



# Financial Results Briefing Session

Six-Month Period Ended September 30, 2021

Updated on Jan 28, 2022 due to the following correction.

P11: Launch timing of expansion pack for Final Fantasy XIV

P12: Change of smartphone's title logo, launch timing and copyright

**November 5, 2021**

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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**  
**First Half of Fiscal Year**  
**Ending March 31, 2022**

# Consolidated Statement of Income

## 1H, FY2022/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2021		Fiscal Year Ending March 31, 2022			
	1H	Full Year Results	1H	Changes	Full Year Forecasts	Changes
Net sales	172.7	332.5	168.9	(3.8)	340.0	7.5
Operating income	31.6	47.2	29.1	(2.5)	40.0	(7.2)
Operating income margin	18.3%	14.2%	17.3%	(1.0pt)	11.8%	(2.4pt)
Ordinary income	30.5	49.9	31.4	0.9	40.0	(9.9)
Ordinary income margin	17.7%	15.0%	18.6%	0.9pt	11.8%	(3.2pt)
Profit attributable to owners of parent	16.0	26.9	22.9	6.9	24.0	(2.9)
Depreciation and amortization	3.5	7.5	3.4	(0.1)	7.1	(0.4)
Capital expenditure	3.7	7.3	3.5	(0.2)	10.5	3.2

\*Change in accounting policies (accounting standards for revenue recognition) has been applied from FY2022/3.

We don't present FY2021/3 data with these accounting polices applied retrospectively.

# Consolidated Statement of Income

## 1H, FY2022/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2021	Fiscal Year Ending March 31, 2022	
	1H	1H	Changes
<b>Net sales</b>	<b>172.7</b>	<b>168.9</b>	<b>(3.8)</b>
Digital Entertainment	142.4	129.4	(13.0)
Amusement	13.9	21.0	7.1
Publication	12.3	14.1	1.8
Merchandising	4.8	5.8	1.0
Eliminations or unallocated	(0.8)	(1.5)	(0.7)
<b>Operating income</b>	<b>31.6</b>	<b>29.1</b>	<b>(2.5)</b>
Digital Entertainment	33.8	29.4	(4.4)
Amusement	(1.6)	0.6	2.2
Publication	5.3	5.9	0.6
Merchandising	1.5	1.7	0.2
Eliminations or unallocated	(7.4)	(8.7)	(1.3)
<b>Operating income margin</b>	<b>18.3%</b>	<b>17.3%</b>	<b>(1.0pt)</b>
Digital Entertainment	23.7%	22.8%	(0.9pt)
Amusement	(11.7%)	3.1%	14.8pt
Publication	43.3%	42.2%	(1.1pt)
Merchandising	31.8%	30.9%	(0.9pt)
Eliminations or unallocated	-	-	-

# Consolidated Balance Sheet as of September 30, 2021

(Billions of Yen)

