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Securities code: 3765

(Mailing date) September 8, 2025

To Shareholders

President & CEO Kazuki Morishita

GungHo Online Entertainment, Inc.

1-11-1, Marunouchi, Chiyoda-ku, Tokyo

Notice of Convocation of the Extraordinary General Meeting of Shareholders

It gives us great pleasure to invite you to the Extraordinary 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 Monday, September 22, 2025.

1. Date and time September 24, 2025 (Wednesday) 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 resolved

< Proposals by the Company and Shareholders >

Proposal 1 Partial amendment of the Articles of Incorporation (removal of the clause that adds the requirements for resolutions to dismiss directors)

< Proposals by Shareholders >

Proposal 2 Dismissal of Director Kazuki Morishita

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 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 Extraordinary General Meeting of Shareholders".

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 Proposal 1 and "against" the Proposal 2.

< 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.
- ◎ 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.tosyodai54.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: 0120-88-0768 (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

< Proposal by the Company and Shareholders >

Proposal 1: Partial amendment of the Articles of Incorporation (removal of the clause that adds the requirements for resolutions to dismiss directors)

1. Reasons for amendment

In order to improve corporate governance through the requirements for resolution to dismiss directors at the general meeting of shareholders, the Company has determined that the principles prescribed in Article 341 of the Companies Act (Act No.86 of 2005; the same applies hereinafter) should be followed. Accordingly, the Company proposes to remove the clause that adds the requirements for resolutions to dismiss directors that had been introduced at the time of the enactment of the Companies Act.

2 Shareholders have (the "Shareholders") submitted the proposal with the same content (with some format adjustment). For the reasons for the proposal submitted by the Proposing Shareholders, please refer to the Reference: Reasons for the proposal by the proposing shareholders.

2. Details of amendment

The details of the amendment are as follows.

(Underlining indicates changes)

Current Articles of Incorporation	Proposed amendments
(Election and Dismissal) Article 21 1. (Omitted) 2. (Omitted) <u>3. A resolution to dismiss a Director of the Company shall be adopted by at least two thirds of the voting rights of present shareholders holding at least one third of the voting rights of the shareholders who may exercise their voting rights.</u>	(Election and Dismissal) Article 21 1. (Omitted) 2. (Omitted) <u>(Deleted)</u>

(Reference: Reasons for the proposal by the proposing shareholders)

The reasons for the following proposals set forth are shown as they are from the relevant sections of the "Request for Convening an Extraordinary General Meeting of Shareholders" submitted by the proposing shareholders on July 22, 2025 (hereinafter referred to as "this request") with only formal adjustments made.

This proposal seeks to amend the requirement for a resolution to dismiss a director of the Company from the current special resolution to ordinary resolution.

(1) Leading to self-protection of directors

While the Companies Act provides for that dismissal of directors shall be carried out by ordinary resolution and that the company may add requirements by articles of incorporation, the Company adds the requirements for resolutions to dismiss directors by the Articles of Incorporation to require special resolution. However, such an addition of requirements for resolution means that even if a majority of shareholders oppose the dismissal of a particular director, that director will continue to serve as a director, resulting in self-protection of current director. Therefore, the requirement of ordinary resolution, which is a principle provided for in the Companies Act, should be adopted.

(2) Difficulty for election of additional directors by shareholders

As of the end of June 2025, the Board of Directors of the Company currently has 10 members compared to the 10 members authorized. Therefore, if shareholders seek to elect additional directors during the term of office of current directors through measures such as requesting the convocation of an extraordinary general meeting of shareholders, it is necessary to submit a proposal that requires special resolution either to amend the Articles of Incorporation or to dismiss current directors, which makes it difficult for shareholders to elect additional directors.

(3) Conclusion

The provision that dismissal of directors requires special resolution only hinders improvement in the Company's governance and enhancement of shareholder value. Therefore, we request that such provision be deleted from the Articles of Incorporation and that dismissal of directors be carried out by ordinary resolution.

< Proposal by the Shareholders >

Proposal 2 was filed by the Shareholders.

The following agenda items, summaries of the proposals, and reasons are that, in addition to making some formal adjustments, the relevant sections of the request for a special shareholders' meeting submitted by the proposing shareholders on July 22, 2025 (hereinafter referred to as "this request") are reproduced verbatim.

It should be noted that **The Board of Directors opposes Proposal No.2**. For the opinions opposing the Proposal No.2, please refer to "3. Opinion of the Board of Directors on Proposal No.2".

Proposal 2: Dismissal of Director Kazuki Morishita

1. Summary of the Proposal

Director Kazuki Morishita shall be dismissed. If Proposal No.1 is approved, Proposal No.2 will be approved by ordinary resolution.

