1st Anniversary of the Launch of "Wizardry Variants Daphne" (October 15, 2025)

DRECOM
with entertainment

FY2026 Q2 Financial Results Presentation

Drecom Co., Ltd.

October 29, 2025

For information on the consolidated performance trends, cost/selling, general and administrative expenses trends, and game business billing revenue trends, please refer to the fact sheet available on our website.
https://drecom.co.jp/ir/factsheet_2026032Q.pdf

Summary of this document

FY2026 2Q Results	• **"Wizardry Variants Daphne" is strengthening its promotion ahead of its anniversary. Temporary expenses incurred for other operating titles.** - Net sales: 3,771 million yen (15.6% decrease from the previous quarter), Operating profit: ▲493 million yen (previous quarter was ▲81 million yen) EBITDA※1: ▲243 million yen (previous quarter was 347 million yen) Ordinary profit: ▲509 million yen (previous quarter was ▲107 million yen), Net profit※2: ▲563 million yen (previous quarter was ▲1,799 million yen) - Temporary expenses incurred as response costs for unauthorized billing in titles involved in operations.
Full-year forecast	• **Progress up to the first half is generally as expected. The anniversary event in the second half has had a smooth start.** - Excluding costs for addressing fraudulent billing, the performance of our self-published titles is in line with expectations. - In the second half, we aim to achieve forecasts through the addition of new languages for 'Wizardry Variants Daphne' and cost optimization to reduce fixed expenses. - Full-year performance forecast: Net sales of 17,500 million yen, Operating profit of 500 million yen, EBITDA of 1,600 million yen, Ordinary profit of 400 million yen, Net profit of ▲1,300 million yen, Dividend forecast per share: Undecided.
Medium-Term Goals	• **A company that globally provides entertainment content centered on IP and technology** - "Wizardry" brand: Established September 15 as "Wizardry Day," and is launching new merchandise and books such as art collections.

*1: EBITDA = Operating profit + Depreciation and amortization *2: Quarterly profit attributable to owners of parent
*3: Profit attributable to owners of parent

FY03/2026 2Q Financial Results Summary

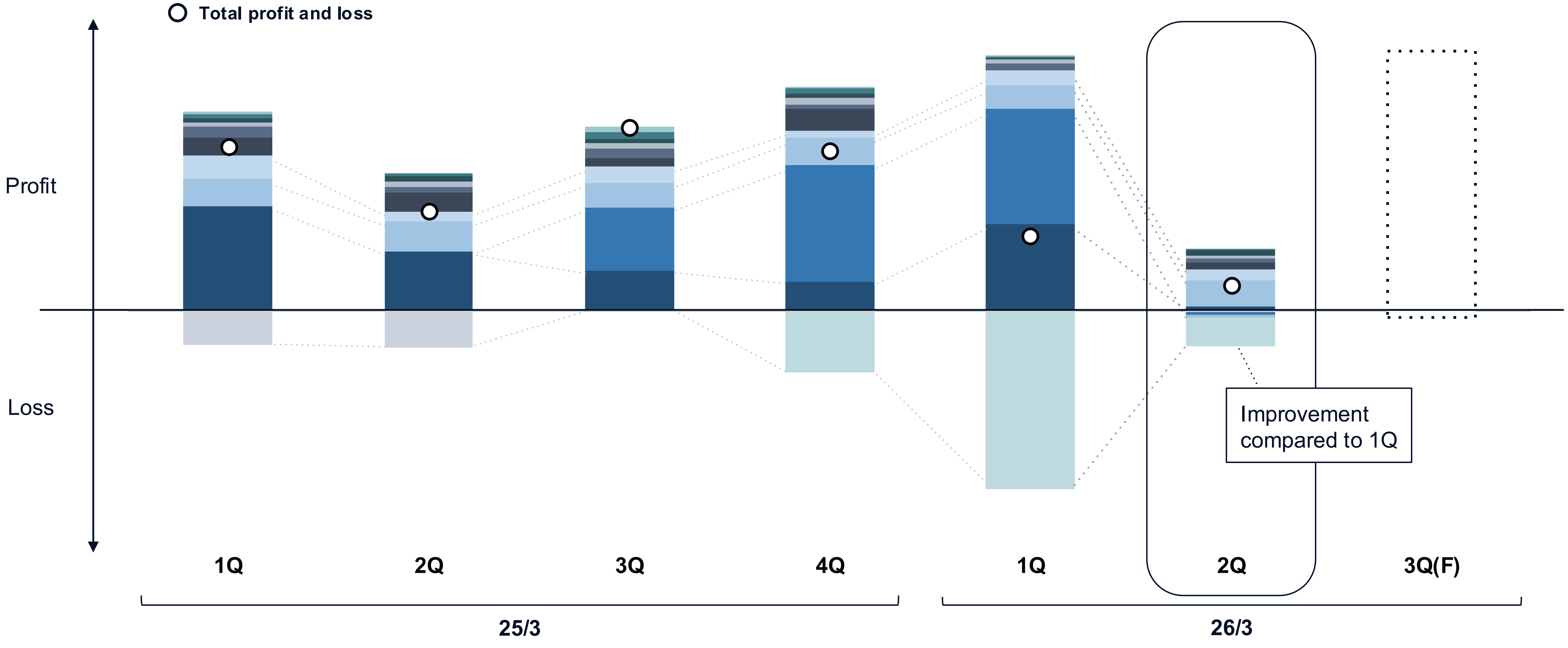
"Wizardry Variants Daphne" is strengthening its promotion ahead of its anniversary. Temporary costs have arisen due to handling fraudulent billing in other operational titles.

(Unit: Million Yen)	FY03/2026 1Q (Apr–Jun)	FY03/2026 2Q (July–Sep)	FY03/2026 QoQ	FY03/2026 Total (Apr–Sep)	FY03/2025 2Q (July-Sep)	FY03/2025 YoY	FY03/2025 Total (Apr–Sep)	FY03/2025 YoY (Total)
Net sales	**4,466**	**3,771**	-695	**8,238**	**1,895**	+1,876	**4,018**	+4,220
Operating profit	**-81**	**-493**	-411	**-574**	**-247**	-245	**-315**	-259
Operating profit Ratio	-	-	-	-	-	-	-	-
EBITDA*1	**347**	**-243**	-590	**103**	**-143**	-100	**-171**	+274
EBITDA margin	**7.8%**	-	-	**1.3%**	-	-	-	-
Ordinary profit	**-107**	**-509**	-401	**-616**	**-265**	-243	**-354**	-262
Profit (loss) attributable to owners of parent *2	**-1,799**	**-563**	+1,235	**-2,362**	**-868**	+305	**-1,022**	-1,340

*: EBITDA = Operating profit + Depreciation and amortization

FY03/2026 2Q Financial Summary: Profit and Loss of Titles in Operation

The impact of fewer large-scale initiatives due to event cycles, strengthened advertising and publicity, and measures against fraudulent billing have led to a reduction in profits.

