

May 13, 2021

SANKYO CO., LTD.

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

Shares listed: Tokyo (1st Section)

Code number: 6417

Representative: Kimihisa Tsutsui, President & COO

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Planned Date for Annual Meeting of Shareholders: June 29, 2021

Planned Date for Start of Dividend Payment: June 30, 2021

Planned Date for Submittal of the Financial Statements Report: June 30, 2021

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, 2020, to March 31, 2021)

(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, 2021	58,129 (25.9%)	6,587 (47.5%)	7,488 (44.4%)	5,749 (55.9%)
Year ended March 31, 2020	78,416 (11.5%)	12,551 (41.0%)	13,476 (39.6%)	13,045 (2.5%)
(note) Comprehensive income	Year ended March 31, 2021	¥8,306 million [(25.3%)]	Year ended March 31, 2020	¥11,114 million [(7.7%)]

	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, 2021	93.97	93.08	2.1	2.4	11.3
Year ended March 31, 2020	183.43	172.69	4.3	3.7	16.0
(reference) Equity in earnings of affiliates	Year ended March 31, 2021	- million	Year ended March 31, 2020	- million	

(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, 2021	292,104	268,887	91.4	4,365.81
As of March 31, 2020	325,232	269,521	82.4	4,380.33
(reference) Shareholders' Equity	As of March 31, 2021	¥267,121 million	As of March 31, 2020	¥267,946 million

(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, 2021	10,563	29,638	(29,177)	203,318
Year ended March 31, 2020	18,971	(21,748)	(79,223)	192,294

2. Dividends

	Cash dividend per share					Amount of dividends	Dividend payout ratio	Dividend rate of net assets
(Base date)	1st quarter	2nd quarter	3rd quarter	Year-end	Full Year	Millions of yen	%	%
	Yen	Yen	Yen	Yen	Yen			
Year ended March 31, 2020	-	75.00	-	75.00	150.00	9,175	81.8	3.5
Year ended March 31, 2021	-	75.00	-	75.00	150.00	9,177	159.6	3.4
Year ended March 31, 2022 (forecast)	-	50.00	-	50.00	100.00		92.7	

3. Forecast for FY2022 (From April 1, 2021, to March 31, 2022)

(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, 2022	73,000 25.6%	8,900 35.1%	9,600 28.2%	6,600 14.8%	107.87

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 on Page 4.

*** Notes**

(1) Changes for important subsidiaries during the fiscal year ended March 31, 2021: Not applicable

(2) 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 |

(3) Outstanding shares (common shares)

a. Number of shares outstanding (including treasury stock)

As of March 31, 2021: 69,597,500 shares

As of March 31, 2020: 69,597,500 shares

b. Number of treasury stock

As of March 31, 2021: 8,412,575 shares

As of March 31, 2020: 8,427,105 shares

c. Average number of shares issued and outstanding

As of March 31, 2021: 61,181,989 shares

As of March 31, 2020: 71,118,016 shares

(Reference) Non-consolidated results**1. Non-consolidated results for the fiscal year (From April 1, 2020, to March 31, 2021)**

(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, 2021	54,666 (19.5%)	5,149 (26.4%)	8,336 (5.4%)	7,023 (15.1%)
Year ended March 31, 2020	67,913 (15.9%)	6,996 (65.8%)	8,813 (61.7%)	8,274 (43.6%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Year ended March 31, 2021	114.79	113.69
Year ended March 31, 2020	116.35	109.47

(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, 2021	277,242	253,851	90.9	4,120.05
As of March 31, 2020	308,516	253,175	81.6	4,113.10

(reference) Shareholders' Equity	As of March 31, 2021	¥252,085 million	As of March 31, 2020	¥251,600 million
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* 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, 2021, it is unclear when the COVID-19 will be contained and there are also signs of a new surge in infection. As there are concerns over prolonged effects on the Japanese economy, future prospects remain unclear.

