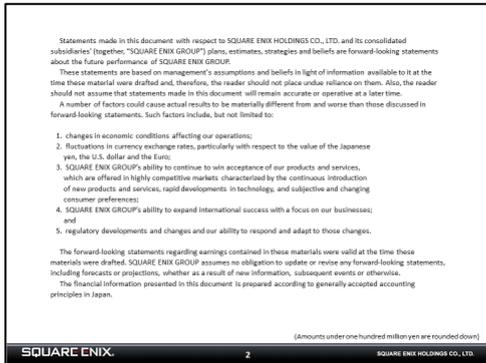


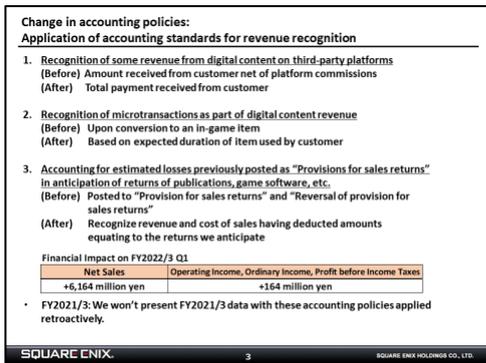
We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the first quarter of the fiscal year ending March 31, 2022 (“1Q FY2022/3”).

Today’s presenters are:

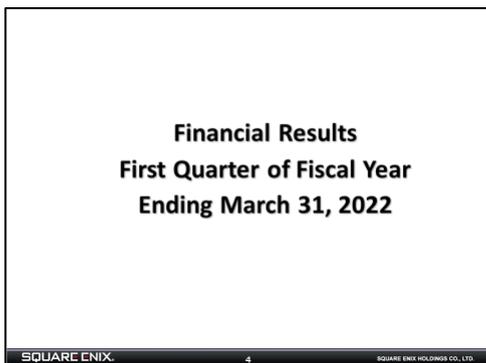
Yosuke Matsuda, President and Representative Director, and Atsushi Matsuda, Chief Accounting Officer.



First, Mr. Matsuda, Chief Accounting Officer, will give an overview of the Company’s financial results for 1Q FY2022/3, and then our president Mr. Matsuda will discuss the progress made by each of the Company’s business segments.



I am Atsushi Matsuda, the Chief Accounting Officer. I would firstly like to note changes to our accounting policies. We began applying the Accounting Standard for Revenue Recognition as of 1Q, resulting in a boost of ¥6,164 million to net sales and a boost of ¥164 million to operating income, ordinary income, and profit before income taxes. Please refer to our Earning Releases for further details.



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Consolidated Statement of Income
Q1, FY2022/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2021		Fiscal Year Ending March 31, 2022			
	Apr - Jun	Full Year Results	Apr - Jun	Changes	Full Year Forecasts	Changes
Net sales	87.0	322.5	88.6	1.6	340.0	7.5
Operating income	24.5	47.2	17.3	(7.2)	40.0	(7.2)
Operating income margin	28.2%	14.2%	19.5%	(8.7pt)	11.8%	(2.4pt)
Ordinary income	24.1	49.9	17.6	(6.5)	40.0	(8.9)
Ordinary income margin	27.8%	15.0%	19.8%	(7.9pt)	11.8%	(8.2pt)
Profit attributable to owners of parent	14.3	26.9	12.6	(1.7)	24.0	(2.9)
Depreciation and amortization	1.7	7.5	1.6	(0.1)	7.1	(0.4)
Capital expenditure	1.5	7.3	1.9	0.4	10.5	3.2

SQUARE ENIX. 5 SQUARE ENIX HOLDINGS CO., LTD.

In 1Q FY2022/3, the Company booked net sales of ¥88.6 billion (up ¥1.6 billion YoY), operating income of ¥17.3 billion (down ¥7.2 billion), ordinary income of ¥17.6 billion (down ¥6.5 billion), and net income attributable to parent company shareholders of ¥12.6 billion (down ¥1.7 billion).

