

**To Shareholders:**

Tomokuni Tsuji  
President and CEO  
Sanrio Company, Ltd.  
1-6-1, Osaki, Shinagawa-ku, Tokyo

## **NOTICE OF THE 65TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

You are cordially invited to attend the 65th Ordinary General Meeting of Shareholders of Sanrio Company, Ltd. (the “Company”). The meeting will be held for the purposes as described below.

The Company adopted electronic provision measures for the Notice of Convocation of the 65th Ordinary General Meeting of Shareholders, which is posted on the following website.

Website <https://corporate.sanrio.co.jp/en/ir/stock/meeting/>

In addition to the preceding, the information is also posted on the following Tokyo Stock Exchange website (Tokyo Stock Exchange Company Announcements Service). To view this information, enter or search for the stock name (company name) or securities code (8136) and select Basic Information or Documents for Public Inspection/PR Information.

Website <https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting, you can exercise your voting rights either in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders that follow this notice. You may indicate your approval or objection to each of the proposals in the enclosed Voting Right Exercise Form and mail it so that it will reach us before 6 p.m. on Wednesday, June 25, 2025. Alternatively, you may exercise your voting rights at the website for the exercise of voting rights (<http://evote.tr.mufg.jp/>) by the same deadline.

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| <b>1. Date and Time:</b>                              | Thursday, June 26, 2025 at 2 p.m.<br>(The reception desk will open at 1 p.m. Please arrive early as it becomes very crowded just before the meeting begins. )  |
| <b>2. Place:</b>                                      | Grand Prince Hotel Takanawa (Prince Room)<br>3-13-1, Takanawa, Minato-ku Tokyo,<br>(In the event that the hall is filled, you will be shown to the adjacent second conference hall. We ask for your understanding.)  |
| <b>3. Meeting Agenda:<br/>Matters to be reported:</b> | 1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Board of Executive Auditors of the Consolidated Financial Statements for the Company’s 65th Fiscal Year (April 1, 2024 - March 31, 2025)<br>2. Non-Consolidated Financial Statements for the Company’s 65th Fiscal Year (April 1, 2024 - March 31, 2025) |

**Proposals to be resolved:**

- Proposal No.1:** Partial Amendments of the Articles of Incorporation
- Proposal No.2:** Election of Seven (7) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)
- Proposal No.3:** Election of Three (3) Directors Serving as Audit and Supervisory Committee Members
- Proposal No.4:** Election of One (1) Substitute Director Serving as Audit and Supervisory Committee Member
- Proposal No.5:** Determination of the Amount of Compensation to Directors (Excluding Directors serving as Audit and Supervisory Committee Members)
- Proposal No.6:** Determination of the Amount of Compensation to Directors serving as Audit and Supervisory Committee Members
- Proposal No.7:** Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)

- 4. Matters decided on in connection with the convening of the meeting:** Please see the [Instructions on the Exercise of Voting Rights] on the following page.

## Request to Our Shareholders

- You may exercise your voting rights in advance via the internet or by the enclosed voting form in lieu of attending the meeting.
- The proceedings of the General Meeting of Shareholders will be streamed live on the Internet. Live streaming will take place on June 26, 2025 from 2:00 p.m. until the conclusion of the meeting.

How to watch the meeting: When you access the live streaming site, a confirmation window will be displayed.

Enter “sanrio” as the username and “soukai2025” as the password.

General Meeting of Shareholders live streaming site:

**<https://corporate.sanrio.co.jp/meeting-video/>**

- Please note that gifts will not be provided and a “Character Meet ‘n’ Greet” will not be conducted.
- We will make an announcement via our corporate website in the event of any major changes in the schedule for the holding and operation of the General Meeting of Shareholders due to circumstances occurring in the future.

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1. In the event of any revisions to the matters subject to electronic provision, the revised content will be posted on each of the relevant websites.
  2. Among the matters subject to electronic provision, those that can be made available via the internet in accordance with laws and Article 17 of the Articles of Incorporation are posted on our website (<https://corporate.sanrio.co.jp/ir/stock/meeting/>) and are therefore not included in the written documents delivered to shareholders who have requested written delivery.
  3. When attending the meeting, please present the enclosed Voting Right Exercise Form at the reception desk at the meeting hall. In the interest of conserving resources and saving time, please make sure to bring this Notice of Convocation to the meeting. Should you fail to bring the form with you, you may experience some delay at the reception desk before gaining admission to the meeting.
  4. The company’s head office functions have been relocated to 1-11-1, Osaki, Shinagawa-ku, Tokyo, but there is no change to the registered head office address.

[Instructions on the Exercise of Voting Rights]

**1. Duplicate exercise of voting rights in writing and via the Internet**

If you vote both in writing and via the Internet, only your vote placed via the Internet will count as valid.

**2. Duplicate exercise of voting rights via the Internet**

If you exercise your voting right multiple times via the Internet, only your last vote will count as valid. Similarly, if you vote at the website designated for personal computers and again at the website designated for mobile phones, only your last vote will count as valid.

**3. Exercise of voting rights via the Internet**

If you choose to vote via the Internet, please read the following before voting.

If you are attending the meeting in person, you do not need to take any steps for voting in writing or via the Internet.

(1) Website for the exercise of voting rights

- (i) Your voting rights can be exercised via the Internet only by accessing the website designated by the Company for the exercise of voting rights ([http:// evote.tr.mufg.jp/](http://evote.tr.mufg.jp/)) from a personal computer, smartphone or mobile phone. (Please note that processing is halted between 2:30 a.m. and 4:30 a.m. daily.)
- (ii) Certain Internet environments may not allow you to exercise your voting rights from a personal computer or a smartphone. This may occur if you use a firewall for Internet connections, have anti-virus software installed, use a proxy server, or if you do not permit Encrypted transmission supported by TLS.
- (iii) To ensure security, exercise of voting rights is not possible using mobile phone models that do not support TLS-encrypted transmission and transmission of terminal ID information.
- (iv) Voting via the Internet is accepted until 6 p.m. on Wednesday, June 25, 2025. However, we encourage you to vote early so that you may contact the Help Desk in case you encounter any problems.

(2) Instructions for exercising voting rights via the Internet

- (i) Exercise of voting rights using a personal computer or mobile phone
    - Please visit the Company's designated website for the exercise of voting rights (<https://evote.tr.mufg.jp>) and use the log-in ID and temporary password provided on the Voting Right Exercise Form. Vote for or against the proposals by following the on-screen instructions.
    - Please note that shareholders using this website will be asked to change their temporary passwords while at the website to prevent unauthorized access and alteration of votes by third parties who are not our shareholders.
    - You will be issued a new log-in ID and a temporary password each time a general meeting of shareholders is convened.
  - (ii) Exercise of voting rights using a smartphone
    - You can use a smartphone to scan the login QR Code indicated on the Voting Rights Exercise Form to connect automatically to the website for the exercise of voting rights and exercise your voting rights on that site (it is not necessary to input a login ID or temporary password).
    - For security reasons, the QR Code can be used to log in only one time. If you scan the QR Code a second or subsequent time, it will be necessary to input a login ID and temporary password.
    - If you are unable to log in using the QR Code with your model of smartphone, please exercise your voting rights using the personal computer or mobile phone voting method indicated in (2)(i) above.
- ※ QR Code is a registered trademark of DENSO WAVE Incorporated.

(3) Costs of accessing the website for the exercise of voting rights

Shareholders are solely responsible for all costs incidental to accessing the website for

the exercise of voting rights, including Internet connection fees and telephone charges. Use of a mobile phone entails payment for packet transmission and other fees related to mobile phone use. Shareholders are responsible for these costs.

(4) Methods of receiving notice of meeting

Shareholders wishing to receive notice of the next and subsequent general meetings of shareholders by e-mail may opt to do so by accessing the website for the exercise of voting rights from a personal computer or a smartphone and indicating their choice. (This option cannot be activated from a mobile phone. Furthermore, mobile phone mail addresses cannot be designated for receiving notices.)



The website for the exercise of voting rights  
**<https://evote.tr.mufg.jp/>**

**Inquiries Regarding Systems, etc.**

Mitsubishi UFJ Trust and Banking Corporation Transfer Agency Department (Help Desk)

Telephone: 0120-173-027 (Between 9 a.m. and 9 p.m., toll free)

# Reference Documents for the General Meeting of Shareholders

## Proposal 1: Partial Amendments of the Articles of Incorporation

### 1. Reason for Amendments

- (1) In order to strengthen the audit and supervisory functions of the Board of Directors and further enhance the corporate governance system, as well as enable speedier decision-making and flexible business execution by developing a system to delegate decisions on important business execution to Executive Directors, the Company intends to transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes to establish new provisions concerning the Audit and Supervisory Committee and Audit and Supervisory Committee Members, delete provisions concerning Corporate Auditor and Board of Corporate Auditors, and make other necessary amendments.
- (2) The Company proposes to delete provisions regarding a venue of the General Meetings of Shareholders in order to flexibly determine a venue for the general meetings of shareholders, preparing for natural disasters, accidental incidents, etc.
- (3) The Company proposes to make revisions in procedures for convening Board of Directors' meetings to enable prompt response to changes in external environments through flexible operations.
- (4) In order to address the diversification of business in future, the Company proposes to additionally include a business purpose in Article 2 (Purpose) of the current Articles of Incorporation.
- (5) The Company proposes to expand the scope of Directors with whom the Company may enter into a limited liability agreement from Outside Directors to Directors (excluding those who are Executive Directors, etc.) for the purpose of allowing Directors to fully perform their expected roles. For this amendment, consent has been obtained from each Auditor.
- (6) In addition, the Company proposes to make necessary amendments, including the adjustment of article numbers due to the above amendments.

### 2. Details of Amendment

The following provides details of the proposed amendments to the Articles of Incorporation.

Amendments to the Articles of Incorporation under this proposal will become effective upon the conclusion of this General Meeting of Shareholders.

(Underlines indicate text to be amended)

Current Article	Amended Article
<b>CHAPTER 1 GENERAL PROVISIONS</b>	<b>CHAPTER 1 GENERAL PROVISIONS</b>
(Purpose)	(Purpose)
Article 2	Article 2
The purpose of the Company shall be to engage in the following businesses:	The purpose of the Company shall be to engage in the following businesses:
Paragraph 1 through Paragraph 24 (text omitted)	Paragraph 1 through Paragraph 24 (as currently constituted)
(new provision)	<u>25. Operation of sports facilities, sale of sports apparel and goods, and other sports-related business</u>
<u>25.</u> Business incidental or related to each of the preceding items	<u>26.</u> Business incidental or related to each of the preceding items
(Corporate Organs)	(Corporate Organs)
Article 4	Article 4
The Company shall have the following organizations in addition to General Meeting of Shareholders and of Directors:	The Company shall have the following organizations in addition to General Meeting of Shareholders and of Directors:
(1) Board of Directors	(1) Board of Directors
(2) <u>Corporate Auditors</u>	(2) <u>Audit and Supervisory Committee</u>
(3) <u>Board of Corporate Auditors</u>	(deleted)
(4) <u>Accounting Auditor</u>	(3) <u>Accounting Auditor</u>
<b>CHAPTER 2 SHARES</b>	<b>CHAPTER 2 SHARES</b>
(Transfer Agent)	(Transfer Agent)
Article 11	Article 11
The Company shall appoint a transfer agent.	The Company shall appoint a transfer agent.
2. The transfer agent and its business office shall be designated by resolution of the Board of Directors of the Company and the public notice thereof shall be issued by the Company.	2. The transfer agent and its business office shall be designated by resolution of the Board of Directors of the Company <u>or by decision of Director(s) delegated by the</u>

Current Article	Amended Article
<p>(Share Handling Regulations) Article 12 The business, handling charges, and procedures for exercising the rights of shareholders pertaining to shares of the Company, including the registration and recording of shares in the list of shareholders, and the purchase and sale of shares of less than a basic lot, shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the Share Handling Regulations set out by resolution of the Board of Directors of the Company.</p>	<p><u>Board of Directors of the Company</u> and the public notice thereof shall be issued by the Company.</p> <p>(Share Handling Regulations) Article 12 The business, handling charges, and procedures for exercising the rights of shareholders pertaining to shares of the Company, including the registration and recording of shares in the list of shareholders, and the purchase and sale of shares of less than a basic lot, shall be governed by, in addition to laws and regulations and these Articles of Incorporation, the Share Handling Regulations set out by resolution of the Board of Directors of the Company <u>or by decision of Director(s) delegated by the Board of Directors of the Company</u>.</p>
<p>(Record Date) Article 13 The Company may determine a record date by resolution of the Board of Directors of the Company whenever the Company needs to confirm persons who are entitled to exercise rights as shareholders and/or registered pledgees of shares. In this case, the Company shall make a public notice of the record date two weeks in advance.</p>	<p>(Record Date) Article 13 The Company may determine a record date by resolution of the Board of Directors of the Company <u>or by decision of Director(s) delegated by the Board of Directors of the Company</u> whenever the Company needs to confirm persons who are entitled to exercise rights as shareholders and/or registered pledgees of shares. In this case, the Company shall make a public notice of the record date two weeks in advance.</p>
<p style="text-align: center;"><b>CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</b></p> <p>(Convocation of General Meeting of Shareholders) Article 14 Paragraph 1 and Paragraph 2 (text omitted) <u>3. A general meeting of shareholders may be convened in Tokyo, Japan.</u></p>	<p style="text-align: center;"><b>CHAPTER 3 GENERAL MEETING OF SHAREHOLDERS</b></p> <p>(Convocation of General Meeting of Shareholders) Article 14 Paragraph 1 and Paragraph 2 (as currently constituted) (deleted)</p>
<p>(General Meetings of Classified Shareholders) Article 16 The provisions of <u>Article 14 Paragraph 3</u>, Article 15, and Article 19 shall be applied to the general meeting of classified shareholders.</p>	<p>(General Meetings of Classified Shareholders) Article 16 The provisions of <u>Article 15</u> and Article 19 shall be applied to the general meeting of classified shareholders.</p>
<p style="text-align: center;"><b>CHAPTER 4 DIRECTORS, REPRESENTATIVE DIRECTORS, AND BOARD OF DIRECTORS</b></p> <p>(Number of Directors) Article 20 The number of Directors of the Company shall <u>be three (3) or more but not exceed fifteen (15)</u>.  (new provision)</p>	<p style="text-align: center;"><b>CHAPTER 4 DIRECTORS, REPRESENTATIVE DIRECTORS, AND BOARD OF DIRECTORS</b></p> <p>(Number of Directors) Article 20 The number of Directors <u>(excluding Directors serving as Audit and Supervisory Committee Members)</u> of the Company shall not exceed <u>nine (9)</u>. <u>2. The number of Directors serving as Audit and Supervisory Committee Member of the Company shall not exceed five (5).</u></p>

Current Article	Amended Article
<p>(Election of Directors) Article 21 Directors shall be elected at a general meeting of shareholders <u>by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of all shareholders.</u></p> <p>(new provision)</p> <p><u>2. Resolutions for the election of Directors shall not be by cumulative voting.</u></p> <p>(Term of Office of Directors) Article 22 The term of office of a Director shall expire with the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within one (1) year of the Director's election.</p> <p><u>2. The term of office of a Director elected to increase the number of Directors or to fill a vacancy shall be the same as the remaining term of office of the other Directors then in office.</u></p> <p>(new provision)</p> <p>(new provision)</p> <p>(Representative Directors) Article 23 Representative Directors shall be elected by resolution of the Board of Directors of the Company.</p> <p>(text omitted) 3. The Board of Directors may appoint by resolution one (1) Chairman, one (1) President, several Vice Presidents, Senior Managing Directors and Managing Directors.</p> <p>(Convocation of Meetings of the Board of Directors) Article 25 The President of the Company shall convene meetings of the Board of Directors and shall chair such meetings. A notice of convocation shall be sent to each of the Directors <u>and Corporate Auditors</u> at least <u>three (3)</u> days prior to the meeting;</p>	<p>(Election of Directors) Article 21 Directors shall be elected at a general meeting of shareholders, <u>distinguishing between Directors Serving as Audit and Supervisory Committee Members and other Directors.</u></p> <p><u>2. Election of Directors shall be resolved by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of all shareholders.</u></p> <p>3. Resolutions for the election of Directors shall not be by cumulative voting.</p> <p>(Term of Office of Directors) Article 22 The term of office of a Director <u>(excluding a Director serving as Audit and Supervisory Committee Member)</u> shall expire with the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within one (1) year of the Director's election.</p> <p><u>2. The term of office of a Board Director serving as Audit and Supervisory Committee Member shall expire with the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within two (2) years of their election.</u></p> <p><u>3. The term of office of a Director serving as Audit and Supervisory Committee Member elected as a substitute for a Director serving as Audit and Supervisory Committee Member retired before the expiration of his or her term of office shall expire on the expiration of the term of office of the retired Director serving as Audit and Supervisory Committee Member.</u></p> <p><u>4. The effective period of a resolution for the election of a substitute Audit and Supervisory Committee Member elected pursuant to Article 329, Paragraph 3 of the Companies Act shall be until the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within two (2) years of their election, unless otherwise shortened by the said resolution.</u></p> <p>(Representative Directors) Article 23 Representative Directors shall be elected by resolution of the Board of Directors of the Company <u>from among Directors (excluding Directors serving as Audit and Supervisory Committee Member).</u></p> <p>(as currently constituted) 3. The Board of Directors may appoint by resolution one (1) Chairman, one (1) President, several Vice Presidents, Senior Managing Directors and Managing Directors <u>from among Directors (excluding Directors serving as Audit and Supervisory Committee Member).</u></p> <p>(Convocation of Meetings of the Board of Directors) Article 25 The President of the Company shall convene meetings of the Board of Directors and shall chair such meetings. A notice of convocation shall be sent to each of the Directors at least <u>two (2)</u> days prior to the meeting; provided,</p>

Current Article	Amended Article
provided, however, that in the event of urgency, the period may be shortened.	however, that in the event of urgency, the period may be shortened.
(new provision)	(Delegation to Directors)
	<u>Article 27</u>
	<u>Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate decisions on important business execution (excluding the matters listed in each item of Paragraph 5 of the same article) to Director(s) by resolution of the Board of Directors.</u>
(Compensation, etc.)	(Compensation, etc.)
<u>Article 27</u>	<u>Article 28</u>
The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of the performance of their duties ( <u>hereinafter referred to as “Compensation, etc.”</u> ) shall be determined by resolution of the general meeting of shareholders.	The amount of compensation, bonuses and any other proprietary benefits to be granted to Directors by the Company in consideration of the performance of their duties shall be determined by resolution of the general meeting of shareholders, <u>distinguishing between Audit and Supervisory Committee Members and other Directors.</u>
<b><u>CHAPTER 5 CORPORATE AUDITORS AND BOARD OF CORPORATE AUDITORS</u></b>	<b><u>CHAPTER 5 AUDIT AND SUPERVISORY COMMITTEE</u></b>
<u>(Number of Corporate Auditors)</u>	(deleted)
<u>Article 28</u>	(deleted)
<u>The number of Corporate Auditors of the Company shall be three (3) or more but not exceed five (5).</u>	
<u>(Election of Corporate Auditors)</u>	(deleted)
<u>Article 29</u>	
<u>Resolutions for the election of Corporate Auditors of the Company shall be adopted by a majority vote of the attending shareholders who hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u>	
<u>2. In accordance with the provisions of Paragraph 3, Article 329 of the Companies Act, the Company may, in preparation for a case in which the number of Corporate Auditors falls short of the number stipulated in laws and ordinances, elect substitute auditors at a general meeting of shareholders.</u>	
<u>3. The effective period of the resolution for electing substitute auditors described in the preceding paragraph shall expire at the beginning of the ordinary general meeting of shareholders for the last fiscal year ending within four (4) years after the adoption of the resolution.</u>	
<u>(Term of Office of Corporate Auditors)</u>	(deleted)
<u>Article 30</u>	(deleted)
<u>The term of office of a Corporate Auditor shall expire with the conclusion of the ordinary general meeting of shareholders held with respect to the last business year ending within four (4) years of the election of the Corporate Auditor.</u>	
<u>2. The term of office of a Corporate Auditor elected to fill a vacancy caused by retirement of a Corporate Auditor prior to the expiry of his/her term of office shall be the same as the remaining term of office of the retiring Corporate Auditor; provided, however, that the term of office of a substitute auditor who is elected in accordance with Paragraph 2 of the preceding article and subsequently takes office as a Corporate Auditor shall not exceed the time of the closing of the ordinary</u>	

