SQUARE ENIX

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

Our 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

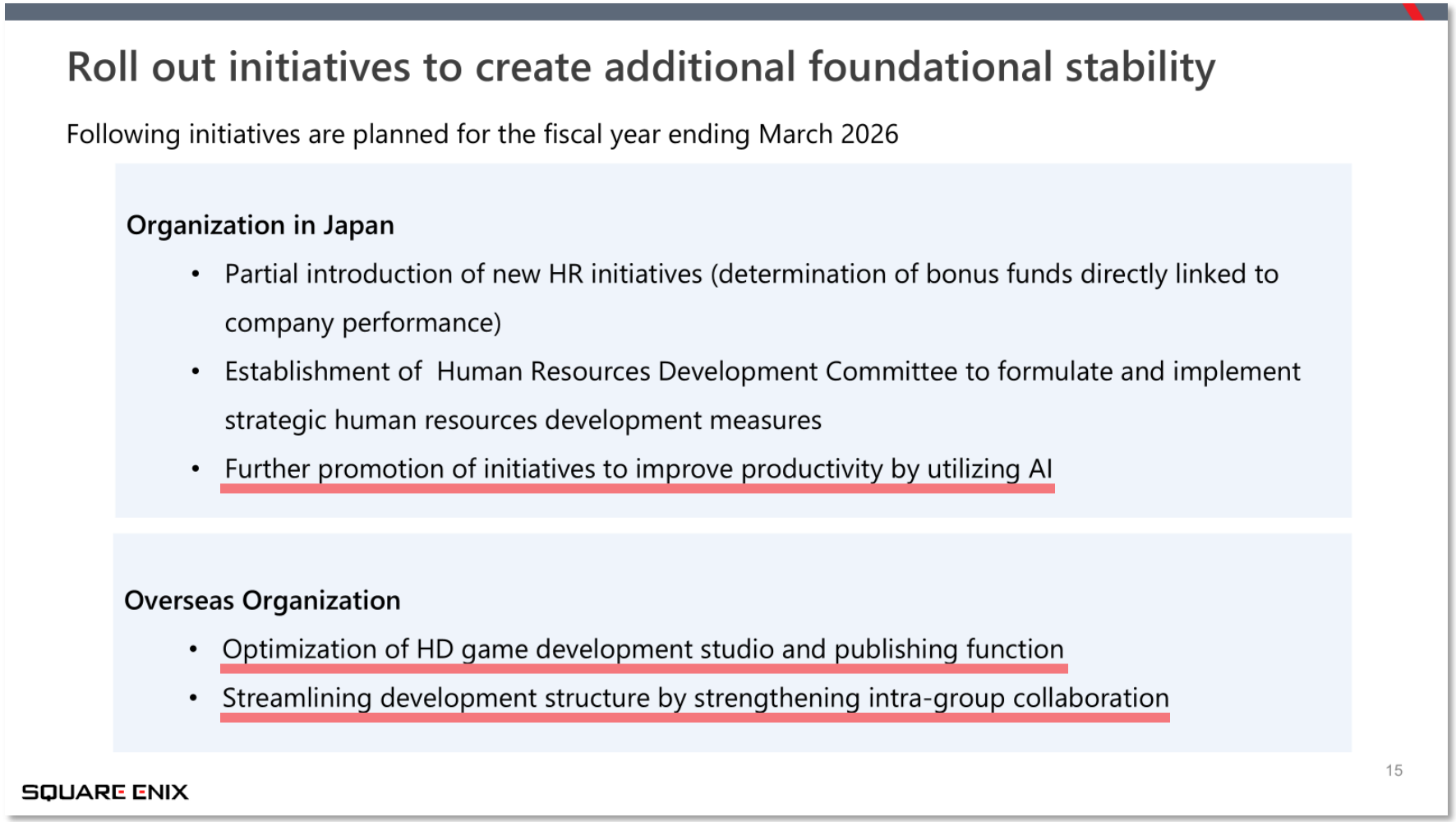
Mid-term Business Plan: First Year Results and Review

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	• Continuous enhancement of the domestic studio development title portfolio • Improvement of SD business profitability • Review and optimization of overseas studio development organizational structures
Diversify earnings opportunities by strengthening customer contact points	• Promoting multi-platform distribution and catalog sales expansion for HD titles • Accelerating business collaboration and cross-media initiatives to maximize the value of group IPs
Roll out initiatives to create additional foundational stability	• Promoting AI Utilization in Japan • Implementing Fundamental Structural Reforms at Overseas Publishing Organizations and Optimizing SG&A Expenses
Allocate capital giving consideration to the balance between growth investment and shareholder returns	• Continuous exploration of growth investment opportunities and strengthening of shareholder returns through increased dividends • Enhancing stock liquidity and expansion of investor base through the implementation of stock split

Roll Out Initiatives to Create Additional Foundational Stability

The following initiatives were implemented during the first half of fiscal year ending 2026/3.



Roll out initiatives to create additional foundational stability

Following initiatives are planned for the fiscal year ending March 2026

Organization in Japan

- Partial introduction of new HR initiatives (determination of bonus funds directly linked to company performance)
- Establishment of Human Resources Development Committee to formulate and implement strategic human resources development measures
- Further promotion of initiatives to improve productivity by utilizing AI

Overseas Organization

- Optimization of HD game development studio and publishing function
- Streamlining development structure by strengthening intra-group collaboration

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Excerpted from the materials released on May 14, 2025.

