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)
Contact person	Kazumasa Takayama Corporate Officer, CFO & IRO, and Executive General Manager of Corporate Planning Division (TEL：03-6895-1650)

Notice Concerning the Opinion of the Company's Board of Directors on Shareholder Proposals

GungHo Online Entertainment, Inc. (the "Company") has received a shareholder proposal from INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc. (collectively, the "Proposing Shareholders (SC)") and from LIM Japan Event Master Fund (the "Proposing Shareholder (LIM)"; Proposing Shareholders (SC) and Proposing Shareholder (LIM) shall collectively be referred to as the "Proposing Shareholders") with respect to the business of the 29th Annual General Meeting of Shareholders (the "General Meeting") to be held on March 30, 2026 (the shareholder proposals received from the Proposing Shareholders shall collectively be referred to as the "Shareholder Proposals").

In response, the Company hereby announces that at its Board of Directors' meeting held on February 13, 2026, the Board of Directors, including the outside directors, unanimously resolved to **oppose all of the Shareholder Proposals**, as described in Exhibit 1.

For the contents of the Shareholder Proposals from the Proposing Shareholders (SC), please refer to Exhibit 2 and for the contents of the Shareholder Proposals from the Proposing Shareholder (LIM), please refer to Exhibit 3.

Exhibit 1

Board of Directors' Opinion on Shareholder Proposals

1. Opinion of the Board of Directors

The Board of Directors believes that none of the Shareholder Proposals would contribute to the enhancement of the Company's corporate value. Accordingly, the Board of Directors <u>opposes all of the Shareholder Proposals</u>.

2. Reasons for opposition

(1) "Proposal for acquisition of treasury shares from specific shareholders"

This proposal requires the Company to acquire from SON Financial LLC. and FAH Co., Ltd. (collectively, the "Target Shareholders") all of the Company Shares they hold (12,006,500 shares) (the "Target Shares"), which correspond to a holding ratio of 17.36% (according to the Change Report No.81 dated December 5, 2025).

Article 160 of the Companies Act, which forms the basis for this proposal, is a provision that requires approval by a special resolution of the general meeting of shareholders where an issuing company gives notice only to a specific shareholder intending to acquire its own shares from such shareholder. Accordingly, the approach taken in this proposal, in which the Proposing Shareholders effectively require the Company to issue a notice to acquire its own shares in order to exclude some shareholders, is inconsistent with the purpose of Article 160 of the Companies Act.

Even if this proposal is approved, the Target Shareholders will not be obliged to transfer the Target Shares. Upon receipt of the Shareholder Proposals, the Company asked the Target Shareholders whether they intended to transfer the Target Shares, and the Target Shareholders stated that **<u>even if this proposal is approved, they do not intend to transfer the Target Shares to the Company in accordance with the terms of this proposal</u>**. Accordingly, even if this proposal is adopted at the General Meeting, the Company will not be able to acquire the Target Shares, and this proposal would have no practical impact.

Furthermore, the Proposing Shareholders (SC) contend, as the rationale for this proposal, that the voting behavior of the Target Shareholders, specifically opposing the Proposing Shareholders' proposals and supporting the Company's proposals, is entirely different from that of many individual and institutional investors. However, none of the shareholder proposals submitted by the Proposing Shareholders (SC) obtained majority support at last year's general meeting or at the extraordinary general meeting held in September last year. With respect to the proposal to dismiss President Morishita (then) at the extraordinary general meeting held in September last year, among the shareholders who exercised their voting rights, excluding the Target Shareholders, shareholders representing 60.62% of the voting rights voted against the dismissal proposal. In fact, the majority of shareholders exercised their voting rights against the proposal, aligning with the Target Shareholders' voting stance. Thus, the claims made by the Proposing Shareholders (SC) are entirely baseless, and this proposal is nothing more than a superficial tactic motivated by the self-serving desire of the Proposing Shareholders (SC) to exclude the Target Shareholders, who vote in a manner inconsistent with its wishes, from the Company's shareholder base by means not contemplated by the

Companies Act, thereby increasing its influence over the Company.

Please refer to the opposing opinion on “(2) Proposal for the appropriation of surplus” for the opinion of the Board of Directors on the proposal by the Proposing Shareholders (SC) regarding the reduction of excess equity capital and cash and deposits, as stated in the reasons for the proposals.

Accordingly, the Board of Directors **opposes this proposal**.

(2) “Proposal for the appropriation of surplus”

The Company recognizes that one of its important management challenges is to achieve profits on an ongoing basis and to provide a stable return to shareholders, and its basic policy for returning profits to shareholders is to combine stable dividends in line with profit levels and forecasts with flexible share buybacks. In accordance with this basic policy, in determining the specific total amount of returns to shareholders, the Company comprehensively considers the management environment, business performance, financial soundness, and investment for growth, while striving to increase its corporate value over the long term.

In particular, in the game industry to which the Company belongs, the market is becoming increasingly competitive, and circumstances such as that it is uncertain whether the game will be a hit or not while upfront investment is necessary for game development, and that accordingly the possibility of rapid deterioration in business performance cannot be denied, and that attracting and maintaining talented individuals is an essential element of game development require the Company to maintain a stable financial base. Given these unique characteristics of the industry, the Company determines the specific amount of dividends to be paid to shareholders and the amount of share buybacks.

As announced in the “Management Policy under the New Management Structure” dated February 13, 2026, and in the “Notice Regarding Changes to the Shareholder Return Policy and Revision of the Year-End Dividend Forecast” dated February 13, 2026, the Company plans to pay a year-end dividend of 90 yen per share of the Company’s common stock in accordance with the new dividend policy (the “New Dividend Policy”), which targets a dividend on equity (DOE) of 4% and a consolidated dividend payout ratio of 50% or more. Further, as announced in the “Notice Regarding Results and Completion of Treasury Share Acquisition” dated March 19, 2025 (the “Press Release Dated March 19, 2025”), the Company implemented share buybacks of a total of 1,638,900 shares of its common stock (total acquisition cost: 4,999,823,900 yen). As described above, the Company determines dividend amounts and conducts share buybacks with the aim of achieving profits on an ongoing basis and providing a stable return to shareholders. Furthermore, in fiscal 2026 and beyond, the Company will pay appropriate dividends in accordance with the New Dividend Policy, and as announced in the “Notice Regarding the Acquisition of Treasury Shares and the Cancellation of Treasury Shares” dated February 13, 2026 (the “Press Release Regarding Treasury Share Acquisition Dated February 13”), plans to implement share buybacks up to a total of 2.1 million shares or a total acquisition cost of 5.0 billion yen.

This proposal requests for the payment of a dividend of 311 yen per share, or a total dividend of approximately 16.9 billion yen. If this amount is paid as dividends from surplus, the consolidated dividend payout ratio will be approximately 1,205.7% and a dividend on equity (DOE) will be 13.8%. In light of the characteristics of the game industry, which is the Company’s core business as described above, implementing a dividend distribution from surplus amounting to approximately 25% of the Company’s non-consolidated cash and deposits as of the end of December 2025 and approximately 1,205.7% of the Company’s consolidated dividend payout ratio and approximately 13.8% of dividend on equity would have a significant negative impact on the Company’s financial base. The Company believes that this proposal will impede the enhancement of the Company’s corporate value in the medium to long term, and is only aimed at realizing short-term profits without regard to the enhancement of the Company’s corporate value.

Moreover, if this proposal and the “proposal for acquisition of treasury shares” submitted by

the Proposing Shareholder (LIM) are both approved, approximately 57% of the Company's cash and deposits would flow out in a short period of time, causing a material adverse impact on the Company's medium- to long-term corporate value.

