These documents have been translated from the Japanese originals for reference purposes only. In the event of any discrepancy between these translated documents and the Japanese originals, the originals shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damages arising from the translations.

Securities code: 3765
(Mailing date) March 11, 2026

To Shareholders

President & CEO Kazuya Sakai
GungHo Online Entertainment, Inc.
1-11-1, Marunouchi, Chiyoda-ku, Tokyo

Notice of Convocation of the 29th Annual General Meeting of Shareholders

It gives us great pleasure to invite you to the 29th Annual General Meeting of Shareholders of GungHo Online Entertainment, Inc.

If you will not be attending the meeting in person, you can instead exercise your voting rights via the Internet or by mail. Please read carefully the reference materials for the General Meeting of Shareholders, and exercise your voting rights by 6 p.m. on March 27, 2026 (Friday).

1. Date and time: March 30, 2026 (Monday) 10:00 a.m.
   (Doors open at 9:00 a.m.)
2. Venue: 3-13-1 Takanawa, Minato-ku, Tokyo
   Grand Prince Hotel Shin Takanawa “International Convention Center Pamir”
3. Purpose

Matters to be reported

1. The Business Report and the Consolidated Financial Statements for the 29th term (from January 1, 2025 to December 31, 2025), and the Audit Results of the Consolidated Financial Statements by the Accounting Auditor and the Board of Corporate Auditors.
2. The Non-consolidated Financial Statements for the 29th term (from January 1, 2025 to December 31, 2025)

Matters to be resolved

<Proposal by the Company (Proposal 1 to Proposal 3)>

- Proposal 1 Election of Ten (10) Directors
- Proposal 2 Revision of the Amount of Performance-Linked Compensation (Monetary Compensation) for Directors
- Proposal 3 Determination of Remuneration for Granting Performance-Linked Restricted Stock

<Proposal by Shareholders (Proposal 4 to Proposal 13) >

- Proposal 4 Proposal for acquisition of treasury shares from specific shareholders
- Proposal 5 Proposal for the appropriation of surplus
- Proposal 6 Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus
- Proposal 7 Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors
- Proposal 8 Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors
- Proposal 9 Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title
- Proposal 10 Proposal to partially amend the Articles of Incorporation (establishment of a third-party committee and publication of the investigation report)
- Proposal 11 Proposal to partially amend the Articles of Incorporation (disclosure of cost of capital)
- Proposal 12 Proposal to partially amend the Articles of Incorporation (individual disclosure of directors’ remuneration)
- Proposal 13 Proposal to acquire treasury shares

4. Items about the contents provided in electronic format

In convening this General Meeting of Shareholders, GungHo Online Entertainment, Inc. ("the Company") takes measures for providing information constituting the content of reference documents, etc., for the shareholders' meeting in an electronic format. Please access the following website and review the information published on the Company's website as "Notice of Convocation of the 29th Annual General Meeting of Shareholders," and "The 29th Annual General Meeting of Shareholders and Other Contents Provided in Electronic Format (Contents Excluded from Documents to Be Sent)."

The Company's website
https://www.gungho.co.jp/jp/en/ir/stock/meeting.html

The content provided in electronic format is published on the above website and also available on the Tokyo Stock Exchange (TSE) website below.

TSE website (Listed Company Search)
https://www2.jpx.co.jp/tseHpFront/JJK020030Action.do

On the above TSE website, please search for "GungHo Online Entertainment" or "Ticker code" (3765), select "Basic information" and proceed to "Documents for public inspection/PR information," to find "Notice of General Shareholders Meeting" under "Filed information available for public inspection."

5. Predetermined terms of the convocation

- If you exercise your voting rights multiple times both via the Internet and in writing (by mail) redundantly, the exercise via the Internet will be treated as the valid manifestation of intention. If you submit your vote multiple times via the Internet, only the last vote will be valid.
- In the case where you choose to exercise your voting rights in writing (by mail), if there is no indication of your vote for or against a proposal on the Voting Rights Exercise Form, it will be treated as a vote "for" the Company's proposals and "against" the Shareholders' proposals.

< Notice to Shareholders >

◎ **Please note that no souvenirs will be given at the General Meeting of Shareholders. Your kind understanding will be appreciated.**

◎ At this General Meeting of Shareholders, regardless of whether or not a request for the issuance of documents has been made, a document stating the content provided in electronic format will be sent uniformly. The following items are not included in the document to be sent in accordance with laws and regulations and Article 16 of the Company's Articles of Incorporation.
   1. Principal business activities
   2. Principal offices
   3. Employees
   4. Principal lenders
   5. Other material matters related to the current state of the corporate group
   6. Matters relating to share subscription rights of the Company
   7. Accounting Auditor
   8. System to secure the appropriateness of operations and an outline of the system operation
   9. Consolidated statement of changes in equity
   10. Notes to consolidated financial statements
   11. Non-consolidated statement of changes in equity
   12. Notes to non-consolidated financial statements

   Therefore, the business reports, consolidated financial statements, and non-consolidated financial statements included in the documents are part of the subject documents audited by the accounting auditor and the corporate auditor when preparing the audit report.

◎ If there are changes to the items that are required to be filed electronically, the amendment to the items will be provided on the respective websites.

◎ The results of this meeting will be provided on the Company's website.

◎ Please be advised that non-shareholders, such as proxies and persons accompanying shareholders, are not permitted to attend the meeting.

[When exercising the voting rights via the Internet]
Please access the Company's Voting Rights Exercise Website (https://www.tosyodai54.net), obtain the Voting Code and Password provided in the Voting Rights Exercise Form sent together with this Convocation Notice, and indicate whether you are "for" or "against" each of the Proposals based on the directions provided on the website.

Before exercising your voting rights via the Internet, please read "Instructions on Exercise of Voting Rights via the Internet, etc." provided in the following page.

[When exercising the voting rights by mail]
Please indicate whether you are "for" or "against" each of the Proposals on the Voting Rights Exercise Form that is attached to this Notice of Convocation, and return it to us by the deadline in order to exercise your voting rights stipulated above.

・When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception.
・If the items to be electronically provided are amended, both the pre-amendment and post-amendment items, together with an announcement to that effect, will be provided on the Company's website and on the TSE website mentioned above.
・Please be advised that non-shareholders such as proxies and persons accompanying shareholders are not permitted to attend the meeting.

<<Instructions on Exercise of Voting Rights via the Internet, etc.>>

[Internet method]
The exercise of voting rights via the Internet (PCs, mobile phones, and smartphones) may be possible only by using the voting website designated by the Company (https://www.web54.net).

1. Using a personal computer or mobile phone
Please access the URL above, use the "Voting Code" and "Password" printed in the "Request" section of the Voting Rights Exercise Form, and exercise your voting rights following the guidance on the screen.
If you use a mobile phone with a barcode scanning function, you can access the voting website by scanning the "QR for Portable Phones" printed on the Voting Rights Exercise Form.

2. Using a smartphone
You can exercise your voting rights following the guidance on the screen for exercising voting rights by scanning the "Login QR Code for the Voting Website for Smartphones" printed in the "Request" section of the Voting Rights Exercise Form. In this case, you do not need to enter the "Voting Code" and "Password."
If you wish to change your vote after exercising your voting rights once, you will need to scan the QR Code again and enter the "Voting Code" and "Password." (QR Code is a registered trademark of DENSO WAVE INCORPORATED.)

(Warning)
- Voting rights may not be exercised via the Internet depending on the Internet environment of shareholders.
- Please note that shareholders are responsible for communication charges and connection fees to service providers for accessing the voting website.

[Inquiries regarding the exercise of voting rights via the Internet]
Administrator of Shareholder Registry: Sumitomo Mitsui Trust Bank, Limited
Phone: 0120-652-031 (toll-free number)
Reception hours: 9 AM to 9 PM

[Use of the electronic voting platform (To institutional investors)]
Institutional investors may use the "Electronic Voting Platform" operated by ICJ, Inc. as a method for exercising voting rights at this General Meeting of Shareholders.

Reference Materials for the General Meeting of Shareholders

Proposals and Reference Materials

< Proposals by the Company (Proposal 1 to Proposal 3) >

Proposal 1: Election of Ten (10) Directors

The terms of office of all ten (10) Directors will expire at the close of this Annual General Meeting of Shareholders. Accordingly, the Company would like to propose ten (10) Directors to be elected.

The candidates for Directors are as follows:

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position, Assignment, and Significant Concurrent Positions</th><th>Number of Company Shares Held</th></tr>
<tr><td rowspan="2">1</td><td>Kazuki Morishita
(September 16, 1973)
Re-election</td><td>April 1994 Joined PALTEK CORPORATION
July 1996 Joined SOFTCREATE CORP
March 2000 Director of Dolphin Net Corporation
December 2000 Director of Kickers Network, Inc.
May 2001 General Manager of E Service Department of ONSale Co., Ltd (currently, GungHo Online Entertainment, Inc.)
August 2002 COO of GungHo Online Entertainment, Inc.
January 2004 President & CEO of the Company
December 2005 Director of Game Arts Co., Ltd.
March 2008 President & Representative Director of Game Arts Co., Ltd.
February 2026 Chairman of the Board of Directors & Chief Development officer of the Company (to present)
Chairman of the Board of Directors of Game Arts Co., Ltd. (to present)
(Significant Concurrent Positions)
Chairman of the Board of Directors of Game Arts Co., Ltd.
Executive Director of Gravity Co., Ltd.</td><td>1,159,600 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
Mr. Kazuki Morishita served as President & CEO of the Company for approximately 22 years from January 2004 through to January 2026. In addition to leading the Company’s management, he has played a central role in the development and management of games such as “Puzzle & Dragons” and “Ragnarok Online” and has made significant contributions to the rapid growth and development of the Company to date. In February 2026, he was appointed as Chairman of the Board of Directors & Chief Development Officer in order to devote himself more fully to game development and play an appropriate role in contributing to enhancement of the Company’s corporate value. The Company proposes the re-election of Mr. Morishita as a Director with the hope that he will strive for the further advancement of the Company.</td></tr>
</table>

No.	Name (Date of Birth)	Career Summary, Position, Assignment, and Significant Concurrent Positions	Number of Company Shares Held
2	Kazuya Sakai (January 28, 1965) Re-election	April 1987 Joined The Kyushu Sogo Bank, Ltd. (currently, The Juhachi-Shinwa Bank, Ltd.) January 1993 Joined Expression Tools, Inc. April 2002 Chief Executive Officer of Expression Tools, Inc. April 2004 Joined GungHo Online Entertainment, Inc. as General Manager of Management Division and CFO March 2005 Director of the Company January 2006 Executive General Manager of Management Division and CFO of the Company April 2008 Executive General Manager of Financial Strategy Division and CFO of the Company April 2009 Executive General Manager of Business Administration Division and CFO of the Company October 2009 Managing Executive Officer of the Company August 2010 Executive General Manager of Finance & Accounting Division and CFO of the Company January 2011 Managing Executive Officer and Executive General Manager of Finance & Accounting Division and Executive General Manager of Business Administration Division and CFO of the Company July 2011 Managing Executive Officer and Executive General Manager of Finance & Accounting Division and CFO and IRO of the Company March 2012 Executive General Manager of Finance Accounting Division and CFO and IRO of the Company April 2014 Executive General Manager of Finance Accounting Division and CFO of the Company (to present) March 2017 Director of Game Arts Co., Ltd. February 2026 President, and CEO of the Company (to present) President & Representative Director of Game Arts Co., Ltd. (to present) (Significant Concurrent Positions) President & Representative Director of Game Arts Co., Ltd. Executive Director of Gravity Co., Ltd. Director of GungHo Online Entertainment Asia Pacific Pte. Ltd.	100,000 shares

[Reasons for nomination as a candidate for Director]

Mr. Kazuya Sakai has served as the general manager of finance and accounting for many years since the early days of the Company's foundation. In addition, he has played a central role in the Company's dialogue with shareholders. As Representative Director, President & CEO since February 2026, he has demonstrated even more leadership in order to contribute to the enhancement of the Company's corporate value. The Company proposes the re-election of Mr. Sakai as a Director with the hope that he will strive for the sustainable growth of the Company and the enhancement of its corporate value.

