



February 13, 2026

To Whom It May Concern

Company name	GungHo Online Entertainment, Inc.
Representative	Kazuya Sakai Representative Director & President, CEO (Securities code : 3765 TSE Prime)
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## **Notice Regarding the Partial Revisions to the Directors' Remuneration System and the Introduction of a Performance-Linked Restricted Stock-Based Remuneration System**

In response to the opinion given by the Nomination and Remuneration Committee (Chairman: Keiji Miyakawa, Independent Outside Director) in the press release dated January 9, 2026: "Notice Regarding the Opinion Reported by the Company's Nomination and Remuneration Committee to the Board of Directors Concerning the Partial Revisions to the Directors' Remuneration System and the Introduction of a Performance-Linked Stock-Based Remuneration System", at the Board of Directors Meeting held today, a resolution was passed to partially revise the directors' remuneration system and to introduce a performance-linked restricted stock-based remuneration system ("System Revisions"), and among the System Revisions, the revision to the performance-linked compensation (monetary remuneration) framework and the introduction of a performance-linked stock-based remuneration system will be submitted for approval at the 29th Ordinary General Meeting of Shareholders scheduled to be held on March 30, 2026 (the "General Meeting"). The details are as follows.

### **1. Background and purpose of the System Revisions**

The remuneration system for the Company's executive directors (excluding outside directors; the "Eligible Directors") consists of basic remuneration (monetary remuneration), performance-linked compensation (monetary remuneration), and stock-based remuneration type stock options (stock-based remuneration). To ensure this remuneration system contributes to expanding the Company's business performance and increasing corporate value, the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors, has continuously reviewed the system, taking into account information from external research

institutions, trends at other companies, and other relevant factors. In light of the opinion given by the Nomination and Remuneration Committee, we will revise the remuneration system so that the remuneration system for Eligible Directors will set a higher performance linkage, varying depending on the growth rate of the Company's performance and other relevant factors, with an aim to further strengthen initiatives for enhancing the Company group's mid- to long-term corporate value, provide incentives for stable profit growth, and foster greater value sharing with shareholders. Furthermore, the Company has abolished the current stock-based remuneration type stock option system and newly introduced a performance-linked stock-based remuneration system, measured by stock-price growth achievement ratio.

If the revision to the performance-linked compensation (monetary remuneration) framework and the introduction of a performance-linked stock-based remuneration system are approved as proposed at the General Meeting, the remuneration for the Eligible Directors will consist of basic remuneration, performance-linked compensation and performance-linked stock-based remuneration.

The remuneration for outside directors will continue to be solely basic remuneration, from the perspective that it is an appropriate remuneration structure given their role and responsibility of overseeing the Company's management from an independent and objective standpoint.

## **2. Overview of changes to remuneration system for Eligible Directors**

### **(1) Basic Remuneration (monetary remuneration)**

The basic remuneration for directors, which is a fixed remuneration, was approved at the Extraordinary General Meeting of Shareholders held on July 30, 2004, setting an annual maximum amount of 300 million yen (excluding employee salaries for directors who concurrently serve as employees).

While the fixed remuneration framework remains unchanged from the current remuneration framework, the Nomination and Remuneration Committee will continue to proactively discuss and determine the base remuneration levels for individual directors.

### **(2) Performance-linked compensation (monetary remuneration)**

The Company's performance-linked compensation has been approved to be paid to the Eligible Directors, as a separate remuneration framework from the fixed remuneration framework, in the amount calculated by the calculation method determined at the 26th Ordinary General Meeting of Shareholders held on March 30, 2023 (setting an annual maximum amount of 300 million yen (excluding employee salaries for directors who concurrently serve as employees)).

As part of the System Revisions, the Company will revise the calculation method for performance-linked compensation as follows and set the annual maximum amount to 400 million yen (excluding employee salaries for directors who concurrently serve as employees) in order to render the Company's remuneration system to one with a higher performance linkage, varying depending on the Company's performance growth.

#### **<Calculation Method>**

The total amount of performance-linked compensation is calculated by multiplying the profit attributable to owners of the parent company by a payout rate that varies based on performance. (For the payout rates, see reference figure 1.)

