Sanrio

February 14, 2019

Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2019 (FY2018) (Nine Months Ended December 31, 2018)

[Japanese GAAP]

Company name: Sanrio Company, Ltd.
Listed Stock Exchange: TSE 1st Section
Stock code: 8136
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Scheduled date of filing of Quarterly Report: February 14, 2019
Starting date of dividend payment: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on February 14, 2019 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the Third Quarter of FY2018 (April 1, 2018 – December 31, 2018)

(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, 2018	43,623	(1.2)	3,810	(12.6)	4,586	(2.6)	3,016	21.3
Nine months ended Dec. 31, 2017	44,135	(6.4)	4,359	(27.5)	4,706	(25.7)	2,486	(57.0)

Note: Comprehensive income (millions of yen) Nine months ended Dec. 31, 2018: 1,979 (down 49.2%)
Nine months ended Dec. 31, 2017: 3,896 (- %)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Nine months ended Dec. 31, 2018	35.55	-
Nine months ended Dec. 31, 2017	29.31	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2018	94,110	52,183	55.2
As of Mar. 31, 2018	98,274	52,734	53.4

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2018: 51,904 As of Mar. 31, 2018: 52,491

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	40.00	-	15.00	55.00
FY2018	-	15.00	-		
FY2018 (forecast)				15.00	30.00

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

3. Consolidated Forecasts for FY2018 (April 1, 2018 – March 31, 2019)

(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	60,600	0.6	5,200	(9.3)	6,000	(0.3)	3,700	(24.9)	43.61

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: None

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 Dec. 31, 2018:	89,065,301 shares	As of Mar. 31, 2018:	89,065,301 shares

2) Number of shares of treasury stock at the end of the period

As of Dec. 31, 2018:	4,208,583 shares	As of Mar. 31, 2018:	4,218,473 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2018:	84,849,774 shares	Nine months ended Dec. 31, 2017:	84,847,046 shares

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.

Contents of Attachments

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 (overseas: January 1 to September 30, 2018; within Japan: April 1 to December 31, 2018), domestically the theme park business performed well, especially at Sanrio Puroland in Tama City, Tokyo, where the Marchen Theater's Kawaii Kabuki–Momotaro by the Hello Kitty Troup, the Fairyland Theater's musical Memory Boys–Store Selling Memories, the Puro Summer Festival in summer and the Puro Halloween Party in autumn proved especially popular. In the product sales business, successive natural disasters in the first half caused by typhoons and earthquakes negatively affected customer numbers due to such factors as a reduction in overseas visitors to Japan and a suspension of store business in some areas. The impact of these events persisted even during the third quarter, but we strove to expand domestic demand by holding store events and promotions. Overseas, in Asia royalty income from China, Hong Kong, and Macao was steady but in Europe and the United States the business recovery has been delayed despite each subsidiary working on recovery measures.

As a result, sales fell 1.2% year-on-year to 43.6 billion yen and operating profit fell 12.6% to 3.8 billion yen. Ordinary profit fell 2.6% year-on-year to 4.5 billion yen, mainly due to accounting 0.3 billion yen for gain on investments in partnership as non-operating profit, while net profit attributable to owners of parent rose 21.3% to 3 billion yen after accounting for the following extraordinary gains/losses: a gain on sales of fixed assets of 0.5 billion yen on realization of deferred income accompanying early withdrawal of the sales and lease back transaction for the fixed assets of the U.S. subsidiary; a gain on sales of investment securities of 0.5 billion yen; a loss on valuation of investment securities of 0.5 billion yen; expenses of 0.3 billion yen as business structure improvement expenses for restructuring the U.S. subsidiary; and a total of 1.6 billion yen in income taxes.