While the due date for removal of machines compliant with the former regulations in line with the amendment of the Pachinko and Pachislot Machines Regulations is approaching, the pachinko and pachislot industry faced a challenging market environment, such as temporary closure of pachinko parlors nationwide, low machine utilization at pachinko parlors, and temporary stalling of replacement with new machines under the first declaration of a state of emergency issued in April 2020. Following the lifting of the state of emergency in late May 2020, machine utilization at pachinko parlors and sales volume of pachinko and pachislot manufacturers showed signs of recovery. However, as a state of emergency covering the Tokyo Metropolitan area and major cities nationwide was declared again in early 2021, machine utilization at pachinko parlors and the market for new pachinko and pachislot machines showed little growth.

In these circumstances, the Group released nine pachinko titles and two pachislot titles. Although fewer titles were introduced than in a typical year because the Group minimized the number of titles for launch in light of an assessment of the market trend during the COVID-19 pandemic, the Group introduced diverse products to stimulate demand, including models equipped with "Yu-Time," which delivers new gaming performance, and drum-type models and dot-type models, which are not equipped with LCD screens.

As a result, net sales were ¥58.1 billion, a decrease of 25.9% year on year. Operating income was ¥6.5 billion, a decrease of 47.5%, and recurring income was ¥7.4 billion, a decrease of 44.4%. Profit attributable to owners of parent was ¥5.7 billion, a decrease of 55.9%.

Results of segments are presented below:

Pachinko Machines Business

Regarding the pachinko machines business, the Group released a grand total of 9 pachinko titles (excluding reuse models). For the SANKYO brand, major titles released included *Fever Shinkageitsu 2 Yozakura ver.* (introduced in April 2020), which equipped with "Yu-Time," in the first in the industry, *Fever Symphogear 2* (introduced in April 2020), the successor to *Fever Symphogear*, which became an unusually long-running hit product in recent years and *Fever THE iDOLM@STER MILLION LIVE!* (introduced in February 2021), which tied up with the popular game that cultivates pop idols. For the Bisty brand, major titles released included *CODE GEASS Lelouch of the Rebellion* (introduced in January 2021). For the JB brand, major titles released included *Fever Queen II* (introduced in October 2020) and *PATRUSH V* (introduced in March 2021).

As a result, segment sales amounted to ¥52.3 billion, a decrease of 13.6% compared with the same period of the previous year, and operating income was ¥12.9 billion, a decrease of 12.8%. Sales of pachinko machines amounted to 126,000 units.

Pachislot Machines Business

Regarding the pachislot machines business, two titles released included *Pachislot for CHAR AZNABLE -RED COMET's Counterattack-* (introduced in August 2020) and *Pachislot THE iDOLM@STER MILLION LIVE!* (introduced in March 2021) under the Bisty brand.

The Group released only two titles, because the Group postponed the roll out of one title under the SANKYO brand, which was initially scheduled for introduction in the fourth quarter, until the next fiscal year.

As a result, segment sales amounted to ¥3.0 billion, a decrease of 73.6% compared with the same period of the previous year, and operating loss was ¥1.8 billion, compared with operating income of ¥2.4 billion in the same period of the previous fiscal year. Sales of pachislot machines amounted to 7,000 units.

Ball Bearing Supply Systems Business

Sales of the ball bearing supply systems business were ¥2.5 billion, a decrease of 57.1% year on year. An operating loss of ¥89 million was recorded compared with operating income of ¥300 million for the previous year.

Other Businesses

Sales of other businesses were ¥200 million, a decrease of 53.0% year on year. An operating income of ¥26 million was recorded compared with operating loss of ¥100 million for the previous year.

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

Total assets at the end of the fiscal year ended March 31, 2021 amounted to ¥292.1 billion, having decreased ¥33.1 billion compared with the figure at the previous fiscal year-end. This decrease was mainly attributable to a ¥33.9 billion decrease in cash and deposits, a ¥5.8 billion decrease in notes and accounts receivable-trade, a ¥4.9 billion decrease in accounts receivable for provision of parts and materials for value, and a ¥2.3 billion decrease in deferred tax assets, despite a ¥15.0 billion increase in marketable securities.

