

[Abridged Translation for Reference and Convenience Purposes Only]

This document is an abridged translation of the Japanese original of "Notice of Convocation of the 42nd Annual Shareholders' Meeting" and "Reference Documents for the Shareholders' Meeting" 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.

Securities Code: 9684
June 2, 2022

To Our Shareholders:

Yosuke Matsuda
President and Director
SQUARE ENIX HOLDINGS CO., LTD.
6-27-30, Shinjuku, Shinjuku-ku, Tokyo

NOTICE OF CONVOCATION OF THE 42ND ANNUAL SHAREHOLDERS' MEETING

Notice is hereby given that the 42nd Annual Shareholders' Meeting of SQUARE ENIX HOLDINGS CO., LTD. (the "Company") will be held as described below.

In the event that you are unable to attend the Meeting, please examine the "Reference Documents for the Shareholders' Meeting" provided below, and you may exercise your voting rights either online or in writing (via post) no later than 6:00 p.m., Wednesday, June 22, 2022 (Japan Standard Time).

- 1. Time:** 10:00 a.m., Thursday, June 23, 2022 (Doors open at 9:00 a.m.)
- 2. Place:** Century Room, B1 floor, Hyatt Regency Tokyo
2-7-2 Nishi Shinjuku, Shinjuku-ku, Tokyo
- 3. 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 42nd Term (April 1, 2021 through March 31, 2022)
 2. Non-Consolidated Financial Statements for the 42nd Term (April 1, 2021 through March 31, 2022)
- Items for Resolution**
- First Item:** Partial Amendments to the Articles of Incorporation
- Second Item:** Election of Ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members)
- Third Item:** Election of Three (3) Directors who are Audit & Supervisory Committee Members
- Fourth Item:** Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member
- Fifth Item:** Revision of Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Sixth Item:** Revision of Remuneration for the Restricted Stock Remuneration Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members)

- END -

Notes:

Excerpts from the Business Report and Consolidated Financial Statements are to be attached to this NOTICE OF CONVOCATION and are described from page 25 onward.

Should revisions to this document for the Shareholders' Meeting become necessary, such changes will be posted on the Company's website (Japanese: <https://www.hd.square-enix.com/jpn/ir/stock/shareholdersmeeting.html> ; summarized translations in English: <https://www.hd.square-enix.com/eng/ir/stock/shareholdersmeeting.html>).

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Information on Exercising Voting Rights

The right to vote at the Annual Shareholders' Meeting is an important right of all shareholders. Please exercise your voting rights after having reviewed the Reference Documents for the Shareholders' Meeting described below. There are three ways to exercise your voting rights:

- In person at the Annual Shareholders' Meeting
Please submit your voting form to the receptionist at the venue.
The time and date of the Annual Shareholders' Meeting is 10:00 a.m., Thursday, June 23, 2022 (Japan Standard Time).
- Online
Please access the voting website (<https://evote.tr.mufg.jp/>) and enter your approval or rejection of the agenda items. You need a log-in ID and a temporary password, which are indicated on the Voting Form.
Alternatively, you can log onto the website without a log-in ID or a temporary password by scanning the QR code on the Voting Form.
The deadline for exercising your voting rights is 6:00 p.m., Wednesday, June 22, 2022 (Japan Standard Time).
- In writing (via post)
Please indicate your approval or rejection of the agenda items on the Voting Form, and return it via post.
Voting forms must arrive no later than 6:00 p.m., Wednesday, June 22, 2022 (Japan Standard Time).

If you exercise your voting rights both online and in writing (via post), only the former will be valid, and if you exercise your voting rights online more than once, only the last vote will be counted.

(Note: Online voting is not available to non-resident shareholders.)

(Note: Nominal shareholders such as trust banks [including custodians] who apply in advance to use the Electronic Voting Platform for Foreign and Institutional Investors operated by ICJ, Inc. may use the platform to exercise their voting rights electronically, as provided for in the Companies Act.)

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Reference Documents for the Shareholders' Meeting

First Item: Partial Amendments to the Articles of Incorporation

1. Reason for Amendment

The amendment provisions stipulated in the provision of Article 1 of the Supplementary Provisions of the "Act for Partial Revision of the Companies Act" (Act No. 70 of 2019) will come into effect on September 1, 2022. In preparation for the introduction of a system to provide materials for general meetings of shareholders electronically, the Company will amend the Articles of Incorporation as follows.

- 1) Article 15, Paragraph 1 of the Proposed Amendments provides that information contained in the Reference Documents for the Shareholders' Meeting shall be provided electronically.
- 2) Proposed Amendments Article 15, Paragraph 2 sets forth provisions to enable the Company to limit the scope of matters to be stated in the documents to be delivered to shareholders who have requested the delivery of such documents.
- 3) The provision concerning the Internet disclosure and deemed provision of the Reference Documents for the Shareholders' Meeting, etc. (Article 15 of the current Articles of Incorporation) will be deleted as it is no longer necessary.
- 4) In conjunction with the above additions and deletions, supplementary provisions concerning effective dates, etc. will be established.

2. Details of Amendment

The details of the amendment are shown in the attachment.

(The amended parts are underlined.)

Current Articles	Proposed Amendment
<p><u>(Internet Disclosure and Deemed Provision of Reference Documents for the Shareholders' Meeting)</u> <u>Article 15. When convening the Shareholders' Meeting, the Company may deem that the information to be stated or indicated in the Reference Documents for the Shareholders' Meeting, Business Report, Non-Consolidated Financial Statements and Consolidated Financial Statements shall be provided to the shareholders by disclosing them through the Internet in accordance with the applicable Ordinance of the Ministry of Justice.</u></p>	<p>(Deleted)</p>
<p>(New)</p>	<p><u>(Electronic provision measures, etc.)</u> <u>Article 15. When the Shareholders' Meeting is convened, the Company shall implement measures to provide information contained in the Reference Documents for Shareholders' Meeting by electronic means.</u> <u>2) The Company may choose not to state all or part of the matters prescribed by the applicable Ordinance of the Ministry of Justice among the matters to be taken by Electronic Provision Measures in the documents to be delivered to shareholders who have requested the delivery of documents by the record date for voting rights.</u></p>
<p>Supplementary Provision (New)</p>	<p>Supplementary Provision <u>(Transitional Measures Pertaining to Electronic Provision Measures)</u> <u>1. The amendment to Article 15 of the Articles of Incorporation shall take effect on September 1, 2022 (hereinafter referred to as the "Effective Date"), which is the date of enforcement of the amending provisions set</u></p>

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Current Articles	Proposed Amendment
	<p><u>forth in the proviso to Article 1 of the Supplementary Provisions of the Act for Partial Revision of the Companies Act (Act No. 70 of 2019).</u></p> <p><u>2. Notwithstanding the provisions of the preceding paragraph, Article 15 (Disclosure on the Internet and Deemed Provision of Reference Documents for Shareholders' Meeting) of the Articles of Incorporation shall remain in force with respect to the Shareholders' Meeting held on a date within six (6) months from the Effective Date.</u></p> <p><u>3. These Supplementary Provisions shall be deleted after the expiration of six (6) months from the Effective Date or the expiration of three (3) months from the date of the Shareholders' Meeting set forth in the preceding paragraph, whichever comes later.</u></p>

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Second Item: Election of Ten (10) Directors (excluding Directors who are Audit & Supervisory Committee Members)

The term of office of all the incumbent Directors (excluding Directors who are Audit & Supervisory Committee Members; the same applies hereinafter in this item) will expire at the close of this Annual Shareholders' Meeting.

Therefore, the Company proposes to increase the number of executive directors by three (3) from one (1) to four (4), and to increase the number of outside directors by one (1) from five (5) to six (6) in order to adjust the balance between execution and supervision and further strengthen the management system, and in order to further strengthen corporate governance and increase the transparency, objectivity and diversity of the Board of Directors, and the Company proposes to increase the number of Directors by four (4), from six (6) to ten (10), for a total of ten (10) Directors.

The Audit & Supervisory Committee has expressed the opinion that this proposal has been properly submitted in accordance with the predetermined criteria and procedures for nominating Director candidates.

