Good luck. Good life.

SANKYO

SANKYO CO., LTD.

Pioneering a New Era with the Spirit of Ingenuity

Annual Report 2021

Year ended March 31, 2021

2021

History of SANKYO

Pioneering a New Era with the Spirit of Ingenuity

As a front-runner in the pachinko and pachislot machine industry, SANKYO continues to contribute to revolutionizing the industry and provide new entertainment value. Over time, it has been able to move large numbers of people emotionally and its products have had a major social and economic impact.



1966
Established in Nagoya City, Aichi Prefecture.

1981
Relocated the Head Office to Kiryu City, Gunma Prefecture.

1980
Launched *Fever.*
Joined the top tier of the industry.



1991
Registered for over-the-counter trading.

1995
Listed on the Second Section of the Tokyo Stock Exchange.

1996
Daido Co., Ltd. (currently Bisty Co., Ltd.) became a subsidiary.

1997
Succeeded in listing on the First Section of the Tokyo Stock Exchange.

Achieved further progress as a **listed company.**

Launched many innovative machines one after another, including the legendary *Fever*.

1999
Launched pachislot *Mei-Q*.
Entered the pachislot business.



Established a stable supply system as a **centralized production and logistics base.**

2001
Opened the Sanwa Plant in Isesaki City, Gunma Prefecture.





2008
Relocated the Head Office to Shibuya-ku, Tokyo.

2004
Launched *CR Neon Genesis Evangelion.*
Enjoyed great sales success.



Tie-ups products with **anime** and others create a huge movement inside and outside the industry.

▶ World Events (in Entertainment, Culture and the Economy)

- 1964 Tokyo Olympics
- 1970 Osaka Expo
- 1973 First oil shock
- 1978 The popularity of the video game Space Invaders exploded
- 1979 Second oil shock
- 1983 Nintendo Family Computer released
- 1985 Tsukuba Expo
- 1989 Emperor Showa passed away: shift from the Showa Era to the Heisei Era
- 1991 NTT Docomo released the “mova” mobile phone
- 1991 Collapse of the bubble economy
- 1994 PlayStatio released
- 1995 The Great Hanshin-Awaji Earthquake
- 1996 Expansion of the Internet



Enriching society with the spirit of ingenuity

Major tie-ups machines featuring **anime** such as **Mobile Suit Gundam** appeared one after another.

2012
JB CO., LTD. became a subsidiary.

2009
Open the R&D Center in Shibuya-ku, Tokyo.



2018
Fever Symphogear gained the grand prix, special prize and fans' choice prize at the Seventh Pachinko & Pachislot Awards simultaneously.



Completed a facility specializing in **R&D** of **pachinko/pachislot machines** using the latest technology.

Three Strengths Cultivated through History

Market Responsiveness
Respond quickly to market needs

Brand Power
Maintain a high market share and build a solid position

Strong Financial Bases
Management strengths to respond flexibly to changes in the environment

- 2002 The FIFA World Cup Japan/Korea
- 2005 Aichi Expo
- 2008 iPhone released in Japan
- 2008 Lehman shock
- 2011 The Great East Japan Earthquake
- 2013 Bank of Japan (BOJ) introduced quantitative and qualitative monetary easing
- 2016 BOJ introduced a negative interest rate policy
- 2019 Enthronement of the new Emperor: shift from the Heisei Era to the Reiwa Era
- 2020 COVID-19 coronavirus pandemic

CONTENTS

About SANKYO

01 History of SANKYO

03 Performance Highlights

Management Strategies of SANKY

04 Interview with the Management
Top management explains our management strategies and initiatives for the next fiscal year in Q&A format.

09 Divisional Review

11 Sustainability Initiatives

12 Corporate Governance

Financial Section

13 Financial Review

18 Consolidated Balance Sheets

20 Consolidated Statements of Income

21 Consolidated Statements of Comprehensive Income

22 Consolidated Statements of Changes in Net Assets

23 Consolidated Statements of Cash Flows

24 Notes to the Consolidated Financial Statements

48 Independent Auditor's Report

52 Company Information/ Stock Information

Cautionary Statements with Respect to Forward-Looking Statements
Statements contained in this report with respects to the SANKYO Group's plans, strategies and beliefs that are not historical facts are forward-looking statements about the future performance of the SANKYO Group which are based on management's assumptions and beliefs in light of the information currently available to it. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause the SANKYO Group's actual results, performance or achievements to differ materially from the expectations expressed herein.

Performance Highlights

SANKYO CO., LTD. and Its Consolidated Subsidiaries
Years ended March 31, 2017, 2018, 2019, 2020 and 2021

	Millions of yen					Thousands of U.S. dollars (Note)
	2017	2018	2019	2020	2021	2021
For the year:						
Net sales	¥ 81,455	¥ 86,220	¥ 88,558	¥ 78,416	**¥ 58,129**	**$ 525,063**
Operating income	5,059	10,181	21,286	12,551	**6,587**	**59,507**
Net income attributable to owners of the parent	1,777	5,550	13,384	13,045	**5,749**	**51,932**
Free cash flows	29,096	34,382	12,461	(2,777)	**40,201**	**363,128**
At year-end:						
Total assets	390,585	396,291	399,585	325,232	**292,104**	**2,638,461**
Total net assets	340,287	337,242	337,377	269,521	**268,887**	**2,428,759**

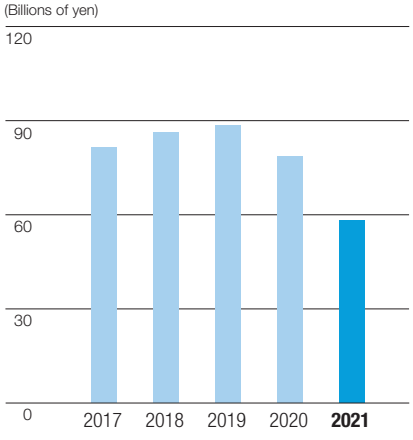
	%				
Financial Indicators:					
Operating margin	6.2%	11.8%	24.0%	16.0%	**11.3%**
Net Income ratio	2.2	6.4	15.1	16.6	**9.9**
Return on equity (ROE)	0.5	1.6	4.0	4.3	**2.1**
Total asset turnover (times)	0.20	0.22	0.22	0.22	**0.19**
Financial leverage (times)	1.17	1.16	1.18	1.19	**1.15**

	yen				U.S. dollars
Per share data:					
Net income (basic)	¥ 21.94	¥ 68.37	¥ 164.88	¥ 183.43	**¥ 93.97**	**$ 0.85**
Cash dividends	150.00	150.00	150.00	150.00	**150.00**	**1.35**

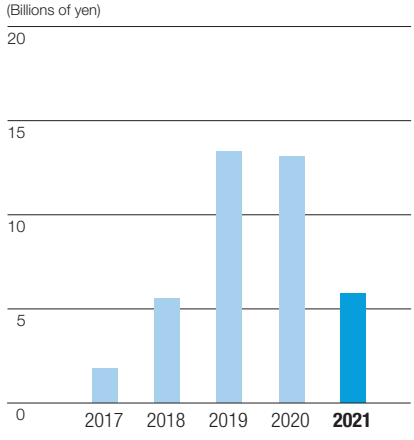
	Units				
Operating data:					
Pachinko machines unit sales	172,954	171,919	196,007	149,520	**126,565**
Pachislot machines unit sales	32,959	29,431	17,435	28,869	**7,679**
Employees (persons)	1,065	1,026	982	957	**964**

Note: The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥110.71=U.S.$1. See Note 2 to the consolidated financial statements.

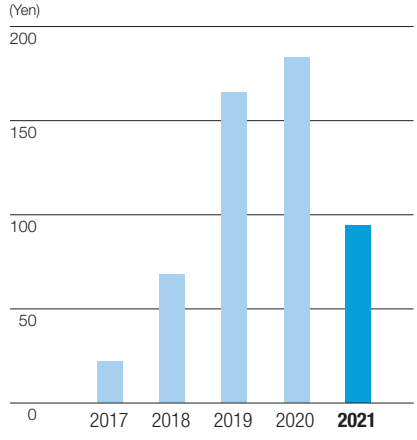
Net Sales



Net Income Attributable to Owners of the Parent



Net Income per Share (basic)



Interview with the Management



Hideyuki Busujima
Chairman of the Board & CEO



Akihiko Ishihara
President & COO

Q1 **The first question is for President Ishihara. You were newly appointed president. What are your current ambitions?**

A I am Akihiro Ishihara. I was appointed representative director and president after the resolution at the general meeting of shareholders and the board of directors' meeting in June this year. As an executive in charge of sales and management of the Company, as well as president of a subsidiary that plays a part of the manufacturing department, I have been working on not only measures to expand sales share but also quality improvement, cost reduction, and organizational transformation. I'd like to strive to further increase the corporate value of the SANKYO group by taking advantage of the broad perspective I have obtained through involvement in sales, management, manufacturing, and business planning of the Company.

As for the industry environment, while replacement with machines compliant with new regulations and shrinking of the game playing population progress, the situation is becoming even more severe with the COVID-19 crisis. On the other hand, as more people are vaccinated, recovery is expected in a new normal with corona viruses, and there are also opportunities for industry revitalizations such as the awaited introduction of Smart Pachinko and Pachislot machines, which constitute the new generation of pachinko and pachislot machines.

In such an industry environment, now is the time for everyone, including all executives and employees in the company, to work together as one to overcome this difficult situation by demonstrating the spirit of "ingenuity," which is our company motto. We are in a chaotic time now but, even in such a situation, we'd like to be a presence that delivers richness to the heart and brings warmth to society. Also, we will aim to further increase our market share by providing original pachinko and pachislot machines that other companies cannot match and, as the top runner in the industry, we will strive to meet the expectations and trust of various stakeholders including fans, business partners, shareholders, and employees.

Q2 About future outlooks and strategies: The Company recorded significant decreases in both sales and profits for the fiscal year ended March 31, 2021. What factors led to this result, and how is the market environment in the pachinko and pachislot industry?

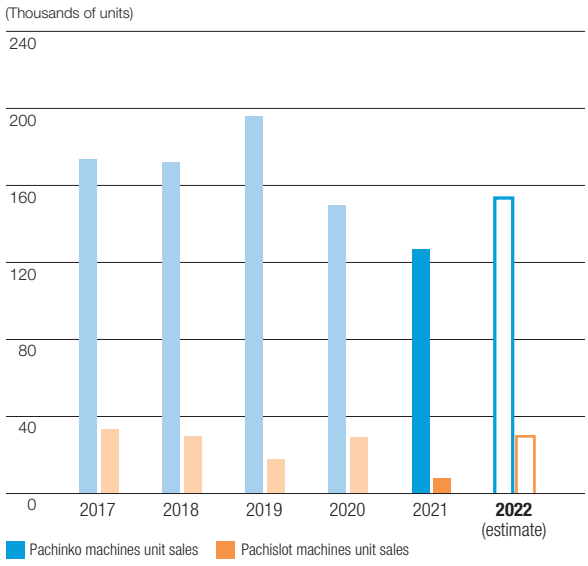
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For the fiscal year ended March 31, 2021, on a consolidated basis, our net sales were ¥58.1 billion, a decrease of 25.9% year on year. Operating income was ¥6.5 billion, down 47.5% year on year, and net income attributable to owners of the parent was ¥5.7 billion, down 55.9% year on year.

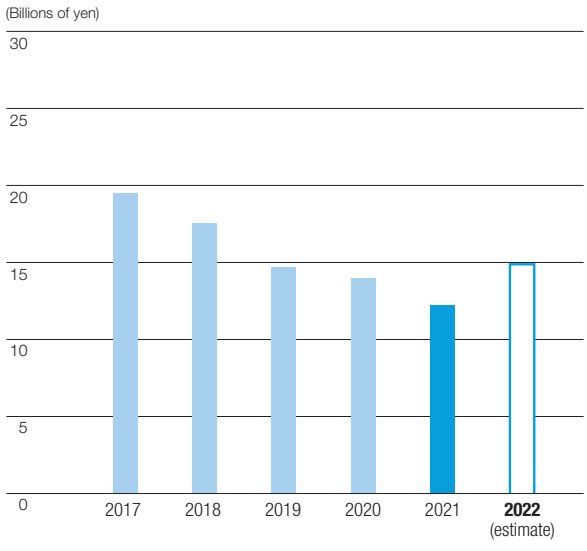
In this pachinko and pachislot industry, as the due date for removal of machines compliant with the former regulations approaches due to the Amended Pachinko and Pachislot Machines Regulations, we faced severe market conditions due to nationwide closures of pachinko parlors, the decline in operations, and the resulting stagnation in the replacement of machines, etc., under the first state of emergency declared in April, 2020. After late May, 2020, when this state of emergency was lifted, there were signs of recovery in the operations of pachinko parlors and the number of pachinko and pachislot machines sold. However, in 2021, a state of emergency was declared again in major cities across the country, including the Tokyo metropolitan areas, resulting in sluggish pachinko parlor operations and new pachinko and pachislot machine sales.

In such a situation, the Group released nine titles of pachinko machines and two titles of pachislot machines. As we narrowed down the number of titles to be sold in light of an assessment of pachinko parlor operators' willingness to purchase new models during the COVID-19 pandemic, the number of titles sold decreased compared with the average year. Although we released various products including products equipped with a new gaming performance feature "Yu-Time" and drum and dot machines without LCDs to stimulate demand, sales and profits decreased significantly from the previous fiscal year due to the severe market conditions.

Pachinko and Pachislot Machines Unit Sales of the SANKYO Group



Trend of R&D Expenditure



Q3 What is the outlook for the fiscal year ending March 31, 2022?

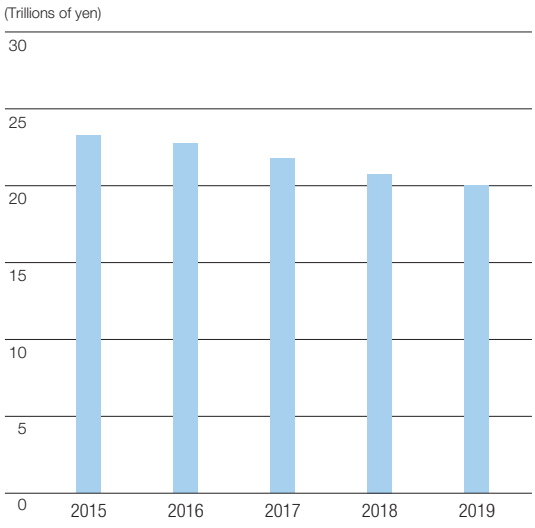
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Regarding the next fiscal year ending March 31, 2022, there had been expectations of an upturn in the pachinko and pachislot machines market reflecting rising demand for replacement with machines compliant with the new regulations, manufacturers' accumulated knowhow on development of machines compliant with the new regulations, and diversification of gaming performance of pachinko and pachislot machines following the revision of internal regulations, etc. However, in view of the impact of the COVID-19 pandemic, improvement in machine utilization at pachinko parlors has stalled and some parlor operators may close their parlors and reduce the numbers of pachinko and pachislot machines installed before completion of the transition to machines compliant with the new regulations. Thus, competition in a challenging business environment is expected to continue.

