



Financial Results Briefing Session

Six-Month Period Ended September 30, 2019

November 7, 2019

SQUARE ENIX HOLDINGS CO., LTD.

Statements made in this document with respect to SQUARE ENIX HOLDINGS CO., LTD. and its consolidated subsidiaries' (together, "SQUARE ENIX GROUP") plans, estimates, strategies and beliefs are forward-looking statements about the future performance of SQUARE ENIX GROUP.

These statements are based on management's assumptions and beliefs in light of information available to it at the time these material were drafted and, therefore, the reader should not place undue reliance on them. Also, the reader should not assume that statements made in this document will remain accurate or operative at a later time.

A number of factors could cause actual results to be materially different from and worse than those discussed in forward-looking statements. Such factors include, but not limited to:

1. changes in economic conditions affecting our operations;
2. fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro;
3. SQUARE ENIX GROUP's ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. SQUARE ENIX GROUP's ability to expand international success with a focus on our businesses; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward-looking statements regarding earnings contained in these materials were valid at the time these materials were drafted. SQUARE ENIX GROUP assumes no obligation to update or revise any forward-looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.

The financial information presented in this document is prepared according to generally accepted accounting principles in Japan.

(Amounts under one hundred million yen are rounded down)

Financial Results
Second Quarter of Fiscal Year
Ending March 31, 2020

Consolidated Statement of Income

Q2, FY2020/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2019		Fiscal Year Ending March 31, 2020			
	Apr - Sep 2018	Full Year Results	Apr - Sep 2019	Changes	Full Year Forecasts	Changes
Net sales	111.6	271.2	120.7	9.1	270.0	(1.2)
Operating income	9.7	24.6	15.9	6.2	24.0	(0.6)
Operating income margin	8.8%	9.1%	13.2%	4.4pt	8.9%	(0.2pt)
Ordinary income	14.7	28.4	15.6	0.9	24.0	(4.4)
Ordinary income margin	13.2%	10.5%	12.9%	(0.3pt)	8.9%	(1.6pt)
Profit attributable to owners of parent	8.3	19.3	10.9	2.6	16.8	(2.5)
Depreciation and amortization	2.8	6.8	3.4	0.6	7.5	0.7
Capital expenditure	3.7	9.5	3.7	0.0	12.8	3.3

Consolidated Statement of Income

Q2, FY2020/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ending March 31, 2020	
	Apr - Sep 2018	Apr - Sep 2019	Changes
Net sales	111.6	120.7	9.1
Digital Entertainment	81.9	85.4	3.5
Amusement	20.5	22.8	2.3
Publication	6.3	9.0	2.7
Merchandising	3.3	4.5	1.2
Eliminations or unallocated	-0.5	-1.0	(0.5)
Operating income	9.7	15.9	6.2
Digital Entertainment	12.5	16.6	4.1
Amusement	0.7	1.3	0.6
Publication	1.7	3.2	1.5
Merchandising	0.2	0.6	0.4
Eliminations or unallocated	-5.5	-5.9	(0.4)
Operating income margin	8.8%	13.2%	4.4pt
Digital Entertainment	15.3%	19.5%	4.2pt
Amusement	3.5%	5.8%	2.3pt
Publication	26.9%	35.4%	8.5pt
Merchandising	8.9%	14.0%	5.1pt
Eliminations or unallocated	-	-	-

Consolidated Statement of Income

Quarterly Comparison

(Billions of Yen)

	Fiscal Year Ended March 31, 2019				Fiscal Year Ending March 31, 2020	
	Apr - June 2018	Jul - Sep 2018	Oct - Dec 2018	Jan - Mar 2019	Apr - June 2019	Jul - Sep 2019
Net sales	44.7	66.8	70.0	89.5	53.3	67.4
Digital Entertainment	31.6	50.2	50.8	71.7	37.1	48.2
Amusement	9.4	11.0	13.7	11.9	10.8	11.9
Publication	2.4	3.9	3.9	4.0	3.8	5.1
Merchandising	1.4	1.8	1.7	2.2	1.9	2.5
Eliminations or unallocated	-0.2	-0.3	-0.2	-0.4	-0.4	-0.5
Operating income	3.8	5.9	2.6	12.2	7.1	8.7
Digital Entertainment	5.6	6.9	2.6	13.7	7.6	9.0
Amusement	0.2	0.5	0.7	0.4	0.6	0.6
Publication	0.5	1.2	1.3	1.1	1.2	1.9
Merchandising	0.1	0.1	0.2	0.3	0.1	0.4
Eliminations or unallocated	-2.5	-2.9	-2.4	-3.4	-2.5	-3.3

