



# Financial Results Briefing Session

Fiscal Year ended March 31, 2020

**May 13 , 2020**

---

**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**  
**Fiscal Year**  
**ended March 31, 2020**

# Consolidated Statement of Income

## Fiscal Year ended March 31, 2020

(Billions of Yen)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	
	Full Year Results	Full Year Results	Changes
Net Sales	271.2	260.5	(10.7)
Operating Income	24.6	32.7	8.1
Operating Income Margin	9.1%	12.6%	3.5pt
Ordinary Income	28.4	32.0	3.6
Ordinary Income Margin	10.5%	12.3%	1.8pt
Profit attributable to owners of parent	19.3	21.3	2.0
Depreciation and Amortization	6.8	7.4	0.6
Capital Expenditure	9.5	9.6	0.1
Number of Employees	4,764	5,077	313

\*FY2019/3 figures adjusted to reflect changes instituted as of FY2020/3 in the accounting of digital content sales.

# Consolidated Statement of Income

## Fiscal Year ended March 31, 2020 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	
	Full Year Results	Full Year Results	Changes
<b>Net sales</b>	<b>271.2</b>	<b>260.5</b>	<b>(10.7)</b>
Digital Entertainment	204.5	188.6	(15.9)
Amusement	46.2	45.6	(0.6)
Publication	14.2	19.4	5.2
Merchandising	7.3	8.7	1.4
Eliminations or unallocated	-1.2	-2.0	(0.8)
<b>Operating income</b>	<b>24.6</b>	<b>32.7</b>	<b>8.1</b>
Digital Entertainment	28.9	35.3	6.4
Amusement	1.9	1.4	(0.5)
Publication	4.1	7.2	3.1
Merchandising	0.9	1.0	0.1
Eliminations or unallocated	-11.3	-12.3	(1.0)
<b>Operating income margin</b>	<b>9.1%</b>	<b>12.6%</b>	<b>3.5pt</b>
Digital Entertainment	14.2%	18.7%	4.5pt
Amusement	4.2%	3.2%	(1.0pt)
Publication	29.0%	37.3%	8.3pt
Merchandising	12.6%	11.7%	(0.9pt)
Eliminations or unallocated	-	-	-

\*FY2019/3 figures adjusted to reflect changes instituted as of FY2020/3 in the accounting of digital content sales.

# Consolidated Balance Sheet

## Fiscal Year ended March 31, 2020

(Billions of Yen)

