



November 1, 2024

Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2025 (FY2024) (Six Months Ended September 30, 2024) [Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: Tokyo Stock Exchange
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Scheduled date of filing of Semi-annual Report: November 14, 2024
Starting date of dividend payment: December 2, 2024
Preparation of supplementary materials for financial results: Yes
Holding of 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 FY2024 (April 1, 2024 – September 30, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended Sep. 30, 2024	62,807	43.0	23,591	77.3	24,196	70.4	19,076	81.6
Six months ended Sep. 30, 2023	43,930	43.4	13,307	148.9	14,201	153.2	10,506	249.0

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2024: 23,027 (up 75.8%)
Six months ended Sep. 30, 2023: 13,101 (up 83.1%)

	Basic Earnings per Share	Diluted Earnings per Share
	Yen	Yen
Six months ended Sep. 30, 2024	80.77	78.49
Six months ended Sep. 30, 2023	43.42	-

Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024. Basic earnings per share and diluted earnings per share are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2024	171,732	84,638	49.0
As of Mar. 31, 2024	156,062	64,897	41.4

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2024: 84,201 As of Mar. 31, 2024: 64,608

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2023	-	22.50	-	43.50	66.00
FY2024	-	20.00	-	-	-
FY2024 (forecast)	-	-	-	20.00	40.00

Notes: 1. Revisions to the most recently announced dividend forecast: Yes

2. The Company conducted a 3-for-1 common stock split effective on April 1, 2024. Dividends per share for FY2023 are the actual amounts before the stock split. Dividends per share for FY2024 (forecast) have been adjusted to reflect the stock split.

3. Consolidated Forecast for FY2024 (April 1, 2024 – March 31, 2025)

(Percentages represent year-on-year changes)

	Net Sales		Operating Profit		Ordinary Profit		Profit Attributable to Owners of Parent		Basic Earnings per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	130,600	30.6	41,000	52.1	41,800	47.9	31,100	76.9	131.66

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

*** Notes**

(1) Significant changes in scope of consolidation during the period: None

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting consolidated interim 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: Yes

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 shares)

As of Sep. 30, 2024:	255,408,303 shares	As of Mar. 31, 2024:	255,408,303 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2024:	19,211,965 shares	As of Mar. 31, 2024:	19,244,124 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2024:	236,172,460 shares	Six months ended Sep. 30, 2023:	241,948,149 shares
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Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024. Number of outstanding shares at the end of the period (including treasury shares), number of treasury shares at the end of the period and average number of shares outstanding during the period are calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Note 1: The current financial report is not subject to quarterly (semi-annual) 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 Consolidated Interim 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 Interim Consolidated Financial Performance	2
(1) Explanation of Results of Operations	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Forecasts and Other Forward-looking Statements	5
(4) Basic Policy Regarding Profit Distribution and Dividends for FY2024	5
2. Consolidated Interim Financial Statements and Notes	6
(1) Consolidated Balance Sheets	6
(2) Consolidated Interim Statements of Income and Comprehensive Income	8
Consolidated Statements of Income	
For the Six-month Period	8
Consolidated Statements of Comprehensive Income	
For the Six-month Period	9
(3) Notes to Consolidated Interim Financial Statements	10
Going Concern Assumption	10
Significant Changes in Shareholders' Equity	10
Changes in Accounting Policies	10
Segment and Other Information	11

1. Qualitative Information on Consolidated Interim Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year under review, Japan's economy experienced a moderate recovery, although some stagnation remained, due to an upturn in inbound demand and an improved employment and income environment. However, the outlook remains uncertain when considering such factors as the impact of global monetary tightening on the economy, concerns about the outlook for the Chinese economy, and growing tensions in the Middle East.

Against this backdrop, the Sanrio Group is implementing a three-year medium-term management plan, "From Uncertain Growth to Stable and Perpetual Growth," running from the fiscal years ending March 31, 2025 to March 31, 2027. We are progressing with each of three approaches: reviewing marketing and sales strategies to make Evergreen global IP; developing a foundation for global growth; and expanding IP portfolios and monetizing in multiple layers.

Domestic Sanrio stores and theme parks experienced a sharp rise in the number of domestic customers and foreign tourists, driving growth in sales, due to various initiatives to celebrate Hello Kitty's 50th anniversary and the popular voting event "2024 Sanrio Character Awards," which recorded an unprecedented 57.07 million votes. In the licensing business in Japan and overseas, the strategy of featuring a wide range of Sanrio characters continued to be successful, and product development from existing licensees increased, contributing to the growth in sales. North America and China, which are designated as key regions, also saw a substantial increase in sales and profit due to strong performances from various initiatives.

