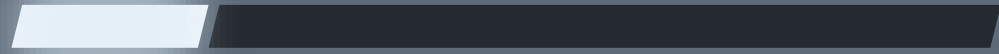




# **SQUARE ENIX**

**Progress Report on the Medium-Term Business Plan  
(FY2025/3-FY2027/3)**

01



# Executive Summary

# Long-term Vision of the Square Enix Group

Guided by the Group’s “Purpose & Values,” we aim to maximize corporate value through the creation, cultivation, and expansion of IP.

**<Purpose>**  
Creating New Worlds with Boundless Imagination to Enhance People’s Lives.

**<Values>**  
Deliver Unforgettable Experiences  
Embrace Challenges  
Act Swiftly  
Stronger Together  
Continuously Evolve  
Cultivate Integrity



# Review of the Medium-Term Business Plan

<Source: Medium-Term Business Plan announced on May 13, 2024>

### 3 Our new medium-term plan: 4 strategies

## Square Enix Reboots and Awakens

~A 3-year reboot for long-term growth~

- Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment
- Diversify earnings opportunities by strengthening customer contact points
- Roll out initiatives to create additional foundational stability
- Allocate capital giving consideration to the balance between growth investment and shareholder returns

### 3 Positioning of our new medium-term business plan

Evolve to deliver a rich variety of content offering undeniable fun all over the world

HD	Establish a development footprint capable of consistently and regularly releasing titles that beat our customers' expectations
SD	Resume growth trajectory by sustaining our reach to both existing and new customers and by exploring new business models
MMO, Publication, Amusement	Maintain and develop momentum and expand our global fan base
Merchandising	Expand the breadth of the business by growing the licensing business and adding to our lineup of services
Develop management infrastructure to make us a more efficient organization	
Create and sow the seeds for new IPs and businesses that will lead to further growth for the next generation	

#### Square Enix Reboots and Awakens

~A 3-year reboot for long-term growth~

# Progress on the Medium-Term Business Plan and Future Outlook

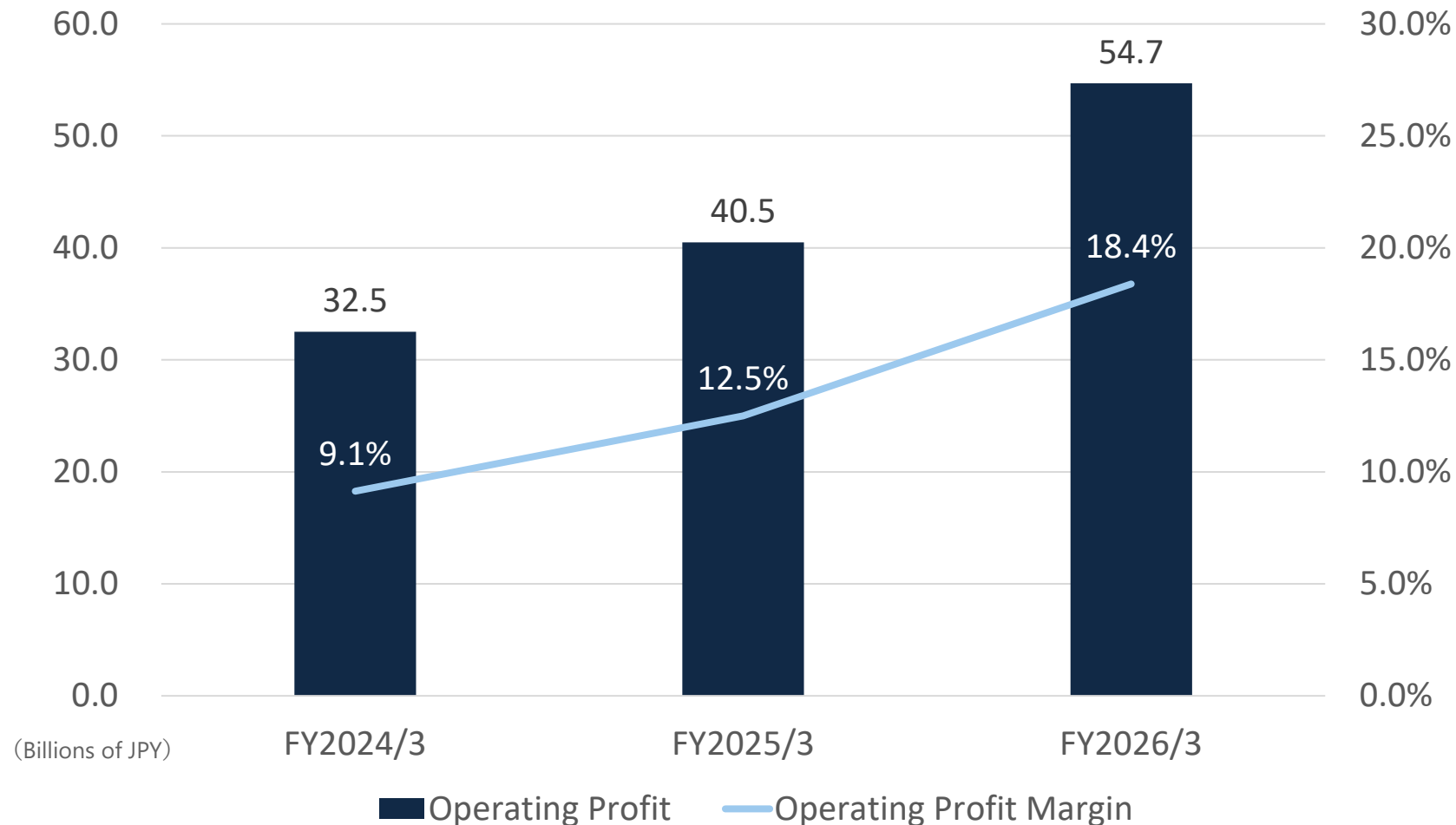
Segment	Objective	FY2025/3–FY2026/3	FY2027/3
HD	Build a development structure that delivers title launches exceeding customer expectations on a consistent basis	<ul style="list-style-type: none"> <li>• Reorganize development studios in Japan and overseas</li> <li>• Rebuild the pipeline and review development management to shift “from quantity to quality”</li> </ul>	<ul style="list-style-type: none"> <li>• Promote a market-in approach in development</li> <li>• Strengthen the framework for future title launches that support further growth</li> </ul>
SD	Return to a growth trajectory through ongoing engagement with existing and new customers while exploring new business models	<ul style="list-style-type: none"> <li>• Refine title selection through “selection and concentration”</li> <li>• Improve profitability through diversified payment methods and lower operating costs</li> </ul>	<ul style="list-style-type: none"> <li>• Maximize reach to existing and new customers through live-operated titles</li> <li>• Begin development of new titles for renewed growth</li> </ul>
MMO	Sustain and build on current momentum while expanding the global fan base	<ul style="list-style-type: none"> <li>• Maintain momentum through various initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Expand the fan base through the release of expansion packages</li> </ul>
Publication		<ul style="list-style-type: none"> <li>• Strengthen the editorial structure for further growth</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the framework for new IP creation</li> </ul>
Amusement		<ul style="list-style-type: none"> <li>• Expand the customer base through new business formats</li> </ul>	<ul style="list-style-type: none"> <li>• Expand overseas business</li> <li>• Expand businesses leveraging Group IP</li> </ul>

