August 4, 2020

Summary of Financial Results for the First Quarter of Fiscal Year Ending March 31, 2021 (FY2020) (Three Months Ended June 30, 2020)

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
Stock code: 8136 URL: https://www.sanrio.co.jp/english/corporate/ir/
Representative: Tomokuni Tsuji, President and Chief Executive Officer
Inquiries: Susumu Emori, Senior Managing Director TEL: +81-3-3779-8058

Scheduled date of filing of Quarterly Report: August 27, 2020
Starting date of dividend payment: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on August 4, 2020 at 16:00 (GMT +9).

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

1. Consolidated Financial Results for the First Quarter of FY2020 (April 1, 2020 – June 30, 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	%
Three months ended Jun. 30, 2020	7,289	(45.5)	(1,177)	-	(999)	-	(858)	-
Three months ended Jun. 30, 2019	13,379	(3.8)	694	(48.1)	944	(44.3)	(291)	-

Note: Comprehensive income (millions of yen) Three months ended Jun. 30, 2020: (1,345) (-%)
Three months ended Jun. 30, 2019: (229) (-%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Three months ended Jun. 30, 2020	(10.23)	-
Three months ended Jun. 30, 2019	(3.44)	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Jun. 30, 2020	98,533	43,362	43.7
As of Mar. 31, 2020	89,515	46,387	51.5

Reference: Shareholders' equity (millions of yen) As of Jun. 30, 2020: 43,030 As of Mar. 31, 2020: 46,060

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2019	-	15.00	-	20.00	35.00
FY2020	-				
FY2020 (forecast)		-	-	-	-

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

Breakdown of the year-end dividend for FY2019:
Ordinary dividend: 15.00 yen; 60th anniversary commemorative dividend: 5.00 yen
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) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of outstanding shares (common stock)

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

As of Jun. 30, 2020:	89,065,301 shares	As of Mar. 31, 2020:	89,065,301 shares

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

As of Jun. 30, 2020:	5,131,983 shares	As of Mar. 31, 2020:	5,131,983 shares

3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2020:	83,933,318 shares	Three months ended Jun. 30, 2019:	84,856,718 shares

Note 1: The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Note 2: Cautionary statement with respect to forward-looking statements and other special items

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 5 of the attachments for forecast assumptions and notes of caution for usage.

Contents of Attachments

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first quarter of the fiscal year under review, the economy continued to deteriorate rapidly due to the spread of COVID-19, and first-quarter operating results indicated a severe situation. In Japan, we are required to protect the health of our customers and employees and take measures to prevent the spread of infection while operating safe stores and facilities and gradually raising the level of social and economic activity. This has led to a significant decline in business opportunities due to such factors as event cancellations and the temporary closure of stores and theme parks. Regarding the latter, Harmony Land in Oita Prefecture resumed operations on June 8, but Sanrio Puroland in Tama City, Tokyo did not reopen until July 13, making it impossible to achieve sales in the first quarter.

In the product sales division, e-commerce orders rose, all store operations were able to resume in June, and some hit products were released. However, this could not make up for the effects of temporary closures that lasted until May and a fall in the numbers of inbound foreign tourists, causing sales to fall significantly year-on-year. Regarding domestic licensing business, games and other digital businesses grew but results related to apparel and souvenirs were severe.

Overseas, planned 45th anniversary events for My Melody and product campaigns with business partners had to be cancelled and business activities were unable to continue following lockdowns in various countries from February onwards due to the spread of COVID-19.

As a result of these factors, sales fell 45.5% year-on-year to 7.2 billion yen, and operating loss was 1.1 billion yen (profit of 0.6 billion yen in the same period of the previous fiscal year). Ordinary loss was 0.9 billion yen (profit of 0.9 billion yen in the same period of the previous fiscal year) due to accounting interest income and dividend income as non-operating profit. Extraordinary losses included 1.2 billion yen from the temporary closure of stores and theme parks to prevent the spread of COVID-19, while the Company benefited from the accounting of a tax refund of 0.8 billion yen and income taxes-deferred of 0.3 billion yen. As a result, net loss attributable to owners of parent rose by 0.5 billion yen year-on-year to 0.8 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first quarter under review for these subsidiaries covers the period from January to March 2020.

