



Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025 (Under Japanese GAAP)

February 13, 2025

Company name: Daikoku Denki Co., Ltd. Listing: Tokyo Stock Exchange/
Nagoya Stock Exchange

Securities code: 6430 URL: <https://www.daikoku.co.jp/>

Representative: (Title) President and Representative Director (Name) Masakatsu Kayamori

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Scheduled date of commencement of dividend payments: -

Preparation of supplementary financial results material: : Yes

Holding of financial results briefing: : None

(Amounts less than one million yen are rounded down.)

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (first nine months)

(Percentages indicate year-on-year change rates)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q3 of FY2025/3	47,975	9.4	11,819	1.3	11,857	1.1	8,116	(0.7)
Q3 of FY2024/3	43,849	88.3	11,664	195.4	11,731	183.1	8,174	188.6

(Note) Comprehensive income: Q3 of FY2025/3 8,103 million yen [(0.9%)]
Q3 of FY2024/3 8,178 million yen [188.6%]

	Basic earnings per share	Diluted Basic earnings per share
	Yen	Yen
Q3 of FY2025/3	551.25	-
Q3 of FY2024/3	552.99	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
Q3 of FY2025/3	60,079	45,009	74.9
FY2024/3	59,281	40,720	68.7

(Reference) Shareholders' equity: Q3 of FY2025/3 45,009 million yen
FY2024/3 40,720 million yen

2. Cash dividends

	Annual dividends per share				
	Q1-end	Q2-end	Q3-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2024/3	-	20.00	-	100.00	120.00
FY2025/3	-	40.00	-		
FY2025/3 (forecast)				80.00	120.00

(Note) Revisions to recently released dividends forecasts : None

3. Consolidated financial forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	55,000	2.1	12,400	3.3	12,500	3.3	8,500	0.4	581.72

(Note) Revisions to recently released earnings forecasts : None

* Notes

- (1) Significant changes in the scope of consolidation during the quarter : Yes
 Five new companies: NISHIMOTO INDUSTRY CO., LTD., LILIUM CO., LTD., Stadd Inc.,
 LOGON SYSTEM CO., LTD., Hakone Glass Forest Resorts Co., Ltd.
- (2) Application of accounting treatment for preparing quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements
- 1) Changes in accounting policies due to revisions to accounting standards and other regulations : Yes
- 2) Changes in accounting policies due to reasons other than 1) : None
- 3) Changes in accounting estimates : None
- 4) Restatements : None

(4) Number of shares issued (common stock)

1) Total number of shares issued at the end of the period (including treasury shares)	Q3 of FY2025/3	14,797,232 shares	FY2024/3	14,783,900 shares
2) Number of treasury shares at the end of period	Q3 of FY2025/3	528,279 shares	FY2024/3	1,238 shares
3) Average number of shares outstanding during the period (QTD)	Q3 of FY2025/3	14,723,971 shares	Q3 of FY2024/3	14,782,775 shares

(Note) The number of treasury shares at the end of the period includes the company shares held under the Impact Neutralization Trust R (Q3 of FY2025/3: 527,000 shares, Q3 of FY2024/3: 0 shares). In addition, the company shares held under the Impact Neutralization Trust R are included in the number of treasury shares that is to be deducted in the calculation of the average number of shares during the period (Q3 of FY2025/3: 66,420 shares, Q3 of FY2024/3: 0 shares).

* Attached review of the quarterly consolidated financial statements by CPA or audit firm : Yes (optional)

* Proper use of earnings forecasts, and other special matters

All forward-looking statements in this document such as financial forecasts and outlooks are based on the information currently available to and certain assumptions deemed reasonable by the company and are not a promise that the company is committed to achieving them. In addition, they may be materially different from actual results etc. due to various factors.

For earnings forecasts, please refer to Page 3 of the attached document, (3) Future prospects information including consolidated earnings forecasts in 1. Qualitative Information on Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025.

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1. Qualitative Information on Financial Results for the Third Quarter of the Fiscal Year Ending March 31, 2025

(1) Operating results

During the first nine months of the fiscal year under review (April 1, 2024 to December 31, 2024), the Japanese economy showed a moderate recovery, supported by an ongoing recovery in personal consumption based on some improvements seen in employment and income environments and a growing domestic demand coming from an increase in inbound demand. On the other hand, inflation data came out one after another behind the surging prices of energy resources and the weak yen, resulting in a slowdown in personal consumption in certain areas.

In the pachinko industry, in which our Group is engaged, pachinko halls continue to actively renovate in order to install more pachislot machines, which have been performing well.

Looking at the introduction of smart games machines as of the end of the third quarter, smart pachislot machines accounted for 50.1% of all pachislot machines installed (up 3.5 points from the end of first half), and smart pachinko machines accounted for 11.4% of all pachinko machines installed (up 2.7 points from the end of first half) (see our DK-SIS data).

