



Presentation on Business Results  
of FY 3/2021  
(April 1, 2020 to March 31, 2021)

May 14, 2021

**SANKYO CO., LTD.**

1st Sec. of the TSE #6417

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- ✓ Year-on-year decreases in both net sales and profits due to the impact of the COVID-19 pandemic.
- ✓ Failed to reach the initial sales target in the challenging market environment despite efforts to stimulate demand by offering diverse products.

## Consolidated Financial Results

|   |        |             |     |            |
|---|--------|-------------|-----|------------|
| Net Sales                                   | 58,129 | million yen | YoY | -25.9 %    |
| Operating Income                            | 6,587  | million yen |     | -47.5 %    |
| Net Income attributable to owners of parent | 5,749  | million yen |     | -55.9 %    |
| Net Income per share                        | 93.97  | yen         |     | -89.46 yen |

## Pachinko Machines Business

|                  |         |             |     |         |
|------------------|---------|-------------|-----|---------|
| Net Sales        | 52,310  | million yen | YoY | -13.6 % |
| Operating Income | 12,916  | million yen |     | -12.8 % |
| Sales of Unit    | 126,565 | unit        |     | -15.4 % |

## Pachislot Machines Business

|                  |         |             |     |                    |
|------------------|---------|-------------|-----|--------------------|
| Net Sales        | 3,022   | million yen | YoY | -73.6 %            |
| Operating Income | (1,890) | million yen |     | -4,339 million yen |
| Sales of Unit    | 7,679   | unit        |     | -73.4 %            |

## Pachinko Pachislot Market

- ✓ The business environment of pachinko parlors has been deteriorating owing to the COVID-19 pandemic and parlor operators' willingness to purchase new models has been declining. Improvement of the machine utilization at pachinko parlors has stalled at a level of about 70% to 80%.
- ✓ Amid the ongoing downward trend of the number of pachinko parlors, market contraction is accelerating due to the COVID-19 pandemic and showing no signs of easing.
- ✓ Although the due date for removal of machines compliant with the former is in less than a year, replacement with machines compliant with the new regulations is at a slow pace.

## SANKYO Group

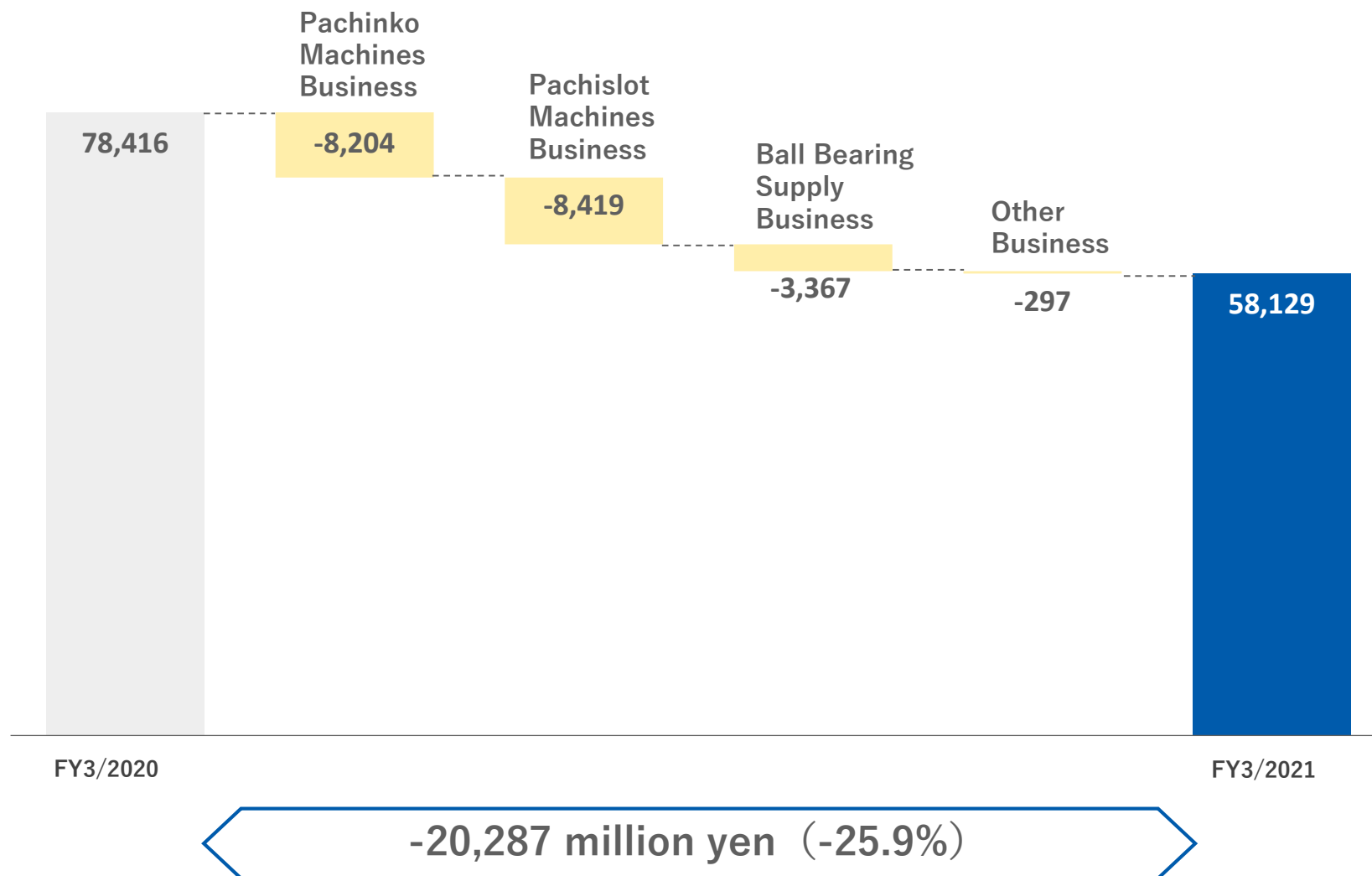
- Number of New Titles of Pachinko machine released, except for reused models : Nine
- Number of New Titles of Pachislot machine released : Two
- ✓ Fewer titles were introduced than in the same period of a typical year because the Group minimized the number of titles for launch in light of an assessment of pachinko parlor operators' willingness to purchase new models during the COVID-19 pandemic.
- ✓ Despite aggressive sales efforts in the second half of FY 3/2021 in which recovery of the market environment was anticipated, sales volume fell short of the initial target in the challenging business environment.

# Summary of Financial Results

| million yen  | FY 3/2020     | FY 3/2021     | YoY            |               |
|--|---------------|---------------|----------------|---------------|
| <b>Net Sales</b>                                   | <b>78,416</b> | <b>58,129</b> | <b>-20,287</b> | <b>-25.9%</b> |
| Pachinko Machines Business                         | 60,514        | 52,310        | -8,204         | -13.6%        |
| Pachislot Machines Business                        | 11,441        | 3,022         | -8,419         | -73.6%        |
| <b>Cost of Sales</b>                               | <b>36,671</b> | <b>27,403</b> | <b>-9,268</b>  | <b>-25.3%</b> |
| <b>Gross Profit</b>                                | <b>41,745</b> | <b>30,726</b> | <b>-11,019</b> | <b>-26.4%</b> |
| <b>Percentage</b>                                  | <b>53.2%</b>  | <b>52.9%</b>  | <b>-0.4pt</b>  |               |
| <b>SG &amp; A Expenses</b>                         | <b>29,193</b> | <b>24,138</b> | <b>-5,055</b>  | <b>-17.3%</b> |
| <b>Operating Income</b>                            | <b>12,551</b> | <b>6,587</b>  | <b>-5,964</b>  | <b>-47.5%</b> |
| <b>Percentage</b>                                  | <b>16.0%</b>  | <b>11.3%</b>  | <b>-4.7pt</b>  |               |
| Pachinko Machines Business                         | 14,804        | 12,916        | -1,888         | -12.8%        |
| Pachislot Machines Business                        | 2,449         | (1,890)       | -4,339         |               |
| <b>Recurring Income</b>                            | <b>13,476</b> | <b>7,488</b>  | <b>-5,988</b>  | <b>-44.4%</b> |
| <b>Net Income attributable to owners of parent</b> | <b>13,045</b> | <b>5,749</b>  | <b>-7,296</b>  | <b>-55.9%</b> |

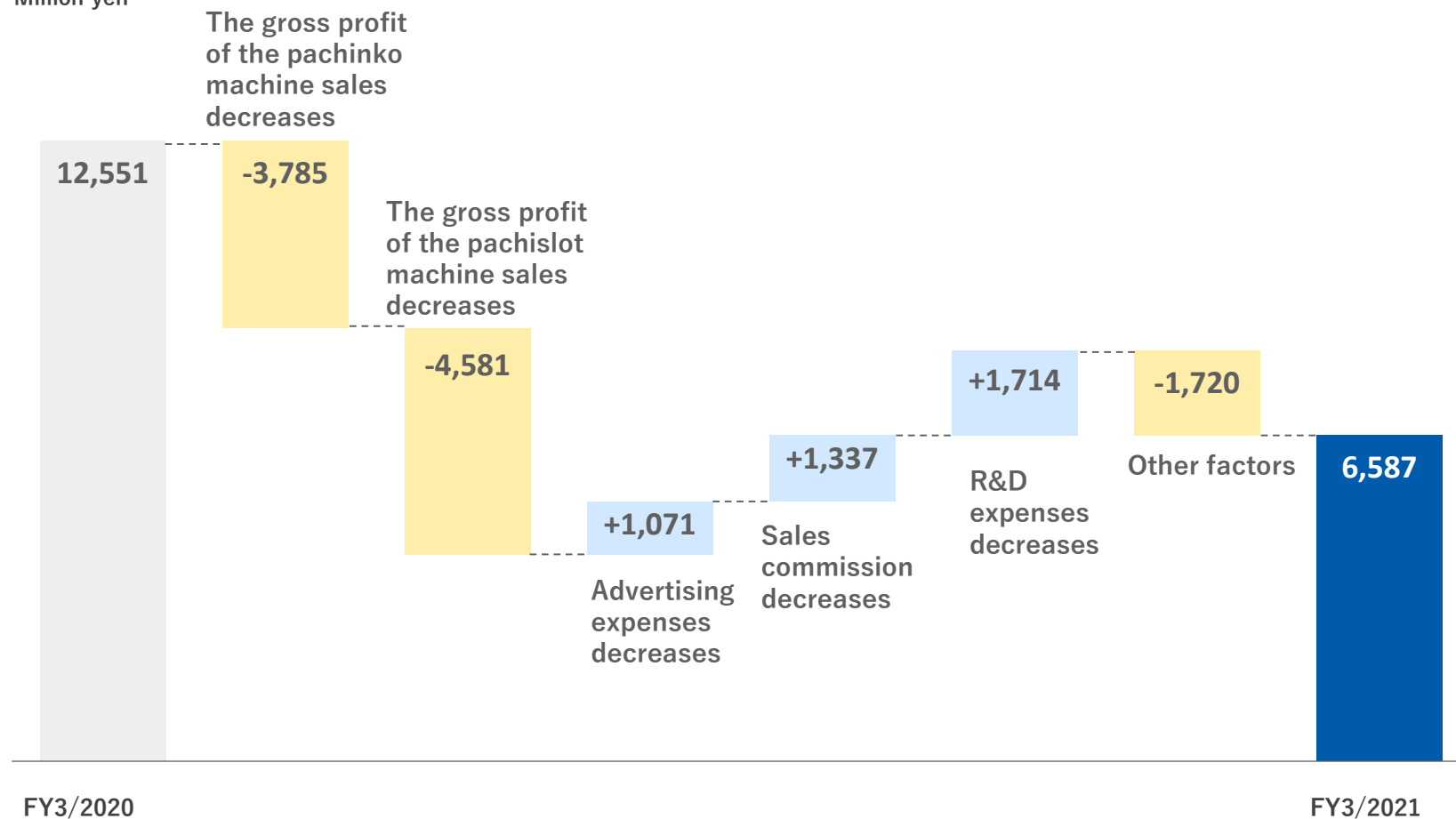
# Factors of Change in Consolidated Net Sales

Million yen



# Factors of Change in Consolidated Operating Income

Million yen



**-5,964 million yen (-47.5%)**

| million yen                 | FY 3/2020 | FY 3/2021 | YoY    |        |
|-----------------------------|-----------|-----------|--------|--------|
| <b>SG &amp; A Expenses</b>  | 29,193    | 24,138    | -5,055 | -17.3% |
| Advertising Expenses        | 1,942     | 871       | -1,071 | -55.1% |
| Sales Commission            | 3,509     | 2,172     | -1,337 | -38.1% |
| R&D Expenses                | 13,847    | 12,133    | -1,714 | -12.4% |
| Salaries & Wages            | 3,017     | 2,937     | -80    | -2.7%  |
| Depreciation & Amortization | 3,476     | 2,398     | -1,078 | -31.0% |
| Capital Expenditure         | 2,831     | 1,710     | -1,121 | -39.6% |



