

**Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2021 (FY2020)  
(Six Months Ended September 30, 2020) [Japanese GAAP]**

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section  
 Stock code: 8136 URL: <https://www.sanrio.co.jp/english/corporate/ir/>  
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 Scheduled date of filing of Quarterly Report: November 13, 2020  
 Starting date of dividend payment: -  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

**1. Consolidated Financial Results for the Second Quarter of FY2020 (April 1, 2020 – September 30, 2020)**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2020	17,070	(38.3)	(2,645)	-	(1,938)	-	(2,847)	-
Six months ended Sep. 30, 2019	27,660	(2.2)	1,374	(36.3)	2,039	(25.3)	326	(78.5)

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2020: (3,280) (-%)  
 Six months ended Sep. 30, 2019: (365) (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2020	(33.92)	-
Six months ended Sep. 30, 2019	3.85	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2020	95,496	41,217	43.0
As of Mar. 31, 2020	89,515	46,387	51.5

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2020: 41,083 As of Mar. 31, 2020: 46,060

**2. Dividends**

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	15.00	-	20.00	35.00
FY2020	-	0.00	-	-	-
FY2020 (forecast)	-	-	-	0.00	0.00

Note: Revisions to the most recently announced dividend forecast: Yes

Breakdown of the year-end dividend for FY2019:

Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen

**3. Consolidated Forecast for FY2020 (April 1, 2020 – March 31, 2021)**

(Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit Attributable to Owners of Parent		Net Profit per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	39,700	(28.2)	(4,600)	-	(3,700)	-	(4,600)	-	(54.81)

Note: Revisions to the most recently announced consolidated forecasts: Yes

**\* Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

1) Number of outstanding shares at the end of the period (including treasury stock)

As of Sep. 30, 2020:	89,065,301 shares	As of Mar. 31, 2020:	89,065,301 shares
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2) Number of shares of treasury stock at the end of the period

As of Sep. 30, 2020:	5,132,046 shares	As of Mar. 31, 2020:	5,131,983 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2020:	83,933,291 shares	Six months ended Sep. 30, 2019:	84,856,718 shares
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Note 1: The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “Qualitative Information on Quarterly Consolidated Financial Performance, Explanation of Consolidated Forecasts and Other Forward-looking Statements” of the attachments for forecast assumptions and notes of caution for usage.

## **Qualitative Information on Quarterly Consolidated Financial Performance**

### **Explanation of Results of Operations**

During the first half of the fiscal year under review, business confidence deteriorated due to the spread of COVID-19. Although economic activity has recently resumed, it is expected to take time to bring the disease under control, and the outlook remains both severe and uncertain.

In Japan, we have continued to protect the health of our customers and employees and take measures to prevent the spread of infection while operating safe stores and facilities.

Regarding theme parks, Harmony Land in Oita Prefecture resumed operations on June 8, and Sanrio Puroland in Tama City, Tokyo on July 13. Visitor numbers fell significantly due to temporary closures and admission restrictions upon reopening the park. In the product sales division, e-commerce subscribers increased in number and orders rose substantially. Sanrio shops (directly owned stores and directly managed shops within department stores) saw an almost complete recovery in domestic customer numbers and the launch of some hit products. However, this was insufficient to cover reduced sales from inbound foreign tourists and the cancellation of events and temporary closures in April and May, causing sales to fall sharply year-on-year. In domestic licensing, the digital content business saw an increase in new contracts and steady sales growth. Meanwhile, the product licensing business continued to face difficult conditions despite growth in the sales of masks and other hygiene-related products.

Overseas, the impact of COVID-19 has been even greater than in Japan. While the signing of new contracts and the e-commerce business have expanded, product licensing, particularly for apparel, continues to be difficult.

As a result of these factors, sales fell 38.3% year-on-year to 17.0 billion yen, and operating loss was 2.6 billion yen (profit of 1.3 billion yen in the same period of the previous fiscal year). Ordinary loss was 1.9 billion yen (profit of 2.0 billion yen in the same period of the previous fiscal year) due to accounting interest income and gain on investments in partnership as non-operating profit. Net loss attributable to owners of parent was 2.8 billion yen (profit of 0.3 billion yen in the same period of the previous fiscal year) after accounting for extraordinary gains including 0.9 billion yen from subsidies for employment adjustment; extraordinary losses including 1.4 billion yen from the temporary closure of stores and theme parks to prevent the spread of COVID-19; a tax refund of 0.8 billion yen; and income taxes-deferred of 0.6 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first half under review for these subsidiaries covers the period from January to June 2020.