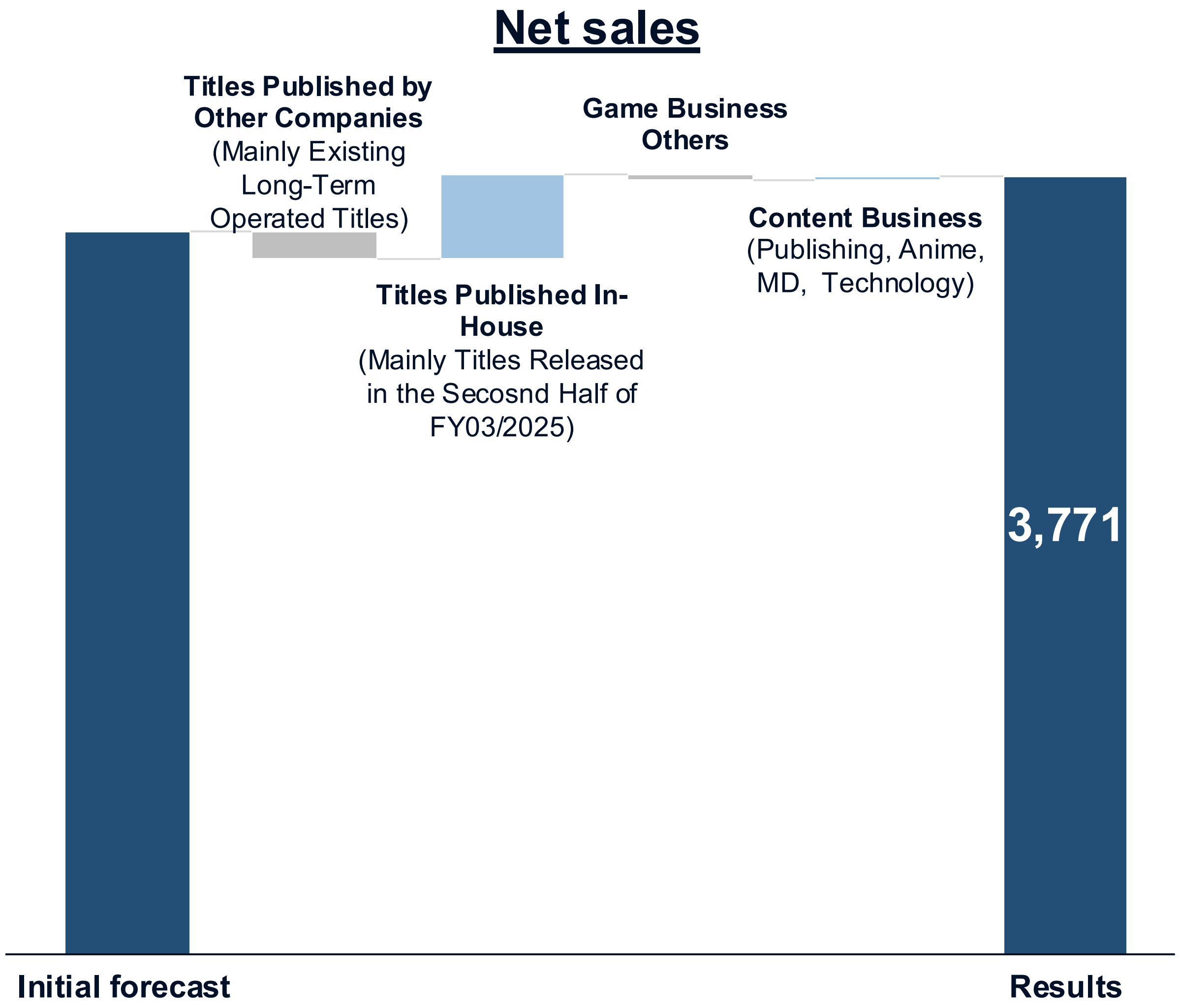


* Titles in operation from April 2024 to September 2025. includes two enza titles and "Boku to Dragon." Blockchain games are not included. (F) is a forecast.

* Please refer to the fact sheet posted on the website regarding sales figures. https://drecom.co.jp/ir/factsheet_2026032Q.pdf

FY03/2026 2Q Results (Forecast vs. Actual Variance by Business)

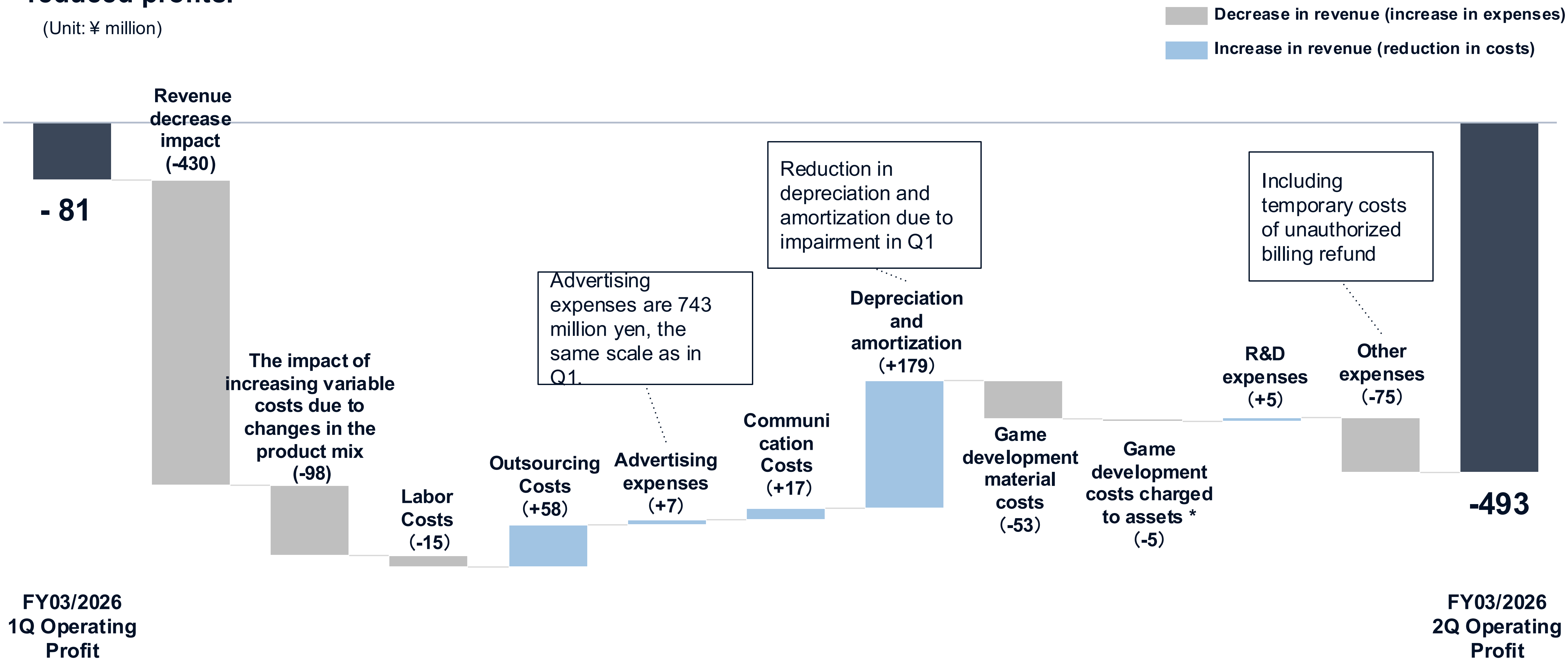
Although sales remained steady, operating profit fell short due to increased advertising efforts and measures against fraudulent billing.



FY03/2026 1Q Operating Profit (QoQ, by Expense Type)

Due to the event cycle, there are fewer large-scale initiatives for operational titles, leading to decreased sales and reduced profits.

(Unit: ¥ million)



※Amount of capitalized game development costs: The amount transferred from manufacturing costs to "Software in progress" as an asset, by deducting game development costs such as labor costs and outsourcing costs.

FY03/2026 2Q: Status of each business segment

Game Business	• **"Wizardry Variants Daphne" 2Q was a transitional period for events, but maintained a steady trend.**
	  • 3Q sales 2.16 billion yen → 4Q sales 2.48 billion yen → 1Q sales 2.30 billion yen → 2Q sales 2.05 billion yen.
	  • The first anniversary event in October had a smooth start, with preliminary sales figures from 10/1 to 10/26 at 1.2 billion yen.
	• **"Disney STEP": Half-anniversary event held in September, social media integration feature introduced.**
	  • Continued events and updates are planned.
	• **Other companies' distributed titles: Due to the lack of major initiatives, there was a decrease compared to the previous quarter.**
	• **Out-app purchases: Implemented in 6 out of 11 titles currently in operation.**
	  • Aiming for profit improvement through increased usage rates while monitoring future industry trends.

Content Business*	• **Publication: The new novel “Thou Shalt Love thy Unwise King” off to a strong start.** • **“Wizardry”: September 15 designated as “Wizardry Day,” with new merchandise and art books being released.**

*Starting from the first quarter of the FY03/2025, the segment name has been changed from "Media Business" to "Content Business." There is no change in business activities.

1. FY03/2026 2Q Financial Results Overview

2. Forecast for FY03/2026

3.Medium-Term Goals

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Assumptions for the Full-Year Earnings Forecast (Initiatives for Each Business)

Game Business	• **'Wizardry Variants Daphne': Expanding user base and maximizing revenue through proactive promotion and strengthening global expansion .** • **Existing operational titles: Maintaining profitability and curbing profit decline by optimizing operational costs and introducing out-app purchases.** • **New titles for PC and consoles: Acquiring business know-how and owning proprietary IP.** • New development: Developing prototypes for new game titles and transitioning to full-scale development.
Content Business*	• **Expansion of new business areas** (mainly publishing, anime, and MD businesses) • **Acceleration of IP strategy centered on the "Wizardry" brand**

*Starting from the first quarter of the FY03/2025, the segment name has been changed from "Media Business" to "Content Business." There is no change in business activities.

Overview and Progress of FY03/2026 Full-Year Earnings Forecast

The progress up to the first half is generally as expected.