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position, Assignment, and Significant Concurrent Positions</th><th>Number of Company Shares Held</th></tr>
<tr><td rowspan="2">3</td><td>Yoshinori Kitamura
(June 11, 1968)
Re-election</td><td>April 1992 Joined Gakusei Engokai Co., Ltd. (currently, PERSOL CAREER CO., LTD.)
January 1995 Joined Rothmans Japan
September 1999 Joined ICC Co. Ltd.
January 2002 Joined NC Japan K.K.
February 2003 Joined GungHo Online Entertainment, Inc. as General Manager of Marketing Division
January 2006 Executive General Manager of Marketing Division of the Company
March 2006 Director of the Company (to present)
July 2007 Executive General Manager of International Business Division of the Company
October 2009 Managing Executive Officer and Executive General Manager of International Division of the Company
March 2012 Executive General Manager of International Division of the Company
October 2015 Executive General Manager of GV business Division of the Company (to present)

(Significant Concurrent Positions)
Executive Director and COO and CCO of Gravity Co., Ltd.</td><td>40,000 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
Since the early days of the Company’s foundation, Mr. Yoshinori Kitamura has contributed to the growth of our game business and, in particular, has been leading, as the general manager, the business of the GRAVITY Group, a South Korean subsidiary, which has greatly developed. Accordingly, the Company proposes the re-election of Mr. Kitamura as a Director so that he will strive for further growth and development.</td></tr>
<tr><td rowspan="2">4</td><td>Koji Yoshida
(November 27, 1953)
Re-election</td><td>April 1977 Joined ARABIAN OIL COMPANY, LTD.
May 2000 Joined Nintendo Co., Ltd.
January 2002 General Manager of General Affairs Division of Nintendo Co., Ltd.
October 2005 Executive General Manager of General Affairs Division of Nintendo Co., Ltd.
June 2006 Director of Nintendo Co., Ltd.
April 2011 Joined GungHo Online Entertainment, Inc. as Assistant to Executive General Manager of Business Administration Division
July 2011 Executive General Manager of Business Administration Division, CCO and CCMO of the Company (to present)
March 2012 Director of the Company (to present)

(Significant Concurrent Positions)
Executive Director of Gravity Co., Ltd.
Director of GungHo Online Entertainment Asia Pacific Pte. Ltd.</td><td>11,500 shares</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director]
Mr. Koji Yoshida possesses broad insights and extensive experience in administrative departments such as legal affairs, human resources, and general affairs, and has contributed to the great development of the Company as the general manager of the business administration division at the Company by utilizing his experience as Director of Nintendo Co., Ltd. Accordingly, the Company proposes the re-election of Mr. Yoshida as a Director so that he will continue striving for further growth and development of the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Position, Assignment, and Significant Concurrent Positions</th><th>Number of Company Shares Held</th></tr>
<tr><td rowspan="2">5</td><td>Akihiko Ichikawa
(May 22, 1973)
Re-election</td><td>April 1992
May 1995
May 2000
December 2000
February 2002
October 2004
October 2005
March 2007
April 2008

December 2009

January 2012

October 2015

March 2021</td><td>Joined Yokohama Flugels
Joined SOFTCREATE CORP
Director of Dolphin Net Corporation
Joined Kickers Network, Inc.
Joined BELLSYSTEM24, Inc.
Joined Median, Inc.
Joined GungHo Online Entertainment, Inc.
Director of Game Arts Co., Ltd.
Executive Officer and General Manager of Business Development Office of the Company
Executive Officer of Game Division and Executive General Manager of Mobile Consumer Division of the Company
Executive Officer of Development Division and Executive General Manager of Planning Development No.1 Division of the Company
Executive Officer and Executive General Manager of Partner Publishing Division of the Company (to present)
Director of the Company (to present)</td><td>4,220 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director]
Since the early days of the Company’s foundation, Mr. Akihiko Ichikawa has been involved in the Company’s business, and has been promoting the partner publishing business, etc., as Executive Officer and Executive General Manager based on his broad insights and extensive experience. The Company proposes the re-election of Mr. Ichikawa as Director for the future growth and development of the Company.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Position, Assignment, and
Significant Concurrent Positions</th><th>Number of
Company Shares
Held</th></tr>
<tr><td rowspan="2">6</td><td>Hidetsugu Onishi
(March 7, 1964)
Re-election
Outside Director
Independent Director</td><td colspan="2">April 1986 Joined Fuji Bank, Ltd. (currently, Mizuho Bank, Ltd.)
December 1999 Investment officer, Fuji Capital Management Co., Ltd. (currently, MCP Partners Co., Ltd.)
February 2002 Director and CFO, Link Theory Holdings Co., Ltd. (currently, Link Theory Japan Co., Ltd.)
September 2009 Executive Officer & CFO, FAST RETAILING CO., LTD.
April 2011 Representative Director of Avergence, CO, Ltd. (to present)
June 2011 Co-CEO, Integrity Partners LLC. (to present)
March 2016 Director of the Company (to present)
March 2016 Outside Director of Basic Inc.
April 2018 Outside Director (Audit & Supervisory Board Member) of Basic Inc. (to present)
May 2019 Outside Audit of Arcland Sakamoto Co., Ltd. (currently, Arclands Co., Ltd)
April 2021 Outside Director of CUBE CO., LTD. (to present)
May 2022 Outside Director (Audit & Supervisory Board Member) of Arclands Co., Ltd.
January 2024 Outside Director of Classico, Inc. (to present)

(Significant Concurrent Positions)
Co-CEO, Integrity Partners LLC
CEO, Avergence Incorporated
Outside Director, CUBE CO., LTD.</td><td>1,000 shares</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director and outline of expected role]
Mr. Hidetsugu Onishi possesses extensive experience and broad insights regarding corporate management. The Company proposes the re-election of Mr. Onishi as Outside Director because the further enhancement of the Company’s continued growth and corporate value can be expected with his advice based on his knowledge regarding overall management of a company, especially his advanced knowledge and extensive experience in finance and accounting as well as his global perspective.
His term of office as Outside Director of the Company will be 10 years at the conclusion of this General Meeting of Shareholders. If his re-election is approved, he will continue to serve as an independent director.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th colspan="2">Career Summary, Position, Assignment, and Significant Concurrent Positions</th><th>Number of Company Shares Held</th></tr>
<tr><td rowspan="2">7</td><td>Susumu Tanaka
(March 11, 1953)
Re-election
Outside Director
Independent Director</td><td>April 1976
July 2012

June 2013

June 2016

June 2018

March 2020</td><td>Joined Nintendo Co., Ltd.
Deputy General Manager, Licensing Division of Nintendo Co., Ltd. (~ June 2013)
Director and General Manager for Licensing Division of Nintendo Co., Ltd. (~ June 2016)
Senior Executive Officer, General Manager for Licensing Division of Nintendo Co., Ltd. (~ June 2018)
Corporate Adviser of Nintendo Co., Ltd. of Nintendo Co., Ltd. (~ June 2019)
Director of the Company (to present)</td><td>–</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director and outline of expected role]
Mr. Susumu Tanaka has extensive experience and a high level of knowledge for the game business cultivated over many years at Nintendo Co., Ltd., and has used his experience as a Director of the Nintendo to provide advice on the overall management of the Company. The Company proposes the re-election of Mr. Tanaka as an Outside Director so that he will continue to advise on the Company's overall management in the future to further enhance the Company's continued growth and corporate value.
His term of office as an Outside Director of the Company will be 6 years at the conclusion of this General Meeting of Shareholders. If his re-election is approved, he will continue to serve as an independent director.</td></tr>
<tr><td rowspan="2">8</td><td>Etsuko Hara
(October 18, 1974)
Re-election
Outside Director
Independent Director</td><td>October 2001

September 2006
April 2007
January 2011
April 2012

April 2013
April 2019

April 2022

March 2024
June 2025</td><td>Registered as attorney-at-law (Daini Tokyo Bar Association)
Joined Anderson Mōri (currently, Anderson Mōri & Tomotsune)
Worked at Allen & Overy
Registered as attorney-at-law in New York State, United States
Partner, Anderson Mōri & Tomotsune (to present)
Member of the Japanese Law Translation Council of the Ministry of Justice
Adjunct Lecturer at Hitotsubashi University (School of law)
Associate Professor, The University of Tokyo Graduate Schools for Law and Politics
Adjunct Lecturer, The University of Tokyo Graduate Schools for Law and Politics (to present)
Director of the Company (to present)
Outside Director, Member of the Audit Committee of The Kansai Electric Power Co., Inc. (to present)

(Significant Concurrent Positions)
Partner, Anderson Mōri & Tomotsune
Outside Director, Member of the Audit Committee of The Kansai Electric Power Co., Inc. (to present)</td><td>–</td></tr>
<tr><td colspan="4">[Reasons for nomination as a candidate for Director and outline of expected role]
Ms. Etsuko Hara has extensive experience and a high level of knowledge as a lawyer. The Company proposes the re-election of Ms. Hara as an Outside Director so that she will continue to further strengthen corporate governance and enhance the continued growth and corporate value of the Company by advising on the overall management of the Company with her wealth of experience and broad insights. Although she has never been involved in corporate management in any way other than serving as an outside director or outside corporate auditor, the Company believes that she will be able to adequately perform her duties as an outside director for the reasons stated above.
Her term of office as Outside Director of the Company will be 2 years at the conclusion of this General Meeting of Shareholders. If her re-election is approved, she will continue to serve as an independent director.</td></tr>
</table>

<table>
<tr><th>No.</th><th>Name
(Date of Birth)</th><th>Career Summary, Position, Assignment, and
Significant Concurrent Positions</th><th>Number of
Company Shares
Held</th></tr>
<tr><td rowspan="2">9</td><td>Hiroyuki Uchida
(October 10, 1973)
New appointment
Outside Director
Independent Director</td><td>April 1996 Joined Japan Associated Finance Co., Ltd. (current JAFCO Group Co., Ltd.)
Certified as Certified Public Accountant
April 2001 Joined FAST RETAILING CO., LTD.
January 2006 Executive Officer of FAST RETAILING CO., LTD.
September 2013 Registered as Certified Tax Accountant
Representative of Uchida Hiroyuki Certified Public Accountant and Tax Accountant Office (current)
November 2024 Auditor of TRANSIT HOLDINGS INC. (current)
October 2025 Auditor of ALTOMOS HEALTH CARE Foundation (current)

(Significant Concurrent Positions)
Representative of Uchida Hiroyuki Certified Public Accountant and Tax Accountant Office</td><td>–</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director and outline of expected role]
Mr. Hiroyuki Uchida holds qualifications as a certified public accountant and tax accountant. He possesses extensive experience and broad insight in corporate management, including involvement in global business development through acquisitions and capital alliances while serving as an executive officer at a listed company. He has been determined that he is capable of contributing to the Company’s sustainable growth and further enhancement of corporate value and therefore has been nominated as an Outside Director candidate.</td></tr>
<tr><td rowspan="2">10</td><td>Emiko Maki
(April 30, 1975)
New appointment
Outside Director
Independent Director</td><td>October 2006 Registered as Attorney at Law (member of the Dai-ichi Tokyo Bar Association)
Joined ABE, IKUBO & KATAYAMA
January 2016 Partner of ABE, IKUBO & KATAYAMA (current)
December 2022 Registered as Patent Attorney
April 2023 Executive Director of Japan Patent Attorneys Association
March 2025 Resigned from Executive Director of Japan Patent Attorneys Association

(Significant Concurrent Positions)
Partner of ABE, IKUBO & KATAYAMA</td><td>–</td></tr>
<tr><td colspan="3">[Reasons for nomination as a candidate for Director and outline of expected role]
Ms. Emiko Maki possesses extensive experience and deep expertise in the fields of intellectual property rights and corporate legal affairs as both an attorney at law and patent attorney. She has been determined to contribute to the Company’s sustainable growth and further enhancement of corporate value and therefore has been nominated as an Outside Director candidate. She has never been involved in the management of a company in any way other than serving as an outside director or an outside auditor. However, we determine that she will be able to appropriately fulfill her duties as an Outside Director, for the reasons stated above.</td></tr>
</table>

(Notes)

1. The candidates proposed for election as Directors do not have any special interest in the Company.
2. Outline of liability limitation agreement
   Currently, the Company has entered into a liability limitation agreement with each of Directors, Mr. Hidetsugu Onishi, Mr. Susumu Tanaka and Ms. Etsuko Hara, and plans to continue the liability limitation agreement if the re-election of the Director nominees is approved. If the appointment of Mr. Hiroyuki Uchida and Ms. Emiko Maki is approved, the Company will enter into similar liability limitation agreements with them. Please refer to “Outline of liability limitation agreement” on page 55 of the Business Report.
3. Outline of indemnity agreement
   Currently, the Company has entered into an indemnity agreement with each of Directors, Mr. Kazuki Morishita, Mr. Kazuya Sakai, Mr. Yoshinori Kitamura, Mr. Koji Yoshida, Mr. Akihiko Ichikawa, Mr. Hidetsugu Onishi, Mr. Susumu Tanaka and Ms. Etsuko Hara, and plans to continue the indemnity agreement if the re-election of the Director nominees is approved. If the appointments of Mr. Hiroyuki Uchida and Ms. Emiko Maki are approved, the Company will enter into similar indemnity agreements with them. Please refer to “Outline of indemnity agreement” on page 55 of the Business Report.
4. Outline of Directors and Officers’ liability insurance policy
   Mr. Kazuki Morishita, Mr. Kazuya Sakai, Mr. Yoshinori Kitamura, Mr. Koji Yoshida, Mr. Akihiko Ichikawa, Mr. Hidetsugu Onishi, Mr. Susumu Tanaka and Ms. Etsuko Hara are currently Directors of the Company, which has currently concluded a directors and officers liability insurance (D&O Insurance) policy with an insurance company, naming these eight Director nominees as insured person. If the re-election of the above ten nominees is approved, they will be insured under the insurance policy. The insurance policy expires on December 27, 2026, but will be renewed thereafter. If the appointments of Mr. Hiroyuki Uchida and Ms. Emiko Maki are approved, they will be included as insured person under the above insurance policy. Please refer to “Outline of Directors and Officers liability insurance policy” on page 55 of the Business Report.
5. As described in the August 14, 2025 press release titled “Notice Regarding Misconduct by a Former Employee,” the Company discovered that a former executive level employee (hereinafter referred to as the “Former Employee”) had acting alone over the past several years, engaged in misconduct including misappropriation of the Company funds through fictitious business orders (hereinafter referred to as the “Misconduct”). In response to the Misconduct, the Company formed an internal investigation team led by Independent Outside Auditors Mr. Tomohiro Kikkawa and Mr. Masatake Nemoto. With the support of an external law firm and a forensic team from an accounting firm, the internal investigation team conducted interviews with relevant parties, including the Former Employee, and carried out a detailed investigation into the facts related to the Misconduct which included performing digital forensics on devices used by the Former Employee. The internal investigation team checked for similar cases of Misconduct, analyzed the underlying causes, and formulated a proposal of measures to prevent recurrence. As described in the December 17, 2025 press release titled “Notice Regarding Misconduct by a Former Employee (progress made in previously disclosed matter),” the Company has reviewed its internal systems sincerely in response to the results of the investigation and steadily implemented a number of preventative measures. In addition, the Board of Directors has been actively discussing and reviewing measures to prevent recurrence of the Misconduct.
   Candidates for Outside Director Mr. Hidetsugu Onishi, Mr. Susumu Tanaka, and Ms. Etsuko Hara have regularly provided advice from the perspective of Group governance and compliance at meetings of the Board of Directors. After the Misconduct was discovered, they made a request at a meeting of the Board of Directors for a thorough investigation to clarify the facts and determine the causes of the Misconduct. Based on the report and recommendations of the internal investigation team, they fulfilled their duties, including making recommendations related to strengthening the Group governance system, ensuring compliance, and improving systems in order to prevent recurrence.

