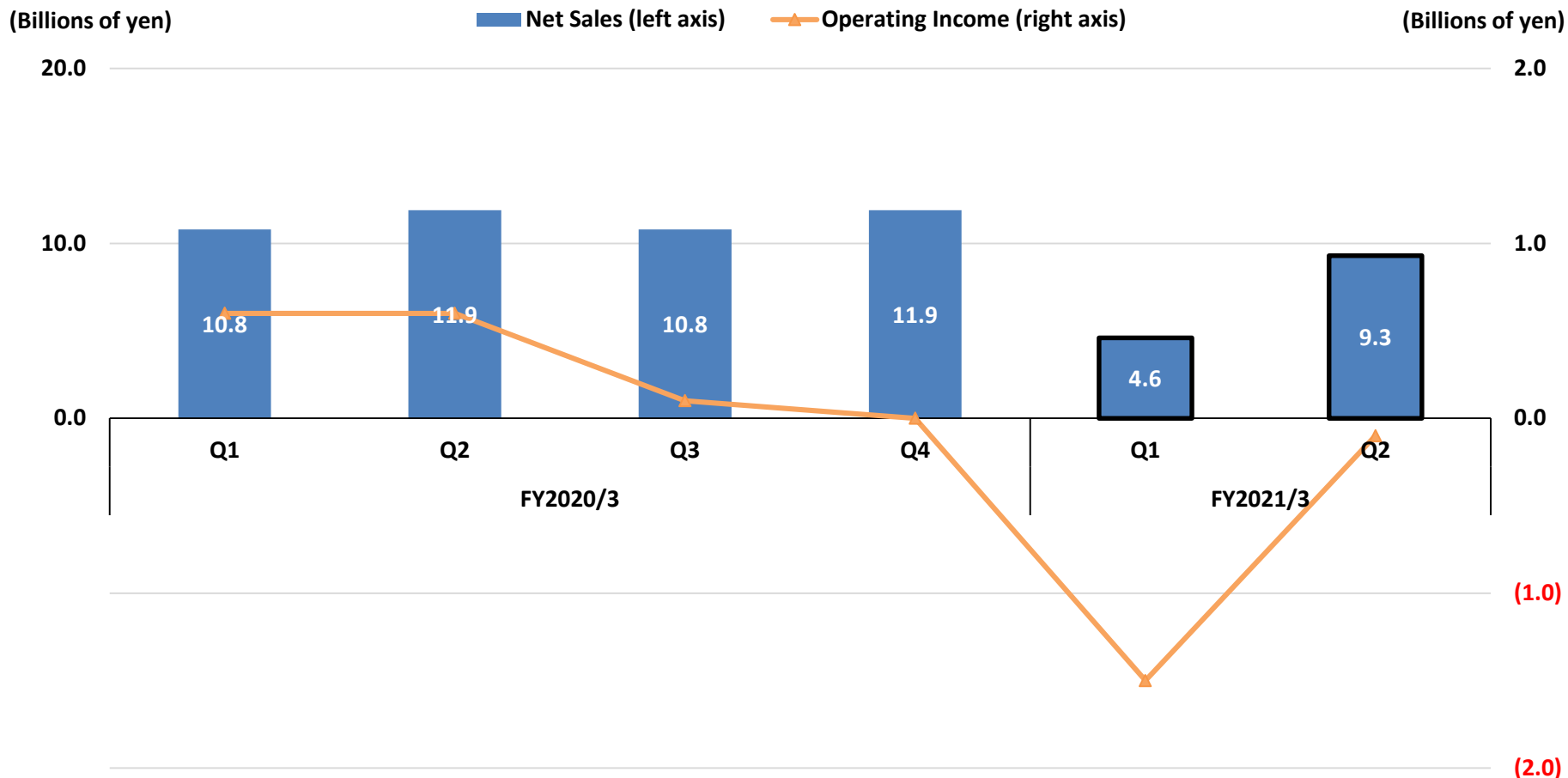
Major Operating Titles

<p>Aug 2010 (PC Browser game)</p>  <p>©2010-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Jan 2014</p>  <p>©2014-2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p>Apr 2014</p>  <p>©2014-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2014</p>  <p>Alliance with DeNA Co., Ltd. (Published by DeNA Co., Ltd.) ©SQUARE ENIX CO., LTD. ©DeNA Co., Ltd</p>	<p>Sep 2015</p>  <p>© Disney Developed by SQUARE ENIX</p>	<p>Oct 2015</p>  <p>©2015-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>
<p>Oct 2015</p>  <p>©2015-2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO</p>	<p>Dec 2016</p>  <p>©2016-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by tri-Ace Inc.</p>	<p>Feb 2017</p>  <p>©2017-2020 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p>Jun 2017</p>  <p>Co-developed with Pokelabo Inc. (Published by Pokelabo Inc.) © 2017-2020 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>	<p>Mar 2018</p>  <p>© 伍箇伝計画 / 刀使 / 巫女製作委員会 © 2018 - 2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Dec 2018</p>  <p>© 2018-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Powered by Akatsuki Inc. ILLUSTRATION: TOMOMI KOBAYASHI</p>
