



New Medium-term Business Plan (FY2025/3-FY2027/3)

SQUARE ENIX HOLDINGS CO., LTD.

Takashi Kiryu, President and Representative Director

May 13, 2024

Statements made in this document with respect to SQUARE ENIX HOLDINGS CO., LTD. and its consolidated subsidiaries' (together, "SQUARE ENIX GROUP") plans, estimates, strategies and beliefs are forward - looking statements about the future performance of SQUARE ENIX GROUP.

These statements are based on management's assumptions and beliefs in light of information available to it at the time these material were drafted and, therefore, the reader should not place undue reliance on them. Also, the reader should not assume that statements made in this document will remain accurate or operative at a later time.

A number of factors could cause actual results to be materially different from and worse than those discussed in forward - looking statements. Such factors include, but not limited to:

1. changes in economic conditions affecting our operations;
2. fluctuations in currency exchange rates, particularly with respect to the value of the Japanese yen, the U.S. dollar and the Euro;
3. SQUARE ENIX GROUP's ability to continue to win acceptance of our products and services, which are offered in highly competitive markets characterized by the continuous introduction of new products and services, rapid developments in technology, and subjective and changing consumer preferences;
4. SQUARE ENIX GROUP's ability to expand international success with a focus on our businesses; and
5. regulatory developments and changes and our ability to respond and adapt to those changes.

The forward - looking statements regarding earnings contained in these materials were valid at the time these materials were drafted. SQUARE ENIX GROUP assumes no obligation to update or revise any forward - looking statements, including forecasts or projections, whether as a result of new information, subsequent events or otherwise.

The financial information presented in this document is prepared according to generally accepted accounting principles in Japan.

Today's agenda

SQUARE ENIX

- 1** A look back at our previous medium-term business plan
- 2** Our new corporate philosophy structure
- 3** Our new medium-term business plan
 - 4 strategies**
 - 3 targets**

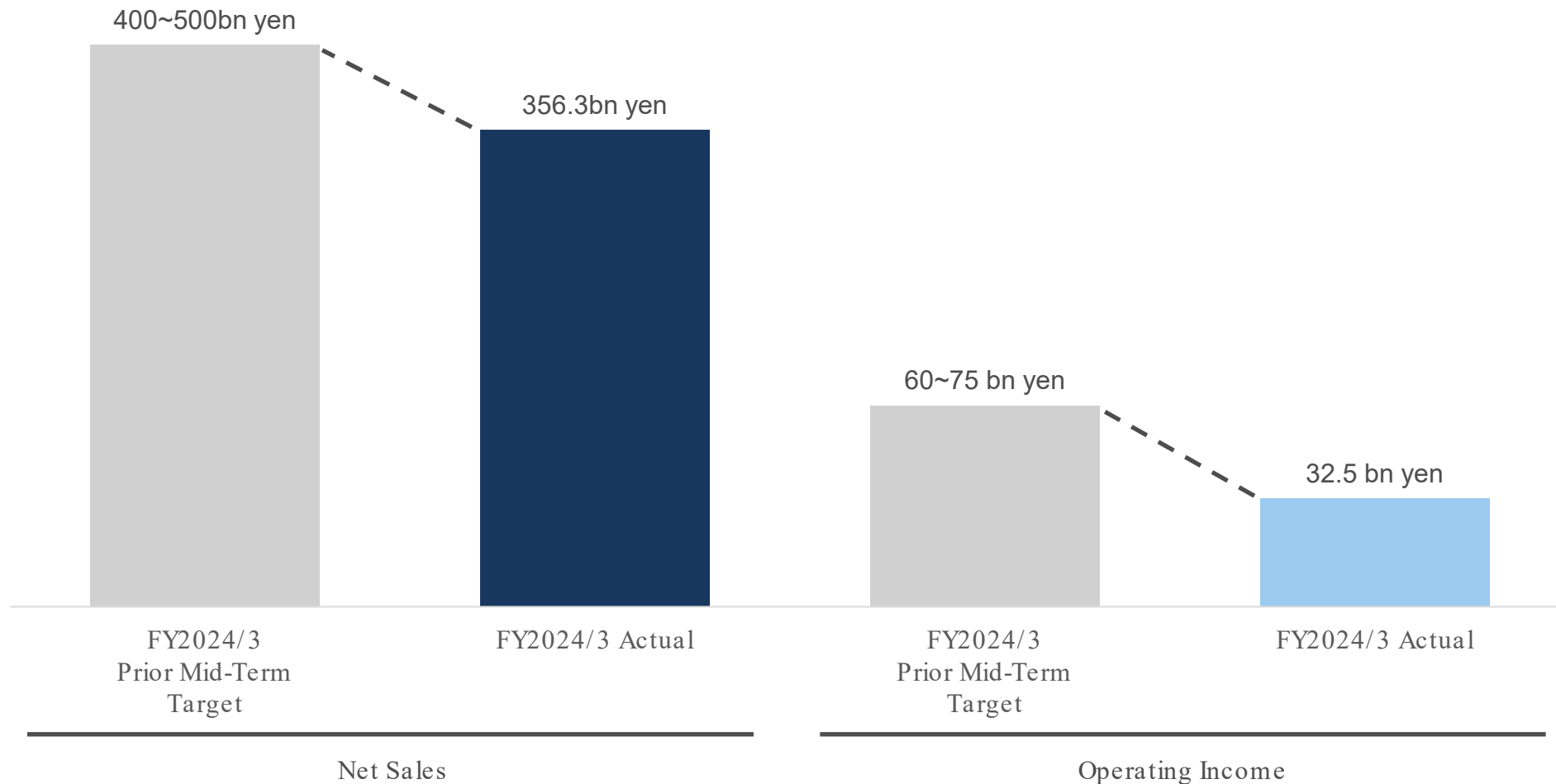
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1 Review: Our previous medium-term business plan (1/3)