# Progress on the Medium-Term Business Plan and Future Outlook

Segment	Objective	FY2025/3–FY2026/3	FY2027/3
Merchandising	Expand business opportunities through growth in licensing and a broader range of services	<ul style="list-style-type: none"> <li>• Create successful examples in the licensing business</li> <li>• Expand product offerings and e-commerce regions</li> </ul>	<ul style="list-style-type: none"> <li>• Strengthen the framework to accelerate growth in the licensing business</li> <li>• Explore business opportunities leveraging IP</li> </ul>
Build a leaner and more resilient business foundation through enhanced management infrastructure		<ul style="list-style-type: none"> <li>• Execute structural reform of overseas operations and optimize SG&amp;A expenses</li> <li>• Begin development of various data infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Solidify the benefits of structural reforms</li> <li>• Accelerate development of data infrastructure to enhance publishing capabilities</li> </ul>
Create and incubate new IP and businesses to drive future growth		<ul style="list-style-type: none"> <li>• Continuously create new IP, mainly in the Publishing segment</li> <li>• Pursue new initiatives through partnerships with companies in other industries</li> </ul>	<ul style="list-style-type: none"> <li>• Implement initiatives focused on discovering talent capable of creating new IP</li> </ul>

# Progress on the Medium-Term Business Plan and Future Outlook

Steady progress in initiatives under the Medium-Term Business Plan, combined with solid performance from existing businesses and contributions from large-scale licensing revenue, resulted in steady profit growth.



02



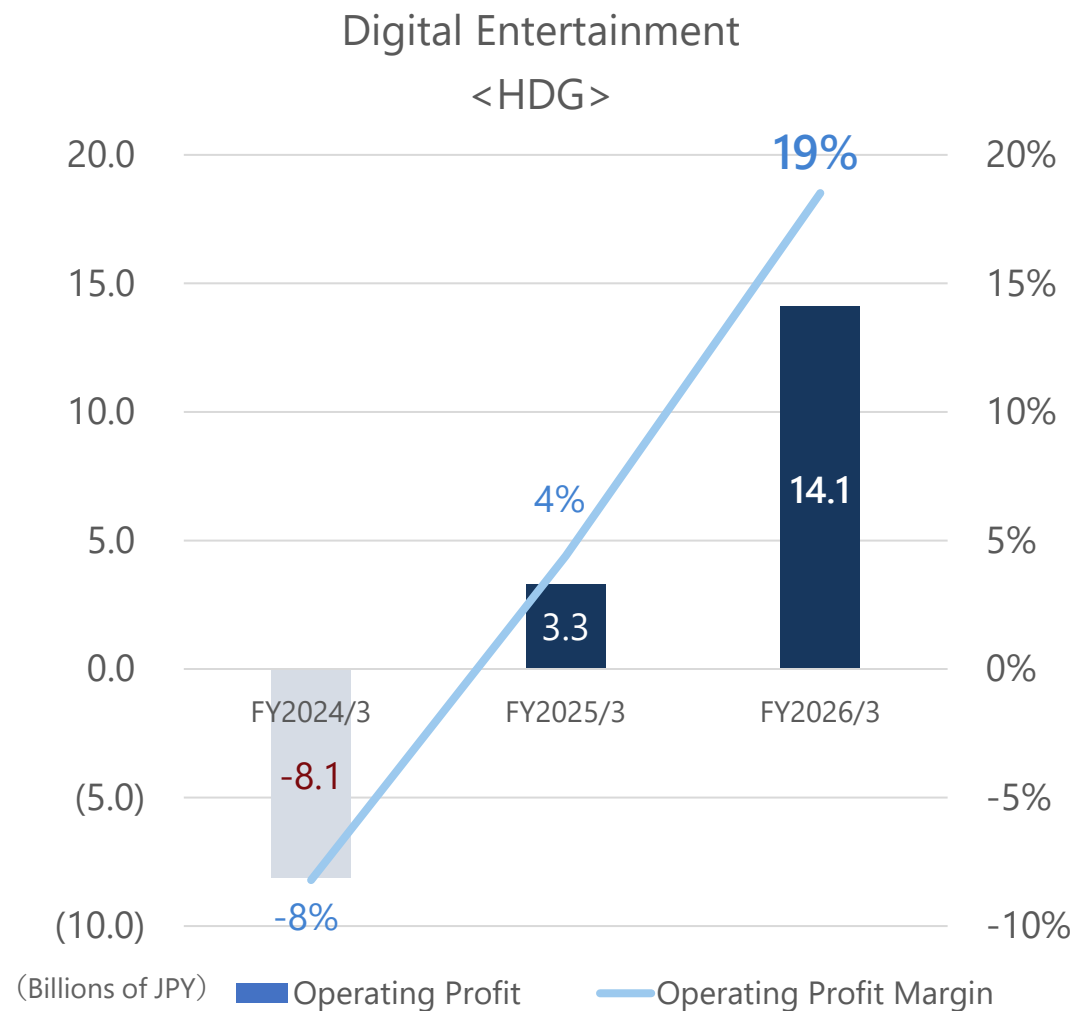
## Progress on Key Strategies in the Medium-Term Business Plan

# Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

To drive the shift “from quantity to quality,” the Group has strengthened its development structure and title management framework.