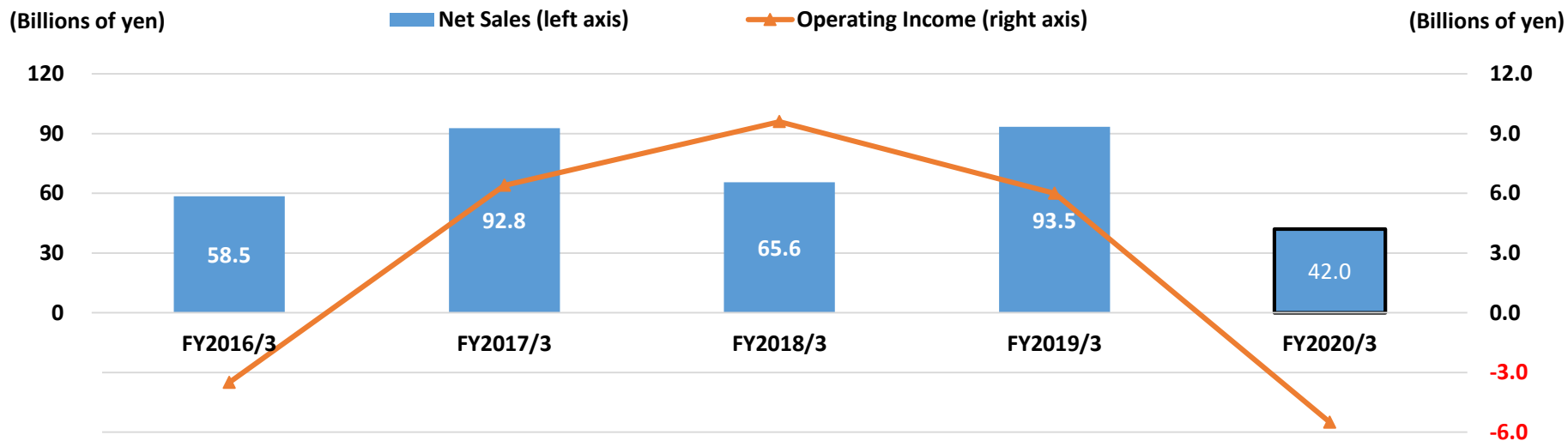
Account	<Assets>			<Liabilities and Net Assets>			
	03/2019	03/2020	Changes	Account	03/2019	03/2020	Changes
Cash and deposits	129.4	123.4	(6.0)	Notes and accounts payable	23.5	25.5	2.0
Notes and accounts receivable	40.3	41.4	1.1	Short-term loans	8.6	-	(8.6)
Inventories	4.8	6.4	1.6	Provision for sales returns	9.1	4.2	(4.9)
Content production account	50.6	71.4	20.8	Others	25.9	39.5	13.6
Others	9.5	8.0	(1.5)	<b>Total Current Liabilities</b>	<b>67.4</b>	<b>69.3</b>	<b>1.9</b>
<b>Total Current Assets</b>	<b>234.8</b>	<b>250.8</b>	<b>16.0</b>	<b>Non-current Liabilities</b>	<b>8.7</b>	<b>11.3</b>	<b>2.6</b>
Property and equipment	17.8	20.5	2.7	<b>Total Liabilities</b>	<b>76.1</b>	<b>80.7</b>	<b>4.6</b>
Intangible Assets	5.1	5.3	0.2	Total Shareholders' Equity	210.6	226.7	16.1
Investments and other assets	24.8	25.8	1.0	Others	-4.1	-4.8	(0.7)
<b>Total Non-current Assets</b>	<b>47.8</b>	<b>51.7</b>	<b>3.9</b>	<b>Total Net Assets</b>	<b>206.4</b>	<b>221.9</b>	<b>15.5</b>
<b>Total Assets</b>	<b>282.6</b>	<b>302.6</b>	<b>20.0</b>	<b>Total Liabilities and Net Assets</b>	<b>282.6</b>	<b>302.6</b>	<b>20.0</b>

\*FY2019/3 figures adjusted to reflect changes instituted as of FY2020/3 in the accounting of digital content sales.

# **Progress in Each Business Segment**

# Digital Entertainment – HD Games

**Net sales down YoY due to high hurdle set by multiple major releases in FY2019/3. Weak additional sales of FY2020/3 titles, and valuation losses on content product account resulted in operating loss.**



## Major Titles in FY20/3



© 2017, 2019 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX  
All Rights Reserved.

Launched on September 27, 2019



© 1995, 2019 SQUARE ENIX CO., LTD. All Rights Reserved.  
Planned & Developed by ArtePiazza  
ILLUSTRATION: TOMOMI KOBAYASHI