[Reference]
The following main expertise and experience of each Director are deemed necessary by the Company's Board of Directors.

Name	Position	Overall Management	Game Development /IP Creation	Game Operation/ IP Development	Financial Accounting	Global	PR/IR/ Marketing	Legal/ Governance	HR/Labor
Mr. Kazuki Morishita	Chairman of the Board of Directors	●	●	●		●	●	●	
Mr. Kazuya Sakai	President & CEO	●			●	●	●		
Mr. Yoshinori Kitamura	Director	●		●		●	●		
Mr. Koji Yoshida	Director	●				●		●	●
Mr. Akihiko Ichikawa	Director	●		●		●	●		
Mr. Hidetsugu Onishi	Outside Director/ Independent Director	●			●	●			
Mr. Susumu Tanaka	Outside Director/ Independent Director	●				●	●		
Ms. Etsuko Hara	Outside Director Independent Director					●		●	
Mr. Hiroyuki Uchida	Outside Director/ Independent Director	●			●	●			
Ms. Emiko Maki	Outside Director Independent Director					●		●	

(Note) The above chart does not show all knowledge possessed by each candidate.

[Reference] Criteria of Independence of Outside Directors

The independence of an outside director or nominees for an outside director shall be determined to be independent, provided that it is determined that the independence does not fall under any of the following items in addition to the "Independence Standards" established by the Tokyo Stock Exchange, based on the prior investigation conducted by the Company to the extent possible.

1. An executive of the GungHo Group or a person who was an executive within the past 10 years
2. An executive of a major business partner of the GungHo Group (Note 1)
3. A consultant, accountant and/or legal professional (in the case of an organization including corporation and/or partnership, any individual who is a member of such organization) who receives substantial amounts of money or other property (Note 2) from the GungHo Group in addition to the executive remuneration
4. A major shareholder, or an executive thereof, holding 10% or more of the total number of issued shares of the Company
5. A lender, or an executive thereof, whose loans to the Company exceed 2% of the Company's total assets
6. A person who has received or a person who belongs to an organization that has received a donation from the GungHo Group, that exceeds 2% of the recipient's annual gross income.
7. A person who has met any of the criteria 2 through 6 above within the past 3 years
8. A spouse, a relative within the second degree of kinship, a cohabitant, or a person who shares a common household with a person who meets any of the criteria 1 through 7 above
9. A person who has been in office as an outside director/auditor of the Company for a total of more than 12 years

(Notes) 1. "Major business partner" means any partners whose volume of business with the GungHo Group exceeds 2% of the Company's consolidated net sales per fiscal year.
2. The term "substantial amount of money or other property" means that the total value of such money or property exceeds 10 million yen or more in the case of an individual, or 2% of the consolidated net sales or gross income of the organization in the case of an organization, per fiscal year.

[Reference information applicable to both Proposal 2 and Proposal 3]

The remuneration system for the Company's executive directors (excluding outside directors and part-time directors; hereinafter referred to as the "Eligible Directors") consists of basic remuneration (monetary compensation), performance-linked compensation (monetary compensation), and stock-based remuneration type stock options (stock-based remuneration). To ensure that this remuneration system contributes to expanding the Company's business performance and increasing corporate value, the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors, has continuously reviewed the system, taking into account information from external research institutions, trends at other companies, and other relevant factors. In light of the opinion given by the Nomination and Remuneration Committee, with the aim of further strengthening initiatives for enhancing the Company group's medium- to long-term corporate value, provide incentives for stable profit growth, and foster greater value sharing with shareholders, the Company will submit Proposal 2 to revise the performance-linked compensation for Eligible Directors so that it will have a higher performance linkage varying depending on the growth rate of the Company's performance, and Proposal 3 to abolish the current stock-based remuneration type stock option system and introduce a new performance-linked stock-based remuneration system, measured by stock-price growth achievement ratio.

If Proposal 2 and Proposal 3 are approved as proposed at this General Meeting of Shareholders, the remuneration for the Eligible Directors will consist of basic remuneration, performance-linked compensation, and performance-linked stock-based remuneration.

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

In addition, the policies on determining remuneration for individual directors are as described on pages 55 to 56 of the Business Report, but this will be changed as described on page 22 subject to the approval of Proposal 2 and Proposal 3 as proposed.

Proposal 2: Revision of the Amount of Performance-Linked Compensation (Monetary Compensation) for Directors
The Company’s performance-linked compensation has been approved to be paid to the Eligible Directors, as a separate remuneration framework from the fixed remuneration framework, in the amount calculated by the calculation method determined at the 26th Ordinary General Meeting of Shareholders held on March 30, 2023 (setting an annual maximum amount of 300 million yen (excluding employee salaries for directors who concurrently serve as employees)).
As part of the System Revisions, the Company will revise the calculation method for performance-linked compensation as follows and set the annual maximum amount to 400 million yen (excluding employee salaries for directors who concurrently serve as employees) in order to render the Company’s remuneration system to one with a higher performance linkage, varying depending on the Company’s performance growth. It should be noted that as in the past, remuneration for directors will not include employee salaries for directors who concurrently serve as employees, and remuneration for directors other than the Eligible Directors will consist solely of fixed compensation.
The content of this proposal was deliberated by the Nomination and Remuneration Committee chaired by an independent outside director and the majority of whose members are independent outside directors and was decided by the Board of Directors, which includes four independent outside directors, with due consideration given to the reasonableness of the proposal in light of the Company's business performance and the standards of other companies, as well as various other relevant circumstances. The Company has, therefore, determined the content of the proposal to be appropriate.
In addition, the policies on determining remuneration for individual directors are as described on pages 55 to 56, but this will be changed as described on page 22 subject to the approval of this proposal and Proposal 3 as proposed.
There are currently ten directors (including four outside directors), five of whom are the Eligible Directors. If Proposal 1 is approved as proposed, there will be ten directors (including five outside directors), five of whom will be the Eligible Directors.

（Calculation Method）
The total amount of performance-linked compensation is calculated by multiplying the profit attributable to owners of the parent company by a payout rate that varies based on performance. (For the payout rates, see reference figure 1.)
The compensation amount for each director shall be determined by the Board of Directors after deliberation by the Nomination and Remuneration Committee, based on the director’s position and other relevant factors, within the compensation limit approved by the shareholders’ meeting. Furthermore, performance-linked indicators (KPI) and other relevant indicators may be subject to change based on shifts in the business environment or revisions to management policies. Such changes would be made through a resolution of the Board of Directors following deliberation by the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors.

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

＜Current System＞
KPI：Consolidated operating profit
Total payout cap: 300 million yen

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

▼

＜New System＞

KPI：Profit attributable to owners of the parent company

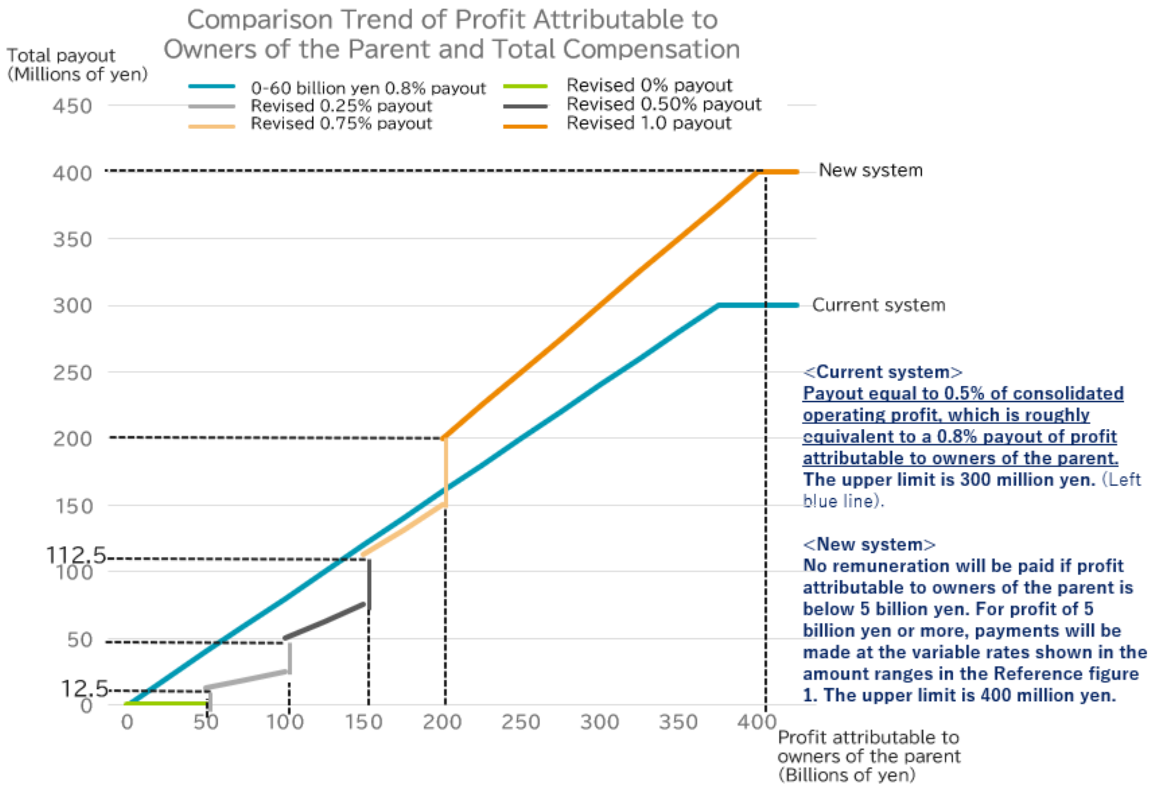
Total payout capped at 400 million yen - payouts are determined using a tiered scale. If profit attributable to owners of the parent is below 5.0 billion yen, no payout will be made.

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

・Payment rates will be kept lower in periods of weak performance, and no payment will be made if profit attributable to owners of the parent company is less than 5.0 billion yen. On the other hand, if profit attributable to owners of the parent company exceeds 20.0 billion yen, payments are expected to be higher than under the current system.

・The five year average ratio of consolidated operating profit to profit attributable to owners of the parent company is 1.58; therefore, profit attributable to owners of the parent company of 20.0 billion yen corresponds to consolidated operating profit of 31.6 billion yen, representing a relatively high target compared with the Company's past performance. (For a comparison of the payout amount under the current system and the new system, see reference figure 2).

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



Proposal 3: Determination of Remuneration for Granting Performance-Linked Restricted Stock

The Company's remuneration for directors consists of basic remuneration (monetary compensation), performance-linked compensation (monetary compensation), and stock-based remuneration type stock options (stock-based remuneration). However, subject to the approval of this proposal, the stock-based remuneration type stock option system will be abolished, and the Company requests approval for the payment of remuneration for the grant of new performance-linked restricted stock to its executive directors (excluding outside directors and part-time directors; hereinafter referred to as the "Eligible Directors").

We believe that this remuneration system is appropriate because it is designed to foster management conscious of stock price and enhancement of the Company's corporate value, thereby deepening the sense of unity with shareholders among the Eligible Directors.

In connection with the introduction of the Plan, the total amount of monetary compensation claims to be paid to Eligible Directors for the grant of performance-linked restricted stock shall be up to ¥400 million for each consecutive three-year period from April 1 to March 31 three years thereafter (the "Evaluation Period"). separate from (i) the fixed compensation limit for directors approved at the Extraordinary General Meeting of Shareholders held on July 30, 2004 (up to ¥300 million yen annually, excluding the employee salaries) and (ii) the performance-linked compensation (up to ¥400 million yen annually, excluding employee salaries).