Accordingly, the Board of Directors **opposes this proposal**.

(3) "Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus"

The Company recognizes that one of its important management challenges is to achieve profits on an ongoing basis and to provide a stable return to shareholders, and its basic policy for returning profits to shareholders is to combine stable dividends in line with profit levels and forecasts with flexible share buybacks. In accordance with this basic policy, in determining the specific total amount of returns to shareholders, the Company comprehensively considers the management environment, business performance, financial soundness, and investment for growth, while striving to increase its corporate value over the long term.

In particular, in the game industry to which the Company belongs, the market is becoming increasingly competitive, and circumstances such as that it is uncertain whether the game will be a hit or not while upfront investment is necessary for game development, and that accordingly the possibility of rapid deterioration in business performance cannot be denied, and that attracting and maintaining talented individuals is an essential element of game development require the Company to maintain a stable financial base. Given these unique characteristics of the industry, the Company determines the specific amount of dividends to be paid to shareholders and the amount of share buybacks.

Article 41, Paragraph 1 of the Articles of Incorporation of the Company provides: "The Company may, by the resolution of the Board of Directors, determine matters concerning dividends from surplus and other matters listed in Article 459, Paragraph 1, Items 2 through 4 of the Companies Act," and the Company has not excluded the possibility that dividends from surplus may be determined by resolution of a general meeting of shareholders. In other words, matters concerning dividends from surplus may be determined either by resolution of a general meeting of shareholders or the Board of Directors. This proposal, on the other hand, proposes to amend the Articles of Incorporation to disallow the Board of Directors from adopting resolutions on dividends from surplus, except in emergency situations such as when a general meeting of shareholders cannot be held within three months from the record date.

In the Company's core businesses of smartphone games, PC online games, and consumer games, there is uncertainty as to whether the games will be a hit or not while upfront investment is required for game development, and there is a possibility of rapid deterioration in business performance. In view of such characteristics unique to the industry, under the New Dividend Policy, it is reasonable for the Board of Directors to flexibly determine the amount of dividends from surplus and other details, taking into account the medium- to long-term management policy and factors such as current business performance and investment status in game development. However, if the amendment to the Articles of Incorporation pursuant to this proposal is approved, it will not be possible to determine the amount of dividends from surplus by resolution of the Board of Directors, except in emergency situations such as when a general meeting of shareholders cannot be held within three months from the record date, which would rather make it difficult for the Company to flexibly distribute surplus, thereby hindering the return of profits to shareholders. In addition, the Board of Directors believes that the ability of the Board of Directors to determine and pay dividends from surplus in an agile and flexible manner will contribute to the interests of shareholders and increase the Company's corporate value in the medium to long term.

Accordingly, the Board of Directors **opposes this proposal**.

(4) "Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors

The Board of Directors is presided over by the Representative Director and President, who possesses a thorough understanding of business operations. By providing outside directors with explanations in advance on important agenda items and ensuring sufficient time for deliberation of proposals during the board session, the Company has established a structure that allows highly independent outside directors who constitute one-third of the Board of Directors to check and supervise management. Furthermore, in the effectiveness assessment and analysis of the Board of Directors, it has been recognized that the Board of Directors is sufficiently fulfilling its role and responsibilities as a supervisory body over the Company's business execution. Additionally, as announced in the press release titled "Notice Regarding Selection of Outside Director Candidates and Retirement of Directors" dated February 13, 2026, half of the Board of Directors will consist of highly independent outside directors, which will further strengthen the checks and supervisory functions over the Company's management structure.

The Company does not categorically reject the view that having an outside director serve as the presiding chair of the board of directors, allows a company to establish a corporate governance structure with a clearer separation of supervision and execution, thereby contributing to such company's sustainable growth and realization of enhancement of its mid- to long-term corporate value. However, the Board of Directors is responsible for decision-making functions encompassing not only management strategy and important investment decisions, but also determinations on individual matters of business execution. Therefore, the Company believes that the presiding chair of the Board of Directors should be a director who fully understands the Company's business operations as a game development company and can exercise leadership. At present, the Company believes that the appropriate governance structure is one where the Representative Director and President, who possesses a thorough understanding of the Company's business operations, serves as the presiding chair of the Board of Directors, while highly independent outside directors perform checks and supervision of the Company's management.

Furthermore, the "Practical Guidelines for Corporate Governance Systems" state that companies should consider who is appropriate to serve as the presiding chair of the Board of Directors, taking into account the role and functions of their Board of Directors. That is, the guidelines do not negate the practice of an executive director presiding over the Board of Directors from the perspective of leading operational decision-making of the Board of Directors; rather, the guidelines indicate that it is beneficial to organize the structure according to each company's specific circumstances. Therefore, it must be said that the Proposing Shareholders (SC), who cite the guidelines without considering the actual circumstances of the Board of Directors of the Company, a game development company, and assert as though it is inappropriate for an executive director to serve as the presiding chair, are making an arbitrary interpretation that does not accurately reflect the intent of the guidelines.

Furthermore, the Proposing Shareholders (SC) state as the reason for making this proposal that if an executive director becomes the presiding chair of the Board of Directors, matters such as corporate reorganizations could directly affect the position of the presiding chair of the Board of Directors, raising concerns that substantive and constructive discussions regarding such matters such as corporate reorganizations within the Board of Directors may be difficult. The Representative Director and President, who is an executive director, has

served as the presiding chair of the Board of Directors to date, and the Board of Directors has conducted substantive and constructive discussions under this structure, by receiving appropriate advice and recommendations from outside directors. Furthermore, directors, whether executive directors or non-executive directors, bear a duty to exercise due care and are in a position to seek to enhance corporate value and maximize the common interests of shareholders. Based on these responsibilities, thorough deliberations are conducted within the Board of Directors, regardless of the attributes of the presiding chair. Furthermore, the Company is not currently considering any corporate reorganization or similar matters. Moreover, the potential for a director's position to be directly affected by corporate reorganizations or similar matters does not differ between executive directors and outside directors. Accordingly, the Company considers the assertion by the Proposing Shareholders (SC)—that having an executive director serve as the presiding chair of the Board of Directors would raise concerns that substantive and constructive discussion regarding matters such as corporate reorganizations may be difficult—to be unfounded. Thus, the fact that an executive director serves as presiding chair itself does not create a situation where substantive and constructive discussions are impeded within the Board of Directors.

Accordingly, the Board of Directors **opposes this proposal.**

(5) "Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors"

The chairman of the Board of Directors is a position responsible for: (i) engaging in external activities as the Company's "public face"; (ii) handling and supporting the establishment and maintenance of relationships with the Company's major clients and business partners; and (iii) providing advice and support to the President and other officers and employees.

Among the roles undertaken by the chairman of the Board of Directors, (i) engaging in external activities as the Company's "public face" and (ii) handling and supporting the establishment and maintenance of relationships with the Company's major clients and business partners are duties that can only be performed by a person who possesses a thorough understanding of the Company's actual business operations and have earned deep trust both inside and outside the Company through past business execution. Outside directors, who do not necessarily possess such a thorough understanding of the Company's actual business operations, cannot undertake the same roles. Furthermore, among the roles undertaken by the chairman of the Board of Directors, with respect to (iii) providing advice and support to the President and other officers and employees, it is precisely because such advice and support are given by someone who has actually led business execution as the Company's leader that such actions can contribute to enhancing the Company's corporate value. Considering such role of the chairman of the Board of Directors, it is not appropriate for an outside director who is independent from business execution to serve as the chairman of the Board of Directors.

