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August 8, 2025

Consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4777
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 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the six months ended - June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	1144	—	△247	—	△290	—	△186	—
June 30, 2024	1202	—	△102	—	△31	—	△146	—

Note: Comprehensive income For the six months ended June 30, 2025: △¥336 million [—%]
 For the six months ended June 30, 2024: △¥7 million [—%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	△6.66	—
June 30, 2024	△5.67	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	4,304	1,493	18.0
December 31, 2024	4,366	1,802	22.2

Reference: Equity
 As of June 30, 2025: ¥776 million
 As of December 31, 2024: ¥968 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	—	0.00	—	0.00	0.00
Fiscal year ending December 31, 2025	—	0.00			
Fiscal year ending December 31, 2025 (Forecast)			—	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Forecast of consolidated Financial Results for the Fiscal Year Ending December 31, 2024 (From January 1, 2025 to December 31, 2025)

Consolidated earnings forecast for the current fiscal year is not stated due to the difficulty of calculating a reasonable earnings forecast. For details, please refer to "1. Overview of Operating Results and Financial Position (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information" of the Additional Information.

(Percentages indicate changes from the previous period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended March 31, 2025	—	—	—	—	—	—	—	—	—

Note: Revisions to the forecast of operating results most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: — companies (Company name)

Excluded: — companies (Company name)

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements:
Yes

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

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(Note) For details, please refer to “2. Interim period Consolidated Financial Statements and Principal Notes (3) Notes to the Interim period Consolidated Financial Statements – Notes on Changes in Accounting Policies” the Additional Information.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2025	28,024,900 shares
As of December 31, 2024	28,024,900 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2025	— shares
As of December 31, 2024	— shares

(iii) Average number of shares outstanding during the period (cumulative for the interim period of the fiscal year)

Six months ended March 31, 2025	28,024,900 shares
Six months ended March 31, 2024	25,838,929 shares

* This second quarter (Interim period) financial results report is not subject to review by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Disclaimer on forward-looking statements, etc.)

The forward-looking statements contained in this document, including earnings forecasts, are based on information currently available to the Company and certain assumptions deemed reasonable. Therefore, the statements do not constitute commitments, and actual results may differ significantly due to various factors.

(How to obtain supplementary information on quarterly financial results)

Supplementary materials for the quarterly financial results will be posted on the Company’s website after the announcement of financial results.

○Additional Information

1 . Summary of Operating Results.	5
(1) Summary of Interim Results.....	5
(2) Summary of Interim Financial Positions	7
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information	7
(4) Significant Events or Conditions Affecting the Going Concern Assumption	7
2 . Interim Consolidated Financial Statements and Principal Notes	9
(1) Interim Consolidated Balance Sheets	9
(2) Interim Consolidated Statement of Income and Consolidated Statement of Comprehensive Income	11
Interim Consolidated Statement of Income.....	11
Interim Consolidated Statement of Comprehensive Income.....	12
(3) Interim Consolidated Statement of Cash Flow.....	13
(4) Notes to the Interim Consolidated Financial Statements.....	15
(Notes on Changes in Accounting Policies)	15
(Notes on Segment Information)	15
(Notes in Case of Significant Changes in Shareholders' Equity)	16
(Notes on Going Concern Assumptions)	16

1. Summary of Operating Results

(1) Summary of Interim Results

During the interim period ended September 30, 2025, the Group recorded consolidated net sales of ¥1,144,069 thousand, representing a 4.9% decrease compared to the same interim period of the previous fiscal year. This was mainly due to a decline in sales of the metaverse (*1) campus platform “UVERSE” (hereinafter referred to as the “Meta Campus business”) compared to the same interim period of the previous year.

Cost of sales amounted to ¥449,316 thousand, marking a 3.5% increase year on year. This increase was primarily attributable to higher amortization of royalties and channeling fees related to HTML5 games.

Selling, general and administrative expenses totaled ¥941,762 thousand, up 8.2% year on year. This was mainly due to consultant fees incurred for licensing and approvals at the consolidated subsidiary TREFUL (CAMBODIA) Co., Ltd.