Unless otherwise stated, all company figures cited in this proposal are based on consolidated financial statements. When citing company names, the type of legal entity is omitted.

2. Reasons for the Proposal

This proposal seeks the dismissal of Kazuki Morishita ("Mr. Morishita"), the Representative Director, President, and CEO of the Company.

(1) Mr. Morishita is responsible for the failure to enhance shareholder value of the Company

As representative director and president of a listed company, Mr. Morishita bears the greatest responsibility for enhancement of shareholder value of the Company. However, over the past 10 years, the market capitalization of the Company declined by approximately 67% from 456.7 billion yen (as of the end of June 2015) to 149.6 billion yen (as of the end of June 2025), and the operating profit decreased by approximately 75% from 72.4 billion yen (the period ended in December 2015) to 17.4 billion yen (the period ended in December 2024).

The global game market has grown more than four times over the past 10 years, and it has been an opportunity for the game industry to make a leap forward. In fact, the performance of stock prices of major Japanese game companies was good, excluding the Company, as follows.

- The Company: -35%
- Capcom: +1780%
- Konami Group: +721%
- Nintendo: +693%
- Bandai Namco Holdings: +473%
- Sony Group: +352%
- Square Enix Holdings: 258%

(Note: The performance of the Company is inferior to the above-mentioned companies using the performance of stock prices over the past 1, 2, 3, 4, 5, 6, 7, 8, or 9 years instead of the past 10 years.)

In other words, Mr. Morishita has undermined shareholder value of the Company in a very fortunate environment where the industry as a whole has been stable and growing at a high rate.

Therefore, as the Representative Director and President of the Company, Mr. Morishita should be aware of his responsibility for the failure to enhance shareholder value of the Company and the weakening of the Company, and should resign from his position as Representative Director by resigning from his position as director.

(2) Mr. Morishita is responsible for making the Company a "one-hit" game company because he failed to fulfill his role as a manager

The biggest reason why the Company fails to enhance shareholder value is because the Company has not produced a subsequent hit in the 13 years since it released Puzzle & Dragons in 2012, so the Company is a "one-hit" game company.

The reason why the Company has declined to a "one-hit" game company is because Mr. Morishita, the Representative Director and President of the Company, gave a "one-hit" game creator, and Mr. Morishita himself,

full authority over game development. In fact, the Company disclosed in its securities report that “Mr. Morishita is the chief executive in charge of all processes including planning, development, and supervision in developing new games, and the Company is highly dependent on him (Mr. Morishita).”

However, the more serious problem than the fact that Mr. Morishita is a “one-hit” game creator is that Mr. Morishita, as the Representative Director and President of the Company, concentrated the authority to develop games on himself, a “one-hit” game creator, and as a result, Mr. Morishita made the Company a “one-hit” game company as well.

As a manager, Mr. Morishita is responsible for any failure when entrusting the planning, development, and supervision of games, the core of the Company's business, to someone he believes is appropriate. At the Company, Mr. Morishita is in charge of the planning, development, and supervision of games as a manager, and as a result, the Company has been failing for 13 years. Therefore, Mr. Morishita cannot escape his responsibility as a manager.

As described above, Mr. Morishita is unqualified as a director of the Company because he is responsible for making the Company a “one-hit” game company. Therefore, Mr. Morishita should be removed from the position of a director and also from the position of representative director and president which is premised on his position as a director.

(3) The Company and Mr. Morishita have lost the trust of the market

In its securities report, the Company states that “if Mr. Morishita becomes unable to promote the business of the Group, it may affect the operating status, financial position, and future business development of the Group,” implying that Mr. Morishita has made a significant contribution to enhancing shareholder value of the Company.

However, the market evaluation of the Company indicates that Mr. Morishita has made no contribution to enhancing shareholder value. As of the end of June 2025, the market capitalization of the Company, which represents shareholder value, was 149.6 billion yen. Meanwhile, as of the end of March 2025, the cash and cash equivalents held by the Company amounted to 136.6 billion yen, equivalent to approximately 90% of the market capitalization. This means that the majority of the Company's shareholder value is derived from the value of the cash and cash equivalents currently held. This indicates that the market does not anticipate any future hit products from the Company, and therefore, the statements in the securities report suggesting that Mr. Morishita has made significant contribution to enhancing shareholder value are incorrect.

Given that market participants evaluate Mr. Morishita as a “one-hit” game creator incapable of producing another hit and do not trust Mr. Morishita's ability as a manager who concentrates game development authority on such a “one-hit” game creator, there is no risk that Mr. Morishita's resignation from director will impair shareholder value of the Company. Rather, reducing the influence of Mr. Morishita, who is a “one-hit” game creator, increases the possibility of restoring trust in the Company.

