



Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

May 15, 2025

To Whom It May Concern

Company Name: **Daikoku Denki Co., Ltd.**
Representative: President and CEO Masakatsu Kayamori
(Code: 6430, Prime Market of the Tokyo Stock Exchange / Premier Market of the Nagoya Stock Exchange)
Contact: Representative Senior Managing Director; Toshifumi Oonari
General Manager, Corporate Management Division
(TEL: +81-52-581-7111)

Announcement on the Formulation of the Medium-Term Management Plan

Our group has formulated a three-year medium-term management plan starting from the fiscal year ending March 2026, at today's board meeting.

1. Basic Policy

"Expansion of business foundation and proactive upfront investment for future growth"

This medium-term management plan is positioned as the first phase towards realizing the 2030 vision "Make CX Amazing ~ Bringing Unprecedented Customer Experiences to the World ~". Through the expansion of the business foundation and growth investments, we aim to enhance sustainable corporate value.

2. Key Initiatives

- Information Systems Business: Becoming the industry leader in DX utilizing AI and big data.
- Amusement Business: Increasing recognition and market share through the release of our own pachislot machines.
- New Business: Challenging new business areas and establishing multiple growth pillars.
- Management Foundation: Strengthening the management system with a focus on human resource strategy, sustainability, and capital cost.

3. Quantitative Targets (Consolidated Basis)

Item	Fiscal Year Ending March 2025 (Actual)	Fiscal Year Ending March 2028 (Plan)	Fiscal Year Ending March 2031 (Vision)
Sales	57.4 billion yen (excluding special demand: 29.5 billion yen)	49.0 billion yen	60.0 billion yen
New Business Sales Composition Ratio	1.5%	13%	25%
ROE (Return on Equity)	18% (excluding special demand: 8.4%)	Over 8%	Over 10%

*For details of the medium-term management plan, please refer to the attached documents.

*The "special demand" in the fiscal year ending March 2025 refers to the temporary increase in revenue due to the response to the currency redesign and the rapid introduction of smart gaming machines.

*The information contained in this document and the attached documents is based on information available at the time of preparation and certain assumptions deemed reasonable. It includes risks and uncertainties. Actual performance may differ from the described content due to various factors such as changes in the external environment.

End

New Mid-term Business Plan (2025-2027)



May 15, 2025

Review of Mid-term Business Plan 2022-2024 3

- operating results
- Information Systems Business
- Amusement Business
- Other Businesses
- Three-year investment performance
- shareholder return

Vision for 2030 10

- Vision for 2030
- Strategic Direction
- Business Portfolio Reform

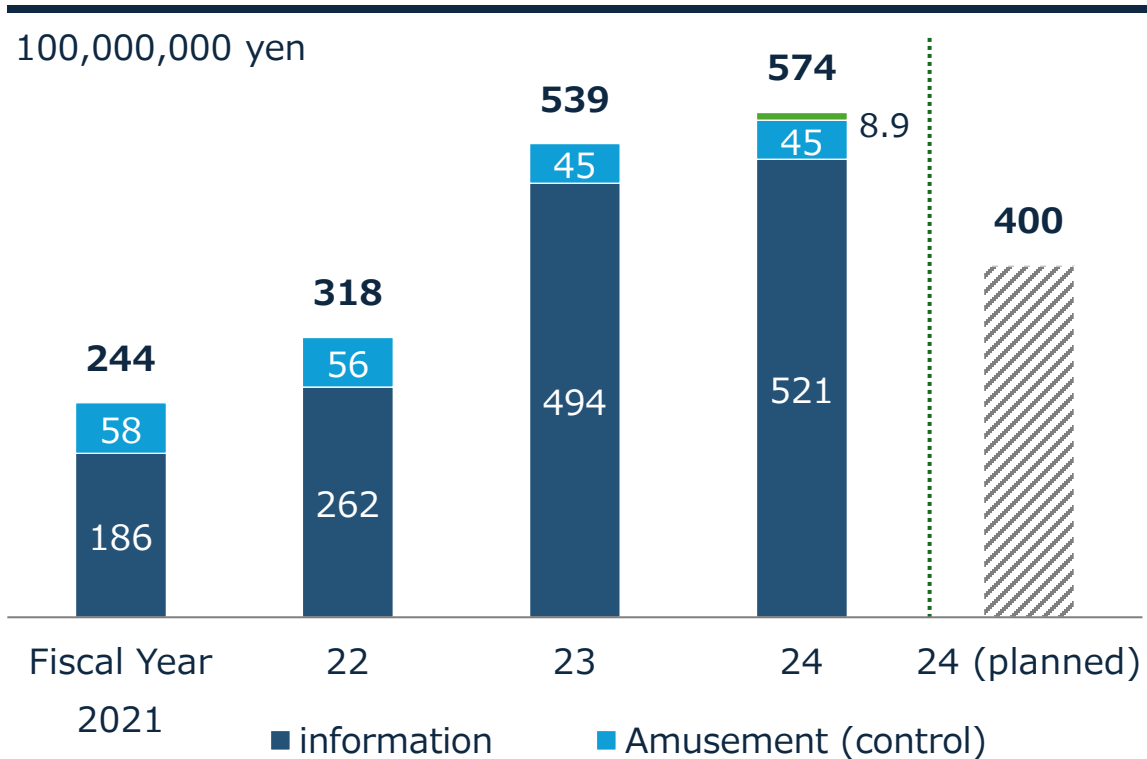
3. medium-term management plan 2025-2027 14

- Basic Policies of the Medium-Term Management Plan and the Vision for the Next Three Years
- Positioning of this medium-term management plan
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 - Management Conscious of Cost of Capital

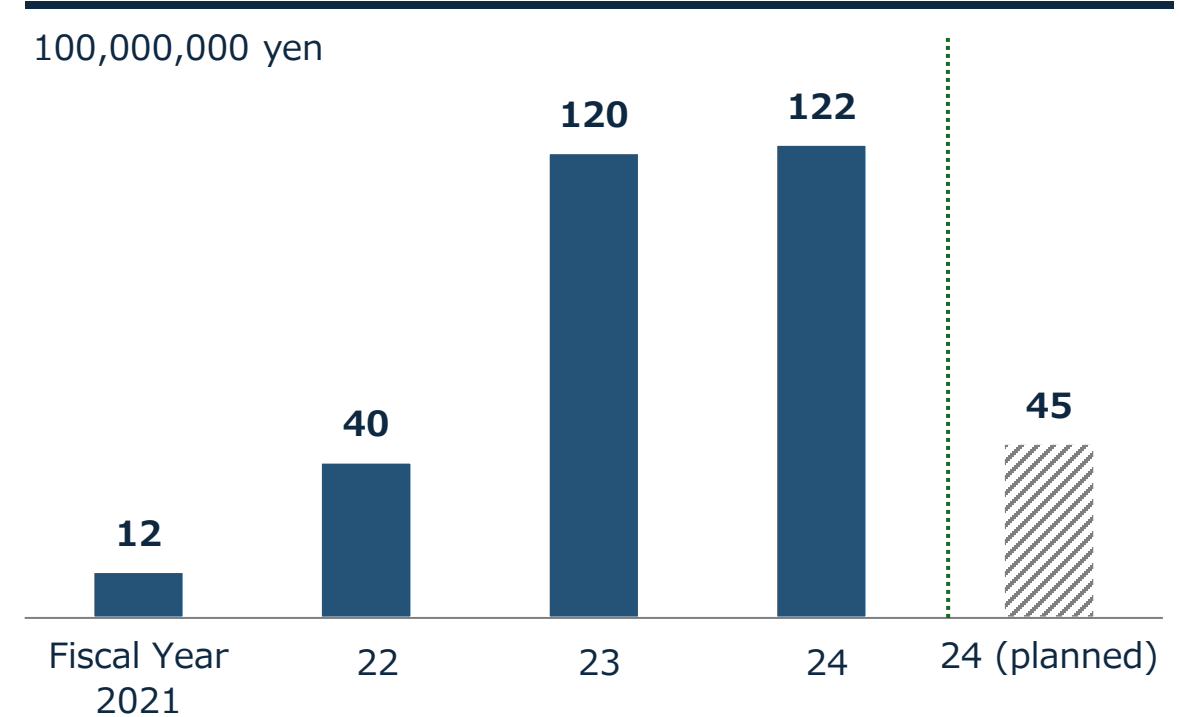
I. Medium-Term Management Plan 2022-2024 Review of

- Consolidated net sales increased 135% over FY2021 to 57.4 billion yen and operating income increased 925% to 12.2 billion yen
- Sales and profits were significantly higher than originally planned due to better-than-expected progress in replacing pachinko halls with smart game machines and in responding to banknote reprinting.

