



Financial Results for the 2nd Quarter of Fiscal Year Ending December 31, 2025 **[Japanese GAAP] (Consolidated)**

August 8, 2025

Name of listed company: GungHo Online Entertainment, Inc.
 Stock exchange listing: Tokyo Stock Exchange
 Code number: 3765
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 Dividend payment date: -
 Supplemental information for quarterly financial statements: Yes
 Quarterly financial results briefing session: Yes (For institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

1. Consolidated financial results for the 2nd quarter of fiscal year ending December 31, 2025 (January 1, 2025 through June 30, 2025)

(1) Consolidated operating results (accumulated) (Percentages indicate the changes from previous year)

	Net sales		Operating profit		Ordinary profit		Quarterly net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2025	50,588	(5.7)	5,020	(58.9)	5,351	(60.4)	2,464	(68.5)
Six months ended June 30, 2024	53,655	(20.7)	12,207	(28.5)	13,505	(25.5)	7,822	(23.1)

(Note) Comprehensive income Six months ended June 30, 2025 3,087 millions of yen (76.8%) Six months ended June 30, 2024 13,331 millions of yen (14.2%)

	Quarterly net profit per share	Diluted quarterly net profit per share
	Yen	Yen
Six months ended June 30, 2025	44.95	44.43
Six months ended June 30, 2024	134.22	132.86

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
Six months ended June 30, 2025	168,581	148,364	72.0
Fiscal year ended December 31, 2024	175,464	153,535	72.6

(Note) Shareholder's equity Six months ended June 30, 2025 121,369 millions of yen Fiscal year ended December 31, 2024 127,311 millions of yen

2. Dividends

	Dividends per share				
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	0.00	—	60.00	60.00
Fiscal year ending December 31, 2025	—	0.00			
Fiscal year ending December 31, 2025 (Forecast)			—	—	—

(Note1) Revision of forecasts for dividends most recently announced: No

(Note2) The company has decided to pay no interim dividend for the Q2 period at the Board of Directors meeting held on August 8, 2025. Dividend forecasts for the fiscal year ending December 31, 2025 have yet to be determined.

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025(From January 1, 2025 to December 31, 2025)

The GungHo Group engages in the content business that is highly novel in nature and is subject to facing sudden, short-term changes in the operating environment. Since this makes it difficult to calculate proper and rational earnings forecasts, the Company adopts the policy of providing timely disclosure of financial results and summary of operations on a quarterly basis while refraining from disclosing its full-year consolidated earnings forecast.

*Notes

- (1) Changes in significant subsidiaries during the period (Changes in scope of consolidation of specified subsidiaries) : No
- (2) Adoption of any particular accounting methods for the preparation of quarterly consolidated financial statements : No
- (3) Changes in accounting policies, changes in accounting estimates and restatements
- 1) Changes in accounting policies due to revisions of accounting standards : Yes
 - 2) Changes in accounting policies due to reasons other than 1) : No
 - 3) Changes in accounting estimates : No
 - 4) Restatements : No

(4) Number of shares of common stock issued

1) Number of shares of common stock outstanding at the end of the period (including treasury shares)	As of June 30, 2025	69,161,416 shares	Fiscal year ended December 31, 2024	83,161,416 Shares
2) Number of treasury shares at the end of the period	As of June 30, 2025	14,824,352 shares	Fiscal year ended December 31, 2024	27,341,332 shares
3) Average number of shares during the first quarter	As of June 30, 2025	54,817,360 shares	As of June 30, 2024	58,281,785 shares

* This quarterly Summary of Consolidated Financial Results (Quarterly "Tanshin") is outside the scope of the external auditor's quarterly review procedure.