Further, the average utilization status of games machines during the period from October to December 2024 was 102.2%, an increase from the same period of the previous year. In terms of utilization status by machine type, pachislot machines and pachinko machines achieved 104.9% and 99.9%, respectively, compared to the same period of the previous year (see our DK-SIS data).

The smart pachislot machine continued to perform strongly, and expectations for smart pachinko machines have soared in the wake of the introduction of new models with enhanced game performance. Our Group expects the installation rate of smart games machines to continue to increase steadily as they gain support from fans, and demand for capital investment in smart games machines is expected to remain strong.

In this market environment, in the information system business, we have worked to expand sales of the VEGASIA card unit in an effort to meet capital investment demand due to the introduction of smart games machines. Furthermore, to accommodate growing equipment demand from customers for facilities that enhance the appeal of smart games machines to fans, we initiated the sale expansion of two new products, REVOLA II and DUALINA, which were unveiled at an exhibition in the previous period. In order to respond to changes in the market due to the introduction of smart games machines, we are aiming to further expand the MIRAIGATE service. To this end, we are actively promoting the spread of the cloud-based chain store management system, ClarisLink, and the Market-SIS commercial area analysis service, which provides valuable information on the state of customer attraction in surrounding areas. The Raku Raku Replacement Operation Option is another key product that contributes to operational efficiency, completing the complicated work involved in replacing models in a short time.

In the amusement business, we worked with ALOFT Co., Ltd. and LAIRI Inc., contractors in charge of the planning and software development of pachislot machines, and DAXEL INC., a contractor in charge of the hardware development and the construction of manufacturing & distribution systems, to develop new models in an effort to enter into the smart pachislot business as early as possible.

As a result, the performance for the first nine months recorded net sales of ¥47,975 million (up 9.4% year-on-year) and an operating profit of ¥11,819 million (up 1.3% year-on-year). We achieved an ordinary profit of ¥11,857 million (up 1.1% year-on-year), with a profit attributable to owners of parent of ¥8,116 million (down 0.7% year-on-year).

The results by segment are as follows:

(Information systems business)

In terms of business during the nine months, pachinko hall operators demonstrated consistent demand for capital investment to introduce smart games machines and the need for capital investment to change card units in response to the circulation of new banknotes.

In this market environment, sales of products for pachinko halls, etc. increased year-on-year, which was due to continued steady sales of the VEGASIA card unit, although its sales volume was lower year-on-year. Revisions of card units, and strong sales of the new REVOLA II and DUALINA information disclosure terminals also contributed to this growth. The sales of services increased year-on-year due to steady performance in major services and an increase in the number of member stores using the MIRAIGATE service in response to market changes with the launch of smart games machines.

As a result, the business recorded net sales of ¥44,738 million (up 9.5% year-on-year) and a segment profit of ¥13,551 million (up 1.6% year-on-year).

(Amusement business)

In the first nine months under review, display unit and control unit sales for games machines as well as parts sales decreased on a year-on-year basis, affected by a decline in the number of pachinko machines sold in the overall market, combined with the termination of the pachinko hardware business of the company.

As a result, the business recorded net sales of ¥2,787 million (down 7.0% year-on-year) and a segment income of ¥34 million (vs. a segment loss of ¥268 million recorded in the same period previous year).

(Other business)

In the other business segment, net sales reached ¥476 million, while the segment loss was ¥127 million.

(Million yen)				
	Nine-month period in the fiscal year ended March 31, 2024	Nine-month period in the fiscal year ending March 31, 2025	Change	Change (%)
Net sales	43,849	47,975	4,126	9.4
Information Systems Business	40,865	44,738	3,873	9.5
Amusement business	2,999	2,787	(211)	(7.0)
Other	-	476	476	-
Operating profit	11,664	11,819	155	1.3
Ordinary profit	11,731	11,857	126	1.1
Profit attributable to owners of parent	8,174	8,116	(58)	(0.7)

(Note) Intersegment transactions are included in the amounts in the results by segment.

(2) Financial position

As of the end of the third quarter under review, total assets saw an increase in trade receivables and a decrease in inventories, which was in part due to the strong performance. In addition, we have aimed to expand our business areas to enhance corporate value. Non-current assets increased as a result of the recording of goodwill associated with the increased number of subsidiaries through the execution of share transfer agreements, the recording of shares of subsidiaries and associates following the underwriting of a third-party allotment, and the acquisition of non-current assets operated as the Hakone Venetian Glass Museum during the nine-month period of the current fiscal year. Cash and deposits showed a decrease as a result of these investments and other factors. As a result, there was an increase of ¥797 million to ¥60,079 million compared to the end of the previous fiscal year.