Consolidated Statement of Income
Q1, FY2022/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2021		Fiscal Year Ending March 31, 2022	
	Apr - Jun	Apr - Jun	Changes	
Net sales	87.0	88.6	1.6	
Digital Entertainment	74.3	69.8	(4.5)	
Amusement	4.6	9.4	4.8	
Publication	5.4	7.2	1.8	
Merchandising	3.1	2.7	(0.4)	
Eliminations or unallocated	2.5	(1.3)	(-3.8)	
Operating income	24.5	17.3	(-7.2)	
Digital Entertainment	26.0	17.1	(8.9)	
Amusement	(1.5)	0.3	1.8	
Publication	2.3	3.2	0.9	
Merchandising	1.2	0.9	(0.3)	
Eliminations or unallocated	(1.5)	(4.3)	(-2.8)	
Operating income margin	28.2%	19.5%	(8.7pt)	
Digital Entertainment	35.1%	24.5%	(10.6pt)	
Amusement	(32.9%)	3.6%	36.5pt	
Publication	43.0%	44.9%	1.9pt	
Merchandising	38.2%	33.1%	(5.1pt)	

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I will next break down our results by segment. The Digital Entertainment segment posted net sales of ¥69.8 billion (down ¥4.5 billion) and operating income of ¥17.1 billion (down ¥8.9 billion).

Consolidated Balance Sheet
as of June 30, 2021

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>		
	03/2021	06/2021	Changes	Account	03/2021	06/2021
Cash and deposits	146.2	131.4	(14.8)	Notes and accounts payable	24.5	21.7
Notes and accounts receivable and contract assets *	43.0	41.8	(1.2)	Income taxes payable	14.5	1.7
Inventories	4.4	4.5	0.1	Refund liabilities *	5.8	5.6
Content production account	78.1	80.6	2.5	Others	35.3	37.0
Others *	11.7	15.6	3.9	Total Current Liabilities	80.3	66.2
Total Current Assets	283.4	274.1	(9.3)	Non-current Liabilities	12.5	12.8
Property and equipment	19.6	19.3	(0.3)	Total Liabilities	92.8	79.0
Intangible Assets	5.5	6.0	0.5	Total Shareholders' Equity	247.7	252.3
Investments and other assets	27.3	27.0	(0.3)	Others	(4.1)	(4.3)
Total Non-current Assets	32.5	32.4	(0.1)	Total Net Assets	248.2	247.9
Total Assets	315.9	306.5	(9.4)	Total Liabilities and Net Assets	341.0	346.9

*Data reflects change of accounting policies as of figures for FY2022/3. For further details, please refer to our Earnings Release.

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While the HD Games sub-segment released such titles as “NieR Replicant ver.1.22474487139...” and “OUTRIDERS,” its net sales were lower than in the same period of the previous fiscal year, which had seen the release of “FINAL FANTASY VII REMAKE.”

Net sales rose YoY in the MMO sub-segment thanks to growth in paying subscriber numbers for “FINAL FANTASY XIV.”

The Games in the Smart Devices/PC Browser sub-segment saw YoY sales growth, not only because of contributions from “DRAGON QUEST TACT,” “NieR Re[in]carnation,” and “OCTOPATH TRAVELER: Tairiku no Hasha,” but also due to the change in how revenue is reported under the newly adopted accounting standard.

The Amusement segment booked net sales of ¥9.4 billion (up ¥4.8 billion YoY) and operating income of ¥300 million (versus an operating loss of ¥1.5 billion a year earlier). The segment had been heavily impacted in the previous year by the temporary closure of our amusement facilities in Japan, a move taken to help prevent the spread of COVID-19 in keeping with the Japanese government’s state of emergency declaration. As such, net sales rose substantially YoY, and the segment moved into the black at the operating line.

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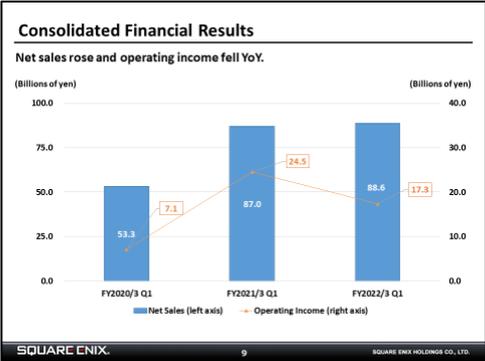
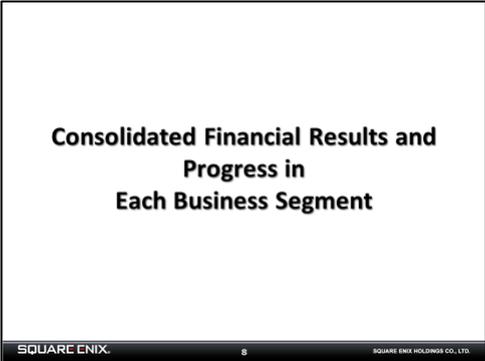
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The Publication segment booked net sales of ¥7.2 billion (up ¥1.8 billion YoY) and operating income of ¥3.2 billion (up ¥900 million). Both sales and profits rose YoY thanks to substantial growth in sales of e-books and other digital media, as well as brisk sales of print media.

