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Consolidated Financial Statements for the First Quarter of FY2027

April 1, 2026, to June 30, 2026 (The Year Ending March 31, 2027)

August 6, 2026

SANKYO CO., LTD.
https://www.sankyo-fever.co.jp/
Shares listed: TSE Prime Market
Code number: 6417

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Supplementary materials for the quarterly financial statements: Yes
Presentation to explain for the quarterly financial statements: No

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

1. Results for the first quarter of FY2027 (From April 1, 2026, to June 30, 2026)

(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	
1st quarter of FY2027	33,571	(39.2%)	10,496	(56.0%)	11,108	(54.5%)	8,074	(53.7%)
1st quarter of FY2026	55,185	30.7%	23,851	38.1%	24,391	38.8%	17,447	39.5%

(Note) Comprehensive income 1st quarter of FY2027 ¥7,926 million [(54.5%)] 1st quarter of FY2026 ¥17,431 million [40.0%]

	Net income per share	Fully diluted net income per share
	Yen	Yen
1st quarter of FY2027	40.88	40.34
1st quarter of FY2026	80.36	79.32

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	287,611	249,137	86.1
As of March 31, 2026	287,458	250,155	86.5

(Reference) Shareholders' Equity As of June 30, 2026 ¥247,659 million As of March 31, 2026 ¥248,677 million

2. Dividends

(Base date)	Cash dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2026	-	45.00	-	45.00	90.00
Year ending March 31, 2027	-	-	-	-	-
Year ending March 31, 2027 (Forecast)	-	50.00	-	50.00	100.00

(Note) Changes in the projected cash dividends in this quarter : Yes

3. Forecast for FY2027 (From April 1, 2026, to March 31, 2027)

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

	Net sales		Operating income		Recurring income		Profit attributable to owners of		Net income per share
	Millions of yen		Millions of yen		Millions of yen		Millions of yen		Yen
Year ending March 31, 2027	174,000	(2.9%)	56,000	(10.4%)	58,000	(9.4%)	40,000	(14.4%)	202.52

Note: Changes in the forecasts of consolidated Financial results in this quarter : No
SANKYO Group manages its business plan on a full-year basis and thus only discloses full-year figures.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: Not applicable

(2) Application of peculiar accounting methods: Not applicable

(3) Changes in accounting procedures

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

(4) Outstanding shares (common shares)

a. No. of shares outstanding (including treasury stock)	As of June 30, 2026:	230,000,000	shares	As of March 31, 2026:	230,000,000	shares
b. No. of treasury stock	As of June 30, 2026:	32,486,271	shares	As of March 31, 2026:	32,486,271	shares
c. Average number of shares issued and outstanding	1st quarter of FY2027:	197,513,729	shares	1st quarter of FY2026	217,122,696	shares

(Note) The No. of treasury stock includes the Company's shares held by Share Benefit Trust for Directors (1,247,500 shares as of June 30, 2026, 1,247,500 shares As of March 31, 2026). 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 (1,247,500 shares as of June 30, 2026,1,318,005 shares as of June 30, 2025)

*Review of the attached quarterly consolidated financial statements by Certified Public Accountants or Audit Firm: Not applicable

* 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 Operating Results (3)Forecast of Consolidated Results and Other Forecast Information" in the accompanying material.

Note : This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

1. Overview of Operating Results

(1) Overview of Operating Results

In the pachinko and pachislot industry, in contrast to the pachislot market, where machine utilization remained solid and parlor operators' purchasing demand was stable, the pachinko market saw parlor operators become increasingly cautious in selecting new machines against a backdrop of sluggish machine utilization, and total sales volume fell below the level of the same period of the previous fiscal year.

In these circumstances, during the first quarter of the current fiscal year, the Group introduced the new pricing policy "SANKYO YELL PRICE" with the aim of revitalizing the pachinko market by reducing the financial burden of new machine introduction for parlor operators through price revisions. In the pachinko machines business, the Group launched three new titles, including two titles subject to this policy, and also responded to the needs for the manufacture of additional units of two existing titles with strong machine utilization. In addition, in June, the Group launched "*e Tokyo Ghoul Chōdeka Chō Ichigeki ver.*," a new-spec version of "*e Tokyo Ghoul*," which continues to enjoy overwhelming popularity even now, more than a year after its debut in April of last year, and the new model has gained high popularity. Meanwhile, in the pachislot machines business, the Group launched one new title, and also responded to the needs for the manufacture of additional units of one existing title that maintained strong machine utilization; both businesses got off to a solid start against their full-year plans.

