

**Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2024 (FY2023)
(Six Months Ended September 30, 2023) [Japanese GAAP]**

Company name: Sanrio Company, Ltd. Listed Stock Exchange: Tokyo Stock Exchange
Stock code: 8136 URL: <https://www.sanrio.co.jp/english/corporate/ir/>
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Scheduled date of filing of Quarterly Report: November 14, 2023
Starting date of dividend payment: November 30, 2023
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)
(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Second Quarter of FY2023 (April 1, 2023 – September 30, 2023)

(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, 2023 | 43,930 | 43.4 | 13,307 | 148.9 | 14,201 | 153.2 | 10,506 | 249.0 |
| Six months ended Sep. 30, 2022 | 30,630 | 28.7 | 5,346 | - | 5,608 | 781.3 | 3,010 | 54.4 |

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2023: 13,101 (up 83.1%)
Six months ended Sep. 30, 2022: 7,156 (up 87.1%)

| | Net Profit per Share | Fully-Diluted Net Profit per Share |
|--------------------------------|----------------------|------------------------------------|
| | Yen | Yen |
| Six months ended Sep. 30, 2023 | 130.27 | - |
| Six months ended Sep. 30, 2022 | 37.37 | - |

(2) Consolidated financial position

| | Total Assets | Net Assets | Equity Ratio |
|---------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of Sep. 30, 2023 | 121,663 | 67,936 | 55.5 |
| As of Mar. 31, 2023 | 100,704 | 56,295 | 55.6 |

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2023: 67,563 As of Mar. 31, 2023: 56,005

2. Dividends

| | Dividend per Share | | | | |
|-------------------|--------------------|--------|--------|----------|-------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| FY2022 | - | 15.00 | - | 20.00 | 35.00 |
| FY2023 | - | 22.50 | - | - | - |
| FY2023 (forecast) | - | - | - | 22.50 | 45.00 |

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

3. Consolidated Forecast for FY2023 (April 1, 2023 – March 31, 2024)

(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 | 89,300 | 23.0 | 18,800 | 41.9 | 20,200 | 47.2 | 14,400 | 76.5 | 178.51 |

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

*** 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 Sep. 30, 2023: | 89,089,701 shares | As of Mar. 31, 2023: | 89,065,301 shares |
|----------------------|-------------------|----------------------|-------------------|

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

| | | | |
|----------------------|------------------|----------------------|------------------|
| As of Sep. 30, 2023: | 8,423,217 shares | As of Mar. 31, 2023: | 8,422,649 shares |
|----------------------|------------------|----------------------|------------------|

3) Average number of shares outstanding during the period

| | | | |
|---------------------------------|-------------------|---------------------------------|-------------------|
| Six months ended Sep. 30, 2023: | 80,649,383 shares | Six months ended Sep. 30, 2022: | 80,575,716 shares |
|---------------------------------|-------------------|---------------------------------|-------------------|

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

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

Forecasts regarding future performance in these materials are based on assumptions judged to be valid and information currently available to the Company. These materials are not promises by the Company regarding future performance. Actual results may differ significantly from these forecasts for a number of factors. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecasts and Other Forward-looking Statements” on page 6 of the attachments for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year under review, the Japanese economy continued to recover slowly as the reclassification of COVID-19 led to a normalization of economic activity and spending by foreign tourists increased. Meanwhile, the outlook remains uncertain amid concerns that consumers will adopt a still more conservative stance due to the prolonged conflict in Europe, rising global resource prices, rising prices arising from exchange rate fluctuations, and other factors.

Amid these conditions, the Sanrio Group set the current fiscal year as the final year of the three-year medium-term management plan “Creating and Challenging for our Future” concluding in the fiscal year ending March 31, 2024, and we have steadily implemented various initiatives based on the three pillars of this plan: corporate culture reform, initiation and completion of domestic and overseas structural reforms, and planting the seeds for regrowth strategies and growth markets.

