



Drecom (3793)

FY2022 Full Year Results
April 1, 2021 – March 31, 2022

GIR Earnings View

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Summary of Full Year
Financial Results for
the Fiscal Year Ending
March 31, 2022

- The company announced its full-year results for the fiscal year ending March 31, 2022, after the close of trading on May 12, 2022. Full-year sales declined 11.1% YoY to 10.53 billion yen, operating profit fell 22.5% YoY to 1.59 billion yen, and net income fell 50.3% YoY to 810 million yen. In the fourth quarter (January-March), sales declined 8.7% YoY to 2.45 billion yen, operating profit fell 53.6% to 170 million yen, and net loss was 46 million yen.
- Compared to the company's full-year forecast announced in January, net sales fell short of the forecast by 3.4% (370 million yen), operating income by 6.4% (110 million yen), and net income by 19.3% (190 million yen), respectively. The main reasons for the shortage were (1) the impact of lower-than-expected sales of new titles, (2) the advance recording of 60 million yen in operating expenses for the current fiscal year, that was at a risk of occurring in the next fiscal year, and (3) the recording of a total of 310 million yen in extraordinary losses, including impairment losses on game-related assets and losses on the revaluation of investment securities. This was mainly due to the early handling of the problem caused by the softer performance of new titles.
- The announcement of the first dividend (5 yen) at the same time as the full-year results is a noteworthy change, and can be seen as a sign of the company's confidence in its ability to generate cash in a stable manner.

- The company's forecast for fiscal year ending March 31, 2023, announced simultaneously with the current full-year results, calls for sales of 13.0 billion yen (+23.5% YoY), operating profit of 2.0 billion yen (+25.7% YoY), and net income of 1.2 billion yen (+48.6% YoY). The company had previously announced forecasts only for the following quarter, but switched to a full-year basis in FY23/3. This is likely due to the fact that the company has settled on a stable outlook for the game business.
- The FY 23/3 is likely to get off to a solid start with the anniversary events of mainstay titles coinciding in the first quarter. The company expects a total of three new releases, including Wizardry VA (tentative), to contribute to earnings in the second half of the year. The company expects operating income of 2.0 billion yen, close to its record high (2.05 billion yen in FY21/3), despite increased expenses, including a 480 million yen increase in advertising costs associated with the release of new titles and a 390 million yen increase in R&D costs for new businesses.

Outlook for FY2023

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Integrity & Sustainability

Performance Index (Consolidated: Quarterly)														
Income Statement														(JPY mn)
Year Ending	FY20/03		FY21/03				FY22/03					FY23/03		
	1Q-4Q	1Q	2Q	3Q	4Q	1Q-4Q	1Q	2Q	3Q	4Q CE	Q4 Actual	1Q-4Q CE	1Q-4Q Actual	1Q-4Q CE
Accounting Standard	Japanese GAAP													
Sales	10,150	3,303	2,882	2,971	2,685	11,841	2,661	2,524	2,893	2,822	2,450	10,900	10,529	13,000
YoY	-5.3%	46.6%	28.9%	19.7%	-15.5%	16.7%	-19.4%	-12.4%	-2.6%	5.1%	-8.7%	-7.9%	-11.1%	23.5%
Gross Profit	2,192	1,067	889	1,120	921	3,997	1,040	957	1,023	-	776	-	3,797	-
YoY	52.87%	87.1%	60.1%	90.8%	92.0%	82.32%	-2.5%	7.7%	-8.7%	-	-15.7%	-	-5.0%	-
Gross Profit Margin	21.6%	32.3%	30.9%	37.7%	34.3%	33.8%	39.1%	37.9%	35.4%	-	31.7%	-	36.1%	-
SG&A	1,575	443	461	488	552	1,944	536	494	570	-	605	-	2,205	-
YoY	-21.7%	0.3%	31.1%	25.7%	40.4%	23.4%	20.9%	7.2%	16.8%	-	9.6%	-	13.4%	-
Operating income	617	624	428	632	369	2,053	504	463	453	280	171	1,700	1,591	2,000
YoY	-	-386.4%	110.1%	218.3%	326.8%	232.7%	-19.2%	8.1%	-28.4%	-24.1%	-53.6%	-17.2%	-22.5%	25.7%
Operating income margin	6.1%	18.9%	14.9%	21.3%	13.7%	17.3%	18.9%	18.4%	15.6%	9.9%	7.0%	15.6%	15.1%	15.4%
Ordinary income	636	609	423	622	366	2,019	492	449	440	268	161	1,649	1,542	1,900
YoY	-	-301.4%	194.6%	183.8%	200.8%	217.5%	-19.1%	6.1%	-29.3%	-26.6%	-56.0%	-18.3%	-23.6%	23.2%
Net income	711	467	359	473	326	1,625	301	311	241	147	-46	1,000	807	1,200
YoY	-	-282.4%	291.7%	167.3%	1.6%	128.4%	-35.6%	-13.3%	-49.0%	-55.0%	-114.1%	-38.4%	-50.3%	48.6%
Net income margin	7.0%	15.0%	13.0%	16.0%	12.1%	13.7%	11.3%	12.3%	8.3%	5.2%	-1.9%	9.2%	7.7%	9.2%

Source: Global IR, Inc. based on company's annual securities report

Note: CE=Company Estimate. Rounded under JPY mn. Rounded to one decimal place. *Calculated by Global IR, Inc.

Financial Data (Consolidated, Full Year)						
Per-Share Data						(Consolidated)
Year Ending	FY 17/3	FY 18/3	FY 19/3	FY 20/3	FY 21/3	FY 22/3
Total No. of Shares outstanding (,000)	14,371	28,742	28,819	28,894	28,976	29,073
EPS	29.7	-7.2	-60.5	25.0	57.0	28.3
Adjusted EPS	29.7	-	-	25.0	56.9	28.3
BPS	113.2	106.7	47.9	74.2	132.9	159.1
DPS	0	0	0	0	0	5

Cash Flow							(JPY mn)
Year Ending	FY 17/3	FY 18/3	FY 19/3	FY 20/3	FY 21/3	FY 22/3	
Depreciation	214	299	462	382	626	537	
Sales Cash Flow	846	-79	78	691	3,196	1,603	
Investment Cash Flow	-456	-1,958	-123	-101	-1,140	-1,766	
Financial Cash Flow	1,345	2,288	-271	-1,188	968	-388	

Financial Data							(%)
Year Ending	FY 17/3	FY 18/3	FY 19/3	FY 20/3	FY 21/3	FY 22/3	
ROA	16.7	-0.4	-16.8	9.5	25.2	16.0	
ROE	35.5	-6.6	-78.2	41.0	55.0	19.4	
Equity Ratio	47.0	33.2	19.6	32.9	39.5	46.9	

Source: Global IR, Inc. based on company's annual securities report.

Note: Rounded under JPY mn. Rounded to one decimal place. *Calculated by Global IR, Inc.



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