



Drecom (TSE Code: 3793)

Wizardry Drives Revenue as Performance Bottoms Out

GIR View

Highlights

Drecom announced its "Third Quarter Financial Results for the Fiscal Year Ending March 2026" after the market closed on January 29, 2026. The company recorded its highest quarterly sales and achieved positive operating income and ordinary income on a cumulative third-quarter basis. As a result, the substantial year-on-year increases in operating income and ordinary income indicated in the full-year earnings forecast have come within reach. However, the dividend for the current fiscal year, which had been undecided, is now forecast to be zero.

The stabilization of performance stems from several factors: financial corrective measures were implemented for newly released titles that underperformed expectations; *Wizardry Variants Daphne* celebrated its first anniversary, solidifying its position as a core revenue driver; existing key titles maintained stable earnings; costs for launching new titles and addressing fraudulent charges have subsided; and an appropriate advertising and promotion expense management system has been established.

Furthermore, the publishing and anime businesses are progressing steadily. The number of publications is maintaining a solid pace, and the novel *Thou Shalt Love thy Unwise King* ranked first in the [New Single Volume/Novels Category] of "This Light Novel Is Amazing! 2026" (TAKARAJIMA). The anime *The Holy Grail of Eris* has been airing nationwide since January 2026.

The immediate focus is on solidifying the performance of *Wizardry Variants Daphne* through language additions (Korean added in December) and collaboration events; an IP strategy centered on the "Wizardry" brand leading to a solidification of the revenue base;

KEY STATISTICS



Key Stock Statistics

Recent Price (01/29/2026)	¥420.00
52 Week High/Low	¥1,064.00/¥392.00
Shares Outstanding (Excluding Treasury Stock)	28,929,817 shares
Market Cap	¥12,150 million
PER (Company Forecast)	N/A
PBR	4.0 times
PSR (Company Forecast)	0.7 times
Dividend (Dividend Yield)	¥0.00(0.00%)

Sector

Sector	Information & Communications
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Financials (FY03/2026 CE)

Sales	¥17,500 million
Operating Income Margin (%)	2.9%
EBITDA Margin (%)	9.1%

Management

President	Naito Yuki
URL	https://drecom.co.jp/en/



progress in revenue stabilization of existing operational titles; the continuation of cost optimization; and multi-platform IP expansion of the publishing and anime businesses into novels, comics, and anime, which will boost overall earnings.

Beyond these developments lies the transformation into "a company that globally provides entertainment content centered on IP × Technology." We anticipate that the next earnings report will present a new mid-term growth vision alongside financial targets.

Summary of Third Quarter for Fiscal Year Ending March 2026: Strong Profitability Returns as *Wizardry Variants Daphne* Celebrates Its First Anniversary

Drecom announced its "Third Quarter Financial Results for the Fiscal Year Ending March 2026" after the market closed on January 29, 2026. The company recorded its highest quarterly sales and achieved positive operating income and ordinary income on a cumulative third-quarter basis.

Results for the October-December period were as follows: sales of 5,062 million yen (4,182 million yen in the same period last year), operating income of 671 million yen (288 million yen), EBITDA of 894 million yen (434 million yen), ordinary income of 657 million yen (275 million yen), and net income of 621 million yen (198 million yen).

Results were largely in line with company expectations. The flagship self-published title, *Wizardry Variants Daphne*, successfully held its first anniversary event in October and continued its growth (quarterly sales trend: Q3 last year 2.16 billion yen -> Q4 last year 2.48 billion yen -> Q1 2.30 billion yen -> Q2 2.05 billion yen -> Q3 2.97 billion yen). Financial measures for newly released titles that underperformed expectations have been completed, and operational measures for third-party distributed titles are progressing smoothly. Contributing factors include a subsiding of new title launch costs and measures to address fraudulent charges, as well as the establishment of an appropriate advertising and promotion expense management system. In the content business, the new novel *Thou Shalt Love thy Unwise King* achieved an important milestone by winning first place in the "This Light Novel Is Amazing! 2026" category.

