

First Quarter of FY ending 03/2021 Results Briefing



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1Q Results Summary for FY Ending 03/2021

Overseas

- China business:

Due to the COVID-19, delays in delivery and payment happened. Struggled in business with major licensees.

- European business:

COVID-19 affected all regions. Billing and collection of minimum guarantee delayed. In UK subsidiary, which is in charge of Mr. Men Little Miss, the collaboration with Mc Donald's contributed the sales.

- US business:

The sales could not cover the sales in the previous year from 45th anniversary of Hello Kitty related brand collaboration and cosmetic brand development.

Japan Domestic

- Licensing business:

The impact of COVID-19 has an impact on apparel and stationery in general.

Sales of anime-related content, public organizations, corporate campaigns, etc. helped the sales.

- Retail and wholesale business:

Due to the impact of COVID-19, there was a sharp decrease in sales to inbound tourists, and temporary closure including shortening of business hours of directly managed stores and stores in department stores affected the sales.

- Theme park business:

Sanrio Puroland was temporarily closed for the entire Q1 period. Harmony Land was restarted on June 8th, however there was an affection from rainy season.

Others

- Extraordinary loss: Loss from the temporary closure of theme parks.

Due to the temporary closure of theme parks and directly managed stores, we record 1,240 millions JPY as extraordinary loss.



Results for the 1Q of FY ending 03/2021



1Q of FY03/2021 Income Statement

(Result and Comparison Y-O-Y)

Extraordinary loss of 1.2 billion yen due to temporary closure of theme parks., etc.
Income tax refund amount of 800 million yen recorded in the US subsidiary.

[JPY million]

	1Q FY03/2021 results	Comparison Y-O-Y		
		1Q FY03/2020 results	Increase (Decrease)	Change Y-O-Y(%)
Sales	7,289	13,379	(6,090)	(45.5)
Gross profit	4,520	8,623	(4,103)	(47.6)
SG&A expenses	5,698	7,929	(2,231)	(28.1)
Operating profit	(1,177)	694	(1,872)	—
Non-operating profit	178	250	(71)	(28.6)
Ordinary profit	(999)	944	(1,943)	—
Extraordinary profit	(992)	(1,018)	25	—
Earnings before taxes	(1,991)	(73)	(1,917)	—
◆ Taxes and adjustments	(1,140)	208	(1,349)	—
Profit attributable to owners of parent	(858)	(291)	(567)	—
Gross margin	62.0	64.5	(2.5)	
Operating profit margin	—	5.2	—	
Ordinary profit margin	—	7.1	—	

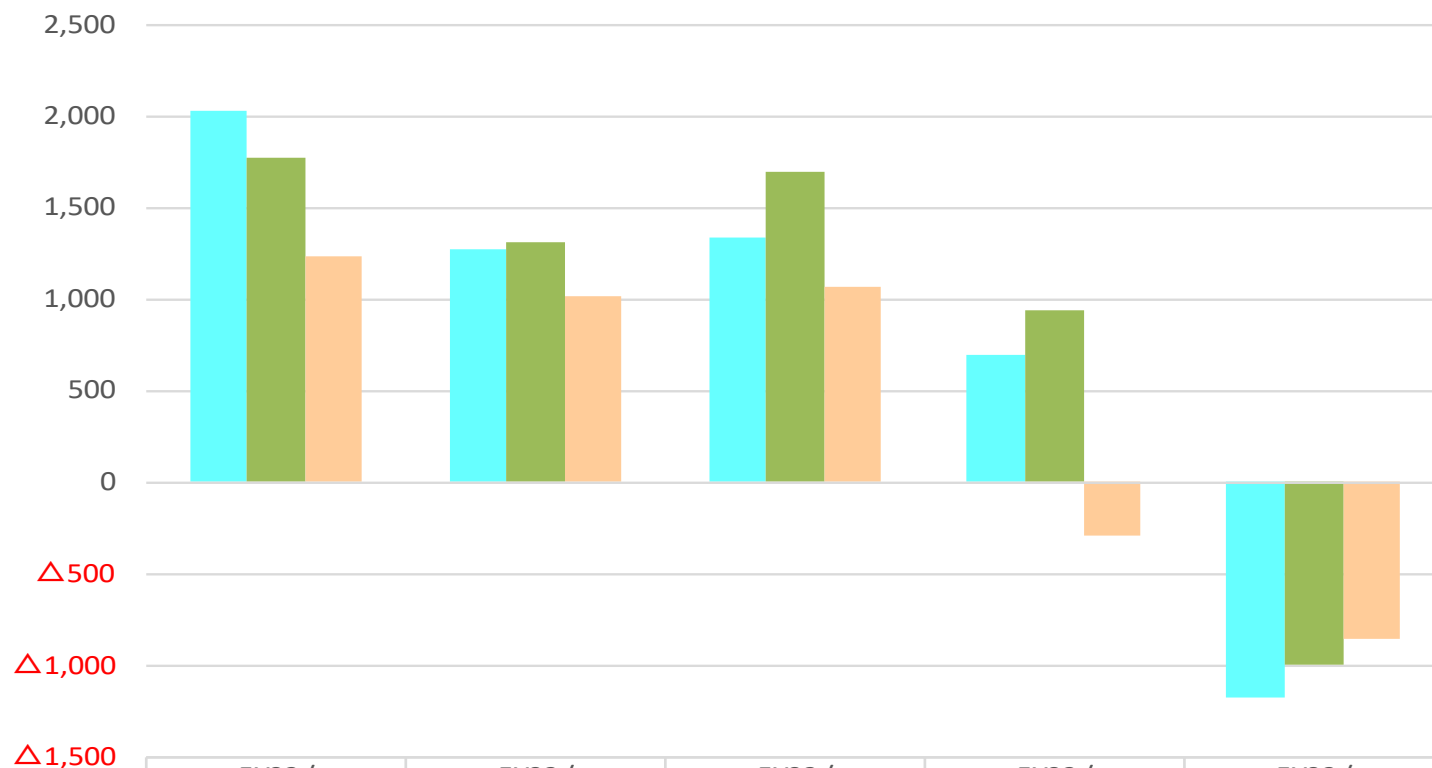
Note: Figures are rounded down to the nearest 1 million yen. Percentages are rounded to the nearest tenth of a percent.