	Forecast for FY03/2026						(Reference)
(Unit: Million Yen)	1Q (Apr–Jun)	2Q (July–Sep)	Total (Apr–Sep)	Progress rate	Revised Full-Year Forecast	Notes	Mar 2025 Results
Net sales	4,466	3,771	8,238	47.1%	17,500	Mainly contributed by the full-year impact of "Wizardry Variants Daphne"	12,655
Variable costs	1,299	1,221	2,520	45.0%	5,600	Commission expenses for primarily in-house distributed titles	3,832
Fixed costs	3,249	3,043	6,293	55.2%	11,400	-	8,710
Advertising expenses	750	743	1,494	59.1%	2,530	Mainly advertising expenses for new titles	1,388
R&D Expenses	31	25	56	70.8%	80	Research and development primarily in the field of technology	204
Depreciation and amortization	428	249	678	61.7%	1,100	Amortization of new title and new PC console software	526
Game development costs charged to assets *1	-236	-231	-467	55.0%	-850	Update costs for operational titles and new development costs	-1,875
Operating profit	-81	-493	-574	-	500	-	112
Operating profit ratio	-	-	-	-	2.9%	-	0.9%
EBITDA	347	-243	103	6.5%	1,600	EBITDA = Operating profit + Depreciation and amortization	638
EBITDA margin	7.8%	-	1.3%	-	9.1%	-	5.0%
Ordinary profit	-107	-509	-616	-	400	-	53
Profit (loss) attributable to owners of parent	-1,799	-563	-2,362	-	-1,300	Impairment loss of 1,563 million yen recorded in Q1	-1,035

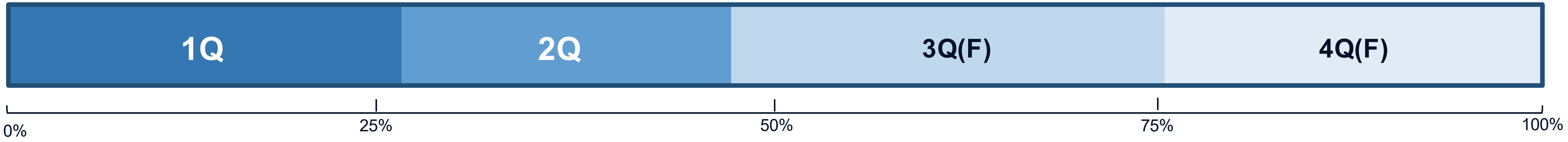
* Amount of game development costs capitalized: The amount transferred as assets to "Software in Progress" by deducting game development costs, including labor costs and outsourcing expenses, from manufacturing costs.

Progress Outlook from FY03/2026 3Q Onward

Aim to turn a profit in the cumulative total for 3Q through initiatives such as anniversary events.

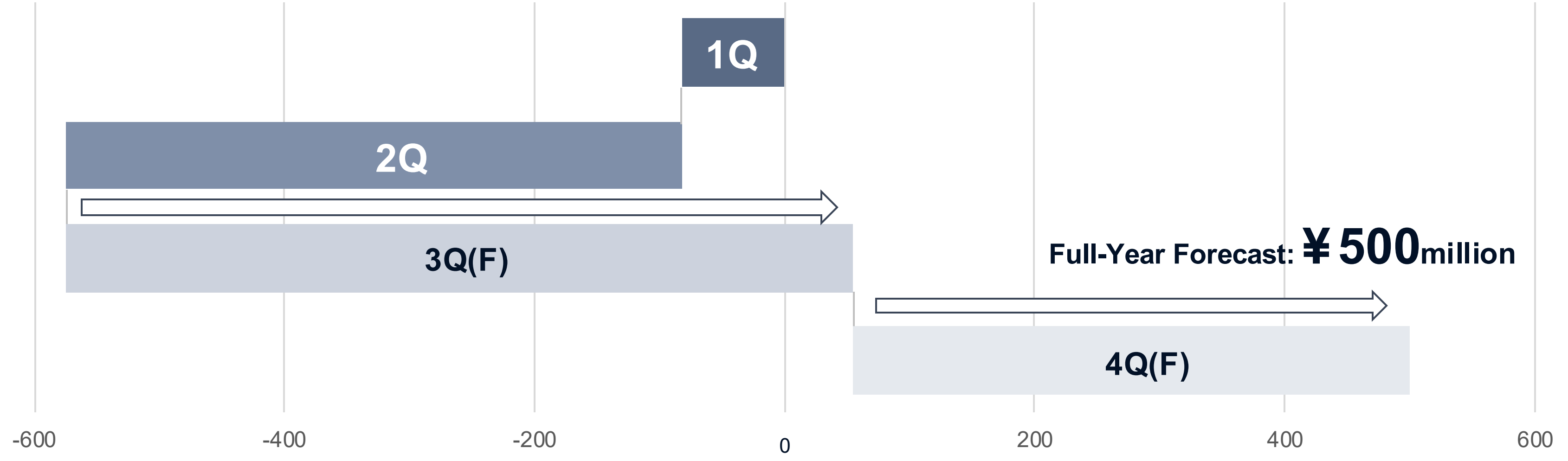
・ **Net sales:** In Q3, an anniversary event was held for "Wizardry Variants Daphne". In the second half of the year, the addition of new supported languages is planned.

Full-Year Forecast: ¥17,500million



・ **Operating profit:** The profit situation is expected to improve due to the anniversary events, the addition of supported languages, and the optimization of fixed costs.

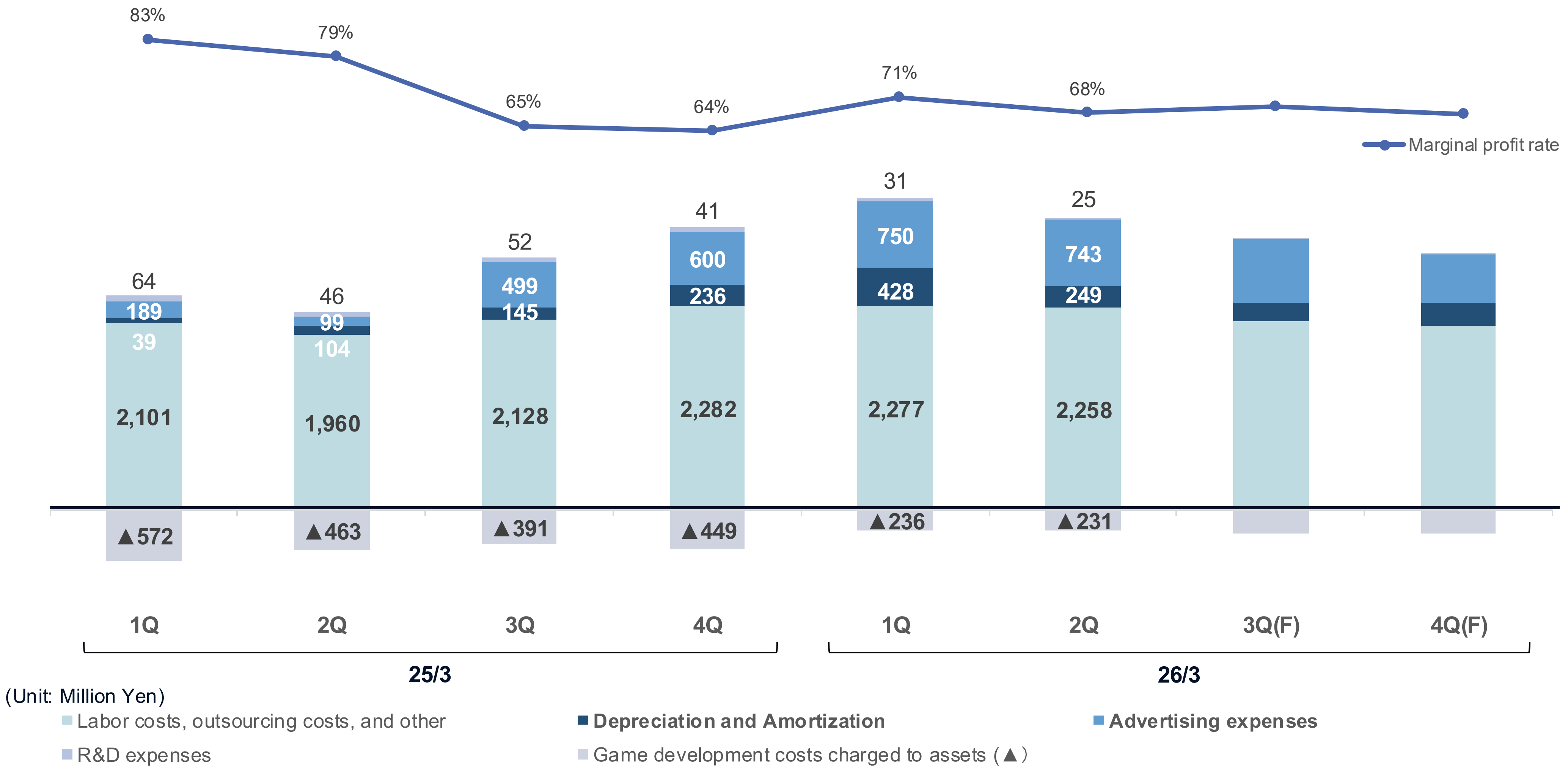
Full-Year Forecast: ¥500million



* (F): Forecast

Fixed Cost Trends from FY03/2026 3Q Onward

The advertising placements for the second half of the year are planned to be implemented flexibly while assessing the situation after the anniversary event.