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 2018.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
	First nine months of	FY2017	FY2018	Increase/ decrease	Change (%)	FY2017	FY2018	Increase/ decrease	Change (%)
Japan	Product sales/others	266	265	(1)	(0.4)	31	27	(4)	(13.4)
	Royalties	71	72	1	1.6				
	Total	337	338	0	0.0				
Europe	Product sales/others	0	0	(0)	(25.5)	(1)	(2)	(0)	-
	Royalties	15	13	(1)	(9.9)				
	Total	15	13	(1)	(10.1)				
North America	Product sales/others	8	7	(1)	(12.3)	(6)	(7)	(1)	-
	Royalties	13	11	(1)	(11.9)				
	Total	21	18	(2)	(12.0)				
Latin America	Product sales/others	0	0	(0)	(1.0)	0	0	(0)	(78.9)
	Royalties	6	3	(2)	(36.1)				
	Total	6	4	(2)	(35.4)				
Asia	Product sales/others	5	6	0	6.0	23	24	0	4.0
	Royalties	54	55	0	1.5				
	Total	60	61	1	1.9				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	280	279	(1)	(0.6)	43	38	(5)	(12.6)
	Royalties	160	157	(3)	(2.1)				
	Total	441	436	(5)	(1.2)				

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.

i. Japan: Sales rose slightly year-on-year to 33.8 billion yen and operating profit fell 13.4% to 2.7 billion yen.

In the product sales business, from July, a decline in customer numbers, including overseas visitors, due to such factors as suspension of business in some local stores resulting from the hot weather and from typhoons, earthquakes and other natural disasters greatly affected sales. However, from October, we were able to boost domestic demand by creating store environments emphasizing seasonal celebrations such as Halloween and Christmas, proposing and implementing storefront events as means to attract customers, and developing product proposals and promotions for the top gift season. Among these, sales measures focusing on the key items of cable bites (plastic animal accessories that attach to cables) and cushion blankets as well as collaborative products with other companies' characters proved popular. As a result, same-store sales (based on directly owned stores and directly operated shops within department stores) were the same as the previous year's level. With regard to the future, we are working to increase sales by further strengthening the growing area of e-commerce; strengthening proposals at actual stores for seasonal products, such as those for Valentine's Day and White Day and items for kindergarten and school entrance; implementing new initiatives for visitors from overseas; and creating new themes.

In the licensing business, for product licensing, apparel-related items sold slowly due to the warm weather that continued into December but a design that includes several Sanrio characters, collaborative planning with animated content, and new planning for Hello Kitty's 45th anniversary proved popular. In enterprise planning, the role of Cinnamoroll, which has become a tourist ambassador for Tokyo's Shinagawa ward, was expanded. In addition to use in various types of official envelopes from the ward and in manhole cover designs, original stuffed toys were introduced as gifts in return for Hometown Tax, a tax incentive scheme involving donations to local areas, which led to an outstanding number of applications. In addition, drugstore items such as Milton sterilizing products for baby goods from Kyorin Pharmaceutical Co., Ltd. and shampoo from Kracie Holdings, Ltd. sold well. As a newsworthy topic, Aggretsuko produced a very positive response when it was adopted for seasonal decorations at the large commercial facility of Sagami-Ono Station Square.

In the theme parks business, at Sanrio Puroland in Tokyo's Tama City, visitor numbers rose 6.9%, or 69,000, year-on-year to 1,083,000. The Marchen Theater's new production, Kawaii Kabuki—Momotaro by the Hello Kitty Troupe, produced in collaboration with Shochiku Co., Ltd. from March 2018, proved a hit. In addition, following on from previous work at the Fairyland Theater, a new musical production with male-only actors called Memory Boys—Store Selling Memories launched in June in collaboration with Nelke Planning Co., Ltd. also contributed to the strong results. Moreover, we held the Puro Summer Festival with new content in summer, and from September the Puro Halloween Party has proved popular. Enterprise planning for welfare agency services, sales of tickets at the door and on-line discount contributed to the higher number of customers. Furthermore, the number of customers from overseas has risen due to e-ticket sales through agents in Japan and overseas. However, a one-month extension of the deadline for use of shareholders' complimentary tickets from the end of December to the end of January seems to have had an effect. Visitor numbers in the third quarter rose slightly year-on-year to 366,000, and the total in January was anticipated to increase significantly due to this extension. As a result of the increase in customer numbers, sales including tickets, products such as souvenirs, and restaurants all increased year-on-year. In addition, sales from events involving "cosplay" and star appearances as well as venue rentals including corporate bargains rose 50% year-on-year.

