

# **FY2023 Third Quarter Financial Results**

## **(2023/10-2023/12)**

DAIKOKU DENKI Co., Ltd.

(The Prime Market of the Tokyo Stock Exchange,

The Premier Market of the Nagoya Stock Exchange, 6430)

**FY2023  
Results**

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## **Consolidated Financial Highlights**

# Consolidated Statements of Income (Summary)

Consolidated results achieved record profits with significant increases in both sales and income.

(Million yen)	FY2022 3Q	FY2023 3Q	YoY change	Rate of change
Net sales	11,289	<b>43,849</b>	+20,563	+88.3%
Gross profit-net	5,233	<b>20,421</b>	+9,624	+89.1%
Selling, general and administrative expenses	4,483	<b>8,756</b>	+1,909	+27.9%
Operating income	749	<b>11,664</b>	+7,715	+195.4%
Ordinary income	871	<b>11,731</b>	+7,587	+183.1%
Net income attributable to owners of the paren	570	<b>8,174</b>	+5,341	+188.6%

Information Systems Segment achieved a significant increase in sales, reaching a record high.

## Information System Segment

Net sales in this segment  
**40,865 million yen**

YoY Change +**21,644** million yen

Increase and record sales

**+112.6%**

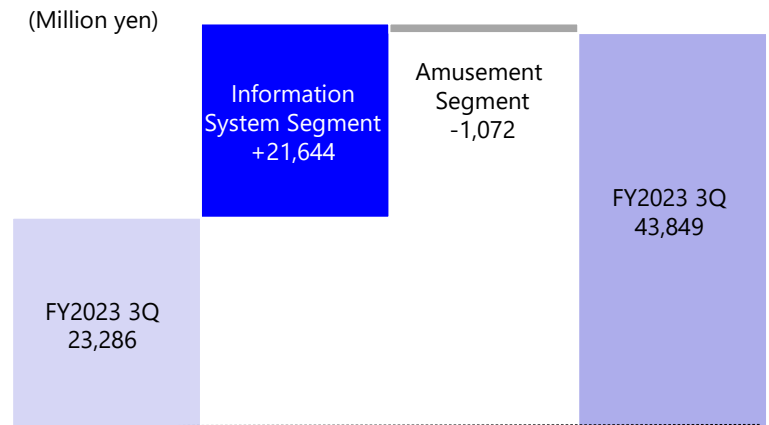
## Products for pachinko halls, etc.

**35,910 million yen**

YoY Change +**21,495** million yen



With the introduction of smart game machines, sales of card unit "VEGASIA," information disclosure terminal "REVOLA," and "BIGMO PREMIUM" have been performing well.



\*Including inter-segment transactions.

## Service

**4,954 million yen**

YoY Change +**149** million yen



The sales of "Services" increased year on year due to steady sales of increase of MIRAI GATE service in response to market changes with the launch of "ClarisLink" and "Market-SIS".

Amusement Segment net sales in this segment were -26.3% sales decreased

## Amusement Segment

Net sales in this segment  
**2,999 million yen**

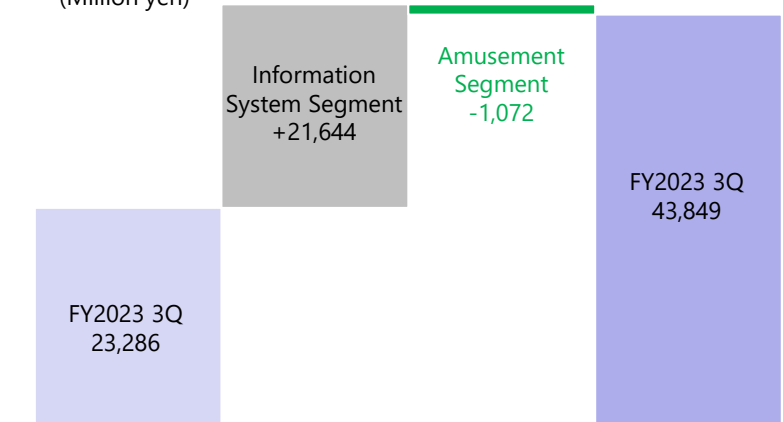
YoY Change **-1,072** million yen

Decrease  
in sales

**-26.3%**

\*Including inter-segment transactions.

(Million yen)



\*Including inter-segment transactions.

## Display and control units for games machine manufacturers

**1,077 million yen**

YoY Change **-743** million yen

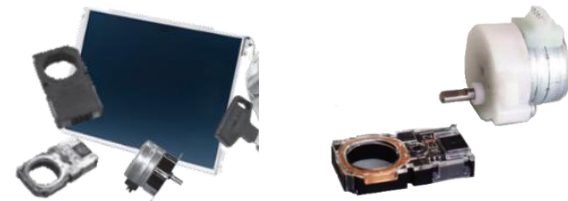


Sales of display units and control units for pachinko machines, as well as parts sales, have fallen below the same period of the previous year.

## Parts and others

**1,906 million yen**

YoY Change **-338** million yen



\*As of April 2023, the name of reportable segment previously known as the Control System Segment has been changed to the Amusement Segment. This is a name change of the reportable segment and has no impact on segment information.

# Operating Income

Information Systems Segment achieved record profits with a significant increase in income.

## Information System Segment

Operating income in this segment  
**13,336 million yen**

YoY Change **+8,669** million yen

Increase and  
record sales

**+185.8%**

The Unit Sales of the card unit "VEGASIA" and the information disclosure terminals "REVOLA" and "BiGMO PREMIUM" have been performing well, resulting in increased earnings.

