



October 31, 2018

**Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2019 (FY2018)
(Six Months Ended September 30, 2018)**

[Japanese GAAP]

Company name: Sanrio Company, Ltd. Listed Stock Exchange: TSE 1st Section
 Stock code: 8136 URL: <http://www.sanrio.co.jp/english/corporate/ir/>
 Representative: Shintaro Tsuji, President and Chief Executive Officer
 Inquiries: Susumu Emori, Senior Managing Director TEL: +81-3-3779-8058
 Scheduled date of filing of Quarterly Report: November 14, 2018
 Starting date of dividend payment: November 20, 2018
 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 FY2018 (April 1, 2018 – September 30, 2018)

(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, 2018	28,272	(0.1)	2,158	(10.1)	2,730	2.5	1,516	(21.7)
Six months ended Sep. 30, 2017	28,299	(10.0)	2,401	(38.2)	2,664	(28.6)	1,935	(49.1)

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2018: 800 (down 64.1%)
 Six months ended Sep. 30, 2017: 2,230 (- %)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2018	17.87	-
Six months ended Sep. 30, 2017	22.81	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2018	95,716	52,262	54.3
As of Mar. 31, 2018	98,274	52,734	53.4

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2018: 52,005 As of Mar. 31, 2018: 52,491

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2017	-	40.00	-	15.00	55.00
FY2018	-	15.00			
FY2018 (forecast)			-	15.00	30.00

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

3. Consolidated Forecasts for FY2018 (April 1, 2018 – March 31, 2019)

(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	60,600	0.6	5,200	(9.3)	6,000	(0.3)	3,700	(24.9)	43.61

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, 2018:	89,065,301 shares	As of Mar. 31, 2018:	89,065,301 shares
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2) Number of shares of treasury stock at the end of the period

As of Sep. 30, 2018:	4,218,541 shares	As of Mar. 31, 2018:	4,218,473 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018:	84,846,798 shares	Six months ended Sep. 30, 2017:	84,847,075 shares
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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 “Qualitative Information on Quarterly Consolidated Financial Performance, Explanation of Consolidated Forecasts and Other Forward-looking Statements” of the attachments for forecast assumptions and notes of caution for usage.

Qualitative Information on Quarterly Consolidated Financial Performance

Explanation of Results of Operations

During the first half of the fiscal year under review (overseas: January 1 to June 30, 2018; within Japan: April 1 to September 30, 2018), domestically the theme park business performed well, especially at Sanrio Puroland in Tama City, Tokyo, where the Marchen Theater's Kawaii Kabuki–Momotaro by the Hello Kitty Troup and the Fairyland Theater's new musical Memory Boys–Store Selling Memories, which performed from the end of June 2018, proved especially popular. In the product sales business, successive natural disasters caused by typhoons and earthquakes negatively affected customer numbers due to such factors as a reduction in overseas visitors to Japan and a suspension of store business in some areas. Overseas, in Asia royalty income from China, Hong Kong, and Macao was steady but results from Europe and the U.S. remained poor and we are continuing to take recovery measures.

As a result, although sales decreased only slightly, falling 0.1% year-on-year to 28.2 billion yen, operating profit fell 10.1% to 2.1 billion yen due to increases in the cost of sales and in selling, general and administrative expenses. Ordinary profit rose 2.5% to 2.7 billion yen, mainly due to recording a 0.2 billion yen gain on investments in partnership as non-operating profit, while net profit attributable to owners of parent fell 21.7% to 1.5 billion yen after accounting for the following: an extraordinary gain of 0.4 billion yen on sales of investment securities; an extraordinary loss of 0.4 billion yen on valuation of investment securities; expenses of 0.2 billion yen as business structure improvement expenses for restructuring the U.S. subsidiary; and a total of 0.8 billion yen in income taxes.

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 2018.

Reportable Segment

(100 millions of yen)