The compensation amount for each director shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Committee, based on the director's position and other relevant factors, within the compensation limit approved by the shareholders' meeting. Furthermore, performance-linked indicators (KPI) and other relevant indicators may be subject to change based on shifts in the business environment or revisions to management policies. Such changes would be made through a resolution of the Board of Directors following deliberation by the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors.

[Reference figure 1: Performance-linked compensation - Comparison of payout rate under the current system and the new system]

<Current System>

KPI: consolidated operating profit

Total payout cap: 300 million yen

Consolidated operating profit	0 yen or above
Performance-linked compensation Multiplier for calculating total payout amount	0.50%



<New System>

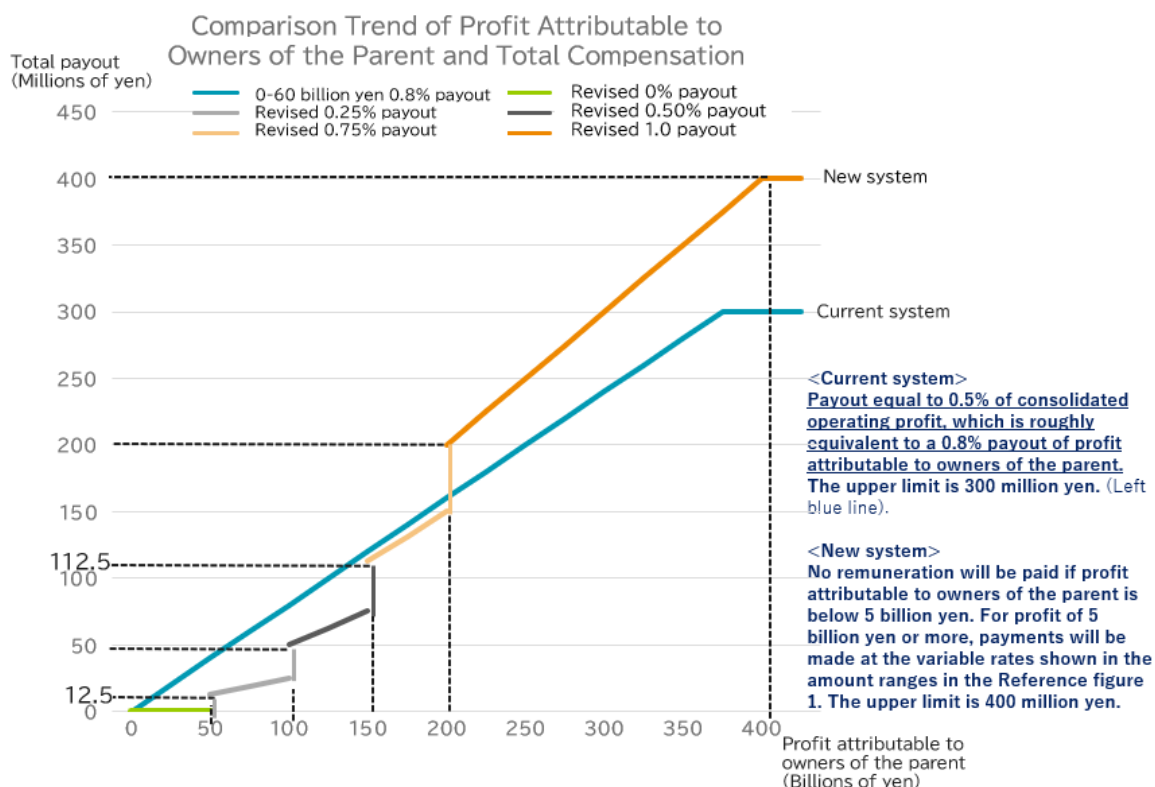
KPI: Profit attributable to owners of the parent company

Total payout capped at 400 million yen - payouts are determined using a tiered scale. If profit attributable to owners of the parent is below 5.0 billion yen, no payout will be made.