Moreover, the number of members of Sanrio+, a membership service for all Sanrio Group members, reached around 2.24 million as of the end of September 2024.

Consolidated operating profit rose substantially due to sales growth, improved profitability resulting from an increase in the sales composition of the licensing business, and lower SG&A expenses than originally planned.

As a result of these factors, net sales rose 43.0% year-on-year to 62.8 billion yen, operating profit increased 77.3% year-on-year to 23.5 billion yen, ordinary profit rose 70.4% year-on-year to 24.1 billion yen, and profit attributable to owners of parent rose 81.6% year-on-year to 19.0 billion yen.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the first half under review for these subsidiaries covers the period from January to June 2024.

Reportable Segment

(100 millions of yen)

	First six months of	Sales				Segment profit (operating profit)			
		FY2023	FY2024	Increase/ decrease	Change (%)	FY2023	FY2024	Increase/ decrease	Change (%)
Japan	Product sales/others	252	298	45	18.0	96	165	69	72.0
	Royalties	64	89	24	38.2				
	Total	317	387	70	22.1				
Europe	Product sales/others	(0)	0	0	-	1	4	2	158.8
	Royalties	11	19	7	70.1				
	Total	11	19	8	76.2				
North America	Product sales/others	9	9	0	5.2	12	21	8	71.1
	Royalties	31	88	56	180.2				
	Total	40	98	57	139.9				
Latin America	Product sales/others	0	0	(0)	(9.6)	0	2	1	164.0
	Royalties	3	6	3	89.6				
	Total	3	6	3	85.4				
Asia	Product sales/others	6	24	18	290.2	28	52	23	83.8
	Royalties	59	91	31	52.7				
	Total	66	115	49	75.1				
Adjustment		-	-	-	-	(6)	(10)	(3)	-
Consolidated	Product sales/others	268	333	64	24.1	133	235	102	77.3
	Royalties	170	294	123	72.7				
	Total	439	628	188	43.0				

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: Net sales rose 22.1% year-on-year to 38.7 billion yen and operating profit rose 72.0% to 16.5 billion yen.

1. Product sales business/Licensing business

In the product sales business, an increase in customer numbers visiting stores in each sales channel, including store operations and wholesale, contributed to sales growth. In particular, the share of sales from foreign tourists in our stores grew significantly as the number of customers from overseas increased in response to rising inbound demand. Not only is Hello Kitty gaining attention on its 50th anniversary, but a wide range of Sanrio characters, including Kuromi, My Melody, and Cinnamoroll, has also proved popular and demand for plush toys, mascot holders, and key holders for personal use is increasing. The number of domestic customers is also rising, and the 2024 Sanrio Character Awards, a popular voting event that ran from April 11 to May 26, recorded an unprecedented 57.07 million votes in total. To accommodate the large rise in customer numbers, we are working to improve convenience by such means as adding more cash registers.

In the licensing business, the strategy for a wide range of Sanrio characters brought good results, leading to an increase in repeat contracts among existing licensees and an expansion of product offerings. Additionally, the number of contracts with new licensees increased, resulting in a significant year-on-year rise in all categories. Sales of Hello Kitty, which is celebrating its 50th anniversary, more than doubled from the previous year while the acquisition of new projects with other characters, such as Cinnamoroll and Kuromi, also increased. Looking at specific products, in addition to souvenirs and Japanese pattern goods, which are in high demand from inbound customers, capsule toys proved popular among all generations, and T-shirts sold through major apparel brands in collaboration with popular characters from other companies became a hot topic. The products have also been used as a promotional tool by major restaurant chains, food manufacturers, and commercial facilities.

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

2. Theme park business

Sanrio Puroland in Tama City, Tokyo, saw a rise in visitor numbers from Japan and overseas, boosting sales, due to the popularity of the theater attraction Cinnamoroll's Little Big Adventure, which opened in July this year, and the facility's most popular entertainment, Miracle Gift Parade, which reopened in June last year after a three-year hiatus. In addition, seasonal events such as the new PUROSPRINGPARTY (April 12 to June 4) and the Mignon fuwafuwa matsuri (June 7 to July 9), a Tanabata event that resumed after a six-year absence, proved popular, as did limited-edition products and meal menus linked to these events. Products linked to Hello Kitty's 50th anniversary also remained popular and contributed to sales growth.

Operating profit rose significantly due to higher sales and control of SG&A expenses.

