



May 2, 2022

C o m p a n y : SQUARE ENIX HOLDINGS CO., LTD.
Representative: Yosuke Matsuda, President & Representative Director
Company code: 9684 (Tokyo Stock Exchange, Prime Market)
C o n t a c t : Takashi Kiryu, Chief Strategy Officer
T e l e p h o n e : (03) 5292-8000

Execution of Share Transfer Agreement with Change to Subsidiaries **(Divestiture of Select Overseas Studios & IP)**

SQUARE ENIX HOLDINGS CO., LTD. (the “Company”) today signed a share transfer agreement with Sweden-based Embracer Group AB concerning the divestiture of select overseas studios and IP (the “Transaction”). The Company’s primary assets to be divested in the Transaction are group subsidiaries such as CRYSTAL DYNAMICS, INC.; EIDOS INTERACTIVE CORP. and IP such as *TOMB RAIDER*, *Deus Ex*, *Thief*, and *Legacy of Kain*. At the Company Board of Directors meeting held on 27 April, 2022, the Board resolved to entrust Representative Director Yosuke Matsuda with the right of final decision. All conditions having being met, the share transfer agreement was concluded today.

1. Purpose of the Transaction

The Transaction will assist the Company in adapting to the changes underway in the global business environment by establishing a more efficient allocation of resources, which will enhance corporate value by accelerating growth in the Company’s core businesses in the digital entertainment domain. In addition, the Transaction enables the launch of new businesses by moving forward with investments in fields including blockchain, AI, and the cloud. The move is based on the policy of business structure optimization that the Company set forth under the medium-term business strategy unveiled on May 13, 2021.

The Transaction will also provide an opportunity to better align our overseas publishing function with our organization in Tokyo, revisit the current governance structure and associated reporting lines, and advance integrated group management with the goal of maximizing the worldwide revenue generated from future titles launched by the group’s studios in Japan and abroad.

Going forward, the Company’s development function will comprise its studios in Japan, Square Enix External Studios, and Square Enix Collective. The Company’s overseas studios will continue to publish franchises such as *JUST CAUSE*, *OUTRIDERS*, and *Life is Strange*.



2. Primary companies, IP to be divested

a. Primary companies to be divested

(1)	Company name	CRYSTAL DYNAMICS, INC.		
(2)	Headquartered	1400A Seaport Boulevard, Suite 300 Redwood City, California 94063 USA		
(3)	Name and title of representative	Rogers Philip Timo, Director		
(4)	Business description	Planning and development of entertainment products		
(5)	Stated capital	US\$40 million		
(6)	Established	July 8, 1992		
(7)	Major shareholder & shareholding ratio	Eidos, Inc., 100%		
(8)	Relationships between parties	Capital relationship	The Company indirectly owns 100% of the shares outstanding in Crystal Dynamics, Inc..	
		Personal relationship	Not applicable	
		Business relationship	Plans and develops content for publication by group subsidiaries	
		Applicability to related parties	Crystal Dynamics, Inc. is a third-generation subsidiary of the Company.	
(9)	Business and financial performance over the most recent three years (USD\$'000)			
	Fiscal year	March 2019	March 2020	March 2021
	Total equity	(144)	2,410	5,750
	Total assets	19,000	17,927	22,889
	Equity per share (USD\$)	(1.44)	24.10	57.50
	Revenue	66,923	81,144	92,277
	Operating income	2,856	3,465	3,876
	Ordinary income	2,202	2,681	3,592
	Net income	2,148	2,554	3,340
	Earnings per share (USD\$)	21.48	25.54	33.40
Dividend per share (USD\$)	—	—	—	