## <Progress to Date>

- Reviewed the medium- to long-term portfolio through “selection and concentration”
- Enhanced development capabilities in Japan by abolishing the former business division structure and introducing a Creative Studio structure
- Streamlined overseas studios and consolidated development resources in Japan
- Introduced a company-wide progress management process for all major titles, with management and studios working as one team



# Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

- Rebuilt the medium- to long-term pipeline to achieve the shift “from quantity to quality,” while completing the transition of major titles to a multi-platform strategy.
- Steady progress is also being made in establishing a framework that enables regular new title launches for major IP.

FY2025/3



DRAGON QUEST III  
HD-2D Remake

FY2026/3



DRAGON QUEST I & II  
HD-2D Remake



DRAGON QUEST VII Reimagined

FY2027/3



DRAGON QUEST Smash/Grow  
Launched on April 21, 2026



DRAGON QUEST X Online  
Expansion 8.0  
Planned for Launch on June 25, 2026

FINAL FANTASY  
ファイナルファンタジー



FINAL FANTASY XVI  
for Xbox Series X|S  
/ Microsoft Store on Windows



FINAL FANTASY TACTICS –  
The Ivalice Chronicles



DISSIDIA DUELLUM  
FINAL FANTASY



FINAL FANTASY VII REBIRTH  
for Nintendo Switch™ 2 / Xbox Series X|S  
/ Microsoft Store on Windows  
Planned for Launch on June 3, 2026



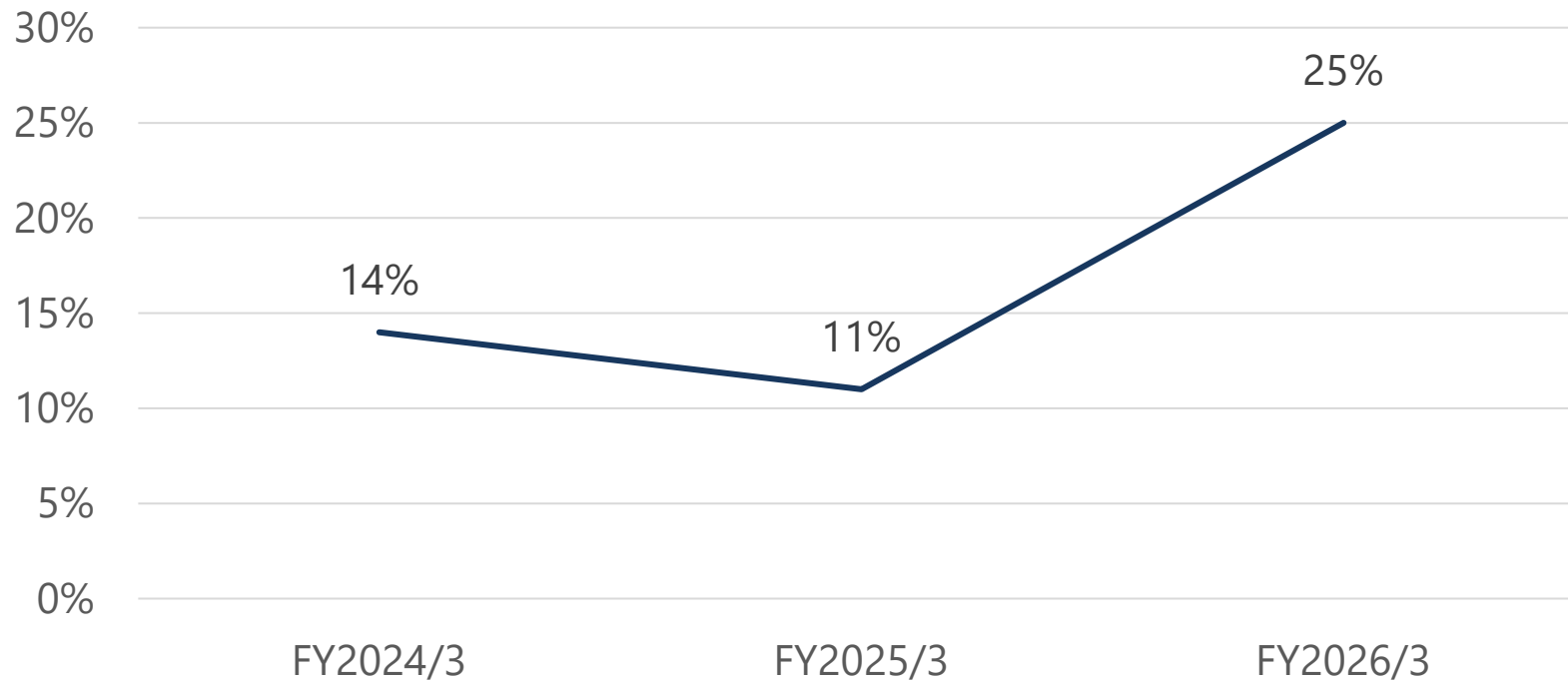
FINAL FANTASY XIV: Evercold  
Planned for Launch in January 2027

# Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

In the SD business, profitability has improved significantly through initiatives such as cost optimization for live-operated titles, diversification of payment methods, and a review of the title portfolio.

