

# Financial Results of Fiscal Year Ended December 31, 2025

## [Japanese GAAP] (Consolidated)

February 13, 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/>

Representative: Kazuya Sakai, Representative Director & President, CEO

Contact: Kazumasa Takayama, Corporate Officer, CFO & IRO, Executive General Manager of Corporate Planning Division

TEL: 03-6895-1650

Annual general shareholders' meeting date: March 30, 2026

Securities report issuing date: March 19, 2026

Dividend payment date: April 20, 2026

Supplemental information for financial statements: Yes

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 fiscal year ended December 31, 2025 (from January 1, 2025 to December 31, 2025)

(1) Consolidated operating results (% figure represents the year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2025	93,242	(10.0)	5,056	(71.1)	6,780	(66.1)	1,407	(87.4)
Fiscal year ended December 31, 2024	103,600	(17.3)	17,491	(37.3)	20,013	(31.7)	11,171	(32.0)
(Note) Comprehensive income	Fiscal year ended December 31, 2025			5,969 million yen (61.5%)	Fiscal year ended December 31, 2024			15,491 million yen (34.4%)

	Profit per share	Diluted net profit per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2025	25.79	25.51	1.1	3.9	5.4
Fiscal year ended December 31, 2024	182.67	180.70	8.8	11.7	16.9

(2) Consolidated financial position

	Total assets		Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen		%	Yen
Fiscal year ended December 31, 2025	169,474	151,333		71.9	2,242.37
Fiscal year ended December 31, 2024	175,464	153,535		72.6	2,280.75

(Reference) Shareholders' equity: Fiscal year ended 121,856million December 31, 2025 yen      Fiscal year ended 127,311 million December 31, 2024 yen

(3) Status of consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Balance of cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended December 31, 2025	149	(28,676)	(8,827)	31,021
Fiscal year ended December 31, 2024	17,132	(47,588)	(12,217)	68,171

2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividend on equity ratio (Consolidated)
	1st quarter	2nd quarter	3rd quarter	4th quarter	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended December 31, 2024	—	0.00	—	60.00	60.00	3,349	32.8	2.7
Fiscal year ended December 31, 2025	—	0.00	—	90.00	90.00	4,890	348.9	4.0
Fiscal year ending December 31, 2026(Forecast)	-	-	-	-	-		-	-

(Note) The year-end dividend for the fiscal year ended December 31, 2025 is currently a forecast, and will be confirmed by the resolution of the Board of Directors meeting scheduled to be held on March 30, 2026.

For details, please refer to "Change to Shareholder Return Policy" in "Information Related to the Consolidated Earnings Forecast and Other Future Projections" on page 3.

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

3. Consolidated financial results 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) 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			
(3) Number of shares of common stock issued					
1) Number of shares of common stock outstanding at the end of the period (including treasury shares)	Fiscal year ended December 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	Fiscal year ended December 31, 2025	14,818,472 shares	Fiscal year ended December 31, 2024	27,341,332 shares	
3) Average number of shares during the period	Fiscal year ended December 31, 2025	54,577,520 shares	Fiscal year ended December 31, 2024	61,157,128 shares	

(Reference) Summary of non-consolidated operating results

1. Non-consolidated financial results for the Fiscal Year Ended December 31, 2025 (From January 1, 2025 to December 31, 2025)

(1) Non-consolidated operating results (% figure represents the year-on-year change)

	Net sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended December 31, 2025	33,579	(32.5)	(3,702)	-	(3,470)	-	(3,653)	-
Fiscal year ended December 31, 2024	49,731	3.3	7,731	(26.4)	7,831	(29.7)	5,400	(27.9)
	Net profit per share		Diluted net profit per share					
	Yen		Yen					
Fiscal year ended December 31, 2025	(66.94)		-					
Fiscal year ended December 31, 2024	88.31		87.35					

