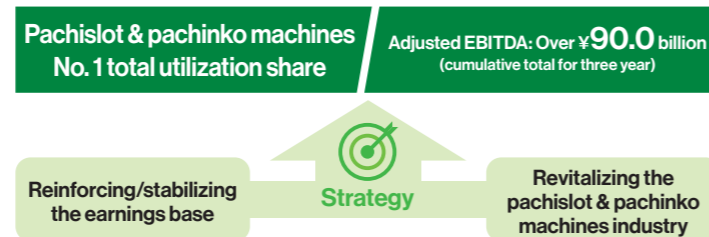


# Pachislot & Pachinko Machines Business

## Medium-Term Plan: Welcome to the Next Level!

Under this medium-term plan, we have set a target of achieving the No. 1 total utilization share of pachislot & pachinko machines, as well as a cumulative adjusted EBITDA of more than ¥90.0 billion over three years. Our strategies to achieve these goals are focused on strengthening and stabilizing our earnings base and revitalizing the pachislot & pachinko machine industry.

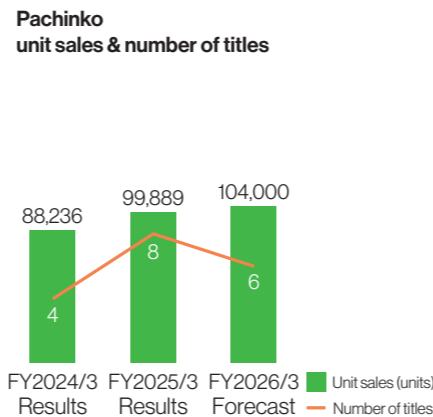
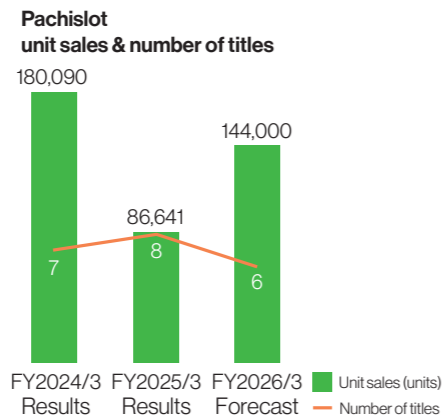


## Achievements and Challenges in FY2025/3 and Future Initiatives

The smart pachinko title *e Hokuto No Ken 10*, released in August 2024, sold more than 35,000 units, recording the highest sales volume in the 2024 pachislot & pachinko machines market. However, sales of new titles released in the second half were sluggish, prompting us to postpone the release of some mainstay titles to improve the product competitiveness. As a result, coupled with a reactionary decline from the fiscal year ended March 2024, which saw strong results driven by the hit title *Smart Pachislot Hokuto No Ken*, both revenue and profit declined year on year. On the other hand, we plan to increase sales volume in the fiscal year ending March 2026, when several mainstay pachislot titles are scheduled for release.

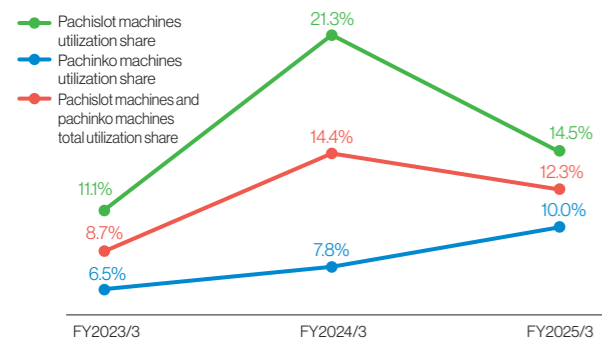


*e Hokuto No Ken 10*  
©Buronson & Tetsuo Hara / COAMIX 1983,  
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Regarding the total utilization share differences between the specifications of our released titles and market needs caused our ranking to fall by one position from the fiscal year ended March 2024. We will continue working to enhance our total utilization share with the goal of reclaiming the No. 1 total utilization share in pachislot and pachinko.

### Transition of the Group's utilization share



### Ranking for total utilization share

	FY2023/3	FY2024/3	FY2025/3
Company S	18.4%	Company S 21.1%	Company S 19.4%
Company K	16.3%	Company K 15.2%	Company K 15.6%
Company S	13.9%	<b>Sammy 14.4%</b>	Company S 12.5%
<b>Sammy</b>	<b>8.7%</b>	Company S 12.8%	<b>Sammy 12.3%</b>

Source: In-house estimation based on DK-SIS data (Data for 4 yen pachinko and 20 yen pachislot) of Daikoku Denki Co., Ltd.

## Reinforcing/Stabilizing the Earnings Base

### Initiatives to Improve the Total Utilization Share

To improve the total utilization share we believe the most important factor is addressing market needs including the quick response to regulatory revisions. We have already launched *e Shin Hokuto Muso Chapter 5 Dodeka START* to meet users' growing demand for time efficiency, and it has performed strongly in both sales and operation. In July 2025, we introduced *e Tokyo Revengers*, featuring the new Lucky Trigger 3.0 Plus function for smart pachinko fastest in the market. The title also exceeded our initial plans and achieved excellent early utilization.