Under the Plan, Eligible Directors will be granted monetary compensation claims pursuant to a resolution of the Company's Board of Directors for each Evaluation Period. All such monetary compensation claims shall be contributed to the Company as assets contributed in kind, and in exchange, the Company shall issue or dispose of shares of its common stock to the Eligible Directors. The initial Evaluation Period shall be from April 1, 2026 to March 31, 2029 (the second Evaluation Period shall be from April 1, 2027 to March 31, 2030, and the third Evaluation Period shall be from April 1, 2028 to March 31, 2031. Thereafter, each Evaluation Period shall consist of a rolling three-fiscal-year term commencing from April 1 of each year and ending on March 31 three years thereafter).

Furthermore, the Eligible Directors shall deliver all monetary compensation claims payable pursuant to resolutions of the Company's Board of Directors as in-kind contributions and shall receive the issuance or disposition of the Company's common stock. The total number of shares of the Company's common stock issued or disposed of in this manner shall not exceed 180,000 shares per Evaluation Period. If a stock split (including a free allotment of the company's common stock) or a stock consolidation of the company's common stock occurs after the date of the resolution concerning the introduction of the performance-linked stock-based remuneration system, or if an adjustment to the maximum total number of shares is otherwise necessary for reasons analogous to these cases, the maximum total number may be reasonably adjusted). Assuming the maximum number of shares available for grant each year is granted over the next 10 years, the ratio to the total number of shares issued (excluding treasury shares) would be approximately 4.6% (including unexercised stock options). In addition, based on the deliberations and recommendations of the Nomination and Remuneration Committee and as determined by the Board of Directors, Eligible Directors shall be required to repay all or part of the performance-linked stock based remuneration received in the relevant fiscal year and the preceding three fiscal years in the event of material misconduct, or a financial statement restatement due to misconduct.

An overview of the details of the Company's policies on determining remuneration for individual directors is as provided in the description on pages 55 to 56 of the Business Report under "3. Matters relating to Directors of the Company (5) Remuneration for Directors and Auditors for the fiscal year under review 1)". However, following deliberation and review by the Nomination and Remuneration Committee (chaired by Keiji Miyakawa, an independent outside director) the majority of whose members are independent outside directors, the meeting of the Board of Directors held on February 13, 2026 passed a resolution to amend this content as outlined in "<Reference> Overview of Policies on Determining Remuneration for Individual Directors After Revision" on page 22 subject to approval of this proposal and Proposal 2. As such, the Company believes that the content of this proposal is necessary and reasonable for the payment of remuneration in accordance with the policy after its revision, and, therefore, the Company has determined that the content of this proposal is appropriate.

There are currently ten directors (including four outside directors), five of whom are the Eligible Directors. If Proposal 1 is approved as proposed, there will be ten directors (including five outside directors), five of whom will be the

Eligible Directors.
The amount paid per share shall be the closing price of the Company's common stock on the Tokyo Stock Exchange (hereinafter referred to as the "Tokyo Stock Exchange") on the business day preceding the date of each resolution by the Company's Board of Directors The specific timing and allocation of payments to each Eligible Director shall be determined by the Company's Board of Directors following deliberation by the Nomination and Remuneration Committee..
The granting of monetary compensation claims and the granting of performance-linked restricted stock to Eligible Directors shall be linked to the achievement of the Eligible Director's position and the growth rate of TSR relative to the TOPIX (including dividends) during the Evaluation Period (hereinafter referred to as the "Comparative Growth Rate").
The specific calculation methods for the amount of the monetary compensation claim and the number of performance-linked restricted stock units shall be determined by resolution of the Company's Board of Directors following deliberation by the Nomination and Remuneration Committee. However, for the initial Evaluation Period, the calculation method is planned to be as described below in "Method for Calculating the Number of Shares to be Granted".

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

Number of Shares to be Granted (*a)
= Calculated Grant Amount ÷ Allocation Share Price (*b)

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

(*a) Fractions shall be rounded down to the nearest whole share.
(*b) The closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date on which each of the meetings of the Board of Directors of the Company resolved the issuance or disposition of performance-linked restricted stock (If no transaction is closed on the same day, the closing price on the most recent trading day prior thereto).
(*c) The Base Amount Based on Position for each Evaluation Period shall be as follows. If the Comparative Growth Rate is 100%, the Performance-linked Coefficient shall be 1.0 and the Calculated Grant Amount will be as described in the following table. If the Comparative Growth Rate is less than 100%, the Performance-linked Coefficient shall be 0.0 and the Calculated Grant Amount will be 0 and therefore, no performance-linked restricted stock compensation shall be granted for the relevant Evaluation Period.

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

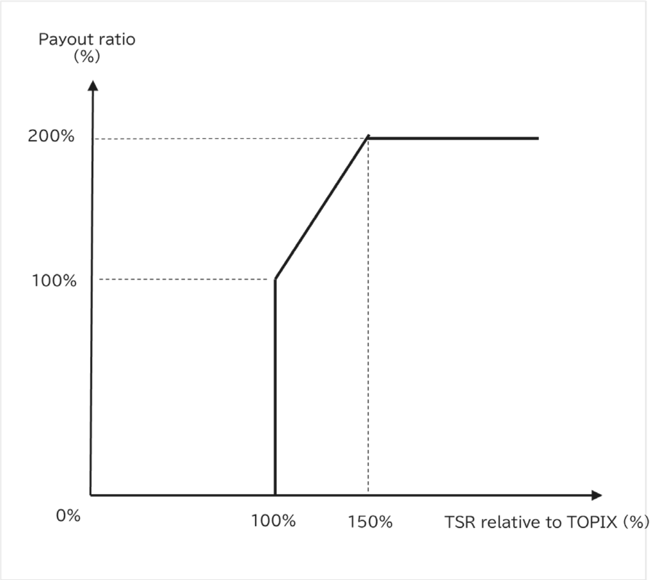
(*d) The Performance-linked Coefficient shall be determined in accordance with the Comparative Growth Rate for the applicable Evaluation Period as follows. Fractions below the third decimal place shall be rounded down.

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

For the correlation between the payout ratio (i.e., the Performance-linked Coefficient expressed as a percentage) and the Comparative Growth Rate, please refer to Reference Chart 3.

【Reference Chart 3: Performance-linked stock-based Remuneration - Correlation between payout ratio and Comparative Growth Rate】

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



Comparative Growth Rate shall be calculated as follows:

Comparative Growth Rate = { (B + C) ÷ A } ÷ (E ÷ D)

Where:

A: The simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period in the month containing the commencement date of the Evaluation Period

B: The simple average of the closing price of the Company's common stock on the Tokyo Stock Exchange during the one-month period in the month containing the end date of the Evaluation Period

C: The total amount of dividends per share pertaining to the distribution of the Company's surplus during the Evaluation Period (such dividends shall be based on the record date, not the effective date).

D: The simple average of the TOPIX (including dividends) for the one-month period in the month containing the commencement date of the Evaluation Period

E: The simple average of the TOPIX (including dividends) for the one-month period in the month containing the end date of the Evaluation Period

The above calculation method represents a standard calculation method. In cases where the Eligible Director dies or resigns before the performance indicators for the Evaluation Period are finalized, or in other circumstances, the "Calculated Grant Amount" and "Number of Shares to be Granted" shall be reasonably adjusted based on a resolution of the Company's Board of Directors.

Furthermore, performance-linked indicators may be subject to change by resolution of the Board of Directors, following deliberation by the Nomination and Remuneration Committee, chaired by an independent outside director and the majority of whose members are independent outside directors, in response to changes in the business environment or revisions to management policies.

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

(1) Transfer Restriction Period

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

(2) Cancellation of Transfer Restrictions

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

(3) Acquisition of Allocated Shares without consideration

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

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

(4) Handling in case of reorganization, etc.

Notwithstanding the provision in (1) above, in the event a merger agreement pursuant to which the Company will be the disappearing company, a share exchange agreement or share transfer plan pursuant to which the Company will become a wholly-owned subsidiary, or any other matter related to reorganization, etc. is approved by the Company's general meeting of shareholders (provided, however, that if such reorganization, etc. does not require approval by the Company's general meeting of shareholders, approval by the Board of Directors shall be read in its place) during the Transfer Restriction Period, the Company shall cancel the Transfer Restrictions applicable to the Allocated Shares prior to the effective date of the reorganization, etc. If any Allocated Shares remain subject to Transfer Restrictions immediately following such cancellation, the Company shall automatically acquire those Allocated Shares without consideration.

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

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

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

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

<Reference> Overview of Policies on Determining Remuneration for Individual Directors After Revision

I. Policy on basic remuneration

Basic remuneration for each director shall be fixed monetary compensation that is determined based on performance, business environment, etc., considering factors such as the position and responsibility of each director. Decisions on specific allocations are left to the discretion of the Nomination and Remuneration Committee by the resolution of the Board of Directors.

II. Policy on performance-linked compensation

The Company provides performance-linked compensation to executive directors from the viewpoint of further enhancing incentives for them to improve their performance. The remuneration is based on profit attributable to owners of parent and is paid within the range of the maximum amount of remuneration resolved at the General Meeting of Shareholders (the remuneration will not be paid if profit attributable to owners of parent is less than 5 billion yen). The amount of remuneration for each individual is determined based on points corresponding to the position of each director. The calculation method of the remuneration amount is deliberated by the Nomination and Remuneration Committee based on the formula determined at the General Meeting of Shareholders and resolved by the Board of Directors.

III. Policy on non-monetary compensation

The Company grants performance-linked stock-based remuneration to executive directors with the intent of further raising management awareness of the importance of shareholders and motivation and morale toward medium- to long-term business growth as well as corporate value enhancement. The amount and number of shares to be granted will be calculated based on the Comparative Growth Rate (total shareholder return (TSR) growth rate compared to TOPIX (including dividends) during the evaluation period) and other factors (if the comparative growth rate is less than 100%, the shares will not be granted). The amount of remuneration for individual directors is determined in light of factors such as the position and responsibility of each director, as in the case of fixed compensation. Decisions on the amount of remuneration for individual directors are deliberated by the Nomination and Remuneration Committee and resolved by the Board of Directors including independent outside directors.

IV. Policy on ratio of compensation

The ratio of fixed compensation, performance-linked compensation, and performance-linked stock-based remuneration to the total amount of remuneration for each director is not fixed at a certain level. It is determined by taking into consideration the extent to which the compensation can effectively function as an incentive.

V. Policy on timing and conditions for granting remuneration

Fixed compensation for directors is paid in the same amount every month according to position and responsibility. Performance-linked compensation and performance-linked stock-based remuneration are granted at a time the Company considers appropriate.

<Proposal by Shareholders (Proposal 4 to Proposal 13) >

Proposals 4 through 9 were submitted by two shareholders (INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc.; collectively, the “Proposing Shareholders (SC)”). Proposals 10 through 13 were submitted by one shareholder (LIM Japan Event Master Fund; the “Proposing Shareholder (LIM)”; Proposing Shareholders (SC) and Proposing Shareholder (LIM) shall be collectively referred to as the “Proposing Shareholders”).

The contents of proposals 4 through 9, the agenda items, the summaries of the proposals, and reasons for the proposals hereafter, have been arranged as individual proposals with only superficial adjustments to the form. They contain the Shareholder Proposal Letter submitted by Proposing Shareholders (SC) dated January 22, 2026, incorporating the amendment submitted by the Proposing Shareholders (SC), dated February 5, 2026, as well as the Shareholder Proposal Letter submitted by the Proposing Shareholder (LIM), dated January 16, 2026. The shareholder proposals received from the Proposing Shareholders shall be collectively referred to as the “Shareholder Proposals” in their original text form.

The Board of Directors believes that none of the Shareholder Proposals would contribute to the enhancement of the Company’s corporate value. Accordingly, the Company’s Board of Directors **opposes all of the Shareholder Proposals (Proposals 4 through 13)**. For the individual opinions opposing each of the proposals, please refer to “Opinion of the Board of Directors Concerning This Proposal”.

Contents of Proposals 4 through 9

With respect to Proposals 6 to 9, if the approval or disapproval of Proposals 6 to 9 and any other proposals (including proposals submitted by the Company) at this General Meeting of Shareholders, requires to make any formal adjustments to the provisions, to the chapters, and or to the articles specified in Proposals 6 to 9 (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 Proposals 4 to 9, 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 Proposal 4 to 9, 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.

Proposal 4: Proposal for acquisition of treasury shares from specific shareholders

1. Summary of the Proposal

(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 is 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. Reasons for the Proposal

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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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 **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**. 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**.

Proposal 5: Proposal for the appropriation of surplus

1. Summary of the Proposal

(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

2. Reasons for the Proposal

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. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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**.

Proposal 6: Proposal to amend the Articles of Incorporation with respect to the organization for determining dividends from surplus

1. Summary of the Proposal

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; <u>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.</u>

2.-4. (Omitted)

2. Reasons for the Proposal

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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **<u>opposes this Proposal</u>**.

