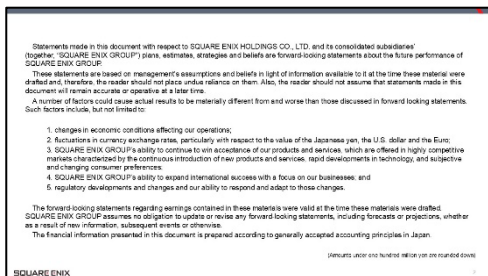


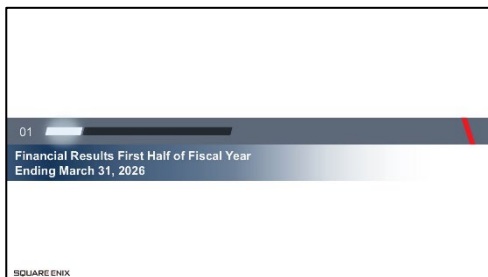


We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the first half of the fiscal year ending March 31, 2026 (“1H FY2026/3”).

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



President Kiryu will provide an overview of the Company’s financial results for 1H FY2026/3, as well as of our progress in each business segment.



First, we will explain the 1H FY2026/3 performance from a quantitative perspective.

Consolidated Statement of Income FY2026/3 1H (Values of ¥ bn)

	Fiscal Year Ended March 31, 2025		Fiscal Year Ending March 31, 2026			
	1H	Full Year Results	1H	Changes	Revised Full Year Forecasts	Changes
Net Sales	157.5	324.5	133.8	(23.7)	280.0	(44.5)
Operating Income	21.1	40.5	27.2	6.1	41.0	0.5
Operating Income Margin	13.4%	12.5%	20.4%	7.0pt	14.6%	2.1pt
Ordinary Income	18.1	40.9	28.5	10.4	41.0	0.1
Ordinary Income Margin	11.5%	12.6%	21.3%	9.8pt	14.6%	2.0pt
Profit attributable to owners of parent	11.7	24.4	10.0	(1.7)	16.9	(7.5)

Consolidated results for the 1H FY2026/3 were: net sales of ¥ 133.8 billion (down ¥ 23.7 billion YoY), operating income of ¥ 27.2 billion (up ¥ 6.1 billion YoY), ordinary income of ¥ 28.5 billion (up ¥ 10.4 billion YoY), and profit attributable to owners of the parent of ¥ 10.0 billion (down ¥ 1.7 billion YoY). Operating income and ordinary income increased significantly, and we recognize that business progress in the first half was at a very favorable level.

As for profit attributable to owners of the parent, as the period positioned as the “three years to reboot” under the current medium-term business plan enters its latter half, the results reflect the outcomes of initiatives implemented in the first half, including organizational restructuring in overseas businesses. Details will be explained later in the section on the medium-term business plan update.

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Consolidated Statement of Income Fiscal Year 1H FY2026 by Business Segment (Values in ¥Bil)

	Fiscal Year Ended March 31, 2026		Fiscal Year Ending March 31, 2025		Changes
	1H	9M	1H	9M	
Net sales	192.8	581.1	153.8	470.0	(22.7)
Digital Entertainment	99.1	291.1	70.0	215.1	(11.7)
Amusement	39.2	118.1	31.5	94.3	(1.7)
Publication	14.0	43.0	14.8	43.4	(0.4)
Merchandising	34.0	102.0	22.1	67.2	3.1
Limitations or unallocated	(11.2)	-	(6.6)	-	0.4
Operating income	21.1	67.2	27.2	81.5	(6.5)
Digital Entertainment	15.8	47.8	20.0	57.7	(3.7)
Amusement	1.2	3.7	1.2	3.8	0.0
Publication	5.3	15.7	4.7	13.5	(0.5)
Merchandising	3.3	10.0	6.7	19.5	3.4
Limitations or unallocated	-	-	-	-	-
Operating income margin	13.4%	11.6%	20.4%	17.3%	-7.0pt
Digital Entertainment	17.2%	16.4%	27.5%	24.1%	-10.3pt
Amusement	18.7%	18.7%	19.9%	19.2%	0.26pt
Publication	38.2%	36.5%	32.2%	31.3%	4.9pt
Merchandising	35.2%	33.0%	53.0%	48.3%	-18.1pt
Limitations or unallocated	-	-	-	-	-

By segment, net sales, operating income, and operating margin resulted overall in lower sales but higher profits. Operating income in the Digital Entertainment segment and the Merchandising segment increased by ¥ 3.2 billion and ¥ 3.4 billion, respectively, for a combined positive impact of ¥ 6.6 billion, which largely drove the increase in first-half profits.

