Translation

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Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2027 (Under Japanese GAAP)

October 29, 2026

Company name:	Drecom Co., Ltd.
Stock exchange listings:	Tokyo Stock Exchange
Stock code:	3793
URL:	https://drecom.co.jp/
Representative:	Yuki Naito, President and Representative Director
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Scheduled date for submission of interim report:	November 10, 2026
Supplementary materials for financial summaries:	Yes
Financial results briefing:	Yes

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Six Months of the Fiscal Year Ending March 31, 2027 (from April 01, 2026 to September 30, 2026)

(1) Consolidated operating results (Cumulative)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2026	8,328	1.1	659	-	595	-	502	-
September 30, 2025	8,238	105.0	(574)	-	(616)	-	(2,362)	-

(Note) Comprehensive income Current interim period of fiscal year ending March 2027 491 million yen (-%) Previous interim period of fiscal year ending March 2026 (2,362) million yen (-%)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2026	17.50	17.49
September 30, 2025	(82.08)	-

(2) Consolidated financial positions

	Total assets	Equity	Equity to total assets ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2026	12,759	5,309	41.1	184.69
March 31, 2026	11,876	5,043	42.0	172.26

(Reference) Owner's equity Interim period of fiscal year ending March 2027 5,246 million yen Fiscal year ended March 2026 4,983 million yen

2. Cash dividends

	Annual dividends per share				
	End of the first quarter	End of the second quarter	End of the third quarter	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2026	-	0.00	-	0.00	0.00
Fiscal year ending March 31, 2027	-	0.00			
Fiscal year ending March 31, 2027 (Forecast)			-	5.00	5.00

(Note) Whether there are revisions to the most recently announced dividend forecast: None

3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2027 (from April 01, 2026 to March 31, 2027)

(Percentages indicate YoY changes)

	Revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2027	17,500	(0.3)	1,300	218.1	1,150	260.6	900	321.2	31.68

(Note) Correction of financial forecast from the most recent financial forecast: Yes

※ Notes

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

Additions - companies (Company names) -, Exclusions - companies (Company names) -

(2) Application of accounting treatments specific to the preparation of interim consolidated financial statements:None

(3) Changes in accounting policies, Changes in accounting estimates, Retrospective restatement

(i) Changes in accounting policies based on revisions of accounting standard :None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates :None

(iv) Retrospective restatement :None

(4) Number of shares issued (Common stock)

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

As of September 30, 2026	29,451,212 shares
As of March 31, 2026	29,446,212 shares

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

As of September 30, 2026	1,044,565 shares
As of March 31, 2026	516,395 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2026	28,706,607 shares
Six months ended September 30, 2025	28,782,245 shares

(Note) Of the Company's shares owned by Custody Bank of Japan, Ltd. (hereinafter, the "ESOP Trust Account"), 403,513 shares (4,035 voting rights) are included in the above Number of treasury stock at the period end.

※ Second quarter (interim period) financial results summary is not subject to review by a certified public accountant or audit corporation.

※ Explanation regarding the appropriate use of Forecasts, other matters of note

(Cautionary Note Concerning Forward-Looking Statements, etc.)

The forward-looking statements regarding business performance forecasts, etc. described in this document are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and actual business performance, etc. may differ significantly due to various factors.

(How to obtain supplementary explanatory materials for financial results)

Our company plans to hold a financial results briefing for institutional investors and analysts on October 29, 2026. The financial results briefing materials to be distributed at this briefing are scheduled to be posted on our company's website promptly after the briefing.

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1. Qualitative information concerning the current interim financial results

(1) Explanation regarding Operating results

Our Group has adopted “with entertainment” as its mission and aims to continue creating services that exceed people's expectations. In addition, we strive to create unprecedented value and deliver experiences that fascinate users. In the medium term, we aim to become a company that produces IP globally through the fusion of the real and digital worlds, pursuing sustainable growth and enhancement of corporate value through the creation and development of IP.

In the core game business, game development and operation constitute the primary business. In addition to developing and operating games based on the “Wizardry” IP, for which the Company holds Trademark rights domestically and overseas, and managing the brand, the Company develops and operates games based on third-party IPs, game platforms, and original games.

Furthermore, in the content business, we are engaged in the publication and sale of books, including novels and comics, and e-books, the planning and production of anime, and the planning and sale of goods, with the aim of creating, developing, and monetizing IP, while also proceeding with the development of new services utilizing our knowledge of Internet services and advanced technologies.