The proposed candidates are as follows:

No	Name	Gender	Tenure (at the conclusion of this Annual Shareholders' Meeting)	Current position and responsibilities at the Company	Attendance at the Board of Directors meetings during the current fiscal year
1	Yosuke Matsuda (R)	M	18 years	President and Representative Director	100.0%(16/16)
2	Takashi Kiryu (N)	M	-	Chief Strategy Officer Executive Officer	-
3	Yoshinori Kitase (N)	M	-	-	-
4	Yu Miyake (N)	M	-	-	-
5	Yukihiro Yamamura (R)(O)(I)	M	9 years	Outside Director	100.0%(16/16)
6	Yuji Nishiura (R)(O)(I)	M	8 years	Outside Director	100.0%(16/16)
7	Masato Ogawa (R)(O)(I)	M	4 years	Outside Director	100.0%(16/16)
8	Mitsuko Okamoto (R)(O)(I)	F	2 years	Outside Director	100.0%(16/16)
9	Abdullah Aldawood (R)(O)(I)	M	1 years	Outside Director	92.3%(12/13)*
10	Naoto Takano (N) (O)(I)	M	-	-	-

(R): Candidate for reappointment as Director (N):New candidate as Director

(O):Candidate for Outside Director (I):Candidate for Independent Director

* The number of times Abdulla Aldawood has attended as a Director since the 41st Annual Shareholders' Meeting held on June 25, 2021, when he became an Outside Director

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments in the Company, and Significant Positions Concurrently Held	Number of the Company's Shares Held
1	Yosuke Matsuda (April 27, 1963) (R)	<p>Oct. 2001 <i>Senior Vice President, SQUARE CO., LTD.</i> (currently SQUARE ENIX HOLDINGS CO., LTD.)</p> <p>Apr. 2003 <i>Senior Vice President and General Manager, Accounting and Finance Division, SQUARE ENIX CO., LTD.</i> (currently SQUARE ENIX HOLDINGS CO., LTD.)</p> <p>Jun. 2004 <i>Director, Accounting and Finance, SQUARE ENIX CO., LTD.</i></p> <p>Mar. 2013 <i>Senior Executive Managing Director and Representative Director, SQUARE ENIX HOLDINGS CO., LTD.</i></p> <p>Jun. 2013 <i>President and Representative Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>(Significant positions concurrently held) <i>President and Representative Director, SQUARE ENIX CO., LTD.</i> <i>Director, Taito Corporation</i> <i>President and Director, SQUARE ENIX OF AMERICA HOLDINGS, INC. (the Group's intermediate holding company in the Americas)</i> <i>Director, SQUARE ENIX LTD. (the Group's operating and intermediate holding company in Europe and other regions)</i> (The reasons for the nomination of the candidate as Director) Since becoming President and Representative Director of the Company in June 2013, Yosuke Matsuda has established a track record as a full-time Director characterized by producing stable earnings through corporate strategy planning in line with the changes in the Company's business environment and steady implementation of the strategy.</p>	18,515 Shares
2	Takashi Kiryu (June 20, 1975) (N)	<p>June. 2020 <i>General Manager Corporate Planning Division, SQUARE ENIX HOLDINGS CO., LTD.</i></p> <p>Apr. 2021 <i>Chief Strategy Officer and Executive Officer, Corporate Strategy and Corporate Communications, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i> <i>Executive Officer, SQUARE ENIX CO., LTD. (incumbent)</i></p> <p>Jan. 2022 <i>Chairman of the Board, SQUARE ENIX (China) CO., LTD. (the Group's operating company in China). (incumbent)</i></p> <p>(Significant positions concurrently held) <i>Chairman of the Board, SQUARE ENIX (China) CO., LTD. (the Group's operating company in China).</i> (The reasons for the nomination of the candidate as Director) Since his appointment as Executive Officer and Chief Strategy Officer of The Company in April 2021, he has assisted the President and Representative Director in formulating and executing management strategies. The Company has appointed him as an Executive Director with the expectation that he will be able to appropriately execute his duties for the development of Our Group and further enhancement of corporate value.</p> <p>*The number of the Company's shares includes his shares with the Company's employee shareholding association.</p>	282 Shares*

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3	Yoshinori Kitase (September 23, 1966) (N)	<p>Sep. 2006 <i>Corporate Executive</i>, SQUARE ENIX CO., LTD. Apr. 2015 <i>Executive Officer</i>, SQUARE ENIX CO., LTD. (incumbent) Apr. 2018 <i>Director</i>, SQUARE ENIX CO., LTD. (incumbent) Apr. 2019 <i>Vice President, Creative Business Unit I</i>, SQUARE ENIX CO., LTD. (incumbent)</p> <p>(Significant positions concurrently held) <i>Director</i>, SQUARE ENIX CO., LTD.</p> <p>(The reasons for the nomination of the candidate as Director) Since assuming the position of Director of SQUARE ENIX CO., LTD. in April 2018, he has participated in the management of the company and led the business as Vice President of Business Unit, Head of Game Development, Producer, and Executive Officer in charge of Final Fantasy Brand Management, and is expected to appropriately perform his duties as Executive Director for the development of our Group and further enhancement of corporate value. The Company has appointed him as an Executive Director with the expectation that that he will be able to appropriately execute his duties as an executive director for the development of our group and further enhancement of our corporate value.</p> <p>*The number of the Company's shares includes his shares with the Company's employee shareholding association</p>	754 Shares*
4	Yu Miyake (September 1, 1967) (N)	<p>Feb. 2011 <i>Corporate Executive</i>, SQUARE ENIX CO., LTD. Apr. 2015 <i>Executive Officer</i>, SQUARE ENIX CO., LTD. (incumbent) Apr. 2018 <i>Director</i>, SQUARE ENIX CO., LTD. (incumbent) Apr. 2019 <i>Vice President, Creative Business Unit II</i>, SQUARE ENIX CO., LTD. (incumbent)</p> <p>(Significant positions concurrently held) <i>Director</i>, SQUARE ENIX CO., LTD.</p> <p>(The reasons for the nomination of the candidate as Director) Since assuming the position of Director of SQUARE ENIX CO., LTD. in April 2018, he has participated in the management of the company and led the business as Vice President of Business Unit, Head of Game Development, Producer, and Executive Officer in charge of Dragon Quest Brand Management, and is expected to appropriately perform his duties as Executive Director for the development of our Group and further enhancement of corporate value. The Company has appointed him as an Executive Director with the expectation that that he will be able to appropriately execute his duties as an executive director for the development of our group and further enhancement of our corporate value.</p>	3,350 Shares

