



# Financial Results Briefing Session

Three-Month Period Ended June 30, 2021

**August 5, 2021**

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**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)

## Change in accounting policies:

### Application of accounting standards for revenue recognition

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- 1. Recognition of some revenue from digital content on third-party platforms**  
(Before) Amount received from customer net of platform commissions  
(After) Total payment received from customer
- 2. Recognition of microtransactions as part of digital content revenue**  
(Before) Upon conversion to an in-game item  
(After) Based on expected duration of item used by customer
- 3. Accounting for estimated losses previously posted as “Provisions for sales returns” in anticipation of returns of publications, game software, etc.**  
(Before) Posted to “Provision for sales returns” and “Reversal of provision for sales returns”  
(After) Recognize revenue and cost of sales having deducted amounts equating to the returns we anticipate

#### Financial Impact on FY2022/3 Q1

Net Sales	Operating Income, Ordinary Income, Profit before Income Taxes
+6,164 million yen	+164 million yen

- FY2021/3: We won't present FY2021/3 data with these accounting policies applied retroactively.

**Financial Results**  
**First Quarter of Fiscal Year**  
**Ending March 31, 2022**

# 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	332.5	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	(9.9)
Ordinary income margin	27.8%	15.0%	19.9%	(7.9pt)	11.8%	(3.2pt)
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

# 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
<b>Net sales</b>	<b>87.0</b>	<b>88.6</b>	<b>1.6</b>
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	(0.5)	(0.7)	(0.2)
<b>Operating income</b>	<b>24.5</b>	<b>17.3</b>	<b>(7.2)</b>
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	(3.5)	(4.3)	(0.8)
<b>Operating income margin</b>	<b>28.2%</b>	<b>19.5%</b>	<b>(8.7pt)</b>
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)
Eliminations or unallocated	-	-	-

# 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	Changes
Cash and deposits	146.2	131.4	(14.8)	Notes and accounts payable	24.5	21.7	(2.8)
Notes and accounts receivable, and contract assets *	43.0	41.8	(1.2)	Income taxes payable	14.5	1.7	(12.8)
Inventories	4.4	4.5	0.1	Refund liabilities *	5.8	5.6	(0.2)
Content production account	78.1	80.6	2.5	Others	35.3	37.0	1.7
Others *	11.7	15.6	3.9	<b>Total Current Liabilities</b>	<b>80.3</b>	<b>66.2</b>	<b>(14.1)</b>
<b>Total Current Assets</b>	<b>283.6</b>	<b>274.1</b>	<b>(9.5)</b>	<b>Non-current Liabilities</b>	<b>12.5</b>	<b>12.3</b>	<b>(0.2)</b>
Property and equipment	19.6	19.3	(0.3)	<b>Total Liabilities</b>	<b>92.8</b>	<b>78.6</b>	<b>(14.2)</b>
Intangible Assets	5.5	6.0	0.5	Total Shareholders' Equity	247.7	252.3	4.6
Investments and other assets	27.3	27.0	(0.3)	Others	(4.5)	(4.3)	0.2
<b>Total Non-current Assets</b>	<b>52.5</b>	<b>52.4</b>	<b>(0.1)</b>	<b>Total Net Assets</b>	<b>243.2</b>	<b>247.9</b>	<b>4.7</b>
<b>Total Assets</b>	<b>336.1</b>	<b>326.6</b>	<b>(9.5)</b>	<b>Total Liabilities and Net Assets</b>	<b>336.1</b>	<b>326.6</b>	<b>(9.5)</b>