To return to a growth trajectory, the Group has resumed launching new titles centered on major IP.

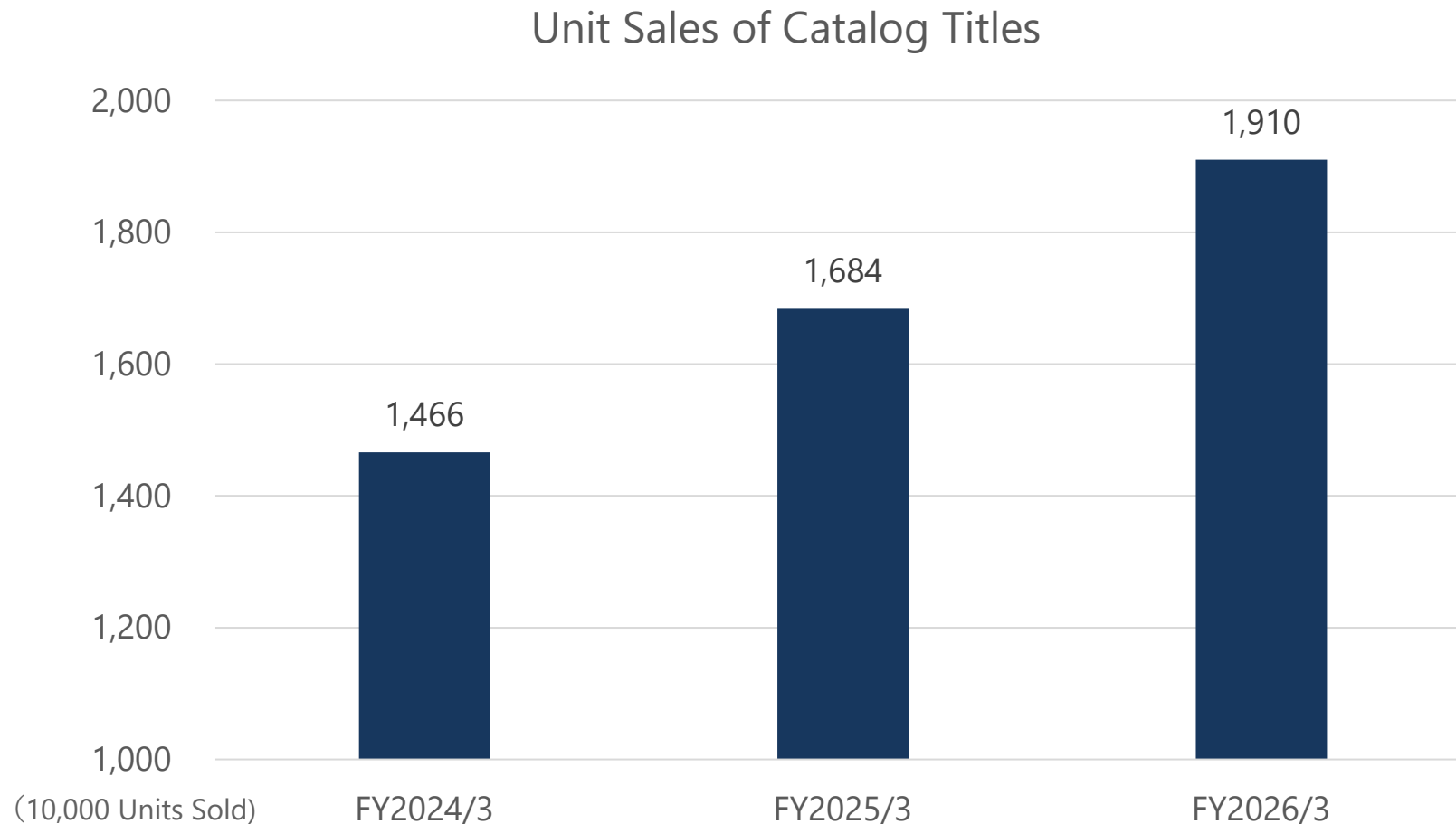
Trend in SD Segment Operating Profit Margin



# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Digital Entertainment

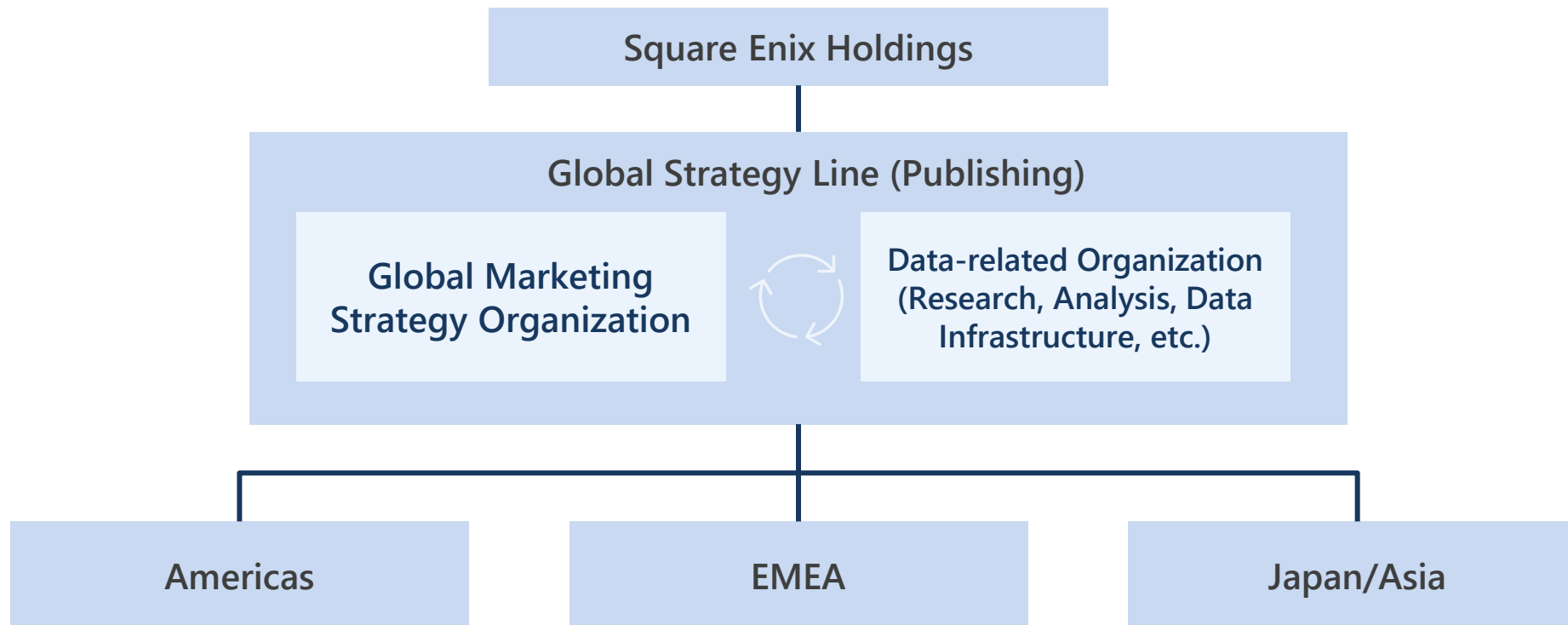
Strategic promotional initiatives were implemented to maximize the impact of the multi-platform strategy across both new and catalog titles. These efforts expanded customer touchpoints and drove growth in unit sales of catalog titles.



# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Digital Entertainment

- To optimize the global publishing structure, the Group carried out structural reforms of its overseas operations, achieving annual cost reductions of over ¥3.0 billion from FY2027/3.
- Following these reforms, the Group appointed a CMO and established a new global strategy line in the publishing area, while promoting initiatives to enhance marketing capabilities, including data analytics.



# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Merchandising

The collaboration with “Magic: The Gathering” generated significant licensing revenue. Alongside growth in existing businesses, the Group continues to explore opportunities to expand its licensing business.



“Magic: The Gathering” × “FINAL FANTASY”  
Card Game Collaboration



Launched “SQEX PETS”,  
a new pet goods brand

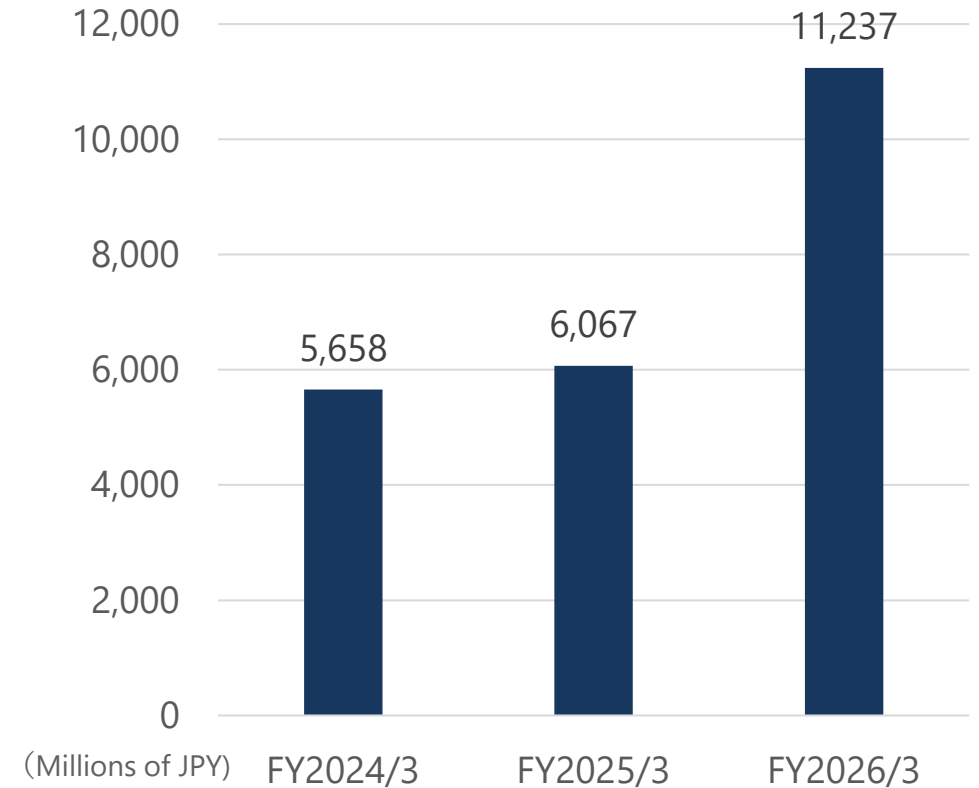


Expanded apparel and merchandise offerings for babies and children



Accelerated rollout of cafes & shops and pop-up stores in Japan and overseas

Operating Profit of the Merchandising Business



# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Publication

To expand awareness of its IP, the Group is also focusing on video adaptations, including anime and live-action content, with the aim of driving growth in overseas markets as well.