(4) Mr. Morishita is unqualified as a director and lacks the necessary awareness to serve as representative director and president

As described above, Mr. Morishita has weakened the Company over the past 10 years. The following facts suggest that Mr. Morishita is unqualified as a director and that he is completely unaware of his responsibilities as representative director and president.

- Over the past 10 years, Mr. Morishita's compensation has increased from 211 million yen to 329 million yen (for reference, the compensation for the representative director and president of Nintendo Co., Ltd. (“Nintendo”) is 263 million yen).
- Mr. Morishita claims that titles such as “Summons Board” and “Ninjala,” which have made little contribution to business performance and have not contributed to enhancing shareholder value, are hits from the perspective of profitability and user acquisition.
- While complying with the Corporate Governance Code Principles 5-1 (Policy for Constructive Dialogue with Shareholders), Mr. Morishita has continued to refuse to meet with the second largest shareholder, who is also a proposing shareholder, citing his desire to focus on development.
- Mr. Morishita has not disclosed any specific measures regarding “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” .

- (5) Mr. Morishita is responsible for the composition of the Board of Directors, which includes only two outside directors who are truly independent, accounting for less than one third of the 10 directors of the Company

As of the end of June 2025, the Board of Directors of the Company consists of 10 members, including four outside directors, all of whom have been registered as independent officers who meet the independence standards established by the Tokyo Stock Exchange and the Company (the “Independence Standards”). However, two of these members cannot be considered truly independent for the reasons described below.

- (i) Doubts about independence of outside director (Mr. Susumu Tanaka)

Mr. Susumu Tanaka has held various important positions at Nintendo, including director, senior executive officer, and general manager of business division.

On the other hand, the Company and Nintendo have the relationship of a user and a platform provider in the game industry, and have entered into a contract regarding the development and sales license of consumer games. Furthermore, the Company has released three titles on Nintendo’s platform, Nintendo Switch, and Nintendo is an important business partner for the Company. Based on the Independence Standards, the Company has determined that Nintendo is not an important business partner due to the small amount of transactions with Nintendo. However, this merely reflects the unfortunate results of the Company that all three titles have made little contributions to revenue.

Therefore, it cannot be said that Mr. Susumu Tanaka, who held important positions at Nintendo, was truly independent.

- (ii) Doubts about independence of outside director (Ms. Etsuko Hara)

Ms. Etsuko Hara has a deep relationship with Anderson Mori & Tomotsune (“AMT”) as a partner attorney.

On the other hand, the Company has entered into a legal advisory agreement with AMT. In addition, AMT has been involved in important decision-making at the Company, as represented by the following examples.

- Legal advisor for the Company in connection with the tender offer for the Company’ s shares by SoftBank Mobile in 2013.
- Legal advisor for the Company in connection with the transfer of all shares of GGF B.V. to SoftBank in 2014.
- Legal advisor for the Company in connection with the tender offer for the Company’ s treasury shares in 2015.

Therefore, it cannot be said that Ms. Etsuko Hara, who is a partner attorney of AMT, was truly independent.

Mr. Morishita, in addition to serving as Representative Director, also concurrently held the position of Chairman of the Nomination and Compensation Committee until February 14, 2025. Therefore, Mr. Morishita bears responsibility for nominating candidates who cannot be considered truly independent as outside directors and for establishing the Board of Directors with insufficient truly independent outside directors.

- (6) Mr. Morishita is responsible for failing to provide shareholders with important information regarding the independence of outside directors

In “Notice of Convocation of the 28th Annual General Meeting of Shareholders,” while the Company disclosed the relationships between Mr. Susumu Tanaka and Nintendo, and between Ms. Etsuko Hara and AMT, the Company failed to include any specific details of transactions with respect to the relationships between the Company and Nintendo, and between the Company and AMT, and the Company failed to mention the existence of important contracts that are disclosed in the securities report and the independent director’s report. In “Notice of Convocation of the 28th Annual General Meeting of Shareholders,” the Company only states that “there are no special interests” with respect to the independence of both individuals.

Mr. Morishita, as the then Chairman of the Nomination and Compensation Committee and Representative Director and President of the Company, is responsible for failing to provide shareholders with important information regarding the independence of outside directors.

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 opposes Proposal No.2 on the grounds that (I) Mr. Kazuki Morishita, Representative Director, President, and CEO of the Company ("President Morishita"), has made a significant contribution to the Company's business performance and it is necessary for President Morishita to continue serving as a member of the Board of Directors from the perspective of enhancing the corporate value of the Company; and (II) the reasons proposed by the Proposing Shareholders for this Proposal do not constitute grounds for the dismissal of President Morishita.

* Further details of (I) and (II) are provided below.