<p>Jul 2019</p>  <p>© 2019 TOARU-PROJECT © 2019,2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2019</p>  <p>© 2019,2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p>Nov 2019</p>  <p>© 2019-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	<p>Jul 2020</p>  <p>© 2020 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Aiming Inc.</p>	<p>Oct 2020</p>  <p>© 2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	

*Month and year indicate each title's launch timing.

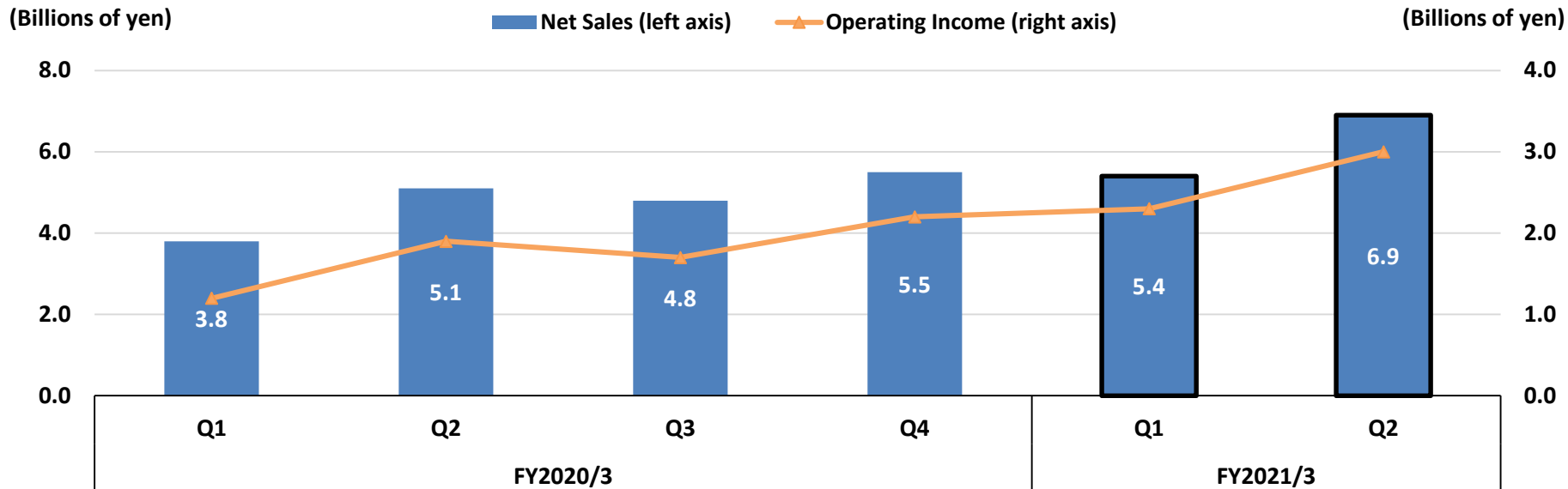
Amusement

Same-store sales fell sharply YoY due to the closure through mid-June of amusement facilities to combat the spread of COVID-19. Net sales declined significantly, and the segment booked an operating loss.



Publication

Digital sales via “MANGA UP!” and of e-books rose sharply. Printed media sales were also brisk, leading to a YoY rise in net sales and operating income.