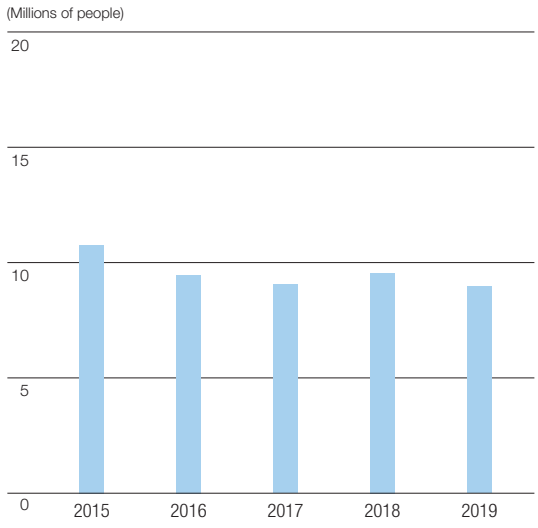
The Group intends to respond to replacement demand and contribute to machine utilization at pachinko parlors by offering pachinko machines that strongly appeal to players, such as sequels to series with good track records and models involving tie-ups with new licensors. In regard to the TV commercial for models that are being resumed for the first time in about 10 years, we conducted a TV commercial for the *Fever Mobile Suit Gundam Unicorn*, which was launched in August, and received favorable reviews from fans and parlors. We will continue to implement initiatives based on cost effectiveness. Whereas the Group released only two pachislot titles in the fiscal year ended March 31, 2021, the Group intends to release four titles, and effectively utilize TV commercials for models that are being resumed for the first time in about 10 years, with the aim of increasing sales and the Group's market share despite the challenging environment.

The Group's plan calls for sales volumes for the fiscal year ending March 31, 2022, of 154,000 pachinko machines and 30,000 pachislot machines. The consolidated net sales are expected to be ¥73 billion (an increase of 25.6% year on year), operating income is expected to be ¥8.9 billion (an increase of 35.1% year on year), and net income attributable to owners of the parent is expected to be ¥6.6 billion (an increase of 14.8% year on year).

Trend of Ball/Token Rental Revenues



Trend of Pachinko/Pachislot Player Population



Source: 2020 Leisure White Paper, Japan Productive Center

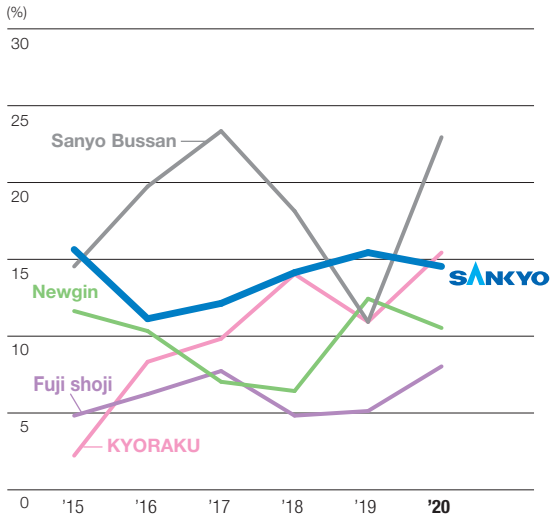
Q4 All the pachinko and pachislot machines installed at pachinko parlors must comply with the new regulations in and after February, 2022. Would you please give us an overview of the market centered on machines compliant with the new regulations, as well as the outlook for the future?

A

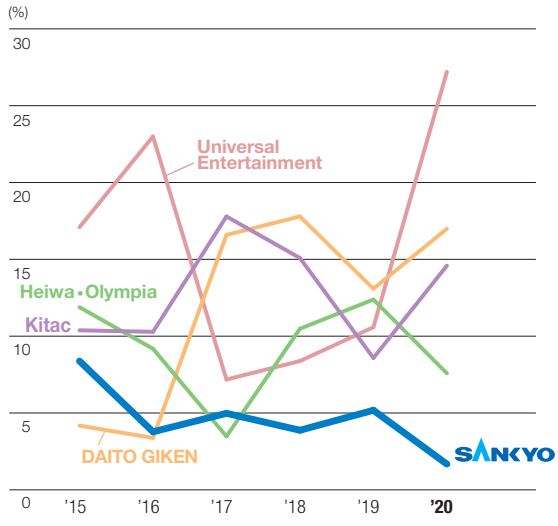
Currently, machines compliant with the former regulations and machines compliant with the new regulations are mixed at pachinko parlors. However, as the due date for removal of machines compliant with the former regulations is the end of January, 2022, replacement is underway so as to completely transition to the machines compliant with the new regulations. After the appearance of the industry's first machines compliant with the new regulations in the latter half of 2018, machines have been gradually replaced with machines compliant with the new regulations. However, for pachinko machines, the gap in performance from the machines compliant with the former regulations is not large, and there have been hit models as gaming performance has been improved due to the revision of various regulations. And thus, penetration with fans is progressing. On the other hand, for pachislot machines, due to a large gap in performance from the machines compliant with the former regulations, as well as the sluggish format inspection pass rate, the supply of new models is not sufficient. Therefore, it is hoped that many hit models will be created to establish popularity. However, as regulations on pachislot machines have been relaxed, expectations for new models that will appear in the future are increasing. As for the entire market, some pachinko parlors may choose to close due to the completion of the transition to machines compliant with the new regulations. Therefore, we think that we need to pay close attention to developments.

As for the outlook after the completion of transition to the machines compliant with the new regulations, there will be an introduction of "Smart Pachinko machines" and "Smart Pachislot machines", which constitute the new generation of pachinko and pachislot machines. The major feature of these machines is that the information on the balls won in a game of pachinko is digitally managed without the game player touching the pachinko balls or pachislot medals. We think that improvement in the gameplay experience can be expected as various values are added to pachinko parlors and fans, such as elimination of foul play, contribution to anti-addiction measures, reduction of the burden of capital investment in pachinko parlors, and improvement in the degree of freedom in layout. The industry would like to use this as an opportunity for revival. The Company will also focus on development by grasping them as important opportunities to improve business performance.

Pachinko Machine Sales Share



Pachislot Machine Sales Share



Source: Yano Research Institute

Q5 The dividend for the fiscal year ending March 31, 2022, is expected to be reduced from the previous fiscal year for the first time since listing. What is the background to the reduction in dividends? Also, what is your future policy for shareholder returns?

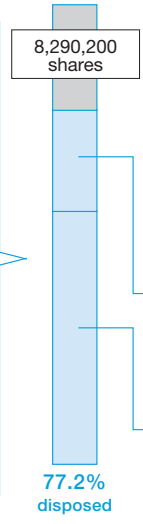
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Regrettably, for the fiscal year ending March 31, 2022, the Company plans to pay a dividend of ¥100 per share (including a ¥50 interim dividend). In a challenging market environment where both the number of pachinko parlors and the player population have been trending downward, the Company's consolidated dividend payout ratio has intermittently exceeded 100% since the fiscal year ended March 31, 2013. Moreover, amid sluggish market conditions, the COVID-19 pandemic was an additional blow and it is not clear when it will be completely stamped out, and thus it is difficult to predict the outlook of the industry and when the market will clearly bottom out. In light of these circumstances, we will review the dividend level with a view to maintaining the Company's sound financial structure. At the same time, we will endeavor to restore the profit level by seizing opportunities, including the completion of the transition to machines compliant with the new regulations, and the launch of a new generation of the pachinko and pachislot machines such as "Smart Pachinko machines" and "Smart Pachislot machines." In view of the first reduction in dividends since our listing (excluding the reduction in commemorative dividends), after clarifying our management responsibilities, we will reduce executive compensation for one year in order to strive to recover our business performance in the future.

As for our policies for return to shareholders including dividends, our basic policy is to continue stable dividend payment, taking into consideration financial results, financial position, the dividend payout ratio, and other factors comprehensively. We will work to recover our business performance with the awareness that the dividend level (¥100 per share) planned this time is the minimum level, and aim to improve the situation so that the profit level can be expected to increase stably to improve the dividend level. Also, as for purchase of treasury shares, although the total number of issued shares of the Company used to be approximately 97,590,000, it is currently approximately 69,590,000. Since 2008, we have purchased 36,000,000 treasury shares (approximately ¥144.5 billion), which is approximately 40 percent of the former total number of issue shares, and have disposed of 28,000,000 treasury shares, which is approximately 30 percent of it. We have flexibly purchased treasury shares so far, and we will continue to recognize this as an effective means of returning profits to shareholders and consider it as an important issue.

Purchase of treasury stock

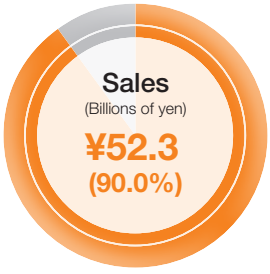
Board of Directors' meeting	Purchase period	Number of shares purchased
June 13, 2008	June 24, 2008	1,000,000
June 11, 2010 & Dec. 7, 2010	June 14, 2010 – June 13, 2011	2,830,700
Feb. 3, 2015	Feb. 5, 2015	6,000,000
Feb. 5, 2015	Feb. 6, 2015	2,000,000
July 7, 2015	July 8, 2015 – Oct. 8, 2015	4,453,000
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**

Pachinko Machines Business



This segment, which includes manufacturing and sales of pachinko machines and gauge boards, sales of related parts and pachinko machine-related royalty income, is SANKYO's mainstay business and accounted for 90.0% of net sales.

With regard to the pachinko machines business, the Group released a grand total of 9 pachinko titles (excluding reuse models). For the SANKYO brand, major titles released included *Fever Shinkagetsu 2 Yozakura ver*. (introduced in April 2020), which equipped with "Yu-Time," in the first in the industry, *Fever Symphogear 2* (introduced in April 2020), the successor to *Fever Symphogear,* which became an unusually long-running hit product in recent years and *Fever THE iDOLM@STER MILLION LIVE!* (introduced in February 2021), which tied up with the popular game that cultivates pop idols. For the Bisty brand, major titles released included *CODE GEASS Lelouch of the Rebellion* (introduced in January 2021). For the JB brand, major titles released included *Fever Queen Ⅱ* (introduced in October 2020) and *PATRUSH V* (introduced in March 2021).

As a result, segment sales amounted to ¥52.3 billion, a decrease of 13.6% year on year, and operating income amounted to ¥12.9 billion, down 12.8%. Sales of pachinko machines amounted to 126,000 units.

Principal models introduced and numbers of machines sold during fiscal 2021

Principal models	Released	No. of machines sold (thousand machines)
Fever Symphogear 2	April 2020	32.1
Fever Queen Ⅱ	October 2020	12.3
NEON GENESIS EVANGELION Decisive Battle—Crimson—	October 2020	14.5
Fever Golgo13 Shippu ver.	October 2020	9.6
CODE GEASS Lelouch of the Rebellion	January 2021	13.6
Fever THE iDOLM@STER MILLION LIVE!	February 2021	13.5



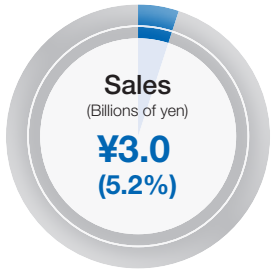
Fever Symphogear 2
©Project シンフォギアG ©Project シンフォギアGX



CODE GEASS Lelouch of the Rebellion
©SUNRISE/PROJECT GEASS Character Design
©2006 CLAMP・ST
©SUNRISE/PROJECT GEASS Character Design
©2006-2008 CLAMP-ST
©BANDAI NAMCO Sevens Inc.

Pachislot Machines Business

This segment, which includes manufacturing and sales of pachislot machines, sales of related parts and pachislot machine-related royalty income, accounted for 5.2% of net sales.



In the pachislot machines business, two titles released included Pachislot for *CHAR AZNABLE—RED COMET's Counterattack—* (introduced in August 2020) and Pachislot *THE iDOLM@STER MILLION LIVE!* (introduced in March 2021) under the Bisty brand. The Group released only two titles, because the Group postponed the roll out of one title under the SANKYO brand, which was initially scheduled for introduction in the fourth quarter, until the next fiscal year.

Accordingly, segment sales amounted to ¥3.0 billion, a decrease of 73.6% compared with the same period of the previous year, and operating loss was ¥1.8 billion, compared with operating income of ¥2.4 billion in the same period of the previous fiscal year. Sales of pachislot machines amounted to 7,000 units.

Principal models introduced and numbers of machines sold during fiscal 2021

Principal models	Released	No. of machines sold (thousand machines)
CHAR AZNABLE—RED COMET's Counterattack—	August 2020	3.8
Pachislot THE iDOLM@STER MILLION LIVE!	March 2021	3.8



CHAR AZNABLE—RED COMET's Counterattack—
©創通・サンライズ



Pachislot THE iDOLM@STER MILLION LIVE!
©窪岡俊之
©BANDAI NAMCO Entertainment Inc.
©BNEI／PROJECT iM@S
©BANDAI NAMCO Sevens Inc.

Ball Bearing Supply Systems Business

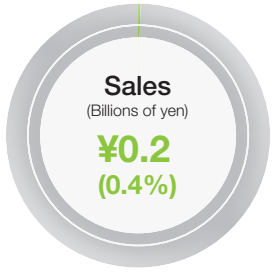
Ball bearing supply systems, card systems, related equipment for parlors and ball bearing supply system-related royalty income account for most of the sales of this segment, which contributed 4.4% of net sales.



Sales of the ball bearing supply systems business amounted to ¥2.5 billion, a decrease of 57.1 % year on year. An operating loss of ¥89 million was recorded compared with operating income of ¥300 million for the previous fiscal year.

Other Businesses

Real estate rental revenues and sales of general molded parts account for most of the sales of this segment, which contributed 0.4% of net sales.



Sales of other businesses were ¥200 million, a decrease of 53.0% year on year. An operating income of ¥26 million was recorded compared with operating loss of ¥ 0.1 billion for the previous fiscal year.

Sustainability Initiatives

SANKYO supports the objectives of the Sustainable Development Goals (SDGs) and, from an ESG perspective, strives to achieve both economic growth and a sustainable society, and to enhance corporate value. We will continue to contribute to the creation of a sustainable society through consideration and collaboration with all stakeholders, including customers, business partners, shareholders, employees and local communities.

Details of Initiatives



Reduction of Environmental Impact

❶ Promotion of reuse and recycling
❷ Common use of parts and materials
❸ Efficiency at the product design stage
❹ Waste reduction
❺ Reduction of substances of concern
❻ Energy conservation at each business office
❼ Digitization of operations (paperless)

Contribution to SDGs





Reduction of Addiction

❶ Responding to pachinko and pachislot addiction

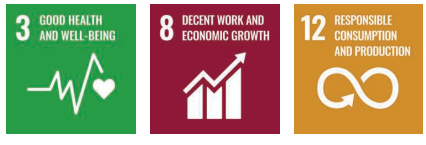
Promotion of Diversity

❶ Promotion of employment of people with disabilities
❷ Building a work environment to be more female gender-friendly

Improvement of Job Satisfaction

❶ Human resources education
❷ Promotion of work-life balance
❸ Development of systems to support diverse working styles
❹ Promotion of health-focused management

Contribution to SDGs





Strengthening Governance

❶ Compliance with the Corporate Governance Code
❷ Strengthening of compliance and risk management
❸ Enhancement of the internal control system

Contribution to SDGs



Corporate Governance

Basic Approach to Corporate Governance

The basic philosophy of the 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 at large as a leading company in the pachinko and pachislot industry.

The Group's stakeholders include shareholders, pachinko parlors (which are the Group's customers), pachinko players, suppliers, local communities, and employees. One of the most important management tasks is to maintain good relations with each of these stakeholders, and the Group has set the following fundamental management policies:

- Maximize stakeholder value and achieve the optimum distribution of that value
- Ensure compliance with laws and regulations, social norms, and corporate ethics
- Enhance efficiency and transparency of management
- Inspire employees and develop their capabilities
- Enhance society's trust in the pachinko and pachislot industry

Corporate Governance System

Board of Directors

The Board of Directors consists of five directors (including two outside directors) and four corporate auditors (including two outside corporate auditors). In addition to regular meetings of the Board of Directors to make important management decisions and supervise the business execution of directors, extraordinary meetings of the Board of Directors are held as necessary for prompt decision-making. In fiscal 2020, these meetings were held 16 times. The Board of Directors of the Company is staffed by a small number of senior managers so that it can respond promptly to changes in the business environment.