Consolidated Balance Sheet

Summary as of September, 2019

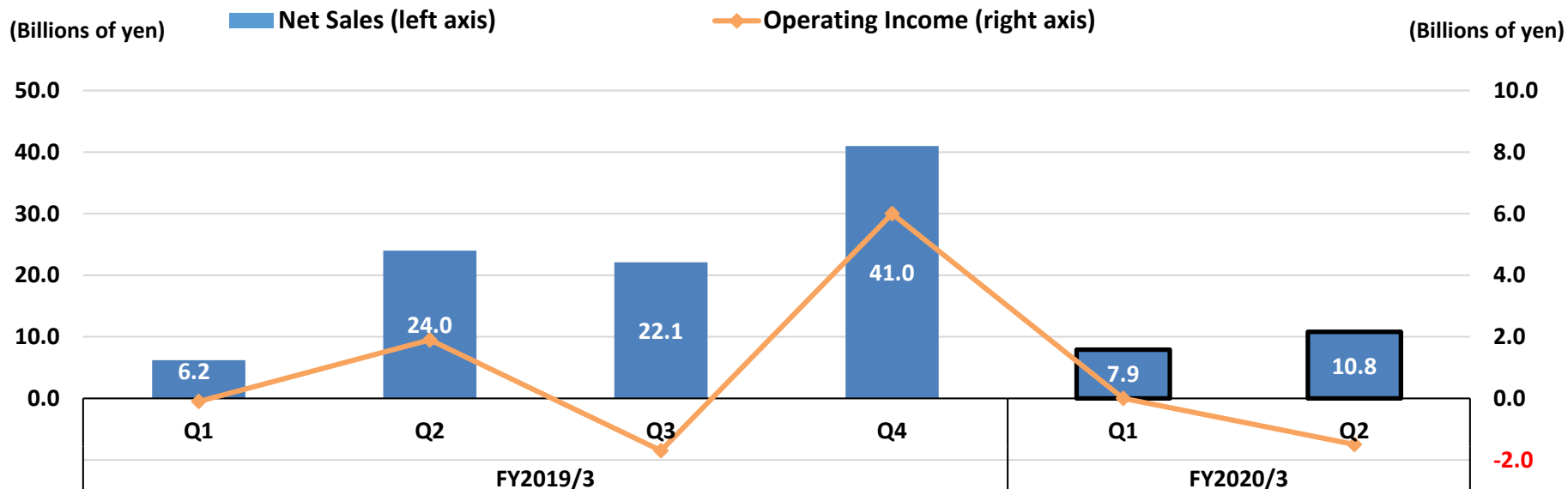
(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2019	09/2019	Changes	Account	03/2019	09/2019	Changes
Cash and deposits	129.4	123.8	(5.6)	Notes and accounts payable	23.5	19.6	(3.9)
Notes and accounts receivable	40.3	35.7	(4.6)	Short-term loans	8.6	7.9	(0.7)
Inventories	4.8	5.1	0.3	Provision for sales returns	9.1	5.7	(3.4)
Content production account	50.6	60.7	10.1	Others	25.9	28.2	2.3
Others	9.5	9.1	(0.4)	Total Current Liabilities	67.4	61.5	(5.9)
Total Current Assets	234.8	234.5	(0.3)	Non-current Liabilities	8.7	10.4	1.7
Property and equipment	17.8	19.4	1.6	Total Liabilities	76.1	71.9	(4.2)
Intangible Assets	5.1	5.2	0.1	Total Shareholders' Equity	210.6	217.2	6.6
Investments and other assets	24.8	25.7	0.9	Others	-4.1	-4.2	(0.1)
Total Non-current Assets	47.8	50.4	2.6	Total Net Assets	206.4	213.0	6.6
Total Assets	282.6	285.0	2.4	Total Liabilities and Net Assets	282.6	285.0	2.4

Progress in Each Business Segment

Digital Entertainment – HD Games

Absent major launches, net sales declined YoY. Weak additional sales of titles launched last fiscal year led to operating loss.



