

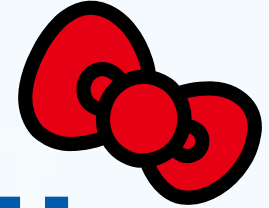
A vibrant illustration featuring several Sanrio characters floating in a cosmic space filled with stars and colorful nebulae. At the top center is Hello Kitty, wearing her signature red bow and a red collar with white polka dots. To her right is My Melody, a pink rabbit-like character with a blue bow. Below Hello Kitty is Kuromi, a black cat-like character with a pink skull on her forehead and a black party hat. To the left of Hello Kitty are two small, round, pink and blue characters, possibly from the Little Twin Stars series, one holding a yellow star. Below them is a green, frog-like character with a pink tongue. At the bottom center is a white, cloud-like character with a blue bow. To the right of Kuromi is a white, cloud-like character with a pink bow. The background is a deep blue space with various colored stars and nebulae.

Sanrio

One World, Connecting Smiles.

Sanrio Company, Ltd. Integrated Report 2025

Corporate Philosophy

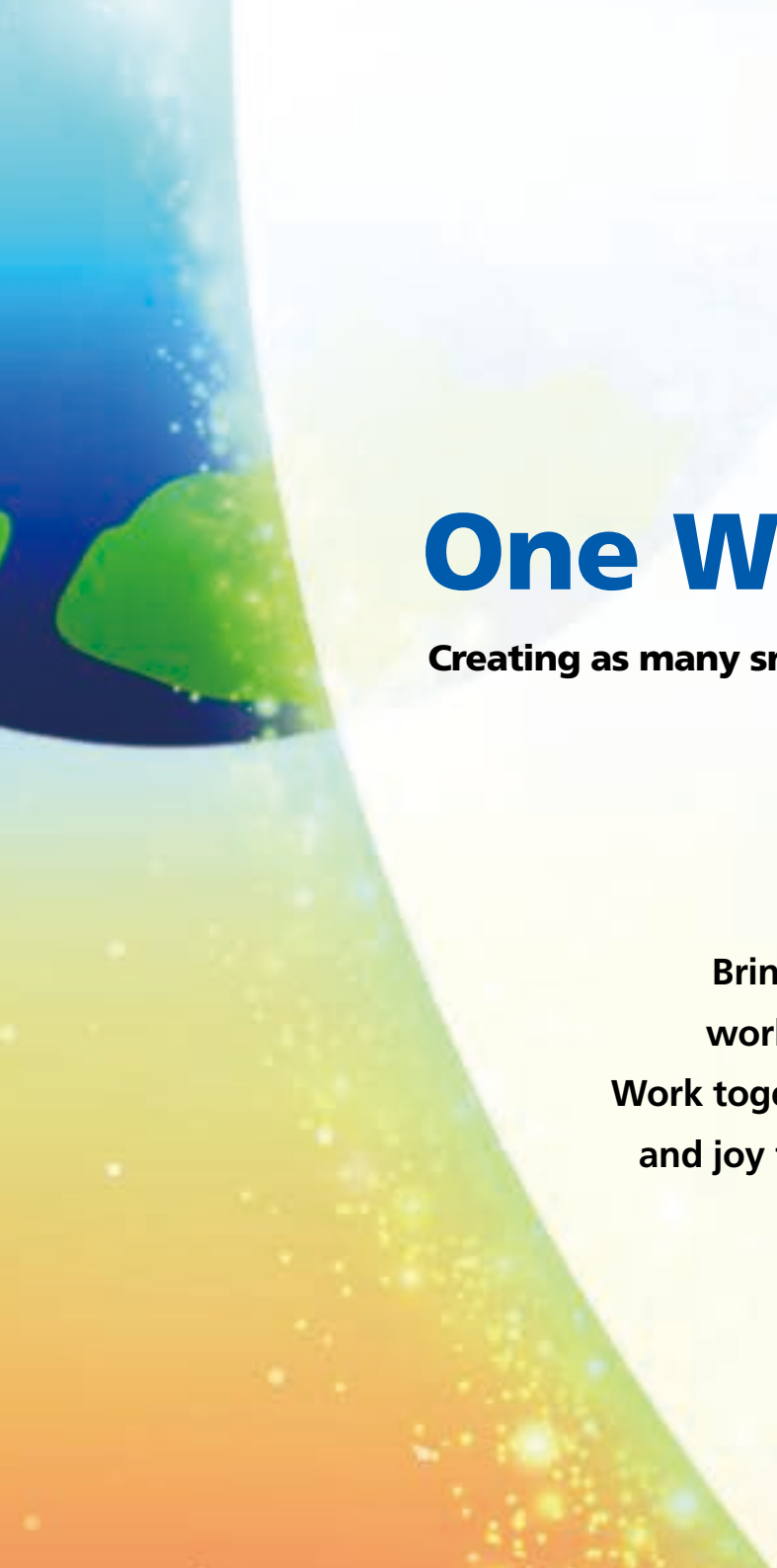


“Minna Nakayoku (Getting Along Together)”

**Inspired by our vision of “One World, Connecting Smiles,”
we aim to achieve our corporate philosophy of “Minna Nakayoku (Getting Along Together)”
by creating smiles one person at a time and spreading the circle of happiness even further afield.**

**We want as many people as possible to feel the joy of knowing they have someone
they can talk heart-to-heart with, regardless of whether they are happy, sad, or in pain.**

These concepts are at the cornerstone of everything we do.



VISION

One World, Connecting Smiles.

Creating as many smiles as possible and extending the circle of happiness even further afield.

MISSION

**Bring new value to the
world of entertainment.**

**Work together to create happiness
and joy for the next generation.**

VALUE

Future

Insight

Challenge

Responsibility

Maximum

Praise

CONTENTS Sanrio strives to realize a world of “Minna Nakayoku,” which means “Getting Along Together.”



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Editorial Message

We formulated a 10-year Long-Term Vision and revamped our value creation story for Sanrio Company, Ltd. aimed at realizing our corporate philosophy of “Minna Nakayoku (Getting Along Together)” and our vision of “One World, Connecting Smiles.”

This report introduces our strategy for achieving sustainable growth, reasons why Sanrio IPs are loved, in addition to financial and non-financial information for our stakeholders. At Sanrio, we will continuously strive to provide highly reliable and transparent information disclosure to all stakeholders.

For detailed information and related information that could not be included in this report, please refer to the corporate website URL provided on each page.

Reporting Period

FY3/2025 (April 2024 to March 2025). Some information on activities after April 2025 is also included.

Scope of Reporting

This report covers Sanrio Company, Ltd. and its consolidated subsidiaries (in other cases, it is stated in the text). In addition, affiliations and positions of officers and employees are those as of the publication date.

Note Regarding Forecasts and Projections

The forecasts and projections contained in this report are based on various assumptions and do not promise or guarantee the realization of future figures or measures.

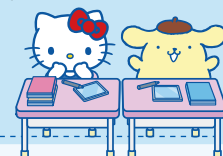
Guidelines Referenced

- Integrated Reporting Framework, IFRS Foundation (formerly the Value Reporting Foundation)
- Guidance for Collaborative Value Creation, Ministry of Economy, Trade and Industry
- Intellectual Property and Intangible Asset Governance Guidelines, Cabinet Office; etc.

Sanrio Integrated Report School 2025 for Kids has been posted on YouTube. Please watch it at your convenience.



Japanese English



Sanrio's Businesses

Inspired by our vision of "One World, Connecting Smiles," we aim to achieve our corporate philosophy of "Minna Nakayoku (Getting Along Together)." We focus on providing products and services that utilize characters and licensing them to other companies and have created many characters such as Hello Kitty. We are mainly engaged in four business areas: product sales business, licensing business, theme park business, and new businesses.

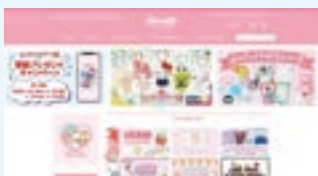
Product sales business

This business segment sells Sanrio's self-developed character products and licensed products, which are manufactured by external specialist manufacturers.

- Product planning and sales
- Sold at Sanrio's directly managed stores and within department stores
- Wholesale to mass retailers and specialty shops
- Online stores (e-commerce) and other channels



Sanrio store



Online store

Licensing business

We allow companies to use our characters and receive licensing fees. Our characters are used for merchandising, advertising and promotion and other purposes.

- Granting and management of copyrights
- Licensing of Sanrio characters



Licensing case study



Licensing case study

Theme park business

Sanrio operates two theme parks in Japan.

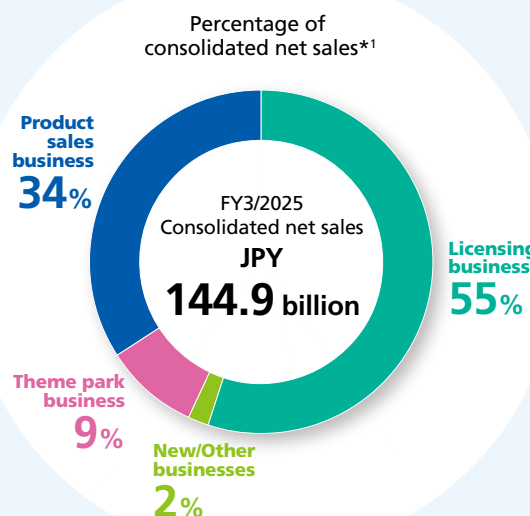
- Sanrio Puroland (Tama, Tokyo)
- Harmonyland, a Sanrio character park (Hiji, Oita Prefecture)



Sanrio Puroland



Harmonyland



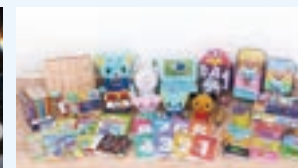
New/Other businesses

This business segment hosts the "SANRIO Virtual Festival," a virtual event featuring popular artists and characters, and also offers products such as "Sanrio English Master," an English language program for young children.

- Game business
- Digital business
- Edutainment*2 business



Sanrio Virtual Festival



Sanrio English Master



FRAGARIAMEMORIES

*1 The percentage of net sales show the percentages of the amount calculated by simple aggregation of net sales for each business before elimination of transactions amounts between consolidated companies.

*2 Edutainment: Combining entertainment and education to naturally gain knowledge while playing and having fun

Introduction of Our Characters

From long-loved characters cherished around the world to new, digitally-driven creations, we have continuously brought diverse and distinctive characters into the world.

1970s

Debut of the early, long-cherished characters such as Hello Kitty, My Melody, and Tuxedosam, who have been winning hearts for generations.

Late 1980s to 1990s

Debut of Kerokerokeroppi, Bad Badtz-maru, and other distinctive, unique characters

2000s onward

Rise of a new generation of characters popular with Gen Z, such as Cinnamoroll and Kuromi

As of 2025

Total number of characters
More than 450!

Hello Kitty

A globally recognized, trend-setting character



- Design created in **1974**
- Became popular **worldwide**
- Has a diverse array of touchpoints with merchandise, **collaboration with other companies, and events**
- Sustains constant **global popularity**

Cinnamoroll

In top 3 of the Sanrio character ranking for 10 consecutive years



- Debuted in **2002**
- Popular across **all generations, mainly among younger people**
- Followers on X surpass **980,000** (As of July 2025)
- Has a diverse array of touchpoints with **merchandise, cafés, and animation**

HANAMARUOBAKE

For the new generation and who cheer on everyone's efforts



- Debuted in **2023**
- Popular especially among **Generation Z**
- Featured in **a wide range of platforms, including social media, LINE STORE stamps, live streams, and TRAIN TV programs**
- Based on the concepts of **empathy and self-acceptance**

FRAGARIAMEMORIES

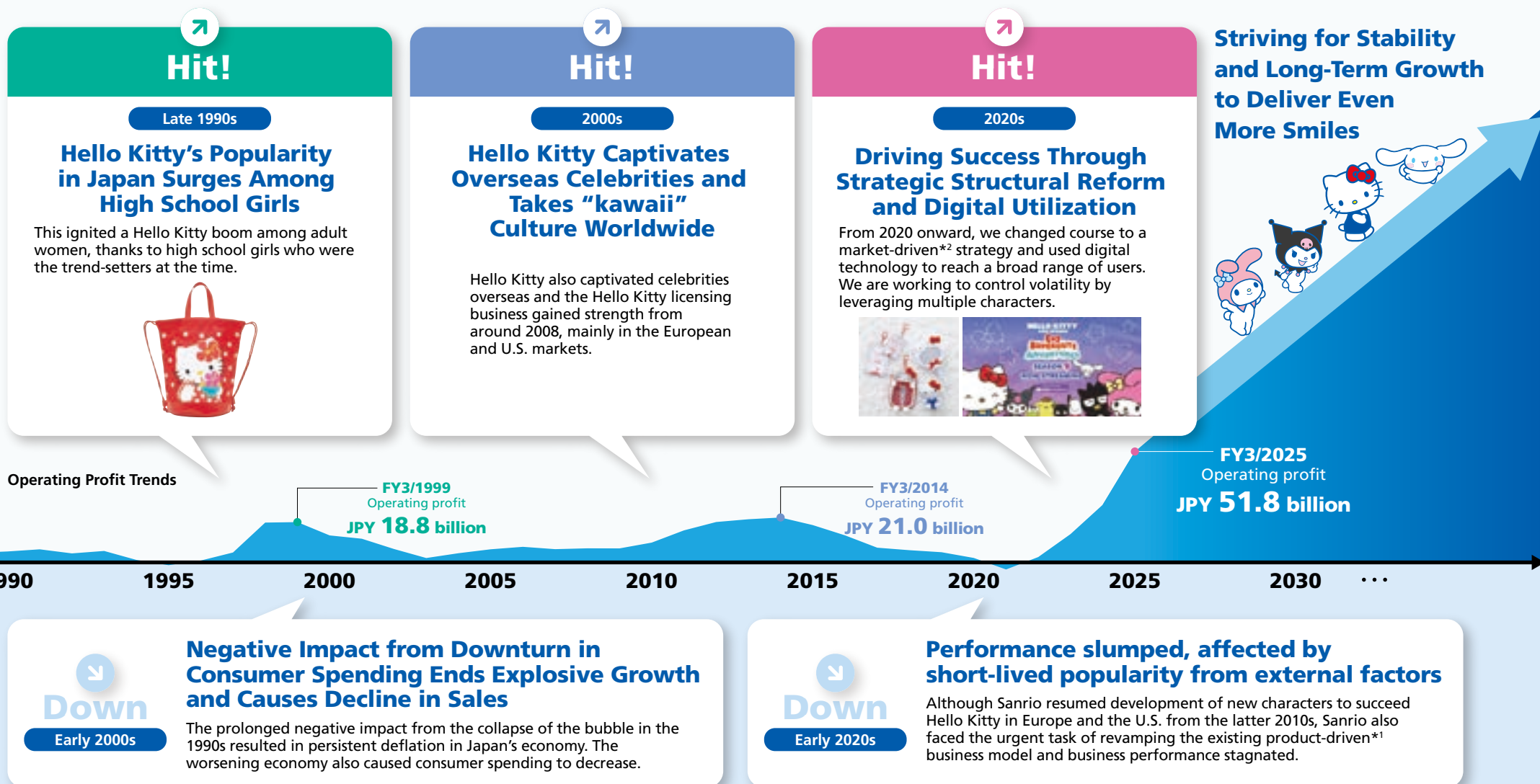
Full-fledged fantasy project



- Project launched in **2023**
- Captured **new fan bases, including illustrator fans**
- Features the activities of **humanoid characters**
- Also featured in music, voice dramatization, etc. **on social media, merchandise, and live events**

Our Milestones

We have experienced high volatility in performance as our business has developed. Sanrio is now on a path to generating steady revenue, thanks to the success of the previous Medium-Term Management Plan (FY3/2022–FY3/2024).



*1 Product-driven: An approach of developing products based on company technology and concepts and offering them to the market

*2 Market-driven: An approach of developing products and services based on the needs of the market and customers

Smiles by Sanrio

Explanation of our value creation story, Sanrio Time, our Long-Term Vision, and description of how Sanrio will bring smiles to people around the world

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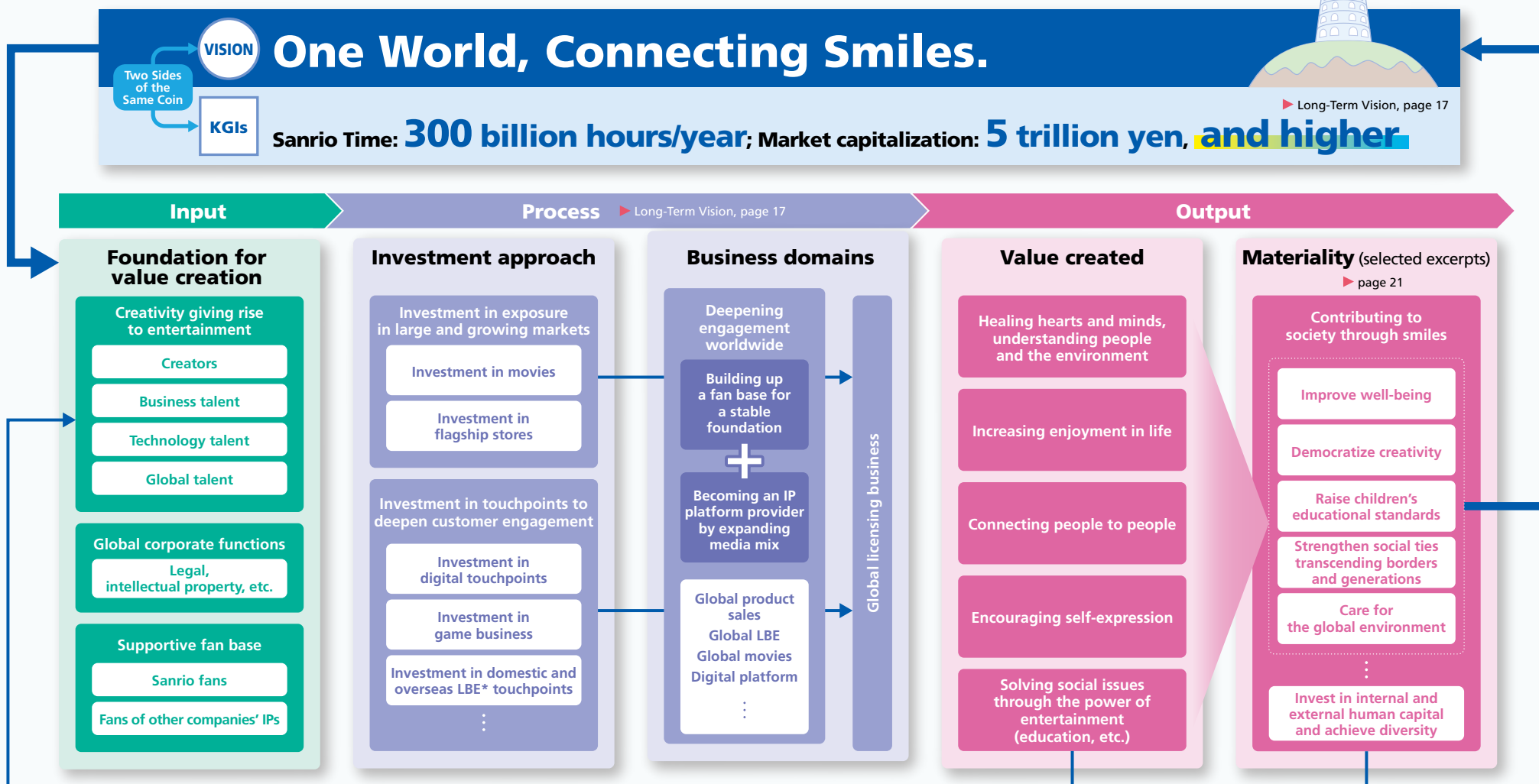
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Sanrio's Value Creation Story —Roadmap to a World of Smiles—

Sanrio achieved market capitalization of 1 trillion yen ahead of schedule. We have set 300 billion hours/year in Sanrio Time and market capitalization of 5 trillion yen as new key goal indicators (KGIs), and have updated our value creation story.

The world we aim for is "One World, Connecting Smiles," where we create smiles one person at a time and spread the circle of happiness even further afield. In addition to financial targets, we are also committed to non-financial targets such as Sanrio Time and Sanrio Materiality.



* LBE (Location Based Entertainment): Real-world contact points centered on providing experiences

Sanrio Time

Sanrio Time, which measures the amount of smiles we have created, is an indicator to express how far we are progressing toward fulfilling our vision of “One World, Connecting Smiles.” As a global entertainment company, we will do our utmost to be close to you at various times and to make those times full of smiles.

**New target
from FY3/2026 to FY3/2035**

300 billion hours/year

We initially set the target at more than 300 billion cumulative hours over the ten years from FY3/2025 to FY3/2035.

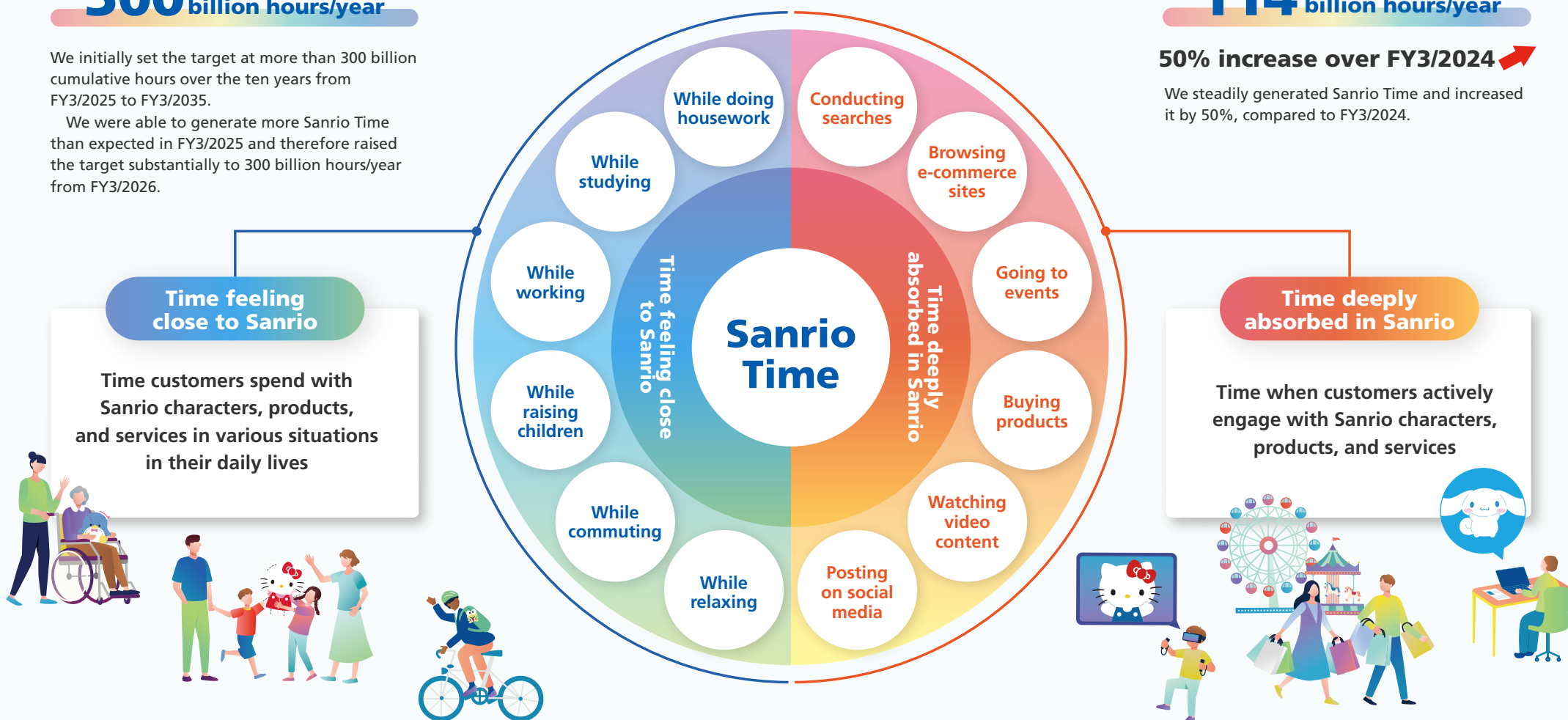
We were able to generate more Sanrio Time than expected in FY3/2025 and therefore raised the target substantially to 300 billion hours/year from FY3/2026.

FY3/2025 results

114 billion hours/year

50% increase over FY3/2024 

We steadily generated Sanrio Time and increased it by 50%, compared to FY3/2024.



Sanrio Time

Time feeling close to Sanrio

Time customers spend with Sanrio characters, products, and services in various situations in their daily lives

Logic behind time feeling close to Sanrio

Total time customers feel close to products or services sold by Sanrio in their daily lives

Formula for calculating time feeling close to Sanrio

Time customers feel close to Sanrio products or services in their daily lives

Annual usage hours*¹ x Service life*¹

Number of units sold

GMV*^{2,3} ÷ Average unit price

*¹ Estimated values are set for each product category based on usage scenarios and product characteristics

*² GMV: Gross Merchandise Value

*³ Calculated from product sales + (license sales ÷ average royalties rate)

Examples of time feeling close to Sanrio



Apparel and accessory



Household goods



Stationery

Main examples of Sanrio products that customers feel close to in their daily lives (top 3 of 14 categories)

Results for time feeling close to Sanrio

60.9 billion hours
FY3/2024

▶ 113.6 billion hours
FY3/2025

Time deeply absorbed in Sanrio

Time when customers actively engage with Sanrio characters, products, and services

Logic behind time deeply absorbed in Sanrio

Total time in main hands-on and digital experiences

Formula for calculating time deeply absorbed in Sanrio

Theme park experiences

Number of visitors x Average stay time

Virtual Puroland experiences

Number of accesses x Average experience time

Store shopping experiences

Number of visitors x Average stay time

Searches to learn about Sanrio

Monthly search volume x Number of months in the period x Time per search (10-minute blocks)

Game experiences

Number of play days x Average play time

Examples of time deeply absorbed in Sanrio



Theme park experiences



Virtual Puroland experiences

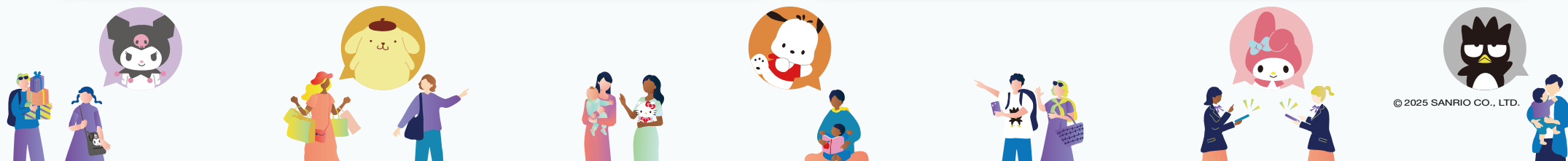


Store shopping experiences

Results for time deeply absorbed in Sanrio

400 million hours
FY3/2024

▶ 500 million hours
FY3/2025



Message from the President

We will increase Sanrio Time in every aspect and spread the circle of happiness around the world.

Tomokuni Tsuji
President and CEO

Since our company was founded in 1960, Sanrio has held the corporate philosophy of “Minna Nakayoku” (Getting Along Together) and has put smiles on people’s faces around the world.

We aim to realize our vision of “One World, Connecting Smiles” through the 10-year Long-Term Vision we formulated in FY3/2026.

Message from the President

Achieving further growth with gratitude for the support of those around us

In FY3/2025, Sanrio recorded 144.9 billion yen in net sales and 51.8 billion yen in operating profit, marking four consecutive years of sales and profit growth and a second straight year of record operating profit. Sanrio achieved market capitalization of 1 trillion yen, the target set in the Value Creation Story we announced in May 2023, far ahead of schedule. I am deeply grateful for the immense support and cooperation of all of our stakeholders in achieving these results.

Recognizing that we could not build a successful business without the support of those around us, I always take care to build good, open relationships and communicate closely with

all of our stakeholders. Having received the support of many people in and outside of Sanrio under many different circumstances, including places where I worked before Sanrio, I have developed a deep feeling of gratitude for everyone around me.

I have naturally used this experience after joining Sanrio and in my current position as president and CEO, and intend to remain humble in fulfilling all of my duties in the future.

Greatly enhancing character brand power from a stronger business foundation

We were able to achieve growth in both sales and profit for four consecutive fiscal years as a result of the corporate culture reform and completion of structural reform, for which the foundations were built during the previous Medium-Term Management Plan (MTMP), and the effectiveness of measures we have been pursuing in the current MTMP FY3/2025–FY3/2027.

During the first year of the MTMP, the 1st Approach, “Review marketing and sales strategies to develop global Evergreen* IP,” succeeded in utilizing character appeal to the fullest extent and accelerating global market expansion, mainly in North America and Mainland China. In North America, we strengthened sales to key licensees, developed and provided local designs, and advanced plans for global marketing measures mainly in the region. In Mainland China, we have been working with Alifish, Alibaba’s IP licensing platform, to implement thorough anti-infringement measures, and the benefits are beginning to emerge.

Through the 2nd Approach, “Develop a foundation for global growth,” we worked to build our “human resource infrastructure” and “aggressive finance and governance structure,” and implemented concrete measures relating to career path and training policies to develop global creative

talent for our human resource infrastructure.

For aggressive finance, we launched the Investment Committee and put an investment process and structure into place to improve the quality of our investment strategy and implement transparent, regular operations. For governance, we dissolved policy shareholdings held by megabanks and worked to ensure transparency in business performance for the capital market.

Globally, we established a new Global Strategy Department and worked to strengthen global governance. Two executive officers were appointed, one responsible for global strategy and the other for M&A, and experienced personnel were recruited in each area to build a stronger team structure.

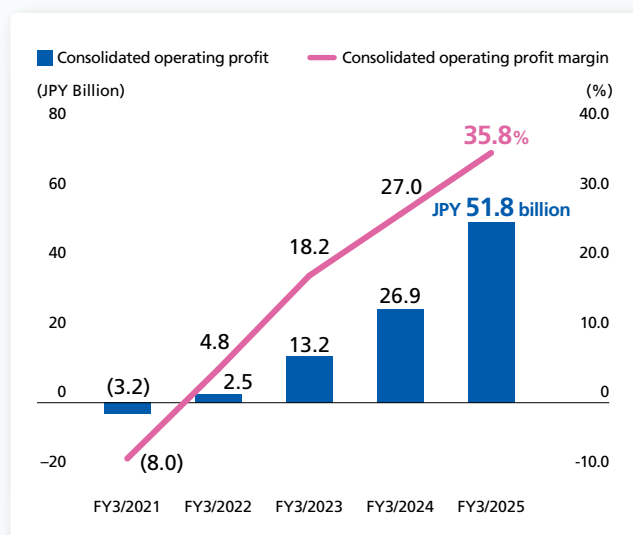
Through the 3rd Approach, “Expand IP portfolio and monetize in multiple layers,” we worked to continue to grow in Japan as a mature market and to create time deeply absorbed in Sanrio.

In the Japanese market, the product sales and licensing businesses grew strongly in FY3/2025, mainly driven by inbound sales. We worked to reinforce the distribution and marketing systems, including completion of expanded distribution center floor space, to accelerate sales further.

The theme park business also saw growth in both visitors and net sales as a result of active seasonal promotions, on top of investment in existing facilities. We embarked on plans to create an entertainment resort by temporarily nicknaming Oita Airport as Oita Hello Kitty Airport for the duration of Expo 2025, Osaka, Kansai, Japan, and other initiatives.

We are pushing ahead with creating time deeply absorbed in Sanrio and, in the edutainment business, worked with YARUKI Switch Group Co., Ltd. on joint development of Sanrio’s English studio, We Act!, English language and conversation schools for small children, linked to the curriculum of the “Sanrio English Master” English learning materials. The first school opened in

Consolidated operating profit /
Consolidated operating profit margin



* Evergreen: Defined as IP recognition, favoritism, etc. that are always fresh and maintained

Message from the President

November 2024 under the management of the Yaruki Switch Group. In our digital business, we released Charaforio, a creation platform, and significantly exceeded the target number of member MAUs*¹. In the game business, we began full-scale development of three titles and expect these to be the seedlings for medium- to long-term growth.

I feel that we were able to achieve a series of successes through various measures over the past year, supported by the favorable market environment.

Stronger multiple character branding, especially in North America, was highly effective, and I feel the success of Hello Kitty and Friends contributed significantly to improving Sanrio's brand power.

In 2016, there was hardly a Sanrio character to be seen in the



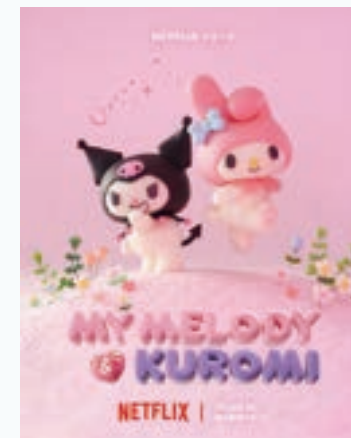
North American market, due in part to sluggish business performance at the time. However, after the business began to recover following the COVID-19 pandemic, visits to the United States revealed that the successful branding of multiple characters had significantly increased their level of exposure. I also sensed the increase in recognition in North America, our main market, when meeting with foreign investors, and had more opportunities to answer questions from them about our characters. In the future, we aim to use the multi-character strategy we are focusing on in North America to increase brand power and sales, not only for Hello Kitty, but for each character individually.

The fusion of this with our social media strategy is another reason for our success. We were not able to invest in characters that generate a profit before because we did not have a sufficient brand strategy. The fusion of our multiple character and social media strategies has succeeded in creating a buzz for various characters.

Amid that, characters like Kuromi and Cinnamoroll—especially popular with Generation Z—have seen their UGC*² grow on social media, while initiatives involving real-world merchandise and digital campaigns using social media have successfully kept Sanrio constantly in the spotlight. Reflecting the number of engagements on social media as a criterion for evaluating product development has enabled us to build a system in which the branding cycle draws in business at the same time, and I can point to this as an unprecedented strategy.

Formulating a new 10-year Long-Term Vision aligned with our scale and growth potential “now”

While we have achieved success at a pace exceeding our targets since Sanrio aimed for a “Second Foundation” in 2020, this does not mean that all measures have been successful. To achieve



My Melody & Kuromi Netflix Series
To be streamed exclusively worldwide
by Netflix in July 2025

stable, perpetual growth in the future, it is even more necessary to formulate and implement strategies that produce results and I think we need to create an organizational foundation and structure aimed at the future by backcasting. The organization and human resources are important issues, especially in the current rapid-growth environment, and I feel the need to specify the long-term vision we seek and build an appropriate organization and action plan.

Members of management have also shared an issue they face. When they attempt to meet the expectations for Sanrio, which have risen along with rapid growth, this has increased the number of instances in which they must focus on the short-term issues in front of them, and is making it more difficult to think about and explore the business from a long-term perspective.

I therefore think we need to express anew the vision we aim for 10 years from now, both internally and externally, on top of

*¹ MAU (Monthly Active Users): The number of users who used/were active on various online services one time or more in a specified month.

*² UGC: Initialization of “User-Generated Content.”

Message from the President

considering the scale and growth potential Sanrio has achieved "now" through rapid growth. I have spent many hours in a series of in-depth discussions with officers and we have identified the short- to medium-term and medium- to long-term issues and strategic policy.

First, we will begin to address the fact that there is not enough buzz in Europe and the United States as a short- to medium-term problem.

Going forward, we plan to improve recognition, especially of characters other than Hello Kitty, and strengthen brand recognition on the East Coast of the United States. We have also focused on two other problems as medium- to long-term issues: the touchpoint with Sanrio tends to be one-off, preventing the stockpiling of sustained growth, and the insufficient diversity of IP assets and value that Sanrio can offer. To stockpile growth, I

think we need to further increase the number of IDs on Sanrio+, the Sanrio Group's common membership service, and strengthen our ID-centered entertainment business. We will focus on the volatility in operating profit caused by the rise and fall of our brands, a key issue for Sanrio, and will strengthen our ID-centered business model over the next 10 years and build a stable foundation.

In addition to having confronted these underlying issues, we announced our 10-year Long-Term Vision of becoming a global IP platform provider in May 2025.

In the ID-centered business, we will actively endeavor to grow the fan base by diversifying our IPs, in addition to increasing the number of Sanrio+ IDs. We aim to achieve stable growth by globally and simultaneously expanding Sanrio's IPs and advancing co-creation with other companies' IPs to

further strengthen the fan base and become a global IP platform provider.

Path to becoming a global IP platform provider

I envision the following path to becoming a global IP platform provider.

As we expand entertainment globally, we will operate fan communities that utilize our creativity and drive expansion through collaboration with other companies' IPs.

