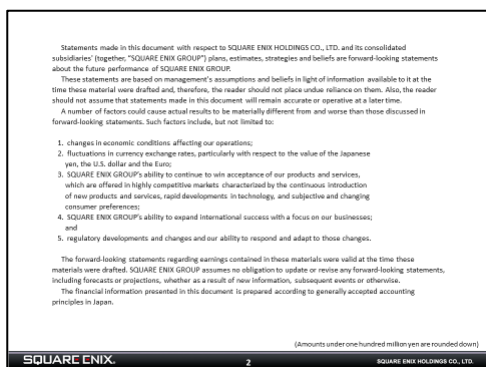
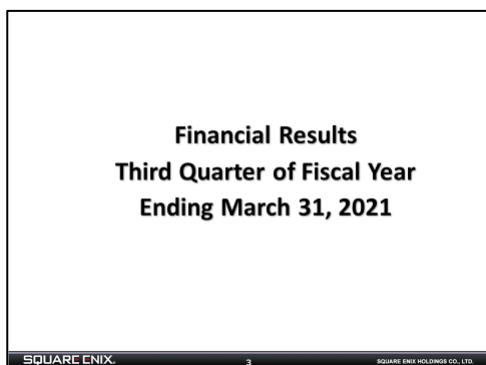


We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for 1-3Q of the fiscal year ending March 31, 2021 (“1-3Q FY2021/3”).

Today’s presenters are:
Yosuke Matsuda, President and Representative Director and
Atsushi Matsuda, General Manager of the Finance and Accounting Division.



First, Mr. Matsuda, General Manager of the Finance and Accounting Division, will give an overview of the Company’s financial results for 1-3Q FY2021/3, and then our president Mr. Matsuda will discuss the progress made by each of the Company’s business segments.



Consolidated Statement of Income
Q3, FY2021/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2020		Fiscal Year Ending March 31, 2021			
	Apr-Dec 2019	Full Year Results	Apr-Dec 2020	Changes	Full Year Forecasts	Changes
Net sales	189.7	260.5	253.6	63.9	290.0	29.5
Operating income	27.7	32.7	41.0	13.3	40.0	7.3
Operating income margin	14.6%	12.6%	16.2%	1.6pt	13.8%	1.2pt
Ordinary income	27.9	32.0	36.7	10.8	40.0	8.0
Ordinary income margin	14.8%	12.3%	15.3%	0.5pt	13.8%	1.5pt
Profit attributable to owners of parent	19.1	21.5	28.5	(0.8)	24.0	2.7
Depreciation and amortization	5.3	7.4	5.3	0.0	8.2	0.8
Capital expenditure	7.1	9.6	5.1	(2.0)	8.6	(1.0)

Good afternoon. I am Atsushi Matsuda.
In 1-3Q FY2021/3, the Company booked net sales of ¥253.6 billion (up ¥63.9 billion), operating income of ¥41 billion (up ¥13.3 billion), ordinary income of ¥38.7 billion (up ¥10.8 billion), and net income attributable to parent company shareholders of ¥18.3 billion (down ¥800 million).

I will provide some details on items below the operating line. Firstly, our non-operating expenses include ¥2.3 billion in foreign exchange losses resulting from the yen’s appreciation

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versus the dollar since the beginning of FY2021/3. Secondly, under extraordinarily losses, we have posted ¥3.6 billion in losses associated with temporary suspensions of operations under the state of emergency declaration issued in April 2020.

In addition, our income taxes rose YoY, but that is because the sales and costs associated with our overseas titles varied substantially from country to country, leaving us with a greater tax burden than we had anticipated and resulting in a higher tax burden rate.

I will next break down our results by segment.

The Digital Entertainment segment posted net sales of ¥203.5 billion (up ¥66.6 billion YoY) and operating income of ¥42.2 billion (up ¥12.7 billion).