Did not reach final-year net sales/operating income targets under our 3-year medium-term business plan



1 Review: Our previous medium-term business plan (2/3)

Initiatives & achievements

- Began rebuild of HD Game (HD) & Smart Devices/PC Browser (SD) portfolios
 - └ Streamlined our portfolios by divesting some overseas studios and IPs
- Expanded MMO business as part of our earnings base
- Transitioned to a stable growth phase in the Publication segment
- Achieved a V-shaped recovery in the Amusement segment
 - └ Commitment to cost cutting during the pandemic produced benefits
- Expanded the Merchandising segment

1 Review: Our previous medium-term business plan (3/3)

Challenges

- Incomplete journey to better profitability in HD game development
 - └ Launched many titles but some failed to live up to profit expectations, especially outsourced titles and some AAA titles
- Slowdown in SD games
 - └ Unable to launch hit titles to offset market maturation, aging of legacy titles
- Insufficient portfolio management on a franchise-by-franchise basis
 - └ Cannibalization of our new titles due to the launch schedule's overlap
- Gaps in our management infrastructure

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② Our new corporate philosophy structure

**Enrich people's own life with our help of creating precious
“unforgettable experiences”**

The power of content is that of moving people's heart

The experience that people are impressed is etched in my mind as

“unforgettable experiences”

over time

“Unforgettable experiences” will be part of people's sense of value over time, leading to moral support. “Unforgettable experiences” enrich people's own life

We would like to help creating precious “Unforgettable experiences”
by delivering contents filled with ensured fun.

2 New corporate philosophy structure: Defining our Purpose & Values

Defined our Purpose to make clear why we are here, and our Values to guide our employees in thought and deed

