



One World, Connecting Smiles.

Sanrio Company, Ltd. Integrated Report 2026

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 future generations.

VALUE

Future		Insight		Challenge
Responsibility		Maximum		Praise

Message from the President

**Sanrio will continue to evolve by
taking on new challenges
to bring smiles to people around the world.**

Tomokuni Tsuji
President and CEO



Since our founding, Sanrio has brought smiles to people across languages, cultures, and generations, guided by the corporate philosophy of “Minna Nakayoku” (Getting Along Together). Looking ahead, we will expand the power of our characters further, connecting with people around the world across both physical and digital channels, as we accelerate our journey to become a global IP platform provider.

Message from the President

As our accumulated efforts begin to bear fruit, new challenges are essential

I begin by offering my sincere apologies to our shareholders, investors, business partners, and all other stakeholders for the significant inconvenience and concern caused by the improper compensation received by a former managing director of the Company, as announced on May 29, 2026. We take this matter seriously and are thoroughly implementing measures to prevent recurrence across the Sanrio Group and strengthen our governance as we work to restore trust. ▶ p.62

Our results for FY3/2026 reached a record high for the second consecutive year. In FY3/2025, we achieved our targets of 1 trillion yen in market capitalization and 50.0 billion yen in operating profit, ten years ahead of schedule. We received warm encouragement and words of hope from many of our stakeholders. We are deeply grateful for that support. Yet as we reflect on these achievements, the challenges facing our next stage of growth weigh on me more than the joy of reaching our goals.

We see this year’s strong performance not as a one-time boost from specific events or initiatives, but as the result of our brand strength building steadily over recent years, combined with the strength of our organization and the frameworks that support it. Our

business once relied heavily on Hello Kitty, but we have steadily shifted to a portfolio-based model built on multiple characters. In Asia in particular, other characters now contribute a meaningful share of revenue. We can clearly feel a shift in momentum compared with the previous Medium-Term Management Plan (MTMP) FY3/2022–FY3/2024.

At the same time, we have not yet fully escaped volatility, and we remain convinced that we need to further diversify our character portfolio. We are also conscious that, in realizing our 10-year Long-Term Vision of becoming a global IP platform provider, which we announced last year, we are still only at the starting point. Even as we delivered strong results, this past year underscored just how many challenges lie ahead. As the pace of change accelerates, we must take on new challenges, particularly in the digital domain. To realize our long-term goal of becoming a global IP platform provider, we must continue to expand the pillars of our business by developing new businesses and new content. With that resolve, we intend to take steady, concrete steps toward realizing our Long-Term Vision.

Everyday “time feeling close to Sanrio” grows into highly immersive “time deeply absorbed in Sanrio”

What matters in the IP business is how we cultivate brand value and translate it into business growth. We see the answer in three streams. First, under “value creation,” we use

How Sanrio’s Brand Value Drives Sustainable Growth



* The Morinaga Milk Industry Mt. RAINIER collaboration products shown here were available for a limited time and may no longer be available.

Message from the President

social media exposure and real-world touchpoints to introduce our characters to a broad audience and create new entry points for fans. Next, under “value accumulation,” we deepen fans’ understanding of and attachment to our characters through highly immersive experiences such as games and digital content. The brand value built through this process then flows into “value expansion”—purchases of products and use of services—and returns to us as revenue. Neither exposure alone nor deeper experiences alone are sufficient. At the core of our brand-building philosophy is the belief that we must take an integrated approach that both expands our reach and deepens emotional connections.

How do we demonstrate the results of putting this approach into practice? The KPI we developed for this purpose is “Sanrio Time.” “Sanrio Time” measures the total time customers spend engaging with our characters, products, and services. It captures the depth and breadth of the relationship between customers and Sanrio in ways that financial metrics such as sales and profit alone cannot. We have placed it at the center of our business operations. We originally targeted a cumulative 300.0 billion hours of Sanrio Time over the period from FY3/2025 to FY3/2031. Having exceeded that target in FY3/2025, we have raised the bar and now aim to generate 300.0 billion hours of Sanrio Time annually by FY3/2035, the final year of our 10-year Long-Term Vision.

Sanrio Time can be broken down into two main indicators. One is “time feeling close to Sanrio,” and the other is “time deeply absorbed in Sanrio.” “Time feeling close to Sanrio” refers to time arising from everyday touchpoints such as picking up a product or catching sight of a character. “Time deeply absorbed in Sanrio” refers to time spent drawn into the Sanrio world through deeper immersive experiences, such as games and interactive facilities. Time feeling

close to Sanrio serves as the entry point and accounts for the larger share of Sanrio Time overall. We believe that as this time feeling close to Sanrio grows into time deeply absorbed in Sanrio, our relationships with fans deepen and the foundation of our brand strengthens.

Considering at the planning stage how much Sanrio Time a product or service will generate has become an established internal benchmark. Increasing time spent smiling comes first, and developing characters

and products is the means to that end. We feel confident that this belief is steadily taking root across our entire organization.

We sometimes receive questions from stakeholders about the relationship between Sanrio Time and profitability. While directly demonstrating a numerical correlation between the two is not straightforward, we have a clear causal roadmap showing how Sanrio Time translates into monetization. The more customers purchase our products and build up experiences, the more their Sanrio Time grows. The more their Sanrio Time grows, the deeper their attachment becomes, and that attachment leads to subsequent purchases and interest in new experiences. We believe this cycle contributes to profitability through an expanding customer base, higher IP value, and growing lifetime value.

Our past business model will not deliver our Long-Term Vision. “Three approaches” will drive steady growth

The engine connecting the expansion of Sanrio Time to steady growth is our “three approaches” strategy, set out in our current MTMP (FY3/2025–FY3/2027). We consider our previous MTMP largely achieved, but we believe we need to evolve our current framework further to realize our Long-Term Vision. We position the three approaches as action plans for advancing our Long-Term Vision in concrete terms.

The 1st Approach is to “review marketing and sales strategies to make Evergreen global IP.” Going forward, we will further strengthen our characters’ global exposure and expand our fan base. Hello Kitty in particular has been gaining traction across a broad consumer base. We will further raise the global market exposure of characters such as Cinnamoroll and Kuromi as well, with the aim of increasing our overseas revenue share.

The 2nd Approach is to “develop a foundation for global growth.” We do not believe our current organization, as it stands today, can achieve our ten-year goals. There is no such thing as a perfect HR initiative; our basic stance is to maintain an 80-point level while continuously working to address the remaining 20 points. We update these challenges every year. At present, we recognize securing specialist professionals, such as for the expansion of functions in the digital domain, as one such challenge. We also plan to make active use of M&A and strategic job rotation as tools for addressing these challenges.



Message from the President

The large-scale mid-career hiring we pursued as part of our post-2021 reforms has significantly changed the internal culture and further increased the diversity of our workforce. Changes in the working environment are drawing out the full potential of our employees and driving growth across the Company. That said, we feel that our top-tier leaders need to play a more active role in driving this forward. We remain confident in the results of our ongoing transformation and will continue to invest in the organization.

The 3rd Approach is to “expand IP portfolio and monetize in multiple layers.” Beyond merchandise sales, we will expand the touchpoints and engagement opportunities our characters offer across multiple layers, including digital, gaming, and education. We aim to create a world where broader touchpoints generate new encounters with fans and deepen relationships with existing ones.

Furthermore, the 1st Approach and the 3rd Approach are not independent measures; they work in concert with each other. By expanding the platforms in which our characters perform and increasing opportunities for audiences worldwide to engage with them, we draw people to a diverse range of content and services. Overseas fans grow into more deeply devoted fans. This multi-layered approach both deepens our engagement with the existing fan base and creates new touchpoints with audiences who have had no prior connection to Sanrio. We believe that expanding these diverse touchpoints forms the foundation for Sanrio’s long-term growth.

Strengthening the foundation that supports our global IP platform provider “lighthouse” —making it taller and wider, so that its light reaches farther

By continuing to advance our efforts centered on these three approaches, we move closer to our vision of becoming a global IP platform provider. We see this as building an entertainment foundation that starts with our characters and spans diverse fields, such as merchandise, digital content, gaming, experiences, and education, while deepening engagement among fans around the world. We picture this vision as a lighthouse. As fans enter through one window and move across levels of diverse entertainment, deepening their relationship with Sanrio, the number of smiling faces grows. The more Sanrio Time accumulates, the taller and wider the lighthouse becomes.

It has been one year since we announced the “global IP platform provider” concept in our Long-Term Vision, and we recognize that a long road still lies ahead before we can fully achieve this vision. Realizing our global IP platform provider vision requires a foundation that spans the physical and digital worlds, connects touchpoints with our customers, and continuously deepens those relationships. At the heart of this foundation is the ID strategy behind Sanrio+, the Group’s integrated membership service. Sanrio+ ID is a shared customer platform that spans Sanrio’s diverse services, including games, stores, and digital channels. With this ID at the core, we are working to integrate our relationships with customers currently spread across individual touchpoints. We are building a foundation through which customers can freely explore Sanrio’s many services and deepen their engagement with the Sanrio world.

A key part of this effort is Sanrio Games, our first dedicated game brand, announced in April 2026. Games are an especially immersive form of entertainment, so they can generate a great deal of time deeply absorbed in Sanrio. Beyond deepening relationships with existing fans, games can also serve as an entry point to the Sanrio world for a broad audience regardless of gender or age, including families enjoying Sanrio together. We are confident that games also hold significant potential as a new way to reach audiences who have had relatively limited contact with Sanrio, such as boys. We are also exploring the development of IP that originates from games. Our aim is to cultivate a cycle within the platform in which new IP attracts new customer segments, and the Sanrio+ ID converts those relationships into ongoing engagement.

The major force driving and further enriching this ecosystem is the power of co-creation. By drawing on the planning and design capabilities we have built over many years, primarily through merchandise creation, we will breathe new value into partner IPs and create new reasons to buy. Reproducing a character’s artwork on merchandise as-is, for example, will only reach existing fans. Through collaborations with Sanrio, however, our design capabilities add a new dimension of “kawaii” to that character, making it appealing to audiences who would not previously have engaged with it.



Message from the President

Because we can create this kind of value, we believe Sanrio can build relationships of co-creation with other companies’ IPs rather than competing with them. We see fans of other companies’ IPs entering the Sanrio world through collaborations, with new touchpoints and relationships expanding, and we view this as a path toward our evolution into a global IP platform provider.

This global IP platform provider “lighthouse” is not something we complete in 2035 and consider finished. We see 2035 instead as a milestone at which we begin a new chapter as a global IP platform provider. To keep projecting that light ever farther, we must continually strengthen the organizational foundation that supports the lighthouse. Alongside our business growth, we must steadily build the management foundation that underpins it, including governance.

We see becoming a global IP platform provider as the future of Sanrio—a company that has been part of people’s lives for many years and will continue to grow over the next decade and beyond. We will continue to move steadily forward, building the lighthouse ever higher and projecting its light ever farther.

Only by growing can Sanrio bring smiles to even more people

The corporate philosophy we have upheld since our founding is “Minna Nakayoku” (Getting Along Together). This phrase embodies our answer to a question: What is true human happiness? No one can live entirely on their own. We believe that true human happiness lies in supporting one another, helping one another, trusting the companions we live alongside, and living together in harmony. This belief underpins all of our businesses and is a distinctive strength unique to Sanrio, even by global standards.

The “Minna” (everyone) in our philosophy extends far beyond those closest to us—our family and friends—to include our classmates, colleagues, and ultimately people around the world. As Sanrio grows, so too does our ability to bring smiles to more people. This aspiration is captured in our vision, “One World, Connecting Smiles. (Creating as many smiles as possible and extending the circle of happiness even further afield).” Our pursuit of further growth ultimately serves one purpose: to realize the “Minna Nakayoku” (Getting Along Together) philosophy on an ever-larger scale.

At the heart of Sanrio’s values lies the culture of giving small gifts. Our products and services are designed not only to bring joy to those who receive a gift, but also to those who give it—creating smiles from the very moment they being choosing the perfect gift. Every smile inspired by the act of giving becomes the beginning of another, creating a chain of smiles that continues to grow. We believe this enduring cycle is the reason Sanrio has remained close to people’s hearts for so many years.

Unlike food, clothing, and shelter, entertainment may not be a necessity. Yet we believe smiles are something people need. As geopolitical uncertainty and social division deepen, we believe entertainment has an even greater role to play in the world. Demand for something that connects people across language, cultural, and generational barriers and brings them smiles may well grow stronger as the world around us becomes more challenging. The world needs companies that can deliver value across every barrier. That is why Sanrio, as a global entertainment company, will work toward a society that values human connection across languages, cultures, and generations—through both physical and digital channels.

Our specific action guidelines for realizing both “Minna Nakayoku” (Getting Along Together) and our vision are defined in the Sanrio Materiality framework, which sets out 10 global key issues. One embodiment of that philosophy is our social contribution activity, the Sanrio Nakayoku Project. Through this initiative, we pursue ways to bring smiles to people—including Hello Kitty hospital visits, donations, and activities that share the joy of creativity—in a context separate from our business. We are expanding these efforts globally.

To us, business growth and contributing to society are not competing goals—they go hand in hand. Only by growing as a company can we bring smiles to more people. We will continue to thoughtfully consider how we can deliver value that expands the circle of happiness even further afield.

To remain a vibrant and inspiring company, we must keep embracing change—especially during periods of growth

Six years have passed since I became President and CEO, and I believe we have moved from a period of transformation into one of growth. Yet it is during periods of growth that we must continue to evolve. It is precisely because we have this momentum today that

Message from the President

we should pursue the next wave of new transformations with the coming decade in mind. To achieve this, we must foster a culture that encourages people to take on challenges throughout the organization.

A culture of taking on challenges cannot take root unless it starts at the top. If I, as President, am not willing to take on new challenges myself, it will become much harder for our employees to do the same. It was with that conviction in mind that we explicitly made “challenge” one of our core values when we established our Vision, Mission, and Values. Every challenge, even one that does not succeed, yields experience and learning that carries us forward. It is also because we are performing well today that we have the confidence to embrace those challenges. While the change has been gradual, I can already see our culture evolving into one where taking on challenges is recognized and celebrated.

However, a vision and strategy have little meaning if they exist only on paper. Realizing our Long-Term Vision requires not just me as President, but every member of the executive team to move forward together, aligned in direction and perspective. With that in mind, this year we held our executive retreat over two nights for the first time. Focusing on our Long-Term Vision, the entire executive team discussed how we will grow our “lighthouse” toward 2035. By working backward from that vision, we were able to have in-depth discussions about the priorities and actions needed to achieve it. The result was an engaging and highly rewarding experience. It also gave us the opportunity to share perspectives and aspirations that are often difficult to uncover in the course of our regular, shorter, meetings, strengthening the sense of unity among our nearly twenty executives. Rather than simply serving as a forum for building consensus, the retreat united our leadership team around a shared commitment to realizing our Long-Term Vision. I am confident that this unity will be the driving force behind the transformation ahead.

One of our greatest strengths is our portfolio of character IP, including Hello Kitty, that has resonated with people across generations. The foundation of our competitive strength is not simply that our characters are popular, but that they continue to be a constant presence in people’s everyday lives across generations. A generation that grew up with Hello Kitty now gives Sanrio characters to their own children and grandchildren. This continuity across generations has been the foundation of our brand’s enduring strength.

In fact, I often find myself thinking, “It’s hard to find anyone who doesn’t love Hello Kitty.” That is how widely loved Sanrio’s characters are. Whether someone is a lifelong Hello Kitty fan or simply thinks, “That’s cute,” one of Sanrio’s unique strengths is our ability to create products that people feel are worth picking up and making part of their lives. Beyond professional creativity, our organizational culture is one in which employees continuously generate new ideas. That is another major source of our competitive strength.

Building on these strengths, we are committed to achieving the medium-term management plan target of 10-year average annual operating profit growth of more than 10%. At the same time, we recognize that sustained growth requires investment, and growth will not be linear year after year. There will be years when we invest for the future and years when those investments deliver significant returns. By navigating these cycles while maintaining sustainable growth over the medium to long term, we will fulfil our commitment to our stakeholders.

What we aspire to be is not a rigid, set-in-its-ways company, but one that is vibrant and dynamic—always delivering surprise and delight. We recognize that achieving this requires both creating an environment where employees can work with a smile and building a strong organizational foundation that includes sound governance.

We will continue to grow alongside our characters and take on new challenges, all in pursuit of bringing smiles to as many people as possible. I hope you will look forward to what Sanrio has in store as we continue to take on new challenges.



Sanrio Time

Sanrio Time, which measures the amount of smiles we have created, is an indicator of how far we are advancing our vision of “One World, Connecting Smiles.” As a global entertainment company, we will do our utmost to be there for everyone throughout the many moments of their lives and to make those times full of smiles.

Targets up to FY3/2035

300 billion hours

We aim to generate 300 billion hours of Sanrio Time annually in FY3/2035, the final year of our 10-year Long-Term Vision.

FY3/2026 results

164.9 billion hours/year

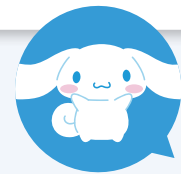
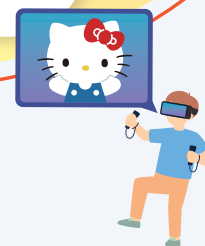
50% increase over FY3/2025 

We steadily generated Sanrio Time and increased it by 50%, compared to FY3/2025.



Time feeling close to Sanrio

- Time customers spend with Sanrio characters, products, and services in various situations in their daily lives
- Time customers spend engaging with Sanrio's social contribution activities (Sanrio Nakayoku Project)



Sanrio Time

Time feeling close to Sanrio

- Time customers spend with Sanrio characters, products, and services in various situations in their daily lives
- Time customers spend engaging with Sanrio's social contribution activities (Sanrio Nakayoku Project)

Logic behind time feeling close to Sanrio

- Total time customers feel close to products or services in their daily lives
- Total time customers spend engaging with Sanrio's social contribution activities (Sanrio Nakayoku Project)

Formula for calculating time feeling close to Sanrio

Products and services

Time customers feel close to
Sanrio in their daily livesAnnual usage hours*¹ × Service life*¹

Number of units sold

GMV*^{2,3} ÷ Average unit priceSocial contribution activities (Sanrio Nakayoku Project)*⁴

Duration of such activities × Number of participants

Time donated products stay close to customers in various situations in their daily lives*¹ × Number of donated items*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)*⁴ Total time customers spend engaging with Sanrio's social contribution activities (Sanrio Nakayoku Project) has been calculated since FY3/2026

Examples of time feeling close to Sanrio



Apparel and accessories



Household goods



Stationery



Sanrio Nakayoku Project

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

113.5 billion hours

FY3/2025

164.4 billion hours

FY3/2026

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 real-world and digital experiences

Formula for calculating time deeply absorbed in Sanrio

Theme park
experiencesNumber of visitors ×
Average stay time

Virtual Puroland experiences

Number of accesses ×
Average experience timeStore shopping
experiencesNumber of visitors ×
Average stay time

Searches to learn about Sanrio

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

Game experiences

Number of play days × Average play time

Examples of time deeply absorbed in Sanrio



Theme park experiences



Virtual Puroland experiences



Store shopping experiences



Game experiences

Results for time deeply absorbed in Sanrio

500 million hours

FY3/2025

500 million hours

FY3/2026

Sanrio Company, Ltd. Integrated Report 2026

Key Highlights

Why does Sanrio continue to grow?

How has Sanrio transformed into a highly profitable company?
We explain our growth model and the mechanisms for
enhancing corporate value.

Message from the President page 3 Financial Strategy to Support Our Challenges page 28

Roundtable Discussion with an Analyst page 32



“Sanrio Time” Beyond the character business. What does “diverse characters x diverse touchpoints” mean?

The time people spend with Sanrio characters continues to expand.
We explore Sanrio’s potential revealed through these new challenges.

Brand Strategy page 20

Creating Sanrio Time Together with Our Fans page 23

Our Approach to Sports Projects page 26



Connecting with fans across regions. How will Sanrio grow globally?

Executives responsible for Japan and overseas markets
discuss Sanrio’s global growth strategy.

Growth Strategy to Create Smiles page 36



“Our past business model will not deliver our Long-Term Vision”

To realize our goal of becoming a global IP platform provider,
we will accelerate our efforts for new value creation.

Message from
the President page 3

Sanrio’s
Value Creation Story page 14

Sanrio’s 10-year Long-Term
Vision page 16

Sanrio Time: Paving the Way to
Our “Lighthouse” Vision page 19

Global Dialogue page 43



“Minna Nakayoku” (Getting Along Together) leads to social values.

“Minna Nakayoku,” a philosophy that Sanrio values.
We explore how this philosophy connects to sustainability.

Sanrio Materiality page 15

Sustainability Management page 56

Human Resources Strategy page 66

Measures to Address Climate Change page 71





The Future Sanrio Envisions

Message from the President	3
Sanrio Time	9
Sanrio Company, Ltd. Integrated Report 2026 Key Highlights	11
A Journey of Transformation	
—An Unwavering Vision, an Ever-Evolving Approach—	13
Sanrio's Value Creation Story —Roadmap to a World of Smiles—	14
Non-Financial Targets “Contribute to Society through Smiles”	15
Sanrio Materiality	15
Sanrio's 10-year Long-Term Vision	16
Become a Global IP Platform Provider	16



Sanrio Time: Paving the Way to Our “Lighthouse” Vision

Brand Strategy	20
Strengthening IP Touchpoints and Expanding Sanrio Time	22
Creating Sanrio Time Together with Our Fans	23
SPECIAL FEATURE 1: Expanding Sanrio Time Through Sports:	
Our Approach to Sports Projects	26



Financial Strategy to Support Our Challenges

Message from the Officer in Charge of Finance	29
SPECIAL FEATURE 2: Sanrio Today and Tomorrow from an Investor's Perspective:	
Roundtable Discussion with an Analyst	32



Growth Strategy to Create Smiles

Progress of MTMP (from FY3/2025 to FY3/2027)	37
Regional Strategy Overview	38
Europe and U.S. Strategy	39
North America Business	40
U.S. Strategy Map	41
Europe Business/Latin America Business	42
SPECIAL FEATURE 3: Creating Authentic Experiences Together	
—Challenging Ourselves to Create New Value	
Global Stakeholder Dialogue Between F1 Academy and Sanrio	43
Asia Strategy	46
Product Sales Business/Licensing Business	47
Mainland China Business	48
SPECIAL FEATURE 4: Expanding Sanrio Time in Mainland China	
More Deeply and on a Broader Scale:	
Growing Our Fanbase Through People's Faves and	
Daily Touchpoints to Build a Foundation for the Future	49
Southeast Asia Business	50
Digital Business	51
Game Business	52
Theme Park Business	53
LBE (Location Based Entertainment) Business	54



Sustainability to Enhance Corporate Value

Sustainability Management	56
Sanrio Materiality Highlights of Key Initiatives	57
Corporate Governance	58
Risk Management	63
Compliance	65
Human Resources Strategy	66
Provision of Safe and Reliable Products and Services	68
Smile Mission Awards	70
Measures to Address Climate Change	71
From “Governance as a Protective Mechanism” to “Governance that	
Supports Growth”—A Roundtable Discussion with Outside Directors— ..	73
Introducing the Management Team	77



Data

Financial Highlights	80
Key Financial Data for the Past Eleven Years	81
Key Non-Financial Data	82
Company Information	83
Stock Information	84

The print edition includes an exclusive postcard (made in Japan) featuring the cover design. At Sanrio, we value our greeting card business, through which people express their feelings to those they care about and connect through smiles.

Editorial Message

We share Sanrio's present and future, guided by our corporate philosophy of “Minna Nakayoku” (Getting Along Together)

Since our founding, Sanrio has been guided by our corporate philosophy of “Minna Nakayoku” (Getting Along Together), with the aim of bringing smiles to people around the world.

This report takes that philosophy as its starting point and explains how Sanrio creates value and translates it into sustainable growth.

In addition to our business strategy for becoming a global IP platform provider, this report covers a broad range of topics, including initiatives to enhance the value of character IP, our engagement with society, and the challenges we are taking on to achieve medium- to long-term growth.

Furthermore, this report presents Sanrio's present and future as one continuous story. Alongside the history, strengths, and sources of growth we have built over time, we also present the challenges we face and the initiatives we are undertaking to address them.

By sharing our aspirations for the future with stakeholders and fostering understanding and empathy, we hope to continue expanding the circle of “Minna Nakayoku” (Getting Along Together) around the world.

Reporting Period

FY3/2026 (April 2025 to March 2026). Some information on activities after April 2026 is also included.

Scope of Reporting

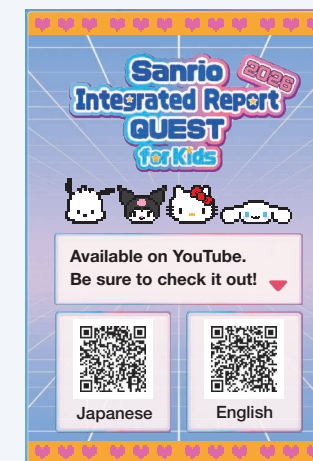
This report covers Sanrio Company, Ltd. and its consolidated subsidiaries (in other cases, it is stated in the text). In addition, affiliations and positions of officers and employees are based on information as of August 1, 2026.

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.



A Journey of Transformation—An Unwavering Vision, an Ever-Evolving Approach—

Founding
to 2020

Creation of “kawaii” and the limitations of the business model

Key Achievements

A cohesive, top-down organization

Expansion into 130 countries and
regions worldwide

Establishment of a revenue base supporting current growth
through a shift to a licensing model

Creation of popular characters that
have been loved for many years

Enhancement of real-world stores
and opening of theme parks

Under our “Small Gift, Big Smile” philosophy, we established our unique “kawaii” IP business on a global scale, spearheaded by Hello Kitty. Amid the dramatic shift in the external environment for the entertainment industry from analog to digital, we faced the challenge of declining business performance owing to our slow transition away from a product-driven^{*1} business model centered on product sales.



Launched in
1975
The first
Hello Kitty
product,
Petite Purse



1976
The first overseas
Gift Gate, San Jose
Gift Gate



1990
Opened the theme
park Sanrio Puroland
in Tama City, Tokyo

Operating Profit Trends

FY3/1999
Operating profit
JPY 18.8 billion

2020 to
present

Achieved market capitalization of 1 trillion yen through “Second Foundation” structural reforms

Key Achievements

An organization that integrates diverse
knowledge across generations

Corporate culture reform

Deepening our focus on the
customer perspective (market-driven)

Merging of digital and
real-world content

Aggressive finance and transparency

Implemented structural reforms to address the accelerating digital shift fueled by the COVID-19 pandemic. Promoted reinvigoration of our organization and the shift to a market-driven^{*2} business model. Through the expansion of our IP portfolio and global licensing and thorough data utilization, we achieved a V-shaped recovery with record high profit and market capitalization exceeding 1 trillion yen.



