



October 17, 2022

For Immediate Release

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Notice concerning the Announcement of the Forecast of the Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 and the Revision of the Forecast of the Financial Results for the Full Year

In view of recent performance trends, SANKYO Co., Ltd. hereby announces the forecast of the financial results for the first six months of the fiscal year ending March 31, 2023, which had been undisclosed, as below. We also announced the revision of the forecast of financial results for fiscal 2023 (from April 1, 2022, to March 31, 2023). The previous forecast for fiscal 2023 was announced on May 12, 2022.

[Announcement of the forecast of consolidated financial results for the first six months of the fiscal year ending March 31, 2023]
 (from April 1, 2022 to September 30, 2022)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	-	-	-	-	-
Revised forecast (B)	69,000	26,000	26,000	20,000	344.36
Difference (B-A)	-	-	-	-	-
% change	-	-	-	-	-
First Six Months of FY2022 results	28,061	2,914	3,409	4,575	74.70

(Millions of yen)

[Reasons for the announcement of the forecast of consolidated financial results for the first six months of the fiscal year ending March 31, 2023]

The SANKYO Group manages its business plan on an annual basis and only discloses forecasts of financial results for the full year. As sales of mainstay pachinko and pachislot machines have been robust, the Company has reviewed the forecast for the full fiscal year ending March 31, 2023. In doing so, estimates of the financial results for the first six months have become clear and thus the Company discloses the forecast for the first six months of the fiscal year ending March 31, 2023. The pachinko title *Fever Mobile Suit Gundam Unicorn*, which was introduced in the fiscal year ended March 31, 2022, was so well received that additional sales were made in the second quarter, and sales of new titles including *Fever Symphogear 3 Ogon Zessho* were also strong. As a result, the Group forecasts strong sales of 144,000 units of pachinko machines (60,000 units in the same period of the previous year) and 10,000 units of pachislot machines (2,000 units in the same period of the previous year), and both net sales and profits are expected to increase significantly from the same period of the previous year. With the recording of gain on sales of investment securities, profit attributable to owners of parent is expected to reach ¥20.0 billion, on par with the full-year forecast announced at the beginning of the fiscal year.

This material is an English translation of Japanese announcement made on October 17, 2022. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

[Revision of the forecast of consolidated financial results for the fiscal year ending March 31, 2023]

(from April 1, 2022 to March 31, 2023)

(Millions of yen)

		Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast	(A)	110,000	29,000	29,500	20,000	344.40
Revised forecast	(B)	135,000	45,000	46,000	35,000	602.71
Difference	(B-A)	25,000	16,000	16,500	15,000	-
% change		22.7	55.2	55.9	75.0	-
FY2022 results		84,857	21,357	22,257	18,466	305.06

[Reasons for the revision of the forecast of consolidated financial results for the fiscal year ending March 31, 2023]

The pachinko titles *Fever Mobile Suit Gundam Unicorn* and *NEON GENESIS EVANGELION –Roar for tomorrow* introduced in the fiscal year ended March 31, 2022 have long been popular, gaining strong support from pachinko parlor operators and pachinko players, and sales have been strong owing to the enhancement of the Group's brand power. Therefore, the Group has revised the pachinko machines sales volume forecast from the initial forecast of 210,000 units to 250,000 units (164,000 units for the previous fiscal year). As for pachislot machines, the Group has revised the sales volume forecast from the initial forecast of 30,000 units to 40,000 units (22,000 units for the previous fiscal year). As well as promoting sales of #6.5 models, starting with the introduction of *Pachislot Aquarion ALL STARS* in July, the Group will release the first smart pachislot machine *Valvraive the Liberator*, a next-generation pachislot machine that enables players to play pachislot games without using medals.

As a result, net sales are expected to amount to ¥135.0 billion (an increase of 59.1% from the previous year), exceeding the initial forecast by more than 20%. As cost increases due to difficulties in procuring electronic components will be absorbed by the impact of higher sales and cost reductions through parts recycling and other measures, operating income is also expected to exceed the initial forecast by more than 50% and amount to ¥45.0 billion (an increase of 110.7% from the previous year).

The above forecast is based on information currently available to management. Actual results may differ from the forecast owing to various factors.

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