

May 12, 2025

SANKYO CO., LTD.

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

Shares listed: TSE Prime Market

Code number: 6417

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Planned Date for Annual Meeting of Shareholders: June 27, 2025

Planned Date for Start of Dividend Payment: June 30, 2025

Planned Date for Submittal of the Financial Statements Report: June 26, 2025

Supplementary materials for the financial statements: Yes

Presentation to explain for the financial statements: Yes

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

1. Results for the fiscal year (From April 1, 2024, to March 31, 2025)

(1) Consolidated operating results

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

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	191,821 (3.7%)	73,605 1.5%	74,587 1.9%	53,992 0.4%
Year ended March 31, 2024	199,099 26.6%	72,495 23.9%	73,182 23.3%	53,791 14.7%
(note) Comprehensive income	Year ended March 31, 2025	¥53,262 million [4.0%]	Year ended March 31, 2024	¥51,238 million [9.0%]

	Net income per share	Fully diluted net income per share	Return on equity (net income)	Return on assets (recurring income)	Return on sales (operating income)
	Yen	Yen	%	%	%
Year ended March 31, 2025	245.93	242.71	20.2	23.7	38.4
Year ended March 31, 2024	203.81	201.43	19.3	22.2	36.4

(reference) Equity in earnings of affiliates Year ended March 31, 2025 - million

Year ended March 31, 2024 - million

(Note) The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. Net income per share and fully diluted net income per share are calculated assuming that the share split was carried out at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	336,709	285,004	84.2	1,290.54
As of March 31, 2024	292,119	251,579	85.5	1,139.12

(reference) Shareholders' Equity

As of March 31, 2025

¥283,414 million

As of March 31, 2024

¥249,863 million

(Note) The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. Net assets per share are calculated assuming that the share split was carried out at the beginning of the fiscal year ended March 31, 2024.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2025	58,036	(3,580)	(19,846)	240,050
Year ended March 31, 2024	47,589	15,118	(109,875)	205,440

2. Dividends

(Base date)	Cash dividend per share					Amount of dividends	Dividend payout ratio	Dividend rate of net assets
	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2024	-	150.00	-	50.00	-	19,155	39.3	7.3
Year ended March 31, 2025	-	40.00	-	60.00	100.00	22,092	40.7	8.2
Year ended March 31, 2026 (forecast)	-	-	-	-	90.00		41.6	

(Note) 1. The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. For the end of the second quarters of the fiscal year ended March 31, 2024, the actual dividend amounts before the share split are presented. For the end of the fiscal year ended March 31, 2024, the figures are presented after the share split, while the total amount of dividends for the full year is stated as “—.” The dividend for the full year of the fiscal year ended March 31, 2024 taking into account the share split is 80.00 yen.

2. As for the dividends for the fiscal year ending March 31, 2026 (forecast), it is our basic policy to pay performance-linked dividends targeting at the consolidated payout ratio of 40%. The business plan for the fiscal year ending March 31, 2026 is managed on an annual basis, and the interim dividend and the year-end dividend cannot be projected separately. Therefore, only the sum of the dividends for the full year is presented. For more details, please refer to “1. Overview of business results etc.(5) Basic policy on profit sharing and cash dividends for fiscal 2025 and fiscal 2026” in the attached document.

3. Forecast for FY2026 (From April 1, 2025, to March 31, 2026)

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

	Net sales		Operating income		Recurring income		Profit attributable to owners of parent		Net income per share	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen		Yen	
Year ending March 31, 2026	185,000	(3.6%)	63,000	(14.4%)	64,000	(14.2%)	44,000	(18.5%)	216.33	

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

* Notes

(1) Changes for important subsidiaries during the fiscal year ended March 31, 2025: Not applicable

(2) Changes in accounting procedures

- | | |
|---|----------------|
| a. Related to accounting standard revisions etc.: | Applicable |
| b. Other changes: | Not applicable |
| c. Changes in accounting estimates: | Not applicable |
| d. Retrospective restatements: | Not applicable |

(Note) For more details, please refer to “5.Consolidated Financial Statements (5) Notes to the Consolidated Financial Statements (Changes in Accounting Policy)” in the attached documents.