2025
Opened the Sanrio
Harajuku Store,
“the most
authentically Sanrio
store in the world”



2025
Shanghai “Hello
Kitty, Hello
Chill” event



2025
Opened the permanent
VR theme park
“Virtual Sanrio Puroland”

FY3/2014
Operating profit
JPY 21.0 billion

FY3/2026
Operating profit
JPY 77.8 billion

1990s

2000s

2010s

2020s

2030s

Main Initiatives for “Second Foundation” and Transformation

Corporate Culture Reform

We promoted corporate culture reform by reinvigorating the management structure, reforming management processes, enhancing personnel systems, and revitalizing employee communication. We also strengthened KGI management, increased transparency in decision-making processes, enhanced talent development and recruitment, and formulated our Vision, Mission, and Values (VMV), building an organizational foundation that supports sustainable growth.

Digital Marketing Using Social Media and Other Channels

We shifted to a market-driven strategy and strengthened digital marketing, including through social media. This has expanded our touchpoints with users worldwide, leading to greater brand awareness and engagement.

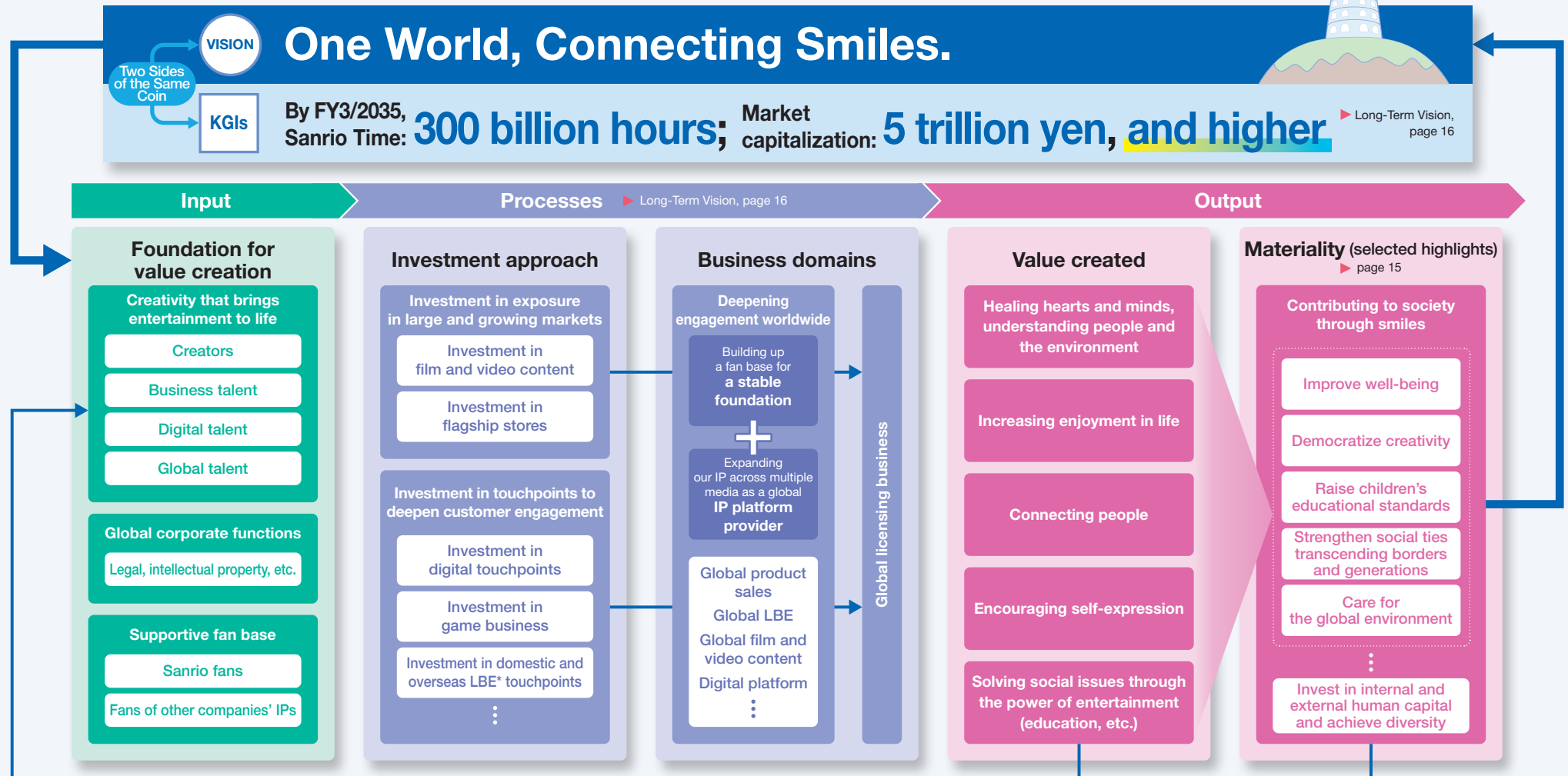
Advancing the Character Portfolio Strategy

Our business structure once relied heavily on Hello Kitty, but by advancing our character portfolio strategy, we have transitioned to a balanced portfolio in which multiple characters contribute to sales, building a business foundation that supports sustainable growth.

^{*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

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 of Sanrio Time annually and market capitalization of 5 trillion yen by FY3/2035, the final year of our 10-year Long-Term Vision, 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): Entertainment that can be experienced by visiting a certain location, such as a theme park, musical show, or mobile indoor amusement park

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.

Contribute to Society through Smiles
—Sanrio Materiality— has been posted on YouTube.
Please watch it at your convenience.



Japanese



English



Sanrio Materiality



Value that Sanrio can create

- Heal hearts and minds, and care for people and the environment
- Increase enjoyment in life
- Connect people
- Encourage self-expression
- Resolve social issues through the power of entertainment, etc.

Businesses that bring
more smiles to everyday life
while creating new ones

Corporate Philosophy “Minna Nakayoku” (Getting Along Together)

Vision One World, Connecting Smiles.

To work together to create smiles for future generations

Sanrio Sustainability

Sustainability for Smiles

Consider ways to enhance corporate value sustainably over the long term

Global and domestic social issues and expectations for Sanrio

- Improving well-being
- Protecting the rights of children
- Reducing poverty and economic disparity
- Respecting diversity
- Protecting the natural environment
- Strengthening corporate governance

Key issues companies
should address in light of
recent social developments

“Contribute to Society through Smiles” Sanrio Materiality

Ten material issues

Issues to address through value creation



Improve well-being



Raise children's
educational standards



Invest in internal and
external human capital



Democratize
creativity



Strengthen social ties
transcending borders
and generations



Realize diversity

Key ESG priorities



Care for the global
environment



Ensure customer privacy
and data security



Respect for
human rights



Conduct transparent and
visible governance

Sanrio's 10-year Long-Term Vision

Initiatives for realizing our Long-Term Vision

—— Promoting initiatives that contribute to enhancing the value of Sanrio's IP to expand our global market share ——

Short to Medium Term

Long Term

Investment to boost our presence in Europe and the U.S.	Strengthening branding and visual content capabilities	● Implement large-scale projects for Hello Kitty's 55th anniversary and Cinnamoroll's 25th anniversary, and Kuromi's Halloween initiative ● Release of Warner Bros. films and co-produced films	● Implement large-scale projects for Hello Kitty's 60th anniversary
	Strengthening LBE offerings	● Rollout of immersive entertainment content in North America ● Touring musicals featuring Hello Kitty, Cinnamoroll, etc. in Europe and the U.S.	● Rollout of global theme parks (assuming licensing or schemes to minimize financial burdens) ● Launch the Oita Harmonyland resort development concept
	Strengthening global product sales capabilities	● Open key stores in the U.S.	● Expand the number of key stores in the U.S. and globally
Investment in touchpoints that deepen engagement	ID and digital strategy	● In addition to Sanrio stores, e-commerce, and theme parks, expand customer touchpoints through licensed products and new businesses	● Launch services for loyal customers ● Fan community management
	Game business strategy	● Launch self-published game brand, Sanrio Games (April 2026) ● Launch 10 self-published game titles	● Create new IP from games ● Launch multiple game titles based on new IP
Expansion of IP platform capabilities and IPs	Strengthen IP sourcing and IP development functions	● Establish a business foundation for IP sourcing and developing	● Create and develop Japanese and overseas IP
Building strong organizational foundation	Strengthening the organization	● Enhance Head Office functions as a global entertainment company and further strengthen collaboration with overseas subsidiaries	● Implement phased organizational restructuring as a global entertainment company (e.g., turn existing and new businesses we plan to strengthen into separate business units)

Sanrio's 10-year Long-Term Vision

Five-Year Roadmap

	FY3/2026	FY3/2027	FY3/2028	FY3/2029	FY3/2030
Anniversaries	50th Anniversary 	30th Anniversary 	25th Anniversary 	15th Anniversary 	55th Anniversary 
	20th Anniversary 	55th Anniversary 	40th Anniversary 	35th Anniversary 	40th Anniversary 
	50th Anniversary 	30th Anniversary 			
Character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking	Sanrio character ranking
Games		Launch two self-published titles	Launch subsequent titles		
			Continue licensing projects		
Animation		Co-produced animation with Alifish (launch timing is currently subject to change)			
	My Melody & Kuromi Netflix Series		Self-published animation		
	Continue licensing projects				
Social Media	Launch a YouTube channel for preschoolers	Release Cinnamoroll YouTube animation			
	Continue releasing original content on TikTok, YouTube, and other platforms				
Movies		Release co-produced films		Warner Bros. film	
		Mr. Men Little Miss movie (release timing: TBD)			
Digital	Make Virtual Sanrio Puroland permanent	Roll out large-scale IP worlds	Provide new user experiences through Sanrio+		
	Integrate ID platforms with other companies	Roll out Vtuber streaming functions	Enhance services for loyal customers		
Real-world	Launch new parades at Sanrio Puroland	Cinnamoroll musical performances	Globally touring immersive LBE		
		Full-scale launch of the Harmonyland entertainment resort development			
	Continue holding sports events, cafe events, and more				

* Schedules are subject to change without prior notice.

A whimsical illustration of Sanrio characters in baskets floating in space. Kuromi and Hello Kitty are in a pink basket on the left, looking through a telescope. Pochacco and a small white rabbit are in a blue basket in the center, also looking through a telescope. Peko is in a large orange basket on the right. The background features a large red heart, a blue planet, and a view of Earth from space.

Sanrio Time: Paving the Way to Our “Lighthouse” Vision

Introducing our framework for expanding and deepening engagement with fans as we strive to become a global IP platform provider.

Index

Brand Strategy.....	20
Strengthening IP Touchpoints and Expanding Sanrio Time	22
Creating Sanrio Time Together with Our Fans	23
SPECIAL FEATURE 1: Expanding Sanrio Time Through Sports: Our Approach to Sports Projects.....	26

Brand Strategy

We will evolve as a brand that is part of people’s everyday lives around the world, with the aim of enhancing our brand value over the long term.



Wataru Nakatsuka

Executive Manager,
Corporate Strategy Division,
Global Business Division (Responsible
for Europe and U.S. Operations) and
Global Brand Management Division

Market environment

Societal and technological changes are fueling drastic changes in the way people interact with characters. As values become increasingly diverse, the “mass market,” in which a single piece of content once appealed to a broad audience, is gradually shrinking. In addition to stores and theme parks, customers are also choosing channels that suit their lifestyles, such as social media, games, and video streaming platforms, in the pursuit of deeper connections with characters. Moreover, amid increasing social uncertainty, we believe that customers are seeking not just entertainment, but also a presence that affirms their individuality, provides emotional support and a sense of security, and offers companionship.

In this changing environment, Sanrio needs to be able to build long-lasting relationships with a wide range of customers rather than relying on the temporary success of a single character. We are confident that defining various ways in which customers interact with characters as touchpoints for recognition and value creation, and delivering various characters suited to each touchpoint, will help us overcome volatility and build a multi-character portfolio consisting of numerous characters that stay close to customers throughout their lives. This will also contribute to achieving Sanrio’s mission of delivering smiles to as many people as possible.

Risks and opportunities to be aware of

The character business comes with the structural risk of volatility stemming from dependence on specific characters or trends. Temporary popularity alone does not lead to sustainable growth. That said, Sanrio characters have been loved not only as objects of aspiration like heroes and heroines, but also as a presence interwoven into people’s daily lives. In an era where importance is placed on immediate access to information and rapid trends are a common occurrence, we believe that “Lifewoven” value, being naturally accepted as part of daily life and passed down across generations, is becoming more meaningful than ever. Rather than aiming for short-lived hits, building long-lasting connections with customers is what leads to increased brand value.



▲ Celebrating My Melody’s 50th & Kuromi’s 20th Anniversaries

Vision

We have achieved growth by maintaining long-lasting relationships with customers through two pillars: characters that stay close to people’s hearts and the touchpoints that deliver them. As a company founded on the gift business, we have always created designs that put our customers first, and have also communicated directly with

customers in our stores. Over time, Sanrio developed a creative approach centered on the “kindness” that resonates with customers and the “fun” that appeals to both children and their parents. Even now, the value of characters that are close to people’s hearts, combined with the touchpoints that deliver them to customers, including stores,

licensing, theme parks, social media, and digital services, continues to foster long-lasting relationships with customers.

Our vision is to further expand these touchpoints on a global scale, creating a world where characters are a more natural part of people’s everyday lives. As these touchpoints grow, they will build and deepen brand value, creating a virtuous cycle that leads to new products, services, and experiences. Rather than relying on a single character or touchpoint, we aim to be a brand that generates value in a sustainable manner through the combination of a broad IP lineup and diverse touchpoints. The “Lifewoven” value that

we place importance on is reflected not only in people’s daily lives but also in how we address social issues. Sanrio characters remain close to people even in sad and difficult times. They can be a source of support, encouraging people to address their worries and issues and move toward positive change. This aligns with the concept of “social good,” through which brands create value for society. It can also become an important reason for choosing Sanrio for both customers and licensees, strengthening our competitive advantage.

Key points of our strategy

The core of our strategy involves reducing volatility through “diverse characters x diverse touchpoints.” Our over 450 characters possess a wide range of characteristics and values, forming the foundation for providing optimal value propositions to meet diversifying customer needs. One of our strengths is that we own the original works, copyrights, and intellectual property rights, enabling us to roll out our characters in diverse ways. In character creation, we combine our creativity and strategies to identify customer needs and emotional domains where value is not sufficiently provided in the market (white spaces), and then create and develop new characters. Supporting all of this is the balance we maintain between creativity and rationality. There is an element of chance involved in producing hits in the entertainment industry. For example, sometimes it’s about accurately grasping local trends and signs of a hit overseas and creating something new. At the same time, we also mitigate risks through KPI monitoring and the analysis of IPs that were very popular in the past.

Sanrio also takes a multi-year approach to allocating management personnel across our characters. In doing so, we prioritize taking a holistic view of the entire character portfolio and focusing investments on areas with unmet needs and significant growth potential.

We conduct these analyses along three axes: region, IP, and business. By region, we identify which characters are gaining high levels of awareness and affinity in each area. By character, we analyze the emotional value they offer, such as “kawaii,” “staying close to people’s hearts,” “learning,” and “premium appeal,” and determine the target audience they resonate with. Furthermore, by business, we verify which touchpoints, including merchandise, lifestyle goods, video content, games, and hands-on experiences, are most suitable for strengthening and expanding each character’s value.

By combining these elements, we identify promising areas with latent demand but little competition and allocate resources accordingly. We are also building an integrated approach to IP development, spanning the creation of new IP, building awareness and affinity, providing opportunities for purchase through products and services, increasing lifetime value (LTV), and ultimately passing these assets on to the next generation, with the aim of creating sustainable value.

Global entertainment companies, backed by an abundance of capital strength, are expanding their investments in content, platforms, and experience value.

In contrast, we do not rely on capital strength or cutting-edge technology to compete. Our competitive edge lies in our creativity, through which we continue to create characters and designs that resonate with people’s emotions and become part of their daily lives. Amid changing consumer behavior, Sanrio will deliver “Lifewoven” value. Staying close to people’s hearts doesn’t necessarily require them to set aside their free time. It can be about being by their side like a protective charm, or about passing down that bond across generations. This leads to the value of character and design assets that continue to generate earnings and resonate with people over the long term. As a result, our IPs have longer lifecycles, enabling us to generate revenue over the long term. Our characters also have the potential for collaboration with other companies and the expansion of their worldview. We believe that through co-creation between Sanrio characters and the characters of other companies, we can create new customer experiences and brand value, contributing to the creation of smiles.

Strengthening IP Touchpoints and Expanding Sanrio Time

To realize our vision of “One World, Connecting Smiles,” we are expanding touchpoints starting from IP. Through co-creation with fans, other companies’ IPs, and creators, we aim to broaden these touchpoints and achieve sustainable growth.

Time feeling close to Sanrio

- Time customers spend with Sanrio characters, products, and services in various situations in their daily lives
- Time customers spend engaging with Sanrio’s social contribution activities (Sanrio Nakayoku Project)

Logic behind time feeling close to Sanrio

- Total time customers feel close to products or services in their daily lives
- Total time customers spend engaging with Sanrio’s social contribution activities (Sanrio Nakayoku Project)

Formula for calculating time feeling close to Sanrio

Products and services

Time customers feel close to
in their daily lives

Annual usage hours*1 × Service life*1



Number of units sold

GMV*2,3 ÷ Average unit price

Social contribution activities (Sanrio Nakayoku Project)*4

Duration of such activities × Number of participants

Time donated products stay close to customers in various situations in their daily lives*1 × Number of donated items

*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 royalty rate)

*4 Total time customers spend engaging with Sanrio’s social contribution activities (Sanrio Nakayoku Project) has been calculated since FY3/2026

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 spent on main real-world and digital experiences

Formula for calculating time deeply absorbed in Sanrio

Theme park
experiences

Number of visitors ×
Average stay time

Virtual Puroland experiences

Number of accesses ×
Average experience time

Store shopping
experiences

Number of visitors ×
Average stay time

Searches to learn about Sanrio

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

Game experiences

Number of play days × Average play time

Further Strengthening and Expansion of Touchpoints

For fans

Transform experiences through data
into the “best value for each individual”

➡ p.23

For other companies’ IPs

Expand around the world
together with Sanrio

➡ p.24

For creators

Support everyday creative activities
and the expansion of UGC

➡ p.25

Creating Sanrio Time Together with Our Fans

As Sanrio initiatives to create smiles by staying close to each and every fan, we would like to introduce Sanrio+, the Sanrio Group’s shared membership service, collaborations with other companies’ IPs, and Charaforio, a content creation platform that connects official IP owners and fans.

Connecting customer experiences through Sanrio+ to deepen bonds with fans

We position Sanrio+ not merely as a membership service or points program, but as a shared platform connecting the customer experience and our relationship with fans across the entire Sanrio Group. Videos, games, social media, stores, and theme parks are all important touchpoints that create new encounters with characters and opportunities for customers to become deeply absorbed in Sanrio. We consider it important not to let these touchpoints end as one-off experiences, but to continuously build upon the experiences and memories of each individual, developing deeper relationships.

Sanrio+ connects Sanrio stores, the Sanrio Online Shop, Sanrio Puroland, Sanrio English Master, and other services through a Sanrio+ ID, creating an environment in which customers can continuously accumulate various experiences such as buying, visiting, and learning. Furthermore, through integration with Omoide Badge, we are also developing a framework that allows fans to record and share experiences such as participation in events and content use, enabling them to enjoy the fandom experience. We believe that this accumulation of experiences shapes the journey of each and every fan and enriches their relationship with Sanrio. More recently, through our membership

For fans

Transform experiences through data
into the “best value for each individual”

For other companies’ IPs

Expand around the world
together with Sanrio

For creators

Support everyday creative activities
and the expansion of UGC

tier system, Heart Collection, we have ramped up our efforts to broadly evaluate fans’ proactive actions, including not only their purchases but also their voting in the Sanrio character ranking, digital content viewing, and survey responses. We utilize such customer behavior not only as behavioral data, but also as valuable feedback to understand what Sanrio fans expect, what resonates with them, and the kind of experiences they seek. Based on this understanding, we aim to create customer experiences that deepen their relationship with Sanrio by designing communication and experiences tailored to each person’s interests and enthusiasm.

Going forward, we will further strengthen synergies across all touchpoints, including new entertainment touchpoints such as Sanrio Games, and continue to share our customer insights across departments to deliver more consistent and cohesive customer communication. Through Sanrio+, we aim to deepen trust and empathy with our fans, cultivate long-lasting relationships with each person, and ultimately increase loyalty, maximize lifetime value, and boost customer satisfaction.



Rie Suzuki

Senior Manager
CX Promotion Section
Digital Business
Development Department
Digital Business Division

Creating Sanrio Time Together with Our Fans

Creating more smiles through collaboration

In our collaborations with IPs of other companies, we strive to bring smiles to fans of other companies’ characters and artists, as well as to fans of various genres such as anime and games, through Sanrio characters.

Sanrio characters have collaborated with numerous companies for over 20 years, and this is largely due to their flexibility and “blank canvas” attributes as IPs. Their strong ability to collaborate seamlessly across a wide range of categories in which fans support their favorite characters is a major part of their appeal.



©nagano / chiikawa committee
© 2026 SANRIO CO., LTD.

For fans

Transform experiences through data
into the “best value for each individual”

For other companies' IPs

Expand around the world
together with Sanrio

For creators

Support everyday creative activities
and the expansion of UGC

Leveraging Sanrio’s unique creativity, we further enhance the appeal of the IPs we are collaborating with, proposing designs and products that evoke feelings of “kawaii” and make customers want to wear them, naturally integrating them into daily life. In doing so, we believe that increasing the time spent engaging with other IPs is an important element of Sanrio Time.

Through these initiatives, we are helping people who were previously unfamiliar with Sanrio to discover us through collaborations, fostering interaction among fans and expanding our reach to new audiences.

This is the ideal model we aim for in our collaborations as an IP platform provider.

In addition, under our vision of “One World, Connecting Smiles,” we are focusing on expanding our collaborations globally. In recent years, our collaborations with globally active artists from Japan and overseas have garnered significant attention. We are also actively promoting collaborations with character IPs. Our collaboration with Chiikawa launched simultaneously in Japan, Asia, and North America, receiving enthusiastic responses from around the world.

Going forward, we will work together with our Group companies to establish a structure for rolling out collaborations originating in Japan to the rest of the world.

We hope to continue enhancing the value of Sanrio characters through collaborations and carefully nurture a new form of Sanrio Time with people all over the world.



Tomomi Fujita

General Manager
IP Development & Sales
Department
Sales Division

Creating Sanrio Time Together with Our Fans

Establishing a platform to expand the potential of characters nurtured together with fans across the world

In recent years, the success of characters originating from social media has been remarkable, and it has become commonplace for individual creators to deliver content to the world through social media, building relationships with fans and spreading the appeal of their characters. In this era, Sanrio also intends to explore the possibilities of new character IPs while learning from creators and fans.

Charaforio is a platform where creators can register their own characters as IPs and expand the world of their characters together with fans through content posts and fan art. We aim to create an environment where fans can create and support other creators with peace of mind under the official guidelines set by IP owners, so that the love for the characters, relationships with fans, and ongoing daily efforts will shape the value of the characters.

Our management team works alongside creators as a partner, helping bring the appeal of their registered characters to a wider fan base. We support the development of content that conveys the worldview of each character through manga, short videos and other content creation, implementing collaborative illustration projects, and conducting interviews on social media and other Sanrio-owned media.

Moreover, to further support the daily activities of creators, we are preparing to launch the “Reward Program (tentative name).” This program will provide online benefits as well as real-world networking events and study sessions, fostering a community where creators can

For fans

Transform experiences through data into the “best value for each individual”

For other companies' IPs

Expand around the world together with Sanrio

For creators

Support everyday creative activities and the expansion of UGC

learn from and connect with one another and have opportunities to embark on new challenges.

Going forward, we will leverage Sanrio’s longstanding expertise in IP creation, combining our knowledge in licensing, merchandising, and global expansion with creators’ free-thinking ideas and willingness to take on a new challenge to unlock new possibilities for characters. Having also positioned collaborations with Sanrio characters as opportunities for co-creation where the appeal of the characters resonates with each other, we will evolve this into a foundation for creating new entertainment for the world while walking hand-in-hand with creators and fans.



▲ Held a contest with special rewards on Charaforio

Tomotaka Otsuka

Senior Manager
Product Growth Section
Digital Business
Development Department
Digital Business Division

SPECIAL FEATURE 1

Expanding Sanrio Time Through Sports: Our Approach to Sports Projects

Why are we getting involved in sports now?

Our reason for getting involved in sports now is not simply to increase the exposure of our characters and brand. Sports create experiences like supporting, rejoicing, feeling disappointment, and talking with friends. In today’s world, where entertainment is becoming more online-centric, sports are a unique form of entertainment that enhance the value of real-world experiences, creating moments that connect people’s emotions across nationality, generation, gender, and language.

We believe that by creating moments that evoke strong emotions and expanding the total amount of smiles, we can give people more reasons to seek out our characters and deepen their engagement with them. In doing so, we can turn the value of these experiences themselves—not just product sales—into a valuable brand asset.

Moreover, sports are an extremely powerful universal language that can aid us in our goal of becoming a global entertainment company. By combining the extraordinary exhilarating feeling experienced through sports with Sanrio’s “kawaii,” “kind,” and “approachable” value, we believe that we can create a platform that generates experiences beyond existing fan touchpoints. Even people who previously had little interest in characters may develop a deeper attachment to the team and interest in the sport through our characters, potentially leading them to naturally engage with Sanrio IP. Conversely, this creates a new way for existing fans to enjoy sports by enabling them to support both their favorite character and favorite team/player at the same time. This also fosters mutual customer traffic between sports fans and Sanrio fans, creating connections across different fandoms.

However, our goal is not to become the main focus of the sport. Rather, we aim to be a catalyst that connects with the passion generated by the athletes, teams, local communities, and spectators, transforming these moments into something enjoyable and memorable for as many people as possible. We see our involvement in sports not merely as market expansion, but as an inevitable approach to increasing the number of places that create smiles around the world in an era where the value of real-world experiences is being reevaluated.

**Taro Yamamoto**

Executive Officer
Global Business Division
Global Partnership Development Department

A new business model powered by data and IP

Our strategy in the sports domain is not simply about expanding licenses, but about building a new business model that creates a virtuous cycle of IP, experiences, and data. While IP businesses have typically focused on product sales and licensing revenue, sports generate a continuous stream of data such as spectator demographics, attendance frequency, purchasing behavior, and social media engagement. By working with partner organizations and teams, we aim to visualize which sports, regions, and generations are resonating most strongly with audiences and use these insights to drive a continuous PDCA cycle for future initiatives.

Furthermore, in addition to merchandise sales, we will diversify revenue opportunities through special collaboration tickets, limited experiences, and digital measures, leveraging the wide range of sports, number of matches, and tournament cycles to foster long-term engagement. At the same time, we believe it is essential not to become overly focused on commercial objectives, but to stay close to fans who genuinely love sports and characters and co-create meaningful value with them.