The Amusement and Publication segments also continued to make steady progress, and we recognize that overall business performance for the first half, including the 1H FY2026/3, was at a favorable level.

Consolidated Balance Sheet as of September 30, 2025 (Values in ¥Bil)

Account	Assets			Liabilities and Net Assets			
	03/2025	09/2025	Changes	Account	03/2025	09/2025	Changes
Cash and deposits	217.7	243.3	(4.4)	Notes and accounts payable	17.4	16.0	(0.1)
Notes and accounts receivable	33.1	31.1	(2.0)	Income taxes payable	7.5	6.6	2.1
Investments	5.6	6.8	1.2	Related liabilities	2.7	1.7	(1.0)
Content production amount	66.0	43.9	3.0	Others	14.6	17.8	(6.0)
Others	10.9	9.6	(1.6)	Total Current Liabilities	47.3	41.2	(6.1)
Total Current Assets	344.6	341.2	(3.2)	Non-current Liabilities	13.4	14.6	2.1
Property and equipment	27.0	29.3	3.1	Total Liabilities	79.7	76.8	(2.9)
Intangible Assets	4.8	4.6	(0.2)	Shareholders' Equity	343.7	342.2	(1.5)
Investments and other assets	36.9	35.1	(3.6)	Others	(7.3)	(6.4)	(1.1)
Total Non-current Assets	71.8	68.3	(3.2)	Total Net Assets	336.3	333.8	(2.6)
Total Assets	416.1	409.8	(6.4)	Total Liabilities and Net Assets	416.1	409.8	(6.4)

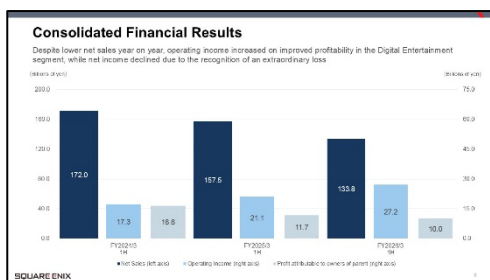
On the consolidated balance sheet, content production account increased by ¥ 3.0 billion. While we recorded a portion of extraordinary losses related to content production account in connection with the overseas organizational restructuring, development of titles in the pipeline from a medium- to long-term perspective continues to progress steadily.

As a result of these increases and decreases, the balance of content production costs stood at ¥ 49.9 billion as of the end of September.

Next, we will discuss consolidated results and the status of each segment.

Consolidated Financial Results and Progress in Each Business Segment

SQUARE ENIX



For consolidated results, we recorded operating income of ¥ 27.2 billion in the first half. As we continue to review the business structure, we recognize that we have moved from a recovery phase to a stage in which tangible results are becoming visible. On the other hand, net sales declined. This was due to revisions to the title release strategy, particularly in the smart device area, under the policy of shifting “from quantity to quality,” as well as factors related to the pipeline composition. However, considering

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profitability and unit sales trends, we recognize that the current net sales level is within our expectations.

Operating income in the Digital Entertainment segment was ¥ 20.0 billion.

Net sales came in at ¥ 73.0 billion, reflecting the reactionary decline following the prior fiscal year (FY2025/3) release of the MMO expansion package *FINAL FANTASY XIV: Dawntrail*, as well as revisions to the title mix under the “from quantity to quality” policy and factors related to pipeline composition.

Next, we will explain the status of HD games.

In HD games, we released *FINAL FANTASY TACTICS - The Ivalice Chronicles* in the first half, and strong initial sales contributed to improved performance.

In addition to steady performance from new titles, net sales from catalog titles also exceeded the prior year. As a result, while operating income was a loss of ¥ 1.2 billion in the prior year, performance improved by ¥ 6.2 billion, and operating income was ¥ 5.0 billion.