*e Shin Hokuto Muso Chapter 5 Dodeka START*  
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©Sammy



*e Tokyo Revengers*  
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Existing mainstay series



Newly utilized IPs



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### Launch of Mainstay Series Titles and Utilization of New IPs

To further enhance our total utilization share, we recognize that continued releases from multiple existing mainstay series and the use of new IP are essential. Beyond the *Hokuto No Ken* series, which boasts the highest pachislot sales in history, we aim to meet user expectations through the release of other established mainstay series. Furthermore, we view acquiring strong licenses for creating new titles that could become mainstay series following *Hokuto No Ken* as a key management priority, and we will continue working toward that goal.



## Quality Improvement

### P User-Oriented Development Process

In the Pachislot & Pachinko Machines Business, we use data-based market analysis and hypothesis validation during planning to identify targets and needs. We have also put in place a system for enhancing the level of perfection with a unique test-shoot evaluation system that provides more user-oriented evaluations.



### P Brush-Up Using Highly Unique Test-Shoot Evaluation

In pachislot & pachinko machine development, we are leveraging industry-leading human capital for development to deploy a massive 550-person scale test-shoot evaluation process. In addition, we have installed a mock hall (Parlor Sammy) that closely resembles the actual play environment, and we are working to refine our products. These efforts have led to the creation of hit titles such as *Pachislot Kabaneri of the Iron Fortress* and *Smart Pachislot Hokuto No Ken*.



- Large-scale test-shoot evaluation system with 550 people
- Preparation of mock hall environment
- Combination of detailed attribute data and product evaluation

Reliable and useful test-shoot evaluation

Creation of hits

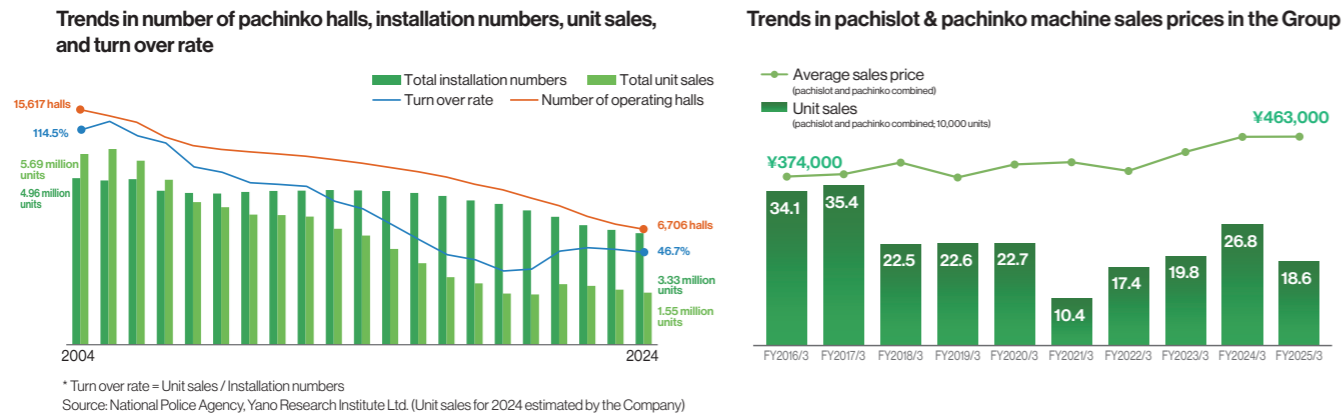
# Revitalizing the Pachislot & Pachinko Machines Industry

## Current State of the Pachislot & Pachinko Machines Industry

The pachislot & pachinko machines industry continues to face long-term contraction due to the declining number of players. As the market shrinks, unit sales are also decreasing, prompting manufacturers to focus on improving product quality to strengthen competitiveness. As a result, development and material costs have risen, leading to a long-term increase in pachislot & pachinko machine prices across the industry.

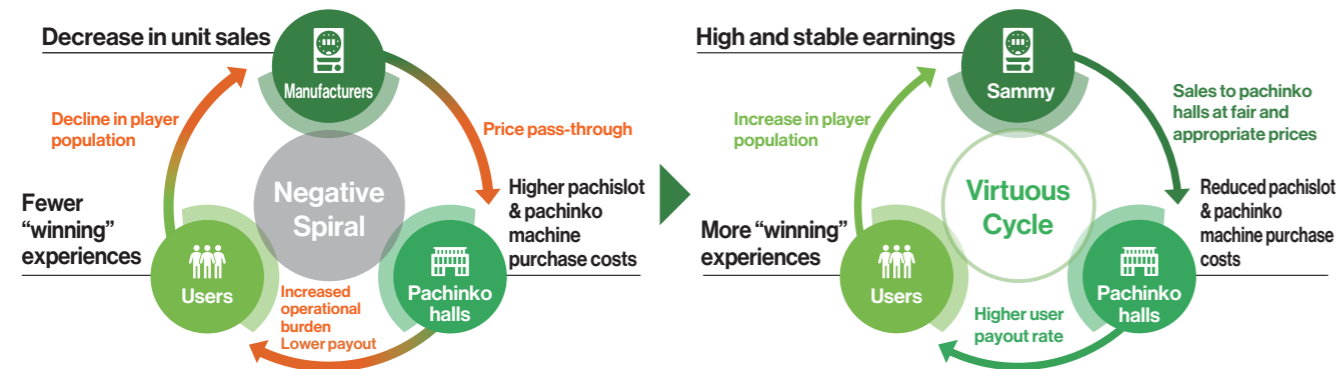
The rise in sales prices has increased the financial burden of pachislot & pachinko machine purchases for pachinko halls. To cover these costs, the opportunities for players to experience "winning" is declining. This has triggered a negative spiral in which fewer winning experiences drive users away, leading to further declines in player numbers.