Total liabilities amounted to ¥23.2 billion, having decreased ¥32.4 billion compared with the figure at the previous fiscal year-end. This decrease was mainly attributable to a ¥20.0 billion decrease in current portion of bonds with subscription rights to shares, a ¥10.1 billion decrease in notes and accounts payable-trade, and a ¥2.8 billion decrease in electronically recorded obligations-operating.

Net assets decreased ¥600 million compared with the figure at the previous fiscal year-end. This decrease was mainly attributable to cash dividends paid amounting to ¥9.1 billion, despite recording of profit attributable to owners of parent amounting to ¥5.7 billion, and a ¥2.5 billion increase in net unrealized gain on other securities. As a result, net assets amounted to ¥268.8 billion and the shareholders' equity ratio increased 9.0 percentage points to 91.4%.

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

Cash and cash equivalents (hereinafter "cash") at the fiscal year-end were ¥203.3 billion, having increased ¥11.0 billion from the previous fiscal year-end.

Net cash provided by operating activities decreased ¥8.4 billion from the previous fiscal year-end to ¥10.5 billion. Principal cash inflow items were income before income taxes amounting to ¥7.7 billion, a ¥5.8 billion decrease in notes and accounts receivable-trade, a ¥4.9 billion decrease in accounts receivable for provision of parts and materials for value, depreciation and amortization amounting to ¥2.3 billion, income taxes refund amounting to 1.5 billion, and a ¥1.5 billion decrease in inventories. Principal cash outflow items were a ¥12.9 billion decrease in notes and accounts payable-trade and income taxes paid amounting to ¥1.0 billion.

Net cash provided by investing activities increased ¥51.3 billion from the previous fiscal year-end to ¥29.6 billion. Principal cash inflow items were proceeds from redemption of marketable securities amounting to ¥100.0 billion, and proceeds from withdrawal of time deposits amounting to ¥5.5 billion. Principal cash outflow items were payment for purchase of marketable securities amounting to ¥70.0 billion, and payment into time deposits amounting to ¥5.5 billion.

Cash flows from financing activities increased ¥50.0 billion from the figure at the previous fiscal year-end and, as a result, net cash used in financing activities amounted to ¥29.1 billion. Principal cash outflow items were redemption of bonds with subscription rights to shares amounting to 20.0 billion, and cash dividends paid amounting to ¥9.1 billion.

For fiscal 2022, the Company forecasts an increase in net cash provided by operating activities of ¥15.0 billion, a decrease in net cash used in investing activities of ¥3.0 billion attributable to capital investment, and a decrease in net cash used in financing activities of ¥8.0 billion attributable to payment of cash dividends.

As a result, the Company forecasts an increase of ¥4.0 billion in the cash balance at the end of fiscal 2022 compared to the end of fiscal 2021.

(reference) Change in cash flow indicators

	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Shareholders' equity ratio (%)	84.8	84.1	82.4	91.4
Shareholders' equity ratio at market value (%)	76.8	85.7	59.2	61.4
Ratio of interest-bearing debt to cash flows (%)	0.1	0.1	-	-

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets
 Shareholders' equity ratio at market value: Market capitalization / Total assets
 Ratio of interest-bearing debt to cash flows: Interest-bearing debt / Cash flows
 Interest coverage ratio: Cash flows / Interest expenses

Notes:

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. Cash flows are operating cash flows.
4. Interest-bearing debt comprises all interest-bearing liabilities recorded in the consolidated balance sheets.
5. Figures are rounded up or down to the nearest single decimal place.

(4) Future outlook

Regarding the next fiscal year ending March 31, 2022, there had been expectations of an upturn in the pachinko and pachislot machines market reflecting rising demand for replacement with machines compliant with the new regulations, manufacturers' accumulated knowhow on development of machines compliant with the new regulations, and diversification of gaming performance of pachinko and pachislot machines following the revision of internal regulations, etc. However, in view of the impact of the COVID-19 pandemic, improvement of the machine utilization at pachinko parlors has stalled and some parlor operators may close their parlors and reduce the numbers of pachinko and pachislot machines installed before completion of the transition to

machines compliant with the new regulations. Thus, competition in a challenging business environment is expected to continue.