(3) Outstanding shares (common shares)

- a. Number of shares outstanding (including treasury stock)
 - As of March 31, 2025: 260,000,000 shares
 - As of March 31, 2024: 260,000,000 shares
- b. Number of treasury stock
 - As of March 31, 2025: 40,391,071 shares
 - As of March 31, 2024: 40,651,855 shares
- c. Average number of shares issued and outstanding
 - As of March 31, 2025: 219,541,528 shares
 - As of March 31, 2024: 263,924,503 shares

(Note)1. The No. of treasury stock includes the Company's shares held by Share Benefit Trust for Directors (1,320,000 shares As of March 31, 2025, 1,350,000 shares As of March 31, 2024). The treasury stock deducted to calculate the Average number of shares issued and outstanding includes the Company's shares held by Share Benefit Trust for Directors (1,327,397 shares As of March 31, 2025, 818,852 shares As of March 31, 2024)

2. The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. Number of shares outstanding and Number of treasury stock and Average number of shares issued and outstanding are calculated assuming that the share split was carried out at the beginning of the fiscal year ended March 31, 2024.

(Reference) Non-consolidated results**1. Non-consolidated results for the fiscal year (From April 1, 2024, to March 31, 2025)****(1) Non-consolidated operating results**

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

	Net sales		Operating income		Recurring income		Net income	
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Year ended March 31, 2025	179,338	11.0%	63,806	37.0%	76,763	33.8%	59,138	28.9%
Year ended March 31, 2024	161,597	20.3%	46,572	8.4%	57,356	18.8%	45,863	13.0%

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2025	269.37	265.84
Year ended March 31, 2024	173.78	171.74

(Note) The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. Net income per share and Fully diluted net income per share are calculated assuming that the share split was carried out at the beginning of the fiscal year ended March 31, 2024.

(2) Non-consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	306,123	260,235	84.5	1,177.76
As of March 31, 2024	250,639	221,651	87.7	1,002.68

(reference) Shareholders' Equity As of March 31, 2025 ¥258,645 million As of March 31, 2024 ¥219,935 million

(Note) The Company carried out a share split at a ratio of five shares for one share of common stock, effective March 1, 2024. Net assets per share are calculated assuming that the share split was carried out at the beginning of the fiscal year ended March 31, 2024.

* This document is not subject to audit procedures

*** Disclaimer regarding Forward-looking Statements**

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

1. Overview of business results etc.

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

During the fiscal year ended March 31, 2025, there were positive signs in the pachinko and pachislot industry, as the enhancement of the gaming performance of Smart Pachinko machines spurred their diffusion and several hit titles were rolled out. However, machine utilization in the pachinko market remained somewhat sluggish. On the other hand, machine utilization in the pachislot market remained robust due to the steady diffusion of Smart Pachislot machines. Nevertheless, the total sales volume was below the previous fiscal year's level mainly owing to the reaction to the launch of major popular titles in the previous fiscal year and a lull in replacement demand reflecting the increased diffusion of Smart Pachislot machines.

In these circumstances, in the pachinko machines business, the Group was able to capture the top market share for the third consecutive year, stimulating demand through proactive introduction of Smart Pachinko machines with enhanced gaming performance and accumulating sales volume centering on the series products of mainstay titles. In the pachislot machines business, since the launch of the first Smart Pachislot title in November 2022, the Group has continuously created machines that enjoy high machine utilization. While the Group has continued to increase its presence in the pachislot market, maintaining momentum, the Group achieved a significant increase in sales volume due to strong sales of new titles and by responding to the needs for the manufacture of additional units of titles. As a result, the Company captured the top market share for the first time and became the first company in the industry to capture the top market share for the year in both the pachinko and pachislot markets.

As a result, net sales were ¥191.8 billion, a decrease of 3.7% year on year. Operating income was ¥73.6 billion, an increase of 1.5%, and recurring income was ¥74.5 billion, an increase of 1.9%. Profit attributable to owners of parent amounted to ¥53.9 billion, an increase of 0.4%.

Results of segments are presented below:

Pachinko Machines Business

Regarding the pachinko machines business, the Group released a grand total of 8 pachinko titles (excluding reuse models etc.). Major titles released included *Fever Karakuri Sākasu 2* (introduced in November 2024) and *Fever Symphogear 4* (introduced in January 2025) under the SANKYO brand, *Uchū Senkan Yamato 2202 Super Wave* (introduced in October 2024) and *Godzilla vs EVANGELION Second impact G* (introduced in December 2024) under the Bisty brand.

As a result, segment sales amounted to ¥107.7 billion, a decrease of 26.7% compared with the same period of the previous year, and operating income was ¥43.8 billion, a decrease of 28.4%. Sales of pachinko machines amounted to 224,000 units.

