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To whom it may concern

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Notice Regarding the Recognition of Extraordinary Losses, Revisions to Full-Year Consolidated Earnings Forecasts, and Dividend Forecasts

We hereby announce that we recorded extraordinary losses in the first quarter of the fiscal year ending March 31, 2026. Furthermore, we have revised the full-year consolidated financial forecast and dividend forecast for the fiscal year ending March 31, 2026, which were published on May 12, 2025, as detailed below.

1. Recognition of Extraordinary Losses and Their Details

Our company had anticipated that the mobile game application released at the end of the previous fiscal year would generate revenue on par with our main titles. However, in the prior fiscal year, the revenue fell short of expectations, resulting in a loss. In the first quarter of the current fiscal year, we pursued proactive promotions to bring the app on track, but revenue remained below expectations, leading to continued losses. Consequently, we reassessed its future earnings potential and calculated the recoverability of the investment. As a result, we decided to recognize an impairment loss on the assets related to the game application.

From the above, we recorded an impairment loss on software of ¥1,563 million as an extraordinary loss in the fiscal year ending March 2026 1Q financial results.

2. Revision of Full-Year Consolidated Earnings Forecast

(1) Revision of Consolidated Earnings Forecast Figures for FY03/2026 (April 1, 2025 – March 31, 2026)

	Net sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Owners of Parent	Basic Earnings Per Share
Previous forecast (A)	Million yen 20,000	Million yen 1,000	Million yen 950	Million yen 500	Yen 17.40
Revised forecast (B)	17,500	500	400	-1,300	-45.23
Increase (Decrease) (B-A)	-2,500	-500	-550	-1,800	
Increase (Decrease) (%)	-12.5	-50.0	-57.9	-	
(Reference) Previous Year Results (FY03/2025)	12,655	112	53	-1,035	-36.10

(2) Reasons for Differences

Regarding net sales, as noted in “1. Recognition of Extraordinary Losses and Their Details” the revenue from the smartphone game app released at the end of the previous fiscal year fell below expectations in 1Q of the current fiscal year. Consequently, we revised downward the net sales forecast for Q2 and beyond. On the other hand, the game title *Wizardry Variants Daphne*, which was released in the previous fiscal year, continues to perform steadily. The return on advertising investment remains favorable, and in consideration of ongoing efforts such as active promotions and strengthening global expansion, we revised upward the net sales forecast for Q2 and beyond.

Operating income and ordinary income were adjusted based on the sales revisions mentioned above, as well as the following factors: as detailed in “1. Recognition and Details of Extraordinary Losses,” impairment losses on software were recognized, leading to a revision of the projected depreciation expense for FY03/2026 from the previously announced forecast of ¥2,000 million to ¥1,100 million. Furthermore, in

order to expand the reach of 'Wizardry Variants Daphne,' active promotional efforts are planned, resulting in an upward revision of the FY03/2026 advertising expenses forecast from ¥2,215 million to ¥2,530 million. In addition, the adjustment reflects the curtailment of fixed costs such as R&D expenses.

Net income attributable to owners of the parent has been revised due to factors affecting operating income and ordinary income, as well as the recognition of extraordinary losses amounting to ¥1,563 million, as described in "1. Recognition of Extraordinary Losses and Their Details"

3. Regarding the Revision of Dividend Forecasts

(1) Revision to the Dividend Forecast for FY03/2026

	Annual Dividends (Yen)		
	End of Q2	End of Term	Total
Previous Forecast	¥0.00	¥5.00	¥5.00
Revised forecast	¥0.00	Undecided	Undecided
Results for the Period			
Previous Results (FY03/2025)	¥0.00	¥0.00	¥0.00

(2) Reasons for the Differences

We recognize shareholder returns as one of our key management priorities. Decisions regarding the level of returns are made after carefully considering trends in business performance and financial position, as well as the status and future plans of research and development investments.

For FY03/2026, as stated in " 2. Revision of Full-Year Consolidated Earnings Forecast" we have revised the full-year earnings outlook due to sales in the gaming business falling below expectations and the recording of impairment losses on software, among other factors.

Regarding the forecast for the year-end dividend for this fiscal year, it is currently undecided. We will carefully assess trends in business performance and financial conditions before determining the level of profit distribution and announcing it accordingly.

4. Future Outlook

For details on the above and future outlook, please refer to the "FY03/2026 1Q Consolidated Financial Results(Under Japanese GAAP)" and the "FY03/2026 1Q Financial Results Presentation Materials" released today.