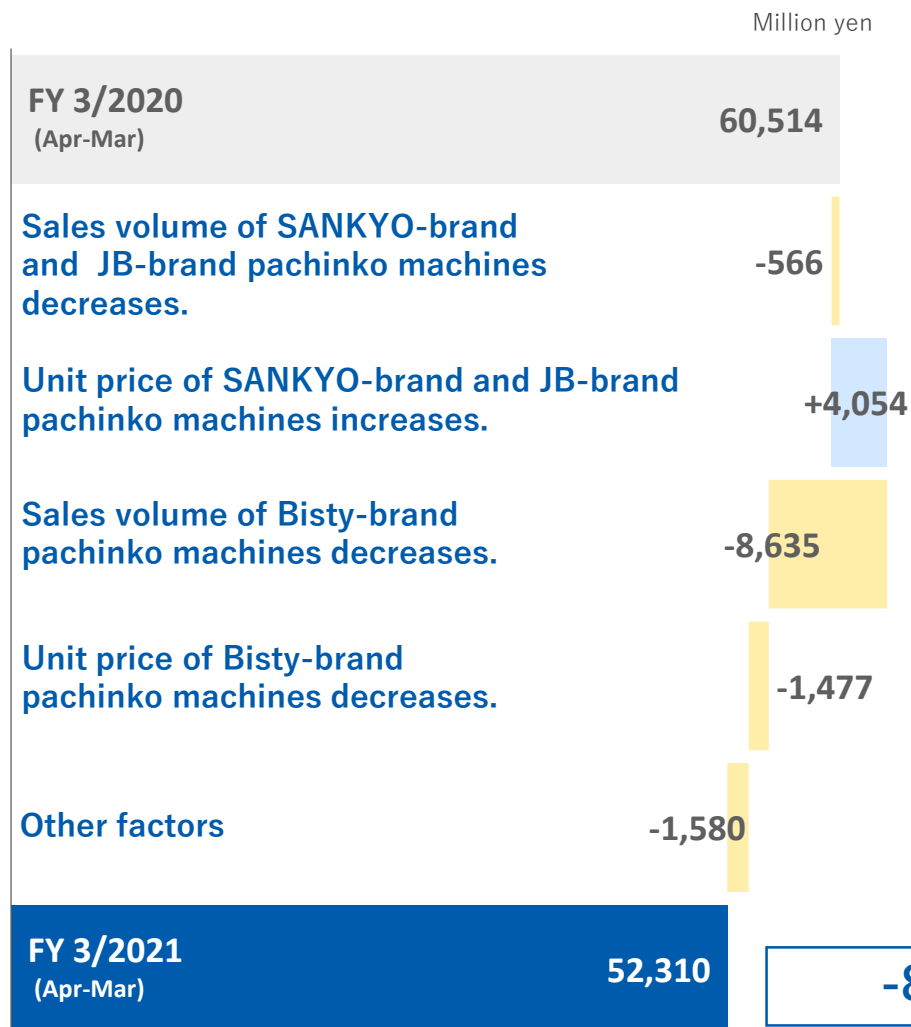
# Summary of Balance Sheet

| million yen                                   | As of 31-Mar-20 | As of 31-Mar-21 | YoY            | Factors of Change   |
|---|-----------------|-----------------|----------------|---|
| Total current assets                          | 276,041         | 243,343         | -32,698        |   |
| Quick assets                                  | 259,589         | 234,738         | -24,851        | Decrease in cash and deposits and notes and accounts receivable-trade |
| Total fixed assets                            | 49,190          | 48,761          | -429           |   |
| Investment securities                         | 13,035          | 15,599          | +2,564         | Fair value evaluation of specific investment equities                 |
| <b>Total assets</b>                           | <b>325,232</b>  | <b>292,104</b>  | <b>-33,128</b> |   |
| Total current liabilities                     | 47,224          | 14,815          | -32,409        | Decreases in notes and accounts payable-trade                         |
| Bonds with subscription rights to shares      | 20,006          | -               | -20,006        | Maturity redemption   |
| Total long-term liabilities                   | 8,486           | 8,401           | -85            |   |
| <b>Total liabilities</b>                      | <b>55,711</b>   | <b>23,216</b>   | <b>-32,495</b> |   |
| <b>Total net assets</b>                       | <b>269,521</b>  | <b>268,887</b>  | <b>-634</b>    | Deduction of cash dividends paid and addition of net income           |
| <b>Total liabilities and total net assets</b> | <b>325,232</b>  | <b>292,104</b>  | <b>-33,128</b> |   |

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## Factors of Change in Net sales



## Data

| million yen      | FY 3/2020 | FY 3/2021 | YoY     |
|------------------|-----------|-----------|---------|
| Net Sales        | 60,514    | 52,310    | -8,204  |
| Operating Income | 14,804    | 12,916    | -1,888  |
| Percentage       | 24.5%     | 24.7%     |         |
| units            |           |           |         |
| Machines sales   | 149,520   | 126,565   | -22,955 |
| SANKYO+JB        | 95,569    | 94,019    | -1,550  |
| Frame            | 53,211    | 73,416    | +20,205 |
| Gauge            | 42,358    | 20,603    | -21,755 |
| Bisty            | 53,951    | 32,546    | -21,405 |
| Frame            | 46,381    | 17,985    | -28,396 |
| Gauge            | 7,570     | 14,561    | +6,991  |

# Pachinko Machines Business

New Title  
x 9

Reused  
Models



©Project シンフォギアG ©Project シンフォギアGX



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©BANDAI NAMCO Entertainment Inc.  
©BANDAI NAMCO Sevens Inc.

1Q

2Q

3Q

4Q

SANKYO  
Fever Symphogear 2

SANKYO  
Fever Shinkagetsu 2 Yozakura ver.

SANKYO  
Fever TOTAL ECLIPSE LIGHT ver.

SANKYO  
Fever BIOHAZARD REVELATIONS 2  
Light / Light middle ver.

SANKYO  
Fever Aquarion ALL STARS  
LIGHT ver.

Fever Queen II

SANKYO  
Fever Golgo13 Shippu ver.

SANKYO  
Fever Tiger Mask W

Bisty  
NEON GENESIS EVANGELION  
Decisive Battle-Crimson-

Bisty  
CODE GEASS Lelouch of  
the Rebellion

SANKYO  
Super Combi α 7500

SANKYO  
Fever THE iDOLM@STER  
MILLION LIVE!

JB  
PATRUSH V

SANKYO  
Fever Shinkagetsu 2 Yozakura ver.

Bisty  
NEON GENESIS EVANGELION  
Decisive Battle Premium Model

SANKYO  
Fever Symphogear LIGHT VER.

