February 14, 2017

Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2017 (FY2016) (Nine Months Ended December 31, 2016)

[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
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Scheduled date of filing of Quarterly Report: February 14, 2017
Starting date of dividend payment: -
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Third Quarter of FY2016 (April 1, 2016 – December 31, 2016)

(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	%
Nine months ended Dec. 31, 2016	47,153	(14.4)	6,012	(42.3)	6,338	(40.6)	5,778	(26.9)
Nine months ended Dec. 31, 2015	55,092	(1.2)	10,422	(25.4)	10,676	(28.4)	7,899	(22.2)

Note: Comprehensive income (millions of yen) Nine months ended Dec. 31, 2016: (77) (- %)
Nine months ended Dec. 31, 2015: 5,205 (down 50.6%)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Nine months ended Dec. 31, 2016	68.10	-
Nine months ended Dec. 31, 2015	91.85	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Dec. 31, 2016	99,317	47,706	47.9
As of Mar. 31, 2016	105,826	54,733	51.4

Reference: Shareholders' equity (millions of yen) As of Dec. 31, 2016: 47,538 As of Mar. 31, 2016: 54,407

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2015	-	40.00	-	40.00	80.00
FY2016	-	40.00	-		
FY2016 (forecast)				40.00	80.00

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

3. Consolidated Forecasts for FY2016 (April 1, 2016 – March 31, 2017)

(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	66,400	(8.4)	9,400	(25.8)	9,400	(28.7)	8,000	(16.7)	94.29

Note: Revisions to the most recently announced consolidated forecasts: None

*** 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: 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 stock)

As of Dec. 31, 2016:	89,065,301 shares	As of Mar. 31, 2016:	89,065,301 shares

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

As of Dec. 31, 2016:	4,218,122 shares	As of Mar. 31, 2016:	4,218,056 shares

3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	84,847,228 shares	Nine months ended Dec. 31, 2015:	86,000,486 shares

Note 1: Information regarding the implementation of quarterly review procedures

The current quarterly financial statements in this summary are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the review procedures for these quarterly financial statements have not been completed.

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 nine months of the fiscal year under review (overseas: January 1 to September 30, 2016; within Japan: April 1 to December 31, 2016), overseas business underperformed the previous year as buoyant expansion in the South East Asia and Chinese markets proved unable to compensate for the continuing downturn in product licensing income in the United States and Europe. The domestic business was affected by unseasonal weather and a hike in customs duties implemented by the Chinese government in April, leading to a cooling of the retail market for inbound tourists. Additionally, consumption trends moving from products to events and attractions are making the prospects for consumption more uncertain than ever.

Under these conditions, sales and profits both fell. In Japan, in addition to the high-performing events and attractions business at the Tama City theme park, the new market ventures, especially Sanrio Danshi (boys) and Aggressive Retsuko, and the characters Show By Rock!!, Gudetama and Pom Pom Purin (which ranked No. 1 in the Sanrio Character Awards for the second consecutive year) demonstrated the popularity. Sales fell 14.4% year-on-year to 47.1 billion yen and operating profit 42.3% to 6.0 billion yen, ordinary profit 40.6% to 6.3 billion yen, and net profit before income taxes fell 40.2% year-on-year to 6.8 billion yen. After factoring in a 0.8 billion yen gain on sales of investment securities amid a buoyant stock market the previous fiscal year, the gain was limited to 0.4 billion yen in the current first nine months. Following the decision to make corrections in prior periods, refund of income taxes amounted to 1.1 billion yen. Accordingly, net profit attributable to owners of parent fell 26.9% year-on-year to 5.7 billion yen.

Reportable Segment (100 millions of yen)

	First nine months of	Sales				Segment profit (operating profit)			
		FY2015	FY2016	Increase/ decrease	Change %	FY2015	FY2016	Increase/ decrease	Change %
Japan	Product sales/others	300	274	(26)	(8.7)	70	46	(24)	(34.7)
	Royalties	82	73	(8)	(10.2)				
	Total	383	348	(34)	(9.0)				
Europe	Product sales/others	0	0	(0)	(54.5)	9	(3)	(12)	-
	Royalties	44	22	(21)	(49.1)				
	Total	44	22	(22)	(49.1)				
North America	Product sales/others	10	9	(1)	(10.8)	0	(3)	(4)	-
	Royalties	33	20	(12)	(38.0)				
	Total	44	30	(13)	(31.7)				
Latin America	Product sales/others	0	0	0	581.5	2	1	(0)	(34.2)
	Royalties	9	7	(2)	(27.8)				
	Total	9	7	(2)	(27.6)				
Asia	Product sales/others	17	8	(8)	(48.8)	24	22	(1)	(7.1)
	Royalties	51	53	2	4.8				
	Total	68	62	(5)	(8.6)				
Adjustment		-	-	-	-	(3)	(3)	0	-
Consolidated	Product sales/others	328	292	(36)	(11.0)	104	60	(44)	(42.3)
	Royalties	221	178	(43)	(19.5)				
	Total	550	471	(79)	(14.4)				

