

We would now like to begin the Financial Results Briefing session of SQUARE ENIX HOLDINGS (the “Company”) for Q1-Q3 of the fiscal year ending March 31, 2023 (“Q1-Q3 FY2023/3”).

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 Q1-Q3 FY2023/3, and then our president Mr. Matsuda will discuss the progress made by each of the Company’s business segments.

Statements 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 materials 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.

**Financial Results  
Third Quarter of Fiscal Year  
Ending March 31, 2023**

I am Atsushi Matsuda, the Chief Accounting Officer. I will be providing an overview of our Q1-Q3 FY2023/3 results.

**Consolidated Statement of Income  
Q3, FY2023/3**

(Billions of Yen)

	Fiscal Year Ended March 31, 2022		Fiscal Year Ending March 31, 2023	
	Q1 - Q3	Full Year Results	Q1 - Q3	Changes
Net sales	273.6	365.2	255.6	(18.0)
Operating income	50.1	59.2	41.3	(8.8)
Operating income margin	18.3%	16.2%	16.2%	(2.1pt)
Ordinary income	54.4	70.7	50.8	(3.6)
Ordinary income margin	19.9%	19.4%	19.9%	0.0pt
Profit attributable to owners of parent	39.8	51.0	46.3	6.5
Depreciation and amortization	5.4	7.5	5.1	(0.3)
Capital expenditure	6.8	9.1	7.2	0.4

In Q1-Q3 FY2023/3, the Company booked net sales of ¥255.6 billion (down ¥18.0 billion YoY), operating income of ¥41.3 billion (down ¥8.8 billion), ordinary income of ¥50.8 billion (down ¥3.6 billion), and profit attributable to owners of parent of ¥46.3 billion (up ¥6.5 billion).

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**Consolidated Statement of Income**  
**Q3, FY2023/3 by Business Segment**

	Fiscal Year Ended March 31, 2022			Fiscal Year Ending March 31, 2023		
	Q1 - Q3			Q1 - Q3		Changes
<b>Net sales</b>	<b>279.6</b>			<b>255.6</b>		<b>(18.0)</b>
Digital Entertainment	211.6			184.3		(27.3)
Amusement	33.1			40.8		7.7
Publication	21.0			21.0		0.0
Merchandising	10.4			11.9		1.5
Eliminations or unallocated	(2.7)			(2.4)		0.3
<b>Operating income</b>	<b>50.1</b>			<b>41.3</b>		<b>(8.8)</b>
Digital Entertainment	49.4			38.7		(10.7)
Amusement	1.3			4.1		2.8
Publication	8.9			8.3		(0.6)
Merchandising	3.1			2.8		(0.3)
Eliminations or unallocated	(12.6)			(12.7)		(0.1)
<b>Operating income margin</b>	<b>18.3%</b>			<b>16.2%</b>		<b>(2.1pt)</b>
Digital Entertainment	23.4%			21.0%		(2.4pt)
Amusement	4.0%			10.0%		6.0pt
Publication	42.3%			39.7%		(2.6pt)
Merchandising	30.3%			24.4%		(5.9pt)
Eliminations or unallocated						

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**Consolidated Balance Sheet**  
**as of December 31, 2022**

Account	<Assets>			<Liabilities and Net Assets>			
	03/2022	12/2022	Changes	03/2022	12/2022	Changes	
Cash and deposits	163.0	176.0	13.0	Notes and accounts payable	27.5	27.1	(0.4)
Notes and accounts receivable	44.9	46.9	2.0	Income taxes payable	8.4	4.4	(4.0)
Inventories	5.1	6.7	1.6	Refund liabilities	5.6	5.5	(0.1)
Content production account	96.7	101.2	4.5	Others	42.1	37.9	(4.2)
Others	12.4	15.1	2.7	<b>Total Current Liabilities</b>	<b>83.8</b>	<b>75.0</b>	<b>(8.8)</b>
<b>Total Current Assets</b>	<b>322.4</b>	<b>346.1</b>	<b>23.7</b>	<b>Non-current Liabilities</b>	<b>12.6</b>	<b>10.9</b>	<b>(1.7)</b>
Property and equipment	19.8	17.2	(2.6)	<b>Total Liabilities</b>	<b>96.4</b>	<b>85.4</b>	<b>(11.0)</b>
Intangible Assets	7.3	5.8	(1.5)	Total Shareholders' Equity	290.2	321.7	31.5
Investments and other assets	31.2	30.6	(0.6)	Others	(5.8)	(7.3)	(1.5)
<b>Total Non-current Assets</b>	<b>58.4</b>	<b>53.7</b>	<b>(4.7)</b>	<b>Total Net Assets</b>	<b>284.4</b>	<b>314.4</b>	<b>30.0</b>
<b>Total Assets</b>	<b>380.9</b>	<b>399.8</b>	<b>18.9</b>	<b>Total Liabilities and Net Assets</b>	<b>380.9</b>	<b>399.8</b>	<b>18.9</b>