	First six months of	Sales				Segment profit (operating profit)			
		FY2017	FY2018	Increase/ decrease	Change (%)	FY2017	FY2018	Increase/ decrease	Change (%)
Japan	Product sales/others	168	168	(0)	(0.2)	17	16	(1)	(9.2)
	Royalties	45	47	1	3.1				
	Total	214	215	1	0.5				
Europe	Product sales/others	0	0	(0)	(12.1)	(1)	(0)	0	-
	Royalties	10	10	0	0.3				
	Total	10	10	0	0.2				
North America	Product sales/others	5	4	(0)	(5.1)	(4)	(5)	(0)	-
	Royalties	8	7	(0)	(11.2)				
	Total	13	12	(1)	(8.8)				
Latin America	Product sales/others	0	0	0	116.2	0	0	(0)	(82.0)
	Royalties	4	2	(1)	(37.5)				
	Total	4	2	(1)	(36.1)				
Asia	Product sales/others	4	5	1	36.8	15	15	0	0.1
	Royalties	36	36	(0)	(0.2)				
	Total	40	42	1	3.5				
Adjustment		-	-	-	-	(4)	(4)	0	-
Consolidated	Product sales/others	177	178	0	0.5	24	21	(2)	(10.1)
	Royalties	105	103	(1)	(1.2)				
	Total	282	282	(0)	(0.1)				

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.

Explanation of Consolidated Forecasts and Other Forward-looking Statements

As announced on May 11, 2018, Sanrio started a three-year medium-term management plan “Marketing Innovation Project 2021” in the current fiscal year. We will take various actions in accordance with this plan in order to “become a strategic global company operating a Social Communication Gift Business.”

Regarding the results for the first half, although difficult conditions prevail in each region, we aim to meet the first-year and final-year targets for operating profit and are continuing to implement each measure of the medium-term management plan.

Accordingly, regarding the full-year consolidated forecasts announced on May 11, 2018, while operating profit remains unchanged, assessment values have changed for ordinary profit based on non-operating and extraordinary profit/loss performances and for net profit attributable to owners of parent. Nevertheless, we plan to maintain annual dividends of 30 yen, paid out as interim and year-end dividends of 15 yen per share each in line with the initial announcement.

Reference: Overseas Sales and Profits for the Past Six-month Periods by Area

(Millions of yen)

Six months ended		Sales to customers					Operating profit				
		Sep. 2016	Sep. 2017	Change (%)	Sep. 2018	Change (%)	Sep. 2016	Sep. 2017	Change (%)	Sep. 2018	Change (%)
North America	U.S.A.	2,076	1,336	(35.6)	1,218	(8.8)	(311)	(463)	-	(512)	-
Latin America	Brazil/Chile	484	448	(7.5)	286	(36.1)	149	69	(53.5)	12	(82.0)
Asia	Hong Kong	1,656	1,421	(14.2)	1,315	(7.5)	564	530	(6.0)	502	(5.2)
	Taiwan	773	640	(17.1)	744	16.2	250	217	(12.9)	231	6.1
	South Korea	496	446	(10.2)	435	(2.5)	103	112	8.7	95	(14.9)
	China	1,594	1,559	(2.2)	1,715	10.0	654	713	9.1	746	4.6
	Subtotal	4,521	4,068	(10.0)	4,210	3.5	1,572	1,574	0.1	1,575	0.1
Europe	Germany	1,459	810	(44.4)	828	2.2	218	(52)	-	5	-
	Britain	223	201	(9.5)	185	(8.1)	(28)	(58)	-	(104)	-
	Subtotal	1,682	1,012	(39.8)	1,013	0.2	189	(111)	-	(99)	-
Total		8,764	6,865	(21.7)	6,728	(2.0)	1,600	1,069	(33.2)	977	(8.6)

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

(Millions of yen)

	FY2017 (As of Mar. 31, 2018)	Second quarter of FY2018 (As of Sep. 30, 2018)
Assets		
Current assets		
Cash and deposit	44,290	42,993
Trade notes and accounts receivable	7,824	6,335
Merchandise and finished goods	4,069	4,275
Work in process	26	58
Raw materials and supplies	116	163
Other accounts receivable	880	688
Other	737	665
Allowance for doubtful accounts	(74)	(79)
Total current assets	57,871	55,102
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	5,876	5,658
Land	8,487	8,479
Other, net	2,065	2,030
Total tangible fixed assets	16,430	16,167
Intangible fixed assets	3,905	3,638
Investments and other assets		
Investment securities	11,513	12,986
Deferred tax assets	2,890	2,458
Other	6,934	6,550
Allowance for doubtful accounts	(1,305)	(1,226)
Total investments and other assets	20,033	20,769
Total fixed assets	40,368	40,575
Deferred assets	33	38
Total assets	98,274	95,716
Liabilities		
Current liabilities		
Trade notes and accounts payable	4,563	4,625
Short-term borrowings	6,737	6,581
Accrued income taxes	1,564	761
Allowance for bonuses	491	511
Reserve for adjustment of returned goods	94	79
Provision for shareholder benefit program	50	35
Provision for point card certificates	90	89
Provision for business structure improvement	-	293
Other	10,914	9,849
Total current liabilities	24,506	22,826
Long-term liabilities		
Corporate bonds	3,263	2,696
Long-term borrowings	7,523	8,479
Net defined benefit liability	6,149	5,389
Other	4,097	4,061
Total long-term liabilities	21,033	20,627
Total liabilities	45,539	43,453

