



# Financial Results Briefing Session

Nine-Month Period Ended December 31, 2019

**February 5, 2020**

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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)

**Financial Results**  
**Third Quarter of Fiscal Year**  
**Ending March 31, 2020**

# Consolidated Statement of Income

## Q3, FY2020/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2019		Fiscal Year Ending March 31, 2020			
	Apr -Dec 2018	Full Year Results	Apr - Dec 2019	Changes	Full Year Forecasts	Changes
Net sales	181.6	271.2	189.7	8.1	270.0	(1.2)
Operating income	12.3	24.6	27.7	15.4	24.0	(0.6)
Operating income margin	6.8%	9.1%	14.6%	7.8pt	8.9%	(0.2pt)
Ordinary income	16.6	28.4	27.9	11.3	24.0	(4.4)
Ordinary income margin	9.2%	10.5%	14.8%	5.6pt	8.9%	(1.6pt)
Profit attributable to owners of parent	9.2	19.3	19.1	9.9	16.8	(2.5)
Depreciation and amortization	4.7	6.8	5.3	0.6	7.5	0.7
Capital expenditure	7.0	9.5	7.1	0.1	12.8	3.3

# Consolidated Statement of Income

## Q3, FY2020/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ending March 31, 2020	
	Apr - Dec 2018	Apr - Dec 2019	Changes
<b>Net sales</b>	<b>181.6</b>	<b>189.7</b>	<b>8.1</b>
Digital Entertainment	132.7	136.9	4.2
Amusement	34.2	33.6	(0.6)
Publication	10.2	13.8	3.6
Merchandising	5.1	6.5	1.4
Eliminations or unallocated	-0.8	-1.3	(0.5)
<b>Operating income</b>	<b>12.3</b>	<b>27.7</b>	<b>15.4</b>
Digital Entertainment	15.2	29.5	14.3
Amusement	1.4	1.4	0.0
Publication	3.0	4.9	1.9
Merchandising	0.5	0.7	0.2
Eliminations or unallocated	-7.9	-8.9	(1.0)
<b>Operating income margin</b>	<b>6.8%</b>	<b>14.6%</b>	<b>7.8pt</b>
Digital Entertainment	11.5%	21.5%	10.0pt
Amusement	4.3%	4.4%	0.1pt
Publication	29.4%	35.9%	6.5pt
Merchandising	10.7%	11.2%	0.5pt
Eliminations or unallocated	-	-	-

# Consolidated Statement of Income

## Quarterly Comparison

(Billions of Yen)

	Fiscal Year Ended March 31, 2019				Fiscal Year Ending March 31, 2020		
	Apr - June 2018	Jul - Sep 2018	Oct - Dec 2018	Jan - Mar 2019	Apr - June 2019	Jul - Sep 2019	Oct - Dec 2019
<b>Net sales</b>	<b>44.7</b>	<b>66.8</b>	<b>70.0</b>	<b>89.5</b>	<b>53.3</b>	<b>67.4</b>	<b>68.9</b>
Digital Entertainment	31.6	50.2	50.8	71.7	37.1	48.2	51.5
Amusement	9.4	11.0	13.7	11.9	10.8	11.9	10.8
Publication	2.4	3.9	3.9	4.0	3.8	5.1	4.8
Merchandising	1.4	1.8	1.7	2.2	1.9	2.5	2.0
Eliminations or unallocated	-0.2	-0.3	-0.2	-0.4	-0.4	-0.5	-0.3
<b>Operating income</b>	<b>3.8</b>	<b>5.9</b>	<b>2.6</b>	<b>12.2</b>	<b>7.1</b>	<b>8.7</b>	<b>11.8</b>
Digital Entertainment	5.6	6.9	2.6	13.7	7.6	9.0	12.8
Amusement	0.2	0.5	0.7	0.4	0.6	0.6	0.1
Publication	0.5	1.2	1.3	1.1	1.2	1.9	1.7
Merchandising	0.1	0.1	0.2	0.3	0.1	0.4	0.1
Eliminations or unallocated	-2.5	-2.9	-2.4	-3.4	-2.5	-3.3	-3.0

# Consolidated Balance Sheet

## Summary as of December, 2019

(Billions of Yen)