(I) President Morishita has made a significant contribution to the Company's business performance and it is necessary for President Morishita to continue serving as a member of the Board of Directors from the perspective of enhancing the corporate value of the Company.

a. President Morishita has made a significant contribution to the Company's business performance.

President Morishita has led the Company's business for more than 20 years as the founder of the Company. As Representative Director, President, and CEO of the Company, he has led the way to realize the Company's corporate philosophy of "Deliver joy and wonder" by devoting himself to game development. As a result, the Group has achieved continuous and stable revenue generation, with annual sales of approximately 100 billion yen in the game business as a whole for more than 10 years.

President Morishita's contributions to the Company are diverse. Specifically, as an executive producer, he introduced Ragnarok Online, one of the cornerstones of the Company's game business, to Japan which recorded a huge hit and paved the way for the Company's listing on the stock exchange. He also made a significant contribution to the creation of the online game market in Japan.

In addition, President Morishita, who served as the executive manager of development for Puzzle & Dragons, also pioneered the smartphone game market itself. Since its release in 2012, Puzzle & Dragons has enjoyed long-lasting popularity globally among smartphone games, with monthly active users (MAU) and billing rates remaining steady over the long term. Puzzle & Dragons has been downloaded 63 million times in Japan and 15 million times in North America, which is a rare achievement. Puzzle & Dragons has been generating revenue for 13 years, and as a pillar of the Company's revenue, it has contributed significantly to maintaining annual sales of approximately 100 billion yen in the entire game business of the Group for more than 10 years. One of the main reasons for this achievement is that, under the leadership of President Morishita, the Company considers existing games such as Puzzle & Dragons as a brand and by expanding such brands across various platforms, including anime, comics, character goods, and events, the Company is practicing a "one-source, multi-use" strategy, providing a single game asset in diverse forms. Additionally, the timely implementation of collaboration events with popular IPs and other initiatives demonstrate President Morishita's outstanding leadership and significant contributions to the Company.

In addition, under the management decision of President Morishita, the Company acquired shares of Gravity Co., Ltd. (NASDAQ: GRVY; "Gravity") through a third-party allotment of shares through in-kind contribution in April 2008, thereby making Gravity a subsidiary. The market capitalization of Gravity has increased at least three times to 62.6 billion yen compared to the time when Gravity became the Company's subsidiary, significantly contributing to the enhancement of the corporate value of the Company.

In this way, President Morishita has appropriately fulfilled his responsibilities as Representative Director, President, and CEO, playing a significant role in the Company's continuous and stable revenue generation.

At the Company's annual general meeting of shareholders held in March 2025 (the "28th Annual General

Meeting of Shareholders”), President Morishita was reappointed as a director. This proves that President Morishita’s long-standing contribution to the Company is widely supported by shareholders.

b. If President Morishita is dismissed, there is a risk that corporate value of the Company will be significantly impaired.

If President Morishita is dismissed, there is a strong concern that corporate value of the Company will be significantly impaired.

In the severely competitive environment of the game industry, the Company has achieved stable revenues for more than 10 years through the leadership of President Morishita, CEO of the Company, in all stages of game development such as planning, development, and supervision. If President Morishita is dismissed, revenues of the Company’s major game titles such as Puzzle & Dragons, which have been realized through the leadership of President Morishita, may significantly decline, and the operating results and financial condition of the Group as a whole may deteriorate and there may be delays in future business development.

Furthermore, President Morishita’s attitude of engaging in game production without compromise and with passion has had a positive impact on the retention and recruitment of game development staff at the Company. If President Morishita is dismissed, it is inevitable that the game development staff will experience confusion and uncertainty regarding the future direction of the Company’s game development initiatives. This could lead to a significant business risk, including the loss of key personnel responsible for game production, which is the most important resource of the Company, and a decline in their morale.

The reasons proposed by the Proposing Shareholders for the proposal do not mention the measures to address the adverse effects on the Company’s operating results, financial condition, and future business development that would arise from the dismissal of President Morishita. Furthermore, no specific management structure has been proposed for the period following President Morishita’s dismissal that would ensure the maintenance and enhancement of the Company’s corporate value, the maintenance of the motivation of the game development staff, and the continuation of the game development operations of the Company. The Board of Directors must conclude that the shareholder proposal submitted by the Proposing Shareholders is irresponsible, as it would cause significant disruption to the management of the Company and damage the corporate value of the Company.

c. Summary

As described above, considering the significant contribution made by President Morishita in his capacity as Representative Director, President, and CEO toward the creation of continuous and stable revenues for the Company, as well as the risk of substantial damage to the Company’s corporate value that could arise from the dismissal of President Morishita, the Board of Directors believes that it is in the best interest of the Company for President Morishita to continue serving as a member of the Board of Directors and to play a central role in the management of the Company.