As a result, the Group posted an operating loss of ¥247,010 thousand (compared to an operating loss of ¥102,054 thousand in the same interim period of the previous fiscal year), an ordinary loss of ¥290,564 thousand (compared to ¥31,424 thousand), and a net loss attributable to owners of parent of ¥186,676 thousand (compared to ¥146,549 thousand).

The operating results by reportable segment are as follows:

(i) Japan

In the Japan segment, the smartphone app “Rappelz,” developed by consolidated subsidiary Gala Lab Corp., was launched in the U.S. and Canada in October 2021 but temporarily suspended in November 2022. It is currently being revamped as the NFT game/blockchain (*2) game “Rappelz Universe” by incorporating blockchain technology, with preparations underway for global release. These games are “NFTized” (*4) using blockchain (*3) infrastructure, allowing users to convert in-game items into crypto assets tradable on exchanges. This enhances game appeal and supports monetization. However, the launch date remains undecided due to the time required for legal and tax reviews related to crypto assets in Korea.

Consolidated subsidiary Treeful Inc. operates a treehouse resort business in Nago City, Okinawa Prefecture, offering accommodations either in standalone treehouses or as sets that combine a treehouse with an aero-house (a ground-based structure). Treeful Inc. received approval for a ryokan business license under the Inns and Hotels Act in July 2021 and opened Japan’s first paid overnight treehouse resort in August 2021. Since then, it has expanded construction, completing two aero-houses in August 2024 and one additional treehouse in December 2024. As of now, services are being provided through three treehouse-aero-house sets and one standalone treehouse.

The concept of the treehouse resort is a “Sustainable Resort,” aiming to create a sustainable society by avoiding fossil fuels, using electricity instead, and generating more solar power than consumed. The Group aims to expand the treehouse business beyond Japan to overseas markets, leveraging forest business opportunities to curb deforestation globally. As the first step in overseas expansion of the Treehouse resort business, Treeful Inc. established TREFUL (CAMBODIA) Co., Ltd. in Cambodia in November 2023. TREFUL (CAMBODIA) Co., Ltd. is positioned as a sustainable luxury resort hotel, aiming to generate stable revenue through treehouses while fostering coexistence between forests and human society.

On the expense side, selling, general and administrative expenses increased primarily due to consultant fees incurred for obtaining licenses and permits related to the luxury resort hotel project undertaken by TREFUL (CAMBODIA) Co., Ltd., as well as depreciation expenses associated with properties acquired in the previous period.

As a result, net sales in the Japan segment totaled ¥90,558 thousand (including intersegment transactions), an increase of ¥52,060 thousand (135.2%) compared to the same interim period of the previous fiscal year, while the segment loss amounted to ¥327,420 thousand (compared to a segment loss of ¥236,085 thousand in the same interim period of the previous fiscal year).

(ii) Korea

In the Korea segment, net sales from the HTML5 game “Flyff Universe,” which launched in May 2022, totaled ¥535,588 thousand, representing a decrease of ¥22,117 thousand (down 4.0%) compared to the same interim period of the previous fiscal year.

Nevertheless, since its global launch in 2022, “Flyff Universe” has surpassed 5 million cumulative users, steadily expanding its user base across regions and languages and establishing a strong brand presence. The annual global event “Flyff Universe World Championship (FWC)” has become a well-established global PvP (Player vs Player) tournament, not only serving as a competitive gaming event but also providing a platform for real-time interaction among users worldwide. For the 2025 tournament scheduled for this year, a total prize pool of \$110,000 has been prepared, and qualifying teams will be selected

through seasonal preliminaries held throughout the year. The event serves as a key opportunity to expand the game's potential as an esports platform.

To further expand its service coverage, "Flyff Universe" began service in Korea in April 2025. Additionally, in December 2024, Gala Lab Corp. entered into a publishing agreement with RUIWO TECHNOLOGY, a China-based game publishing company, for distribution in the Chinese market. Preparations for release in the region are currently underway.

HTML5 games offer high accessibility as they require no downloads and can be played on various devices including PCs and smartphones. In July 2023, Gala Lab Corp. entered into a strategic partnership agreement with BPMG Co., Ltd. and Wemade Connect Co., Ltd. for the publishing and game business of the NFT/blockchain version of "Flyff Universe," which integrates Play-to-Earn (P2E) (*5) elements using blockchain technology. Preparations for release are ongoing; however, as with "Rappelz Universe," the launch date is currently undetermined due to legal and tax considerations.