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I will next break down our results by segment.

The Digital Entertainment segment posted net sales of ¥184.3 billion (down ¥27.3 billion YoY) and operating income of ¥38.7 billion (down ¥10.7 billion).

Net sales declined YoY in the HD Games sub-segment despite the release of such titles as “CRISIS CORE—FINAL FANTASY VII—REUNION,” “DRAGON QUEST TREASURES,” “DRAGON QUEST X,” as earnings from new titles were lower than in the same period of the previous year, which had seen the release of “OUTRIDERS,” “NieR Replicant ver.1.22474487139...” and “Marvel’s Guardians of the Galaxy.”

Net sales fell YoY in the MMO sub-segment, partly due to the lack of a release of a “FINAL FANTASY XIV” expansion pack.

The Games for Smart Devices/PC Browser sub-segment also saw a YoY decline in net sales, in part because of weak performances from existing titles.

The Amusement segment booked net sales of ¥40.8 billion (up ¥7.7 billion YoY) and operating income of ¥4.1 billion (up ¥2.8 billion). Net sales and operating income rose YoY due to significant growth in same-store sales.

The Publication segment booked net sales of ¥21.0 billion (up ¥6 million YoY) and operating income of ¥8.3 billion (down ¥600 million). Both digital and print sales were solid, but profits fell YoY due to a rise in Cost of Goods (COGs), resulting from higher prices on printing paper, as well as increased advertising expenses.

The Merchandising segment posted net sales of ¥11.9 billion (up ¥1.5 billion YoY) and operating income of ¥2.8 billion (down ¥300 million). Sales of new merchandise based on key IP were strong, but the sales mix changed, resulting in higher net sales but lower operating income than a year earlier.

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This concludes my overview of our Q1-Q3 FY2023/3 financial results.

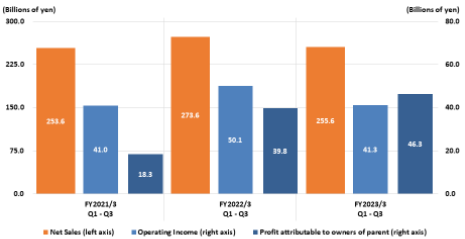
I am Yosuke Matsuda. I will be providing additional details on how we performed in Q1-Q3 FY2023/3.

Consolidated Financial Results and Progress in Each Business Segment

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Consolidated Financial Results

Net sales, operating income down YoY. However, net income up on gains from forex, sale of shares in affiliated companies

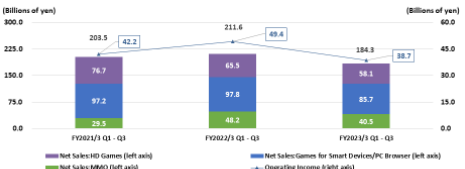


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Digital Entertainment

Net sales, operating income down YoY, partly on weakness in existing Smart Devices/PC Browser titles

HD Games	Sales did not reach the level of the previous year despite the release of multiple new titles
MMO	Previous year saw launch of expansion packs for "FINAL FANTASY XIV" and "DRAGON QUEST X"
Games for Smart Devices/PC Browser	New titles were unable to offset weak performances from existing titles



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While our net sales and operating income were down YoY in Q1-Q3 FY2023/3, our net income was up, mainly because we booked foreign exchange gains and gains on the sale of shares of subsidiaries and associates.

