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# Notice Regarding Difference between Forecasts and Results for the Fiscal Year and Withdrawal of the Final Fiscal Year Targets for the Mid-Term Management Plan

Sanrio Company Ltd. announces the difference between the forecasts for the fiscal year ended March 2020 released on October 31, 2019 and the actual results in this day's announcement.

In addition, the Board of Directors of Sanrio Company, Ltd. approved a resolution on June 12, 2020 to withdraw the final fiscal year targets of the medium-term management plan, "Marketing Innovation Project 2021" (for 3 years during FY2018-FY2020), which we announced on May 11, 2018.

## 1. Differences between the results and the forecasts for the Fiscal Year 3/2020

### (1) Differences between the results (April 1, 2019 to March 31, 2020)

| | Sales | Operating Profit | Ordinary Profit | Net Profit Attributable to Owners of parent | Net Profit per Share |
|---|---|---|---|---|---|
| | (million yen) | (million yen) | (million yen) | (million yen) | (yen) |
| Prior Forecasts (A) Published on Oct 31,2019 | 57,700 | 4,000 | 5,000 | 2,300 | 27.10 |
| Actual Results (B) | 55,261 | 2,106 | 3,247 | 191 | 2.26 |
| Difference (B-A) | (2,438) | (1,893) | (1,725) | (2,108) | |
| Difference (%) | (4.2) | (47.3) | (34.5) | (91.7) | |
| (Reference) Results for the Fiscal Year Ended 03/2019. | 59,120 | 4,786 | 5,836 | 3,880 | 45.73 |

### (2) Reasons for the differences

In our domestic business, product sales and theme park businesses performed well until January 2020, but from February onward, not only the Company, but also our business partners continued to struggle to attract customers and secure sales due to the impact of Novel Coronavirus (COVID-19), which resulted in a decrease in the number of overseas visitors and the government's request asking people to refrain from going outdoors or holding events. In addition, Sanrio Puroland and Harmonyland have been temporarily closed since February 22 to ensure the health of its customers and employees, which has also had a significant impact on the business.

Overseas, the economic stagnation in China, the closing of stores on the weekends in Hong Kong due to demonstrations, and disputes between Japan and South Korea, all had a significant impact on our overseas business, including China, Hong Kong and Macau, as well as on other parts of Asia. Since January, exports have been sluggish due to the temporary closure of commercial facilities and stores, mainly in Asia, as a result of the novel coronavirus outbreak, and operating profit was substantially below our previous forecast.

Net income attributable to parent company shareholders is much lower than the previous forecast as investment security losses exceeded forecasts by 300 million yen due to the stock market slump toward the end of the fiscal year in addition to a fall in operating income, despite corporate income tax being 500 million yen below the forecast due to a loss of 500 million yen in income caused by the temporary park closures.

Under these circumstances, the Company has decided to pay a dividend of 20 yen per share at the end of the fiscal year, including a commemorative dividend of 5 yen per share, as previously projected, and 35 yen per share for the full fiscal year as of June 9, 2020.

**Withdrawal of the final fiscal year targets of the medium-term management plan**

**(1) Background to the withdrawal of targets**

On May 11, 2018, the Company announced its medium-term management plan, "Marketing Innovation Project 2021," with FY2020 as the final year, and it has been working on various measures with the management goal of achieving consolidated operating profit of 10 billion yen and consolidated ROE of 10% or more. However, in the Asian region where we had expected steady growth, there was disruption in the Hong Kong market due to demonstrations, and a slowdown in growth in the Chinese market triggered by US-China trade friction, as well as delays in the recovery of business results in Europe and the US, despite the completion of restructuring measures in the US. In addition, the impact of the spread of the novel coronavirus from the beginning of 2020 has not only affected our financial results for the fiscal year ended March 31, 2020, but also appears to have made achieving the management targets for the final year of the current medium-term management plan extremely difficult, and as forecasting of results for the final year of the plan is difficult at this time, we have decided to withdraw the targets of the plan.

**(2) Outlook**

During the final year of the current medium-term management plan, we will continue to work on such measures as strengthening marketing functions, establishing a strategic animation and game business, rebuilding the product sales business as a customer contact point, focusing on the Chinese market, and rebuilding the business in European and American markets. At present, the management environment is extremely uncertain, and it is expected to take a considerable amount of time to review the current medium-term management plan or to formulate a new plan. However, we will closely monitor changes in the domestic and international situation and announce the results as soon as they are available.