The HD Games sub-segment saw sales rise YoY and a turn to profitability thanks not only to the release of major console titles such as “FINAL FANTASY VII REMAKE” and “Marvel’s Avengers,” but also to brisk sales of catalog titles and licensing income.

The MMO sub-segment saw sales decline YoY given that the “FINAL FANTASY XIV” and “DRAGON QUEST X” expansion packs had been released in the previous fiscal year, but YoY growth in recurring revenue resulted in higher profits.

The Games for Smart Devices/PC Browser sub-segment saw YoY growth in both sales and profits. In addition to solid performances from existing titles such as “DRAGON QUEST WALK” and “WAR OF THE VISIONS: FINAL FANTASY BRAVE

Consolidated Statement of Income
Q3, FY2021/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2020		Fiscal Year Ending March 31, 2021		Changes
	Apr - Dec	Apr - Dec	Apr - Dec	Apr - Dec	
Net sales	189.7	253.6	203.5	66.6	63.9
Digital Entertainment	136.9	203.5	203.5	66.6	66.6
Amusement	13.6	24.3	24.3	9.3	(9.3)
Publication	13.8	20.1	20.1	6.3	6.3
Merchandising	6.5	7.0	7.0	0.5	0.5
Eliminations or unallocated	-1.3	-1.3	-1.3	0.0	0.0
Operating income	27.7	41.0	42.2	12.7	12.7
Digital Entertainment	29.5	42.2	42.2	12.7	12.7
Amusement	1.4	-1.1	-1.1	(2.5)	(2.5)
Publication	4.9	8.8	8.8	3.9	3.9
Merchandising	0.7	1.8	1.8	1.1	1.1
Eliminations or unallocated	-8.9	-10.7	-10.7	(1.8)	(1.8)
Operating income margin	14.6%	16.2%	16.2%	1.6pt	1.6pt
Digital Entertainment	21.5%	20.7%	20.7%	(0.8pt)	(0.8pt)
Amusement	4.4%	-4.6%	-4.6%	(9.0pt)	(9.0pt)
Publication	35.9%	44.0%	44.0%	8.1pt	8.1pt
Merchandising	11.2%	26.6%	26.6%	15.4pt	15.4pt
Eliminations or unallocated					

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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	Oct - Dec 2020	Jan - Mar 2021
Net sales	53.3	67.4	68.9	70.8	87.0	85.6	80.9	80.9
Digital Entertainment	37.1	48.2	53.5	53.7	74.3	68.1	63.0	63.0
Amusement	10.8	11.9	10.8	11.9	4.6	9.3	10.3	10.3
Publication	3.8	5.1	4.8	5.5	5.4	6.9	7.7	7.7
Merchandising	1.9	2.5	2.0	2.1	3.1	1.6	2.1	2.1
Eliminations or unallocated	-0.9	-0.3	-0.3	-0.4	-0.5	-0.3	-0.4	-0.4
Operating income	7.1	8.7	12.8	4.8	28.5	7.1	8.9	8.9
Digital Entertainment	7.0	8.6	12.8	5.8	26.0	7.7	8.3	8.3
Amusement	0.4	0.4	0.1	-0.1	-1.5	-0.1	0.5	0.5
Publication	1.2	1.4	1.7	2.2	2.3	3.0	3.5	3.5
Merchandising	0.1	0.4	0.1	0.2	1.2	0.3	0.3	0.3
Eliminations or unallocated	-2.5	-3.3	-3.0	-3.3	-3.3	-3.8	-3.3	-3.3

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**Consolidated Balance Sheet
as of Dec 31, 2020**

