

Summary of Financial Results for the Fiscal Year Ended March 31, 2020 (FY2019) [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: August 26, 2020
 Scheduled date of filing of Annual Securities Report: August 27, 2020
 Starting date of dividend payment: June 9, 2020
 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 June 12, 2020 at 15:00 (GMT +9).

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

1. Consolidated Financial Results for FY2019 (April 1, 2019 – March 31, 2020)

(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	%
FY2019	55,261	(6.5)	2,106	(56.0)	3,274	(43.9)	191	(95.1)
FY2018	59,120	(1.8)	4,786	(16.5)	5,836	(3.1)	3,880	(21.3)

Note: Comprehensive income (millions of yen) FY2019: (1,521) (-%) FY2018: 2,193 (down 66.1%)

	Net Profit per Share	Fully-Diluted Net Profit per Share	Return on Equity (ROE)	Return on Assets (ROA)	Operating Profit to Sales
	Yen	Yen	%	%	%
FY2019	2.26	-	0.4	3.5	3.8
FY2018	45.73	-	7.4	6.0	8.1

Reference: Equity in earnings of unconsolidated subsidiaries (millions of yen) FY2019: - FY2018: -

(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, 2020	89,515	46,387	51.5	548.78
As of Mar. 31, 2019	95,185	52,396	54.7	614.09

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2020: 46,060 As of Mar. 31, 2019: 52,109

(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
FY2019	834	(3,624)	(4,993)	21,011
FY2018	4,868	(2,576)	(3,053)	29,258

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			
FY2018	-	15.00	-	15.00	30.00	2,545	65.6	4.9
FY2019	-	15.00	-	20.00	35.00	2,951	1,545.3	6.0
FY2020 (forecast)	-	-	-	-	-	-	-	-

Notes: 1. Breakdown of the year-end dividend for FY2019:

Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen

2. The dividends forecast for FY2020 has yet to be determined at this time.

3. Consolidated Forecast for FY2020 (April 1, 2020 – March 31, 2021)

The consolidated forecast for the fiscal year ending March 31, 2021 has yet to be determined at this time due to the difficulty of reasonably estimating the impact of the spread of COVID-19 on business activities and operating results. We will promptly disclose forecast once it becomes possible to make a reasonable estimate in the future.

*** 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: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Changes in Accounting Policies” on page 18 of the attachments for further information.

(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, 2020: 89,065,301 shares As of Mar. 31, 2019: 89,065,301 shares

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

As of Mar. 31, 2020: 5,131,983 shares As of Mar. 31, 2019: 4,208,583 shares

3) Average number of shares outstanding during the period

FY2019: 84,640,664 shares FY2018: 84,851,377 shares

Reference: Unconsolidated Financial Results

1. Unconsolidated Financial Results for FY2019 (April 1, 2019 – March 31, 2020)

(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	%
FY2019	38,044	(6.8)	330	(85.9)	2,808	(41.3)	1,738	(51.5)
FY2018	40,808	(3.3)	2,342	(24.6)	4,784	(18.1)	3,587	(14.1)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
FY2019	20.54	-
FY2018	42.28	-

(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, 2020	50,412	22,223	44.1	264.78
As of Mar. 31, 2019	54,921	25,786	47.0	303.88

Reference: Shareholders' equity (millions of yen) As of Mar. 31, 2020: 22,223 As of Mar. 31, 2019: 25,786

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

Forward-looking statements are not presented as it is difficult to make a reasonable estimate of the forecast at the time of release of this report. Please refer to “1. Overview of Results of Operations, etc., (4) Outlook” on page 7 of the attachments.

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1. Overview of Results of Operations, etc.

(1) Results of Operations

(100 millions of yen)

	FY2019 Results	Vs. Plan			Y-O-Y		
		*Final plan	Increase/ decrease	Change (%)	FY2018 Results	Increase/ decrease	Change (%)
Sales	552	577	(24)	(4.2)	591	(38)	(6.5)
Gross profit	350	374	(23)	(6.4)	378	(28)	(7.5)
Selling, general & administrative expenses	329	334	(4)	(1.5)	330	(1)	(0.5)
Operating profit	21	40	(18)	(47.3)	47	(26)	(56.0)
Non-operating profit or expenses	11	10	1	16.9	10	1	11.2
Ordinary profit	32	50	(17)	(34.5)	58	(25)	(43.9)
Extraordinary gains or losses	(20)	(11)	(9)	-	2	(22)	-
Net profit before income taxes	12	39	(26)	(67.5)	60	(48)	(79.1)
Total income taxes	10	16	(5)	(35.4)	21	(11)	(51.8)
Net profit attributable to owners of parent	1	23	(21)	(91.7)	38	(36)	(95.1)
Gross margin	63.4%	64.8%	(1.4)%	-	64.1%	(0.7)%	-
Operating margin	3.8%	6.9%	(3.1)%	-	8.1%	(4.3)%	-
Ordinary margin	5.9%	8.7%	(2.8)%	-	9.9%	(4.0)%	-

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

The fiscal year under review marked the second year of the Sanrio Group's three-year medium-term management plan, Marketing Innovation Project 2021. Considering the plan's four basic strategies, in the first year we promoted the strengthening and reshaping of marketing functions and in the year under review we focused on establishing the animation and digital business while reinventing sales as a point of interaction with customers. In the animation and digital business, distribution of the music game Show By Rock!! Fes A Live for smartphones launched in March 2020. Moreover, in the product sales business, we have completed the introduction of POS to Sanrio shops in domestic department stores and are ready to transition to the new point system, Sanrio + (Sanrio Plus).

