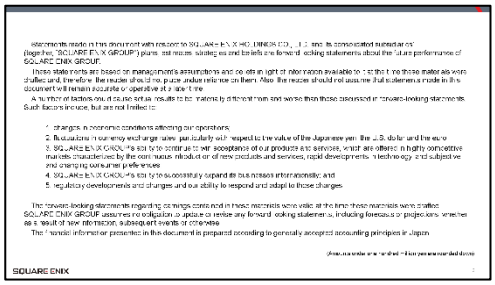
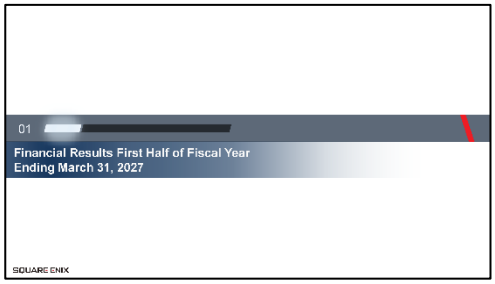


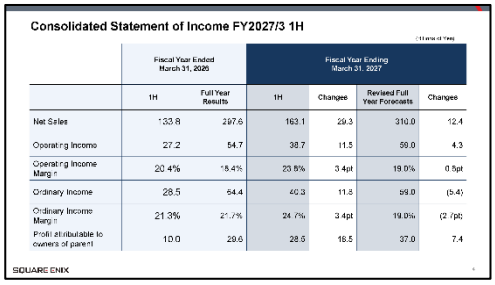
We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS CO., LTD. (the “Company”) for the first half of the fiscal year ending March 31, 2027 (“1H FY2027/3”). Today’s presenter is Takashi Kiryu, President and Representative Director.



President Kiryu will provide an overview of the Company’s financial results for 1H FY2027/3, as well as of our progress in each business segment.



First, I will provide an overview of the financial results for 1H FY2027/3.



	Fiscal Year Ended March 31, 2026		Fiscal Year Ending March 31, 2027			
	1H	Full Year Results	1H	Changes	Revised Full Year Forecasts	Changes
Net Sales	133.8	297.6	163.1	29.3	310.0	12.4
Operating Income	27.2	54.7	38.7	11.5	59.0	4.3
Operating Income Margin	20.4%	18.4%	23.8%	3.4pt	19.0%	0.6pt
Ordinary Income	28.5	64.4	40.3	11.8	59.0	(5.4)
Ordinary Income Margin	21.3%	21.7%	24.7%	3.4pt	19.0%	(2.7pt)
Profit attributable to owners of parent	10.0	29.6	28.5	18.5	37.0	7.4

Consolidated results for 1H FY2027/3 were as follows: net sales of ¥163.1 billion (up ¥29.3 billion YoY), operating income of ¥38.7 billion (up ¥11.5 billion YoY), ordinary income of ¥40.3 billion (up ¥11.8 billion YoY), and profit attributable to owners of parent of ¥28.5 billion (up ¥18.5 billion YoY).
Net sales increased YoY in 1H, and profits increased at each level. The operating margin widened 3.4 points YoY to 23.8%. We believe that the initiatives we have pursued under our medium-term business plan have led to this improvement in profitability.
I will elaborate on our performance in my discussion of each of our segments.

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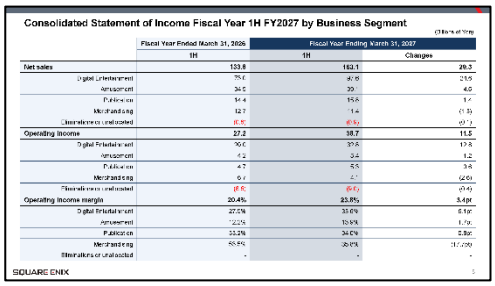


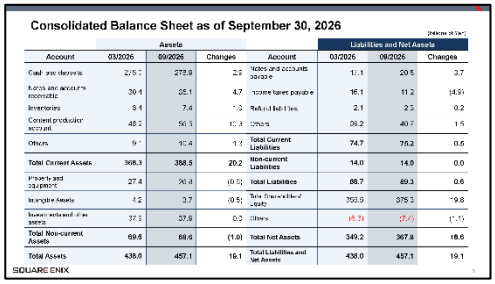
Consolidated Statement of Income Fiscal Year 1H FY2027 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2026	Fiscal Year Ending March 31, 2027	
	1H	1H	Changes
Net sales	**133.8**	**162.1**	**28.3**
Digital Entertainment	75.0	97.6	24.6
Amusement	34.5	39.1	4.6
Publication	14.4	15.8	1.4
Merchandising	12.7	11.4	(1.3)
Eliminations or unallocated	(0.8)	(0.8)	(0.1)
Operating income	**27.2**	**38.7**	**11.5**
Digital Entertainment	20.0	32.8	12.8
Amusement	4.2	5.4	1.2
Publication	4.7	5.5	2.8
Merchandising	6.7	4.1	(2.6)
Eliminations or unallocated	(8.6)	(8.6)	(0.4)
Operating income margin	**20.4%**	**23.8%**	**3.4pt**
Digital Entertainment	27.5%	33.6%	6.1pt
Amusement	12.2%	13.9%	1.7pt
Publication	33.2%	34.6%	5.8pt
Merchandising	55.5%	35.8%	(17.7pt)
Eliminations or unallocated	-	-	-

