



Consolidated Financial Results
for the Three-Month Period Ended June 30, 2024 (Japan GAAP)

August 6, 2024

Company name: SQUARE ENIX HOLDINGS CO., LTD.
Shares traded: Tokyo Stock Exchange, Prime Market
Company code: 9684
Company URL: <https://www.hd.square-enix.com/eng>
Representative: Takashi Kiryu, President and Representative Director
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Tel: (03) 5292-8000
Cash dividend payment commencement: —
Supplementary quarterly materials prepared: Yes
Quarterly results presentation held: Yes (for institutional investors and analysts)

(Amounts under one million yen are rounded down)

1. Consolidated Financial Results (April 1, 2024 through June 30, 2024)

(1) Consolidated Financial Results

(Millions of yen and year-on-year changes in percents)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent
Three months ended	%	%	%	%
June 30, 2024	69,915 (18.4)	10,844 250.1	15,297 66.7	10,620 68.6
June 30, 2023	85,669 14.4	3,097 (78.5)	9,178 (65.0)	6,300 (65.7)

Note: Three months ended June 30, 2024 Comprehensive income: 10,921 million yen [78.4%]
Three months ended June 30, 2023 Comprehensive income: 6,121 million yen [(63.6%)]

	Earnings per share, basic	Earnings per share, diluted
Three months ended	yen	yen
June 30, 2024	88.52	88.51
June 30, 2023	52.61	52.52

(2) Consolidated Financial Position

(Millions of yen, ratios in percents and per share data)

	Total assets	Net assets	Equity ratio
As of			%
June 30, 2024	413,270	324,975	78.5
March 31, 2024	410,876	317,129	77.0

Note: Total equity As of June 30, 2024: 324,350 million yen
As of March 31, 2024: 316,496 million yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Total
Fiscal year ended March 31, 2024	yen —	yen 10.00	yen —	yen 28.00	yen 38.00
Fiscal year ending March 31, 2025	—				
Fiscal year ending March 31, 2025 (projection)		28.00	—	43.00	71.00

Note: No change in Dividend projection from previous announcement.

3. Consolidated Forecasts (April 1, 2024 to March 31, 2025)

(Millions of yen, year-on-year changes in percents and per share data)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share, basic
	%		%		%		%		yen
Fiscal year ending March 31, 2025	310,000	△13.0	40,000	22.9	40,000	△3.7	28,000	87.8	233.52

Note: No change in Consolidated forecasts from previous announcement.

The Company refrains at this time from disclosing consolidated financial forecasts for the Six-month period ending September 30, 2024.

For details, please refer to page 4 "1. Consolidated Results for the Three-Month Period Ended June 30, 2024 (3) Qualitative information on consolidated business forecasts."

Notes

- (1) Significant changes among major subsidiaries during the period: None
- (2) Adoption of special accounting treatment for quarterly consolidated financial statements: None
- (3) Changes in accounting policies, procedures, and methods of presentation for consolidated financial statements
1. Changes in accounting policies due to revisions to accounting standards: Yes
 2. Changes other than 1. : None
 3. Changes in accounting estimates: None
 4. Retrospective restatement: None
- (4) Outstanding shares (common stock)
1. Number of shares issued and outstanding (including treasury stock):

As of June 30, 2024	122,531,596
As of March 31, 2024	122,531,596
 2. Number of treasury stock:

As of June 30, 2024	2,508,289
As of March 31, 2024	2,570,619
 3. Average number of shares during the period (cumulative):

Three-month period ended June 30, 2024	119,978,178
Three-month period ended June 30, 2023	119,753,839

* Review of the quarterly consolidated financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

(Cautionary statements with respect to forward-looking statements)

The forward-looking statements in this document are based upon the information currently available and necessarily include elements that are not entirely predictable. The achievement is not promised. Actual results may differ from the forward-looking statements in this document. For additional information about forecasts, please refer to "1. Consolidated Results for the Three Months Period Ended June 30, 2024 (3) Qualitative information on consolidated business forecasts" section on page 3 of Supplemental Information.