## Amusement Segment

Operating income in this segment  
**-268 million yen**

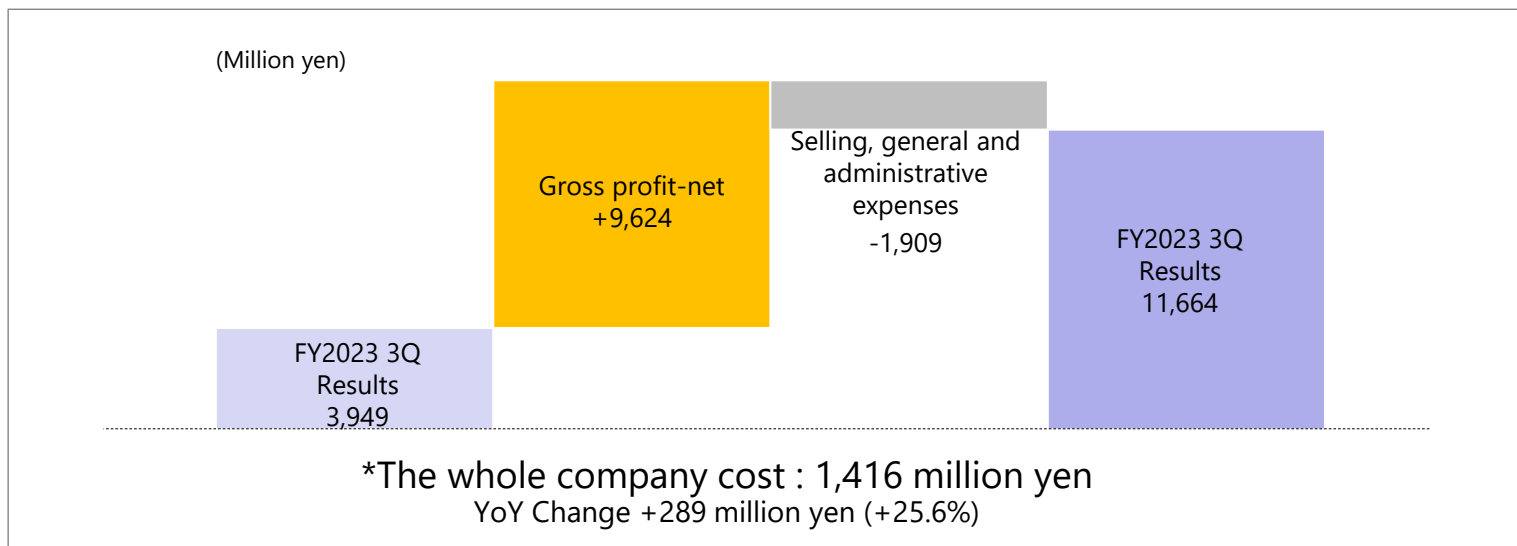
YoY Change **-675** million yen

Decrease  
in income

compared to a segment loss of 404 million yen in the same period last year

\*Including inter-segment transactions.

Sales of display units and control units for pachinko machines, as well as parts sales, have fallen below the same period of the previous year, resulting in decreased profits compared to the same period last year.



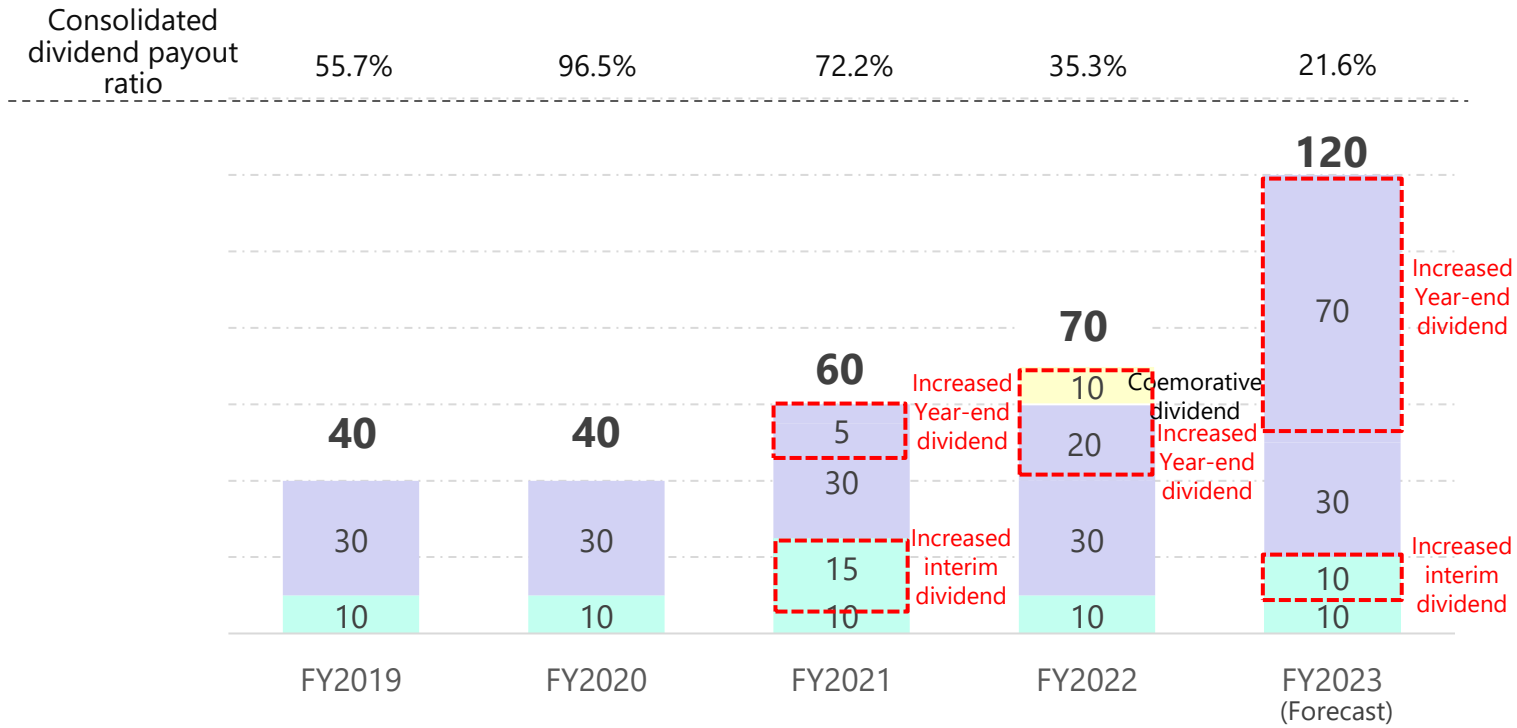
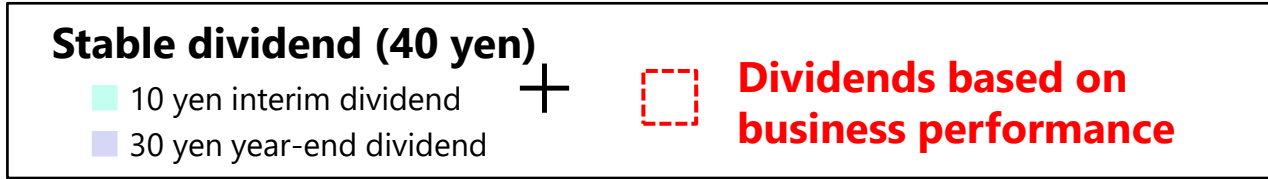
# Consolidated Balance Sheets (Summary)