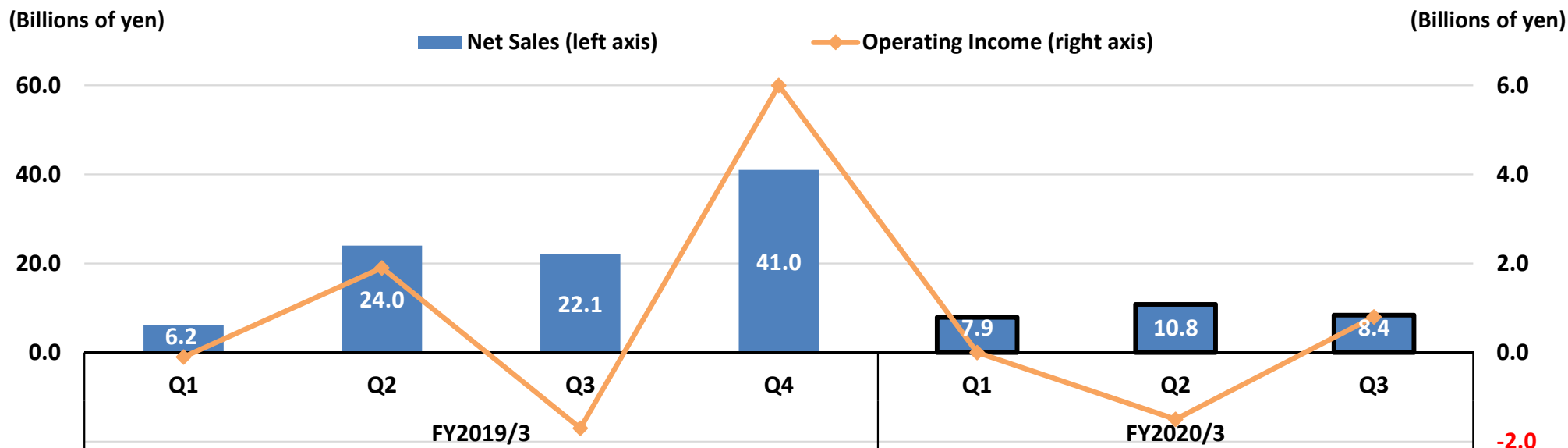
Account	<Assets>			<Liabilities and Net Assets>			
	03/2019	12/2019	Changes	Account	03/2019	12/2019	Changes
Cash and deposits	129.4	123.8	(5.6)	Notes and accounts payable	23.5	23.8	0.3
Notes and accounts receivable	40.3	32.7	(7.6)	Short-term loans	8.6	-	(8.6)
Inventories	4.8	5.4	0.6	Provision for sales returns	9.1	4.9	(4.2)
Content production account	50.6	70.3	19.7	Others	25.9	32.4	6.5
Others	9.5	8.4	(1.1)	<b>Total Current Liabilities</b>	<b>67.4</b>	<b>61.2</b>	<b>(6.2)</b>
<b>Total Current Assets</b>	<b>234.8</b>	<b>240.8</b>	<b>6.0</b>	<b>Non-current Liabilities</b>	<b>8.7</b>	<b>11.9</b>	<b>3.2</b>
Property and equipment	17.8	20.9	3.1	<b>Total Liabilities</b>	<b>76.1</b>	<b>73.1</b>	<b>(3.0)</b>
Intangible Assets	5.1	5.3	0.2	Total Shareholders' Equity	210.6	224.5	13.9
Investments and other assets	24.8	26.5	1.7	Others	-4.1	-4.0	0.1
<b>Total Non-current Assets</b>	<b>47.8</b>	<b>52.7</b>	<b>4.9</b>	<b>Total Net Assets</b>	<b>206.4</b>	<b>220.5</b>	<b>14.1</b>
<b>Total Assets</b>	<b>282.6</b>	<b>293.6</b>	<b>11.0</b>	<b>Total Liabilities and Net Assets</b>	<b>282.6</b>	<b>293.6</b>	<b>11.0</b>

# Progress in Each Business Segment



# Digital Entertainment – HD Games

Absent major launches, net sales declined YoY. Weak additional sales of titles launched last fiscal year led to operating loss.



