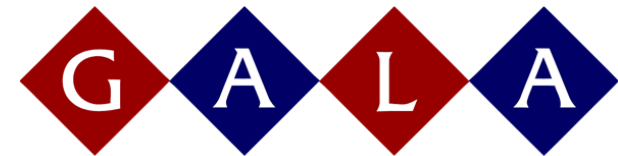


# Q2 FY2023(Apr-Dec) Report

Gala Inc.

Standard market: 4777



Global Online Community

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**Q2  
FY2023(Apr-Dec)  
Financial  
Statement**



**Topics**



**Gala Group Organization**

# 1. Q2 FY2023(Apr-Dec) Financial Statements

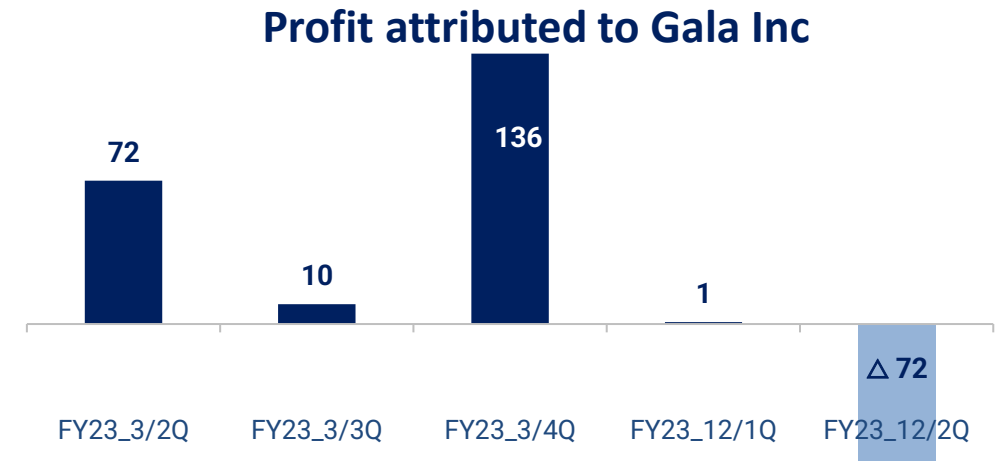
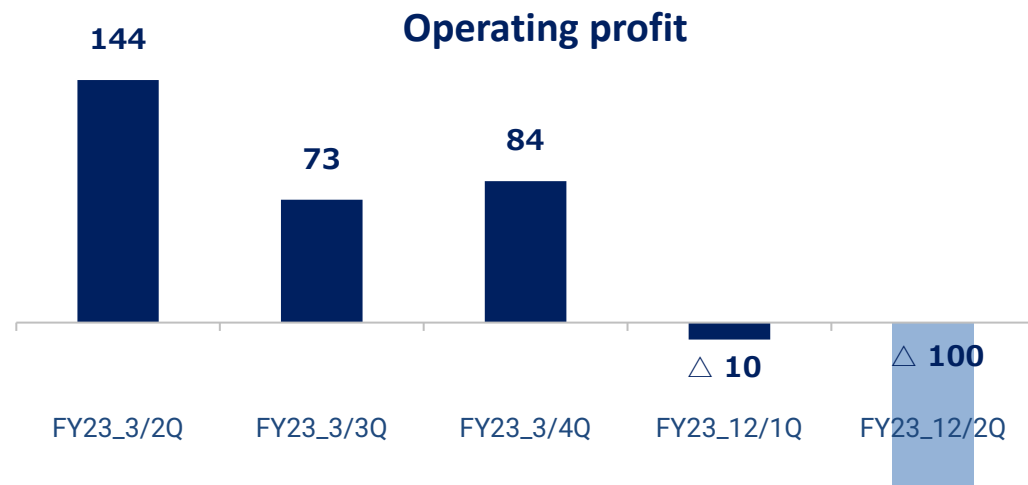
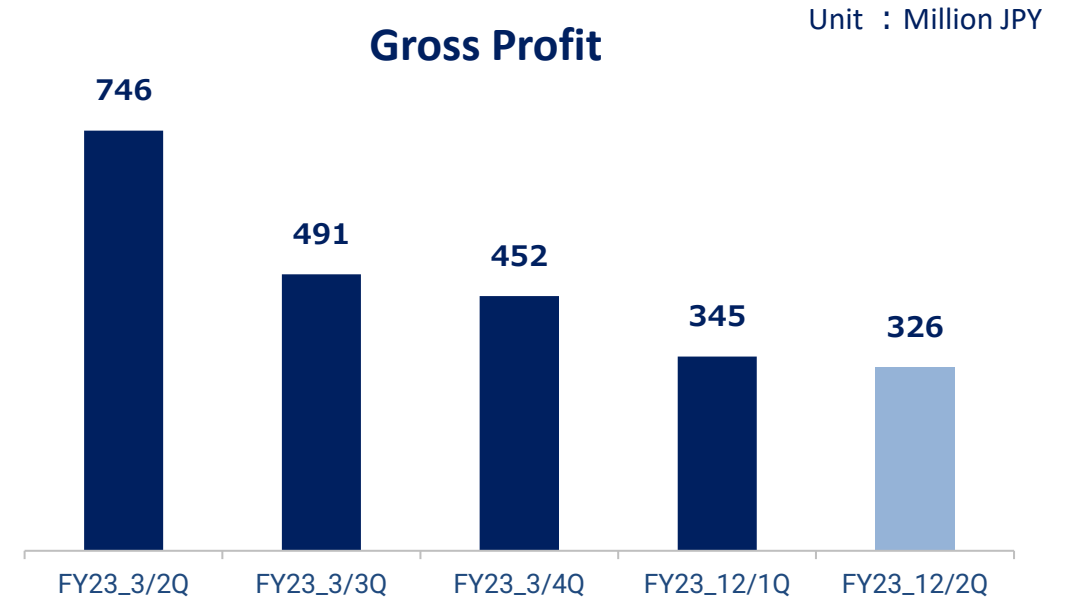
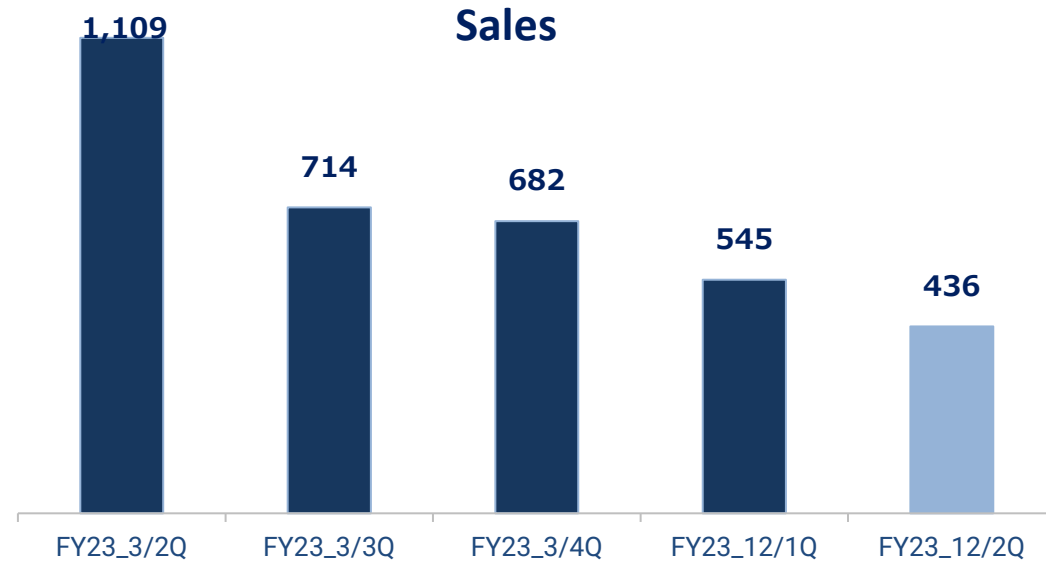
## Overview (Consolidated)