At Harmony Land in Oita Prefecture, there were the effects of torrential rain and typhoons in western Japan and the continuing record heatwave in the first half. However, visitor numbers increased by 13,000 year-on-year from the same period of the previous year, and from October onward there was no major impact from typhoons or other events. Visitor numbers also rose steadily on event days hosting Halloween Night and Christmas following poor figures in the previous third quarter resulting from inclement weather. As a result, visitor numbers increased 5.5%, or 18,000 year-on-year for a total of 359,000. Regarding sales, original product sales for each season grew. Looking to the full year, we will focus on Easter events in March with the aim of increasing customer numbers.

In the other business category, regarding robots, deliveries including dinosaur robots for museums overseas, reception robots for the H.I.S group's Henna (weird) Hotel, and endurance testing machines for sports shoes contributed to sales.

Meanwhile, operating profit from domestic businesses declined year-on-year due to a fall in overseas master license revenues and other factors.

ii. Europe: Sales fell 10.1% year-on-year to 1.3 billion yen and operating loss stood at 0.2 billion yen, a fall of 74 million yen.

The sales situation in the major European countries, the Near and Middle East and Eastern Europe remains severe, with sales in the licensing categories including household goods falling below the previous year’s level. Regarding the development of Mister Men and Little Miss in Asia, we have concluded contracts with a new agency in China and are aiming for further growth in mainland China. In the category of selling, general, and administrative expenses, a decline in sales commissions contributed to higher operating profit as a result of canceling an agreement with a sales agency in the UK and switching to direct sales. Although the difficult business situation persists, we plan to implement marketing using YouTubers and other famous influencers, strengthen initiatives through collaborations with famous brands and leading fast fashion names, and enhance the major softline merchandise category.

iii. North America: Sales fell 12.0% year-on-year to 1.8 billion yen and operating loss stood at 0.7 billion yen, a fall of 0.1 billion yen.

In the United States, income from real estate leasing ceased with the sale of the U.S. subsidiary head office, warehouse and rental facility in San Francisco. With regard to merchandising, directly managed store sales and e-commerce business sales rose sharply year on year. Regarding license sales, although collaborations with Converse and PUMA contributed to sales, the major categories of apparel and health & beauty performed at a significantly lower level than the previous year. In terms of characters, Aggretsuko, a character that started to be streamed at Netflix from April and is very well received, and proposals for mix characters were favorable, but they did not cover the fall in sales from Hello Kitty and Gudetama. We will continue to follow up with existing licensees as we expand our global licensee business.

iv. Latin America: Sales fell 35.4% year-on-year to 0.4 billion yen and operating profit fell 78.9% to 14 million yen.

Sales and profits declined in the Latin American region due to the strong impact of poor economic conditions in the major countries of Mexico, Brazil, Chile, and Peru. In Brazil, apparel and health & beauty performed well during the third quarter but were unable to compensate for the decline through the first nine months. In Mexico, health & beauty and stationery were strong but all other categories did poorly. We will continue to undertake direct licensing transactions with retailers and create character exposure through social networks and space licensing facilities.

v. Asia: Sales rose 1.9% year-on-year to 6.1 billion yen and operating profit rose 4.0% to 2.4 billion yen.

Sales in Hong Kong and Macao continued to perform well. A new initiative with a long-established theme park in Hong Kong, promotion campaigns with drugstores and other major distributors, and initiatives with financial institutions contributed to sales. In Thailand, which achieved high growth in the previous fiscal year, sales from campaigns with major manufacturers and convenience stores fell significantly to cause difficulties despite a strong performance in the health & beauty category. In the Philippines, Indonesia and Vietnam, business results were higher than the previous fiscal year’s level, despite the small size of the markets.