(II) The reasons proposed by the Proposing Shareholders for this Proposal do not constitute grounds for the dismissal of President Morishita.

The Proposing Shareholders argued the following points in a. through f. below as grounds for dismissing President Morishita in their reasons for proposing this Proposal (the “Reasons for Proposal”). However, none of these matters constitute grounds for the dismissal of President Morishita as they are merely the subjective opinion of the Proposing Shareholders.

Furthermore, the matters described in a. and b. below are substantially the same as the reasons for the shareholder proposal submitted by the Proposing Shareholders at the 28th Annual General Meeting of Shareholders. Although this Proposal is not exactly the same as the shareholder proposal submitted by the Proposing Shareholders at the 28th Annual General Meeting of Shareholders, in material terms this proposal merely restates the shareholder proposal that was rejected at the 28th Annual General Meeting of Shareholders.

a. President Morishita has contributed to enhancing shareholder value.

In the Reasons for Proposal, the Proposing Shareholders argue that President Morishita has failed to enhance

shareholder value of the Company on the grounds that the market capitalization of the Company has declined and the operating profit has decreased in spite of the stable high growth of the game industry as a whole, and that President Morishita is responsible for such failure.

As described in (I)a. above, President Morishita, as Representative Director, President, and CEO, has made a significant contribution to the creation of continuous and stable revenues by the Company, with annual sales of approximately 100 billion yen in the game business as a whole for more than 10 years. In addition, President Morishita has acquired Gravity, which has significantly enhanced the Company's corporate value. Therefore, the Proposing Shareholders' argument that President Morishita is responsible for the failure to enhance shareholder value of the Company is based on a misunderstanding and a lack of understanding of the role he has played in the growth of the Company.

The Proposing Shareholders argue that the Company's shareholder value has significantly declined, based on a comparisons of (i) the market capitalization as of the end of June 2015, when Puzzle & Dragons achieved its highest operating profit with the market capitalization as of the end of June 2025, and (ii) the operating profit for the fiscal year ended December 2015 with the operating profit for the fiscal year ended December 2024.

However, given the intense competitive environment of the game industry, where countless titles are constantly released, and considering the reality that even so-called hit titles often have a lifespan of only a few months in the smartphone game market, comparing the market capitalization and operating profit of the Company 10 years ago, when Puzzle & Dragons achieved its highest operating profit, with the current market capitalization and operating profit of the Company is an arbitrary comparison and an argument that does not align with the state of the business of the Company. Rather, considering the current situation of smartphone games, as described in (I)a. above, the fact that Puzzle & Dragons, as a pillar of the Company's revenue, has contributed significantly to maintaining annual sales of approximately 100 billion yen in the entire game business of the Group for more than 10 years demonstrates that it is a title worthy of special mention as a smartphone game.

In addition, the Proposing Shareholders argue that the Company's stock price performance is inferior by comparison to that of other major Japanese game companies based on a comparison of the Company's stock price performance with that of major Japanese game companies. However, although the other major Japanese game companies mentioned by the Company and the Proposing Shareholders are similar in that games are their main business, the game business segment which accounts for the majority of sales is different, and their business models are significantly different in terms of the speed of consumption of games and the presence or absence of in-game purchases. Therefore, it is inappropriate to simply compare the stock price performance of major Japanese game companies mentioned by the Proposing Shareholders with that of the Company.

Therefore, the comparison made by the Proposing Shareholders between the current market capitalization and operating profit of the Company and the past market capitalization and operating profit of the Company, and between the Company's stock price performance and the stock price performance of major Japanese game companies is not based on the state of the business of the Company.

b. The Company has been generating continuous and stable revenues, and President Morishita's contributions to such revenues have been significant.

The Proposing Shareholders argue that the Company has not produced a subsequent hit in the 13 years since it released Puzzle & Dragons in 2012, and the state of the business of the Company is that of a "one-hit" game company, and that President Morishita, as the Company's manager, is responsible for such state of the business.

However, as stated in (I)a. above, the Company has been generating continuous and stable revenues, while maintaining annual sales of approximately 100 billion yen in the entire game business of the Group for more than 10 years. Such continuous and stable revenues have been supported against the background of the Company's reliance on Puzzle & Dragons, which has served as a pillar of the Company's revenue for as long as 13 years, as well as by the Company's continuous development and release of multiple game titles other than Puzzle & Dragons and revenues derived therefrom. In light of the Company's continuous and stable revenue structure and the background thereof, the argument by the Proposing Shareholders that the Company's state of the business is that of a "one-hit" game company does not accurately reflect the Company's state of the business.

