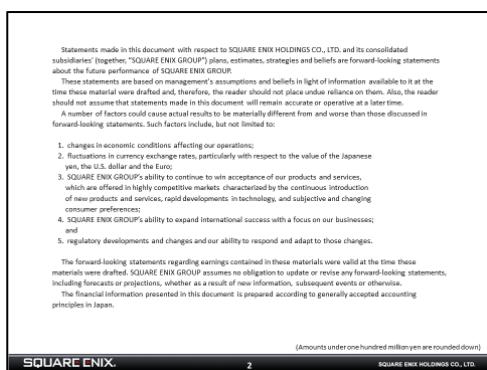


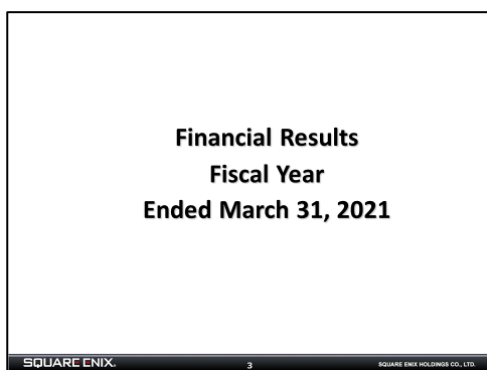
We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for the fiscal year ended March 31, 2021 (“FY2021/3”).

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 FY2021/3, 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 will be providing an overview of our FY2021/3 results.

Consolidated Statement of Income
Fiscal Year Ended March 31, 2021

(Billions of Yen)

	Fiscal Year Ended	Fiscal Year Ended		Changes
	March 31, 2020	Full Year Results	March 31, 2021	
Net Sales	260.5	332.5	72.0	
Operating Income	32.7	47.2	14.5	
Operating Income Margin	12.6%	14.2%	1.6pt	
Ordinary Income	32.0	49.9	17.9	
Ordinary Income Margin	12.3%	15.0%	2.7pt	
Profit attributable to owners of parent	21.3	26.9	5.6	
Depreciation and Amortization	7.4	7.5	0.1	
Capital Expenditure	9.6	7.3	(2.3)	
Number of Employees	5,077	5,550	473.0	

In FY2021/3, the Company booked net sales of ¥332.5 billion (up ¥72 billion YoY), operating income of ¥47.2 billion (up ¥14.5 billion), ordinary income of ¥49.9 billion (up ¥17.9 billion), and net income attributable to parent company shareholders of ¥26.9 billion (up ¥5.6 billion).

Consolidated Statement of Income
Fiscal Year Ended March 31, 2021 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2020		Fiscal Year Ended March 31, 2021		Changes
	Full Year Results		Full Year Results		
Net sales	260.5		332.5		72.0
Digital Entertainment	188.6		263.9		75.3
Amusement	45.6		34.3		(11.3)
Publication	19.4		26.8		7.4
Merchandising	8.7		9.4		0.7
Eliminations or unallocated	(2.0)		(7.0)		0.0
Operating income	32.7		47.2		14.5
Digital Entertainment	35.3		56.5		21.2
Amusement	1.4		(1.3)		(2.9)
Publication	7.2		11.6		4.4
Merchandising	1.0		2.2		1.2
Eliminations or unallocated	(12.3)		(15.6)		(3.3)
Operating income margin	12.6%		14.2%		1.6pt
Digital Entertainment	18.7%		19.1%		0.4pt
Amusement	3.2%		(4.6%)		(7.8pt)
Publication	37.3%		43.5%		6.2pt
Merchandising	11.7%		23.8%		12.1pt
Eliminations or unallocated	-		-		-

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

I will next break down our results by segment.

The Digital Entertainment segment posted net sales of ¥263.9 billion (up ¥75.3 billion) and operating income of ¥50.5 billion (up ¥15.2 billion).

The HD Games sub-segment saw sales rise YoY, thanks not only to the release of major console titles such as “FINAL FANTASY VII REMAKE” and “Marvel’s Avengers,” but also to brisk sales of catalog titles and licensing income.

The MMO sub-segment saw sales decline YoY given that “FINAL FANTASY XIV” and “DRAGON QUEST X” expansion packs had been released in the previous fiscal year, but recurring revenue from those titles was brisk.

