



Financial Results Briefing Session

Fiscal Year ended March 31, 2021

May 13, 2021

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, 2021

Consolidated Statement of Income

Fiscal Year Ended March 31, 2021

(Billions of Yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	
	Full Year Results	Full Year Results	Changes
Net Sales	260.5	332.5	72.0
Operating Income	32.7	47.2	14.5
Operating Income Margin	12.6%	14.2%	1.6pt
Ordinary Income	32.0	49.9	17.9
Ordinary Income Margin	12.3%	15.0%	2.7pt
Profit attributable to owners of parent	21.3	26.9	5.6
Depreciation and Amortization	7.4	7.5	0.1
Capital Expenditure	9.6	7.3	(2.3)
Number of Employees	5,077	5,550	473.0

Consolidated Statement of Income

Fiscal Year Ended March 31, 2021 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021	
	Full Year Results	Full Year Results	Changes
Net sales	260.5	332.5	72.0
Digital Entertainment	188.6	263.9	75.3
Amusement	45.6	34.3	(11.3)
Publication	19.4	26.8	7.4
Merchandising	8.7	9.4	0.7
Eliminations or unallocated	(2.0)	(2.0)	0.0
Operating income	32.7	47.2	14.5
Digital Entertainment	35.3	50.5	15.2
Amusement	1.4	(1.5)	(2.9)
Publication	7.2	11.6	4.4
Merchandising	1.0	2.2	1.2
Eliminations or unallocated	(12.3)	(15.6)	(3.3)
Operating income margin	12.6%	14.2%	1.6pt
Digital Entertainment	18.7%	19.1%	0.4pt
Amusement	3.2%	(4.6%)	(7.8pt)
Publication	37.3%	43.5%	6.2pt
Merchandising	11.7%	23.8%	12.1pt
Eliminations or unallocated	-	-	-

Consolidated Balance Sheet as of March 31, 2021

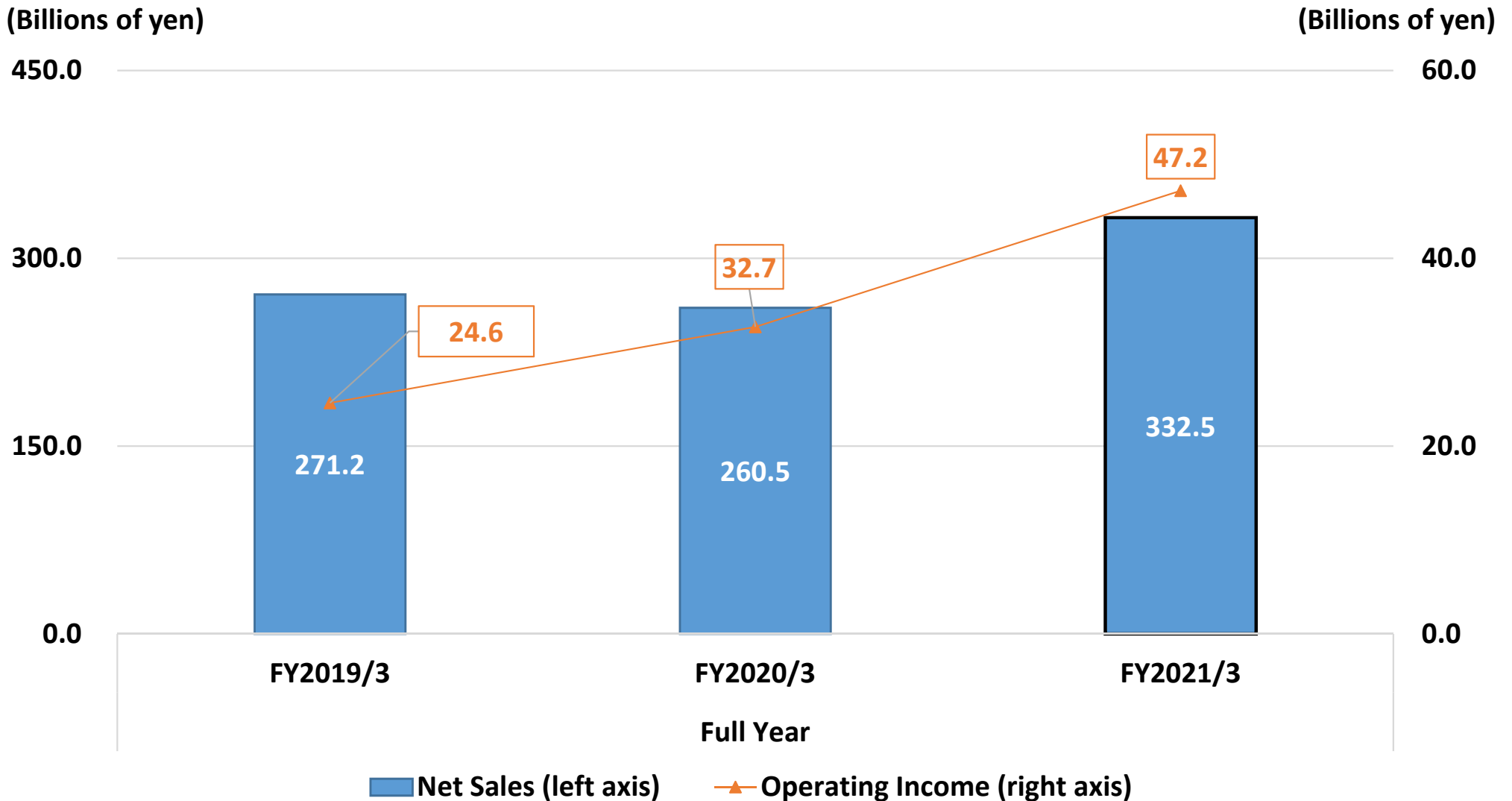
(Billions of Yen)