Gala Lab Corp. is also developing an HTML5 version of "AniPang," a hit mobile game in Korea originally developed by Wemade Play Co., Ltd. The Group is focused on leveraging third-party IPs and its own development expertise to expand its HTML5 game portfolio. Preparations are underway for release in the Korean market in the third quarter of the fiscal year ending December 2025.

In the smartphone app business, net sales amounted to ¥162,262 thousand, an increase of ¥12,092 thousand (up 8.1%) year on year. In addition to the existing smartphone game "Flyff Legacy," Gala Lab Corp. launched the new mobile game "Flyff: Reunite" in China in June 2025.

Meanwhile, consolidated subsidiary Gala Mix Inc. continues to offer the pedometer app "winwalk," and the smartphone apps "winQuiz" and "Poll Cash." In May 2025, "winwalk" also launched an iOS version (available in 20 countries and 8 languages) on the Apple Store, in addition to the existing Android version available on Google Play. The Group will continue to expand multilingual distribution through its global network.

In the online game business, Gala Lab Corp. offers its core titles "Flyff Online" and "Rappelz Online," which together recorded net sales of ¥244,214 thousand, an increase of ¥13,845 thousand (up 6.0%) year on year. Gala Lab Corp. is actively pursuing licensing and channeling (*6) opportunities for "Flyff Online," and began service in Taiwan, Hong Kong, and Macau in June 2025.

On the other hand, the Meta Campus business, a metaverse (*6) campus platform project called "UVERSE" jointly undertaken by Gala Lab Corp., LG Uplus Corp. (a major Korean telecommunications company), and Megazone Corporation (Korea's largest digital IT company), recorded net sales of ¥16,313 thousand, a decline of ¥156,730 thousand (down 90.6%) year on year. This business involves developing and operating virtual campuses via a metaverse platform to provide community spaces and venues for university admissions briefings and other events for educational institutions.

Under this initiative, Gala Lab Corp. is responsible for platform development, LG Uplus Corp. handles school outreach and marketing, and Megazone Corporation provides cloud and other infrastructure. Services are currently being offered to several major universities.

The VFX business, operated by consolidated subsidiary ROAD101 Co., Ltd., recorded net sales of ¥101,509 thousand, a year-on-year increase of ¥67,528 thousand (up 198.7%). VFX, short for "visual effects," refers to techniques used in visual media such as movies and television dramas to create effects that cannot be achieved in real life. This business involves the production of films, commercials, and other content using VFX technologies. ROAD101 is currently involved in numerous film and Korean drama productions.

On the expense side, selling, general and administrative expenses increased primarily due to higher advertising expenses associated with expanded marketing activities.

As a result, the Korea segment recorded net sales (including intersegment transactions) of ¥1,100,404 thousand, a decrease of ¥87,762 thousand (down 7.4%) year on year, and a segment profit of ¥80,317 thousand (compared to ¥162,307 thousand in the same interim period of the previous fiscal year).

- (*1) Metaverse is a coined term combining "meta" (meaning beyond) and "universe." It refers to a 3D virtual space on the internet where large numbers of participants can engage and freely interact. Users enter the virtual space via avatars, which act as their digital personas, allowing them to explore the world and communicate with other users. Additionally, the metaverse enables users to create their own games, share them with other users, and monetize them. It also facilitates the trading of in-game items as NFTs (*4) between users using cryptocurrency.
- (*2) NFT/blockchain games refer to games in which in-game items are converted into NFTs using blockchain technology (*3), fundamental technology for cryptocurrencies. These are also referred to as GameFi (a coined term combining "Game" and "Decentralized Finance").
- (*3) Blockchain is a method of recording transaction information and other data by synchronizing it across multiple computers that form a decentralized network, utilizing cryptographic technology. Transaction data is grouped into units called blocks, which are verified by computers and linked together like a chain to create an accurate and immutable record.
- (*4) NFT (Non-Fungible Token) refers to digital data with a "tamper-proof certificate of authenticity and ownership." Similar to cryptocurrencies, NFTs are issued and traded on a blockchain as digital data.
- (*5) Play-to-Earn (P2E) is a system in which revenue or points earned in blockchain games can be converted into cryptocurrency and traded on exchanges. This system, where players can earn income while playing games, is referred to as "Play-to-Earn" (P2E).
- (*6) Channeling refers to a service that allows online games and similar content to be playable on other companies' game portal sites.