As previously announced in the "Notice of Change of Representative Director" dated January 9, 2026, Mr. Morishita's transfer to chairman of the Board of Directors was based on his expressed intention to further focus on directing and overseeing game development, thereby contributing to the realization of the Company's corporate philosophy and the enhancement of the Company's corporate value. However, given the division of responsibilities with the President, who is responsible for overall management, it is reasonable for Mr. Morishita—who has effectively led business execution as the Company's leader—to continue performing the duties described in (i) through (iii) above as the chairman of the Board of Directors. Furthermore, Mr. Morishita has consistently led game development efforts on the front lines to realize the Company's corporate philosophy of "delivering joy and wonder" as the President and Executive Producer and the de facto founder of the Company for more than 20 years. The Company believes that, based on such experience, his serving as chairman of the Board of Directors and engaging in external activities of the Company, handling and supporting the maintenance of relationships with major clients and business partners, and providing advice and support to the President and other officers and employees using his knowledge and experience, will contribute to enhancing the Company's corporate value. Furthermore, there remains strong expectation among major clients, business partners, and the Company's officers and employees that Mr. Morishita will assume this role.

Accordingly, the Board of Directors **opposes this proposal.**

(6) “Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title”

If the Company continuously discloses sales revenue by game title, the sales trends for individual game titles would become apparent. This could allow competitors to infer the Company’s revenue structure, future business strategies for individual game titles, and other sensitive information, which is highly likely to place the Company at a competitive disadvantage.

Furthermore, while it is common for game title sales revenue to gradually decline over time following release due to the nature of the revenue model for game titles, this downward trend does not necessarily indicate a decline in the game title’s popularity. However, by disclosing this downward trend, the Company believes that the game title users may receive the impression that the game title’s popularity has fallen more than it actually has, which is highly likely to trigger user attrition driven by concerns about the game title’s service termination. Furthermore, while the popularity of a game title is not necessarily determined by the magnitude of its temporary sales revenue, the Company believes that refraining to disclose a game title’s sales revenue because it is less than 100 million yen in the relevant fiscal year could mislead users of that game title into believing it is unpopular, which could reduce their motivation to play the game title, potentially leading to user attrition from that game title. As such, it cannot be denied that disclosing sales revenue by game title could lead to a decrease in the number of users for each game title, which in turn could reduce the Company’s revenue and adversely affect its business performance.

Accordingly, for game titles other than (i) PUZZLE & DRAGONS, which already has an established revenue base, and (ii) game titles that are disclosed under NASDAQ listing requirements because the Company’s subsidiary, Gravity Co., Ltd., is listed on NASDAQ, the disadvantages of disclosure are substantial, and the benefits investors would gain from such disclosure are limited.

Furthermore, for game titles that involve collaborations, depending on the amount of license fees paid to licensors and the terms of agreements with them, sales revenue may not necessarily be directly linked to the Company’s business performance. Consequently, there is a significant possibility of a discrepancy arising between the disclosed sales revenue for game titles and the Company’s business performance. Therefore, the possibility that disclosing sales revenue by game title would mislead the market with respect to the Company’s business performance cannot be ruled out.

Therefore, the Company believes that the decision on whether to disclose sales revenue by title should be made on a case-by-case basis by the Board of Directors as a matter pertaining to business execution, as it is highly likely to directly impact the Company’s competitive environment, business performance, and the appropriate evaluation of business performance. It is not appropriate to uniformly stipulate such disclosure in the Articles of Incorporation, which establish the fundamental rules of the Company.

Furthermore, the proposed amendment to the Articles of Incorporation in this proposal includes a provision allowing the Company to decide not to disclose sales revenue if the Board of Directors reasonably determines there is a concrete risk of causing material damage to the Company. However, since the criteria for non-disclosure are unclear, it must be said that there is a risk that the decision of the Board of Directors for non-disclosure based on the occurrence of material damage could be retrospectively deemed a violation of the Articles of Incorporation. Therefore, even in situations where material damage to the Company’s business operations

could occur, it is conceivable that the Board of Directors might be compelled to opt for disclosure from the perspective of avoiding this risk. Consequently, the Company believes that if the amendment to the Articles of Incorporation based on this proposal is approved, the possibility of an adverse effect on the Company's business operations cannot be ruled out.

Accordingly, the Board of Directors **opposes this proposal**.

(7) "Proposal to partially amend the Articles of Incorporation (establishment of a third-party committee and publication of the investigation report)"

With respect to the fact that a former executive-level employee of the Company (the "Former Employee"), had, acting alone over the past several years, engaged in misconduct which included misappropriating company funds through fictitious business orders (the "Misconduct"), as previously announced in the "Notice Regarding Misconduct by a Former Employee" dated August 14, 2025, the Company formed an internal investigation team independent from the Company's management team and with the support of an external law firm and a forensic team from an accounting firm, the internal investigation team, during the course of a detailed investigation into the facts surrounding the Misconduct, conducted interviews with relevant parties, including the Former Employee, performed digital forensics on devices used by the Former Employee, checked for the existence of similar cases of Misconduct, analyzed their underlying causes, and implemented measures to prevent recurrence (the "Investigation"). In addition, as previously announced in the "Notice Regarding Misconduct by a Former Employee (progress made in previously disclosed matter)" dated December 17, 2025, based on the results of the Investigation, the Company has been consulting with the auditing firm and steadily implementing multiple measures to prevent recurrence, such as improvement of internal control regarding order placement with and payment authorization process for outside vendors. After the initial investigation and Investigation regarding the Misconduct, it has been confirmed that the Misconduct was an isolated act by a Former Employee and that the Company was not involved.

In this proposal, the Proposing Shareholder (LIM) asserts doubts regarding the independence of the Investigation process and the objectivity of its results. However, the internal investigation team which conducted the Investigation was led by the Company's independent outside company auditors, Mr. Tomohiro Kikkawa and Mr. Masataka Nemoto, both newly appointed at the 28th Annual General Meeting of Shareholders held on March 28, 2025. Therefore, the Company believes that the independence of the Investigation process and the objectivity of its results are sufficiently ensured.

Furthermore, the Company has been consulting with the police and engaging in discussions on a criminal complaint immediately after the results of the initial investigation of the Misconduct became clear, and continues to cooperate with investigative activities conducted by the police. The Company is refraining from disclosing the scope of the Investigation, the details of interviews and detailed facts surrounding the Misconduct in consideration of possible interference with the investigative activities. The Company will continue to fully cooperate with the police in their investigative activities to clarify the full circumstances of the matter.

As described above, there is no reason to doubt the independence of the Investigation process and the objectivity of its results. Therefore, the Company believes that a reinvestigation regarding the Misconduct through the establishment of a third-party committee and any amendment to the Articles of Incorporation for such purpose are unnecessary. The Board of Directors will make efforts to prevent recurrence by steadily implementing measures disclosed on December 17, 2025, and in conjunction with their efforts to recover the damage caused by the Misconduct, will strive to restore the trust of all stakeholders.

Accordingly, the Board of Directors **opposes this proposal**.

(8) "Proposal to partially amend the Articles of Incorporation (disclosure of cost of capital)"

The Board of Directors believes that whether to disclose the cost of capital, including the necessity, timing and method, should be determined on a case-by-case basis based on the state of dialogue with shareholders, the management strategy of the Company, its status of implementation, and the business environment in which the Company operates, and that it is inappropriate to uniformly provide in the Articles of Incorporation that the cost of capital shall be disclosed.