Reportable Segment (100 millions of yen)

		Sales				Segment profit (operating profit)			
	First three months of	FY2019	FY2020	Increase/ decrease	Change (%)	FY2019	FY2020	Increase/ decrease	Change (%)
	Product sales/others	82	36	(45)	(55.7)				
Japan	Royalties	21	16	(4)	(22.2)	7	(6)	(13)	-
	Total	104	53	(50)	(48.7)				
	Product sales/others	0	(0)	(0)	-				
Europe	Royalties	3	2	(1)	(37.3)	(1)	(2)	(1)	-
	Total	4	2	(1)	(37.7)				
	Product sales/others	1	1	(0)	(31.5)				
North America	Royalties	3	1	(1)	(50.1)	(2)	(3)	(1)	-
	Total	5	3	(2)	(44.2)				
	Product sales/others	0	0	0	9.2				
Latin America	Royalties	2	0	(1)	(50.8)	0	0	(0)	(88.6)
	Total	2	1	(1)	(49.7)				
	Product sales/others	1	1	(0)	(35.9)				
Asia	Royalties	15	11	(4)	(28.0)	6	4	(2)	(33.0)
	Total	17	12	(5)	(28.8)				
Adjustment		-	-	-	-	(4)	(4)	0	-
	Product sales/others	86	39	(47)	(54.7)				
Consolidated	Royalties	47	33	(13)	(28.9)	6	(11)	(18)	-
	Total	133	72	(60)	(45.5)				

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 48.7% year-on-year to 5.3 billion yen and operating loss stood at 0.6 billion yen compared with operating profit of 0.7 billion yen in the same period a year earlier.

The retail division of the merchandise sales business was impacted by the spread of COVID-19. Street stores closed on weekends from late March in the previous fiscal year, and all stores closed temporarily from the start of the current fiscal year following the declaration of a state of emergency. Some stores closed for more than seven weeks, but almost all had opened again by June. Since reopening, stores located in city center and tourist areas have tended to struggle due to declining numbers of commuter and student customers, with no prospect of visitors arriving from overseas. Meanwhile, demand for products relating to Sanrio Character Awards and schoolchildren grew in response to the reopenings, creating a significant recovery in customer numbers at suburban and regional stores, mainly in residential areas. Following the success of the first and second editions, the third edition of the Enjoy Idol Series, launched at the end of June, proved popular among idol fans and boosted sales. Nevertheless, the Group was unable to increase overall sales, and existing store sales (based on directly owned stores and directly managed shops within department stores) fell 55.9% year-on-year. Moreover, an extraordinary loss of 0.3 billion yen in fixed costs was recorded during the temporary closure. In other areas, our online shop increased its membership and sales grew 32.6% year on year. Additionally, Sanrio Cafe Ikebukuro store opened in Sunshine City on June 5 and is performing well.

In the wholesale section, some clients, including Don Quijote, managed to maintain their business at the previous year’s level but many struggled due to a fall in consumption and the closure of the stores that handle their products.

In the licensing business, the division that mainly handled product licensing and the division mainly responsible for corporate planning and licensing merged in April to establish the License Business Department, which is responsible for providing clients with consistent proposals. In addition, a new Entertainment Business Department was established as an independent department to further expand the scope of Sanrio’s character licensing business in animation, toy hobbies, digital, and other entertainment areas.

