

**Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2023 (FY2022)
(Nine Months Ended December 31, 2022) [Japanese GAAP]**

Company name: Sanrio Company, Ltd.
Stock code: 8136

Listed Stock Exchange: Tokyo Stock Exchange
URL:
<https://www.sanrio.co.jp/english/corporate/ir/>

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Scheduled date of filing of Quarterly Report: March 16, 2023

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 Third Quarter of FY2022 (April 1, 2022 – December 31, 2022)

(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	%
Nine months ended Dec. 31, 2022	51,625	33.9	10,602	420.7	11,009	346.6	6,790	114.0
Nine months ended Dec. 31, 2021	38,562	30.9	2,036	-	2,465	-	3,172	-

Note: Comprehensive income (millions of yen) Nine months ended Dec. 31, 2022: 11,573 (up 133.5%)

Nine months ended Dec. 31, 2021: 4,956 (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Nine months ended Dec. 31, 2022	84.25	-
Nine months ended Dec. 31, 2021	39.39	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2022	98,978	53,744	54.0
As of Mar. 31, 2022	83,809	43,800	52.1

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2022: 53,442

As of Mar. 31, 2022: 43,642

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2021	-	8.00	-	8.00	16.00
FY2022	-	15.00	-	-	-
FY2022 (forecast)	-	-	-	20.00	35.00

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

3. Consolidated Forecast for FY2022 (April 1, 2022 – March 31, 2023)

(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	70,600	33.8	12,900	408.3	13,600	309.8	7,600	122.0	94.29

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change 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

Note: Please refer to “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Changes in Accounting Policies” on page 12 of the attachments for details.

(4) Number of outstanding shares (common stock)

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

As of Dec. 31, 2022:	89,065,301 shares	As of Mar. 31, 2022:	89,065,301 shares
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2) Number of shares of treasury stock at the end of the period

As of Dec. 31, 2022:	8,422,592 shares	As of Mar. 31, 2022:	8,503,829 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2022:	80,592,673 shares	Nine months ended Dec. 31, 2021:	80,551,530 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 “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 6 of the attachments for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months of the fiscal year under review, Japan faced a surge in new infections from the seventh wave of COVID-19, with the number of new cases increasing from November onwards. Despite this, the Japanese economy has gradually normalized in terms of socio-economic activity alongside the implementation of infection control measures. Meanwhile, the outlook remains uncertain due to prolonged conflict in Europe, rising prices, and fluctuations in financial and capital markets.

Amid these conditions, the Sanrio Group set the current fiscal year as the second year of the three-year medium-term management plan “Creating and Challenging for our Future” concluding in the fiscal year ending March 31, 2024, and we have steadily implemented various initiatives based on the three pillars of this plan: corporate culture reform, initiation and completion of domestic and overseas structural reforms, and planting the seeds for regrowth strategies and growth markets. The domestic product sales business and the North American region, which had been in the red for a long time, are expected to return to profit a year ahead of schedule.

In the domestic product sales business, customer numbers rose significantly, partly because stores were able to operate normally throughout the entire period without restrictions on behavior and partly due to a rise in foreign tourists resulting from the easing of immigration restrictions from autumn onwards. In addition, events such as Cinnamoroll’s 20th anniversary campaign and collaborative products with other companies’ characters proved popular, resulting in a significant increase in sales. In the licensing business, sales grew significantly due to the successful development of products with a wide range of Sanrio characters and internal collaboration. In the theme park business, sales rose dramatically due to a significant increase in the number of visitors to the parks and continued strong sales of original products.

Overseas, in Asia, products developed with a wide range of Sanrio characters proved successful and new license agreements were acquired. Moreover, North America saw strong e-commerce sales. Almost all regions performed well and sales grew substantially.

Moreover, in the course of further upgrading the customer base for the future digital strategy, the membership of Sanrio+, an app for Sanrio fan members, reached around 1.26 million as of the end of December 2022.

As for consolidated operating profit, the Company posted a significant increase due to sales growth both in Japan and overseas, as well as improved sales profitability resulting from a lower cost of sales ratio due to progress in structural reforms.

