August 28, 2026

To Whom It May Concern

Company Name	GungHo Online Entertainment, Inc.	
Name of Representative	Representative Director, President & CEO	Kazuya Sakai
	(Code: 3765, Tokyo Stock Exchange Prime Market)	
Contact	Executive Officer, CFO/IRO Head of Corporate Planning Division	Kazumasa Takayama
	(TEL: 03-6895-1650 (Main))	

Notice Regarding Capital and Business Alliance with Sony Music Entertainment (Japan) Inc., Secondary Offering of Shares, Changes in Major Shareholders, the Principal Major Shareholder, and Other Affiliated Companies, and Accumulation of Shares Specified by Cabinet Order as an Act Equivalent to a Tender Offer for the Company’s Shares (Stock Code: 3765)

At the Board of Directors meeting held today, GungHo Online Entertainment, Inc. (hereinafter the “Company”) resolved to conduct a secondary offering of its ordinary shares in connection with the transfer by SON Financial LLC, a major shareholder, the principal major shareholder and an other affiliated company of the Company, of all of its holdings of the Company's ordinary shares to Sony Music Entertainment (Japan) Inc. (hereinafter "SME") through an off-market bilateral transaction (hereinafter the "Share Transfer"), and, on the premise that SME will acquire the Company's ordinary shares through the Share Transfer, to enter into a capital and business alliance agreement with SME (hereinafter the "Capital and Business Alliance Agreement", and the capital and business alliance based on the Capital and Business Alliance Agreement is hereinafter referred to as the "Capital and Business Alliance"). The Company hereby announces the foregoing as set forth below.

In addition, as the Share Transfer is expected to result in changes in major shareholders, the principal major shareholder and other affiliated companies of the Company, the Company hereby announces such changes as well.

Please note that SME's acquisition of the Company's shares will constitute an acquisition of 5% or more on a voting rights basis, and falls under the category of "share accumulation activities designated by Cabinet Order as acts equivalent to a tender offer" as stipulated in Article 167, Paragraph 1 of the Financial Instruments and Exchange Act and Article 31 of the Cabinet Order for Enforcement thereof.

This document constitutes a disclosure by the Company pursuant to the Securities Listing Regulations, and also serves as a public announcement made pursuant to Article 30, Paragraph 1, Item 4 of the Order for Enforcement of the Financial Instruments and Exchange Act, in response to a request made by Sony Music Entertainment (Japan) Inc. to the Company (as the target company of accumulation activities).

Details

I. Purpose and Overview of the Capital and Business Alliance

1. Purpose of the Capital and Business Alliance

The Company has determined that combining the strengths, expertise, and know-how of both parties in the entertainment business represents the best option for further enhancing corporate value for both parties, and has decided to proceed with the Capital and Business Alliance with SME.

Furthermore, in implementing the Capital and Business Alliance, SME has confirmed that it will respect the managerial independence of the Company as a listed company for as long as the Company remains listed, and the parties have agreed that the Company may take such measures as it reasonably deems necessary in practice to ensure that highly sensitive business information relating to businesses other than those of the Company or SME is not received by SME.

2. Overview of the Capital and Business Alliance

(1) Details of the Business Alliance

The details of the business alliance will be further discussed and finalized by both parties going forward; however, the main areas of business alliance currently envisioned include: exploring joint development and joint operation of smartphone games, console games, and PC games operated and distributed by the Company (hereinafter "GungHo Games"); promotion of collaboration initiatives for GungHo Games; and exploring new game projects including the utilization of intellectual property of the SME Group (SME and its subsidiaries and affiliates; the same shall apply hereinafter) .

(2) Details of the Capital Alliance

SME entered into a share transfer agreement with SON Financial LLC on August 28, 2026 to acquire 12,006,500 ordinary shares of the Company (representing 22.93% of the total number of issued shares excluding treasury shares of 52,366,884 shares as of June 30, 2026) through an off-market bilateral transaction, and plans to receive the transfer of such shares on December 30, 2026. In addition, the Company and SME will enter into the Capital and Business Alliance Agreement on the premise that SME will acquire the Company's ordinary shares through the Share Transfer. The implementation of the Share Transfer and the Capital and Business Alliance is subject to conditions including: filing a notification with the Japan Fair Trade Commission pursuant to Article 10, Paragraph 2 of the Act on Prohibition of Private Monopoly and Maintenance of Fair Trade with respect to the execution of the Share Transfer; the expiration of the waiting period from the date on which such notification is accepted; and receipt of a notice from the Japan Fair Trade Commission to the effect that no cease-and-desist order will be issued.