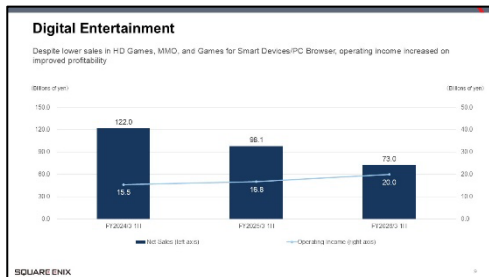
Net sales decreased by ¥ 3.5 billion; however, given that the only brand-new title released in the first half was *FINAL FANTASY TACTICS - The Ivalice Chronicles*, we recognize that HD game sales trends remained solid.

In the second half, we plan to launch multiple titles. In the third and fourth quarters, particularly the fourth quarter, we believe that, in addition to *DRAGON QUEST I & II HD-2D Remake*, which was released in October, sales trends for *DRAGON QUEST VII Reimagined* will be important.

Next, we will explain the status of MMO sub-segment.

For MMOs, results reflected a reactionary decline following the release of the expansion package *FINAL FANTASY XIV: Dawntrail* in July 2024 and were largely in line with expectations.

Operating income was ¥ 7.8 billion, a decrease of ¥ 5.3 billion compared with the prior year in which the expansion package was



Digital Entertainment
 HD Games: Supported by solid sales of new titles and higher catalog sales YoY, the segment returned to profitability
 Net Sales: ¥24.0 billion (Prior FY: ¥27.5 billion) down ¥3.5 billion YoY
 Operating Profit: ¥5.0 billion (Prior FY: Operating loss ¥1.2 billion) up ¥6.2 billion YoY

Major New Titles in FY2026/3

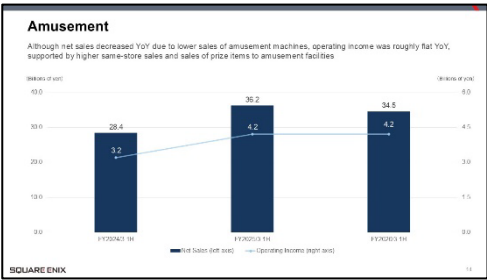
- Brave Frontier 4 (Released on 12/17/2025)
- FINAL FANTASY TACTICS - The Ivalice Chronicles (Released on 11/11/2025)
- FINAL FANTASY XIV: Dawntrail (Released on 07/16/2024)
- FINAL FANTASY VII REBIRTH (Released on 06/23/2022)
- FINAL FANTASY XVI (Released on 06/23/2024)
- FINAL FANTASY XV REMASTERED (Released on 06/23/2024)
- FINAL FANTASY XIV: ENDWALKER (Released on 07/16/2024)

Digital Entertainment
 MMO: Due to the release of the FINAL FANTASY XIV expansion pack in the previous year, both net sales and operating income decreased YoY
 Net Sales: ¥19.0 billion (Prior FY: ¥12.4 billion) down ¥6.5 billion YoY
 Operating Income: ¥7.8 billion (Prior FY: ¥13.1 billion) down ¥5.3 billion YoY

Main Titles in Operation

- FINAL FANTASY XIV: Dawntrail (Released on August 17, 2024)
- FINAL FANTASY XIV: Endwalker (Released on August 21, 2023)

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Next, we will explain the Amusement segment.

Net sales declined YoY due to a reactionary decline following strong sales of amusement machines to third parties in the prior year (FY2025/3). Meanwhile, same-store sales in TAITO’s core amusement facility operations and sales of prizes for amusement facilities exceeded the prior year, and operating income was maintained at the prior-year level.

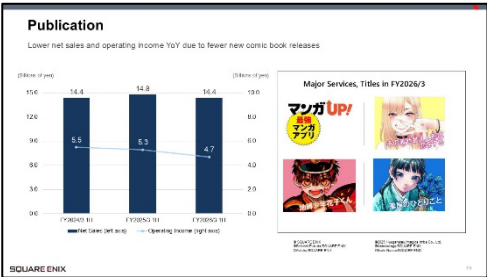
We are also continuing efforts to expand revenue opportunities through intragroup collaboration, including machine sales. We will explain these initiatives in the medium-term business plan update.

We will now explain the Publication segment. The Publication segment recorded decreases in both net sales and operating income YoY.