SQUARE ENIX

Net sales and profits rose YoY in every segment except Merchandising. In the Merchandising segment, net sales and operating income declined YoY, reflecting the one-time royalty income that we recorded in the prior-year period in connection with our collaboration with *Magic: The Gathering*. Excluding that factor, the segment also posted increases in net sales and profits. Our overall performance was driven by the Digital Entertainment segment, where the HD Games, MMO, and Smart Devices/PC Browser sub-segments all posted higher net sales and profits, with net sales rising ¥24.6 billion YoY and operating income rising ¥12.8 billion YoY. I will elaborate momentarily.



Consolidated Balance Sheet as of September 30, 2026

(Billions of Yen)

Assets				Liabilities and Net Assets			
Account	03/2026	09/2026	Changes	Account	03/2026	09/2026	Changes
Cash and deposits	275.0	278.9	3.9	Notes and accounts payable	17.1	20.8	3.7
Notes and accounts receivable	30.4	35.1	4.7	Income taxes payable	16.1	11.2	(4.9)
Inventories	6.4	7.4	1.0	Refund liabilities	2.1	2.3	0.2
Content production account	46.2	56.5	10.3	Others	39.2	40.7	1.5
Others	9.1	10.4	1.3	Total Current Liabilities	74.7	75.2	0.5
Total Current Assets	368.3	388.5	20.2	Non-current Liabilities	14.0	14.0	0.0
Property and equipment	27.4	26.8	(0.5)	Total Liabilities	88.7	89.3	0.6
Intangible Assets	4.2	3.7	(0.5)	Total Shareholders' Equity	355.5	375.3	19.8
Investments and other assets	37.5	37.9	0.0	Others	(6.3)	(7.4)	(1.1)
Total Non-current Assets	69.6	68.6	(1.0)	Total Net Assets	349.2	367.9	18.6
Total Assets	438.0	457.1	19.1	Total Liabilities and Net Assets	438.0	457.1	19.1

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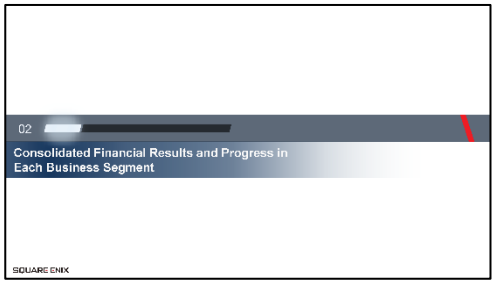
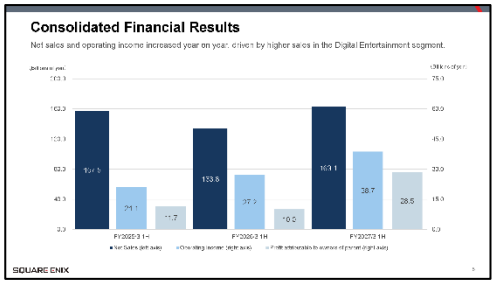
The content production account grew ¥10.3 billion from the end of the previous fiscal year, to ¥56.5 billion. This was mainly due to an increase associated with the progress of development on *FINAL FANTASY VII REVELATION* and *KINGDOM HEARTS IV*, both scheduled for release in FY2028/3, as well as limited amortization associated with new title releases in the second quarter.

We believe that we continue to exercise appropriate control over the content production account.

I will now discuss our consolidated results.





Net sales, operating income, and profit attributable to owners of parent were all up YoY in 1H, and each was the highest among the 1Hs of the past three fiscal years. We believe that our results are progressing well in the final year of our medium-term business plan.

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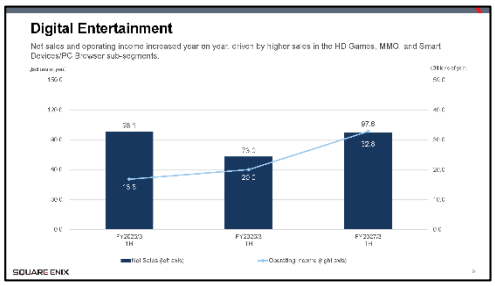

I will next discuss the Digital Entertainment segment.

The HD Games, MMO, and Smart Devices/PC Browser sub-segments all performed steadily in 1H, resulting in net sales of ¥97.6 billion and operating income of ¥32.8 billion for the Digital Entertainment segment, both up YoY.

