

August 7, 2018

Company: SQUARE ENIX HOLDINGS CO., LTD.
(Code: 9684, Tokyo Stock Exchange)
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**NOTICE OF ISSUANCE OF STOCK ACQUISITION RIGHTS (STOCK OPTIONS) TO DIRECTORS AND
EMPLOYEES OF THE SUBSIDIARIES**

In accordance with Article 236, 238 and 240 of the Companies Act, SQUARE ENIX HOLDINGS CO., LTD. (the "Company") has resolved to issue Stock Acquisition Rights (Stock Options) for August 2018 (the "Stock Options") at the Board of Directors Meeting held on August 7, 2018.

1. Reason for issuance of the Stock Options

The Company will issue the Stock Options to directors and employees of the Company's subsidiaries as consideration for the performance of duties with the aim of giving incentives to enhance business performance, increase corporate value, and raise management awareness that emphasizes shareholders of the Company.

2. Terms and Conditions of Issuance of the Stock Options

(1) Name of the Stock Options

Stock Acquisition Rights (Stock Options) of SQUARE ENIX HOLDINGS CO., LTD. for August 2018

(2) Total Number of the Stock Options

1,263 units

The total number above is the scheduled number to be allotted and, in the case of a decrease in the total number of the Stock Options to be allotted due to a reason such as that no application for acceptance was made, the total number of the Stock Options to be issued will be equal to the total number of the Stock Options to be allotted.

(3) Persons Entitled to Allotment of the Stock Options and Number Thereof, and Number of the Stock Options to be allotted

24 directors and employees of the Company's subsidiaries (*)

1,263 units

(*) The Subsidiaries include the Company's sub-subsidiaries.

(4) Class and Number of Shares to be Delivered upon Exercise of the Stock Options

The number of shares to be delivered upon the exercise of each of the Stock Options (the "Number of Granted Shares") shall be 100 shares of its common stock of the Company (the initial total number of shares to be issued upon exercise of all the Stock Options shall be up to 126,300 shares of its common stock).

Number of Granted Shares after adjustment	=	Number of Granted Shares prior to adjustment	x	Ratio of stock split or stock consolidation
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The Number of Granted Shares after adjustment will apply, in the case of a stock split, on or after the day immediately following the record date for such stock split (if a record date is not fixed, its effective date),

and, in the case of a stock consolidation, on or after the effective date of the stock consolidation; provided, however, that if the stock split is made subject to the shareholders' approval of a proposal to increase the capital or capital reserve by decreasing the amount of surplus, and the record date for the stock split is prior to the closing date of that shareholders' meeting, the Number of Granted Shares after adjustment will apply on or after the day immediately following the closing date of that shareholders' meeting.

Except as provided above, if the Company performs a merger, company split, share exchange or share transfer (collectively, "Merger") after the Allotment Date or makes a gratis allotment of shares of the common stock of the Company, or upon the occurrence of any unavoidable circumstances that otherwise necessitate an adjustment to the Number of Granted Shares set out above, the Company shall, to a reasonable extent, adjust the Number of Granted Shares, taking into consideration the terms and conditions of the Merger, terms and conditions of the gratis allotment of shares and other relevant factors. When the Number of Granted Shares is adjusted pursuant to the terms and conditions set forth above, the Company shall give notice of necessary matters to each holder of the Stock Options registered in the register of the Stock Options (the "Grantee") or give public notice thereof, no later than the day immediately preceding the date on which the Number of Granted Shares after adjustment shall become effective; provided, however, that if the Company is unable to give such notice or public notice no later than the date immediately preceding such applicable date, the Company shall thereafter promptly give such notice or public notice.

(5) Amount of Payment for the Stock Options

The Stock Options are issued in stock option type as compensation for performance of duties of the Grantee and payment in cash in exchange for the Stock Options is not required.

(6) Cash to be Contributed at the Time of Exercising the Stock Options

Contributions when exercising the Stock Options will be in cash, and the value per Stock Option will be the amount per share to be issued at the time of exercising the Stock Option (the "Exercise Price") multiplied by the Number of Granted Shares.