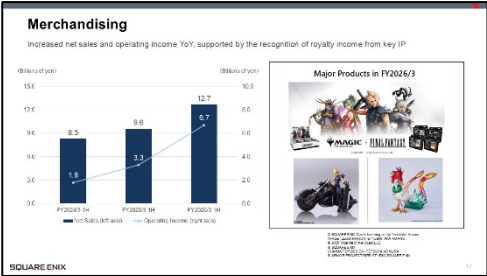
This was mainly due to a lower number of new comic releases compared with the prior-year period. On the other hand, we plan to release a strong lineup of new titles in the second half, and at this point we do not see a need for excessive concern regarding the full-year impact.

Operating income was also affected by proactive upfront investment and resource expansion aimed at the next phase of growth, and we view performance as progressing as planned.

There was no significant change in the sales mix between digital and printed media.



Finally, we will explain the Merchandising segment. Net sales were ¥ 12.7 billion and operating income was ¥ 6.7 billion, representing a significant increase in both sales and profits. Along with the Digital Entertainment segment, this contributed to higher first-half earnings.

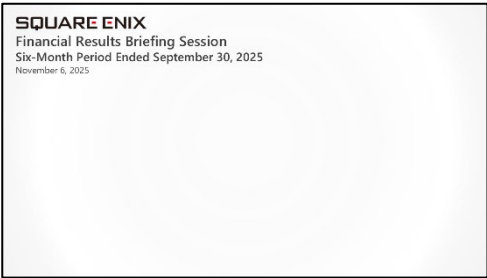


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The main factor behind the increase in operating income was royalty income from the collaboration with *Magic: The Gathering*, which we have referred to since the first quarter.

However, considering the characteristics of trading card games and the related business terms, we believe it will be difficult to expect the same upside seen in the first half to continue into the second half and beyond. For the full-year results, we aim to achieve a level of performance that reflects the business's underlying earnings base plus additional royalty income.

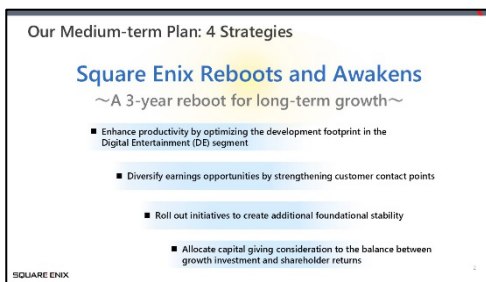
With that, we conclude our presentation of our financial results for 1H FY2026/3.



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We will now move on to the progress update of the medium-term business plan.



In May 2024, under the theme “Square Enix Reboots and Awakens,” we explained our approach of executing various initiatives over three years based on four strategies, thereby building a foundation for the subsequent three years.

The 1H FY2026/3 marks the midpoint of these three years. In this progress update, we will look back on the past 18 months of initiatives and explain the outcomes achieved to date.

First, regarding the first strategy, “Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment,” we continue to advance the optimization of the portfolio of titles developed in Japan.

With respect to improving profitability in Smart Devices/PC Browser, we have promoted a combination of measures, including the shift from quantity to quality and the introduction of out-of-app payments. These initiatives are reflected in the 1H FY2026/3 results.

We have also implemented a “reviewing and optimization of the development organizational structure at overseas studios.” With this, we will steadily strengthen our footing for the latter half of the three-year reboot period.

Next, regarding “Diversify earnings opportunities by strengthening customer contact points,” we are promoting a multi-platform strategy for HD titles. Rather than supplying titles exclusively to a specific platform, we are expanding availability across multiple platforms, including PC.

In addition, as mentioned in the unit sales discussion, we are working to expand our catalog titles to a wider customer base and to increase awareness of our IP.

Furthermore, through collaboration across group businesses, we are advancing coordination and cross-media initiatives aimed at maximizing the value of our IP. By linking IP to customer contact points, we are expanding revenue opportunities and our fan base, and building a foundation for the next stage of growth.

The third strategy, “Roll out initiatives to create additional foundational stability,” includes efforts not only in the Digital Entertainment segment but also across other businesses to improve productivity through AI utilization. We have already begun initiatives in Japan and will introduce examples today.

In addition, we have started a fundamental structural reform of the overseas publishing organization and the accompanying optimization of SG&A expenses. We will explain this in a later section.

The fourth strategy, “Allocate capital giving consideration to the balance between growth investment and shareholder returns,” includes continued exploration of growth opportunities as well as the publication of a forecast dividend payout ratio exceeding 90%.

