

March 25, 2024

To all parties concerned:

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Notice of purchase of shares (subsidiary acquisition) of Sophia Co., Ltd.

TSUBURAYA FIELDS HOLDINGS INC. announces that the director meeting held on March 25, 2024 resolved to acquire the shares of Sophia Co., Ltd. (hereinafter, “Sophia”) as follows.

1. Reason for acquiring shares

Sophia is a pachinko/pachislot (hereinafter, “PS”) machine manufacturer founded in 1951. Known as the “NISHIJIN” brand, it has been a company that has contributed greatly to the prosperity of PS machine industry. It has created a number of hit machines that have captured the hearts of PS fans, including CR *Hana Mankai*, a blockbuster machine that accelerated the penetration of CR machines in the 1990s.

Over the past decade, PS machine industry has fluctuated dramatically due to factors such as rapid regulatory amendment/revised regulations, COVID-19 pandemic, and the emergence of new game systems. The company has promoted restructuring through selection and concentration for the future of its group.

Currently, the company has three subsidiaries-ACE DENKEN Co., Ltd., which has a long-standing leading market share in the installation and construction of supply equipment and facilities for pachinko halls, commonly referred to as island equipment, Asahi Co., Ltd., which is responsible for plastic molding and assembling, and S.E.L CO., LTD., which manufactures electronic components and equipment.

As Sophia proceeded with its reforms, we received an offer from Sophia regarding collaboration with a view to the future, and we continued discussions to find the best measures for both companies.

PS machine industry is now facilitating the introduction of smart PS machine, which allows for free space designs for island facilities and PS machine. At the same time, pachinko halls are required to make major changes to contribute to the creation of an enriched local community at a time when leisure activities are becoming increasingly diverse.

Against this backdrop, we believe that in all leisure activities, we need to innovate in the game space in order for pachinko to become a leisure that brings the best service. Therefore, we decided to acquire shares in cooperation with Sophia group, including ACE DENKEN Co., Ltd., the leading provider of island facilities, in order to generate significant synergies.

We will continue to pass on the unchanging spirit cultivated through Sophia group’s deep history, while continuing to change flexibly for the future. Through the provision of attractive entertainment that satisfies fans, we will strengthen our relations with Sophia group and optimize our management resources in order to contribute to the further development of PS machine industry.

*Please refer to “Appendix: Supplementary materials” for an outline of Sophia group and the business results of ACE DENKEN Co., Ltd.

2. Outline of subsidiary to be transferred (Sophia)

(1)	Name	Sophia Co., Ltd.		
(2)	Address	7-201, Sakaino-cho, Kiryu-shi, Gunma		
(3)	Job title/name of representative	Representative Director: Hideo Ioki		
(4)	Business activities	Parts sales and maintenance of pachinko machine and pachinko hall peripherals		
(5)	Share capital	¥100 million		
(6)	Date of establishment	March 15, 1951		
(7)	Major shareholders and percentage of shares	Two shareholders The two shareholders who are the acquisition counterparties will not be disclosed due to the obligation of confidentiality.		
(8)	Relationship between Sophia and listed company	There are no capital, personal or business relationships that should be described between us and Sophia.		
(9)	Consolidated operating results and consolidated financial position of Sophia for the past three years (simple aggregation*)			
	Fiscal year end	Year ended March 31, 2022	Year ended March 31, 2023	Year ending March 31, 2024 (Forecast)
	Consolidated net assets	¥12,274 million	¥11,567 million	¥ 13,539 million
	Consolidated total assets	¥33,168 million	¥28,132 million	¥22,634 million
	Consolidated net assets per share	¥91,624	¥94,650	¥ 375,370
	Consolidated net sales	¥25,251 million	¥24,440 million	¥26,849 million
	Consolidated operating profit	¥ (1,465) million	¥ (1,202) million	¥1,240 million
	Consolidated ordinary profit	¥2,262 million	¥901 million	¥2,579 million
	Profit attributable to owners of parent	¥2,480 million	¥ (691) million	¥1,277 million
	Basic earnings per share	¥18,515	¥ (5,657)	¥35,423
	Dividend per share	0	0	0

* Sophia does not issue consolidated financial statements. The above figures are therefore calculated by simple aggregation of the indicators of Sophia and its subsidiaries, with no elimination of intercompany transactions.