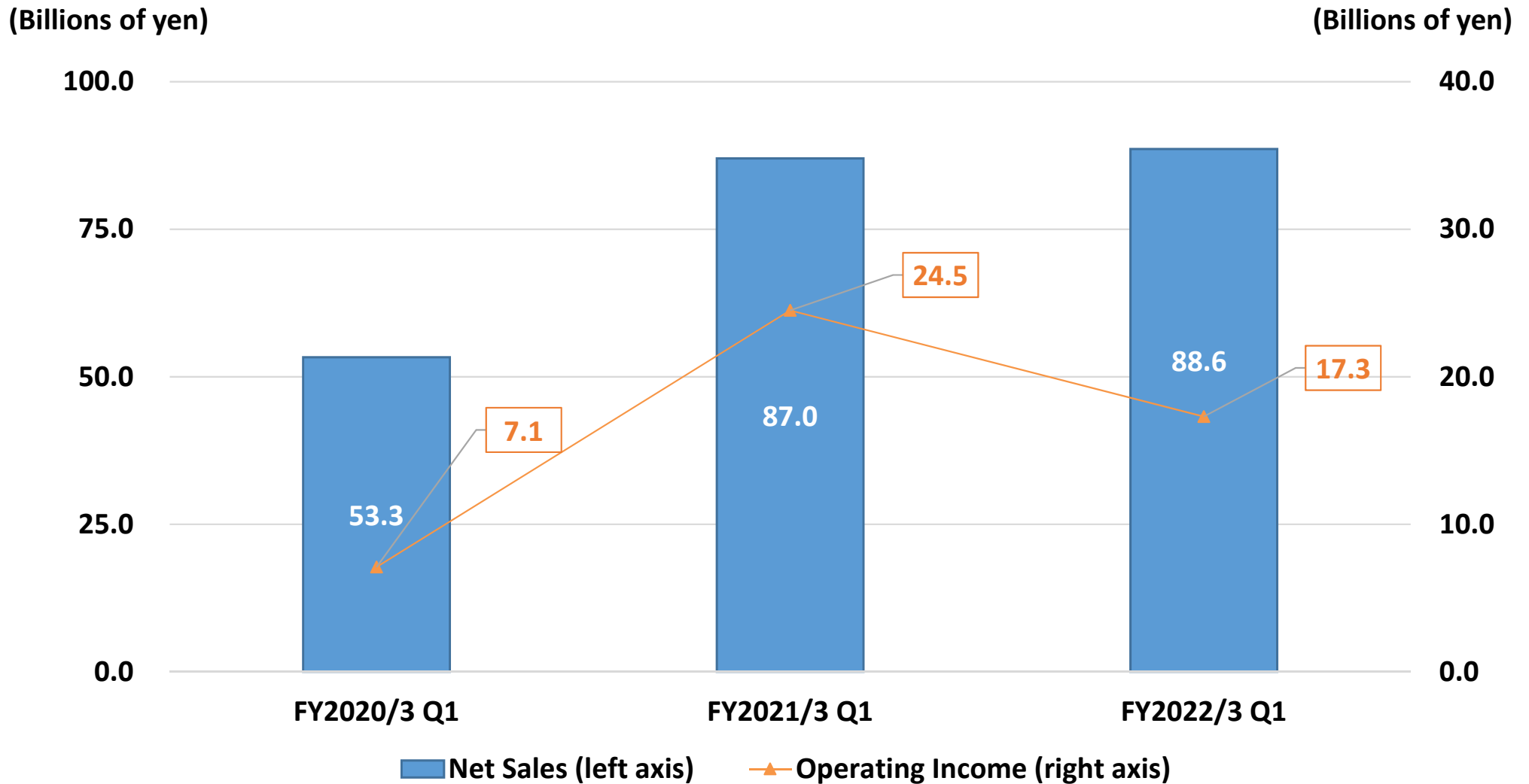
\*Data reflects change of accounting policies as of figures for FY2022/3. For further details, please refer to our Earnings Release.

# **Consolidated Financial Results and Progress in Each Business Segment**



# Consolidated Financial Results

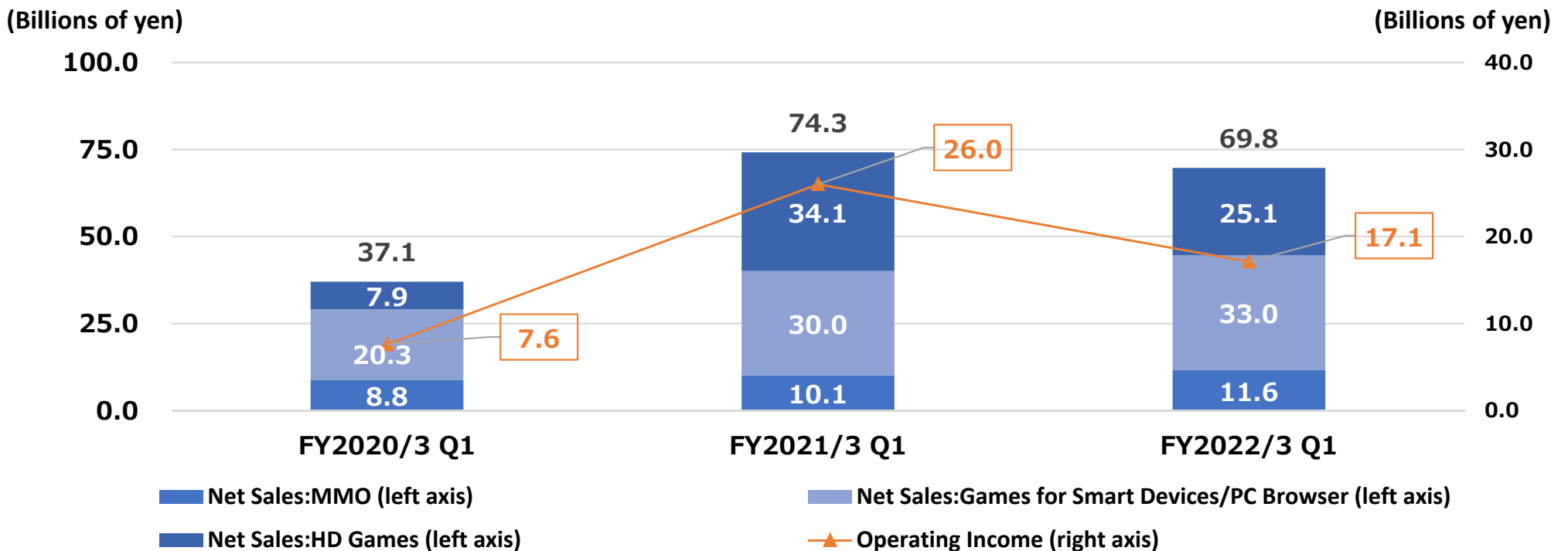
Net sales rose and operating income fell YoY.