Further, principle 5.2 of the Corporate Governance Code, the "Summary of Issues for the Council of Experts Concerning the Follow-up of Market Restructuring" released on January 30, 2023, and the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" released on March 31, 2023, by the Tokyo Stock Exchange, do not require companies to calculate the cost of capital and disclose it with a calculation basis. It is the understanding of the Company that companies are only required to establish business strategies and business plans and operate the business after accurately identifying the cost of capital. The Company believes that the cost of capital is an important management indicator and has been continuously discussing it at the Board of Directors meeting and, while using multiple calculation methods to appropriately identify it, intends to achieve improvements in capital efficiency that exceed the cost of capital in order to enhance shareholders' value through the identification of cost of capital.

The Proposing Shareholder (LIM) asserts that the root cause of the Misconduct was the lack of awareness for cost of capital by the Company's management team. However, the Misconduct was an isolated act by a Former Employee of the Company and has no connection to the necessity or implementation of the Company's disclosure of the cost of capital. Therefore, the Company believes this assertion is entirely unfounded.

Accordingly, the Board of Directors **opposes this proposal**.

(9) “Proposal to partially amend the Articles of Incorporation (individual disclosure of directors’ remuneration)”

The Company has established a policy regarding the determination of the content of individual remuneration and other payments to directors (the “Remuneration Determination Policy”), and for the purpose of enhancing the transparency and objectivity of the evaluation and decision-making processes regarding matters such as the nomination and remuneration of directors, as well as the Nomination and Remuneration Committee, chaired by Mr. Keiji Miyakawa and the majority of whose members are independent outside directors, for the purposes of strengthening the supervisory function of the Board of Directors, and further improving the corporate governance system. The Nomination and Remuneration Committee reports to the Board of Directors its opinion on the level of the remuneration to directors after deliberating on matters related to the remuneration of directors based on the Remuneration Determination Policy. The specific remuneration to directors is determined within the amount of remuneration approved by a general meeting of shareholders of the Company.

At the Company, with due regard to the policy for determining remuneration, and with the aim of establishing a director remuneration system that contributes to the expansion of the Company’s business performance and the enhancement of corporate value, the Company has been continuously deliberating and examining a review of the director remuneration system through the Nomination and Remuneration Committee, chaired by Mr. Keiji Miyakawa and the majority of whose members are independent outside directors. In this context, as announced in the “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” dated January 9, 2026, and as announced in the “Notice Regarding the Partial Revisions to the Directors’ Remuneration System and the Introduction of a Performance-Linked Restricted Stock-Based Remuneration System” dated February 13, 2026, the Company, with the objective of establishing a remuneration system that encourages actions toward the sustainable development of the Company’s game development business and that motivates improvements in the Company’s earnings capacity and medium- to long-term corporate value, resolved at the Board of Directors meeting held on February 13, 2026, giving maximum respect to the recommendation of the Nomination and Remuneration Committee, to implement the above partial revisions to the director remuneration system and to introduce a performance-linked stock-based remuneration system.

In addition, the Company discloses in the business report and annual securities report the total amount of remuneration by category of officer, the total amount of remuneration by type of remuneration, and the number of officers in each category in a lawful and appropriate manner. In particular, the annual securities report includes sufficient disclosure, including individual disclosure of the remuneration for directors for whom the total amount of consolidated Remuneration is 100 million yen or more.

As described above, with respect to the Company’s remuneration system, the appropriateness and transparency of the process for determination have been ensured, and the remuneration level, calculation method, and disclosure method are also appropriate and it is not necessary to make the individual disclosure of director compensation requested in this proposal, which exceeds the disclosure requirements under laws and regulations.

Accordingly, the Board of Directors **opposes this proposal**.

(10) "Proposal to acquire treasury shares"

As announced in the press release on Acquisition of Treasury Shares dated February 13, 2026, the Company plans to conduct an acquisition of treasury shares up to an aggregate of 2.1 million shares or a maximum aggregate acquisition price of up to 5.0 billion yen. Further, as announced in the Press Release Dated March 19, 2025, the Company has acquired a total of 1,638,900 shares of its common shares as treasury shares (total acquisition cost: 4,999,823,900 yen). As such, in accordance with the Company's basic policy on shareholder returns, the Company, taking into account market stock prices and its financial condition, considers share repurchases as a flexible capital policy that contributes to improving capital profitability and plans on implementing such repurchases on an ongoing and flexible basis from fiscal 2026 onward.

This proposal calls for the acquisition of treasury shares in the aggregate amount of 21.3 billion yen, and if treasury shares in this amount were to be acquired, such acquisition would represent approximately 31% of the Company's non-consolidated cash and deposit as of the end of December 2025.

Taking into account the characteristics of the Company's core business as described in the Board of Directors' opinion in "(2) Proposal for the appropriation of surplus," an acquisition of treasury shares amounting to approximately 31% of the Company's non-consolidated cash and deposit as of the end of December 2025 would have a significant adverse effect on the Company's financial base. The Company believes that this proposal impedes the growth of the Company's medium to long-term corporate value and is nothing more than a proposal that aims at realizing short-term gains while disregarding the growth of the Company's corporate value.

If this proposal and the "Proposal for the appropriation of surplus" proposed by the Proposing Shareholders (SC) were to be approved and adopted, approximately 57% of the Company's cash and deposit would be depleted within a short period time, which would have a severe adverse impact on the Company's medium-to long-term corporate value.

Accordingly, the Board of Directors **opposes this proposal**.

(Exhibit 2)

Content of the Shareholder Proposal by the Proposing Shareholders (SC)

* The following is the relevant portion of the shareholder proposal submitted by the Proposing Shareholders (SC) in its original form, with only the incorporation of the amendments dated February 5, 2026 and formal adjustments made.

I. Proposed Agenda Items

1. Proposal for acquisition of treasury shares from specific shareholders
2. Proposal for the appropriation of surplus
3. Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus
4. Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors
5. Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors
6. Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title

II. Details of the Proposals

With respect to Proposals 3 to 6 below (the “Proposals to Amend the Articles of Incorporation”), if, as a result of the approval or rejection of the Proposals to Amend the Articles of Incorporation and the other proposals (including proposals submitted by the Company) at the General Meeting, it becomes necessary to make formal adjustments to the provisions, the chapters, and the articles specified in the Proposals to Amend the Articles of Incorporation (including, without limitation, the correction of inconsistencies in the numbering of the articles), the provisions of the Articles of Incorporation relating to such proposals shall be deemed to be replaced by the provisions after the necessary adjustments have been made. For a detailed explanation of the following shareholder proposals, please refer to https://stracap.jp/3765-GUNGHO/ or the link to the dedicated website located in the upper right-hand corner of the website of Strategic Capital, Inc. (http://stracap.jp/). In the following shareholder proposals, all figures relating to the Company are based on consolidated financial statements unless otherwise stated as “non-consolidated” figures. Market capitalization is calculated by subtracting the number of treasury shares from the total number of issued shares.

1. Proposal for acquisition of treasury shares from specific shareholders

(1) Type of shares to be acquired

Common stock

(2) Number of shares to be acquired

12,006,500 shares

(3) Details of cash or other consideration to be delivered in exchange for acquisition

Cash

(4) Total amount of cash or other consideration to be delivered in exchange for acquisition

The amount shall be calculated by multiplying the closing price of the Company's shares on the Tokyo Stock Exchange Prime Market on the day preceding the date of the General Meeting (or, if no trading occurred on that day or if that day is a market holiday, the settlement price of the first subsequent completed trade) by the number of shares to be acquired. However, if the execution price of the Company's shares on the market closest to the date of agreement (up to the day preceding the date of agreement for the acquisition) is lower than the above price, the amount shall be the execution price multiplied by the number of shares to be acquired.