Liabilities at the end of the third quarter under review decreased by ¥3,491 million compared to the end of the previous period, reaching ¥15,070 million. This was primarily due to a reduction resulting from the settlement of trade payable.

Despite an increase in the number of treasury shares through the Impact Neutralization Trust R and dividend payments, etc., net assets at the end of the third quarter increased by ¥4,289 million from the end of the previous fiscal year to ¥45,009 million due to the recording of profit attributable to owners of parent. The shareholders' equity ratio was 74.9%, up 6.2 points from the end of the previous consolidated fiscal year.

(3) Future prospects information including consolidated earnings forecasts

The consolidated earnings forecast for the fiscal year ending March 31, 2025 remains unchanged from the full-year forecast announced on May 15, 2024. Should the necessity arise to revise the earnings forecasts in the future, we will duly disclose the relevant information in a timely manner.

There are no material changes in the risks affecting business performance from those disclosed in the latest version of the Securities Report (submitted on June 30, 2023).

2. Quarterly Consolidated Financial Statements and Key Notes

(1) Quarterly consolidated balance sheet

(Thousand yen)

	Fiscal year ended March 31, 2024 (March 31, 2024)	Third quarter of fiscal year ending March 31, 2025 (December 31, 2024)
Net assets		
Current assets		
Cash and deposits	20,434,496	13,970,422
Notes and accounts receivable - trade, and contract assets	5,155,111	8,991,094
Electronically recorded monetary claims - operating	4,042,301	3,404,707
Merchandise and finished goods	13,162,491	11,138,752
Work in process	69,200	32,385
Raw materials and supplies	613,604	327,990
Other	782,981	1,257,706
Allowance for doubtful accounts	(304,316)	(308,362)
Total current assets	43,955,870	38,814,696
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,047,013	4,608,642
Land	4,162,117	5,739,993
Other, net	855,758	838,295
Total property, plant and equipment	8,064,889	11,186,931
Intangible assets		
Software	2,587,605	3,137,241
Goodwill	772,019	1,747,344
Other	32,566	64,425
Total intangible assets	3,392,191	4,949,011
Investments and other assets		
Deferred tax assets	783,385	973,992
Investment property, net	848,861	836,764
Other	2,418,197	3,475,405
Allowance for doubtful accounts	(181,419)	(156,851)
Total investments and other assets	3,869,025	5,129,309
Total non-current assets	15,326,106	21,265,252
Total assets	59,281,977	60,079,949

(Thousand yen)

	Fiscal year ended March 31, 2024 (March 31, 2024)	Third quarter of fiscal year ending March 31, 2025 (December 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	3,109,936	2,286,844
Electronically recorded obligations - operating	6,768,531	4,499,188
Income taxes payable	3,229,015	2,151,359
Provision for product warranties	13,900	61,239
Provision for bonuses for directors (and other officers)	287,346	37,065
Provisions for quality warranties	90,106	579,283
Other	4,169,495	4,438,288
Total current liabilities	17,668,331	14,053,269
Non-current liabilities		
Provision for retirement benefits for directors (and other officers)	473,593	493,053
Retirement benefit liability	199,491	286,553
Other	220,252	237,562
Total non-current liabilities	893,338	1,017,170
Total liabilities	18,561,669	15,070,439
Net assets		
Shareholders' equity		
Share capital	674,000	700,530
Capital surplus	680,008	706,538
Retained earnings	39,206,726	45,192,398
Treasury shares	(2,713)	(1,739,344)
Total shareholders' equity	40,558,021	44,860,124
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	22,111	12,821
Remeasurements of defined benefit plans	140,174	136,437
Total accumulated other comprehensive income	162,285	149,258
Non-controlling interests	-	127
Total net assets	40,720,307	45,009,509
Total liabilities and net assets	59,281,977	60,079,949

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of Income

Nine months period

(Thousand yen)

	Nine-month period in the fiscal year ended March 31, 2024 (From April 1, 2023 to December 31, 2023)	Nine-month period in the fiscal year ending March 31, 2025 (From April 1, 2024 to December 31, 2024)
Net sales	43,849,199	47,975,651
Cost of sales	23,427,903	25,695,438
Gross profit	20,421,295	22,280,212
Selling, general and administrative expenses	8,756,832	10,460,317
Operating profit	11,664,462	11,819,895
Non-operating income		
Interest income	7,658	1,455
Dividend income	6,665	7,340
Rental income from real estate	65,048	56,748
Other	33,977	47,104
Total non-operating income	113,350	112,649
Non-operating expenses		
Interest expenses	4,906	524
Commission for purchase of treasury shares	-	22,428
Rental expenses on real estate	34,882	34,381
Other	6,559	17,612
Total non-operating expenses	46,349	74,946
Ordinary profit	11,731,463	11,857,598
Extraordinary income		
Gain on sale of non-current assets	49	3,498
Gain on sale of investment securities	-	1,551
Total extraordinary income	49	5,050
Extraordinary losses		
Loss on sale of non-current assets	-	7,062
Loss on retirement of non-current assets	14,418	2,238
Impairment losses	11,426	1,080
Loss on valuation of investment securities	-	50,488
Other	-	2,409
Total extraordinary losses	25,844	63,278
Profit before income taxes	11,705,669	11,799,369
Income taxes - current	3,748,043	3,868,917
Income taxes - deferred	(217,082)	(186,159)
Total income taxes	3,530,960	3,682,758
Profit	8,174,708	8,116,611
Profit attributable to non-controlling interests	-	29
Profit attributable to owners of parent	8,174,708	8,116,582