In Taiwan, the major product licensing categories of apparel and household goods performed well. In addition, initiatives with convenience stores such as FamilyMart and 7-Eleven achieved strong performance. Sales fell year-on-year for categories including food, which performed well in the previous year, and events.

In South Korea, the health & beauty and food categories contributed to sales but results fell year-on-year due to factors such as declines in household goods category and special corporate sales including corporate promotions, which performed well in the previous year.

In China, the space licensing business performed well. For product licensing, results were driven by strong sales of apparel focused on children's clothing from one of China's largest sports brands. We are facing challenges in the accessory and health & beauty categories due to a decline in sales from major licensees, but we have undertaken novelty promotion in cooperation with advertising agencies, for special corporate sales that struggled in the first half, and succeeded in achieving year-on-year growth.

As for character diversification, the growth of Bad Badtz-Maru and Gudetama, which are popular for apparel development in China, the anime hit Rilu Rilu Fairilu in South Korea, My Melody in Taiwan, and Pompompurin, Cinnamoroll and Little Twin Stars in other regions contributed to raise the composition ratio of characters other than Hello Kitty.

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)	8,452	51	8,503	(347)
Year-on-year change (%)	(13.0)	(20.6)	(13.0)	-
Britain (GBP)	2,948	36	2,984	(512)
Year-on-year change (%)	(20.8)	(90.1)	(27.1)	-
North America (USD)	10,475	6,740	17,215	(6,910)
Year-on-year change (%)	(10.0)	(10.2)	(10.1)	-
Brazil (BRL)	13,002	386	13,388	459
Year-on-year change (%)	(25.8)	(9.3)	(25.4)	(76.2)
Chile (CLP)	-	15,018	15,018	1,935
Year-on-year change (%)	-	-	(29.4)	-
Hong Kong (HKD)	99,187	51,595	150,782	53,611
Year-on-year change (%)	0.1	7.9	2.7	7.9
Taiwan (NTD)	257,676	53,476	311,152	91,625
Year-on-year change (%)	1.3	(5.6)	0.0	(6.6)
South Korea (KRW)	5,733,436	217,600	5,951,036	1,153,743
Year-on-year change (%)	(8.9)	(2.3)	(8.7)	(27.1)
Shanghai (CNY)	145,737	47,506	193,244	69,515
Year-on-year change (%)	6.7	(25.9)	(3.7)	9.8

(2) Explanation of Financial Position

At the end of the third quarter of the current fiscal year, total assets stood at 94.1 billion yen, a decrease of 4.1 billion yen from the end of the previous fiscal year. The main decreases were 1.6 billion yen in cash and deposits, 0.8 billion yen in trade notes and accounts receivable, 0.4 billion yen in other accounts receivable, 0.3 billion yen in buildings and structures, 0.5 billion yen in investment securities and 0.5 billion yen in investments and other assets.

Liabilities decreased 3.6 billion yen from the end of the previous fiscal year to 41.9 billion yen. The main decreases were 1.0 billion yen in interest-bearing debt (including current portion of corporate bonds to be redeemed), 1.0 billion yen in accrued income taxes, 1.1 billion yen in net defined benefit liability and 0.7 billion yen in other long-term liabilities. The main increase was 0.7 billion yen in trade notes and accounts payable. Net assets decreased 0.5 billion yen from the end of the previous fiscal year to 52.1 billion yen. The main increases were 0.5 billion yen in remeasurements of defined benefit plans and due to net profit attributable to owners of parent of 3.0 billion yen. The main decreases were 2.5 billion yen in retained earnings due to dividend payment, 0.5 billion yen in net unrealized gain on other securities and 1.0 billion yen in foreign currency translation adjustments.

The equity ratio was 55.2%, up 1.8 percentage point from the end of the previous fiscal year.