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5	Yukihiro Yamamura (October 30, 1963) (R)(O)(I)	<p>Apr. 1997 <i>Director, Deputy General Manager, Business Planning & Development Division, Transcosmos Inc.</i></p> <p>Oct. 1997 <i>President and Representative Director, DoubleClick Japan Inc. (currently Transcosmos Inc.)</i></p> <p>Jun. 2000 <i>Representative Director, Excite Japan Co., Ltd.</i></p> <p>Aug. 2008 <i>Representative Director and CEO, Glam Media Japan Corp. (currently Mode Media Japan Corporation)</i></p> <p>Jun. 2013 <i>Outside Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>Sep. 2014 <i>Representative Director, Puzzle Ring Inc. (incumbent)</i></p> <p>May. 2015 <i>Director, Project8 Inc.</i></p> <p>Aug. 2015 <i>Director, Visionary Works Co., Ltd. (incumbent)</i></p> <p>(Significant positions concurrently held)</p> <p><i>Representative Director, Puzzle Ring Inc.</i></p> <p><i>Director, Visionary Works Co., Ltd.</i></p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles)</p> <p>He possesses abundant experience and broad-ranging insight as a corporate executive. The Company expects him to be capable of properly executing the duties of an Outside Director from the perspective of supervising and serving as a check on Directors' execution of their roles. Should he be re-elected, the Company plans to have him continue to be involved from an objective and neutral position in the decision-making process for such matters as the selection of Director candidates and the determination of Director remuneration as a member of the Remuneration and Nomination Committee that the Company has established at its discretion.</p>	549 Shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments in the Company, and Significant Positions Concurrently Held	Number of the Company's Shares Held
6	Yuji Nishiura (January 3, 1953) (R)(O)(I)	<p>Apr. 1993 <i>Director, Executive Vice President and Partner, Booz Allen Hamilton Inc. (currently PwC Consulting LLC)</i></p> <p>Feb. 2000 <i>Representative Director, President and Partner, Booz Allen Hamilton Inc.</i></p> <p>Oct. 2002 <i>Representative Director, CEO and Managing Partner, Roland Berger and Partner Japan Ltd. (currently Roland Berger Ltd.)</i></p> <p>Jan. 2006 <i>Japan Representative and Managing Director, AlixPartners Asia, LLC</i></p> <p>Jan. 2011 <i>Vice Chairman and Managing Director, AlixPartners, LLP</i></p> <p>Dec. 2012 <i>Director, AXA Japan Holding Co., Ltd. (currently AXA Life Insurance Co., Ltd.)</i> <i>Chairman and Director, AXA Life Insurance Co., Ltd.</i></p> <p>Mar. 2013 <i>Chairman and Director, AXA General Insurance Co., Ltd.</i></p> <p>Jun. 2014 <i>Outside Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>Oct. 2014 <i>Chairman and Director, AXA Life Insurance Co., Ltd.</i></p> <p>Dec. 2015 <i>Chairman and Representative Director, Sumitomo Mitsui Trust Club Co., Ltd.</i></p> <p>Jun. 2019 <i>Outside Director, LIXIL Group Corporation (currently LIXIL Corporation) (incumbent)</i></p> <p>(Significant position concurrently held) <i>Outside Director, LIXIL Corporation</i></p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles)</p> <p>He possesses abundant experience and broad-ranging insight as a corporate executive. The Company expects him to be capable of properly executing the duties of an Outside Director from the perspective of supervising and serving as a check on Directors' execution of their roles. Should he be re-elected, the Company plans to have him continue to be involved from an objective and neutral position in the decision-making process for such matters as the selection of Director candidates and the determination of Director remuneration as chair of the Remuneration and Nomination Committee that the Company has established at its discretion.</p>	549 Shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments in the Company, and Significant Positions Concurrently Held	Number of the Company's Shares Held
7	Masato Ogawa (December 7, 1954) (R)(O)(I)	<p>Apr. 2009 <i>Corporate Executive Officer, Senior Vice President, Marketing & Planning, ALL Nippon Airways Co., LTD. (currently ANA HOLDINGS INC.)</i></p> <p>Jun. 2011 <i>Senior Vice President, General Manager, Nagoya Region, Chubu Sales Headquarters, ALL Nippon Airways Co., LTD.</i></p> <p>Apr. 2015 <i>Executive Vice President and COO, ANA Strategic Research Institute Co., Ltd.</i></p> <p>Apr. 2017 <i>Chairman of the Board, ANA Strategic Research Institute Co., Ltd.</i></p> <p>Jun. 2018 <i>Outside Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>Apr. 2019 <i>President (Representative Director), ONSEN & Gastronomy Tourism Association (incumbent)</i></p> <p>(Significant position concurrently held) <i>President (Representative Director), ONSEN & Gastronomy Tourism Association</i></p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles) He possesses abundant experience and broad-ranging insight as a corporate executive. The Company expects him to be capable of properly executing the duties of an Outside Director from the perspective of supervising and serving as a check on Directors' execution of their roles. Should he be re-elected, the Company plans to have him continue to be involved from an objective and neutral position in the decision-making process for such matters as the selection of Director candidates and the determination of Director remuneration as a member of the Remuneration and Nomination Committee that the Company has established at its discretion.</p>	549 Shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments in the Company, and Significant Positions Concurrently Held	Number of the Company's Shares Held
8	Mitsuko Okamoto (August 5, 1964) (R)(O)(I)	<p>Apr. 1987 <i>Joined NHK (Japan Broadcasting Corporation)</i></p> <p>Apr. 2008 <i>Professor, Graduate School of Film and New Media, Tokyo University of the Arts (incumbent)</i></p> <p>Mar. 2010 <i>Chief Producer, NHK Educational Television (ETV) "2355" and "0655" (incumbent)</i></p> <p>Apr. 2013 <i>Dean , Film and New Media, Tokyo University of the Arts</i></p> <p>Oct. 2016 <i>Executive Assistant to the President (Campus Diversity) , Tokyo University of the Arts</i></p> <p>Apr. 2017 <i>Vice President (International Affairs and Campus Diversity) , Director, Global Support Center, Director, Office for Diversity & Inclusion, Tokyo University of the Arts</i></p> <p>Jun. 2020 <i>Outside Director, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>Apr. 2022 <i>Vice President (Digital Promotion) , Tokyo University of the Arts (incumbent)</i></p> <p>(Significant position concurrently held) <i>Chief Producer, NHK Educational Television (ETV) "2355" and "0655"</i> <i>Vice President (Digital Promotion), Tokyo University of the Arts</i> (The reasons for the nomination of the candidate as Outside Director and overview of expected roles) Although she does not possess previous corporate management experience, she has a wealth of experience and a wide range of knowledge and insight in the field of animation and other content. The Company expects her to be capable of properly executing the duties of an Outside Director by providing recommendations regarding its entertainment and content businesses on the whole, as well as from the perspective of supervising and serving as a check on Directors' execution of their roles.</p>	549 Shares

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No.	Name (Date of Birth)	Brief Personal History, Positions and Assignments in the Company, and Significant Positions Concurrently Held	Number of the Company's Shares Held
9	Abdullah Aldawood (December 17, 1981) (R)(O)(I)	<p>Jul. 2007 <i>Vice President</i> for Investment Banking Services, Deutsche Bank in the Middle East and North Africa region</p> <p>Nov. 2013 <i>Founder and Chairman</i>, Al-Raedah Finance Company (incumbent)</p> <p>Jan. 2015 <i>CEO and Board of Directors</i>, Seera Holding Group</p> <p>Dec. 2016 <i>Board Member</i>, Rou'a Al Madinah Holding Company</p> <p>Mar. 2018 <i>Executive Chairman</i>, Saudi Entertainment Ventures Company (incumbent)</p> <p>Sep. 2018 <i>Board Member</i>, Saudi Stock Exchange Company (Tadawul)</p> <p>Dec. 2020 <i>Board Member</i>, Hotel Management Company (incumbent)</p> <p>Apr.2021 <i>Managing Director and Board of Directors</i>, Seera Holding Group (incumbent) <i>Managing Director</i>, Qiddiya Investments (incumbent)</p> <p>Jun. 2021 <i>Outside Director</i>, SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</p> <p>(Significant positions concurrently held) <i>Founder and Chairman</i>, Al-Raedah Finance Company <i>Executive Chairman</i>, Saudi Entertainment Ventures Company <i>Board Member</i>, Hotel Management Company <i>Managing Director and Board of Directors</i>, Seera Holding Group <i>Managing Director</i>, Qiddiya Investments</p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles)</p> <p>He possesses a track record as a national leader in the development of the field of entertainment in the Kingdom of Saudi Arabia, abundant experience in international financial institutions, and a wealth of experiences and broad-ranging insight in global corporate management. The Company expects him to be capable of properly executing the duties of an Outside Director by providing recommendations regarding its entertainment and content businesses on the whole, as well as from the perspective of supervising and serving as a check on Directors' execution of their roles.</p>	None

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10	Naoto Takano (July 31, 1951) (N)(O)(I)	<p>Apr. 1998 <i>International Management Division, Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Bank, Ltd.)</i> <i>Executive Vice President, CIT, U.S.A.</i></p> <p>Apr. 2004 <i>Executive Officer, General Manager, Americas Business Dept. I, Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</i></p> <p>Apr. 2005 <i>Managing Executive Officer, Mizuho Securities Co., Ltd.</i></p> <p>Sep. 2005 <i>Managing Director, Head of International Business Promotion Group, Mizuho Securities Co., Ltd.</i></p> <p>Mar. 2006 <i>Senior Managing Director, Mizuho Capital Co., Ltd.</i></p> <p>Jun. 2010 <i>Representative Director and Chairman, Fujitsu Leasing Co., Ltd. (currently FLCS Corporation)</i></p> <p>Nov. 2014 <i>President and Representative Director, Lakewood Corporation.</i></p> <p>Feb. 2022 <i>Director, Nikko Country Club (General Incorporated Association) (incumbent)</i></p> <p>(Significant positions concurrently held) <i>Director, Nikko Country Club (General Incorporated Association).</i></p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles) He possesses abundant experience and broad-ranging insight as a corporate executive. The Company expects him to be capable of properly executing the duties of an Outside Director from the perspective of supervising and serving as a check on Directors' execution of their roles.</p>	None

