

**Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2020 (FY2019)  
(Six Months Ended September 30, 2019)**

**[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/>  
 Representative: Shintaro Tsuji, President and Chief Executive Officer  
 Inquiries: Susumu Emori, Senior Managing Director TEL: +81-3-3779-8058  
 Scheduled date of filing of Quarterly Report: November 14, 2019  
 Starting date of dividend payment: November 20, 2019  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: The original disclosure in Japanese was released on October 31, 2019 at 16:00 (GMT +9).

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

**1. Consolidated Financial Results for the Second Quarter of FY2019 (April 1, 2019 – September 30, 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	%
Six months ended Sep. 30, 2019	27,660	(2.2)	1,374	(36.3)	2,039	(25.3)	326	(78.5)
Six months ended Sep. 30, 2018	28,272	(0.1)	2,158	(10.1)	2,730	2.5	1,516	(21.7)

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2019: (365) (- %)  
 Six months ended Sep. 30, 2018: 800 (down 64.1%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2019	3.85	-
Six months ended Sep. 30, 2018	17.87	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2019	97,217	50,758	51.9
As of Mar. 31, 2019	95,185	52,396	54.7

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2019: 50,459 As of Mar. 31, 2019: 52,109

**2. Dividends**

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2018	-	15.00	-	15.00	30.00
FY2019	-	15.00	-	-	-
FY2019 (forecast)	-	-	-	20.00	35.00

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

Breakdown of the year-end dividend for FY2019 (forecast):

Ordinary dividend: 15.00 yen; 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
Full year	57,700	(2.4)	4,000	(16.4)	5,000	(14.3)	2,300	(40.7)	27.10

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



**Contents of Attachments**

1. Qualitative Information on Quarterly Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements	5
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements	8
Consolidated Income Statements	
For the Six-month Period	8
Consolidated Comprehensive Income Statements	
For the Six-month Period	9
(3) Notes to Quarterly Consolidated Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Changes in Accounting Policies	10
Segment and Other Information	11

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

During the first half of the fiscal year under review, in Japan the theme parks performed well, especially Sanrio Puroland in Tama City, Tokyo. Additionally, in the domestic product sales business, factors such as the Sanrio Character Awards and the success of hit products in attracting customers enlarged the customer age group, leading to increased revenue. Meanwhile, revenue declined overseas due to a fall in sales to top licensees in China, the impact on merchandise and license sales of a drop in store sales from demonstrations in Hong Kong, and a reduction in promotional sales in Southeast Asia including Hong Kong. In Europe, the licensing business remains in a difficult situation and the business recovery is taking longer than expected. As a result of these declines in overseas license income, sales fell only slightly, declining 2.2% year-on-year to 27.6 billion yen, while operating profit fell 36.3% to 1.3 billion yen due to an increase in selling, general, and administrative expenses. Ordinary profit fell 25.3% to 2.0 billion yen, mainly due to accounting gain on investments in partnership as non-operating profit. Net profit attributable to owners of parent fell 78.5% to 0.3 billion yen after accounting for extraordinary gains of 0.2 billion yen including gains on sales of investment securities; extraordinary losses including 0.7 billion yen loss related to a competition-law surcharge imposed by the European Commission and a loss on valuation of investment securities of 0.3 billion yen; and total income taxes of 0.5 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first half under review for these subsidiaries covers the period from January to June 2019.

#### Reportable Segment

(100 millions of yen)

	First six months of	Sales				Segment profit (operating profit)			
		FY2018	FY2019	Increase/ decrease	Change (%)	FY2018	FY2019	Increase/ decrease	Change (%)
Japan	Product sales/others	168	172	4	2.7	16	11	(4)	(26.6)
	Royalties	47	46	(0)	(1.7)				
	Total	215	219	3	1.8				
Europe	Product sales/others	0	0	(0)	(67.3)	(0)	(2)	(1)	-
	Royalties	10	7	(3)	(30.2)				
	Total	10	7	(3)	(30.5)				
North America	Product sales/others	4	3	(1)	(22.8)	(5)	(4)	0	-
	Royalties	7	7	0	1.1				
	Total	12	11	(1)	(8.5)				
Latin America	Product sales/others	0	0	(0)	(51.8)	0	0	(0)	(1.8)
	Royalties	2	2	(0)	(6.7)				
	Total	2	2	(0)	(8.1)				
Asia	Product sales/others	5	5	(0)	(6.6)	15	13	(2)	(15.7)
	Royalties	36	31	(5)	(14.2)				
	Total	42	36	(5)	(13.2)				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	178	181	3	1.7	21	13	(7)	(36.3)
	Royalties	103	94	(9)	(8.8)				
	Total	282	276	(6)	(2.2)				

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 1.8% year-on-year to 21.9 billion yen and operating profit fell 26.6% to 1.1 billion yen.