	<Assets>			<Liabilities and Net Assets>			
Account	03/2020	03/2021	Changes	Account	03/2020	03/2021	Changes
Cash and deposits	123.4	146.2	22.8	Notes and accounts payable	25.5	24.5	(1.0)
Notes and accounts receivable	41.4	43.0	1.6	Income taxes payable	10.1	14.5	4.4
Inventories	6.4	4.4	(2.0)	Provision for sales returns	4.2	5.8	1.6
Content production account	71.4	78.1	6.7	Others	29.3	35.3	6.0
Others	8.0	11.7	3.7	Total Current Liabilities	69.3	80.3	11.0
Total Current Assets	250.8	283.6	32.8	Non-current Liabilities	11.3	12.5	1.2
Property and equipment	20.5	19.6	(0.9)	Total Liabilities	80.7	92.8	12.1
Intangible Assets	5.3	5.5	0.2	Total Shareholders' Equity	226.7	247.7	21.0
Investments and other assets	25.8	27.3	1.5	Others	(4.8)	(4.5)	0.3
Total Non-current Assets	51.7	52.5	0.8	Total Net Assets	221.9	243.2	21.3
Total Assets	302.6	336.1	33.5	Total Liabilities and Net Assets	302.6	336.1	33.5

Consolidated Financial Results and Progress in Each Business Segment

Consolidated Financial Results

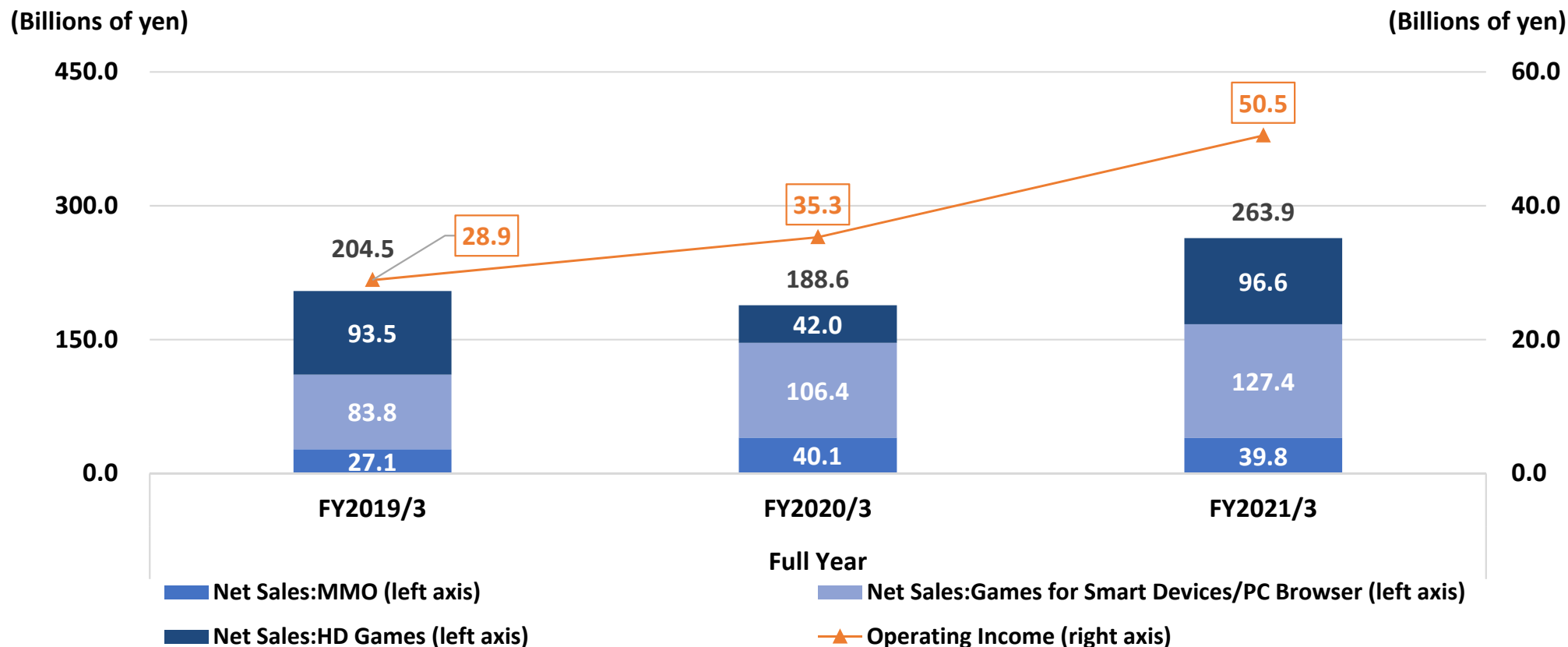
Net sales and operating income hit a record high.



Digital Entertainment

Net sales and operating income rose YoY.

HD Games	Launched multiple major titles. Catalog sales were brisk.
MMO	Business was brisk, including subscription revenue.
Games for Smart Devices/PC Browser	Existing titles performed well, and new titles contributed to earnings.



Digital Entertainment

HD Games/MMO: Released multiple new titles, including AAA titles.