Major Titles in FY2021/3



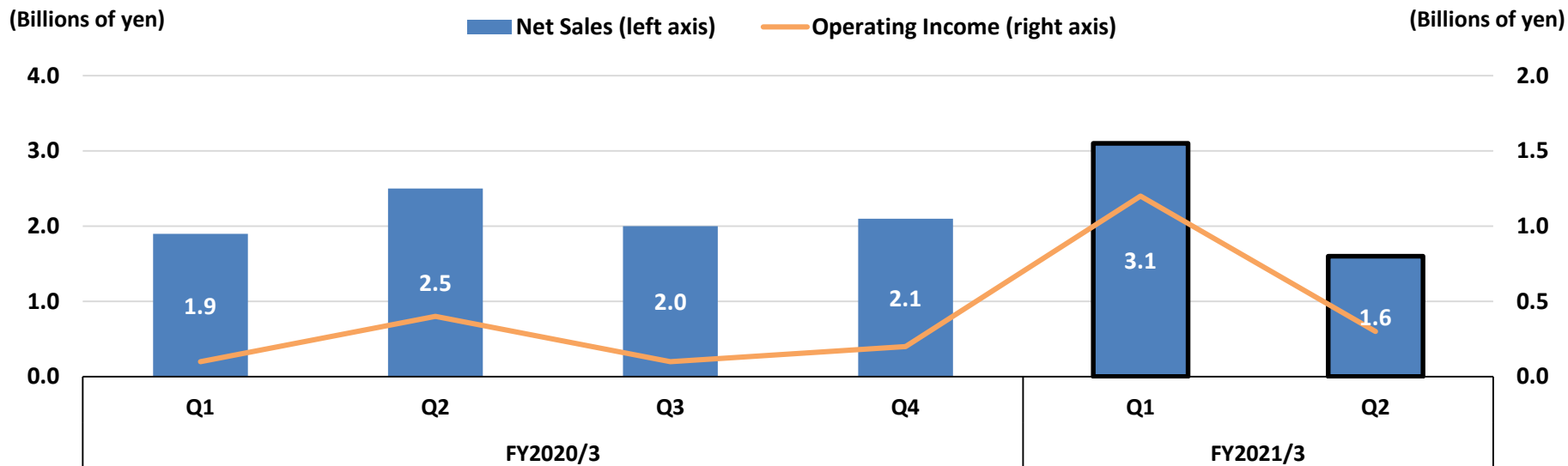
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Merchandising

Net sales and operating income up YoY on new releases of merchandise featuring our key IP.



Main Products in FY2021/3



"FINAL FANTASY VII REMAKE
Original Soundtrack
~Special edit version~"

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LOGO ILLUSTRATION: © 1997 YOSHITAKA AMANO.



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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI



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Consolidated Financial Forecasts

Fiscal Year

Ending March 31, 2021

Consolidated Financial Forecasts:

Fiscal Year ending March 31, 2021

We had not set forecasts because the pandemic impeded the formulation of reasonable estimates, but we have released them now based on available information, including 1H results and future projections.

Main reasons for setting no forecasts	Current outlook
Diminished demand for our content due to the global economic slump; impact on the manufacturing & distribution of packaged products	<ul style="list-style-type: none">• While some titles were impacted, an increase in the percentage of digital sales helped improve profitability.• Sharp growth in digital sales of catalog titles
Impact on the development timelines for our new titles owing to disruptions to the work of outsourcers that we contract for a portion of our development efforts	<ul style="list-style-type: none">• Revisiting our development timelines led to the postponement of some launches into FY2022/3 or later.
Diminished sales owing to amusement facility closures designed to combat COVID-19	<ul style="list-style-type: none">• While we have reopened all doors since mid-June, same-store sales remain down YoY.• We are working to improve earnings in FY2022/3 by cutting fixed costs and stepping up new businesses.

Consolidated Financial Forecasts:

Fiscal Year Ending March 31, 2021

(Billions of Yen)