## Major Titles in FY20/3



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Launched on September 27, 2019



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Planned & Developed by ArtePiazza  
ILLUSTRATION: TOMOMI KOBAYASHI

Launched on November 11, 2019

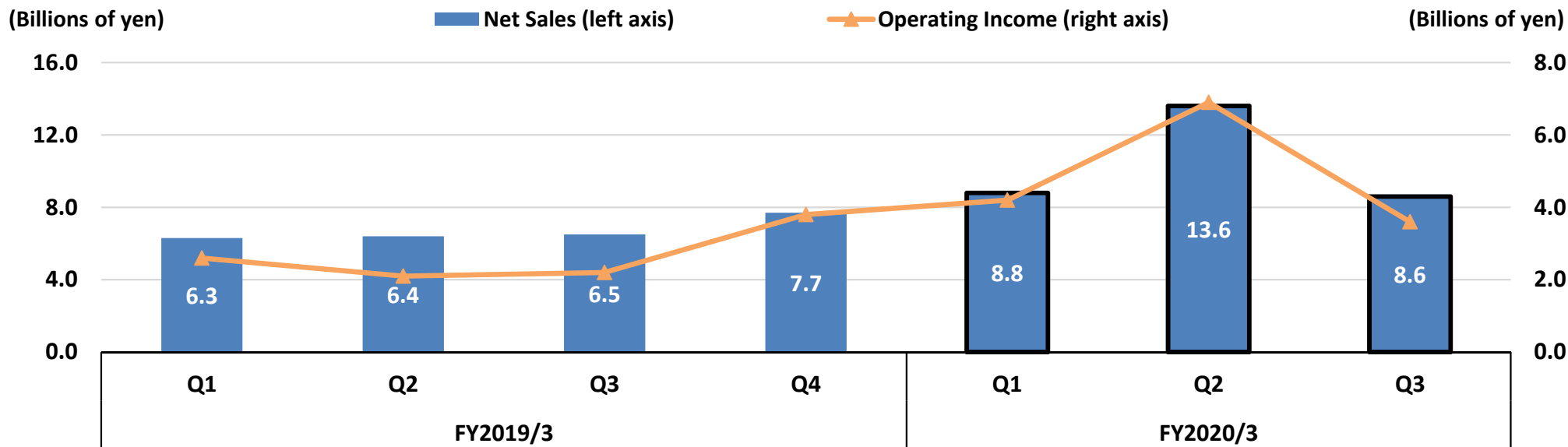


© Disney. © Disney/Pixar. Developed by SQUARE ENIX

Launched on January 23, 2020 (PS4)/  
To be launched on February 25, 2020 (Xbox One)

# Digital Entertainment – MMO

Release of “FINAL FANTASY XIV” and “DRAGON QUEST X” expansion packs, and sharp increase in subscriber numbers drive YoY growth in net sales, operating income.



## Major Initiatives for FY20/3



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LOGO ILLUSTRATION:  
© 2018 YOSHITAKA AMANO

Launched on July 2, 2019



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Launched on October 24, 2019

# 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)

(Millions of Units Sold)

