Financial Results for the 2nd Quarter of Fiscal Year Ending December 31, 2026 [Japanese GAAP] (Consolidated)

August 7, 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, and Executive General Manager of Corporate Planning Division
TEL: 03-6895-1650
Scheduled date of filing of semi-annual report: August 7, 2026
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, 2026 (January 1, 2026 through June 30, 2026)

(1) Consolidated operating results (accumulated)

(Percentages indicate the changes from the same period of the previous year)

	Net sales		Operating profit		Ordinary profit		Interim profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2026	51,759	2.3	6,380	27.1	7,878	47.2	3,460	40.4
Six months ended June 30, 2025	50,588	(5.7)	5,020	(58.9)	5,351	(60.4)	2,464	(68.5)

(Note) Comprehensive income Six months ended June 30, 2026 4,176 million yen (35.3%) Six months ended June 30, 2025 3,087 million yen ((76.8%))

	Interim net profit per share	Diluted interim net profit per share
	Yen	Yen
Six months ended June 30, 2026	64.96	64.27
Six months ended June 30, 2025	44.95	44.43

(2) Consolidated financial position

	Total assets	Net assets	Shareholder's equity ratio
	Millions of yen	Millions of yen	%
Six months ended June 30, 2026	165,141	145,689	69.3
Fiscal year ended December 31, 2025	169,474	151,333	71.9

(Note)	Shareholder's equity	Six months ended June 30, 2026	114,484millions of yen	Fiscal year ended December 31, 2025	121,856 millions of yen

2. Dividends

	Annual dividends				
	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	—	0.00			
Fiscal year ending December 31, 2026 (Forecast)			—	—	—

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

(Note2) At the Board of Directors meeting held on August 7, 2026, it was resolved that no interim dividend would be paid for the second quarter. The year-end dividend for the current fiscal year remains undecided.

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) Significant changes in the scope of consolidation during the interim period : No

(2) Application of specific accounting procedures for the preparation of interim consolidated financial statements : No

(3) Changes in accounting policies, changes in accounting estimates, and restatements

(i) Changes in accounting policies due to revisions of accounting standards : No

(ii) Changes in accounting policies other than (i) : No

(iii) Changes in accounting estimates : No

(iv) Restatements : No

(4) Number of shares of common stock issued

(i) Number of shares of common stock outstanding at the end of the period (including treasury shares)	As of June 30, 2026	53,161,416 shares	Fiscal year ended December 31, 2025	69,161,416 Shares
(ii) Number of treasury shares at the end of the period	As of June 30, 2026	794,532 shares	Fiscal year ended December 31, 2025	14,818,472 shares
(iii) Average number of shares during the period (six months)	As of June 30, 2026	53,267,571 shares	As of June 30, 2025	54,817,360 shares

* The quarterly financial results report for the second quarter (six months) is not subject to review by a certified public accountant or an auditing firm.

* Appropriate use of earnings forecast and other matters to note

・The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions that are deemed to be rational. Actual results may differ significantly from these forecasts due to various factors. For the assumptions underlying the earnings forecasts and other notes on the use of earnings forecasts, please refer to "Information Related to the Consolidated Earnings Forecast and Other Future Projections" on page 2 of the attached materials.

・The Company plans to hold a financial results briefing for investors as follows. Materials used in this briefing will be posted on the Company's website after the briefing.

・August 7, 2026 (Friday) ... Financial results briefing for institutional investors and analysts

○Table of Contents for Appendix

1. Qualitative Information Concerning Consolidated Financial Results for the Interim period

(i) Description of Operating Results

Regarding the economic circumstances in the current interim period, the outlook remained uncertain against the backdrop of prolonged global inflation and intensifying international tensions. With changes in the environment such as the high level of the yen's depreciation and rising interest rates, the financial and securities markets also experienced significant fluctuations.

In the gaming market, although the size of the domestic mobile gaming sector has generally remained flat in recent years, the ways smartphone users spend their leisure time are becoming more diversified, including competition for disposable time such as viewing video content. Accordingly, the importance of accurately capturing customer trends for user retention in mobile games has increased more than ever.

Against this backdrop, the Company has continued to focus on game development with an eye toward global distribution. In June 2026, we announced that "Ninjala 2: The Uncharted Planet," a successor to "Ninjala," which has surpassed 12 million downloads worldwide, will be released next spring. Including this title, we are currently developing nine new pipelines, and costs related to new titles, primarily outsourcing expenses, are being incurred in advance.

Regarding our flagship title "Puzzle & Dragons," we have continued to work on maintaining and expanding MAU (Monthly Active User: the number of users who log into the game at least once a month) and strengthening the game brand to maximize the value of existing assets. We have continued to roll out diverse events, such as seasonal original events and collaborations with famous characters from other companies, and net sales have remained solid. In addition, the game surpassed 64 million cumulative domestic downloads in June 2026, and commemorative events were held starting in July.

Regarding Ragnarok-related titles operated by our subsidiary Gravity Co., Ltd. and its consolidated subsidiaries, "Ragnarok Origin Classic," which was released in South Korea, Taiwan, Hong Kong, Macau, and Southeast Asia on March 26, 2026, performed well and contributed to the consolidated financial results for the current interim period. We continue to focus on the global service expansion of new titles, such as the launch of "Ragnarok: Twilight" in Europe, North America, and Latin America on June 4.