In the product sales business, products for several Sanrio characters (including PET bottle series and pouches) and lucky draws were supported by a customer base with a wide age range even after July. Furthermore, with the launch of the Enjoy Idol series of products, the Company has managed to incorporate a new customer base, the idol fans, for the first time. Customer numbers have risen to 117.0% of the figure for the same period of the previous year, and same-store sales (based on directly owned stores and directly operated shops within department stores) exceeded the previous year's level, reaching 110.6%. Department stores also opened shops for a limited period to commemorate the 45th anniversary of Hello Kitty and sales promotion initiatives were well received, leading to still greater recognition. Moreover, in mid-November, a directly managed store will open to provide entertainment at Minami-machida Grandberry Park.

Sales in the wholesale division rose 5.5% year-on-year, with strong sales to partner Aeon and Don Quijote and to e-commerce partner Amazon. Going forward, we will strengthen sales to acquire promising channels that will become the next pillar following on from existing suppliers.

In the third quarter, in the run-up to the year-end shopping season (the biggest season of the year), the Company will strengthen sales for continuing trending products for several Sanrio characters as well as warmth-related items and year-end and Christmas gift products that trended strongly last year, linking them to promotion initiatives and leading to an increase in sales.

In the licensing business, for product licensing, unseasonable weather had an adverse effect on sales of all apparel-related items, but a design that includes several Sanrio characters, collaborative planning with other companies' anime content, and new collaboration with major food and drink manufacturers proved popular. In enterprise planning, a design that includes several Sanrio characters used on the Pasmo IC card ticket for foreign visitors to Japan, original 7-Eleven lucky draws, and on other products contributed significantly to sales. Moreover, in an initiative with Shiseido Company, Limited, Hello Kitty character products created in collaboration with photographer and film director Mika Ninagawa were provided in Shiseido Parlour and developed with cosmetics. The Skylark Group's Cinnamoroll campaign and the 3M Japan Group's kitchen sponge campaign also proved popular.

In the theme parks business, at Sanrio Puroland in Tokyo's Tama City, visitor numbers rose 8.2%, or 58,000, year-on-year to 775,000. The effect of using social media to disseminate information aimed at young women was the primary reason for the rise in numbers. Additional use of sales of tickets at the door increased with coordinated discounts (applicable when visiting for events in specific outfits), student pass discounts, pair discounts, and tie-up discounts with companies. Another factor was increased theme-park recognition resulting from TV coverage. The higher visitor numbers led to a double-digit increase in ticket sales, product sales such as souvenirs, and restaurant sales year-on-year. Among the products, wearable items such as headbands proved especially popular. The operating profit increased as higher earnings compensated for the rise in expenses, including those for event-related personnel and amortization for renovating Restaurant Yakata. At Harmony Land in Oita Prefecture, visitor numbers rose 0.8%, or nearly 2,000, year-on-year to 248,000. In the first quarter, visitor numbers increased due to long holidays and large-scale member plans. In the second quarter, individual customer numbers exceeded those of the previous year due to various measures such as plan and tie-up discounts, and the number of foreign visitors to Japan also grew strongly. However, in July, the rainy season ended two weeks later than it had the previous year, and in August prolonged rainfall in the latter half of the month led to one more week of rain than in the previous year. In addition, typhoons struck on busy periods such as the Bon Festival and the autumnal equinox holidays in September, and customer numbers were greatly impacted by rain throughout the period, resulting in lower-than-expected figures. Sales and profits both increased due to strong sales including products and souvenirs in line with the introduction of Wish Me Mel.

**ii. Europe:** Sales fell 30.5% year-on-year to 0.7 billion yen and operating loss stood at 0.2 billion yen, a fall of 0.1 billion yen.