# Digital Entertainment

Net sales and operating income fell YoY due to hurdles set by launch of major HD games including “FINAL FANTASY VII REMAKE” last year.

HD Games	Launched multiple new titles, but did not reach level seen last year, when we released major titles.
MMO	Recurring revenue was brisk. Monthly paying subscribers for “FINAL FANTASY XIV” rose YoY.
Games for Smart Devices/PC Browser	Bearish, in part because of lack of new title releases.



# Digital Entertainment

**HD Games: Plan to launch multiple new titles, including major titles.**

**MMO: Plan to launch “FINAL FANTASY XIV” & “DRAGON QUEST X” expansion packs in November.**

## HD Games: Major New titles in FY2022/3



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Launched on Apr 1, 2021



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Developed by Toylogic Inc.

Launched on Apr 22, 2021



© 1997, 2021 SQUARE ENIX CO., LTD.  
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CHARACTER DESIGN: TETSUYA NOMURA/  
ROBERTO FERRARI  
LOGO ILLUSTRATION:  
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Launched on Jun 10, 2021



Life is Strange: True Colors  
© 2021 Square Enix Ltd.  
Developed by Deck Nine Games.

overseas :  
To be Launched on Sep 10, 2021  
Japan : TBD



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To be launched on Oct 26, 2021

## MMO : Main titles in operation



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To be launched on Nov 23, 2021



















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To be launched on Nov 11, 2021

# Digital Entertainment

**Games for Smart Devices/PC Browser:**  
**No new title releases in 1Q; plan to release multiple new titles going forward.**

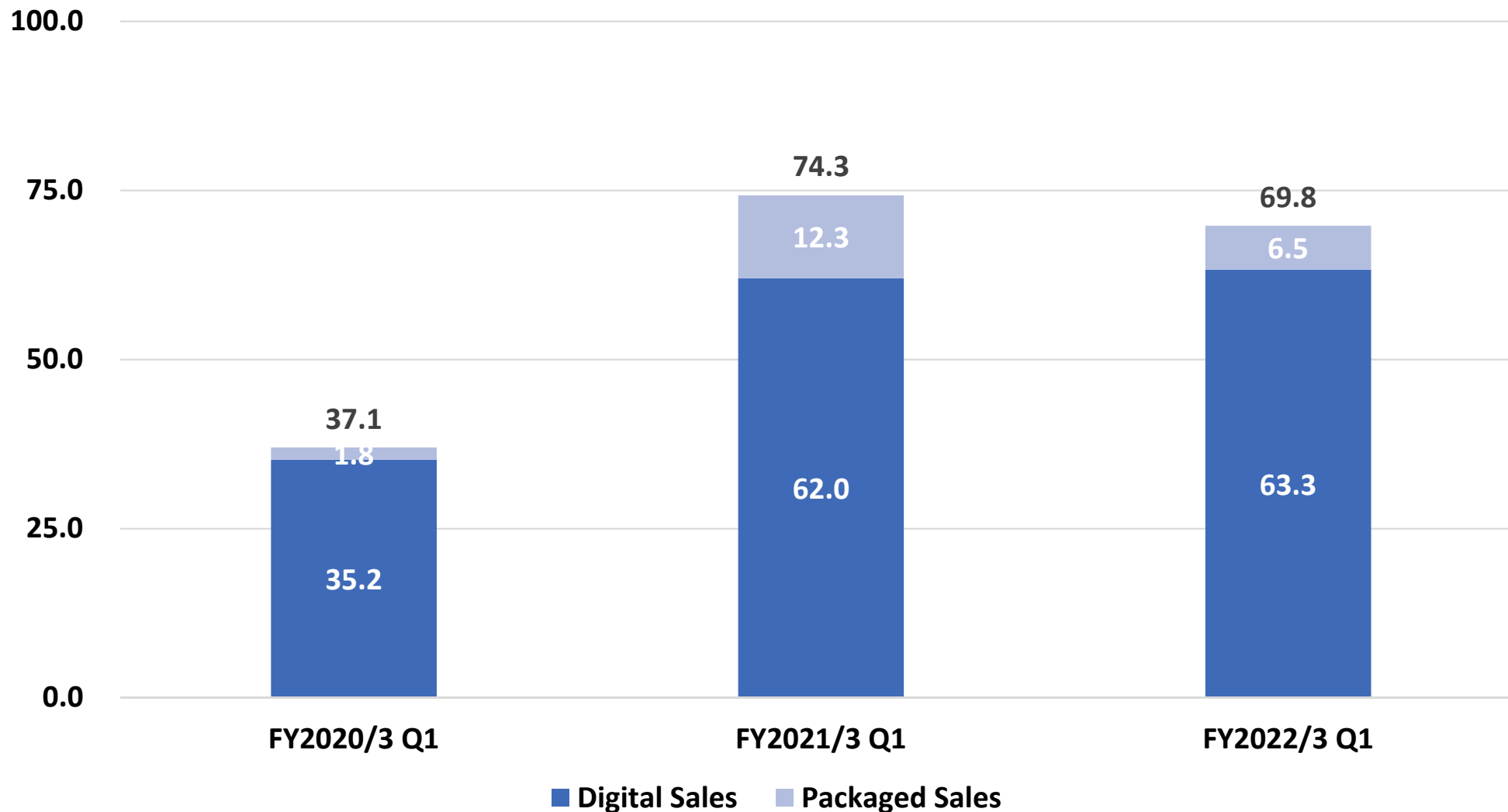
**Major Operating Titles (Month and year indicate each title's launch timing.)**

