



Presentation on Business Results
for the First Six Months of FY 3/2022
(April 1, 2021 to September 30, 2021)

November 8, 2021

SANKYO CO., LTD.

1st Sec. of the TSE #6417

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- ✓ Increases in both net sales and profits compared with the same period of the previous year due to an increase in the sales volume of pachinko machines.
- ✓ Recording of extraordinary gains on the sales of a portion of the investment securities. (disclosed in August 6, 2021)

Consolidated Financial Results

Net Sales	28,061	million yen	YoY	+10.8 %
Operating Income	2,914	million yen		+168.7 %
Net Income attributable to owners of parent	4,575	million yen		+225.0 %
Net Income per share	74.70	yen		+51.69 yen

Pachinko Machines Business

Net Sales	25,670	million yen	YoY	+14.7 %
Operating Income	6,501	million yen		+37.2 %
Sales of Unit	60,740	unit		+28.9 %

Pachislot Machines Business

Net Sales	1,131	million yen	YoY	-25.2 %
Operating Income	(1,469)	million yen		-150 million yen
Sales of Unit	2,384	unit		-38.0 %

Pachinko Pachislot Market

- ✓ There were some impacts of the worldwide semiconductor shortages, such as postponing the release of certain new models and restrictions on sales quantities.
- ✓ Replace of pachinko machines is generally proceeding smoothly as manufacturers have supplied extensive new pachinko titles and pachinko machines compliant with the new regulations are proving increasingly attractive to players.
- ✓ In pachislot machine market there are too few attractive new models, and the pachislot machine market was in the challenging market environment.

SANKYO Group

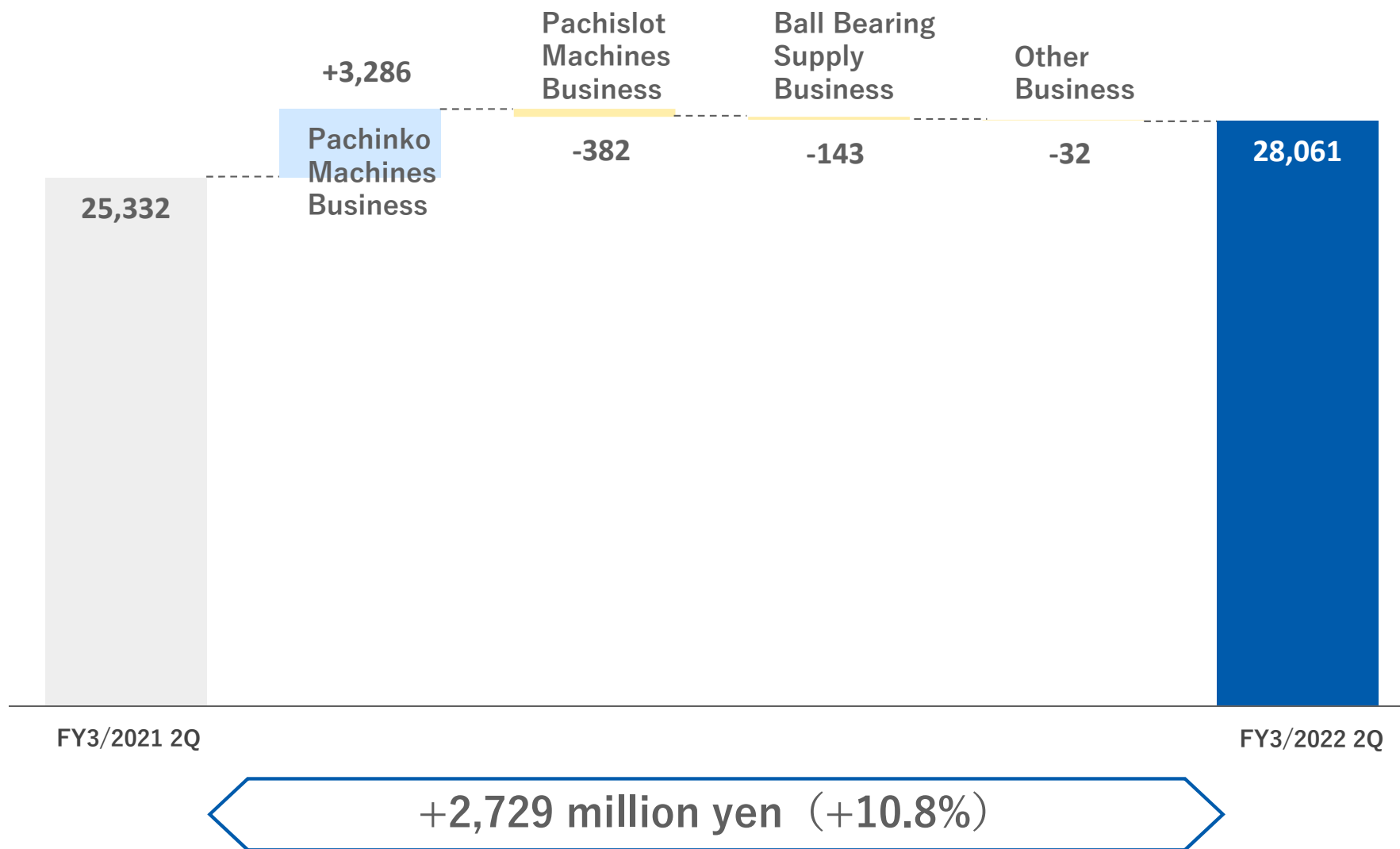
- Number of New Titles of Pachinko machine released, except for reused models : Four
- Number of New Titles of Pachislot machine released : One
- ✓ Fever Mobile Suit Gundam Unicorn (launched in August 2021) was well received by players and pachinko parlors and we have received additional orders.
- ✓ From 3Q onward, in the run-up to the due date for removal of machines compliant with the former regulations, we will mount a sales offensive, including introduction of a major title, in order to capture continuing demand for replacement with machines compliant with the new regulations.

Summary of Financial Results

million yen	FY 3/2021 2Q	FY 3/2022 2Q	YoY		FY 3/2022 Forecast
Net Sales	25,332	28,061	+2,729	+10.8%	73,000
Pachinko Machines Business	22,384	25,670	+3,286	+14.7%	56,700
Pachislot Machines Business	1,513	1,131	-382	-25.2%	11,500
Cost of Sales	12,788	13,132	+344	+2.7%	34,500
Gross Profit	12,544	14,928	+2,384	+19.0%	38,500
Percentage	49.5%	53.2%	+3.7pt		52.7%
SG & A Expenses	11,459	12,014	+555	+4.8%	29,600
Operating Income	1,084	2,914	+1,830	+168.7%	8,900
Percentage	4.3%	10.4%	+6.1pt		12.2%
Pachinko Machines Business	4,737	6,501	+1,764	+37.2%	10,900
Pachislot Machines Business	(1,319)	(1,469)	-150		2,000
Recurring Income	1,588	3,409	+1,821	+114.7%	9,600
Net Income attributable to owners of parent	1,407	4,575	+3,168	+225.0%	6,600

