

FY2024 Third Quarter Financial Results (2024/10-2024/12)

DAIKOKU DENKI Co., Ltd.
(The Prime Market of the Tokyo Stock Exchange,
The Premier Market of the Nagoya Stock Exchange, 6430)

**FY2024
Results**

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Consolidated Financial Highlights

Consolidated Statements of Income (Summary)

Consolidated revenue increased, with both operating profit and ordinary profit reaching record highs.

(Million yen)	FY2023 3Q	FY2024 3Q	YoY change	Rate of change
Net sales	43,849	47,975	+4,126	+9.4%
Gross profit-net	20,421	22,280	+1,858	+9.1%
Selling, general and administrative expenses	8,756	10,460	+1,703	+19.5%
Operating income	11,664	11,819	+155	+1.3%
Ordinary income	11,731	11,857	+126	+1.1%
Net income attributable to owners of the paren	8,174	8,116	-58	-0.7%

Net sales

The core segment, Information Systems Business, achieved significant revenue growth, reaching a record-high sales.

Information System Segment

Net sales in this segment
44,738 million yen

YoY Change **+3,873** million yen

**Revenue Growth
& Record High**

+9.5%

Products for pachinko halls, etc.

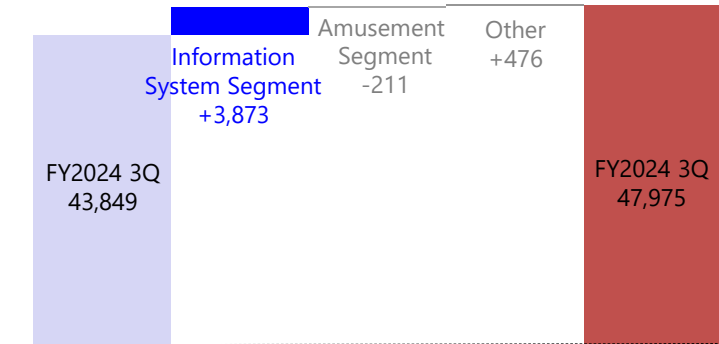
39,628 million yen

YoY Change **+3,717** million yen



With the introduction of smart gaming machines, sales of the new card unit "VEGASIA" and information terminals "REVOLA II" and "DUALINA" have been strong..

(Million yen)



*Including inter-segment transactions.

Service

5,110 million yen

YoY Change **+155** million yen



The number of participating stores for MIRAIGATE services, including "ClarisLink" and "Market-SIS," increased, surpassing the previous year's level.

Revenue in Amusement Business decreased by 7.0%.

Amusement Segment

Net sales in this segment
2,787 million yen

YoY Change **-211** million yen

Decrease
in sales

-7.0%

*Including inter-segment transactions.

Display and control units for
games machine manufacturers

1,229 million yen

YoY Change **+151** million yen

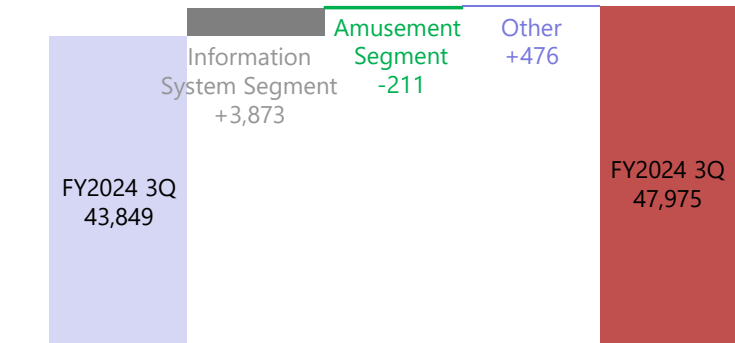
With the termination of our pachinko hardware business, parts sales fell below the level of the same period last year.

Other

Net sales in this segment
476 million yen

*From this interim consolidated accounting period, NISHIMOTO INDUSTRY CO., LTD., LILIUM CO., LTD., Stadd Inc., LOGON SYSTEM CO., LTD., and Hakone Glass Forest Resorts Co., Ltd. have been included in the scope of consolidation. As a result, a new business segment, "Others," has been added, which is not included in the reported segments..

(Million yen)



*Including inter-segment transactions.

Parts and others

1,530 million yen

YoY Change **-375** million yen

Information Systems Business saw increased profits, achieving a record-high profit.