D/E ratio (interest-bearing debts / net worth) secures 0.05 and enough soundness

(Million yen)	FY2022	FY2023 2Q	YoY change	
Current assets	33,626	<b>44,662</b>	+11,035	<p>■ Total assets <b>Increase</b></p> <p>Increase of ¥11,337 million from the end of the previous consolidated fiscal year due to an increase in trade receivables resulting from strong business performance and an increase in products in response to capital investment demand.</p>
Noncurrent assets	14,672	<b>14,973</b>	+301	
Total assets	48,298	<b>59,636</b>	+11,337	
Current liabilities	13,966	<b>18,232</b>	+4,266	<p>■ Total liabilities <b>Increase</b></p> <p>Increase of ¥4,341 million from the end of the previous fiscal year due to increase in income taxes payable resulting from strong business performance.</p>
Noncurrent liabilities	932	<b>1,008</b>	+75	
Total liabilities	14,898	<b>19,240</b>	+4,341	<p>■ Total net assets <b>Increase</b></p> <p>Increase of 6,995 million yen from the end of the previous fiscal year due to posting of net income attributable to owners of the parent despite payment of cash dividends.</p>
Total net assets	33,399	<b>40,395</b>	+6,995	
Total liabilities and net assets	48,298	<b>59,636</b>	+11,337	
Debt	2,001	<b>2,000</b>	0	<p>■ Shareholders' equity ratio <b>Decrease</b></p> <p>Assets decreased 1.5% from the end of the previous fiscal year due to an increase in assets as well as net assets.</p>
Shareholders' equity ratio	69.2%	<b>67.7%</b>	-1.5%	
D/E ratio	0.06	<b>0.05</b>	-0.01	

# Dividends

- Basic policy to pay stable dividends, taking into account the business environment, earnings conditions, dividend payout ratio, and other factors, and to return profits to shareholders (special dividends) in line with business performance
- Due to the current strong performance, we plan to increase the year-end dividend by 70 yen to a record annual dividend of 120 yen.





**FY2023  
Results**

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**FY2023 Full Year Forecast  
(2023/4-2024/3)**

# FY2023 Full Year Forecast

- Significant increase in sales and profit on higher unit sales of equipment for smart game machines, and record-high profit.
- Aggressive development investment led to a significant increase in R&D expenses and capital expenditures YoY

(Million yen)	FY2022	FY2023		YoY change	Rate of change
	Full year	1st half	Full year (Forecast)		
Net sales	31,824	29,168	<b>53,500</b>	+21,675	+68.1%
Gross profit-net	14,507	13,701	<b>24,600</b>	+10,092	+69.6%
Selling, general and administrative expenses	10,487	5,801	<b>12,900</b>	+2,412	+23.0%
Operating income	4,019	7,899	<b>11,700</b>	+7,680	+191.1%
Ordinary income	4,260	7,938	<b>11,800</b>	+7,539	+177.0%
Net income attributable to owners of the parent	2,927	5,502	<b>8,200</b>	+5,272	+180.1%
Research and development expenses	659	<b>440</b>	<b>1,300</b>	+640	+97.1%
Depreciation expense	1,589	<b>787</b>	<b>1,600</b>	+10	+0.7%
Capital investment	1,255	<b>615</b>	<b>2,200</b>	+944	+75.3%

\*Capital investment includes investments in tangible and intangible non-current assets.

# FY2023 Full Year Forecast by Segment

- Information System Segment increased sales and income due to higher sales volume of equipment for smart game machines, and record-high profit.
- Amusement Segment saw a decline in revenue and profit due to a decrease in the development of new machines and investment in smart pachislot.

(Million yen)	FY2022	FY2023		YoY change	Rate of change
	Full year	1st half	Full year (Forecast)		
Information System Segment	26,209	27,286	<b>46,500</b>	+20,290	+77.4%
Amusement Segment	5,639	1,890	<b>4,500</b>	-1,139	-20.2%
Segment sales	31,849	29,176	<b>51,000</b>	+19,150	+60.1%
Information System Segment	5,490	8,964	<b>12,700</b>	+7,209	+131.3%
Amusement Segment	140	-105	<b>-350</b>	-490	-
Segment income	5,631	8,858	<b>12,350</b>	+6,718	+119.3%
Corporate expenses	-1,615	-964	<b>-1,850</b>	-234	-14.5%

\*Business segment sales and income figures include intersegment transactions.