The Games for Smart Devices/PC Browser sub-segment saw YoY sales growth. In addition to solid performances from existing titles such as “DRAGON QUEST WALK” and “WAR OF THE VISIONS: FINAL FANTASY BRAVE EXVIUS,” earnings were also helped by “DRAGON QUEST TACT,” “OCTOPATH TRAVELER: Tairiku no Hasha,” and “NieR Re[in]carnation,” all of which were launched in FY2021/3.

The Amusement segment generated net sales of ¥34.3 billion (down ¥11.3 billion YoY) and an operating loss of ¥1.5 billion (vs. operating income of ¥1.4 billion in the previous fiscal year). In response to the Japanese government’s state of emergency declaration, the Company temporarily closed its amusement facilities in Japan in 1Q, in order to combat the spread of COVID-19, resulting in a sharp YoY sales decline and an operating loss.

The Publication segment booked net sales of ¥26.8 billion (up ¥7.4 billion YoY) and operating income of ¥11.6 billion (up ¥4.4 billion). Sales in digital formats, such as from the “MANGA UP!” manga app and e-books, grew substantially. Sales in printed formats were also brisk, resulting in YoY growth in net sales and operating income.

The Merchandising segment posted net sales of ¥9.4 billion

Consolidated Balance Sheet
as of March 31, 2021

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2020	03/2021	Changes	Account	03/2020	03/2021	Changes
Cash and deposits	123.4	146.2	22.8	Notes and accounts payable	25.5	24.5	(1.0)
Notes and accounts receivable	43.4	43.0	1.6	Income taxes payable	10.1	14.5	4.4
Inventories	6.4	4.4	(2.0)	Provision for sales returns	4.2	5.8	1.6
Content production account	71.4	78.1	6.7	Others	29.3	35.3	6.0
Others	8.0	11.7	3.7	Total Current Liabilities	69.3	80.3	11.0
Total Current Assets	250.8	289.6	38.8	Non-current Liabilities	11.3	12.5	1.2
Property and equipment	20.5	19.6	(0.9)	Total Liabilities	80.7	92.8	12.1
Intangible Assets	5.3	5.5	0.2	Total Shareholders' Equity	226.7	247.7	21.0
Investments and other assets	28.8	27.3	1.5	Others	(4.8)	(4.5)	0.3
Total Non-current Assets	54.7	52.5	0.8	Total Net Assets	221.9	243.2	21.3
Total Assets	302.6	336.1	33.5	Total Liabilities and Net Assets	302.6	336.1	33.5

SQUARE ENIX. 6. SQUARE ENIX HOLDINGS CO., LTD.

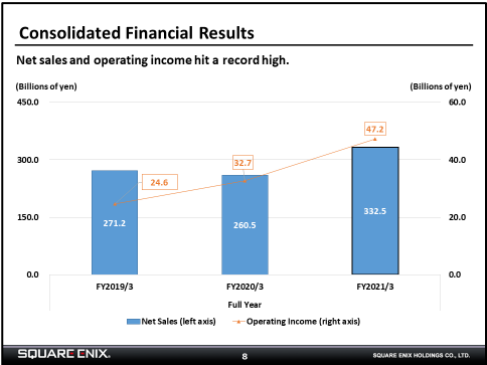
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(up ¥700 million YoY) and operating income of ¥2.2 billion (up ¥1.2 billion). The YoY growth in sales and profits owed to brisk sales of character goods and soundtracks based on the Company’s IP.

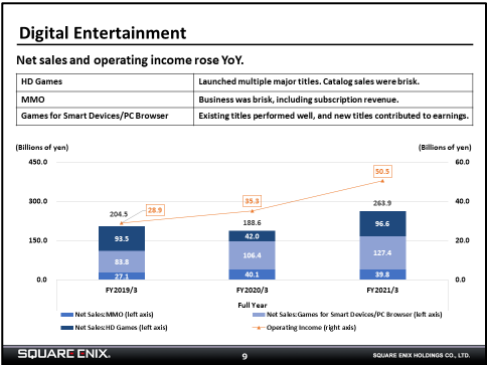
This concludes my overview on our FY2021/3 results.