Note: All information in this material is based on data as of August 4, 2020.



Consolidated 1Q Results (FY03/2017 – FY03/2021)

[JPY million]



	FY03/ 2017 1Q	FY03/ 2018 1Q	FY03/ 2019 1Q	FY03/ 2020 1Q	FY03/ 2021 1Q
Operating profit	2,029	1,279	1,336	694	(1,177)
Ordinary profit	1,781	1,320	1,695	944	(999)
Net Profit Attributable to Owners of Parent	1,243	1,014	1,066	(291)	(858)

Note: All information in this material is based on data as of August 4, 2020.



Income Statements of 1Q from FY03/2017 to FY03/2021

[JPY million]

	FY03/2017	FY03/2018	FY03/2019	FY03/2020	FY03/2021
	1Q result	1Q result	1Q result	1Q result	1Q result
Sales	15,010	13,437	13,907	13,379	7,289
Ratio of licensing revenues	42.3%	40.4%	39.1%	35.6%	46.5%
Gross profit	10,055	9,034	9,104	8,623	4,520
Operating profit	2,029	1,279	1,336	694	(1,177)
Ordinary profit	1,781	1,320	1,695	944	(999)
Profit attributable to owners of parent	1,243	1,014	1,066	(291)	(858)
Operating profit margin	13.5%	9.5%	9.6%	5.2%	—
Net profit margin	8.3%	7.6%	7.7%	—	—

Exchange rate

[JPY]

E U R	128.94	120.81	132.96	125.70	120.68
G B P	167.95	141.33	151.01	143.99	140.20
U S D	116.95	113.76	108.85	110.46	109.22
H K D	15.06	14.66	13.91	14.09	14.05
N T D	3.55	3.65	3.71	3.59	3.62
K R W	0.0985	0.0985	0.1020	0.0985	0.0915
C N Y	17.84	16.51	17.10	16.37	15.56

Note: All information in this material is based on data as of August 4, 2020.



Balance Sheets from 06/2016 – 06/2020

[JPY million]

		06/2016	06/2017	06/2018	06/2019	06/2020
Assets	I. Current assets	56,505	55,057	57,525	51,969	62,339
	II. Noncurrent assets	46,272	44,499	40,402	38,890	36,165
	Property, plant and equipment	18,372	18,314	16,299	16,742	15,647
	Intangible assets	4,838	4,595	3,735	3,347	2,357
	Investments and other assets	23,061	21,590	20,368	18,800	18,159
	III. Deferred assets	69	48	43	25	28
	Total assets	102,846	99,606	97,971	90,884	98,533
Liabilities and net assets	I. Current liabilities	22,900	26,369	24,337	21,148	29,857
	II. Noncurrent liabilities	30,166	22,710	22,041	18,841	25,313
	Total liabilities	53,067	49,079	46,379	39,990	55,170
	I. Shareholders' equity	55,434	54,893	55,207	55,197	49,929
	II. Accumulated other comprehensive income	(5,983)	(4,573)	(3,852)	(4,598)	(6,899)
	III. Stock acquisition right	162	—	—	—	—
	IV. Non controlling interests	165	205	237	295	332
	Total net assets	49,779	50,526	51,592	50,894	43,362
	Total liabilities and net assets	102,846	99,606	97,971	90,884	98,533

Note: All information in this material is based on data as of August 4, 2020.