Domestic shops and theme parks sales rose as a result of steady progress from various measures and a significant increase in customer numbers. Domestic customer numbers rose due to the reclassification of COVID-19 while the number of foreign tourists climbed sharply. In the licensing business, both in Japan and overseas, strategic measures such as the continuing development of products and services with featuring a wide range of Sanrio characters succeeded in increasing product development by existing licensees and attracting new licensees, resulting in sales growth.

Moreover, the membership of Sanrio+, an app for Sanrio fan members, reached around 1.61 million as of the end of September 2023.

As for consolidated operating profit, the Company posted a substantial increase due to significant sales growth both in Japan and overseas, as well as improved profitability due to the control of operating expenses at an appropriate level through structural reforms.

As a result of these factors, sales rose 43.4% year-on-year to 43.9 billion yen, operating profit increased 148.9% year-on-year to 13.3 billion yen, ordinary profit rose 153.2% year-on-year to 14.2 billion yen, and net profit attributable to owners of parent rose 249.0% year-on-year to 10.5 billion yen.

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 June 2023.

Reportable Segment (100 millions of yen)

| | First six months of | Sales | | | | Segment profit (operating profit) | | | |
|---------------|----------------------|--------|--------|-----------------------|---------------|-----------------------------------|--------|-----------------------|---------------|
| | | FY2022 | FY2023 | Increase/ decrease | Change (%) | FY2022 | FY2023 | Increase/ decrease | Change (%) |
| Japan | Product sales/others | 175 | 252 | 77 | 43.9 | 40 | 96 | 56 | 139.4 |
| | Royalties | 48 | 64 | 16 | 33.2 | | | | |
| | Total | 224 | 317 | 93 | 41.6 | | | | |
| Europe | Product sales/others | (0) | (0) | 0 | - | (1) | 1 | 3 | - |
| | Royalties | 8 | 11 | 3 | 39.5 | | | | |
| | Total | 8 | 11 | 3 | 39.9 | | | | |
| North America | Product sales/others | 9 | 9 | 0 | 4.3 | 2 | 12 | 9 | 360.4 |
| | Royalties | 16 | 31 | 15 | 95.2 | | | | |
| | Total | 25 | 40 | 15 | 62.6 | | | | |
| Latin America | Product sales/others | 0 | 0 | 0 | 17.2 | 0 | 0 | 0 | 155.2 |
| | Royalties | 2 | 3 | 1 | 50.4 | | | | |
| | Total | 2 | 3 | 1 | 48.7 | | | | |
| Asia | Product sales/others | 3 | 6 | 3 | 107.3 | 18 | 28 | 9 | 51.1 |
| | Royalties | 43 | 59 | 16 | 37.6 | | | | |
| | Total | 46 | 66 | 19 | 42.1 | | | | |
| Adjustment | | - | - | - | - | (7) | (6) | 0 | - |
| Consolidated | Product sales/others | 187 | 268 | 80 | 43.0 | 53 | 133 | 79 | 148.9 |
| | Royalties | 118 | 170 | 52 | 44.0 | | | | |
| | Total | 306 | 439 | 133 | 43.4 | | | | |

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 41.6% year-on-year to 31.7 billion yen and operating profit rose 139.4% to 9.6 billion yen.

1. Domestic Sales Division (Product sales business/Licensing business)

In April 2023, we merged the Product Sales and the Licensing Business divisions and renamed them as the Domestic Sales Division in order to create synergy effects and contribute to company-wide profit optimization.

In the product sales business, the normalization of socioeconomic activities accompanying the reclassification of COVID-19 led to an increase in the movement of people, resulting in a significant rise in the number of customers visiting stores. Foreign tourist numbers also continued to increase, which greatly boosted store sales, especially in urban centers and tourist destinations. Moreover, the 2023 Sanrio Character Awards (April 11 to May 26), a popular voting event, recorded its highest-ever total of 44.48 million votes. The My No. 1 Series event-exclusive products released for sale after the conclusion of the event performed well, and the adorable crowns and formal styles of the popular characters garnered much attention. In the product category, in addition to collaborative items with popular characters from other companies, strong sales continued from mascot holders, key holders and other accessories, and the Enjoy Idol Series of goods designed for fans to show their support in a fun way.