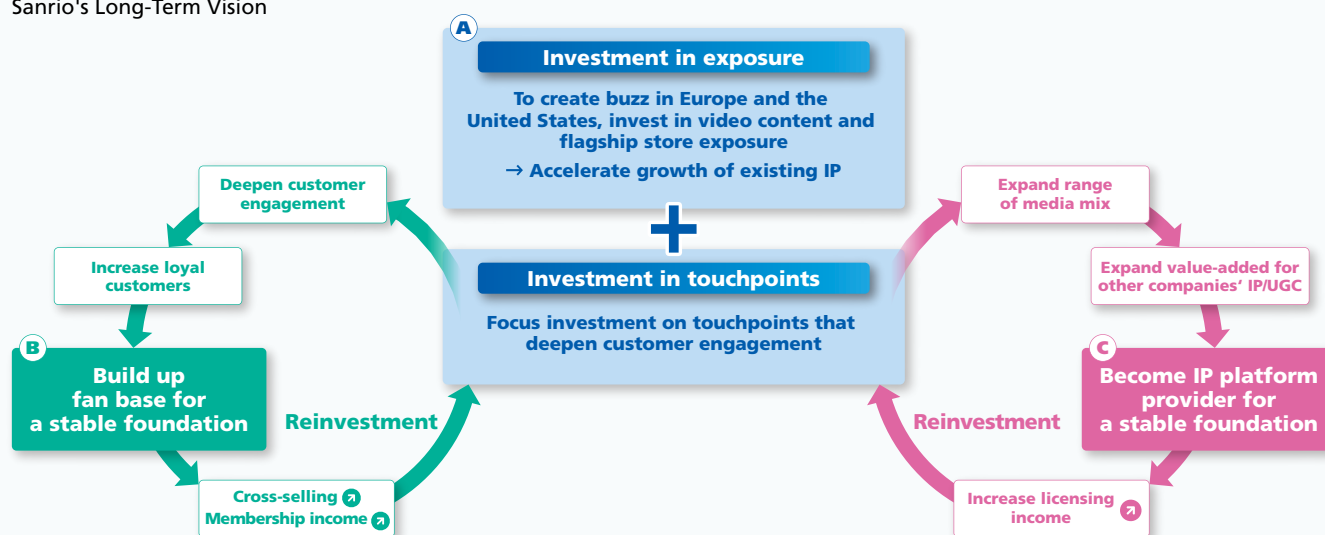
One of Sanrio's strengths is developing other companies' IPs into IPs that are seamlessly woven into people's lives and touch their heartstrings through collaboration with Sanrio. For example, even if we turn animation images into merchandise, it will only reach the fans of the original work. However, adding Sanrio's planning and design capabilities can double the appeal and add new purchasing incentives.

We will invest in games and digital content going forward, in addition to the licensing business, product sales business, Location-Based Entertainment (LBE), and video content. Expanding the breadth (area) of content will build a mechanism that facilitates the adoption of other companies' IPs by Sanrio. I think this will also lead to further expansion of IP collaboration potential and growth of existing IPs.

We also aim for Sanrio to become a "lighthouse" as a global IP platform provider that continues to light the way to smiles for everyone in the future by increasing the number of people who smile, through both Sanrio IP fans approaching multiple touchpoints and fans of sports IPs, other companies' IPs, and UGC encountering touchpoints created by Sanrio.

Each level of the global IP platform provider lighthouse has various kinds of entertainment. Fans who enter from one window migrate to other levels, interact with new content and characters, and become fans of them. I think this repeated

Sanrio's Long-Term Vision



Message from the President

acquisition and migration of fans will expand the height and width of the lighthouse and enable Sanrio to steadily move closer to becoming a global IP platform provider.

Migrating around the global IP platform provider lighthouse will increase fans and loyalty

I believe that “increasing fans and loyalty” through linked IDs is important to Sanrio’s initiative to become a global IP platform provider.

From my own experience in having multiple IDs for other companies’ services, I don’t think it will be difficult for customers

who have a Sanrio touchpoint to obtain and increase the number of IDs they have. In the future, we aim to establish our ID platform and related services to strengthen touchpoints by investing in creating buzz for IPs that have not yet gained much attention, thereby growing the number of IDs further.

What we particularly focus on in creating loyal fans is premium IDs. We deepen customer engagement and create loyal fans by increasing the touchpoints through which they can experience being deeply absorbed in Sanrio.

In the future, we intend to increase measures which enable Sanrio+ ID holders to receive special privileges on shows, merchandise, etc. in the growing collaboration and co-creation

with other companies’ IPs. We will work to increase fans and loyalty to make existing Sanrio fans more devoted, and encourage fans of sports IPs, other companies’ IPs, UGC, and others to approach touchpoints created by Sanrio and become new fans.

One concrete initiative aimed at becoming a global IP platform provider is to stimulate greater activity on the Charaforio service, a platform where companies and individual creators register their own serial works as IPs which creators can then build together with fans, while enjoying the creative activities of fans.

I think we need to provide creators in Japan and overseas with stronger reasons to be active on the Charaforio platform and want to expand beyond creating merchandise from posted IPs to creating games and video content.

For game creation, we will invest in Sanrio’s own game creation capabilities and strengthen functions as the platform provider. As we expand the scale of V-Puroland, our VR theme park, we expect the number of Charaforio users aiming for V-Puroland to increase. When characters debut on the Charaforio platform in original live V-Puroland events in the future, we will link these events to growth in Sanrio+ IDs and value through measures such as limiting participants to Sanrio+ ID members. Those fans will migrate through the games, video content, and other forms of entertainment on the various levels of Sanrio’s lighthouse, increasing the number of IDs through a wider circle of fans and expanding the lighthouse itself.

I also want to make Charaforio an engaging platform that encourages a movement like the former participatory video streaming service. I personally have enthusiastically watched live streaming, experiencing the passion and enthusiasm created by fans in real time. That experience taught me that creators do not only create for money, they find value purely in the act of streaming interesting entertainment, and my dream

A beacon for smiles: Global IP platform provider



Message from the President

is to bring smiles to more faces and generate hope by cheering on such activities.

Pursuing “Minna Nakayoku (Getting Along Together)” to greater heights

Sanrio has adhered to the corporate philosophy of “Minna Nakayoku (Getting Along Together)” since it was founded. We pursue “nakayoku” or getting along together at the core of all of our businesses and this corporate philosophy will remain unchanged in the future.

When I thought about “Minna Nakayoku” from a fresh perspective amid the major changes in the world and the scale of our company, it occurred to me that we should focus on “Minna (everyone).” Bringing smiles to those we can does not result in everyone getting along together, and I think we need to expand the circle of people we can bring smiles to in line with the expansion of our company scale. The vision of “One World, Connecting Smiles. Creating as many smiles as possible and extending the circle of happiness even further afield,” which I raised when I became president, is based on this view.

In our newly formulated 10-year Long-Term Vision of becoming a global IP platform provider, our goal of spreading smiles further afield is based on our vision of “One World, Connecting Smiles.” The height of the lighthouse depicting our future vision in the Long-Term Vision shows Sanrio Time, and the taller the lighthouse grows, the more Sanrio Time we will accumulate. The width of the lighthouse shows the number of people that Sanrio Time brings smiles to. I think we will get closer to a world of “Minna Nakayoku” where everyone gets along by making the lighthouse taller and broader. The new Long-Term Vision is itself the next growth phase of Sanrio. Based on this Long-Term Vision, we will steadily increase Sanrio Time and elevate “Minna Nakayoku” to a higher level.

At the same time, Sanrio Time is also important to achieving



sustainability. I think increasing Sanrio Time itself will lead to resolving social issues. Along with Sanrio Time, we are also pursuing the non-financial goal of contributing to society through smiles as a Sanrio Materiality initiative, and will support people around the world and endeavor to help resolve ESG and other social issues. In our Sanrio Nakayoku Project, a Sanrio signature social contribution initiative, we operate globally to deliver smiles to as many people as possible through activities such as character visits to hospitals, provision of relief supplies, communicating the joys of creativity, and confronting the low self-acceptance among young people.

Based on our new Long-Term Vision, Sanrio will expand smiles further afield and press ahead toward realizing our enduring corporate philosophy of “Minna Nakayoku.”

We will continue to build a bigger Sanrio lighthouse and strengthen initiatives aimed at bringing smiles to everyone around the world, and we kindly ask our shareholders and investors for your continued unwavering support and confidence in our future.



Sanrio's 10-year Long-Term Vision

Based on our corporate philosophy of “Minna Nakayoku” (Getting Along Together) which we have adhered to since Sanrio was founded, we formulated our Vision, Mission, and Values (VMV) in 2021 to deliver reliable value to future generations. To realize this, we announced the outline of our Value Creation Story in 2023 and, in 2025, formulated a Long-Term Vision, which delineates “what Sanrio aims to be in 10 years,” as well as the roadmap to achieving it and our approach to investing

management resources.

Our commitment to management under the Medium-Term Management Plan (MTMP) FY3/2025–FY3/2027 remains unchanged and we are making steady progress. Our officers and employees will work as one team to push forward in order to make bold capital investments in our vision for the future in 10 years possible.

Position of Long-Term Vision



Sanrio's 10-year Long-Term Vision

The most important phrase in the Long-Term Vision is becoming a "global IP platform provider" and we have established new, challenging targets to help us achieve this. Meanwhile, the MTMP FY3/2025–FY3/2027 raises issues. When viewed from a global perspective, Sanrio's value chain is centered on Hello Kitty and merchandise so we have not been able to completely eliminate the risk of volatility. Three problems underlie this issue: 1) There is not enough buzz in Europe and the United States, 2) touchpoints with Sanrio are cut off after initial contact and growth cannot be

stockpiled, and 3) we need a wider variety of IP assets. As a result, the scope of value and smiles we can offer is also limited, meaning we are not truly reaching "everyone" in the fullest sense.

Over the next 10 years, we will establish short-term and medium- to long-term strategic approaches on addressing each problem and will allocate management resources and manage execution to enable steady progress on the path toward becoming a global IP platform provider.

10-year Long-Term Vision

Become a Global IP Platform Provider

Numerical targets for the next 10 years

Sanrio Time: **300** billion hours/year, Market cap.: **5** trillion yen

Important KPI

Share of
North American markets
10%

Ten-year average operating
profit growth rate
Over 10%

GMV
Triple
(currently over 1 trillion yen)

Short- and medium-term strategic approach

Accelerate growth of existing IPs by investing in creating buzz in Europe and the United States

Medium- and long-term strategic approach

Invest in touchpoints to deepen client engagement, create loyal fans, and improve LTV

Expand and refine global IP licensing function and become an IP platform provider open to other companies' IP and individuals

There is not enough buzz in Europe and the United States

Growth cannot be stockpiled

A wider variety of IP assets is needed

Awareness of issues in background

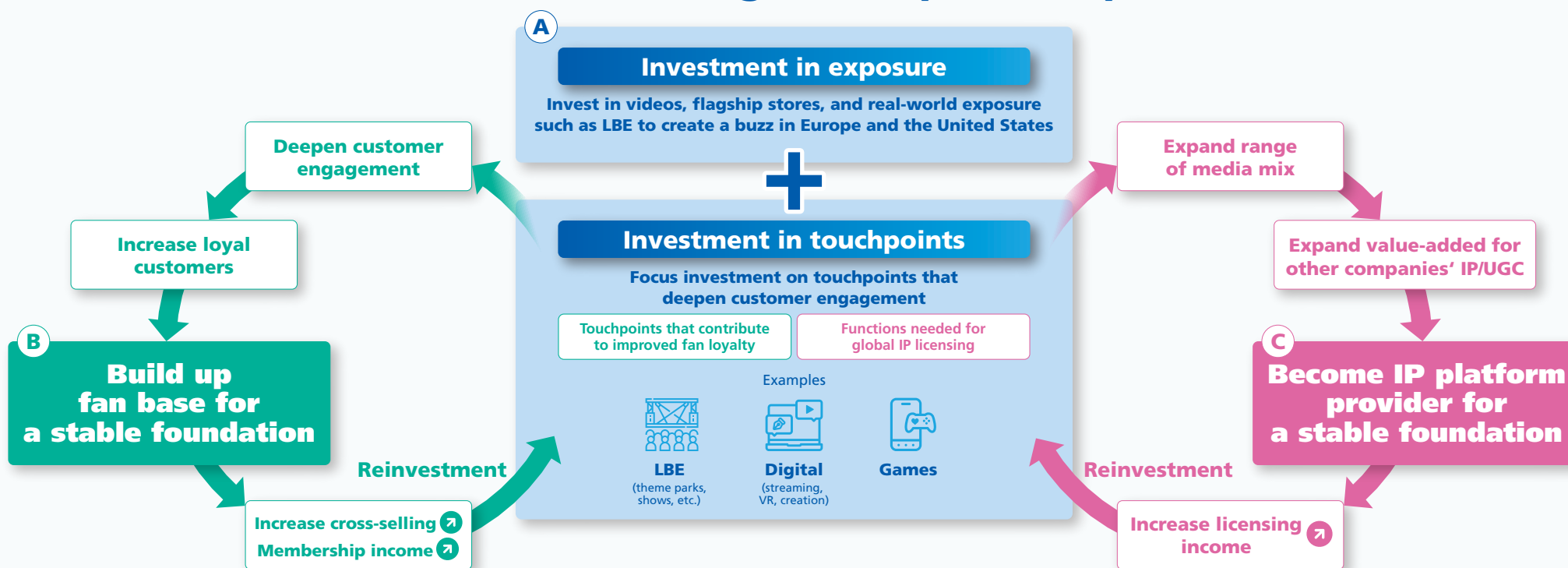
Sanrio's 10-year Long-Term Vision

Along the way to becoming a global IP platform provider, we will concentrate management resources in investment in exposure through movies and other means to further accelerate growth of existing IP in the European and US markets over the short term. We will also invest in touchpoints to resolve issues and generate reliable results over the medium- to long-term at the same time. In particular, we will increase our involvement in Location-based Entertainment (LBE), games, digital, and other venues which serve as touchpoints that lead to improved fan loyalty, and will increase loyal customers and connect with them through shared IDs and other ways to build a stable

foundation for our business.

We also aim to build an appealing platform for other companies by strengthening and expanding video production, games, global MD* and other licensing functions. Becoming an IP platform provider that hosts IP from other companies of various sizes and where individual creators try their hand at creative activities on our platform will increase license income and build mountains of IP. This is how we will achieve stable growth.

Expand the entertainment platform to deepen fan engagement and aim to become a global IP platform provider



* MD (Merchandising): Refers to a series of activities related to product planning, manufacturing, and sales.

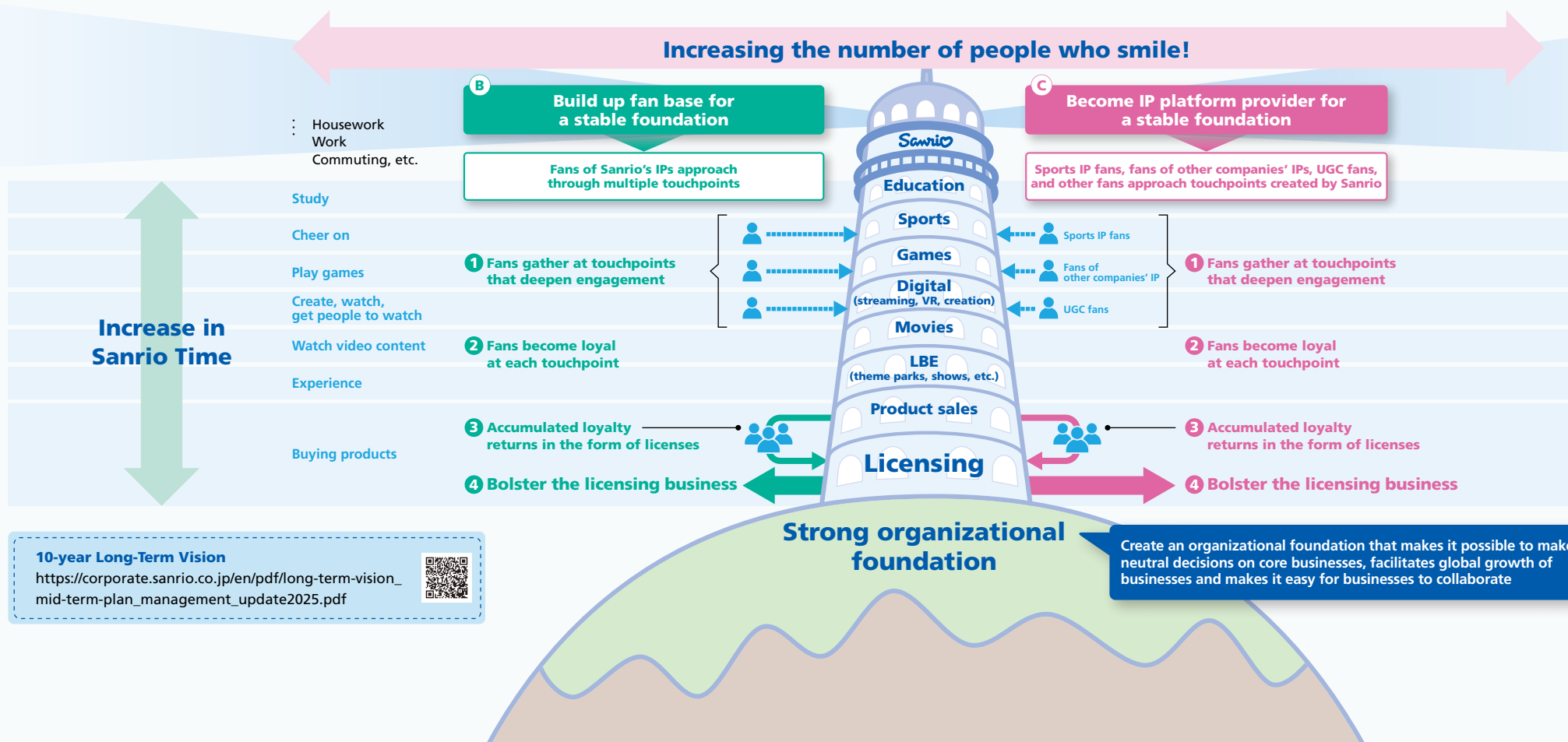
Sanrio's 10-year Long-Term Vision

In the future, we aim to become a global IP platform provider that serves as a lighthouse and continues to light the way to bring smiles to all. To become this lighthouse, we must create a strong organizational foundation that makes it possible to make strategic decisions on core businesses, and facilitates global growth of businesses and seamless business collaboration. Each level of the lighthouse has a different entertainment touchpoint. While each has individual value, mutually connecting all of them gives rise to a deeper experience and will lead to an increase in loyal customers and a stable foundation. Accumulated fan loyalty ultimately returns in the form of

business licenses and we aim to bolster the licensing business.

This lighthouse will also attract other companies' IP and a creator economy in addition to Sanrio IP. Sanrio's creativity will enable us to bring smiles to everyone and thereby lead to stable growth by making users feel closer to Sanrio, weaving Sanrio IP deeper in the lives of people worldwide and, as a result, evolving our IP into IP with long lifetime value. Sanrio aims to work ceaselessly to build a higher and wider lighthouse to light the way to our enduring goal of making everyone smile.

A beacon for smiles: Global IP platform provider

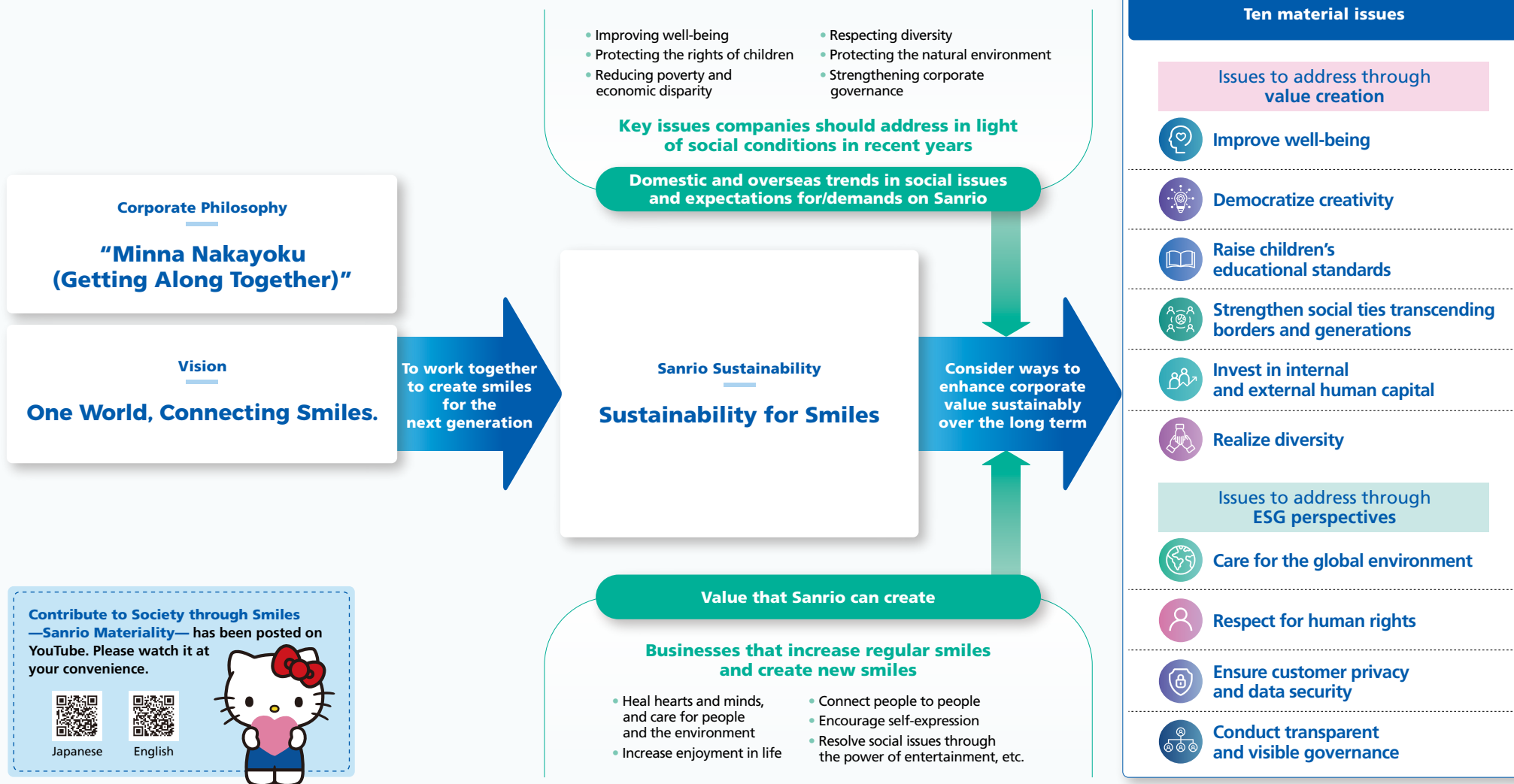


Non-Financial Targets “Contribute to Society through Smiles” Sanrio Materiality

To achieve our corporate philosophy of “Minna Nakayoku,” which means “Getting Along Together,” we aim to continue sustainably enhancing our corporate value over the long term.

Sanrio analyzed the business environment for the following 10 years and identified 10 global key issues as “Sanrio Materiality” that Sanrio will address from the two perspectives of value creation and ESG.

We will address global social issues through initiatives that are characteristic of Sanrio.



Non-Financial Targets "Contribute to Society through Smiles" Sanrio Materiality

Identification Process

Step 1 Identify social issues

We identified key issues from the perspective of future trends and sustainability in the pursuit of our vision.

Domestic and international trends and social needs

- Political, social, and economic megatrends
- Entertainment market macrotrends (Web 3.0 and other technologies)
- Sustainability initiatives of leading companies
- Principles and guidelines of international organizations, research organizations, and governments, such as the SDGs, MSCI, Top 20 Current Global Issues

Step 2 Select and organize social issues

We selected and organized the social issues based on the three perspectives of vision, business domain, and organizational and human resources.

- Social issues to address to achieve our Vision, Mission and Values (VMV)
- Solutions to social issues that can be achieved through operation of existing businesses and future growth businesses
- Social issues to address to strengthen organizational and human resources and other aspects of the foundation for value creation

The social issues were organized into two broad categories of issues we can help address through value creation and issues we can address through ESG, and specified as our material issues.

- Issues to address through value creation: Issues that will enhance value created through the value creation model and strengthen the foundation of value creation
- Issues to address through ESG Perspectives: Issues demanded by investors and society and which need improvement

Step 3 Consider opinions of stakeholders

We discussed the items of materiality that we identified with internal stakeholders and external specialists to confirm their validity.

- I hope that using value creation to address social issues will mean using Sanrio characters for value creation for the well-being of people of all countries and ages. The democratization of creativity is an extremely constructive initiative because encouraging creators to create will raise the overall level of culture in society.
- Addressing social issues through ESG should include making Hello Kitty and Sanrio as symbols of sustainability that will hopefully clear away environmental and human rights issues in the supply chain.



Mariko Kawaguchi
Specially Appointed
Professor, Rikkyo University

Step 4 Management decision-making

We discuss and finalize decisions at management meetings and at Board of Director meetings.

Step 5 Confirm progress and review course

We measure the benefits derived from Sanrio Materiality initiatives quarterly.

- From time to time, check to see if there are any changes, taking into account shifts in the internal and external business environment, such as a change in social conditions or a change in corporate strategy.

Non-Financial Targets "Contribute to Society through Smiles" Sanrio Materiality

10-year KGIs

In April 2025, we formulated 10-year key goal indicators (KGIs) for FY3/2036 as medium- to long-term targets. The identification process entailed conducting market surveys in Japan, the United States, and Mainland China, and ascertaining conditions around the world from the two perspectives of social changes that Sanrio aspires to and our role in Sanrio's contributions. We formulated 10-year targets based on the market survey numbers reflecting the current conditions as of FY3/2026.

We acknowledge the gaps between our targets and current conditions, and aim to achieve our materiality goals through initiatives characteristic of Sanrio.

See the **Sanrio Materiality** page for more information on the process of KGI consideration and targets for the United States and Mainland China.

<https://corporate.sanrio.co.jp/en/sustainability/materiality/index.html>



Issues to address through value creation

Materiality	Qualitative KGIs up to FY3/2036	Quantitative KGIs for social changes	Current	Target	Quantitative KGIs for Sanrio's contributions	Current	Target
Improve well-being	Sanrio's IP are everpresent, close to people's hearts when they are smiling and when they are not, aiming for a society where everyone's emotional needs are met and they feel a sense of self-acceptance.	I feel that I am unable to accept myself as I am (lack of self-acceptance)	60%	Lower to 54%	The anxiety of children and young people is soothed through Sanrio IP	33%	Raise to 40%
					Achievement of 300 billion hours/year or more in Sanrio Time	114.0 billion hours/year	Raise to 300 billion hours/year
		The parents of children who are ill, have disabilities, or are in difficult situations feel there is insufficient emotional support for their children	68%	Lower to 58%	Bringing smiles to children facing illness, disabilities, and other challenges through Sanrio's IP.	29%	Raise to 38%
					Bringing smiles through the activities of the Sanrio Nakayoku Project	20,000 people	100,000 people
Democratize creativity	We will create opportunities for creativity, foster people's interest in it, and aim for a society where everyone can engage in creative activities.	Creators feel they have few opportunities to engage in creative activities	52%	Lower to 46%	Sanrio communicates the joys of engaging in creative activities to creators through Sanrio IPs	39%	Raise to 45%
		Parents of children who are high school-age or younger feel there is insufficient support and opportunities to develop their children's creativity, including creative thinking and imagination	53%	Lower to 47%	Children receive opportunities and places to demonstrate their creativity through Sanrio IP	19%	Raise to 23%
Raise children's educational standards	We strive for a society which provides a wide range of opportunities for children to learn while having fun and where more children learn voluntarily through synergies between entertainment and education	Parents of children who are high school-age or younger feel that the children of today don't enjoy studying	58%	Lower to 52%	Children enjoy studying through Sanrio IP	18%	Raise to 23%
		Parents of children who are high school-age or younger feel there are growing disparities in education and learning experiences	74%	Lower to 65%	Sanrio IP supports children's education and learning experiences	17%	Raise to 25%
Strengthen social ties transcending borders and generations	As a global entertainment company, we will foster connections among people across borders and generations through both real and digital experiences and aim for a society that values these bonds.	People aged 15 to 69 feel that an increasing number of people are living with loneliness and social isolation	72%	Lower to 70%	People aged 15 to 69 are connecting with others and supporting one another through Sanrio IP	19%	Raise to 22%
		People aged 15 to 69 feel they don't know much about NPOs, international organizations, and other social sector organizations	68%	Lower to 65%	People aged 15 to 69 feel that Sanrio IP contributes to expanding their recognition of NPOs, international organizations, and other social sector organizations	9%	Raise to 11%
Invest in internal and external human capital	As a leading company in the entertainment industry, we strive for a society in which our employees and others active in the industry can demonstrate their personal abilities to the fullest	People aged 15 to 69 feel that when they see athletes trying hard, they are able to try hard too.	42%	Raise to 45%	People aged 15 to 69 feel that Sanrio appears to be an easy place to work regardless of gender	25%	Raise to 27%
					People aged 15 to 69 feel that when they see Sanrio-sponsored athletes trying hard, they are able to try hard too	16%	Raise to 18%
Realize diversity	As a company that respects diversity, we strive for a society where the philosophy of "Minna Nakayoku" (Getting Along Together) is embraced, creating content and environments where everyone feels safe, enjoys themselves, and participates freely	The parents of children who are ill, have disabilities, or are in difficult situations feel there is insufficient entertainment content that children can enjoy even in such situations	57%	Lower to 47%	People aged 15 to 69 feel Sanrio conveys the impression that one can be successful regardless of gender	25%	Raise to 28%
					Through Sanrio IP, we provide entertainment that children who are ill, have disabilities, or are in difficult situations can enjoy.	24%	Raise to 33%

Issues to address through ESG perspectives

Care for the global environment **Respect for human rights** **Ensure customer privacy and data security** **Conduct transparent and visible governance**

Note: For more information see Key Initiatives for Each Material Issue (page 24) and Sanrio Sustainability (page 71).

Non-Financial Targets "Contribute to Society through Smiles" Sanrio Materiality

Key Initiatives for Each Material Issue

Issues to address through value creation



Improve Well-Being

- Encourage children and young people to accept themselves as they are (self-acceptance)

Cheering on your efforts to encourage "self-acceptance"

Roll-out and expansion of HANAMARUOBAKE



おしごとを
がんばるきみを、
みまもっているの。

Sanrio がんばるきみスタンプ

April 2025: Advertising messages in 15 stations on the JR Yamanote Line

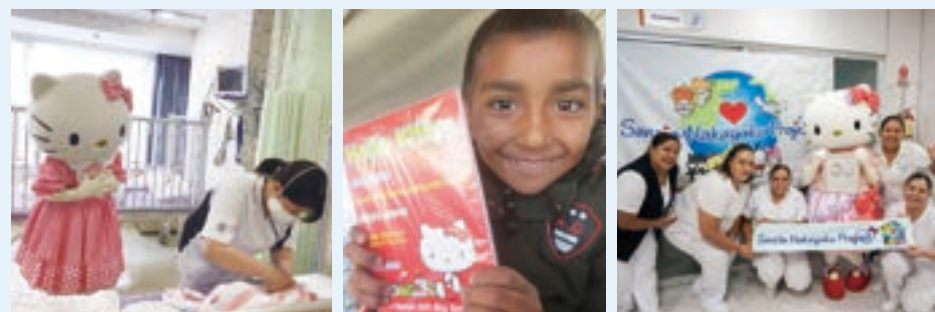
HANAMARUOBAKE debuted as spirits who are a comforting presence that watch over your daily efforts and quietly praise and appreciate you, in a social environment where the younger generation is less self-accepting, carrying their worries alone, feeling isolated, and losing confidence by comparing themselves with others. Based on the concept of mysterious spirits who give you a Hanamaru stamp for your efforts, HANAMARUOBAKE empathizes with all people who are making an effort and who find it hard to feel confident in today's increasingly complex society. They help people to develop self-acceptance. HANAMARUOBAKE have 250,000 followers (as of April 2025) in total on various social media platforms and continue to create content that delivers Hanamaru stamps and communicate encouraging messages. Sanrio will continue to implement various measures to confront the low self-acceptance among young people and strive to develop characters that provide emotional support and uplift many people.

- Cheer on children in many different circumstances

Development of the **Sanrio Nakayoku Project**, Sanrio's social contribution activity that creates smiles around the world

Sanrio conducts Sanrio Character Aid initiative which Hello Kitty visits hospitals, facilities, and disaster relief areas around the world to bring smiles to as many people as possible, including children with illnesses and/or disabilities. We also engage globally in activities that deliver smiles to people in many different circumstances such as providing educational activities and donations in cooperation with the United Nations (UN) Headquarters, the Japan International Cooperation Agency (JICA), and other organizations.

Sanrio Nakayoku Project



Sanrio Nakayoku Project

<https://corporate.sanrio.co.jp/en/sustainability/nakayoku/>



Non-Financial Targets "Contribute to Society through Smiles" Sanrio Materiality
Key Initiatives for Each Material Issue

Issues to address through value creation



Democratize Creativity

- Making creativity a part of everyday life

Creating the **Charaforio** platform, where companies and creators work together to create UGX*



* UGX: User generated experiences A collective term for user-generated content, user-generated IP, etc.



Invest in Internal and External Human Capital

- Create an environment where all employees work happily and healthily

Expansion of measures to promote employee well-being

▶ See page 64 for more information.

- Cultivate talents who will be the new leaders of the next generation of entertainment

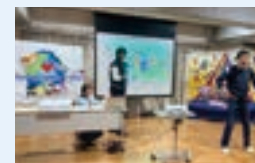
Supporting athletes through sponsorships



Raise Children's Educational Standards

- Arrange opportunities for children to learn while having fun

Donation of **Sanrio English Master** textbooks and provision of English learning experiences to children at child welfare facilities



- Provide support for children with limited educational opportunities and experiences

Donation of 100,000 Sanrio school supply items to children experiencing different circumstances around the world



Realize Diversity

- Provide content that can be enjoyed by people of all abilities

Sanrio Puroland launched a non-verbal show called "beyond words"



- Be a company where diverse human resources can achieve personal success

Holding seminars on diversity



Strengthen Social Ties Transcending Borders and Generations

- Strengthen the social sector foundation and work together

Supporting the SDGs in cooperation with the UN Headquarters



YouTube
Welcome to the UN Pavilion! Let's unite for a better future

- Provide opportunities to foster social connections for people experiencing loneliness or social isolation

Holding the **SANRIO Virtual Festival** and connecting with the world

Will become a permanent event in FY3/2026



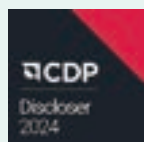
Non-Financial Targets "Contribute to Society through Smiles" Sanrio Materiality
Key Initiatives for Each Material Issue

Issues to address through ESG perspectives



Care for the Global Environment

Calculation of Scope 1, 2 and 3 emissions
Set targets for emissions calculated versus the base year
of FY3/2019



Score of B on the
CDP Climate Change Report 2024

▶ See page 73 for more information on Measures to Address Climate Change.



Respect for Human Rights

Conclusion of agreements including
the new Human Rights Policy **up 40%** YoY

Plan to conclude 100% by FY3/2027

▶ See page 77 for more information on Respect for Human Rights.



Ensure Customer Privacy and Data Security

Attendance rate for e-learning course on personal information
provided to all employees

Achieved 100% attendance rate in FY3/2025

▶ See page 86 for more information on Compliance.



Conduct Transparent and Visible Governance

MSCI ESG Rating in FY3/2025: **AA**

May 2025: Selected for inclusion in the
MSCI All Country World Index (ACWI)

FTSE ESG score in FY3/2025: **2.2**

▶ See page 78 for more information on the
Roundtable Discussion with Outside Directors.

Sustainability site

<https://corporate.sanrio.co.jp/en/sustainability/>



Reasons Why Sanrio IPs Are Loved

Introduction of the strengths Sanrio has cultivated since our founding by unraveling the secret of why Sanrio IPs have been loved over many years

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Reasons Why Sanrio IPs Are Loved 28



Reasons Why Sanrio IPs Are Loved

Under our corporate philosophy of “Minna Nakayoku (Getting Along Together),” we aim to reach a broader range of stakeholders by creating diverse characters and building a system for ensuring they are loved.

Corporate Philosophy

“Minna Nakayoku (Getting Along Together)”

Social communication business cultivated by our founder

Our founder, Shintaro Tsuji, established Yamanashi Silk Center Co., Ltd. (now Sanrio Company, Ltd.) in 1960, with the hope of creating a world where people share and communicate their love to those they care about and where all of us get along together.

Thinking that exchanging small, cute gifts would lead to everyone getting along together, he began offering gift merchandise, greeting cards, and other items.

Sanrio's Assets

Over 450 characters

Sanrio has introduced a diverse range of unique characters, such as Hello Kitty, that are loved around the world, in order to achieve “Minna Nakayoku (Getting Along Together).”