Launched on November 11, 2019



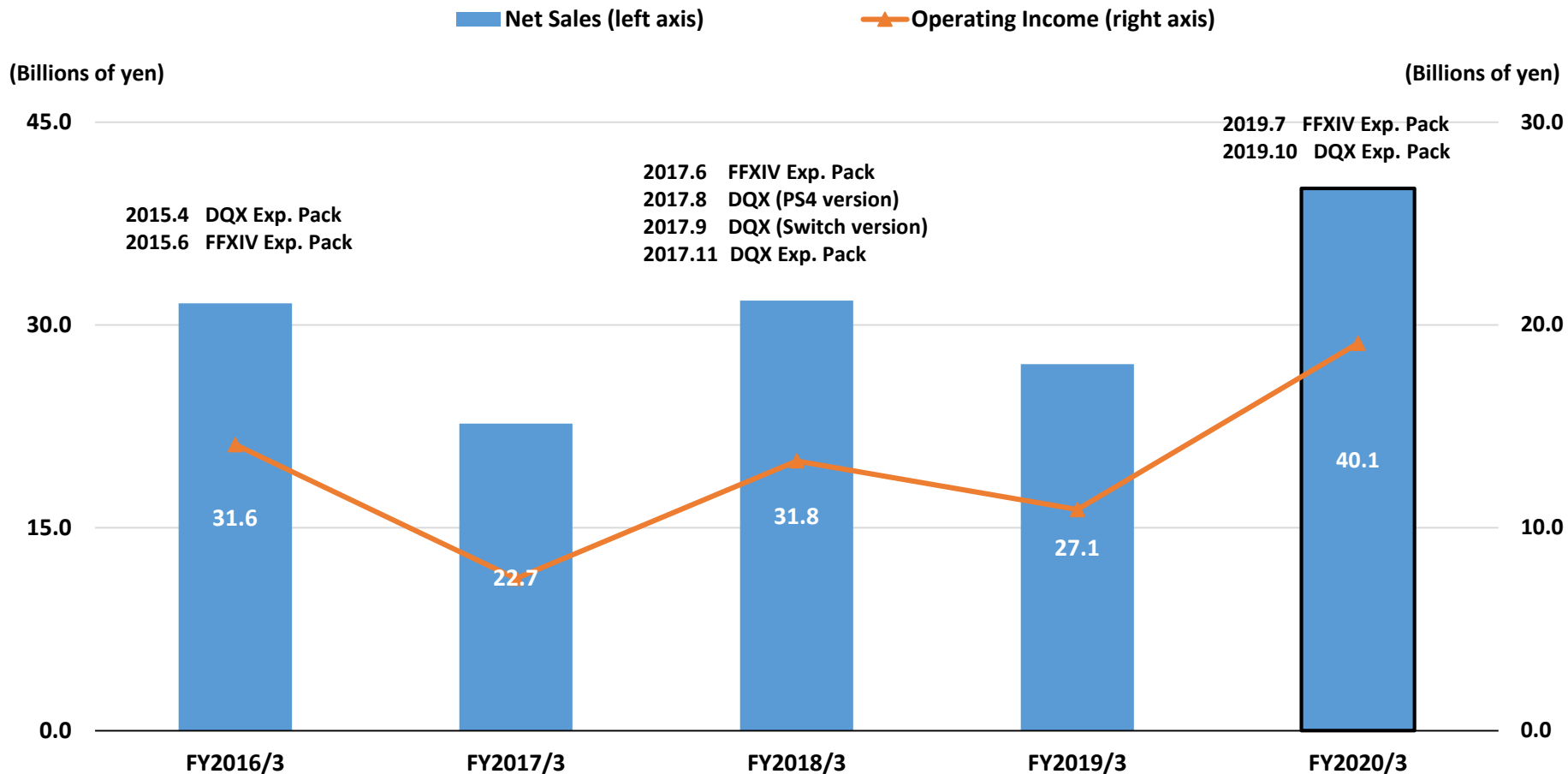
© Disney. © Disney/Pixar. Developed by SQUARE ENIX

Launched on January 23, 2020 (PS4)/  
Launched on February 25, 2020 (Xbox One)



# Digital Entertainment – MMO

Net sales, operating income rose YoY on release of “FINAL FANTASY XIV” and “DRAGON QUEST X” expansion packs, and monthly paying subscriber growth.