Promoting AI utilization in Japan

- Initiation of joint research with the Matsuo Laboratory at the University of Tokyo, aimed at improving the efficiency of game development processes through AI technologies.
- Company-wide business idea contest held under the theme of AI, with several selected ideas developed into projects and currently being promoted internally.

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松尾・岩澤研究室
MATSUO-IWASAWA LAB UTOKYO

Joint Development of Game QA Automation Technology Using Generative AI with the Matsuo–Iwasawa Laboratory, the University of Tokyo

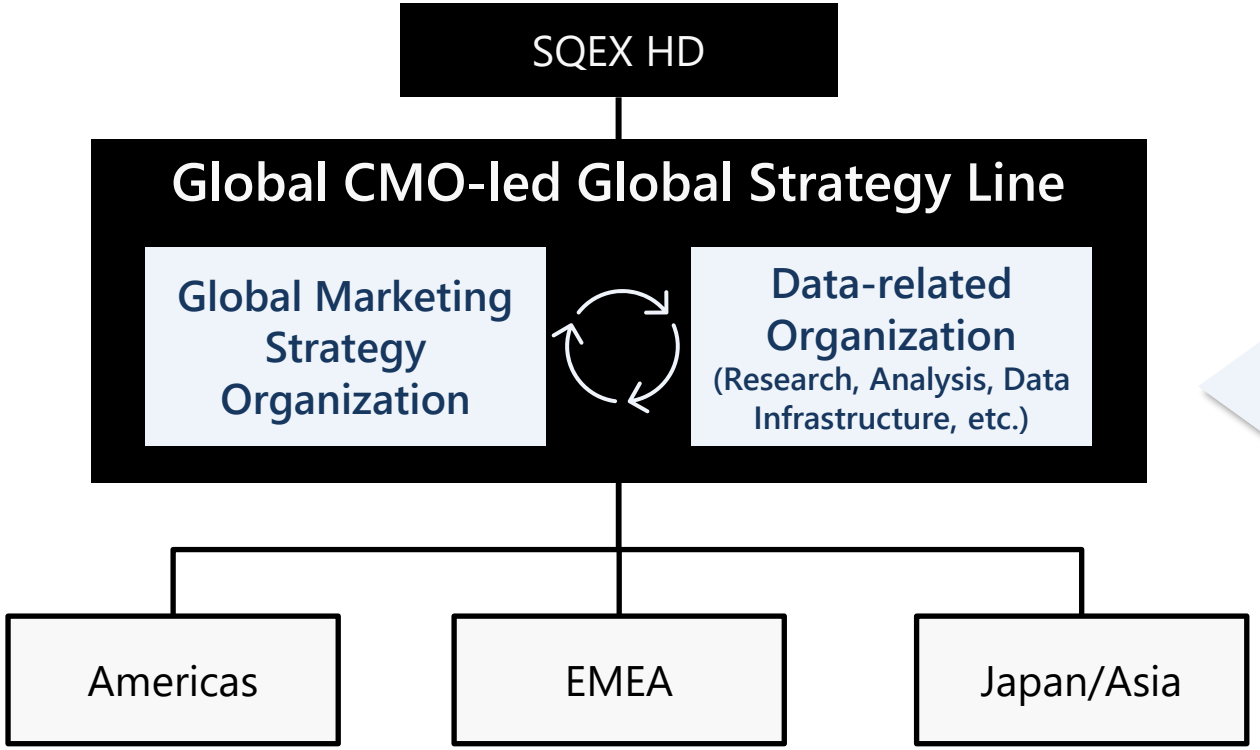
[Goal]
Automate 70% of QA and debugging tasks in game development by the end of 2027. Through the use of automation technology, aim to improve the efficiency of QA operations and establish a competitive advantage in game development.

[Structure]
A joint research team of more than ten members, comprising researchers from the Matsuo-Iwasawa Laboratory UTokyo, and engineers from the SQUARE ENIX group, is advancing the collaborative development.

Overseas Structural Reform
<Reorganization of Overseas Organizations>

In Japan, ahead of overseas operations, marketing functions that had been dispersed under former business units were consolidated in conjunction with the transition to the Creative Studio (CS) system, and a reporting line designed to strengthen collaboration between sales and marketing functions has already been introduced.

In the current fiscal year, a fundamental restructuring of the overseas publishing organization is being implemented with the aim of **further strengthening global publishing capabilities** and improving operational efficiency.



Establishing a structure to maximize sales through regional marketing and sales organizations under a global strategy