Unit : Million JPY

	FY2023_3_Q2 (2022 July-Sep)	FY2023_12_Q2 (2023 July-Sep)	Change
Sales	1,109	436	△61%
Cost of sales	362	109	△70%
Gross profit	746	326	△56%
SGA	602	447	△29%
Operating profit	144	△100	
Ordinary profit	174	△87	
Profit attributable to owners of parent	72	△72	

# 1. Q2 FY2023(Apr-Dec) Financial Statements

## Quarterly Changes

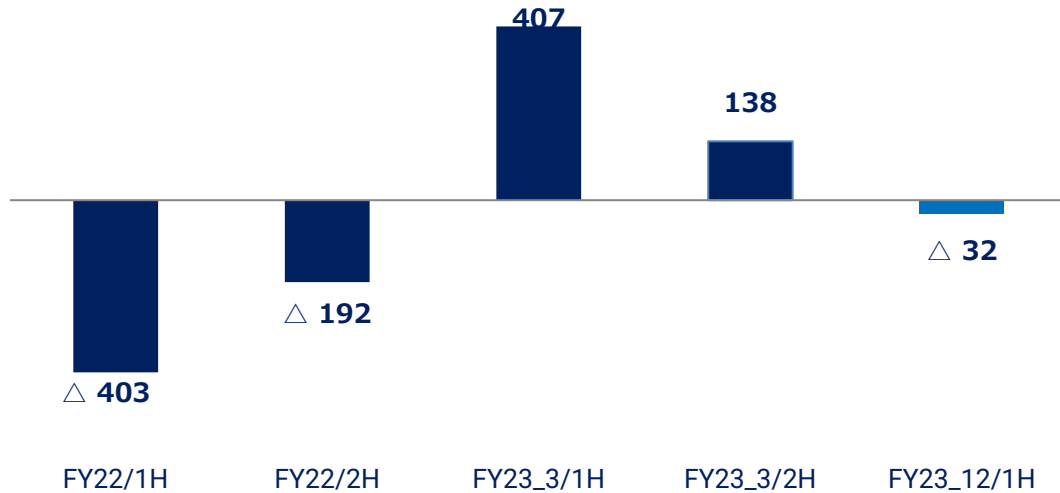


# 1. Q2 FY2023(Apr-Dec) Financial Statements

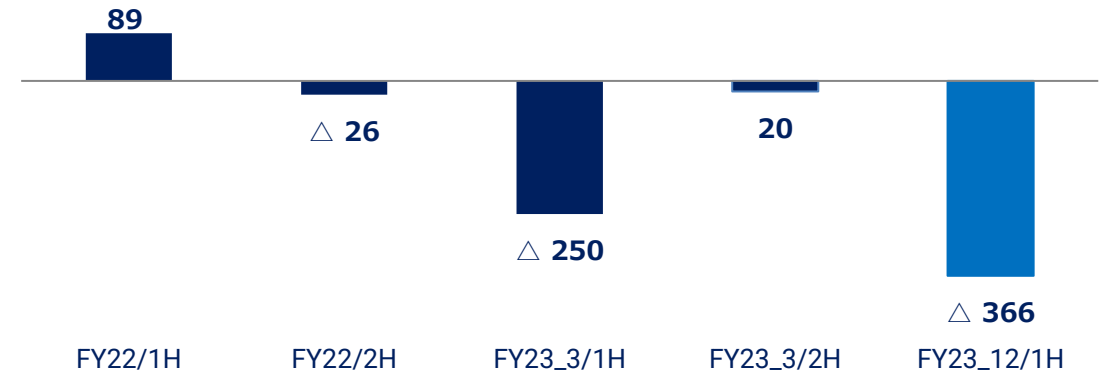
## Cash flow trend (Consolidated)