Information System Segment

Segment income
13,551 million yen

YoY Change **+214** million yen

Increase in income and record profit **+1.6%**

Driven by strong capital investment demand following the introduction of smart gaming machines, sales volumes of the card unit "VEGASIA" and information terminals "REVOLA II" and "DUALINA" remained strong, leading to increased profits compared to the same period last year.

Amusement Segment

Segment income
34 million yen

YoY Change **+303** million yen

Increase in profit

(The segment recorded a loss of 268 million yen in the same period last year.)

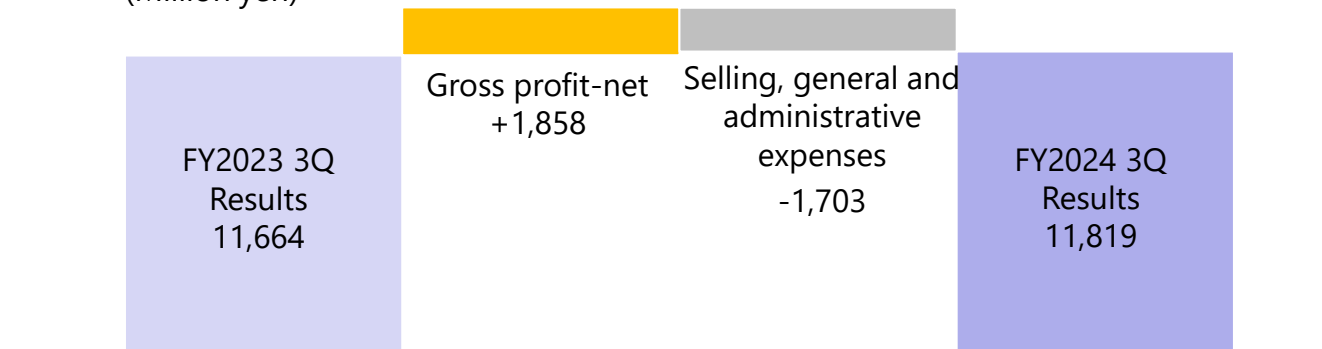
*Including inter-segment transactions.

Profitability improved due to business restructuring, resulting in higher profits compared to the same period last year.

Other

Segment income
-127 million yen

(Million yen)



*The whole company cost : 1,647 million yen
YoY Change +231 million yen (+16.3%)

Consolidated Balance Sheets (Summary)

(Million yen)	FY2023	FY2024 3Q	YoY change
Current assets	43,955	38,814	-5,141
Noncurrent assets	15,326	21,265	+5,939
Total assets	59,281	60,079	+797
Current liabilities	17,668	14,053	-3,615
Noncurrent liabilities	893	1,017	+123
Total liabilities	18,561	15,070	-3,491
Total net assets	40,720	45,009	+4,289
Total liabilities and net assets	59,281	60,079	+797
Debt	0	11	+11
Shareholders' equity ratio	68.7%	74.9%	+6.2

- Total assets **Increase**

Due to strong business performance, a decrease in inventory assets and an increase in accounts receivable resulted in a 797 million yen increase compared to the end of the previous consolidated fiscal year.
- Total liabilities **Decrease**