＜Issues＞

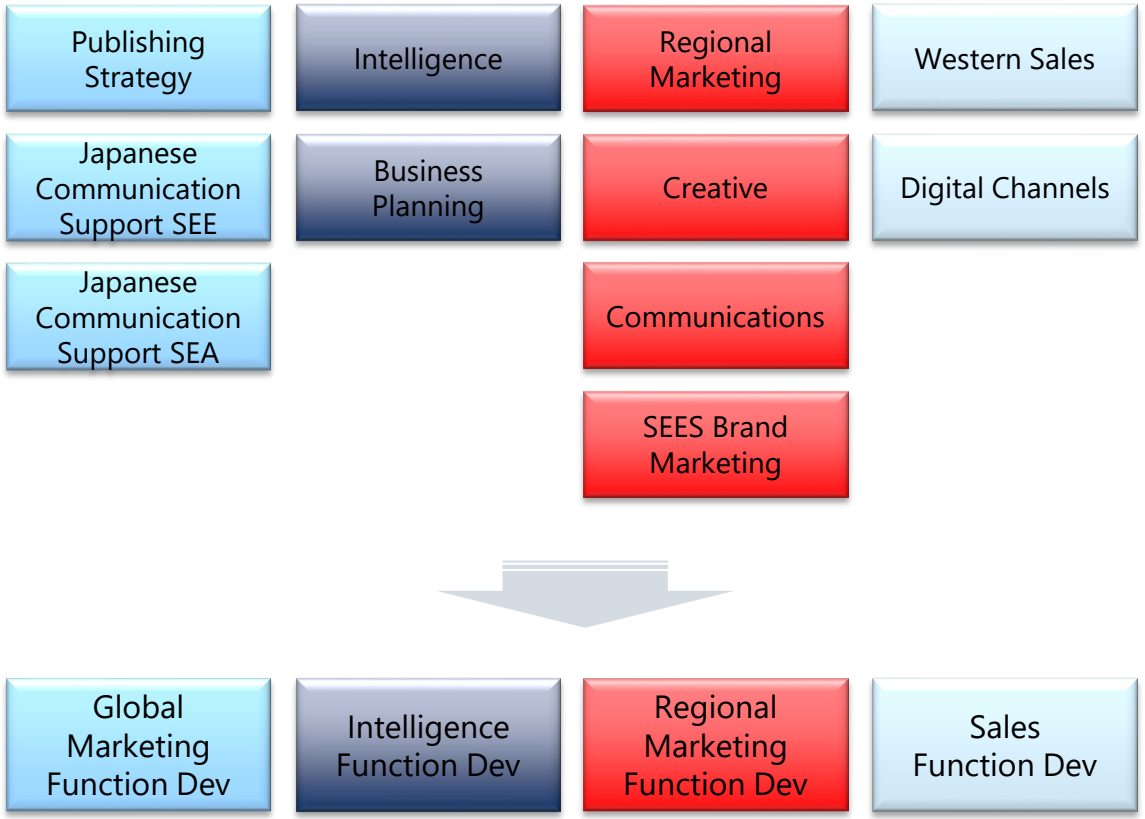
Conventional publishing driven by a product-out mindset

＜Transformation Policy＞

Integration of global strategy and data-related organizations under the Chief Marketing Officer (CMO) to strengthen authority and fundamentally review business workflows, with the aim of enhancing data-driven digital marketing.

Overseas Structural Reform <Reorganization of Overseas Organizations>

Implementation of structural reforms in overseas publishing organizations to further strengthen global publishing capabilities and **improve operational efficiency.**



＜Issues＞

An overly layered and segmented organizational structure

＜Three Pillars of Transformation＞

- **Lean**
- **Agile**
- **Multi-skilled teams**

Reorganization of the HD Games publishing organization from 11 divisions to 4 divisions

Annual cost savings of over 3 billion yen* expected

*Calculation based on the average exchange rate for the first half of FY2026/3.

Overseas Structural Reform <Review of Development Structure>

Under the policy of shifting from quantity to quality, a selective and focused approach is being implemented. As a result of reviewing development titles and development structures in overseas operations, a restructuring expense of 11.8 billion yen is expected to be recorded in the fiscal year ending March 2026.

- To strengthen development capabilities from a Group-wide perspective and to optimize resource allocation for maximizing the value generated by IPs, a further review of the development pipeline was conducted. As a result, a decision was made to close overseas development studios and shift toward **consolidating development functions in Japan**.

- The **management of IPs** previously overseen by overseas development studios will be **globally integrated**.

- In addition, development support functions and personnel allocation, both in Japan and overseas, will be **reviewed from the perspective of overall Group optimization.**

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

- Establishment of a mid- to long-term pipeline to achieve the shift from quantity to quality.
- Aim to achieve stable launches of major titles centered on key IPs, following the three-year period of the current medium-term business plan.

FY2026/3 | FY2027/3 | After FY2028/3

Three years of rebooting

To be launched on Dec 4, 2025 on multiple platforms
"OCTOPATH TRAVELER 0"

To be launched on Jan 22, 2026 on Nintendo Switch™ 2 / Xbox Series X|S

Murder Mystery Action Game
"KILLER INN" Release date to be announced

Release of multiple new titles and multi-platform titles

Consistent releases of large-scale titles

To be launched on Feb 2, 2026 on multiple platforms
"DRAGON QUEST VII Reimagined"

To be launched in 2026
"The Adventures of Elliot: The Millennium Tales"