The Exercise Price will be equal to the higher of (i) the average of the daily closing price of the Company's shares of common stock in regular trading on the Tokyo Stock Exchange (excluding days on which there are no transactions in relation to the Company's shares) for 6 months immediately prior to the month in which the Allotment Date falls multiplied by 1.05 (any fraction less than a yen is rounded up to the nearest whole yen) or (ii) the closing price of the Company's shares of common stock on the Allotment Date (or, if there are no transactions in relation to the Company's shares, the most recent closing price before the Allotment Date).

(7) Adjustment of the Exercise Price

(A) If the Company performs (i) or (ii) described below for the shares of common stock of the Company after the Allotment Date, the Exercise Price will be adjusted in accordance with the following formula (the "Exercise Price Adjustment Formula"), and any fraction of a yen resulting from the adjustment will be rounded up to the nearest whole yen.

(i) If the Company makes a stock split or stock consolidation

$$\text{Exercise Price after adjustment} = \text{Exercise Price prior to adjustment} \times \frac{1}{\text{Ratio of stock split or stock consolidation}}$$

(ii) If the Company issues new shares or disposes of treasury stock of its common stock at a price less than the market value (including a gratis allotment of shares, but excluding any issuance of new shares or disposition of treasury stock by way of Merger, the sale of treasury stock in accordance with Article 194 of the Companies Act (demand for the sale of shares less than one unit by a holder

of shares less than one unit), the conversion of securities to be, or that may be, converted to shares of common stock in the Company and the exercise of the Stock Options for which delivery of shares of common stock in the Company may be requested (including those attached to bonds with Stock Options))

$$\begin{array}{rcccl}
 & & \text{Number of} & \text{Number of} & \text{Paid-in} \\
 & & \text{shares} & \text{shares} & \text{amou} \\
 & & \text{already} & \text{newly} & \text{nt per} \\
 & & \text{y} & \text{issued} & \text{share} \\
 & & \text{issued} & & \\
 \text{Exercise} & & & \text{Market value per share} & \\
 \text{Price} & & & & \\
 \text{after} & = & \text{Exercise} & & \\
 \text{adjust} & & \text{Price} & & \\
 \text{ment} & & \text{before} & & \\
 & & \text{adjust} & & \\
 & & \text{ment} & & \\
 & & & \times & \\
 & & \text{Number of shares} & & \\
 & & \text{already} & + & \text{Number of shares newly} \\
 & & \text{issued} & & \text{issued}
 \end{array}$$

a)The “market value” used in the Exercise Price Adjustment Formula will be the average of the daily closing price (including quotation; hereinafter the same) of the Company’s shares of common stock in the regular trading on the Tokyo Stock Exchange for 30 trading days (excluding days on which no closing price is quoted) commencing on the 45th trading day preceding “the day from which the Exercise Price after adjustment will be applicable (the “Applicable Date”) prescribed in (B) below. The “average” will be calculated to the second decimal place and rounded to the first decimal place.

b)“Number of shares already issued” used in the Exercise Price Adjustment Formula is the total number of outstanding shares of common stock of the Company as of the record date, if any, and otherwise the day 1 month prior to the Applicable Date less the number of treasury stocks for shares of common stock of the Company held by the Company as of such date.

c)If treasury stock is disposed of, “Number of shares newly issued” will be read as “Number of treasury stock disposed of”, and “Paid-in amount per share” will be read as “Disposition Amount per share” respectively.

(B)The Exercise Price after adjustment will be applicable from the date provided for below.

(i)The Exercise Price after adjustment, as adjusted in accordance with (A)(i) above, will be applicable, (i) in the case of a stock split, as of the date immediately following the record date for the stock split (if no record date is fixed, the effective date thereof), and (ii) in the case of a stock consolidation, as of the effective date thereof; provided, however, that if a stock split is made subject to shareholders’ approval of the proposal to increase the capital or capital reserve by decreasing the amount of surplus, and the record date for the stock split is prior to the closing date of such shareholders’ meeting, then, the Exercise Price after adjustment will be applicable on or after the day immediately following the closing date of such shareholders’ meeting. If the proviso of the foregoing paragraph applies, and the grantee (the “Grantee”) exercises his or her Stock Options at any time between (i) the date immediately following the record date for the stock split and (ii) the closing date of the shareholders’ meeting referred to in the proviso above, the Company shall deliver shares of common stock in the Company to the Grantee in accordance with the following formula (the number of shares available for delivery upon such exercise of the Stock Options is hereinafter referred to as the “Number of Shares to be Delivered upon Exercise of the Stock Options prior to the Stock Split”). Any fraction of a share resulting from the adjustment will be rounded down.