Operating income was the highest among the 1Hs of the past three fiscal years, roughly double the ¥16.8 billion recorded in 1H FY2025/3. Net sales were slightly below the ¥98.1 billion recorded in 1H FY2025/3, but profitability improved significantly, with a return to year-on-year sales growth, and we believe the business is moving into an expansion phase.

The results of the initiatives that we have pursued under our medium-term business plan are reflected in the performance of each sub-segment.

I will now describe conditions in each of the sub-segments.



I will begin with the HD Games sub-segment.

Stronger sales of new and catalog titles resulted in substantial YoY growth in both net sales and operating income in the HD Games sub-segment in 1H, with net sales rising ¥11.6 billion to ¥35.6 billion and operating income rising ¥8.0 billion to ¥13.0 billion.

Among our new titles, following *The Adventure of Elliot: The Millennium Tales*, which launched in June, *DRAGON QUEST HEROES: Torneko's Mystery Dungeon -Classic HD-*, released in September, sold better than we had expected. Efforts such as supporting new hardware, including the Nintendo Switch 2, and strengthening catalog title sales also contributed to our results.

In the second half, in addition to *FINAL FANTASY RESONANCE*, which launched on October 22, we plan to release *DRAGON QUEST MONSTERS: The Withered World* in December and *Romancing SaGa 3: Destinies United* in February 2027. All are new titles, including remakes.

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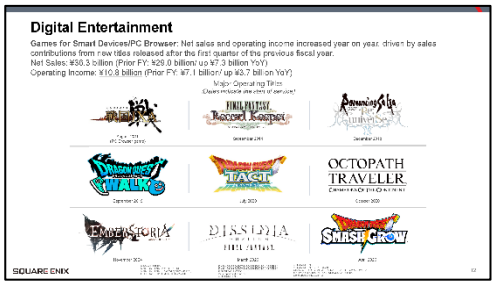
Next is the MMO sub-segment.

1H MMO net sales came in at ¥25.7 billion (up ¥5.8 billion YoY), and operating income came in at ¥8.9 billion (up ¥1.1 billion YoY).

FINAL FANTASY XIV saw improved user activity following the announcement of its latest expansion pack, *FINAL FANTASY XIV: Evercold*. In addition, we launched the Nintendo Switch 2 version, and following Fan Festivals in North America and Europe, we held a Fan Festival in Tokyo over two days, October 31 and November 1, which generated great excitement.

FINAL FANTASY XIV: Evercold is scheduled for release on February 23, 2027. We are preparing for the launch and will focus on marketing activities.

DRAGON QUEST X Online and *FINAL FANTASY XI* are also performing solidly, and we will continue to focus on stable operations.



Next is the Smart Devices/PC Browser sub-segment.

1H net sales were ¥36.3 billion (up ¥7.3 billion YoY) and operating income was ¥10.8 billion (up ¥3.7 billion YoY), helped by sales contributions from new titles released since 1H FY2026/3.

Under our strategic policy of shifting from quantity to quality, we have restructured our organization and revisited our operational footprint, and have consolidated expertise on mobile titles within our dedicated creative studios.

Many customers are playing *DISSIDIA DUELLUM FINAL FANTASY*, which launched in March, and *DRAGON QUEST Smash/Grow*, which launched in April. We have also incorporated into the new titles the expertise in out-of-app payments and other payment methods that we gained on existing titles, which has contributed to higher profitability.

We will continue to leverage such expertise as we place greater emphasis on the quality and profitability of each individual title than on expanding the number of titles.

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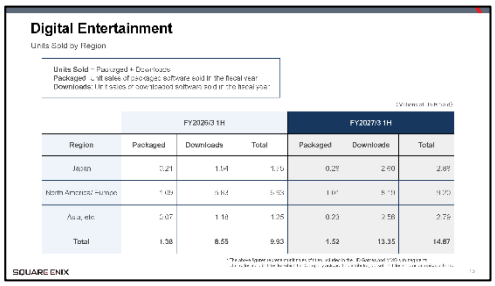
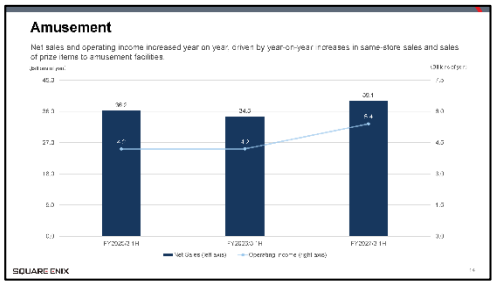


Next, I will look at the Digital Entertainment segment's unit sales by region.

1H sales totaled 14.87 million units, a sharp increase from the 9.93 million units of 1H FY2026/3. Unit sales grew in every region, namely Japan, North America/Europe, and Asia, etc. Looking at the breakdown by sales format, we note that downloads grew especially strongly.