(3) Matters Agreed Upon in Connection with the Capital and Business Alliance

The Company and SME have agreed upon the following matters in the Capital and Business Alliance Agreement. Each of the agreed matters below (except for the matter described in (i)(a) below) shall become effective upon the execution of the Share Transfer (hereinafter referred to as the "Closing"); provided, however, that such matters shall be suspended if the voting rights ownership ratio of the SME Group with respect to the Company's ordinary shares falls below 15%.

(i) Prior Consent Matters

(a) During the period from the execution of the Capital and Business Alliance Agreement until the Closing, if the Company intends to make a decision regarding the issuance or disposal of shares and potential shares (hereinafter referred to as "Shares, Etc."), stock splits, share consolidations, or any other actions that would result in SME's ownership ratio of the Company's shares (calculated assuming that all potential shares have been converted into shares and excluding treasury shares from the denominator; the same shall apply hereinafter) falling below 22.65% immediately after the Closing (or, with respect to matters requiring approval at a general meeting of shareholders, if the Company intends to make a decision to submit a proposal relating to such matters to a general meeting of shareholders), the Company must obtain prior written consent from SME. The impact of this agreement on governance is considered to be minor.

(b) If the Company intends to make a decision regarding the commencement, modification, or termination of any business alliance or similar collaborative relationship with a third party by the Company Group that would cause, or poses a specific risk of causing, a non-minor impediment to the promotion of all or part of the business alliance described in "(1) Details of the Business Alliance" above (or, with respect to matters requiring approval at a general meeting of shareholders, if the Company intends to make a decision to submit a proposal relating to such matters to a general meeting of shareholders), the Company must obtain prior written consent from SME. The impact of this agreement on governance is considered to be minor.

(ii) Right to Subscribe for New Shares, Etc.

SME shall have the right to subscribe for the number of Shares, Etc. necessary to maintain its ownership ratio in the event that the Company issues, disposes of, or grants Shares, Etc. (excluding, however, the issuance of Shares, Etc. carried out as part of compensation or employee benefits for officers and employees of the Company).

3. Overview of the Counterparty to the Capital and Business Alliance

(1) Name	Sony Music Entertainment (Japan) Inc.

(2)	Address	4-5 Rokubancho, Chiyoda-ku, Tokyo	
(3)	Title and Name of Representative	President and Representative Director: Atsuhiro Iwakami	
(4)	Business Description	Planning, production, and sales of audio and visual software	
(5)	Capital Stock	100 million yen	
(6)	Date of Incorporation	April 1, 2003	
(7)	Major Shareholders and Shareholding Ratios (As of August 28, 2026)	Sony Group Corporation 100%	
(8)	Relationship between the Listed Company and the Relevant Company	Capital Relationship	Not applicable.
		Personnel Relationship	Not applicable.
		Business Relationship	The Company has business relationships with the SME Group, including licensing of rights to use various audio and visual content in GungHo Games and joint game development projects.
		Status as Related Party	Not applicable.
(9)	Operating Results and Financial Position of the Company for the Past Three Fiscal Years (millions of yen)		

Fiscal Year Ended	March 2024	March 2025	March 2026
Net Assets	106,684	105,026	98,585
Total Assets	344,762	362,145	415,008
Net Sales	78,666	65,050	67,120
Operating Profit	32,784	21,322	24,142
Ordinary Profit	36,668	20,988	24,047
Net Profit	38,114	20,615	24,319

(Note) As the company is unlisted, the information above is based on its publicly announced financial statements.

4. Plan

(1)	Date of Board of Directors Resolution	August 28, 2026
(2)	Execution Date of Agreement	August 28, 2026
(3)	Commencement Date of	December 30, 2026 (planned)

the Capital and Business Alliance	

II. Secondary Offering of Shares

1. Overview of the Offering

(1)	Type and Number of Shares to Be Sold	12,006,500 shares of ordinary shares of the Company
(2)	Offering Price	2,385 yen per share The offering price has been determined through negotiation between the parties to the transaction.
(3)	Total Offering Price	28,635,502,500 yen
(4)	Owner of Shares to Be Sold and Number of Shares to Be Sold	SON Financial LLC: 12,006,500 shares
(5)	Method of Sale	Transfer by SON Financial LLC to SME through an off-market bilateral transaction
(6)	Subscription Period	August 28, 2026
(7)	Delivery Date	December 30, 2026 (planned)
(8)	Subscription Deposit	Not applicable.
(9)	Unit of Subscription Shares	100 shares
(10)	Other	With respect to the above, a securities notification as required under the Financial Instruments and Exchange Act has been submitted to the Director-General of the Kanto Regional Finance Bureau.

