Financial Results for the 3rd Quarter of Fiscal Year Ending December 31, 2025 [Japanese GAAP] (Consolidated)

November 7, 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/
Representative: Kazuki Morishita, Representative Director & President, CEO
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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 3rd quarter of fiscal year ending December 31, 2025 (January 1, 2025 through September 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	%
Nine months ended September 30, 2025	73,595	(3.8)	5,868	(62.9)	6,968	(59.6)	2,892	(70.2)
Nine months ended September 30, 2024	76,484	(21.8)	15,822	(32.8)	17,247	(31.0)	9,691	(29.0)

(Note) Comprehensive income: Nine months ended September 30, 2025: 4,552 millions of yen (63.4%); Nine months ended September 30, 2024: 12,445 millions of yen (39.8%)

	Quarterly net profit per share	Diluted quarterly net profit per share
	Yen	Yen
Nine months ended September 30, 2025	52.92	52.33
Nine months ended September 30, 2024	160.99	159.32

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
Nine months ended September 30, 2025	167,909	149,870	72.6
Fiscal year ended December 31, 2024	175,464	153,535	72.6

(Note) Shareholder's equity: Nine months ended September 30, 2025: 121,921 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) 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 : 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 September 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 September 30, 2025	14,818,252 shares	Fiscal year ended December 31, 2024	27,341,332 shares
3) Average number of shares during the 3rd quarter	As of September 30, 2025	54,656,507 shares	As of September 30, 2024	60,201,227 shares

Review of the attached quarterly consolidated financial statements by a certified public accountant or an auditing firm: No.

* 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, November 7, 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, strong inflationary pressure continued, and various costs, including outsourcing expenses, were on an upward trend. As for the domestic gaming market, although the size of the mobile gaming sector has generally remained flat since 2021, the ways smartphone users spend their leisure time are becoming more diversified than before along with the expansion of the video content and e-comic markets.

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.

We have continued to service “Puzzle & Dragons ZERO” launched in May, 2025, for global, and also 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. In addition, we have continued initiatives to broaden our P&D user base, including the offline event “Gungho Tour 2025,” which was held in six cities nationwide from August 2025, and e-sports initiatives such as the “P&D Premier Series 2025” and “The National Prefectural Competitive Esports Championship 2025 SHIGA P&D Division.”

We announced “LET IT DIE: INFERNO,” a new title in the “LET IT DIE” series, at the “TOKYO GAME SHOW 2025,” held from September 25, 2025, and also set up a test booth ahead of the global release scheduled for December 4.

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 global expansion of new titles, “Ragnarok: Twilight” and “Ragnarok Zero” launched in Taiwan, Hong Kong, and Macau on July 3, 2025, and “Ragnarok Idle Adventure Plus” launched in South Korea on August 28, 2025.

As a result, the Company’s consolidated results of operations for the period under review were as follows. Net sales decreased 3.8% year-on-year to JPY73,595 million, operating profit decreased 62.9% year-on-year to JPY5,868 million, ordinary profit decreased 59.6% year-on-year to JPY6,968 million, and quarterly net profit attributable to owners of parent company decreased 70.2% year-on-year to JPY2,892 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 JPY167,909 million, a decrease of JPY7,554 million from the end of the previous fiscal year. This was mainly attributable to a decrease in cash and deposits.

Total liabilities amounted to JPY18,039 million, a decrease of JPY3,890 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 JPY149,870 million, a decrease of JPY3,664 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 acquisition 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)	3rd quarter of this Fiscal Year (As of September 30, 2025)
Assets		
Current assets		
Cash and deposits	99,598	130,192
Accounts receivable - trade, and contract assets	13,515	10,263
Securities	5,018	5,778
Other	2,802	6,244
Allowance for doubtful accounts	(59)	(68)
Total current assets	120,875	152,411
Non-current assets		
Property, plant and equipment	1,326	1,401
Intangible assets	748	692
Investments and other assets		
Long-term deposit	40,000	—
Other	12,513	13,405
Total investments and other assets	52,513	13,405
Total non-current assets	54,588	15,498
Total assets	175,464	167,909
Liabilities		
Current liabilities		
Accounts payable - trade	5,861	6,463
Income taxes payable	2,989	697
Provisions	87	29
Other	10,515	8,266
Total current liabilities	19,453	15,457
Non-current liabilities		
Long-term accounts payable - other	1,277	1,346
Retirement benefit liability	17	13
Other	1,180	1,222
Total non-current liabilities	2,475	2,581
Total liabilities	21,929	18,039
Net assets		
Shareholders' equity		
Share capital	5,338	5,338
Capital surplus	5,487	5,492
Retained earnings	195,670	153,729
Treasury shares	(80,872)	(43,908)
Total shareholders' equity	125,624	120,652
Accumulated other comprehensive income		
Foreign currency translation adjustment	1,687	1,268
Total accumulated other comprehensive income	1,687	1,268
Share acquisition rights	1,464	1,117
Non-controlling interests	24,759	26,831
Total net assets	153,535	149,870

(Millions of yen)

	Consolidated Fiscal Year 2024 (As of December 31, 2024)	3rd quarter of this Fiscal Year (As of September 30, 2025)
Total liabilities and net assets	175,464	167,909

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

Quarterly Consolidated Statements of Income

Nine-months Period

(Millions of yen)

	3rd quarter of the Fiscal Year 2024(From January 1, 2024 to September 30, 2024)	3rd quarter of the Fiscal Year 2025 (From January 1, 2025 to September 30, 2025)
Net sales	76,484	73,595
Cost of sales	36,946	39,721
Gross profit	39,537	33,874
Selling, general and administrative expenses	23,715	28,005
Operating profit	15,822	5,868
Non-operating income		
Interest income	1,388	1,331
Other	146	96
Total non-operating income	1,535	1,428
Non-operating expenses		
Interest expenses	11	22
Commission for purchase of treasury shares	11	2
Foreign exchange losses	83	300
Other	3	3
Total non-operating expenses	110	328
Ordinary profit	17,247	6,968
Extraordinary losses		
Impairment losses	65	60
Total extraordinary losses	65	60
Profit before income taxes	17,181	6,907
Income taxes-current	5,050	2,694
Income taxes-deferred	(370)	(1,032)
Total income taxes	4,679	1,661
Profit	12,501	5,246
Profit attributable to non-controlling interests	2,809	2,353
Profit attributable to owners of parent	9,691	2,892

Quarterly Consolidated Statements of Comprehensive Income

Nine-months Period

(Millions of yen)

	3rd quarter of the Fiscal Year 2024 (From January 1, 2024 to September 30, 2024)	3rd quarter of the Fiscal Year 2025 (From January 1, 2025 to September 30, 2025)
Profit	12,501	5,246
Other comprehensive income		
Foreign currency translation adjustment	(56)	(693)
Total other comprehensive income	(56)	(693)
Comprehensive income	12,445	4,552
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,657	2,474
Comprehensive income attributable to non-controlling interests	2,787	2,078

(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 JPY153,729 million and treasury shares amounted to JPY 43,908 million as of September 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 Third quarter of the Fiscal Year 2024(From January 1, 2024 to September 30, 2024)

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

Ⅱ Third quarter of the Fiscal Year 2025 (From January 1, 2025 to September 30, 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 nine months ended September 30, 2025. The amount of depreciation and amortization, including amortization of intangible assets, for the nine months ended September 30, 2025, is as follows.

(Millions of yen)

	Nine months ended September 30, 2024	Nine months ended September 30, 2025
Depreciation and amortization	692	743

(Significant Subsequent Events)

N/A