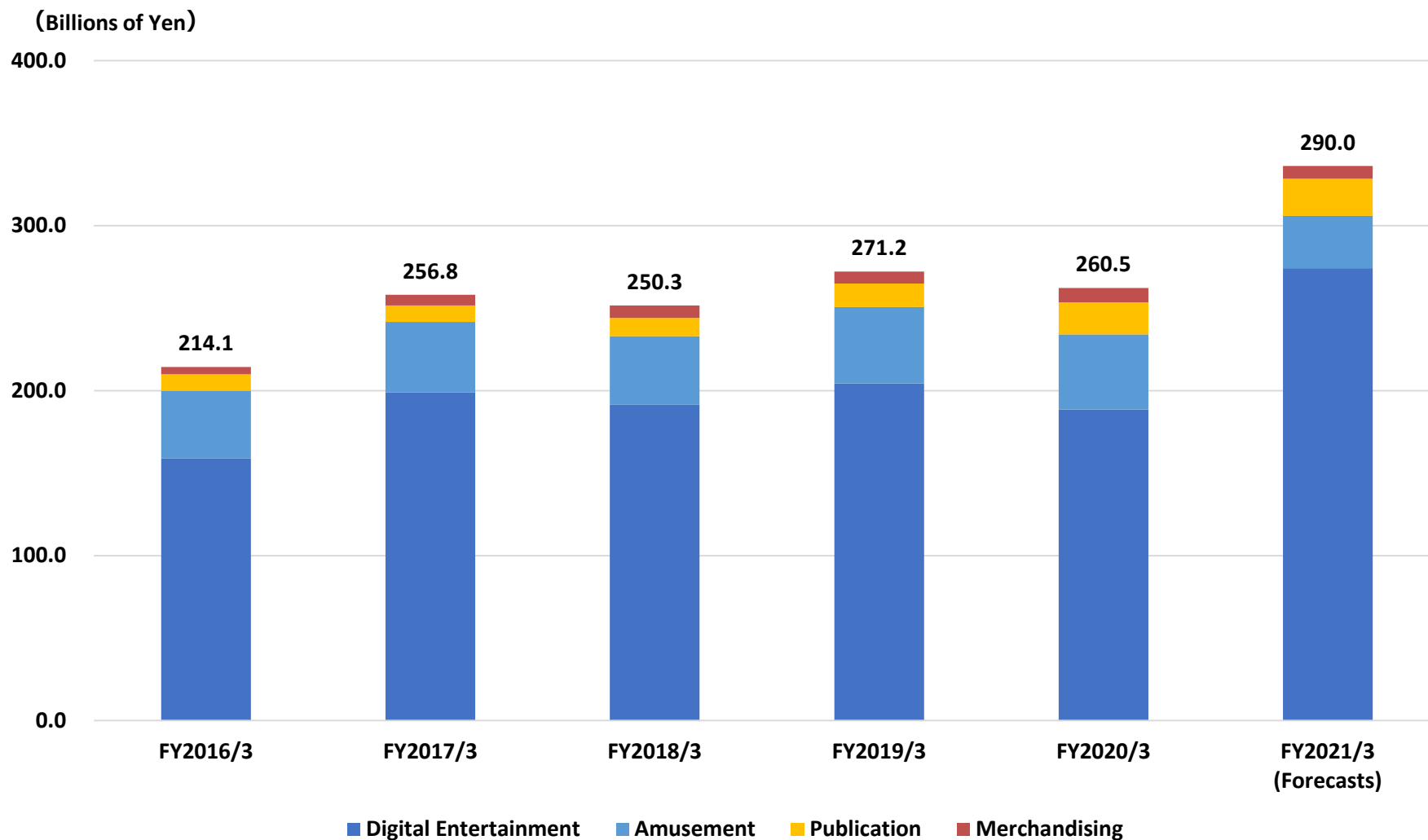
	Fiscal Year Ended March 31, 2020	Fiscal Year Ending March 31, 2021	
	Full Year Results	Full Year Forecasts	Changes
Net Sales	260.5	290.0	29.5
Operating Income	32.7	40.0	7.3
Operating Income Margin	12.6%	13.8%	1.2pt
Ordinary Income	32.0	40.0	8.0
Ordinary Income Margin	12.3%	13.8%	1.5pt
Profit attributable to owners of parent	21.3	24.0	2.7
Depreciation and Amortization	7.4	8.2	0.8
Capital Expenditure	9.6	8.6	1.0
Dividends per share			(Yen)
Interim	10	10	0
Yearend	44	51	7
Total	54	61	7

Consolidated Financial Forecasts by Business Segment: Fiscal Year Ending March 31, 2021

(Billions of Yen)

