



# Financial Results Briefing Session

Three-Month Period Ended June 30, 2019

**August 6, 2019**

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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)

# Changes in Accounting Policy

- Whereas earnings from digital content (primarily smart device and digital sales of HD games) had previously been recognized upon receipt of the sales data report (i.e., with a one-month lag), as of FY2020/3, we are posting such earnings the same month in order to better reflect actual economic conditions.
- We retroactively apply this change to figures for FY2019/3.
- As a result, net sales and operating income in FY2019/3 Q1 decreased ¥677 million, ¥387 million respectively.

(Full Year: Net sales +¥ 227million / Operating income +¥103million)

## Revenue recognition through FY2019/3

Sales made	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Sales posted	Q1			Q2			Q3			Q4			



## Revenue recognition from FY2020/3

Sales posted	Q1			Q2			Q3			Q4			
Sales made	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar

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

# Consolidated Statement of Income

## Q1, FY2020/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2019		Fiscal Year Ending March 31, 2020			
	Apr - June 2018	Full Year Results	Apr - June 2019	Changes	Full Year Forecasts	Changes
Net sales	44.7	271.2	53.3	8.6	270.0	(1.2)
Operating income	3.8	24.6	7.1	3.3	24.0	(0.6)
Operating income margin	8.6%	9.1%	13.5%	4.9pt	8.9%	(0.2pt)
Ordinary income	7.3	28.4	6.2	(1.1)	24.0	(4.4)
Ordinary income margin	16.3%	10.5%	11.8%	(4.5pt)	8.9%	(1.6pt)
Profit attributable to owners of parent	5.5	19.3	4.1	(1.4)	16.8	(2.5)
Depreciation and amortization	1.3	6.8	1.6	0.3	7.5	0.7
Capital expenditure	1.3	9.5	1.4	0.1	12.8	3.3

# Consolidated Statement of Income

## Q1, FY2020/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2019	Fiscal Year Ending March 31, 2020	
	Apr - June 2018	Apr - June 2019	Changes
<b>Net sales</b>	<b>44.7</b>	<b>53.3</b>	<b>8.6</b>
Digital Entertainment	31.6	37.1	5.5
Amusement	9.4	10.8	1.4
Publication	2.4	3.8	1.4
Merchandising	1.4	1.9	0.5
Eliminations or unallocated	-0.2	-0.4	(0.2)
<b>Operating income</b>	<b>3.8</b>	<b>7.1</b>	<b>3.3</b>
Digital Entertainment	5.6	7.6	2.0
Amusement	0.2	0.6	0.4
Publication	0.5	1.2	0.7
Merchandising	0.1	0.1	0.0
Eliminations or unallocated	-2.5	-2.5	0.0
<b>Operating income margin</b>	<b>8.6%</b>	<b>13.5%</b>	<b>4.9pt</b>
Digital Entertainment	17.7%	20.5%	2.8pt
Amusement	2.2%	6.3%	4.1pt
Publication	20.4%	32.8%	12.4pt
Merchandising	9.5%	8.4%	(1.1pt)
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
<b>Net sales</b>	<b>44.7</b>	<b>66.8</b>	<b>70.0</b>	<b>89.5</b>	<b>53.3</b>
Digital Entertainment	31.6	50.2	50.8	71.7	37.1
Amusement	9.4	11.0	13.7	11.9	10.8
Publication	2.4	3.9	3.9	4.0	3.8
Merchandising	1.4	1.8	1.7	2.2	1.9
Eliminations or unallocated	-0.2	-0.3	-0.2	-0.4	-0.4
<b>Operating income</b>	<b>3.8</b>	<b>5.9</b>	<b>2.6</b>	<b>12.2</b>	<b>7.1</b>
Digital Entertainment	5.6	6.9	2.6	13.7	7.6
Amusement	0.2	0.5	0.7	0.4	0.6
Publication	0.5	1.2	1.3	1.1	1.2
Merchandising	0.1	0.1	0.2	0.3	0.1
Eliminations or unallocated	-2.5	-2.9	-2.4	-3.4	-2.5