Purpose

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

Values

Deliver Unforgettable Experiences

Embrace Challenges

Act Swiftly

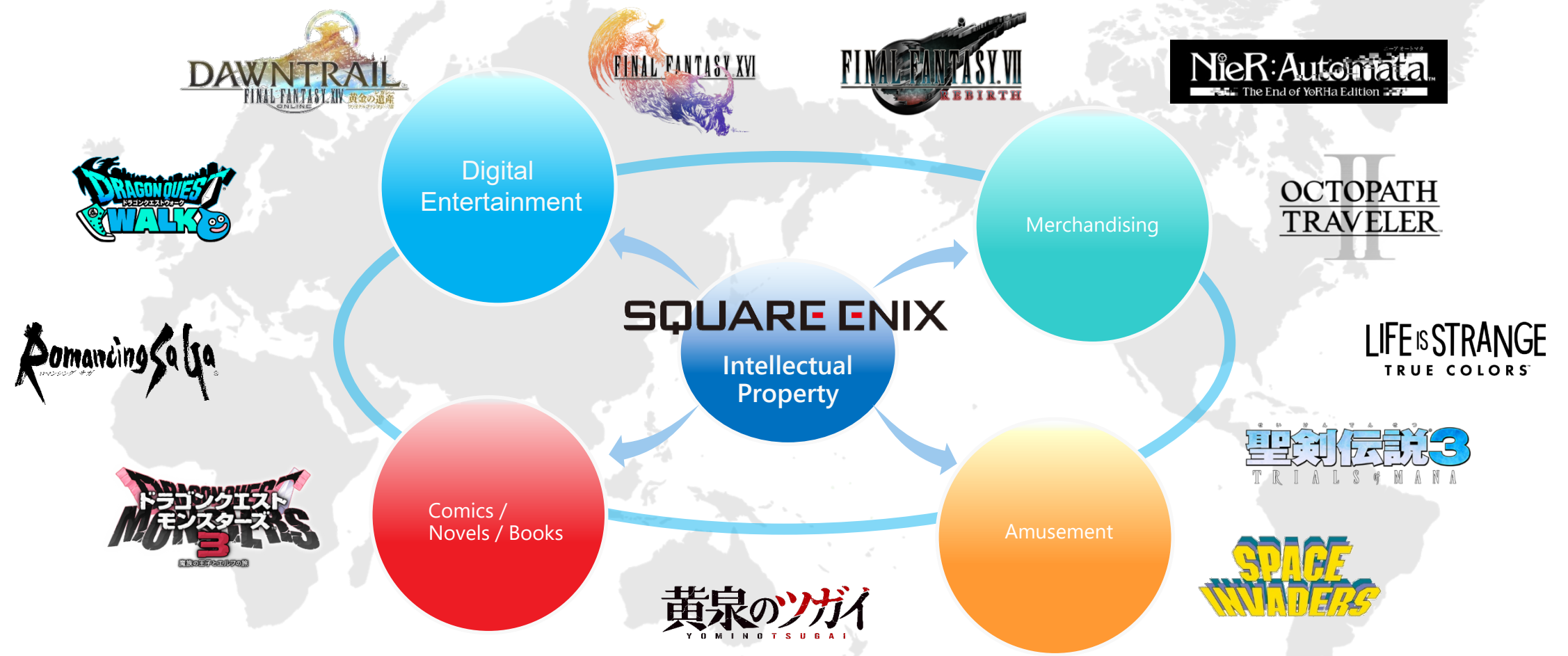
Stronger Together

Continuously Evolve

Cultivate Integrity

2 New corporate philosophy structure: Defining our Purpose & Values

We will keep pace with the ever-changing entertainment industry and our customers' needs, leveraging the imaginations of our Group employees to develop appealing IP and content. By offering our global audience games, comics, merchandise, and a diversity of other content inspired by that IP, we will strive to continue to grow as a Group.