* (F): Forecast

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Medium-Term Goals and Progress

DRECOM with entertainment

Progress in transforming into a company that globally provides entertainment content centered on IP and technology

Drecom up to now

A company with strengths in mobile gaming

Progress in FY03/2026

Game (Mobile, PC, Console)
- "Wizardry" New Release
  1st Anniversary & Global

Publication (novels, comics, webtoon)
- Over 150,000 copies sold: 5 works
- Comic adaptation of the game

Anime
- Announcing three original anime adaptations by our company

MD
- Drecom Shop
  Other company IP merchandise

Technology (Web3, generative AI, AR, infrastructure)
-Promotion of AI Utilization

IP

Medium-term goals

Entertainment content company

Entertainment

IP

Technology

The objectives and main initiatives of each business area centered on IP

The rapid realization of IP ownership, development, and monetization through collaboration across our company's various business domains.

Own IP → Growing IP → Monetize IP

1) Mobile games

2) PC and console games

3) Publishing (novels, comics, webtoons)

4) Anime

5) MD (merchandising)

6) Social media and community

Utilizing technology to support and evolve each domain
(Web3, generative AI, AR, infrastructure)

Major Initiatives

1) Mobile games
- "Wizardry Variants Daphne"
- "Disney STEP"

2) PC and console games
- "Hungry Meem"
- "Demons' Night Fever"
- "Tokyo Stories"

3) Publishing (novels, comics, webtoons)
- Novel/Comic publication count: 149 title
- Comic adaptation of "Wizardry" begins

4) Anime
- Anime adaptations of 3 original works by our company.
- Broadcast of 1 work based on another company's original content initiated.

5) MD (merchandising)
- Merchandise rollout for the Wizardry IP
- Hosting events for IP fans

6) SNS and community
- "Devil Prince and the Puppet"

Case: IP strategy centered around the "Wizardry" brand

After acquiring partial rights to a popular work, the aim is to revive dormant fans and attract new ones through various developments.

"Wizardry" Brand Expansion Map

Wizardry

Acquired partial copyright and trademark rights in 2020.
↓
Economic scale expansion through multi-faceted development

New IP

New IPs under the "Wizardry" brand originating from PC and console games, as well as novels and comics, are being considered on an ongoing basis.

Back catalog IP (past works and spin-offs)

PC and console games

Merchandising, etc.

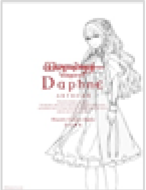
IP: "Blade & Bastard"

Merchandising

Anime adaptation

Novels and comics

IP: "Wizardry Variants Daphne"

Merchandising and book publishing

Mobile and PC games

Comic adaptation

Case: Progress in the Publishing and Anime Business Domain

DRECOM with entertainment

In the publishing sector, the creation of popular series is steadily advancing, and a system to seamlessly develop them into anime has been established.

Own IP → Growing IP → Monetize IP

Publication (novels, comics, webtoon)

Anime

Through repeated trials, we aim to create and grow IP.

Expanding IP recognition and securing revenue through the promotion of the anime business.

Number of series
(as of September 25)

Novel: 44 Series

Comics / webtoons: 17 series / 5 series

Anime : 3 In-House Works / 1 Third-Party Works

DRE NOVELS

DRE COMICS

- **Over 600,000 copies sold in the series** "Blade & Bastard"
- **Over 500,000 copies sold in the series** "The Royal Rebound"
- **Over 400,000 copies sold in the series** "The 100th Time's the Charm"
- **Over 300,000 copies sold in the series "** Safe & Sound in the Arms of an Elite Knight "
- **Over 150,000 copies sold in the series** "Jeanette the Genius"

DRE PICTURES

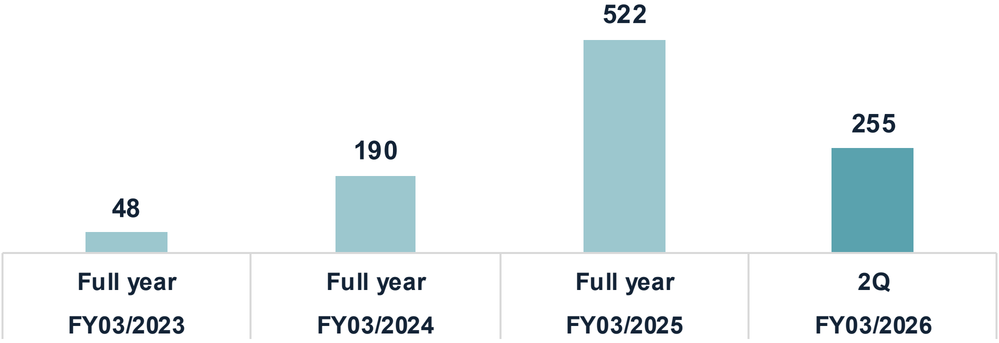
- **Original Works: Animation adaptations of 3 titles are underway**

"From Old Country Bumpkin to Master Swordsman"
(Original Work: SQEX Novel)
※Participation in production committee through game adaptation and collaboration license investment

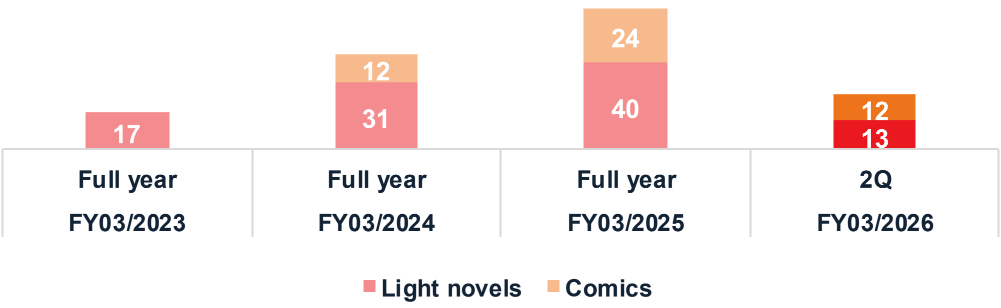
Case: Progress in the Publishing and Anime Business Domain

Entering the fourth year since the start of the business, the number of publications has steadily increased, generating sales from new releases and existing main IPs.

Sales Trends in Publishing and Anime Business Sector



Total number of published titles



Publication and Anime Business IP Development Schedule

<Main IP New Release Schedule>
October 2025
- Comics "Blade & Bastard 7"
November 2025
- Comics “The Royal Rebound 4"
December 2025
- " Thou Shalt Love thy Unwise King 2"

Successful works are considered for animation and other adaptations.

Aim to increase sales of the original publications during the anime broadcast timing.

<Anime Schedule>
From January 2026
- "The Holy Grail of Eris"
→ Nationwide broadcast on 28 TBS-affiliated stations and BS11

Date not announced
- "Blade & Bastard"
- "The 100th Time’s the Charm "

* "The Holy Grail of Ellis" is a work transferred from another company. A new edition will be published by DRE Novels in November 2024.

Mid-term growth outlook

Returning to the growth trajectory, continuing and expanding investments for the next stage of growth, aiming for a positive cycle that balances growth and profitability.