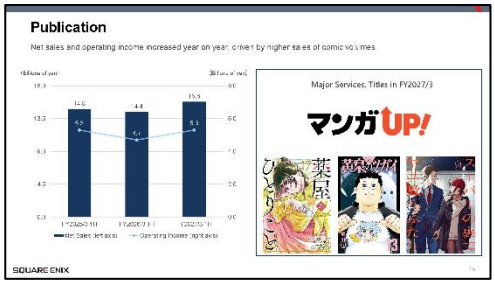
Under our medium-term business plan, we have worked to ensure that customers have more opportunities to come into contact with our titles by stepping up our sales of catalog titles and executing our multi-platform strategy. These efforts led to higher catalog title sales, which contributed to sales growth across a broad range of regions.



Next is the Amusement segment.

1H net sales were ¥39.1 billion (up ¥4.6 billion YoY) and operating income was ¥5.4 billion (up ¥1.2 billion YoY), both up YoY. Both figures were the highest among the 1Hs of the past three fiscal years.

Three factors were mainly responsible. First, same-store visits and facility usage were brisk. Second, online crane games grew substantially YoY, helped by the effects of TV commercials, among other factors. Third, sales of prizes to amusement facilities featuring our own and third-party IP grew.



Next is the Publication segment.

The segment's net sales and operating income both grew YoY in 1H.

The launch of the *Daemons of the Shadow Realm* and *Smoking Behind the Supermarket with You* anime series bolstered sales of the comics from which they were adapted. *The Apothecary Diaries* also performed well.

Comic sales overseas, especially in North America, were also solid, and overseas net sales grew to ¥2.2 billion (up ¥1.0 billion YoY).

We will continue to expand comic sales through media

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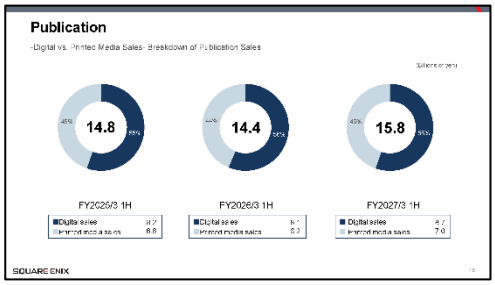
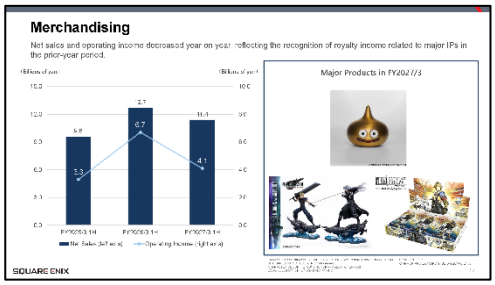


adaptations such as anime, while also creating new titles.

I will next describe the sales split between print and digital media in the Publication segment.

Digital media accounted for 55% of total sales in 1H, down 1 point from 56% in 1H FY2026/3. Digital's share rose somewhat in the first quarter, but in the second quarter, sales of comics for works that have been adapted into anime grew and print media performed comparatively well.

While print media remains strong overseas, we are seeing a shift toward digital media in Japan. We will keep a close watch on these market trends and changes in the external environment, and conduct our business with attention to distribution so that we can secure sales opportunities in both print and digital.

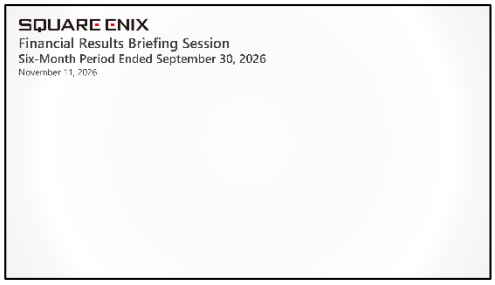


Next is the Merchandising segment.

1H net sales were ¥11.4 billion and operating income was ¥4.1 billion. Both declined YoY, reflecting the recognition in the prior-year period of one-time royalty income related to major IP.

Meanwhile, anniversary initiatives, including those marking *DRAGON QUEST*'s 40th and *FINAL FANTASY X*'s 25th anniversaries, led to brisk sales of our own merchandise and licensing income. Fashion and lifestyle items from our collaboration between the *DRAGON QUEST* series and a partner company were also well received.

We will continue to work to maximize the value of our IP by expanding contact points with customers through merchandise sales and collaborations with third parties.



This concludes my presentation of our 1H FY2027/3 results.

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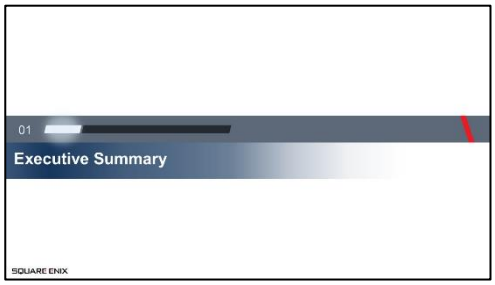
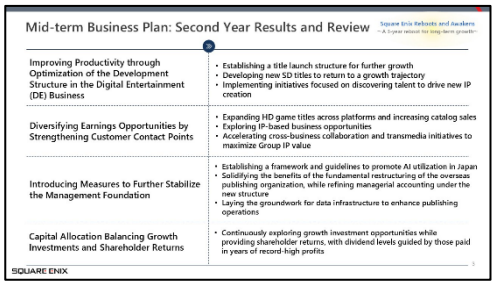
We will now move on to the progress update of the medium-term business plan.