The Group intends to respond to replacement demand and contribute to machine utilization at pachinko parlors by offering pachinko machines that strongly appeal to players, such as sequels to series with good track records and models involving tie-ups with new licensors. Whereas the Group released only two pachislot titles in the fiscal year ended March 31, 2021, the Group intends to release four titles with the aim of increasing sales and the Group's market share despite the challenging environment.

The Group's plan calls for sales volumes for the fiscal year ending March 31, 2022, of 154,000 pachinko machines and 30,000 pachislot machines.

The consolidated business results forecast for the fiscal year ending March 31, 2022, are as follows:

	Forecast		Year-on-year change		FY 2021 results	
Net sales	¥73.0	billion	25.6%	increase	¥58.1	billion
Operating income	¥8.9	billion	35.1%	increase	¥6.5	billion
Recurring income	¥9.6	billion	28.2%	increase	¥7.4	billion
profit attributable to owners of parent	¥6.6	billion	14.8%	increase	¥5.7	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 2021 and fiscal 2022

The Company regards the return of profits to shareholders as one of the most important management priorities. 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.

The Company plans to pay a dividend of ¥150 per share (including a ¥75 interim dividend, a consolidated payout ratio of 159.6%) for fiscal 2021. 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, a consolidated payout ratio of 92.7%).

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.

Considering that the Company's dividend will decrease for the first time (excluding the decrease of the commemorative dividend) since the Company's listing, at a meeting of the board of directors of the Company held today, it was resolved to reduce directors' and officers' compensation for 12 months in order to clarify management's responsibilities and to strive for a recovery of performance from in the future.

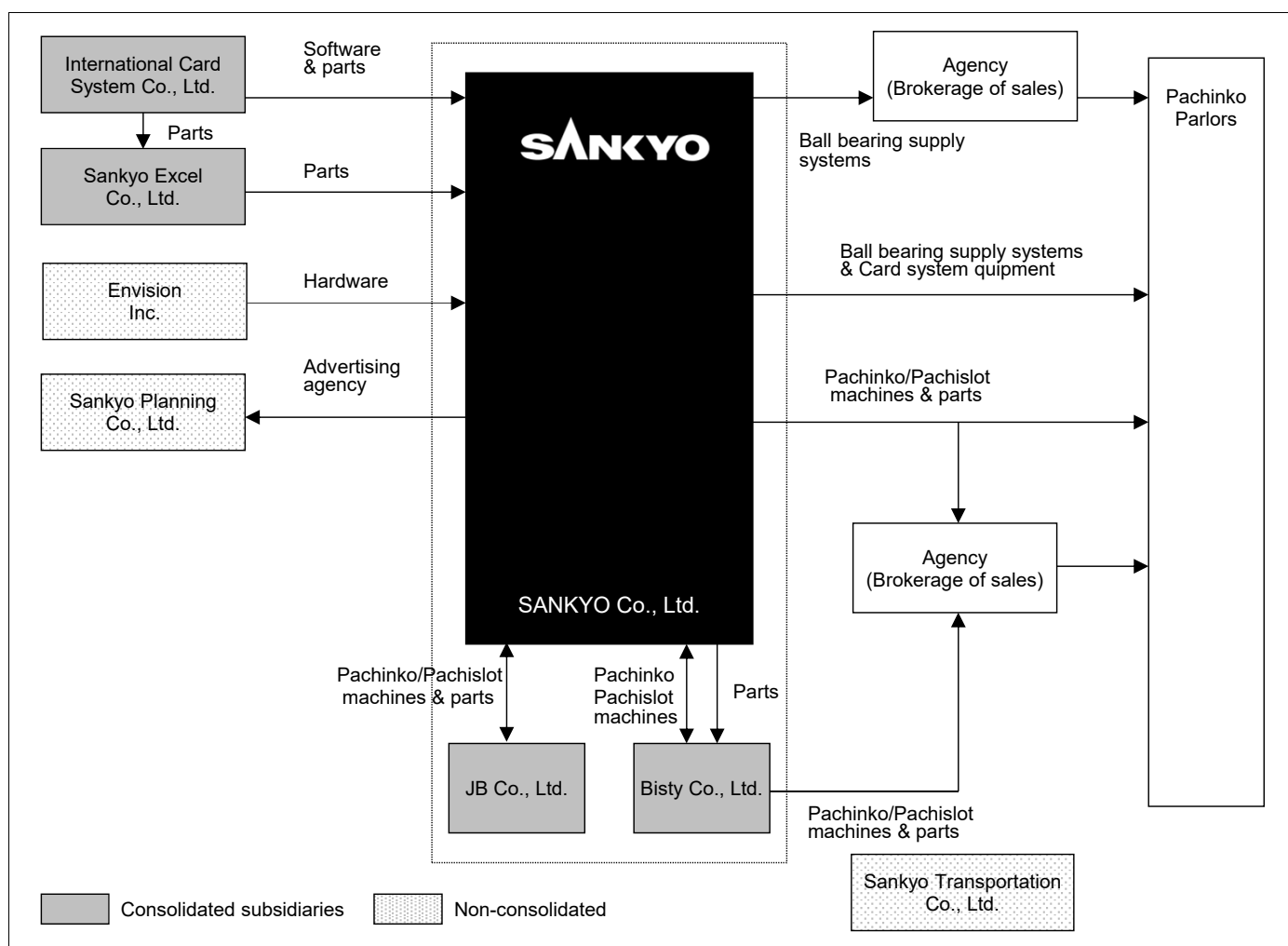
The Company will effectively utilize retained earnings, such as for investment to facilitate vitalization of the industry and for investment that contributes to the strengthening of product capabilities to ensure competitiveness is maintained in the persistently challenging pachinko and pachislot industry, with a view to enhancing corporate value.