Board of Corporate Auditors

SANKYO is a company with a Board of Corporate Auditors, which consists of four corporate auditors (including two outside corporate auditors). The Board of Corporate Auditors met five times in fiscal 2020 to audit the business execution of directors and employees. In addition, the Board of Corporate Auditors makes it a rule for all corporate auditors to attend meetings of the Board of Directors, and exchanges opinions and information with the accounting auditor and the Internal Audit Office to enhance the effectiveness of audits.

Executive Officer System

SANKYO has introduced an executive officer system to strengthen corporate governance and ensure swift and accurate decision-making.

The Company has clearly defined the Board of Directors as an organization that makes management decisions and supervises the execution of business. Executive officers are delegated authority by the Board of Directors and are positioned as responsible for the execution of business in their assigned fields.

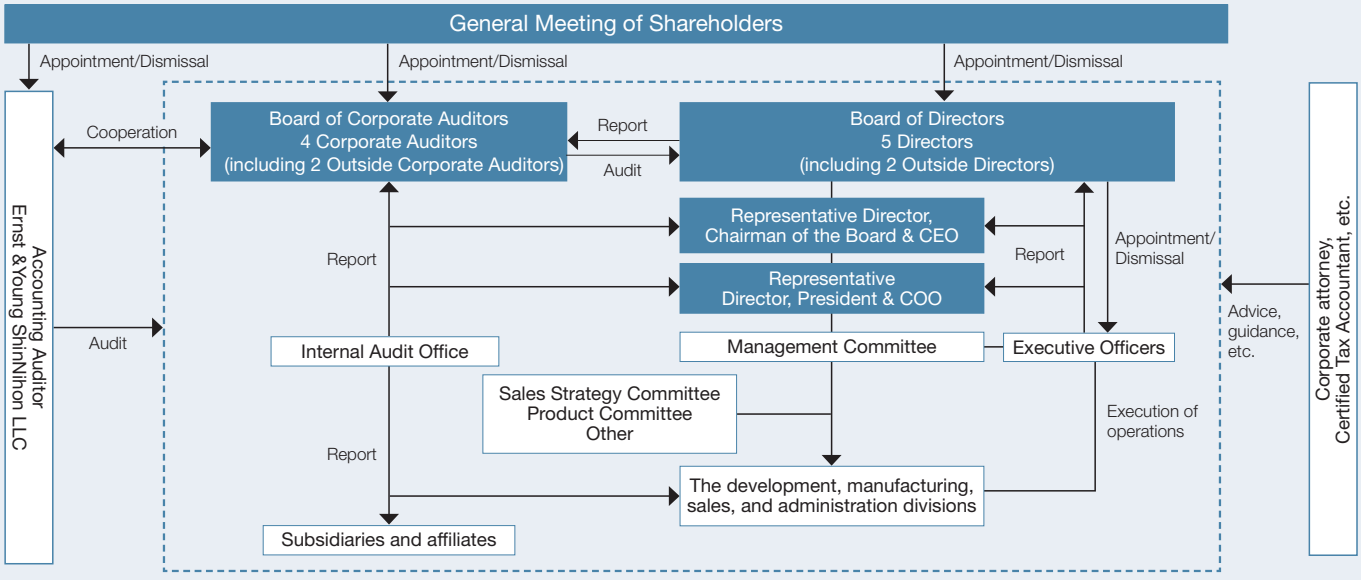
Management Committee

The Management Committee, composed of directors, executive officers and key executives, meets regularly every month to make swift and accurate decisions regarding matters to be resolved by the Board of Directors in advance, management strategy matters, and overall supervision of compliance and risk management, and to instruct the Company divisions and the Group companies to execute business.

Internal Audits

SANKYO has established the Internal Audit Office (four persons) as the internal audit department, and conducts audits of the Company and the Group focusing on compliance with laws and regulations and ensuring appropriateness of business processes based on the audit plan. Through on-site audits and off-site audits, potential risks are identified, and if there is a problem with the audited division, improvement is urged, and the results and status of improvement are periodically reported to the chairman, the president and the Board of Corporate Auditors.

Framework of Corporate Governance System



Further details are provided in the Corporate Governance Report.
http://www.sankyo-fever.co.jp/en/corporate/ir/library/governance.html

Financial Review

The Company's financial position and operating results for the fiscal year ended March 31, 2021 (fiscal 2021), are analyzed below.

Forward-looking statements in this annual report are based on the SANKYO Group's judgment as of the date of issue of this annual report.

Business Environment in Fiscal 2021

During the fiscal year ended March 31, 2021, it was unclear when the COVID-19 would be contained and there were also signs of a new surge in infections. As there were concerns over the prolonged effects on the Japanese economy, future prospects remained unclear.

With the due date approaching for removal of machines compliant with the former regulations in line with the amendment of the Pachinko and Pachislot Machines Regulations, the pachinko and pachislot industry faced a challenging market environment, such as temporary closure of pachinko parlors nationwide, low machine utilization at pachinko parlors, and temporary stalling of replacement with new machines under the first declaration of a state of emergency issued in April 2020. Following the lifting of the state of emergency in late May 2020, machine utilization at pachinko parlors and sales volume of pachinko and pachislot manufacturers showed signs of recovery. However, as a state of emergency covering the Tokyo metropolitan area and major cities nationwide was declared again in early 2021, machine utilization at pachinko parlors and the market for new pachinko and pachislot machines showed little growth.

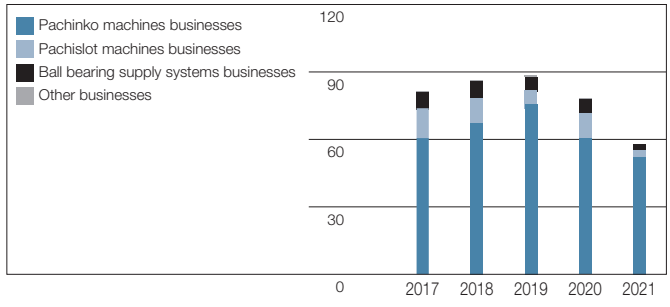
Overview of Business Results in Fiscal 2021

Against this backdrop, the Group released nine pachinko titles and two pachislot titles. Although fewer titles were introduced than in a typical year because the Group minimized the number of titles for launch in light of an assessment of the market trend during the COVID-19 pandemic, the Group introduced diverse products to stimulate demand, including models equipped with "Yu-Time," which delivers new gaming performance, and drum-type models and dot-type models, which are not equipped with LCD screens.

Consequently, net sales amounted to ¥58.1 billion, a decrease of 25.9% year on year. Operating income was ¥6.5 billion, down 47.5%. Net income attributable to owners of the parent declined 55.9% to ¥5.7 billion.

Net Sales

(Billions of yen)



Cost of Sales, Selling, General and Administrative Expenses, and Income

Cost of sales for fiscal 2021 amounted to ¥27.4 billion. The ratio of cost of sales to net sales increased 0.3 percentage points from the previous fiscal year to 47.1%.

Selling, general and administrative (SG&A) expenses decreased ¥5.0 billion from the previous fiscal year, mainly owing to decreases in sales commission, advertisement expenses and research and development expenses, and the ratio of SG&A expenses to net sales increased 4.3 percentage points from the previous fiscal year to 41.5%. As a result, operating income decreased 47.5% to ¥6.5 billion and the ratio of operating income to net sales fell 4.7 percentage points from the previous fiscal year to 11.3%.

Regarding other income (expenses), other income, net, amounted to ¥1.1 billion, mainly reflecting the recording of a gain on sale of investments in securities, net, amounting to ¥0.2 billion.

Net income attributable to owners of the parent decreased ¥7.3 billion from ¥13.0 billion for the previous fiscal year to ¥5.7 billion. Earnings per share amounted to ¥93.97 compared with ¥183.43 for the previous fiscal year.

Segment Information by Business

(Millions of yen)

Net sales	2021	Year-on-year change	2020
Pachinko machines business	**¥52,310**	(13.6)%	¥60,514
Pachislot machines business	**3,022**	(73.6)	11,441
Ball bearing supply systems business	**2,533**	(57.1)	5,900
Other businesses	**262**	(53.1)	559
Total	**¥58,129**	(25.9)%	¥78,416

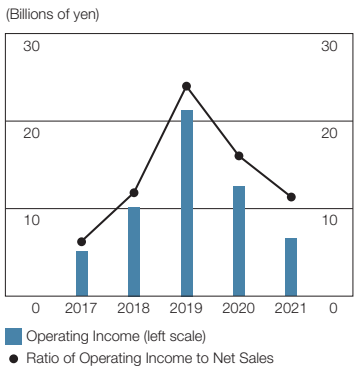
(Millions of yen)

Operating income	2021	Year-on-year change	2020
Pachinko machines business	**¥12,916**	(12.8)%	¥14,804
Pachislot machines business	**(1,890)**	—	2,449
Ball bearing supply systems business	**(89)**	—	326
Other businesses	**26**	—	(136)
Elimination/Corporate	**(4,375)**	—	(4,892)
Total	**¥ 6,587**	(47.5)%	¥12,551

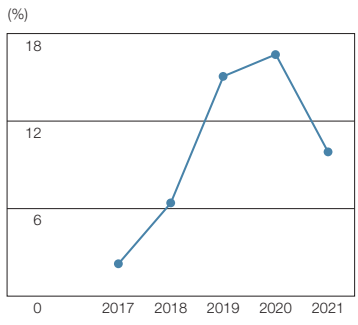
Fiscal 2022 Forecast

Regarding the market environment for the next fiscal year ending March 31, 2022, there had been expectations of an upturn in the pachinko and pachislot machine market reflecting rising demand for replacement with machines compliant with the new regulations, manufacturers' accumulated know-how on development of machines compliant with

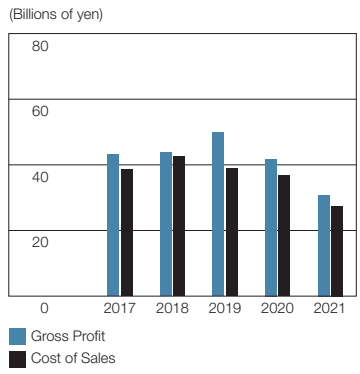
Operating Income and Ratio of Operating Income to Net Sales



Return on Sales (ROS)



Gross Profit and Cost of Sales



the new regulations, and diversification of gaming performance of pachinko and pachislot machines following the revision of internal regulations and so on. However, in view of the impact of the COVID-19 pandemic, improvement in the machine utilization at pachinko parlors has stalled and some parlor operators might close their parlors and reduce the numbers of pachinko and pachislot machines installed before completion of the transition to machines compliant with the new regulations. As a result, competition in a challenging business environment is expected to continue.

The Group intends to respond to replacement demand and contribute to machine utilization at pachinko parlors by offering pachinko machines that strongly appeal to players, such as sequels to series with good track records and models involving tie-ups with new licensors. Whereas the Group released only two pachislot titles in the fiscal year ended March 31, 2021, the Group intends to release four titles with the aim of increasing sales and the Group's market share despite the challenging environment.

The Group's plan calls for sales volumes for the fiscal year ending March 31, 2022, of 154,000 pachinko machines and 30,000 pachislot machines.

(Billions of yen)

	2022 forecast	Year-on-year change	2021 results
Net sales	¥73.0	25.6%	¥58.1
Operating income	8.9	35.1	6.5
Net income attributable to owners of the parent	6.6	14.8	5.7

Assets, Liabilities, and Net Assets

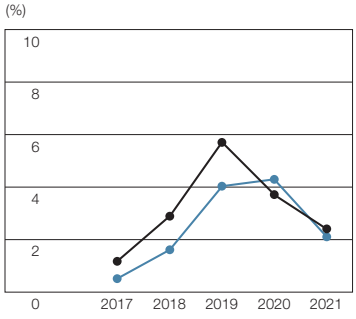
Total assets at the end of the fiscal year ended March 31, 2021 amounted to ¥292.1 billion, down ¥33.1 billion compared with the figure at the previous fiscal year-end. This decrease was mainly attributable to a ¥33.9 billion decline in cash and deposits, a ¥5.8 billion decrease in notes and accounts receivable-trade, a ¥4.9 billion decrease in accounts receivable arising from outsourced production contracts, and a ¥2.3 billion decline in deferred tax assets. These results were partly offset by a ¥15.0 billion increase in marketable securities.

Total liabilities amounted to ¥23.2 billion, down ¥32.4 billion compared with the figure at the previous fiscal year-end. This decline was mainly attributable to a ¥20.0 billion decrease in current portion of bonds with subscription rights to shares, a ¥10.1 billion decline in notes and accounts payable-trade, and a ¥2.8 billion decrease in electronically recorded obligations.

Net assets fell ¥0.6 billion compared with the figure at the previous fiscal year-end. This decline was mainly attributable to cash dividends paid of ¥9.1 billion. These results were partly offset by the recording of net income attributable to owners of the parent of ¥5.7 billion, and a ¥2.5 billion increase in net unrealized gains on available-for-sale securities.

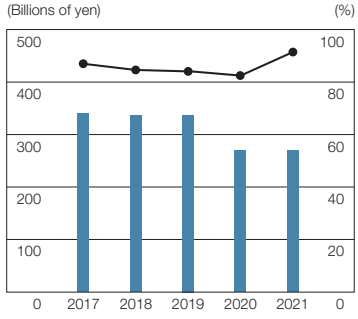
Consequently, net assets totaled ¥268.8 billion and equity ratio increased 9.0 percentage points to 91.4%.

Return on Equity (ROE)
Return on Assets (ROA)

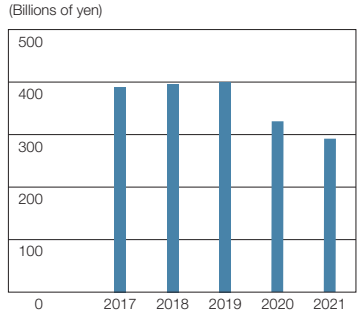


ROA=(Operating income + Interest and dividend income + Interest on marketable securities) / Total assets (yearly average)

Total Net Assets and Equity Ratio



Total Assets



Cash Flows

At the fiscal year-end, cash and cash equivalents (hereinafter "cash") totaled ¥203.3 billion, up ¥11.0 billion from a year earlier.

Cash flows from operating activities

Net cash provided by operating activities decreased ¥8.4 billion from the previous fiscal year to ¥10.5 billion. Principal cash inflow items were income before income taxes of ¥7.7 billion, a ¥5.8 billion decrease in notes and accounts receivable-trade, a ¥4.9 billion decrease in accounts receivable arising from outsourced production contracts, depreciation and amortization of ¥2.3 billion, income taxes refund of ¥1.5 billion, and a ¥1.5 decrease in inventories. Principal cash outflow items were a ¥12.9 billion decrease in notes and accounts payable-trade and income taxes paid of ¥1.0 billion.

Cash flows from investing activities

Net cash used in investing activities increased ¥51.3 billion from the previous fiscal year to ¥29.6 billion. Principal cash inflow items were proceeds from redemption of marketable securities of ¥100.0 billion and proceeds from withdrawal of time deposits of ¥5.5 billion. Principal cash outflow items were payment for purchase of marketable securities of ¥70.0 billion and payments into time deposits of ¥5.5 billion.