Consolidated Financial Results and Progress in Each Business Segment

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



While “Marvel’s Avengers,” which we launched in September, did not perform to our initial expectations, we were able to achieve our medium-term earnings targets of net sales of ¥300-400 billion and operating income of ¥40-50 billion thanks to the expansion of our base of stable recurring income from the MMO and Games for Smart Devices/PC Browser sub-segments.



From this results presentation, we have ceased disclosing sub-segment profits in the Digital Entertainment business because the lifespans of current HD games and the way that we account for amortization costs make the profitability of our HD games somewhat difficult to assess on a quarterly basis.

In general, the lifespan of HD games is increasing. Until a new title is released, we treat it as a work-in-progress, posting its development costs to our content production account. We then amortize those costs within three months of the title’s release. As such, the timing of a game’s release and the amortization of its development costs can result in significant

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fluctuations in quarterly profit lines. We have therefore arrived at the conclusion that disclosing performance figures for the HD Games sub-segment on a quarterly basis is likely to mislead those attempting to assess that business. In addition, our strategy is to grow the earnings of the entire Digital Entertainment segment, inclusive of the MMO and Games for Smart Devices/PC Browser sub-segments. For this reason, we have decided that disclosing profit figures on a cumulative rather than quarterly basis is better aligned with our strategy and have therefore switched to that approach as of this results release.

This slide shows the new titles that we released from the HD Games sub-segment in FY2021/3.

Digital Entertainment
HD Games/MMO: Released multiple new titles, including AAA titles.

HD Games: Major New titles in FY2021/3

- FINAL FANTASY VII REMAKE**
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 SQUARE ENIX, FINAL FANTASY, SEVEN, REMAKE, and REMAKE PLUS are either registered trademarks or trademarks of SQUARE ENIX CO., LTD. in Japan and other countries.
- TRAILS OF COLD STEEL III**
 © 2019 SQUARE ENIX CO., LTD. All Rights Reserved.
- MARVEL AVENGERS ALLIANCE 3**
 © 2020 MARVEL. Marvel and the Marvel Characters and Other Material contained herein are trademarks of Marvel Characters, Inc. All Rights Reserved.
- BRAVELY DEFAULT II**
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Launched on April 10, 2020 Launched on April 24, 2020 Launched on September 4, 2020 Launched on February 26, 2021

MMO : Main titles in operation

- FINAL FANTASY XIV**
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- FINAL FANTASY XIV: ENDWALKER**
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The Games for Smart Devices/PC Browser sub-segment launched “DRAGON QUEST TACT” in July 2020, “OCTOPATH TRAVELER: Tairiku no Hasha” in October, and “NieR Re[in]carnation” in February 2021. All three titles began contributing to earnings in FY2021/3.

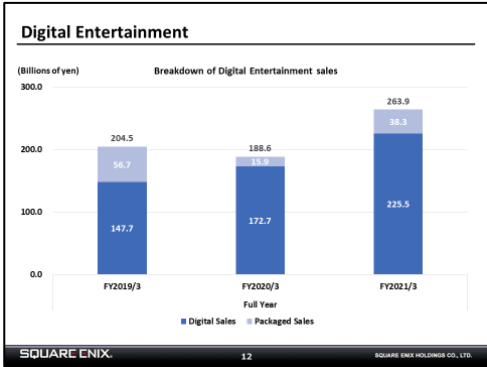
Digital Entertainment
Games for Smart Devices/PC Browser: All newly launched titles performing well.