Full-Year Earnings Forecast for FY03/2026 Remains Unchanged

The consolidated earnings forecast for the fiscal year ending March 2026 has been maintained (sales of 17.5 billion yen, operating income of 0.5 billion yen, EBITDA of 1.6 billion yen, ordinary income of 0.4 billion yen, and net loss attributable to shareholders of the parent company of 1.3 billion yen). Additionally, the dividend, which had been undecided, is now zero.

Considering the trends through the third quarter, this full-year forecast appears to be within reach. For the flagship title *Wizardry Variants Daphne*, language additions (Korean added in December 2025) and collaboration events are



planned, and the key will likely be whether these progress favorably as anticipated. Regarding new games, there are no plans to commence full-scale development within this fiscal year. Resources will be directed toward additional features for *Wizardry Variants Daphne*, which is a reasonable approach.

Key Points Going Forward: How Will the Full-Year Results Present a New Outlook Toward "A Company That Globally Provides Entertainment Content Centered on IP × Technology"?

The company's future strategy involves shifting from a smartphone game production-focused business to "a company that globally provides entertainment content centered on IP × Technology." This transition will reduce the risks associated with traditional smartphone game development methods, strengthen the revenue base through an IP strategy centered on the "Wizardry" brand, cultivate the company's own IPs multidimensionally through publishing and anime, and transition to a business structure that develops new games on a case-by-case basis. This approach will allow the company to achieve more stable growth with enhanced risk management, leading to an expected improvement in investors' assessment of its risk–return balance.

Considering this context, the key points of attention for the near term can be organized as follows:

The IP strategy centered on the "Wizardry" brand leading to the strengthening of the revenue base

- Reactivating dormant fans, acquiring new fans, and guiding these fans to the many IPs related to "Wizardry"
- Overseas expansion *Wizardry Variants Daphne*, manga adaptation *Wizardry Variants Daphne*, and anime adaptation *Blade & Bastard* leading to solidification of revenue as planned

Progress in revenue stabilization of existing operational titles

- Revenue improvement through optimization of operating costs and introduction of off-platform billing

A clear path to profitability in the content business becomes visible

- Steady expansion of publishing (novels, comics, webtoons), particularly comics
- Progress in anime production and manifestation of synergy effects with publishing and merchandising
 - *The Holy Grail of Eris* began airing in January 2026
 - Broadcast decisions for *Blade & Bastard* and *The 100th Time's the Charm*, which have been confirmed for anime adaptation

Beyond these developments lies a full-scale transformation from a smartphone game production-focused business to "a company that globally provides entertainment content centered on IP × Technology." As we have seen, the groundwork for this transformation is already falling into place.

We anticipate that the full-year earnings announcement will present a new mid-term growth strategy and financial targets, including the direction for future new game development.



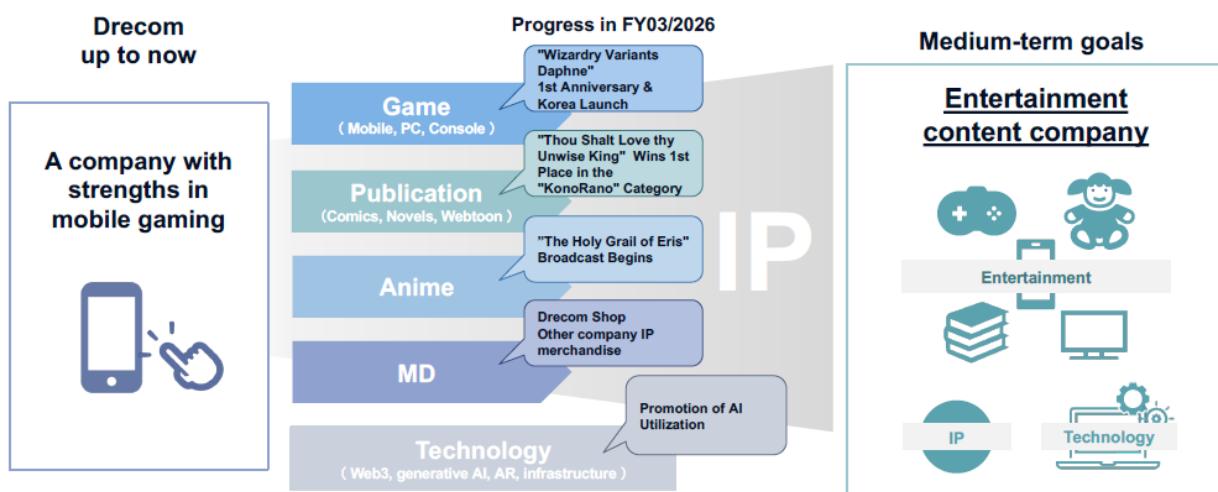
Reference Chart (Excerpt from the company's earnings presentation materials)

