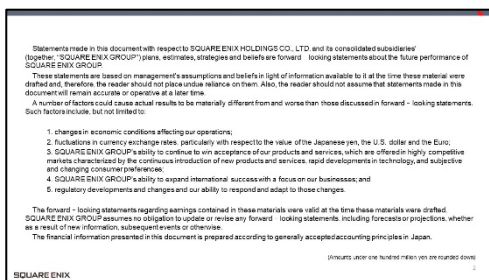




We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the first half of the fiscal year ending March 31, 2025 (“1H FY2025/3”).

Today’s presenter is Takashi Kiryu, President and Representative Director.



Mr. Kiryu will provide an overview of the Company’s financial results for 1H FY2025/3 before describing the progress made by each of the Company’s business segments.



First, I would like to give you an overview of our 1H FY2025/3 results.

**Consolidated Statement of Income FY2025/3 1H** (Values in ¥Bil.)

|   | Fiscal Year Ended March 31, 2024 |                   | Fiscal Year Ending March 31, 2025 |         |                     |         |
|---|----------------------------------|-------------------|-----------------------------------|---------|---------------------|---------|
|   | 1H                               | Full Year Results | 1H                                | Changes | Full Year Forecasts | Changes |
| Net Sales                               | 172.0                            | 356.3             | 157.5                             | (14.5)  | 210.0               | (46.3)  |
| Operating Income                        | 17.3                             | 32.5              | 21.1                              | 3.8     | 40.0                | 7.5     |
| Operating Income Margin                 | 10.1%                            | 9.1%              | 13.4%                             | 3.3pt   | 12.9%               | 3.8pt   |
| Ordinary Income                         | 26.1                             | 41.5              | 18.1                              | (8.0)   | 40.0                | (1.5)   |
| Ordinary Income Margin                  | 15.2%                            | 11.7%             | 11.5%                             | (3.7pt) | 12.9%               | 1.2pt   |
| Profit attributable to owners of parent | 16.6                             | 14.9              | 11.7                              | (4.9)   | 28.0                | 13.1    |

In 1H FY2025/3, the Company booked net sales of ¥157.5 billion (down ¥14.5 billion YoY), operating income of ¥21.1 billion (up ¥3.8 billion), ordinary income of ¥18.1 billion (down ¥8.0 billion), and profit attributable to owners of parent of ¥11.7 billion (down ¥4.9 billion).

The YoY declines in ordinary income and net income were mainly due to foreign exchange losses (¥4.1 billion).

**Consolidated Statement of Income Fiscal Year 1H FY2025 by Business Segment** (Values in ¥Bil.)

|                          | Fiscal Year Ended March 31, 2024 |                   | Fiscal Year Ending March 31, 2025 |                     | Changes |
|--------------------------|----------------------------------|-------------------|-----------------------------------|---------------------|---------|
|                          | 1H                               | Full Year Results | 1H                                | Full Year Forecasts |         |
| Net sales                | 172.0                            | 356.3             | 157.5                             | 210.0               | (14.5)  |
| Digital Entertainment    | 69.2                             | 140.1             | 68.1                              | 107.9               | (0.9)   |
| Amusement                | 70.4                             | 147.7             | 36.7                              | 78.8                | (33.7)  |
| Publication              | 14.4                             | 28.8              | 14.9                              | 29.7                | 0.5     |
| Merchandise              | 4.3                              | 8.6               | 4.0                               | 8.0                 | (0.3)   |
| Licenses or unaffiliated | 17.8                             | 35.6              | 17.2                              | 35.6                | (0.6)   |
| Operating income         | 17.3                             | 32.5              | 21.1                              | 40.0                | 3.8     |
| Digital Entertainment    | 10.5                             | 21.0              | 10.8                              | 19.9                | 0.3     |
| Amusement                | 0.2                              | 0.4               | 0.2                               | 0.5                 | 0.1     |
| Publication              | 0.5                              | 1.0               | 0.5                               | 1.0                 | 0.0     |
| Merchandise              | 1.8                              | 3.7               | 1.5                               | 3.5                 | (0.3)   |
| Licenses or unaffiliated | 0.3                              | 0.6               | 0.3                               | 0.6                 | 0.0     |
| Operating income margin  | 10.1%                            | 9.1%              | 13.4%                             | 12.9%               | 3.3pt   |
| Digital Entertainment    | 12.7%                            | 12.7%             | 12.7%                             | 12.7%               | 0.0pt   |
| Amusement                | 11.3%                            | 11.3%             | 11.3%                             | 11.3%               | 0.0pt   |
| Publication              | 35.1%                            | 35.1%             | 35.1%                             | 35.1%               | (0.0pt) |
| Merchandise              | 27.3%                            | 27.3%             | 27.3%                             | 27.3%               | 0.0pt   |
| Licenses or unaffiliated | -                                | -                 | -                                 | -                   | -       |