Net sales



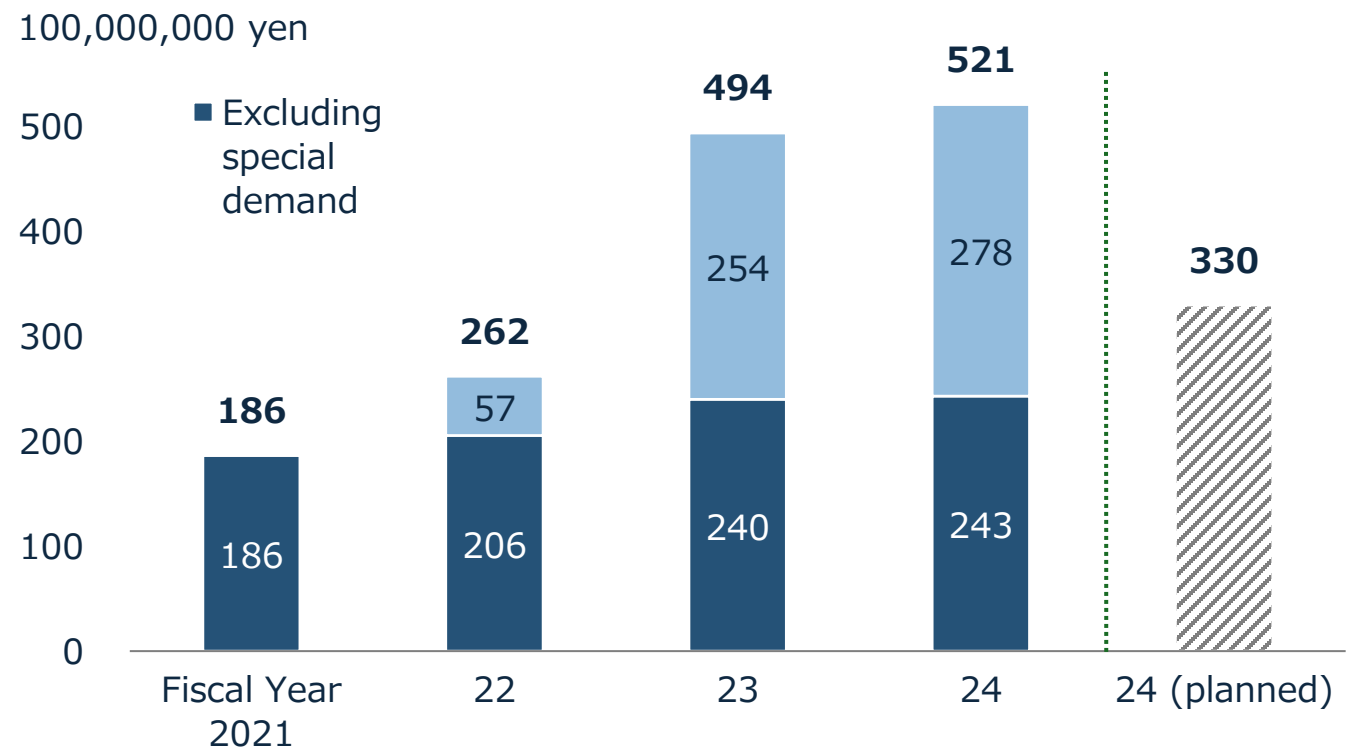
Operating income



/// Sales in the information system business will increase to 52.12 billion yen, approximately 2.8 times the FY2021 level, due to the introduction of smart pachinko/pachislot machines and the response to the changeover to the new bill.

- VEGASIA card unit to be expanded with the introduction of smart game machines from the second half of 2022
- Special demand for reprinting will occur from the second half of 2023 to the first half of 2024.
- Other than smart amusement machine and revision support, information disclosure terminals performed well. In particular, sales of "BiGMO-Premium," "REVOLA," and "DUALINA" grew.
- Pachinko Hall Management Support Service (MIRAIGATE Service) expands. Increase in the number of member halls of MIRAIGATE services such as "ClarisLink" and "Market-SIS" cloud-based services.

Sales of Information Systems Business

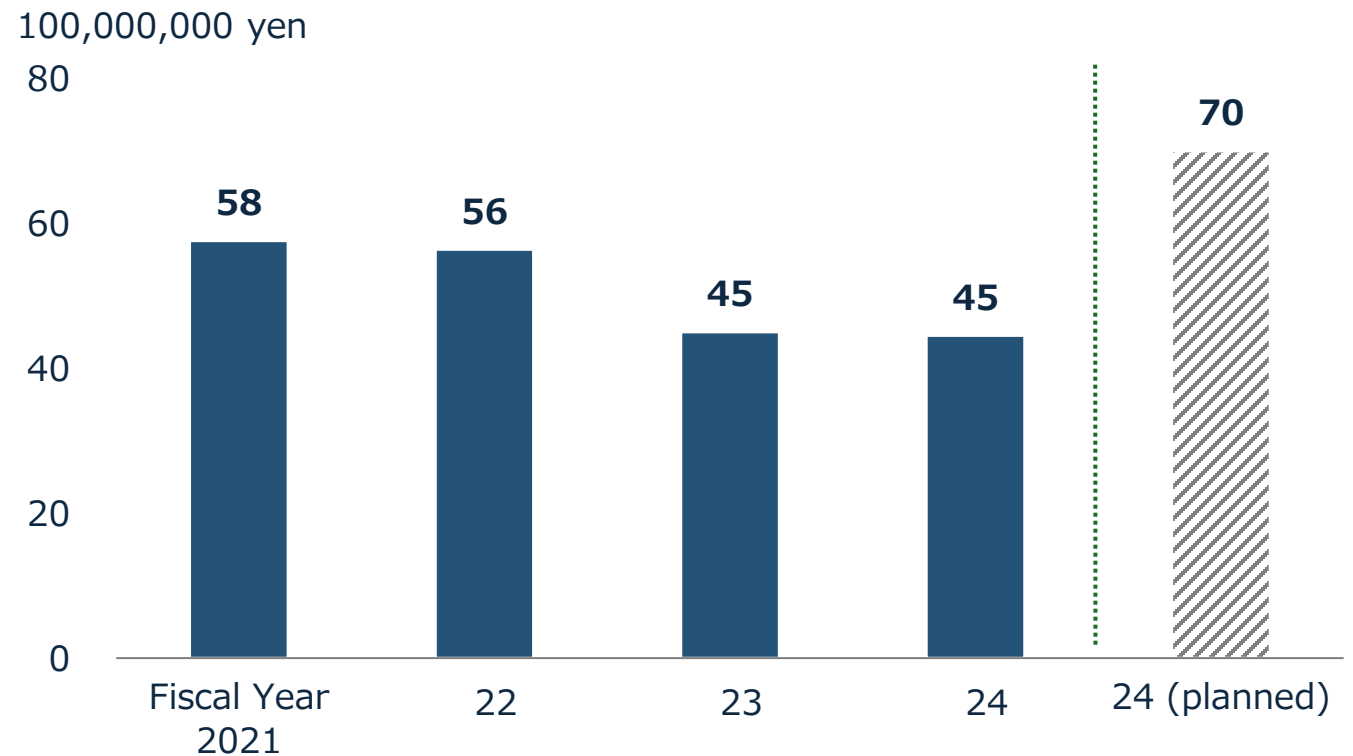


(Note) FY2024 plan is the figure at the time of the upward revision of the medium-term management plan announced in May 2023.

4.45 billion yen, down 22% from FY2021, due to the impact of civil rehabilitation of clients and sluggish demand for pachinko machines.

- The announcement of civil rehabilitation by a client pachinko manufacturer in June 2022 is the main reason why we did not achieve sales in FY2024
- Smart Pachislot was launched in FY2023, but it was stagnant compared to Sumaslot. Full-scale development of Sumasuro started in the same fiscal year; in May 2025, DAXEL's first smart pachislot machine, "L Welcome to the Classroom of Merit Supremacy," was launched in the market.
- In the game field, "Metropolitan Highway Battle" was released for the first time in 18 years and was downloaded 250,000 times.

Amusement Business Net Sales



(Note) FY2024 plan is the figure at the time of the upward revision of the medium-term management plan announced in May 2023.

- Actively pursue M&A to enter other industries and expand business domain
- The "Other" segment was newly established for the fiscal year ending March 31, 2025, following the consolidation of the following subsidiaries.
- Sales in the "Others" segment for the period under review totaled 890 million yen, accounting for 1.5% of total sales.

	Subject of consolidation				Non-equity-method affiliate
name of company	 西本産業株式会社 Nishimoto Sangyo Co.	 LILIUM Co.	 Logon System Co.	 株式会社 箱根ガラスの森リゾート Hakone Glass Forest Resort Co.	 nana's green tea Shichiba Corporation
Acquisition date	April 2024	April 2024	August 2024	August 2024	October 2024
Investment Ratio	99.9% (%)	100% (funded by Aloft Co., Ltd.) (Investment by Aloft Co.)	100	100	34%.
Business	<ul style="list-style-type: none"> Display, decoration and maintenance business Rental mats and cleaning Business 	<ul style="list-style-type: none"> Planning and production of various events Operation and Management 	<ul style="list-style-type: none"> Development and design of computer software program development 	<ul style="list-style-type: none"> Real Estate Management 	<ul style="list-style-type: none"> Cafe Management Sale of tea utensils and tea leaves Management of restaurants through franchise system

 M&A to expand business areas, in addition to investments in smart machines and reprinting support

	FY19-21	FY22-FY24	
100,000,000 yen	track record	track record	plan
research and development expenses	28	34	40
Capital expenditures (hardware)	41	49 Including real estate acquisition 31	62
Capital expenditure (software)		45	
Depreciation and amortization	60	48	50
M&A Investment	-	25.5	-

- Major Investments in Existing Businesses

- Card unit for smart machines & support for reprinting
- Server Cloud Computing
- Development of SMASLO "L Welcome to the Classroom of Meritocracy" and racing game "Metropolitan Highway Battle".