# Consolidated Balance Sheet

## Summary as of June 30, 2019

(Billions of Yen)

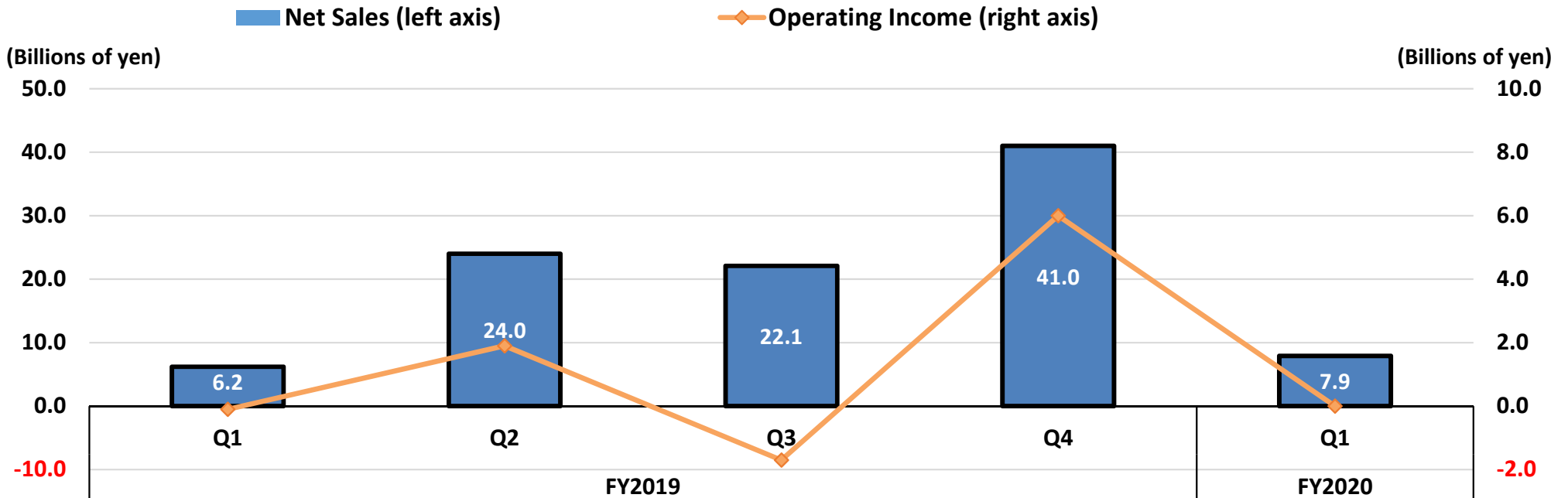
Account	<Assets>			<Liabilities and Net Assets>			
	03/2019	06/2019	Changes	Account	03/2019	06/2019	Changes
Cash and deposits	129.4	121.5	(7.9)	Notes and accounts payable	23.5	16.4	(7.1)
Notes and accounts receivable	40.3	31.6	(8.7)	Short-term loans	8.6	8.2	(0.4)
Inventories	4.8	4.9	0.1	Provision for sales returns	9.1	6.9	(2.2)
Content production account	50.6	58.1	7.5	Others	25.9	27.8	1.9
Others	9.5	9.7	0.2	<b>Total Current Liabilities</b>	<b>67.4</b>	<b>59.4</b>	<b>(8.0)</b>
<b>Total Current Assets</b>	<b>234.8</b>	<b>226.0</b>	<b>(8.8)</b>	<b>Non-current Liabilities</b>	<b>8.7</b>	<b>10.2</b>	<b>1.5</b>
Property and equipment	17.8	19.2	1.4	<b>Total Liabilities</b>	<b>76.1</b>	<b>69.7</b>	<b>(6.4)</b>
Intangible Assets	5.1	5.1	0.0	Total Shareholders' Equity	210.6	210.3	(0.3)
Investments and other assets	24.8	25.2	0.4	Others	-4.1	-4.2	(0.1)
<b>Total Non-current Assets</b>	<b>47.8</b>	<b>49.6</b>	<b>1.8</b>	<b>Total Net Assets</b>	<b>206.4</b>	<b>206.0</b>	<b>(0.4)</b>
<b>Total Assets</b>	<b>282.6</b>	<b>275.7</b>	<b>(6.9)</b>	<b>Total Liabilities and Net Assets</b>	<b>282.6</b>	<b>275.7</b>	<b>(6.9)</b>



# Progress in Each Business Segment

# Digital Entertainment – HD Games

Multiple new releases resulted in higher sales YoY and a turn slightly into the black.