(2) Non-consolidated financial position

	Total assets		Net assets		Shareholders' equity ratio	Net assets per share	
	Millions of yen		Millions of yen			%	Yen
Fiscal year ended December 31, 2025	87,625		81,315		91.5		1,474.99
Fiscal year ended December 31, 2024	102,666		93,137		89.3		1,642.30

(Reference) Shareholders' equity: Fiscal year ended December 31, 2025 80,155 million yen      Fiscal year ended December 31, 2024 91,673 million yen

- \* This report of consolidated financial results is outside scope of the audit review process of Certified Public Accountants and Auditor.
- \* 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 3 of the Appendix.
  - The Company plans on holding a financial results briefing session for investors as follows. All documents 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, February 13, 2026

## ○ Table of Contents for Appendix

1. Overview of Operating Results.....	2
(1) Overview of Operating Results for the current fiscal year.....	2
(2) Overview of Financial Position for the current fiscal year .....	3
(3) Overview of the cash flow for the current fiscal year.....	3
(4) Information Related to the Consolidated Earnings Forecast and Other Future Projections.....	3
2. Basic stance on selection of accounting standards.....	3
3. Consolidated Financial Statements and principal notes.....	5
(1) Consolidated Balance Sheets.....	5
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income .....	7
(3) Changes in Net Assets .....	9
(4) Consolidated Cash Flow Statements.....	11
(5) Notes on consolidated financial statements .....	12
(Notes on Going-concern Assumption).....	12
(Changes in Accounting Policies) .....	12
(Changes in accounting estimates) .....	12
(Restatements).....	12
(Changes in presentation method) .....	12
(Segment Information).....	12
(Per share information).....	15
(Significant Subsequent Events).....	16

## 1. Overview of Operating Results

### (1) Overview of Operating Results for the current fiscal year

Regarding the economic circumstances in the fiscal year under review, strong inflationary pressure continued, and various costs 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, as the ways smartphone users spend their leisure time are becoming more diversified including the viewing of video content. This makes it increasingly necessary to closely monitor user trends for effective user retention in mobile games.

Against this backdrop, the Company continued to strengthen its development structure to concentrate on game development with an emphasis on global distribution, resulting in increased costs related to new development titles, primarily due to outsourcing expenses.

As for the global development of our titles, we released "LET IT DIE: INFERNOS," a rogue-lite survival action game, on December 4, 2025. This is the latest installment of our first global title "LET IT DIE" released in 2016, and it is now available globally with multi-lingual support.

Regarding "Puzzle & Dragons", which is our flagship title, 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 brand of game to maximize the value of existing game. We have held various events such as appreciation celebration and collaborations with famous characters from other companies for ensuring players continue to enjoy the game over the long term. Besides in-game events, we have continued our efforts to expand user base such as hosted the off-line events, released titles related to "P&D", and approach to e-sports.

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 service of new title such as "Ragnarok: Twilight", which was released in Southeast Asia on October 23, 2025

As a result, net sales for the fiscal year ended December 31, 2025 amounted to 93,242 million yen, (a decrease of 10.0% year-on-year). Operating profit was 5,056 million yen, (a decrease of 71.1% year-on-year), ordinary profit was 6,780 million yen, (a decrease of 66.1% year-on-year), and profit attributable to owners of parent came to 1,407 million yen, (a decrease of 87.4% year on year).

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

## (2) Overview of Financial Position for the current fiscal year

Total assets as of December 31, 2025 were 169,474 million yen with an increase of 5,989 million yen from the end of the previous fiscal year. This was mainly due to the decrease in cash and deposit including long-term deposit.

Total liabilities were 18,141 million yen with a decrease of 3,787 million yen 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 were 151,333 million yen with a decrease of 2,202 million yen 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) Overview of the cash flow for the current fiscal year

Cash and cash equivalents (hereinafter "Funds") as of December 31, 2025 were 31,021 million yen, down 37,150 million yen from the end of the previous fiscal year.

