

**Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2024 (FY2023)  
(Three Months Ended June 30, 2023) [Japanese GAAP]**

Company name: Sanrio Company, Ltd. Listed Stock Exchange: Tokyo Stock Exchange  
 Stock code: 8136 URL: <https://www.sanrio.co.jp/english/corporate/ir/>  
 Representative: Tomokuni Tsuji, President and Chief Executive Officer  
 Inquiries: Jiro Kishimura, Senior Managing Director TEL: +81-3-3779-8058  
 Scheduled date of filing of Quarterly Report: August 14, 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 First Quarter of FY2023 (April 1, 2023 – June 30, 2023)**

(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, 2023	20,315	46.9	5,964	150.2	6,374	153.7	4,916	525.9
Three months ended Jun. 30, 2022	13,829	28.0	2,383	-	2,512	-	785	(68.2)

Note: Comprehensive income (millions of yen) Three months ended Jun. 30, 2023: 4,494 (up 58.6%)  
 Three months ended Jun. 30, 2022: 2,833 (down 20.8%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Three months ended Jun. 30, 2023	60.97	-
Three months ended Jun. 30, 2022	9.75	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2023	110,575	59,177	53.2
As of Mar. 31, 2023	100,704	56,295	55.6

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2023: 58,862 As of Mar. 31, 2023: 56,005

**2. Dividends**

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2022	-	15.00	-	20.00	35.00
FY2023	-	-	-	-	-
FY2023 (forecast)	-	22.50	-	22.50	45.00

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

**3. Consolidated Forecast for FY2023 (April 1, 2023 – March 31, 2024)**

(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	40,800	33.2	10,300	92.6	11,000	96.1	8,500	182.3	105.40
Full year	84,100	15.8	17,000	28.3	18,000	31.2	12,000	47.1	148.81

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



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

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

During the first quarter of the fiscal year under review, the reclassification of COVID-19 as a category 5 infection in May led to a normalization of economic activity and spending by foreign tourists increased following the easing of entry restrictions last autumn. Meanwhile, the outlook remains uncertain amid concerns that consumers will adopt a still more conservative stance due to the prolonged conflict in Europe, rising global resource prices, rising prices arising from exchange rate fluctuations, and other factors.

Amid these conditions, the Sanrio Group set the current fiscal year as the final 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.

Domestic shops and theme parks sales rose as a result of steady progress from various measures and a significant increase in customer numbers. Domestic customer numbers rose due to the reclassification of COVID-19 as a category 5 infection while the number of foreign tourists climbed sharply following the relaxation of immigration restrictions last autumn. In the domestic and overseas licensing business, strategic measures such as the continuing development of products and services featuring a wide range of Sanrio characters succeeded in attracting new licensees and increasing product development by existing licensees, resulting in sales growth.

Moreover, the membership of Sanrio+, an app for Sanrio fan members, reached around 1.53 million as of the end of June 2023.

As for consolidated operating profit, the Company posted a significant increase due to sales growth both in Japan and overseas, as well as improved profitability due to the management of operating expenses at an appropriate level through structural reforms.

As a result of these factors, sales rose 46.9% year-on-year to 20.3 billion yen, operating profit increased 150.2% year-on-year to 5.9 billion yen, ordinary profit rose 153.7% year-on-year to 6.3 billion yen, and net profit attributable to owners of parent rose 525.9% year-on-year to 4.9 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the fiscal year under review for these subsidiaries covers the period from January to March 2023.

## Reportable Segment

(100 millions of yen)

	First three months of	Sales				Segment profit (operating profit)			
		FY2022	FY2023	Increase/ decrease	Change (%)	FY2022	FY2023	Increase/ decrease	Change (%)
Japan	Product sales/others	73	116	42	57.8	17	43	25	145.6
	Royalties	22	30	7	33.8				
	Total	95	146	50	52.2				
Europe	Product sales/others	(0)	0	0	-	(0)	0	1	-
	Royalties	4	5	1	27.7				
	Total	4	5	1	28.2				
North America	Product sales/others	4	4	0	13.7	1	6	4	403.8
	Royalties	7	14	7	96.8				
	Total	11	19	7	65.6				
Latin America	Product sales/others	0	0	0	13.0	0	0	0	14.9
	Royalties	1	1	0	31.8				
	Total	1	1	0	30.4				
Asia	Product sales/others	1	1	0	67.3	10	13	2	22.3
	Royalties	23	28	4	19.9				
	Total	25	30	5	22.2				
Adjustment		-	-	-	-	(5)	(4)	1	-
Consolidated	Product sales/others	79	123	43	55.5	23	59	35	150.2
	Royalties	59	80	20	35.4				
	Total	138	203	64	46.9				

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.