Unit : Million JPY

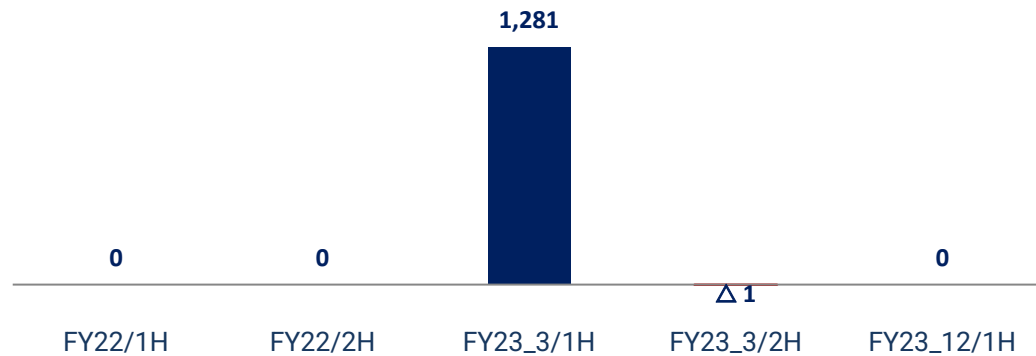
### CF from Operating Activities



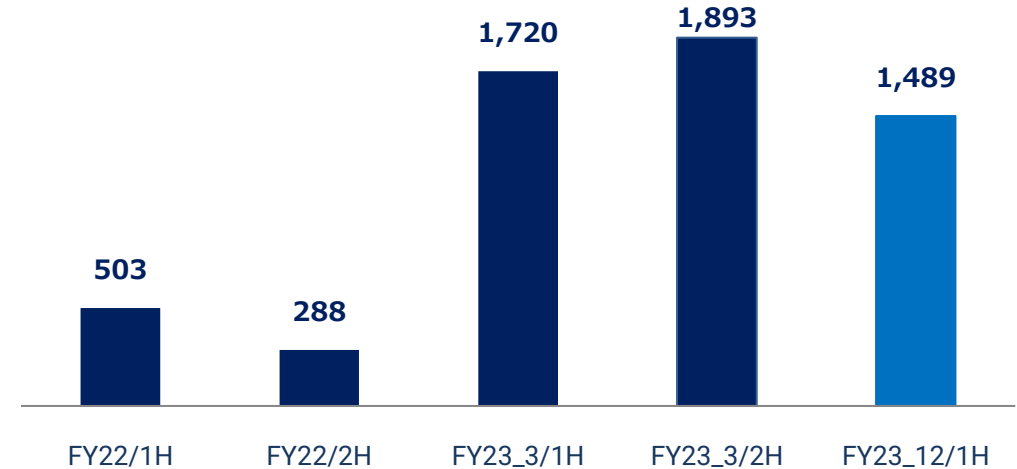
### CF from Investing Activities



### CF from Financing Activities



### Cash and Cash Equivalents

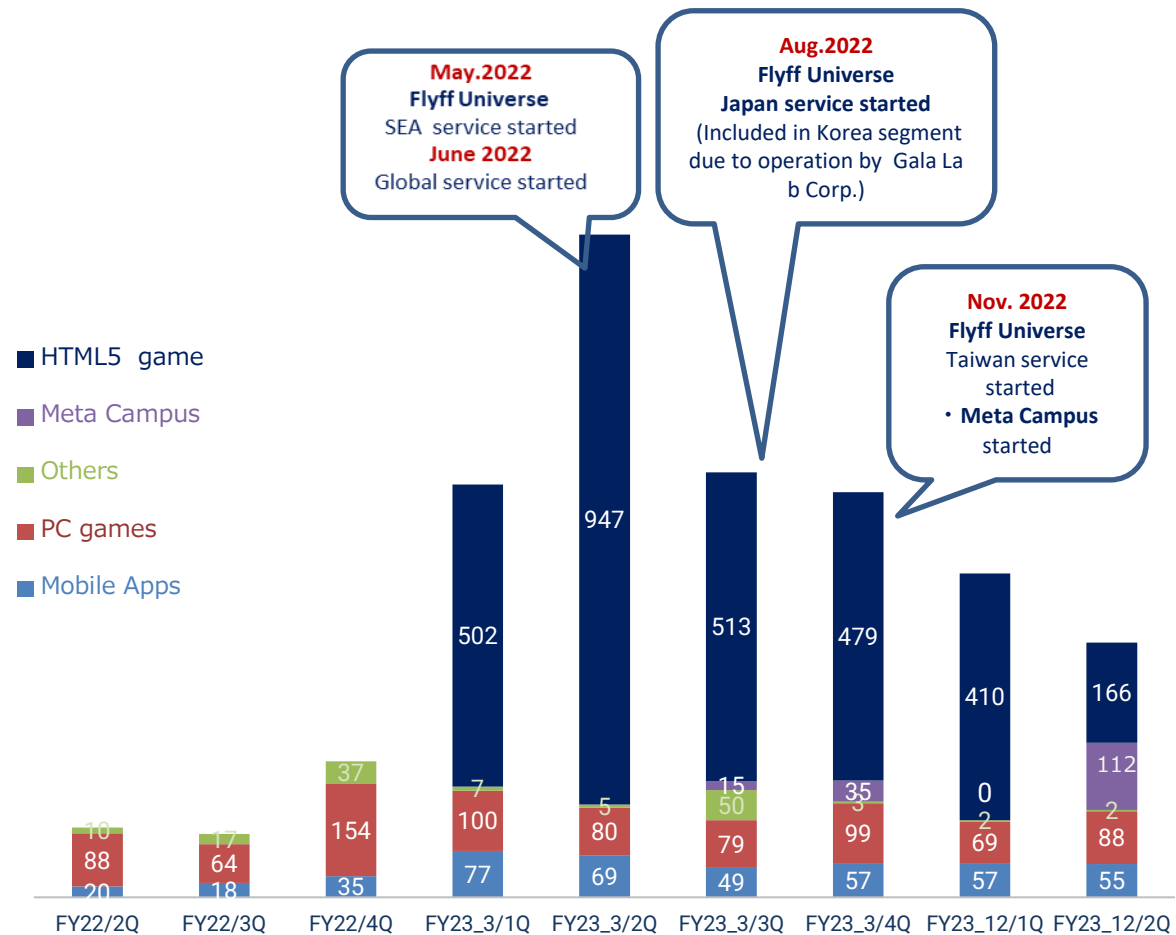


# 1. Q2 FY2023(Apr-Dec) Financial Statements

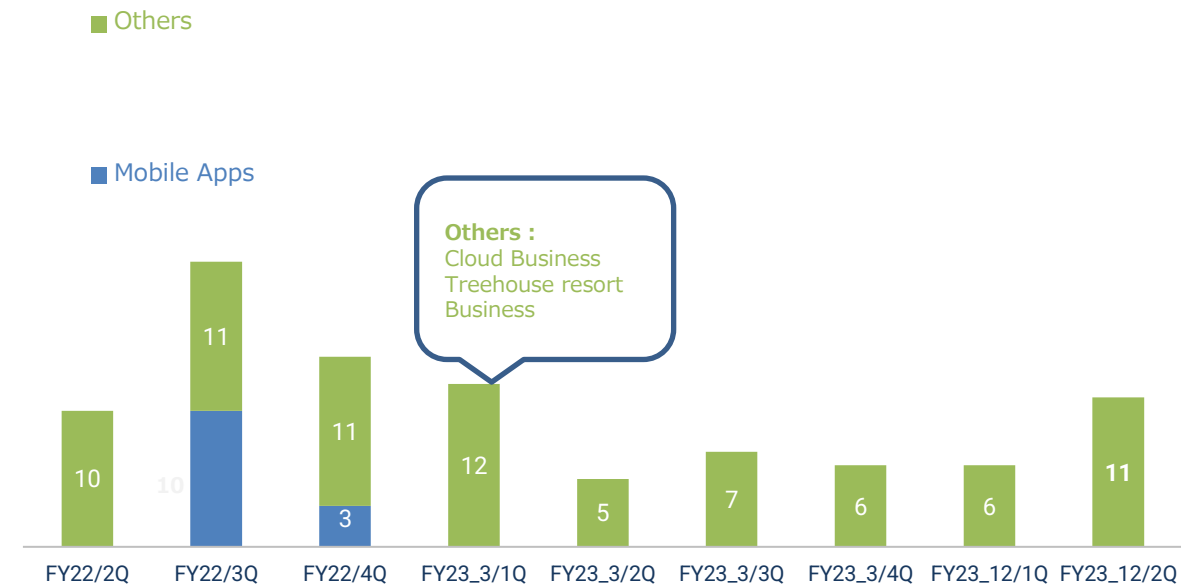