2. Purpose of the Offering

This is intended to conduct a secondary offering as a procedure required under applicable laws and regulations, in connection with the execution of a share transfer agreement between SME and SON Financial LLC, pursuant to which SON Financial LLC will transfer to SME all shares of ordinary shares of the Company held by SON Financial LLC at the time of the Closing through an off-market bilateral transaction.

III. Changes in Major Shareholders, Principal Major Shareholder and Other Affiliated Companies

1. Background of the Change

As described in "II. Secondary Offering of Shares" above, upon completion of the Share Transfer, SON Financial LLC will no longer qualify as a major shareholder, the principal major shareholder, or any other affiliated company of the Company. In addition, Belleisle Japan Co., Ltd., which indirectly holds shares of the Company through SON Financial LLC, will also no longer qualify as an other affiliated company of the Company.

On the other hand, SME is expected to qualify as a major shareholder, the principal major shareholder, and an other affiliated company of the Company by acquiring 12,006,500 shares of ordinary shares of the Company (voting rights ownership ratio (Note) 23.29%) from SON Financial LLC through the Share Transfer. In addition, Sony Group Corporation (hereinafter "SGC") is also expected to qualify as an other affiliated company of the Company by indirectly holding the Company's ordinary shares through SME.

(Note) For details of the voting rights ownership ratio, please refer to the notes set forth in "3. Number of Voting Rights Held by the Relevant Shareholder Before and After the Change and the Ratio to the Total Number of Voting Rights of All Shareholders" below.

2. Overview of the Shareholders Subject to Change

(1) Overview of the Shareholder Newly Becoming a Major Shareholder, the Principal Major Shareholder and an Other Affiliated Company

For an overview of SME, which is expected to newly become a major shareholder, the principal major shareholder and an other affiliated company of the Company, please refer to "3. Overview of the Capital and Business Alliance Partner" under "I. Purpose and Overview of the Capital and Business Alliance" above.

(2) Overview of the Shareholder Newly Becoming an Other Affiliated Company

(1)	Name	Sony Group Corporation
(2)	Location	1-7-1, Konan, Minato-ku, Tokyo
(3)	Title and Name of Representative	Representative Corporate Executive Officer: Hiroki Totoki
(4)	Business Description	Game & Network Services, Music, Pictures, Entertainment Technology & Services, Imaging & Sensing Solutions, and Other Businesses
(5)	Capital Stock	881,357 million yen
(6)	Date of Incorporation	May 7, 1946
(7)	Net Assets	8,774,938 million yen (as of June 30, 2026)
(8)	Total Assets	16,047,302 million yen (as of June 30, 2026)
(9)	Major Shareholders and Shareholding Ratio (as of March 31, 2026)	The Master Trust Bank of Japan, Ltd. (Trust Account) 18.06% MOXLEY AND CO LLC 8.85%

	Custody Bank of Japan, Ltd. (Trust Account) 6.79% STATE STREET BANK AND TRUST COMPANY 505001 2.89% GOVERNMENT OF NORWAY 1.92% THE CHASE MANHATTAN BANK, N.A. LONDONSECS LENDING OMNIBUS ACCOUNT 1.70% JP MORGAN CHASE BANK 385781 1.51% JP MORGAN CHASE BANK 385642 1.39% STATE STREET BANK AND TRUST COMPANY 505103 1.12% HSBC HONG KONG-TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES 1.04%		
(10)	Relationship between the Listed Company and the Relevant Shareholder	Capital Relationship	Not applicable.
		Personnel Relationship	Not applicable.
		Business Relationship	Not applicable.

(3) Overview of the Shareholder That Will No Longer Qualify as a Major Shareholder, the Principal Major Shareholder and an Other Affiliated Company

(1)	Name	SON Financial LLC	
(2)	Location	2-26-17 Higashinihonbashi, Chuo-ku, Tokyo	
(3)	Title and Name of Representative	Representative Member: Taizo Son	
(4)	Business Description	Asset Management	
(5)	Capital	10 million yen	
(6)	Date of Incorporation	December 12, 2003	
(7)	Relationship between the Listed Company and the Relevant	Capital Relationship	Holds 12,006,500 shares of the Company's ordinary shares.
		Personnel	Not applicable.

Shareholder	Relationship	
	Business Relationship	Not applicable.

(Note) Net assets, total assets, major shareholders and shareholding ratios are not disclosed at the request of the counterparty.