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

Aug 2016 DC: ROCKET LEAGUES © 2016 DC Comics. All Rights Reserved. DC, DC Comics, and the DC Comics logo are trademarks of DC Comics. All Rights Reserved.	Sep 2017 FORTNITE © 2017 Epic Games. All Rights Reserved. Fortnite is a trademark of Epic Games. All Rights Reserved.	Feb 2017 DOTA 2 © 2013 Valve Corporation. All Rights Reserved. DOTA 2 is a trademark of Valve Corporation. All Rights Reserved.	Jun 2017 SINS AUCTION © 2017 Sins Auction. All Rights Reserved.	Apr 2014 FINAL FANTASY VII REMAKE © 2017-2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Sep 2014 FINAL FANTASY VII REMAKE © 2017-2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Oct 2015 FINAL FANTASY VII REMAKE © 2017-2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Oct 2015 FINAL FANTASY VII REMAKE © 2017-2020 SQUARE ENIX CO., LTD. All Rights Reserved.
Feb 2017 DOTA 2 © 2013 Valve Corporation. All Rights Reserved. DOTA 2 is a trademark of Valve Corporation. All Rights Reserved.	Jun 2017 SINS AUCTION © 2017 Sins Auction. All Rights Reserved.	Mar 2018 NIE R RE[IN]CARNATION © 2021 SQUARE ENIX CO., LTD. All Rights Reserved.	Dec 2018 NIE R RE[IN]CARNATION © 2021 SQUARE ENIX CO., LTD. All Rights Reserved.	Jul 2020 DRAGON QUEST TACT © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Jul 2020 DRAGON QUEST TACT © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Jul 2020 DRAGON QUEST TACT © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Sep 2020 DRAGON QUEST TACT © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.
Nov 2019 FINAL FANTASY VII REMAKE © 2017-2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Jul 2020 DRAGON QUEST TACT © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Oct 2020 OCTOPATH TRAVELER © 2020 SQUARE ENIX CO., LTD. All Rights Reserved.	Feb 2021 NIE R RE[IN]CARNATION © 2021 SQUARE ENIX CO., LTD. All Rights Reserved.				

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Digital Entertainment – Units Sold by Region

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

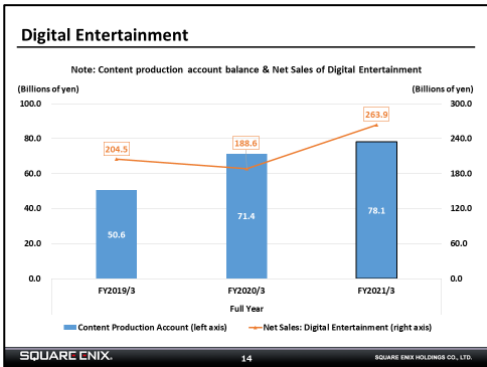
(Millions of Units Sold)

Region	FY2020/3 Full Year Results			FY2021/3 Full Year Results		
	Disc	Download	Total	Disc	Download	Total
Japan	1.60	2.42	4.02	2.62	3.67	6.30
North America/ Europe	4.88	19.58	24.46	7.16	31.43	38.59
Asia, etc.	0.78	4.16	4.94	0.51	4.51	5.01
Total	7.26	26.16	33.42	10.29	39.60	49.90

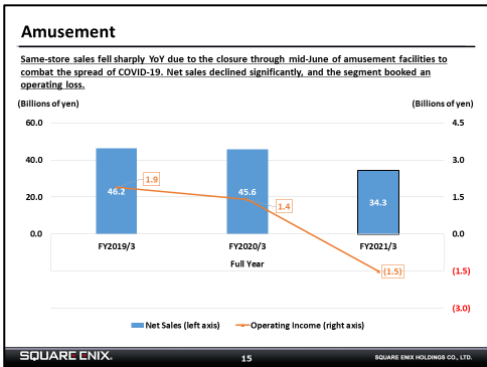
* The above numbers cover both HD and MMO games, and includes titles for which Square Enix is the distributor and titles sold episodically.

We have also made a change to how we disclose our units sold. Whereas the download sales we disclosed previously only included titles launched in the past two years, we now include all sales made during the relevant fiscal year, regardless of when a title may have been released.

This change was prompted primarily by the fact that we are making many more sales from our back catalog than we had in the past.

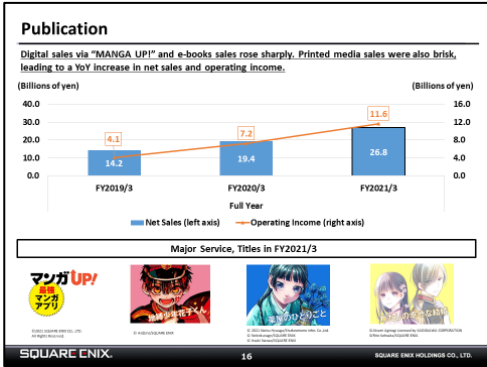


I will explain our content production account balance later when I discuss our medium-term earnings targets.