(Access to supplemental material for the consolidated financial results)

The Company will post the supplemental material for the consolidated financial results for the three months ended June 30, 2024, on the Company's website on Wednesday, August 6, 2024

(Concerning review of the attached quarterly consolidated financial statements by certified public accountants or an audit firm)

Quarterly consolidated financial results with the interim review report will be disclosed only for the Japanese-language originals.

The Company is scheduled to disclose the quarterly consolidated financial results with the review report attached after the completion of the review.

Scheduled disclosure date: August 9, 2024

Disclaimer: This document is a translation of the Japanese language "Kessan Tanshin" prepared in accordance with the guidelines of the Tokyo Stock Exchange. The Japanese language document shall prevail in the event any differences or discrepancies exist between this English translation and the original.
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1. Consolidated Results for the Three-Month Period Ended June 30, 2024

(1) Analysis of consolidated business results

The Square Enix group (the "Group") is continuing determined efforts to strengthen the competitiveness and profitability of its Digital Entertainment, Amusement, Publication and Merchandising business segments. Net sales for the three-month period ended June 30, 2024 totaled ¥69,915 million (a decrease of 18.4% from the same period of the prior fiscal year), operating income amounted to ¥10,844 million (an increase of 250.1% from the same period of the prior fiscal year). In foreign exchange rates, the weakness of Japanese yen compared to the rate as of the end of last fiscal year has resulted in the booking of a foreign exchange gain amounting to ¥4,912 million. As a result, ordinary income amounted to ¥15,297 million (an increase of 66.7% from the same period of the prior fiscal year), and profit attributable to owners of parent amounted to ¥10,620 million (an increase of 68.6% from the same period of the prior fiscal year).

A discussion of results by segment for the three-month period ended June 30, 2024 follows.

● Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of games. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers, and smart devices.

The HD (High-Definition) Game sub-segment's net sales for the three-month period ended June 30, 2024 declined compared to the same period of the previous fiscal year, which had included the release of titles such as "FINAL FANTASY XVI" and "FINAL FANTASY PIXEL REMASTER," due to a decline in sales of new titles. However, the sub-segment turned profitable on lower development cost amortization and advertising expenses compared with the same period of the previous year.

In the MMO (Massively Multiplayer Online) Game sub-segment, net sales and profits rose compared with the same period of the previous fiscal year.

In the Games for Smart Devices/PC Browser sub-segment, net sales declined compared with the same period of the previous fiscal year mainly due to weak sales of existing titles, but profits increased due to the optimization of operational expenses.

Net sales and operating income in the Digital Entertainment segment totaled ¥43,905 million (a decrease of 29.6% from the same period of the prior fiscal year), and ¥9,771 million (an increase of 255.9% from the same period of the prior fiscal year), respectively.

● Amusement

The Amusement segment consists of the operation of amusement facilities, as well as of the planning, development, and distribution of arcade game machines and related products for amusement facilities.

Net sales and operating income for the three-month period ended June 30, 2024 rose compared with the same period of the previous fiscal year due to a year-on-year increase in same-store sales.

Net sales and operating income in the Amusement segment totaled ¥15,177 million (an increase of 13.9% from the same period of the prior fiscal year), and ¥1,491 million (an increase of 0.7% from the same period of the prior fiscal year), respectively.

- Publication

The Publication segment consists of publication and licensing of comic magazines, comic books, and game-related books.

Net sales and operating income for the three-month period ended June 30, 2024 rose compared with the same period of the previous fiscal year due to year-on-year increases in both digital and print sales driven by strong sales of comics.

Net sales and operating income in the Publication segment totaled ¥6,911 million (an increase of 15.8% from the same period of the prior fiscal year) and ¥2,490 million (an increase of 17.0% from the same period of the prior fiscal year), respectively.

- Merchandising

The Merchandising segment consists of planning, production, distribution, and licensing of derivative products of IPs owned by the Group.

Net sales for the three-month period ended June 30, 2024 declined compared with the same period of the previous fiscal year due in part to lower year-on-year sales of new merchandise featuring key characters from the Group's IP portfolio, but operating income rose mainly on changes in the sales mix.

Net sales and operating income in the Merchandising segment totaled ¥4,446 million (a decrease of 6.4% from the same period of the prior fiscal year), and ¥1,622 million (an increase of 25.7% from the same period of the prior fiscal year), respectively.