## Segment trend

Unit : Million JPY

### Korea

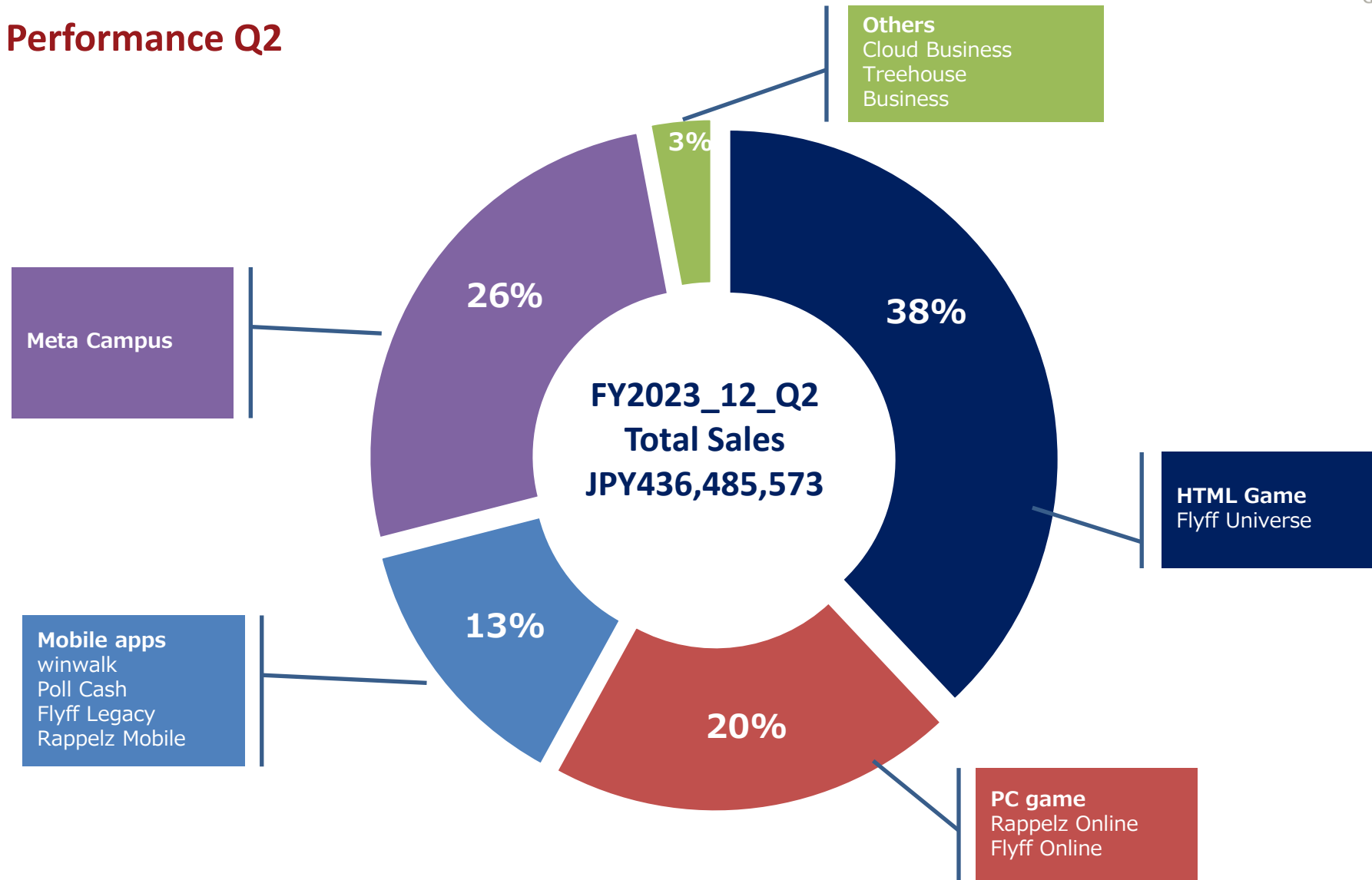


### Japan



# 1. Q2 FY2023(Apr-Dec) Financial Statements

## Sales Performance Q2

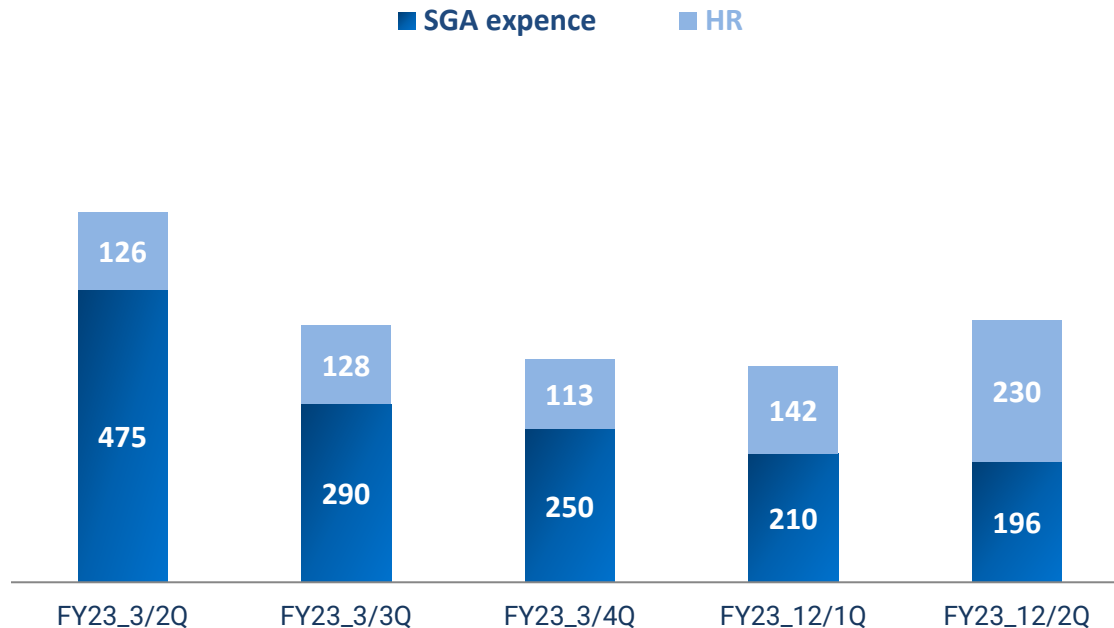


# 1. Q2 FY2023(Apr-Dec) Financial Statements

## SGA Expenses and HR

### SGA expenses

Unit : Million JPY

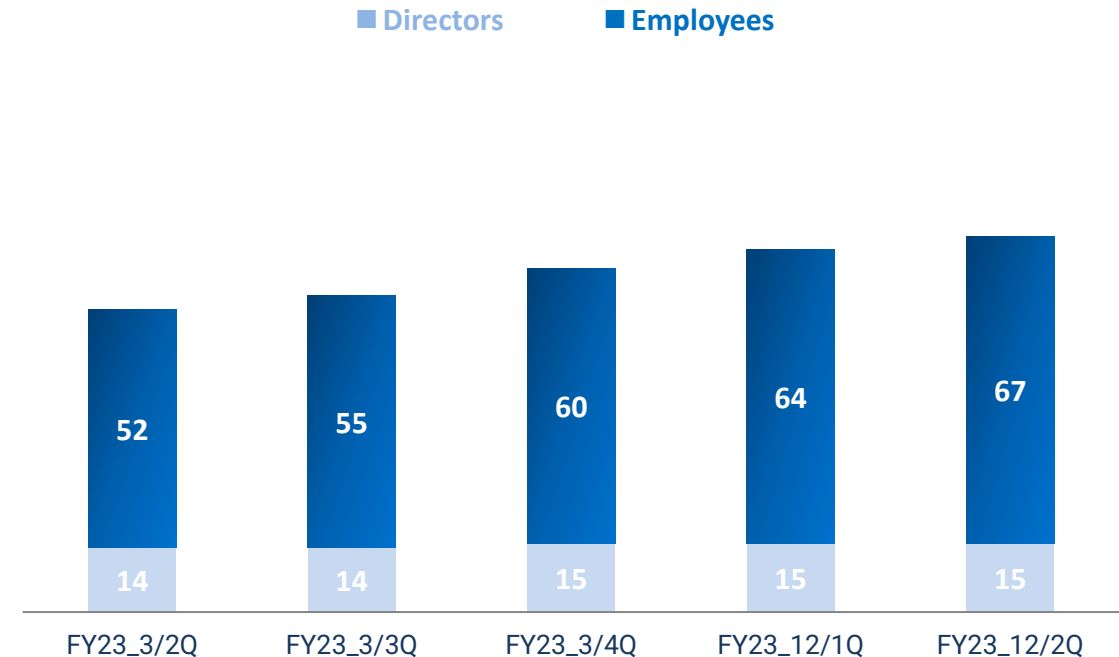


#### ◆ SGA

Selling, general and administrative expenses decreased compared with the same period of the previous fiscal year (FY23\_3/2Q) mainly due to a decrease in marketing expenses for "Flyff Universe".

### Employees

Unit : People



#### ◆ HR

The number of employees increased compared to the same quarter of the previous year due to an increase in development personnel.