HD Games: Major New titles in FY2021/3



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LOGO ILLUSTRATION: © 1997 YOSHITAKA AMANO

Launched on April 10, 2020



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Launched on April 24, 2020



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Development support provided by Nixxes.
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Launched on September 4, 2020



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Launched on February 26, 2021

MMO : Main titles in operation



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Digital Entertainment

Games for Smart Devices/PC Browser: All newly launched titles performing well.

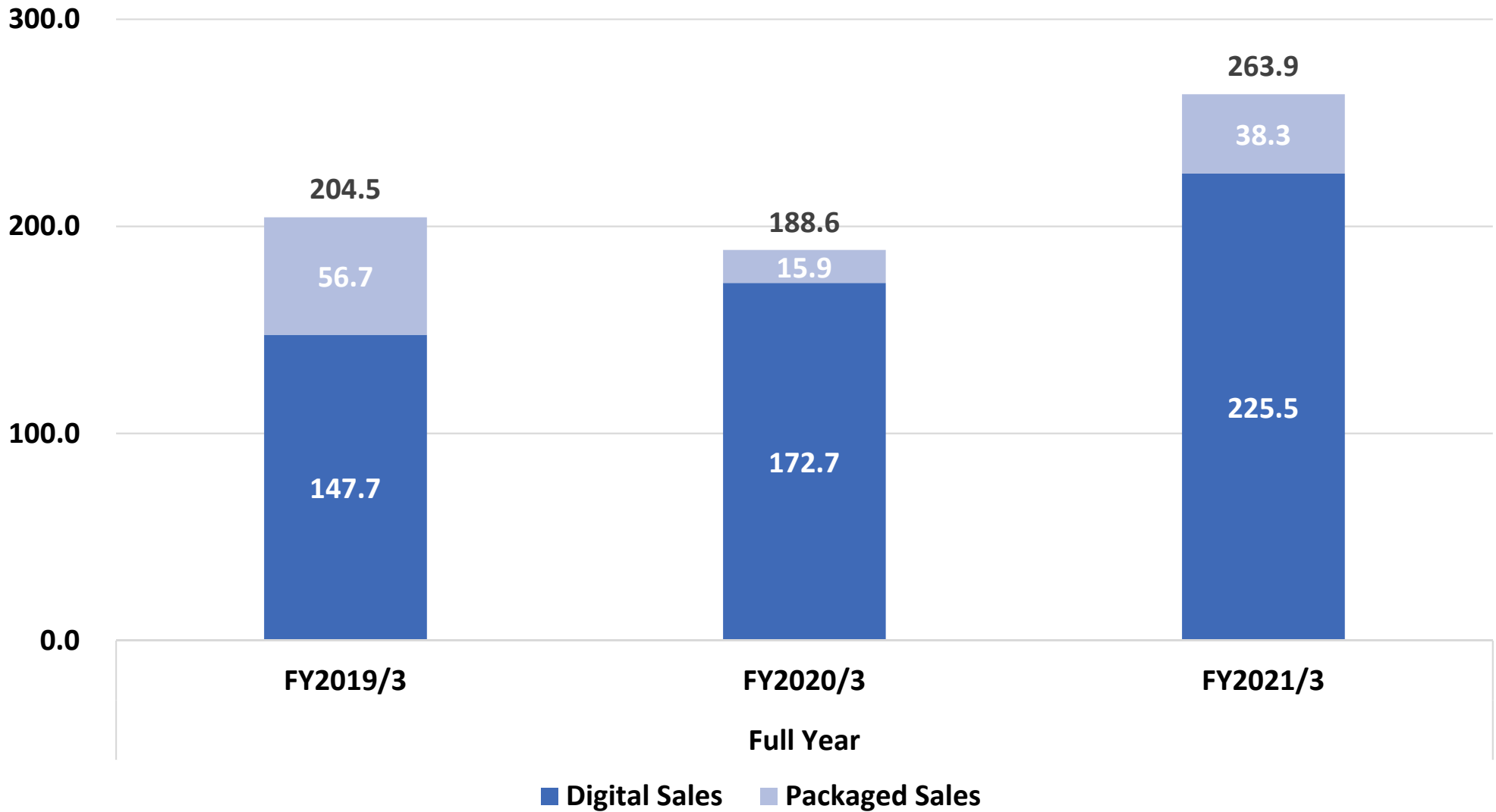
Major Operating Titles (Month and year indicate each title's launch timing.)

<p>Aug 2010 (PC Browser game)</p>  <p>©2010-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Jan 2014</p>  <p>© 2014-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p>Apr 2014</p>  <p>©2014-2021 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>Oct 2015</p>  <p>©2015-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p>Oct 2015</p>  <p>© 2015-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>
<p>Feb 2017</p>  <p>©2017-2021 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p>Jun 2017</p>  <p>株式会社ポケラボとの共同開発 (配信：株式会社ポケラボ) © 2017-2021 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>	<p>Mar 2018</p>  <p>© 伍箇伝計画／とじともOVA 製作委員会 © 2018 - 2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Dec 2018</p>  <p>© 2018-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Powered by Akatsuki Inc. ILLUSTRATION: TOMOMI KOBAYASHI</p>	<p>Jul 2019</p>  <p>© 2019 TOARU-PROJECT © 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2019</p>  <p>© 2019-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>
<p>Nov 2019</p>  <p>© 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	<p>Jul 2020</p>  <p>© 2020,2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Aiming Inc.</p>	<p>Oct 2020</p>  <p>© 2020, 2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Feb 2021</p>  <p>© 2021 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by Applibot, Inc.</p>		

Digital Entertainment

(Billions of yen)