(2) Summary of Interim Financial Positions

As of the end of the current interim period, the Group's net assets totaled ¥1,493,592 thousand, a decrease of ¥308,975 thousand from the end of the previous fiscal year.

Major changes in assets included a decrease of ¥168,150 thousand in cash and deposits and a decrease of ¥137,669 thousand in other current assets, while accounts receivable—trade increased by ¥283,757 thousand. The decrease in other current assets was mainly due to the collection of consumption taxes refund receivables. The increase in accounts receivable—trade was primarily attributable to the HTML5 game "Flyff Universe."

On the liabilities side, accounts payable—other increased by ¥132,981 thousand, advances received increased by ¥113,191 thousand, and short-term loans payable increased by ¥39,798 thousand, while unearned revenue and provision for penalty decreased by ¥95,264 thousand and ¥64,950 thousand, respectively. The increase in accounts payable—other was mainly due to temporary consultant fees, the increase in advances received resulted from contract payments related to new projects such as VFX, and the increase in short-term loans payable was due to new borrowings. The decrease in unearned revenue resulted from the recognition of revenue, and the decrease in provision for penalty was due to payment.

On the net assets side, retained earnings decreased by ¥186,676 thousand, and non-controlling interests decreased by ¥117,211 thousand. The decrease in retained earnings was due to the recording of a net loss attributable to owners of parent for the interim period, and the decrease in non-controlling interests was mainly due to the recording of a net loss attributable to non-controlling interests for the interim period.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

The Group finds it extremely difficult to forecast the financial results due to several factors. In the Smartphone app business, there is a possibility of delays in app development and download delivery, and predicting revenue from app charges after the start of downloads is extremely challenging. Similarly, in the Online game business, forecasting the financial impact of upgrading existing titles is highly complex. In the HTML5 game business, it is challenging to predict whether development will proceed as planned or to estimate billing revenue accurately. Additionally, in the Group's new businesses, including the Cloud-related business, Treehouse resort business, Meta Campus business, and VFX business, profit and loss are highly susceptible to changes in the business environment and other external factors, making it extremely difficult to provide accurate financial forecasts. As a result, the Group has decided to withhold the publication of its financial results forecasts.

(4) Significant Events or Conditions Affecting the Going Concern Assumption

The Group recorded operating losses and losses attributable to owners of parent for the fiscal years ended December 31, 2023 and December 31, 2024, and for the interim period ended June 30, 2025, and there exist events or conditions that raise significant doubts about the assumption of a going concern.

The primary reasons for recording operating losses and losses attributable to owners of parent were as follows: (i) the Company recorded an operating loss deriving from management costs as an operating holding company; (ii) ROAD101 Co., Ltd., which was included in the scope of consolidation from October 2023, recorded an operating loss for its VFX business as the business had not yet established a stable profit-generating structure; and (iii) Treeful Inc. recorded an operating loss as it was in the process of expanding its lodging facilities through the construction of treehouses and aero houses. In the fiscal year ended December 31, 2024, in addition to the above, the Group recorded ¥252,719 thousand in expenses related to the restatement of financial statements following the submission of correction reports on November 12, 2024, as well as ¥397,491 thousand in impairment losses on goodwill.

The Group is implementing the following measures to resolve or improve this situation promptly.

ROAD101 Co., Ltd. will focus on the VFX business and expand its operations to include VFX production not only for films but also for content on streaming services such as Netflix and Disney+. Treeful Inc. is proceeding with the construction of treehouses with the goal of providing services with 10 treehouses. There are no concerns regarding cash flows, as the balance of cash and deposits as of the end of the current interim period amounted to ¥638,909 thousand. Therefore, the Group has secured sufficient funds to continue business operations and has determined that there is no material uncertainty regarding its ability to continue as a going concern.