At Harmonyland in Oita Prefecture, new events such as Heartful spring Days (March 22 to June 4) and nakayoku birthday "join hands with Hello Kitty" (from July 1) contributed to attracting visitors, and products linked to these events proved popular. However, visitor numbers declined in July and August due to natural disasters, including earthquakes and typhoon, as well as the prolonged heatwave.

Operating profit fell due to a slowdown in sales growth caused by natural disasters and other factors as well as an increase in SG&A expenses due to the strengthening of the previously insufficient staffing system and costs for repairs.

ii. Europe: Net sales rose 76.2% year-on-year to 1.9 billion yen and operating profit rose 158.8% year-on-year to 0.4 billion yen.

In the licensing business, strong performances were seen from the apparel category, in which we continued to work with major fast fashion brands in the United Kingdom and Eastern Europe, and the footwear category, in which we continued to collaborate with globally expanding brands. In the toy category, collectibles rolled out across EMEA

proved popular. Various categories posted year-on-year sales growth, including the strongly performing accessories category.

Operating profit increased due to sales growth.

iii. North America: Net sales rose 139.9% year-on-year to 9.8 billion yen and operating profit rose 71.1% year-on-year to 2.1 billion yen.

In the licensing business, the apparel, toy, and health & beauty categories contributed to sales growth. In the apparel category, the wide range of characters offered in specialty stores increased due to initiatives with existing licensees, and we expanded our dealings with mass retailers and others in the mass market through the “hook” of Hello Kitty’s 50th anniversary celebration. In the toy category, sales were boosted by strong sales of figurines and key chains, in addition to consistently popular plush toys, thanks to initiatives with major toy manufacturers. In the health & beauty category, sales grew due to continued efforts with popular brands. Moreover, in the digital category, we are expanding the Sanrio fan base by holding regular events on major-platform game content to maintain content freshness, thereby increasing access numbers.

In addition, we are working to strengthen customer engagement by distributing original anime on YouTube, holding collaborative events with professional sports leagues such as MLB (Major League Baseball), and opening Gudetama and Hello Kitty cafes.

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

iv. Latin America: Net sales rose 85.4% year-on-year to 0.6 billion yen and operating profit rose 164.0% year-on-year to 0.2 billion yen.

In Latin America as a whole, the licensing business performed well in the categories of health & beauty, apparel, stationery, and corporate special sales.

In Mexico, strong performances were seen in the health & beauty category, where hygiene products sold well; the bag category, where schoolbag products proved popular; and the corporate special sales category, where new touch points such as a burger shop (opened December 2023) and Hello Kitty Cafe (opened May 2024) increased. In Brazil, the food and apparel categories performed well. We made efforts to raise brand awareness by holding events for Hello Kitty’s 50th anniversary and a wide range of Sanrio characters. In Peru, sales were driven by the bag category, where demand for school bags increased, and the corporate special sales category, where debit cards with designs from a wide range of Sanrio characters sold well. In Chile, the stationery category, especially notebooks, performed well.

Operating profit increased due to significant sales growth.

v. Asia: Net sales rose 75.1% year-on-year to 11.5 billion yen and operating profit rose 83.8% to 5.2 billion yen.

In China, licensing business sales in the toys & hobby, corporate special sales and household product categories were strong. In addition, the strategic deployment of a wide range of Sanrio characters proved successful, with sales driven not only by Hello Kitty but also by characters including Kuromi and Cinnamoroll. In the retail business, the opening of multiple franchise stores and the development of new e-commerce channels increased the number of touch points with customers and contributed to sales growth.

In South Korea, the licensing business saw sales growth driven by new project acquisitions. Especially, the Cinnamoroll children’s mobile phone, created in collaboration with a major telecommunications company, and the health & beauty category, where Hello Kitty cosmetics were popular, performed well. Additionally, the Hello Kitty 50th Anniversary Exhibition, held in Seoul from April 13 to August 13, far exceeded initial expectations by attracting around 200,000 visitors, with a high turnout among Generation Z attendees.

In Taiwan, the licensing business saw strong sales in the toy, stationery, and health & beauty categories, contributing to sales growth. In addition, the strategic deployment of a wide range of Sanrio characters proved successful, resulting in sales growth for characters other than Hello Kitty. Notably, the popularity of Kuromi has surged, leading to significant sales growth.

In the Hong Kong and Macau region, the corporate special sales category drove growth in the licensing business through combined promotions with resort facilities in Macau.

