



Financial Results Briefing Session

Six-Month Period Ended September 30, 2022

November 7, 2022

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, 2023

Consolidated Statement of Income

1H, FY2023/3

(Billions of Yen)

	Fiscal Year Ended March 31, 2022		Fiscal Year Ending March 31, 2023	
	1H	Full Year Results	1H	Changes
Net sales	168.9	365.2	163.3	(5.6)
Operating income	29.1	59.2	26.0	(3.1)
Operating income margin	17.3%	16.2%	15.9%	(1.4pt)
Ordinary income	31.4	70.7	45.1	13.7
Ordinary income margin	18.6%	19.4%	27.6%	9.0pt
Profit attributable to owners of parent	22.9	51.0	39.4	16.5
Depreciation and amortization	3.4	7.5	3.5	0.1
Capital expenditure	3.5	9.1	5.0	1.5

Consolidated Statement of Income

1H, FY2023/3 by Business Segment

(Billions of Yen)

	Fiscal Year Ended March 31, 2022	Fiscal Year Ending March 31, 2023	
	1H	1H	Changes
Net sales	168.9	163.3	(5.6)
Digital Entertainment	129.4	117.1	(12.3)
Amusement	21.0	25.8	4.8
Publication	14.1	14.6	0.5
Merchandising	5.8	7.4	1.6
Eliminations or unallocated	(1.5)	(1.7)	(0.2)
Operating income	29.1	26.0	(3.1)
Digital Entertainment	29.4	24.5	(4.9)
Amusement	0.6	2.5	1.9
Publication	5.9	6.0	0.1
Merchandising	1.7	1.7	0.0
Eliminations or unallocated	(8.7)	(8.9)	(0.2)
Operating income margin	17.3%	15.9%	(1.4pt)
Digital Entertainment	22.8%	21.0%	(1.8pt)
Amusement	3.1%	9.9%	6.8pt
Publication	42.2%	41.2%	(1.0pt)
Merchandising	30.9%	23.9%	(7.0pt)
Eliminations or unallocated	-	-	-

Consolidated Balance Sheet as of September 30, 2022

(Billions of Yen)

Account	<Assets>			<Liabilities and Net Assets>			
	03/2022	09/2022	Changes	Account	03/2022	09/2022	Changes
Cash and deposits	163.0	189.6	26.6	Notes and accounts payable	27.5	24.5	(3.0)
Notes and accounts receivable	44.9	41.7	(3.2)	Income taxes payable	8.4	10.2	1.8
Inventories	5.1	5.5	0.4	Refund liabilities	5.6	5.2	(0.4)
Content production account	96.7	99.0	2.3	Others	42.1	40.5	(1.6)
Others	12.4	11.0	(1.4)	Total Current Liabilities	83.8	80.6	(3.2)
Total Current Assets	322.4	346.9	24.5	Non-current Liabilities	12.6	10.3	(2.3)
Property and equipment	19.8	16.9	(2.9)	Total Liabilities	96.4	91.0	(5.4)
Intangible Assets	7.3	5.8	(1.5)	Total Shareholders' Equity	290.2	315.9	25.7
Investments and other assets	31.2	30.4	(0.8)	Others	(5.8)	(6.8)	(1.0)
Total Non-current Assets	58.4	53.2	(5.2)	Total Net Assets	284.4	309.1	24.7
Total Assets	380.9	400.1	19.2	Total Liabilities and Net Assets	380.9	400.1	19.2