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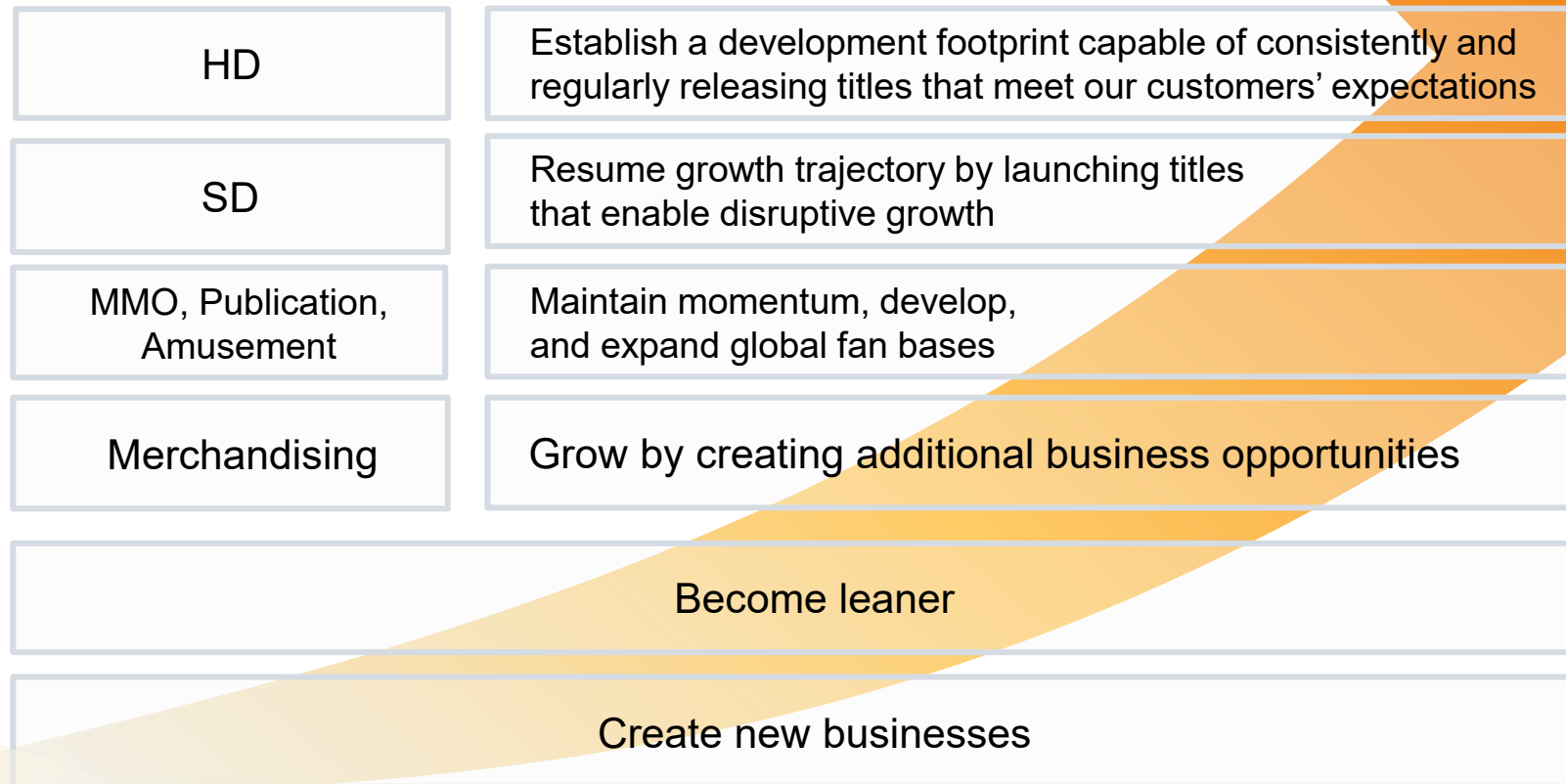
③ Medium-term business plan

Square Enix Reboots, and Awakens

~ 3 years for rebooting for long-term growth ~

3 Positioning of our new medium-term business plan

Our goal
Strong profit generation & further growth



Square Enix Reboots, and Awakens

~3 years for rebooting for long-term growth~

3 New medium-term plan: 4 pillars

Square Enix Reboots, and Awakens

~ 3 years for rebooting for long-term growth ~

- Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment

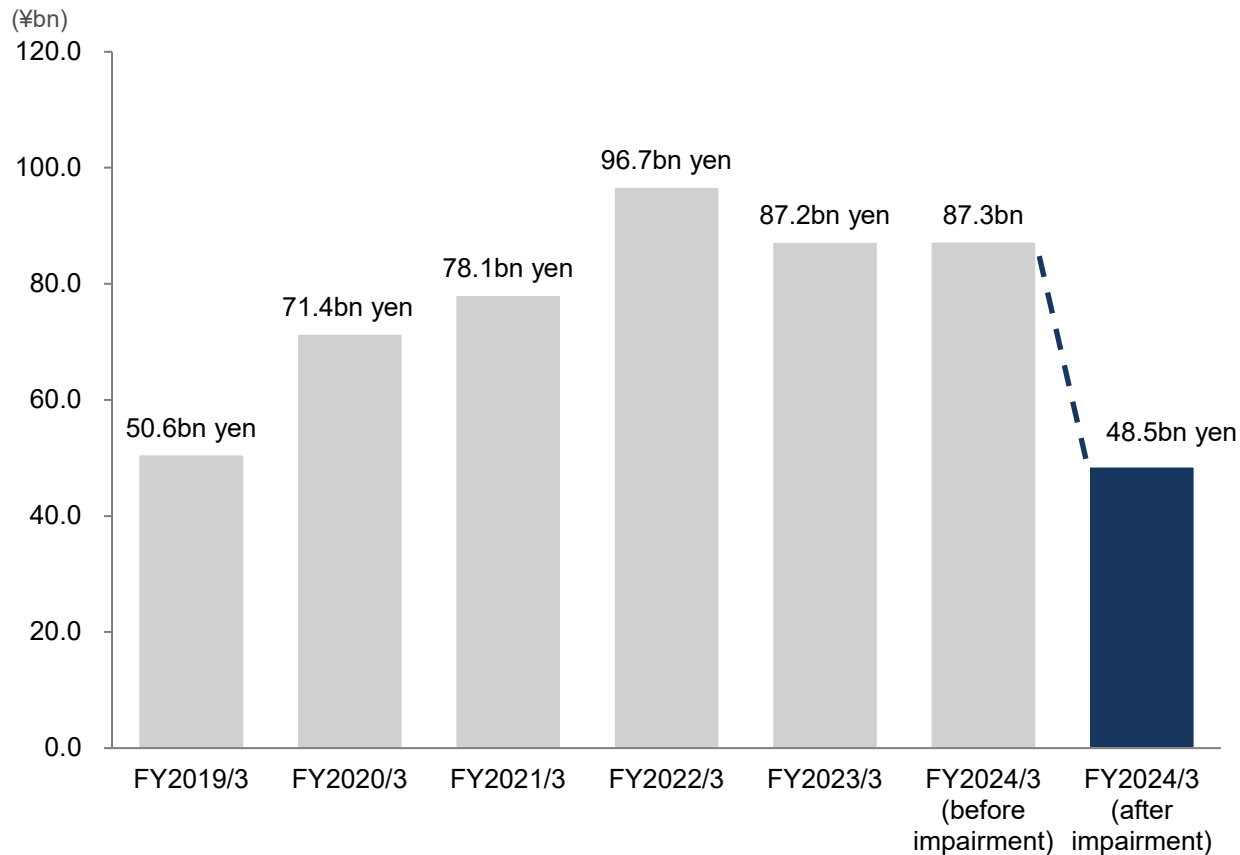
- Diversify earnings opportunities by strengthening customer contact points