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- Notes: 1. There are no special interests between any candidate and the Company.
2. The candidates Yukihiro Yamamura, Yuji Nishiura, Masato Ogawa, Mitsuko Okamoto, Abdullah Aldawood, and Naoto Takano are nominated as Outside Directors.
3. The Company has entered into respective liability limitation agreements with Yukihiro Yamamura, Yuji Nishiura, Masato Ogawa, Mitsuko Okamoto, and Abdullah Aldawood that limit their liability to a maximum of ¥10 million or the amount prescribed by law, whichever is greater. If they are re-elected, the Company intends to extend the term of their liability limitation agreements. Furthermore, if Naoto Takano assumes the position of Director, the Company will enter into a liability limitation agreement with him that limits his liability to a maximum of ¥10 million or the amount prescribed by law, whichever is greater.
4. The Company has entered into an executive liability insurance policy with an insurer under Article 430 - 3, Paragraph 1 of the Companies Act. A summary of the terms and conditions of such insurance agreement is set forth on page 28 of the Business Report. Should the Director candidates named herein be approved, they would each be covered under the aforementioned insurance policy. In addition, at the next renewal timing for the aforementioned insurance policy, the Company intends to renew it with the same terms.
5. The Company has notified the Tokyo Stock Exchange (TSE) of Yukihiro Yamamura, Yuji Nishiura, Masato Ogawa, Mitsuko Okamoto, and Abdullah Aldawood's status as Independent Executives. If they are re-elected, the Company intends to continue to recognize them as Independent Executives. In addition, should Naoto Takano be elected, the Company intends to notify the TSE of his status as an Independent Executive.
- Yukihiro Yamamura entered into a quasi-mandate agreement with the Company's wholly owned subsidiary Taito Corporation concerning advisory services regarding Taito Corporation's businesses from July 1, 2020 through March 31, 2021. Mr. Yamamura received ¥10 million as remuneration under the agreement, but this transaction was not one that would impact his independence as an Outside Director even in light of the independence standards of the TSE.
- Mitsuko Okamoto is the Vice President of Tokyo University of the Arts, and the Company Group sends employees to the university as instructors as part of a collaborative initiative with the university, but no compensation is involved.
- Abudullah Aldawood is the Executive Chairman of Saudi Entertainment Ventures Company, an entity owned by the Public Investment Fund, which is one of the Company's shareholders. According to a report on large shareholdings dated December 28, 2020, the Public Investment Fund and Ayar First Investment Company, which is an entity owned by the Public Investment Fund, hold 11,745,300 shares (a 9.59% stake) in the Company.
- Naoto Takano was formerly an executive officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.), a business partner of the Company, but he retired from the company in March 2005. In addition, the amount of transactions between the said company and the Company in the past three fiscal years accounted for less than 1% of the consolidated net sales (or consolidated ordinary income) of each of the Company and the said company and was insignificant at less than ¥10 million. Therefore, the Company has determined that his independence as an Outside Director is not affected, even in light of the independence standards of the TSE.

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Third Item: Election of Three (3) Directors who are Audit & Supervisory Committee Members

The term of office of all the incumbent Directors who are Audit & Supervisory Committee Member will expire at the close of this Annual Shareholders' Meeting.

Accordingly, the Company proposes to elect three (3) Directors who will be Audit & Supervisory Committee Members.

The Audit & Supervisory Committee has given consent to the proposal of this item.

The proposed candidates for the positions of Directors who will be Audit & Supervisory Committee Members are as follows:

No	Name	Gender	Tenure (at the conclusion of this Annual Shareholders' Meeting)	Current position and responsibilities at The Company	Attendance at the Board of Directors meetings during the current fiscal year	Attendance at the Audit & Supervisory Committee during the current fiscal year
1	Nobuyuki Iwamoto (N)(O)(I)	M	-	-	-	-
2	Tadao Toyoshima (R)(O)(I)	M	4 years	Outside Director (Audit & Supervisory Committee Member)	100.0%(16/16)	100.0%(21/21)
3	Hajime Shinji (R)(O)(I)	M	2 years	Outside Director (Audit & Supervisory Committee Member)	100.0%(16/16)	100.0%(21/21)

(R): Candidate for reappointment as Director (N): New candidate as Director

(O): Candidate for Outside Director (I): Candidate for Independent Director

* Tadao Toyoshima served as Audit & Supervisory Board Member for one year prior to his appointment as Director who is an Audit & Supervisory Committee Member.

[Abridged Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Positions, and Assignments in the Company and Significant Positions Concurrently Held	Number of the Company's Shares Held
1	Nobuyuki Iwamoto (June 14, 1956) (N) (O)(I)	<p>Apr. 2005 <i>CFO and Deputy Head of Planning, Daiwa Securities Group Inc.</i></p> <p>Jun. 2006 <i>Director and Corporate Executive Office, Daiwa Securities Group Inc.</i></p> <p>Apr. 2008 <i>Director and Executive Managing Director, Daiwa Securities Group Inc.</i></p> <p>Apr. 2009 <i>Director, Senior Executive Managing Director, CFO, and Head of Planning and Personnel, Daiwa Securities Group Inc.</i></p> <p>Apr. 2011 <i>Director, Representative Corporate Executive Officer, Deputy President, COO, CFO, and Head of Planning and Personnel, Daiwa Securities Group Inc. Deputy President and Member of the Board, Daiwa Securities Capital Markets Co. Ltd. (now Daiwa Securities Co., Ltd.)</i></p> <p>Apr. 2012 <i>COO, CFO, and Head of Personnel and Overseas, Daiwa Securities Group Inc. Deputy President and Member of the Board, Daiwa Securities Co., Ltd.</i></p> <p>Apr. 2016 <i>Director, Deputy President, and Head of Asset Management, Daiwa Securities Group Inc. President & Representative Director, Daiwa Asset Management Co., Ltd.</i></p> <p>Jun. 2016 <i>Deputy President, Daiwa Securities Group Inc.</i></p> <p>(Significant positions concurrently held) None</p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles) He possesses abundant experience and broad-ranging insight in finance and accounting as a corporate executive. The Company judges that he is capable of properly executing duties as an Outside Director of Company who will be an Audit & Supervisory Committee Member by taking on the functions of monitoring and inspecting executive Directors' execution of operations. Should he be elected, the Company plans to have him be involved from an objective and neutral position in the decision-making process for such matters as the selection of Director candidates and the determination of Director remuneration as a member of the Remuneration and Nomination Committee that the Company has established at its discretion.</p>	None

[Abridged Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Positions, and Assignments in the Company and Significant Positions Concurrently Held	Number of the Company's Shares Held
2	Tadao Toyoshima (April 23, 1955) (R)(O)(I)	<p>Mar. 1979 <i>Joined Pricewaterhouse</i></p> <p>Sep. 1987 <i>Joined Asahi Shinwa & Co. (currently, KPMG AZSA LLC.)</i></p> <p>Oct. 1987 <i>Registration of Certified Public Accountant</i></p> <p>Jun. 2004 <i>Representative Partner, AZSA & Co. (currently, KPMG AZSA LLC.)</i></p> <p>Jul. 2010 <i>Partner, KPMG AZSA LLC.</i></p> <p>May. 2014 <i>Outside Corporate Auditor, CAREERLINK CO., LTD.</i></p> <p>May. 2015 <i>Full-Time Outside Corporate Auditor, CAREERLINK CO., LTD.</i></p> <p>Mar. 2016 <i>Supervisory Director, Mitsui Fudosan Logistics Park Inc.</i></p> <p>Jun. 2017 <i>Outside Corporate Auditor, SQUARE ENIX HOLDINGS CO., LTD.</i></p> <p>Jun. 2018 <i>Outside Director (Audit & Supervisory Committee Member), SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>(Significant positions concurrently held) None</p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles) Although he does not have experience in corporate management other than in Outside Officer roles at several companies, he was nominated as an Outside Director of Company who is an Audit & Supervisory Committee Member based on his qualifications as a Certified Public Accountant (CPA) as well as his extensive expertise in finance and accounting-related matters, and he has a track record of performing monitoring and auditing functions with respect to the execution of duties by Directors. The Company judges that he is capable of properly executing duties as an Outside Director of Company who will be an Audit & Supervisory Committee Member by taking on the functions of monitoring and inspecting executive Directors' execution of operations.</p>	None

[Abridged Translation for Reference and Convenience Purposes Only]