Profit attributable to owners of the parent company	less than 5.0 billion yen	5.0 billion yen or more less than 10.0 billion yen	10.0 billion yen or more less than 15.0 billion yen	15.0 billion yen or more less than 20 billion yen	20.0 billion yen or more
Performance-linked compensation Multiplier for calculating total payout amount	0%	0.25%	0.50%	0.75%	1.00%

- Payment rates will be kept lower in periods of weak performance, and no payment will be made if profit attributable to owners of the parent company is less than 5.0 billion yen. On the other hand, if profit attributable to owners of the parent company exceeds 20.0 billion yen, payments are expected to be higher than under the current system.
- The five-year average ratio of consolidated operating profit to profit attributable to owners of the parent company is 1.58; therefore, profit attributable to owners of the parent company of 20.0 billion yen corresponds to consolidated operating profit of 31.6 billion yen, representing a relatively high target compared with the Company's past performance. (For a comparison of the payout amount under the current system and the new system, see reference figure 2).

[Reference figure 2: Performance-linked compensation – Comparison of payout amount under the current system and the new system]



### (3) Abolition of stock-based remuneration type stock option system and introduction of performance-linked stock-based remuneration system

At the 24th Ordinary General Meeting of Shareholders held on March 30, 2021, the Company's stock-based remuneration type stock option system obtained shareholder approval to set the annual amount of remuneration for stock options to be granted as stock-based remuneration type stock options within the range of 300 million yen (excluding employee salaries for directors who concurrently serve as employees) and the annual maximum number of stock options to be granted at 1,500 units (150,000 shares of common stock), as a separate remuneration framework from basic remuneration (monetary remuneration) and performance-linked compensation (monetary remuneration).

As part of the System Revision, the stock-based remuneration type stock option system will be abolished and the performance-linked stock-based remuneration system will be introduced, with an aim to foster management focused on stock price performance and enhance the Company's corporate value, thereby deepening the sense of unity with shareholders.

In introducing the performance-linked stock-based remuneration system, the total amount of monetary compensation claims to be paid to the Eligible Directors for the grant of performance-linked restricted stock shall be up to 400 million yen for each consecutive three-year period from April 1 to March 31 three years later ("Evaluation Period"), separate from the fixed compensation limit for directors approved at the Extraordinary General Meeting of Shareholders held on July 30, 2004 (up to 300 million yen annually, excluding employee salaries) and the limit on directors' performance-linked compensation described in "(2) Performance-linked compensation (monetary remuneration)" (up to 400 million yen

annually, excluding employee salaries).

The initial Evaluation Period shall be from April 1, 2026 to March 31, 2029 (the second Evaluation Period shall be from April 1, 2027 to March 31, 2030, and the third Evaluation Period shall be from April 1, 2028 to March 31, 2031; thereafter each Evaluation Period shall consist of the same consecutive three-fiscal-year term from April 1 each year until March 31 three years later).

Furthermore, the Eligible Directors shall deliver all monetary compensation claims payable pursuant to resolutions of the Company's Board of Directors as in-kind contributions, and shall receive the issuance or disposition of the Company's common stock. The total number of shares of the Company's common stock issued or disposed of in this manner shall not exceed 180,000 shares per Evaluation Period (if, after the date of resolution of the proposal concerning the introduction of the performance-linked stock-based remuneration system ("Proposal"), a stock split (including a gratis allotment of the Company's common stock) or a stock consolidation of the Company's common stock occurs, or if an adjustment to the maximum total number of shares is otherwise necessary for reasons analogous to these cases, the maximum total number may be reasonably adjusted). Assuming the maximum number of shares available for grant each year is granted over the next 10 years, the ratio to the total number of shares issued (excluding treasury shares) would be approximately 4.6% (including unexercised stock options).

In addition, based on the deliberations and recommendations of the Nomination and Remuneration Committee and as determined by the Board of Directors, Eligible Directors shall be required to repay all or part of the performance-linked stock-based remuneration received in the relevant fiscal year and the preceding three fiscal years if a material misconduct, or a financial statement restatement due to misconduct occurs.

The amount paid per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange ("Tokyo Stock Exchange") on the business day preceding the date of each resolution by the Company's Board of Directors. The specific timing and allocation of payments to each Eligible Director shall be determined by the Company's Board of Directors following deliberation by the Nomination and Remuneration Committee.