Breakdown of Digital Entertainment sales



Digital Entertainment – Units Sold by Region

Units Sold = Sold disks + Downloads

Sold disks: Unit sales of packaged software sold in the fiscal year

Downloads: Units sales of downloaded software sold in the fiscal year

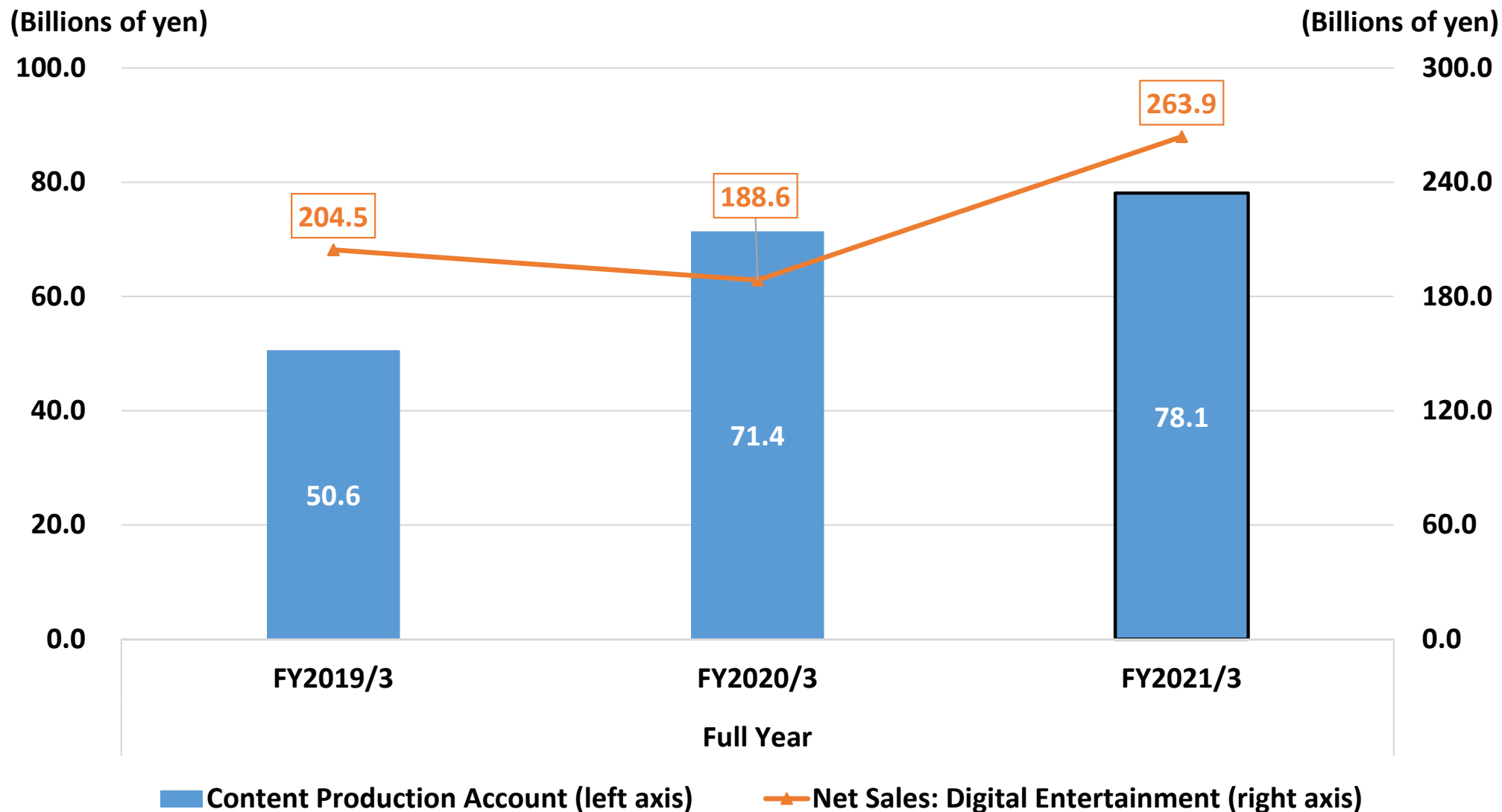
(Millions of Units Sold)

Region	FY2020/3 Full Year Results			FY2021/3 Full Year Results		
	Disc	Download	Total	Disc	Download	Total
Japan	1.60	2.42	4.02	2.62	3.67	6.30
North America/ Europe	4.88	19.58	24.46	7.16	31.43	38.59
Asia, etc.	0.78	4.16	4.94	0.51	4.51	5.01
Total	7.26	26.16	33.42	10.29	39.60	49.90

* The above numbers cover both HD and MMO games, and includes titles for which Square Enix is the distributor and titles sold episodically.