## Main Titles in FY20/3



© 2019 SQUARE ENIX CO., LTD. All Rights Reserved.  
Developed by Tokyo RPG Factory.

To be launched on August 22, 2019



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To be launched on September 27, 2019

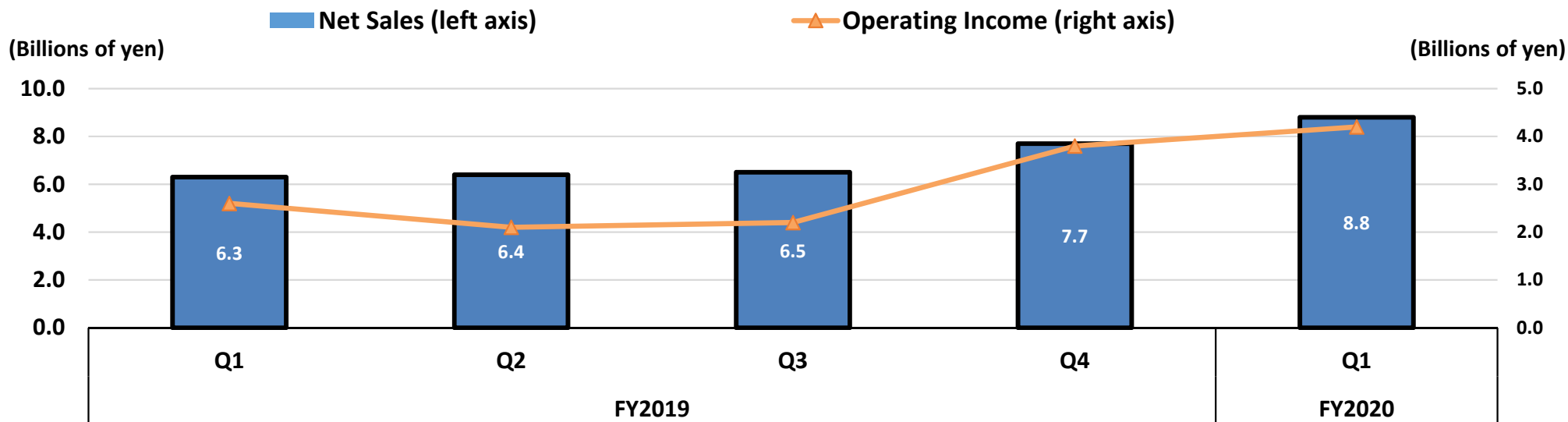


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CHARACTER DESIGN: TETSUYA NOMURA/ROBERTO FERRARI  
LOGO ILLUSTRATION: © 1997 YOSHITAKA AMANO

To be launched on March 3, 2020

# Digital Entertainment – MMO

Net sales and operating income up YoY on increased number of paying subscribers ahead of release of the “FINAL FANTASY XIV” expansion pack.



## Main Measures in FY20/3

• We will target higher net sales and operating income by releasing expansion packs to drive additional sales and grow our number of paying subscribers.