- Roll out initiatives to create additional foundational stability

- Strike a balance between shareholder return and growth investment when allocating capital

Enhance productivity by optimizing DE segment development footprint

Our content production account



- Recognized ¥38.8 bn in content production account write-downs/extraordinary losses in FY2024/3¹
- Prompted us to take preliminary steps to establish a disciplined pipeline strategy

1. The content subject to impairment losses consisted largely of titles slated for release in FY2027/3 and beyond, so any impact on our income statements during this medium-term business plan will be minimal.

Enhance productivity by optimizing DE segment development footprint

Medium-term portfolio philosophy

Shift from quantity to quality, Delivering ensured “Fun”

- Strive to create the optimal portfolio, striking a balance between a “product-out” approach that gives creators’ imaginations free rein as they develop content, and a “market-in” approach that references customers’ voices and data to inform our development efforts
- Engage honestly with our customers and strive for a regular launch cadence, focusing our development efforts and investment on titles with strong potential to be loved for years
- Continue to monitor the value of our content production account closely and work to keep it to an appropriate level

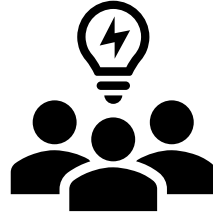
Enhance productivity by optimizing DE segment development/publishing footprints



Mid/long-term pipeline: Develop appealing titles that reach the hearts of our customers

- Launch titles that ensure excitement that will bolster loyalty to our brand, placing top priority on bringing smiles to our customers' faces
 - └ Keep and build on the fan bases for our major franchises by regularly releasing AAA titles
 - └ Release mid-class titles based on strategies for individual lineups, prioritizing profitability
- Launch carefully curated SD titles with the goal of upping our hit rate
- Explore additionally leveraging our Group's rich library of IP
- Be bold in attempting to create new IP, prioritizing novel forms of excitement and striking the right balance with earnings potential
 - └ Explore new possibilities in entertainment, potentially by leveraging new technologies

Enhance productivity by optimizing DE segment development/publishing footprints



Create an internal development footprint that brings more capabilities in-house

- Revamp our internal title development footprint
 - └ Retire its business unit-based organizational design and strive to establish an operationally integrated organization with the goal of revamping its internal title development footprint and bringing more capabilities in-houses
- Transition to a project management structure, keeping balance between the creativity of its individual employees and the management centered on the organization
 - └ Redefine the mission for producers and other related employees and organize its internal supporting structure
 - └ Improve its development investment efficiency, reviewing the overall management process of title development

3 New medium-term plan: 4 pillars

Square Enix Reboots, and Awakens

~ 3 years for rebooting for long-term growth ~

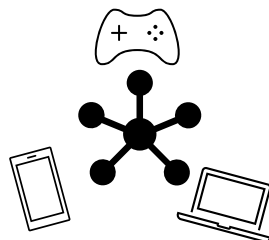
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- Diversify earnings opportunities by strengthening customer contact points

