May 14, 2019

Summary of Financial Results for the Fiscal Year Ended March 31, 2019 (FY2018) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
Stock code: 8136 URL: https://www.sanrio.co.jp/english/corporate/ir/
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Scheduled date of Annual General Meeting of Shareholders: June 27, 2019
Scheduled date of filing of Annual Securities Report: June 28, 2019
Starting date of dividend payment: June 11, 2019
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

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

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

1. Consolidated Financial Results for FY2018 (April 1, 2018 – March 31, 2019)

(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	%
FY2018	59,120	(1.8)	4,786	(16.5)	5,836	(3.1)	3,880	(21.3)
FY2017	60,220	(3.9)	5,734	(17.0)	6,020	(17.0)	4,928	(23.9)

Note: Comprehensive income (millions of yen) FY2018: 2,193 (down 66.1%) FY2017: 6,464 (up 22.5%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2018	45.73	-	7.4	6.0	8.1
FY2017	58.09	-	9.4	6.0	9.5

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2018: - FY2017: -

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	95,185	52,396	54.7	614.09
As of Mar. 31, 2018	98,274	52,734	53.4	618.66

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2019: 52,109 As of Mar. 31, 2018: 52,491

(3) Consolidated cash flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY2018	4,868	(2,576)	(3,053)	29,258
FY2017	3,936	4,376	(7,958)	30,817

2. Dividends

	Dividend per Share					Total Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Equity (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FY2017	-	40.00	-	15.00	55.00	4,666	94.7	8.9
FY2018	-	15.00	-	15.00	30.00	2,545	65.6	4.9
FY2019 (forecast)	-	15.00	-	20.00	35.00		60.6	

Note: Breakdown of the year-end dividend for FY2019 (forecast):
Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen

3. Consolidated Forecasts for FY2019 (April 1, 2019 – March 31, 2020)

(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	27,800	(1.7)	1,700	(21.3)	2,200	(19.4)	1,400	(7.7)	16.50
Full year	60,000	1.5	6,100	27.4	7,100	21.6	4,900	26.3	57.74

*** Notes**

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

Newly added: - Excluded: -

(2) 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

(3) Number of outstanding shares (common stock)

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

As of Mar. 31, 2019:	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 Mar. 31, 2019:	4,208,583 shares	As of Mar. 31, 2018:	4,218,473 shares

3) Average number of shares outstanding during the period

FY2018:	84,851,377 shares	FY2017:	84,846,996 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2018 (April 1, 2018 – March 31, 2019)

(1) Unconsolidated results of operations (Percentages represent year-on-year changes)

	Sales		Operating Profit		Ordinary Profit		Net Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2018	40,808	(3.3)	2,342	(24.6)	4,784	(18.1)	3,587	(14.1)
FY2017	42,199	(5.6)	3,108	(32.6)	5,844	(53.8)	4,175	(67.2)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2018	42.28	-
FY2017	49.21	-

(2) Unconsolidated financial position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of Mar. 31, 2019	54,921	25,786	47.0	303.88
As of Mar. 31, 2018	54,531	24,743	45.4	291.63

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2019: 25,786 As of Mar. 31, 2018: 24,743

Note 1: The current financial report is not subject to audit 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. Overview of Results of Operations, etc., (1) Results of Operations" on page 2 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Overview of Results of Operations, etc.

(1) Results of Operations

(100 millions of yen)

	FY2018 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2017 Results	Increase/ decrease	Change (%)
Sales	591	606	(14)	(2.4)	602	(10)	(1.8)
Gross profit	378	400	(21)	(5.3)	387	(8)	(2.2)
Selling, general & administrative expenses	330	348	(17)	(4.9)	329	1	0.3
Operating profit	47	52	(4)	(8.0)	57	(9)	(16.5)
Non-operating profit or expenses	10	8	2	31.3	2	7	266.7
Ordinary profit	58	60	(1)	(2.7)	60	(1)	(3.1)
Extraordinary gains or losses	2	(3)	5	-	46	(44)	(95.0)
Net profit before income taxes	60	57	3	6.5	107	(46)	(43.3)
Total income taxes	21	20	1	7.1	57	(35)	(62.6)
Net profit attributable to owners of parent	38	37	1	4.9	49	(10)	(21.3)
Gross margin	64.1%	66.0%	(1.9)%	-	64.3%	(0.2)%	-
Operating margin	8.1%	8.6%	(0.5)%	-	9.5%	(1.4)%	-
Ordinary margin	9.9%	9.9%	(0.0)%	-	10.0%	(0.1)%	-

*Since the initial forecast has been revised, the table above shows comparisons with the final plan.

During the fiscal year under review (consolidated subsidiaries overseas: January 1 to December 31, 2018; consolidated subsidiaries in Japan: April 1, 2018 to March 31, 2019), the Sanrio Group launched its medium-term management plan, Marketing Innovation Project 2021. It established the Marketing and Communications Division and promoted measures to nurture and revitalize Hello Kitty and secondary characters. Concerning activities for animation and digital business, in April 2018 Netflix launched the Aggretsuko animation series to an enthusiastic response, especially within the United States. In addition, in October 2018 the Company absorbed Sanrio Wave Co., Ltd., a non-consolidated subsidiary of the Company engaged in the game business, and we are taking advantage of head office transactions to promote business expansion. Regarding activities for the product sales business, we opened a directly managed prototype store named Sanrio Gift Gate LaLaport Yokohama Store, and we also opened the directly managed Sanrio Gift Gate Asakusa Store in April 2019. In overseas operations, U.S. restructuring has been completed and Chinese business has generally progressed well. In the European and U.S. markets, although business recovery has been delayed at each subsidiary, we continue to work on the issues of the medium-term management plan to achieve the targets.