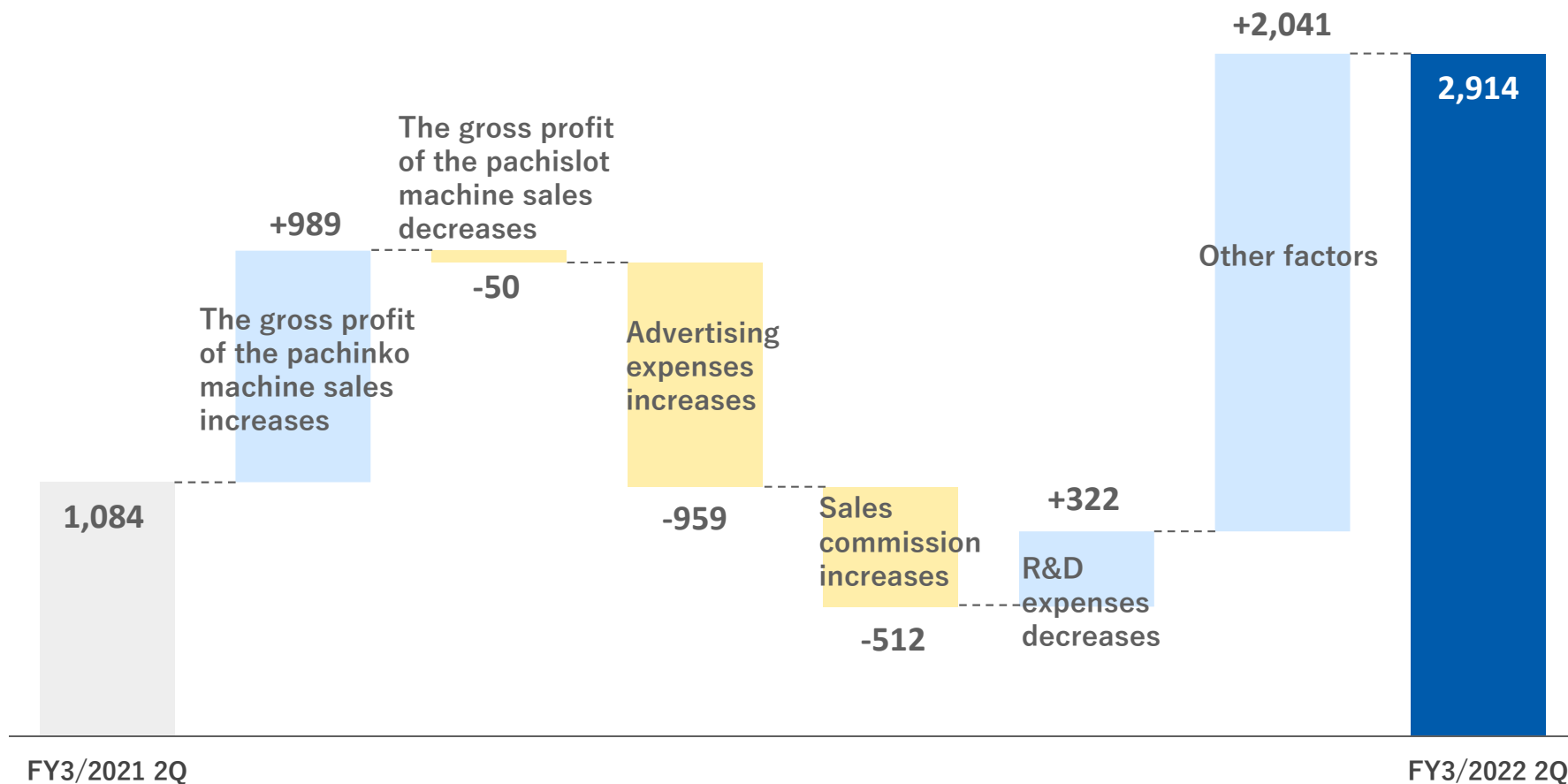
Factors of Change in Consolidated Net Sales

Million yen



Factors of Change in Consolidated Operating Income

Million yen



+1,830 million yen (+168.7%)

Costs and Expenses

million yen	FY 3/2021 2Q	FY 3/2022 2Q	YoY		FY 3/2022 Forecast
SG & A Expenses	11,459	12,014	+555	+4.8%	29,600
Advertising Expenses	245	1,204	+959	+391.4%	2,032
Sales Commission	437	949	+512	+117.2%	3,901
R&D Expenses	5,969	5,647	-322	-5.4%	14,859
Salaries & Wages	1,248	1,139	-109	-8.7%	2,785
Depreciation & Amortization	1,014	960	-54	-5.3%	2,268
Capital Expenditure	511	969	+458	+89.6%	3,743

