



February 7, 2024

For Immediate Release

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Notice concerning Revision of Consolidated Earnings Forecast and Dividend Forecast (Dividend Increase) for the Fiscal Year Ending March 31, 2024

SANKYO Co., Ltd. today announced that its consolidated earnings forecast for the fiscal year 2024 (from April 1, 2023, to March 31, 2024, hereinafter “FY2024”), which was announced on May 12, 2023, and the year-end dividend forecast for FY2024, which was announced on September 21, 2023, have been revised as follows. Furthermore, in line with the contemplated share split on which a separate disclosure is made, the Company has made a partial change to the dividend policy as described below.

1. Forecast of consolidated earnings

(1) Forecast of consolidated earnings for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	175,000	59,500	60,000	41,500	742.10
Revised forecast (B)	197,000	71,000	72,000	52,500	198.91
Difference (B-A)	22,000	11,500	12,000	11,000	-
% change	12.6	19.3	20.0	26.5	-
FY2023 results	157,296	58,532	59,341	46,893	807.52

(note) Based on the resolution of the Board of Directors held today, the Company plans to carry out a 5 -for-1 share split of common shares with February 29, 2024 as the record date. The revised net income per share for the current period reflects adjustments after the share split.

(2) Reasons for the revision

In the pachinko and pachislot industry, the introduction of Smart Pachinko machines has yet to gain momentum in the pachinko market. Additionally, due to a lack of new titles capable of raising machine utilization of both conventional pachinko machines and Smart Pachinko machines and constrained by the brisk pachislot market, the total sales volume of pachinko machines is expected to be around 850,000 units, down from 1,055,000 units in the previous fiscal year. Amidst these circumstances, sales volumes of the Group’s pachinko machines grew, led by Fever MOBILE SUIT GUNDAM SEED and EVANGELION:3.0+1.0 Type Rei / Type Kaworu, which are the latest additions to the mainstay series, and the Group’s sales of pachinko machines amounted to 296,000 units, virtually in accordance with the initial plan. The Group’s share in the

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pachinko machines market exceeded 30% and the Group is expected to maintain the top market share, continuing from the previous fiscal year. On the other hand, in the pachislot market, the Group's sales of pachislot machines are expected to be 70,000 units compared to the initial plan of 90,000 units. Although Pachislot Valvrave the Liberator, the Group's first Smart Pachislot title, and Pachislot Karakuri Circus, the Group's second Smart Pachislot title, were highly regarded and the Group was able to increase its presence also in the pachislot market, sales competition intensified owing to the introduction of a stream of Smart Pachislot machines by various manufacturers.

In terms of the Group's total sales volumes of pachinko and pachislot machines, the numbers were virtually in accordance with the plan. However, buoyed by increased production, re-release models, and mainstay series machines, the sales unit prices remained firm. In addition, in the Ball Bearing Supply Systems Business, wholesale of dedicated units and demand for the upgrade of parlor facilities increased due to the spread of Smart Pachinko machines. As a result, net sales and profit items are expected to exceed the previous forecasts as shown above.

2. Forecast of Dividends

(1) Forecast of dividends for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Base date)	Cash dividend per share		
	2nd quarter	Year-end	Full Year
	Yen	Yen	Yen
Previous forecast (September 21, 2023)	-	150.00	300.00
Revised forecast (pre-split conversion)	-	50.00 (250.00)	- (400.00)
Results for the year ending March 31, 2024	150.00	-	-
Results for the year ended March 31, 2023	60.00	90.00	150.00

(Note 1) The year-end dividend for the fiscal year ending March 31, 2024, whose record date is March 31, 2024, will be based on the number of shares after the share split, whose record date is February 29, 2024.

(Note 2) Forecast for the full-year dividend per share is not presented as simple comparisons are not possible due to conducting the stock split, however, the forecast for the full-year dividend per share based on the pre-stock split is 400.00 yen.

(2) Reasons for the revision

In line with the revision of the financial results forecast, we have decided to revise the amount of the year-end dividend based on the dividend policy of paying dividends with a consolidated dividend payout ratio of 40% as a benchmark. In addition, because the Company will carry out a 5-for-1 share split with February 29, 2024 as the record date, the calculation is based on the number of shares following the share split. The year-end dividend will be ¥50, which is equivalent to ¥250 on a pre-share-split basis and an actual increase from the previous forecast of ¥150.

3. Partial change to the dividend policy in line with the share split

(1) Reason for partial change of the dividend policy

In line with the share split, the minimum annual dividend per share will be adjusted in accordance with the split ratio.

(2) Details of the change (Underlined parts are amended.) (Before the stock split)

The Company regards the return of profits to shareholders as one of the most important management priorities.

The Company's basic policy is to pay performance-linked dividends with a consolidated dividend payout ratio of 40% as a benchmark. However, the minimum annual dividend per share shall be set at ¥100 to maintain stable dividends.

For the interim dividend, a consolidated dividend payout ratio of 40% for the first six months of the fiscal year shall be the benchmark for the total dividend amount, but the interim dividend shall be no more than 50% of the forecast full-year dividend per share at the time the interim dividend amount is determined.

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(After the stock split)

The Company regards the return of profits to shareholders as one of the most important management priorities.

The Company's basic policy is to pay performance-linked dividends with a consolidated dividend payout ratio of 40% as a benchmark. However, the minimum annual dividend per share shall be set at ¥20 to maintain stable dividends.

For the interim dividend, a consolidated dividend payout ratio of 40% for the first six months of the fiscal year shall be the benchmark for the total dividend amount, but the interim dividend shall be no more than 50% of the forecast full-year dividend per share at the time the interim dividend amount is determined.

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