Consolidated Financial Results and Progress in Each Business Segment

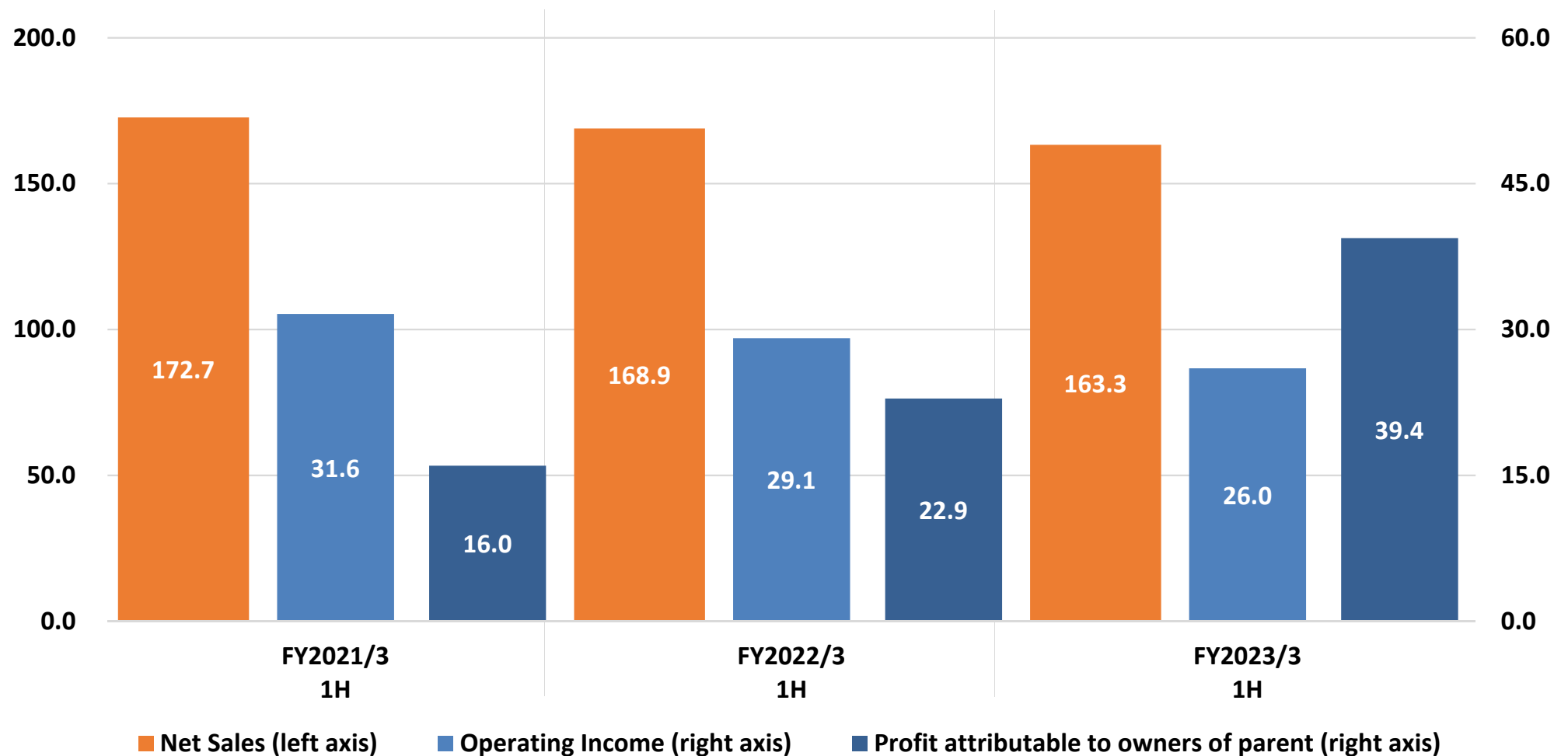
Consolidated Financial Results

Net sales, operating income down YoY

However, net income up on gains from forex, sale of shares of affiliated companies

(Billions of yen)

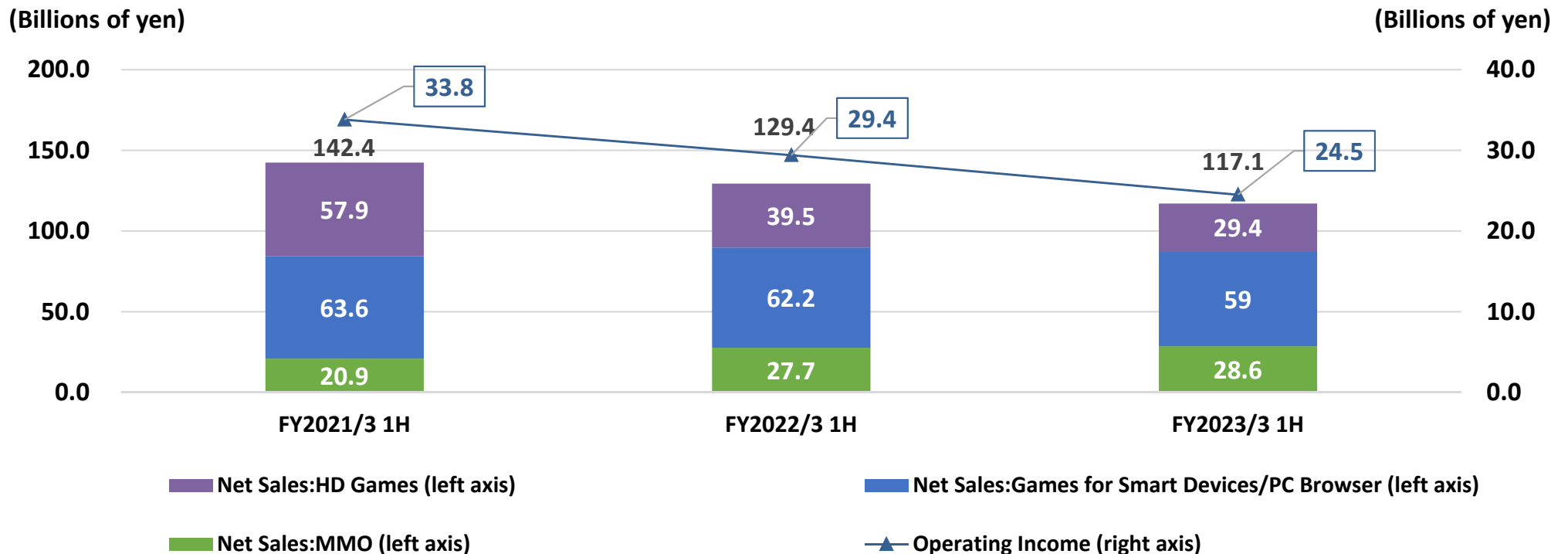
(Billions of yen)



Digital Entertainment

Net sales and operating income declined YoY at the HD Game sub-segment, due to a YoY decline in earnings from new titles









HD Games	Sales did not reach the level of the previous year despite the release of multiple new titles
MMO	Paying subscriber numbers for “FINAL FANTASY XIV” rose YoY
Games for Smart Devices/PC Browser	New titles were unable to offset weak performances from existing titles



Digital Entertainment -Main titles 1-

HD Games: Multiple new launches planned, including titles featuring new IP

HD Games: Major New titles in FY2023/3

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<p style="text-align: center;"></p> <p>© 2012,2022 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p> <p>Launched on September 15, 2022</p>	<p style="text-align: center;"></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launched on September 29, 2022 (PlayStation 5/PlayStation 4) To be Launched on November 12, 2022 (Steam)</p>	<p style="text-align: center;"></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by tri-Ace Inc. CHARACTER DESIGN: akiman</p> <p>Launched on October 27, 2022</p>
<p style="text-align: center;"></p> <p>© 2022 ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p> <p>To be launched on December 9, 2022</p>	<p style="text-align: center;"></p> <p>© 2007, 2008, 2022 SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p> <p>To be launched on December 13, 2022</p>	<p style="text-align: center;"></p> <p>© 2022 Luminous Productions Co., Ltd. All Rights Reserved.</p> <p>To be launched on January 24, 2023</p>