In the licensing business, the strategy for a wide range of Sanrio characters continued to be successful. Product development from existing licensees increased and new licensees were acquired, resulting in sales growth. For product licensing sales, goods linked to the 2023 Sanrio Character Awards performed well and souvenirs sold strongly amid the growing demand from overseas tourists in Japan. Moreover, a collaboration with a popular confectionery shop in the grocery section of a department store attracted a lot of attention. For advertising licenses, character proposals tailored to licensees' agendas proved successful and were adopted in campaigns for a variety of business categories, including commercial facilities, restaurants, confectionery and food products.

Operating profit rose significantly due to a substantial increase in sales.

2. Theme park business

Sanrio Puroland in Tokyo and Harmonyland in Oita Prefecture saw an increase in domestic visitor numbers following the reclassification of COVID-19 and a surge in foreign tourists. This contributed to a rise in sales.

At Sanrio Puroland, events that allow visitors to shake hands with and hug characters, as well as the Miracle Gift Parade, the facility's most popular entertainment, resumed after a three-year hiatus following the reclassification of COVID-19. In particular, the reopening of the parade resulted in strong sales of paid seats and related merchandise. In addition, Puroland Camp, the first-ever camping-themed event, took place from July 7 to September 5. The event's new show, titled Chilling! Hot! Camp Fire! was performed, and photo spots, merchandise, and food and beverage menus contributed to the increase in attendance and sales.

At Harmonyland, the staging of the new events HAPPY EASTER (March 27 to May 30) and A Very Special Rainy Day (June 2 to July 11), as well as the new summer-exclusive Iceful Parade (July 14 to September 5) and the new Water Shot attraction (from July 14), contributed to an increase in visitor numbers. Moreover, original products linked to these new events and higher ticket prices for entry to the park raised spending per customer and contributed to the increase in sales.

Operating profit rose due to a substantial increase in sales at both theme parks.

ii. Europe: Sales rose 39.9% year-on-year to 1.1 billion yen and operating profit stood at 0.1 billion yen compared with operating loss of 0.1 billion yen in the same period a year earlier.

In the licensing business, collaboration with a famous French brand and initiatives with major licensees continued, resulting in an improvement in brand value. Regarding category-specific trends, initiatives with existing licensees and major apparel companies proved successful in the apparel category while mixed-character sneakers, developed globally through collaborations with famous brands, performed well in the footwear category. In the digital category, a rhythm game distributed in November 2022 contributed to sales growth and increased recognition.

Regarding Mr. Men and Little Miss, the apparel category grew on the back of strong sales by new licensees. The toy category also performed well due to the success of ongoing efforts with existing licensees in the United States.

Operating profit (loss) returned to the black due to the increase in sales and control of SG&A expenses.

iii. North America: Sales rose 62.6% year-on-year to 4.0 billion yen and operating profit rose 360.4% year-on-year to 1.2 billion yen.

The product sales business (in-house e-commerce) continued to perform well, with cameras, cosmetics, and footwear from new licensees proving especially popular.

In the licensing business, the apparel, toy, and health & beauty categories performed well.

In the apparel category, initiatives with existing licensees continued to produce results while collaborations with famous anime characters contributed to increasing recognition. In the toy category, we concluded a medium- to long-term contract with a major manufacturer in December 2022, and Sanrio characters have featured in various toy products from the same manufacturer. Plush toys created in collaboration with other character brands and Hello Kitty & Friends figures also performed well. In the health & beauty category, My Melody, Kuromi, and Little Twin Stars cosmetic items sold well. In the footwear category, goods produced in collaboration with famous brands, including re-releases, attracted attention and contributed to strengthening brand recognition and sales growth. Furthermore, offline events in collaboration with Major League Baseball (MLB) are regularly held to strengthen customer engagement.

Operating profit rose significantly due to a substantial increase in sales.

iv. Latin America: Sales rose 48.7% year-on-year to 0.3 billion yen and operating profit rose 155.2% year-on-year to 85 million yen.