Sales of  
Unit 33,327 units

13,792 units

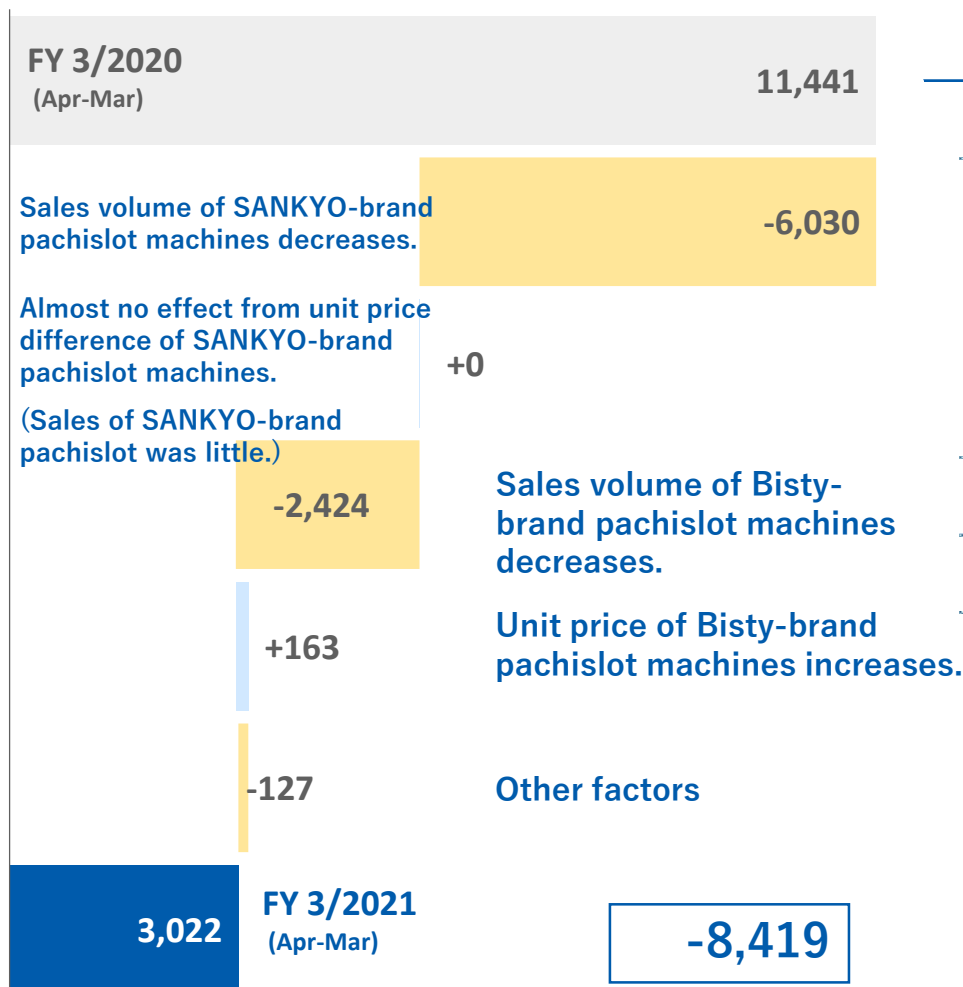
39,147 units

40,299 units

Total 126,565 units

## Factors of Change in Net sales

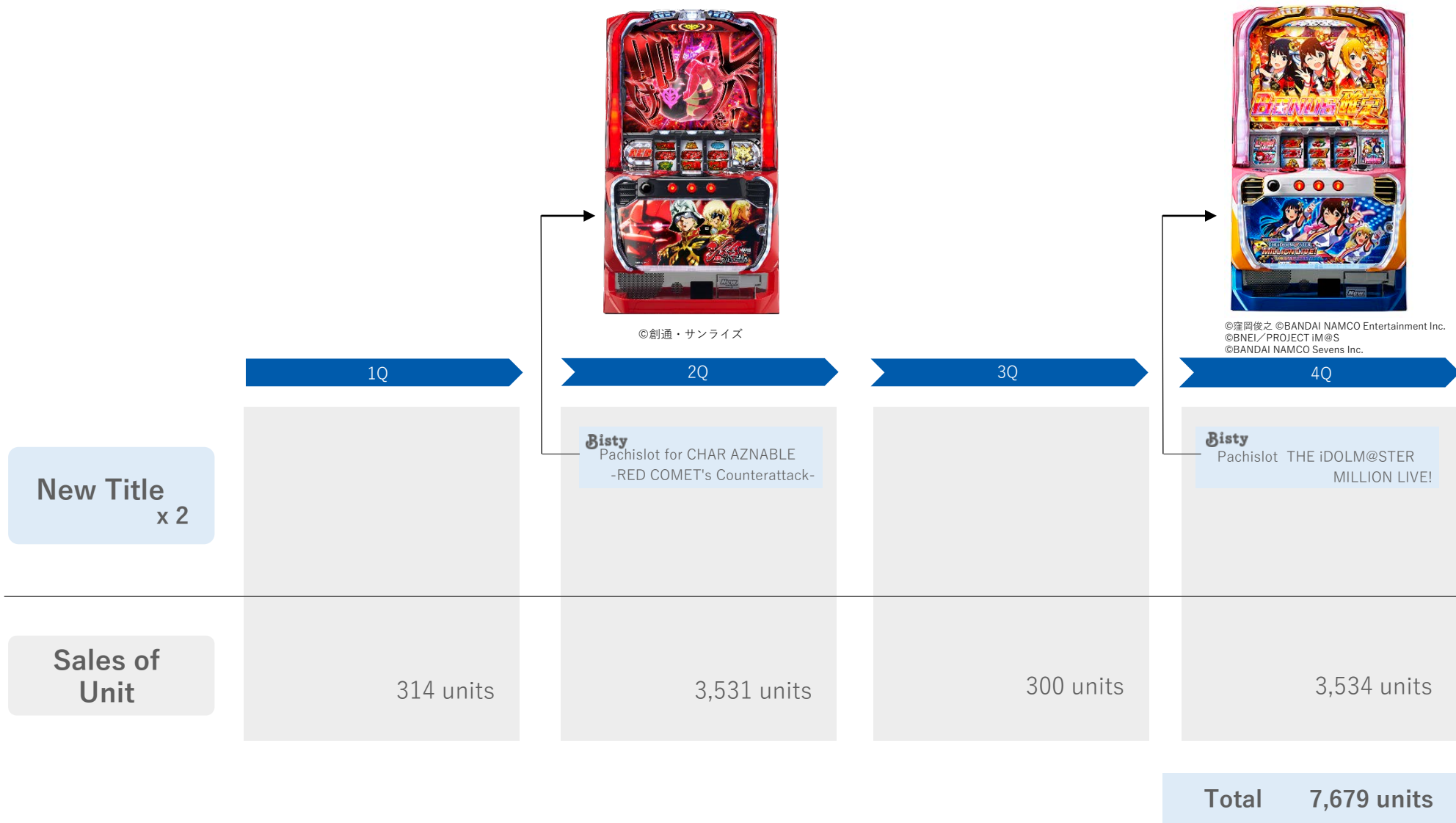
Million yen



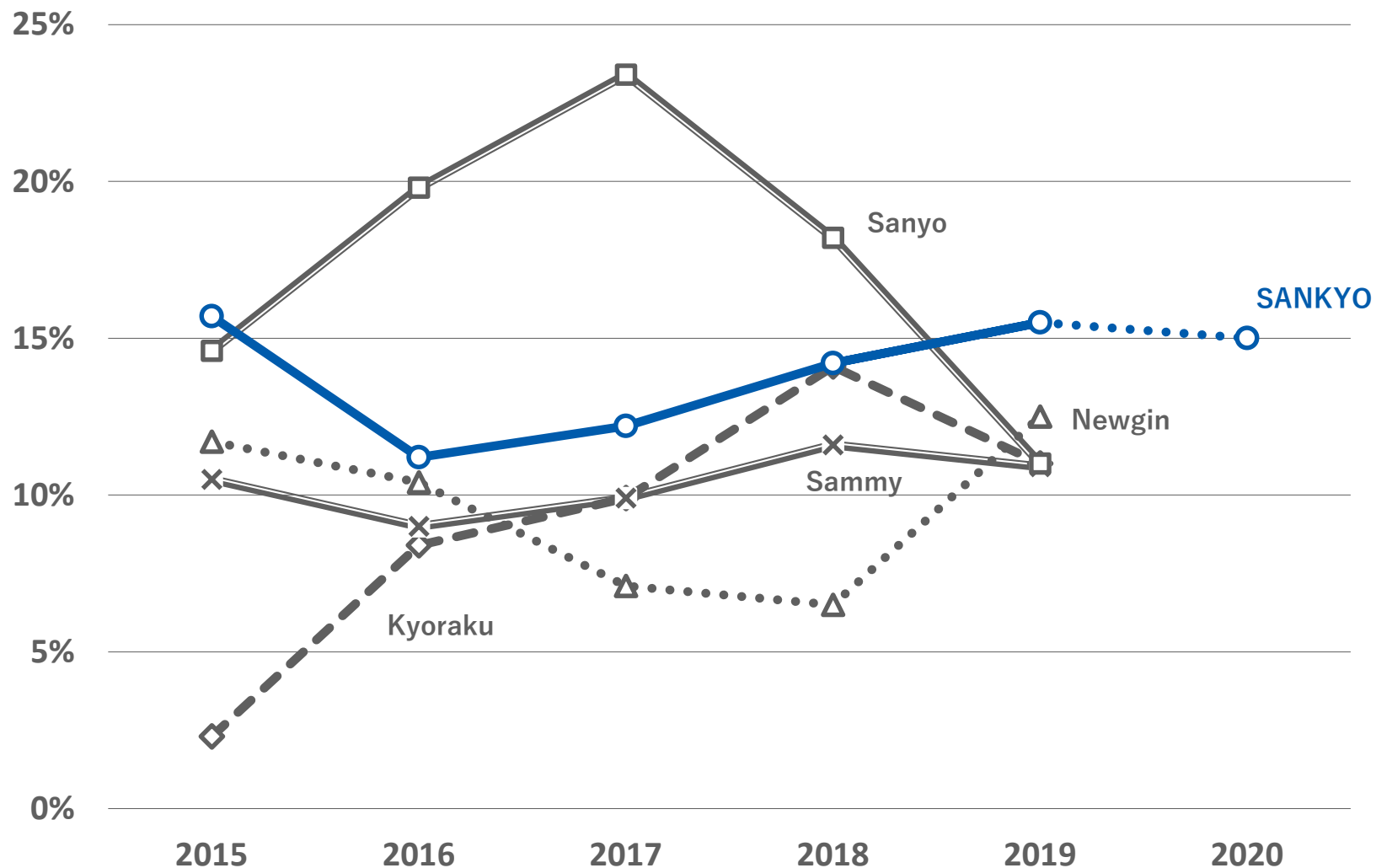
## Data

| million yen      | FY 3/2020 | FY 3/2021 | YoY     |
|------------------|-----------|-----------|---------|
| Net Sales        | 11,441    | 3,022     | -8,419  |
| Operating Income | 2,449     | (1,890)   | -4,339  |
| Percentage       | 21.4%     | (62.5%)   |         |
| units            |           |           |         |
| Machines sales   | 28,869    | 7,679     | -21,190 |
| SANKYO           | 14,037    | 3         | -14,034 |
| Bisty            | 14,832    | 7,676     | -7,156  |

# Pachislot Machines Business

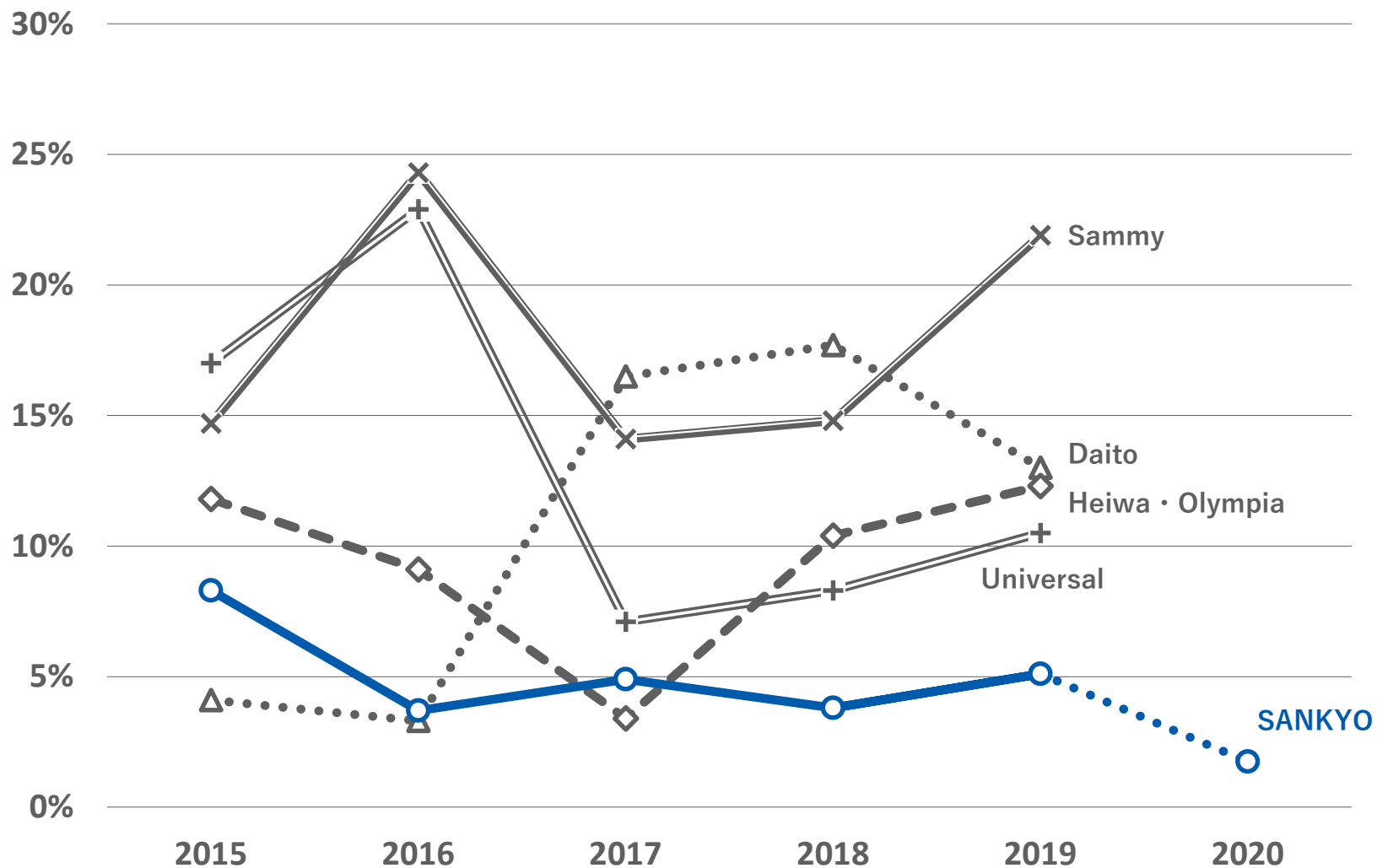


# Pachinko Machines Market Share (unit basis)



Source: Yano Research Institute  
※2020 : Estimate of SANKYO

# Pachislot Machines Market Share (unit basis)



Source: Yano Research Institute  
※2020 : Estimate of SANKYO



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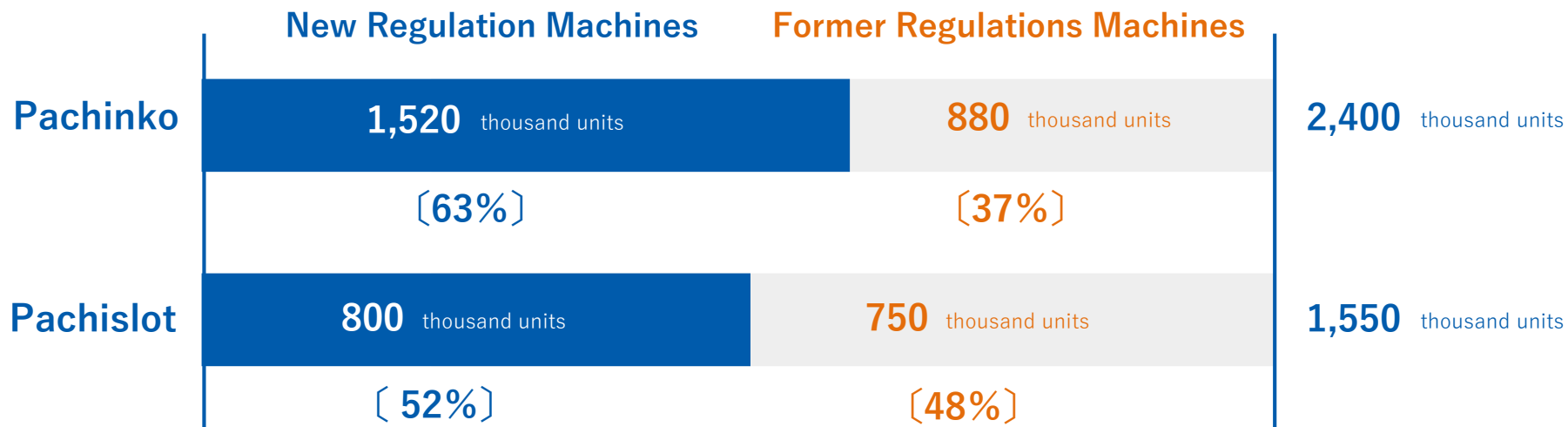
## Schedule of Removal of the Machines with the former regulations

- Parlors are going to remove all the machines with the former regulations by January, 2022 in stages
  - The due date for removal of machines compliant with the former regulations was postponed from November 30, 2021 to January 31, 2022 based on the industry association discussions in view of the challenging environment facing the industry in the COVID-19 pandemic.

**Target :** **Pachinko :** About **880** thousand units **Pachislot :** About **750** thousand units

(as of March 2021)

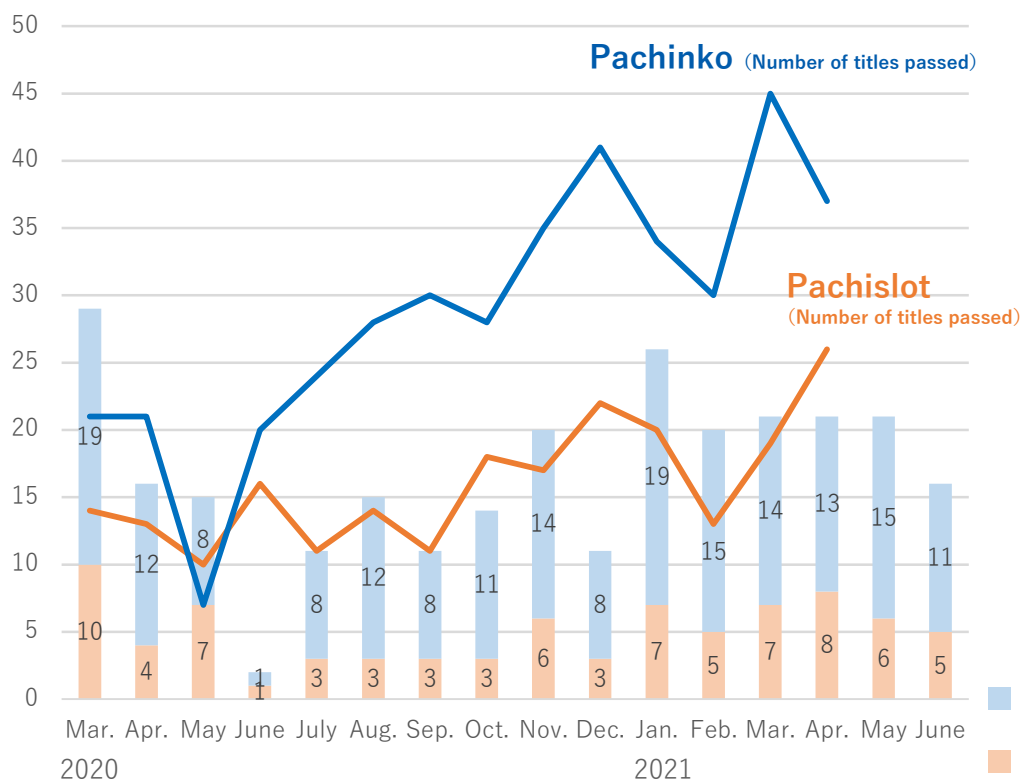
## Ratio of machines compliant with the new regulations (as of March 2021)



※Estimates of SANKYO

- Pachinko : Manufacturers have been able to secure a definite number of pachinko titles for launch.
- Pachislot : The supply environment of new models remains tight. On the other hand, we expect a higher format inspection pass rate due to deregulation.