Concerning the product licensing business at the License Business Department, the impact of COVID-19 led to retail chains, which are the main licensee’s delivery destinations for clothing, accessories, and sundries, performing sluggishly while business fields relating to foreign tourists arriving from overseas and tourism, such as confectionery and daily necessities, also struggled. Meanwhile, licensee sales in the fields of anti-viral products including tissues, antiseptic solutions, and masks remained strong. In corporate planning, sales were underpinned by the relatively low impact of COVID-19 in the finance sector, corporate special sales, and initiatives with the local governments of Komatsu, Kitakyushu, and other cities. Convenience stores also performed relatively well as all stores continued to operate, and initiatives with major household goods and food manufacturers, including campaigns by McDonald’s and Skylark in the restaurant sector, the LUX brand campaign by Unilever Japan K.K, and the cup noodle campaign by Acecook Co., Ltd., proved quite successful. In addition, we provided for our clients’ use a pictogram design alerting viewers to avoid the “three Cs” (closed spaces, crowded places, and close-contact settings), which we developed as something that can now be supported as a character, and we have progressed our preparations for the post-crisis period. The Group will hasten the recovery of postponed or cancelled campaigns and products while strengthening marketing of products and campaigns to match demand by viewing changes in the needs of end users and clients as business opportunities.

The product licensing business in the Entertainment Business Department struggled as major toy hobby distributors and amusement facilities refrained from operations due to the impact of COVID-19, but licensing in the digital domain, including games, grew significantly due to demand from staying at home and the benefits from new projects. Digital content such as LINE stamps remained stable, with the release of SHOW BY ROCK!! by game giant Square Enix and other new games contributing to profits. We will continue to focus our efforts on preparing new plans for cafes and live events, promoting product development for special sales areas and e-commerce, and strengthening and developing new intellectual property such as the anime character Cogimyun.

In the theme park business, both theme parks closed temporarily from February 22 to prevent the spread of COVID-19. Sanrio Puroland in Tama City, Tokyo, was set to reopen on July 13 but was unable to resume normal operations during the first quarter. Accordingly, from June, we launched new initiatives for online distribution of character shows and character greetings. First-quarter sales derived mainly from sponsorship income and video productions such as Fun Fun Kitty! Furthermore, we recorded an extraordinary loss of 0.7 billion yen in fixed costs during the period the park was closed.

Harmony Land in Oita Prefecture resumed operations on June 8. We are prioritizing the safety of customers and employees by such means as cancelling some attractions and parades, changing the content of shows and character greetings, and securing empty seats to ease congestion. The rainy season started on June 12 following the park's reopening, and the impact of the rainy weather, combined with a still-strong reluctance to enter amusement facilities, led visitor numbers to fall 95.3%, or 102,000 year-on-year, to a total of 5,000. Moreover, an extraordinary loss of 0.1 billion yen in fixed costs was recorded during the period of the park's closure. For the summer season, we will strive to recover visitor numbers by focusing on shows and character performances while implementing infection prevention measures.

ii. Europe: Sales fell 37.7% year-on-year to 0.2 billion yen and operating loss stood at 0.2 billion yen, a fall of 0.1 billion yen.

In Europe, sales declined significantly due to the impact of COVID-19 in all regions, and billing and collection for the shortfall in the minimum guarantee were postponed, resulting in lower sales and profits. Sales from Mr. Men and Little Miss rose year-on-year due to a significant contribution from the rollout of McDonald's Happy Meals in the U.K.

iii. North America: Sales fell 44.2% year-on-year to 0.3 billion yen and operating loss stood at 0.3 billion yen, a fall of 0.1 billion yen.

In the licensing business, sales fell as contracts with major consumer goods manufacturers were not renewed, collaborative product development with cosmetic brands levelled off, and sales from collaborations relating to Hello Kitty's 45th anniversary, which was a major seller in the last fiscal year, declined. This fall in sales could not be offset by the collaboration with Puma and increased sales to licensees who distribute to Target. From February, we saw a significant decline in retail sales due to the spread of COVID-19, which is expected to have an impact into the second quarter and beyond. The product sales business struggled due to a decline in exports to Latin America as well as delays in upgrading logistics systems relating to e-commerce and product sales for the U.S. market. Regarding operating profit, in addition to increased promotional and legal expenses, we were unable to reduce selling, general and administrative expenses, partly due to the impact of outsourcing logistics costs, which increased the operating loss.

iv. Latin America: Sales fell 49.7% year-on-year to 0.1 billion yen and operating profit fell 88.6% to 4 million yen.