2. Overview of the Consolidated Group

(1) SANKYO Group consists of SANKYO Co., Ltd. (the Company) and its 7 subsidiaries (as of March 31, 2021) and two affiliates. 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. International Card System 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 Transportation Co., Ltd. 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. International Card System Co., Ltd.
Other business Mobile content services, Real estate rental revenues, Sales of general molded parts	SANKYO Co., Ltd. Sankyo Excel Co., Ltd. Sankyo Transportation Co., Ltd. International Card System Co., Ltd. Envision Inc.

(2) The business structure is shown below.



* International Card System Co., Ltd., a wholly-owned subsidiary of the Company, dissolved in March 2021 and currently under liquidation.

* Satelight Inc., was described in the report at the end of the fiscal year ended March 31, 2020, is not described in this report because SANKYO Group sold shares of Satelight Inc. during the fiscal year ended March 31, 2021.

3. Management Policies

(1) Management policy, management strategy, etc.

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. In order to maintain growth and increase profitability, SANKYO Group will concentrate its resources on the game machines business, endeavoring to offer highly competitive innovative products that vitalize the pachinko and pachislot industry while aiming to secure a competitive advantage as a manufacturer that continues to lead the market.

In the pachinko and pachislot industry, while the number of pachinko parlors, which are our customers, decreases as the player population declines, the trend is towards pachinko parlor chains and larger parlors. As for manufacturers of pachinko and pachislot machines, the trend is towards an oligopoly comprising a handful of leading companies is becoming more evident.

In these circumstances, the Group has been securing a top-tier share in the pachinko and pachislot markets for a quarter century. We will strengthen development of diverse products in order to maintain and increase market share and promote further cost reduction, including thorough cost management for each product in response to the trend towards a wide variety of machines and smaller lots.

(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.