## Number of titles passed format inspection And Number of titles released or expected to be released to markets



FY 3/2021 (April 1, 2020 to March 31, 2021)

Number of Pachinko titles passed format inspection

343 units (The previous year; 409 units)

Number of Pachislot titles passed format inspection

184 units (The previous year; 205 units)

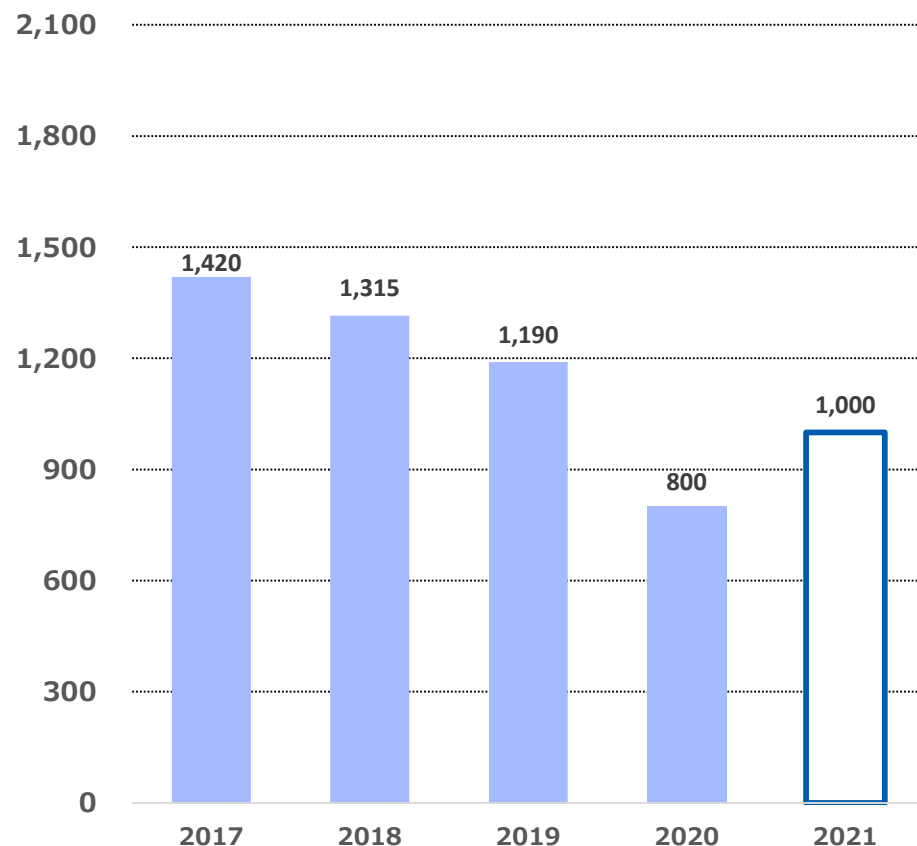
※Source Number of titles passed format inspection : Security Electronics and Communications Technology Association, GLI Japan I.S.H.  
Number of titles released or expected to be released to markets : Estimates of SANKYO

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## Sales Volume

Thousand units



※ Estimates of SANKYO

**Sales volume forecast** FY3/2022 : **1,000** thousand units

(April 1, 2021 to March 31, 2022)

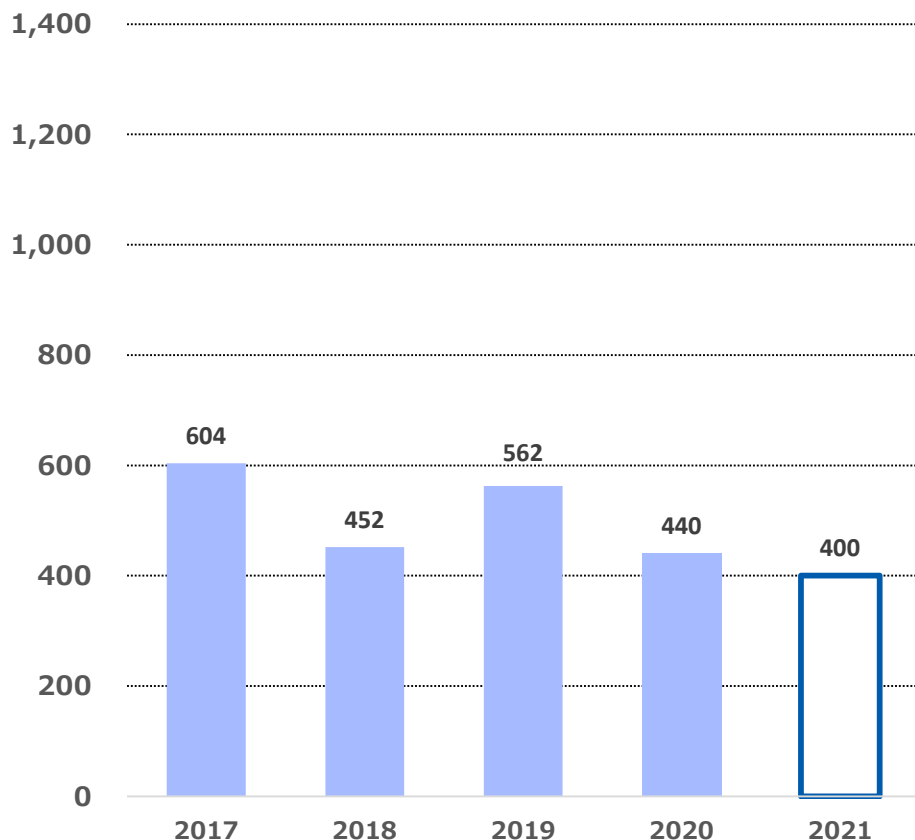
**Total number of units sold** FY3/2021 : **800** thousand units YoY Approx.-33%

(April 1, 2020 to March 31, 2021) (6 titles sold 30,000 units or more. )

- ✓ Total sales volume of FY 3/2021 fell short of the previous year substantially.
  - Pachinko parlor operators' willingness to purchase new models had been declining accompanying with the deteriorating business environment due to the COVID-19 pandemic.
  - Although pachinko parlor operators' willingness to purchase new models was on a recovery trend in the second half of 2020, that has been tendency to decline again from early 2021.
- ✓ Although it is assumed that total sales volume of FY 3/2022 increases year on year, decisive recovery of the market is not in prospect.
  - It is assumed the tendency of recovery of pachinko parlor operators' willingness to purchase new models is weak due to the impact of the COVID-19 pandemic.
  - Expectation of the underpinning the demand because of the demand for replacement with machines compliant with the new regulations in the final year which the due date for removal of machines compliant with the former regulations comes.

## Sales Volume

Thousand units



Source: Yano Research Institute ※2020・2021 : Estimate of SANKYO

**Sales volume forecast** FY3/2022 : **400** thousand units

(April 1, 2021 to March 31, 2022)

**Total number of units sold** FY3/2021 : **440** thousand units YoY Approx.-22%

(April 1, 2020 to March 31, 2021) (4 titles sold 20,000 units or more. )

- ✓ Total sales volume of FY 3/2021 fell short of the previous year substantially.
  - Pachinko parlor operators' willingness to purchase new models had been declining accompanying with the deteriorating business environment due to the COVID-19 pandemic.
  - The supply of new models remained tight due to the low of an improvement in the format inspection pass rate.
- ✓ The figure of total sales volume of FY 3/2022 considers the challenging market environment.
  - It is assumed the challenging market environment will continue due to not only the impact of the COVID-19 pandemic but also environment in which the supply of new models remains tight.
  - A temporary decrease in the number of units installed and a shift to pachinko machines may occur.
  - Greater gaming performance due to deregulation and a higher format inspection pass rate are positive factors. Creation of hit models that will become the driving force of the market is hoped for.

- ✓ The Company will capture pachinko parlor operators' replacement demand with machines compliant with the new regulations.
- ✓ Year-on-year increases in sales and profits are forecast, but decisive recovery of the profit level is not in prospect.

## Consolidated Financial Results

|   |        |             |     |            |
|---|--------|-------------|-----|------------|
| Net Sales                                   | 73,000 | million yen | YoY | +25.6 %    |
| Operating Income                            | 8,900  | million yen |     | +35.1 %    |
| Net Income attributable to owners of parent | 6,600  | million yen |     | +14.8 %    |
| Net Income per share                        | 107.87 | yen         |     | +13.90 yen |

## Pachinko Machines Business

|                  |         |             |     |         |
|------------------|---------|-------------|-----|---------|
| Net Sales        | 56,700  | million yen | YoY | +8.4 %  |
| Operating Income | 10,900  | million yen |     | -15.6 % |
| Sales of Unit    | 154,000 | unit        |     | +21.7 % |

## Pachislot Machines Business

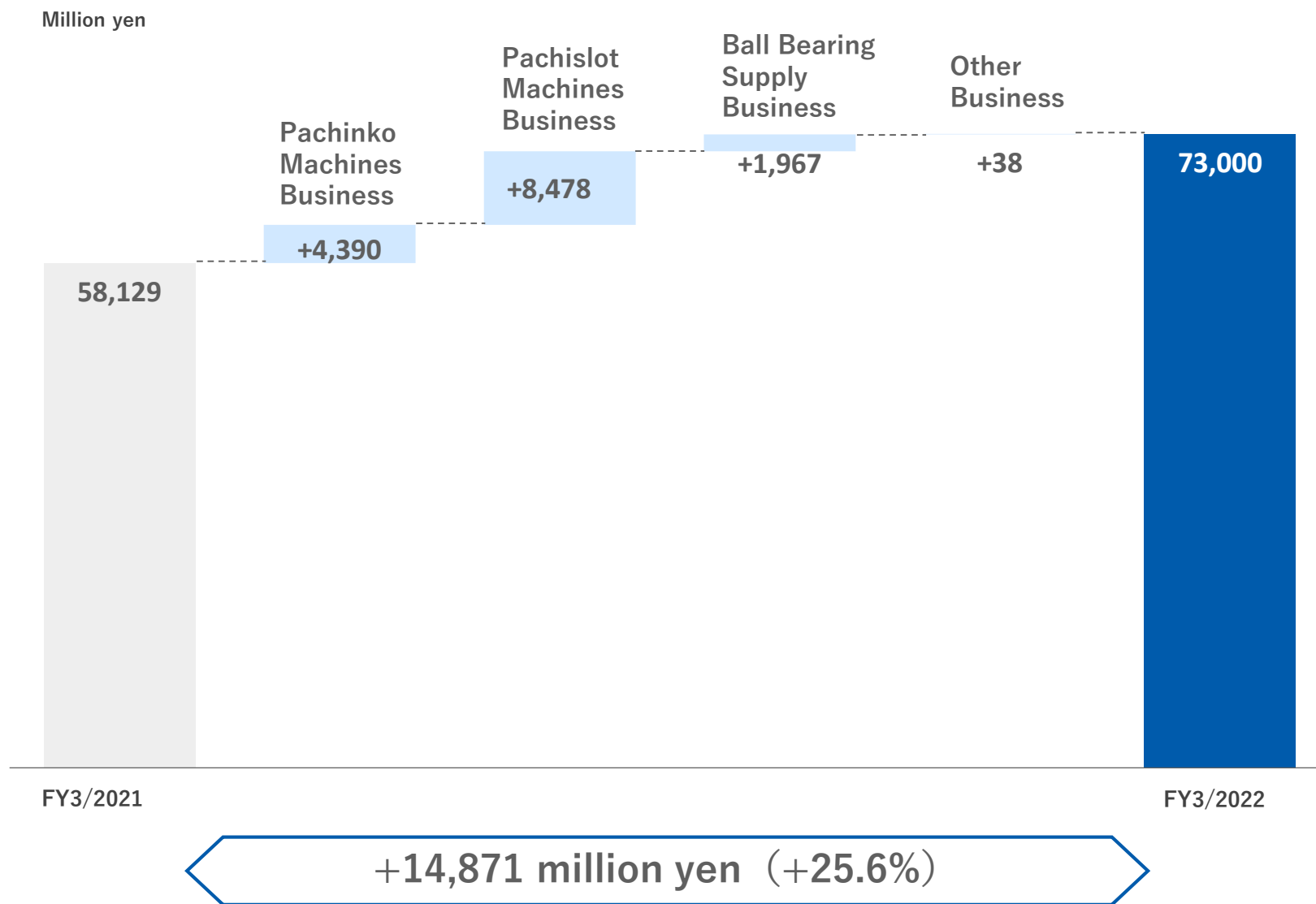
|                  |        |             |     |                    |
|------------------|--------|-------------|-----|--------------------|
| Net Sales        | 11,500 | million yen | YoY | +280.5 %           |
| Operating Income | 2,000  | million yen |     | +3,890 million yen |
| Sales of Unit    | 30,000 | unit        |     | +290.7 %           |