Current Article	Amended Article
<u>general meeting of shareholders relating to the last fiscal year ending within four (4) years from his/her election.</u>	
(Full-Time <u>Corporate Auditors</u> ) Article <u>31</u> <u>The Board of Corporate Auditors shall elect by resolution one or more full-time Corporate Auditors.</u>	(Full-Time <u>Audit and Supervisory Committee Members</u> ) Article <u>29</u> <u>The Audit and Supervisory Committee may elect by its resolution one or more full-time Audit and Supervisory Committee Members from among Audit and Supervisory Committee Members.</u>
(Convocation of the <u>Board of Corporate Auditors</u> ) Article <u>32</u> Notice of convocation of a meeting of the <u>Board of Corporate Auditors</u> of the Company shall be sent to each of the <u>Corporate Auditors</u> at least <u>three (3)</u> days prior to the meeting; provided, however, that in the event of urgency, such a period may be shortened.	(Convocation of the <u>Audit and Supervisory Committee</u> ) Article <u>30</u> Notice of convocation of a meeting of the <u>Audit and Supervisory Committee</u> of the Company shall be sent to each of <u>Audit and Supervisory Committee Members</u> at least <u>two (2)</u> days prior to the meeting; provided, however, that in the event of urgency, such a period may be shortened.
(Compensation, etc.) Article <u>33</u> <u>The amount of compensation, etc. to be granted to Corporate Auditors shall be determined by resolution of the general meeting of shareholders.</u>	(deleted)
<b><u>CHAPTER 6 LIMITATION OF LIABILITIES OF OUTSIDE DIRECTORS, CORPORATE AUDITORS, AND ACCOUNTING AUDITORS</u></b> (Partial Liability for Damages) Article <u>34</u> Pursuant to the provisions of Article 427 Paragraph 1 of the Company Law, the Company may enter into an agreement with each of the <u>Outside Directors, Auditors, and Accounting Auditors</u> to the effect that any liability for damages on the part of the <u>Outside Director, Auditor, and Accounting Auditor</u> arising from negligence in the performance of that person's duties shall be limited; provided, however, the limit of the liability shall be the amount set by laws and regulations.	<b><u>CHAPTER 6 LIMITATION OF LIABILITIES OF NON-EXECUTIVE DIRECTORS AND ACCOUNTING AUDITORS</u></b> (Partial Liability for Damages) Article <u>31</u> Pursuant to the provisions of Article 427 Paragraph 1 of the Companies Act, the Company may enter into an agreement with each of the <u>Directors (excluding those who are Executive Directors) and Accounting Auditors</u> to the effect that any liability for damages on the part of the <u>Directors (excluding those who are Executive Directors) and Accounting Auditor</u> arising from negligence in the performance of that person's duties shall be limited; provided, however, the limit of the liability shall be the amount set by laws and regulations.
<b><u>CHAPTER 7 ACCOUNTS</u></b> Article <u>35</u> through Article <u>38</u> (text omitted)  (new provision)	<b><u>CHAPTER 7 ACCOUNTS</u></b> Article <u>32</u> through Article <u>35</u> (as currently constituted)  <u>Supplementary Provision</u> <u>(Transitional measures regarding exemption from liability of Auditors)</u> <u>With respect to the agreement to limit the liability for damages stipulated in Article 427, Paragraph 1 of the Companies Act regarding acts of Auditors (including those who were Auditors) prior to the conclusion of the 65th Ordinary General Meeting of Shareholders to be held on June 26, 2025, Article 34 of the Articles of Incorporation before the amendment by a resolution of the said Ordinary General Meeting of Shareholders shall apply.</u>

**Proposal 2: Election of Seven (7) Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)**

If Proposal 1 is approved and resolved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

The terms of office of ten (10) Directors (including four Outside Directors) of the Company will expire at the conclusion of this year's Ordinary General Meeting of Shareholders.

Accordingly, the Company proposes the election of seven (7) Directors (excluding Directors Serving as Audit and Supervisory Committee Members) after the transition to a Company with an Audit and Supervisory Committee.

The resolution for this proposal shall become effective when Proposal 1 becomes effective.


The candidates for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) are as follows.


No.	Name		Current Positions and Responsibilities in the Company	Board meeting attendance for the 65th fiscal year
1	Incumbent	Tomokuni Tsuji	President and Chief Executive Officer Corporate Management Division, Design Division, Digital Business Division	100% Attended all the 19 meetings
2	Incumbent	Wataru Nakatsuka	Senior Managing Director Office to the President, Global Strategy Department, Global Sustainability Department, Corporate Strategy Division, Human Resources Division, Global Brand Management Division	100% Attended all the 19 meetings
3	Incumbent	Yasuyuki Otsuka	Senior Managing Director Sales Division	100% Attended all the 19 meetings
4	Incumbent	Kiyoshi Saito	Managing Director Digital Media & Sports Licensing Division	100% Attended all the 19 meetings
5	Incumbent Outside Independent	Yu Sasamoto	Director	94.7% Attended 18/19 meetings
6	Incumbent Outside Independent	Masae Yamanaka	Director	100% Attended all the 19 meetings
7	Incumbent Outside Independent	Shizuko Kamoda	Director	100% Attended all the 14 meetings



\* Candidate No. 7 Ms. Shizuko Kamoda was selected at the ordinary general meeting of shareholders held on June 27, 2024. The Company's Board of Directors has convened 14 times after her appointment.

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
1	 <p>Tomokuni Tsuji (November 1, 1988)</p>	<p>January 2014    Joined the Company</p> <p>June 2015    Executive Officer, Responsible for Product Planning &amp; Sales Division</p> <p>June 2016    Director, Deputy General Manager, Product Planning &amp; Sales Division</p> <p>June 2017    Senior Managing Director, Responsible for Media Communications Department (currently Global Brand Management Division), Responsible for Character Creation Department</p> <p>April 2019    Responsible for Film Coordination Department</p> <p>July 2020    President and Chief Executive Officer (to present)</p> <p>November 2020    SANRIO SOUTH EAST ASIA PTE. LTD. Chairman (to present)</p> <p>June 2022    Chairman, Sanrio Entertainment Co., Ltd. (to present)</p> <p>                 Representative Director and Chairman of the Board, Kokoro Company Ltd. (to present)</p> <p>April 2025    Responsible for Corporate Management Division (to present), Design Division (to present), Digital Business Division (to present)</p>	2,480,441
<p>Reasons for nomination as candidate for Director:</p> <p>Tomokuni Tsuji has been instrumental in the development of our medium-term management plan and the creation of our marketing department. In addition, we believe that as the grandson of the Company's founder, he is capable of carrying on the Company's corporate philosophy, corporate culture, and business model. Therefore, we have nominated him again as a candidate for Director.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
2	 <p>Wataru Nakatsuka (January 17, 1983)</p>	<p>April 2005      Joined Oriental Land Co., Ltd.</p> <p>January 2009    Joined A.T. Kearney</p> <p>October 2016   KOKOTEL (THAILAND) CO., LTD. COO</p> <p>January 2019    Joined Boston Consulting Group</p> <p>June 2021      Joined the Company</p> <p>                     Managing Executive Officer</p> <p>                     Responsible for Office to the President</p> <p>April 2022      Responsible for Business Strategy Division</p> <p>June 2022      Managing Director</p> <p>April 2024      Responsible for Corporate Management</p> <p>                     Division, Human Resources &amp; General Affairs</p> <p>                     Division, Global Strategy Department (to</p> <p>                     present)</p> <p>June 2024      Senior Managing Director (to present)</p> <p>April 2025      Responsible for Office to the President (to</p> <p>                     present), Global Sustainability Department (to</p> <p>                     present), Corporate Strategy Division (to</p> <p>                     present), Human Resources Division (to present),</p> <p>                     Global Brand Management Division (to present)</p>	99,000
<p>Reasons for nomination as candidate for Director:</p> <p>We nominated Wataru Nakatsuka as a candidate for Director due to his extensive consulting experience, mainly in the consumer goods and services industries. Since joining the Company, he has served in various capacities, including Head of the Office to the President. In addition, he possesses expertise in general management.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
3	 Yasuyuki Otsuka (June 14, 1973)	April 1997      Joined The Daiei, Inc. June 2004      Joined Tohmatsu Consulting LLC (current Deloitte Tohmatsu Consulting LLC) October 2012    Seconded to Deloitte Consulting Ltd. (Thailand) June 2020      Appointed executive officer (partner) of Deloitte Tohmatsu Consulting LLC June 2021      Joined the Company Managing Executive Officer Division General Manager, Product Sales Division June 2022      Managing Director Responsible for License Business Division April 2023      Responsible for Domestic Sales Division April 2024      Responsible for Asia Business Division (currently Sales Division) (to present) CEO, Sanrio Taiwan Co., Ltd. (to present) CEO, Sanrio (Hong Kong) Co., Ltd. (to present) CEO, Sanrio Korea, Co., Ltd. (to present) CEO, Sanrio Shanghai International Trade Co., Ltd. (to present) CEO, Sanrio Wave Hong Kong., Ltd. (to present) June 2024      Senior Managing Director (to present)	99,000
Reasons for nomination as candidate for Director: We nominated Yasuyuki Otsuka as a candidate for Director due to his extensive consulting experience in the retail/consumer goods and apparel industries, as well as in the IP industry. Since joining the Company, he has served in several capacities, including head of the Product Sales Division. In addition, he possesses expertise in general management.			

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
4	 <p>Kiyoshi Saito (May 30, 1966)</p>	<p>April 1990      Joined Sony Corporation</p> <p>April 2018      Appointed representative director, president, and CEO, NAMCO USA, Inc.</p> <p>March 2021      Joined the Company Responsible for Global Business Division CEO, Sanrio Inc (to present) Managing Executive Officer</p> <p>June 2021      CEO, Sanrio GmbH (to present) CEO, Sanrio Global Ltd. (to present) CEO, Sanrio UK Finance Ltd. (to present) CEO, Mr. Men Ltd. (to present) CEO, Mister Films Ltd. CEO, THOIP (to present) CEO, Sanrio Global Asia Ltd. (to present) CEO, Sanrio Shanghai International Trade Co., Ltd. CEO, Sanrio (Hong Kong) Co., Ltd. CEO, Sanrio Wave Hong Kong., Ltd. CEO, Sanrio Taiwan Co., Ltd. CEO Sanrio Korea, Co., Ltd.</p> <p>June 2022      Managing Director (to present)</p> <p>April 2024      Responsible for Europe &amp; Americas Business Division, Digital Licensing Division Deputy General Manager for Global Strategy Department</p> <p>April 2025      Responsible for Digital Media &amp; Sports Licensing Division (to present)</p>	0
<p>Reasons for nomination as candidate for Director: We nominated Kiyoshi Saito as a candidate for Director due to his experience in domestic and international management in the IT, mobile, and entertainment industries, including stints in the U.S., Europe, and Asia. In addition, he possesses expertise in general management.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
5	 Yu Sasamoto (September 4, 1964)	April 1988    Joined Recruit Co., Ltd. December 2002    Representative director, president and CEO, MTV Japan Inc. (currently Viacom Networks Japan, K.K.) January 2007    Executive officer, Microsoft Corporation February 2009    Managing executive officer, Microsoft Corporation February 2014    General Manager, Twitter Japan K.K. January 2017    Vice President of JPKR, Client Solutions, Twitter, Inc. May 2021    Vice President of JAPAC, Twitter Client Solutions, Twitter, Inc. June 2021    Outside Director (to present) June 2023    Outside Director, YOSHIMOTO KOGYO HOLDINGS CO., LTD. June 2023    Outside Director, KADOKAWA Corp. (to present) February 2024    Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development (to present)	0
Reasons for nomination as candidate for Outside Director: Yu Sasamoto currently serves as representative director of Twitter Japan and vice president of Twitter, Inc. He also has experience in management at Microsoft Corporation and other entities. We have nominated him as a candidate for Director due to his management experience and knowledge of e-commerce and online business models, which we expect him to use for the benefit of Company management. As of the conclusion of this ordinary general meeting of shareholders, he will have served in the position of Company Outside Director for four years.			
6	 Masae Yamanaka (September 30, 1963)	April 1987    Joined IBM Japan, Ltd. July 2009    Executive Officer, Microsoft Japan Co., Ltd. April 2014    Joined LIXIL Corporation April 2015    Executive Officer, LIXIL Corporation July 2017    Joined Panasonic Corporation Managing Officer, Connected Solutions Company (currently Panasonic Connect Co., Ltd.) October 2017    Executive Vice President, Panasonic System Solutions Japan Co., Ltd., (currently Panasonic Connect Co., Ltd. Gemba Solutions Company) June 2021    Outside Director (to present) April 2022    Vice President, Panasonic Connect Co., Ltd. June 2022    Outside Director, JTB Corp. (to present) June 2024    Outside Director ROHTO Pharmaceutical Co., Ltd. (to present)	0
Reasons for nomination as candidate for Outside Director: Masae Yamanaka has experience as vice president and executive officer at Panasonic Connect Co., Ltd., as well as executive officer at Microsoft Japan and LIXIL Corporation. We have nominated her as a candidate for Director due to her management experience and knowledge of solutions businesses and perspective on gender, which we expect her to use for the benefit of Company management. As of the conclusion of this ordinary general meeting of shareholders, she will have served as an Outside Director of the Company for four years.			



### Proposal 3: Election of Three (3) Directors Serving as Audit and Supervisory Committee Members

If Proposal 1 is approved and resolved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes the election of three (3) Directors Serving as Audit and Supervisory Committee Members (including two (2) Outside Directors).

The resolution for this proposal shall become effective when Proposal 1 becomes effective.


The Board of Auditors has consented to the submission of this proposal in advance.

The candidates for Directors Serving as Audit and Supervisory Committee Members are as follows:

No.	Name		Current position in our company	Board meeting attendance for the 65th fiscal year
1	New appointment	Shinichi Okumura	Full-time Auditor	100% Attended all the 19 meetings
2	New appointment Outside Independent	Kazuo Ohashi	Auditor	94.7% Attended 18/19 meetings
3	New appointment Outside Independent	Kiyo Morikawa	Auditor	100% Attended all the 14 meetings

\* Candidate No. 3 Ms. Kiyo Morikawa was selected as Auditor at the ordinary general meeting of shareholders held on June 27, 2024. The Company's Board of Directors has convened 14 times after her appointment.

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
1	 Shinichi Okumura (February 8, 1970)	April 1993      Joined The Mitsubishi Bank, Ltd. (currently MUFG Bank, Ltd.) March 2020      Managing Director, Head of Germany, MUFG Bank Europe N.V. March 2023      Advisor, Corporate Planning Department June 2023      Full-time Auditor (to present)	0
<p>Reasons for nomination as candidate for Director serving as Audit and Supervisory Committee Member:</p> <p>Shinichi Okumura has overseas experience in the financial industry and a wealth of knowledge and experience in finance, as well as knowledge of general business management. Since assuming office as Auditor of the Company in June 2023, he has properly performed his duties as a Full-time Auditor. Accordingly, we have determined that he is able to properly perform duties as Director serving as Audit and Supervisory Committee Member and therefore newly nominated him for a candidate for Director serving as Audit and Supervisory Committee Member.</p>			
2	 Kazuo Ohashi (June 9, 1954)	April 1980      Joined Chuo Accounting Firm (later, Chuo Aoyama Pricewaterhouse Coopers•Misuzu Audit Corporation) March 1983      Registered as Certified Public Accountant in Japan August 1993      Partner, Chuo Accounting Firm August 1998      Senior Partner, Chuo Accounting Firm July 2006      Senior Partner, Ernst & Young ShinNihon LLC June 2016      Head, Kazuo Ohashi Certified Accounting Office (to present) July 2017      Outside Auditor (to present) May 2019      Outside Auditor, Graphite Design Inc. (to present) June 2019      Outside Auditor, Samantha Thavasa Japan Limited	0
<p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member and his expected roles:</p> <p>As a certified public accountant, Kazuo Ohashi has extensive audit experience and possesses specialized knowledge relating to finance and accounting. He does not have experience participating directly in corporate management, but since assuming office as Auditor of the Company in June 2017, he has properly performed his duties as Outside Auditor. Therefore we expect that he will properly perform his duties as Outside Director serving as Audit and Supervisory Committee Member and newly nominated him for a candidate for Outside Director serving as Audit and Supervisory Committee Member. As of the conclusion of this ordinary general meeting of shareholders, he will have served as an Outside Auditor of the Company for eight years.</p>			

No.	Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
3	 <p>Kiyo Morikawa (February 15, 1970)</p>	<p>April 1992      Joined Information Services International-Dentsu, Ltd (currently DENTSU SOKEN INC.)</p> <p>October 2001    Registered as a lawyer (DAI-ICHI TOKYO BAR ASSOCIATION)</p> <p>October 2001    Joined Okamura Sogo Law Office</p> <p>October 2010    Representative, Morikawa Law Office (to present)</p> <p>December 2014   Auditor, TOYO Corporation (to present)</p> <p>September 2015   Outside Auditor, TEMONA. Inc.</p> <p>June 2020        Outside Auditor, INFOCOM CORPORATION</p> <p>December 2022   Outside Director (Audit and Supervisory Committee Member), TEMONA. Inc.</p> <p>June 2024        Outside Auditor (to present)</p>	0
<p>Reasons for nomination as candidate for Outside Director serving as Audit and Supervisory Committee Member and her expected roles:</p> <p>Kiyo Morikawa has extensive experience as an attorney and possesses specialized knowledge in compliance. She does not have experience participating directly in corporate management, but since assuming office as Auditor of the Company in June 2024, she has properly performed her duties as Outside Auditor. Therefore we expect that she will properly perform her duties as Outside Director serving as Audit and Supervisory Committee Member and newly nominated her for a candidate for Outside Director serving as Audit and Supervisory Committee Member. As of the conclusion of this ordinary general meeting of shareholders, she will have served as an Outside Auditor of the Company for one year.</p>			

(Notes)

1. No material conflict of interest exists between the Company and any of the above candidates.
2. Unless otherwise noted, the above describes the past experience, positions, and responsibilities (significant concurrent positions) of each candidate as they pertain to the Company.
3. Candidates for Outside Directors Serving as Audit and Supervisory Committee Members include Mr. Kazuo Ohashi and Ms. Kiyo Morikawa. They serve as independent directors for the current term and the Company has registered them as independent directors pursuant to provisions of the Tokyo Stock Exchange and will continue to register them as independent directors if the election of each candidate be approved.
4. Conclusion of limited liability agreements with Directors Serving as Audit and Supervisory Committee Members  
The Company has established a provision in Article 31 of the amended Articles of Incorporation enabling the Company to enter into an agreement with non-executive directors limiting their liability for damages arising from any neglect of their duties, for the purpose of allowing Directors Serving as Audit and Supervisory Committee Members to fully perform their expected roles. Limited liability agreements will be continued with each of the candidates if the election of each candidate is approved. The agreement sets the maximum amount to the minimum liability limit stipulated by law and states that Directors Serving as Audit and Supervisory Committee Members shall bear that level of responsibility.
5. Liability insurance agreement for directors and officers, etc.  
The Company has entered into a liability insurance agreement for all directors, naming all directors as insured parties. This agreement covers damages arising as a result of the insured's liability for the execution of their duties as directors or claims arising in pursuit of said liability. The Company bears the cost for insurance premiums, except for insurance premiums that are equivalent to the loss in a shareholder lawsuit. In the event that each candidate assumes the position of director, they will become an insured person under the relevant insurance policy and the policy will be renewed during their term of office.

