



February 14, 2025

Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2025 (FY2024) (Nine Months Ended December 31, 2024) [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/>
 Representative: Tomokuni Tsuji, President and Chief Executive Officer
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 Starting date of dividend payment:-
 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 Third Quarter of FY2024 (April 1, 2024 – December 31, 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 | % |
| Nine months ended Dec. 31, 2024 | 104,786 | 44.7 | 41,093 | 92.1 | 42,665 | 89.8 | 33,790 | 109.4 |
| Nine months ended Dec. 31, 2023 | 72,425 | 40.3 | 21,390 | 101.8 | 22,478 | 104.2 | 16,136 | 137.6 |

Note: Comprehensive income (millions of yen) Nine months ended Dec. 31, 2024: 33,279 (up 72.3%)

Nine months ended Dec. 31, 2023: 19,310 (up 66.8%)

| | Basic Earnings per Share | Diluted Earnings per Share |
|---------------------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Nine months ended Dec. 31, 2024 | 143.07 | 137.41 |
| Nine months ended Dec. 31, 2023 | 66.69 | 66.44 |

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 Dec. 31, 2024 | 180,264 | 90,141 | 49.8 |
| As of Mar. 31, 2024 | 156,062 | 64,897 | 41.4 |

Reference: Shareholders' equity (millions of yen)

As of Dec. 31, 2024: 89,715

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) | | | | 32.00 | 52.00 |

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. Adjusted to the stock split, the total dividend per share for FY2023 is 22 yen.

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 | 140,500 | 40.5 | 51,200 | 90.0 | 52,900 | 87.2 | 40,500 | 130.3 | 171.46 |

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 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: 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 Dec. 31, 2024: | 255,408,303 shares | As of Mar. 31, 2024: | 255,408,303 shares |
|----------------------|--------------------|----------------------|--------------------|

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

| | | | |
|----------------------|-------------------|----------------------|-------------------|
| As of Dec. 31, 2024: | 19,211,965 shares | As of Mar. 31, 2024: | 19,244,124 shares |
|----------------------|-------------------|----------------------|-------------------|

3) Average number of shares outstanding during the period

| | | | |
|----------------------------------|--------------------|----------------------------------|--------------------|
| Nine months ended Dec. 31, 2024: | 236,179,623 shares | Nine months ended Dec. 31, 2023: | 241,963,522 shares |
|----------------------------------|--------------------|----------------------------------|--------------------|

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: Review of the attached quarterly financial statements by a certified public accountant or an auditing firm: None

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.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first nine months 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 persistent high interest rates in Europe and the United States, continuing stagnation of the real state market in China, future policy developments in the United States, and the situation 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," covering the fiscal year ending March 31, 2025 through 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 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 on November 1, 2024 and the continuation of the strategy of featuring a wide range of Sanrio characters. The licensing business in Japan and overseas contributed to the growth in sales due to the continued success of the strategy of featuring a wide range of Sanrio characters. This boosted the popularity not only of Hello Kitty, which celebrated its 50th anniversary, but also of various other characters, leading to an expansion of product development by existing licensees. 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. In addition, the "Hello Kitty Exhibition – As I change, so does she" (November 1, 2024 to February 24, 2025), currently being held at the Tokyo National Museum's Hyokeikan, attracted attention both at home and abroad. The exhibition has been drawing large crowds daily, with attendance reaching 140,000 by the end of December 2024.

Moreover, the number of members of Sanrio+, a membership service for all Sanrio Group members, reached around 2.41 million as of the end of December 2024.

As a result of these factors, net sales rose 44.7% year-on-year to 104.7 billion yen, operating profit increased 92.1% year-on-year to 41.0 billion yen, ordinary profit rose 89.8% year-on-year to 42.6 billion yen, and profit attributable to owners of parent rose 109.4% year-on-year to 33.7 billion yen.