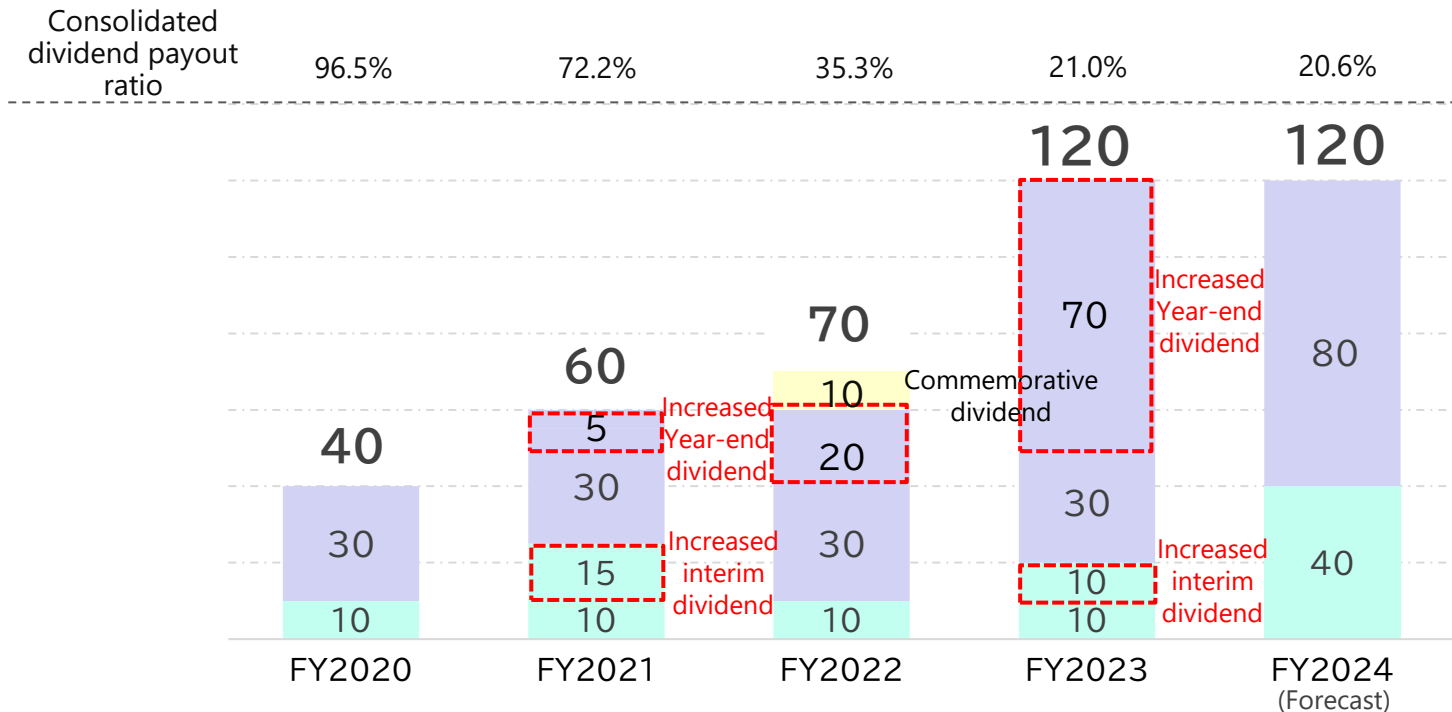
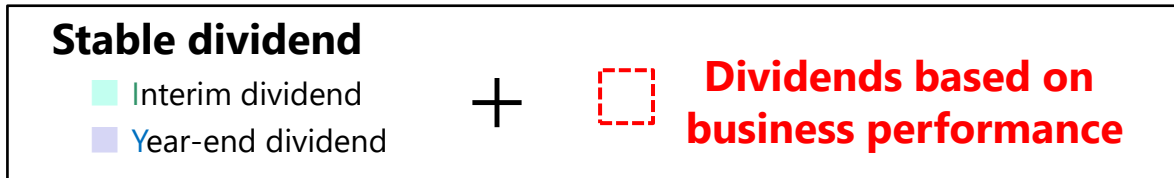
Due to the settlement of accounts payable and other factors, there was a decrease of 3,491 million yen compared to the end of the previous consolidated fiscal year.
- Total net assets **Increase**

Despite the payment of dividends, the recording of quarterly net income attributable to the parent company's shareholders resulted in an increase of 4,289 million yen compared to the end of the previous consolidated fiscal year.
- Shareholders' equity ratio **Increase**

An increase of 6.2 percentage points compared to the end of the previous consolidated fiscal year.

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
- For FY2024, we plan to pay an interim dividend of 40 yen and a year-end dividend of 80 yen, for a total of 120 yen per share for the full year



**FY2024
Results**

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**FY2024 Full Year Forecast
(2024/4-2025/3)**

FY2024 Full Year Forecast

- Equivalent to the previous fiscal year, when record profits were achieved due to sales of equipment for smart game machines and the response to the printing of new banknote.

*The forecast remains unchanged.

(Million yen)	FY2023	FY2024 (Forecast)	YoY change	Percentage terms
Net sales	53,861	55,000	+1,138	+2.1%
Gross profit-net	24,981	25,850	+868	+3.5%
Selling, general and administrative expenses	12,980	13,450	+469	+3.6%
Operating income	12,001	12,400	+398	+3.3%
Ordinary income	12,102	12,500	+397	+3.3%
Net income attributable to owners of the parent	8,464	8,500	+35	+0.4%
Research and development expenses	1,580	1,300	- 280	- 17.7%
Depreciation expense	1, 647	1,500	- 147	- 9.0%
Capital investment	2,234	3,000	+765	+34.3%

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

FY2024 Full Year Forecast by Segment

- Information Systems Business achieved sales and profits comparable to the previous period's record highs, driven by equipment sales for smart gaming machines and revision-related support.