As for business results in the current fiscal year, in Japan the theme parks performed well. However, typhoons and torrential rains in summer along with earthquakes in Kansai and Hokkaido had an impact on spending from overseas tourists. In addition, there was a downturn in apparel-related products due to unseasonable weather. The adjustment of publishing distribution stock also had a negative effect. Overseas, the delayed recovery in the U.S. and European licensing businesses had a negative effect despite generally strong sales in Asia.

As a result, sales fell 1.8% year-on-year to 59.1 billion yen and operating profit fell 16.5% to 4.7 billion yen. Ordinary profit fell 3.1% year-on-year to 5.8 billion yen, mainly due to accounting 0.3 billion yen for gain on investments in partnership as non-operating profit. Net profit attributable to owners of parent fell 21.3% to 3.8 billion yen after accounting for the following extraordinary gains/losses: a gain on sales of fixed assets of 0.6 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 2.1 billion yen in income taxes.

Net profit attributable to owners of parent changed significantly year-on-year. The main factors include a 4.5 billion yen gain on sales of fixed assets at the U.S. subsidiary in the previous fiscal year; income taxes–deferred recorded at 1.3 billion yen; and the recording of 1.1 billion yen in income taxes for prior periods due to tax assessment order by from the Tokyo Regional Taxation Bureau.

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 December 2018.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2017	FY2018	Increase/ decrease	Change (%)	FY2017	FY2018	Increase/ decrease	Change (%)
Japan	Product sales/others	356	351	(4)	(1.2)	43	36	(7)	(16.7)
	Royalties	97	99	2	2.7				
	Total	453	451	(1)	(0.4)				
Europe	Product sales/others	0	0	0	5.2	(0)	(3)	(3)	-
	Royalties	21	17	(3)	(18.3)				
	Total	21	17	(3)	(18.1)				
North America	Product sales/others	11	9	(2)	(17.1)	(9)	(10)	(1)	-
	Royalties	18	16	(1)	(9.5)				
	Total	30	26	(3)	(12.5)				
Latin America	Product sales/others	0	0	(0)	(5.8)	0	0	(0)	(82.0)
	Royalties	7	5	(2)	(31.1)				
	Total	8	5	(2)	(30.6)				
Asia	Product sales/others	12	11	(0)	(3.6)	32	35	2	9.2
	Royalties	76	77	1	1.7				
	Total	88	89	0	1.0				
Adjustment		-	-	-	-	(9)	(9)	(0)	-
Consolidated	Product sales/others	380	374	(6)	(1.8)	57	47	(9)	(16.5)
	Royalties	221	217	(4)	(1.9)				
	Total	602	591	(10)	(1.8)				

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 fell 0.4% year-on-year to 45.1 billion yen and operating profit fell 16.7% to 3.6 billion yen.

In the product sales business, from July, a decline in customer numbers, including overseas tourists, 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 affected sales. However, we were able to boost domestic demand from October by creating store environments emphasizing seasonal celebrations such as Halloween and Christmas and developing product proposals and promotions aimed at gift seasons around New Year, Valentine's Day, White Day, and kindergarten/school entrance. Among these, collaborative products with Godiva chocolates for Valentine's Day and a storefront lottery event proved popular. As a result, same-store sales (based on directly owned stores and directly operated shops within department stores) performed at 100.3% of the previous fiscal year's level.

In the licensing business, for product licensing, apparel-related items sold slowly due to unseasonable weather but aggressive initiatives including endeavors with major food and drink manufacturers, collaboration with overseas brands, and a design that includes several Sanrio characters led to good results. Games and digital content also performed well due to collaboration with anime content providers and initiatives with major game companies.

In enterprise planning, the Hello Kitty Shinkansen Bullet train run by the West Japan Railway Company started operation, products such as confectionary and sundries of the same design expanded rapidly, and planning was extended to promote the Kansai International Airport Express Haruka and the Osaka Loop Line. In addition, advertising for major manufacturers such as Morinaga & Co., Ltd., ITOHAM FOODS INC., Kanebo Cosmetics Inc., and Kobayashi Pharmaceutical Co., Ltd. and new projects for Denny's restaurants, the local government of Kitaakita City, and others contributed to the business results.

In the theme parks business, at Sanrio Puroland in Tokyo's Tama City, visitor numbers rose 10.6%, or 140,000, year-on-year to 1,460,000. 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 renewed content, and from September the Puro Halloween Party has proved popular. Furthermore, enterprise planning for members of welfare agency services, sales of tickets at the door, on-line discount, shareholders' complimentary tickets, and e-ticket sales through agents in Japan and overseas contributed to the higher number of visitors.

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 from the same period of the previous fiscal year. In the second half, visitor numbers rose steadily on event days hosting Halloween night and Christmas, and in the spring customer numbers increased significantly due to factors including Easter events and large-scale member-plan products, creating a rise of 20,000 visitors from the same period of the previous fiscal year. As a result, visitor numbers for the full year totaled 471,000, a rise of 33,000, or 7.7%, year-on-year.

Overall, segment sales and profits fell, mainly due to the significant impact of a fall in master license revenues from overseas subsidiaries.

ii. Europe: Sales fell 18.1% year-on-year to 1.7 billion yen and operating loss stood at 0.3 billion yen, a fall of 0.3 billion yen.

In Europe, the economy gradually recovered but the difficult situation continued due to such factors as the impact of competing IPs (intellectual properties) including movies and entertainment characters. Despite difficulties in developing licenses in each category, including the mainstays of household goods and toys, we were able to slow the relative decline in food and back-to-school related categories through the contribution of new licensees and other factors. Regarding Mr. Men and Little Miss, license income fell significantly in the UK and Australia but remained strong in France, and a contract was signed with a new agent in China.

iii. North America: Sales fell 12.5% year-on-year to 2.6 billion yen and operating loss stood at 1.0 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 performed well. In terms of licensing sales, despite contributions from collaborations with Converse and PUMA and transactions with Hamee, which deals with collectible products, transactions with mass retailers continue to decline and the major categories of apparel and health & beauty performed at a significantly lower level than in the previous fiscal year. In terms of characters, Aggretsuko, a character that started to be streamed at Netflix from April 2018 and is very well received, and proposals for mix characters were favorable, but they did not cover the fall in sales from Hello Kitty. The integration of the San Francisco and Los Angeles offices and the accompanying personnel reductions have been successfully completed.

iv. Latin America: Sales fell 30.6% year-on-year to 0.5 billion yen and operating profit fell 82.0% to 16 million yen.