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

Reportable Segment

(100 millions of yen)

| | First nine months of | Sales | | | | Segment profit (operating profit) | | | |
|---------------|----------------------|--------|--------|-------------------|------------|-----------------------------------|--------|-------------------|------------|
| | | FY2023 | FY2024 | Increase/decrease | Change (%) | FY2023 | FY2024 | Increase/decrease | Change (%) |
| Japan | Product sales/others | 407 | 485 | 77 | 19.1 | 150 | 272 | 122 | 81.4 |
| | Royalties | 103 | 150 | 47 | 45.8 | | | | |
| | Total | 510 | 635 | 124 | 24.4 | | | | |
| Europe | Product sales/others | (0) | 0 | 0 | - | 2 | 9 | 7 | 343.3 |
| | Royalties | 17 | 33 | 16 | 98.7 | | | | |
| | Total | 17 | 34 | 17 | 103.9 | | | | |
| North America | Product sales/others | 14 | 14 | 0 | 2.1 | 14 | 52 | 37 | 261.3 |
| | Royalties | 60 | 167 | 107 | 177.2 | | | | |
| | Total | 75 | 182 | 107 | 143.3 | | | | |
| Latin America | Product sales/others | 0 | 0 | 0 | 3.6 | 1 | 3 | 2 | 213.3 |
| | Royalties | 5 | 11 | 5 | 96.3 | | | | |
| | Total | 5 | 11 | 5 | 93.1 | | | | |
| Asia | Product sales/others | 24 | 40 | 15 | 64.2 | 54 | 87 | 32 | 59.5 |
| | Royalties | 90 | 142 | 52 | 57.4 | | | | |
| | Total | 115 | 183 | 67 | 58.9 | | | | |
| Adjustment | | - | - | - | - | (8) | (14) | (5) | - |
| Consolidated | Product sales/others | 447 | 541 | 94 | 21.2 | 213 | 410 | 197 | 92.1 |
| | Royalties | 277 | 506 | 229 | 82.6 | | | | |
| | Total | 724 | 1,047 | 323 | 44.7 | | | | |

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 24.4% year-on-year to 63.5 billion yen and operating profit rose 81.4% to 27.2 billion yen.

1. Product sales business/Licensing business

In the product sales business, sales were boosted by various Hello Kitty initiatives as well as collaborations featuring other companies' characters, the launch of limited-edition products, the continued popularity of a wide range of Sanrio characters, and an increase in customer numbers and sales per customer. In particular, the number of foreign tourists increased, especially in city centers and tourist destinations, with foreign tourists accounting for around 40% of in-store sales. Mascot holders such as Cinnamoroll and Kuromi were popular not only as souvenirs but also for personal use.

In the licensing business, Hello Kitty 50th Anniversary, along with the continued success of the strategy of featuring a wide range of Sanrio characters, contributed to a strong performance. This led to a significant year-on-year increase across all categories, driven by higher contract renewal rates with existing licensees and an expansion in products and services offered per company. Breaking it down by product category, souvenirs and Japanese-patterned goods in high demand from inbound visitors, capsule toys popular across all age groups, T-shirts sold through major apparel brands in collaborations featuring popular characters from other companies, and a wide range of Sanrio characters sold at major retail outlets generated significant attention. In addition, we utilized various tools to feature a wide range of Sanrio characters in promotions for major restaurant chains and food manufacturers.

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 2024; Beyond Words, a non-verbal, no-dialogue show allowing immersion for international audiences, which started in December 2024; and the facility's most popular entertainment, Miracle Gift Parade, which resumed in June 2023 after a three-

year hiatus. Moreover, new events, seasonal events, and collaborations with popular YouTubers were well received, and limited-edition products and meal menus connected to these events also performed strongly. Products linked to Hello Kitty's 50th anniversary also remained popular and contributed to sales growth.

Harmonyland in Oita Prefecture experienced a year-on-year decline in visitor numbers in July and August due to natural disasters, including an earthquake and typhoon, and a heatwave. However, the seasonal events Magical Masquerade (September 13 to October 31) and MERRY WHITE CHRISTMAS (November 15 to December 25) helped attract visitors, and related merchandise proved popular.

Operating profit grew as a result of the significant rise in sales, despite 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 103.9% year-on-year to 3.4 billion yen and operating profit rose 343.3% year-on-year to 0.9 billion yen.

The licensing business expanded its customer base through initiatives with global brands that contributed to improving brand value and approaches to local brands. The development of characters other than Hello Kitty also proved successful. Strong performances came from the apparel category, where we continued to work with major fast fashion brands in the UK and Northern Europe, and the toy category, where collectible products developed across EMEA proved popular. The footwear category grew as a result of continued initiatives with globally developed brands. Various categories posted year-on-year sales growth, including the strongly performing health & beauty and accessories categories.

Operating profit increased due to sales growth.

iii. North America: Net sales rose 143.3% year-on-year to 18.2 billion yen and operating profit rose 261.3% year-on-year to 5.2 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, with Hello Kitty 50th anniversary as the key. 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.