This is the breakdown of our results by segment.

Although the Digital Entertainment segment posted a YoY decline in net sales, nearly all segments achieved YoY growth in operating income.

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**Consolidated Balance Sheet as of September 30, 2024**

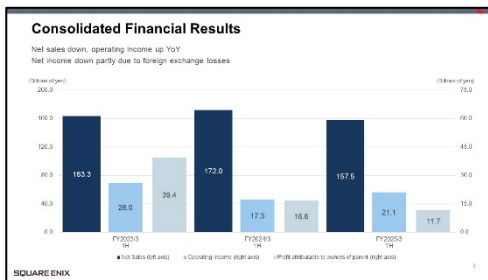
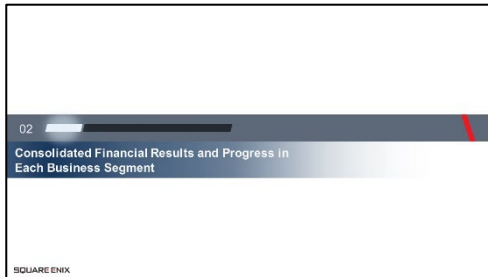
| Account                         | Assets       |              |              | Account                                 | Liabilities and Net Assets |              |               |
|---------------------------------|--------------|--------------|--------------|---|----------------------------|--------------|---------------|
|                                 | 03/2024      | 09/2024      | Changes      |   | 03/2024                    | 09/2024      | Changes       |
| Cash and deposits               | 225.9        | 222.4        | (3.5)        | Notes and accounts payable              | 24.3                       | 22.8         | (1.5)         |
| Notes and accounts receivable   | 11.8         | 12.3         | (2.5)        | Income taxes payable                    | 6.9                        | 5.7          | (1.2)         |
| Investments                     | 5.7          | 7.4          | 1.7          | Deferred liabilities                    | 4.5                        | 3.5          | (0.9)         |
| Contract production amount      | 48.5         | 50.1         | 3.6          | Other                                   | 45.1                       | 38.9         | (6.2)         |
| Others                          | 14.3         | 11.9         | (1.9)        | <b>Total Current Liabilities</b>        | <b>81.8</b>                | <b>71.1</b>  | <b>(10.4)</b> |
| <b>Total Current Assets</b>     | <b>339.2</b> | <b>353.3</b> | <b>(1.9)</b> | Non-current liabilities                 | 12.1                       | 14.9         | 2.8           |
| Property and equipment          | 23.1         | 27.9         | 4.8          | <b>Total Liabilities</b>                | <b>93.7</b>                | <b>86.0</b>  | <b>(7.7)</b>  |
| Intangible Assets               | 5.8          | 5.9          | 0.0          | Shareholders' Equity                    | 225.2                      | 234.0        | 8.8           |
| Investments and other assets    | (2.8)        | (3.1)        | 0.5          | Others                                  | (8.1)                      | (7.6)        | 0.5           |
| <b>Total Non-current Assets</b> | <b>21.6</b>  | <b>26.8</b>  | <b>5.3</b>   | <b>Total Net Assets</b>                 | <b>317.1</b>               | <b>326.3</b> | <b>9.1</b>    |
| <b>Total Assets</b>             | <b>419.8</b> | <b>412.2</b> | <b>1.4</b>   | <b>Total Liabilities and Net Assets</b> | <b>419.8</b>               | <b>412.2</b> | <b>1.4</b>    |

This slide shows our consolidated balance sheet.