Launch of several large-scale titles

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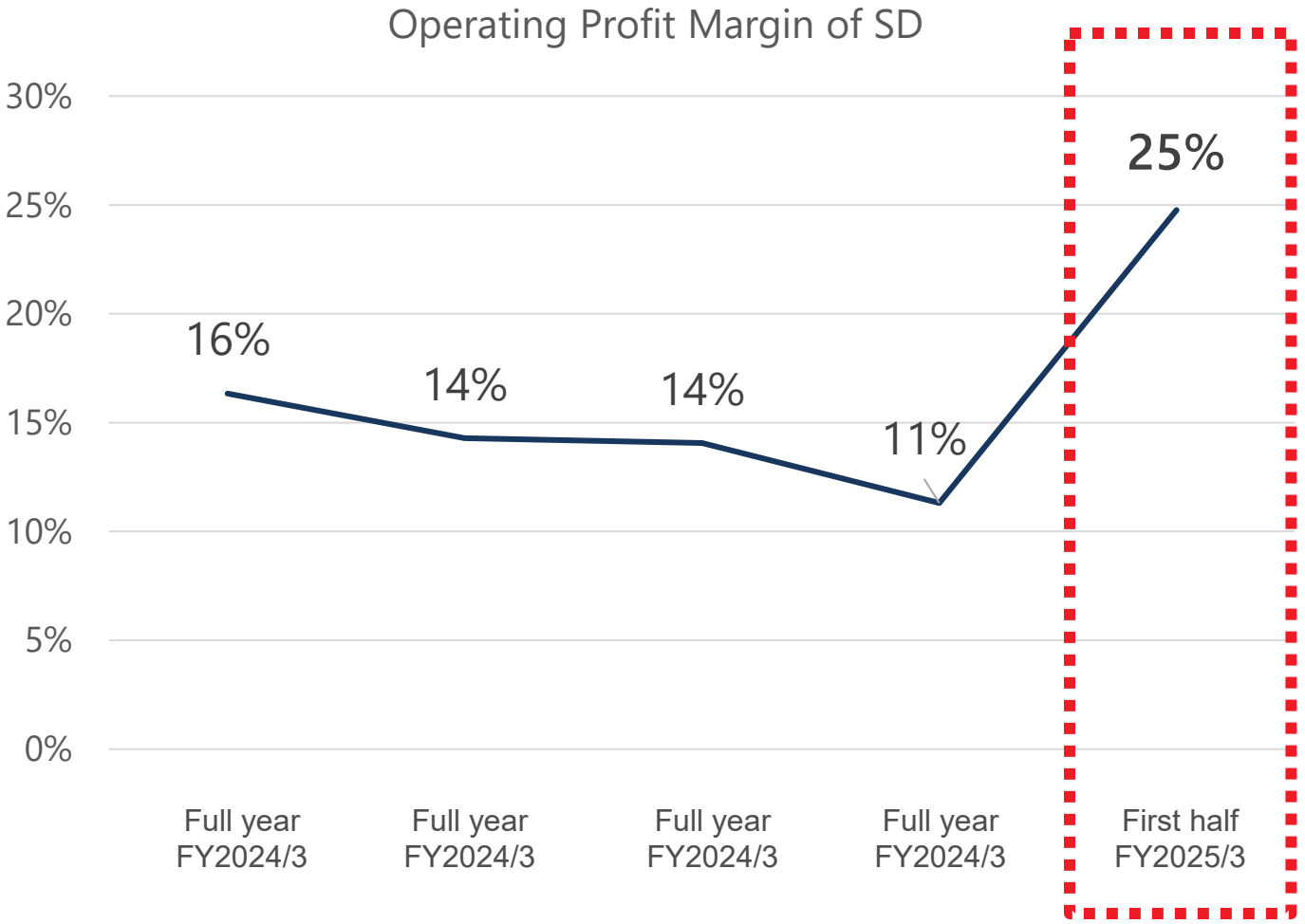
Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

- Continuous cost reduction efforts have been made for SD titles since the previous fiscal year. In addition, profitability improvement measures, such as the introduction of new payment methods in major titles, have been implemented, and the effects of these initiatives have begun to materialize.



Off-app payment methods introduced in nearly all major titles

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Developed by Aiming Inc.
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Enhance Productivity by Optimizing the Development Footprint in the Digital Entertainment (DE) Segment

- The shift of quality over quantity is being steadily promoted for SD titles as well, both in newly developed titles and in live-operation titles. Efforts are also underway to transition toward the development of titles centered on major IPs.

Multiple Titles Scheduled for Launch in 2026 Announced

3vs3 Team Boss Battle Arena
Newest Entry in the DISSIDIA FINAL FANTASY Series

DRAGON QUEST x Intuitive & Exhilarating
Smartphone Roguelite RPG

© SQUARE ENIX/NHN PlayArt
CHARACTER DESIGN: MIKI YAMASHITA / TETSUYA NOMURA

© ARMOR PROJECT/BIRD STUDIO/SQUARE ENIX
Developed by KLabGames

Diversify Earnings Opportunities by Strengthening Customer Contact Points

- Under the multi-platform strategy, multiple platform expansion projects for existing titles have been launched since fiscal year ending March 2025, steadily advancing the expansion of the fan base for each IP.

