Good luck. Good life.
SANKYO

Consolidated Financial Statements for the First Six Months of FY2027

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

November 5, 2026

SANKYO CO., LTD.
https://www.sankyo-fever.co.jp/
Shares listed: TSE Prime Market
Code number: 6417
Telephone: +81-3-5778-7777

Representative: Toshio Ogura, President & CEO & COO
Contact: Masahiro Akaishi, Senior Executive Operating Officer & Head of Administration Div.

Planned Date for Submittal of the Semi-annual Securities Report: November 12, 2026
Planned Date for Start of Dividend Payment: December 1, 2026
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 first six months of FY2027 (From April 1, 2026, to September 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 six months of FY2027	81,025 (19.3%)	27,307 (30.0%)	28,428 (28.8%)	20,499 (28.8%)
1st six months of FY2026	100,409 10.7%	39,038 7.6%	39,949 8.7%	28,773 9.7%

(Note) Comprehensive income 1st six months of FY2027 ¥20,895 million [(29.0%)] 1st six months of FY2026 ¥29,446 million [14.4%]

	Net income per share	Fully diluted net income per share
	Yen	Yen
1st six months of FY2027	103.79	102.42
1st six months of FY2026	135.62	133.89

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	304,891	262,106	85.5
As of March 31, 2026	287,458	250,155	86.5

(Reference) Shareholders' Equity As of September 30, 2026 ¥260,628 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 ended March 31, 2027	-	50.00	-	-	-
Year ended March 31, 2027(Forecast)	-	-	-	50.00	100.00

(Note) Changes in the projected cash dividends in this quarter : No

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 parent	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 conslidated Financial results in this quarter : No

*** Notes**

(1) Changes for important subsidiaries during the 1st six months of FY2027:	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 Sep. 30, 2026:	230,000,000	shares	As of March 31, 2026:	230,000,000	shares
b. No. of treasury stock	As of Sep. 30, 2026:	32,486,371	shares	As of March 31, 2026:	32,486,271	shares
c. Average number of shares issued and outstanding	1st 6M of FY2027:	197,513,683	shares	1st 6M of FY2026:	212,155,796	shares

(Note) The No. of treasury stock includes the Company's shares held by Share Benefit Trust for Directors (2,337,500 shares as of September 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 (1,491,708 shares as of September 30, 2026, 1,283,154 shares as of September 30, 2025).

*Review of the attached semi-annual 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 market, the adoption of models equipped with "LUCKY TRIGGER 3.0 PLUS," a new type of gaming performance, has progressed since July 2025. However, machine utilization has not yet improved in the pachinko market as a whole, and the market faces a challenging environment, with parlor operators continuing to be cautious in adopting new machines. Going forward, the introduction of models equipped with "Tsūjōji Flag," a new type of gaming performance, and the launch of displays in four new categories to indicate performance and ease of play of pachinko machines are scheduled for November 2026 and beyond. Through these efforts, the pachinko market is expected to be revitalized by the diversification of gaming performance and the easier selection of models that suit fans. Meanwhile, the pachislot market remains solid against a backdrop of strong machine utilization although the format inspection pass rate remains at a low level.
In these circumstances, in the pachinko machines business, the Group sold over 20,000 units of "*e Fever MOBILE SUIT GUNDAM SEED CLIMAX*," a mainstay series of machines, as well as vigorously rolled out new tie-up models. In addition, the Group responded to the needs for the manufacture of additional units of two models of the "Tokyo Ghoul" series that maintain high machine utilization. Meanwhile, in the pachislot machines business, the Group launched three new titles, of which "*L Pachislot Karakuri Sākasu 2*" achieved sales of over 20,000 units.
As a result, on a consolidated basis, net sales were ¥81.0 billion, a decrease of 19.3% compared with the same period of the previous year, operating income was ¥27.3 billion, a decrease of 30.0%, recurring income was ¥28.4 billion, a decrease of 28.8%. Profit attributable to owners of parent amounted to ¥20.4 billion, a decrease of 28.8%.
Results of segments are presented below:

Pachinko Machines Business
Regarding the pachinko machines business, sales amounted to ¥50.0 billion, a decrease of 33.2% compared with the same period of the previous year, and operating income amounted to ¥19.4 billion, a decrease of 44.8%. Sales of pachinko machines amounted to 105,000 units compared with 160,000 units for the same period of the previous fiscal year.
Major titles released included *e Fever Kinnikuman* (introduced in April 2026) and *e Fever MOBILE SUIT GUNDAM SEED CLIMAX* (introduced in August 2026) under the SANKYO brand, *e Tokyo Ghoul Chōdeka Chō Ichigeki ver.* (introduced in June 2026) and *e Assault Lily* (introduced in September 2026) under the Bisty brand.