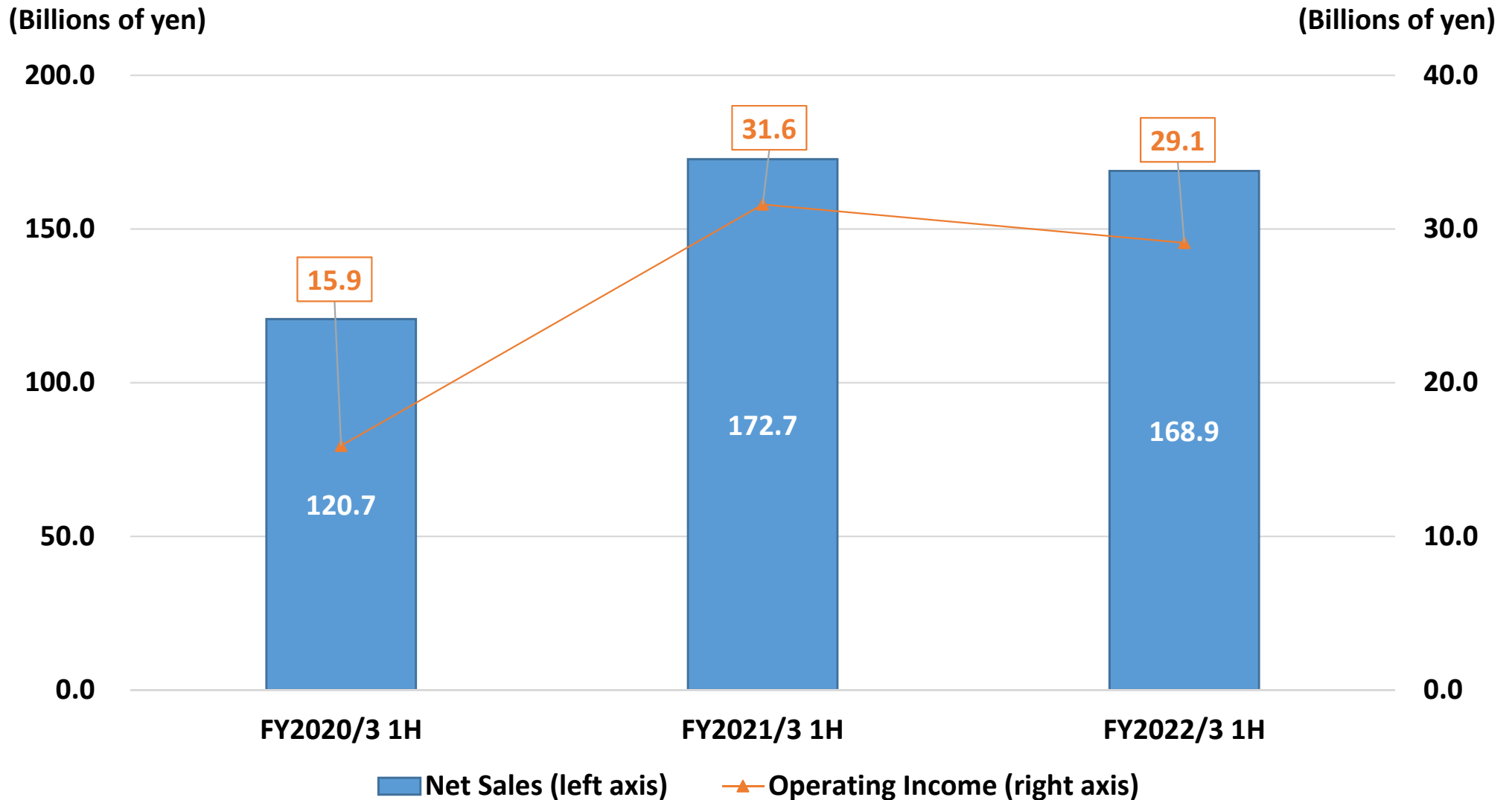
Account	<Assets>			<Liabilities and Net Assets>			
	03/2021	09/2021	Changes	Account	03/2021	09/2021	Changes
Cash and deposits	146.2	143.5	(2.7)	Notes and accounts payable	24.5	22.9	(1.6)
Notes and accounts receivable, and contract assets *	43.0	37.5	(5.5)	Income taxes payable	14.5	4.8	(9.7)
Inventories	4.4	5.5	1.1	Refund liabilities *	5.8	5.1	(0.7)
Content production account	78.1	89.7	11.6	Others	35.3	37.8	2.5
Others *	11.7	11.1	(0.6)	<b>Total Current Liabilities</b>	<b>80.3</b>	<b>70.8</b>	<b>(9.5)</b>
<b>Total Current Assets</b>	<b>283.6</b>	<b>287.6</b>	<b>4.0</b>	<b>Non-current Liabilities</b>	<b>12.5</b>	<b>12.3</b>	<b>(0.2)</b>
Property and equipment	19.6	19.2	(0.4)	<b>Total Liabilities</b>	<b>92.8</b>	<b>83.1</b>	<b>(9.7)</b>
Intangible Assets	5.5	6.0	0.5	Total Shareholders' Equity	247.7	263.1	15.4
Investments and other assets	27.3	28.7	1.4	Others	(4.5)	(4.6)	(0.1)
<b>Total Non-current Assets</b>	<b>52.5</b>	<b>54.0</b>	<b>1.5</b>	<b>Total Net Assets</b>	<b>243.2</b>	<b>258.4</b>	<b>15.2</b>
<b>Total Assets</b>	<b>336.1</b>	<b>341.6</b>	<b>5.5</b>	<b>Total Liabilities and Net Assets</b>	<b>336.1</b>	<b>341.6</b>	<b>5.5</b>

\*Data reflects change of accounting policies as of figures for FY2022/3. For further details, please refer to our Earnings Release.

# **Consolidated Financial Results and Progress in Each Business Segment**

# Consolidated Financial Results

Net sales and operating income fell YoY.

