

May 11, 2023

SANKYO CO., LTD.

<https://www.sankyo-fever.co.jp>

Shares listed: TSE Prime Market

Code number: 6417

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Planned Date for Annual Meeting of Shareholders: June 29, 2023

Planned Date for Start of Dividend Payment: June 30, 2023

Planned Date for Submittal of the Financial Statements Report: June 30, 2023

Supplementary materials for the financial statements: Yes

Presentation to explain for the financial statements: Yes

(Figures less than 1 million yen have been omitted.)

1. Results for the fiscal year (From April 1, 2022, to March 31, 2023)

(1) Consolidated operating results

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Profit attributable to owners of parent	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Year ended March 31, 2023	157,296	85.4%	58,532	174.1%	59,341	166.6%	46,893	153.9%
Year ended March 31, 2022	84,857	46.0%	21,357	224.2%	22,257	197.2%	18,466	221.2%
(note) Comprehensive income	Year ended March 31, 2023		¥47,009 million [161.9%]		Year ended March 31, 2022		¥17,951 million [116.1%]	

	Net income per share	Fully diluted net income per share	Return on equity (net income)	Return on assets (recurring income)	Return on sales (operating income)			
	Yen	Yen	%	%	%			
Year ended March 31, 2023	807.52	798.73	16.3	17.6	37.2			
Year ended March 31, 2022	305.06	302.11	6.9	7.4	25.2			
(reference) Equity in earnings of affiliates	Year ended March 31, 2023		- million		Year ended March 31, 2022		- million	

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	365,950	310,259	84.3	5,311.78
As of March 31, 2022	309,213	270,120	86.8	4,609.23
(reference) Shareholders' Equity	As of March 31, 2023		As of March 31, 2022	
	¥308,420 million		¥268,519 million	

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2023	35,103	6,655	(7,163)	252,609
Year ended March 31, 2022	22,707	8,877	(16,890)	218,012

2. Dividends

(Base date)	Cash dividend per share					Amount of dividends	Dividend payout ratio	Dividend rate of net assets
	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2022	-	50.00	-	50.00	100.00	5,977	32.8	2.2
Year ended March 31, 2023	-	60.00	-	90.00	150.00	8,709	18.6	3.0
Year ended March 31, 2024 (forecast)	-	75.00	-	75.00	150.00		21.0	

3. Forecast for FY2024 (From April 1, 2023, to March 31, 2024)

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Profit attributable to owners of parent		Net income per share
	Millions of yen		Millions of yen		Millions of yen		Millions of yen		Yen
Year ending March 31, 2024	175,000	11.3%	59,500	1.7%	60,000	1.1%	41,500	(11.5%)	714.43

SANKYO Group manages its business plan on a full-year basis and thus only discloses full-year figures. For details, please refer to Qualitative Information and Financial Statements "1. Overview of business results etc. (4) Future outlook" of the attached documents on Page 4.

*** Notes**

- (1) Changes for important subsidiaries during the fiscal year ended March 31, 2023: Not applicable
- (2) Changes in accounting procedures
- a. Related to accounting standard revisions etc.: Not applicable
 - b. Other changes: Not applicable
 - c. Changes in accounting estimates: Not applicable
 - d. Retrospective restatements: Not applicable
- (3) Outstanding shares (common shares)
- a. Number of shares outstanding (including treasury stock)
 - As of March 31, 2023: 66,339,100 shares
 - As of March 31, 2022: 69,597,500 shares
 - b. Number of treasury stock
 - As of March 31, 2023: 8,275,662 shares
 - As of March 31, 2022: 11,340,565 shares
 - c. Average number of shares issued and outstanding
 - As of March 31, 2023: 58,071,101 shares
 - As of March 31, 2022: 60,533,970 shares

(Reference) Non-consolidated results**1. Non-consolidated results for the fiscal year (From April 1, 2022, to March 31, 2023)****(1) Non-consolidated operating results**

(Percentage figures denote year-over-year changes.)

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Year ended March 31, 2023	134,284	97.3%	42,964	295.2%	48,275	167.9%	40,585	128.5%
Year ended March 31, 2022	68,063	24.5%	10,872	111.1%	18,019	116.2%	17,760	152.9%

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2023	698.90	691.29
Year ended March 31, 2022	293.40	290.56

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2023	335,486	288,257	85.4	4,932.85
As of March 31, 2022	289,709	254,397	87.3	4,339.34

(reference) Shareholders' Equity As of March 31, 2023 ¥286,418 million As of March 31, 2022 ¥252,796 million

* This document is not subject to audit procedures

*** Disclaimer regarding Forward-looking Statements**

The statements concerning future performance that are presented in this document are based on judgments using information available to the Company and which are deemed reasonable as of the release date of this material, and they are not intended to assure the achievement of such forecasts presented herein. Actual results may differ due to various factors. For information regarding performance forecasts, please refer to "1. Overview of business results etc. (4) Future outlook" in the accompanying material.

