

**Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2022 (FY2021)
(Three Months Ended June 30, 2021) [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/>
 Representative: Tomokuni Tsuji, President and Chief Executive Officer
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 Scheduled date of filing of Quarterly Report: August 13, 2021
 Starting date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter of FY2021 (April 1, 2021 – June 30, 2021)

(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	%
Three months ended Jun. 30, 2021	10,802	48.2	(59)	-	102	-	2,470	-
Three months ended Jun. 30, 2020	7,289	(45.5)	(1,177)	-	(999)	-	(858)	-

Note: Comprehensive income (millions of yen) Three months ended Jun. 30, 2021: 3,579 (-%)
 Three months ended Jun. 30, 2020: (1,345) (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Three months ended Jun. 30, 2021	30.67	-
Three months ended Jun. 30, 2020	(10.23)	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2021	87,164	40,876	46.7
As of Mar. 31, 2021	85,040	37,285	43.7

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2021: 40,733 As of Mar. 31, 2021: 37,155

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2020	-	0.00	-	0.00	0.00
FY2021	-	-	-	-	-
FY2021 (forecast)	-	8.00	-	8.00	16.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY2021 (April 1, 2021 – March 31, 2022)

(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
First half	23,000	34.7	(1,100)	-	(1,000)	-	1,900	-	23.59
Full year	49,100	19.6	(700)	-	(400)	-	2,100	-	26.07

Note: Revisions to the most recently announced consolidated forecasts: None

*** 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: Yes

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 Jun. 30, 2021:	89,065,301 shares	As of Mar. 31, 2021:	89,065,301 shares
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2) Number of shares of treasury stock at the end of the period

As of Jun. 30, 2021:	8,523,746 shares	As of Mar. 31, 2021:	8,523,746 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2021:	80,541,555 shares	Three months ended Jun. 30, 2020:	83,933,318 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 quarter of the fiscal year under review, the impact from the spread of COVID-19 continued to restrict Japan's economic activity, causing the outlook to remain uncertain. The Company has 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.

The Company announced on May 25, 2021 the three-year medium-term management plan "Creating and Challenging for our Future" concluding in the fiscal year ending March 31, 2024. The three pillars of this plan are corporate culture reform, initiation and completion of domestic and overseas structural reforms, and planting the seeds for regrowth strategies and growth markets. We intend to fulfill this plan through radically restructuring our organization.

In Japan, the expansion of a state of emergency issued just before the Golden Week holidays to 10 prefectures had a major impact, including the closure of a number of stores. Within this situation, the Company also offered in-store voting for the Sanrio Character Ranking and the stores grew busy once more, focused on domestic customers. As in the previous fiscal year, sales grew in the e-commerce sector and also rose for hygiene-related products such as masks, loungewear to meet stay-home demand, and products using cooling materials, which became more popular as temperatures rose. Sanrio+, an application for Sanrio fan members launched in July 2020, has already been in operation for one year and the membership has surpassed 910,000 (as of July 1). Meanwhile, the theme park business continued to face difficulties due to a fall in visitor numbers caused by temporary closures and admission restrictions after reopening; however, the Company is continuing to focus on e-commerce business and digital distribution.

Overseas, economic activity resumed in areas where COVID-19 had been brought under control. Apparel licensee numbers increased in Europe, initiatives with toy manufacturers in North America grew steadily, and sales promotion campaigns began to resume in Asia.

As a result of these factors, sales rose 48.2 % year-on-year to 10.8 billion yen, and operating loss was 50 million yen (an improvement of 1.1 billion yen from the same period of the previous fiscal year). Ordinary profit was 0.1 billion yen (a loss of 0.9 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 profit attributable to owners of parent was 2.4 billion yen (a loss of 0.8 billion yen in the same period of the previous fiscal year) after accounting for extraordinary gains including 3.8 billion yen from gain on sales of fixed assets; extraordinary losses including 0.2 billion yen from the temporary closure of theme parks; and total income taxes of 1.2 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first quarter under review for these subsidiaries covers the period from January to March 2021.