Net sales and operating income declined YoY in the Digital Entertainment segment.

This is a breakdown of the segment's performance.

Net sales declined YoY in the HD Games sub-segment, partly because the release of major titles a year earlier had created a challenging YoY hurdle, but also because many of the new small- and mid-sized titles we launched this year did not perform as well as we had expected.

Net sales were also down YoY in the MOM sub-segment, in part because we released no new expansion packs this year, as originally planned.

New titles were unable to compensate for weak performances by existing titles in the Games for Smart Devices/PC Browser sub-segment, resulting in a YoY decline in net sales.

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Here are our key new HD game titles for this fiscal year.

**Digital Entertainment -Main titles 1-**

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

<p><b>OUTRIDERS</b></p> <p><b>WORLDSLAYER</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: Feb. 3, 2022 (Japan)                  Feb. 10, 2022 (Overseas)</p>	<p><b>POWER WASH</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: July 15, 2022</p>	<p><b>THE EVERETT</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: July 28, 2022</p>
<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: September 15, 2022</p>	<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: September 15, 2022 (PlayStation 4/PlayStation 5)                  September 16, 2022 (Steam)</p>	<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: September 22, 2022</p>
<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: December 8, 2022</p>	<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: December 15, 2022</p>	<p><b>FORSPOKEN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>Launch date: January 26, 2023</p>
<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>To be launched on February 16, 2023</p>	<p><b>THE GUNNY GUN</b></p> <p>© 2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>To be launched on February 24, 2023</p>	

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While we do not have any expansion pack launches planned in the MMO sub-segment, it is delivering a solid performance, thanks to the variety of operational initiatives we have undertaken focused on user retention.

**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

<p><b>FINAL FANTASY XIV</b></p> <p>© 2010-2022 SQUARE ENIX CO., LTD. All Rights Reserved.</p> <p>LORE ILLUSTRATION: © 2010 YOSHITAKA AMANO</p>	
<p><b>FINAL FANTASY XIV</b></p> <p>© 2012-2022 ARMOR PROJECT/HEO STUDIO/SQUARE ENIX All Rights Reserved.</p>	

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This shows the main titles currently in operation in our Games for Smart Devices/PC Browser sub-segment.

**Digital Entertainment -Main titles 3-**

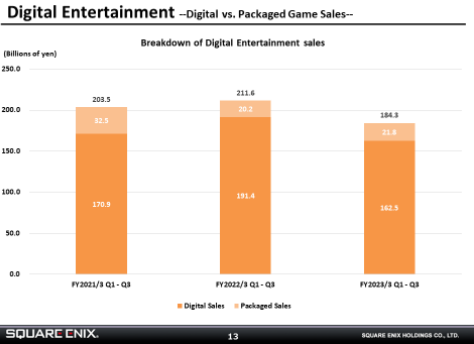
Games for Smart Devices/PC Browser:  
Additional titles slated for launch in Q4 and beyond

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

Aug 2010 BIC (Android app)	Jan 2014 FINAL FANTASY REBIRTH	Apr 2014 FINAL FANTASY REBIRTH	Sep 2014 FINAL FANTASY REBIRTH	Oct 2015 FINAL FANTASY REBIRTH	Oct 2015 FINAL FANTASY REBIRTH	Feb 2017 FINAL FANTASY REBIRTH
Jun 2017 FINAL FANTASY REBIRTH	Dec 2018 FINAL FANTASY REBIRTH	Jul 2019 FINAL FANTASY REBIRTH	Sep 2019 FINAL FANTASY REBIRTH	Nov 2019 FINAL FANTASY REBIRTH	Jul 2020 FINAL FANTASY REBIRTH	Oct 2020 FINAL FANTASY REBIRTH
Feb 2021 FINAL FANTASY REBIRTH	Dec 2021 FINAL FANTASY REBIRTH	Apr 2022 FINAL FANTASY REBIRTH	Jun 2022 FINAL FANTASY REBIRTH	Aug 2022 FINAL FANTASY REBIRTH		

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This shows the split between digital and packaged game sales in the Digital Entertainment segment.