Regarding business results, in Japan, the licensing and product sales businesses struggled due to fewer campaigns and other large-scale projects in the licensing business and unseasonable weather in the form of a cold summer, warm winter, and typhoons. Meanwhile, the theme parks were supported by visitors, mostly Japanese women in their late teens and early twenties, arriving as the result of successful marketing measures. In the product sales business, despite the effects of the weather and the stagnation of inbound travel, hit products such as products for idol fans and handy fans came onto the market and sold strongly. However, since February, the spread of COVID-19 has had a major impact on business performance throughout Japan. Overseas, especially in Asia, conditions have made it difficult to proceed according to the plan drawn up at the start of the fiscal year. Negative factors include demonstrations in Hong Kong, deteriorating economic conditions triggered by U.S.-China trade friction, a worsening of Japan-Korea relations, and sluggish consumption due to the presidential election in Taiwan. In Europe and the United States, we made efforts to improve our challenging business results. In North America, the cultivation of new licensees was successful and the licensing business performed well. In Europe, the sales structure was strengthened and a legal department was enhanced by having a new COO in December.

As a result of these factors, sales fell 6.5% year-on-year to 55.2 billion yen, with a decline in overseas royalty income having a large impact, and operating profit fell 56.0% to 2.1 billion yen. Ordinary profit fell 43.9% year-on-year to 3.2 billion yen due to such factors as accounting interest income and dividend income of 0.7 billion yen together as non-operating profit. Extraordinary losses include a loss related to a competition-law surcharge imposed by the European Commission of 0.7 billion yen, a loss on valuation of investment securities of 0.7 billion yen, and a loss of 0.5 billion yen mainly from the temporary closure of theme parks to prevent the spread of COVID-19, while income taxes amounted to 1.0 billion yen. As a result, net profit attributable to owners of parent fell 95.1% year-on-year to 0.1 billion yen.

Additionally, to enable improved capital efficiency together with shareholder returns as well as flexible capital policies, we repurchased 923,400 shares worth approximately 2 billion yen from November 2019 to January 2020.

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 2019.

Reportable Segment

(100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2018	FY2019	Increase/ decrease	Change (%)	FY2018	FY2019	Increase/ decrease	Change (%)
Japan	Product sales/others	351	339	(12)	(3.7)	36	17	(19)	(52.6)
	Royalties	99	91	(8)	(8.1)				
	Total	451	430	(21)	(4.7)				
Europe	Product sales/others	0	0	(0)	(68.5)	(3)	(5)	(1)	-
	Royalties	17	14	(2)	(16.8)				
	Total	17	14	(3)	(17.3)				
North America	Product sales/others	9	9	(0)	(3.1)	(10)	(11)	(0)	-
	Royalties	16	16	(0)	(1.4)				
	Total	26	26	(0)	(2.0)				
Latin America	Product sales/others	0	0	(0)	(51.2)	0	0	0	14.0
	Royalties	5	4	(0)	(8.8)				
	Total	5	5	(0)	(10.1)				
Asia	Product sales/others	11	11	(0)	(3.1)	35	28	(6)	(18.9)
	Royalties	77	64	(13)	(16.8)				
	Total	89	76	(13)	(15.0)				
Adjustment		-	-	-	-	(9)	(8)	0	-
Consolidated	Product sales/others	374	360	(13)	(3.7)	47	21	(26)	(56.0)
	Royalties	217	192	(24)	(11.4)				
	Total	591	552	(38)	(6.5)				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures stated above (although included in segment profit (operating profit)).

Further, the above sales figures are "sales to customers," and the inter-segment sales, which are not limited to the above-mentioned royalties, are eliminated as internal transaction sales.

i. Japan: Sales fell 4.7% year-on-year to 43.0 billion yen and operating profit fell 52.6% to 1.7 billion yen.

In the retail section, strong performances from lucky-dip bags and lucky draw at the beginning of the year as well as birthday promotions for My Melody, which celebrated its 45th anniversary in 2020, contributed to sales at special venues such as Sanrio shops and department stores. Customer numbers also increased steadily until the beginning of February, but thereafter consumption fell due to the impact of COVID-19. The cumulative total sales of existing stores (based on directly owned stores and directly managed shops within department stores) reached 103.8% of the previous year's level despite the Group temporarily closing roadside stores to ensure the safety of customers and employees.

In the wholesale section, although store sales struggled due to falling demand from foreign tourists visiting Japan, sales to Don Quijote, Aeon, and Amazon rose significantly year-on-year, contributing to overall product sales reaching 104.0 % of the previous year's level.

In the licensing business, for product licensing, the apparel industry in general struggled throughout the year due to unseasonable weather and other factors while the launch of designs that include several Sanrio characters did well and the animation and digital businesses also grew. In the first half of the fourth quarter sales performed well, especially for household goods and toys, but from February onward the major impact of COVID-19, which caused stagnation of overseas production, a reduction of sales areas, and weak consumer sentiment, made it

impossible to increase sales. From now on, we will continue to focus on the use of multiple characters while taking initiatives to strengthen our e-commerce and digital businesses.