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**.

Proposal 7: Proposal to amend the Articles of Incorporation with respect to the appointment of the presiding chair of the Board of Directors

1. Summary of the Proposal

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)

2. Reasons for the Proposal

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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors <u>**opposes this Proposal**</u>.

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**.

Proposal 8: Proposal to amend the Articles of Incorporation with respect to the appointment of the chairman of the Board of Directors

1. Summary of the Proposal

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

2. Reasons for the Proposal

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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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 expectations 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**.

Proposal 9: Proposal to amend the Articles of Incorporation with respect to disclosure of sales by title

1. Summary of the Proposal

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.

2. Reasons for the Proposal

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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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 <u>**opposes this proposal**</u>.

Proposal 10: Proposal to partially amend 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)	Chapter 7 Establishment of third-party committee and publication of the investigation report (Establishment of a third party committee for investigation of misconduct by a former employee and publication of the investigation 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. Reasons 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.

3. Opinion of the Board of Directors Concerning This Proposal
Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.
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 purposes 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**.

Proposal 11: Proposal to partially amend 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)	Chapter 8 Disclosure of cost of capital (Disclosure of cost of capital) 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 one month prior to the date of submission of the report, together with the basis for its calculation

2. Reasons 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. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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**.

Proposal 12: Proposal to partially amend 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)	<u>(Individual disclosure of directors' remuneration)</u> <u>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.</u>

2. Reasons for 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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **<u>opposes this Proposal</u>**.

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**.

Proposal 13: Proposal to acquire 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. Reasons 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.

3. Opinion of the Board of Directors Concerning This Proposal

Based on the reasons stated below, the Company's Board of Directors **opposes this Proposal**.

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**.

Attachment

Business Report

(From January 1, 2025
to December 31, 2025)

1. Overview of the Company Group

(1) Consolidated business performance for the fiscal year ended December 31, 2025

1) Business progress and results

Regarding the economic circumstances in the fiscal year under review, strong inflationary pressure continued, and various costs were on an upward trend. As for the domestic gaming market, although the size of the mobile gaming sector has generally remained flat since 2021, as the ways smartphone users spend their leisure time are becoming more diversified including the viewing of video content. This makes it increasingly necessary to closely monitor user trends for effective user retention in mobile games.

Against this backdrop, the Company continued to strengthen its development structure to concentrate on game development with an emphasis on global distribution, resulting in increased costs related to new development titles, primarily due to outsourcing expenses.

As for the global development of our titles, we released “LET IT DIE: INFERNO,” a rogue-lite survival action game, on December 4, 2025. This is the latest installment of our first global title “LET IT DIE” released in 2016, and it is now available globally with multi-lingual support.

Regarding “Puzzle & Dragons”, which is our flagship title, we have worked to maintain and expand MAU (Monthly Active User: the number of users who log into the game at least once a month) and have made efforts to strengthen the brand of game to maximize the value of existing game. We have held various events such as appreciation celebration and collaborations with famous characters from other companies to ensure players continue to enjoy the game over the long term. Besides in-game events, we have continued our efforts to expand user base such as hosted the off-line events, released titles related to “P&D”, and approach to e-sports.

Looking at “Ragnarok” related titles, which subsidiary Gravity Co., Ltd. and its consolidated subsidiaries are operating, it continued to contribute to the consolidated financial result due to the global service of new title such as “Ragnarok: Twilight”, which was released in Southeast Asia on October 23, 2025

As a result, net sales for the fiscal year ended December 31, 2025 amounted to 93,242 million yen, (a decrease of 10.0% year-on-year). Operating profit was 5,056 million yen, (a decrease of 71.1% year-on-year), ordinary profit was 6,780 million yen, (a decrease of 66.1% year-on-year), and profit attributable to owners of parent came to 1,407 million yen, (a decrease of 87.4% year on year).

The GungHo Group is a single-segment company; therefore, no segment information is disclosed.

2) Capital expenditure

For the fiscal year ended December 31, 2025, capital expenditure totaled 6,753 million yen, consisting mainly of 5,562 million yen in game development expenditure.

3) Financing

No financing of importance was obtained by the Company in the consolidated fiscal year under review.

4) Acquisition and disposal of shares, equity interest or share subscription rights in other companies

Not applicable

(2) Assets and income

1) Consolidated

(Millions of yen)

Item	26th From January 1, 2022 to December 31, 2022	27th From January 1, 2023 to December 31, 2023	28th From January 1, 2024 to December 31, 2024	29th From January 1, 2025 to December 31, 2025
Net sales	105,505	125,315	103,600	93,242
Operating profit	27,649	27,880	17,491	5,056
Ordinary profit	28,985	29,308	20,013	6,780
Profit attributable to owners of parent	19,022	16,433	11,171	1,407
Net profit per share	305.61 yen	272.65 yen	182.67 yen	25.79 yen
Total assets	152,210	168,045	175,464	169,474
Net assets	132,834	149,495	153,535	151,333
Net assets per share	1,894.36 yen	2,127.98 yen	2,280.75 yen	2,242.37 yen

2) Non-consolidated

(Millions of yen)

Item	26th From January 1, 2022 to December 31, 2022	27th From January 1, 2023 to December 31, 2023	28th From January 1, 2024 to December 31, 2024	29th From January 1, 2025 to December 31, 2025
Net sales	58,986	48,128	49,731	33,579
Operating profit	16,995	10,499	7,731	(3,702)
Ordinary profit	17,797	11,139	7,831	(3,470)
Net profit	9,144	7,494	5,400	(3,653)
Net profit per share	146.92 yen	124.34 yen	88.31 yen	(66.94 yen)
Total assets	105,314	105,370	102,666	87,625
Net assets	98,388	99,194	93,137	81,315
Net assets per share	1,571.35 yen	1,634.31 yen	1,642.30 yen	1,474.99 yen

(3) Material parent company and subsidiaries

1) Relationship with parent company

Not applicable

2) Material subsidiaries

<table>
<tr><th>Company name</th><th>Capital stock</th><th>The Company's voting right ratio</th><th>Principal business activities</th></tr>
<tr><td>Game Arts Co., Ltd.</td><td>JPY 78 million</td><td>100.00%</td><td>Planning, development and sales of PC online games and consumer games</td></tr>
<tr><td>Gravity Co., Ltd.</td><td>KRW 3,474 million</td><td>59.31%</td><td rowspan="11">Planning, development, operation and online distribution of PC online games and smartphone games</td></tr>
<tr><td>Gravity Interactive, Inc.</td><td>USD 10,540 thousand</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity Communications Co., Ltd.</td><td>TWD 155 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity NeoCyon, Inc.</td><td>KRW 6,990 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>PT Gravity Game Link</td><td>Rp 43,221 million</td><td>70.00%
(70.00%)</td></tr>
<tr><td>Gravity Game Tech Co., Ltd.</td><td>THB 188 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity Game Arise Co., Ltd.</td><td>JPY 100 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity Game Hub PTE., Ltd.</td><td>SGD 6 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity Game Vision Limited</td><td>HKD 3 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>Gravity Game Unite Sdn. Bhd.</td><td>MYR 2 million</td><td>100.00%
(100.00%)</td></tr>
<tr><td>GungHo Online Entertainment America, Inc.</td><td>USD 300 thousand</td><td>100.00%</td></tr>
<tr><td>SUPERTRICK GAMES, Inc.</td><td>JPY 50 million</td><td>100.00%</td><td>Planning and development of consumer games</td></tr>
<tr><td>GungHo Online Entertainment Asia Pacific Pte. Ltd.</td><td>USD 55,491 thousand</td><td>100.00%</td><td>Holding company</td></tr>
<tr><td>SQUAD STARS, Inc.</td><td>JPY 10 million</td><td>100.00%</td><td>Planning and development of consumer games</td></tr>
<tr><td>Alim Co., Ltd.</td><td>JPY 100 million</td><td>100.00%</td><td>Planning, development, production, sales and maintenance of digital content distribution services
Planning, production, processing and sales of digital content</td></tr>
</table>

(Notes) 1. The number in parentheses of the Company's voting right ratio indicates the indirect ownership ratio.
2. Gravity Game Unite Sdn. Bhd. was established in March 2025.

3) Specified wholly-owned subsidiaries as of the end of the fiscal year under review

Not applicable

(4) Challenges to be addressed

The GungHo Group has been continuing to quickly and correctly ascertain the ever-changing operating environment for the game industry, identify material challenges to be addressed and pursue a business strategy befitting the endeavors.

1) Maximization of existing values

One of our corporate policies is to diversify the use of content assets, which are already established as game brands: “Ragnarok Online” is now celebrating its 23rd anniversary since the launch of the service, and “Puzzle & Dragons” for smartphones celebrated its 14th anniversary in February 2026.

Aiming for the long-term enhancement of the game brand “Puzzle & Dragons,” we offer the brand through a variety of channels including console game, expansion to animation, character-related goods, comic books, and e-sports events, in order to satisfy a wide range of preference and age groups. We believe these multiple approaches will contribute to gaining loyal customers and ensuring our long-term success.

2) Venturing into creation of new values

A new game market may be created by rapid technological evolution now and in the future. Besides, the online game market is expected to receive more newcomers, or to consolidate further, so the competitive environment is expected to be more severe in the future. The GungHo Group will make maximum use of its developmental and operational knowhow and experience, as well as planning and developmental skills, which are highly evaluated in smartphone and console game fields. Our five development policies, “Instinctive,” “Innovative,” “Attractive,” “Continuing,” and “Dramatic,” are the key values we promise to offer customers, targeting a wide range of platforms.

3) Pursuing growth in the global market

The online game market in general, including smartphone games, is expected to grow further while the smartphone market grows on a worldwide scale and technologies including communication environment are progressing.

Our business reach is extending to overseas markets not only for smartphone games but also for PC online games and consumer games. These games require continual support, using content in events and campaigns regardless of platforms. We will develop a customized operational system of PC online games, smartphone games, and consumer games for global expansion, offer quality games to loyal customers worldwide, and enhance profitability.

4) Strengthening corporate governance

One of our most significant business challenges is maximizing enterprise value while securing soundness. The purpose is to build a good relationship with stakeholders, i.e., shareholders, customers, business partners, local communities, and employees, and achieve long-term and steady growth. Based on this recognition, we take various measures to enhance corporate governance.

5) Securing consumer safety

The online game industry is required to provide an environment where every user, including young people, can play online games safely because a wide range of age groups of smartphone users can play online games due to improvement of the internet environment, spreads of smartphones and evolution of game devices. As a member of the Japan Online Game Association and other industry organizations, the Company is fully committed to protecting consumers from any disadvantages and to resolving issues through information exchange among industry players. We believe this should contribute to society’s economic growth.

6) Strengthening corporate structure including product development

The game market has been experiencing rapid changes and technological innovations. To achieve sustainable growth, we are in the process of establishing a solid foundation for our business and a responsive operating system, while improving management efficiency. Game development capabilities, which are the source of the Group’s revenue, are provided with flexibility based on an amoeba development concept and appropriate personal allocation.

As described in the August 14, 2025 press release titled “Notice Regarding Misconduct by a Former Employee,” a former executive level employee had acting alone over the past several years engaged in misconduct including misappropriating company funds through fictitious business orders (hereinafter referred to as the “Misconduct”). Once again, we sincerely apologize for the tremendous concern and inconvenience caused to our shareholders, investors, business partners, and all other stakeholders.

The Company’s Board of Directors has been actively discussing and reviewing measures to prevent recurrence of Misconduct, and the Company will continue efforts to prevent recurrence and strive to restore the trust of all stakeholders. In addition, we will continue to fully cooperate with the criminal investigative authorities in the investigative activities to clarify the full circumstances of the matter, in conjunction with our efforts to recover the damage caused by Misconduct.

2. Matters relating to shares of the Company

(as of December 31, 2025)

1) Total number of authorized shares 321,200,000 shares

2) Total number of shares issued 69,161,416 shares

Notes: 1. Total number of shares issued includes the treasury shares (14,818,472 shares).

2. The total number of shares issued decreased by 14,000,000 shares from the end of the previous fiscal year due to the cancellation of treasury shares on March 31, 2025.

3) Number of shareholders 47,518

4) Major shareholders

Shareholder name	Number of shares held	Shareholding ratio
SON Financial LLC.	10,006,500 shares	18.41%
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,146,400 shares	13.15%
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	4,157,800 shares	7.65%
STATE STREET BANK AND TRUST COMPANY 505103	2,205,552 shares	4.05%
FAH Co., Ltd.	2,000,000 shares	3.68%
STATE STREET BANK AND TRUST COMPANY 505001	1,813,788 shares	3.33%
INTERTRUST TRUSTEES CAYMAN LIMITED AS TRUSTEE OF JAPAN-UP UNIT TRUST	1,800,000 shares	3.31%
Custody Bank of Japan, Ltd. (Trust Account)	1,668,200 shares	3.06%
THE BANK OF NEW YORK MELLON 140044	1,174,178 shares	2.16%
Kazuki Morishita	1,159,600 shares	2.13%

Notes: 1. The Company holds 14,818,472 shares of treasury stock, but is excluded from the above list of major shareholders.