*The forecast remains unchanged.

(Million yen)	FY2023	FY2024		YoY change	Rate of change
	Full year	1st half	Full year (Forecast)		
Information System Segment	49,412	32,529	49,800	+387	+0.8%
Amusement Segment	4,499	1,842	4,550	+50	+1.1%
Other	-	107	650	+650	-
Segment sales	53,911	34,480	55,000	+1,088	+2.0%
Information System Segment	14,603	10,320	14,500	-103	-0.7%
Amusement Segment	-390	-2	160	+550	-
Other	-	-134	-10	-10	-
Segment income	14,213	10,183	14,650	+436	+3.1%
Corporate expenses	-2,218	-1,102	-2,250	-31	-1.4%

*Sales in segment results include intersegment transactions. Segment income in the full-year forecast does not take into account intersegment transactions.

**FY2024
Results**

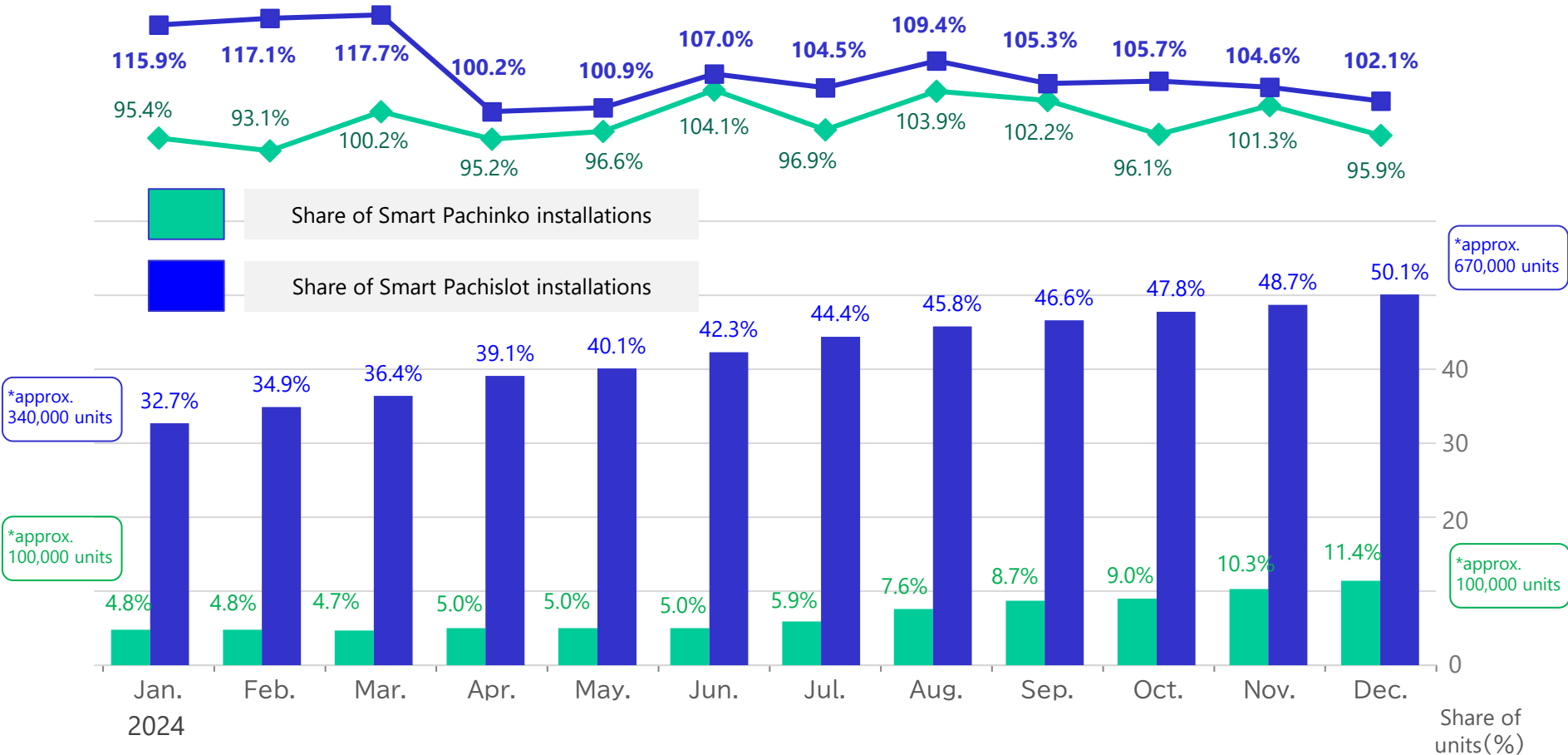
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Reference Data

Operation (based on out) Monthly trend in YoY change

- The installation share of Smart Pachislo is steadily progressing, and the installation ratio of Smart Pachinko is also increasing.