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

As announced on May 11, 2018, Sanrio started a three-year medium-term management plan “Marketing Innovation Project 2021” in the current fiscal year. We will take various actions in accordance with this plan in order to “become a strategic global company operating a Social Communication Gift Business.”

In overseas business, the outlook for recovery in both Europe and the Americas has fallen behind the initial plan prepared at the beginning of the fiscal year, while in Japan the theme parks business continues to perform well. Although business performance may be affected by trends in the Chinese economy and the movement of tourists visiting to Japan, we will continue to implement each measure of the medium-term management plan and aim to meet the first-year and final-year targets for operating profit.

Accordingly, there is no change to the full-year consolidated forecasts. The dividend will be in line with the initial plan in the current fiscal year, paying out year-end dividends of 15 yen per share.

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

		Sales to customers					Operating profit				
Areas	Nine months ended	Dec. 2016	Dec. 2017	Change (%)	Dec. 2018	Change (%)	Dec. 2016	Dec. 2017	Change (%)	Dec. 2018	Change (%)
Europe	Germany	1,951	1,218	(37.6)	1,106	(9.2)	(291)	(61)	-	(45)	-
	Britain	334	306	(8.3)	264	(13.8)	(50)	(84)	-	(175)	-
	Subtotal	2,285	1,525	(33.3)	1,371	(10.1)	(341)	(146)	-	(220)	-
North America	U.S.A.	3,018	2,145	(28.9)	1,887	(12.0)	(328)	(637)	-	(759)	-
Latin America	Brazil/Chile	721	635	(11.8)	410	(35.4)	181	68	(62.5)	14	(78.9)
Asia	Hong Kong	2,443	2,162	(11.5)	2,108	(2.5)	858	818	(4.7)	851	4.0
	Taiwan	1,136	1,046	(7.9)	1,069	2.2	367	360	(2.0)	337	(6.4)
	South Korea	715	639	(10.7)	597	(6.6)	161	156	(3.5)	116	(25.3)
	China	1,981	2,185	10.3	2,374	8.6	866	1,044	20.6	1,169	11.9
	Subtotal	6,277	6,034	(3.9)	6,149	1.9	2,254	2,379	5.6	2,474	4.0
Total		12,302	10,340	(15.9)	9,819	(5.0)	1,766	1,663	(5.8)	1,508	(9.3)

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	Third quarter of FY2018 (As of Dec. 31, 2018)
Assets		
Current assets		
Cash and deposit	44,290	42,593
Trade notes and accounts receivable	7,824	7,019
Merchandise and finished goods	4,069	4,623
Work in process	26	63
Raw materials and supplies	116	255
Other accounts receivable	880	431
Other	737	678
Allowance for doubtful accounts	(74)	(103)
Total current assets	57,871	55,561
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,876	5,545
Land	8,487	8,484
Other, net	2,065	1,924
Total tangible fixed assets	16,430	15,953
Intangible fixed assets	3,905	3,581
Investments and other assets		
Investment securities	11,513	11,007
Deferred tax assets	2,890	2,781
Other	6,934	6,432
Allowance for doubtful accounts	(1,305)	(1,242)
Total investments and other assets	20,033	18,978
Total fixed assets	40,368	38,514
Deferred assets	33	34
Total assets	98,274	94,110
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,563	5,283
Short-term borrowings	6,737	6,468
Accrued income taxes	1,564	546
Allowance for bonuses	491	166
Reserve for adjustment of returned goods	94	28
Provision for shareholder benefit program	50	13
Provision for point card certificates	90	88
Provision for business structure improvement	-	378
Other	10,914	10,003
Total current liabilities	24,506	22,977
Long-term liabilities		
Corporate bonds	3,263	2,470
Long-term borrowings	7,523	8,165
Net defined benefit liability	6,149	5,011
Other	4,097	3,303
Total long-term liabilities	21,033	18,950
Total liabilities	45,539	41,927