In the Latin American region, sales rose overall due to year-on-year fourth-quarter increases in Brazil, Mexico, Argentina, and elsewhere. However, during the full year under review, slow sales from the major countries of Mexico, Chile, and Peru had an impact and major categories including apparel, health & beauty, toys, and bags performed significantly worse than in the previous fiscal year. As a result, sales and profits declined year-on-year.

v. Asia: Sales rose 1.0% year-on-year to 8.9 billion yen and operating profit rose 9.2% to 3.5 billion yen.

Sales in Hong Kong and Macao continued to perform well. Favorable deals with existing major licensees, 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 addition, sales related to event promotions struggled due in part to large-scale projects at Changi Airport in Singapore the previous fiscal year. In the Philippines and Vietnam, business results were higher than the previous fiscal year’s level, despite the small size of the markets.

In South Korea, Rilu Rilu Fairilu, which has grown in popularity through anime broadcasting, performed well, and the health & beauty category, with strong-sellers such as tissue paper aimed at TV orders, and food categories also contributed to sales. However, results declined year-on-year due partly to a fall in the interior and stationery categories and in special corporate sales, which had performed well in the previous fiscal year.

In Taiwan, license income fell year-on-year for categories including food, which had performed well in the previous fiscal year, home appliances, and scooters but the major categories of apparel and household goods sold strongly. In addition, initiatives with convenience stores such as FamilyMart and 7-Eleven achieved strong performance.

In China, the space licensing business performed well. For product licensing, we faced challenges due to a fall in income from major licensees in the accessory and cosmetics related categories, but apparel focused mainly on children’s clothing from one of China’s largest sports brands sold strongly and special corporate sales including banks also drove results, leading to a rise in sales.

As for character diversification, following on from Badtz-Maru and Gudetama, which are selling well with apparel development in China, the popularity of My Melody and Cinnamoroll is also spreading. In addition, 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)	10,507	71	10,579	(1,473)
Year-on-year change (%)	(15.7)	(11.3)	(15.7)	-
Britain (GBP)	4,148	36	4,184	(641)
Year-on-year change (%)	(31.4)	(92.0)	(35.6)	-
North America (USD)	15,086	9,061	24,147	(9,786)
Year-on-year change (%)	(8.1)	(15.4)	(11.0)	-
Brazil (BRL)	17,968	496	18,464	621
Year-on-year change (%)	(19.6)	(9.1)	(19.3)	(76.3)
Chile (CLP)	-	15,018	15,018	(12,084)
Year-on-year change (%)	-	-	(53.7)	-
Hong Kong (HKD)	137,927	71,428	209,355	75,243
Year-on-year change (%)	(8.5)	1.5	(5.3)	6.4
Taiwan (NTD)	335,879	61,202	397,081	121,196
Year-on-year change (%)	(2.4)	(10.7)	(3.7)	(7.4)
South Korea (KRW)	7,930,248	311,155	8,241,404	1,657,518
Year-on-year change (%)	(5.6)	(59.3)	(10.1)	3.6
China (CNY)	214,578	79,613	294,191	105,780
Year-on-year change (%)	16.6	(17.8)	4.8	21.3

Note: The table shows figures before category adjustment for the handling of other regions included in each subsidiary. There is no connection with the figures and currency conversions for previously mentioned regional segments and exchanges.

Reference: Overseas Sales and Profits for the Past Three Years by Area (Millions of yen)

Areas		Sales to customers					Operating profit				
		FY2016	FY2017	Change (%)	FY2018	Change (%)	FY2016	FY2017	Change (%)	FY2018	Change (%)
Europe	Germany	2,390	1,586	(33.6)	1,366	(13.9)	(302)	(105)	-	(192)	-
	Britain	526	568	7.9	397	(30.0)	(59)	11	-	(206)	-
	Subtotal	2,917	2,155	(26.1)	1,764	(18.1)	(362)	(93)	-	(398)	-
North America	U.S.A.	4,025	3,042	(24.4)	2,661	(12.5)	(579)	(950)	-	(1,082)	-
Latin America	Brazil/Chile	912	808	(11.4)	561	(30.6)	196	93	(52.6)	16	(82.0)
Asia	Hong Kong	3,258	3,247	(0.3)	2,952	(9.1)	1,078	1,159	7.5	1,173	1.2
	Taiwan	1,487	1,398	(6.0)	1,356	(3.0)	480	483	0.5	444	(7.9)
	South Korea	991	910	(8.2)	824	(9.4)	201	159	(20.7)	167	4.7
	China	2,999	3,297	10.0	3,809	15.5	1,276	1,450	13.7	1,765	21.7
	Subtotal	8,736	8,854	1.4	8,943	1.0	3,036	3,253	7.1	3,551	9.2
Total		16,591	14,860	(10.4)	13,930	(6.3)	2,291	2,301	0.4	2,087	(9.3)

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019	Increase/decrease	As of Sep. 30, 2018
Assets	982	951	(30)	957
Liabilities	455	427	(27)	434
(Interest-bearing debt)	200	200	(0)	197
Net assets	527	523	(3)	522
Equity ratio	53.4%	54.7%	1.3pt	54.3%

* Interest-bearing debt excludes lease obligations.

