



**Supplementary Explanatory Materials
Regarding the Opinion of the Company's
Board of Directors on Shareholder Proposals
at the Annual General Meeting of
Shareholders**

**GungHo Online Entertainment, Inc.
February 13, 2026**

Securities code: 3765

Summary of the Opinion of the Company's Board of Directors on Shareholder Proposals

The Company's Views on the Proposals from Strategic Capital and LIM Japan Event Master Fund

1	Shareholder proposals regarding shareholder returns	<p>The Company will implement shareholder returns of an appropriate scale to enhance corporate value, taking into account the Company's operating environment.</p>	P2~
2	Shareholder proposals regarding governance	<p>The Company has continued to strengthen its corporate governance in line with its circumstances and selected one additional independent outside director this year.</p>	P4~
3	Other shareholder proposals	<p>None of those proposals would contribute to enhancing the Company's corporate value.</p>	P7~



The Board of Directors **OPPOSES** all of the Shareholder Proposals.

Proposals

1 Strategic Capital – Proposal No. 2

Appropriation of surplus
(Dividend of 311 yen
per share)

2 LIM Japan Event Master Fund – Proposal No. 4

Acquisition of treasury shares
(Acquisition of treasury shares
in the amount of
21.3 billion yen)

Summary of the reasons for opposition

- Given the characteristics of the Company's core business, it is necessary to maintain a stable financial base.
- If both proposals are approved, approximately 57% of the Company's cash and deposits would flow out in the short time, which would be excessive as shareholder returns and would impede the enhancement of the Company's corporate value over the medium to long term.
- The Company has refined its approach to cash and deposits on hand and revised its shareholder return policy and is implementing balanced and appropriate shareholder return measures (for details, please refer to the next page).

Policy on shareholder returns

Dividends

To balance management that emphasizes capital efficiency with stable and sustainable shareholder returns, the Company will introduce the DOE (dividend on equity) metric in addition to the dividend payout ratio.

DOE indicator: 4%

(Consolidated dividend payout ratio: 50% or more)

Acquisition of treasury shares

While comprehensively considering the market price of the Company's shares and its financial condition, the Company positions acquisition of treasury shares as a **flexible capital policy** to improve return on capital and will implement them **on an ongoing basis** based on resolutions of the Board of Directors.

Details of shareholder returns

Year-end dividend for the fiscal year ending Dec 2025

An ordinary dividend of **90.00 yen** per share (**DOE: 4.0%**)

To be resolved at the Board of Directors meeting to be held on March 30, 2026

※ Year-end dividend for the fiscal year ending Dec 2024: 60.00 yen per share

Acquisition of treasury shares

Implementation of acquisition of treasury shares up to

5.0 billion yen or **2.1 million shares**

(approximately **3.9%** of the total issued shares, excluding treasury shares)

Cancellation of treasury shares

Cancellation of

16 million treasury shares

(approximately **23.1%** of the total issued shares prior to cancellation)

Proposals

1 Strategic Capital – Proposal No. 4

Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors (requiring the presiding chair of the Board of Directors to be an outside director in principle)

2 Strategic Capital – Proposal No. 5

Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors (requiring the chairman of the Board of Directors to be an outside director)

Summary of the reasons for opposition

- The Company has established a sufficient framework for checks and supervision of management, with highly independent outside directors constituting at least one-third of the Board of Directors, and, following the Annual General Meeting of Shareholders in March, the ratio of outside directors will be increased to 50%, thereby further strengthening the governance structure.
 - In light of the Company's current circumstances, the presiding chair of the Board of Directors should be the Representative Director and President, who has a thorough understanding of the Company's business operations and can exercise leadership.
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- The chairman of the Board of Directors can provide advice and support that contribute to enhancing the Company's corporate value only when the position is held by a person who possesses a thorough understanding of the Company's actual business operations and has earned deep trust both inside and outside the Company.
 - In light of the Company's current circumstances, an outside director would not be able to fulfill the above role.