(2) Analysis of consolidated financial position

- Assets

As of June 30, 2024, total current assets were ¥343,259 million, an increase of ¥4,039 million compared to March 31, 2024. This was mainly due to increases in content production account of ¥8,387 million, and merchandise and finished goods of ¥1,016 million, while notes and accounts receivable-trade decreased by ¥5,899 million respectively. As of June 30, 2024, total non-current assets were ¥70,010 million, a decrease of ¥1,646 million compared to March 31, 2024.

As a result, total assets were ¥413,270 million, an increase of ¥2,393 million compared to March 31, 2024.

- Liabilities

As of June 30, 2024, total current liabilities were ¥76,105 million, a decrease of ¥5,453 million compared to March 31, 2024. This was mainly due to decreases in provision for bonuses of ¥3,191 million and income taxes payable of ¥2,960 million, respectively. As of June 30, 2024, total non-current liabilities were ¥12,188 million, an increase of ¥1 million compared to March 31, 2024.

As a result, total liabilities were ¥88,294 million, a decrease of ¥5,452 million compared to March 31, 2024.

- Net assets

As of June 30, 2024, net assets were ¥324,975 million, an increase of ¥7,846 million compared to March 31, 2024. This was mainly owing to profit attributable to owners of parent of ¥10,620 million and dividend payments of ¥3,358 million.

As a result, the consolidated equity ratio stood at 78.5% (77.0% as of March 31, 2024).

(3) Qualitative information on consolidated business forecasts

There are no changes to consolidated full-year forecasts for the fiscal year ending March 31, 2025 as announced on May 13, 2024.

2. Consolidated Financial Statements for the Three-Month Period Ended June 30, 2024

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	225,901	225,915
Notes and accounts receivable - trade	44,683	38,783
Merchandise and finished goods	4,684	5,700
Work in process	—	408
Raw materials and supplies	1,033	1,602
Content production account	48,577	56,964
Other	14,561	14,028
Allowance for doubtful accounts	(221)	(143)
Total current assets	339,219	343,259
Non-current assets		
Property, plant and equipment	23,075	23,317
Intangible assets	5,881	5,950
Investments and other assets	42,698	40,743
Total non-current assets	71,656	70,010
Total assets	410,876	413,270

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	24,384	24,484
Income taxes payable	6,978	4,017
Provision for bonuses	5,345	2,154
Refund liabilities	4,410	4,224
Asset retirement obligations	9	9
Other	40,431	41,214
Total current liabilities	81,559	76,105
Non-current liabilities		
Provision for office relocation	883	883
Net defined benefit liability	4,311	4,408
Asset retirement obligations	4,902	4,903
Other	2,090	1,994
Total non-current liabilities	12,187	12,188
Total liabilities	93,747	88,294
Net assets		
Shareholders' equity		
Capital stock	24,039	24,039
Capital surplus	54,368	54,485
Retained earnings	254,741	262,003
Treasury stock	(7,876)	(7,686)
Total shareholders' equity	325,272	332,842
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(305)	50
Foreign currency translation adjustment	(9,038)	(9,085)
Remeasurements of defined benefit plans	566	542
Total accumulated other comprehensive income	(8,776)	(8,492)
Subscription rights to shares	378	352
Non-controlling interests	255	272
Total net assets	317,129	324,975
Total liabilities and net assets	410,876	413,270

(2) Consolidated Income Statement and Consolidated Statement of Comprehensive Income
Consolidated Income Statement

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	85,669	69,915
Cost of sales	49,144	29,254
Gross profit	36,525	40,660
Selling, general and administrative expenses	33,427	29,815
Operating income	3,097	10,844
Non-operating income		
Interest income	183	388
Dividend income	0	200
Foreign exchange gains	5,835	4,912
Gain on investments in securities	9	271
Miscellaneous income	64	166
Total non-operating income	6,093	5,939
Non-operating expenses		
Interest expenses	7	35
Commission fee	1	287
Office transfer related expenses	—	508
Loss on valuation of crypto assets	3	—
Business restructuring expenses	—	635
Miscellaneous loss	0	19
Total non-operating expenses	12	1,486
Ordinary income	9,178	15,297
Extraordinary income		
Gain on sale of non-current assets	—	2
Total extraordinary income	—	2
Extraordinary losses		
Loss on sale of non-current assets	—	4
Loss on retirement of non-current assets	43	30
Loss on valuation of investment securities	—	427
Total extraordinary losses	43	462
Profit before income taxes	9,135	14,836
Income taxes-current	1,460	1,422
Income taxes-deferred	1,368	2,787
Total income taxes	2,829	4,210
Profit	6,305	10,626
Profit attributable to non-controlling interests	5	5
Profit attributable to owners of parent	6,300	10,620