1. Overview of business results etc.

(1) Overview of business results, etc. for the fiscal year under review

During the fiscal year ended March 31, 2023, implementation of various policies, such as easing of restrictions on activity in the phase of living with COVID-19, prompted normalization of socio-economic activities. Although there were expectations that the Japanese economy would show renewed vitality, the outlook remained uncertain against the backdrop of a potential downturn of overseas economies in line with monetary tightening worldwide, soaring commodity prices, and inflation attributable to rapid depreciation of the yen.

In the pachinko and pachislot industry, total sales volumes of pachinko and pachislot machines fell short of those for the previous fiscal year as replacement demand dissipated following the removal of machines compliant with the former regulations by the January 31, 2022 deadline and also owing to the shortage of semiconductors and other electronic components. However, regarding pachinko machines, machine utilization and demand for new machines remain stable. As for pachislot machines, the market is being invigorated by the debut of #6.5 models offering enriched gaming performance and Smart Pachislot machines that are played without medals.

In these circumstances, regarding the pachinko machines business, the Group rolled out products that meet diverse preferences of players, including titles in series with proven track records as well as new machines featuring IPs through tie-ups with licensors (tie-up machines). Enhancement of the brand power thanks to the contributions of titles introduced in recent years to machine utilization also provided a tailwind. As a result, the sales volume of pachinko machines increased 60% from the previous fiscal year and the Group is expected to regain the top market share by a great margin over the second-placed contender and the rest. Regarding the pachislot machines business, *Pachislot Valvrave the Liberator*, which is not just the first SANKYO-brand Smart Pachislot machine but also the industry's first, has become a hit title whose machine utilization met parlor operators' expectations. As a result, the sales volume of pachislot machines was 2.3 times that of the previous fiscal year, and the Group's market share increased.

As a result, net sales were ¥157.2 billion, an increase of 85.4% year on year. Operating income was ¥58.5 billion, an increase of 174.1%, and recurring income was ¥59.3 billion, an increase of 166.6%. Profit attributable to owners of parent was ¥46.8 billion, an increase of 153.9%, partly owing to the recording of extraordinary gains on sales of investment securities.

Results of segments are presented below:

Pachinko Machines Business

Regarding the pachinko machines business, the Group released a grand total of 10 pachinko titles (excluding reuse models). Major titles released included *Fever Karakuri Circus* (introduced in August 2022) and *Fever Symphogear 3 Ogon Zessho* (introduced in September 2022) under the SANKYO brand, *Fever Star Blazers: Space Battleship Yamato 2202 -ONLY ONE-* (introduced in July 2022) and *GODGILLA vs EVANGELION -G-cells awakening-* (introduced in December 2022) under the Bisty brand, and *Fever Queen RUSH* (introduced in November 2022) under the JB brand.

As a result, segment sales amounted to ¥122.5 billion, an increase of 70.6% compared with the same period of the previous year, and operating income was ¥54.2 billion, an increase of 124.6%. Sales of pachinko machines amounted to 268,000 units.

Pachislot Machines Business

Regarding the pachislot machines business, three titles released included *Pachislot Aquarion ALL STARS* (introduced in July 2022) and *L Pachislot Valvrave the Liberator* (introduced in November 2022) under the SANKYO brand, *Pachislot MOBILE SUIT GUNDAM UNICORN* (introduced in March 2023) under the Bisty brand

As a result, segment sales amounted to ¥22.5 billion, an increase of 153.6% compared with the same period of the previous year, and operating income was ¥9.2 billion, an increase of 682.6%. Sales of pachislot machines amounted to 51,000 units.

Ball Bearing Supply Systems Business

Sales of the ball bearing supply systems business were ¥11.9 billion, an increase of 207.9% year on year, and operating income was ¥0.7 billion, an increase of 540.9%, reflecting vigorous capital investment by parlor operators for the introduction of Smart Pachislot machines.

Other Businesses

Sales of other businesses were ¥0.1 billion, a decrease of 16.6% year on year, and operating income was ¥21 million, a decrease of 49.0%.