＜List of Supported Platforms for Major titles＞

Supported Platforms	FINAL FANTASY XVI Launched in Jan, 2023	FINAL FANTASY VII REMAKE Launched in Apr, 2020	FINAL FANTASY VII REBIRTH Launched in Feb, 2024	Romancing SaGa2: Revenge of the Seven Launched in Oct, 2024	DRAGON QUEST III HD-2D Remake Launched in Nov, 2024	FINAL FANTASY TACTICS - The Ivalice Chronicles Launched in Sep, 2025	DRAGON QUEST I & II HD-2D Remake Launched in Oct, 2025	DRAGON QUEST VII Reimagined To be launched in Feb, 2026
PS5	○	○	○	○	◎	◎	◎	◎
Nintendo Switch2	–	◎ To be launched in 2026	◎ Planned support	◎ Launched in Jul, 2025	◎ Supported in Jul, 2025	◎	◎	◎
Xbox Series	◎ Launched in Jun, 2025	◎ To be launched in 2026	◎ Planned support	◎ Launched in Sep, 2025	◎	◎	◎	◎
PC	◎ Launched in Sep, 2024	◎ Launched in Dec, 2021	◎ Launched in Jan, 2025	○	◎	◎	◎	◎

Simultaneous Release on Multiple Platforms

◎･･･Titles with Multi-Platform Support Implemented under the Multi-Platform Strategy
○･･･Supported Platforms at Initial Launch

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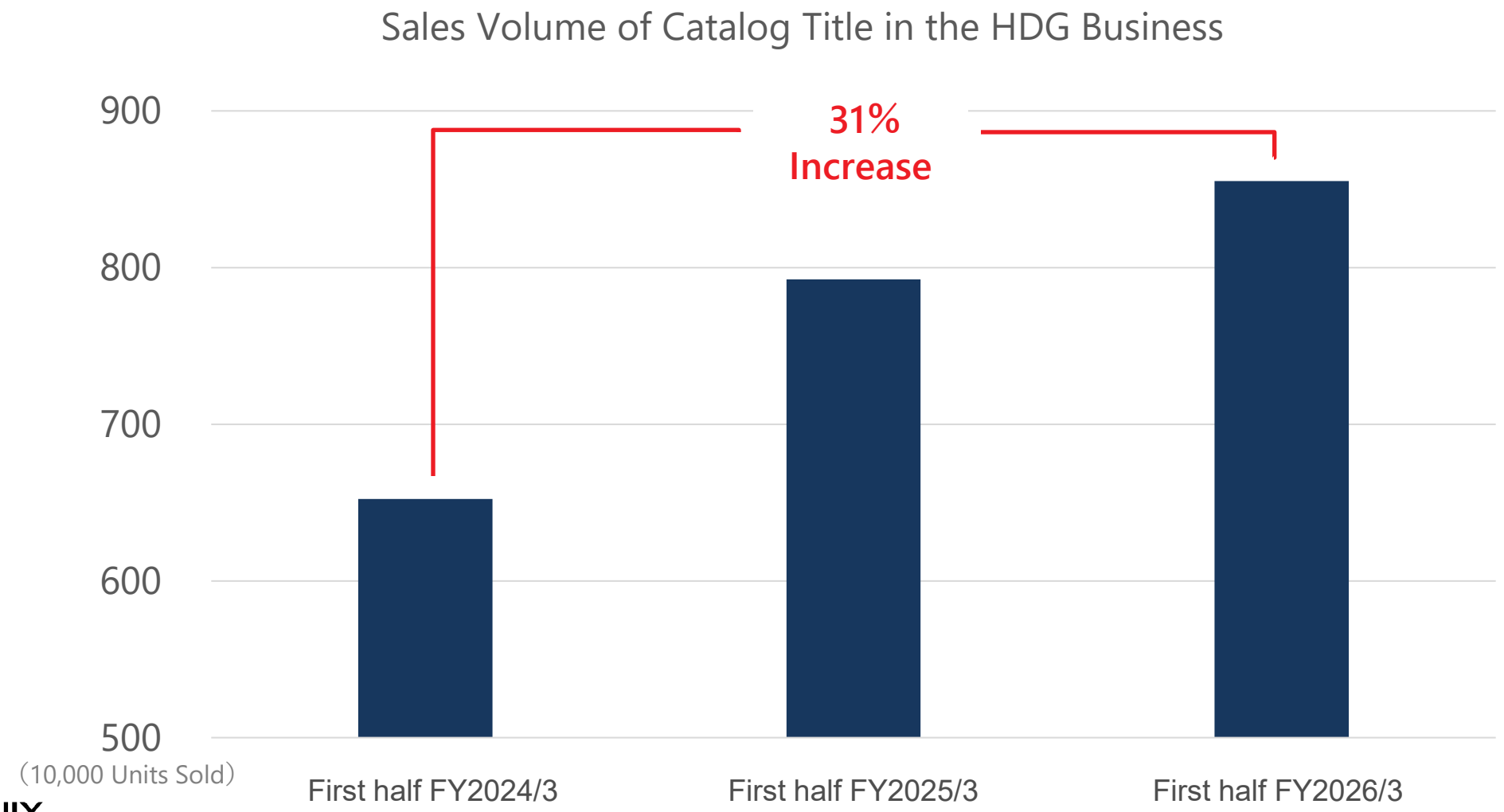
Diversify Earnings Opportunities by Strengthening Customer Contact Points

- In the HDG segment, efforts are focused on expanding sales of catalog titles* to grow the Company's fan base and improve profitability.

*Catalog titles: Titles released prior to the current fiscal year.



Diversify Earnings Opportunities by Strengthening Customer Contact Points

- In fiscal year ending March 2026, initiatives were launched to establish a framework for the global growth of the merchandising business leveraging game and publishing IPs.
- Preparatory efforts are also continuing to further expand cross-media initiatives through the use of licensing and other partnerships.