For the Current interim consolidated accounting period, results were Net sales of 8,328,881 thousand yen (up 1.1% YoY), Operating profit of 659,263 thousand yen (the Previous corresponding period recorded an Operating loss of 574,839 thousand yen), Ordinary profit of 595,562 thousand yen (the Previous corresponding period recorded an Ordinary loss of 616,865 thousand yen), and Profit attributable to owners of parent of 502,359 thousand yen (the Previous corresponding period recorded an interim net loss attributable to owners of parent of 2,362,395 thousand yen).

The performance of each segment during the Current interim consolidated accounting period is as follows.

Game business

In the game business, we are generating revenue from multiple titles currently in operation, centered on our self-published title “Wizardry Variants Daphne”, released in October 2024, and an IP title that celebrated its 12th anniversary. In addition, following the sale of two subsidiaries in the game business segment at the end of the fiscal year ending March 2026, the number of titles in operation decreased from 11 to 9. We are also proceeding with the development of PC and console games and initiatives for indie game publishing with the aim of creating and nurturing IP.

Net sales of the two major titles currently in operation exceeded those of the same period of the previous year due to the implementation of anniversary initiatives and collaboration initiatives, among other factors; however, net sales for the segment as a whole decreased year on year due to the sale of two consolidated subsidiaries at the end of the previous fiscal year.

As for profit, Amortization of software and Advertising expenses, which had arisen in the previous year’s same period in connection with the release of new titles, decreased, and in addition to the narrowing of losses from unprofitable titles, including the relevant titles, profitability improved due to increased sales of the two core titles and a decrease in the payment processing fee rate, resulting in the recording of segment profit.

As a result, segment Net sales amounted to 7,890,554 thousand yen (down 0.6% YoY), and segment profit amounted to 1,159,899 thousand yen (segment loss of 114,888 thousand yen in the same period of the previous year).

Content Business

In the content business, we engage in the publishing business, animation business, and MD (Merchandising) business for the purpose of creating, nurturing, and monetizing IP, including the publication of light novels and comics, operation of the WEB manga site “Drecomi+,” planning and production of animations, and planning and sale of goods. In addition, as part of the development of new services utilizing our knowledge of Internet services and advanced technologies, we operate a location-based walking points app, among other initiatives.

Net sales increased YoY due to continued publication at the same level as the same period of the previous year in the publishing business, as well as growth in goods sales in the MD business and an increase in revenue in the animation business.

With regard to profit, in addition to costs preceding revenue due to continued investments in new business areas such as the publishing business, animation business, MD business, and the development of new services utilizing technology, the segment loss increased year on year due to the recognition of amortization expenses for Investments in capital in animation works, among other factors.

As a result, segment Net sales were 438,721 thousand yen (up 35.4% year on year), and the segment loss was 500,635 thousand yen (the segment loss was 459,950 thousand yen in the same period of the previous year).

Going forward, in the game business, we will seek to expand the user base and economic scale of the “Wizardry” brand, centered on “Wizardry Variants Daphne”, through the expansion of distribution regions, media mix initiatives, and the development of new content. With respect to our other live titles, we will strive to secure long-term stable earnings through additional investment and the enhancement of our organizational structure in order to build a strong business foundation,

while also advancing the consideration of a pipeline of new titles. In addition, with the aim of creating IP in the game business, we will strengthen our efforts in the development and publishing of PC and console games.
In the content business, through the publishing business and anime business, we will continue to create works from numerous challenges and aim to achieve growth by expanding the sales scale of key works through anime adaptations and other means. At the same time, we will actively promote the full-scale development of the MD business and the development of new services utilizing advanced technologies.
Furthermore, as a company-wide initiative, we are promoting the transformation into an organization that reviews its business processes on the premise of AI. By utilizing AI in routine operations, we believe that people can focus on decision-making and creative areas that only people can handle and, together with creators, increase the quantity and quality of the content produced. In addition, while carefully addressing the risks associated with the use of AI, including Copyright, we will connect these initiatives to the enhancement of corporate value over the medium to long term.

(2) Explanation regarding Financial positions

(Assets)

At the end of the current interim consolidated accounting period, total assets amounted to 12,759,994 thousand yen, an increase of 883,942 thousand yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in cash and deposits.