(5) Period during which shares may be acquired

From the date of conclusion of the General Meeting to June 30, 2026

(6) Parties from whom acquisition will be made

SON Financial LLC. and FAH Co., Ltd.

Since the amount of cash or other consideration to be delivered in exchange for one share in the acquisition of treasury shares does not exceed the amount calculated pursuant to Article 161 of the Companies Act and Article 30, Item 1 of the Regulations for Enforcement of the Companies Act, shareholders other than the parties from whom the acquisition will be made shall not have the right to request to be added as sellers in the relevant proposal pursuant to Article 160, Paragraphs 2 and 3 of the Companies Act.

2. Proposal for the appropriation of surplus

(1) Type of dividend property

Cash

(2) Matters concerning allocation of dividend property and the total amount of dividend property

311 yen, less (i) the amount of dividend per share of common stock under the proposal for the appropriation of surplus submitted by the Board of Directors of the Company and approved at the General Meeting and (ii) the amount of dividend per share of common stock determined by the Board of Directors of the Company as the appropriation (including planned appropriation) of surplus as of the end of the fiscal year ended December 31, 2025 by the date of the General Meeting in accordance with Article 41 of the Company's Articles of Incorporation (the "Company Dividend Amount"), shall be paid as a dividend per share in addition to the Company Dividend Amount.

The total amount of dividends shall be calculated by multiplying the above amount by the number of shares entitled to dividends as of the record date for voting at the General Meeting.

(3) Effective date of dividends from surplus

The day immediately following the date of the General Meeting

For the avoidance of doubt, this proposal is additionally submitted as a proposal independent of and compatible with the other proposals to be approved at the General Meeting.

(4) Commencement date of dividend payment

April 20, 2026

3. Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus

Article 41 of the current Articles of Incorporation shall be amended as set forth below.

Current Articles of Incorporation:

Article 41 (Dividends from Surplus, etc.)

1. The Company may, by the resolution of the board of directors, determine matters concerning dividends from surplus and other matters listed in Article 459, Paragraph 1, Items 2 through 4 of the Companies Act.

2.-4. (Omitted)

Proposed amendment (underline indicates the amendment):

Article 41 (Dividends from Surplus, etc.)

1. The Company may, by the resolution of the board of directors, determine matters concerning dividends from surplus and other matters listed in Article 459, Paragraph 1, Items 2 through 4 of the Companies Act; provided, however, that the board of directors among the matters listed in Article 459, Paragraph 1, Item 4 of the Companies Act, the board of directors may determine the dividends from surplus for which the record date is the last day of the Company's fiscal year, only when it is objectively and reasonably expected that the Company will be unable to convene an ordinary general meeting of shareholders within the period set forth in these Articles of Incorporation.

2.-4. (Omitted)

4. Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the board of directors

Article 23 of the current Articles of Incorporation shall be amended as set forth below.

Current Articles of Incorporation:

Article 23 (Convocation and Presiding Chair of Board of Directors)

1. Unless otherwise provided by law or regulation, the board of directors shall be convened and presided over by the Director and President. If the Director and President is unable to perform these duties, another director shall assume these duties in the order designated in advance by the Board of Directors.
2. (Omitted)

Proposed amendment (underline indicates the amendment):

Article 23 (Convocation and Presiding Chair of Board of Directors)

1. Unless otherwise provided by law or regulation, the board of directors shall be convened and presided over by an outside director designated in advance by the board of directors. If the outside director is unable to perform these duties, another outside director shall assume

these duties in the order designated in advance by the board of directors, and if all outside directors are unable to perform these duties, a director who is not an outside director shall assume these duties in the order designated in advance by the board of directors.

2. (Omitted)

5. Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the board of directors

Paragraph 2 below shall be added to Article 25 of the current Articles of Incorporation.

Article 25 (Directors with Titles)

1. (Omitted)
2. The chairman of the board of directors appointed pursuant to the preceding paragraph must be an outside director.

6. Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title

The following new chapter and article shall be added to the current Articles of Incorporation.

Chapter 7 Disclosure of Sales by Title

Article 43 (Disclosure of Sales by Title)

1. If the Company generates sales from a game title it develops, sells, or operates during a fiscal year, it shall disclose on TDnet, within three months after the end of each fiscal year, the amount of sales generated in that fiscal year for each such game title. For the purposes of this Article, “sales” shall include sales generated from non-game businesses related to the game title, and if the game title is part of a series, the sales of all game titles belonging to that series shall be subject to disclosure.
2. Notwithstanding the preceding paragraph, with respect to (i) any game title for which the board of directors reasonably determines that disclosure of such sales would, for example, result in a breach of confidentiality obligations under agreements with third parties or otherwise violate legal obligations and thereby give rise to a concrete risk of causing material damage to the Company, and (ii) any game title whose sales for the relevant fiscal year are less than 100 million yen, the Company may, in lieu of disclosing the amount of sales for that fiscal year, disclose the reason for not disclosing such sales.

III. Reasons for the Proposals

1. Proposal for acquisition of treasury shares from specific shareholders

This proposal requests that the Company acquire all of the Company’s shares held by SON Financial LLC. and FAH Co., Ltd. which are asset management companies of Mr. Taizo Son, the former Representative Director of the Company.

(1) Excess equity capital and cash and deposits are reducing capital efficiency

The Company held equity capital of 121.9 billion yen and cash and deposits of 130.1 billion yen as of the end of September 2025. While it holds excess equity capital and cash and deposits, the return on equity (ROE) for the most recent 12 months ended September 2025 remained at 3.6%, indicating a significant decline in capital efficiency.

This proposal seeks to reduce the excess equity capital and cash and deposits which are causing the decline in capital efficiency.

(2) Mr. Taizo Son's holding of shares impedes enhancement of the Company's shareholder value

Mr. Taizo Son has the influence to overturn the results of numerous proposals to be resolved at the general meeting of shareholders, including the proposal for the appointment of Mr. Morishita, the Representative Director and President, as director, simply by changing how the Company's shareholders under his control ("Mr. Taizo Son and Affiliates") exercise their voting rights.

However, Mr. Taizo Son and Affiliates have consistently exercised their voting rights in opposition to the shareholder proposals by the Proposing Shareholders and in favor of the proposals submitted by the Company, functioning as so-called stable shareholders, which differ completely from many of the individual and institutional investors. If a major shareholder functions as a stable shareholder, it not only affects the voting rights exercise ratio, but also causes a loss of tension which should essentially be required of the Company's management team, thereby becoming a factor that impedes enhancement of the Company's shareholder value.

In light of these circumstances, this proposal seeks to correct the Company's shareholder composition and instill appropriate tension within the Company's management team by having the stable shareholders—namely, Mr. Taizo Son and Affiliates—sell their shares.

(3) Mr. Taizo Son and Affiliates have been selling the Company's shares

At the time Mr. Taizo Son resigned as a director of the Company on March 30, 2020, Mr. Taizo Son and Affiliates held at least 25,380,700 shares of the Company's stock. On October 29, 2024, they sold 375,000 shares (0.45% of the issued shares at that time) and, through other transactions, have since reduced their holdings to 12,006,500 shares.