In addition, Puzzle & Dragons, the development of which has been directed by President Morishita, is a rare

title globally maintaining stable popularity and revenue for as long as 13 or more years, which not only became a major hit that turned into a social phenomenon, but has also distinguished itself from other smartphone games, many of which typically have a lifespan of only a few months as hit titles. Such long-term, continuous and stable revenues generated by Puzzle & Dragons have been achieved through continuous updates and creative innovations under President Morishita's leadership that have closely addressed the needs and preferences of users.

In addition, President Morishita has, as the chief executive in charge of all processes including planning, development, and supervision in developing new games, led the continuous development and release of multiple game titles other than Puzzle & Dragons and has contributed to securing revenue from game titles other than Puzzle & Dragons.

Thus, President Morishita has made significant contributions to the generation of the Company's continuous and stable revenues through both Puzzle & Dragons and game titles other than Puzzle & Dragons.

c. The Company and President Morishita have received broad support from the Company's shareholders.

The Proposing Shareholders argue that the fact that the market capitalization of the Company as of the end of June 2025 is at roughly the same level as the cash and cash equivalents that were held by the Company as of the end of March 2025 indicates that the market does not anticipate any future hit products from the Company or President Morishita.

However, as described in (I)a. above, President Morishita has appropriately fulfilled his responsibilities as Representative Director, President, and CEO, and has continued to make significant contributions to the Company's continuous and stable revenue generation. As a result, at the 28th Annual General Meeting of Shareholders, President Morishita was reappointed as a director. This proves that President Morishita's long-standing contribution to the Company is widely supported by shareholders. Therefore, the Proposing Shareholders' argument that the Company and President Morishita do not have the support of the market, including the Company's shareholders, is solely a demonstration of their subjective opinions.

d. Disqualification of President Morishita as a director, as argued by the Proposing Shareholders, cannot be acknowledged.

The Proposing Shareholders argue that President Morishita is unqualified as a director on the grounds that: (i) over the past 10 years, President Morishita's remuneration has increased from 211 million yen to 329 million yen; (ii) President Morishita claims that titles such as "Summons Board" and "Ninjala," which have not contributed to enhancing shareholder value, are hits from the perspective of profitability and user acquisition; (iii) while the Company complies with the Corporate Governance Code Principles 5-1, President Morishita has continued to refuse to meet with the second largest shareholder, who is also a Proposing Shareholder, citing his desire to focus on development; (iv) President Morishita has not disclosed any specific measures regarding "Action to Implement Management that is Conscious of Cost of Capital and Stock Price".

However, as described below, the alleged disqualification of President Morishita as a director based on points (i) through (iv) argued by the Proposing Shareholders reflects solely their subjective opinions.

(i) The amount of remuneration for President Morishita is sufficiently reasonable.

As described in (I)a. above, President Morishita's contributions to the Company are diverse. He introduced Ragnarok Online, one of the cornerstones of the Company's game business, to Japan which recorded a huge hit and paved the way for the Company's listing on the stock exchange, and he has served as the executive manager of development for Puzzle & Dragons, which was released in 2012. Puzzle & Dragons has continuously generated revenue for as long as 13 years and, as a pillar of the Company's revenue, it has contributed significantly to maintaining annual sales of approximately 100 billion yen in the entire game business of the Group for more than 10 years. President Morishita also successfully completed the acquisition of Gravity, which has significantly enhanced the Company's corporate value. Furthermore, under the leadership of President Morishita, the Company has also taken measures such as the timely implementation of collaboration events with popular IPs, as well as a "one-source, multi-use" strategy, providing a single game asset in diverse forms. In this way, President Morishita has appropriately fulfilled his responsibilities as Representative Director, President, and CEO,

and has continued to make significant contributions to the Company's continuous and stable revenues.

The Company has established a policy regarding the determination of the content of individual remuneration and other payments to directors (the "Remuneration Determination Policy") 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. The Company has also established the Nomination and Remuneration Committee chaired by an independent outside director, 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. President Morishita's remuneration level has been determined based on the Remuneration Determination Policy with the substantial involvement of the independent Nomination and Remuneration Committee. It should be noted that the main reason for the increase in President Morishita's remuneration is the introduction of performance-linked compensation, the maximum amount and calculation method of which have been approved at the annual general meeting of shareholders held on March 30, 2023.

Therefore, as described above, considering that President Morishita is an irreplaceable figure in the Company as a game development company, and that his remuneration has been determined through the Company's transparent and objective procedures, it can be said that the amount of President Morishita's remuneration is sufficiently reasonable.

(ii) It is not appropriate to evaluate the value of game titles based solely on their short-term contributions to the enhancement of shareholder value.