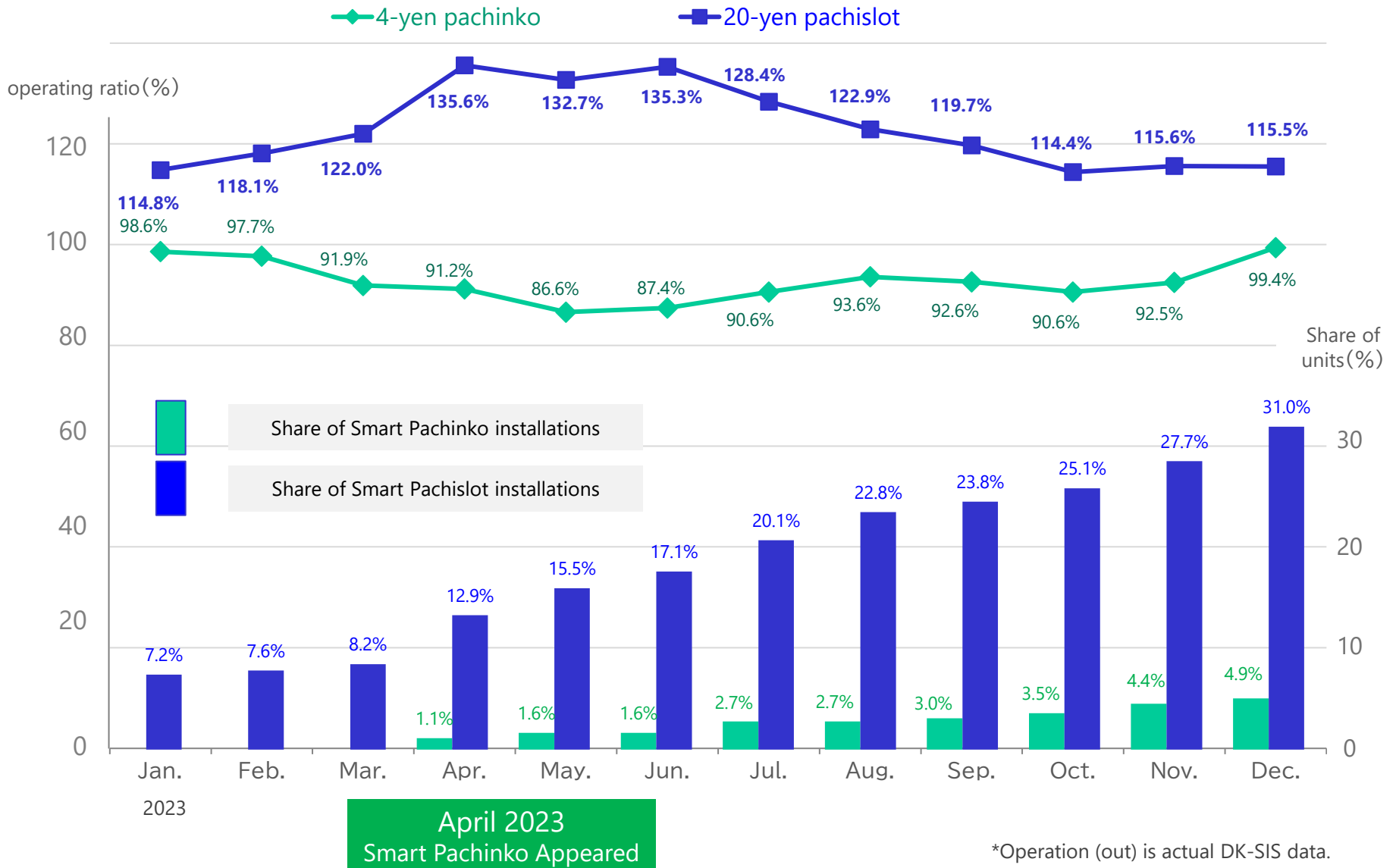
**FY2023  
Results**

**3**

**Reference Data**

# Operation (based on out) Monthly trend in YoY change

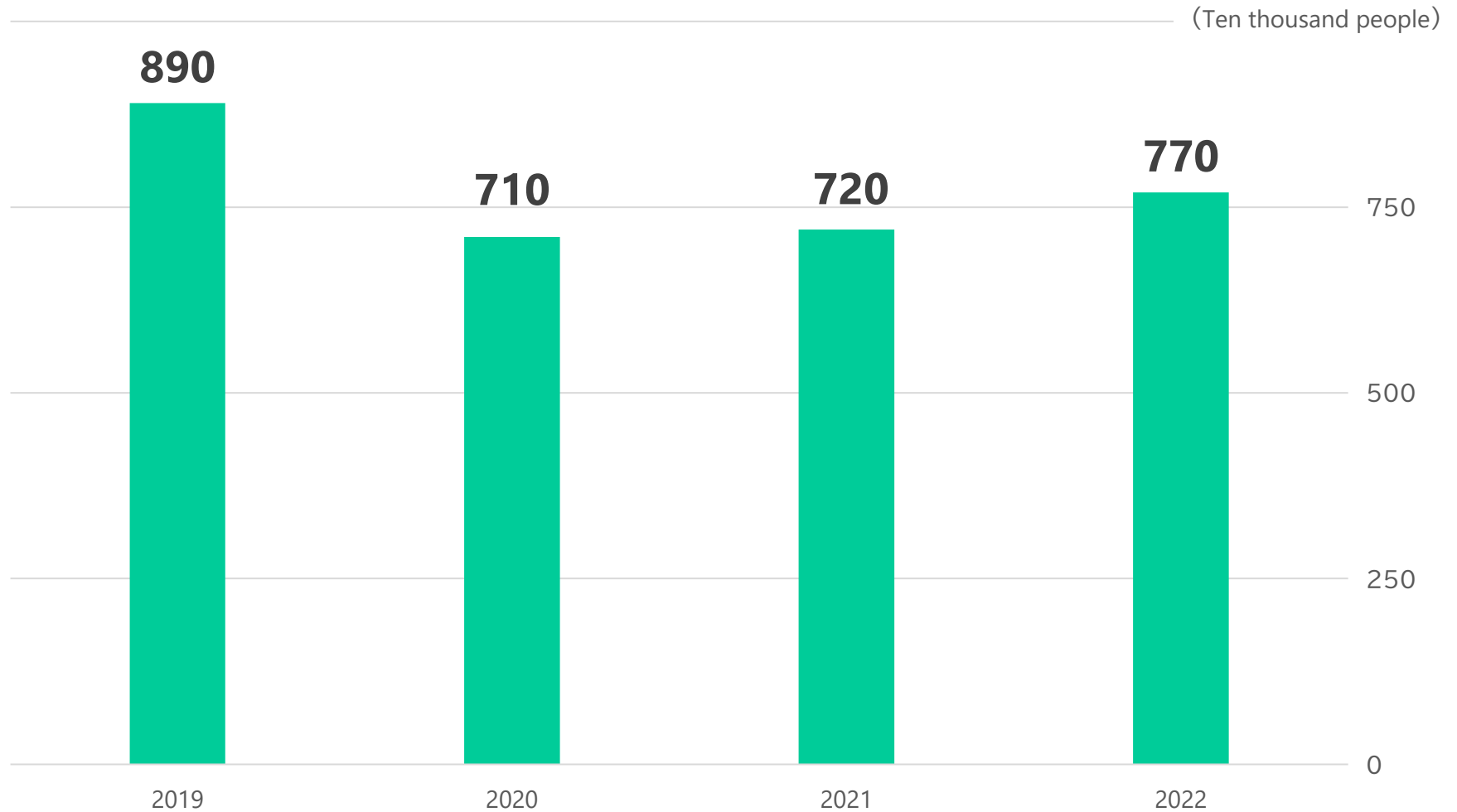
- Smart pachislot share of the installed base continues to grow steadily



\*Operation (out) is actual DK-SIS data.