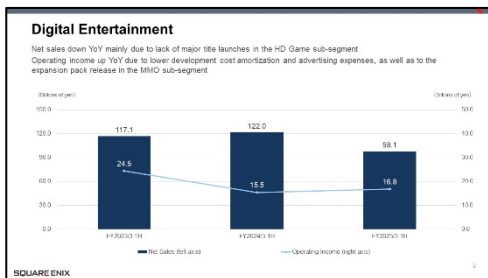
Cash and deposits declined ¥3.5 billion versus the end of FY2024/3 to ¥222.4 billion mainly due to the impact of fiscal-year-end dividend payments.

Our content production account increased ¥3.6 billion versus the end of FY2024/3 to ¥52.1 billion.

Next, I will provide details on our consolidated financial results and on progress in each of our segments.

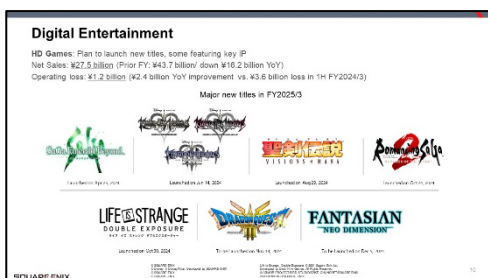


Our 1H consolidated net sales and profit attributable to owners of parent were the lowest we have booked in the most recent three years. At the same time, 1H operating income was the second highest after that of 1H FY2023/3.



This shows a breakdown of our performance in the Digital Entertainment segment.

1H net sales declined YoY due to the lack of any major title launches. However, operating income rose ¥1.3 billion YoY to ¥16.8 billion helped not only by a decline versus the previous year in development cost amortization and advertising costs associated with new title launches, but also by the release of the "FINAL FANTASY XIV: Dawntrail."



The HD Game sub-segment posted net sales of ¥27.5 billion (down ¥16.2 billion YoY) and an operating loss of ¥1.2 billion (an improvement of ¥2.4 billion on the ¥3.6 billion loss booked in 1H FY2024/3).

While Q1 had seen brisk sales on Stream of "Kingdom Hearts" titles, the sub-segment generated an operating loss in 1H due to a

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weaker-than-expected performance by the August release “*Visions of Mana*.”

**Digital Entertainment**

MMO Launching latest “FINAL FANTASY XIV” expansion pack in Q2  
 Net Sales: ¥32.4 billion (Prior FY: ¥23.5 billion/ up ¥8.9 billion YoY)  
 Operating Income: ¥13.1 billion (Prior FY: ¥9.3 billion/ up ¥3.8 billion YoY)

Main titles in operation

FINAL FANTASY XIV: DAWNTRAIL  
 Launched on Jul 2, 2024

FINAL FANTASY XIV: ENDERBORN  
 Launched on Jul 16, 2021

The MMO sub-segment recorded net sales of ¥32.4 billion (up ¥8.5 billion YoY) and operating income of ¥13.1 billion (up ¥3.8 billion YoY) due to the July 2024 launch of “*Dawntrail*,” the latest “*FINAL FANTASY XIV*” expansion pack.

Sales of “*DRAGON QUEST X ONLINE*” are also trending well following a major update in July 2024.