3. Medium-Term Goals

Medium-Term Goals and Progress



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

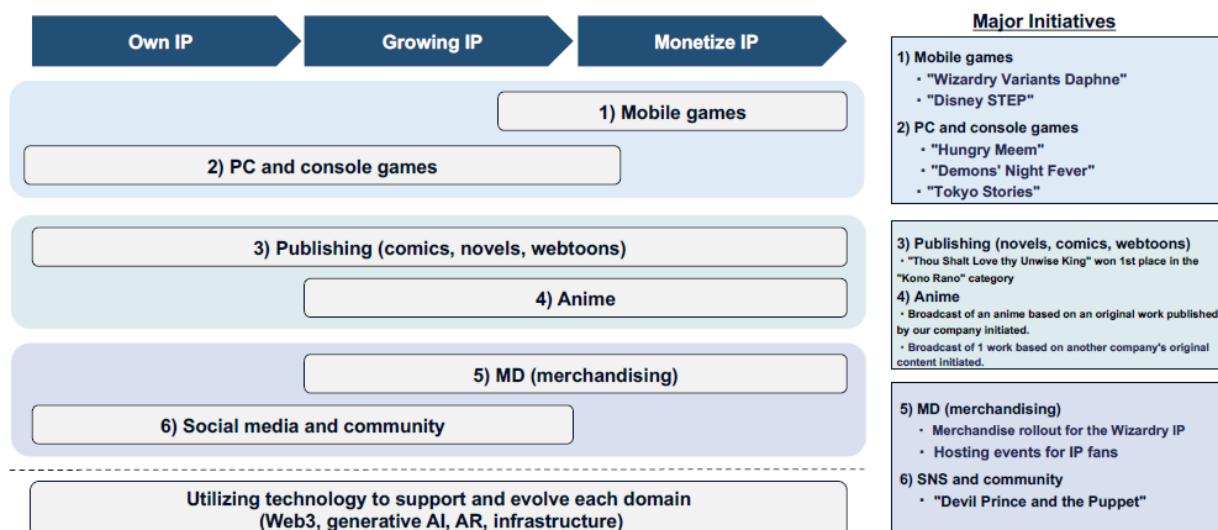


3. Medium-Term Goals

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.