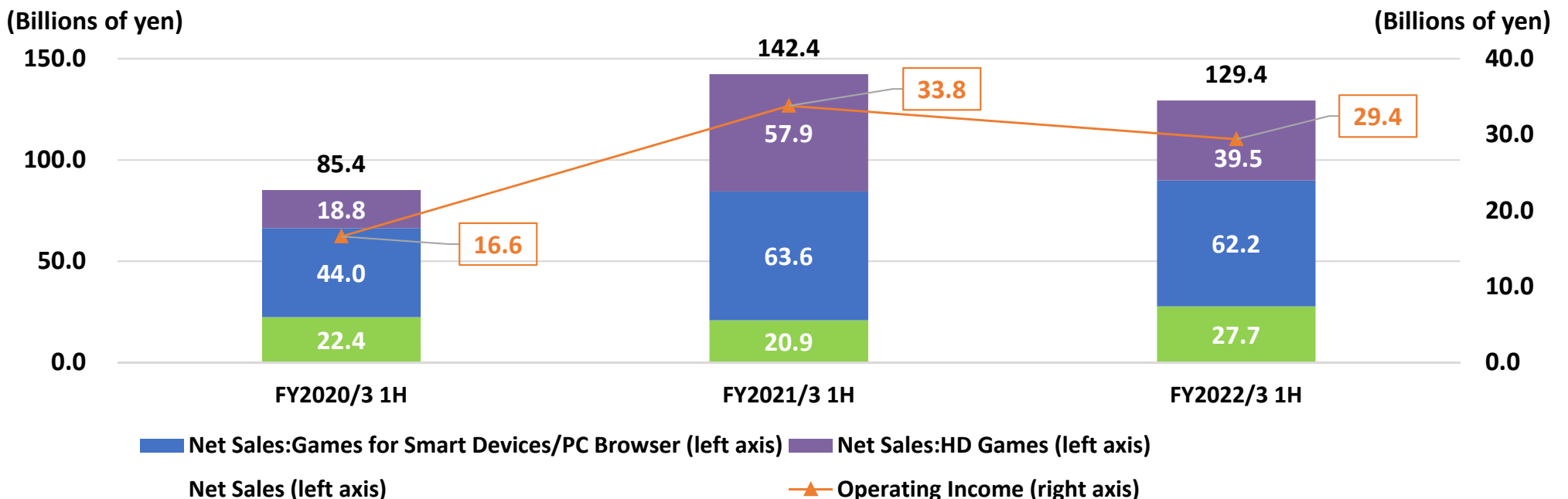




# Digital Entertainment

Net sales and operating income fell YoY due to the challenging comparison created by the previous year's launches, including the major HD game title "FINAL FANTASY VII REMAKE," as well as to lackluster performances by existing titles in the Games for Smart Devices/PC Browser sub-segment.

HD Games	Launched multiple new titles, but did not reach level seen last year, when we released major titles.
MMO	Recurring revenue was brisk. Monthly paying subscribers for "FINAL FANTASY XIV" rose sharply YoY.
Games for Smart Devices/PC Browser	Net sales fell YoY, in part because of lackluster performances by existing titles.



# Digital Entertainment

## HD Games: Plan to launch multiple new titles, including major titles.

### HD Games: Major New titles in FY2022/3



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Launched on Apr 1, 2021



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All Rights Reserved. Developed by Toylogic Inc.

Launched on Apr 22, 2021



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

Launched on Jun 10, 2021



Life is Strange: True Colors  
© 2021 Square Enix Ltd. Developed by Deck Nine Games.

Overseas : Launched on Sep 10, 2021 /Japan : TBD



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CHARACTER DESIGN: Ryoma Ito.

Launched on Oct 14, 2021



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Launched on Oct 26, 2021



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To be launched on Feb 26, 2022



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To be launched on Mar 4, 2022



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To be launched on Mar 18, 2022

# Digital Entertainment

**MMO: Plan to launch “FINAL FANTASY XIV” & “DRAGON QUEST X ONLINE” expansion packs in Q3.**

## MMO : Main titles in operation



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**To be launched on Dec 7, 2021**



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**To be launched on Nov 11, 2021**

# Digital Entertainment

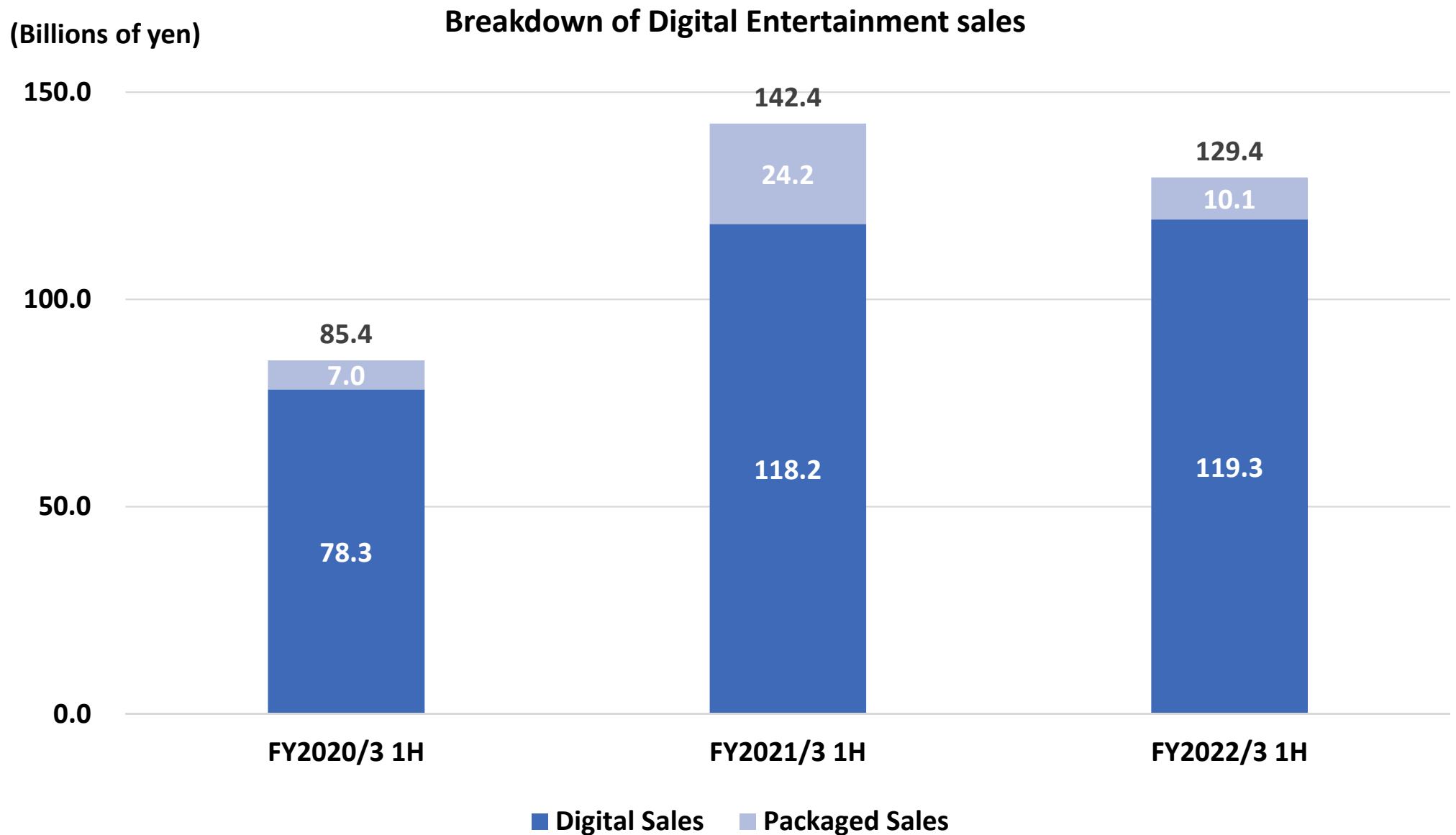
## Games for Smart Devices/PC Browser:

Only released one new title in 1H. Plan to release multiple new titles in 2H.

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

<p><b>Aug 2010</b> <b>(PC Browser game)</b></p>  <p>©2010-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Jan 2014</b></p>  <p>© 2014-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p><b>Apr 2014</b></p>  <p>©2014-2021 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>Oct 2015</b></p>  <p>©2015-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p><b>Oct 2015</b></p>  <p>© 2015-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>
<p><b>Feb 2017</b></p>  <p>©2017-2021 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>	<p><b>Jun 2017</b></p>  <p>株式会社ポケラボとの共同開発 (配信：株式会社ポケラボ) © 2017-2021 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>	<p><b>Dec 2018</b></p>  <p>© 2018-2021 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 © 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p><b>Sep 2019</b></p>  <p>© 2019-2021 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p><b>Nov 2019</b></p>  <p>© 2019-2021 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>
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# Digital Entertainment --Digital vs. Physical Game Sales--



# Digital Entertainment --Units Sold by Region--

Units Sold = Sold disks + Downloads

**Sold disks:** Unit sales of packaged software sold in the fiscal year

**Downloads:** Unit sales of downloaded software sold in the fiscal year

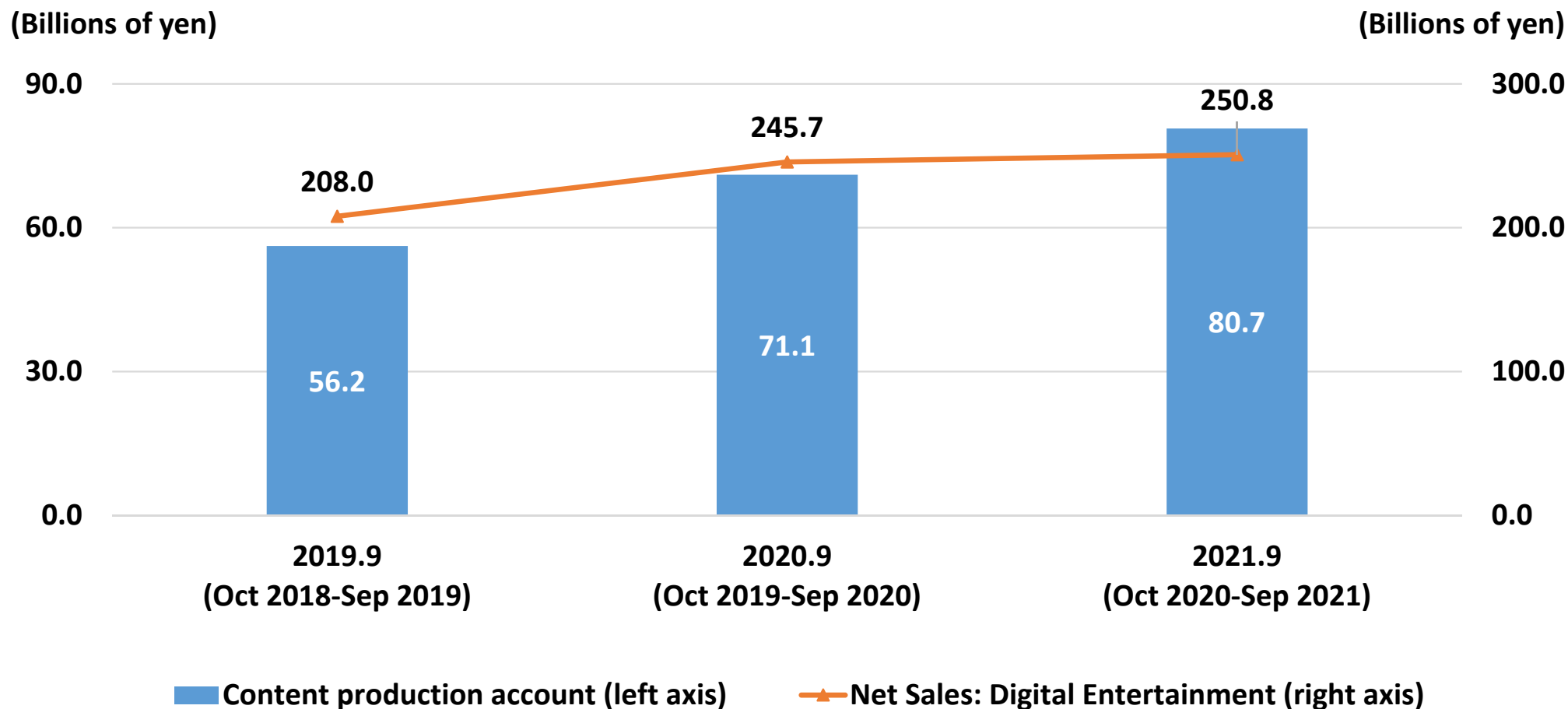
(Millions of Units Sold)