Cash flow conditions for the fiscal year ended December 31, 2025 and relevant factors are described below.

### (Cash flows from operating activities)

Funds obtained from operating activities were 149 million yen. This was mainly because the Company recorded a profit before income taxes and minority interests of 6,576 million yen and payment of income taxes which amounted to 4,804 million yen.

### (Cash flows from investing activities)

Funds used for investing activities were 28,676 million yen. This was mainly due to expenditures (net amount) of 27,119 million yen resulting from deposits into and withdrawals from time deposits.

### (Cash flows from financing activities)

Funds used for financing activities were 8,827 million yen. This was mainly due to the acquisition of treasury shares of 5,002 and the payment of 3,350 million yen for dividends.

## (4) 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.

### (Change to Shareholder Return Policy)

The Company resolved at the Board of Directors meeting held on February 13, 2026 that it would change its shareholder return policy. In addition, the Company announces as follows regarding the forecast for the year-end dividend for the fiscal year ended December 2025, which had previously been undecided.

Furthermore, the year-end dividend for the fiscal year ended December 2025 is planned to be determined at the Board of Directors meeting scheduled for March 30, 2026, based on the revised shareholder return policy, setting the ordinary dividend at 90.00 yen per share.

#### (i) Reason

The Company has consistently provided stable and continuous profit returns. However, we have decided to revise our shareholder return policy, in order to implement a more proactive profit return to our shareholders.

(ii) Details

-Before change-

The Company recognizes that one of its important management challenges is to achieve profits on an ongoing basis and to provide a stable return to shareholders. In determining the specific total amount of returns to shareholders, the Company comprehensively considers the management environment, business performance, financial soundness, and investment for growth, while striving to increase its corporate value over the long term. Its basic policy for returning profits to shareholders is to combine stable dividends in line with profit levels and forecasts with flexible share buybacks.

As for a more detailed basic policy, dividends will be to maintain a consolidated dividend payout ratio of 30% or more, and to implement such dividend payout on a stable and continuous basis. Share buybacks are positioned as a flexible capital policy aimed at enhancing capital efficiency, taking into account market stock prices and our financial condition, and will be continuously implemented based on decisions at the Board of Directors meetings.

-After change-

The Company recognizes that one of its important management challenges is to achieve profits on an ongoing basis and to provide a stable return to shareholders. In determining the specific total amount of returns to shareholders, the Company comprehensively considers the management environment, business performance, financial soundness, and investment for growth, while striving to increase its corporate value over the long term. Its basic policy for returning profits to shareholders is to combine stable dividends in line with profit levels and forecasts with flexible share buybacks.

As for a more detailed basic policy, to balance capital efficiency-conscious management with stable and continuous shareholder returns, we will introduce DOE (Dividend on Equity) with a target of 4%, while keeping the consolidated dividend payout ratio at 50% or higher. Furthermore, share buybacks are positioned as a flexible capital policy aimed at enhancing capital efficiency, taking into account market stock prices and our financial condition, and will be continuously implemented based on decisions at the Board of Directors meetings.

iii) Effective Period

The above change will take effect from the fiscal year ended December 31, 2025

2. Basic stance on selection of accounting standards

The Company currently adopts the Japanese accounting standards.

The Company's policy is to consider adopting international accounting standards in view of domestic and global situations in the future.