Breakdown by Segment



1Q of FY03/2021 Sales by Segment

(Results and Comparison Y-O-Y)

[JPY million]

		1Q FY03/2021 results	Comparison Y-O-Y		
			1Q FY03/2019 results	Increase (Decrease)	Change Y-O-Y(%)
Sales by segment	Overseas	3,026	4,626	(1,600)	(34.6)
	Domestic	5,524	10,940	(5,415)	(49.5)
	Licensing	1,580	2,029	(449)	(22.1)
	Retail & Wholesale	1,936	4,422	(2,486)	(56.2)
	Theme parks	218	2,380	(2,162)	(90.8)
	Other	1,790	2,109	(319)	(15.1)
Elimination, etc.		(1,261)	(2,180)	926	—
Consolidated net sales		7,289	13,379	(6,090)	(45.5)

Note: Figures are rounded down to the nearest 100 million yen. Percentages are rounded to the nearest tenth of a percent.

Note: All information in this material is based on data as of August 4, 2020.



1Q of FY03/2021 Operating Profit by Segment

(Results and Comparison Y-O-Y)

[JPY million]

		1Q FY03/2021 results	Comparison Y-O-Y		
			1Q FY03/2019 results	Increase (Decrease)	Change Y-O-Y(%)
(Direct) Operating Profit by Segment	Overseas	471	1,322	(851)	(64.4)
	Domestic	(1,648)	(627)	(1,021)	—
	Licensing	1,046	1,435	(389)	(27.1)
	Retail & Wholesale	(119)	292	(411)	—
	Theme parks	(162)	42	(204)	—
	Other	16	156	(140)	(89.7)
	HQ cost center expenses, etc.	(2,430)	(2,553)	123	—
Consolidated operating profit		(1,177)	694	(1,872)	—

Note: Figures are rounded down to the nearest 100 million yen. Percentages are rounded to the nearest tenth of a percent.

Note: All information in this material is based on data as of August 4, 2020.



Overseas Sales and Operating Profit by Region/Country



1Q of FY03/2021 Overseas Sales by Region/Country

(Results and Comparison Y-O-Y)

[JPY million]

		1Q FY03/2021 results	Comparison Y-O-Y		
			1Q FY03/2020 results	Increase (Decrease)	Change Y-O-Y(%)
Europe	Germany	168	465	(297)	(63.9)
	UK (Mr. Men)	103	98	5	5.1
North America	North America	399	809	(410)	(50.7)
South America	Brazil	117	250	(133)	(53.2)
Asia	HK	617	836	(219)	(26.2)
	Taiwan	448	515	(67)	(13.0)
	S. Korea	182	283	(101)	(35.7)
	China	985	1,368	(383)	(28.0)
	Asia total	2,232	3,002	(770)	(25.6)
Other		7	2	5	250.0
Total		3,026	4,626	(1,600)	(34.6)

Note: Other includes amounts not allocatable to region/country of ¥ 3M for 1Q FY03/2021 results, of ¥ -1M 1Q FY03/2020 results.

Note: Figures are rounded down to the nearest 100 million yen. Percentages are rounded to the nearest tenth of a percent.



1Q of FY03/2021 Overseas Profit by Region/Country

(Results and Comparison Y-O-Y)

[JPY million]

		1Q FY03/2021 results	Comparison Y-O-Y		
			1Q FY03/2020 results	Increase (Decrease)	Change Y-O-Y(%)
Europe	Germany	(172)	38	(210)	—
	UK (Mr. Men)	(50)	(30)	(20)	—
North America	North America	(317)	(35)	(282)	—
South America	Brazil	17	83	(66)	(79.5)
Asia	HK	269	350	(81)	(23.1)
	Taiwan	215	210	5	2.4
	S. Korea	51	97	(46)	(47.4)
	China	458	609	(151)	(24.8)
	Asia total	993	1,266	(273)	(21.6)
Other		0	0	0	—
Total		471	1,322	(851)	(64.4)

Note: Figures are rounded down to the nearest 100 million yen. Percentages are rounded to the nearest tenth of a percent.