Pachislot Machines Business

Regarding the pachislot machines business, the Group released a grand total of 6 pachislot titles. Major titles released included *L Pachislot Symphogear "Seigi no Uta"* (introduced in July 2024) and *L Pachislot Kaguya-sama ha Kokurasetai* (introduced in September 2024) under the SANKYO brand, *L Pachislot Evangelion: 3.0+1.0* (introduced in January 2025) under the Bisty brand. In addition, the Group conducted increased production of multiple titles, including *Pachislot Karakuri Sākasu*, which has been continued good machine utilization since its launch in July 2023.

As a result, segment sales amounted to ¥63.4 billion, an increase of 97.4% compared with the same period of the previous year, and operating income was ¥35.6 billion, an increase of 133.4%. Sales of pachislot machines amounted to 131,000 units.

Ball Bearing Supply Systems Business

Sales of the ball bearing supply systems business were ¥20.1 billion, an increase of 3.4% year on year, and operating income was ¥1.4 billion, a decrease of 7.5%.

Other Businesses

Sales of other businesses were ¥0.4 billion, an increase of 13.5% year on year, and operating income was ¥0.1 billion, an increase of 13.9%.

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

Total assets at the end of the fiscal year ended March 31, 2025 amounted to ¥336.7 billion, having increased ¥44.5 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥49.6 billion increase in cash and deposits, a ¥4.9 billion increase in accounts receivable for provision of parts and materials for value, a ¥2.9 billion increase in merchandise and finished goods, and a ¥1.3 billion increase in raw materials and inventories, despite a ¥15.0 billion decrease in marketable securities.

Total liabilities amounted to ¥51.7 billion, having increased ¥11.1 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥6.4 billion increase in accrued income taxes, and a ¥5.1 billion increase in notes and accounts payable-trade.

Net assets increased ¥33.4 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to profit attributable to owners of parent amounted to ¥53.9 billion, while cash dividends paid amounting to ¥19.8 billion. As a result,

net assets amounted to ¥285.0 billion and the shareholders' equity ratio decreased 1.3 percentage points to 84.2%.

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

Cash and cash equivalents (hereinafter "cash") at the fiscal year-end were ¥240.0 billion, having increased ¥34.6 billion from the previous fiscal year-end.

Net cash provided by operating activities increased ¥10.4 billion from the previous fiscal year-end to ¥58.0 billion. Principal cash inflow items were income before income taxes amounting to ¥75.0 billion, a ¥5.1 billion increase in notes and accounts payable-trade, and depreciation and amortization amounting to ¥2.8 billion. Principal cash outflow items were income taxes paid amounting to ¥15.9 billion, a ¥4.9 billion increase in accounts receivable for provision of parts and materials for value, and a ¥3.7 billion increase in inventories.

Cash flows from investing activities decreased ¥18.6 billion from the figure at the previous fiscal year-end and, as a result, net cash used in investing activities amounted to ¥3.5 billion. Principal cash inflow items were proceeds from sale of investment securities amounting to ¥0.8 billion. Principal cash outflow items were payment for purchase of property, plant and equipment and intangible fixed assets amounting to ¥4.2 billion.

Cash flows from financing activities increased ¥90.0 billion from the figure at the previous fiscal year-end and, as a result, net cash used in financing activities amounted to ¥19.8 billion. Principal cash outflow items were cash dividends paid amounting to ¥19.8 billion.

For fiscal 2026, the Company forecasts an increase in net cash provided by operating activities of ¥42.0 billion, a decrease in net cash used in investing activities of ¥5.0 billion attributable to capital investment, and a decrease in net cash used in financing activities of ¥22.0 billion attributable to payment of cash dividends.

As a result, the Company forecasts an increase of ¥15.0 billion in the cash balance at the end of fiscal 2026 compared to the end of fiscal 2025.

(reference) Change in cash flow indicators

	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Shareholders' equity ratio (%)	86.8	84.3	85.5	84.2
Shareholders' equity ratio at market value (%)	64.0	87.7	125.7	141.8

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets
 Shareholders' equity ratio at market value: Market capitalization / Total assets
 1. All indices are calculated using consolidated financial figures.
 2. Market capitalization is calculated using the number of shares issued and outstanding excluding treasury stock.
 3. Figures are rounded up or down to the nearest single decimal place.