In Europe, despite seeing a recovery in Italy, sales and profits declined significantly, due in part to the impact of poor sales in Germany and France and a recorded sales shortfall in meeting the minimum guarantee in the same period of the previous year.

**iii. North America:** Sales fell 8.5% year-on-year to 1.1 billion yen and operating loss stood at 0.4 billion yen, an improvement of 61 million yen.

In terms of licensing, the core apparel and toy categories struggled, but brand collaborations with Converse and Herschel and the development of the Crème shop in cosmetic chain stores contributed to sales. For product sales, store sales including the e-commerce business performed steadily, but a decline in wholesale sales to Latin America had an adverse effect.

**iv. Latin America:** Sales fell 8.1% year-on-year to 0.2 billion yen and operating profit fell 1.8% to 12 million yen.

In South America, sales and profits rose on a local currency basis but the weakness of the Brazilian real had a significant impact. Sandals collaborations produced strong results in Brazil. In Mexico, the existing trade in apparel and home appliances continued to struggle but the health and beauty category performed well due to promoting initiatives with top licensees.

**v. Asia:** Sales fell 13.2% year-on-year to 3.6 billion yen and operating profit fell 15.7% to 1.3 billion yen.

In the Hong Kong and Macao markets, sales from top licensees declined due to the significant impact of factors such as U.S.-China trade friction and demonstrations that adversely affected consumption. In the Thai market, sales fell due to a reduction in large-scale corporate campaigns. Meanwhile, sales in the Philippines and Indonesia increased significantly despite the still-small market size.

In Taiwan, in addition to a temporary recording of theme-park related sales in the previous fiscal year, sales struggled in each category, including a decline in corporate campaigns.

In South Korea, sales and profits fell due to the significant impact of the decline in the popular anime character Rilu Rilu Fairilu.

In China, the number of accessories-related top licensees is declining due to continued sluggish growth in the jewelry market, and top licensees are also struggling with sales acquisitions. The number of new licensees continued to grow steadily and corporate promotions also increased, but these did not cover a downturn among top licensees. The depreciation of the renminbi also contributed to the decline in sales and profits. In terms of character diversification, Gudetama has made great strides through adoption for corporate promotion and Kero Kero Keroppi has also grown through business with Anta Kids.

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)	4,513	20	4,533	(1,342)
Year-on-year change (%)	(28.6)	(40.8)	(28.6)	-
Britain (GBP)	1,321	4	1,325	(713)
Year-on-year change (%)	(22.6)	(86.5)	(24.0)	-
North America (USD)	6,667	3,491	10,159	(4,094)
Year-on-year change (%)	0.2	(23.0)	(9.2)	-
Brazil (BRL)	9,053	128	9,182	430
Year-on-year change (%)	3.9	(46.5)	2.6	7.8
Chile (CLP)	-	6,419	6,419	(50)
Year-on-year change (%)	-	(11.3)	(11.3)	-
Hong Kong (HKD)	55,457	28,332	83,790	25,894
Year-on-year change (%)	(18.7)	(4.8)	(14.5)	(24.1)
Taiwan (NTD)	152,751	17,833	170,585	53,766
Year-on-year change (%)	(10.9)	(60.2)	(21.1)	(14.4)
South Korea (KRW)	3,687,430	216,674	3,904,104	716,976
Year-on-year change (%)	(10.6)	14.4	(9.5)	(24.1)
China (CNY)	87,273	41,966	129,239	42,971
Year-on-year change (%)	(6.5)	27.8	2.4	(1.9)

## (2) Explanation of Financial Position

At the end of the first half of the current fiscal year, total assets stood at 97.2 billion yen, an increase of 2.0 billion yen from the end of the previous fiscal year. The main increase was 3.7 billion yen in cash and deposit. The main decreases were 1.0 billion yen in trade notes and accounts receivable and 0.9 billion yen in investments and other assets.

Liabilities increased 3.6 billion yen from the end of the previous fiscal year to 46.4 billion yen. The main increases were 3.9 billion yen in interest-bearing debt (including current portion of corporate bonds to be redeemed) and 0.7 billion in other long-term liabilities. The main decrease was 0.7 billion yen in retirement benefit liability. Net assets decreased 1.6 billion yen from the end of the previous fiscal year to 50.7 billion yen. The main decreases were 0.9 billion yen in retained earnings due to dividend payment and 1.1 billion yen in foreign currency translation adjustments. The equity ratio was 51.9%, down 2.8 percentage point from the end of the previous fiscal year.