<p><b>Aug 2010</b> <b>(PC Browser game)</b></p>  <p>©2010-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jan 2014</b></p>  <p>© 2014-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p><b>Apr 2014</b></p>  <p>©2014-2021 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>Oct 2015</b></p>  <p>©2015-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p><b>Oct 2015</b></p>  <p>© 2015-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>
<p><b>Feb 2017</b></p>  <p>©2017-2021 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p><b>Jun 2017</b></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><b>Mar 2018</b></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><b>Dec 2018</b></p>  <p>© 2018-2021 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 © 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2019</b></p>  <p>© 2019-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>
<p><b>Nov 2019</b></p>  <p>© 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	<p><b>Jul 2020</b></p>  <p>© 2020,2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Aiming Inc.</p>	<p><b>Oct 2020</b></p>  <p>© 2020, 2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Feb 2021</b></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:** Unit sales of downloaded software sold in the fiscal year

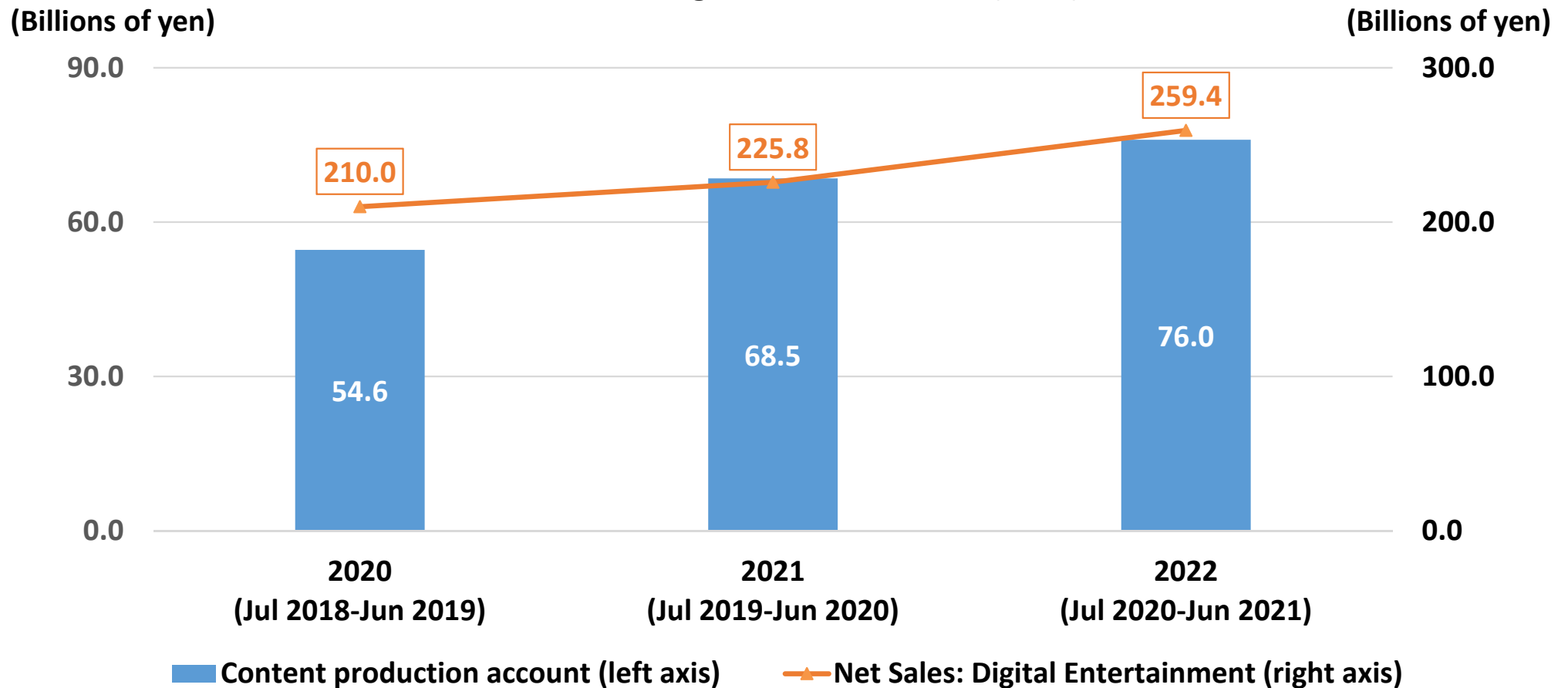
(Millions of Units Sold)