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**Digital Entertainment** --Units Sold by Region--

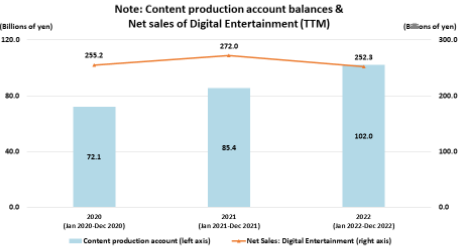
Units Sold = Sold disks + Downloads  
 Sold disks: Unit sales of packaged software sold in the fiscal year  
 Downloads: Unit sales of downloaded software sold in the fiscal year

Region	FY2022/3 Q1 - Q3 Results			FY2023/3 Q1 - Q3 Results		
	Disc	Download	Total	Disc	Download	Total
Japan	0.83	2.77	3.60	1.84	2.28	4.12
North America/ Europe	4.75	17.93	22.68	2.52	7.91	10.43
Asia, etc.	0.26	2.92	3.18	0.59	1.29	1.88
<b>Total</b>	<b>5.84</b>	<b>23.62</b>	<b>29.45</b>	<b>4.95</b>	<b>11.48</b>	<b>16.43</b>

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

This slide shows units sold by region in Q1-Q3 FY2023/3.

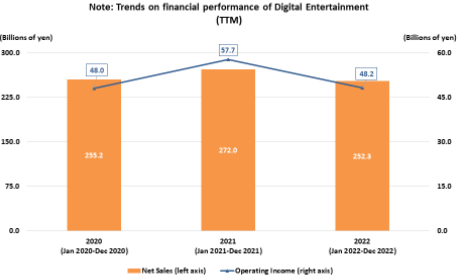
**Digital Entertainment**



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

This chart shows 12-month moving average data.

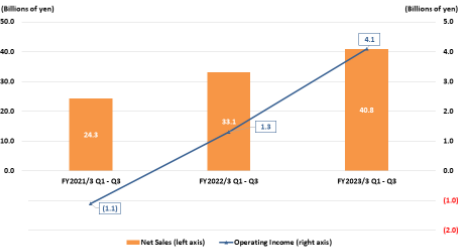
**Digital Entertainment**



Net sales and operating income rose YoY in the Amusement segment thanks to sharp growth in same-store sales compared to the previous year.

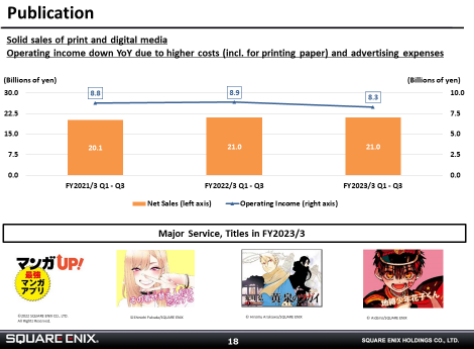
**Amusement**

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



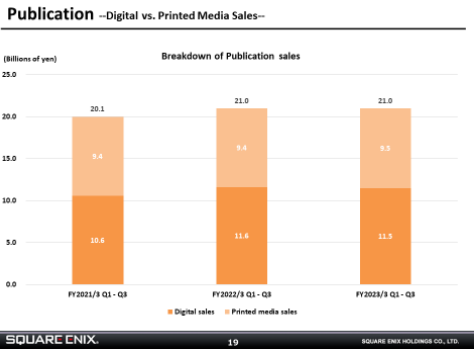
The segment's profitability improved thanks to cuts we made to fixed costs when COVID-19 cases were on the rise, as well as to the fact that same-store visitor numbers began to return to pre-pandemic levels. We hope to see further growth from the segment going forward.