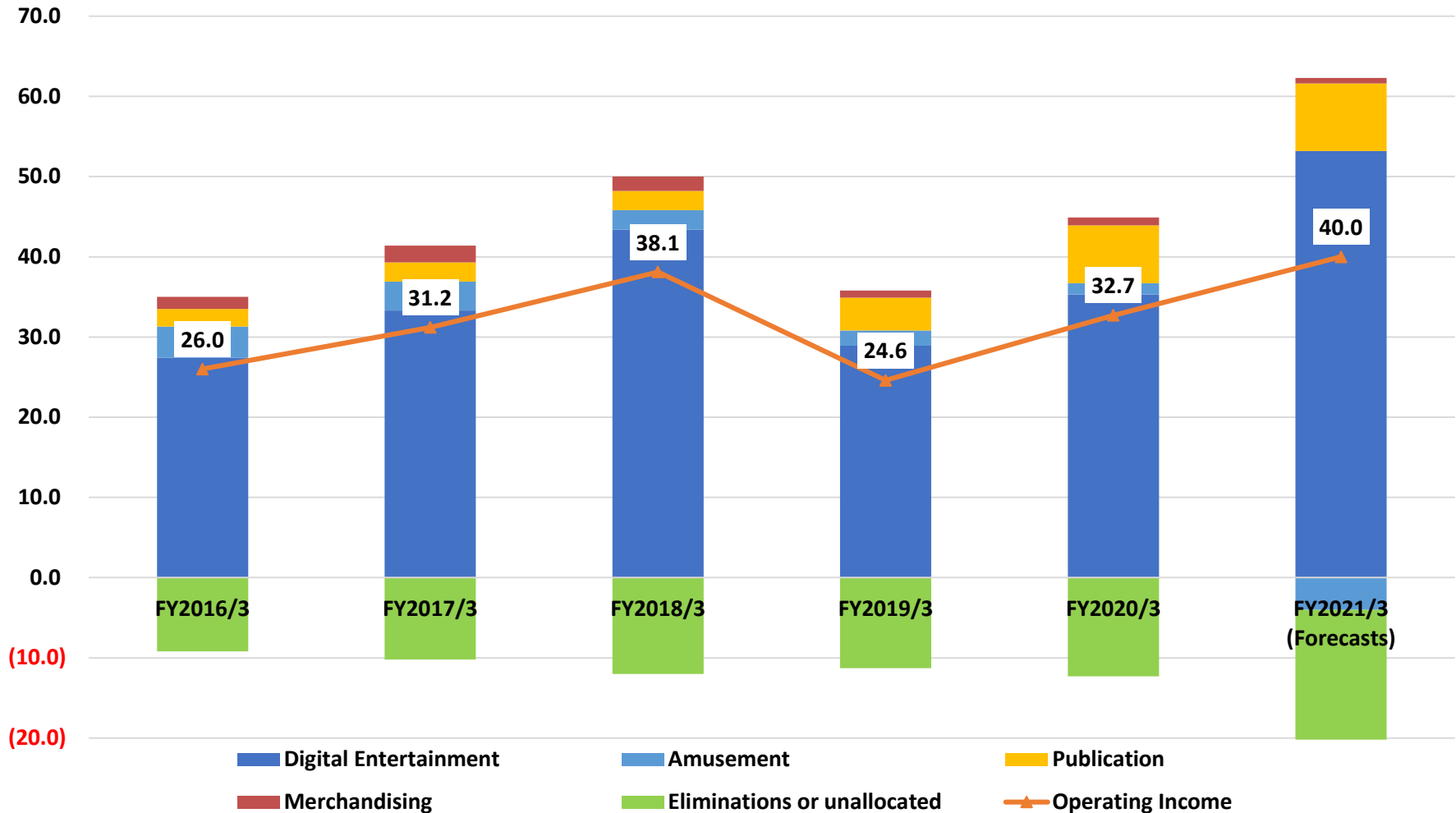
	Fiscal Year Ended March 31, 2020	Fiscal Year Ending March 31, 2021	
	Full Year Results	Full Year Forecasts	Changes
Net Sales	260.5	290.0	29.5
Digital Entertainment	188.6	227.6	39.0
Amusement	45.6	31.9	(13.7)
Publication	19.4	24.4	5.0
Merchandising	8.7	7.8	(0.9)
Eliminations or unallocated	-2.0	-1.7	0.3
Operating Income	32.7	40.0	7.3
Digital Entertainment	35.3	46.4	11.1
Amusement	1.4	-3.3	(4.7)
Publication	7.2	10.0	2.8
Merchandising	1.0	1.5	0.5
Eliminations or unallocated	-12.3	-14.6	(2.3)
Operating Income Margin	12.6%	13.8%	1.2pt
Digital Entertainment	18.7%	20.4%	1.7pt
Amusement	3.2%	-10.3%	(13.5pt)
Publication	37.3%	41.0%	3.7pt
Merchandising	11.7%	19.2%	7.5pt
Eliminations or unallocated	-	-	-