As a result of these factors, sales rose 33.9% year-on-year to 51.6 billion yen, operating profit increased 420.7% year-on-year to 10.6 billion yen, and ordinary profit rose 346.6% year-on-year to 11.0 billion yen. Net profit attributable to owners of parent rose 114.0% year-on-year to 6.7 billion yen with additional taxes (including additional and local taxes) of 1.3 billion yen imposed as a corrective by the Tokyo Regional Taxation Bureau, of which 1.2 billion yen was recorded as income taxes for prior periods.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first nine months under review for these subsidiaries covers the period from January to September 2022.

Reportable Segment (100 millions of yen)

	First nine months of	Sales				Segment profit (operating profit)			
		FY2021	FY2022	Increase/ decrease	Change (%)	FY2021	FY2022	Increase/ decrease	Change (%)
Japan	Product sales/others	227	300	72	31.9	12	78	65	506.8
	Royalties	70	77	7	11.1				
	Total	297	378	80	27.0				
Europe	Product sales/others	0	(0)	(0)	-	(0)	(1)	(0)	-
	Royalties	11	12	0	6.3				
	Total	11	12	0	4.7				
North America	Product sales/others	9	13	3	43.8	(3)	6	10	-
	Royalties	12	29	16	135.4				
	Total	21	42	20	96.6				
Latin America	Product sales/others	0	0	0	290.1	0	0	0	31.3
	Royalties	2	3	0	33.6				
	Total	2	3	0	37.6				
Asia	Product sales/others	3	4	1	29.3	18	32	13	71.4
	Royalties	48	74	26	55.7				
	Total	51	79	27	53.8				
Adjustment		-	-	-	-	(7)	(9)	(2)	-
Consolidated	Product sales/others	240	318	77	32.3	20	106	85	420.7
	Royalties	144	197	52	36.5				
	Total	385	516	130	33.9				

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.

i. Japan: Sales rose 27.0% year-on-year to 37.8 billion yen and operating profit rose 506.8% to 7.8 billion yen.

1. Product sales business

In April 2022, the convenience store-related business and the Global Product Sales Business were both transferred to the Product Sales Division. By consolidating product planning and manufacturing functions, we are working to enhance the value of the Sanrio brand on a global scale.

In the first nine months of the period under review, the number of customers visiting stores increased significantly amid the ongoing pandemic as the stores were able to operate normally for the entire period, and foreign tourists gradually increased in number from autumn onwards due to the easing of immigration restrictions. In addition, collaborative products with other companies' leading characters, such as Pretty Guardian Sailor Moon External and Chiikawa, proved popular, as did the Secret Melokuro Series developed for trend-conscious teenagers and people in their twenties as well as products such as the Enjoy Idol Series, which supports people promoting idol groups, and other original products. We also held events and campaigns using the Sanrio+ app for Sanrio fan members that contributed to the promotion of shop visits. As a result of these measures, sales rose in each sales channel, including stores, e-commerce, and convenience stores.

Operating profit (loss) improved significantly due to a substantial increase in sales and successful cost control of selling, general, and administrative expenses.

2. Licensing business

In the first nine months of the period under review, sales grew significantly as a result of developing products with a wide range of Sanrio characters in addition to successfully strengthening information sharing and collaboration

among divisions through organizational restructuring. In the product licensing business, sales grew significantly for OEM products for large specialty stores selling items such as sundries and clothing; confectionery products incorporating entertainment value and collectability; and collaboration-related products. In the advertising licensing business, growth was achieved through a strong performance from existing initiatives and the adoption of campaigns in the restaurant industry. Moreover, in the product and advertising licensing businesses, the number of touch points with end-users grew significantly through the effective use of social media and other means, which contributed to increased recognition. Character greetings and exhibition events also grew in reaction to the pandemic in the previous year, while sales from inbound tourism also rose.

Operating profit rose substantially due to an increase in gross profit on higher revenues.

3. Theme park business

At Sanrio Puroland in Tama City, Tokyo, and Harmonyland in Oita Prefecture, the parks were able to operate normally during the entire period, including the Golden Week and summer and winter vacation and other busy periods, resulting in a significant rise in visitor numbers.