In enterprise planning, we endeavored to strengthen initiatives for local government and large-scale advertising and promotion throughout the year while also transforming the structure of the publishing section to reinforce our profit structure. Royalties from the new issuance of payment cards, including Cinnamoroll on Mitsubishi UFJ Nikos' credit card, Hello Kitty on JR West's ICOCA e-money transport card, and multiple character designs adopted for the PASMO card mainly for use on private railways and subways in the Tokyo metropolitan area, contributed to sales. In addition, initiatives with major manufacturers, such as daily necessities including Kao Corporation's Megurism and the adoption of multiple characters for sheet masks by Daiichi Sankyo Healthcare, proved successful.

In the theme park business, visitor numbers to Sanrio Puroland in Tama City, Tokyo, decreased 135,000, or 9.3%, year-on-year, to 1,324,000 due to temporary closure from February 22 for the purpose of preventing the spread of COVID-19 infections. Regarding the situation up to the temporary closure, the number of visitors to the park remained favorable with an increase of 31,000, or 2.4%, year-on-year due to the use of social media to disseminate information aimed at young women throughout the year and other factors. However, sales and profits decreased due to factors including the cessation of ticket sales following the park's closure, a rise in personnel costs associated with events, and a rise in amortization and repair expenses including the repair of facilities for the reopening of the renovated Restaurant Yakata in April.

At Harmony Land in Oita Prefecture, visitor numbers decreased 9.0%, or 42,000, year-on-year to 429,000.

In the first half of the year, visitor numbers grew year-on-year despite the effects of long spells of rain and typhoons in summer. In the second half, corporate membership plans and individual events, including Halloween Night and Thanks Party, proved popular in attracting customers. The cumulative total of visitor numbers up to January was 15,000 higher year-on-year, but the park's temporary closure prevented the figures from reaching the same level in the previous fiscal 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 17.3% year-on-year to 1.4 billion yen and operating loss stood at 0.5 billion yen, a fall of 0.1 billion yen.

In Europe, significant sales were recorded in the previous fiscal year due to a shortfall in meeting the minimum guarantee. Although it was not possible to make up that shortfall, sales centered on apparel expanded in the regions of Oceania, South Africa, and Israel, which are under the jurisdiction of the European subsidiaries. Moreover, signs of recovery related to apparel and miscellaneous goods could also be seen in major European countries, and we were able to reduce the extent of decline from the previous fiscal year.

Sanrio Global Ltd., a UK subsidiary that handles Mr. Men and Little Miss, suffered from the struggling health & beauty and apparel categories in its main market of Europe while the expansion of Chinese business did not proceed as anticipated, leaving it unable to increase sales.

iii. North America: Sales fell 2.0% year-on-year to 2.6 billion yen and operating loss stood at 1.1 billion yen, a fall of 40 million yen.

In the licensing business, expansion for mass retailers remained sluggish but developing collaboration with brands such as OPI, Levi's, and Puma and new distribution channels including the specialty retailers Ulta and Cost Plus proved successful and helped support sales.

Regarding character composition, sales of Aggretsuko rose and the game software category grew significantly.

For product sales, although the e-commerce section performed well, sales declined due to factors including a fall in shipments to Latin America and system failure accompanying outsourcing of warehouse functions. Moreover, due to restructuring from the previous fiscal year, while personnel costs have been significantly reduced, the scale of loss could not be curtailed due to such factors as marketing investment including Hello Kitty's 45th anniversary initiatives and logistics outsourcing costs exceeding those of the plan.

iv. Latin America: Sales fell 10.1% year-on-year to 0.5 billion yen and operating profit rose 14.0% to 19 million yen.

In Latin America, while sales declined slightly on a local currency basis, the depreciation of the real had a major impact. In the two major markets of Mexico and Brazil, the former performed well centered on health & beauty while the latter struggled in the apparel category.

v. Asia: Sales fell 15.0% year-on-year to 7.6 billion yen and operating profit fell 18.9% to 2.8 billion yen.

In Hong Kong and Macau, stores were unable to attract more customers due to demonstrations and other social turmoil, resulting in large sales declines across the board for our major licensees. Sales were also weak in the Southeast Asian regions, with the exception of the Philippines. Sales struggled in Vietnam due to delays in opening local theme parks and underperformed in Thailand, which struggled with daily necessities and cosmetics, Singapore, and Malaysia. Sales growth was also slow in the Philippines and Indonesia, but the number of clients increased.

In Taiwan, despite steady expansion in the home appliances category, sales fell in our main categories of corporate campaigns and apparel and revenue also fell from the impact of the temporary recording of theme-park related sales recorded in the previous fiscal year.

In South Korea, the main licensees for product licensing suffered a significant impact from canceled business negotiations and curtailed product launches against the background of the current state of Japan-Korea relations. As for characters, sales of My Melody, Cinnamoroll, and others grew, including designs using multiple characters, but could not make up for the fall in sales of Hello Kitty and Rilu Rilu Fairilu, whose anime popularity had subsided. In the next fiscal year, we will strengthen sales sponsorships with distribution partners to secure sales and endeavor to focus on the digital category.