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

\* 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

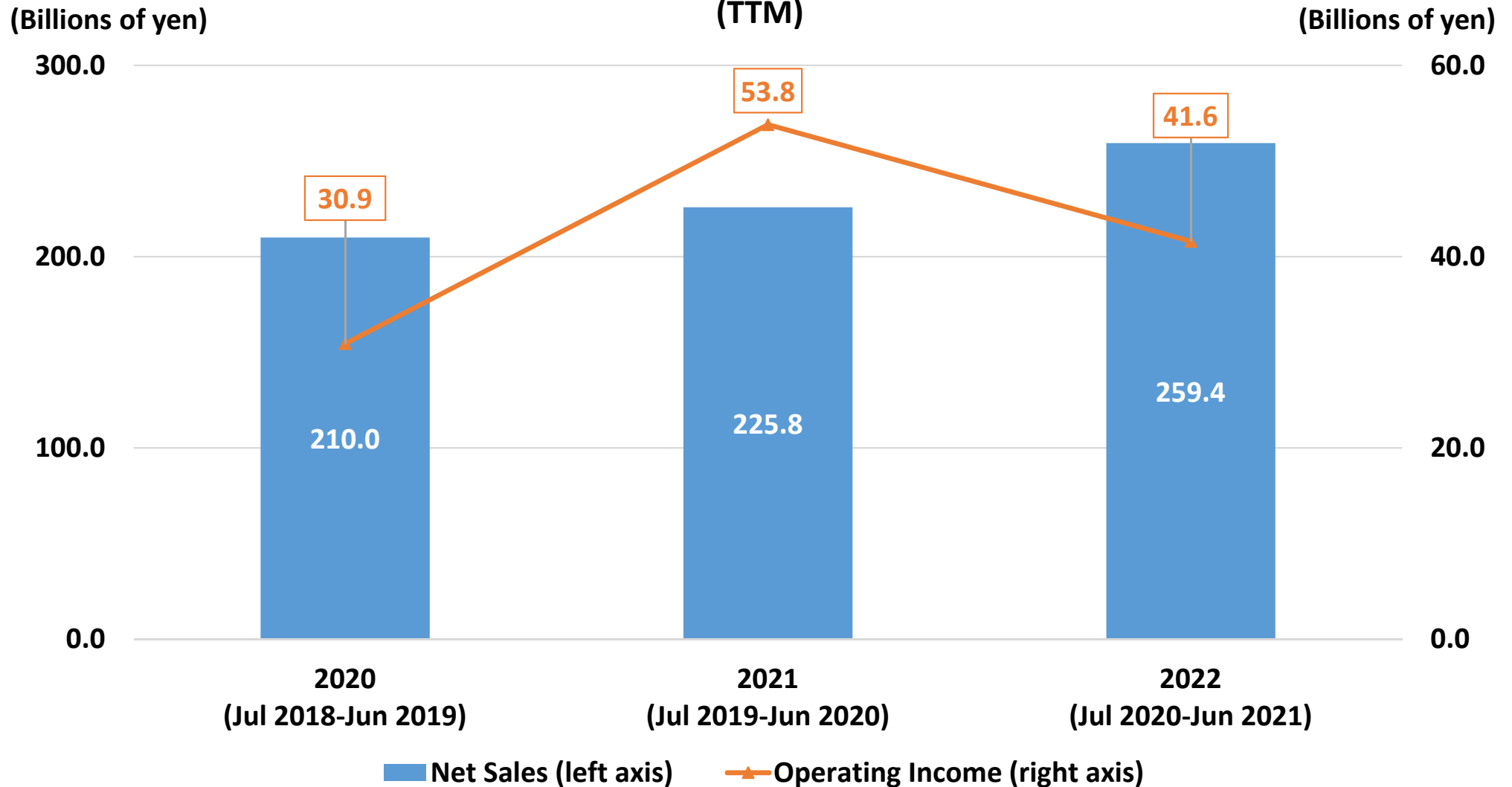
Note: Content production account balances & Net sales of Digital Entertainment (TTM)