* Appropriate use of earnings forecast and other matters to note

- This document contains forward-looking statements including forecasts in relation to the results of operations and they are based on information available to the Company at the time of preparing the document along with certain assumptions that are deemed to be rational. Actual results may differ materially from those expressed or implied by the statements due to various factors. For the assumptions underlying the earnings forecast presented and other information regarding the use of such forecasts, please refer to "Information Related to the Consolidated Earnings Forecast and Other Future Projections" on page 2 of the Appendix.
- The Company plans on holding a financial results briefing session for investors as follows. All documents etc. distributed at the briefing session will be posted on the company's website after the briefing session is held.
- Financial results briefing session for institutional investors and analysts: Friday, August 8, 2025

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1. Qualitative Information Concerning Consolidated Financial Results for the Quarter

(1) Description of Operating Results

Regarding the economic circumstances in the fiscal year under review, uncertainty about the future due to the unstable international situation and strong inflationary pressure continued. As for the domestic gaming market, the mobile gaming sector still maintains a certain size, and smartphone users' use of leisure time is diversifying into various kinds of content, including video content.

Against this backdrop, our company continued to concentrate on game development with a focus on global distribution, and 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 brands of each of our games to maximize the value of existing games.

Regarding "Puzzle & Dragons" (referred to as "P&D" henceforth), we have continued to hold various events such as seasonal events and collaboration with famous characters from other companies, for ensuring players continue to enjoy the game over the long term.

As a result, "Puzzle & Dragons" topped 63 million cumulative downloads in Japan on April 30, 2025.

In addition, "Puzzle & Dragons 0," the latest title in the "Puzzle & Dragons" series, was released on May 29, 2025. This title, which goes back to the origins of "Puzzle & Dragons," is easy to play even for players who are new to the series, thanks to its simple controls. Its service has been rolled out in over 150 countries around the world on iOS and Android.

The smartphone MMORPG "Ragnarok X", which began distribution in Japan in November 2024, has maintained steady user activity through events and continuous updates.

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. The focus is on reaching out to Central and South America, including Brazil, in addition to East and Southeast Asia, with distribution of "Ragnarok Online America Latina" launched in Central and South America on May 28, 2025.

As a result, the Company's consolidated results of operations for the period under review were as follows. Net sales decreased 5.7% year-on-year to JPY50,588 million, operating profit decreased 58.9% year-on-year to JPY5,020 million, ordinary profit decreased 60.4% year-on-year to JPY5,351 million, and quarterly net profit attributable to owners of parent company decreased 68.5% year-on-year to JPY2,464 million.

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

(2) Description of Financial Position

Total assets for the period under review stood at JPY168,581 million, a decrease of JPY6,882 million from the end of the previous fiscal year. This was mainly attributable to a decrease in cash and deposits.

Total liabilities amounted to JPY20,217 million, a decrease of JPY1,712 million from the end of the previous fiscal year. This was primarily attributable to a decrease in income taxes payable etc. resulting from payment of income taxes etc.

Total net assets came to JPY148,364 million, a decrease of JPY5,170 million from the end of the previous fiscal year. This was mainly due to a decrease in shareholders' equity resulting from payment of dividends and the cancellation of treasury shares.

(3) Information Related to the Consolidated Earnings Forecast and Other Future Projections

The GungHo Group engages in content business that is highly novel in nature and is subject to facing sudden, short-term changes in the operating environment. Since this makes it difficult to calculate proper and rational earnings forecasts, the Company adopts the policy of providing timely disclosure of financial results and a summary of operations on a quarterly basis while refraining from disclosing its full-year consolidated earnings forecast.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Consolidated Fiscal Year 2024 (As of December 31, 2024)	2nd quarter of this Fiscal Year (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	99,598	131,804
Accounts receivable - trade, and contract assets	13,515	11,891
Securities	5,018	5,028
Other	2,802	4,394
Allowance for doubtful accounts	(59)	(44)
Total current assets	120,875	153,074
Non-current assets		
Property, plant and equipment	1,326	1,396
Intangible assets	748	832
Investments and other assets		
Long-term deposit	40,000	—
Other	12,513	13,277
Total investments and other assets	52,513	13,277
Total non-current assets	54,588	15,506
Total assets	175,464	168,581
Liabilities		
Current liabilities		
Accounts payable - trade	5,861	7,644
Income taxes payable	2,989	1,802
Provisions	87	25
Other	10,515	8,206
Total current liabilities	19,453	17,678
Non-current liabilities		
Long-term accounts payable - other	1,277	1,346
Retirement benefit liability	17	13
Other	1,180	1,179
Total non-current liabilities	2,475	2,538
Total liabilities	21,929	20,217
Net assets		
Shareholders' equity		
Share capital	5,338	5,338
Capital surplus	5,487	5,498
Retained earnings	195,670	153,301
Treasury shares	(80,872)	(43,926)
Total shareholders' equity	125,624	120,212
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,687	1,157
Total accumulated other comprehensive income	1,687	1,157
Share acquisition rights	1,464	1,088
Non-controlling interests	24,759	25,905
Total net assets	153,535	148,364