As a result, the Company’s consolidated results of operations for the interim period under review were as follows. Net sales increased 2.3% year-on-year to JPY51,759 million, operating profit increased 27.1% year-on-year to JPY6,380 million, ordinary profit increased 47.2% year-on-year to JPY7,878 million, and Interim net profit attributable to owners of parent company increased 40.4% year-on-year to JPY3,460 million.

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

(ii) Description of Financial Position

Total assets as of the end of the current interim consolidated accounting period were 165,141 million yen (a decrease of 4,332 million yen from the end of the previous fiscal year). This was mainly due to a decrease in cash and deposits.

Total liabilities were 19,452 million yen (an increase of 1,310 million yen from the end of the previous fiscal year). This was primarily attributable to an increase in income taxes payable.

Total net assets were 145,689 million yen (a decrease of 5,643 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) 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. Interim Consolidated Financial Statements and Principal Notes

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	Consolidated Fiscal Year 2025 (As of December 31, 2025)	2nd quarter of this Fiscal Year (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	130,474	124,705
Accounts receivable - trade, and contract assets	10,130	11,309
Securities	5,775	5,882
Other	7,437	5,300
Allowance for doubtful accounts	(67)	(34)
Total current assets	153,750	147,162
Non-current assets		
Property, plant and equipment	1,412	1,135
Intangible assets	568	456
Investments and other assets	13,743	16,386
Total non-current assets	15,723	17,979
Total assets	169,474	165,141
Liabilities		
Current liabilities		
Accounts payable - trade	5,817	6,648
Income taxes payable	592	2,133
Provisions	24	—
Other	8,934	9,315
Total current liabilities	15,368	18,097
Non-current liabilities		
Retirement benefit liability	30	29
Other	2,742	1,325
Total non-current liabilities	2,773	1,354
Total liabilities	18,141	19,452
Net assets		
Shareholders' equity		
Share capital	5,338	5,338
Capital surplus	5,487	5,487
Retained earnings	152,249	104,235
Treasury shares	(43,908)	(2,312)
Total shareholders' equity	119,167	112,749
Accumulated other comprehensive income		
Foreign currency translation adjustment	2,689	1,735
Total accumulated other comprehensive income	2,689	1,735
Share acquisition rights	1,160	1,220
Non-controlling interests	28,315	29,984
Total net assets	151,333	145,689
Total liabilities and net assets	169,474	165,141

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

(Interim Consolidated Statements of Income)

(Millions of yen)

	2nd quarter of the Fiscal Year 2025(From January 1, 2025 to June 30, 2025)	2nd quarter of the Fiscal Year 2026 (From January 1, 2026 to June 30, 2026)
Net sales	50,588	51,759
Cost of sales	27,127	28,881
Gross profit	23,460	22,877
Selling, general and administrative expenses	18,440	16,497
Operating profit	5,020	6,380
Non-operating income		
Interest income	862	1,016
Foreign exchange gains	—	446
Other	18	63
Total non-operating income	880	1,526
Non-operating expenses		
Interest expenses	14	13
Commission for purchase of treasury shares	2	5
Foreign exchange losses	529	—
Miscellaneous loss	3	8
Total non-operating expenses	549	27
Ordinary profit	5,351	7,878
Extraordinary income		
Gain on sales of investment securities	—	31
Total extraordinary income	—	31
Extraordinary losses		
Impairment losses	28	81
Total extraordinary losses	28	81
Profit before income taxes	5,323	7,828
Income taxes - current	2,073	2,882
Income taxes - deferred	(711)	(857)
Total income taxes	1,361	2,024
Profit	3,961	5,804
Profit attributable to non-controlling interests	1,497	2,344
Profit attributable to owners of parent	2,464	3,460

(Interim Consolidated Statements of Comprehensive Income)

(Millions of yen)

	2nd quarter of the Fiscal Year 2025 (From January 1, 2025 to June 30, 2025)	2nd quarter of the Fiscal Year 2026 (From January 1, 2026 to June 30, 2026)
Profit	3,961	5,804
Other comprehensive income		
Foreign currency translation adjustment	(874)	(1,628)
Total other comprehensive income	(874)	(1,628)
Comprehensive income	3,087	4,176
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,934	2,506
Comprehensive income attributable to non-controlling interests	1,152	1,669

(3) Notes to the Interim Consolidated Financial Statements

(Notes on Going-concern Assumption)

None

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

(The acquisition of treasury shares)

The Company acquired 1,981,500 treasury shares based on the resolutions at the Board of Directors meeting held on February 13, 2026. Treasury shares increased by 4,999 million yen during this interim consolidated accounting period due to the acquisition of treasury shares mentioned above.

(The cancellation of treasury shares)

The Company cancelled 16,000,000 treasury shares on June 30, 2026, based on the resolution at the Board of Directors meeting held on February 13, 2026. Due to the cancellation of treasury shares, retained earnings and treasury shares each decreased by 46,579 million yen during the six months ended June 30, 2026.

As a result, retained earnings amounted to 104,235 million yen and treasury shares amounted to 2,312 million yen as of June 30, 2026.

(Notes to Segment Information, etc.)

[Segment Information]

I The six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

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

II The six months ended June 30, 2026 (from January 1, 2026 to June 30, 2026)

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

(Significant Subsequent Events)

None.