Overseas Subsidiaries' Sales and Operating Profit

(Local-currency based) [1Q of FY03/2021 Results (01/2020 - 03/2020)]

Currency	Sales			Operating Profit	Operating Profit Margin
	Licensing	Retail & Wholesale	Total		
Germany 1,000EUR	1,379	—	1,379	(1,408)	—
Change Y-O-Y (%)	(46.7)	—	(47.0)	—	
UK 1,000GBP	733	—	733	(358)	—
Change Y-O-Y (%)	14.9	—	14.9	—	
North America 1,000USD	1,761	1,159	2,920	(3,255)	—
Change Y-O-Y (%)	(49.5)	(29.1)	(43.0)	—	
Brazil 1,000BRL	4,039	234	4,273	216	5.1
Change Y-O-Y (%)	(41.0)	102.4	(38.7)	(84.1)	
Hong Kong 1,000HKD	23,185	7,582	30,767	9,553	31.1
Change Y-O-Y (%)	(8.9)	(23.5)	(13.0)	(15.4)	
Taiwan 1,000NTD	70,590	7,218	77,808	24,236	31.1
Change Y-O-Y (%)	(24.4)	(15.7)	(23.7)	(30.6)	
Korea 1,000KRW	1,460,137	25,339	1,485,477	155,549	10.5
Change Y-O-Y (%)	(24.6)	(83.5)	(28.9)	(57.5)	
China 1,000CNY	27,156	15,707	42,864	12,492	29.1
Change Y-O-Y (%)	(36.4)	(24.0)	(32.3)	(36.2)	

Note: Operating profit and operating profit margin calculated after payment of master license fee to the HQ.

Note: Figures are rounded down to the nearest thousand. Note: Overseas subsidiaries' fiscal year ends at the end of December.

Note: All information in this material is based on data as of August 4, 2020.



1Q of FY03/2021 Results: Currency Fluctuation Impacts

On overseas subsidiaries' Sales

1Q of FY03/2021 (Jan. - Mar. 2020)	EUR	GBP	USD	HKD	TWD	KRW	CNY	Total
Exchange rate in 1Q of FY03/2020 (JPY)	120.68	140.20	109.22	14.05	3.62	0.0915	15.56	—
Exchange rate in 1Q of FY03/2019	125.70	143.99	110.46	14.09	3.59	0.0985	16.37	—
Difference (JPY)	(5.02)	(3.79)	(1.24)	(0.04)	0.03	(0.0070)	(0.81)	—
% of fluctuation	(4.0)	(2.6)	(1.1)	(0.3)	0.8	(7.1)	(4.9)	—

Sales denominated in local currency (Million)	1.3	0.7	3.9	30.7	77.8	1,485	42.8	—
Currency fluctuation impact (JPY million)	(6)	(2)	(4)	(1)	2	(10)	(34)	(58)

Operating profit denominated in local currency (Million)	(1.4)	(0.3)	(3.2)	9.5	24.2	155.5	12.4	—
Currency fluctuation impact (JPY million)	7	1	3	0	0	(1)	(10)	1

Currency exchange rate: Average rate during the relevant period (average of month-end TTM from December of previous year to September of the relevant year) is used.

Amount pertaining to our subsidiary in Brazil, which is a consolidated subsidiary of our subsidiary in North America, is included in USD.

Currency fluctuation impact is difference between sales/operating profit of overseas subsidiaries for the current year converted into JPY at the rate of previous FY and the rate of current FY.

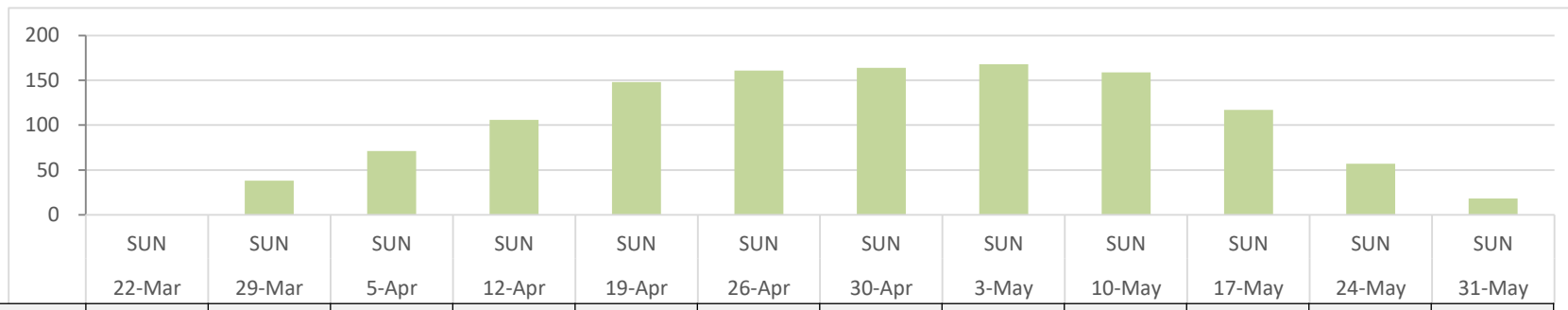


Impact of Novel Coronavirus (COVID-19)