(1)	Company name	EIDOS INTERACTIVE CORP.		
(2)	Location	400 De Maisonneuve Boulevard West, 6th Floor, Montreal QC H3A 1L4, Canada		
(3)	Name and title of representative	Rogers Philip Timo, Director		
(4)	Business description	Planning and development of entertainment products (Development studios: Eidos-Montréal, Square Enix Montréal)		
(5)	Stated capital	CAN\$6.2 million		
(6)	Established	March 5, 2007		
(7)	Major shareholder & shareholding ratio	Square Enix Ltd., 100%		
(8)	Relationships between parties	Capital relationship	The Company indirectly owns 100% of the shares outstanding in Eidos Interactive Corp..	
		Personal relationship	Not applicable	
		Business relationship	Plans and develops content for publication by group subsidiaries.	
		Applicability to related parties	EIDOS INTERACTIVE CORP. is a second-generation subsidiary of the Company.	
(9)	Business and financial performance over the most recent three years (CAN\$'000)			
	Fiscal year	March 2019	March 2020	March 2021
	Total equity	28,491	29,550	30,198
	Total assets	64,841	96,484	88,373
	Equity per share (CAN\$)	45.95	47.66	48.71
	Revenue	73,203	75,635	99,857
	Operating income	2,963	3,270	4,079
	Ordinary income	3,112	1,954	3,072
	Net income	5,318	1,059	647
	Earnings per share (CAN\$)	8.58	1.71	1.04
	Dividend per share (CAN\$)	—	—	—

b. Primary IP to be divested

TOMB RAIDER, Deus Ex, Thief, and Legacy of Kain franchises, among others

3. Profile of counterparty to the Stock Transfer

(1)	Company name	Embracer Group AB	
(2)	Headquartered	Älvgatan 1 Karlstad Sweden	
(3)	Name and title of representative	Lars Wingefors, Co-founder & Group CEO	
(4)	Business description	Embracer Group is the parent company of businesses developing and publishing PC, console, mobile and board games and other related media for the global gaming and entertainment market	
(5)	Stated capital	1.3 million Swedish Krone	
(6)	Established	2011	
(7)	Total equity	27,165 million Swedish Krone (as of end-March 2021)	
(8)	Total assets	33,752 million Swedish Krone (as of end-March 2021)	
(9)	Major shareholder & shareholding ratio (as of end-March 2021)	Lars Wingefors AB	28.39%
		S3D Media Inc.	9.07%
		Swedbank Robur Fonder	5.94%
		Canada Pension	5.94%



		Plan Investment Board	
(10)	Relationships between parties	Capital relationship	Not applicable
		Personal relationship	Not applicable
		Business relationship	Not applicable
		Applicability to related parties	Not applicable

4. Number of shares to be transferred, number of shares owned and ratio of voting rights before and after the transfer

Company Name		CRYSTAL DYNAMICS, INC.	EIDOS INTERACTIVE CORP.
(1)	Number of shares owned before transfer	100,000 shares (Number of voting rights: 100,000) (Ratio of voting rights: 100%)	620,000 shares (Number of voting rights: 620,000) (Ratio of voting rights: 100%)
(2)	Number of shares to be transferred	100,000 shares (Number of voting rights: 100,000)	620,000 shares (Number of voting rights: 620,000)
(3)	Number of shares after transfer	— shares (Number of voting rights: —) (Ratio of voting rights: —%)	— shares (Number of voting rights: —) (Ratio of voting rights: —%)

*The transfer price is \$US 300mil.

5. Transaction schedule

Board of Directors resolution (*1)	April 27, 2022
Conclusion of share transfer agreement	May 2, 2022
Date of share transfer(*2)	Expected to be complete during July and September, 2022.

*1: The Company Board of Directors resolved to entrust the final approval of the Transaction to Company Representative Director Yosuke Matsuda.

*2: The transaction is subject to various regulatory and other external approvals.

6. Future outlook

The Company is currently assessing how the Transaction might impact its earnings for the fiscal year ending March 2023 and will make an immediate announcement should any information warranting disclosure be identified.

Advisors

Goldman Sachs Japan Co., Ltd., and Skadden, Arps, Slate, Meagher & Flom LLP acted as financial advisor and legal counsel to the Company on this transaction, respectively

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