Ways we make sure Sanrio IPs are loved

They are updated and continue to evolve to harmonize with changing times and tastes, staying close to people's hearts to spread the spirit of “Minna Nakayoku” to people around the world.

Sources of value

1

Design Enhancement

Methods for achieving sustainable growth

2

Character Management

3

Adaptation to Trends and Rebranding

4

Promotions to Enhance Value

Generates significant momentum
Expands new businesses

Loved even more, reaching more stakeholders

Reasons Why Sanrio IPs Are Loved

1 Design Enhancement

— Co-creation structure and commitment creating a positive cycle of evolution

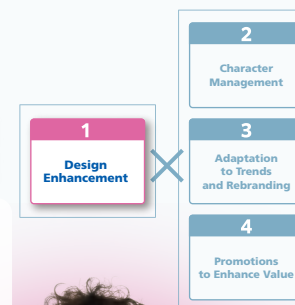
Expertise in creating designs that are loved

Sanrio's designers see their mission as "bringing smiles to many people" through a wide range of initiatives. Their strength lies not only in creating designs on a computer, but also in considering the entire customer experience --spanning commercialization, licensing, and spatial design --while responding to customers' latent needs and challenges.

Designers also have abundant opportunities for creation. Through collaborations with other companies' IP, they explore new target audiences and themes by researching elements such as character forms, artistic styles, use of color, and layout patterns.

In addition, internal contests for new character development are very active, with tens or even hundreds more times the number of characters nominated compared to those that actually debut. Even characters not selected receive constructive feedback, allowing their creators to refine them and try again. This system helps maintain a consistently high standard of character development.

Through these diverse experiences, designers cultivate fresh perspectives and expressive skills, fostering their own personal growth. That growth enhances the value of Sanrio's IP and serves as a driving force in delivering smiles to people around the world.



Shuhei Yamada

Executive Officer
Executive Manager, Design Division

— Each designer's strengths refined through unique training programs

Initiatives to expand the scope of a designer's success

Enhancing a designer's skills is essential to the high-quality creation and evolution of characters. We therefore consolidated the designers affiliated with each business department in the Design Division from 2022 onward and, in 2025, launched the Sanrio Smile Creators Academy (SSCA)*, a unique internal training program to strengthen designer training.

Five designer types were established in the SSCA program to develop a diverse range of designers to support the entire process from character creation to use. The designers can choose the type that suits them, identify and learn the skills they need, thereby building diverse career paths beyond just character creation.

In FY3/2025, we established courses in 13 high-priority areas, selected from a total of 173 necessary skill sets organized by proficiency stage, to help designers learn about "the soul of a Sanrio designer," "essential knowledge for dealing with characters," and "techniques needed for design in both existing and new areas." In these courses, designers can learn specialized skills such as the external and internal characteristics of characters, creating a design story that resonates with people, and data analysis for character creation and evolution. As we are also focused on designer training globally, we have prepared archived videos of some of the courses in English so designers at overseas subsidiaries can take these courses too.

Minami Maeda

General Manager
Design Management
Department
Design Division

* Sanrio Smile Creators Academy (SSCA): One of the Sanrio Smile Academies (SSA)

Reasons Why Sanrio IPs Are Loved

2 Character Management

Continuing to pursue ways to connect with customers, in line with the times

Creating opportunities to stay close to users

Sanrio characters are rare characters that continue to be loved without detailing a strong background story, even on a global scale. It is therefore essential to vary their forms and significance in a manner that is best suited to the times as they change.

We are testing the establishment of venues for sharing value online and offline as an initiative to ensure that characters continue to resonate with customers. We think that not getting caught up in one method is fundamental to the creation of Sanrio characters that create opportunities to connect with customers.

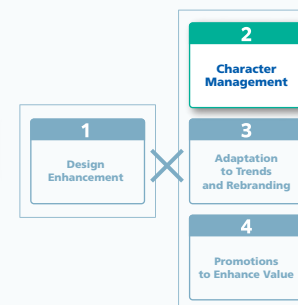
Initiatives aimed at continuing connections with fans across many generations

There are a myriad of ways to connect with customers. Each character team arrives at the optimal solution by analyzing how the main target customers spend their time and drawing insights, while also thinking about how they want customers to encounter the character and what they want customers to feel when they do. We also build touchpoints with customers across many generations by changing our approach according to the target.

To be more specific, we aim to communicate the appeal of characters broadly over social media while also having customers experience contact with the characters at events, stores, and theme parks. We create touchpoints both online and offline because we want customers to feel the desire to experience Sanrio's worldview again.



"As I change, so does she" Hello Kitty Exhibition at the Tokyo National Museum

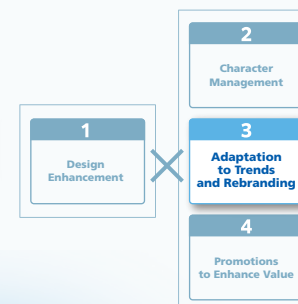


Maho Minagawa

Senior Manager
Character Management Section 1
Character Management Department
Global Brand Management Division

Reasons Why Sanrio IPs Are Loved

3 Adaptation to Trends and Rebranding



Combining “trendy” with “classic” to make fans of customers, new and old

Character development and evolution strategy in line with the trends

When developing a new character, we formulate an internal cross-organizational plan for development and evolution that responds to the “trends” and vision for IP, which changes with the times, while also focusing on the “classic” elements characteristic of Sanrio’s long history.

On the trend side, an example is FRAGARIAMEMORIES where we are working to make YouTube the main platform, have popular illustrators participate, and communicate guidelines for

derivative works, based on recent trends.

On the “classic” side, we linked the worldview to existing characters and outlined the story of knights who protect Sanrio characters. We intersperse elements of existing Sanrio characters in character design, personality, voice dramatization, music, and other aspects to elicit a sense of recognition and enjoyment from long-time Sanrio fans. Meanwhile, people can also get to know Sanrio through FRAGARIAMEMORIES so we also attract new fans.

This is the way we create characters that pick up on new trends while holding onto the elements that make Sanrio unique.



Kazuma Murakami

Senior Manager
Content IP Management Section
IP Development Department
Global Brand Management Division

Adding new value to existing characters and expanding fans

Rebranding strategy for characters well past their debut

Having over 450 original characters is an important asset for Sanrio. We put characters that were popular in the past in the spotlight again and focus on rebranding to approach new fans, in addition to long-time fans.

Amid the retro boom in the 2020s, we gathered six male characters who emerged during the late Showa to early Heisei eras (1980s and 1990s) and debuted HAPIDANBUI, as a group of characters. The unit name is an abbreviation of “boys who want to be happy, aiming for V-shaped recovery.”

While they are all characters known in Japan, they were combined

with the concept of a V-shaped recovery in popularity in a bid to make them characters that fans want to cheer on. Capturing the trend of supporting favorites and the underlying needs were also points we focused on.

This rebranding resulted in these characters shooting up the popularity rankings in the Sanrio character ranking. Looking ahead, we aim to expand their presence even further, with a global audience in mind.

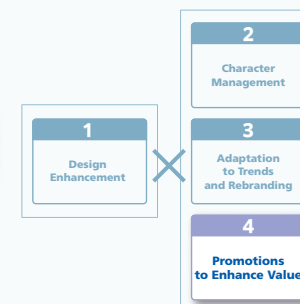


Kazuya Abe

Character Management Section 3
Character Management Department
Global Brand Management Division

Reasons Why Sanrio IPs Are Loved

4 Promotions to Enhance Value



Expanding business through strategic promotion

Promotions to create a cycle of enhancing value creation

At Sanrio, we promote characters strategically to continue to enhance their value. We aim to build a positive cycle in which effective promotions lead to an increase in inquiries from licensees that match our targets which, in turn, leads to recognition by a greater number of users and makes stronger promotions possible.

A key touchpoint is linking social media to the real world. For example, we used the 50th anniversary of Hello Kitty in 2024 as a hook for collaboration with a broad range of licensees. The layering of hands-on activities on top of communication by Sanrio and licensees on social media further spread the message via social media, increasing appeal and leading to future business.



Kazunari Kagomi

Executive Officer
Domestic Marketing
Department
Sales Division

Accelerating value enhancement through collaboration with licensees

Licensing business that reaches many more users

To increase the value of characters, it is important to collaborate with licensees and reach users who cannot be reached through distribution and communication of information by Sanrio alone. Last year, we opened traveling pop-up shops at department stores and shopping malls nationwide to take advantage of the 50th

anniversary of Hello Kitty. Accessing sales channels we could not reach on our own expanded customer touchpoints.

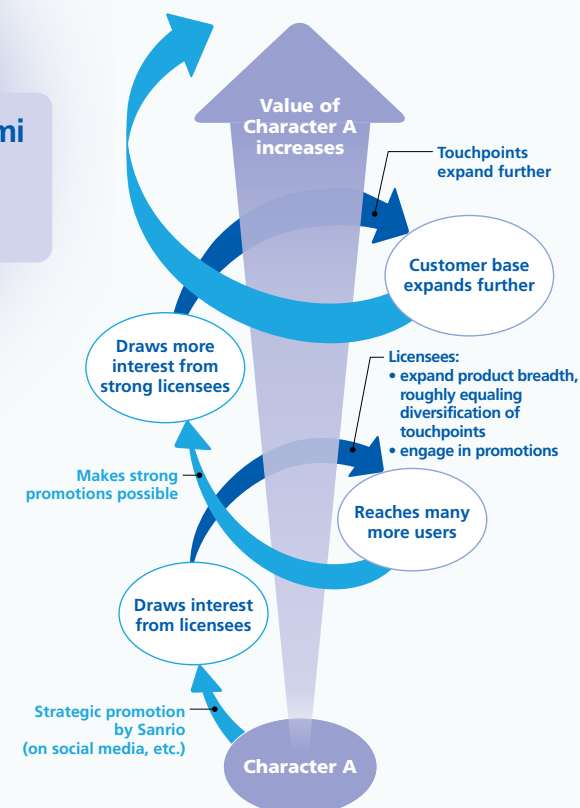
We also staged campaigns using My Melody and Kuromi at gas stations and the character appeal contributed to attracting customers and promoting card memberships. This led to a solution which involved partnering companies and their users.



Takashi Honda

Executive Officer
Licensing Sales
Department
Sales Division

Character value enhancement process



Reasons Why Sanrio IPs Are Loved —The Case of Hello Kitty—

Success in creating smiles on the largest scale in Sanrio's history!

The 2024 Hello Kitty 50th anniversary promotions celebrated the journey she has shared with fans around the world since her debut in 1974 and embodied Sanrio's corporate philosophy of "Minna Nakayoku" (Getting Along Together). Our intent in this project was to redefine the brand value of Hello Kitty, deepen our bonds with existing fans, and create new touchpoints for the next generation of fans.

In addition to presenting a consistent brand message globally, we designed multifaceted experiences that integrated both real-life and digital elements. We inspired a lot of resonance and participation, especially through digital measures, such as augmented reality (AR) filters as a new form of expression and the active incorporation of User-Generated Content (UGC) created by fans. Spreading smiles around the world was a great success, mainly thanks to the generous cooperation of our partners.

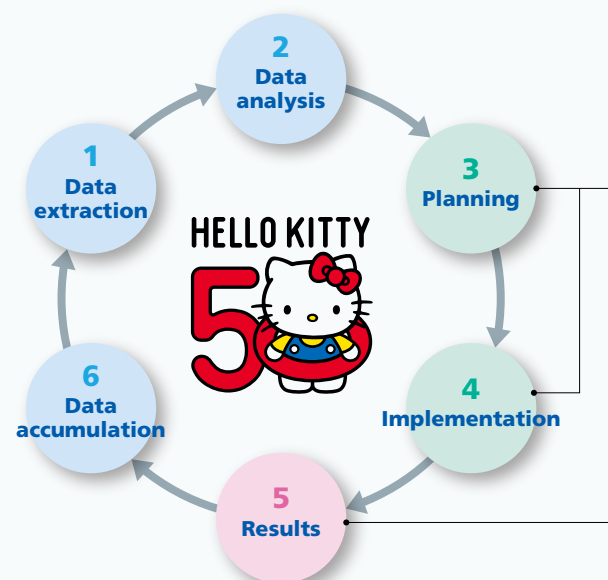
In the future, we will utilize the knowledge from this project to engage in multidimensional development of anniversary plans and participatory promotions for other characters in addition to Hello Kitty, with our sights set on further success of Hello Kitty in the next 50 years.

Successful operation of a sophisticated PDCA cycle to connect to the next generation

To increase support from Gen Z, we used a wide range of internal and external data sources and multiple analyses to perform a detailed analysis of Hello Kitty, from roughly two years before the promotion began. We designed a promotion strategy based on the insights derived and implemented it in stages. Each month we verified the effectiveness of various measures, quantitatively and qualitatively analyzed the factors

behind the successful results and the elements that did not meet expectations, and flexibly implemented improvements to the measures. Through this continuous cycling through PDCA, we began to see a replicable framework for character marketing and also entered the practical phase of expanding application to other characters in addition to Hello Kitty.

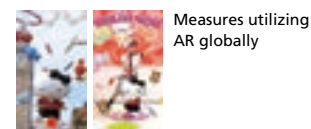
PDCA cycle for promotion of Hello Kitty's 50th anniversary



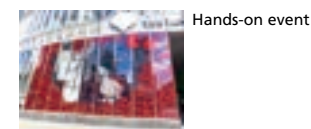
Character Management

Japan Implement measures to strengthen digital touchpoints targeting Gen Z. Strengthen utilization of UGC.

Overseas Accelerate collaboration with overseas subsidiaries. Roll out measures that involve licensees.



Measures utilizing AR globally



Hands-on event

3 Planning

4 Implementation

5 Results

Japan We increased appeal among Gen Z from **32.8% to 36.7%**.

Global Achieved an average monthly social media reach of **2.7 billion**. Exceeded a target reach of **2.1 billion for 13 consecutive months**. (November 2023–December 2024)

Overseas Three key indicators of popularity for all generations in North America **rose in rank** from "popular now" to "likely to be popular" to "want to recommend."

Reasons Why Sanrio IPs Are Loved —The Case of Hello Kitty—

Long-lasting fan-favorite initiatives Building a base of enthusiastic fans, a key Sanrio asset

We positioned this promotion as a new starting point for future sustainable growth of our business, rather than ending up with Hello Kitty's presence being a temporary phenomenon. To accomplish this we pursued measures aimed mainly at increasing enthusiastic fans, rather than simply creating a buzz.

To verify effectiveness, we employed use of multiple external data sources as a new endeavor, in

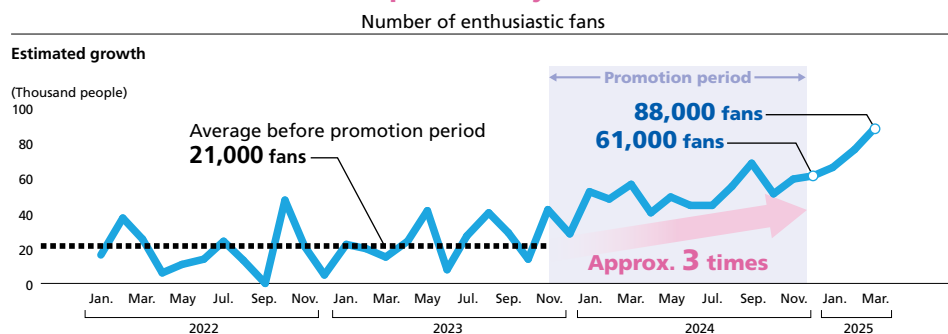
addition to surveying the general public. We did not stop at data we possessed in-house, and integrated survey data from third-party organizations and actual user behavior data on social media to ascertain changes in the enthusiastic fan base quantitatively.

Going forward, we will formulate and implement strategic plans aimed at sustainable business growth as we continue to accumulate data-driven verification of effectiveness.

Verification Was the success of the Hello Kitty's 50th anniversary promotion a temporary boom?

Focusing on enthusiastic fans as assets supporting Hello Kitty business and confirming the effectiveness of Hello Kitty's 50th anniversary promotion

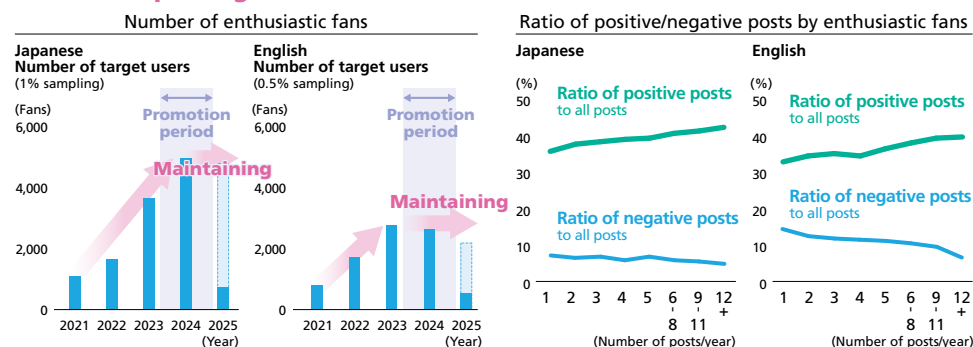
Fave Entertainment Scope Verifying the scale and quality of enthusiastic fans in a fixed-point survey



- The number of enthusiastic fans increased approximately 3 times compared to before the promotion began and continues to expand.
- The product purchase intent rate remains high even after the promotion ended.

Notes: • Enthusiastic fans are defined as respondents who answered "Big fan" to the question on the fan scale in the GEM Fave Entertainment Scope.
• The product purchase intent rate is volatile so it is calculated based a three-month average.

X Post Log Verifying the scale and quality of enthusiastic fans posting on social media



- In 2024, the number of enthusiastic fans increased in Japan and maintained at a high level in English-speaking countries.
- Because a high percentage of posts by enthusiastic fans are positive, we can expect ingenuity in communicating information to expand positive posts and reactions.

Notes: • Enthusiastic fans are defined as users who post four or more times a year because these users maintain a high posting frequency the next year.
• The positive/negative results are determined solely by the survey firm. Posts that are neither positive nor negative are judged to be neutral.

Conclusion We expect to maintain enthusiastic fans as assets that support our Hello Kitty business in the future.

Sanrio's Strategy into the Future

Report on progress made on the Medium-Term Management Plan that began in FY3/2025 and explanation of our future strategy for creating more smiles



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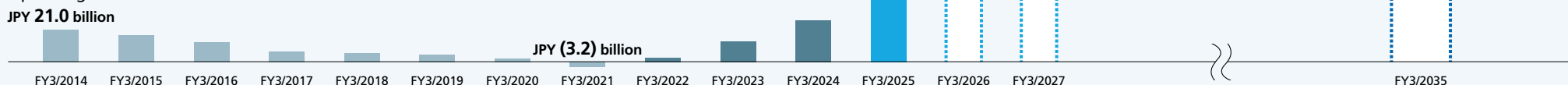
Medium-Term Management Plan FY3/2025–FY3/2027 and Beyond

The Medium-Term Management Plan (MTMP) is a three-year period of investment and expansion aimed at creating a stable and perpetual growth cycle, rather than uncertain growth.

In order to sustain perpetual growth, we work on three approaches: making global Evergreen IP, developing a foundation for global growth, and expanding our IP portfolio and monetizing in multiple layers. FY3/2025 marked record high operating profit. We have updated our targets for the final year of MTMP and the compound annual growth rate (CAGR) over the next 10 years.

To ensure that we achieve these targets, we will clearly specify areas to invest in over the short-term and the medium- to long-term and make strategic, bold investments to further accelerate initiatives in three approaches.

Operating Profit Trend



Toward a higher level
Market cap. of
JPY 5 trillion

Average annual growth rate
of over 10%
for 10 years

Highest profit
JPY 51.8 billion
achieved

Target
JPY 65.0 billion
or more

From unstable, uncertain growth
in “Hello Kitty-oriented” and “merchandise-centered” approach

Toward achieving market capitalization of JPY 5 trillion or more
and stable, perpetual growth

Past

Previous MTMP

Current MTMP

Toward the future beyond that

1st Approach >>

Review marketing and sales strategies to make Evergreen global IP

From page 43

2nd Approach >>

Develop a foundation for global growth

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3rd Approach >>

Expand IP portfolio and monetize in multiple layers

From page 66

Investment in creating buzz in Europe and the US

Investment in video production for US and Europe

Launch of planning team, consider wide range of possibilities, including acquiring production company, etc.

Investment in flagship stores and other LBE in North America

Consider improving exposure opportunities in flagship stores and brick-and-mortar stores

Investment in touchpoints that deepen engagement

Large-scale investment in LBE

Actively invest in and partner with theme parks and shows with an eye to overseas markets

Strengthening digital functions

Continue to invest in strengthening digital touchpoints such as streaming, VR, fan clubs, etc.

Expansion of IP platform capabilities and IPs

Invest in appealing game development functions as a platform provider

Consider a wide range of options, including domestic and international acquisitions in addition to investment

Source new IP acquisition opportunities

Consider a wide range of options, including contracting and acquisitions with an eye to expanding attributes such as sports IP

Strong organizational foundation

Create organizational foundation that makes it possible to make neutral decisions on core businesses, facilitates global growth of businesses, and makes it easy for businesses to collaborate.

Message from the Officer in Charge of Finance

Management from a cost-of-capital perspective aimed at market capitalization of 5 trillion yen

Effectiveness of Hello's Kitty's 50th anniversary boosts business performance Operating profit reaches record high for 2nd consecutive year

In FY3/2025, measures implemented for Hello Kitty's 50th anniversary played a central role in Sanrio's success in strengthening the global brand. Net sales increased 44.9% year on year to 144.9 billion yen. Operating profit rose 92.2% to 51.8 billion yen, resulting in a record-high for the 2nd consecutive fiscal year. The operating profit margin reached 35.8% and ROE, 48.6%, with the expansion of the licensing business driving high profitability and capital efficiency.

By region, profit growth was driven by North America, where handling for mass retailers expanded. Apparel for fast fashion performed well in Europe, and expansion of licensing and the store network also contributed in Asia, mainly in Mainland China. In Japan, the product sales business saw an increase in

the number of domestic customers in addition to demand from inbound tourists, expanding the customer base. The domestic licensing business also benefited from Hello Kitty's 50th anniversary and the success of its target client strategy.

Updated financial targets and discipline and views on Long-Term Vision targets

We updated our financial targets and financial discipline in the Medium-Term Management Plan (MTMP)

FY3/2025–FY3/2027. The FY3/2027 target for operating profit was raised from the initial 40 billion yen or more to 65 billion yen or more, reflecting substantial expansion in business performance, mainly overseas, including North America and Mainland China.

Our discussions regarding this update were more in-depth, particularly on (1) whether to disclose an ROE target and (2) shareholder return in the event that M&A and minority investment projects we are actively attempting to implement

Updated quantitative targets and financial discipline

Quantitative targets* (FY3/2027)	• Net sales: JPY 135 billion (previous) → JPY 175 billion (revised)
	• Operating profit: over JPY 40 billion (previous) → over JPY 65 billion (revised)
Financial discipline* (Up to FY3/2027) <u>Updates are underlined.</u>	• Consider management that significantly exceeds the cost of capital, with a target ROE level of 30%
	• Consider organic investments (approx. JPY 30 billion) and M&A and minority investments (JPY 50 billion or more) that support our value creation story over three years, from FY3/2025 to FY3/2027
	• The M&A goal is to prioritize consideration of projects where high profitability and capital efficiency can be maintained even after acquisition
	• The dividend payout ratio target is 30% or more; however, if no attractive investment opportunities are found, consider additional shareholder returns (up to JPY 30 billion) , taking into account surplus funds and financial strength
	• Focus on increasing the total shareholder return (TSR) due to higher share price, in addition to dividends
	• For large investments such as M&A, rigorous review will be conducted through the Investment Committee, and comprehensive decisions will be made based on both qualitative and quantitative aspects.
	• Credit rating should be at the A-rated level. Goodwill/net asset ratio at the time of M&A should be within 70%, but it is acceptable for the rating to temporarily fall below the A-rated level.
	• In case fundraising becomes necessary in the future, consider the order of priority for fundraising: senior bank loans and straight bonds > hybrid (e.g. subordinated loans and subordinated bonds) > public offerings and convertible bonds with the cost of capital in mind



* In the event of a large-scale M&A, various indicators will be calculated based on operating profit, net profit, and EPS, with goodwill amortization added back.

Message from the Officer in Charge of Finance

are not found.

Regarding (1), ROE reached an extremely high level of 48.6% in FY3/2025. This is due to the company's growth in performance being driven primarily by capital-efficient licensing, as well as the relatively low amount of shareholders' equity resulting from limited capital accumulation in the past. While a high ROE is naturally desirable, Sanrio's policy is to actively pursue M&A. However, M&A in the entertainment industry tends to result in substantial goodwill, which leads to the issue of goodwill/net asset ratio rising too high. To address this issue, we need to accumulate a certain amount of shareholders' equity. Therefore, we have set the target of 30%, a level that can keep ROE in the high range.

Our Investment Committee will consider (2) in light of strategic significance and profitability based on our Long-Term Vision as well as capital efficiency and acquisition price. Because M&A and minority investments involve another party, it is possible that we may not be able to make attractive investments. In such cases, I think we should provide an additional return to shareholders from the perspective of capital efficiency, based on our cash position, shareholders'

equity, and other relevant factors.

As a company, Sanrio intends to manage finances in a manner that balances our desire to achieve our Long-Term Vision with the expectations of our investors.

Our Long-Term Vision up to FY3/2035 sets the targets of 5 trillion yen in market capitalization and a compound annual growth rate (CAGR) in operating profit of 10% or more over 10 years. We understand that the market evaluates market capitalization from various perspectives such as profitability, capital efficiency, and future growth expectations. We hope you can accept Sanrio's desire to maximize corporate value by implementing the strategies set forth in our value creation story, rather than simply expanding sales and profits.

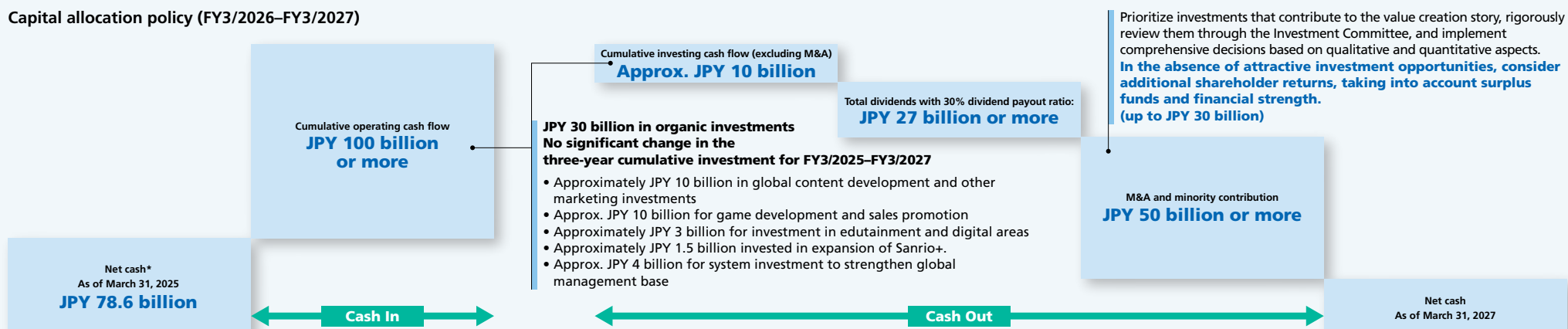
The core of net sales will remain the highly profitable licensing business, and we want to maintain a high level of profitability and capital efficiency over the next 10 years. The reason why we did not state an absolute value for operating profit is because it is more important to communicate the message of lowering volatility and because we wanted to communicate our thoughts on achieving stable growth. The reason we indicated a figure of over 10% is because we've

received investor feedback that Sanrio's stock price tends to decline when double-digit growth slows. We wanted to send a clear message that we are committed to maintaining at least double-digit high growth.

Capital allocation balancing investments and shareholder returns

Sanrio has not made any significant large-scale investments since those made for the establishment of theme parks in the 1990s. In the MTMP, we have set aside 30 billion yen for organic investments and 50 billion yen or more for M&A and other investments, and are moving toward a stage of full-scale investments. The Investment Committee has been established to carefully select investments that will lead to the enhancement of corporate value. We will also involve external advisors in setting investment criteria and checkpoints in each area of M&A, minority investments, existing businesses, and new businesses, and will carry out investments based on an objective framework.

We held a total of 16 Investment Committee meetings in FY3/2025. The investments considered were mainly in game

Capital allocation policy (FY3/2026–FY3/2027)

* Net cash: Cash and deposits – Interest-bearing debt

Message from the Officer in Charge of Finance

development and M&A. During Investment Committee meetings, internal and external committee members discuss the strategic significance, quantitative return, and other salient factors in-depth from multiple perspectives, to decide whether or not Sanrio should invest. While some M&A deals required a large financial investment, the committee decided to forego numerous opportunities after determining that an appropriate return could not be expected due to factors such as the sale price or risks uncovered during the due diligence process. The committee will make disciplined investment decisions according to rigorous criteria as it actively considers numerous projects going forward.

In capital allocation, we will take the balance between strategic investment and shareholder returns into consideration. Sanrio generates relatively solid operating cash flow when business performance is good, and there will be ample free cash flow if the dividend payout ratio is kept at the 30% level. While consideration of 50 billion yen or more in M&A is assumed in the MTMP, we will consider up to 30 billion yen in additional shareholder returns if attractive projects are not found.

Target of 1 trillion yen in market capitalization achieved far ahead of schedule

Sanrio places high importance on its stock price. In May 2023, we set the target of achieving market capitalization of 1 trillion yen in 10 years, and achieved it in October 2024, far ahead of schedule, owing to the support of our fans and investors around the world.

We subsequently sold policy shareholdings held by megabanks to global institutional investors and individual investors in Japan via a global offering in December 2024. We took the time to carefully craft an equity story that would properly convey Sanrio's strengths and to consider the optimal structure for achieving the shareholder composition we should aim for before announcing the offering. After the announcement, we scheduled meetings with investors around the world to conduct the roadshow efficiently and have endeavored to respond in detail to the questions of each investor.

As a result, the offering was rated highly and Deal Watch designated it as Equity Deal of the Year in 2024.

The number of IR meetings with investors increased from 336 in FY3/2024 to 412 in FY3/2025 and the number of companies we met with rose from 680 to 1,163 over the same period (companies may be counted more than once on a cumulative basis).

Our next target is market capitalization of 5 trillion yen in FY3/2035. While implementing the various measures in the Long-Term Vision is the shortest path to expanding market capitalization, we are also considering the following points from an investor relations perspective.

First of all, we place importance on dialogue with investors and analysts. As the president, I and Sanrio's other officers will actively establish opportunities for direct dialogue, with the IR team as the contact point. Their opinions are fed back to the management team and outside directors in a timely manner, and will also be utilized in our management efforts going forward.

Next is improving the visibility and transparency of information. In order to be appropriately evaluated by the market, we believe it is important to provide information honestly and in a timely manner. In keeping with this, we hold small meetings for sell-side analysts, host various events, and provide explanations to individual investors, all on a continual basis, in addition to quarterly financial results briefings. We will do our utmost to meet requests for disclosure of information and for event organization from all of our stakeholders.

Through these initiatives, we will manage Sanrio from a cost-of-capital perspective to achieve a market capitalization of 5 trillion yen.



Actively engaging in meetings with investors in Japan and overseas

SPECIAL FEATURE ① Global Strategy

Global Strategy Department supporting global business

Established in April 2024 as a governance function, the Global Strategy Department provides overseas support by serving as the “control tower” connecting the Head Office to overseas subsidiaries.



Global Strategy Department established to strengthen the global management structure

The current MTMP raises “strengthening global governance” as one initiative aimed at “developing a foundation for global growth.” The Global Strategy Department was established as a new department in April 2024 to lead the dialogue process with the aim of facilitating seamless sharing of our vision and information, and forming a close connection between targets and strategy through appropriate communication with the Head Office and overseas subsidiaries. From April 2025 onward, Sanrio reformulated the division of duties and internal company rules to further clarify the position and strengthen the functions of the Global Strategy Department as a department at the Head Office having the functions of overseas subsidiary management and execution support.

Three roles of the Global Strategy Department

The Global Strategy Department has three main roles: to strengthen communication between the Head Office and overseas subsidiaries, manage overseas subsidiaries, and support business execution by the CEOs of overseas subsidiaries and teams at overseas sites.

To strengthen communication between the Head Office and overseas subsidiaries, the department plans to launch an easy-to-access global intranet and aims to build a structure that facilitates swift, close communication such as communicating the timing of release for content created by the Global Brand Management Division, in addition to sharing best practices in each global region and communicating information from the Head Office.

To manage overseas subsidiaries, the department mainly manages the performance of overseas subsidiaries from the perspective of global governance. For important decision-making matters, overseas subsidiaries must obtain Head Office approval. To that end, the department also determines which matters need such approval.

Furthermore, the department is preparing rules on management of overseas subsidiaries which detail the authorities of the Head Office and overseas subsidiaries. These rules contain the requirements and amounts for investment projects that require Head Office approval, thereby strengthening uniform governance and establishing a framework to enable autonomous management by each overseas subsidiary. In the future, we aim to have the Global Strategy Department assume responsibility

Three roles of the Global Strategy Department

Role 1

Strengthening communication between the Head Office and overseas subsidiaries

Role 2

Management of overseas subsidiaries

Role 3

Supporting business execution by the CEOs of overseas subsidiaries and frontline sites

for operating the approval process for overseas subsidiaries.

In order to maximize Sanrio's IP equity and achieve long-term brand growth, the Head Office needs to design effective investments as the IP holder. To achieve this, the department will ascertain the needs of overseas subsidiaries by engaging in dialogue and will coordinate activity plans with them.

To support the business execution by the CEOs of overseas subsidiaries and frontline sites, the department assumes responsibility for tracking the Head Office approval process, coordinating when opinions among overseas subsidiaries differ, and responding to inquiries on matters that are difficult for overseas subsidiaries to decide on their own.

The Global Strategy Department fulfills its roles by optimizing the balance between the forces of centralization and decentralization, through sharing Sanrio's policy on global strategy with overseas subsidiaries.

SPECIAL FEATURE ① Global Strategy

Aiming to create more Evergreen IP by strengthening investment in global branding

At Sanrio, we are working to strengthen the global management structure, led by the Global Strategy Department, established in 2024. This effort aims to increase our share of the European and U.S. markets, which account for roughly 80% of the global entertainment market, and to expand our IP portfolio to help control volatility.

**Wataru Nakatsuka**

Senior Managing Director
Executive Manager, Corporate Strategy Division
and Global Brand Management Division
Executive Officer Responsible for Human Resources
Division, Office to the President, Global Strategy
Department, and Global Sustainability Department

Aya Kurata

Executive Officer
Responsible for the Global
Strategy Department

Initiatives aimed at expanding our IP portfolio

Nakatsuka While we need to expand our IP portfolio to reduce business volatility, which has been a problem for Sanrio, IP status differs by country and region. The Global Strategy Department is expected to serve as a control tower

by formulating global strategies for content marketing and branding investments, and by providing appropriate direction to the Head Office and overseas subsidiaries.

Kurata It is important to maintain the freshness of IPs for local retail stores, etc. as a global strategy, especially in the

North American market, and I feel we must take that into consideration when investing in IPs. At present, specialty stores* are handling Cinnamoroll and Kuromi, but Hello Kitty is the main IP in the mass market. Marketing Cinnamoroll and Kuromi to the mass market would end up diluting the sense of exclusivity in specialty channels. That's why we believe it's important to strengthen proposals for featured characters that follow the main characters we aim to promote moving forward.

Optimizing branding strategy and marketing strategy globally

Nakatsuka Regarding content planning on a global basis, I think we need to base our thinking on strategies for the next several years and targets for sales, profit, etc. for each IP and region, consider IP exposure and the reach needed to attain intended targets, then formulate a hypothesis and communicate it directly to the Global Brand Management Division at the Head Office.

Kurata Demand and reception differ by region, even for the same IP, so I recognize picking up on those differences as one important role of the Global Strategy Department. On top of that, as the Head Office allocates sufficient resources to IP that are key to the global strategy, we are implementing initiatives to quickly create and provide tools to accelerate marketing activities.

Nakatsuka Speaking from the perspective of locally led initiatives, overseas subsidiaries are also rolling out multiple character IPs to grow sales, and there are occasionally conflicts among subsidiaries over deals.

Kurata We have the subsidiaries negotiate among themselves in such instances. We are currently formulating guidance on compromise among all parties to achieve a global deal, and I think we will coordinate among the Head Office and the individual subsidiaries based on that guidance in the future.

* Specialty stores: Stores that specialize in a certain product or products

SPECIAL FEATURE ① Global Strategy

Plans for investment in global content

Nakatsuka Inquiries about Sanrio's IPs are increasing in every region worldwide, and we are being requested by overseas subsidiaries to provide a content pipeline several years forward. In light of these conditions, we are enhancing the global content calendar with the aim of always sharing plans for the next three years with overseas subsidiaries.