# Pachinko player population

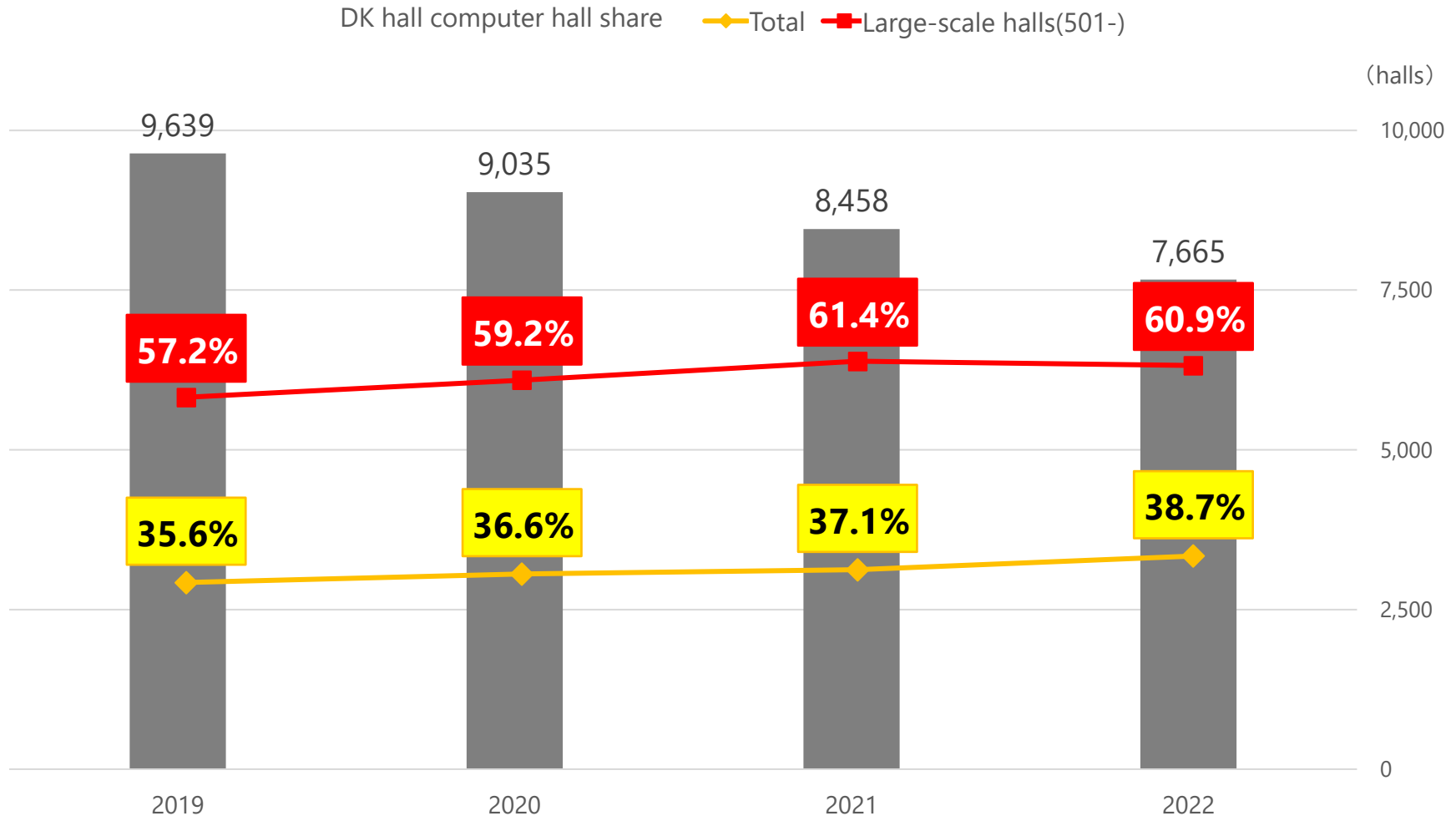
- Pachinko player population in 2022 will be 7.7 million, up for the second year in a row.
- 86.5% before Corona (2019), but expect further recovery with the spread of smart machines.



\*Date of from "Leisure White Paper 2023" by Japan Productivity Center

# Number of halls and share of DK hall computers

- Number of pachinko halls is declining, but our market share is increasing, especially among large parlors (No.1 in the industry)

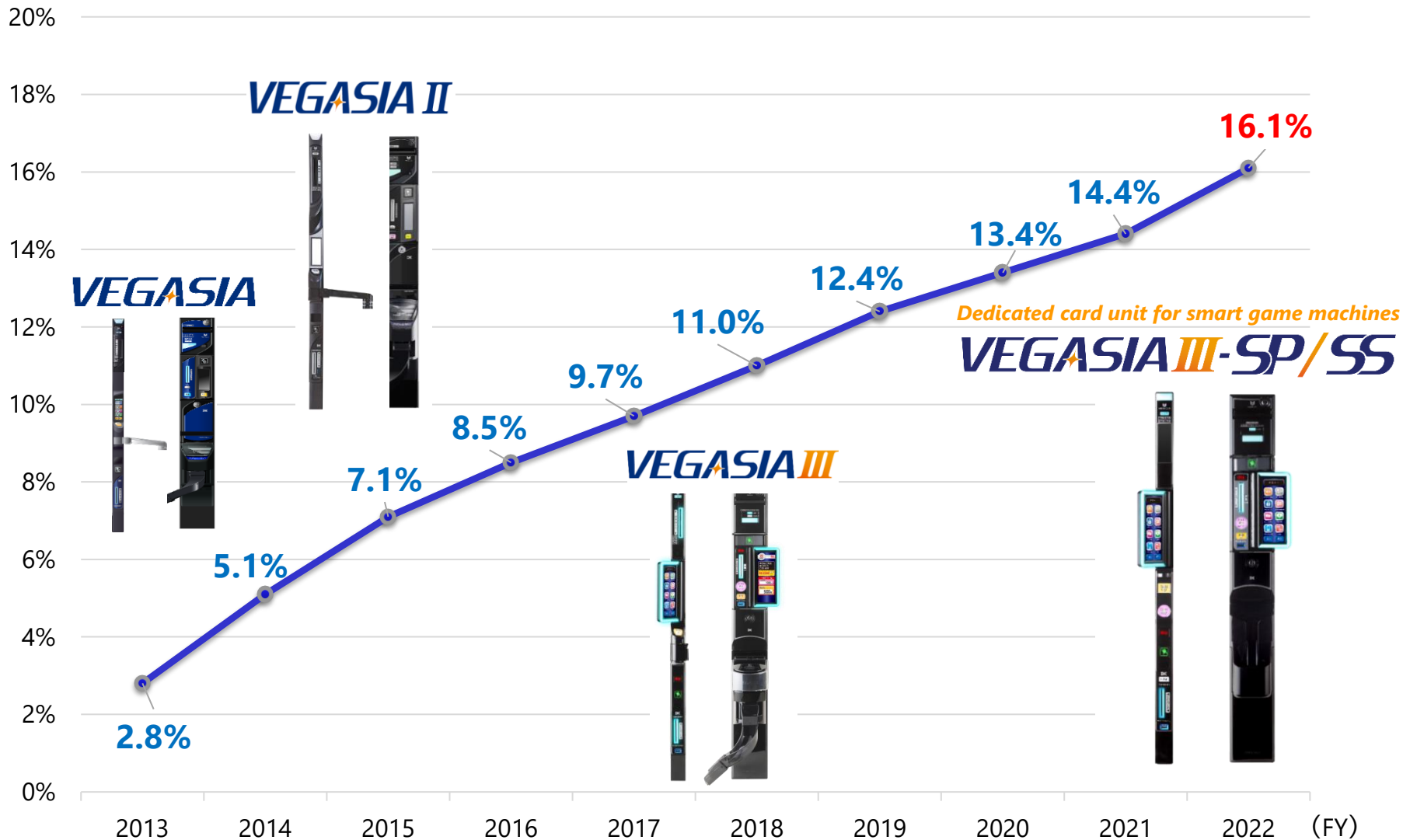


\*Market scale (gross profit) is estimated from actual DK-SIS data.