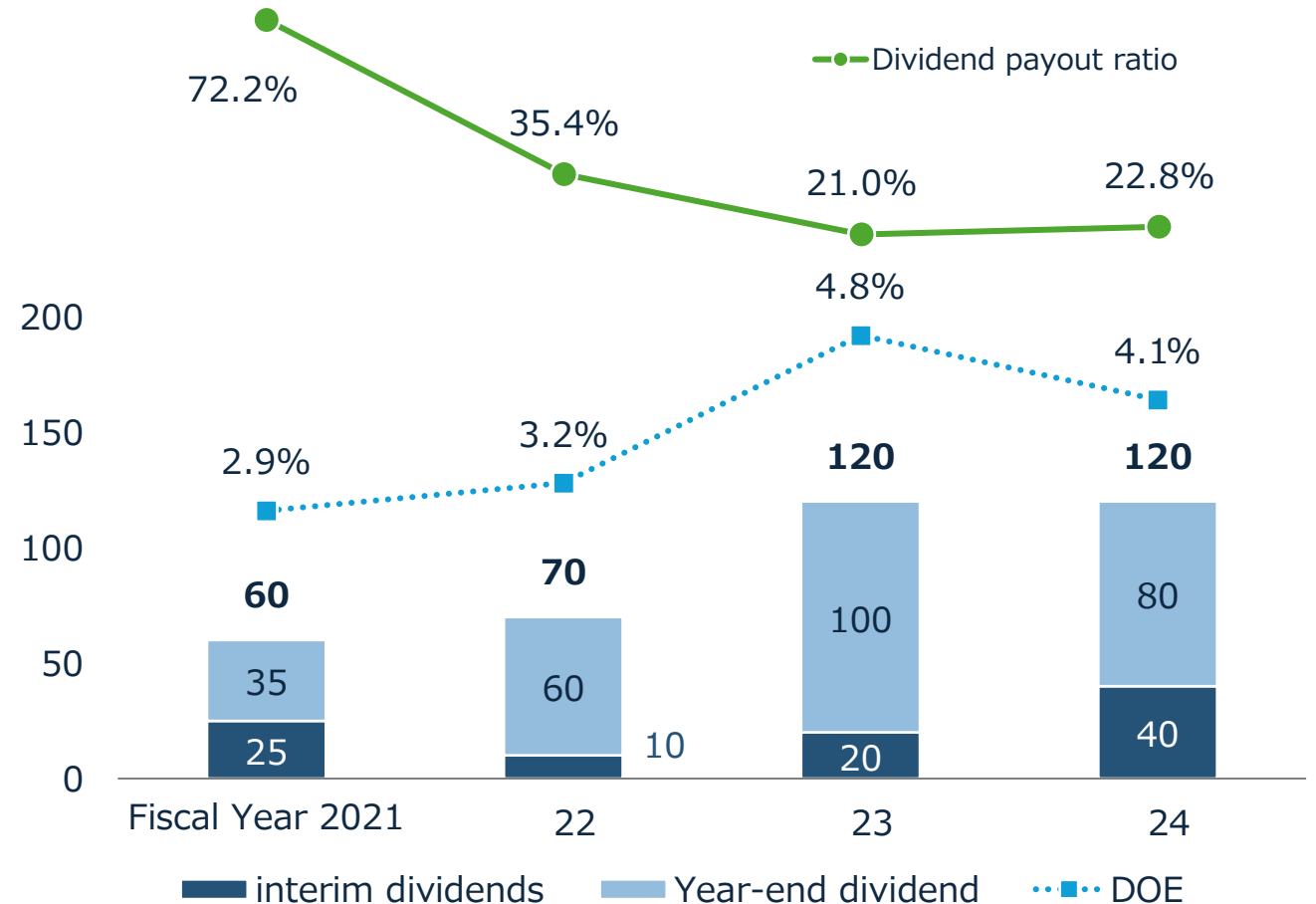
- M&A to expand business areas

- Dec. 2022 Acquired system company Global Wise as a subsidiary
(240 million yen)
- April 2024 Display company Nishimoto Sangyo made a subsidiary
(620 million yen)
- Aug. 2024 Acquired system company Stadd as a subsidiary
- Oct. 2024 Third party of Nanaha Corporation, which operates matcha cafes
Underwriting of allotment of new shares (680 million yen)
- Nov. 2024 Acquisition of real estate and artwork of Hakone Glass Forest Art Museum (3.1 billion yen)

Increased dividends in line with earnings growth, with a DOE of 4.1% and payout ratio of 22.8% in FY2024.

- Dividend payments in line with business performance based on a basic policy of paying stable dividends while comprehensively taking into account the business environment, earnings conditions, dividend payout ratio, and other relevant factors.
- Annual dividends for FY2023 and FY2024 will be 120 yen, double the FY2021 level.
- Dividend payout ratio to decrease from 72.2% in FY2021 to 22.8% in FY2024 in line with earnings growth
- Meanwhile, DOE will increase from 2.9% in FY2021 to 4.1% in FY2024

Dividends and DOE



II. Vision for 2030

Make CX Amazing
Delivering Unprecedented Customer
Experiences to the World

Make CX Amazing

-Delivering Unprecedented Customer Experiences to the World-

Daicoku Denki will continue to be an innovator in creating the future of the pachinko industry, At the same time, we will evolve into a corporate group that contributes to society in a variety of fields by continuing to take on the challenge of creating new markets.

I: The Challenge to Create a New Future of Play

- /// We are not just a pachinko equipment manufacturer, but a game changer that redefines the customer experience through the use of digital technology and data.
- /// Fusing cutting-edge technologies such as AI, IoT, and VR/AR to create smart entertainment. Providing an immersive next-generation pachinko experience optimized for each individual's tastes and preferences.

II: Challenges to enter other industries and expand business domain

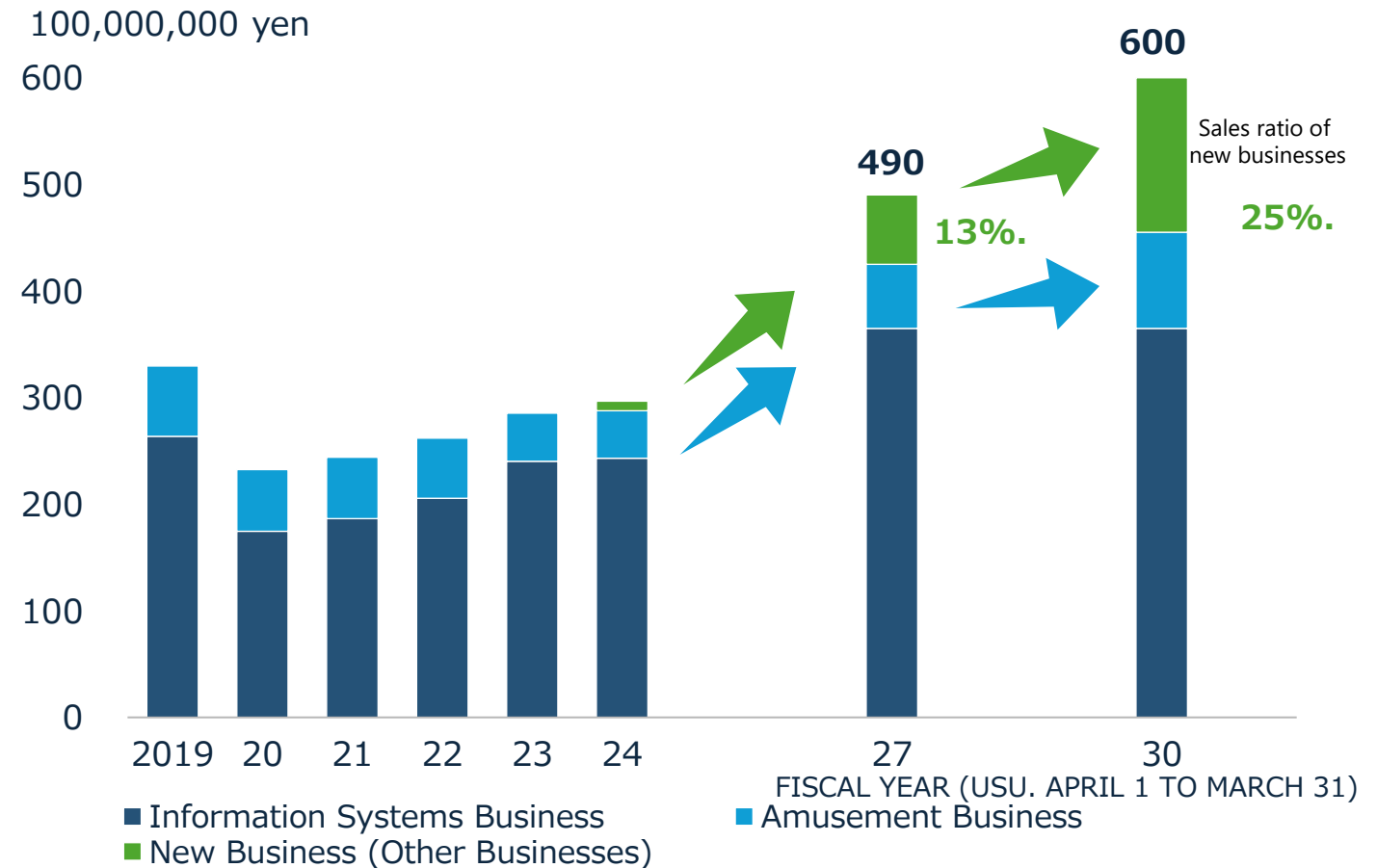
- /// We will proactively promote expansion into business areas that provide new value to society, based on free thinking outside of existing frameworks. We will break out of the stereotypes and create new value in diverse fields.
- /// We create new entertainment experiences such as food entertainment business and tourism business by utilizing AI, VR/AR, video/audio technology, interactive technology, etc.

	field	Aiming Direction for 2030	Group Companies
The Challenge to Create a New Future of Play The Challenge to Create	Pachinko and	<ul style="list-style-type: none"> • Providing innovative game experiences through the use of digital technology • New Technology for Entertainment and Convenience • AI agent-ization to attract customers and maximize revenue 	<ul style="list-style-type: none"> • Daicoku Electric • Daicoku Denki Communication PLUS • global wise
	Peripheral Areas	<ul style="list-style-type: none"> • Expansion of Pachislot Business • Expanding our planning and system development capabilities accumulated in the pachinko industry to other industries • Continued release of in-house game titles 	<ul style="list-style-type: none"> • aloft • DAXEL • lyli (offspring of a male lion and a female tiger) • energy
Expansion into other industries Expanding Business Domain challenge	B to C	<ul style="list-style-type: none"> • Creation of new entertainment experiences, including food entertainment and tourism businesses that enrich the customer experience • Expand IP business 	<ul style="list-style-type: none"> • Japanese white pine (favored for gardens and bonsai) • Hakone Glass Forest Resort • LILIUM
	B to B	<ul style="list-style-type: none"> • Synergies with DK Group • Customer Expansion and Profit Improvement • DXing Support • Support for attracting customers for B to C businesses through the Internet and apps 	<ul style="list-style-type: none"> • logon system • Nishimoto Sangyo

Expand business base and reform business portfolio through new business development and M&A

- Utilize cash generated from existing profitable businesses to invest in new businesses and M&A
- Aim for sustainable earnings growth by adding businesses that are expected to provide stable earnings, market growth, and complement existing businesses, in light of the challenges of existing businesses (high performance volatility, market contraction, high dependence on one business, etc.).
- Increase the weight of new business to 25% in FY2030

2030 Vision Sales Target (excluding special demand)



III. Medium-Term Management Plan 2025- 2027

Medium-Term Management Plan Basic Policy

Expansion of business base and aggressive upfront investment for future growth

Business Strategies What we aim to be in 3 years

1 Information Systems Business

DX leader in the industry using AI and Big Data

2 Amusement Business

Acquire and expand name recognition and market share through the release of in-house pachislot machines

3 new business

Challenges in new business areas and establishment of multiple pillars of growth

Strengthen management foundation to support business strategies

1 Human Resources Strategy

Develop and employ human resources with the "ability to continue to challenge" and "ability to innovate".

2 Sustainability Initiatives

Achieving compatibility between business continuity and development and environmental impact reduction activities

Financial and Capital Strategies

1 Establishment of minimum dividend

Profit distribution based on business performance, with a minimum annual dividend of ¥80 per share for fiscal years 2025-27.