“Daemons of the Shadow Realm”  
Anime currently airing



“The Apothecary Diaries”  
Season 3 and theatrical film  
scheduled for release

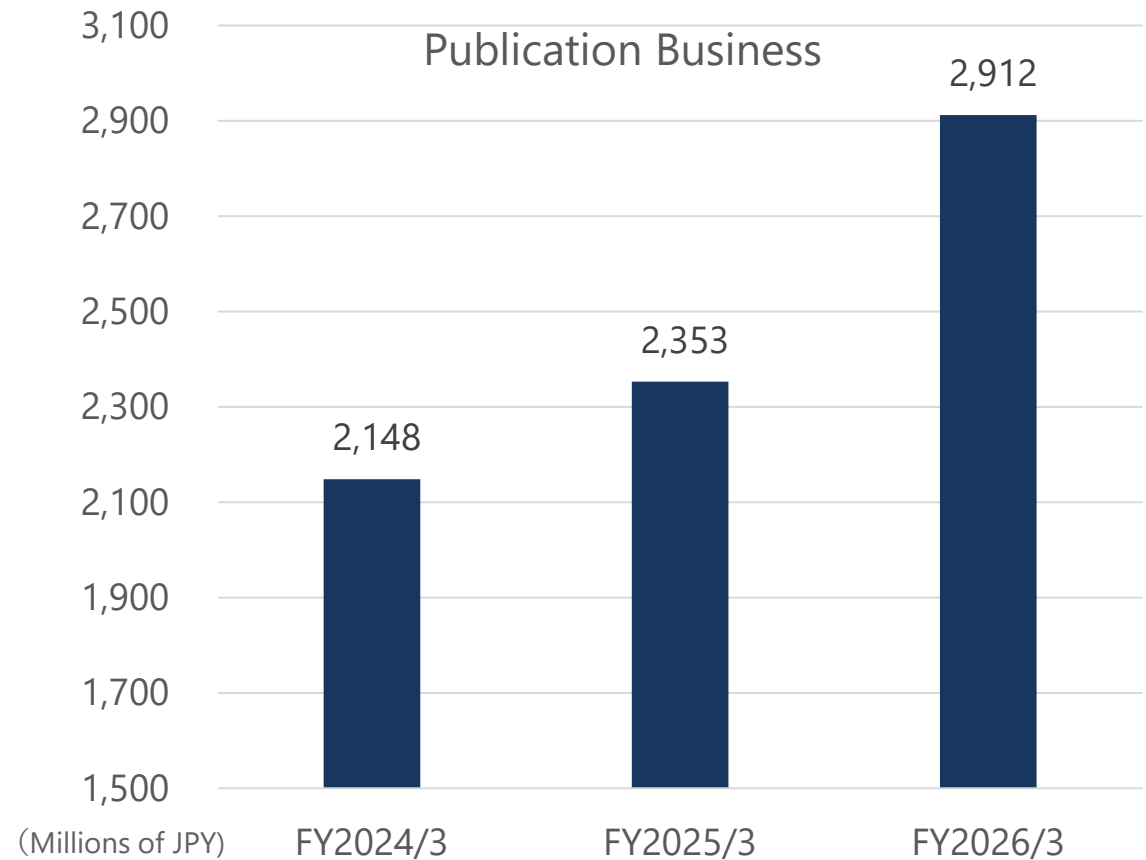


“Smoking Behind the Supermarket with You”  
Anime adaptation scheduled to air



“Toilet-Bound Hanako-kun”  
Season 2 currently airing

## Overseas Sales of the Publication Business



# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Amusement

- In Japan, the Group has diversified its customer base through the development of new business formats.
- Overseas, the Group is promoting store expansion, primarily through a franchise model.



Rolled out a new sports entertainment facility concept that integrates physical and digital experiences at three locations



Rolled out eight facilities where children can enjoy being physically active through play

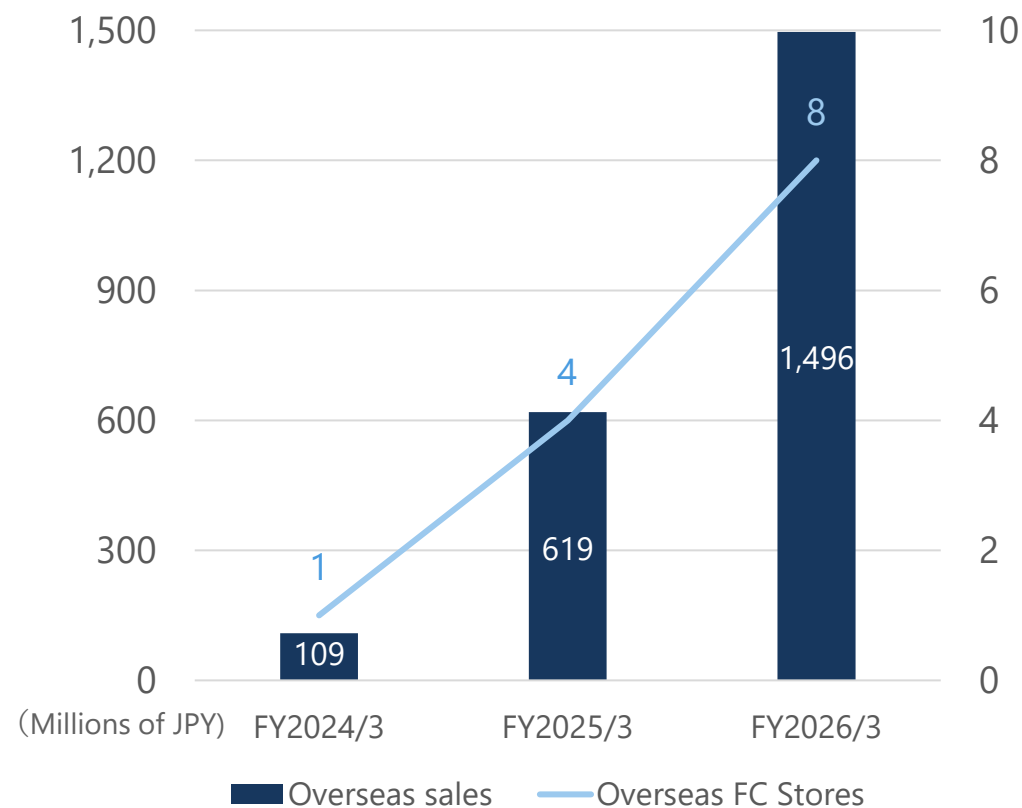


Rolled out a mission-based horror attraction themed around darkness at five TAITO STATION locations in Japan



Installed dedicated crane game machines in convenience stores in Japan, including FamilyMart and Lawson