	(Millions of yen)	
	Consolidated Fiscal Year 2024 (As of December 31, 2024)	2nd quarter of this Fiscal Year (As of June 30, 2025)
Total liabilities and net assets	175,464	168,581

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income

Six-months Period

	(Millions of yen)	
	2nd quarter of the Fiscal Year 2024 (From January 1, 2024 to June 30, 2024)	2nd quarter of the Fiscal Year 2025 (From January 1, 2025 to June 30, 2025)
Net sales	53,655	50,588
Cost of sales	25,625	27,127
Gross profit	28,030	23,460
Selling, general and administrative expenses	15,822	18,440
Operating profit	12,207	5,020
Non-operating income		
Interest income	917	862
Foreign exchange gains	281	—
Other	121	18
Total non-operating income	1,320	880
Non-operating expenses		
Interest expenses	8	14
Commission for purchase of treasury shares	11	2
Foreign exchange losses	—	529
Other	1	3
Total non-operating expenses	22	549
Ordinary profit	13,505	5,351
Extraordinary loss		
Impairment loss	—	28
Total extraordinary loss	—	28
Profit before income taxes	13,505	5,323
Income taxes-current	4,056	2,073
Income taxes-deferred	(187)	(711)
Total income taxes	3,868	1,361
Profit	9,636	3,961
Profit attributable to non-controlling interests	1,813	1,497
Profit attributable to owners of parent	7,822	2,464

Quarterly Consolidated Statements of Comprehensive Income
Six-months Period

	(Millions of yen)	
	2nd quarter of the Fiscal Year 2024 (From January 1, 2024 to June 30, 2024)	2nd quarter of the Fiscal Year 2025 (From January 1, 2025 to June 30, 2025)
Profit	9,636	3,961
Other comprehensive income		
Foreign currency translation adjustment	3,695	(874)
Total other comprehensive income	3,695	(874)
Comprehensive income	13,331	3,087
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,024	1,934
Comprehensive income attributable to non- controlling interests	3,306	1,152

(3) Notes to the Quarterly Consolidated Financial Statements

(Notes on the Going-concern Assumption)

N/A

(Notes on Any Significant Changes to the Amount of Shareholders' Equity)

(The acquisition of treasury shares)

The Company acquired 1,638,900 treasury shares based on the resolutions at the Board of Directors meeting held on February 14, 2025.

Treasury shares increased by JPY4,999 million during this period due to the acquisition of treasury shares mentioned above.

(The cancellation of treasury shares)

The Company cancelled 14,000,000 treasury shares on March 31, 2025, based on the resolution at the Board of Directors meeting held on February 14, 2025.

Retained earnings and treasury shares each decreased by JPY41,483 million during this period due to the cancellation of treasury shares mentioned above.

As a result, retained earnings amounted to JPY153,301 million and treasury shares amounted to JPY 43,926 million as of June 30, 2025.

(Changes in accounting policy)

(Application of the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules)

The Company applies "the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules" (the Practical Solution No.46) from the beginning of this period

The impact of this change in accounting policy is minor.

(Segment Information)

I First quarter of the Fiscal Year 2024(From January 1, 2024 to June 30, 2024)

Segment information has been omitted as the GungHo Group is comprised of a single segment.

II First quarter of the Fiscal Year 2025 (From January 1, 2025 to June 30, 2025)

Segment information has been omitted as the GungHo Group is comprised of a single segment.

(Significant Subsequent Events)

N/A