2 Strengthen IR activities

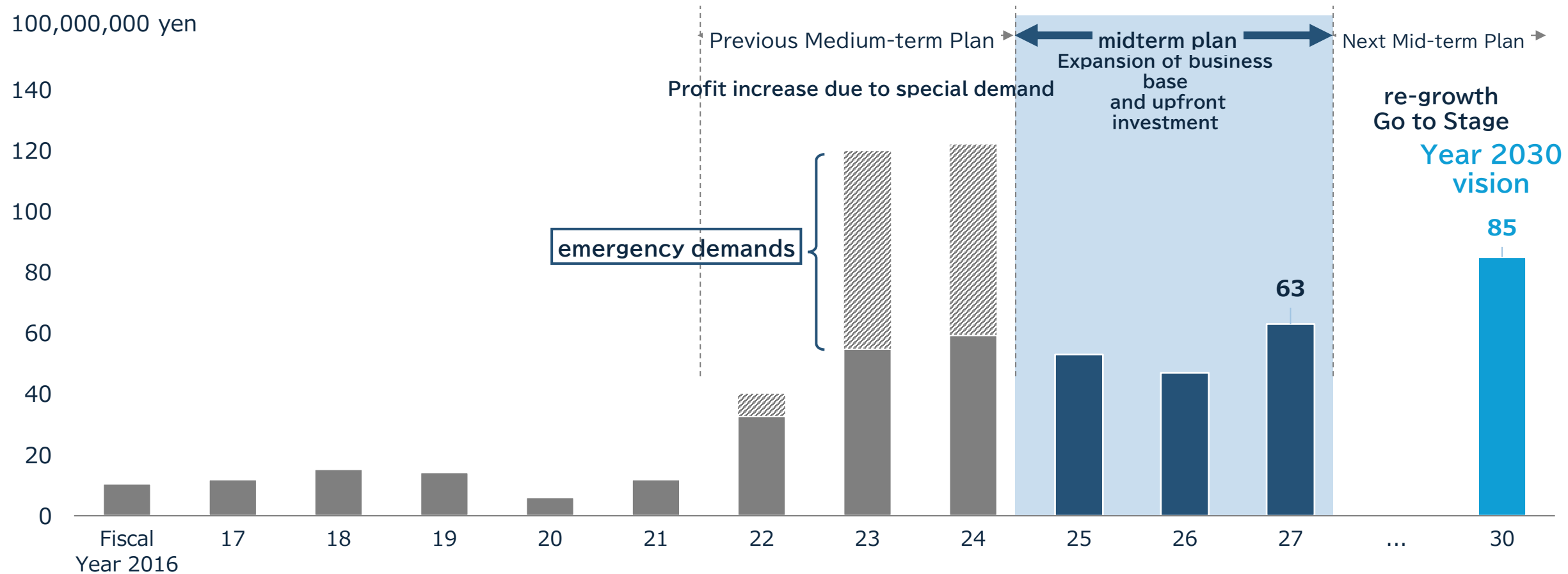
Work to increase corporate value while building relationships with shareholders and investors

DK Positioning of this medium-term management plan

This medium-term management plan focuses on expansion of the business base and upfront investment for renewed growth during the next medium-term plan period.

Changes in Operating Income (from FY2016)

*Planning figures for FY2025 and beyond

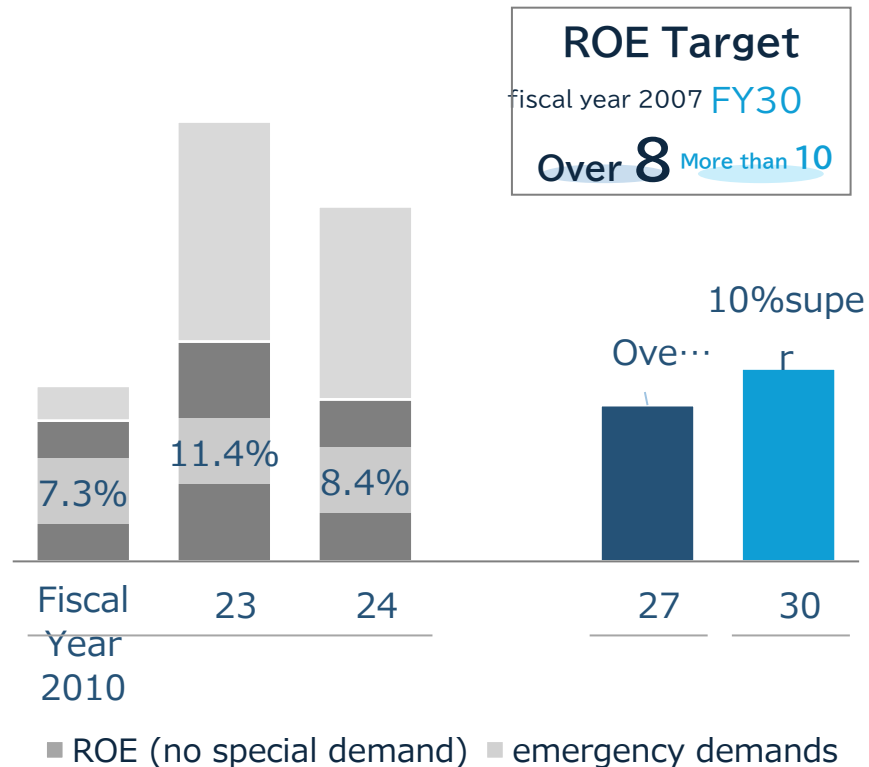


DK Quantitative targets (financial and non-financial)

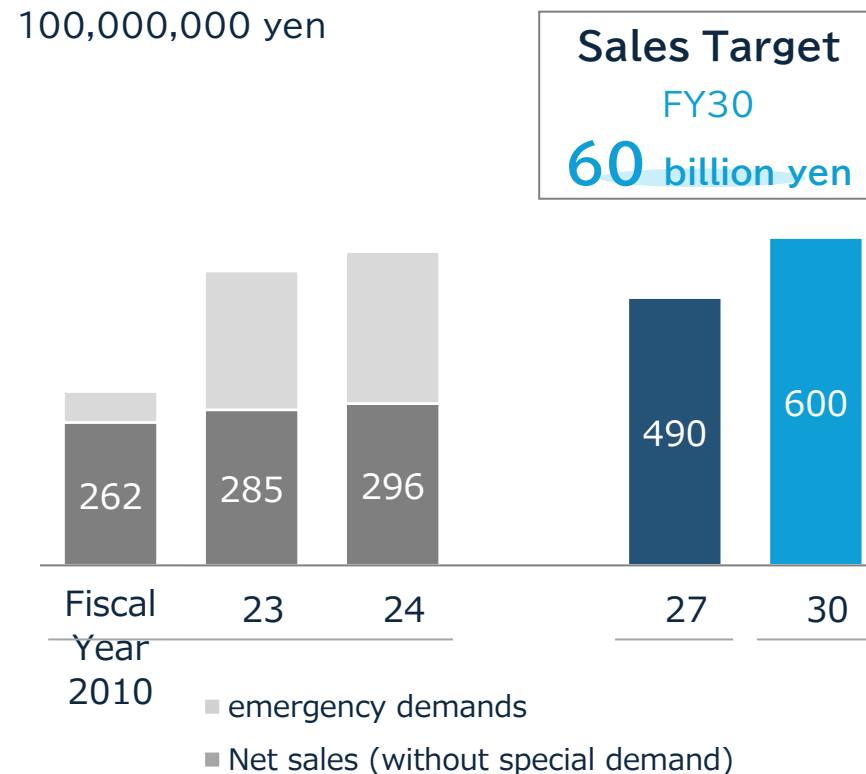
/// The 2030 Vision targets net sales of 60 billion yen and ROE of over 10% in FY2030, with the ratio of new business to total sales to increase to 25%.

/// In FY2027, we plan to achieve net sales of 49 billion yen and ROE of over 8%.

capital efficiency



business growth



FY2030 New Business*. Sales Composition

25%

* 1.5% in FY2024, falling under the Other Business segment.

FY2030 GHG emissions (Scope1+2)

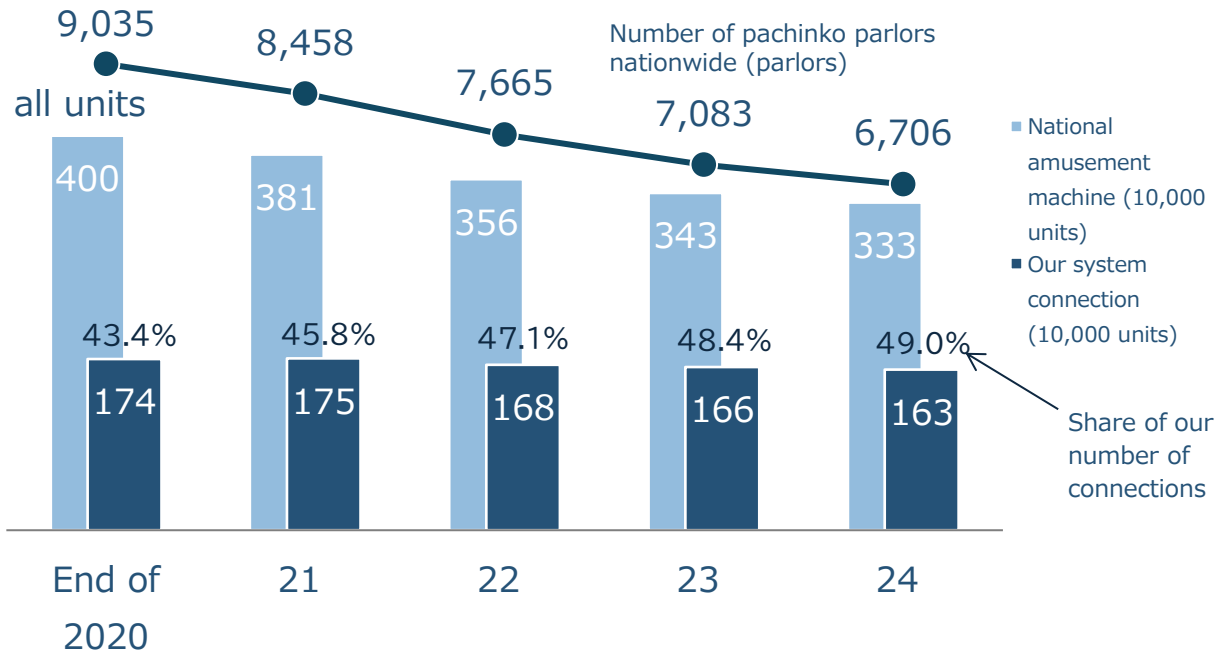
Compared to FY2023 30% (FY2023)