\*Number of halls data from: National Police Agency "Current State of Amusement and Entertainment Business, etc., and State of Control of Offenses Related to Amusement and Entertainment Business, etc."

# Share of DK installed card units

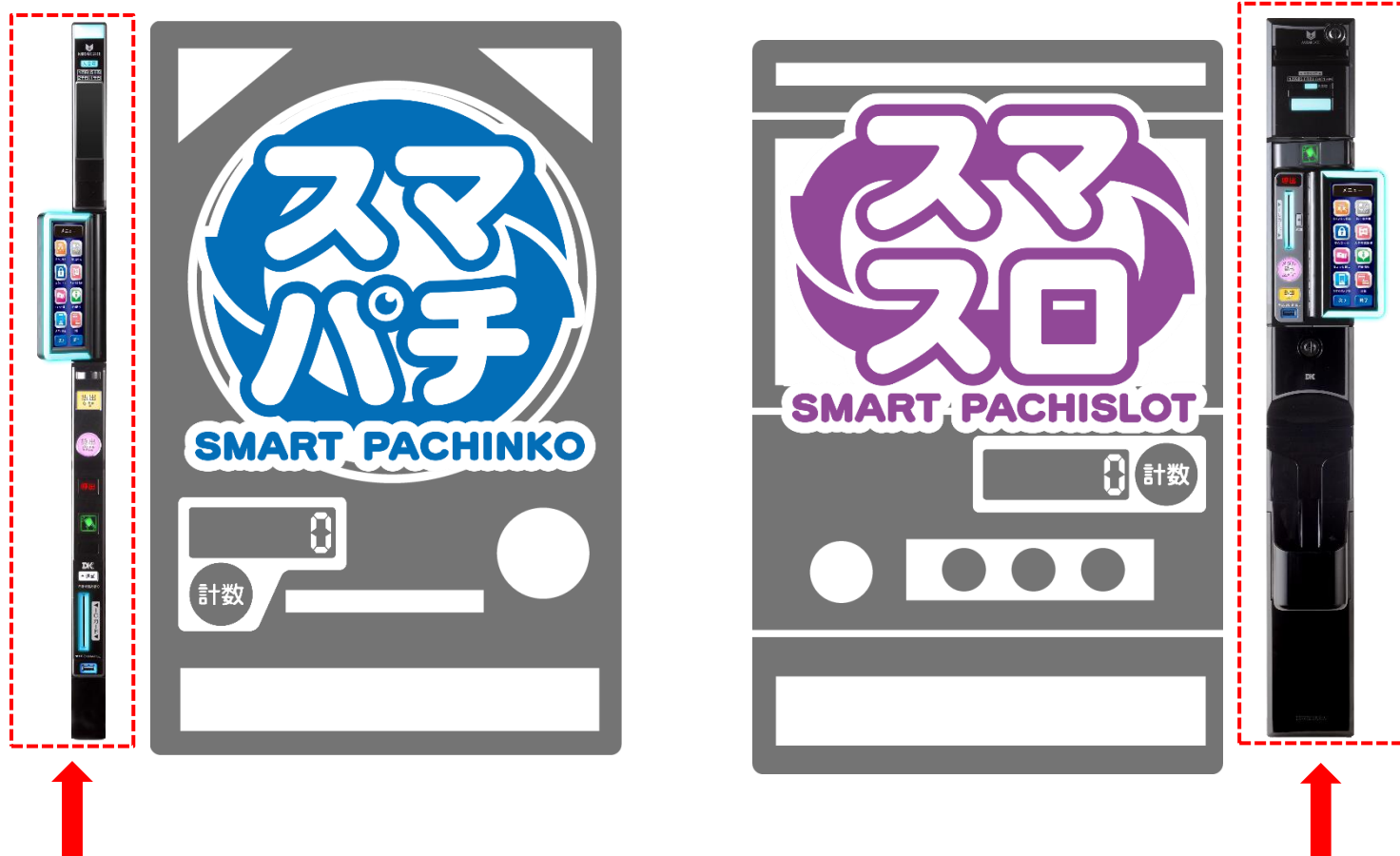
- Since entering the market in 2013, "VEGASIA" card unit has steadily increased its market share.



\*Number of installed units data from: National Police Agency "Current State of Amusement and Entertainment Business, etc., and State of Control of Offenses Related to Amusement and Entertainment Business, etc."

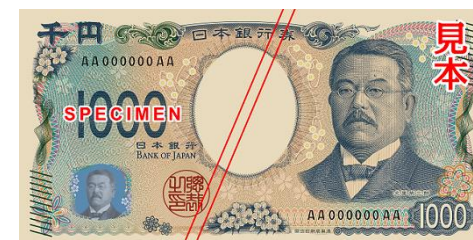


- Dedicated card units are required for smart game machines
- Growing popularity of smart machines increases demand for "VEGASIA" card units dedicated to smart machines
- Demand for card unit renewal is also expected to increase due to the issuance of new banknotes in July 2024



Dedicated unit for Smart Pachinko / Smart Pachislot (VEGASIA III-SP/SS)

Products need to be adapted due to the issuance of new banknotes in July 2024



## 【Products requiring support】

### •Card units

(Approx. 600,000 units installed nationwide \*As of Dec. 31, 2023)



VEGASIA

VEGASIA II

VEGASIA III

VEGASIA III-SP/SS

### •Fare adjustment machine

(2 to 5 units per store)



## 【How to support】

- Programmed response or parts replacement (depending on product)

# Our products are ideal for smart game machines

- Increasing demand for Information terminals for fans (Large LCD) as payout appeal terminals in an era of no balls or medals.
- Interlocking function between the hall computer "X (KAI)" and Information terminals for fans and card units has also been well received.

Large LCD Information terminals for fans

BiGMO PREMIUM



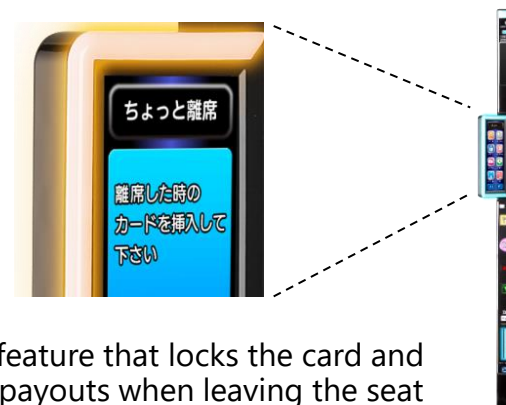
Large LCD Information terminals for fans

REVOLA



Pachinko has a high need for Deca-seg and LCD type REVOLA

Card unit VEGASIA



Security feature that locks the card and protects payouts when leaving the seat is also ideal for securing the game table.