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	Third quarter of FY2018 (As of Dec. 31, 2018)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,409
Retained earnings	53,779	54,250
Treasury stock	(11,789)	(11,762)
Total shareholder's equity	55,413	55,898
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(219)	(783)
Deferred hedge gain (loss)	(2)	(1)
Foreign currency translation adjustments	247	(776)
Remeasurements of defined benefit plans	(2,947)	(2,431)
Total accumulated other comprehensive income	(2,921)	(3,993)
Non-controlling interests	243	278
Total net assets	52,734	52,183
Total liabilities and net assets	98,274	94,110

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY2018 (Apr. 1, 2018 – Dec. 31, 2018)
Sales	44,135	43,623
Cost of sales	15,368	15,522
Gross profit	28,767	28,101
Provision for sales returns	8	-
Reversal of provision for sales returns	-	66
Net gross profit on sales	28,759	28,167
Selling, general and administrative expenses	24,399	24,357
Operating profit	4,359	3,810
Non-operating profit		
Interest income	409	334
Dividend income	118	118
Foreign exchange gains	45	66
Gain on investments in partnership	-	332
Other	156	190
Total non-operating profit	729	1,043
Non-operating expenses		
Interest expense	127	76
Commission fee	100	169
Compensation expenses	92	-
Other	61	21
Total non-operating expenses	382	267
Ordinary profit	4,706	4,586
Extraordinary gains		
Gain on sales of fixed assets	3	553
Gain on sales of investment securities	545	502
Other	-	13
Total extraordinary gains	548	1,069
Extraordinary losses		
Loss on disposal of fixed assets	18	12
Loss on valuation of investment securities	-	515
Impairment loss	17	12
Business structure improvement expenses	-	366
Other	-	15
Total extraordinary losses	35	922
Net profit before income taxes	5,219	4,733
Income taxes – current	1,695	1,531
Income taxes for prior periods	1,176	-
Income taxes – deferred	(170)	151
Total income taxes	2,701	1,683
Net profit	2,518	3,050
Net profit attributable to non-controlling interests	31	33
Net profit attributable to owners of parent	2,486	3,016

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

(Millions of yen)

	First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 2017)	First nine months of FY2018 (Apr. 1, 2018 – Dec. 31, 2018)
Net profit	2,518	3,050
Other comprehensive income		
Net unrealized gain (loss) on other securities	433	(564)
Deferred hedge gain (loss)	3	0
Foreign currency translation adjustments	459	(1,022)
Remeasurements of defined benefit plans, net of tax	481	515
Total other comprehensive income	1,378	(1,070)
Comprehensive income	3,896	1,979
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,872	1,944
Comprehensive income attributable to non-controlling interests	24	35

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First nine months of FY2017 (Apr. 1, 2017 – Dec. 31, 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	33,794	1,525	2,145	635	6,034	44,135	-	44,135
(Royalty income)	(7,150)	(1,508)	(1,307)	(621)	(5,456)	(16,044)	(-)	(16,044)
Inter-segment	4,517	19	4	1	1,334	5,876	(5,876)	-
(Royalty income)	(4,357)	(19)	(-)	(-)	(0)	(4,376)	((4,376))	(-)
Total	38,311	1,544	2,149	636	7,368	50,011	(5,876)	44,135
Segment profit (loss)	3,149	(146)	(637)	68	2,379	4,812	(452)	4,359

Notes: 1. The minus 452 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 FY2018 (Apr. 1, 2018 – Dec. 31, 2018)

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	33,804	1,371	1,887	410	6,149	43,623	-	43,623
(Royalty income)	(7,266)	(1,358)	(1,151)	(397)	(5,537)	(15,711)	(-)	(15,711)
Inter-segment	4,267	19	5	0	1,081	5,375	(5,375)	-
(Royalty income)	(4,049)	(19)	(-)	(-)	(0)	(4,069)	((4,069))	(-)
Total	38,072	1,390	1,893	411	7,231	48,999	(5,375)	43,623
Segment profit (loss)	2,725	(220)	(759)	14	2,474	4,234	(424)	3,810

Notes: 1. The minus 424 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.