Expansion of Product Development through Licensing

"FINAL FANTASY" × "Magic: The Gathering" card game collaboration

Achieved record-breaking sales mainly in North America

Additional collaboration pack scheduled for release on December 5, 2025

Expansion of Merchandise Stores and Limited-Time Stores

Rollout of new initiatives in Japan and overseas for further merchandising business growth

SQUARE ENIX® e-STORE

Overseas expansion starting in North America, with plans for additional regions

SQEX CAPSULE GARDEN

Opening of capsule toy store utilizing proprietary IPs

© SQUARE ENIX Cards featuring art by Yoshitaka Amano
IMAGE ILLUSTRATION: © YOSHITAKA AMANO
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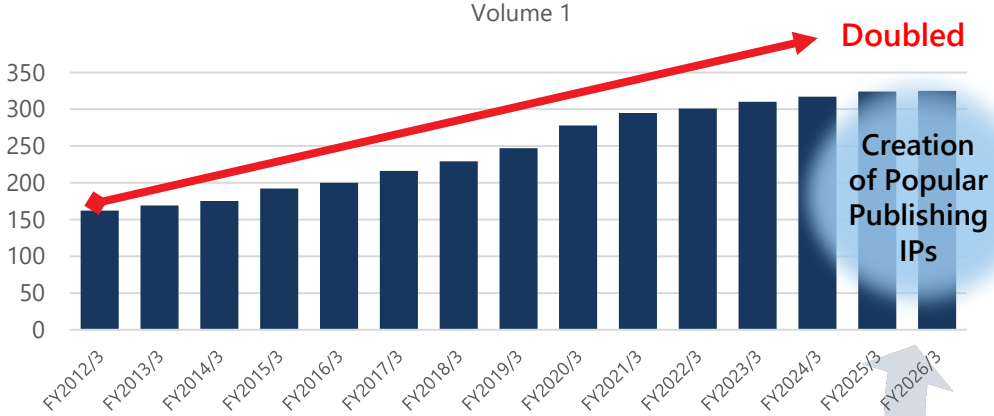
Diversify Earnings Opportunities by Strengthening Customer Contact Points

- Strengthening of new IP creation and promoting cross-media strategies to expand IP fan base and enhance cross-selling.
- Policy to promote collaboration with other businesses within the Group to accelerate overall Group growth.

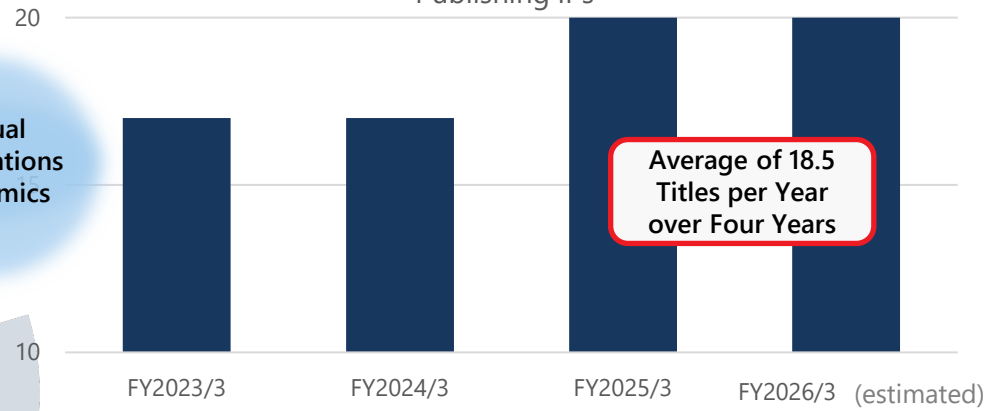
Cumulative Number of Comic Titles with Over 100,000 Copies Sold for Volume 1



Creation of Popular Publishing IPs

Visual Adaptations of Comics

Number of Anime and Live-Action Adaptations of Publishing IPs



Stage Adaptations and Merchandise

Active development of stage and musical adaptations not only for game IPs but also for publishing IPs

Diversification of revenue through merchandising and licensing at large-scale exhibitions and events

Group Collaboration

Collaboration through merchandise and online lotteries as part of Square Enix's overall IP strategy

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Diversify Earnings Opportunities by Strengthening Customer Contact Points

- Active development of visual adaptation projects utilizing game IPs and publishing IPs, aimed at expanding the global fan base of the Company's IPs.

Expansion into Visual Content

Comic series surpassing 4 Million copies in total circulation*
"Daemons of the Shadow Realm" scheduled for broadcast/streaming from April 2026
TV anime adaptation announced at Anime Expo 2025 in North America