	FY2019	FY2020	FY2021
Ratio of operating income to net sales (%)	24.0	16.0	11.3

(3) Management issues

The COVID-19 pandemic is leading to lower machine utilization at pachinko parlors and undermining pachinko parlor operators' willingness to purchase new models. In view of the continuation of the COVID-19 pandemic, their full-scale recovery is not in prospect for some time. In this environment, the due date for removal of machines compliant with the former regulations in line with the amendment of the Pachinko and Pachislot Machines Regulations is January 31, 2022, pachinko parlor operators need to expedite replacement with machines compliant with the new regulations. In order to capture the demand for replacement with machines compliant with the new regulations, the Group will stimulate demand by offering models through tie-ups with well-known licensors and models with innovative specifications and gaming performance. At the same time, we will vigorously offer reuse models, whose impact is expected to be comparable to that of new models but at lower cost, in order to facilitate replacement with machines compliant with the new regulations. Whereas pachinko and pachislot machine manufacturers had been refraining from airing TV commercials of their machines following the Great East Japan Earthquake of 2011, they have resumed TV commercials since April 2021. By effectively utilizing TV commercials, the Company intends to communicate the attractiveness of pachinko and pachislot machines to players so that they will be motivated to come to parlors, leading to higher machine utilization and higher sales volume.

On the other hand, there are concerns about a possible decline in demand for new models following the removal of machines compliant with the former regulations. However, 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, are expected to trigger new demand after the completion of replacement with machines compliant with the new regulations. Recognizing the advent of these machines as an important opportunity, the Group will vigorously commit to their development and diffusion.

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, 2020 Millions of yen	As of March 31, 2021 Millions of yen
Assets:		
Current assets:		
Cash and deposits	122,847	88,872
Notes and accounts receivable-trade	16,743	10,867
Marketable securities	119,999	134,999
Finished goods and merchandise	2,060	7
Work in process	21	102
Raw materials and supplies	3,701	4,159
Accounts receivable for provision of parts and materials for value	6,424	1,475
Other	4,244	2,859
Allowance for doubtful accounts	(1)	(0)
Total current assets	276,041	243,343
Fixed assets, at cost:		
Tangible fixed assets:		
Buildings and structures	13,944	13,980
Less accumulated depreciation	(8,140)	(8,434)
Subtotal	5,804	5,545
Machinery and equipment	7,417	7,311
Less accumulated depreciation	(6,819)	(6,853)
Subtotal	597	458
Furniture and fixtures	15,949	14,982
Less accumulated depreciation	(13,017)	(12,339)
Subtotal	2,932	2,642
Land	17,909	17,909
Total tangible fixed assets	27,244	26,556
Intangible fixed assets		
Other	142	96
Total Intangible fixed assets	142	96
Investments and other assets:		
Investment securities	13,035	15,599
Long-term advances	107	170
Deferred tax assets	7,911	5,551
Other	767	801
Allowance for doubtful accounts	(17)	(14)
Total investments and other assets	21,803	22,108
Total fixed assets	49,190	48,761
Total assets	325,232	292,104

Consolidated Balance Sheets

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

	As of March 31, 2020 Millions of yen	As of March 31, 2021 Millions of yen
Liabilities:		
Current liabilities:		
Notes and accounts payable-trade	13,789	3,664
Electronically recorded obligations - operating	7,637	4,830
Current portion of bonds with subscription rights to shares	20,006	-
Accrued income taxes	1,043	509
Allowance for bonuses	765	749
Provision for shareholder benefit program	101	105
Other	3,880	4,956
Total current liabilities	47,224	14,815
Long-term liabilities:		
Net defined benefit liabilities	4,962	5,010
Asset retirement obligations	75	75
Other	3,448	3,314
Total long-term liabilities	8,486	8,401
Total liabilities	55,711	23,216
Net Assets:		
Shareholders' equity:		
Common stock	14,840	14,840
Capital surplus	23,750	23,750
Retained earnings	257,575	254,138
Less: treasury stock, at cost	(31,822)	(31,767)
Total shareholders' equity	264,343	260,961
Accumulated other comprehensive income:		
Net unrealized gain on other securities	3,549	6,142
Remeasurements of defined benefit plans	53	17
Total accumulated other comprehensive income	3,603	6,160
Subscription rights to shares	1,574	1,766
Total net assets	269,521	268,887
Total liabilities and total net assets	325,232	292,104