2. Shareholding ratio was calculated by excluding the treasury shares (14,818,472 shares).

5) Other important matters relating to shares

I. By resolution of the Board of Directors meeting held on February 14, 2025, the Company acquired treasury shares as follows.

Type and number of shares acquired	Common shares – 1,638,900 shares
Total acquisition value	4,999,823,900 yen
Period of acquisition	February 17, 2025 - March 18, 2025
Method of acquisition	Market purchase on the Tokyo Stock Exchange

II. By resolution of the Board of Directors meeting held on February 14, 2025, the Company cancelled treasury shares as follows.

Type and number of shares cancelled	Common shares – 14,000,000 shares
Total number of shares outstanding after cancellation	69,161,416 shares
Date of cancellation	March 31, 2025

3. Matters relating to Directors of the Company

(1) Directors and Auditors (as of December 31, 2025)

Position	Name	Assignment, and Significant Concurrent Positions
President & CEO	Kazuki Morishita	President & Representative Director of Game Arts Co., Ltd. Executive Director of Gravity Co., Ltd.
Director	Kazuya Sakai	CFO and Executive General Manager of Finance Accounting Division of the Company Director of Game Arts Co., Ltd. Executive Director of Gravity Co., Ltd. Director of GungHo Online Entertainment Asia Pacific Pte. Ltd.
Director	Yoshinori Kitamura	Executive General Manager of GV Business Division of the Company Executive Director, COO and CCO of Gravity Co., Ltd.
Director	Koji Yoshida	Executive CCO and CCMO, General Manager of Business Administration Division of the Company Executive Director of Gravity Co., Ltd. Director of GungHo Online Entertainment Asia Pacific Pte. Ltd.
Director	Akihiko Ichikawa	Executive General Manager of Partner Publishing Division of the Company
Director	Norikazu Oba	General Manager of the Finance Planning Department of SoftBank Group Corp. Director of SoftBank Group Japan Corporation
Director	Hidetsugu Onishi	Co-CEO, Integrity Partners LLC Representative Director of Avergence Co, Ltd. Outside Director of CUBE CO., LTD.
Director	Keiji Miyakawa	Senior Advisor of Japan of Lincoln International Outside Director of H.U. Group Holdings, Inc.
Director	Susumu Tanaka	—
Director	Etsuko Hara	Partner, Anderson Mōri & Tomotsune Outside Director, Member of the Audit Committee of The Kansai Electric Power Co., Inc.
Full-time Auditor	Masato Ochi	Auditor of Game Arts Co., Ltd.
Auditor	Tomohiro Kikkawa	Representative, Kikkawa Law Offices External Director (Audit and Supervisory Committee Member) of Mitsubishi Kakoki Kaisha, Ltd.
Auditor	Masataka Nemoto	Representative of Leaders Support Certified Public Accountant Office Representative Partner of Leaders Support Tax Accountant Corporation

Notes:
1. Hidetsugu Onishi, Director, Keiji Miyakawa, Director, Susumu Tanaka, Director, and Etsuko Hara, Director fell under the category of outside directors, and the Tokyo Stock Exchange was notified that they are independent directors.
2. Tomohiro Kikkawa, Auditor, and Masataka Nemoto, Auditor fell under the category of outside auditors, and the Tokyo Stock Exchange was notified that they are independent auditors.
3. Being a Certified Public Accountant, Masataka Nemoto, Auditor is equipped with a reasonable level of knowledge in finance and accounting.
4. Effective February 1, 2026, Mr. Kazuki Morishita was appointed Chairman of the Board of Directors instead of President & CEO, and Mr. Kazuya Sakai was appointed President & CEO instead of Director.

(2) Outline of liability limitation agreement

An agreement has been entered into by and between the Company and Directors, Norikazu Oba, Hidetsugu Onishi, Keiji Miyakawa, Susumu Tanaka and Etsuko Hara and Auditors, Masato Ochi, Tomohiro Kikkawa and Masataka Nemoto, on limitation of damage compensation liability pursuant to Article 427, Paragraph 1 of the Companies Act. The upper limit of damage compensation liability under this agreement shall be the higher of 1 million yen and an amount equivalent to one stipulated as the minimum liability value in Article 425, Paragraph 1.

(3) Outline of indemnity agreement

The Company has concluded an indemnification agreement with Directors Kazuki Morishita, Kazuya Sakai, Yoshinori Kitamura, Koji Yoshida, Akihiko Ichikawa, Norikazu Oba, Hidetsugu Onishi, Keiji Miyakawa, Susumu Tanaka, Etsuko Hara, and Auditors Masato Ochi, Tomohiro Kikkawa, and Masataka Nemoto, as provided for in Article 430-2, Paragraph 1 of the Companies Act. The Company will indemnify the expenses of Item 1 of the same paragraph and the losses of Item 2 of the same paragraph to the extent stipulated in the Act.

However, if it is found that a person has performed his/her duties for the purpose of unlawfully benefiting himself/herself or a third party or inflicting damage on the Company, the compensation expenses equivalent to the amount paid by the Company shall be returned to ensure that the proper execution of duties by company officers is not impaired by such compensation agreement.

(4) Outline of Directors and Officers liability insurance policy

The Company has concluded a Directors and Officers liability insurance (D&O insurance) policy with an insurance company, with Directors, Auditors, and Executive Officers of the Company and its subsidiaries (excluding Gravity Co., Ltd.) as insured persons. The Company is to bear the full amount of the insurance premiums under the policy to indemnify for legal damages and litigation costs, etc., in the event that an insured person compensates damages to a third party arising from their duties after a representative shareholder litigation, etc., is filed against the insured person for damage compensation and claims for damages are made against the insured person.

(5) Remuneration for Directors and Auditors for the fiscal year under review

1) Policies on determining remuneration for Directors

Remuneration for Directors consists of fixed compensation, performance-linked compensation, and stock options as stock-based compensation for Executive Directors; their amounts are decided within the upper limit established by the resolution of the General Meeting of Shareholders. However, the remuneration of Directors other than Executive Directors consists of fixed compensation only, in view of the fact that they are in a position to supervise and advise management without executing business.

Remuneration levels, etc. are deliberated by the Nomination and Remuneration Committee, a voluntary committee on which the majority of the members are Independent Outside Directors and which is chaired by an Independent Outside Director, and are reported to the Board of Directors.

In addition the Company has established the following policy on determining the details of remuneration for individual Directors.

I. Policy on basic remuneration

Basic remuneration for each Director shall be fixed monetary compensation that is determined based on performance, business environment, etc., considering factors such as the position and responsibility of each Director. Decisions on specific allocations are, by the resolution of the Board of Directors, left to the discretion of the Nomination and Remuneration Committee.

II. Policy on performance-linked compensation

The Company provides performance-linked compensation to Executive Directors from the viewpoint of further enhancing incentives for them to improve their performance. The remuneration is based on consolidated operating profit, and the amount of remuneration for each individual is determined based on points corresponding to the position of each Director within the range of the maximum amount of remuneration resolved at the General Meeting of Shareholders. The calculation method of the compensation amount is deliberated by the Nomination and Remuneration Committee based on the formula determined at the General Meeting of Shareholders and resolved by the Board of Directors.

III. Policy on non-monetary compensation

The Company grants stock options as stock-based compensation to the Company's Executive Directors, with the intent of further raising management awareness of the importance of shareholders, and motivation and morale toward medium- to long-term business growth as well as corporate value enhancement. In calculating the fair value, the stock price at the time of the granting is taken into consideration. The number of units to be granted to each Director is determined in light of factors such as the position and responsibility of each Director, as in the case of fixed compensation. The decision needs to be approved by the resolution of the Board of Directors including Independent Outside Directors.

IV. Policy on ratio of compensation

The ratio of fixed compensation, performance-linked compensation and stock options as stock-based compensation to the compensation amount for each Director is not fixed at a certain level. It is determined by taking into consideration the extent to which the compensation can effectively function as an incentive.

V. Policy on timing and conditions for granting remuneration

Fixed compensation for Directors is paid in the same amount every month. Performance-linked compensation and stock options as stock-based compensation are granted at a time the Company considers appropriate.

2) Total amount of remuneration for the fiscal year under review

Director category	Total amount of remuneration	Total amount by type of remuneration (Millions of yen)			Number of eligible Directors
		Fixed compensation	Performance-linked compensation	Stock option as stock-based compensation	
Directors (from Outside Directors)	391 (36)	218 (36)	24 (–)	147 (–)	10 (4)
Auditors (from Outside Auditors)	59 (12)	59 (12)	– (–)	– (–)	5 (4)
Total (from Outside Directors)	450 (48)	278 (48)	24 (–)	147 (–)	15 (8)

Notes: 1. The amounts paid do not include employee salaries for Directors concurrently in service as employees.
Shown below are the employee salaries for Directors concurrently in service as employees.
Directors concurrently in service as employees: 4 persons, 174 million yen

2. The number of directors is 10 Directors and 3 Auditors as of December 31, 2025. The difference from the number of paid persons shown above is due to the inclusion of two Outside Auditor who retired at the conclusion of the 28th Annual General Meeting of Shareholders held on March 28, 2025

3. Since the amount of performance-linked compensation has not been fixed at this time, the amount of allowance calculated in the current fiscal year is shown at the above table.

4. Stock options as stock-based compensation are granted to Directors as non-monetary compensation. The details of the stock options as stock-based compensation and the status of the grant are described in the "Matters relating to share subscription rights of the Company" of the Contents Excluded from Documents to Be Sent.

5. Regarding fixed compensation of the Directors, the Company decided to set the maximum amount at 300 million yen a year (excluding the employee salary portion for Directors concurrently serving as employees), with the resolution of the Extraordinary General Meeting of Shareholders held on July 30, 2004. (The number of Directors at the time of the meeting was four (4).)
Regarding performance-linked compensation, at the 26th Annual General Meeting of Shareholders held on March 30, 2023, the Company determined a calculation method and resolved that the amount of such remuneration would be within 300 million yen per year (excluding salaries as employees for Directors concurrently serving as employees) in a separate frame from the remuneration framework for the above fixed compensation. (The number of Executive Directors at the time of the resolution at the Annual General Meeting of Shareholders was five (5).)
Regarding stock options as stock-based compensation for Directors, the Company decided to set their yearly upper limit separately from the maximum amount of fixed compensation as stated above. With the resolution of the 24th Annual General Meeting of Shareholders held on March 30, 2021, the yearly upper limit was set at 300 million yen for remuneration corresponding to the share subscription rights granted in the form of stock options as stock-based compensation, and 1,500 units (150,000 shares of common stock) for the share subscription rights. (The number of Executive Directors subject to the proposal submitted to the meeting was five (5).)

6. Regarding remuneration of the Auditors, the Company decided to set the maximum amount at 70 million yen a year with the resolution of the 24th Annual General Meeting of Shareholders held on March 30, 2021. (The number of Auditors at the conclusion of the meeting was three (3).) In consideration of independence in auditing the execution of duties by Directors, the Company pays only fixed compensation to Auditors according to their positions (full-time/part-time), within the range of the total amount decided by the resolution of the General Meeting of Shareholders. Amount of remuneration for each Auditor is decided through consultation among Auditors within the range of the total amount decided by the resolution of the General Meeting of

Shareholders.

7. Regarding the amount of fixed compensation for each Director, the Company believes that independent and objective evaluation of each Director's responsibility will lead to fairer evaluations than in the past and further enhance the transparency of the Company's decision-making processes for remuneration. Therefore, the Company has delegated the amount of fixed compensation for each Director to the Nomination and Remuneration Committee on which the majority of the members are Independent Outside Directors and which is chaired by an Independent Outside Director. The composition of the Nomination and Remuneration Committee during the fiscal year under review was a follows.
   Chair: Keiji Miyakawa (Independent Outside Director); Member: Susumu Tanaka (Independent Outside Director);
   Member: Koji Yoshida (Director)
8. The amount of fixed compensation for each Director during the fiscal year under review was determined by Nomination and Remuneration Committee, within the upper limit of compensation resolved at the General Meeting of Shareholders, taking into consideration factors such as the position and responsibility of each Director, as well as the performance and business environment, etc. of the Company as a whole. Performance-linked compensation for Executive Directors is based on consolidated operating profit as an indicator to raise awareness of the need to improve performance. It is calculated within the maximum amount of remuneration resolved at the General Meeting of Shareholders, based on the formula determined at the General Meeting of Shareholders, and is deliberated by the Nomination and Remuneration Committee and resolved by the Board of Directors. The actual consolidated operating profit for the current fiscal year is as stated in "1. Overview of the Company Group (2) Assets and income" in the Business Report. Also, stock options as stock-based compensation are determined by the Board of Directors after deliberations by Nomination and Remuneration Committee within the yearly upper limit of remuneration and the units of share subscription rights to be granted, which was resolved at the General Meeting of Shareholders, taking into consideration the extent to which the compensation can effectively function as an incentive, as well as factors such as the positions and responsibilities of each Director.
   Based on the above, the Company has determined that the details of compensation for each Director for the fiscal year under review is in accordance with the Determination Policy adopted by the Board of Directors.
9. As a result of the investigation into the misconduct by a former employee, it was confirmed that the former employee acted alone in the misconduct, and no other officers or employees were involved. However, based on the deliberations of the Nomination and Remuneration Committee, the fixed compensation of all the five Directors excluding the Outside Directors and Part-time Directors was reduced by between 10% to 30% for the three-month period from August 2025 in order to clarify management responsibility for the incident.