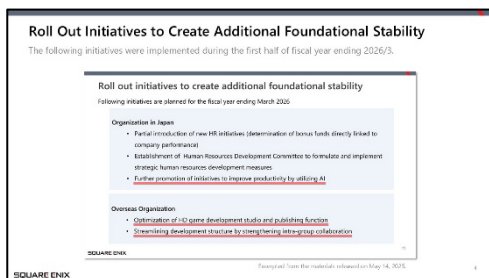
We also implemented a stock split in October 2025 to improve stock liquidity and broaden our investor base.

We will now explain each item in detail.

Mid-term Business Plan: First Year Results and Review	
Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment	<ul style="list-style-type: none"> • Continuous enhancement of the domestic studio development title portfolio • Improvement of SD business profitability • Review and optimization of overseas studio development organizational structures
Diversify earnings opportunities by strengthening customer contact points	<ul style="list-style-type: none"> • Promoting multi-platform distribution and catalog sales expansion for HD titles • Accelerating business collaboration and cross-media initiatives to maximize the value of group IPs
Roll out initiatives to create additional foundational stability	<ul style="list-style-type: none"> • Promoting AI Utilization in Japan • Implementing Fundamental Structural Reforms at Overseas Publishing Organizations and Optimizing SG&A Expenses
Allocate capital giving consideration to the balance between growth investment and shareholder returns	<ul style="list-style-type: none"> • Continuous exploration of growth investment opportunities and strengthening of shareholder returns through increased dividends • Enhancing stock liquidity and expansion of investor base through the implementation of stock split

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At the start of the second year of the medium-term business plan in May 2025, we presented our policy to execute the initiatives described in the plan in the fiscal year ending March 2026.

In Japan, we are advancing various initiatives to improve productivity through AI utilization. Overseas, in addition to optimizing HD game development studios and publishing functions, we have also begun improving the efficiency of development support structures through strengthened group collaboration.

In the 1H FY2026/3, we implemented concrete measures based on these policies, and will focus our explanation on those measures.



With respect to AI utilization in Japan, we have launched a joint research project with the University of Tokyo’s Matsuo-Iwasawa Laboratory (the “Matsuo Lab”) aimed at improving the efficiency of game development processes by leveraging AI technologies.

In this project, we aim to automate 70% of debugging work within QA (quality assurance), which accounts for a significant portion of game development workloads, by the end of 2027. A working team comprising our company and researchers from the Matsuo Lab is driving this research forward.

We also held a company-wide business idea contest themed around AI utilization. A wide range of ideas were submitted from dozens of departments, and multiple proposals were selected and are being advanced as concrete projects aimed at improving profitability. We plan to share these initiatives once outcomes are confirmed. In addition to collaboration with external partners, we are leveraging internal resources such as our engineers to build competitiveness in the AI domain.



In the fiscal year ending March 2026, we will undertake a major reorganization of overseas organizations as a key focus area.

In Japan, in 2024 we transitioned to a Creative Studio structure and consolidated marketing functions that had been dispersed across business divisions, introducing reporting lines intended to strengthen coordination with sales. Building on this, we will also implement a structural overhaul of overseas publishing functions.

This initiative has two objectives: (i) further strengthen global publishing capabilities, and (ii) improve efficiency.

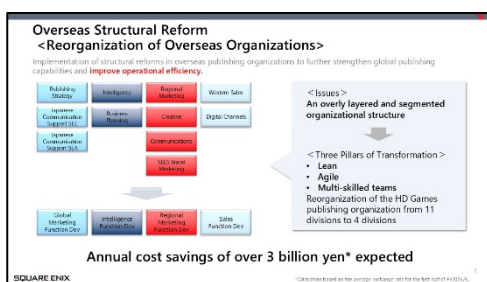
From the perspective of strengthening publishing capabilities, a key issue has been the need to shift away from product-out sales and marketing that depended heavily on strong products such as FINAL FANTASY and DRAGON QUEST.

In response, we will establish a framework that develops a comprehensive strategy to maximize product value globally, iteratively verifies and refines strategic hypotheses based on data, and executes accordingly in line with the characteristics of each region.

Specifically, we will newly establish the role of Global CMO and place global marketing strategy and data-related organizations under that role. By formulating strategic hypotheses globally and executing them in accordance with regional characteristics, we will reorganize the organization to maximize sales.

We have also reviewed the design of regional organizations. Previously, deep hierarchies and excessive functional fragmentation were identified as key issues.