(4) Future outlook

As for the market environment in the fiscal year ending March 31, 2026, the launch of products with new gaming performance, such as "LUCKY TRIGGER 3.0 PLUS" for pachinko machines and "BONUS TRIGGER" for pachislot machines, is scheduled, and such enhancement of gaming performance is expected to contribute to market revitalization.

In this environment, in the pachinko and pachislot machines businesses, while continuing to promote the development of Smart Pachinko and Pachislot machines, the Group will vigorously engage in development of products with new gaming performance. The Group will enhance the title lineups in both businesses to capture the top share in the pachinko market for four consecutive years and to solidify its position in the top share group in the pachislot market.

The Group's plan calls for sales volumes for the fiscal year ending March 31, 2026, of 230,000 pachinko machines and 132,000 pachislot machines.

The consolidated business results forecast for the fiscal year ending March 31, 2026, are as follows:

	Forecast		Year-on-year change		FY 2025 results	
Net sales	¥185.0	billion	3.6%	decrease	¥191.8	billion
Operating income	¥63.0	billion	14.4%	decrease	¥73.6	billion
Recurring income	¥64.0	billion	14.2%	decrease	¥74.5	billion
Profit attributable to owners of parent	¥44.0	billion	18.5%	decrease	¥53.9	billion

*Caution regarding Forward-looking Statements

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

(5) Basic policy on profit sharing and cash dividends for fiscal 2025 and fiscal 2026

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

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

The Company plans to pay an interim dividend of ¥40 per share and year-end dividend ¥60 per share for fiscal 2025 (of which, the annual dividend is ¥100; the consolidated payout ratio is 40.7%). For the fiscal year ending March 31, 2026, the Company plans to pay a dividend for the full year of ¥90 per share (the breakdown for the interim and year-end dividends are not yet determined; the consolidated payout ratio is 41.6%).

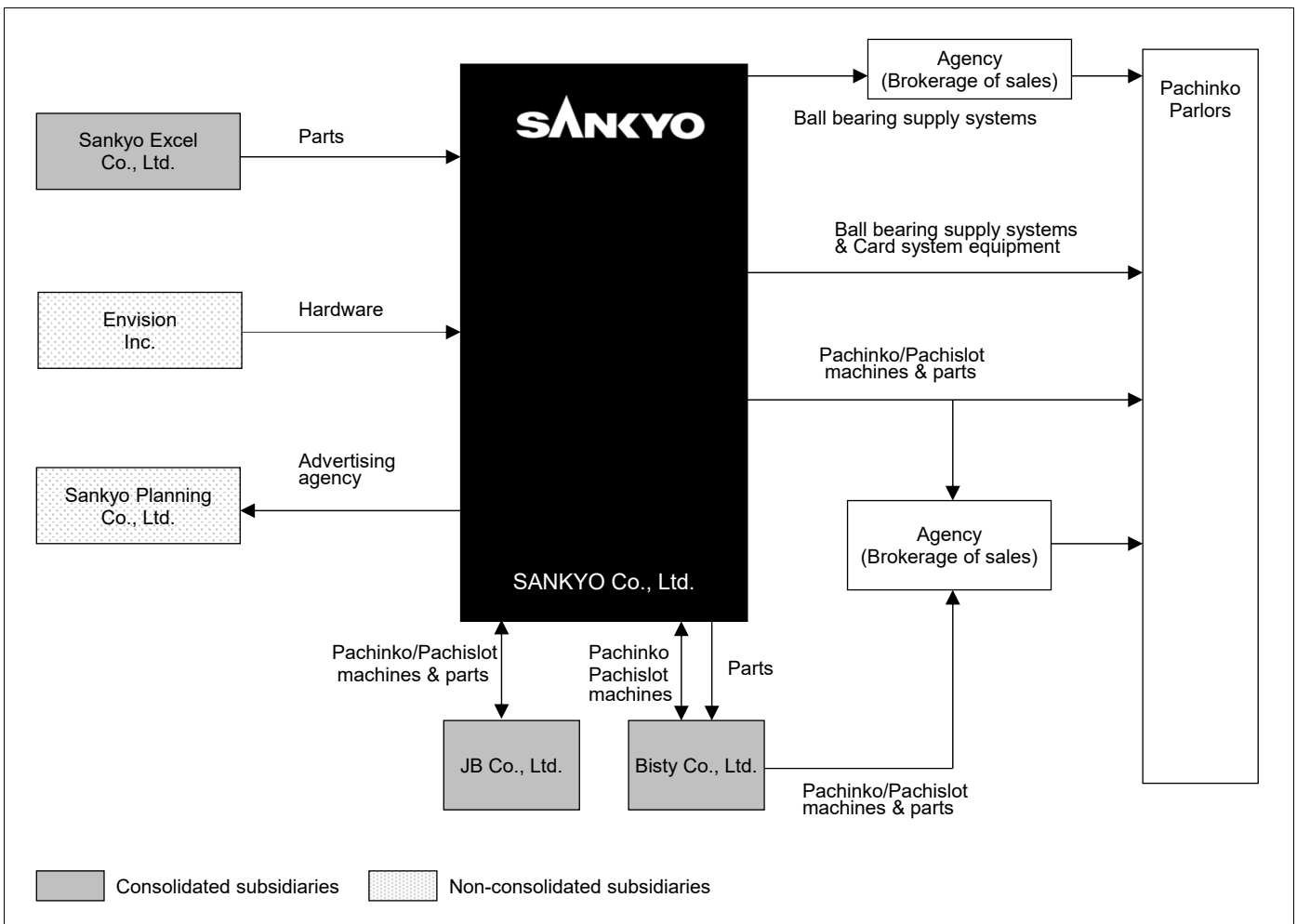
In regard to future profit sharing and use of retained earnings, while maintaining performance-based dividend payments as the basic policy, the Company will effectively utilize retained earnings, such as in business investment for growth and repurchase of own shares for flexible shareholder returns,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