# Summary of Financial Forecasts

| million yen  | FY 3/2021     | FY 3/2022<br>Forecast | YoY            |               |
|--|---------------|-----------------------|----------------|---------------|
| <b>Net Sales</b>                                   | <b>58,129</b> | <b>73,000</b>         | <b>+14,871</b> | <b>+25.6%</b> |
| Pachinko Machines Business                         | 52,310        | 56,700                | +4,390         | +8.4%         |
| Pachislot Machines Business                        | 3,022         | 11,500                | +8,478         | +280.5%       |
| <b>Cost of Sales</b>                               | <b>27,403</b> | <b>34,500</b>         | <b>+7,097</b>  | <b>+25.9%</b> |
| <b>Gross Profit</b>                                | <b>30,726</b> | <b>38,500</b>         | <b>+7,774</b>  | <b>+25.3%</b> |
| <b>Percentage</b>                                  | <b>52.9%</b>  | <b>52.7%</b>          | <b>-0.1pt</b>  |               |
| <b>SG &amp; A Expenses</b>                         | <b>24,138</b> | <b>29,600</b>         | <b>+5,462</b>  | <b>+22.6%</b> |
| <b>Operating Income</b>                            | <b>6,587</b>  | <b>8,900</b>          | <b>+2,313</b>  | <b>+35.1%</b> |
| <b>Percentage</b>                                  | <b>11.3%</b>  | <b>12.2%</b>          | <b>+0.9pt</b>  |               |
| Pachinko Machines Business                         | 12,916        | 10,900                | -2,016         | -15.6%        |
| Pachislot Machines Business                        | (1,890)       | 2,000                 | +3,890         |               |
| <b>Recurring Income</b>                            | <b>7,488</b>  | <b>9,600</b>          | <b>+2,112</b>  | <b>+28.2%</b> |
| <b>Net Income attributable to owners of parent</b> | <b>5,749</b>  | <b>6,600</b>          | <b>+851</b>    | <b>+14.8%</b> |

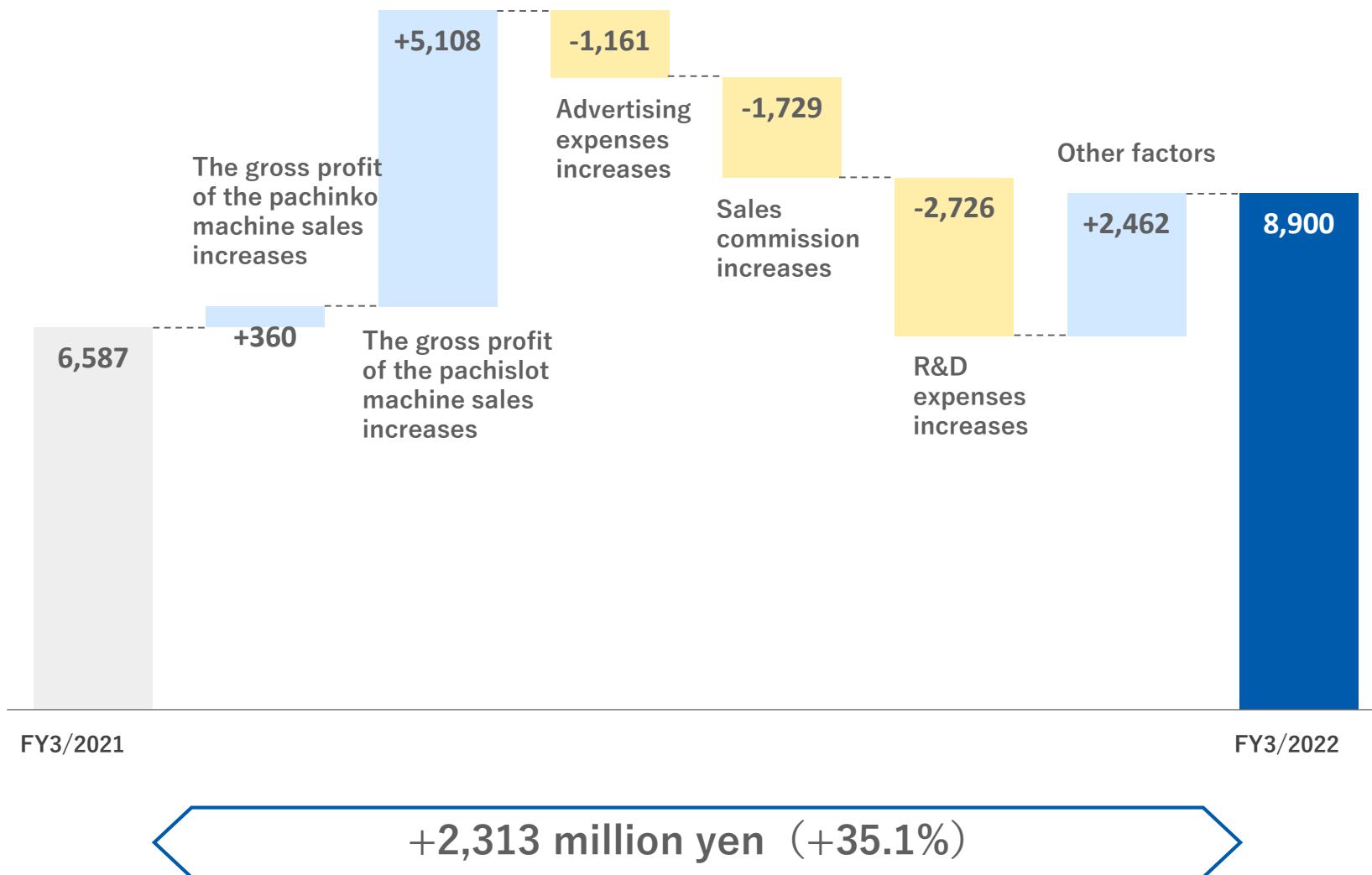


# Factors of Change in Consolidated Net Sales



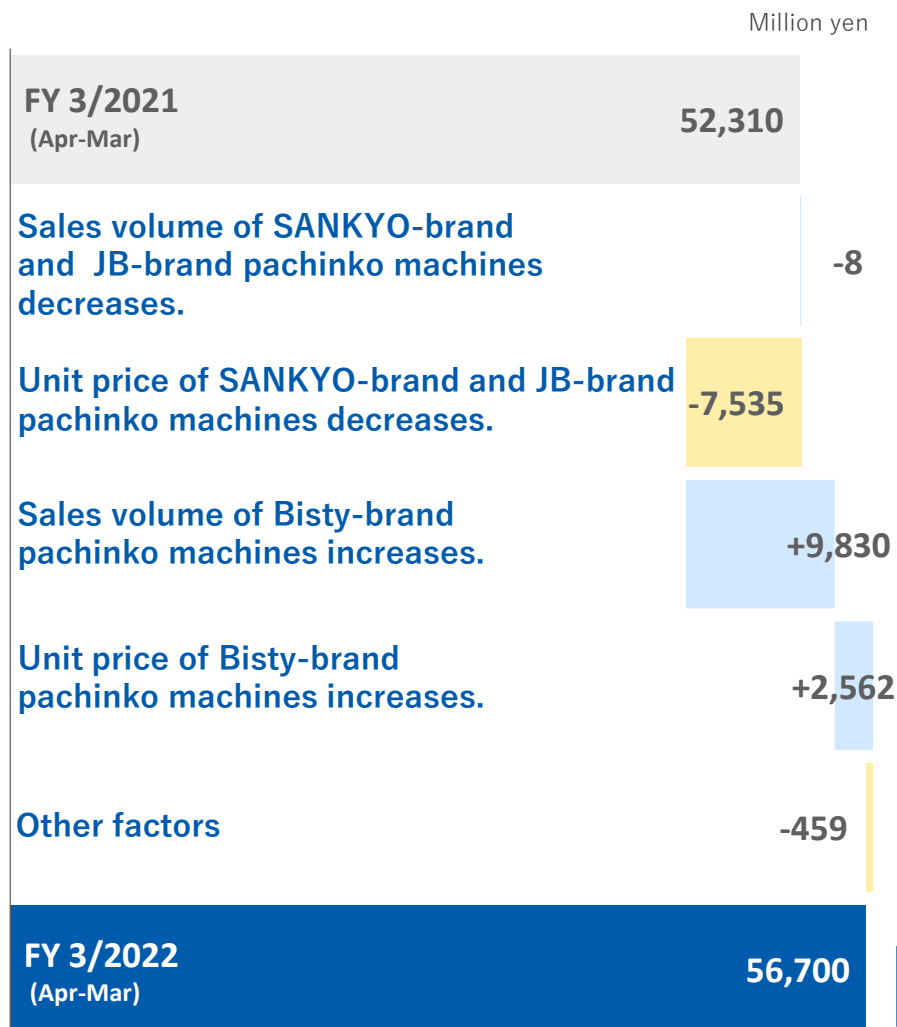
# Factors of Change in Consolidated Operating Income

Million yen



| million yen                 | FY 3/2021     | FY 3/2022<br>Forecast | YoY           |               |
|-----------------------------|---------------|-----------------------|---------------|---------------|
| <b>SG &amp; A Expenses</b>  | <b>24,138</b> | <b>29,600</b>         | <b>+5,462</b> | <b>+22.6%</b> |
| Advertising Expenses        | 871           | 2,032                 | +1,161        | +133.3%       |
| Sales Commission            | 2,172         | 3,901                 | +1,729        | +79.6%        |
| R&D Expenses                | 12,133        | 14,859                | +2,726        | +22.5%        |
| Salaries & Wages            | 2,937         | 2,785                 | -152          | -5.2%         |
| Depreciation & Amortization | 2,398         | 2,268                 | -130          | -5.4%         |
| Capital Expenditure         | 1,710         | 3,743                 | +2,033        | +118.9%       |

## Factors of Change in Net sales



## Data

| million yen      | FY 3/2021 | FY 3/2022<br>Forecast | YoY     |
|------------------|-----------|-----------------------|---------|
| Net Sales        | 52,310    | 56,700                | +4,390  |
| Operating Income | 12,916    | 10,900                | -2,016  |
| Percentage       | 24.7%     | 19.2%                 |         |
| units            |           |                       |         |
| Machines sales   | 126,565   | 154,000               | +27,435 |
| SANKYO+JB        | 94,019    | 94,000                | -19     |
| Frame            | 73,416    | 47,300                | -26,116 |
| Gauge            | 20,603    | 46,700                | +26,097 |
| Bisty            | 32,546    | 60,000                | +27,454 |
| Frame            | 17,985    | 51,500                | +33,515 |
| Gauge            | 14,561    | 8,500                 | -6,061  |

**+4,390**

# Pachinko Machines Business



©SUNRISE/VVV Committee

1Q

2Q

New Title  
x 9

SANKYO  
Fever Valvrave the Liberator 2

JB  
Fever Powerful III

SANKYO  
Fever Golgo13 2

SANKYO  
JB x 4

Bisty x 3

Reused  
Models

Sales of  
Unit

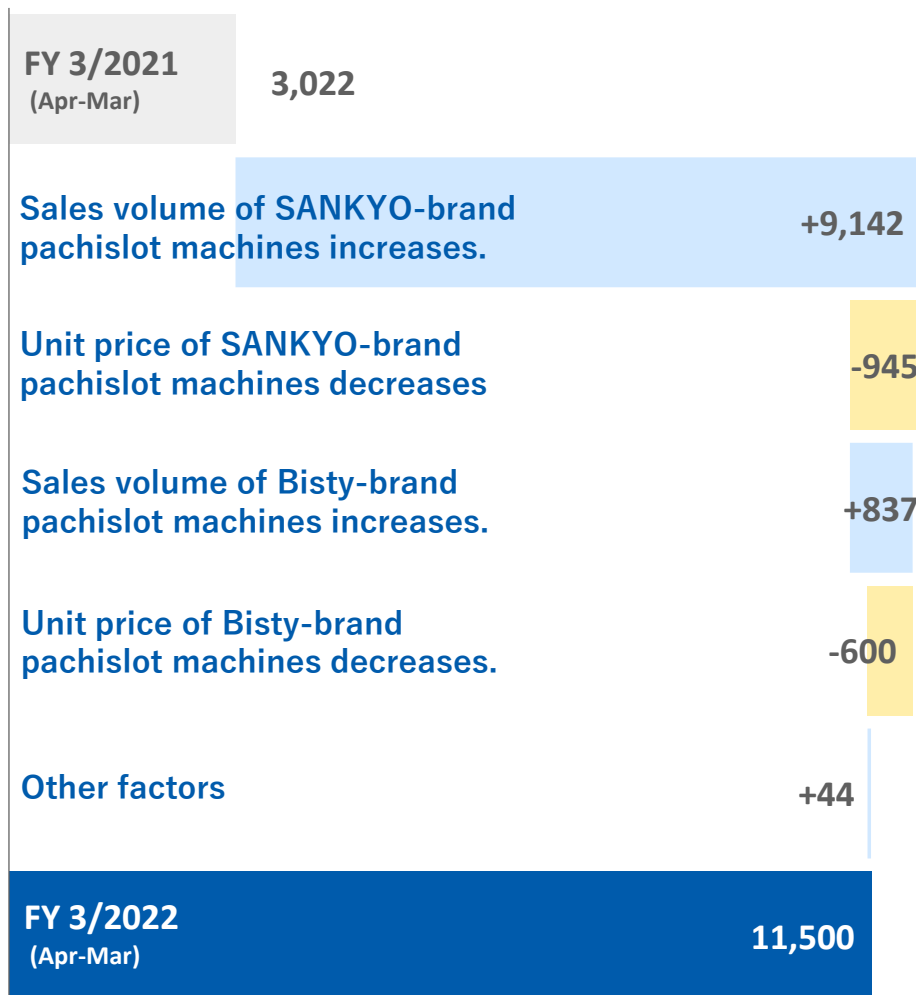
- units

- units

Forecast of Sales of Unit 154,000 units

## Factors of Change in Net sales

Million yen



## Data

| million yen      | FY 3/2021 | FY 3/2022<br>Forecast | YoY     |
|------------------|-----------|-----------------------|---------|
| Net Sales        | 3,022     | 11,500                | +8,478  |
| Operating Income | (1,890)   | 2,000                 | +3,890  |
| Percentage       | (62.5%)   | 17.4%                 |         |
| units            |           |                       |         |
| Machines sales   | 7,679     | 30,000                | +22,321 |
| SANKYO           | 3         | 20,000                | +19,997 |
| Bisty            | 7,676     | 10,000                | +2,324  |