2. Interim Consolidated Financial Statements and Principal Notes

(1) Interim Consolidated Balance Sheets

(Thousands of yen)

	Previous fiscal year As of December 31, 2024	Current first quarter As of June 30, 2025
Assets		
Current assets		
Cash and deposits	807,059	638,909
Accounts receivable – trade	242,770	526,528
Inventories	4,267	3,718
Accounts receivable – other	32,499	77,946
Prepaid expenses	44,180	20,613
Short-term loans receivable	175,000	205,000
Cryptocurrencies	47,778	31,962
Other	187,188	49,519
Allowance for doubtful accounts	△1,098	△1,091
Total current assets	1,539,645	1,553,106
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,260,639	1,249,165
Land	732,316	732,316
Other, net	146,002	134,006
Total property, plant and equipment	2,138,958	2,115,488
Intangible assets		
Other	42,201	34,413
Total intangible assets	42,201	34,413
Investments and other assets		
Investment securities	243	242
Lease and guarantee deposits	25,506	14,728
Long-term prepaid expenses	217,872	214,309
Deferred tax assets	401,686	372,346
Other	85	113
Total investments and other assets	645,394	601,741
Total non-current assets	2,826,554	2,751,643
Total assets	4,366,200	4,304,749
Liabilities		
Current liabilities		
Accounts payable – trade	3,378	3,235
Short-term loans payable	1,229,266	1,269,064
Current portion of long-term loans payable	19,205	25,616
Accounts payable – other	198,282	331,263
Accrued expenses	54,430	43,994
Advances received	178,511	291,703
Unearned revenue	99,000	3,735
Income taxes payable	17,822	10,416
Provision for reward	36,011	41,733
Provision for bonuses	266	281
Provision for contract losses	23,386	—
Provision for penalty	64,950	—
Other	70,404	201,464
Total current liabilities	1,994,916	2,222,507
Non-current liabilities		
Long-term loans payable	99,480	83,847
Long-term unearned revenue	212,907	222,441
Deferred tax liabilities	4,820	4,369
Net defined benefit liability	249,940	259,587
Other	1,567	18,404
Total non-current liabilities	568,715	588,649
Total liabilities	2,563,631	2,811,157

(Thousands of yen)

	Previous fiscal year As of December 31, 2024	Current first quarter As of June 30, 2025
Net assets		
Shareholders' equity		
Capital stock	4,491,482	4,491,482
Capital surplus	2,868,426	2,868,426
Retained earnings	△6,044,132	△6,230,809
Total shareholders' equity	1,315,776	1,129,099
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	167	165
Foreign currency translation adjustment	△347,757	△352,842
Total accumulated other comprehensive income	△347,589	△352,677
Share acquisition rights	8	8
Non-controlling interests	834,373	717,161
Total net assets	1,802,568	1,493,592
Total liabilities and net assets	4,366,200	4,304,749

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

(Thousands of yen)

	Six-month period ended June 30, 2024 (From January 1, 2024 to June 30, 2024)	Six-month period ended June 30, 2025 (From January 1, 2025 to June 30, 2025)
Net sales	1, 202, 689	1, 144, 069
Cost of sales	434, 299	449, 316
Gross profit	768, 389	694, 752
Selling, general and administrative expenses	870, 443	941, 762
Operating loss	△102, 054	△247, 010
Non-operating income		
Interest income	18, 139	10, 756
Gain on valuation of cryptocurrencies	9, 338	—
Gain on valuation of cryptocurrencies	1, 195	—
Foreign exchange gains	39, 525	—
Insurance proceeds	—	10, 000
Secondment fee received	6, 020	6, 020
Other	4, 309	3, 097
Total non-operating income	78, 528	29, 873
Non-operating expenses		
Interest expenses	7, 695	18, 382
Commission expenses	—	7, 363
Foreign exchange losses	—	32, 658
Loss on valuation of cryptocurrencies	—	14, 942
Other	202	80
Total non-operating expenses	7, 898	73, 427
Ordinary loss	△31, 424	△290, 564
Extraordinary income		
Loss on sales of non-current assets	—	555
Total extraordinary income	—	555
Extraordinary losses		
Loss on sales of non-current assets	449	6, 994
Loss on disposal of fixed assets	5, 525	0
Total extraordinary losses	5, 975	6, 994
(Loss) before income taxes	△37, 399	△297, 003
Income taxes – current	3, 376	6, 277
Income taxes – deferred	6, 575	24, 647
Total income taxes	9, 952	30, 925
(Loss)	△47, 351	△327, 929
Profit (loss) attributable to non-controlling interests	99, 197	△141, 252
(Loss) attributable to owners of parent	△146, 549	△186, 676