- We are proposing various products and services for pachinko halls and pachinko fans

## Hall computer



We collect data from game units installed in halls and provide sophisticated analysis useful for hall management.

In addition, we also conduct integrated management of the systems necessary for hall management, including machines, prizes, customers, information disclosure and security.

Using big data sent from the company's hall computers nationwide to our company's MIRAIGATE servers, our latest model X (Kai) is capable of automated analysis using AI (auto consulting), AI security, high-precision simulation (Xai-SIS), and the operation of functions matched to the changing times, such as support for prohibitions on smoking and the handling of COVID-19.



## Web and app services for fans



Fans can view nationwide pachinko hall data for free using Pachirobo (free app).



At Site Seven (paid site), fans can view more detailed data than with Pachirobo.

## Information terminals for fans (Large LCD)



BIGMO PREMIUM II



REVOLA

It displays machine data such as big wins and starts, produces images, lights and sounds matched to the machine, and allows fans to call staff.

## Prize management

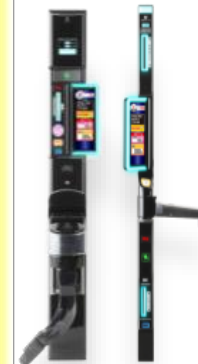
This is a system to exchange acquired pachinko balls for prizes. POS SP-01 can be operated without a keyboard using a large 15.6 inch touch panel LCD. It can also be operated as a self-service POS.



## Card unit

It is a terminal installed on each game machine to lend balls and medals for playing.

In addition, it has also realized advanced security and analysis within halls in conjunction with hall computer "X".



In recent years, demand for the VEGASIA III-SP/SS, a dedicated unit for smart game machines, has surged.

- Developing services for pachinko halls and pachinko fans as a stock type business

## Pachinko halls



Running Sales



## Pachinko fans

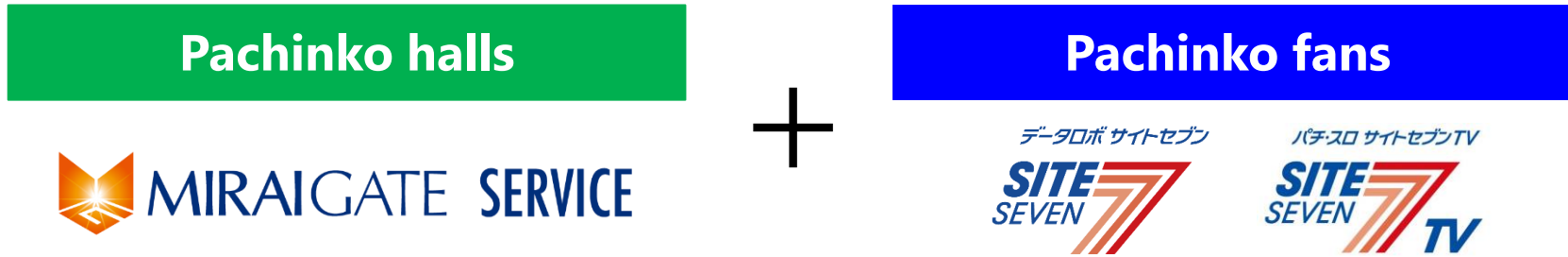


Number of paying members



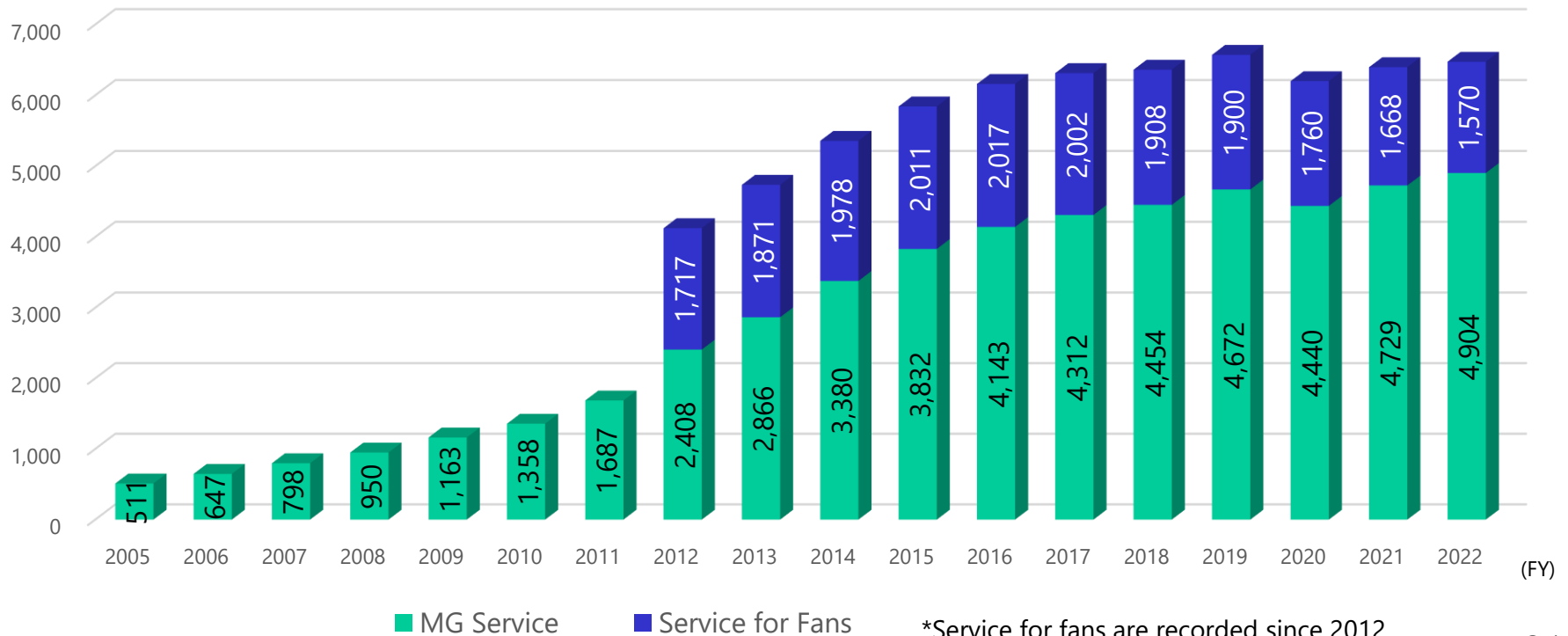
# Business Expansion / Information System Segment

- Earnings were supported by high-margin stock-type business (service sales)



Service Sales Trend

(Million yen)



- Among the 18 types of MIRAIGATE services, this fiscal year, we are particularly enhancing three management support services.