Cash flows from financing activities

Net cash used in financing activities increased ¥50.0 billion from the previous fiscal year to ¥29.1 billion. Principal cash outflow items were redemption of bonds with subscription rights to shares of ¥20.0 billion and cash dividends paid of ¥9.1 billion.

Forecast of the Financial Position in Fiscal 2022

For fiscal 2022, the Company forecasts a ¥15.0 billion increase in net cash provided by operating activities, a ¥3.0 billion decrease in net cash used in investing activities owing to capital investment, and a ¥8.0 billion decrease in net cash used in financing activities owing to payment of cash dividends.

Consequently, the Company forecasts a ¥4.0 billion increase in the cash balance at the end of fiscal 2022 compared to the end of fiscal 2021.

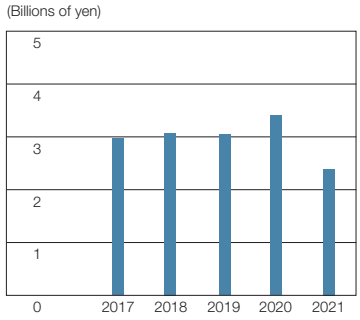
Shareholder Return and Dividend Policy

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

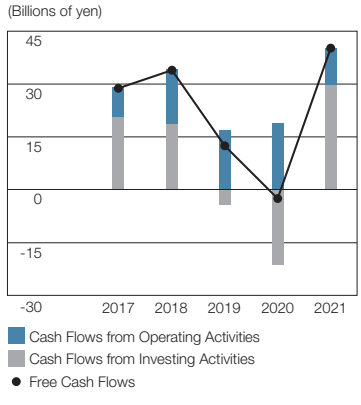
The Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend, for a consolidated payout ratio of 159.6%) for fiscal 2021. Regrettably, for the fiscal year ending March 31, 2022, the Company plans to pay a dividend of ¥100 per share (including a ¥50 interim dividend, for a consolidated payout ratio of 92.7%).

In a challenging market environment where both the number of pachinko parlors and the player population have been trending downward, the Company's consolidated dividend payout ratio has intermittently exceeded 100% since the fiscal year ended March 31, 2013. Furthermore, amid sluggish market conditions, the COVID-19 pandemic has been an additional blow and it is difficult to predict the outlook of the industry or when the market will clearly bottom out. In light of

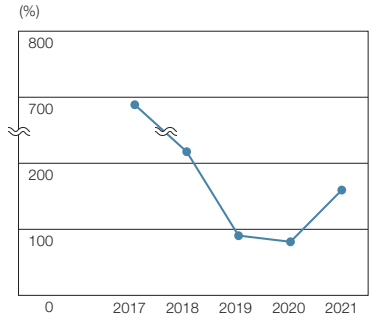
Depreciation and Amortization



Free Cash Flows



Dividend Payout Ratio



these circumstances, we will review the dividend level with a view to maintaining the Company's sound financial structure. At the same time, we will aim to restore the profit level by seizing opportunities, including the completion of the transition to machines compliant with the new regulations and the launch of a new generation of pachinko and pachislot machines, such as "Smart Pachinko machines" and "Smart Pachislot machines." Considering that the Company's dividend will decrease for the first time since the Company's listing (excluding the decrease in the commemorative dividend), at a meeting of the Board of Directors of the Company held on May 13, 2021, it was resolved to reduce directors' and officers' compensation for 12 months to clarify management's responsibilities and to strive for a recovery in performance in the future.

Risk Factors

Risks that may have an impact on the Group's business results, stock price and financial position for fiscal 2020 and beyond include the items described below. Forward-looking statements in this document represent the Group's assumptions and judgment as of the end of fiscal 2019, but do not cover all potential risks.

Change in the market environment

The principal customers of the Group's core business, sales of game machines and ball bearing supply systems, are parlor operators nationwide. Therefore, deterioration of the business environment for parlors, accompanying reduction in demand or change in the market structure, would affect the Group's sales results.

As parlor operators are becoming more discriminating in their evaluation of game machines, there is a marked tendency for them to only purchase captivating products likely to remain popular for a long time, and most other products fail to attract sufficient attention to achieve substantial sales. The Group is strengthening product competitiveness with the aim of increasing the market share. However, because product development takes one or two years, if the Group fails to respond flexibly to changes in market demand after commencement of development, or if the timing of the introduction of one of the Group's new products coincides with the introduction of a competitor's highly popular product, the Group's sales plans and business results may be affected.

Regulations

The main business of the Group, namely, the development, manufacture and sales of game machines, is governed by the Act to Control Businesses That May Affect Public Morals and other regulations and is required to strictly comply with the relevant laws and regulations. Thus, material revisions to relevant laws and regulations may affect the Group's sales plans and business results.

Intellectual property rights

A growing number of game machines introduced in recent years involve tie-ups with celebrities, animation characters and other popular characters. In accordance with this trend, as intellectual property rights, such as portrait rights and copyrights of characters used for game machines, become increasingly important to the business, the incidence of conflicts concerning intellectual property is rising.

In regard to the handling of characters, centering on the Intellectual Property Division, the Group conducts thorough investigations and takes the greatest possible care to preclude such conflicts. However, in the event that new intellectual property rights are approved without the Company's knowledge, the Group may be subject to risk associated with claims for damage by the owners of the rights. In such case, if the Group is deemed to be liable, the Group's business results may be affected.

Development of new models

To manufacture and sell a pachinko, pachislot or other game machine, it is a prerequisite that the machine passes an official format inspection executed by a testing agency, such as Hotsukyo (Security Electronics and Communication Technology Association), designated by the National Public Safety Commission, in accordance with the Enforcement Regulation of the Act to Control Businesses That May Affect Public Morals and other regulations. While it is necessary to satisfy the increasingly sophisticated expectations of players and keep abreast of the progress of game machine technology, in the event that it takes longer than expected for a format inspection or a machine of the Group is rejected by a format inspection, the Group's business results may be affected. The Group will strive to smoothly introduce new models in accordance with the initial plan by capitalizing on its long-cultivated product development capabilities and know-how.

Impact of the spread of COVID-19 infections

Due to the spread of COVID-19 infections, the Group's main customers, parlor operators throughout the country, have faced severe business conditions because of reduced operation. If the COVID-19 spread continues for longer than expected, the Group's results could be adversely affected.

Consolidated Balance Sheets

SANKYO CO., LTD. and Its Consolidated Subsidiaries
As of March 31, 2021 and 2020

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Current assets:			
Cash and deposits (Notes 3 and 16)	¥ 88,872	¥122,847	$ 802,752
Marketable securities (Notes 3, 4 and 16)	134,999	119,999	1,219,400
Notes and accounts receivable-trade (Note 16)	10,867	16,743	98,162
Inventories (Note 6)	4,269	5,783	38,561
Accounts receivable arising from outsourced production contracts	1,475	6,424	13,324
Other current assets	2,859	4,244	25,831
Allowance for doubtful accounts (Note 16)	(0)	(1)	(8)
Total current assets	243,343	276,041	2,198,022
Fixed assets:			
Property, plant and equipment (Notes 13 and 14):			
Land	17,909	17,909	161,773
Buildings and structures	13,980	13,944	126,276
Machinery and equipment	7,311	7,417	66,044
Tools, furniture and fixtures	14,982	15,949	135,327
	54,183	55,221	489,421
Accumulated depreciation	(27,627)	(27,977)	(249,545)
Total property, plant and equipment	26,556	27,244	239,875
Intangible fixed assets:			
Other intangible fixed assets	96	142	869
Total intangible fixed assets	96	142	869
Investments and other assets:			
Investments in securities (Notes 4, 5 and 16)	15,599	13,035	140,905
Long-term loans	170	107	1,540
Deferred tax assets (Note 15)	5,551	7,911	50,142
Other assets	801	767	7,243
Allowance for doubtful accounts	(14)	(17)	(134)
Total investments and other assets	22,108	21,803	199,695
Total fixed assets	48,761	49,190	440,439
Total assets	¥292,104	¥325,232	$2,638,461

The accompanying notes are an integral part of these financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Current liabilities:			
Current portion of bonds with subscription rights to shares (Note 16)	¥ —	¥ 20,006	$ —
Notes and accounts payable-trade (Note 16)	3,664	13,789	33,100
Electronically recorded obligations (Note 16)	4,830	7,637	43,629
Accrued income taxes	509	1,043	4,601
Accrued employees' bonuses	749	765	6,768
Provision for shareholder benefit program	105	101	948
Other current liabilities	4,956	3,880	44,771
Total current liabilities	14,815	47,224	133,818
Long-term liabilities:			
Net defined benefit liabilities (Note 7)	5,010	4,962	45,258
Asset retirement obligations (Note 17)	75	75	683
Other long-term liabilities	3,314	3,448	29,943
Total long-term liabilities	8,401	8,486	75,883
Commitments and contingent liabilities (Note 11)			
Net assets:			
Shareholders' equity (Note 9):			
Common stock,			
Authorized: 144,000,000 shares			
Issued: 69,597,500 shares as of March 31, 2021 and 2020	14,840	14,840	134,044
Capital surplus	23,750	23,750	214,524
Retained earnings	254,138	257,575	2,295,533
Treasury stock	(31,767)	(31,822)	(286,943)
Total shareholders' equity	260,961	264,343	2,357,159
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities (Note 4)	6,142	3,549	55,486
Remeasurements of defined benefit plans (Note 7)	17	53	161
Total accumulated other comprehensive income	6,160	3,603	55,647
Subscription rights to shares (Notes 9 and 10)	1,766	1,574	15,954
Total net assets	268,887	269,521	2,428,759
Total liabilities and net assets	¥292,104	¥325,232	$2,638,461

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Net sales	¥58,129	¥78,416	$525,063
Cost of sales (Note 10)	27,403	36,671	247,523
Gross profit	30,726	41,745	277,540
Selling, general and administrative expenses (Notes 10 and 12)	24,138	29,193	218,033
Operating income	6,587	12,551	59,507
Other income (expenses):			
Interest and dividend income	674	746	6,095
Loss on sales or disposal of property, plant and equipment, net (Note 13)	(23)	(185)	(211)
Loss on impairment (Note 14)	—	(81)	—
Gain (loss) on sale of investments in securities, net (Note 4)	290	(212)	2,621
(Loss) gain on sale of investments in affiliates, net	(16)	3,341	(148)
Loss on devaluation of investments in securities (Note 4)	—	(1,496)	—
Loss on devaluation of investments in affiliates	(11)	(392)	(103)
Loss on investments in partnership	(6)	(21)	(57)
Other, net	232	199	2,096
Income before income taxes	7,727	14,449	69,799
Income taxes (Note 15)**:**			
Current	746	1,096	6,745
Deferred	1,231	307	11,121
Total income taxes	1,978	1,403	17,867
Net income	5,749	13,045	51,932
Net income attributable to:			
Owners of the parent	¥ 5,749	¥13,045	$ 51,932

	Yen		U.S. dollars (Note 2)
Net income per share (Note 19)**:**			
Basic	¥ 93.97	¥183.43	$0.85
Diluted	93.08	172.69	0.84
Cash dividends per share (Note 9)	150.00	150.00	1.35

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Net income	**¥5,749**	¥13,045	**$51,932**
Other comprehensive income (loss) (Note 8)**:**			
Unrealized gains (losses) on available-for-sale securities	**2,593**	(1,910)	**23,425**
Remeasurements of defined benefit plans (Note 7)	**(35)**	(19)	**(324)**
Total other comprehensive income (loss)	**2,557**	(1,930)	**23,100**
Comprehensive income	**8,306**	11,114	**75,032**
Total comprehensive income attributable to:			
Owners of the parent	**¥8,306**	¥11,114	**$75,032**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Common stock			
Beginning of year	¥ 14,840	¥ 14,840	$ 134,044
End of year	¥ 14,840	¥ 14,840	$ 134,044
Capital surplus			
Beginning of year	¥ 23,750	¥ 23,750	$ 214,524
End of year	¥ 23,750	¥ 23,750	$ 214,524
Retained earnings			
Beginning of year	¥ 257,575	¥ 330,707	$ 2,326,582
Net income attributable to owners of the parent	5,749	13,045	51,932
Dividend from surplus, ¥150 per share ($1.35 per share)	(9,176)	(10,675)	(82,889)
Disposal of treasury stock	(10)	(1)	(91)
Cancellation of treasury stock	—	(75,500)	—
End of year	¥ 254,138	¥ 257,575	$ 2,295,533
Treasury stock			
Beginning of year	¥ (31,822)	¥ (38,785)	$ (287,441)
Purchase of treasury stock	(1)	(68,544)	(10)
Disposal of treasury stock	56	7	508
Cancellation of treasury stock	—	75,500	—
End of year	¥ (31,767)	¥ (31,822)	$ (286,943)
Total shareholders' equity			
Beginning of year	¥ 264,343	¥ 330,512	$ 2,387,709
Net income attributable to owners of the parent	5,749	13,045	51,932
Dividends from surplus, ¥150 per share ($1.35 per share)	(9,176)	(10,675)	(82,889)
Purchase of treasury stock	(1)	(68,544)	(10)
Disposal of treasury stock	46	5	417
Cancellation of treasury stock	—	—	—
End of year	¥ 260,961	¥ 264,343	$ 2,357,159
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities			
Beginning of year	¥ 3,549	¥ 5,460	$ 32,061
Net changes in items other than shareholders' equity	2,593	(1,910)	23,425
End of year	¥ 6,142	¥ 3,549	$ 55,486
Remeasurements of defined benefit plans			
Beginning of year	¥ 53	¥ 73	$ 485
Net changes in items other than shareholders' equity	(35)	(19)	(324)
End of year	¥ 17	¥ 53	$ 161
Total accumulated other comprehensive income			
Beginning of year	¥ 3,603	¥ 5,533	$ 32,546
Net changes in items other than shareholders' equity	2,557	(1,930)	23,100
End of year	¥ 6,160	¥ 3,603	$ 55,647
Subscription rights to shares			
Beginning of year	¥ 1,574	¥ 1,331	$ 14,225
Net changes in items other than shareholders' equity	191	243	1,729
End of year	¥ 1,766	¥ 1,574	$ 15,954
Total net assets			
Beginning of year	¥ 269,521	¥ 337,377	$ 2,434,480
Net income attributable to owners of the parent	5,749	13,045	51,932
Dividends from surplus, ¥150 per share ($1.35 per share)	(9,176)	(10,675)	(82,889)
Purchase of treasury stock	(1)	(68,544)	(10)
Disposal of treasury stock	46	5	417
Cancellation of treasury stock	—	—	—
Net changes in items other than shareholders' equity	2,748	(1,687)	24,829
End of year	¥ 268,887	¥ 269,521	$ 2,428,759

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Cash Flows

SANKYO CO., LTD. and Its Consolidated Subsidiaries
For the years ended March 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2021	2020	2021
Cash flows from operating activities:			
Income before income taxes	¥ 7,727	¥ 14,449	$ 69,799
Depreciation and amortization	2,398	3,476	21,665
Amortization of goodwill	—	45	—
Stock-based compensation expense	232	240	2,102
Decrease in allowance for doubtful accounts	(3)	(4)	(29)
Decrease in accrued employees' bonuses	(16)	(16)	(149)
Increase in provision for shareholder benefit program	4	101	36
(Decrease) increase in net defined benefit liabilities	(4)	153	(38)
Interest and dividend income	(674)	(746)	(6,095)
Loss on sales or disposal of property, plant and equipment, net	23	185	211
Loss on impairment	—	81	—
(Gain) loss on sale of investments in securities, net	(290)	212	(2,621)
Loss on devaluation of investments in securities	—	1,496	—
Loss (gain) on sale of investments in affiliates, net	16	(3,341)	148
Loss on devaluation of investments in affiliates	11	392	103
Decrease in notes and accounts receivable-trade	5,876	13,864	53,079
Decrease (increase) in inventories	1,514	(2,914)	13,679
(Decrease) increase in notes and accounts payable-trade	(12,905)	225	(116,571)
Decrease (increase) in accounts receivable arising from outsourced production contracts	4,949	(556)	44,707
Increase (decrease) in accounts payable-other	1,089	(2,901)	9,838
Increase (decrease) in consumption taxes payable	353	(864)	3,194
Other	(742)	271	(6,709)
Sub total	9,559	23,848	86,349
Interest and dividend income received	537	545	4,854
Income taxes paid	(1,050)	(5,537)	(9,491)
Income taxes refund	1,517	114	13,707
Net cash provided by operating activities	10,563	18,971	95,419
Cash flows from investing activities:			
Payments into time deposits	(5,554)	(5,552)	(50,168)
Proceeds from withdrawal of time deposits	5,552	5,551	50,157
Payment for purchase of marketable securities	(70,000)	(115,000)	(632,283)
Proceeds from redemption of marketable securities	100,000	80,000	903,261
Payment for purchase of property, plant and equipment and intangible fixed assets	(1,547)	(2,938)	(13,980)
Proceeds from sale of investments in securities	1,305	962	11,796
Proceeds from sale of investments in affiliates	130	15,284	1,174
Payment for loans receivable	(330)	—	(2,981)
Collection of loans receivable	140	23	1,273
Other	(59)	(80)	(540)
Net cash provided by (used in) investing activities	29,638	(21,748)	267,709
Cash flows from financing activities:			
Payment for redemption of bonds	(20,000)	—	(180,652)
Payment for finance lease obligations	—	(3)	—
Payment for purchase of treasury stock	(1)	(68,544)	(10)
Cash dividends paid	(9,176)	(10,675)	(82,889)
Other	0	0	0
Net cash used in financing activities	(29,177)	(79,223)	(263,551)
Net increase (decrease) in cash and cash equivalents	11,024	(82,001)	99,578
Cash and cash equivalents at beginning of year	192,294	274,295	1,736,917
Cash and cash equivalents at end of year (Note 3)	¥203,318	¥192,294	$1,836,494

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by SANKYO CO., LTD. (the "Company") and its consolidated subsidiaries (the "Companies") in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act.