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Launched on July 2, 2019



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To be 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)

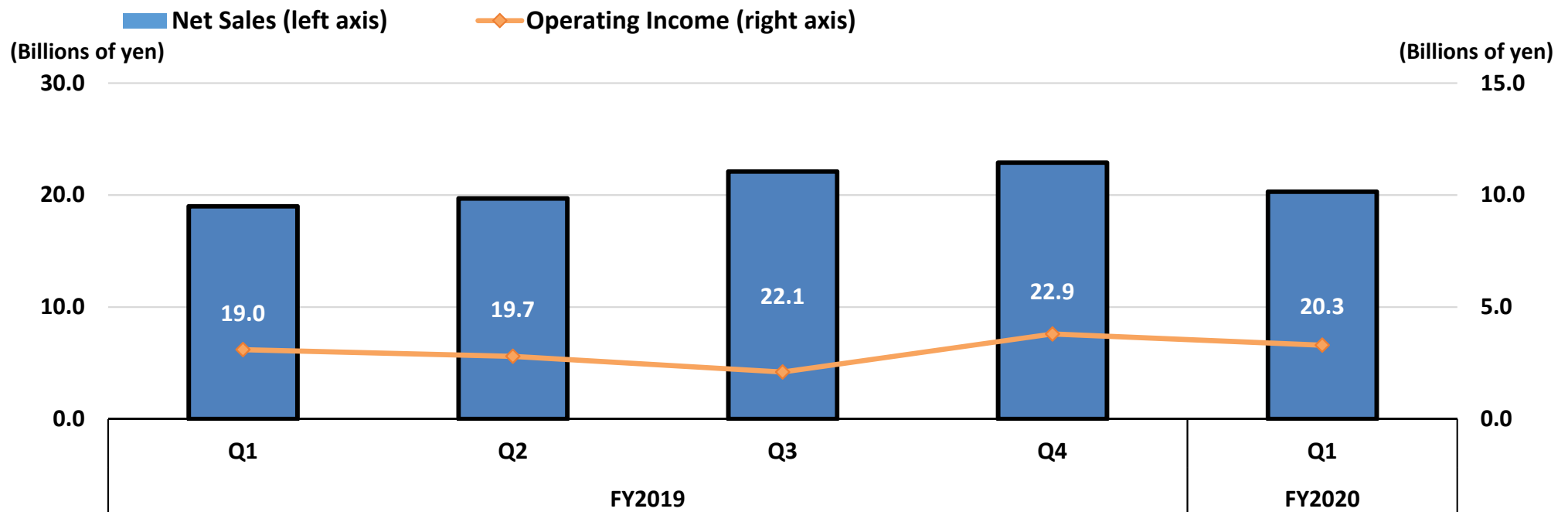
Region	FY 2019/3 Q1			FY 2020/3 Q1		
	Disc	Download	Total	Disc	Download	Total
Japan	0.26	0.16	0.42	0.39	0.25	0.64
	(Included episode units 0.03 )			(Includes episode units 0 )		
North America/ Europe	0.63	1.13	1.76	0.83	1.43	2.26
	(Included episode units 0.48 )			(Includes episode units 0.34 )		
Asia, etc.	0.01	0.24	0.25	0.21	0.13	0.35
	(Included episode units 0.13 )			(Includes episode units 0.03 )		
<b>Total</b>	<b>0.90</b>	<b>1.52</b>	<b>2.42</b>	<b>1.44</b>	<b>1.81</b>	<b>3.25</b>
	(Included episode units 0.64 )			(Includes episode units 0.37 )		

\* 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

Higher net sales and operating income YoY thanks to a brisk performance by “Romancing SaGa Re;univerSe.”



### Main Points in FY20/3

- Overhaul of development/operation organizations complete. Will focus on creating new hit games.
- Will launch selected new titles by utilizing our existing IPs.

# Digital Entertainment

## — Games for Smart Devices/PC Browser

### Major Operating Titles

Aug 2010  
(PC Browser game)



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Apr 2014



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Nov 2014



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Sep 2015



©Disney  
Developed by SQUARE ENIX

Oct 2015



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BIRD STUDIO/  
SQUARE ENIX  
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©SUGIYAMA KOBO

Feb 2017



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CHARACTER DESIGN: TETSUYA NOMURA

Jun 2017



Co-developed with Pokelabo Inc.  
(Published by Pokelabo Inc.)  
©2017, 2018 Pokelabo Inc./ SQUARE ENIX CO., LTD.  
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Dec 2018



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Powered by Akatsuki Inc.  
ILLUSTRATION: TOMOMI KOBAYASHI

Jan 2014



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©SUGIYAMA KOBO  
Developed by Cygames, Inc.