Major Titles in FY20/3



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Launched on September 27, 2019



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Planned & Developed by ArtePiazza
ILLUSTRATION: TOMOMI KOBAYASHI

To be launched on November 11, 2019

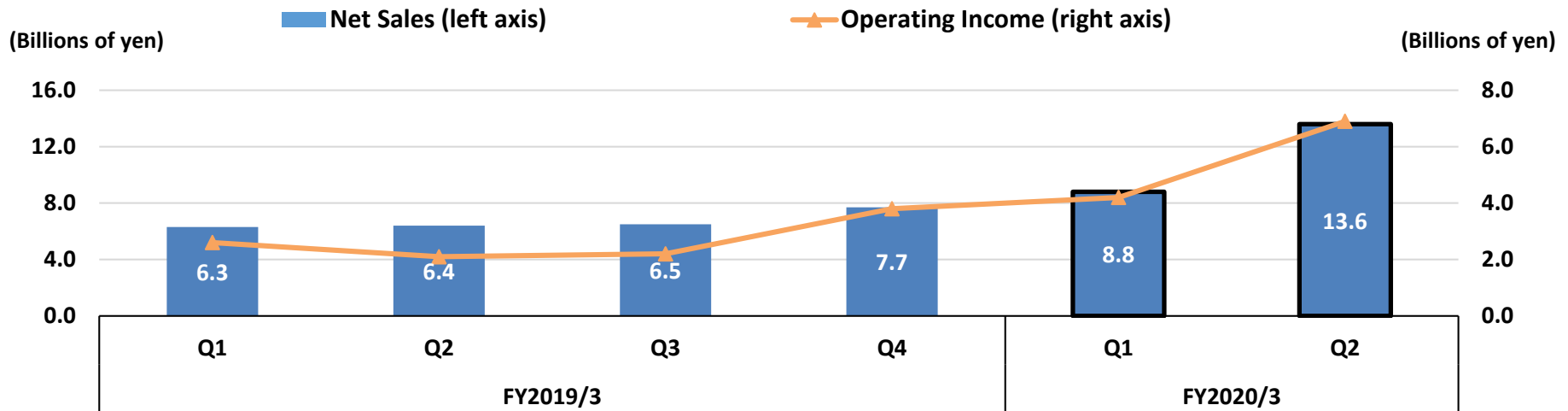


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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI
LOGO ILLUSTRATION: © 1997 YOSHITAKA AMANO

To be launched on March 3, 2020

Digital Entertainment – MMO

“FINAL FANTASY XIV” contributed to an increase of net sales and operating income by the latest expansion pack sales and an increase in number of paying subscribers.



Major Initiatives for FY20/3

- Achieve higher net sales and operating income by releasing FF/DQ expansion packs to drive additional sales and grow the number of paying subscribers.



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Launched on July 2, 2019



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Launched on October 24, 2019

Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Number of discs recognized on a shipment basis

Downloads: Downloads of full-length games newly released in the current and previous FY
(not including catalogue titles released prior to previous FY)