Digital Entertainment -Main titles 2-

MMO: No expansion pack releases planned but will focus on retaining users through a variety of operational initiatives

MMO : Main titles in operation



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Digital Entertainment -Main titles 3-

Games for Smart Devices/PC Browser: Multiple new title releases are slated for 2H and beyond

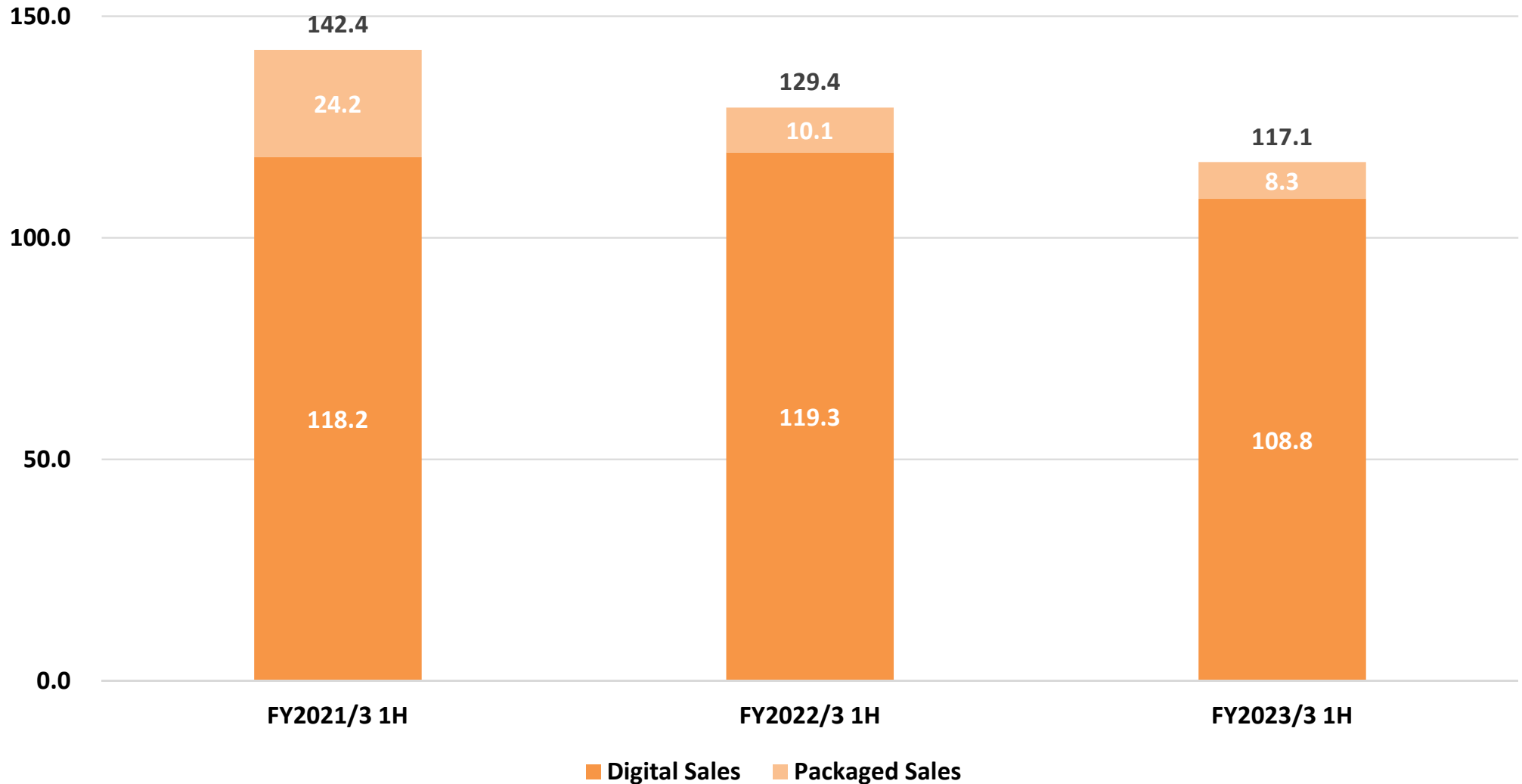
Major Operating Titles (Month and year indicate each title's launch timing)