Region	FY2021/3 1H			FY2022/3 1H		
	Disc	Download	Total	Disc	Download	Total
Japan	1.68	2.28	<b>3.96</b>	0.54	1.72	<b>2.27</b>
North America/ Europe	3.97	19.67	<b>23.64</b>	2.14	10.64	<b>12.77</b>
Asia, etc.	0.23	2.47	<b>2.70</b>	0.20	1.98	<b>2.18</b>
<b>Total</b>	<b>5.88</b>	<b>24.42</b>	<b>30.30</b>	<b>2.88</b>	<b>14.34</b>	<b>17.22</b>

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

# Digital Entertainment

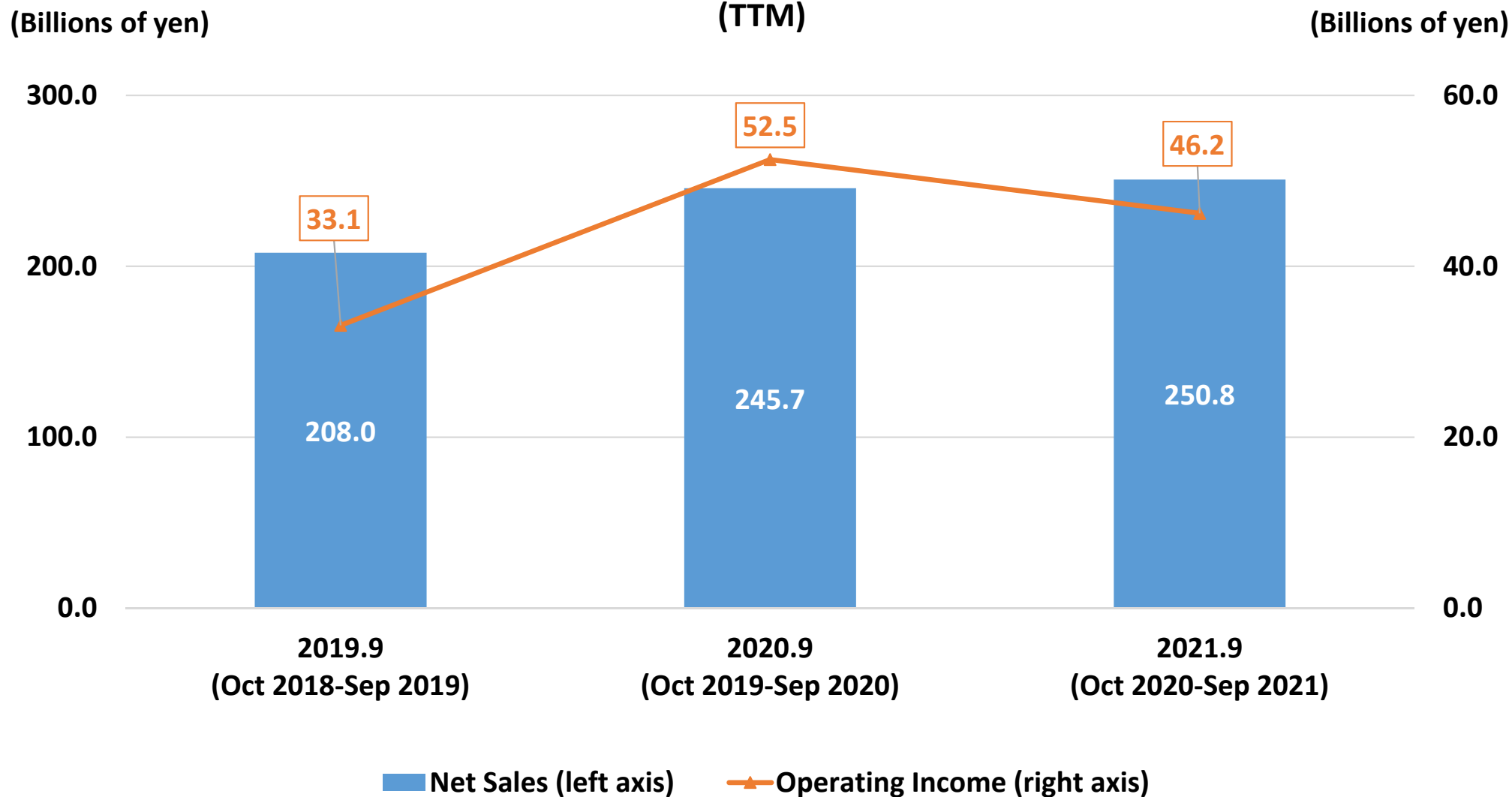
Note: Content production account balances & Net sales of Digital Entertainment (TTM)



