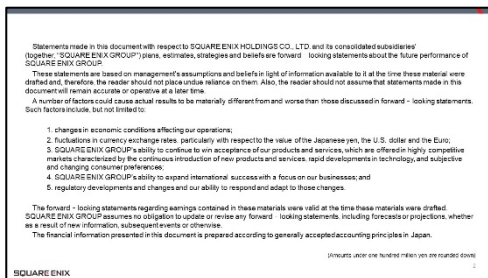




We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the first to third quarters of the fiscal year ending March 31, 2025 (“Q1-Q3 FY2025/3”).

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

Mr. Kiryu will provide an overview of the Company’s financial results for Q1-Q3 FY2025/3 and describe the progress made by each of the Company’s business segments.



First of all, I would like to run you through an overview of our Q1-Q3 FY2025/3 results.



Consolidated Statement of Income Q3 FY2025/3

	Fiscal Year Ended March 31, 2024		Fiscal Year Ending March 31, 2025		
	Q1-Q3	Full Year Results	Q1-Q3	Changes	Full Year Forecasts
Net Sales	257.6	356.3	248.5	(9.1)	310.0 (48.3)
Operating Income	34.9	32.5	33.3	(1.6)	40.0 7.5
Operating Income Margin	13.6%	9.1%	13.4%	(0.2pt)	12.9% 3.8pt
Ordinary Income	40.9	41.5	37.7	(3.2)	40.0 (1.5)
Ordinary Income Margin	15.9%	11.7%	15.2%	(0.7pt)	12.9% 1.2pt
Profit attributable to owners of parent	26.7	14.9	24.7	(2.0)	28.0 13.1

In Q1-Q3 FY2025/3, the Company booked consolidated net sales of ¥248.5 billion (down ¥9.1 billion YoY), operating income of ¥33.3 billion (down ¥1.6 billion), ordinary income of ¥37.7 billion (down ¥3.2 billion), and profit attributable to owners of parent of ¥24.7 billion (down ¥2.0 billion).

Consolidated Statement of Income Fiscal Year Q3 FY2025 by Business Segment

	Fiscal Year Ended March 31, 2024		Fiscal Year Ending March 31, 2025		
	Q1-Q3	Q1-Q3	Q1-Q3	Changes	
Net sales	257.6	248.5	248.5	(9.1)	
Digital Entertainment	141.0	140.3	135.0	(5.0)	(5.1)
Amusement	44.9	53.4	53.4	8.5	(8.5)
Publication	25.7	22.2	22.2	(3.5)	
Merchandise	19.4	14.6	14.6	(4.8)	7.4
Licenses or unaffiliated	(9.0)	(2.9)	(2.9)	(6.1)	
Operating income	34.9	33.3	33.3	(1.6)	
Digital Entertainment	30.7	27.8	27.8	(2.9)	(2.9)
Amusement	5.1	5.9	5.9	0.8	
Publication	8.0	7.9	7.9	(0.1)	
Merchandise	12.2	6.9	6.9	(5.3)	
Licenses or unaffiliated	(13.4)	(23.3)	(23.3)	(9.9)	
Operating income margin	13.6%	13.4%	13.4%	(0.2pt)	
Digital Entertainment	17.1%	17.2%	17.2%	0.2pt	
Amusement	13.1%	11.0%	11.0%	(2.1pt)	
Publication	30.2%	29.6%	29.6%	(0.7pt)	
Merchandise	25.8%	33.0%	33.0%	7.2pt	
Licenses or unaffiliated	-	-	-	-	

This is the breakdown of our results by segment.

Declines in Digital Entertainment segment net sales and operating income versus the previous year led to lower net sales and operating income on a consolidated basis as well.