Note: Regional subsidiaries overseas pay the amount of royalties commensurate as the cost of sales while the Japanese parent company (the copyright holder) calculates this income as sales. Because consolidated transactions are eliminated, however, these are not included in Japan's sales figures as 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

Regarding the overseas business, an upturn in the profit and loss situation in Europe and the Americas has been slow to appear, making the current situation more severe than at the time of the revised plan formulated when the first half results were announced in November 2016. In addition, in Hong Kong, South Korea, and Taiwan, the decline in consumption due to the fall in overseas tourist numbers is casting a shadow over the economy. Meanwhile, in mainland China and ASEAN, product and promotional licenses for multiple characters are performing well and contributing to earnings. In the theme parks business in Japan, although the number of visitors has not yet reached the year-on-year and projected ratios at Harmony Land in Oita prefecture, where the impact of the earthquake that struck Kumamoto in April 2016 lingers, Sanrio Puroland in Tama City, Tokyo has been achieving double-digit growth. In the domestic product sales business, the fall in the number of tourists visiting Japan and the amounts purchased have levelled off and bright signs have appeared. The yen's depreciation on foreign exchange markets is expected to play a positive role in the consumption activities of tourists visiting Japan. In addition, after taking into account a refund of income taxes amounting to ¥ 1.1 billion in the current fiscal year due to a decision on the correction of the prior periods' income, the Company plans to pay a year-end dividend of 40 yen per share as planned.

Reference: Overseas Sales and Profits for the Past Nine-month Periods by Area (Millions of yen)

		Sales to customers					Operating profit				
Areas	Nine months ended	Dec. 2014	Dec. 2015	Change (%)	Dec. 2016	Change (%)	Dec. 2014	Dec. 2015	Change (%)	Dec. 2016	Change (%)
North America	U.S.A.	6,595	4,417	(33.0)	3,018	(31.7)	1,630	89	(94.5)	(328)	-
Latin America	Brazil/Chile	1,457	995	(31.7)	721	(27.6)	477	276	(42.2)	181	(34.2)
Asia	Hong Kong	2,903	2,796	(3.7)	2,443	(12.6)	688	841	22.1	858	2.1
	Taiwan	1,036	1,302	25.8	1,136	(12.8)	357	427	19.4	367	(14.0)
	South Korea	809	844	4.3	715	(15.3)	298	228	(23.5)	161	(29.2)
	China	783	1,922	145.4	1,981	3.1	661	929	40.6	866	(6.8)
	Subtotal	5,533	6,867	24.1	6,277	(8.6)	2,006	2,426	20.9	2,254	(7.1)
Europe	Germany	5,955	4,034	(32.3)	1,951	(51.6)	1,806	893	(50.5)	(291)	-
	Britain	517	460	(11.2)	334	(27.4)	172	57	(66.7)	(50)	-
	Subtotal	6,473	4,494	(30.6)	2,285	(49.1)	1,979	951	(51.9)	(341)	-
Total		20,059	16,774	(16.4)	12,302	(26.7)	6,094	3,743	(38.6)	1,766	(52.8)

Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	Third quarter of FY2016 (As of Dec. 31, 2016)
Assets		
Current assets		
Cash and deposit	41,080	39,773
Trade notes and accounts receivable	9,433	8,156
Merchandise and finished goods	4,158	4,835
Work in process	14	44
Raw materials and supplies	128	154
Other accounts receivable	1,326	1,119
Other	1,802	1,556
Allowance for doubtful accounts	(186)	(86)
Total current assets	57,757	55,553
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	6,909	6,617
Land	9,878	9,629
Other, net	1,957	2,001
Total tangible fixed assets	18,744	18,248
Intangible fixed assets	5,200	4,283
Investments and other assets		
Investment securities	11,980	11,752
Deferred tax assets	4,530	3,679
Other	9,576	7,447
Allowance for doubtful accounts	(2,026)	(1,703)
Total investments and other assets	24,060	21,176
Total fixed assets	48,006	43,708
Deferred assets	62	55
Total assets	105,826	99,317
Liabilities		
Current liabilities		
Trade notes and accounts payable	5,019	5,593
Short-term borrowings	5,600	7,723
Accrued income taxes	998	554
Allowance for bonuses	510	146
Provision for point card certificates	100	108
Provision for shareholder benefit program	54	-
Reserve for adjustment of returned goods	55	66
Other	10,683	9,723
Total current liabilities	23,022	23,916
Long-term liabilities		
Corporate bonds	5,225	5,385
Long-term borrowings	7,516	7,926
Net defined benefit liability	12,161	11,059
Other	3,166	3,324
Total long-term liabilities	28,070	27,694
Total liabilities	51,092	51,611