In China, the Group cultivated new clients and increased the number of licensees but was unable to make up for the decline in existing major licensees amid a deteriorating economic climate triggered by U.S.-China trade friction and the entry of rival intellectual property including movie contents.

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)	8,751	50	8,802	(3,587)
Year-on-year change (%)	(16.7)	(29.5)	(16.8)	-
Britain (GBP)	3,752	317	4,069	(109)
Year-on-year change (%)	(9.5)	771.5	(2.7)	-
North America (USD)	15,041	8,888	23,929	(10,298)
Year-on-year change (%)	(0.3)	(1.9)	(0.9)	-
Brazil (BRL)	17,893	413	18,307	666
Year-on-year change (%)	(0.4)	(16.7)	(0.9)	7.2
Chile (CLP)	-	11,186	11,186	3,975
Year-on-year change (%)	-	(25.5)	(25.5)	-
Hong Kong (HKD)	117,505	59,460	176,965	55,591
Year-on-year change (%)	(14.8)	(16.8)	(15.5)	(26.1)
Taiwan (NTD)	300,806	33,637	334,443	104,702
Year-on-year change (%)	(10.4)	(45.0)	(15.8)	(13.6)
South Korea (KRW)	6,194,157	372,696	6,566,853	754,818
Year-on-year change (%)	(21.9)	19.8	(20.3)	(54.5)
China (CNY)	191,998	98,732	290,730	98,468
Year-on-year change (%)	(10.5)	24.0	(1.2)	(6.9)

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				
		FY2017	FY2018	Change (%)	FY2019	Change (%)	FY2017	FY2018	Change (%)	FY2019	Change (%)
Europe	Germany	1,586	1,366	(13.9)	1,063	(22.2)	(105)	(192)	-	(439)	-
	Britain	568	397	(30.0)	396	(0.3)	11	(206)	-	(113)	-
	Subtotal	2,155	1,764	(18.1)	1,459	(17.3)	(93)	(398)	-	(553)	-
North America	U.S.A.	3,042	2,661	(12.5)	2,607	(2.0)	(950)	(1,082)	-	(1,126)	-
Latin America	Brazil/Chile	808	561	(30.6)	504	(10.1)	93	16	(82.0)	19	14.0
Asia	Hong Kong	3,247	2,952	(9.1)	2,531	(14.3)	1,159	1,173	1.2	874	(25.5)
	Taiwan	1,398	1,356	(3.0)	1,087	(19.9)	483	444	(7.9)	371	(16.4)
	South Korea	910	824	(9.4)	617	(25.1)	159	167	4.7	71	(57.3)
	China	3,297	3,809	15.5	3,369	(11.6)	1,450	1,765	21.7	1,560	(11.6)
	Subtotal	8,854	8,943	1.0	7,605	(15.0)	3,253	3,551	9.2	2,878	(18.9)
Total		14,860	13,930	(6.3)	12,177	(12.6)	2,301	2,087	(9.3)	1,217	(41.7)

(2) Financial Position

(100 millions of yen)

	As of Mar. 31, 2019	As of Mar. 31, 2020	Increase/decrease	As of Sep. 30, 2019
Assets	951	895	(56)	972
Liabilities	427	431	3	464
(Interest-bearing debt)	200	201	1	239
Net assets	523	463	(60)	507
Equity ratio	54.7%	51.5%	(3.2)pt	51.9%

* Interest-bearing debt excludes lease obligations.

At the end of the current fiscal year, total assets stood at 89.5 billion yen, a decrease of 5.6 billion yen from the end of the previous fiscal year. The main increase was 1.0 billion yen in other accounts receivable, and the main decreases were 3.7 billion yen in cash and deposit and 2.4 billion yen in investment securities.

Liabilities increased 0.3 billion yen from the end of the previous fiscal year to 43.1 billion yen. The main increase was 0.7 billion yen in retirement benefit liability and the main decrease was 0.4 billion yen in trade notes and accounts payable. Net assets decreased 6.0 billion yen to 46.3 billion yen. The main decreases were 1.9 billion yen in purchase of treasury stock, 0.7 billion yen in net unrealized gain (loss) on other securities and 0.7 billion yen in foreign currency translation adjustments. There was a net decrease of 2.2 billion yen in retained earnings as a result of an increase from net profit attributable to owners of parent of 0.1 billion yen and a decrease of 2.5 billion yen for dividends paid. As a result, the equity ratio was 51.5%, down 3.2 percentage point from the end of the previous fiscal year.

(3) Cash Flows

(100 millions of yen)

	FY2018	FY2019	Increase/decrease
Cash flows from operating activities	48	8	(40)
Cash flows from investing activities	(25)	(36)	(10)
Cash flows from financing activities	(30)	(49)	(19)
Effect of exchange rate changes on cash and cash equivalents	(8)	(4)	4
Increase (decrease) in cash and cash equivalents	(16)	(82)	(66)
Cash and cash equivalents at beginning of year	308	292	(15)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	0	-	(0)
Cash and cash equivalents at end of year	292	210	(82)

Cash and cash equivalents at the end of the current fiscal year decreased 8.2 billion yen from the end of the previous fiscal year to 21.0 billion yen.