(2) Overview of financial position for the fiscal year under review

Total assets at the end of the fiscal year ended March 31, 2023 amounted to ¥365.9 billion, having increased ¥56.7 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥39.9 billion increase in marketable securities, a ¥6.7 billion increase in notes receivable-trade, a ¥5.1 billion increase in accounts receivable for provision of parts and materials for value, a ¥4.1 billion increase in accounts receivable-trade, a ¥4.1 billion increase in raw materials and

supplies, and a ¥1.8 billion increase in finished goods and merchandise despite a ¥5.4 billion decrease in cash and deposits.

Total liabilities amounted to ¥55.6 billion, having increased ¥16.5 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥15.2 billion increase in accrued income taxes, and a ¥5.7 billion increase in notes and accounts payable-trade, a ¥3.9 billion increase in accounts payable (included in “Other” of Current liabilities), and a ¥1.3 billion increase in liabilities related to transactions involving provision of parts and materials for value (included in “Other” of Current liabilities), and a decrease of ¥10.4 billion in electronically recorded obligations-operating.

Net assets increased ¥40.1 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to profit attributable to owners of parent amounting to ¥46.8 billion, while cash dividends paid amounting to ¥6.3 billion, and purchase of treasury stock amounting to ¥0.7 billion. The Company cancelled its treasury stock on May 31, 2022 pursuant to Article 178 of the Companies Act, based on the resolution at the Board of Directors’ meeting held on May 12, 2022. As a result, net assets amounted to ¥310.2 billion and the shareholders’ equity ratio decreased 2.5 percentage points to 84.3%.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) at the fiscal year-end were ¥252.6 billion, having increased ¥34.5 billion from the previous fiscal year-end.

Net cash provided by operating activities increased ¥12.3 billion from the previous fiscal year-end to ¥35.1 billion. Principal cash inflow items were income before income taxes amounting to ¥66.2 billion, a ¥3.2 billion increase in accrued consumption tax, and depreciation and amortization amounting to ¥1.8 billion. Principal cash outflow items were a ¥10.8 billion increase in notes and accounts receivable-trade, a gain on sales of investment securities amounting to ¥7.0 billion, a ¥6.7 billion increase in inventories, a ¥5.1 billion increase in accounts receivable for provision of parts and materials for value, and income taxes paid amounting to ¥4.5 billion.

Net cash provided by investing activities decreased ¥2.2 billion from the previous fiscal year-end to ¥6.6 billion. Principal cash inflow items were proceeds from redemption of marketable securities amounting to ¥60.0 billion, and proceeds from sale of investment securities amounting to ¥9.0 billion. Principal cash outflow items were payment for purchase of marketable securities amounting to ¥60.0 billion, and payment for purchase of property, plant and equipment amounting to ¥2.6 billion.

Cash flows from financing activities increased ¥9.7 billion from the figure at the previous fiscal year-end and, as a result, net cash used in financing activities amounted to ¥7.1 billion. Principal cash outflow items were cash dividends paid amounting to ¥6.3 billion, and payment for purchase of treasury stock amounting to ¥0.7 billion.

For fiscal 2024, the Company forecasts an increase in net cash provided by operating activities of ¥34.0 billion, a decrease in net cash used in investing activities of ¥4.0 billion attributable to capital investment, and a decrease in net cash used in financing activities of ¥10.0 billion attributable to payment of cash dividends.

As a result, the Company forecasts an increase of ¥20.0 billion in the cash balance at the end of fiscal 2024 compared to the end of fiscal 2023.

(reference) Change in cash flow indicators

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023
Shareholders’ equity ratio (%)	82.4	91.4	86.8	84.3
Shareholders’ equity ratio at market value (%)	59.2	61.4	64.0	87.7

Notes: Shareholders’ equity ratio: Shareholders’ equity / Total assets
Shareholders’ equity ratio at market value: Market capitalization / Total assets

1. All indices are calculated using consolidated financial figures.
2. Market capitalization is calculated using the number of shares issued and outstanding excluding treasury stock.
3. Figures are rounded up or down to the nearest single decimal place.

(4) Future outlook

In the fiscal year ending March 31, 2024, in the pachinko and pachislot industry, introduction of Smart Pachinko machines, enabling players and parlor staff to play pachinko and count balls without touching the balls, will begin at last. Full-scale diffusion of Smart Pachislot machines, first introduced at the end of last year, requiring no medals for playing, and offering enriched gaming performance, is expected. It is hoped that these factors will lead to a recovery in machine utilization and market revitalization.