In Latin America, Brazil has a close economic relationship with China and has seen a significant depreciation of the real since February as well as suffering political unrest last year. Sales on a local currency basis rose in Mexico, one of the two biggest markets, but fell in Brazil and most other regions. In Brazil, where COVID-19 infections are increasing exponentially, we plan to provide further support to licensees with e-commerce sites. We are also progressing in talks with an e-commerce affiliate company in Mexico.

v. Asia: Sales fell 28.8% year-on-year to 1.2 billion yen and operating profit fell 33.0% to 0.4 billion yen.

The Hong Kong and Macau markets struggled due to prolonged demonstrations and a decline in the retail market caused by COVID-19. Meanwhile, in Southeast Asia, Singapore performed well due to the My Melody campaign with the NTUC (National Trades Union Congress), and together with initiatives with 7-Eleven in Thailand, contributed to sales.

In Taiwan, COVID-19 caused stagnation in the retail, aviation, and transportation-related industries, which rely on Chinese factories, and also affected the licensing business. Food, health and beauty, and stationery performed strongly but the Group struggled in many other categories, including corporate campaigns.

In South Korea, COVID-19 spread from February onward. Sales of consumer electronics, food products, and game software increased but other categories struggled.

In China, sales to major sundries-related clients and companies that handle sanitary products rose and the number of licensees also increased, but this was insufficient to offset the decline in sales to major clients in areas relating to accessories and apparel.

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)	1,379	-	1,379	(1,408)
Year-on-year change (%)	(46.7)	-	(47.0)	-
Britain (GBP)	733	-	733	(358)
Year-on-year change (%)	14.9	-	14.9	-
North America (USD)	1,761	1,159	2,920	(3,255)
Year-on-year change (%)	(49.5)	(29.1)	(43.0)	-
Brazil (BRL)	4,039	234	4,273	216
Year-on-year change (%)	(41.0)	102.4	(38.7)	(84.1)
Chile (CLP)	-	-	-	(5,441)
Year-on-year change (%)	-	-	-	-
Hong Kong (HKD)	23,185	7,582	30,767	9,553
Year-on-year change (%)	(8.9)	(23.5)	(13.0)	(15.4)
Taiwan (NTD)	70,590	7,218	77,808	24,236
Year-on-year change (%)	(24.4)	(15.7)	(23.7)	(30.6)
South Korea (KRW)	1,460,137	25,339	1,485,477	155,549
Year-on-year change (%)	(24.6)	(83.5)	(28.9)	(57.5)
China (CNY)	27,156	15,707	42,864	12,492
Year-on-year change (%)	(36.4)	(24.0)	(32.3)	(36.2)

(2) Explanation of Financial Position

At the end of the first quarter of the current fiscal year, total assets stood at 98.5 billion yen, an increase of 9.0 billion yen from the end of the previous fiscal year. The main increases were 9.0 billion yen in cash and deposit and 0.9 billion yen in investment securities. The main decrease was 1.4 billion yen in trade notes and accounts receivable.

Liabilities increased 12 billion yen from the end of the previous fiscal year to 55.1 billion yen. The main increase was 13.7 billion yen in interest-bearing debt (including current portion of corporate bonds to be redeemed). The main decrease was 0.9 billion yen in trade notes and accounts payable. Net assets decreased 3.0 billion yen to 43.3 billion yen. There was net loss attributable to owners of parent of 0.8 billion yen and a decrease of 2.5 billion yen in retained earnings due to dividend payment of 1.6 billion yen. The equity ratio was 43.7%, down 7.8 percentage points from the end of the previous fiscal year.

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

The economic environment for the fiscal year is expected to remain extremely severe in Japan and overseas due to the impact of COVID-19. At this point in time it is impossible to predict when the situation can be completely resolved.

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.