# 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)

(Millions of Units Sold)

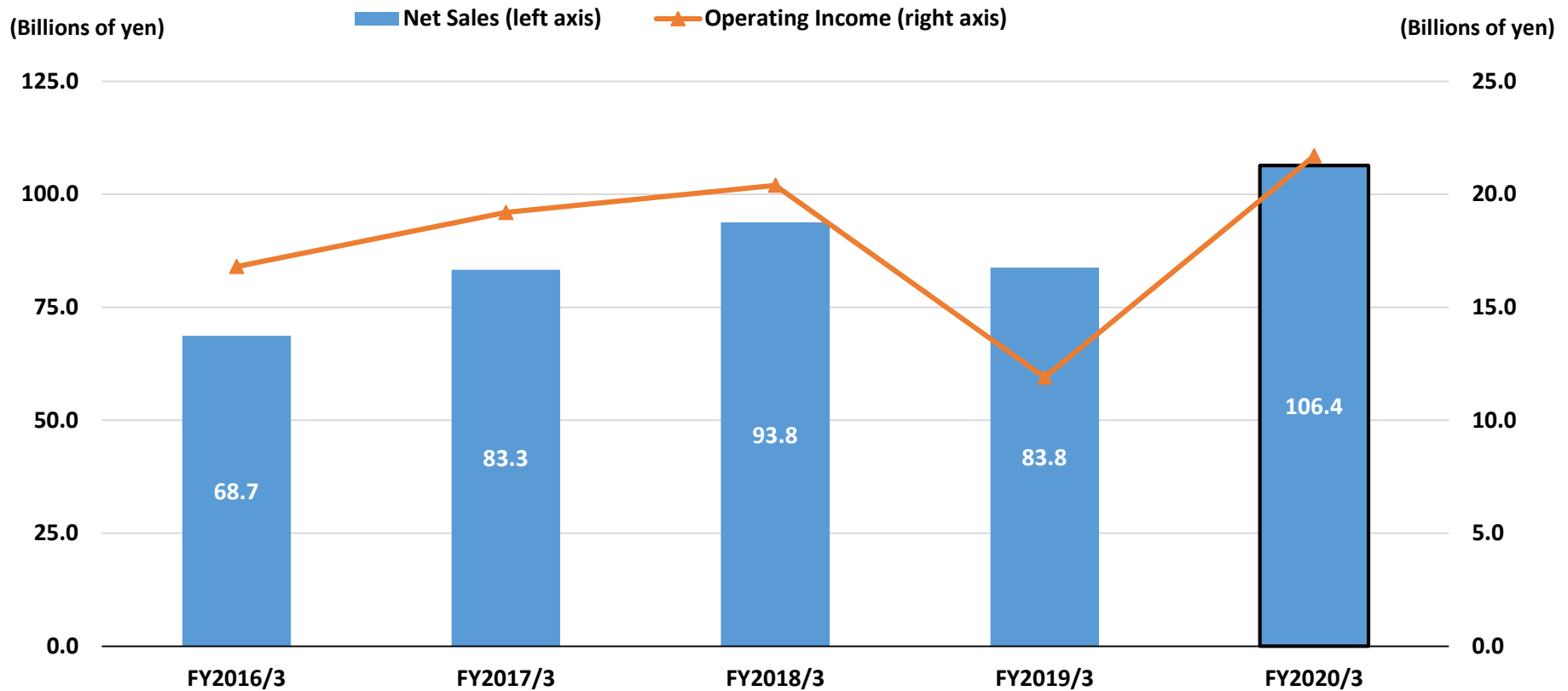
Region	FY2019/3 Full Year Results			FY2020/3 Full year Results		
	Disc	Download	Total	Disc	Download	Total
Japan	3.00	1.37	4.37	1.60	1.58	3.18
	(Included episode units 0.06 )			(Includes episode units 0.01 )		
North America/ Europe	12.45	8.22	20.67	4.88	8.41	13.29
	(Included episode units 2.07 )			(Includes episode units 1.87 )		
Asia, etc.	0.49	1.09	1.58	0.78	0.84	1.62
	(Included episode units 0.44 )			(Includes episode units 0.2 )		
<b>Total</b>	<b>15.94</b>	<b>10.68</b>	<b>26.62</b>	<b>7.26</b>	<b>10.83</b>	<b>18.09</b>
	(Included episode units 2.58 )			(Includes episode units 2.08 )		

\* 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, operating income rose YoY on strong performances by “Romancing SaGa Re;univerSe” and “DRAGON QUEST WALK.”