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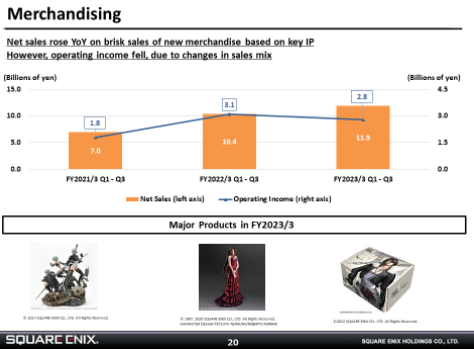


The Publication segment saw solid sales of both digital and printed media, but its operating income declined YoY, mainly because higher prices on printing paper increased our Cost of Goods, and our advertising expenses also increased.

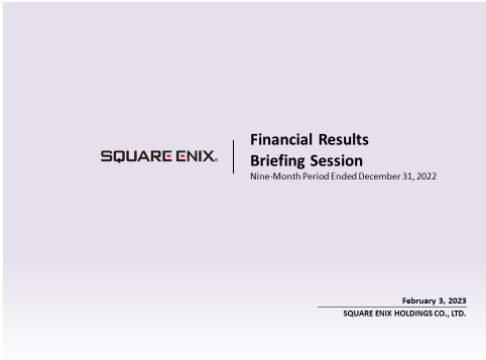
In order to grow the segment further, we believe it will be important not only to bolster our digital sales, but also to capture new growth opportunities such as webtoons and to expand overseas.



This shows the split between digital and printed media sales in the Publication segment.



Net sales rose YoY in the Merchandising segment thanks to brisk sales of new merchandise based on key IP. Operating income declined YoY due to changes in the sales mix.



Lastly, I would like to discuss our outlook for 4Q FY2023/3 and for the upcoming fiscal year (“FY2024/3”).

Reviews of “FORSPOKEN,” which we released on January 24, 2023, have been challenging. However, the game has also received positive feedback on its action features, including its parkour and combat capabilities, so it has yielded results that will lead to improvement of our development capabilities of other games in the future. That said, its sales have been lackluster, and while the

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performance of new titles with February and March release dates will be the ultimate determinant, we see considerable downside risk to our FY2023/3 earnings.

At our 1H FY2023/3 Financial Results Briefing session, I stated that we were designating FY2023/3 as a year in which to lay the foundations that will enable us to achieve our medium-term objectives, but that we nonetheless intended to pursue YoY growth in sales and profits. In light of current conditions, however, I have to admit that this will not be easy.

Meanwhile, our pipeline for FY2024/3 and beyond is extremely strong, including some titles that we have yet to announce. In addition, we believe that the overhauls of our development and publishing structures will for the most part be completed during the remainder of FY2023/3. FY2024/3 is the final year of our current medium-term plan, and to end the plan on the best possible note, we are steadily putting into place a structure that will enable further growth. Please look forward to future developments.

SQUARE ENIX HOLDINGS CO., LTD.

3Q FY2023/3 Financial Results Briefing Session Q&A

Date/Time: February 3, 2023 (Fri); 6:30-7:30 pm (JST)

Main Speaker: Yosuke Matsuda, President and Representative Director

### Q&A

Q: While I think it is fair to expect growth in FY2024/3 in part because you plan to release multiple major titles, I also fear that will create a YoY hurdle you will be unable to surmount in FY2025/3. What kind of initiatives do you have in mind to ensure sustainable growth?

A: Major title launches will not be concentrated solely in FY2024/3. We have organized our pipeline so that we will have a good spread of new releases in FY2025/3 and beyond as well. We also hope that you will look forward to the blockchain games we plan to launch in FY2024/3 and thereafter.

Q: What is your platform strategy for your forthcoming new titles?

A: We intend to maintain the multi-platform strategy that we have adopted to date.

Q: How much impact could “*FORSPOKEN*,” which you launched in January, have on your 4Q FY2023/3 results?

A: I will refrain from answering that question in quantitative terms, partly because the title has just been released, and partly because the answer will hinge on how sales will trend once we have rolled out some forthcoming promotional initiatives.

Q: FY2024/3 is the final year for your medium-term earnings targets. What is your stance going to be on disclosing earnings outlooks and forecasts going forward?

A: Our current pipeline makes us confident about our medium-term earnings targets. We are currently deliberating internally about our approach to disclosing earnings forecasts going forward.