**Digital Entertainment**

Games for Smart Devices/PC Browser: Operating income down on weakness in existing titles and royalty revenue recognized in previous year  
 Net Sales: ¥38.2 billion (Prior FY: ¥54.4 billion/ down ¥16.2 billion YoY)  
 Operating Income: ¥4.8 billion (Prior FY: ¥9.7 billion/ down ¥4.9 billion YoY)

Major Operating Titles (Month and year indicate each title's launch timing)

The Games for Smart Devices/PC Browser sub-segment posted net sales of ¥38.2 billion (down ¥16.2 billion YoY) and operating income of ¥4.8 billion (down ¥4.9 billion YoY). The YoY declines in both sales and profit reflect the lack of new title launches in 1H, weakness in certain existing titles, and one-off royalty income recorded in 1H FY2024/3. Sales of our main existing titles remain solid.

**Digital Entertainment**

-Units Sold by Region-

Units Sold = Packaged + Downloads  
 Packaged: Unit sales of packaged software sold in the fiscal year  
 Downloads: Unit sales of downloaded software sold in the fiscal year

| Region               | FY2024/3 1H |          |       | FY2023/3 1H |          |       |
|----------------------|-------------|----------|-------|-------------|----------|-------|
|                      | Packaged    | Download | Total | Packaged    | Download | Total |
| Japan                | 0.68        | 2.25     | 2.93  | 0.79        | 1.87     | 2.66  |
| North America/Europe | 1.06        | 6.11     | 7.17  | 0.93        | 6.35     | 7.28  |
| Asia, etc.           | 0.38        | 1.15     | 1.53  | 0.38        | 1.18     | 1.56  |
| Total                | 2.12        | 9.51     | 11.63 | 2.10        | 9.40     | 11.50 |

Total units sold in our Digital Entertainment segment came to 10.69 million (down 1.48 million units YoY).

The number of packaged software units sold declined YoY due to major title launches in 1H FY2024/3. Meanwhile, the number of software downloads (units sold) increased in North America/Europe and Asia compared with the previous year due to higher sales of catalog titles.

**Amusement**

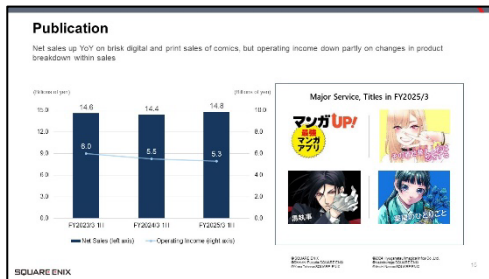
Net sales and operating income up YoY due to rise in same-store sales

| Fiscal Year | Net Sales (¥ billion) | Operating Income (¥ billion) |
|-------------|-----------------------|------------------------------|
| FY2023/3 1H | 25.8                  | 2.5                          |
| FY2024/3 1H | 28.4                  | 3.2                          |
| FY2025/3 1H | 36.2                  | 4.2                          |

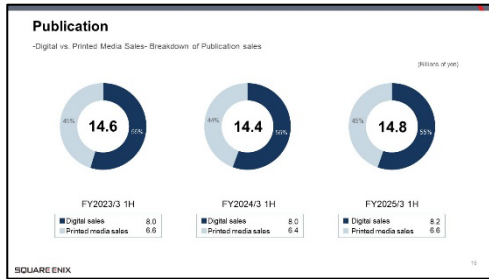
The Amusement segment posted net sales of ¥36.2 billion (up ¥7.8 billion YoY) and operating income of ¥4.2 billion (up ¥1.0 billion YoY). Growth in sales and profit was driven by higher same-store sales and a rise in amusement machine sales versus the previous year.

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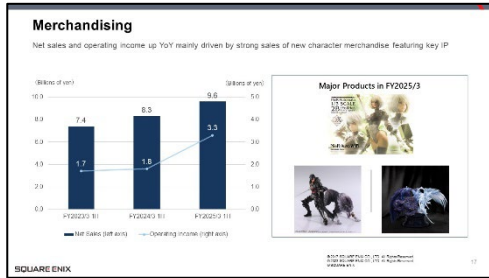
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In the Publication segment, net sales were ¥14.8 billion (up ¥0.4 billion YoY) and operating income was ¥5.3 billion (down ¥0.2 billion YoY). With sales currently robust, we have been focusing on various initiatives aimed at further increasing the number of new titles in comics and other genres, and this resulted in a slight decline in profits.