# Digital Entertainment

## — Games for Smart Devices/PC Browser

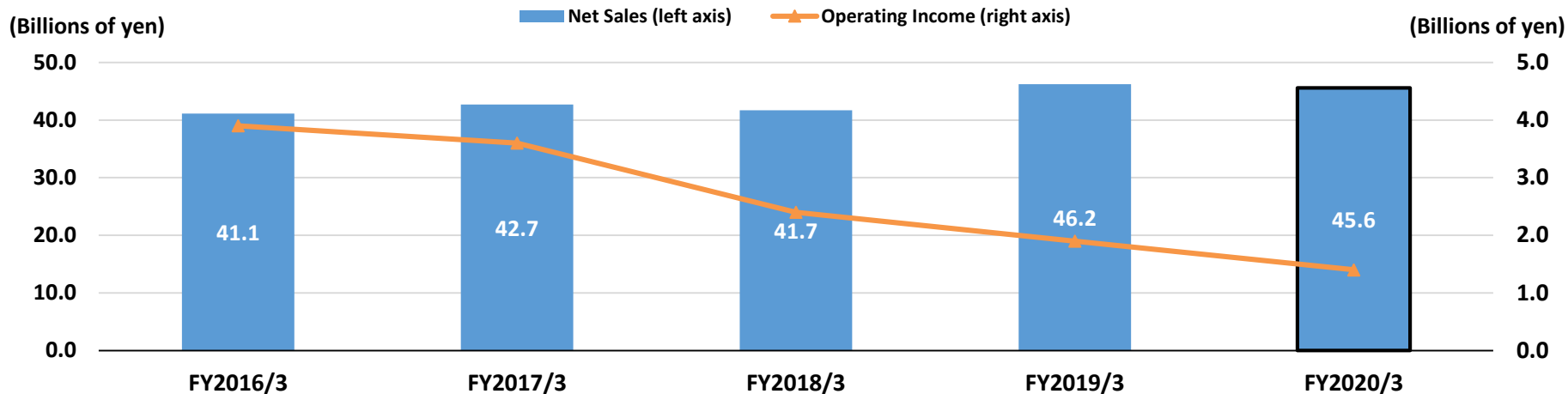
### Major Operating Titles

<p><b>Aug 2010</b> (PC Browser game)</p>  <p>©2010-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jan 2014</b></p>  <p>©2014-2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p><b>Apr 2014</b></p>  <p>©2014-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2014</b></p>  <p>Alliance with DeNA Co., Ltd. (Published by DeNA Co., Ltd.) ©SQUARE ENIX CO., LTD. ©DeNA Co., Ltd</p>	<p><b>Nov 2014</b></p>  <p>©2014-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2015</b></p>  <p>©Disney Developed by SQUARE ENIX</p>
<p><b>Oct 2015</b></p>  <p>©2015-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p><b>Oct 2015</b></p>  <p>©2015-2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO</p>	<p><b>Dec 2016</b></p>  <p>©2016-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by tri-Ace Inc.</p>	<p><b>Feb 2017</b></p>  <p>©2017-2020 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p><b>Mar 2017</b></p>  <p>©2016-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jun 2017</b></p>  <p>Co-developed with Pokelabo Inc. (Published by Pokelabo Inc.) © 2017-2020 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>
<p><b>Mar 2018</b></p>  <p>© 伍箇伝計画 / 刀使ノ巫女製作委員会 © 2018 - 2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Dec 2018</b></p>  <p>© 2018-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Powered by Akatsuki Inc. ILLUSTRATION: TOMOMI KOBAYASHI</p>	<p><b>Jul 2019</b></p>  <p>© 2019 TOARU-PROJECT © 2019,2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2019</b></p>  <p>© 2019,2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p><b>Nov 2019</b></p>  <p>© 2019-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	