Kurata Whether the freshness of those IPs will be maintained is an important point to licensees and retailers, so I think whether such a calendar exists will greatly change how easy it is to move forward on sales.

Nakatsuka Since sales representatives act while keeping an eye on the trends in competing entertainment content, I think having a content calendar will lead to more competitive sales activities.

Branding supervision to promote local creativity

Kurata Because digital content easily spans different regions, we have currently established guidelines for games, etc. and are also working to create guidelines for managing marketing content appropriately.

Nakatsuka A new organization has been created from 2025

onward, separating the domestic marketing team and the team that supervises overseas brand management. Amid that, I think it is also important to increase communication with overseas subsidiaries and to collaborate with strong partners in the region on global branding aimed at expanding market share. We are also considering the supply of designs that meet local needs and are putting a structure into place that will enable rapid supervision in addition to strengthening local creative capabilities.

Anti-infringement measures to deliver genuine merchandise to users

Nakatsuka We transferred takedown* authority on some online platforms to local sites from FY3/2025. This enables us to take down items faster while building relationships of trust with partners. We are also using AI to automate online takedowns and this is leading to an increase in the number of takedowns and greater efficiency. In addition to this, we are strengthening administrative enforcement under the leadership of the Legal Affairs Department and are pursuing initiatives such as bringing civil and criminal lawsuits against some bad-faith actors.

Kurata Sanrio naturally wants to deliver genuine merchandise to everyone. We adopted a bold position against infringing goods and waged an extensive campaign in China and Southeast Asia, the prime regions of infringement. We will pursue various countermeasures in the future and therefore expect the percentage of infringing goods to steadily decrease even as the market expands.

Long-term missions and ideal image of the Global Strategy Department

Nakatsuka Having the Global Strategy Department report directly to the president is important. Since it reports directly to the president, we often see areas where corporate Head Office functions are lacking.



Kurata That's true. As we formulate a global strategy aimed at achieving our vision, I think more areas where corporate functions and other capabilities are lacking will come into focus, so I want to guide the process in a manner that enables the department to strengthen these functions and capabilities while proposing an order of priority. In addition, we still have not attained our ideal image of the department as a control tower to guide Sanrio toward evolving into a global IP platform provider, and I would therefore like to grow the department as a whole through various initiatives and increase its significance. I also think we need to focus on the Sanrio of the future and reallocate resources.

Nakatsuka I think finding the optimal solution for allocation of people, physical resources, and funds is extremely important for formulating and executing a global strategy.

Kurata Going forward, I want to ascertain the conditions in each country and work to make sure that the Head Office can guide the global strategy in order to derive optimal solutions that are best for Sanrio as it heads into the future, rather than just performing simple coordination.



* Takedown: Having the administrator managing a site remove the URLs of infringing goods posted on an e-commerce site or elsewhere

Medium-Term Management Plan FY3/2025-FY3/2027

1st Approach >>

Review marketing and sales strategies to make Evergreen global IP

Revamp marketing and sales strategies to make Evergreen IP that will be loved across generations around the world. We are utilizing the appeal of characters to the fullest extent, mainly in North America and Mainland China, and are accelerating expansion in global markets.

Medium-Term Management Plan: Implementation and KPI Progress

○ : Achieved △ : Partly achieved

	Measures	Targets	FY3/2025 Plan	Achievements in FY3/2025
Growth in North America	Introduce global content Maintain freshness through the introduction of global content, local designs, and collaboration with strategic partners	• Contribution profit**2 of \$111 million (approx. JPY 16.2 billion, CAGR*3 of 21%)	• Development and supply of multiple designs for North American market	○ • Local design development flow for North America completed
	Change sales targets (Develop Mass Retail, which accounts for 70% of the market and develop Tier-1 licensees who are strong in Mass Retail)		• Increase in key licensee sales in the cycle of value creation	○ • North America focused licensee sales vs. last year progressed steadily
	Expand the structure in line with the scale of growth		• Recruitment of specialists in each area to strengthen North American functions	○ • Strengthened recruitment of sales, design, and marketing personnel, etc
Growth in Mainland China	Maximize collaboration with Alifish	• Contribution profit of RMB 500 million (approx. JPY 10.2 billion, CAGR growth of 17%)	• Increased efficiency of materials, finance, and contract management operations, and progress in content production with Alifish	△ • Various system functions developed and partially implemented • Content creation not yet completed
	Strengthen mechanisms for countermeasures against infringing goods and the expansion of local designs, etc.		• Identification of anti-infringement measures and start of testing	○ • Implemented various measures such as PR and online takedowns to strengthen IP protection in Mainland China and other countries
	Focus on IP creation in local markets		• Creation of 10 new IPs in Mainland China within one year	△ • Created 5 new IPs in Mainland China within one year. Formulated development model.
Footprint*1 in new regions	Design a plan to double sales and develop a structure in the SEA region	• Sales of JPY 3.6 billion (CAGR of 30%)	• Concretized plans and structure development for SEA sales growth	○ • SEA sales of 2.6 billion yen; Indonesian sales also expanded sharply year on year.
	Study to enter the Indian market	• Prepare for next MTMP to a level where we can aim for profitability over three years	• Acquisition of new licenses through collaboration with local distributors	○ • Developed 10 new licensees and already established social networking sites

*1 Footprint refers to expanding into new regions and leaving traces behind.

*2 Contribution profit: Overseas subsidiaries pay fees proportional to their royalty income to the Japanese parent company, the copyright holder, as cost of sales, which is recorded as net sales by the parent company. In order to see the actual amount of value created by the overseas business, Sanrio uses "contribution profit," which is calculated by adding the amount of royalty payments to the headquarters to the operating profit of overseas subsidiaries, as an indicator unique to Sanrio.

*3 CAGR refers to Compound Annual Growth Rate.



Hello Kitty collaboration with the Los Angeles Dodgers



Studio City Macau interior design



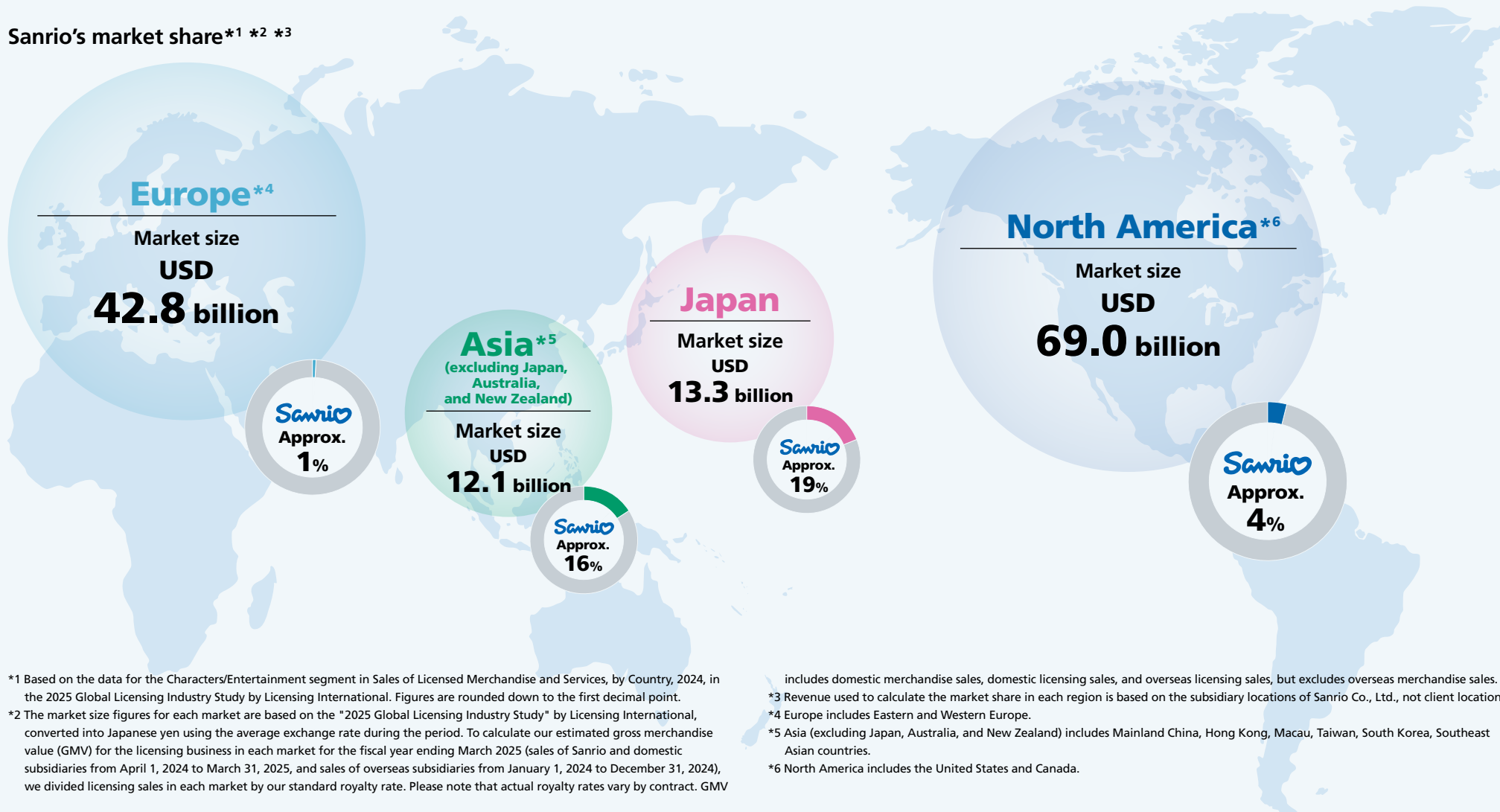
Roblox My Hello Kitty Cafe

Overview of Sanrio's Regions of Operation and Regional Strategies

Sanrio has established subsidiaries in various locations and conducts business in 130 countries and regions around the world.

Review marketing and sales strategies to make Evergreen global IP

Sanrio's market share*1 *2 *3

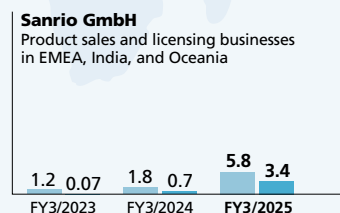
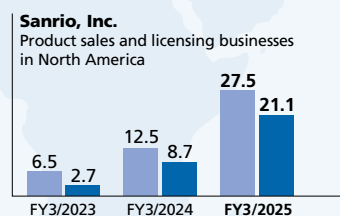


Overview of Sanrio's Regions of Operation and Regional Strategies

Review marketing and sales strategies
to make Evergreen global IP**Europe & Americas Business**

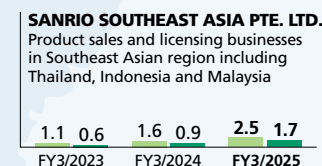
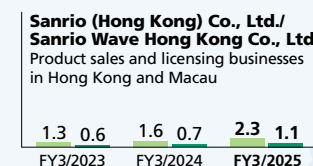
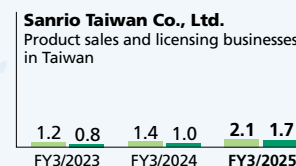
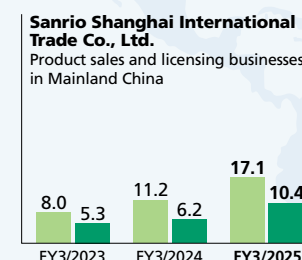
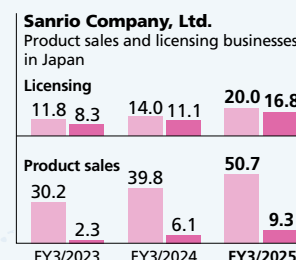
- North America accounts for the main portion of earnings for this segment, and is also the most important region in terms of potential market growth. Recently, the success of the multi-character strategy—along with effective use of digital initiatives—has been driving significant growth.
- Europe is achieving rapid growth due to collaboration with global fashion retail companies, expansion of business with existing partners, and continuance of the multi-character strategy.
- Meanwhile, India has the potential for rapid growth. With an eye on the entertainment market, which looks set to expand alongside economic growth, we will make investments for the future.
- Digital technology is attracting attention due to its potential to fuel changes in the business environment that could have a major impact on the global entertainment market, not only in Europe and the Americas. As the democratization of creativity through tools such as generative AI and Web 3.0 poses both a threat and an opportunity for entertainment companies, we need to address this trend from a long-term perspective.

■ Net sales/ ■ Contribution profit (JPY Billion)

**Asia Business**

- Japan is a mature market that generates stable earnings from both product sales and licensing and will remain integral to our operations as our mother country.
- Mainland China is a key region with solid market growth potential where Sanrio IP is popular. With an expanded store network, the product sales business is performing well in addition to the licensing business. On the other hand, it also faces geopolitical risks. Although there is little likelihood of any serious operational problems occurring in the near term, we still need to take measures to address these risks.
- Southeast Asia is a region with the potential for rapid growth. We aim to further expand market share as we invest for the future while incorporating digital measures, in addition to pursuing the multi-character strategy.
- In Asia, Southeast Asia in particular, the market for blockchain games and other offerings that utilize Web 3.0 is beginning to take hold. New, unconventional fields are also expected to emerge in the gaming industry.

■ Net sales/ ■ Direct operating profit*/ ■ Contribution profit (JPY Billion)



* Direct operating profit: Operating profit before allocation of headquarters' indirect costs

Discussion of Europe and U.S. Strategy by the Officer in Charge

Review marketing and sales strategies
to make Evergreen global IP

Market environment and Sanrio's position

- North America accounts for roughly 50% and EMEA accounts for 30% of the global character merchandise market. The growth rates are also high, at about 7% and 4%, respectively.
- Hello Kitty recognition is extremely high in Europe and the United States, and we can expect future growth in sales in both the specialty and mass markets to achieve Evergreen IP. We can also expect stronger recognition and growth for other characters through development of diverse content.

Note: Internal research by Sanrio

Risks to be aware of

- Due to the explosive growth following Hello Kitty's mass market launch, North America saw its highest profit to date in FY3/2014. However, the fact that it was based on a single character made it a temporary boom and revenue declined precipitously after a few years.
- Europe and the United States are currently experiencing a resurgence in growth and it is essential to maintain ongoing marketing and sales activities, and diversify the sales portfolio through development of other characters to achieve continual growth.

Key European and U.S markets contribute about 50% of company-wide profit. Aiming for 10% share in North America through content expansion.

Summary of Medium-Term Management Plan

In North America and English-speaking countries, our most important markets, we aim to diversify the IP portfolio and develop Evergreen IP based on promoting the cycle of value creation.

- Continuous introduction of diverse content
- Strengthening proposals of both head office designs to specialty stores and local designs to mass retailers
- Co-creation with retail partners utilizing in-house investment to expand market recognition and appeal, and secure sales floor space

1st year achievements of MTMP/Future goals

FY3/2025 saw strong growth in business performance, due in part to the fact that it was Hello Kitty's 50th anniversary, and contribution profit grew to 22.6 billion yen in the Americas and 3.4 billion yen in Europe. This accounts for roughly 50% of company-wide contribution profit, making the Americas and Europe the most important regions as the Sanrio Group continues to grow.

These regions will continue to drive overall business performance in the future and we aim to achieve consolidated operating profit of 65.0 billion yen or more by FY3/2027. We are also targeting a 10-year average operating profit growth rate of 10% or more and have our sights set on securing market share of 10% in the North American market, with the aim of building a foundation for sustainable growth.



Kiyoshi Saito

Managing Director
Executive Manager, Digital Media & Sports Licensing Division
CEO of Sanrio, Inc., Sanrio do Brasil Comércio e Representações Ltda., Sanrio GmbH, and Sanrio Global Ltd.

Key points of our strategy

① Expand content in English-speaking countries

Acquire new customers in English-speaking countries by investing in marketing content and accelerating exposure.

② Strengthen design proposals tailored to partners

Expand demand further by strengthening authentic head office designs to stimulate proposals to specialty stores and expanding local designs to strengthen proposals to mass retailers.

③ Pursue co-creation with retail partners

We expect to attract co-creation with retail partners through the use of in-house investment and grow sales by expanding market recognition and appeal, and securing sales floor space.

Vision in ten years

Rapid progress in North America and establishment of a presence in emerging markets

Sanrio aims to reach 10% market share in North America and establish a presence in MENA*, India, and other emerging markets.

* MENA: An initialization for Middle East and North Africa



Tomokuni Tsuji
President and CEO, Sanrio Company, Ltd.

Judd Zebersky
CEO, Jazwares, LLC.

Review marketing and sales strategies to make Evergreen global IP

How did the collaboration between Jazwares and Sanrio start?

Zebersky Let me first introduce Jazwares. We are a global, multibillion-dollar, top-five toy company. Jazwares has more than 20 offices worldwide, serving every region and distributing products in over 100 countries. We're represented across every aisle, from boys, girls, preschool, electronics, plush, costumes, pets, pillows, construction, and much more.

Tsuji Our relationship with Jazwares began in 2020, initially through a single brand, Squishmallows, in cooperation with KellyToys. Since 2021, we've been exploring the potential for a broader master toy partnership and began serious discussions with Jazwares about expanding our collaboration beyond Squishmallows. In 2022, we officially broadened our partnership, and by May 2023, we signed a master toy agreement. That moment marked a major step forward for both companies, one that we believe lays a strong foundation for continued growth.

Zebersky Yes, and part of what made this happen was the close friendship between Craig Takiguchi, COO of Sanrio, Inc., and Jeremy Padawer, CBO of Jazwares.

During the pandemic, those conversations deepened, and were not just about business, but about how we could make the world a better place, how to grow the Hello Kitty and Friends brand into something that could reach fans

SPECIAL FEATURE ② Dialogue with Global Stakeholders

Driving transformation in the North America market through strategic partnership

Tomokuni Tsuji, President and CEO of Sanrio Company, Ltd., and Judd Zebersky, CEO of Jazwares, LLC., discuss how their partnership evolved from a single-brand collaboration to a master toy partnership for North America. Together, they are expanding Hello Kitty and Friends across toys and lifestyle products, blending nostalgia with fresh appeal to fuel growth and bring smiles to fans.

Jazwares

Jazwares • Founded in 1997 by Judd A. Zebersky, the company is headquartered in Plantation, Florida, USA, and distributes products in over 100 countries worldwide. Jazwares manages both licensed and proprietary brands, earning numerous awards for its innovative product development. With a strong track record of creating trend-setting toys and pursuing strategic acquisitions, the company continues to achieve steady global growth while shaping the future of the toy industry.

SPECIAL FEATURE ② Dialogue with Global Stakeholders

Review marketing and sales strategies
to make Evergreen global IP

everywhere. Not just through toys, but as an everyday lifestyle brand.

Tsuji Those connections truly set the stage for where we are today.

Zebersky At Jazwares, we see Sanrio as one of the main pillars of our business. Our Hello Kitty and Friends line spans plush, dolls, collectibles (for kids and adults), building sets, costumes, pet products, and more. It's the fastest-growing property in the Jazwares portfolio. We expect Hello Kitty and Friends to represent as much as 10% of our entire business in 2025. We see even more potential as we expand into new categories and discover new ways of playing together.

One of our unique Sanrio products is the "plush bouquet." I gave one to my daughter when she graduated from law school, instead of real flowers. And it wasn't just her who loved it. Her friends in their 20s loved it, too! That moment really showed me how powerful Sanrio is.

What do you personally find most appealing about Sanrio?

Tsuji I believe our characters came to life and have become popular in close connection with the memories and emotions of our fans. Another unique strength is that our characters do not have any specific storylines. This allows each person to interpret them in their own way. For example, Hello Kitty might be seen as an avatar by one fan, while another may view her as a mother figure or a friend.

This flexibility helps people create personal relationships with our characters. I believe this quality has become one of our strengths, making collaboration with partners like Jazwares more natural and effective.

Zebersky The incredible range of characters and the fact that they aren't locked into rigid personalities means every fan can connect with them in their unique way.

This fosters deep emotional connections, which are built on nostalgia, on joy, and on cuteness. Grandmothers remember Hello Kitty — and so do their children and grandchildren. That emotional connection endures, and that's exactly what people are drawn to today.

This is why it's so important for Jazwares, as Sanrio's partner, to deliver not just a wide range of characters, but a broad selection of products for both kids and adult collectors across every part of the toy and collectible aisle, and beyond.

What's the current U.S. market environment like, and where does Sanrio stand in it today?

Zebersky There's been a big shift away from traditional linear TV, which used to drive toy demand, toward streaming platforms and digital-first content. Right now, the biggest trend is something called "newstalgia," a blend of nostalgia



Gudetama Cafe in Buena Park



Hello Kitty and Friends cafe and Sanrio Smile Shop

SPECIAL FEATURE 🗣️ Dialogue with Global Stakeholders

Review marketing and sales strategies to make Evergreen global IP

with modern updates. For example, an IP that once captivated children was recently reintroduced through a movie and received renewed acclaim, showing how nostalgic brands can make a powerful comeback when presented through fresh, relevant content. Production studios are now actively searching for kawaii, Japanese-origin IP. Netflix, Hulu, and Amazon Prime Video are all picking up Japanese properties because they align perfectly with this newstalgia trend. Sanrio's IP embodies newstalgic features, making this trend a strong tailwind for the brand. Hello Kitty and Friends is a property that evokes nostalgia like no other.

Tsuji When I visit North American cities, I try to measure Sanrio's brand momentum in a simple way: how far do I have to walk before spotting one of our characters?

Around 2016, before I became president, seeing Hello Kitty once or twice in a mall felt like a success. But now, it feels like I see Sanrio characters every 10 to 20 meters. This growing

visibility reflects not only our design and social media strategies but also our deliberate push to highlight characters beyond just Hello Kitty.

Expanding our character portfolio is key to increasing our market share in North America. Thanks to our collaborative initiatives with Jazwares, we've been able to enhance our brand equity, which in turn has increased the visibility of Sanrio characters across the region. Our evolving partnership has been instrumental in this effort, and we believe it will remain a strong driver of growth going forward. We truly appreciate how Jazwares understands and elevates Sanrio's unique strengths, and we are grateful for their role in making this happen. Beyond toys, we're expanding our licensing efforts to be part of consumers' everyday lives. We're trying to be in people's lives for longer hours, and we believe we're succeeding in making people happy. And while we've made strong progress, considering the vast market potential in North America, I believe there's still so much more we can do to make even more people smile.

What are your hopes for this partnership going forward?

Zebersky Sanrio and Jazwares are so like-minded, as companies and as people. We believe in the same thing: bringing smiles to people's faces. To make that happen, our employees must share the same mindset and passion—it is essential to everything we do. This alignment is what makes our partnership so strong and effective.

We feel incredibly fortunate to have Sanrio as a partner, especially because we deeply share the same values when it comes to how we treat our people. At Jazwares, we have amazing people around the world, and I believe that without their empathy and passion, we couldn't create the kind of products we're proud of. That's why working with Sanrio feels so natural, as their team shares the same mindset. This mutual respect and alignment are what make our



collaboration so enjoyable, and ultimately, it's what allows us to create great products together.

As Sanrio expands its presence in gaming, episodic content, and even feature films, I believe the brand will become even more embedded in daily life for U.S. audiences.

Tsuji During my visit to the Jazwares office, I was once again reminded how closely aligned your corporate philosophy—passion, collaboration, humility—is with Sanrio's corporate philosophy of Minna Nakayoku ("Getting Along Together").

We want a world where people can get along together and live happily, and we want to show that through action, not just words. We see Jazwares as a peer and a companion, and we're committed to deep, ongoing communication with you. Together, I hope we can continue to strengthen the Sanrio brand, expand our audience, and bring smiles to even more people.



Europe and U.S. Strategy**North America Business by the Officer in Charge****1st year achievements of MTMP****Maximized the positive effects from the 50th anniversary of Hello Kitty and exceeded targets**

Sanrio, Inc. successfully concluded a strong 1st year of the Medium-Term Management Plan. On the financial front, results exceeded



Hot Topic Hello Kitty Anniversary Birthday Collection



686 Snowboards x Hello Kitty and Friends

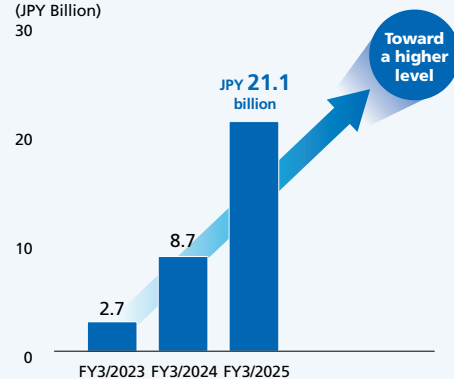
targets. We achieved this by working with the Head Office as we maximized recognition in North America during the 50th anniversary of Hello Kitty. This was certainly a special event for the brand.

Secured revenue sources through multi-layered monetization, making it possible to further expand influence

We also succeeded in building the foundation for the multi-character strategy and securing diverse revenue sources other than core IP. This was the key for expanding influence to areas beyond current fans and community while turning Sanrio's portfolio of character assets into a strong foundation for global entertainment.

North America Contribution Profit

(JPY Billion)
30

**Outlook for North American market****Expanding the target markets to the broader entertainment sector**

In the North American region, the advancement of streaming and other advanced technologies has enabled fusion of the communication and entertainment channels, accelerating evolution of the business environment at an unprecedented pace. To develop Evergreen IP and steadily expand the IP portfolio, we will expand the target markets to music, sports and other entertainment sectors and grow the global fan base to several tens of millions.

Creating touchpoints on diverse platforms

Another core measure is to create touchpoints on gaming, social media, event, product licensing, and many other platforms, and debut characters other than Hello Kitty in the market to build stable and diverse revenue sources.

Review marketing and sales strategies to make Evergreen global IP

MESSAGE**Continuing to accurately seize new opportunities and drive sustainable growth**

I have gained experience in the areas of corporate strategy and business planning at a leading global entertainment company and a consumer goods company. Over the past several years, I have continued to always focus customers, local communities, and fans in rebuilding the business and organization. Sanrio has established a position as a brand and our philosophy of "Minna Nakayoku (Getting Along Together)" has continued to be central to the brand. We are in the perfect position to deliver smiles to the next generation and ensure influence over the long term.

I aim to seize new opportunities, achieve sustainable growth, and continue to maintain Sanrio's strong position in the global entertainment industry.



Craig Takiguchi
COO
Sanrio, Inc.

Europe and U.S. Strategy**Europe and Latin America businesses by the Officers in Charge**

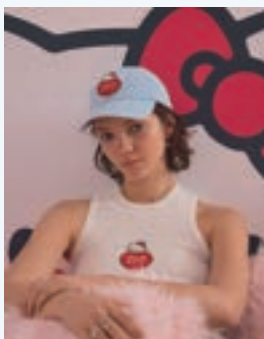
Review marketing and sales strategies to make Evergreen global IP

Europe Business**1st year achievements of MTMP****Partnered with fashion retail companies growing globally**

In 2024, Sanrio GmbH achieved high growth in both net sales and operating profit amid an increasingly complex social and political climate in some markets. DTR* was one of the driving forces. This has made it possible to partner with emerging fashion retail companies that are growing globally and expand business with existing retail partners.



Primark Hello Kitty
Anniversary Collection



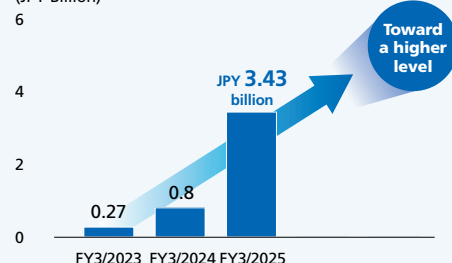
Bershka x Hello Kitty

We also succeeded in developing Kuromi as a standalone character as part of our character diversification strategy, and made progress on differentiation from local competitors by strengthening business performance in Europe, the Middle East, and Australia.

* DTR: An initialization of Direct To Retail

Europe Contribution Profit

(JPY Billion)

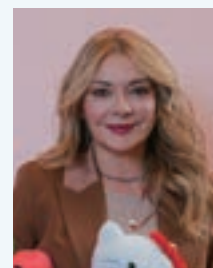
**Outlook for European market****Strengthening partnerships and collaboration to achieve long-term business growth**

In 2025 and beyond, we will strengthen partnerships with the fashion retail industry and master licensees of toys to achieve business growth. We will pursue collaboration with top companies in major categories and global footwear brands. We will also strengthen our presence in the Middle East, a growth market, and in India, an emerging market, and commence business in Africa.

MESSAGE**Establishing Sanrio's presence in all markets**

I developed my career in the entertainment industry for more than 20 years. My goal is to maintain the business of Sanrio GmbH over the long term.

In 2025, we aim to expand market share in major categories (apparel, toys, household goods, and Location-Based Entertainment (LBE)) as we establish the position of the Sanrio brand and Sanrio characters in all markets. Through these efforts, we will pursue Sanrio's values and vision, and provide valuable experiences to our customers.



Silvia Figini

COO
Sanrio GmbH

Latin America Business**Outlook for Latin American market****Maintaining sustainable growth through new partnerships and product development**

Sanrio's goal is to strive for sustainable growth by pursuing diversification of the character portfolio and partnering with new licensees in apparel, H&B*, footwear, toys, food & beverages, and other major categories. We will also strengthen our brand positioning by expanding DTR partnerships with Walmart, MINISO, and other major local retailers and fix Sanrio in fans' memories through frequent new product launches.

* H&B: An initialization of Health and Beauty Aids

MESSAGE**Providing new, exciting interaction**

I joined Sanrio after graduating from university and focused on developing and growing the Latin America business. I am grateful for the bonds with our fans and will contribute to long-term growth and



success through new interactions with the brand.

Chris Daniels

COO
Sanrio do Brasil Comércio e Representações Ltda.

Discussion of Asia Strategy by the Officer in Charge

Review marketing and sales strategies to make Evergreen global IP

Market environment and Sanrio's position

- In Mainland China, the character merchandise market is expanding despite the gradual slowdown in overall economic growth. The Sanrio brand is already highly popular, but is expected to acquire new fans and improve existing fan loyalty.
- While the overall growth in the Japan market is limited, the popularity of Sanrio IP is being maintained and positive growth continues in both the product sales and licensing businesses. Growth in inbound sales boosted the businesses, resulting in high growth.
- In Southeast Asia, the market is growing rapidly, boosted by digitalization due to the proliferation of mobile devices and the popularity of animation. Sanrio is expanding its product and advertising licensing business and recognition and fans are increasing.

Risks to be aware of

- Infringing goods are still a major issue and opportunity losses for the IP industry as a whole are serious. Despite the uncertain business sentiment in Mainland China, which is due in part to the tariff policy of the United States, the potential for an increase in low-priced infringing goods is undeniable.
- The risk of a rapid decline in demand for travel to Japan exists, owing to uncertainty over exchange rate fluctuations (yen appreciation) and the global economic outlook.

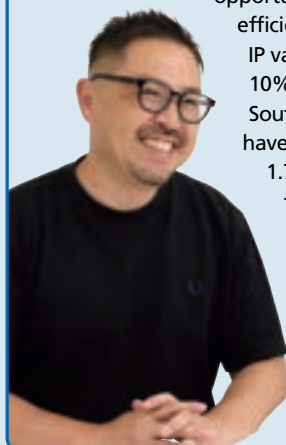
Achieved high growth in each region and aiming for annual growth of 10% or more through further portfolio expansion in FY3/2026

Summary of MTMP

- Expand the IP portfolio in each area to achieve continual growth in the region as a whole over the medium to long term.
- In the Mainland China market, accelerate collaboration with the Alibaba Group, develop new IP for Mainland China, and focus on strengthening measures to combat infringing goods.
- In Japan, our largest market, roll out measures to actively capture the demand from inbound foreign visitors while working to strengthen the function of customer touchpoints.

1st year achievements of MTMP/Future goals

Various measures have been successful in the Mainland China market, achieving growth of 168% year on year. Contribution profits reached the 10-billion-yen level. In the future, we will accelerate expansion of stores, which serve as customer touchpoints, and strengthen our partnership with Alifish, the IP licensing platform in the Alibaba Group, to target annual growth of 15% or more. In Japan, both the product sales and licensing businesses are performing well, trending at 131% year on year, and achieved 26.2 billion yen in direct operating profit in total domestically. In the future we will strengthen the role of customer touchpoints and IP development opportunities in product sales, and pursue greater operating efficiency. In the licensing business, we will work to increase IP value and expand the portfolio, and target growth of 10% or more for the Japan business as a whole. In Southeast Asia, character popularity and sales measures have been steady and contribution profit has grown to the 1.7-billion-yen level, over 176% year on year. Going forward, we will work to strengthen organizational capabilities and expand the IP portfolio, in pursuit of an annual growth rate of 15% or more.



Yasuyuki Otsuka

Senior Managing Director
Executive Manager, Sales Division
CEO of Sanrio Taiwan Co., Ltd., Sanrio (Hong Kong) Co., Ltd., Sanrio Korea Co., Ltd., Sanrio Wave Hong Kong Co., Ltd, Sanrio Shanghai International Trade Co., Ltd., and Sanrio Southeast Asia Pte. Ltd.

Key points of our strategy

Mainland China market

- ① **Accelerate building customer touchpoints:** For stores, which serve as important customer touchpoints, enhance management systems and frameworks to accelerate store openings. Also explore opportunities for building venues to provide entertainment experiences.
- ② **Strengthen partnership with the Alibaba Group:** Raise the overall level of licensee management, while also strengthening sales efforts to high value-added licensees, and strive to continually increase IP brand value.
- ③ **Firmly solidify the foundation via anti-infringement measures, etc.:** Delegate part of the anti-infringement measures function to local management and accelerate anti-infringement measures.

Japan market

- ① **Strengthen and implement measures for inbound foreign visitors:** Develop products that meet the needs of inbound foreign visitors and strengthen store operating functions.
- ② **Build a foundation as an IP platform provider:** Build a foundation for expanding business to incorporate IP of other companies/individuals, in addition to Sanrio's dormant and new IPs.

Southeast Asian market

Proceed with localization of each IP video and social networking content in the local languages, work to increase fans for each IP, and expand the IP portfolio.

Vision in ten years

Accelerate the process of becoming an IP platform provider

Establish functions as an IP platform provider in each region and aim to connect with many more customers by managing more IPs.

SPECIAL FEATURE ③ Dialogue with the COOs of Sanrio, Inc. and Sanrio Shanghai

Review marketing and sales strategies to make Evergreen global IP

Expanding Smiles, Empowering Brands: Sanrio's Journey to Global IP Leadership

Sanrio's global strategy is to become an Evergreen IP that communicates its corporate philosophy of "Minna Nakayoku (Getting Along Together)" and its vision of "One World, Connecting Smiles." In this session, the COOs from Sanrio's North America and Mainland China businesses—two of its key growth regions—discuss their strategies and outlook for building a globally loved brand with enduring popularity.



Joy Wei
COO, Sanrio Shanghai International Trade Co., Ltd.

Craig Takiguchi
COO, Sanrio, Inc.

How would you describe Sanrio's current position in North America and Mainland China?

Craig Takiguchi (North America) Sanrio's uniqueness gives us a distinct edge in North America, but it takes discipline. This market is saturated with major entertainment content. We are a leading force that firmly established "kawaii" in the region, and we believe that spreading "kawaii" also helps promote our corporate philosophy of "Minna Nakayoku (Getting Along Together)."

As was the case around the world, during the COVID-19 pandemic in North America, friendly and comforting brands gained strong support. People felt anxious and isolated, and the demand grew for messages of friendship, kindness, and inclusivity; values Sanrio has lived by for over 60 years. We leaned into that, and retailers took notice. We realized that Sanrio's true growth in North America began after the pandemic, as public sentiment aligned with the strategies of retailers across the United States.

Joy Wei (Mainland China) Our position in Mainland China continues to be very strong. "Kawaii" deeply resonates here, especially after the pandemic. People are seeking emotional connection, healing, and spiritual comfort, which is exactly what Sanrio offers. Today, Hello Kitty enjoys 75% recognition across all age groups in Mainland China. As a result of our efforts to promote characters beyond Hello Kitty, recognition of Cinnamoroll and Kuromi among Generation Z (Gen Z) has also reached approximately 50%.

What strategies are driving growth in each region?

Craig When I first joined the company ten years ago, Sanrio's popularity was so limited, and we were fighting for visibility. Getting our products onto a competitor's rack felt like a win. That's why we strengthened our social media efforts, connecting directly with communities and driving brand

SPECIAL FEATURE ③ Dialogue with the COOs of Sanrio, Inc. and Sanrio Shanghai

Review marketing and sales strategies to make Evergreen global IP

awareness from the ground up.

Strategically, we're turning our vault of 450+ characters into a content engine. Sanrio was historically product-first. Now, we use YouTube, social media, and gaming to develop character personalities, tell stories, and engage directly with communities of global fans. That shift is helping us reach Gen Z and Generation Alpha (Gen Alpha)—the first digital native generations. Today, our North American social media audience continues to grow and now exceeds an impressive 47 million.