\*Content production account: Average of end-quarter balances for most recent 12 months

# Digital Entertainment

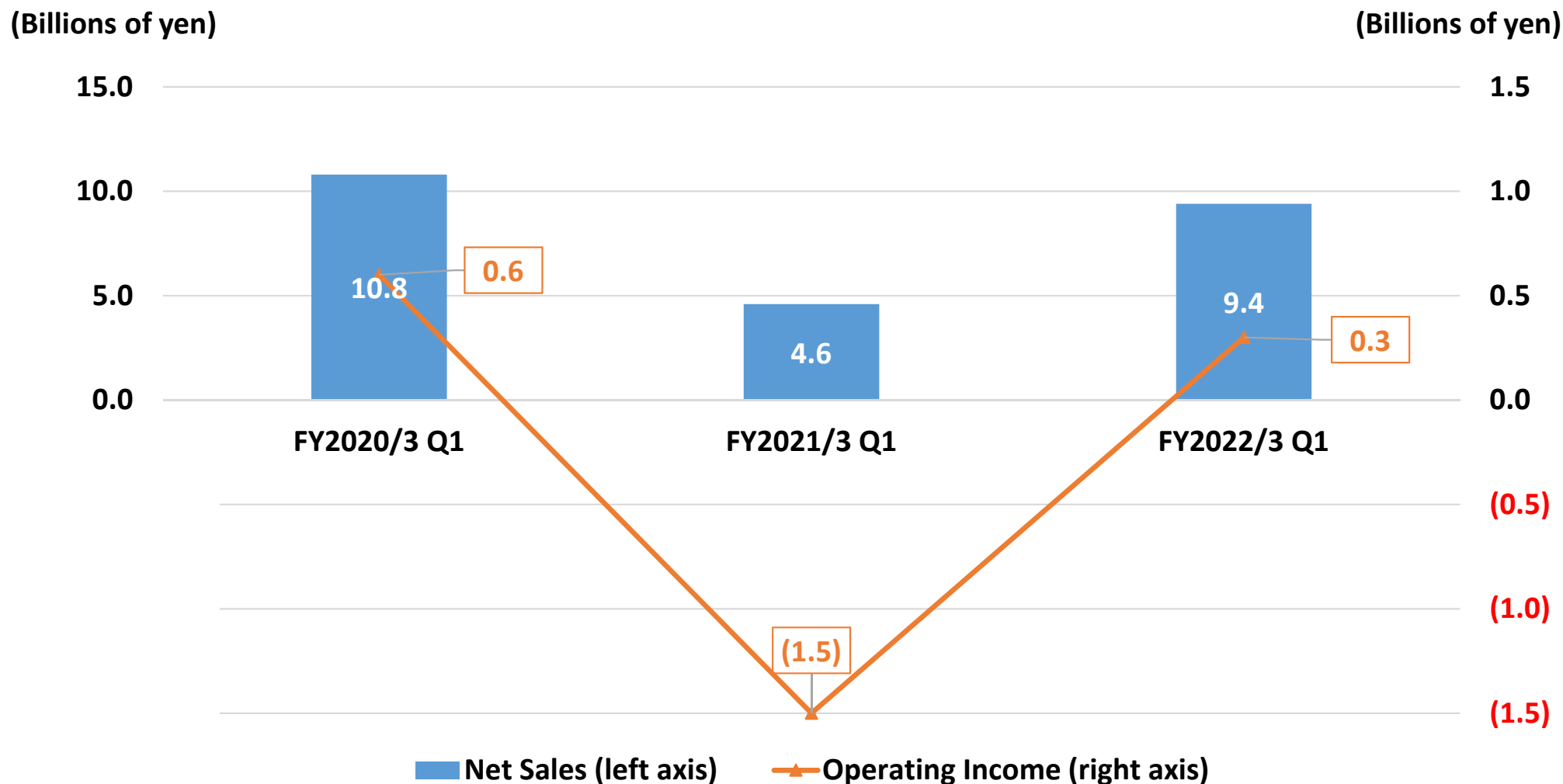
Note: Trends on financial performance of Digital Entertainment (TTM)





