

**SQUARE ENIX HOLDINGS CO., LTD. ANNOUNCES FINANCIAL RESULTS FOR
THE NINE-MONTH PERIOD ENDED DECEMBER 31, 2019**

TOKYO, Japan – February 5, 2020 – SQUARE ENIX HOLDINGS CO., LTD. (the “Company”) today announced consolidated results for the nine-month period ended December 31, 2019 (the “Period”). The Company is listed on the First Section of the Tokyo Stock Exchange, with the stock code “9684,” and prepares its financial statements according to the Japan GAAP.

Key Figures

(millions of yen, except percentages and per share data)

<u>9 months actual</u>	<u>9 mos. ended 12/19</u>	<u>9 mos. ended 12/18</u>	<u>YoY change</u>
Net sales	189,715	181,699	+4.4%
Operating income	27,770	12,378	+124.3%
Ordinary income	27,995	16,628	+68.4%
Profit attributable to owners of parent	19,190	9,287	+106.6%
EPS, basic	160.96 yen	77.94 yen	-

<u>Full year</u>	<u>Forecast FY ending 3/20</u>	<u>Actual FY ended 3/19</u>	<u>YoY change</u>
Net sales	270,000	271,276	-0.5%
Operating income	24,000	24,635	-2.6%
Ordinary income	24,000	28,415	-15.5%
Profit attributable to owners of parent	16,800	19,373	-13.3%
EPS, basic	140.97 yen	162.57 yen	-

Due to the changes in accounting policy regarding sales of digital content from the fiscal year ending March 31, 2020, the change in accounting policy has been applied retroactively to the Consolidated Financial Statements for the previous third quarter and the fiscal year ended March 31, 2019. For additional information, please refer to the full-length Consolidated Financial Results document at: <https://www.hd.square-enix.com/eng/20q3earnings.pdf>, or the Company’s IR website: <https://www.hd.square-enix.com/eng/ir/>.

In the Digital Entertainment segment, major releases of console games in the nine-month period ended December 31, 2019 included “DRAGON QUEST XI S: Echoes of an Elusive Age - Definitive Edition” and Nintendo Switch and Xbox One versions of “FINAL FANTASY X/X-2 HD Remaster.” Net sales declined versus the same period for the previous year, when a high hurdle was set by the release of a major new title. Moreover, weak additional sales of titles released in the previous year led to the HD sub-segment’s operating loss.

In the smart devices and PC browser area, net sales and operating income increased year on year since “Romancing SaGa Re;univerSe” and “DRAGON QUEST WALK,” the latter of which was launched in September 2019, performed well.

In the area of massively multiplayer online role-playing games, revenues from sales of the latest expansion packs of “FINAL FANTASY XIV” and “DRAGON QUEST X,” and increase of number

of paying subscribers boosted by the expansion generated increased net sales and operating income, compared to the prior fiscal year.

In the Amusement segment, the nine-month period ended December 31, 2019 saw no major releases of new amusement machines, resulting in a year-on-year decline in net sales, but operating income rose slightly due to strong arcade operations.

In the Publication segment, the nine-month period ended December 31, 2019 saw a sharp increase in sales in digital formats, including via the MANGA UP! comic app and of e-books. Sales of printed media were also brisk, resulting in higher net sales and operating income than in the same period the prior year.

In the Merchandising segment, the release of new character goods featuring the Group's own intellectual properties during the nine-month period ended December 31, 2019 resulted in higher sales and operating income as compared to the same period of the previous year.

The business environment surrounding the Group is marked by increased competition in the consumer game console software markets of the West ahead of the new generation game console launches. Meanwhile, new market growth looks likely given new game platforms, XR (an umbrella term for Virtual Reality, Mixed Reality and Augmented Reality), artificial intelligence (AI), and blockchain technology. In addition, the way distribution takes place in the consumer game console software market is changing as digital downloads of full games and additional content rapidly become more commonplace. Furthermore, streaming is now expanding into the game distribution space.

In the smart device game market, increased smartphone performance is prompting consumers to demand richer gaming experiences, and game designs and business models are becoming increasingly diverse. Growth in the West and Asia is also sustaining the continued expansion of the global market. By developing content and diversifying earnings opportunities in line with this changing environment, the Company is working to establish an earnings platform that will enable sustainable sales and profit growth.

At this point in time, the Company maintains the forecast for the consolidated results of the fiscal year ending March 31, 2020 announced on May 13, 2019, despite the operating income for the nine-month period ended December 31, 2019 having exceeded the forecast. This is because the Company needs to carefully assess the impact of the aforementioned changes in the business environment on earnings for the fourth quarter and thereafter when reviewing its financial results for the fiscal year ending March 31, 2020.

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About Square Enix Holdings Co., Ltd.

Square Enix Holdings Co., Ltd. with headquarters in Tokyo, Japan, is the holding company leading the group of Square Enix companies (the “Square Enix Group”) with a diverse range of content and service businesses. The Square Enix Group publishes, distributes and licenses entertainment content around the world under its internationally renowned brands including SQUARE ENIX®, EIDOS® and TAITO®. The Square Enix Group includes a global network of leading development studios located in North America, Europe and Japan. The Square Enix Group also boasts a valuable portfolio of intellectual property including: FINAL FANTASY®, which has sold over 149 million units worldwide; DRAGON QUEST®, which has sold over 80 million units worldwide; TOMB RAIDER®, which has sold over 75 million units worldwide; and the legendary SPACE INVADERS®.

More information on Square Enix Holdings Co., Ltd. can be found at <https://www.hd.square-enix.com/eng/>

*Unit sales are the total number of cumulative package shipment and digital sales. Digital sales are the cumulative unit number in and after April 2015, and include full-game downloads of packaged games and download-only games for console and PC.

Disclaimer

The forward-looking statements in this document are based upon the information currently available, and necessarily include elements that are not entirely predictable. Actual results may differ from the forward-looking statements in this document.

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