Certain items presented in the consolidated financial statements submitted to the Director of the Kanto Finance Bureau in Japan have been reclassified in the accompanying consolidated financial statements for the convenience of readers outside Japan. In addition, certain reclassifications and rearrangements have been made in the 2020 financial statements to conform to the classifications used in 2021. In conformity with the Companies Act of Japan and the other relevant regulations, all Japanese yen figures in the consolidated financial statements have been rounded down to the nearest million yen, except for per share data. Accordingly, the total of each account may not be equal to the combined total of individual items.

(b) Consolidation Principles

The consolidated financial statements include the accounts of the Company and its four (four in 2020) significant wholly owned subsidiaries. All significant intercompany transactions, account balances and unrealized profits among the Companies have been eliminated on consolidation. INTERNATIONAL CARD SYSTEM CO., LTD. was excluded from the scope of consolidation because the company was dissolved in March 2021 and is currently in the process of liquidation.

The remaining unconsolidated subsidiaries have assets, net sales and net income which are not significant in relation to those of the Companies, and, accordingly, the accounts of such subsidiaries have been excluded from consolidation.

There was no affiliate accounted for by the equity method at March 31, 2021.

Other immaterial unconsolidated subsidiaries and affiliates are stated at cost.

(c) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies, whether long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. The resulting gains and losses are included in net income or loss for the period.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits available for withdrawal on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

(e) Marketable Securities and Investments in Securities

Held-to-maturity debt securities that the Company and its consolidated subsidiaries intend to hold to maturity are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity. Available-for-sale securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in net assets, net of taxes. Available-for-sale securities for which market quotations are unavailable are stated at cost, except as stated in the paragraph below.

In cases where the fair value of held-to-maturity debt securities, equity securities issued by unconsolidated subsidiaries and affiliates not accounted for by the equity method, or available-for-sale securities has declined significantly and such impairment of value is not deemed temporary, those securities are written down to fair value and the resulting losses are included in net income or loss for the period.

(f) Allowance for Doubtful Accounts

The allowance for doubtful accounts is calculated on the basis of the actual bad debt ratio for general accounts receivable and the assessed recoverability of individual doubtful accounts receivable.

(g) Allowance for Losses on Investments in Securities
Allowance for losses on investments in securities is provided at an estimated amount of possible investment losses for investment in affiliates etc., based on the financial condition of the investees.

(h) Inventories
Inventories are stated at the lower of cost, or selling value.
The cost is determined as follows:

Finished goods, merchandise and raw materials:	Gross average method
Work in process and supplies:	Specific identification method

(i) Property, Plant and Equipment
Property, plant and equipment are stated at cost. Depreciation is computed principally by the declining-balance method at rates based on the estimated useful lives of the respective assets, except for certain buildings of the Company and domestic consolidated subsidiaries acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016, for which the straight-line method is applied.

Deferred gain on property, plant and equipment due to government subsidies in the amount of ¥40 million ($369 thousand), consisting of ¥2 million ($24 thousand) for buildings and structures and ¥37 million ($341 thousand) for machinery and equipment, is deducted from acquisition costs at March 31, 2021 and 2020, respectively.

Property, plant and equipment whose acquisition costs are more than ¥100,000 and less than ¥200,000 are depreciated using the straight-line method over three years.

(j) Accrued Employees' Bonuses
Accrued employees' bonuses are recorded based on the estimated amounts payable at the end of the fiscal year.

(k) Provision for Shareholder Benefit Program
Provision for shareholder benefit program is recorded at the amount estimated to be incurred at the end of the fiscal year to provide for future payment of costs associated with the shareholder benefit program.

(l) Accounting for Retirement Benefits
The projected benefit obligations are attributed to periods on a straight-line basis.

Actuarial gains and losses are amortized from the fiscal year when the gain or loss is recognized by the straight-line method over a period of five years which falls within the average remaining service years of employees.

In determining the amount of net defined benefit liabilities and retirement benefit costs, certain smaller consolidated subsidiaries apply a simplified method where the amount required for voluntary termination of employees at the fiscal year-end is treated as the projected benefit obligations.

(m) Leases
All finance leases are capitalized to recognize lease assets and lease obligations in the consolidated balance sheets.

(n) Research and Development and Computer Software
Research and development expenses are charged to income as incurred.

Expenditures relating to computer software developed for internal use are charged to income as incurred, except where the software contributes to the generation of income or to future cost savings, in which case such expenditures are capitalized and amortized using the straight-line method over the estimated useful life of the software (five years).

(o) Construction Contracts
Under this accounting standard, the construction revenue and construction costs are recognized by the percentage-of-completion method for the construction contracts whose outcome for the completed portion can be estimated reasonably, except for short-term construction contracts. The percentage of completion is determined using the cost incurred to the estimated total cost. Other construction contracts are applied by the completed-contract method.

(p) Income Taxes
Income taxes of the Company and its consolidated subsidiaries consist of corporate income taxes, local inhabitants' taxes and enterprise taxes.

The Company and its consolidated subsidiaries adopt the deferred tax accounting method. Deferred taxes are determined using the asset-and-liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(q) Appropriation of Retained Earnings

The Companies Act of Japan stipulates that appropriations of retained earnings require approval by the shareholders at a general meeting. The appropriations of retained earnings are, therefore, not reflected in the consolidated financial statements for the period to which they relate but are recorded in the consolidated financial statements in the subsequent accounting period after shareholders' approval has been obtained.

(r) Net Income and Cash Dividends per Share

Net income per share of common stock shown in the accompanying consolidated statements of income is computed based on the weighted average number of shares outstanding during each year.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared and paid as applicable to the respective fiscal year.

(s) Consumption Taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(t) Reclassification

Certain reclassifications of previously reported amounts have been made to conform to current classifications.

(u) Significant Accounting Estimates

Recoverability of Deferred Tax Assets

Amount recorded in the consolidated financial statements for the year ended March 31, 2021:
¥5,551 million ($50,142 thousand)

Information about the contents of the significant accounting estimates related to the identified items:

The Company and its consolidated subsidiaries adopt the deferred tax accounting method. Deferred taxes are determined using the asset-and-liability approach, whereby deferred tax assets and liabilities are recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the consolidated financial statements. The recoverability of deferred tax assets is determined based on the outcome of scheduling temporary differences during the relevant period within the extent of the estimated taxable income based on the business plan for the future period which can be reasonably estimated. In addition, sales volume and selling unit prices are main assumptions made in the business plan. Although the impacts of the spread of the novel coronavirus disease (COVID-19) involve uncertainties that make it difficult to reflect them in the future business plan, the Company assumes that customers would return to the parlors as they reopen with the rollout of vaccination and demand would recover toward the end of the year ending March 31, 2022, while some parlors are expected to close and reduce the number of machines installed. The Company estimates taxable income based on the business plan using information available and assumptions as of March 31, 2021. However, as judgments related to the business plan are subject to market trends and other factors in the future, if these situations change and recoverability of deferred tax assets cannot be expected, the financial position and operating results for the following fiscal year may be affected.

(v) New Accounting Pronouncements

Accounting Standard for Revenue Recognition, etc.

The Accounting Standards Board of Japan (ASBJ) issued "Revised Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) on March 31, 2020 and "Revised Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30) on March 26, 2021.

These are comprehensive accounting standards for revenue recognition.

An entity should recognize revenue by applying the following five steps:

Step 1: Identify the contracts with a customer
Step 2: Identify the performance obligations under the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations under the contract
Step 5: Recognize revenue when (or as) the entity satisfies the performance obligation

The Company will apply the accounting standard and guidance from April 1, 2021.

The effects of applying the accounting standard and guidance are being assessed at the time of preparation of the accompanying consolidated financial statements.

Accounting Standard for Fair Value Measurement, etc.

On July 4, 2019, the ASBJ issued "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30), "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31), "Revised Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) and "Revised Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) and on March 31, 2020, the ASBJ issued "Revised Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19).

In order to enhance comparability with the international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter collectively "Fair Value Accounting Standards, etc.") have been developed, and guidance, etc. on fair value measurement have been provided. Fair Value Accounting Standards, etc. will be applied to the fair value of the following items:

- Financial instruments defined in "Revised Accounting Standard for Financial Instruments"
- Inventories held for trading purposes defined in "Revised Accounting Standard for Measurement of Inventories"

In addition, "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" was revised, and note items such as the breakdown by level of fair value of financial instruments was provided.

The Company will apply the accounting standard and guidance from April 1, 2021.

The effects of applying the accounting standard and guidance are being assessed at the time of preparation of the accompanying consolidated financial statements.

(w) Changes in Presentation

Accounting Standard for Disclosure of Accounting Estimates

On March 31, 2020, the ASBJ issued "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31). The Company applied the Standard effective from the consolidated financial statements for the year ended March 31, 2021, and accordingly, provides the note concerning significant accounting estimates in the accompanying consolidated financial statements.

However, comparative information for the previous year ended March 31, 2020 is not presented pursuant to the transitional treatment prescribed in the proviso of Paragraph 11 of the Standard.

2. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.71= U.S. $1, the rate of exchange on March 31, 2021, has been used for the translation. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized or settled in U.S. dollars at this or any other rate.

3. Cash and Cash Equivalents

Reconciliation of cash and cash equivalents to the accounts disclosed on the balance sheets at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and deposits	**¥ 88,872**	¥122,847	**$ 802,752**
Marketable securities	**134,999**	119,999	**1,219,400**
Total	**223,872**	242,846	**2,022,152**
Bonds and debentures, investment funds and others whose original maturity is more than three months	**(15,000)**	(45,000)	**(135,489)**
Time deposits whose deposit term is more than three months	**(5,554)**	(5,552)	**(50,168)**
Cash and cash equivalents	**¥203,318**	¥192,294	**$1,836,494**

Principal components of assets and liabilities of the company which ceased to be a consolidated subsidiary due to sales of shares:

For the year ended March 31, 2021:

Not applicable

For the year ended March 31, 2020:

Principal components of assets and liabilities upon sales following the incorporation-type company split and share transfers of SANKYO CREATE CO., LTD., which was a consolidated subsidiary, and selling value of the shares and sales proceeds are as follows:

	Millions of yen
Current assets	¥ 907
Fixed assets	12,561
Current liabilities	(98)
Long-term liabilities	(557)
Incidental costs associated with sales of shares	977
Gain on sales of shares	3,341
Selling value of shares	17,131
Incidental costs associated with sales of shares	(977)
Cash and cash equivalents	(869)
Net sales proceeds	¥15,284

4. Marketable Securities and Investments in Securities

Marketable securities and investments in securities at March 31, 2021 and 2020 were as follows:

(a) Held-to-Maturity Debt Securities

	Millions of yen							
	2021				2020			
	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Fair value	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Fair value
Fair value available:								
Short-term corporate bonds	¥ 14,999	¥0	¥—	¥ 15,000	¥ 19,999	¥1	¥—	¥ 20,001
Certificates of deposit	55,000	—	—	55,000	55,000	—	—	55,000
Joint management designated money trust	50,000	—	—	50,000	35,000	—	—	35,000
Total	¥119,999	¥0	¥—	¥120,000	¥109,999	¥1	¥—	¥110,001

	Thousands of U.S. dollars			
	2021			
	Carrying amounts	Gross unrealized gains	Gross unrealized losses	Fair value
Fair value available:				
Short-term corporate bonds	$ 135,487	$6	$—	$ 135,494
Certificates of deposit	496,793	—	—	496,793
Joint management designated money trust	451,630	—	—	451,630
Total	$1,083,911	$6	$—	$1,083,917

(b) Available-for-Sale Securities

	Millions of yen							
	2021				2020			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Fair value available:								
Equity securities	¥ 6,034	¥8,893	¥39	¥14,888	¥ 7,050	¥5,179	¥63	¥12,166
Other	15,000	—	—	15,000	10,000	—	—	10,000
Total	¥21,034	¥8,893	¥39	¥29,888	¥17,050	¥5,179	¥63	¥22,166

	Thousands of U.S. dollars			
	2021			
	Cost	Gross unrealized gains	Gross unrealized losses	Fair value
Fair value available:				
Equity securities	$ 54,508	$80,330	$356	$134,482
Other	135,489	—	—	135,489
Total	$189,997	$80,330	$356	$269,971

(c) Available-for-sale securities sold

Available-for-sale securities sold during the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Equity securities:			
Sales proceeds	¥1,305	¥ 962	$11,796
Gain	290	66	2,621
Loss	—	(278)	—
Gain (loss) on sale of investments in securities, net	¥ 290	¥(212)	$ 2,621

(d) Losses on devaluation of investments in securities

For the year ended March 31, 2021, no losses on devaluation of investments in securities were recognized.

For the year ended March 31, 2020, losses on devaluation of investments in securities (equity securities) were recognized in the amount of ¥1,496 million.

5. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Investments in securities	¥631	¥789	$5,709

6. Inventories

Inventories at March 31, 2021 and 2020 comprised of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Finished goods and merchandise	¥ 7	¥2,060	$ 68
Work in process	102	21	924
Raw materials and supplies	4,159	3,701	37,569
Total	¥4,269	¥5,783	$38,561

7. Retirement Benefit Plan

1. Overview of retirement benefit plans

The Company and consolidated subsidiaries have lump-sum severance benefit plans as a defined benefit plan. Certain consolidated subsidiaries calculate net defined benefit liabilities and retirement benefit costs using a simplified method for the lump-sum severance benefit plans.