The Company's Board of Directors considers the size and election of Directors in light of the Company's ability to respond to diversifying and expanding business, both domestically and overseas, business functions, accurate and prompt decision-making, appropriate risk management, etc., as well as board independence and objectivity. If Proposal 1, Proposal 2, and Proposal 3 are approved, the number of Directors will become ten (including Directors serving as Audit and Supervisory Committee Members), which the Company considers to be an appropriate number of Directors in light of the Company's diversifying and expanding business, both domestically and overseas, business functions, accurate and prompt decision-making, appropriate risk management, etc., as well as board independence and objectivity.

The Company elects Outside Directors to represent a wide range of expertise such as corporate management, international business, marketing and compliance.

◎: Highly expected to demonstrate abilities from experience ○: Has experience in

\* Skills matrix of Directors (if Proposal 1, Proposal 2, and Proposal 3 are approved)

This table is not exhaustive of all skills possessed by Directors.

#### Main Areas of Expertise and Experience of Candidates for Directors

		Gender ● Male ☆ Female	Management experience	Globality	IP Business	Marketing	Digital Technology	Finance and accounting	Human Resources	Legal and risk	Sustainability
Directors	Tomokuni Tsuji	●	◎		◎	◎	○				◎
	Wataru Nakatsuka	●			○	◎	◎		◎		◎
	Yasuyuki Otsuka	●	○	◎	◎	○					
	Kiyoshi Saito	●	○	◎	◎	○		○			
	Yu Sasamoto Outside Independent	●	◎	○		○	◎				
	Masae Yamanaka Outside Independent	☆	◎	○			◎				
	Shizuko Kamoda Outside Independent	☆								◎	
Directors (Audit and Supervisory Committee Members)	Shinichi Okumura	●		◎				○		○	
	Kazuo Ohashi Outside Independent	●						◎		○	
	Kiyo Morikawa Outside Independent	☆					◎			◎	

#### Proposal 4: Election of One (1) Substitute Director Serving as Audit and Supervisory Committee Member

If Proposal 1 is approved and resolved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee. Accordingly, the Company proposes the election of one (1) Substitute Director serving as Audit and Supervisory Committee Member in preparation for a vacancy in the number of Directors serving as Audit and Supervisory Committee Member provided for in laws and regulations.

The validity of this election can be nullified by a resolution of the Board of Directors with the consent of the Audit and Supervisory Committee only before the candidate assumes office.

The resolution for this proposal shall become effective when Proposal 1 becomes effective.

The Board of Auditors has consented to this proposal in advance.

The candidate is as follows:

Name (Date of birth)	Past experience, positions and responsibilities (Significant concurrent positions)	Number of shares of the Company held
 Takehisa Inoyama (October 16, 1975)	December 2007 Admitted to Daini Tokyo Bar Association Joined Shimoyama Law Office (currently Legal Professional Corporation Shimoyama Law Office) February 2012 A member of managing committee of Legal Professional Corporation Shimoyama Law Office June 2016 Independent Outside Director, Tokyo Theatres Co. Inc. (to present) November 2016 A representative of managing committee of Legal Professional Corporation Shimoyama Law Office (to present)	300
Reasons for nomination as candidate for Substitute Outside Director serving as Audit and Supervisory Committee Member and his expected roles: Takehisa Inoyama has extensive experience as an attorney and possesses specialized knowledge relating to corporate legal affairs. He does not have experience participating directly in corporate management, but we expect that he will properly perform his duties as Director Serving as Audit and Supervisory Committee Member. Accordingly, we have newly elected him as candidate for a Substitute Outside Director serving as Audit and Supervisory Committee Member.		

- (Notes)
1. Takehisa Inoyama concurrently serves as a representative of the managing committee of Legal Professional Corporation Shimoyama Law Office and the Company has concluded an advisory contract with the said law office. However, the amount of transactions is less than 0.01% of selling, general and administrative expenses of the Company for the fiscal year ended March 31, 2025.
  2. Takehisa Inoyama is a candidate for Substitute Director Serving as Audit and Supervisory Committee Member
  3. Conclusion of limited liability agreements with Directors Serving as Audit and Supervisory Committee Members  
The Company has established a provision in Article 31 of the amended Articles of Incorporation enabling the Company to enter into an agreement with non-executive directors limiting their liability for damages arising from any neglect of their duties, for the purpose of allowing Directors Serving as Audit and Supervisory Committee Members to fully perform their expected roles. Limited liability agreements will be agreed with the candidate if the candidate assumes the position of Director Serving as Audit and Supervisory Committee Member. The agreement sets the maximum amount to the minimum liability limit stipulated by law and states that Directors Serving as Audit and Supervisory Committee Members shall bear that level of responsibility.
  4. Liability insurance agreement for directors and officers, etc.  
The Company has entered into a liability insurance agreement for all directors, naming all directors as insured parties. This agreement covers damages arising as a result of the insured's liability for the execution of their duties as directors or claims arising in pursuit of said liability. The Company bears the cost for insurance premiums, except for insurance premiums that are equivalent to the loss in a shareholder lawsuit. In the event that the candidate assumes the position of director, they will become an insured person under the relevant insurance policy and the policy will be renewed during their term of office.

**Proposal 5: Determination of the Amount of Compensation to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members)**

If Proposal 1 is approved and resolved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

At the 64th Ordinary General Meeting of Shareholders held on June 27, 2024, a current maximum amount of monetary compensation for Directors of the Company was approved to be 600 million yen or less per year (including 50 million yen per year for Outside Directors) and has not changed to date.

This time, as the Company transits to a Company with an Audit and Supervisory Committee, the Company intends to newly determine a maximum amount of monetary compensation to Directors (excluding Directors Serving as Audit and Supervisory Committee Members). Accordingly, the Company proposes to abolish current provisions regarding a maximum amount of monetary compensation to Directors and set a maximum amount of monetary compensation to Directors (excluding Directors Serving as Audit and Supervisory Committee Members) to be 600 million yen or less per year (including 50 million yen for Outside Directors per year).

If this proposal is approved, the Company, at the Board of Directors' meeting after the conclusion of this general meeting, plans to change eligible persons in the determination policy on contents of compensation, etc. to individual Directors stated in page 30 of the business report, from "Director" to "Directors (excluding Directors Serving as Audit and Supervisory Committee Members)," to make such policy consistent with the approved content.

This proposal is necessary for determining compensation, etc. to individual Directors in accordance with such policy, and has been determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, taking into comprehensive consideration factors such as the Company's business scale, officers compensation systems and the payment level thereof, the current number of officers, and future trends and also in light of various circumstances such as economic conditions. Therefore, the Company has judged that this proposal is appropriate.

A maximum amount of monetary compensation to Directors (excluding Directors Serving as Audit and Supervisory Committee Members) will not include the portion of employees' salary for Directors concurrently serving as employees

If Proposal 1 and Proposal 2 are approved and resolved as originally proposed, the number of Directors (excluding Directors Serving as Audit and Supervisory Committee Members) will become seven (7) (including three (3) Outside Directors).

The resolution of this proposal will become effective when Proposal 1 becomes effective.

**Proposal 6: Determination of the Amount of Compensation to Directors Serving as Audit and Supervisory Committee Members**

If Proposal 1 is approved and resolved as originally proposed, the Company will transition to a Company with an Audit and Supervisory Committee.

Accordingly, as the Company transitions to a Company with an Audit and Supervisory Committee, the Company proposes to set a maximum amount of monetary compensation to Directors Serving as Audit and Supervisory Committee Members to be 40 million yen or less per year.

This proposal has been determined after deliberation by the Nomination and Remuneration Advisory Committee, taking into comprehensive consideration factors such as duties and responsibility of Directors Serving as Audit and Supervisory Committee Members, officers compensation systems and the payment level thereof, the current number of officers, and future trends and also in light of various circumstances such as economic conditions. Therefore, the Company has judged that this proposal is appropriate.

If Proposal 1 and Proposal 3 are approved and resolved as originally proposed, the number of Directors Serving as Audit and Supervisory Committee Members will become three (3).

This proposal will become effective when Proposal 1 becomes effective.

## **Proposal 7: Determination of Compensation for Granting Restricted Stock to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors)**

At the 64th Ordinary General Meeting of Shareholders held on June 27, 2024, for the amount of compensation, etc. for Directors of the Company, a maximum amount of monetary compensation was approved to be 600 million yen or less per year (including 50 million yen per year for Outside Directors) which does not include the portion of employee salary for Directors concurrently serving as employees. In addition, at the 61st Ordinary General Meeting of Shareholders held on June 24, 2021, it was approved that a restricted stock remuneration plan shall be adopted for Directors (excluding Outside Directors) and at the 64th Ordinary General Meeting of Shareholders held on June 27, 2024, it was approved that compensation paid to Directors (excluding Outside Directors) for granting restricted stock shall be monetary claims, the total amount of which shall be 200 million yen or less per year, separate from the aforementioned maximum amount. These details have not changed to date.

In line with the transition to a Company with Audit and Supervisory Committee, the Company intends to revise this current plan and adopt a new restricted stock remuneration plan (hereinafter “The Plan”) in order for Directors of the Company (excluding Directors Serving as Audit and Supervisory Committee Members and Outside Directors; hereinafter “Eligible Directors”) to share more value with our shareholders and for the purpose of providing incentives to Eligible Directors to continually enhance corporate value. Based on The Plan, compensation paid to Eligible Directors for granting restricted stock will be monetary claims, the total amount of which is 200 million yen or less per year, separate from the compensation proposed for approval in Proposal 5 “Determination of the Amount of Compensation to Directors (Excluding Directors Serving as Audit and Supervisory Committee Members),” and the total number of common stock of the Company to be issued or disposed of under The Plan will be 100,000 shares per year (in the case of a stock split or reverse stock split of the Company’s common stock (including gratis allotment of stock), adjustments may be made to the number of stock to be issued or disposed of depending on its ratio).

If this proposal is approved, the Company, at the Board of Directors’ meeting after the conclusion of this general meeting, plans to change eligible persons in the determination policy on contents of compensation, etc. to individual Directors stated in page 30 of the business report, from “Director” to “Directors (excluding Directors Serving as Audit and Supervisory Committee Members),” to make such policy consistent with the approved content.

This proposal is necessary for determining compensation, etc. to individual Directors in accordance with such policy, and has been determined by the Board of Directors after deliberation by the Nomination and Remuneration Advisory Committee, taking into comprehensive consideration factors such as the Company’s business scale, officers compensation systems and the payment level thereof, the current number of officers, and future trends and also in light of various circumstances such as economic conditions. Therefore, the Company has judged that this proposal is appropriate.

In addition, the current number of Directors is ten (10) (including four (4) Outside Directors); however, if Proposal 1 and Proposal 2 are approved and resolved as originally proposed, the number of Directors (excluding Directors serving as Audit and Supervisory Committee Members) will become seven (7) (including three (3) Outside Directors).

This proposal will become effective when Proposal 1 becomes effective.

The details of restricted stock granted to Eligible Directors are as follows:

### **1. Allotment and payment for restricted stock**

Under The Plan, monetary compensation claims are paid to Eligible Directors as compensation for restricted stock within the scope of the aforementioned annual amount and Eligible Directors contribute all of such monetary compensation claims in kind and receive the issuance or disposal of the Company’s common stock.

The payment amount per share of the Company’s common stock of which the Company issues or disposes of to Eligible Directors will be determined by the Company’s Board of Directors’ meeting within the scope of an amount that is not particularly advantageous to Eligible Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the day of the resolution of the Company’s Board of Directors’ meeting (if no trading is completed on that day, the closing price on the most recent trading day). In addition, the aforementioned monetary compensation claims will be paid on the condition that Eligible Directors agreed to the aforementioned in-kind contribution and concluded a restricted stock allotment agreement including contents specified in 3. below.

### **2. Total number of restricted stock**

The maximum number of restricted stock to be allotted for each fiscal year will be 100,000 shares of the Company’s common stock to be allotted to Eligible Directors. However, if adjustment of the total number of restricted stock to be allotted is necessary in the case of a stock split or reverse stock split of the Company’s common stock conducted after the date of resolution of this proposal or other similar cases, the reasonable adjustments may be made to the relevant total number of restricted stock.

### **3. Contents of a restricted stock allotment agreement**

A restricted stock allotment agreement to be concluded between the Company and Eligible Directors to be allotted will include the following.

(1) Contents of restriction

Eligible Directors to whom restricted stock is allotted may not transfer, establish a pledge or security interests, provide as an inter vivos gift, bequeath, or otherwise dispose of the Company's common stock allotted under the restricted stock allotment agreement (hereinafter, "Allotted Stock") to any third party during the period from the date of allotment until the date of such Eligible Director's retirement from the position of Director of the Company or until the filing date of the annual securities report for the business year to which the date of allotment belongs (if the date of allotment is within six months from the beginning of the business year, semi-annual securities report for the relevant business year), whichever is later (hereinafter "Restriction Period").

(2) Removal of transfer restrictions

The Company will remove transfer restrictions on all Allotted Stock upon the expiration of the Restriction Period, on the condition that Eligible Directors to whom restricted stock is allotted continued to be in a position of Director of the Company during a period specified by the Company's Board of Directors (hereinafter "Service Period"). However, if Eligible Directors retire from the aforementioned position during Service Period due to a reason deemed justifiable by the Company's Board of Directors, the number of Allotted Stock on which transfer restrictions are removed and the timing of the removal of transfer restrictions will be reasonably adjusted as necessary.

(3) Gratis acquisition of restricted stock

The Company will automatically acquire Allotted Stock without compensation on which transfer restrictions have not been removed pursuant to the provisions for the removal in (2) above at the time when Restriction Period in (1) above expires.

(4) Treatment in organizational restructuring, etc.

If a merger agreement under which the Company becomes a disappearing company, a share exchange agreement under which the Company becomes a wholly-owned subsidiary, a share transfer plan, or other matters regarding organizational restructuring, etc. is approved at the general meeting of shareholders of the Company (or the Company's Board of Directors if approval by the Company's general meeting of shareholders is not required for such organizational restructuring, etc.) during the Restriction Period, the Company will, by resolution of the Board of Directors' meeting, remove transfer restrictions on the reasonably specified number of Allotted Stock prior to the effective date of the organizational restructuring, etc. in consideration of a period between from the month following the month including the start date of the Service Period until the date of approval of the relevant organizational restructuring, etc. In the case of above, the Company will automatically acquire Allotted Stock without compensation on which transfer restrictions have not been removed at the time immediately after transfer restrictions are removed.

(5) Other matters

Other matters regarding this allotment agreement will be determined by the Company's Board of Directors.

# **Business Report**

(April 1, 2024 - March 31, 2025)

## **1. Overview of Current Status of the Corporate Group**

### **(1) Capital expenditures**

Capital expenditures during the fiscal year under review amounted to 4,411 million yen, or which was 3,487 million yen in the Japan business, 16 million yen in the Europe business, 94 million yen in the North America business, 104 million yen in the Latin America business, 710 million yen in the Asia business, and 0 million yen in corporate assets.

The main investments included the renovation of and opening of directly managed retail stores, associated guaranteed deposits, and the renewal of attractions, restaurants, and other facilities at theme parks.

### **(2) Procurement of funds**

Operating capital and capital expenditures were financed through internal funds.

### (3) Material Subsidiaries

#### 1) Material subsidiaries

Company name	Capital	The Company's percentage of voting rights	Principal business
Sanrio, Inc.	34,412 thousand US dollars	100.0%	Licensing and management of merchandising rights
Sanrio Do Brasil Comercio e Representacoes Ltda.	2,097 thousand Brazilian real	(100.0%)	Licensing and management of merchandising rights
Sanrio Chile SpA.	10 million Chilean pesos	(100.0%)	Licensing and management of merchandising right
Sanrio Entertainment Co., Ltd.	100 million yen	100.0%	Management of Sanrio Puroland and Harmonyland
Sanrio (Hong Kong) Co., Ltd.	1,000 thousand Hong Kong dollars	100.0%	Manufacture and sale of gift products
Sanrio Taiwan Co., Ltd.	177 million Taiwanese dollars	100.0%	Licensing and management of merchandising rights
Sanrio Korea Co., Ltd.	50 million Korean won	(100.0%)	Licensing and management of merchandising rights
Sanrio Shanghai International Trade Co., Ltd.	400 thousand US dollars	40.0% (100.0%)	Licensing and management of merchandising rights, manufacture and sale of gift products
Sanrio GmbH	2,019 thousand Euro	100.0%	Licensing and management of merchandising rights
Sanrio Global Ltd.	1 GBP	100.0%	Licensing and management of merchandising rights
Sanrio Global Asia Ltd.	10 thousand Hong Kong dollars	(100.0%)	Licensing and management of merchandising rights
Sanrio UK Finance Ltd.	9,700 thousand GBP	(100.0%)	Lending of funds
Mister Men Ltd.	3,500 thousand GBP	(100.0%)	Licensing and management of merchandising rights
THOIP	100 GBP	(100.0%)	Licensing and management of merchandising rights
Sanrio Wave Hong Kong Co., Ltd.	450 thousand Hong Kong dollars	(95.0%)	Licensing and management of merchandising rights
Kokoro Company Ltd.	495 million yen	100.0%	Development, planning and sale of robots
SANRIO SOUTHEAST ASIA PTE.LTD.	2,000 thousand US dollars	70.0%	Licensing and management of merchandising rights

Notes: 1. Numbers in parentheses indicate indirect ownership.

2. As of July 1, 2024, the Company absorbed its consolidated subsidiary, Sanrio Far East Company Limited.

3. Mister Films Ltd. dissolved as of December 10, 2024.

#### 2) Status of wholly-owned specified subsidiaries as of the end of the fiscal year

No applicable items.

