October 31, 2018

To Whom It May Concern

Company Name: Sanrio Company, Ltd.
President and Chief Executive Officer: Shintaro Tsuji
Securities Code: 8136, First Section of Tokyo Stock Exchange
Inquiries: Susumu Emori, Senior Managing Director
Tel.: +81-3-3779-8058

Notice Concerning Differences Between Earnings Forecasts and Results for the Cumulative Consolidated Second Quarter and Revision of Fiscal Year Earnings Forecasts

Sanrio Company, Ltd. results for the second quarter of the fiscal year ending March 2019, announced today, differ from our earnings forecast as published on May 11, 2018.

In response, we have revised our earnings forecast for the fiscal year ending March 2019.

1. Differences Between Consolidated Forecast and Results for the Six Months Ended September 30, 2018 (April 1, 2018 to September 30, 2018)

（1）Differences Between Consolidated Earnings Forecast and Results

	Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Earnings per Share
Prior Forecast (A)	(million yen) 28,800	(million yen) 2,100	(million yen) 2,200	(million yen) 900	(yen) 10.61
Results (B)	28,272	2,158	2,730	1,516	17.87
Difference (B-A)	(527)	58	530	616	—
Difference (%)	(1.8)	2.8	24.1	68.5	—
(Reference) Six Months Ended September 30, 2017	28,299	2,401	2,664	1,935	22.81

（2）Differences Between Non-Consolidated Earnings Forecast and Results

	Sales	Ordinary Income	Net Income	Earnings per Share
Prior Forecast (A)	(million yen) 19,800	(million yen) 900	(million yen) 600	(yen) 7.07
Results (B)	19,366	1,224	840	9.91
Difference (B-A)	(433)	324	240	—
Difference (%)	(2.2)	36.0	40.2	—
(Reference) Six Months Ended September 30, 2017	19,889	1,258	1,040	12.27

2. Revised Earnings Forecast for the Fiscal Year Ending March 2019 (April 1, 2018 to March 31, 2019)

（1）Revised Consolidated Earnings Forecast

	Sales	Operating Income	Ordinary Income	Profit Attributable to Owners of Parent	Earnings per Share
Prior Forecast (A)	(million yen) 60,600	(million yen) 5,200	(million yen) 5,400	(million yen) 3,000	(yen) 35.36
Revised Forecast (B)	60,600	5,200	6,000	3,700	43.61
Difference (B-A)	—	—	600	700	—
Difference (%)	—	—	11.1	23.3	—
(Reference) Six Months Ended September 30, 2017	60,220	5,734	6,020	4,928	58.09

（2）Revised Non-Consolidated Earnings Forecast

	Sales	Ordinary Income	Net Income	Earnings per Share
Prior Forecast (A)	(million yen) 42,100	(million yen) 2,300	(million yen) 1,400	(yen) 16.50
Revised Forecast (B)	42,100	2,800	1,900	23.29
Difference (B-A)	—	500	500	—
Difference (%)	—	21.7	35.7	—
(Reference) Six Months Ended September 30, 2017	42,199	5,844	4,175	49.21

3. Reasons for Differences and Revised Earnings Forecast

（1）Reasons for Differences Between Forecasts and Results

(Consolidated)

Sales for the consolidated second quarter underperformed our initial forecast due in part to the impact of natural disasters in Japan and a decrease in royalties in Europe. However, our efforts to reduce overhead expenses contributed to operating income results slightly higher than forecast. Ordinary income amounted to JPY2.7 billion, JPY500 million higher than our original forecast. This result was mainly due to recording non-operating profit components (gain on investments in partnerships, interest income, foreign exchange gains) in amounts higher than expected. We recorded profit attributable to owners of parent in the amount of JPY1.5 billion, which was JPY600 million higher than our initial earnings forecast. This result was mainly due to restructuring costs (extraordinary loss) at our U.S. subsidiary being lower than expected.

(Non-Consolidated)

Sales for the second quarter underperformed our initial forecast due in part to the impact of natural disasters in Japan. However, efforts to reduce overhead expenses, combined with higher-than-expected non-operating income components (gain on investments in partnerships, reversal of allowance for doubtful accounts from a consolidated domestic subsidiary, foreign exchange gains), resulted in ordinary income of JPY1.2 billion for the period, which was JPY300 million higher than our initial forecast. Profit attributable to owners of parent amounted to JPY800 million, exceeding our initial earnings forecast by JPY200 million.

（2）Reasons for Revised Earnings Forecast

Based on our results for non-operating profit and extraordinary gains for the six months ended September 30, 2018, we have decided to revise our forecasts for consolidated ordinary income and profit attributable to owners of parent (ordinary income and net income on a non-consolidated basis).