Reportable Segment (100 millions of yen)

	First three months of	Sales				Segment profit (operating profit)			
		FY2020	FY2021	Increase/ decrease	Change (%)	FY2020	FY2021	Increase/ decrease	Change (%)
Japan	Product sales/others	36	59	22	62.5	(6)	1	7	-
	Royalties	16	20	3	23.3				
	Total	53	80	26	50.1				
Europe	Product sales/others	(0)	0	0	-	(2)	(0)	1	-
	Royalties	2	3	1	42.4				
	Total	2	3	1	45.9				
North America	Product sales/others	1	2	1	127.0	(3)	(1)	1	-
	Royalties	1	3	1	62.2				
	Total	3	5	2	87.4				
Latin America	Product sales/others	0	0	(0)	(63.0)	0	0	0	74.7
	Royalties	0	0	(0)	(23.4)				
	Total	1	0	(0)	(25.1)				
Asia	Product sales/others	1	1	0	48.3	4	6	1	45.9
	Royalties	11	15	4	35.8				
	Total	12	17	4	37.0				
Adjustment		-	-	-	-	(4)	(5)	(1)	-
Consolidated	Product sales/others	39	64	25	64.2	(11)	(0)	11	-
	Royalties	33	43	10	29.8				
	Total	72	108	35	48.2				

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

Taking into consideration the impact of the spread of COVID-19 and the future progress of the medium-term management plan, the Company has not made changes to the consolidated earnings forecast announced on May 14, 2021.

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

Three months ended		Sales to customers					Operating profit				
		Jun. 2019	Jun. 2020	Change (%)	Jun. 2021	Change (%)	Jun. 2019	Jun. 2020	Change (%)	Jun. 2021	Change (%)
Europe	Germany	324	160	(50.6)	228	42.5	(68)	(169)	-	(97)	-
	UK	76	89	17.5	136	52.0	(36)	(50)	-	27	-
	Subtotal	400	249	(37.7)	364	45.9	(104)	(220)	-	(69)	-
North America	USA	563	314	(44.2)	589	87.4	(213)	(355)	-	(175)	-
Latin America	Brazil/Chile	205	103	(49.7)	77	(25.1)	39	4	(88.6)	7	74.7
Asia	Hong Kong	495	433	(12.6)	369	(14.8)	160	134	(16.2)	117	(12.2)
	Taiwan	336	261	(22.2)	263	0.8	125	87	(30.0)	75	(13.8)
	South Korea	204	135	(34.1)	108	(19.4)	36	14	(60.6)	5	(59.5)
	China	748	440	(41.2)	997	126.7	320	194	(39.4)	429	120.8
	Subtotal	1,785	1,270	(28.8)	1,740	37.0	642	430	(33.0)	628	45.9
Total		2,955	1,938	(34.4)	2,771	43.0	363	(140)	-	391	-

Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	First quarter of FY2021 (As of Jun. 30, 2021)
Assets		
Current assets		
Cash and deposit	36,876	43,282
Trade notes and accounts receivable	5,269	-
Notes and accounts receivable-trade and contract assets	-	4,784
Merchandise and finished goods	4,383	4,104
Work in process	10	29
Raw materials and supplies	213	418
Other accounts receivable	1,631	1,324
Other	637	720
Allowance for doubtful accounts	(85)	(109)
Total current assets	48,937	54,554
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	4,631	3,929
Land	7,831	6,193
Other, net	3,636	3,582
Total tangible fixed assets	16,098	13,706
Intangible fixed assets	2,216	2,311
Investments and other assets		
Investment securities	11,649	10,777
Deferred tax assets	364	25
Other	6,206	6,266
Allowance for doubtful accounts	(454)	(497)
Total investments and other assets	17,766	16,572
Total fixed assets	36,081	32,590
Deferred assets	21	18
Total assets	85,040	87,164
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,180	3,182
Short-term borrowings	17,030	13,473
Accrued income taxes	486	1,141
Allowance for bonuses	421	662
Reserve for adjustment of returned goods	8	-
Provision for shareholder benefit program	38	33
Provision for point card certificates	118	12
Other	8,051	8,040
Total current liabilities	29,336	26,546
Long-term liabilities		
Corporate bonds	935	795
Long-term borrowings	9,382	11,134
Retirement benefit liability	3,091	2,899
Other	5,008	4,913
Total long-term liabilities	18,417	19,742
Total liabilities	47,754	46,288