Pachislot Machines Business
Regarding the pachislot machines business, sales amounted to ¥25.0 billion, an increase of 44.7% compared with the same period of the previous year, and operating income was ¥11.4 billion, an increase of 70.5%. Sales of pachislot machines amounted to 46,000 units compared with 40,000 units for the same period of the previous fiscal year.
Three titles released were *L Pachislot Karakuri Sākasu 2* (introduced in July 2026) and *L Pachislot Kanojo, Okarishimasu* (introduced in September 2026) under the SANKYO brand, and *L Pachislot MOBILE SUIT GUNDAM UNICORN Awakening DRIVE* (introduced in April 2026*)* under the Bisty brand.

Ball Bearing Supply Systems Business
Sales of the ball bearing supply systems business were ¥5.7 billion, a decrease of 28.6% compared with the same period of the previous year, and operating income was ¥0.3 billion, a decrease of 46.7%.

Other Businesses
Sales of other businesses were ¥200 million, an increase of 7.5% compared with the same period of the previous year, and operating income was ¥90 million, an increase of 8.3% compared with the same period of the previous year.

<Topics>
The Company acquired shares of A-gon Co., Ltd., a manufacturer of pachinko and pachislot machines, on September 30, 2026 and made it a subsidiary. Going forward, the Company will support A-gon's business operations by leveraging the Group's management resources. In addition, the Company will strengthen collaboration among the Group companies to expand its product lineup across both pachinko and pachislot businesses and increase sales opportunities.

(2) Overview of Financial Conditions

Total assets at the end of the first six months of the fiscal year ending March 31, 2027 amounted to ¥304.8 billion, having increased ¥17.4 billion compared with the figure at the previous fiscal year-end. This increase was mainly attributable to a ¥6.0 billion increase in notes and accounts receivable-trade, and contract assets, a ¥5.0 billion increase in accounts receivable for provision of parts and materials for value (included in "Other" of Current assets), a ¥4.6 billion increase in electronically recorded monetary claims - operating, and a ¥3.6 billion increase in merchandise and finished goods, despite a ¥2.7 billion decrease in cash and deposits.
Total liabilities amounted to ¥42.7 billion, having increased ¥5.4 billion compared with the figure at the previous fiscal year-end.

This increase was mainly attributable to a ¥6.3 billion increase in notes and accounts payable-trade, a ¥0.3 billion increase in provision for share awards for directors (and other officers), despite a ¥0.6 billion decrease in accrued income taxes, and a ¥0.5 billion decrease in liabilities related to transactions involving provision of parts and materials for value (included in “Other” of Current liabilities).
Net assets increased ¥11.9 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 ¥20.4 billion, despite cash dividends paid of ¥8.9 billion. As a result, net assets amounted to ¥262.1 billion and the shareholders’ equity ratio decreased 1.0 percentage points to 85.5%.

(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.

2. Semi-annual Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

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

	As of March 31, 2026	As of Sep. 30, 2026
	Millions of yen	Millions of yen
Assets:		
Current assets:		
Cash and deposits	132,463	129,686
Notes and accounts receivable-trade, and contract assets	4,832	10,870
Electronically recorded monetary claims - operating	7,152	11,843
Marketable securities	59,976	59,965
Merchandise and finished goods	1,518	5,151
Work in process	230	35
Raw materials and inventories	13,804	11,089
Other	9,987	16,912
Allowance for doubtful accounts	(8)	(16)
Total current assets	229,956	245,538
Fixed assets:		
Tangible fixed assets	41,283	41,198
Intangible fixed assets		
Other	364	371
Total Intangible fixed assets	364	371
Investments and other assets:		
Investment securities	6,351	7,560
Other	9,578	10,296
Allowance for doubtful accounts	(76)	(74)
Total investments and other assets	15,852	17,782
Total fixed assets	57,501	59,352
Total assets	287,458	304,891

Consolidated Balance Sheets

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

	As of March 31, 2026	As of Sep. 30, 2026
	Millions of yen	Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	7,769	14,121
Accrued income taxes	9,613	8,980
Allowance for bonuses	903	917
Provision for shareholder benefit program	144	144
Other	9,387	8,820
Total current liabilities	27,817	32,984
Long-term liabilities:		
Provision for share awards for directors (and other officers)	1,177	1,499
Net defined benefit liabilities	4,550	4,578
Asset retirement obligations	63	63
Other	3,693	3,658
Total long-term liabilities	9,484	9,800
Total liabilities	37,302	42,784
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,750	23,838
Retained earnings	262,639	274,195
Less: treasury stock, at cost	(55,795)	(55,884)
Total shareholders' equity	245,434	256,989
Accumulated other comprehensive income:		
Net unrealized gain on other securities	2,902	3,337
Remeasurements of defined benefit plans	340	301
Total accumulated other comprehensive income:	3,243	3,638
Subscription rights to shares	1,478	1,478
Total net assets	250,155	262,106
Total liabilities and total net assets	287,458	304,891