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Consolidated Balance Sheet as of December 31, 2024

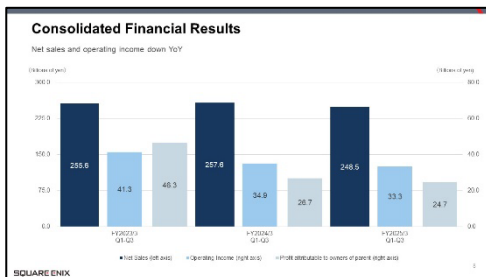
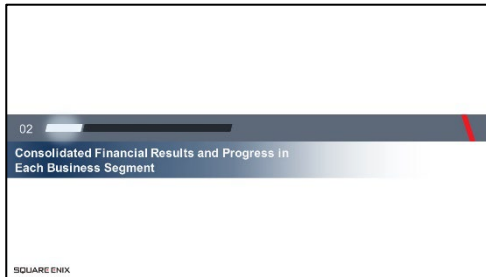
Account	Assets			Account	Liabilities and Net Assets		
	03/2024	12/2024	Changes		03/2024	12/2024	Changes
Cash and deposits	225.9	237.9	11.7	Notes and accounts payable	24.3	22.9	(1.4)
Notes and accounts receivable	11.8	11.3	(0.5)	Income taxes payable	8.9	8.9	0.0
Investments	5.7	7.1	1.4	Deferred liabilities	4.5	3.7	(0.7)
Contract production amount	48.5	48.5	0.0	Others	45.1	38.1	(7.0)
Others	14.3	17.7	(1.0)	Total Current Liabilities	81.8	74.3	(7.5)
Total Current Assets	339.2	350.4	11.2	Non-current Liabilities	12.1	14.1	2.0
Property and equipment	23.1	22.6	(0.5)	Total Liabilities	93.7	88.4	(5.3)
Intangible Assets	5.8	5.8	0.0	Shareholders' Equity	225.2	243.8	18.6
Investments and other assets	(2.8)	(3.8)	(1.0)	Others	(8.1)	(7.6)	0.5
Total Non-current Assets	24.3	24.6	0.3	Total Net Assets	317.1	335.7	18.6
Total Assets	419.8	421.9	19.7	Total Liabilities and Net Assets	419.8	421.9	19.7

This slide shows our consolidated balance sheet.

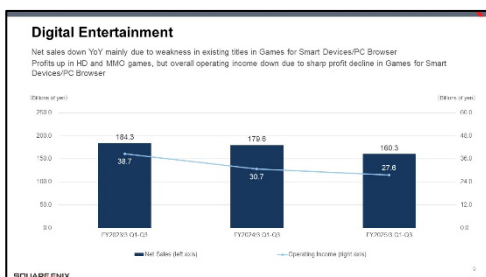
Cash and deposits increased ¥11.7 billion versus the end of FY2024/3 to ¥237.6 billion.

Our content production account was roughly level with the end of FY2024/3 at ¥48.5 billion, mainly due to the launch of several new HD game titles during the Q1-Q3 period.

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

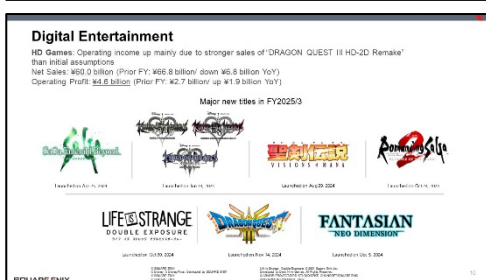


Our consolidated net sales, operating income, and profit attributable to owners of parent were the lowest we have booked in the most recent three years.



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

Q1-Q3 net sales and operating income declined YoY. However, the operating income margin improved to 17.3%, reflecting some success in efforts to increase profitability.



The HD Game sub-segment posted net sales of ¥60.0 billion (down ¥6.8 billion YoY) and operating income of ¥4.6 billion (up ¥1.9 billion YoY).

In Q1-Q3, net sales declined due to lower sales of new titles in comparison with the previous year, which saw the release of titles including "FINAL FANTASY XVI." However, profits increased as "DRAGON QUEST III HD-2D Remake" exceeded our initial expectations, offsetting weak sales of "Life is Strange: Double Exposure."