SPECIAL FEATURE 1: Expanding Sanrio Time Through Sports: Our Approach to Sports Projects

Collaboration that excites the world and communities

Our operations in the sports domain are broadly unfolding along two axes: “global” and “community.” In our global operations, we are creating new touchpoints with Sanrio IP at venues where sports fans from around the world gather, through partnerships with the Ladies Professional Golf Association (LPGA) Tour and collaborations with major U.S. sports teams such as the Los Angeles Dodgers, and F1 Academy. For example, in our collaboration with the Dodgers, characters such as Hello Kitty are integrated with the team and players, providing a special experience where baseball fans and Sanrio fans can interact through venue performances, limited-edition merchandise, food and beverages, and digital measures.

Our partnership with the LPGA expands new touchpoints with families, women, and children, making golf more accessible and connecting fans of golf and Sanrio. Meanwhile, co-creation with local communities is also a key theme. Through collaborations with the Japan Professional Football League (J.League) and events with various regional teams, we have taken measures to create experiences that teams, local communities, and fans can enjoy together, while also carrying out activities to raise awareness of fair play.

We utilize characters as a means of expanding the value of sports, and are working to create new touchpoints that connect sports with local communities. We also engage in

activities to promote baseball and golf among young people (both in-person and online), and in supporting the young athletes that will shape the future of sports. We aim to contribute to the development of the entire sports ecosystem by participating not only in co-creation with top-level sports but also in activities that broaden participation at the grassroots level.



▲ Dodger Stadium food and beverage concession



▼ The world's first demonstration experiment of alternative baseball broadcasting, “Let's Play Baseball” -A Wonderful Game with Sanrio characters-

Increasing the total amount of smiles to enhance future corporate value

Our involvement in sports is not solely aimed at increasing short-term sales or licensing revenue. Rather, we aim to increase the passion, empathy, and connections between people that arise through sports with an eye to increasing Sanrio Time. Our strengths lie not only in our diverse portfolio of IP loved around the world, but also in our ability to closely connect with people's emotions and to create empathy across cultures and generations through “kawaii,” which we have cultivated over many years. We believe that our ability to naturally integrate the values of passion, spirit of taking on challenges, and friendship inherent in sports offers us a unique competitive advantage.

The value gained through co-creation with sports cannot be measured solely by sales or attendance figures. Long-lasting relationships with fans, building trust with local communities, touchpoints with the next generation and new customers, and networks with our partners worldwide are important intangible assets that will support our future growth. We believe that the accumulation of such non-financial value serves as the foundation for sustainable corporate value enhancement. We will continue to create meaningful connections with people in “moments that move the world,” through co-creation with sports and a wide range of other forms of entertainment.

Furthermore, our goal as a global entertainment company is to continue increasing Sanrio Time around the world by providing more places where people can connect through smiles and share new experiences.

Financial Strategy to Support Our Challenges

Featuring a financial analysis of Sanrio's strategy
for achieving sustainable growth and
enhancing corporate value.

Index

Message from the Officer in Charge of Finance29

SPECIAL FEATURE 2: Sanrio Today and Tomorrow
from an Investor's Perspective:

Roundtable Discussion with an Analyst32



Message from the Officer in Charge of Finance



Seiichiro Matsumoto

Managing Executive Officer
Executive Manager,
Corporate Management Division

Sanrio's corporate value and my priorities as the officer in charge of finance

I believe that corporate value is not measured solely by single-year performance, but rather by the overall ability to generate cash flow sustainably over the long term.

The source of Sanrio's corporate value lies in our intangible assets such as brand trust, connections with fans, and our business foundation that continuously generates new value. While these assets are not easily visible on our financial statements, they are the most important foundation underpinning our future growth and earning power.

Therefore, as the officer in charge of finance, I prioritize capital allocation and financial strategies that lead to the long-term expansion of our corporate value, rather than simply boosting short-term profit.

Capital allocation for long-term growth

In our Long-Term Vision, we are targeting the creation of 300 billion hours of Sanrio Time annually and market capitalization of 5 trillion yen by FY3/2035. To achieve this, we have set a compound annual growth rate (CAGR) in operating profit of 10% or more over the ten years leading up to FY3/2035. While achieving these targets will not be easy, given our global growth potential, I believe that the most important thing for our company right now is to prioritize allocating capital to areas that will lead to future growth in our corporate value.

Specifically, we are investing in brand marketing, the Harmonyland's entertainment resort development concept, and new businesses, including games. While these measures may have a negative impact on profits in the short term, they are important upfront investments that will increase user engagement and lead to future licensing income and business opportunities. At Sanrio, we make investment decisions based not only on single-year profitability, but also on contributions to brand value, the expansion of touchpoints with fans, and ripple effects on future earnings.

I view this entire process as a value creation cycle, leading from increasing recognition, to fostering attachment, to the accumulation of brand value, to monetization, and to reinvestment. I believe that rapidly and reliably running this cycle is key to enhancing Sanrio's corporate value.

Investment flywheel leading to the enhancement of corporate value



As a prerequisite to this, we believe that the highly profitable licensing business will remain our core source of sales over the long term. We also intend to maintain high levels of profitability and capital efficiency.

During the period of the current Medium-Term Management Plan (up to FY3/2027), we will operate with a focus on financial discipline, aiming for ROE of 30%, and are also considering M&A of 50 billion yen or more as part of our capital allocation policy. On the

Message from the Officer in Charge of Finance

other hand, we have established rigorous criteria for investment decisions, which we intend to carefully evaluate from the perspectives of capital efficiency and growth potential. In the event that we do not implement any large-scale M&A, we will consider providing up to 30 billion yen in additional shareholder returns.

Financial
discipline*

(Up to FY3/2027)

- 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**

Short-term performance and financial discipline

In FY3/2026, the combined effects of the growing popularity of Sanrio characters thanks to various marketing initiatives, the acquisition of licensing deals in Japan and overseas, contributions from large directly managed stores in Japan in the product sales business, and the expansion of franchise stores in mainland China boosted business performance, resulting in net sales of 194 billion yen (up 33.9% year on year) and operating profit of 77.8 billion yen (up 50.3% year on year), marking the fifth consecutive year of sales and profit growth and new record highs. Return on equity (ROE), an indicator of capital efficiency, came to 41.6%, remaining high even among Japanese companies.

By region, growth was driven by the success of licensee promotions and continuous exposure on owned media in Japan, store network expansion in mainland China, and the expansion of fast fashion operations in Europe.

However, our goal is not simply to maximize short-term business performance. We prioritize optimizing short-term performance while carefully assessing whether the initiatives for each region and business contribute to sustainable future growth.

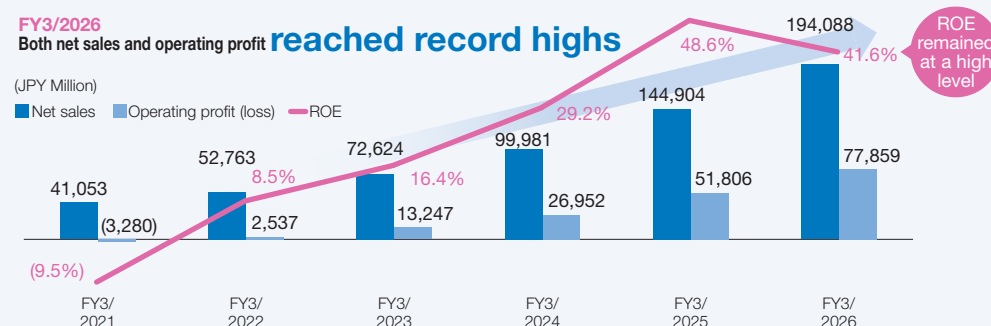


FY3/2026

Both net sales and operating profit **reached record highs**

(JPY Million)

■ Net sales ■ Operating profit (loss) — ROE



The role of the officer in charge of finance in supporting corporate value enhancement

As the officer in charge of finance, I focus not only on internal business management but also on addressing challenges from both management and market perspectives to enhance corporate value.

Specifically, I continuously examine our management issues in terms of the business portfolio, capital efficiency, capital allocation, governance, and the gap between market price and intrinsic value.

Our business model involves enhancing the value of our IP in a multifaceted manner by combining various touchpoints such as product sales, theme parks, games, digital, and edutainment, with our licensing business at the core. This is an asset-light and highly profitable business structure, and at the same time, it is excellent for building brand value over the medium to long term.

Furthermore, I believe that maintaining the strength of our capital efficiency, as indicated by our high ROE, while balancing growth investments and disciplined financial management is also an important responsibility of the officer in charge of finance.

Issues faced
by Sanrio,
as explained by
the Board of
Directors
(partially modified)Current evaluation of Sanrio from
an institutional investor perspective

- 1 Business portfolio
- 2 Capital efficiency
- 3 Capital allocation
- 4 Governance
- 5 Gap between market price and intrinsic value

Issues faced by Sanrio in terms of aiming
for market capitalization of 5 trillion yen

- 1 Visibility of strategy
- 2 Investment narrative
- 3 Refining earnings forecasts
- 4 Discipline
- 5 People and governance

* 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

Flexible share buybacks and capital structure

Capital allocation is one of the most important themes that impact corporate value. As a basic policy, we prioritize growth investments over shareholder returns.

That said, because our high profitability makes it easy to accumulate cash on hand, we need to continuously consider the optimal capital structure.

In November 2025, we announced opportunistic share buybacks of about 15 billion yen outside of the financial results announcement period. This is because we determined that our share price was undervalued relative to the intrinsic value we believe our company possesses, and that doing so would not impair our capacity for future growth investments.

I do not view shareholder returns as merely a way to dispose of surplus funds. I believe it is also an important message that shows what kind of value creation we aim for as management, and how we prioritize capital allocation while being conscious of cost of capital and market valuations.

Going forward, we will continue to fulfill our duty of accountability with regards to balance between investment and returns from the perspectives of both financial discipline and our growth strategy.

Board of Directors meeting materials for the resolution of share buybacks (partially modified)



Strengthening governance and global CFO functions

Enhancing our governance and business management is an essential theme for our company in the sustainable expansion of corporate value.

In June 2025, we transitioned to a company with an Audit and Supervisory Committee, and the Board of Directors deepened discussions on issues directly related to corporate value, such as our Long-Term Vision, business portfolio, M&A strategy, organizational

structure, share price and investor feedback, and strategies and reviews for each region and function, based on the key agenda items set in advance.

Additionally, in terms of business management, we are working to advance organizing of key issues by the Investment Committee, strengthen global FP&A functions, and conduct continuous research on the business performance and trends of competitors.

Given the misconduct incident that recently came to light, we will strengthen the global business management of the Head Office even further.

Specifically, we will increase the frequency of communication between the CFO at the Head Office and the financial officers of our overseas subsidiaries to promote the dissemination of our global financial policy, and to establish a system that allows us to gain insight into the performance progress and key issues for each country in a timely manner.

Dialogue with shareholders and investors

As we take steps to clearly define our policy of prioritizing long-term performance over short-term performance, we also anticipate changes to the investor base with whom we must conduct ongoing dialogue. We prioritize dialogue with investors who align with our strategy of maximizing long-term corporate value, rather than focusing on short-term performance fluctuations.

In FY3/2026, we conducted 739 meetings (a total of 3,329 companies), primarily with overseas investors. While the proportion of overseas investors in our shareholder composition fell from 31.3% at the end of FY3/2025 to 22.5% in FY3/2026, due to factors such as declining interest in the entertainment sector as a whole, concerns over impact from the United States' tariff policy and Japan-China relations on our business performance, we have been able to maintain continuous dialogue with long-term oriented investors, particularly with our President and CEO and myself.

Going forward, we will continue to communicate our efforts to achieve our Long-Term Vision in a clear and thoughtful manner, broadening understanding and building greater support for our vision.

As the officer in charge of finance, I will contribute to the enhancement of Sanrio's corporate value not only by upholding financial discipline, but also by supporting management challenges, increasing the quality of capital allocation, and deepening dialogue with the market.

Intangible assets such as IP and brand value, while difficult to see from an accounting perspective, are the very source of future cash flows. I believe that accurately communicating such intangible value in financial terms and building trust with stakeholders, including shareholders and investors, are important roles of the officer in charge of finance.

SPECIAL FEATURE 2



Tomokuni Tsuji
President and
CEO

Satoru Sekine
Senior Analyst,
Equity Research Department,
Daiwa Securities Co. Ltd.

Seiichiro Matsumoto
Managing Executive Officer
Executive Manager,
Corporate Management Division

Sanrio Today and Tomorrow from an Investor's Perspective: Roundtable Discussion with an Analyst

In recent years, Sanrio has raised its profile in global markets, and the capital markets' assessment of the company has changed significantly. Behind this shift lies not only the evolution of Sanrio's IP business but also a management transformation toward viewing corporate value through a long-term lens. At the same time, the company's rapid growth is raising new challenges for its organization and governance. To sustainably enhance its corporate value, what should Sanrio leverage as its strengths, and what should it change? President and CEO Tomokuni Tsuji was joined by Seiichiro Matsumoto, the Managing Executive Officer responsible for finance, in a conversation with Satoru Sekine of Daiwa Securities, an analyst who has analyzed Sanrio within the leisure and amusement industry. Together, they exchanged views on growth strategy and the future direction of the company's disclosures.

The “changes” and “challenges” the market has sensed amid rapid growth

Matsumoto Mr. Sekine, you cover Sanrio within the leisure and amusement industry and analyze the

company's strengths and challenges from a capital markets perspective. From an investor's point of view, how do you view the changes Sanrio has undergone in recent years?

Sekine When I initiated coverage in 2022, the reforms under the new management structure were already well advanced. What struck me most was a conversation with foreign investors during a visit to North America around 2023. Conversations naturally turned to topics such as “I hear Sanrio is releasing a game” and “something interesting seems to be starting on Roblox and Apple Arcade.” The buzz in the American market undoubtedly drove a dramatic shift in how investors assessed the company.

Matsumoto The North American gaming project was launched primarily by Sanrio, Inc., our local subsidiary there, correct?

Tsuji That was how it started, but ultimately the Head Office took the initiative, and proactively drove the effort as part of our digital strategy, while also considering its role in branding. Our goal was to expand touchpoints with customers around the world through our IP, and our digital initiatives were one way of achieving this. Making games is not the goal in itself. Rather, the goal was to create new opportunities for people to discover our IP and expand their points of contact with the brand. We are pleased that those efforts have been recognized.

Sekine On the other hand, at that time, I believe persistent concerns remained in the market about whether Sanrio's growth could truly continue, centered on weaknesses in its defensive capabilities. Sanrio also experienced a sharp reversal following its rapid growth in the 2010s. I used the phrase “growing pains” even at the time, and I view the misconduct incident in North America as a problem that falls within that same pattern. I believe the key determinant of corporate value is whether you can raise your defensive capabilities to the same level as your offensive strengths.

Tsuji When investors have asked me in our dialogues what the risks ahead are, I have pointed to human

SPECIAL FEATURE 2: Sanrio Today and Tomorrow from an Investor's Perspective: Roundtable Discussion with an Analyst

resources and management base. We have not, of course, been standing still. But our business is expanding faster than anticipated, and we need to take Sanrio's organizational structure to the next stage. As the scale of the company changes, so do the perspectives required of our executives. I have come to recognize, more strongly than ever, that the management approach required today—myself included—is different from what it was 10 years ago.

Sekine Beyond that, now that the overseas business has grown to this scale, I also hope that management will spend more of its time overseas. The on-the-ground atmosphere and direct dialogue with investors are things you simply cannot gain by staying in Japan. Sanrio is a company that will continue to grow internationally, and that is precisely why the value of visiting those markets in person will only increase.

Matsumoto Indeed, when we look at how our top management actually allocates its time, a large share ends up being spent in Japan. In addition, while we have historically delegated considerable authority to local companies in our overseas business, visiting those markets in person is important for advancing both governance and business strategies.

Tsuji My job as a leader is to consciously make time to see overseas markets firsthand, engage with customers and partners, and think through our future strategy. We are also streamlining our domestic operations to make that time available.



Matsumoto At the same time, the Board of Directors has also reflected on the fact that the recent developments do not negate the management reforms and governance-related initiatives we have undertaken to date. We should improve what needs improving, and continue what deserves to continue. It is important to view our track record calmly and objectively for what it is.

Sekine I believe Sanrio has consistently faced issues head-on and evolved its governance in response. Such challenges tend to be a never-ending battle. While Sanrio is a long-established company, it remains young in the sense that it continues to embrace change. That is precisely why I hope it will keep rising to those challenges.

Sanrio's strength lies not only in creating value but also in accumulating value

Matsumoto Mr. Sekine, how do you see Sanrio's strengths and competitive advantages in the market?

Sekine Investors sometimes ask me the same question, but my answer is not the IP itself. Of course, powerful characters such as Hello Kitty are a major asset. However, I believe the company's true strength lies in having a system that can continuously nurture the value of that IP.

Tsuji As you say, the foundation of Sanrio's business is a cycle of creating, accumulating, and expanding value. It is not simply a matter of creating IP value. We build brand affinity across diverse channels, and that value is ultimately consumed in various forms—through products, services, licensing, and more. We take pride in the fact that very few companies worldwide can drive this cycle on their own. Creating a character is not the goal. The goal is building an environment in which that character continues to be loved for a long time. To that end, we maintain touchpoints with customers across a wide range of channels, including licensing, product sales, e-commerce, digital, and theme parks. Each of these is a distinct business, but all of them serve as platforms for nurturing IP value.

Sekine I think that is something you could communicate more clearly to investors. For a game company, for example, creating hit titles is the source of competitive advantage. However, creating and nurturing a single IP requires substantial cost, which tends to push companies toward conservative decisions based on past successes. Sanrio, by contrast, already has a system in place that deploys a single IP across multiple channels, with each customer experience enhancing the brand's value. This is a unique strength that no other Japanese company possesses. It is precisely because this foundation exists that the company can boldly pursue new challenges. This novelty also aligns with current demand in the content market.

“Backcasting” from Our Long-Term Vision

Tsuji The Medium-Term Management Plan (FY3/2025–FY3/2027) sets out to break free from volatility and prioritizes sustained growth. Internally, we have developed strategic plans linking character portfolio growth to initiatives, but we have not yet communicated these fully to external audiences. That gap is a challenge we need to address.

Matsumoto As you noted in a previous report, Mr. Sekine, from a financial perspective, a company with this level of ROE would ordinarily command a much higher PBR. The fact that it does not, in our view, reflects the market's lack of conviction about the company's

SPECIAL FEATURE 2: Sanrio Today and Tomorrow from an Investor's Perspective: Roundtable Discussion with an Analyst

future prospects. If the root cause is insufficient conviction in the company's stated growth strategy and outlook, that is something we need to address.

Sekine I share the same view. For example, in the North American market, which is currently growing, investors still lack a clear picture of what events are planned and how those events will translate into IP growth and revenue. In the domestic market, the growth model and strategy appear reasonably well established. The key question is whether the company can articulate a continuous narrative for North America.

Matsumoto Beyond conviction in any single year, we believe a longer-term perspective also needs to be communicated. Describing our 10-year Long-Term Vision as a “lighthouse” reflects exactly that intent.

Tsuji The 10-year Long-Term Vision is a message to our employees as much as it is a message to our investors. I often use the word “backcasting.” If we want to achieve a 10% market share in North America in 10 years, we need to understand what position each character will hold at that point and which categories will be driving that support. Backcasting from that point makes clear which IPs to invest in this year, which licenses to pursue, and which markets to take on. The 10-year Long-Term Vision exists not merely to describe the future, but to steer the decisions we make today.

Matsumoto At our management retreat, we gave not only the Head Office but also our overseas Group companies time to develop their own 10-year stories. These efforts are strengthening Sanrio's ability to envision its future.

Sekine If investors understand this, they will be more willing to accept investments whose results are hard to see in the short term. What I value most about the 10-year Long-Term Vision is that it places a 10-year time horizon at the center of the company's management. In the content business, accurately predicting even three years ahead is no easy task. That is precisely why, rather than building up from this year or next year, it was so meaningful to define first where the company wants to be in 10 years. That approach gave rise to a way of thinking: working back from where the company wants to be in 10 years to determine what it should do this year. That, I believe, is an effort to change the very way the company thinks about management.

Tsuji In that sense, the launch of Puroland operations in 1990 was a major lesson for us. At the time, the objective was simply to increase visitor numbers, and we lacked the perspective to connect that goal to Sanrio's overall profitability.

Sekine Looking solely at earnings, some may well take a short-term view. However, Puroland is not merely a theme park. It is a place where fans encounter the characters,

return again and again, and deepen their attachment to the brand. The “oshikatsu” (supporting a favorite character) concept of fandom activities that Sanrio embraced in the 2010s was an excellent initiative in that it clarified that direction. That customer experience leads to further consumption and word-of-mouth, which in turn enhances the value of Sanrio's IP. I see Puroland as precisely a place where value accumulates.

Matsumoto I also believe I must communicate that thinking more thoroughly. Theme parks and digital investments do not all translate into profits immediately. In the long run, however, these are essential investments for nurturing the value of our IP and enhancing corporate value. That is precisely why we have set a 10-year Long-Term Vision and manage the business by backcasting from it.

Tsuji From that perspective, the initiative we currently regard as most important is Virtual Sanrio Puroland. As virtual-world interaction grows more active, Virtual Sanrio Puroland should serve as a hub at the center of it. Expansion into games and video content is also a prospect we can look forward to. It is precisely because we take a long-term view that we can identify which areas deserve investment.

Sekine What you have described conveys an evolution from patchwork management to vision-driven management. Having a vision should make it far clearer whether to press ahead with a business or withdraw from it. If the company can communicate President Tsuji's intentions and vision to investors with greater clarity and in more concrete terms, trust in Sanrio should grow even further.



Deepening dialogue with the market, anchored by a management policy conscious of the stock price

Matsumoto The 10-year Long-Term Vision also includes a deliberate commitment to setting a concrete stock price target: a market capitalization of 5 trillion yen. By stating Sanrio's commitment to enhancing corporate value directly to the market, we wanted investors to feel the change in management in numerical terms as well.

SPECIAL FEATURE 2: Sanrio Today and Tomorrow from an Investor's Perspective: Roundtable Discussion with an Analyst

Tsuji I check the stock price every day. Of course, this is not to rejoice or despair over a single day's fluctuations. The stock price, as I see it, is a mirror reflecting how the market assesses our future. That is precisely why we place great importance on dialogue with investors. A management team that looks only inward cannot truly enhance corporate value. What expectations does the market hold for us, and what challenges does it identify? Understanding that is, in our view, an essential part of management's role.

Sekine Deepening dialogue with investors also requires communication in informal settings. Formal presentations with thorough preparation are important, but I also believe it is effective to hold regular meetings—monthly, for example, even online.

Tsuji That is certainly a good idea. Drawing on my own experience, I have repeatedly presented our 10-year Long-Term Vision at general meetings of shareholders and conferences. This way, I am refining, day by day, how I understand the vision itself, its details, and how I communicate it. Our 10-year Long-Term Vision is not something we impose on the market unilaterally. It is something we evolve by incorporating feedback and assessments from our stakeholders. For that reason as well, we intend to continue valuing regular opportunities for communication.

Evolving further alongside our Long-Term Vision, while preserving what makes Sanrio unique

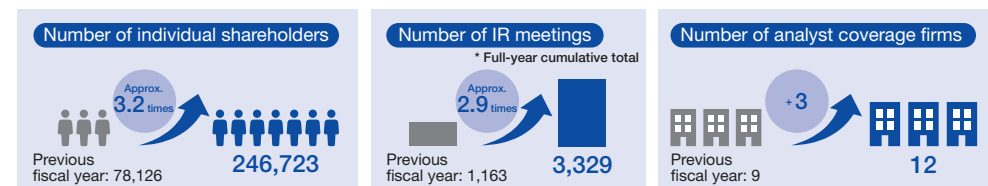
Sekine Sanrio now occupies a truly unique position in the world, I believe. It is not merely a matter of having strong IP. Sanrio has a system for nurturing and building on that value, and connecting it to the next stage of growth. That is precisely why, if Sanrio can further sharpen both its offensive and defensive capabilities, corporate value will advance to an even higher level. That is my expectation.

Matsumoto Thank you. Sustaining growth requires a sense of balance—between investment and foundation strengthening, and between the short term and the long term. Through dialogue with investors and shareholders, I aim to support Sanrio's evolution from the financial side in a way that brings genuine conviction.

Tsuji With the backcasting mindset I described earlier as our guide, I intend to continue engaging in thorough explanation and dialogue. Sanrio's founding principle is “Minna Nakayoku” (Getting Along Together). Sanrio will remain a company that grows together with all its stakeholders, including its shareholders and the customers who love Sanrio's characters. We hope you will look forward to Sanrio's continued evolution.

Dialogue with stakeholders

Sanrio places strong emphasis on promoting mutual understanding through constructive dialogue with shareholders and investors as it works to realize the Long-Term Vision formulated in May 2025, “Lighting the Way to Bring Smiles to All - Roadmap to a World of Smiles,” enhance corporate value over the medium to long term, and achieve market capitalization of 5 trillion yen by FY3/2035. In FY3/2026, led by the Managing Executive Officer responsible for IR and the Investor Relations Department, Sanrio actively created opportunities for dialogue with institutional investors in Japan and overseas. Over the full year, it held a total of 3,329 institutional investor meetings and reached over 50,000 individual investors through company briefings and similar events. In addition to striving for appropriate and transparent disclosure of information on management strategy and business activities, Sanrio regards opinions and requests obtained through dialogue as important insights from the market, shares them as appropriate with the management team, including outside directors, and uses them to enhance management decision-making and business strategies. In addition, through repeated dialogue, Sanrio also gained many insights, including recognizing that investors' areas of interest and the themes they expect are constantly changing. Based on the many voices heard through this sincere engagement with the market, in FY3/2027 Sanrio will continue to broaden the scope of its dialogue globally while pursuing more thoughtful IR communications to further deepen shareholders' and investors' understanding of and engagement with its philosophy and growth strategy.



Facility tours and IR briefings held

Sanrio held facility tours centered on its theme parks and stores for institutional investors and securities analysts. It also held IR briefings led by President and CEO Tsuji to deepen understanding of the Long-Term Vision announced in May 2025. By giving participants a firsthand experience of the appeal of Sanrio's characters, these events help investors understand the essence of the company's business and create opportunities for constructive dialogue on enhancing corporate value.