(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, 2020	Year ended March 31, 2021
	Millions of yen	Millions of yen
Net sales	78,416	58,129
Cost of sales	36,671	27,403
Gross profit	41,745	30,726
Selling, general and administrative expenses	29,193	24,138
Operating income	12,551	6,587
Non-operating income:		
Interest income	175	117
Dividend income	570	557
Other	202	240
Total non-operating income	949	915
Non-operating expenses:		
Loss on management of investment partnership	21	6
Other	3	8
Total non-operating expenses	24	15
Recurring income	13,476	7,488
Extraordinary gains:		
Gain on sales of fixed assets	4	-
Gain on sales of investment securities	66	290
Gain on sales of shares of subsidiaries and associates	3,558	-
Total extraordinary gains	3,629	290
Extraordinary losses:		
Loss on sales of fixed assets	8	-
Loss on disposal of fixed assets	181	23
Loss on sales of investment securities	278	-
Loss on valuation of investment securities	1,496	-
Loss on sales of shares of subsidiaries and associates	217	16
Loss on valuation of shares of subsidiaries and associates	392	11
Impairment loss	81	-
Total extraordinary losses	2,656	51
Income before income taxes	14,449	7,727
Income taxes:		
Current income taxes	1,096	746
Deferred income taxes	307	1,231
Total income taxes	1,403	1,978
Net income	13,045	5,749
Profit attributable to owners of parent	13,045	5,749

Consolidated Statements of Comprehensive Income

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

	Year ended March 31, 2020 Millions of yen	Year ended March 31, 2021 Millions of yen
Net income	13,045	5,749
Other comprehensive income:		
Net unrealized gain (loss) on other securities	(1,910)	2,593
Remeasurements of defined benefit plans	(19)	(35)
Total other comprehensive income	(1,930)	2,557
Comprehensive income	11,114	8,306
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,114	8,306
Comprehensive income attributable to minority interests	-	-

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

Year ended March 31, 2020 (From April 1, 2019, to March 31, 2020)

(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	330,707	(38,785)	330,512	5,460	73	5,533	1,331	337,377
Change during the fiscal year										
Dividends of surplus			(10,675)		(10,675)					(10,675)
Profit attributable to owners of parent			13,045		13,045					13,045
Acquisition of treasury stocks				(68,544)	(68,544)					(68,544)
Sales of treasury stocks			(1)	7	5					5
Retirement of treasury stock			(75,500)	75,500	-					-
Net changes of items other than shareholder's equity						(1,910)	(19)	(1,930)	243	(1,687)
Total changes during the fiscal year	-	-	(73,131)	6,962	(66,168)	(1,910)	(19)	(1,930)	243	(67,855)
Balance at end of the period	14,840	23,750	257,575	(31,822)	264,343	3,549	53	3,603	1,574	269,521

Year ended March 31, 2021 (From April 1, 2020, to March 31, 2021)

(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	257,575	(31,822)	264,343	3,549	53	3,603	1,574	269,521
Change during the fiscal year										
Dividends of surplus			(9,176)		(9,176)					(9,176)
Profit attributable to owners of parent			5,749		5,749					5,749
Acquisition of treasury stocks				(1)	(1)					(1)
Sales of treasury stocks			(10)	56	46					46
Retirement of treasury stock					-					-
Net changes of items other than shareholder's equity						2,593	(35)	2,557	191	2,748
Total changes during the fiscal year	-	-	(3,437)	55	(3,382)	2,593	(35)	2,557	191	(633)
Balance at end of the period	14,840	23,750	254,138	(31,767)	260,961	6,142	17	6,160	1,766	268,887