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	First quarter of FY2021 (As of Jun. 30, 2021)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	47,179	49,660
Treasury stock	(19,762)	(19,762)
Total shareholder's equity	40,827	43,308
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	139	(397)
Foreign currency translation adjustments	(3,320)	(1,867)
Remeasurements of defined benefit plans	(490)	(309)
Total accumulated other comprehensive income	(3,671)	(2,574)
Non-controlling interests	130	143
Total net assets	37,285	40,876
Total liabilities and net assets	85,040	87,164

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

	(Millions of yen)	
	First three months of FY2020 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY2021 (Apr. 1, 2021 – Jun. 30, 2021)
Sales	7,289	10,802
Cost of sales	2,779	3,654
Gross profit	4,509	7,147
Provision for sales returns	11	-
Net gross profit on sales	4,520	7,147
Selling, general and administrative expenses	5,698	7,206
Operating loss	(1,177)	(59)
Non-operating profit		
Interest income	101	43
Dividend income	25	11
Gain on investments in partnership	9	112
Other	117	68
Total non-operating profit	254	236
Non-operating expenses		
Interest expense	27	31
Foreign exchange loss	4	12
Commission expenses	37	27
Other	5	3
Total non-operating expenses	75	74
Ordinary profit (loss)	(999)	102
Extraordinary gains		
Gain on sales of fixed assets	-	3,855
Gain on sales of investment securities	108	57
Gain on valuation of investment securities	157	-
Other	-	0
Total extraordinary gains	266	3,912
Extraordinary losses		
Loss on disposal of fixed assets	3	0
Loss on valuation of investment securities	5	61
Loss from the temporary closure of theme parks, etc.	1,240	251
Other	8	-
Total extraordinary losses	1,258	313
Net profit (loss) before income taxes	(1,991)	3,702
Income taxes – current	18	866
Refund of income taxes	(831)	-
Income taxes – deferred	(327)	360
Total income taxes	(1,140)	1,227
Net profit (loss)	(851)	2,474
Net profit attributable to non-controlling interests	7	4
Net profit (loss) attributable to owners of parent	(858)	2,470

Consolidated Comprehensive Income Statements
(For the Three-month Period)

	(Millions of yen)	
	First three months of FY2020 (Apr. 1, 2020 – Jun. 30, 2020)	First three months of FY2021 (Apr. 1, 2021 – Jun. 30, 2021)
Net profit (loss)	(851)	2,474
Other comprehensive income		
Net unrealized gain (loss) on other securities	495	(536)
Deferred hedge gain (loss)	0	-
Foreign currency translation adjustments	(1,177)	1,460
Remeasurements of defined benefit plans, net of tax	187	180
Total other comprehensive income	(494)	1,104
Comprehensive income	(1,345)	3,579
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,352)	3,567
Comprehensive income attributable to non-controlling interests	6	12

Segment and Other Information

I. First three months of FY2020 (Apr. 1, 2020 – Jun. 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	5,351	249	314	103	1,270	7,289	-	7,289
(Royalty income)	(1,697)	(250)	(192)	(99)	(1,150)	(3,389)	(-)	(3,389)
Inter-segment	764	6	4	1	245	1,022	(1,022)	-
(Royalty income)	(732)	(6)	(-)	(-)	(0)	(739)	(739)	(-)
Total	6,115	256	318	104	1,515	8,311	(1,022)	7,289
Segment profit (loss)	(607)	(220)	(355)	4	430	(748)	(429)	(1,177)

Notes: 1. The minus 429 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 loss 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 three months of FY2021 (Apr. 1, 2021 – Jun. 30, 2021)

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	8,031	364	589	77	1,740	10,802	-	10,802
(Royalty income)	(2,092)	(356)	(311)	(75)	(1,561)	(4,398)	(-)	(4,398)
Inter-segment	1,162	6	11	2	220	1,402	(1,402)	-
(Royalty income)	(1,082)	(0)	(-)	(-)	(0)	(1,083)	(1,083)	(-)
Total	9,193	371	600	79	1,960	12,205	(1,402)	10,802
Segment profit (loss)	133	(69)	(175)	7	628	525	(584)	(59)

Notes: 1. The minus 584 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 loss 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.

3. Information related to revisions for reportable segments

The Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the first quarter of FY2021 and changed the accounting method for revenue recognition, and therefore, the measurement method for profit or loss in the business segment has been changed as well.

The effect of this change was to increase sales by 2 million yen and to decrease profit by 45 million yen in the “Japan” segment for the first three months of FY2021.

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.