<p>Aug 2010 (PC Browser game)</p>  <p>©2010-2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Jan 2014</p>  <p>© 2014-2022 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. ©SUGIYAMA KOBO Developed by Cygames, Inc.</p>	<p>Apr 2014</p>  <p>©2014-2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2014</p>  <p>Alliance with DeNA Co., Ltd. (Published by DeNA Co., Ltd.) ©SQUARE ENIX CO., LTD. ©DeNA Co., Ltd.</p>	<p>Oct 2015</p>  <p>©2015-2022 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by gumi Inc. LOGO ILLUSTRATION: ©2014 YOSHITAKA AMANO</p>	<p>Oct 2015</p>  <p>© 2015-2022 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p>Feb 2017</p>  <p>©2017-2022 KOEI TECMO GAMES/ SQUARE ENIX CO., LTD. All Rights Reserved. CHARACTER DESIGN: TETSUYA NOMURA</p>
<p>Jun 2017</p>  <p>Co-developed with Pokelabo Inc. (Published by Pokelabo Inc.) © 2017-2022 Pokelabo Inc./ SQUARE ENIX CO., LTD. All Rights Reserved</p>	<p>Dec 2018</p>  <p>© 2018-2022 SQUARE ENIX CO., LTD. All Rights Reserved. Powered by Akatsuki Inc.</p>	<p>Jul 2019</p>  <p>© 2019 TOARU-PROJECT © 2019-2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Sep 2019</p>  <p>© 2019-2022 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved.</p>	<p>Nov 2019</p>  <p>© 2019-2022 SQUARE ENIX CO., LTD. All Rights Reserved. Co-Developed by gumi Inc. LOGO ILLUSTRATION: © 2018 YOSHITAKA AMANO</p>	<p>Jul 2020</p>  <p>© 2020-2022 ARMOR PROJECT/ BIRD STUDIO/SQUARE ENIX All Rights Reserved. Developed by Aiming Inc.</p>	<p>Oct 2020</p>  <p>© 2020-2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p>
<p>Feb 2021</p>  <p>© 2021,2022 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by Applibot,Inc.</p>	<p>Sep 2021</p>  <p>©三条陸、稲田浩司／集英社・ ダイの大冒険製作委員会・テレビ東京 © 2021, 2022 SQUARE ENIX CO., LTD. All Rights Reserved. © 2021 DeNA Co.,Ltd.</p>	<p>Dec 2021</p>  <p>© 2021, 2022 ARMOR PROJECT/ BIRD STUDIO/NHN PlayArt/ SQUARE ENIX All Rights Reserved.</p>	<p>Apr 2022</p>  <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved. Developed by WRIGHT FLYER STUDIOS</p>	<p>Jun 2022</p>  <p>© MAHOUKA-ANIME-PROJECT © 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p>	<p>Aug 2022</p>  <p>© 2021 Hiromu Arakawa/SQUARE ENIX CO., LTD. All Rights Reserved.</p>	

Digital Entertainment --Digital vs. Packaged Game Sales--

Breakdown of Digital Entertainment sales

(Billions of yen)



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

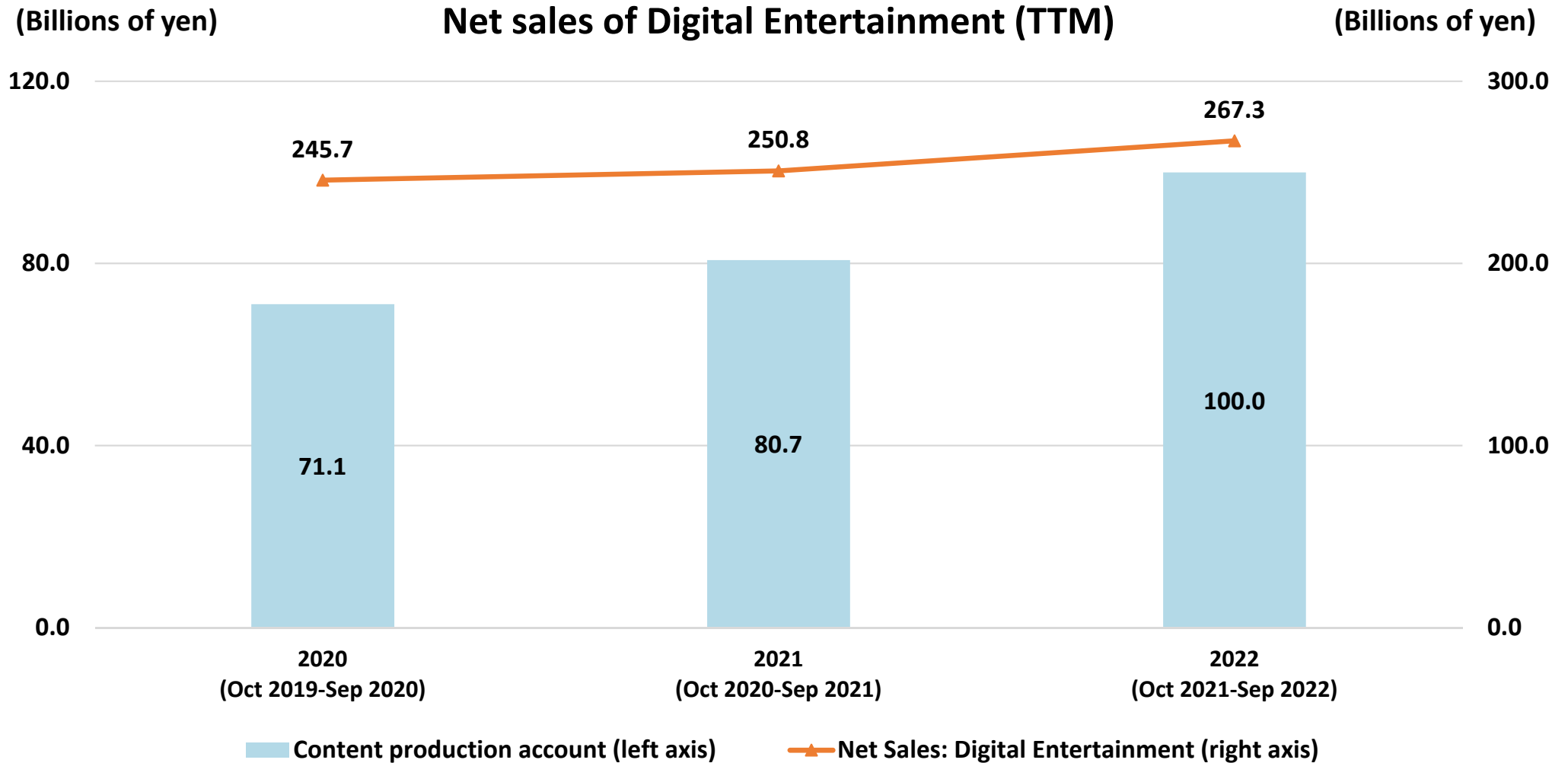
(Millions of Units Sold)