Cash flows from operating activities amounted to a provision of 0.8 billion yen (a year-on-year decrease of 4.0 billion yen). This was mainly attributable to a net profit before income taxes of 1.2 billion yen (a year-on-year decrease of 4.8 billion yen), depreciation of 2.1 billion yen (a year-on-year increase of 0.2 billion yen), and a 0.8 billion yen decrease in accounts receivable (a year-on-year decrease of 0.2 billion yen). On the other hand, there were 0.5 billion yen decrease in allowance for doubtful accounts (a year-on-year increase of 0.4 billion yen), 0.4 billion yen decrease in accounts payable (a year-on-year increase of 0.3 billion yen), 0.5 billion yen decrease in other liabilities (a year-on-year increase of 0.6 billion yen), and income taxes paid of 1.3 billion yen (a year-on-year decrease of 1.2 billion yen).

Cash flows from investing activities resulted in a use of 3.6 billion yen (a year-on-year increase of 1.0 billion yen). This was mainly attributable to net payments of 3.8 billion yen for increased time deposits (a year-on-year increase of 2.0 billion yen) while there were net proceeds of 0.7 billion yen from sale and purchase of investment securities (0.1 billion yen paid a year earlier).

Cash flows from financing activities resulted in a use of 4.9 billion yen (a year-on-year increase of 1.9 billion yen). This was mainly attributable to the payment of 1.9 billion yen for purchase of treasury stock, dividends paid of 2.5 billion yen (a slight decrease from a year earlier).

Reference: The trend of cash flow-related indicators

	FY2015	FY2016	FY2017	FY2018	FY2019
Equity ratio (%)	51.4	52.2	53.4	54.7	51.5
Equity ratio, at market value (%)	176.5	171.3	166.9	235.4	134.7
Interest-bearing debt to cash flow ratio (%)	197.9	296.2	509.6	411.3	2,415.8
Interest coverage ratio (times)	41.6	34.5	24.3	47.3	8.9

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

The economic environment for the next fiscal year is expected to remain extremely severe in Japan and overseas due to the impact of COVID-19. Although COVID-19 is believed to be slowly coming to an end, at this point in time it is impossible to predict when the situation can be completely resolved.

We believe it is important to be thorough in preventing infection and that it is our responsibility as a company to help the world keep smiling. In every case, we will continue to place the utmost importance on ensuring the safety of our customers and employees and take action accordingly.

In response to the impact of COVID-19, from February 22, 2020, both Sanrio Puroland and Harmony Land theme parks in Japan closed temporarily and our directly managed stores continued to practice long-term self-restraint. Later, in June, considering the domestic COVID-19 situation and the relaxation of requests for self-restraint from national and local governments, almost all directly managed stores and Harmony Land resumed operations.

In addition, lockdown regulations and other measures taken by local and national governments in each country have significantly impacted the business activities of our overseas subsidiaries, but the situation is slowly improving due to subsequent deregulation.

Nevertheless, the environment surrounding the group remains uncertain in many areas. Under these circumstances, being extremely difficult to reasonably calculate at this time, the consolidated forecast for the fiscal year ending March 31, 2021 is still pending. Once it becomes possible to make such an estimate, we will disclose it promptly.

(5) Medium-term Management Plan “Marketing Innovation Project 2021”

On May 11, 2018, we announced its medium-term management plan, “Marketing Innovation Project 2021,” with FY2020 as the final year, and we have been working on various measures with the management goal of achieving consolidated operating profit of 10 billion yen and consolidated ROE of 10% or more. However, in the Asian region where we had expected steady growth, there was disruption in the Hong Kong market due to demonstrations, and a slowdown in growth in the Chinese market triggered by U.S.-China trade friction, as well as delays in the recovery of business results in Europe and United States, despite the completion of restructuring measures in the United States. In addition, the impact of the spread of COVID-19 from the beginning of 2020 has not only affected our financial results for the fiscal year ended March 31, 2020, but also appears to have made achieving the management targets for the final year of the current medium-term management plan extremely difficult, and as forecasting of results for the final year of the plan is difficult at this time, we have decided to withdraw the targets of the plan.

During the final year of the current medium-term management plan, we will continue to work on such measures as strengthening marketing functions, establishing a strategic animation and game business, rebuilding the product sales business as a customer contact point, focusing on the Chinese market, and rebuilding the business in European and American markets. At present, the management environment is extremely uncertain, and it is expected to take a considerable amount of time to review the current medium-term management plan or to formulate a new plan. However, we will closely monitor changes in the domestic and international situation and announce the results as soon as they are available.

(6) Basic Policy Regarding Profit Distribution and Dividends for FY2019 and FY2020

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, results of operations were significantly below the initial plan, the year-end dividend is 20 yen, as previously announced (including a commemorative dividend of 5 yen). The payment started on June 9, 2020. When combined with the 15-yen dividend paid at the end of the second quarter, this makes an annual dividend of 35 yen per share. Dividends for the fiscal year ending March 31, 2021 has yet to be determined because the outlook for social and economic conditions are uncertain due to the impact of COVID-19 and it is extremely difficult to reasonably calculate the consolidated forecast for the fiscal year ending March 31, 2021.