Joy Mainland China is an extremely competitive market. Our comprehensive marketing strategy includes social media, integrated campaigns, and CRM programs—generating billions of media impressions every year to drive business growth.

Sanrio Shanghai recently launched several new characters rooted in local market trends. Designed with Gen Z and Gen Alpha in mind, they tap into the way these audiences use emoticons for self-expression. By strategically introducing them via digital stickers and reinforcing them through

content, we're building culturally relevant entry points into the Sanrio world.

We are also expanding the breadth and depth of our licensing and retail business. For example, we are exploring new technology-enabled offline immersive experiences. AI presents fascinating opportunities to create emotionally responsive companions, but IP protection is a concern. So while we're interested, we're moving thoughtfully.

What risks and opportunities do you see ahead?

Craig One of our biggest challenges is balancing scale with authenticity. In some ways, the question becomes how do we grow big yet stay small. And as we grow, how do we keep the nimbleness that's made us successful?

We need to grow, but we also need to stay true to what makes Sanrio special. That's our edge in a competitive market. Today, having the right strategy alone is no longer enough—strategy, structure, and execution all need to work together.

Joy Piracy is a significant challenge in Mainland China. As our IP gains popularity, counterfeit products become faster and more sophisticated. That's why we've established a local anti-piracy team at Sanrio Shanghai and are working closely with our headquarters to protect our assets. By conducting measures such as launching advertising campaigns focused on anti-infringement measures, we are sending strong signals to the market that Sanrio is serious about protecting its brand.

What is Sanrio's vision for its ideal global presence?

Craig Our goal is to be globally resonant, but locally relevant. For Japanese companies to succeed globally, we need to empower local teams and decision-makers. That means strong frameworks with the flexibility to adapt regionally, led by people who understand the market.



The next few years are critical. We'll be measured not just by licensing, but by how well we evolve the brand while preserving what it represents. Technology is moving fast. The winners will be those who adapt without losing their soul.

Joy In Mainland China, we want Sanrio to be synonymous with love, kawaii, and connection. We want our characters to be part of daily life—household names that bring joy, comfort, and emotional healing. We're guided by the spirit of our corporate philosophy of "Minna Nakayoku" and vision of "One World, Connecting Smiles."

That means continuing to invest in brand strength, staying agile, and responding quickly to market change. Whatever the economy or technology, people will always need love and smiles. That has remained timeless—and that enduring quality is precisely what defines Sanrio's reason for being.

Craig And that's what makes Sanrio an Evergreen IP.



Asia Strategy Mainland China Business by the Officer in Charge

1st year achievements of MTMP

Contribution profit exceeded forecast

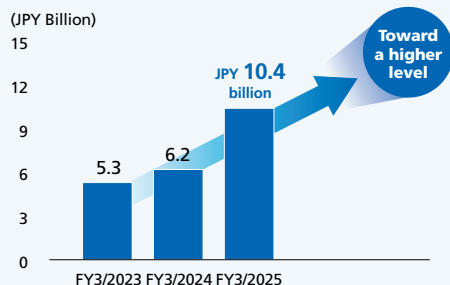
Contribution profit reached 10.4 billion yen (CNY 490 million) in FY3/2025, owing to growth of the licensing and product sales businesses.

- In the licensing business, we secured 80 new licensees on top of strong double-digit growth by existing licensees. The toys, apparel, and home categories, in particular, showed the highest growth.
- In the product sales business, 20 new Sanrio Gift Gate stores opened in prime locations in major cities and achieved stellar performance. Existing stores also recorded double-digit growth.

Powerful marketing drove global Evergreen IP

In 2024, Sanrio brand content on social media recorded 200 million cumulative views and over 7.5 million interactions, showing extremely high fan engagement.

Mainland China Contribution Profit



Ten marketing campaigns and six e-commerce campaigns were conducted for major characters and media exposures reached 5.0 billion.

The number of organic consumer searches for Sanrio and Hello Kitty on Baidu increased by 22% and 78%, respectively, in 2024, maintaining the highest levels among IP brands and characters in Mainland China.

Healthy IP sales composition

All major characters achieved double-digit revenue growth in 2024. Revenue composition was healthy and diverse, the major characters each accounted for 10% or more of overall revenue, and new characters are also significantly contributing to revenue.

Outlook for Mainland China market

Continuing investment in global Evergreen IP

We are formulating solid content and marketing plans to achieve sustained appeal and creative interactions with our target base, while also working to maximize synergies with Alifish.

Further strengthening the foundation for growth

We will strive to further expand our existing IP licensing business in both breadth and depth, and to grow our brand retail operations both offline and online. We will also strengthen our design supervision and proposal capabilities and accelerate anti-infringement measures.

Expanding our IP portfolio

We are working in collaboration with the Head Office to create IP possessing diverse individual characteristics and styles rooted in Mainland China while maintaining a diverse IP portfolio. Our goal is to generate characters that will become future Evergreen IP, from among these.

Through these key measures, we aim to exceed Medium-Term Management Plan targets and contribute substantially to achieving consolidated operating profit of 65.0 billion yen or more by FY3/2027, the final year of the plan.



New IP rooted in Mainland China market trends

Review marketing and sales strategies to make Evergreen global IP

MESSAGE

Making Sanrio a universally recognized presence in Mainland China

Before joining Sanrio, I gained experience in consumer goods, consulting, and other areas over the course of more than 20 years in the entertainment industry in Mainland China and the United States. In my work at Sanrio, I am using the skills and experience I cultivated in brand strategy, IP development, and retail. Sanrio is the most important to me, among my many career ventures. That is because of Sanrio's corporate philosophy, "Minna Nakayoku (Getting Along Together)."

My goal is to achieve universal recognition of the Sanrio brand and characters in Mainland China and make them a part of people's lives. My dream is to realize a future in which the mention of the Sanrio name brings heartfelt smiles to everyone's faces all across Mainland China.



Joy Wei

COO
Sanrio Shanghai
International Trade Co., Ltd.

Asia Strategy Southeast Asian Business by the Officer in Charge

1st year achievements of MTMP

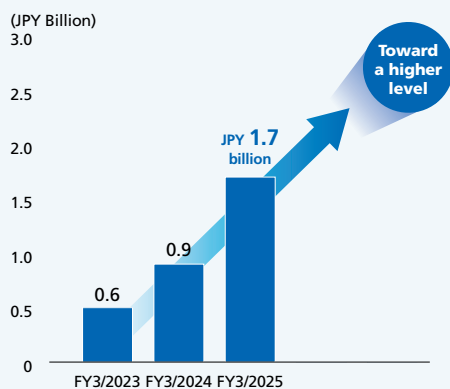
Expanded sales base in emerging markets beyond the major countries of Thailand and Singapore

During the 1st year of the Medium-Term Management Plan, we were able to advance development of characters and categories in Southeast Asia, mainly in the licensing



Hello Kitty Festive Wonderland at Singapore Changi International Airport

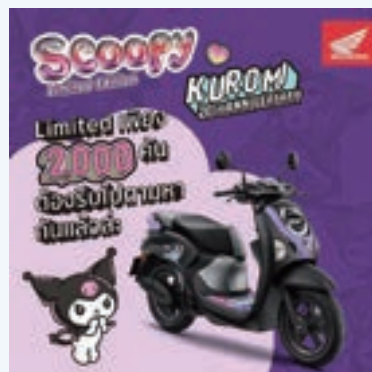
Southeast Asia Contribution Profit



business. In addition to growth in Thailand and Singapore, which are major countries in the region, we also expanded our sales base in Indonesia, Malaysia, and other emerging markets.

Improved brand recognition through collaboration with local partners

In addition to merchandising licenses, we stepped up collaboration with partner companies and focused on promotions, events, and other activities, which led to improved brand recognition and expanded sales. We aim to formulate a flexible strategy based on regional characteristics and achieve sustainable business growth in the future.



Collaborated with Thai Honda Co., Ltd. on commemoration of the 20th anniversary of Kuromi in Thailand.

Outlook for Southeast Asian market

Utilizing the anniversaries of individual Sanrio characters other than Hello Kitty

We will also use the anniversaries of individual Sanrio characters other than Hello Kitty as a strategy to further expand the character portfolio and grow the market for all Sanrio characters. We will continue to strengthen Hangyodon, who is seeing a rapid rise in popularity in Japan and the rest of Asia, and Pompompurin, who has an anniversary next year, in addition to the anniversaries of My Melody and Kuromi, who are also highly popular in Southeast Asia. For categories, we will strive to strengthen food & beverages and other mass-market categories to expand exposure and brand recognition.

Strengthening social media, mainly by establishing accounts and optimizing posts

We will strengthen social media to further increase character recognition and popularity. By maintaining platforms and optimizing the frequency of posting, Sanrio will expand the number of followers and link this to improvement of our brand image.

Review marketing and sales strategies to make Evergreen global IP

MESSAGE

Sharing previous experience and knowledge to create a Sanrio "circle of happiness" in Southeast Asia.

Since joining Sanrio as a new graduate more than 25 years ago, I have been involved in domestic and overseas sales, corporate management, and various other areas. I strongly feel that Southeast Asia has robust growth potential in various businesses, compared to Japan and other regions of Asia. I will share the knowledge I have gained from my experiences with as many people as possible to expand the Sanrio spirit of "Minna Nakayoku (Getting Along Together)" throughout Southeast Asia and the wider Asia region. To accomplish this, I will expand touchpoints with customers, both online and offline, and create impactful businesses that are widely loved by many people.



Kohei Imai

COO
SANRIO SOUTHEAST ASIA
PTE. LTD.

Asia Strategy Japan Business by the Officers in Charge

Product sales business

1st year achievements of MTMP

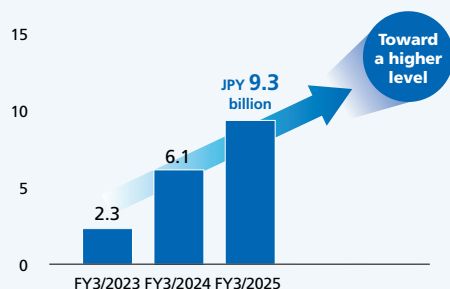
Strengthened measures for inbound foreign visitors

We focused on approaching overseas customers to expand our customer base. Enhancing the lineup in stores and strengthening the sales structure to expand inbound sales led to such sales accounting for roughly 40% of directly managed store sales. Overseas sales of Japan-developed products also grew substantially through implementation of multiple measures.

Expanded IP portfolio

We implemented the strategy of improving efficiency while steadily expanding each IP. Rather than relying solely on measures designed for the 50th anniversary of Hello Kitty, we aimed to build a well-balanced character portfolio.

Product Sales Business Direct Operating Profit
Excluding the Edutainment Department
(JPY Billion)
20



Outlook for the product sales business

Raising IP appeal through our planning abilities

In the product sales business, we will spread smiles to people around the world by developing products that utilize our planning abilities to make IP shine and through global store expansion. We think this will also lead to greater IP appeal.

MESSAGE

Positioning the profitable product sales business as a hub for further customer touchpoints and IP development

I have worked in the product sales for more than 30 years since I graduated and joined Sanrio. Business reforms have made the product sales departments profitable, and going forward, they will also fulfill the roles of expanding customer touchpoints and advancing IP development. Amid the changes in the company, I place importance on the concept of "shopping at Sanrio is fun," which has been passed down through the generations.



Tatsuya Yamashita

Deputy Executive Manager,
Sales Division
Managing Executive Officer
responsible for the Global
Product Sales Department,
Product Planning & Sales
Department, Merchandise
Department, Planning
Department, Distribution
Center, and Edutainment
Department

Licensing business

1st year achievements of MTMP

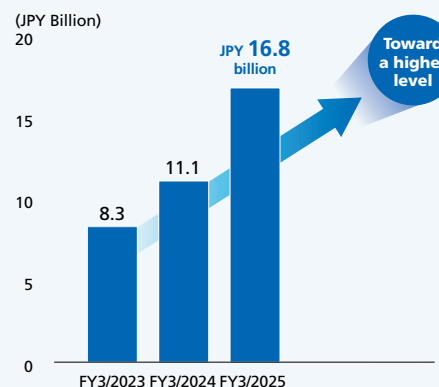
Multi-layered monetization

We promoted IP use in areas outside of product licensing such as advertising and events, in addition to products. Collaboration with fresh IP of other companies also contributed to profit expansion and enhancing the value of Sanrio's IP.

Expanded IP portfolio

Focusing on the multi-character strategy and maximizing use of new and dormant IP instead of focusing solely on the 50th anniversary of Hello Kitty substantially increased utilization of other characters, resulting in profits that far exceeded the previous year.

Licensing Business Direct Operating Profit



Outlook for the licensing business

Maximizing synergies with other businesses and further enhancing the value of Sanrio's IP

We will maximize synergies with product sales, theme parks, digital, new businesses, and other areas, in addition to licensing, and further enhance Sanrio's IP. We will also spur growth by redoubling our effort to expand our portfolio to include the IP of other companies and individual creators.

MESSAGE

Embodying the "Minna Nakayoku (Getting Along Together)" spirit through Sanrio's strength in co-creation

I joined Sanrio after working on business production for various clients at an advertising agency. I will leverage the strength in integration that I have cultivated to help bring smiles to everyone in the world and contribute to realizing a world of "Minna Nakayoku (Getting Along Together)."



Hideyuki Saito

Sales Division
Executive Officer
responsible for the 2nd
Licensing Sales
Department, 3rd Licensing
Sales Department,
Collaborative IP Sales
Department, and the IP
Sales Development
Department

Review marketing and sales strategies
to make Evergreen global IP

Asia Strategy | Edutainment Business by the Person in Charge

1st year achievements of MTMP

Buyers of children's English learning materials increased

In 2023, we released "Sanrio English Master," a set of English learning materials for children, which have an illustrative and experiential design characteristic of Sanrio that enables children to learn English naturally while having fun. The curriculum, which also fosters cognitive development and enables children to learn how to think in English, has received numerous positive reviews from users who were delighted that they "learned English naturally while having fun." In FY3/2025, the second year following the release, the number of purchasers increased by more than 120% compared to the previous fiscal year.



Opened conversation school featuring Sanrio characters

In 2024, Sanrio and the YARUKI Switch Group Co., Ltd. jointly developed *We Act!*, an English language and conversation school for children, aligned with the *Sanrio English Master* curriculum. Operated by the YARUKI Switch Group, the first *We Act!* school opened in

November 2024 in Setagaya, Tokyo. In addition to learning English naturally through the film production program while having fun, this school can help children develop the skills in independence, co-creation, and imagination these children will need to live in the future. Some of the comments we have received from children are "I was totally hooked on it," and "I felt that my communication skills improved."



Outlook for the edutainment market

Spreading smiles through Sanrio-like education

The BUDDYEDDY character plays the main role in the curriculum, which is based on developmental cognitive science and is supervised by experts to ensure effective learning. It is also full of Sanrio-like methods that get children deeply absorbed in the learning. The curriculum also contains many types of content that make children feel seen and be able to appreciate themselves, and is designed to naturally help them develop greater self-acceptance.

We aim to provide more support to purchasers of Sanrio English Master as a new

measure aimed at providing a service that everyone can use with confidence for a long time. In FY3/2026, we will also host at least 24 workshops for purchasers, led by an instructor who is a native speaker, to provide children with more practical opportunities to speak English.

Customer touchpoints contribute to enhancing lifetime value

We plan to collaborate with the YARUKI Switch Group on opening a series of "We Act!" edutainment English conversation schools throughout Japan.

In addition to sales, the edutainment business leverages Sanrio English Master to make parents and their children core fans of Sanrio characters. As a customer touchpoint, this will fulfill the role of expanding lifetime value.

Review marketing and sales strategies to make Evergreen global IP

MESSAGE

Education that brings smiles to children and parents

I gained broad experience in an educational service company, ranging from planning to sales, over the course of 20 years. I joined Sanrio with the view that I would like to use the power of entertainment to provide educational instruction better suited to the parents and guardians of children today.

In an era of volatility, uncertainty, complexity, and ambiguity (VUCA) that makes it difficult to foresee what lies ahead, many parents and guardians want children to discover what they like and to grow up true to be themselves. I will keep that desire ever-present in my mind as I develop our educational services further, into services that only Sanrio can provide. More specifically, this includes services that enable children to become deeply absorbed in learning while having fun, using Sanrio's unparalleled creativity, and services that improve the self-acceptance of children every time they use it, which embody our corporate philosophy of "Minna

Nakayoku." I want to continue to spur everyone's interest in edutainment.



Seiji Ota

General Manager
Edutainment Department
Sales Division

Discussion of Brand Strategy by the Officer in Charge

Review marketing and sales strategies to make Evergreen global IP

Market environment and Sanrio's position

- In the United States, where Hello Kitty and other major IP are enhancing their brand competitiveness, we expect the competitive environment to intensify with the anticipated release of multiple major rival movies.
- Our global cross-marketing campaign for the 50th anniversary of Hello Kitty was a success. Appeal and brand equity rose among all generations, mainly in North America, and the popularity of Hello Kitty and other characters rose rapidly in Asia.

Risks to be aware of

- When previously expanding sales channels to mass retailers in North America, we were unable to ensure distribution adjustments, in-store communication, and the quality of design, which led to products being sold off at discounted prices, and ultimately resulting in the decline of our brand.
- We need to apply global governance so as not to damage brand power as we invest and expand
- Steady execution support, management, and oversight by the Head Office, from the perspective of maximizing IP brand equity over the medium to long term, are necessary to break free from volatility.

Hello Kitty revival was a success. Sanrio will accelerate IP expansion through global integration of IP selling points.

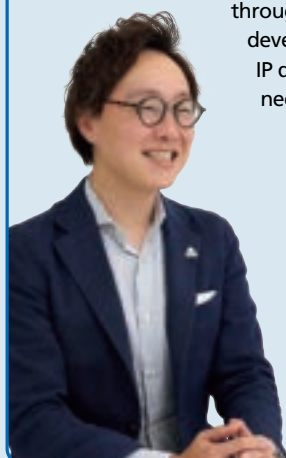
Summary of MTMP

- Make Sanrio characters an Evergreen presence on a global scale and across all generations.
- Formulate a cross-regional IP portfolio strategy and link it to steady growth, without volatility.
- Clarify brand guidelines and establish a review process to avoid damage to our brand and more effectively utilize our IP.

1st year achievements of MTMP/Future goals

During the 50th anniversary of Hello Kitty, we worked with our overseas subsidiaries, shared content on augmented reality (AR) apps and TikTok, and invited influencers and others from overseas to the Hello Kitty Exhibition in an effort to revive the brand globally. This resulted in a 150% increase in the number of times fans accessed Hello Kitty on social media during the anniversary year, to 2.7 billion times. We established a system for supplying videos and social media content to overseas subsidiaries and accelerated marketing activities according to the characteristics of each area.

Going forward, we will build a system to measure the return on investment globally and a structure for driving the PDCA cycle by linking it to our KPIs and budgets. We will work to expand the next generation of IP through cultivation of fandoms to achieve faster development, multi-layered monetization via story-based IP development, and development of IP that address needs, insights, and social concerns of major markets.



Wataru Nakatsuka

Senior Managing Director
Executive Manager, Corporate Strategy Division and Global Brand Management Division
Executive Officer Responsible for Human Resources Division, Office to the President, Global Strategy Department, and Global Sustainability Department

Key points of our strategy

① Organize our IP portfolio and strengthen core experiences

Create common targets and selling points globally for major characters such as Hello Kitty, Cinnamoroll, and Kuromi, and step up investment in in-house content for the global market to continually increase GMV*.

② Ensure consistent exposure by strengthening global media

Ensure consistent exposure through investment in Sanrio-owned YouTube channels and develop new customer touchpoints by creating YouTube channels for kids.

③ Establish a high-quality video development platform

Recruit producers and directors to develop high-quality, medium-length videos under the leadership of the Head Office and develop a video pipeline (production process).

Vision in ten years

Rapid progress in North America and establishment of a presence in MENA, India, and other emerging markets

We aim to become a IP platform provider that creates "Lifewoven" value in broad regions globally, along with reaching 10% market share in North America.

* GMV: Gross Merchandise Value

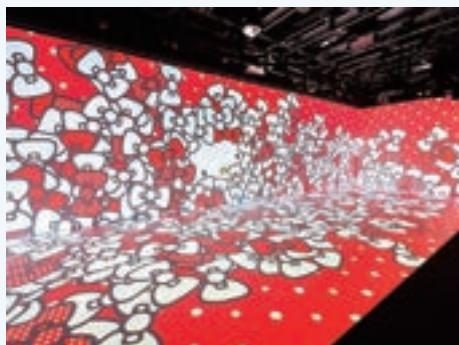
Brand Strategy

Review marketing and sales strategies to make Evergreen global IP

1st year achievements of MTMP

Maximized the “buzz” of Hello Kitty’s 50th anniversary

Linking the supply of content to the global market to distribution of licensed product enabled Sanrio to intentionally strengthen exposure to users. Synergy between the buzz of the 50th anniversary and Y2K fashion trends also maximized exposure through UGC and media coverage.



Scenes from a real event experience that gave attendees an immersive feeling at the Hello Kitty 50th Anniversary Event

Built a global content supply system

Under the leadership of the Head Office, we established an organizational structure to invest in video content, social media content, and events for global markets, allowing each overseas subsidiary to leverage these in their marketing activities.



HELLO KITTY AND FRIENDS YouTube channel

Built a system for coordination of global branding

The Head Office has established functions for formulating a character strategy and branding plan for the global market, along with organizational structure that links them to the marketing strategy of each overseas subsidiary. It has also introduced KPIs based on scientific evidence to assess the appropriateness of marketing investments.

Outlook for brand strategy

Formulating one global branding plan

We will collaborate with overseas distributors on measures to strengthen investment in content and owned media to help enhance character exposure in North America.

Sanrio's video strategy

Target age ranges	Content details + Envisioned media			Make sure the frequency does not depend on the anniversaries and advertising projects.	Word of view appeal	Number of social media and YouTube accounts
Babies & toddlers (Ages 0 to 2 years)	Content that interests babies & toddlers and some preschool-age children Foster attachment and gain favor from the parent's generation through two types of content (cute content where children can sing and dance along with it, and sweet and soothing story content).	Kids YouTube channel	1/week			
Preschool (Ages 3 to 5 years)	We anticipate having preschool-age children (plus the parents' generation) watch story content for ages six and up.					
Ages 6 and up	Gain recognition via short content that communicates the charming points of each character and has buz-worthy movements and rhythms. Expand interest through story content that can be viewed lightheartedly, while still making some use of the literary technique of introduction, development, climax, and conclusion. Deepen appeal through story content that has a clear setting and course of development and conclusion while incorporating the character's world view.	Social media in each country Global YouTube channel Terrestrial broadcasting Movies Streaming	2-3/week 1/week 1-2/year			

Maintain freshness of Hello Kitty not dependent on anniversaries and accelerate global rollouts

Hello Kitty achieved global success in 2024, the 50th anniversary. To build on this success going forward, we aim for a brand that continually maintains freshness and appeal, not just depending on anniversaries or other special timing.

To achieve this, we will continually expand product lines, videos, games, Location-based Entertainment (LBE), and advertising creatives that are able to gain the support of trend setters, globally.

Gain recognition for Cinnamoroll and Kuromi in North America

Based on market surveys and insights in North America, we aim to gain recognition in North America through investment in both digital and real content for the anniversary of Cinnamoroll in 2027 and as the global artist of Kuromi. We have continued the rapid-fire launch of new content for Kuromi since the anniversary in 2025, and aim to develop fan loyalty in addition to further increasing popularity.

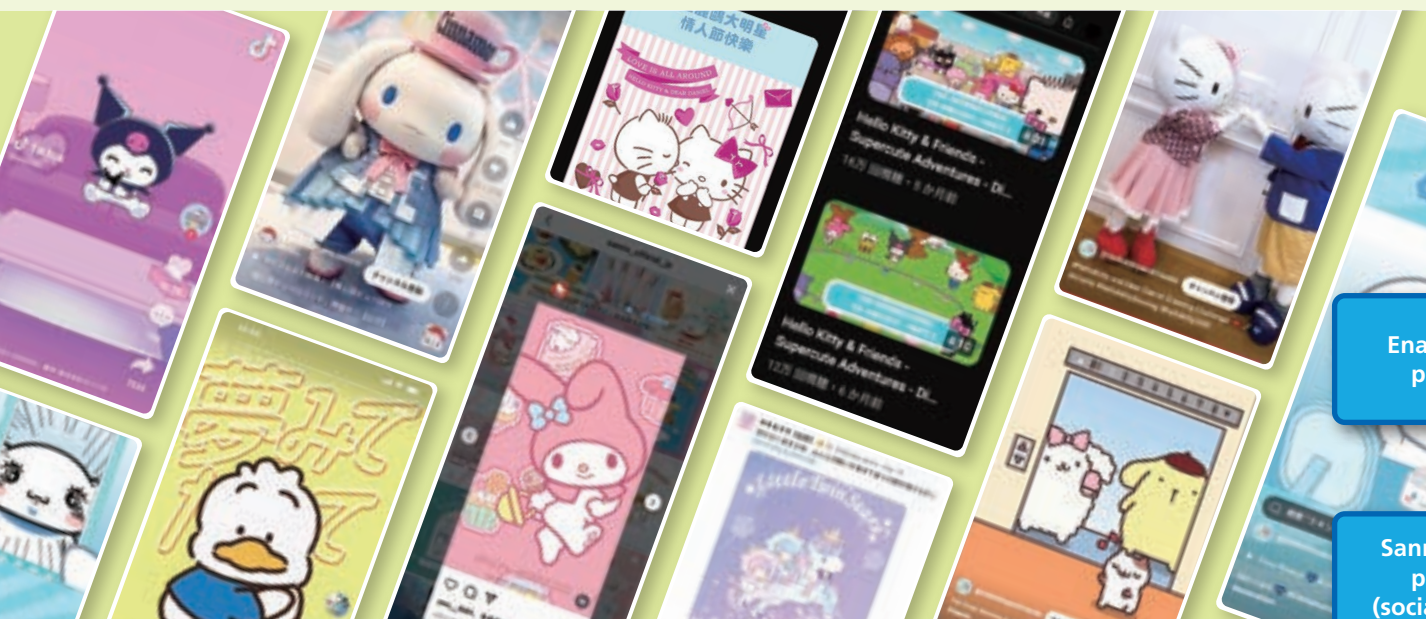
SPECIAL FEATURE ④ Social Media Strategy

Review marketing and sales strategies to make Evergreen global IP

Building the foundation for sales growth through strategic promotions

Sanrio communicates the daily lives of characters and related product information via social media to encourage users to favor the characters and resonate with them.

Through these efforts, we cycle through a process of analyzing the proper format and expression for each platform and generating results in the form of improved engagement and gained reach.



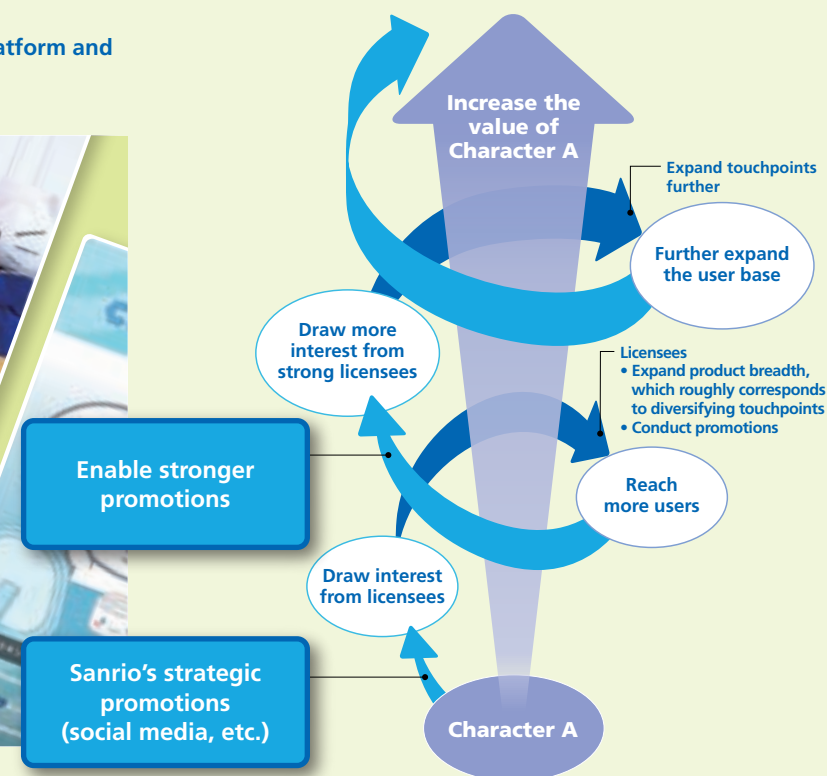
Positive cycle of social media strategy operated by Sanrio

Users deem notifications of products and campaigns through social media as corporate notices, which are highly unlikely to lead to gaining engagement and reach. Sanrio therefore analyzes and implements methods for approaching the appropriate target base for each character, without changing

the worldview of the characters.

For example, when we collaborated with a beverage manufacturer, we rolled out the products and posted a linked campaign on social media. Posting generated resonance by featuring the collaboration products in the daily lives of the characters. This resulted in high engagement and further expanded the user base. Connected postings for multiple

Process for enhancing character value



Sanrio characters also increased the synergistic effects. This success enabled us to implement the second stage of the campaign.

Sanrio's social media strategy is to make it possible to expand the breadth of licensees and create a positive cycle that further enhances the value of Sanrio's characters by approaching user bases that we have not been able to reach before.

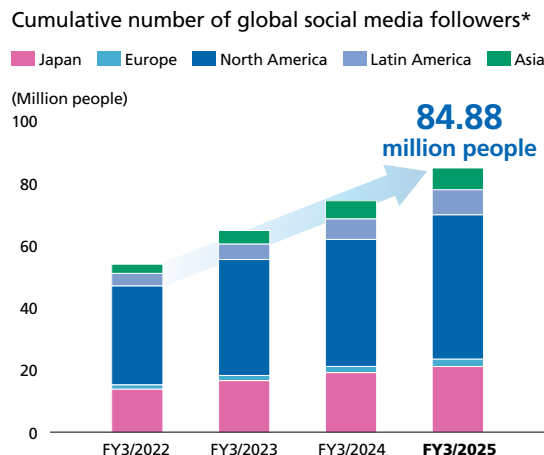
SPECIAL FEATURE ④ Social Media Strategy

Strategic utilization of social media to expand fans in North America and enhance brand value

Our U.S. subsidiary, Sanrio, Inc., sees social media as an important channel for connecting with Gen Z and Millennials and posts popular content in real time in North America to increase brand recognition, develop a community, promote sales, and reinforce the brand message.

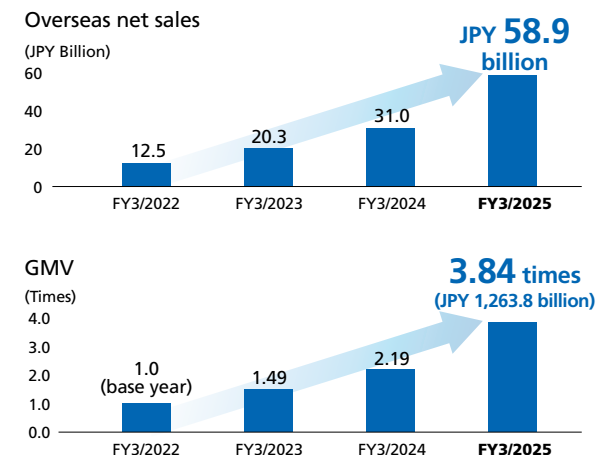
They have positioned Instagram, TikTok, and YouTube Shorts as the main growth platforms for this initiative and have achieved tremendous results from creating and communicating optimized content on each platform that reflects Sanrio's corporate philosophy and values such as friendship and kindness. They also engage in strategic collaboration on new product launches and with licensees to expand the fan base while building trust in the brand and expanding reach through collaboration with influencers.

In 2024, for example, a collaborative post with a famous artist was widely shared by a celebrity and this contributed to enhancing brand value and expanding the fan base. Then, in 2025, collaboration with a game company encouraged character engagement that we could not reach on our own through communication, by emphasizing the appeal of Sanrio characters rather than just product notifications through the licensee's and our Instagram accounts.

Increase in the number of social media followers globally

We have succeeded in expanding recognition to a broad base of every age and nationality through our Hello Kitty and Friends YouTube channel, which had four million followers as of June 2025, and other social media. We aim to increase sustainable brand equity by operating social media accounts for a diverse array of characters.

* Total for Facebook, Instagram, LINE, TikTok, X (former Twitter), YouTube, Weibo, WeChat, Pinterest, Snapchat, Email, MeWe, REDBOOK, US YouTube, Threads, and bilibili

Expanding overseas net sales and GMV as the number of social media followers increases

Increasing the number of followers on social media globally is enhancing brand recognition, expanding customer touchpoints, and leading to improved performance in the licensing business. Growth in North America, which accounts for the majority of global social media followers, in particular, is contributing to growth in overseas net sales and GMV.

Examples of social media account icons



Medium-Term Management Plan FY3/2025–FY3/2027

2nd Approach >>**Develop a foundation for global growth**

Strengthen our human capital foundation and aggressive finance and governance structure to build a foundation that enables global investment and expansion.

Never fail to invest in people, the source of Sanrio's strength and aim to further enhance global management.

Medium-Term Management Plan: Implementation and KPI progress

○ : Achieved △ : Partly achieved

	Measures	Targets	FY3/2025 Plan	Achievements in FY3/2025
Build human resource infrastructure	Producers - Clarify revenue responsibility for each character IP - Design strategic job rotations	Women to occupy more than 30% of senior manager roles (executive officers and general managers)	Career path/training opportunities and organization design for producers, creators, and global talent to be put in place.	- While recruiting and onboarding mid-career personnel necessary for growth, implemented specific policies and measures for career paths and development of creative x global human resources. △ However, the company continues to face resource shortages due to a faster-than-expected expansion of business performance. - Achieved a ratio of more than 30% of women in senior management positions
	Creators - Cooperate with external creators - Upgrade training programs			
	Global talent - Strengthen international personnel exchanges - Establish replicable career paths			
Establish an aggressive financial and governance structure	Aggressive finance - Explore global capital alliances, etc*. - Develop investment processes and framework for an investment team	- Acquire domestic credit ratings and control financial base to levels appropriate for an entertainment company - Balance strategic investments with discipline and stable shareholder returns - Form an investment team and operate a rigorous investment committee - Establish the Global Strategy Office and build a system to properly measure investments	Development of the infrastructure to implement investments	○ Established investment process and structure, and implement regular operations ○ Dissolved policy shareholdings held by megabanks
	Strengthening of governance (for capital market) Ensure transparency of investment performance (disclosure of ROE and other indicators and capital allocation policy)		Development of IR structure appropriate for a company with a market capitalization of 1 trillion JPY or more	○ Integrated report received multiple awards including LACP Vision Awards. Domestic credit rating obtained, and IR system expanded.
	Strengthening of governance (internally) Strengthen global management		- Launch of the Global Strategy Office - Strengthened HQ–overseas subsidiary collaboration	○ Established Global Strategy Department and began designing and operating meeting bodies and management processes between the Head Office and subsidiaries.

* Consider capital alliances, etc. globally, both domestically and overseas



Discussion of Human Resources Strategy by the Officer in Charge

Develop a foundation for global growth

Past Issues

- The roles of creative talent (creators and producers) and definition of human resources are premised on existing business areas (product sales and licensing business). The career path that one should follow and the skills one should learn were not defined and we had not established a system capable of strategically developing and generating human resources. Moreover, we were not able to define the optimal roles and requirements for human resources when expanding to new business areas (videos, games, and live entertainment) and had not built a path for strategic human resource development.
- We are in the middle of reviewing our global governance structure and how roles and authorities should be shared between the Head Office and our overseas subsidiaries. However, policies on human resource allocation and development on a global basis have not been established, making it difficult to plan or implement long-term career paths for global talent or strategic rotations aimed at their development.
- When the previous Medium-Term Management Plan (MTMP) ended, the percentage of female managers exceeded 40% and a certain amount of progress had also been made on systems that enable women to achieve personal success and corporate culture reform. However, the percentage of women in senior management positions who were candidates for officer was a little over 20% and did not meet the 2030 target for the percentage of female officers set by the Japanese government.

We will define our ideal profile of human resources who will promote medium to long-term growth in the global market and initiate various human resource measures.

Summary of MTMP

- **Build human resource infrastructure to promote global business growth.** Define the ideal profile and career path for global creative talent, foster talent by strategically recruiting, developing, and allocating them, and link this process to business growth.
- **Create opportunities and systems to support each employee's work.** We will create systems and an environment where diverse human resources choose their own way of working and feel personal growth through their career while enhancing their well-being.

1st year achievements of MTMP/Future goals

We specified the ideal profile of producers, creators, and global talent for developing global creative talent who will serve as the engines of medium to long-term business growth, and formulated clear written specifications for concrete career paths and the skill sets that will be needed at each stage of their careers. We also recruited internally for positions that match each human resource profile, encouraged employees to take initiative and take on the challenges of new career opportunities, and initiated a system capable of strategic human resource development.