In this environment, regarding the pachinko machines business, the Group will continue to offer both mainstay titles and new tie-up machines to meet diverse preferences of players. Moreover, by launching the Company’s first Smart Pachinko machine, which takes advantage of the features of Smart machines, we will fully demonstrate the superiority of the Group’s development capabilities in the Smart Pachinko market. Regarding the pachislot machines business, whereas the Group introduced only three pachislot titles in the fiscal year ended March 31, 2023, we intend to introduce a larger number of titles, with the aim of further enhancing the Group’s presence in the pachislot market. We will work to maintain and enhance our brand power and market share in the pachinko and pachislot machines market.

The Group's plan calls for sales volumes for the fiscal year ending March 31, 2024, of 287,000 pachinko machines and 90,000 pachislot machines.

The consolidated business results forecast for the fiscal year ending March 31, 2024, are as follows:

	Forecast	Year-on-year change	FY 2023 results
Net sales	¥175.0 billion	11.3% increase	¥157.2 billion
Operating income	¥59.5 billion	1.7% increase	¥58.5 billion
Recurring income	¥60.0 billion	1.1% increase	¥59.3 billion
profit attributable to owners of parent	¥41.5 billion	11.5% decrease	¥46.8 billion

***Caution regarding Forward-looking Statements**

The forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and on certain assumptions deemed rational. The company does not guarantee their realization. Actual results, performance or achievements may differ materially from those expressed in forward-looking statements owing to various factors.

(5) Basic policy on profit sharing and cash dividends for fiscal 2023 and fiscal 2024

The Company regards the return of profits to shareholders as one of the most important management priorities. The Company's dividend policy is to continue stable dividend payments, taking into consideration financial results, the financial position, the payout ratio, and other factors comprehensively.

The Company plans to pay a dividend of ¥150 per share (including a ¥60 interim dividend, a consolidated payout ratio of 18.6%) for fiscal 2023. For the fiscal year ending March 31, 2024, the Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend, a consolidated payout ratio of 21.0%).

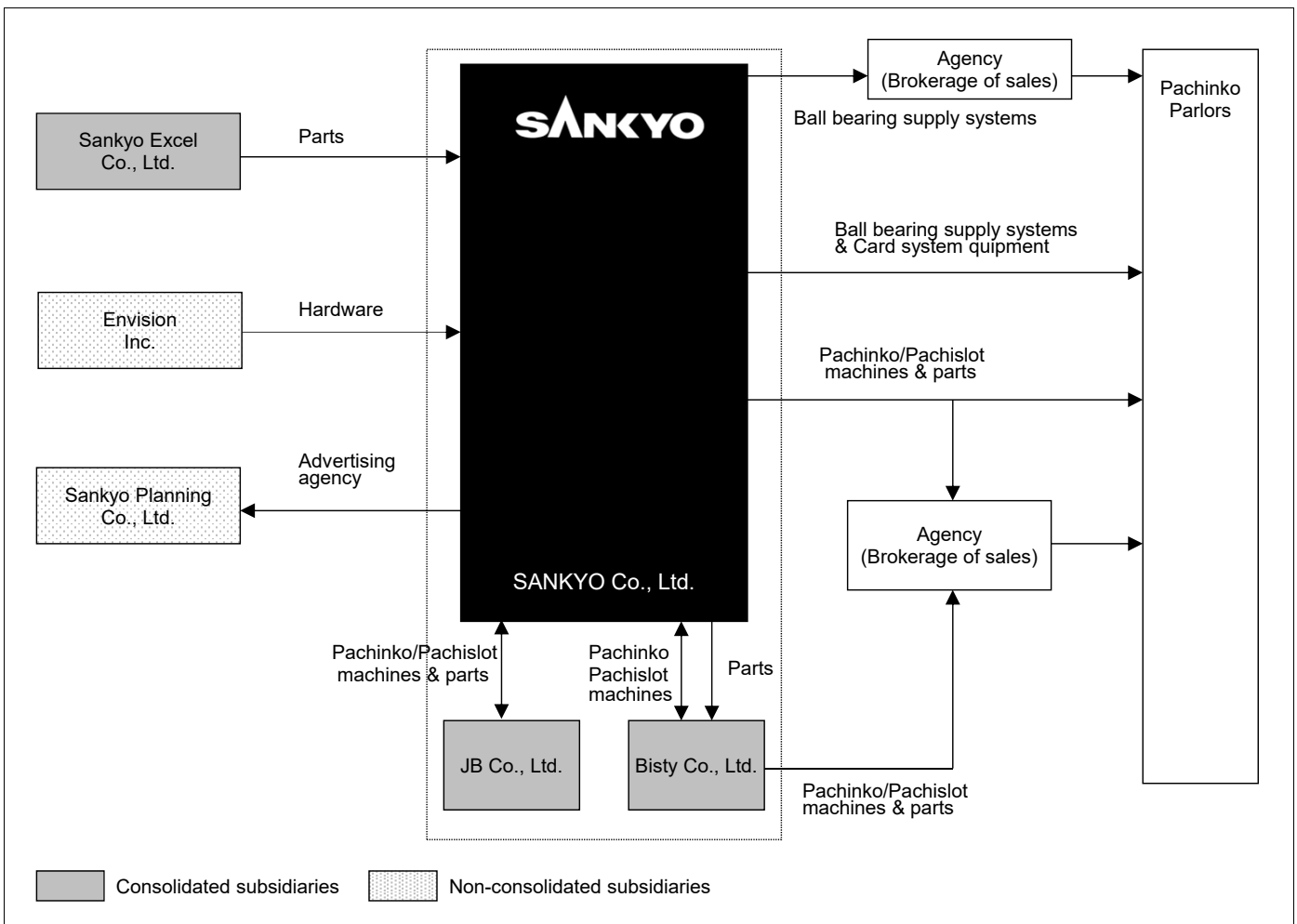
In regard to future profit sharing and use of retained earnings, while maintaining stable dividend payments as the basic policy, the Company will effectively utilize retained earnings, such as in business investment for growth and repurchase of own shares for flexible shareholder returns, through appropriate allocation.

