

This document is a translation of the Japanese original of “44th Annual Shareholders’ Meeting (June 21, 2024): Summary Report” of SQUARE ENIX HOLDINGS CO., LTD. This translation is intended for reference and convenience purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

44th Annual Shareholders’ Meeting (June 21, 2024): Summary Report



The following is a summary of the Company's 44th Annual Shareholders' Meeting.

*This document has been prepared to summarize the proceedings of the Company's 44th Annual Shareholders' Meeting for presentation on the Company's website and is different from the legally mandated minutes of the meeting.

Date and time: June 21, 2024 (Fri), 10:00 a.m. - 11:25 a.m. (JST)

Venue: Century Room, Hyatt Regency Tokyo, 2-7-2 Nishi-Shinjuku, Shinjuku-ku, Tokyo

Number of shareholders present: 114

Meeting Agenda

<Reports>

1. Business Report, Consolidated Financial Statements, and Audit Reports on the Consolidated Financial Statements by Accounting Auditors and by the Audit & Supervisory Committee for the 44th Term (April 1, 2023 through March 31, 2024)
2. Non-Consolidated Financial Statements for the 44th Term (April 1, 2023 through March 31, 2024)

<Resolutions>

- First Item:** Election of Nine (9) Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Second Item:** Election of Three (3) Directors who are Directors who are Audit & Supervisory Committee Members
- Third Item:** Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

These items were approved as originally proposed.

Summary of Questions and Answers (responses from the Chairperson)

Question 1

My question is on shareholder benefits. I think there are ways to provide shareholder benefits that do not cost money. For example, you could give shareholders priority passes for trying out games at gaming expos, let them make priority bookings at the SQUARE ENIX CAFÉ, or let them pre-order new products early on the e-STORE. Given that the dividend has fallen by 86 yen compared to the previous year, I would urge the Company to consider shareholder benefits, as they would offer advantages to continuing to hold shares in the Company.

Answer 1

We take your comment as a suggestion on how we could provide shareholder rewards that our customers would enjoy. We will incorporate these ideas into our considerations of shareholder returns for the next fiscal year and beyond.

Question 2

You recently disclosed an extraordinary loss of 22.1 billion yen, citing the suspension of development work on certain game titles, but you gave no specific title names. Some media outlets speculated that the news might relate to “Dragon Quest 12.” I believe this was in no small part responsible for the fall in the Company’s share price. I think there is not enough information disclosure or dialogue with the market, and I would like to hear about how the company plans to address this going forward.

Answer 2

The exact details of the extraordinary loss could not be disclosed as they relate to our strategy for upcoming titles. When disclosing information on individual titles, including “Dragon Quest 12,” we believe it is necessary to strike a balance between disclosing information to the market and releasing new information to excite customers from a marketing perspective. We therefore intend to continue to take this into consideration when disclosing information.

Question 3

What are your thoughts on how to offer or sell smartphone games once they have been shut down? There is no offline version of “Gate of Nightmares,” for example. Would you please consider releasing a port of the game on consoles or STEAM?

Answer 3

When discontinuing games, we have been doing everything we can to honor the opinions that we have received from customers while the title was up and running. As we shift from quantity to quality, it will be important that we release titles that customers can feel confident about playing for a long time. When we nevertheless find ourselves having to discontinue a game, we will consider how to shut it down in a way that honors customers’ views to the extent possible.

Question 4

I heard that some foreign viewers of last year's "New Kabuki FINAL FANTASY X" expressed a desire to watch it again. I think it would help customers create wonderful memories if the Company made the performance available to watch online for an extended time. Strengthening customer contact points is an objective contained in the Company's New Medium-term Business Plan, but what are your thoughts as President on the importance of mergers between traditional Japanese culture and Company IP?

Answer 4

As we discussed at our briefing on our New Medium-term Business Plan, offering our Group's IP across a range of entertainment experiences is a key undertaking. When we first made "New Kabuki FINAL FANTASY X" available for streaming, there was a huge response, including from overseas fans. It is important that we create opportunities for as many customers as possible to engage with our IP, including through contact points outside of our traditional business segments. We will do this by offering our IP across a range of entertainment experiences in a variety of forms, and we will continue to step up these efforts going forward. I will ensure that your feedback is passed on to the relevant departments and used in our future endeavors.