We introduced sexual and reproductive health rights (SRHR) leave that enables employees to take time off for fertility treatment and menopausal symptoms as a revision to DE&I systems, and extended the shorter working hour system for childcare up to the end of the sixth grade to support work-life balance.

In the future we will develop professional skills to promote further growth and introduce a system that enables employees to access external learning opportunities. We also plan to enhance our employee benefits to support diverse human resources and enable them to "work with a smile."



Kanako Miyoshi

Managing Executive Officer
Executive Manager, Human Resources Division and Internal Control Division
Responsible for Human Resources Planning Department, Organizational Development Department, Internal Auditing Department, and Compliance Department

Key points of our strategy

① Building human resource infrastructure to drive continuous business growth

Establish human resource infrastructure to maximize the lifetime value (LTV) of employees in all business areas.

② Strategic talent management to promote future business growth

Establish a system for recruitment, development, and allocation to develop the human resources that will lead to achieving the medium to long-term strategy.

③ Expanding systems to support diverse human resources in their work

Expand systems for achieving both organizational productivity and employee well-being.

Vision in ten years

Develop professionals for global entertainment business

Generate opportunities for the success and growth of human resources who will create and drive the entertainment business in global markets, and develop professionals who will lead the industry.

Human Resources Strategy

Key details of our strategy

Talent management to accomplish the medium to long-term strategy

Formulate detailed specifications of the career paths for producers, creators, and global human resources; visualize the skills and experience needed each time they advance to a new career stage; and implement priority measures for development in stages.

We established the Sanrio Smile Academy (SSA) as an internal development organization. SSA provides training to develop the professional skills needed by producers and creators as well as

opportunities for cross-organizational learning, records the skills they have learned, and manages talent to proactively allocate and develop human resources.

To develop global human resources, we recruit overseas talent, define a career paths for each business and corporate human resource, and dispatch trainees to overseas subsidiaries.

System that enables well-being for diverse human resources

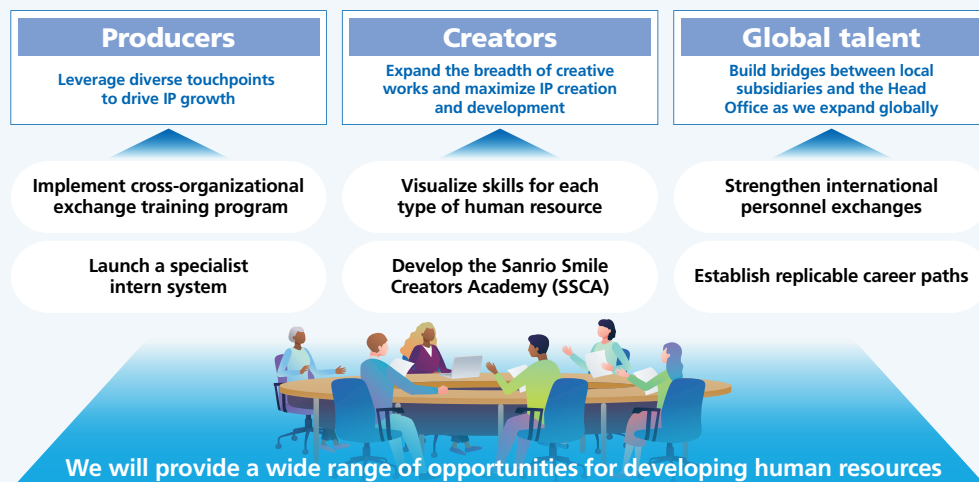
We aim to provide an environment where departments and employees mutually support one another and can experience well-being, while being mindful of maximizing

performance of the organization. We will hammer out guidelines that can maintain discipline in organizational management while expanding the options for workstyles by enhancing telework and introducing flextime systems.

We will also introduce a new vacation system that enables employees to work with a smile while also making their families smile, and will consider employee benefits to reward those who support their colleagues when they take vacation or take leave from work.

Building a Foundation of Talent to Drive Global Business Growth

Foster Creative and Global Talent



TOPICS

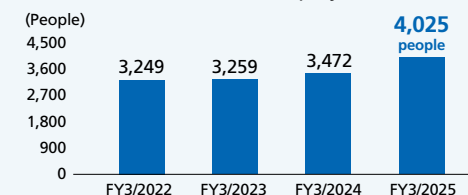
Smile Mission Awards

Since FY3/2024, Sanrio has held the Smile Mission Awards (SMA) as an internal recognition program, to reward practical initiatives that accomplish our mission to “Bring new value to the world of entertainment. Work together to create happiness and joy for the next generation.” The awards recognize any employee, regardless of department, who has created value in a wide range of areas, with the aim of encouraging further value creation.

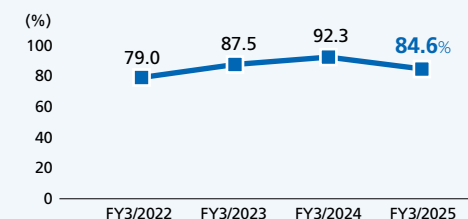
Develop a foundation for global growth

Related data

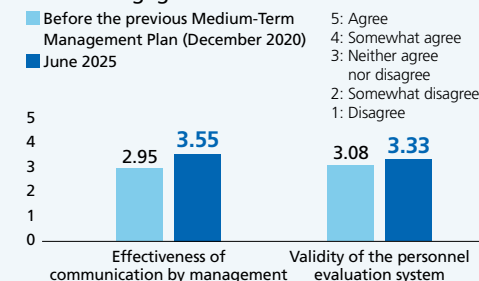
Consolidated number of employees*¹



Percentage of female and male employees who have taken childcare leave*²



Internal engagement*³



*¹ Consolidated number of employees: Sum of the number of registered employees and the annual average number of temporary employees

*² Percentage of female and male employees who have taken childcare leave: Average figures for female and male full-time employees of Sanrio Company, Ltd., excluding those seconded to and from Sanrio Company, Ltd.

*³ Internal engagement: Four items related to internal engagement are selected based on the biannual internal condition survey.

Medium-Term Management Plan FY3/2025–FY3/2027

3rd Approach >>

Expand IP portfolio and monetize in multiple layers

Work to expand the IP portfolio and monetize in multiple layers through the establishment of touchpoints for games, hands-on experiences, and edutainment/kids.

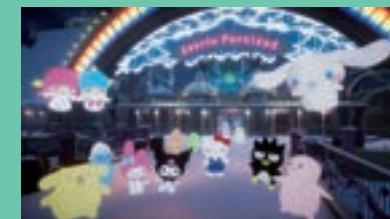
Create time deeply absorbed in Sanrio to realize high lifetime value (LTV) and sustainable growth, expand the foundation for entertainment that deepens fan engagement, and aim to become a global IP platform provider.

Medium-Term Management Plan: Implementation and KPI progress

○ : Achieved △ : Partly achieved

	Measures	Target	FY3/2025 Plan	Achievements in FY3/2025
Continue to grow in mature markets (Japan)	Licensing - Develop mega-clients - Expand Sanrio dormant IPs and other company IPs	JPY 15 billion in direct OP (CAGR of 10%)	- Increase share of target client sales - Greater recognition of Sanrio dormant IPs and other company IPs	○ Target clients saw rapid year-on-year growth in gross profit. ○ Mr. Men Little Miss recognition expanded, mainly through picture books.
	Product sales Continuous growth by targeting inbound foreign visitors, etc.	JPY 7.7 billion in direct OP (CAGR of 8%)	- Enhance lineup for inbound tourists, store development - Establishment of logistics structure	○ Inbound sales continued to grow. Distribution center expansion completed.
	LBE Develop new experience touchpoints through global alliance	JPY 2.4 billion in OP for Sanrio Entertainment	- Enhance operations at Sanrio Puroland and Harmonyland - Resources reinforced to strengthen business foundation	○ Preparations are underway to develop LBE content globally. Oita Airport became "Oita Hello Kitty Airport."
Create the time deeply absorbed in Sanrio	Games - Implement multiple game projects - Collaborate with partners with a view to investment opportunities	- Plan and develop a total of more than 6 titles - Form alliances with excellent partners	Establish organizational structure and selection of partners for full-scale entry into the game business	○ 3 titles have already begun full-scale development
	Digital Create UGX by external creators (XR business, Web3 business)	- Sales of JPY 2 billion 5 million annual visitors for V-Puroland and 10 million registered users for Web3 services	24/7/365 operation of V-Puroland - Launch of Charaforio	○ V-Puroland has completed multiple quest responses; Charaforio has significantly achieved its target number of member MAUs
	Edutainment/Kids Touchpoints for learning that provide high experience value (kids' parks that provide high experience value, distribution of educational animations)	- GMV: JPY 10 billion scale - SEM*: JPY 2 billion	- Strengthen SEM sales - Concept design and conclusion of contracts with business partners to create touchpoints for learning with experience value at a high level	○ SEM sales increased over last year. New English conversation school "WeAct!" opened in November.

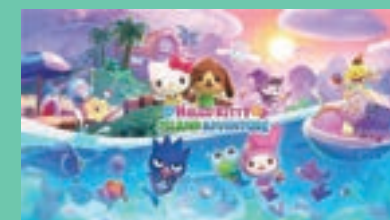
* SEM: "Sanrio English Master," English learning materials for small children



Sanrio Virtual Festival



Everland theme park in South Korea

Sanrio original game
Hello Kitty Island Adventure

Discussion of Gaming and Digital Strategy by the Officer in Charge

Expand IP portfolio and monetize in multiple layers

Market environment and Sanrio's position

- In the game business, selecting a genre that fully highlights the appeal of globally popular characters and collaborating with a development company having an extensive track record in that genre will provide new gaming experiences and make it possible to enter the global market.
- In the digital business, we expect the UGX market to emerge rapidly. Sanrio can provide opportunities and platforms where individual creators can achieve global success utilizing Sanrio's expertise in IP production globally.

Risks to be aware of

- Ongoing investment for the medium term is necessary because both the game and digital businesses are structured so that the value provided to fans increases as business scale expands.
- However we need to be selective in investment projects and collaborators to keep the costs and time involved in investment from growing excessively large.

Embarking on game development for the global market and strengthening digital areas as a platform provider

Summary of MTMP

- To expand our IP portfolio and monetize in multiple layers as stated in the Medium-Term Management Plan (MTMP), we will make in-house investments in games, extended reality (XR), Web 3.0, and other digital areas, in addition to licensing and product sales businesses, where Sanrio is strong.
- We plan to gain greater recognition and favor for existing characters and create appeal for new characters as we deliver new Sanrio experiences for users.

1st year achievements of MTMP/Future goals

In the game business, we are developing more than six titles, having built a collaborative framework with studios with proven track records, and successfully advanced from the planning stage to the development stage. We aim to release these games during the third year of this MTMP, at the earliest.

In the digital business, we released Charaforio and began providing the illustration posting and order placement and receipt functions to creators. In virtual reality (VR), the Sanrio Virtual Festival, a virtual event featuring popular artists and characters, attracted 150,000 unique users globally. During this MTMP, we aim to increase the number of creators registered on Charaforio to 200,000, make V-Puroland a permanent event, and grow the number of visitors to 5 million a year.



Kosuke Hamasaki

Managing Executive Officer
Executive Manager, Digital Business Division
Responsible for Digital Business Development Department,
Game Business Department, and Character Management
Department

Key points of our strategy

① Releasing games developed through in-house investment

Expand Sanrio games for console and mobile to the global market.

② Strengthening the creator support function for Charaforio

Provide a character incubation* function for individual creators, in addition to further reinforcing the order placement and receipt function that connects companies to individuals.

③ Making the VR theme park, V-Puroland, a permanent event

Make V-Puroland permanent as a virtual reality theme park that features IPs from other sources in addition to Sanrio characters.

④ Enhancing digital experiences for Sanrio fans

Provide digital services and programs to make experiences at stores, theme parks, and other venues more interesting and further deepen our relationship with fans.

* Incubation: Initiatives to increase recognition and favor for the characters of other companies and individual creators by utilizing Sanrio's expertise in the character business.

Vision in ten years

Expand business production across a wide range of areas

Support global expansion of the IP of individual creators and other companies, as a platform provider.

Gaming and digital strategy

Expand IP portfolio and monetize in multiple layers

1st year achievements of MTMP

Launched the Game Business Department

In FY3/2025, we established a new Game Business Division and actively recruited game producers, directors, and marketing professionals from outside. We also launched a management function to oversee game investments, established clear investment criteria, and initiated both pre-production and full-scale development for multiple game titles.

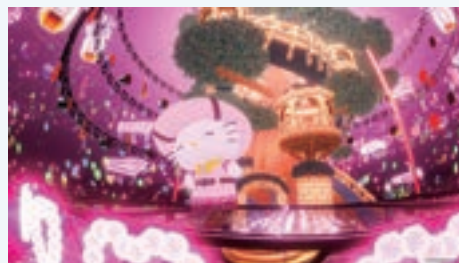
Launched Charaforio, an official fan engagement service

We launched Charaforio in August 2024. From December 2024 to February 2025, we held a Sanrio characters x Creator Collaboration Discovery Event, which attracted participation from around 1,000 individual creators. In April 2025, we released a commissioning feature, enabling official accounts to place orders directly with individual creators.



SANRIO Virtual Festival drew 150,000 visitors

The fourth Sanrio Virtual Festival was held in February and March 2025, attracting a record-high 150,000 attendees (up from 120,000 unique users the previous year). The event featured new digital experiences in the XR space, including live shows with external IPs such as Love Live! and Matsuken Samba, as well as VR meet-and-greets with VTubers.



Outlook for gaming and digital strategy

Expanding the game business portfolio

In addition to developing games featuring Sanrio characters across various genres and platforms, we are also exploring the creation of new IP originating from games. Through these initiatives, we aim to expand both Sanrio's character and business portfolio as an IP platform provider.

Providing new experiences in XR

We are positioning V-Puroland as a new platform for delivering XR content. In addition to offering official worlds and content that allow users to immerse themselves not only in Sanrio characters but also in the worlds of individual creators and external IPs, we will develop UGX (User Generated Experiences) that enable users to create and express themselves within those worlds. Furthermore, V-Puroland will serve as a new stage for creators to engage in streaming and other creative activities.

Building integrated digital touchpoints for fans

In addition to goods, retail stores, and theme parks, we will expand services that connect the physical and digital worlds, enabling Sanrio fans to engage with the brand more frequently and more closely through touchpoints such as games and digital content.

We will also distribute digital items across various customer touchpoints and introduce new forms of character interaction in the digital space.

Supporting IP production as a platform provider

Leveraging Sanrio's expertise in the global merchandise and licensing businesses, we will build both real and digital platforms to support other IP holders and individual creators in expanding their merchandise and licensing operations worldwide. In addition, we will actively promote IP production support that includes collaboration between other IP holders, individual creators, and Sanrio characters.

Discussion of Theme Park Strategy by President of Sanrio Entertainment Co., Ltd.

Expand IP portfolio and monetize in multiple layers

Market environment and Sanrio's position

- The trend of supporting favorites and the IP boom continues. The demand for and importance of real-world experiential value are growing even stronger through character collaboration and leveraging multiple media platforms simultaneously to diversify and increase IP exposure.
- Maintenance of transportation infrastructure by increasing the number of flights between Oita Airport and Taiwan and other efforts has increased the number of inbound visitors to Kyushu. The number of visits to Harmonyland is also increasing.

Risks to be aware of

- As fan enthusiasm intensifies in the park, there are concerns about an increase in disputes among guests, as well as behaviors recognized as verbal/physical abuse of park staff by customers and criminal acts.
- At Harmonyland, there are concerns about worsening weather patterns such as extreme heat and heavy rains, which cause problems for outdoor parks.
- Because the number of inbound visitors from abroad hinges on international circumstances, we must watch the geopolitical situation closely.

Quest for new hands-on experiential value in comprehensive agreement with Oita Prefecture to make Harmonyland a resort

Summary of MTMP

- Develop content as an entertainment lab for creating exceptional experiential value.
- Expand new content and services to improve experiential value while also working harder on management to make the park safe and secure for customers and employees.
- Strengthen the newly established Location-based Entertainment (LBE) business organizationally and refine the proposed medium to long-term strategy. Within FY3/2026, establish a concrete business plan that includes investment, aimed at making Harmonyland a resort.

1st year achievements of MTMP/Future goals

We renovated baby care rooms, shops, and other park facilities, strengthened crime prevention measures, and endeavored to create a park where people can be safe and have a pleasant time. At Sanrio Puroland, we developed numerous new attractions with external expansion in mind for the future. These included "beyond words," the first non-verbal show; Cinnamoroll's Little Adventure interactive theater attraction; and CHALLENGE PURO, where visitors can enjoy the experience of creating. We achieved all goals for net sales and spending per person. Progress has been also made on launching the new organization for LBE, expanding the costume studio, and other efforts to create a foundation for extending the business beyond the park itself.

The conclusion of a comprehensive agreement with Oita Prefecture aimed at making Oita a resort destination and nicknaming Oita Airport as Hello

Kitty Airport for Expo 25 Osaka, Kansai, Japan were picked up by media in Japan and overseas, giving us the impression that this was a large step toward making Harmonyland a resort. We will further enhance the park, and draw up more specific plans for advancing the LBE business and creating a resort, to grow Harmonyland as a presence that serves as a real-world contact point.



Aya Komaki

President and CEO
Sanrio Entertainment Co., Ltd.

Key points of our strategy

① Strengthening personnel and the organization

Formulate a Pledge to Employees between Sanrio and our employees that clearly spells out an internal medium-term personnel policy and builds an organization that can spur people to take on challenges, from the viewpoint of management and a personnel system aimed at creating value.

② Developing into an entertainment lab

Expand the definition of Sanrio from "a company that manages theme parks" to a "laboratory" that continues to take on challenges aimed at becoming an entertainment company mainly focused on real-world touchpoints, and continuously provide new value.

③ Creating Sanrio's first resort

We are creating new "Sanrio Time" value experiences in Oita Prefecture, home to Harmonyland with the aim of transforming the area into a long-stay resort.

Vision in ten years

Provide new hands-on experiences using technology

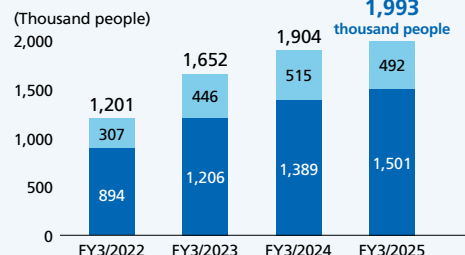
Provide new value at Sanrio Puroland and Harmonyland by strengthening customer information management and systems, and delivering hands-on experiences using AI. In the LBE business, expand theme parks and shows in multiple locations overseas, in addition to Japan.

Theme park strategy**Hands-on Experiences in the LBE Business by the Officer in Charge**

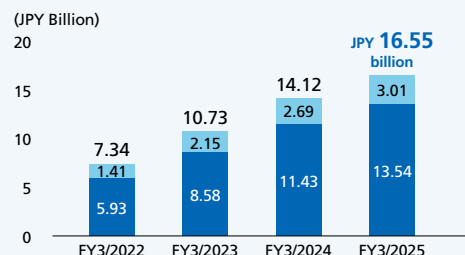
Expand IP portfolio and monetize in multiple layers

Related data**Number of theme park visitors**

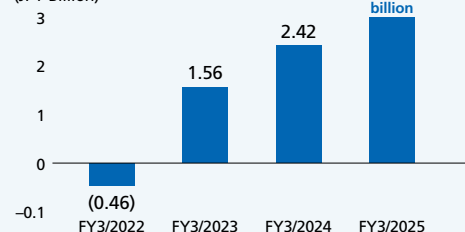
■ Sanrio Puroland ■ Harmonyland

**Sanrio Entertainment Net Sales**

■ Sanrio Puroland ■ Harmonyland

**Sanrio Entertainment Operating Profit**

(JPY Billion)

**1st year achievements of MTMP****Launched Sanrio Group LBE promotion structure**

The basic plan for the Sanrio Group's LBE business was formulated based on the perspective of a policy on development of hands-on experiences (time deeply absorbed in Sanrio), global expansion, contribution to branding, and acquiring new fans at the real-world touchpoints of Sanrio. Under the new structure, we have started operating with a unified point of contact to sort out the scale of future growth targeted, priorities, and tasks involved, with the aim of consolidating information and centralizing functions.

Opened Oita Hello Kitty Airport

We are making progress on exploring the creation of Sanrio's first entertainment resort. Due to the conclusion of the comprehensive agreement with Oita Prefecture in December 2024, Oita Airport was temporarily nicknamed Oita Hello Kitty Airport on April 13, 2025 for the duration of Expo 2025, Osaka, Kansai, Japan. This and other accomplishments made 2025 a year which created great expectations and boosted momentum for Harmonyland.



Full-page ad placed in the *Nihon Keizai Shimbun* (NIKKEI)

Outlook for hands-on experiences in the LBE business**Taking on the challenge of a large LBE project**

We will explore plans that include partnerships for creating Sanrio's first entertainment resort and enter the phase of formulating the basic plan. Along with this, we will begin exploring large LBE projects in Japan and overseas, which are our medium to long-term themes, and take on the challenge of developing a concrete hands-on experience strategy for Sanrio.

Developing global LBE content and expanding the library

We will also work on expanding Sanrio's hands-on experience content and library in a manner that will be accepted globally, from musicals, kid's parks, and other events to stage shows and greetings at commercial facilities, as well as hands-on experiences at cafés, hotels, and stores, while keeping active investment in mind.

Pursuing expansion and sophistication of global branding activities as a live entertainment professional

We aim to expand experience and expertise of Sanrio Entertainment Co., Ltd. (SET), which has been cultivated over more than 30 years of delivering hands-on experiences that are the source of Sanrio's value, to locations outside of parks, and to North America and the world in the future. We will also pursue collaboration with external professionals in addition to systematizing our strengths.

MESSAGE**I want to deliver Sanrio's worldview to every corner of the world**

I entered the entertainment industry after gaining experience working at financial institutions and think tanks. After subsequently spending around 10 years in Singapore, I have consistently used my work in delivering music, game IP, animation, characters, traditional culture, and other wonderful content of Japan from Singapore to the world, via services such as licensing and events.

I joined Sanrio in June 2024 because I wanted to deliver its philosophy of "Minna Nakayoku (Getting Along Together)" to future generations in every corner of the world. I want to continue to work with friends around the world to boldly and joyfully expand opportunities to impress and surprise, put a smile on people's faces, delight, and create memories as we enjoy each step of the process.

**Kazumi Fujita**

Executive Officer
Responsible for LBE, Office
to the President
Sanrio Company, Ltd.

Sanrio Sustainability

Introducing ESG initiatives and other sustainability strategies to contribute to society through smiles



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Sustainability Management

Organizational structure

Sanrio has long approached sustainability as a management issue including consideration of environmental and social issues, labor practices, and human rights, based on our corporate philosophy, "Minna Nakayoku (Getting Along Together)." With the aim of contributing to the realization of a sustainable society as a Group, we have identified 10 key issues as Sanrio Materiality that we will focus on as a company and are actively addressing these issues from the perspective of improving corporate value. The Sustainability Committee was established to strengthen the Group's sustainability management initiatives. The committee is chaired by the President and CEO and vice-chaired by the

Director of the Corporate Strategy Division. The committee consists of members selected from directors in charge of sales and other divisions, general managers, and presidents of group companies. The committee holds regular discussions (four times a year) on measures, policies, and the status of initiatives related to environmental issues, such as climate change, including identifying and updating items related to sustainability, and social issues, such as diversity, labor conditions, and human rights.

Important matters are deliberated and discussed at management meetings and reported to the Board of Directors (four times a year). The Board of Directors oversees the setting of targets and monitors the progress of related initiatives.

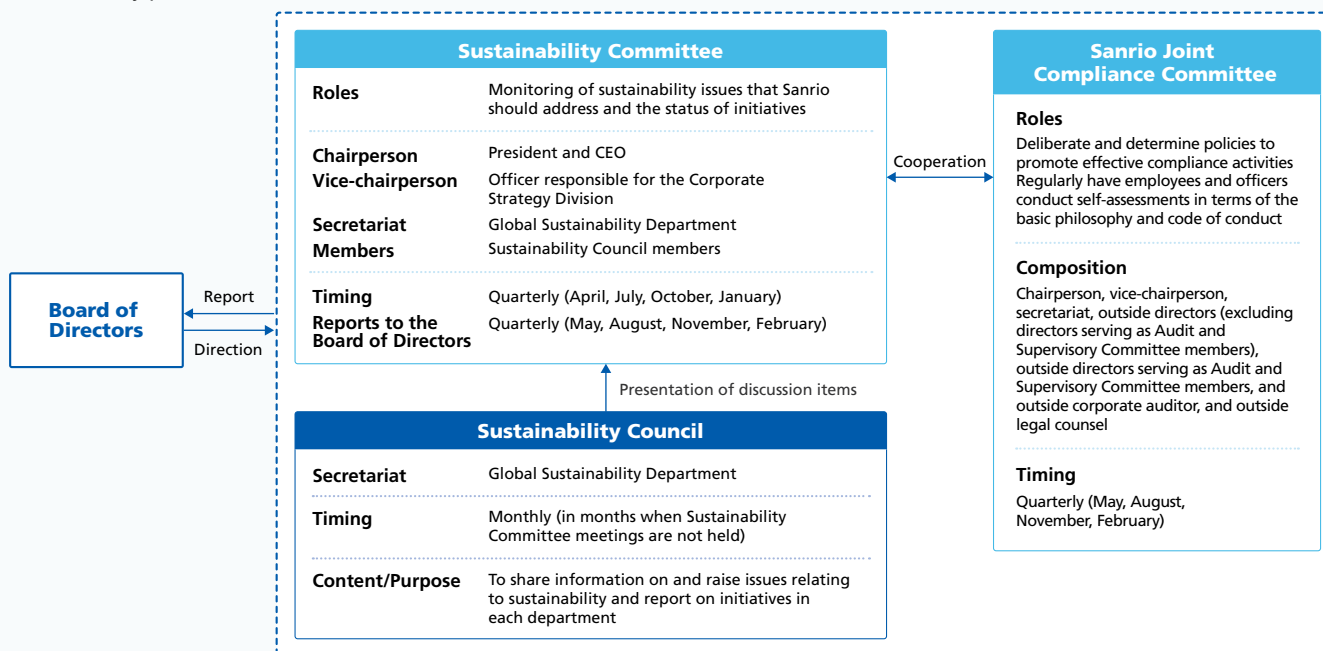
Officer and employee awareness and training

Sanrio began holding regular seminars on sustainability topics for officers and employees at group companies in Japan and overseas from FY3/2022. Themes for seminars held to date include climate change, human rights, and trends in global regulations on information disclosure. The Company also conducts internal surveys on our sustainability strategies and activities to incorporate employee opinions and raise awareness of sustainability issues.

Stakeholder engagement

The Sanrio Group actively creates opportunities for dialogue and seeks to maintain and build good relationships with all stakeholders.

Sustainability promotion structure



Main Activities for Stakeholders

Customers - Sanrio Gift Gate stores - Theme parks - Communication via social media - Sanrio character ranking - SANRIO Festival, etc.	Local communities, NPOs/NGOs, future generations - Sanrio Nakayoku Project - Contribution to the promotion of sports, etc.
Shareholders and investors - General Meeting of Shareholders - Financial results meetings - Briefing sessions for individual investors (domestic) - Meetings with domestic and foreign investors - Visits to foreign investors, etc.	Employees - Human resources development - Dialogue with the President - Communication via the Company intranet - Consultation desks
	Domestic and overseas business partners (suppliers, licensees) - Fair and equitable transactions - Supply chain management - Sanrio Supplier/Licensee Code of Conduct - UK Modern Slavery Act Statement

Measures to Address Climate Change

Fundamental approach

The Sanrio Group applies its corporate philosophy of Minna Nakayoku (Getting Along Together) by seeking to use its business to create social value and sustainably increase its corporate value. We have identified 10 global material issues called Sanrio Materiality and are working to maximize the value of our business activities and contribute to solving social issues.

Addressing climate change is a priority initiative based on one of our material issues: “Care for the Global Environment.” To mitigate the effects of climate change—including greenhouse gas (GHG) emissions—and reduce energy-related impacts, we are promoting efforts such as cutting GHG emissions and improving energy efficiency through a shift to LED lighting. We also strive to identify risks and opportunities associated with climate change in line with the TCFD recommendations and are committed to disclosing relevant information to stakeholders.

Governance

The Sustainability Committee, chaired by the President and CEO, examines issues concerning the sustainability of the Group. The committee examines specific implementation methods and measures to address climate change and regularly monitors the status of progress on each measure. For details of the Sustainability Committee, please refer to Sustainability Management (page 72).

Strategy

The Group follows TCFD recommendations for conducting scenario analysis and identifying risks and opportunities associated with climate change. In the 2023 scenario analysis,

impact assessments were conducted for “transition risks and opportunities toward decarbonization” and “physical risks and opportunities from the progression of climate change” for the year of 2035.

Scenarios used for impact assessment

	Scenario description	References
1.5°C and 2°C scenarios	Scenario in which the global average temperature increase is limited to 1.5°C and 2°C compared to pre-industrial levels. This scenario assumes that strict environmental regulations will be introduced and large-scale investment in environment-related technologies will be made to achieve international goals.	- International Energy Agency (IEA) NZE2050, SDS, STEPS - Intergovernmental Panel on Climate Change (IPCC) RCP2.6, SSP1
4°C scenario	Scenario in which the average global temperature rises by more than 4°C compared to pre-industrial levels. This scenario assumes delayed introduction of environmental regulations, countries unable to curb GHG emissions, and increasing frequency of abnormal weather events, such as heavy rains and floods, as climate change progresses.	Intergovernmental Panel on Climate Change (IPCC) RCP8.5, SSP3, SSP5

Risks and opportunities

Analysis of risk associated with the transition to decarbonization found the risk of higher financial needs for the operations of stores and supply chains owing to the implementation of a carbon tax, stricter regulations on GHG emissions, higher allotted charges on renewable energy resources, and rising energy costs. Analysis of physical risks found risk of more frequent abnormal weather events could increase damage to facilities and stores and increase instances of loss of business opportunities. To this end, we are advancing measures to reduce the impact of transition risk and physical risk by exploring the introduction of renewable energy and reviewing disaster response policies, such as evacuation routes, in accordance with the rules established for each building.

Conversely, analysis of opportunities found that indoor theme parks, such as Sanrio Puroland, are less susceptible to impact from an increase in extreme weather events, which may enhance their competitive advantage. We intend to further strengthen our competitive advantages by creating an organization that is highly resilient to social changes, including climate change, by responding to social trends and continuing to develop our shops, products, designs, licensing business, value experience business, and all other aspects of our entertainment business.

Measures to Address Climate Change**Major climate change risks affecting the Group**

Risks	Impact on business	Estimated long-term financial impact	Calculation method	Countermeasures
Transition risks Increased burden due to carbon pricing, etc.	Possibility of increased financial burden due to the introduction of a carbon tax, the strengthening of GHG emission regulations, and the increased burden of renewable energy surcharges	156 million yen	- Looking ahead to 2035, carbon tax is estimated at 167.5 USD/t - Based on the electricity consumption of Sanrio Company, Ltd. and Sanrio Entertainment Co., Ltd. in FY3/2022, the estimated GHG emissions of 7,186 t-CO₂ were multiplied by 167.5 USD/t to calculate an impact of 156 million yen* * 1 USD = 130 yen	- Given the significant financial impact of carbon tax introduction, set GHG emission reduction targets and promoted reduction efforts to contribute to addressing climate change - Considered the introduction of renewable energy as one method to address this issue
Physical risks Damage to facilities and loss of business opportunities due to intensifying wind and flood damage	- Possibility of repair costs being incurred from damages to facilities at high risk of wind and flood damage due to intensifying wind and flood disasters. - Possibility of lost business opportunities in our product sales business due to supply chain disruption and infrastructure suspension	566 million yen	- A damaging impact of approximately 142 million yen was calculated by applying the average book value of 15.8 million yen* per store to 14 facilities at risk of flood damage, multiplied by the damage rate model of the Ministry of Land, Infrastructure, Transport and Tourism - Calculated a total damage amount of approximately 424 million yen in lost sales due to the suspension of operations at the 33 facilities subject to flooding damage * Calculated based on the Annual Securities Report for FY3/2022	- Began strengthening disaster response measures and understanding flood risk at each facility - Used hazard maps to analyze the risks of flooding and storm surge - Confirmed disaster response policies, such as evacuation routes, according to the rules of each building

Response to biodiversity

The Company recognizes the importance of biodiversity and the need to reduce our impact on it. Although we have not yet established governance for biodiversity-related issues during FY3/2025, we recognize it as a future challenge.

Risk management

The Sanrio Joint Compliance Committee, chaired by the managing executive officer in charge of the Internal Control Division and the Human Resources Division, was established to strengthen the Group response to business operation risks by

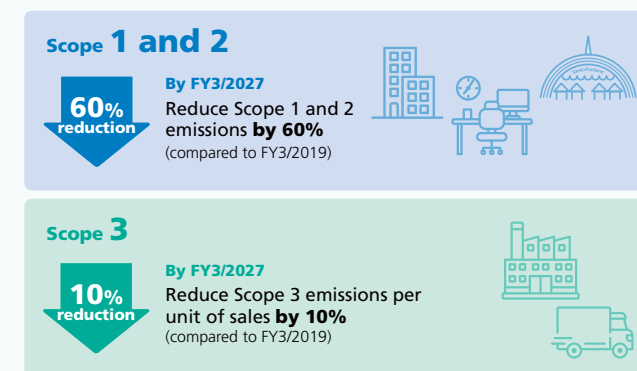
providing integrated, Groupwide risk management and compliance related to the environment, disasters, quality, information security, and import/export management.

Sanrio recognizes that transition risk and physical risk caused by climate change have potential environmental as well as economic and business impacts. The Sustainability Committee also monitors these and other risks related to sustainability, and if a risk is identified as requiring a response, the committee works with the Sanrio Joint Compliance Committee to examine and implement countermeasures. The Sanrio Joint Compliance Committee and the Sustainability Committee will continue to

work together to evaluate and analyze the potential impact on business and to construct a structure to manage such risks.

GHG emissions reduction targets

The Group has set GHG emission reduction targets for FY3/2027. We are working with all of our stakeholders to achieve targets of reducing Scope 1 and 2 emissions by 60% compared to FY3/2019 and Scope 3 emissions per unit of sales by at least 10%.

**Initiatives to reduce GHG emissions**

We plan to begin installation of solar panels at Sanrio Puroland from September 2025 or thereafter. We are also working to install LED lighting in the entire facility. In addition, for business trade with overseas companies, we actively use sea freight as much as possible instead of air freight, which has high CO₂ emissions.

We believe these measures will both reduce our CO₂ emissions and increase our business.

ESG data

<https://corporate.sanrio.co.jp/en/sustainability/esgdata.html>



Effective Use of Resources

Fundamental approach

The Group actively works to reduce waste, promote resource reuse, and minimize environmental impacts such as pollution. Through these efforts, we aim to mitigate and avoid negative effects on both the global environment and our business operations, contributing to the realization of a sustainable society.

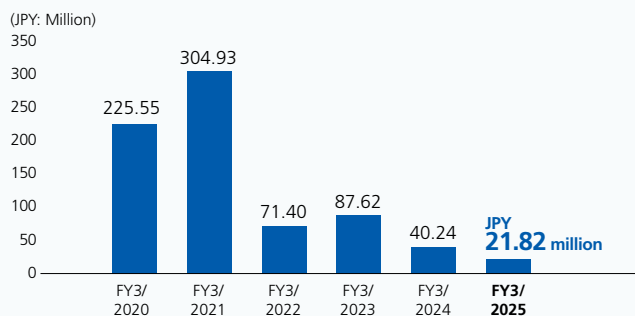
Metrics and targets

The Sanrio Group has set a target of reducing the amount of product waste in its domestic product sales business by 80% or more compared to FY3/2021 by FY3/2025 by reducing the amount of product waste and reusing inventory, and has achieved a reduction of over 90%.

We have also set FY3/2027 targets for reducing GHG emissions.

We are also working with all stakeholders to achieve our vision for a sustainable “One World, Connecting Smiles” and have set targets to reduce Scope 1 and 2 emissions by 60% and Scope 3 emissions per unit of sales by at least 10% compared to FY3/2019.

Product waste value



Environmental conservation initiatives

Optimizing inventories by reducing units of disposed products

Sanrio is striving to optimize inventory tracking by improving the accuracy of its sales trend analysis and setting clear sales periods for each product. The volume of disposed products is being minimized by redirecting surplus to outlet sales and event giveaways.

Eco-friendly and reusable shopping bags

To encourage the use of reusable bags and promote environmental conservation, we have introduced a fee for shopping bags.

We have also replaced plastic shopping bags with paper bags made from recycled materials that have a lower environmental impact. In addition, our gift bags are made from plant-derived plastics, helping to reduce CO₂ emissions. These initiatives have been implemented across all our stores.