- Roll out initiatives to create additional foundational stability

- Strike a balance between shareholder return and growth investment when allocating capital

Diversify earnings opportunities by strengthening customer contact points



Shift to a multiplatform strategy

- Aggressively pursue a multiplatform strategy that includes Nintendo platforms, PlayStation, Xbox, and PCs
 - └ Build an environment where more customers can enjoy our titles in regards to major franchises and AAA titles including catalog titles
- Devise a platform strategy for SD titles, too, that includes not only iOS and Android, but also the possibility of PC launches
 - └ Maximize the acquisition of new users when launching a title and that of recurring users after starting management of game operation

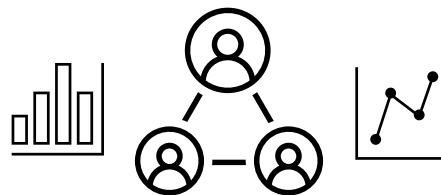
Diversify earnings opportunities by strengthening customer contact points



Step up digital sales

- Maximize digital sales of new titles
- Pursue initiatives designed to win over PC users, which represent a growth market
- Extend title lifecycles and strengthen earnings base by expanding sales of catalog titles
 - ↳ Engage in strategic sales & marketing through collaboration between publishing functions in Japan and overseas

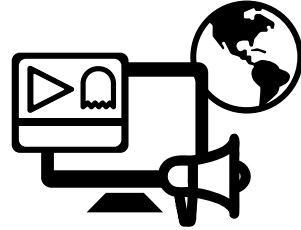
Diversify earnings opportunities by strengthening customer contact points



Create the interaction with customers by increasing sophistication of publishing function

- Pursue integrated sales & marketing operations
 - └ Consolidate the marketing functions that were previously spread across creative business units, expanding shared knowledge, and eliminating duplicate functions
 - └ Create a new reporting line in order to enhance collaboration between sales and marketing functions
- Increasing sophistication of marketing by leveraging first-party data
 - └ Utilization of CRM solutions and data analytics, when developing an ad campaign for HD and SD titles

Diversify earnings opportunities by strengthening customer contact points



Leverage IP across media formats

- Pursue a cross-media strategy capable of approaching new markets
 - └ Expand area of license business by establishing a new department focusing on IP business development at global markets
- Build an organization which makes more active use of its IP by offering it across all media formats
 - └ Generate synergies by integrating organizations affiliated with the Merchandising segment

③ New medium-term plan: 4 pillars

Square Enix Reboots, and Awakens

~3 years for rebooting for long-term growth~

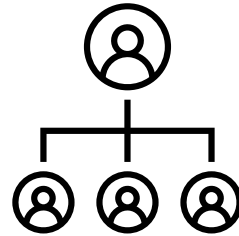
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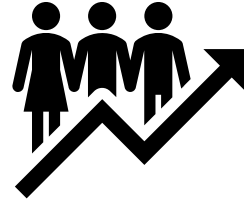
Roll out initiatives to create additional foundational stability



Rebuild overseas business divisions from the ground up

- Began optimizing costs at its European and American offices via structural reforms
 - └ Redesign organizational structure in line with new organization in Japan
- Promote intra-Group collaboration in Japan and abroad and strengthen the functions of its London development site
 - └ Strengthen the close collaboration between its divisions in Japan (creative studios and publishing)
 - └ Enable greater mobility of talent across the Group

Roll out initiatives to create additional foundational stability



Revamp policies on human resource allocation & investment to balance both “creativity and productivity” in Japan Foster/make greater use of internal talent

- Build Group’s flat organization
 - └ Increase opportunities of promotion by selection in order to pursue a new talent
 - └ Streamline the process of decision-making
- HR initiatives in line with integrated management of development functions
 - └ Develop and introduce a recruitment, promotion, and management appointment system
- Establishment of medium to long-term HR resource development system
 - └ Rebuild training system for new graduates
 - └ Introduce internal education programs to enhance capabilities of junior and mid-level employees

Roll out initiatives to create additional foundational stability



Enhance business infrastructure that contributes to improve employees' productivity

- Enhance business infrastructure for its development teams
 - └ Maximize the productivity of its employees under hybrid-working system
 - └ Build its attractive office environment that helps unleash creativity for its development teams.
- Pursue refining its management accounting system that enables greater visibility into business activities