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	09/2020	12/2020	Changes	Account	09/2020	12/2020	Changes
Cash and deposits	123.4	143.8	20.4	Notes and accounts payable	25.5	23.6	(1.9)
Notes and accounts receivable	41.4	38.2	(3.2)	Income taxes payable	10.1	8.8	(1.3)
Inventories	6.4	4.7	(1.7)	Provision for sales returns	4.2	6.0	1.8
Contract production account	71.4	74.5	3.0	Others	29.3	33.4	4.1
Others	8.0	6.8	(1.4)	Total Current Liabilities	69.1	72.0	2.7
Total Current Assets	250.6	268.0	17.2	Non-current Liabilities	11.9	12.0	0.7
Property and equipment	20.5	19.4	(1.1)	Total Liabilities	80.7	84.0	3.8
Intangible Assets	5.3	5.4	0.1	Total Shareholders' Equity	226.7	239.0	12.5
Investments and other assets	25.8	25.9	0.1	Others	-4.8	-4.2	0.6
Total Non-current Assets	31.7	30.8	(0.9)	Total Net Assets	221.9	234.7	12.8
Total Assets	302.4	318.8	16.2	Total Liabilities and Net Assets	302.4	318.8	16.2

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EXVIUS,” earnings were also helped by “DRAGON QUEST TACT” and “OCTOPATH TRAVELER: Tairiku no Hasha,” both of which were launched in FY2021/3.

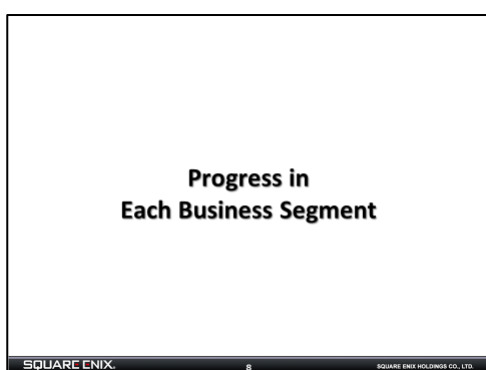
The Amusement segment generated net sales of ¥24.3 billion (down ¥9.3 billion YoY) and an operating loss of ¥1.1 billion (vs. operating income of ¥1.4 billion a year earlier). The Company temporarily closed its amusement facilities in Japan in 1Q in response to the government’s state of emergency declaration, resulting in a sharp YoY sales decline and an operating loss.

The Publication segment booked net sales of ¥20.1 billion (up ¥6.3 billion YoY) and operating income of ¥8.8 billion (up ¥3.9 billion). Sales in digital formats, such as from the “MANGA UP!” manga app and e-books, grew substantially. Sales in printed formats were also brisk, resulting in YoY growth in net sales and operating income.

The Merchandising segment posted net sales of ¥7 billion (up ¥500 million YoY) and operating income of ¥1.8 billion (up ¥1.1 billion). The YoY growth in sales and profits were due to brisk sales of character goods and soundtracks based on the Company’s IP.

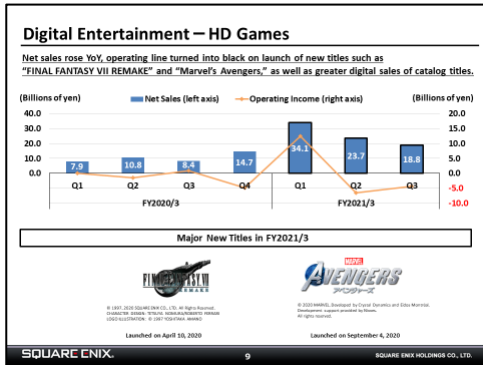
This concludes my overview on our 1-3Q FY2021/3 financial results.

I am Yosuke Matsuda. I will be discussing the progress made by each of our business segments.

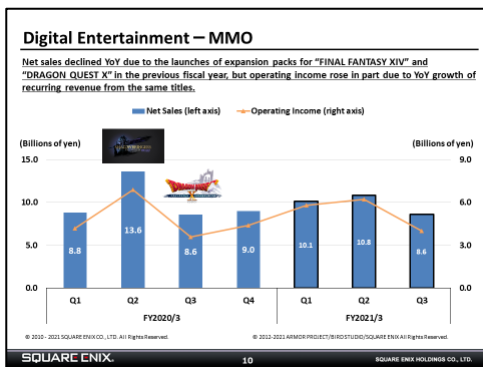


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I will start with the HD Games sub-segment, where we booked a quarterly operating loss in 3Q, owed in part to the remaining "Marvel's Avengers" development costs that hadn't been fully amortized in 2Q and to relatively slow sales, on the whole, during the holiday season.