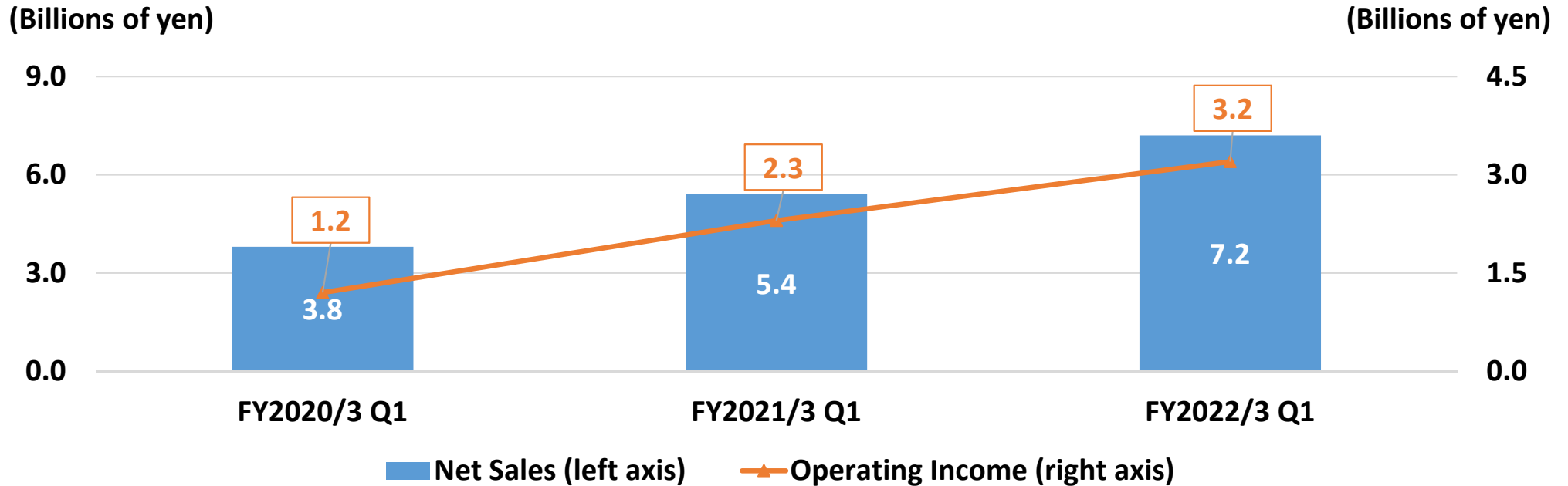
# Amusement

Net sales increased YoY, turned from loss to profit as last year's pandemic-prompted arcade closures had had a major impact through mid-June.



# Publication

Sharp growth in e-books and other digital sales. Net sales and operating income rose YoY as printed media sales also brisk.