### 3. Consolidated Financial Statements

#### (1) Consolidated Balance Sheets

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	99,598	130,474
Accounts receivable - trade, and contract assets	13,515	10,130
Securities	5,018	5,775
Merchandise	16	47
Other	2,785	7,389
Allowance for doubtful accounts	(59)	(67)
Total current assets	120,875	153,750
<b>Non-current assets</b>		
Property, plant and equipment	1,326	1,412
Intangible assets		
Software	197	366
Other	551	201
Total intangible assets	748	568
Investments and other assets		
Long-term deposit	40,000	—
Deferred tax assets	7,122	7,542
Other	5,391	6,201
Total investments and other assets	52,513	13,743
<b>Total non-current assets</b>	<b>54,588</b>	<b>15,723</b>
<b>Total assets</b>	<b>175,464</b>	<b>169,474</b>

(Millions of yen)

	As of December 31, 2024	As of December 31, 2025
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	5,861	5,817
Income taxes payable	2,989	592
Provision for performance-linked remuneration	87	24
Other	10,515	8,934
<b>Total current liabilities</b>	<b>19,453</b>	<b>15,368</b>
<b>Non-current liabilities</b>		
Long-term accounts payable - other	1,277	1,348
Retirement benefit liability	17	30
Other	1,180	1,394
<b>Total non-current liabilities</b>	<b>2,475</b>	<b>2,773</b>
<b>Total liabilities</b>	<b>21,929</b>	<b>18,141</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	5,338	5,338
Capital surplus	5,487	5,487
Retained earnings	195,670	152,249
Treasury shares	(80,872)	(43,908)
<b>Total shareholders' equity</b>	<b>125,624</b>	<b>119,167</b>
<b>Accumulated other comprehensive income</b>		
Foreign currency translation adjustment	1,687	2,689
<b>Total accumulated other comprehensive income</b>	<b>1,687</b>	<b>2,689</b>
Share acquisition rights	1,464	1,160
Non-controlling interests	24,759	28,315
<b>Total net assets</b>	<b>153,535</b>	<b>151,333</b>
<b>Total liabilities and net assets</b>	<b>175,464</b>	<b>169,474</b>

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

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Net sales	103,600	93,242
Cost of sales	50,185	50,913
Gross profit	53,415	42,328
Selling, general and administrative expenses	35,923	37,271
Operating profit	17,491	5,056
Non-operating income		
Interest income	1,955	1,809
Foreign exchange gains	428	—
Other	168	132
Total non-operating income	2,552	1,941
Non-operating expenses		
Interest expenses	15	29
Commission for purchase of treasury shares	11	2
Foreign exchange losses	—	183
Other	3	2
Total non-operating expenses	30	217
Ordinary profit	20,013	6,780
Extraordinary losses		
Impairment losses	174	203
Total extraordinary losses	174	203
Profit before income taxes	19,838	6,576
Income taxes - current	6,363	2,688
Income taxes - deferred	(1,532)	(403)
Total income taxes	4,831	2,285
Profit	15,007	4,291
Profit attributable to non-controlling interests	3,835	2,883
Profit attributable to owners of parent	11,171	1,407

Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Profit	15,007	4,291
Other comprehensive income		
Foreign currency translation adjustment	483	1,678
Total other comprehensive income	483	1,678
Comprehensive income	15,491	5,969
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	11,468	2,410
Comprehensive income attributable to non- controlling interests	4,022	3,559

(3) Changes in Net Assets

FY2024 (from January 1, 2024 to December 31, 2024)

(Million yen)

	Shareholders' equity				
	Share Capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of current period	5,338	5,487	198,415	(83,168)	126,073
Changes during the period					
Dividends of surplus			(1,796)		(1,796)
Profit attributable to owners of parent			11,171		11,171
Exercise of share acquisition rights		(8)		50	42
Purchase of treasury shares				(9,865)	(9,865)
Disposal of treasury shares		—		—	—
Cancelation of treasury shares		(12,111)		12,111	—
Transfer from retained earnings to capital surplus		12,119	(12,119)		—
Net changes in items other than shareholders' equity					—
Total changes during period	—	—	(2,745)	2,296	(449)
Balance at the end of current period	5,338	5,487	195,670	(80,872)	125,624