(Millions of yen)		Fiscal year 2024 () Excluding special demand	FY2025	Fiscal year 2026	Fiscal Year 2027
	Information service business	52,126 (24,322)	37,500	36,000	36,500
	Amusement Business	4,451	4,600	3,300	6,000
	Other Businesses	889	1,900	2,700	6,500
Net sales		57,415 (29,611)	44,000	42,000	49,000
	Information service business	14,406	7,800	7,000	7,500
	Amusement Business	356	300	-230	500
	Other Businesses	-178	60	400	900
Operating income		12,212 (5,932)	5,300	4,700	6,300
research and development expenses		3,500		3,600	
Depreciation and amortization		4,800		6,400	

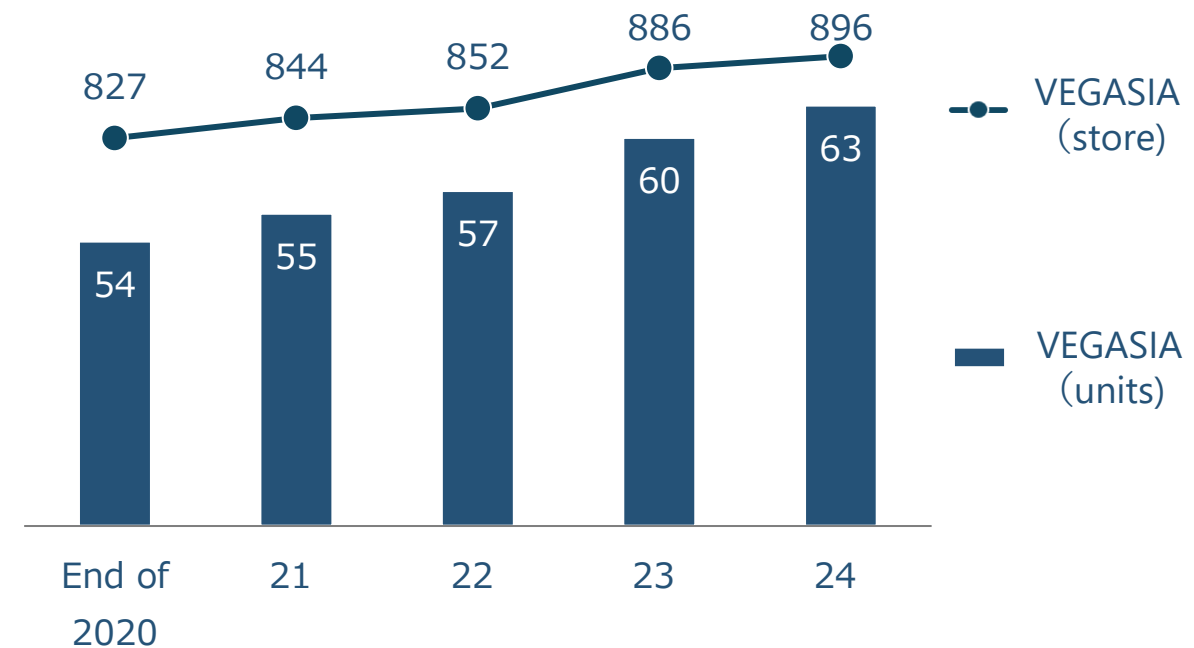
DK Business Environment (1)

- The number of pachinko parlors decreased 26% from 9,035 to 6,706 over the past five years. On the other hand, the Company's major customers are mainly top-tier companies and large retailers in the industry, and the decline in the number of outlets is moderate compared to the industry as a whole.
- As a result, the number of amusement machine connections to our computers has declined only slightly, with connected amusement machines accounting for 49.0% of the market (as of the end of 2024). The share of connected pachinko/pachislot machines is expected to increase in the future, exceeding 50% by FY2026
- The number of card units (product name "VEGASIA"), a core piece of in-hall equipment, steadily increased.

Number of pachinko parlors and units nationwide / Number of our connected parlors



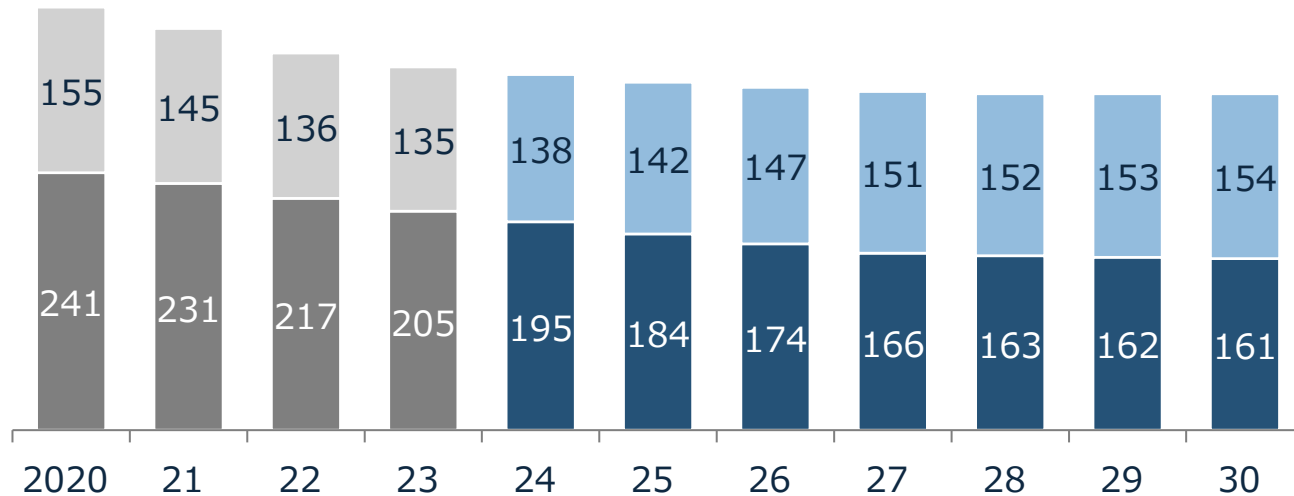
Number of VEGASIA units and stores installed



- Total installed base of pachinko/pachislot machines continues to decline, but the rate of decline is expected to slow and bottom out at around 3.15 million units.
- In recent years, the shift to smarter machines has progressed. The number of installed units of both SMASLO (introduced in November 2022) and SMAPACHI (introduced in April 2023) have both been increasing in recent years, and the share of smart machines in the game machine market is also increasing
- By 2030, most machines in the market are expected to be replaced by smart machines

National Pachinko & Pachinko Machine Installation Forecast

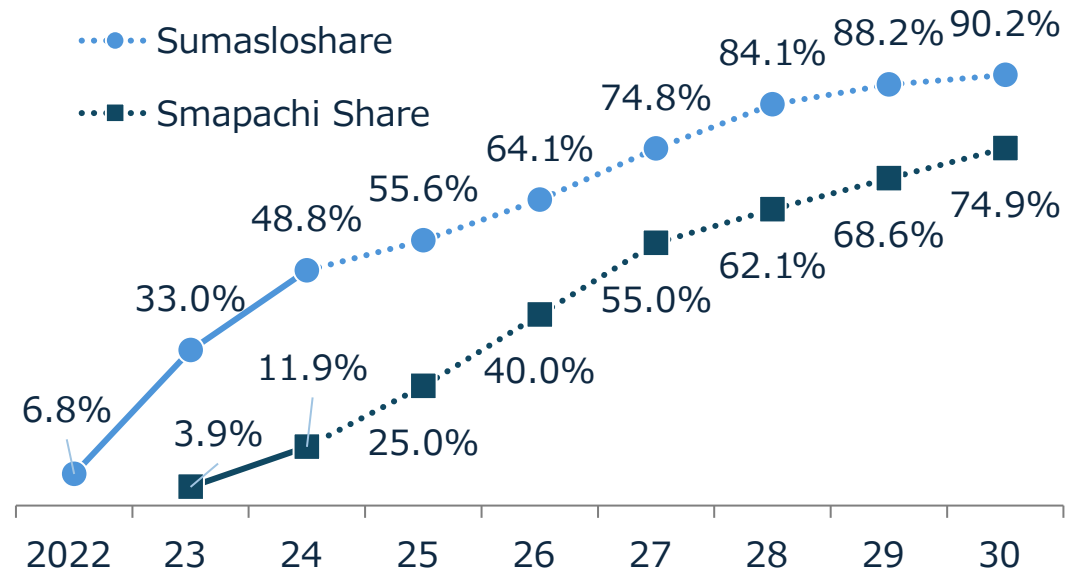
■ Number of pachislot machines installed



(Source) Estimated market values based on our DK-SIS data and our own research.

end of the fiscal year

Percentage forecast of smart

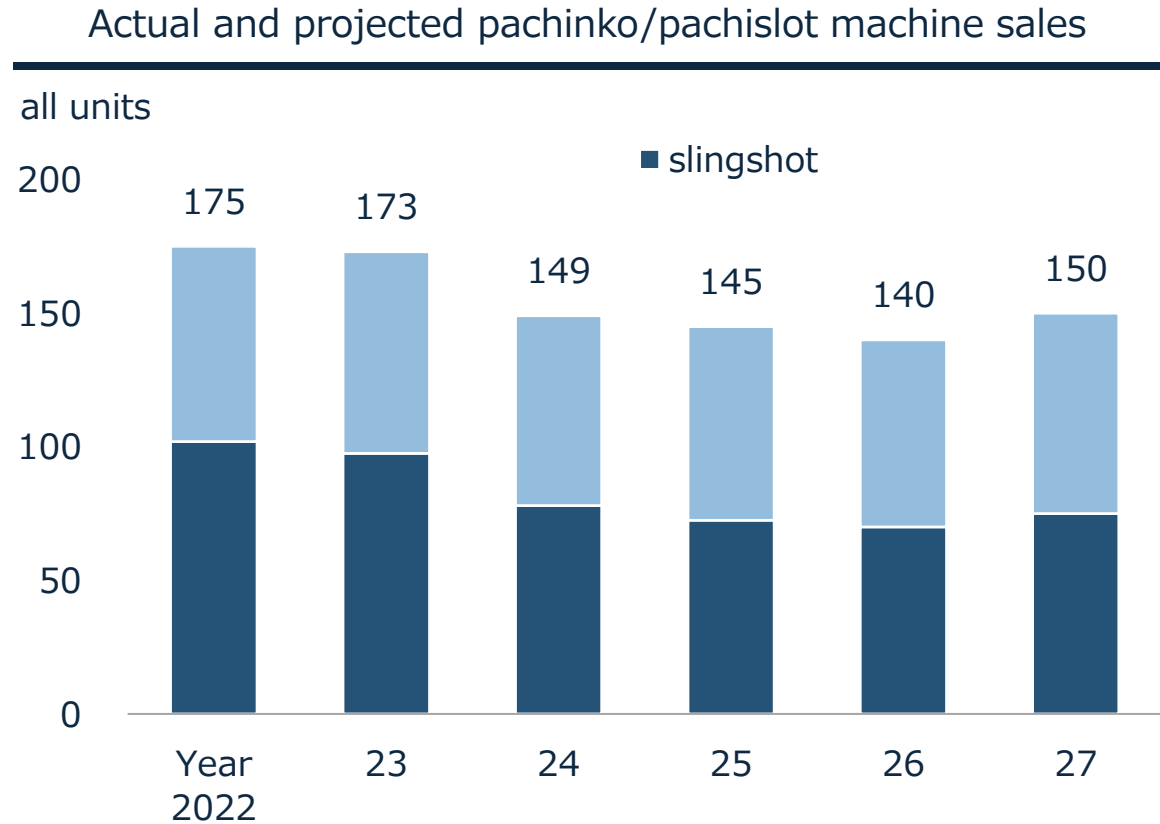


(Note) Figures at the end of FY2010-FY2012 are actual results
(Source: Same as the left figure)