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	6,305	10,626
Other comprehensive income		
Valuation difference on available-for-sale securities	(68)	355
Foreign currency translation adjustment	(76)	(35)
Remeasurements of defined benefit plans	(39)	(24)
Total other comprehensive income	(184)	295
Comprehensive income	6,121	10,921
(Breakdown)		
Comprehensive income attributable to owners of parent	6,111	10,904
Comprehensive income attributable to non-controlling interests	10	17

(3) Notes to Consolidated Financial Statements
(Note regarding going concern assumptions)
None

(Material changes in shareholders' equity)
None

(Changes in accounting policies)

(Application of the Accounting Standard for Current Income Taxes, etc.)

The Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan [ASBJ] Statement No. 27, on October 28, 2022; hereinafter referred to as the "Revised Accounting Standard 2022") and other applicable standards have been applied from the beginning of the three months ended June 30, 2024.

The amendment to categories in which current income taxes should be recorded (taxation on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso (2) of paragraph 65-2 of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, on October 28, 2022; hereinafter referred to as the "Revised Guidance 2022"). These changes had no impact on the quarterly consolidated financial statements.

(Notes on the Quarterly Consolidated Statement of Cash Flows)

There is no Quarterly Consolidated Statement of Cash Flows for the three months ended June 30, 2024. Depreciation (including amortization of intangible assets) for the three months ended June 30, 2024 is as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	1,620 million yen	1,742 million yen

(Segment information)

I. Outline of reporting segments for the three months ended June 30, 2023

Information on sales and income or loss and disaggregated revenue disclosures by reporting segment
(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
Domestic	32,988	12,829	5,605	1,370	52,794	—	52,794
Overseas	29,374	274	340	2,876	32,865	—	32,865
Revenue from contracts with customers	62,363	13,103	5,945	4,247	85,660	—	85,660
Other revenue	9	—	—	—	9	—	9
Sales to external customers	62,373	13,103	5,945	4,247	85,669	—	85,669
Intersegment sales	1	226	23	500	752	(752)	—
Total	62,375	13,330	5,969	4,747	86,422	(752)	85,669
Segment operating income	2,745	1,481	2,129	1,290	7,646	(4,548)	3,097

Notes: 1. Segment adjustments (¥4,548) million include unallocated corporate operating expenses (¥4,576) million.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.

II. Outline of reporting segments for the three months ended June 30, 2024

Information on sales and income or loss and disaggregated revenue disclosures by reporting segment
(Millions of yen)

	Reporting Segments					Adjustment (Note 1)	Consolidated total (Note 2)
	Digital Entertainment	Amusement	Publication	Merchandising	Total		
Sales and operating income							
Net sales							
Domestic	22,359	14,617	6,245	1,918	45,140	—	45,140
Overseas	21,503	299	656	2,273	24,733	—	24,733
Revenue from contracts with customers	43,862	14,917	6,901	4,192	69,874	—	69,874
Other revenue	40	—	—	—	40	—	40
Sales to external customers	43,903	14,917	6,901	4,192	69,915	—	69,915
Intersegment sales	1	260	9	253	525	(525)	—
Total	43,905	15,177	6,911	4,446	70,440	(525)	69,915
Segment operating income	9,771	1,491	2,490	1,622	15,375	(4,531)	10,844

Notes: 1. Segment adjustments (¥4,531) million include unallocated corporate operating expenses (¥4,541) million.

2. Segment operating income is adjusted in operating income on the consolidated income statement.

3. Disaggregated revenue disclosures are distinguished between Domestic and Overseas.