

**Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2018 (FY2017)
(Three Months Ended June 30, 2017)**

[Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
 Stock code: 8136 URL: <http://www.sanrio.co.jp/english/corporate/ir/>
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 Scheduled date of filing of Quarterly Report: August 14, 2017
 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 FY2017 (April 1, 2017 – June 30, 2017)

(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, 2017	13,437	(10.5)	1,279	(37.0)	1,320	(25.9)	1,014	(18.4)
Three months ended Jun. 30, 2016	15,010	(12.0)	2,029	(41.5)	1,781	(50.8)	1,243	(55.7)

Note: Comprehensive income (millions of yen) Three months ended Jun. 30, 2017: 861 (- %)
 Three months ended Jun. 30, 2016: (1,560) (- %)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Three months ended Jun. 30, 2017	11.96	-
Three months ended Jun. 30, 2016	14.66	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2017	99,606	50,526	50.5
As of Mar. 31, 2017	101,312	53,058	52.2

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2017: 50,320 As of Mar. 31, 2017: 52,854

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	40.00	-	40.00	80.00
FY2017	-	-	-	-	-
FY2017 (forecast)	-	40.00	-	40.00	80.00

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

3. Consolidated Forecasts for FY2017 (April 1, 2017 – March 31, 2018)

(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	30,600	(2.7)	4,100	5.5	4,300	15.3	2,900	(23.8)	34.18
Full year	65,700	4.8	10,800	56.4	11,200	54.4	7,800	20.4	91.93

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

Qualitative Information on Quarterly Consolidated Financial Performance

Explanation of Results of Operations

During the first three months of the fiscal year under review (overseas: January 1 to March 31, 2017; within Japan: April 1 to June 30, 2017), sales and profits both fell due to a decline in product license revenue in the U.S. and Europe and the impact of a strong yen on exchange rate conversions. Sales fell 10.5% year-on-year to 13.4 billion yen, operating profit 37.0% to 1.2 billion yen, and ordinary profit 25.9% to 1.3 billion yen. Net profit attributable to owners of parent was 1.0 billion yen (down 18.4% year-on-year) after recording extraordinary gains of 100 million yen as gain on sales of investment securities.

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 2017.

Reportable Segment

(100 millions of yen)

	First three months of	Sales				Segment profit (operating profit)			
		FY2016	FY2017	Increase/ decrease	Change (%)	FY2016	FY2017	Increase/ decrease	Change (%)
Japan	Product sales/others	79	76	(3)	(4.0)	14	10	(4)	(31.6)
	Royalties	23	22	(1)	(4.6)				
	Total	102	98	(4)	(4.1)				
Europe	Product sales/others	0	0	0	71.8	1	0	(1)	(85.1)
	Royalties	9	6	(3)	(34.3)				
	Total	9	6	(3)	(34.1)				
North America	Product sales/others	2	2	(0)	(15.9)	(0)	(1)	(1)	-
	Royalties	8	4	(4)	(48.6)				
	Total	11	6	(4)	(40.8)				
Latin America	Product sales/others	0	0	0	94.5	0	0	(0)	(39.7)
	Royalties	2	2	0	3.0				
	Total	2	2	0	3.1				
Asia	Product sales/others	4	1	(2)	(64.6)	7	7	(0)	(2.0)
	Royalties	19	18	(0)	(3.8)				
	Total	23	20	(3)	(15.1)				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	86	80	(6)	(7.5)	20	12	(7)	(37.0)
	Royalties	63	54	(9)	(14.6)				
	Total	150	134	(15)	(10.5)				

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

Regarding results for the first quarter, difficult conditions persist in each region, but in Japan Cinnamoroll, which celebrates its 15th anniversary this year, I'm Doraemon, characters from the 1970s and 1980s, and others put on a strong showing and we will move forward positively with proposals on new applications for characters. In addition, in the U.S. and Europe, we will continue to review organizations and human resources and to promote business activities for character use consistent with market changes. In the Chinese market, product licensing of Gudetama, which is very popular in Greater China, will begin.

Accordingly, we are making no revisions to the first-half and full-year forecasts released on May 12, 2017.

Taking the above factors into account, the dividend will be in line with the initial plan in the current fiscal year, paying out interim and year-end dividends of 40 yen per share each, to maintain an annual total of 80 yen per share.

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. 2015	Jun. 2016	Change (%)	Jun. 2017	Change (%)	Jun. 2015	Jun. 2016	Change (%)	Jun. 2017	Change (%)
North America	U.S.A.	1,625	1,165	(28.3)	690	(40.8)	280	(1)	-	(153)	-
Latin America	Brazil/Chile	360	256	(28.7)	264	3.1	108	77	(28.4)	46	(39.7)
Asia	Hong Kong	1,020	835	(18.2)	689	(17.5)	257	255	(0.8)	238	(6.4)
	Taiwan	439	397	(9.5)	349	(12.1)	153	139	(9.7)	127	(8.3)
	South Korea	351	305	(13.2)	248	(18.5)	117	66	(43.5)	65	(1.4)
	China	818	846	3.5	737	(12.9)	357	334	(6.4)	346	3.8
	Subtotal	2,630	2,385	(9.3)	2,025	(15.1)	885	794	(10.2)	778	(2.0)
Europe	Germany	1,586	810	(48.9)	496	(38.7)	375	148	(60.3)	11	(92.5)
	Britain	206	130	(36.6)	123	(5.3)	88	10	(88.7)	12	25.5
	Subtotal	1,793	941	(47.5)	620	(34.1)	463	158	(65.8)	23	(85.1)
Total		6,409	4,748	(25.9)	3,600	(24.2)	1,738	1,028	(40.8)	694	(32.5)

Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY2016 (As of Mar. 31, 2017)	First quarter of FY2017 (As of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposit	41,172	42,140
Trade notes and accounts receivable	7,698	6,054
Merchandise and finished goods	4,176	4,157
Work in process	16	22
Raw materials and supplies	114	172
Other accounts receivable	1,442	842
Other	1,867	1,868
Allowance for doubtful accounts	(192)	(200)
Total current assets	56,295	55,057
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	6,692	6,545
Land	9,819	9,765
Other, net	2,027	2,003
Total tangible fixed assets	18,539	18,314
Intangible fixed assets	4,715	4,595
Investments and other assets		
Investment securities	12,135	12,228
Deferred tax assets	3,619	3,417
Other	7,948	7,868
Allowance for doubtful accounts	(1,991)	(1,923)
Total investments and other assets	21,711	21,590
Total fixed assets	44,967	44,499
Deferred assets	49	48
Total assets	101,312	99,606
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,911	3,683
Short-term borrowings	9,561	9,761
Accrued income taxes	919	717
Allowance for bonuses	501	734
Provision for point card certificates	97	95
Provision for shareholder benefit program	58	31
Reserve for adjustment of returned goods	68	49
Other	9,706	11,296
Total current liabilities	24,824	26,369
Long-term liabilities		
Corporate bonds	5,170	3,836
Long-term borrowings	5,085	6,048
Net defined benefit liability	9,844	9,498
Other	3,330	3,327
Total long-term liabilities	23,429	22,710
Total liabilities	48,253	49,079

	(Millions of yen)	
	FY2016 (As of Mar. 31, 2017)	First quarter of FY2017 (As of Jun. 30, 2017)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	55,638	53,259
Treasury stock	(11,789)	(11,789)
Total shareholder's equity	57,272	54,893
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(106)	376
Deferred hedge gain (loss)	(5)	(5)
Foreign currency translation adjustments	(549)	(1,347)
Remeasurements of defined benefit plans	(3,756)	(3,595)
Total accumulated other comprehensive income	(4,418)	(4,573)
Non-controlling interests	204	205
Total net assets	53,058	50,526
Total liabilities and net assets	101,312	99,606

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

(Millions of yen)

	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)
Sales	15,010	13,437
Cost of sales	4,977	4,421
Gross profit	10,032	9,015
Reversal from reserve for adjustment of returned goods	23	19
Net gross profit on sales	10,055	9,034
Selling, general and administrative expenses	8,025	7,755
Operating profit	2,029	1,279
Non-operating profit		
Interest income	112	134
Dividend income	14	13
Other	90	55
Total non-operating profit	217	203
Non-operating expenses		
Interest expense	51	43
Foreign exchange loss	362	9
Commission fee	39	37
Loss on investments in partnership	-	59
Other	12	11
Total non-operating expenses	465	162
Ordinary profit	1,781	1,320
Extraordinary gains		
Gain on sales of fixed assets	-	0
Gain on sales of investment securities	55	128
Total extraordinary gains	55	128
Extraordinary losses		
Loss on disposal of fixed assets	10	9
Impairment loss	12	12
Other	6	-
Total extraordinary losses	29	21
Net profit before income taxes	1,806	1,426
Income taxes – current	434	545
Income taxes – deferred	116	(142)
Total income taxes	550	403
Net profit	1,255	1,023
Net profit attributable to non-controlling interests	11	9
Net profit attributable to owners of parent	1,243	1,014

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

(Millions of yen)

	First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)	First three months of FY2017 (Apr. 1, 2017 – Jun. 30, 2017)
Net profit	1,255	1,023
Other comprehensive income		
Net unrealized gain (loss) on other securities	(722)	482
Deferred hedge gain (loss)	(16)	0
Foreign currency translation adjustments	(2,297)	(806)
Remeasurements of defined benefit plans, net of tax	219	160
Total other comprehensive income	(2,815)	(162)
Comprehensive income	(1,560)	861
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,561)	859
Comprehensive income attributable to non-controlling interests	1	1

Segment and Other Information

I. First three months of FY2016 (Apr. 1, 2016 – Jun. 30, 2016)

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	10,261	941	1,165	256	2,385	15,010	-	15,010
(Royalty income)	(2,326)	(938)	(887)	(256)	(1,940)	(6,350)	(-)	(6,350)
Inter-segment	1,683	17	2	1	368	2,074	(2,074)	-
(Royalty income)	(1,644)	(17)	(-)	(-)	(1)	(1,663)	((1,663))	(-)
Total	11,945	958	1,167	258	2,754	17,084	(2,074)	15,010
Segment profit (loss)	1,476	158	(1)	77	794	2,504	(475)	2,029

Notes: 1. The minus 475 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 FY2017 (Apr. 1, 2017 – Jun. 30, 2017)

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	9,836	620	690	264	2,025	13,437	-	13,437
(Royalty income)	(2,218)	(616)	(456)	(264)	(1,867)	(5,423)	(-)	(5,423)
Inter-segment	1,421	6	1	0	368	1,797	(1,797)	-
(Royalty income)	(1,380)	(6)	(-)	(-)	(0)	(1,387)	((1,387))	(-)
Total	11,258	627	691	265	2,393	15,234	(1,797)	13,437
Segment profit (loss)	1,010	23	(153)	46	778	1,705	(425)	1,279

Notes: 1. The minus 425 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.