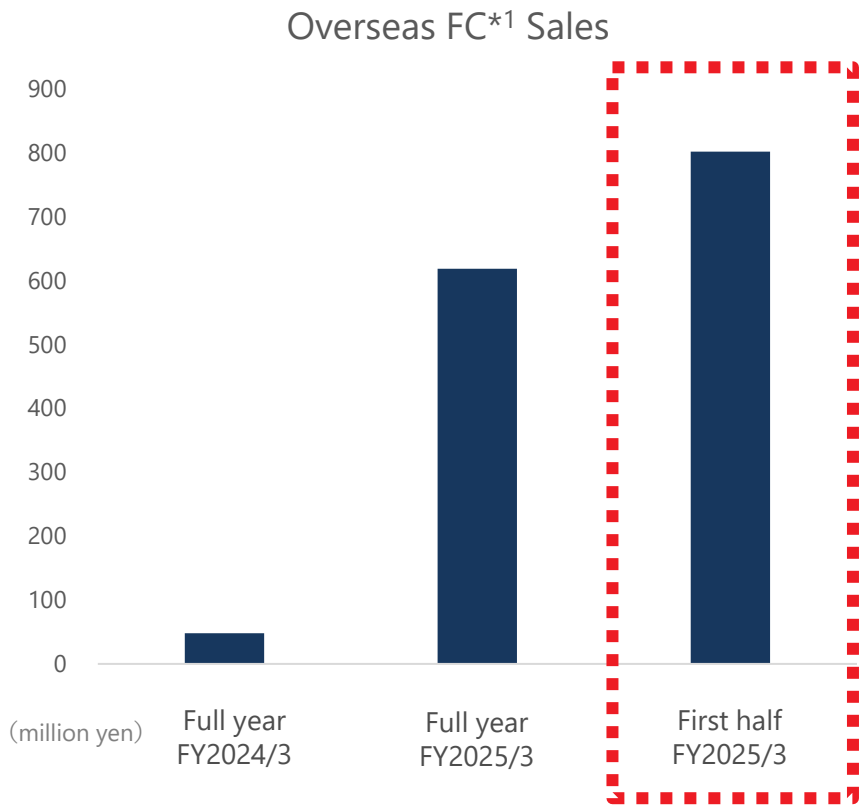
Live-action drama adaptation of the first installment of the popular adventure game series "Life is Strange" by Amazon MGM Studios

©Hiromu Arakawa/SQUARE ENIX, Project TSUGAI
*As of July 2025

Diversify Earnings Opportunities by Strengthening Customer Contact Points

1 Strengthening Overseas Sales

In addition to the existing four stores opened in last fiscal year in Hong Kong, two additional stores scheduled to open in the first half of FY 2026/3 to accelerate overseas growth.

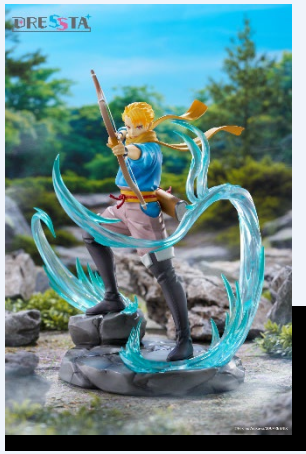


2 Strengthening Group Collaboration

Generating synergies within the Square Enix group

TAITO SQEX

- Creation of contact points for the Group's IP utilizing TAITO's 175 amusement facilities*2 (domestic and overseas)
  - Sales of amusement prizes featuring SQEX IPs
  - Retail sales of SQEX merchandise within amusement facilities



Comic IP "Daemons of the Shadow Realm" merchandise

- Promotion of domestic/international collaborative MD business
  - Licensing of Square Enix IPs on the TAITO e-commerce site
  - Merchandise sales
  - Expansion into mainland China in collaboration with Square Enix China
  - Promotion of joint projects with the overseas e-store business

Game IP "Dragon Quest" prize

*1Franchise stores in Hong Kong
*2Total number of company-owned and franchise stores

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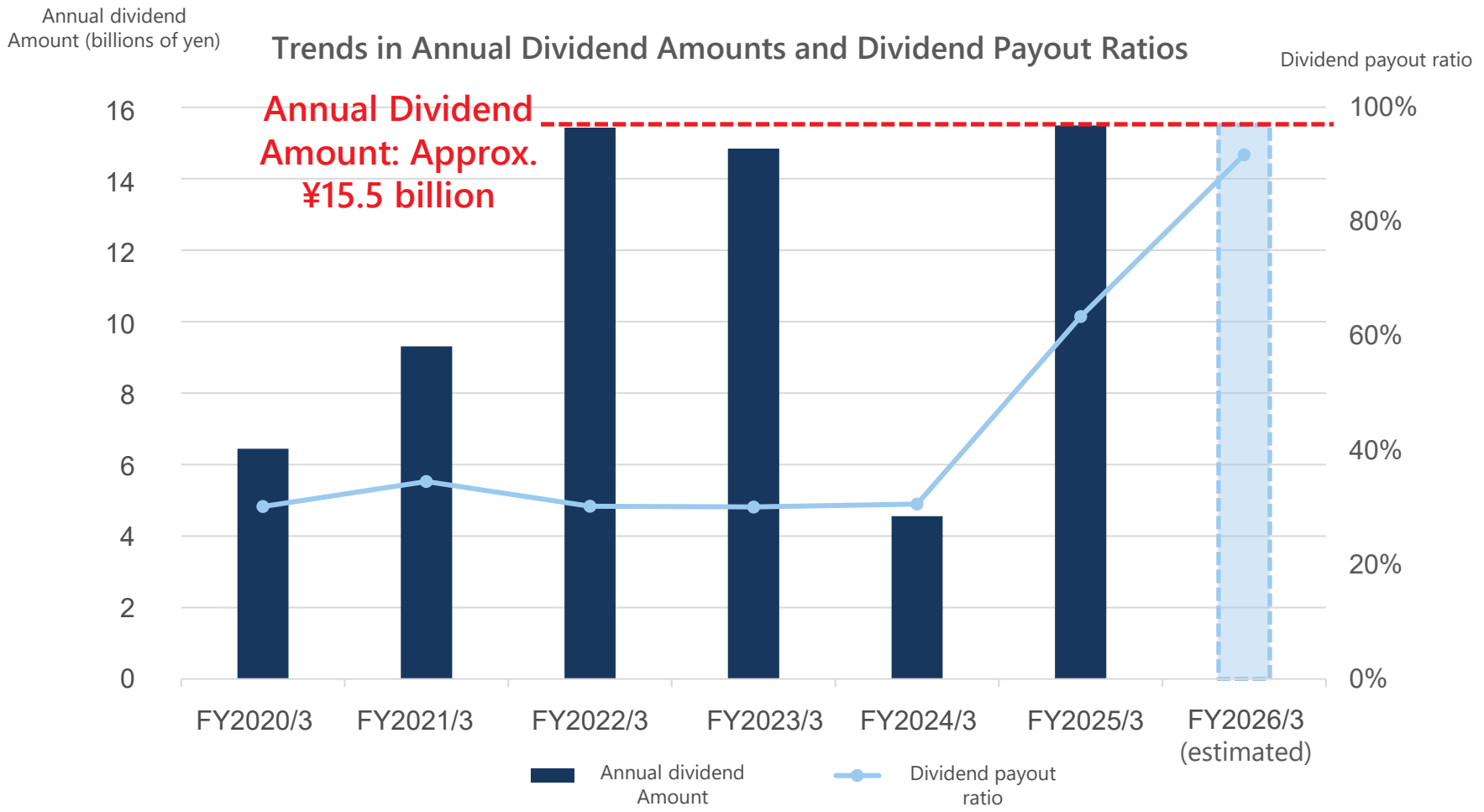
Past Trends and Estimate of Shareholder Returns