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at the beginning of current period	1,390	1,390	1,300	20,731	149,495
Changes during the period					
Dividends of surplus					(1,796)
Profit attributable to owners of parent					11,171
Exercise of share acquisition rights					42
Purchase of treasury shares					(9,865)
Disposal of treasury shares					—
Cancelation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	297	297	163	4,027	4,488
Total changes during period	297	297	163	4,027	4,039
Balance at the end of current period	1,687	1,687	1,464	24,759	153,535

FY2025 (from January 1, 2025 to December 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,338	5,487	195,670	(80,872)	125,624
Changes during period					
Dividends of surplus			(3,349)		(3,349)
Profit attributable to owners of parent			1,407		1,407
Exercise of share acquisition rights		4		482	487
Purchase of treasury shares				(5,003)	(5,003)
Disposal of treasury shares		(0)		0	0
Cancellation of treasury shares		(41,483)		41,483	-
Transfer from retained earnings to capital surplus		41,479	(41,479)		-
Net changes in items other than shareholders' equity					-
Total changes during period	-	-	(43,420)	36,963	(6,456)
Balance at end of period	5,338	5,487	152,249	(43,908)	119,167

	Accumulated other comprehensive income		Share acquisition rights	Non-controlling interests	Total net assets
	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	1,687	1,687	1,464	24,759	153,535
Changes during period					
Dividends of surplus					(3,349)
Profit attributable to owners of parent					1,407
Exercise of share acquisition rights					487
Purchase of treasury shares					(5,003)
Disposal of treasury shares					0
Cancellation of treasury shares					—
Transfer from retained earnings to capital surplus					—
Net changes in items other than shareholders' equity	1,002	1,002	(304)	3,556	4,254
Total changes during period	1,002	1,002	(304)	3,556	(2,202)
Balance at end of period	2,689	2,689	1,160	28,315	151,333

(4) Consolidated Cash Flow Statements

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025	(Millions of yen)
<b>Cash flows from operating activities</b>			
Profit before income taxes	19,838	6,576	
Depreciation	951	1,012	
Share-based payment expenses	205	182	
Impairment losses	174	203	
Increase (decrease) in allowance for doubtful accounts	(8)	7	
Interest and dividend income	(1,955)	(1,809)	
Interest expenses	15	29	
Foreign exchange losses (gains)	(104)	(71)	
Decrease (increase) in trade receivables	430	3,360	
Decrease (increase) in inventories	5	(30)	
Increase (decrease) in trade payables	(329)	(20)	
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	503	(2,787)	
Decrease (increase) in other current assets	(101)	(1,725)	
Increase (decrease) in other current liabilities	3,111	(1,865)	
Other, net	(341)	65	
<b>Subtotal</b>	<b>22,396</b>	<b>3,128</b>	
Interest and dividends received	1,684	1,854	
Interest paid	(15)	(29)	
Income taxes paid	(6,933)	(4,804)	
<b>Net cash provided by (used in) operating activities</b>	<b>17,132</b>	<b>149</b>	
<b>Cash flows from investing activities</b>			
Payments into time deposits	(90,572)	(171,492)	
Proceeds from withdrawal of time deposits	45,342	144,373	
Net decrease (increase) in short-term investment securities	(1,330)	(633)	
Purchase of investment securities	—	(63)	
Purchase of property, plant and equipment and intangible assets	(243)	(605)	
Payments of leasehold and guarantee deposits	(478)	(277)	
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(308)	—	
Other, net	3	22	
<b>Net cash provided by (used in) investing activities</b>	<b>(47,588)</b>	<b>(28,676)</b>	
<b>Cash flows from financing activities</b>			
Net decrease (increase) in treasury shares	(9,865)	(5,002)	
Dividends paid	(1,809)	(3,350)	
Other, net	(542)	(474)	
<b>Net cash provided by (used in) financing activities</b>	<b>(12,217)</b>	<b>(8,827)</b>	
Effect of exchange rate change on cash and cash equivalents	1,196	203	
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(41,476)</b>	<b>(37,150)</b>	
Cash and cash equivalents at beginning of period	109,648	68,171	
<b>Cash and cash equivalents at end of period</b>	<b>68,171</b>	<b>31,021</b>	

## (5) Notes on consolidated financial statements

(Notes on the Going-concern Assumption)

None

(Changes in accounting policies)

(Application of Accounting Standard for Corporate Income Taxes, etc.)