**+8,478**



©2015 BIGWEST/MACROSS DELTA PROJECT

1Q

2Q

New Title  
x 4

SANKYO

Pachislot Macross DELTA

x 2

Bisty

x 1

Sales of  
Unit

- units

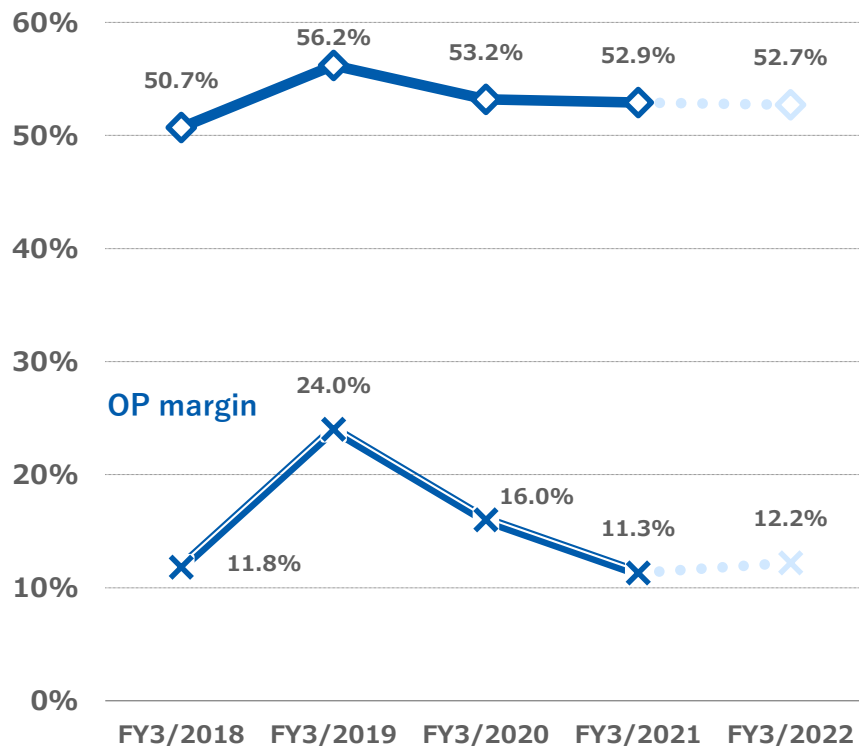
- units

Forecast of Sales of Unit

30,000 units

## Gross profit margin and OP margin

### Gross profit margin



✓ In FY 3/2021 gross profit margin of around 50% has been maintained and OP margin decreased compared with the previous year.

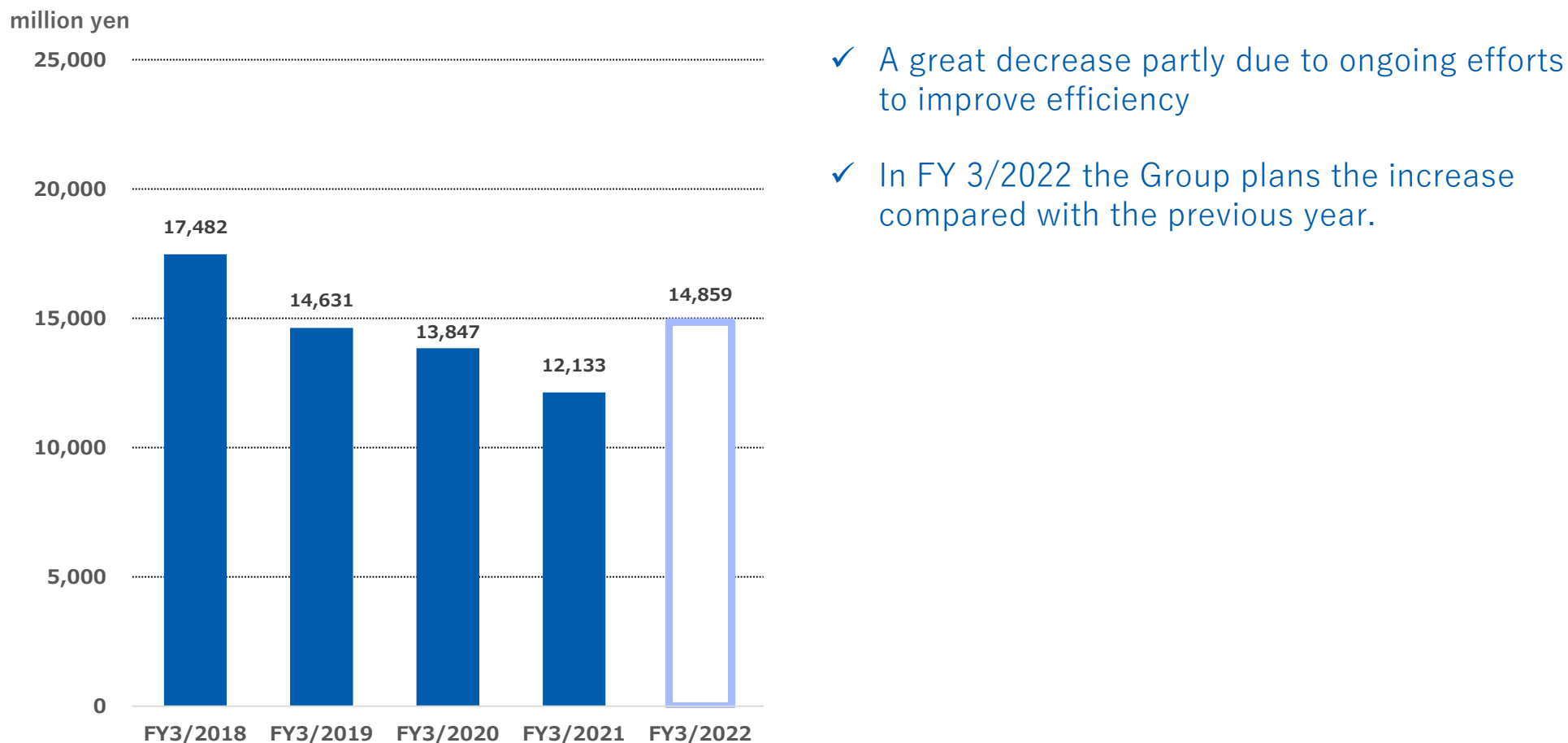
- Gross profit margin : The decrease due to the increasing in the ratio of machines with frame was covered by the increasing in average unit price.
- OP margin : Although SG&A expenses was decreased, net sales was also decreased from initial forecast. As a result, OP margin was the level assumed at initial forecast.

✓ In FY 3/2022 gross profit margin of around 50% will be maintained and OP margin plans to increase compared with the previous year.

- In FY 3/2020 the Group will invest appropriately to boost sales and increase its market share.



## R&D expenditure



To January 2022

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**Capture pachinko parlor operators' replacement demand with machines compliant with the new regulations.**

- ✓ The Group intends to respond to replacement demand by offering pachinko machines that strongly appeal to players, such as sequels to series with good track records, models involving tie-ups with new licensors and models equipped challenging spec.

**Completion of the transition to machines compliant with the new regulations**

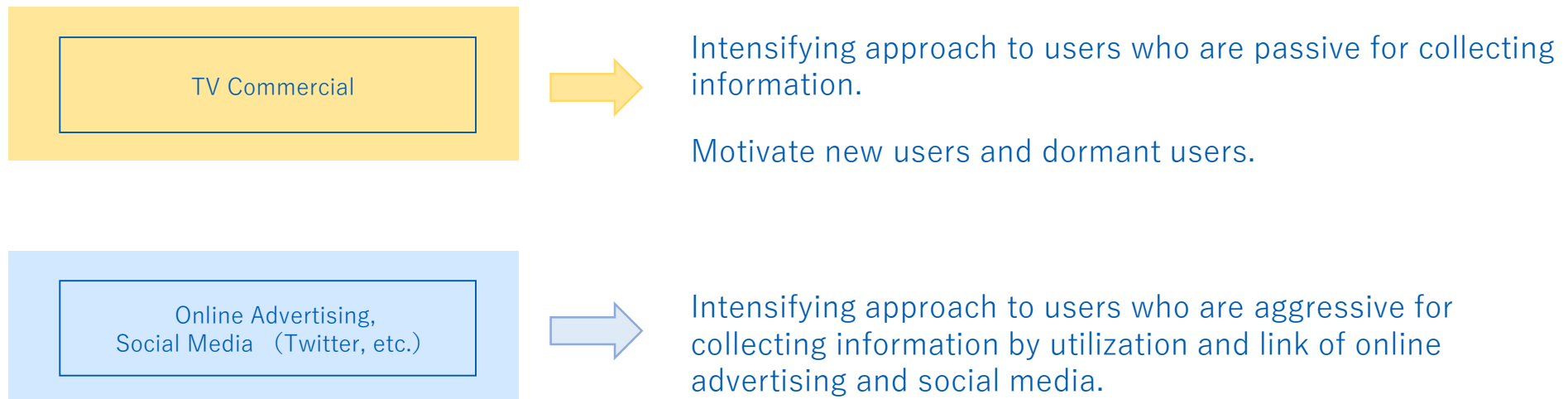
From February 2022

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**Respond to a possible decline in demand for new models following the removal of machines compliant with the former regulations.**

- ✓ The Group will stimulate pachinko parlor operators' demand by offering pachinko machines with digital payout and token-less pachislot machines, which constitute the new generation of pachinko and pachislot machines that the industry is making a concerted effort to promote.

- ✓ TV commercials of machines is resumed for the first time in 10 years since April 2021.
- ✓ The Group will utilize TV Commercial in light of an assessment of cost-effective per a title.
  - Support of the machine utilization at pachinko parlors.
  - Facilitating the increase of sales volume by increasing a degree of topic among people.



## Dividend Policy

- The Company's dividend policy is to continue stable dividend payments, taking into consideration financial results, the financial position, the payout ratio, and other factors comprehensively.

## Forecast of Dividend for FY 3/2022

- 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 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 pachinko and pachislot machines, such as pachinko machines with digital payout and token-less pachislot machines.

## Reference (Payout Ratio)

|                  | FY 3/2015 | FY 3/2016 | FY 3/2017 | FY 3/2018 | FY 3/2019 | FY 3/2020 | FY 3/2021 |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Payout Ratio (%) | 158.8     | 118.3     | 683.6     | 219.4     | 91.0      | 81.8      | 159.6     |

## Contents

|   |            |
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| Overview of Business .....                        | P11        |
| Initiatives of Pachinko and Pachislot Industry .. | P18        |
| FY 3/2022 Forecast .....                          | P21        |
| ➤ <b>Appendix</b> .....                           | <b>P38</b> |

# Business Results for the Full Year of FY 3/2021

|                           | FY 3/2020 | FY 3/2021 |         | FY 3/2022 | FY 3/2020 |         |         |         | FY 3/2021 |         |         |         |
|---------------------------|-----------|-----------|---------|-----------|-----------|---------|---------|---------|-----------|---------|---------|---------|
| Consolidated: million yen | Full year | Full Year | YoY     | Forecast  | Q1        | Q2      | Q3      | Q4      | Q1        | Q2      | Q3      | Q4      |
| Net Sales                 | 78,416    | 58,129    | -20,287 | 73,000    | 11,351    | 22,142  | 28,245  | 16,678  | 17,960    | 7,372   | 15,668  | 17,129  |
| Pachinko                  | 60,514    | 52,310    | -8,204  | 56,700    | 7,064     | 20,214  | 20,247  | 12,989  | 16,952    | 5,432   | 14,668  | 15,258  |
| Pachislot                 | 11,441    | 3,022     | -8,419  | 11,500    | 2,635     | 394     | 6,516   | 1,896   | 210       | 1,303   | 185     | 1,324   |
| Ball Bearing Supply       | 5,900     | 2,533     | -3,367  | 4,500     | 1,448     | 1,381   | 1,357   | 1,714   | 742       | 564     | 743     | 484     |
| Other Business            | 559       | 262       | -297    | 300       | 203       | 152     | 124     | 80      | 56        | 71      | 73      | 62      |
| Cost of Sales             | 36,671    | 27,403    | -9,268  | 34,500    | 5,279     | 10,492  | 12,638  | 8,262   | 8,809     | 3,979   | 6,640   | 7,975   |
| Gross Profit              | 41,745    | 30,726    | -11,019 | 38,500    | 6,071     | 11,651  | 15,607  | 8,416   | 9,151     | 3,393   | 9,028   | 9,154   |
| SG & A Expenses           | 29,193    | 24,138    | -5,055  | 29,600    | 6,667     | 7,977   | 8,136   | 6,413   | 5,399     | 6,060   | 5,860   | 6,819   |
| Operating Income          | 12,551    | 6,587     | -5,964  | 8,900     | (596)     | 3,673   | 7,471   | 2,003   | 3,752     | (2,668) | 3,169   | 2,334   |
| Pachinko                  | 14,804    | 12,916    | -1,888  | 10,900    | (238)     | 5,832   | 6,144   | 3,066   | 5,408     | (671)   | 5,062   | 3,117   |
| Pachislot                 | 2,449     | (1,890)   | -4,339  | 2,000     | 718       | (711)   | 2,394   | 48      | (722)     | (597)   | (838)   | 267     |
| Ball Bearing Supply       | 326       | (89)      | -415    | 200       | 88        | 62      | 85      | 91      | (22)      | (34)    | 4       | (37)    |
| Other Business            | (136)     | 26        | 162     | 0         | (74)      | (58)    | (17)    | 13      | 10        | 5       | 6       | 5       |
| Elimination/Corporate     | (4,892)   | (4,375)   | 517     | (4,200)   | (1,089)   | (1,453) | (1,135) | (1,215) | (922)     | (1,370) | (1,064) | (1,019) |
| Recurring Income          | 13,476    | 7,488     | -5,988  | 9,600     | (155)     | 3,761   | 7,770   | 2,100   | 4,181     | (2,593) | 3,473   | 2,427   |
| Extra ordinary Gains      | 3,629     | 290       | -3,339  | 0         | 0         | 66      | 3,562   | 1       | 145       | 145     | 0       | 0       |
| Extra ordinary Losses     | 2,656     | 51        | -2,605  | 0         | 0         | 142     | 399     | 2,115   | 20        | 0       | 17      | 14      |
| Net Income                | 13,045    | 5,749     | -7,296  | 6,600     | (93)      | 2,276   | 10,762  | 100     | 3,259     | (1,852) | 2,697   | 1,645   |
| EPS: yen                  | 183.43    | 93.97     | -89.46  | 107.87    |           |         |         |         |           |         |         |         |

