

**Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2022 (FY2021)
(Six Months Ended September 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: November 12, 2021
Starting date of dividend payment: November 22, 2021
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 FY2021 (April 1, 2021 – September 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	%
Six months ended Sep. 30, 2021	23,793	39.4	288	-	636	-	1,949	-
Six months ended Sep. 30, 2020	17,070	(38.3)	(2,645)	-	(1,938)	-	(2,847)	-

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2021: 3,824 (-%)
Six months ended Sep. 30, 2020: (3,280) (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2021	24.20	-
Six months ended Sep. 30, 2020	(33.92)	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2021	89,697	41,161	45.7
As of Mar. 31, 2021	85,040	37,285	43.7

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2021: 41,011 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	-	8.00	-	-	-
FY2021 (forecast)	-	-	-	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
Full year	49,300	20.1	0	-	500	-	1,500	-	18.62

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: 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 Sep. 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 Sep. 30, 2021:	8,503,746 shares	As of Mar. 31, 2021:	8,523,746 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2021:	80,547,269 shares	Six months ended Sep. 30, 2020:	83,933,291 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, economic activity was restricted by the extension of a state of emergency in major urban areas following the spread of a COVID-19 variant. Although the situation will improve as restrictions on activities ease, including the lifting of the state of emergency across the board with some conditions on September 30, 2021, the future for the economy remains 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 are implementing this plan through radically restructuring our organization. The Company plans to disclose materials on progress in the Medium-term Management Plan on its website in the middle of November.

Regarding the Company’s situation during the first half of the fiscal year, severe conditions continued as regions placed under a state of emergency and areas given priority measures to prevent the spread of COVID-19 expanded nationwide, affecting many of the Company’s directly-managed stores. Under these circumstances, we managed to support our business by increasing wholesale and e-commerce sales. The impact of the pandemic created a strong sales trend for hygiene and nesting (home demand) related products while lucky draw attracted consumers like an event sales, increasing the composition ratio. The membership of Sanrio+, an application for Sanrio fan members launched in July 2020, has surpassed 1,000,000 in October.

The theme park business continued to face difficulties due to a fall in visitor numbers caused by the COVID-19 pandemic; however, the Company is continuing to focus on expanding the pay-per-use policies within parks, digital distribution, and e-commerce business that we launched last year.

Overseas, containment of COVID-19 varied from region to region. In Europe, apparel licensees grew in number and a major toy licensee resumed operations while in North America initiatives with toy manufacturers grew steadily. In China, collaborations with a major sporting goods manufacturer contributed to growth, and the demand for masks and other hygiene-related products increased throughout Asia.

As a result of these factors, sales rose 39.4% year-on-year to 23.7 billion yen, and operating profit was 0.2 billion yen (compared with a loss of 2.6 billion yen in the same period of the previous fiscal year). Ordinary profit was 0.6 billion yen (compared with a loss of 1.9 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 1.9 billion yen (compared with a loss of 2.8 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 1.0 billion yen from business restructuring expenses associated with non-consolidated subsidiary Sanrio Brand Development Shanghai Co., Ltd.; and total income taxes of 1.1 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 2021.

Reportable Segment		(100 millions of yen)							
	First six months of	Sales				Segment profit (operating profit)			
		FY2020	FY2021	Increase/ decrease	Change (%)	FY2020	FY2021	Increase/ decrease	Change (%)
Japan	Product sales/others	93	133	40	43.3	(20)	(0)	20	-
	Royalties	36	43	6	18.5				
	Total	129	177	47	36.4				
Europe	Product sales/others	0	0	0	299.1	(3)	(1)	2	-
	Royalties	5	7	2	41.7				
	Total	5	7	2	42.9				
North America	Product sales/others	3	5	2	87.5	(7)	(3)	3	-
	Royalties	3	7	3	115.8				
	Total	6	13	6	102.0				
Latin America	Product sales/others	0	0	(0)	(57.9)	(0)	0	0	-
	Royalties	1	1	0	17.9				
	Total	1	1	0	13.7				
Asia	Product sales/others	2	3	0	39.7	9	14	4	49.4
	Royalties	24	34	9	39.5				
	Total	27	38	10	39.5				
Adjustment		-	-	-	-	(4)	(6)	(2)	-
Consolidated	Product sales/others	99	143	44	44.6	(26)	2	29	-
	Royalties	71	94	22	32.1				
	Total	170	237	67	39.4				

