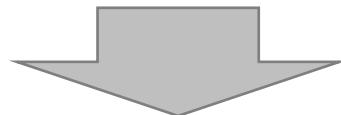


# **Overview of New Directors' Remuneration System (Supplementary explanatory materials)**

January 9, 2026

GungHo Online Entertainment, Inc.  
(Securities code: 3765)

- 1 Appropriate remuneration levels considering the business environment surrounding the Company**
- 2 Establishment of KPIs that serve as incentives for enhancing corporate value**
- 3 Transition to a remuneration system that aligns with shareholders' interests and promotes shareholder-oriented management**



Together with the new management structure announced today, the Company will strengthen corporate governance focused on maximizing corporate value.

# Review process for the directors' remuneration system

Independent Nomination and Remuneration Committee took the lead in the review

## Nomination and Remuneration Committee

Composition: A majority of the members are independent outside directors

Chairman: Independent outside director

**Highly independent Nomination and Remuneration Committee took the lead in formulating and reviewing the new system.**

Since April 2025, the Nomination and Remuneration Committee has met 11 times in total and devoted sufficient time to its deliberations.

Comprehensive and transparent review process

Utilize objective market survey data by obtaining information from external research firms

Benchmark against remuneration systems at companies of comparable size and within the gaming industry

Based on the above, a remuneration system was formulated, guided by the three points described in the preceding page, designed to drive business growth and enhance corporate value.



The new remuneration system was formulated and reviewed through a process that ensured independence and transparency.

The remuneration cap for base remuneration will be maintained at 300 million yen.

With respect to individual remuneration amounts, the remuneration levels have been substantially revised taking into account compensation levels at peer companies in the industry as well as the new management structure announced today.

Individual base remuneration amounts will be determined following proactive discussion by the Nomination and Remuneration Committee.