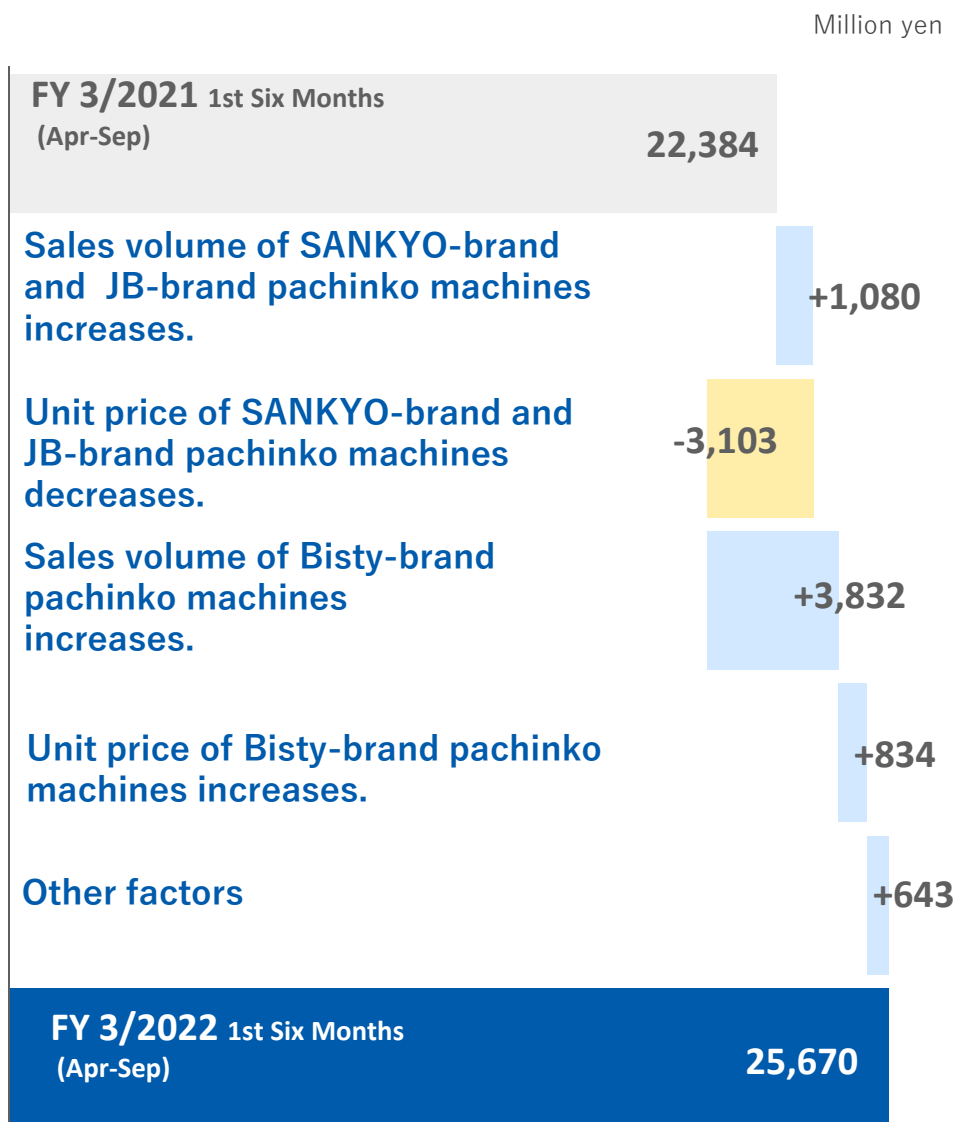
Summary of Balance Sheet

million yen	As of 31-Mar-21	As of 30-Sep-21	YoY	Factors of Change
Total current assets	243,343	250,578	+7,235	
Quick assets	234,738	235,517	+779	Increase in cash and deposits, and Decrease in notes and accounts receivable-trade
Inventories	4,268	7,809	+3,541	
Total fixed assets	48,761	46,139	-2,622	
Investment securities	15,599	13,561	-2,038	Sales of a portion of the investment securities
Total assets	292,104	296,718	+4,614	
Total current liabilities	14,815	19,882	+5,067	Increases in notes and accounts payable-trade
Total long-term liabilities	8,401	8,201	-200	
Total liabilities	23,216	28,084	+4,868	
Total net assets	268,887	268,634	-253	Deduction of cash dividends paid and addition of net income
Total liabilities and total net assets	292,104	296,718	+4,614	

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Factors of Change in Net sales



Data

million yen	FY 3/2021 2Q	FY 3/2022 2Q	YoY
Net Sales	22,384	25,670	+3,286
Operating Income	4,737	6,501	+1,764
Percentage	21.2%	25.3%	+4.2pt
units			
Machines sales	47,119	60,740	+13,621
SANKYO+JB	44,528	46,857	+2,329
Frame	40,392	42,156	+1,764
Gauge	4,136	4,701	+565
Bisty	2,591	13,883	+11,292
Frame	1,361	11,812	+10,451
Gauge	1,230	2,071	+841

+3,286

Pachinko Machines Business

New Title
x 9

Reused
Models



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©カラー ©カラー/Project Eva. Bisty fields

1Q

2Q

3Q

4Q

SANKYO
Fever Valvrave the Liberator 2

JB
Fever Powerful

SANKYO
Fever Golgo13 Shippu
Machine Gun ver.

Bisty
Fever Star Blazers: Space
Battleship Yamato 2202

SANKYO
Fever Mobile Suit Gundam Unicorn

Bisty
CODE GEASS Lelouch of the Rebellion
Light middle ver.

SANKYO
Fever Macross Frontier 4

JB
J-RUSH 5

Bisty
NEON GENESIS EVANGELION
-Roar for tomorrow-

SANKYO
Fever Tiger Mask W
Light ver.

SANKYO
Fever Symphogear 2
Light / Light middle ver.

SANKYO
x 1

Bisty
x 1

SANKYO
Fever Golgo13
Light / Light middle ver.

Sales of
Unit 22,300 units

38,440 units

- units

- units

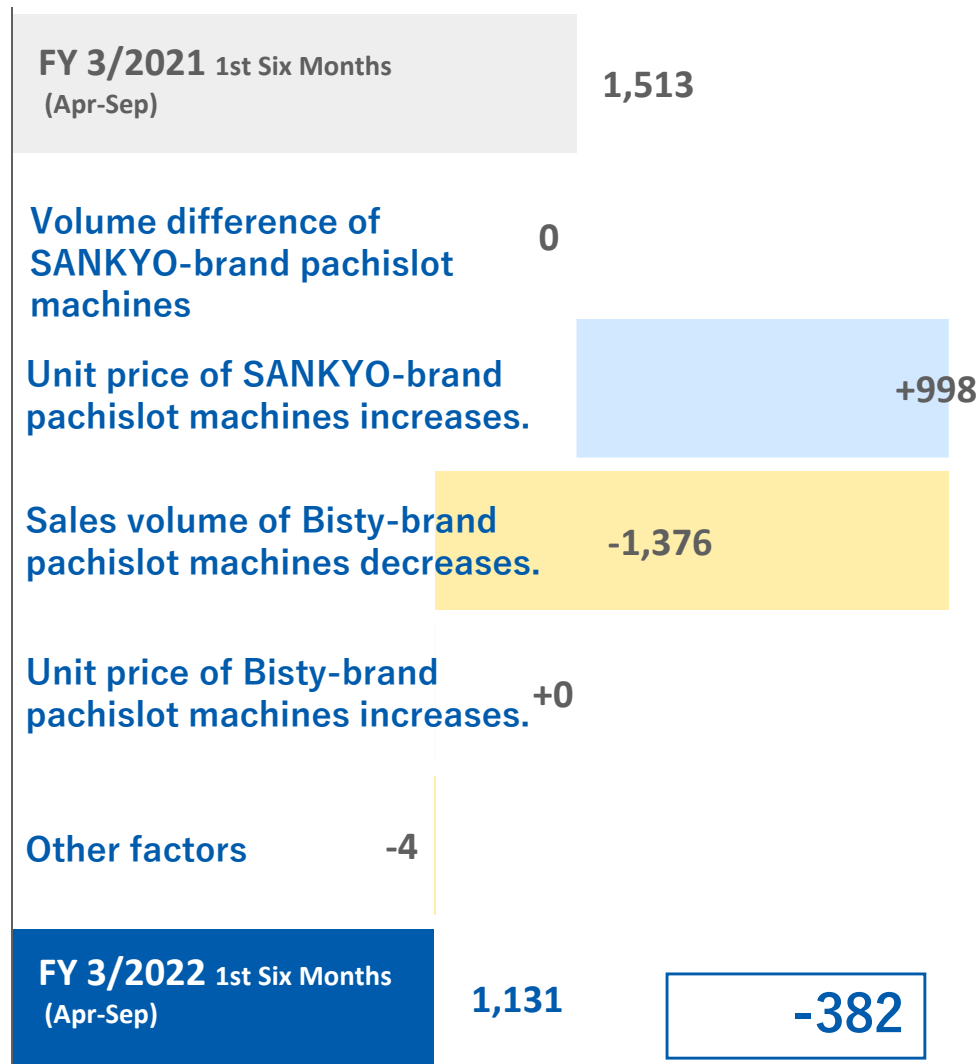
Progress

60,740 units (39.4 %)

FY 3/2022 Forecast
154,000 units

Factors of Change in Net sales

Million yen



Data

million yen	FY 3/2021 2Q	FY 3/2022 2Q	YoY
Net Sales	1,513	1,131	-382
Operating Income	(1,319)	(1,469)	-150
Percentage	(87.2%)	(129.9%)	-42.7pt
units			
Machines sales	3,845	2,384	-1,461
SANKYO	0	2,361	+2,361
Bisty	3,845	23	-3,822