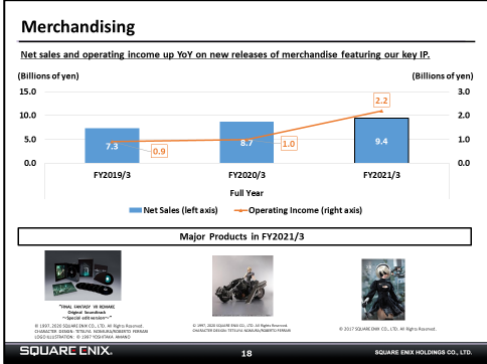
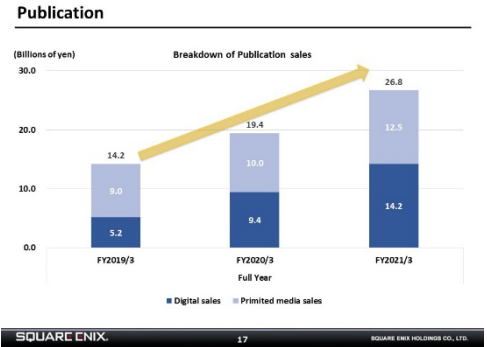


The situation with our Amusement segment was as described by our Chief Accounting Officer earlier.

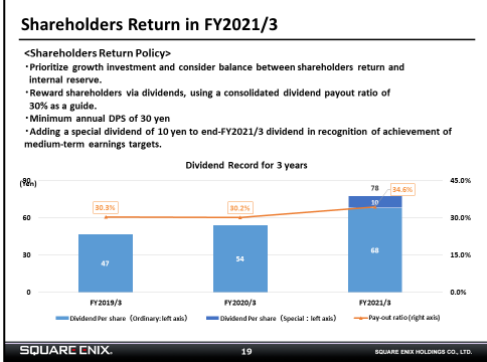
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Our Publication segment continues to demonstrate pronounced growth, with digital and printed formats growing on an even keel. We expect the segment to make a fair contribution to FY2022/3 earnings as well.

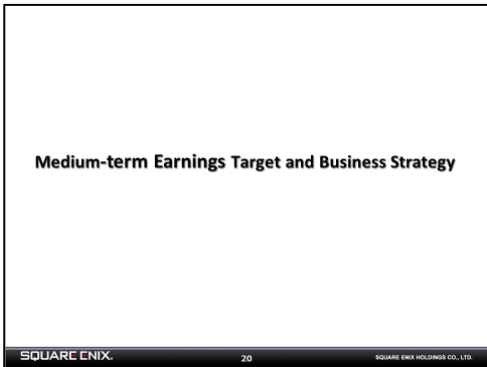


Earnings at the Merchandising segment were solid.

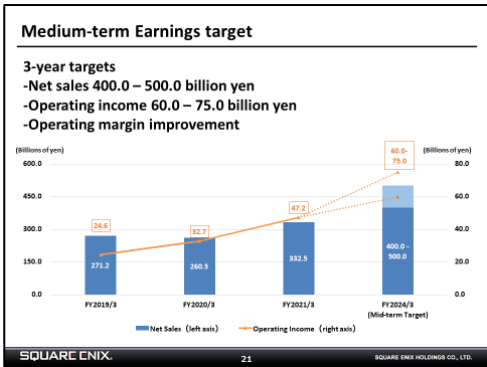


Because we not only achieved our medium-term earnings targets but also generated record operating cash flow, we will add a special dividend of ¥10 to our year-end dividend.

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I will next discuss our medium-term earnings targets and business strategy.



We have set medium-term earnings targets for three years out. Specifically, we will be targeting net sales of ¥400-500 billion, operating income of ¥60-75 billion, and operating margin improvement.

We want to improve our operating margin not only by growing sales but also by engaging in more efficient spending on development and marketing.

I will next discuss our content production account. To achieve our net sales target, it will be key that we establish a substantial pipeline of new titles and then release those titles to generate the sales that we are expecting. In short, our content production account is also a leading indicator for our future sales.

I will now speak to the current size of our content production account and to the risk that we will have to take write-downs on it. The account is a collection of individual projects, and we evaluate it based on each project, meaning by applying project-based costing. As such, by the nature of the account, we do not post impairment losses equivalent to a consistent percentage of the balance at the end of each fiscal year. Moreover, growth in the size of the account does not dictate a commensurate rise in write-downs.

