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To whom it may concern

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## **Notice Regarding Recognition of Extraordinary Losses, Recording of Deferred Tax Benefit, and Differences Between Full-Year Earnings Forecasts and Actual Results**

We recorded extraordinary losses and deferred tax benefit in our financial results for the fiscal year ended March 2025. There was also a difference between the consolidated financial forecast for the full fiscal year ending March 2025, which we announced on January 30, 2025, and the actual results announced today. Details are provided below.

### Notice

#### 1. Recording of extraordinary losses and their details

Our company has conducted a reassessment of future earnings for a PC and console game title currently under development due to changes in project strategy. As a result, we have determined the recoverable value of investment and decided to record an impairment loss on certain assets related to this game title.

Additionally, regarding shares of an unlisted company in which we had previously invested, we have recorded a valuation loss due to a significant decline in the actual value of those shares caused by the company's deteriorating financial condition.

Based on the above, in the financial results for the fiscal year ending March 2025, we recorded a total extraordinary loss of ¥569 million, consisting of an impairment loss of 520 million yen on software in progress and a valuation loss of ¥49 million on investment securities.

#### 2. Recorded deferred tax benefit and its details

Based on the performance for the fiscal year ending March 2025 and future business outlook, we have carefully reviewed the recoverability of deferred tax assets. As a result, we have decided to recognize deferred tax assets for the portion deemed recoverable.

Accordingly, in the financial results for the fiscal year ending March 2025, we recorded a deferred tax benefit of ¥234 million.

#### 3. The difference between full-year performance forecasts and actual results

(1) Differences Between the Fiscal Year Ending March 2025 Consolidated Earnings Forecast and Actual Results (April 1, 2024 – March 31, 2025)

	Net sales	Operating Profit	Ordinary Profit	Net Profit Attributable to Owners of Parent	Basic Earnings Per Share
Previous forecast (A)	Million yen 13,500	Million yen 500	Million yen 400	Million yen -200	Yen -6.96
Revised forecast (B)	12,655	112	53	-1,035	-36.10

Increase (Decrease) (B-A)	-845	-388	-347	-835	
Increase (Decrease) (%)	-6.3	-77.6	-86.7	-	
(Reference) Results for fiscal year ending March 31, 2024	9,779	903	793	104	3.64

## (2) Reasons for Differences

Regarding revenue, sales increased year-on-year due to contributions from the new title "Wizardry Variants Daphne". However, overall revenue from the gaming business fell short of projections, resulting in a variance of 845 million yen compared to the performance forecast.

As for operating profit and ordinary profit, factors such as the below-projection sales of the gaming business and an increase in advertising costs from the originally estimated 542 million yen to 600 million yen in the fourth quarter for acquiring users of new titles led to variances. Specifically, operating profit showed a variance of 388 million yen, and ordinary profit had a variance of 347 million yen.

Net profit attributable to owners of parent company was impacted not only by the above factors affecting operating and ordinary profits but also by factors detailed under "1. Recognition and details of extraordinary loss" and "2. Recognition and details of deferred tax benefit." These include recognition of an extraordinary loss of 569 million yen and deferred tax benefit of 234 million yen, resulting in a total variance of 835 million yen.

## 4. Future Outlook

The details mentioned above, as well as the outlook going forward and the full-year performance forecast for the fiscal year ending March 2026, can be found in today's announcement titled "Summary of Financial Results for the Fiscal Year Ending March 2025 [Japanese Standards] (Consolidated)."

This concludes the notice