



Financial Results for the 1st Quarter of Fiscal Year Ending December 31, 2026 [Japanese GAAP] (Consolidated)

May 8, 2026

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, 2026 (January 1, 2026 through March 31, 2026)

(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, 2026	26,594	11.9	3,693	30.5	4,575	41.9	1,700	5.6
Three months ended March 31, 2025	23,775	(7.6)	2,831	(54.8)	3,224	(53.5)	1,609	(59.8)

(Note) Comprehensive income Three months ended March 31, 2026 1,466 million yen (-%) Three months ended March 31, 2025 -263 million yen (-%)

	Quarterly net profit per share	Diluted quarterly net profit per share
	Yen	Yen
Three months ended March 31, 2026	31.47	31.14
Three months ended March 31, 2025	28.92	28.57

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
Three months ended March 31, 2026	169,648	144,888	67.6
Fiscal year ended December 31, 2025	169,474	151,333	71.9

(Note) Shareholder's equity Three months ended March 31, 2026 114,707 millions of yen Fiscal year ended December 31, 2025 121,856 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, 2025	—	0.00	—	90.00	90.00
Fiscal year ending December 31, 2026	—				
Fiscal year ending December 31, 2026 (Forecast)		—	—	—	—

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

(Note2) Dividend forecasts for the fiscal year ending December 31, 2026 have yet to be determined.

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2026(From January 1, 2026 to December 31, 2026)

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 : No
 - 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, 2026	69,161,416 shares	Fiscal year ended December 31, 2025	69,161,416 Shares
2) Number of treasury shares at the end of the period	As of March 31, 2026	16,030,427 shares	Fiscal year ended December 31, 2025	14,818,472 shares
3) Average number of shares during the first quarter	As of March 31, 2026	54,026,307 shares	As of March 31, 2025	55,674,515 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 8, 2026

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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 has continued to concentrate on game development with a focus on global distribution. Having strengthened our development structure and increased the number of new titles in the pipeline from five to nine last year, costs related to new development titles, primarily outsourcing expenses, are on an upward trend

“Puzzle & Dragons” celebrated its 14th launch anniversary on February 20, 2026, and we have continued working to maintain and increase MAU (Monthly Active User: the number of users who log into the game at least once a month) and strengthen the game’s brand in order to maximize its existing value. Sales remained strong as we continued to hold a variety of events such as original events each season, anniversary events, and collaborations with famous characters from other companies.

In addition, “Ragnarok” related titles, which subsidiary Gravity Co., Ltd. and its consolidated subsidiaries are operating, have continued to contribute significantly to the consolidated financial results with rolling out global services of new titles, such as the launch of “Ragnarok: The New World” on January 15, 2026 in Taiwan, Hong Kong, and Macau and “Ragnarok Origin Classic” on March 26, 2026 in South Korea, Taiwan, Hong Kong, Macau, and Southeast Asia.

As a result, the Company’s consolidated results of operations for the period under review were as follows. Net sales increased 11.9% year-on-year to JPY26,594 million, operating profit increased 30.5% year-on-year to JPY3,693 million, ordinary profit increased 41.9% year-on-year to JPY4,575 million, and quarterly net profit attributable to owners of parent company increased 5.6% year-on-year to JPY1,700 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 JPY169,648 million, an increase of JPY173 million from the end of the previous fiscal year. This was in line with the end of the previous fiscal year.

Total liabilities amounted to JPY24,760 million, an increase of JPY6,618 million from the end of the previous fiscal year. This was mainly due to an increase in unpaid dividends.

Total net assets came to JPY144,888 million, a decrease of JPY6,444 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 2025 (As of December 31, 2025)	1st quarter of this Fiscal Year (As of March 31, 2026)
Assets		
Current assets		
Cash and deposits	130,474	123,384
Accounts receivable-trade and contract assets	10,130	12,652
Securities	5,775	5,598
Other	7,437	10,232
Allowance for doubtful accounts	(67)	(37)
Total current assets	153,750	151,829
Non-current assets		
Property, plant and equipment	1,412	1,280
Intangible assets	568	504
Investments and other assets	13,743	16,033
Total non-current assets	15,723	17,818
Total assets	169,474	169,648
Liabilities		
Current liabilities		
Accounts payable-trade	5,817	7,300
Income taxes payable	592	1,683
Provisions	24	—
Other	8,934	13,148
Total current liabilities	15,368	22,132
Non-current liabilities		
Retirement benefit liability	30	30
Other	2,742	2,597
Total non-current liabilities	2,773	2,627
Total liabilities	18,141	24,760
Net assets		
Shareholders' equity		
Share capital	5,338	5,338
Capital surplus	5,487	5,487
Retained earnings	152,249	149,059
Treasury shares	(43,908)	(46,972)
Total shareholders' equity	119,167	112,913
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,689	1,794
Total accumulated other comprehensive income	2,689	1,794
Share acquisition rights	1,160	1,202
Non-controlling interests	28,315	28,978
Total net assets	151,333	144,888
Total liabilities and net assets	169,474	169,648

(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 2025 (From January 1, 2025 to March 31, 2025)	1st quarter of the Fiscal Year 2026 (From January 1, 2026 to March 31, 2026)
Net sales	23,775	26,594
Cost of sales	12,319	14,705
Gross profit	11,456	11,889
Selling, general and administrative expenses	8,624	8,195
Operating profit	2,831	3,693
Non-operating income		
Interest income	416	508
Foreign exchange gains	—	359
Other	13	30
Total non-operating income	429	898
Non-operating expenses		
Interest expenses	7	6
Foreign exchange losses	26	—
Other	2	9
Total non-operating expenses	36	15
Ordinary profit	3,224	4,575
Extraordinary losses		
Impairment losses	—	6
Total extraordinary losses	—	6
Profit before income taxes	3,224	4,569
Income taxes-current	873	1,520
Income taxes-deferred	(193)	60
Total income taxes	679	1,580
Profit	2,544	2,988
Profit attributable to non-controlling interests	934	1,288
Profit attributable to owners of parent	1,609	1,700

Quarterly Consolidated Statements of Comprehensive Income
Three-months Period

	(Millions of yen)	
	1st quarter of the Fiscal Year 2025 (From January 1, 2025 to March 31, 2025)	1st quarter of the Fiscal Year 2026 (From January 1, 2026 to March 31, 2026)
Profit	2,544	2,988
Other comprehensive income		
Foreign currency translation adjustment	(2,808)	(1,522)
Total other comprehensive income	(2,808)	(1,522)
Comprehensive income	(263)	1,466
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(61)	804
Comprehensive income attributable to non-controlling interests	(201)	661

(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)

N/A

(Segment Information)

I 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.

II First quarter of the Fiscal Year 2026 (From January 1, 2026 to March 31, 2026)

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, 2026.

The amount of depreciation and amortization, including amortization of intangible assets, for the three months ended March 31, 2026, is as follows.

(Millions of yen)

	Three months ended March 31, 2025	Three months ended March 31, 2026
Depreciation and amortization	231	258

(Significant Subsequent Events)

N/A