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

In the first quarter of the year under review, domestic shops and theme park sales exceeded those in the initial plan due to steady progress with in-house measures and a substantial increase in customer numbers arising from the increased movement of domestic and foreign tourists. In the licensing business, strategic measures such as the continuing development of products and services featuring a wide range of Sanrio characters in Japan and overseas proved successful, and sales exceeded those in the initial plan. Moreover, the Group's first-quarter operating profit outperformed the consolidated results forecast for the first half of the fiscal year as sales in Japan and overseas far exceeded those in the initial plan while profitability also improved due to various structural reform measures implemented in line with the medium-term management plan and the managing of operating expenses at an appropriate level. After reexamining the plan for the second quarter and beyond, we have revised the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 31, 2024, which we announced on May 12, 2023.

Please refer to the "Notice Regarding Revisions to Forecasts for First Half and Full Year for the Fiscal Year Ending March 31, 2024 and Revisions to Dividend Forecasts" announced today (August 2, 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)

Three months ended		Sales to customers					Operating profit				
		Jun. 2021	Jun. 2022	Change (%)	Jun. 2023	Change (%)	Jun. 2021	Jun. 2022	Change (%)	Jun. 2023	Change (%)
Europe	Germany	228	296	30.0	399	34.6	(97)	(70)	-	32	-
	UK	136	127	(6.4)	144	13.3	27	6	(75.3)	46	586.7
	Subtotal	364	424	16.4	544	28.2	(69)	(63)	-	79	-
North America	USA	589	1,158	96.6	1,919	65.6	(175)	121	-	613	403.8
Latin America	Brazil/Chile	77	131	70.1	171	30.4	7	29	268.0	33	14.9
Asia	Hong Kong	369	277	(25.0)	373	34.8	117	58	(50.4)	101	73.2
	Taiwan	263	306	16.3	311	1.5	75	90	19.3	80	(10.9)
	South Korea	108	213	96.4	591	176.8	5	48	735.5	231	380.1
	China	997	1,483	48.6	1,497	1.0	429	853	98.8	851	(0.2)
	Singapore	-	234	-	298	27.0	-	35	-	62	78.7
	Subtotal	1,740	2,515	44.6	3,072	22.2	628	1,085	72.7	1,327	22.3
Total		2,771	4,230	52.6	5,707	34.9	391	1,172	199.8	2,053	75.1

## Quarterly Consolidated Financial Statements and Notes

## (1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2022 (As of Mar. 31, 2023)	First quarter of FY2023 (As of Jun. 30, 2023)
<b>Assets</b>		
Current assets		
Cash and deposit	52,008	61,580
Notes receivable-trade	313	238
Accounts receivable-trade	8,392	8,066
Merchandise and finished goods	3,894	4,624
Work in process	299	419
Raw materials and supplies	348	262
Other accounts receivable	441	424
Other	1,210	1,276
Allowance for doubtful accounts	(156)	(157)
Total current assets	66,752	76,736
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	3,296	3,220
Land	6,140	6,146
Other, net	3,914	3,797
Total tangible fixed assets	13,350	13,163
Intangible fixed assets	2,244	2,288
Investments and other assets		
Investment securities	9,720	9,575
Deferred tax assets	145	81
Other	8,816	9,044
Allowance for doubtful accounts	(332)	(317)
Total investments and other assets	18,350	18,383
Total fixed assets	33,946	33,835
Deferred assets	5	4
Total assets	100,704	110,575
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,074	4,498
Short-term borrowings	9,086	10,454
Accrued income taxes	1,563	1,618
Contract liabilities	4,062	4,431
Allowance for bonuses	638	987
Provision for shareholder benefit program	39	33
Provision for point card certificates	8	7
Other	8,273	6,012
Total current liabilities	27,746	28,044
Long-term liabilities		
Corporate bonds	141	141
Long-term borrowings	10,378	15,247
Retirement benefit liability	1,020	1,076
Other	5,121	6,889
Total long-term liabilities	16,662	23,353
Total liabilities	44,408	51,398