## 2. Company Officers

### (1) Directors and Auditors

Position	Name	Responsibility and significant concurrent positions
President and Chief Executive Officer	Tomokuni Tsuji	Chairman, Sanrio Entertainment Co., Ltd.; Chairman, Kokoro Company Ltd.; Chairman, SANRIO SOUTHEAST ASIA PTE. LTD. Responsible for Global Brand Management Division
Senior Managing Director	Wataru Nakatsuka	Responsible for Business Strategy Division, Corporate Management Division, Human Resources & General Affairs Division, and Global Strategy Department
Senior Managing Director	Yasuyuki Otsuka	Responsible for Asia Business Division; CEO, Sanrio Shanghai International Trade Co., Ltd.; CEO, Sanrio (Hong Kong) Co., Ltd.; CEO, Sanrio Wave Hong Kong, Co., Ltd.; CEO, Sanrio Taiwan Co., Ltd.; CEO, Sanrio Korea, Co., Ltd.
Senior Managing Director	Jiro Kishimura	Responsible for Internal Control Division
Managing Director	Kiyoshi Saito	Responsible for Europe & Americas Business Division and Digital Licensing Division; Deputy General Manager for Global Strategy Department; CEO, Sanrio Inc.; CEO, Sanrio GmbH; CEO, Sanrio Global Ltd.; CEO, Sanrio UK Finance Ltd.; CEO, Mister Men Ltd.; CEO, THOIP; CEO, Sanrio Global Asia Ltd.
Director	Yuko Akiyama	General Manager, Global Brand Management Division Director, Japan Professional Football League (J.League)
Director	Yu Sasamoto	Outside Director, KADOKAWA Corp. Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development
Director	Masae Yamanaka	Outside Director, JTB Corp. Director, ROHTO Pharmaceutical Co., Ltd.
Director	David Bennett	CCO, Tenstorrent Inc. Visiting professor, Yamagata University
Director	Shizuko Kamoda	Representative, RITA Law Office External Director, S Foods Corporation
Full-time Auditor	Shinichi Okumura	
Auditor	Kazuo Ohashi	Certified Public Accountant; President, Kazuo Ohashi Certified Accounting Office Outside Corporate Auditor, Graphite Design Inc.
Auditor	Kiyo Morikawa	Representative, Morikawa Law Office Outside Auditor, TOYO Corporation

- Notes: 1. Directors Yu Sasamoto, Masae Yamanaka, David Bennett, and Shizuko Kamoda are Outside Directors.  
2. Auditors Kazuo Ohashi and Kiyo Morikawa are Outside Auditors.  
3. The Company has submitted notifications to the Tokyo Stock Exchange that Directors Yu Sasamoto, Masae Yamanaka, David Bennett, Shizuko Kamoda, and Auditors Kazuo Ohashi and Kiyo Morikawa have been designated as independent officers as provided for by the aforementioned exchange.

4. Full-time Auditor Shinichi Okumura has long-term experience in the financial institution and a wealth of knowledge of finance and accounting.
5. Auditor Kazuo Ohashi is a Certified Public Accountant with a wealth of knowledge of finance and accounting.
6. Takemi Hiramatsu retired from the position of Auditor at the conclusion of the 64th Ordinary General Meeting of Shareholders held on June 27, 2024.

(2) Amount of Compensation, etc. of Directors and Auditors for the Current Fiscal Year

1) Policy for determination of the details of compensation, etc. of individual directors

The Company has established a policy for determination of the details of compensation, etc. of individual directors at the Board of Directors as follows.

The Company's basic policy for directors' compensation is to link the compensation to the shareholders' interests so that it fully functions as an incentive for continuously increasing corporate value and that, when determining the compensation of individual directors, compensation shall be at an appropriate level based on their respective responsibilities. Specifically, the compensation of executive directors consists of base compensation as fixed compensation, special bonuses, and stock compensation, while outside directors responsible for supervisory functions are paid only base compensation in light of their duties.

i. Policy for determination of the amount of base compensation, etc. of individual directors

Base compensation for Directors of the Company shall be fixed monthly compensation, which shall be determined comprehensively based on factors such as position, responsibilities, years in office based on competitor levels, the Company's business performance, and level of employee compensation.

ii. Policy for determination of the details of non-monetary compensation, etc. and the calculation method of its amount and number

Non-monetary compensation shall be granted in the form of restricted stock, with the number of share granted determined according to the director's position.

iii. Matters regarding determination of the details of compensation, etc. of individual directors

For the compensation amount for each individual director, the President and CEO Tomokuni Tsuji shall deliberate with the Officer responsible for Human Resources & General Affairs Division, etc., based on the decision policy resolved by the Board of Directors. The given authority shall be the amount of base compensation for each director and the allocation of bonuses based on the performance of the business for which each director is in charge. The Board of Directors shall consult with the Nomination and Remuneration Advisory Committee on drafts and obtain their reports in order to ensure that such authority is properly exercised by the President and CEO, and the President and CEO, as delegated above, shall make decisions in accordance with the content of such reports. The number of shares to be allocated to each individual director for stock-based compensation will be resolved by the Board of Directors based on the report of the Nomination and Remuneration Advisory Committee.

Compensation for corporate auditors is fixed compensation only, and the amount of individual compensation is resolved by deliberation of the Board of Auditors.

2) Matters regarding the resolutions on compensation, etc. of individual directors and auditors at the General Meeting of Shareholders

i. Overview of resolutions by General Meetings of Shareholders (compensation limit)	Directors (base compensation)	600 million yen
	Directors (restricted stock compensation)	200 million yen
	Auditors	35 million yen
ii. Date of resolution by General Meetings of Shareholders	Directors (base compensation)	June 27, 2024
	Directors (restricted stock compensation)	June 27, 2024
	Auditors	June 25, 2015
iii. Number of officers of the Company subject to resolution by General Meetings of Shareholders	Directors (base compensation)	10 persons
	Directors (restricted stock compensation)	6 persons (excluding outside directors)
	Auditors	4 persons

3) Matters regarding the delegation of determination of compensation, etc. of individual directors

For the compensation amount for each individual director, the President and CEO Tomokuni Tsuji shall have deliberation with the Officer responsible for Human Resources and General Affairs, etc., based on the decision policy resolved by the Board of Directors. The given authority shall be the amount of base compensation for each director and the allocation of bonuses based on the performance of the business for which each director is in charge. Moreover, the determination of compensation is delegated to the President and CEO Tomokuni Tsuji because it has been determined that he is best suited to evaluate each director's areas of responsibility while taking into account the overall performance of the Company, etc. The Board of Directors has concluded that the individual compensation amounts for directors are consistent with the above determination policy, as they are determined through procedures based on the aforementioned policy

4) Total amount of compensation, etc. of directors and auditors

Officer category	Total compensation amount (Millions of yen)	Total amount by type of compensation, etc. (Millions of yen)			Number of eligible officers (Persons)
		Fixed compensation	Special bonus	Non-monetary compensation, etc.	
Directors (excluding outside directors)	419	293	3	122	6
Auditors (excluding outside auditors)	15	15	0	-	1
Outside directors	36	36	-	-	4
Outside auditors	10	10	-	-	3

- Notes: 1. Number of Directors is ten (10) and number of Auditors is three (3) as of the end of the fiscal year under review.
2. Restricted stock compensation is granted as non-monetary compensation, etc., and the amount recorded as an expense is stated. Details of the stock compensation and status of their delivery are as described in "2. Company Stock."

# **THE 65TH ORDINARY GENERAL MEETING OF SHAREHOLDERS**

## **Other Matters Provided Electronically**

### **(Matters Excluded from Paper-Based Documents Delivered to Shareholders)**

#### **Business Report**

##### **Overview of Current Status of the Corporate Group**

Review of Operations

Challenges to be Addressed

Assets and Profit and Loss of the Corporate Group and the Company

Principal Business

Principal Business Locations

Employees

Principal Lenders

Other Matters Related to the Current Status of the Corporate Group

##### **Company Stock**

##### **Share Acquisition Rights, etc. of the Company**

##### **Directors and Executive Officers**

Director and Officers Liability Insurance Policy

Outside Officers

Limited Liability Agreements

##### **Accounting Auditor**

##### **System and Policies of the Company**

#### **Consolidated Financial Statements**

#### **Non-Consolidated Financial Statements**

#### **Auditors' Reports**

65th Fiscal Year (April 1, 2024 - March 31, 2025)

**Sanrio Company, Ltd.**

In accordance with laws and regulations and Article 17 of the Company's Articles of Incorporation, the above-stated items are excluded from the paper-based documents delivered to shareholders.
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## **BUSINESS REPORT**

(From April 1, 2024 to March 31, 2025)

### **1. Overview of Current Status of the Corporate Group**

#### **(1) Results of Operations**

During the fiscal year under review, Japan's economy experienced a moderate recovery, although some stagnation remained, due to an upturn in inbound demand and an improved employment and income environment. However, the outlook remains uncertain when considering concerns such as persistent high prices, geopolitical risks, and a slowdown in the global economy.

Against this backdrop, the Sanrio Group is implementing a three-year medium-term management plan, "From Uncertain Growth to Stable and Perpetual Growth," covering the fiscal year ended March 31, 2025 through the fiscal year ending March 31, 2027. We are progressing with each of three approaches: reviewing marketing and sales strategies to make Evergreen global IP; developing a foundation for global growth; and expanding IP portfolios and monetizing in multiple layers. In addition to continuing the strategy for a wide range of Sanrio characters, we implemented various initiatives related to Hello Kitty's 50th anniversary (November 2023 –December 2024).

Domestic stores and theme parks saw growth in sales, driven by a sharp increase in the number of foreign tourists and growing domestic customer numbers, particularly among Generation Z. In the licensing business in Japan and overseas, the strategy of featuring a wide range of Sanrio characters proved successful, with growing popularity not just for Hello Kitty, which celebrated its 50th anniversary, but also for various other characters such as Kuromi and Cinnamoroll, contributing to sales growth. In addition, the "Hello Kitty Exhibition – As I change, so does she" (November 1, 2024 to February 24, 2025), which was held at the Tokyo National Museum's Hyokeikan, attracted attention both at home and abroad. The exhibition drew large crowds daily, with attendance reaching 350,000 over the course of the event.

Moreover, the number of members of Sanrio+, a membership service for all Sanrio Group members, reached around 2.52 million as of the end of March 2025.

As a result of these factors, net sales rose significantly by 44.9% year-on-year to 144.9 billion yen. Operating profit increased 92.2% year-on-year to 51.8 billion yen, ordinary profit increased 89.1% year-on-year to 53.4 billion yen, and profit attributable to owners of parent increased significantly by 137.3% year-on-year to 41.7 billion yen, each of which reached a record high.

Since the accounting period for all overseas consolidated subsidiaries runs from January to December, the fiscal year under review for these subsidiaries covers the period from January to December 2024.

[Reportable Segment]

(100 millions of yen)

		Sales				Segment profit (operating profit)			
		FY2023	FY2024	Increase/ decrease	Change (%)	FY2023	FY2024	Increase/ decrease	Change (%)
Japan	Product sales/others	547	661	113	20.7	197	366	168	85.4
	Royalties	141	198	56	40.2				
	Total	689	859	170	24.7				
Europe	Product sales/others	0	1	1	-	2	16	13	495.7
	Royalties	24	61	36	151.9				
	Total	24	62	38	157.1				
North America	Product sales/others	22	25	2	13.0	28	88	60	212.7
	Royalties	101	249	147	144.7				
	Total	124	274	150	121.0				
Latin America	Product sales/others	0	0	0	58.8	2	5	3	140.7
	Royalties	10	17	7	74.8				
	Total	10	17	7	74.4				
Asia	Product sales/others	31	53	22	71.3	60	67	7	12.4
	Royalties	120	180	60	50.3				
	Total	151	234	82	54.6				
Adjustment		-	-	-	-	(21)	(25)	(4)	-
Consolidated	Product sales/others	601	741	139	23.3	269	518	248	92.2
	Royalties	398	707	309	77.7				
	Total	999	1,449	449	44.9				

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.

**i. Japan:** Net sales rose 24.7% year-on-year to 85.9 billion yen and operating profit rose 85.4% to 36.6 billion yen.

1. Domestic Sales Division (Product sales business/Licensing business)

In the product sales business, the number of store visitors rose significantly, driven by successful anniversary initiatives for popular characters. These included various measures for Hello Kitty's 50th anniversary, and from January 2025, limited-edition product launches for My Melody's 50th and Kuromi's 20th anniversaries, which also attracted considerable attention. In addition to souvenir demand from foreign tourists, purchases for personal use helped boost average spending per customer. Furthermore, our efforts in recent years to automate the ordering of standard products at our stores have strengthened our supply system, and our efforts to prevent missed sales opportunities have also proven effective.

In the licensing business, the success of the strategy of featuring a wide range of Sanrio characters led to a significant year-on-year increase across all categories. In particular, in addition to Hello Kitty, which celebrated its 50th anniversary, My Melody and Kuromi also attracted significant attention. Breaking it down by product category, souvenirs and Japanese-patterned goods in high demand from inbound visitors, collaboration apparel featuring popular characters from other companies, and capsule toys popular across all age groups gained popularity. In addition, various Sanrio characters have been used in promotions for major restaurant chains and food manufacturers.

Operating profit rose due to a substantial increase in sales.

2. Theme park business

Sanrio Puroland in Tama City, Tokyo, saw growth in sales driven by a variety of events that boosted both visitor numbers and spending per guest. These included the park's most popular entertainment, Miracle Gift Parade; the newly opened theater attraction Cinnamoroll's Little Big Adventure (July 2024); Beyond Words, a non-verbal, no-dialogue show allowing immersion for international audiences (December 2024); and collaborations with popular artists. In addition to the continued popularity of Hello Kitty during her 50th anniversary, the My Melody & Kuromi Anniversary Party (January 17–December 31, 2025), an event celebrating their respective anniversaries, also launched and has been drawing significant attention.

At Harmonyland in Oita Prefecture, seasonal events such as Magical Masquerade (September 13–October

31, 2024) and MERRY WHITE CHRISTMAS (November 15–December 31, 2024) helped attract visitors, but the very hot summer led visitor numbers to fall below the previous year's level. On the other hand, event-related products proved popular and boosted average spending per customer, resulting in overall sales growth.

Operating profit reached a new record-high as a result of the significant rise in sales, despite an increase in SG&A expenses due to the strengthening of the staffing system and costs for repairs.

**ii. Europe:** Net sales rose 157.1% year-on-year to 6.2 billion yen and operating profit rose 495.7% year-on-year to 1.6 billion yen.

In the licensing business, sales increased significantly as the customer base expanded in various categories, driven by the continued strategy of featuring a wide range of Sanrio characters, initiatives with global brands, and approaches to local brands. The apparel category performed strongly in the UK, Northern Europe, and other region while the toy category showed solid results across Europe and Oceania.

Operating profit increased due to sales growth.

**iii. North America:** Net sales rose 121.0% year-on-year to 27.4 billion yen and operating profit rose 212.7% year-on-year to 8.8 billion yen.

In the licensing business, sales increased significantly in the toy, apparel and health & beauty categories. In the toy category, limited-edition plush toys for Hello Kitty's 50th anniversary, produced by major toy manufacturers, and advent calendars featuring a variety of characters posted strong sales. In the apparel category, initiatives with existing licensees led to expansion not only in specialty stores but also in the mass market, including major retail chains. The health & beauty category performed well, driven by ongoing initiatives with popular brands and the strong popularity of limited-edition products from cosmetics manufacturers for Hello Kitty's 50th anniversary. Meanwhile, the digital category continued to enhance brand awareness through game content on major platforms.

We also implemented a variety of initiatives to expand customer touchpoints, including Hello Kitty pop-up shops launched by major department stores, concept shops opened by toy manufacturers, collaborative events with professional sports leagues such as MLB (baseball) and NWSL (women's football), and the opening of a new café.

Operating profit rose significantly due to a substantial increase in sales.

**iv. Latin America:** Net sales rose 74.4% year-on-year to 1.7 billion yen and operating profit rose 140.7% year-on-year to 0.5 billion yen.

In Latin America as a whole, the licensing business performed well in the categories of apparel, health & beauty, stationery, bags and corporate special sales.

In Mexico, strong performances were seen in the health & beauty category, where hygiene products and perfumes proved popular, and the stationery category, where notebooks and colored pencil sets for children attracted attention. In Brazil, the apparel and health & beauty categories performed well. In addition, we endeavored to raise brand awareness through collaborations with tourist attractions. In Peru, sales were driven by the bag category, where demand for school bags increased, and the corporate special sales category, where debit cards with Hello Kitty designs sold well. In Chile, the stationery category, especially notebooks, and the health & beauty category performed well.

Operating profit increased due to significant sales growth.

**v. Asia:** Net sales rose 54.6% year-on-year to 23.4 billion yen and operating profit rose 12.4% to 6.7 billion yen.

In China, licensing business sales in the toys & hobby, apparel and accessories and household product categories were strong. In addition, the continued strategic deployment of a wide range of Sanrio characters proved successful, with Kuromi, My Melody, and the rapidly rising Hangyodon attracting attention. In the product sales business, the opening of stores and the development of new e-commerce channels contributed to sales growth.

In South Korea, the licensing business saw sales growth driven by new business acquisitions. The Cinnamoroll children's mobile phone launched by a major telecommunications company and cosmetic items in collaboration with Hello Kitty performed especially well.

In Taiwan, the licensing business saw strong sales in the corporate special sales, toy, and stationery categories. In addition, the strategic deployment of a wide range of Sanrio characters proved successful. Notably, the popularity of Kuromi and Hangyodon has surged, leading to sales growth.

In the Hong Kong and Macau region, the licensing business saw growth in sales, driven by the success of the corporate special sales category, which included collaborations with commercial facilities in Macau,

and the accessories category, where initiatives with popular accessories proved successful. In Southeast Asia, the toy category performed well within the licensing business, driven by multi-regional expansion through general merchandise licensees, which contributed to sales growth.

Operating profit increased due to the substantial increase in sales in each region.

## (2) Challenges to be Addressed

### 1) Respond to volatility (fluctuations in business performance)

The Group has developed branded characters starting with Hello Kitty and has captured profits and expanded our business by licensing our characters to other companies and by planning, manufacturing, and selling gift merchandise. The primary source of revenue was the merchandising rights business, commonly known as product licensing, centered around Hello Kitty. In addition, we experienced repeated ups and downs in performance, such as the decline in operating profit for seven consecutive fiscal years from the fiscal year ended March 31, 2015, through the fiscal year ended March 31, 2021. We believe a major contributing factor was the overconcentration of product licensing in Europe and the Americas, and business development reliant on a single core character, Hello Kitty.

However, since the fiscal year ended March 31, 2022, the development of multiple character brands proved effective, leading to a V-shaped recovery in business performance. In the fiscal year ended March 31, 2025, the Group achieved significant growth, including record-high operating profit. We recognize it as a key management challenge to continue our growth trajectory while establishing a business structure with low volatility (fluctuations in business performance).