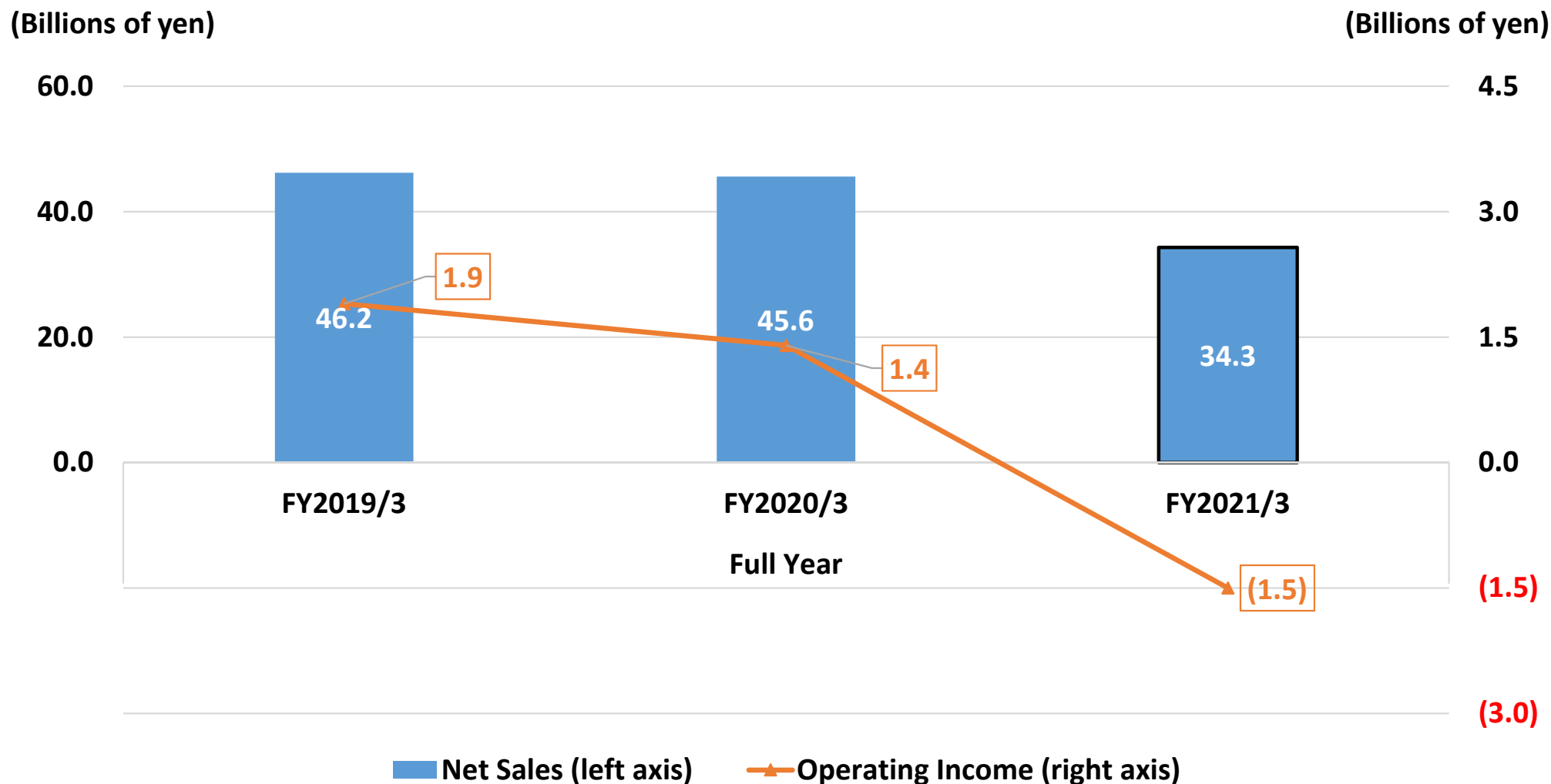
Digital Entertainment

Note: Content production account balance & Net Sales of Digital Entertainment



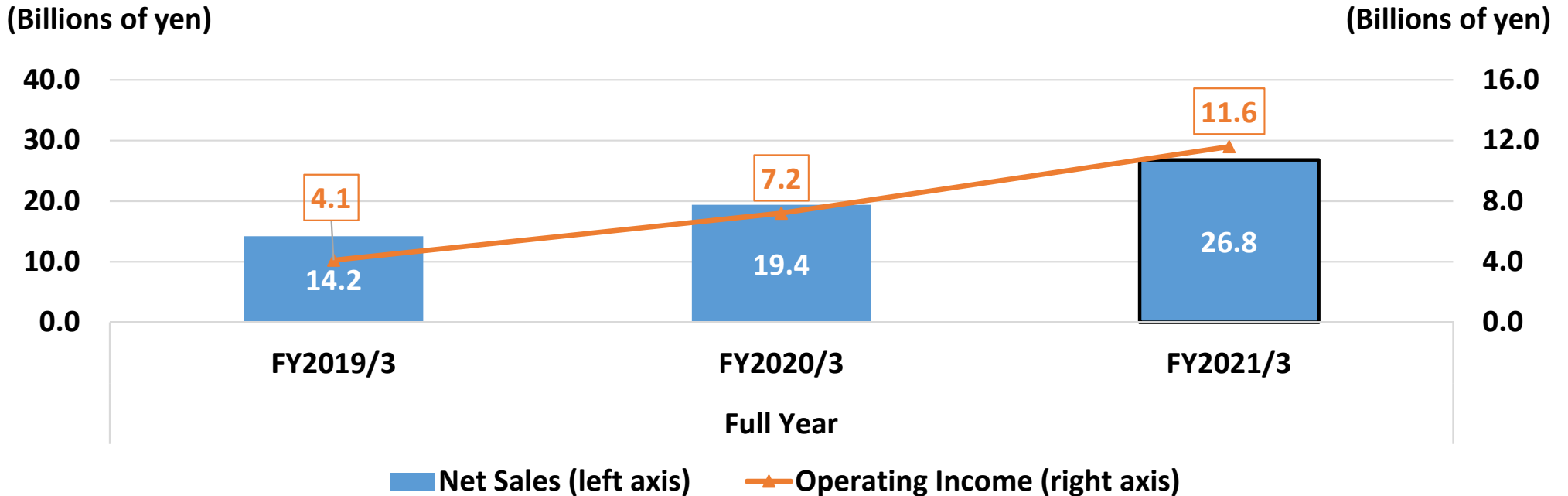
Amusement

Same-store sales fell sharply YoY due to the closure through mid-June of amusement facilities to combat the spread of COVID-19. Net sales declined significantly, and the segment booked an operating loss.



