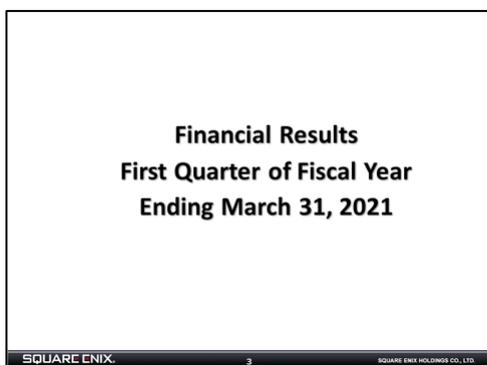
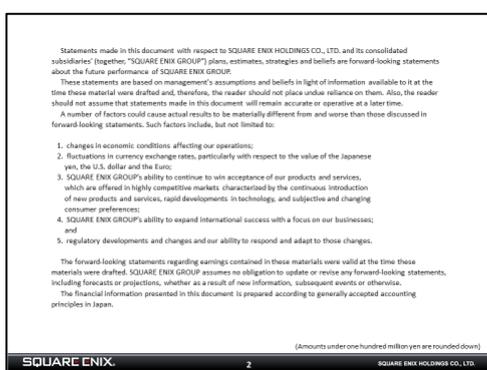


We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the first quarter of the fiscal year ending March 31, 2021 (“1Q FY2021/3”).

Today’s presenters are:

Yosuke Matsuda, President and Representative Director, and Atsushi Matsuda, General Manager of Finance and Accounting Division.



First, Mr. Matsuda, General Manager of Finance and Accounting Division, will give an overview of the Company’s financial results for 1Q FY2021/3, and then our president Mr. Matsuda will discuss the progress made by each of the Company’s business segments.

Consolidated Statement of Income
Q1, FY2021/3

(Billions of Yen)

	Fiscal Year Ending		Changes
	March 31, 2020	March 31, 2021	
	Apr - June 2019	Apr - June 2020	
Net sales	53.3	87.0	33.7
Operating income	7.1	24.5	17.4
Operating income margin	13.5%	28.2%	14.7pt
Ordinary income	6.2	24.1	17.9
Ordinary income margin	11.8%	27.8%	16.0pt
Profit attributable to owners of parent	4.1	14.3	10.2
Depreciation and amortization	1.6	1.7	0.1
Capital expenditure	1.4	1.5	0.1

Good afternoon. I am Atsushi Matsuda.

In 1Q FY2021/3, the Company booked net sales of ¥87.0 billion (up ¥33.7 billion YoY), operating income of ¥24.5 billion (up ¥17.4 billion), ordinary income of ¥24.1 billion (up ¥17.9 billion), and net income attributable to parent company shareholders of ¥14.3 billion (up ¥10.2 billion).

In addition, the Company booked ¥2.226 billion in losses resulting from temporary closures of amusement facilities etc.

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prompted by the COVID-19 pandemic as extraordinary losses

Consolidated Statement of Income
Q1, FY2021/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2020		Fiscal Year Ending March 31, 2021		Changes
	Apr - June	Apr - June	Apr - June	Apr - June	
Net sales	53.3	71.1	87.0	33.7	
Digital Entertainment	37.1	48.2	74.3	37.2	(6.2)
Amusement	10.8	11.9	4.6	4.6	(6.2)
Publication	3.8	5.1	5.4	5.4	1.6
Merchandising	1.9	2.5	3.1	3.1	1.2
Eliminations or unallocated	-0.4	-0.5	-0.3	-0.3	(0.1)
Operating income	7.1	8.7	24.8	17.4	
Digital Entertainment	7.6	9.0	26.0	18.6	(8.4)
Amusement	0.6	0.6	-1.5	(2.1)	(2.7)
Publication	1.2	1.9	2.3	2.3	1.1
Merchandising	0.1	0.4	1.2	1.2	1.1
Eliminations or unallocated	-2.5	-1.3	-3.5	(1.0)	(1.0)
Operating income margin	13.5%	12.2%	28.2%	19.7%	
Digital Entertainment	20.5%	18.7%	35.6%	24.5%	(11.1)
Amusement	5.6%	5.0%	-17.0%	-10.0%	(13.0)
Publication	32.8%	37.1%	43.0%	43.0%	10.2%
Merchandising	8.4%	16.0%	38.2%	29.8%	(8.4)
Eliminations or unallocated	-35.8%	-35.8%	-35.8%	-35.8%	0.0%

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I will next break down our results by segment.

The Digital Entertainment segment posted net sales of ¥74.3 billion (up ¥37.2 billion YoY) and operating income of ¥26.0 billion (up ¥18.4 billion).

The HD Game sub-segment saw both sales and profits rise YoY thanks not only to the release of the console titles “FINAL FANTASY VII REMAKE” and “TRIALS OF MANA,” but also to a higher percentage of digital sales and to licensing income.