In May 2024, we announced “Square Enix Reboots and Awakens – A 3-year reboot for long-term growth” and have since been advancing various initiatives based on four strategies.

I will now explain our progress through 1H FY2027/3, the first half of the plan’s final year.



I will explain our main initiatives along the lines of the four strategies in the medium-term business plan.

Under the first strategy, “Improving Productivity through Optimization of the Development Structure in the Digital Entertainment (DE) Business” we have been establishing a title launch structure that supports further growth and improved profitability. In the SD business, we are carefully selecting titles to develop and operate under our policy of shifting from quantity to quality. We are also pursuing initiatives for the next generation, such as “SQUARE ENIX GAME CONTEST”, which aims to discover the talent that will drive new IP creation.

Under the second strategy, “Diversifying Earnings Opportunities by Strengthening Customer Contact Points,” we are expanding HD Games titles across platforms and increasing catalog sales. We are also exploring new IP-based business opportunities, including in

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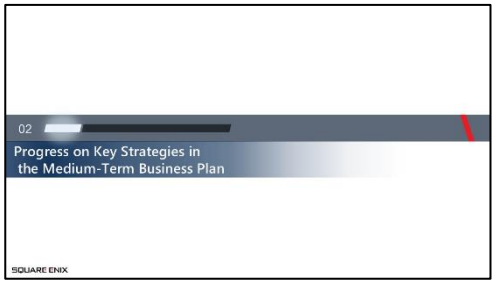
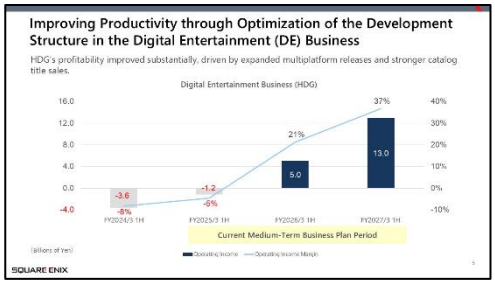
businesses such as Publication, and advancing cross-business collaboration and transmedia initiatives.

Under the third strategy, “Introducing Measures to Further Stabilize the Management Foundation,” we are establishing a framework and guidelines to promote AI utilization in Japan in light of advances in generative AI. Overseas, we are working to solidify the benefits of the restructuring of the publishing organization that we announced in November 2025, and have begun laying the groundwork for data infrastructure to refine managerial accounting and enhance publishing functions. We are building this data infrastructure with security in mind.

Under the fourth strategy, “Capital Allocation Balancing Growth Investments and Shareholder Returns,” we are continuously exploring growth investment opportunities while providing shareholder returns, with dividend levels guided by those paid in the fiscal year ended March 2022, when we recorded our highest-ever profit.

Next, I will explain our progress under each strategy.





First, here is the trend in the HD Games business within the Digital Entertainment segment.

When we announced the medium-term business plan in May 2024, we presented a policy of improving profitability while leveraging our IP, by expanding contact points with customers through multi-platform expansion and optimizing our development footprint.

1H operating income improved from a loss of ¥3.6 billion in 1H FY2024/3 and a loss of ¥1.2 billion in 1H FY2025/3 to ¥5.0 billion in

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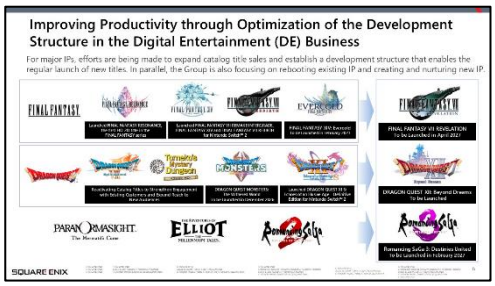
1H FY2026/3 and ¥13.0 billion in 1H FY2027/3. The operating margin in 1H FY2027/3 was 37%.

In addition to stepping up catalog title sales, we have, as a group, spent roughly two and a half years working to raise title quality under our policy of shifting from quantity to quality. We believe these efforts have led to the improvement in operating income and operating margin. We will continue these efforts and strive to improve profitability further.



Next, I will describe our lineup of major IP for future growth.

For *FINAL FANTASY*, we plan to release *FINAL FANTASY VII REVELATION*, the final installment in the *FINAL FANTASY VII REMAKE* trilogy, in April 2027.

For *DRAGON QUEST*, we are developing *DRAGON QUEST XII: Beyond Dreams*, which we announced on Dragon Quest Day in May. First, we will focus on maximizing sales of *DRAGON QUEST MONSTERS: The Withered World*, scheduled for release in December, and will work to maintain and expand our fan base in preparation for the rollout of major titles.