Pachislot Machines Business



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1Q

2Q

3Q

4Q

New Title
x 4

SANKYO
Pachislot Macross DELTA

SANKYO
Pachislot Symphogear 2

Bisty
NEON GENESIS EVANGELION
- Resonance of souls -

SANKYO
Pachislot Macross Frontier 4

Sales of
Unit

2,367 units

17 units

- units

- units

Progress

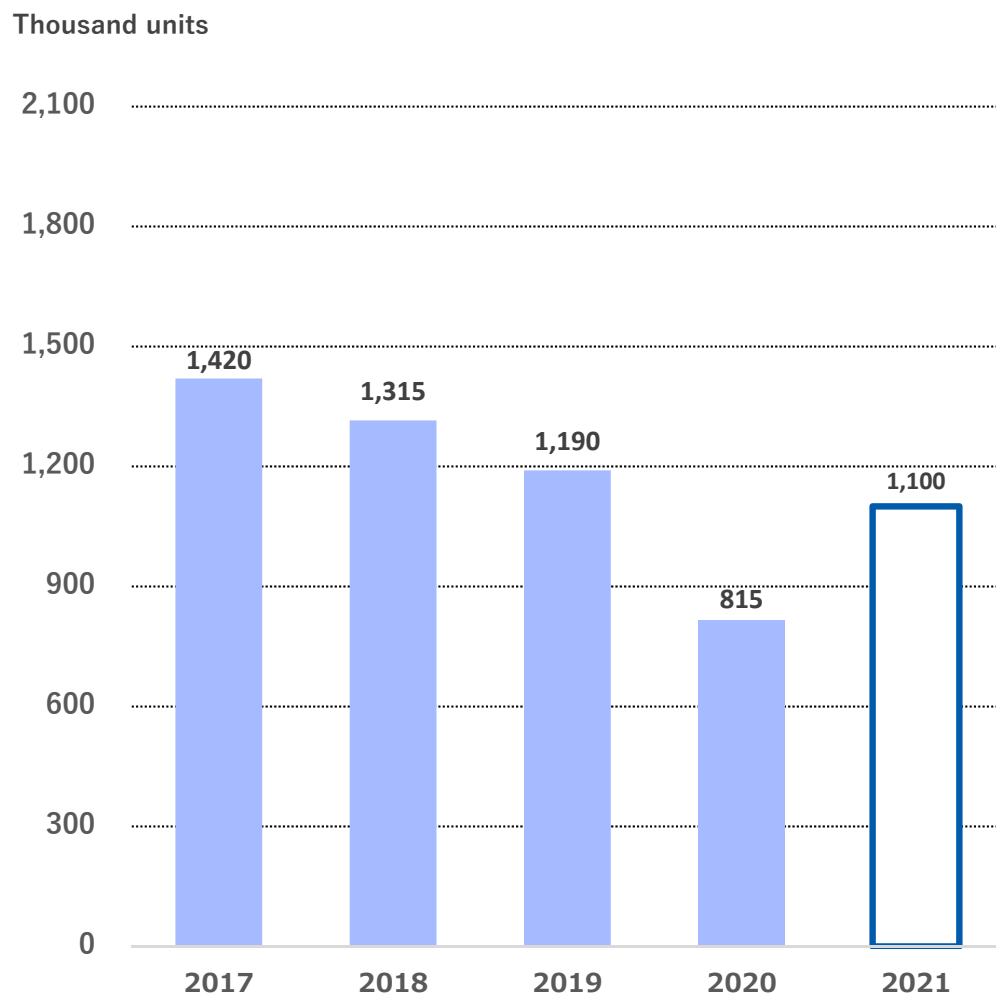
2,384 units (7.9 %)

FY 3/2022 Forecast
30,000 units

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Sales Volume



※ Estimates of SANKYO

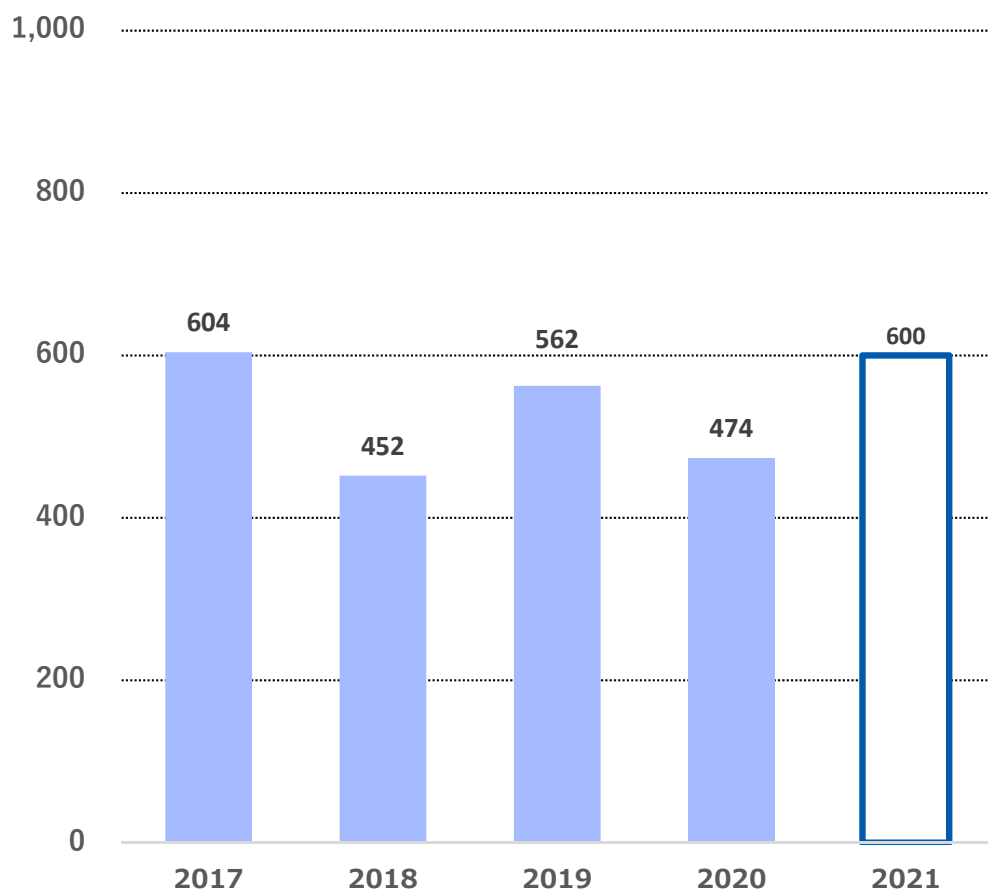
1,000^{thousand units}
 ↓
Sales volume forecast FY2022 : **1,100^{thousand units}**
 (April 1, 2021 to March 31, 2022)

Total number of units sold **Approx. 600^{thousand units}** YoY **Approx. +145%**
 (April to September, 2021) (4 titles sold 30,000 units or more.)
 (April to September)

- ✓ Total sales volume in the period from April to September 2021 was a level exceeding that of the same period of the previous year substantially.
 - We revise the forecast of total sales volume in pachinko market from 1,000 thousand units, assumed at initial forecast, to 1,100 thousand units, because total sales volume in the period from April to September 2021 was a level exceeding initial forecast.
 - Pachinko machines compliant with the new regulations are proving increasingly attractive to players, and several models became hit products.
- ✓ Robust replacement demand is expected to continue from 3Q onward, too.
 - From 3Q onward, in the run-up to the due date for removal of machines compliant with the former regulations, demand for replacement with machines compliant with the new regulations continues.
 - Parlor operators' sentiment for investment in pachinko machines continues to improve due to continuing becoming hit products.

Sales Volume

Thousand units



Source: Yano Research Institute

2021 : Estimate of SANKYO

Sales volume forecast FY2022 :

400 thousand units



600 thousand units

(April 1, 2021 to March 31, 2022)

Total number of units sold

Approx. 220 thousand units YoY Approx. +36%

(April to September, 2021)

(2 titles sold 20,000 units or more.)