The MMO sub-segment likewise saw sales and profits rise, thanks to growth in paying subscriber numbers for “FINAL FANTASY XIV.”

The Games for Smart Devices/PC Browser sub-segment also saw YoY growth in both sales and profits due to strong performances from titles such as “DRAGON QUEST WALK,” “WAR OF THE VISIONS: FINAL FANTASY BRAVE EXVIUS,” and “Romancing SaGA Re;univerSe.”

Consolidated Statement of Income
Quarterly Comparison

(Billions of Yen)

	Fiscal Year Ended March 31, 2020				Fiscal Year Ending March 31, 2021
	Apr - June 2019	Jul - Sep 2019	Oct - Dec 2019	Jan - Mar 2020	Apr - June 2020
Net sales	53.3	67.4	68.9	70.8	87.0
Digital Entertainment	37.1	48.2	51.5	51.7	74.3
Amusement	10.8	11.9	10.8	11.9	4.6
Publication	3.8	5.1	4.8	5.5	5.4
Merchandising	1.9	2.5	2.0	2.1	3.1
Eliminations or unallocated	-0.4	-0.5	-0.3	-0.4	-0.3
Operating income	7.1	8.7	11.8	4.9	24.8
Digital Entertainment	7.6	9.0	12.8	5.8	26.0
Amusement	0.6	0.6	0.1	-0.1	-1.5
Publication	1.2	1.9	1.7	2.2	2.3
Merchandising	0.1	0.4	0.1	0.2	1.2
Eliminations or unallocated	-2.5	-1.3	-0.6	-3.3	-1.0

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The Amusement segment generated net sales of ¥4.6 billion (down ¥6.2 billion YoY) and an operating loss of ¥1.5 billion (vs. operating income of ¥680 million a year earlier). The Company temporarily closed its amusement facilities in Japan in response to the state of emergency declaration issued under Japan’s Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, related to COVID-19. This resulted in a sharp YoY sales decline and an operating loss.

Consolidated Balance Sheet
as of June 30, 2020

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>		
	03/2020	06/2020	Changes	Account	03/2020	06/2020
Cash and deposits	123.4	118.4	(5.0)	Notes and accounts payable	25.5	19.5
Notes and accounts receivable	41.4	42.7	1.3	Income taxes payable	10.1	4.5
Inventories	6.4	5.4	(0.8)	Provision for sales returns	4.2	3.7
Content production account	71.4	71.4	0.2	Others	29.3	26.4
Others	8.0	7.5	(0.5)	Total Current Liabilities	69.3	54.9
Total Current Assets	250.6	245.9	(4.9)	Non-current Liabilities	11.9	11.8
Property and equipment	20.5	20.2	(0.3)	Total Liabilities	80.7	66.7
Intangible Assets	5.3	5.2	(0.1)	Total Shareholders' Equity	236.7	239.9
Investments and other assets	25.8	25.3	(0.5)	Others	-4.8	-4.8
Total Non-current Assets	51.7	50.8	(0.9)	Total Net Assets	221.9	231.1
Total Assets	302.6	296.8	(5.8)	Total Liabilities and Net Assets	302.6	296.8

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The Publication segment booked net sales of ¥5.4 billion (up ¥1.6 billion YoY) and operating income of ¥2.3 billion (up ¥1.1 billion). Sales in digital formats, such as from “MANGA UP!” manga application and e-books, grew substantially. Sales in printed formats were also brisk, resulting in YoY growth in net sales and operating income.

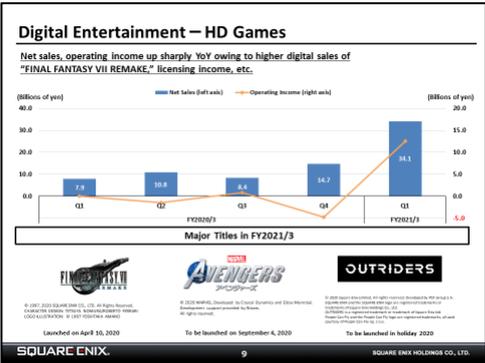
The Merchandising segment posted net sales of ¥3.1 billion

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(up ¥1.2 billion YoY) and operating income of ¥1.2 billion (up ¥1.1 billion). The YoY growth in sales and profits is owed to brisk sales of character goods and soundtracks based on the Company’s IP.

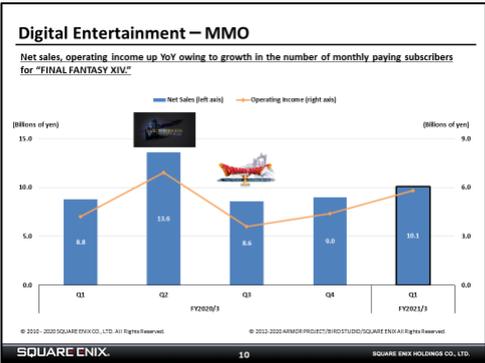
This concludes my overview on our 1Q FY2021/3 financial results.