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

The consolidated forecasts for the full fiscal year have changed from those announced on July 31, 2019. Please refer to the “Notice Regarding Differences Between Results Forecasts and Results for the First Half of the Fiscal Year and Revision to Full-Year Results Forecasts” announced today. Regarding the dividend forecast for the current fiscal year, as previously announced, we will maintain the dividend of 15 yen in the second quarter and 20 yen at the end of the fiscal year (including a commemorative dividend of 5 yen) for an annual total of 35 yen.

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

Six months ended		Sales to customers					Operating profit				
		Sep. 2017	Sep. 2018	Change (%)	Sep. 2019	Change (%)	Sep. 2017	Sep. 2018	Change (%)	Sep. 2019	Change (%)
Europe	Germany	810	828	2.2	559	(32.5)	(52)	5	-	(167)	-
	Britain	201	185	(8.1)	145	(21.8)	(58)	(104)	-	(108)	-
	Subtotal	1,012	1,013	0.2	704	(30.5)	(111)	(99)	-	(276)	-
North America	U.S.A.	1,336	1,218	(8.8)	1,114	(8.5)	(463)	(512)	-	(450)	-
Latin America	Brazil/Chile	448	286	(36.1)	263	(8.1)	69	12	(82.0)	12	(1.8)
Asia	Hong Kong	1,421	1,315	(7.5)	1,167	(11.3)	530	502	(5.2)	371	(26.1)
	Taiwan	640	744	16.2	554	(25.5)	217	231	6.1	191	(17.1)
	South Korea	446	435	(2.5)	375	(13.8)	112	95	(14.9)	69	(27.7)
	China	1,559	1,715	10.0	1,558	(9.1)	713	746	4.6	696	(6.6)
	Subtotal	4,068	4,210	3.5	3,654	(13.2)	1,574	1,575	0.1	1,329	(15.7)
Total		6,865	6,728	(2.0)	5,736	(14.7)	1,069	977	(8.6)	614	(37.1)

**2. Quarterly Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheets**

	(Millions of yen)	
	FY2018 (As of Mar. 31, 2019)	Second quarter of FY2019 (As of Sep. 30, 2019)
<b>Assets</b>		
Current assets		
Cash and deposit	43,814	47,553
Trade notes and accounts receivable	6,866	5,832
Merchandise and finished goods	4,276	4,943
Work in process	32	66
Raw materials and supplies	115	174
Other accounts receivable	614	518
Other	797	716
Allowance for doubtful accounts	(130)	(61)
Total current assets	56,387	59,742
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,405	5,362
Land	8,473	7,825
Other, net	2,033	2,761
Total tangible fixed assets	15,912	15,948
Intangible fixed assets	3,397	3,181
Investments and other assets		
Investment securities	11,524	11,505
Deferred tax assets	2,683	2,394
Other	6,321	5,416
Allowance for doubtful accounts	(1,071)	(1,008)
Total investments and other assets	19,458	18,307
Total fixed assets	38,768	37,438
Deferred assets	29	36
Total assets	95,185	97,217
<b>Liabilities</b>		
Current liabilities		
Trade notes and accounts payable	4,433	4,865
Short-term borrowings	6,869	8,562
Accrued income taxes	678	460
Allowance for bonuses	495	494
Reserve for adjustment of returned goods	3	14
Provision for shareholder benefit program	29	46
Provision for point card certificates	87	83
Provision for business structure improvement	247	-
Other	10,046	9,835
Total current liabilities	22,891	24,362
Long-term liabilities		
Corporate bonds	2,384	1,598
Long-term borrowings	9,027	12,010
Retirement benefit liability	5,157	4,375
Other	3,327	4,113
Total long-term liabilities	19,896	22,097
Total liabilities	42,788	46,459



	(Millions of yen)	
	FY2018 (As of Mar. 31, 2019)	Second quarter of FY2019 (As of Sep. 30, 2019)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	55,114	54,168
Treasury stock	(11,762)	(11,762)
Total shareholder's equity	56,762	55,815
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(231)	(101)
Deferred hedge gain (loss)	(0)	(0)
Foreign currency translation adjustments	(1,786)	(2,979)
Remeasurements of defined benefit plans	(2,634)	(2,275)
Total accumulated other comprehensive income	(4,652)	(5,356)
Non-controlling interests	287	298
Total net assets	52,396	50,758
Total liabilities and net assets	95,185	97,217