(April to September)

- ✓ Total sales volume in the period from April to September 2021 was a level exceeding that of the same period of the previous year.
 - Although sales volume exceeded the same period of the previous year when it was affected by the COVID-19 pandemic, remains in the challenging market environment.
 - Parlor operators' sentiment for investment in pachislot machines remains weak, because there are too few attractive new models.
- ✓ Expected an upturn of the market environment.
 - We revise the forecast of total sales volume in pachislot market from 400 thousand units, assumed at initial forecast, to 600 thousand units, because we assume the increase of that owing to introduction of successor series models with high installation shares.
 - Although it is difficult to anticipate replacement demand equivalent to all the machines removed that are compliant with the former regulations, a certain level of replacement demand is expected.
 - Introduction of #6.2 models with enriched gaming performance has begun and their diffusion is expected to lead to an upturn of the market environment.

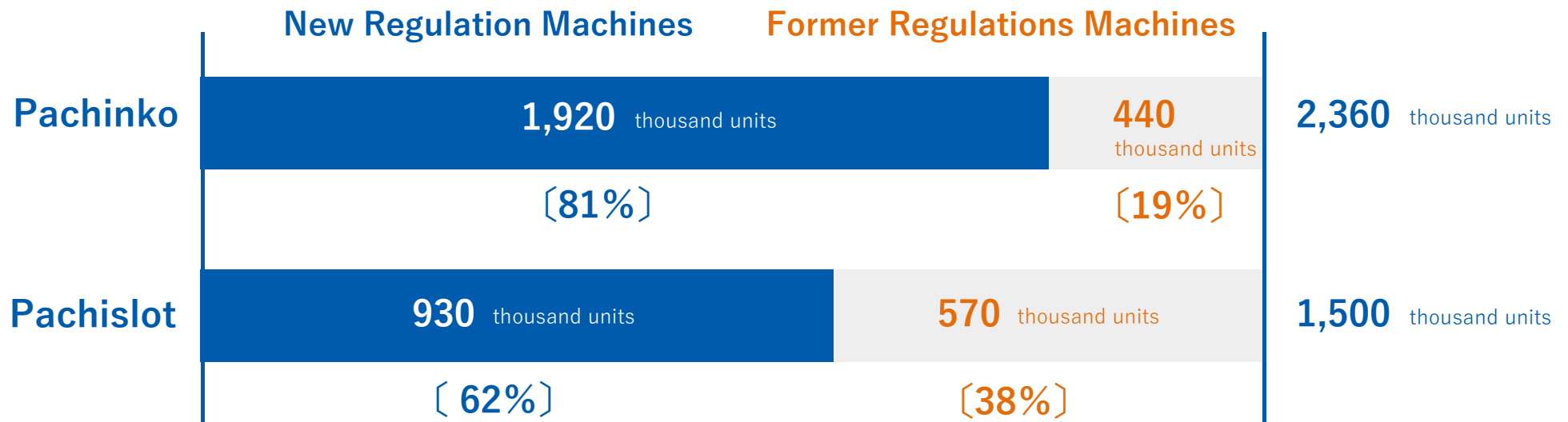
Schedule of Removal of the Machines with the former regulations

- Parlors are going to remove all the machines with the former regulations by January, 2022 in stages.

Target : Pachinko : About **440** thousand units Pachislot : About **570** thousand units

(as of October 2021)

Ratio of machines compliant with the new regulations (as of October 2021)



※Estimates of SANKYO

- Capture of the demand for new models due to the deadline for the removal of machines compliant with the former regulations is January 31, 2022.
- Keep up with the sales schedule as planned, while minimizing the impact of the semiconductor shortages.

Q1 – Q2

- ✓ The Group proceeded with preparations in anticipation of replacement demand, which should get into full swing from the second quarter onward.
 - Response to the sales schedule in anticipation of replacement demand.
- ✓ Implementation of TV commercial of machines.
 - We implemented TV commercial for “Fever Mobile Suit Gundam Unicorn”. TV commercials are helping increase players’ recognition and parlor operators’ willingness to purchase products.
- ✓ Hit of the pachinko title “Fever Mobile Suit Gundam Unicorn” and maintaining high machine utilization in parlors.
 - Fever Mobile Suit Gundam Unicorn has been maintaining high machine utilization since its release, and we have received additional orders (to be recorded in Q3).

Q3 – Q4

- ✓ Focus on capturing of parlor operators’ replacement demand
 - Keep up with the sales schedule as planned, while minimizing the impact of the semiconductor shortages, to capture replacement demand.
- ✓ Stimulation parlor operators’ demand by offering diverse products.
 - Launch of the pachinko title of the Evangelion series, which is the Group’s mainstay series.
 - The group will vigorously offer reuse models, whose impact is expected to be comparable to that of new models but at lower cost.

The 15th title of “Evangelion” series (launch in December, 2021)



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- ✓ New pachinko frame “BIG IMPACT”
 - One of the industry’s largest movable gimmicks
 - Lever-type gimmick “IMPACT Lever” to make the presentation more exciting
- ✓ Equipped with “Smart Handle” which is the first time in the industry.
 - The pachinko handle that can be operated with either the left or the right hand boosts player comfort and operability.

- We decided to acquire treasury shares as a flexible shareholder return policy in view of the financial results forecast, the level of the stock price and other factors in addition to the payment of dividends on a stable and continuous basis.

【Details of Share Repurchase】

Type of shares to be repurchased:	Common stock
Number of shares to be repurchased:	Up to 3.5 million shares (5.7% of the total number of shares issued)
Aggregate amount of repurchase cost:	Up to 10 billion yen
Period of repurchase:	From November 9, 2021 to April 28, 2022
Method of repurchase:	Open market purchase on the Tokyo Stock Exchange

※Treasury shares acquired by the Company through market purchase on the exchange are scheduled to be cancelled after the completion of the purchase, and the detail of such cancellation shall be notified promptly after it is decided.

(Reference)

Total number of shares issued and treasury stock as of September 30, 2021:

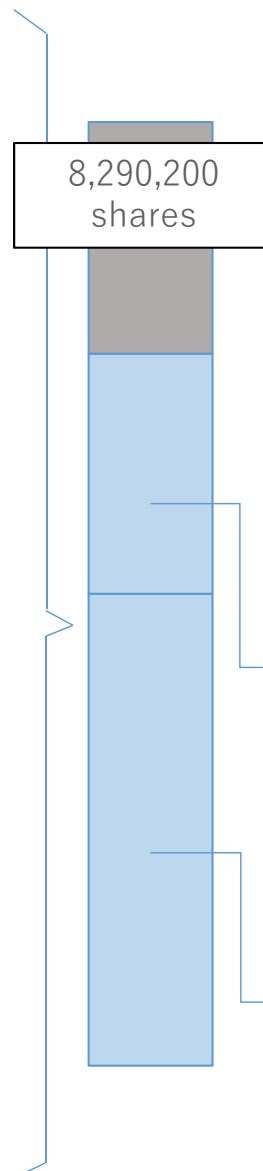
Total number of shares issued (excluding treasury stock):	61,302,805 shares
Treasury stock:	8,294,695 shares

【Purchase of treasury stock】

Board of Directors' meeting	Purchase period	Number of shares purchased
June 13, 2008	June 24, 2008	1,000,000
June 11, 2010 & Dec. 7, 2010	June 14, 2010 - June 13, 2011	2,830,700
Feb. 3, 2015	Feb. 5, 2015	6,000,000
Feb. 5, 2015	Feb. 6, 2015	2,000,000
July 7, 2015	July 8, 2015 - Oct. 8, 2015	4,453,000
Aug. 6, 2019	Aug. 7, 2019 - Sep. 4, 2019	20,006,500
Total		36,290,200