## Change performance-linked indicator (KPI)

Consolidated operating profit

▼  
**Profit attributable to owners of the parent company**

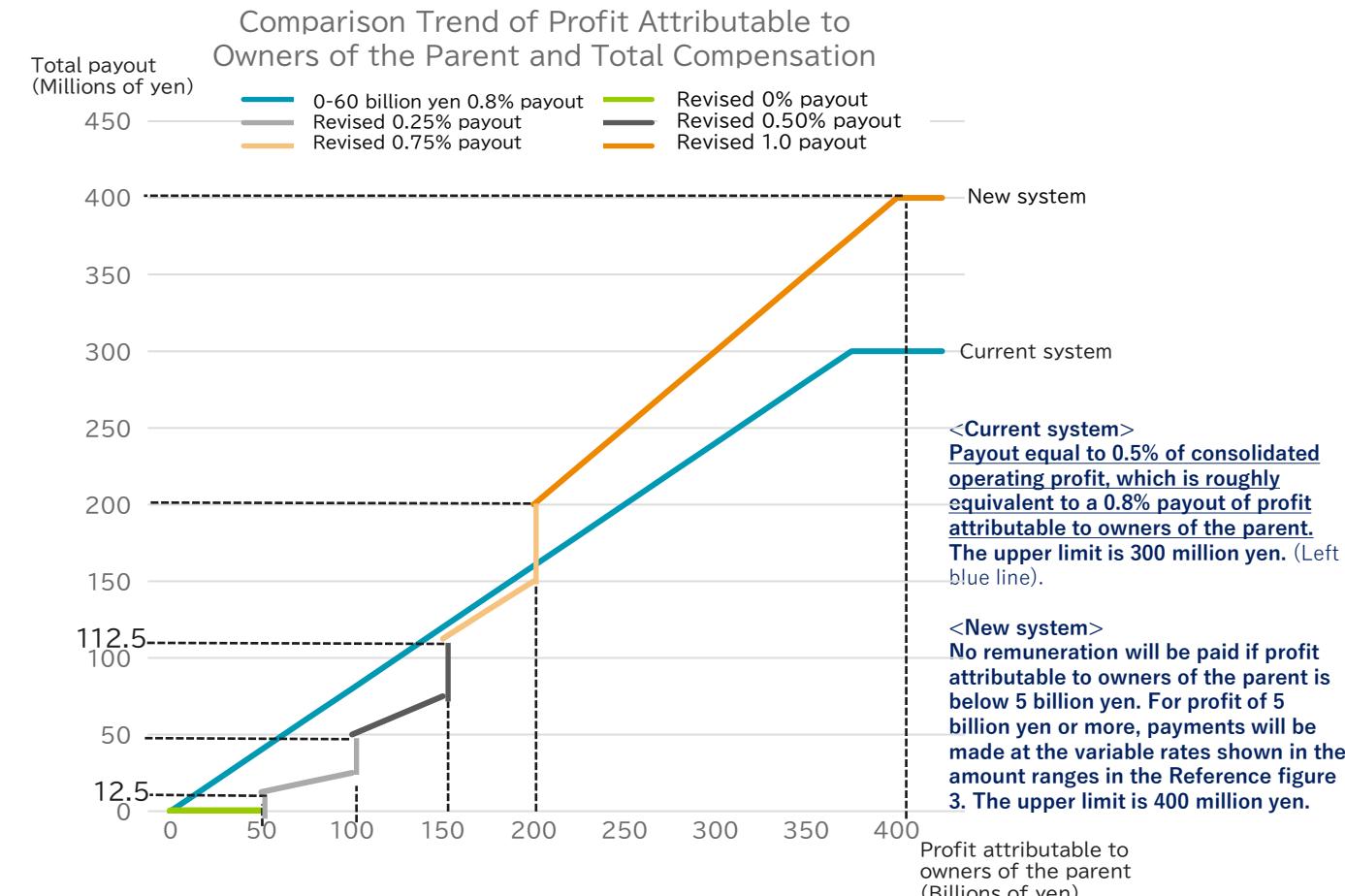
**Change KPI multiplier from a flat 0.5% to a tiered **variable rate** (0%-1% per 5 billion yen)**

### Enhance incentives to drive performance

improvement by reducing payouts in downturns (**no payouts** will be made if profit is below 5 billion yen) and allowing higher total payouts than the previous remuneration system in upturns

**Increase cap to 400 million yen**

Profit attributable to owners of the parent company	less than 5 billion yen	5 billion yen or more and less than 10 billion yen	10 billion yen or more and less than 15 billion yen	15 billion yen or more and less than 20 billion yen	20 billion yen or more
Calculation formula for total performance-linked remuneration	0%	0.25%	0.50%	0.75%	1.00%



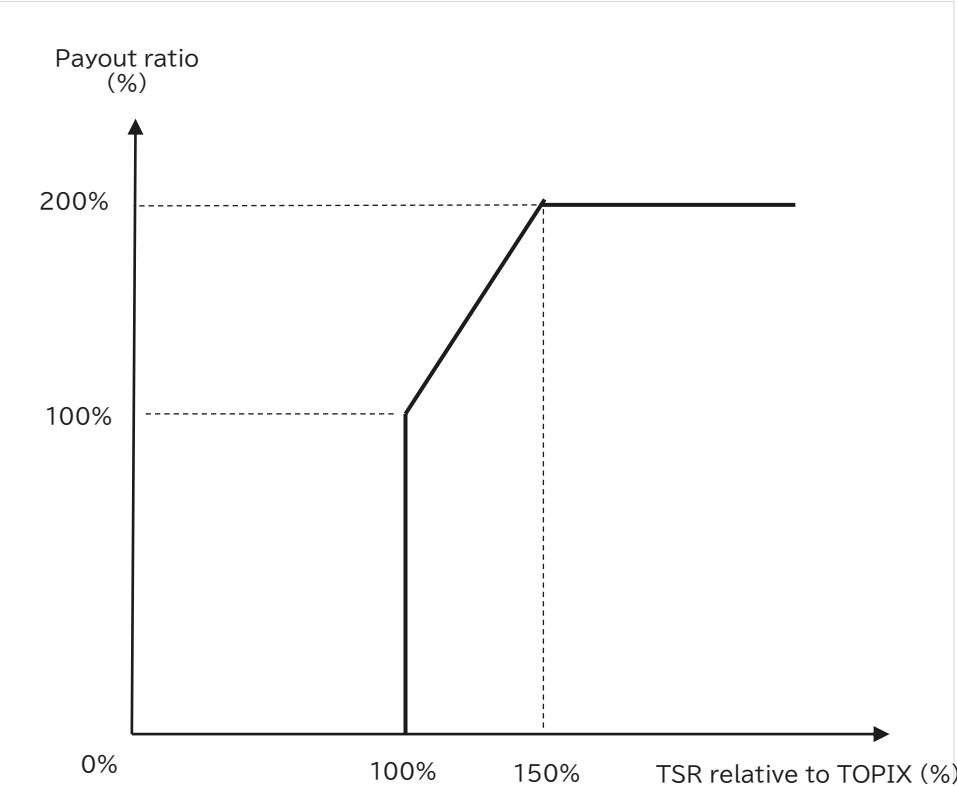
Abolish stock option plan and introduce performance-linked restricted share remuneration system