2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its 5 subsidiaries (as of March 31, 2023) and two affiliates. Details of the Group's business and the positioning of major affiliated companies concerning the business are shown below. The classification of businesses is the same as that in the segment information.

Business segment (Details of the Business)	Company name
Pachinko machines business Manufacturing and sales of pachinko machines and pachinko machine gauge boards, sales of related parts, and pachinko machine-related royalty income	SANKYO Co., Ltd. Sankyo Excel Co., Ltd. Bisty Co., Ltd. JB Co., Ltd.
Pachislot machines business Manufacturing and sales of pachislot machines, sales of related parts, and pachislot machine-related royalty income	Sankyo Planning Co., Ltd. Envision Inc.
Ball bearing supply systems business Sales of ball bearing supply systems, card systems, and related equipment for parlors, and ball bearing supply system-related royalty income	SANKYO Co., Ltd. Sankyo Excel Co., Ltd.
Other business Real estate rental revenues, Sales of general molded parts	SANKYO Co., Ltd. Sankyo Excel Co., Ltd. Envision Inc.

(2) The business structure is shown below.



3. Management Policies

(1) Management policy, management strategy, etc.

1) Management policy

The basic philosophy of SANKYO Co., Ltd. (the Company) and its consolidated subsidiaries and affiliates (SANKYO Group) is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislot, which are popular leisure activities in Japan, and to the quality of life in society as a leading company in the pachinko and pachislot industry. Moreover, by concentrating its resources on the game machines business (pachinko machines business, pachislot machines business, and ball bearing supply systems business), which are expected to be highly profitable, the Group aims to revitalize the pachinko and pachislot industry and achieve sustainable enhancement of corporate value.

2) Business strategy by segment

i. Pachinko Machines Business and Pachislot Machines Business

By offering highly competitive innovative products imbued with the spirit of “ingenuity,” which is our company motto, we aim to earn the trust and support of players and parlor operators so as to increase our market share of pachinko and pachislot machines in terms of sales volume. In addition, as initiatives to strengthen profitability, we will focus on the sharing of parts, improvement of the recycling rate, and improvement of development efficiency to achieve cost reduction as well as improvement of the top line through increased sales volumes.

Regarding the pachinko machines business, the Group has been securing a top-tier share in the pachinko machines market for a quarter century. To further increase market share, we will continue to offer products that earn the support of players and parlor operators by developing diverse products that capitalize on the Group's three brands and creating popular series of products.

As for the pachislot machines business, we recognize that the Group has ample room for growth, and we will work to secure resources, strengthen alliances, offer a stable number of titles slated for introduction, and create hit titles, with the aim of securing a formidable presence similar to that in the pachinko market.

ii. Ball Bearing Supply Systems Business

We handle ball bearing supply systems and various products necessary for the interiors and operations of pachinko parlors. Capitalizing on our system capable of providing one-stop services combined with supply of pachinko and pachislot machines, we are committed to meeting the needs of parlor operators to the fullest extent possible.