In the MMO sub-segment, we unveiled the update to "FINAL FANTASY XIV" on February 6, and that drove a lot of excitement and anticipation for more information.

Digital Entertainment – Units Sold by Region

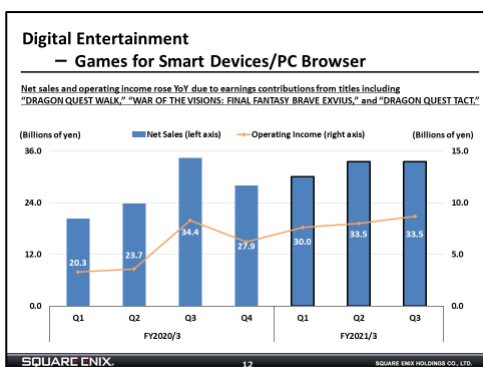
Units Sold = Sold disks + Downloads
 Sold disks: Number of disks recognized on a shipment basis
 Downloads: Downloads of full-length games newly released in the current and previous FY (not including catalogue titles released prior to previous FY)

Region	FY2020/3 Q1-Q3 Results			FY2021/3 Q1-Q3 Results		
	Disc	Download	Total	Disc	Download	Total
Japan	1.36	1.24	2.61	2.25	1.48	3.72
North America/ Europe	3.29	6.58	9.87	5.41	5.68	11.09
Asia, etc.	0.57	0.57	1.14	0.41	0.58	0.99
Total	5.22	8.40	13.62	8.07	7.73	15.80

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

The percentage of our disc sales was up in FY2021/3 due to the release of major new titles, but the sales volumes we disclosed do not include sales of previously released catalog titles. When those are included, downloads account for the majority of our sales.

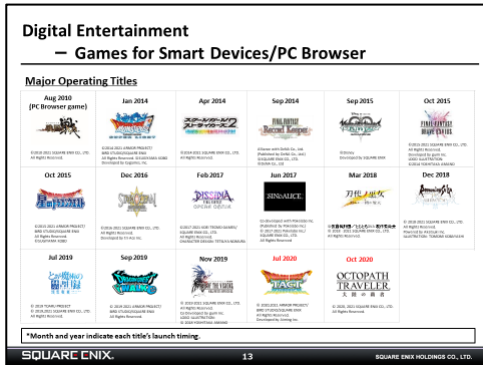
In addition, the catalog titles I just mentioned continue to sell well, and we expect the release of new games with links to these titles will spur even more growth in sales from our back catalog.



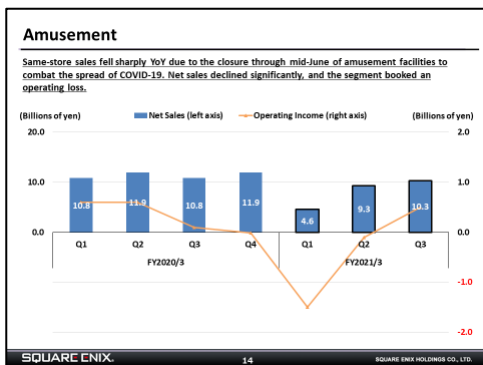
The Games for Smart Devices/PC Browser sub-segment performed well in 3Q. We are preparing a variety of initiatives in this sub-segment for FY2022/3, so we anticipate seeing benefits from those going forward.