As a result, on a consolidated basis, net sales were ¥33.5 billion, a decrease of 39.2% compared with the same period of the previous year, operating income was ¥10.4 billion, a decrease of 56.0%, and recurring income was ¥11.1 billion, a decrease of 54.5%. Profit attributable to owners of parent amounted to ¥8.0 billion, a decrease of 53.7%.

Results of segments are presented below:

Pachinko Machines Business

Regarding the pachinko machines business, sales amounted to ¥22.1 billion, a decrease of 39.5% compared with the same period of the previous year, and operating income amounted to ¥9.0 billion, a decrease of 48.9%. Sales of pachinko machines amounted to 50,000 units, compared with 79,000 units for the same period of the previous fiscal year.

Three titles released included *e Fever Kinnikuman* (introduced in April 2026), *Fever Queen II* (introduced in May 2026), and *e Fever DEAD MOUNT DEATH PLAY Konshin 9000* (introduced in June 2026) under the SANKYO brand.

Pachislot Machines Business

Regarding the pachislot machines business, sales amounted to ¥8.2 billion, a decrease of 45.0% compared with the same period of the previous year, and operating income was ¥2.9 billion, a decrease of 61.7%. Sales of pachislot machines amounted to 16,000 units, compared with 35,000 units for the same period of the previous fiscal year.

Although *L Pachislot MOBILE SUIT GUNDAM UNICORN Awakening DRIVE* (introduced in April 2026) under the Bisty brand was the only new title introduced during the first three months of the fiscal year ending March 31, 2027, the Group manufactured additional units of *L Pachislot ENN ENN NO SHOUBOUTAI 2* under the SANKYO brand, which has achieved strong machine utilization.

Ball Bearing Supply Systems Business

Sales of the ball bearing supply systems business were ¥2.9 billion, a decrease of 10.3% compared with the same period of the previous year, and operating income was ¥0.1 billion, a decrease of 25.0%.

Other Businesses

Sales of other businesses were ¥0.1 billion, an increase of 6.9% compared with the same period of the previous year, and operating income was ¥30 million, an increase of 3.6%.

(2) Overview of Financial Conditions

Total assets at the end of the first three months of the fiscal year ending March 31, 2027 amounted to ¥287.6 billion, having increased ¥0.1 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥10.6 billion increase in notes and accounts receivable-trade, and contract assets, a ¥5.8 billion increase in accounts receivable for provision of parts and materials for value (included in "Other" of Current assets), a ¥1.8 billion increase in raw materials and supplies, and a ¥1.5 billion increase in merchandise and finished goods, despite a ¥19.7 billion decrease in cash and deposits.

Total liabilities amounted to ¥38.4 billion, having increased ¥1.1 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥5.5 billion increase in notes and accounts payable-trade, a ¥1.5 billion increase in liabilities related to transactions involving provision of parts and materials for value (included in "Other" of Current liabilities), and a ¥0.5 billion increase in allowance for bonuses, despite a ¥6.5 billion decrease in accrued income taxes.

Net assets decreased ¥1.0 billion compared with the figure at the previous fiscal year-end. This decrease was mainly attributable to cash dividends paid amounting to ¥8.9 billion, while recording of profit attributable to owners of parent amounted to ¥8.0 billion. As a result, net assets amounted to ¥249.1 billion and the shareholders' equity ratio decreased 0.4 percentage points to 86.1%.

(3) Forecast of Consolidated Results and Other Forecast Information

No revision has been made to the forecasts of financial results for fiscal 2027 announced on May 13, 2026. However, with regard to dividends, the Group has revised the projected cash dividends announced on May 13, 2026. For details, please refer to “Notice concerning Change in Dividend Policy (Increase in Dividend Payout Ratio and Introduction of DOE) and Revision of Projected Cash Dividends (Dividend Increase),” disclosed separately today (August 6, 2026).