【Disposal of treasury stock】

Disposal date	Number of shares disposed
Mar. 27, 2015	8,000,000
Dec. 30, 2019	20,000,000
Total	28,000,000



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Business Results for the First Six Months of FY 3/2022

Consolidated: million yen	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021				FY 3/2022		
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
Net Sales	25,332	28,061	+2,729	73,000	17,960	7,372	15,668	17,129	58,129	10,932	17,129
Pachinko	22,384	25,670	+3,286	56,700	16,952	5,432	14,668	15,258	52,310	9,189	16,481
Pachislot	1,513	1,131	-382	11,500	210	1,303	185	1,324	3,022	1,029	102
Ball Bearing Supply	1,306	1,163	-143	4,500	742	564	743	484	2,533	663	500
Other Business	127	95	-32	300	56	71	73	62	262	49	46
Cost of Sales	12,788	13,132	+344	34,500	8,809	3,979	6,640	7,975	27,403	4,779	8,353
Gross Profit	12,544	14,928	+2,384	38,500	9,151	3,393	9,028	9,154	30,726	6,153	8,775
SG & A Expenses	11,459	12,014	+555	29,600	5,399	6,060	5,860	6,819	24,138	5,385	6,629
Operating Income	1,084	2,914	+1,830	8,900	3,752	(2,668)	3,169	2,334	6,587	768	2,146
Pachinko	4,737	6,501	+1,764	10,900	5,408	(671)	5,062	3,117	12,916	1,981	4,520
Pachislot	(1,319)	(1,469)	-150	2,000	(722)	(597)	(838)	267	(1,890)	(338)	(1,131)
Ball Bearing Supply	(56)	(45)	+11	200	(22)	(34)	4	(37)	(89)	(22)	(23)
Other Business	15	16	+1	0	10	5	6	5	26	4	12
Elimination/Corporate	(2,292)	(2,089)	+203	(4,200)	(922)	(1,370)	(1,064)	(1,019)	(4,375)	(857)	(1,232)
Recurring Income	1,588	3,409	+1,821	9,600	4,181	(2,593)	3,473	2,427	7,488	1,192	2,217
Extra ordinary Gains	290	2,681	+2,391	0	145	145	0	0	290	13	2,668
Extra ordinary Losses	20	10	-10	0	20	0	17	14	51	6	4
Net Income	1,407	4,575	+3,168	6,600	3,259	(1,852)	2,697	1,645	5,749	944	3,631
EPS: yen		74.70		107.87					93.97		

Machines sales: units

Pachinko	47,119	60,740	+13,621	154,000	33,327	13,792	39,147	40,299	126,565	22,300	38,440
SANKYO+JB	44,528	46,857	+2,329	94,000	32,409	12,119	25,002	24,489	94,019	19,728	27,129
Bisty	2,591	13,883	+11,292	60,000	918	1,673	14,145	15,810	32,546	2,572	11,311
Pachislot	3,845	2,384	-1,461	30,000	314	3,531	300	3,534	7,679	2,367	17
SANKYO	0	2,361	+2,361	20,000	0	0	0	3	3	2,344	17
Bisty	3,845	23	-3,822	10,000	314	3,531	300	3,531	7,676	23	0

GP Margin/OP Margin

Consolidated	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021				FY 3/2022		
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
GP Margin	49.5%	53.2%	+3.7pt	52.7%	51.0%	46.0%	57.6%	53.4%	52.9%	56.3%	51.2%
OP Margin	4.3%	10.4%	+6.1pt	12.2%	20.9%	(36.2%)	20.2%	13.6%	11.3%	7.0%	12.5%

Expenses etc.

Consolidated: million yen	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021				FY 3/2022		
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
Sales Commission	437	949	+512	3,901	292	145	757	978	2,172	285	664
Advertising Expenses	245	1,204	+959	2,032	122	123	266	360	871	571	633
R&D Expenses	5,969	5,647	-322	14,859	2,859	3,110	2,818	3,346	12,133	2,558	3,089
Salaries & Wages	1,248	1,139	-109	2,785	640	608	1,057	632	2,937	573	566
Others	3,560	3,075	-485	6,023	1,486	2,074	962	1,503	6,025	1,398	1,677

Consolidated: million yen

Capital Expenditure	511	969	+458	3,743	250	261	332	867	1,710	431	538
Depreciation & Amortization	1,014	960	-54	2,268	465	549	645	739	2,398	416	544

Consolidated

No. of Employees	979	923	-56	942	987	979	973	964	964	935	923
No. of R&D Staff	302	298	-4	304	302	302	300	298	298	300	298

Indirect Sales Ratio

SANKYO+JB Pachinko	27.0%	26.1%	-0.9pt	27.6%	27.4%	27.0%	27.1%	27.9%	27.9%	28.0%	26.1%
SANKYO Pachislot	0.0%	34.0%	+34.0pt	35.2%	-	-	-	33.3%	33.3%	34.0%	34.0%

Pachinko Machines Business

Consolidated: million yen	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021	FY 3/2022					
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
Net Sales	22,384	25,670	+3,286	56,700	16,952	5,432	14,668	15,258	52,310	9,189	16,481
Operating Income	4,737	6,501	+1,764	10,900	5,408	(671)	5,062	3,117	12,916	1,981	4,520
Percentage	21.2%	25.3%	+4.2pt	19.2%	31.9%	(12.4%)	34.5%	20.4%	24.7%	21.6%	27.4%

Machines sales: units

	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021	Q2	Q3	Q4	FY	Q1	Q2
Pachinko	47,119	60,740	+13,621	154,000	33,327	13,792	39,147	40,299	126,565	22,300	38,440
SANKYO+JB	44,528	46,857	+2,329	94,000	32,409	12,119	25,002	24,489	94,019	19,728	27,129
Frame	40,392	42,156	+1,764	47,300	30,870	9,522	19,443	13,581	73,416	16,095	26,061
Gauge	4,136	4,701	+565	46,700	1,539	2,597	5,559	10,908	20,603	3,633	1,068
Bisty	2,591	13,883	+11,292	60,000	918	1,673	14,145	15,810	32,546	2,572	11,311
Frame	1,361	11,812	+10,451	51,500	864	497	4,020	12,604	17,985	1,904	9,908
Gauge	1,230	2,071	+841	8,500	54	1,176	10,125	3,206	14,561	668	1,403

Titles to Release

FY 3/2022	Series name	Brand	Release Date	No. of Models	Unit Sales
Q1	Fever Valvrave the Liberator 2	SANKYO	(Apr-21)	1	11,100
	Fever Powerful	JB	(May-21)	2	5,800
	Fever Golgo13 Shippu Machine Gun ver.	SANKYO	(Jun-21)	1	--
Q2	Fever Star Blazers: Space Battleship Yamato 2202	Bisty	(Jul-21)	1	9,400
	Fever Mobile Suit Gundam Unicorn	SANKYO	(Aug-21)	1	25,100
	CODE GEASS Lelouch of the Rebellion Light middle ver.	Bisty	(Sep-21)	1	--
					60,740
Q3	Fever Tiger Mask W Light ver.	SANKYO	(Oct-21)	1	--
	Fever Macross Frontier 4	SANKYO	(Oct-21)	1	--
	Fever Symphogear 2 Light / Light middle ver.	SANKYO	(Nov-21)	2	--
	J-RUSH 5	JB	(Nov-21)	2	--
	NEON GENESIS EVANGELION -Roar for tomorrow-	Bisty	(Dec-21)	1	--
Q4	Fever Golgo13 Light / Light middle ver.	SANKYO	(Jan-22)	2	--