Publication

Digital sales via “MANGA UP!” and e-books sales rose sharply. Printed media sales were also brisk, leading to a YoY increase in net sales and operating income.



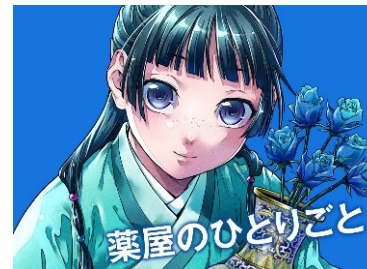
Major Service, Titles in FY2021/3



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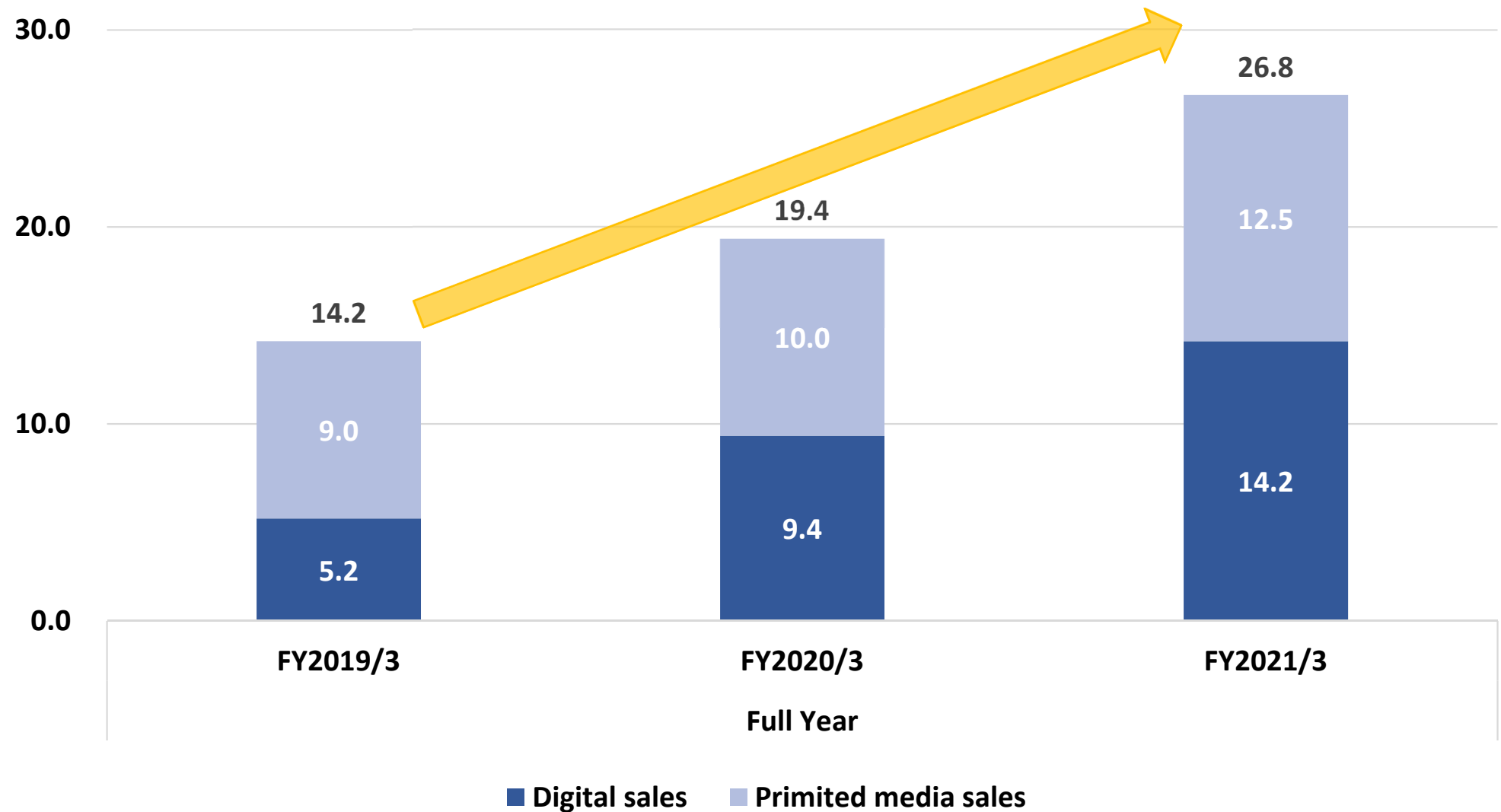