To achieve stable business performance, we believe it is essential to increase brand visibility in Europe and the Americas, transition to a sustained growth model, and broaden the attributes of our IP, including characters. To enhance visibility in Western markets, we will make investments in film media. To make a sustainable growth model, efforts will be made to strengthen fan engagement and increase customer loyalty. In expanding IP attributes, we will further strengthen functions beyond the traditional scope by collaborating with external IPs and creators to foster an IP platform.

### 2) Review marketing and sales strategies to make global Evergreen IP

To achieve long-term and stable growth, the Group recognizes the importance of shifting away from reliance on externally-driven trends, and “transforming the branding” of our IP. As there was a lack of a foundation resilient to volatility, particularly overseas, we will revise our marketing and sales strategies with the aim of realizing global Evergreen IP. Evergreen IP refers to IP that, like evergreen trees, remain consistently needed and valued over the long term without fading, regardless of changing trends or seasons. By building a state where recognition and favorability of our IP stay fresh and remain continuously in the market and unmoved by external trends, we intend to develop IP with lasting brand value that can withstand environmental changes in the market. As an initiative towards transforming the branding, we will launch various initiatives, such as “investing in global content” for large-scale anniversaries and other events; “collaborating with global platformers” as a way to engage video distribution channels; “strengthening branding supervision on a global scale” including cross-character marketing; and “enhancing local designs and local creatives” based on the needs of each overseas region.

### 3) Develop a foundation for global growth

To achieve long-term and stable growth, it is essential to further expand our business in key regions such as North America and Asia, particularly in China, strengthen local management capabilities, drive renewed growth in the European market, and develop new markets such as the Middle East, eastern Europe, India, ASEAN countries, Africa, and Latin America. To strengthen the Group’s overseas development, the construction of a management system with a global perspective, as well as the establishment of a financial strategy and the Group’s corporate governance that can respond to the changes of markets and appropriately allocate the Company’s management capital are all essential.

Furthermore, in order to support executing this overseas strategy successfully, we recognize the challenge of establishing two key growth foundations: a “human foundation,” including the development of “global talent” as well as “creative talent;” and an “aggressive finance and governance foundation,” which entails making non-recurring investments—such as overseas M&A and capital alliances—and actively securing the resources currently lacking within the Company.

### 4) Expand IP portfolio and monetize in multiple layers

The Group recognizes the main factor in the volatility in our business performance to be the “narrow scope of value offerings,” specifically a “heavy reliance on Hello Kitty overseas” and a “merchandise-centered” business model. To realize long-term growth with reduced volatility, it is essential to expand our IP portfolio and monetize in multiple layers, implementing measures to broaden both the value provided by our IP as well as the range of our markets and target audiences.

In initiatives to broaden the range of value provided by IP, we will expand from the previous “merchandise-centered” approach to providing value that does not depend on merchandise. These initiatives include providing added value such as activities for supporting my fave, establishing story-based IP linked to video and games, and creating IP experiences through education and other real-world journeys.

As for initiatives to expand the market and target demographic, in addition to the multi-IP development of Sanrio characters, we will work to develop businesses related to UGX\*-based creation support and secondary creation, create new market-based IP, and develop untapped segments, including those for kids and boys.

Through these efforts, we aim to further broaden our creative and producing capabilities, thereby expanding both the scope of our IP portfolio and monetization channels

\* User-Generated X (UGX) is a generic term that includes user-generated content and user-generated intellectual property.

#### 5) Leveraging diversity management

The Group operates our character business in 130 countries and regions and plans to expand our business regions further in the future. Moreover, the market for the character business is expanding irrespective of age from children to the elderly, and product development rooted in diversity and close collaboration with companies are essential. On the other hand, strategies fragmented by region, culture, or ideology make it difficult to secure global talent, maintain the flow of products, and respond swiftly to trends. As such, the establishment of a marketing system formed from a globally integrated information management system and diversity management as well as consolidated group management is essential.

(3) Assets and Profit and Loss of the Corporate Group and the Company

1) Assets and profit and loss of the Corporate Group

(Millions of yen, unless otherwise specified.)

Item	The 62nd fiscal year ended March 31, 2022	The 63rd fiscal year ended March 31, 2023	The 64th fiscal year ended March 31, 2024	The 65th fiscal year ended March 31, 2025
Net sales	52,763	72,624	99,981	144,904
Ordinary profit	3,318	13,724	28,265	53,453
Profit attributable to owners of parent	3,423	8,158	17,584	41,731
Basic earnings per share (yen)	14.16	33.74	73.08	176.62
Total assets	83,809	100,704	156,062	202,406
Net assets	43,800	56,295	64,897	107,608
Equity ratio (%)	52.1%	55.6%	41.4%	52.9%

Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024. Basic earnings per share are calculated as if this stock split had taken place at the beginning of the 62nd fiscal year.

2) Assets and profit and loss of the Company

(Millions of yen, unless otherwise specified.)

Item	The 62nd fiscal year ended March 31, 2022	The 63rd fiscal year ended March 31, 2023	The 64th fiscal year ended March 31, 2024	The 65th fiscal year ended March 31, 2025
Net sales	37,527	50,049	68,160	97,416
Ordinary profit	2,132	8,459	38,057	31,485
Profit	3,148	5,124	32,708	25,643
Basic earnings per share (yen)	13.03	21.19	135.93	108.53
Total assets	54,811	59,114	115,085	128,978
Net assets	24,681	28,557	48,488	68,351
Equity ratio (%)	45.0%	48.3%	42.1%	53.0%

Note: The Company conducted a 3-for-1 common stock split effective on April 1, 2024. Basic earnings per share are calculated as if this stock split had taken place at the beginning of the 62nd fiscal year.

(4) Principal Business

The Group primarily engages in character licensing operations, planning and sales of gift products, and the theme parks operations and overseas consolidated subsidiaries in each region conduct business operations in Europe (mainly Italy, France, Spain, Germany and the U.K.), North America (mainly the United States), Latin America (mainly Brazil, Chile, Peru and Mexico) and Asia (mainly Hong Kong, Taiwan, South Korea, China and Singapore). The Company and each consolidated subsidiary are independent operating units that establish comprehensive strategies concerning their products and other aspects of operations and conduct business operations based on those strategies.

(5) Principal Business Locations

Head office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Branches in Japan	
Distribution Center	(Akiruno City, Tokyo)
Kansai Branch	(Yodogawa-ku, Osaka City)
Directly managed stores	Gift products stores 98 locations
	Restaurant 1 location

(6) Employees

Category	Number of employees	Increase (decrease) from previous fiscal year-end	Average age	Average years of employment
Male	256	25	43 years and 9 months	16 years and 6 months
Female	541	80	40 years and 8 months	13 years and 10 months
Total or average	797	105	41 years and 8 months	14 years and 8 months

Note: The number of employees refers to persons working on a regular basis (excluding persons assigned by the Company temporarily to an entity outside the Company but including persons assigned by an entity outside the Company temporarily to the Company). Contract employees and temporary employees are not included, and Executive Officers are included.

(7) Principal Lenders

Lenders	Outstanding loan (Millions of yen)	The Company's shares held by lenders	
		Common shares (Thousands of shares)	Percentage of voting rights
MUFG Bank, Ltd.	4,901	0	—
Sumitomo Mitsui Banking Corporation	2,978	—	—
Mizuho Bank, Ltd.	1,825	—	—
The Yamanashi Chuo Bank, Ltd.	750	1,517	0.6%

(8) Other Matters Related to the Current Status of the Corporate Group

The Company resolved at a Board of Directors meeting held on March 14, 2025 to transition to a Company with an Audit and Supervisory Committee in order to strengthen the audit and supervisory functions of the Board of Directors and further enhance the corporate governance system, subject to approval at the 65th Ordinary General Meeting of Shareholders to be held on June 26, 2025.

## 2. Company Stock

- (1) Total Number of Shares Authorized to be Issued      930,000,000 shares of common stock
- (2) Total Number of Outstanding Shares                      255,408,303 shares of common stock  
(including 18,121,226 treasury shares)
- (3) Number of Shareholders of common stock                79,364 persons
- (4) Major Shareholders

Shareholder name	Number of shares held	Shareholding ratio (%)
	Common stock (Thousands of shares)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	26,304	11.1
KIYOKAWA SHOUJI CO., LTD.	19,714	8.3
Custody Bank of Japan, Ltd. (Trust Account)	12,233	5.2
Bandai Namco Holdings Inc.	11,100	4.7
KOUNAN SHOUJI CO., LTD.	7,692	3.2
STATE STREET BANK AND TRUST COMPANY 505001	6,414	2.7
Yuko Tsuji	5,133	2.2
HSBC HONG KONG—TREASURY SERVICES A/C ASIAN EQUITIES DERIVATIVES	4,414	1.9
Nippon Life Insurance Company	4,062	1.7
Fukoku Mutual Life Insurance Company	3,609	1.5

- Notes: 1. The shareholding ratio is calculated deducting treasury shares (18,121,226 shares).  
2. The Company holds 435,900 shares in Bandai Namco Holdings Inc.

- (5) Status of shares granted to Officers as compensation for duties  
The Company has introduced a restricted stock compensation plan to share more value with our shareholders and for the purpose of providing incentives to continually enhance corporate value.  
The type and number of shares granted as restricted stock as restricted stock compensation during the fiscal year under review, as well the number of eligible recipients, are as follows:

Category of Officer	Type and number of shares granted	Number of recipients (persons)
Directors (excluding Outside Directors)	37,500 shares of the Company's common stock	4

### 3. Share Acquisition Rights, etc. of the Company

- (1) Status of share acquisition rights, etc. granted to the Company's Officers as compensation for execution of duties  
Not applicable.
- (2) Status of share acquisition rights, etc. granted to the Company's Employees, etc. as compensation for duties during the fiscal year under review  
Not applicable.
- (3) Other important matters concerning share acquisition rights, etc.  
Share acquisition rights attached to the euro-yen convertible-bond-type bonds with share acquisition rights due 2028, issued pursuant to the resolution of the Board of Directors meeting held on November 28, 2023

Total number of share acquisition rights	A total of 3,000 units plus the number of units calculated by dividing the total principal amount of the bonds with substitute share acquisition rights by 10 million yen
Type of shares subject to share acquisition rights	Common shares
Number of shares subject to share acquisition rights	The number obtained by dividing the total principal amount of the bonds subject to the exercise request by the conversion price
Exercise period for share acquisition rights	From December 28, 2023 to November 30, 2028

## 4. Directors and Executive Officers

### (1) Director and Officers Liability Insurance Policy

The Company has entered into a director and officers liability insurance policy for directors, auditors, and executive officers of the Company and its subsidiaries as insured parties, as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. This agreement covers damages arising as a result of the insured's liability for the execution of their duties or claims arising in pursuit of said liability. The Company bears the cost for insurance premiums, except for insurance premiums that are equivalent to the loss in a shareholder lawsuit (approximately 6% of the total insurance premium).

### (2) Outside Officers

	Significant concurrent positions and relationship with the Company	Meeting attendance of the Board of Directors and the Audit & Supervisory Board	Primary activities during the fiscal year
Director Yu Sasamoto	Outside Director, KADOKAWA Corp. Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development  There are no matters to be disclosed.	Board of Directors: 94.7% Attended 18/19 meetings	Yu Sasamoto provides valuable opinions on the Company's management based on his management experience and knowledge of E-commerce and online business models.
Director Masae Yamanaka	Outside Director, JTB Corp. Director, ROHTO Pharmaceutical Co., Ltd.  There are no matters to be disclosed.	Board of Directors: 100% Attended 19/19 meetings	Masae Yamanaka provides valuable opinions on the Company's management based on her management experience of solutions businesses and knowledge from the perspective on gender.
Director David Bennett	CCO, Tenstorrent Inc. Visiting professor, Yamagata University  There are no matters to be disclosed.	Board of Directors: 100% Attended 19/19 meetings	David Bennett provides valuable opinions on the Company's management based on his international perspective and experience in the management of IT companies.
Director Shizuko Kamoda	Representative, RITA Law Office External Director, S Foods Corporation  There are no matters to be disclosed.	Board of Directors: 100% Attended 14/14 meetings	Shizuko Kamoda provides opinions mainly from the expert perspective as an attorney.
Auditor Kazuo Ohashi	President, Kazuo Ohashi Certified Accounting Office Outside Corporate Auditor, Graphite Design Inc.  There are no matters to be disclosed.	Board of Directors: 94.7% Attended 18/19 meetings  Audit & Supervisory Board: 100% Attended 13/13 meetings	Kazuo Ohashi provides opinions mainly from the expert perspective as a Certified Public Accountant.
Auditor Kiyo Morikawa	Representative, Morikawa Law Office Outside Auditor, TOYO Corporation.  There are no matters to be disclosed.	Board of Directors: 100% Attended 14/14 meetings  Audit & Supervisory Board: 100% Attended 10/10 meetings	Kiyo Morikawa provides opinions mainly from the expert perspective as an attorney.

(3) Limited Liability Agreements

Pursuant to Article 427, Paragraph 1, of the Companies Act, the Company has entered into limitation of liability contracts with respect to liability for damages as set forth in Article 423, Paragraph 1 of the Companies Act with outside directors and auditors. Under these contracts, their liabilities are limited to the total of 1) and 2) as set out below pursuant to Article 425, Paragraph 1, of the Companies Act if and so long as they have acted in good faith and without gross negligence in performing their duties:

- 1) The amount calculated in accordance with the method stipulated in Article 113 of the Ordinance for Enforcement of the Companies Act as the amount equivalent to the property benefit received or to be received per year for the compensation for the performance of duties while they are in office, multiplied by 2; and
- 2) The amount calculated in accordance with the method stipulated in Article 114 of the Ordinance for Enforcement of the Companies Act as the amount equivalent to the property benefit related to the share options in the case of subscription to share options (limited to the cases listed in each item of Article 238, Paragraph 3 of the Companies Act)

## 5. Accounting Auditor

- (1) Accounting Auditor's Name  
Ernst & Young ShinNihon LLC
- (2) Amount of Compensation, etc. for the Accounting Auditor for the Fiscal Year under Review
  - 1) Amount of compensation, etc. payable by the Company as a consideration for duties related to Article 2, Paragraph 1 of the Certified Public Accountants Act  
62.9 million yen.
  - 2) Total amount of cash and other profits payable by the Company or its subsidiaries to Accounting Auditor  
92.9 million yenNotes: 1. Reasons for the Audit & Supervisory Board to have agreed on Accounting Auditor's compensation, etc.  
The Audit & Supervisory Board has reviewed the previous fiscal year's audit plan and actual results, audit hours and compensation, as well as external benchmarks for compensation for audit services, and examined the appropriateness of the planned audit hours and compensation amount for the fiscal year under review. As a result, the Audit & Supervisory Board has given its consent to the proposed compensation, etc. for the Accounting Auditor in accordance with Article 399 of the Companies Act.  
2. Under the audit agreement between the Company and the Accounting Auditor, compensation, etc. for audit services under the Companies Act and those under the Financial Instruments and Exchange Act are not clearly distinguished and it is not practically possible to distinguish them, therefore, the amount of compensation for audit services represents their total amount.
- (3) Description of Non-Audit Services  
The Company pays compensation to the Accounting Auditor for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act, including the preparation of comfort letters.
- (4) Policy on Determination of Dismissal or Non-Reappointment of Accounting Auditor  
In the event that the Account Auditor is deemed to have met the items set forth in the clauses of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall terminate the appointment of the Account Auditor with the unanimous approval of all auditors.  
In addition to the above circumstances, if it is determined that the Accounting Auditor's performance of duties is hindered or other justifiable reason, the Audit & Supervisory Board may, with the approval of a majority of the Auditors, propose a resolution for the dismissal or non-reappointment of the Accounting Auditor at a general meeting of shareholders.
- (5) Audit Status of Subsidiaries by Auditors Other than the Company's Accounting Auditor  
Among the Company's principal subsidiaries, all overseas subsidiaries are audited by certified public accountants or audit firms (or those with equivalent qualifications under local regulations) other than the Company's Accounting Auditor.

## 6. System and Policies of the Company

### (1) System to Ensure the Appropriateness of Execution of Duties

The Company has resolved at its Board of Directors meeting on the System to Ensure the Appropriateness of Execution of Duties as stipulated under the Companies Act and the Ordinance for Enforcement of the Companies Act. An outline of these systems is as follows.

#### 1. Systems to Ensure Compliance with Laws and Regulations and the Company's Articles of Incorporation in the Execution of Duties by Directors and Employees of the Company and its Group companies

- (1) Regulations regarding the compliance framework, including the Sanrio Compliance Charter, are established as codes of conduct to ensure that Directors and employees of the Company and its Group companies act in compliance with laws and regulations, the Articles of Incorporation, and social norms.
- (2) The Sanrio Joint Compliance Committee, chaired by the Division General Manager of the Company's Internal Control Division and comprised of outside independent members and others, is established in accordance with the Rules of the Sanrio Joint Compliance Committee. The Committee promotes the establishment and enforcement of the compliance framework across the Company and the entire Sanrio Group, and monitors issues through mechanisms such as hotlines operated in accordance with whistleblower protection regulations.
- (3) Issues related to compliance are investigated and reviewed by the Compliance Office, with such results deliberated by the Sanrio Joint Compliance Committee and results reported to the Board of Directors and the Audit & Supervisory Board.
- (4) The Internal Auditing Department, in coordination with the Sanrio Joint Compliance Committee, audits the status of compliance across the entire Sanrio Group and reports the results to the Board of Directors and the Audit & Supervisory Board.
- (5) The Group maintains a firm stance of having no relationship whatsoever with antisocial forces or organizations that pose a threat to the order or safety of civil society, and will respond resolutely to such entities.

#### 2. Storage and Management of Information Related to the Execution of Duties by Directors

- (1) Meeting minutes of the Board of Directors, approval request documents, and other information pertaining to the execution of duties (including documents and electronic records; hereinafter the "Documents, etc.") shall be appropriately stored and managed in accordance with the Rules on Document Management.
- (2) Directors and Auditors shall have access to Documents, etc. at all times.

#### 3. Rules and Systems for Managing Risk of Loss within the Company and Group Companies

- (1) The Company monitors and responds to risks across the organization, including those related to compliance, environment, disaster response, quality, information security and import/export control, through the Sanrio Joint Compliance Committee, chaired by the Director responsible for Internal Control Division. The Sanrio Joint Compliance Committee appoints responsible departments, as well as establishing committees and subcommittees, for each risk category based on the Rules of Segregation of Duties and other internal rules. These departments, committees, or subcommittees gather and analyze risk-related information, develop policies and guidelines, conduct training, and create and distribute manuals.
- (2) The Sanrio Joint Compliance Committee shares the Company's risk management information to Group companies, and provides support for risk management. Moreover, Group companies shall regularly hold risk management meetings in accordance with the Rules on the Management of Group Companies and report on the outcomes to the Company's Sanrio Joint Compliance Committee and the Director responsible for the Group company.
- (3) If an unforeseen incident occurs, a task force headed by the President shall be established, and shall organize teams including an information coordination team and teams including the legal advisor in order to enable swift action, prevent the spread of damage, and minimize loss.
- (4) Execution of duties based on decisions by the Board of Directors shall follow the Rules of Segregation of Duties and the Rules of Authority, which stipulate respective responsibilities and details of execution procedures.
- (5) The Internal Auditing Department shall audit the risk management status across the Group and each division, and report the results to the Board of Directors and the Audit & Supervisory Board.