At the end of the current fiscal year, total assets stood at 95.1 billion yen, a decrease of 3.0 billion yen from the end of the previous fiscal year. The main decreases were 0.4 billion yen in cash and deposit, 0.9 billion yen in trade notes and accounts receivable, 0.2 billion yen in other accounts receivable, 0.4 billion yen in buildings and structures, 0.1 billion yen in guarantees, 0.2 billion yen in deferred tax assets and 0.4 billion yen in investments and other assets.

Liabilities decreased 2.7 billion yen from the end of the previous fiscal year to 42.7 billion yen. The main decreases were 0.8 billion yen in accrued income taxes, 0.9 billion yen in retirement benefit liability and 0.7 billion yen in other long-term liabilities. Net assets decreased 0.3 billion yen from the end of the previous fiscal year to 52.3 billion yen. There was a net increase of 1.3 billion yen in retained earnings due to dividend payment of 2.5 billion yen and net profit attributable to owners of parent of 3.8 billion yen. The main decrease was 2.0 billion yen in foreign currency translation adjustments. The equity ratio was 54.7%, up 1.3 percentage point from the end of the previous fiscal year.

(3) Cash Flows

(100 millions of yen)

	FY2017	FY2018	Increase/decrease
Cash flows from operating activities	39	48	9
Cash flows from investing activities	43	(25)	(69)
Cash flows from financing activities	(79)	(30)	49
Effect of exchange rate changes on cash and cash equivalents	3	(8)	(12)
Increase (decrease) in cash and cash equivalents	7	(16)	(23)
Cash and cash equivalents at beginning of year	300	308	7
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	0	0
Cash and cash equivalents at end of year	308	292	(15)

Cash and cash equivalents at the end of the current fiscal year decreased 1.5 billion yen from the end of the previous fiscal year to 29.2 billion yen.

Cash flows from operating activities amounted to a provision of 4.8 billion yen (a year-on-year increase of 0.9 billion yen). This was mainly attributable to a net profit before income taxes of 6.0 billion yen (a year-on-year decrease of 4.6 billion yen), depreciation of 1.8 billion yen (a slight decrease from a year earlier), and a 1.1 billion yen decrease in accounts receivable (a year-on-year increase of 0.9 billion yen). On the other hand, there were a 0.5 billion yen decrease in retirement benefit liability (a year-on-year decrease of 2.3 billion yen), a 0.6 billion yen gain on disposal of fixed assets (a year-on-year decrease of 3.9 billion yen), and income taxes paid of 2.5 billion yen (a slight increase from a year earlier).

Cash flows from investing activities resulted in a use of 2.5 billion yen (a provision of 4.3 billion yen a year earlier). This was mainly attributable to net payments of 1.8 billion yen for increased time deposits (a year-on-year increase of 0.1 billion yen) and payments for purchase of fixed assets of 0.9 billion yen (a year-on-year decrease of 0.1 billion yen.

Cash flows from financing activities resulted in a use of 3.0 billion yen (a year-on-year decrease of 4.9 billion yen). This was mainly attributable to dividends paid of 2.5 billion yen (payment of 6.7 billion yen a year earlier) and net payments of 0.4 billion yen from other financing activities (a slight increase from a year earlier).

Reference: The trend of cash flow-related indicators

	FY2014	FY2015	FY2016	FY2017	FY2018
Equity ratio (%)	54.0	51.4	52.2	53.4	54.7
Equity ratio, at market value (%)	229.4	176.5	171.3	166.9	235.4
Interest-bearing debt to cash flow ratio (%)	173.8	197.9	296.2	509.6	411.3
Interest coverage ratio (times)	47.3	41.6	34.5	24.3	47.3

Notes: Equity ratio: Shareholders' equity / Total assets

Equity ratio, at market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Operating cash flows (excluding interest payment) / Interest payment

* All indicators are calculated from consolidated financial data.

* Market capitalization is calculated by multiplying the term-end listed stock price with the term-end number of shares outstanding (excluding treasury stock).

* Cash flows use cash flows from operating activities stated on the consolidated cash flow statements.

* Interest-bearing debt is a sum of all interest-bearing debt stated on the consolidated balance sheets (excluding lease obligations).

* Interest payment uses the amount of interest paid stated on the consolidated cash flow statements.

(4) Outlook

(100 millions of yen)

	FY2018 Results	FY2019 Forecasts	Increase/ decrease	Change (%)
Sales	591	600	8	1.5
Gross profit	378	402	23	6.1
Selling, general & administrative expenses	330	341	10	3.1
Operating profit	47	61	13	27.4
Ordinary profit	58	71	12	21.6
Extraordinary gains or losses	2	1	(1)	(57.3)
Net profit before income taxes	60	72	11	18.6
Total income taxes	21	23	1	7.4
Net profit attributable to owners of parent	38	49	10	26.3
Gross margin	64.1%	67.0%	2.9%	-

* Key assumptions for the next year's outlook
  Exchange rates: 110.00 yen/USD 125.00 yen/EUR

In the global economy over the coming fiscal year, while we anticipate continued growth in the United States and China, the economic outlook remains uncertain due to such factors as trade friction and Brexit. Additionally, there are concerns about consumption trends following a planned hike in the domestic consumption tax rate. Under these circumstances, the Group will proceed with measures building on the basic strategy of the three-year medium-term management plan, which was launched in the previous fiscal year.