Among our other IP, *PARANORMASIGHT: The Mermaid's Curse*, the second installment in the *PARANORMASIGHT* series, has been well received, and sales of the first title, *PARANORMASIGHT: The Seven Mysteries of Honjo*, have also grown. Including *The Adventure of Elliot: The Millennium Tales*, a new IP released this fiscal year, we are also working to nurture our relatively new IP.

Sales of *Romancing SaGa 2: Revenge of the Seven* have also continued to build, and in October cumulative worldwide shipments and digital sales passed 1 million units. In February 2027, we plan to release *Romancing SaGa 3: Destinies United*. By actively leveraging existing IP with devoted fan bases beyond *DRAGON QUEST* and *FINAL FANTASY*, we aim to diversify our title portfolio and expand our customer touchpoints.

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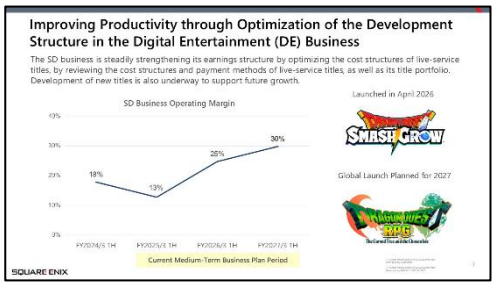

Next, I will discuss the Smart Devices business.

For live-service titles, we have been reviewing cost structures and our title portfolio and diversifying payment methods. In addition to these efforts, the strong performance of *DRAGON QUEST Smash/Grow*, which launched this fiscal year, helped lift the operating margin from 25% in 1H FY2026/3 to 30% in 1H FY2027/3.

Profitability has continued to improve even with the amortization of development costs for *DRAGON QUEST Smash/Grow* and *DISSIDIA DUELLUM FINAL FANTASY*.

Under our policy of shifting from quantity to quality, we are also carefully selecting the titles we develop, with the aim of offering games that customers will enjoy for a long time. A global launch is planned for 2027 for *DRAGON QUEST RPG: The Cursed Tree and the Chosen Isle*, which we recently announced. In development, we will continue to refine the title by incorporating customer feedback gathered through a closed beta test, while considering the timing of the service launch.



Next, I will discuss diversifying earnings opportunities by strengthening customer contact points.

In the Digital Entertainment segment, we are promoting catalog title sales on the foundation of our multi-platform strategy. 1H FY2027/3 unit sales of catalog titles were 12.59 million units, about 2 times the 6.55 million units in 1H FY2024/3, before the start of the medium-term business plan.

Combining price promotions and marketing initiatives, with the help of data, in step with the release of information about major titles such as *FINAL FANTASY VII REVELATION* and *KINGDOM HEARTS IV* has led to higher catalog title sales. We will continue these efforts.

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Next is the Merchandising segment.

Through anniversary initiatives, including those marking *DRAGON QUEST*'s 40th and *FINAL FANTASY X*'s 25th anniversaries, and through collaboration with partner companies, we are expanding our contact points with customers. Fashion and lifestyle items from our collaboration between the *DRAGON QUEST* series and SHIMAMURA Co.,Ltd. were also well received. We are also offering a wide range of products, from everyday goods to premium-brand items.

We have also opened official stores and cafés in Shinjuku, Los Angeles, Shanghai, and Seoul, expanding customer contact points globally. We will also advance initiatives toward the 40th anniversary of *FINAL FANTASY* in 2027.

1H FY2027/3 operating income declined because of the recognition of significant licensing revenue in the prior-year period. Excluding that one-time effect, however, the profit level has been rising since FY2024/3. The expansion of IP-based merchandise and collaborations is contributing to the growth of the business.



Next is the Publication segment.

We are expanding our Publication business overseas, and overseas net sales in 1H FY2027/3 were ¥2.2 billion (up ¥1.0 billion YoY). This is about 3 times the ¥0.8 billion in 1H FY2024/3, before the start of the medium-term business plan. In addition to raising awareness in Japan and overseas through anime adaptations such as *Daemons of the Shadow Realm*, we are also focusing on publishing comics for overseas markets.



Next is the Amusement segment.

The number of overseas franchise stores reached 10 in 1H FY2027/3. Centered on Hong Kong, we are leveraging IP such as *FINAL FANTASY* and *DRAGON QUEST* to advance our overseas expansion as a group. We will also expand into regions with room for growth, starting with Southeast Asia.