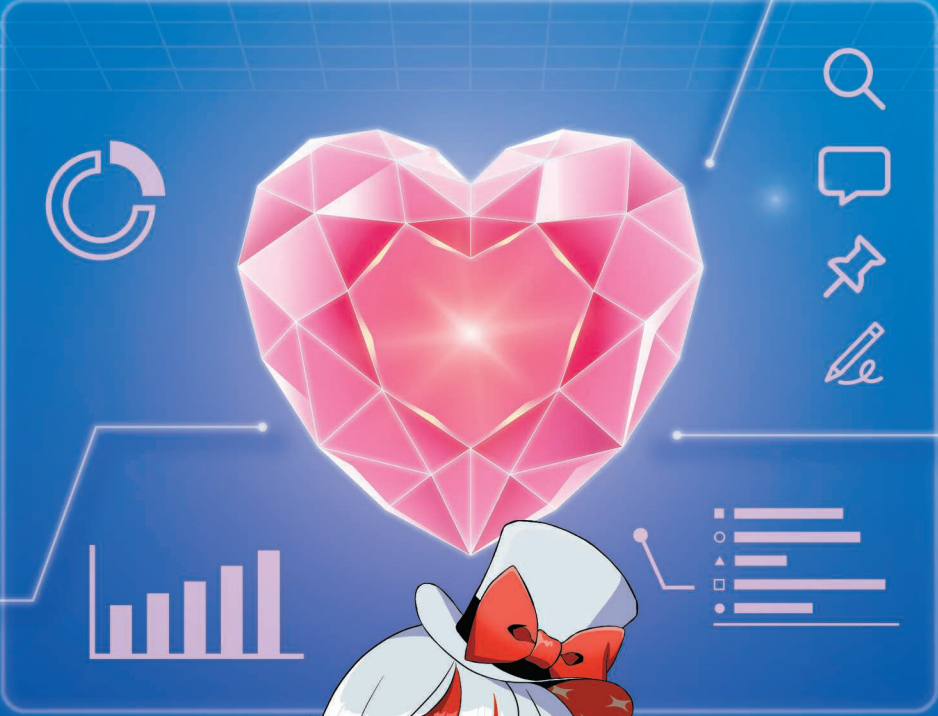


Growth Strategy to Create Smiles

Introducing the progress and outlook of our growth strategy to create smiles globally, through initiatives tailored to each region and business.

Index

- Progress of MTMP (from FY3/2025 to FY3/2027) ...37
- Regional Strategy Overview38
- U.S. Strategy Map41
- SPECIAL FEATURE 3: Creating Authentic Experiences Together
—Challenging Ourselves to Create New Value
Global Stakeholder Dialogue Between F1 Academy and Sanrio ... 43
- SPECIAL FEATURE 4: Expanding Sanrio Time
in Mainland China More Deeply and on a Broader Scale:
Growing Our Fanbase Through People’s Faves and Daily
Touchpoints to Build a Foundation for the Future 49



Progress of MTMP (from FY3/2025 to FY3/2027)

Made steady progress across our 1st, 2nd, and 3rd Approaches

1st Approach

Change our approach to branding

Review marketing and sales strategies to make **Evergreen** global IP

2nd Approach

Develop the foundation

Develop a foundation for global growth

3rd Approach

Transform our core creative capabilities and monetization model

Expand IP portfolio and monetize in multiple layers

Progress in FY3/2026

Growth in North America

- Entered into a capital and business alliance agreement with IG Port, Inc. in June 2025 to strengthen the rollout of global content. Released the stop-motion animated series “My Melody & Kuromi” on Netflix, ranking second worldwide in the non-English series category in its first week of streaming.
- Strengthened the marketing team at our U.S. subsidiary. Revised our sales strategies for key target accounts in North America.
- Highlighted Kuromi, a character being developed as the next big thing after Hello Kitty, in a Halloween event**. Continued to increase the exposure of multiple characters on social media to improve recognition of a wide range of characters.

Growth in mainland China

- Launched 30 new mainland Chinese IPs.
- Established and commenced operations of an anti-infringement structure at our overseas subsidiaries. **Promoted online takedowns, including in regions outside of mainland China.**
- Continued to maintain and strengthen relationships with local governments and other intellectual property experts.
- Although there are possibilities of delays in the release of Alifish’s movie works, production is ongoing.

Build human resource infrastructure

- Held a summer internship for students graduating in 2027 to develop “producers,” as set out in the Medium-Term Management Plan.
- Established a talent management process** for creative and global talent and **revamped our succession plan**.
- Maintained our target for the percentage of female managers of more than 30%**.

Establish an aggressive financial and governance structure

- In addition to entering into a capital and business alliance agreement with IG Port, Inc., acquired shares in Gugenka Inc. in July 2025.
- Implemented flexible share buybacks** and considered disciplined M&A activities.

Strengthened Head Office–overseas subsidiary synergies

- Held a business conference and Group-wide in-person meetings, including overseas subsidiaries. Enhanced global financial data and KPI management.
- Established a coordination process between HQ initiatives and character strategies in key markets, and budget planning process based on that strategy.
- Launched a global branding campaign for Hello Kitty to connect the world with kindness ahead of her upcoming 55th anniversary**.

Continue to grow in mature markets (Japan)

- Domestic product sales and licensing businesses continued to perform strongly, supported by ongoing inbound effect. In product sales, a new personnel system was designed, and the staffing structure was strengthened.
- Opened a flagship Harajuku store in December 2025** in the product sales business.
- In the licensing business, **partnerships with licensees with strong brand recognition continued to perform well**.
- Formulation of our basic plan for the entertainment resort development concept in Oita**, announced in December 2025, **is underway**.

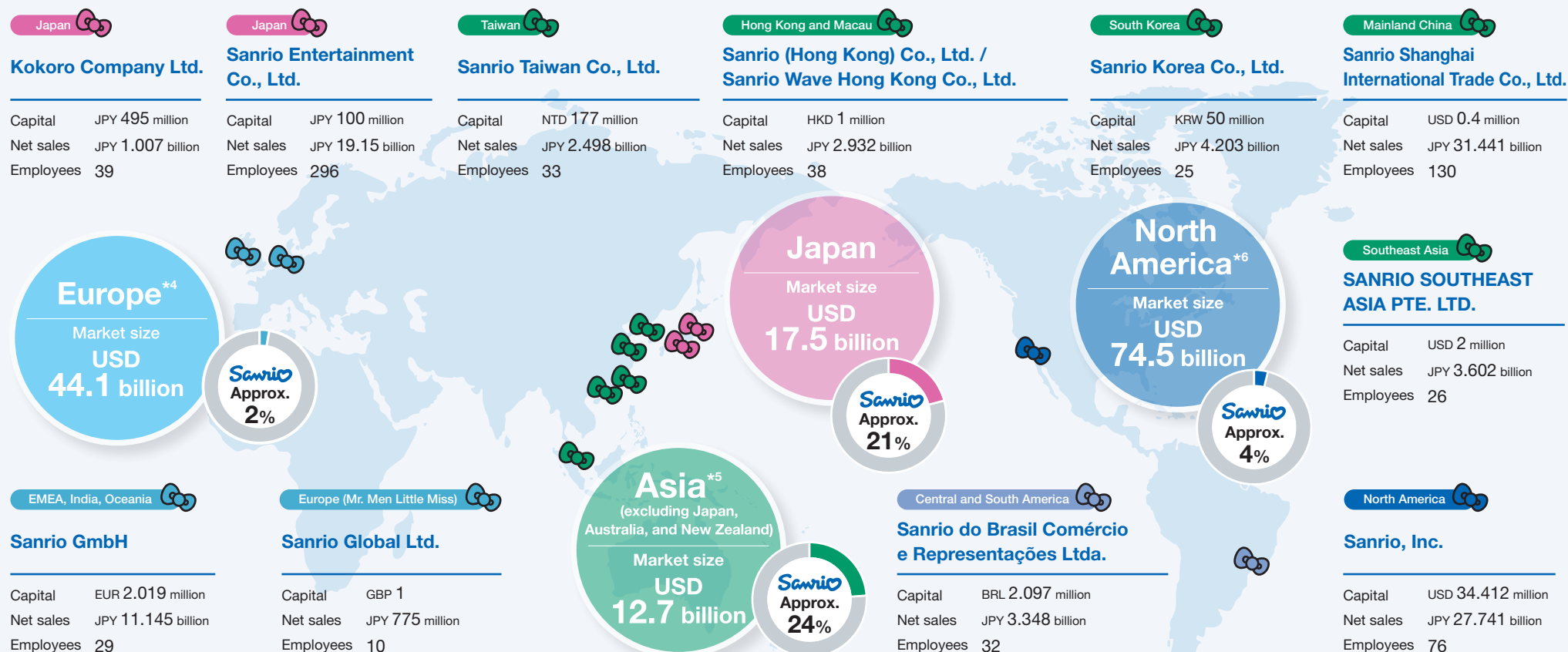
Create time deeply absorbed in Sanrio

- In the edutainment business, a joint venture was established to expand the “WeAct!” English conversation school launched last year.
- In the digital business, a VTuber general election and a next-generation character discovery event were held on the creation platform “Charaforio.” In the game business, multiple titles are under development for launch next fiscal year.
- In the edutainment business, transitioning from the traditional one-time purchase model to a subscription model is in progress.
- Virtual Sanrio Puroland opened in December 2025 as a permanent VR theme park that operates 24/7 year-round. In the game business, development of 10 titles is progressing as planned.**

Regional Strategy Overview

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

Sanrio's market share*1 *2 *3



*1 Based on the data for the Characters/Entertainment segment in Sales of Licensed Merchandise and Services, by Country, 2025, in the 2026 Global Licensing Industry Study by Licensing International. Figures are rounded down to the first decimal point.

*2 The market size figures for each market are based on the "2026 Global Licensing Industry Study" by Licensing International, converted into Japanese yen using the average exchange rate during the period. To calculate our estimated gross merchandise value (GMV) for the licensing business in each market for FY3/2026 (sales of Sanrio and domestic subsidiaries from April 1, 2025 to March 31, 2026, and sales of overseas subsidiaries from January 1, 2025 to December 31, 2025), we divided licensing sales in each market by our standard royalty rate. Please note that actual royalty rates vary by contract. GMV includes domestic merchandise sales, domestic licensing sales, and overseas licensing sales, but excludes overseas merchandise sales.

*3 Revenue used to calculate the market share in each region is based on the subsidiary locations of Sanrio Co., Ltd., not client locations.

*4 Europe includes Eastern and Western Europe.

*5 Asia (excluding Japan, Australia, and New Zealand) includes mainland China, Hong Kong, Macau, Taiwan, South Korea, and Southeast Asian countries.

*6 North America includes the United States and Canada.

* As of March 31, 2026 * Sales of overseas subsidiaries are calculated based on the period from January 1, 2025 to December 31, 2025. * Employees: Regular employees only. Temporary employees are not included.

* Net sales and employees for Sanrio Global Ltd., Europe are combined with those of Sanrio Global Asia. * Kokoro Company Ltd.: Robot sales and rental businesses

Europe and U.S. Strategy

We update our strategy as needed in light of market trends. We will build a lifestyle brand rooted in people's lives, and launch a campaign to acquire a 10% market share in North America.



Aya Kurata

Executive Officer
Responsible for Global
Strategy Department

Initiatives and achievements through FY3/2026

To accurately capture the recovery in demand following the COVID-19 pandemic, we have been advancing our sales and marketing efforts. As a result, we achieved growth that outpaced the market recovery in the European and U.S. markets, recording contribution profit of 22.9 billion yen the Americas and 7.3 billion yen in Europe in FY3/2026. In particular, we believe that we were able to capitalize on the momentum surrounding Hello Kitty's 50th anniversary and translate it into sustainable growth in the mass market, rather than allowing it to remain a fleeting trend. In North America, we narrowed our focus to key categories and licensees, implementing disciplined growth management while maintaining quality. In Europe, the apparel sector, including fast fashion and premium brands, is currently a key category, while we also anticipate growth in the toys category going forward. We expect this to strengthen our brand presence and expand our market share in the region. In addition, strengthening synergies between the Head Office and overseas subsidiaries, establishing a system to promote sales and branding in an integrated manner, has enabled us to establish a stable growth foundation.

Vision

Short-term

We aim to establish Sanrio as a lifestyle brand that is everywhere across the European and U.S. markets. To achieve this, we will cultivate multiple core characters, including Hello Kitty, Kuromi, and Cinnamoroll, to create multi-layered growth drivers. Furthermore, by linking major contents such as movies and anniversary initiatives with sales activities, we will establish a growth model that balances quality and quantity, which we expect to serve as a foundation for medium- to long-term growth.

Medium-term

We aim to establish Sanrio as a global IP platform provider to lay the foundation to expand Japanese IP into the European and U.S. markets. We will diversify our revenue streams by expanding value offerings through various distribution channels, including advertising, promotion, games, videos, and stores, in addition to our existing licensed products. In recent years, we have reached a stage where we can build equal partnerships with major retailers and brands, such as by forming strategic long-term partnerships with major global companies. We aim to strengthen our long-term co-creation relationships with them. Through these efforts, we aim to realize a sustainable growth structure that combines multiple IPs, diverse touchpoints, and expansion into emerging markets such as MENA* and India, evolving into an entertainment platform that is integrated into people's daily lives. We also place importance on incorporating non-linear growth, not just continuing on our current trajectory. We are exploring the use of M&A to acquire new functions and value creation engines that can expand our IP value.



▲ Hello Kitty Cafe Chicago opened in June 2026

* MENA: Middle East and North Africa

North America Business

We aim to expand our customer base by evolving from a kawaii icon into a lifestyle brand popular across generations, to sustainably achieve a 10% market share by FY3/2035.



Craig Takiguchi

CEO
Sanrio, Inc.

Initiatives and achievements through FY3/2026

FY3/2026 marked a shift away from strengthening our core businesses to a year of strategic and multifaceted expansion across various IP, customer, and sales channel areas. Contribution profit exceeded our target, reaching 20.1 billion yen. The toys, apparel, and home categories, in particular, drove growth. A noteworthy achievement is the “Kuromi x Halloween” initiative. We have positioned this initiative as a template for medium- to long-term growth, and will expand it to other characters and seasonal measures going forward. Our category structure is robust and diversified. We are also expanding our reach in the U.S. Midwest and South and across diverse cultures and communities. We are also expanding our IP portfolio, with the Hello Kitty and Friends YouTube channel functioning as the core of our brand. Kuromi and Cinnamoroll achieved significant results in their respective target audiences. We have greatly increased recognition for each character, with Kuromi in particular approaching a cultural breakthrough.

Vision

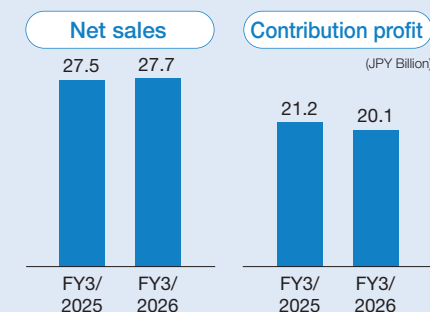
Short-term

We will maintain and expand the brand’s momentum over the next three years. Hello Kitty and Friends is at the core of this effort. In the apparel sector, while maintaining the kids business, we will make forays into providing products for boys, and work to restructure our adult product lineup through D2C and premium specialty stores. We will also strive to achieve sustainable growth through global collaboration.

Medium-term

We aim to increase our current share of the North American character IP licensing market share of about 4% to 10% by FY3/2035. At the core of these efforts will be the diversification of our IP and initiative portfolio, expansion from our conventional customer base, which was primarily girls, and growth driven by local and community-based initiatives. As the foundation for all of this, we will thoroughly implement a quality-first approach and establish Sanrio as a cross-category lifestyle brand by creating sustainable and recurring demand.

FY3/2026 Performance Graph



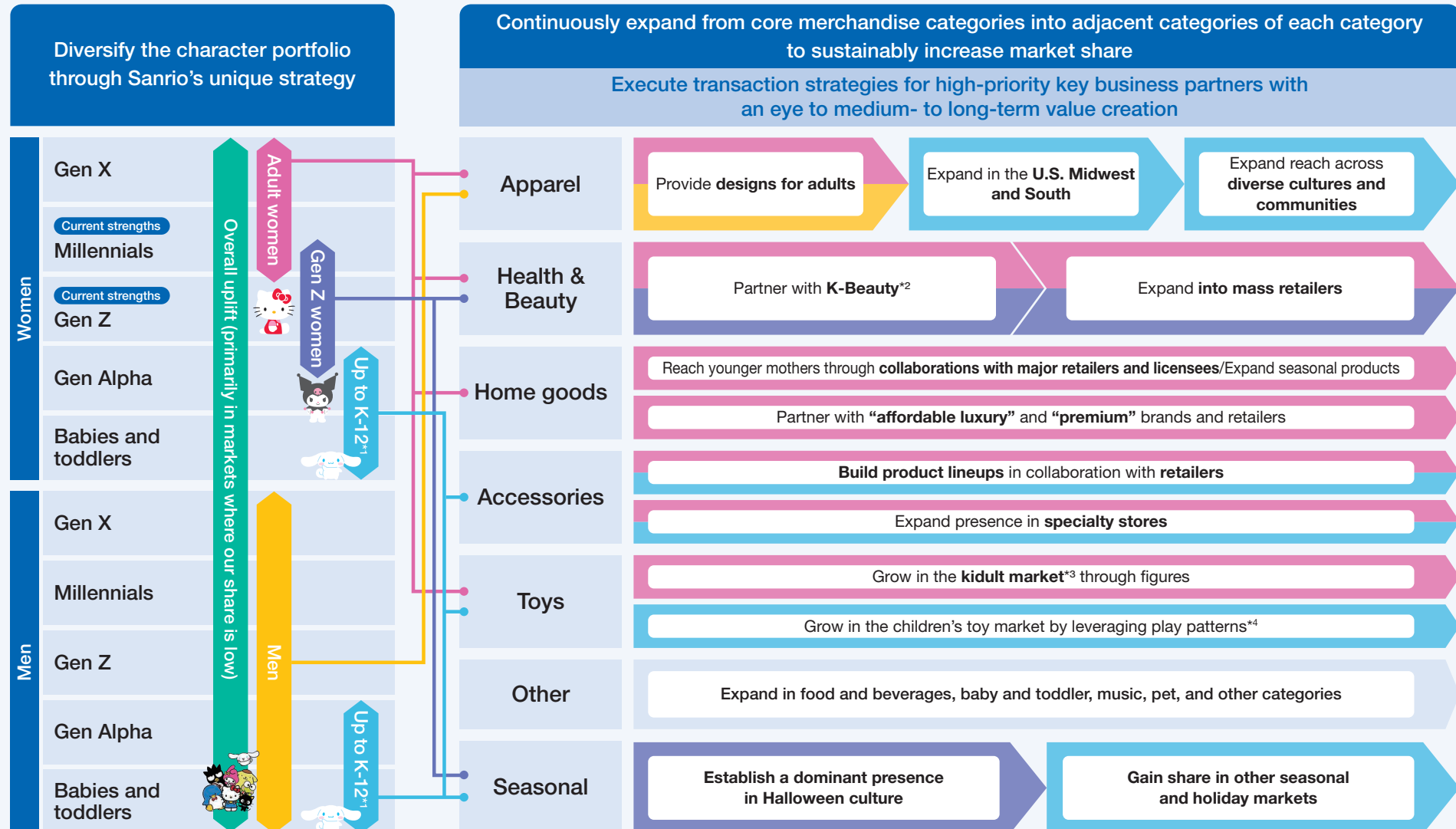
Market environment

The North American character IP market is an attractive market with significant growth potential, but it is also a highly competitive environment dominated by major players. While securing retail space is difficult due to the oligopoly of retailers, market opportunities are expanding due to growing interest in Japanese IPs.

U.S. Strategy Map

Initiatives toward achieving a 10% market share by FY3/2035 are progressing steadily.

Going forward, we will continue to update our strategy flexibly in response to market and consumer trends, aiming to grow sales by building a lifestyle brand.



Respond nimbly to market and consumer trends and aim to grow sales by building a lifestyle brand

*1 K-12 (Kindergarten through Grade 12): A term used in the U.S. education system to refer to students from kindergarten through high school graduation *2 K-Beauty: A general term for cosmetics and skincare products originating in South Korea, as well as distinctive Korean beauty practices

*3 Kidult: A portmanteau of "kid" and "adult," referring to adult consumers who purchase and enjoy character merchandise, toys, figures, and similar products *4 Play patterns: Specific behavioral patterns and play mechanisms/structures that describe how children play with toys

Europe Business

We will accumulate robust results, increase brand recognition for key Sanrio characters, and execute a solid content strategy for Mr. Men Little Miss.



Silvia Figini

COO
Sanrio GmbH

Latin America Business

We will continue to expand the growth and development of Sanrio IP throughout Central and South America, primarily in Mexico and Brazil.

Initiatives and achievements through FY3/2026

We established long-term collaborative relationships with category leaders and major retailers. As a result, apparel is now a major category for Sanrio GmbH. Over the next two years, we anticipate growth in the toys category, leading to overall expansion of the field and the strengthening of our brand. While maintaining Hello Kitty's position as a symbol, we have also expanded the development of other characters. Innovative projects, such as our collaboration with the ICC (International Cricket Council), are expected to reach over 2 billion people, holding significant strategic importance for the future.

Vision

Short-term

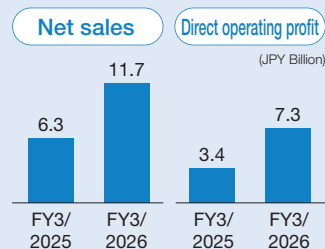
We will maintain and strengthen the brand's momentum by stepping up collaboration, maintaining and strengthening our business foundation in mature markets, expanding our character portfolio, and enhancing brand strength and profitability in the Middle East, India, Oceania, and Africa.

Medium-term

We will reduce our reliance on specific characters and build multiple growth drivers in each area. In the European market, we aim to achieve a 5% market share and will also consider launching characters for boys. Apparel, toys, health & beauty, and stationery/back-to-school items*¹ will continue to serve as the foundation of our business. Meanwhile, collaborations with third-party brands, such as the ICC and those in the digital and education spaces, will create new growth opportunities.

* Back-to-school: Shopping for the new school year

FY3/2026 Performance Graph



Market environment

The market is a mix of mature and emerging markets. Key to success lies in balancing global brand consistency with local adaptability, as well as addressing market fragmentation, regulatory complexity, IP protection, and changing consumer needs.

Initiatives and achievements through FY3/2026

We expect sales in Mexico and Brazil to continue growing. As a result of increased brand recognition through our marketing activities, we have been able to develop licensing programs for individual characters such as Kuromi and Cinnamoroll. We are also providing fans with new and attractive Sanrio experiences through measures such as the expansion of Hello Kitty Cafes and restaurants.

Vision

Medium-term

We will position the Sanrio business in Mexico as one of our most important areas. We will further strengthen collaboration with Sanrio, Inc. and maximize the use of resources and investments by scaling out past successes and strategies.



Chris Daniels

COO
Sanrio do Brasil Comércio e
Representações Ltda.

SPECIAL FEATURE 3

Susie Wolff
Managing Director,
F1 Academy



Tomokuni Tsuji
President and
CEO

Creating Authentic Experiences Together —Challenging Ourselves to Create New Value Global Stakeholder Dialogue Between F1 Academy and Sanrio

F1 Academy and Sanrio surprised the world with a partnership between motorsports and Hello Kitty, going beyond traditional ways of thinking. In this dialogue, Tomokuni Tsuji, President and CEO of Sanrio, and Susie Wolff, Managing Director of F1 Academy, discuss the background behind bringing the project to life, their shared ideas, and what they aim to achieve through this partnership.

—In November 2025, F1 Academy and Sanrio partnered for the first time for F1 Academy’s season finale in Las Vegas in the United States. What was the thinking or intent behind this partnership?

Wolff First, let me explain what F1 Academy is about. F1 Academy is a race series founded by the Formula One

Group to support female drivers and help them grow. For a long time, motorsports have been mostly dominated by

men. In recent years, however, the F1 fan base has been changing in big ways. Today, women account for 42% of F1 fans worldwide, with female fans aged 18 to 24 representing the fastest-growing segment. Amid this shift, F1 Academy was created.

We give 18 young female drivers the chance to compete with the hope of someday seeing a woman on the F1 stage. Motorsports are one of the very few sports in the world where men and women can compete on the same stage. That’s why setting up an environment where more women have the opportunity to take on that challenge is so important.

Tsuji I grew up watching F1, so this partnership has been a dream of mine for years. Honestly, it made me so happy to see this project come to life.

From a business perspective as well, we believed that bringing together the value of “kawaii,” which Sanrio has long cherished, with the speed, technology, and global appeal of F1 could create entirely new value. Right now, our 10-year Long-Term Vision involves becoming a global IP platform provider. As we continue to expand our presence in the entertainment space, we believe sports are an extremely important category. This project was a symbol of moving in that direction.

Wolff I felt the same way. Even now, people assume motorsports are for men. I’ve loved pink, as well as cute things, for ages, but I’m also a racer. That’s why I’ve always believed that “kawaii,” speed, and legitimate competitiveness can co-exist. Our partnership with Hello Kitty was the perfect opportunity to turn this idea into a reality. I know I say this a lot, but you don’t have to be a

SPECIAL FEATURE 3: Creating Authentic Experiences Together —Challenging Ourselves to Create New Value Global Stakeholder Dialogue Between F1 Academy and Sanrio



tomboy to love racing. You can love Hello Kitty, and you can love F1. I’m always saying that you can love both at the same time. This partnership reflects messages like that.

Tsuji Susie, I heard you have a personal connection with Hello Kitty.

Wolff Nearly 20 years ago, when I was still a racing driver, Mercedes-Benz painted my race car bright pink. At the time, I wanted to be recognized as a female driver, so I was nervous about how people would react to a pink car. When

I took it to the racetrack, all these little girls came up to me and asked if it was a Hello Kitty car with their eyes all lit up. That’s when I realized that representation has the power to move people. That pink car made those little girls interested in the racing world. Now, roughly 20 years later, I’m running F1 Academy, and we’ve been able to collaborate with Hello Kitty. Life is full of surprises. That’s why this partnership was especially meaningful to me. It was fantastic to have a brand like Sanrio work with F1 Academy because it was our first partnership where we created an actual merchandise collection.

Tsuji I believe Sanrio characters have the power to connect people and put smiles on their faces while creating new experiences and inspirational moments. They should be able to provide great value as gateways to younger generations and completely new audiences, even in the world of sports, just like you experienced firsthand, Susie. I feel like this partnership created a mutually beneficial opportunity to attract new fans, bringing F1 Academy and F1 fans who weren’t originally interested in Sanrio characters together with Sanrio fans with little interest in motorsports. Along those lines, I think F1 Academy and Sanrio were aligned in their thinking for this collaboration, which created new value and possibilities.

—The partnership involved setting up dedicated Hello Kitty Grandstands for spectators, selling merchandise from the exclusive 36-piece Hello Kitty and Friends × F1 Academy collection, and holding social events on the racetrack. What were people’s actual reactions like?

Wolff To be honest, I didn’t think it would have this much of an impact. The plushies sold out within two days, and the bomber jackets and other apparel were incredibly popular. I really think Sanrio, Inc.’s design team did a fantastic job with the planning and designs. I received tons of messages from fans around the world. Many people appreciated seeing “kawaii” come together with speed and said they’d never seen motorsports like this before.