The Company has applied the "Accounting Standard for Corporate Income Taxes, etc." (ASBJ Statement No. 27, October 28, 2022; hereinafter the "2022 Revised Accounting Standard"), etc. from the beginning of the current consolidated fiscal year.

Regarding the amendments related to the classification of income taxes (taxation on other comprehensive income), the Company has followed the transitional treatment set forth in the proviso of Paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment set forth in the proviso of Paragraph 65-2 (2) of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "2022 Revised Implementation Guidance"). There is no impact on the consolidated financial statements resulting from this change in accounting policy.

Furthermore, regarding the amendments related to the revision of the treatment in consolidated financial statements for the deferral of gains or losses on the sale of shares of subsidiaries, etc. arising from intercompany transactions, the Company has applied the 2022 Revised Implementation Guidance from the beginning of the current consolidated fiscal year. This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous consolidated fiscal year reflect this retrospective application. There is no impact on the consolidated financial statements for the previous consolidated fiscal year resulting from this change in accounting policy.

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

The Company has applied the "Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules (ASBJ Practical Solution No. 46, March 22, 2024)," from the beginning of the first quarter of the fiscal year under review.

The impact of this change in accounting policy is minor.

(Changes in accounting estimates)

None

(Restatements)

None

(Change in presentation method)

None

(Segment Information)

(Segment Information)

I Fiscal Year 2024 for the period from January 1, 2024 to December 31, 2024

Description has been omitted since the GungHo Group operates under a single segment

II Fiscal Year 2025 for the period from January 1, 2025 to December 31, 2025

Description has been omitted since the GungHo Group operates under a single segment.

(Relevant information)

I Fiscal year 2024 for the period from January 1, 2024 to December 31, 2024

1. Information by product and service

Information on each product and service has been omitted because net sales to external customers in a single product or service category accounted for more than 90% of net sales in the consolidated statement of income.

2. Information by region

(1) Net sales

(Millions of yen)								
Japan	Asia	Taiwan	Thailand	Indonesia	North America	Latin America	Other regions	Total
45,393	23,837	13,132	6,854	3,591	5,596	3,704	1,489	103,600

(Note) Net sales are based on customer locations and are classified by country or region.

(Changes in indication)

“Latin America” which was included in “Other regions” in the financial result of fiscal year ended December 31, 2024, is indicated independently here considering its importance.

(2) Tangible Fixed Assets

(Millions of yen)					
Japan	Asia	Korea	Taiwan	North America	Total
278	99	683	252	13	1,326

II Fiscal year 2025 for the period from January 1, 2025 to December 31, 2025

1. Information by products and services

Information on each product and service has been omitted because net sales to external customers in a single product or service category accounted for more than 90% of net sales in the consolidated statement of income.

2. Information by region

(1) Net sales

(Millions of yen)								
Japan	Asia	Taiwan	Thailand	Indonesia	North America		Other regions	Total
31,831	17,531	14,370	5,641	8,982	9,011	2,815	3,057	93,242

(Note) Net sales are based on customer locations and are classified by country or region.

(Changes in indication)

“Indonesia”, which was included in “Asia” in the financial result of fiscal year ended December 31, 2024, is indicated independently here considering its importance.

To reflect this change in presentation, 27,429 million yen presented in “Asia” in the previous fiscal year has been reclassified as 23,837 million yen in “Asia” and 3,591 million yen in “Indonesia”.