Region	FY2022/3 1H Results			FY2023/3 1H Results		
	Disc	Download	Total	Disc	Download	Total
Japan	0.54	1.72	2.27	0.73	1.37	2.10
North America/ Europe	2.14	10.64	12.77	1.16	5.07	6.24
Asia, etc.	0.20	1.98	2.18	0.30	0.77	1.07
Total	2.88	14.34	17.22	2.20	7.21	9.41

* 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)



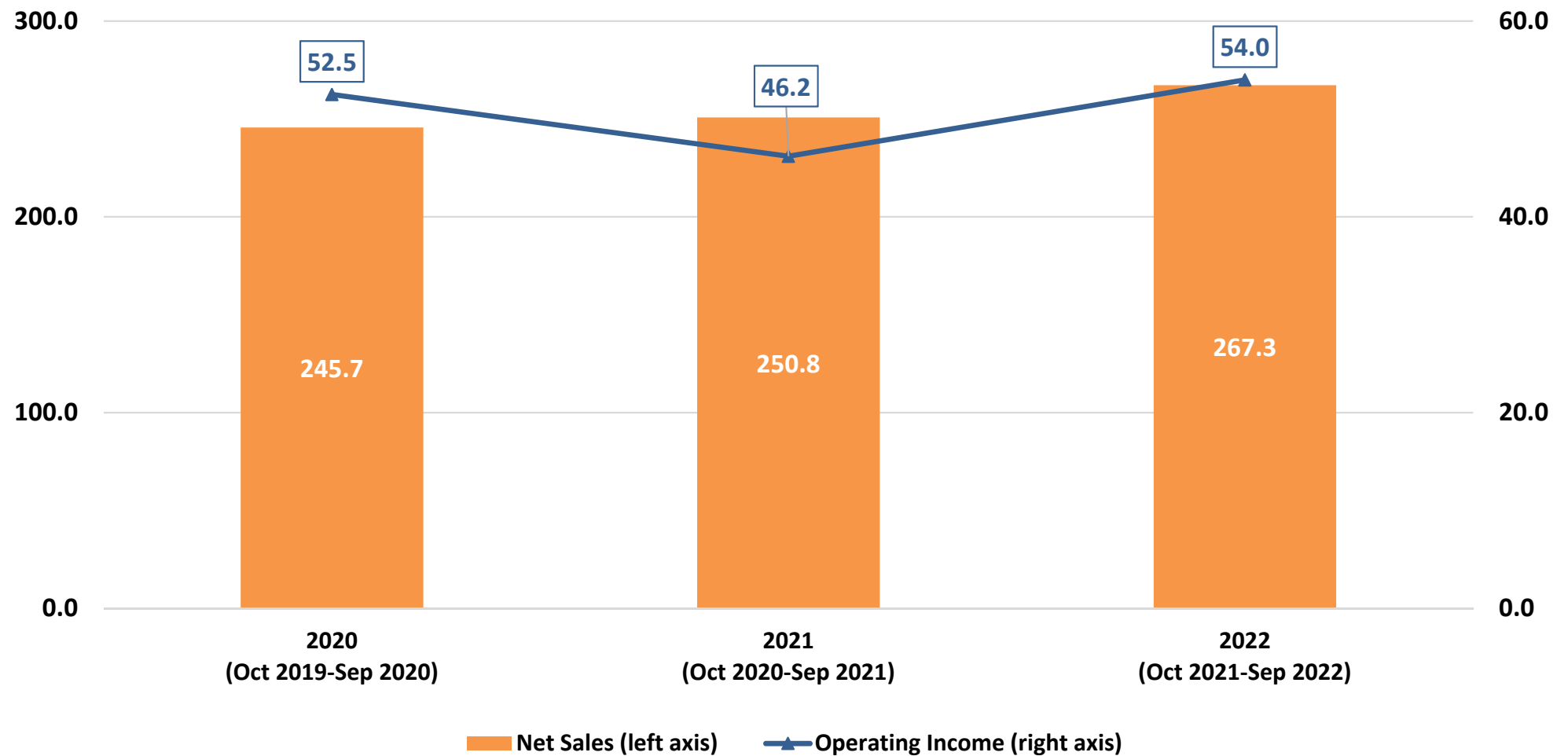
*Content production account: Average of end-quarter balances for most recent 12 months