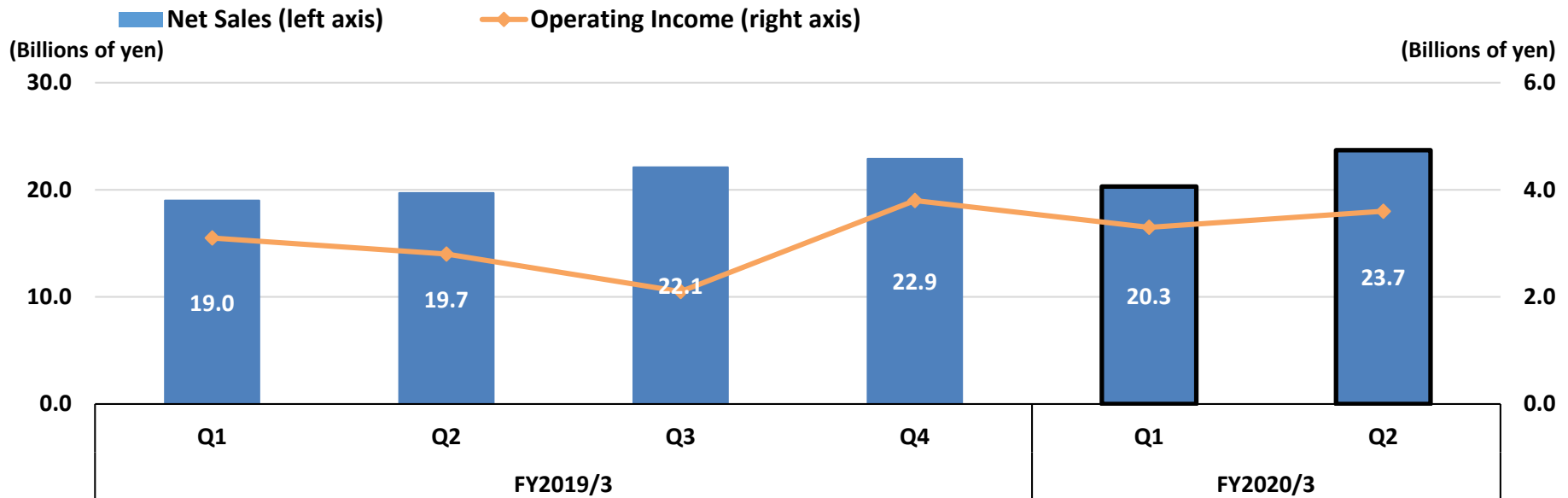
Region	FY2019/3 1H			FY2020/3 1H		
	Disc	Download	Total	Disc	Download	Total
Japan	0.78	0.49	1.27	1.06	0.74	1.80
	(Included episode units 0.03)			(Includes episode units 0)		
North America/ Europe	4.95	3.11	8.06	2.35	3.70	6.05
	(Included episode units 0.95)			(Includes episode units 0.77)		
Asia, etc.	0.27	0.47	0.75	0.47	0.32	0.79
	(Included episode units 0.19)			(Includes episode units 0.07)		
Total	6.00	4.08	10.08	3.89	4.76	8.65
	(Included episode units 1.17)			(Includes episode units 0.85)		

* The above numbers cover both HD and MMO games, including third-party titles for distributorship arrangements.
Each episode of episodic distribution titles is counted as one unit.

Digital Entertainment

– Games for Smart Devices/PC Browser

Net sales and operating income rose YoY as “Romancing SaGa Re;univerSe” continued to perform well and “DRAGON QUEST WALK,” which was launched in September 2019, made a good start.



















Main Points in FY20/3

- Overhaul of development/operation organizations completed. Will focus on creating new hit games.
- Will launch carefully selected new titles with focus on existing own IP.