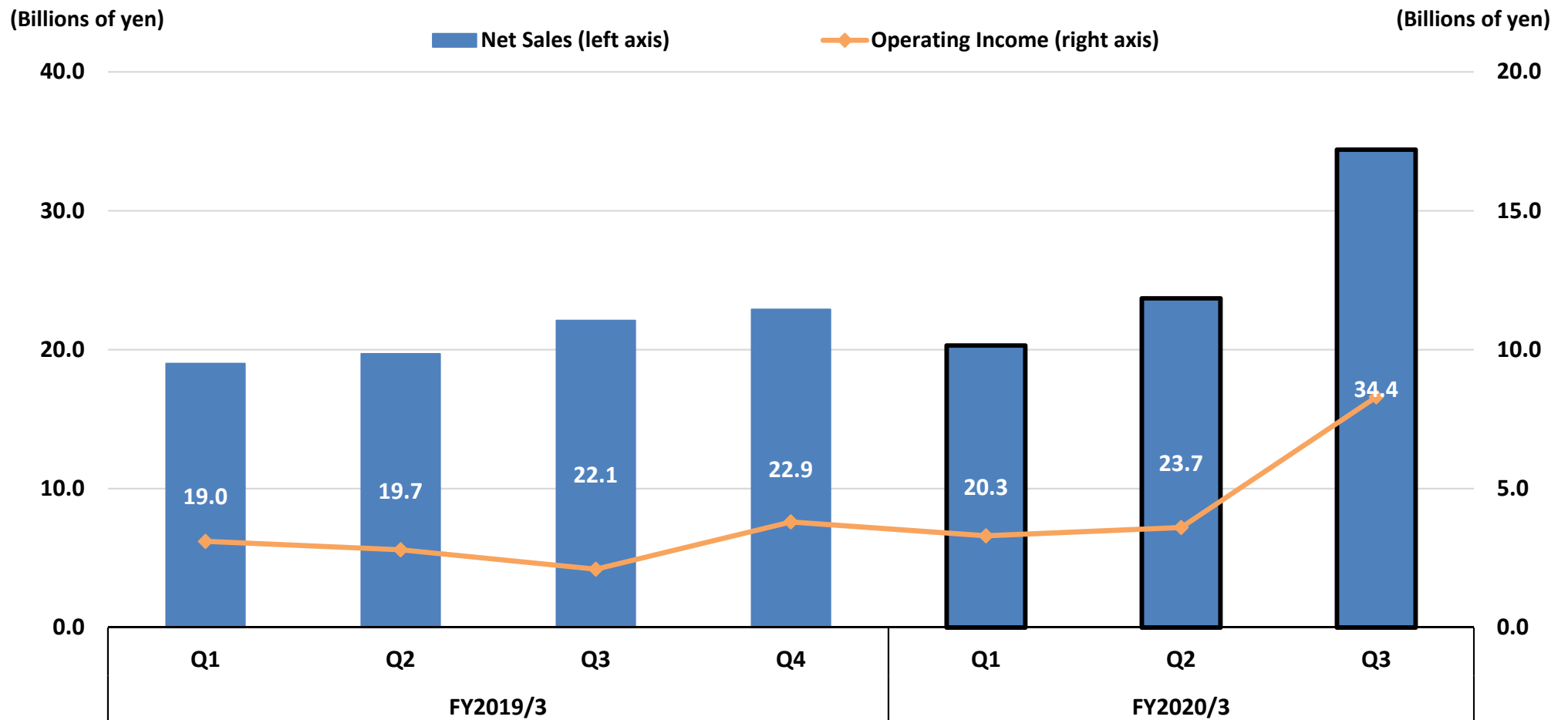
Region	FY2019/3 Q1-3			FY2020/3 Q1-3		
	Disc	Download	Total	Disc	Download	Total
Japan	1.66	0.81	2.47	1.36	1.24	2.61
	(Included episode units 0.04 )			(Includes episode units 0 )		
North America/ Europe	7.49	5.28	12.77	3.29	6.58	9.87
	(Included episode units 1.49 )			(Includes episode units 1.46 )		
Asia, etc.	0.30	0.75	1.05	0.57	0.57	1.14
	(Included episode units 0.31 )			(Includes episode units 0.15 )		
Total	9.45	6.84	16.29	5.22	8.40	13.62
	(Included episode units 1.83 )			(Includes episode units 1.62 )		

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

# Digital Entertainment

## – Games for Smart Devices/PC Browser





Net sales, operating income up YoY on strong performances by “Romancing SaGa Re;univerSe” and “DRAGON QUEST WALK.”



