

FY2021 First Quarter Financial Results

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

Consolidated Financial Highlights

Consolidated Statements of Income (Summary)

Sales increased year-on-year, profits returned to profitability

(millions of yen)	2020/6	2021/6	YoY Change	Rate of change
Net sales	5,322	5,363	+40	+0.8%
Gross profit-net	1,974	2,475	+501	+25.4%
Selling, general and administrative expenses	2,295	2,099	-195	-8.5%
Operating income	-321	375	+697	—
Ordinary income	-277	398	+676	—
Net income attributable to owners of the parent	-211	264	+476	—

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

Information System Segment

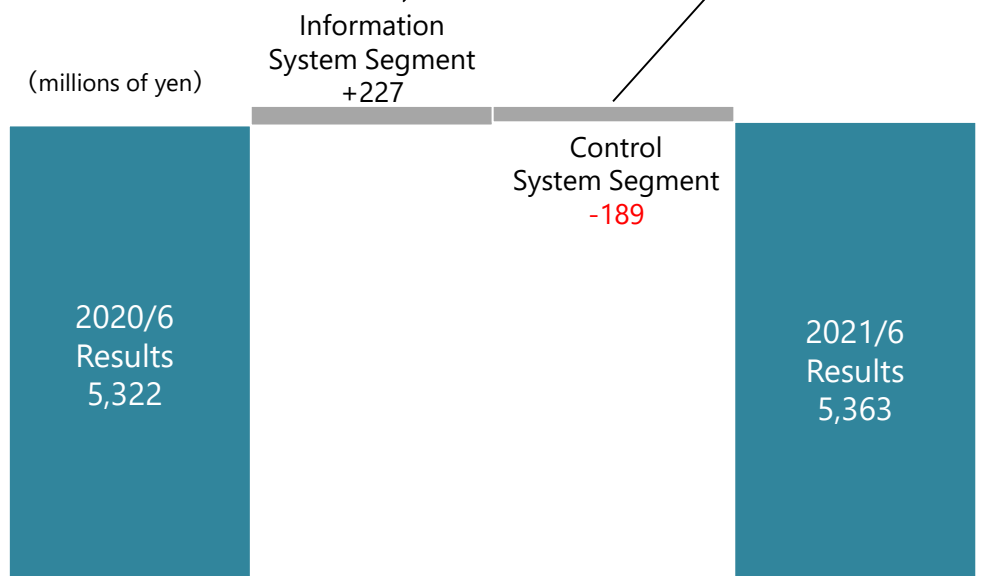
Net sales in this segment were 4,343 million yen →YoY Change +227 million yen (+5.5%)

Triggered by activities such as proposals of specific management methods for new rule pachinko machines in the “Web Seminars” for pachinko parlor operators implemented in March 2021, the number of system upgrades to “X (Kai)” AI hall computers and sales of “REVOLA” and “IL-X3” machines, information disclosure terminals that provide information on “play time” machines to fans in an easy-to-understand way, exceeded those for the same period of the previous term and trended steadily..

Control System Segment

Net sales in this segment were 1,022 million yen
→YoY Change -189 million yen (-15.6%)

Sales of control units for pachinko machines exceeded those for the same period of the previous year due to sales for large titles, but sales of display units and parts ended lower than those for the same period of the previous year.



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

Increased profit due to increase in gross profit due to cost ratio improvement

Information System Segment

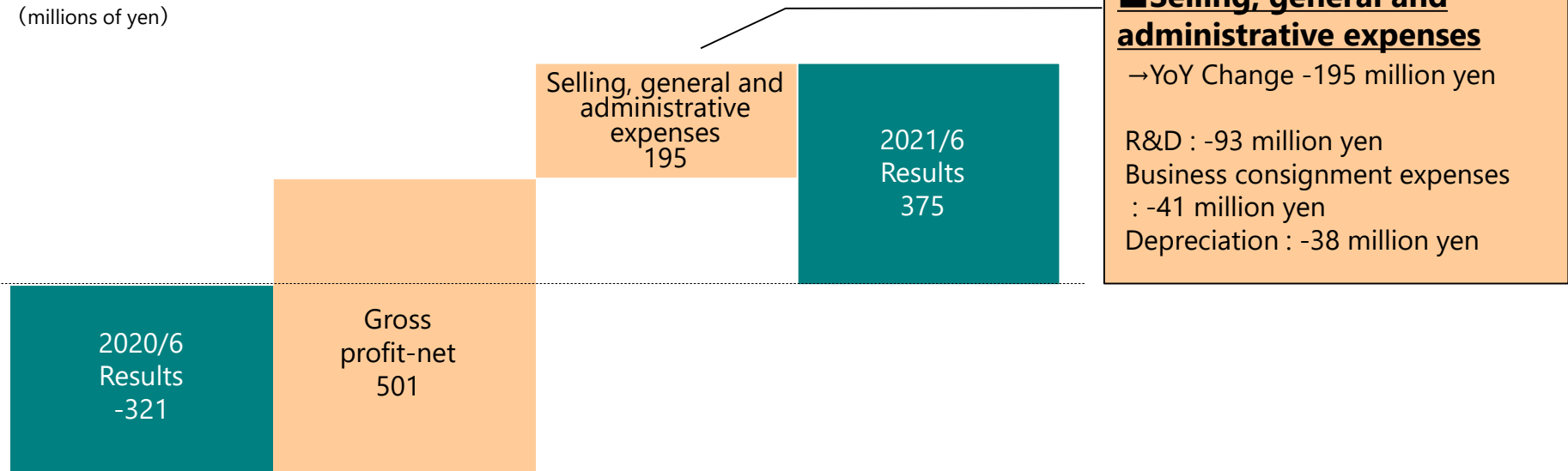
Segment-operating income in this segment were **643 million yen** →YoY Change +486 million yen(+309.8%)