(Liabilities)

At the end of the current interim consolidated accounting period, total liabilities amounted to 7,450,249 thousand yen, an increase of 617,500 thousand yen compared with the end of the previous consolidated fiscal year. This was mainly due to an increase in long-term borrowings.

(Net assets)

At the end of the current interim consolidated accounting period, net assets amounted to 5,309,745 thousand yen, an increase of 266,441 thousand yen compared with the end of the previous consolidated fiscal year. This was mainly due to the recording of profit attributable to owners of the parent of 502,359 thousand yen.

As a result, Equity to total assets ratio was 41.1% (42.0% at the end of the Previous consolidated fiscal year).

(3) Explanation Regarding Consolidated Forecasts and Other Forward-Looking Information

With regard to consolidated Forecasts, we revised the figures for the full-year consolidated Forecasts for the fiscal year ending March 2027 announced on May 12, 2026, taking into consideration the results of the Current interim consolidated accounting period and the outlook going forward.
For details, please refer to the “Notice Regarding the Recognition of Income taxes - deferred (gain) and Revisions to Full-Year Forecasts,” announced today (October 29, 2026).
Furthermore, the consolidated Forecasts and dividend forecasts have been prepared based on information available as of the date of this document's announcement, and actual results may differ from the forecast figures due to various factors going forward.

2. Interim consolidated financial statements and major notes (1) Interim consolidated Balance sheet

(Unit: Thousands of yen)

	Previous consolidated fiscal year (March 31, 2026)	Current interim consolidated accounting period (September 30, 2026)
Assets		
Current assets		
Cash and deposit	6,375,283	7,442,637
Accounts receivable - trade	2,176,890	1,890,004
Merchandise	12,729	20,207
Work in process	93,832	137,141
Prepaid expenses	341,753	259,630
Other	270,228	516,420
Allowance for doubtful accounts	(44,000)	(44,000)
Total current asset	9,226,718	10,222,042
Non-current assets		
Property, plant, and equipment		
Buildings	191,666	192,524
Accumulated depreciation	(112,582)	(134,024)
Buildings, net	79,084	58,499
Tools, furniture and fixtures	146,290	175,756
Accumulated depreciation	(89,771)	(99,843)
Tools, furniture and fixtures, net	56,519	75,913
Leased assets	7,232	7,232
Accumulated depreciation	(6,407)	(6,957)
Leased assets, net	825	275
Total property, plant and equipment, net	136,428	134,688
Intangible assets		
Software	952,832	613,473
Software in progress	151,335	264,218
Other	83,975	29,601
Total intangible assets	1,188,143	907,293
Investments Other assets		
Investment securities	20,006	20,006
Deferred tax assets	836,939	972,665
Other	467,815	503,298
Investments Other assets Total	1,324,761	1,495,970
Total Non-current assets	2,649,333	2,537,952
Total assets	11,876,052	12,759,994

(Unit: Thousands of yen)

	Previous consolidated fiscal year (March 31, 2026)	Current interim consolidated accounting period (September 30, 2026)
Liabilities		
Current liabilities		
Trade payables	408,429	441,658
Short-term borrowings	100,000	100,000
Current portion of long-term borrowings	2,497,000	2,494,000
Lease liabilities	961	320
Accounts payable	1,473,273	1,404,122
Income taxes payable	493,119	222,296
Provision for bonuses	133,286	131,474
Other	957,896	758,465
Total current liabilities	6,063,966	5,552,337
Non-current liabilities		
Long-term borrowings	522,000	1,665,000
Asset retirement obligations	100,000	100,000
Other	146,781	132,911
Total non-current liabilities	768,781	1,897,911
Total liabilities	6,832,748	7,450,249
Net assets		
Shareholders' equity		
Share capital	1,906,870	1,909,284
Capital surplus	2,166,629	2,169,900
Retained earnings	1,104,196	1,606,556
Treasury shares	(214,692)	(448,101)
Total shareholders' equity	4,963,004	5,237,639
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,311	8,912
Total accumulated other comprehensive income	20,311	8,912
Share acquisition rights	57,885	61,806
Non-controlling interests	2,102	1,386
Total net assets	5,043,303	5,309,745
Liabilities and net assets total	11,876,052	12,759,994