In Southeast Asia, licensing business sales were driven by Thailand, where initiatives with major convenience stores have been successful, and Indonesia, where efforts to develop the market have been strengthened from the current fiscal year. By category, health & beauty contributed to the increase in sales.

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

(2) Explanation of Financial Position

At the end of the second quarter of the current fiscal year, total assets stood at 171.7 billion yen, an increase of 15.6 billion yen from the end of the previous fiscal year. The main increases were 9.6 billion yen in cash and deposits, 2.5 billion yen in accounts receivable-trade, 0.9 billion yen in merchandise and finished goods, 0.8 billion yen in other accounts receivable, 0.3 billion yen in other, net under property and equipment, 0.5 billion yen in retirement benefit asset and 0.8 billion yen in deferred tax assets. Liabilities decreased 4.0 billion yen from the end of the previous fiscal year to 87.0 billion yen. The main increases were 1.3 billion yen in notes and accounts payable-trade, 1.2 billion yen in contract liabilities and 0.2 billion yen in provision for bonuses. The main decreases were 4.1 billion yen in long- and short-term borrowings and bonds payable (including current portion of bonds payable), 0.9 billion yen in other current liabilities, 0.2 billion yen in income taxes payable and 1.6 billion yen in other non-current liabilities. Net assets increased 19.7 billion yen from the end of the previous fiscal year to 84.6 billion yen. The main increases were 15.6 billion yen in retained earnings and 4.1 billion yen in foreign currency translation adjustment. As a result, the equity ratio was 49.0%, up 7.6 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 under review, domestic Sanrio stores and theme parks saw a sharp rise in the number of domestic customers and foreign tourists due to steady progress in various measures, leading to sales exceeding earnings forecasts. In the licensing business, strategic initiatives such as the ongoing deployment of a wide range of Sanrio characters, both in Japan and overseas, proved effective, with particularly strong performances in North America and China driving sales above earnings forecasts. In addition, first-half operating profit rose substantially due to sales growth in Japan and overseas that exceeded the plan, improved profitability resulting from an increase in the sales composition of the licensing business, and lower SG&A expenses than originally planned.

Regarding the full fiscal year, since the consolidated business results for the first half of the fiscal year exceeded the planned figures, we have included them in our full-year forecast. In addition, based on our expectation of solid sales growth in the third quarter and beyond, and taking into account planned increases in SG&A expenses, we have raised our full-year consolidated earnings forecast.

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, 2025 and Revisions to Full-year Forecasts” announced today.

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

(4) Basic Policy Regarding Profit Distribution and Dividends for FY2024

The Company considers distributing earnings to shareholders to be one of the Sanrio Group’s highest priorities.

Regarding interim dividends, we have increased the dividend by 1.5 yen to 20 yen per share from the previous forecast of 18.50 yen per share on the basis that profit attributable to owners of parent amounted to 19.0 billion yen for the first half of the fiscal year under review, which exceeded the plan.

As a result of the upward revision of the earnings forecast, we expect to record profit attributable to owners of parent of 31.1 billion yen for the full year; therefore, we will revise the year-end dividend to 20 yen per share, an increase of 1.5 yen from the previous forecast of 18.50 yen per share. Accordingly, the annual dividend will be 40 yen per share, up 3 yen from the previous forecast of 37 yen per share.

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

(Millions of yen)

	FY2023 (As of Mar. 31, 2024)	Second quarter of FY2024 (As of Sep. 30, 2024)
Assets		
Current assets		
Cash and deposits	90,442	100,082
Notes receivable-trade	303	312
Accounts receivable-trade	13,643	16,191
Merchandise and finished goods	6,094	7,044
Work in process	53	77
Raw materials and supplies	307	238
Other accounts receivable	633	1,509
Other	1,814	2,138
Allowance for doubtful accounts	(120)	(161)
Total current assets	113,173	127,434
Non-current assets		
Property and equipment		
Buildings and structures, net	3,609	3,779
Land	6,160	6,179
Other, net	5,077	5,404
Total property and equipment	14,847	15,363
Intangible assets	2,726	3,211
Investments and other assets		
Investment securities	10,405	10,263
Retirement benefit asset	9,391	9,965
Deferred tax assets	874	1,739
Other	4,829	3,892
Allowance for doubtful accounts	(187)	(138)
Total investments and other assets	25,313	25,721
Total non-current assets	42,886	44,295
Deferred assets	2	1
Total assets	156,062	171,732
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,882	6,280
Short-term borrowings	9,154	8,054
Income taxes payable	6,049	5,778
Contract liabilities	4,705	5,982
Provision for bonuses	952	1,153
Provision for shareholder benefit program	31	34
Provision for point card certificates	9	11
Other	12,206	11,243
Total current liabilities	37,990	38,537
Non-current liabilities		
Bonds payable	39	-
Convertible-bond-type bonds with share acquisition rights	31,047	30,934
Long-term borrowings	10,305	7,444
Retirement benefit liability	1,015	1,085
Other	10,768	9,090
Total non-current liabilities	53,174	48,556
Total liabilities	91,165	87,093