To address these issues and improve efficiency, we have set “Lean,” “Agile,” and “Multi-skilled Teams” as three guiding principles. We will reorganize the current publishing organizations across Europe and the U.S. into four functions: (i) Global Marketing, (ii) Intelligence, (iii) Regional Marketing, and (iv) Sales. We will also optimize the organization.



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Through these measures, we expect cost reductions, including fixed costs, of more than ¥ 3.0 billion per year in the overseas publishing organization from next fiscal year onward.

In addition to improving efficiency, we will also aim to improve productivity tailored to regional characteristics based on the three pillars described above.

In addition to the publishing organization, we will also reorganize our overseas development structure (studios).

From the perspective of group-wide optimization, we have reviewed resource allocation that contributes to strengthening development capabilities, and we have re-sorted the optimal structure and development pipeline that lead to maximizing IP value, starting from the overseas business.

As a result of this review, we will close overseas development studios and shift to a policy of consolidating development bases for major titles in Japan as a general principle.

As part of this initiative, we will centralize IP management globally, which had previously been dispersed between overseas studios and Japan. We will also review and optimize development support functions such as localization and QA that had been scattered globally.

We expect related costs of ¥ 11.8 billion in FY2026/3 associated with the closure of overseas development studios and the reorganization/streamlining of publishing functions.

In parallel with reforms, we are also progressing with the development and strengthening of our development pipeline as an outcome. In Japan, in addition to titles already announced during the three-year reboot period, development is progressing on major unannounced titles. As shown in the trends in content production costs, development is progressing not only on major titles but also on other titles.

From FY2027/3 onward, we plan to release multiple major titles, as well as multiple new titles and multi-platform titles.

Overseas Structural Reform <Review of Development Structure>

Under the policy of shifting from quantity to quality, a selective and focused approach is being implemented. As a result of reviewing development titles and development structures in overseas operations, a restructuring expense of 11.8 billion yen is expected to be recorded in the fiscal year ending March 2026.

- To strengthen development capabilities from a Group-wide perspective and to optimize resource allocation for maximizing the value generated by IPs, a further review of the development pipeline was conducted. As a result, a decision was made to close overseas development studios and shift toward consolidating development functions in Japan.
- The management of IPs previously overseen by overseas development studios will be globally integrated.
- In addition, development support functions and personnel allocation, both in Japan and overseas, will be reviewed from the perspective of overall Group optimization.

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Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

- Establishment of a mid- to long-term pipeline to achieve the shift from quantity to quality.
- Aim to achieve stable launches of major titles centered on key IPs, following the three-year period of the current medium-term business plan.

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In particular, for the *FINAL FANTASY VII* remake project, with the final installment of the trilogy upcoming, we are advancing a strategy to broaden the fan base by making the first title, *FINAL FANTASY VII REMAKE*, and the second title, *FINAL FANTASY VII REBIRTH*, available on multiple platforms so that more players can enjoy them.



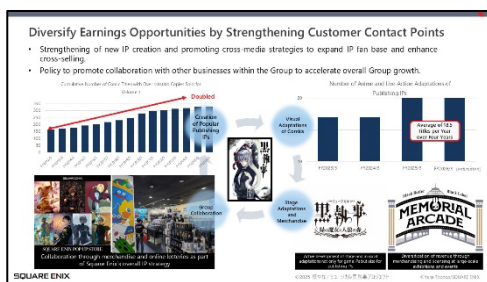
Unit sales of catalog titles increased by 31% compared with the first half of FY2024/3, prior to the start of the medium-term business plan.

As noted in the unit sales discussion combining HD games and MMOs, *FINAL FANTASY TACTICS - The Ivalice Chronicles* contributed significantly throughout the first half. In addition, the accumulation of unit sales across multiple catalog titles also contributed to improved profitability.



We are also strengthening customer contact points outside of games. As mentioned in the Merchandising segment section, in addition to initiatives with *Magic: The Gathering*, we are expanding contact points leveraging our IP through physical retail, cross-border e-commerce, capsule toys, and other channels.

Through these initiatives, we will continue to pursue expansion of revenue opportunities in the Merchandising segment.



As an example of cross-media development in the Publication segment, one of our strengths is the ability to challenge a large number of new IP in a short period of time.