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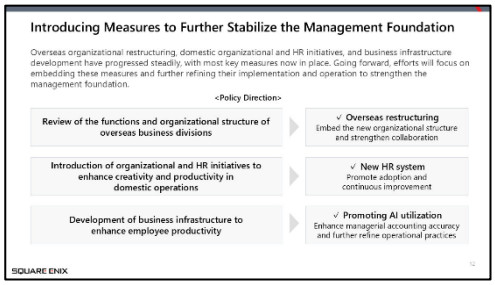
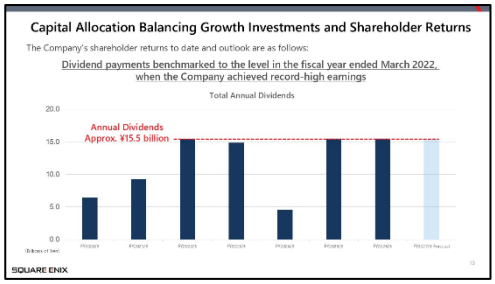
In Japan, we will strengthen our offering of prize merchandise featuring our proprietary IP, and also leverage TAITO's prize-production capabilities to expand sales to amusement facilities operated by other companies.



Next, I will discuss initiatives to further stabilize our management foundation.

I am directly overseeing our overseas business divisions and working to solidify the benefits of the structural reforms implemented last fiscal year. We will enhance our publishing capabilities ahead of the release of our next major titles and further strengthen collaboration across our global operations, including Japan. As an HR initiative aimed at enhancing creativity and productivity, we have introduced a performance-linked bonus system at Square Enix in Japan. Overseas as well, we will revise our HR system so that efforts and results toward achieving targets, measured against clearly defined KPIs, are reflected in compensation. Through these initiatives, we will support the overseas expansion of the Group's businesses, including not only games but also Publication and Amusement.

As part of infrastructure improvements to enhance employee productivity, we will promote the use of AI while further refining our management accounting practices and enhancing their operation. With respect to AI, we will take a phased approach, balancing the development of guidelines with initiatives aimed at its medium- to long-term use.



Next, I will discuss capital allocation, balancing growth investment and shareholder returns.

As we have previously indicated, we are benchmarking total annual dividends to the amount paid in the fiscal year ended March 2022, when we achieved record-high earnings. For the fiscal year ending March 2027 as well, we plan total annual dividends of approximately ¥15.5 billion, as in the previous fiscal year. We plan

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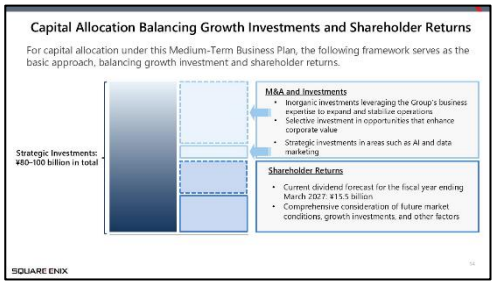
annual dividends of ¥43 per share, comprising an interim dividend of ¥18 and a year-end dividend of ¥25.

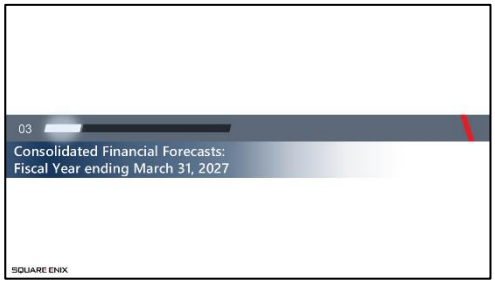


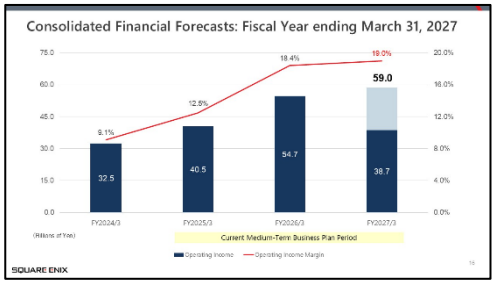
For strategic investments, we will continue to explore investment opportunities that contribute to our growth within a range of ¥80 billion to ¥100 billion.

The cost of the hardware needed for AI utilization and data infrastructure development has risen, partly because of higher semiconductor prices. We will continue to make investments in this infrastructure, including for security, within our strategic investments for the remainder of the medium-term business plan period.

For shareholder returns, we will take a comprehensive view of future market conditions and the status of growth investments, among other factors.

Finally, I will explain our consolidated forecasts for the fiscal year ending March 31, 2027.





We have revised our full-year operating income forecast for the fiscal year ending March 2027 upward to ¥59.0 billion. This is roughly in line with the ¥59.2 billion recorded in the fiscal year ended March 2022, our highest ever, and we expect an operating margin of 19.0%.

Operating income for 1H FY2027/3 was ¥38.7 billion. In the second half as well, we will steadily execute our initiatives and work toward achieving our full-year forecast.