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Digital Entertainment

MMO Operating income up on launch of latest "FINAL FANTASY XIV" expansion pack
 Net Sales: ¥44.0 billion (Prior FY: ¥34.8 billion/ up ¥9.2 billion YoY)
 Operating Income: ¥17.3 billion (Prior FY: ¥14.4 billion/ up ¥2.9 billion YoY)

Main titles in operation

"FINAL FANTASY XIV" LATEST EXPANSION PACK "DAWNTRAIL" Launched on Jul 2, 2024

Latest Major Update "DRAGON QUEST X ONLINE" Launched on Jan 29, 2025

The MMO sub-segment recorded growth in net sales to ¥44.0 billion (up ¥9.2 billion YoY) and in operating income to ¥17.3 billion (up ¥2.9 billion YoY) on the launch of the latest "FINAL FANTASY XIV" expansion pack.

Sales of "DRAGON QUEST X ONLINE" are also trending well following a major update in January 2025.

Digital Entertainment

Games for Smart Devices/PC Browser: Operating income sharply down on weakness in existing titles, royalty revenue recognized the previous fiscal year, and a content production account valuation write-down
 Net Sales: ¥55.3 billion (Prior FY: ¥78.0 billion/ down ¥22.7 billion YoY)
 Operating Income: ¥5.6 billion (Prior FY: ¥13.5 billion/ down ¥7.9 billion YoY)

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

Major titles include: Final Fantasy Record Keeper, Final Fantasy Tactics, Final Fantasy Brave Exvius, Final Fantasy Record Keeper, Final Fantasy Tactics, Final Fantasy Brave Exvius, Final Fantasy Record Keeper, Final Fantasy Tactics, Final Fantasy Brave Exvius, Final Fantasy Record Keeper, Final Fantasy Tactics, Final Fantasy Brave Exvius.

The Games for Smart Devices/PC Browser sub-segment posted net sales of ¥55.3 billion (down ¥21.7 billion YoY) and operating income of ¥5.6 billion (down ¥7.9 billion YoY). The substantial YoY declines in both sales and profit owed to weakness in existing titles, one-off royalty income recorded in Q1-Q3 FY2024/3, and valuation write-downs that we took after having reassessed the potential of some of the titles in our pipeline to become long runners.

"Emberstoria," which launched in November 2024, is performing well at present, but maintaining active user numbers remains crucial, and we will continue to monitor trends closely.

Despite the decline in sales, we are seeing improvements in underlying profitability, excluding the impact of valuation write-downs, as we make steady progress on cost optimization. We continue to focus on improving the profitability of the titles that we operate as we work to secure a certain level of profit.

Total units sold in our Digital Entertainment segment came to 20.01 million (up 1.50 million units YoY).

The number of software downloads (units sold) increased in North America/Europe and Asia compared with the previous year due to growth in catalog title sales.

Digital Entertainment

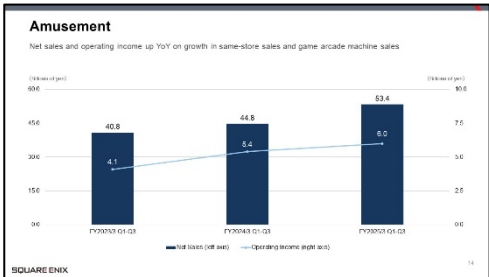
-Units Sold by Region-

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

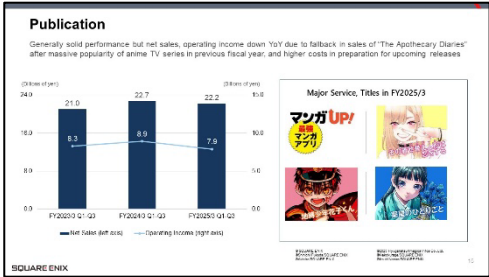
Region	FY2024/3 Q1-Q3			FY2023/2 Q1-Q3		
	Packaged	Download	Total	Packaged	Download	Total
Japan	1.36	3.15	4.77	1.84	3.71	5.56
North America/Europe	2.21	9.79	11.42	1.34	13.79	12.22
Asia, etc.	0.62	1.70	2.31	0.35	1.99	2.23
Total	4.19	14.32	18.81	4.83	19.39	20.81