Quarterly consolidated statement of comprehensive income

Nine months period

(Thousand yen)

	Nine-month period in the fiscal year ended March 31, 2024 (From April 1, 2023 to December 31, 2023)	Nine-month period in the fiscal year ending March 31, 2025 (From April 1, 2024 to December 31, 2024)
Profit	8,174,708	8,116,611
Other comprehensive income		
Valuation difference on available-for-sale securities	3,532	(9,260)
Remeasurements of defined benefit plans, net of tax	280	(3,736)
Total other comprehensive income	3,812	(12,997)
Comprehensive income	8,178,521	8,103,614
(Profit attributable to)		
Comprehensive income attributable to owners of parent	8,178,521	8,103,555
Comprehensive income attributable to non-controlling interests	-	59

(3) Notes to quarterly consolidated financial statements

(Notes to going concern assumptions)

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)

Following the issuance of new shares as restricted stock compensation on July 25, 2024, the company's total number of outstanding shares increased by 13,332 shares, and share capital and legal capital surplus increased by ¥26,530 thousand each. Under the resolution adopted at the Board of Directors meeting held on December 2, 2024, the company purchased 683,400 treasury shares for ¥2,251,803 thousand during the third quarter under review through the Impact Neutralization Trust R (hereinafter called the "Trust"). Of these, 156,400 shares were sold in the market through the Trust, resulting in a decrease of ¥515,338 thousand in treasury shares.

As a result, share capital, capital surplus, and treasury shares as of the end of the third quarter under review stood at ¥700,530 thousand, ¥706,538 thousand, and ¥1,739,344 thousand, respectively.

(Changes in accounting policies)

(Application of Accounting Standard for Income Taxes - Current, Etc.)

The Accounting Standard for Income Taxes - Current, Etc. (ASBJ No. 27, October 28, 2022; hereinafter referred to as the "2022 Revised Standard"), etc. were applied from the beginning of the first quarter of the consolidated fiscal year under review.

The change in classification of income taxes (taxation of other comprehensive income) is in accordance with the transitional treatment prescribed in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standard and the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter referred to as the "2022 Revised Guidance"). This change in accounting policy has no impact on the quarterly consolidated financial statements.

In addition, as of the beginning of the first quarter, the 2022 Revised Guidance has been applied with respect to the change related to the review of the treatment in the consolidated financial statements of gains or losses associated with the sale of shares of subsidiaries and other securities between consolidated entities for tax deferral purposes. The change in accounting policy has been applied retrospectively. As a result, the figures for the quarterly and full-year consolidated accounting periods in the previous fiscal year have been restated in the current quarterly and full-year consolidated financial statements, respectively. The change in accounting policy has no impact on the quarterly and full-year consolidated financial statements for the previous fiscal year.

(Additional information)

(Acquisition of non-current assets)

At a meeting of the Board of Directors held on October 28, 2024, the Company resolved to acquire the following non-current assets. Furthermore, a transfer agreement was finalized on October 29, 2024, and the delivery was completed on November 1, 2024.

1. Reason for Acquisition

As a partner to pachinko hall companies, our company provides systems and solutions that are useful for pachinko hall management. Our goal is to expand our business operations in order to enhance our corporate value while also advancing digital transformation in the pachinko industry.

Our company has acquired non-current assets (land, buildings, and works of art) owned and managed by UKAI Co., Ltd. (headquartered in Hachioji, Tokyo; President and Representative Director: Toshiya Konno; hereinafter referred to as "UKAI"), branded as the Hakone Venetian Glass Museum. By maintaining operations by UKAI, we aim to accelerate business growth through the addition of our system development and solution capabilities while maintaining the brand power of the facilities. We have made the decision to acquire non-current assets judging that earning profit in new business areas will be beneficial to our Group to achieve sustainable growth over the medium to long term.