(6) Matters relating to Outside Directors

1) Relationship between the Company and significant organization concurrently served in by Director

I. Hidetsugu Onishi, Director, concurrently serves as Co-CEO of Integrity Partners LLC, Representative Director of Avergence Co., Ltd., and Outside Director of CUBE CO., LTD., Neither has any particular relationship with GungHo.

II. Keiji Miyakawa, Director, concurrently serves as Senior Advisor of Japan at Lincoln International and Outside Director of H.U. Group Holdings, Inc., Neither has any particular relationship with GungHo.

III. Etsuko Hara, Director, concurrently serves as Partner in the foreign law joint enterprise of Anderson Mori & Tomotsune and Outside Director (Member of the Audit Committee) of The Kansai Electric Power Co. Inc., Neither has any particular relationship with GungHo.

IV. Tomohiro Kikkawa, Auditor, concurrently serves as Representative Kikkawa Law Offices and External Director (Audit and Supervisory Committee Member) of Mitsubishi Kakoki Kaisha, Ltd. Neither has any particular relationship with GungHo.

V. Masataka Nemoto, Auditor, concurrently serves as Representative of Leaders Support Certified Public Accountant Office and Representative Partner of Leaders Support Certified Tax Accountant Corporation. Neither has any particular relationship with GungHo.

2) Major activities during the current fiscal year

Category	Name	Attendance at Board meetings, main remarks made and summary of duties performed with respect to the roles expected of outside directors
Director	Hidetsugu Onishi	He attended all 14 meetings of the Board of Directors held during the fiscal year under review. He provided advice and recommendations to the Board of Directors as an independent director mainly from the viewpoint of having extensive experience and broad insights as a company manager. He appropriately fulfills his supervisory function and role from an objective standpoint while ensuring appropriateness in its decision-making at the Board of Directors.
Director	Keiji Miyakawa	He attended 13 out of 14 meetings of the Board of Directors held during the fiscal year under review. He provided advice and recommendations to the Board of Directors as an independent director, mainly from his extensive experience and broad insights as a manager in the financial services industry. He appropriately fulfills his supervisory function and role from an objective standpoint while ensuring appropriateness in its decision-making at the Board of Directors. In addition, as an independent outside director, he served as chair of the Nomination and Remuneration Committee and fulfilled important responsibilities, including deliberating and reviewing the system of remuneration for directors and reporting to the Board of Directors.
Director	Susumu Tanaka	He attended all 14 meetings of the Board of Directors held during the fiscal year under review. He provided advice and recommendations to the Board of Directors as an independent director mainly from his extensive experience and a high level of knowledge in the gaming industry in Japan and overseas. He appropriately fulfills his supervisory function and role from an objective standpoint while ensuring appropriateness in its decision-making at the Board of Directors In addition, as an independent outside director, he served as a member of the Nomination and Remuneration Committee and fulfilled important responsibilities, including deliberating and reviewing the system of remuneration for directors and reporting to the Board of Directors.
Director	Etsuko Hara	She attended all 14 meetings of the Board of Directors held during the fiscal year under review. She provided advice and recommendations to the Board of Directors as an independent director, mainly from the viewpoint based on her extensive experience and a high level of knowledge as an attorney. She appropriately fulfills her supervisory function and role from an objective standpoint while ensuring appropriateness in its decision-making at the Board of Directors.

Category	Name	Attendance at Board meetings, main remarks made and summary of duties performed with respect to the roles expected of outside directors
Auditor	Tomohiro Kikkawa	He attended all 11 meetings of the Board of Directors and 11 meetings of the Board of Corporate Auditors held during the fiscal year under review since his appointment on March 28, 2025. He provided advice and recommendations to the Board of Directors as an independent officer, mainly from a standpoint based on his extensive experience and broad insight as a lawyer. He also made appropriate and necessary statements at meetings of the Board of Corporate Auditors.
Auditor	Masataka Nemoto	He attended all 11 meetings of the Board of Directors and 11 meetings of the Board of Corporate Auditors held during the fiscal year under review since his appointment on March 28, 2025. He provided advice and recommendations to the Board of Directors as an independent officer, mainly from a standpoint based on his extensive experience and broad insight as a certified public accountant and certified tax accountant. He also made appropriate and necessary statements at meetings of the Board of Corporate Auditors.

* As described in the August 14, 2025 press release titled "Notice Regarding Misconduct by a Former Employee," the Company discovered that a former executive level employee (hereinafter referred to as the "Former Employee") had acting alone over the past several years engaged in misconduct including misappropriation of the company funds through fictitious business orders (hereinafter referred to as the "Misconduct"). In response to the Misconduct, the Company formed an internal investigation team led by Independent Outside Auditors Mr. Tomohiro Kikkawa and Mr. Masatake Nemoto. With the support of an external law firm and a forensic team from an accounting firm, the internal investigation team conducted interviews with relevant parties, including the Former Employee, and carried out a detailed investigation into the facts related to the Misconduct which included performing digital forensics on devices used by the Former Employee. The internal investigation team checked for similar cases of Misconduct, analyzed the underlying causes, and formulated a proposal of measures to prevent recurrence. As described in the December 17, 2025 press release titled "Notice Regarding Misconduct by a Former Employee (progress made in previously disclosed matter)," the Company has reviewed its internal systems sincerely in response to the results of the investigation and steadily implemented a number of preventative measures. In addition, the Board of Directors has been actively discussing and reviewing measures to prevent recurrence of the Misconduct.

Independent Outside Directors Mr. Hidetsugu Onishi, Mr. Keiji Miyakawa, Mr. Susumu Tanaka, and Ms. Etsuko Hara, and Independent Outside Auditors Mr. Tomohiro Kikkawa and Mr. Masataka Nemoto have regularly provided advice from the perspective of Group governance and compliance at meetings of the Board of Directors. After the Misconduct was discovered, they made a request at a meeting of the Board of Directors for a thorough investigation to clarify the facts and determine the causes of the Misconduct. Based on the report and recommendations of the internal investigation team, they fulfilled their duties, including making recommendations related to strengthening the Group governance system, ensuring compliance, and improving systems in order to prevent recurrence.

4. Policy for decision on dividends from retained earnings

The GungHo Group believes that securing continuous profits and providing stable returns to shareholders is one of the most significant managerial challenges. We return profits to shareholders by comprehensively taking into account the business environment, business performance, financial soundness, and investments for growth, while striving to enhance the enterprise value over the long term. The Company's basic policy for shareholder return is to combine stable dividends in a manner commensurate with its profit level and forecasts with flexible acquisition of the treasury shares.

More specifically, to balance capital-efficiency conscious management with stable and continuous shareholder returns, we will introduce dividend on equity (DOE) with a target of 4%, while keeping the consolidated dividend payout ratio at 50% or higher. The acquisition of treasury shares is positioned as a flexible capital policy that contributes to improving capital profitability, while also taking into consideration market share prices and the Company's financial condition. The Company intends to implement the acquisition of treasury shares on an ongoing basis based on decisions made by the Board of Directors.

In accordance with the above-mentioned dividend policy, the Board of Directors is scheduled to resolve at a meeting to be held on March 30, 2026 that the year-end dividend for the fiscal year ended December 31, 2025 will be an ordinary dividend of 90.00 yen per share.

The Company's Articles of Incorporation provide that it may pay dividends from retained earnings by the resolution of the Board of Directors, without a resolution of the General Meeting of Shareholders.

Consolidated Balance Sheets

(As of December 31, 2025)

(Millions of yen)

Account Items	Amount	Account Items	Amount
Assets		Liabilities	
Current assets	153,750	Current liabilities	15,368
Cash and deposits	130,474	Accounts payable-trade	5,817
Accounts receivable-trade and contract assets	10,130	Income taxes payable	592
Securities	5,775	Allowance for performance linked compensation	24
Merchandise	47	Other	8,934
Other	7,389	Non-current liabilities	2,773
Allowance for doubtful accounts	(67)	Long-term accounts payable	1,348
Non-current assets	15,723	Retirement benefit liability	30
Property, plant and equipment	1,412	Other	1,394
Intangible assets	568	Total liabilities	18,141
Software	366	Net assets	
Other	201	Shareholders’ equity	119,167
Investments and other assets	13,743	Share capital	5,338
Deferred tax assets	7,542	Capital surplus	5,487
Other	6,201	Retained earnings	152,249
		Treasury shares	(43,908)
		Accumulated other comprehensive income	2,689
		Foreign currency translation adjustment	2,689
		Stock option	1,160
		Non-controlling interests	28,315
		Total net assets	151,333
Total assets	169,474	Total liabilities and net assets	169,474

(Note) Figures shown in millions of yen are rounded down to the nearest million.

Consolidated Statements of Income

(From January 1, 2025
to December 31, 2025)

(Millions of yen)

Account Items	Amount	
Net sales		93,242
Cost of sales		50,913
Gross profit		42,328
Selling, general and administrative expenses		37,271
Operating profit		5,056
Non-operating profit		
Interest income	1,809	
Other	132	1,941
Non-operating expenses		
Interest expenses	29	
Treasury stock acquisition costs	2	
Foreign exchange loss	183	
Other	2	217
Ordinary profit		6,780
Extraordinary losses		
Impairment loss	203	203
Profit before income taxes		6,576
Income taxes, residential taxes and enterprise taxes-current		2,688
Income taxes and others-deferred		(403)
Profit		4,291
Profit attributable to non-controlling interests		2,883
Profit attributable to owners of parent		1,407

(Note) Figures shown in millions of yen are rounded down to the nearest million.

Balance Sheets

(As of December 31, 2025)

(Millions of yen)

Account Items	Amount	Account Items	Amount
Assets		Liabilities	
Current assets	75,622	Current liabilities	4,548
Cash and deposits	67,055	Accounts payable-trade	244
Accounts receivable-trade	3,870	Accounts payable-other	1,888
Advance payments	1,812	Accrued expenses	132
Other	2,884	Income taxes payable	29
Non-current assets	12,002	Allowance for performance linked compensation	24
Property, plant and equipment	208	Other	2,228
Buildings	127	Non-current liabilities	1,761
Equipment	80	Long-term accounts payable	1,245
Intangible assets	87	Asset disposal obligation	515
Software	4		
Other	83		
Investments and other assets	11,706	Total liabilities	6,309
Long-term deposit Stock of affiliates	1,003	Net assets	
Long-term loans	24	Shareholders' equity	80,155
Deferred tax assets	6,861	Share capital	5,338
Deposit	3,839	Capital surplus	5,331
Allowance for doubtful accounts	(23)	Capital reserve	5,331
		Retained earnings	113,394
		Other retained earnings	113,394
		Retained earnings brought forward	113,394
		Treasury shares	(43,908)
		Stock option	1,160
		Total net assets	81,315
Total assets	87,625	Total liabilities and net assets	87,625

(Note) Figures shown in millions of yen are rounded down to the nearest million.

Statements of Income

(From January 1, 2025
to December 31, 2025)

(Millions of yen)

Account Items	Amount	
Net sales		33,579
Cost of sales		13,086
Gross profit		20,492
Selling, general and administrative expenses		24,195
Operating profit		3,702
Non-operating profit		
Interest income	126	
Consumption taxes refund	11	
Gain on forfeiture of unclaimed dividends	82	
Other	15	235
Non-operating expenses		
Foreign exchange losses		
Treasury stock acquisition costs	2	
Other	0	2
Ordinary losses		3,470
Extraordinary profit		
Provision of allowance for doubtful accounts	0	0
Extraordinary losses		
Loss on valuation of shares of subsidiaries	581	581
Profit before income taxes		4,051
Income taxes, residential taxes and enterprise taxes-current		(37)
Income taxes and other-deferred		(360)
Net loss		3,653

(Note) Figures shown in millions of yen are rounded down to the nearest million.

Accounting Auditor's report on consolidated financial statements

Independent Auditor's Report

February 20, 2026

To the Board of Directors of
GungHo Online Entertainment, Inc.

PricewaterhouseCoopers Japan LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:
Soichirou Hayashi

Designated Engagement Partner,
Certified Public Accountant:
Kenji Murata

Audit Opinion

We have audited, pursuant to Article 444, Paragraph 4 of the Companies Act of Japan, the consolidated financial statements of GungHo Online Entertainment, Inc. (hereinafter referred to as the "Company") for the consolidated fiscal year from January 1, 2025 to December 31, 2025, which consist of consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries, applicable to the fiscal year ended December 31, 2025, in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Basis for the Audit Opinion

We have conducted our audit in accordance with auditing standards generally accepted and recognized as fair and appropriate in Japan. Our responsibility in auditing standards is described in the "Auditor's Responsibility for Auditing the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as auditors in accordance with the Code of Professional Ethics (including provisions applicable to audits of financial statements of public interest entities) in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to notes on significant subsequent events, which describes that the Company resolved its acquisition of treasury shares and the cancellation of treasury shares at the Board of Directors meeting held on February 13, 2026.

