

# FY2020 First Quarter Financial Results

DAIKOKU DENKI Co., Ltd.  
(Tokyo Stock Exchange, First Section, 6430)

# Consolidated Financial Highlights

# Consolidated Statements of Income (Summary)

Sales and profit decreased YoY

(millions of yen)	2019/6	2020/6	YoY Change	Rate of change
Net sales	9,140	5,311	-3,828	-41.9%
Gross profit-net	3,413	1,963	-1,450	-42.5%
Selling, general and administrative expenses	2,626	2,295	-330	-12.6%
Operating income	787	-331	-1,119	—
Ordinary income	829	-277	-1,106	—
Net income attributable to owners of the parent	546	-211	-758	—

Results in the mainstay Information System Business trended weakly and revenue increased

## Information System Segment

**Net sales in this segment were 4,115 million yen** →YoY Change -3,453 million yen( -45.6%)

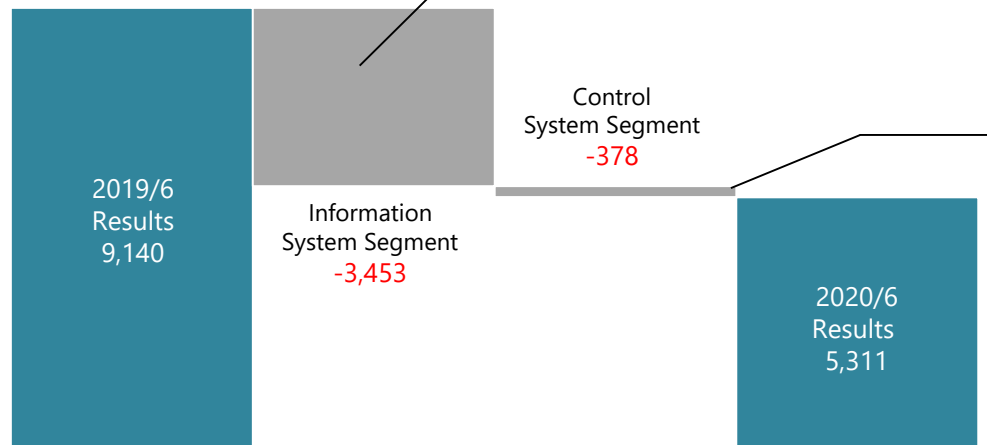
Equipment sales

In addition to the difficult market environment continuing on from the previous fiscal year, the requests to suspend pachinko parlor business dealt the final blow, and with facility investment limited because of delays to the opening of new parlors and the cancellation of renovation plans, sales of major products were greatly below those for the same period of the previous year.

Service sales

Sales of MIRAIGATE services fell due to the period of suspension of the monthly fee-based service for closed pachinko parlors.

(millions of yen)



## Control System Segment

**Net sales in this segment were 1,200 million yen**

→YoY Change -378 million yen( -23.9%)

Sales of parts for pachinko machines were favorable, but the number of amusement machines sold in the market overall decreased greatly under the impact of the pachinko parlor closures, resulting in sales of display units and control units below those for the same period of the previous year.

(Note) Business segment sales and income figures include intersegment transactions.

Profit decreased due to decreased Gross profit-net with decrease of Net sales

## Information System Segment

**Segment-operating income in this segment were 157 million yen**

→YoY Change -1,077 million yen( -87.2%)