The granting of monetary compensation claims and the granting of performance-linked restricted stock to Eligible Directors shall be linked to the achievement of the Eligible Director's position and the growth rate of TSR relative to the TOPIX (including dividends) during the Evaluation Period ("Comparative Growth Rate").

The specific calculation methods for the amount of the monetary compensation claim and the number of performance-linked restricted stock units shall be determined by resolution of the Company's Board of Directors following deliberation by the Nomination and Remuneration Committee. However, for the initial Evaluation Period, the calculation method is planned to be as described below in <Method for Calculating the Number of Shares to be Granted>.

< Method for Calculating the Number of Shares to be Granted >

The amount of the monetary compensation claims corresponds to the “Calculated Grant Amount” in the following formula, and the number of shares of performance-linked restricted stock corresponds to the “Number of Shares to be Granted” in the following formula.

Number of Shares to be Granted (\*a)

= Calculated Grant Amount ÷ Allocation Share Price (\*b)

Calculated Grant Amount (\*a)

= Base Amount Based on Position (\*c) × Performance-linked Coefficient (\*d)

(\*a) Fractions shall be rounded down to the nearest whole share.

(\*b) The closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date on which each of the meetings of the Board of Directors of the Company resolved the issuance or disposition of performance-linked restricted stock (If no transaction is closed on the same day, the closing price on the most recent trading day prior thereto).

(\*c) The Base Amount Based on Position for each Evaluation Period shall be as follows. If the Comparative Growth Rate is 100%, the Performance-linked Coefficient shall be 1.0 and the Calculated Grant Amount will be as described in the following table. If the Comparative Growth Rate is less than 100%, the Performance-linked Coefficient shall be 0.0 and the Calculated Grant Amount will be 0 and therefore, no performance-linked restricted stock compensation shall be granted for the relevant Evaluation Period.

Position	Base Amount Based on Position
Chairman	85,000,000 yen
President	40,000,000 yen
Other Eligible Directors	25,000,000 yen

(\*d) The Performance-linked Coefficient shall be determined in accordance with the Comparative Growth Rate for the applicable Evaluation Period as follows. Fractions below the third decimal place shall be rounded down.

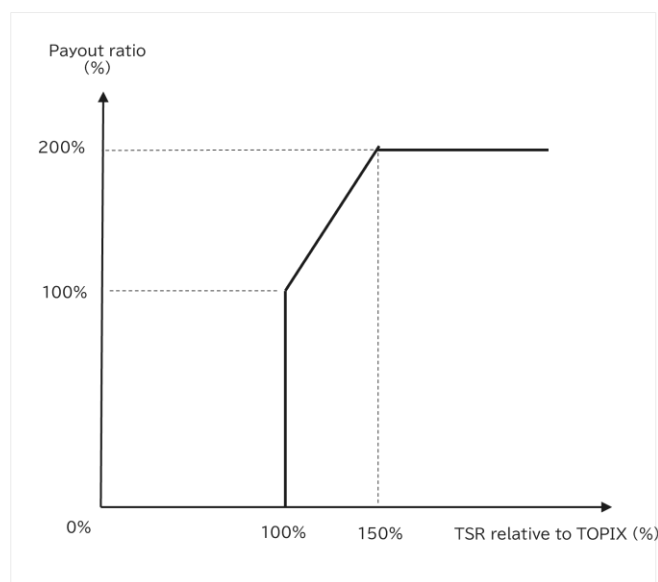
Comparative Growth Rate	Performance-linked Coefficient
Less than 100%	0.0
100% or more but less than 150%	2.0×Comparative Growth Rate –1.0
150% or more	2.0

For the correlation between the payout ratio (i.e., the Performance-linked Coefficient expressed as a percentage) and the Comparative Growth Rate, see

reference figure 3.