We also launched pop-up shops to celebrate Hello Kitty's 50th anniversary at major department store chains and held collaborative events with the MLB (baseball) and NWSL (women's football) professional sports leagues. Furthermore, we opened a new café to strengthen customer engagement.

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

iv. Latin America: Net sales rose 93.1% year-on-year to 1.1 billion yen and operating profit rose 213.3% year-on-year to 0.3 billion yen.

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

In Mexico, strong performances were seen in the health & beauty category, where hygiene products and perfumes sold well; and the corporate special sales category, where new touch points such as the Hello Kitty Café and burger shops increased. In Brazil, the apparel and the health & beauty categories performed well. In addition, we endeavored to raise brand awareness through such measures as holding events for Hello Kitty's 50th anniversary and collaborations with apparel brands. In Peru, sales were driven by the bag category, where demand for school bags increased, and the corporate special sales category, where debit cards sold well. In Chile, the stationery category, especially notebooks, and the health & beauty category, including cosmetic products, performed well.

Operating profit increased due to significant sales growth.

v. Asia: Net sales rose 58.9% year-on-year to 18.3 billion yen and operating profit rose 59.5% to 8.7 billion yen.

In China, licensing business sales in the toys & hobby, apparel and accessories and household product categories were strong and contributed to sales growth. In addition, the strategic deployment of a wide range of Sanrio characters proved successful, with not only Hello Kitty but also Kuromi, Cinnamoroll, and the rapidly rising Hangyodon gaining in popularity. In the product sales business, the opening of 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. The Cinnamoroll children's mobile phone launched by a major telecommunications company and cosmetic items in the health & beauty category performed especially 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 corporate special sales, toy, and stationery categories. In addition, the strategic deployment of a wide range of Sanrio characters proved successful. Notably, the popularity of Kuromi and Hangyodon has surged, leading to significant sales growth.

In the Hong Kong and Macau region, the licensing business saw growth in sales, driven by the success of the corporate special sales category, which included collaborations with commercial facilities in Macau, and the apparel and accessories category, where accessories proved especially popular.

In Southeast Asia, licensing business sales were driven by multi-regional expansion in Thailand and Indonesia through a major licensee in the health and beauty category. In addition, the apparel and accessories category contributed to the increase in sales.

Operating profit increased due to the substantial increase in sales.

(2) Explanation of Financial Position

At the end of the third quarter of the current fiscal year, total assets stood at 180.2 billion yen, an increase of 24.2 billion yen from the end of the previous fiscal year. The main increases were 13.5 billion yen in cash and deposits, 9.0 billion yen in accounts receivable-trade, 2.4 billion yen in merchandise and finished goods, 0.5 billion yen in other, net under property and equipment, 0.8 billion yen in retirement benefit asset and 1.0 billion yen in deferred tax assets. The main decrease was 2.8 billion yen in investment securities. Liabilities decreased 1.0 billion yen from the end of the previous fiscal year to 90.1 billion yen. The main increases were 2.5 billion yen in notes and accounts payable-trade, 1.1 billion yen in income taxes payable, 2.4 billion yen in other current liabilities and 0.7 billion yen in contract liabilities. The main decreases were 5.7 billion yen in long- and short-term borrowings and bonds payable (including current portion of bonds payable), 0.5 billion yen in provision for bonuses and 1.4 billion yen in other non-current liabilities. Net assets increased 25.2 billion yen from the end of the previous fiscal year to 90.1 billion yen. The main increase was 25.6 billion yen in retained earnings. As a result, the equity ratio was 49.8%, up 8.4 percentage points from the end of the previous fiscal year.

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

Based on our current performance progress and future earnings forecasts, we have decided to revise upward our previously announced full-year consolidated earnings forecast.

In the first nine months of the fiscal year under review, net sales saw a significant increase, driven by a continued strong performance, both domestically and internationally, from initiatives related to the 50th anniversary of Hello Kitty and the strategy for a wide range of Sanrio characters. As sales are expected to remain strong in the fourth quarter, we have revised sales upward to 140.5 billion yen, exceeding the previously announced plan by 9.9 billion yen.

Operating profit exceeded the full-year forecast as of the third quarter, mainly due to an increase in sales from the highly profitable licensing business and lower than originally planned SG&A expenses. As operating profit is expected to remain on a strong trend in the fourth quarter, we have revised operating profit upward to 51.2 billion yen, exceeding the previously announced plan by 10.2 billion yen.