4. Systems to Ensure the Efficient Execution of Duties by Directors
  - (1) The Rules on the Authority of Duties and the Rules on the Decision-Making shall be stipulated in the Rules of the Board of Directors, the Rules of Organization and Job Classification rules, the Rules on Segregation of Duties, the Rules of Authority, the Rules on Approval Request, and other internal rules.
  - (2) The Board of Directors shall establish Company-wide goals to be shared by Directors and employees of the Company and its Group companies. Each Director responsible for a division shall establish specific goals for the division and identify efficient methods for achieving these goals, including the delegation of authority, based on the Rules pertaining to the Authority of Duties and Decision-Making. The Board of Directors shall regularly review progress utilizing IT, etc. as necessary and promote continuous improvement, thereby creating a framework to realize company-wide operational efficiency.
  - (3) The efficient execution of duties based on decisions by the Board of Directors shall follow the Rules of Segregation of Duties and the Rules of Authority, which stipulate responsible persons, their respective responsibilities, and details of execution procedures.
  - (4) Group companies shall also establish internal rules to ensure that the execution of duties by Directors, etc. is carried out efficiently.
5. Other Systems to Ensure the Appropriateness of the Execution of Duties of the Corporate Group Comprising the Company and Its Group Companies
  - (1) To build Internal Control Systems at the Company and Group companies, the Internal Control Project Steering Committee chaired by the Director responsible for the Company's Internal Control Division shall oversee the internal controls of the entire Group in a comprehensive and centralized manner. The Committee shall establish and operate a framework for the Company and Group companies that includes systems to facilitate discussions related to internal controls, information sharing, and a system for the efficient communication of instructions and requests.
  - (2) The Directors of the Company responsible for divisions and Directors of Group companies shall have the authority and responsibility to establish and operate internal controls to ensure appropriate execution of duties in their respective divisions.
  - (3) Directors of Group companies shall report matters related to the execution of duties to the Director of the Company responsible for the Group company in accordance with the Rules on the Management of Group companies.
  - (4) The Internal Auditing Department of the Company shall evaluate the Internal Control Systems of the Company and Group companies and report the results to the Director responsible for the Company's Internal Control Division, Auditors, and Director responsible for the relevant Group company. If necessary, the Director responsible for Internal Control Division and Auditors shall provide guidance and support for implementation of internal control improvement measures.
6. Systems Regarding Employees Who Assist the Duties of Auditors and the Independence of Such Employees from Directors
  - (1) If Auditors deem it necessary to have persons to assist them in their audit duties, they may appoint one or more employees, such as from the General Affairs Department, and issue instructions necessary for conducting audit duties.
  - (2) Employees who receive instructions from Auditors in relation to audit work shall not be subject to direction or control from Directors, etc. responsible for their respective department.
  - (3) With regard to personnel changes affecting such employees who assist in audit duties, the Director responsible for Human Resources shall require prior consent from the Audit & Supervisory Board.
7. Systems for Directors and Employees of the Company and Group Companies to Report to the Audit & Supervisory Board and Other Systems to Report to the Audit & Supervisory Board
  - (1) Directors and employees of the Company and Group companies shall promptly report to the Audit & Supervisory Board matters stipulated by law (Article 357 of the Companies Act), as well as matters that significantly impact the Company or the Group, the implementation status of internal audits, and status of whistleblowing through the Compliance and Harassment Consultation and Reporting Desk. Notwithstanding the above, Auditors may request reports from Directors and employees as necessary.
  - (2) The method of reporting (reporter, recipient, timing of reporting, etc.) shall be determined through discussion between Directors and the Audit & Supervisory Board.
  - (3) No personnel-based or other disadvantageous treatment shall be imposed on individuals who report to auditors.

8. Other Systems to Ensure Audits by the Audit & Supervisory Board are Conducted Effectively
- (1) Auditors shall attend the Board of Directors Meetings, budget meetings, management meetings, and other important meetings related to the execution of duties, and may request explanations as necessary.
  - (2) Representative Directors shall make efforts to communicate with the Audit & Supervisory Board by holding meetings and exchanging opinions on company management, separate from reporting on business.
  - (3) Directors responsible for divisions and employees shall actively cooperate with inquiries conducted by Auditors.
  - (4) The Audit & Supervisory Board shall be entitled to retain external specialists such as attorneys and accountants as needed to receive advice related to audit duties.
  - (5) The Company shall bear the expenses necessary for the execution of audits.

9. Ongoing Improvement of the Internal Control System

The Board of Directors shall endeavor to continuously establish and improve Internal Control Systems, including the systems set forth in the preceding items.

10. System to Ensure the Appropriateness of Financial Reporting

Internal controls shall be established and operated to ensure the appropriateness of documents and other information related to financial accounting.

(2) Outline of the Operation of System to Ensure the Appropriateness of Execution of Duties

The Company has resolved at its Board of Directors meeting to establish the System to Ensure the Appropriateness of Execution of Duties as described in (1), and based on this, has established and is operating Internal Control Systems. The operational status of the Committees and divisions specified are as follows.

The Sanrio Joint Compliance Committee, which includes external independent members, convenes quarterly with the Compliance Department serving as secretariat. The Committee identifies risks, monitors day-to-day operations, and reports findings to the Board of Directors. In addition, whenever compliance-related issues arise, relevant subcommittees hold meetings to deliberate, however, depending on the severity and urgency, a system is in place that allows the Temporary Compliance Committee to be convened. Furthermore, self-assessments are conducted annually across the Group, and compliance training is conducted for all Group employees to promote and enhance awareness of compliance.

The Internal Auditing Department, a division responsible for internal audits, conducts internal audits based on designated themes on an ongoing basis and reports the results to the Board of Directors, the Audit & Supervisory Board, the Sanrio Joint Compliance Committee, and relevant directors.

The Internal Control Project Steering Committee convenes its project members as necessary to review the progress, schedule, and issues of the Internal Control Systems during the fiscal year under review, holding discussions to ensure the appropriateness of operations without oversight.

(3) Basic Policy Regarding Control of the Company

Sanrio strives to expand the circle of good relationships around the globe through our character-related content such as character-related products and animations which are filled with the spirit of compassion and friendship under the Company's management philosophy of "Minna Nakayoku (Getting Along Together)." Our basic codes of conduct are that "we never do what others do not like," "nothing comes from conflict," and "we always respond with compassion and gratitude." We believe that the Sanrio brand is built on this way of thinking both in Japan and overseas. Sanrio welcomes more companies and associates who help to expand this way of thinking.

However, in case a person who intends to "control the Company's financial and business policy decisions" appears, the Company will respond to such persons based on the following basic policies:

- 1) We must confirm the true intention of the counterparty.
- 2) We shall strive to ensure that the person understands the basic idea of the Company as stated above.
- 3) We shall seek opinions from a wide range of stakeholders, including shareholders, by disclosing the above promptly and setting a sufficient amount of time.

If there is any take-over bid or acquisition proposal to acquire a substantial amount of the Company's shares, we believe that the final decision on whether or not to accept the offer should ultimately be left to our shareholders. If such a bid or offer serves to increase the Company's corporate value and benefits to the common interests of shareholders, we will not reject the offer.

However, among the persons purchasing a large number of shares, there might be someone who clearly undermines corporate value or the common interests of shareholders in light of their purpose and methods. Such

examples include losing important assets by selling off pieces of the Company's property in pursuit of immediate profits, the use of character assets in businesses that damage the Company's corporate brand, and damage to the image of the characters due to lack of compliance.

The Company recognizes that, in the event of such a takeover bid, the Company, with responsibilities of those entrusted with the management, needs to carefully consider the impact of such a takeover bid on the corporate value of the Company and the common interests of its shareholders based on the tender offeror's business activities, future business plans, its past investment activities and the takeover manner, and make efforts to disclose sufficient information to the shareholders.

Currently, Sanrio does not face any imminent threat of such a takeover with regard to the Company's shares, nor do we intend to predefine any specific measures (so-called "anti-takeover measures") in the event of the emergence of such a tender offeror.

However, we always pay attention to the trade activities of the Company's shares and the movement of shareholders, prepare a response plan for such events, and will take the most appropriate measures within the scope permitted by laws and regulations and the Company's Articles of Incorporation in case of emergence of a person with the intention to conduct such a take-over bid.

(4) Policy on Determination of Dividends of Surplus, etc.

The Company considers distributing earnings to shareholders to be one of the Sanrio Group's highest priorities. For the current fiscal year under review, as a result of a significant increase in consolidated business performance, net income attributable to owners of parent amounted to 41.7 billion yen. Regarding the year-end dividend, the Company has resolved to pay a year-end dividend of 33 yen per share, an increase of 18.5 yen from the previous year-end dividend of 14.5 yen per share (post-stock split). Combined with the interim dividend of 20 yen per share, the total annual dividend amounts to 53 yen per share, representing an increase of 31 yen from the annual dividend of 22 yen per share from the previous fiscal year. We remain committed to enhancing corporate performance for continuous shareholder returns. We sincerely ask for your continued support.

Notes: 1. Figures related to monetary amounts and number of shares presented in this business report are rounded down to the nearest unit, while percentages and similar figures are rounded off to the nearest displayed digit.

2. The amounts stated for net sales and other figures do not include consumption taxes, etc.

3. The Company conducted a 3-for-1 stock split effective on April 1, 2024.

# Consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

## Consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>151,698</b>	<b>Current liabilities</b>	<b>49,277</b>
Cash and deposits	118,976	Notes and accounts payable-trade	5,420
Notes receivable-trade	253	Short-term borrowings	6,916
Accounts receivable-trade	22,361	Current portion of bonds payable	39
Merchandise and finished goods	7,250	Lease liabilities	1,059
Work in process	29	Accounts payable-other	13,984
Raw materials and supplies	460	Income taxes payable	9,547
Other accounts receivable	351	Contract liabilities	6,170
Other	2,211	Provision for bonuses	1,267
Allowance for doubtful accounts	(196)	Provision for shareholder benefit program	106
<b>Non-current assets</b>	<b>50,707</b>	Provision for point card certificates	15
<b>Property plant and equipment</b>	<b>16,818</b>	Other	4,750
Buildings and structures	3,971	<b>Non-current liabilities</b>	<b>45,521</b>
Machinery, equipment and vehicles	267	Convertible-bond-type bonds with share acquisition rights	28,312
Tools, furniture and fixtures	1,179	Long-term borrowings	5,023
Land	6,300	Lease liabilities	3,974
Leased assets	4,603	Deferred tax liabilities	5,781
Construction in progress	495	Long-term deposits received	716
<b>Intangible assets</b>	<b>3,595</b>	Long-term accounts payable - other	316
<b>Investments and other assets</b>	<b>30,293</b>	Retirement benefit liability	1,027
Investment securities	7,558	Other	368
Long-term loans receivable	9	<b>Total liabilities</b>	<b>94,798</b>
Guarantee deposits	1,977	<b>(Net assets)</b>	
Deferred tax assets	2,617	<b>Shareholders' equity</b>	<b>90,508</b>
Retirement benefit asset	16,192	Share capital	10,261
Other	2,090	Capital surplus	4,638
Allowance for doubtful accounts	(152)	Retained earnings	93,238
<b>Deferred assets</b>	<b>0</b>	Treasury shares	(17,630)
Bond issuance costs	0	<b>Accumulated other comprehensive income</b>	<b>16,522</b>
		Valuation difference on available-for-sale securities	785
		Foreign currency translation adjustment	8,154
		Remeasurements of defined benefit plans	7,583
		<b>Non-controlling interests</b>	<b>576</b>
		<b>Total net assets</b>	<b>107,608</b>
<b>Total assets</b>	<b>202,406</b>	<b>Total liabilities and net assets</b>	<b>202,406</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

(Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>144,904</b>
<b>Cost of sales</b>		<b>35,005</b>
<b>Gross profit</b>		<b>109,899</b>
<b>Selling, general and administrative expenses</b>		<b>58,093</b>
<b>Operating profit</b>		<b>51,806</b>
<b>Non-operating income</b>		<b>2,164</b>
Interest income	1,383	
Dividend income	116	
Foreign exchange gains	99	
Gain on investments in investment partnerships	147	
Other	416	
<b>Non-operating expenses</b>		
Interest expenses	170	
Commission expenses	166	
Value-added-tax	152	
Other	27	
<b>Ordinary profit</b>		<b>53,453</b>
<b>Extraordinary income</b>		<b>2,445</b>
Gain on sale of non-current assets	0	
Gain on sale of investment securities	2,444	
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	77	
Impairment losses	317	<b>461</b>
System failure response expenses	62	
Business restructuring expenses	4	
<b>Profit before income taxes</b>		<b>55,436</b>
Income taxes-current	16,503	<b>13,474</b>
Income taxes-deferred	(3,029)	
<b>Profit</b>		<b>41,962</b>
Profit attributable to non-controlling interests		231
<b>Profit attributable to owners of parent</b>		<b>41,731</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Consolidated Statement of Changes in Net Assets

(April 1, 2024 - March 31, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2024	10,261	2,764	59,655	(18,728)	53,953
Changes during the consolidated fiscal year					
Dividends of surplus	—	—	(8,148)	—	(8,148)
Profit attributable to owners of parent	—	—	41,731	—	41,731
Purchase of treasury shares	—	—	—	(1)	(1)
Disposal of treasury shares	—	1,873	—	1,100	2,973
Net changes in items other than shareholders' equity during the consolidated fiscal year	—	—	—	—	—
Total changes during the consolidated fiscal year	—	1,873	33,583	1,098	36,555
Balance as of March 31, 2025	10,261	4,638	93,238	(17,630)	90,508

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2024	1,390	4,762	4,502	10,655	288	64,897
Changes during the consolidated fiscal year						
Dividends of surplus	—	—	—	—	—	(8,148)
Profit attributable to owners of parent	—	—	—	—	—	41,731
Purchase of treasury shares	—	—	—	—	—	(1)
Disposal of treasury shares	—	—	—	—	—	2,973
Net changes in items other than shareholders' equity during the consolidated fiscal year	(604)	3,392	3,080	5,867	287	6,155
Total changes during the consolidated fiscal year	(604)	3,392	3,080	5,867	287	42,710
Balance as of March 31, 2025	785	8,154	7,583	16,522	576	107,608

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

## Notes to Consolidated Financial Statements

### Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements

#### 1. Scope of Consolidation

##### (1) Consolidated subsidiaries

Number of consolidated subsidiaries, etc.	17 companies
Names of major consolidated subsidiaries, etc.	Sanrio, Inc. (U.S. corporation) Sanrio GmbH (German corporation) Sanrio Shanghai International Trade Co., Ltd. (Chinese corporation) Sanrio Entertainment Co., Ltd.

Since Sanrio Far East Co. disappeared through an absorption-type merger with the Company as the surviving company and Mister Films Ltd. dissolved, they were excluded from the scope of consolidation.

##### (2) Major unconsolidated subsidiaries, etc.

Names of major unconsolidated subsidiaries	Sanrio Enterprise Co., Ltd.
Reasons for exclusion from scope of consolidation	Total assets, net sales, profit (loss), and retained earnings of the unconsolidated subsidiaries do not have a material effect on the consolidated financial statements.

#### 2. Application of Equity Method

Unconsolidated subsidiaries and associates not accounted for using equity method

Names of major entities	Sanrio Enterprise Co., Ltd.
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Reasons for not applying equity method

Since each company has a negligible effect on profit (loss) and retained earnings and they are also not significant in total, the investment is valued using the cost method, not applying the equity method.

#### 3. Fiscal Years of Consolidated Subsidiaries, etc.

Among consolidated subsidiaries, the end of the fiscal year of Sanrio Korea Co., Ltd., Sanrio GmbH, Sanrio Shanghai International Trade Co., Ltd. Sanrio, Inc., Sanrio (Hong Kong) Co., Ltd., Sanrio Taiwan Co., Ltd., Sanrio Do Brasil Comercio e Representacoes Ltda., Sanrio Wave Hong Kong Co., Ltd., Sanrio Global Ltd., Sanrio UK Finance Ltd., Mister Men Ltd., THOIP, Sanrio Chile SpA., Sanrio Global Asia Ltd., SANRIO SOUTHEAST ASIA PTE.LTD. is December 31. In preparing the consolidated financial statements, financial statements as of the end of the fiscal year are used. However, necessary adjustments for consolidation are made for significant transactions occurring during the period between the fiscal year end and the consolidated closing date.

#### 4. Accounting Policies

##### (1) Basis and method for valuation of significant assets

###### 1) Available-for-sale securities

Securities other than shares that do not have a market value	Fair value method based on the market price, etc. as of the consolidated closing date (With the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)
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Shares that do not have a market value	Moving average cost method For investments in investment limited partnerships and similar partnerships (deemed as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), a method in which amounts equivalent to equity interests are incorporated on a net basis based on the recent financial statements available according to the financial report date specified in the partnership contract.
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###### 2) Derivatives

Fair value method

###### 3) Inventories

Merchandise and finished goods	In principle, moving average cost method (with amount shown on balance sheet written down as profitability declines)
Work in process	In principle, cost method based on the specific cost method
Raw materials and supplies	In principle, last purchase cost method

(2) Depreciation method for non-current assets	
1) Property, plant and equipment (excluding leased assets)	The straight-line method is applied for the Company's distribution warehouses, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, facilities attached to buildings acquired on or after April 1, 2016, Sanrio Entertainment Co., Ltd., Sanrio Far East Co., and overseas subsidiaries. The declining balance method is applied for other property, plant and equipment.
2) Intangible assets (excluding leased assets)	The straight-line method based on the estimated usable period in the Company (in principle, five years) is applied for internally used software and the straight-line method is applied for other intangible assets.
3) Leased assets	For leased assets related to finance lease transactions with the right of ownership not transferred, the straight-line method is applied using the lease term as service life and a residual value of zero.
(3) Recognition criteria for significant provisions	
1) Allowance for doubtful accounts	To make allowances for the non-payment of receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.
2) Provision for bonuses	To prepare for the payment of bonuses for employees, the Company and major consolidated subsidiaries record a provision for bonuses based on the estimated payment amount. However, some overseas consolidated subsidiaries with no bonus payment plan have not established a provision.
3) Provision for shareholder benefit program	To prepare for the incurrence of expenses based on the shareholder benefit program, the amount expected to be incurred in the following consolidated fiscal year is recorded.
4) Provision for point card certificates	To prepare for expenses arising from the future use of points, the amount of remaining points unused as of the end of the consolidated fiscal year under review multiplied by a rate of the past actual use, etc. is recorded.
(4) Recognition criteria for revenue and expenses	<p>The Group recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when control of such goods or services is transferred to customers based on a contract with the customers. Revenue related to sales of merchandise or finished goods is primarily from wholesale sales or sales from manufacturing with an obligation to deliver the merchandise or finished goods based on a sales contract made with the customer. For this obligation, control of merchandise or finished goods is deemed to be transferred to the customer at the time of delivery of the merchandise or finished goods. However, for domestic transactions, since the period from shipment to delivery is normal, revenue is recognized at the time of shipment by applying an alternative treatment for materiality, etc.</p> <p>Transactions of the licensing business are largely classified into three types: "certificate stamp license system," "license report system," and "license term system." In the "certificate stamp system," certificate stamps which are directly affixed to licensed finished goods are issued as a proof that the Group granted a license and revenue is recognized according to the actual number of shipped certificate stamps at the time when the stamps are shipped as is the case with revenue related to sale of merchandise or finished goods. In the "license report system," royalties are generated based on the reported number of actual production or sales of licensed products that are manufactured or sold based on a plan approved in advance and revenue is recognized at the amount calculated based on the reported number of production or sales stated in a "royalty report" submitted by licensees. In the "license term system," licenses to use characters are granted for a specified period and royalties are received based on the contract. Revenue is recognized by allocating the contract amount proportionally to each month over the contract period.</p>

(5) Accounting treatment related to retirement benefits

1) Method of attributing estimated retirement benefits to periods

When calculating retirement benefit liabilities, the method for attributing expected benefit payments to the period until the end of the consolidated fiscal year under review is as per the benefit formula basis.

