

May 21, 2021

Company: SQUARE ENIX HOLDINGS CO., LTD.
(Code: 9684, Tokyo Stock Exchange)
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Introduction of a Stock Compensation Plan with Restricted Stock Ownership

At a meeting of the Board of Directors held on May 21, 2021, the Company reviewed its remuneration system for Directors and resolved to introduce a restricted stock compensation plan (hereinafter the "Plan"). The Company hereby announces that it has decided to submit a proposal concerning this system to the 41st Annual Shareholders' Meeting to be held on June 25, 2021 as set forth below.

1. Purpose and conditions of the introduction of this system

(1) Purpose of introduction

The purpose of this system is to provide incentives to the Company's Directors (excluding Directors who are Audit & Supervisory Committee members; hereinafter "Eligible Directors") to improve the corporate value of the Company in a sustainable manner and to foster a greater sense of shared value with our shareholders.

(2) Conditions of introduction

Since this system grants restricted shares to the Eligible Directors as remuneration, the introduction of this system is subject to the approval of shareholders at the 41st Annual Shareholders' Meeting.

At the 38th Annual Shareholders' Meeting held on June 22, 2018, the Company resolved that the monetary remuneration pool for Directors (excluding Directors who are Audit & Supervisory Committee Members) of the Company shall not exceed 600 million yen per year, of which the amount earmarked for Outside Directors shall not exceed 48 million yen per year, and that there should be a pool of no more than 400 million yen per year in stock acquisition rights (hereinafter "Stock Options"), of which up to 32 million yen per year would be earmarked for Outside Directors), separate from the aforementioned monetary compensation. However, at the 41st Annual Shareholders' Meeting, the Company plans to ask its shareholders' approval to abolish the aforementioned Stock Options remuneration pool in favor of providing Eligible Directors of the Company with restricted stock as a new form of remuneration separate from the above cash remuneration amount.

Subject to the approval of the agenda item concerning this Plan at the 41st Annual Shareholders' Meeting, no new stock options will be issued to Directors upon the abolition of the aforementioned remuneration pool for Stock Options (previously granted Stock Options will remain valid).

2. Outline of the System

The granting of restricted stock under this system shall involve the issuance or disposal of shares as remuneration for the Eligible Directors and shall not require payment of money or provision of property in kind in exchange for the common stock of the Company.

The total number of shares of the Company's common stock to be issued or disposed of under this Plan shall be no more than 90,000 shares per year (including no more than 7,200 shares per year for Outside Directors), and the annual amount shall be no more than 400 million yen (including no more than 32 million yen per year for Outside Directors). In the event of a stock split (including gratis allotment of the Company's common stock; hereinafter the same) or a reverse stock split of the Company's common stock, the total number of shares of the Company's common stock to be

issued or disposed of under the Plan shall be adjusted in accordance with the split ratio or reverse stock split ratio.

In order to achieve a sense of shared value with shareholders over the medium to long term, which is one of the purposes of the introduction of this system, the period of restriction on transfer shall be the period from the date of the allocation of restricted stock to the date on which the position of Director of the Company (excluding Directors who are Audit & Supervisory Committee Members) is lost (except in the case of reappointment to such position upon loss thereof). The Board of Directors will determine the specific timing and allocation of the payment to each Eligible Director.

In granting restricted stock under this system, the Company shall conclude a restricted stock allocation agreement (hereinafter "Allocation Agreement") with the Eligible Directors.

(i) The Eligible Directors may not transfer, create security interests in, or otherwise dispose of the common stock of the Company allocated to them under this Allocation Agreement during the period from the date of allocation of the restricted stock to the date on which the Eligible Directors cease to be Directors of the Company.

(ii) If an event occurs that the Company's Board of Directors deems to be just cause for acquiring restricted stock without consideration, the Company shall, without consideration, acquire a number of restricted shares reasonably determined based on the nature of the event in question.

(EOF)