Write-downs are the product of our assessment of the likelihood that we will recoup the account's costs based on our future earnings projections as of the end of each fiscal year. Major spec changes and other events that take place

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during the development process can also contribute to write-downs.

I will note one more point. Because of how “*Marvel’s Avengers*” sold in FY2021/3, you may be wary of the risk associated with our future releases. However, as I mentioned a moment ago, because we manage development efforts and earnings project-by-project and studio-by-studio, nothing that happens with any one title impacts the others. It is based on that premise that we will build a pipeline that will enable us to consistently generate net sales of ¥400-500 billion.

While we cannot disclose a breakdown of the end-FY2021/3 content production account balance of ¥78.1 billion, I can say that titles that we plan to release in FY2023/3 and thereafter account for a substantial portion of the pipeline that the account represents. As such, while the balance may continue to increase, those titles will contribute to our future earnings and be key to achieving our medium-term earnings targets (for net sales and operating income).

These slides cover the strategies that will get us to our medium-term earnings targets. I will refrain from describing them as they do not deviate significantly from the strategies we have previously presented.

	March 31, 2021	Full Year Forecast	Change
Net sales	390	390	0
Operating income	49	49	0
Operating margin	12.6%	12.6%	0.0%
Net income	36	36	0
Net income per share	1.0	1.0	0.0
Operating assets	1.2	1.2	0.0
Operating liabilities	0.8	0.8	0.0
Operating assets less liabilities	0.4	0.4	0.0
Operating assets less liabilities per share	1.2	1.2	0.0

We are guiding for net sales of ¥340 billion and operating income of ¥40 billion in FY2022/3, which is the first year on the way toward our medium-term earnings targets. FY2022/3 lineup will consist large of new IP, and we are working on developing major titles with target release dates in FY2023/3 and thereafter.

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SQUARE ENIX HOLDINGS CO., LTD. FY2021/3 Financial Results Briefing Session Q&A

Date/Time: May 13, 2021 (Thu) 6:30-7:30 p.m. (JST)

Main speaker: Yosuke Matsuda, President and Representative Director

Q&A

Q: You have presented your medium-term net sales and operating income targets as ranges. What sort of factors could determine where the ultimate results fall within those ranges? Will it hinge on your pipeline, on whether you step up your live services, or on whether your recurring revenue grows? Also, how should we take the fact that you are looking for the same operating margin at both the upper and lower ends of the range?

A: How successful we are at creating tentpole IP with our HD games will be key and will serve as the foundation upon which we grow our sales via the business strategies that we have presented as the initiatives that will take us to our medium-term earnings targets. If we can establish a structure whereby our marginal cost falls as sales grow, we believe that further improvement in our operating margin should be possible. We will be working to improve our operating margin with a minimum target of around 15%.

Q: You said that FY2022/3 lineup would consist largely of new IP, but what specifically are you working on? Are you talking about multiple efforts like “Outriders?” Also, what has the response to “Outriders” been like?

A: It does not mean that we will necessarily be releasing more titles in the looter shooter genre like “Outriders.” We have yet to announce some of our forthcoming releases, so I hope you will look to us unveiling those in June and thereafter. In regards to the response to “Outriders,” while there were slight issues with bugs and the like on launch, we believe it has gotten off to a good start as a new IP. In addition, we have been pleasantly surprised as the digital sales ratio for the title have been very high, and the number of active users has also beaten our expectations. We believe that our decision to make “Outriders” available with Microsoft’s Xbox Game Pass as soon as the title launched also worked in our favor. (to build an installed base for the game)

Q: You are guiding for net sales to be roughly flat YoY in FY2022/3, but you expect your profits to decline. If we assume that you do not anticipate any major YoY change in your stable recurring earnings and that the Amusement segment should pick up versus the previous fiscal year, does it mean that you expect only a limited earnings contribution from your new HD game titles given that the lineup will consist largely of new IP?

A: Our guidance assumes a certain amount of risk, based on the fact that our FY2022/3 HD game lineup consists largely of new IP.

Q: What progress have you made on the strategic alliance you announced with Tencent in 2018? Can we expect to

see any output from that over the next three years?

A: We are in ongoing communications with Tencent, and there are some projects that are underway, but I will refrain from commenting on any details at present, including in terms of any output over the next three years.