Please refer to the "Notice Regarding Revisions to Full year Forecasts for the Fiscal Year Ending March 31, 2025" 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, and in our Medium-Term Management Plan, formulated in May 2024, we committed to a dividend payout ratio of 30% or higher.

As a result of the upward revision of the earnings forecast, the Company plans to record a profit attributable to owners of parent of 40.5 billion yen for the full year, therefore we have revised the year-end dividend to 32 yen per share, up 12 yen from the previous forecast of 20 yen per share. Accordingly, the annual dividend will be 52 yen per share, up 12 yen from the previous forecast of 40 yen per share.

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

(Millions of yen)

| | FY2023 (As of Mar. 31, 2024) | Third quarter of FY2024 (As of Dec. 31, 2024) |
|-----------------------------------------------------------|---------------------------------|--------------------------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 90,442 | 103,993 |
| Notes receivable-trade | 303 | 315 |
| Accounts receivable-trade | 13,643 | 22,677 |
| Merchandise and finished goods | 6,094 | 8,551 |
| Work in process | 53 | 104 |
| Raw materials and supplies | 307 | 243 |
| Other accounts receivable | 633 | 756 |
| Other | 1,814 | 1,835 |
| Allowance for doubtful accounts | (120) | (131) |
| Total current assets | 113,173 | 138,345 |
| Non-current assets | | |
| Property and equipment | | |
| Buildings and structures, net | 3,609 | 3,655 |
| Land | 6,160 | 6,163 |
| Other, net | 5,077 | 5,593 |
| Total property and equipment | 14,847 | 15,411 |
| Intangible assets | 2,726 | 3,158 |
| Investments and other assets | | |
| Investment securities | 10,405 | 7,596 |
| Retirement benefit asset | 9,391 | 10,239 |
| Deferred tax assets | 874 | 1,933 |
| Other | 4,829 | 3,726 |
| Allowance for doubtful accounts | (187) | (149) |
| Total investments and other assets | 25,313 | 23,347 |
| Total non-current assets | 42,886 | 41,917 |
| Deferred assets | 2 | 1 |
| Total assets | 156,062 | 180,264 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 4,882 | 7,460 |
| Short-term borrowings | 9,154 | 7,485 |
| Income taxes payable | 6,049 | 7,189 |
| Contract liabilities | 4,705 | 5,429 |
| Provision for bonuses | 952 | 392 |
| Provision for shareholder benefit program | 31 | 27 |
| Provision for point card certificates | 9 | 12 |
| Other | 12,206 | 14,625 |
| Total current liabilities | 37,990 | 42,622 |
| Non-current liabilities | | |
| Bonds payable | 39 | - |
| Convertible-bond-type bonds with share acquisition rights | 31,047 | 30,878 |
| Long-term borrowings | 10,305 | 6,234 |
| Retirement benefit liability | 1,015 | 1,040 |
| Other | 10,768 | 9,347 |
| Total non-current liabilities | 53,174 | 47,500 |
| Total liabilities | 91,165 | 90,122 |

| | (Millions of yen) | |
|-------------------------------------------------------|-----------------------|-------------------------|
| | FY2023 | Third quarter of FY2024 |
| | (As of Mar. 31, 2024) | (As of Dec. 31, 2024) |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 10,261 | 10,261 |
| Capital surplus | 2,764 | 2,847 |
| Retained earnings | 59,655 | 85,297 |
| Treasury shares | (18,728) | (18,693) |
| Total shareholders' equity | 53,953 | 79,713 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,390 | 619 |
| Foreign currency translation adjustment | 4,762 | 5,363 |
| Remeasurements of defined benefit plans | 4,502 | 4,019 |
| Total accumulated other comprehensive income | 10,655 | 10,001 |
| Non-controlling interests | 288 | 425 |
| Total net assets | 64,897 | 90,141 |
| Total liabilities and net assets | 156,062 | 180,264 |