$$\text{Number of shares} = \frac{\left(\begin{array}{c} \text{Exercise} \\ \text{Price prior to} \\ \text{adjustment} \end{array} - \begin{array}{c} \text{Exercise} \\ \text{Price after} \\ \text{adjustment} \end{array} \right) \times \text{Number of Shares to be} \\ \text{Delivered upon Exercise of the} \\ \text{Stock Options prior to the} \\ \text{Stock Split}}{\text{Exercise Price after} \\ \text{adjustment}}$$

(ii) The Exercise Price after adjustment, as adjusted in accordance with (A)(ii) above, will be applicable as of the date immediately following the payment date (if payment term is fixed, the final date thereof) of such issuance or disposition of shares (if the record date is fixed, as of the date immediately following such date).

(C) In addition to (A)(i) and (A)(ii) above, upon the occurrence of any unavoidable circumstances that necessitate an adjustment in the Exercise Price after the Allotment Date, the Company shall, to a reasonable extent, adjust the Exercise Price.

(8) Exercise Period of the Stock Options

From August 8, 2020 to August 7, 2023

(9) Matters Regarding Increase in Capital and Capital Reserve When Issuing Shares by Exercising the Stock Options

(a) The amount of increase in capital when shares are issued by exercising the Stock Options is half of the maximum amount of increase in capital and capital reserve calculated in accordance with Article 17(1) of the Company Accounting Regulations. Any fraction less than one yen resulting from the calculation is rounded up.

(b) The amount of increase in capital reserve when shares are issued by exercising the Stock Options is the amount resulting when the amount of increase in capital and capital reserve set forth in (a) above is deducted from the maximum amount of increase in capital stated in (a) above.

(10) Restrictions on Acquisition of the Stock Options by Transfer

The Stock Options shall not be transferred to any other party or entity unless approved by a resolution of the board of directors' meeting.

(11) Terms and Conditions for Exercising the Stock Options

(A) The Grantee may exercise his or her Stock Options only if the Grantee holds a position as a director, or employee of the Company or a subsidiary of the Company or any position equivalent to any of those at the time of exercising the Stock Options. However, this does not apply if the Grantee loses his or her position as a director, or employee of the Company or a subsidiary of the Company or any position equivalent to any of those upon expiration of his or her term of office as a director of the Company or the subsidiary of the Company or retirement as an employee of the Company or the subsidiary of the Company due to reaching mandatory retirement age, or for any other legitimate cause. In addition, those who live outside Japan may exercise his or her Stock Options, to the extent permissible under the applicable legislation and the applicable laws and regulations of the country, state, or province where he or she lives, only if the Stock Options are allowed to be exercised after he or she loses his or her position.

(B) Provisions regarding exercise of rights by the Heir

- (a) If the Grantee dies, his or her heir (the "Heir") succeeds his or her Stock Options and may exercise, pursuant to a Stock Acquisition Rights Allotment Agreement entered into between the Company and the Grantee and the terms and conditions set out separately by the Company and under the condition that the Heir agrees to comply with the Stock Acquisition Rights Allotment Agreement, the Stock Options succeeded by the Heir only for a year from the date of death of the Grantee, in accordance with resolution of the board of directors' meeting.
 - (b) If there is no Heir for the Grantee, all of the unexercised Stock Options held by the Grantee may no longer be exercised as of the time of the death of the Grantee.
- (C) A part of a single unit of the Stock Options may not be exercised.
- (D) Other terms and conditions for exercising stock option will be provided in Stock Acquisition Rights (Stock Options) Allotment Agreement to be entered into between the Company and the Grantee.