FY03/2025

Sales: ¥12.6 billion
Operating profit: ¥110 million
Operating profit margin: 0.9%

+38% increase

FY03/2026 (Forecast)

Sales: ¥17.5 billion
Operating profit: ¥500 million
Operating profit margin: 2.9%

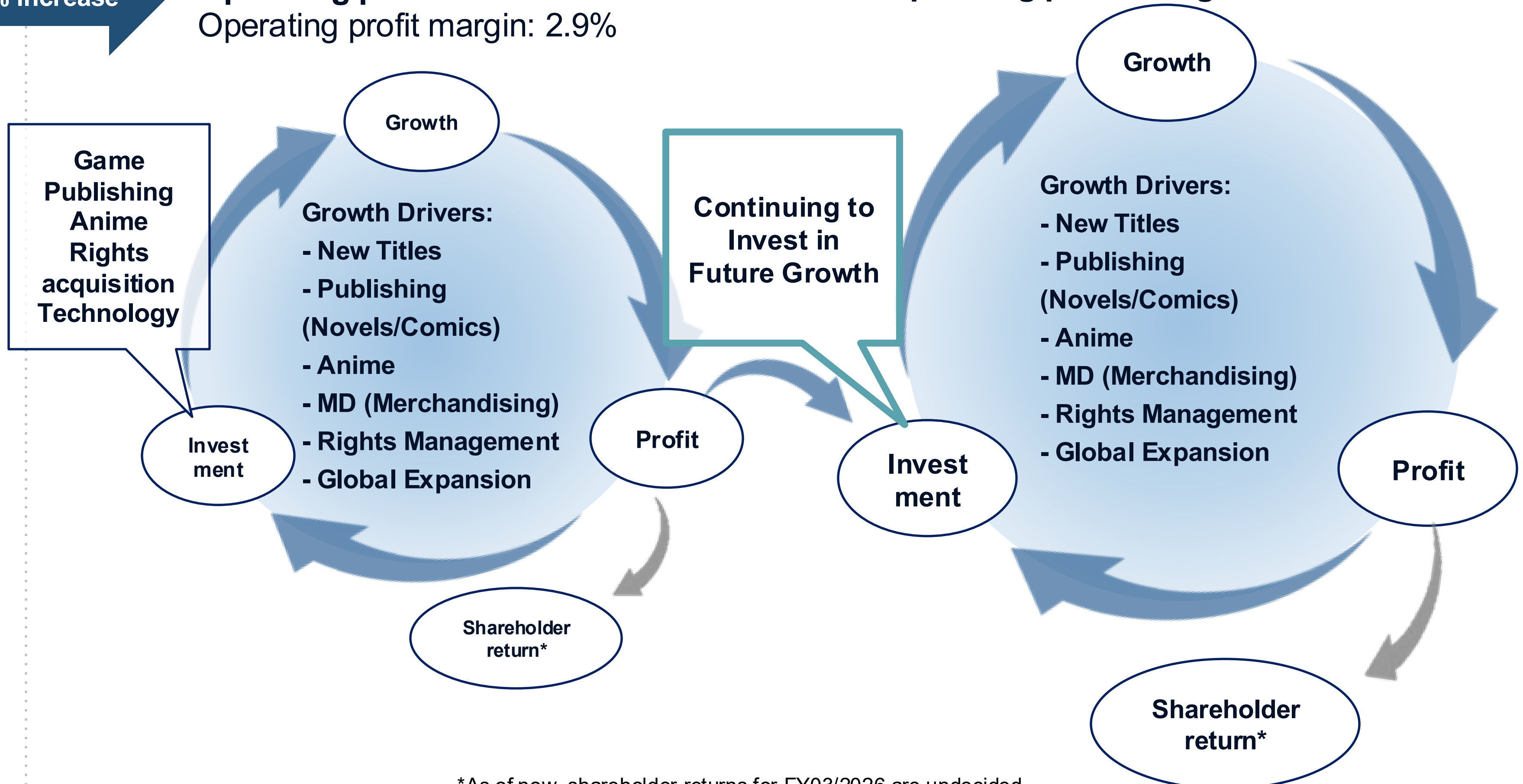
FY03/2027 to FY03/2028

Sales: CAGR over 20%
Operating profit margin: Over 15%

Returning to a growth trajectory after restructuring.

- New titles released
- New business area expansion

→ Revenue increased by 29% compared to the previous period.



*As of now, shareholder returns for FY03/2026 are undecided.

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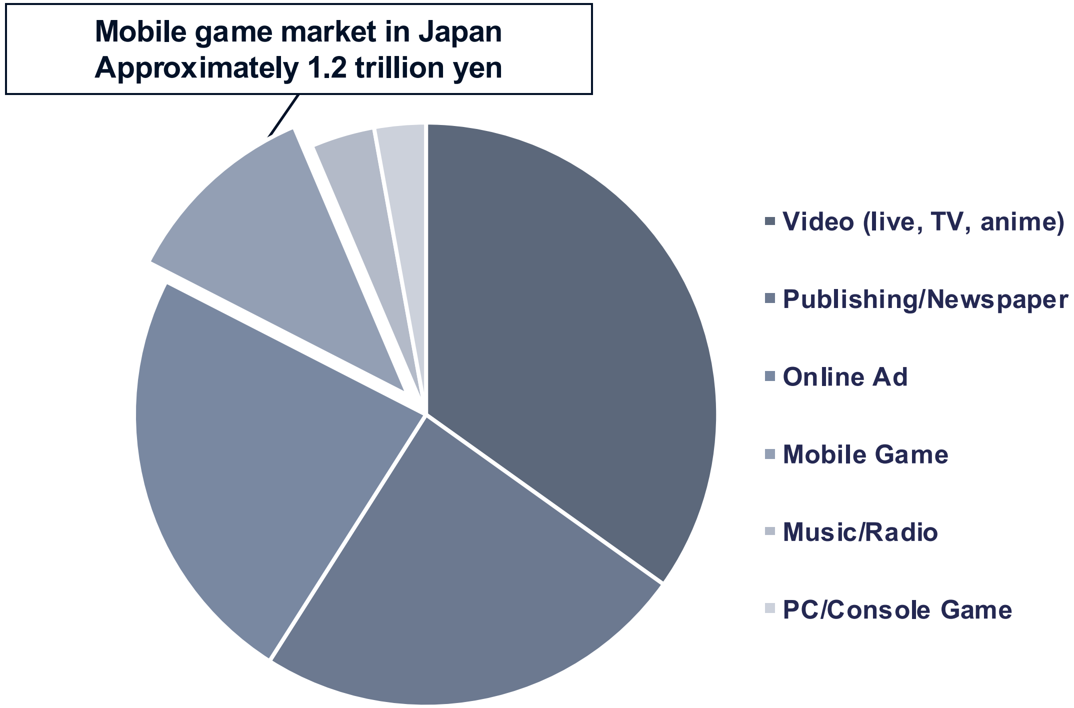
Entertainment Content Market Status (Japan/International)

The spread of video streaming services and digital distribution has led to a significant global increase in the popularity of Japanese content, particularly anime and PC/console games.
The market size of Japanese content has surpassed that of the semiconductor industry, establishing it as a core industry for Japan.

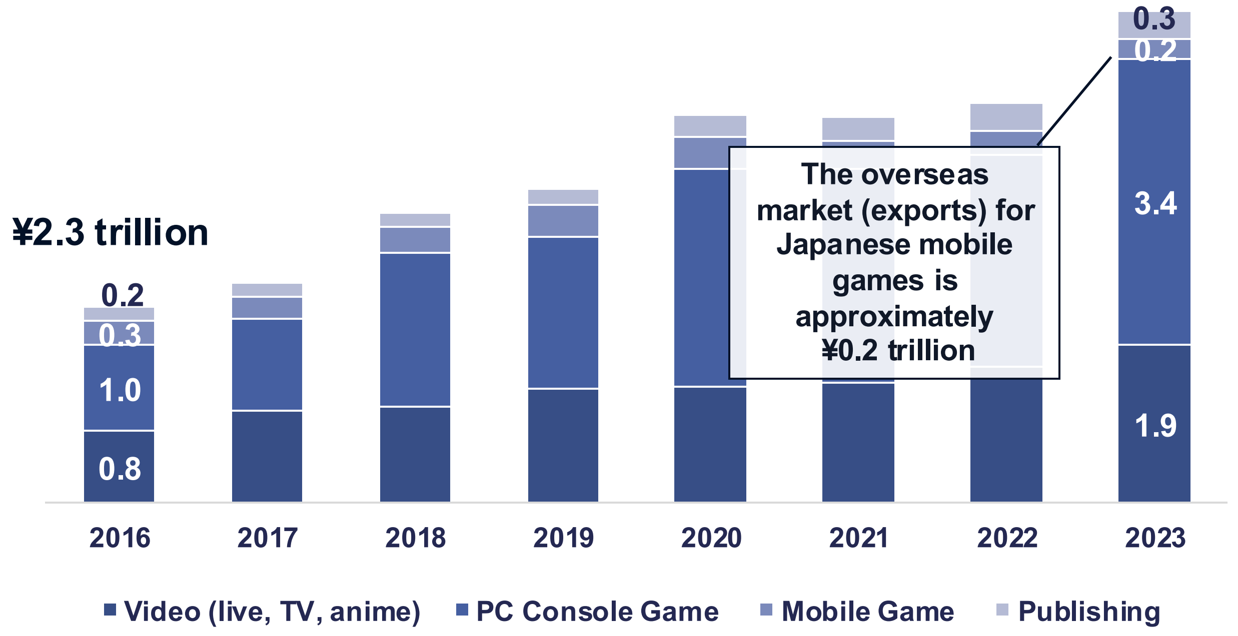
Content Industry Market Size in Japan (2023)