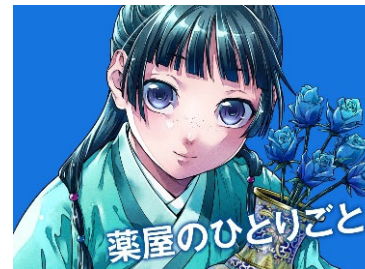
## Major Service, Titles in FY2022/3



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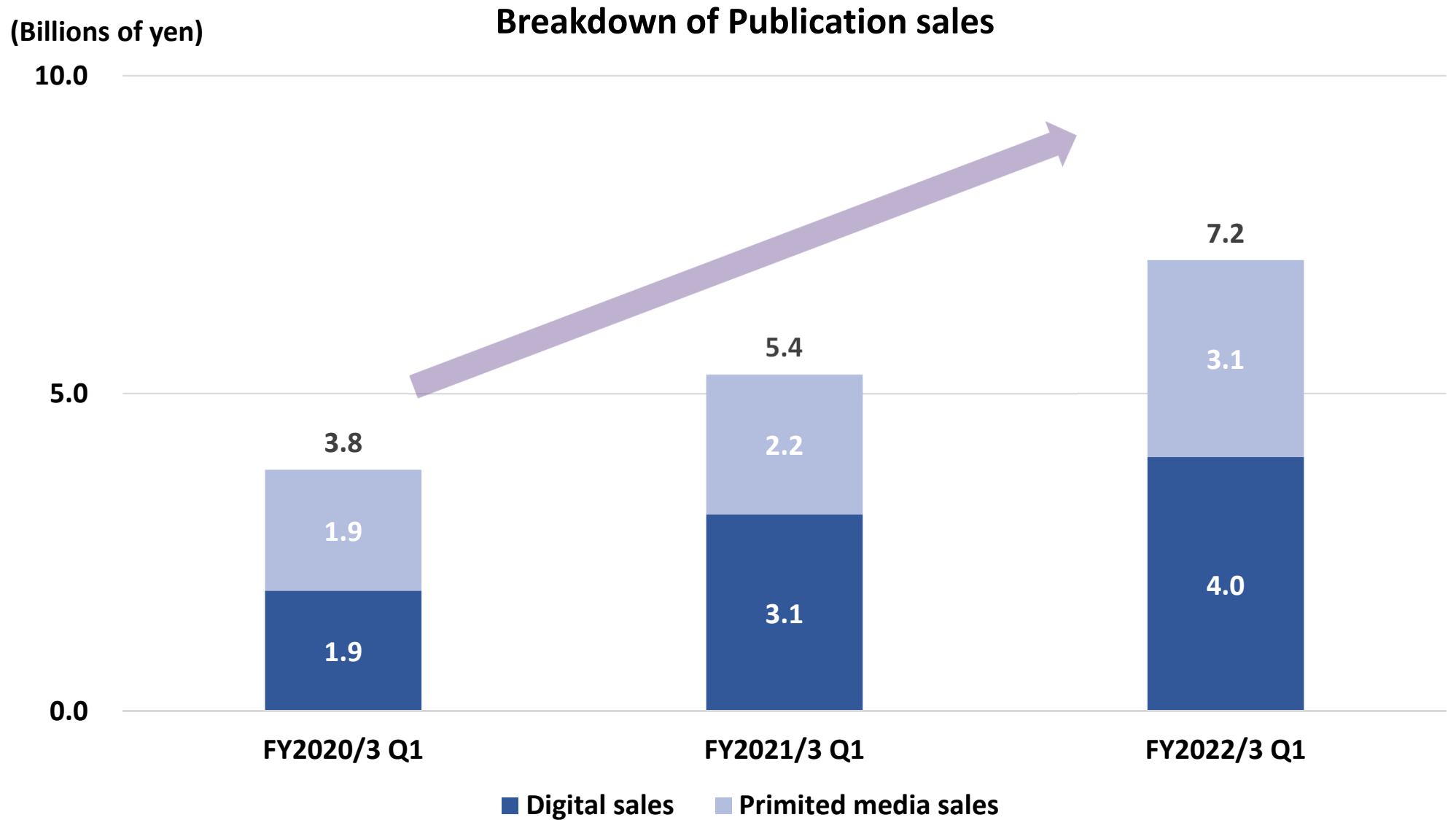


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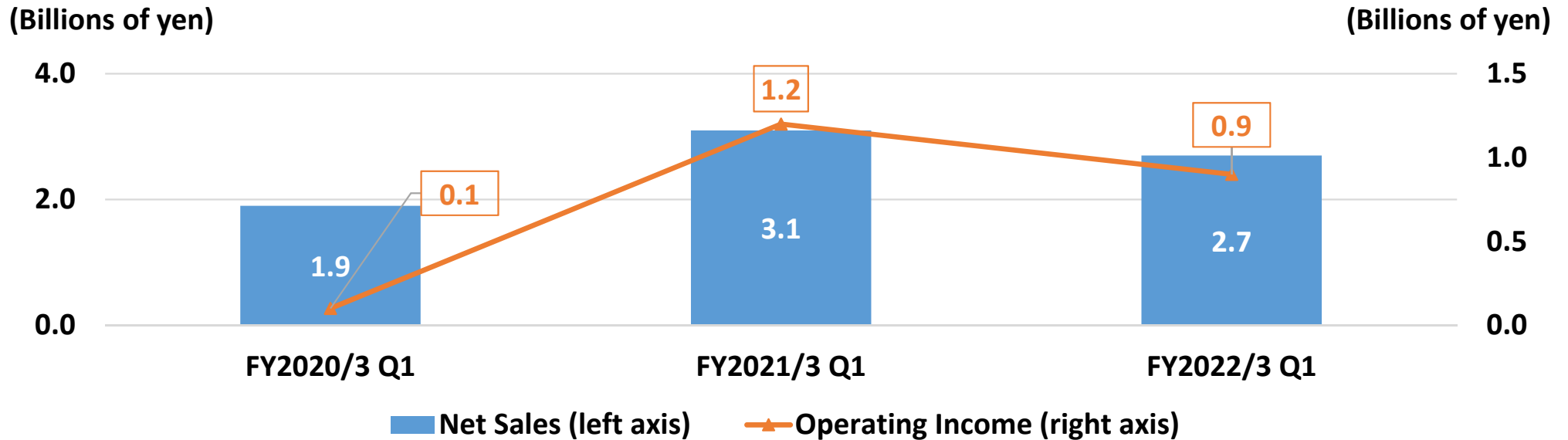
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# Publication



# Merchandising

Net sales and operating income fell YoY due to last year's release of new character merchandise featuring our key IP.



## Major Products in FY2022/3



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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI



「NieR Replicant ver.1.22474487139...Original Soundtrack」



「NieR Replicant ver.1.22474487139... White Snow Edition」

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Three-Month Period Ended June 30, 2021

**August 5, 2021**

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