November 1, 2017

Summary of Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2018 (FY2017) (Six Months Ended September 30, 2017)

[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/
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Scheduled date of filing of Quarterly Report: November 14, 2017
Starting date of dividend payment: November 20, 2017
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 FY2017 (April 1, 2017 – September 30, 2017)

(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, 2017	28,299	(10.0)	2,401	(38.2)	2,664	(28.6)	1,935	(49.1)
Six months ended Sep. 30, 2016	31,451	(11.3)	3,887	(45.8)	3,729	(48.6)	3,804	(29.6)

Note: Comprehensive income (millions of yen) Six months ended Sep. 30, 2017: 2,230 (- %)
Six months ended Sep. 30, 2016: (2,675) (- %)

	Net Profit per Share	Fully-Diluted Net Profit per Share
	Yen	Yen
Six months ended Sep. 30, 2017	22.81	-
Six months ended Sep. 30, 2016	44.83	-

(2) Consolidated financial position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of Sep. 30, 2017	100,827	51,895	51.3
As of Mar. 31, 2017	101,312	53,058	52.2

Reference: Shareholders' equity (millions of yen) As of Sep. 30, 2017: 51,680 As of Mar. 31, 2017: 52,854

2. Dividends

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY2016	-	40.00	-	40.00	80.00
FY2017	-	40.00			
FY2017 (forecast)			-	15.00	55.00

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

3. Consolidated Forecasts for FY2017 (April 1, 2017 – March 31, 2018)

(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	60,300	(3.8)	6,300	(8.8)	6,600	(9.0)	4,800	(25.9)	56.57

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: 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, 2017:	89,065,301 shares	As of Mar. 31, 2017:	89,065,301 shares

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

As of Sep. 30, 2017:	4,218,248 shares	As of Mar. 31, 2017:	4,218,168 shares

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017:	84,847,075 shares	Six months ended Sep. 30, 2016:	84,847,235 shares

Note 1: The current quarterly financial report is not subject to quarterly review procedures.

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, 2017; within Japan: April 1 to September 30, 2017), while the Asian market centered on China performed strongly, the downturn in Europe and the United States continued. In Japan, in addition to a restrained consumer spending trend, consumption from inbound foreign tourists was limited to big city areas while the slump in regional consumption persisted.

Under these conditions, regarding domestic business, we have expanded unitization of interior design to cafeteria and restrooms at companies as new character license markets as well as posting strong performances from theme parks and collaborative product planning with other-company characters. Moreover, this year, in addition to implementing multiple character developments including those for Cinnamoroll, which debuted 15 years ago, and characters reproduced from the 1980s such as Pochacco and Kero Kero Keroppi in Japan, we have proceeded with character diversification as hello sanrio in the Europe and the United States. However, sales fell 10.0% year-on-year to 28.2 billion yen and operating profit 38.2% to 2.4 billion yen.

Ordinary profit was 2.6 billion yen (down 28.6% year-on-year), as the foreign exchange loss of 0.3 billion yen in the same period last year did not reoccur. Net profit before income taxes fell 22.4% year-on-year to 2.9 billion yen due to a 0.2 billion yen gain on the sale of investment securities. Net profit attributable to owners of parent fell 49.1% year-on-year to 1.9 billion yen. The rate of decline in net profit before income taxes grew year-on-year due to factors including accounting of refund of income taxes of 1.1 billion yen following a request for correction against prior-year income in the same period of the previous fiscal year.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, first half under review for these subsidiaries covers the period from January to June 2017.

Reportable Segment (100 millions of yen)

	First six months of	Sales				Segment profit (operating profit)			
		FY2016	FY2017	Increase/ decrease	Change (%)	FY2016	FY2017	Increase/ decrease	Change (%)
Japan	Product sales/others	178	168	(9)	(5.4)%	27	17	(9)	(34.8)%
	Royalties	48	45	(2)	(6.1)%				
	Total	226	214	(12)	(5.5)%				
Europe	Product sales/others	0	0	0	85.3%	1	(1)	(3)	-
	Royalties	16	10	(6)	(40.3)%				
	Total	16	10	(6)	(39.8)%				
North America	Product sales/others	6	5	(1)	(19.3)%	(3)	(4)	(1)	-
	Royalties	14	8	(6)	(43.0)%				
	Total	20	13	(7)	(35.6)%				
Latin America	Product sales/others	0	0	0	222.6%	1	0	(0)	(53.5)%
	Royalties	4	4	(0)	(8.1)%				
	Total	4	4	(0)	(7.5)%				
Asia	Product sales/others	7	4	(3)	(46.6)%	15	15	0	0.1%
	Royalties	37	36	(0)	(2.6)%				
	Total	45	40	(4)	(10.0)%				
Adjustment		-	-	-	-	(4)	(4)	(0)	-
Consolidated	Product sales/others	192	177	(14)	(7.4)%	38	24	(14)	(38.2)%
	Royalties	122	105	(17)	(14.1)%				
	Total	314	282	(31)	(10.0)%				

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.