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

During the first half of the fiscal year under review, overseas sales rose on the back of a recovery in demand while domestic sales also performed well, exceeding the planned figures. However, due to the recording of an extraordinary loss incurred from business restructuring at a non-consolidated subsidiary, we have revised the consolidated earnings forecast for the fiscal year ending March 31, 2022, as announced on May 14, 2021. Please refer to the "Notice Regarding the Recording of an Extraordinary Loss, Difference between Forecasts and Results for First Half of the Fiscal Year Ending March 31, 2022 (FY2021) and Revision to Forecasts for FY2021" announced today (November 2, 2021).

The Company will continue to closely monitor the economic environment and market trends while striving to appropriately disclose our earnings forecasts.

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. 2019	Sep. 2020	Change (%)	Sep. 2021	Change (%)	Sep. 2019	Sep. 2020	Change (%)	Sep. 2021	Change (%)
Europe	Germany	559	387	(30.8)	465	20.1	(167)	(266)	-	(204)	-
	UK	145	139	(3.5)	288	105.7	(108)	(119)	-	82	-
	Subtotal	704	527	(25.2)	753	42.9	(276)	(386)	-	(122)	-
North America	USA	1,114	652	(41.4)	1,318	102.0	(450)	(705)	-	(323)	-
Latin America	Brazil/Chile	263	147	(44.0)	167	13.7	12	(6)	-	19	-
Asia	Hong Kong	1,167	832	(28.7)	780	(6.3)	371	230	(37.9)	255	10.8
	Taiwan	554	540	(2.5)	471	(12.6)	191	172	(10.0)	129	(24.7)
	South Korea	375	231	(38.4)	241	4.4	69	19	(72.4)	26	37.4
	China	1,558	1,144	(26.5)	2,342	104.6	696	524	(24.7)	1,003	91.2
	Subtotal	3,654	2,748	(24.8)	3,835	39.5	1,329	946	(28.8)	1,414	49.4
Total		5,736	4,076	(28.9)	6,075	49.0	614	(151)	-	988	-

Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	Second quarter of FY2021 (As of Sep. 30, 2021)
Assets		
Current assets		
Cash and deposit	36,876	45,333
Trade notes and accounts receivable	5,269	-
Notes and accounts receivable-trade and contract assets	-	5,329
Merchandise and finished goods	4,383	4,140
Work in process	10	33
Raw materials and supplies	213	329
Other accounts receivable	1,631	979
Other	637	780
Allowance for doubtful accounts	(85)	(103)
Total current assets	48,937	56,822
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	4,631	3,700
Land	7,831	6,196
Other, net	3,636	3,510
Total tangible fixed assets	16,098	13,407
Intangible fixed assets	2,216	2,264
Investments and other assets		
Investment securities	11,649	10,602
Deferred tax assets	364	228
Other	6,206	6,786
Allowance for doubtful accounts	(454)	(431)
Total investments and other assets	17,766	17,185
Total fixed assets	36,081	32,857
Deferred assets	21	16
Total assets	85,040	89,697
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,180	3,856
Short-term borrowings	17,030	13,058
Accrued income taxes	486	883
Allowance for bonuses	421	410
Reserve for adjustment of returned goods	8	-
Provision for shareholder benefit program	38	47
Provision for point card certificates	118	17
Provision for business restructuring	-	455
Provision for loss on guarantees	-	121
Other	8,051	8,795
Total current liabilities	29,336	27,647
Long-term liabilities		
Corporate bonds	935	644
Long-term borrowings	9,382	12,813
Retirement benefit liability	3,091	2,672
Other	5,008	4,758
Total long-term liabilities	18,417	20,888
Total liabilities	47,754	48,536

