



September 8, 2025

To Whom It May Concern

Company Name GungHo Online Entertainment, Inc.
Representative Kazuki Morishita, Representative
Director & President, CEO
(Securities code: 3765)
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Notice Regarding Misconduct by a Former Employee
(progress made in previously disclosed matter)

As disclosed in our press release dated August 14, 2025, a former executive-level employee (the “**Former Employee**”) of GungHo Online Entertainment, Inc., who has already been dismissed for cause, improperly paid outsourcing fees to a certain counterparty (the “**Counterparty**”), resulting in the outflow of company funds (the “**Misconduct**”).

We hereby report that we have recently reached a settlement (the “**Settlement**”) with the Counterparty in connection with the Misconduct, pursuant to which the full amount we have sought to be returned will be repaid by the Counterparty.

Details

1. Background and Developments

With respect to the Misconduct in which the Former Employee caused an outflow of approximately 100 million yen by improperly paying outsourcing fees to the Counterparty, we filed a petition for a provisional attachment order against the assets of the Counterparty, and obtained said order from the Tokyo District Court in an effort to recover our losses resulting from the Misconduct.

Subsequently, after repeated discussions with the Counterparty, we have reached a Settlement with the Counterparty.

2. Summary of the Settlement

Under the terms of the Settlement, the Counterparty will promptly make a lump-sum payment of 70 million yen to us. In addition, the Counterparty will pay the remaining balance - calculated by deducting the above amount (70 million yen) from the total amount

improperly paid to the Counterparty as a result of the Misconduct (approximately 100 million yen) - in monthly installments that will be made from the end of October 2025 to the end of June 2026.

3. Outlook

The impact of the Settlement on our consolidated financial results for the fiscal year ending December 2025 is expected to be immaterial.

End.