Consolidated: million yen	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021				FY 3/2022		
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
Net Sales	1,513	1,131	-382	11,500	210	1,303	185	1,324	3,022	1,029	102
Operating Income	(1,319)	(1,469)	-150	2,000	(722)	(597)	(838)	267	(1,890)	(338)	(1,131)
Percentage	(87.2%)	(129.9%)	-42.7pt	17.4%	(343.8%)	(45.8%)	(453.0%)	20.2%	(62.5%)	(32.8%)	(1108.8%)

Machines sales: units

	FY 3/2021	FY 3/2022	YoY	Forecast	FY 3/2021				FY 3/2022		
	6 Months	6 Months		Full Year	Q1	Q2	Q3	Q4	FY	Q1	Q2
Pachislot	3,845	2,384	-1,461	30,000	314	3,531	300	3,534	7,679	2,367	17
SANKYO	0	2,361	+2,361	20,000	0	0	0	3	3	2,344	17
Bisty	3,845	23	-3,822	10,000	314	3,531	300	3,531	7,676	23	0

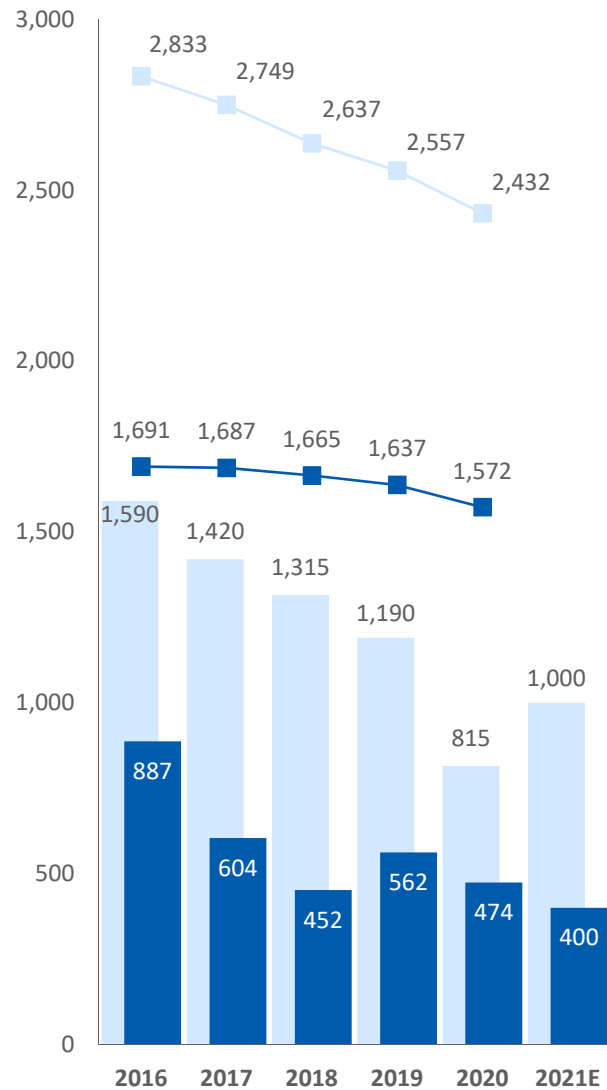
Titles to Release

FY 3/2022	Series name	Brand	Release Date	Unit Sales
Q1	Pachislot Macross DELTA	SANKYO	(Apr-21)	-- Total
Q2	--			2,384
Q3	Pachislot Symphogear 2	SANKYO	(Dec-21)	--
Q4	NEON GENESIS EVANGELION -Resonance of souls-	Bisty	(Jan-22)	--
	Pachislot Macross Frontier 4	SANKYO	(Mar-22)	--

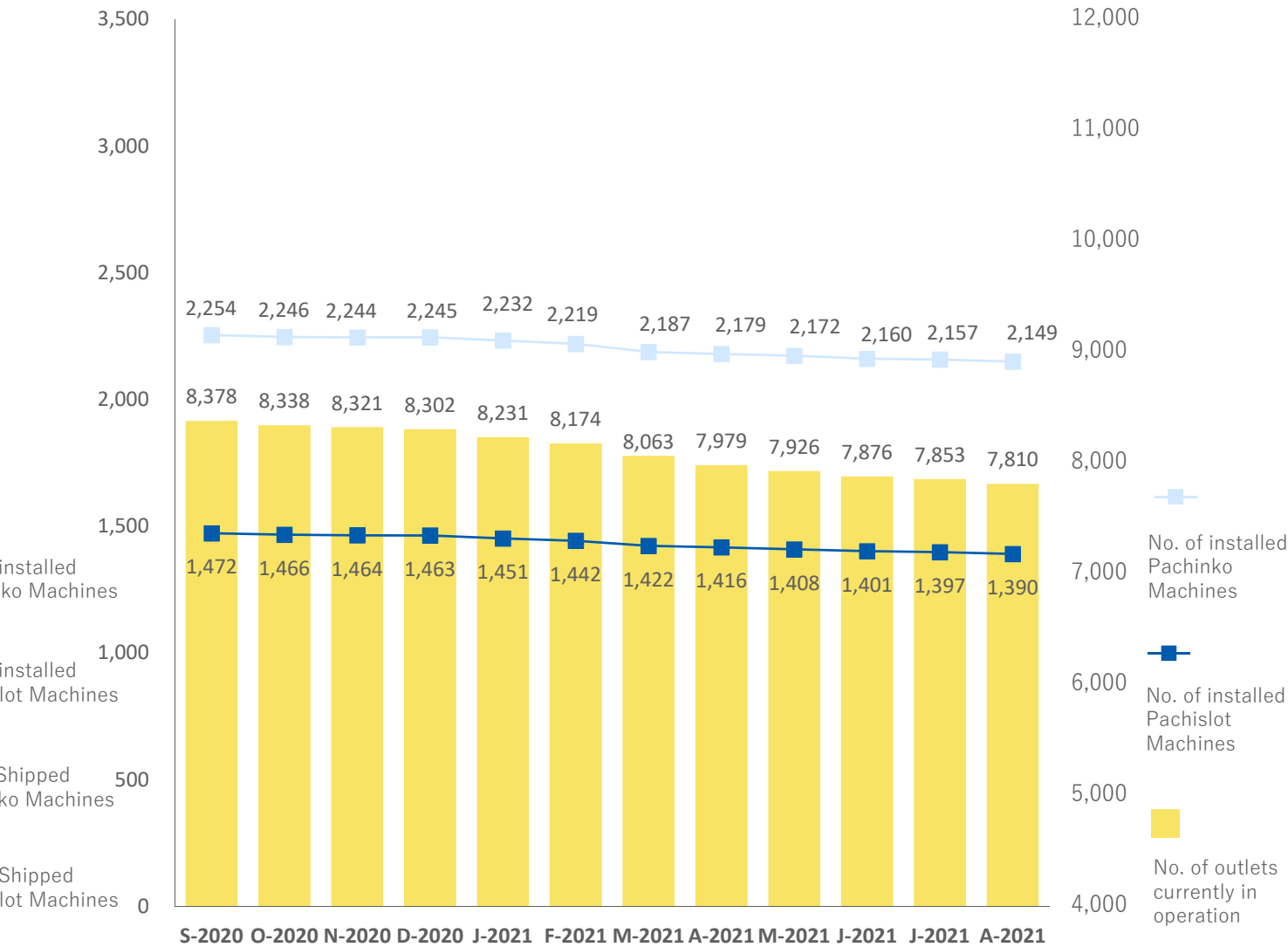
million yen	FY 3/2015	FY 3/2016	FY 3/2017	FY 3/2018	FY 3/2019	FY 3/2020	FY 3/2021	FY 3/2022E
Net Sales	146,579	137,130	81,455	86,220	88,558	78,416	58,129	73,000
Operating Income	13,233	18,826	5,059	10,181	21,286	12,551	6,587	8,900
Recurring Income	14,870	19,965	3,832	11,319	22,300	13,476	7,488	9,600
Net Income	8,728	10,485	1,777	5,550	13,384	13,045	5,749	6,600
Total Assets	434,648	414,183	390,585	396,291	399,585	325,232	292,104	
Total Net Assets	371,670	348,941	340,287	337,242	337,377	269,521	268,887	
DPS (Yen)	150.00	150.00	150.00	150.00	150.00	150.00	150.00	100.00
Return on Equity	2.2%	2.9%	0.5%	1.6%	4.0%	4.3%	2.1%	
Average ROE of five consecutive	4.5%	3.4%	2.5%	2.6%	2.3%	2.7%	2.5%	
Net Income Ratio	6.0%	7.6%	2.2%	6.4%	15.1%	16.6%	9.9%	
Total Asset Turnover	0.33	0.32	0.20	0.22	0.22	0.22	0.19	
Financial Leverage	1.13	1.18	1.17	1.16	1.18	1.19	1.15	