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**Topics**



**Gala Group Organization**

## 2. Topics/Road101

### Subsidiary acquisition



Sep 14<sup>th</sup> 2023

Acceptance of ROAD101 Co., Ltd. new shares through third-party allotment



## 2. Topics/Road101

### New Subsidiary

(1)	Company name	ROAD101 Co., Ltd.		
(2)	Address	2F, 317, Dosan-daero, Gangnam-gu, Seoul, Republic of Korea		
(3)	CEO Name	Co-Representative Director: Dongyeon Won Co-Representative Director: Kyongdal Kwon		
(4)	Businesses	VFX (Visual Effects) Business Agency Business DI (Digital intermediate) Business		
(5)	Capital Sock	2,428million KRW (272million JPY) (As of 30 <sup>th</sup> Sep 2023)		
(6)	Establishment date	April 9 <sup>th</sup> 2018		
(7)	Major Shareholders and Shareholding Ratio	Gala Inc. (45.9%) Kyoungdal Kwon (14.6%)		
(8)	Relationship between the listed company and the company	Capital relationship	Non applicable	
		Personal relationship	Hyunsu Kim, and Jiye Kim, have been appointed to the board of directors of ROAD101 Co.	
		Business relationship	Non applicable	
(9)	Operating results and financial condition of the company for the past 3 years			
Fiscal year end		FY2020	FY2021	FY2022
Net assets		△1,350 million KRW (△128million JPY)	△21million KRW (△2million JPY)	△1,234million KRW (△130million JPY)
Total assets		3,866million KRW (367million JPY)	5,139million KRW (499million JPY)	3,594million KRW (377million JPY)
Net assets per share		△9,505KRW (△902円)	△107 KRW (△10円)	△519 KRW (△54JPY)
Sales		6,195million KRW (589million JPY)	5,859million KRW (568million JPY)	6,986million KRW (733million JPY)
Operating profit		△2,985million KRW (△284million JPY)	△2,548million KRW (△247million JPY)	△3,389million KRW (△356million JPY)
Ordinary income		△3,017million KRW (△287million JPY)	△2,666million KRW (△259million JPY)	△3,534million KRW (△371million JPY)
Net income		△3,017million KRW (△287million JPY)	△2,666million KRW (△259million JPY)	△3,534million KRW (△371million JPY)
Net income per share		△21,249KRW (△2,018 JPY)	△13,466 KRW (△1,306 JPY)	△1,485KRW (△155 JPY)
Dividends per share		—	—	—

\*The notations for Japanese yen conversion are,  
1 KRW = 0.095 yen for the FY2020,  
1 KRW = 0.097 yen for the FY2021,  
1 KRW = 0.105 yen for the FY2023  
1KRW=0.112 yen for Sep 2023.

## 2. Topics/Road101

### Summary

**Gala Inc. have subscribed for 45.9% of the total outstanding shares of ROAD101 Co.,Ltd.**

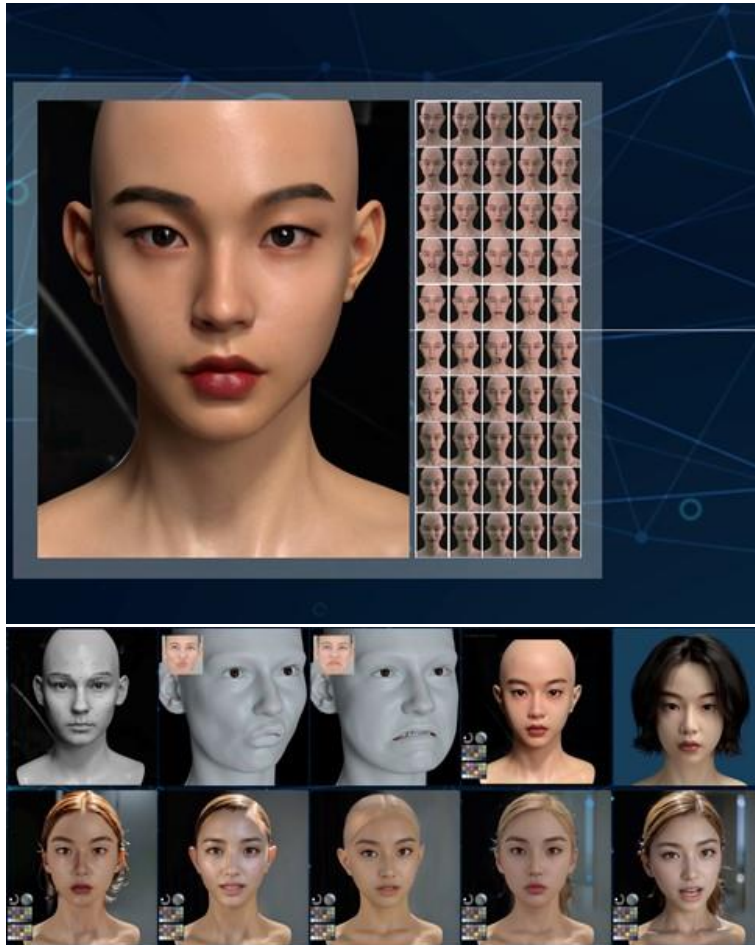
**Megazone Corporation the parents company of the Megazone Cloud Corp.(which our other affiliated companies) , subscribed for 5.1% of the total outstanding shares. In total, Gala Inc. has 51.0% of ROAD101 Co., Ltd outstanding shares. Gala Inc.'s board of directors approved the acquisition of Road101 as a subsidiary.(Sep 11<sup>th</sup> 2023)**

( 1 )	Number of shares held before the change	0 shares(Number of voting rights: 0) (Percentage of voting rights held: 0%)
( 2 )	Number of share of income	2,229,420 stocks (Number of voting rights: 2,229,420)
( 3 )	Acquisition Price	Common stock of ROAD101 Co., Ltd. 3,600 million Korean won (approx. 403 million yen) Advisory fees, etc. 25 million yen Total 429 million yen
( 4 )	Number of shares held after the change	2,229,420 shares(Number of voting rights: 2,229,420) (Percentage of voting rights held: 45.9%)