	(Millions of yen)	
	FY2023	Second quarter of FY2024
	(As of Mar. 31, 2024)	(As of Sep. 30, 2024)
Net assets		
Shareholders' equity		
Share capital	10,261	10,261
Capital surplus	2,764	2,847
Retained earnings	59,655	75,307
Treasury shares	(18,728)	(18,693)
Total shareholders' equity	53,953	69,723
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,390	1,374
Foreign currency translation adjustment	4,762	8,913
Remeasurements of defined benefit plans	4,502	4,190
Total accumulated other comprehensive income	10,655	14,478
Non-controlling interests	288	436
Total net assets	64,897	84,638
Total liabilities and net assets	156,062	171,732

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

	(Millions of yen)	
	First six months of FY2023 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY2024 (Apr. 1, 2024 – Sep. 30, 2024)
Net sales	43,930	62,807
Cost of sales	11,630	14,441
Gross profit	32,299	48,365
Selling, general and administrative expenses	18,992	24,774
Operating profit	13,307	23,591
Non-operating income		
Interest income	421	563
Interest on securities	-	112
Dividend income	96	79
Foreign exchange gains	176	-
Gain on investments in investment partnerships	187	78
Other	183	180
Total non-operating income	1,065	1,014
Non-operating expenses		
Interest expenses	87	86
Foreign exchange losses	-	206
Commission expenses	50	104
Other	32	12
Total non-operating expenses	171	409
Ordinary profit	14,201	24,196
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on liquidation of subsidiaries and associates	538	-
Total extraordinary income	538	0
Extraordinary losses		
Loss on disposal of non-current assets	0	17
Loss on sale of investment securities	12	-
Impairment losses	1	6
Other	2	-
Total extraordinary losses	17	24
Profit before income taxes	14,722	24,172
Current income taxes	3,439	7,543
Deferred income taxes	725	(2,539)
Total income taxes	4,164	5,003
Profit	10,558	19,168
Profit attributable to non-controlling interests	51	92
Profit attributable to owners of parent	10,506	19,076

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

	(Millions of yen)	
	First six months of FY2023 (Apr. 1, 2023 – Sep. 30, 2023)	First six months of FY2024 (Apr. 1, 2024 – Sep. 30, 2024)
Profit	10,558	19,168
Other comprehensive income		
Valuation difference on available-for-sale securities	671	(15)
Foreign currency translation adjustment	3,071	4,186
Remeasurements of defined benefit plans	(1,199)	(312)
Total other comprehensive income	2,543	3,858
Comprehensive income	13,101	23,027
Total comprehensive income attributable to:		
Owners of parent	13,024	22,899
Non-controlling interests	77	127

(3) Notes to Consolidated Interim Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Changes in Accounting Policies

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the first half of the fiscal year ending March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of this revised accounting standard and in the proviso of Paragraph 65-2, Item 2 of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the consolidated interim financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting from the beginning of the first half of the fiscal year ending March 31, 2025. This change in accounting policies has been applied retrospectively and the interim and fiscal year consolidated financial statements for the previous fiscal year are shown after this restatement. This change in accounting policies has no effect on the interim and fiscal year consolidated financial statements for the previous fiscal year.

Segment and Other Information**I. 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.

II. First six months of FY2024 (Apr. 1, 2024 – Sep. 30, 2024)**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	38,757	1,973	9,805	689	11,581	62,807	-	62,807
(Royalty income)	(8,900)	(1,908)	(8,815)	(674)	(9,145)	(29,444)	(-)	(29,444)
Inter-segment	12,031	68	49	39	2,080	14,270	(14,270)	-
(Royalty income)	(11,431)	(4)	(-)	(-)	(-)	(11,435)	((11,435))	(-)
Total	50,788	2,042	9,855	729	13,661	77,077	(14,270)	62,807
Segment profit	16,584	445	2,136	224	5,216	24,607	(1,015)	23,591

Notes: 1. The minus 1,015 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 non-current 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.