Digital Entertainment

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

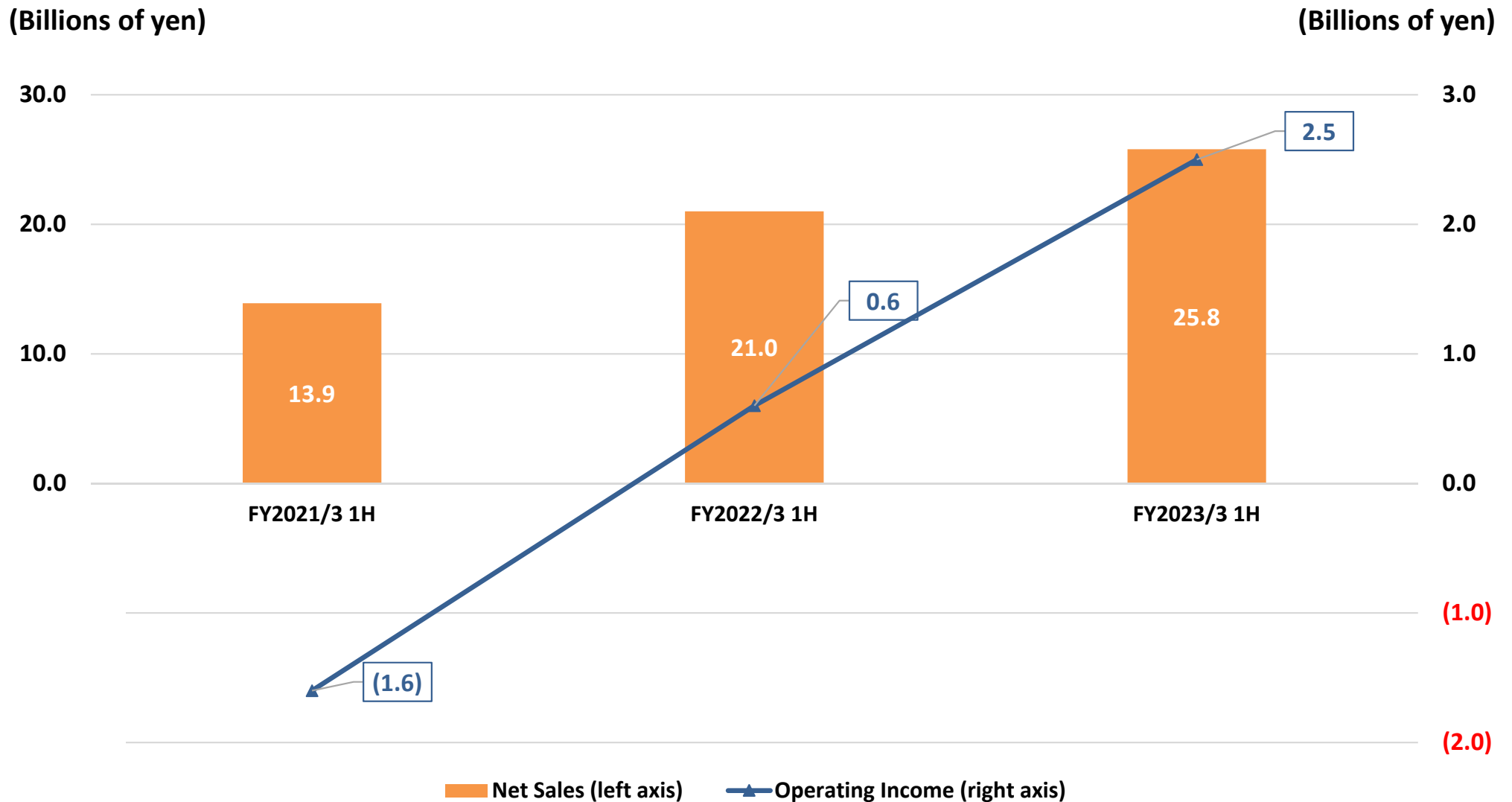
(Billions of yen)

(Billions of yen)



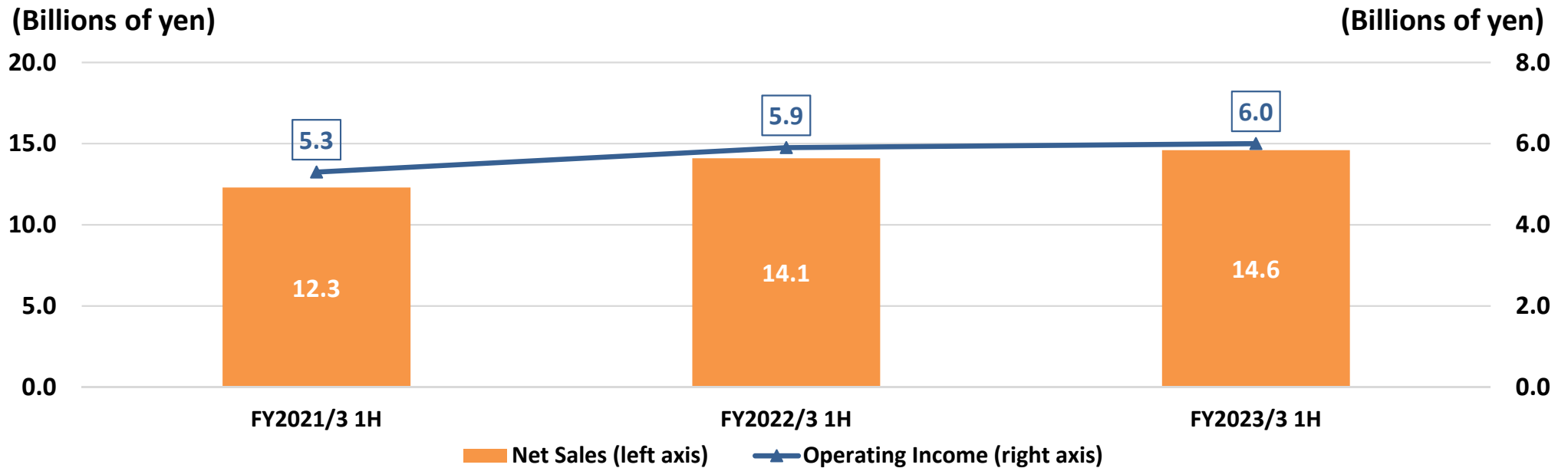
Amusement

Net sales and operating income rose YoY due to sharp YoY growth in same-store sales.