In Latin America as a whole, the licensing business performed well in the categories of health & beauty, bags, stationery and special corporate sales. Moreover, we are increasing recognition through events attended by more than 200 licensees and participating in exhibitions.

In Mexico, strong sales continued in the corporate special sales category, where Hello Kitty cafés continue to be popular; the health & beauty category, where sanitary products and perfumes perform well; and the footwear category, where sneakers and beach sandals prove popular. In Peru, the bag category drove sales due to higher demand for school bags. In Chile, the stationery and apparel categories performed well.

Operating profit rose significantly due to a substantial increase in sales.

v. Asia: Sales rose 42.1% year-on-year to 6.6 billion yen and operating profit rose 51.1% to 2.8 billion yen.

In the Hong Kong and Macau region, licensing business sales in the special corporate sales category increased, driven by ongoing promotions with financial institutions. In the product sales business, a concept store, the first of its kind in the area, opened for a limited period of time (May 16 to November 30) in a commercial facility (Kowloon Tong) and is contributing to the expansion of customer engagement.

In Taiwan, in the licensing business, corporate special sales and the digital category performed well, contributing to an increase in sales.

In South Korea, recognition among Generation Z and brand value were enhanced by collaborations with idol groups belonging to major South Korean entertainment agencies, which were implemented in the previous fiscal year, and product development by existing licensees further expanded in addition to the acquisition of new licensees. In the licensing business, collaborations with sanitary product manufacturers with a strong presence in online and mail-order sales and a newly acquired South Korean cosmetics brand have produced good results, resulting in growth in the health and beauty category.

In China, the master licensee has changed to Alibaba Group's Alifish from January 2023. Although business activities slowed in early 2023 due to the spread of COVID-19, the health & beauty and toys & hobby categories grew. Moreover, the development of a wide range of Sanrio characters has proved successful in the Chinese market, with Pochacco and others attracting attention in addition to Cinnamoroll and Kuromi.

In Southeast Asia, sales were driven by Thailand. In particular, a collaboration with Thailand's largest convenience store contributed to sales growth.

Operating profit increased due to the contribution of overall sales growth in Asian countries.

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) | 5,776 | 176 | 5,952 | 735 |
| Year-on-year change (%) | 44.3 | 129.1 | 45.9 | - |
| UK (GBP) | 2,101 | - | 2,101 | 626 |
| Year-on-year change (%) | (1.8) | - | (0.9) | 85.4 |
| North America (USD) | 23,138 | 7,152 | 30,291 | 9,160 |
| Year-on-year change (%) | 76.9 | (3.9) | 47.5 | 315.9 |
| Brazil (BRL) | 13,281 | 913 | 14,194 | 3,177 |
| Year-on-year change (%) | 36.2 | 32.0 | 35.9 | 129.6 |
| Chile (CLP) | - | 5,081 | 5,081 | (874) |
| Year-on-year change (%) | - | (9.5) | (9.5) | - |
| Hong Kong (HKD) | 23,104 | 17,298 | 40,402 | 8,487 |
| Year-on-year change (%) | (2.5) | 51.4 | 15.0 | 25.3 |
| Taiwan (NTD) | 138,342 | 9,160 | 147,503 | 35,180 |
| Year-on-year change (%) | 14.1 | 43.7 | 15.6 | 8.0 |
| South Korea (KRW) | 12,212,266 | 200,349 | 12,412,616 | 4,677,641 |
| Year-on-year change (%) | 142.0 | 125.5 | 141.7 | 248.7 |
| China (CNY) | 154,484 | 116,493 | 270,977 | 95,006 |
| Year-on-year change (%) | 19.5 | 247.6 | 66.5 | 33.6 |
| Singapore (USD) | 4,465 | 886 | 5,351 | 1,126 |
| Year-on-year change (%) | 28.4 | 21.8 | 27.2 | 28.8 |

(2) Explanation of Financial Position

At the end of the second quarter of the current fiscal year, total assets stood at 121.6 billion yen, an increase of 20.9 billion yen from the end of the previous fiscal year. The main increases were 13.5 billion yen in cash and deposit, 2.3 billion yen in accounts receivable-trade, 1.6 billion yen in merchandise and finished goods and 0.5 billion yen in investment securities.