At Sanrio Puroland, sales of original products rose thanks to successful measures resonating with Generation Z, including hosting the virtual event Nakayoku Connect and setting up the new attraction Character Greeting Residence in July. Seasonal products and food and beverage menus, especially for Christmas, proved popular while the perennially popular headband accessory and the variable admission ticket price system introduced in this fiscal year contributed to an increase in sales per customer, leading to a substantial rise in sales. Operating profit (loss) improved significantly due to the substantial increase in sales and a reduction in the cost of sales ratio.

At Harmonyland, in addition to an increased willingness to go out on excursions due to the government's travel support scheme, measures such as staging the original new show Cinnamoroll's Blue Sky Orchestra, establishing a new amusement area, and promoting the KUROMify the World Project contributed to attracting visitors, leading visitor numbers to rise significantly. Moreover, the ticket price hike for admission implemented in mid-July and original products linked to promotions performed well. These factors resulted in an increase in sales per customer and sales growth. Operating profit (loss) in the first nine months was back in the black for the first time in three years, accompanying the rise in sales and a reduction in the cost of sales ratio.

ii. Europe: Sales rose 4.7% year-on-year to 1.2 billion yen and operating loss stood at 0.1 billion yen, a fall of 84 million yen.

The licensing business grew in the apparel and food categories. In the former category, sales of famous brand collections grew steadily, and in the latter Hello Kitty Candy continued to be popular and drove sales. In the digital category, Sanrio's first NFT was launched and attracted considerable interest.

Sales of Mr. Men and Little Miss, which grew in the previous fiscal year due to special demand created for the 50th anniversary, performed well in the publishing and household goods categories, although not to the previous year's level. In the publishing category, books were launched by a major UK licensee, while in the household goods category a new licensee in South Korea developed daily necessities and other products.

Despite an increase in sales, we recorded an operating loss as selling, general, and administrative expenses also increased.

iii. North America: Sales rose 96.6% year-on-year to 4.2 billion yen and operating profit stood at 0.6 billion yen compared with operating loss of 0.3 billion yen in the same period a year earlier.

In the product sales business, the company's e-commerce sector continued to produce a strong performance that substantially exceeded the previous year's results. In particular, sales rose for plush toys.

In the licensing business, sales in the apparel, toy and health & beauty categories remained strong. In the apparel category, ongoing initiatives with existing licensees contributed to sales performance while sales channels expanded through the acquisition of new fast fashion licensees. In the toy category, sales grew as a result of product development centered on plush toys, including collaborative products. In the health & beauty category, sales

increased proportionally as new licensees increased character exposure and the number of products handled by existing licensees increased. The digital category also generated synergies across the business, leading to a virtuous sales cycle.

Operating profit (loss) was back in the black due to the substantial increase in sales.

iv. Latin America: Sales rose 37.6% year-on-year to 0.3 billion yen and operating profit rose 31.3% to 45 million yen.

In Latin America as a whole, the licensing business performed well in the health & beauty and apparel categories. In the licensing business in Mexico, sales of sanitary products in the health & beauty category grew significantly while in the apparel category strong sales continued for brands targeting infants to teenagers and major retail chains. In addition, the Hello Kitty Café, which opened its second shop in Mexico City, continued to perform well. In Peru, sales in the stationery category were strong.

Operating profit increased due to the substantial rise in sales.

v. Asia: Sales rose 53.8% year-on-year to 7.9 billion yen and operating profit rose 71.4% to 3.2 billion yen.

In Asia, sales increased at all locations.

In the Hong Kong and Macau region, licensing business sales increased in the special corporate sales category, including streetcar decorations for railroad companies and art events in collaboration with local artists. In addition, body care products such as hand cream and lip balm in the health & beauty category proved popular and sold well.

In Taiwan, despite delays in product development resulting from the impact of the lockdown in Shanghai, the licensing business performed well in the interior category while collaborations with globally developed gaming applications drove sales in the digital category.

In South Korea, the expanded rollout of products developed with a wide range of Sanrio characters proved successful. In particular, hygiene products from licensees in the process of strengthening distribution and collaborations with idol groups belonging to major South Korean entertainment companies have led to a significant increase in sales, in addition to growing the value of the Sanrio brand.