As shown in the upper left of the materials, the number of comic titles with over 100,000 copies per volume has approximately doubled over the past 10 years. In addition, as shown on the right, adaptations of comics into video formats (anime/live action) average 18.5 titles per year over the past four years, indicating that our IP continues to be adapted on an ongoing basis. We are also expanding revenue opportunities through stage adaptations and merchandise development.

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As an example of intragroup collaboration, we have held joint Merchandising events leveraging IP such as 2B from *Nier:Automata*, Cloud Strife from *FINAL FANTASY VII*, *Black Butler*, and *Fullmetal Alchemist*, and are expanding our fan base through cross-business customer referrals from each business.

Through these initiatives, a cycle has been formed that expands IP value and leads to the next revenue opportunity, and we will continue such initiatives going forward.

Visual content is a highly important element in maximizing the value of our IP. *Daemons of the Shadow Realm (Yomi no Tsugai)* has exceeded 4 million copies in cumulative circulation, and its anime broadcast/streaming is scheduled to begin next year.

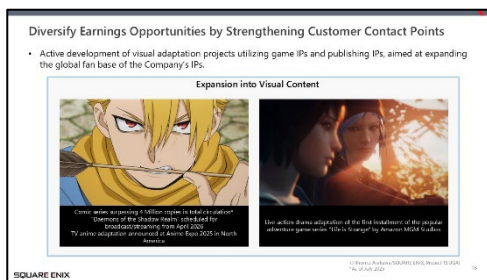
In addition, for *Life is Strange*, a live-action drama adaptation has been decided in collaboration with Amazon MGM Studios.

There are also multiple projects in progress prior to announcement, and we will continue to promote visual content development to maximize the value of our IP.

We are also working to further enhance the value and appeal of real-world amusement facilities (TAITO). First, we will expand the Japan-centered business globally in a franchise format, starting with Hong Kong and expanding primarily across Southeast Asia.

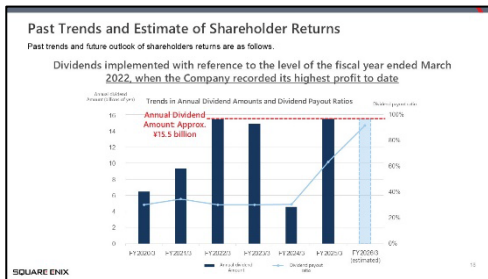
We will also leverage TAITO facilities in Japan and overseas to create meaningful real-world touchpoints between our IP and customers. For example, we will develop figures from *Daemons of the Shadow Realm (Yomi no Tsugai)* as amusement prizes under TAITO’s figure brand “DRESSTA,” and also sell Square Enix goods through in-facility retail operations.

In addition, collaboration with MD businesses in Japan and overseas is progressing, including sales of our licensed goods via the TAITO e-commerce site and expansion of TAITO goods in mainland China in collaboration with our China subsidiary.

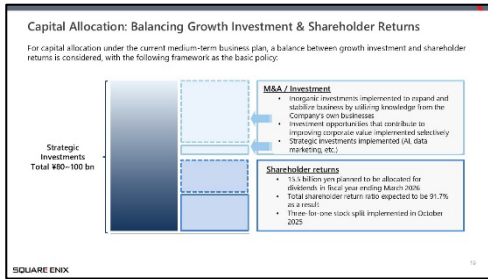


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Although profit attributable to owners of the parent was revised downward from the initial forecast, the annual dividend amount is being maintained at ¥ 15.5 billion.

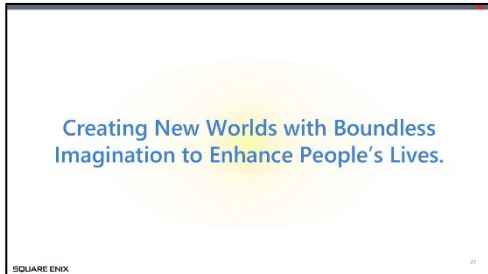


The total payout ratio for FY2026/3 is 91.7%. We will continue to pursue growth opportunities, including M&A investments, while maintaining an appropriate balance with ongoing shareholder returns.