2. Overview of Acquired Assets

The primary assets acquired are the land, buildings, and works of art at Hakone Venetian Glass Museum in Hakone-machi, Ashigarashimo-gun, Kanagawa Prefecture, at an acquisition price of ¥3.1 billion.

3. Acquisition Funds

The funds for the acquisition of the aforementioned non-current assets will be provided by the company's own resources.

4. Overview of Counterparty

(1) Name	UKAI Co., Ltd.
(2) Location	3426 Minami-asakawa-machi, Hachioji-shi, Tokyo
(3) Name and title of representative	Toshiya Konno, Representative Director and President
(4) Segment	Management of restaurants; development, manufacture, and sale of merchandise; management of museum
(5) Share capital	100 million yen
(6) Date of establishment	August 31, 1982
(7) Relationship with the Company	There are no capital, personnel, or business relationships, nor is there any related party status, to report.

5. Future Outlook

The acquisition of non-current assets is not expected to have a significant impact on consolidated business results for the fiscal year ending March 31, 2025. However, we will promptly disclose any relevant information as it becomes available.

(Affiliation of companies through share acquisition)

At the Board of Directors meeting held on September 24, 2024, the company resolved on the underwriting of a capital increase through a third-party allotment, which was to be executed by Nanaha Co., Ltd. The agreement was signed on October 1, 2024, and the acquisition of the shares was completed on the same date.

1. Reason for underwriting

As a partner to pachinko hall companies, our company provides systems and solutions that are useful for pachinko hall management. Our goal is to expand our business through mergers and acquisitions to enhance our corporate value while also advancing digital transformation in the pachinko industry.

Nana's Green Tea is a matcha tea café, operated by Nanaha, that has experienced significant growth both in Japan and overseas, and enjoys a loyal customer base. We believe that by combining our system development and solution capabilities with Nanaha's strong brand and store management expertise, we can facilitate Nanaha's business growth.

The decision to acquire shares was made in light of the belief that this investment will prove beneficial for the sustainable growth of our Group over the medium to long term.

2. Overview of share acquisition

[1] Shares acquired

113 shares (113 voting rights)

[2] Acquisition price

680 million yen

[3] Percentage of voting rights after acquisition

34.0%

3. Future outlook

In light of the assessment of materiality, our policy is to treat Nanaha Co., Ltd. as an affiliate not subject to the equity method. We anticipate that the impact on consolidated results for the fiscal year ending March 31, 2025 will be minimal. However, we will promptly disclose any relevant information as it becomes available.

(Establishment of the Impact Neutralization Trust R to improve the ratio of shares outstanding)

We have selected the Prime Market as our new stock market segment and engaged in initiatives for increasing the outstanding share ratio in order to meet the Market's listing standards. With the Impact Neutralization Trust R (hereinafter called the "Trust"), we purchase part of the company shares that are held by the counterparties of our cross-shareholdings and sell them to the market.

The Trust is a self-benefit trust with the company as a beneficiary, whereby the company purchases its shares at-closing price of transactions at the Tokyo Stock Exchange (ToSTNeT-2) using the funds contributed by the company, and then sells the company shares to the market within the trust period, with sales proceeds to be distributed to the company at a predetermined timing and on a regular basis.

Therefore, it is formally a trust contributed by the company, but in fact, it can be said to be equivalent to a trust which is established immediately after the treasury stock acquisition. In this case, in accordance with Q3 of the "Practical Solution on Accounting for Trusts" (ASBJ PITF No. 23, August 2, 2007), the company, as a beneficiary, should apply the same accounting treatment as in a case where trust assets are held directly. Thus, it is accounted for as "treasury shares" pursuant to the "Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (ASBJ Statement No. 1, March 26, 2015) and the "Guidance on Accounting Standard for Treasury Shares and Appropriation of Legal Reserve" (ASBJ Guidance No. 2, March 26, 2015).

As a result, the company shares acquired through the Trust are stated as "treasury shares" of ¥1,736,465 thousand in the quarterly balance sheet as of the end of the third quarter under review.

In addition, the impact of trust fees and other expenses associated with the establishment of the Trust during the nine months under review on the profit (loss) is immaterial.

As the company shares held under the Trust (527,000 shares) are accounted for as "treasury shares," they are included in the number of treasury shares to be deducted in the calculation of the average number of shares during the period, for the purpose of per-share basic earnings calculation.

(Segment information, etc.)

[Segment information]

I. Nine-month period in the fiscal year ended March 31, 2024 (from April 1, 2023 to December 31, 2023)

1. Amounts of net sales and income or losses by reportable segment

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in consolidated statement of income (Note 3)
	Information Systems Business	Amusement business	Total				
Net sales							
Sales to external customers	40,865,242	2,983,957	43,849,199	-	43,849,199	-	43,849,199
Intersegment sales or transfers	-	15,146	15,146	-	15,146	(15,146)	-
Total	40,865,242	2,999,104	43,864,346	-	43,864,346	(15,146)	43,849,199
Segment income (losses)	13,336,941	(268,864)	13,068,076	-	13,068,076	(1,403,613)	11,664,462

(Notes) 1. "Other" refers to a business segment category that is not included in the reportable segments.