Reportable Segment		(100 millions of yen)							
	First six months of	Sales				Segment profit (operating profit)			
		FY2019	FY2020	Increase/ decrease	Change (%)	FY2019	FY2020	Increase/ decrease	Change (%)
Japan	Product sales/others	172	93	(79)	(46.0)	11	(20)	(32)	-
	Royalties	46	36	(9)	(21.2)				
	Total	219	129	(89)	(40.7)				
Europe	Product sales/others	0	0	(0)	(25.8)	(2)	(3)	(1)	-
	Royalties	7	5	(1)	(25.2)				
	Total	7	5	(1)	(25.2)				
North America	Product sales/others	3	3	(0)	(16.5)	(4)	(7)	(2)	-
	Royalties	7	3	(3)	(54.3)				
	Total	11	6	(4)	(41.4)				
Latin America	Product sales/others	0	0	0	98.6	0	(0)	(0)	-
	Royalties	2	1	(1)	(46.3)				
	Total	2	1	(1)	(44.0)				
Asia	Product sales/others	5	2	(2)	(51.7)	13	9	(3)	(28.8)
	Royalties	31	24	(6)	(20.4)				
	Total	36	27	(9)	(24.8)				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	181	99	(82)	(45.5)	13	(26)	(40)	-
	Royalties	94	71	(23)	(24.4)				
	Total	276	170	(105)	(38.3)				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures stated above (although included in segment profit (operating profit)).

Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

### Explanation of Consolidated Forecasts and Other Forward-looking Statements

Although a final resolution of COVID-19 is not in sight at this time, assuming that it will be brought under control in the future and that economic activity will gradually follow a path to recovery, the Company has announced its previously undisclosed consolidated forecasts for the fiscal year ending March 31, 2021. Please refer to the "Notice Regarding Forecasts for the Fiscal Year Ending March 31, 2021 (FY2020) and Year-end Dividend" announced today (October 30, 2020).

The dividend forecast for the current fiscal year had been undecided. Since there remains no prospect that COVID-19 can be completely contained, we strongly regret that we expect no dividend payment at this point. Even though the operating environment is challenging, we will strive to improve profitability with the aim of resuming year-end dividend.

Reference: Overseas Sales and Profits for the Past Six-month Periods by Area (Millions of yen)

Six months ended		Sales to customers					Operating profit				
		Sep. 2018	Sep. 2019	Change (%)	Sep. 2020	Change (%)	Sep. 2018	Sep. 2019	Change (%)	Sep. 2020	Change (%)
Europe	Germany	828	559	(32.5)	387	(30.8)	5	(167)	-	(266)	-
	Britain	185	145	(21.8)	139	(3.5)	(104)	(108)	-	(119)	-
	Subtotal	1,013	704	(30.5)	527	(25.2)	(99)	(276)	-	(386)	-
North America	U.S.A.	1,218	1,114	(8.5)	652	(41.4)	(512)	(450)	-	(705)	-
Latin America	Brazil/Chile	286	263	(8.1)	147	(44.0)	12	12	(1.8)	(6)	-
Asia	Hong Kong	1,315	1,167	(11.3)	832	(28.7)	502	371	(26.1)	230	(37.9)
	Taiwan	744	554	(25.5)	540	(2.5)	231	191	(17.1)	172	(10.0)
	South Korea	435	375	(13.8)	231	(38.4)	95	69	(27.7)	19	(72.4)
	China	1,715	1,558	(9.1)	1,144	(26.5)	746	696	(6.6)	524	(24.7)
	Subtotal	4,210	3,654	(13.2)	2,748	(24.8)	1,575	1,329	(15.7)	946	(28.8)
Total		6,728	5,736	(14.7)	4,076	(28.9)	977	614	(37.1)	(151)	-

## Quarterly Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2019 (As of Mar. 31, 2020)	Second quarter of FY2020 (As of Sep. 30, 2020)
<b>Assets</b>		
Current assets		
Cash and deposit	40,053	46,329
Trade notes and accounts receivable	6,211	4,599
Merchandise and finished goods	4,589	5,219
Work in process	22	50
Raw materials and supplies	243	289
Other accounts receivable	1,683	2,409
Other	1,078	867
Allowance for doubtful accounts	(102)	(122)
Total current assets	53,780	59,642
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,306	5,038
Land	7,825	7,823
Other, net	2,758	2,534
Total tangible fixed assets	15,890	15,396
Intangible fixed assets	2,474	2,328
Investments and other assets		
Investment securities	9,062	11,215
Deferred tax assets	2,956	1,715
Other	5,851	5,708
Allowance for doubtful accounts	(531)	(537)
Total investments and other assets	17,339	18,102
Total fixed assets	35,704	35,827
Deferred assets	30	26
Total assets	89,515	95,496
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	3,964	3,262
Short-term borrowings	8,089	18,239
Accrued income taxes	425	735
Allowance for bonuses	479	451
Reserve for adjustment of returned goods	25	10
Provision for shareholder benefit program	45	52
Provision for point card certificates	71	124
Other	9,494	7,779
Total current liabilities	22,595	30,656
Long-term liabilities		
Corporate bonds	1,347	1,126
Long-term borrowings	9,048	13,053
Retirement benefit liability	5,883	5,432
Other	4,253	4,011
Total long-term liabilities	20,532	23,623
Total liabilities	43,127	54,279