Explanation of Consolidated Forecasts and Other Forward-looking Statements

In the domestic theme park business, Sanrio Puroland in Tama City saw buoyant visitor numbers and customer traffic has recovered steadily in Harmony Land in Oita Prefecture since the Kumamoto earthquake of April 2016. Meanwhile, in the domestic licensing business, some high-performing product planning including collaborations with other-company characters is contributing to business results. However, consumer spending has been weak, especially in the regions, and license income has fallen along with declining sales at brick-and-mortar stores due to a sharp shift toward online shopping in North America. As a result of such factors, consolidated business results for the full year will fall significantly short of the initial plan. After comprehensive consideration of this situation, on October 10 we have announced a downward revision of the business and dividend forecasts announced on May 12, 2017.

Revision of the full-year consolidated business forecast figures and dividend forecasts announced on October 10, 2017

Full-year consolidated business forecasts for FY2017 (April 1, 2017 – March 31, 2018)

	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
Previous forecast (A) (announced on May 12, 2017)	65,700	10,800	11,200	7,800	91.93
Revised forecast (B) (announced on Oct. 10, 2017)	60,300	6,300	6,600	4,800	56.57
Difference (B-A)	(5,400)	(4,500)	(4,600)	(3,000)	-
Change (%)	(8.2)	(41.7)	(41.1)	(38.5)	-
(Reference) FY2016 results (Fiscal year ended Mar. 31, 2017)	62,695	6,904	7,255	6,475	76.32

Dividend forecasts

	Dividend per Share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Previous forecast (announced on May 12, 2017)	-	40.00	-	40.00	80.00
Revised forecast (announced on Oct. 10, 2017)	-	40.00	-	15.00	55.00
FY2016 results (Fiscal year ended Mar. 31, 2017)	-	40.00	-	40.00	80.00

The 2Q-end dividend will be 40 yen per share in line with the initial plans, and the year-end dividend per share will be 15 yen at the current forecast. We consider distributing earnings to shareholders to be one of the Sanrio Group's highest priorities, and we pay dividends that reflect the consolidated performance. We also intend to determine the dividend sum considering stable dividends as important management items for our shareholders.

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

Areas	Six months ended	Sales to customers					Operating profit				
		Sep. 2015	Sep. 2016	Change (%)	Sep. 2017	Change (%)	Sep. 2015	Sep. 2016	Change (%)	Sep. 2017	Change (%)
North America	U.S.A.	3,000	2,076	(30.8)	1,336	(35.6)	207	(311)	-	(463)	-
Latin America	Brazil/Chile	672	484	(27.9)	448	(7.5)	173	149	(13.8)	69	(53.5)
Asia	Hong Kong	1,807	1,656	(8.3)	1,421	(14.2)	507	564	11.2	530	(6.0)
	Taiwan	899	773	(14.0)	640	(17.1)	299	250	(16.4)	217	(12.9)
	South Korea	616	496	(19.4)	446	(10.2)	180	103	(42.5)	112	8.7
	China	1,362	1,594	17.0	1,559	(2.2)	655	654	(0.1)	713	9.1
	Subtotal	4,685	4,521	(3.5)	4,068	(10.0)	1,641	1,572	(4.2)	1,574	0.1
Europe	Germany	2,917	1,459	(50.0)	810	(44.4)	721	218	(69.8)	(52)	-
	Britain	339	223	(34.2)	201	(9.5)	69	(28)	-	(58)	-
	Subtotal	3,256	1,682	(48.4)	1,012	(39.8)	791	189	(76.1)	(111)	-
Total		11,615	8,764	(24.5)	6,865	(21.7)	2,813	1,600	(43.1)	1,069	(33.2)