Basic strategies of the medium-term management plan "Marketing Innovation Project 2021"

i. Strengthen and reshape marketing functions
ii. Establish a Sanrio-made animation and digital business
iii. Reinvent sales as a point of interaction with customers
iv. Focus on China as a growth market; restructure in the Americas and enact growth measures in Europe

The Group will strive to open new stores, such as Sanrio Gift Gate Asakusa Store and Sanrio Gift Gate LaLaport Yokohama Store, while acquiring space on the sales floor at major distribution wholesale stores where overseas tourists are likely to visit in large numbers. We will also work to reduce the cost-of-sales ratio by improving the system while strengthening collaboration between online and physical stores. Concerning character-related measures, we will focus on Hello Kitty's 45th anniversary and collaborations between Hello Kitty and other companies' contents while developing My Melody and Little Twin Stars, which celebrate their 45th anniversary next year, and currently popular characters including Pompompurin, Cinnamoroll, and Gudetama. In addition, we will focus on a second Netflix season planned this summer for Aggretsuko, which first streamed in April 2018, and we plan to contribute revenue from games through new collaboration with major games manufacturers. Overseas, we expect operating profit to improve due to such factors as steady growth in China and other Asian regions and cost reductions from the completion of restructuring at a U.S. subsidiary. As a result of the above, we expect sales to rise 1.5% year-on-year to 60 billion yen, operating profit to rise 27.4% to 6.1 billion yen, and net profit attributable to owners of parent to rise 26.3% to 4.9 billion yen. Accordingly, we expect return on equity (ROE) of 9.2% in the second year of the medium-term management plan.

A breakdown of the management policies for each business is as follows.

i. Domestic product sales business

Regarding new stores, on April 27 the Group opened the Sanrio Gift Gate Asakusa store in Asakusa Orange Street, where we anticipate a positive effect in an area that should see a further increase in overseas visitors arriving for the Rugby World Cup in 2019 and the Tokyo Olympics in 2020. In June, we will open a store in Urasoe City, Okinawa. We will also work to strengthen e-commerce domestically. In the physical stores, while strengthening gift season proposals such as Children's Day, Mother's Day, and Father's Day, holding events to attract more customers, and cultivating new customers, we are endeavoring to increase sales by implementing new initiatives for tourists from overseas and creating topical themes.

ii. Domestic licensing business

We will continue to expand the range of goods for Hello Kitty's 45th anniversary, strengthen apparel focused on the Olympics and the World Cup, and enhance Sanrio-made animation and digital content. In enterprise planning, we aim to increase sales and profits through such means as furthering the acquisition of large-scale multi-year advertising contracts, developing and acquiring projects for use in-house and projects derived from them, developing the health food field, and expanding business around the Hello Kitty Shinkansen Bullet Train project, which launched in the previous fiscal year.

iii. Domestic theme parks business

At Sanrio Puroland, we believe that Restaurant Yakata, which reopened on April 19 following complete renovation, will further contribute to future earnings. In addition, we will endeavor to increase still further the number of customers coming to each event for major consecutive holidays.

At Harmony Land, we worked to strengthen notification over a wide area for the 10 consecutive holidays of Golden Week. In the summer, we will endeavor to enhance the popular swimming pool, focus on the shows that add special parades and fireworks displays for each season, and attract more customers. In addition, for overseas customers, in conjunction with Oita Prefecture's hosting of the Rugby World Cup 2019, we will seek to attract visitors arriving from overseas through cooperating with local governments, tourism associations, and other organizations and through tie-up planning with accommodation facilities.

iv. Overseas business

The European subsidiaries are expected to benefit from the exposure of characters through collaboration with the British national idol group Spice Girls and Mr. Men and Little Miss and through game collaboration for the 35th anniversary of Tetris. We will continue to use a number of influencers including YouTubers to develop Sanrio characters other than Hello Kitty, cultivate Mister Men and Little Miss, and strengthen key categories such as apparel. We will develop new markets in Russia, Eastern Europe, and the Near and Middle East; develop Mister Men and Little Miss in China, where it re-launched following a contract with a new agent; and explore fields including promotional and space licenses with major hotels.

In North America, we will strengthen ties with fans through unique product planning aimed at major mass retailers that have a high impact on sales and through events and products based on Hello Kitty's 45th anniversary. We will also make effective use of our agents in every area, including digital and private brand food and character cafés. For product sales that grew in the previous fiscal year, in addition to expanding the e-commerce business, we aim to increase sales by expanding the product lineup we handle focusing on new directly managed stores opened in Hollywood and existing stores in Japan Village.

In Asia, we will conclude contracts with an agency in Indonesia to establish an agency system and strengthen the space business in South Korea and the Philippines. In Taiwan, we will focus on themed pop-up stores to create topicality and strive to cultivate new businesses. On the Chinese mainland, we will strengthen events for Hello Kitty's 45th anniversary and focus on developing space licenses and entertainment facilities along with product licenses.

In addition, we will launch cross-border e-commerce in May 2019 in conjunction with surveys on customer preferences carried out in China and use it for future development of the e-commerce business in mainland China.

v. Other business

Regarding the robot business, we plan to further increase revenue by such means as promoting orders for corporate laboratory projects, and expanding sales of robots as hotel reception guides.

(5) Basic Policy Regarding Profit Distribution and Dividends for FY2018 and FY2019

We consider distributing earnings to shareholders to be one of the Sanrio Group's highest priorities. More specifically, on the premise of implementing stable dividends, we will base our policy on adding to dividends according to consolidated results when circumstances permit. Regarding dividends for the fiscal year under review, while net profit attributable to owners of parent slightly exceeded the initial plan's figures, the year-end dividend will be 15 yen, as previously announced. When combined with the 15-yen dividend paid at the end of the second quarter, this will make an annual dividend of 30 yen per share. Regarding the next fiscal year, while we will carry out necessary measures to recover our performance, we will also add a dividend of 5 yen to commemorate the 60th anniversary of our founding. We plan to pay a dividend of 15 yen at the end of the second quarter and 20 yen at the year's end, making an annual dividend of 35 yen per share.