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)	
	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Assets		
Current assets		
Cash and deposit	43,814	40,053
Trade notes and accounts receivable	6,866	6,211
Merchandise and finished goods	4,276	4,589
Work in process	32	22
Raw materials and supplies	115	243
Other accounts receivable	614	1,683
Other	797	1,078
Allowance for doubtful accounts	(130)	(102)
Total current assets	56,387	53,780
Fixed assets		
Tangible fixed assets		
Buildings and structures	51,106	51,107
Accumulated depreciation and impairment loss	(45,700)	(45,801)
Buildings and structures, net	5,405	5,306
Machinery and vehicles	12,951	12,968
Accumulated depreciation and impairment loss	(12,634)	(12,656)
Machinery and vehicles, net	317	312
Tools, furniture and fixtures	5,534	5,563
Accumulated depreciation and impairment loss	(4,997)	(5,048)
Tools, furniture and fixtures, net	536	514
Land	8,473	7,825
Lease assets	2,167	3,357
Accumulated depreciation and impairment loss	(1,020)	(1,431)
Lease assets, net	1,147	1,925
Construction in process	31	5
Total tangible fixed assets	15,912	15,890
Intangible fixed assets	3,397	2,474
Investments and other assets		
Investment securities	11,524	9,062
Long-term loans to employees	193	144
Guarantees	1,748	1,728
Deferred tax assets	2,683	2,956
Retirement benefit asset	-	898
Other	4,379	3,080
Allowance for doubtful accounts	(1,071)	(531)
Total investments and other assets	19,458	17,339
Total fixed assets	38,768	35,704
Deferred assets		
Corporate bond issuance costs	29	30
Total deferred assets	29	30
Total assets	95,185	89,515

	(Millions of yen)	
	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,433	3,964
Short-term borrowings	6,869	8,089
Current portion of corporate bonds to be redeemed	1,744	1,686
Lease obligations	308	656
Accrued income taxes	678	425
Allowance for bonuses	495	479
Reserve for adjustment of returned goods	3	25
Provision for shareholder benefit program	29	45
Provision for point card certificates	87	71
Provision for business structure improvement	247	-
Other	7,994	7,152
Total current liabilities	22,891	22,595
Long-term liabilities		
Corporate bonds	2,384	1,347
Long-term borrowings	9,027	9,048
Lease obligations	928	1,395
Long-term deposits received	559	638
Long-term accounts payable	1,135	1,334
Retirement benefit liability	5,157	5,883
Other	704	885
Total long-term liabilities	19,896	20,532
Total liabilities	42,788	43,127
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	55,114	52,818
Treasury stock	(11,762)	(13,762)
Total shareholder's equity	56,762	52,466
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(231)	(995)
Deferred hedge gain (loss)	(0)	(0)
Foreign currency translation adjustments	(1,786)	(2,494)
Remeasurements of defined benefit plans	(2,634)	(2,914)
Total accumulated other comprehensive income	(4,652)	(6,405)
Non-controlling interests	287	326
Total net assets	52,396	46,387
Total liabilities and net assets	95,185	89,515

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements**Consolidated Income Statements**

	(Millions of yen)	
	FY2018	FY2019
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Sales	59,120	55,261
Cost of sales	21,340	20,222
Gross profit	37,780	35,039
Provision for sales returns	-	22
Reversal of provision for sales returns	91	-
Net gross profit on sales	37,871	35,017
Selling, general and administrative expenses		
Sales and promotion expenses	2,375	2,845
Provision of allowance for doubtful accounts	(28)	(109)
Directors bonuses and salaries	7,814	7,641
Miscellaneous wages	3,275	3,166
Bonus	1,011	961
Provision of reserves for bonuses	487	464
Provision for shareholder benefit program	(20)	16
Provision for point card certificates	(3)	(15)
Retirement benefit expenses	1,883	1,972
Freight charges	997	990
Rent	2,955	2,676
Depreciation	1,052	1,230
Other	11,285	11,070
Total selling, general and administrative expenses	33,084	32,910
Operating profit	4,786	2,106
Non-operating profit		
Interest income	501	557
Dividend income	223	213
Foreign exchange gains	59	-
Gain on investments in partnership	336	277
Compensation for expropriation	-	167
Other	247	264
Total non-operating profit	1,368	1,480
Non-operating expenses		
Interest expense	101	107
Foreign exchange loss	-	74
Commission expenses	189	106
Other	26	23
Total non-operating expenses	317	311
Ordinary profit	5,836	3,274
Extraordinary gains		
Gain on sales of fixed assets	686	122
Gain on sales of investment securities	542	397
Other	13	-
Total extraordinary gains	1,241	519

	(Millions of yen)	
	FY2018	FY2019
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Extraordinary losses		
Loss on disposal of fixed assets	28	87
Impairment loss	115	129
Loss on sale of investment securities	35	218
Loss on valuation of investment securities	515	721
Business structure improvement expenses	311	48
Loss related to competition law	-	760
Loss from the temporary closure of theme parks, etc.	-	562
Total extraordinary losses	1,007	2,528
Net profit before income taxes	6,070	1,266
Income taxes – current	2,138	747
Income taxes – deferred	3	286
Total income taxes	2,141	1,033
Net profit	3,929	233
Net profit attributable to non-controlling interests	48	41
Net profit attributable to owners of parent	3,880	191