(Interim Consolidated Statement of Comprehensive Income)

(For the Interim Period)

(Thousands of yen)

	Six-month period ended June 30, 2024 (From January 1, 2024 to June 30, 2024)	Six-month period ended June 30, 2025 (From January 1, 2025 to June 30, 2025)
(Loss)	△47,351	△327,929
Other comprehensive income		
Valuation difference on available-for-sale securities	△24	△2
Foreign currency translation adjustment	54,405	△8,499
Other comprehensive income	54,381	△8,501
Comprehensive income	7,029	△336,431
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	△105,664	△191,764
Comprehensive income attributable to non-controlling interests	112,693	△144,667

(3) Interim Consolidated Statement of Cash Flows

(Thousands of yen)

	Six-month period ended September 30, 2023	Six-month period ended June 30, 2024
Cash flows from operating activities		
Interim profit (loss) before income taxes	△37,399	△297,003
Depreciation	50,309	74,984
Amortization of goodwill	26,906	—
Increase (decrease) in allowance for doubtful accounts (decrease is shown in parentheses)	237	3
Increase (decrease) in provision for rewards (decrease is shown in parentheses)	8,548	5,885
Increase (decrease) in provision for bonuses (decrease is shown in parentheses)	74	15
Increase (decrease) in provision for loss on contracts	—	△22,520
Increase (decrease) in net defined benefit liability (decrease is shown in parentheses)	20,813	11,847
Interest and dividend income received	△18,154	△10,769
Interest expenses paid	7,695	18,382
Gains (losses) on sale of cryptocurrency (gains are shown in parentheses)	△9,338	—
Gains (losses) on valuation of cryptocurrency (gains are shown in parentheses)	△1,195	14,942
Gains (losses) on sale of property, plant, and equipment (gains are shown in parentheses)	449	6,438
Loss on retirement of property, plant, and equipment	5,525	0
Increase (decrease) in trade receivables (increase is shown in parentheses)	△44,878	△278,031
Increase (decrease) in inventories (increase is shown in parentheses)	854	548
Increase (decrease) in consumption tax refund receivable	—	107,540
Increase (decrease) in prepaid expenses (increase is shown in parentheses)	△1,899	22,500
Increase (decrease) in long-term prepaid expenses (increase is shown in parentheses)	△13,624	1,502
Increase (decrease) in trade payables (decrease is shown in parentheses)	7	△112
Increase (decrease) in accounts payable-other (decrease is shown in parentheses)	15,213	143,123
Increase (decrease) in advances received (decrease is shown in parentheses)	14,025	112,251
Increase (decrease) in deferred revenue (decrease is shown in parentheses)	△28,710	△92,445
Increase (decrease) in long-term deferred revenue (decrease is shown in parentheses)	△47,184	11,258
Other	△81,676	136,631
Subtotal	△133,401	△33,026
Interest and dividends received	11,392	6,629
Interest paid	△9,253	△19,867
Income taxes refunded	1,536	4,949
Income taxes paid	△3,454	△11,890
Payment of surcharge	—	△64,950
Net cash provided by (used in) operating activities	△133,182	△118,156
Cash flows from investing activities		
Payments for time deposits	—	△2,032
Purchase of property, plant, and equipment	△85,884	△56,081
Proceeds from sale of property, plant, and equipment	452	558
Purchase of intangible assets	△896	—
Payments for guarantee deposits	△3,390	△1,017
Proceeds from refund of guarantee deposits	44,589	11,008
Payments of loans receivable	△175,000	△30,000
Net cash provided by (used in) investing activities	△220,129	△77,564
Cash flows from financing activities		