Tsuji We’re also overjoyed that people appreciated our products, which were crafted with great attention to detail, from their designs to the manufacturing process. But on the business side, that’s not the point. More importantly, this partnership got people talking and created new touchpoints with fans. Sanrio’s business is about more than just the sum of its parts. As our brand value grows, it creates to new businesses opportunities. I often describe this kind of IP momentum as a “multiplier effect” in business. In my opinion, this project really helped that momentum pick up speed.

Wolff I think the impact of our partnership was huge in terms of buzz. It was groundbreaking and the first of its kind in the world of motorsports. F1 is the pinnacle of motorsports. From a business perspective, it also expanded our possibilities for developing and launching products by combining “kawaii” with race culture. The impact Hello Kitty—this iconic character—had on the racetrack remains a source of so much inspiration. I’ll never forget the moment I saw the first images come through of Hello Kitty with a racing helmet on. It was incredible.



SPECIAL FEATURE 3: Creating Authentic Experiences Together —Challenging Ourselves to Create New Value Global Stakeholder Dialogue Between F1 Academy and Sanrio

Tsuji We’re also thrilled that our characters have been accepted into the world of motorsports too. After all, we provide entertainment. We were able to make new audiences in the world of sports smile and feel inspired, so this was also extremely meaningful as a global IP platform provider.

Members of our U.S. subsidiary Sanrio, Inc. who helped with the project are still riding the excitement of achieving something big with F1 Academy, and they said that they want to keep growing to expand the project not just in North America but around the world. I truly feel like our designs were received well, and I hope that we continue creating new value to meet such expectations.

Wolff My message to youngsters is to follow your own passion. You don’t have to conform with other people’s expectations or beliefs. Success doesn’t come easy in business or sports. You need to believe in yourself and stay passionate to overcome the difficult moments. Feel free to fall in love with racing even if you love cute things. If you follow your dreams your own way, new possibilities that you never could have imagined will open up.

beyond just Hello Kitty. At the same time, we will aim to provide new experiences to people all over the world.

We think it’s important to increase opportunities to bring about real inspirational moments and joy with partners who share our values. We created authentic experiences together with F1 Academy, so, along those lines, this partnership was extremely meaningful.

Wolff I agree. The success we achieved is not the goal—it’s the starting line. F1 Academy will keep growing its fanbase and inspiring new generations. To that end, we need partners who really share our values. We share a common goal with Sanrio—to bring joy to people. That’s why, I think, we were able to reach many people.

Tsuji I hope we will continue working to bring value to the next generation while creating moments to engage with new fans, alongside F1 Academy. Let’s keep working together toward our shared vision.



—With the success of this partnership, what developments do you see going forward?

Tsuji I definitely hope to continue our partnership with F1 Academy for a long time. Hello Kitty and the other Sanrio characters have this incredible potential to connect people across borders and generations.

Hello Kitty has a tremendous presence in North America. For us, this means huge possibilities are expanding toward our goal of becoming a global IP platform provider. Motorsports are team sports, which aligns with our theme of friends helping each other. We want to expand possibilities for our whole IP portfolio



F1 Academy is a female-only formula racing series founded by the Formula One Group in 2023 to support young female drivers in the world of motorsports and help them grow. It is currently operated under the supervision of Susie Wolff.

This series serves as a pipeline for female drivers to take on higher racing categories and is composed of seven events in total, which are all held on an F1 Grand Prix weekend.

F1 Academy aims to generate opportunities for more women to participate on and off the racetrack by removing various barriers to entry that exist in the world of motorsports. The series is drawing attention as an important initiative that supports the participation of female drivers and inspires future generations of women.

Asia Strategy

We will foster stronger emotional connections between customers across Asia and each character to achieve sustainable growth.



Yasuyuki Otsuka

Senior Managing Director
Executive Manager, Sales Division
Deputy Executive Manager,
Global Business Division
(Responsible for Asia Operations)

Initiatives and achievements through FY3/2026

In the Asian region, including Japan, we seized various opportunities that led to further growth of the Sanrio brand. As a result, in FY3/2026, direct operating profit from product sales and licensing in Japan reached 13.3 billion yen and 27.7 billion yen, respectively, while contribution profit in Asia excluding Japan reached 28.3 billion yen, demonstrating robust growth in both product sales and licensing. In this region, we already command a high market share. To maintain and expand this share, we have focused on strengthening emotional connections with customers by opening flagship stores that serve as key hubs for communicating our brand, while also enhancing both the scale and quality of our social media presence and events. In our licensing business, we have also worked to expand collaborations with highly reputable licensees, creating more opportunities to bring greater joy to customers in each market. In addition, by scaling out past successes and popular products from each country across the entire region, we have also been able to bring smiles to even more customers. Moreover, to strengthen our business foundation, we have worked on expanding our workforce, strengthening local capabilities to combat infringing goods, and promoting a global SPA model that enables the integrated operation of product and supply chain management in our product sales business.

Vision

Short-term

We will focus on building the business and organizational foundation necessary to become a global IP platform provider. In IP strategy, our most important strategy, we will accelerate the expansion of our IP portfolio through the utilization of globally shared content, the creation and development of new IP, and the management of other companies' IP. In our product sales business, we will further evolve the global SPA model we have been promoting to date to advance the construction of a Global Integrated Commerce Model that integrates global merchandise, SCM* integration, and data utilization, with the aim of realizing an optimal cross-country product, sales, and supply system. Furthermore, to enhance and streamline back-office functions, we will promote the consolidation and standardization of common operations dispersed across subsidiaries and regions, and promote the allocation of personnel to licensing sales and marketing functions in each country, aiming to balance regional efficiency with localized solutions tailored to regional characteristics. In addition, we will promote concrete plans in a multifaceted manner to expand our LBE business, which deepens our connections with customers, in each region. We will also continue to implement anti-infringement measures, and by strengthening local functions and utilizing systems, we will build a more robust and sustainable IP protection framework.

Medium-term

To maintain and expand our market share across Asia, we will work to create and develop new IP originating from the region, diversify our IP portfolio through expanded collaboration with other companies' IP, as well as accelerate operational reforms by enhancing our Global Integrated Commerce Model, optimizing our business foundation for each region, and standardizing our license management and data infrastructure. Furthermore, we will utilize our Location-Based Entertainment (LBE) offerings launched in various locations as key customer touchpoints to deepen our connections with customers and further strengthen our IP protection framework. Through these efforts, we will capture the growth of emerging markets such as Southeast Asia, while keeping Japan and mainland China at our core, to achieve sustainable growth and enhance corporate value across the Asian region as a whole.

*SCM = Supply chain management

Product Sales Business

We will co-create product sales businesses with partners around the world to expand customer touchpoints and enhance IP value.



Tatsuya Yamashita

Managing Executive Officer
Executive Manager,
Global Product Sales Division
Deputy Executive Manager,
Sales Division

Licensing Business

We will expand our IP portfolio to enhance IP value and maximize earnings.



Hideyuki Saito

Executive Officer, Sales Division
2nd Licensing Sales Department,
3rd Licensing Sales Department,
IP Development Sales
Department

Initiatives and achievements through FY3/2026

As a platform for developing IP at customer touchpoints, we expanded the IP of Sanrio's original products and, in particular, opened stores in prime locations, mainly in Japan and mainland China, enhancing the enjoyment of customers encountering our characters and making choices in stores. We also promoted the sharing of product planning, procurement, and sales expertise in each region, and strengthened collaboration from the product development to supply stages, thereby promoting the construction of a global SPA model. In the edutainment business, we are reviewing our business structure and working to build a business foundation that enables us to bring enjoyment to more customers.

Vision

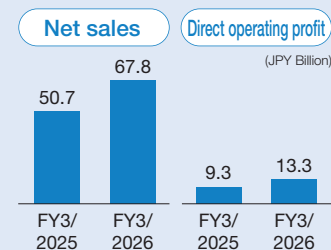
Short-term

We will promote the construction of a Global Integrated Commerce Model. We will establish a product sales model in mainland China and explore opening stores in the United States, aiming to strengthen our foundation for driving global growth and enhance IP value.

Medium-term

We will enhance the Global Integrated Commerce Model to optimize product planning, supply chain management, and data utilization on a global scale. Through the product sales models established in mainland China and the United States, we will evolve reproducible product sales formats tailored to each market, advancing stores into places for developing IP and expanding fan touchpoints.

FY3/2026 Performance Graph



Market environment

Amid intensifying IP competition, the importance of customer touchpoints and fan expansion through product sales is growing.

Initiatives and achievements through FY3/2026

In the areas of merchandising and advertising licensing, we took steps to expand our IP portfolio by utilizing multiple characters and new and dormant IPs. Additionally, we expanded earnings through solution development in conjunction with Group assets such as theme parks and digital businesses, collaboration with reputable licensees, and capturing large-scale events and inbound demands. Collaboration with IP of other companies also enhanced the appeal and relevance of Sanrio's IP and expanded the fan base, contributing to the enhancement of IP value.

Vision

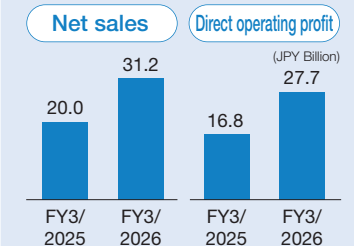
Short-term

By leveraging synergies with our large-scale marketing initiatives, we aim to further enhance the value of existing IP, and by utilizing new and dormant IP, we aim to further expand our IP portfolio and expand earnings opportunities.

Medium-term

We will establish a business foundation for promoting collaboration with the IP of other companies and individual creators. We will also promote the formation of a diverse IP portfolio by establishing a cycle for creating and developing new IP. This will lead to further collaboration opportunities with licensees and the diversification of our fan base, resulting in sustainable IP value enhancement and earnings growth.

FY3/2026 Performance Graph



Market environment

While the domestic IP market is a mature market, competition is becoming increasingly fierce as companies leverage their appealing IP and content.

Mainland China Business

We will continue to raise awareness among consumers in mainland China and deepen engagement, expand and sustain Sanrio Time, smiles, and brand value.



Joy Wei

COO
Sanrio Shanghai International Trade
Co., Ltd.

Initiatives and achievements through FY3/2026

In 2025, Sanrio’s social media buzz (number of posts, videos, and articles) and engagement both grew by around 30%, placing it among the top three IP brands in the mainland China market. This is thanks to the marketing activities of Sanrio Shanghai and its licensees. As of December 2025, our offline store network has expanded to a total of 59 stores across 16 provinces and 24 cities nationwide. We opened a new store with a new design on East Nanjing Road in Shanghai, the largest shopping district in mainland China that sees 1 million visitors per day, strengthening the communication capabilities of our brand and expanding customer touchpoints. The licensing business continues to grow steadily, particularly in the toy and fashion sectors. We are also making smooth progress with our multi-character strategy, with Hello Kitty driving sales, while Kuromi, Cinnamoroll, and My Melody also delivered strong growth. We continued our efforts to develop new IP for WeChat, launching 30 new IPs by March 2026, five of which advanced to the next development stage, strengthening our foundation for creating and developing Chinese IP. Furthermore, we are continuously working to combat counterfeit products, strengthening our anti-piracy measures on e-commerce sites to protect IP value and promote healthy business growth.

Vision

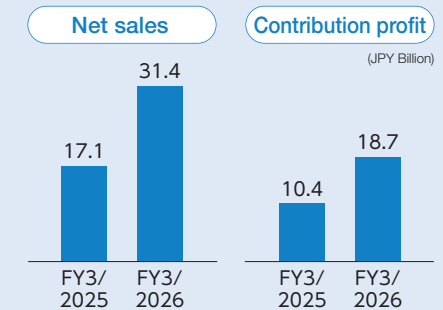
Short-term

By promoting a multi-character strategy, we aim to build a balanced IP portfolio and enhance our brand value through further growth in our licensing and retail businesses. We will also build an integrated CRM platform centered on a “single membership ID” and promote the utilization of customer data across online and offline channels to improve customer understanding and strengthen fan engagement. Furthermore, we will develop partnerships and a business foundation for LBE development, aiming to create new customer experiences and build a foundation for sustainable growth in the Chinese market.

Medium-term

We will enhance our IP portfolio management capabilities to ensure that multiple IPs have a strong market presence, and establish a system for creating and developing new Chinese IPs. This will promote the development of Evergreen IP for major characters other than Hello Kitty. Furthermore, through the development of LBE businesses, including the Sanya Hello Kitty Resort, we will create new revenue streams and enhance the experience value for our customers. We will also expand our membership base and strengthen measures against counterfeit products with the aim of securing a competitive edge in the Chinese market.

FY3/2026 Performance Graph



Market environment

While the culture of purchasing character goods and services is starting to become more established, it is a market where character popularity shifts very rapidly, making the swift development of IP and new characters extremely important.

SPECIAL FEATURE 4

Expanding Sanrio Time in Mainland China More Deeply and on a Broader Scale: Growing Our Fanbase Through People’s Faves and Daily Touchpoints to Build a Foundation for the Future

“Faves” and content that generate time deeply absorbed in Sanrio

Consumers in mainland China have highly digitized lifestyles, mainly using social media to browse, consume content, and express themselves. We operate official accounts on major social media platforms (Weibo, WeChat, TikTok, RED, Bilibili, etc.) and have around 8 million followers in total. Our followers are predominantly young women in major cities, including celebrities and influencers, demonstrating high engagement and loyalty.

We post content on social media at least three times a day, creating everyday touchpoints and delivering value that connects us with our audience. In 2025, our social media content gained around 240 million views and 8.2 million interactions. In particular, our original 3D short animations originating from mainland China have garnered high praise, with content reflecting the lives of the Chinese youth resonating strongly with viewers. As a result, we gained over 2 million followers and over 24 million likes.

While providing social media content that viewers can enjoy on a daily basis, our integrated marketing campaigns also offer a multifaceted experience. We launch three to four campaigns each quarter, creating immersive, interactive experiences through character anniversary events, themed pop-ups, seasonal events, and CSR activities. These initiatives generate billions of media impressions through increased store visits, user-generated content (UGC), and expanded online engagement.

By combining social media strategies with integrated campaigns, we are improving brand recognition, strengthening affinity with our characters, and expanding the influence of the Sanrio brand.

Expanding categories and locations to broaden our reach

Over the past few years, we have rapidly expanded our store network in mainland China. Regardless of whether the stores are directly managed or franchised, we thoroughly maintain a unified brand image and operational structure to communicate the appeal of Sanrio IP to fans in key areas.

In addition to Japanese products, original products incorporating local culture and trends have attracted customers to stores and contributed to increasing brand buzz. Furthermore,

directly managed stores function as a showcase for our brand, demonstrating high standards in terms of store displays and product development that licensees use as a reference.

In the licensing business, we have gained the trust and support of partners in various industries, enabling us to continuously create appealing collaborative products and experiences. These collaborations allow Sanrio fans in mainland China to experience comfort and emotional resonance throughout their daily lives, while also helping us expand our fan base and enhance brand value.

A chain reaction of touchpoints drives sustainable growth

The excitement generated offline is spilling over onto online platforms. When we open new stores, fans post about their visits on social media. The spread of this information encourages even more fans to visit. Our integrated marketing campaigns also generate a vast amount of user-generated content (UGC) in the form of posts by KOLs* and fans. The synergistic effects of such online and offline initiatives lead to a continuous increase in exposure.

Our products and services strongly embody the values of empathy and self-expression. Consumers not only purchase products for their own comfort, but also give them as gifts to loved ones and share their purchases on social media, expanding their connections with people who share similar interests and values.

In 2025, around 13 million posts contained Sanrio-related keywords, generating a total of over 850 million interactions including shares, comments, and likes. Many related topics repeatedly ranked highly among top trends, exceeding 100 million views.

At the same time, challenges in the mainland China market include geopolitical uncertainty, intense market competition, and the issue of infringing goods. Going forward, we will remain committed to the market and strengthen investment in content and marketing, new IP creation, and measures to combat infringing goods, with the aim of achieving sustainable growth in both our brand and business and realizing our Long-Term Vision.



Joy Wei

COO
Sanrio Shanghai
International Trade
Co., Ltd.

▲ Shanghai-exclusive breakfast series and Beijing-exclusive tanghulu series

* KOL: Key Opinion Leader. An expert with specialized knowledge and significant influence in a particular field who has a strongly impact on consumer decision-making and opinion formation within the industry.

Southeast Asia Business

We will combine successful case studies from East Asia with the local needs of various Southeast Asian countries to create more smiles.



Kohei Imai

COO
SANRIO SOUTHEAST ASIA
PTE. LTD.

Initiatives and achievements through FY3/2026

We focused on expanding licensing agreements with major local companies in each country, significantly enhancing Sanrio’s presence in Southeast Asia. By region, key countries such as Thailand, Malaysia, and Singapore demonstrated remarkable growth, driving our business. The toys category also performed strongly, enabling us to establish a stable sales base. Collaborations with major cafe chains and the implementation of events such as character runs also improved branding and expanded our fanbase. In terms of characters, we focused on those celebrating their anniversaries to capture new audiences. We also made headway with efforts to build a sustainable fan base that will not end as a fleeting trend, expanding online and offline events involving KOLs and increasing the number of social media posts. Furthermore, by skillfully incorporating positive ripple effects (inflow of trends and promotions) from the massive market of our neighbor, mainland China, we efficiently attracted local interest. Support for the Sanrio brand and its fanbase in the Southeast Asian market is steadily expanding on the back of these initiatives.

Vision

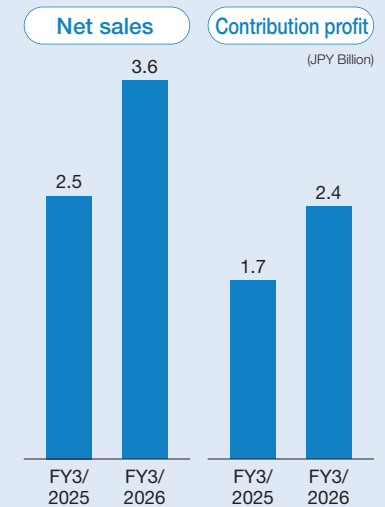
Short-term

To ensure sustainable growth, we will first focus on rebuilding our business foundation and improving operational efficiency. Following this, we will promote a multi-character strategy to increase the exposure for a wide range of characters. We will also develop unique local designs incorporating the cultures of each country, creating Southeast Asian-specific products that will appeal to locals and tourists alike. Within the next three years, we will establish a robust earnings base that enables us to swiftly meet local needs.

Medium-term

In addition to the stable growth of our main characters, we will develop second-tier characters and Mr. Men Little Miss characters to diversify our IP portfolio. While developing our businesses in mature markets such as Thailand, Singapore, and Malaysia, we will focus on acquiring licensing agreements with major consumer goods companies closely connected to the lives of local people in growing Southeast Asian markets such as Indonesia, the Philippines, and Vietnam, which have large populations and a high proportion of young people, in order to cultivate a new customer base. Furthermore, we will post even more content on digital platforms such as YouTube and TikTok, aiming to boost recognition across Southeast Asia and build a sustainable fanbase.

FY3/2026 Performance Graph



Market environment

Many countries in Southeast Asia are experiencing a demographic dividend, making the region a growth market with prospects for medium- to long-term market expansion. At the same time, flexible localization is required to address the differences in culture, business practices, and economic development stages of each country.

Digital Business

We aim to expand our fanbase by increasing character touchpoints in both the digital and real worlds.



Kosuke Hamasaki

Managing Executive Officer
Executive Manager,
Digital Business Division
Deputy Executive Manager,
Global Brand Management Division

Initiatives and achievements through FY3/2026

The Digital Business Division, established in 2025, has established development capabilities to implement and improve ideas as a team, and in December 2025, the VR theme park “Virtual Sanrio Puroland” became a permanent attraction. We are currently transitioning to a growth phase with the number of theme park visitors set as a KPI, aiming to achieve 5 million annual visitors during this MTMP term. For events, we are strengthening collaboration with the IPs of other companies and working to improve our ability to attract customers through new content. These collaborations feature new IPs such as Cosmic Princess Kaguya! as well as long-standing IPs such as the Haruhi Suzumiya series, with both receiving high praise from users. Charaforio, our creation platform, is currently at the stage where Sanrio discovers and produces creators in order to increase the number of IPs registered by individual creators. We have held multiple contests, expanding the scale of the platform to the point where a single event attracts more than 1,000 IPs. In addition, in February 2026, we released Omoide Badge, an app where users earn digital badges by taking part in events and campaigns, further advancing our efforts to merge real and digital-world content.



▲ 3D unveiling event for Cosmic Princess Kaguya!
at Virtual Sanrio Puroland
© Colorido Twin Engine Partners

Vision

Short-term

Virtual Sanrio Puroland will serve as our central digital touchpoint through which we will link various initiatives, such as games and live events. We will also expand collaboration with the IPs of other companies to boost visitor numbers and increase experience value. For Charaforio, we aim to increase its recognition as a platform that creators visit regularly.

Medium-term

While real-world touchpoints offer wonderful experiences where characters and customers interact, they are limited by space, travel distance, and time. Our digital business transcends these limitations, offering the potential to deliver characters to people all over the world anytime, anywhere, and in various forms of expression. There are three main goals we aim to achieve with Virtual Sanrio Puroland, which will form the core of these digital touchpoints. First, we intend to make it a space where people can interact with Sanrio characters anytime, and experience wonderful shows, attractions, and parades. Second, we will enable visitors to encounter non-Sanrio characters in the same way at Virtual Sanrio Puroland. Third, we will utilize UGC to create a space where users can express their likes and themselves. By staying close to users not only in the real world but also through digital touchpoints, we will transform into a company with a strong digital presence.

Game Business

Sanrio launches its first game brand, Sanrio Games, creating new touchpoints to share the appeal of its characters.



Kosuke Hamasaki

Managing Executive Officer
Executive Manager,
Digital Business Division
Deputy Executive Manager,
Global Brand Management Division

Initiatives and achievements through FY3/2026

Two years ago, we established the Game Business Department with the goal of making the game business a new pillar of Sanrio's business. Instead of just releasing one game and being done with it, we established a framework that allows us to continuously release games, expanding our staff from two people at the time of launch to 20 people. Regarding our development lineup, we initially aimed to release a minimum of six titles, but with the expansion of our organization, we have increased this target to ten titles. We launched Sanrio Games, Sanrio's first game brand, not only to increase quantity, but also to improve the quality of delivering the appeal of new characters to our fans through experiences.



Sanrio Games

Scheduled for release on October 29, 2026:
Hello Kitty Party Land ▶



Vision

Short-term

Within three years, we intend to release ten titles to establish a solid foundation for our game business. By continuously releasing two to three titles each year and building a pipeline of future titles, we will ensure that Sanrio Games can consistently deliver new titles to our fans. Furthermore, we will expand the Sanrio gaming experience through collaboration with our own touchpoints such as Sanrio+, products, stores, and Sanrio Puroland, as well as through tie-ups with licensee companies and collaborations with other companies' characters.

Medium-term

Of the ten titles released, we will update those that prove particularly popular in terms of both quality and quantity, reflecting feedback from fans, to ensure stable earnings generation as long-running titles. By utilizing our game business to produce IPs in collaboration with other companies and individual creators, we also aim to expand Sanrio's character portfolio and become a global IP platform provider. Going forward, Sanrio Games will explore unprecedented gaming experiences based on keywords such as cooperation, communication, and comfort.

Theme Park Business

FY3/2026 marked another record high profit. We aim to achieve long-term growth by expanding our business domain to include non-theme park operations and resort development plans.



Aya Komaki

President and CEO
Sanrio Entertainment Co., Ltd.

Initiatives and achievements through FY3/2026

In FY3/2026, we focused on improving profitability and strengthening our growth foundation, which enabled us to achieve record-high profit. We improved profitability and the quality of earnings by optimizing dynamic pricing for passport tickets and discount initiatives, while strengthening efforts to expand our target audience through the development of new, trend-driven content and collaborations with other companies' IPs. We launched a new parade at Sanrio Puroland for the first time in ten years, and renovated stores and established character greeting areas at Harmonyland, a Sanrio character park, thereby creating motivation for people to visit and improving customer engagement. We also transformed Oita Airport into “Oita Hello Kitty Airport” for a limited-time rebranding, and the Harmonyland's entertainment resort development concept was selected as a corporate attraction initiative by Oita Prefecture, garnering attention both within and outside the prefecture and leading to increased recognition of Harmonyland. As for external businesses, we turned the LBE business into an organization, and completed the establishment of a planning and supervision framework and logistics scheme as a foundation for providing real-world experiences in Japan and overseas, further diversifying our revenue streams.

Vision

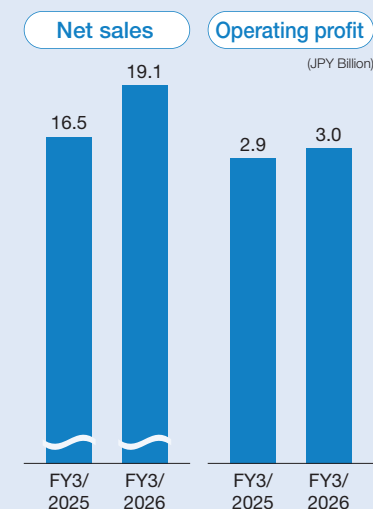
Short-term

By refining marketing data, we will work to deepen our understanding of customers and enhance theme park operations. Furthermore, we will improve engagement by creating a workplace environment that prioritizes employee well-being, providing higher quality content and services, and leading to the creation of customer experiences. We will steadily turn Harmonyland into a resort while also diversifying earnings through the planned expansion of non-theme park businesses, aiming to achieve sustainable growth and enhance the business value of real-world touchpoints within the Group.

Medium-term

Our goal is to allow many people to experience the time deeply absorbed in Sanrio through real-world touchpoints that embody the concept of “Minna Nakayoku” (Getting Along Together). We will build a unique CRM platform that combines data and real-world experiences to optimize content development and promotions based on data. Moreover, while actively incorporating cutting-edge technology, we will refine the experience value that can only be enjoyed in person. We will establish an operating structure that supports the expansion of external businesses, develop an academy function for human resource development, and build an organizational foundation that supports sustainable growth. At Harmonyland, we will take steps to create an entertainment resort unique to Sanrio, providing a theme park where the world of Sanrio characters comes to life and an inclusive space where people from diverse backgrounds can enjoy themselves and work with peace of mind.

FY3/2026 Performance Graph



▲ Harmonyland, a Sanrio character park, “Park in the Sky” concept

LBE (Location Based Entertainment) Business

The LBE business is now fully operational across the Group, sharing the appeal of real-world entertainment experiences across the world.