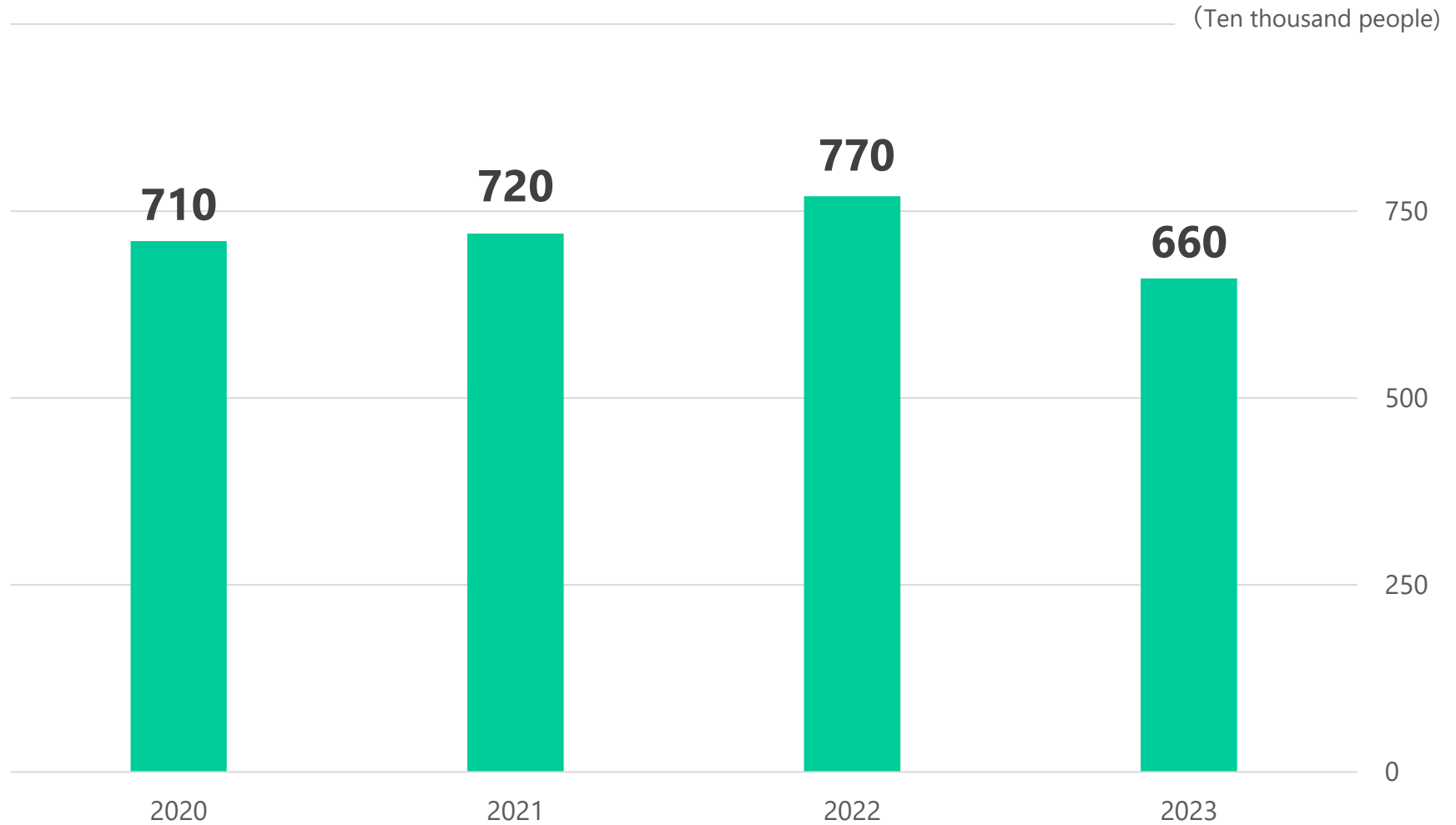
◆ 4-yen pachinko ■ 20-yen pachislot



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

Pachinko player population

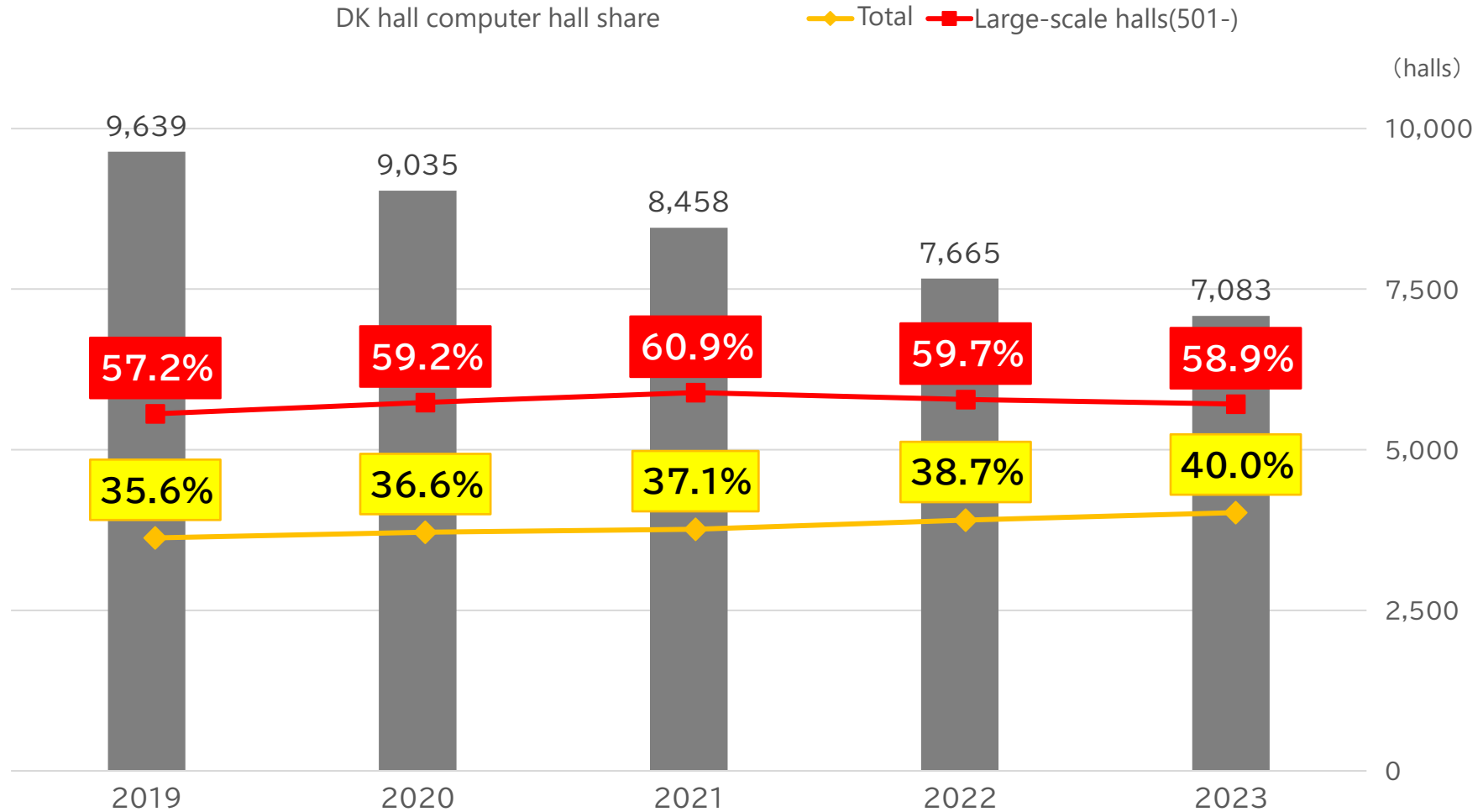
- Pachinko participating population in 2023 will be 6.6 million, the first decline in 3 years
- Pachislot operations are strong and expected to recover along with the spread of Smart game machines