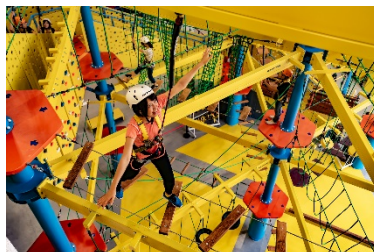
\*Month and year indicate each title's launch timing.

# Amusement

Arcade operations were solid, but net sales and operating income declined YoY on diminished sales of amusement machines.



## New Facilities, Major Titles in FY20/3



Opened in September 2019

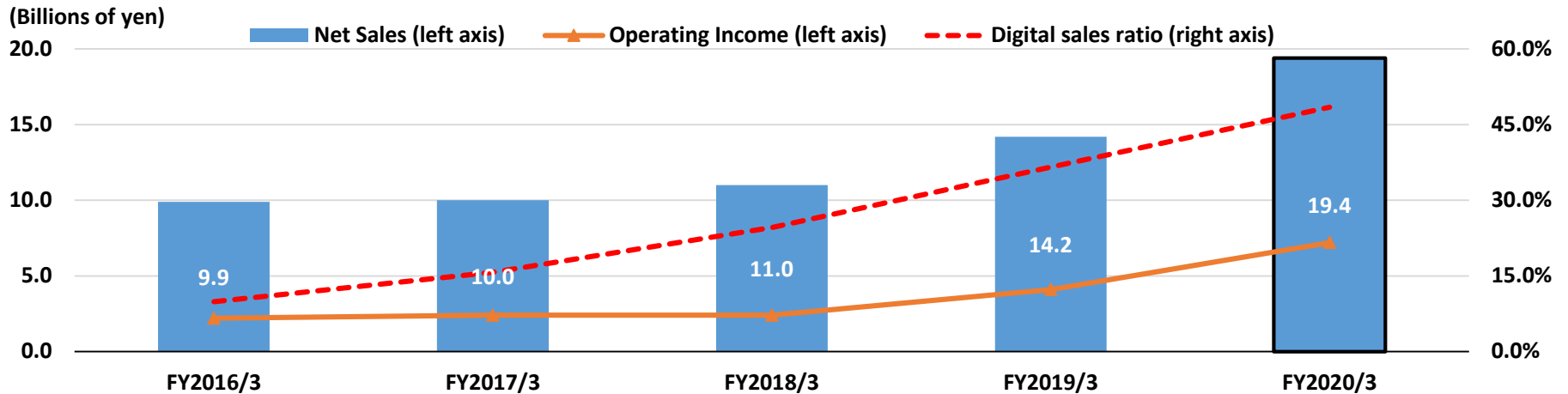


Launched in the end of March 2020

©TAITO CORPORATION 2019 ALL RIGHTS RESERVED.

# Publication

Digital sales (“MANGA UP!” and e-books) up sharply, sales of printed media also brisk, resulting in YoY growth in net sales and operating income.