Our opinion is not modified in respect of this matter.

Other Information

The term "other information" herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the responsibility of the Auditors and the Board of Corporate Auditors is to monitor the performance of duties of the Directors in the development and operation of the reporting process for other statements.

The scope of our audit opinion on the consolidated financial statements does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan. This includes the development and operation of internal controls deemed necessary by management for the preparation and fair presentation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements based on the going concern assumption and for disclosing such matters if it is necessary to disclose matters for the going concern in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the Directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for Auditing the Consolidated Financial Statements

Our responsibility is to, based on our audit, express an opinion on the consolidated financial statements from an independent standpoint in the audit report, after obtaining reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement due to fraud or error. A misstatement is likely to arise from fraud or error, and shall be deemed material if it is, separately or aggregated, reasonably expected to affect the decision-making by users of the consolidated financial statements.

Auditors shall, in accordance with auditing standards generally accepted and recognized as fair and appropriate in Japan, make professional judgments throughout the auditing process and, with professional skepticism, shall conduct the following:

・Auditors shall identify and assess the risk of material misstatements due to fraud or error. Auditors also plan and implement audit procedures to address the risks of material misstatements. The procedures selected and applied depend on the auditors' judgment. Furthermore, the auditors shall obtain the audit evidence that is sufficient and appropriate to provide a basis for audit opinion.

・In making risk assessments, the auditors consider internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, although the purpose of auditing the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal controls.

・Auditors shall assess the appropriateness of accounting policies used and methods of their application adopted by management as well as the reasonableness of accounting estimates made by management and the appropriateness of any related notes.

・Auditors shall decide whether it is appropriate for management to prepare the consolidated financial statements on a going concern assumption, and, based on the audit evidence obtained, whether there are significant uncertainties regarding the events or circumstances that may raise significant doubt about the going concern assumption. The audit report shall be required to draw attention to the notes to the consolidated financial statements if significant uncertainties regarding the going concern assumption are recognized, or to express a qualified opinion with exceptive items on the consolidated financial statements if the notes for significant uncertainties in the statements are not appropriate. The auditor's conclusions are based on audit evidence obtained by the date of the audit report, but future events and circumstances may prevent the company from continuing as a going concern.

・Auditors shall assess whether the presentation of the consolidated financial statements and notes thereto conform to accounting standards generally accepted and recognized as fair and appropriate in Japan, as well as whether the presentation, composition, and content of the consolidated financial statements including related notes and consolidated financial statements present fairly the transactions and accounting events on which they are based.

・Auditors shall plan and perform an audit of the consolidated financial statements in order to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to provide a basis for opinions on the consolidated financial statements. The auditors are responsible for directing, supervising and reviewing audits on the consolidated financial statements. Auditors are solely responsible for the audit opinion.

Auditors shall report to the Corporate Auditors and the Board of Corporate Auditors on the scope and timing of the planned audit, material audit findings including material defects in internal controls identified during the audit process, and other matters required by the auditing standards.

Auditors shall report to the Corporate Auditors and the Board of Corporate Auditors on compliance with the Code of Professional Ethics in Japan on independence, matters reasonably considered to affect the independence of the auditors, and the content of safeguards, if any, to eliminate or mitigate impediments.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We have no interest in the Company and its consolidated subsidiaries that should be disclosed in compliance with the Certified Public Accountants Act.

Accounting Auditor's report on non-consolidated financial statements

Independent Auditor's Report

February 20, 2026

To the Board of Directors of
GungHo Online Entertainment, Inc.

PricewaterhouseCoopers Japan LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant:
Soichirou Hayashi

Designated Engagement Partner,
Certified Public Accountant:
Kenji Murata

Audit Opinion

We have audited, pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act of Japan, the non-consolidated financial statements of GungHo Online Entertainment, Inc. (hereinafter referred to as the "Company") for the 29th fiscal year from January 1, 2025 to December 31, 2025, which consist of non-consolidated balance sheets, non-consolidated profit and loss statement, non-consolidated statement of changes in net assets, notes to non-consolidated financial statements and their supplementary schedules.

In our opinion, the non-consolidated financial statements, etc. referred to above present fairly, in all material respects, the financial position and the results of operations, applicable to the fiscal year ended December 31, 2025, in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Basis for the Audit Opinion

We have conducted our audit in accordance with auditing standards generally accepted and recognized as fair and appropriate in Japan. Our responsibility in auditing standards is described in the "Auditor's Responsibility for Auditing the Non-Consolidated Financial Statements, etc." We are independent of the Company and fulfill our other ethical responsibilities as auditors in accordance with the Code of Professional Ethics (including provisions applicable to audits of financial statements of public interest entities) in Japan. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

We draw attention to notes on significant subsequent events, which describes that the Company resolved its acquisition of treasury shares and the cancellation of treasury shares at the Board of Directors meeting held on February 13, 2026.

Our opinion is not modified in respect of this matter.

Other Information

The term "other information" herein refers to the business report and its supplementary schedules. Management is responsible for preparing and disclosing the other information. In addition, the responsibility of the Auditors and the Board of Corporate Auditors is to monitor the performance of duties of the Directors in the development and operation of the reporting process for other statements.

The scope of our audit opinion on the consolidated financial statements does not include the other information and we do not express an opinion on the other information.

Our responsibility in auditing the consolidated financial statements is to read through the other information, and in the process of reading it, we examine whether there are material differences between the other information and the consolidated financial statements or the knowledge we have gained in the auditing process, and we also pay attention as to whether there are any indications in the other information of material errors besides such material differences.

If we determine there to be material errors in the other information based on the work we have performed, we are required to report those facts.

There are no matters to report regarding the other information.

Responsibility of Management, Corporate Auditors and the Board of Corporate Auditors for the Non-Consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan. This includes the development and operation of internal controls deemed necessary by management for the preparation and fair presentation of non-consolidated financial statements, etc. free of material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. based on the going concern assumption and for disclosing such matters if it is necessary to disclose matters for the going concern in accordance with accounting standards generally accepted and recognized as fair and appropriate in Japan.

Corporate Auditors and the Board of Corporate Auditors are responsible for monitoring the Directors' performance of their duties in the development and operation of the financial reporting process.

Auditor's Responsibility for Auditing the Non-Consolidated Financial Statements, etc.

Our responsibility is to, based on our audit, express an opinion on the non-consolidated financial statements, etc. from an independent standpoint in the audit report, after obtaining reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free of material misstatement due to fraud or error. A misstatement is likely to arise from fraud or error, and shall be deemed material if it is, separately or aggregated, reasonably expected to affect the decision-making by users of the non-consolidated financial statements, etc.

Auditors shall, in accordance with auditing standards generally accepted and recognized as fair and appropriate in Japan, make professional judgments throughout the auditing process and, with professional skepticism, shall conduct the following:

・Auditors shall identify and assess the risk of material misstatements due to fraud or error. Auditors also plan and implement audit procedures to address the risks of material misstatements. The procedures selected and applied depend on the auditors' judgment. Furthermore, the auditors shall obtain the audit evidence that is sufficient and appropriate to provide a basis for audit opinion.

・In making risk assessments, the auditors consider internal controls relevant to the audit in order to design audit procedures that are appropriate under the circumstances, although the purpose of auditing the non-consolidated financial statements, etc. is not to express an opinion on the effectiveness of the entity's internal controls.

・Auditors shall assess the appropriateness of accounting policies used and methods of their application adopted by management as well as the reasonableness of accounting estimates made by management and the appropriateness of any related notes.

・Auditors shall decide whether it is appropriate for management to prepare the non-consolidated financial statements, etc. on a going concern assumption, and, based on the audit evidence obtained, whether there are significant uncertainties regarding the events or circumstances that may raise significant doubt about the going concern assumption. The audit report shall be required to draw attention to the notes to the non-consolidated financial statements, etc. if significant uncertainties regarding the going concern assumption are recognized, or to express a qualified opinion with exceptive items on the non-consolidated financial statements, etc. if the notes for significant uncertainties in the statements are not appropriate. The auditor's conclusions are based on audit evidence obtained by the date of the audit report, but future events and circumstances may prevent the company from continuing as a going concern.

・Auditors shall assess whether the presentation of the non-consolidated financial statements, etc. and notes thereto conform to accounting standards generally accepted and recognized as fair and appropriate in Japan, as well as whether the presentation, composition, and content of the non-consolidated financial statements, etc. including related notes and non-consolidated financial statements, etc. present fairly the transactions and accounting events on which they are based.

Auditors shall report to the Corporate Auditors and the Board of Corporate Auditors on the scope and timing of the planned audit, material audit findings including material defects in internal controls identified during the audit process, and other matters required by the auditing standards.

Auditors shall report to the Corporate Auditors and the Board of Corporate Auditors on compliance with the Code of Professional Ethics in Japan on independence, matters reasonably considered to affect the independence of the auditors, and the content of safeguards, if any, to eliminate or mitigate impediments.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We have no interest in the Company that should be disclosed in compliance with the Certified Public Accountants Act.

Audit report by the Board of Corporate Auditors

Audit Report

Regarding the performance of duties by Directors for the 29th fiscal year from January 1 to December 31, 2025, the Board of Corporate Auditors hereby submits its audit report, which has been prepared upon deliberations based on audit reports each prepared by Auditors.

1. Contents and Method of Audit by Auditors and the Board of Corporate Auditors

(1) The Board of Corporate Auditors determined its auditing policy, an allocation of duties and other relevant matters, and received reports from Auditors on their audit and the results, and also received reports from Directors and the Accounting Auditors regarding the performance of their duties, and sought explanations, as required.

(2) Auditors, in conformity to the auditing standards of Auditors established by the Board of Corporate Auditors, and obeying the auditing policy and allocation of duties, among other relevant matters, communicated with Directors and the Internal Auditing Division, other employees and any other relevant personnel, and made efforts to collect information and prepare the environment for audit, while conducting the audit by the method set forth below.

(i) Auditors participated in Board of Directors meetings and other important meetings, received reports from Directors, employees and other relevant personnel on the performance of their duties, sought explanations as required, examined important authorization documents and associated information, and studied the operations and financial position at the head office and principal business offices. With respect to subsidiaries, Auditors communicated and exchanged information with Directors and Auditors of subsidiaries, and received business reports from the subsidiaries, as required.

(ii) Auditors examined the system to ensure that the performance of duties by Directors stated in the Business Report conforms to applicable laws and ordinances and the Articles of Incorporation. They also examined the system prepared based on the contents of the resolutions of the Board of Directors and on such resolutions on the development of the system stipulated in Article 100, Paragraphs 1 and 3 of the Companies Act Enforcement Regulations (internal control system), as measures required to secure the appropriateness of the operations of the corporate group comprising the Company and its consolidated subsidiaries. Auditors received regular reports from Directors, employees and other relevant personnel regarding the building and operation of the system, requested explanations as required and expressed opinions.

(iii) In addition to monitoring and verifying whether the Accounting Auditor maintained its independence and implemented appropriate audits, Auditors received reports from the Accounting Auditor on the performance of its duties and sought explanations, as required. Moreover, we received a notice from the Accounting Auditor stating that the “system for ensuring that duties are performed properly” (matters set forth in the items of Article 131 of the Company Accounting Regulations) was developed in accordance with the “Audit Quality Control Standards” (Business Accounting Council), etc., and sought explanations, as required.

Based on the above method, we examined the Business Report, its supplementary schedules, non-consolidated financial statements (non-consolidated balance sheets, non-consolidated profit and loss statement, non-consolidated statement of changes in net assets and notes to non-consolidated financial statements) and their supplementary schedules for the fiscal year ended December 31, 2025, as well as consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets and notes to consolidated financial statements) for the same fiscal year.

2. Results of Audit

(1) Results of Audit of Business Report and Other Relevant Documents

1) In our opinion, the Business Report and its supplementary schedules fairly represent the Company's situation in conformity to applicable laws and ordinances and the Articles of Incorporation.
2) Our audit did not discover any wrongful act or any material breach of applicable laws or ordinances or the Articles of Incorporation with respect to the performance of duties by Members of the Board of Directors.
3) In our opinion, the resolutions of the Board of Directors for the Company's internal control system are appropriate. We did not discover any matter required to be pointed out concerning the contents of the Business Report and the execution of duties by Members of the Board of Directors with respect to the internal control system.

(2) Results of Audit of Non-Consolidated Financial Statements and Supplementary Schedules

In our opinion, the audit method employed by PricewaterhouseCoopers Japan LLC and the audit results are fair and reasonable.

(3) Results of Audit of Consolidated Financial Statements

In our opinion, the audit method employed by PricewaterhouseCoopers Japan LLC and the audit results are fair and reasonable.

February 27, 2026

Board of Corporate Auditors
GungHo Online Entertainment, Inc.

Masato Ochi
Full-time Auditor

Tomohiro Kikkawa
Auditor

Masataka Nemoto
Auditor

Note: Tomohiro Kikkawa, Auditor and Masataka Nemoto, Auditor are both outside auditors stipulated in Article 2, Item 16 and Article 335, Paragraph 3 of the Companies Act of Japan.