## Machines sales: units

|           |         |         |         |         |        |        |        |        |        |        |        |        |
|-----------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Pachinko  | 149,520 | 126,565 | -22,955 | 154,000 | 18,997 | 48,324 | 49,545 | 32,654 | 33,327 | 13,792 | 39,147 | 40,299 |
| SANKYO+JB | 95,569  | 94,019  | -1,550  | 94,000  | 16,401 | 38,247 | 14,281 | 26,640 | 32,409 | 12,119 | 25,002 | 24,489 |
| Bisty     | 53,951  | 32,546  | -21,405 | 60,000  | 2,596  | 10,077 | 35,264 | 6,014  | 918    | 1,673  | 14,145 | 15,810 |
| Pachislot | 28,869  | 7,679   | -21,190 | 30,000  | 6,531  | 846    | 16,314 | 5,178  | 314    | 3,531  | 300    | 3,534  |
| SANKYO    | 14,037  | 3       | -14,034 | 20,000  | 5,244  | 1      | 8,771  | 21     | 0      | 0      | 0      | 3      |
| Bisty     | 14,832  | 7,676   | -7,156  | 10,000  | 1,287  | 845    | 7,543  | 5,157  | 314    | 3,531  | 300    | 3,531  |

## GP Margin/OP Margin

| Consolidated | FY 3/2020 | FY 3/2021 | YoY    | FY 3/2022 | FY 3/2020 |       |       |       | FY 3/2021 |         |       |       |
|--------------|-----------|-----------|--------|-----------|-----------|-------|-------|-------|-----------|---------|-------|-------|
|              | Full Year | Full Year |        | Forecast  | Q1        | Q2    | Q3    | Q4    | Q1        | Q2      | Q3    | Q4    |
| GP Margin    | 53.2%     | 52.9%     | -0.4pt | 52.7%     | 53.5%     | 52.6% | 55.3% | 50.5% | 51.0%     | 46.0%   | 57.6% | 53.4% |
| OP Margin    | 16.0%     | 11.3%     | -4.7pt | 12.2%     | (5.3%)    | 16.6% | 26.5% | 12.0% | 20.9%     | (36.2%) | 20.2% | 13.6% |

## Expenses etc.

| Consolidated: million yen | FY 3/2020 | FY 3/2021 | YoY    | FY 3/2022 | FY 3/2020 |       |       |       | FY 3/2021 |       |       |       |
|---------------------------|-----------|-----------|--------|-----------|-----------|-------|-------|-------|-----------|-------|-------|-------|
|                           | Full Year | Full Year |        | Forecast  | Q1        | Q2    | Q3    | Q4    | Q1        | Q2    | Q3    | Q4    |
| Sales Commission          | 3,509     | 2,172     | -1,337 | 3,901     | 309       | 773   | 1,952 | 475   | 292       | 145   | 757   | 978   |
| Advertising Expenses      | 1,942     | 871       | -1,071 | 2,032     | 374       | 925   | 397   | 246   | 122       | 123   | 266   | 360   |
| R&D Expenses              | 13,847    | 12,133    | -1,714 | 14,859    | 3,555     | 3,397 | 3,580 | 3,315 | 2,859     | 3,110 | 2,818 | 3,346 |
| Salaries & Wages          | 3,017     | 2,937     | -80    | 2,785     | 632       | 642   | 1,105 | 638   | 640       | 608   | 1,057 | 632   |
| Others                    | 6,878     | 6,025     | -853   | 6,023     | 1,797     | 2,240 | 1,102 | 1,739 | 1,486     | 2,074 | 962   | 1,503 |

### Consolidated: million yen

|                             |       |       |        |       |     |       |     |       |     |     |     |     |
|-----------------------------|-------|-------|--------|-------|-----|-------|-----|-------|-----|-----|-----|-----|
| Capital Expenditure         | 2,831 | 1,710 | -1,121 | 3,743 | 652 | 1,089 | 647 | 443   | 250 | 261 | 332 | 867 |
| Depreciation & Amortization | 3,476 | 2,398 | -1,078 | 2,268 | 664 | 829   | 929 | 1,054 | 465 | 549 | 645 | 739 |

### Consolidated

|                  |     |     |    |     |     |     |     |     |     |     |     |     |
|------------------|-----|-----|----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| No. of Employees | 957 | 964 | +7 | 942 | 990 | 979 | 950 | 957 | 987 | 979 | 973 | 964 |
| No. of R&D Staff | 289 | 298 | +9 | 304 | 297 | 293 | 293 | 289 | 302 | 302 | 300 | 298 |

### Indirect Sales Ratio

|                    |       |       |        |       |       |       |       |       |       |       |       |       |
|--------------------|-------|-------|--------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| SANKYO+JB Pachinko | 26.5% | 27.9% | +1.4pt | 27.6% | 26.1% | 27.1% | 26.4% | 26.5% | 27.4% | 27.0% | 27.1% | 27.9% |
| SANKYO Pachislot   | 35.1% | 33.3% | -1.8pt | 35.2% | 35.3% | 35.3% | 35.1% | 35.1% | -     | -     | -     | 33.3% |

# Pachinko Machines Business

|                           | FY 3/2020 | FY 3/2021 |        | FY 3/2022 | FY 3/2020 |        |        |        | FY 3/2021 |         |        |        |
|---------------------------|-----------|-----------|--------|-----------|-----------|--------|--------|--------|-----------|---------|--------|--------|
| Consolidated: million yen | Full Year | Full Year | YoY    | Forecast  | Q1        | Q2     | Q3     | Q4     | Q1        | Q2      | Q3     | Q4     |
| Net Sales                 | 60,514    | 52,310    | -8,204 | 56,700    | 7,064     | 20,214 | 20,247 | 12,989 | 16,952    | 5,432   | 14,668 | 15,258 |
| Operating Income          | 14,804    | 12,916    | -1,888 | 10,900    | (238)     | 5,832  | 6,144  | 3,066  | 5,408     | (671)   | 5,062  | 3,117  |
| Percentage                | 24.5%     | 24.7%     | +0.2pt | 19.2%     | (3.4%)    | 28.9%  | 30.3%  | 23.6%  | 31.9%     | (12.4%) | 34.5%  | 20.4%  |

## Machines sales: units

|           |         |         |         |         |        |        |        |        |        |        |        |        |
|-----------|---------|---------|---------|---------|--------|--------|--------|--------|--------|--------|--------|--------|
| Pachinko  | 149,520 | 126,565 | -22,955 | 154,000 | 18,997 | 48,324 | 49,545 | 32,654 | 33,327 | 13,792 | 39,147 | 40,299 |
| SANKYO+JB | 95,569  | 94,019  | -1,550  | 94,000  | 16,401 | 38,247 | 14,281 | 26,640 | 32,409 | 12,119 | 25,002 | 24,489 |
| Frame     | 53,211  | 73,416  | +20,205 | 47,300  | 4,000  | 26,914 | 3,017  | 19,280 | 30,870 | 9,522  | 19,443 | 13,581 |
| Gauge     | 42,358  | 20,603  | -21,755 | 46,700  | 12,401 | 11,333 | 11,264 | 7,360  | 1,539  | 2,597  | 5,559  | 10,908 |
| Bisty     | 53,951  | 32,546  | -21,405 | 60,000  | 2,596  | 10,077 | 35,264 | 6,014  | 918    | 1,673  | 14,145 | 15,810 |
| Frame     | 46,381  | 17,985  | -28,396 | 51,500  | 2,559  | 5,218  | 35,147 | 3,457  | 864    | 497    | 4,020  | 12,604 |
| Gauge     | 7,570   | 14,561  | +6,991  | 8,500   | 37     | 4,859  | 117    | 2,557  | 54     | 1,176  | 10,125 | 3,206  |

## Titles to Release

| FY 3/2021 | Series name   | Brand  | Release Date | No. of Models | Unit Sales |
|-----------|---|--------|--------------|---------------|------------|
| Q1        | Fever Shinkagetsu 2 Yozakura ver.                       | SANKYO | (Apr-20)     | 1             | --         |
|           | Fever Symphogear 2                                      | SANKYO | (Apr-20)     | 1             | 32,100     |
|           | Fever TOTAL ECLIPSE LIGHT ver.                          | SANKYO | (May-20)     | 1             | --         |
| Q2        | Fever BIOHAZARD REVELATIONS 2 Light / Light middle ver. | SANKYO | (Jul-20)     | 2             | --         |
|           | Fever Aquarion ALL STARS LIGHT ver.                     | SANKYO | (Aug-20)     | 1             | --         |
| Q3        | Fever Queen II  | JB     | (Oct-20)     | 2             | 12,300     |
|           | NEON GENESIS EVANGELION Decisive Battle -Crimson-       | Bisty  | (Oct-20)     | 1             | 14,500     |
|           | Fever Golgo13 Shippu ver.                               | SANKYO | (Oct-20)     | 1             | 9,600      |
|           | Fever Tiger Mask W                                      | SANKYO | (Dec-20)     | 1             | --         |
| Q4        | CODE GEASS Lelouch of the Rebellion                     | Bisty  | (Jan-21)     | 1             | 13,600     |
|           | Super Combi α 7500                                      | SANKYO | (Jan-21)     | 1             | --         |
|           | Fever Shinkagetsu 2 Yozakura ver. Light Ver.            | SANKYO | (Feb-21)     | 1             | --         |
|           | Fever THE iDOLM@STER MILLION LIVE!                      | SANKYO | (Feb-21)     | 1             | 13,500     |
|           | NEON GENESIS EVANGELION Decisive Battle Premium Model   | Bisty  | (Feb-21)     | 1             | --         |
|           | Fever Symphogear LIGHT VER.                             | SANKYO | (Mar-21)     | 1             | 6,200      |
|           | PATRUSH V   | JB     | (Mar-21)     | 2             | --         |
|           |   |        |              |               | Total      |
|           |   |        |              |               | 126,565    |



# Pachislot Machines Business

|                           | FY 3/2020 | FY 3/2021 |         | FY 3/2022 | FY 3/2020 |          |       |       | FY 3/2021 |         |          |       |
|---------------------------|-----------|-----------|---------|-----------|-----------|----------|-------|-------|-----------|---------|----------|-------|
| Consolidated: million yen | Full Year | Full Year | YoY     | Forecast  | Q1        | Q2       | Q3    | Q4    | Q1        | Q2      | Q3       | Q4    |
| Net Sales                 | 11,441    | 3,022     | -8,419  | 11,500    | 2,635     | 394      | 6,516 | 1,896 | 210       | 1,303   | 185      | 1,324 |
| Operating Income          | 2,449     | (1,890)   | -4,339  | 2,000     | 718       | (711)    | 2,394 | 48    | (722)     | (597)   | (838)    | 267   |
| Percentage                | 21.4%     | (62.5%)   | -83.9pt | 17.4%     | 27.2%     | (180.5%) | 36.7% | 2.5%  | (343.8%)  | (45.8%) | (453.0%) | 20.2% |

## Machines sales: units

|           |        |       |         |        |       |     |        |       |     |       |     |       |
|-----------|--------|-------|---------|--------|-------|-----|--------|-------|-----|-------|-----|-------|
| Pachislot | 28,869 | 7,679 | -21,190 | 30,000 | 6,531 | 846 | 16,314 | 5,178 | 314 | 3,531 | 300 | 3,534 |
| SANKYO    | 14,037 | 3     | -14,034 | 20,000 | 5,244 | 1   | 8,771  | 21    | 0   | 0     | 0   | 3     |
| Bisty     | 14,832 | 7,676 | -7,156  | 10,000 | 1,287 | 845 | 7,543  | 5,157 | 314 | 3,531 | 300 | 3,531 |