No.	Name (Date of Birth)	Brief Personal History, Positions, and Assignments in the Company and Significant Positions Concurrently Held	Number of the Company's Shares Held
3	Hajime Shinji (February 16, 1964) (R)(O)(I)	<p>Apr. 1993 <i>Certified as Attorney</i> <i>Joined Itoh & Matsuda Law Office. (currently, City-Yuwa Partners)</i></p> <p>Apr. 1996 <i>Lecturer, Tokai University</i></p> <p>Jan. 2001 <i>Partner, Itoh & Matsuda Law Office. (currently, City-Yuwa Partners)</i></p> <p>Jan. 2004 <i>Joined Shinozaki & Shinji Law Firm</i></p> <p>Nov. 2007 <i>Examiner for New Bar Examination</i></p> <p>Jan. 2008 <i>Partner, Shinozaki & Shinji Law Firm (incumbent)</i></p> <p>May. 2010 <i>Outside Director, KANAE CAPITAL Inc.</i></p> <p>Jun. 2012 <i>Outside Director, FX PRIME Corporation (currently, FX PRIME by GMO Corporation)</i></p> <p>Apr. 2013 <i>Instructor, Legal Training and Research Institute of Japan, Supreme Court of Japan</i></p> <p>Jul. 2019 <i>Outside Corporate Auditor, VISCAS Co., Ltd. (incumbent)</i></p> <p>Jun. 2020 <i>Outside Director (Audit & Supervisory Committee Member), SQUARE ENIX HOLDINGS CO., LTD. (incumbent)</i></p> <p>Jun. 2020 <i>Tokyo Musashi Agricultural Cooperative Association (JA Tokyo Musashi) non-member auditor (incumbent)</i></p> <p>(Significant positions concurrently held) <i>Partner, Shinozaki & Shinji Law Firm</i> <i>Outside Corporate Auditor, VISCAS Co., Ltd.</i> <i>Tokyo Musashi Agricultural Cooperative Association (JA Tokyo Musashi) non-member auditor</i></p> <p>(The reasons for the nomination of the candidate as Outside Director and overview of expected roles) Although he does not possess previous corporate management experience other than in Outside Officer roles at multiple companies, he possesses a wealth of experience and broad insight as exemplified by his status as a qualified attorney and the government positions he has held in the field of law. The Company judges that he is capable of properly executing the duties of an Outside Director who is an Audit & Supervisory Committee Member by taking on the functions of monitoring and inspecting executive Directors' execution of operations.</p>	None

[Abridged Translation for Reference and Convenience Purposes Only]

- Notes: 1. There is no special interest between any candidate and the Company.
2. Nobuyuki Iwamoto, Tadao Toyoshima and Hajime Shinji are nominated as Outside Directors.
3. The Company has entered into respective liability limitation agreements with Tadao Toyoshima and Hajime Shinji that limit their liability to a maximum of ¥10 million or the amount prescribed by law, whichever is greater. If they are re-elected, the Company intends to extend the term of their liability limitation agreements. Furthermore, if Nobuyuki Iwamoto assumes the position of Director of the Company who will be an Audit & Supervisory Committee Member, the Company will enter into a liability limitation agreement with him that limits his liability to a maximum of ¥10 million or the amount prescribed by law, whichever is greater.
4. The Company has entered into an executive liability insurance policy with an insurer under Article 430 - 3, Paragraph 1 of the Companies Act. A summary of the terms and conditions of such insurance agreement is set forth on page 28 of the Business Report. Should the Director candidates named herein be approved, they would each be covered under the aforementioned insurance policy. In addition, at the next renewal timing for the aforementioned insurance policy, the Company intends to renew it with the same terms.
5. The Company has notified the Tokyo Stock Exchange (TSE) of Tadao Toyoshima and Hajime Shinji's status as Independent Executives. If each of them assumes the position of Director of the Company who will be an Audit & Supervisory Committee Member, the Company plans to notify the TSE of their status as Independent Executives. In addition, should Nobuyuki Iwamoto be elected, the Company intends to notify the TSE of his status as an Independent Executive.

Nobuyuki Iwamoto previously served as Representative Director and Vice President of Daiwa Securities Co., Ltd., a business partner of The Company, but retired from the company in March 2016. In addition, the amount of transactions between the said company and the Company in the past three fiscal years accounted for less than 1% of the consolidated net sales (or consolidated operating revenues) of the Company and the said company, respectively, and was insignificant at less than ¥10 million. Therefore, the Company has determined that his independence as Outside Directors is not affected, even in light of the independence standards of the TSE.

[Abridged Translation for Reference and Convenience Purposes Only]

[Skills Matrix for Directors after the Annual Shareholder's Meeting]

Name	Role	Corporate mgt/ global mgt	Media entertainment	IT/ technology	Legal/risk management	Finance/ accounting	Organizational/ talent development
Yosuke Matsuda	President & Representative Director	○	○			○	○
Takashi Kiryu	Director Chief Strategy Officer Executive Officer	○	○			○	○
Yoshinori Kitase	Director	○	○				○
Yu Miyake	Director	○	○				○
Yukihiro Yamamura	Outside Director	○	○	○			○
Yuji Nishiura	Outside Director	○			○	○	○
Masato Ogawa	Outside Director	○			○		○
Mitsuko Okamoto	Outside Director		○				○
Abdullah Aldawood	Outside Director	○	○	○		○	
Naoto Takano	Outside Director	○				○	○
Nobuyuki Iwamoto	Outside Director (Standing Audit & Supervisory Committee Member)	○				○	○
Tadao Toyoshima	Outside Director (Audit & Supervisory Committee Member)				○	○	
Hajime Shinji	Outside Director (Audit & Supervisory Committee Member)				○	○	

[Abridged Translation for Reference and Convenience Purposes Only]

Fourth Item: Election of One (1) Substitute Director who is an Audit & Supervisory Committee Member

In preparation for such a situation whereby the Company fails to meet the minimum number of Directors of the Company who will be Audit & Supervisory Committee Members under the relevant laws and regulations, the Company proposes to elect one (1) Substitute Director of the Company who will be an Audit & Supervisory Committee Member.

The election of the Substitute Audit & Supervisory Committee Member may be cancelled by resolution of the Board of Directors' Meeting with the consent of the Audit & Supervisory Committee, provided that the party elected to assume the office has yet to do so.

The Audit & Supervisory Committee has given consent to the proposal of this item.

The proposed candidate for Substitute Director who is an Audit & Supervisory Committee Member is as follows:

Name (Date of Birth)	Brief Personal History, Positions, and Assignments in the Company and Significant Positions Concurrently Held	Number of the Company's Shares Held
<p>Satoshi Shinohara (July 13, 1967) (N)</p>	<p>Mar. 2016 <i>General Manager Legal and Intellectual Property Division, SQUARE ENIX CO., LTD.</i></p> <p>Apr. 2020 <i>General Manager Legal and Intellectual Property Division, SQUARE ENIX HOLDINGS CO., LTD.</i> (incumbent) <i>Executive Officer, SQUARE ENIX CO., LTD.</i></p> <p>(Significant positions concurrently held)</p> <p>None (The reasons for the nomination of the candidate as Director) The Company proposes to elect the candidate as Substitute Director of the Company who will be an Audit & Supervisory Committee Member since he has abundant expertise and experience in the area of corporate legal affairs. The Company judges that he is capable of properly executing duties as an Outside Director of the Company who will be an Audit & Supervisory Committee Member by taking on the functions of monitoring and inspecting executive Directors' execution of operations if he assumes the position as the result of a vacancy.</p> <p>*The number of the Company's shares includes his shares with the Company's employee shareholding association.</p>	<p>495 Shares*</p>

Note: 1. There is no special interest between the candidate and the Company.

2. The Company has entered into an executive liability insurance policy with an insurer under Article 430 - 3, Paragraph 1 of the Companies Act. A summary of the terms and conditions of such insurance agreement is set forth on page 28 of the Business Report. Should the candidate be approved and assume the office of Director who is an Audit and Supervisory Committee Member, he would be covered under the aforementioned insurance policy. In addition, at the next renewal timing for the aforementioned insurance policy, the Company intends to renew it with the same terms.

[Abridged Translation for Reference and Convenience Purposes Only]

Fifth Item: Revision of Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members.)