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

(Millions of yen)

	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)
Sales	28,272	27,660
Cost of sales	9,946	9,772
Gross profit	18,326	17,888
Provision for sales returns	-	11
Reversal of provision for sales returns	15	-
Net gross profit on sales	18,341	17,877
Selling, general and administrative expenses	16,182	16,502
Operating profit	2,158	1,374
Non-operating profit		
Interest income	224	258
Dividend income	107	114
Foreign exchange gains	83	-
Gain on investments in partnership	242	169
Other	128	293
Total non-operating profit	785	836
Non-operating expenses		
Interest expense	54	52
Foreign exchange loss	-	49
Commission expenses	141	59
Other	17	10
Total non-operating expenses	214	171
Ordinary profit	2,730	2,039
Extraordinary gains		
Gain on sales of fixed assets	-	75
Gain on sales of investment securities	454	178
Total extraordinary gains	454	253
Extraordinary losses		
Loss on disposal of fixed assets	3	57
Loss on valuation of investment securities	448	395
Impairment loss	9	64
Loss related to competition law	-	768
Business structure improvement expenses	289	48
Other	15	20
Total extraordinary losses	766	1,354
Net profit before income taxes	2,418	938
Income taxes – current	915	510
Income taxes – deferred	(34)	81
Total income taxes	881	591
Net profit	1,537	346
Net profit attributable to non-controlling interests	20	19
Net profit attributable to owners of parent	1,516	326

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

(Millions of yen)

	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)	First six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)
Net profit	1,537	346
Other comprehensive income		
Net unrealized gain (loss) on other securities	723	130
Deferred hedge gain (loss)	3	(0)
Foreign currency translation adjustments	(1,806)	(1,201)
Remeasurements of defined benefit plans, net of tax	343	358
Total other comprehensive income	(736)	(711)
Comprehensive income	800	(365)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	786	(376)
Comprehensive income attributable to non-controlling interests	14	11

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Changes in Accounting Policies**

Subsidiaries applying International Financial Reporting Standards (IFRS) adopted IFRS 16 “leases” from the first quarter of the current fiscal year. Accordingly, the lessee, in principle, has determined to record all leases as assets and liabilities on the balance sheet. For the application of IFRS 16, a transitional approach has been adopted that recognizes the cumulative effect of applying this standard from the commencement date.

As a result, tangible fixed assets at the end of the second quarter of the current fiscal year increased 388 million yen, other current liabilities increased 148 million yen and other long-term liabilities increased 242 million yen. The effect of this change on earnings in the first six months of the current fiscal year is insignificant.

**Segment and Other Information**

## I. First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 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	21,544	1,013	1,218	286	4,210	28,272	-	28,272
(Royalty income)	( 4,718)	( 1,003)	( 726)	( 278)	( 3,656)	( 10,382)	( -)	( 10,382)
Inter-segment	2,773	14	2	0	573	3,364	(3,364)	-
(Royalty income)	( 2,617)	( 14)	( -)	( -)	( 0)	( 2,632)	( 2,632)	( -)
Total	24,317	1,028	1,220	286	4,784	31,637	(3,364)	28,272
Segment profit (loss)	1,613	(99)	(512)	12	1,575	2,590	(431)	2,158

- Notes: 1. The minus 431 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 six months of FY2019 (Apr. 1, 2019 – Sep. 30, 2019)

## 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	21,923	704	1,114	263	3,654	27,660	-	27,660
(Royalty income)	( 4,636)	( 701)	( 734)	( 259)	( 3,137)	( 9,469)	( -)	( 9,469)
Inter-segment	2,261	7	4	0	612	2,886	(2,886)	-
(Royalty income)	( 2,149)	( 7)	( -)	( -)	( 0)	( 2,156)	( 2,156)	( -)
Total	24,184	712	1,118	264	4,267	30,547	(2,886)	27,660
Segment profit (loss)	1,184	(276)	(450)	12	1,329	1,799	(424)	1,374

- 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.

*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.*