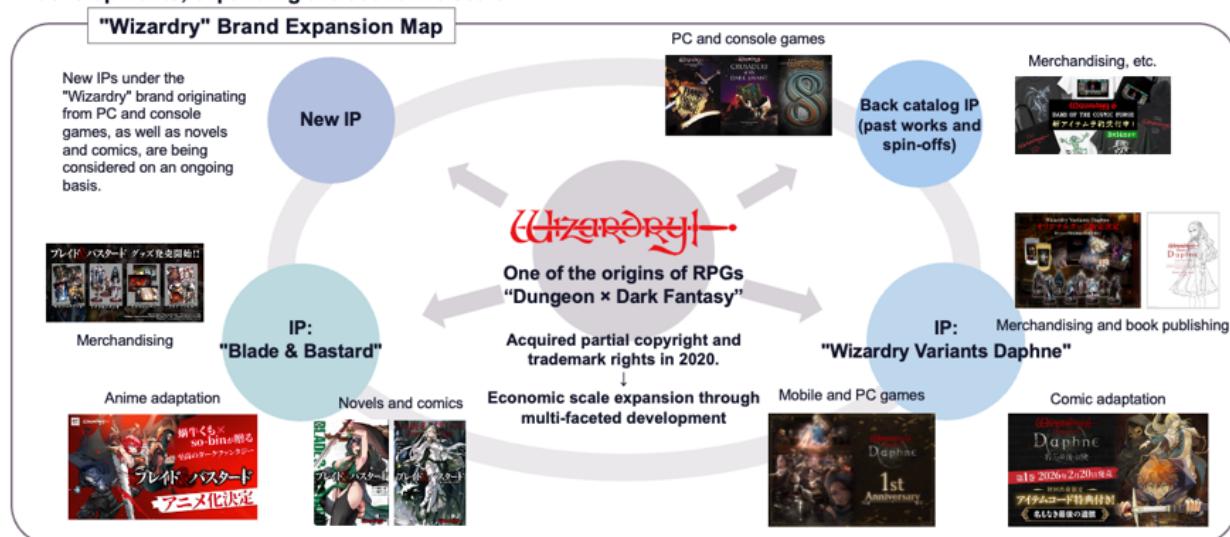


3. Medium-Term Goals

Case: IP strategy centered around the "Wizardry" brand



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

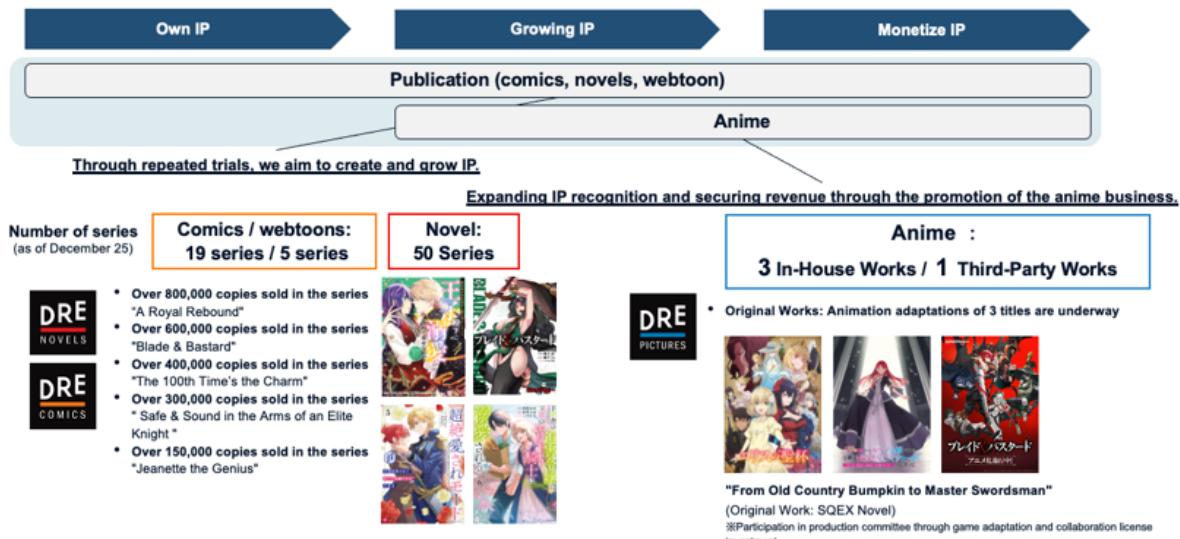


3. Medium-Term Goals

Case: Progress in the Publishing and Anime Business Domain



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



3. Medium-Term Goals

Case: Progress in the Publishing and Anime Business Domain



Won first place in the [New Single-Volume Books / Novels Category] in "This Light Novel Is Amazing! 2026" (Takarajimasha)

Novel "Thou Shall Love thy Unwise King"Publication Information

Author / Kentaro Honjo Illustration / toi8

- Format / 4-6 size
- Label / DRE Novels Publisher / Drecom

▼Click here for the work introduction

<https://drecom-media.jp/drenovels/series/nanji>

- "Thou Shall Love thy Unwise King" is the debut work of author Kentaro Honjo.
- As the first volume in DRE Novels' new series, it recorded the highest number of pre-orders to date and drew significant attention—so much so that a pre-release reprint was decided.
- Just three months after Volume 1's publication, it won first place in the [New Single-Volume Books / Novels Category] in "This Light Novel Is Amazing!".
- This marks our first category-first-place award in the three years since entering the publishing business.