③ New medium-term plan: 4 pillars

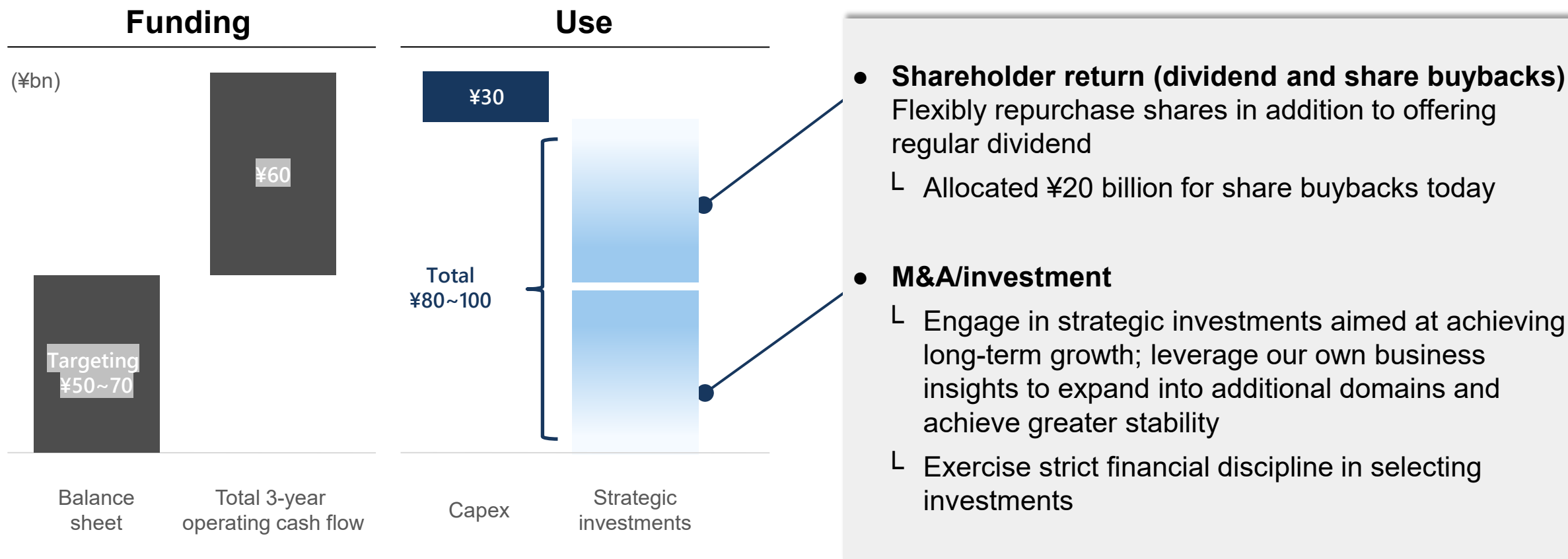
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Capital allocation: Balancing shareholder return & growth investment

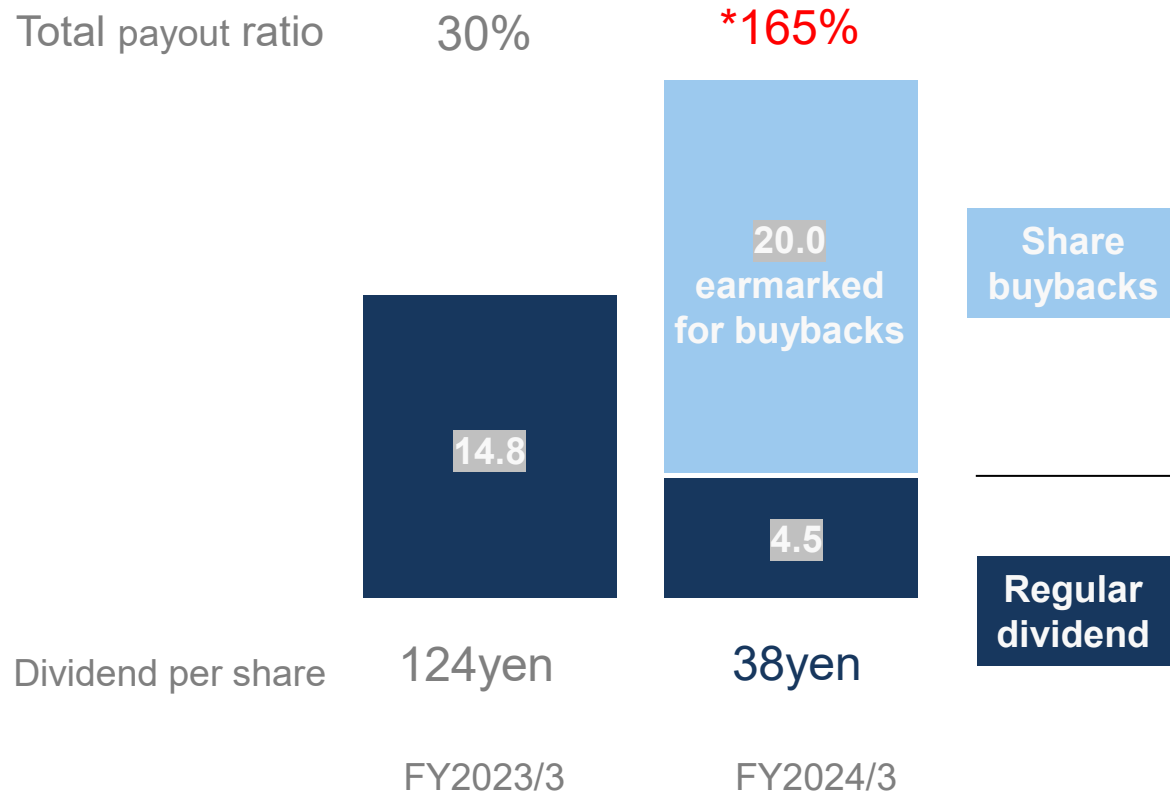
The framework below represents our basic thinking on capital allocation under this medium-term business plan, but we will remain open to making changes that enable greater capital efficiency