# Digital Entertainment

## – Games for Smart Devices/PC Browser

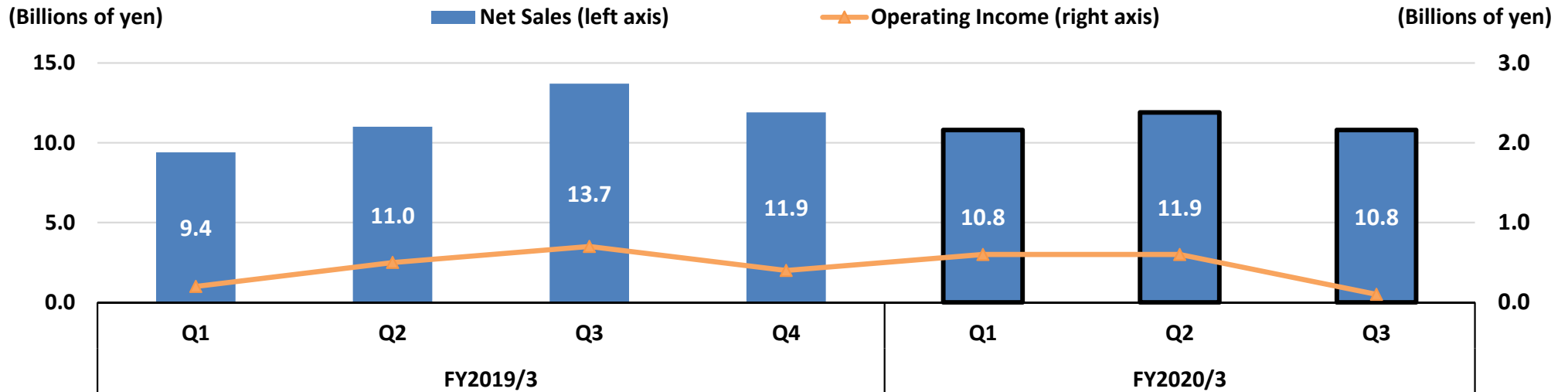
### Major Operating Titles

<p><b>Aug 2010</b> (PC Browser game)</p>  <p>©2010-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jan 2014</b></p>  <p>©2014-2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p><b>Apr 2014</b></p>  <p>©2014-2020 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>Nov 2014</b></p>  <p>©2014-2019 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2015</b></p>  <p>©Disney Developed by SQUARE ENIX</p>
<p><b>Oct 2015</b></p>  <p>©2015-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p><b>Oct 2015</b></p>  <p>©2015-2019 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO</p>	<p><b>Dec 2016</b></p>  <p>©2016-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by tri-Ace Inc.</p>	<p><b>Feb 2017</b></p>  <p>©2017-2020 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p><b>Mar 2017</b></p>  <p>©2016-2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jun 2017</b></p>  <p>Co-developed with Pokelabo Inc. (Published by Pokelabo Inc.) © 2017-2020 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>
<p><b>Mar 2018</b></p>  <p>© 伍箇伝計画/ 刀使ノ巫女製作委員会 © 2018 - 2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Dec 2018</b></p>  <p>© 2018-2020 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 © 2019,2020 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2019</b></p>  <p>© 2019,2020 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p><b>Nov 2019</b></p>  <p>© 2019-2020 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	


\*Month and year indicate each title's launch timing.