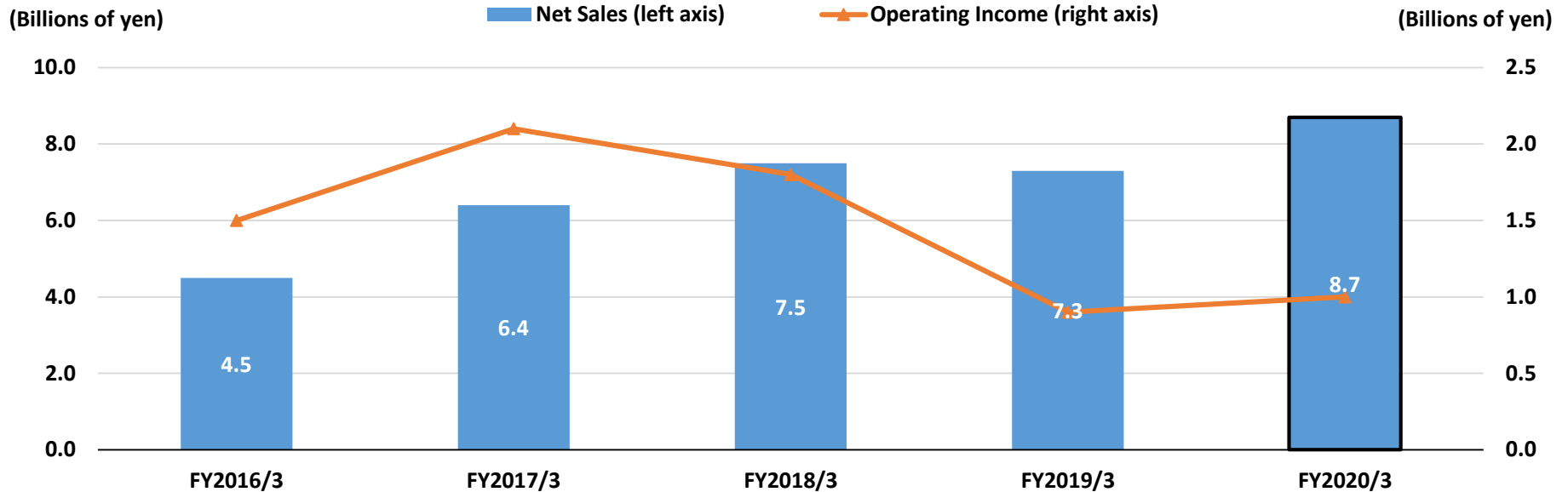


## Major Titles in FY20/3



# Merchandising

**Net sales and operating income up YoY on release of new merchandise featuring our key IP.**



## Main Products in FY20/3



© 1997, 2020 SQUARE ENIX CO., LTD. All Rights Reserved.  
CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI



© 2010 - 2019 SQUARE ENIX CO., LTD. All Rights Reserved.