In China, despite the impact of the lockdown, strong performances were achieved in each category and sales grew significantly. In addition to streamlining management through the integration of the former product sales company contributions came from a significant increase in sales during online events, recovery of unpaid minimum security deposit shortfalls from a master licensee during the term of the contract, continued strong sales in the health & beauty category, expanded initiatives with famous local brands and the development of products with a wide range of Sanrio characters for existing licensees in the sundries category, and continued strong sales of sports-related accessories and plush toys in the toy & hobby category.

SANRIO SOUTHEAST ASIA PTE. LTD. (SSEA), a joint venture between the Company and Avex Asia Pte. Ltd. became a consolidated subsidiary from the fiscal year under review. SSEA's sales were driven by its popular apparel and bags in Thailand and its accessories in Indonesia. In addition, collaboration with Thailand's largest convenience store has resulted in multifaceted brand promotion, including the development of private brands for food and sundries and store decorations.

Operating profit increased due to the contribution of overall sales growth in Asian countries.

Reference: Sales and operating profit by overseas subsidiaries (local currency basis: unconsolidated figures before consolidation eliminations)

(Unit: thousand)	Sales			Operating profit
	Royalties	Product sales	Total	
Germany (EUR)	6,331	119	6,451	(1,620)
Year-on-year change (%)	11.2	8.7	11.2	-
UK (GBP)	3,078	(14)	3,063	762
Year-on-year change (%)	(17.6)	-	(19.3)	(46.5)
North America (USD)	22,797	10,468	33,265	4,998
Year-on-year change (%)	99.6	20.6	65.5	-
Brazil (BRL)	13,949	847	14,796	1,799
Year-on-year change (%)	8.9	92.9	11.7	4.2
Chile (CLP)	-	10,101	10,101	1,984
Year-on-year change (%)	-	105.9	105.9	-
Hong Kong (HKD)	36,646	19,721	56,367	11,371
Year-on-year change (%)	(34.3)	12.4	(23.2)	(42.2)
Taiwan (NTD)	183,301	10,371	193,673	49,552
Year-on-year change (%)	5.8	(6.4)	5.1	3.9
South Korea (KRW)	10,299,329	189,189	10,488,518	3,323,314
Year-on-year change (%)	145.6	(0.4)	139.2	404.7
China (CNY)	220,984	70,280	291,264	117,914
Year-on-year change (%)	31.1	51.4	35.5	52.1
Singapore (USD)	5,236	1,182	6,418	1,263
Year-on-year change (%)	-	-	-	-

(2) Explanation of Financial Position

At the end of the third quarter of the current fiscal year, total assets stood at 98.9 billion yen, an increase of 15.1 billion yen from the end of the previous fiscal year. The main increases were 10.4 billion yen in cash and deposit and 4.0 billion yen in accounts receivable-trade.

Liabilities increased 5.2 billion yen from the end of the previous fiscal year to 45.2 billion yen. The main increases were 1.3 billion yen in trade notes and accounts payable, 1.6 billion yen in contract liabilities and 2.4 billion yen in interest-bearing debt (including current portion of bonds to be redeemed). Net assets increased 9.9 billion yen to 53.7 billion yen. The main increases were 4.8 billion yen in retained earnings and 4.3 billion yen in foreign currency translation adjustments. Equity ratio was 54.0%, up 1.9 percentage points from the end of the previous fiscal year.

(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements

The outlook for the external environment remains uncertain due to the prolonged conflict in Europe, rising prices, and fluctuations in the financial and capital markets. However, the performance in the first nine months of the period under review exceeded that of the full-year forecast, mainly due to strong overseas and domestic demand exceeding the plan's expectations and a reduction in the cost of sales ratio through the implementation of structural reforms in line with the medium-term management plan. We expect performance to remain relatively stable in the fourth quarter. Accordingly, we have revised our full-year consolidated earnings forecast. Please refer to the "Notice Regarding Revisions to Full-year Forecasts for the Fiscal Year Ending March 31, 2023 and Revisions to Dividend Forecasts" announced today (March 16, 2023). We 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 Three Years by Area

(Millions of yen)