2. Quarterly Consolidated Financial Statements and Primary Notes

(1) Quarterly Consolidated Balance Sheets

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

	As of March 31, 2026	As of June 30, 2026
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	132,463	112,673
Notes and accounts receivable-trade, and contract assets	4,832	15,491
Electronically recorded monetary claims - operating	7,152	6,344
Marketable securities	59,976	59,972
Merchandise and finished goods	1,518	3,063
Work in process	230	117
Raw materials and supplies	13,804	15,656
Other	9,987	16,587
Allowance for doubtful accounts	(8)	(15)
Total current assets	229,956	229,892
Fixed assets:		
Tangible fixed assets	41,283	41,162
Intangible fixed assets:		
Other	364	355
Total intangible fixed assets	364	355
Investments and other assets:		
Investment securities	6,351	6,728
Other	9,578	9,548
Allowance for doubtful accounts	(76)	(75)
Total investments and other assets	15,852	16,201
Total fixed assets	57,501	57,719
Total assets	287,458	287,611

Quarterly Consolidated Balance Sheets

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

	As of March 31, 2026	As of June 30, 2026
	Millions of yen	Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	7,769	13,367
Accrued income taxes	9,613	3,017
Allowance for bonuses	903	1,434
Provision for shareholder benefit program	144	144
Other	9,387	10,968
Total current liabilities	27,817	28,931
Long-term liabilities:		
Provision for share awards for directors (and other officers)	1,177	1,177
Net defined benefit liabilities	4,550	4,571
Asset retirement obligations	63	63
Other	3,693	3,729
Total long-term liabilities	9,484	9,542
Total liabilities	37,302	38,473
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,750	23,750
Retained earnings	262,639	261,769
Less: treasury stock, at cost	(55,795)	(55,795)
Total shareholders' equity	245,434	244,564
Accumulated other comprehensive income:		
Net unrealized gain on other securities	2,902	2,774
Remeasurements of defined benefit plans	340	321
Total accumulated other comprehensive income	3,243	3,095
Subscription rights to shares	1,478	1,478
Total net assets	250,155	249,137
Total liabilities and total net assets	287,458	287,611

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

Quarterly Consolidated Statements of Income

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

	1st quarter of FY2026	1st quarter of FY2027
	Millions of yen	Millions of yen
Net sales	55,185	33,571
Cost of sales	21,289	13,297
Gross profit	33,896	20,274
Selling, general and administrative expenses	10,044	9,777
Operating income	23,851	10,496
Non-operating income:		
Interest income	100	135
Dividend income	259	312
Other	182	164
Total non-operating income	541	612
Non-operating expenses:		
Loss on management of investment partnership	1	-
Other	0	0
Total non-operating expenses	2	0
Recurring income	24,391	11,108
Income before income taxes and minority interests	24,391	11,108
Income taxes:		
Current income taxes	6,454	2,870
Deferred income taxes	489	163
Total income taxes	6,943	3,033
Profit	17,447	8,074
Profit attributable to owners of parent	17,447	8,074

Quarterly Consolidated Statements of Comprehensive Income

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

	1st quarter of FY2026 Millions of yen	1st quarter of FY2027 Millions of yen
Profit	17,447	8,074
Other comprehensive income:		
Net unrealized gain (loss) on other securities	(19)	(128)
Remeasurements of defined benefit plans	3	(19)
Total other comprehensive income	(16)	(147)
Comprehensive income	17,431	7,926
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	17,431	7,926
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to the Quarterly Consolidated Financial Statements

Notes on premise of a going concern

Not applicable

Notes on significant changes in shareholders' equity

1st Three Months of FY2027 (From April 1, 2026, to June 30, 2026)

Not applicable

Notes to Consolidated Statement of Cash Flows

The Company has not prepared a quarterly consolidated statement of cash flows for the first three months of the fiscal year ending March 31, 2027.

Depreciation, including amortization related to intangible assets, for the first three months of the fiscal year ending March 31, 2027 is as shown below.

	1st Three Months of FY2026 (April 1, 2025 to June 30, 2025)	1st Three Months of FY2027 (April 1, 2026 to June 30, 2026)
Depreciation and amortization	¥543 million	¥739 million

Notes on Segment Information

(Segment information by business category)

1st quarter of FY2026 (From April 1, 2025, to June 30, 2025)

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

	1st quarter of FY2026 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	36,712	15,037	3,337	55,088	97	55,185	-	55,185
Intersegment	-	-	-	-	-	-	-	-
Total	36,712	15,037	3,337	55,088	97	55,185	-	55,185
Segment income	17,644	7,686	233	25,564	29	25,594	(1,742)	23,851

1st quarter of FY2027 (From April 1, 2026, to June 30, 2026)

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

	1st quarter of FY2027 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	22,197	8,274	2,995	33,467	104	33,571	-	33,571
Intersegment	-	-	-	-	-	-	-	-
Total	22,197	8,274	2,995	33,467	104	33,571	-	33,571
Segment income	9,022	2,943	175	12,141	30	12,172	(1,676)	10,496