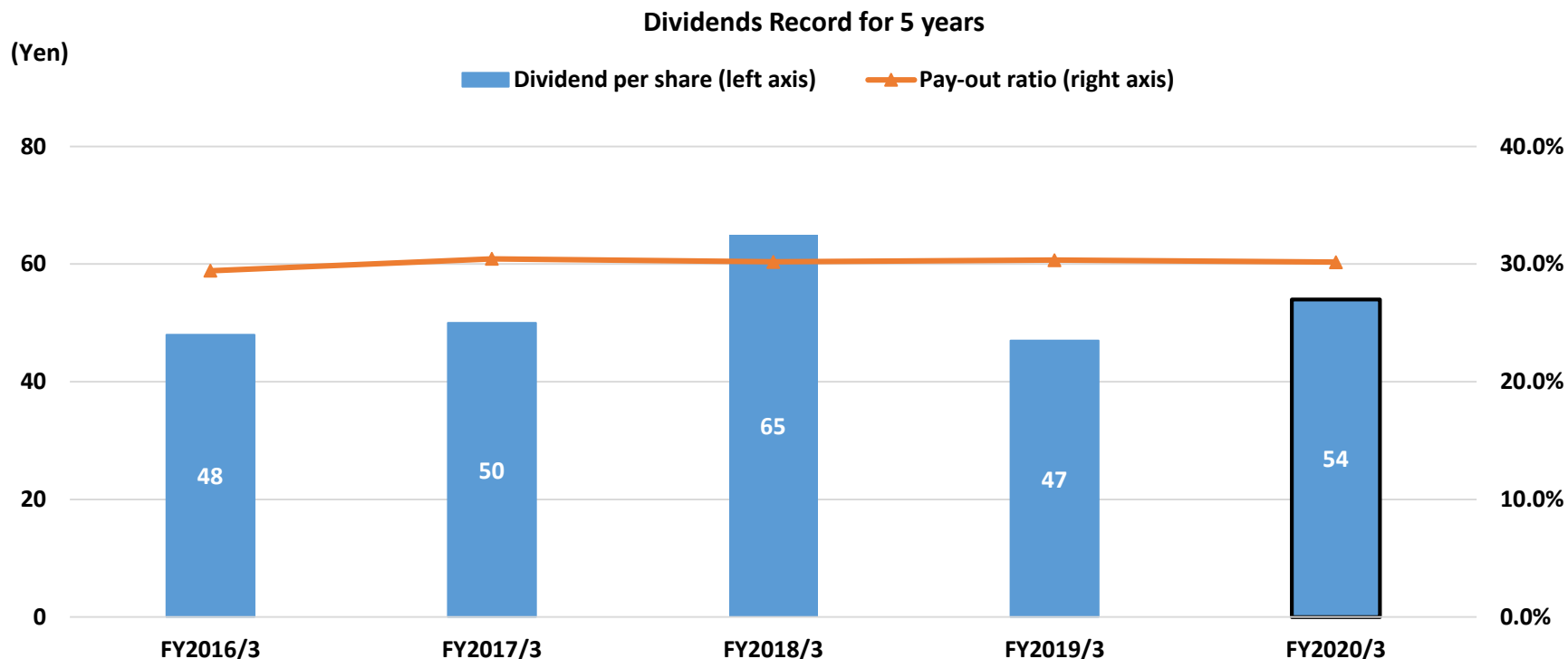


© 2017 SQUARE ENIX CO., LTD. All Rights Reserved.

# Shareholders Return in FY2020/3

## <Shareholders Return Policy>

- Prioritize growth investment and consider balance between shareholders return and internal reserve.
- Reward shareholders via dividends, using a consolidated dividend payout ratio of 30% as a guide.
- Minimum annual DPS of 30 yen





# **Consolidated Financial Forecasts**

## **Fiscal Year**

### **ending March 31, 2021**

# **Consolidated Financial Forecasts:**

## **Fiscal Year ending March 31, 2021**

---

**The novel coronavirus pandemic could have a serious impact on the Group's consolidated earnings and financial conditions; the uncertainty regarding the scope and degree of any such impact impedes the formulation of full-year earnings forecasts at present. The Group therefore refrains from setting consolidated forecasts for the fiscal year ending March 31, 2021.**

### **Potential developments:**

- A global economic slump that weakens content demand, impacts manufacturing and distribution of packaged products**
- Impact to new title development timelines due to disruptions in operations at third parties to which we outsource some development tasks**
- Diminished amusement facility sales owing to closures aimed at preventing corona spread**

# Mid-term Target

# Mid-term Target

---

FY2021/3~

Targeting net sales of ¥300-400 billion and operating income of ¥40-50 billion.

Implemented initiatives to date:

## Strategies

1. Digital Sales Enhancement
2. Multi Platform Utilization
3. Geographical Expansion
4. Game as a Service, Game as Media
5. e-Commerce

# Overview of mid-term earnings targets

---

- Established a business structure capable of generating consolidated sales at the level of 300 billion yen.
- Need to make additional efforts to generate operating income of 40-50 billion yen stably.
- Next strategies
  - Short-term: Increase digital ratio, and promote GAAS
  - Medium-term: Shift to the cloud
    - Cloud distribution
    - Development of cloud-centric games

**To spread happiness across the globe by providing unforgettable experiences.**

**最高の「物語」を提供することで、  
世界中の人々の幸福に貢献する。**



# Financial Results Briefing Session

Fiscal Year ended March 31, 2020

**May 13 , 2020**

---

**SQUARE ENIX HOLDINGS CO., LTD.**