*Date of from "Leisure White Paper 2024" by Japan Productivity Center

Number of halls and share of DK hall computers

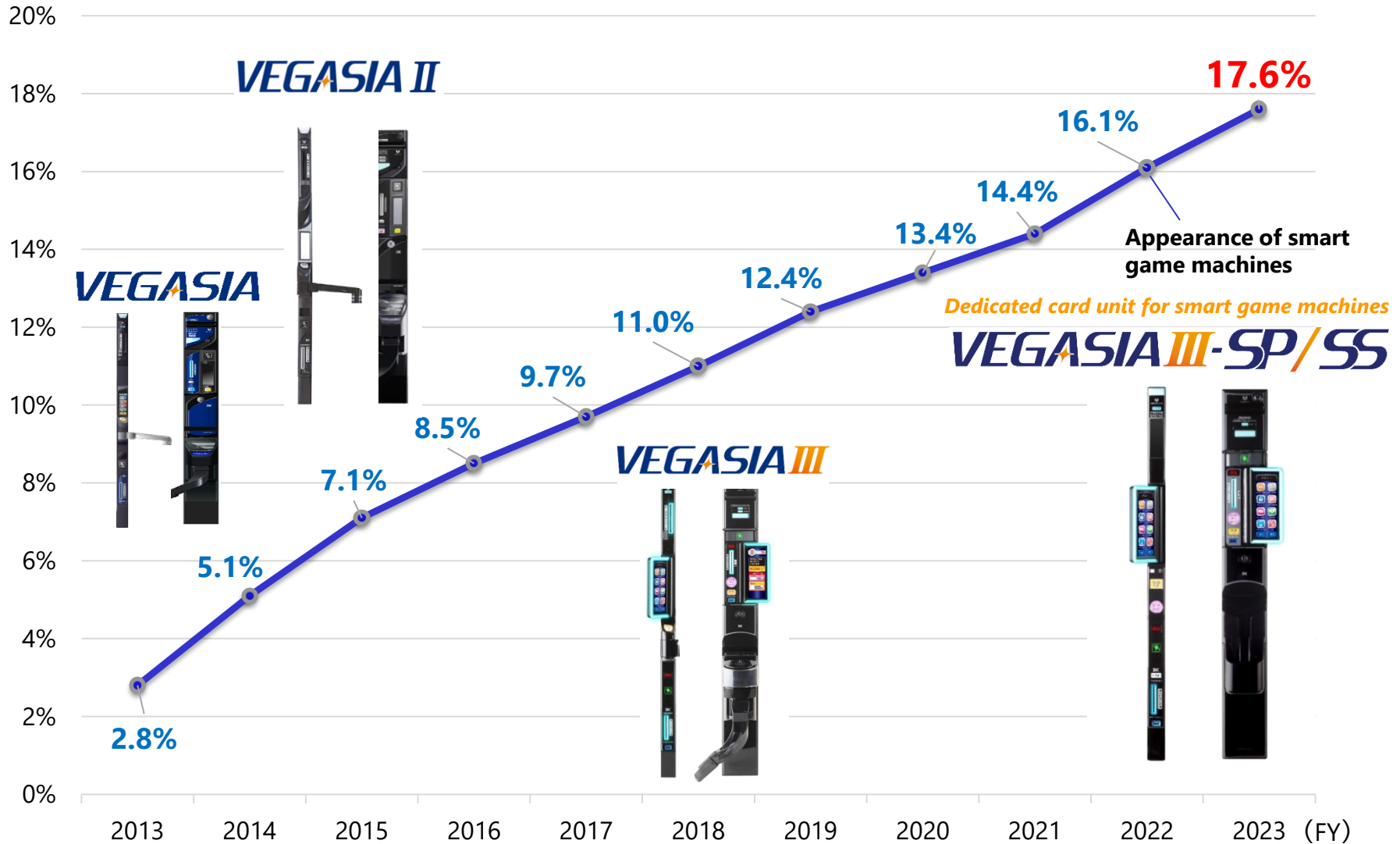
- Number of pachinko halls is declining, but our market share is increasing, especially among large parlors (No.1 in the industry)



*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, our “VEGASIA” card units (including smart-compatible) have steadily increased 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.”

Impact on the Company of the proliferation of 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**



Since payout cannot be shown with balls or medals, a large LCD screen is used to show off the payout

Large LCD Information terminals for fans **REVOLA II**



NEW

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

Upper installation terminal **DUALINA**



NEW

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

Business Expansion / Information System Segment

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 II

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.