(2) Performance indicators

SANKYO Group aims to achieve sustainable growth by establishing a solid position in the industry through increasing its share of the pachinko and pachislot markets. The Company believes that the results of this effort are reflected in the ratio of operating income to net sales and formulates and implements various measures to increase competitive advantage in product planning, development, production, and marketing with the objective of increasing this ratio. The Group will continuously engage in cost reduction measures, including improvement of the efficiency of advertising and sales promotion, the sharing of parts and materials, and the streamlining of logistics.

The table below depicts change in the ratio of operating income to net sales for the most recent three-year period. In the fiscal year ended March 31, 2023, the Group achieved a ratio of operating income to net sales that was unprecedentedly high compared with the ratio in recent years owing to a significant increase in net sales, mainly attributable to growth in the Group's market share in both the pachinko machines business and the pachislot machines business. Going forward, the Group will continue striving to increase its shares of pachinko and pachislot machine markets while aiming to maintain and enhance the ratio of operating income to net sales.

	FY2021	FY2022	FY2023
Ratio of operating income to net sales (%)	11.3	25.2	37.2

(3) Management issues

In the pachinko and pachislot industry, although the number of pachinko parlors and the numbers of pachinko and pachislot machines installed continue to decline, the Smart Pachislot machines that have debuted ahead of Smart Pachinko machines have gained support from players and parlor operators and are invigorating the pachislot market, indicating positive developments are gaining traction. Smart Pachinko machines debuted in April 2023, and full-scale diffusion of Smart Pachinko and Pachislot machines has finally begun. The diffusion of Smart Pachinko and Pachislot machines enable pachinko parlors to reduce operational costs while giving them greater freedom in terms of parlor locations and machine layout, and as a result, there are expectations that the player population will increase, new parlors will open, and the numbers of pachinko and pachislot machines installed will grow. We believe the advent of Smart Pachinko and Pachislot machines will trigger revitalization of the pachinko and

pachislot industry, which continues to operate in a challenging environment.

In this environment, in order to make the transition to Smart Pachinko and Pachislot machines an opportunity for development of the industry and further growth of the Group, we will promote development of Smart Pachinko and Pachislot machines along with current pachinko and pachislot machines, thereby fulfilling our social mission as a leading company. Meanwhile, with regard to the brand power that has underpinned the increase of the Group's market share in recent years, in the mainstay pachinko machines business, while focusing on mainstay titles such as the *Mobile Suit Gundam* series and the *NEON GENESIS EVANGELION* series, which have secured popularity in the market, we will vigorously roll out new tie-up machines to meet diversifying player needs so as to maintain and enhance our brand power. In the pachislot machines business, the Group will also endeavor to build up trust and support from players and parlor operators while increasing the Group's market share along with the Group's presence.

4. Basic Approach to the Selection of Accounting Standards

The Group intends to prepare consolidated financial statements in conformity with the generally accepted accounting principles in Japan (Japanese GAAP) for the time being, taking into consideration comparability of consolidated financial statements over time and comparability among companies.

With regard to adoption of the International Financial Reporting Standards (IFRS), the Group intends to make an appropriate response, taking into consideration situations in Japan and abroad.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Figures less than 1 million yen have been omitted.)

	As of March 31, 2022	As of March 31, 2023
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	98,013	92,610
Notes receivable-trade	9,189	15,905
Accounts receivable-trade	8,040	12,200
Marketable securities	134,999	174,999
Finished goods and merchandise	1,908	3,760
Work in process	22	801
Raw materials and supplies	5,889	10,029
Accounts receivable for provision of parts and materials for value	4,671	9,802
Other	2,126	1,704
Allowance for doubtful accounts	(1)	(17)
Total current assets	264,859	321,797
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	14,043	13,954
Less accumulated depreciation	(8,585)	(8,598)
Subtotal	5,457	5,355
Machinery and equipment	7,367	7,363
Less accumulated depreciation	(6,930)	(6,813)
Subtotal	436	550
Furniture and fixtures	13,004	12,678
Less accumulated depreciation	(10,637)	(9,615)
Subtotal	2,367	3,062
Land	17,687	17,477
Construction in progress	30	217
Total tangible fixed assets	25,980	26,663
Intangible fixed assets		
Other	164	178
Total Intangible fixed assets	164	178
Investments and other assets:		
Investment securities	13,288	11,436
Long-term advances	61	55
Deferred tax assets	4,127	5,099
Other	743	748
Allowance for doubtful accounts	(12)	(29)
Total investments and other assets	18,209	17,311
Total fixed assets	44,353	44,153
Total assets	309,213	365,950

Consolidated Balance Sheets

(Figures less than 1 million yen have been omitted.)