The Company aspires to be an organization that provides unprecedented experiences capable changing peoples' lives. To achieve this, the Company is committed to developing new titles that deliver innovative user experiences with a strong focus on fun. While the Company does not disclose sales figures for individual game titles, it believes that the value of a game title should not be judged based solely on its short-term contribution to business performance. For example, "Ninjala" primarily attracts a younger user demographic, resulting in a lower customer unit price. However, the fact that the Company was able to acquire users in this lower age group, one that was not reached by its existing games, is a significant achievement for a game company. The Company believes that this will establish an important customer base that will positively influence the Company's future game developments and will contribute to the improvement of business performance over the medium to long term.

Therefore, evaluating the value of game titles solely from the perspective of whether they have contributed to the short-term improvement of the Company's business performance, and arguing that President Morishita is unqualified as a director based on such perspective, reflects solely the subjective opinions of the Proposing Shareholders, and fails to correctly recognize the Company's business policy or management strategy.

(iii) The Company's response regarding meetings with the Proposing Shareholders is in line with its internal division of roles.

As disclosed in the Corporate Governance Report, the Company has established an IR department within the Corporate Planning Division to handle general dialogue with shareholders and investors. The IR department, including Mr. Sakai, Director and CFO, takes the lead in conducting IR and SR meetings. In addition, President Morishita engages in dialogue with shareholders by attending financial results briefings, which are held quarterly in conjunction with the disclosure of business results, as well as the annual general meeting of shareholders. These arrangements are based on the Company's internal division of roles, taking into account the fact that it is important, from the perspective of enhancing corporate value of the Company, to have President Morishita not only manage the Company as CEO, but also focus on his duties as Chief Development Officer of the Company's core gaming business.

Therefore, both President Morishita and the Company engage in dialogue with shareholders and investors based on the division of roles within the Company, which has been established from the perspective of enhancing corporate value of the Company. The argument by the Proposing Shareholders that President Morishita is unqualified as a director solely because he does not meet with them is solely a demonstration of their subjective opinions.

Furthermore, in response to the requests of the Proposing Shareholders, the Company, together with the IR

department, including Mr. Sakai, Director and CFO, and outside directors, has met with the Proposing Shareholders multiple times.

(iv) Non-disclosure of specific measures regarding “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” is due to the unique characteristics of the industry to which the Company belongs.

The Company does not disclose specific measures regarding “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” for the following reasons: (A) game development requires a considerable amount of time, and maintaining a stable financial base is important as compared to other industries, from the standpoint of securing talented personnel; and (B) given the unique characteristics of the industry where changes in user preferences and technological innovation can have a significant impact on profitability, and setting quantitative targets over the medium to long term may not necessarily lead to stable growth or enhancement of corporate value through higher profits. This approach allows the Company to maintain flexibility in its management decisions.

However, the Company considers capital cost to be an important management indicator, and the Board of Directors continually discusses it, appropriately assessing capital cost by using multiple calculation methods. With the aim of enhancing corporate value, the Company strives to enhance capital profitability exceeding capital cost.

Therefore, the Company’s non-disclosure of specific measures regarding “Action to Implement Management that is Conscious of Cost of Capital and Stock Price” is due to the unique characteristics of the industry to which the Company belongs and is unrelated to President Morishita’s alleged disqualification as a director. Therefore, the Proposing Shareholders’ argument reflects solely their subjective opinions.

The Company recognizes securing profits on a continuous basis and returning profits to shareholders in a stable manner as one of its key management challenges. The Company, at its Board of Directors’ meeting held on February 14, 2025, resolved that the Company’s basic policy regarding dividends will be to maintain a consolidated dividend payout ratio of 30% or more, and to implement such dividend payout on a stable and continuous basis. Also, as announced in the “Notice regarding the Acquisition of Treasury Shares and the Cancellation of Treasury Shares” dated February 14, 2025, the Company has repurchased 1,638,900 treasury shares in total (with a total acquisition value of 4,999,823,900 yen), and has indicated its intention to continue such repurchases continuously and proactively in and after fiscal 2025. Thus, the Company continues to review and carry out appropriate capital policies, and remains fully committed to further enhancing corporate value going forward.

e. The argument by the Proposing Shareholders that there are only two truly independent outside directors reflects solely their subjective opinions, and the responsibilities of President Morishita claimed by the Proposing Shareholders do not exist.

The Proposing Shareholders argue that (i) Mr. Susumu Tanaka (“Mr. Tanaka”), an independent outside director of the Company, is not truly independent as an outside director because he has held various important positions at Nintendo Co., Ltd. (“Nintendo”), including director, senior executive officer, and general manager of the business division, and that Nintendo is an important business partner for the Company; and (ii) that Ms. Etsuko Hara (“Ms. Hara”), an independent outside director of the Company, is not truly independent as an outside director because she is a partner attorney of Anderson Mori & Tomotsune (“AMT”), and AMT has been involved in important decision-making at the Company, and President Morishita is held responsible for having appointed an outside director who is not truly independent.