The amount of monetary compensation out of the amount of compensation for Directors of the Company (Excluding Directors who are Audit and Supervisory Committee Members.) was approved at the 26th Annual Shareholders' Meeting held on June 24, 2006 at the time of the Company with Board of Corporate Auditors to be within 600 million yen per year, and at the 38th Annual Shareholders' Meeting held on June 22, 2018 following the approval of the partial amendment to the Articles of Incorporation in conjunction with the transition to a company with Audit and Supervisory Committee, to be within 600 million yen per year (The amount for outside directors is up to 48 million yen per year. However, this does not include employee salaries for directors who concurrently serve as employees).

In consideration of various factors such as the recent changes in the economic situation, and in order to increase the number of Directors subject to the approval and adoption of Proposal No. 2 and to prepare for further increases in the future, the Company proposes to revise the amount of monetary compensation for Directors (Excluding Directors who are Audit and Supervisory Committee Members.) to within 1.2 billion yen per year (including within 96 million yen per year for Outside Directors). In addition, the Company proposes that the amount of remuneration for Directors shall not include employee salaries of Directors who concurrently serve as employees as in the past.

The policies for determining the content of individual Director compensation are stated on page 26 to 27 of the Business Report (However, if Proposal No. 2 is approved and adopted, the Company plans to add a decision policy concerning the details of remuneration, etc. for newly appointed Directors).

This proposal has been determined by the Board of Directors after deliberation by the Compensation and Nomination Committee, taking into comprehensive consideration the Company's business scale, officer compensation system and payment standards, number of officers, future trends and other factors, and the Company has determined that it is appropriate.

The current number of Directors (Excluding Directors who are Audit and Supervisory Committee Members.) is 6, including 5 Outside Directors. If Proposal 2 is approved as proposed, the number of Directors (Excluding Directors who are Audit and Supervisory Committee Members.) will be 10, including 6 Outside Directors.

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Sixth Item: Revision of Remuneration for the Restricted Stock Remuneration Plan for Directors (excluding Directors who are Audit & Supervisory Committee Members)

With respect to the amount of compensation for Directors of the Company (Excluding Directors who are Audit and Supervisory Committee Members.) relating to the restricted stock compensation plan, it was approved at the 41st Annual Shareholders' Meeting held on June 25, 2021 that, apart from the monetary compensation limit, the Company will grant restricted stock to the extent of not more than 400 million yen per year and not more than 90,000 shares of common stock of the Company to be issued or disposed of as restricted stock for a total number of years (The amount for outside directors is 32 million yen per year and 7,200 shares per year. However, this does not include employee salaries for directors who concurrently serve as employees).

In consideration of various factors such as the recent changes in economic conditions, and in order to increase the number of Directors subject to the approval and adoption of Proposal No. 5 "Revision of Remuneration for Directors (Excluding Directors who are Audit and Supervisory Committee Members.)" and to prepare for further increases, etc. in the future, the Company proposes to grant restricted shares to Directors (Excluding Directors who are Audit and Supervisory Committee Members.) at an annual amount of not more than 800 million yen for the compensation under the Restricted Stock Compensation Plan and not more than 180,000 shares of common stock of the Company to be issued or disposed of as restricted shares in total number of years (including the portion for Outside Directors at an annual amount of not more than 64 million yen and not more than 14,400 shares in total number of years).

The policies for determining the content of individual Director compensation are stated on page 26 to 27 of the Business Report (However, if Proposal No. 2 is approved and adopted, the Company plans to add a decision policy concerning the details of remuneration, etc. for newly appointed Directors).

This proposal has been determined by the Board of Directors after deliberation by the Compensation and Nomination Committee, taking into comprehensive consideration the Company's business scale, officer compensation system and payment standards, number of officers, future trends and other factors, and the Company has determined that it is appropriate.

The current number of Directors (Excluding Directors who are Audit and Supervisory Committee Members.) is 6, including 5 Outside Directors. If Proposal 2 is approved as proposed, the number of Directors (Excluding Directors who are Audit and Supervisory Committee Members.) will be 10, including 6 Outside Directors.

The matters relating to the Restricted Shares are as follows, and there are no changes other than those approved at the 41st Annual Shareholders' Meeting held on June 25, 2021, with the exception of the maximum number set forth in 1 below, which will be revised based on the approval and approval of this proposal.

1. Maximum Number of Restricted Stock to be Granted to Eligible Directors (Excluding Directors who are Audit and Supervisory Committee Members.) (hereinafter "Eligible Directors")

A total of no more than 180,000 of the Company's common shares per year would be issued or disposed of as Restricted Stock in accordance with this item, of which no more than 14,400 shares per year would be earmarked for Outside Directors. However, should the Company's common shares be subject to a stock split (including the gratis allocation of common shares in the Company) or reverse stock split on or after the day of this item's approval, the maximum number of Restricted Stock would be adjusted based on the ratio of the split or reverse split.

2. Payment associated with Issuance or Disposal of Restricted Stock

The issuance or disposal of Restricted Stock in accordance with this item would be the issuance or disposal of subscription shares for the remuneration, etc. of Eligible Directors. No monetary payment or distribution-in-kind would be required in exchange for the subscription shares.

3. Overview of Restricted Shares to be Granted to Eligible Directors

The Company would, as a general rule, grant Eligible Directors Restricted Stock each year in accordance with this item. To enable the granting of Restricted Stock in accordance with this item, the Company and Eligible Directors intend, based on the resolution of the Board of Directors, to enter into a restricted stock allocation agreement that includes the following content (hereinafter "Allocation Agreement").

- (1) Eligible Directors are prohibited from engaging in the transfer, collateralization, or other disposal (hereinafter "Restrictions") of the Company's common shares allocated in accordance with an Allocation Agreement (hereinafter "Allocated Stock") from the date that the Allocated Stock is allocated until the date that the Eligible

[Abridged Translation for Reference and Convenience Purposes Only]

- Director in question loses his or her position as the Company's Director (excluding Directors who are Audit & Supervisory Committee members; hereinafter the same), with the period of between the two dates being referred to as the "Restricted Period." (Note that the Restrictions remain in effect if a Director should lose and be simultaneously reappointed to the position in question.)
- (2) In the event of an Eligible Director losing his or her position as the Company's Director prior to the completion of the term determined by the Board of Directors (as a general rule, the date of the Company's Annual Shareholders' Meeting immediately prior to the allocation date of the Allocated Stock until the date of the Company's Annual Shareholders' Meeting held the following year; hereinafter the "Service Provision Period"), the Company will acquire the Allocated Stock at no cost, with the exception of instances in which the Company's Board of Directors recognizes legitimate reasons for the loss of position. The Company will not use an Eligible Director's loss of position as a Director of the Company to acquire at no cost Allocated Stock for a Service Provision Period that has been completed.
 - (3) Upon the completion of the Restricted Period, the Company will lift the Restrictions on all Allocated Stock, contingent upon the Eligible Director having remained continuously in the position of the Company's Director throughout the Service Provision Period. However, should the Eligible Director lose his or her position as the Company's Director prior to the completion of the Service Provision Period for reasons that the Company's Board of Directors recognizes to be legitimate as set forth in (2) above, the number of Allocated Stock on which the Restrictions will be lifted will be reasonably adjusted as needed.
 - (4) The Company will acquire at no cost Allocated Stock on which the Restrictions are not lifted as of the completion of the Restricted Period in accordance with (3) above.
 - (5) The Company will acquire at no cost the Allocated Stock of an Eligible Director who has been sentenced to imprisonment or greater penalty; who the Company's Board of Directors recognizes as working for a business that competes with the businesses of the Company's Group or as having assumed the role of an employee or executive of a corporate entity or other organization that competes (unless, however, that written consent has been obtained in advance); who the Company's Board of Directors recognizes as having committed a serious infraction of the law, internal regulations, or the Allocation Agreement in connection with the execution of his or her duties as a Director of the Company; or whose shares the Company's Board of Directors finds just cause for acquiring at no cost for other reasons.
 - (6) The provisions of (1) above notwithstanding, if during the Restricted Period, any matter concerning a merger agreement under which the Company would cease to exist, a stock swap agreement that would make the Company a wholly owned subsidiary, a stock transfer plan, or any other form of organizational restructuring, etc. should be approved at a General Shareholders' Meeting (or by the Company's Board of Directors in instances when the approval of a General Shareholders' Meeting is not required for the organizational restructuring, etc. in question), the Company will, by resolution of its Board of Directors, lift the Restrictions on all Allocated Stock prior to the date that the organizational restructuring, etc. in question takes effect.
 - (7) The Allocation Agreement will reflect how declarations of intent and notifications pursuant to the Allocation Agreement should be made, how the Allocation Agreement can be revised, and other matters to be determined by the Board of Directors.