Sep 2014



Alliance with DeNA Co., Ltd.  
(Published by DeNA Co., Ltd.)  
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©DeNA Co., Ltd

Jun 2015



LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO  
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Oct 2015



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Developed by Alim Co., Ltd.  
LOGO ILLUSTRATION:©2014 YOSHITAKA AMANO

Dec 2016



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Developed by tri-Ace Inc.

Mar 2017



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Mar 2018



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刀使ノ巫女製作委員会  
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**July 2019**  
(Sales will be recognized from Q2)

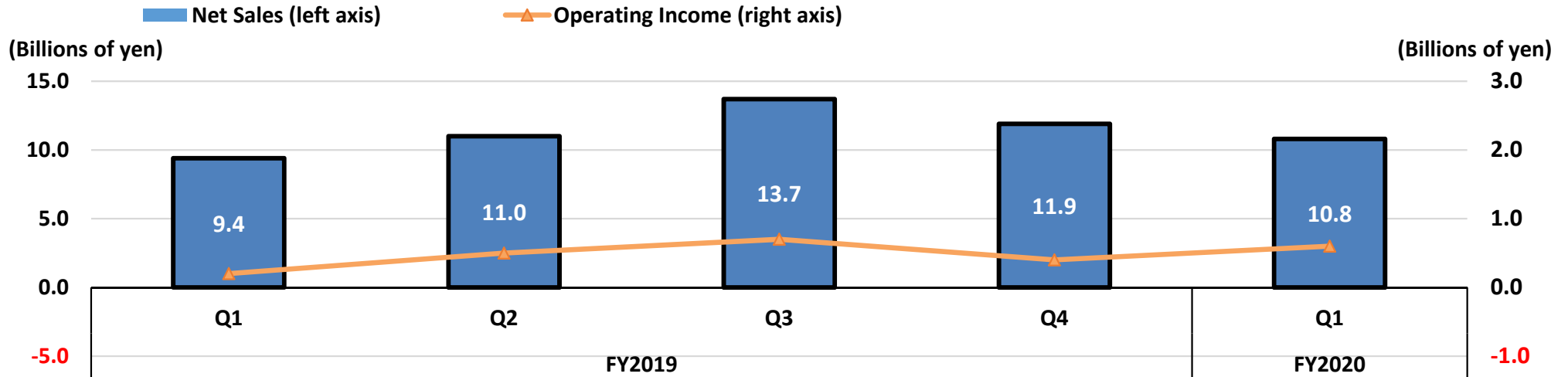


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\*Month and year indicate each title's launch timing.

# Amusement

No new machine titles, but strong arcade operations resulted in higher net sales and operating income YoY.



## Main Titles in FY20/3



To be launched in 2019 Autumn

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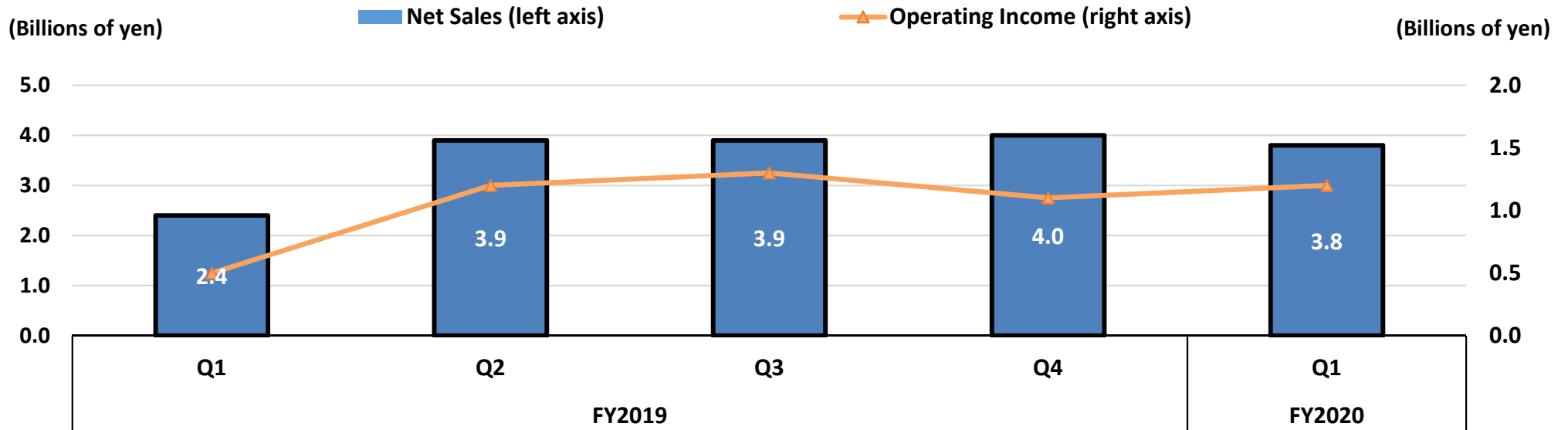
To be launched in 2019 Winter