Regarding the new medium-term management plan, we intend to announce the basic policy along with the financial results at the end of the current fiscal year (scheduled for May 2021) taking into consideration future changes in the domestic and overseas situations.

The dividend forecast for the current fiscal year is yet to be decided as the above conditions render it very difficult to make reasonable calculations. We will continue to analyze the situation and will notify you as soon as possible.

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

Areas	Three months ended	Sales to customers Jun. 2018	Jun. 2019	Change (%)	Jun. 2020	Change (%)	Operating profit Jun. 2018	Jun. 2019	Change (%)	Jun. 2020	Change (%)
Europe	Germany	490	324	(33.8)	160	(50.6)	47	(68)	-	(169)	-
	Britain	116	76	(34.8)	89	17.5	(29)	(36)	-	(50)	-
	Subtotal	607	400	(34.0)	249	(37.7)	17	(104)	-	(220)	-
North America	U.S.A.	686	563	(17.9)	314	(44.2)	(184)	(213)	-	(355)	-
Latin America	Brazil/Chile	181	205	13.3	103	(49.7)	27	39	47.0	4	(88.6)
Asia	Hong Kong	634	495	(21.8)	433	(12.6)	209	160	(23.4)	134	(16.2)
	Taiwan	461	336	(27.2)	261	(22.2)	148	125	(15.6)	87	(30.0)
	South Korea	239	204	(14.3)	135	(34.1)	63	36	(43.0)	14	(60.6)
	China	857	748	(12.7)	440	(41.2)	392	320	(18.3)	194	(39.4)
	Subtotal	2,192	1,785	(18.6)	1,270	(28.8)	813	642	(21.0)	430	(33.0)
Total		3,668	2,955	(19.4)	1,938	(34.4)	674	363	(46.0)	(140)	-

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2019 (As of Mar. 31, 2020)	First quarter of FY2020 (As of Jun. 30, 2020)
Assets		
Current assets		
Cash and deposit	40,053	49,151
Trade notes and accounts receivable	6,211	4,773
Merchandise and finished goods	4,589	5,458
Work in process	22	38
Raw materials and supplies	243	177
Other accounts receivable	1,683	1,905
Other	1,078	925
Allowance for doubtful accounts	(102)	(91)
Total current assets	53,780	62,339
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,306	5,222
Land	7,825	7,821
Other, net	2,758	2,603
Total tangible fixed assets	15,890	15,647
Intangible fixed assets	2,474	2,357
Investments and other assets		
Investment securities	9,062	10,057
Deferred tax assets	2,956	2,987
Other	5,851	5,625
Allowance for doubtful accounts	(531)	(510)
Total investments and other assets	17,339	18,159
Total fixed assets	35,704	36,165
Deferred assets	30	28
Total assets	89,515	98,533
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,964	3,058
Short-term borrowings	8,089	16,697
Accrued income taxes	425	260
Allowance for bonuses	479	752
Reserve for adjustment of returned goods	25	14
Provision for shareholder benefit program	45	37
Provision for point card certificates	71	119
Other	9,494	8,916
Total current liabilities	22,595	29,857
Long-term liabilities		
Corporate bonds	1,347	1,177
Long-term borrowings	9,048	14,374
Retirement benefit liability	5,883	5,632
Other	4,253	4,129
Total long-term liabilities	20,532	25,313
Total liabilities	43,127	55,170

(Millions of yen)

	FY2019 (As of Mar. 31, 2020)	First quarter of FY2020 (As of Jun. 30, 2020)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,409	3,409
Retained earnings	52,818	50,281
Treasury stock	(13,762)	(13,762)
Total shareholder's equity	52,466	49,929
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(995)	(500)
Deferred hedge gain (loss)	(0)	(0)
Foreign currency translation adjustments	(2,494)	(3,671)
Remeasurements of defined benefit plans	(2,914)	(2,727)
Total accumulated other comprehensive income	(6,405)	(6,899)
Non-controlling interests	326	332
Total net assets	46,387	43,362
Total liabilities and net assets	89,515	98,533