end of the fiscal year

- Pachinko/pachislot machine sales, which have been stable since 2022, will decrease by about 14% in 2024 compared to the previous year
- In 2024, pachinko declined sharply by about 20% from the previous year, while pachislot declined by only about 5%.

- In 2024, pachinko machine sales, especially pachinko, were sluggish due to the impact of equipment replacement in response to printing changes, and pachinko and pachislot machine sales were about the same size.
- Pachislot is expected to continue to enjoy stable sales in 2025 and beyond, as its popularity is steadily increasing and it appeals to younger players as well, thanks to the convenience and wider range of gameplay accepted by players following the introduction of Sumaslot.



*Total machine sales figures are based on our own survey.

Where we want to be in 3 years DX leader in the industry using AI and Big Data

policy

Supporting sustainable growth of the industry by greatly enhancing the competitiveness of pachinko halls and their appeal to fans

priority measures

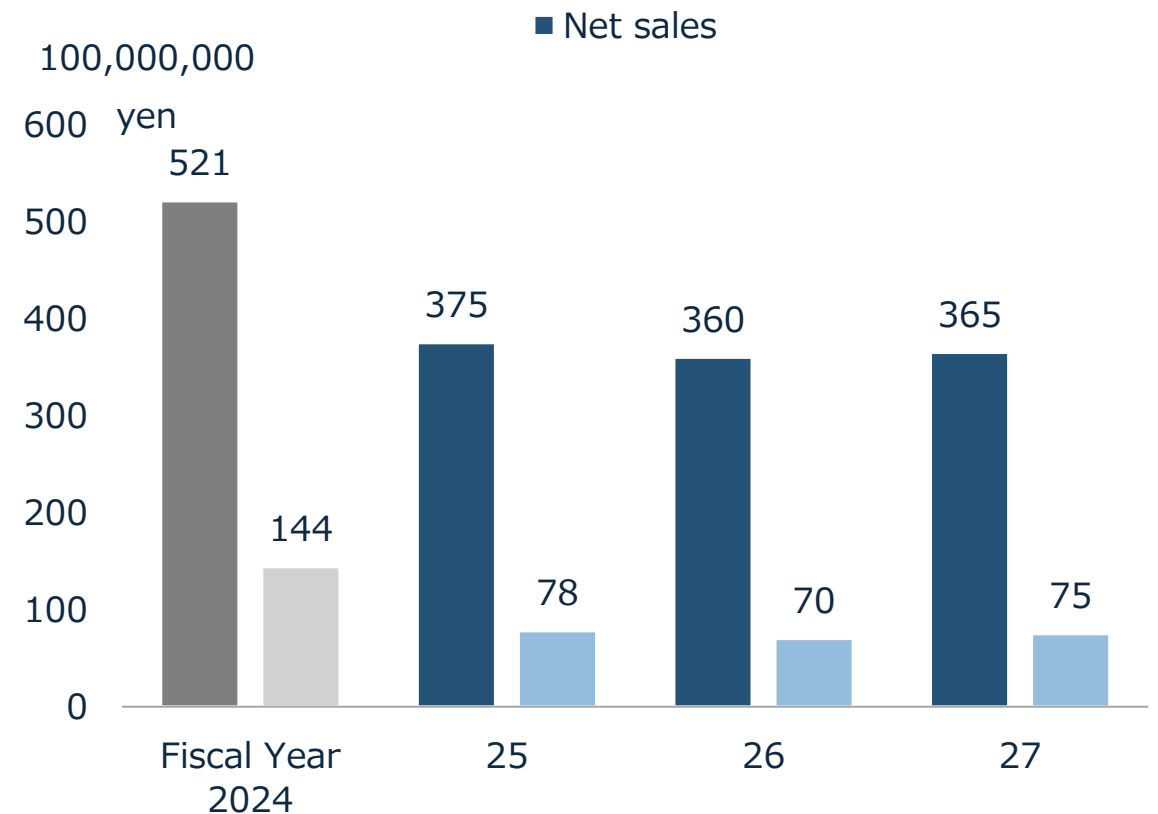
1. Optimization and innovation of hall operation processes
2. Entry into customer attraction support services
3. Realization of data-driven management
4. Increased productivity (increasing the value of the human resources we provide)

Three-Year Forecast



- New banknote support is finished. Introduction of smart pachislot reaches a plateau and smart pachinko spreads in stages.
- Hall companies are focusing on attracting customers and improving operational efficiency
- Aiming to expand cloud-based MG services for halls

Information Systems Business Forecast



Priority Measures 1

Optimization and innovation of hall operation processes

Creation of a new platform to centralize hall operations

→ Achieve maximum efficiency by visualizing data and tasks across a wide range of hall operations and enabling centralized operation.

- Pachinko Platform
- Next generation system "AX (tentative name)"

Priority Measure 2

Entry into customer attraction support services

Creating a new mechanism for pachinko halls to attract and appeal to customers

→ Enable marketing strategies that meet the needs of pachinko fans to enable a marketing strategy that meets the needs of pachinko fans.

- Site 7 Fan+.
- Fan Data Platform
- New Site Seven App

Priority Measure 3

Realization of data-driven management

Revamp MG core services using cloud computing to enhance data collaboration

(to improve the accuracy of sales strategies)

→ Enable advanced sales strategy decision making by combining various data sources and promoting AI

- Plans to connect ClarisLink, Market-SIS, and SiSInfinity to create a marketer's agent


Priority Measures 4

Increased productivity (increasing the value of the human resources we provide)

Advancing internal DX, revamping business processes and improving employees' digital skills

→ Build partnerships and customer support structures that produce maximum results and customer satisfaction with the same resources.

- New MG Store & Centering Concept
- DKcom to establish a support contracting system


 Aim in 3 years Gain recognition and expand market share through the release of in-house pachislot machines

policy

Create hit models and strengthen earnings in the amusement business

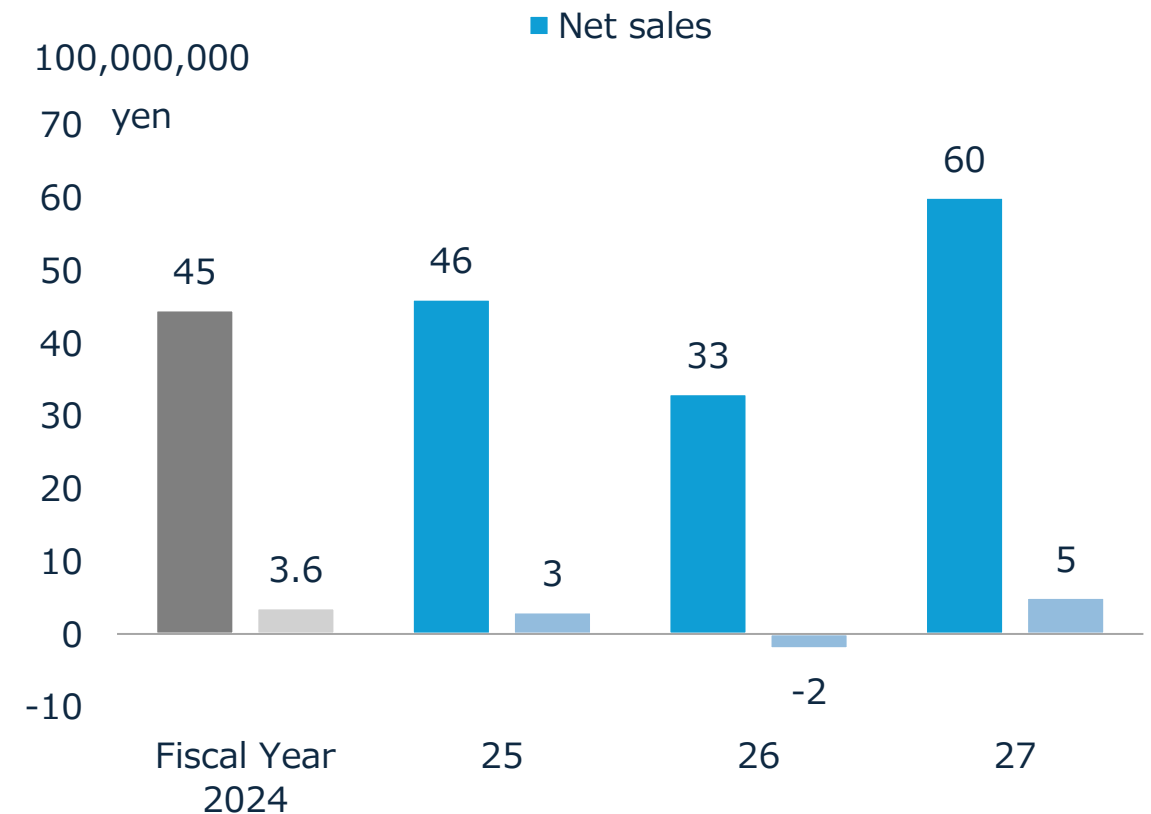
priority measures

1. Review and strengthen pachislot planning and development system
2. Cultivate content business
3. Maintain earnings through outsourced pachinko software
4. Creation of mainstay products (games)

Three-Year Forecast

- In FY2025, officially entered the smart pachislot business with the introduction of "L Welcome to the Classroom of Meritocracy
- Temporary operating deficit in FY2026 due to prior investment in development of in-house pachislot machines
- Revenue is expected to increase in FY2027 due to sales of multiple models.