Kazumi Fujita

Executive Officer
LBE Business Department,
Corporate Strategy Division

Initiatives and achievements through FY3/2026

FY3/2026 was a year that marked significant progress, including the establishment of a Group-wide framework to drive our LBE business and the launch of several key projects with the potential to make a global impact. In addition, we also made headway with the stabilization of our business foundation, such as the production and dispatch of live characters. The role of the LBE business in achieving our Long-Term Vision is not only to contribute to business profit, but also to expand Sanrio's real-world experiences globally and increase opportunities for people to engage with our brand (breadth), while delivering moving, immersive experiences that create lasting memories and moments of joy (depth). These initiatives will help us connect with new fans and strengthen the messages and brand values we seek to share through our characters. For our theme parks in Japan, we revamped Sanrio Puroland's main parade for the first time in ten years, and announced plans to turn Harmonyland, a Sanrio character park, into an entertainment resort development concept. Recently, some projects geared toward the globalization of Sanrio's live entertainment have begun to take concrete shape, including the Cinnamoroll city-touring musical “Cinnamoroll Wonder Trip: The Secret of the Lost Magic” (starting in August 2026), the first-ever Japanese edition of “Sanrio characters Exhibition Hotel Floria Tokyo,” an experiential exhibition event that has attracted attention in Korea (starting in July 2026).

Vision

Short-term

At our theme parks, the core of our LBE business, we aim to move forward with some projects currently under discussion with an eye to their concrete implementation. For the entertainment resort development concept, we will develop a basic plan and set forth a clear vision for the next ten years. In addition, through collaboration with world-leading players in each field of LBE, we will standardize and pursue the breadth and depth of the live entertainment that is unique to Sanrio.

Medium-term

Over the medium to long term, we aim to maximize our contributions to earnings, GMV and the expansion of time deeply absorbed in Sanrio to grow the business into one that plays a significant role and has a major impact on achieving our Long-Term Vision. At the core of these efforts will be on the expansion of the theme park business in Japan and overseas. Amid a series of news reports about theme park expansion around the world, Sanrio's unique value creation will be key to achieving growth. The outcome will depend not on capital, but on how we can visualize and showcase Sanrio's uniqueness. We will explore the optimal structure centered on partnerships with leading global players. At the same time, we will utilize our world-class creativity to create live entertainment and maximize our earnings. Sanrio Entertainment will systemize the experience and expertise cultivated for over 35 years, and, in collaboration with external professionals, aim to grow into a team that can take on the world as a group of professionals in real-world live entertainment. Looking ahead to a future ten years from now in which Sanrio's live entertainment reaches every corner of the world, we will continue to take on new challenges.



▲ First city-touring musical starring Cinnamoroll

Sustainability to Enhance Corporate Value

Introducing Sanrio's sustainability strategies, and the management base that underpins our growth strategies.

Index

Sustainability Management	56
Sanrio Materiality Highlights of Key Initiatives for Each Material Issue ...	57
Corporate Governance	58
Risk Management.....	63
Compliance	65
Human Resources Strategy	66
Provision of Safe and Reliable Products and Services	68
Smile Mission Awards	70
Measures to Address Climate Change	71
From "Governance as a Protective Mechanism" to "Governance that Supports Growth" —A Roundtable Discussion with Outside Directors—	73
Introducing the Management Team	77



Sustainability Management

Approach to sustainability

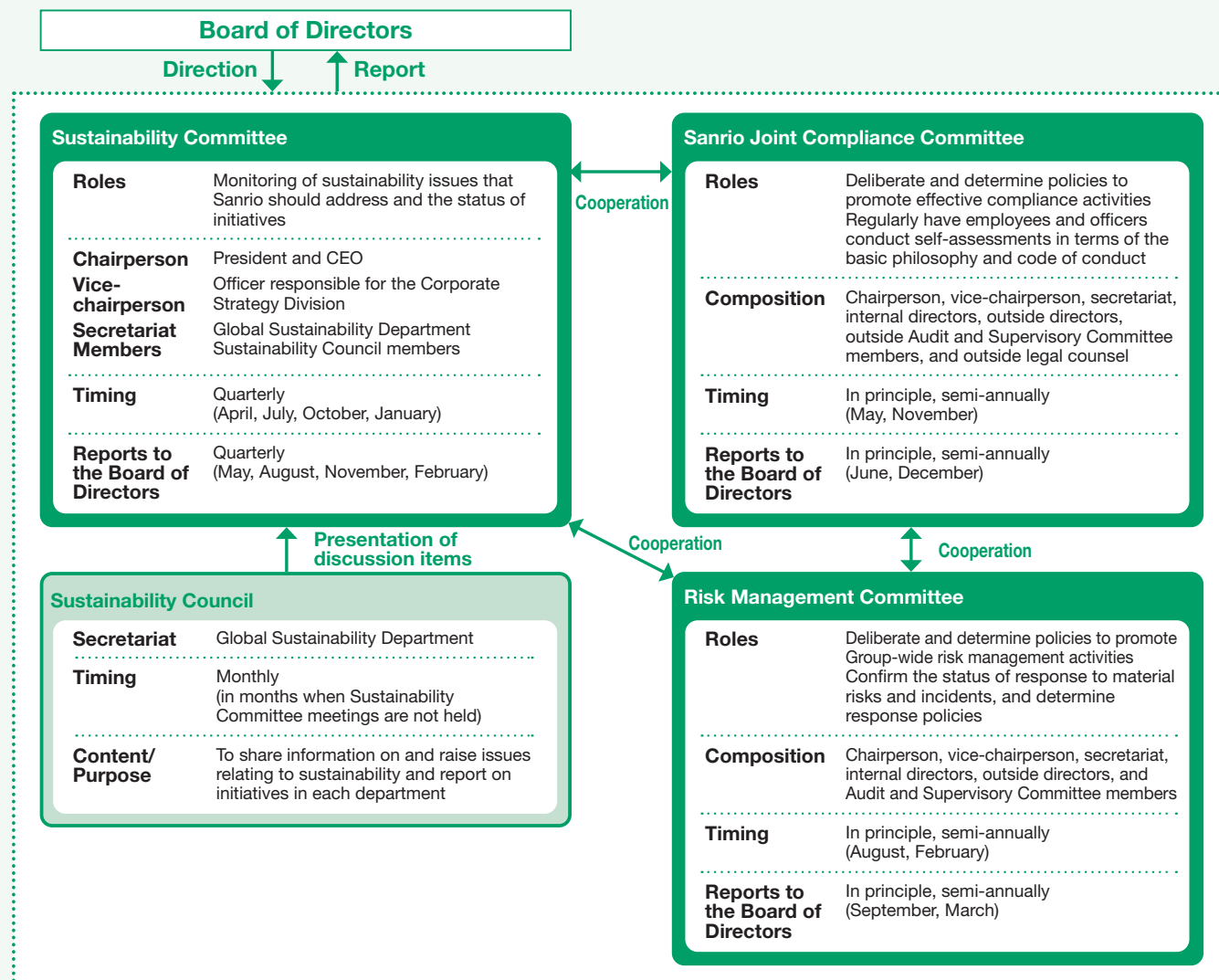
Sanrio has long approached sustainability as a management issue including consideration of environmental and social issues, labor practices, and human rights, based on our corporate philosophy, “Minna Nakayoku” (Getting Along Together). With the aim of contributing to the realization of a sustainable 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.

Sustainability promotion framework

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 by the Management Strategy Council 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.

Sustainability promotion structure



| Sanrio Materiality Highlights of Key Initiatives for Each Material Issue

Issues to address through value creation

Sanrio Materiality	Approach	KPIs through FY3/2027 (excerpt of selected initiatives)	Achievements in FY3/2026
 Improve well-being	Support children and young people in accepting themselves as they are (self-acceptance)	● Create and share content under the concept of helping young people discover the positive qualities they have yet to recognize in themselves	● Started streaming Hagumimi Radio on Podcast and Spotify every other week from February 2026 as a new touchpoint where Sanrio IP connects with people's hearts
	Support children experiencing anxiety as they face difficult situations such as illness, disability, abuse, and caregiving responsibilities	● Introduced a new system for the Sanrio Nakayoku Project, Sanrio's social contribution activities and bring smiles to 20,000 people	● Implemented Sanrio Character Aid in 33 locations in Japan and overseas, bringing smiles to a total of 2,836 people ● Conducted a work experience program for young carers in collaboration with Shinagawa City and produced a video to raise awareness of this program ● Donated original wheelchairs to 47 locations nationwide ● Expanded JICA's hygiene awareness activities to 12 countries and released a video raising awareness about plastic use ● Launched Volunteer Month, a month dedicated to Group volunteer activities, with 418 participants
 Democratize creativity	Develop mechanisms and platforms for companies and fans to co-create and make self-expression a part of people's lives	● 50,000 registered creators on Charaforio, a creative platform where companies and creators work together to create UGX ● The Head Office and Sanrio Shanghai collaborated to advance five new characters to the next development stage, while also creating around 10 new characters each year	● Charaforio's cumulative number of registered creators: 11,000 ● Held Sanrio Collaborative Illustration Contests ● Successfully launched 30 new IPs
	Provide opportunities to nurture children's creativity	● Held one designer-led workshop and one pre-packaged workshop	● Held Creative Door Presented by Sanrio, a designer-led workshop for upper elementary school students
 Raise children's educational standards	Arrange opportunities for children to learn while having fun	● Total of 8,000 households (Touchpoints) for Sanrio English Master	● With regard to sales at our online shop, we introduced two models: a one-time purchase model that purchases a single series in its entirety and a subscription model, and commenced sales with such models in May 2026.
	Provide support for children with limited education opportunities and experiences due to economic or other circumstances	● Contributed to the resolution of social issues by supporting over 30,000 people with our products ● Donated edutainment materials to over six children's welfare facilities, and continuously conducted English language experiences at three facilities	● Sanrio Nakayoku Project supported 12,756 people by providing school supplies and 1,305 people by providing relief supplies, and donated 3.93 million yen to the Japanese Red Cross Society and UNHCR ● Donated Sanrio English Master materials and provided English language experiences at two facilities
 Strengthen social ties transcending borders and generations	Provide opportunities and a platform for people experiencing loneliness and isolation to form social connections across borders and generations	● Created digital touchpoints that connect people and reached 5 million users	● Opened the permanent VR theme park “Virtual Sanrio Puroland” ● Launched Omoide Badge, a new kind of social networking app that connects people through memories
	Strengthen the foundation of the social sector (NPOs, NGOs, international organizations, etc.) with the aim of solving social issues	● Conduct social contribution activities at least twice a year in collaboration with the United Nations (UN) and NGOs/NPOs	● Collaborated with the UN on Expo 2025 Osaka, Kansai, Japan
 Invest in internal and external human capital	Create an environment where all Sanrio Group employees can work happily and healthily, and improve employee engagement	● Promoted flexible work styles and maintained improved employee engagement ● Introduced various measures such as strategic job rotation to create IP producers, secondment programs to other companies, and internal pitch contests	● Revised remote working guidelines, disseminated and promoted operational guidelines to managers and employees ● Implemented the 2027 New Graduate Recruitment Summer Internship Producer Course
	Support the development of athletes, creators, and other emerging talent shaping the next generation of entertainment	● Improve Sanrio's brand image in areas such as “international presence” and “future growth potential” through sponsorships for athletes and others ● Support creators in the digital domain	● Achieved 490 million annual impressions through simple forms of contact (the number of times consumers encountered Sanrio's corporate name or logo) across various initiatives, including the J.League Fair Play Ribbon Project and Sanrio Baseball Academy ● Achieved 15.9 million deep forms of contact annually (the number of times consumers encountered Sanrio's corporate philosophy and values)* ● Launched the next-generation VR IP project, “8Puronicles”
 Realize diversity	Create a working environment where diverse talent can each realize their full potential	● Percentage of women in senior management positions: 30% ● Strengthened personnel exchanges with major locations overseas (North America, Europe, Mainland China, and Southeast Asia)	● Percentage of women in senior management positions: 30.9% ● Established a talent management process for creative and global talent and revamped the succession plan
	Provide entertainment that everyone can enjoy and contribute to the realization of a diverse society	● Initiatives at theme parks ● Introduced non-verbal show that can be enjoyed by people of all nationalities ● Improve customer satisfaction by providing content that can be enjoyed by people of all abilities	● Launched a co-creation project with HERALBONY Co., Ltd. to create a theme park that everyone can enjoy, and introduced Sanrio Puroland's first restroom equipped with facilities for people with ostomies

* Source: Company research

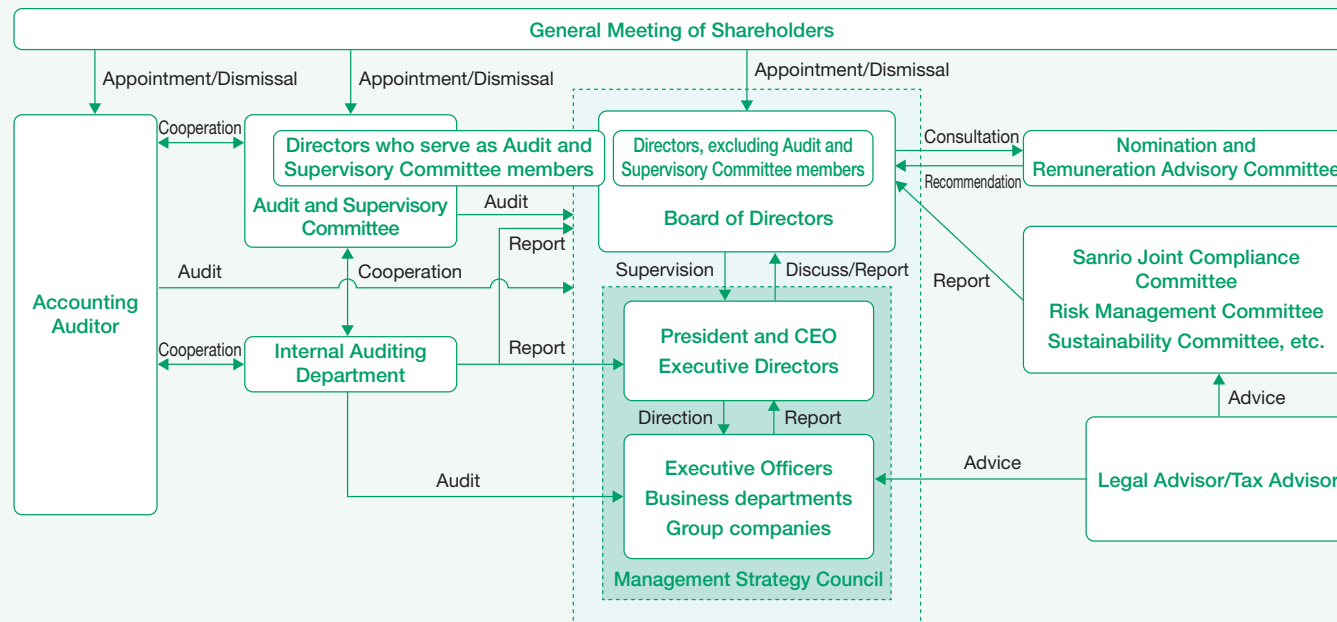
Corporate Governance

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 (including 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 earn the trust of the market through appropriate and fair disclosure and IR activities. Recognizing the importance of the information we disclose, we will be unceasing in our efforts to strengthen our systems for timely disclosure. Top management attends our financial results briefings, and management will continue engaging in two-way dialogue with the market. In addition, we hold company briefings covering various aspects of our business, including our strengths in character development and IP management. At the same time, we strive to enhance communication between the Company and shareholders and individual investors by enhancing IR information on our website and through other initiatives targeting investors.

Corporate governance structure



History of Governance Reforms	
2021	- Established the voluntary Nomination and Remuneration Advisory Committee - Reviewed the officer remuneration structure and introduced a restricted stock remuneration plan for directors
2023	Strengthened the compliance framework, including the establishment of the Compliance Department
2024	- Disclosed financial discipline and capital allocation policy - Dissolved policy shareholdings with megabanks through their sale of Sanrio shares - Established the Investment Committee
2025	- Transitioned to a company with an Audit and Supervisory Committee - Outside Directors accounted for 50% of the Board of Directors for the first time - Enhanced the operation of Board of Directors meetings (focused discussions on strategic agenda items that contribute to enhancing corporate value) - Established the regulations governing the management of overseas affiliates and the regulations on global committees (currently the Overseas Executive Management Committee)
2026 (including plans)	- Established a global legal support framework - Abolish concurrent appointments of Head Office directors as CEOs of overseas subsidiaries (planned) - Introduce a CXO structure to strengthen global functional governance (planned)

Corporate Governance

Activity Status of the Board of Directors and Each Committee (FY3/2026)

Board of Directors

Decides on important management matters and policies, supervises business execution, and ensures sound and transparent management to enhance corporate value

Number of meetings held **18** meetings

Average attendance rate **98.3%**

Key matters discussed

Decides on important Company matters, supervises management, and discusses medium- to long-term enhancement of corporate value

Composition Inside: 5  Outside: 5 

* Of these, one inside director resigned on May 29, 2026

Sustainability Committee

Serves as a forum for realizing the Company's philosophy and vision by addressing social issues, and deliberates and determines policies, measures, and initiatives relating to environmental and social issues to promote global sustainability management

Number of meetings held **4** meetings

Key matters discussed

Reports on the status of responses to ESG issues, deliberates and determines related policies, and formulates sustainability strategies

Composition President and CEO (chairperson), director in charge of the Corporate Strategy Division (vice chairperson), officers responsible for departments, general managers, and presidents of Group companies

Sanrio Joint Compliance Committee

Committee responsible for deliberating and determining significant policies relating to compliance initiatives across the Sanrio Group

Number of meetings held **2** meetings

Key matters discussed

Reports on the progress of compliance initiatives across the Sanrio Group and determines related policies

Composition Inside: 2  Outside: 3 

Risk Management Committee

Committee responsible for the integrated and appropriate management of risks relating to the operations of the Sanrio Group

Number of meetings held **2** meetings

Key matters discussed

Reports on responses to significant risks and incidents that could materially affect management, and discusses and determines related policies

Composition Inside: 4  Outside: 1 

Board of Corporate Auditors/Audit and Supervisory Committee

Strengthens the Board's audit and supervisory functions while further enhancing corporate governance

*The Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on June 25, 2025

Key matters discussed

Audits and supervises the execution of duties by directors and confirms the effectiveness of internal controls and risk management

Composition Inside: 1  Outside: 2 

Board of Corporate Auditors

Number of meetings held **4** meetings

Average attendance rate **100%**

Audit and Supervisory Committee

Number of meetings held **10** meetings

Average attendance rate **100%**

Nomination and Remuneration Advisory Committee

Deliberates matters relating to the nomination and remuneration of directors to ensure transparent and objective decision-making and strengthen the Board's supervisory function

Number of meetings held **5** meetings

Average attendance rate **96.7%**

Key matters discussed

In response to inquiries from the Board of Directors, the committee discusses 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 and makes recommendations to the Board of Directors

Composition Inside: 1  Outside: 3 

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 and practical requirements, including the appropriate management structure centered on the establishment of a CxO structure, while keeping in mind the timeline for replacing the president and the time needed to prepare, in order for Sanrio to both further accelerate business expansion in global markets and strengthen global governance.

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

1. Overview At the Board of Directors meeting held on May 29, 2026, the Company reviewed the officer remuneration structure for directors (excluding directors who serve as Audit and Supervisory Committee members, outside directors, and directors residing outside Japan) and resolved to replace the current restricted stock remuneration plan with a performance equity compensation plan (BIP Trust). The new plan was approved at the 66th Ordinary General Meeting of Shareholders held on June 25, 2026. Accordingly, remuneration for eligible directors now consists of base remuneration, bonuses, and performance equity compensation.

2. Objectives of the revision The objective of this plan is to clarify the link between eligible directors' compensation and the Company's performance and stock value, while ensuring that directors share with shareholders both the benefits and risks associated with changes in the Company's share price. The plan is intended to raise their awareness of contributions to the medium- to long-term enhancement of performance and corporate value, thereby supporting sustainable growth toward achieving the Company's Long-Term Vision.

3. Policy Under the plan, the evaluation period covers three consecutive fiscal years. Points are awarded based on each eligible director's position and the degree of achievement of performance targets, and shares of the Company and other benefits are delivered upon the director's retirement. Business performance indicators are planned to include operating profit growth rate, total shareholder return (TSR), and non-financial indicators, including evaluations by external rating organizations. The introduction and operation of the plan are deliberated and reported on by the Nomination and Remuneration Advisory Committee, a majority of whose members are independent outside directors, thereby ensuring the transparency and objectivity of the remuneration determination process.

Total amount of remuneration by officer category, total amount by type of remuneration, and the number of eligible officers

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 Audit and Supervisory Committee members and outside directors)	411	299	2	109	6
Audit and Supervisory Committee members (Excluding outside directors)	13	12	0	—	1
Corporate auditors (Excluding outside corporate auditors)	3	3	—	—	1
Outside officers	51	51	—	—	6

* The Company transitioned from a company with a Board of Corporate Auditors to a company with an Audit and Supervisory Committee on June 25, 2025.

Corporate Governance

Evaluation of the effectiveness of the Board of Directors

Each year, with the assistance of an independent external organization, we conduct an evaluation questionnaire of all directors (including outside directors and directors who serve as Audit and Supervisory Committee members) regarding the overall effectiveness of the Board of Directors. Based on the survey results and analysis, we identify issues and implement appropriate improvement measures.

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 (6 questions)
- (4) Management evaluation and remuneration (4 questions)
- (5) Dialogue with shareholders, etc. (2 questions)

Evaluation method

Questionnaire surveys and interviews were conducted with all directors, and the effectiveness of the Board of Directors was evaluated with the assistance of an independent external organization.

Board of Directors operating policy

The effectiveness evaluation for FY3/2026 resulted in an overall average score of 4.0 on a five-point scale, confirming that the Board of Directors is effective overall. Corporate ethics and risk management, together with dialogue with shareholders and other stakeholders, received particularly high evaluations. At the same time, we identified the following issues to be addressed: the need for more discussions on management and business strategies, greater involvement of outside directors in management strategy, and further enhancement of discussions relating to DX and AI utilization.

Areas of concern identified in the evaluation of effectiveness for FY3/2026 and progress on improvements

To address the concern identified in the FY3/2025 evaluation, we implemented a number of initiatives, including providing Board materials earlier, holding advance briefings, and increasing opportunities to report on key topics. As a result, we confirmed a certain degree of improvement. At the same time, we recognize the need to further enhance discussions on medium- to long-term themes, such as management strategy, DX and AI.

Issues & Progress

	Issues identified in the FY3/2026 Board of Directors effectiveness evaluation	Status of actions and evaluation results
1	Enhancement of Board materials	Made improvements by providing Board materials earlier and holding advance briefings
2	Securing sufficient time for discussion	Increased opportunities to report on key topics to help facilitate more substantive discussions
3	Enhancing information sharing with outside directors	Made measurable improvements by expanding opportunities for information sharing
4	Future issues	We recognized that discussions on medium- to long-term themes, such as management strategy, DX and AI, require further enhancement

Future issues and initiatives

	Issues and themes	Future actions
1	Discussions expected of the Board of Directors	Deepen constructive discussions at Board of Directors meetings by sharing important agenda items in advance, enhancing briefing materials that clearly identify key issues, providing opportunities for observer participation, and sharing meeting recordings and minutes
2	Involvement of outside directors in management strategy	Enhance strategic discussions by sharing progress in discussions relating to the Long-Term Vision and key discussion points in a timely manner, enabling outside directors' views to be reflected at an early stage
3	Discussions on DX, AI, and technology	Continue discussions on DX, AI, and data utilization from the perspectives of growth opportunities and enhancing IP value, while expanding opportunities for discussion at Board of Directors meetings

Corporate Governance

Training for Outside Directors

To enable outside directors to fulfill their roles and responsibilities appropriately, the Company provides briefings upon their appointment, covering the Company’s overview, business strategy, financial position, governance framework, and other relevant matters. Following their appointment, outside directors also participate on an ongoing basis in visits to major business sites, including logistics centers and theme parks, as well as briefings on DX and sustainability and study sessions conducted by individual business divisions. Through these initiatives, we promote a deeper understanding of the Company’s businesses and strengthen the Board’s oversight function.

Establishment of Special Investigation Committee and Status Update

As announced in the Company’s news release dated May 29, 2026, “Notice Regarding Receipt of the Investigation Report from the Special Investigation Committee Regarding Allegations of Improper Compensation Received by a Managing Director and the Company’s Future Course of Action,” the Special Investigation Committee’s investigation confirmed that a former managing director of the Company received economic benefits over multiple fiscal years from the Company’s U.S. subsidiary, Sanrio, Inc., where he concurrently served as CEO, in addition to the compensation approved by the Company’s Nomination and Remuneration Advisory Committee (the “Incident”). We once again extend our deepest apologies to our shareholders, investors, and all other stakeholders for the significant concern and inconvenience caused by the Incident.

Understanding of the Causes of the Incident

A combination of structural factors was at play, extending beyond individual level issues to include a lack of clarity in compensation controls between the parent company and its subsidiaries, issues concerning the effectiveness of control functions at subsidiaries, and vulnerabilities in reporting and information sharing systems. Consequently, issues exist regarding the effectiveness of governance for the Group as a whole

Individual level

- Subjective justification by the director concerned and relevant officers of the U.S. subsidiary, based on their interpretation that the COLA system did not constitute compensation
- Sharing this interpretation among the officers concerned created a rationale for circumventing internal control procedures
- Insufficient awareness of expectations regarding due care and reporting concerning one’s own compensation as a director

System level

- Lack of clarity in rules for managing compensation across the Group, including overseas subsidiaries
- Although formal procedures such as the Board of Directors’ approval and deliberations by the compensation committee were required under the system at the U.S. subsidiary, a situation existed where they were not utilized in practice due to a lack of clarity regarding operational methods and responsible parties

Organizational level

- Formal bodies such as the Board of Directors and compensation committee were not substantively involved in compensation decisions at the U.S. subsidiary, making it easier for senior management to make decisions at their own discretion
- No mechanism existed for reporting additional compensation at the U.S. subsidiary to the Sanrio Head Office or for obtaining its approval, creating room for compensation management to proceed outside the Sanrio Head Office’s control. Consequently, opportunities for correction within the organization were limited

We take this matter seriously and will thoroughly implement measures to prevent recurrence across the Sanrio Group and strengthen our governance as we work to restore trust. Based on the Company’s announcement dated May 29, 2026, global governance will be strengthened through the following measures:

Strengthening Global Governance

1. Clarifying the Roles of Head Office Directors and Ensuring Effectiveness through Appropriate Staffing
2. Clarification of Controls Regarding Compensation for Directors of Overseas Subsidiaries & Affiliates
3. Addition of a Reporting Line to the Company for CFOs of Overseas Subsidiaries & Affiliates
4. Strengthening Subsidiary Management and Supervision by Head Office
5. Strengthening Approval Procedures at Overseas Subsidiaries & Affiliates
6. Strengthening the Implementation of the Above Regulations (The Company’s Regulations / Subsidiary Regulations)
7. Strengthening Internal Checks and Balances at Overseas Subsidiaries & Affiliates
8. Strengthening Education and Monitoring of the Company’s Executives
9. Qualitative Enhancement of the Internal Audit System

For further details, please refer to the Company’s announcement dated May 29, 2026. Updates on these initiatives will be reported periodically through financial results meetings and other investor communications.