Digital Entertainment

— Games for Smart Devices/PC Browser

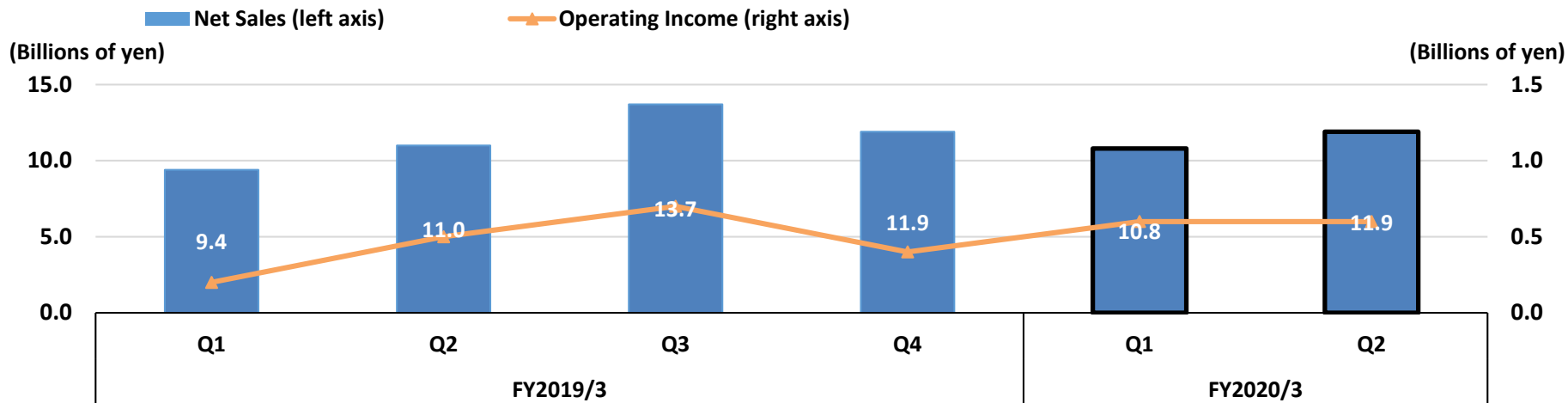
Major Operating Titles

<p>Aug 2010 (PC Browser game)</p>  <p>©2010-2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Jan 2014</p>  <p>©2014-2019 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p>Apr 2014</p>  <p>©2014-2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2014</p>  <p>Alliance with DeNA Co., Ltd. (Published by DeNA Co., Ltd.) ©SQUARE ENIX CO., LTD. ©DeNA Co., Ltd</p>	<p>Nov 2014</p>  <p>©2014-2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Jun 2015</p>  <p>LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO © 2015 - 2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>
<p>Sep 2015</p>  <p>©Disney Developed by SQUARE ENIX</p>	<p>Oct 2015</p>  <p>©2015-2019 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p>Oct 2015</p>  <p>©2015-2019 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO</p>	<p>Dec 2016</p>  <p>©2016-2019 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by tri-Ace Inc.</p>	<p>Feb 2017</p>  <p>©2017-2019 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p>Mar 2017</p>  <p>©2016-2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>
<p>Jun 2017</p>  <p>Co-developed with Pokelabo Inc. (Published by Pokelabo Inc.) © 2017-2019 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>	<p>Mar 2018</p>  <p>©伍箇伝計画/ 刀使ノ巫女製作委員会 ©2018 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Dec 2018</p>  <p>© 2018, 2019 SQUARE ENIX CO., LTD. All Rights Reserved. Powered by Akatsuki Inc. ILLUSTRATION: TOMOMI KOBAYASHI</p>	<p>Jul 2019</p>  <p>© 2019 TOARU-PROJECT © 2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2019</p>  <p>© 2019 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	

*Month and year indicate each title's launch timing.

Amusement

No new machine launches, but strong arcade operations resulted in higher net sales and operating income YoY.



