

November 8, 2016

For Immediate Release

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Notice concerning Revision of the Forecast of the Financial Results for the Year Ending March 31, 2017

SANKYO Co., Ltd. today announced the revision of the forecast of financial results for fiscal 2017 (from April 1, 2016, to March 31, 2017) in view of the recent trend of the Company's financial performance. The previous forecast for fiscal 2017 was announced on May 11, 2016.

[Revision of the forecast of consolidated financial results for the year ending March 31, 2017]

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	135,000	16,000	16,800	11,100	137.00
Revised forecast (B)	90,000	3,000	4,000	2,500	30.86
Difference (B-A)	(45,000)	(13,000)	(12,800)	(8,600)	-
% change	(33.3)	(81.3)	(76.2)	(77.5)	-
FY2016 results	137,130	18,826	19,965	10,485	126.78

[Reasons for the revision]

The pachinko and pachislot industry is promoting collection and removal of "pachinko machines whose performance may differ from the models that were submitted for format inspection" by the deadline, the end of December 2016. Replacements mainly comprise the sequels of titles that are based on tie-ups with well-known content, which make up the majority of the machines to be collected and removed. In this regard, the Group's order-taking of *EVANGELION-Time to Rise*, scheduled for release in December, is progressing well. Otherwise, pachinko parlor operators are increasingly cautious about investing in new pachinko and pachislot machines. With regard to pachislot, successive initiatives are underway to reduce the installation ratio of "pachislot machines that do not apply to the new standards," showing a certain amount of progress. However, since many committed players are in favor of the machines compliant with the former standards, the removal of these machines has yet to go into full swing. In view of the market environment and the sales situation up to the second quarter, the Group conservatively estimated sales targets for the third quarter onward and revised the forecast. As a result, the Group's forecast sales of pachinko machines and pachislot machines were revised from 297,000 units to 195,000 units and from 80,000 units to 39,000 units, respectively.

This material is an English translation of Japanese announcement made on November 8, 2016. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.