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(Excerpts from Business Report for the 42nd Term)

Operating Highlights of the Fiscal Year Ended March 31, 2022

The Square Enix group (the “Group”) is continuing determined efforts to strengthen the competitiveness and profitability of its business segments of Digital Entertainment, Amusement, Publication and Merchandising. Net sales for the fiscal year ended March 31, 2022 totaled ¥365,275 million (an increase of 9.8% from the prior fiscal year), operating income amounted to ¥59,261 million (an increase of 25.5% from the prior fiscal year). In foreign exchange rates, the weakness of Japanese yen compared to the rate as of the end of last fiscal year has resulted in the booking of a foreign exchange gain amounting to ¥10,489 million. As a result, ordinary income amounted to ¥70,704 million (an increase of 41.5% from the prior fiscal year), and profit attributable to owners of parent amounted to ¥51,013 million (an increase of 89.3% from the prior fiscal year).

A discussion of results by segment for the fiscal year ended March 31, 2022 follows.

Operating Results by Business Segment

1. Digital Entertainment

The Digital Entertainment segment consists of planning, development, distribution, and operation of digital entertainment content primarily in the form of game. Digital entertainment content is offered to meet customer lifestyles across a variety of usage environments such as consumer game consoles (including handheld game machines), personal computers and smart devices.

At the HD (High-Definition) Game sub-segment, the fiscal year ended March 31, 2022 saw the release of such titles as “OUTRIDERS,” “NieR Replicant ver.1.22474487139...,” and “Marvel’s Guardians of the Galaxy,” but net sales declined versus the previous year, which had seen the launch of such titles as “FINAL FANTASY VII REMAKE” and “Marvel’s Avengers.”

Net sales rose year on year at the MMO (Massively Multiplayer Online) Game sub-segment due not only to a sharp rise in the number of monthly paying subscribers for “FINAL FANTASY XIV,” but also to the release of an expansion pack for the title.

The Games for Smart Devices/PC Browser sub-segment saw somewhat weak performances from existing titles, but its net sales rose compared to the previous fiscal year due to the application of revised revenue recognition standards.

Net sales and operating income in the Digital Entertainment segment totaled ¥279,679 million (an increase of 6.0% from the prior fiscal year), and ¥58,960 million (an increase of 16.7% from the prior fiscal year), respectively.

2. Amusement

The Amusement segment consists of the operation of amusement facilities and planning, development, and distribution of arcade game machines and related products for amusement facilities.

The Amusement segment was substantially impacted in the fiscal year ended March 31, 2021 by the temporary closure of amusement facilities in Japan, a move undertaken to combat the spread of COVID-19 in response to the Japanese government’s declaration of a state of emergency. As such, the segment’s net sales were higher in the fiscal year ended March 31, 2022, and it turned to profitability at the operating income line.

Net sales and operating income in the Amusement segment totaled ¥45,882 million (an increase of 33.6% from the prior fiscal year), and ¥2,003 million (operating loss of ¥1,568 million in the prior fiscal year).

3. Publication

The Publication segment consists of publication and licensing of comic magazines, comic books, and gamerelated books. Net sales and operating income rose year on year in the Publication segment, which saw not only brisk digital sales, but also a solid trend in print media sales, owing in part to the significant popularity of “My Dress-Up Darling.”

Net sales and operating income in the Publication segment totaled ¥29,032 million (an increase of 8.2% from the prior fiscal year), and ¥12,222 million (an increase of 4.6% from the prior fiscal year), respectively.

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4. Merchandising

The Merchandising segment consists of planning, production, distribution, and licensing of derivative products of IPs owned by the Group.

In the Merchandising segment, brisk sales of new character merchandise based on the Group's own content resulted in higher net sales and operating income in the fiscal year ended March 31, 2022 than in the previous fiscal year.

Net sales and operating income in the Merchandising segment totaled ¥14,002 million (an increase of 48.1% from the prior fiscal year), and ¥3,980 million (an increase of 76.9% from the prior fiscal year), respectively.

Capital Expenditures

During this Fiscal Year, capital expenditures totaled ¥9,123 million, consisting mainly of investments in arcade game machines in the Amusement segment, as well as game development tools and networking equipment for data centers in the Digital Entertainment segment.

Issues Facing Management

The Group recognizes the need to prioritize the expansion of stable recurring income as a means of creating sustained earnings growth. As the digital entertainment industry undergoes significant structural changes, the Group is being called upon to develop and distribute new content designed to suit diverse customer needs and content distribution methods, which requires significant investment. To date, the Group has primarily worked to stabilize earnings by expanding recurring subscription income from massively multiplayer online games (MMOs), games for smart devices/PC browsers, the Amusement segment, and the Publication segment. Going forward it will further bolster these efforts while also expanding them to other businesses. Establishing a stable earnings base will enable investment in large-scale, innovative content development efforts. The recurring income generated from that content will expand the Group's overall earnings, thereby allowing the Group to achieve sustained earnings growth.

On the distribution front, streaming may accelerate the transition from sales of traditional disks to digital sales, and business models may change through the offering of subscription services, for example. In addition, the overall gaming market may grow as it becomes possible to provide content to emerging regions where traditional home game consoles have not been widely adopted. Meanwhile, on the development front, there is likely to be demand for gaming experiences only possible in a cloud environment and for the development of cloud-native games. The Group will respond flexibly to these changes and work to translate them into future growth. It has identified AI, the cloud, and blockchain games as focus investment areas under its business strategy and will engage in aggressive research and development efforts and investment in these areas.

Policy for Determining the Remuneration, etc. of Individual Directors (July 29, 2021 Board of Directors Resolution)

The Company's basic policy and determination process regarding its executive remuneration system is as described below.

In order to ensure the objectivity and transparency of the Executive Remuneration System, the Company has, at its discretion, established a Remuneration and Nomination Committee on which the majority is formed by independent outside directors and the chairperson is an independent outside director. This Board of Directors establishes the Basic Policy on the Executive Remuneration System based on consultation with this committee, and the committee decides the individual amounts and the nature of remuneration for directors (excluding Directors who are Audit & Supervisory Committee Members) in accordance with the Basic Policy on the Executive Remuneration System established by the Board of Directors, based on the authority granted to it by the Board of Directors.

• Basic Policy on the Executive Remuneration System

1. Directors (excluding Directors who are Audit & Supervisory Committee Members):

-Remuneration for Executive Directors shall comprise fixed remuneration (monetary), performance-linked remuneration (monetary), and restricted stock remuneration. The ratio shall be approximately 10:9 (base remuneration amount, which varies depending on performance):10.

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-Remuneration for Non-Executive Directors shall comprise fixed remuneration (monetary) and restricted stock remuneration. The ratio should be approximately 4:1.

-Fixed remuneration (monetary) shall be determined based upon role, remuneration in past years, the company performance to date, the need to retain talented human resources, research by specialized third-party organizations, remuneration trends at comparable companies, and economic conditions. Fixed remuneration (monetary) shall be paid monthly.

-In order to strive for growth that strikes a balance between scale and profitability, the amount of performance-linked remuneration (monetary) is calculated using consolidated net sales and consolidated operating income as metrics. Specifically, the amount of performance-linked remuneration is obtained by multiplying the basic remuneration amount (¥90 million) by a multiple (no greater than 400% and no less than 0%) that is pre-determined according to the degree of deviation from the base amount determined by the Remuneration and Nomination Committee, and then multiplying the result by a pre-determined coefficient (no greater than 1.5 and no less than 0.5) in accordance with the relative growth rate of our company in the peer group determined by the Remuneration and Nomination Committee. Performance-linked remuneration (monetary) shall be paid once a year after the business results for each fiscal year are determined.

- The Company offers restricted stock remuneration in order to provide a long-term incentive for directors (excluding directors who are Audit & Supervisory Committee members) to work to achieve sustained growth and to enhance corporate value, as well as to encourage them to have an even greater sense of shared value with shareholders. Such a program is offered because it provides a sustained incentive to bolster the share price when it is down and because it serves as a replacement for the discontinued retirement allowance for directors. The Remuneration & Nomination Committee determines the remuneration value of the restricted stock, taking into account the balance with the monetary remuneration. The restricted stock is granted once annually during the second quarter.

