



Financial Results for the 1st Quarter of Fiscal Year Ending December 31, 2025 [Japanese GAAP] (Consolidated)

May 9, 2025

Name of listed company: GungHo Online Entertainment, Inc.

Stock exchange listing: Tokyo Stock Exchange

Code number: 3765

URL: <https://www.gungho.co.jp/en/>

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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 1st quarter of fiscal year ending December 31, 2025 (January 1, 2025 through March 31, 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	%
Three months ended March 31, 2025	23,775	(7.6)	2,831	(54.8)	3,224	(53.5)	1,609	(59.8)
Three months ended March 31, 2024	25,736	(16.2)	6,266	(26.1)	6,935	(21.4)	4,002	(22.3)

(Note) Comprehensive income Three months ended March 31, 2025 -263 millions of yen (-%) Three months ended March 31, 2024 6,837 millions of yen (8.4%)

	Quarterly net profit per share	Diluted quarterly net profit per share
	Yen	Yen
Three months ended March 31, 2025	28.92	28.57
Three months ended March 31, 2024	67.61	66.97

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
Three months ended March 31, 2025	166,303	144,966	71.5
Fiscal year ended December 31, 2024	175,464	153,535	72.6

(Note) Shareholder's equity Three months ended March 31, 2025 118,899 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	—				
Fiscal year ending December 31, 2025 (Forecast)		—	—	—	—

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

(Note2) 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 March 31, 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 March 31, 2025	14,996,423 shares	Fiscal year ended December 31, 2024	27,341,332 shares
3) Average number of shares during the first quarter	As of March 31, 2025	55,674,515 shares	As of March 31, 2024	59,206,677 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, May 9, 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", we celebrated 13th anniversary on February 20, 2025. We have continued to hold various events for ensuring players continue to enjoy the game over the long term such as holding 13th anniversary events and seasonal events, and collaboration with famous characters from other companies.

The smartphone MMORPG "Ragnarok X", which began distribution in Japan in November 2024, launched its PC version on January 23, 2025. It 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 due to the new launch of "Ragnarok M: Classic" in Southeast Asia on February 14, 2025, and continuous updates and events of existing titles.

As a result, the Company's consolidated results of operations for the period under review were as follows. Net sales decreased 7.6% year-on-year to JPY23,775 million, operating profit decreased 54.8% year-on-year to JPY2,831 million, ordinary profit decreased 53.5% year-on-year to JPY3,224 million, and quarterly net profit attributable to owners of parent company decreased 59.8% year-on-year to JPY1,609 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 JPY166,303 million, a decrease of JPY9,160 million from the end of the previous fiscal year. This was mainly attributable to a decrease in cash and deposits.

Total liabilities amounted to JPY21,337 million, a decrease of JPY591 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 JPY144,966 million, a decrease of JPY8,569 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 acquisition of treasury shares.

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

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.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Consolidated Fiscal Year 2024 (As of December 31, 2024)	1st quarter of this Fiscal Year (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	99,598	91,851
Accounts receivable-trade and contract assets	13,515	11,398
Securities	5,018	4,787
Other	2,802	3,747
Allowance for doubtful accounts	(59)	(55)
Total current assets	120,875	111,729
Non-current assets		
Property, plant and equipment	1,326	1,347
Intangible assets	748	618
Investments and other assets		
Long-term deposit	40,000	40,000
Other	12,513	12,608
Total investments and other assets	52,513	52,608
Total non-current assets	54,588	54,573
Total assets	175,464	166,303
Liabilities		
Current liabilities		
Accounts payable-trade	5,861	5,797
Dividends payable	70	3,408
Income taxes payable	2,989	1,298
Provisions	87	15
Other	10,444	8,284
Total current liabilities	19,453	18,804
Non-current liabilities		
Long-term borrowings	1,277	1,302
Retirement benefit liability	17	13
Other	1,180	1,217
Total non-current liabilities	2,475	2,533
Total liabilities	21,929	21,337
Net assets		
Shareholders' equity		
Share capital	5,338	5,338
Capital surplus	5,487	5,487
Retained earnings	195,670	152,447
Treasury shares	(80,872)	(44,389)
Total shareholders' equity	125,624	118,884
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,687	15
Total accumulated other comprehensive income	1,687	15
Share acquisition rights	1,464	1,514
Non-controlling interests	24,759	24,552

(Millions of yen)

	Consolidated Fiscal Year 2024 (As of December 31, 2024)	1st quarter of this Fiscal Year (As of March 31, 2025)
Total net assets	153,535	144,966
Total liabilities and net assets	175,464	166,303

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

Quarterly Consolidated Statements of Income

Three-months Period

	(Millions of yen)	
	1st quarter of the Fiscal Year 2024 (From January 1, 2024 to March 31, 2024)	1st quarter of the Fiscal Year 2025 (From January 1, 2025 to March 31, 2025)
Net sales	25,736	23,775
Cost of sales	12,435	12,319
Gross profit	13,301	11,456
Selling, general and administrative expenses	7,035	8,624
Operating profit	6,266	2,831
Non-operating income		
Interest income	432	416
Foreign exchange gains	183	—
Other	59	13
Total non-operating income	676	429
Non-operating expenses		
Interest expenses	4	7
Foreign exchange losses	—	26
Other	2	2
Total non-operating expenses	7	36
Ordinary profit	6,935	3,224
Profit before income taxes	6,935	3,224
Income taxes-current	1,626	873
Income taxes-deferred	84	(193)
Total income taxes	1,711	679
Profit	5,224	2,544
Profit attributable to non-controlling interests	1,221	934
Profit attributable to owners of parent	4,002	1,609

Quarterly Consolidated Statements of Comprehensive Income
Three-months Period

	(Millions of yen)	
	1st quarter of the Fiscal Year 2024 (From January 1, 2024 to March 31, 2024)	1st quarter of the Fiscal Year 2025 (From January 1, 2025 to March 31, 2025)
Profit	5,224	2,544
Other comprehensive income		
Foreign currency translation adjustment	1,613	(2,808)
Total other comprehensive income	1,613	(2,808)
Comprehensive income	6,837	(263)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,964	(61)
Comprehensive income attributable to non- controlling interests	1,872	(201)

(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 JPY152,447 million and treasury shares amounted to JPY -44,389 million as of March 31, 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 March 31, 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 March 31, 2025)

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

(Notes on Quarterly Consolidated Cash Flow Statements)

Quarterly consolidated cash flow statements have not been prepared for the three months ended March 31, 2025.

The amount of depreciation and amortization, including amortization of intangible assets, for the three months ended March 31, 2025, is as follows.

(Millions of yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation and amortization	219	231

(Significant Subsequent Events)

N/A