Nine months ended		Sales to customers					Operating profit				
		Dec. 2020	Dec. 2021	Change (%)	Dec. 2022	Change (%)	Dec. 2020	Dec. 2021	Change (%)	Dec. 2022	Change (%)
Europe	Germany	637	743	16.6	859	15.6	54	(220)	-	(220)	-
	UK	234	448	91.6	389	(13.3)	(157)	149	-	64	(56.7)
	Subtotal	872	1,192	36.7	1,248	4.7	(102)	(70)	-	(155)	-
North America	USA	1,234	2,152	74.3	4,230	96.6	(860)	(378)	-	637	-
Latin America	Brazil/Chile	224	264	18.1	364	37.6	(1)	34	-	45	31.3
Asia	Hong Kong	1,298	1,082	(16.7)	967	(10.6)	379	338	(10.7)	243	(28.3)
	Taiwan	755	675	(10.6)	802	18.7	228	185	(18.9)	217	17.0
	South Korea	341	411	20.6	1,047	154.3	14	63	347.9	334	428.9
	China	1,688	3,004	77.9	4,347	44.7	779	1,300	66.7	2,278	75.2
	Singapore	-	-	-	794	-	-	-	-	161	-
	Subtotal	4,085	5,175	26.7	7,958	53.8	1,402	1,887	34.6	3,235	71.4
Total		6,415	8,784	36.9	13,802	57.1	437	1,473	236.9	3,762	155.4

(4) Basic Policy Regarding Profit Distribution and Dividends for FY2022

The Company considers distributing earnings to shareholders to be one of the Sanrio Group's highest priorities.

Earnings in the first nine months exceeded the figures in the full-year forecast. As a result of the upward revision of the earnings forecasts for the full year, net profit attributable to owners of parent amounting to 7,600 million yen is now expected to be recorded. The Company has adjusted the dividends payable at year-end to 20 yen per share, up 5 yen from the previous forecast of 15 yen per share. Accordingly, the annual dividend will be 35 yen per share, up 5 yen from the previous forecast of 30 yen per share.

We will continue striving to improve business performance in order to consistently return profits to our shareholders, and we ask for your continued support.

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2021 (As of Mar. 31, 2022)	Third quarter of FY2022 (As of Dec. 31, 2022)
Assets		
Current assets		
Cash and deposit	38,404	48,898
Notes receivable-trade	239	420
Accounts receivable-trade	6,028	10,101
Contract assets	0	9
Merchandise and finished goods	3,382	4,974
Work in process	5	247
Raw materials and supplies	144	513
Other accounts receivable	905	520
Other	970	1,340
Allowance for doubtful accounts	(95)	(154)
Total current assets	49,987	66,871
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	3,498	3,308
Land	6,190	6,141
Other, net	3,155	3,312
Total tangible fixed assets	12,845	12,763
Intangible fixed assets	2,236	2,296
Investments and other assets		
Investment securities	11,808	11,363
Deferred tax assets	412	106
Other	6,849	5,966
Allowance for doubtful accounts	(342)	(396)
Total investments and other assets	18,727	17,039
Total fixed assets	33,808	32,099
Deferred assets	12	7
Total assets	83,809	98,978
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,797	5,189
Short-term borrowings	9,835	9,874
Accrued income taxes	953	1,140
Contract liabilities	2,993	4,684
Allowance for bonuses	469	202
Provision for shareholder benefit program	43	22
Provision for point card certificates	13	7
Provision for founder merit bonus upon retirement	300	-
Other	5,823	6,124
Total current liabilities	24,230	27,245
Long-term liabilities		
Corporate bonds	473	192
Long-term borrowings	9,243	12,016
Retirement benefit liability	1,797	1,105
Other	4,263	4,675
Total long-term liabilities	15,778	17,988
Total liabilities	40,008	45,234

	(Millions of yen)	
	FY2021 (As of Mar. 31, 2022)	Third quarter of FY2022 (As of Dec. 31, 2022)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,403	3,468
Retained earnings	49,968	54,843
Treasury stock	(19,716)	(19,527)
Total shareholder's equity	43,656	48,783
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	32	136
Deferred hedge gain (loss)	-	(2)
Foreign currency translation adjustments	(999)	3,399
Remeasurements of defined benefit plans	953	1,124
Total accumulated other comprehensive income	(14)	4,658
Non-controlling interests	158	302
Total net assets	43,800	53,744
Total liabilities and net assets	83,809	98,978