2. Basic Approach for the Selection of Accounting Standards

The Sanrio Group will continue to prepare consolidated financial statements based on generally accepted accounting principles in Japan. We are examining systems and schedule with regard to the application of International Financial Reporting Standards (IFRS) in the future.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Assets		
Current assets		
Cash and deposit	44,290	43,814
Trade notes and accounts receivable	7,824	6,866
Merchandise and finished goods	4,069	4,276
Work in process	26	32
Raw materials and supplies	116	115
Other accounts receivable	880	614
Other	737	797
Allowance for doubtful accounts	(74)	(130)
Total current assets	57,871	56,387
Fixed assets		
Tangible fixed assets		
Buildings and structures	51,586	51,106
Accumulated depreciation and impairment loss	(45,709)	(45,700)
Buildings and structures, net	5,876	5,405
Machinery and vehicles	12,878	12,951
Accumulated depreciation and impairment loss	(12,641)	(12,634)
Machinery and vehicles, net	236	317
Land	8,487	8,473
Lease assets	2,169	2,167
Accumulated depreciation and impairment loss	(926)	(1,020)
Lease assets, net	1,243	1,147
Construction in process	4	31
Other	5,727	5,534
Accumulated depreciation and impairment loss	(5,145)	(4,997)
Other, net	581	536
Total tangible fixed assets	16,430	15,912
Intangible fixed assets	3,905	3,397
Investments and other assets		
Investment securities	11,513	11,524
Long-term loans to employees	222	193
Guarantees	1,905	1,748
Deferred tax assets	2,890	2,683
Other	4,806	4,379
Allowance for doubtful accounts	(1,305)	(1,071)
Total investments and other assets	20,033	19,458
Total fixed assets	40,368	38,768
Deferred assets		
Corporate bond issuance costs	33	29
Total deferred assets	33	29
Total assets	98,274	95,185

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,563	4,433
Short-term borrowings	6,737	6,869
Current portion of corporate bonds to be redeemed	2,534	1,744
Lease obligations	305	308
Accrued income taxes	1,564	678
Allowance for bonuses	491	495
Reserve for adjustment of returned goods	94	3
Provision for shareholder benefit program	50	29
Provision for point card certificates	90	87
Provision for business structure improvement	-	247
Other	8,074	7,994
Total current liabilities	24,506	22,891
Long-term liabilities		
Corporate bonds	3,263	2,384
Long-term borrowings	7,523	9,027
Lease obligations	1,026	928
Long-term deposits received	549	559
Long-term accounts payable	1,068	1,135
Retirement benefit liability	6,149	5,157
Other	1,452	704
Total long-term liabilities	21,033	19,896
Total liabilities	45,539	42,788
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,409
Retained earnings	53,779	55,114
Treasury stock	(11,789)	(11,762)
Total shareholder's equity	55,413	56,762
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(219)	(231)
Deferred hedge gain (loss)	(2)	(0)
Foreign currency translation adjustments	247	(1,786)
Remeasurements of defined benefit plans	(2,947)	(2,634)
Total accumulated other comprehensive income	(2,921)	(4,652)
Non-controlling interests	243	287
Total net assets	52,734	52,396
Total liabilities and net assets	98,274	95,185

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Sales	60,220	59,120
Cost of sales	21,475	21,340
Gross profit	38,744	37,780
Provision for sales returns	26	-
Reversal of provision for sales returns	-	91
Net gross profit on sales	38,718	37,871
Selling, general and administrative expenses		
Sales and promotion expenses	2,463	2,375
Provision of allowance for doubtful accounts	76	(28)
Directors bonuses and salaries	7,838	7,814
Miscellaneous wages	3,213	3,275
Bonus	965	1,011
Provision of reserves for bonuses	480	487
Provision for shareholder benefit program	(7)	(20)
Provision for point card certificates	(7)	(3)
Retirement benefit expenses	1,889	1,883
Freight charges	875	997
Rent	2,811	2,955
Depreciation	1,148	1,052
Other	11,236	11,285
Total selling, general and administrative expenses	32,984	33,084
Operating profit	5,734	4,786
Non-operating profit		
Interest income	506	501
Dividend income	219	223
Foreign exchange gains	-	59
Gain on investments in partnership	-	336
Other	226	247
Total non-operating profit	951	1,368
Non-operating expenses		
Interest expense	166	101
Loss on investments in partnership	142	-
Foreign exchange loss	101	-
Commission expenses	114	189
Compensation expenses	94	-
Other	46	26
Total non-operating expenses	665	317
Ordinary profit	6,020	5,836
Extraordinary gains		
Gain on sales of fixed assets	4,586	686
Gain on sales of investment securities	698	542
Other	-	13
Total extraordinary gains	5,284	1,241

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Extraordinary losses		
Loss on disposal of fixed assets	23	28
Impairment loss	573	115
Loss on sale of investment securities	-	35
Loss on valuation of investment securities	-	515
Business structure improvement expenses	-	311
Total extraordinary losses	597	1,007
Net profit before income taxes	10,708	6,070
Income taxes – current	3,179	2,138
Income taxes for prior periods	1,175	-
Income taxes – deferred	1,378	3
Total income taxes	5,733	2,141
Net profit	4,974	3,929
Net profit attributable to non-controlling interests	45	48
Net profit attributable to owners of parent	4,928	3,880

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net profit	4,974	3,929
Other comprehensive income		
Net unrealized gain (loss) on other securities	(112)	(12)
Deferred hedge gain (loss)	3	1
Foreign currency translation adjustments	789	(2,038)
Remeasurements of defined benefit plans, net of tax	808	313
Total other comprehensive income	1,489	(1,736)
Comprehensive income	6,464	2,193
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,425	2,149
Comprehensive income attributable to non-controlling interests	39	43

(3) Consolidated Statements of Changes in Shareholders' Equity

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	3,423	55,638	(11,789)	57,272
Changes of items during period					
Dividends of surplus			(6,787)		(6,787)
Net profit attributable to owners of parent			4,928		4,928
Purchase of treasury stock				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	(1,858)	(0)	(1,859)
Balance at end of current period	10,000	3,423	53,779	(11,789)	55,413