# Amusement

**Net sales down on lack of new machines, but operating income up slightly on strong arcade operations.**

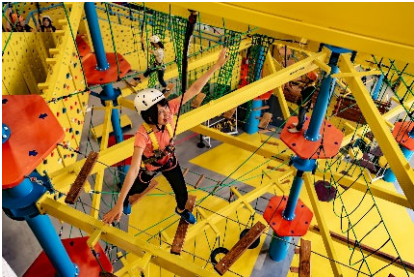


## New Facilities, Major Titles in FY20/3





**NOBOLT**



Opened in September 2019



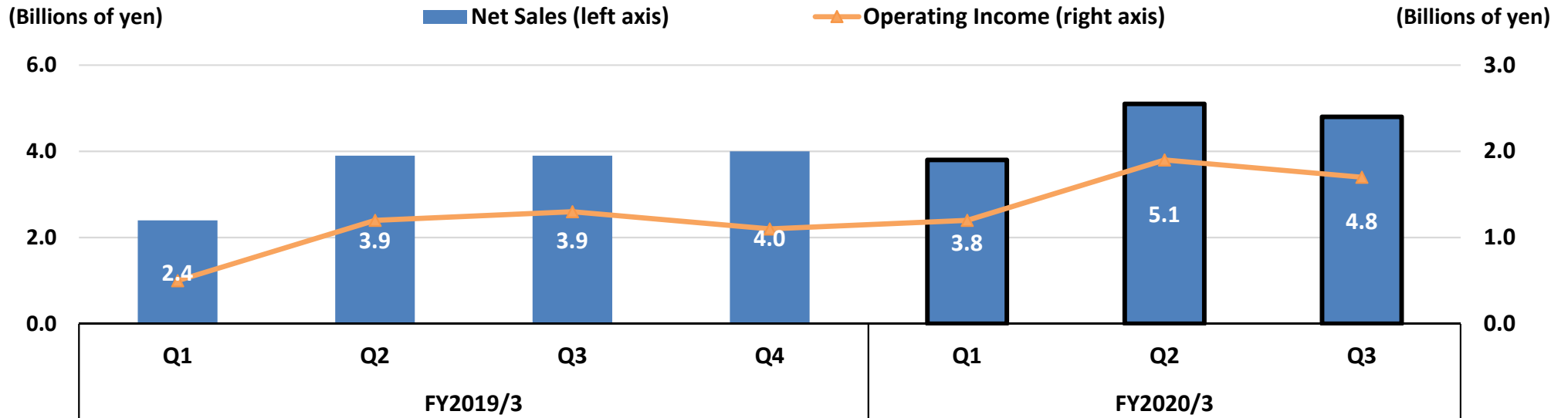
Launched in November 2019

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# Publication

Sharp growth in digital sales, including via MANGA UP! and of e-books; printed media sales also brisk, leading to YoY growth in net sales and operating income.



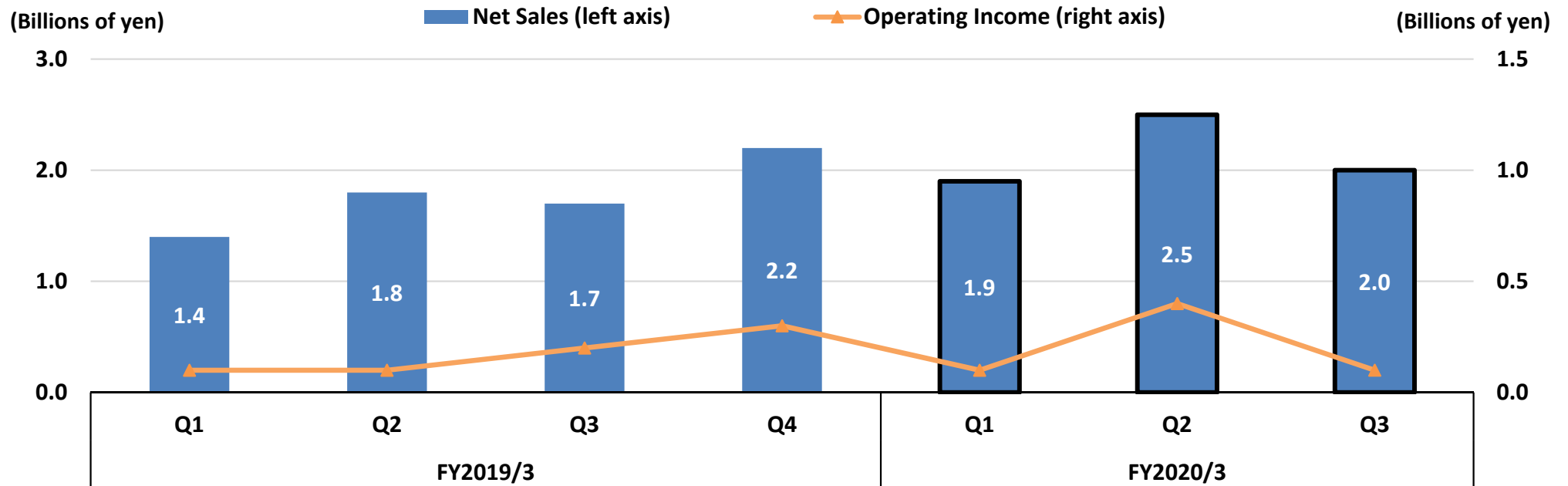
## Major Titles in FY20/3

マンガUP! ガンガンpixiv



# Merchandising

Net sales and operating income up YoY on release of new merchandise featuring our key IP.



## Main Products in FY20/3



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© 2005, 2016 SQUARE ENIX CO., LTD. All Rights Reserved.  
CHARACTER DESIGN: TETSUYA NOMURA



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Nine-Month Period Ended December 31, 2019

**February 5, 2020**

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