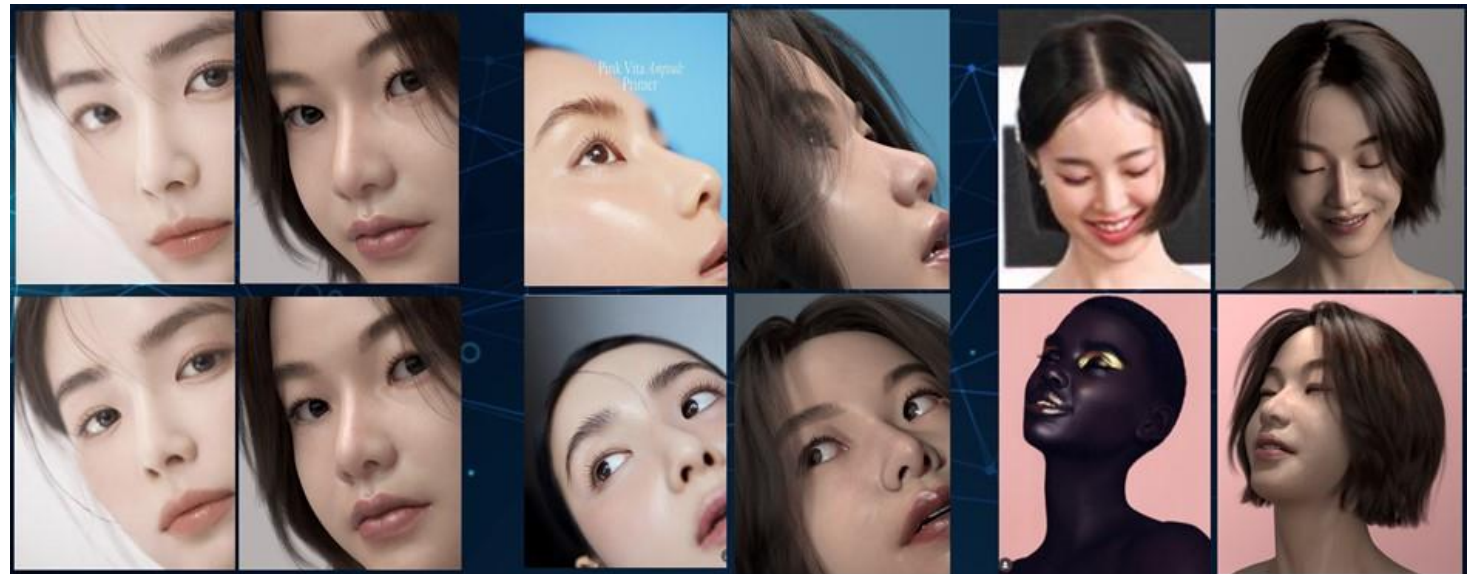
## 2. Topics/Road101

### New Subsidiary

### Strong point of ROAD101 : Digital Human Technology



- ROAD101 Co., Ltd.'s Digital Human technology reconstructs the detailed movements that accompany actual facial expression changes in 4D (3D + time axis).
- More than 50,000 animations developed for virtual humans have already been produced.



## 2. Topics/Road101

### New Subsidiary

## Strong point of ROAD101 : Digital Human Technology



- High technology
- Development of film and commercial content using VFX technology.
- Shorten development time to 1/3 of other companies.





## 2. Topics/Road101

### Purpose

#### Collaboration with Meta Campus business

We can provide more realistic are to use their high quality skill.



#### Collaboration with Game business

Combining Road101's advanced video technology with Gala Group's game development capabilities to develop and provide higher quality games



#### Collaboration with Cloud business

With Megazone Cloud Corporation, Korea's No. 1 Cloud Provider. Providing Cloud-based Services with.



## 2. Topics/ Anipang

New

Signed the contract with WEMADE PLAY Co.,Ltd.  
「Anipang3」 HTML5 version





## 2. Topics/ Anipang

New

### What is Anipang ?

2012: Recorded sales of 24 billion KRW in first year of release!

Expanded possibilities for the smartphone market.

2014: Anipang2 recorded annual sales of 112 billion KRW!

It is considered to be the record sales size in the South Korean mobile game market.

2016: Anipang3 won Game of the Year in Kakao

Kakao is the most popular SNS platform in Korea.



## 2. Topics /Flyff Universe

### Game business



The service launch date for the HTML5 game "Flyff Universe" in South Korea was scheduled for the second quarter of the fiscal year ending December 31, 2023, but due to a delay by the platform partner, the service launch date has been postponed.

The service launch of "Rappelz Universe," an NFT game/blockchain game, was also scheduled for the second quarter of the fiscal year ending December 31, 2023 in the United States and Southeast Asia. However, due to the time required for legal and tax considerations in South Korea for the crypto assets used in the game, this has resulted in a delay. We deeply apologize for the inconvenience caused by the delay.