Consolidated Financial Forecasts: Fiscal Year ending March 31, 2026

	Fiscal Year Ending March 31, 2026 (Billion of Yen)		Changes
	Initial Full-Year Plan	Revised Full-Year Plan	
Net Sales	280.0	280.0	—
Operating Income	41.0	41.0	—
Operating Income Margin	14.0%	14.0%	—
Ordinary Income	41.0	41.0	—
Ordinary Income Margin	14.0%	14.0%	—
Profit attributable to owners of parent	28.7	16.9	11.8
Dividends per share (Yen)			
Interim (before/after Stock Split)	54 / 18	54 / 18	—
Year-end (before/after Stock Split)	75 / 25	75 / 25	—
Total (before/after Stock Split)	129 / 43	129 / 43	—

For the consolidated earnings forecast, profit attributable to owners of the parent has been revised to reflect overseas organizational restructuring costs (impact amount of ¥ 11.8 billion). All other forecast figures remain unchanged.



This concludes the explanation of the 1H FY2026/3 results, including the progress update on the medium-term business plan.

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SQUARE ENIX HOLDINGS CO., LTD.

1H FY2026/3 Financial Results Briefing Session Q&A

Date/Time: November 6, 2025 (Thu); 7:00-8:00 pm (JST)

Main Speaker: Takashi Kiryu, President and Representative Director

Q&A

Q: With the closure of overseas studios and the review of the development structure, how will development headcount change? Is this a simple downsizing, or does it involve changes in content due to a review of staff allocation?

A: In conclusion, there will be no significant change, particularly for headcount engaged in internal development. The primary impact of the overseas studio closure is the review of the development structure centered on collaboration with external development companies.

With respect to internal development structures including Japan, the impact on the Square Enix Group overall is relatively limited, and we do not recognize this as causing any impediment to maintaining or strengthening development capabilities or the pipeline.

Q: Regarding the medium-term business plan, the first half appears to have involved bold actions such as pipeline reviews and organizational changes. What will be the focus in the second half? In addition, is it correct to understand that the focus will shift toward top-line growth in the latter half?

A: As priorities for the latter half, we will first focus on the major action taken this time, overseas organizational restructuring, particularly the enhancement of publishing capabilities, and address it with full commitment. Regarding the development structure, while we made major changes overseas, in Japan we have been operating under the new structure since the introduction of the Creative Studio system last year. Titles that have progressed under this structure are now entering the phase in which they will be launched sequentially after the three-year period positioned in the medium-term business plan, and from next fiscal year onward we will enter the most important final polishing stage. We will focus on translating the shift from quantity to quality into a level of quality that customers can fully accept.

Based on this, during the remaining plan period we will place particular emphasis on: (i) enhancing the overseas, and ultimately global, publishing structure, and (ii) polishing the current pipeline. In addition, we will promote initiatives to enhance value in businesses such as Publishing and Amusement, which create new IP and have customer contact points different from games.

Q: About ¥ 12.0 billion of costs have been recorded in connection with the organizational restructuring centered on overseas businesses. Can this be regarded as a milestone in the structural reform? Restructuring and impairment-related losses accompanied by special losses have been recorded almost every year to date. From the perspective of earnings stability going forward, is it correct to understand that this is effectively the final phase?

A: About two years ago, we explained the results of our pipeline review looking ahead to FY2028/3 and beyond. This time, looking toward growth in the next three years, we reviewed the way the business should be, centered on overseas business, while also considering the current pipeline, and implemented the necessary measures as a result. From a time-horizon perspective, we have executed various initiatives intensively in the first half of the three-year reboot period, and based on this positioning, we view this response as a milestone for the structural reform.

Q: The first-half operating margin of the Digital Entertainment segment is at a high level of approximately 27%. Over the medium term, what level of profitability do you envision? Also, among the initiatives to improve profitability (out-of-app payments, strengthening contact points, etc.), are there any areas where you particularly expect strong effects?

A: With respect to the initiatives to improve profitability, the key focus is to return to the fundamentals of our business and, under the policy of shifting from quantity to quality, steadily pursue the creation and delivery of content that customers can enjoy over the long term.

We have also been asked whether we will enter a phase of pursuing sales during the three-year reboot period; however, we believe it is essential to cultivate the structure and mindset to create titles that customers will truly enjoy, in order to maximize the value of the IP held by our Company and Group. One indicator of that quality is operating income, and we will continue to pursue initiatives that lead to it.

As for medium- to long-term target levels, we intend to assess them step by step while carefully evaluating the state of final polishing for upcoming releases.