2) Method of expenses for actuarial differences and past service costs

Actuarial differences are treated as expenses proportionally using the straight-line method over a specified period (8 years) within the average remaining service years of employees at the time of accrual in each consolidated fiscal year, from the following consolidated fiscal year of the respective accruals. Past service costs are recorded as expenses proportionally using the straight-line method over a fixed number of years (8 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.

3) Adoption of the simplified method for small-sized companies

Some consolidated subsidiaries have adopted the simplified method using the amount of retirement benefit payment to be required for voluntary retirement at the fiscal year end as retirement benefit liabilities for calculating retirement benefit expenses related to retirement benefits.

(6) Treatment of deferred assets

Bond issuance costs are amortized in equal amounts over the period until the bond's redemption.

(7) Significant hedge accounting methods

1) Hedge accounting methods

In principle, deferred hedge accounting is applied. Deferral hedge accounting is used for forward exchange contracts that meet the conditions for deferral hedge accounting, and special treatment is used for interest rate swaps that meet the requirements for special treatment.

2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Forward exchange contracts	Foreign currency-denominated monetary receivables and payables and forecast transactions
Interest rate swap	Borrowings and bonds payable

3) Hedging policy

In principle, based on internal regulations, foreign currency fluctuation risk and interest rate fluctuation risk are hedged.

4) Method of evaluating hedging effectiveness

In principle, cumulative amounts of market fluctuations or cash flow fluctuations of hedged items and hedging instruments are compared. For forward exchange contract transactions on which important conditions of hedge items and hedging instruments are the same and deemed highly correlated, the evaluation of effectiveness is omitted.

(8) Adoption of group tax sharing system

The group tax sharing system has been applied.

### Notes Regarding Changes in Accounting Policies

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the fiscal year ended March 31, 2025.

Revisions concerning the accounting classification of income taxes (taxation of other comprehensive income) are made in accordance with the transitional treatment stipulated in the proviso of Paragraph 20-3 of the 2022 revised accounting standard and in the proviso of Paragraph 65-2, Item 2 of the Implementation Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022). The application of this standard has no effect on the consolidated financial statements.

For the revision concerning the change in the treatment in the consolidated financial statements of the tax deferral of gains or losses on sales of shares of subsidiaries, etc. between consolidated companies, the Company has applied the Implementation Guidance on Accounting Standard for Tax Effect Accounting from the beginning of the fiscal year ended March 31, 2025. This change in accounting policies has no effect on the consolidated financial statements in the previous fiscal year.

### Notes Regarding Changes in Presentation

#### Consolidated balance sheet

For the previous fiscal year, “accounts payable-other” was included in “other” in “current liabilities” (in the amount of 7,772 million yen in the previous fiscal year), but due to its increased importance, it is separately presented for the consolidated fiscal year under review.

### Notes Regarding Accounting Estimates

#### Valuation of unlisted shares

Contents of accounting estimates conducted in preparing the consolidated financial statements of the Company are as follows:

- 1) Amounts recorded on the consolidated financial statements for the consolidated fiscal year under review

Investment securities (unlisted shares of Sanrio Company, Ltd.)	3,624 million yen
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- 2) Other information that helps users of the consolidated financial statements to understand the contents of accounting estimates

In valuation of unlisted shares, if financial conditions of investees deteriorate and the real value of the shares significantly decreases, the acquisition cost is reduced to the real value. In addition, for shares acquired at the amount reflecting the excess earnings power of investees, the real value of shares is calculated by reflecting the excess earnings power in the amount corresponding to equity in investees' net assets, if the excess earnings power assumed at the time of acquisition continues.

In valuating unlisted shares, whether the excess earnings power of investees assumed at the time of the investment is impaired or not is determined in comprehensive consideration of the achievement status of the investees' business plan at the time of the investment, potential growth, and business outlook. This consideration includes estimations and the major assumption is net sales (mainly the number of sales customers) included in the business plan.

The amount of net sales (mainly the number of sales customers) in the future business plan, which is a major assumption, includes the uncertainty of the estimation. If business performance of the investees falls below the business plan following changes in such major assumption, evaluation of the excess earnings power, etc. may be affected, resulting in recording of loss on valuation of investment securities.

**Notes Regarding Consolidated Balance Sheet**

1. Accumulated depreciation of property, plant and equipment 45,168 million yen
2. Contingent liabilities
  - Debt guarantees of borrowings from banks by employees 5 persons 4 million yen

**Notes Regarding Consolidated Statement of Changes in Net Assets**

1. Class and total number of issued shares at the end of the consolidated fiscal year
  - Common stock 255,408,303 shares
2. Dividends of surplus conducted for the consolidated fiscal year under review

Resolution	Class of shares	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 14, 2024 Board of Directors meeting	Common stock	3,424	43.50	March 31, 2024	June 11, 2024
November 1, 2024 Board of Directors meeting	Common stock	4,723	20.00	September 30, 2024	December 2, 2024

3. Dividends of surplus conducted after the end of the consolidated fiscal year under review

Resolution	Class of shares	Source of dividends	Total amount of dividends (Millions of yen)	Dividend per share (yen)	Record date	Effective date
May 13, 2025 Board of Directors meeting	Common stock	retained earnings	7,830	33.00	March 31, 2025	June 10, 2025

4. Number of shares issued by the Company for the purpose of share acquisition rights at the end of the consolidated fiscal year under review
  - Common stock 10,743,317 shares

## Notes Regarding Financial Instruments

### 1. Matters regarding the status of financial instruments

#### (1) Policy for financial instruments

The Group raises necessary funds (mainly bank borrowings and issuance of bonds payable) in light of the capital expenditure plan. Temporary surplus funds are invested in highly secure financial assets and short-term operating capital is procured through bank borrowings. Derivative transactions are used to hedge risks mentioned below, not for speculative purposes.

#### (2) Contents of financial instruments and risks related to such financial instruments

Notes receivable-trade and accounts receivable-trade, which are operating receivables, are exposed to customer credit risk.

In addition, foreign currency-denominated operating receivables arising from our global business development are exposed to foreign exchange fluctuation risk and those of major currencies are hedged by using forward exchange contracts, currency option transactions, and coupon swap transactions, in principle, against the net amount of payables denominated in the same foreign currency in accordance with the Foreign Exchange Risk Management Regulations of the Company. Investment securities are mainly shares of companies with business relationships, which are exposed to market price fluctuation risk.

Notes and accounts payable-trade, which are operating payables, are due within one year. Some of these payables, which are denominated in foreign currencies associated with importing merchandise, etc. are exposed to foreign exchange fluctuation risk and those of major currencies are hedged by using forward exchange contracts, in principle, against the net amount of receivables denominated in the same foreign currency in accordance with the Foreign Exchange Risk Management Regulations of the Company. Borrowings and bonds payable are mainly used to procure funds necessary for capital investments, etc. and convertible-bond-type bonds with share acquisition rights are mainly used to procure funds necessary for strategic investments, etc. and their repayment dates are 3 years and 8 months at the maximum after the closing date. Some of those with variable interest rates are exposed to interest rate fluctuation risk, part of which is hedged using derivative transactions (interest rate swap transactions).

Derivative transactions are forward exchange contract transactions, currency option transactions, coupon swap transactions, and currency swap transactions, which are used to hedge the foreign exchange fluctuation risk related to transactions denominated in foreign currencies, and interest rate swap transactions, which are used to hedge risks from changes in interest rate. Derivative transactions are executed and managed in accordance with the Foreign Exchange Risk Management Regulations and the Interest Rate Risk Management Regulations which stipulate the transaction authority. For hedging instruments, hedged items, hedging policy, and a method of evaluating hedging effectiveness regarding hedge accounting, please refer to "Significant hedge accounting methods" in "Notes Regarding Significant Accounting Policies for Preparation of Consolidated Financial Statements."

#### (3) Risk management system for financial instruments

##### 1) Management of credit risk (risks related to the nonperformance of counterparties)

In accordance with the Company's Accounting Regulations, the Accounting Department and the sales management unit in each business department regularly monitor the status of major customers for operating receivables and long-term loans receivable and manage the due dates and balances for each customer. In addition, the Company works to promptly identify and mitigate concerns about collection due to deterioration in financial conditions, etc. Consolidated subsidiaries also conduct similar management procedures in accordance with the Company's Accounting Regulations.

In using derivative transactions, the Company conducts transactions only with highly rated financial institutions to mitigate counterparty risk.

##### 2) Management of market risk (fluctuation risks of exchange rates, interest rates, etc.)

Regarding transactions denominated in major foreign currencies, the Company and some of its consolidated subsidiaries use forward exchange contracts, currency option transactions, and coupon swap transactions in principle to hedge foreign exchange fluctuation risk identified by currencies and by months in accordance with the Company's Foreign Exchange Risk Management Regulations. In addition, the Company uses interest rate swap transactions to mitigate fluctuation risk of interest rates on borrowings and bonds payable.

As for investment securities, the Company regularly identifies fair values and financial conditions of issuers (counterparty companies) and continually reviews the holding status, taking into account the relationships with counterparty companies.

Derivative transactions are based on the Foreign Exchange Risk Management Regulations and Interest Rate Risk Management Regulations which stipulate the transaction authority, limits, etc., and in accordance with these regulations, the Accounting Department executes transactions, records entries, and reconciles the balance with the counterparty. Monthly transaction results are reported to officers in charge of the Accounting Department. Consolidated subsidiaries also conduct risk management in accordance with the Company's Foreign Exchange Risk Management Regulations and the Interest Rate Risk Management Regulations

3) Management of liquidity risk related to fund procurement (risk of being unable to make payments on due dates)

The Accounting Department prepares and updates financing plans in a timely manner based on reporting from each department and maintains liquidity on hand, through which the Company manages liquidity risk.

(4) Supplementary explanation about matters regarding fair values, etc. of financial instruments

Since variable factors are incorporated into the calculation of fair values of financial instruments, such values may vary due to the adoption of different assumptions, etc.

## 2. Matters regarding the fair values of financial instruments

The carrying amounts, the fair values, and the differences between them as of March 31, 2025 are as follows.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Investment securities			
Available-for-sale securities	3,191	3,191	—
Total assets	3,191	3,191	—
(1) Short-term borrowings	6,916	6,924	8
(2) Current portion of bonds payable	39	38	(0)
(3) Convertible-bond-type bonds with share acquisition rights	28,312	74,229	45,917
(4) Long-term borrowings	5,023	4,943	(80)
Total liabilities	40,291	86,136	45,845

- (Notes) 1. “Cash and deposits,” “notes receivable-trade,” “accounts receivable-trade,” and “notes and accounts payable-trade” are omitted, as they are cash and the fair values approximate their book values since they are settled in the short term.
2. Shares that do not have market prices are not included in “(1) Investment securities.” The carrying amounts of such financial instruments in the consolidated balance sheet are as follows

Category	As of March 31, 2025 (Millions of yen)
Unlisted shares	3,624
Shares of subsidiaries and associates	39

3. For investments in partnerships and other equivalent entities in which the equity interest is recorded on a net amount on the consolidated balance sheet, the note is omitted. The carrying amounts of those financial instruments recorded on the consolidated balance sheet are 702 million yen.
4. For investment trusts, the net asset value of investment trusts is deemed as the fair value in accordance with corporate accounting standards generally accepted as fair and appropriate. Such investment trusts are included.

### 3. Fair value information by level within the fair value hierarchy

The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

#### (1) Financial assets and financial liabilities with the carrying amount recorded using the fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	3,138	—	—	3,138
Total assets	3,138	—	—	3,138

(Note) Investment trusts of which net asset value is deemed as the fair value are not included in accordance with corporate accounting standards generally accepted as fair and appropriate. The carrying amount of investment trusts recorded on the consolidated balance sheet is 53 million yen.

#### (2) Financial assets and financial liabilities with the carrying amount not recorded using the fair value

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Short-term borrowings	—	6,924	—	6,924
Current portion of bonds payable	—	38	—	38
Convertible-bond-type bonds with share acquisition rights	—	74,229	—	74,229
Long-term borrowings	—	4,943	—	4,943
Total liabilities	—	86,136	—	86,136

(Note) Explanation of the valuation methods and inputs used in calculating fair values

##### Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value.

##### Short-term borrowings, current portion of bonds payable, and long-term borrowings

Fair values of short-term borrowings, current portion of bonds payable, and long-term borrowings are measured by discounting the total amount of the principal and interest at an interest rate assumed for similar borrowings and categorized as level 2 fair value. Fair values of these items with a variable interest rate are based on book value, as the fair values are considered to approximate the book value because it reflects market rates in a short term and the Company's credit standing has not changed significantly since the execution. Long-term borrowings with a fixed interest rate are subject to special treatment of interest rate swaps and their fair values are measured using the total amount of the principal and interest treated together with the relevant interest rate swap.

##### Convertible-bond-type bonds with share acquisition rights

Fair values of convertible-bond-type bonds with share acquisition rights issued by the Company are measured using the market price and categorized as level 2 fair value.

## Notes Regarding Revenue Recognition

### 1. Disaggregation of revenue from contracts with customers

Consolidated fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment					Total
	Japan	Europe	North America	Latin America	Asia	
Sale of merchandise and licenses	69,913	6,230	27,487	1,777	23,222	128,631
Theme parks	14,952	—	—	—	185	15,138
Sale and rental of robots	639	—	—	—	—	639
Others	484	—	—	11	—	496
Revenue from contract with customers	85,989	6,230	27,487	1,789	23,407	144,904
Net sales to external customers	85,989	6,230	27,487	1,789	23,407	144,904

(Note) Revenue from the Company's "license report system" included in sale of merchandise and licenses under the "Japan" segment is 5,459 million yen.

### 2. Basic information for understanding revenue

Basic information for understanding revenue is included in "4. Accounting Policies, (4) Recognition criteria for revenue and expenses."

### 3. Information for understanding the revenue amounts in the consolidated fiscal year under review and subsequent consolidated fiscal years

#### (1) Balance of contract liabilities, etc.

(Millions of yen)

	Consolidated fiscal year under review	
	Beginning balance	Ending balance
Receivables from contracts with customers		
Notes receivable-trade	303	253
Accounts receivable-trade	13,643	22,361
Contract liabilities	4,705	6,170

(Note) Contract liabilities are advances received from customers before performing the contract and reversed upon recognition of revenue. The amount of revenue recognized for the consolidated fiscal year under review that was included in contract liabilities at the beginning of the period was 3,828 million yen.

#### (2) Transaction price allocated to the remaining performance obligations

(Millions of yen)

	Within one year	Over one year	Total
Consolidated fiscal year under review	4,901	1,215	6,116

## Notes Regarding Per Share Information

- |                             |            |
|-----------------------------|------------|
| 1. Net assets per share     | 451.06 yen |
| 2. Basic earnings per share | 176.62 yen |

## Notes Regarding Significant Subsequent Events

Not applicable

# Non-consolidated Financial Statements

(April 1, 2024 - March 31, 2025)

## Non-consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Description	Amount	Description	Amount
<b>(Assets)</b>		<b>(Liabilities)</b>	
<b>Current assets</b>	<b>90,340</b>	<b>Current liabilities</b>	<b>26,592</b>
Cash and deposits	70,829	Notes payable - trade	1,970
Notes receivable-trade	245	Accounts payable - trade	1,823
Accounts receivable-trade	11,790	Short-term borrowings	6,916
Merchandise	5,485	Current portion of bonds payable	39
Production	1	Lease liabilities	26
Supplies	295	Accounts payable - trade	5,033
Advance payments to suppliers	500	Income taxes payable	6,579
Prepaid expenses	1,026	Accrued expenses	742
Accrued revenue	2	Contract liabilities	1,597
Other accounts receivable	52	Provision for bonuses	869
Other	111	Provision for shareholder benefit program	398
Allowance for doubtful accounts	(0)	Provision for point card certificates	14
<b>Non-current assets</b>	<b>38,636</b>	Other	582
<b>Property, plant and equipment</b>	<b>1,792</b>	<b>Non-current liabilities</b>	<b>34,034</b>
Buildings	626	Convertible-bond-type bonds with share acquisition rights	28,312
Structures	0	Long-term borrowings	5,023
Machinery and equipment	100	Lease liabilities	74
Vehicles	0	Provision for retirement benefits	21
Tools, furniture and fixtures	359	Other	602
Land	550	<b>Total liabilities</b>	<b>60,626</b>
Leased assets	91	<b>(Net assets)</b>	
Construction in progress	64	<b>Shareholders' equity</b>	<b>67,565</b>
<b>Intangible assets</b>	<b>1,432</b>	<b>Share capital</b>	<b>10,261</b>
Software	524	<b>Capital surplus</b>	<b>4,638</b>
Other	907	Legal capital surplus	2,764
<b>Investments and other assets</b>	<b>35,411</b>	Other capital surplus	1,873
Investment securities	7,258	<b>Retained earnings</b>	<b>70,295</b>
Shares of subsidiaries and associates	5,821	Other retained earnings	70,295
Long-term loans receivable	13,339	Retained earnings brought forward	70,295
Prepaid pension costs	5,059	<b>Treasury shares</b>	<b>(17,630)</b>
Deferred tax assets	705	<b>Valuation and translation adjustments</b>	<b>785</b>
Other	3,607	Valuation difference on available-for-sale securities	785
Allowance for doubtful accounts	(380)	<b>Total net assets</b>	<b>68,351</b>
<b>Deferred assets</b>	<b>0</b>		
Bond issuance costs	0		
<b>Total assets</b>	<b>128,978</b>	<b>Total liabilities and net assets</b>	<b>128,978</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Non-consolidated Statement of Income

(April 1, 2024 - March 31, 2025)

(Millions of yen)

Description	Amount	
<b>Net sales</b>		<b>97,416</b>
<b>Cost of sales</b>		<b>28,066</b>
<b>Gross profit</b>		<b>69,350</b>
<b>Selling, general and administrative expenses</b>		<b>38,429</b>
<b>Operating profit</b>		<b>30,921</b>
<b>Non-operating income</b>		
Interest and dividend income	383	
Interest on securities	224	
Reversal of allowance for doubtful accounts	29	
Compensation income for damage	91	
Other	104	833
<b>Non-operating expenses</b>		
Interest expenses	92	
Foreign exchange losses	1	
Commission expenses	166	
Other	10	270
<b>Ordinary profit</b>		<b>31,485</b>
<b>Extraordinary income</b>		
Gain on sale of investment securities	2,444	
Gain on extinguishment of tie-in shares	1,062	3,506
<b>Extraordinary losses</b>		
Loss on disposal of non-current assets	70	
Impairment losses	317	388
<b>Profit before income taxes</b>		<b>34,603</b>
Income taxes-current	9,935	
Income taxes-deferred	(975)	8,960
<b>Profit</b>		<b>25,643</b>

Note: Figures presented in the financial statements are rounded down to the nearest million yen.