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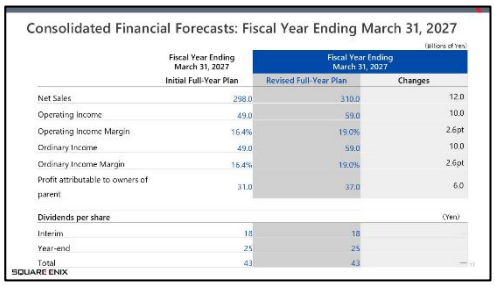
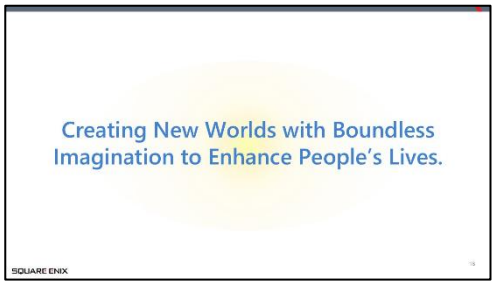


I will now explain the revisions to our full-year forecasts for the fiscal year ending March 2027.

We have revised our forecasts upward to net sales of ¥310.0 billion (up ¥12.0 billion from the initial plan), operating income and ordinary income of ¥59.0 billion each (up ¥10.0 billion from the initial plan), and profit attributable to owners of parent of ¥37.0 billion (up ¥6.0 billion from the initial plan).

There is no change from the initial plan to our dividend forecast of ¥43 per share per year (¥18 interim and ¥25 year-end).



We believe that the initiatives we have pursued under our medium-term business plan are steadily leading to results. To drive growth from next fiscal year onward, we will steadily execute our initiatives in the second half of FY2027/3 as well.

This concludes the explanation of the 1H FY2027/3 results and the progress update on the medium-term business plan.

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SQUARE ENIX HOLDINGS CO., LTD.

1H FY2027/3 Financial Results Briefing Session Q&A

Date/Time: Nov 11, 2026 (Wed); 7:00-8:00 pm (JST)

Main Speaker: Takashi Kiryu, President and Representative Director

Q&A

Q:	Does the upward revision to your forecasts at the time of your 1H results reflect upside in 1H? Should we understand that there is room for further upside if 2H performs strongly?

A: We have not traditionally revised our forecasts at the time of our 1H results. However, taking into account our strong 1H results and our business outlook for 2H, we revised our full-year forecasts upward.

For 2H, we remain cautious as to whether the momentum seen in 1H can be sustained, mainly in light of trends. In Smart Devices, user behavior toward new titles is changing faster than before. For the two titles whose services began in March and April, we have not assumed that sales will continue at the same level in 2H as in 1H.

For catalog sales, in 1H we marketed actively, including through price promotions, in step with the release of information about *FINAL FANTASY VII REVELATION* and *KINGDOM HEARTS IV*. In 2H, taking into account the release of our *FINAL FANTASY XIV* expansion pack and major titles from other companies, we will determine catalog promotional measures based on market trends.

We revised our full-year forecasts after comprehensively taking into account these market conditions, trends in each title, our 1H results, and our business outlook for 2H.

Q:	Your revised operating margin forecast is 19%, which exceeds the target of the current medium-term business plan. Do you feel that you can improve profitability further under the next medium-term business plan that begins next fiscal year?

A: We expect this fiscal year's operating margin to be 19%, exceeding the 15% target of the current medium-term business plan.

We plan to release two major titles next fiscal year. Compared with the titles released during the current medium-term business plan period, their development costs are relatively large, and the amortization burden associated with their release will also increase. In HD Games in particular, whether we can further improve profitability while balancing sales growth against the increased amortization burden will be an important point.

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We feel a certain degree of confidence in our initiatives to date, but we need to confirm the profitability following the release of major titles based on actual results. First, we will assess how *FINAL FANTASY VII REVELATION*, scheduled for release in April 2027, performs, and then explain our future measures with greater precision.

Q: Your 2H net sales plan is down approximately 10% YoY. Given that you have three new HD titles and the *FINAL FANTASY XIV* expansion pack scheduled for release, why do you expect a decline in net sales? Should we understand that you have set your sales plans for new titles conservatively?

A: In HD Games, we have formulated our sales plans in light of the characteristics of each title and the regions in which it will be sold. *DRAGON QUEST MONSTERS: The Withered World*, scheduled for release in December, is a sequel in its series, and *Romancing SaGa 3: Destinies United*, scheduled for release in February, is a remake. Sales of both will be centered on Japan, and a significant upside from overseas sales is hard to anticipate.
In Smart Devices, taking into account the contribution of *DISSIDIA DUELLUM FINAL FANTASY*, whose service began in the prior-year period, and sales trends for existing titles, we believe it is difficult to expect sales to exceed those of the prior-year period.

Q: When we subtract the 1H results from your full-year forecast for profit attributable to owners of parent, the implied 2H profit level looks low. Do you anticipate extraordinary losses in 2H?

A: We would like to refrain from giving a definitive answer at this point regarding the possibility of extraordinary losses in the future. That said, we believe that the major structural reform measures, including organizational changes, that we have pursued under the current medium-term business plan have already run their course.

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