Pachislot & Pachinko Machines Business

Leveraging highly competitive product development and promising IP titles, we will continue to take on the challenge of improving our total utilization share and revitalizing the industry



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Achievements and Challenges in FY2026/3

In the fiscal year ended March 2026 (FY2026/3), sales of pachislot machines in particular were strong, driving an increase in both revenue and profit. Revival machines based on past hit titles, such as *Smart Pachislot Hokuto No Ken Chapter of Resurrection 2* released in the second half, were particularly well-received both for their faithful reproduction of the originals and for their new gameplay elements. Both sales and utilization grew significantly, including for titles that leveraged new IPs such as *Smart Pachislot Tokyo Revengers*. We believe we have significantly restored the market's trust in the Sammy brand as a result of this.

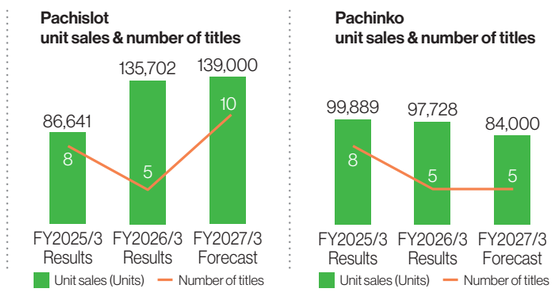
We also began introducing the new reel-exchangeable pachislot cabinets, described in more detail later, as a new initiative to help revitalize the industry and from March 2026, we started the reel unit sales of reel-exchangeable cabinets, offering only the parts needed for replacement. With these initiatives, we have been able to take concrete steps toward revitalizing the industry. We expect roughly 20% of pachislot machines sold to be through reel unit sales in the fiscal year ending March 2027 (FY2027/3), and we will continue to promote this initiative.



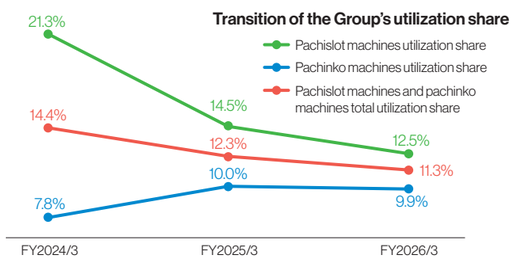
Smart Pachislot Hokuto No Ken Chapter of Resurrection 2



Smart Pachislot Tokyo Revengers



Our goal is to achieve the Triple Crown in the Pachislot & Pachinko Machines Business, which means capturing the top share in sales, installations, and utilization. The indicator we place the greatest importance on is utilization share, which encompasses manufacturers, pachinko halls, and users. As of the end of FY2026/3, our pachislot & pachinko total utilization share remained in fourth place, but utilization for titles launched from the second half onward has been very strong. We will continue our efforts to achieve the top position in total utilization share.



Ranking for total utilization share

FY2024/3		FY2025/3		FY2026/3	
Company S	21.1%	Company S	19.4%	Company S	21.7%
Company K	15.2%	Company K	15.6%	Company K	15.8%
Sammy	**14.4%**	Company S	12.5%	Company S	11.5%
Company S	12.8%	**Sammy**	**12.3%**	**Sammy**	**11.3%**

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

Basic Strategy

In addition to the *Hokuto No Ken* series, our signature IP for the Pachislot & Pachinko Machines Business, we have steadily expanded our use of other companies' IPs, establishing new popular series such as *Kabaneri of the Iron Fortress*. Going forward, we will continue our efforts to improve our total utilization share through leveraging the strong partnerships we have built with our IP holder partners, responding to market needs, and developing products from the user's perspective, while also promoting initiatives to revitalize the industry through our reel-exchangeable cabinets.

Initiatives to Improve Total Utilization Share

Acquiring Promising IPs and Establishing New Key Series

In the second quarter of FY2027/3, we launched *Smart Pachislot Lycoris Recoil*, a popular IP title that has drawn attention across the pachislot & pachinko machines industry. We are also working earnestly to develop titles based on other popular IPs, including the TV anime *SHANGRI-LA FRONTIER* and TV anime *OSHI NO KO*—the first titles in the industry to be adapted into pachislot & pachinko machines based on these IPs. To acquire and continuously secure licenses for promising IPs like these, we are committed to product development that draws out the full appeal of the IP while also focusing on improving IP value by pursuing measures such as investing in and sponsoring production committees for anime and other works. We are also proactively pursuing efforts to create touchpoints through promotions with our IP partners in order to expand awareness among users and IP fans and to promote play of the titles. By further strengthening our collaboration with original creators, publishers, and production committees and deepening our relationships of trust with them, we will continue to build a system that enables us to secure promising IPs on a stable basis. Through these efforts we will aim to establish a new key series to follow our existing key series. We will continue to offer a rich, powerful lineup including our key series and expand our touchpoints to increase our total utilization share.



Smart Pachislot Lycoris Recoil

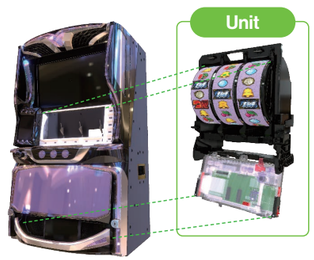
Competitive Product Development from the User's Perspective

In the Pachislot & Pachinko Machines Business, we have set up an in-house mock pachinko hall called "Parlor Sammy" to create an environment where employees can try out titles under development, and we use the frank opinions and ideas gathered there to refine our products. We also encourage employees to experience pachislot & pachinko and other entertainment on a daily basis. By introducing systems that support this, we have built a mechanism for feeding the insights and inspiration gained from these experiences back into product development. We believe that having employees who are themselves enthusiastic users makes it possible to carry out truly user-oriented planning and development, which can then serve as the source of the development capabilities that let us continually produce hit titles.

Efforts to Revitalize the Industry

Promoting the Reel-Exchangeable Cabinet and Achieving a Triple Win

At the same time, we are promoting the introduction of new reel-exchangeable pachislot cabinet that allows changeover to new titles by replacing only some parts, such as the reel unit. As the unit price of pachislot & pachinko machines continues to rise, wider adoption of this cabinet will enable manufacturers to contain sales prices while maintaining their existing gross margin levels. It will also enable pachinko halls to replace machines at lower costs than with conventional cabinets, reducing their cost burden. We believe this will enhance returns to users and improve the playing environment, ultimately contributing to the recovery and growth of the player population as a whole. We are aiming for a Triple Win structure in which pachislot & pachinko machine manufacturers, pachinko halls, and users all share in the benefits. We will continue working to further expand adoption of the reel-exchangeable cabinets and revitalize the market.



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