	As of March 31, 2022	As of March 31, 2023
	Millions of yen	Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	8,539	14,301
Electronically recorded obligations-operating	10,454	-
Accrued income taxes	4,299	19,578
Contract liabilities	4	15
Allowance for bonuses	734	781
Provision for shareholder benefit program	122	151
Asset retirement obligations	2	-
Other	6,789	12,351
Total current liabilities	30,946	47,180
Long-term liabilities:		
Net defined benefit liabilities	4,911	4,967
Asset retirement obligations	73	75
Other	3,162	3,467
Total long-term liabilities	8,147	8,510
Total liabilities	39,093	55,691
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,750	23,750
Retained earnings	264,842	293,670
Less: treasury stock, at cost	(40,558)	(29,602)
Total shareholders' equity	262,874	302,658
Accumulated other comprehensive income:		
Net unrealized gain on other securities	5,646	5,791
Remeasurements of defined benefit plans	(1)	(30)
Total accumulated other comprehensive income	5,645	5,761
Subscription rights to shares	1,600	1,839
Total net assets	270,120	310,259
Total liabilities and total net assets	309,213	365,950

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2022	Year ended March 31, 2023
	Millions of yen	Millions of yen
Net sales	84,857	157,296
Cost of sales	37,037	66,380
Gross profit	47,819	90,916
Selling, general and administrative expenses	26,462	32,383
Operating income	21,357	58,532
Non-operating income:		
Interest income	84	73
Dividend income	529	553
Other	292	184
Total non-operating income	906	811
Non-operating expenses:		
Loss on management of investment partnership	3	-
Other	2	1
Total non-operating expenses	6	1
Recurring income	22,257	59,341
Extraordinary gains:		
Gain on sales of fixed assets	239	75
Gain on sales of investment securities	3,071	7,004
Gain on sales of shares of subsidiaries and associates	13	-
Gain on sales of golf club membership	5	-
Total extraordinary gains	3,330	7,079
Extraordinary losses:		
Loss on sales of fixed assets	21	22
Loss on disposal of fixed assets	32	117
Loss on valuation of shares of subsidiaries and associates	2	-
Loss on sales of golf club membership	2	-
Loss on valuation of golf club membership	4	-
Impairment loss	-	22
Total extraordinary losses	64	162
Income before income taxes	25,523	66,259
Income taxes:		
Current income taxes	5,406	20,388
Deferred income taxes	1,651	(1,023)
Total income taxes	7,057	19,365
Net income	18,466	46,893
Profit attributable to owners of parent	18,466	46,893

Consolidated Statements of Comprehensive Income

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2022	Year ended March 31, 2023
	Millions of yen	Millions of yen
Net income	18,466	46,893
Other comprehensive income:		
Net unrealized gain (loss) on other securities	(495)	145
Remeasurements of defined benefit plans	(19)	(29)
Total other comprehensive income	(515)	115
Comprehensive income	17,951	47,009
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,951	47,009
Comprehensive income attributable to minority interests	-	-

(3) Consolidated Statements of Changes in Shareholder's Equity

Year ended March 31, 2022 (From April 1, 2021, to March 31, 2022)

(Figures less than 1 million yen have been omitted.)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	14,840	23,750	254,138	(31,767)	260,961	6,142	17	6,160	1,766	268,887
Change during the fiscal year										
Dividends of surplus			(7,654)		(7,654)					(7,654)
Profit attributable to owners of parent			18,466		18,466					18,466
Acquisition of treasury stocks				(9,236)	(9,236)					(9,236)
Sales of treasury stocks			(108)	445	337					337
Retirement of treasury stock					-					-
Net changes of items other than shareholder's equity						(495)	(19)	(515)	(165)	(680)
Total changes during the fiscal year	-	-	10,704	(8,791)	1,913	(495)	(19)	(515)	(165)	1,232
Balance at end of the period	14,840	23,750	264,842	(40,558)	262,874	5,646	(1)	5,645	1,600	270,120

Year ended March 31, 2023 (From April 1, 2022, to March 31, 2023)

(Figures less than 1 million yen have been omitted.)