The current situation, where Mr. Taizo Son and Affiliates are gradually selling their holdings, creates unnecessary concern among shareholders and market participants other than Mr. Taizo Son and Affiliates in that they cannot predict when such sales by major shareholders would cause a deterioration in the supply and demand balance. This risks impeding the formation of an appropriate valuation for the Company's shares.

This proposal seeks to provide Mr. Taizo Son and Affiliates with an opportunity to sell their shares at an appropriate price, while also alleviating concerns among other shareholders and market participants regarding the supply and demand of the Company's shares, thereby promoting the formation of an appropriate share price.

Therefore, this proposal contributes to improvements in both capital policy and governance, and serves to enhance the Company's shareholder value.

(Note) The number of shares to be acquired and the parties from whom the acquisition will be made are stated based on Amendment Report No. 81 filed by SON Financial LLC. on December 5, 2025.

2. Proposal for the appropriation of surplus

This proposal requests the Company to pay a dividend funded by an amount equivalent to 20% of the Company's non-consolidated cash and deposits and long-term deposits as of the end of the fiscal year ended December 31, 2024, which was 84.6 billion yen.

(1) Understanding of cash and deposits held by a game company

Since game development is an inherently risky business, it is not unacceptable for a game company to maintain a certain amount of cash and deposits to prepare for risk. Shareholders are also aware of the risks associated with game companies and invest in them in the hope that they will produce a hit title that will result in a return on their investment.

Therefore, generally, the common understanding between game companies and their shareholders is that even if the game company maintains a certain amount of cash and deposits, such funds are a buffer against risk and a source for the creation of the next hit title.

(2) Depletion of hit titles from the Company

However, although the Company has invested approximately 14 years and an estimated 100 billion yen* or more in releasing new titles and has released more than 20 titles since the release of PUZZLE & DRAGONS ("P&D") in the fiscal year ended December 31, 2012, sometimes with the help of influential IPs such as "Disney" and "Yo-kai Watch," it has failed to produce another hit title.

The Company's release of the latest title in the "LET IT DIE" series on December 4, 2025 was a debacle, receiving harsh reviews from both existing fans of the series and new players.

As a result, operating profit over the past ten years decreased from 72.4 billion yen (for the fiscal year ended December 31, 2015) to 7.5 billion yen (for the 12-month period from October 2024 to September 2025), while market capitalization also decreased from 315.6 billion yen as of the end of December 2015 to 136.7 billion yen as of the end of December 2025.

(3) Decline in valuation of the Company's shares

In other words, the Company has not only failed to produce a new hit title for a prolonged period, it has produced unsuccessful titles that even devalue current IPs. Thus, the cash and deposits of the Company cannot be regarded as a source for the production of the next hit title.

In fact, the Company's net cash as of the end of September 2025 was 135.9 billion yen, while its market capitalization as of the end of December 2025 was 136.7 billion yen, which implies that

most of the positive evaluation of the Company is based on the current balance of cash and deposits held by the Company, rather than the expectation of creating the next hit title.

(4) Issue of cash and deposits held by the Company

The Company has enough cash and deposits to avoid financial difficulties for at least another ten years without producing a hit title that will be the main source of its revenue. However, if the Company does not deliver its next hit title within the next ten years, the interval from P&D to the next hit title would extend to a quarter of a century. As explained above, holding such a large amount of cash and deposits has failed to motivate the Company to produce a new hit title.

Therefore, the Proposing Shareholders demand that the Company fundamentally reform the current situation, which lacks a sense of urgency, by putting itself in a situation where cash and deposits will continue to gradually decrease unless the Company produces a hit title.

* The estimated amount of investment in the release of new titles was calculated as the sum of 20% of personnel expenses, 50% of advertising expenses and 100% of outsourcing expenses in the Company's non-consolidated selling, general, and administrative expenses, and 50% of other expenses and 100% of impairment losses since the fiscal year ended December 31, 2013.

3. Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus

This proposal requests the Company to determine the amount of the year-end dividend in principle by the resolution of a general meeting of shareholders, rather than a meeting of the Board of Directors.

As described above, the Company has continued to hold excessive cash and deposits, sufficient to survive for a quarter of a century, without producing a hit title. One of the factors that has contributed to the holding of such excessive cash and deposits is the lack of visibility of shareholders' opinions on dividend policy.

Therefore, the Proposing Shareholders request that the Articles of Incorporation be amended to provide that the amount of the year-end dividend shall in principle be subject to a resolution of the general meeting of shareholders, thereby making the shareholders' opinions on the Company's dividend policy visible through the exercise of voting rights and, in turn, improving the dividend policy based on the shareholders' opinions.

4. Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors

This proposal requests that in principle, the presiding chair of the Board of Directors be appointed from among the outside directors.

Article 23 of the current Articles of Incorporation provides that the Director and President shall be the presiding chair of the Board of Directors. However, for a company to achieve sustainable

growth and enhance its mid- to long-term corporate value, it is essential to enhance the effectiveness of the management and supervisory functions of the Board of Directors. It is therefore necessary to establish a corporate governance structure that clearly separates supervision and execution.

The Ministry of Economy, Trade and Industry's "Practical Guidelines for Corporate Governance Systems" (the "CGS Guidelines") note that, rather than having the President/CEO—who is subject to supervision—also serve as the presiding chair of the Board of Directors and take the initiative in setting the agenda and running meetings, it is easier to secure the effectiveness of the supervisory function of the Board of Directors when a non-executive director, such as an outside director, serves as the presiding chair.

Furthermore, the Board of Directors is expected to engage in substantive and constructive discussions regarding matters such as management strategy and corporate reorganizations. However, the presiding chair of the Board of Directors is currently an executive director whose position could be directly affected by such reorganizations, raising concerns that substantive and constructive discussions regarding these matters may be difficult. In order to realize the interest of the Company as a whole from a mid- to long-term perspective and facilitate dialogue with shareholders under an appropriate governance system, the presiding chair of the Board of Directors should be appointed from among the outside directors to strengthen outside director involvement.

5. Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors

This proposal requests that the chairman of the Board of Directors be appointed from among the outside directors.

(1) Importance of ensuring that the chairman position is independent from the executive function

When appointing the chairman of the Board of Directors, it is extremely important from the perspective of ensuring the neutrality and objectivity of the Board of Directors that an individual who is independent from business execution and maintains distance from the management team assumes the position.

On January 9, 2026, the Company announced that effective February 1, 2026, Mr. Morishita, the current Representative Director and President, will transfer to the position of Chairman of the Board of Directors and Chief Development Officer, and Mr. Sakai, who is the current Director, CFO, and Executive General Manager of Finance Accounting Division, will transfer to the position of Representative Director, President, and CEO (the "Transfer"). The reason stated for Mr. Morishita's transfer is "to further focus on directing and overseeing game development," and it is assumed he will continue to be closely involved in business execution.

However, Mr. Morishita's continued tenure as chairman of the Board of Directors would mean that the Board of Directors will become effectively inseparable from the executive side, potentially leading to the supervisory function becoming a mere facade.

Accordingly, appointing an outside director to the position of chairman of the Board of Directors is necessary to institutionally ensure the independence of the Board of Directors, thereby enhancing corporate value and serving the common interests of shareholders.

(2) Ensuring alignment with Mr. Morishita's focus on development

Given that Mr. Morishita himself has clearly stated that the purpose of the Transfer is "to further focus on directing and overseeing game development," establishing an environment where he can concentrate on his development responsibilities is a critical task for Company.

To achieve this, it is essential to relieve him of the heavy responsibilities of the chairman of the Board of Directors and clearly distance him from the operation and supervision of the Board of Directors. Such a structural change would create an environment in which Mr. Morishita can fully exercise his abilities in a position truly devoted to development, and would thereby contribute to the Company's sustainable growth.

6. Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title

This proposal requests that the sales for the Company's game titles that are of significant importance be disclosed.

Although the Company's sales by game title are partially disclosed, sales generated from titles other than those related to P&D and Ragnarok Online-related titles (collectively, the "Two Major Series") are not disclosed.

However, the Company has invested significant management resources in developing new titles other than the Two Major Series. In fact, due to the focus on new titles, the non-consolidated selling, general, and administrative expenses excluding advertising expenses have increased from 7.4 billion yen to 17.0 billion yen over the past ten years. Meanwhile, non-consolidated sales revenue excluding P&D over the same period has significantly decreased from 11.6 billion yen to 7.0 billion yen, showing no evidence that new titles are contributing to business performance. Under such circumstances, it is difficult for investors to make a reasonable assessment of titles other than the Two Major Series, for which information is not disclosed. Specifically, even if game titles such as "LET IT DIE: INFERNO" and "Ninjala" hold some value, the shareholders are unable to assess that value because their sales performance and contribution to business performance are not disclosed. Consequently, that value is not reflected in shareholder value.

Particularly, in the disclosure material dated August 15, 2025, the Board of Directors assessed that "Ninjala" was "capable of contributing to mid- to long-term improvements in business performance." Although more than five years have passed since "Ninjala" was released in June 2020, it is unclear how the game title has contributed to business performance over the mid- to

long-term and how it will contribute going forward. Expanding disclosure to individual sales is essential to obtain an appropriate assessment from shareholders.

Disclosure of sales by game title would provide shareholders with useful information to properly assess the Company, and in turn would contribute to enhancing the Company's shareholder value.

END

Exhibit 3

Contents of the Shareholder Proposals by the Proposing Shareholders (LIM)

* The following is a copy of the relevant part of the shareholder proposal letter submitted by the Proposing Shareholder (LIM), with minor adjustments for formality purposes.

I. Matters to be addressed at the general meeting of shareholders (proposed agenda items)

1 Partial amendment to the Articles of Incorporation (establishment of a third-party committee and publication of the investigation report)
2 Partial amendment to the Articles of Incorporation (disclosure of cost of capital)
3 Partial amendment to the Articles of Incorporation (Individual disclosure of directors' remuneration)
4 Acquisition of treasury shares

II. Summaries of the proposals and reasons for the proposals

1 Partial amendment to the Articles of Incorporation (establishment of a third-party committee and publication of the investigation report)

(1) Summary of the proposal

The following new chapter and article shall be added to the Company's Articles of Incorporation. If, as a result of the approval of the other proposals (including proposals submitted by the Company) at the Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provisions, the chapters, and the articles specified in this proposal (including, without limitation, the correction of inconsistencies in the numbering of the articles), the provisions relating to this proposal shall be deemed to be replaced by the provisions after the necessary adjustments have been made.

(underline indicates the amendment)

Current Articles of Incorporation	Proposed amendment
(Newly established)	<u>Chapter 7 Establishment of third-party committee and publication of the investigation report</u> <u>(Establishment of a third-party committee for investigation of misconduct by a former employee and publication of the investigation</u>

	report) Article 43 The Company shall establish a third-party committee for the purpose of investigating the detailed factual circumstances of the matter in which a former employee of the Company (an executive-level employee) engaged, over the past several years, in misconduct such as misappropriating the Company's funds through fictitious business orders, for investigating whether similar matters exist, for analyzing causes, and for formulating measures to prevent recurrence, and shall publish the investigation report.

(2) Reason for the proposal

The Company is experiencing issues in its compliance system. On August 14, 2025, the Company issued a press release titled "Notice Regarding Misconduct by a Former Employee", and disclosed the fact that "a former employee had engaged in misconduct over the past several years," which included "misappropriating company funds through fictitious business orders." The Company confirmed that the former employee had not only "embezzled the majority of the funds paid out by the Company as outsourcing fees by issuing fictitious business orders through a work-matching service site operated by a third-party company, with the Company as the client, and with the former employee acting as the contractor (total damage: approximately 246 million yen)," but had also "caused an outflow of approximately 100 million yen of the Company's money by improperly paying outsourcing fees to a certain business partner, despite the fact that no actual business was being conducted." The total damage of over 300 million yen represents as much as approximately 12% of the Company's consolidated net income recorded for the three quarters from January to September 2025.

According to the Company, the former employee "held discretionary powers and authority as an executive-level employee" and "due to the insufficient recognition and assessment of transaction fraud risks, individual transaction monitoring by the internal audit function, which was intended to address fraud risks, did not function adequately." However, if the former employee was an "executive-level employee" who had budgetary authority over outsourcing fees, he would have been directly supervised by President Kazuki Morishita (to become Chairman as of February 1, 2026), the executive producer.

The Company stated that it "formed an internal investigation team led by two independent outside company auditors" and "with the support of an external law firm and a forensic team from an accounting firm, the internal investigation team, during the course of a detailed investigation into the facts surrounding the misconduct conducted interviews with relevant parties, including the former employee, and performed digital forensics on devices used by the former employee." It also stated that "the internal investigation team checked for the existence of similar cases of misconduct, analyzed their underlying causes, and formulated a proposal of measures to prevent recurrence." However, the Company has not even disclosed the names of the external law firm and accounting firm, let alone the scope of the investigation, the content of the investigative interviews, or the detailed facts surrounding the misconduct. Thus, it must be said that doubts remain regarding the independence of the investigative process and the objectivity of the investigation's findings.

Moreover, this is not the Company's first serious misconduct incident. In July 2006, the Company announced an incident in which a former employee was arrested for unlawfully accessing the "Ragnarok Online" servers, duplicating in-game currency without authorization, and selling it externally. Because the misconduct was carried out by a "game master," who serves as the game's monitor, the maliciousness of the incident was particularly pronounced. The President at the time of occurrence of this incident was also Mr. Morishita.

Given that this is the second major misconduct incident during Mr. Morishita's tenure as President where the Company's outside directors and outside corporate auditors did not function, any investigation by the current management team that may have been "self-serving" cannot reasonably be expected to result in a fundamental reform of the internal control system.

Therefore, to restore the Company's credibility and corporate and shareholder value, investigators who are independent of the Company's management team must reinvestigate and verify the former employee's misconduct and analyze the causes of the misconduct incident, including whether Mr. Morishita and the management team and directors led by him breached their duties and obligations, and whether the internal control system was adequate.

Although the establishment of a third-party committee is a costly governance reform measure, a mechanism to clarify the responsibility of Mr. Morishita, who is paid the highest remuneration, would contribute to the protection of minority shareholders. In the press release titled "Notice Concerning the Opinion of the Company's Board of Directors on Shareholder Proposals" (released on February 14, 2025), the Company states that "President Morishita has played a role in achieving the Company's growth, while leading the Company's business as its de facto founder for over 20 years." If the Company values Mr. Morishita in this way, further verification is all the more necessary.

2 Partial amendment to the Articles of Incorporation (disclosure of cost of capital)

(1) Summary of the proposal

The following new chapter and article shall be added to the Company's Articles of Incorporation. If, as a result of the approval of the other proposals (including proposals submitted by the Company) at the Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provisions specified in this proposal (including, without limitation, the correction of inconsistencies in the numbering of the articles), the provisions relating to this proposal shall be deemed to be replaced by the provisions after the necessary adjustments have been made.