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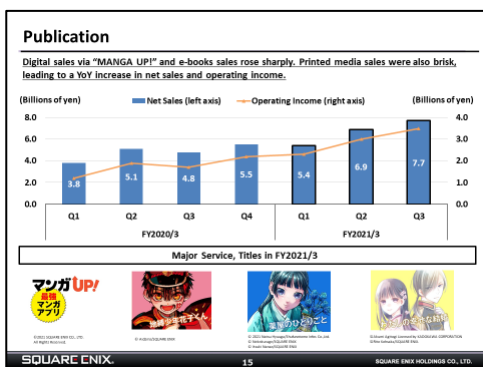
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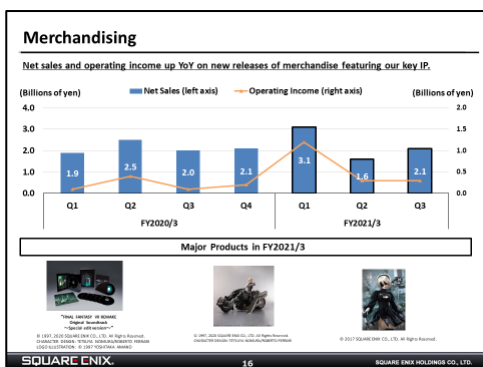
Here you can see the key titles that we currently have in operation. We are hoping that “NieR Re[in]carnation,” which is slated for launch on February 18, will be joining the ranks of our key titles.



Next is the Amusement segment, which turned into the black in 3Q. We have implemented measures including reduced operating hours at some of our arcades in response to the state of emergency declaration issued on January 7. As such, we do not expect a promising outlook for the segment’s 4Q earnings.



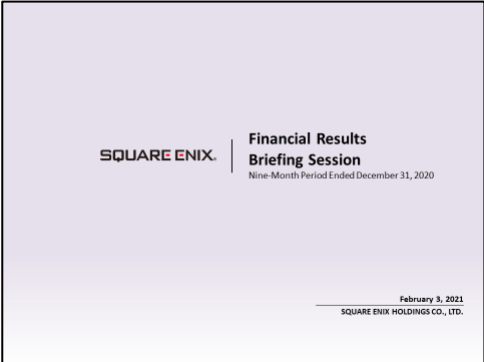
The Publication segment continued to perform well in 3Q, and we expect a similar trend to persist going forward.



Earnings in the Merchandising segment fluctuate depending on the products we are selling. 3Q sales rose QoQ thanks to our focus on online sales.

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Lastly, I would like to discuss our full-year earnings forecasts as they stand now. As a result of the state of emergency declaration prompted by the spread of COVID-19, the 4Q outlook for the Amusement segment, which had been recovering, became uncertain. The pandemic may also impact the timelines for titles under development. In light of these circumstances, we maintain our full-year guidance as of this point in time.

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SQUARE ENIX HOLDINGS CO., LTD.

1-3Q FY2021/3 Financial Results Briefing Session (Teleconference) Q&A

Date/Time: February 3, 2021 (Wed); 6:30-7:30 pm (JST)

Main Speaker: Yosuke Matsuda, President and Representative Director

Q&A

Q: Why did your content production account grow between end-FY2020/3 and end-3Q FY2021/3 despite having released two major titles during FY2021/3?

A: It goes without saying that the primary reason is the wealth of new titles slated for launch in our pipeline. However, the rise in per-title development costs is also a reason. Our Group will focus on improving development efficiency by adopting procedural content generation techniques, utility game engines, and AI so that we can share technologies and assets globally.

Q: Could you share your thinking on your pipeline for FY2022/3?

A: We are planning to release multiple titles for which we have high expectations in FY2022/3, including some that we have yet to announce.

Q: What is your outlook for earnings from “*Marvel’s Avengers*” going forward?

A: We believe it hinges on how well the full game sells going forward and how the GAAS elements perform.

Q: Could you share your thinking on shareholder return given that you achieved your current mid-term earnings targets in 3Q and your cash & deposits have grown?

A: In general, there is no change in the policy that we have included in our guidance to date, namely that we intend to maintain a consolidated dividend payout ratio of 30%. However, in the case of FY2021/3, we intend to take a flexible approach based on our performance in 4Q, given individual factors stemming from corporate tax rates, etc.