2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its 5 subsidiaries (as of March 31, 2025) and one affiliate. Details of the Group's business and the positioning of major affiliated companies concerning the business are shown below. The classification of businesses is the same as that in the segment information.

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

(2) The business structure is shown below.



3. Management Policies

(1) Management policy, management strategy, etc.

1) Management policy

The basic philosophy of SANKYO Co., Ltd. (the Company) and its consolidated subsidiaries and affiliates (SANKYO Group) is to fulfill its mission, namely, to contribute to the sound development of pachinko and pachislot, which are popular leisure activities in Japan, and to the quality of life in society as a leading company in the pachinko and pachislot industry. Moreover, by concentrating its resources on the game machines business (pachinko machines business, pachislot machines business, and ball bearing supply systems business), which are expected to be highly profitable, the Group aims to revitalize the pachinko and pachislot industry and achieve sustainable enhancement of corporate value. Furthermore, to achieve further growth of the Group, we are deploying content for secondary use in pachinko/pachislot machines and are working to create new businesses focused on the creation and deployment of content IP, including manga and animation, to seek synergies with the existing businesses.

2) Business strategy by segment

i. Pachinko Machines Business and Pachislot Machines Business

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

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

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

ii. Ball Bearing Supply Systems Business

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

(2) Performance indicators

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

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

	FY2023	FY2024	FY2025
Ratio of operating income to net sales (%)	37.2	36.4	38.4

On May 9, 2024, the Group announced its three-year Mid-term Management Plan which started from the fiscal year ending March 31, 2025. In this plan, in addition to three-year targets for sales and profits, we have set a target of achieving return on equity (ROE) at a level between 15% and 20%, which is considerably higher than the level of the capital cost recognized by the Group or the capital cost required by investors.

	FY2023	FY2024	FY2025
Return on equity (ROE) (%)	16.3	19.3	20.2

(3) Management issues

In the pachinko and pachislot industry, the diffusion of Smart Pachinko/Pachislot machines is progressing. Especially in the pachislot market, the diffusion of Smart Pachislot machines is progressing steadily because machine utilization has been brisk ever since the launch of Smart Pachislot machines. In the pachinko market, although machine utilization has been sluggish, affected by the popularity of pachislot machines, there are definite signs of improvement in the market environment, as evidenced by the rollout of several hit Smart Pachinko titles, reflecting the enhanced gaming performance of Smart Pachinko machines. Meanwhile, parlor operators are increasingly selective and cautious in determining the appropriate number of units when introducing new models, resulting in a downward trend in the number of machines sold per title and intensifying competition among pachinko/pachislot machine manufacturers.