Major Titles in FY20/3



To be launched in 2019 Autumn

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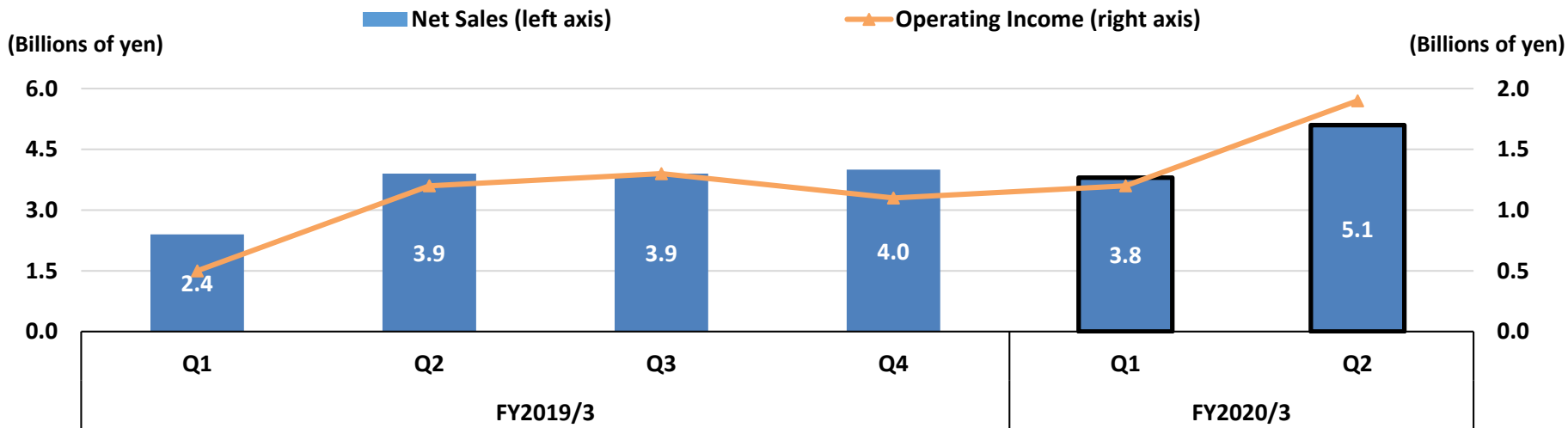


To be launched in 2019 Winter

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Publication

Digital sales grew sharply, and MANGA UP! comic app was brisk. Sales of printed media were also strong, leading to YoY growth in net sales and operating income.



Major Titles in FY20/3

マンガUP! ガンガンpixiv



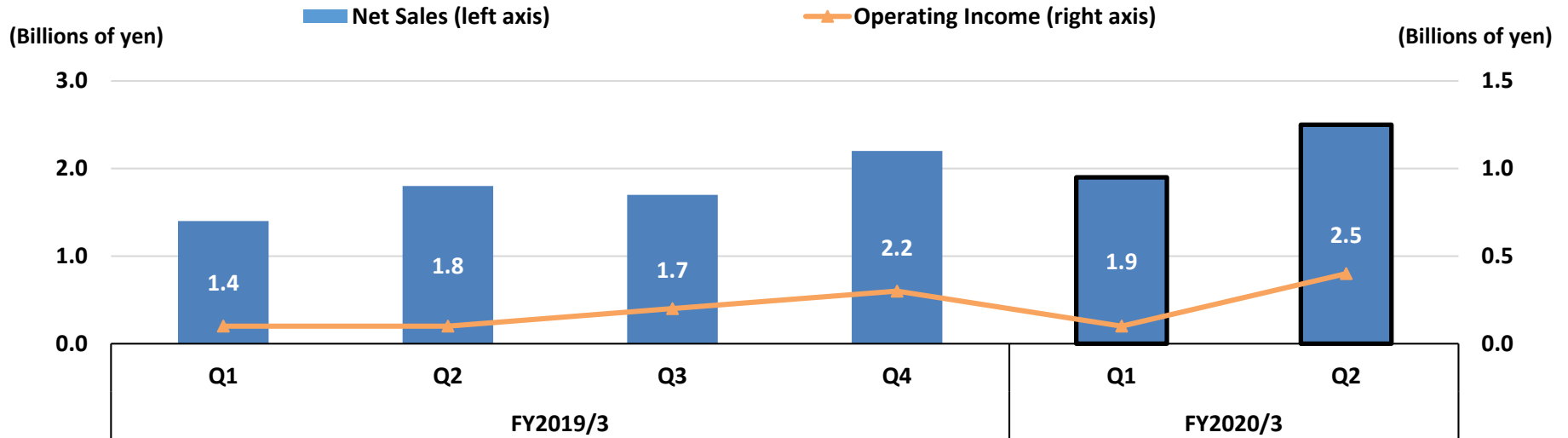
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Merchandising

Net sales and operating income were up YoY thanks to the release of new merchandise featuring popular content.



Main Points in FY20/3

- Pursue multifaceted product sales and licensing opportunities by leveraging established IP.



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CHARACTER DESIGN: TETSUYA NOMURA



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January 29, 2020: Correction on Page 11

November 7, 2019

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