## Non-consolidated Statement of Changes in Net Assets

(April 1, 2024 - March 31, 2025)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings	Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Other retained earnings		
				Retained earnings brought forward		
Balance as of April 1, 2024	10,261	2,764	—	52,800	(18,728)	47,098
Changes during the fiscal year						
Dividends of surplus	—	—	—	(8,148)	—	(8,148)
Profit	—	—	—	25,643	—	25,643
Purchase of treasury shares	—	—	—	—	(1)	(1)
Cancellation of treasury shares	—	—	1,873	—	1,100	2,973
Net changes in items other than shareholders' equity during the fiscal year	—	—	—	—	—	—
Total changes during the fiscal year	—	—	1,873	17,495	1,098	20,467
Balance as of March 31, 2025	10,261	2,764	1,873	70,295	(17,630)	67,565

	Valuation and translation adjustments		Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance as of April 1, 2024	1,390	1,390	48,488
Changes during the fiscal year			
Dividends of surplus	—	—	(8,148)
Profit	—	—	25,643
Purchase of treasury shares	—	—	(1)
Cancellation of treasury shares	—	—	2,973
Net changes in items other than shareholders' equity during the fiscal year	(604)	(604)	(604)
Total changes during the fiscal year	(604)	(604)	19,862
Balance as of March 31, 2025	785	785	68,351

(Note) Figures presented in the financial statements are rounded down to the nearest million yen.

## Notes to Non-consolidated Financial Statements

### Notes Regarding Significant Accounting Policies

#### 1. Basis and method for valuation of significant assets

##### (1) Securities

###### 1) Subsidiaries and associates

Moving average cost method

###### 2) Available-for-sale securities

Securities other than shares that do not have a market value

Fair value method based on the market price, etc. as of the end of the fiscal year (With the entire amount of valuation differences recorded directly into net assets, and the cost of sales calculated using the moving average method)

Shares that do not have a market value

Moving average cost method

For investments in investment limited partnerships and similar partnerships (deemed as securities in accordance with Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), a method in which amounts equivalent to equity interests are incorporated on a net basis based on the recent financial statements available according to the financial report date specified in the partnership contract.

##### (2) Derivatives

Fair value method

##### (3) Inventories

###### 1) Merchandise

Moving average cost method (with amount shown on balance sheet written down as profitability declines)

###### 2) Merchandise of directly managed stores

Calculated by multiplying inventory based on selling prices by a cost rate of each merchandise category

###### 3) Production and work in process

Cost method based on the specific cost method

###### 4) Supplies

Last purchase cost method

#### 2. Depreciation method for non-current assets

##### (1) Property, plant and equipment (excluding leased assets)

The declining balance method is applied. However, the straight-line method is applied for distribution warehouses, buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, and facilities attached to buildings acquired on or after April 1, 2016).

##### (2) Intangible assets (excluding leased assets)

The straight-line method based on the estimated usable period in the Company (in principle, five years) is applied for internally used software and the straight-line method is applied for other intangible assets.

##### (3) Leased assets

For leased assets related to finance lease transactions with the right of ownership not transferred, the straight-line method is applied using the lease term as service life and a residual value of zero.

##### (4) Long-term prepaid expenses

Straight-line method

#### 3. Recognition criteria for provisions

##### (1) Allowance for doubtful accounts

To make allowances for the non-payment of receivables, for general receivables the historical default rate is used, and receivables designated as potentially irrecoverable is determined using actual default rates on an individual claim basis, and an allowance is made for the amount deemed irrecoverable.

##### (2) Provision for bonuses

To prepare for the payment of bonuses for employees, a provision for bonuses is recorded based on the estimated payment amount.

##### (3) Provision for retirement benefits

To prepare for retirement benefits for employees, the amount recognized to have incurred at the end of the fiscal year under review based on the estimated amounts of retirement benefit liabilities, retirement benefit trusts, and pension assets as of the end of the fiscal year under review is recorded as provision for retirement benefits or prepaid pension costs.

##### 1) Method of attributing estimated retirement benefits to periods

When calculating retirement benefit liabilities, the method for attributing expected benefit payments to the period until the fiscal year under review is as per the benefit formula basis.

##### 2) Method of expenses for actuarial differences and past service costs

Actuarial differences are treated as expenses proportionally using the straight-line method over a specified period (8 years) within the average remaining service years of employees at the time of accrual, from the following fiscal year of the respective

	accruals.						
	Past service costs are recorded as expenses proportionally using the straight-line method over a fixed number of years (8 years) that is within the average number of years of remaining service for employees at the time the expense is incurred.						
(4) Provision for shareholder benefit program	To prepare for the incurrence of expenses based on the shareholder benefit program, the amount expected to be incurred in the following fiscal year is recorded.						
(5) Provision for point card certificates	To prepare for expenses arising from the future use of points, the amount of remaining points unused as of the end of the fiscal year under review multiplied by a rate of the past actual use, etc. is recorded.						
4. Recognition criteria for revenue and expenses	<p>The Company recognizes revenue at the amount expected to be received in exchange for promised goods or services at the time when control of such goods or services is transferred to customers based on a contract with the customers.</p> <p>Revenue related to sales of merchandise or finished goods is primarily from wholesale sales or sales from manufacturing with an obligation to deliver the merchandise or finished goods based on a sales contract made with the customer. For this obligation, control of merchandise or finished goods is deemed to be transferred to the customer at the time of delivery of the merchandise or finished goods. However, for domestic transactions, since the period from shipment to delivery is normal, revenue is recognized at the time of shipment by applying an alternative treatment for materiality, etc.</p> <p>Transactions of the licensing business are largely classified into three types: "certificate stamp license system," "license report system," and "license term system." In the "certificate stamp license system," stamps which are directly affixed to licensed finished goods are issued as a proof that the Company granted a license and revenue is recognized according to the actual number of shipped certificate stamps at the time when the stamps are shipped as is the case with revenue related to sale of merchandise or finished goods. In the "license report system," royalties are generated based on the reported number of actual production or sales of licensed products that are manufactured or sold based on a plan approved in advance and revenue is recognized at the amount calculated based on the reported number of production or sales stated in a "royalty report" submitted by licensees. In the "license term system," licenses to use characters are granted for a specified period and royalties are received based on the contract. Revenue is recognized by proportionally allocating the contract amount proportionally to each month over the contract period.</p>						
5. Treatment of deferred assets	Bond issuance costs are amortized in equal amounts over the period until the bond's redemption.						
6. Hedge accounting methods							
(1) Hedge accounting methods	In principle, deferred hedge accounting is applied. Deferral hedge accounting is used for forward exchange contracts that meet the conditions for deferral hedge accounting, and special treatment is used for interest rate swaps that meet the requirements for special treatment.						
(2) Hedging instruments and hedged items	<table> <tr> <th>(Hedging instruments)</th><th>(Hedged items)</th></tr> <tr> <td>Forward exchange contracts</td><td>Foreign currency-denominated monetary receivables and payables and forecast transactions</td></tr> <tr> <td>Interest rate swap</td><td>Borrowings and bonds payable</td></tr> </table>	(Hedging instruments)	(Hedged items)	Forward exchange contracts	Foreign currency-denominated monetary receivables and payables and forecast transactions	Interest rate swap	Borrowings and bonds payable
(Hedging instruments)	(Hedged items)						
Forward exchange contracts	Foreign currency-denominated monetary receivables and payables and forecast transactions						
Interest rate swap	Borrowings and bonds payable						
(3) Hedging policy	In principle, based on internal regulations, foreign exchange fluctuation risk and interest rate fluctuation risk are hedged.						

(4) Method of evaluating hedging effectiveness	In principle, cumulative amounts of market fluctuations or cash flow fluctuations of hedged items and hedging instruments are compared. For forward exchange contract transactions on which important conditions of hedge items and hedging instruments are the same and deemed highly correlated, the evaluation of effectiveness is omitted.
7. Accounting treatment related to retirement benefits	The accounting methods for the unprocessed amount of unrecognized actuarial differences related to retirement benefits differ from the accounting methods used in the consolidated financial statements.
8. Adoption of group tax sharing system	The group tax sharing system has been applied.

#### Notes Regarding Changes in Accounting Policies

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022) from the beginning of the fiscal year ended March 31, 2025.

The application of this standard has no effect on the non-consolidated financial statements.

#### Notes Regarding Changes in Presentation

##### Non-consolidated Statement of Income

For the previous fiscal year, “interest on securities” (in the amount of 74 million yen in the previous fiscal year) and “compensation income for damage” (in the amount of 41 million yen in the previous fiscal year) were included in “other” in “non-operating income,” but due to its increased importance, they are separately presented for the fiscal year under review.

#### Notes Regarding Accounting Estimates

##### Valuation of unlisted shares

Contents of accounting estimates conducted in preparing the non-consolidated financial statements of the Company are as follows:

- 1) Amount recorded on the non-consolidated financial statements for the fiscal year under review
 

Investment securities (unlisted shares)	3,624 million yen
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- 2) Other information that helps users of the non-consolidated financial statements to understand the contents of accounting estimates

For details, please refer to Notes to Consolidated Financial Statements “Notes Regarding Accounting Estimates.”

#### Notes Regarding Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 2,273 million yen
2. Contingent liabilities
  - (1) The Company guarantees the following lease contract of a consolidated subsidiary.
 

Kokoro Company Ltd.	184 million yen
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  - (2) Debt guarantees of borrowings from banks by employees 5 persons      4 million yen
3. Monetary receivables and payables to subsidiaries and associates
 

Short-term monetary receivables	5,405 million yen
Long-term monetary receivables	14,110 million yen
Short-term monetary payables	500 million yen

**Notes to Non-consolidated Statements of Income**

Amount of transactions with subsidiaries and associates

Net sales 27,835 million yen

Purchases 5,527 million yen

Amount of transactions from transactions other than operating transactions 226 million yen

**Notes Regarding Non-consolidated Statement of Changes in Net Assets**

Class and number of treasury shares as of end of fiscal year under review

Common stock 18,121,226 shares

**Notes Regarding Tax Effect Accounting**

Breakdown of deferred tax assets and deferred tax liabilities by cause

(Millions of yen)

Deferred tax assets

Merchandise 12

Contract liabilities 266

Provision for bonuses 266

Provision for shareholder benefit program 121

Enterprise taxes payable 420

Impairment losses 185

Allowance for doubtful accounts 120

Other 844

Deferred tax assets Subtotal 2,236

Valuation allowance (350)

Deferred tax assets Total 1,885

Deferred tax liabilities

Valuation difference on available-for-sale securities (288)

Provision for retirement benefits or prepaid pension costs (882)

Others (8)

Deferred tax liabilities Total (1,179)

Net deferred tax assets 705

## Notes Regarding Transactions with Related Parties

### 1. Subsidiaries

Type	Name of company, etc.	Location	Share capital or investment (Millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party		Transaction contents	Transaction amount (Millions of yen)	Description	Ending balance (Millions of yen)
						Concurrent officers, etc.	Business relationship				
Subsidiary	Sanrio Entertainment Co., Ltd.	Tama City, Tokyo	100	Operation of Sanrio Puroland and Harmonyland	Ownership Direct 100.0	5 persons	Sale and royalty transaction of the Company's merchandise	Loan of funds Repayment of funds Debt guarantee	— — —	Long-term loans receivable	13,330
Subsidiary	Kokoro Company Ltd.	Hamura City, Tokyo	495	Development, planning, and sale of robots	Ownership Direct 100.0	4 persons	Development and planning of robots for the Company	Loan of funds	—	Doubtful receivables (Other (investments and other assets))	780
								Repayment of funds Debt guarantee	20 184	—	—

(Note) Transaction terms and policy on determination of transaction terms

- 1) The Company records allowance for doubtful accounts of 364 million yen against doubtful receivables from Kokoro Company Ltd.
- 2) The Company is providing a debt guarantee for lease contracts of Kokoro Company Ltd.

### 2. Officers

Type	Name of company, etc.	Location	Share capital or investment (Millions of yen)	Description of business or occupation	Voting rights ownership (owned) ratio (%)	Relationship with related party	Transaction contents	Transaction amount (Millions of yen)	Description	Ending balance (Millions of yen)
Officer	Tomokuni Tsuji	—	—	President and Chief Executive Officer of the Company	Ownership Direct 1.04	—	In-kind contribution of monetary compensation claims	47	—	—
Officer	Yasuyuki Otsuka	—	—	Senior Managing Director of the Company	Ownership Direct 0.04	—	In-kind contribution of monetary compensation claims	28	—	—
Officer	Wataru Nakatsuka	—	—	Senior Managing Director of the Company	Ownership Direct 0.04	—	In-kind contribution of monetary compensation claims	28	—	—
Officer	Yuko Akiyama	—	—	Director of the Company	Ownership Direct 0.00	—	In-kind contribution of monetary compensation claims	14	—	—

(Note) In-kind contribution of monetary compensation claims associated with the restricted stock remuneration plan

**Notes Regarding Revenue Recognition**

Notes to basic information for understanding revenue from contracts with customers are omitted, since the same contents are described in Notes to Consolidated Financial Statements “Notes Regarding Revenue Recognition.”

**Notes Regarding Per Share Information**

1. Net assets per share	288.05 yen
2. Basic earnings per share	108.53 yen

**Notes Regarding Significant Subsequent Events**

Not applicable

## **Independent Auditors' Report**

(English Translation)

May 28, 2025

To the Board of Directors  
Sanrio Company, Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Head Office

Satoru Fukuda  
Designated limited liability partner  
Engagement Partner  
Certified Public Accountant

Yonako Emura  
Designated limited liability partner  
Engagement Partner  
Certified Public Accountant

### **Audit Opinion**

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of Sanrio Company, Ltd. and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

#### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We or engagement partners do not have any interests in the Company and its consolidated subsidiaries, which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Independent Auditors' Report**  
(English Translation)

May 28, 2025

To the Board of Directors  
Sanrio Company, Ltd.

Ernst & Young ShinNihon LLC  
Tokyo Head Office

Satoru Fukuda  
Designated limited liability partner  
Engagement Partner  
Certified Public Accountant

Yonako Emura  
Designated limited liability partner  
Engagement Partner  
Certified Public Accountant

**Audit Opinion**

Pursuant to Article 436, paragraph 2, item 1 of the Companies Act, we have audited the accompanying non-consolidated financial statements, which comprise the non-consolidated balance sheet, the non-consolidated statement of income, the non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements, and the supplementary schedules of Sanrio Company, Ltd. applicable to the 65th fiscal term from April 1, 2024 to March 31, 2025.

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position and results of operations applicable to the fiscal year ended March 31, 2025, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Non-consolidated Financial Statements section of our report. We are independent in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other Information**

The other information comprises the information included in the business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the reporting process of the other information.

Our opinion on the non-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the non-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the non-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the financial reporting process.

#### Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the non-consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

#### Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

We or engagement partners do not have any interests in the Company, which are required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Audit Report**  
(English Translation)

The Board of Corporate Auditors prepared this audit report after deliberation based on the audit reports prepared by each Corporate Auditor regarding the execution of duties by Directors in the 65th fiscal year (from April 1, 2024 to March 31, 2025), as described below.

1. Method and Details of Audit by Corporate Auditors and Board of Corporate Auditors

- (1) The Board of Corporate Auditors established an audit policy and plan, and received reports on the implementation status of audits and their results from each Corporate Auditor. In addition, it received reports from Directors, etc. and the Accounting Auditor on the status of execution of their duties, and requested explanation when needed.
- (2) Each Corporate Auditor communicated with Directors, the Internal Auditing Department, other employees, etc. worked to gather information and develop an auditing environment in accordance with the audit policy and plan and in line with the audit standards for Corporate Auditors established by the Board of Corporate Auditors, and performed audits with the following methods:
  - 1) attended Board of Directors and other important meetings, received reports from Directors, employees, and others on the status of execution of their duties, and requested explanation when needed; and reviewed important approval forms and other documents, and examined the status of business operations and properties at the head office and major offices. In addition, it communicated and exchanged information with subsidiaries' Directors, Corporate Auditors, etc., and received business reports from subsidiaries when needed;
  - 2) received reports from Directors and employees, etc. on the status of establishment and operation of details of the Board of Directors meeting's resolution regarding development of the "System to Ensure the Appropriateness of Execution of Duties" as stated in the business report and a system (internal control system) developed based on said resolution in a period manner, requested explanation when needed, and expressed opinions; and received reports on the status of evaluations and audits of internal controls regarding financial reports from Directors, employees, etc., and the Accounting Auditor, and requested explanations when needed;
  - 3) reviewed details of the "Basic Policy Regarding Control of the Stock Company" as stated in the business report, taking into account factors such as the status of deliberations by the Board of Directors and others; and
  - 4) monitored and verified that the Accounting Auditor is maintaining an independent position and carrying out audits properly, received reports from the Accounting Auditor on the status of execution of their duties, and requested explanation when needed. In addition, Corporate Auditors received notification from the Accounting Auditor that said Auditor has established the "System to Ensure the Appropriateness of Execution of Duties" in accordance with the "Quality Control Standard for Audit" (Business Accounting Council), etc., and requested explanation when needed.

Based on the above methods, Corporate Auditors reviewed the business report and attached detailed statements thereof, financial statements (non-consolidated balance sheet, non-consolidated statements of income, non-consolidated statement of changes in net assets, and notes to non-consolidated financial statements) and attached detailed statements thereof, and consolidated financial statements (consolidated balance sheet, consolidated statements of income, consolidated statement of changes in net assets, and notes to consolidated financial statements) for the fiscal year under review.

## 2. Results of Audit

### (1) Audit results for the business report, etc.

- 1) The business report and attached detailed statements thereof were found to accurately present the status of the company in accordance with laws, regulations, and the Articles of Incorporation.
- 2) No misconduct or serious matters that violated laws, regulations, or the Articles of Incorporation related to the execution of duties by Directors were found.
- 3) Details of resolutions by the Board of Directors concerning the internal control system were found to be appropriate. In addition, no matters warranting comment were found in regard to the contents of the business report on said internal control system or the execution of duties by Directors, including internal controls regarding financial reports.
- 4) No matters warranting comment were found in regard to the Basic Policy Regarding Control of the Stock Company stated in the business report.

### (2) Audit results for non-consolidated financial statements and attached detailed statements thereof The methods and results of the audits by the Accounting Auditor, Ernst & Young ShinNihon LLC, were found to be appropriate.

### (3) Audit results for consolidated financial statements The methods and results of the audits by the Accounting Auditor, Ernst & Young ShinNihon LLC, were found to be appropriate.

May 29, 2025

Board of Corporate Auditors, Sanrio Company, Ltd.	
Full-Time Corporate Auditor	Shinichi Okumura
Outside Corporate Auditor	Kazuo Ohashi
Outside Corporate Auditor	Kiyo Morikawa