Publication

Net sales, operating income up YoY on higher sales of both digital and printed media



Major Service, Titles in FY2023/3



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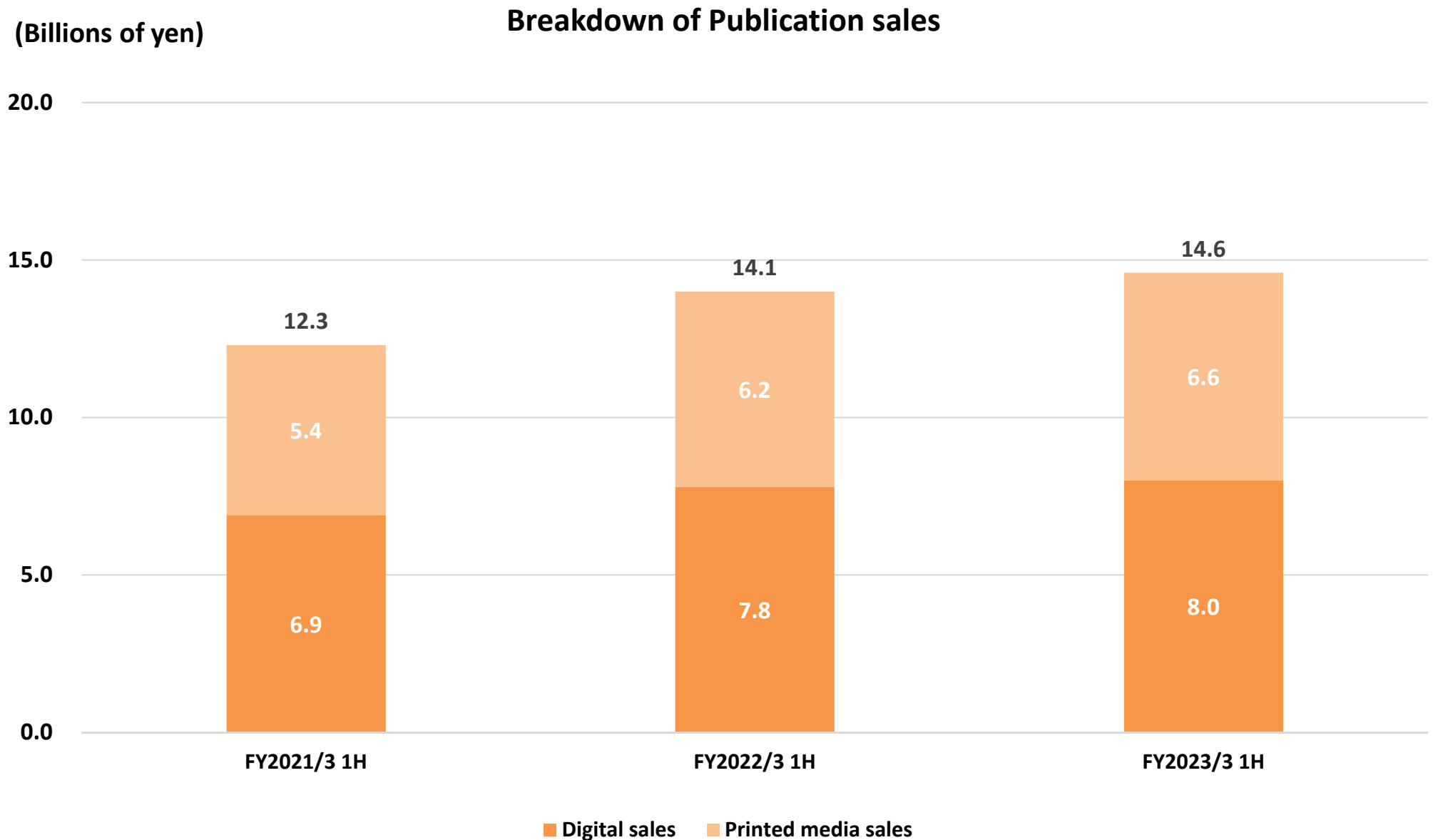


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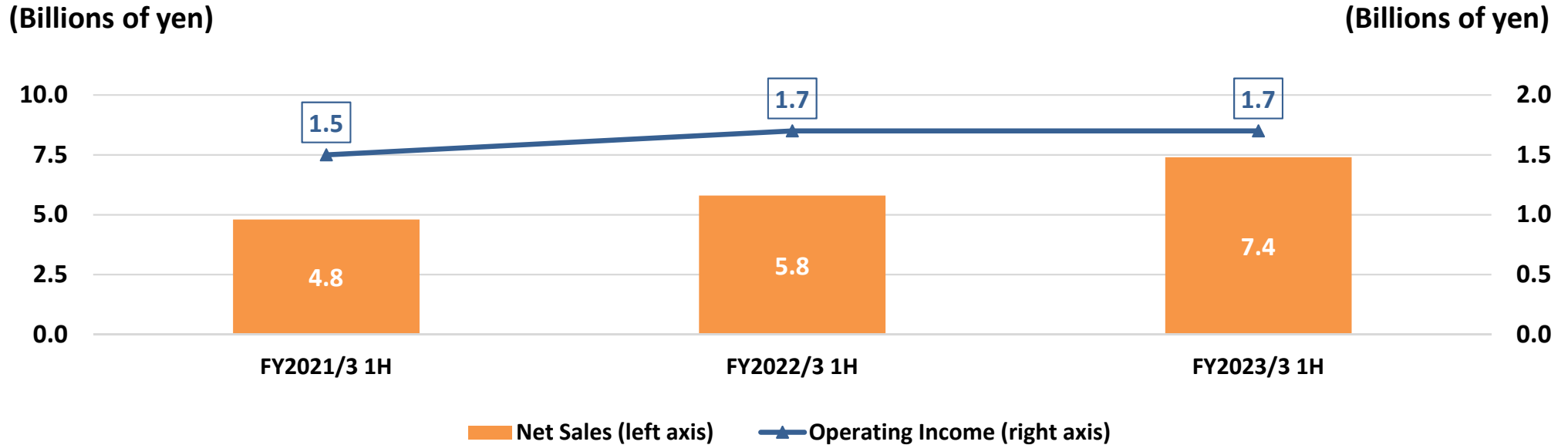
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Publication --Digital vs. Printed Media Sales--



Merchandising

Net sales rose YoY on brisk sales of new merchandise based on key IP.
However, operating income was flat, due to changes in sales mix.