2. Adjustments to segment income of (¥1,403,613 thousand) include the elimination of intersegment transactions of ¥13,171 thousand and corporate expenses not allocated to reportable segments of (¥1,416,785 thousand). Unallocated corporate expenses mostly include general and administrative expenses which are not attributable to any reportable segments.

3. Segment income (loss) is adjusted to operating profit recorded in the quarterly consolidated statement of income.

2. Changes in reportable segments

The name of the reportable segment previously known as the Control Systems business has been changed to the Amusement business. This is a name change of the reportable segment and has no impact on segment information.

3. Impairment losses of non-current assets or goodwill by reportable segment

In the Amusement business segment, the carrying amount of business assets of consolidated subsidiaries is reduced to the recoverable amount after reviewing the recoverability of future cash flows.

Impairment losses of ¥11,426 thousand are recorded for the nine-month period under review.

II. Nine-month period in the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

1. Amounts of net sales and income or losses by reportable segment

(Thousand yen)

	Reportable segments			Other (Note 1)	Total	Adjustments (Note 2)	Amount stated in consolidated statement of income (Note 3)
	Information Systems Business	Amusement business	Total				
Net sales							
Sales to external customers	44,738,986	2,760,138	47,499,124	476,527	47,975,651	-	47,975,651
Intersegment sales or transfers	-	27,636	27,636	-	27,636	(27,636)	-
Total	44,738,986	2,787,774	47,526,760	476,527	48,003,288	(27,636)	47,975,651
Segment income (losses)	13,551,884	34,495	13,586,380	(127,898)	13,458,481	(1,638,586)	11,819,895

(Notes) 1. “Other” refers to a business segment category that is not included in the reportable segments.

2. Adjustments to segment income of (¥1,638,586 thousand) include the elimination of intersegment transactions of ¥9,204 thousand and corporate expenses not allocated to reportable segments of (¥1,647,790 thousand). Unallocated corporate expenses mostly include general and administrative expenses which are not attributable to any reportable segments.

3. Segment income (loss) is adjusted to operating profit recorded in the quarterly consolidated statement of income.

2. Changes in reportable segments

Effective from the nine-month period under review, “Other” has been added for business segments that are not included in the reportable segments, following the establishment of Hakone Glass Forest Resorts Co., Ltd., and the inclusion of NISHIMOTO INDUSTRY CO., LTD., LILIUM CO., LTD., Stadd Inc., and LOGON SYSTEM CO., LTD. in the scope of consolidation.

The segment information for the nine months of the previous fiscal year ended March 31, 2024 has been restated to reflect this change.

3. Impairment losses of non-current assets or goodwill by reportable segment

In the Amusement business segment, the carrying amount of business assets of consolidated subsidiaries is reduced to the recoverable amount after reviewing the recoverability of future cash flows.

Impairment losses of ¥1,080 thousand are recorded for the nine-month period under review.

(Notes to statement of cash flows)

The quarterly consolidated statement of cash flows for the first nine months under review is not prepared. The amounts of depreciation (including amortization of intangible assets, except goodwill) and amortization of goodwill for the first nine months of the fiscal year under review are as follows:

	Nine-month period in the fiscal year ended March 31, 2024 (From April 1, 2023 to December 31, 2023)	Nine-month period in the fiscal year ending March 31, 2025 (From April 1, 2024 to December 31, 2024)
Depreciation	1,193,079 thousand yen	1,140,144 thousand yen
Amortization of goodwill	70,561 thousand yen	122,443 thousand yen

(Revenue recognition)

Breakdown of revenue from contracts with customers

Nine-month period in the fiscal year ended March 31, 2024 (from April 1, 2023 to December 31, 2023)

(Thousand yen)

	Reportable segments			Other (Note)	Total
	Information Systems Business	Amusement business	Total		
Products etc. for pachinko halls	35,910,571	-	35,910,571	-	35,910,571
Services	4,954,670	-	4,954,670	-	4,954,670
Display/control units, etc. for games machine manufacturers	-	1,077,756	1,077,756	-	1,077,756
Parts/other	-	1,906,201	1,906,201	-	1,906,201
Other	-	-	-	-	-
Revenue from contracts with customers	40,865,242	2,983,957	43,849,199	-	43,849,199
Other revenue	-	-	-	-	-
Sales to external customers	40,865,242	2,983,957	43,849,199	-	43,849,199

Note: The Other segment is not included in the reportable business segments.