2. Defined benefit plans

(1) The changes in retirement benefit obligation for the years ended March 31, 2021 and 2020, were as follows (excluding the plans to which a simplified method was applied):

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥4,616	¥4,465	$41,698
Service cost	243	243	2,203
Interest cost	27	26	250
Actuarial differences	36	16	330
Benefits paid	(223)	(135)	(2,022)
Balance at end of year	¥4,700	¥4,616	$42,459

(2) The changes in plan assets for the years ended March 31, 2021 and 2020, were as follows (excluding the plans to which a simplified method was applied):
There is no corresponding information to be reported.

(3) The changes in net defined benefit liabilities under the plans to which a simplified method was applied for the years ended March 31, 2021 and 2020:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at beginning of year	¥346	¥334	$3,131
Retirement benefit costs	49	52	445
Benefits paid	(86)	(22)	(777)
Decrease due to business transfer	—	(17)	—
Balance at end of year	¥309	¥346	$2,799

(4) The reconciliation between the balance of the retirement benefit obligation and net defined benefit liabilities recorded in the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unfunded retirement benefit obligation	¥5,010	¥4,962	$45,258
Net liability recorded in the consolidated balance sheets	5,010	4,962	45,258
Net defined benefit liabilities	5,010	4,962	45,258
Net liability recorded in the consolidated balance sheets	¥5,010	¥4,962	$45,258

(Note) The above amount includes the plans to which a simplified method is applied.

(5) The components of retirement benefit costs for the years ended March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥243	¥243	$2,203
Interest cost	27	26	250
Amortization of actuarial differences	(15)	(11)	(137)
Retirement benefit costs calculated using a simplified method	49	52	445
Retirement benefit costs on defined benefit plans	¥305	¥311	$2,761

(6) Remeasurements of defined benefit plans (before adjusting for tax effects) on other comprehensive income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Actuarial differences	¥(51)	¥(28)	$(467)
Total	¥(51)	¥(28)	$(467)

(7) Remeasurements of defined benefit plans (before adjusting for tax effects) on accumulated other comprehensive income as of March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized actuarial differences	¥(25)	¥(77)	$(232)
Total	¥(25)	¥(77)	$(232)

(8) Actuarial assumptions used for the years ended March 31, 2021 and 2020, were set forth as follows:

	2021	2020
Discount rate	0.6%	0.6%
Estimated salary increase rate	1.3-5.2%	1.3-5.2%

8. Other Comprehensive Income

The components of other comprehensive income for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrealized gains (losses) on available-for-sale securities:			
Gain (loss) incurred during the year	¥4,028	¥(4,462)	$ 36,384
Reclassification adjustment to net income	(290)	1,708	(2,621)
Amount before tax effects	3,737	(2,754)	33,763
Tax effects	(1,144)	843	(10,338)
Unrealized gains (losses) on available-for-sale securities	2,593	(1,910)	23,425
Remeasurements of defined benefit plans			
Loss incurred during the year	(29)	(13)	(264)
Reclassification adjustment to net income	(22)	(15)	(203)
Amount before tax effects	(51)	(28)	(467)
Tax effects	15	8	143
Remeasurements of defined benefit plans	(35)	(19)	(324)
Total other comprehensive income (loss)	¥2,557	¥(1,930)	$ 23,100

9. Shareholders' Equity

The Japanese companies are subject to the Companies Act of Japan. The Companies Act provides that at least 50% of the issue price of new shares shall be designated as stated capital. The portion which is to be designated as stated capital is determined by resolution of the Board of Directors. Proceeds in excess of the amounts designated as stated capital are credited to additional paid-in capital (a component of capital surplus). Under the Companies Act, an amount equal to at least 10% of cash dividends and other appropriations of retained earnings paid out with respect to each financial period is set aside in a legal reserve (a component of retained earnings) until the total amount of additional paid-in capital and legal reserve equals 25% of the stated capital. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders. The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula.

(a) Type and Number of Shares Outstanding and Treasury Stock
For the year ended March 31, 2021:

	Type of shares outstanding	Type of treasury stock
	Common stock	Common stock
Number of shares as of March 31, 2020	69,597,500	8,427,105
Increase in the number of shares during the accounting period ended March 31, 2021	—	370*1
Decrease in the number of shares during the accounting period ended March 31, 2021	—	14,900*2
Number of shares as of March 31, 2021	69,597,500	8,412,575

Notes: *1. Increase due to the purchase of odd shares (370 shares)

*2. Decrease due to the exercise of stock options (14,900 shares)

For the year ended March 31, 2020:

	Type of shares outstanding	Type of treasury stock
	Common stock	Common stock
Number of shares as of March 31, 2019	89,597,500	8,421,994
Increase in the number of shares during the accounting period ended March 31, 2020	—	20,007,066*2
Decrease in the number of shares during the accounting period ended March 31, 2020	20,000,000*1	20,001,955*3
Number of shares as of March 31, 2020	69,597,500	8,427,105

Notes: *1. Decrease due to the cancellation of treasury stock (20,000,000 shares)

*2. Increase due to the purchase of treasury stock (20,006,500 shares) based on the resolution of the Board of Directors' meeting and due to the purchase of odd shares (566 shares)

*3. Decrease due to the cancellation of treasury stock (20,000,000 shares), exercise of stock options (1,900 shares) and sales responding to the purchase request of odd shares (55 shares)

(b) Stock Acquisition Rights

For the year ended March 31, 2021:

Issuer	Components	Type of stock to be granted	Number of shares to be granted				Outstanding balance at March 31, 2021
			April 1, 2020	Increase	Decrease	March 31, 2021	
SANKYO CO., LTD.	Stock acquisition rights as stock options	—	—	—	—	—	**¥1,766 million ($15,954 thousand)**

For the year ended March 31, 2020:

Issuer	Components	Type of stock to be granted	Number of shares to be granted				Outstanding balance at March 31, 2020
			April 1, 2019	Increase	Decrease	March 31, 2020	
SANKYO CO., LTD.	Stock acquisition rights as stock options	—	—	—	—	—	¥1,574 million

(c) Matters Related to Dividends

For the year ended March 31, 2021:

i) Dividend payment

Approvals by the ordinary general meeting of shareholders held on June 26, 2020 were as follows:

Dividends on common stock	
Total amount of dividends	**¥4,587 million ($41,440 thousand)**
Dividends per share	**¥75.00 ($0.68)**
Record date	**March 31, 2020**
Effective date	**June 29, 2020**

Approvals by the Board of Directors' meeting held on November 9, 2020 were as follows:

Dividends on common stock	
Total amount of dividends	**¥4,588 million ($41,450 thousand)**
Dividends per share	**¥75.00 ($0.68)**
Record date	**September 30, 2020**
Effective date	**December 1, 2020**

ii) Dividends whose record date is attributed to the year ended March 31, 2021, but become effective after the said year.

The Company obtained the following approval at the ordinary general meeting of shareholders held on June 29, 2021:

Dividends on common stock	
Total amount of dividends	**¥4,588 million ($41,450 thousand)**
Dividends per share	**¥75.00 ($0.68)**
Record date	**March 31, 2021**
Effective date	**June 30, 2021**

For the year ended March 31, 2020:

i) Dividend payment

Approvals by the ordinary general meeting of shareholders held on June 27, 2019 were as follows:

Dividends on common stock	
Total amount of dividends	¥6,088 million
Dividends per share	¥75.00
Record date	March 31, 2019
Effective date	June 28, 2019

Approvals by the Board of Directors' meeting held on November 7, 2019 were as follows:

Dividends on common stock	
Total amount of dividends	¥4,587 million
Dividends per share	¥75.00
Record date	September 30, 2019
Effective date	December 2, 2019

10. Stock Options

The Company recorded stock option related costs and gain under the following accounts for the years ended March 31, 2021 and 2020:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cost of sales	¥ 8	¥ 5	$ 81
Selling, general and administrative expenses	223	234	2,021
Total	¥232	¥240	$2,102
Gain on forfeiture of unexercised stock options	¥ 0	¥ 2	$ 9

The stock options outstanding as of March 31, 2021 are as follows:

(1) Details of stock options

Issuer	SANKYO CO., LTD.	SANKYO CO., LTD.
Date of resolution	July 4, 2014	July 3, 2015
Persons granted	4 directors of the Company	3 directors of the Company
	8 executive officers of the Company	12 executive officers of the Company
	11 directors of subsidiaries of the Company	12 directors of subsidiaries of the Company
Type and number of shares granted	Common stock 87,100 shares	Common stock 84,800 shares
Date of grant	July 22, 2014	July 23, 2015
Vesting conditions	Not defined	Not defined
Number of service years	Not defined	Not defined
Exercise period	From July 23, 2014 through July 22, 2064 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.	From July 24, 2015 through July 23, 2065 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.

Issuer	SANKYO CO., LTD.	SANKYO CO., LTD.
Date of resolution	July 5, 2016	July 5, 2017
Persons granted	3 directors of the Company	3 directors of the Company
	11 executive officers of the Company	11 executive officers of the Company
	14 directors of subsidiaries of the Company	14 directors of subsidiaries of the Company
Type and number of shares granted	Common stock 98,300 shares	Common stock 96,900 shares
Date of grant	July 21, 2016	July 21, 2017
Vesting conditions	Not defined	Not defined
Number of service years	Not defined	Not defined
Exercise period	From July 22, 2016 through July 21, 2066 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.	From July 22, 2017 through July 21, 2067 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.

Issuer	SANKYO CO., LTD.	SANKYO CO., LTD.
Date of resolution	July 4, 2018	July 4, 2019
Persons granted	3 directors of the Company	3 directors of the Company
	11 executive officers of the Company	11 executive officers of the Company
	17 directors of subsidiaries of the Company	17 directors of subsidiaries of the Company
Type and number of shares granted	Common stock 78,200 shares	Common stock 82,700 shares
Date of grant	July 20, 2018	July 19, 2019
Vesting conditions	Not defined	Not defined
Number of service years	Not defined	Not defined
Exercise period	From July 21, 2018 through July 20, 2068 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.	From July 20, 2019 through July 19, 2069 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.

Issuer	SANKYO CO., LTD.
Date of resolution	July 2, 2020
Persons granted	4 directors of the Company 11 executive officers of the Company 11 directors of subsidiaries of the Company
Type and number of shares granted	Common stock 119,800 shares
Date of grant	July 17, 2020
Vesting conditions	Not defined
Number of service years	Not defined
Exercise period	From July 18, 2020 through July 17, 2070 The eligible holder of subscription rights to shares may exercise stock options within the above period and may exercise all stock options outstanding within 10 days following the loss of status as director, corporate auditor or executive officer of the Company or its affiliates. Other conditions for exercise shall be decided pursuant to the resolution of the Board of Directors.

(2) Stock option activity is as follows:

Issuer	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.
Date of resolution	July 4, 2014	July 3, 2015	July 5, 2016	July 5, 2017	July 4, 2018	July 4, 2019	July 2, 2020
Non-vested:							
March 31, 2020 — Outstanding	—	—	—	—	—	—	—
Granted	—	—	—	—	—	—	119,800
Forfeited	—	—	—	—	—	—	—
Vested	—	—	—	—	—	—	119,800
March 31, 2021 — Outstanding	—	—	—	—	—	—	—
Vested:							
March 31, 2020 — Outstanding	80,300	82,500	97,900	96,500	77,900	81,800	—
Vested	—	—	—	—	—	—	119,800
Exercised	1,000	3,200	3,400	2,200	2,600	2,500	—
Forfeited	—	—	—	—	—	—	500
March 31, 2021 — Outstanding	79,300	79,300	94,500	94,300	75,300	79,300	119,300

Unit price information

Issuer	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD.	SANKYO CO., LTD	SANKYO CO., LTD	SANKYO CO., LTD	SANKYO CO., LTD
Date of resolution	July 4, 2014	July 3, 2015	July 5, 2016	July 5, 2017	July 4, 2018	July 4, 2019	July 2, 2020
Exercise price	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)	¥1 ($0.01)
Average stock price at the time of exercise	¥2,718 ($24.55)	¥2,918 ($26.36)	¥2,927 ($26.44)	¥2,846 ($25.71)	¥2,788 ($25.18)	¥2,771 ($25.03)	¥— ($—)
Fair value at the date of grant	¥2,954 ($26.68)	¥3,465 ($31.30)	¥2,826 ($25.53)	¥2,628 ($23.74)	¥3,504 ($31.65)	¥3,039 ($27.45)	¥1,991 ($17.98)

The estimation method of fair value of stock options granted in the year ended March 31, 2021
a. The valuation technique is Black-Scholes model.
b. Main basic assumptions and estimation method

Stock price volatility	(Note 1)	**22.03%**
Expected remaining service period	(Note 2)	**5.56 years**
Expected cash dividend	(Note 3)	**¥150 per share ($1.35)**
Risk-free interest rate	(Note 4)	**-0.129%**

Notes: 1. Stock price volatility is computed based on actual stock prices for the period from December 26, 2014 through July 17, 2020.
2. The expected remaining service period is estimated by adding 10 days, the exercise period after retirement, to the average remaining service period up to the retirement age.
3. Actual cash dividends for the fiscal year ended March 31, 2020.
4. Risk-free interest rate refers to yields of Japanese government bonds corresponding to the expected remaining period.

The estimation method of the number of stock options to be vested:
The Company uses the method that reflects the actual number of forfeited options, since it is difficult to estimate the number of stock options to be forfeited in the future on a reasonable basis.

11. Leases

Operating Leases
Future lease payments for non-cancellable operating leases as a lessee at March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Due within one year	**¥12**	¥13	**$117**
Due after one year	**17**	21	**154**
Total	**¥30**	¥34	**$272**

12. Selling, General and Administrative Expenses

The main components of selling, general and administrative expenses for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	**2021**
Sales commission	**¥ 2,172**	¥ 3,509	**$ 19,627**
Advertisement expenses	**871**	1,942	**7,868**
Salaries and wages	**2,937**	3,017	**26,529**
Provision for reserve for bonuses	**356**	381	**3,221**
Retirement benefit costs	**200**	155	**1,807**
Provision for shareholder benefit program	**105**	101	**948**
Provision for allowance for doubtful accounts	**(3)**	(3)	**(29)**
Research and development expenses	**12,133**	13,847	**109,600**

13. Sales and Disposal of Property, Plant and Equipment

Gain or loss on sales and disposal of property, plant and equipment for the years ended March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Gain on sales of property, plant and equipment:			
Machinery and equipment	¥ —	¥ 4	$ —
Total	¥ —	¥ 4	$ —
Loss on sales of property, plant and equipment			
Buildings and structures	¥ —	¥ (4)	$ —
Land	—	(3)	—
Total	¥ —	¥ (8)	$ —
Loss on disposal of property, plant and equipment:			
Buildings and structures	¥ (4)	¥(170)	$ (44)
Machinery and equipment	—	(8)	—
Tools, furniture and fixtures	(16)	(2)	(150)
Other	(1)	—	(17)
Total	¥(23)	¥(181)	$(211)
Loss on sales and disposal of property, plant and equipment, net	¥(23)	¥(185)	$(211)

14. Loss on Impairment

The Companies recorded a loss on impairment for the following groups of assets for the years ended March 31, 2021 and 2020:

For the year ended March 31, 2021, no loss on impairment was recognized.

Year ended March 31, 2020

Location	Use	Type	Millions of yen
Kiryu city, Gunma Pref.	Idle assets	Land	¥81

The Companies group business assets by business for management accounting purposes and idle assets by individual item.

For the year ended March 31, 2020, the carrying amounts of the above assets at Kiryu-Sakaino Plant were reduced to their recoverable amounts and the reduced amounts were recorded as loss on impairment under “Other expenses,” since the market value declined in the year ended March 31, 2020.