(2) Interim consolidated Statement of income and interim consolidated Statement of comprehensive income

(Interim consolidated Statement of income)

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From April 1, 2025 To September 30, 2025)	Current interim consolidated accounting period (From April 1, 2026 Through September 30, 2026)
Revenue	8,238,640	8,328,881
Cost of sales	6,033,054	5,404,861
Gross profit	2,205,585	2,924,019
Selling, general and administrative expenses	2,780,425	2,264,756
Operating profit (loss)	(574,839)	659,263
Non-operating income		
Interest income	4,362	8,671
Contracted service fees	-	4,650
Gain on investments in capital	212	-
Other	666	538
Total non-operating income	5,241	13,860
Non-operating expenses		
Interest expense	39,974	34,003
Commission expenses	2,058	30,537
Other	5,233	13,019
Non-operating expenses total	47,267	77,561
Ordinary profit (loss)	(616,865)	595,562
Extraordinary income		
Gain on sale of non-current assets	-	12,867
Gain on reversal of share acquisition rights	-	12,585
Total extraordinary income	-	25,452
Extraordinary losses		
Impairment losses	1,563,462	-
Total extraordinary losses	1,563,462	-
Profit (loss) before income taxes (-)	(2,180,327)	621,015
Income taxes - current	57,472	248,370
Income taxes - deferred	123,668	(130,478)
Total income taxes	181,141	117,892
Net income or interim net loss (-)	(2,361,469)	503,122
Net income attributable to non-controlling interests	925	763
Profit attributable to owners of parent or interim net loss attributable to owners of parent (-)	(2,362,395)	502,359

(Interim consolidated Statement of comprehensive income)

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From April 1, 2025 through September 30, 2025)	Current interim consolidated accounting period (From April 1, 2026 Through September 30, 2026)
Net income or interim net loss (-)	(2,361,469)	503,122
Other comprehensive income (loss), net of tax		
Valuation difference on available-for-sale securities	-	(11,398)
Foreign currency translation adjustment	(704)	-
Other comprehensive income, net of tax	(704)	(11,398)
Comprehensive income	(2,362,173)	491,724
Profit attributable to		
Interim comprehensive income attributable to owners of parent	(2,363,099)	490,960
Interim Comprehensive income attributable to non-controlling interests	925	763

(3) Interim consolidated Statement of cash flows

(Unit: Thousands of yen)

	Previous interim consolidated accounting period (From April 1, 2025 Through September 30, 2025)	Current interim consolidated accounting period (From April 1, 2026 through September 30, 2026)
Cash flows from operating activities		
Net income before income taxes or interim net loss before income taxes (-)	(2,180,327)	621,015
Depreciation	678,211	560,992
Share–based payment expenses	57,730	40,593
Impairment losses	1,563,462	-
Interest income and dividends income	(4,362)	(8,671)
Interest expense	39,974	34,003
Commission expenses	-	30,537
Gain on sale of non-current assets	-	(12,867)
Gain on reversal of share acquisition rights	-	(12,585)
Decrease (increase) in trade receivables	939,379	286,885
(Increase) decrease in inventories	(36,028)	(50,820)
Increase/decrease in accounts receivable (- indicates an increase)	(206,131)	58,378
Decrease (increase) in prepaid expenses	214,538	80,599
Increase (decrease) in trade payables	(30,407)	33,229
Amount of increase/decrease in accounts payable (- indicates decrease)	(67,512)	(59,071)
Increase (decrease) in accrued consumption taxes	(67,287)	(77,005)
Increase (decrease) in advances received	(3,191)	(363)
Increase (decrease) in provision for bonuses	16,487	(1,811)
Other	(25,323)	(71,771)
Subtotal	889,210	1,451,268
Interest and dividends received	4,575	8,991
Interest paid	(39,845)	(32,713)
Income taxes paid	(99,698)	(508,649)
Income taxes refund	434	16,825
Cash flows from operating activities	754,675	935,721
Cash flows from investing activities		
Payments for deposits of time deposits (exceeding 3 months)	-	(2,500,000)
Purchase of property and equipment	(6,252)	(40,753)
Proceeds from sales of property and equipment	-	14,368
Purchase of intangible assets	(319,538)	(429,992)
Proceeds from development investment received	89,999	25,000
Other	(122,543)	(27,465)
Cash flows from investing activities	(358,335)	(2,958,842)
Cash flows from financing activities		
Proceeds from long-term borrowings	311,000	2,122,000
Repayment of long-term borrowings	(1,059,300)	(1,010,000)
Acquisition of treasury shares	-	(312,537)
Increase/decrease in Deposits paid for Treasury shares acquisition (- indicates an increase)	-	(189,462)
Cash dividends paid	(14)	(5)
Other	(3,719)	(19,519)
Cash flows from financing activities	(752,033)	590,474
Effect of exchange rate change on cash and cash equivalents	(704)	-
Increase (decrease) in cash and cash equivalents	(356,397)	(1,432,646)
Cash and cash equivalents at the beginning of the period	3,928,774	6,375,283
Balance of cash and cash equivalents at the end of the interim period	3,572,377	4,942,637

