

For Immediate Release

Listed company name: **SANKYO CO., LTD.**
 Representative: Kimihisa Tsutsui
 President & COO
 (TSE 1st Sec. Code 6417)
 Contact: Yoko Oshima
 Executive Operating Officer
 TEL.: +81-3-5778-7777

Notice concerning Revision of the Forecast of the Consolidated Financial Results and the Forecast of the Non-consolidated Financial Results

SANKYO Co., Ltd. today announced the revision of the forecast of financial results for fiscal 2018 (from April 1, 2017 to March 31, 2018) in view of the recent trend of the Company's financial performance. The previous forecast for fiscal 2018 was announced on May 12, 2017.

The forecast of non-consolidated financial results for fiscal 2018, which was omitted from disclosure at the time of the announcement of the Consolidated Financial Statements - Results for the fiscal year ended March 31, 2017 (Japanese GAAP) on May 12, 2017, is also announced herein because the difference between the forecast and the actual results for the previous fiscal year is now expected to satisfy the timely disclosure criteria.

1. Revision of the forecast of consolidated financial results

- (1) Revision of the forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	97,000	8,100	8,700	5,800	71.45
Revised forecast (B)	84,000	4,000	5,000	3,500	43.12
Difference (B-A)	(13,000)	(4,100)	(3,700)	(2,300)	-
% change	(13.4)	(50.6)	(42.5)	(39.7)	-
FY2017 results	81,455	5,059	3,832	1,777	21.94

(2) Reasons for the revision

Regarding the pachinko and pachislot industry, as part of measures against compulsive gambling, regulations that partially revise the Regulations Partially Amending the Ordinance for Enforcement of the Act to Control Businesses That May Affect Public Morals and the Regulations Concerning the Certification and Official Inspection of Game Machines are scheduled to come into force on February 1, 2018. Because it is difficult to forecast at this stage how the fans will react to pachinko and pachislot machines compliant with the revised regulations, pachinko parlor operators, the Group's customers, are postponing their decision regarding replacement with the new machines and other review of the model lineup.

This material is an English translation of Japanese announcement made on January 30, 2018. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

In these circumstances, the Group reviewed the sales schedule in the second half of fiscal 2018 and up to the year ending March 31, 2019 based on the recent order-taking and sales trends for pachinko and pachislot machines, in order to respond to changes in the environment surrounding the industry following the enforcement of the revised regulations, and judged that it would be difficult to achieve the announced forecast of financial results for fiscal 2018.

The Group's forecast sales of pachinko machines and pachislot machines were revised from 225,000 units to 164,000 units and from 40,000 units to 29,000 units, respectively.

2. Forecast of non-consolidated financial results

(1) Forecast of non-consolidated financial results for the year ending March 31, 2018
(from April 1, 2017 to March 31, 2018)

		(Millions of yen)				
		Net sales	Operating income	Recurring income	Net income	Net income per share (yen)
FY2017 results	(A)	66,356	(375)	3,460	3,308	40.76
Forecast	(B)	70,900	500	3,300	1,800	22.17
Difference	(B-A)	4,544	875	(160)	(1,508)	-
% change		6.8	-	(4.6)	(45.6)	-

(2) Reasons for the difference from the results for the previous fiscal year

Although sales volumes of pachinko and pachislot machines are expected to decrease from 173,000 units to 164,000 units and from 33,000 units to 29,000 units, respectively, net sales are expected to be slightly higher than the result for the previous fiscal year and amount to ¥70,900 million, owing to an increase in unit sales prices reflecting change in the sales mix.

Regarding profit, recurring income and net income are expected to be lower than the results for the previous fiscal year due to a decrease in dividend income from affiliates, despite an increase in operating income from a growth in net sales.

The Company does not intend to change the year-end cash dividend for fiscal 2018 from the initial forecast of ¥75 per share (annual dividends of ¥150).

The above forecast is based on information currently available to management. Actual results may differ from the forecast owing to various factors.

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