Amusement Business Forecast



Priority Measures 1

Reinforcement of pachislot planning and development system

Aiming to improve the product appeal of our machines

→ Aiming to strengthen the planning and payout design functionality of DAXEL, which is being carried out by a group company.

- DAXEL Planning Department established
- Expansion of software development line

Priority Measure 3

Maintain earnings through outsourced pachinko software

Aiming to improve responsiveness and development quality of pachinko development and to secure continuous contract and outside sales revenues

→ Strengthen software development system and increase in-house production ratio

- Strengthen transactions with leading customers
- Developing new business with manufacturers

Priority Measure 2

Cultivate content business

Aiming to secure works through continuous content investment and growth through publicity and commercialization

- Increased investment in new content
- Acquisition of copyrights for pachinko/pachislot machines

Priority Measures 4

Creation of mainstay products (games)

Expand the contracted development business domain and improve profitability, launch a stock business, build a repeat business for in-house titles, create and discover IP

- Establish repeat & stock business

Aim in 3 years Challenges in new business areas and establishment of multiple pillars of growth

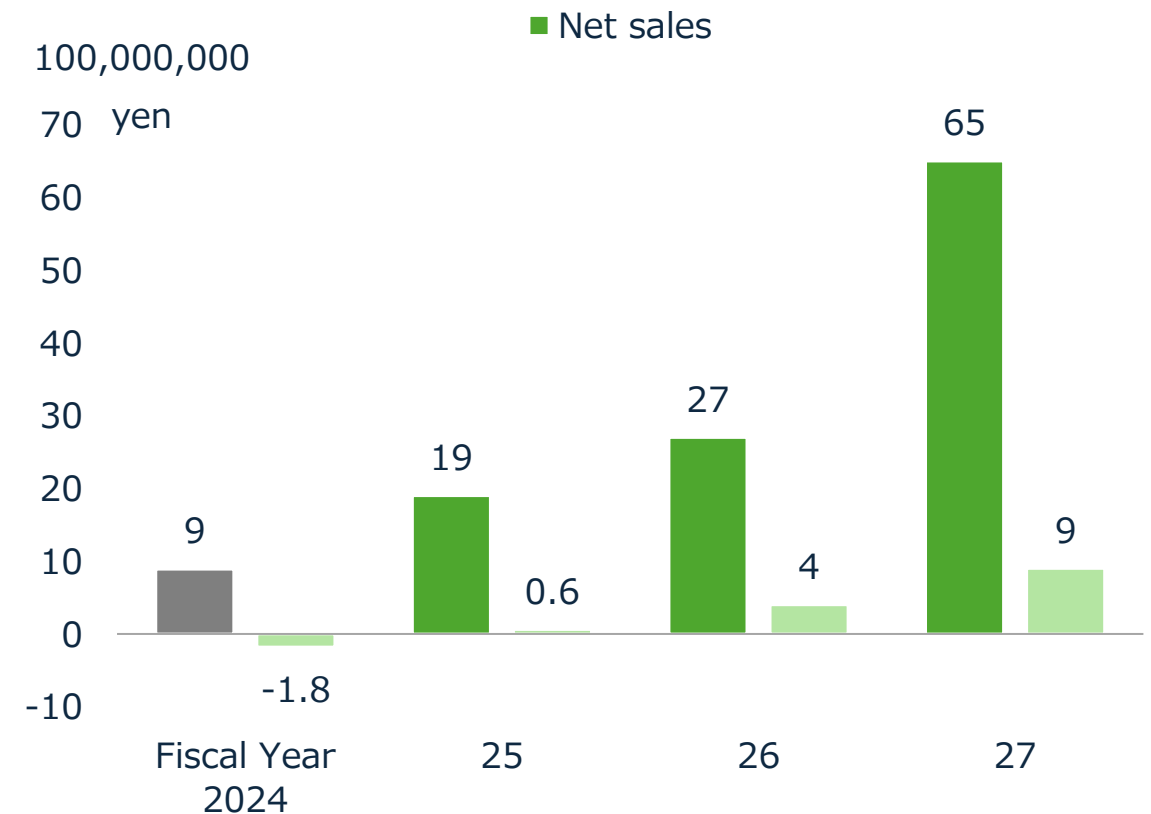
policy


Contribution to DK Group through investment in growth businesses and PMI (post-acquisition integration)

priority measures

1. Synergies with DK Group
2. Customer expansion and profit improvement in theme parks and commercial facilities
3. Profitability improved by strengthening sales force in the system development division and developing AI products
4. Improve profitability by increasing customer attraction and dwell time through the Internet for B to C businesses
5. Expansion of the scale of yuri exhibitions, acquisition of quality content and overseas development

New Business Forecast



-  The Group will develop and recruit human resources who can embody the creation of value that will "create irreversible change" for customers through "the ability to continue to challenge" and "the power of innovation".

Human Resource Development Policy

- 1 Visualization of Capabilities and Strategic Staffing**
 - Visualization of employee skills, experience, and preferences
 - Strengthening Talent Management
- 2 Establishment and publication of a systematic training system**
 - Support for employees to acquire necessary skills while charting their careers
 - Expansion of self-development support system including reskilling
- 3 An organization with a diverse workforce**
 - Strengthening Communication Infrastructure
 - Expansion of career course options in line with diversification of business and values
- 4 A culture of proactive continuous improvement**
 - Periodic implementation and effectiveness verification of organizational diagnostic surveys
 - Improve transparency by clarifying and disclosing evaluation and promotion criteria

Strengthen recruitment of specialized personnel

- 1 Hiring personnel with the necessary specialized skills for each business area**
- 2 Hiring security personnel with expertise and skills in information security**
- 3 Hiring people who can utilize big data and use AI and machine learning to solve problems**

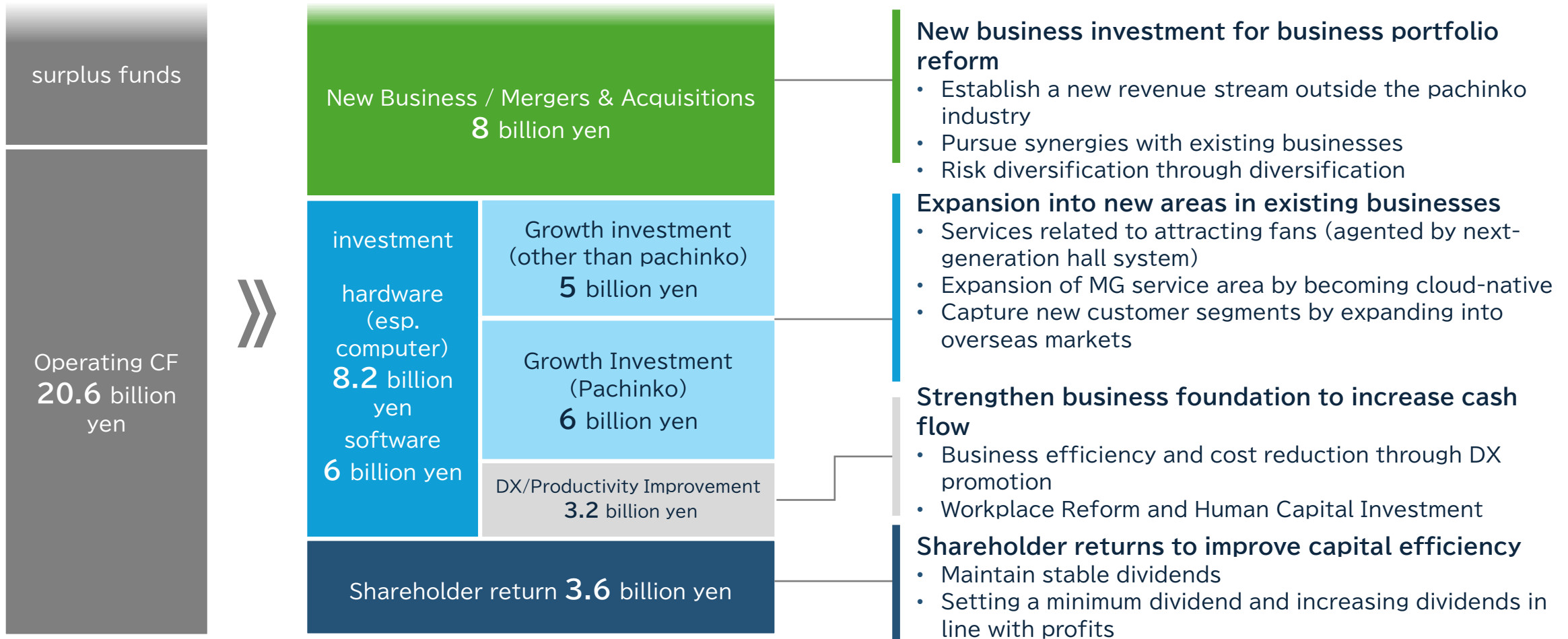
In the future, our group recognizes that diversification of human resources is an important issue in conducting our business. We will aim for sustainable growth by focusing on a human resource structure that possesses a diverse range of careers.