Major Products in FY2023/3



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Medium-term business strategy progress

Medium-term business strategy progress

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

Divestiture of Select Overseas Studios & IP

(Completed on Aug 26, 2022)

Medium-term business strategy progress

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) Reshaping Digital Entertainment portfolio

(2) Strengthening publishing structure

(1) Reshaping Digital Entertainment portfolio

- **Further bolster competitive prowess of Group development studios**
 - **Strengthen internal development capabilities (incl. via M&A)**
 - **Focus resources on titles that pursue the global market**
 - **Develop global content in the mobile business**
 - **Further advance multi-platform strategy**

(2) Strengthening publishing structure

- **Enhance global publishing function by appointing Chief Publishing Officers (CPO)**
 - **Optimize organization to support more digital sales**
 - **Expand opportunities to provide content (i.e., sales channels), including via PC**
 - **Step up collaboration with development studios in Japan and overseas**
 - **Speed up decision-making through integrated group management**

Medium-term business strategy progress

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

Investing in focus fields

(1) Initiatives to promote Blockchain Entertainment domain

(2) Investments in focus themes

Medium-term business strategy progress: 2. Take on new domains

(1) Initiatives to promote Blockchain Entertainment domain

◆ Blockchain game/entertainment development efforts: Multiple projects underway

- Explore business structure/earnings potential of NFT business

Shi-San-Sei Million Arthur

- Fourth round of sales (Aug-Sep 2022)
- Sales of Million Arthur 10th anniversary set (Oct 2022) → Sold out
- Issued a total of 100,000 NFTs
- Game content in development (Slated for release this winter)



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Medium-term business strategy progress: 2. Take on new domains

(1) Initiatives to promote Blockchain Entertainment domain

◆ Blockchain game/entertainment development efforts: Multiple projects underway

- Explore businesses leveraging public blockchains

SYMBIOGENESIS (In development)

- Entertainment content where the story unfolds based on players' strategic moves
- Our first sales of NFT collectible art featuring new IP
- Collected digital art with various functions and a dedicated community



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Medium-term business strategy progress: 2. Take on new domains

(1) Initiatives to promote Blockchain Entertainment domain

◆ Investment selection policy

- Prioritize strategic returns to the entire business and select companies capable of providing a stronger commitment as a business partner
- Minimize downside risk by taking minority stakes; primarily select start-ups, placing focus on gaining insight into/exploring the domain

◆ Diversification of Investment Vehicle

- Considering establishing a Corporate Venture Capital (CVC) unit

◆ Establishing an overseas entity (under review)

- Create a Web3.0 business
- Game & service publishing business toward countries with wide cryptocurrency adoption: Explore token economy operations, user community with FT issued

Medium-term business strategy progress: 2. Take on new domains

(2) Investments in Key areas

The following are newly disclosed projects

① Blockchain

◆ ZEBEDEE (USA)

A next-gen FinTech platform built on Bitcoin. Lets games integrate new economic models with fully-programmable instant payments.



◆ Blocklords (Estonia)

Medieval online strategy game powered by users.



◆ Cross The Ages (France)

Collectible NFT Trading Card Game based on 7 fantasy and sci-fi novels.



② Cloud

◆ Blacknut (France)

Cloud gaming service dedicated to the general public, distributed both directly to consumers and B2B through ISPs, device manufacturers, OTT services & Media companies.



Multiple other global investments underway in addition to the above

Countries in parentheses are locations of primary functions

Medium-term business strategy progress: 2. Take on new domains

(2) Investments in Key areas

The following are already disclosed investment project

① Blockchain

◆ Animoca Brands (Australia)

Game development and operation focused on blockchain games, an investment business in THE Web 3.0 space



◆ THE SANDBOX (Hong Kong)

Development and operation of the decentralized metaverse “The SANDBOX”



② Cloud

◆ Ubitus (Japan)

Provides cloud gaming solutions and media content streaming solutions to gaming and telecommunications companies



Investment portfolio on new domains

BLOCKLORDS

(Estonia)



(Japan)

Blacknut

(France)



CROSS THE AGES
TRADING CARD GAME

(France)

THE SANDBOX

(Hong Kong)

**animoca
BRANDS**

(Australia)

ZEBEDEE

(USA)

Consolidated Financial Forecasts
Fiscal Year
ending March 31, 2023

Consolidated Financial Forecasts:

Fiscal Year ending March 31, 2023

Not disclosing as reasonable calculations difficult due to:

- ① Need to carefully assess cost of transferring IT systems, etc. in conjunction with divestiture of overseas studios, which by its nature, has ramifications beyond the point of sale
- ② Impact to sales of new titles (including AAA) due to disruptions in the global supply chain
- ③ Impact to ordinary and net income lines from forex volatility
- ④ Potential for macroeconomic uncertainty to result in changes of consumption trend



Financial Results Briefing Session

Six-Month Period Ended September 30, 2022

November 7, 2022

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