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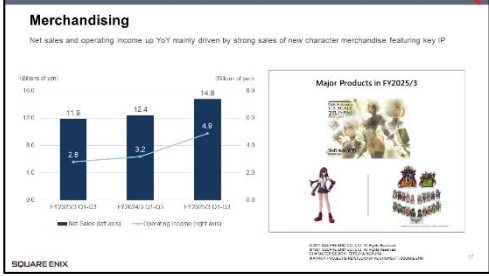
The Amusement segment posted net sales of ¥53.4 billion (up ¥8.6 billion YoY) and operating income of ¥6.0 billion (up ¥0.6 billion YoY). Growth in sales and profit was driven by higher same-store sales and a rise in amusement machine sales versus the previous year.



In the Publication segment, net sales were ¥22.2 billion (down ¥0.5 billion YoY) and operating income was ¥7.9 billion (down ¥1.0 billion YoY). The decline in sales and profit resulted from a fallback in sales of "The Apothecary Diaries" after its anime TV series led to the title's massive popularity last fiscal year, as well as from upfront investments aimed at generating future growth.



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 ¥14.8 billion (up ¥2.4 billion YoY) and operating income of ¥4.9 billion (up ¥1.7 billion) on strong sales of high value-added products. Sales and profit increased due to strong sales of character merchandise featuring our IP and to licensing revenues generated by the use of our IP in concerts overseas.

We continue to work on maintaining and expanding growth through our focus on leveraging the strength of our key IP across a range of entertainment experiences.

This concludes my presentation on Q1-Q3 FY2025/3 results.

SQUARE ENIX
 Financial Results Briefing Session
 Nine-Month Period Ended December 31, 2024
 February 7, 2025

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SQUARE ENIX HOLDINGS CO., LTD.

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

Date/Time: February 7, 2025 (Fri.); 7:00-8:00 pm (JST)

Main Speaker: Takashi Kiryu, President and Representative Director

Q&A

Q: What is the likelihood that you achieve your full-year guidance based on earnings progress in Q1-Q3?

A: In terms of variables that could affect Q4 earnings, particularly to the downside, I would note that scrutinizing our pipelines in the HD Game and Smart Devices/PC Browser sub-segments could potentially result in valuation write-downs. As such, we have left our full-year guidance unchanged.

Q: How are you progressing with growing sales of “FINAL FANTASY XVI?”

A: Feedback from users on the game has been extremely good. We did not reach the level of sales that we had targeted at the outset, but we achieved a great deal in terms of raising skill levels within our in-house development team by developing a game that made full use of the performance capabilities offered by what was at the time the most cutting-edge hardware.

Q: To what degree have the weak sales of “Life is Strange: Double Exposure” impacted your earnings?

A: They have acted as a fairly substantial drag on our earnings as sales have been very poor despite development costs having exceeded what would be typical for a mid-tier title.

Q: What are you looking to work on in FY2026/3 from a management perspective?

A: There are three main things. The first is improving profitability in the HD Game and Smart Devices/PC Browser sub-segments. In HD Games in particular, we plan to step up our initiatives aimed at maximizing sales and optimizing costs. The second is to grow sales of our catalog titles. The third is maintaining and building on the brisk momentum we are currently seeing in the Merchandising segment. We are looking to create further earnings opportunities by offering our IP across a broader range of entertainment experiences.

Q: Why did the MMO sub-segment post a YoY decline in operating income in Q3?

A: Profit declined because operating costs were higher this fiscal year than in FY2024/3, when we treated expansion pack development costs as work-in-progress (WIP).