(underline indicates the amendment)

Current Articles of Incorporation	Proposed amendment
(Newly established)	<u>Chapter 8 Disclosure of cost of capital</u> <u>(Disclosure of cost of capital)</u> <u>Article 44 In the Corporate Governance Report that the Company submits to the Tokyo Stock Exchange, the Company shall disclose the cost of capital known to it within</u>

	one month prior to the date of submission of the report, together with the basis for its calculation.

(2) Reason for the proposal

The Company operates a business model that does not require capital investments and is a company with established profitability. However, its price book-value ratio (PBR) currently only slightly exceeds 1. As of January 13, 2025, the Company's stock price had fallen by approximately 15% over the past ten years and had underperformed the Tokyo Stock Price Index (TOPIX) by approximately 171 points.

Behind the Company's stock undervaluation lies excess capital and accumulated cash, with the equity ratio having reached approximately 73%. Specifically, as of the end of September 2025, the Company held net cash of 136.0 billion yen (cash and deposits, etc., less borrowings), an amount equivalent to approximately 96% of its market capitalization. This is a result of the Company's continued failure to prioritize capital-allocation.

In the press release titled "Notice regarding Change to Shareholder Return Policy and Revision to Year-end Dividend Forecast" dated February 14, 2025, the Company stated, "Dividends will be to maintain a consolidated dividend payout ratio of 30% or more, and the Company intends to implement such dividend payout on a stable and continuous basis. Share buybacks are positioned as a flexible capital policy aimed at enhancing capital efficiency, taking into account market stock prices and our financial condition, and will be continuously implemented based on decisions at the Board of Directors meetings." The corporate governance report released on August 15, 2025 stated, "The Company will continuously discuss cost of capital at the Board of Directors meeting and, while using multiple calculation methods to appropriately assess it, intends to achieve improvements in capital efficiency that exceed the cost of capital in order to enhance the stock price."

However, none of the disclosures contains measures to improve capital efficiency or specific details regarding the cost of capital, indicating a lack of commitment to enhance the stock price and valuation. Excess capital produces cost of capital exceeding business risk and a return on equity (ROE) that does not adequately reflect the Company's ability to generate earnings from its core operations. Yet, the Company has not set specific ROE targets and lacks substantive discussion regarding an optimal capital structure. Given the lack of clarity as to whether returns from the Company's game development exceed the cost of capital, appropriately measuring and regularly disclosing the cost of capital from the perspective of shareholders (i.e., the cost of equity) would serve the interests of minority shareholders.

The "Summary of Issues for the Follow-up Meeting on the Review of Market Segments" released by the Tokyo Stock Exchange on January 30, 2023 states, "In Japan, there are many cases in which management is not mindful of the cost of capital or the stock price, and there is a need to change management's mindset, improve management's literacy, and enhance autonomy in corporate management." The document further states, "First, we intend to encourage management to accurately understand their company's cost of capital and capital efficiency, assess their situation and the company's stock price and market capitalization, and then disclose policies and specific initiatives for improvement as necessary, which we believe will serve as a catalyst for

dialogue and improving management's literacy." The document also states, "In particular, companies whose price book-value ratio (PBR) has persistently been below 1 (i.e., companies that have not achieved capital efficiency in excess of their cost of capital, or those that have achieved such capital efficiency but whose future growth is not sufficiently anticipated by investors) should be requested to disclose policies and specific initiatives for improvement."

The Corporate Governance Code formulated by the Tokyo Stock Exchange states in "Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans," "When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and specific measures that will be taken in order to achieve their plans and targets." However, the press release titled "Notice regarding Change to Shareholder Return Policy and Revision to Year-end Dividend Forecast" issued on February 14, 2025 and the corporate governance report dated August 15, 2025 lacks numerical details for improvement of capital efficiency and the Company has failed to provide "explanations that are clear and logical to shareholders."

The root cause of the misconduct incident by the former employee announced by the Company on August 14, 2025 was the lack of awareness for cost of capital by the management team led by Mr. Morishita who directly supervised "the former employee who held discretionary powers and authority as an executive-level employee." In the case of the Company, shareholders' equity, largely comprised of retained earnings, and the accumulated cash and deposits are "mirror images" of each other. It was precisely because the Company lacked the awareness that cash and deposits represent valuable assets entrusted to it by shareholders, that an incident involving the misappropriation of such cash and deposits occurred. The Company's long-standing disregard for minority shareholders has allowed economically irrational practices to escalate into compliance issues.

3 Partial amendment to the Articles of Incorporation (Individual disclosure of directors' remuneration)

(1) Summary of the proposal

The following article shall be added to the Company's Articles of Incorporation, and the Current Articles of Incorporation from Article 30 and onward shall each be renumbered accordingly by increasing their article numbers by one. If, as a result of the approval of the other proposals (including proposals submitted by the Company) at the Annual General Meeting of Shareholders, it becomes necessary to make formal adjustments to the provisions specified in this proposal (including, without limitation, the correction of inconsistencies in the numbering of the articles), the provisions relating to this proposal shall be deemed to be replaced by the provisions after the necessary adjustments have been made.

(underline indicates the amendment)

Current Articles of Incorporation	Proposed amendment

(Newly established)	(Individual disclosure of directors' remuneration) Article 30 The Company shall, on an individual basis, in its business report and securities report, annually disclose the amount, details and method of determination of each director's remuneration.

(2) Summary of the proposal

It must be concluded that the Company has disregarded the interests of minority shareholders by allowing the share price to remain depressed while failing to provide a reasonable explanation for the use and rationale of its accumulated cash balances. Moreover, given the compliance issues and concerns regarding the effectiveness of its internal control system, the Board cannot be expected to effectively address the Company's corporate governance deficiencies or to instill in the management team a stronger sense of responsibility for capital efficiency. The proposal therefore seeks to establish governance mechanisms that enable minority shareholders to exercise more effective oversight.

On January 9, 2026, the Company announced a partial revision to its executive directors' remuneration system in a notice titled "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." However, it remains unclear to what extent measures to improve capital efficiency that are directly linked to minority shareholders' interests were considered.

Individual disclosure of directors' remuneration should demonstrate how the Board assesses the Company's challenges and how those assessments are reflected in each director's compensation. Accordingly, to identify the root causes of the Company's corporate governance and capital-allocation problems, individual disclosure is necessary not only for executive directors but for all directors, including outside directors and part-time directors.

4 Acquisition of treasury shares

(1) Summary of the proposal

Pursuant to Article 156, Paragraph 1 of the Companies Act, the Company proposes to repurchase up to 8,180,000 shares of its common stock for cash within one year from the date of the Annual General Meeting of Shareholders, at an aggregate acquisition price not to exceed JPY 21.3 billion; provided, however, that if the maximum aggregate acquisition price permitted under the Companies Act (the "distributable amount" as defined in Article 461 of the Companies Act) is lower than JPY 21.3 billion, the upper limit shall be the statutory maximum.

(2) Reason for the proposal

The Company's shares appear undervalued as a result of the retention of net cash, which has led to deteriorating capital efficiency and unaddressed excess capital. Considering the risk that shareholders' equity may continue to expand and that the Company's PBR may remain depressed for an extended period, substantive shareholder returns are an appropriate means to protect minority shareholders.

Accordingly, a large-scale share repurchase is required. The Company's net cash amounts to approximately 96% of its market capitalization, indicating that the Company has ample financial capacity to repurchase shares. The proposed total

share repurchase amount is equivalent to 15% of the trading volume of the Company's shares over the past year, which can be considered to be a reasonable level that the market can sufficiently absorb from a liquidity perspective.

END