### Overseas Franchise Store Sales in the Amusement Business

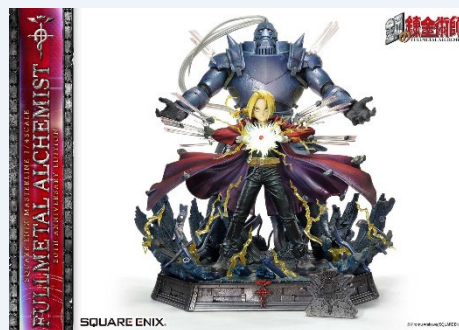
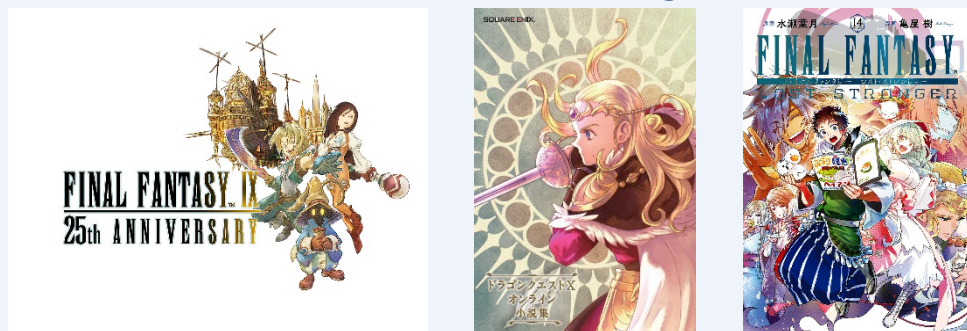


# Diversify Earnings Opportunities by Strengthening Customer Contact Points

## Group-wide Initiatives

By combining the Group's diverse business assets, the Group has further expanded customer touchpoints.

### Expansion of Cross-media Initiatives Leveraging Game and Publishing IP



Expanding cross-media initiatives such as comics, books, merchandise, and anniversary-driven events to create new customer touchpoints.

### Creation of Group-wide Synergies Through TAITO's Real-World Assets



Exploring new revenue opportunities through TAITO's real-world assets, including prize merchandise, permanent IP shops, and collaborative events.

# Diversify Earnings Opportunities by Strengthening Customer Contact Points

To maximize IP value, all Group businesses are organically connected to strengthen customer touchpoints.



# Roll Out Initiatives to Create Additional Foundational Stability

Group companies have implemented various initiatives to promote AI utilization, including employee-participation idea contests and collaboration with partner companies. Several initiatives have been developed into concrete measures and are now being introduced across the Group.



Held an internal contest themed around “AI-powered business improvement ideas.”  
As one example of an internally proposed AI use case, the Group developed and introduced a tool that uses AI to streamline the “lettering instructions” process in manga production, aiming to support creative work and accelerate sales promotion.

# Roll Out Initiatives to Create Additional Foundational Stability

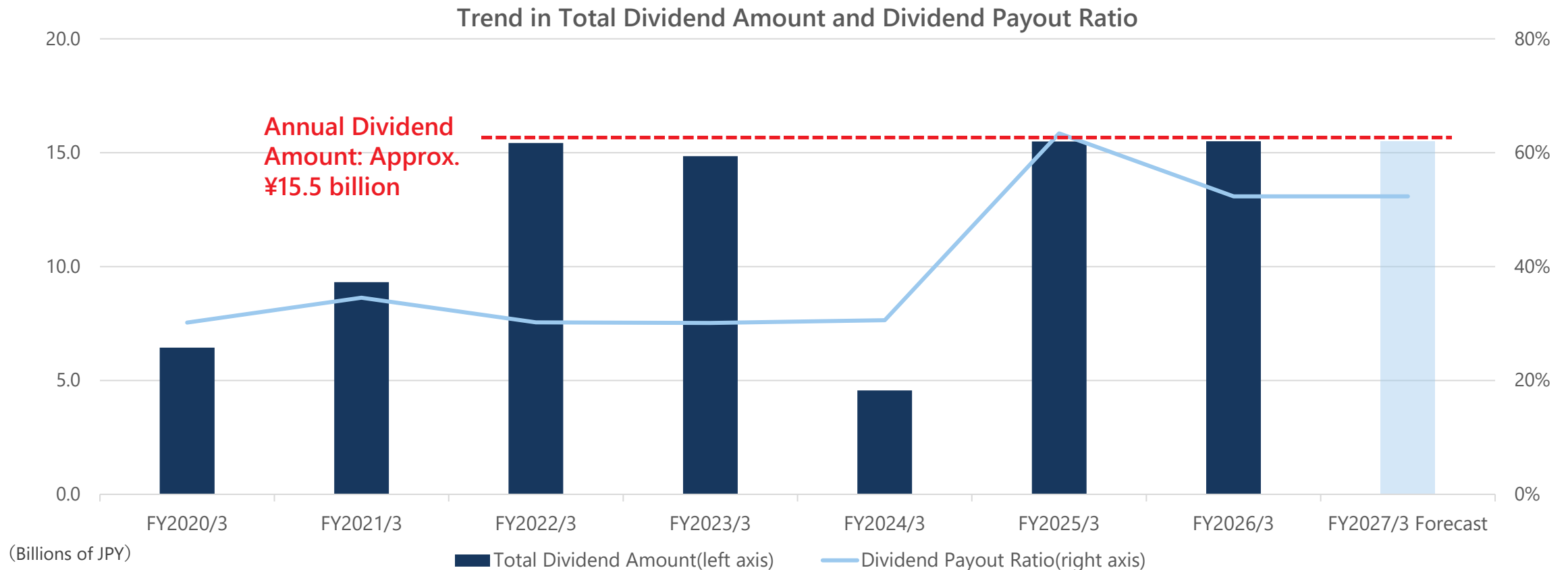
Introduced HR initiatives aimed at strengthening the organization and talent base to achieve both creativity and productivity.