 Working with stakeholders to achieve a sustainable society and Group growth

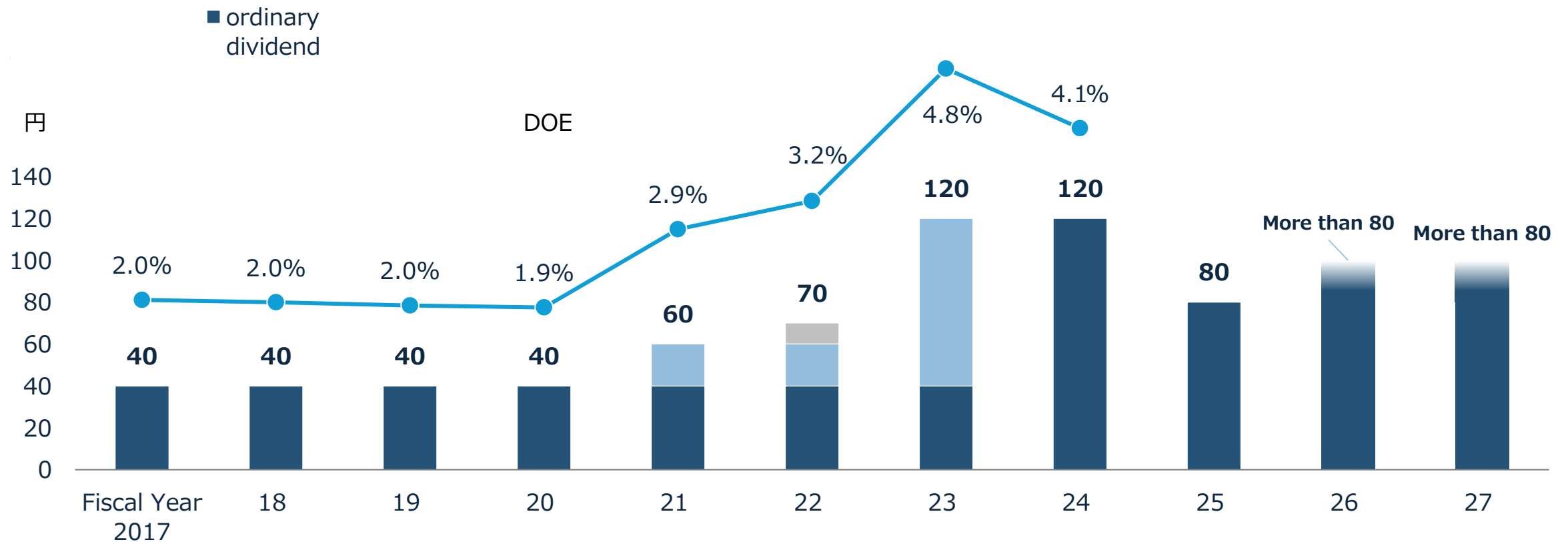
 Proactive response to addiction risk using AI

materiality	Main Initiatives	KPI	Target (FY2030)
Contribution to the Global Environment	<ul style="list-style-type: none"> Reduction of greenhouse gas emissions Utilization of renewable energy 	<ul style="list-style-type: none"> GHG emissions (Scope 1,2) Ratio of renewable energy introduction 	<ul style="list-style-type: none"> 30% reduction from FY2023 20%.
Promotion of Human Resource Success	<ul style="list-style-type: none"> Promotion of D&I Promotion of male and female employees taking maternity leave Human Resource Development employment of people with disabilities 	<ul style="list-style-type: none"> Percentage of female workers among those at the assistant manager level Percentage of employees taking childcare leave Formulation of human resource development policy required employment rate 	<ul style="list-style-type: none"> 20% or more Maintain 100%. Number of skilled personnel 3.0% achieved
Through Innovation Providing Solutions	<ul style="list-style-type: none"> AI, cloud-based products and services 	<ul style="list-style-type: none"> Release of AI Hall Computer System 	<ul style="list-style-type: none"> DXing of hall operations permeates
Dealing with Addiction	<ul style="list-style-type: none"> Provide products and services that prevent addiction 	<ul style="list-style-type: none"> Third addiction check game released. Establishment of addiction risk detection data collection infrastructure 	<ul style="list-style-type: none"> Release Completed Dependency Risk Detection AI Implementation
Governance and Compliance Enhancement	<ul style="list-style-type: none"> Pursue a highly effective corporate governance structure Strengthening Information Security 	<ul style="list-style-type: none"> Number of serious noncompliance cases 	<ul style="list-style-type: none"> Continued 0 cases

- Utilize cash flow and surplus funds from existing businesses for M&A investments to acquire new businesses
- Improve capital efficiency through returns to shareholders while investing to expand the business base



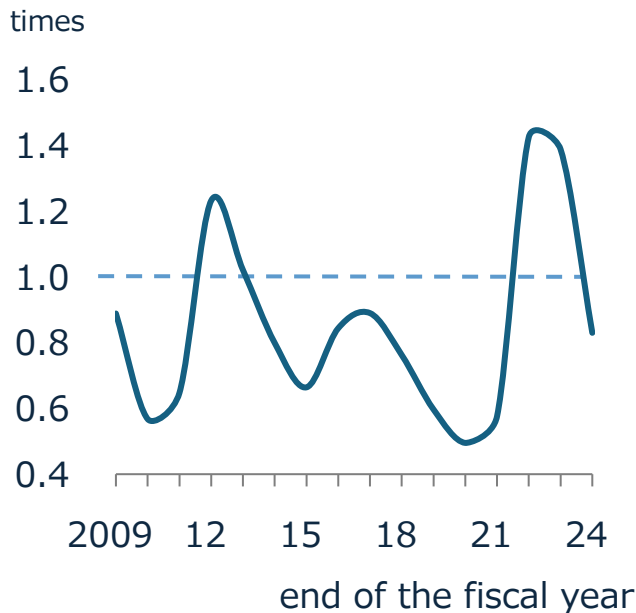
- Continue to make it a basic policy to pay stable dividends, taking into account the business environment, earnings conditions, dividend payout ratio, and other factors.
- Profit distribution based on business performance, with a minimum annual dividend of ¥80 per share for fiscal years 2025-27.



While earnings volatility is significant and leads to higher cost of capital, average ROE is low and equity spreads continue to be negative

PBR

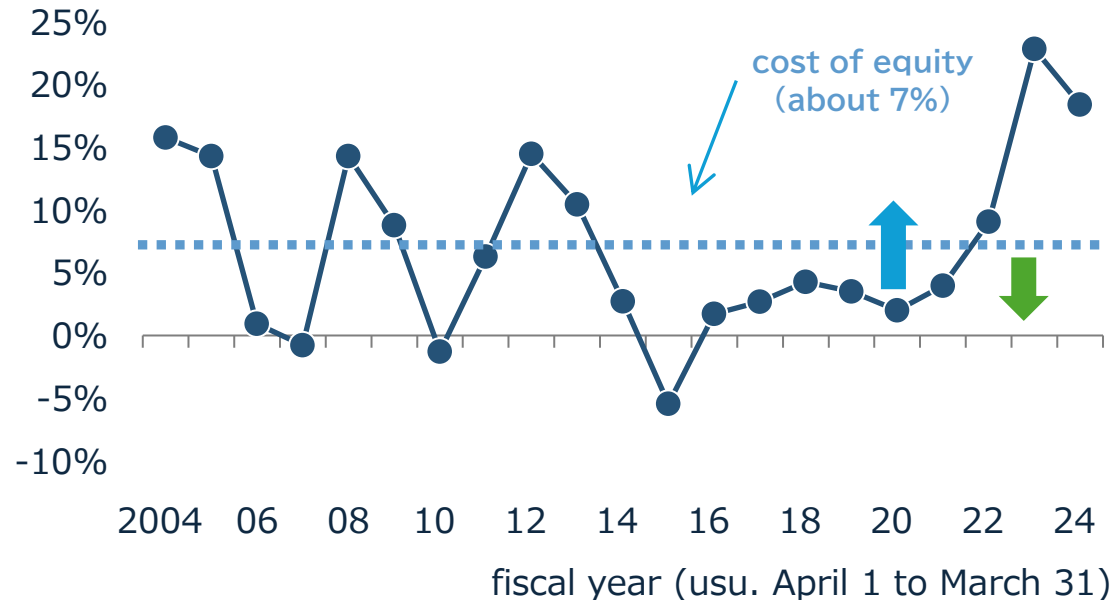
- Except for periods of special demand, P/B ratios have remained below 1x.



Current Issues

Return on equity (ROE)

- Large fluctuations in earnings may be a factor in higher cost of capital
- ROE will remain below 5% for some time before the special demand in FY2010, and the average level is below the cost of capital.



Financial Challenges

Expansion of equity spread

Improvement of capital efficiency

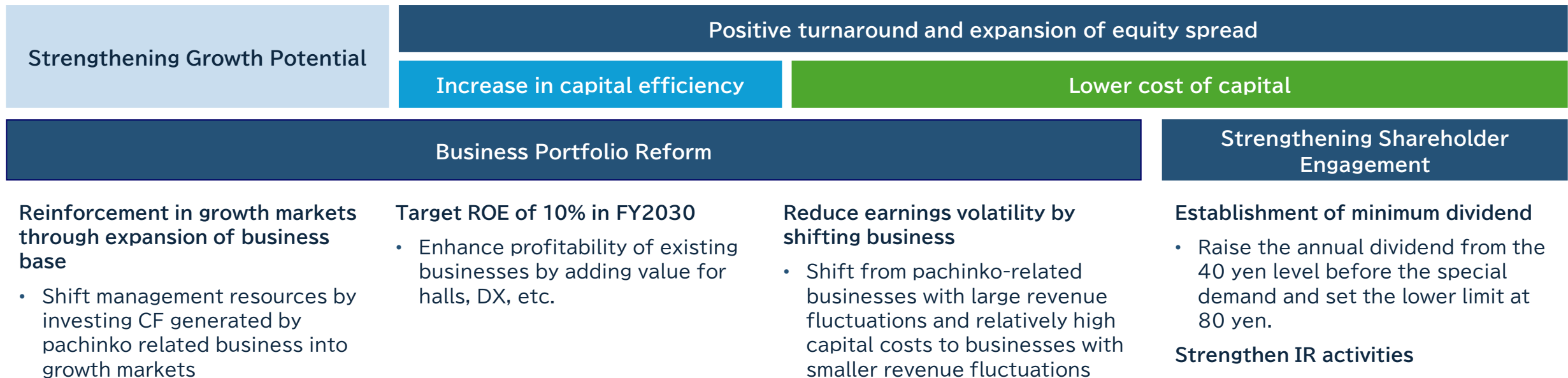
- Strengthen profitability of existing businesses
- Expand investment from CF and surplus funds

Reduced capital costs

- Business portfolio to reduce revenue volatility
- Stable shareholder returns
- Enhancement of IR activities

- Allocate management resources to growth markets through business portfolio reforms. Improving capital efficiency from profitability enhancement in existing businesses.
- Lowering cost of capital by setting a lower dividend limit and strengthening IR activities to turn equity spread positive and expand

Initiatives to Enhance Corporate Value



Statements made in this document with respect to Daicoku Electric's current plans, forecasts, strategies, and beliefs that are not historical facts are forward-looking statements about the future performance of Daicoku Electric and are subject to risks and uncertainties. Since a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements, investors are cautioned not to place undue reliance on them. This material is not intended as a solicitation to invest. Investment decisions should be made at the discretion of the user of this material.

For inquiries, please contact
IR Promotion Office, General Affairs Department, DAIKOKU ELECTRIC CO.
<https://www.daikoku.co.jp/contact/>
MAIL xsomu@daikoku.co.jp