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	14,840	23,750	264,842	(40,558)	262,874	5,646	(1)	5,645	1,600	270,120
Change during the fiscal year										
Dividends of surplus			(6,396)		(6,396)					(6,396)
Profit attributable to owners of parent			46,893		46,893					46,893
Acquisition of treasury stocks				(766)	(766)					(766)
Sales of treasury stocks			(17)	71	54					54
Retirement of treasury stock			(11,652)	11,652	-					-
Net changes of items other than shareholder's equity						145	(29)	115	238	354
Total changes during the fiscal year	-	-	28,828	10,956	39,784	145	(29)	115	238	40,139
Balance at end of the period	14,840	23,750	293,670	(29,602)	302,658	5,791	(30)	5,761	1,839	310,259

(4) Consolidated Statements of Cash Flows

(Figures less than 1 million yen have been omitted.)

	Year ended March	Year ended March
	31, 2022	31, 2023
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	25,523	66,259
Depreciation and amortization	2,113	1,838
Share-based compensation expenses	168	288
Increase (decrease) in allowance for doubtful accounts	(2)	33
Increase (decrease) in allowance for bonuses	(14)	47
Increase (decrease) in provision for shareholder benefit program	17	29
Increase (decrease) in net defined benefit liabilities	(126)	13
Interest and dividend income	(614)	(627)
Loss (gain) on sales of property, plant and equipment and intangible assets	(218)	(53)
Disposal of fixed assets	32	117
Impairment loss	-	22
(Gain) loss on sales of investment securities	(3,071)	(7,004)
Loss (gain) on sales of subsidiaries and associates	(13)	-
Loss on valuation of shares of subsidiaries and associates	2	-
(Gain) loss on sales of golf club membership	(2)	-
Loss on valuation of golf club membership	4	-
(Increase) decrease in notes and accounts receivable-trade	(6,362)	(10,876)
(Increase) decrease in inventories	(3,551)	(6,771)
Increase (decrease) in notes and accounts payable-trade	10,855	(4,418)
(Increase) decrease in accounts receivable for provision of parts and materials for value	(3,196)	(5,130)
Increase (decrease) in accounts payable	68	481
Increase (decrease) in accrued consumption tax	589	3,253
Other	188	1,559
Subtotal	22,391	39,062
Interest and dividend income received	541	507
Income taxes paid	(361)	(4,539)
Income taxes refund	136	72
Net cash (used in) provided by operating activities	22,707	35,103
Cash flows from investing activities:		
Proceeds from withdrawal of time deposits	5,554	-
Payment for purchase of marketable securities	(60,000)	(60,000)
Proceeds from redemption of marketable securities	60,000	60,000
Payment for purchase of property, plant and equipment and intangible fixed assets	(1,968)	(2,690)
Proceeds from sale of investment securities	4,218	9,064
Proceeds from sales of shares of subsidiaries and associates	370	-
Proceeds from collection of long-term loans	232	25
Other	469	256
Net cash (used in) provided by investing activities	8,877	6,655
Cash flows from financing activities:		
Payment for purchase of treasury stock, net	(9,236)	(766)
Cash dividends paid	(7,654)	(6,396)
Other	0	0
Net cash (used in) provided financing activities	(16,890)	(7,163)
Net increase (decrease) in cash and cash equivalents	14,694	34,596
Cash and cash equivalents at beginning of the period	203,318	218,012
Cash and cash equivalents at end of the period	218,012	252,609

(5) Segment Information
(Segment information by business category)

Year ended March 31, 2022 (From April 1, 2021, to March 31, 2022)

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2022 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	71,860	8,891	3,895	84,647	210	84,857	-	84,857
Intersegment	-	-	-	-	-	-	-	-
Total	71,860	8,891	3,895	84,647	210	84,857	-	84,857
Segment income	24,142	1,185	115	25,444	41	25,485	(4,128)	21,357
Segment assets	128,672	16,725	6,993	152,391	771	153,163	156,050	309,213
Other items								
Depreciation	1,803	205	9	2,019	3	2,022	90	2,113
Increase in tangible fixed assets and intangible fixed assets	1,620	72	0	1,692	0	1,693	181	1,875

Year ended March 31, 2023 (From April 1, 2022, to March 31, 2023)

(Figures less than 1 million yen have been omitted.)

	Year ended March 31, 2023 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	122,576	22,551	11,993	157,121	175	157,296	-	157,296
Intersegment	-	-	-	-	-	-	-	-
Total	122,576	22,551	11,993	157,121	175	157,296	-	157,296
Segment income	54,223	9,280	742	64,245	21	64,266	(5,734)	58,532
Segment assets	139,115	21,334	8,457	168,907	756	169,664	196,286	365,950
Other items								
Depreciation	1,575	148	10	1,734	3	1,738	100	1,838
Increase in tangible fixed assets and intangible fixed assets	2,468	150	41	2,660	5	2,665	215	2,881