<b>Initiatives Linking Management Strategy and Organizational Operations</b>	<b>Expanding Opportunities for Employee Growth</b>	<b>Development of a Medium- to Long-term Talent Development Framework</b>
<ul style="list-style-type: none"><li>• Introduced a performance-linked bonus system</li><li>• Established a Human Resource Development Committee to formulate strategic talent development initiatives</li></ul>	<ul style="list-style-type: none"><li>• Established an integrated framework within the DE business for recruitment, promotion, and management appointments across development divisions</li><li>• Introduced a career ladder system recognizing highly specialized professionals in senior roles</li></ul>	<ul style="list-style-type: none"><li>• Expanded role-specific training programs for new employees and introduced a rotation program</li><li>• Enhanced internal training programs to support skill development for junior and mid-level employees</li></ul>

# Capital Allocation: Balancing Growth Investment & Shareholder Returns

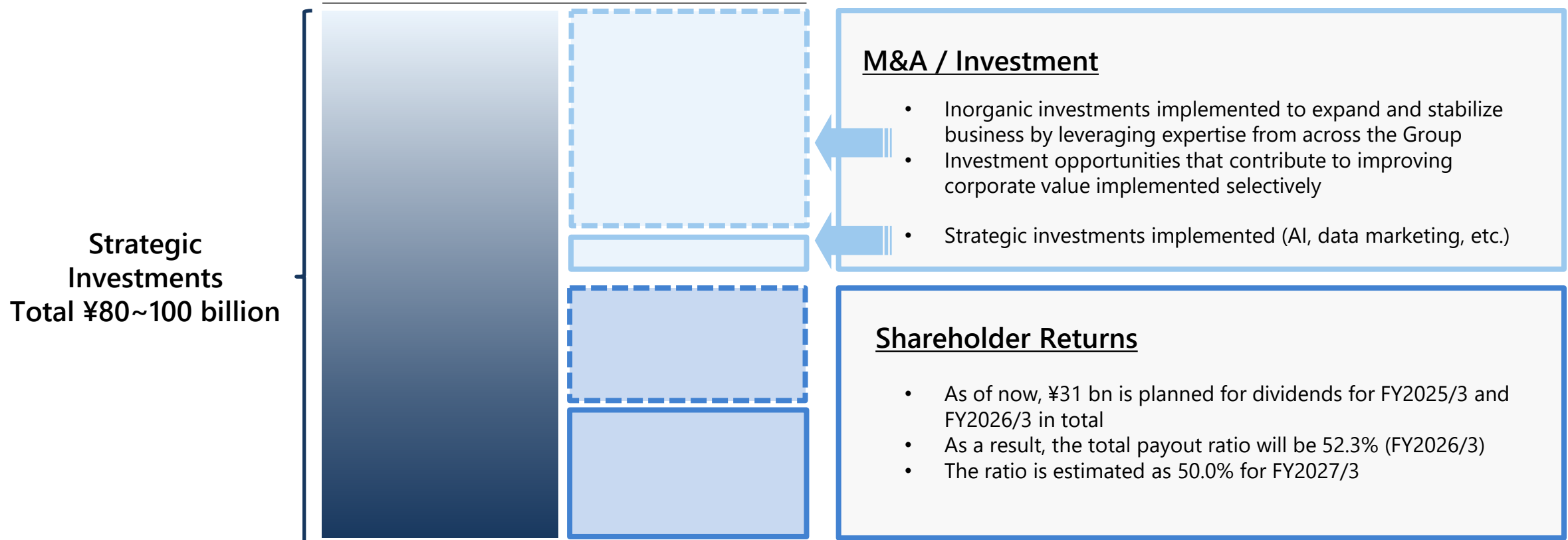
Past trends and estimate of shareholders returns are as follows.

Dividend levels were set with reference to FY2022/3, when the Company recorded its highest profit to date.



# Capital Allocation: Balancing Growth Investment & Shareholder Returns

Under our new medium-term business plan, we will give consideration to the balance between growth investment and shareholder returns in allocating capital, with the framework below serving as our basic philosophy.



# Future Outlook

We will complete the current Medium-Term Business Plan and establish a structure for a new growth phase.

## Square Enix Reboots and Awakens

~A 3-year reboot for long-term growth~

### 3 Financial Targets

- Consolidated operating margin of 15% in the fiscal year ending March 31, 2027
- ROE of at least 10%
- Allocated up to 100 billion yen for total strategic investments

### 4 Strategies

- ✓ Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment
- ✓ Diversify earnings opportunities by strengthening customer contact points
- ✓ Roll out initiatives to create additional foundational stability
- ✓ Allocate capital giving consideration to the balance between growth investment and shareholder returns

**Current Medium-Term Plan**

The group aims for stable profit expansion based on a lean and efficient business structure.

**Next Medium-Term Plan**

02

## Consolidated Financial Forecasts: Fiscal Year ending March 31, 2027

# Consolidated Financial Forecasts: Fiscal Year ending March 31, 2027

(Billions of Yen)

	Fiscal Year Ended March 31, 2026 Full Year Results	Fiscal Year Ending March 31, 2027	
		Full Year Forecasts	Changes
Net Sales	297.6	298.0	0.4
Operating Income	54.7	49.0	(5.7)
Operating Income Margin	18.4%	16.4%	(2.0pt)
Ordinary Income	64.4	49.0	(15.4)
Ordinary Income Margin	21.7%	16.4%	(5.3pt)
Profit attributable to owners of parent	29.6	31.0	1.4
<b>Dividends per share</b> (Yen)			
Interim (Before/After Stock Split)	54 / 18	54 / 18	—
Year-end (Before/After Stock Split)	75 / 25	75 / 25	—
Total (Before/After Stock Split)	129 / 43	129 / 43	—

**Creating New Worlds with Boundless  
Imagination to Enhance People's Lives.**