

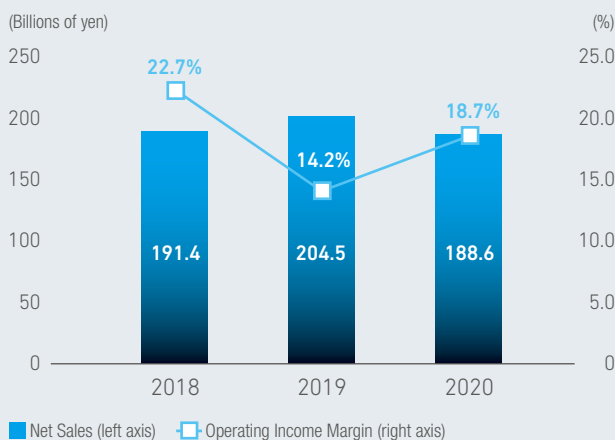
Review of Operations

The Square Enix Group (the “Group”) is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising.

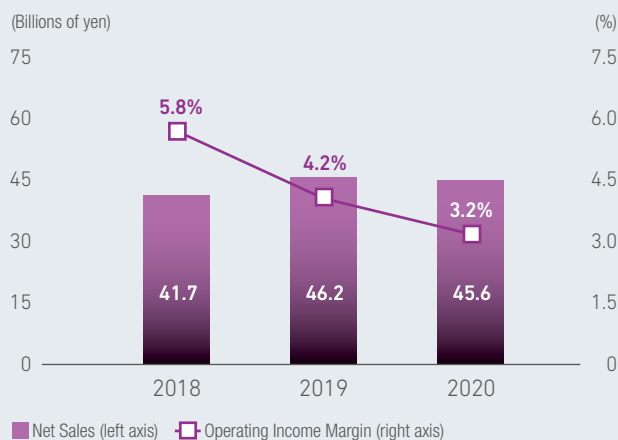
Net sales for the fiscal year ended March 31, 2020 totaled ¥260,527 million (a decrease of 4.0% from the prior fiscal year), operating income amounted to ¥32,759 million (an increase of 33.0% from the prior fiscal year), and ordinary income amounted to ¥32,095 million (an increase of 12.9% from the prior fiscal year).

These factors resulted in profit attributable to owners of parent of ¥21,346 million (an increase of 10.2% from the prior fiscal year).

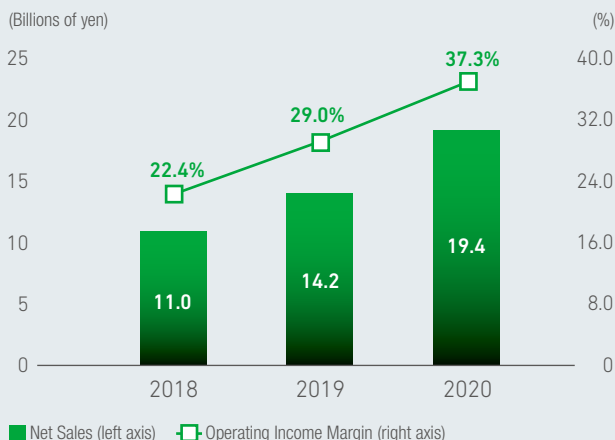
Digital Entertainment



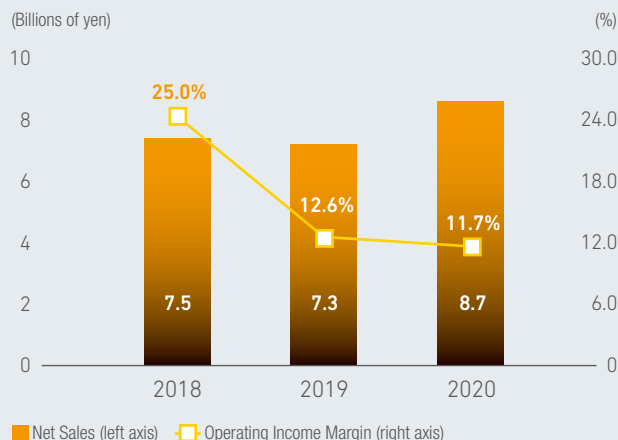
Amusement



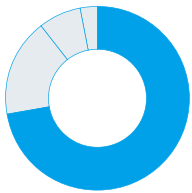
Publication



Merchandising



Digital Entertainment



Share of Net Sales (FY ended March 2020)

72.4%

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and smart devices.

