



July 8, 2026

To Whom It May Concern

Company name GungHo Online Entertainment, Inc.
Representative Kazuya Sakai
Representative Director & President, CEO
(Securities code : 3765)
Contact person: Kazumasa Takayama
Corporate Officer, CFO & IRO, and Executive
General Manager of Corporate Planning Division
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(Progress of Disclosure) Regarding the Arrest of a Former Employee of the Company

As announced in the press release dated August 14, 2025, titled "*Notice Regarding Misconduct by a Former Employee*," a former employee of the Company (who has already been subject to disciplinary dismissal; hereinafter referred to as the "Former Employee") was arrested on July 8th, 2026, on suspicion of criminal breach of trust.

Following the discovery that the Former Employee had engaged in misconduct over the past several years, such as misappropriating company funds through fictitious business orders, the Company had been in concrete discussions with investigative authorities regarding the acceptance of a criminal complaint immediately after the initial investigation results were revealed. The criminal complaint was accepted on October 3, 2025, but the Company had refrained from making a public announcement in consideration of potential interference with the investigative activities of the authorities.

We once again deeply apologize to our shareholders, investors, business partners, and all other concerned parties for the significant concern and inconvenience caused. As we have done thus far, the Company will continue to fully cooperate with the investigative activities of the authorities to clarify the full extent of the situation.

The Company will continue to thoroughly implement recurrence prevention measures, which include expanding internal compliance education and training, improving internal controls in the process of ordering and payment approval for transactions with external vendors, and strengthening monitoring through internal audits.

End