Control System Segment

Segment-operating loss in this segment were **105 million yen** →YoY Change +177 million yen
(compared with a segment profit of -72 million yen in the same period of the previous year)

The whole company cost : 373 million yen → YoY Change -32 million yen(-8.1%)

(millions of yen)



Consolidated Balance Sheets (Summary)

D/E ratio (interest-bearing debts / net worth) secures 0.07 and enough soundness

(millions of yen)	FY2020	2021/6	YoY Change
Current assets	25,427	23,710	-1,717
Noncurrent assets	15,657	15,171	-485
Total assets	41,084	38,881	-2,203
Current liabilities	9,519	7,421	-2,097
Noncurrent liabilities	903	911	+8
Total liabilities	10,422	8,333	-2,089
Total net assets	30,662	30,548	-113
Total liabilities and net assets	41,084	38,881	-2,203
Debt	3,000	2,000	-1,000
Shareholders' equity ratio	74.6%	78.6%	+4.0%
D/E ratio	0.10	0.07	-0.03

• Total assets were ¥38.881 billion, ¥2.203 billion less than at the end of the previous consolidated fiscal year. This was because although electronically recorded claims increased under current assets, cash and deposits, and notes and accounts receivable decreased greatly, and tangible and intangible fixed assets decreased due to the recording of depreciation above their acquisition value.

• Liabilities were ¥8.333 billion, ¥2.089 billion less than at the end of the previous consolidated fiscal year, due to decreases in notes and accounts payable, the repayment of short-term loans, and decreases in accounts payable with regard to R&D expenses and software.

• Our net assets were ¥30.548 billion, ¥113 million lower than at the end of the previous consolidated fiscal year due to a decrease in retained earnings because of the recording of a quarterly net loss attributable to parent company shareholders.

• Shareholders' equity ratio was 78.6% (4.0 points up from the end of the previous consolidated fiscal year).

FY Ending March 2022 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 2022, which were announced on May 13, 2021.

FY Ending March 2022 Full Year Forecasts

We assume that capital investment by pachinko halls will trend towards recovery from the second half

(millions of yen)	FY2020		FY2021 (Forecasts)		YoY Change
	1st half	Total	1st half	Total	
Net sales	11,060	23,228	12,000	26,000	+ 2,771
Gross profit-net	4,332	9,388	4,850	10,400	+ 1,011
Selling, general and administrative expenses	4,556	8,897	4,650	9,550	+ 652
Operating income	- 24	490	200	850	+ 359
Ordinary income	- 18	986	270	1,000	+ 13
Net income attributable to owners of the parent	- 48	612	175	650	+ 37

Research and development expenses	426	819	370	900	+ 81
Depreciation expense	994	1,967	910	1,930	- 37
Capital investment	63	250	270	520	+ 270
Software	300	800	340	1,130	+ 330

FY Ending March 2022 Full Year Forecasts by segment

Both businesses posted higher sales, but the Information System segment posted lower profits due to positive investment

(millions of yen)		FY2020		FY20201(Forecasts)		YoY Change
		1st half	Total	1st half	Total	
	Information System Segment	8,206	17,462	9,000	19,500	+ 2,037
	Control System Segment	2,858	5,775	3,000	6,500	+ 724
	Segment sales	11,064	23,238	12,000	26,000	+ 2,761
	Information System Segment	540	1,939	900	1,850	- 89
	Control System Segment	- 5	- 15	100	600	+ 615
	Segment income	535	1,924	1,000	2,450	+ 525
	Corporate expenses	- 759	- 1,433	- 800	- 1,600	- 166
	Net sales	11,060	23,228	12,000	26,000	+ 2,771
	Operating income	- 224	490	200	850	+ 359

(Note) The amounts for results by business segment include intersegment transactions.

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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