The fiscal year ended March 31, 2020 saw the launch of the console title “DRAGON QUEST XI S: Echoes of an Elusive Age – Definitive Edition” and the posting of sales from early shipments of “FINAL FANTASY VII REMAKE,” which was released in April 2020 in the HD (High-Definition) Games sub-segment. Net sales nonetheless declined versus the previous fiscal year, which had seen the release of multiple major new titles. In addition, weak additional sales of major titles released in the previous fiscal year and the booking of impairment losses related to the content production account resulted in an operating loss in the HD Games sub-segment.

In the smart device and PC browser area, net sales and operating income increased year on year given strong performances from “Romancing SaGa Re;univerSe” and “DRAGON QUEST WALK,” the latter of which was launched in September 2019.

In the area of massively multiplayer online role-playing games, the launch of expansion packs for “FINAL FANTASY XIV” and “DRAGON QUEST X” and the resulting growth in paying monthly subscriber numbers led to greater net sales and operating income than in the previous fiscal year.

Net sales and operating income for the fiscal year ended March 31, 2020 in the Digital Entertainment segment totaled ¥188,687 million (a decrease of 7.8% from the prior fiscal year), and ¥35,357 million (an increase of 21.9% from the prior fiscal year), respectively.



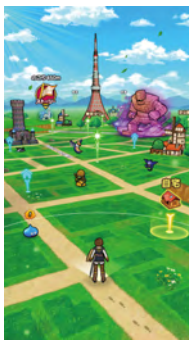
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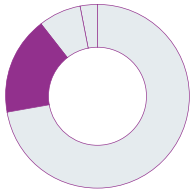


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Amusement



Share of Net Sales (FY ended March 2020)

17.2%

The Amusement segment consists of the operation of amusement facilities and planning, development, and distribution of arcade game machines and related products for amusement facilities.

In the fiscal year ended March 31, 2020, while arcade operations were solid, a decline in amusement machine sales resulted in a year-on-year decline in annual net sales and operating income.

Net sales and operating income for the fiscal year ended March 31, 2020 in the Amusement segment totaled ¥45,673 million (a decrease of 1.2% from the prior fiscal year), and ¥1,480 million (a decrease of 24.4% from the prior fiscal year), respectively.



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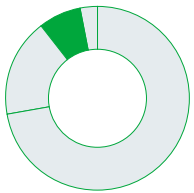


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Publication



Share of Net Sales (FY ended March 2020)

7.5%

The Publication segment consists of publication and licensing of comic magazines, comic books, and game-related books.

Sales in digital formats, including via the MANGA UP! comic app and of e-books, rose sharply in the fiscal year ended March 31, 2020. This, combined with brisk sales of printed media, resulted in higher net sales and operating income than in the previous fiscal year.

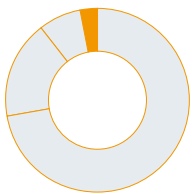
Net sales and operating income for the fiscal year ended March 31, 2020 in the Publication segment totaled ¥19,452 million (an increase of 36.0% from the prior fiscal year) and ¥7,250 million (an increase of 75.1% from the prior fiscal year), respectively.



Monthly Shonen GANGAN
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Kakegurui –Compulsive Gambler–
©Homura Kawamoto-Toru Naomura/SQUARE ENIX
Horimiya
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Merchandising



Share of Net Sales (FY ended March 2020)

2.9%

The Merchandising segment consists of planning, production, distribution, and licensing of derivative products of IPs owned by the Group.

In the fiscal year ended March 31, 2020, the release of new character goods featuring the Group's own intellectual properties made for a year-on-year increase in both annual net sales and operating income.

Net sales and operating income for the fiscal year ended March 31, 2020 in the Merchandising segment totaled ¥8,737 million (an increase of 18.1% from the prior fiscal year), and ¥1,021 million (an increase of 9.5% from the prior fiscal year), respectively.



FINAL FANTASY XIV: Shadowbringers Collector's Edition
(Physical Version)
Expertly Crafted Dark Knight Figure
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FINAL FANTASY® VII REMAKE PLAY ARTS 改(TM)KAI ACTION FIGURE
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