	(Millions of yen)	
	FY2017	Second quarter of FY2018
	(As of Mar. 31, 2018)	(As of Sep. 30, 2018)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	53,779	54,023
Treasury stock	(11,789)	(11,790)
Total shareholder's equity	55,413	55,657
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(219)	504
Deferred hedge gain (loss)	(2)	1
Foreign currency translation adjustments	247	(1,553)
Remeasurements of defined benefit plans	(2,947)	(2,603)
Total accumulated other comprehensive income	(2,921)	(3,651)
Non-controlling interests	243	257
Total net assets	52,734	52,262
Total liabilities and net assets	98,274	95,716

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

	(Millions of yen)	
	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)
Sales	28,299	28,272
Cost of sales	9,788	9,946
Gross profit	18,510	18,326
Provision for sales returns	10	-
Reversal of provision for sales returns	-	15
Net gross profit on sales	18,500	18,341
Selling, general and administrative expenses	16,098	16,182
Operating profit	2,401	2,158
Non-operating profit		
Interest income	237	224
Dividend income	110	107
Foreign exchange gains	27	83
Gain on investments in partnership	-	242
Other	110	128
Total non-operating profit	486	785
Non-operating expenses		
Interest expense	91	54
Commission fee	71	141
Loss on investments in partnership	42	-
Other	18	17
Total non-operating expenses	224	214
Ordinary profit	2,664	2,730
Extraordinary gains		
Gain on sales of fixed assets	3	-
Gain on sales of investment securities	288	454
Total extraordinary gains	291	454
Extraordinary losses		
Loss on disposal of fixed assets	13	3
Loss on valuation of investment securities	-	448
Impairment loss	14	9
Business structure improvement expenses	-	289
Other	-	15
Total extraordinary losses	27	766
Net profit before income taxes	2,928	2,418
Income taxes – current	1,067	915
Income taxes – deferred	(94)	(34)
Total income taxes	972	881
Net profit	1,955	1,537
Net profit attributable to non-controlling interests	19	20
Net profit attributable to owners of parent	1,935	1,516

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

(Millions of yen)

	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)	First six months of FY2018 (Apr. 1, 2018 – Sep. 30, 2018)
Net profit	1,955	1,537
Other comprehensive income		
Net unrealized gain (loss) on other securities	290	723
Deferred hedge gain (loss)	3	3
Foreign currency translation adjustments	(339)	(1,806)
Remeasurements of defined benefit plans, net of tax	320	343
Total other comprehensive income	275	(736)
Comprehensive income	2,230	800
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,219	786
Comprehensive income attributable to non-controlling interests	10	14

Segment and Other Information**I. First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)****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	21,433	1,012	1,336	448	4,068	28,299	-	28,299
(Royalty income)	(4,576)	(1,000)	(817)	(444)	(3,664)	(10,504)	(-)	(10,504)
Inter-segment	2,859	15	2	0	770	3,649	(3,649)	-
(Royalty income)	(2,742)	(15)	(-)	(-)	(0)	(2,758)	((2,758))	(-)
Total	24,292	1,028	1,338	449	4,839	31,948	(3,649)	28,299
Segment profit (loss)	1,776	(111)	(463)	69	1,574	2,845	(443)	2,401

Notes: 1. The minus 443 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 FY2018 (Apr. 1, 2018 – Sep. 30, 2018)**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	21,544	1,013	1,218	286	4,210	28,272	-	28,272
(Royalty income)	(4,718)	(1,003)	(726)	(278)	(3,656)	(10,382)	(-)	(10,382)
Inter-segment	2,773	14	2	0	573	3,364	(3,364)	-
(Royalty income)	(2,617)	(14)	(-)	(-)	(0)	(2,632)	((2,632))	(-)
Total	24,317	1,028	1,220	286	4,784	31,637	(3,364)	28,272
Segment profit (loss)	1,613	(99)	(512)	12	1,575	2,590	(431)	2,158

Notes: 1. The minus 431 million yen adjustment to segment profit (loss) is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

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

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

Detailed explanations are omitted due to immateriality of the amount.

This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.