Store and theme park closings

■ Number of closed Sanrio stores



Number of temporarily closed stores	0	38	71	106	148	161	164	168	159	117	57	18
Total number of stores	169	169	169	168	168	168	168	168	168	167	167	167

■ Sales of existing stores

	Apr	May	Jun	1Q
Comparison Y-O-Y	11.4%	28.7%	92.3%	44.1%

- More than 100 stores closed temporarily due to the declaration of a state of emergency in seven prefectures from April 7.
- The state of emergency was declared nationwide in late April, and all stores were temporarily closed during the major holiday period in May.
- Operations resumed from areas where the state of emergency was lifted from May 7.
- All stores reopened in June.

■ Theme park closing period



From Saturday, February 22 to Sunday, July 12.
Resumption on July 13.



From Saturday, February 22 to Sunday, June 7.
Resumption on June 8.



Actions being taken at stores

■ For salespersons

- Masks provided to employees and part-time workers from mid-February
- Disinfectant solution provided to store staff
- Thorough physical condition management
 - Hand-washing, mask-wearing disinfection, daily temperature checks
 - and making people stay home if they are unwell
- Special holiday treatment during store closures

■ In-store measures after reopening

- Installation of plastic scatter-shield sheets at counters.
- Attaching stickers to mark spaces in the waiting line for customers



■ Rent, etc. exemption measures

Due to a significant drop in sales from March and the temporary closure of the store in April, expected rent was reduced by 8.9% in March and by 52.9% in April as a result of rent negotiations with the developer.

■ Status of the Sanrio online shops (in-house operations)

There were some shortages, etc. due to delays, etc. in new products and regular products (manufactured overseas).

Furthermore, due to a concentration of orders, deliveries also became unstable, and orders were suspended during a period in May.



Actions being taken at overseas subsidiaries

		Status of office locations	Actions		Topics
			Teleworking	Actions	
Europe	Germany	Germany :Lockdown from Mar 18 →Gradual easing Italy: Lockdown from Mar 9 →Gradual easing	Germany: Mar 17 – Jul 5. Milan: Mar 13 – Jul 5. Reopen with less than 50% employees in the office on Jul 6.	- Business travel suspended - Restrictions on visitors	Theme park in Moscow: temporally closed from Mar.15 to Jul 17. Resumption on Jul 18.
	UK (Mr. Men)	UK: Lockdown From March 23 to April 13 →Gradual easing from mid of May	London: Mar 23 - ongoing Hong Kong: reopen office on May 18.		
Americas	USA	California State: Lockdown from March 23	Office: Mar 23 - Store: Temporally closed from Mar 23 to Jun 11. Resumption on Jun 12.	Work started on May 13 with partial attendance (warehouses)	Online shop: Partial use of an advance reservation system
	Brazil	Sao Paulo: Declaration of state of emergency from March 24 to May31 Resumed accepting foreign visitors from end of July	Mar 24- July16 (temporally solution)	- Preparations to reopen offices underway - Waiting for instructions from authorities	
Asia	Hong Kong	Hong Kong: Severity level from Jan 25 →Measures to restrict entry into the country (ongoing)	- May 3. Normal business from May 4 ※Reduction in working hours from July 20.	- Overseas business trips prohibited - Deciding on response on a weekly basis	
	Taiwan	Taipei: All foreigners are banned from entering the country from March 19. →Easing under consideration (As of July)	- May 3. Normal business from May 4		
	South Korea	Seoul: Special immigration measures, etc. from Mar 19 (ongoing) →Domestic reconstruction campaign planned	- May 5. Normal business in principle from May 6		
	China	Shanghai: Quarantine for those entering the country, etc. from Mar28 (ongoing)	Lunar New Year- Mar 17 Normal business from Mar 18		Theme parks Anji: Resumption on May 1 Shimao: Resumption on May 30.

Note: All information in this material is based on data as of August 4, 2020.



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