	(Millions of yen)	
	FY2022 (As of Mar. 31, 2023)	First quarter of FY2023 (As of Jun. 30, 2023)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,468	3,468
Retained earnings	56,211	59,515
Treasury stock	(19,528)	(19,528)
Total shareholder's equity	50,152	53,455
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	383	684
Deferred hedge gain (loss)	2	-
Foreign currency translation adjustments	1,707	2,147
Remeasurements of defined benefit plans	3,758	2,574
Total accumulated other comprehensive income	5,853	5,407
Non-controlling interests	290	315
Total net assets	56,295	59,177
Total liabilities and net assets	100,704	110,575

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

	(Millions of yen)	
	First three months of FY2022 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)
Sales	13,829	20,315
Cost of sales	3,740	5,388
Gross profit	10,088	14,927
Selling, general and administrative expenses	7,705	8,962
Operating profit	2,383	5,964
Non-operating profit		
Interest income	78	186
Dividend income	40	35
Foreign exchange gains	166	118
Gain on investments in partnership	-	39
Other	61	112
Total non-operating profit	347	492
Non-operating expenses		
Interest expense	33	40
Commission expenses	34	34
Loss on investments in partnership	132	-
Other	17	7
Total non-operating expenses	218	82
Ordinary profit	2,512	6,374
Extraordinary gains		
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	249	-
Gain on liquidation of subsidiaries and associates	-	537
Other	2	-
Total extraordinary gains	252	537
Extraordinary losses		
Loss on disposal of fixed assets	0	0
Loss on sale of investment securities	-	12
Loss on valuation of investment securities	254	-
Impairment loss	1	-
Total extraordinary losses	256	13
Net profit before income taxes	2,507	6,898
Income taxes – current	373	1,532
Income taxes for prior periods	1,297	-
Income taxes – deferred	37	426
Total income taxes	1,708	1,958
Net profit	799	4,939
Net profit attributable to non-controlling interests	13	23
Net profit attributable to owners of parent	785	4,916



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

(Millions of yen)

	First three months of FY2022 (Apr. 1, 2022 – Jun. 30, 2022)	First three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)
Net profit	799	4,939
Other comprehensive income		
Net unrealized gain (loss) on other securities	146	300
Deferred hedge gain (loss)	1	(2)
Foreign currency translation adjustments	1,828	440
Remeasurements of defined benefit plans, net of tax	57	(1,183)
Total other comprehensive income	2,034	(445)
Comprehensive income	2,833	4,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,802	4,470
Comprehensive income attributable to non-controlling interests	31	24

**Segment and Other Information**

## I. First three months of FY2022 (Apr. 1, 2022 – Jun. 30, 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	9,599	424	1,158	131	2,515	13,829	-	13,829
(Royalty income)	( 2,244)	( 425)	( 724)	( 122)	( 2,397)	( 5,913)	( -)	( 5,913)
Inter-segment	1,665	3	5	2	240	1,917	(1,917)	-
(Royalty income)	( 1,470)	( 0)	( -)	( -)	( 0)	( 1,470)	( 1,470)	( -)
Total	11,264	427	1,164	134	2,755	15,746	(1,917)	13,829
Segment profit (loss)	1,779	(63)	121	29	1,085	2,951	(568)	2,383

- Notes: 1. The minus 568 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 three months of FY2023 (Apr. 1, 2023 – Jun. 30, 2023)

## 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	14,607	544	1,919	171	3,072	20,315	-	20,315
(Royalty income)	( 3,003)	( 543)	( 1,425)	( 160)	( 2,875)	( 8,009)	( -)	( 8,009)
Inter-segment	2,575	10	14	5	899	3,505	(3,505)	-
(Royalty income)	( 2,412)	( 1)	( -)	( -)	( -)	( 2,413)	( 2,413)	( -)
Total	17,183	554	1,934	177	3,972	23,821	(3,505)	20,315
Segment profit	4,370	79	613	33	1,327	6,424	(460)	5,964

- Notes: 1. The minus 460 million yen adjustment to segment profit 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 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

Not applicable.

*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.*