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# Publication

Digital sales grew sharply, and MANGA UP! comic app was brisk. Sales of printed media were also strong, leading to YoY growth in net sales and operating income.



## Main Titles in FY20/3

マンガUP! 花子とpixiv



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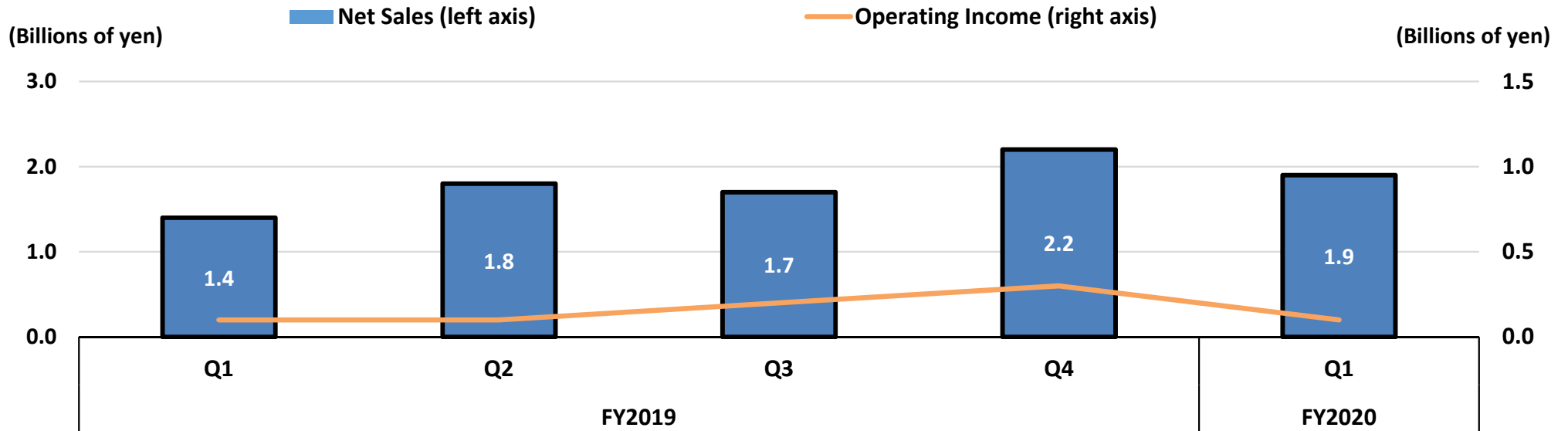


©Riku Misora / SB Creative Corp.  
 キャラクター原案: さくらねこ  
 ©Kotaro Yamada/SQUARE ENIX



# Merchandising

Net sales and operating income were up YoY thanks to the release of new merchandise based on popular content.



## Main Points in FY20/3

- Engaging in multifaceted sales and licensing deals for merchandise based on established franchises.



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CHARACTER DESIGN: TETSUYA NOMURA



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Three-Month Period Ended June 30, 2019

January 29, 2020: Correction on Page 12

**August 6, 2019**

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