Pachinko/Pachislot Machine Market

Market size



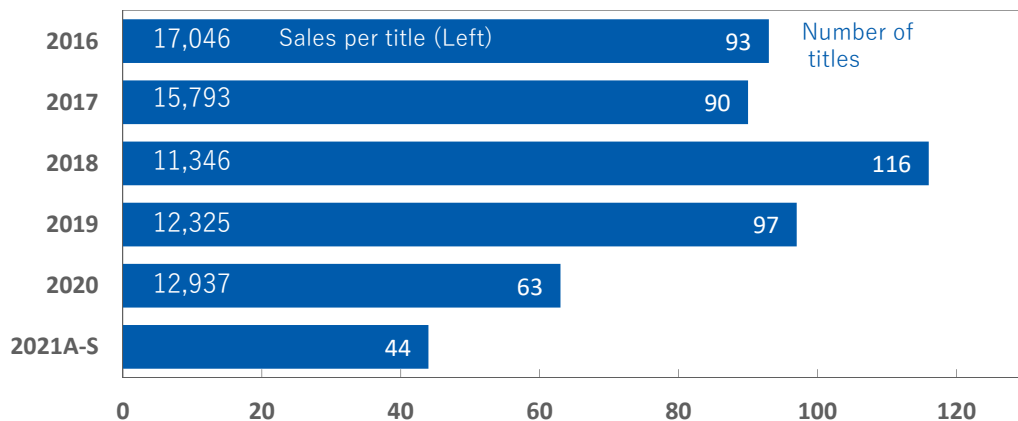
Situation of Parlors that Are Members of Zennichiuren for recent a year



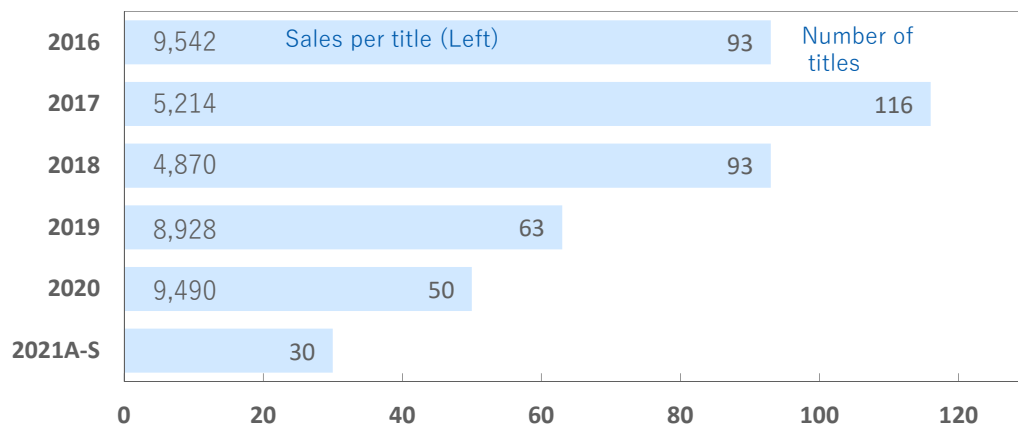
Source: National Police Agency, Yano Research Institute, Zennichiuren

Number of Titles Sold (All Manufacturers)

Pachinko machines



Pachislot machines



※ Estimates of SANKYO

Compliance with Format Inspection

	2016	2017	2018	2019	2020	2021J-S
Applicant	864	875	711	945	912	753
Pass	396	361	336	430	295	235
Fail	458	463	333	560	499	431
SANKYO+JB	39	34	30	28	37	18
Bisty	8	6	9	19	8	8
SANKYO Group Total	47	40	39	47	45	26

including Arrange Ball, Jong-Kyu

	2016	2017	2018	2019	2020	2021J-S
Applicant	736	913	596	982	917	755
Pass	300	326	203	191	185	186
Fail	444	494	444	721	665	528
SANKYO	7	15	6	9	2	9
Bisty	8	3	3	3	8	5
SANKYO Group Total	15	18	9	12	10	14

including Palot

Source: Security Electronics and Communications Technology Association

Pachinko

2018

Aug. Advent of pachinko machines with payout settings

Nov. Pachinko new internal regulations
 (Apply : November, 2018~)

- Removal of the upper limit (65%) of the probability change continuation rate

2019

May Pachinko new internal regulations
 (Apply : May, 2019~)

- Removal of the “base 30” requirement (The minimum return during a normal mode must be 30 %.)
- Removal of the limit on the number of prize balls per rotation, per electric tulip, etc.

2020

Jan. Change in the “Standards for Interpretation of Technical Standards”
 (Apply : January, 2020~)

- New requirements for entering a time - shortening mode

Apr. Advent of pachinko machines equipped with “Yu-Time”

Pachislot

2018

Apr. Pachislot #6.0 models (Apply : April, 2018~)

- Removal of upper limit of expected value of token payout during AT, ART, etc.
- Enable to develop AT.

2019

Dec. Pachislot #6.1 models
 (Apply : December, 2019~)

- Easing of the penalty regulations
- Easing of regulations restricting performance effects using starting levers and buttons
- Easing of regulations restricting video reel performance effects

2021

May. Pachislot #6.2 models
 (Apply : May, 2021~)

- Relaxation of the upper limit (1,500 games) of the advantageous section in pachislot machines

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【Notes of forecasts】

The Company's plans, strategies and forecasts, except historical facts, contained in this document may be subject to change due to factors of risk and uncertainty. Therefore, the Company does not guarantee their attainability explicitly or implicitly.

The Company assumes that the 'factors of potential risk and uncertainty' may include the economic climate, especially concerning the pachinko and pachislot markets which constitute the Company's main business field, competition in the market and competitiveness of the Company's products, and also include other unpredictable factors.