Performance-linked indicator (KPI) adopts **comparative growth rate** calculated by comparing three-year growth rate of TOPIX including dividends with the Company's TSR growth rate

TSR evaluation multiplier will be set to zero if the comparative growth rate described above is below 100%. Accordingly, no stock-based remuneration will be paid unless the Company's TSR growth rate exceeds the TOPIX growth rate including dividends.

Conversely, if the comparative growth rate is 100% or greater (i.e., the Company's growth outperforms TOPIX), the system is designed so that the evaluation multiplier reaches its maximum value of 2 at 150%, thereby strongly incentivizing an increase in the Company's TSR.

If the comparative growth rate is below 100%, no payout  
For 100% or above, payout increases proportionally, capped at 200% at 150% growth



- TOPIX growth rate including dividends is an index published by JPX Market Innovation & Research, Inc. that is calculated on the assumption that dividends paid by companies are reinvested
- The comparative growth is calculated by dividing the Company's TSR growth rate over a three-year period by the dividend-inclusive TOPIX growth rate over the same three-year period and multiplying the result by 100.

# (For reference) Comparison with the current remuneration system

Remuneration of the former President for fiscal 2024	
Base remuneration	153,904,000 yen
Performance-linked compensation	48,100,000 yen
Stock-based remuneration	86,372,000 yen
<b>Total remuneration</b>	<b>288,376,000 yen</b>



## Estimated amount under the new remuneration system

84,000,000 yen	(down about 45%)
23,736,000 yen	(down about 51%)
0 yen	(down 100%)
<b>107,736,000 yen (down about 63%)</b>	

## Strong-performance scenario

84,000,000 yen
85,000,000 yen
85,000,000 yen
<b>254,000,000 yen</b>

- The current remuneration system consists of stock-based stock options, whereas the new remuneration system consists of performance-linked stock-based remuneration.
- The amount of stock-based remuneration for fiscal 2024 represents the actual payout.

The new Chairman's remuneration is calculated using the following conditions:

- Profit attributable to owners of the parent company: 11.17 billion yen (actual figures for fiscal 2024)
- Comparative growth rate below 100% (0% payout rate for stock-based remuneration)

When performance is strong:  
 Profit attributable to owners of the parent company: 20 billion yen  
 Comparative growth rate : 100%  
 (Over the past five years, the above was achieved only in fiscal 2021)

In light of the Company's recent performance, the new remuneration system will result in lower payouts than the current system. Conversely, if profit attributable to owners of the parent company and the comparative growth rate outperform the strong-performance scenario indicated above, the remuneration will increase in line with performance, and from a remuneration perspective, the system **strongly incentivizes the enhancement of shareholders' interests.**