\*Content production account: Average of end-quarter balances for most recent 12 months

# Digital Entertainment

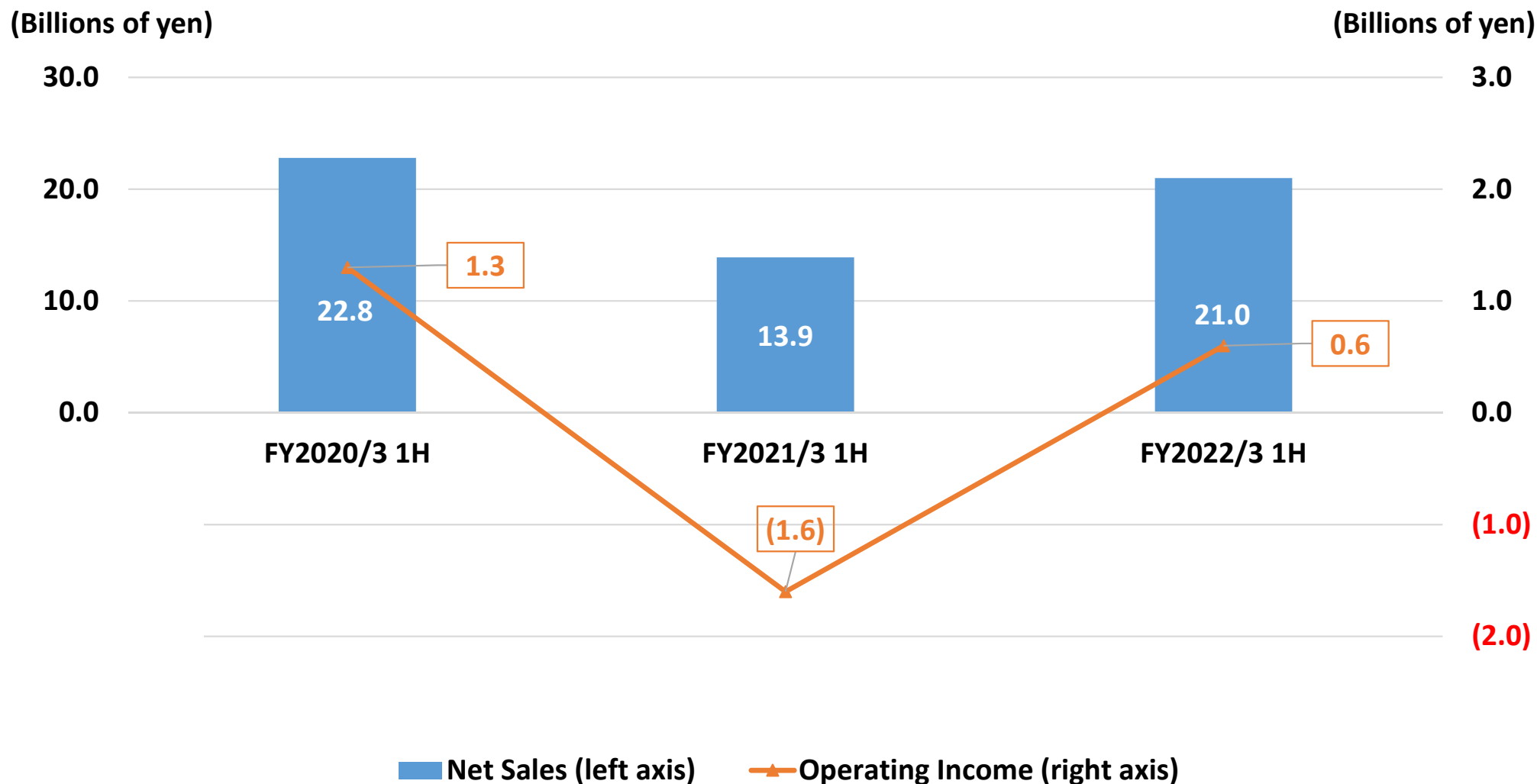
Note: Trends on financial performance of Digital Entertainment  
(TTM)





# Amusement

Net sales increased YoY, turned from loss to profit as last year's pandemic-prompted arcade closures had had a major impact through mid-June.