Past trends and future outlook of shareholders returns are as follows.

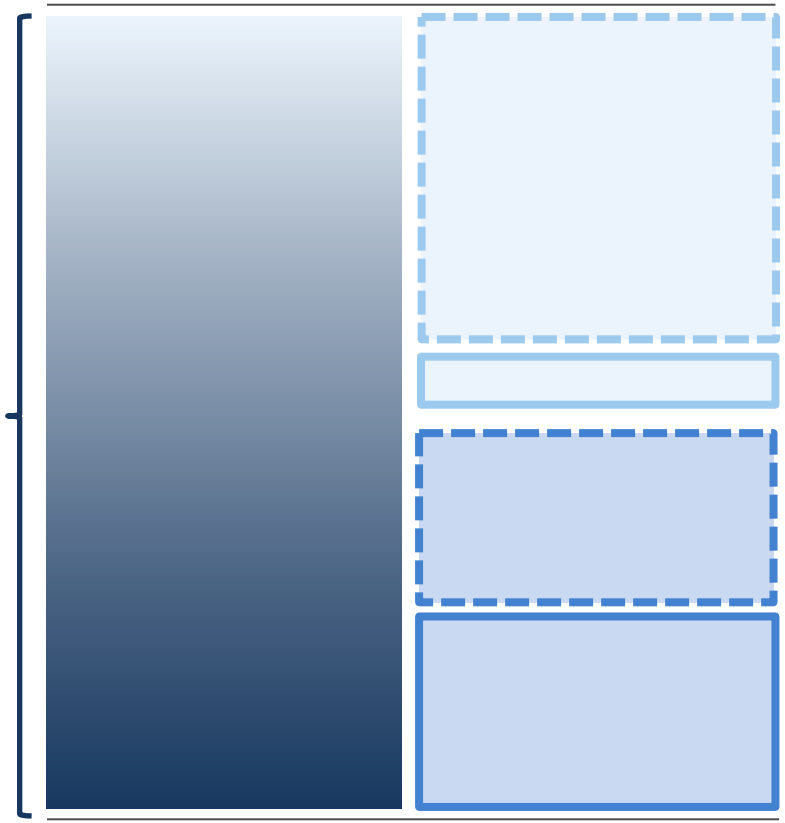
Dividends implemented with reference to the level of the fiscal year ended March 2022, when the Company recorded its highest profit to date



Capital Allocation: Balancing Growth Investment & Shareholder Returns

For capital allocation under the current medium-term business plan, a balance between growth investment and shareholder returns is considered, with the following framework as the basic policy:

Strategic Investments Total ¥80~100 bn



M&A / Investment

- Inorganic investments implemented to expand and stabilize business by utilizing knowledge from the Company's own businesses
- Investment opportunities that contribute to improving corporate value implemented selectively
- Strategic investments implemented (AI, data marketing, etc.)

Shareholder returns

- 15.5 billion yen planned to be allocated for dividends in fiscal year ending March 2026
- Total shareholder return ratio expected to be 91.7% as a result
- Three-for-one stock split implemented in October 2025

Consolidated Financial Forecasts: Fiscal Year ending March 31, 2026

(Billions of Yen)

	Fiscal Year Ended March 31, 2026	Fiscal Year Ending March 31, 2026	
	Initial Full-Year Plan	Revised Full-Year Plan	Changes
Net Sales	280.0	280.0	—
Operating Income	41.0	41.0	—
Operating Income Margin	14.6%	14.6%	—
Ordinary Income	41.0	41.0	—
Ordinary Income Margin	14.6%	14.6%	—
Profit attributable to owners of parent	28.7	16.9	11.8

Dividends per share (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.