Approximately 13.0 trillion yen



The overseas market (export) size of Japanese content (2023)

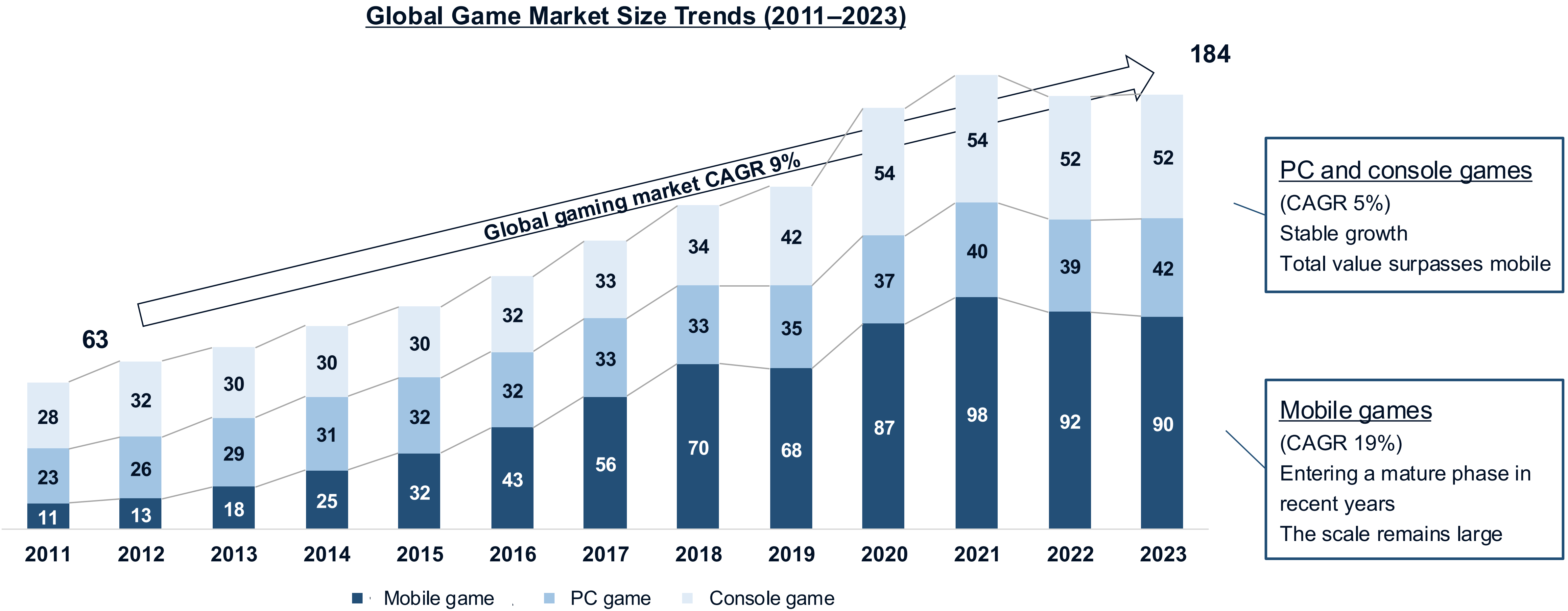
Approximately 5.8 trillion yen



Source: Published by Human Media Co., Ltd., "Database of Media and Content Markets in Japan and the World"

Global Gaming Market Overview

The global game market grew at a CAGR of 9% from 2011 to 2023.
The PC and console game markets are growing steadily, while the mobile game market has entered a mature phase.
We are expanding not only in the mobile game market but also across the entire game market, including PC and console.

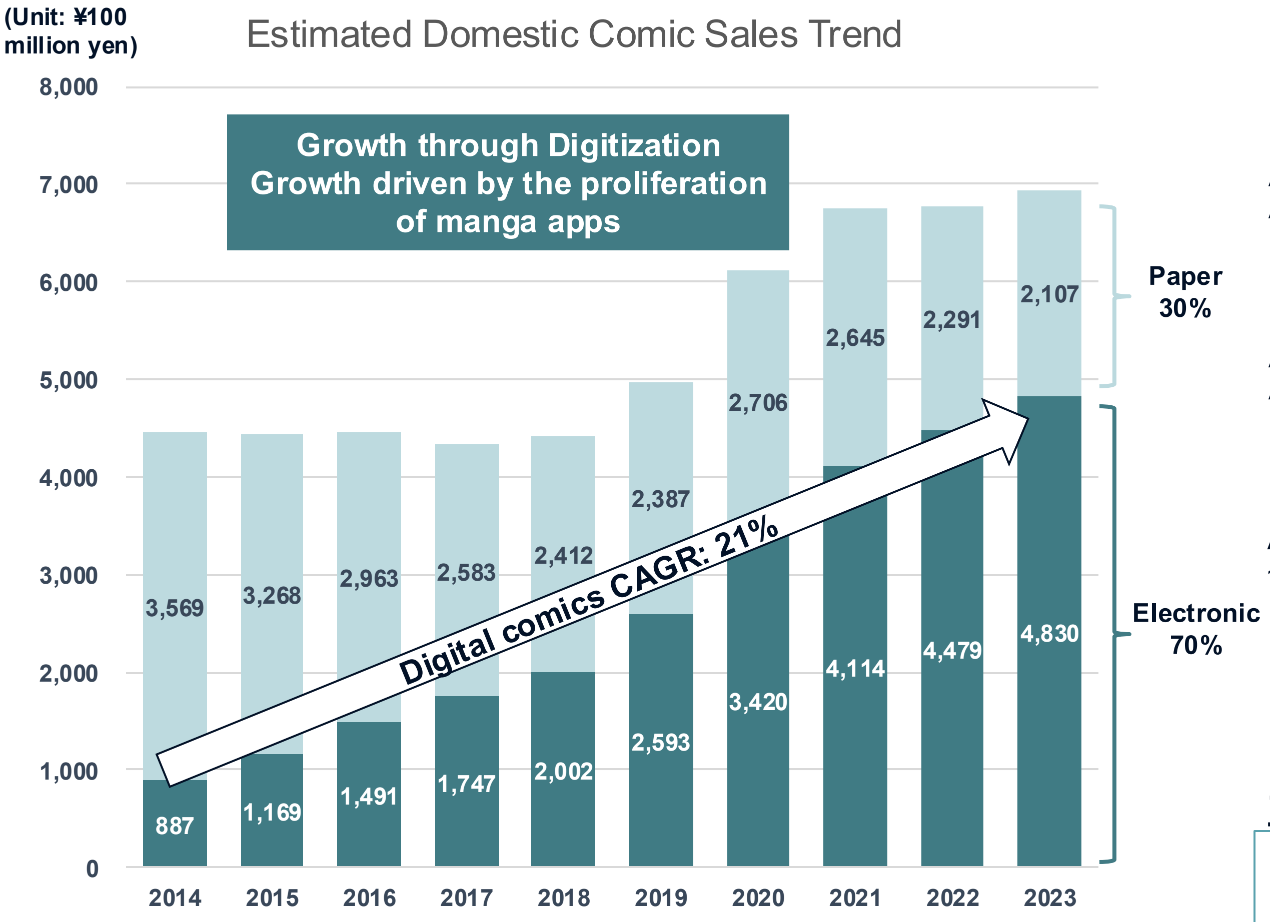


* Source: Newzoo "Global Games Market Report"
Ministry of Economy, Trade and Industry "2nd Entertainment and Creative Industries Policy Study Group - Current Status of the Industry and Action Plan (Draft) [Games]"