This slide shows a breakdown of the Publication segment’s net sales. There was no major change in the structure of either the print or the digital business, with both remaining firm.



The Merchandising segment booked net sales of ¥9.6 billion (up ¥1.3 billion YoY) and operating income of ¥3.3 billion (up ¥1.5 billion) on strong sales of high value-added products. We will continue our efforts to bolster the segment further under our medium-term business plan (FY2025/3-FY2027/3) strategy of “diversifying earnings opportunities by strengthening customer contact points.”



This concludes my presentation on 1H results.

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SQUARE ENIX HOLDINGS CO., LTD.

1H FY2025/3 Financial Results Briefing Session Q&A

Date/Time: November 8, 2024 (Fri.); 7:00-8:00 pm (JST)

Main Speaker: Takashi Kiryu, President and Representative Director

**Q&A**

**Q: How do you expect the HD Game sub-segment to trend in Q3 and beyond?**

A: I will outline our expectations for the titles we plan to launch in Q3.

- *“Romancing SaGa 2: Revenge of the Seven”* (October 24, 2024 launch): We are seeing good feedback from customers and on social media platforms, so we anticipate a solid performance in line with our expectations.
- *“Life is Strange: Double Exposure”* (October 30, 2024 launch): We tend to grow sales of titles in this series over a relatively long span of time, but this latest installment has sharply divided opinion on some websites and the like. As such, we need to carefully monitor how it performs going forward. We intend to especially closely monitor how the title performs during the November-December holiday season in its main target markets of North America and Europe.
- *“DRAGON QUEST III HD-2D Remake”* (November 14, 2024 launch): While we need to wait and see how it does once it has launched, pre-orders and the feedback that we are seeing from various quarters suggest strong potential, especially in Japan. What we are seeing overseas is also basically in line with our expectations, so our hopes are high.

**Q: How do you expect the MMO sub-segment to perform in Q3 and beyond?**

A: We amortized development costs and recognized advertising spending related to the launch of *“FINAL FANTASY XIV: Dawntrail”* in Q2, but we expect a solid performance in Q3 and thereafter. We cannot directly compare the performances of *“Dawntrail”* and the previous expansion pack *“FINAL FANTASY XIV: Endwalker”* (launched December 2021) given that *“Endwalker”* benefitted from pandemic lockdown demand and from marking the culmination of the tale of Hydaelyn and Zodiark. However, we are seeing a similar level of excitement build up around *“Dawntrail”* as well. We intend to work to maintain the stability of the game by continuing regular releases of content that satisfies our customers and meets their expectations.

*“DRAGON QUEST X ONLINE”* is also delivering a stable performance following the release of an expansion pack in March 2024 and a major update in July.

**Q: The HD Game sub-segment booked an operating loss of ¥1.2 billion in Q2. If there were any contributors to that other than the sluggish sales of “Visions of Mana,” could you share what those were?**

A: The sluggish sales of the title you named were the primary factor behind the operating loss in Q2.

**Q: How have sales of the PC version of “FINAL FANTASY XVI” been since you launched it in September 2024?**

A: The title had little impact on Q2 earnings as it was not released until late September. Our understanding is that it has been well received by customers, so we intend to closely monitor how well it sells in Q3 and thereafter. Given that it is the latest numbered title in our “FINAL FANTASY” franchise, we intend to continue to focus on growth of sales of “FINAL FANTASY XVI.”

**Q: Could you share your earnings outlook for the Games for Smart Devices/PC Browser sub-segment in Q3 and beyond?**

A: We began pre-registration for a new title called “Emberstoria” in October 2024. The title represents a completely new piece of IP for us, and we are taking on the genre of real-time strategy games, which is one in which we have relatively little experience. We intend to launch the title before FY2025/3 is out, and we see its performance as one potential earnings variable in Q3 and thereafter.