(4) Consolidated Statements of Cash Flows

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

	Year ended March 31, 2020	Year ended March 31, 2021
	Millions of yen	Millions of yen
Cash flows from operating activities:		
Income before income taxes	14,449	7,727
Depreciation and amortization	3,476	2,398
Amortization of goodwill	45	-
Share-based compensation expenses	240	232
Increase (decrease) in allowance for doubtful accounts	(4)	(3)
Increase (decrease) in allowance for bonuses	(16)	(16)
Increase (decrease) in provision for shareholder benefit program	101	4
Increase (decrease) in net defined benefit liabilities	153	(4)
Interest and dividend income	(746)	(674)
Loss (gain) on sales of property, plant and equipment and intangible assets	4	-
Disposal of fixed assets	181	23
Impairment loss	81	-
(Gain) loss on sales of investment securities	212	(290)
(Gain) loss on valuation of investment securities	1,496	-
Loss (gain) on sales of shares of subsidiaries and associates	(3,341)	16
Loss on valuation of shares of subsidiaries and associates	392	11
(Increase) decrease in notes and accounts receivable-trade	13,864	5,876
(Increase) decrease in inventories	(2,914)	1,514
Increase (decrease) in notes and accounts payable-trade	225	(12,905)
(Increase) decrease in accounts receivable for provision of parts and materials for value	(556)	4,949
Increase (decrease) in accounts payable	(2,901)	1,089
Increase (decrease) in accrued consumption tax	(864)	353
Other	271	(742)
Subtotal	23,848	9,559
Interest and dividend income received	545	537
Income taxes paid	(5,537)	(1,050)
Income taxes refund	114	1,517
Net cash (used in) provided by operating activities	18,971	10,563
Cash flows from investing activities:		
Payments into time deposits	(5,552)	(5,554)
Proceeds from withdrawal of time deposits	5,551	5,552
Payment for purchase of marketable securities	(115,000)	(70,000)
Proceeds from redemption of marketable securities	80,000	100,000
Payment for purchase of property, plant and equipment and intangible fixed assets	(2,938)	(1,547)
Proceeds from sale of investment securities	962	1,305
Proceeds from sales of shares of subsidiaries and associates	15,284	130
Payment for increase in loans-receivable	-	(330)
Proceeds from collection of long-term loans	23	140
Other	(80)	(59)
Net cash (used in) provided by investing activities	(21,748)	29,638
Cash flows from financing activities:		
Redemption of bonds with subscription rights to shares	-	(20,000)
Repayment of finance lease obligations	(3)	-
Payment for purchase of treasury stock, net	(68,544)	(1)
Cash dividends paid	(10,675)	(9,176)
Other	0	0
Net cash (used in) provided financing activities	(79,223)	(29,177)
Net increase (decrease) in cash and cash equivalents	(82,001)	11,024
Cash and cash equivalents at beginning of the period	274,295	192,294
Cash and cash equivalents at end of the period	192,294	203,318

(5) Segment Information
(Segment information by business category)

Year ended March 31, 2020 (From April 1, 2019, to March 31, 2020)

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

	Year ended March 31, 2020 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	60,514	11,441	5,900	77,857	559	78,416	-	78,416
Intersegment	-	-	-	-	-	-	-	-
Total	60,514	11,441	5,900	77,857	559	78,416	-	78,416
Segment income	14,804	2,449	326	17,581	(136)	17,444	(4,892)	12,551
Segment assets	171,993	20,681	8,654	201,329	1,839	203,169	122,063	325,232
Other items								
Depreciation	2,570	638	11	3,220	136	3,356	119	3,476
Amortization of goodwill	-	-	-	-	45	45	-	45
Increase in tangible fixed assets and intangible fixed assets								
	2,165	283	1	2,450	3	2,453	377	2,831

Year ended March 31, 2021 (From April 1, 2020, to March 31, 2021)

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

	Year ended March 31, 2021 (Millions of yen)							
	Reportable segments				Other	Total	Adjustments	Consolidated
	Pachinko machines business	Pachislot machines business	Ball bearing supply systems business	Subtotal				
Sales								
Customers	52,310	3,022	2,533	57,867	262	58,129	-	58,129
Intersegment	-	-	-	-	-	-	-	-
Total	52,310	3,022	2,533	57,867	262	58,129	-	58,129
Segment income	12,916	(1,890)	(89)	10,937	26	10,963	(4,375)	6,587
Segment assets	114,556	10,849	6,520	131,926	987	132,913	159,190	292,104
Other items								
Depreciation	1,983	318	10	2,312	8	2,320	77	2,398
Amortization of goodwill	-	-	-	-	-	-	-	-
Increase in tangible fixed assets and intangible fixed assets								
	1,485	135	1	1,622	5	1,627	82	1,710