Risk Management

Risk management structure

Sanrio has established the Risk Management Committee to manage risk from a Group-wide perspective. At the beginning of each fiscal year, the committee identifies risks based on internal and external information, as well as the results of internal audits. The committee evaluates the importance and probability of occurrence of the risks, together with its potential impact on financial reporting, and establishes risk countermeasures. It also prepares and updates a Group-wide risk map to gain a comprehensive overview of risks across the Group.

Subcommittees of the Sanrio Joint Compliance Committee include the IT Committee, Product Safety

Measures Committee, and Fire Prevention and Disaster Prevention Committee. In principle, all committees meet four times a year to monitor and respond to internal risks. The Compliance Department serves as the secretariat for both committees and is responsible for handling day-to-day risks.

Persons in charge of risk and compliance assigned to each department work with the officer responsible for their department to determine and implement appropriate response measures when risks are identified and report the results to the Risk Management Committee. For risks that require a Group-wide response, the committee will work with the relevant departments to collect information and, if necessary, assist decision-making

at the Management Strategy Council and the Board of Directors meetings. The personnel in charge of risk and compliance promote the PDCA cycle by identifying risks and strengthening response measures, with the results reflected in ongoing updates to the risk map.

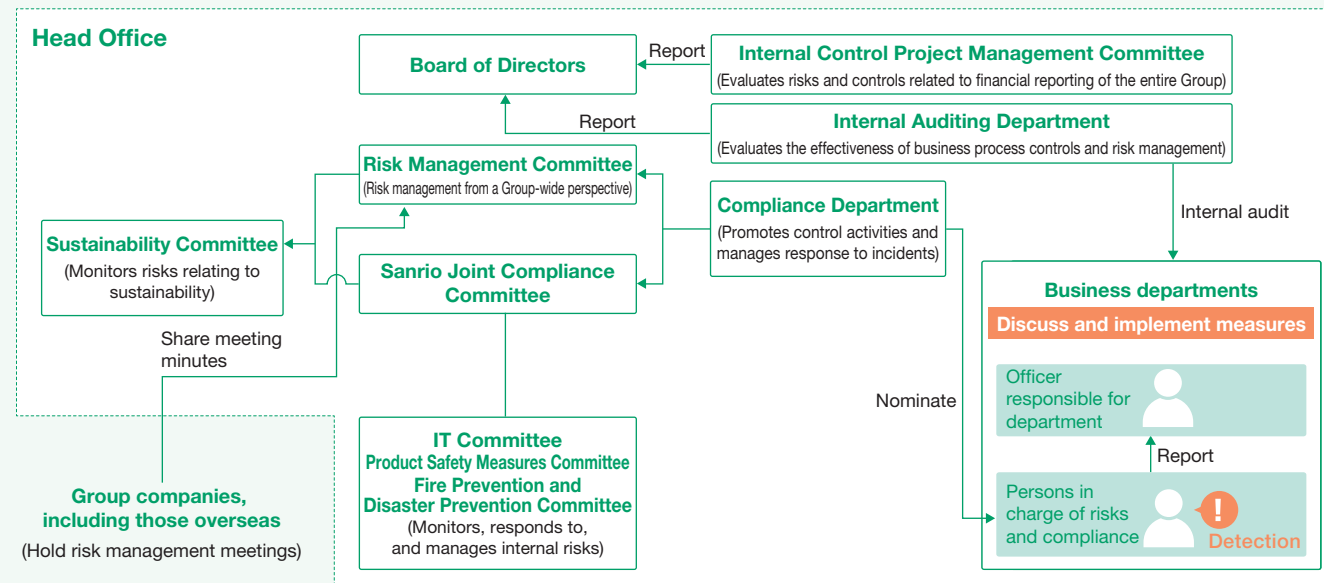
Such Head Office risk management practices are being introduced across the Group, including at overseas subsidiaries. Sustainability-related risks, including those associated with climate change, are also monitored by the Sustainability Committee, which works in coordination with the Risk Management Committee as necessary.

Group companies, including overseas subsidiaries, hold risk management meetings twice a year to share information from the Head Office and discuss responses to risks specific to each company. The minutes of these meetings are shared with the Risk Management Committee.

The Internal Control Committee annually evaluates risks and controls related to financial reporting and reports its findings to the Board of Directors. The Internal Auditing Department conducts audits of Group companies and Head Office departments, independently and objectively evaluating risks and controls while recommending improvements where necessary. The results of these audits are reported to the Board of Directors through the Risk Management Committee.

As we expand into new business areas, including education, games, and digital businesses, under the Medium-Term Management Plan (FY3/2025–FY3/2027), we are required to address new and emerging risks. We continue to enhance our risk management capabilities by strengthening our expertise and human resources while making effective use of external resources when necessary.

Risk management structure



Risk Management

Major risk scenarios and risk management initiatives

	Type of risk	Description of risk	Risk management measures
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 the 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 approach to changes in consumer preferences - Optimization of brand strategies 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 40% 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
3	Risks related to corporate strategies and management plans	While Sanrio strives to enhance corporate value based on the Medium-Term Management Plan (FY3/2025–FY3/2027) and 10-year Long-Term Vision, 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 Strategy Council, 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, potential damage to the brand, external dependence in the licensing and digital businesses, changes in the supply structure, and other factors	- Strict quality control processes 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 declining visitor numbers, disaster risks, and potential damage to the brand due to accidents and safety issues. - Domestic and overseas operations may be adversely affected by natural disasters, epidemics, and other factors, potentially disrupting the supply chain and business performance	- 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 conditions and business performance	- Monitoring net sales value and economic value in use, and rigorously conducting investment profitability assessments 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 cyberattack or system failure results in information leakage or other damages/losses, this could result in legal liability and reputational 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 exposed to the expiration of their protection periods and the risk of infringement, while counterfeits, losses due to legal claims, reputation damage, costs increases, and other factors could adversely affect business 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 infringements - 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

Compliance

Basic approach and promotion system

The Sanrio Group has established the Sanrio Compliance Charter as the code of conduct to be observed and practiced by all officers and employees. In February 2026, we also introduced the Sanrio Code of Conduct as the Group’s internal code of conduct. Based on these principles, we promote compliance awareness and practices throughout the Group. To support these efforts, we have established the Sanrio Joint Compliance Committee.

Information security

Strengthening the data protection system

Sanrio utilizes customer information, business partner information, and information owned or created by the Company in its business operations. We recognize that protecting this information and the information systems from a wide range of threats, thereby enabling customers to use our products and services with peace of mind, is an important corporate responsibility.

We have begun operating an information labeling system and are promoting the migration of information assets to the cloud. We are also working to strengthen our information management framework and enhance security from the perspective of our Business Continuity Plan (BCP). We have also strengthened access control management for our information assets. Through appropriate access controls and regular access rights reviews, we work to reduce the risks of unauthorized access and information leakage. Going forward, we will continue strengthening our information management framework and security governance to create a safer and more reliable environment for the secure use of information.

Strengthening governance of information security

We have established information management and information security regulations, and a company-wide general manager and control department for information security, and have assigned a person in charge of information security at each department to promote information security measures. We also continuously strengthen our management framework by establishing company-wide policies for responding to information security risks and implementing corrective measures.

To ensure that information security measures are thoroughly implemented, Sanrio requires all employees to take e-learning courses multiple times a year and regularly offers workshops and training sessions regarding information security. We also conduct targeted attack e-mail drills multiple times a year to enhance employees’ security awareness and incident response capabilities.

Furthermore, we conduct security assessments by external specialists across the entire Sanrio Group, including overseas subsidiaries. Based on the assessment results, we have established a global security policy and continue to implement improvement measures across the Group. We will continue to conduct regular audits by independent third parties to strengthen Group-wide governance and further enhance our level of information security.

We have introduced a security monitoring platform that performs integrated analysis of logs collected from devices across our network systems. We have also entered into a Security Operations Center (SOC) service agreement with an external specialist to provide continuous 24/7 monitoring. This enables the early detection of and rapid response to threats such as unauthorized access and malware infections, further enhancing the sophistication of our information security measures.

Going forward, we will continue working to ensure the stable operation of the information systems that support our business activities and to further enhance our security level, thereby maintaining business operations that inspire confidence among our customers, business partners, and other stakeholders.

Human Resources Strategy

By focusing on the growth and diversity of our human resources, we will accelerate new value creation on a global scale to achieve sustainable growth.



Kanako Miyoshi

Managing Executive Officer
Executive Manager,
Human Resources Division and
Internal Control Division

Progress in the Development of Creative and Global Talent

We have defined the recruitment and development of producers, creators, and global talent for core human resources as a topic of utmost importance in growing each business to achieve our 10-year Long-Term Vision.

We worked to develop a training system for producers as part of our efforts to lay the foundation for developing creative and global talent within the Company. We designed human resource development and monitoring processes to put in place a system that promotes autonomous learning and growth by enabling candidates who understand the skills required of IP producers to take initiative and actively utilize growth opportunities.

For creative talent, we have started putting our training system into practice. The Design Division led a gradual rollout of our talent management process and specific training measures (such as the SSCA* program), with support from the Human Resources Division.

In global talent development, we designed development (training) measures by defining training themes for each stage of global talent development with the aim of developing global management personnel. We then launched various measures from FY3/2026.

To date, most employees have been expected to possess the skills and aptitudes necessary to work primarily in Japan. To develop global talent, we must first create opportunities for employees to work in a global environment. We believe that senior management needs to take the lead in learning and developing the skills and qualities required of global talent and to support the development of their team members. It is important for our HR team to provide the foundation and mechanisms for development, while management takes responsibility for organizational design and defining functions, enabling Group-wide collaboration in the strategic allocation of employees and other such measures.

In recruitment, we are strengthening our recruitment marketing efforts to make working at Sanrio recognized as an attractive career opportunity. In new graduate recruitment, we have enhanced our recruitment website, held recruitment briefings specifically for Sanrio and conducted our first internship for producer talent. As for mid-career recruitment, we have established a recruitment system that contributes to business growth by increasing the number of job applicants through seminars and other means. In mid-career recruitment, we are also making progress in hiring global talent for departments and functions that are required to function effectively on a global scale.



▲ Scene from the Open Company event (recruitment briefing for new graduates) held in November 2025

* SSCA: An abbreviation for Sanrio Smile Creators Academy, an internal training program developed by Sanrio

Long-Term Human Resources Policy

We have defined our ideal employee profile as someone who enjoys working with others to co-create smiles; namely, we seek human resources whose goal is to make people smile and drive the Company forward together while enjoying the journey.

To achieve our 10-year Long-Term Vision, it is crucial that each employee inherits and utilizes Sanrio’s unique assets and expands their potential even further. To this end, it is essential that human resources who can embody the corporate culture that underpins Sanrio (our corporate philosophy, VMV, Code of Conduct, etc.) grow alongside the Company and create smiles. While employees can acquire and develop the skills necessary to realize our 10-year Long-Term Vision over time, we believe that changing people’s attitudes, mindsets, and values is relatively difficult. We will therefore strengthen the foundation of our lighthouse by clearly defining the profile of the ideal employee we place value on, in order to maximize the potential of our organization.

We position the smiles of each and every employee as the foundation for realizing our vision, and have established our own DE&I policy, organizing each element into the following three points and advancing efforts to improve the internal environment. These are: (1) Providing a workplace environment that accepts and respects employees for who they

are (Inclusion), (2) Providing opportunities for employees to experience personal growth while leveraging one’s individuality (Diversity), and (3) Providing systems that support employees to work without constraints (Equity). In FY3/2026, we implemented measures such as sexual and reproductive health rights (SRHR) leave and extending the period of shortened working hour system (from until the end of the child’s third year of elementary school, as mandated by law, to until the end of their sixth year). All employees who would have reached the end of the shortened working hour period under the previous system expressed a desire to continue using the system. These are some of the examples of the support we provide to all Sanrio employees to enable them to continue working without feeling constrained.

Furthermore, we are implementing health and productivity management as a foundation to allow employees to consistently perform at their best. With the cooperation of the Global Brand Management Division, we introduced a new character, GAOPOWERROO, as Wow Wow! Health Ambassador and created a mechanism to widely share our health and productivity management initiatives both inside and outside the Company.

Sanrio’s value creation process that creates smiles

	Perspective	Expected behaviors	Required capabilities
Signs of Smiles	Creativity	Embracing change and creating opportunities	Creative thinking, imagination, expression, concept building, trend awareness, etc.
Creating Smiles	Production	Connecting people and bringing ideas to life	Planning and execution, problem identification and solving, management, coordination, internal collaboration, etc.
Expanding Smiles	Global (Diversity)	Accepting and sharing diverse perspectives	Experience and understanding of other cultures, flexibility and adaptability, language skills, relationship building, etc.



Wow Wow! Health Ambassador
GAOPOWERROO

Provision of Safe and Reliable Products and Services

Fundamental approach

In accordance with 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 subject to consistent quality control from the planning and development stage to the mass production and pre-sale stages based on the Sanrio Quality Standards. Quality issues and rejected products are documented in our database, and efforts are made to prevent recurrence. If a product-related accident occurs, the Product Safety Measures Committee considers the response based on guidelines. Reports are then submitted to the Risk Management Committee and the Board of Directors. Theme parks hold health and safety meetings and safety meetings once a month to ensure thorough safety management.

Product initiatives/Quality and safety training

Quality inspections

Quality and safety training

Quality and safety training is provided to employees working in the Quality Control Section and at Sanrio Shanghai. Training sessions were conducted three times in FY3/2026.

Product quality inspections/Quality and safety training

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



Initiatives for theme parks and services

Quality and safety management at theme parks 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. We endeavor to provide safe,

high-quality services through measures to prevent crime and accidents, facility inspections, evacuation drills, employee training, on-the-job training, and customer satisfaction surveys.

Initiatives for theme parks and services

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



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. The Sanrio Compliance Charter requires Group officers and employees to act in accordance with its principles.

If it becomes clear that the Group's business activities have caused or contributed to adverse human rights impacts, we will take 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

Based on the Sanrio Compliance Charter, we have established the Sanrio Group Compliance Manual, which sets out the standards of conduct that Group officers and employees are expected to follow in the course of carrying out their duties.

Compliance training

Officers and employees participate in compliance training. For officers, the training covers the obligations of directors and fostering a positive corporate culture, and for employees, it covers legal compliance and current issues associated with the annual curriculum.

Respect for human rights in the supply chain

Based on the Sanrio Supplier/Licensee Code of Conduct, we require our business partners to respect human rights, including prohibiting forced labor and child labor and ensuring workplace safety. We verify compliance through self-inspection checklists and facility

inspections, and in the event that issues are identified, we encourage our business partners to make improvements. Through these efforts, we are striving to build a responsible supply chain.

Sanrio Supplier/Licensee Code of Conduct

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



Sanrio Group Whistleblowing Hotline

Sanrio maintains a Sanrio Group Whistleblowing Hotline available to Group officers and employees and all business partners of Sanrio Group companies. The hotline 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 hotline investigates information it receives based on objective evidence and takes appropriate measures, such as corrective measures. 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/modern-slavery-statement/>



| Supply Chain Management

Basic concept

The Sanrio Group strives to provide fair opportunities to companies wishing to do business with us as suppliers/licensees, and in conducting this business, we endeavor to ensure that they share our philosophy of contributing to the creation of a society where people can live together safely and harmoniously through our social communication business.

Furthermore, we have established the Sanrio Supplier/Licensee Code of Conduct and aim to realize a sustainable supply chain by requiring each supplier and licensee to comply with the provisions set forth in the code.

Risk management

Monitoring using self-inspection checklists and respect for human rights across the supply chain

The Sanrio Group asks all suppliers and licensees to complete a self-inspection checklist to verify the status of compliance with the Sanrio Supplier/Licensee Code of Conduct. We ask that all suppliers and licensees involved in the manufacturing and handling of Sanrio products fill out this checklist, which we use to ascertain the status of child labor, forced labor, and other such issues at each company. We then identify high-risk suppliers and licensees, utilize this information to implement appropriate risk management for Sanrio's business, and work with our partners to implement improvements when issues arise. We also request that new business partners comply with this code of conduct and fill out the self-inspection checklist.

As a supplemental effort to the self-inspection checklists, Sanrio conducts on-site inspections of suppliers and licensees, 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.

Main initiatives

Communication with suppliers

We require each supplier and licensee to comply with the Sanrio Supplier/Licensee Code of Conduct through agreements and other means and obtain their signatures. We reiterate this request when renewing this agreement. If suppliers or licensees are unable to comply, the Sustainability Committee reports, discusses, and manages the situation.

We also promote communication with our suppliers by asking them to complete a self-inspection checklist based on said code of conduct and providing guidance on making improvements based on the results. We will continue to implement these initiatives going forward in our commitment to promoting sustainable practices across the entire supply chain.

| Smile Mission Awards

About the Smile Mission Awards

Since FY3/2024, Sanrio has been holding the Smile Mission Awards (SMA), an annual internal recognition program for all employees, regardless of employment status. Under the mission of “Bring new value to the world of entertainment. Work together to create happiness and joy for future generations,” this program recognizes initiatives that lead to business growth, improved customer value, and new challenges. We also hold an annual award ceremony and party attended by employees from all Sanrio Group companies, fostering an organizational culture that celebrates employees who take on challenges and their achievements.



▲ Scene from the Smile Mission Awards ceremony



Comments from the award-winning team

We are deeply honored to have won the Company Smile Award in the Smile Mission Awards for our initiative, “Office Reform—Creating Change and Moments of Connection through Tangible and Non-Tangible Initiatives.” In this project, we expanded and improved our offices and the Head Office to accommodate the increasing number of employees. We also collected various opinions through employee interviews and surveys and promoted measures while incorporating objective perspectives through data analysis. With the aim of enhancing employee benefits, we also introduced initiatives such as the provision of “Office Snacks”, “NicoNico Drink Corner” (free drinks from vending machines if you scan your Company ID with a person from a different division), and “Oxygen Boxes,” striving



▲ The award-winning team

to create more comfortable and productive office environments. These measures received a greater-than-expected response from employees, and this success is a testament to their understanding and cooperation. Going forward, we will continue to make further improvements and take on new challenges to create an attractive working environment where each and every employee can perform at their best.

Comments from the Award Secretariat

The Smile Mission Awards is held to celebrate the challenges and achievements of each and every employee, and to share and recognize their value throughout the Company. We receive nominations for a wide range of initiatives each year, expanding this circle of learning and recognition beyond the boundaries of the Group. We will continue to support employees in taking on challenges and work to create a corporate culture where these efforts are celebrated.

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 key global issues that we call 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 56).

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

Risks	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

Risk management

The Risk Management Committee and the Sanrio Joint Compliance Committee, chaired by the executive manager of the Internal Control Division, were established to strengthen the Group response to business operation risks by providing integrated, Group-wide risk management and compliance related to the environment, disasters, quality, information security, and import/export management.

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%.

Scope 1 and 2



60%
reduction

By FY3/2027

Reduce Scope 1 and 2 emissions **by 60%**
(compared to FY3/2019)

Scope 3



10%
reduction

By FY3/2027

Reduce Scope 3 emissions per unit of sales **by 10%**
(compared to FY3/2019)

Initiatives to reduce GHG emissions

We completed the installation of solar panels at Sanrio Puroland in FY3/2026. 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 grow our business.

ESG data

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



From “Governance as a Protective Mechanism” to “Governance that Supports Growth” —A Roundtable Discussion with Outside Directors—

Masae Yamanaka
Outside Director

Yu Sasamoto
Outside Director

Shizuko Kamoda
Outside Director

Sanrio is working to evolve its governance to support growth as it pursues its 10-year Long-Term Vision. Managing Executive Officer Seiichiro Matsumoto facilitated a discussion with three outside directors on the Company's response to the incident of misconduct disclosed in April 2026 and on the role of the Board of Directors looking ahead to 2035.

Further evolving governance to drive the next phase of growth

Matsumoto The improper receipt of compensation by an officer, disclosed in April 2026, caused considerable concern among stakeholders. How do you view this matter?

Sasamoto To speak frankly, this was a deeply regrettable incident. At the same time, the matter came to light through internal whistleblowing, and the process moved swiftly from the Special Investigation Committee's inquiry to publication of its report and formulation of measures to prevent recurrence. That shows that the Company's mechanisms for

identifying and correcting problems functioned to a meaningful degree. The reforms and business growth strategy that Sanrio has built over the years remain sound. While taking this incident seriously and ensuring thorough prevention of recurrence, I believe it is also necessary to assess with clear eyes the value of reforms and growth strategy that Sanrio has built up over time. The Board of Directors must address, from a higher vantage point, the challenge of maintaining strong governance while sustaining growth during this period of expansion.

From “Governance as a Protective Mechanism” to “Governance that Supports Growth”—A Roundtable Discussion with Outside Directors—



Kamoda First of all, as an outside director, I feel responsible for our failure to prevent this incident. As the Company expands globally, we failed to adequately grasp the management and operational risks surrounding compensation practices at overseas subsidiaries. This is a matter for reflection, and I think clearer rules will be needed. In developing preventive measures, major decisions, including the separation of management and execution, were made swiftly, unconstrained by established precedent. This agility is a strength of the management team, and we should be able to learn from this experience and translate it into further growth.

Yamanaka This is a time when performance is improving and

expectations are rising. That is precisely why we must take seriously the fact that an incident damaging trust has occurred. At the same time, as Mr. Sasamoto noted, the swift series of responses also demonstrated an evolution in governance. What matters most is ensuring this is not treated as an isolated individual issue. We should revisit whether qualitative information, such as executives’ conduct and performance assessments, was being communicated appropriately. Beyond strengthening rules, we recognize that the challenge ahead is to go further: determining how to identify, evaluate, and oversee management personnel. I recognize that taking these steps will be an important challenge going forward.

Matsumoto Some investors have also raised concerns, informed by past incidents, that there may be underlying issues with the Company’s culture.

Yamanaka Governance, I believe, cannot be achieved just by putting systems in place. Processes that were once unproblematic can become inappropriate as circumstances change. Rather than assuming that what worked before still works today, it is important that every individual on the ground questions whether current practices are truly right

today, ensuring that governance functions effectively through both robust rules and the right mindset.

The “lighthouse” vision of becoming a global IP platform provider is moving from concept to execution

Matsumoto FY3/2026 marked yet another record-high performance. What aspects of the past year do you consider most noteworthy?

Sasamoto Beyond the strong financial performance, I am encouraged to see the “lighthouse” of our vision as a global IP platformer beginning to take shape. In the Long-Term Vision, the “lighthouse” is presented as a complete picture. In reality, the Company is still bringing that picture to life. I believe that beginning to build the foundation for that vision is one of the most significant achievements of the past fiscal year.

Yamanaka While we had set a target of achieving a market capitalization of 5 trillion yen, the path to reaching it had previously been unclear. Today, the expansion of the character portfolio, the global expansion, and the entry into the game business are each bringing the world depicted in the “lighthouse” to life, one step at a time. So the path forward is becoming concrete. While the Board of Directors is highly focused on share price, I believe our strength lies in the fact that this focus is always discussed alongside the values Sanrio holds dear, and not as a pursuit of numbers alone.

Sasamoto At the same time, the character portfolio is a challenging subject. It is not simply about expanding the IP portfolio. We must also strike the right balance in determining how to nurture new IP while continuing to cherish and cultivate beloved characters with a long history, including Hello Kitty. I believe it is necessary to steer the course in a way that expands the “lighthouse” while respecting the views of all our stakeholders.

Matsumoto How do you view the goal of the Medium-Term Management Plan (FY3/2025–FY3/2027), of breaking free from volatility?

Yamanaka I think that the very establishment of the “lighthouse” itself constitutes breaking free from volatility. Managing volatility remains important, but as the character, business, and geographic portfolios expand, I sense that the focus of discussion is actually shifting toward the next growth themes. I see this as a reflection of the fact that the character, business, and geographic portfolios are expanding and that a business model capable of transcending volatility is taking shape.

From “Governance as a Protective Mechanism” to “Governance that Supports Growth”—A Roundtable Discussion with Outside Directors—

Further strengthening creative, global management, and digital capabilities

Matsumoto There are also areas to strengthen as we work toward becoming a global IP platform provider as set out in the Long-Term Vision. Please share the points you consider particularly important.

Kamoda There are two points. The first is creative talent. Realizing our goal of becoming a global IP platform provider requires an environment in which creators can continuously generate new value. If Sanrio’s designers can fully exercise their talents, and if the creation platform “Charaforio” produces success stories that genuinely support creators, the path to the next stage should come into view. The second is live entertainment. Harmonyland is being developed into a resort, but upgrading the physical facilities alone will not create value. The key to growth, I believe, lies in embedding throughout the organization the capabilities to deliver experiential value that we have cultivated through hands-on experiential events such as Sanrio Festival.

Yamanaka I think it is about strengthening the Company’s management capabilities as a truly global enterprise. In the past, the emphasis was strongly on taking characters born in Japan and expanding them overseas. Now the approach has shifted toward understanding local cultures and consumers in each region and nurturing IP locally. Talent capable of leading our overseas operations, and systems that enable us to effectively manage our overseas subsidiaries, will become increasingly important going forward. The more we seek to empower our local teams, the more challenging it becomes to strike the right balance between oversight and delegation of authority. Rather than relying solely on rules to maintain control, however, it is essential to provide support through culture and dialogue.

Sasamoto I also believe digital is an extremely important area. We have only just become able to unlock the possibilities of digitalizing of customer touchpoints, including through games. The potential of extending real-world character assets into the digital realm is immeasurable. The flip side is that failing to pursue these opportunities carries the risk of being left behind. The Company should develop its internal digital talent and build partnerships with external digital businesses to strengthen its ability to explore further opportunities.

Matsumoto Mr. Sasamoto’s awareness of the challenge is why we have him continue to work closely with the officer in charge of digital, serving as a sounding board.

Sasamoto We exchange views once or twice a month, and we have an extremely capable and encouraging team. Beyond their digital expertise, they have a thorough understanding of Sanrio’s culture and characters. The question now is how much energy we can direct into the digital domain.

Fostering candid debates to enhance Board effectiveness

Matsumoto One year has passed since Sanrio transitioned to a company with an Audit and Supervisory Committee in June 2025. How do you view the changes in the Board of Directors?

Yamanaka The substance of our discussions has changed significantly. Previously, discussions tended to focus on moving through the agenda as an end in itself. Now we can devote time to substantive questions, such as whether a given investment is truly the right one. If every Board meeting ends with all the members saying, “Sounds good,” then there is little point in having a Board at all. That is how I see it. The more complex the business model becomes, the more essential it is to discuss difficult issues without shying away from friction. Without that, neither sound investment decisions nor risk assessment are possible. Investments also create value in ways that can’t always be measured by ROI alone. By categorizing investments according to their purpose and clearly explaining the rationale for each category, we believe we can also strengthen stakeholders’ confidence.

Sasamoto We are now in a phase of offensive investment aimed at enhancing corporate value, but the defensive side is equally essential: specifically, discussions around exit decisions and the selection and concentration of resources. Rigorously examining the balance between offense and defense will also be one of the roles of the Board of Directors going forward.