Consolidated Comprehensive Income Statements

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net profit	3,929	233
Other comprehensive income		
Net unrealized gain (loss) on other securities	(12)	(763)
Deferred hedge gain (loss)	1	0
Foreign currency translation adjustments	(2,038)	(710)
Remeasurements of defined benefit plans, net of tax	313	(280)
Total other comprehensive income	(1,736)	(1,754)
Comprehensive income	2,193	(1,521)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,149	(1,560)
Comprehensive income attributable to non-controlling interests	43	39

(3) Consolidated Statements of Changes in Shareholders' Equity

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 period	10,000	3,423	53,779	(11,789)	55,413
Cumulative effects of changes in accounting policies					
Restated balance	10,000	3,423	53,779	(11,789)	55,413
Changes 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 in items other than shareholders' equity					
Total changes during period	-	(13)	1,334	27	1,348
Balance at end of 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 period	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Cumulative effects of changes in accounting policies								-
Restated balance	(219)	(2)	247	(2,947)	(2,921)	-	243	52,734
Changes 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 in items other than shareholders' equity	(12)	1	(2,033)	313	(1,730)	-	43	(1,687)
Total changes during period	(12)	1	(2,033)	313	(1,730)	-	43	(338)
Balance at end of period	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	10,000	3,409	55,114	(11,762)	56,762
Cumulative effects of changes in accounting policies			58		58
Restated balance	10,000	3,409	55,172	(11,762)	56,820
Changes during period					
Dividends of surplus			(2,545)		(2,545)
Net profit attributable to owners of parent			191		191
Purchase of treasury stock				(1,999)	(1,999)
Disposal of treasury stock					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(2,353)	(1,999)	(4,353)
Balance at end of period	10,000	3,409	52,818	(13,762)	52,466

	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 period	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,396
Cumulative effects of changes in accounting policies								58
Restated balance	(231)	(0)	(1,786)	(2,634)	(4,652)	-	287	52,454
Changes during period								
Dividends of surplus								(2,545)
Net profit attributable to owners of parent								191
Purchase of treasury stock								(1,999)
Disposal of treasury stock								-
Net changes in items other than shareholders' equity	(763)	0	(708)	(280)	(1,752)	-	39	(1,713)
Total changes during period	(763)	0	(708)	(280)	(1,752)	-	39	(6,067)
Balance at end of period	(995)	(0)	(2,494)	(2,914)	(6,405)	-	326	46,387

(4) Consolidated Cash Flow Statements

(Millions of yen)

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from operating activities		
Net profit before income taxes	6,070	1,266
Depreciation	1,863	2,115
Amortization of long-term prepaid expenses	64	70
Increase (decrease) in allowance for doubtful accounts	(136)	(551)
Increase (decrease) in provision for business restructuring	246	(244)
Increase (decrease) in reserve for bonuses	3	(15)
Decrease (increase) in retirement benefit asset	-	(417)
Increase (decrease) in retirement benefit liability	(535)	(148)
Increase (decrease) in reserve for adjustment of returned goods	(91)	22
Increase (decrease) in provision for shareholder benefit program	(20)	15
Increase (decrease) in provision for point card certificates	(3)	(15)
Interest and dividend income	(725)	(770)
Interest expense	101	107
Loss (gain) on disposal of fixed assets	(657)	(34)
Impairment loss	115	129
Loss (gain) on sale of investment securities	(506)	(179)
Valuation loss (gain) on investment securities	515	721
Loss related to competition law	-	760
Decrease (increase) in accounts receivable	1,103	822
Decrease (increase) in inventories	(221)	(435)
Decrease (increase) in other assets	(216)	164
Increase (decrease) in accounts payable	(136)	(462)
Increase (decrease) in consumption tax payable	66	72
Increase (decrease) in other liabilities	148	(506)
Other	(191)	(170)
Subtotal	6,857	2,315
Interests and dividends received	715	781
Interests paid	(105)	(105)
Payments related to competition law	-	(760)
Income taxes paid	(2,599)	(1,396)
Cash flows from operating activities	4,868	834
Cash flows from investing activities		
Payments for time deposits	(24,477)	(35,860)
Withdrawal of time deposits	22,675	32,018
Payments for purchase of tangible fixed assets	(633)	(1,091)
Proceeds from sale of tangible fixed assets	16	752
Purchase of intangible fixed assets	(295)	(343)
Payments for purchase of investment securities	(2,619)	(1,505)
Proceeds from sale of investment securities	2,486	2,276
Proceeds from distributions from investment partnerships	396	328
Payments for loans receivable	-	(150)
Collection of loans receivable	29	49
Payments for guarantees	(50)	(56)
Collection of guarantees	68	194
Other	(173)	(235)
Cash flows from investing activities	(2,576)	(3,624)

	(Millions of yen)	
	FY2018	FY2019
	(Apr. 1, 2018 – Mar. 31, 2019)	(Apr. 1, 2019 – Mar. 31, 2020)
Cash flows from financing activities		
Decrease in short-term borrowings	(40)	(40)
Increase in long-term borrowings	7,550	7,800
Decrease in long-term borrowings	(5,873)	(6,519)
Proceeds from issuance of corporate bonds	934	685
Payment for redemption of corporate bonds	(2,619)	(1,795)
Payment for purchase of treasury stock	(0)	(1,999)
Dividends paid	(2,561)	(2,556)
Other	(444)	(568)
Cash flows from financing activities	(3,053)	(4,993)
Effect of exchange rate changes on cash and cash equivalents	(880)	(463)
Increase (decrease) in cash and cash equivalents	(1,640)	(8,246)
Cash and cash equivalents at beginning of period	30,817	29,258
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	81	-
Cash and cash equivalents at end of period	29,258	21,011

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Changes in Accounting Policies

1) IFRS 16 “leases”

Subsidiaries applying IFRS adopted IFRS 16 “leases” from 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 at the commencement date.