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

| | (Millions of yen) | |
|----------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| | First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023) | First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024) |
| Net sales | 72,425 | 104,786 |
| Cost of sales | 20,494 | 24,095 |
| Gross profit | 51,930 | 80,691 |
| Selling, general and administrative expenses | 30,540 | 39,597 |
| Operating profit | 21,390 | 41,093 |
| Non-operating income | | |
| Interest income | 703 | 883 |
| Interest on securities | 18 | 168 |
| Dividend income | 100 | 86 |
| Foreign exchange gains | 75 | 227 |
| Gain on investments in investment partnerships | 202 | 136 |
| Other | 244 | 349 |
| Total non-operating income | 1,345 | 1,852 |
| Non-operating expenses | | |
| Interest expenses | 134 | 127 |
| Commission expenses | 108 | 139 |
| Other | 13 | 14 |
| Total non-operating expenses | 256 | 281 |
| Ordinary profit | 22,478 | 42,665 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 0 |
| Gain on sale of investment securities | - | 2,079 |
| Gain on liquidation of subsidiaries and associates | 570 | - |
| Total extraordinary income | 571 | 2,079 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 5 | 18 |
| Loss on sale of investment securities | 12 | - |
| Impairment losses | 1 | 6 |
| Business restructuring expenses | 12 | 4 |
| Total extraordinary losses | 31 | 29 |
| Profit before income taxes | 23,017 | 44,715 |
| Current income taxes | 5,679 | 12,967 |
| Deferred income taxes | 1,114 | (2,186) |
| Total income taxes | 6,794 | 10,780 |
| Profit | 16,223 | 33,935 |
| Profit attributable to non-controlling interests | 87 | 144 |
| Profit attributable to owners of parent | 16,136 | 33,790 |

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

| | (Millions of yen) | |
|-------------------------------------------------------|---------------------------------------------------------------|---------------------------------------------------------------|
| | First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023) | First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024) |
| Profit | 16,223 | 33,935 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 424 | (770) |
| Deferred gains or losses on hedges | (4) | - |
| Foreign currency translation adjustment | 3,880 | 598 |
| Remeasurements of defined benefit plans | (1,214) | (483) |
| Total other comprehensive income | 3,086 | (656) |
| Comprehensive income | 19,310 | 33,279 |
| Total comprehensive income attributable to: | | |
| Owners of parent | 19,184 | 33,136 |
| Non-controlling interests | 125 | 142 |

(3) Notes to Quarterly Consolidated 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) beginning with the first quarter 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 with Paragraph 65-2, Item 2 of 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 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 beginning with the first quarter of the current fiscal year. This change has been applied retrospectively and the quarterly 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 consolidated financial statements in the previous fiscal year.

Segment and Other Information**I. First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 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 | 51,085 | 1,709 | 7,503 | 595 | 11,530 | 72,425 | - | 72,425 |
| (Royalty income) | (10,308) | (1,710) | (6,052) | (574) | (9,077) | (27,723) | (-) | (27,723) |
| Inter-segment | 9,569 | 35 | 47 | 14 | 3,285 | 12,953 | (12,953) | - |
| (Royalty income) | (8,802) | (2) | (-) | (-) | (-) | (8,805) | (8,805) | (-) |
| Total | 60,655 | 1,744 | 7,551 | 610 | 14,816 | 85,378 | (12,953) | 72,425 |
| Segment profit | 15,039 | 205 | 1,440 | 125 | 5,456 | 22,268 | (878) | 21,390 |

Notes: 1. The minus 878 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.

II. First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 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 | 63,573 | 3,484 | 18,259 | 1,149 | 18,319 | 104,786 | - | 104,786 |
| (Royalty income) | (15,027) | (3,398) | (16,778) | (1,127) | (14,292) | (50,623) | (-) | (50,623) |
| Inter-segment | 18,841 | 103 | 77 | 61 | 3,929 | 23,014 | (23,014) | - |
| (Royalty income) | (17,807) | (7) | (-) | (-) | (-) | (17,815) | (17,815) | (-) |
| Total | 82,414 | 3,588 | 18,337 | 1,211 | 22,248 | 127,800 | (23,014) | 104,786 |
| Segment profit | 27,283 | 909 | 5,206 | 392 | 8,703 | 42,496 | (1,402) | 41,093 |

Notes: 1. The minus 1,402 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.

Notes on Consolidated Statements of Cash Flows

The Consolidated Statements of Cash Flows for the first nine months of FY2024 have not been prepared. Depreciation (includes amortization expenses related to intangible assets) for the first nine months of each fiscal year are as follows.

| | First nine months of FY2023 (Apr. 1, 2023 – Dec. 31, 2023) | First nine months of FY2024 (Apr. 1, 2024 – Dec. 31, 2024) |
|--------------|---------------------------------------------------------------|---------------------------------------------------------------|
| Depreciation | 1,390 | 1,649 |

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.