I am Yosuke Matsuda. I will be discussing the progress made by each of our business segments.



Profits at the HD Games sub-segment benefitted not only from greater digital sales of "FINAL FANTASY VII REMAKE," which we launched in 1Q FY2021/3, and from a performance by "TRIALS OF MANA" that exceeded our plan, but also from increased sales of catalog titles.

The sub-segment is also slated to release "Marvel’s Avengers" and "Outriders" etc. in FY2021/3.



I turn next to the MMO sub-segment, where paying subscriber numbers for both "FINAL FANTASY XIV" and "DRAGON QUEST X" are growing.

"FINAL FANTASY XIV" is maintaining an especially high paying subscriber count.

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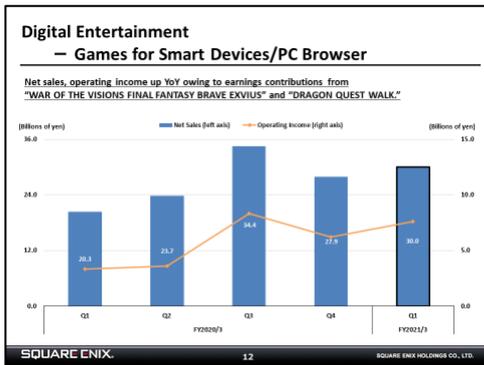
Digital Entertainment – Units Sold by Region

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	FY2020/3 Q1 Results			FY2021/3 Q1 Results		
	Disc	Download	Total	Disc	Download	Total
Japan	0.39 <small>(Includes episode units 0.1)</small>	0.25	0.64	1.34 <small>(Includes episode units 0.1)</small>	0.84	2.18
North America/ Europe	0.83 <small>(Includes episode units 0.24)</small>	1.43	2.26	1.17 <small>(Includes episode units -)</small>	2.33	3.49
Asia, etc.	0.21 <small>(Includes episode units 0.03)</small>	0.13	0.35	0.22 <small>(Includes episode units -)</small>	0.32	0.54
Total	1.44 <small>(Includes episode units 0.37)</small>	1.81	3.25	2.73 <small>(Includes episode units 0.1)</small>	3.48	6.21

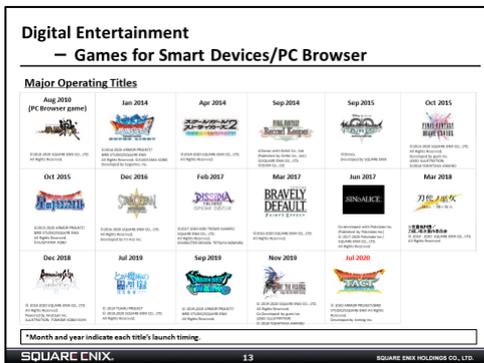
* The above numbers cover both HD and MMIO games, including third-party titles for distributorship arrangements. Each episode of episodic distribution titles is counted as one unit.

This is a breakdown of our units sold.

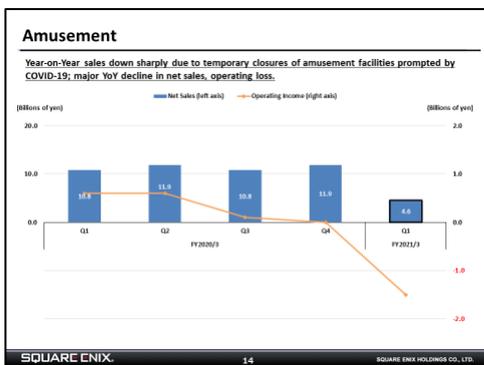


In the Games for Smart Devices/PC Browser sub-segment, "DRAGON QUEST WALK" and "WAR OF THE VISIONS: FINAL FANTASY BRAVE EXVIUS," both of which were launched in FY2020/3, contributed to earnings from the very start of this fiscal year.

Steps we took to reduce the impact of COVID-19 on our earnings included adapting our location-based game "DRAGON QUEST WALK" so that it could be enjoyed indoors as well.



This is the list of our current key titles. We launched "DRAGON QUEST TACT" in July, and it is off to a strong start.