Nine-month period in the fiscal year ending March 31, 2025 (from April 1, 2024 to December 31, 2024)

(Thousand yen)

	Reportable segments			Other (Note 1)	Total
	Information Systems Business	Amusement business	Total		
Products etc. for pachinko halls	39,628,404	-	39,628,404	-	39,628,404
Services	5,110,582	-	5,110,582	-	5,110,582
Display/control units, etc. for games machine manufacturers	-	1,229,387	1,229,387	-	1,229,387
Parts/other	-	1,530,751	1,530,751	-	1,530,751
Other	-	-	-	408,975	408,975
Revenue from contracts with customers	44,738,986	2,760,138	47,499,124	408,975	47,908,099
Other revenue (Note 2)	-	-	-	67,551	67,551
Sales to external customers	44,738,986	2,760,138	47,499,124	476,527	47,975,651

(Notes) 1. "Other" refers to a business segment category that is not included in the reportable segments.

2. "Other revenue" represents rental income and the like according to the accounting standard for lease transactions.

(Significant subsequent events)

(Introduction of an incentive plan for employees)

At the Board of Directors meeting held on February 13, 2025, the company resolved on the introduction of an employee incentive plan (hereinafter called the “Plan,” and a trust to be established for the Plan shall be referred to as the “RS Trust”) for its employees and the employees of some of its subsidiaries (hereinafter collectively called the “Employees”) and decided matters concerning the acquisition of the company shares to be conducted by a trustee of the RS Trust.

1. Purpose of introduction of the Plan

The Plan is introduced for the purposes of improving employee engagement and increasing the company's corporate value over the medium to long term by enhancing employee benefit programs, fostering employees' sense of belonging, giving them a sense of participation in management, and boosting their awareness of the strong performance of the company and its stock price.

2. Overview of the Plan

The Plan is an incentive plan, whereby the company establishes the RS Trust with the money contributed by the company, and under this RS Trust, the company common shares (hereinafter called the "Company Shares") are purchased and distributed based on the points granted to Employees who meet certain requirements. These points will be granted to Employees according to their positions, etc. as prescribed in the share distribution rules set down by the Board of Directors of the company. The number of the Company Shares to be distributed to each employee will be determined by the number of the points granted. In addition, for the Company Shares distributed, their transfer will be restricted until each employee retires with a transfer restriction agreement signed between each employee and the company.

The funds for the acquisition of the Company Shares through the RS Trust will be contributed entirely by the company, and therefore, at no cost to employees.

As the introduction of the Plan enables Employees to enjoy the economic benefits of an increase in the price of the Company Shares, the Plan is expected to encourage Employees to perform duties with the share price in their mind and provide them greater motivation to work.

3. Overview of the RS Trust

(1)	Name	Stock distribution trust for employees (RS Trust)
(2)	Trustor	Daikoku Denki Co., Ltd.
(3)	Trustee	Sumitomo Mitsui Trust Bank, Limited (Retrustee: Custody Bank of Japan, Ltd.)
(4)	Beneficiary	Employees who meet beneficiary requirements
(5)	Trust administrator	A third party who is independent from Daikoku Denki and its directors will be selected.
(6)	Exercise of voting rights	A trustee will exercise voting rights throughout the trust period based on instructions from a trust administrator.
(7)	Type of trust	Money held in trust other than money trust (third party benefit trust)
(8)	Date of trust agreement	February 26, 2025
(9)	Date of entrusting money	February 26, 2025
(10)	Date of termination of trust	End of May 2029 (planned)

4. Acquisition of the Company Shares by beneficiaries of the RS Trust

(1)	Type of shares to be acquired	Common stock
(2)	Amount to be placed in trust by the company as funds for acquisition	850,000,000 yen
(3)	Total number of shares to be acquired	565,700 shares (maximum)
(4)	Method of acquisition	Purchase from a trading market (including off-hours trading)
(5)	Timing of acquisition	February 26, 2025–March 31, 2025 (planned)

Independent Auditor's Interim Review Report on the Quarterly Consolidated Financial Statements

February 13, 2025

Daikoku Denki Co., Ltd.
To the Board of Directors

KPMG Azsa LLC

Nagoya Office

Designated Limited Liability Partner Managing Partner	Certified Public Accountant	Yutaka Matsuki
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Designated Limited Liability Partner Managing Partner	Certified Public Accountant	Hiroyuki Kato
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Auditor's Conclusions

We conducted an interim review of the quarterly consolidated financial statements of Daikoku Denki Co., Ltd. (the "Company") for the third quarter accounting period (from October 1, 2024 to December 31, 2024) and the first nine months (from April 1, 2024 to December 31, 2024) of the consolidated fiscal year from April 1, 2024 to March 31, 2025, as set forth in the "Attachments" to the Consolidated Financial Results for the Third Quarter, namely the quarterly consolidated balance sheet, the quarterly consolidated statement of income, the quarterly consolidated statement of comprehensive income, and the notes thereto.