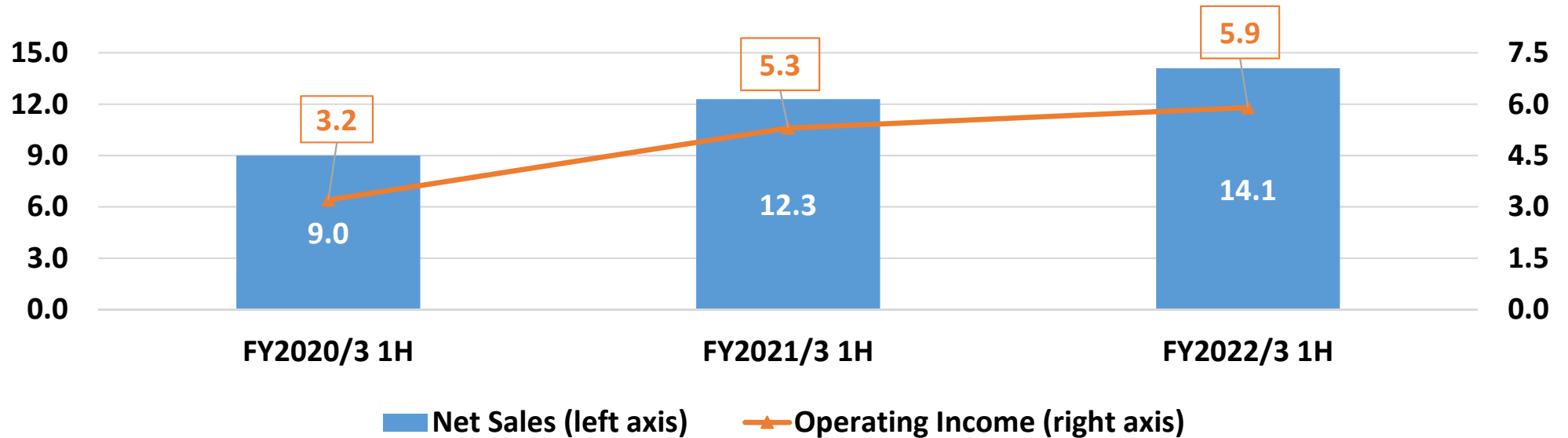


# Publication

Sales of e-books and other digital media grew. With sales of printed media also brisk, net sales and operating income rose YoY.

(Billions of yen)

(Billions of yen)



## Major Service, Titles in FY2022/3



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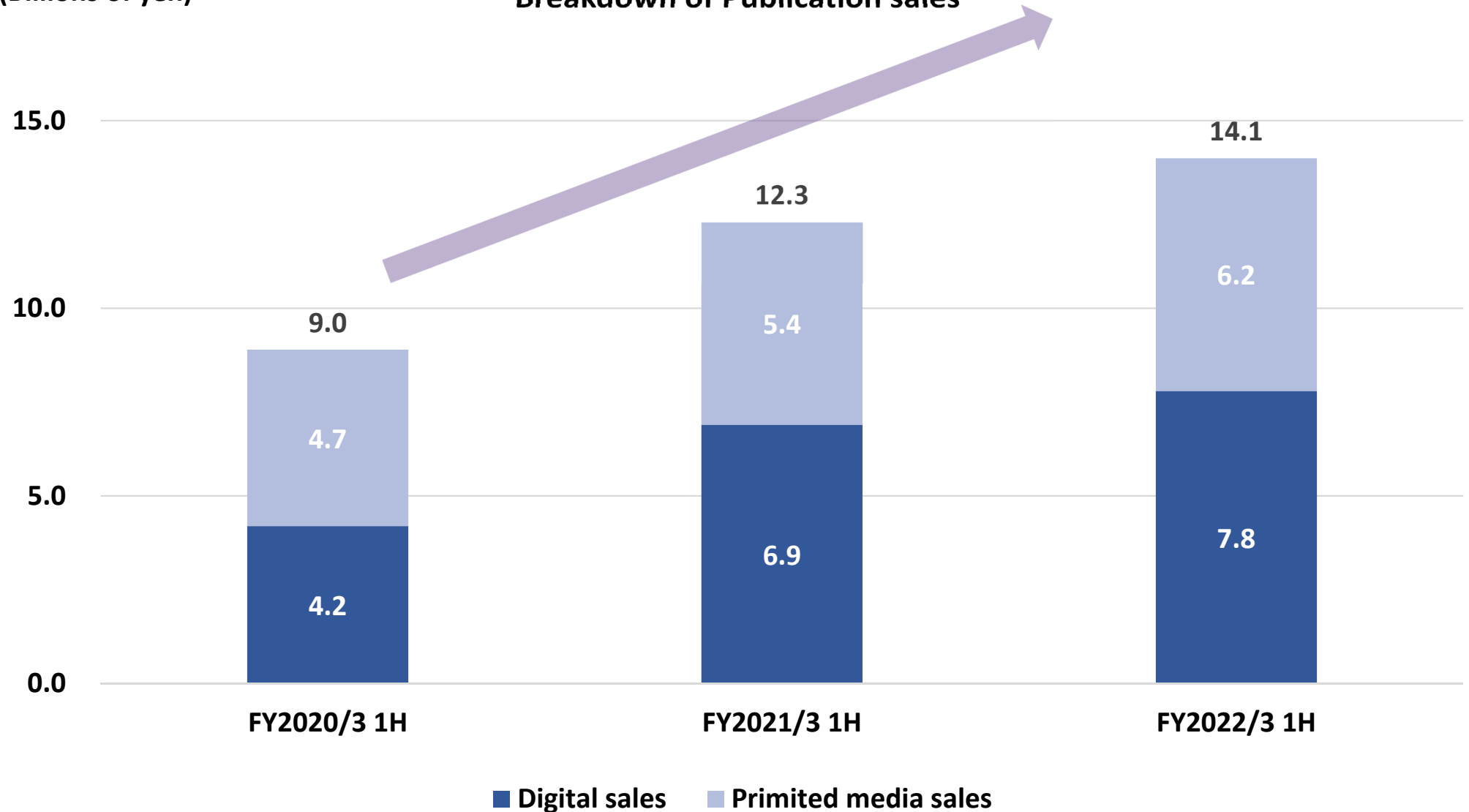