	(Millions of yen)	
	FY2020 (As of Mar. 31, 2021)	Second quarter of FY2021 (As of Sep. 30, 2021)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,403
Retained earnings	47,179	49,139
Treasury stock	(19,762)	(19,715)
Total shareholder's equity	40,827	42,827
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	139	(63)
Foreign currency translation adjustments	(3,320)	(1,623)
Remeasurements of defined benefit plans	(490)	(128)
Total accumulated other comprehensive income	(3,671)	(1,815)
Non-controlling interests	130	149
Total net assets	37,285	41,161
Total liabilities and net assets	85,040	89,697

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

	(Millions of yen)	
	First six months of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY2021 (Apr. 1, 2021 – Sep. 30, 2021)
Sales	17,070	23,793
Cost of sales	6,600	8,526
Gross profit	10,469	15,266
Provision for sales returns	15	-
Net gross profit on sales	10,484	15,266
Selling, general and administrative expenses	13,130	14,978
Operating profit (loss)	(2,645)	288
Non-operating profit		
Interest income	191	98
Dividend income	99	86
Foreign exchange gains	39	-
Gain on investments in partnership	250	183
Subsidies for employment adjustment	86	-
Other	209	150
Total non-operating profit	876	518
Non-operating expenses		
Interest expense	65	63
Foreign exchange loss	-	24
Commission expenses	89	65
Other	14	17
Total non-operating expenses	169	170
Ordinary profit (loss)	(1,938)	636
Extraordinary gains		
Gain on sales of fixed assets	-	3,855
Gain on sales of investment securities	240	152
Gain on valuation of investment securities	199	-
Subsidies for employment adjustment	461	65
Other	-	4
Total extraordinary gains	900	4,077
Extraordinary losses		
Loss on disposal of fixed assets	12	0
Loss on valuation of investment securities	6	75
Impairment loss	44	170
Business restructuring expenses	-	1,052
Loss from the temporary closure of theme parks, etc.	1,346	251
Other	35	33
Total extraordinary losses	1,445	1,584
Net profit (loss) before income taxes	(2,483)	3,130
Income taxes – current	516	1,107
Refund of income taxes	(825)	-
Income taxes – deferred	650	62
Total income taxes	341	1,169
Net profit (loss)	(2,825)	1,960
Net profit attributable to non-controlling interests	22	10
Net profit (loss) attributable to owners of parent	(2,847)	1,949

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

	(Millions of yen)	
	First six months of FY2020 (Apr. 1, 2020 – Sep. 30, 2020)	First six months of FY2021 (Apr. 1, 2021 – Sep. 30, 2021)
Net profit (loss)	(2,825)	1,960
Other comprehensive income		
Net unrealized gain (loss) on other securities	570	(202)
Deferred hedge gain (loss)	0	-
Foreign currency translation adjustments	(1,401)	1,705
Remeasurements of defined benefit plans, net of tax	375	361
Total other comprehensive income	(455)	1,864
Comprehensive income	(3,280)	3,824
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,299)	3,805
Comprehensive income attributable to non-controlling interests	18	18

Segment and Other Information

I. 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 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 six months of FY2021 (Apr. 1, 2021 – Sep. 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	17,718	753	1,318	167	3,835	23,793	-	23,793
(Royalty income)	(4,333)	(743)	(724)	(164)	(3,486)	(9,451)	(-)	(9,451)
Inter-segment	2,394	6	23	3	376	2,805	(2,805)	-
(Royalty income)	(2,221)	(0)	(-)	(-)	(0)	(2,221)	(2,221)	(-)
Total	20,113	759	1,342	171	4,212	26,598	(2,805)	23,793
Segment profit (loss)	(70)	(122)	(323)	19	1,414	918	(629)	288

Notes: 1. The minus 629 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.

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 decrease sales by 142 million yen and to decrease profit by 22 million yen in the “Japan” segment for the first six 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.