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(106)	(5)	(549)	(3,756)	(4,418)	-	204	53,058
Changes of items during period								
Dividends of surplus								(6,787)
Net profit attributable to owners of parent								4,928
Purchase of treasury stock								(0)
Net changes of items other than shareholders' equity	(112)	3	796	808	1,496	-	39	1,535
Total changes of items during period	(112)	3	796	808	1,496	-	39	(323)
Balance at end of current period	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	10,000	3,423	53,779	(11,789)	55,413
Changes of items during period					
Dividends of surplus			(2,545)		(2,545)
Net profit attributable to owners of parent			3,880		3,880
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock		(13)		27	14
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(13)	1,334	27	1,348
Balance at end of current period	10,000	3,409	55,114	(11,762)	56,762

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain (loss) on other securities	Deferred hedge gain (loss)	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Changes of items during period								
Dividends of surplus								(2,545)
Net profit attributable to owners of parent								3,880
Purchase of treasury stock								(0)
Disposal of treasury stock								14
Net changes of items other than shareholders' equity	(12)	1	(2,033)	313	(1,730)	-	43	(1,687)
Total changes of items during period	(12)	1	(2,033)	313	(1,730)	-	43	(338)
Balance at end of current period	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from operating activities		
Net profit before income taxes	10,708	6,070
Depreciation	1,956	1,863
Amortization of long-term prepaid expenses	133	64
Increase (decrease) in allowance for doubtful accounts	(292)	(136)
Increase (decrease) in provision for business restructuring	-	246
Increase (decrease) in reserve for bonuses	(13)	3
Increase (decrease) in retirement benefit liability	(2,885)	(535)
Increase (decrease) in reserve for adjustment of returned goods	26	(91)
Increase (decrease) in provision for shareholder benefit program	(7)	(20)
Increase (decrease) in provision for point card certificates	(7)	(3)
Interest and dividend income	(725)	(725)
Interest expense	166	101
Loss (gain) on disposal of fixed assets	(4,562)	(657)
Impairment loss	573	115
Loss (gain) on sale of investment securities	(698)	(506)
Valuation loss (gain) on investment securities	-	515
Decrease (increase) in accounts receivable	104	1,103
Decrease (increase) in inventories	97	(221)
Decrease (increase) in other assets	198	(216)
Increase (decrease) in accounts payable	658	(136)
Increase (decrease) in consumption tax payable	114	66
Increase (decrease) in other liabilities	46	148
Other	344	(191)
Subtotal	5,934	6,857
Interests and dividends received	690	715
Interests paid	(168)	(105)
Income taxes paid	(2,519)	(2,599)
Income taxes refund	0	-
Cash flows from operating activities	3,936	4,868
Cash flows from investing activities		
Payments for time deposits	(13,220)	(24,477)
Withdrawal of time deposits	11,522	22,675
Payments for purchase of tangible fixed assets	(632)	(633)
Proceeds from sale of tangible fixed assets	6,416	16
Purchase of intangible fixed assets	(450)	(295)
Payments for purchase of investment securities	(2,848)	(2,619)
Proceeds from sale of investment securities	3,756	2,486
Proceeds from distributions from investment partnerships	129	396
Collection of loans receivable	15	29
Payments for guarantees	(32)	(50)
Collection of guarantees	125	68
Other	(404)	(173)
Cash flows from investing activities	4,376	(2,576)

(Millions of yen)

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Cash flows from financing activities		
Decrease in short-term borrowings	(40)	(40)
Increase in long-term borrowings	8,300	7,550
Decrease in long-term borrowings	(8,646)	(5,873)
Proceeds from issuance of corporate bonds	993	934
Payment for redemption of corporate bonds	(1,403)	(2,619)
Payment for purchase of treasury stock	(0)	(0)
Dividends paid	(6,787)	(2,561)
Other	(374)	(444)
Cash flows from financing activities	(7,958)	(3,053)
Effect of exchange rate changes on cash and cash equivalents	373	(880)
Increase (decrease) in cash and cash equivalents	727	(1,640)
Cash and cash equivalents at beginning of period	30,090	30,817
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	-	81
Cash and cash equivalents at end of period	30,817	29,258

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Segment and Other Information

Segment Information

1. Overview of reportable segment

Segments used for financial reporting are the Sanrio Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The Group is engaged primarily in the social communication gifts business, which involves the planning and sale of social communication gift products and character licensing operations, and the theme parks business. The Company and its domestic consolidated subsidiaries conduct business operations in Japan and overseas consolidated subsidiaries in each region conduct business operations in Europe (mainly Italy, France, Spain, Germany and the U.K.), North America (mainly the United States), Latin America (mainly Brazil, Chile, Peru and Mexico) and Asia (mainly Hong Kong, Taiwan, South Korea and China). The Company and each consolidated subsidiary are independent operating units that establish comprehensive strategies concerning their products and other aspects of operations and conduct business operations based on those strategies.

As a result, there are five reportable segments based on the structure of sales activities by geographical segments: Japan, Europe, North America, Latin America and Asia.

2. Calculation method for sales, profit or loss, assets, liabilities and other items for each reportable segment

The accounting methods used for reportable business segments generally accords with those used for the preparation of consolidated financial statements. Profits for reportable segments are operating profit. Profits and transfer sums for inter-segment transactions within the Group are based on market prices.

3. Information related to sales, profit or loss, assets, liabilities and other items for each reportable segment

FY2017 (Apr. 1, 2017 – Mar. 31, 2018) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	45,359	2,155	3,042	808	8,854	60,220	-	60,220
(Royalty income)	(9,729)	(2,141)	(1,844)	(790)	(7,624)	(22,129)	(-)	(22,129)
Inter-segment	5,962	34	5	1	1,638	7,643	(7,643)	-
(Royalty income)	(5,749)	(34)	(-)	(-)	(0)	(5,784)	((5,784))	(-)
Total	51,322	2,189	3,047	809	10,493	67,863	(7,643)	60,220
Segment profit (loss)	4,343	(93)	(950)	93	3,253	6,645	(911)	5,734
Segment assets	53,328	13,004	10,094	2,636	20,341	99,405	(1,128)	98,276
Other items								
Depreciation	1,557	253	213	27	37	2,088	1	2,090
Increase in tangible and intangible fixed assets	2,648	41	11	2	18	2,722	-	2,722

Notes: 1. Adjustments are as follows.