Within our Group as well, while sales volumes have been decreasing, average unit prices continue to rise. We recognize that rising prices have contributed to this negative spiral and acknowledge our own share of responsibility in the situation.



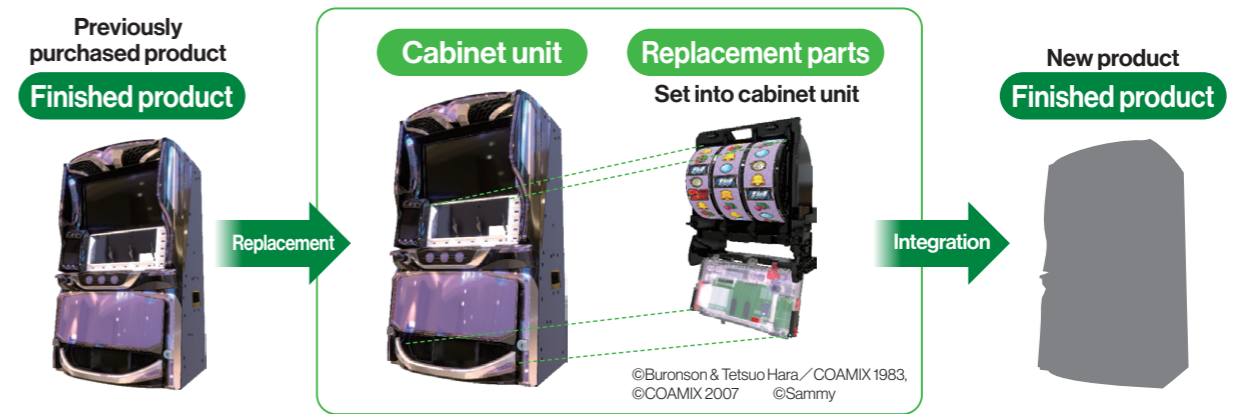
## Creating a Virtuous Cycle in the Pachislot & Pachinko Machines Market

In our role as a driving force in the industry, we believe it is our responsibility to build a sustainable future where the pachislot & pachinko machines industry can coexist and prosper. To break the current negative spiral in the pachislot & pachinko machines industry, we will take the first step toward a "Triple Win" cycle: higher and more stable profitability for manufacturers, lower purchasing costs for pachinko halls, and more winning experiences for users. To achieve this, in the fiscal year ending March 2026, we will introduce a new pachislot cabinet that allows machine renewal by replacing only specific components.



## A Crucial Step to Break the Negative Spiral: The New Pachislot Cabinet

This groundbreaking new pachislot cabinet adopts a structure that separates the reel unit and the main cabinet, enabling replacement with new models simply by swapping the reel unit. While a full cabinet purchase will be required for the initial introduction, subsequent updates will only require partial component replacement. This structure will reduce cost burdens on pachinko halls during replacements, while allowing manufacturers to maintain previous per-unit profit margins.



Whereas conventional cabinets weigh about 40 to 50 kilograms, the replaceable reel unit weighs only about 5 kilograms and, with a design focused on ease of replacement, reduces replacement time to roughly one-third of the current duration. This contributes not only to easing the workload at pachinko halls and reducing transportation costs but also to lowering CO<sub>2</sub> emissions during transport.

As the new cabinet must first be installed at the pachinko hall, it will take some time before the effects of this initiative become apparent. However, as adoption spreads, pachinko halls will be able to introduce new machines at lower costs. We expect that this initiative will help create a more accessible and player-friendly environment and, consequently, expand the player base and improve satisfaction among existing users.

We aim to promote this initiative not only among pachinko halls, but also with support from other manufacturers, thereby contributing to the revitalization of the pachislot & pachinko machine market as a whole.

	Current cabinet	New cabinet (At the time of product replacement)
Cabinet weight	Approx. 40 to 50 kg per unit	Approx. 5 kg per unit
Replacement time	Approx. 24 minutes per unit	Approx. 8 minutes per unit
Transport efficiency	70 units per truck	280 units per truck

## Enhancing Convenience and Efficiency

In addition to the new cabinet, we are pursuing various initiatives in collaboration with the entire industry to revitalize the market. We have already implemented measures such as digitizing various documents and adding headphone connectivity features to machines to enhance user experience. Going forward, we will continue exploring new possibilities in cooperation with industry partners.