(Millions of yen)

	FY2015 (As of Mar. 31, 2016)	Third quarter of FY2016 (As of Dec. 31, 2016)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	55,950	54,941
Treasury stock	(11,789)	(11,789)
Total shareholder's equity	57,585	56,575
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(369)	293
Deferred hedge gain (loss)	(39)	(4)
Foreign currency translation adjustments	2,458	(4,757)
Remeasurements of defined benefit plans	(5,227)	(4,568)
Total accumulated other comprehensive income	(3,177)	(9,036)
Stock acquisition rights	162	-
Non-controlling interests	164	167
Total net assets	54,733	47,706
Total liabilities and net assets	105,826	99,317

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements
(For the Nine-month Period)

(Millions of yen)

	First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)
Sales	55,092	47,153
Cost of sales	18,911	16,378
Gross profit	36,180	30,775
Reversal from reserve for adjustment of returned goods	19	11
Net gross profit on sales	36,161	30,764
Selling, general and administrative expenses	25,739	24,751
Operating profit	10,422	6,012
Non-operating profit		
Interest income	330	338
Dividend income	146	110
Foreign exchange gains	28	-
Other income	194	220
Total non-operating profit	700	669
Non-operating expenses		
Interest expense	193	160
Foreign exchange loss	-	32
Commission fee	176	91
Other	75	59
Total non-operating expenses	445	344
Ordinary profit	10,676	6,338
Extraordinary gains		
Gain on sales of fixed assets	0	0
Gain on sales of investment securities	834	439
Gain on reversal of stock acquisition rights	-	162
Total extraordinary gains	835	602
Extraordinary losses		
Loss on disposal of fixed assets	21	33
Impairment loss	8	24
Other	-	13
Total extraordinary losses	30	72
Net profit before income taxes	11,481	6,867
Income taxes – current	3,110	1,884
Refund of income taxes	-	(1,125)
Income taxes – deferred	442	299
Total income taxes	3,553	1,058
Net profit	7,928	5,809
Net profit attributable to non-controlling interests	28	31
Net profit attributable to owners of parent	7,899	5,778

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

(Millions of yen)

	First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)	First nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)
Net profit	7,928	5,809
Other comprehensive income		
Net unrealized gain (loss) on other securities	(206)	662
Deferred hedge gain (loss)	(24)	35
Foreign currency translation adjustments	(2,770)	(7,244)
Remeasurements of defined benefit plans, net of tax	279	659
Total other comprehensive income	(2,722)	(5,887)
Comprehensive income	5,205	(77)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,176	(80)
Comprehensive income attributable to non-controlling interests	29	3

Segment and Other Information

I. First nine months of FY2015 (Apr. 1, 2015 – Dec. 31, 2015)

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	38,318	4,494	4,417	995	6,867	55,092	-	55,092
(Royalty income)	(8,219)	(4,446)	(3,385)	(995)	(5,153)	(22,199)	(-)	(22,199)
Inter-segment	6,648	59	13	8	1,945	8,674	(8,674)	-
(Royalty income)	(6,334)	(59)	(-)	(-)	(29)	(6,422)	((6,422))	(-)
Total	44,966	4,553	4,430	1,004	8,812	63,767	(8,674)	55,092
Segment profit	7,071	951	89	276	2,426	10,814	(392)	10,422

Notes: 1. The minus 392 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 nine months of FY2016 (Apr. 1, 2016 – Dec. 31, 2016)

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	34,850	2,285	3,018	721	6,277	47,153	-	47,153
(Royalty income)	(7,380)	(2,264)	(2,098)	(718)	(5,399)	(17,861)	(-)	(17,861)
Inter-segment	5,616	35	4	3	1,258	6,917	(6,917)	-
(Royalty income)	(5,487)	(35)	(-)	(-)	(1)	(5,524)	((5,524))	(-)
Total	40,467	2,321	3,022	724	7,535	54,070	(6,917)	47,153
Segment profit (loss)	4,618	(341)	(328)	181	2,254	6,385	(372)	6,012

Notes: 1. The minus 372 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.