Overview of the Comic Market and Our Characteristics/Strengths

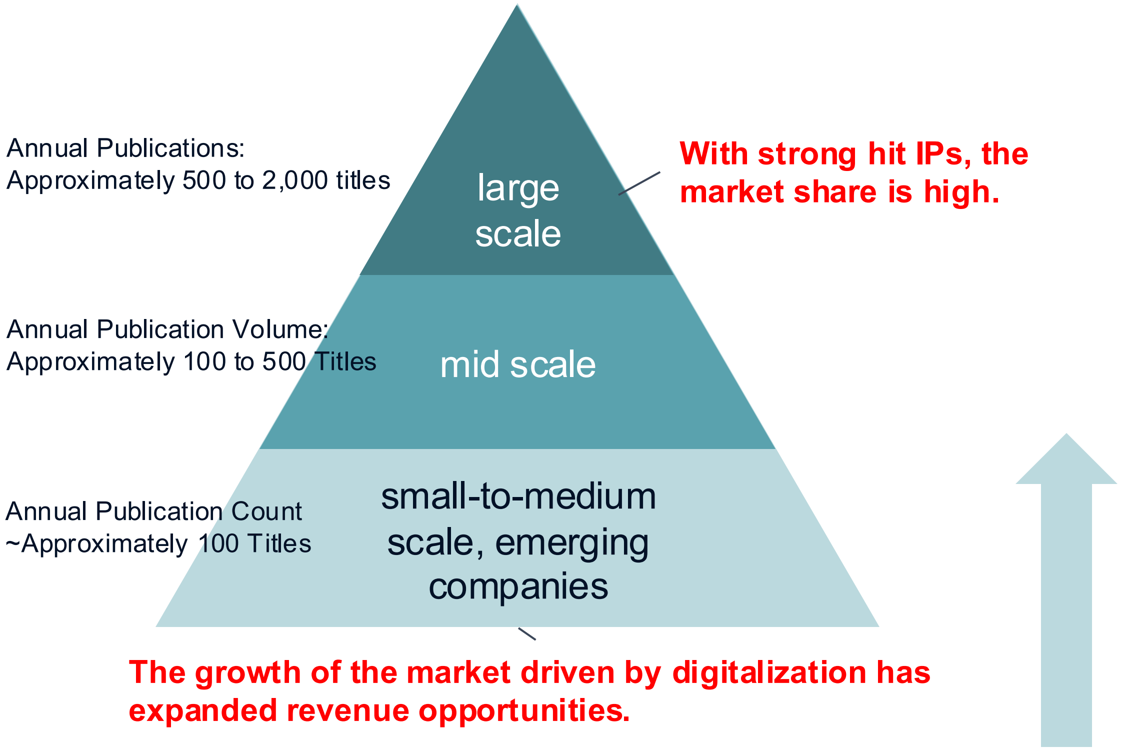
The comic market has significantly grown due to the spread of digital formats. Our company achieved an early business launch, led primarily by industry experts.

Trends in the Comic Market Size



Source: Monthly Publishing Report by the Research Institute for Publications, Japan Publishing Organization; competitive environment is estimated by our company.

Competitive Environment of the Comics Market



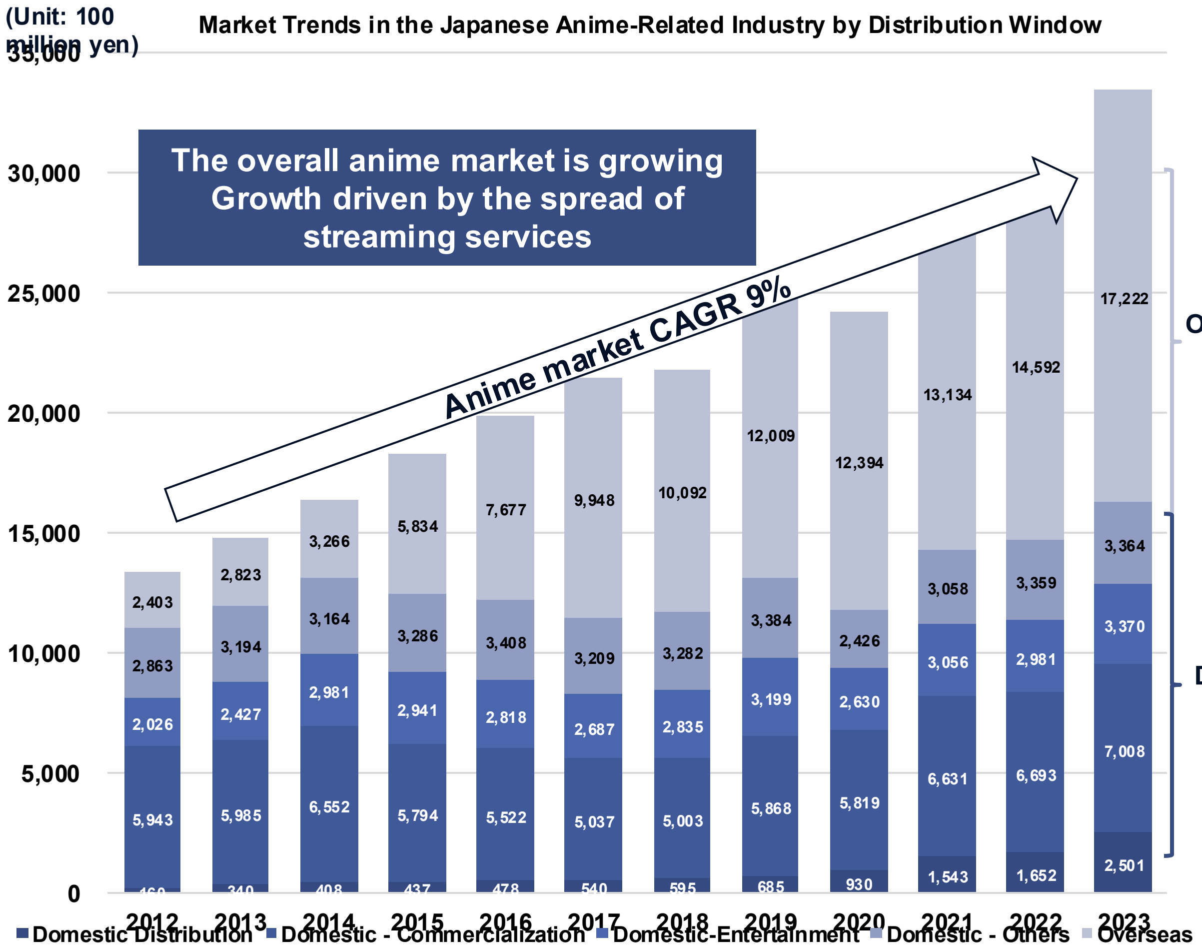
The characteristics of our publishing business

Our company was established as an emerging publisher, primarily by individuals with backgrounds in publishing and distribution. Leveraging a structure that enables active media mix strategies, we aim to expand our business scale through an increase in publication titles and the creation of hits.

Overview of the Anime Market and the Company's Features and Strengths

The anime market has grown, driven primarily by overseas sales due to the spread of streaming services. Our company's strength lies in diverse monetization through media mix strategies.

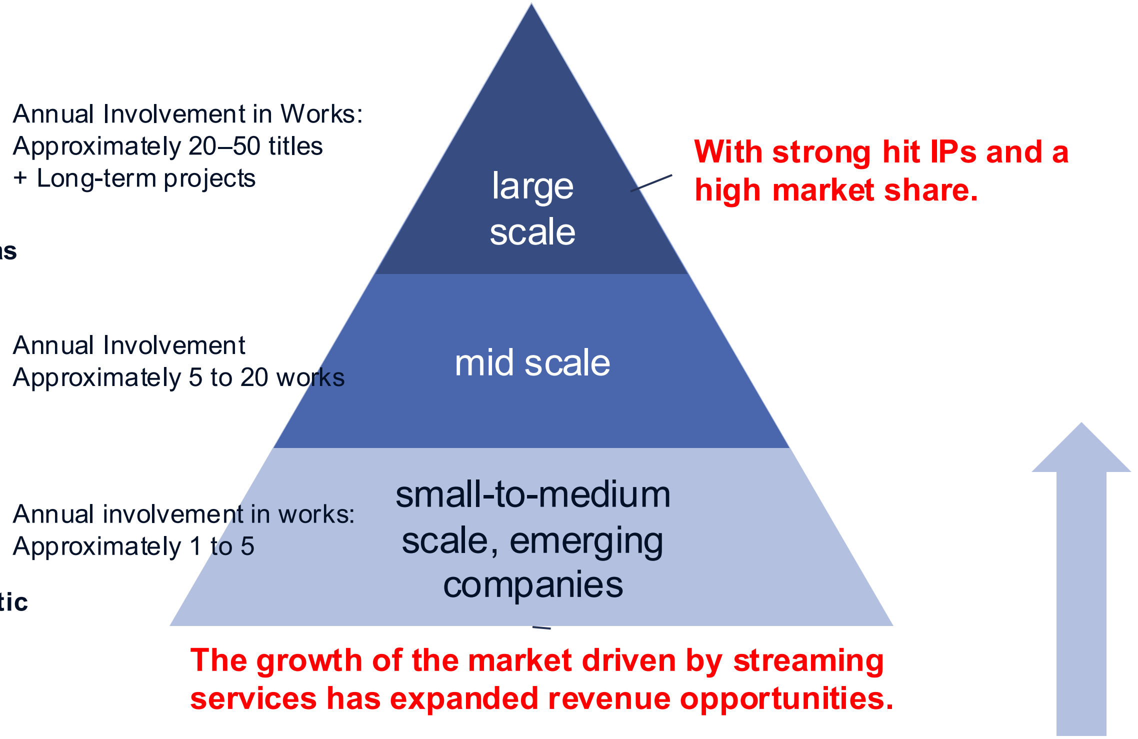
Transition of the Anime Market Size



Source: The Association of Japanese Animations, "Anime Industry Report 2024"; Competitive environment estimated by the company.