[Reference Chart 3: Performance-linked stock-based Remuneration - Correlation between payout ratio and comparative growth rate]

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



The comparative growth rate shall be calculated as follows.

$$\text{Comparative growth rate} = \{ (B + C) \div A \} \div (E \div D)$$

- A: The simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period in the month containing the commencement date of the Evaluation Period
- B: The simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period in the month containing the end date of the Evaluation Period
- C: The total amount of dividends per share pertaining to the distribution of the Company's surplus during the Evaluation Period (such dividends shall be based on the record date, not the effective date).
- D: The simple average of the TOPIX (including dividends) for the one-month period in the month containing the commencement date of the Evaluation Period
- E: The simple average of the TOPIX (including dividends) for the one-month period in the month containing the end date of the Evaluation Period

The above calculation method represents a standard calculation method. In cases where the Eligible Director dies or resigns before the performance indicators for the



Evaluation Period are finalized, or in other circumstances, the “Calculated Grant Amount” and “Number of Shares to be Granted” shall be reasonably adjusted based on a resolution of the Company’s Board of Directors. Furthermore, performance-linked indicators may be subject to change by resolution of the Board of Directors, following deliberation by the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors, in response to changes in the business environment or revisions to management policies.

Upon issuing or disposing the Company’s common shares under this proposal, the Company and the Eligible Directors shall enter into a Performance-linked Restricted Stock Allocation Agreement (the “Allocation Agreement”) which shall include the provisions outlined hereunder.

(1) Transfer Restriction Period

For three years from the date an Eligible Director is granted the Company’s common shares (“Transfer Restriction Period”), the Eligible Director shall not transfer, create a security interest in, or otherwise dispose of the Company’s common shares allocated under the Allocation Agreement (the “Allocated Shares”) (“Transfer Restrictions”).

(2) Cancellation of Transfer Restrictions

Upon expiration of the Transfer Restriction Period, the Company shall cancel the Transfer Restrictions on all Allocated Shares, provided that the Eligible Director has remained a director of the Company continuously throughout the Transfer Restriction Period. However, in cases such as where the Eligible Director loses the directorial position prior to the expiration of the Transfer Restriction Period for legitimate reasons approved by the Board of Directors, the number of Allocated Shares for which the Transfer Restrictions are to be cancelled and the time of such cancellation shall be separately determined in the Allocation Agreement.

(3) Acquisition of Allocated Shares without consideration

If any of the conditions set forth in the Allocation Agreement are satisfied during the Transfer Restriction Period as a result of an Eligible Director’s violation of law, internal rules, or for other reasons, the Company shall automatically acquire all or part of the Allocated Shares without consideration.

In addition, the Company shall automatically acquire without consideration any Allocated Shares for which the Transfer Restrictions have not been cancelled at the time of expiration of the Transfer Restriction Period pursuant to the provision in (2) above.

(4) Handling in case of reorganization, etc.

Notwithstanding the provision in (1) above, in the event a merger agreement pursuant to which the Company will be the disappearing company, a share exchange agreement or share transfer plan pursuant to which the Company will become a

wholly-owned subsidiary, or any other matter related to reorganization, etc. is approved by the Company's general meeting of shareholders (provided, however, that if such reorganization, etc. does not require approval by the Company's general meeting of shareholders, approval by the Board of Directors shall be read in its place) during the Transfer Restriction Period, the Company shall cancel the Transfer Restrictions applicable to the Allocated Shares prior to the effective date of the reorganization, etc. If any Allocated Shares remain subject to Transfer Restrictions immediately following such cancellation, the Company shall automatically acquire those Allocated Shares without consideration.

(5) Other matters to be determined by the Board of Directors

In addition to the above, the Allocation Agreement shall set forth the procedures for manifesting intent and giving notice under the Allocation Agreement, the procedures for amending the Allocation Agreement, and such other matters as may be determined by the Board of Directors.

To ensure that the Allocated Shares are not transferred, that no security interests are created in them, and that they are not otherwise disposed of during the Transfer Restriction Period, the Allocated Shares will be held in a dedicated securities account opened by the Eligible Directors with a securities company designated by the Company for the duration of the Transfer Restriction Period.

As a result of this System Revision, the Company will introduce a similar stock-based remuneration system for executive officers who have employment contracts with the Company, cease granting new stock-based remuneration type stock options (stock-based remuneration) under the current system, and cease issuing stock acquisition rights as stock-based remuneration type stock options (stock-based remuneration).

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