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

(Millions of yen)

	First nine months of FY2021 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY2022 (Apr. 1, 2022 – Dec. 31, 2022)
Sales	38,562	51,625
Cost of sales	13,797	15,967
Gross profit	24,765	35,657
Selling, general and administrative expenses	22,729	25,055
Operating profit	2,036	10,602
Non-operating profit		
Interest income	160	342
Dividend income	92	121
Foreign exchange gains	-	173
Gain on investments in partnership	177	-
Other	221	376
Total non-operating profit	651	1,013
Non-operating expenses		
Interest expense	96	120
Foreign exchange loss	7	-
Commission expenses	93	100
Loss on investments in partnership	-	326
Other	24	59
Total non-operating expenses	222	606
Ordinary profit	2,465	11,009
Extraordinary gains		
Gain on sales of fixed assets	3,855	1
Gain on sales of investment securities	215	312
Subsidies for employment adjustment	65	-
Other	13	2
Total extraordinary gains	4,150	316
Extraordinary losses		
Loss on disposal of fixed assets	2	13
Loss on valuation of investment securities	271	-
Loss on valuation of shares of subsidiaries and associates	1,187	122
Impairment loss	173	1
Loss from the temporary closure of theme parks, etc.	251	-
Loss (gain) on sale of investment securities	34	46
Other	1	0
Total extraordinary losses	1,921	184
Net profit before income taxes	4,693	11,141
Income taxes – current	1,379	2,382
Income taxes for prior periods	-	1,297
Income taxes – deferred	127	618
Total income taxes	1,506	4,298
Net profit	3,186	6,843
Net profit attributable to non-controlling interests	13	53
Net profit attributable to owners of parent	3,172	6,790

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

(Millions of yen)

	First nine months of FY2021 (Apr. 1, 2021 – Dec. 31, 2021)	First nine months of FY2022 (Apr. 1, 2022 – Dec. 31, 2022)
Net profit	3,186	6,843
Other comprehensive income		
Net unrealized gain (loss) on other securities	(387)	103
Deferred hedge gain (loss)	-	(2)
Foreign currency translation adjustments	1,614	4,457
Remeasurements of defined benefit plans, net of tax	542	171
Total other comprehensive income	1,769	4,730
Comprehensive income	4,956	11,573
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,933	11,462
Comprehensive income attributable to non-controlling interests	23	111

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) from the beginning of the first quarter of the current fiscal year, and has applied the new accounting policies set forth by the Implementation Guidance on Accounting Standard for Fair value Measurement prospectively in accordance with the transitional measures prescribed in Paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

The application of this guidance has no effect on the consolidated financial statements.

Segment and Other Information

I. First nine months of FY2021 (Apr. 1, 2021 – Dec. 31, 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	29,777	1,192	2,152	264	5,175	38,562	-	38,562
(Royalty income)	(7,012)	(1,179)	(1,239)	(260)	(4,803)	(14,496)	(-)	(14,496)
Inter-segment	3,533	11	30	5	695	4,276	(4,276)	-
(Royalty income)	(3,307)	(0)	(-)	(-)	(0)	(3,307)	(3,307)	(-)
Total	33,311	1,203	2,182	270	5,870	42,838	(4,276)	38,562
Segment profit (loss)	1,289	(70)	(378)	34	1,887	2,762	(726)	2,036

Notes: 1. The minus 726 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 nine months of FY2022 (Apr. 1, 2022 – Dec. 31, 2022)

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	37,823	1,248	4,230	364	7,958	51,625	-	51,625
(Royalty income)	(7,791)	(1,253)	(2,918)	(348)	(7,478)	(19,790)	(-)	(19,790)
Inter-segment	6,339	19	26	6	1,387	7,779	(7,779)	-
(Royalty income)	(5,778)	(1)	(-)	(-)	(-)	(5,780)	(5,780)	(-)
Total	44,162	1,268	4,257	370	9,345	59,405	(7,779)	51,625
Segment profit (loss)	7,826	(155)	637	45	3,235	11,588	(986)	10,602

Notes: 1. The minus 986 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.