	(Millions of yen)	
	FY2019 (As of Mar. 31, 2020)	Second quarter of FY2020 (As of Sep. 30, 2020)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	52,818	48,292
Treasury stock	(13,762)	(13,762)
Total shareholder's equity	52,466	47,940
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(995)	(425)
Deferred hedge gain (loss)	(0)	-
Foreign currency translation adjustments	(2,494)	(3,892)
Remeasurements of defined benefit plans	(2,914)	(2,539)
Total accumulated other comprehensive income	(6,405)	(6,857)
Non-controlling interests	326	134
Total net assets	46,387	41,217
Total liabilities and net assets	89,515	95,496

**(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements****Consolidated Income Statements  
(For the Six-month Period)**

	(Millions of yen)	
	First six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)
Sales	27,660	17,070
Cost of sales	9,772	6,600
Gross profit	17,888	10,469
Provision for sales returns	11	-
Reversal of provision for sales returns	-	15
Net gross profit on sales	17,877	10,484
Selling, general and administrative expenses	16,502	13,130
Operating profit (loss)	1,374	(2,645)
Non-operating profit		
Interest income	258	191
Dividend income	114	99
Foreign exchange gains	-	39
Gain on investments in partnership	169	250
Subsidies for employment adjustment	-	86
Other	293	209
Total non-operating profit	836	876
Non-operating expenses		
Interest expense	52	65
Foreign exchange loss	49	-
Commission expenses	59	89
Other	10	14
Total non-operating expenses	171	169
Ordinary profit (loss)	2,039	(1,938)
Extraordinary gains		
Gain on sales of fixed assets	75	-
Gain on sales of investment securities	178	240
Gain on valuation of investment securities	-	199
Subsidies for employment adjustment	-	461
Total extraordinary gains	253	900
Extraordinary losses		
Loss on disposal of fixed assets	57	12
Loss on valuation of investment securities	395	6
Impairment loss	64	44
Loss related to competition law	768	-
Business restructuring expenses	48	-
Loss from the temporary closure of theme parks, etc.	-	1,346
Other	20	35
Total extraordinary losses	1,354	1,445
Net profit (loss) before income taxes	938	(2,483)
Income taxes – current	510	516
Refund of income taxes	-	(825)
Income taxes – deferred	81	650
Total income taxes	591	341
Net profit (loss)	346	(2,825)
Net profit attributable to non-controlling interests	19	22
Net profit (loss) attributable to owners of parent	326	(2,847)



**Consolidated Comprehensive Income Statements**  
**(For the Six-month Period)**

(Millions of yen)

	First six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)	First six months of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)
Net profit (loss)	346	(2,825)
Other comprehensive income		
Net unrealized gain (loss) on other securities	130	570
Deferred hedge gain (loss)	(0)	0
Foreign currency translation adjustments	(1,201)	(1,401)
Remeasurements of defined benefit plans, net of tax	358	375
Total other comprehensive income	(711)	(455)
Comprehensive income	(365)	(3,280)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(376)	(3,299)
Comprehensive income attributable to non-controlling interests	11	18

**Segment and Other Information**

## I. First six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)

## 1. Information related to sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated income statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	21,923	704	1,114	263	3,654	27,660	-	27,660
(Royalty income)	( 4,636)	( 701)	( 734)	( 259)	( 3,137)	( 9,469)	( -)	( 9,469)
Inter-segment	2,261	7	4	0	612	2,886	(2,886)	-
(Royalty income)	( 2,149)	( 7)	( -)	( -)	( 0)	( 2,156)	( (2,156))	( -)
Total	24,184	712	1,118	264	4,267	30,547	(2,886)	27,660
Segment profit (loss)	1,184	(276)	(450)	12	1,329	1,799	(424)	1,374

- Notes: 1. The minus 424 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.
2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

## 2. Information related to impairment losses on fixed assets, goodwill, etc. for each reportable segment

Detailed explanations are omitted due to immateriality of the amount.

## II. First six months of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)

## 1. Information related to sales and profit or loss for each reportable segment

(Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated income statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	12,994	527	652	147	2,748	17,070	-	17,070
(Royalty income)	( 3,656)	( 524)	( 335)	( 139)	( 2,498)	( 7,154)	( -)	( 7,154)
Inter-segment	1,724	9	6	5	468	2,213	(2,213)	-
(Royalty income)	( 1,639)	( 9)	( -)	( -)	( 0)	( 1,649)	( (1,649))	( -)
Total	14,718	536	658	152	3,217	19,284	(2,213)	17,070
Segment profit (loss)	(2,088)	(386)	(705)	(6)	946	(2,239)	(406)	(2,645)

- Notes: 1. The minus 406 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.
2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

## 2. Information related to impairment losses on fixed assets, goodwill, etc. for each reportable segment

Detailed explanations are omitted due to immateriality of the amount.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*