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements
(For the Three-month Period)

(Millions of yen)

	First three months of FY2019 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY2020 (Apr. 1, 2020 – Jun. 30, 2020)
Sales	13,379	7,289
Cost of sales	4,746	2,779
Gross profit	8,632	4,509
Provision for sales returns	9	-
Reversal of provision for sales returns	-	11
Net gross profit on sales	8,623	4,520
Selling, general and administrative expenses	7,929	5,698
Operating profit (loss)	694	(1,177)
Non-operating profit		
Interest income	138	101
Dividend income	27	25
Gain on investments in partnership	131	9
Other	81	117
Total non-operating profit	378	254
Non-operating expenses		
Interest expense	25	27
Foreign exchange loss	60	4
Commission expenses	36	37
Other	5	5
Total non-operating expenses	127	75
Ordinary profit (loss)	944	(999)
Extraordinary gains		
Gain on sales of fixed assets	58	-
Gain on sales of investment securities	80	108
Gain on valuation of investment securities	-	157
Total extraordinary gains	138	266
Extraordinary losses		
Loss on disposal of fixed assets	1	3
Loss on valuation of investment securities	355	5
Impairment loss	1	-
Loss related to competition law	772	-
Loss from the temporary closure of theme parks, etc.	-	1,240
Other	26	8
Total extraordinary losses	1,156	1,258
Net loss before income taxes	(73)	(1,991)
Income taxes – current	343	18
Refund of income taxes	-	(831)
Income taxes – deferred	(134)	(327)
Total income taxes	208	(1,140)
Net loss	(282)	(851)
Net profit attributable to non-controlling interests	8	7
Loss attributable to owners of parent	(291)	(858)

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

(Millions of yen)

	First three months of FY2019 (Apr. 1, 2019 – Jun. 30, 2019)	First three months of FY2020 (Apr. 1, 2020 – Jun. 30, 2020)
Net loss	(282)	(851)
Other comprehensive income		
Net unrealized gain (loss) on other securities	(154)	495
Deferred hedge gain (loss)	(1)	0
Foreign currency translation adjustments	29	(1,177)
Remeasurements of defined benefit plans, net of tax	179	187
Total other comprehensive income	53	(494)
Comprehensive income	(229)	(1,345)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(237)	(1,352)
Comprehensive income attributable to non-controlling interests	8	6

(3) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

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 current 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

I. First three months of FY2019 (Apr. 1, 2019 – Jun. 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	10,423	400	563	205	1,785	13,379	-	13,379
(Royalty income)	(2,181)	(399)	(385)	(201)	(1,597)	(4,765)	(-)	(4,765)
Inter-segment	1,201	4	2	(0)	318	1,525	(1,525)	-
(Royalty income)	(1,144)	(4)	(-)	((0))	(0)	(1,147)	((1,147))	(-)
Total	11,625	405	566	205	2,103	14,905	(1,525)	13,379
Segment profit (loss)	771	(104)	(213)	39	642	1,135	(441)	694

Notes: 1. The minus 441 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

2. Segment profit (loss) is adjusted to be consistent with operating profit shown on the consolidated income statements.

2. Information related to impairment losses on fixed assets, goodwill, etc. for each reportable segment

Detailed explanations are omitted due to immateriality of the amount.

II. First three months of FY2020 (Apr. 1, 2020 – Jun. 30, 2020)

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	5,351	249	314	103	1,270	7,289	-	7,289
(Royalty income)	(1,697)	(250)	(192)	(99)	(1,150)	(3,389)	(-)	(3,389)
Inter-segment	764	6	4	1	245	1,022	(1,022)	-
(Royalty income)	(732)	(6)	(-)	(-)	(0)	(739)	((739))	(-)
Total	6,115	256	318	104	1,515	8,311	(1,022)	7,289
Segment profit (loss)	(607)	(220)	(355)	4	430	(748)	(429)	(1,177)

Notes: 1. The minus 429 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.