Competitive Landscape of the Anime Market

(Note: Anime Planning/Production)



The characteristics of our animation business

Our company was established primarily by individuals from the anime industry and possesses expertise in production committee investments and management. By leveraging our in-house publishing business and the growth in the number of works and hits generated through our anime industry network, we aim to expand our business scale.

Our Strengths and Competitive Advantages

DRECOM with entertainment

In the expanding entertainment content market presenting increased opportunities, we aim to enter the field by leveraging our strengths, despite being a latecomer, and pursue sustainable growth and enhancement of corporate value.

Strength	
1	■ **Utilizing technology to create new experiences, markets, and opportunities** - Quick adaptation to and utilization of new technology trends: blogs, online advertising, social games, AR, blockchain, AI, etc.
2	■ **Over 10 years of experience in the IP content business.** - Understanding the appeal of IP and developing content business tailored for IP fans Development and long-term operation of numerous mobile games based on popular or historically established IPs
3	■ **Management policy emphasizing the importance of continued challenges** - The knowledge gained by the organization through numerous challenges and failures since its founding. Focus on taking risks without fear of failure, and quickly recovering after setbacks.

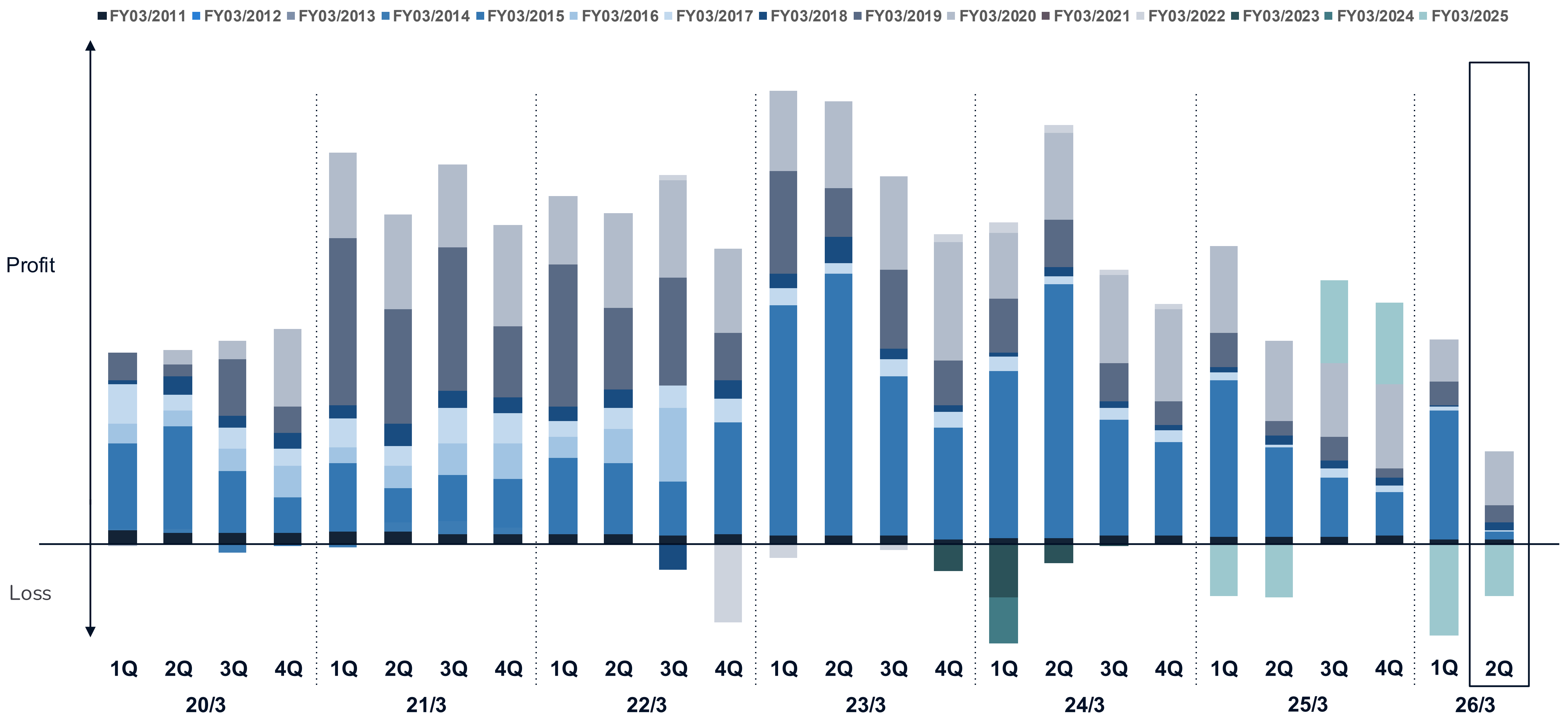
Gaming Business: Pipeline of Operated Titles and Titles in Development

Number of projects by status and trends

Business	Status		Definition	Number of Projects・Details	
Game Business	Existing Operational Titles		Operational titles under long-term stable management	9	➢Other company's distribution: 4 titles ➢Our company's distribution: 5 titles
	New Operational Titles		Release titles in operation within 2 years	2	➢In-house distribution: 2 titles → Aim to maximize revenue and transition to stable operation.
	Released Titles		Titles released for PC and console	1	➢ "Hungry Meem"
	Development	Commercialized development	Smartphone titles under development with a release in sight.	0	-
			PC and console titles	2	• "Tokyo Stories -working title-” • "Demons' Night Fever"
		Prototype	Titles in the development stage prior to this development	Multiple	➢ Multiple projects are underway Titles utilizing the game engine of existing mobile games, etc.

* Series titles and titles for overseas distribution are counted as one title.

Game Business: Revenue trends of titles in operation (by release period)



※Please refer to the fact sheet published on the website for details regarding sales trends https://drecom.co.jp/ir/factsheet_2026032Q.pdf

Gaming Business: Key Services

Operating 11 mobile games, primarily featuring popular IP titles. Also engaged in PC and console game development.

Operation Titles 11

Published by BANDAI NAMCO Entertainment Inc.

- "ONE PIECE Treasure Cruise" (May 2014)
- "THE IDOLM@STER SHINYCOLORS" (April 2018)
- "Super Robot Wars DD" (August 2019)

Published by Aniplex Inc.

- "Everybody's Golf" (July 2017)

Published by Drecom Co., Ltd.

- "Chocotto Farm" (January 2011)
- "Derby Stallion Masters" (November 2016)
- "DISGAEA RPG" (November 2019)
- "Wizardry Variants Daphne" (October 2024)
- "Disney STEP" (March 2025)

Published by studiorex Co., Ltd.(Group Company)

- "BOKU & DRAGONS"
(February 2015, managed by our company since March 2020)
- "NEKO & DRAGONS"
(April 2019, managed by our company since March 2020)

※. "Derby Stallion Masters" is developed and distributed by our company under license from ParityBit Co., Ltd.
※ "DISGAEA RPG" is developed and distributed by our company under license from Nippon Ichi Software, Inc. and Aniplex Inc.
※ "Disney STEP" is developed and distributed by our company in collaboration with Walt Disney Japan Co., Ltd.

PC Console Titles 3

- "Hungry Meem" (June 2025)
- "Tokyo Stories"
- "Demons' Night Fever"

Content Business: Main Services

Established publishing, anime, and MD businesses with the aim of owning and developing IP. Invested in the creation of new businesses.

Publishing Business

Novel・Comic




MD (Merchandising) Business

Merchandizing


Event Hosting

Anime Business

Utilization of Technology

Location Information

AROW

AI Utilization

aiand
ひとことAIで実現する、
あたらしいゲーム開発専用SaaS

Marketing

Rooot

Web3

For details on trends in consolidated performance, cost and SG&A expenses, and billing revenue for the game business, please refer to the fact sheet available on our website.

https://drecom.co.jp/ir/factsheet_2026032Q.pdf

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