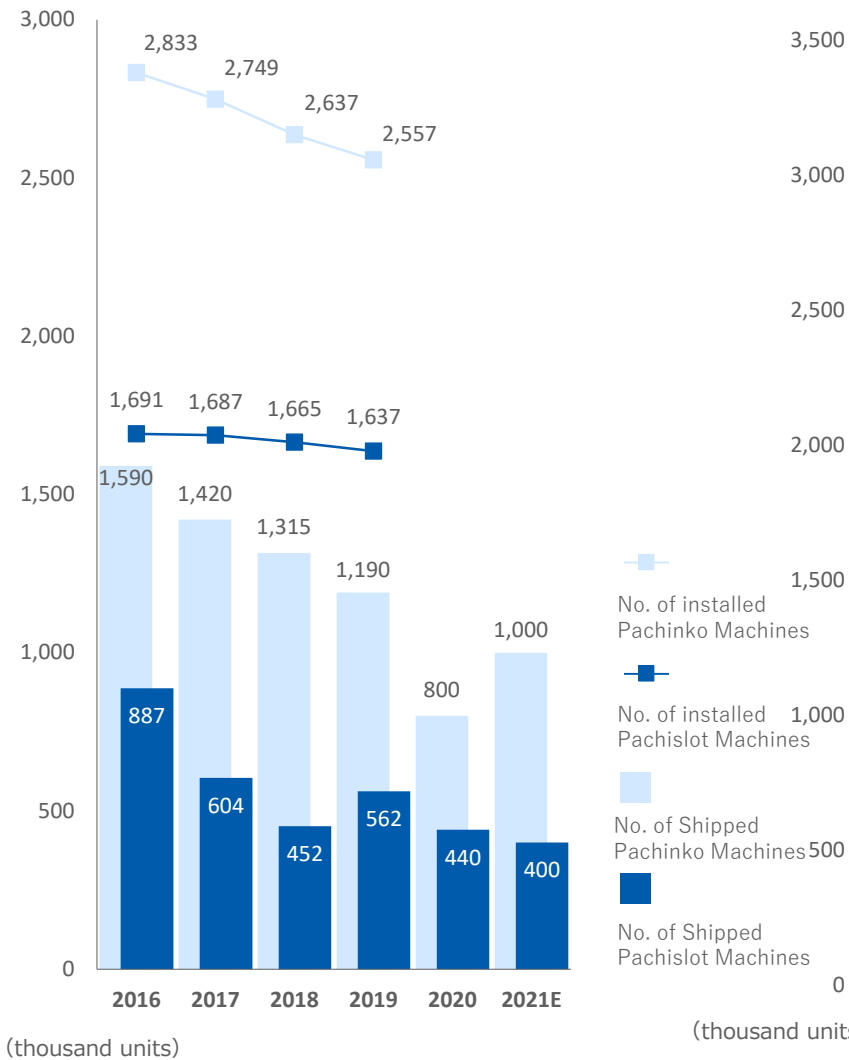
## Titles to Release

| FY 3/2021 | Series name  | Brand | Release Date | Unit Sales |       |
|-----------|--|-------|--------------|------------|-------|
| Q1 --     |  |       |              |            |       |
| Q2        | Pachislot for CHAR AZNABLE -RED COMET's Counterattack- | Bisty | (Aug-20)     | --         |       |
| Q3 --     |  |       |              |            | Total |
| Q4        | Pachislot THE iDOLM@STER MILLION LIVE!                 | Bisty | (Mar-21)     | --         | 7,679 |

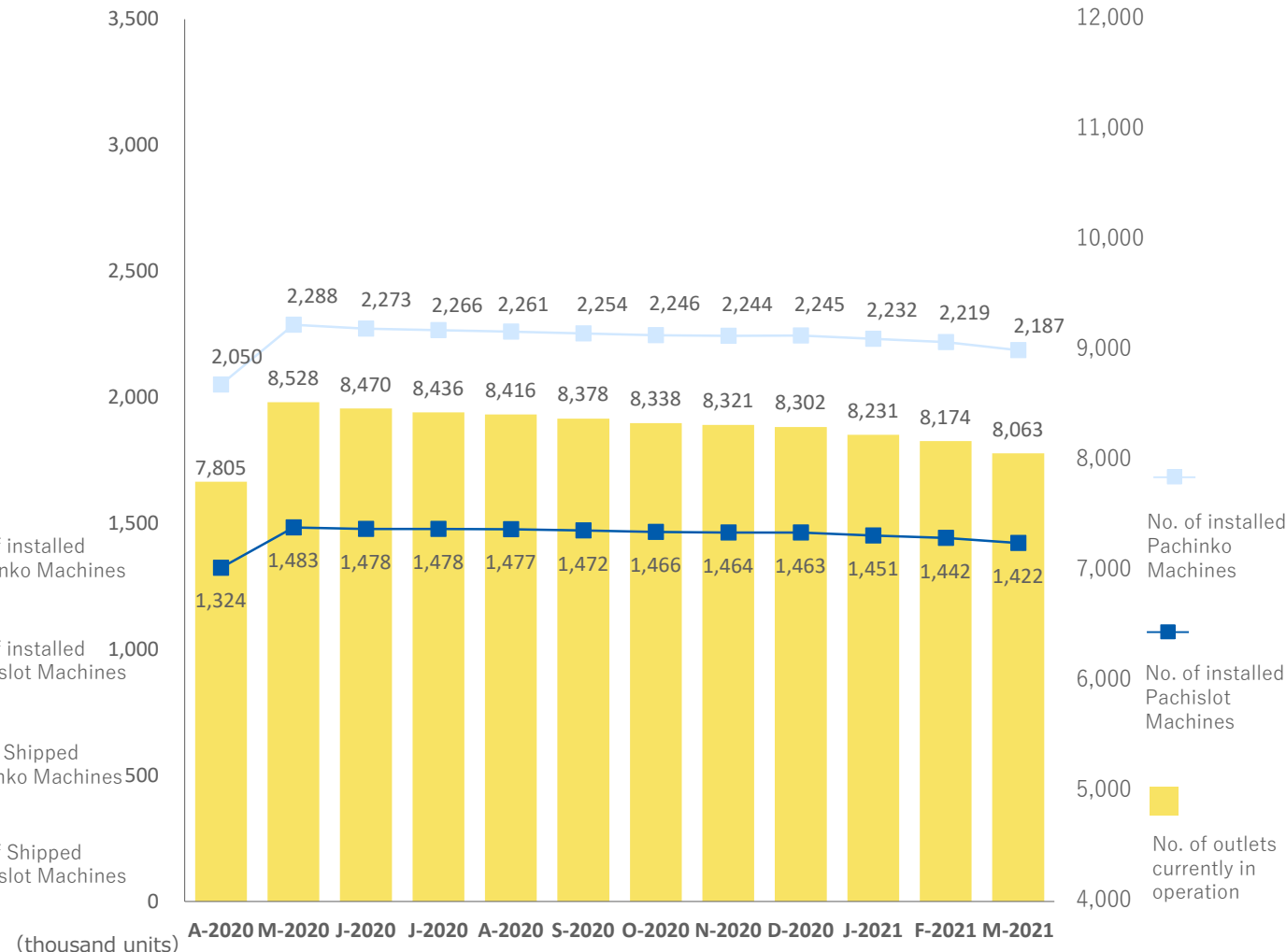
| million yen                        | FY 3/2014 | FY 3/2015 | FY 3/2016 | FY 3/2017 | FY 3/2018 | FY 3/2019 | FY 3/2020 | FY 3/2021 |
|------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Net Sales                          | 158,453   | 146,579   | 137,130   | 81,455    | 86,220    | 88,558    | 78,416    | 58,129    |
| Operating Income                   | 28,023    | 13,233    | 18,826    | 5,059     | 10,181    | 21,286    | 12,551    | 6,587     |
| Recurring Income                   | 30,144    | 14,870    | 19,965    | 3,832     | 11,319    | 22,300    | 13,476    | 7,488     |
| Net Income                         | 22,400    | 8,728     | 10,485    | 1,777     | 5,550     | 13,384    | 13,045    | 5,749     |
| Total Assets                       | 451,149   | 434,648   | 414,183   | 390,585   | 396,291   | 399,585   | 325,232   | 292,104   |
| Total Net Assets                   | 413,096   | 371,670   | 348,941   | 340,287   | 337,242   | 337,377   | 269,521   | 268,887   |
| DPS (Yen)                          | 150.00    | 150.00    | 150.00    | 150.00    | 150.00    | 150.00    | 150.00    | 150.00    |
| Return on Equity                   | 5.5%      | 2.2%      | 2.9%      | 0.5%      | 1.6%      | 4.0%      | 4.3%      | 2.1%      |
| Average ROE of<br>five consecutive | 5.8%      | 4.5%      | 3.4%      | 2.5%      | 2.6%      | 2.3%      | 2.7%      | 2.5%      |
| Net Income Ratio                   | 14.1%     | 6.0%      | 7.6%      | 2.2%      | 6.4%      | 15.1%     | 16.6%     | 9.9%      |
| Total Asset Turnover               | 0.35      | 0.33      | 0.32      | 0.20      | 0.22      | 0.22      | 0.22      | 0.19      |
| Financial Leverage                 | 1.12      | 1.13      | 1.18      | 1.17      | 1.16      | 1.18      | 1.19      | 1.15      |

# Pachinko/Pachislot Machine Market

## Market size



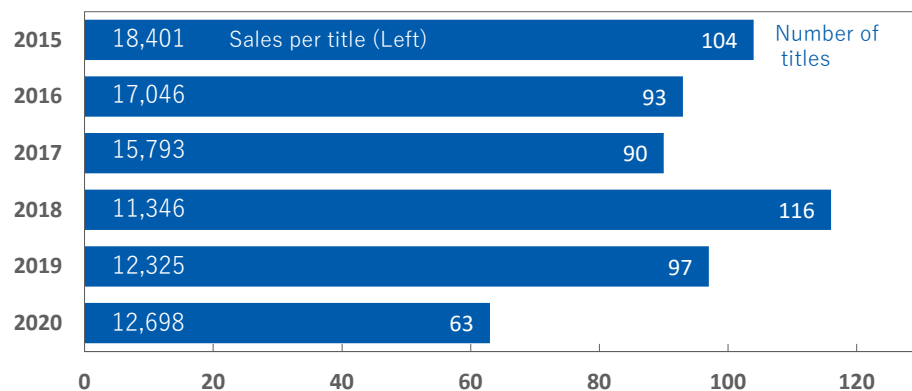
## Situation of Parlors that Are Members of Zennichiuren for recent a year



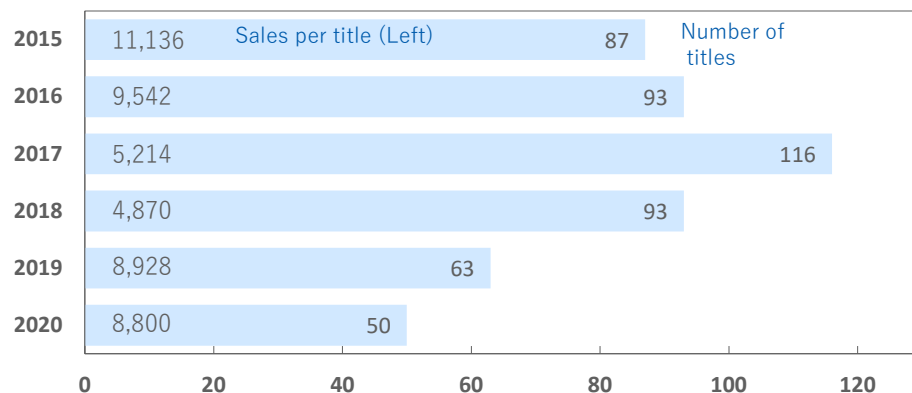
Source: National Police Agency, Yano Research Institute, Zennichiuren

## Number of Titles Sold (All Manufacturers)

### Pachinko machines



### Pachislot machines



※ Estimates of SANKYO

## Compliance with Format Inspection

|                    | 2016 | 2017 | 2018 | 2019 | 2020 | 2021J-M |
|--------------------|------|------|------|------|------|---------|
| Applicant          | 864  | 875  | 711  | 945  | 912  | 252     |
| Pass               | 396  | 361  | 336  | 430  | 295  | 102     |
| Fail               | 458  | 463  | 333  | 560  | 499  | 146     |
| SANKYO+JB          | 39   | 34   | 30   | 28   | 37   | 6       |
| Bisty              | 8    | 6    | 9    | 19   | 8    | 2       |
| SANKYO Group Total | 47   | 40   | 39   | 47   | 45   | 8       |

including Arrange Ball, Jong-Kyu

|                    | 2016 | 2017 | 2018 | 2019 | 2020 | 2021J-M |
|--------------------|------|------|------|------|------|---------|
| Applicant          | 736  | 913  | 596  | 982  | 917  | 247     |
| Pass               | 300  | 326  | 203  | 191  | 185  | 52      |
| Fail               | 444  | 494  | 444  | 721  | 665  | 166     |
| SANKYO             | 7    | 15   | 6    | 9    | 2    | 0       |
| Bisty              | 8    | 3    | 3    | 3    | 8    | 2       |
| SANKYO Group Total | 15   | 18   | 9    | 12   | 10   | 2       |

including Palot

Source: Security Electronics and Communications Technology Association

## Investor Relations Office Corporate Planning Division



03-5778-7773



ir-desk@sankyo-fever.co.jp



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

### 【Notes of forecasts】

The Company's plans, strategies and forecasts, except historical facts, contained in this document may be subject to change due to factors of risk and uncertainty. Therefore, the Company does not guarantee their attainability explicitly or implicitly.

The Company assumes that the 'factors of potential risk and uncertainty' may include the economic climate, especially concerning the pachinko and pachislot markets which constitute the Company's main business field, competition in the market and competitiveness of the Company's products, and also include other unpredictable factors.