2. Directors who are Audit & Supervisory Committee Members:

-In consideration of independence from management, only monetary remuneration shall be made.

-Fixed remuneration (monetary) shall be determined based upon role, remuneration in past years, the need to retain talented human resources, research by specialized third-party organizations, remuneration trends at comparable companies, and economic conditions. Fixed remuneration (monetary) shall be paid monthly.

• Director Remuneration Determination Process

1. Individual amounts and the nature of remuneration for directors (excluding directors who are Audit & Supervisory Committee Members) shall be determined by the Remuneration and Nomination Committee based on the Basic Policy on the Executive Remuneration System established by the Board of Directors.

2. Individual amounts and the nature of remuneration for directors who are Audit & Supervisory Committee Members shall be determined via discussions by the directors who are Audit & Supervisory Committee Members, with reference made to the basic policy determined by the Board of Directors.

3. Individual amounts and the nature of remuneration shall be set within the confines of the remuneration allocation approved at the General Shareholders' Meeting and shall be determined based upon a comprehensive consideration of annual earnings and each director's performance in his/her role and contribution to corporate earnings, remuneration in past years, the need to retain talented human resources, research by specialized third-party organizations, remuneration trends at comparable companies, and economic conditions.

At the May 19, 2022 Board of Directors meeting, the Board resolved to revise the above Policy to include provisions for the remuneration ratio for executive directors other than the Representative Director (President) to be determined on an individual basis, taking into account earnings performance and other achievements in the director's realm of responsibility, and for directors concurrently serving in such roles as directors of subsidiaries to receive additional remuneration from the relevant subsidiary, on condition of the approval of the second proposal item at the 42nd Annual Shareholders' Meeting scheduled on June 23, 2022.

[Abridged Translation for Reference and Convenience Purposes Only]

Executive Liability Insurance

The Company has entered into an executive liability insurance policy with an insurer in order to offset damages that the insured parties may incur arising from accepting liability involving the execution of their duties or being subject to claims associated with efforts to hold them liable for reasons involving the execution of their duties (provided, however, that the damages in question are not the result of willful misconduct or gross negligence).

The insured parties under such insurance policy are directors and employees, etc. of the Company and its subsidiaries.

The insurance premium is paid entirely by the Company.

Basic Policy for Profit Distribution and Dividends

The Group strives to enhance its corporate value through sustained growth achieved by undertaking investments in game development and other efforts funded by securing an appropriate level of retained earnings. At the same time, one of management's key policies is to return profits to shareholders. By rewarding shareholders primarily with dividends, the Group works to return profits in a way that strikes the optimal balance between recognizing the level of earnings achieved and providing stable rewards. In determining the amount of its dividend, the Group references a consolidated dividend payout ratio of 30%, making its final decision based upon comprehensive considerations of the balance between investment needs and the distribution of profits.

[Distribution of Surplus for the Fiscal Year Ended March 31, 2022]

The Company has decided to distribute dividends from surplus at a rate of 119 yen per share of common stock by the resolution of the Board of Directors' Meeting held on May 19, 2022.

The aggregate amount of annual dividends is 129 yen per share (including the interim dividend of 10 yen per share paid in December 2021).

The Company will begin paying dividends on June 3, 2022. Please receive the aforementioned dividends by using the dividends receipt during the payment period (from June 3, 2022 through July 29, 2022).

For shareholders who have designated a payment method, the Company has arranged payment accordingly.

[Abridged Translation for Reference and Convenience Purposes Only]

Consolidated Balance Sheets

As of March 31, 2022

(Millions of Yen)

Items	Amount	Items	Amount
(ASSETS)		(LIABILITIES)	
Current assets	322,455	Current liabilities	83,800
Cash and deposits	163,088	Notes and accounts payable-trade	27,598
Notes and accounts receivable-trade	44,968	Income taxes payable	8,442
Merchandise and finished goods	4,687	Provision for bonuses	6,539
Work in progress	18	Refund liabilities	5,616
Raw materials and supplies	485	Other	35,602
Content production account	96,765	Non-current liabilities	12,672
Other	12,711	Provision for directors' retirement benefits	17
Allowance for doubtful accounts	(268)	Net defined benefit liability	3,842
Non-current assets	58,447	Deferred tax liabilities	874
Property, plant and equipment	19,814	Asset retirement obligations	3,842
Buildings and structures	5,303	Other	4,094
Tools, furniture and fixtures	4,701	Total liabilities	96,472
Amusement equipment	1,629	(NET ASSETS)	
Land	3,782	Shareholders' equity	290,272
Construction in progress	757	Capital stock	24,039
Other	3,641	Capital surplus	53,880
Intangible assets	7,375	Retained earnings	221,316
Investments and other assets	31,257	Treasury stock	(8,964)
Investment securities	2,727	Accumulated other comprehensive income	(6,752)
Guarantee deposits	11,028	Valuation difference on available-for-sale securities	(24)
Net defined benefit asset	649	Foreign currency translation adjustment	(6,844)
Deferred tax assets	10,526	Remeasurements of defined benefit plans	116
Other	6,384	Subscription rights to shares	718
Allowance for doubtful accounts	(57)	Non-controlling interests	191
		Total net assets	284,429
Total assets	380,902	Total liabilities and net assets	380,902

(Note: Amounts are rounded down to the nearest million yen.)

[Abridged Translation for Reference and Convenience Purposes Only]

Consolidated Income Statements

From April 1, 2021 to March 31, 2022

(Millions of Yen)

Items	Amount	
Net sales		365,275
Cost of sales		169,960
Gross profit		195,314
Selling, general and administrative expenses		136,053
Operating income		59,261
Non-operating income		
Interest income	101	
Dividend income	0	
Foreign exchange gains	10,489	
Rent income	33	
Gain on sale of crypto assets	2,904	
Miscellaneous income	777	14,307
Non-operating expenses		
Interest expenses	150	
Commission fee	475	
Loss on liquidation of content	1,289	
Loss on retirement of development related assets	862	
Miscellaneous loss	86	2,865
Ordinary income		70,704
Extraordinary income		
Gain on sales of non-current assets	6	
Gain on reversal of subscription rights to shares	8	
Subsidy income related to COVID-19	290	
Gain on sale of shares of subsidiaries and associates	353	
Other	72	730
Extraordinary losses		
Loss on retirement of non-current assets	212	
Impairment loss	109	
Loss on valuation of investment securities	351	
Loss on temporary closure	296	
Loss on valuation of shares of subsidiaries and associates	239	
Other	1	1,212
Profit before income taxes		70,223
Income taxes-current	20,511	
Income taxes-deferred	(1,320)	19,191
Profit		51,031
Profit attributable to non-controlling interests		17
Profit attributable to owners of parent		51,013

(Note: Amounts are rounded down to the nearest million yen.)

[Abridged Translation for Reference and Convenience Purposes Only]

Consolidated Statements of Changes in Net Assets

From April 1, 2021 to March 31, 2022

(Millions of Yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	24,039	53,593	179,722	(9,556)	247,799
Cumulative effects of changes in accounting policies			(104)		(104)
Restated balance	24,039	53,593	179,617	(9,556)	247,695
Changes during the period					
Dividends from retained earnings			(9,315)		(9,315)
Profit attributable to owners of parent			51,013		51,013
Purchase of treasury stock				(8)	(8)
Disposal of treasury stock		287		600	887
Net changes of items other than shareholders' equity					
Total changes during the period	—	287	41,698	591	42,577
Balance at the end of current period	24,039	53,880	221,316	(8,964)	290,272

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of current period	59	(5,655)	160	(5,435)	762	151	243,278
Cumulative effects of changes in accounting policies							(104)
Restated balance	59	(5,655)	160	(5,435)	762	151	243,174
Changes during the period							
Dividends from retained earnings							(9,315)
Profit attributable to owners of parent							51,013
Purchase of treasury stock							(8)
Disposal of treasury stock							887
Net changes of items other than shareholders' equity	(83)	(1,189)	(43)	(1,317)	(43)	39	(1,321)
Total changes during the period	(83)	(1,189)	(43)	(1,317)	(43)	39	41,255
Balance at the end of current period	(24)	(6,844)	116	(6,752)	718	191	284,429

(Note: Amounts are rounded down to the nearest million yen.)