Integrity & Sustainability

January 30, 2026

Drecom (3793) FY03/2026 Third Quarter Results

Financial Data (Consolidated: Quarterly)

Statements of Income (Millions of yen)

Accounting Period	FY03/2022	FY03/2023	FY03/2024	FY03/2025	FY03/2026			
					Q1	Q2	Q3	Full-year CE
Sales	10,528	10,800	9,779	12,655	4,466	3,771	5,062	17,500
YoY	-11%	3%	-9%	29%	110%	99%	21%	38%
Net Sales	3,796	4,558	3,404	3,477	1,281	924	1,846	
YoY	-5%	20%	-25%	2%	105%	177%	44%	
Net Sales Margin	36.1%	42.2%	34.8%	27.5%	28.7%	24.5%	36.5%	
SG&A	2,205	2,276	2,501	3,365	1,363	1,417	1,174	
YoY	13%	3%	10%	35%	97%	143%	18%	
Operating Income	1,591	2,281	903	112	(81)	(493)	671	500
YoY	-22%	43%	-60%	-88%	-	-	133%	346%
Operating Income Margin	15.1%	21.1%	9.2%	0.9%	-1.8%	-13.1%	13.3%	6.1%
Ordinary Income	1,541	2,192	793	53	(107)	(509)	657	400
YoY	-24%	42%	-64%	-93%	-	-	139%	655%
Net Income	807	1,159	104	(1,035)	(1,799)	(563)	621	(1,300)
YoY	-50%	44%	-91%	-	-	-	-	-
Net Income Ratio	7.7%	10.7%	1.1%	-8.2%	-40.3%	-14.9%	12.3%	-7.4%

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.

Note: CE = Company Estimate. Rounded to the nearest million yen, rounded to one decimal place. Calculated by Global IR, Inc.

Per Share Data (Consolidated)

Accounting period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Total Number of Shares Issued and Outstanding (Thousand Shares)	28,976	29,073	29,130	29,224	29,340
EPS	57.0	28.3	40.7	3.6	(36.1)
EPS Adjusted	56.9	28.3	40.6	3.6	(36.1)
BPS	132.9	159.1	195.7	196.3	162.5
DPS	0.0	5.0	5.0	0.0	0.0

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.

Note: Rounded to the nearest million yen, rounded to one decimal place. Calculated by Global IR, Inc.



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January 30, 2026

Drecom (3793) FY03/2026 Third Quarter Results

Cash Flows (Millions of yen)

Accounting Period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Depreciation and Amortization	627	537	269	145	526
Cash Flows from Operating Activities	3,196	1,603	2,666	(473)	634
Cash Flows from Investing Activities	(1,140)	(1,766)	(2,017)	(2,048)	(899)
Cash Flows from Financing Activities	969	(388)	659	2,413	(1,739)

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.

Note: Rounded to the nearest million yen, rounded to one decimal place. *Calculated by Global IR, Inc.*

Financial Ratios (%)

Accounting Period	FY03/2021	FY03/2022	FY03/2023	FY03/2024	FY03/2025
Return on Assets (ROA)	25.2	16.0	20.0	6.0	0.4
Return on Equity (ROE)	55.0	19.4	22.9	1.9	-20.1
Capital Adequacy Ratio	39.5	46.9	45.6	39.7	34.6

Source: Prepared by Global IR, Inc. based on company securities reports and company IR materials.

Note: Rounded to the nearest million yen, rounded to one decimal place. *Calculated by Global IR, Inc.*



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