As a result, lease assets, net at the end of the current fiscal year increased 458 million yen, lease obligations under current liabilities increased 245 million yen, and lease obligations under long-term liabilities increased 222 million yen. The effect of this change on the consolidated income statements and per share information for the current fiscal year is insignificant.

2) Accounting Standards Codification (ASC) Topic 606 “Revenue from Contracts with Customers”

Some foreign consolidated subsidiaries have adopted ASC Topic 606 “Revenue from Contracts with Customers” from the current fiscal year. Accordingly, revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services.

In adopting this standard, we have adopted a method to recognize the cumulative effect of applying this standard at the commencement date in accordance with the transitional provisions. Accordingly, the opening balance of retained earnings at the beginning of the current fiscal year have been adjusted.

As a result, retained earnings at the beginning of the current fiscal year increased 58 million yen. The effect of this change on the consolidated income statements and per share information for the current fiscal year is insignificant.

Additional Information

With the spread of COVID-19, the Sanrio Group suffered severe conditions including the obligation to reduce store opening hours and suspend business in accordance with regulations and appeals for self-restraint from national and local governments in each country. Stores have successively reopened for business following the later relaxation of these restrictions, but a slump in consumer activity and fall in the demand for licenses is anticipated, both in Japan and overseas.

In preparing the consolidated financial statements, based on external sources of information, the impact of the fall in sales is expected to continue until the first half of the next fiscal year, but a gradual recovery is anticipated for the second half. The Group makes accounting estimates such as impairment of fixed assets based on this assumption.

Although the Group makes the best estimates based on information available at the time of preparing the consolidated financial statements, uncertainty remains due to the nature of the assumptions used in the estimation. Accordingly, the Group’s financial condition and operating results may be affected if and when COVID-19 comes to an end and its impact on the economic environment changes.

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

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.

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

(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	43,084	1,459	2,607	504	7,605	55,261	-	55,261
(Royalty income)	(9,178)	(1,455)	(1,645)	(496)	(6,457)	(19,232)	(-)	(19,232)
Inter-segment	4,362	24	9	5	1,376	5,778	(5,778)	-
(Royalty income)	(4,108)	(22)	(-)	(-)	(0)	(4,130)	(4,130)	(-)
Total	47,447	1,484	2,617	509	8,981	61,040	(5,778)	55,261
Segment profit (loss)	1,716	(553)	(1,126)	19	2,878	2,933	(827)	2,106
Segment assets	49,244	10,069	5,865	2,101	23,120	90,401	(886)	89,515
Other items								
Depreciation	1,666	234	74	13	196	2,185	1	2,186
Increase in tangible and intangible fixed assets	1,732	188	131	0	541	2,594	-	2,594

Notes: 1. Adjustments are as follows.

- (1) The minus 827 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 886 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

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.

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

1. Information by product or service

(Millions of yen)

	Social communication gifts	Theme parks	Other	Total
Sales to customers	45,317	8,616	1,328	55,261

2. Information by region

(1) Sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
41,998	1,482	2,660	8,615	504	55,261

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
14,248	851	234	131	426	(2)	15,890

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

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

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

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

Impairment loss of 70 million yen on store assets and idle assets was recorded in the “Japan” segment. Impairment loss of 59 million yen on office facilities was recorded in the “North America” segment.

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

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)

Not applicable.

FY2019 (Apr. 1, 2019 – Mar. 31, 2020)

Not applicable.

Per Share Information

(Yen)

FY2018 (Apr. 1, 2018 – Mar. 31, 2019)		FY2019 (Apr. 1, 2019 – Mar. 31, 2020)	
Net assets per share	614.09	Net assets per share	548.78
Net profit per share	45.73	Net profit per share	2.26

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.

	FY2018 (As of Mar. 31, 2019)	FY2019 (As of Mar. 31, 2020)
Total net assets on the consolidated balance sheets (million yen)	52,396	46,387
Net assets associated with common stock shares (million yen)	52,109	46,060
Breakdown of differences (million yen)		
Non-controlling interests	287	326
Number of common stock shares outstanding (thousand shares)	89,065	89,065
Number of shares of treasury common stock (thousand shares)	4,208	5,131
Number of common stock shares used in calculation of net assets per share (thousand shares)	84,856	83,933

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

	FY2018 (Apr. 1, 2018 – Mar. 31, 2019)	FY2019 (Apr. 1, 2019 – Mar. 31, 2020)
Net profit per share		
Net profit attributable to owners of parent (million yen)	3,880	191
Amount not returned to common stock shareholders (million yen)	-	-
Net profit attributable to owners of parent applicable to common stock (million yen)	3,880	191
Average number of common stock shares outstanding (thousand shares)	84,851	84,640

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

Subsequent Events

Not applicable.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.