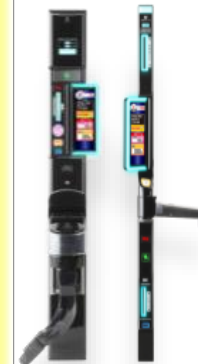


Card unit

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)

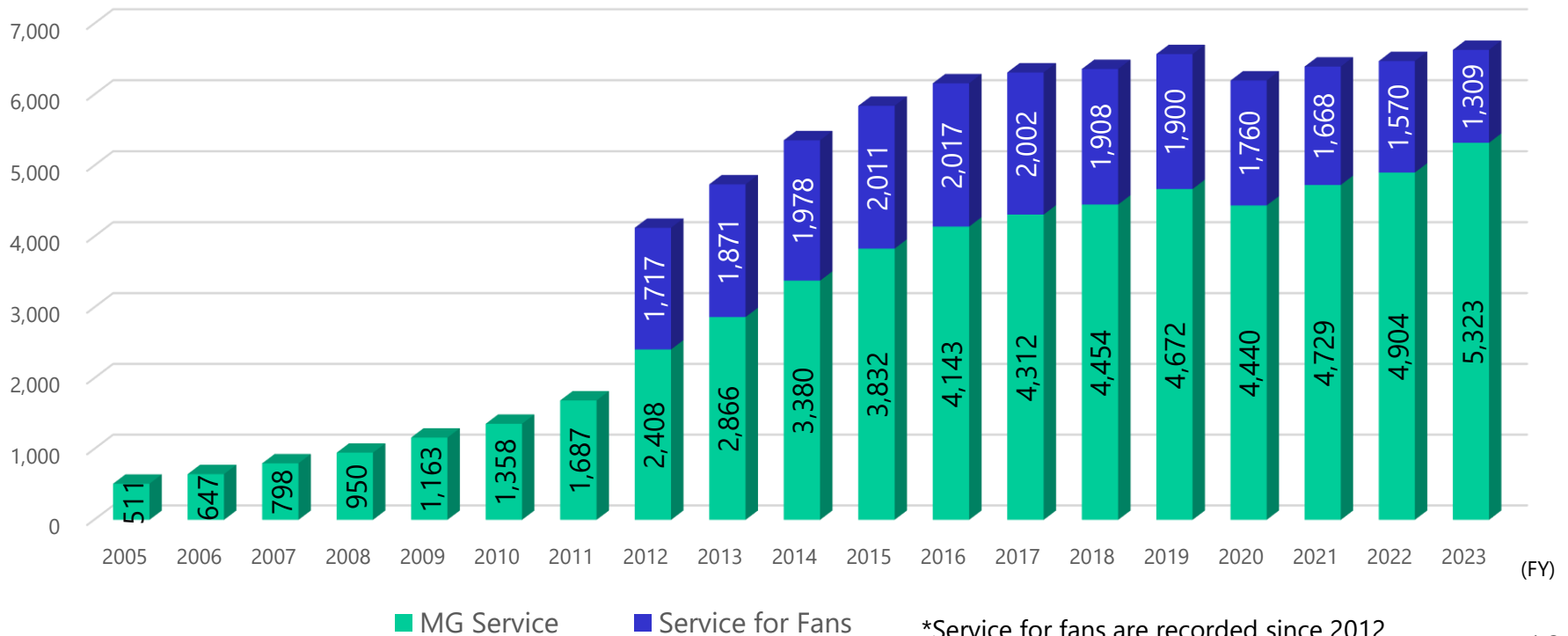
Pachinko halls

Pachinko fans



Service Sales Trend

(Million yen)



Of the 18 MIRAIGATE services, In the current fiscal year, we are particularly strengthening three management support **services that contribute to the DXing of pachinko halls**

Market-SIS

Trade area analysis service

- ✓ Utilizing DK-SIS big data
- ✓ Grasp at a glance your own store, your trade area, and the entire country



Data Publication 4,363halls

ClarisLink

Cloud chain store management system

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



Number of contracts 1,056halls

Time shortening options

Labor-saving tools

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



Number of contracts 624halls

*As of the end of December 2024

- DK-SIS is the industry's No. 1 information service (3,127 members) that supports pachinko hall management by collecting and analyzing big data on 1.41 million machines, or 41.1% of all game machines installed nationwide.
- The "DK-SIS Seminar," held at a real exhibition for the industry, explained the latest industry trends and sales techniques that lead to improved business performance, and was attended by approximately 2,200 industry professionals..



DK-SIS Seminar2024

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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