The recoverable amount is measured at the net selling value, and the recoverable amount of land is measured based on the carrying amount.

15. Income Taxes

The Companies are subject to a number of different taxes based on income which, in aggregate, indicate a statutory effective tax rate of approximately 30.6% for the years ended March 31, 2021 and 2020.

Tax losses can be carried forward for a nine-year period and be offset against future taxable income.

Significant components of deferred tax assets and liabilities at March 31, 2021 and 2020, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Accrued enterprise taxes	¥ 82	¥ 50	$ 742
Unrealized profits on inventories	—	8	—
Accrued employees' bonuses	229	234	2,072
Allowance for doubtful accounts	4	5	43
Net defined benefit liabilities	1,533	1,519	13,854
Accumulated depreciation	2,677	2,365	24,188
Unrealized profit on property, plant and equipment	34	37	316
Research and development expenses	11	890	108
Loss on impairment	177	177	1,601
Loss on devaluation of investments in securities	4	246	44
Long-term payables	731	761	6,610
Subscription rights to shares	530	470	4,788
Tax loss carryforwards (Note 2)	2,432	2,962	21,975
Deferred assets	131	253	1,184
Other	235	280	2,127
Sub-total deferred tax assets	¥ 8,818	¥10,265	$ 79,655
Valuation allowance on tax loss carryforwards (Note 2)	(217)	(179)	(1,961)
Valuation allowance on the total of future deductible temporary differences	(333)	(602)	(3,013)
Sub-total valuation allowance (Note 1)	(550)	(781)	(4,974)
Deferred tax assets	¥ 8,267	¥ 9,483	$ 74,680
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	¥(2,711)	¥ (1,566)	$(24,488)
Other	(5)	(6)	(51)
Deferred tax liabilities	¥(2,716)	¥ (1,572)	$(24,539)
Deferred tax assets, net	¥ 5,551	¥ 7,911	$ 50,142

Notes: 1. Valuation allowance decreased by ¥231 million ($2,088 thousand). The major reason for the decrease is that valuation allowance for loss on devaluation of investments in affiliates decreased by ¥241 million ($2,179 thousand).

2. Tax loss carryforwards and deferred tax assets at March 31, 2021 and 2020 are as follows:

(Millions of yen and Thousands of U.S. dollars)

March 31, 2021	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Total
Tax loss carryforwards (a)	¥—	¥—	¥—	¥—	¥—	¥2,432	¥2,432
	[$—]	[$—]	[$—]	[$—]	[$—]	[$21,975]	[$21,975]
Valuation allowance						(217)	(217)
	—	—	—	—	—	[(1,961)]	[(1,961)]
Deferred tax assets	—	—	—	—	—	2,215	(b) 2,215
	[—]	[—]	[—]	[—]	[—]	[20,014]	[20,014]

(a) Tax loss carryforwards are computed by multiplying with the statutory tax rate.

(b) Deferred tax assets of ¥2,215 million ($20,014 thousand) were recorded on tax loss carryforwards of ¥2,432 million ($21,975 thousand) (multiplied by the statutory tax rate).

No valuation allowance was recognized on the said tax loss carryforwards which are considered to be recoverable judging from the estimated future taxable income.

(Millions of yen)

March 31, 2020	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Total
Tax loss carryforwards (a)	¥95	¥198	¥—	¥—	¥—	¥2,667	¥2,962
Valuation allowance	—	—	—	—	—	(179)	(179)
Deferred tax assets	95	198	—	—	—	2,488	(b) 2,783

(a) Tax loss carryforwards are computed by multiplying with the statutory tax rate.
(b) Deferred tax assets of ¥2,783 million were recorded on tax loss carryforwards of ¥2,962 million (multiplied by the statutory tax rate). No valuation allowance was recognized on the said tax loss carryforwards which are considered to be recoverable judging from the estimated future taxable income.

Reconciliation between the statutory tax rate and the effective income tax rate for the years ended March 31, 2021 and 2020 is as follows:

	2021	2020
Normal effective statutory tax rate	**30.6%**	30.6%
Expenses not deductible for income tax purposes	**0.6**	0.5
Non-taxable income	**(1.0)**	(0.5)
Per capita inhabitant taxes	**0.7**	0.4
Tax credit for research and development expenses	**(2.1)**	—
Changes in valuation allowance	**(3.0)**	(2.6)
Effects of transfer of a consolidated subsidiary	**—**	(14.1)
Effects of liquidation of a consolidated subsidiary	**—**	(5.3)
Other – net	**(0.2)**	0.7
Actual effective tax rate	**25.6%**	9.7%

16. Financial Instruments and Related Disclosures

1. Outline of financial instruments

(1) Policy for financial instruments

The Companies have a policy for fund management of focusing only on low risk financial assets while avoiding speculative transactions.

(2) Nature and extent of risks arising from financial instruments and risk management

Receivables such as notes and accounts receivable—trade are exposed to customer credit risk. The risks are managed in accordance with the credit management rules that determine credit management and that facilitate the development of a system to evaluate the financial status of each customer.

Marketable securities and investments in securities are exposed to the risk of market price fluctuations. However, the fair values of all marketable securities and investments in securities are periodically determined. Available-for-sale securities are mostly the shares of companies with which the companies have business relationships. Debt securities are purchased for the temporary management of surplus funds.

Payment terms of payables, such as notes and accounts payable—trade and electronically recorded obligations are less than one year. Although current liabilities, including these payables, are exposed to liquidity risk at settlement, each subsidiary develops a cash flow plan every month to avoid this risk.

Current portion of bonds with subscription rights to shares are issued for financing purposes to purchase treasury stock.

(3) Supplementary explanation concerning fair values of financial instruments

Fair values of financial instruments comprise values determined based on market prices and values determined reasonably when there is no market price. Since variable factors are incorporated in computing the relevant fair values, such fair values may vary depending on the different assumptions.

2. Fair values of financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2021 and 2020 were as follows. Financial instruments whose fair values are not readily determinable are excluded from the following table. (See Note 2 of the table)

	Millions of yen		
March 31, 2021	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	**¥ 88,872**	**¥ 88,872**	**¥ —**
(2) Notes and accounts receivable—trade	**10,867**		
Allowance for doubtful accounts	**(0)**		
	10,866	**10,784**	**(82)**
(3) Marketable securities and investments in securities:			
Held-to-maturity debt securities	**119,999**	**120,000**	**0**
Available-for-sale securities	**29,888**	**29,888**	**—**
Total assets	**¥249,627**	**¥249,545**	**¥(81)**
(4) Notes and accounts payable—trade	**¥ 3,664**	**¥ 3,664**	**¥ —**
(5) Electronically recorded obligations	**4,830**	**4,830**	**—**
(6) Current portion of bonds with subscription rights to shares	**—**	**—**	**—**
Total liabilities	**¥ 8,494**	**¥ 8,494**	**¥ —**

	Millions of yen		
March 31, 2020	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	¥122,847	¥122,847	¥ —
(2) Notes and accounts receivable—trade	16,743		
Allowance for doubtful accounts	(1)		
	16,742	16,625	(116)
(3) Marketable securities and investments in securities:			
Held-to-maturity debt securities	109,999	110,001	1
Available-for-sale securities	22,166	22,166	—
Total assets	¥271,755	¥271,640	¥(115)
(4) Notes and accounts payable—trade	¥ 13,789	¥ 13,789	¥ —
(5) Electronically recorded obligations	7,637	7,637	—
(6) Current portion of bonds with subscription rights to shares	20,006	19,800	(206)
Total liabilities	¥ 41,433	¥ 41,226	¥(206)

	Thousands of U.S. dollars		
March 31, 2021	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and deposits	$ 802,752	$ 802,752	$ —
(2) Notes and accounts receivable—trade	98,162		
Allowance for doubtful accounts	(6)		
	98,156	97,409	(746)
(3) Marketable securities and investments in securities:			
Held-to-maturity debt securities	1,083,911	1,083,917	6
Available-for-sale securities	269,971	269,971	—
Total assets	$2,254,789	$2,254,049	$(740)
(4) Notes and accounts payable—trade	$ 33,100	$ 33,100	$ —
(5) Electronically recorded obligations	43,629	43,629	—
(6) Current portion of bonds with subscription rights to shares	—	—	—
Total liabilities	$ 76,729	$ 76,729	$ —

Notes: 1. Calculation method of fair values of financial instruments and securities transactions

(1) Cash and deposits
Since these are settled in a short time period, their fair values approximate their carrying amounts.

(2) Notes and accounts receivable—trade
The fair values are stated at their current values, which are calculated for each receivables group categorized by the remaining period to the maturity discounted by the interest rate applicable to the period and the credit risk.

(3) Marketable securities and investments in securities
The fair values of these securities are determined using the quoted price at the stock exchange. Debt securities are determined using the quoted prices obtained from correspondent financial institutions. Matters to be noted in respect of securities by holding purpose are stated in "Marketable Securities and Investments in Securities."

(4) Notes and accounts payable—trade and (5) electronically recorded obligations
Since these are settled in a short time period, their fair values approximate their carrying amounts.

(6) Current portion of bonds with subscription rights to shares
The fair values are determined using the quoted price obtained from the counterparty financial institutions.

2. Since it is extremely difficult to determine the fair values of unlisted equity securities amounting to ¥711 million ($6,424 thousand) and ¥868 million at March 31, 2021 and 2020, respectively, as there are no market prices available and it is impossible to estimate the future cash flow, they are not included in "(3) Marketable securities and investments in securities."
The Company recognized loss on impairment of unlisted equity securities amounting to ¥11 million ($103 thousand) and ¥772 million for the years ended March 31, 2021 and 2020, respectively.

3. Redemption schedule of monetary assets and securities with contractual maturities at March 31, 2021 and 2020 was as follows:

	Millions of yen	
March 31, 2021	Within one year	One to five years
(1) Cash and deposits	¥88,872	¥ —
(2) Notes and accounts receivable—trade	9,292	1,575
(3) Marketable securities and investments in securities		
Held-to-maturity debt securities (Short-term corporate bonds)	15,000	—
Held-to-maturity debt securities (Certificates of deposits)	55,000	—
Held-to-maturity debt securities (Jointly-managed money trust)	50,000	—

	Millions of yen	
March 31, 2020	Within one year	One to five years
(1) Cash and deposits	¥122,847	¥ —
(2) Notes and accounts receivable—trade	14,557	2,186
(3) Marketable securities and investments in securities		
Held-to-maturity debt securities (Short-term corporate bonds)	20,000	—
Held-to-maturity debt securities (Certificates of deposits)	55,000	—
Held-to-maturity debt securities (Jointly-managed money trust)	35,000	—

	Thousands of U.S. dollars	
March 31, 2021	Within one year	One to five years
(1) Cash and deposits	$802,752	$ —
(2) Notes and accounts receivable—trade	83,933	14,229
(3) Marketable securities and investments in securities		
Held-to-maturity debt securities (Short-term corporate bonds)	135,489	—
Held-to-maturity debt securities (Certificates of deposits)	496,793	—
Held-to-maturity debt securities (Jointly-managed money trust)	451,630	—

4. Redemption schedule of current portion of bonds with subscription rights to shares at March 31, 2021 and 2020 was as follows:

Not applicable at March 31, 2021

For the year ended March 31, 2020:

	Millions of yen	
March 31, 2020	Within one year	One to five years
(1) Current portion of bonds with subscription rights to shares	¥20,000	¥—

17. Asset Retirement Obligations

Asset retirement obligations recorded on the consolidated balance sheets at March 31, 2021 and 2020 were as follows:

(1) Overview of asset retirement obligations
Asset retirement obligations at March 31, 2021 and 2020 were based on restoration obligations, etc. in real estate lease of buildings.

(2) Calculation method of the amount of asset retirement obligations
The amount of asset retirement obligations was calculated considering the estimated period of 13-18 years from obtaining the asset, and using the discount rate of 0.0-1.7%.

(3) Gain or loss of total amount of asset retirement obligations

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Beginning balance	¥75	¥62	$680
Increase due to purchase of property, plant and equipment	—	12	—
Adjustment by time elapsed	0	0	3
Ending balance	¥75	¥75	$683

18. Segment Information

1. Overview of the reportable segments

The Company's reportable segments are determined on the basis that separate financial information of such segments are available and examined periodically by the Board of Directors to make decisions regarding the allocation of management resources and assess the business performances of such segments. Core businesses of the Company are production and sales of Pachinko and Pachislot machines, installation and sales of Pachinko and Pachislot supply systems. Thus, the Company has divided its business operations into the three reportable segments of Pachinko machines business, Pachislot machines business, and ball bearing supply systems business. Pachinko machines business is operated by production and sales of Pachinko machines, machine gauges, and related parts, and by their royalty-related business. Pachislot machines business is operated by production and sales of Pachislot machines and related parts, and by their royalty-related business. Ball bearing supply systems business is operated by production and sales of Pachinko and Pachislot ball feeders, card system equipment, and parlor equipment and peripherals, and by their royalty-related business.

2. Valuation method for reportable segment profit (loss) and asset amounts

The accounting method for reportable business segments is basically presented in accordance with "Summary of Significant Account Policies."

3. Segment information of reportable segment profit (loss) and asset amounts

Millions of yen

	For the year ended March 31, 2021							
	Reporting segment							
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Total	Other*1	Total	Adjustment*2	Consolidated*3
Sales:								
Customers	¥ 52,310	¥ 3,022	¥2,533	¥ 57,867	¥262	¥ 58,129	¥ —	¥ 58,129
Intersegment	—	—	—	—	—	—	—	—
Total	52,310	3,022	2,533	57,867	262	58,129	—	58,129
Segment profit (loss)	12,916	(1,890)	(89)	10,937	26	10,963	(4,375)	6,587
Segment asset	114,556	10,849	6,520	131,926	987	132,913	159,190	292,104
Others:								
Depreciation and amortization*4	1,983	318	10	2,312	8	2,320	77	2,398
Amortization of goodwill	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible fixed assets*4	1,485	135	1	1,622	5	1,627	82	1,710

Millions of yen

	For the year ended March 31, 2020							
	Reporting segment							
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Total	Other*1	Total	Adjustment*2	Consolidated*3
Sales:								
Customers	¥ 60,514	¥11,441	¥5,900	¥ 77,857	¥ 559	¥ 78,416	¥ —	¥ 78,416
Intersegment	—	—	—	—	—	—	—	—
Total	60,514	11,441	5,900	77,857	559	78,416	—	78,416
Segment profit (loss)	14,804	2,449	326	17,581	(136)	17,444	(4,892)	12,551
Segment asset	171,993	20,681	8,654	201,329	1,839	203,169	122,063	325,232
Others:								
Depreciation and amortization*4	2,570	638	11	3,220	136	3,356	119	3,476
Amortization of goodwill	—	—	—	—	45	45	—	45
Increase in property, plant and equipment and intangible fixed assets*4	2,165	283	1	2,450	3	2,453	377	2,831

Thousands of U.S. dollars

	For the year ended March 31, 2021							
	Reporting segment							
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Total	Other[*1]	Total	Adjustment[*2]	Consolidated[*3]
Sales:								
Customers	$ 472,498	$27,305	$22,888	$ 522,692	$2,371	$ 525,063	$ —	$ 525,063
Intersegment	—	—	—	—	—	—	—	—
Total	472,498	27,305	22,888	522,692	2,371	525,063	—	525,063
Segment profit (loss)	116,669	(17,073)	(804)	98,792	237	99,029	(39,522)	59,507
Segment asset	1,034,746	97,999	58,896	1,191,641	8,917	1,200,558	1,437,903	2,638,461
Others:								
Depreciation and amortization[*4]	17,916	2,880	95	20,890	74	20,964	701	21,665
Amortization of goodwill	—	—	—	—	—	—	—	—
Increase in property, plant and equipment and intangible fixed assets[*4]	13,421	1,222	10	14,653	52	14,705	747	15,452

Notes:
*1. The other segment is not a reporting segment, which includes mobile contents service, real estate rental, and general-molded parts. Golf course management business and a part of the real estate rental business of SANKYO CREATE, a consolidated subsidiary, which composed "Other", were split by incorporation-type company split and the shares were transferred on November 1, 2019. Accordingly, operating results of the business transferred by the Company were recorded until the end of October 2019.
*2. Adjustments are as follows:
(1) Adjustment for segment profit (loss) is general and administrative expenses related to administrative operations not attributable to a reporting segment.
(2) Adjustment for segment asset is corporate asset not associated with the reporting segments. The main items were surplus funds (marketable securities), long-term investments (investments in securities), and assets related to administrative operations.
*3. Segment profit (loss) includes operating income and adjustment in consolidated statements of income.
*4. Depreciation and amortization and increase in property, plant and equipment and intangible fixed assets include depreciation and increase related to long-term prepaid expenses.