Quarterly Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2016 (As of Mar. 31, 2017)	Second quarter of FY2017 (As of Sep. 30, 2017)
Assets		
Current assets		
Cash and deposit	41,172	42,313
Trade notes and accounts receivable	7,698	7,186
Merchandise and finished goods	4,176	4,314
Work in process	16	22
Raw materials and supplies	114	159
Other accounts receivable	1,442	960
Other	1,867	1,862
Allowance for doubtful accounts	(192)	(199)
Total current assets	56,295	56,619
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	6,692	6,456
Land	9,819	9,773
Other, net	2,027	2,004
Total tangible fixed assets	18,539	18,234
Intangible fixed assets	4,715	4,589
Investments and other assets		
Investment securities	12,135	12,162
Deferred tax assets	3,619	3,484
Other	7,948	7,638
Allowance for doubtful accounts	(1,991)	(1,945)
Total investments and other assets	21,711	21,339
Total fixed assets	44,967	44,163
Deferred assets	49	44
Total assets	101,312	100,827
Liabilities		
Current liabilities		
Trade notes and accounts payable	3,911	4,653
Short-term borrowings	9,561	8,604
Accrued income taxes	919	891
Allowance for bonuses	501	499
Provision for point card certificates	97	91
Provision for shareholder benefit program	58	44
Reserve for adjustment of returned goods	68	78
Other	9,706	11,094
Total current liabilities	24,824	25,958
Long-term liabilities		
Corporate bonds	5,170	3,730
Long-term borrowings	5,085	6,734
Net defined benefit liability	9,844	9,140
Other	3,330	3,369
Total long-term liabilities	23,429	22,974
Total liabilities	48,253	48,932

(Millions of yen)

	FY2016 (As of Mar. 31, 2017)	Second quarter of FY2017 (As of Sep. 30, 2017)
Net assets		
Shareholders' equity		
Capital	10,000	10,000
Capital surplus	3,423	3,423
Retained earnings	55,638	54,180
Treasury stock	(11,789)	(11,789)
Total shareholder's equity	57,272	55,814
Accumulated other comprehensive income		
Net unrealized gain (loss) on other securities	(106)	183
Deferred hedge gain (loss)	(5)	(2)
Foreign currency translation adjustments	(549)	(879)
Remeasurements of defined benefit plans	(3,756)	(3,435)
Total accumulated other comprehensive income	(4,418)	(4,134)
Non-controlling interests	204	214
Total net assets	53,058	51,895
Total liabilities and net assets	101,312	100,827

(2) Consolidated Income Statements and Consolidated Comprehensive Income Statements

Consolidated Income Statements
(For the Six-month Period)

(Millions of yen)

	First six months of FY2016 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)
Sales	31,451	28,299
Cost of sales	10,893	9,788
Gross profit	20,558	18,510
Reversal from reserve for adjustment of returned goods	6	10
Net gross profit on sales	20,552	18,500
Selling, general and administrative expenses	16,665	16,098
Operating profit	3,887	2,401
Non-operating profit		
Interest income	222	237
Dividend income	103	110
Foreign exchange gains	-	27
Other	137	110
Total non-operating profit	463	486
Non-operating expenses		
Interest expense	107	91
Foreign exchange loss	367	-
Commission fee	57	71
Loss on investments in partnership	54	42
Other	33	18
Total non-operating expenses	621	224
Ordinary profit	3,729	2,664
Extraordinary gains		
Gain on sales of fixed assets	-	3
Gain on sales of investment securities	104	288
Total extraordinary gains	104	291
Extraordinary losses		
Loss on disposal of fixed assets	25	13
Impairment loss	20	14
Other	14	-
Total extraordinary losses	59	27
Net profit before income taxes	3,773	2,928
Income taxes – current	1,177	1,067
Refund of income taxes	(1,125)	-
Income taxes – deferred	(103)	(94)
Total income taxes	(51)	972
Net profit	3,825	1,955
Net profit attributable to non-controlling interests	21	19
Net profit attributable to owners of parent	3,804	1,935

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

(Millions of yen)

	First six months of FY2016 (Apr. 1, 2016 – Sep. 30, 2016)	First six months of FY2017 (Apr. 1, 2017 – Sep. 30, 2017)
Net profit	3,825	1,955
Other comprehensive income		
Net unrealized gain (loss) on other securities	(311)	290
Deferred hedge gain (loss)	(0)	3
Foreign currency translation adjustments	(6,628)	(339)
Remeasurements of defined benefit plans, net of tax	439	320
Total other comprehensive income	(6,501)	275
Comprehensive income	(2,675)	2,230
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,672)	2,219
Comprehensive income attributable to non-controlling interests	(3)	10

Segment and Other Information

I. First six months of FY2016 (Apr. 1, 2016 – Sep. 30, 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	22,687	1,682	2,076	484	4,521	31,451	-	31,451
(Royalty income)	(4,874)	(1,675)	(1,433)	(483)	(3,763)	(12,231)	(-)	(12,231)
Inter-segment	3,328	26	3	2	791	4,153	(4,153)	-
(Royalty income)	(3,245)	(26)	(-)	(-)	(1)	(3,274)	((3,274))	(-)
Total	26,015	1,709	2,080	487	5,313	35,605	(4,153)	31,451
Segment profit (loss)	2,723	189	(311)	149	1,572	4,323	(435)	3,887

Notes: 1. The minus 435 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 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.

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.