(1) The minus 911 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) The minus 1,128 million yen adjustment to segment assets is the sum of eliminations for inter-segment

transactions and corporate assets which belong to administration department of the Company.
(3) The 1 million yen adjustment to depreciation is the depreciation related to corporate assets.
2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.
3. Depreciation includes amortization of long-term prepaid expenses.

FY2018 (Apr. 1, 2018 – Mar. 31, 2019) (Millions of yen)

	Reportable segment						Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Japan	Europe	North America	Latin America	Asia	Total		
Sales								
Customers	45,190	1,764	2,661	561	8,943	59,120	-	59,120
(Royalty income)	(9,992)	(1,750)	(1,668)	(544)	(7,757)	(21,712)	(-)	(21,712)
Inter-segment	5,581	33	8	0	1,343	6,968	(6,968)	-
(Royalty income)	(5,295)	(33)	(-)	(-)	(0)	(5,328)	((5,328))	(-)
Total	50,772	1,797	2,670	562	10,286	66,088	(6,968)	59,120
Segment profit (loss)	3,618	(398)	(1,082)	16	3,551	5,706	(919)	4,786
Segment assets	53,677	11,823	8,185	2,215	20,356	96,259	(1,073)	95,185
Other items								
Depreciation	1,566	225	74	20	38	1,926	1	1,928
Increase in tangible and intangible fixed assets	1,074	35	18	0	101	1,231	-	1,231

Notes: 1. Adjustments are as follows.
(1) The minus 919 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) The minus 1,073 million yen adjustment to segment assets is the sum of eliminations for inter-segment transactions and corporate assets which belong to administration department of the Company.
(3) The 1 million yen adjustment to depreciation is the depreciation related to corporate assets.
2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.
3. Depreciation includes amortization of long-term prepaid expenses.

Related Information

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

1. Information by product or service (Millions of yen)

	Social communication gifts	Theme parks	Other	Total
Sales to customers	49,814	8,391	2,014	60,220

2. Information by region

(1) Sales (Millions of yen)

Japan	Europe	North America	Asia	Other	Total
43,981	2,177	3,065	10,155	839	60,220

Note: Sales are based on the location of the client and categorized by country or region.

(2) Tangible fixed assets (Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
14,927	924	335	192	41	9	16,430

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated income statements.

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

1. Information by product or service

(Millions of yen)

	Social communication gifts	Theme parks	Other	Total
Sales to customers	48,344	9,003	1,772	59,120

2. Information by region

(1) Sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
43,887	1,775	2,707	10,182	568	59,120

Note: Sales are based on the location of the client and categorized by country or region.

(2) Tangible fixed assets

(Millions of yen)

Japan	Europe	North America	Latin America	Asia	Other	Total
14,593	826	273	149	69	0	15,912

3. Information about specific customers

Omitted because no single external customer accounts for 10% or more of sales as shown on the consolidated income statements.

Information related to impairment loss of fixed assets for each reportable segment

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

Impairment loss of 23 million yen on store assets and idle assets was recorded in the “Japan” segment. Impairment loss of 550 million yen on trademark rights and goodwill was recorded in the “Europe” segment.

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

Impairment loss of 105 million yen on store assets and idle assets was recorded in the “North America” segment. Impairment loss of 9 million yen on warehouse was recorded in the “Europe” segment.

Information related to goodwill amortization and the unamortized balance for each reportable segment

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)

Amortization of goodwill of 32 million yen was recorded in the “Europe” segment. Moreover, an impairment loss of 128 million yen was recorded and there was no unamortized balance of goodwill.

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

Per Share Information

(Yen)

FY2017 (Apr. 1, 2017 – Mar. 31, 2018)		FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	
Net assets per share	618.66	Net assets per share	614.09
Net profit per share	58.09	Net profit per share	45.73

Notes: 1. Fully-diluted net profit per share is not stated because dilutive shares do not exist.

2. Basis for calculating net assets per share is as shown below.

	FY2017 (As of Mar. 31, 2018)	FY2018 (As of Mar. 31, 2019)
Total net assets on the consolidated balance sheets (million yen)	52,734	52,396
Net assets associated with common stock shares (million yen)	52,491	52,109
Breakdown of differences (million yen)		
Non-controlling interests	243	287
Number of common stock shares outstanding (thousand shares)	89,065	89,065
Number of shares of treasury common stock (thousand shares)	4,218	4,208
Number of common stock shares used in calculation of net assets per share (thousand shares)	84,846	84,856

3. Basis for calculating net profit per share and fully-diluted net profit per share is as shown below.

	FY2017 (Apr. 1, 2017 – Mar. 31, 2018)	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)
Net profit per share		
Net profit attributable to owners of parent (million yen)	4,928	3,880
Amount not returned to common stock shareholders (million yen)	-	-
Net profit attributable to owners of parent applicable to common stock (million yen)	4,928	3,880
Average number of common stock shares outstanding (thousand shares)	84,846	84,851

Note: Fully-diluted net profit per share is not stated because dilutive shares do not exist.

Subsequent Events

Not applicable.

4. Other Information

Changes in Directors

New substitute outside auditor candidate

Takehisa Inoyama

(Profile of Mr. Takehisa Inoyama)

December 2007	Admitted to Daini Tokyo Bar Association, joined Shimoyama Law Office (currently Legal Professional Corporation Shimoyama Law Office)
February 2012	Member, Legal Professional Corporation Shimoyama Law Office
June 2016	Outside Director, TOKYO THEATRES COMPANY, INCORPORATED (to present)
November 2016	Representative Member, Legal Professional Corporation, Shimoyama Law Office (to present)

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.