From “Governance as a Protective Mechanism” to “Governance that Supports Growth”—A Roundtable Discussion with Outside Directors—

Matsumoto I still remember when Ms. Yamanaka once pointed out during a presentation on one of our businesses that “I don’t see any of the challenges we are facing right now” after hearing one positive point after another. To me, that was a perfect example of what the Board is really about.

Kamoda The time devoted to discussion has definitely increased. In addition to the Sanrio Joint Compliance Committee, a Risk Management Committee has been established, and a system for conducting Group-wide risk assessments is beginning to take shape. As the “lighthouse” gains more windows (touchpoints), new stakeholders bring a greater diversity of risks. Beyond that, internal dialogue, including across our global operations, will become increasingly important. Sanrio’s culture of valuing communication should serve governance well too. We also want to create more opportunities for outside directors to engage directly with our staff on the ground.

Yamanaka We occupy an oversight role, and that is precisely why we need a firsthand feel for frontline operations that numbers alone cannot provide. We also feel that increasing visits to overseas bases and participating more in global meetings are priorities going forward.

Matsumoto Prompted by the recent incident, discussions are also under way to strengthen the processes of the Nomination and Remuneration Advisory Committee. What areas do you believe should be strengthened going forward?



Yamanaka Above all, I believe the effectiveness of our succession planning is the key issue. Simply defining the requirements for candidates and maintaining a list of potential successors is not enough. I have also reflected deeply on whether we truly understood what kind of person each candidate was. I believe we need to evolve our approach into a system that enables us to assess candidates from multiple perspectives, including their character and day-to-day conduct.

Sasamoto Ongoing processes to review and discuss the succession plan are also needed. Ensuring that the Nomination and Remuneration Advisory Committee can

continuously monitor and discuss the development of candidates in a visible way is, I believe, the role the Board of Directors must play going forward.

Encouraging people to take on challenges and bringing our “lighthouse” vision to life

Matsumoto Finally, please share your message to investors and the role you hope to fulfill as an outside director.

Kamoda We very much hope you look forward to “Sanrio Games.” I recently had the chance to play the party game myself. It has turned out to be highly polished content that faithfully captures the Sanrio world, with several more titles in the pipeline. At the same time, Sanrio’s ambitions go beyond surface-level growth. Under the corporate philosophy of “Minna Nakayoku” (Getting Along Together), I aim to support the kind of growth that is true to Sanrio—growth that brings smiles to all stakeholders.

Yamanaka Few companies manage to combine genuine business growth with a universal mission of bringing smiles to people around the world. We hope you look forward to seeing that value spread across the world. That said, many challenges still lie ahead for Sanrio on the path to realizing that vision. Avoiding risk altogether would undermine the “lighthouse” vision, but that does not mean every risk is worth taking. The role of outside directors is not to stop the Company from taking risks, but to distinguish between risks that should be taken and those that should not. The Board of Directors aims to remain one that supports bold challenges without shying away from difficult debate when it is called for.

Sasamoto I intend to keep a close eye on the possibilities in the digital domain going forward. As AI reshapes the world, how will Sanrio’s IP keep pace with it? Those possibilities should eventually take shape as the “lighthouse.” We invite you to watch as that vision comes into sharper focus, and we outside directors will walk alongside management to ensure the “lighthouse” stands firm. We hope that one day that light will reach beyond the boundaries of a single company and expand the possibilities of Japan’s entertainment industry.

Matsumoto The recent incident prompted us to take a fresh look at our approach to governance. Through today’s discussion, we confirmed that Sanrio must move beyond governance as a protective mechanism and evolve toward governance that supports growth. We aim to balance bold ambition with a healthy sense of tension, and to translate that balance into sustained growth and further enhancement of corporate value.

Introducing the Management Team



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).

In April 2026, Yamanashi Ichigonoousama Museum Sanrio Founder Shintaro Tsuji Memorial Museum opened in Kai-shi, Yamanashi Prefecture

● Years in office ● Number of Board of Directors meetings attended (FY3/2026)
● Number of Board of Corporate Auditors / Audit and Supervisory Committee meetings attended (FY3/2026)
● Number of shares of the Company held (As of July 1, 2026) ★ Concurrently serving as Executive Officer

Directors (As of August 1, 2026)

**Tomokuni
Tsuji**

President and CEO★

● 10 years
● 18/18 meetings
● 2,488,141 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.



Outside Directors (As of August 1, 2026)

Independent Officer

**Yu
Sasamoto**
Outside Director

Significant Concurrent Positions
Chief Executive Officer,
DAZN Japan Investment GK and APAC Business
Development
Outside Director, KADOKAWA Corp.
● 5 years ● 16/18 meetings
● 0 shares

[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.



Directors who are Audit and Supervisory Committee members (As of August 1, 2026)

**Shinichi
Okumura**
Director

● 3 years (including years in office as a corporate auditor)
● Board of Corporate Auditors 4/4 meetings
● Audit and Supervisory Committee 10/10 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 a director who serves as an Audit and Supervisory Committee member of the Company in an appropriate manner.



**Wataru
Nakatsuka**
Senior Managing
Director★

Executive Manager,
Corporate Strategy Division, Global
Business Division (Responsible for Europe
and U.S. Operations),
and Global Brand Management Division
● 4 years ● 18/18 meetings
● 103,600 shares

[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.



**Masae
Yamanaka**
Outside Director

Significant Concurrent Positions
Outside Director, ROHTO Pharmaceutical Co., Ltd.
● 5 years ● 18/18 meetings
● 0 shares

[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.

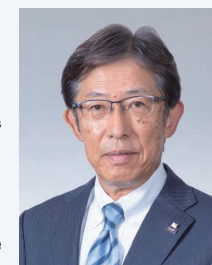


**Kazuo
Ohashi**
Outside Director

Significant Concurrent Positions
Head, Kazuo Ohashi Certified Accounting Office
Outside Auditor, Graphite Design Inc.
● 9 years (including years in office as a corporate auditor)
● Board of Corporate Auditors 4/4 meetings
● Audit and Supervisory Committee 10/10 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.



**Yasuyuki
Otsuka**
Senior Managing
Director★

Executive Manager, Sales Division
Deputy Executive Manager,
Global Business Division
(Responsible for Asia Operations)
● 4 years ● 18/18 meetings
● 103,600 shares

[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.



**Shizuko
Kamoda**
Outside Director

Significant Concurrent Positions
Representative of RITA Law Office
External Director, S Foods Corporation
Outside Audit & Supervisory Board Member,
Roland Corporation
● 2 years ● 18/18 meetings
● 0 shares

[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.



**Kiyo
Morikawa**
Outside Director

Significant Concurrent Positions
Representative, Morikawa Law Office
Auditor, TOYO Corporation
● 2 years (including years in office as a corporate auditor)
● Board of Corporate Auditors 4/4 meetings
● Audit and Supervisory Committee 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.



* As of the conclusion of the 65th Ordinary General Meeting of Shareholders held on June 26, 2025, the Company transitioned to a company with an Audit and Supervisory Committee.

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									
	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 August 1, 2026)



Yuko Tsuji
Managing Executive Officer
Responsible for
Global Sustainability
Department



Seiichiro Matsumoto
Managing Executive Officer
Executive Manager,
Corporate
Management Division



Kanako Miyoshi
Managing Executive Officer
Executive Manager,
Human Resources
Division
Executive Manager,
Internal Control
Division



Eiji Fukuda
Managing Executive Officer
Deputy Executive
Manager, Corporate
Strategy Division



Tatsuya Yamashita
Managing Executive Officer
Executive Manager,
Global Product Sales
Division
Deputy Executive
Manager, Sales Division



Kosuke Hamasaki
Managing Executive Officer
Executive Manager,
Digital Business
Division
Deputy Executive
Manager, Global Brand
Management Division

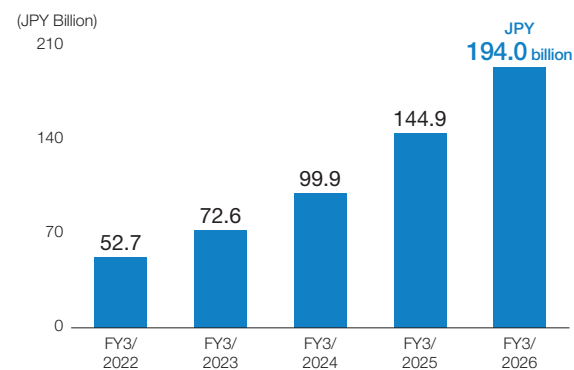
Data

Index

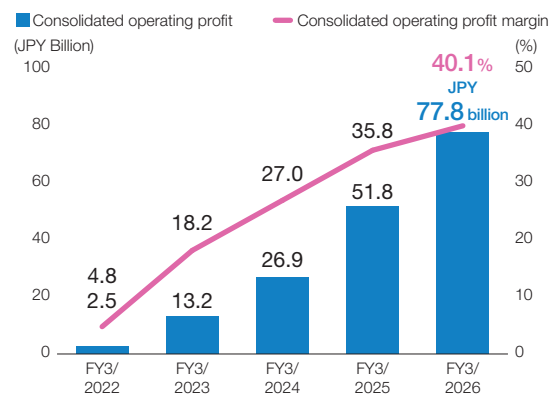
Financial Highlights	80
Key Financial Data for the Past Eleven Years	81
Key Non-Financial Data	82
Company Information	83
Stock Information	84

Financial Highlights*1

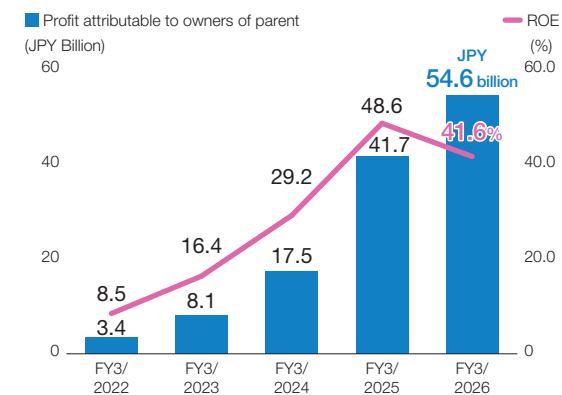
Consolidated net sales



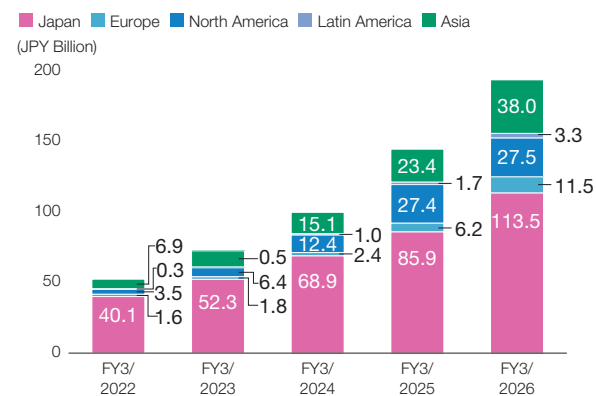
Consolidated operating profit / Consolidated operating profit margin



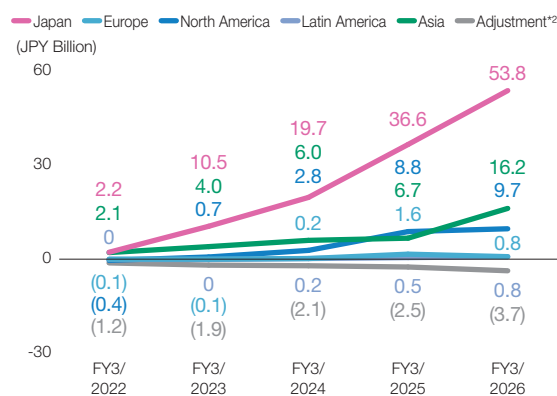
Profit attributable to owners of parent / ROE



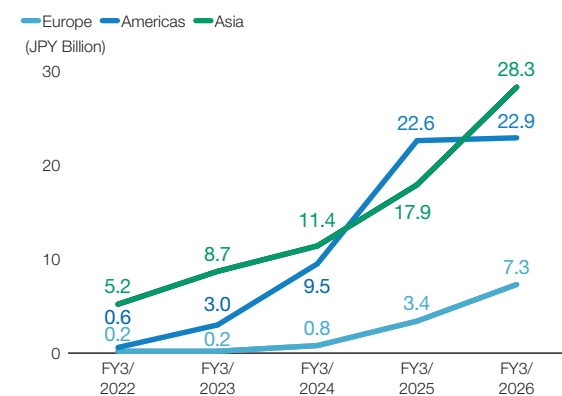
Net sales to external customers



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)

	FY3/2016	FY3/2017	FY3/2018	FY3/2019	FY3/2020	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025	FY3/2026
Fiscal year											
Net sales	72,476	62,695	60,220	59,120	55,261	41,053	52,763	72,624	99,981	144,904	194,088
Operating profit (loss)	12,675	6,904	5,734	4,786	2,106	(3,280)	2,537	13,247	26,952	51,806	77,859
Ratio of operating profit to net sales (%)	17.5	11.0	9.5	8.1	3.8	(8.0)	4.8	18.2	27.0	35.8	40.1
Adjusted operating profit*1	—	—	—	—	—	—	—	—	28,087	55,644	78,453
Profit (loss) attributable to owners of parent	9,609	6,475	4,928	3,880	191	(3,960)	3,423	8,158	17,584	41,731	54,608
EBITDA	14,391	8,600	7,691	6,649	4,221	(1,487)	4,180	15,119	28,826	54,107	80,731
Operating cash flow	10,011	7,037	3,936	4,868	834	(2,287)	5,064	11,525	22,173	40,816	52,554
Investing cash flow	(6,398)	8,736	4,376	(2,576)	(3,624)	7,007	2,300	(2,079)	(3,457)	8,283	(20,859)
Free cash flow	3,612	15,773	8,312	2,292	(2,789)	4,719	7,364	9,446	18,715	49,100	31,694
Financing cash flow	(19,582)	(6,111)	(7,958)	(3,053)	(4,993)	(862)	(9,106)	(2,718)	15,704	(16,852)	(38,441)
End of fiscal year											
Total assets	105,825	101,309	98,274	95,185	89,515	85,040	83,809	100,704	156,062	202,406	234,684
Net assets	54,733	53,058	52,734	52,396	46,387	37,285	43,800	56,295	64,897	107,608	155,971
Equity ratio (%)	51.4	52.2	53.4	54.7	51.5	43.7	52.1	55.6	41.4	52.9	66.4
Return on equity (ROE) (%)	16.0	12.1	9.4	7.4	0.4	(9.5)	8.5	16.4	29.2	48.6	41.6
Interest-bearing debt	19,810	20,846	20,057	20,025	20,170	27,860	20,014	19,937	50,648	40,291	13,938
Net cash	21,269	20,325	24,232	23,788	19,883	9,016	18,390	32,070	39,794	78,685	111,495
Per share information*2											
Net profit per share (JPY)	112.08	76.32	58.09	45.73	2.26	(47.93)	42.49	101.22	219.23	176.62	226.67
Net assets per share (JPY)	641.24	622.94	618.66	614.09	548.78	461.32	541.73	694.48	820.72	451.06	642.45
Dividends per share (JPY)	80	80	55	30	35	—	16	35	66	53	69

*1 “Adjusted operating profit” refers to operating profit based on financial accounting, excluding the impact of consolidation adjustments due to differences in fiscal year-ends between the parent company and its overseas subsidiaries. This is a proprietary metric defined by Sanrio.
Presented from FY3/2024.

*2 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 Non-Financial Data

	FY3/2019	FY3/2022	FY3/2023	FY3/2024	FY3/2025	FY3/2026
Environment ^{*1,2,3,4}						
Scope 1, 2 and 3 emissions (t-CO ₂ eq)	107,899.1	—	117,368.2	153,664.6	197,204.9 ^{*7}	203,492.1 ^{*5,6}
	FY3/2021	FY3/2022	FY3/2023	FY3/2024	FY3/2025	FY3/2026
Environment						
Amount of cardboard recycled (tons)	—	233	264	280	382	399
Society						
Employees (people) ^{*8}	646	621	630	692	798	1,423
Overseas employees (people)	259	250	273	288	349	399
Percentage of women in senior management positions (%)	—	—	—	21.6	33.9	30.9
Percentage of female managers (%) ^{*9}	32.9	31.3	39.7	43.2	44.4	44.1
Newly hired employees (people) ^{*10}	12	7	18	21	31	43
Percentage of eligible employees who have taken childcare leave (%) ^{*11}	Male	16.7	40	66.7	57.1	88.2
	Female	100	100	100	100	83.3
	Total	64.2	79.0	87.5	92.3	85.1
Percentage of employees with disabilities (%) ^{*13}	2.18	2.42	2.44	2.41	2.10	1.79
Experienced hires (people) ^{*10}	17	15	21	75	94	111
Average years of service (years)	19.7	20.3	18.8	17.8	14.7	12.1
Full-time employee voluntary attrition rate (%)	—	—	—	—	2.7	1.8
Governance						
Attendance rate for courses on privacy, security, etc. (%)	—	—	—	—	100	95.1 ^{*12}

* 1 The figures are compiled by Sanrio Company, Ltd., Sanrio Entertainment Co., Ltd., Sanrio Shanghai International Trade Co., Ltd., and Sanrio, Inc.

* 2 Sanrio Shanghai International Trade Co., Ltd., (mainland China) and Sanrio, Inc. (North America) calculate and add only Scope 1 and 2 emissions to the total.

* 3 When the electric power providers are known, Scope 2 emissions are calculated according to the market-based method using the residual mix method. When the providers, usage volume, or usage charges cannot be ascertained, Scope 2 emissions are calculated using the national average coefficient for the location-based method and total floor area.

* 4 Some fuel and electricity consumption estimates are derived from full-year usage charges, and some electricity consumption estimates are calculated based on the total floor area of retail stores.

* 5 With effect from FY3/2026, we have adopted the 3EID (Embodied Energy and Emission Intensity Data for Japan Using Input-Output Tables) as our data source for emission intensities, with the aim of improving calculation accuracy and ensuring that data is up to date. This may have some impact on simple year-on-year comparisons.

* 6 Figures shown are the latest as of October 2026.

* 7 GHG emissions figures for FY3/2025 were amended in August 2026 due to the discovery of errors in some of the data used to calculate emissions at overseas bases.

* 8 Effective from FY3/2026, the scope of the Company's employees has been revised to refer to regular employees and specialized regular employees (excluding persons assigned by the Company temporarily to an entity outside the Company but including persons assigned by an entity outside the Company temporarily to the Company), excluding Managing Executive Officers and temporary employees. Temporary employees comprise post-retirement reemployment employees, fixed-term employees, contract employees, and part-time employees. Furthermore, during FY3/2026, the number of employees and temporary employees increased significantly due to an increase in experienced hires associated with business expansion, as well as revisions to the scope of employees and temporary employees included in the employee count following the introduction of new employment categories and the revision of the employment system carried out as part of the personnel system reform implemented during the fiscal year.

* 9 Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace.

* 10 Regular employees only (not including specialized regular employees).

* 11 Although the scope had been limited only to regular employees, not including seconded employees, until FY3/2025, the scope has been changed to include all employees with effect from FY3/2026. (Calculated based on the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace)

* 12 Simple average of the attendance rates for the two sessions.

* 13 Calculated based on the provisions of the Act to Facilitate the Employment of Persons with Disabilities (Calculation base date: June 1 of each year).

Company Information

Company profile (As of March 31, 2026)

Company name	Sanrio Company, Ltd.
Established	August 10, 1960
Capital	10,261 million yen
Employees*	1,423 (Male: 297, Female: 1,126)
Registered address of Head Office	1-6-1, Osaki, Shinagawa-ku, Tokyo
Physical address of Head Office	1-11-1, Osaki, Shinagawa-ku, Tokyo
Kansai Branch	Shin-Osaka Central Tower, 5-5-15, Nishinakajima, Yodogawa-ku, Osaka-shi, Osaka
Distribution Center	T-LOGI Akiruno WEST, 643-1, Aza Hikidanoue, Ina, Akiruno-shi, Tokyo

* Effective from the current fiscal year, the scope of the Company's employees has been revised to refer to regular employees and specialized regular employees (excluding persons assigned by the Company temporarily to an entity outside the Company but including persons assigned by an entity outside the Company temporarily to the Company), excluding Managing Executive Officers and temporary employees. Temporary employees comprise post-retirement reemployment employees, fixed-term employees, contract employees, and part-time employees. Furthermore, during the fiscal year under review, the number of employees and temporary employees increased significantly due to an increase in experienced hires associated with business expansion, as well as revisions to the scope of employees and temporary employees included in the employee count following the introduction of new employment categories and the revision of the employment system carried out as part of the personnel system reform implemented during the fiscal year.

External evaluations / Initiative and organization participation

External evaluations

MSCI ESG Rating AAA

Sanrio has an MSCI ESG AAA rating as of May 2026.

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.

2026 CONSTITUENT MSCI日本株
女性活躍指数 (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 2025

In Climate Change 2025 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.

Sanrio Company, Ltd. Integrated Report 2025

- Received the Gold Award in the Integrated Report category at the “2024/25 Vision Awards,” an annual report competition organized by LACP.
- Received the Gold Award (for two consecutive years) and crowned the “Grand Award Winner” in the “Mercury Excellence Awards,” an annual report competition organized by MerComm, Inc.

KENKO Investment for Health 2026 organization (Large Enterprise Category) for five consecutive years since 2022

In March 2026, the Ministry of Economy, Trade and Industry recognized Sanrio as a 2026 KENKO Investment for Health organization (Large Enterprise Category).



Recognized as a SPORTS YELL COMPANY 2026

Sanrio was recognized by the Sports Agency as a SPORTS YELL COMPANY 2026 in January 2026 (for the second time since 2025).



Initiative and organization participation

United Nations Global Compact

Sanrio became a signatory of the United Nations Global Compact (UNGC) in June 2023.



THE INCLUSION OF SANRIO COMPANY, LTD. IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF SANRIO COMPANY, LTD. BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

KEIDANREN (Japan Business Federation)

Sanrio has been a member of the KEIDANREN since 2022.

JICA-SDGs Partner

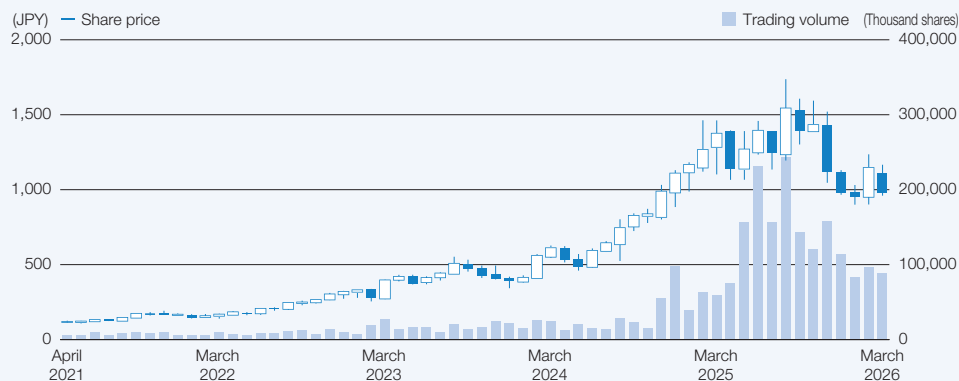
Sanrio became a certified JICA-SDGs Partner in June 2023.

Stock Information (As of March 31, 2026)

Status of shares of the Company's stock

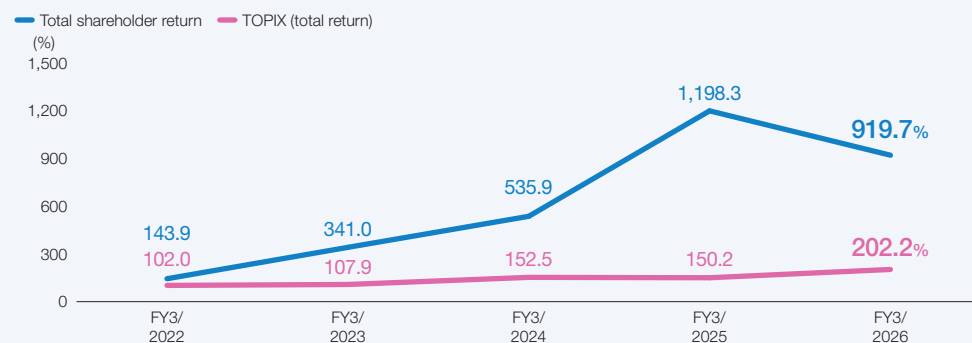
Total number of authorized shares	930,000 thousand shares
Total number of issued shares	255,408 thousand shares
Number of shareholders	250,544

Share price and trading volume



* The Company conducted a 3-for-1 stock split of its common stock as of April 1, 2024, and a 5-for-1 stock split as of April 1, 2026. The share prices and trading volumes shown above are adjusted figures that retroactively reflect the impact of these stock splits.

Total shareholder return (TSR)

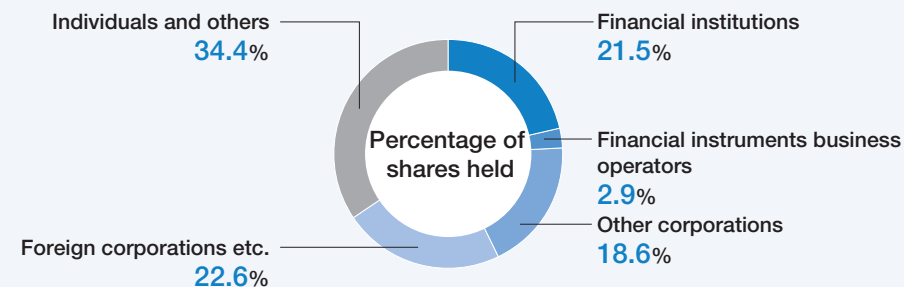


Major shareholders

Shareholder name	Number of shares held Common stock (Thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,310	9.6
KIYOKAWA SHOUJI CO., LTD.	19,714	8.1
Bandai Namco Holdings Inc.	11,100	4.6
Custody Bank of Japan, Ltd. (Trust Account)	11,003	4.5
KOUNAN SHOUJI CO., LTD.	7,832	3.2
Yuko Tsuji	5,134	2.1
Nippon Life Insurance Company	4,062	1.7
Fukoku Mutual Life Insurance Company	3,609	1.5
Daiichi Life Insurance Co., Ltd.	3,031	1.3
JP MORGAN CHASE BANK 385642	2,742	1.1

(Note) The shareholding ratio is calculated excluding treasury shares (12,919,363 shares).

Type of shareholders



(Notes) 1. Of 12,919,363 treasury shares, 129,193 units are included in “Individuals and others” and 63 shares are included in “Shares less than one unit.”
2. The above “Other corporations” includes three trading units of shares registered under the name of Japan Securities Depository Center, Incorporated.



Sanrio

株式会社 **サンリオ**
Sanrio Company, Ltd.
<https://www.sanrio.co.jp/en>

Contact
Investor Relations Department,
Sanrio Company, Ltd.
ir@ir.sanrio.co.jp