Our interim review found no matters, in all material respects, which would lead us to believe that the above quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange and the Nagoya Stock Exchange and the generally accepted accounting principles in Japan concerning quarterly financial statements (however, the omission of statements as stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements is applied).

Basis for Auditor's Conclusions

We conducted the interim review in conformity with the standards for interim reviews that are generally accepted as fair and appropriate in Japan. Our responsibilities in the interim review standards are stated in the Auditor's Responsibilities in the Interim Review of Quarterly Consolidated Financial Statements. In accordance with the code of professional ethics in Japan, we are independent from the Company and its consolidated subsidiaries and fulfill other ethical responsibilities as an auditor. We conclude that we have obtained evidence that forms a basis for the statement of our conclusions.

Responsibilities of the Management, Corporate Auditors, and the Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

The management's responsibilities are to prepare the quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange and the Nagoya Stock Exchange and the generally accepted accounting principles in Japan concerning quarterly financial statements (however, the omission of statements as stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements is applied). This includes the development and operation of internal controls deemed necessary by the management in order to prepare the quarterly consolidated financial statements that are free from material misstatements due to fraud or errors.

To prepare the quarterly consolidated financial statements, the management holds responsibility to assess the appropriateness of the preparation of the quarterly consolidated financial statements on the basis of going concern assumptions and disclose the going concern assumptions when such disclosure is required by Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange and the Nagoya Stock Exchange and the generally accepted accounting principles in Japan concerning quarterly financial statements (however, the omission of statements as stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements is applied).

The responsibilities of corporate auditors and the board of corporate auditors are to monitor the execution of the duties of directors in the development and operation of the financial reporting process.

Auditor's Responsibilities in the Interim Review of Quarterly Consolidated Financial Statements

The auditor's responsibility is to express its conclusions on the quarterly consolidated financial statements, based on the interim review they conducted, in the interim review report, from an independent perspective.

In conformity with the standards for interim reviews that are generally accepted as fair and appropriate in Japan, the auditor, throughout the interim review process, exercises professional judgment and maintains professional skepticism to conduct the following:

- It asks questions mainly of management and persons responsible for financial and accounting matters and conducts interim review procedures including analytical and others. The interim review procedure is a more limited procedure relative to the audit of annual financial statements conducted in accordance with generally accepted auditing standards in Japan.
- If grave uncertainty is deemed to exist in relation to any event or situation that raises significant doubts over going concern assumptions, it draws a conclusion, based on evidence obtained, that there are any or no matters, which would lead it to believe that the quarterly consolidated financial statements and notes thereto are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange and the Nagoya Stock Exchange and the generally accepted accounting principles in Japan concerning quarterly financial statements (however, the omission of statements as stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements is applied). In addition, in cases where grave uncertainty is identified concerning the going concern assumptions, the auditor, in the interim review report, is required to call attention to notes to the quarterly consolidated financial statements; or in cases where the notes to the quarterly consolidated financial statements concerning grave uncertainties are not appropriate, it is required to express a qualified conclusion or a negative conclusion about the quarterly consolidated financial statements. The auditor's conclusions are based on the evidence available up to the date of the interim review report, but certain future events and circumstances may prevent an entity from continuing as a going concern.
- It assesses any matters, which would lead it to believe that the quarterly consolidated financial statements and notes thereto are not prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements of the Tokyo Stock Exchange and the Nagoya Stock Exchange and the generally accepted accounting principles in Japan concerning quarterly financial statements (however, the omission of statements as stipulated in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements is applied).
- It obtains evidence of financial information on the Company and its consolidated subsidiaries that supports the basis for the conclusions about the quarterly consolidated financial statements. The auditor holds responsibility to supervise, oversee, and review the interim review of the quarterly consolidated financial statements. The auditor is solely responsible for its conclusions.

The auditor reports to corporate auditors and the board of corporate auditors on the scope of the planned interim review, the time of its execution, and important findings identified in the interim review.

The auditor reports to corporate auditors and the board of corporate auditors on its compliance with the rules and regulations on professional ethics in Japan with regard to its independence and any matters reasonably deemed to affect its independence, and on the details thereof if any measures to eliminate or safeguards to reduce impediments to an acceptable level are taken.

Interests and Relationships

There is no interest between the Company and its consolidated subsidiaries and our audit firm or managing partners that should be stated pursuant to the provisions of the Certified Public Accountants Act.

End of document

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- (Notes) 1. The original copy of the above Quarterly Review Report is separately retained by the Company (a company disclosing quarterly financial results).
2. XBRL data and HTML data are not subject to the interim review.