By promoting the use of reusable bags and reducing the overall consumption of shopping bags, we aim to contribute to forest conservation.

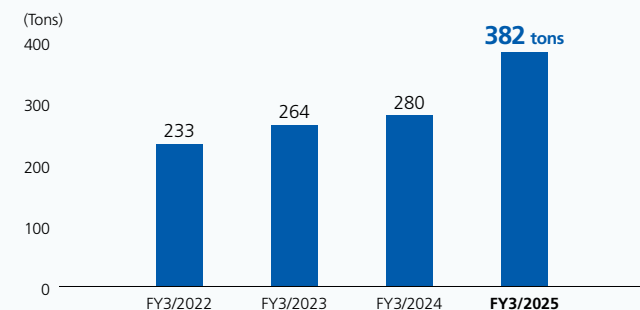


Gift bag (on left) and shopping bag (on right)

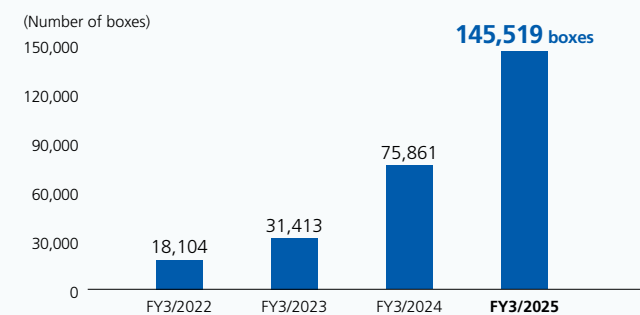
Reusing cardboard

Nearly 100% of the cardboard used at the Sanrio Distribution Center is reused. We also specify use of appropriately sized boxes for each specific order, which reduces waste by enabling shipping using the smallest cardboard box possible. In FY3/2025, the increase in volume handled resulted in an increase in the volume recycled. We also increased the number of cardboard boxes reused for shipping items without repacking.

Amount of cardboard recycled



Number of cardboard boxes reused for shipping items without repacking*



* Cardboard boxes used for delivery to the Distribution Center were reused without repacking

Provision of Safe and Reliable Products and Services

Fundamental approach

In accordance with “4. We will abide by the law.” in “2. Principles” of the Sanrio Compliance Charter, the Group develops and provides products and services in compliance with laws and regulations and with safety as our top priority.

We have established the Sanrio Quality Standards for our products, and our first priority is to develop safe and reliable products based on the quality standards established for each category.

Quality and safety management system

Products developed by Sanrio's Head Office are managed by the Quality Control Section established within the Merchandise Department based on the Sanrio Quality Standards. Standards are set for individual products based on product specifications during the planning and development stages. We check prototypes based on these standards and conduct further checks of mass-produced products during production. Products are sampled and inspected at the warehouse prior to going on sale. Past quality issues and rejected samples are recorded in the database and checks are conducted to prevent recurrence.

If a product-related accident occurs, the Product Safety Measures Committee considers the response based on internal accident guidelines. Reports are then submitted to the Sanrio Compliance Committee and the Board of Directors. To ensure safety management at theme parks, health and safety meetings and safety meetings are held once a month at each park's office.

Product initiatives

Quality inspections

The Sanrio Quality Standards which form the basis of our quality control activities are formulated in accordance with the following laws and regulations.

- Japan: Food Sanitation Act, Household Goods Quality Labeling Act, Consumer Product Safety Act, Misleading Representation Act, Pharmaceutical and Medical Device

Act, Electrical Appliance and Material Safety Act, Radio Act, and the Safety Toy, Safe Goods, and Japanese Industrial Standards

- USA: CPSIA, FHSA, FDA, FCC, ASTM (F963, etc.), and state laws (California Proposition 65, etc.)
- Europe: REACH, RoHS, R&TTE, EN (71 etc.)

Sanrio outsources the manufacturing of our products to Group companies and partner manufacturers, and the cooperation of our contractor companies is indispensable for quality control. We will increase opportunities to visit and deepen our understanding of the actual manufacturing sites and work collaboratively to advance quality improvement activities.

Product quality inspections

<https://corporate.sanrio.co.jp/en/sustainability/social/safety.html>



Quality and safety training

Quality and safety training is provided to employees working in the Quality Control Section and at Sanrio Shanghai, mainly to share cases of defects and products rejected during overseas inspections. Plant inspections were conducted nine times in FY3/2025. In FY3/2025, we also had the Quality Control Section and employees of Sanrio Shanghai attend a plant inspection by a third-party inspection agency. This provided the opportunity to gain new knowledge of plant inspections. We will continue to utilize this knowledge to improve quality at manufacturing plants and improve product quality.

Initiatives for theme parks and services

Quality and safety management at Sanrio Puroland and Harmonyland focus on safety related to both equipment and people so visitors can enjoy the Sanrio world with complete confidence and peace of mind about their safety and the quality of their experience.

Facility safety management

- A new Safety Management Section was established which specializes in measures to prevent crime and accidents at facilities.
- Ride attractions receive regular inspections in accordance with legal requirements.
- A facility inspection, site inspection, and post-installation inspection are conducted when equipment is newly installed or renovated.
- Comprehensive disaster response and evacuation drills are conducted annually, and small evacuation drills are conducted monthly.
- Sanrio Puroland established a Safety Management Section within its organization to oversee comprehensive facility safety in collaboration with Harmonyland.

Guest services safety management

- Morning meetings, new employee and skill improvement training, and on-the-job training at various sites are conducted following established process manuals.
- Customer satisfaction surveys and communication cards are used to monitor the quality of our services.



On-stage training

Respect for Human Rights

Basic concept

The Sanrio Group has established respect for human rights as one of the social issues identified as Sanrio Materiality in order to contribute to a society where people live together in peace and harmony based on our corporate philosophy “Minna Nakayoku” (Getting Along Together). The Sanrio Compliance Charter clearly states that we respect the fundamental human rights of all people equally and that we do not discriminate or treat people unfavorably. The charter requires all Group officers and employees to act in accordance with these principles. We also respect the fundamental rights of our employees, including freedom of association and the right to collective bargaining.

We ensure equal pay for equal work and do not treat employees unfairly or unjustly based on their personal attributes. Our salary structures provide wages that exceed the minimum wage levels stipulated by the laws and customs of the countries and regions where we have business bases. The salary structures also take into account the economic environment of each country and region. Working hours are appropriately managed in accordance with local laws and regulations, and we strive to reduce overtime work.

If it becomes clear that our group's business activities have caused or contributed to adverse human rights impacts, we will take corrective action through appropriate measures and work to prevent recurrence.

Sanrio Compliance Charter

<https://corporate.sanrio.co.jp/en/compliance/charter/>



Officer and employee awareness and training

Compliance Manual

As a manifestation of the Sanrio Compliance Charter, we have compiled the internal Sanrio Group Compliance Manual to promote compliance practices and serve as a guidebook for the standards of conduct that Group officers and employees are

expected to follow in the course of carrying out their daily duties.

Compliance training

Officers and all employees participate in compliance training.

Training for officers is conducted annually and is taught in a group format by an invited instructor. The training content enables officers to learn about the obligations of directors to ensure compliance and methods for fostering the corporate culture and employee awareness.

Employees participate in training about general compliance, specific laws and regulations, and recent issues associated with the annual curriculum.

Respect for human rights in the supply chain

The Sanrio Group maintains the Sanrio Supplier/Licensee Code of Conduct and works with its business partners to realize a sustainable society. The Code of Conduct requires suppliers and licensees to respect human rights and clearly prohibits forced labor, child labor, and long working hours, eliminates discrimination and harassment, and assures worker health and safety.

We ask all suppliers and licensees involved in the manufacturing and handling of Sanrio products to complete a self-inspection checklist to verify the status of compliance with the Sanrio Supplier/Licensee Code of Conduct and make sure to collect the checklists. We use these checklists to ascertain the status of child labor, forced labor, and other such issues at each company, and implement appropriate risk management for Sanrio's business, and work with our partners to implement improvements when issues arise.

As a supplemental effort to the self-inspection checklists, Sanrio conducts on-site inspections of suppliers and licensees and as well as overseas manufacturing plants contracted by licensees. Sites selected for inspections are chosen with a priority on locations with geopolitical risk and the volume and status of transactions with Sanrio. External specialized organizations may

also be engaged to confirm the labor conditions at local factories and, in the event that issues are identified, Sanrio requests the company to implement improvements and supports efforts to resolve the issues.

Sanrio Supplier/Licensee Code of Conduct

https://corporate.sanrio.co.jp/en/about_sanrio/conduct/



Compliance and Harassment Consultation and Reporting Desk

Sanrio maintains a Compliance and Harassment Consultation and Reporting Desk available to all Group officers and employees and all business partners of Sanrio Group companies. The desk listens to reports and provides consultation on violations of laws and regulations as well as on human rights issues, such as harassment in the workplace. The desk investigates information it receives based on objective evidence and takes appropriate measures, such as corrective measures. In addition, we ensure the anonymity of those who seek consultation or report concerns, as well as the confidentiality of the content of such consultations and reports.

UK Modern Slavery Act compliance

Sanrio is committed to preventing slavery and human trafficking in the Group and our supply chain, and has published a statement based on Section 54 of the Modern Slavery Act enacted in the United Kingdom in March 2015.

Statement regarding the UK Modern Slavery Act

<https://corporate.sanrio.co.jp/en/compliance/statement-regarding-the-uk-modern-slavery-act/>



Roundtable Discussion with Outside Directors

Aiming to strengthen the management base to accelerate Sanrio's growth and evolution

Sanrio is working on strengthening governance and its management base with the aim of achieving stable and sustainable growth.

Senior Managing Director Wataru Nakatsuka served as the facilitator in discussing a review of FY3/2025, the updates to the Medium-Term Management Plan (MTMP), and future expectations for Sanrio with three outside directors.



Shizuko Kamoda
Outside Director



Yu Sasamoto
Outside Director



Masae Yamanaka
Outside Director

Evolution of the Board of Directors along with changes in the stage of business

Nakatsuka Thank you for coming today. To review FY3/2025 first, please give your opinion and impression of what kind of year it was.

Sasamoto Sanrio has been highly evaluated by the market as President Tsuji successfully leads Sanrio's transformation as an

organization. I think it is amazing that Sanrio has delivered results exceeding market expectations amid such conditions. I also give the Board of Directors credit for concentrating on management and becoming more robust.

Kamoda I viewed Sanrio as an outside director in my first year. The year 2024 was the 50th anniversary of Hello Kitty. In addition to enjoying the benefits of that, I feel that everyone

in the company was highly conscious of sustaining growth and preventing volatility. The current Medium-Term Management Plan period is also seen as three years of investment and expansion. Discussions of M&A were thorough and I also felt the anticipatory tension of being at the entranceway to growth. However, Sanrio also faced a cyber attack and litigation in FY3/2025 and I think we needed to be a little more

Roundtable Discussion with Outside Directors

critical in our view and evaluation of such risks.

Yamanaka I think FY3/2025 was a great year in which Sanrio achieved both growth and stronger earning power of the character business. I think the fact that both net sales and profit reached record highs and profit at the net level, in particular, more than doubled compared to the previous fiscal years shows the outstanding achievement of top management and all members of Sanrio in working as one team.

Nakatsuka I am pleased to receive your honest opinions. As Mr. Sasamoto mentioned, I also view evolution of the Board of Directors as a positive point. As Ms. Kamoda also pointed out, initiatives aimed at growth, including M&A, come with risks as the stage of business changes. I think it is extremely important for the Board of Directors to thoroughly discuss to what extent such risks are tolerable and provide guidance going forward.

President Tsuji's proactive actions and communication having a positive effect both internally and externally

Nakatsuka I think President Tsuji's strong leadership has also contributed to the sense of unity among top management and the organization that Ms. Yamanaka mentioned. To me, the most important actions taken in Sanrio's "Second Foundation," which began in 2020, were aligning on the new mission and vision and propagating these globally, under the leadership of President Tsuji.

Sasamoto President Tsuji also actively traveled to overseas locations and I feel that his efforts have shown up in the change in the behavior and mindset of employees.

Kamoda In recent years, the workload associated with creative activities has become an issue in the entertainment industry as a whole. Sanrio is not an exception and has had to address the burden imposed on the design departments. I give immense credit to President Tsuji for communicating a message pledging to address that workload immediately on the company's internal intranet, amid that. I felt it was an extremely heartfelt

message that went beyond simply clarifying the stance of management on leaving no stakeholder behind and protecting the smiles of all employees.

Yamanaka Since President Tsuji assumed his position, Sanrio has succeeded in rebuilding the brand philosophy and strengthening relationships with fans. I give him high credit as a leader who steadily implements the long-term growth strategy. His friendly nature has also created an open internal atmosphere.

Nakatsuka Sanrio's growth strategy has received particularly high praise, even amid the spotlight shining on the entertainment industry in Japan. I think this has increased the high evaluation and presence of President Tsuji at the helm. That external praise made me think again about the need to provide conscientious feedback internally.

Desire to further accelerate initiatives aimed at long-term growth

Nakatsuka What sort of issues do you feel existed in FY3/2025? Please give your unreserved opinion.

Kamoda At last year's roundtable, I raised the issue of compliance. Progress was made through the establishment of the Sanrio Joint Compliance Committee and other measures in FY3/2025. Looking at the content and number of whistleblowing reports, my impression is that employees have a greater awareness of compliance and the psychological barriers to whistleblowing have been lowered. On the question of whether psychological safety is ensured in business communication, some aspects of this are hard to discern from the outside. I therefore think we need to raise awareness of psychological safety on a continual basis going forward.

Sasamoto Last year, I raised the issues of monitoring risks and encouraging taking on challenges, with the intent of wanting to accelerate taking on challenges while assuming risk appropriately. That point has remained unchanged since FY3/2025, and I recognize that accelerating challenges and



investment to achieve Sanrio's goal of becoming a 5-trillion-yen company must be addressed by the Board of Directors now.

Yamanaka I felt that the approach to the governance structure with an awareness of stakeholders was an issue. However, I think there is now a higher awareness of highly transparent management through such measures as securing objectivity in the Board of Directors through the appointment of multiple outside directors and formulating and disclosing a Medium-Term Management Plan to fulfill our responsibility for accountability to investors and business partners. I think such initiatives are being positively accepted as a stance of extricating Sanrio from the former family-run company structure.

Nakatsuka In regard to monitoring risks and encouraging taking on challenges pointed out by Mr. Sasamoto, I would like the Board of Directors to engage in discussion that leads to long-term growth as they allocate short-term resources and set KPIs. As Ms. Kamoda mentioned, we need to conscientiously ensure the psychological safety of employees along with growing and expanding Sanrio in amid that. As an organizational strength, I think that will lead to long-term returns. Entertainment is certainly an area where popularity

Roundtable Discussion with Outside Directors

surges and fades, and is affected by the actions of competitors. Market trends are currently providing a tailwind, but whether we are able to allocate resources and make decisions dispassionately when trends are no longer beneficial is important.

Steadily implementing initiatives aimed at expanding our lighthouse and strengthening our foundation.

Nakatsuka Please give me your opinion on the updates to the Medium-Term Management Plan.

Sasamoto I think the image of the lighthouse encompasses everything. To accelerate globalization while strengthening digital functions, I think we need to further strengthen the organizational foundation which serves as the base of the lighthouse. We should also consider actively increasing the characters who are the windows of the lighthouse through M&A and other means. I think setting internal and external expectations will become more important in order to achieve a market capitalization of 5 trillion yen and the Board of Directors and other members of management will need to accelerate the speed of that. At the same time, engaging in M&A carries the risk of diluting Sanrio's culture, so I think it is

important to strengthen communication within the Group, create "One Sanrio," and further reinforce the management base to make it more resilient.

Kamoda As the number of lighthouse windows are increased, each of those windows will create new stakeholders. Since this will also cause risks to emerge that Sanrio has never encountered, I think we need to engage in more granular risk management. Regarding the part of the foundation that Mr. Sasamoto mentioned, I think it is important how new and old employees can cooperate with an awareness of bringing smiles to stakeholders.

Yamanaka I think global distribution by Sanrio that merges digital and real-world content is extremely effective in maximizing brand value and expanding the fan base. However, one of Sanrio's management issues is high volatility. To control that, Sanrio needs to steadily implement initiatives aimed at expanding the lighthouse, which illustrates our vision for the future. While I think implementation of that will also necessitate confronting risks occasionally, I also think that confronting formidable risks will lead to a future where Sanrio generates stable revenue.

Nakatsuka We have also engaged in discussions with President Tsuji on the importance of the foundation in regard to the lighthouse, and are moving to take concrete action. We recognize that having capable human capital is essential in order to extricate Sanrio's businesses from volatility.

Sasamoto Since last year, the Board of Directors has engaged in a series of discussions on how to ascertain internal conditions with the aim of securing internal capabilities. Improvements in approach have been made in the course of that such as providing more in-depth explanations of Sanrio's businesses and arranging site tours to enable us to ascertain conditions better. I heard that Ms. Kamoda also took personal time to travel to and tour sites.

Kamoda In my case, I also have the perspective of being a Sanrio fan. I gain insights each time I witness the staff

members at work and the environment, and think it is important to confirm actual onsite conditions.

Using changes in organizational design as a good opportunity to strive for further evolution of management

Nakatsuka Sanrio transitioned to a company with an Audit and Supervisory Committee in 2025. Please tell me how you view this transition.

Sasamoto Sanrio has grown into a leading company in Japan with a market capitalization of over 1.5 trillion yen and must carefully ensure both strong governance and speed in pursuing business. In light of this, I understand that the transition to a company with an Audit and Supervisory Committee will lead to the expectation of stronger, rock-solid management.

Kamoda I agree with Mr. Sasamoto's understanding. Many things have been considered in the course of transitioning to a company with an Audit and Supervisory Committee, such as the approach of outside directors to monitoring and promoting greater understanding of Sanrio's businesses.

Yamanaka I would like to see evolution in the operating structure of the Nomination and Remuneration Advisory Committee and concrete ESG initiatives along with further strengthening of governance, following our transition to a company with an Audit and Supervisory Committee. Sanrio is becoming a presence that draws more and more interest from outside stakeholders. When President Tsuji first became president, we still had not emerged from the COVID-19 pandemic and some of the old management structure was still in place. We have been evolving Sanrio's businesses together with new officers within that structure, but must update this further at the global level in the future. In this phase, I think we need to advance the governance structure one step higher.

Nakatsuka Sanrio has built brand equity mainly in Japan since it was founded. We have now positioned ourselves as a global entertainment company and are growing our business



Roundtable Discussion with Outside Directors



portfolio and expanding our regional portfolio. Amid this, I recognize the strong need for Sanrio's Board of Directors to make swift decisions, allocate appropriate resources, and conscientiously monitor execution, while taking the differences in the stage of each business and each area into account.

The transition to a company with an Audit and Supervisory Committee responds to such a need and I also think it offers the advantage of being able to focus on bigger management issues such as M&A strategy and ESG.

Sasamoto Going forward strengthening digital talent is a discussion I would like to focus on. I also feel that increasing the number of collaborating partners is a challenge we must overcome to invest in digital platforms and game development functions.

Kamoda Regarding our 10-year Long-Term Vision of becoming a global IP platform provider, we need to gain the understanding of shareholders and others outside of the company on our present position and the concrete roadmap to the future, so they can imagine Sanrio's vision in 10 years from now. I think we, as outside directors, also need to promote understanding and propagation of that point through communication with shareholders and investors and other means.

Nakatsuka I think we are making daily progress on the points

you have raised regarding communication among internal and outside officers on how to operate Board of Directors meetings, how the Board of Directors should work with Management Meetings as an advisory body to the Board of Directors, arranging opportunities to further understanding of Sanrio's businesses, and other matters. At the same time, I feel we have upgraded the Board of Directors itself every year since the inception of the Second Founding. That said, we are still in mid-course, and I look forward to using the transition to a company with an Audit and Supervisory Committee as a good opportunity to upgrade a level and engage in more robust, in-depth discussions from a medium- to long-term perspective.

Lighting the way to creating a world of "Minna Nakayoku (Getting Along Together)" globally, with Sanrio's lighthouse

Nakatsuka Please tell me your expectations of Sanrio in the future.

Sasamoto I think the lighthouse of a global IP platform provider is a truly excellent description of the future vision of Sanrio, including the earlier discussion of the foundation and windows as well as the meaning of the lighthouse lighting the way globally to create a world of "Minna Nakayoku (Getting Along Together)," which is Sanrio's philosophy. I would also like the Board of Directors to thoroughly discuss how to expand the lighthouse to achieve growth and where to shine the light in order to do so.

Kamoda I also feel that Sanrio's future is epitomized by the lighthouse. I want to make sure that Sanrio accomplishes its mission of bringing smiles to everyone around the world by shining a light to realize a world of "Minna Nakayoku" where everyone gets along together. I also think it is important to make sure to bring smiles to everyone inside the company so that no one is left behind in the growth of Sanrio as a company.

Yamanaka I appreciate the great sense of challenge and

persuasive design of the 10-year vision, built on a foundation of results, with future aspirations expressed in terms of numbers and strategy. The market has accepted this as a growth strategy focused on capital efficiency aimed at reallocating capital systematically and strategically and maximizing IP value. I recognize that we are entering the phase of questioning Sanrio's ability to implement this in the future.

Nakatsuka The lighthouse began as a picture drawn on a whiteboard in the course of repeated discussions of Sanrio's future vision with President Tsuji, and we have continued to refine the image. I had the opportunity to meet with management of overseas subsidiaries recently and when I talked about the lighthouse, they found it visually easy to understand. As Founder and Honorary Chairman Tsuji said 50 years ago, "Kawaii is beyond borders." That is now taken for granted. I think the "lighthouse" is similarly prescient in expressing the vision of Sanrio for 10 to 20 years from now. That is precisely why I am delighted with everyone's evaluation of the lighthouse and this also gives me confidence. Going forward, I want members of management and Group employees to work as one team and push forward on expanding the lighthouse, together with our stakeholders.



Corporate Governance

Basic approach and structure

Sanrio believes enhancing corporate governance is essential to continue enhancing our corporate value and maintaining the trust of shareholders, investors, and other stakeholders. To this end, we are strengthening the following three areas.

1. We are taking steps to accelerate decision-making by the Board of Directors to better respond to the rapid changes in the market, and incorporating the perspectives of outside directors and outside directors who serve as Audit and Supervisory Committee members to improve the appropriateness, efficiency, and transparency of the Board of Directors.

2. To fulfill our social responsibilities to all stakeholders, including shareholders, employees, business partners, customers, creditors, and local communities, we will continue to develop an internal control system and ensure thorough compliance of corporate ethics and full internal compliance with laws and regulations.

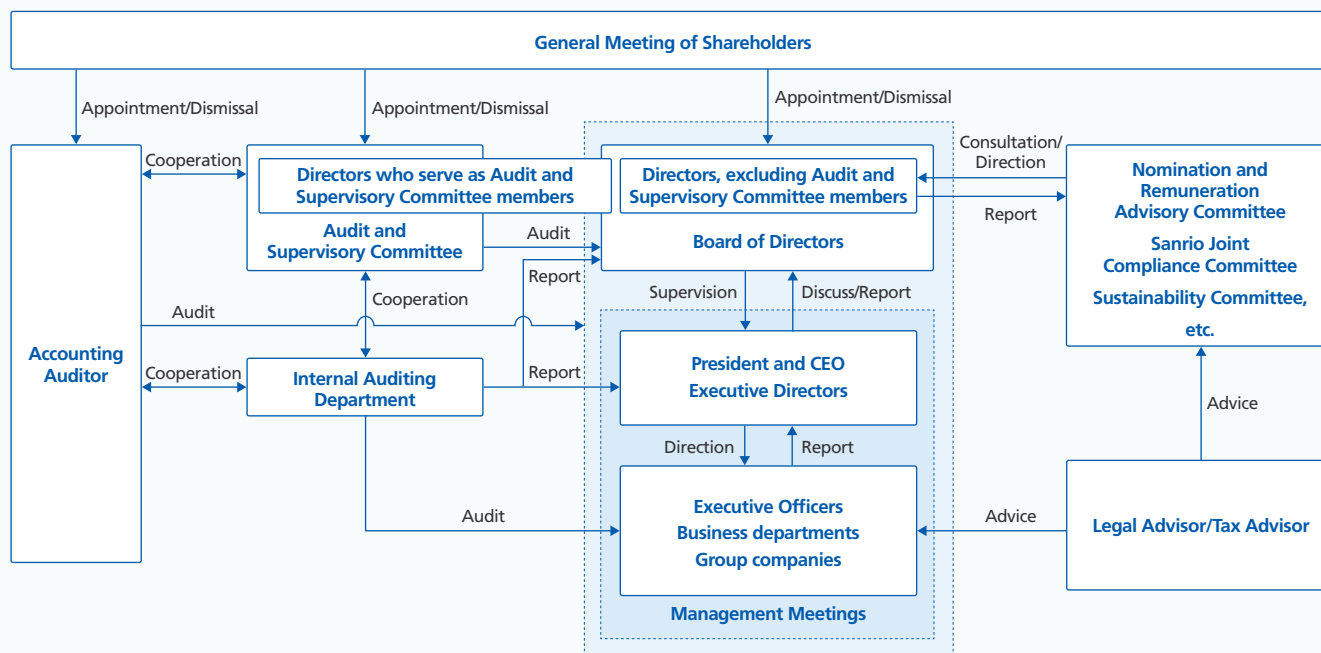
3. We will continue to strive to gain the trust of the market through appropriate and fair disclosure and IR activities. We also recognize the importance of information disclosure and will be unceasing in our efforts to establish a system for providing timely disclosure. Top management attends our financial results briefings, and management will continue

engaging in two-way dialogue with the market. To deepen understanding of our company, we hold company briefings on various topics, such as our strengths in character development and copyright management. We also strive to enhance communication between the company and shareholders or investors by improving the availability of IR information on our website and other initiatives targeting individual investors.

Transparency and visibility of governance
<https://corporate.sanrio.co.jp/en/sustainability/governance/system.html>



Corporate governance structure



Corporate governance highlights (As of June 26, 2025)

Percentage of outside directors,
excluding Audit and Supervisory Committee members



Percentage of female directors,
including Audit and Supervisory Committee members



Corporate Governance**Corporate governance structure (FY3/2026)****Board of Directors**

The Board of Directors, a decision-making body for business execution as well as a supervisory body for the directors, consists of 10 directors (including three directors who serve as Audit and Supervisory Committee members). Directors decide on important management matters and policies and supervise executive officers in relation to those decisions. Executive officers carry out their duties in accordance with the management decisions and policies made by directors. The Board of Directors meets once a month, in principle, and all important matters are discussed and reported upon.

Audit and Supervisory Committee

As of the conclusion of the 65th Annual General Meeting of Shareholders held on June 26, 2025, the Company transitioned to a company with an Audit and Supervisory Committee. By making this transition—where the majority of committee members are outside directors—we aim to strengthen audit and supervisory functions over business execution by granting voting rights at Board of Directors meetings to directors who also serve as Audit and Supervisory Committee members, thereby further enhancing our corporate governance.

Nomination and Remuneration Advisory Committee

In June 2021, Sanrio established the voluntary Nomination and Remuneration Advisory Committee with the aim of ensuring the transparency and objectivity of the evaluation and decision-making processes related to the nomination and remuneration of directors, strengthening the supervisory function of the Board of Directors, and enhancing the corporate governance structure. The committee is chaired by an outside director, and the majority of the committee members are independent outside directors. In response to inquiries from the Board of Directors, the committee deliberates and reports to the Board of Directors on matters related to the appointment and dismissal of directors, the selection

and dismissal of representative directors and directors with titled positions, the remuneration of directors, and other important management matters the Board of Directors deems necessary.

Sustainability Committee

Sanrio established the Sustainability Committee to strengthen the Group's sustainability management initiatives. The committee is chaired by the president and CEO and vice-chaired by the director in charge of the Corporate Strategy Division. Committee members include directors in charge of sales and other divisions, general managers, and presidents of group companies. The committee holds regular discussions (four times a year) on measures, policies, and the status of initiatives related to environmental issues, such as climate change, including identifying and updating items related to sustainability, and social issues, such as diversity, labor conditions, and human rights.

consisting of five members—a chairperson, a vice-chairperson, an outside director (who does not serve as an Audit and Supervisory Committee member), an outside director who serves as an Audit and Supervisory Committee member, and an attorney. The committee's objective is to raise awareness of compliance and it meets, in principle, four times a year. The committee deliberates and determines policies to promote effective compliance activities while receiving objective opinions and viewpoints from outside committee members, and establishes temporary or other committees to discuss individual matters.

In addition, the Sanrio Joint Compliance Committee regularly has employees and officers conduct self-assessments of their activities in terms of the basic philosophy and code of conduct as a method for enhancing compliance and compliance awareness. The results of the self-assessments are reported to the Board of Directors and used in deliberations on policy for future initiatives.

Sanrio Joint Compliance Committee

Sanrio maintains the Sanrio Joint Compliance Committee

Activity status of the Board of Directors, Voluntary Committee, and Board of Corporate Auditors (FY3/2025)

	Number of meetings held during fiscal year	Average attendance rate	Main topics
Board of Directors	19	98.7%	• Medium-term management direction and business portfolio • Deliberation, decisions, and follow-up on large-scale investments, M&A, and organizational restructuring • Human capital initiatives and disclosure • Response to material risks for the Group • Evaluation of the effectiveness of the Board of Directors • Nomination and Remuneration Advisory Committee reports • Business plan for the fiscal year, quarterly and annual financial settlement, executive transfers
Board of Corporate Auditors	13	100%	• Protection of corporate assets and confirmation of management structure status (including Group subsidiaries) • Oversight of the execution of duties by directors and verification of general principles of management decision-making by the Board of Directors • Oversight of transactions with competitors and conflicts of interest • Status of internal control system development and operation under the Companies Act and Financial Instruments and Exchange Act • Oversight and verification of violations of laws and regulations and the Articles of Incorporation, and risk management • Oversight and verification of audits, independence, and quality management system of the accounting auditor • Hearing reports from directors, etc. and exchanging opinions with outside directors
Nomination and Remuneration Advisory Committee	4	100%	• Views on composition and size of the Board of Directors, and confirmation of candidate nomination policy, criteria for determining independence, etc. • Deliberation of requirements for selection of candidates for director and specific candidates for director • Succession planning for president • Executive transfers in FY3/2026 • Review of officer remuneration level • Deliberation of issues on the officer remuneration structure • Determination of the amount of performance-linked remuneration for each individual

Corporate Governance**Succession planning**

Formulation and implementation of succession planning for the president is a topic of utmost importance in governance, to ensure sustainable growth and management stability of a company. For this reason, the Nomination and Remuneration Advisory Committee has played the main role in engaging in continual and systematic debate and discussion of succession planning. The Nomination and Remuneration Advisory Committee not only selects candidates, but also carefully considers future changes in the business environment and earnestly addresses optimal human resource development as well as the method of selection from a long-term perspective.

More specifically, the Nomination and Remuneration Advisory Committee clearly defines the personnel requirements needed for management positions, which include qualities, abilities, experience, and capacity to function in an international business environment, among other attributes. When selecting people for the position of president or other management positions, the committee carefully deliberates on the following matters for the list of candidate human resources based on the succession planning: collective consideration of character and executive ability to demonstrate leadership, past performance, career history, and other information, as well as a 360-degree evaluation by an independent organization and other objective information from diverse perspectives.

In the future, the Nomination and Remuneration Advisory Committee will debate more specific, practical requirements for the type of management needed for Sanrio to further accelerate business expansion in the global market, as the committee projects the timeline for replacing the president and the time needed to prepare. The committee will also further strengthen the formulation of appropriate development plans and the process of evaluating and selecting successor candidates from the medium to long-term perspectives, in addition to the short-term perspective.

Officer remuneration**Policy**

The Company's basic policy is to maintain a remuneration structure that is linked to shareholder interests so that it functions as a sufficient incentive to sustainably improve corporate value, and to set the remuneration of individual directors at an appropriate level based on their individual job responsibilities. Specifically, executive director remuneration shall consist of base remuneration as fixed remuneration, bonuses as incentives, and stock-based remuneration; and outside directors with supervisory functions shall receive only basic remuneration in light of their duties.

Remuneration Limits

At the 65th Ordinary General Meeting of Shareholders held on June 26, 2025, it was resolved that monetary remuneration of directors (who do not serve as Audit and Supervisory Committee members) be limited to a maximum of 600 million yen a year (of which, 50 million yen is for outside directors). Of this amount, the maximum limit for directors who serve as Audit and Supervisory Committee members is 40 million yen a year.

A system of restricted stock remuneration for directors (excluding those who serve as Audit and Supervisory Committee members or outside directors) was also introduced at the 65th

Ordinary General Meeting of Shareholders and a maximum limit of 200 million yen was approved, as a separate limit from the monetary remuneration limit, effectively introducing a stock remuneration system equivalent to the system approved at the 64th Ordinary General Meeting of Shareholders held on June 27, 2024.

Remuneration for directors for FY3/2026 consists of fixed remuneration, restricted stock remuneration, and special bonuses. In accordance with the policy resolved by the Board of Directors, the amount of remuneration for each individual director shall be discussed by President and CEO Tomokuni Tsuji with the officer in charge of general affairs. The content subject to this authority is the amount of basic remuneration for each director and the evaluation and allocation of bonuses based on the performance of the business for which each director is responsible. President and CEO has been authorized to determine the remuneration based on the understanding that he is in a suitable position to evaluate the performance of each director's department while taking into account the overall performance of the Company. The Board of Directors determines the amount of remuneration for each individual director through procedures based on the above policy, and has determined that the content of the remuneration is in line with the determination policy.

Remuneration for directors and auditors for FY3/2025

Officer category	Total amount of remuneration (JPY Millions)	Total amount by type of remuneration (JPY Millions)			Number of eligible officers
		Fixed remuneration	Special bonus	Non-monetary remuneration	
Directors (Excluding outside directors)	419	293	3	122	6
Corporate auditors (Excluding outside corporate auditors)	15	15	0	—	1
Outside directors	36	36	—	—	4
Outside corporate auditors	10	10	—	—	3

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

The Board of Directors Secretariat conducts an annual survey that includes self-evaluations by each director and feedback from outside directors (including Audit and Supervisory Committee members). With the involvement of an independent external organization, the overall effectiveness of the Board of Directors is analyzed, and based on this analysis, the evaluation is carried out by the outside directors and directors who serve as Audit and Supervisory Committee members.

Major items in the survey

- (1) Composition and operation of the Board of Directors (9 questions)
- (2) Management and business strategies (7 questions)
- (3) Corporate ethics and risk management (5 questions)
- (4) Management evaluation and remuneration (4 questions)
- (5) Dialogue with shareholders, etc. (2 questions)

Evaluation method

In the surveys, we also asked each director and director who serves as an Audit and Supervisory Committee member to provide their opinions.

Board of Directors operating policy

Sanrio transitioned to a company with an Audit and Supervisory Committee upon approval of the 65th Ordinary General Meeting of Shareholders held in June 2025. We used the opportunity presented by the transition to increase the relative importance of supervision versus decision-making, and narrowed this down to key proposals that will contribute to corporate value. For items to be resolved, we clearly identify key issues considered during executive-level discussions and decision-making materials useful for post-resolution monitoring. For items to be reported, we revise the items to be reported according to the content, frequency, and importance of reporting by the executing departments.

Areas of concern identified in the evaluation of effectiveness for FY3/2025 and progress on improvements

Our Board of Directors identified the following three areas of concern in the evaluation of the effectiveness of the Board of Directors for FY3/2025. We have taken the following steps to address these areas.

We will further enhance the effectiveness of the Board of Directors by continuing to work on improving the identified areas of concern.

Effectiveness Evaluations: Issues & Progress (FY3/2025)

	Challenges for FY3/2025	Progress on corrective measures
1	Exercising the roles and functions of outside directors	We will share with each director more specific expectations regarding the roles that the Board of Directors has for outside directors. To create an environment where outside directors can participate more easily in discussions, we will also work on setting up off-site meetings, providing opportunities for on-site visits, and conducting executive training.
2	Transparency of nomination and remuneration processes	To enhance the transparency of the nomination and remuneration processes, we will explain more concrete evaluation criteria to the Board and regularly report the committee's discussion status to the Board.
3	Discussions on sustainability	We will create additional opportunities for deliberation at Board meetings and prepare and utilize materials that clearly outline key issues to promote discussion. We will also incorporate opinions heard from outside directors during these deliberations into concrete action plans.

Future issues and initiatives

	Future issues	Initiatives to address issues
1	Identification of essential points and full-fledged discussion of important proposals	We clearly specify the subject of resolutions and clarify the background, context, and significance of proposals. We will also determine the agenda in advance and operate according to the annual schedule.
2	Revision of report content and frequency	In addition to revising the frequency of reports according to the importance, we will provide sufficient information in content to clarify the medium to long-term roadmap and current issues.
3	Appropriate time allocation	Sufficient time will be allocated in advance, according to the importance of each agenda item, and meetings will be conducted accordingly.
4	Constructive dialogue with outside officers	We will provide opportunities for outside officers to deepen their understanding of Sanrio's businesses.