(2) Tangible fixed assets

(Millions of yen)

Japan	Asia	Korea	Taiwan	North America	Total
286	215	514	261	133	1,412

(Information concerning impairment loss on fixed assets by reportable segment)

I Fiscal year 2024 for the period from January 1, 2024 to December 31, 2024

Description has been omitted since the GungHo Group operates under a single segment.

II Fiscal Year 2025 for the period from January 1, 2025 to December 31, 2025

Description has been omitted since the GungHo Group operates under a single segment.

(Information concerning goodwill amortization and unamortized balance by reportable segment)

I Fiscal year 2024 for the period from January 1, 2024 to December 31, 2024

Description has been omitted since the GungHo Group operates under a single segment.

II Fiscal Year 2025 for the period from January 1, 2025 to December 31, 2025

Description has been omitted since the GungHo Group operates under a single segment.

(Information related to gain on bargain purchase by reportable segment)

I Fiscal year 2024 for the period from January 1, 2024 to December 31, 2024

Description has been omitted since the GungHo Group operates under a single segment.

II Fiscal Year 2025 for the period from January 1, 2025 to December 31, 2025

Description has been omitted since the GungHo Group operates under a single segment.

(Per share information)

	Fiscal Year 2024 (From January 1, 2024 to December 31, 2024)	Fiscal Year 2025 (From January 1, 2025 to December 31, 2025)
Net assets per share	2,280.75 yen	2,242.37 yen
Net profit per share	182.67 yen	25.79 yen
Fully-diluted net profit per share	180.70 yen	25.51 yen

Notes: 1. The basis for calculating net assets per share is as follows.

Item	Fiscal Year 2024 (From January 1, 2024 to December 31, 2024)	Fiscal Year 2025 (From January 1, 2025 to December 31, 2025)
Total Net Assets (Million yen)	153,535	151,333
Amount to be deducted from the total amount of net assets (Million yen)	26,223	29,476
(Amount from stock options (Million yen))	(1,464)	(1,160)
(Amount from minority interests (Million yen))	(24,759)	(28,315)
Net assets attributable to common stock at the end of the fiscal year (Million yen)	127,311	121,856
Number of common stocks used in the calculation of net assets per share (shares)	55,820,084	54,342,944

2. The basis for calculating net profit per share and fully-diluted net profit per share is as follows.

	Fiscal Year 2024 (From January 1, 2024 to December 31, 2024)	Fiscal Year 2025 (From January 1, 2025 to December 31, 2025)
Net profit per share		
Net profit in the consolidated income statements (Million yen)	11,171	1,407
Net profit attributable to common stock (Million yen)	11,171	1,407
Average number of common stocks outstanding during the period (shares)	61,157,128	54,577,520
Fully-diluted net profit per share		
Increase in the number of common stocks (shares)	667,367	614,711
Stock acquisition rights of the above shares	(667,367)	(614,711)
Description of latent shares which were not taken into account in the calculation of fully- diluted net profit per share because of no dilution effect	—	—

(Significant Subsequent Events)

(Acquisition of treasury shares and cancellation of treasury shares)

At the meeting of the Board of Directors held on February 13, 2026, the Company resolved to repurchase its own shares pursuant to Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same, and cancel the treasury shares, pursuant to Article 178 of the Company Act. The details are as follows:

(1) Reasons for acquisition of treasury shares

To improve shareholder profits by implementing flexible capital policies in response to changes in the business environment and improving capital efficiency.

(2) Details of acquisition of treasury shares

① Type of shares to be acquired	Common stock of our company
② Total number of shares to be acquired	2,100,000 shares (maximum)
③ Total purchase price of shares	5,000,000,000 yen (maximum)
④ Acquisition period	From February 16, 2026 to June 23, 2026
⑤ Acquisition method	Market purchase

(3) Details of cancellation of treasury shares

① Type of shares to be canceled	Common shares
② Total number of shares to be canceled	16,000,000 shares
③ Scheduled date of cancellation	June 30, 2026