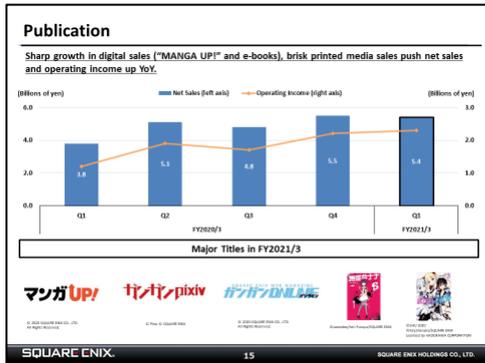


The results for our amusement operations in the Amusement segment were extremely severe. Sales and profits fell sharply as we closed our amusement facilities in compliance with the state of emergency declaration issued under Japan's Act on Special Measures for Pandemic Influenza and New Infectious Diseases Preparedness and Response, related to COVID-19. Customer traffic has not picked up at our large amusement facilities in Greater Tokyo even since the declarations were lifted, so we

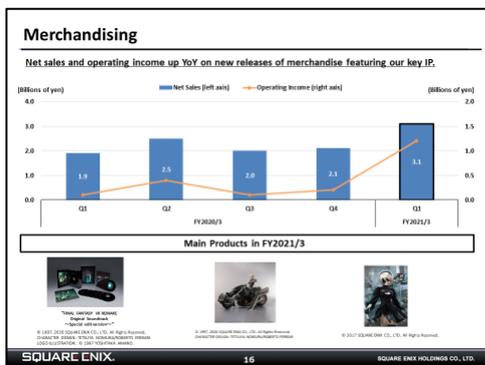
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find it difficult to form an outlook on the way ahead.

Next is the Publication segment. Sales in digital formats, such as from the “MANGA UP!” manga application and e-books, are strong, and brisk sales in printed formats also contributed to earnings.

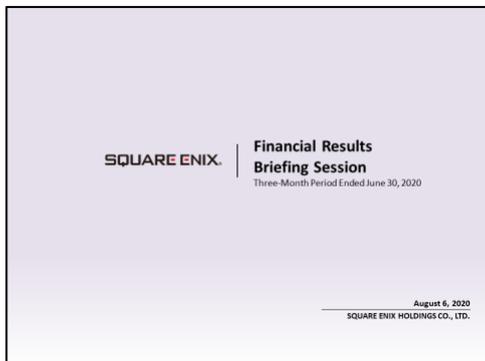


The Merchandising segment saw both sales and profits grow YoY, thanks in part to the release of “FINAL FANTASY VII REMAKE” merchandise.



I will next discuss the situation with our guidance. The outlook for our Amusement segment is uncertain because of COVID-19. In addition, we are revisiting our development plans for some titles in the Digital Entertainment segment because some of our game development efforts were affected for a time.

We will release full-year guidance for FY2021/3 as soon as we are capable of formulating it.



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SQUARE ENIX HOLDINGS CO., LTD.

1Q FY2021/3 Financial Results Briefing Session Q&A

Date/Time: August 6, 2020 (Thu); 6:30-7:40 pm (JST)

Main Speaker: Yosuke Matsuda, President and Representative Director

Q&A

Q: How do you view the trend of so-called “stay-at-home demand” that has resulted from the COVID-19 pandemic? Also, how is “FINAL FANTASY VII REMAKE” selling?

A: In 1Q, Western countries went into lockdown and businesses in Japan were asked to close temporarily as part of the government’s state of emergency declaration. As a result, demand for game downloads increased. The pace of digital sales has eased since July, but we believe that the shift to digital will continue. As for “FINAL FANTASY VII REMAKE,” cumulative sales had reached just under 5 million units as of the end of 1Q. Going forward our sales promotion efforts will focus on customers who are interested in the title, but who have yet to purchase it.

Q: “Marvel’s Avengers” is slated for a September launch. What are your expectations for it?

A: Our expectations are very high. Since it will be a title with GaaS (Game as a Service) features, our operations after the game goes live will also be key, not just initial sales on launch. We hope to build excitement around the title by rolling out powerful add-on content.

Q: Other than “FINAL FANTASY VII REMAKE,” how are new and catalog HD games selling?

A: Sales of “TRIALS OF MANA” are so strong that they have significantly surpassed our initial expectations. In regards to catalog titles, we are seeing growth in digital sales from our library, especially of titles featuring our core IP, and this is despite not engaging in any special promotions. In addition, unrelated to HD games, revenue generated from one-off sales of smartphone games also grew in 1Q.

Q: You launched “DRAGON QUEST TACT” in July. What kind of response have you gotten?

A: It is off to a strong start and has exceeded our initial expectations.

Q: What is your outlook for the Merchandising segment?

A: We are standing ready with multiple pieces of merchandise based on our IP. Game tradeshows and other major events are prime opportunities for the Merchandising segment to sell its products, but these events have all be cancelled, postponed, or moved online because of COVID-19. As such, we are currently considering what new sales initiatives we can undertake in their stead.

Q: What is your outlook for the HD Games sub-segment in 2Q?

A: We think that digital sales will be calmer in 2Q than in 1Q. With “*Marvel’s Avengers*,” we think growing digital sales will play a more important role than sales of physical copies, which makes forecasting sales volumes difficult.