In this environment, the Group will promote product development that has a wealth of novelty and innovation without being constrained by conventional norms, to contribute to revitalization of the pachinko and pachislot industry. Furthermore, we will promote development of products that earn the support of players and parlor operators and establish unshakable brand power, leading to development of our industry and further growth of the Group. Through these initiatives, we seek to maintain the top market share in the pachinko machines business and enhance our presence as a company in the top group in the pachislot machines business, setting the pace in the industry as a leading contender. At the same time, we will engage in new businesses focused on the creation and deployment of content IP, including manga and animation, which are expected to have synergies with our existing businesses, to achieve sustainable enhancement of corporate value.

4. Basic Approach to the Selection of Accounting Standards

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

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

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

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

	As of March 31, 2024	As of March 31, 2025
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	130,441	180,064
Notes receivable-trade	6,597	5,662
Accounts receivable-trade	10,395	10,331
Electronically recorded monetary claims - operating	6,357	6,400
Marketable securities	74,999	59,985
Finished goods and merchandise	510	3,441
Work in process	705	133
Raw materials and supplies	14,553	15,934
Accounts receivable for provision of parts and materials for value	4,937	9,881
Other	1,976	2,720
Allowance for doubtful accounts	(9)	(13)
Total current assets	251,465	294,541
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	14,272	14,851
Less accumulated depreciation	(8,851)	(8,969)
Subtotal	5,420	5,881
Machinery and equipment	7,456	7,420
Less accumulated depreciation	(6,473)	(6,360)
Subtotal	982	1,060
Furniture and fixtures	12,711	13,328
Less accumulated depreciation	(10,093)	(10,229)
Subtotal	2,617	3,099
Land	17,447	17,335
Construction in progress	162	105
Total tangible fixed assets	26,630	27,482
Intangible fixed assets		
Other	185	327
Total Intangible fixed assets	185	327
Investments and other assets:		
Investment securities	6,601	5,349
Long-term advances	50	24
Deferred tax assets	6,195	7,740
Other	1,040	1,264
Allowance for doubtful accounts	(48)	(22)
Total investments and other assets	13,838	14,357
Total fixed assets	40,654	42,167
Total assets	292,119	336,709

Consolidated Balance Sheets

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

	As of March 31, 2024	As of March 31, 2025
	Millions of yen	Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	7,444	12,623
Accrued income taxes	10,311	16,769
Contract liabilities	11	16
Allowance for bonuses	847	870
Provision for shareholder benefit program	162	154
Other	12,574	11,426
Total current liabilities	31,352	41,860
Long-term liabilities:		
Provision for share awards for directors (and other officers)	489	933
Net defined benefit liabilities	5,128	5,254
Asset retirement obligations	76	76
Other	3,493	3,580
Total long-term liabilities	9,187	9,844
Total liabilities	40,539	51,704
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,750	23,750
Retained earnings	256,751	290,721
Less: treasury stock, at cost	(48,686)	(48,375)
Total shareholders' equity	246,654	280,936
Accumulated other comprehensive income:		
Net unrealized gain on other securities	3,240	2,524
Remeasurements of defined benefit plans	(32)	(46)
Total accumulated other comprehensive income	3,208	2,478
Subscription rights to shares	1,716	1,590
Total net assets	251,579	285,004
Total liabilities and total net assets	292,119	336,709

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

Consolidated Statements of Income

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

	Year ended March 31, 2024	Year ended March 31, 2025
	Millions of yen	Millions of yen
Net sales	199,099	191,821
Cost of sales	88,420	79,492
Gross profit	110,679	112,328
Selling, general and administrative expenses	38,184	38,723
Operating income	72,495	73,605
Non-operating income:		
Interest income	52	236
Dividend income	337	405
Royalty income	127	139
Other	192	209
Total non-operating income	710	991
Non-operating expenses:		
Loss on management of investment partnership	19	2
Other	3	5
Total non-operating expenses	23	8
Recurring income	73,182	74,587
Extraordinary gains:		
Gain on sales of fixed assets	8	1
Gain on sales of investment securities	2,196	539
Total extraordinary gains	2,205	540
Extraordinary losses:		
Loss on sales of fixed assets	7	-
Loss on disposal of fixed assets	103	10
Impairment loss	-	113
Total extraordinary losses	111	124
Income before income taxes	75,276	75,003
Income taxes:		
Current income taxes	21,454	22,281
Deferred income taxes	30	(1,270)
Total income taxes	21,484	21,010
Net income	53,791	53,992
Profit attributable to owners of parent	53,791	53,992

Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2024	Year ended March 31, 2025
	Millions of yen	Millions of yen
Net income	53,791	53,992
Other comprehensive income:		
Net unrealized gain (loss) on other securities	(2,551)	(716)
Remeasurements of defined benefit plans	(1)	(14)
Total other comprehensive income	(2,552)	(730)
Comprehensive income	51,238	53,262
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	51,238	53,262
Comprehensive income attributable to minority interests	-	-

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

Year ended March 31, 2024 (From April 1, 2023, to March 31, 2024)

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

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	14,840	23,750	293,670	(29,602)	302,658	5,791	(30)	5,761	1,839	310,259
Change during the fiscal year										
Dividends of surplus			(13,346)		(13,346)					(13,346)
Profit attributable to owners of parent			53,791		53,791					53,791
Acquisition of treasury stocks				(96,529)	(96,529)					(96,529)
Acquisition of treasury stocks by the share benefit trust				(1,550)	(1,550)					(1,550)
Sales of treasury stocks		559		1,071	1,630					1,630
Disposal of treasury stocks by the share benefit trust					-					-
Retirement of treasury stock		(559)	(77,364)	77,923	-					-
Net changes of items other than shareholder's equity						(2,551)	(1)	(2,552)	(123)	(2,675)
Total changes during the fiscal year	-	-	(36,919)	(19,084)	(56,003)	(2,551)	(1)	(2,552)	(123)	(58,679)
Balance at end of the period	14,840	23,750	256,751	(48,686)	246,654	3,240	(32)	3,208	1,716	251,579

Year ended March 31, 2025 (From April 1, 2024, to March 31, 2025)

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

	Shareholders' equity					Accumulated other comprehensive income			Subscription rights to shares	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on other securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of the period	14,840	23,750	256,751	(48,686)	246,654	3,240	(32)	3,208	1,716	251,579
Change during the fiscal year										
Dividends of surplus			(19,872)		(19,872)					(19,872)
Profit attributable to owners of parent			53,992		53,992					53,992
Acquisition of treasury stocks				(0)	(0)					(0)
Acquisition of treasury stocks by the share benefit trust					-					-
Sales of treasury stocks			(150)	276	126					126
Disposal of treasury stocks by the share benefit trust				34	34					34
Retirement of treasury stock					-					-
Net changes of items other than shareholder's equity						(716)	(14)	(730)	(126)	(856)
Total changes during the fiscal year	-	-	33,970	310	34,281	(716)	(14)	(730)	(126)	33,424
Balance at end of the period	14,840	23,750	290,721	(48,375)	280,936	2,524	(46)	2,478	1,590	285,004

(4) Consolidated Statements of Cash Flows

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

	Year ended March 31, 2024	Year ended March 31, 2025
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	75,276	75,003
Depreciation and amortization	2,916	2,800
Increase (decrease) in allowance for doubtful accounts	12	(22)
Increase (decrease) in allowance for bonuses	65	23
Increase (decrease) in provision for shareholder benefit program	11	(8)
Increase (decrease) in provision for share awards for directors (and other officers)	489	444
Increase (decrease) in net defined benefit liabilities	159	105
Interest and dividend income	(389)	(641)
Loss (gain) on sales of property, plant and equipment and intangible assets	(1)	(1)
Disposal of fixed assets	103	10
Impairment loss	-	113
(Gain) loss on sales of investment securities	(2,196)	(539)
(Increase) decrease in notes and accounts receivable-trade	4,755	956
(Increase) decrease in inventories	(1,177)	(3,739)
Increase (decrease) in notes and accounts payable-trade	(6,857)	5,178
(Increase) decrease in accounts receivable for provision of parts and materials for value	4,864	(4,944)
Increase (decrease) in accounts payable	178	(148)
Increase (decrease) in accrued consumption tax	(308)	(1,556)
Other	(2,244)	398
Subtotal	75,657	73,434
Interest and dividend income received	304	516
Income taxes paid	(28,372)	(15,913)
Net cash (used in) provided by operating activities	47,589	58,036
Cash flows from investing activities:		
Payment for purchase of marketable securities	(25,000)	-
Proceeds from redemption of marketable securities	40,000	-
Payment for purchase of property, plant and equipment and intangible fixed assets	(2,966)	(4,242)
Proceeds from sale of investment securities	3,356	806
Proceeds from collection of long-term loans	5	5
Other	(276)	(150)
Net cash (used in) provided by investing activities	15,118	(3,580)
Cash flows from financing activities:		
Payment for purchase of treasury stock, net	(98,079)	(0)
Proceeds from sale of treasury stock	1,550	25
Cash dividends paid	(13,346)	(19,872)
Net cash (used in) provided financing activities	(109,875)	(19,846)
Net increase (decrease) in cash and cash equivalents	(47,168)	34,609
Cash and cash equivalents at beginning of the period	252,609	205,440
Cash and cash equivalents at end of the period	205,440	240,050

(5) Notes to the Consolidated Financial Statements**Notes on premise of a going concern**

Not applicable

Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied since the beginning of the fiscal year ending March 31, 2025.