Increase (decrease) in short-term borrowings (decrease is shown in parentheses)	△28,000	41,998
Repayments of long-term borrowings	△8,796	△8,858
Proceeds from issuance of shares through exercise of share acquisition rights	550,012	—
Proceeds from share issuance to non-controlling interests	15,540	27,455
Net cash provided by (used in) financing activities	528,756	60,595
Effect of exchange rate changes on cash and cash equivalents	30,022	△10,181
Net increase (decrease) in cash and cash equivalents (decrease is shown in parentheses)	205,467	△145,307
Cash and cash equivalents at beginning of period	932,628	517,293
Cash and cash equivalents at end of interim period	1,138,095	371,986

(4) Notes to the Interim Consolidated Financial Statements

(Note on Changes in Accounting Policies)

The Company has applied the “Accounting Standard for Income Taxes” (ASBJ Statement No. 27, issued October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued October 28, 2022), and the “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, issued October 28, 2022) from the beginning of the current interim.

These changes had no impact on the quarterly consolidated financial statements.

(Segment Information)

I Six-month period ended March 31, 2024 (From January 1, 2024 to June 30, 2024)

1. Information on net sales, profit or loss by reportable segment, and breakdown of revenue

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in interim consolidated statements of income (Note 2)
	Japan	Korea	Total		
Net sales					
Online game business	—	230,369	230,369	—	230,369
Smartphone app business	—	150,169	150,169	—	150,169
HTML5 game business	—	557,706	557,706	—	557,706
Meta Campus business	—	173,043	173,043	—	173,043
VFX business	—	33,980	33,980	—	33,980
Other business	26,310	31,109	57,420	—	57,420
Revenue from contracts with customers	26,310	1,176,378	1,202,689	—	1,202,689
Net sales to external customers	26,310	1,176,378	1,202,689	—	1,202,689
Intersegment net sales and transfer	12,186	11,787	23,974	△23,974	—
Total	38,497	1,188,166	1,226,663	△23,974	1,202,689
Segment profit or loss	△236,085	162,307	△73,778	△28,275	△102,054

(Note 1) The segment profit (loss) adjustment of △28,275 thousand yen consists of the elimination of intersegment transactions of △1,369 thousand yen and the amortization of goodwill of △26,906 thousand yen.

(Note 2) Segment profit (loss) is adjusted with operating loss in the interim period consolidated statement of income.

(Note2) Information on assets by reportable segment

Not applicable.

(Note3) Information on impairment losses of fixed assets, goodwill, etc. by reportable segment

Not applicable

II Six-month period ended June 30, 2025 (From January 1, 2025 to June 30, 2025)

1. Information on net sales, profit or loss by reportable segment, and breakdown of revenue

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount recorded in interim consolidated statements of income (Note 2)
	Korea	Korea	Korea		
Net sales					
Online game business	—	244, 214	244, 214	—	244, 214
Smartphone app business	—	162, 262	162, 262	—	162, 262
HTML5 game business	—	535, 588	535, 588	—	535, 588
Meta Campus business	—	16, 313	16, 313	—	16, 313
VFX business	—	101, 509	101, 509	—	101, 509
Other business	46, 734	37, 446	84, 180	—	84, 180
Revenue from contracts with customers	46, 734	1, 097, 335	1, 144, 069	—	1, 144, 069
Net sales to external customers	46, 734	1, 097, 335	1, 144, 069	—	1, 144, 069
Intersegment net sales and transfer	43, 823	3, 068	46, 892	△46, 892	—
Total	90, 558	1, 100, 404	1, 190, 962	△46, 892	1, 144, 069
Segment profit or loss	△327, 420	80, 317	△247, 102	92	△247, 010

(Note 1) The adjustment of 92 thousand yen for segment profit or loss consists of the elimination of intersegment transactions.

(Note 2) Segment profit or loss is adjusted to match the operating loss presented in the interim consolidated statement of income.

(Note 2) Information on assets by reportable segment

Not applicable.

(Note 3) Information on impairment losses of fixed assets, goodwill, etc. by reportable segment

Not applicable.

(Note in case of significant changes in the amount of shareholders' equity)

Not applicable.

(Note on going concern assumption)

Not applicable.