Liabilities increased 9.3 billion yen from the end of the previous fiscal year to 53.7 billion yen. The main increases were 4.4 billion yen in interest-bearing debt (including current portion of bonds to be redeemed), 1.9 billion yen in trade notes and accounts payable, 1.2 billion yen in accrued income taxes and 0.7 billion yen in contract liabilities.

Net assets increased 11.6 billion yen to 67.9 billion yen. The main increases were 8.8 billion yen in retained earnings, 3.0 billion yen in foreign currency translation adjustments and 0.6 billion yen in net unrealized gain (loss) on other securities. The main decrease was 1.1 billion yen in remeasurements of defined benefit plans.

As a result, the equity ratio was 55.5%, down 0.1 percentage points from the end of the previous fiscal year.

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

In the first half of the fiscal year ending March 31, 2024, the outlook for the external environment remained uncertain due to the prolonged conflict in Europe, rising prices, supply constraints, fluctuations in the financial and capital markets, etc. However, as our consolidated financial results exceeded forecasts, we have incorporated these factors into our full-year consolidated business forecasts. At the same time, we have reviewed our forecasts for the third quarter and beyond, and as a result have revised our consolidated earnings forecast for the fiscal year ending March 31, 2024.

Please refer to the “Notice Regarding Differences Between Consolidated Forecasts and Results of Operations for the First Half of the Fiscal Year Ending March 31, 2024 and Revisions to Full-year Forecasts” announced today (November 2, 2023).

We will continue to closely monitor the economic environment and market trends while striving to appropriately disclose our earnings forecasts.

Reference: Overseas Sales and Profits for the Past Three Years by Area

(Millions of yen)

| Six months ended | | Sales to customers | | | | | Operating profit | | | | |
|------------------|--------------|--------------------|-----------|------------|-----------|------------|------------------|-----------|------------|-----------|------------|
| | | Sep. 2021 | Sep. 2022 | Change (%) | Sep. 2023 | Change (%) | Sep. 2021 | Sep. 2022 | Change (%) | Sep. 2023 | Change (%) |
| Areas | | | | | | | | | | | |
| Europe | Germany | 465 | 538 | 15.8 | 847 | 57.4 | (204) | (164) | - | 108 | - |
| | UK | 288 | 262 | (8.8) | 272 | 3.9 | 82 | 13 | (83.5) | 63 | 371.9 |
| | Subtotal | 753 | 801 | 6.4 | 1,120 | 39.9 | (122) | (151) | - | 172 | - |
| North America | USA | 1,318 | 2,515 | 90.7 | 4,088 | 62.6 | (323) | 271 | - | 1,248 | 360.4 |
| Latin America | Brazil/Chile | 167 | 250 | 49.2 | 371 | 48.7 | 19 | 33 | 73.7 | 85 | 155.2 |
| Asia | Hong Kong | 780 | 592 | (24.1) | 707 | 19.4 | 255 | 146 | (42.5) | 188 | 28.4 |
| | Taiwan | 471 | 518 | 9.8 | 624 | 20.5 | 129 | 140 | 8.0 | 156 | 11.5 |
| | South Korea | 241 | 507 | 110.4 | 1,291 | 154.4 | 26 | 134 | 410.7 | 491 | 266.2 |
| | China | 2,342 | 2,533 | 8.2 | 3,282 | 29.5 | 1,003 | 1,349 | 34.5 | 1,849 | 37.1 |
| | Singapore | - | 502 | - | 708 | 40.9 | - | 107 | - | 153 | 42.2 |
| | Subtotal | 3,835 | 4,655 | 21.4 | 6,614 | 42.1 | 1,414 | 1,878 | 32.8 | 2,838 | 51.1 |
| Total | | 6,075 | 8,221 | 35.3 | 12,195 | 48.3 | 988 | 2,031 | 105.6 | 4,344 | 113.8 |

2. Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

| | (Millions of yen) | |
|---|---------------------------------|---|
| | FY2022 (As of Mar. 31, 2023) | Second quarter of FY2023 (As of Sep. 30, 2023) |
| Assets | | |
| Current assets | | |
| Cash and deposit | 52,008 | 65,595 |
| Notes receivable-trade | 313 | 345 |
| Accounts receivable-trade | 8,392 | 10,750 |
| Merchandise and finished goods | 3,894 | 5,584 |
| Work in process | 299 | 523 |
| Raw materials and supplies | 348 | 268 |
| Other accounts receivable | 441 | 516 |
| Other | 1,210 | 1,438 |
| Allowance for doubtful accounts | (156) | (165) |
| Total current assets | 66,752 | 84,856 |
| Fixed assets | | |
| Tangible fixed assets | | |
| Buildings and structures, net | 3,296 | 3,347 |
| Land | 6,140 | 6,160 |
| Other, net | 3,914 | 4,271 |
| Total tangible fixed assets | 13,350 | 13,779 |
| Intangible fixed assets | 2,244 | 2,592 |
| Investments and other assets | | |
| Investment securities | 9,720 | 10,273 |
| Deferred tax assets | 145 | 56 |
| Other | 8,816 | 10,407 |
| Allowance for doubtful accounts | (332) | (305) |
| Total investments and other assets | 18,350 | 20,431 |
| Total fixed assets | 33,946 | 36,803 |
| Deferred assets | 5 | 3 |
| Total assets | 100,704 | 121,663 |
| Liabilities | | |
| Current liabilities | | |
| Trade notes and accounts payable | 4,074 | 5,994 |
| Short-term borrowings | 9,086 | 10,351 |
| Accrued income taxes | 1,563 | 2,779 |
| Contract liabilities | 4,062 | 4,810 |
| Allowance for bonuses | 638 | 769 |
| Provision for shareholder benefit program | 39 | 37 |
| Provision for point card certificates | 8 | 8 |
| Other | 8,273 | 6,349 |
| Total current liabilities | 27,746 | 31,101 |
| Long-term liabilities | | |
| Corporate bonds | 141 | 90 |
| Long-term borrowings | 10,378 | 13,864 |
| Retirement benefit liability | 1,020 | 1,032 |
| Other | 5,121 | 7,638 |
| Total long-term liabilities | 16,662 | 22,625 |
| Total liabilities | 44,408 | 53,726 |

| | (Millions of yen) | |
|--|---------------------------------|---|
| | FY2022 (As of Mar. 31, 2023) | Second quarter of FY2023 (As of Sep. 30, 2023) |
| Net assets | | |
| Shareholders' equity | | |
| Capital | 10,000 | 10,074 |
| Capital surplus | 3,468 | 3,543 |
| Retained earnings | 56,211 | 65,104 |
| Treasury stock | (19,528) | (19,530) |
| Total shareholder's equity | 50,152 | 59,192 |
| Accumulated other comprehensive income | | |
| Net unrealized gain (loss) on other securities | 383 | 1,055 |
| Deferred hedge gain (loss) | 2 | 2 |
| Foreign currency translation adjustments | 1,707 | 4,753 |
| Remeasurements of defined benefit plans | 3,758 | 2,559 |
| Total accumulated other comprehensive income | 5,853 | 8,370 |
| Non-controlling interests | 290 | 373 |
| Total net assets | 56,295 | 67,936 |
| Total liabilities and net assets | 100,704 | 121,663 |