However, both Mr. Tanaka and Ms. Hara satisfy the independence standards established by the Tokyo Stock Exchange, Inc. (the “TSE Independence Standards”), as well as the “Standards for Independence of Outside Officers” established by the Company (the “Company’s Independence Standards”), and are deemed independent.

Therefore, the standard for “being truly independent” argued by the Proposing Shareholders reflects solely their subjective opinions, and the responsibility of President Morishita claimed by the Proposing Shareholders simply does not exist.

(i) Mr. Tanaka is deemed independent under both the TSE Independence Standards and the Company's Independence Standards.

In addition to the TSE Independence Standards, the Company's Independence Standards stipulate that anyone who has been an executive officer of an "important business partner" of the Company group within the past three years is not deemed independent. Nintendo does not fall under an "important business partner" of the Company group ("important business partner" refers to a partner whose transaction amount with the Company group exceeds 2% of the Company's consolidated sales in a single fiscal year). Furthermore, since Mr. Tanaka's tenure at Nintendo ended in June 2019, this also does not conflict with the Company's Independence Standards from this perspective.

Therefore, Mr. Tanaka is deemed independent under both the TSE Independence Standards and the Company's Independence Standards.

Furthermore, the definition of an "important business partner" as stipulated in the Company's Independence Standards, namely "a partner whose transaction amount with the Company group exceeds 2% of the Company's consolidated sales in a single fiscal year" is a general and standard criterion when compared to the independence standards for outside directors established by other companies.

(ii) Ms. Hara is deemed independent under both the TSE Independence Standards and the Company's Independence Standards.

AMT, to which Ms. Hara belongs, does not fall under an "important business partner" under the Company's Independence Standards. The Company's Independence Standards provide that "consultants, accounting professionals, or legal professionals who receive significant amounts of money or other property from the Company group in addition to executive compensation (in cases where the person receiving such property is a corporation, partnership, or other organization, the individuals belonging to such organization)" are not deemed independent ("significant amounts of money or other property" refers to a total value exceeding 10 million yen per fiscal year for individuals, or exceeding 2% of the consolidated sales or total income of the organization in the case of organizations). However, AMT, to which Ms. Hara belongs, does not fall under the above.

Therefore, Ms. Hara is deemed independent under both the TSE Independence Standards and the Company's Independence Standards.

Additionally, although the Proposing Shareholders argue that there is a legal advisory agreement between the Company and AMT, a so-called legal advisory agreement, which accrues advisory fees, does not exist. The Company selects law firms on a case-by-case basis depending on the nature of each matter and has engaged law firms other than AMT.

f. The Company duly discloses information regarding the independence of outside directors in accordance with statutory provisions.

The Proposing Shareholders argue that, in the "Notice of Convocation of the 28th Annual General Meeting of Shareholders" for the 28th Annual General Meeting of Shareholders, the Company failed to disclose the relationships between the Company and Nintendo, and between the Company and AMT and, regarding this omission, President Morishita is responsible for failing to provide shareholders with important information regarding the independence of outside directors.

However, the Company has duly disclosed information regarding the independence of outside directors in accordance with statutory provisions and, therefore, there is no fact of omission as claimed by the Proposing Shareholders.

Specifically, under the relevant laws and regulations, the reference documents for the general meeting of shareholders are not required to include details of individual transactions between the Company and Nintendo, or between the Company and AMT.

If there exist any "special interests" between a director candidate and the issuing company, the reference documents for the general meeting of shareholders must include the details thereof. The term "special interests" refers to significant facts that may affect the performance of duties of a director candidate if the candidate is appointed as a director, such as having an important business relationship with the company. Neither Mr. Tanaka

nor Ms. Hara has a direct business relationship with the Company, and, as stated in e. above, neither Nintendo, to which Mr. Tanaka belonged, nor AMT, to which Ms. Hara belongs, qualifies as an “important business partner” or a law firm receiving significant amounts of money or other property from the Company group. Therefore, the Company has clearly stated in the reference documents for the general meeting of shareholders that there are no “special interests” between Mr. Tanaka or Ms. Hara and the Company. Furthermore, any facts with respect to the information regarding independence of outside directors that are required to be disclosed under statutory provisions are described in documents such as the securities report and the independent director’s report of the Company.

Therefore, in accordance with statutory provisions, the Company has made the disclosures in the reference documents for the general meeting of shareholders concerning the independence of director candidates, and there is no fact of omission of important information as claimed by the Proposing Shareholders.

End.