Shareholder return policy

We devised the following policy as first step toward improving capital efficiency, but we will remain open to making changes

Our total shareholder return (Billions of Yen)



- Flexibly repurchase shares, taking into account strategic investment opportunities, financial conditions, the share price, etc.
- In FY2023/3, began using any growth in our cash and deposits to fund shareholder returns as a first step to improving our capital efficiency

- Set a dividend payout ratio of 30%
- The firm has also revised the breakdown of its per-share dividends (interim dividend and year-end dividend).

*JPY 24.5 billion (The total of JPY 4.5 billion (expected dividends for the fiscal year ended March 31, 2024) and 20 billion (potential buybacks of its own shares) is divided by 14.9bn (profit attributable to owners of parent for the fiscal year ended March 31, 2024))

New medium-term plan

4 pillars

initiative

Enhance productivity by optimizing the development footprint in the Digital Entertainment (DE) segment



Focus on development of titles delivering “Fun” that only the Group can create and build the development structure

Diversify earnings opportunities by strengthening customer contact points



Shift to a multiplatform strategy Building continuous customer contact points of our titles by stepping up digital sales Create the interaction with customers by increasing sophistication of publishing function Generating the opportunity of new revenue by offering IP across a range of entertainment experiences

Roll out initiatives to create additional foundational stability



Rebuild overseas business divisions from the ground up Introducing policies on organization and human resource allocation in Japan Enhance business infrastructure by implementing PDCA cycle in a timely and appropriate manner

Strike a balance between shareholder return and growth investment when allocating capital



Earmarks a maximum of ¥100 billion for total strategic investments over a three-year period (¥20 billion earmarked for share buybacks for the next one year)

By driving a new medium-term business plan, we will shift from quantity to quality and evolve to deliver a variety of contents that ensure “Fun” all over the world

New medium-term plan: **3** financial targets

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

Strike a balance between shareholder return and growth investment when allocating capital

Achieve stable profit generation from the overall DE segment and to generate a consolidated operating margin of **15%** in the fiscal year ending March 31, 2027.

Earmarks **a maximum of ¥100 billion for total strategic investments** (growth investments or shareholder returns) over a three-year period, including up to ¥20 billion for potential repurchases Of its own shares between May 14, 2024 and May 13, 2025.

Achieve **ROE of at least 10%**, shifting to a management approach mindful of capital efficiency.

Consolidated Financial Forecasts: Fiscal Year ending March 31, 2025

(Billions of Yen)

	Fiscal Year Ended March 31, 2024	Fiscal Year Ended March 31, 2024	
	Full Year Results	Full Year Results	Changes
Net Sales	356.3	310.0	△46.3
Operating Income	32.5	40.0	7.5
Operating Income Margin	9.1%	12.9%	3.8pt
Ordinary Income	41.5	40.0	△1.5
Ordinary Income Margin	11.7%	12.9%	1.2pt
Profit attributable to owners of parent	14.9	28.0	13.1
Dividends per share			(Yen)
Interim	10	28	18
Yearend	28	43	15
Total	38	71	33

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