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Publication

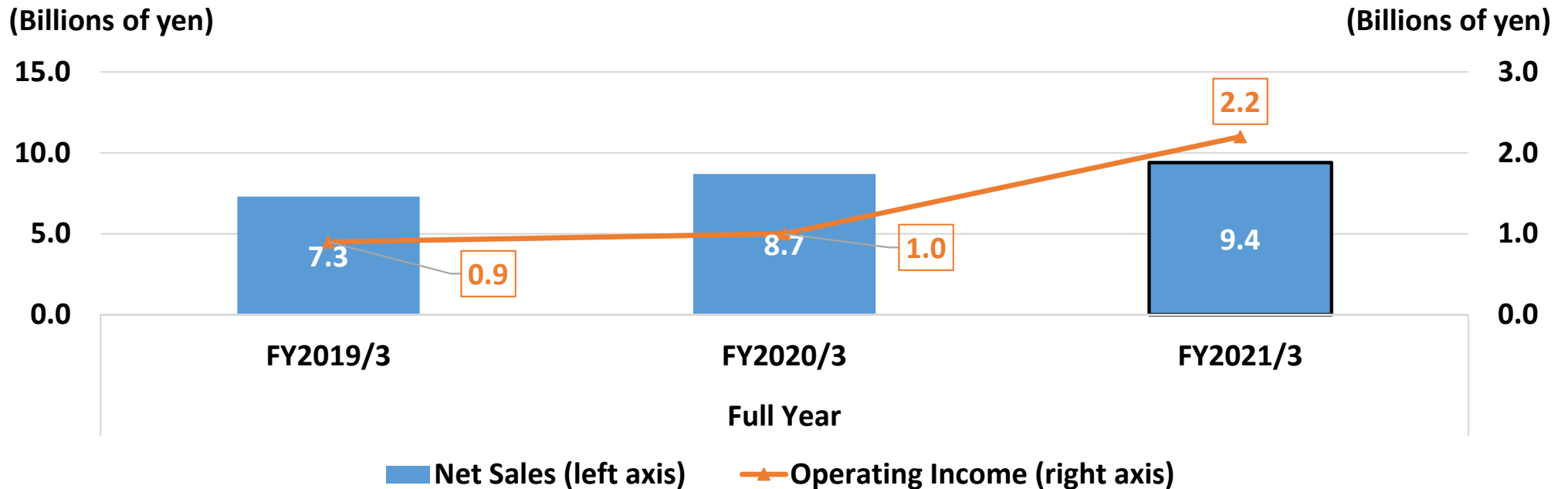
(Billions of yen)

Breakdown of Publication sales



Merchandising

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



Major Products in FY2021/3



"FINAL FANTASY VII REMAKE
Original Soundtrack
~Special edit version~"

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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI



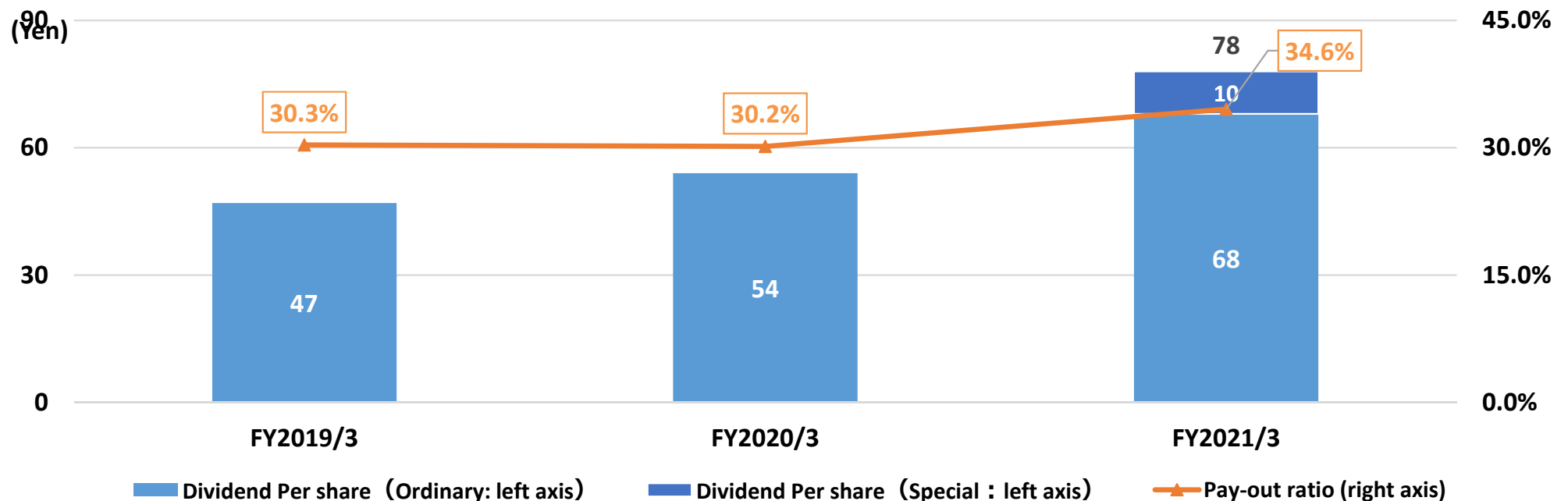
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Shareholders Return in FY2021/3

<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
- Adding a special dividend of 10 yen to end-FY2021/3 dividend in recognition of achievement of medium-term earnings targets.