The Merchandising segment posted net sales of ¥2.7 billion (down ¥400 million YoY) and operating income of ¥900 million (down ¥300 million). Both sales and profits were down, as the previous year had seen the release of new character goods and other merchandise based on the Company’s IP.

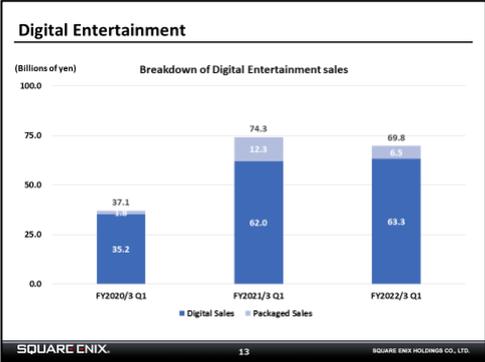
That concludes my overview of our 1Q FY2022/3 financial results.

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



In 1Q, growth in net sales of the Amusement segment offset the decline in net sales of the Digital Entertainment segment. However, the same did not hold true for profits, resulting in higher total net sales but lower total operating income YoY.

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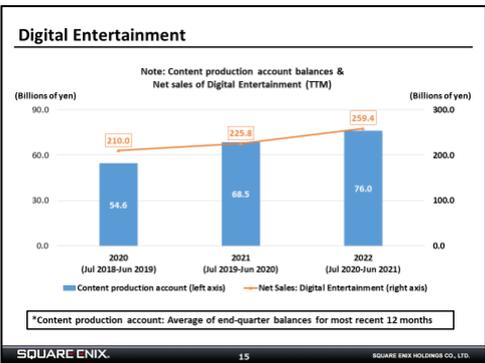
Digital sales ratio rose YoY at the Digital Entertainment segment in 1Q.

Digital Entertainment – Units Sold by Region

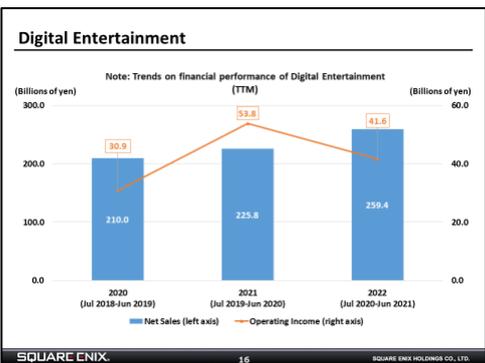
Units Sold = Sold disks + Downloads
 Sold disks: Unit sales of packaged software sold in the fiscal year
 Downloads: Unit sales of downloaded software sold in the fiscal year

Region	FY2021/3 Q1			FY2022/3 Q1		
	Disc	Download	Total	Disc	Download	Total
Japan	1.34	1.52	2.86	0.36	0.99	1.35
North America/ Europe	1.17	13.90	15.07	1.25	6.05	7.30
Asia, etc.	0.22	1.58	1.80	0.15	1.09	1.23
Total	2.72	17.00	19.73	1.76	8.12	9.88

This slide shows units sold by region.

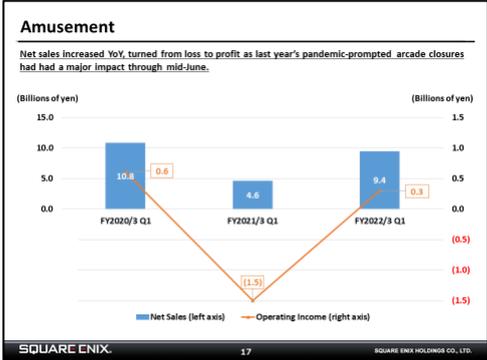


This slide shows the Digital Entertainment segment’s net sales and content production account for the past three years on a trailing 12-month (TTM) basis.

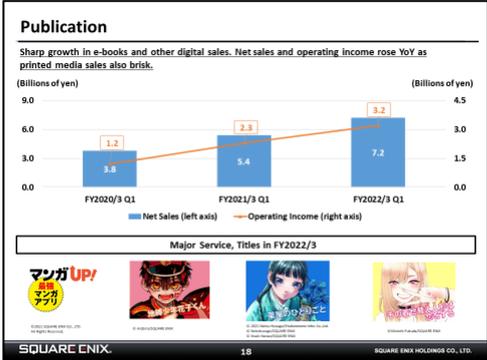


This slide similarly shows the Digital Entertainment segment’s net sales and operating income on a trailing 12-month (TTM) basis.

