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For Immediate Release

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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 2020 (from April 1, 2019, to March 31, 2020) in view of the recent trend of the Company's financial performance. The previous forecast for fiscal 2020 was announced on May 9, 2019.

The forecast of non-consolidated financial results for fiscal 2020, which was omitted from disclosure at the time of the announcement of the Consolidated Financial Statements - Results for the fiscal year ended March 31, 2019 (Japanese GAAP) on May 9, 2019, 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, 2020
(from April 1, 2019 to March 31, 2020)

(Millions of yen)

	Net sales	Operating income	Recurring income	Profit attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	99,000	16,000	17,000	11,000	154.67
Revised forecast (B)	78,000	12,100	13,000	13,000	182.80
Difference (B-A)	(21,000)	(3,900)	(4,000)	2,000	-
% change	(21.2)	(24.4)	(23.5)	18.2	-
FY2019 results	88,558	21,286	22,300	13,384	164.88

(2) Reasons for the revision

In the pachinko and pachislot industry, the three-year transition period following the enforcement of the Amended Pachinko and Pachislot Machines Regulations in February 2018 will end on January 31, 2021. Demand for replacement of machines compliant with the former regulations with machines compliant with the new regulations is about to take off in the runup to the completion of the transition period. Moreover, in line with the change in the "Standards for Interpretation of Technical Standards" made by the National Police Agency in early 2020, it has become possible to develop pachinko machines with diverse gaming performance. The standards for gaming performance of pachislot machines were also relaxed based on new voluntary regulations called #6.1. Pachinko parlor operators' expectations concerning the introduction of new products to the market are rising.

This material is an English translation of Japanese announcement made on April 2, 2020. Although the Company intended to faithfully translate the Japanese document into English, the accuracy and correctness of this translation are not guaranteed.

Despite such promising signs, the worldwide spread of coronavirus disease (COVID-19) is casting a shadow. Pachinko parlor operators are responding to the situation, such as thorough implementation of infection prevention measures, including disinfection of interiors of pachinko parlors. In addition, pachinko parlor operators are refraining not only from advertising and sales promotion designed to attract players but also from corporate image advertising. Since efforts to attract players are likely to be curtailed for a considerable time, pachinko parlor operators are taking an increasingly cautious approach and some pachinko parlor operators have postponed schedules for machine replacement for the time being. Although the Group has vigorously introduced diverse new products, including reuse models, in line with the initial plan, sales volumes of pachinko and pachislot machines are expected to fall short of the initial forecast because of the uncertain market outlook, coupled with the sales trend toward a wide variety of machines and smaller lots, which has been evident in recent years.

As a result, net sales, operating income, and recurring income are expected to fall short of the initial forecast as indicated above. Profit attributable to owners of parent is expected to amount to ¥13.0 billion, owing to the recording of extraordinary gains resulting from an incorporation-type company split and transfer of shares with regard to certain businesses of a consolidated subsidiary of the Company in line with the restructuring of the Group's businesses, as disclosed in the earnings report for the first nine months of FY2020 and the recording of extraordinary losses on evaluation of investment securities amounting to approximately ¥1.5 billion accompanying substantial falling stock prices in stock markets.

The Group's forecast sales of pachinko machines and pachislot machines were revised from 200,000 units to 149,000 units and from 58,000 units to 28,000 units, respectively.

2. Forecast of non-consolidated financial results

(1) Forecast of non-consolidated financial results for the year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen)					
	Net sales	Operating income	Recurring income	Net income	Net income per share (yen)
FY2019 results (A)	80,724	20,479	23,036	14,660	180.60
Forecast (B)	67,500	6,600	8,500	9,000	126.55
Difference (B-A)	(13,224)	(13,879)	(14,536)	(5,660)	-
% change	(16.4)	(67.8)	(63.1)	(38.6)	-

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

As described in the reasons for the revision of the forecast of consolidated financial results for the year ending March 31, 2020, the Company struggle to sale main products. Although sales of pachislot machines are expected to increase from 17,000 units to 28,000 units from the results for the previous fiscal year, pachinko machines are expected to decrease from 196,000 units to 149,000 units. Due to the above factors, net sales, operating income, recurring income, and net income are expected to decrease substantially.

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