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

| | (Millions of yen) | |
|--|--|--|
| | First six months of FY2022 (Apr. 1, 2022 – Sep. 30, 2022) | First six months of FY2023 (Apr. 1, 2023 – Sep. 30, 2023) |
| Sales | 30,630 | 43,930 |
| Cost of sales | 9,211 | 11,630 |
| Gross profit | 21,418 | 32,299 |
| Selling, general and administrative expenses | 16,072 | 18,992 |
| Operating profit | 5,346 | 13,307 |
| Non-operating profit | | |
| Interest income | 201 | 421 |
| Dividend income | 117 | 96 |
| Foreign exchange gains | 266 | 176 |
| Gain on investments in partnership | - | 187 |
| Other | 140 | 183 |
| Total non-operating profit | 725 | 1,065 |
| Non-operating expenses | | |
| Interest expense | 77 | 87 |
| Commission expenses | 72 | 50 |
| Loss on investments in partnership | 282 | - |
| Other | 32 | 32 |
| Total non-operating expenses | 464 | 171 |
| Ordinary profit | 5,608 | 14,201 |
| Extraordinary gains | | |
| Gain on sales of fixed assets | 0 | 0 |
| Gain on sales of investment securities | 283 | - |
| Gain on liquidation of subsidiaries and associates | - | 538 |
| Other | 2 | - |
| Total extraordinary gains | 286 | 538 |
| Extraordinary losses | | |
| Loss on disposal of fixed assets | 11 | 0 |
| Loss on sale of investment securities | - | 12 |
| Loss on valuation of investment securities | 210 | - |
| Impairment loss | 1 | 1 |
| Other | - | 2 |
| Total extraordinary losses | 222 | 17 |
| Net profit before income taxes | 5,671 | 14,722 |
| Income taxes – current | 1,079 | 3,439 |
| Income taxes for prior periods | 1,297 | - |
| Income taxes – deferred | 247 | 725 |
| Total income taxes | 2,624 | 4,164 |
| Net profit | 3,047 | 10,558 |
| Net profit attributable to non-controlling interests | 36 | 51 |
| Net profit attributable to owners of parent | 3,010 | 10,506 |

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

(Millions of yen)

| | First six months of FY2022 (Apr. 1, 2022 – Sep. 30, 2022) | First six months of FY2023 (Apr. 1, 2023 – Sep. 30, 2023) |
|--|--|--|
| Net profit | 3,047 | 10,558 |
| Other comprehensive income | | |
| Net unrealized gain (loss) on other securities | 44 | 671 |
| Deferred hedge gain (loss) | 10 | - |
| Foreign currency translation adjustments | 3,940 | 3,071 |
| Remeasurements of defined benefit plans, net of tax | 114 | (1,199) |
| Total other comprehensive income | 4,109 | 2,543 |
| Comprehensive income | 7,156 | 13,101 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 7,076 | 13,024 |
| Comprehensive income attributable to non-controlling interests | 79 | 77 |

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY2022 (Apr. 1, 2022 – Sep. 30, 2022)

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 | 22,408 | 801 | 2,515 | 250 | 4,655 | 30,630 | - | 30,630 |
| (Royalty income) | (4,833) | (804) | (1,611) | (236) | (4,354) | (11,840) | (-) | (11,840) |
| Inter-segment | 3,763 | 11 | 13 | 4 | 622 | 4,414 | (4,414) | - |
| (Royalty income) | (3,372) | (0) | (-) | (-) | (-) | (3,373) | (3,373) | (-) |
| Total | 26,171 | 812 | 2,528 | 254 | 5,277 | 35,044 | (4,414) | 30,630 |
| Segment profit (loss) | 4,027 | (151) | 271 | 33 | 1,878 | 6,059 | (712) | 5,346 |

- Notes: 1. The minus 712 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 FY2023 (Apr. 1, 2023 – Sep. 30, 2023)

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 | 31,734 | 1,120 | 4,088 | 371 | 6,614 | 43,930 | - | 43,930 |
| (Royalty income) | (6,438) | (1,122) | (3,146) | (355) | (5,990) | (17,053) | (-) | (17,053) |
| Inter-segment | 5,830 | 29 | 30 | 9 | 2,109 | 8,009 | (8,009) | - |
| (Royalty income) | (5,385) | (1) | (-) | (-) | (-) | (5,387) | (5,387) | (-) |
| Total | 37,565 | 1,150 | 4,118 | 381 | 8,724 | 51,939 | (8,009) | 43,930 |
| Segment profit | 9,640 | 172 | 1,248 | 85 | 2,838 | 13,985 | (678) | 13,307 |

- Notes: 1. The minus 678 million yen adjustment to segment profit 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 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.