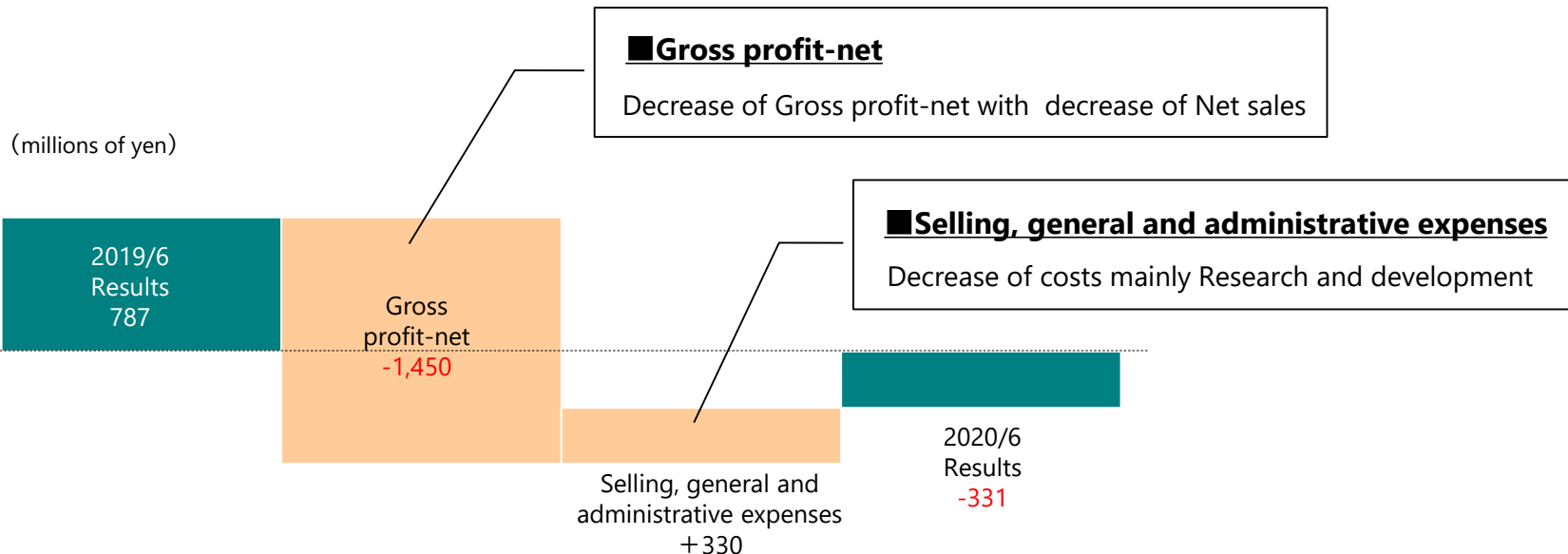
## Control System Segment

**Segment-operating income in this segment were - 83 million yen**

→YoY Change -84 million yen

(compared with a segment profit of ¥1 million in the same period of the previous year)

**The whole company cost : 45 million yen** → YoY Change - 42 million yen( -9.5%)



# Consolidated Balance Sheets (Summary)

D/E ratio (interest-bearing debts / net worth) secures 0.11 and enough soundness

(millions of yen)	FY2019	2020/6	YoY Change
Current assets	26,247	23,982	-2,265
Noncurrent assets	16,455	16,167	-287
Total assets	42,702	40,149	-2,552
Current liabilities	11,148	9,230	-1,918
Noncurrent liabilities	1,147	1,161	+13
Total liabilities	12,296	10,391	-1,904
Total net assets	30,406	29,757	-648
Total liabilities and net assets	42,702	40,149	-2,552
Debt	3,300	3,300	±0
Shareholders' equity ratio	71.2%	74.1%	+2.9%
D/E ratio	0.10	0.11	+0.01

• Total assets at the end of the first quarter of the current fiscal year were ¥40.149 billion, ¥2.552 billion less than at the end of the previous consolidated fiscal year, because sales activities contracted and accounts receivable and other trade receivables decreased significantly due to the impact of the requests to suspend business based on the declaration of a state of emergency and other measures associated with the spread of COVID-19 infections.

• Total liabilities at the end of the first quarter of the current fiscal year were ¥10.391 billion, ¥1.904 billion lower than at the end of the previous consolidated fiscal year because accounts payable and other outgoings decreased due to a revision of purchasing plans and efforts to reduce expenses in light of the uncertain impact of COVID-19 infections.

• Net assets at the end of the first quarter of the current fiscal year were ¥29.757 billion, ¥648 million lower than at the end of the previous consolidated fiscal year because of the recording of a quarterly net loss attributable to parent company shareholders in association with the impact of COVID-19 infections as described above.

• Shareholders' equity ratio was 74.1% (2.9 points up from the end of the previous consolidated fiscal year).

# FY Ending March 2021 Full Year Forecasts

\*There are no changes in the consolidated business performance forecasts for the second quarter, and for the full fiscal year ending March 2021, which were announced on May 21, 2020.

# FY Ending March 2021 Full Year Forecasts

We estimate that market changes in the industry will head towards normalization gradually from the 3rd quarter

(millions of yen)	FY2019			FY2020(Projected)			YoY Change
	1st half	2nd half	Total	1st half	2nd half	Total	
Net sales	18,643	14,279	32,922	11,000	17,000	28,000	-4,922
Gross profit-net	6,682	5,358	12,040	4,050	6,450	10,500	-1,540
Selling, general and administrative expenses	5,379	5,229	10,608	5,350	4,750	10,100	508
Operating income	1,302	129	1,431	-1,300	1,700	400	-1,031
Ordinary income	1,421	253	1,674	-1,250	1,750	500	-1,174
Net income attributable to owners of the parent	912	149	1,061	-1,250	1,550	300	761
Research and development expenses	713	457	1,170	650	103	753	417
Depreciation expense	1,022	1,190	2,212	987	1,132	2,119	-93
Capital investment	61	355	416	266	278	545	+128
Software	468	668	1,136	436	409	845	-291



# FY Ending March 2021 Full Year Forecasts by segment

Revenue and profits in Information Systems Business are expected to fall, but revenue and profits are expected to increase in Control Systems Business

(millions of yen)		FY2019			FY2020(Projected)			YoY Change
		1st half	2nd half	Total	1st half	2nd half	Total	
Information System Segment		14,908	11,446	26,354	8,500	12,500	21,000	-5,354
Control System Segment		3,750	2,848	6,598	2,500	4,500	7,000	+402
Segment sales		18,658	14,295	32,953	11,000	17,000	28,000	-4,953
Information System Segment		2,309	795	3,104	100	1,600	1,700	-1,404
Control System Segment		-66	144	78	-400	1,000	600	+522
Segment income		2,243	940	3,183	-300	2,600	2,300	-883
Corporate expenses		-940	-811	-1,751	-1,000	-900	-1,900	-149
Net sales		18,643	14,279	32,922	11,000	17,000	28,000	-4,922
Operating income		1,302	129	1,431	-1,300	1,700	400	-1,031

# Disclaimer

The contents in this material and comments made during the questions and answers etc. of this briefing session are the judgment and forecasts of the Company's management based on the currently available information.

These contents involve risk and uncertainty, and the actual results may differ materially from these contents/comments.

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