## Market-SIS

### Trade area analysis service

- ✓ Data on more than 4,000 stores
- ✓ Utilizing DK-SIS big data
- ✓ Grasp at a glance your own store, your trade area, and the entire country



## ClarisLink

### Cloud chain store management system

- ✓ Cloud management of chain store data
- ✓ Device free anytime, anywhere



## Time shortening options

### Labor-saving tools

- ✓ Time-consuming machine replacement setup takes only one minute



Change  
Approval  
Request  
System

- DK-SIS is the industry's No. 1 information service (3,257 members) that supports pachinko hall management by collecting and analyzing big data on 1.41 million machines, or 39.7% of all game machines installed nationwide.
- The "DK-SIS Seminar," a Web Seminar for the industry, explained the latest industry trends and sales techniques that connect to the improvement of results, and was viewed by approximately 4,000 industry professionals.



**SIS Online Seminar**  
オンラインセミナー **躍動**

ClarisLink

DK-sis Fan-sis  
Xai-sis Market-sis

開催期間 7月24日(月)~28日(金)  
各日各回ともセミナー内容は同一、所要時間は約90分を予定。時間内は自由にご観覧いただけます。

第一回 13:30~15:30 第二回 18:00~20:00

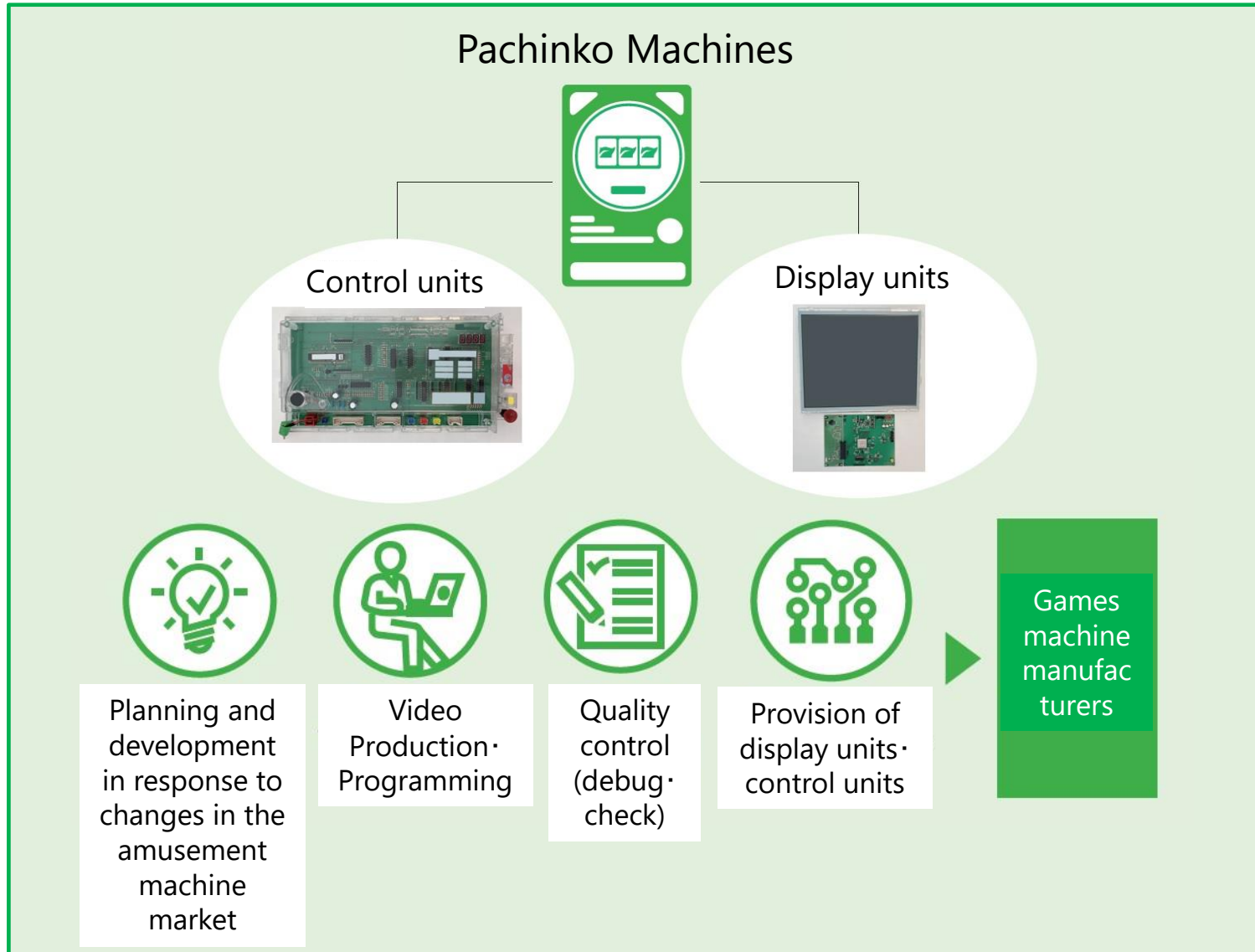
講師 片瀬 宏之 成田 晋治 服部 祐治 竹河 雅斗 後藤 俊介

日	月	火	水	木	金	土
7/23	24	25	26	27	28	29
SIS Online seminar						
	服部・片瀬 成田・竹河	成田・竹河 後藤・片瀬	成田・片瀬 服部・竹河	後藤・竹河 成田・片瀬	服部・片瀬 後藤・竹河	



- Development, manufacturing, and distribution of units for pachinko and pachislot machines for pachinko and pachislot machine manufacturers

\* As of April 2023, Control System Segment has been renamed to Amusement Segment.



# Efforts towards Sustainability

- We have formulated a Sustainability Policy and identified Materialities.
- Identified five materialities under the Basic Sustainability Policy.

Corporate  
Philosophy

Sustainability  
Policy

We will continue to achieve sustainable growth consistently from now on through the creation of new value based on innovation.

The Daikoku Denki Group solves social issues through business activities based on its management philosophy, and will aim for the realization of a sustainable society and the growth of the group together with stakeholders.

ESG	Materialities	SDGs
E	Contributions to the global environment	
S	Promotion of activities by human resources	
	Promotion of activities by human resources	
	Handling of addiction	
G	Strengthening of governance and compliance	



■ Contact details for inquiries

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