

Company: SQUARE ENIX HOLDINGS CO., LTD.
 (Code: 9684, Tokyo Stock Exchange)
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**NOTICE OF ISSUANCE OF STOCK ACQUISITION RIGHTS (COMPENSATION-TYPE STOCK OPTIONS)
 TO DIRECTORS (EXCLUDING DIRECTORS WHO ARE AUDIT & SUPERVISORY COMMITTEE
 MEMBERS)**

In accordance with Article 236, 238 and 240 of the Companies Act, SQUARE ENIX HOLDINGS CO., LTD. (the “Company”) has resolved to issue Stock Acquisition Rights (Stock Compensation-Type Stock Options) for July 2019 (the “Stock Options”) at the Board of Directors Meeting held on June 21, 2019.

1. Reason for issuance of the Stock Options

The Company will issue the Stock Options to Directors (excluding Directors who are Audit & Supervisory Board Members) as consideration for the performance of duties with the aim of giving incentives to enhance business performance, increase corporate value, and raise management awareness that emphasizes shareholders of the Company.

2. Terms and Conditions of Issuance of the Stock Options

(1) Name of the Stock Options

Stock Acquisition Rights (Stock Compensation-Type Stock Options) of SQUARE ENIX HOLDINGS CO., LTD. for July 2019

(2) Total Number of the Stock Options

181 units for Five (5) Directors (excluding Directors who are Audit & Supervisory Committee Members)
 The total number above is the scheduled number to be allotted and, in the case of a decrease in the total number of the Stock Options to be allotted due to a reason such as that no application for acceptance was made, the total number of the Stock Options to be issued will be equal to the total number of the Stock Options to be allotted.

(3) Class and Number of Shares to be Delivered upon Exercise of the Stock Options

The number of shares to be delivered upon the exercise of each of the Stock Options (the “Number of Granted Shares”) shall be 100 shares of its common stock of the Company (the initial total number of shares to be issued upon exercise of all the Stock Options shall be up to 181,00 shares of its common stock). If the Company makes a stock split or a stock consolidation for the shares of common stock of the Company, the Number of Granted Shares will be adjusted in accordance with the following formula.

$$\begin{array}{l} \text{Number of} \\ \text{Granted Shares} \\ \text{after adjustment} \end{array} = \begin{array}{l} \text{Number of Granted} \\ \text{Shares prior to} \\ \text{adjustment} \end{array} \times \begin{array}{l} \text{Ratio of stock split or} \\ \text{stock consolidation} \end{array}$$

In addition, if the Company performs a merger, company split, share exchange, or share transfer (collectively, “Merger”), or makes a gratis allotment of shares, or in any cases where adjustments of the number of shares are required, the number of shares may be adjusted within a reasonable scope by taking into consideration the terms and conditions of the Mergers or the terms and conditions of the gratis allotment of shares, or other relevant factors. In this event, any fraction of less than one share shall be

discarded. However, the adjustment shall be made only for those shares that are the subject of the Stock Options that are not exercised at the time of the share split or consolidation of shares.

When the Number of Granted Shares is adjusted pursuant to the terms and conditions set forth above, the Company shall give notice of necessary matters to each holder of the Stock Options registered in the register of the Stock Options (the "Grantee") or give public notice thereof, no later than the day immediately preceding the date on which the Number of Granted Shares after adjustment shall become effective; provided, however, that if the Company is unable to give such notice or public notice no later than the date immediately preceding such applicable date, the Company shall thereafter promptly give such notice or public notice.

(4) Amount of Payment for the Stock Options

No payment of money shall be required.

(5) Cash to be Contributed at the Time of Exercising the Stock Options

The value of the assets to be contributed upon exercise of each of the Stock Options is equal to one (1) yen to be paid for each share that will be delivered upon the exercise of the Stock Options, multiplied by the Number of Granted Shares.

(6) Exercise Period of the Stock Options

From July 18, 2019 to July 17, 2039

(7) Matters Regarding Increase in Capital and Capital Reserve When Issuing Shares by Exercising the Stock Options

(a) The amount of increase in capital when shares are issued by exercising the Stock Options is half of the maximum amount of increase in capital and capital reserve calculated in accordance with Article 17(1) of the Company Accounting Regulations. Any fraction less than one yen resulting from the calculation is rounded up.

(b) The amount of increase in capital reserve when shares are issued by exercising the Stock Options is the amount resulting when the amount of increase in capital and capital reserve set forth in (a) above is deducted from the maximum amount of increase in capital stated in (a) above.

(8) Restrictions on Acquisition of the Stock Options by Transfer

The Stock Options shall not be transferred to any other party or entity unless approved by a resolution of the board of directors' meeting.

(9) Terms and Conditions for Exercising the Stock Options

(a) The Grantee may exercise the Stock Options within ten (10) days from the day after the day the Grantee loses his or her status as a director (excluding Directors who are Audit & Supervisory Committee Members) of the Company (however, this shall only be to the extent of the period set forth in 6. above).