3. Outline of the counterparty to the share acquisition

(1)	Name	Two shareholders The two shareholders who are the acquisition counterparties will not be disclosed due to the obligation of confidentiality.
(2)	Address	The two shareholders who are the acquisition counterparties will not be disclosed due to the obligation of confidentiality.
(3)	Relationship between such individual and listed company	There are no capital, personal, or business relationships that should be described between us and such shareholders or their immediate families.

4. Number of shares acquired, acquisition price, and shareholding before and after acquisition

(1)	Shares owned prior to the transaction	0 shares (Number of voting rights: 0) (Percentage of voting rights: 0%)
(2)	Total share acquired	18,400 shares (Number of voting rights: 18,400) (Percentage of voting rights: 51%)
(3)	Acquisition price	Common shares of Sophia ¥3,162 million
(4)	Shares owned after the transaction	18,400 shares (Number of voting rights: 18,400) (Percentage of voting rights: 51%)

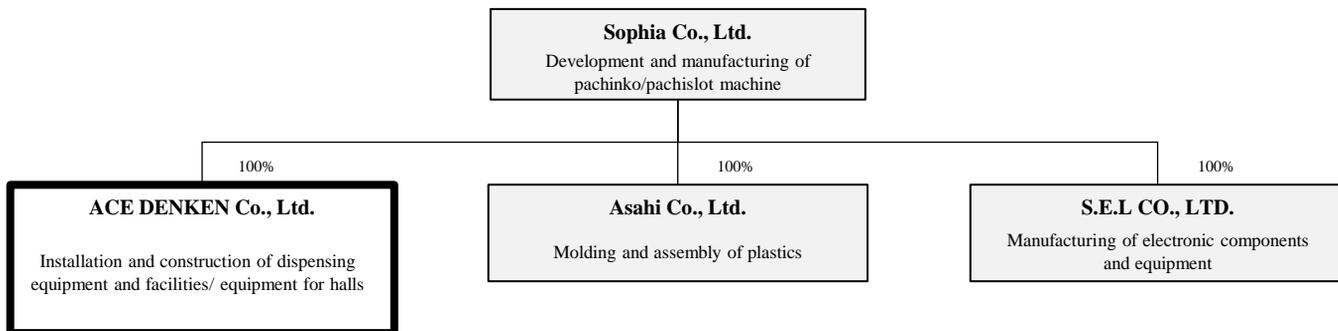
5. Schedule

(1)	Date of Director resolution	March 25, 2024
(2)	Contract date	March 25, 2024
(3)	Date of share transfer	March 25, 2024

6. Future outlook

The acquisition of the shares has no material impact on the company's consolidated results for the year ending March 31, 2024. Any future revisions to our earnings forecasts will be promptly disclosed.

1. Sophia Group's main affiliates



2. ACE DENKEN Co., Ltd.

The company provides pachinko island facilities, dispensing equipment, and all types of in-hall facilities to support creation of a hall environment that meets the innovation in pachinko/pachislot machines and the diverse needs of halls. The company is also strengthening product development and proposals from the perspectives of energy conservation and environmental issues in line with the needs of the times.

Against the backdrop of these initiatives and market needs, its business results are also growing.

• ACE DENKEN Co., Ltd.'s financial performance over the past three years

	Year ended March 31, 2022	Year ended March 31, 2023	Year ending March 31, 2024 (Forecast)
Net sales	¥9,574 million	¥11,839 million	¥25,824 million
Operating profit	¥(260) million	¥992 million	¥2,783 million

• ACE DENKEN Co., Ltd.'s share of balls supply system sales and share of installation (*Pachinko Manufacturer Trends* (Yano Research Institute, Ltd.))



3. Sophia Group's patented and owned properties

Industry patents	<ul style="list-style-type: none"> Sophia Co., Ltd. and ACE DENKEN Co., Ltd. hold numerous patents in the pachinko/pachislot industry, accounting for approximately 5% of the total number of patents in the industry. As a result, they earn revenues in accordance with the use of patents each fiscal year.
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Properties owned	<ul style="list-style-type: none"> Sophia Co., Ltd. owns a plant in Ota City, Gunma Prefecture with a pachinko/pachislot manufacturing facility with a total floor area of approx. 21,818 m²/ approx. 28,099 m² of land. The company also owns approx. 39,669 m² of land in Kiryu City, Gunma Prefecture. ACE DENKEN Co., Ltd. has 24 sales offices throughout Japan, of which the Ueno Head Office, the Kansai Branch, the Kobe Sales Office, and the Kyoto Sales Office are properties owned by the company.
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Ota Office, Sophia Co., Ltd.