Related Information

1. Product and service segment information
Product and service segment information has been omitted since similar description is disclosed in segment information for the years ended March 31, 2021 and 2020.
2. Geographical segment information
(1) Sales
There were no sales to customers outside Japan and no applicable data for the years ended March 31, 2021 and 2020.
(2) Property, plant and equipment
There were no property, plant and equipment located outside Japan and no applicable data for the years ended March 31, 2021 and 2020.
3. Major customer segment information
Major customer segment information is omitted for the years ended March 31, 2021 and 2020 since there is no specific customer who accounts for more than 10% of total sales.

Information on Losses on Impairment of Fixed Assets by Segment

For the year ended March 31, 2021:
Not applicable

For the year ended March 31, 2020:

(Millions of yen)

	Reporting segment						
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Total	Other	Eliminations/ Corporate*	Total
Loss on impairment	¥—	¥—	¥—	¥—	¥—	¥81	¥81

Note: * "Eliminations/Corporate" corresponds to loss on impairment of corporate assets not attributed to any reporting segment.

Information on Amortization of Goodwill and Remaining Balance by Segment

For the year ended March 31, 2021:

Not applicable

For the year ended March 31, 2020:

(Millions of yen)

	Reporting segment						
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Total	Other*	Eliminations/ Corporate	Total
Amortization of goodwill during the year	¥—	¥—	¥—	¥—	¥45	¥—	¥45
Balance at end of year	¥—	¥—	¥—	¥—	¥—	¥—	¥—

Note: * Amounts shown correspond to mobile contents service.

Information on Gain on Negative Goodwill by Segment

There was no corresponding information for the years ended March 31, 2021 and 2020.

19. Per Share Information

	Yen		U.S. dollars
	2021	2020	2021
Net assets per share*1	¥4,365.81	¥4.380.33	$39.43
Net income per share*2	93.97	183.43	0.85
Diluted net income per share*3	93.08	172.69	0.84

Above information was computed based on the following data:

	Year ended March 31,	
	2021	2020
*1 Net assets per share:		
Total net assets	¥268,887 million ($2,428,759 thousand)	¥269,521 million
Amount to be deducted from total net assets	¥1,766 million ($15,954 thousand)	¥1,574 million
(Of which subscription rights to shares)	(¥1,766 million) (($15,954 thousand))	(¥1,574 million)
Net assets attributable to common stock	¥267,121 million ($2,412,805 thousand)	¥267,946 million
Number of outstanding shares of common stock	69,597,500 shares	69,597,500 shares
Number of treasury stock	8,412,575 shares	8,427,105 shares
Number of common stock used in computing net asset per share	61,184,925 shares	61,170,395 shares
*2 Net income per share:		
Net income attributable to owners of the parent	¥5,749 million ($51,932 thousand)	¥13,045 million
Net income not attributable to common stock shareholders of the parent	—	—
Net income attributable to common stock shareholders	¥5,749 million ($51,932 thousand)	¥13,045 million
Weighted average number of common stock	61,181,989 shares	71,118,016 shares
*3 Diluted net income per share:		
Adjustment to net income	¥— million ($— thousand)	¥(13) million
Increase in common stock	589,338 shares	4,342,780 shares
(Of which bonds with subscription rights to shares)	(— shares)	(3,850,597 shares)
(Of which subscription rights to shares)	(589,338 shares)	(492,183 shares)
Summary of securities excluded from the computation of diluted net income per share because they do not have dilutive effects	—	—

Note: Convertible bonds with subscription rights to shares denominated in Euro-yen which were redeemable at maturity in 2020 were redeemed at maturity on July 27, 2020.

20. Related Party Transaction

Transactions with related parties, i.e. companies (including their subsidiaries) whose majority of voting rights is owned by the Company's director and his or her close relatives, for the years ended March 31, 2021 and 2020 and related account balances outstanding at each year end were as follows:

For the year ended March 31, 2021:

(Unit: Millions of yen)

Name	Location	Capital	Business	Ownerships	Relationship	Transaction	Transaction amount (Note) 5	Account	Outstanding balance
Marf Corporation (Note) 1	Minato-ku, Tokyo	¥90	Custody and investment of securities	Directly 13.67%	Main shareholder 2 interlocking directors	Payment of rental charges (Note) 2	¥585	Prepaid expenses Key money	¥ 51 446
Yoshii Country (Note) 3	Takasaki city, Gunma	¥ 1	Operation of a golf club	—	Tie-up of use of complimentary tickets for shareholders 1 interlocking director	Payment for use of complimentary tickets for shareholders (Note) 4	¥143	Other payables	¥ 12

Terms and conditions on transactions and transaction policy:
Notes:
1. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns directly 100% of voting rights.
2. Payment of rental charges is determined based on the market price in the neighborhood.
3. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns directly 100% of voting rights.
4. Payment of complimentary tickets for shareholders is determined based on the agreement of the Company's incentive plan for the shareholders.
5. Transaction amount does not include consumption taxes, but the outstanding balance includes consumption taxes.

For the year ended March 31, 2020:

(Unit: Millions of yen)

Name	Location	Capital	Business	Ownerships	Relationship	Transaction	Transaction amount (Note) 7	Account	Outstanding balance
Marf Corporation (Note) 1	Minato-ku, Tokyo	¥90	Custody and investment of securities	Directly 13.67%	Main shareholder 2 interlocking directors	Purchase of treasury stock (Note) 2	¥68,520	—	—
						Sales of investments in affiliates (Note) 3			
						Yoshii Country			
						Selling value	¥ 5,241	—	—
						Loss on sales	217	—	—
						Marf 2			
						Selling value	¥11,890	—	—
						Gain on sales	3,558	—	—
Marf 2 (Note) 4	Minato-ku, Tokyo	¥ 1	Real estate rental and management	—	Building rental 1 interlocking director	Payment of rental charges (Note) 5	¥ 232	Prepaid expenses Key money	¥ 51 446
Yoshii Country (Note) 4	Takasaki city, Gunma	¥ 1	Operation of a golf club	—	Tie-up of use of complimentary tickets for shareholders 1 interlocking director	Payment for use of complimentary tickets for shareholders (Note) 6	¥ 51	Other payables	¥ 10

Terms and conditions on transactions and transaction policy:
Notes:
1. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns directly 100% of voting rights.
2. Common stock of 20,000,000 shares of the Company were purchased at ¥3,426 per share using a take-over bid based on the resolution of the Board of Directors' meeting held on August 6, 2019.
   The purchase price per share was determined by multiplying the simple average price of the closing price of the Company's share at the 1st section of Tokyo Stock Exchange for the past one month until the previous trade date of the resolution date of the Board of Directors' meeting by certain definite discount rate.
3. Sales amount of investments in affiliates was determined after mutual discussion based on the appraisal value of shares for Yoshii Country and the appraisal value and real estate appraisal value for Marf 2 Corporation.
4. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns indirectly 100% of voting rights.
5. Payment of rental charges is determined based on the market price in the neighborhood.
6. Payment of complimentary tickets for shareholders is determined based on the agreement of the Company's incentive plan for the shareholders.
7. Transaction amount does not include consumption taxes, but the outstanding balance includes consumption taxes.

For the year ended March 31, 2021:

(Unit: Thousands of U.S. dollars)

Name	Location	Capital	Business	Ownerships	Relationship	Transaction	Transaction amount (Note) 5	Account	Outstanding balance
Marf Corporation (Note) 1	Minato-ku, Tokyo	$818	Custody and investment of securities	Directly 13.67%	Main shareholder 2 interlocking directors	Payment of rental charges (Note) 2	$5,286	Prepaid expenses Key money	$ 462 4,036
Yoshii Country (Note) 3	Takasaki city, Gunma	$ 9	Operation of a golf club	—	Tie-up of use of complimentary tickets for shareholders 1 interlocking director	Payment for use of complimentary tickets for shareholders (Note) 4	$1,300	Other payables	$ 111

Terms and conditions on transactions and transaction policy:
Notes:
1. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns directly 100% of voting rights.
2. Payment of rental charges is determined based on the market price in the neighborhood.
3. Mr. Busujima Hideyuki, representative director and chairman of the Company, owns directly 100% of voting rights.
4. Payment of complimentary tickets for shareholders is determined based on the agreement of the Company's incentive plan for the shareholders.
5. Transaction amount does not include consumption taxes, but the outstanding balance includes consumption taxes.

21. Significant Subsequent Events

There are no significant subsequent events to be reported.

22. Significant Subsidiaries

The domestic consolidated subsidiaries at March 31, 2021 and 2020 were as follows:

	Ownership		Consolidation method
At March 31	2021	2020	
SANKYO EXCEL CO., LTD.	100%	100%	Full consolidation
BISTY CO., LTD.	100%	100%	Full consolidation
INTERNATIONAL CARD SYSTEM CO., LTD.	100%	100%	Full consolidation
JB CO., LTD.	100%	100%	Full consolidation

Independent Auditor's Report

The Board of Directors
SANKYO Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of SANKYO Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of Deferred Tax Assets	
Description of Key Audit Matter	Auditor's Response
As described in (Tax Effect Accounting) in the Notes to the Consolidated Financial Statements, the Company recorded deferred tax assets of ¥5,551 million as of March 31, 2021. The Company recognizes deferred tax assets of ¥2,215 million on unused tax loss carryforwards. The Company determines the recoverability of deferred tax assets for future deductible temporary differences and unused tax loss carryforwards by estimating taxable income based on estimated future profitability. Estimates of taxable income based on estimated future profitability are calculated using future business plans that involve certain significant assumptions, namely sales volume and selling unit prices. The Company discloses the significant assumptions and the impact of COVID-19 in (Significant Accounting Estimates) in the Notes to the Consolidated Financial Statements. Given that the main assumptions underlying future business plans involve uncertainties and require management to exercise judgement in assessing the recoverability of deferred tax assets, we have determined this to be a key audit matter.	The audit procedures we performed to assess the recoverability of deferred tax assets included the following, among others: ・ We examined the amount of deductible temporary differences and tax loss carryforwards by involving our tax professionals, and we also examined the schedule of the timing in which they are expected to be reversed or expire. ・ We assessed the underlying business plan to evaluate the estimate of future taxable income. ・ In order to evaluate the effectiveness of management's estimation process in business planning, we compared prior year business plans to actual results. ・ We assessed sales volume and selling unit prices, which are main assumptions that serve as the basis for the business plan, by discussing them with management and comparing the outcome of trend analysis based on historical performance with sales volume and selling unit prices. We also discussed the impact of COVID-19 with management and evaluated management's assumptions regarding the duration of economic fallout and market demand after the pandemic subsides. ・ We examined the consistency between unit sales and past market trends, and between unit sales and related materials such as the results of market surveys conducted by external research organizations. ・ We evaluated management's assessment, which reflects certain risks, of estimation uncertainties related to the business plan.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 30, 2021

鈴木　一宏　　㊞
Kazuhiro Suzuki
Designated Engagement Partner
Certified Public Accountant

池内　基明　　㊞
Motoaki Ikeuchi
Designated Engagement Partner
Certified Public Accountant

Company Information / Stock Information

Corporate Data (As of March 31, 2021)

Company Name
SANKYO CO., LTD.

Head Office
3-29-14 Shibuya, Shibuya-ku, Tokyo
150-8327, Japan
Telephone: 81(3)5778-7777
Facsimile: 81(3)5778-6731


Head Office

Sanwa Plant
2732-1 Sanwa-cho, Isesaki City,
Gunma 372-0011, Japan


Sanwa Plant

Established	April 1966
Paid-in Capital	¥14,840 million
Number of Employees	964 (Consolidated) 784 (SANKYO CO., LTD.)

Board of Directors (As of June 29, 2021)

Representative Director, Chairman of the Board & CEO
Hideyuki Busujima

Representative Director, President & COO
Akihiko Ishihara

Directors & Senior Executive Vice President
Ichiro Tomiyama

Outside Directors
Taro Kitani
Hiroyuki Yamasaki

Corporate Auditor (full-time)
Takafumi Okubo

Corporate Auditor
Toshiaki Ishiyama

Outside Corporate Auditors
Yoshiro Sanada
Fumiyoshi Noda

Senior Executive Operating Officers
Toshio Ogura
Yoko Oshima

Executive Operating Officer
Katsumasa Takai

Operating Officers
Yuji Togo
Takashi Fukuda
Junichi Tsutsumi
Katsuki Amako
Hiroshi Takahashi
Koji Hasegawa
Shingo Takabayashi

Stock Information (As of March 31, 2021)

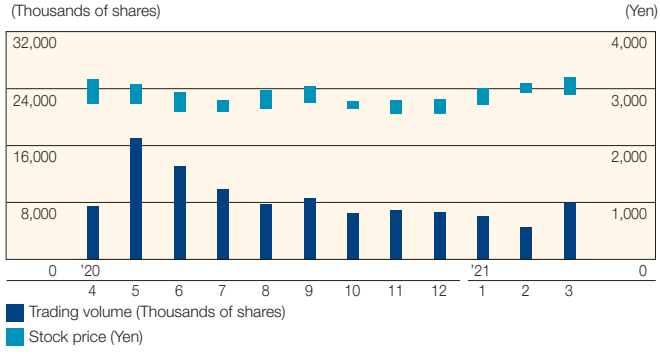
Number of Shares Authorized	144,000,000
Number of Shares Issued	69,597,500
Number of Shareholders	16,457

Major Shareholders

Name of shareholder	Number of Shares held (Thousands)	Shareholding Ratio (%)
Marf Corporation	8,346	13.64
Hikari Tsushin K.K.	4,229	6.91
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,152	6.78
Custody Bank of Japan, Ltd. (Trust Account)	2,132	3.48
Hideyuki Busujima	2,031	3.32
Akiko Busujima	2,006	3.27
Noriko Akaishi	1,906	3.11
SMBC Nikko Securities Inc.	1,337	2.18
Resona Bank, Limited	937	1.53
Takeshi Busujima	828	1.35

Notes: 1. Number of shares less than 1,000 is truncated.
2. Percentage of shareholding is calculated excluding treasury stock (8,412,575 shares).

Stock Price Range



Stock Exchange Listing
The Tokyo Stock Exchange, First Section,
Code Number 6417

Transfer Agent
Sumitomo Mitsui Trust Bank, Limited

Auditor
Ernst & Young ShinNihon LLC

For Further Information Contact:
Corporate Planning Division, SANKYO CO., LTD.
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Good luck. Good life.

SANKYO

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