Dividend Record for 3 years



Medium-term Earnings Target and Business Strategy

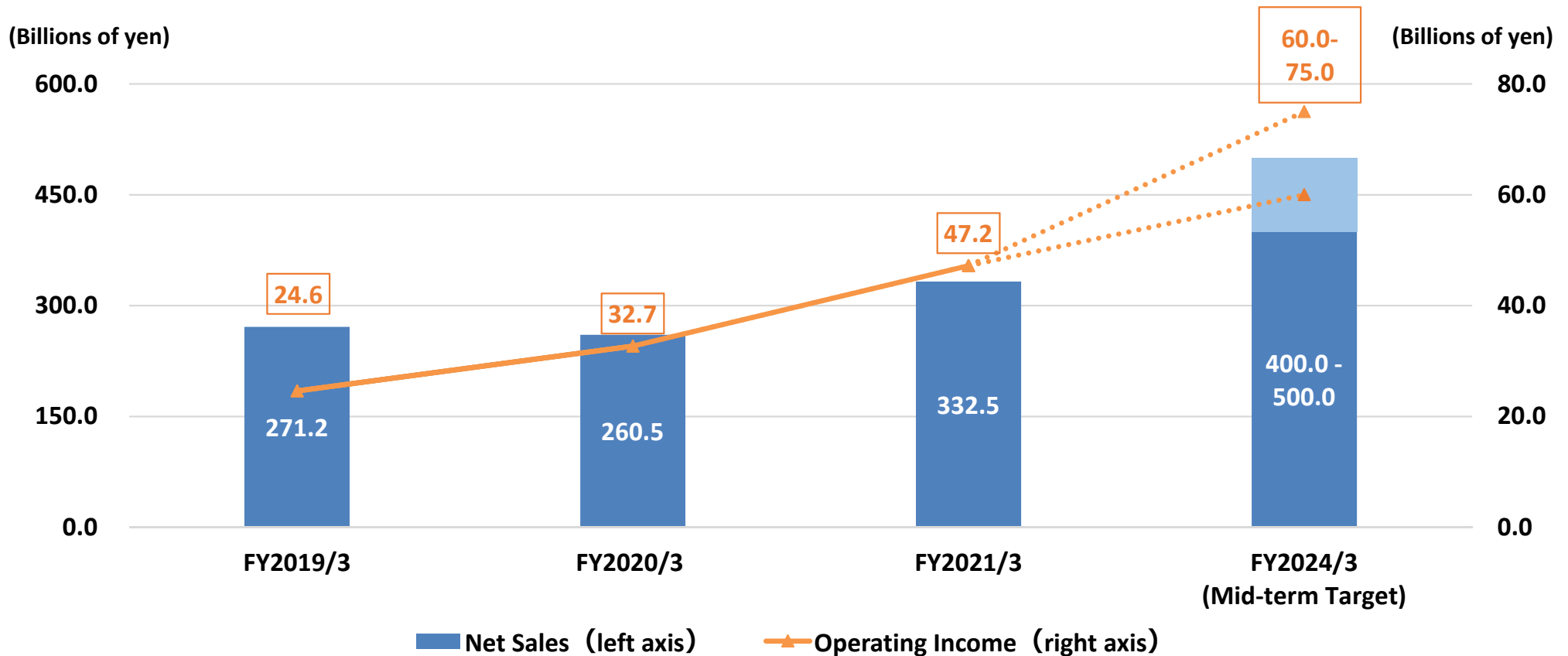
Medium-term Earnings target

3-year targets

-Net sales 400.0 – 500.0 billion yen

-Operating income 60.0 – 75.0 billion yen

-Operating margin improvement



Business strategy: Strengthen IP ecosystem

1. Strengthen IP ecosystem

- (1) Create new IP primarily in the form of/based on HD games**
Strengthen our IP lineup by releasing new titles on an ongoing basis while appropriately controlling risk.

- (2) Leverage our IP to provide even greater added value**
Bolster profitability while maintaining the freshness of our IP by offering titles that leverage our existing IP in a broad range of formats.

- (3) Expand base of recurring profits**
Expand base of recurring profits by leveraging our new and existing IP across the Group's business segments.

Business strategy:

Take on new domains, optimize business structure

2. Take on new domains

Use investment and other means to quickly adapt to environmental changes in the content business and proactively adopt the burgeoning technologies that result from them.

(Examples: Metaverse, NFT)

3. Optimize business structure for COVID world

Revisit our existing business portfolio in order to minimize the risks highlighted by the pandemic. Create a business structure capable of adapting flexibly and quickly to changes in the business environment arising in a world living with COVID.

Segment initiatives

Digital Entertainment

- Game development is mostly progressing well despite pandemic impact on a few titles
- Creating Group synergies by collaborating with the Amusement, Publication, and Merchandising segments

HD Games

- Strengthen existing IP & leverage them in multifaceted ways
- Create new IP
- Target multiple major title launches per fiscal year

MMO

- Expand/bolster recurring income from existing titles by using expansion packages to spark growth in sales/subscriber numbers

Games for Smart Devices/ PC Browser

- Maintain stable recurring income from existing titles while continuing to develop only the best new titles

Segment initiatives

Amusement

Focus on further bolstering profitability to equip ourselves to survive the COVID world

Publication

Step up overseas expansion and start cultivating new domains in order to accelerate growth momentum

Merchandising

Step up sales through Square Enix-owned channels, especially digital sales through our e-STORE

Consolidated Financial Forecasts

Fiscal Year

ending March 31, 2022

Consolidated Financial Forecasts:

Fiscal Year ending March 31, 2022

(Billions of Yen)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ending March 31, 2022	
	Full Year Results	Full Year Forecasts	Changes
Net Sales	332.5	340.0	7.5
Operating Income	47.2	40.0	(7.2)
Operating Income Margin	14.2%	11.8%	(2.4pt)
Ordinary Income	49.9	40.0	(9.9)
Ordinary Income Margin	15.0%	11.8%	(3.2pt)
Profit attributable to owners of parent	26.9	24.0	(2.9)
Depreciation and Amortization	7.5	7.1	(0.4)
Capital Expenditure	7.3	10.5	3.2
Dividends per share			
			(Yen)
Interim	10	10	0
Yearend	68	51	(17)
Total	78	61	(17)

To spread happiness across the globe by providing unforgettable experiences.

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世界中の人々の幸福に貢献する。**



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