(b) Notwithstanding the provisions of the preceding paragraph (1), if the Company's general shareholders' meeting approves an agenda proposal for approving a merger agreement in which the Company is to become the dissolving company or a share exchange agreement or share transfer plan that would make the Company a wholly owned subsidiary (if a resolution by the general shareholders' meeting is not required, then when the board of directors' meeting makes a determination thereof), and, as a result, the Grantee loses his or her status as a director or the Stock Options of the Reorganized Company under Paragraph 11 are not delivered, then the Grantee may exercise the Stock Options within ten (10) days from the day following that approval date.

(c) If the Grantee dies, his or her heir (the "Heir") may succeed and exercise his or her Stock Options pursuant to the terms and conditions of the agreement set forth in (4) below.

(d) The other terms and conditions shall be defined in the Stock Options Allotment Agreement that will be entered into by and between the Company and the Grantee

(10) Provisions for Acquisition of the Stock Options

- (a) If the Grantee or the “Heir” is unable to exercise the Stock Options or no longer satisfies the conditions for exercising the Stock Options subject to 9. above, the Company may acquire his/her Stock Options without charge.
- (b) If any of following proposals is approved at a general meeting of shareholders of the Company (or, if a resolution at a general meeting of shareholders is unnecessary, when any of the following is approved by a resolution of the board of directors’ meeting of the Company), the Company may acquire all of the outstanding Stock Options without charge on the acquisition date set out separately by the board of directors of the Company (if any):
 - (i) approval of a merger agreement whereby the Company is extinguished;
 - (ii) approval of a split agreement or plan whereby the Company becomes a split company; or
 - (iii) approval of a share exchange agreement or share transfer plan whereby the Company becomes a wholly-owned subsidiary;
 - (iv) approval of amendments to articles of incorporation to set out that acquisition by transfer of all shares issued by the Company requires approval of the Company;
 - (v) approval of amendments to articles of incorporation to set out that acquisition by transfer of class shares to be delivered upon exercise of the Stock Options requires approval of the Company or the Company acquires all of the shares in that class by resolution of a general meeting of shareholders.
 - (vi) approval to consolidation of shares of class shares to be delivered upon exercise of the Stock Options (limited to the fractions to the number of the share unit by multiplying of the ratio of the consolidation), or
 - (vii) approval of demand for a cash-out by a special controlling shareholder

(11) Matters Regarding Delivery of the Stock Options upon Reorganization

If the Company performs a merger (limited to a merger whereby the Company is extinguished), an absorption-type split, incorporation-type split, share exchange or share transfer (collectively, the “Reorganization”), in each case, the Stock Options of the kabushiki kaisha (joint-stock company) listed in Article 236(1)(viii)(a) through (e) of the Companies Act (the “Reorganized Company”) will be delivered respectively to the Grantee holding the outstanding Stock Options, upon occurrence of the Reorganization. In this event, the remaining Stock Options shall cease to exist, provided that an agreement for an absorption-type merger, incorporation-type merger or absorption-type split, an incorporation-type split plan, a share exchange agreement or a share transfer plan sets out the delivery of the Reorganized Company’s Stock Options in accordance with the terms and conditions set forth below.

- (i) Number of the Reorganized Company’s Stock Options to be delivered
The Reorganized Company shall deliver the same number of the outstanding Stock Options held by the Grantee upon occurrence of the Reorganization.
- (ii) Class of shares in the Reorganized Company to be delivered upon exercise of the Stock Options
The Reorganized Company shall deliver shares of common stock in the Reorganized Company.
- (iii) Number of shares in the Reorganized Company to be delivered upon exercise of the Stock Options
The Reorganized Company shall make a reasonable adjustment for the number of shares to be delivered, taking into consideration the terms and conditions and other matters of the Reorganization. However, any fraction of a share resulting from such adjustment shall be rounded down.
- (iv) Cash to be contributed at the time of exercising the Stock Options
The value of the assets to be contributed upon exercise of each of the Stock Options is the Amount of Money Paid for the Stock Options after the Reorganization defined below, multiplied by the number of shares of the Reorganized Company to be delivered upon exercise of each of the Stock Options, which number is determined in accordance with (iii) above. The Amount of Money Paid for the Stock Options after the Reorganization is equal to one (1) yen per share to be delivered upon exercise of the Stock Options.
- (v) Exercise period of the Stock Options
From the later of the first day of the period in which the Stock Options may be exercised as set out in

section 6. and the effective date of the Reorganization, to the expiration date of the period in which the Stock Options may be exercised as set out in section 6.

(vi) Matters regarding increase in capital and capital reserve when issuing shares by exercising the Stock Options

Any increase in capital and capital reserve is determined in accordance with section 7.

(vii) Restrictions on acquisition of the Stock Options by transfer

The Stock Options shall not be transferred to any other party or entity unless approved by the Reorganized Company.

(viii) Terms and conditions for exercising the Stock Options

The terms and conditions for exercising the Stock Options are determined in accordance with section 9.

(ix) Provisions for acquisition by the Reorganized Company of the Stock Options

The provisions for acquisition of the Stock Options are determined in accordance with section 10.

(12) Fractions of Share

Any fraction of a share in the number of shares to be delivered to the Grantee who has exercised his or her Stock Options shall be rounded down.

(13) Allotment Date of the Stock Options

July 17, 2019

(EOF)