Revisions concerning the categories in which current income taxes should be recorded (taxes on other comprehensive income) are subject to the transitional treatment set forth in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; hereinafter, "Revised Guidance 2022"). The change in accounting policies had no impact on the consolidated financial statements.

With regard to revisions related to changes in the accounting treatment for consolidated financial statements when gains/losses on sale of shares, etc. in subsidiaries resulting from transactions between consolidated subsidiaries are deferred for tax purposes, the Company has applied the Revised Guidance 2022 from the beginning of the fiscal year ending March 31, 2025. The change in accounting policy has been applied retrospectively, and consolidated financial statements for the previous fiscal year have been prepared on a retrospective basis. The change in the accounting policies had no impact on the consolidated financial statements for the previous fiscal year.

Changes in presentation method

(Consolidated Balance Sheets)

"Electronically recorded monetary claims - operating," which was included in "Notes receivable-trade" of "Current assets," in the fiscal year ended March 31, 2024, have been presented separately in the fiscal year ended March 31, 2025, due to an increase in materiality. The financial statements for the fiscal year ended March 31, 2024 have been changed to reflect these changes in presentation method.

As a result, in the consolidated balance sheets for the fiscal year ended March 31, 2024, "Notes receivable-trade" of "Current assets" of ¥12,954 million have been reclassified as "Notes receivable-trade" of ¥6,597 million and "Electronically recorded monetary claims - operating" of ¥6,357 million.

(Consolidated Statements of Income)

"Royalty income," which was included in "Other" of "Non-operating income," in the fiscal year ended March 31, 2024, have been presented separately in the fiscal year ended March 31, 2025, due to an increase in materiality. The financial statements for the fiscal year ended March 31, 2024 have been changed to reflect these changes in presentation method.

As a result, in the consolidated statements of income for the fiscal year ended March 31, 2024, "Other" of "Non-operating income" of ¥320 million have been reclassified as "Royalty income" of ¥127 million and "Other" of ¥192 million.

(6) Segment Information

(Segment information by business category)

Year ended March 31, 2024 (From April 1, 2023, to March 31, 2024)

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

	Year ended March 31, 2024 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	147,042	32,143	19,497	198,683	416	199,099	-	199,099
Intersegment	-	-	-	-	-	-	-	-
Total	147,042	32,143	19,497	198,683	416	199,099	-	199,099
Segment income	61,165	15,289	1,582	78,038	159	78,197	(5,701)	72,495
Segment assets	165,979	24,492	8,079	198,551	2,474	201,026	91,092	292,119
Other items								
Depreciation	2,622	188	12	2,824	24	2,848	67	2,916
Increase in tangible fixed assets and intangible fixed assets								
	2,675	229	52	2,957	14	2,972	52	3,024

Year ended March 31, 2025 (From April 1, 2024, to March 31, 2025)

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

	Year ended March 31, 2025 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	107,725	63,462	20,161	191,349	472	191,821	-	191,821
Intersegment	-	-	-	-	-	-	-	-
Total	107,725	63,462	20,161	191,349	472	191,821	-	191,821
Segment income	43,815	35,686	1,463	80,966	181	81,147	(7,542)	73,605
Segment assets	186,312	62,537	8,451	257,302	2,778	260,080	76,628	336,709
Other items								
Depreciation	2,428	204	18	2,651	27	2,679	121	2,800
Increase in tangible fixed assets and intangible fixed assets								
	2,890	407	53	3,351	14	3,365	639	4,005

(Significant subsequent events)

(Repurchase of the Company's shares)

SANKYO Co., Ltd. has, pursuant to Article 38 of the Company's Articles of Incorporation complying with Article 459, Paragraph 1 of the Companies Act, resolved on matters relating to the repurchase of the Company's own shares at the Board of Director's meeting held on May 12, 2025.

For details, please refer to "Notice concerning Repurchase of Own Shares" announced today.