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# Publication --Digital vs. Printed Media Sales--

(Billions of yen)

Breakdown of Publication sales

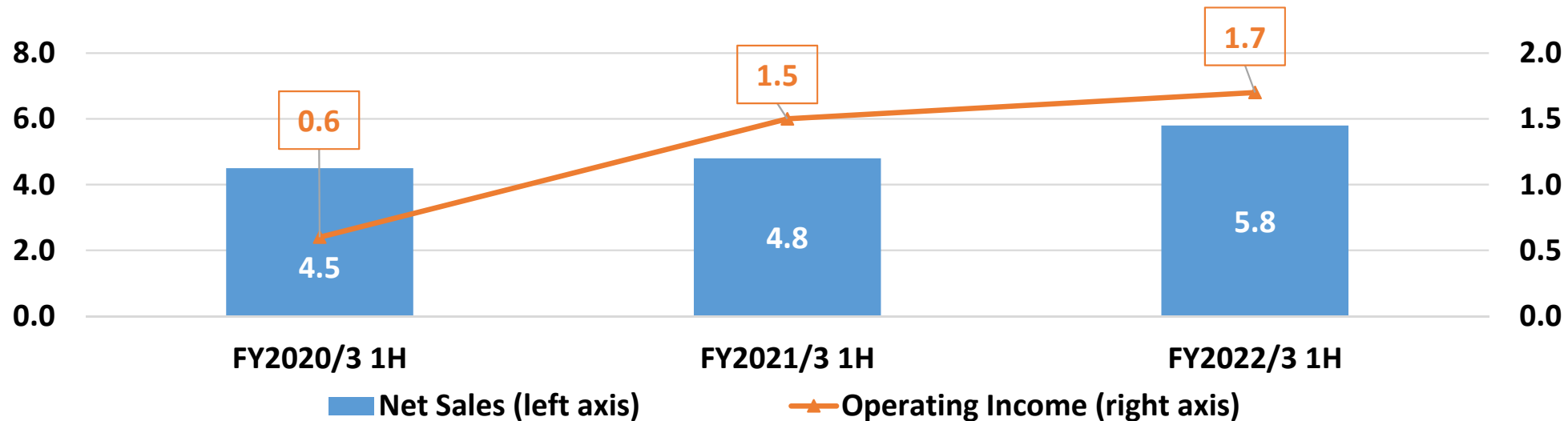


# Merchandising

Net sales and operating income rose YoY on brisk sales of new character merchandise based on our key IP.

(Billions of yen)

(Billions of yen)



## Major Products in FY2022/3



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「NieR Replicant ver.1.22474487139...Original Soundtrack」

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「NieR Replicant ver.1.22474487139... White Snow Edition」

# Medium-term business strategy progress

# Medium-term business strategy progress

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## Business strategies for achieving our medium-term earnings targets

**1. Strengthening our IP ecosystem**

**2. Take on new domains**

**3. Optimize business structure for COVID world**

**① Official release of "Shi-San-Sei Million Arthur"**

**NFT digital cards**

**② Contemplating robust entry into blockchain games**

# Medium-term business strategy progress

## ① Official release of “Shi-San-Sei Million Arthur” NFT digital cards



- A proof of concept for establishing what synergies we can derive by combining NFTs with our business assets

- Initiated with NFT digital cards

- Initial launch on October 14, 2021

- Million Press set and Million Press have already sold out

- Plan to also make available on the LVC NFT Market

- Expand to secondary market

- Have recognized that NFTs have high affinity with our assets

- Proof of concept phase is over

- Will transition to full commercialization phase

# Medium-term business strategy progress

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## ② Contemplating robust entry into blockchain games

### Changing environment for digital entertainment

#### How games are played

- Multiplayer, casual games are flourishing
- Interactive
- Community building

#### Technological advances

- Spread of NFTs
- Token economies take hold, expand
- Cross-border/Cross-platform



# Medium-term business strategy progress

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## ② Contemplating robust entry into blockchain games

Increasingly diverse profiles of/incentives for people  
involved in gaming

They want not only to have fun but also to interact, create, collect, etc.

+

Token economies taking hold and expanding

Games are further expanding from **centralized** into **decentralized**  
formats

In addition to the sort of content creation we have traditionally engaged in,  
we will focus on blockchain games premised on token economies as a  
form of decentralized content



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Six-Month Period Ended September 30, 2021

**November 5, 2021**

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