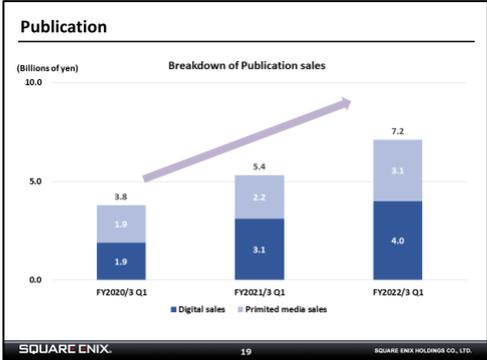
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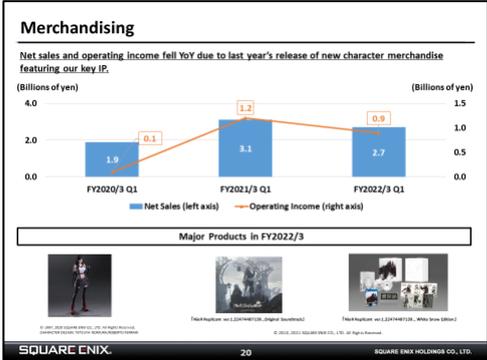
The Amusement segment struggled in 1Q FY2021/3 due to the temporary closure of our amusement facilities, but it turned into the black at the operating line in 1Q FY2022/3.



The Publication segment delivered a solid performance.



The Publication segment is achieving well-balanced growth between digital and printed media.

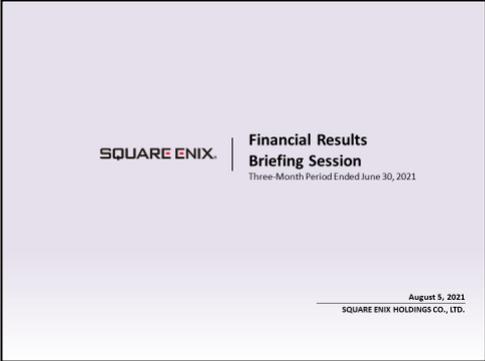


Net sales and operating income declined YoY in the Merchandising segment due to the considerable hurdle created in the previous year by sales of "FINAL FANTASY VII REMAKE" character goods and other products.

In our materials for the Financial Results Briefing session for FY2021/3, we referenced taking on new domains, and as we have previously announced, we plan to run a proof of concept for a business model using NFTs. In undertaking such endeavors, we are giving due consideration to various potential regulatory

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and legal issues. We have formed a task force that is engaged in exploratory efforts with an eye to future commercialization potential.



Lastly, I will discuss our outlook.

While we fared better in 1Q than we had anticipated, sales trends in 2Q and beyond will be important. The keys to maintaining a strong performance will be sales trends for new titles in HD Games and Games for Smart Devices/PC Browser sub-segments, and expansion releases in the MMO sub-segment.

The outlook for the Amusement segment is uncertain, given that COVID-19 infections are on the rise in Japan.

In light of the above, we intend to continue to drive our businesses in pursuit of achieving or even surpassing the full-year targets that we have announced, while also responding flexibly to environmental changes.

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SQUARE ENIX HOLDINGS CO., LTD.

1Q FY2022/3 Financial Results Briefing Session Q&A

Date/Time: August 5, 2021 (Thu); 6:30-7:30 pm (JST)

Main Speaker: Yosuke Matsuda, President and Representative Director

Q&A

Q: Why was the YoY decline in profits in the Digital Entertainment segment more pronounced than the decline in sales?

A: The primary reason is differences in the scale of sales and margins between “*FINAL FANTASY VII REMAKE*,” which we released in FY2021/3, and “*OUTRIDERS*,” which we released in FY2022/3.

Q: Why is “*FINAL FANTASY XIV*” doing so well, and what is your outlook for it going forward?

A: We generated greater expectations and engagement among our users by providing ongoing content updates and undertaking promotional initiatives such as announcing the release of an expansion pack and hosting the Digital Fan Festival. As a result, we attracted new users and the title continued to perform well. We look forward to building even more excitement ahead of the expansion pack’s November release date, as a string of new information is expected to be unveiled.

Q: How did the accounting standard change affect each of your businesses?

A: We will refrain from commenting on the details, but please refer to the notes in the segment information included in our Earning Releases.

Q: Do you have any major capital expenditure planned to build out your server capacity for “*FINAL FANTASY XIV*?”

A: We will consider our capital expenditure plan based on a careful assessment of conditions for our titles going forward.