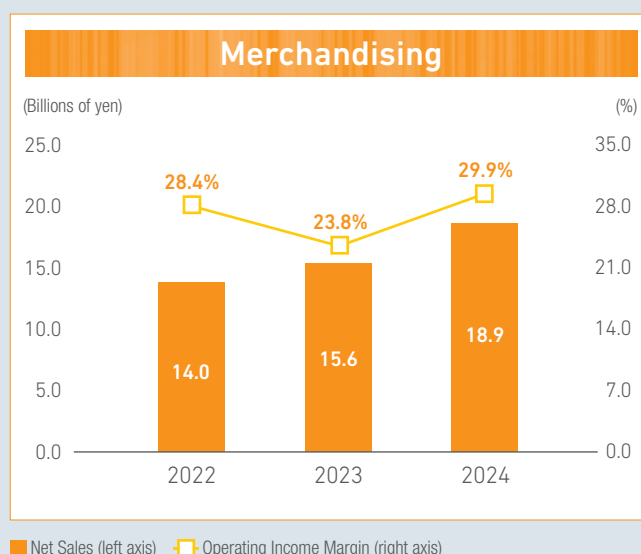
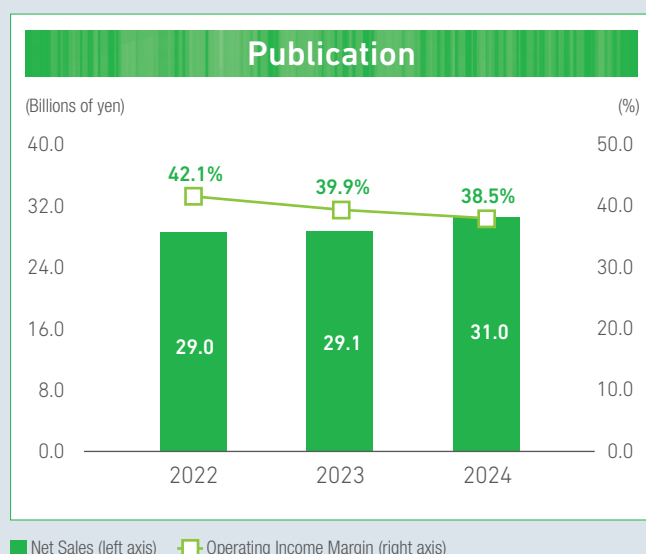
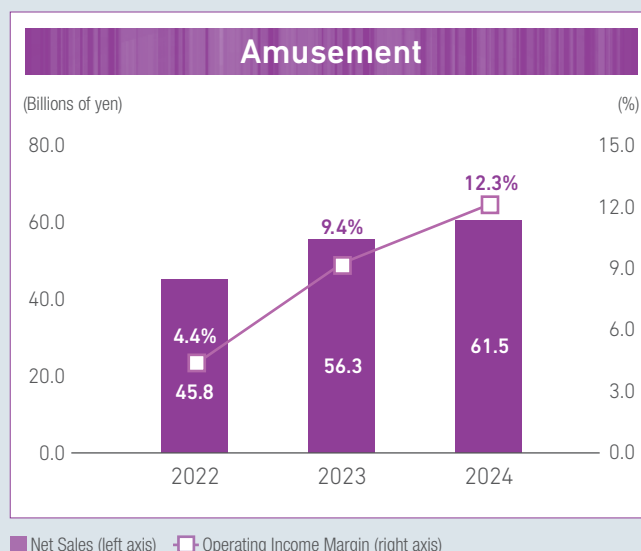
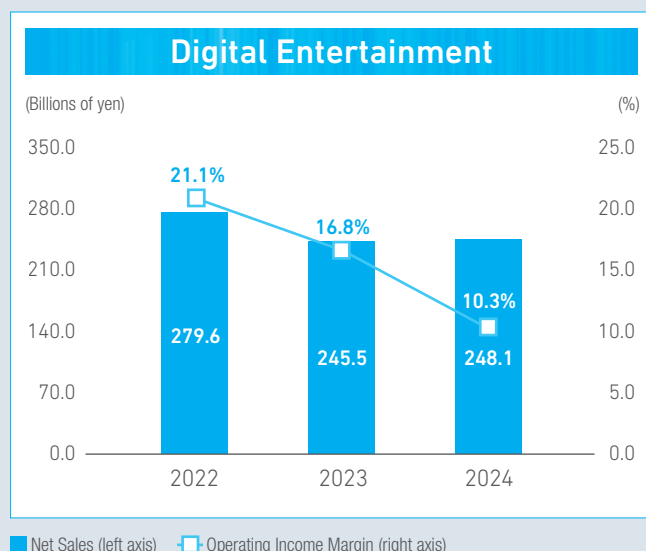


# Review of Operations

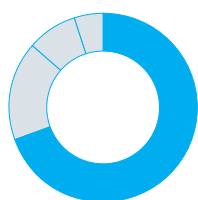
The Square Enix Group (the “Group”) is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication, and Merchandising.