Net Sales Trend by Business Segment



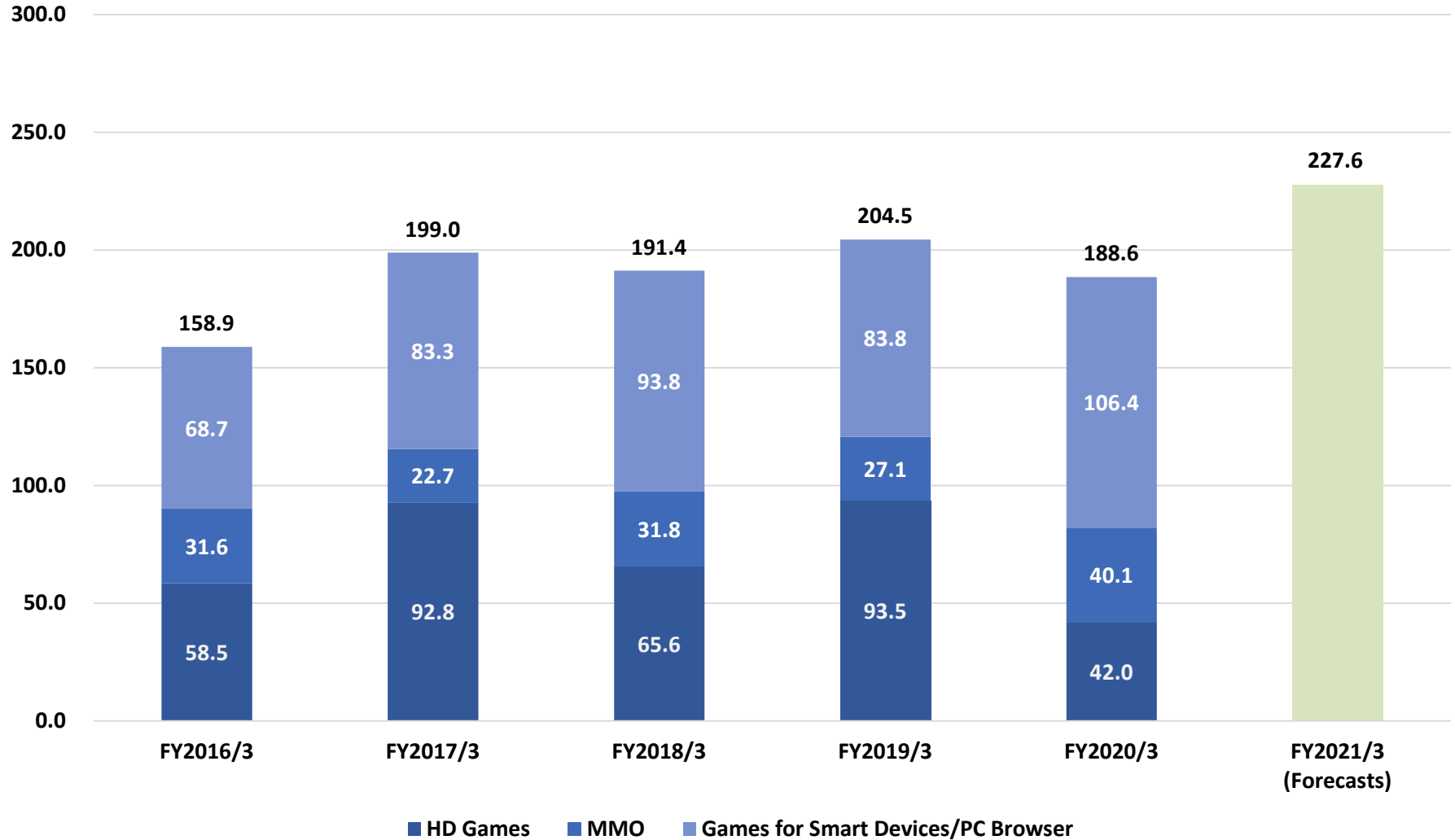
Operating Income Trend by Business Segment

(Billions of Yen)



Digital Entertainment – Net Sales Trend

(Billions of Yen)





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Six-Month Period Ended September 30, 2020

November 6, 2020

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