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

Consolidated Statements of Income

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

	1st Six Months of FY2026	1st Six Months of FY2027
	Millions of yen	Millions of yen
Net sales	100,409	81,025
Cost of sales	40,871	32,695
Gross profit	59,537	48,330
Selling, general and administrative expenses	20,499	21,022
Operating income	39,038	27,307
Non-operating income:		
Interest income	265	422
Dividend income	337	408
Other	313	316
Total non-operating income	916	1,148
Non-operating expenses:		
Loss on management of investment partnership	2	23
Other	2	4
Total non-operating expenses	4	28
Recurring income	39,949	28,428
Income before income taxes and minority interests	39,949	28,428
Income taxes:		
Current income taxes	11,312	8,558
Deferred income taxes	(135)	(629)
Total income taxes	11,176	7,928
Profit	28,773	20,499
Profit attributable to owners of parent	28,773	20,499

Consolidated Statements of Comprehensive Income

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

	1st Six Months of FY2026	1st Six Months of FY2027
	Millions of yen	Millions of yen
Profit	28,773	20,499
Other comprehensive income:		
Net unrealized gain (loss) on other securities	665	434
Remeasurements of defined benefit plans	7	(39)
Total other comprehensive income	672	395
Comprehensive income	29,446	20,895
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	29,446	20,895
Comprehensive income attributable to non-controlling interests	-	-

(3) Consolidated Statements of Cash Flows

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

	1st Six Months of FY2026	1st Six Months of FY2027
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes and minority interests	39,949	28,428
Depreciation and amortization	1,225	1,644
Increase (decrease) in allowance for doubtful accounts	(87)	341
Increase (decrease) in net defined benefit liabilities	42	(29)
Interest and dividend income	(602)	(831)
(Increase) decrease in notes and accounts receivable-trade	(9,869)	(10,727)
(Increase) decrease in inventories	3,675	(723)
Increase (decrease) in notes and accounts payable-trade	(3,695)	6,352
Other	2,700	(4,518)
Subtotal	33,338	19,935
Interest and dividend income received	529	718
Income taxes paid	(15,980)	(9,073)
Net cash (used in) provided by operating activities	17,887	11,580
Cash flows from investing activities:		
Payment for purchase of tangible fixed assets and intangible fixed assets	(14,884)	(1,742)
Payment for purchase of investment securities	-	(564)
Payment for increase in loans-receivable	-	(2,864)
Proceeds from collection of long-term loans	22	2
Other	519	(255)
Net cash (used in) provided by investing activities	(14,342)	(5,422)
Cash flows from financing activities:		
Payment for purchase of treasury stock, net	(45,245)	(1,985)
Proceeds from sale of treasury stock, net	95	1,985
Cash dividends paid	(13,255)	(8,944)
Net cash (used in) provided financing activities	(58,405)	(8,944)
Net increase (decrease) in cash and cash equivalents	(54,859)	(2,787)
Cash and cash equivalents at beginning of the period	240,050	192,439
Cash and cash equivalents at end of the period	185,190	189,652

(4) Notes to the Semi-annual Consolidated Financial Statements

Notes on premise of a going concern

Not applicable

Notes on significant changes in shareholders' equity

1st Six Months of FY2027 (From April 1, 2026, to September 30, 2026)

Not applicable

Segment Information

(Segment information by business category)

1st Six Months of FY2026 (From April 1, 2025, to September 30, 2025)

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

	1st Six Months 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	74,853	17,334	8,026	100,215	193	100,409	-	100,409
Intersegment	-	-	-	-	-	-	-	-
Total	74,853	17,334	8,026	100,215	193	100,409	-	100,409
Segment income	35,311	6,740	618	42,670	83	42,754	(3,716)	39,038

1st Six Months of FY2027 (From April 1, 2026, to September 30, 2026)

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

	1st Six Months 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	50,001	25,082	5,733	80,817	208	81,025	-	81,025
Intersegment	-	-	-	-	-	-	-	-
Total	50,001	25,082	5,733	80,817	208	81,025	-	81,025
Segment income	19,496	11,492	329	31,319	90	31,409	(4,102)	27,307