Net sales for the fiscal year ended March 31, 2024 totaled ¥356,344 million (an increase of 3.8% from the prior fiscal year) and operating income amounted to ¥32,558 million (a decrease of 26.6% from the prior fiscal year). In foreign exchange rates, the weakness of the Japanese yen compared to the rate as of the end of the last fiscal year resulted in the booking of a foreign exchange gain amounting to ¥9,304 million. As a result, ordinary income amounted to ¥41,541 million (a decrease of 24.1% from the prior

fiscal year). Profit attributable to owners of parent amounted to ¥14,912 million (a decrease of 69.7% from the prior fiscal year), partly due to the recognition of ¥22,087 million in losses on disposal of content as an extraordinary loss. These losses stemmed from the termination of development efforts for some key pieces of content in the Digital Entertainment segment. A project-by-project review of continued development feasibility found these particular efforts to be incompatible with the Group’s revised approach to the development of high-definition (HD) games, which reflects such objectives as multiplatform development and the strengthening of internal development capabilities.



## Digital Entertainment



Share of Net Sales (FY ended March 2024)

**69.6%**

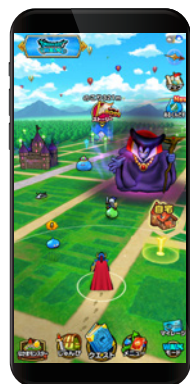
The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of game. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including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

In the HD (High-Definition) Game sub-segment, consolidated net sales for the fiscal year ended March 31, 2024 increased compared with the previous fiscal year due to the release of titles including “FINAL FANTASY XVI,” “FINAL FANTASY PIXEL REMASTER,” “DRAGON QUEST MONSTERS: The Dark Prince,” and “FINAL FANTASY VII REBIRTH.” However, operating losses grew due to higher development cost amortization and advertising expenses, as well as higher content valuation losses versus the previous fiscal year.

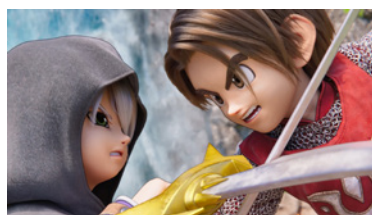
In the MMO (Massively Multiplayer Online) Game sub-segment, net sales and profits declined compared with the previous fiscal year.

In the Games for Smart Devices/PC Browser sub-segment, net sales and profits declined compared with the previous fiscal year as the June 2023 launch of “Dragon Quest Champions” and the September 2023 launch of “FINAL FANTASY VII EVER CRISIS” were unable to compensate for factors including weak performances by existing titles.

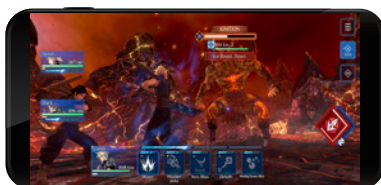
Net sales and operating income in the Digital Entertainment segment totaled ¥248,109 million (an increase of 1.0% from the prior fiscal year), and ¥25,468 million (a decrease of 38.3% from the prior fiscal year), respectively.



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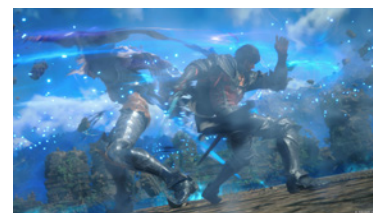
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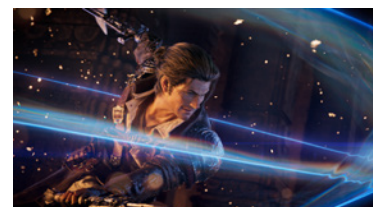
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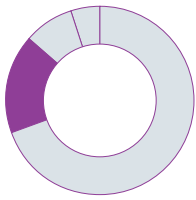


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## Amusement



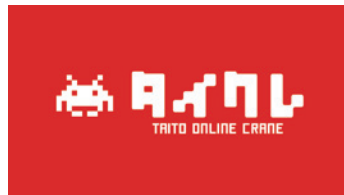
Share of Net Sales (FY ended March 2024)

**16.9%**

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, 2024, net sales and profits increased compared with the previous fiscal year reflecting year-on-year growth in sales at existing arcades.

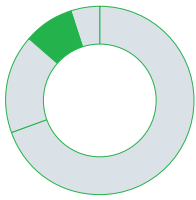
Net sales and operating income in the Amusement segment totaled ¥61,569 million (an increase of 9.2% from the prior fiscal year), and ¥7,566 million (an increase of 43.2% from the prior fiscal year), respectively.



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## Publication



Share of Net Sales (FY ended March 2024)

**8.7%**

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

Net sales and profits increased in the fiscal year ended March 31, 2024 compared with the previous fiscal year due to year-on-year growth in both print and digital sales mainly due to the hugely popular anime television adaptation of “The Apothecary Diaries,” which debuted in October 2023.

Net sales and operating income in the Publication segment totaled ¥31,089 million (an increase of 6.6% from the prior fiscal year), and ¥11,984 million (an increase of 2.9% from the prior fiscal year), respectively.



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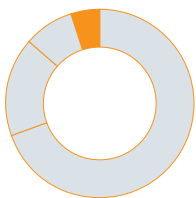
My Dress-Up Darling  
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Final Fantasy XVI: Ultimania (sold only in Japan)  
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DRAGON QUEST MONSTERS: The Dark Prince  
– The Ultimate Strategy and Guide Book (sold only in Japan)  
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## Merchandising



Share of Net Sales (FY ended March 2024)

**4.8%**

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

Net sales and profits increased in the fiscal year ended March 31, 2024 compared with the previous fiscal year largely due to brisk sales of new character merchandise from key IP franchises.

Net sales and operating income in the Merchandising segment totaled ¥18,924 million (an increase of 20.8% from the prior fiscal year), and ¥5,658 million (an increase of 52.0% from the prior fiscal year), respectively.



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