## 2. Topics

### Game Business

#### Released game titles (by Gala Lab)

##### PC Games

2004~



Flyff Online

2006~



Rappelz Online

##### Smartphone Games

2016~



Flyff Legacy

Under development



Rappelz Universe

##### HTML5 Game

2022~

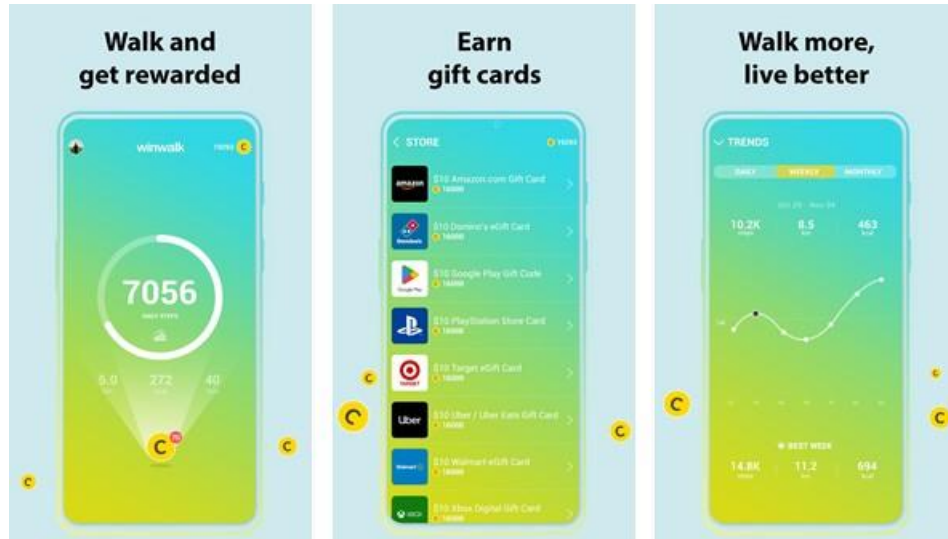


Flyff Universe



## 2. Topics

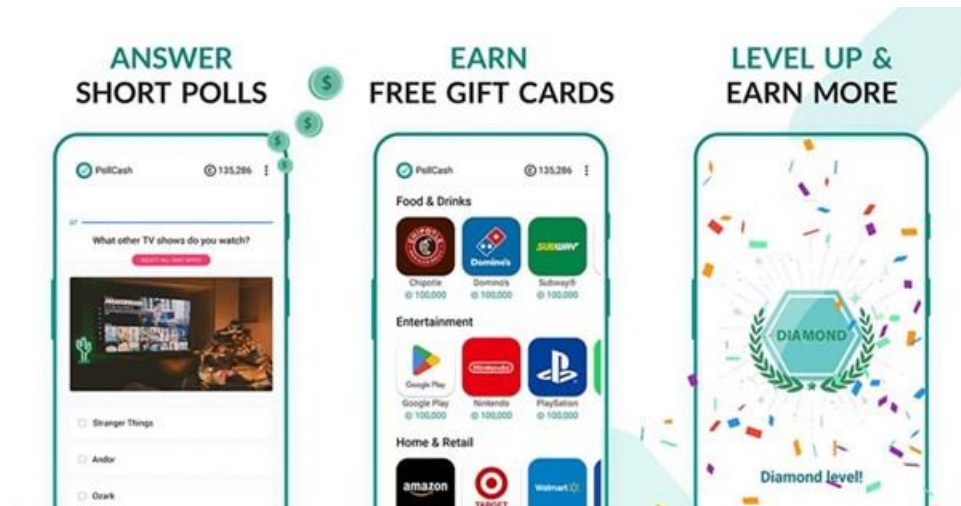
### Smartphone Apps Business



### Released Smartphone apps (by Gala Mix)

#### winwalk

- Rewarded pedometer app
- Since 2018 | 23 countries
- 3+ million downloads | 300K MAU(Monthly Active Users)



#### Poll Cash

- Paid surveys app
- Answer short polls and earn free gift cards

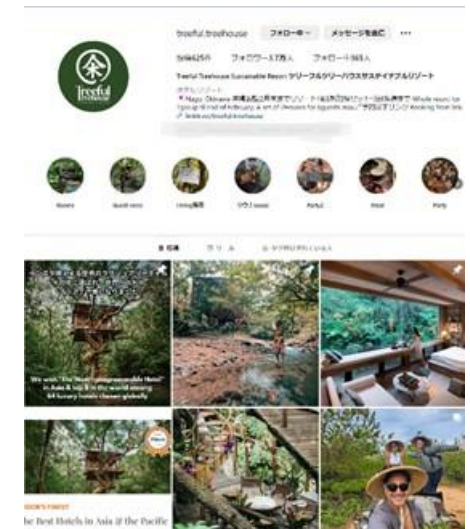
## 2. Topics

### Treehouse Resort Business



### Sustainable resort (by Treeful)

- New Treehouse Harucion open  
(Interior work in progress)
- 2<sup>nd</sup> anniversary party in July  
(More than 200 guests)
- 37K Instagram followers





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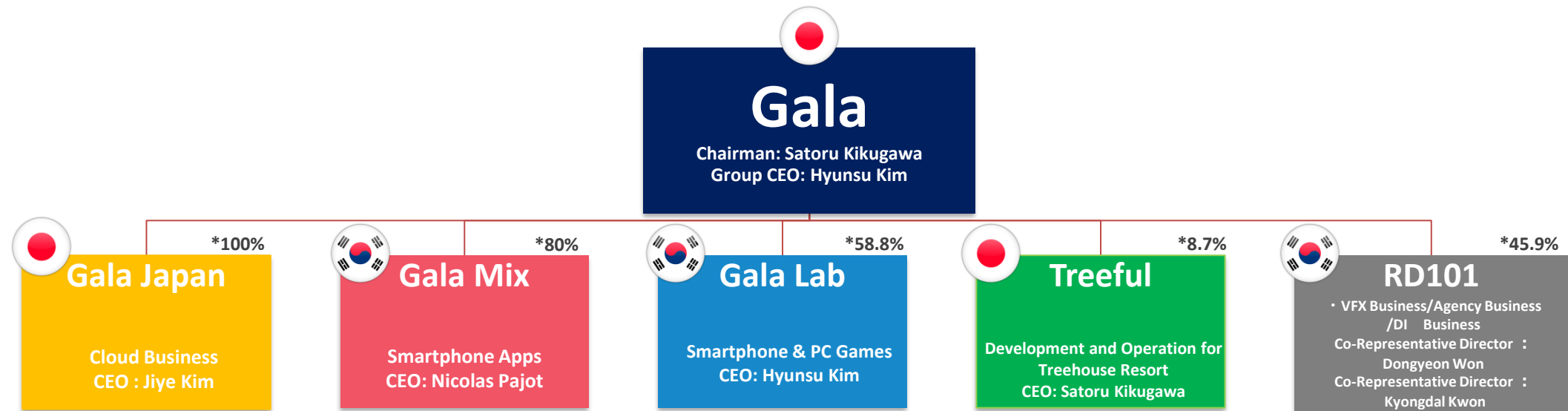


**Topics**



**Gala Group Organization**

### 3. Gala Group organization



\*Percentage of shares held by Gala Inc.

To ensure clear responsibility, each CEO invested in his/her respective company.

**Thank you**