(4) Notes to the Interim Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Note regarding significant changes in the amount of Shareholders' equity)

There are no applicable items.

(Notes to the interim consolidated Balance sheet)

* Our company has entered into an overdraft agreement with one of its banks for the efficient procurement of working capital. The unused balance of borrowings and other amounts under the agreement are as follows.

	Previous consolidated fiscal year (March 31, 2026)	Current interim consolidated accounting period (September 30, 2026)
Overdraft limit	100,000 thousand yen	100,000 thousand yen
Outstanding balance of borrowings	100,000	100,000
Net amount	-	-

(Notes concerning interim consolidated Statement of income)

※ The major expense items and amounts included in Selling, general and administrative expenses are as follows.

	Previous interim consolidated accounting period (From April 1, 2025 Through September 30, 2025)	Current interim consolidated accounting period (From April 1, 2026 Through September 30, 2026)
Salaries and allowances	376,325 thousand yen	388,672 thousand yen
Advertising expenses	1,494,660	858,215
Research and development expenses	56,619	100,503
Provision for bonuses	52,113	60,383

(Notes to the interim consolidated Statement of cash flows)

※ The relationship between the balance of cash and cash equivalents at the end of the interim period and the amounts of the accounts listed on the interim consolidated Balance sheet is as follows.

	Previous interim consolidated accounting period (From April 1, 2025. Through September 30, 2025)	Current interim consolidated accounting period (From April 1, 2026 Through September 30, 2026)
Cash and deposits account	3,572,376 thousand yen	7,442,637 thousand yen
Time deposits with deposit periods exceeding 3 months	-	(2,500,000)
Other current assets	0	0
Cash and cash equivalents	3,572,377	4,942,637

(Notes on segment information, etc.)

[Segment Information]

I Previous interim consolidated accounting period (For the six months ended September 30, 2025)

1. Information on the amount of Net sales and profit or loss by reporting segment

(Unit: Thousands of yen)

	Reporting segments			Adjustments	Interim Consolidated Income Amount recorded in the statements
	Game business	Content business	Total		
Revenue					
(1) Net sales to external customers	7,930,675	307,964	8,238,640	-	8,238,640
(2) Internal Net sales or transfer amount between segments	6,657	16,064	22,722	(22,722)	-
Total	7,937,333	324,028	8,261,362	(22,722)	8,238,640
Segment profit or loss (-)	(114,888)	(459,950)	(574,839)	-	(574,839)

(Note) Segment profit or segment loss (-) is reconciled with operating loss in the interim consolidated Statement of income.

2. Information on Impairment losses of Non-current assets by reporting segment

Impairment losses were recorded in the “Game” segment. The amount of such Impairment losses recorded in the Previous interim consolidated accounting period was 1,563,462 thousand yen.

II For the six months ended September 30, 2026

1. Information on Net sales and amounts of profit or loss by reporting segment

(Unit: Thousands of yen)

	Reporting segments			Adjustments	Interim consolidated profit and loss Amount recorded in the statement
	Game business	Content Business	Total		
Revenue					
(1) Net sales to external customers	7,890,532	438,349	8,328,881	-	8,328,881
(2) Internal Net sales or transfer amount between segments	22	371	394	(394)	-
Total	7,890,554	438,721	8,329,276	(394)	8,328,881
Segment profit or loss (-)	1,159,899	(500,635)	659,263	-	659,263

(Note) Segment profit or segment loss (-) is reconciled with Operating profit in the interim consolidated Statement of income.

(Significant Subsequent Events)

Not applicable.