(12) Provisions for Acquisition of the Stock Options

- (A) If the Grantee or the "Heir" is unable to exercise the Stock Options or no longer satisfies the conditions for exercising the Stock Options subject to 11. above, the Company may acquire his/her Stock Options without charge.
- (B) If any of following proposals is approved at a general meeting of shareholders of the Company (or, if resolution at a general meeting of shareholders is unnecessary, when any of the following is approved by resolution of the board of directors' meeting of the Company), the Company acquires gratis all of the outstanding Stock Options at the time of acquisition on the acquisition date set out separately by the board of directors of the Company (if any):
 - (i) approval of a merger agreement whereby the Company is extinguished;
 - (ii) approval of a split agreement or plan whereby the Company becomes a split company;
 - (iii) approval of a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary;
 - (iv) approval of amendments to articles of incorporation to set out that acquisition by transfer of all shares issued by the Company requires approval of the Company; or
 - (v) approval of amendments to articles of incorporation to set out that acquisition by transfer of class shares to be delivered upon exercise of the Stock Options requires approval of the Company or the Company acquires all of the shares in that class by resolution of a general meeting of shareholders.
 - (vi) approval to consolidation of shares of class shares to be delivered upon exercise of the Stock Options (limited to the fractions to the number of the share unit by multiplying of the ratio of the consolidation)
 - (vii) approval of demand for a cash-out by a special controlling shareholder

(13) Matters Regarding Delivery of the Stock Options upon Reorganization

If the Company performs a merger (limited to a merger whereby the Company is extinguished), absorption-type split or incorporation-type split (in each case, limited to a split whereby the Company becomes a split company), or share exchange or share transfer (in each case, limited to exchange or transfer whereby the Company becomes a wholly-owned subsidiary) (collectively, the "Reorganization"), in each case, the Stock Options of the kabushiki kaisha (joint-stock company) listed in Article 236(1)(viii)(a) through (e) of the Companies Act (the "Reorganized Company") will be delivered respectively to the Grantee holding the outstanding Stock Options (the "Outstanding Stock Options") immediately before the effective date of the Reorganization (which means for an absorption-type merger, the effective date of the absorption-type merger, for an incorporation-type merger, the establishment date of a kabushiki kaisha incorporated by the incorporation-type merger, for an absorption-type split, the effective date of the absorption-type split, for an incorporation-type split, the establishment date of a kabushiki kaisha incorporated by the incorporation-type split, for a share exchange, the effective date of the share exchange, and for a share transfer, the establishment date of a wholly-owning parent company incorporated by the share transfer; the same applies hereafter). In this event, the remaining Stock Options shall cease to exist, provided that an agreement for absorption-type

merger, incorporation-type merger or absorption-type split, an incorporation-type split plan, a share exchange agreement or a share transfer plan sets out the delivery of the Reorganized Company's Stock Options in accordance with the terms and conditions set out below.

(i) Number of the Reorganized Company's Stock Options to be delivered

The Reorganized Company shall deliver the same number of the outstanding Stock Options held by the Grantee.

(ii) Class of shares in the Reorganized Company to be delivered upon exercise of the Stock Options

The Reorganized Company shall deliver shares of common stock in the Reorganized Company.

(iii) Number of shares in the Reorganized Company to be delivered upon exercise of the Stock Options

The Reorganized Company determines the number of shares to be delivered in accordance with section 4 above, taking into consideration the terms and conditions and other matters of the Reorganization.

(iv) Cash to be contributed at the time of exercising the Stock Options

Cash to be contributed at the time of exercising each of the Stock Options to be delivered is the Exercise Price after the Reorganization resulting from adjustment of the Exercise Price set out in section 6, taking into consideration the terms and conditions and other matters of the Reorganization, multiplied by the number of shares of the Reorganized Company to be delivered upon exercise of each of the Stock Options, which number is determined in accordance with (iii) above.

(v) Exercise period of the Stock Options

From the later of the first day of the period in which the Stock Options may be exercised as set out in section 8 and the effective date of the Reorganization, to the expiration date of the period in which the Stock Options may be exercised as set out in section 8.

(vi) Matters regarding increase in capital and capital reserve when issuing shares by exercising the Stock Options

Any increase in capital and capital reserve is determined in accordance with section 9.

(vii) Restrictions on acquisition of the Stock Options by transfer

The Stock Options shall not be transferred to any other party or entity unless approved by the Reorganized Company.

(viii) Terms and conditions for exercising the Stock Options

The terms and conditions for exercising the Stock Options are determined in accordance with section 11.

(ix) Provisions for acquisition by the Reorganized Company of the Stock Options

The provisions for acquisition of the Stock Options are determined in accordance with section 12.

(14) Fractions of Share at Time of Exercising Stock Options

Any fraction of a share in the number of shares to be delivered to the Grantee who has exercised his or her Stock Options is rounded down.

(15) Allotment Date of the Stock Options

August 30, 2018

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