Question 5

HD games are becoming increasingly polarized between major titles and indie games. My understanding of the New Medium-term Business Plan and its call for a shift from quantity to quality is that the Company will focus on major titles, but does this mean you will not be developing indie games? Could you also please tell us how many major HD game titles the Company plans to release each year?

Answer 5

If we define indie games as "small- and medium-sized titles for casual play," then we will continue to work on delivering indie games. We cannot disclose the names of specific titles, but we have indie games as well as major titles in our pipeline, and indie game development is still a part of what we do. As for the number of major HD game titles we release each year, we intend to gauge the optimal timing from both external and internal perspectives including taking into account the market situation at the time, while also recognizing the importance of ensuring quality.

Question 6

I am personally happy to hear about the Company's shift from quantity to quality, but my concern is that the Company is listed as a client on the website of a Canadian consulting company that is currently a focus of much debate within the gaming industry. I would like to know if the Company actually has a business relationship with that company, and if so, what the nature of the relationship is and whether the Company intends to maintain it?

Answer 6

I will refrain from making specific comments on relationships with individual suppliers. I will say, however, that in our transition from quantity to quality, our pledge to deliver "undeniable fun" includes the delivery of content that customers can play with confidence.

Question 7

The New Medium-term Business Plan specifically aims to achieve a 15% consolidated operating margin in the Fiscal Year ending March 31, 2027, and the consolidated sales forecast for the Fiscal Year ending March 31, 2025 is 310 billion yen, a decrease compared to the previous year. What level of consolidated sales are you looking to achieve through to the Fiscal Year ending March 31, 2027?

Answer 7

During the course of our New Medium-term Business Plan, we aim to make the transition from quantity to quality. We need to grow our sales, but instead of mindlessly targeting sales growth, we want to prioritize our transformation to ensure we can deliver our customers content full of undeniable fun. We are targeting sales of 310 billion yen for the Fiscal Year ending March 31, 2025, and our first task is to ensure the quality of our content over the next three years rather than aim for a dramatic increase in sales.

Question 8

My question relates to the Merchandising business. Figures and die-cast toys are not easy to carry around. Lately, it is popular in Japan for people to advertise their fanship, so I would like to see you offer merchandise that people can take on trips or out to eat with them and include in commemorative photos. What is the Company's view on this point?

Answer 8

We believe it is important to increase the number of contact points with our customers, and we also believe that it is very important to maximize the opportunities for them to create special memories, including by taking commemorative photos using our merchandise as part of the trend of devotional fanship that you mentioned. We will pass on your valuable comments to the Merchandising Department and see if we can develop the kind of merchandise that allows for such opportunities.

Question 9

The use of AI to infringe on intellectual property rights has become a topic of discussion of late. Does the Company have a department to deal with this issue? What are your views on this topic?

Answer 9

While we believe that AI itself has tremendous potential, we also recognize that there are many risks. The Company has established guidelines and introduced appropriate usage flows for AI-related tools within the Company. We also have a policy of actively using AI in situations unrelated to creative work, such as improving operational efficiency, while paying sufficient attention to information management.

At the same time, when it comes to creative work, we are aware that there is a broad range of views within the creative community and among customers, so we will keep a close eye on developments and make sure we maintain a constantly relevant view of what we should be striving for as a creative company.

Question 10

I would like to ask about "Infinity Strash: DRAGON QUEST The Adventure of Dai." While the source material has reached a conclusion, I felt that the game was not fully drawn out and did not reach its full creative potential. On the other hand, I think you focused on quality in the case of "Final Fantasy XVI," but if the Company is going to shift from quantity to quality, I would like you to try to produce more games that are so fun that players grab a controller and lose themselves in them.

Answer 10

It is important to create content that provides people with the sort of fun that they can only get from a game, including that feeling of handling the controller. In addition to such originality, we also think that the "market-in" approach that we outlined in our New Medium-term Business Plan is very important, and that is all about listening to what our customers have to say.

Question 11

There was a notice in “Dissidia Final Fantasy Opera Omnia” that the addition of new Final Fantasy Tactics characters had been delayed, but the game was eventually discontinued without them having been made available. Will the overhaul of your development footprint that you just announced lead to improvements that ensure that such things do not happen again?

Answer 11

We are very sorry for having been unable to deliver to our customers what we had announced, and we take your comment seriously. As part of our shift from quantity to quality, we will think about what to do to ensure that we are able to solidly meet the expectations of our customers. At the same time, we hope to be able to exercise flexibility with live-service titles as freshness is also key with them. We will pass on your comments to the development departments.

END