2 Opinion of the Company's Board of Directors on Shareholder Proposals Regarding Governance (2/2)

Proposals

3 Strategic Capital – Proposal No. 3

Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus (allowing dividends to be resolved by shareholders' meeting)

4 LIM Japan Event Master Fund – Proposal No. 3

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

Summary of the reasons for opposition

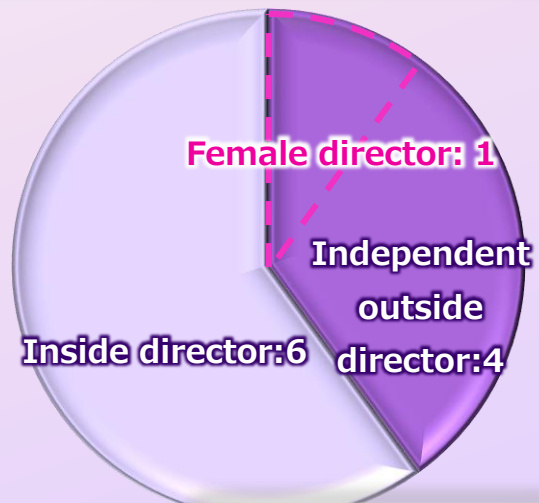
- Under the Company's Articles of Incorporation, the determination of dividends from surplus by resolution of a general meeting of shareholders is not excluded; dividends may therefore be determined either by the general meeting of shareholders or by the Board of Directors.
- Under the new dividend policy, it is reasonable for the Board of Directors to determine and distribute dividends from surplus in a timely and flexible manner, taking into account the Company's medium-to-long-term management policy, current operating results and the status of investments in game development, and such approach contributes to the interests of shareholders.
- Aiming to establish a remuneration system that incentivizes the enhancement of the Company's medium- to long-term corporate value, the Company revised its director remuneration system.
- The procedure for determining the remuneration is appropriate and ensures transparency, and the remuneration level, calculation method, and disclosure method are also appropriate.
- The Company makes adequate disclosures in accordance with applicable laws and regulations.

2 Measures to Strengthen the Company's Governance Structure

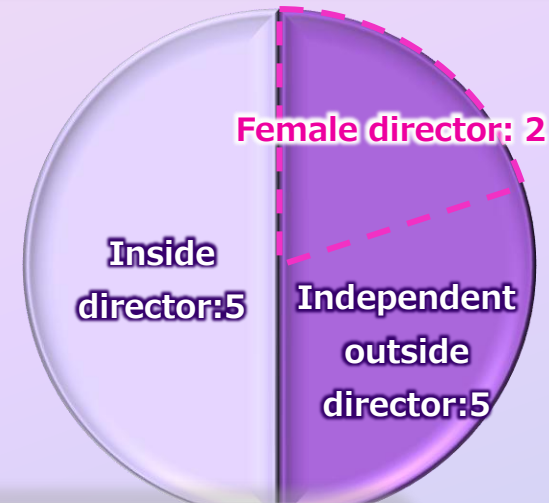
Increase in the ratio of independent outside directors

Establishment of a more robust governance structure

Previous Composition of the Board



New Composition of the Board



Ratio of independent outside directors: 40%⇒50%

Ratio of female directors: 10%⇒20%

3 Opinion of the Company's Board of Directors on Other Shareholder Proposals (1/2)

Proposals

1 Strategic Capital – Proposal No. 1

Proposal for acquisition of treasury shares from specific shareholders (requiring the Company to acquire shares held by Mr. Taizo Son)

2 Strategic Capital – Proposal No. 6

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

Summary of the reasons for opposition

- Proposed acquisition is not possible since the Company has been informed by him that there is no intention to transfer the shares to the Company, and therefore the proposal would have no practical impact.

- Continuous disclosure of sales by game title would likely place the Company at a competitive disadvantage.
- These are business-execution matters that should be decided by the Board of Directors on a case-by-case basis; it would be inappropriate to include provisions on them in the Articles of Incorporation, which set forth the Company's fundamental rules.

3 Opinion of the Company's Board of Directors on Other Shareholder Proposals (2/2)

Proposals

3 LIM Japan Event Master Fund – Proposal No. 1

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

4 LIM Japan Event Master Fund – Proposal No. 2

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

Summary of the reasons for opposition

- In conducting the investigation, the Company established an internal investigation team independent of the Company's management and obtained the support of an external law firm and the forensic team of an accounting firm, thereby sufficiently ensuring the independence of the investigation process and the objectivity of its results; accordingly, the establishment of a third-party committee is unnecessary.
- Based on the results of the Investigation, the Company has been consulting with the auditing firm and steadily implementing multiple measures to prevent recurrence.
- Whether to disclose the cost of capital should be determined on a case-by-case basis, taking into account the state of dialogue with shareholders and the Company's management strategy and other relevant circumstances, and it is inappropriate to stipulate such disclosure in the Articles of Incorporation.
- The Company appropriately identifies the cost of capital and aims to achieve capital efficiency that exceeds the cost of capital in order to enhance shareholders' value.

As described above, none of the Shareholder Proposals would contribute to enhancing the Company's corporate value, and therefore the Board of Directors opposes all of the Shareholder Proposals.