(4) Overview of the Shareholder That Will No Longer Qualify as an Other Affiliated Company

(1)	Name	Belleisle Japan Co., Ltd.	
(2)	Location	1-1, Kanda-Awajicho, Chiyoda-ku, Tokyo	
(3)	Title and Name of Representative	Representative Director: Taizo Son	
(4)	Business Description	Asset Management	
(5)	Capital Stock	80 million yen	
(6)	Date of Incorporation	April 21, 2000	
(7)	Net Assets	3,636 million yen (as of February 28, 2026)	
(8)	Total Assets	10,555 million yen (as of February 28, 2026)	
(9)	Major Shareholders and Shareholding Ratio	Taizo Son 100%	
(10)	Relationship between the Listed Company and the Relevant Shareholder	Capital Relationship	Indirectly holds 12,006,500 shares of the Company's ordinary shares through SON Financial LLC.
		Personnel Relationship	Not applicable.
		Business Relationship	Not applicable.

3. Number of Voting Rights Held by the Relevant Shareholder Before and After the Change and the Ratio to the Total Number of Voting Rights of All Shareholders

(1) SME

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)			Ranking as Major Shareholder
		Directly Held	Aggregated	Total	
Before Change	-	-	-	-	-
After Change	Major Shareholder, Principal Major	120,065 units	-	120,065 units	1st

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)			Ranking as Major Shareholder
		Directly Held	Aggregated	Total	
	Shareholder and Other Affiliated Company	(23.29%)		(23.29%)	

(2) SGC

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)			Major Shareholder Ranking
		Directly Held	Aggregated	Total	
Before Change	-	-	-	-	-
After Change	Other Affiliated Company	-	120,065 units (23.29%)	120,065 units (23.29%)	-

(3) SON Financial LLC

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)			Major Shareholder Ranking
		Directly Held	Aggregated	Total	
Before Change	Major Shareholder, Principal Major Shareholder, and Other Affiliated Company	120,065 units (23.29%)	-	120,065 units (23.29%)	1st
After Change	-	-	-	-	-

(4) Belleisle Japan Co., Ltd.

	Attribute	Number of Voting Rights (Voting Rights Ownership Ratio)			Major Shareholder Ranking
		Directly Held	Aggregated	Total	
Before Change	Other Affiliated Company	-	120,065 units (23.29%)	120,065 units (23.29%)	-
After Change	-	-	-	-	-

(Note) The voting rights ownership ratio is calculated based on the total number of voting rights as of June 30, 2026 (515,463 units), rounded to the second decimal place.

4. Planned Date of Change

December 30, 2026 (planned)

5. Whether There Is Any Change in Unlisted Parent Companies or Other Entities Subject to Disclosure

As a result of the above changes, SME and SGC, SME's parent company, will newly qualify as other affiliated companies of the Company. Of these, the company considered to have the greatest influence on the listed company is SGC, SME's parent company; however, because SGC is a listed company, it does not qualify as an unlisted parent company, etc. subject to disclosure. On the other hand, Belleisle Japan Co., Ltd., which had previously been an unlisted parent company, etc. subject to disclosure, will cease to fall within that category as a result of the above changes.

IV. Future Outlook

The Company believes that the Capital and Business Alliance, etc. will contribute to the medium- to long-term business development and corporate value of the Company. However, the impact on the Company's financial results at this time is expected to be minimal, and the Company will promptly disclose any matters that require public announcement.

- End –

To Whom It May Concern

August 28, 2026

Company name Sony Music Entertainment (Japan) Inc.

Representative President and Representative Director: Iwakami Atsuhiro

Notice Regarding the (Planned) Acquisition of Ordinary Shares of
GungHo Online Entertainment, Inc. (Securities Code: 3765)

We have decided to acquire ordinary shares of GungHo Online Entertainment, Inc. as follows.

Since this acquisition falls under the category of "share accumulation activities designated by Cabinet Order as acts equivalent to a tender offer" as stipulated in Article 167, Paragraph 1 of the Financial Instruments and Exchange Act and Article 31 of the Cabinet Order for Enforcement thereof, we hereby announce as follows.

Details

(1) Securities code	3765
(2) Name of issuer	GungHo Online Entertainment, Inc.
(3) Number of shares to be acquired	12,006,500 shares
(4) Planned acquisition date	December 30, 2026 (planned)
(5) Ratio to total voting rights of all shareholders	23.29%

Note: The ratio to total voting rights of all shareholders is calculated based on the total number of voting rights as of June 30, 2026 (515,463 voting rights), rounded to the second decimal place.

End