Compliance

Basic approach and promotion system

The Sanrio Group has issued the Sanrio Compliance Charter to share the code of conduct that all officers and employees should adhere to and practice in business activities. We established the Sanrio Joint Compliance Committee (page 83) as the organization that promotes implementation of this philosophy and the Compliance Department serves as the secretariat for the committee. See Respect for Human Rights on page 77 and our corporate website for more information.

Compliance

<https://corporate.sanrio.co.jp/en/sustainability/governance/compliance.html>



Information security

Strengthening the data protection system

Sanrio utilizes customer information, business partner information, and information created by the Company itself in our business operations. We recognize that it is our responsibility as a business enterprise to protect this information and the information systems that handle it from various threats so that our customers can use our products and services with peace of mind. In April 2025, we began operating an information labeling system that evaluates the importance and confidentiality of each file. We also introduced cloud lift services for information storage at the same time, and this will raise the security level of information management from the perspective of BCP*. The system will be strengthened to support business operations in a more secure environment.

*BCP: Business Continuity Plan

Strengthening governance of information security

We have established information management and information security regulations, a companywide general manager and control department for information security, and have designated a promoter and a person in charge to implement departmental measures within the Company. We also assess companywide risk-response and implement corrective measures. To ensure that information security measures are thoroughly implemented, Sanrio requires employees to take e-learning courses multiple times annually and offers voluntary information security training sessions several times a year. In addition, targeted attack e-mail tests are conducted several times annually. A security assessment of the Sanrio Group was conducted by an external security firm in FY3/2025. We are planning to formulate a global security policy based on those results.

The quality of security is maintained by conducting audits at appropriate times using a reliable third party. We will continue to implement these initial efforts at the Head Office, as well as our subsidiaries both in Japan and overseas.

Strengthening the information security system

In FY3/2025, Sanrio introduced a system to perform integrated correlation analysis on the log of each piece of equipment in the network system. An agreement for monitoring the system 24 hours a day, 365 days a year was also concluded with an external security firm.

We plan to upgrade the security software on all PCs and all servers, and place them under monitoring by the external security firm in FY3/2026.

We will work to continue safe operation of our business in the future.

Response to unauthorized access to Sanrio Entertainment Co., Ltd.

On January 21, 2025, we discovered that Sanrio Entertainment Co., Ltd., a domestic subsidiary, had experienced a cyber attack. The system was disconnected from the external network immediately after this was discovered and an external security firm conducted an expert investigation. The results of the investigation confirmed the following:

- Potential leakage of personal information and confidential information for up to 2 million accounts
- The route of entry, how it spread, and the status of damage

Based on the lessons learned from this recent experience, we reviewed and revamped the current system environment by eliminating vulnerabilities. We also switched the back-up data environment to an independent environment. Employee education and regular audits will also be conducted to raise awareness of security in Sanrio Entertainment Co., Ltd. We sincerely apologize for the serious concern this has caused our customers and will make every effort to make sure that this does not occur again.

See the announcements from Sanrio Entertainment Co., Ltd. for more information and future updates.

Regarding network troubles caused by unauthorized access to our company
<https://www.puroland.jp/news/20250121/>



Risk Management

Risk management structure

Sanrio has established the Sanrio Joint Compliance Committee to manage risk from a companywide perspective. At the beginning of each fiscal year, the committee identifies potential risks to Sanrio from internal and external information and audit results by the Internal Auditing Department, etc. The committee analyzes and evaluates the importance and probability of occurrence of the risks and the potential impact on financial reporting and establishes risk countermeasures. At the same time, the committee is creating and updating a companywide risk map so that the magnitude of risks can be viewed, compared, and understood from a bird's-eye view.

Subordinate organizations of the Sanrio Joint Compliance Committee include the IT Committee, Product Safety Measures Committee, Fire Prevention and Disaster Prevention

Committee. In principle, all committees meet four times each year to monitor, respond to, and manage internal risks. Additionally, the Compliance Department serves as the secretariat for the Sanrio Joint Compliance Committee and is responsible for handling day-to-day risks.

When a person in charge of compliance, who is nominated in each department by the Compliance Department, detects a risk within the business of their department, the person in charge discusses and implements measures together with the relevant officer responsible for the department and reports to the Sanrio Joint Compliance Committee. For risks that require a companywide response, the Sanrio Joint Compliance Committee will work with the relevant departments to collect information on the risk, and if necessary, assist decision-making at management meetings and the Board of Directors meetings.

Persons in charge of compliance play a key role in risk management by cooperating in the comprehensive identification of risks in each department and strengthening countermeasures if risk responses are insufficient. As the PDCA cycle for risk management activities is implemented, the risk map is simultaneously updated to its newest version.

We are currently preparing to expand the risk management structures implemented at the Head Office throughout the entire Group, including overseas subsidiaries.

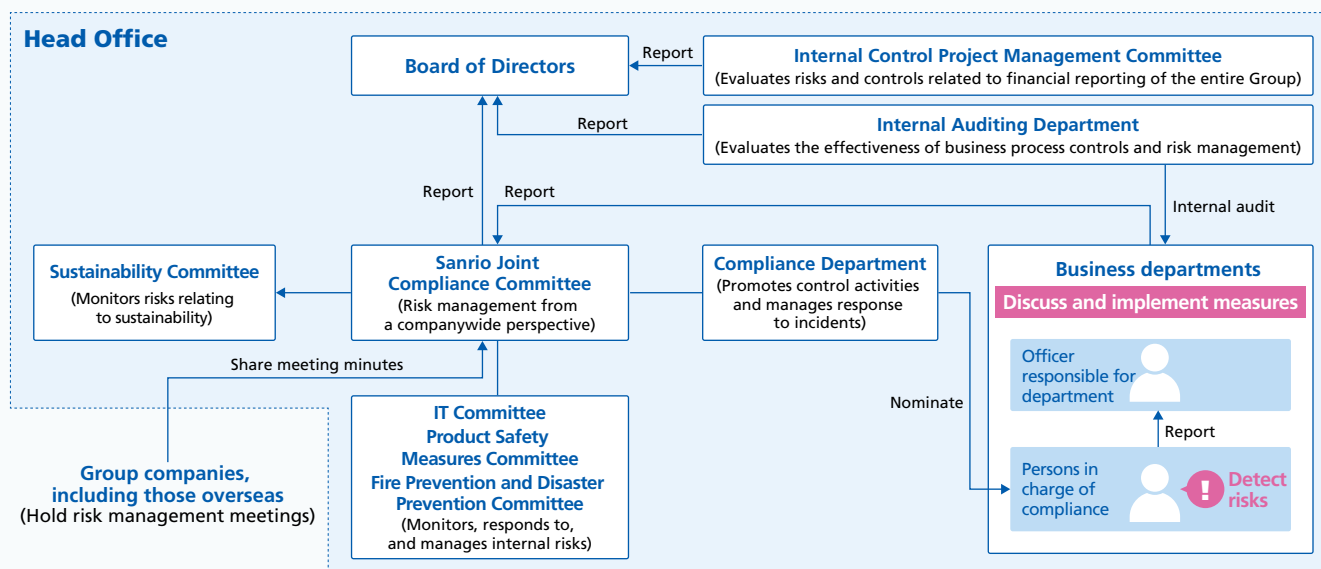
Each Group company, including those overseas, holds a risk management meeting twice a year. At these meetings, the Head Office shares the latest risk information and discusses specific risks and responses at Group companies. The minutes of the risk management meetings from each company are shared with the Sanrio Joint Compliance Committee.

Each year, the Internal Control Project Management Committee conducts an evaluation of the risks and controls related to financial reporting of the entire Group in accordance with the Financial Instruments and Exchange Act and reports the results to the Board of Directors.

The Internal Auditing Department audits Group companies, including those overseas, as well as individual departments at the Head Office or based on specific themes. Through these audits, it evaluates the effectiveness of process controls and risk management, and requests for improvements where necessary. The results of internal audits are reported to the Board of Directors.

In line with the growth strategy in our Medium-Term Management Plan, we are challenging ourselves with new businesses, including in the education, game, and digital areas. This strategy increases the need to identify and understand risks in new business areas with which the Company does not have experience. We will continue to implement thorough risk management while reinforcing our know-how and personnel, and effectively utilizing outside resources when necessary.

Risk management structure



Risk Management

Major risk scenarios and risk management initiatives

	Type of risk	Description of risks	Risk management initiatives
1	Risks related to character business	- Business performance of the Sanrio Group is affected by the popularity of characters and market trends, and this could result in materialization of risks such as intensifying competition, over-dependence, and issues with new businesses and on the personnel front. - Sanrio continues long-term character development and multiple launches, but the results are uncertain.	- Diversification of the character portfolio by employing a multiple character strategy - Strengthening the approach to changes in consumer preferences - Optimization of the brand strategy for each global market - Marketing that utilizes sophisticated data analysis
2	Market risks	Business performance and financial condition could change due to a diverse range of factors accompanying global expansion, such as economic and geopolitical risks, differences in commercial practices, and foreign exchange rate fluctuations related to merchandise with a high proportion of overseas production and to overseas sales, which account for roughly 30% of total sales.	- Diversification of price ranges to address economic fluctuations and declines in disposable income - Building cross-border e-commerce, market diversification, and other initiatives to reduce reliance on inbound tourism demand - Achieving both consistent global branding and local adaptation - Adjustment of receivable and payable positions through foreign currency balance forecasts
3	Risks related to corporate strategies and management plans	While Sanrio strives to enhance corporate value based on the Medium-Term Management Plan, implementation of strategy and performance could be adversely affected by economic changes, failure to achieve plans, integration failures, and other factors.	- Regularly monitoring various management indicators and conditions via meetings of the Board of Directors, management meetings, and KPI and other meetings. - Establishing an Investment Committee and making appropriate investment decisions based on rigorous investment criteria
4	Risks related to brands, etc.	Although we engage in overseas outsourcing to reduce costs, this could adversely affect performance due to quality risks, brand damage, external dependence in the licensing and digital businesses, changes in the supply structure, and other factors.	- Strict quality control process and monitoring the factories of manufacturing contractors - Strengthening communication with licensees - Considering reputation when selecting licensees
5	Unforeseen risks (natural disasters, etc.)	- Domestic theme parks, which are a main revenue source, pose concerns over brand damage due to a decline in visitors, damage from disasters, and problems with accidents and safety. - Domestic and overseas bases could see adverse impacts on the supply chain and performance due to natural disasters, epidemics, and other factors.	- Flexible operating structure for disasters and extreme weather events - Strengthening safety and health management system, and regular safety monitoring by a third-party organization - Multi-layered monetization, including e-commerce and digital experiences to strengthen resilience
6	Risk of impairment of non-current assets	If we incur impairment losses on non-current assets we hold, this could have an adverse effect on financial condition and business performance.	- Monitoring net sales value and economic value in use, and detailed verification of return on investment when acquiring property, plants, and equipment - Regular checks for impairment loss risk and building a system of communication with accounting auditors
7	Risks related to information security and technology infrastructure	If a cyber attack or system failure results in information leakage or other damages/losses, this could result in legal liability and brand damage, and have an adverse effect on performance.	- Protection of personal information and customer information, and thorough training of employees - Strengthening information security systems and improving incident response capabilities - Performing regular back-ups and recovery drills - Transitioning to a cloud-base system as a countermeasure against system failures
8	Legal risks and intellectual property risks	- Significant intellectual property rights are threatened by expiration of the rights protection period and the risk of infringement, and counterfeits, losses due to legal claims, reputation damage, costs increases, and other factors that could adversely affect performance. - Legal violations and litigation could also adversely affect financial conditions and business performance.	- Strengthening the system for protecting intellectual property - Strengthening measures against third-party counterfeits and infringement - Enhancing compliance, including strengthening the system of abiding by laws and regulations overseas - Active investment in anti-infringement measures and AI-based initiatives - Conducting employee training
9	Risks related to internal controls	Although Sanrio has an internal control system to ensure the reliability of financial reporting, future deficiencies could have an adverse effect on the reliability of financial reporting and on Sanrio's reputation.	- Ensuring flexibility and sustainability of the internal control system - Conducting surveys of business partners, engaging in individual dialogue with them, performing CSR audits, and conducting internal training - Establishing consultation desks for employees and corporate business partners and providing support for corrective measures and relief

Directors and Auditors

● Years in office ● Number of Board of Directors meetings attended (FY3/2025) ● Number of Board of Corporate Auditors meetings attended (FY3/2025)
● Number of shares of the Company held (As of July 1, 2025) ★ Concurrently serving as Executive Officer

Founder



Shintaro Tsuji
Honorary Chairman

In 1960, Shintaro Tsuji founded the company with the hope of creating a world where people could share and express their love with those they care about, and where everyone could get along together based on the philosophy of “Minna Nakayoku” (Getting Along Together).

Directors (As of July 1, 2025)



Tomokuni Tsuji
President and CEO★

● 9 years
● 19/19 meetings
● 2,480,441 shares

[Reasons for Appointment]

Tomokuni Tsuji has been instrumental in the development of our medium-term management plans 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.



Wataru Nakatsuka
Senior Managing Director★

● 3 years
● 19/19 meetings
● 99,000 shares

Executive Manager, Corporate Strategy Division and Global Brand Management Division
Executive Officer Responsible for Human Resources Division, Office to the President, Global Strategy Department, and Global Sustainability Department

[Reasons for Appointment]

Wataru Nakatsuka has 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, giving him insight into general management.



Yasuyuki Otsuka
Senior Managing Director★

● 3 years
● 19/19 meetings
● 99,000 shares

Executive Manager, Sales Division
CEO of Asian subsidiaries

[Reasons for Appointment]

Yasuyuki Otsuka has 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, giving him insight into general management.



Kiyoshi Saito
Managing Director★

● 3 years
● 19/19 meetings
● 0 shares

Executive Manager, Digital Media & Sports Licensing Division
CEO of European and U.S. subsidiaries

[Reasons for Appointment]

Kiyoshi Saito has experience in domestic and international management in the IT, mobile, and entertainment industries, including stints in the U.S., Europe, and Asia, giving him insight into general management.

Outside Directors (As of July 1, 2025)



Yu Sasamoto
Outside Director

● 4 years
● 18/19 meetings
● 0 shares

Significant Concurrent Positions

Chief Executive Officer, DAZN Japan Investment GK and APAC Business Development
Outside Director, KADOKAWA Corp.

[Reasons for Appointment]

Yu Sasamoto has extensive experience in management at Twitter Japan, Microsoft Corporation, and other entities, and we expect that he will be able to utilize his management experience and knowledge of e-commerce and online business models in the management of the Company.



Masae Yamanaka
Outside Director

● 4 years
● 19/19 meetings
● 0 shares

Significant Concurrent Positions

Outside Director, ROHTO Pharmaceutical Co., Ltd.
Outside Director, JTB Corp.

[Reasons for Appointment]

Masae Yamanaka has experience as an executive vice president of Panasonic Connect Co., Ltd., and an executive officer at both Microsoft Japan and LIXIL Corporation. We expect her to use her management experience in the solutions business and knowledge of gender perspectives for the benefit of Company management.



Shizuko Kamoda
Outside Director

● 1 year
● 14/14 meetings
● 0 shares

Significant Concurrent Positions

Representative of RITA Law Office
External Director, S Foods Corporation

[Reasons for Appointment]

Shizuko Kamoda has extensive experience as an attorney and knowledge of business administration, and we expect that she will be able to utilize her expertise in the development of legal and compliance systems in the management of the Company.

Directors who are Audit and Supervisory Committee members (As of July 1, 2025)



Shinichi Okumura
Director

● 2 years
(years in office as a corporate auditor)
● 13/13 meetings
● 0 shares

[Reasons for Appointment]

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. Thus, we have deemed him capable of performing the duties of director who serves as an Audit and Supervisory Committee member of the Company in an appropriate manner.



Kazuo Ohashi
Outside Director

● 8 years
(years in office as a corporate auditor)
● 13/13 meetings
● 0 shares

[Reasons for Appointment]

Kazuo Ohashi possesses specialized knowledge as a Certified Public Accountant and has extensive audit experience, which we hope will be utilized in the management of the Company.



Kiyo Morikawa
Outside Director

● 1 year
(years in office as a corporate auditor)
● 10/10 meetings
● 0 shares

[Reasons for Appointment]

Kiyo Morikawa has extensive experience as an attorney and possesses specialized knowledge in compliance. Thus, we have deemed her capable of performing the duties of a director who serves as an Audit and Supervisory Committee member of the Company in an appropriate manner.

Introducing the Management Team

Skills Matrix

 : Highly expected to demonstrate abilities from experience
  : Has experience

	Name/Position	Gender	Management experience	Globality	IP business	Marketing	Digital technology	Finance and accounting	Human resources	Legal and risk	Sustainability
Directors	Tomokuni Tsuji	Male									
	Wataru Nakatsuka	Male									
	Yasuyuki Otsuka	Male									
	Kiyoshi Saito	Male									
	Yu Sasamoto Outside/Independent	Male									
	Masae Yamanaka Outside/Independent	Female									
	Shizuko Kamoda Outside/Independent	Female									
Directors who serve as Audit and Supervisory Committee members	Shinichi Okumura	Male									
	Kazuo Ohashi Outside/Independent	Male									
	Kiyo Morikawa Outside/Independent	Female									

Note: This table is not an exhaustive list of all skills possessed by directors.

Managing Executive Officers (As of July 1, 2025)



Yuko Tsuji
Managing Executive Officer
Responsible for Global Sustainability Department



Sadanori Shibata
Managing Executive Officer
Responsible for Data & Technology Department and Corporate Branding Department, Corporate Strategy Division



Seiichiro Matsumoto
Managing Executive Officer
Executive Manager, Corporate Management Division
Responsible for Financial Planning Department and Investor Relations Department



Kanako Miyoshi
Managing Executive Officer
Executive Manager, Human Resources Division and Internal Control Division
Responsible for Human Resources Planning Department, Organizational Development Department, Internal Auditing Department, and Compliance Department



Eiji Fukuda
Managing Executive Officer
Corporate Strategy Division
DX Department
Responsible for Corporate Planning Department and General Affairs Department



Tatsuya Yamashita
Managing Executive Officer
Deputy Executive Manager, Sales Division
Responsible for Global Product Sales Department, Product Planning & Sales Department, Merchandise Department, Planning Department, Distribution Department, and Edutainment Department



Kosuke Hamasaki
Managing Executive Officer
Executive Manager, Digital Business Division
Responsible for Digital Business Development Department, Game Business Department, and Character Management Department

Column Improving ESG Indicators to Enhance Corporate Value

Sanrio aims to enhance sustainable corporate value and strives to improve ESG indicators that increase overall corporate value.

Appointment of personnel**Number of employees****FY3/2024: 692****(Percentage of mid-career hires: 10.8%)****FY3/2025: 797****(Percentage of mid-career hires: 11.8%)****Enhancing corporate value****Sanrio Time: 114 billion hours/year**

April 2024–March 2025

Strengthening the management team**Average age of officers: 53.6**

Average age of directors, including those who serve as Audit and Supervisory Committee members and outside directors (as of July 1, 2025).

Diversity, equity, and inclusion**Percentage of female managers: 44.4%**

As of March 31, 2025

Dialogue with shareholders and investors**IR meetings: 1,163**

Total number of meetings in FY3/2025. Also includes the number of investors who participated in small meetings, etc.

Message from Dr. Ryohei Yanagi

The fact that Sanrio has set Sanrio Time, which quantifies the amount of smiles, as an indicator of achieving its purpose is superb, and the human capital tasked with achievement is outstanding. For example, as of June 2025, the internal engagement score for “Effectiveness of Leadership Communication” was 3.55 points, and the ratio of female managers improved to an exceptionally high level of 44.4% in the fiscal year ending March 2025. The average age of executives has also decreased from 68 in 2020 to 53.6 as of July 2025. The Yanagi Model I recommend has been adopted by nearly 100 companies via ABeam Consulting Ltd. and Sanrio ranks among the top 30 in employee engagement, percentage of female managers, and average age of officers, which are common ESG indicators for enhancing corporate value. Moreover, when the Yanagi Model was applied to all constituent stocks in the TOPIX index in joint research with Nikko Asset Management Co., Ltd., it suggested a positive correlation between these indicators and PBR. Internal engagement, promotion of women, and diversification of officer ages contribute to Sanrio Time, which is an indicator of customer satisfaction, and I think they are highly likely to lead to improvement in price-to-book (P/B) ratio. I look forward to showing the correlation of corporate value with IP assets based on the Yanagi Model and quantifying Sanrio Time through impact accounting, among other projects. I think the

majority of Sanrio's corporate value relies on non-financial capital.



Dr. Ryohei Yanagi,
Ph.D. (Economics)
Visiting Professor
Graduate School of
Accountancy, Waseda University



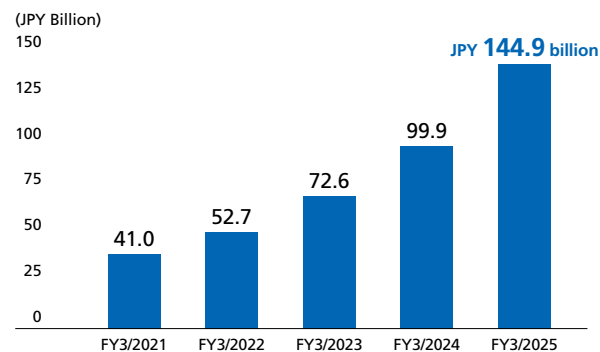
Data

Index

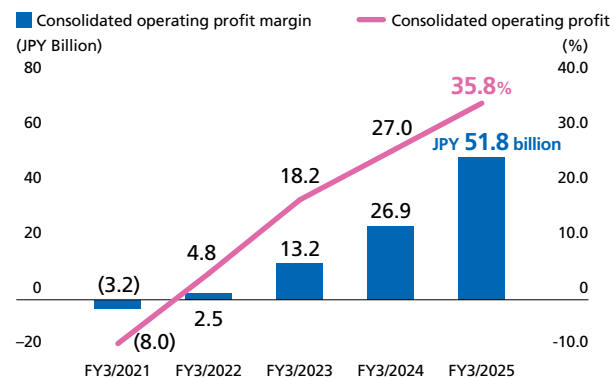
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Financial Highlights*1

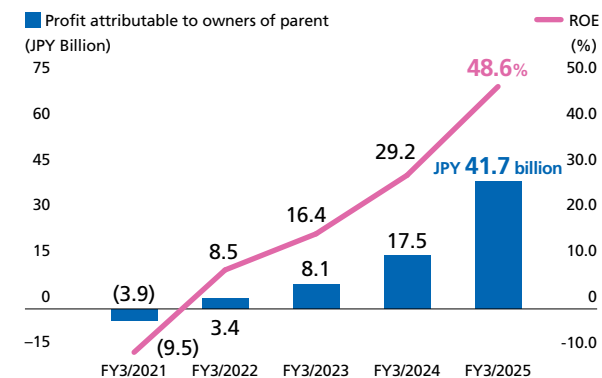
Consolidated net sales



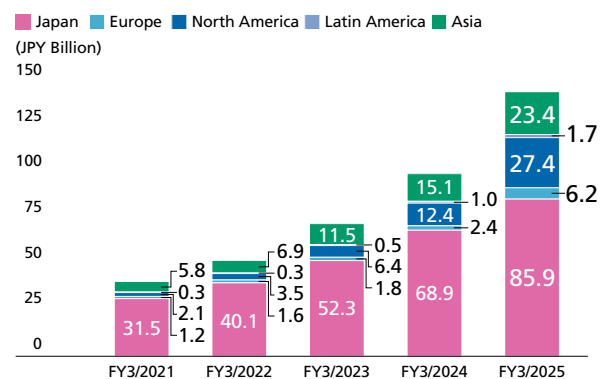
Consolidated operating profit / Consolidated operating profit margin



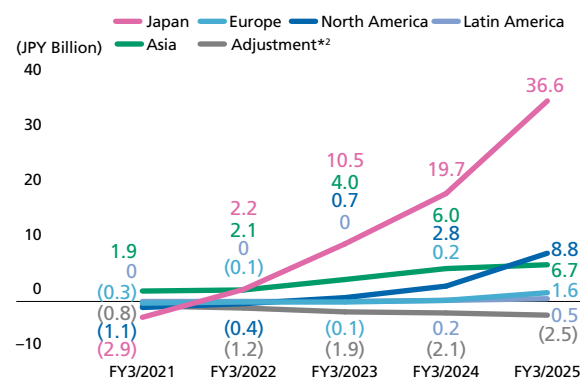
Profit attributable to owners of parent / ROE



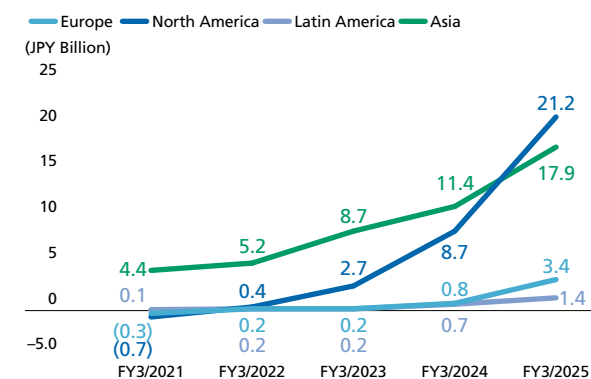
Net sales to external customers



Operating profit by segment



Overseas contribution profit



*1 Figures are rounded down to the nearest 0.1 billion yen. Percentages are rounded to the nearest tenth of a percent.

*2 The adjustment to segment profit is the sum of eliminations for inter-segment transactions and unallocated operating expenses that are mostly general and administrative expenses that cannot be assigned to any particular segment.

Key Financial Data for the Past Eleven Years

Financial data (consolidated) (JPY Million)

	FY3/2015	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Fiscal year											
Net sales	74,562	72,476	62,695	60,220	59,120	55,261	41,053	52,763	72,624	99,981	144,904
Operating profit (loss)	17,468	12,675	6,904	5,734	4,786	2,106	(3,280)	2,537	13,247	26,952	51,806
Ratio of operating profit to net sales (%)	23.4	17.5	11.0	9.5	8.1	3.8	(8.0)	4.8	18.2	27.0	35.8
Profit (loss) attributable to owners of parent	12,804	9,609	6,475	4,928	3,880	191	(3,960)	3,423	8,158	17,584	41,731
EBITDA	19,030	14,391	8,600	7,691	6,649	4,221	(1,487)	4,180	15,119	28,826	54,107
Operating cash flow	14,438	10,011	7,037	3,936	4,868	834	(2,287)	5,064	11,525	22,173	40,816
Investing cash flow	(7,818)	(6,398)	8,736	4,376	(2,576)	(3,624)	7,007	2,300	(2,079)	(3,457)	8,283
Free cash flow	6,619	3,612	15,773	8,312	2,292	(2,789)	4,719	7,364	9,446	18,715	49,100
Financing cash flow	(11,921)	(19,582)	(6,111)	(7,958)	(3,053)	(4,993)	(862)	(9,106)	(2,718)	15,704	(16,852)
End of fiscal year											
Total assets	122,123	105,825	101,309	98,274	95,185	89,515	85,040	83,809	100,704	156,062	202,406
Net assets	66,269	54,733	53,058	52,734	52,396	46,387	37,285	43,800	56,295	64,897	107,608
Equity ratio (%)	54.0	51.4	52.2	53.4	54.7	51.5	43.7	52.1	55.6	41.4	52.9
Return on equity (ROE) (%)	20.1	16.0	12.1	9.4	7.4	0.4	(9.5)	8.5	16.4	29.2	48.6
Interest-bearing debt	25,089	19,810	20,846	20,057	20,025	20,170	27,860	20,014	19,937	50,648	40,291
Net cash	29,726	21,269	20,325	24,232	23,788	19,883	9,016	18,390	32,070	39,794	78,685
Per share information*											
Net profit per share (JPY)	146.53	112.08	76.32	58.09	45.73	2.26	(47.93)	42.49	101.22	219.23	176.62
Net assets per share (JPY)	757.07	641.24	622.94	618.66	614.09	548.78	461.32	541.73	694.48	820.72	451.06
Dividends per share (JPY)	80	80	80	55	30	35	-	16	35	66	53

* The Company has conducted a 3-for-1 stock split of its common stock as of April 1, 2024. Per share information in the financial data (consolidated) for the past eleven years before FY3/2024 are actual figures before this stock split.

Key Human Resources Data for the Past Six Years

Human resources data

		FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025
Employees (people)* ¹		672	646	621	630	692	797
Overseas employees (people)* ²		302	259	250	273	288	349
Number of female managers (people)* ³		—	45	46	50	57	72
Percentage of female managers (%)* ³		—	32.9	31.3	39.7	43.2	44.4
Percentage of eligible employees who have taken childcare leave (%)* ⁴	Male	50	16.7	40	66.7	66.7	50.0
	Female	100	100	100	100	100	100
	Total	93.7	64.2	79.0	87.5	92.3	84.6
Percentage of employees with disabilities (%)* ⁵		2.20	2.23	2.46	2.47	2.35	1.84

*1 Sanrio (Non-consolidated): Number of registered employees. Figure includes employees seconded from other companies and executive officers. Figure excludes seconded employees, contract employees, and temporary employees.

*2 The total number of employees in overseas subsidiaries in Europe, North America, South America, and Asia

*3 Sanrio (Non-consolidated): Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of September 4, 2015).

*4 Sanrio (Non-consolidated): Figure for full-time employees only, not including seconded employees.

*5 Sanrio (Non-consolidated)

Sanrio's Group Companies



Notes: 1. As of March 31, 2025 2. Capital and net sales are calculated based on the figures as of March 31, 2025 3. Employees: Full-time employees only. Temporary employees are not included.
4. Net sales and employees for Sanrio Global Ltd., Europe are combined with those of Sanrio Global Asia. 5. Kokoro Company Ltd.: Robot sales and rental businesses

Company Information

Company profile (As of March 31, 2025)

Company name	Sanrio Company, Ltd.
Established	August 10, 1960
Capital	10,261,778,000 yen
Employees	797 (Male: 256, Female: 541)
Registered address of Head Office	1-6-1, Osaki, Shinagawa-ku, Tokyo
Physical address of Head Office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Distribution Center	T-LOGI Akiruno WEST, 643-1, Aza Hikidanoue, Ina, Akiruno-shi, Tokyo
Kansai Branch	Shin-Osaka Central Tower, 5-5-15, Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka

External evaluations / Initiative and organization participation

External evaluations

MSCI ESG Rating AA

Sanrio has an MSCI ESG AA rating as of June 30, 2025.



MSCI Japan Standard Index

Sanrio was selected for inclusion in the MSCI Japan Standard Index in May 2025.

MSCI ACWI (All Country World Index, which captures developed and emerging markets)

Sanrio was selected for inclusion in the All Country World Index in May 2025 for the first time.

MSCI Japan ESG Select Leaders Index

Sanrio was selected for inclusion in the MSCI Japan ESG Select Leaders Index in November 2024.

MSCI Japan Empowering Women Index (WIN)

Sanrio has been selected as a constituent of WIN since 2019.

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

Morningstar Japan ex-REIT Gender Diversity Tilt Index

Sanrio was selected for inclusion in the Morningstar Japan ex-REIT Gender Diversity Tilt Index.

S&P/JPX Carbon Efficient Index

Sanrio has been selected as a constituent of the S&P/JPX Carbon Efficient Index since 2018.



Score of B on the CDP Climate Change Report 2024

In Climate Change 2024 scoring performed by CDP, the international NGO that operates the environment disclosure system, Sanrio was included in the B List of companies scored for management level.

The Sanrio Co., Ltd. Integrated Report 2024

- Ranked No. 1 overall in the Integrated Report category at the "2023/24 Vision Awards," an annual report competition organized by LACP.
- Received high recognition in five categories at the "International ARC Awards 2025" organized by MerComm, Inc., including a Gold award in the "PDF Version of Annual Report" category.

KENKO Investment for Health 2025 organization (Large Enterprise Category) for four consecutive years since 2022

In March 2025, the Ministry of Economy, Trade and Industry recognized Sanrio as a 2025 KENKO Investment for Health organization (Large Enterprise Category).



Recognized as a SPORTS YELL COMPANY 2025 for the first time

Sanrio was recognized by the Sports Agency as a SPORTS YELL COMPANY 2025 for the first time in January 2025.



Initiative and organization participation

United Nations Global Compact

Sanrio became a signatory of the United Nations Global Compact (UNGC) in June 2023.



KEIDANREN (Japan Business Federation)

Sanrio has been a member of the KEIDANREN since 2022.

JICA-SDGs Partner

Sanrio became a certified JICA-SDGs Partner in June 2023.

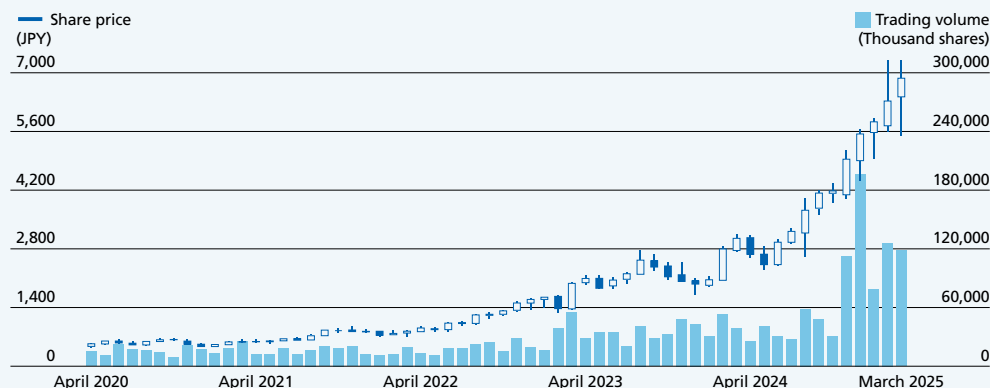
THE USE BY Sanrio Company, Ltd. OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF Sanrio Company, Ltd. BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

Stock Information (As of March 31, 2025)

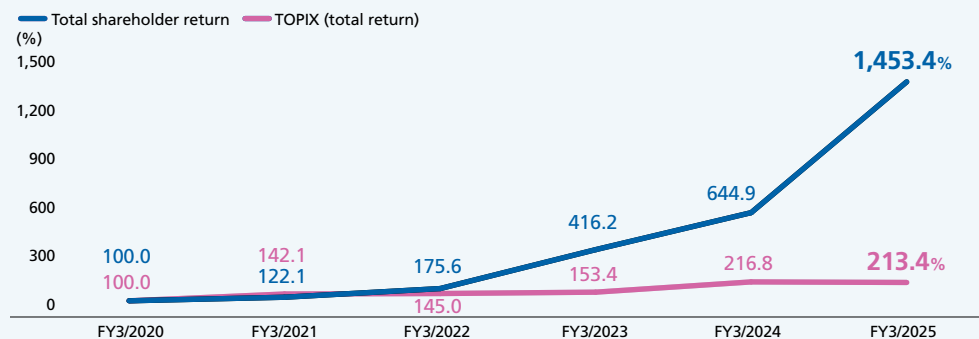
Status of shares of the Company's stock

Total number of authorized shares	930,000 thousand shares
Total number of issued shares	255,408 thousand shares
Number of shareholders	79,364

Share price and trading volume



Total shareholder return (TSR)



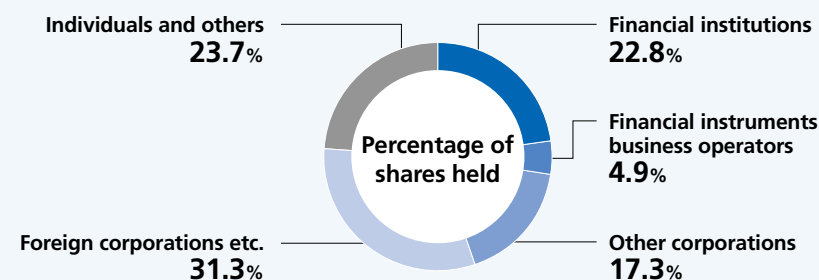
Major shareholders

Shareholder name	Number of shares held Common stock (Thousand shares)	Shareholding ratio (%)
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 HONGKONG-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

(Note)

The shareholding ratio is calculated excluding treasury shares (18,121,226 shares).

Type of shareholders



(Notes)

- Of 18,121,226 treasury shares, 181,212 units are included in "Individuals and others" and 26 shares are included in "Shares less than one unit."
- The above "Other corporations" includes three unit of share under the name of Japan Securities Depository Center, Incorporated.

The Sanrio logo is centered in the middle of the page. It features the word "Sanrio" in a blue, rounded, cursive-style font. The final 'o' is stylized as a heart shape. The background is a vibrant blue gradient with sparkling light effects and star-like bokeh patterns in the corners.

Sanrio

株式会社 **サンリオ**
<https://www.sanrio.co.jp/en>

Contact

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